# News Release

## Underlying net profit rose 10% driven by strong performances from all businesses

*Singapore and Australia posted double-digit revenue growth*

*Singapore EBITDA and Associates' earnings grew double digits*

**Singapore, 13 August 2009** -- Singapore Telecommunications Limited (SingTel) announced today its first quarter's underlying net profit rose 10 per cent to S$945 million reflecting strength in the Singapore and Australian businesses, and the return to earnings growth by the major regional mobile associates. The growth was achieved despite the negative currency translation impact.

**Highlights**

| | Quarter Ended | | YOY |
|---|---|---|---|
| | 30 June 2009 (S$m) | 30 June 2008 (S$m) | Change |
| Group revenue | 3,848 | 3,777 | 1.9% |
| SingTel revenue | 1,383 | 1,254 | 10.3% |
| Optus revenue<br>(S$)<br>(A$) | <br>2,465<br>2,198 | <br>2,523<br>1,956 | <br>(2.3%)<br>12.4% |
| Operational EBITDA | 1,128 | 1,146 | (1.5%) |
| Share of associates' ordinary earnings | 647 | 570 | 13.4% |
| Net profit attributable to shareholders | 945 | 878 | 7.7% |
| Underlying net profit[1] | 945 | 857 | 10.3% |
| Underlying earnings per share (S cents) | 5.94 | 5.39 | 10.2% |

[1] Defined as net profit before exceptional items and exchange differences on capital reduction of certain overseas subsidiaries, net of hedging, as well as significant exceptional items of associates

In the first quarter ended 30 June 2009, both Singapore and Australia posted double-digit growth in revenue and improved EBITDA. However, as a result of the weaker Australian dollar against the Singapore dollar, the Group's revenue rose only 1.9 per cent to S$3.85 billion from S$3.78 billion. The Group's revenue would have increased 12 per cent if the Australian dollar had been stable from the corresponding quarter last year.

Earnings from the Group's regional mobile associates increased 12 per cent to S$624 million, driven by higher contributions from Indonesia's Telkomsel which reported improved earnings and mark-to-market gains on foreign currency liabilities.

Net profit in the first quarter rose 7.7 per cent to S$945 million from S$878 million a year ago.

Ms Chua Sock Koong, SingTel Group Chief Executive Officer, said: "The Group performed well and achieved earnings growth despite the uncertain economic environment and negative impact of the Australian dollar and regional currencies. This reflects the strength of our businesses and also recovery in the regional mobile associates' earnings. I am pleased to affirm our guidance that was given in May.

"The current operating environment remains a challenge. We will continue to monitor the macro environment and our cost management initiatives. The Group remains committed to investing for long-term growth and in staff development. We will also explore and monitor investment opportunities and will be disciplined when reviewing these opportunities."

Free cash flow improved to S$572 million from S$553 million a year ago.

Singapore

SingTel outperformed the market and registered strong growth in mobile, data and IT and Engineering revenue. The increase in IT and Engineering was primarily a result of the acquisition of SCS Computer Systems Pte. Ltd., formerly known as Singapore Computer Systems Limited., completed in December 2008.

In the first quarter, revenue increased 10 per cent to S$1.38 billion from S$1.25 billion a year ago and achieved its highest **EBITDA** in many years of S$578 million, an increase of 11 per cent.

SingTel continued to deliver new content, multimedia and ICT services to customers, in line with its aim to drive new future revenue streams beyond providing traditional telco services.

For consumers, SingTel launched Football Frenzy, inSing.com, a one-stop lifestyle portal for everything Singaporean, iMedia, an advertising unit, and AMPed™, an integrated music experience for postpaid mobile customers. It also introduced SingTel Marketplace, an Internet-based service that will deliver business applications on a subscription basis to small businesses and enterprises.

Allen Lew, CEO Singapore, said: “The Singapore business had a very strong quarter because we achieved two goals. Firstly, we continued to gain profitable market share despite the challenging environment. Secondly, with the growth of mio TV and the launch of our new content, multimedia and software solutions, we have established new long-term growth platforms that also create significant differentiation for ourselves in the key areas of innovation and customer experience.”

Operational EBITDA margin was unchanged at 41.8 per cent as improved margin at the Singapore telco business was diluted by increased revenue contribution from the IT and Engineering business which has lower margins but requires lower capital expenditure.

**Data and Internet** revenue gained 5.9 per cent to S$392 million. Revenue from data services increased 8.6 per cent. Managed Services revenue expanded 11 per cent as SingTel successfully pursued new revenue streams.

**Mobile** revenue grew 7.1 per cent to S$372 million as a result of a larger customer base. In the quarter, SingTel gained 15,000 net new customers, bringing its total mobile customer base to 2.99 million or 45.9 per cent of the total Singapore market, maintaining its leadership position.

Net additions were affected by a 7,000 decline in the number of prepaid mobile customers as a result of deactivating improperly registered customers while adding 22,000 postpaid mobile customers.

Demand for 3G mobile services remained strong with net additions of 64,000 in the quarter. That brought SingTel’s total 3G mobile customer base to 1.28 million as at 30 June 2009 and accounted for 84 per cent of its total postpaid base.

mio TV reached a new milestone as it surpassed the 100,000 customer mark in its second year of service. As of 30 June 2009, it had 101,000 customers after adding a record 23,000 customers in the first quarter. mio TV attracted new customers with the widely popular mio Home bundled plans, broad content suite and the constant introduction of new and more exciting content services.

As at the end of June 2009, there were 134,000 customers on mio Plan and mio Home bundles.

**IT and Engineering** revenue in the quarter grew 50 per cent to S$271 million, including contribution from SCS and the first-time inclusion of revenue from the fibre rollout for OpenNet Pte. Ltd. Revenue from IT and Engineering accounted for 20 per cent of total operating revenue, an increase of 6 percentage points from a year ago. SingTel owns a 30 per cent stake in OpenNet.

The NCS Group had also won significant contracts both locally and overseas, with an order book of approximately S$1.27 billion as at 30 June 2009.

## Optus

Optus delivered strong first quarter results with a 12 per cent increase in operating revenue to A$2.20 billion and continued strong growth in mobile revenue from a customer base now exceeding 8 million.

Overall **EBITDA** grew 2.1 per cent to A$505 million and net profit grew 13 per cent to A$139 million. Free cash flow increased 19 per cent to A$139 million.

Mr Paul O'Sullivan, Optus Chief Executive said: "Optus has had a strong start to the financial year, accelerating our momentum with significant customer acquisitions across the mobile, consumer and business divisions. Optus achieved impressive revenue growth across its networks despite the slowdown experienced in the Australian economy."

"Optus' unwavering commitment to innovation and providing value to customers is reflected in the double-digit mobile customer growth of 11 per cent and stellar growth of 14 per cent in mobile service revenue. Optus will keep investing in key growth areas as we continue protecting our strong scale position in mobile and winning high value customers," Mr O'Sullivan said.

Optus' **Mobile** revenue increased 21 per cent to A$1.34 billion, with customer growth delivering a second consecutive quarter of strong outgoing service revenue growth of 15 per cent. Postpaid service continued to grow significantly at 15 per cent and prepaid service grew 13 per cent. Optus maintained its mobile customer growth momentum, adding 213,000 new mobile and wireless broadband customers in the quarter, of which 139,000 were in postpaid. This growth was underpinned by demand for Apple iPhone™ 3G and other smart phones, innovative content services, 'monster caps' and 'Timeless' plans.

In the quarter, the number of 3G customers increased to 2.76 million including a base of 586,000 wireless broadband customers.

Mobile EBITDA margin was at 25 per cent. The iPhone 3G acquisitions and recontracts reduced the EBITDA margin by 5 percentage points, but delivered accelerated growth in postpaid customer acquisitions.

Total **Business and Wholesale Fixed** revenue grew 6.4 per cent. Significant new customer contracts, including ANZ Bank, drove growth in Optus' Business ICT and managed services. Wholesale revenue growth from domestic on-net voice traffic and strong demand for internet bandwidth and access mitigated a decline in corporate voice and data usage. Operational EBITDA for Optus Business and Wholesale was up 13 per cent in the quarter with EBITDA margin up 1 percentage point at 23 per cent.

**Consumer Fixed's** on-net revenue grew by 6.7 per cent, due to the higher number of ULL customers and ongoing demand for innovative broadband and fixed telephony bundles. As at 30 June 2009, Optus had 979,000 on-net telephony customers, and 880,000 on-net broadband customers, an increase of 17 per cent in the broadband base from a year ago.

Excluding the one-off benefit of a A$14 million adjustment for call diversion charges in the last corresponding quarter, underlying EBITDA grew 8.7 per cent, with margin expansion of 2 percentage points to 15 per cent.

Regional Mobile Associates

Pre-tax ordinary contribution from regional mobile associates in the first quarter rose 12 per cent to S$624 million from S$557 million a year ago, on improved performance from Telkomsel and mark-to-market gains on foreign currency liabilities for Telkomsel and Bharti. The increase in earnings was achieved despite the weaker regional currencies against the Singapore dollar.

If exchange rates had remained constant against the Singapore dollar from the same quarter last year, contributions from the regional mobile associates would have increased 19 per cent.

The Group's combined mobile customer base grew 64 million, or 33 per cent, to 262 million from a year ago.

| | Quarter Ended | YOY | |
|---|---|---|---|
| **Share of pre-tax ordinary earnings[2]** | **30 June 09 (S$m)** | **Change (S$)** | **Change (local currency)** |
| Bharti | 272 | 15.8% | 25.8% |
| Telkomsel | 245 | 10.7% | 17.1% |
| Globe | 68 | 9.0% | 12.5% |
| AIS | 58 | (13.1%) | (13.4%) |
| Warid | (15) | 30.0% | 21.0% |
| PBTL | (4) | 41.9% | 45.8% |
| Regional Mobile Associates | 624 | 12.0% | NM |

*NM denotes not meaningful*

[2] Excluding exceptional items

Mr Lim Chuan Poh, CEO International, said: “This quarter, higher contributions from our regional mobile associates, in particular, Telkomsel and Bharti, helped to drive the Group’s earnings, despite the negative currency impact. The associates contributed 53 per cent to the Group's underlying net profit, up 3 percentage points from a year ago. In Indonesia, pressure on tariffs has eased and Telkomsel gained market share for the second consecutive quarter.”

In the first quarter, the Group’s share of **Bharti’s** pre-tax ordinary profit in Indian rupee terms increased 26 per cent as it added 8.4 million customers, another record quarter of customer growth. Bharti, India’s number one mobile phone operator, crossed the 100 million mobile customer mark and had 102.4 million customers as at 30 June 2009, an increase of 48 per cent from a year ago.

In the quarter, the Group’s share of fair value gains on Bharti’s US dollar and Yen borrowings was S$23 million compared to a loss of S$15 million a year ago as the Indian rupee strengthened against these currencies.

**Telkomsel**, the largest cellular operator in Indonesia, increased its customer base by 23.6 million or 45 per cent from a year ago to 76 million. During the quarter, it increased its market share for the second consecutive quarter to 51.1 per cent as at 30 June 2009.

In Indonesian rupiah terms, the Group’s share of pre-tax ordinary profit rose 17 per cent on a larger customer base and higher minutes of use. In the quarter, Telkomsel also recorded fair value gains on its US dollar and Euro vendor payables. The Group’s share of the gain amounted to S$17 million, up from S$1.0 million a year earlier.

The Group’s share of **Globe’s** pre-tax profit in Philippine peso terms rose 13 per cent as the company reported a stable operating performance helped by a small fair value gain compared to a fair value loss a year ago.

Globe added 2.3 million mobile customers from a year ago or 10 per cent more, bringing its base to 25 million. It registered a net reduction of 0.7 million mobile customers from a quarter ago as it churned out some marginal mobile customers.

**AIS**, the largest mobile communications operator in Thailand, added 1.9 million new customers, 7.5 per cent more from a year ago, to 27.9 million, as at 30 June 2009. Its pre-tax ordinary profit for the three months ended 31 March 2009 fell 13 per cent from a year ago in Thai baht terms impacted by the slowing economy and political uncertainty which resulted in lower revenue from voice and international roaming.

**Warid**, a key challenger in Pakistan, added 2.4 million mobile customers or 15 per cent more from a year ago to 17.9 million as at 30 June 2009. In the first quarter, the Group’s share of Warid’s loss was S$15 million compared to a loss of S$22 million a year ago. Warid reported an improvement in operating results and lower mark-to-market losses on its US dollar liabilities.

SingTel

## Appendix 1

The following table shows the trends in constant currency terms.

| | Quarter Ended | YOY | |
|---|---|---|---|
| | 30 June 09 (S$m) | Change | Change (constant currency)[3] |
| Consolidated revenue | 3,848 | 1.9% | 11.7% |
| Underlying net profit | 945 | 10.3% | 16.4% |
| Optus revenue | 2,465 | (2.3%) | 12.4% |
| Associates' earnings[4] | 647 | 13.4% | 20.0% |

[3] Assuming constant exchange rates from corresponding periods in FY09
[4] Based on the Group's share of associates' earnings before tax and exceptionals