SingTel

News Release

Strong first-quarter performance in Singapore and Australia

Lower contributions from associates

Net profit stable at S$943 million

Singapore, 12 August 2010 – Singapore Telecommunications Limited (SingTel) today announced that its net profit for the first quarter was stable at S$943 million, as strong performances from Singapore and Australia mitigated lower contributions from the regional mobile associates. Group revenue rose 12 per cent to S$4.3 billion.

Highlights

	Quarter Ended		YOY
	30 Jun 2010 (S$m)	30 Jun 2009 (S$m)	Change
Group revenue	4,289	3,848	11.5%
SingTel revenue	1,520	1,383	9.9%
Optus revenue (A$) (S$)	2,256 2,769	2,198 2,465	2.6% 12.3%
Operational EBITDA	1,255	1,128	11.3%
Share of associates' pre-tax ordinary earnings	551	647	(14.8%)
Net profit attributable to shareholders	943	945	(0.2%)
Underlying net profit[1]	943	945	(0.2%)
Underlying earnings per share (S cents)	5.92	5.94	(0.3%)

Pre-tax ordinary earnings from the regional mobile associates declined 16 per cent to S$525 million because of lower operating profit from Bharti, Globe and Telkomsel and fair value losses on the associates' foreign currency liabilities, compared to fair value gains a year ago.

[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.

Revenue from Singapore grew 10 per cent to S$1.5 billion driven by strong growth in the IT & Engineering and mobile businesses. Optus' revenue rose 3 per cent to A$2.3 billion as its mobile business registered another consecutive quarter of strong performance.

Ms Chua Sock Koong, SingTel Group CEO, said: "The Singapore and Australia businesses turned in strong performances, especially in mobile with both reporting double-digit revenue growth. However, competition in the emerging markets led to lower earnings from Bharti, Globe and Telkomsel, as they responded to competition to protect longer term market share."

"Africa is an important emerging market and Bharti acquiring effective control of a pan-African operation across 15 countries is a unique opportunity for Bharti to fully leverage its experience, human capital and scale to deliver future growth."

The Group continued to record strong free cash flow across the businesses. Australia generated higher free cash flow and Singapore had stable free cash flow in their respective currencies. Dividends from associates more than doubled with AIS' special dividend declared in respect of its financial year 2009.

The Group's mobile customer base grew 34 per cent or 88.5 million from a year ago to reach 351 million as at 30 June 2010. This included 36.4 million[2] customers from Bharti's operations in Africa.

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EBITDA for the Singapore business rose 2 per cent to S$591 million.

Mr Allen Lew, CEO Singapore, said: "In the new National Broadband Network era, our mio TV and multimedia business are key components of our competitive strategy. We are making significant investments in customer acquisition, mio content and rollout to ensure that our multimedia business succeeds."

Mobile Communications continued its strong momentum and revenue increased 14 per cent to S$432 million. SingTel's total mobile customer base grew 4 per cent or 122,000 from a year ago. This brings total mobile customers to 3.11 million as at 30 June 2010, representing a leading market share of 44.4 per cent.

SingTel also continued to expand its multimedia offerings with new and enhanced mobile applications on music, lifestyle information and social networking.

Mr Lew said: "We continued to lead and shape the Singapore market in the quarter. Our mobile business continued to gain traction and we grew our revenue share ahead of the market. In business, we won significant contracts and NCS achieved a fantastic win with the S$850m ICT deal with the Ministry of Education."

[2] Includes only customers with at least a revenue transaction in the past 30 days.

SingTel added 25,000 postpaid mobile customers in the quarter and ARPU grew 6 per cent to S$89, with increased roaming and data usage as penetration of smartphones in the customer base rose. Excluding data-only SIMs, postpaid ARPU grew 8 per cent from a year ago.

Prepaid mobile customers declined 28,000 this quarter with the deactivation of inactive customers following a reduction since October 2009 in validity periods for lower value denomination cards to 90 days.

Demand for wireless broadband continued to be strong with 62,000 new customers, bringing the total customer base to 567,000 as at 30 June 2010.

Revenue from SingTel's pay TV service, mio TV, amounted to S$14 million. During the quarter, mio TV gained further market traction, reaching a customer base of 220,000 as at 30 June 2010. The inclusion of ESPN STAR Sports channels from July and the Barclays Premier League season 2010 in August in SingTel's sports content bundles will drive further customer growth in the coming quarters.

Data and Internet revenue grew 1 per cent to S$395 million. Corporate spending on telecommunication services generally continued to be cautious. Revenue from Managed Services and International Leased Circuits rose 4 per cent, reflecting market share gains in IP VPN.

IT & Engineering revenue grew a strong 28 per cent to S$346 million, partly due to a full quarter of revenue contribution of S$73 million from OpenNet. SingTel is the key contractor to OpenNet in rolling out Singapore's NBN fibre network.

Revenue from NCS Group rose 6 per cent to S$273 million. With the S$850 million eight-year contract from the Ministry of Education to provide all schools with central infrastructure and computing services, NCS' order book rose to S$2 billion as at end June 2010.

Total operating expenses grew 15 per cent to S$937 million. Selling and administrative expenses grew 20 per cent, reflecting increased mobile subscriber acquisition and retention costs on higher connections and smartphone mix, as well as mio TV content and rollout costs to connect new customers.

Cost of sales increased 35 per cent, in line with higher IT & Engineering revenue and higher equipment sales.

Australia

Building on its continued growth momentum, Optus EBITDA grew 10 per cent to A$553 million. Led by mobile growth, revenue was up 3 per cent to A$2.3 billion, while EBITDA margin expanded 1.5 percentage points to 24.5 per cent.

Net profit for the quarter grew 22 per cent to A$170 million while free cash flow was up 40 per cent to A$195 million.

Paul O'Sullivan, Optus Chief Executive said, "Optus continued to focus on customer experience, with market-leading offers, continued mobile network investment and improved customer service performance. This strategy and strong execution have resulted in seven consecutive quarters of double-digit mobile service revenue growth and our strongest quarterly EBITDA growth in five years."

Mobile service revenue grew 11 per cent in the quarter while mobile EBITDA grew a strong 11 per cent, matching revenue growth momentum. With its compelling array of smartphones and innovative service offerings, Optus gained 190,000 new mobile and wireless broadband subscribers, bringing Optus' total mobile base to 8.69 million. Postpaid customers now comprise 50 per cent of the total base, up 3 percentage points from a year ago.

The number of Optus 3G subscribers increased to 4.17 million, including a base of 994,000 wireless broadband subscribers.

Blended ARPU grew 2 per cent to A$47, reflecting the acquisition of higher value customers and increased postpaid mix. Excluding wireless broadband, postpaid ARPU grew 6 per cent year-on-year.

In **Optus Business and Wholesale**, growth in business voice and satellite was offset by lower ICT and Managed Services revenue, resulting in an overall revenue decline of 5 per cent. ICT and Managed Services in the corresponding quarter last year included the benefit of one-off project revenue. Excluding this impact, underlying total revenue for the combined division grew by 2 per cent.

Business voice minutes continued to improve, increasing 3 per cent year-on-year while voice revenues grew 7 per cent. Satellite revenue grew 7 per cent from the added contribution of Optus' D3 satellite. EBITDA grew 7 per cent and EBITDA margin expanded 3 percentage points from the same quarter last year.

In Consumer Fixed, Optus' on-net strategy delivered on-net revenue growth of 5 per cent and EBITDA growth of 10 per cent.

Total on-net broadband customers grew 5 per cent to 926,000. Optus continues to compete strongly in the broadband market with innovative plans that provide customers with greater flexibility and higher data inclusions. It also recently launched high speed home broadband services to customers on its HFC cable network in Brisbane, Melbourne and Sydney.

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Regional

Contributions from the regional mobile associates were impacted by fair value losses on mark-to-market valuations of foreign currency denominated liabilities of the associates compared to significant fair value gains a year ago.

This quarter, the Group's share of fair value losses amounted to S$30 million, compared to fair value gains of S$39 million a year ago. Excluding the fair value adjustments, pre-tax contributions from the regional mobile associations would have declined by 5 per cent.

	Quarter Ended	YOY	
Share of pre-tax ordinary profit[3]	**30 Jun 2010 (S$m)**	**Change (S$)**	**Change (local currency)**
Bharti	210	(22.7%)	(23.5%)
Telkomsel	221	(10.0%)	(17.6%)
Globe	45	(34.0%)	(33.6%)
AIS	68	18.6%	16.8%
Warid	(14)	5.9%	(3.6%)
PBTL	(5)	(25.0%)	(34.4%)
Regional Mobile Associates	525	(15.8%)	NM

NM denotes not meaningful

In June, Bharti completed the acquisition of mobile assets in 15 countries in Africa. With this acquisition, Bharti now has a customer base of 177 million customers in South Asia and Africa and a footprint that covers over 1.8 billion people.

Revenue for Bharti's operations in South Asia grew 8 per cent and EBITDA was stable despite the continued intense price competition in India. However, overall pre-tax ordinary contribution from Bharti in Singapore dollar terms fell 23 per cent to S$210 million, due to the acquisition financing costs, a full quarter's loss from Bangladesh, first-time consolidation of Africa results and fair value losses.

[3] Excluding exceptional items and including mark-to-market valuations on foreign currency denominated liabilities.

In Singapore dollar terms, pre-tax contribution from Telkomsel declined 10 per cent to S$221 million mainly because of higher operating expenses and depreciation charges on continued network upgrades and expansion. Customer additions this quarter rebounded strongly and as at 30 June 2010, total mobile customers stood at 88.3 million.

Mr Lim Chuan Poh, CEO International, said: “Telkomsel recovered this quarter with strong net additions of 6.4 million mobile customers. In India, industry price cuts which started in the second half of 2009 have eased somewhat. Both Bharti and Telkomsel are focused on implementing 3G services in their respective countries. Bharti is also integrating its African operations with a clear focus on networks, IT systems and business processes.”

Globe’s pre-tax contribution in Singapore dollar terms declined 34 per cent to S$45 million. Competition in the mobile market continued to put pressure on revenue, although demand for broadband and corporate data business continued.

In Singapore dollar terms, AIS pre-tax contribution in the quarter ended 31 March 2010 rose 19 per cent to S$68 million, driven by growth in data revenues with increased demand for mobile connectivity and social networking.

The Group’s share of Warid’s pre-tax loss was S$14 million, compared to S$15 million a year ago.

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Appendix 1

The following table shows the trends in constant currency terms.

	Quarter Ended	YOY	
	30 Jun 2010 (S$m)	Change	Change (constant currency)[4]
Group revenue	4,289	11.5%	5.2%
Group underlying net profit	943	(0.2%)	(4.0%)
Optus revenue	2,769	12.3%	2.6%
Associates' earnings[5]	551	(14.8%)	(18.4%)

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[4] Assuming constant exchange rates from the corresponding period in FY10.
[5] Based on the Group's share of associates earnings before tax and exceptional items.