

# SingTel Optus Bond investor update

August 2011

# Disclaimer and important notice

**THIS DOCUMENT MAY NOT BE DISTRIBUTED IN THE UNITED STATES, CANADA OR JAPAN OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON**

## **No offer or invitation**

This presentation has been prepared by Optus Finance Pty Limited, ACN 086 656 162 (Optus Finance). This presentation does not constitute an offer or invitation to subscribe for or purchase any securities and nothing contained herein shall form the basis of any contract or commitment or investment decision whatsoever. None of the information appearing in this presentation may be reproduced, retransmitted or further distributed to the press, other media or any person or published, in whole or in part, in any form at any time or for any purpose. Failure to comply with this restriction may constitute violation of applicable laws.

## **No liability**

No representation or warranty is given as to the accuracy or completeness of the information contained in this presentation. The information and opinions contained in this presentation are current as at 25 August 2011. Please note that subsequent changes in circumstances may occur at any time and may impact on the accuracy of the information in this presentation. None of Optus Finance or its parent company SingTel Optus Pty Limited ACN 052 833 208 (SingTel Optus), their respective associates, affiliates or any of their respective advisors are obliged to update, modify or amend this presentation or to otherwise notify the recipient if any information, opinion, projection, forecast or estimate set forth in this presentation, changes or subsequently becomes inaccurate. Optus Finance, SingTel Optus, their respective associates and affiliates and their respective directors, employees, consultants or any other company in the SingTel Optus group do not accept any liability (whether arising in contract, in tort or negligence or otherwise) for any error or omission in this presentation or for any resulting loss or damage (whether direct, indirect, consequential or otherwise) suffered by the recipient of this presentation or any other person.

## **Distribution restrictions**

This presentation is being furnished to you solely for your information and may not be reproduced or redistributed to any other person in whole or in part. In particular, this presentation may not be taken or transmitted into the United States, Canada or Japan or distributed, directly or indirectly, in the United States, Canada or Japan.

This presentation may not be taken or transmitted or distributed, directly or indirectly, in the United States or to a U.S. person (as defined in Regulation S under the Securities Act) or to any officer, employee or affiliate of a U.S. person. Any failure to comply with this restriction may constitute a violation of U.S. securities laws. The presentation is not an offer of securities for sale in the United States. The Issuer has not registered and does not intend to register any proposed offering of securities in the United States or to conduct a public offering of any securities in the United States. Any proposed offering of securities may not be offered or sold in the United States except pursuant to an exemption from, or transaction not subject to, the registration requirements of the Securities Act.

The presentation is being provided only to persons who have professional experience in matters relating to investments and to persons to whom it is lawful to communicate this information (all such persons being referred to herein as relevant persons). Other persons should not rely or act upon this presentation or any of its contents. In particular, this presentation:

- (a) is communicated to persons falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the Order) who has professional experience in investments of this type, or (ii) high net worth entity, or a person to whom this presentation may otherwise lawfully be communicated, falling within Article 49(2) of the Order, or (iii) other persons to whom it may otherwise lawfully be communicated;
- (b) is communicated to persons outside Australia to whom an invitation or offer to subscribe for securities and any issue of such securities is permitted by the laws of the jurisdiction in which such person is situated without the need for any registration, lodgment or other formality; and
- (c) is not directed at or intended to be communicated to, any person in Australia who is a "retail client" for the purposes of Chapter 7 of the Australian Corporations Act 2001 (Cth).

## **Prospective investors to make independent investment decision**

The information contained in this presentation is general information only and does not take into account the objectives, financial situation or needs of investors or prospective investors in any securities issued by Optus Finance. Investors and prospective investors are required to: (a) make their own independent investigation and appraisal of the business and financial condition of Optus Finance, SingTel Optus, their respective associates and affiliates, or any other company in the SingTel Optus group, and the terms and conditions of any proposed offering of securities; and (b) determine for themselves the relevance of the information contained in this presentation based on their independent assessment and investigations. By accepting receipt of this presentation, the recipient will be deemed to represent that they possess, either individually or through their advisers, sufficient investment expertise to understand the risks involved in any purchase or sale of any proposed offering of securities.

## **Information in Summary Form**

The information in this presentation is a summary only and may not contain all material terms in the context of a proposed offering of securities, if any, and this presentation in and of itself should not form the basis for any investment decision or be relied upon as a recommendation to purchase any securities. Any decision to purchase securities in the context of a proposed offering of securities, if any, should be made solely on the basis of the investor's own independent investigation, assessment and consultations with professional advisers.

## **References to credit ratings**

There are references in this presentation to credit ratings. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant assigning organisation. Each credit rating should be evaluated independently of any other credit rating.

## **Opinions**

You should note that past performance is not a reliable indicator of future performance. Opinions expressed in this presentation constitute the judgment and opinions of the management of Optus Finance as at the date of this presentation and are subject to change.

## **Forward-looking statements**

Certain statements contained in this presentation may be statements of future expectations and forward-looking statements that are based on third party sources, certain assumptions and expectations of future events, and involve known and unknown risks and uncertainties. There is no guarantee that such assumptions and expectations are accurate or will be realised. Forward-looking statements contained in this presentation regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. The actual results, performance or achievements could differ materially from those projected in any such forward-looking statements. None of Optus Finance or SingTel Optus, their respective associates, affiliates or any of their respective advisors are obliged to update, modify or amend any forward-looking statements, whether as a result of new information, future events or otherwise.

## **No licence**

Optus Finance is not licensed to provide financial product advice. We recommend that you obtain the offer document issued in connection with any offering of securities and read it before making a decision to acquire such securities. No cooling off regime applies in respect of an acquisition of securities issued by Optus Finance.

By participating in this presentation or accepting any copy of the slides presented, you agree to be bound by the foregoing limitations.

# Who is SingTel Optus

✓ Number 2 operator in mobile and fixed in Australia

✓ Experienced management team

✓ Fully integrated business model

✓ Sound financial performance

✓ Strong market positions and branding

✓ Strong cash flows with investment grade credit rating

✓ Broad customer base

✓ 100% owned by SingTel

# SingTel – Key Highlights



Largest listed company on the Singapore Exchange

Market Capitalization of S\$48bn as at 16 Aug 2011



Largest integrated telecommunications operator in Singapore

#1 in mobile – 45.3% market share and 3.42m customers<sup>1</sup>

#1 Int'l IP-VPN service provider in Asia Pacific ex- Japan<sup>2</sup>



Present in emerging markets

Access to fast growing markets, with 416m<sup>3</sup> mobile customers globally



Strong financial profile

FY2011 Free Cash Flow<sup>4</sup> of S\$4.04bn /Operating Revenue of S\$18.07bn

Leverage<sup>5</sup> @ 0.83x and strong Investment-grade ratings of Aa2 / A+



Ownership

54.56% held by Temasek Holdings<sup>6</sup>

1. As at 30 June 2011

2. Source: *Harnessing the Performance of IPVPNs to Gain an Edge in the New Asia-Centric Era*, IDC, March 2011.

3. Group mobile customers, including SingTel, Optus and Regional Mobile Associates. As at 30 June 2011

4. Refers to Cash Flow from operating activities including dividends from associated and joint venture companies less cash capital expenditures

5. Refers to ratio of Net debt over EBITDA and share of associates' pre-tax profits. EBITDA refers to Earnings before interest, tax, depreciation and amortisation for Singapore and Australia businesses and excludes the share of pre-tax results of associates and excludes exceptional items

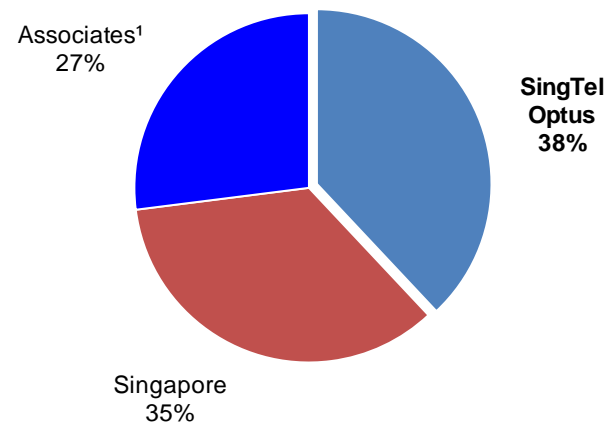
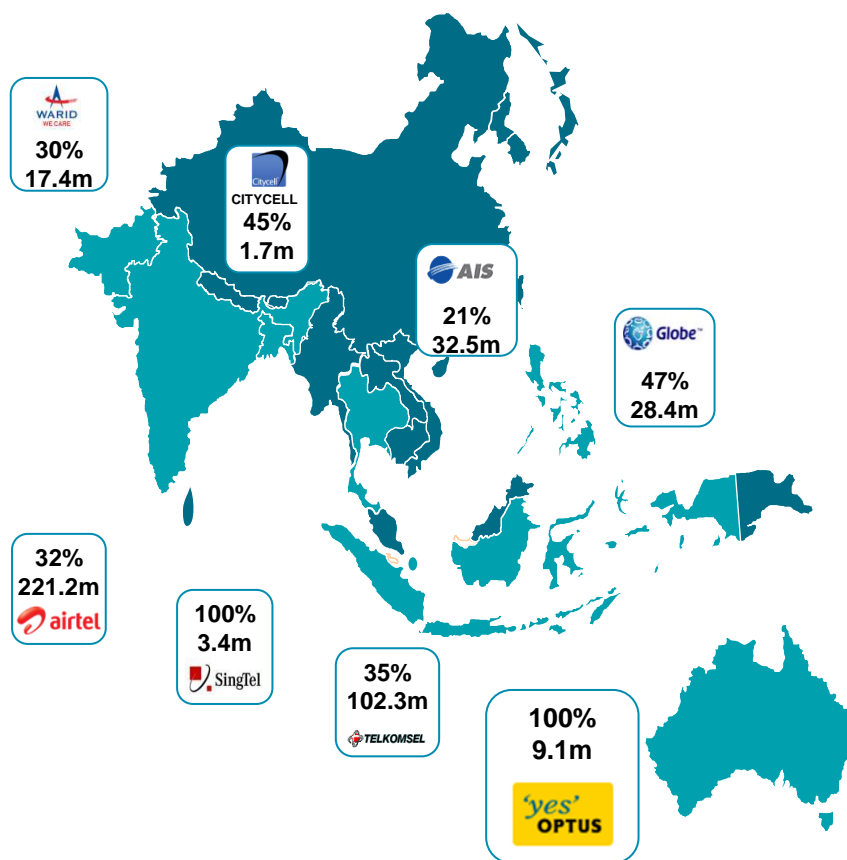
6. As at 31 May 2011

# Significant contributor within SingTel Group

SingTel Group – Pan Asia & Africa operations covering more than 2bn people

■ 416m subscribers in Asia and Africa

SingTel Optus – FY11 Free Cash Flow<sup>2</sup> contribution 38%



SingTel Group (S\$m)	FY11
Operating revenue	18,071
NPAT	3,825
Free cash flow	4,038

Note: The numbers above denote ownership status and mobile customer numbers as at 30 June 2011; includes Bharti's mobile customers in Asia and Africa

<sup>1</sup> Dividends received from associates

<sup>2</sup> Refers to Cash Flow from operating activities less cash capital expenditure

# Full service national telecommunications network

HSPA network delivers up to 7.2Mbps data speed to c.80% of the population

2G / 3G mobile networks provide coverage to c. 97% of population

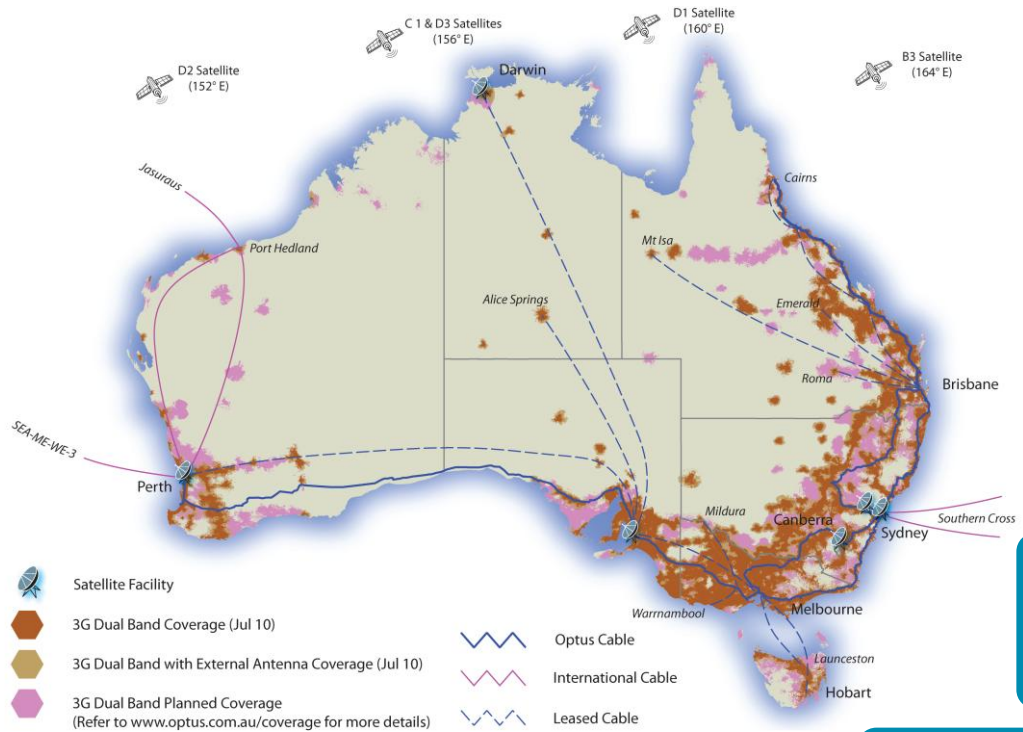
Fleet of 5 satellites providing services to consumers and businesses in Australia and New Zealand

Approx 18,500 major buildings connected

Approx 12,000 km of intra-city fibre

Over 10,000 km of intercity fibre

Over 1,200 DSLAM racks in 418 Telstra exchanges



Over 9,700 mobile base stations, including 5,113 3G HSPA base stations

HFC network covers c.1.4 million households

ULL network covers c.2.9 million premises

17 exchanges, 6 satellite earth stations, one dedicated hosting and data centre

Ownership in 7 international cables

Note: The numbers above are as at 30 June 2011

# Integrated product and service offerings

<p><b>Mobile voice and data services</b></p>	<ul style="list-style-type: none"> <li>■ No. 2 mobile carrier in Australia with c.32% subscriber market share<sup>1</sup></li> <li>■ 9.1 million customer base<sup>2</sup></li> <li>■ 2G and 3G coverage to c. 97% of the Australian population</li> </ul>
<p><b>Fixed voice services</b></p>	<ul style="list-style-type: none"> <li>■ No. 2 provider of local and long distance fixed telephony services in Australia</li> </ul>
<p><b>Fixed data and internet services</b></p>	<ul style="list-style-type: none"> <li>■ A major provider of fixed data and internet services to consumer and business customers in Australia – Internet, remote access, IP VPN and ethernet</li> </ul>
<p><b>ICT services and managed services</b></p>	<ul style="list-style-type: none"> <li>■ Provider of contact centre services, managed carriage services, hosting services, managed solutions and cloud based services</li> </ul>
<p><b>Wholesale services</b></p>	<ul style="list-style-type: none"> <li>■ Supplier of fixed and mobile services and data telecommunication services to Australian carriers and service providers</li> </ul>
<p><b>Satellite services</b></p>	<ul style="list-style-type: none"> <li>■ The leading provider of satellite services in Australia and New Zealand with 4 geostationary satellites and 1 inclined orbit satellite</li> </ul>



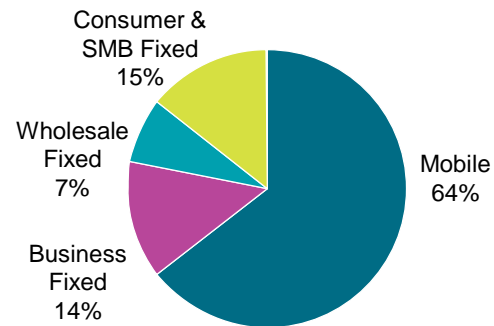
<sup>1</sup> As at 31 December 2010 – competitor carrier results

<sup>2</sup> As at 30 June 2011

# Revenue base with strong growth in mobile

## Strong growth in revenues

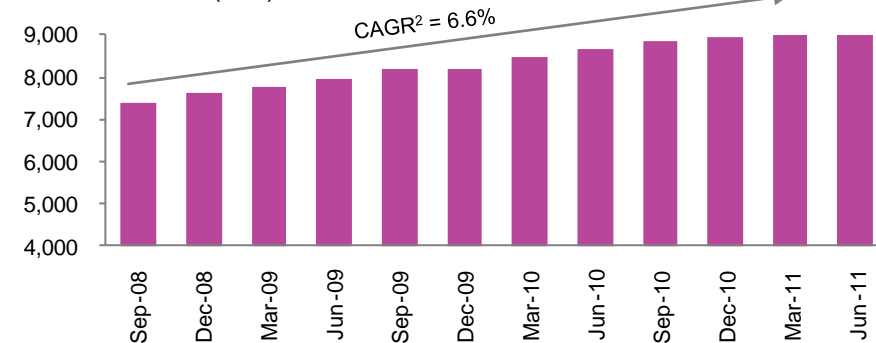
- A\$9,284m total operating revenue in FY11
- 3.7% growth in FY11



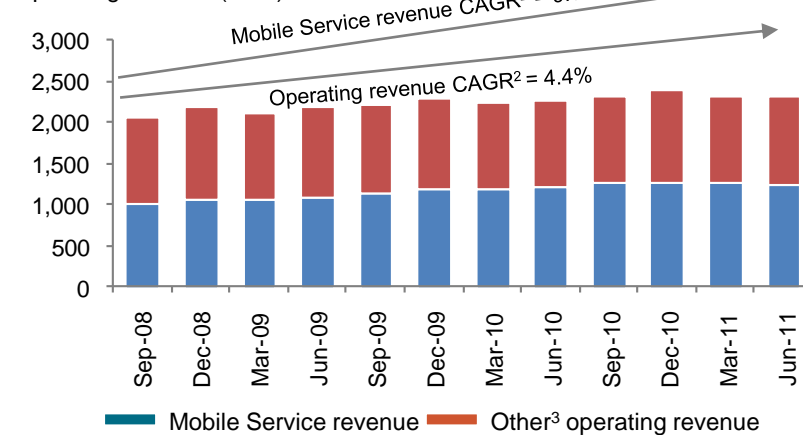
## Customer and earnings growth

- 9.1 million<sup>1</sup> mobile customers
- 8.4% EBITDA growth in FY11

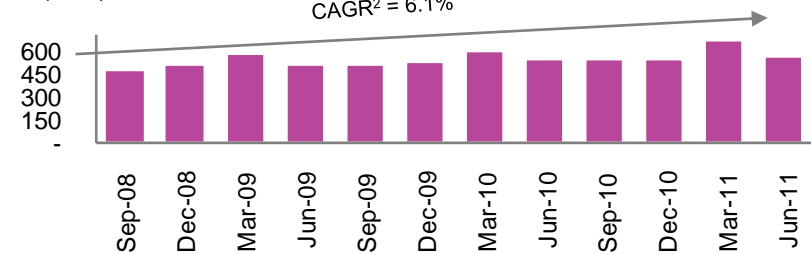
Mobile customers ('000)



Operating revenue (A\$m)



EBITDA (A\$m)



<sup>1</sup> As at 30 June 2011

<sup>2</sup> Compound annual growth rate

<sup>3</sup> Includes revenue from Mobile Equipment, Consumer & SMB Fixed and Business & Wholesale Fixed



# The SingTel Optus strategy has 4 key initiatives

## Grow mobile market share



1. Target customer growth
2. Increase mobile data usage
3. Maintain wireless broadband momentum
4. Further enhancement and expansion of mobile network

## Focus on growing fixed on-net business



1. Profit from on-net scale opportunities
2. Drive IP capabilities in Optus Business
3. Advocate a pro-competitive NBN model

## Deliver outstanding customer experience



1. Lead customer experience
2. Re-engineer business processes
3. Investment in IT capabilities

## Grow new revenue streams



1. Mobile content and application services in consumer market
2. Managed services, cloud services, content and ICT in business market

# Mobile: Growth with innovative plans and offers

## Postpaid Caps

**\$59** per month as the OPTUS CAP PLAN  
**\$750** • **2GB** of data  
 SUPER-FAST BUAL CORE PROCESSOR  
 8 MEGA PIXEL CAMERA  
**500MB** OPTUS SMART SAFE INCLUDED

## Devices

**BlackBerry® Torch™ 9800 + PlayBook™ Tablet**

- Buy the BlackBerry® PlayBook™ Tablet + BlackBerry® Torch 9800 bundle online and receive 2 months free access fee\*

**NEW**

## Prepaid

**\$2 Days**

**UNLIMITED** CALLS, TEXT & DATA FOR ONLY **\$2 PER DAY**

**IMAGINE THE POSSIBILITIES**  
**\*UNLIMITED CALLS & SMS\***  
 WITH TURBO CAP PLUS ON \$50 RECHARGE.  
 Plus \*Unlimited Facebook, Twitter, 3GB data

## WBB

Hook up the whole family for one hot price.

**OPTUS MOBILE BROADBAND**  
**\$39.95** **10GB**  
 Per month for 12 months (Min. cost - \$49.95)

ONLINE EXCLUSIVE  
 1 Month Free Access Fee\* and \$0 upfront WiFi modem included.

**Mini WiFi modem**

**500MB** OPTUS SMART SAFE INCLUDED

**FIND OUT MORE**

## Cloud

**The smart phone just got smarter.**

**500MB** OPTUS SMART SAFE INCLUDED

## Entertainment

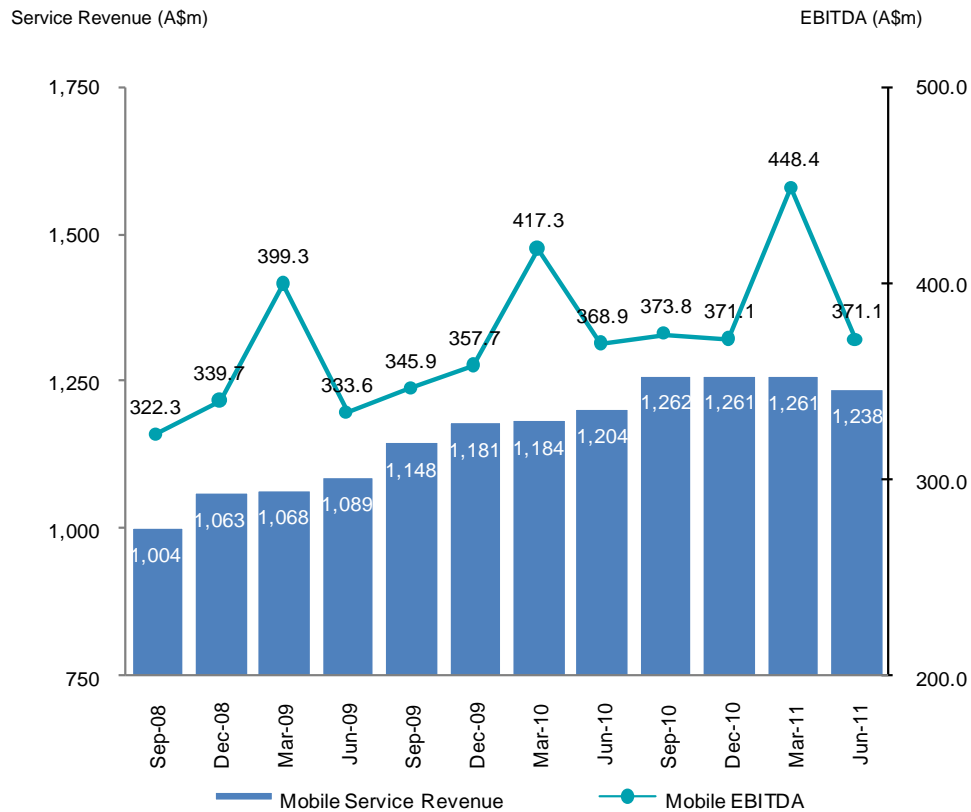
**Introducing Optus TV Now**  
 Record and Watch free-to-air TV on your Optus 3G compatible mobile

Only available in Sydney, Melbourne, Brisbane, Adelaide and Perth.  
 To use this service, you must be an Optus mobile customer with compatible 3G video capable handset and be in a 3G network coverage area.

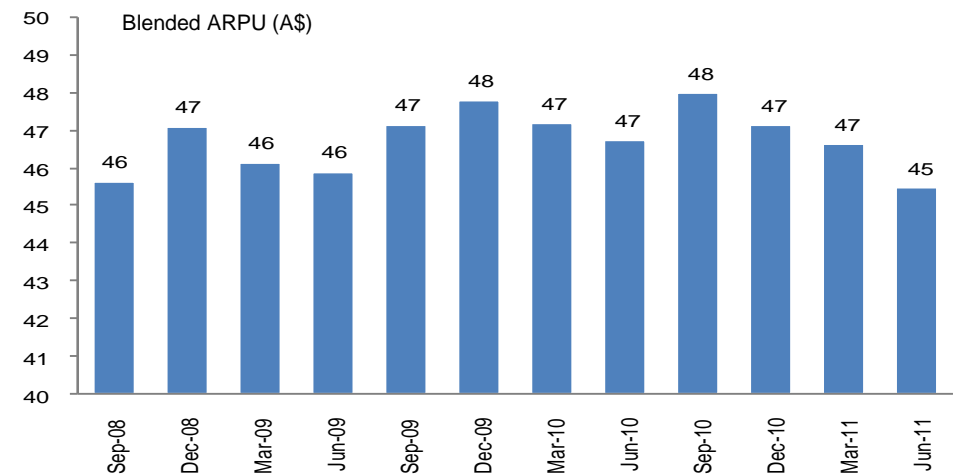
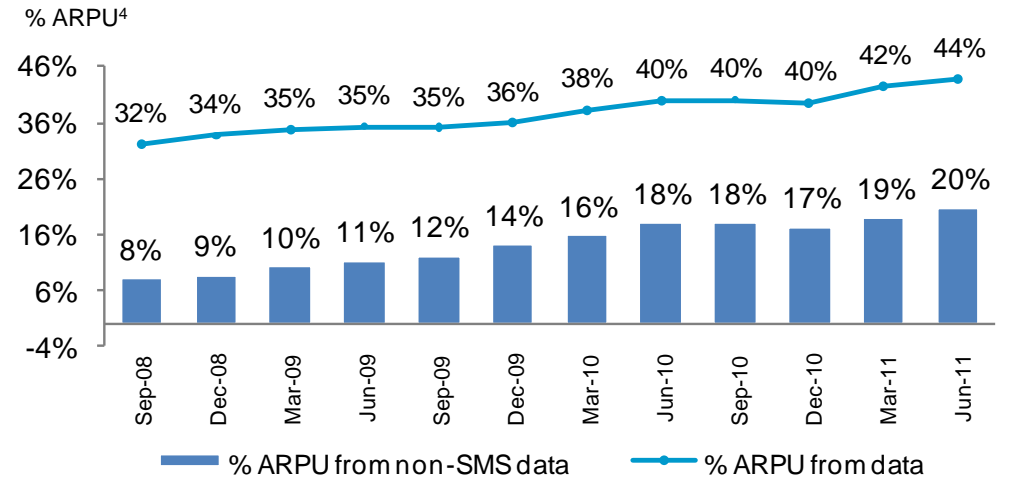
# Mobile: Growth in mobile data

## EBITDA stable in a competitive market

■ 1QFY12 EBITDA growth 0.6%<sup>1</sup>



## Increased contribution from data



<sup>1</sup> Represents growth on prior year corresponding quarter

<sup>2</sup> Wireless broadband ("WBB") customers are those provisioned with HSPA broadband service on both postpaid and prepaid. Excludes data pack attached to voice services

<sup>3</sup> Compound annual growth rate

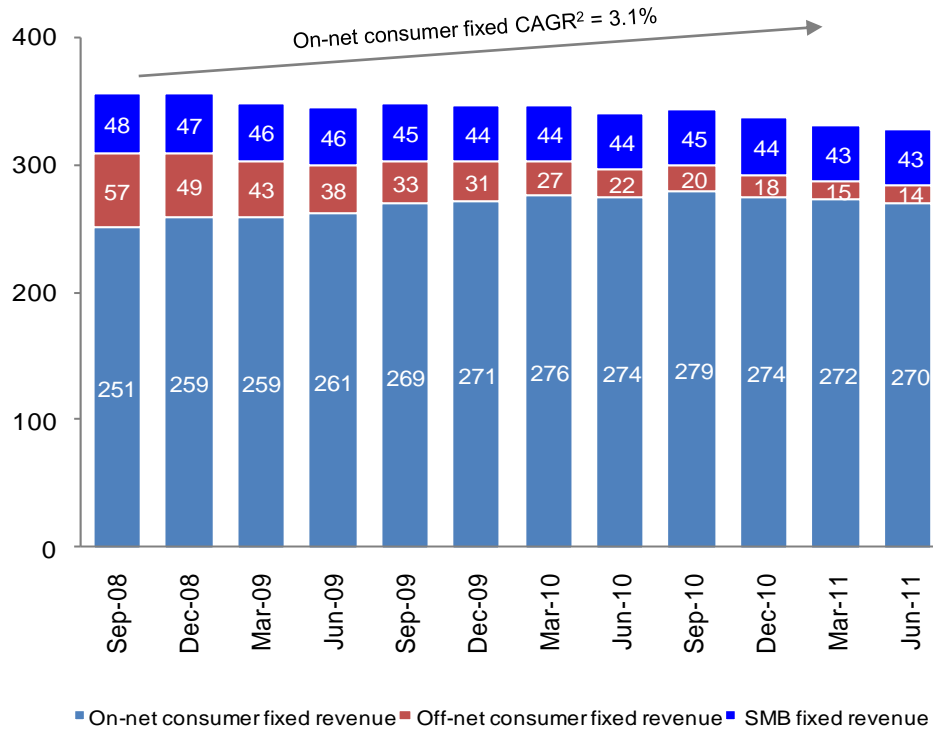
<sup>4</sup> Average revenue per user

# Fixed: Increased on-net business

Consumer & SMB fixed – Built profitable scale on our network

- Strong on-net consumer fixed revenue growth
- 1QFY12 EBITDA growth 4.9%<sup>1</sup>

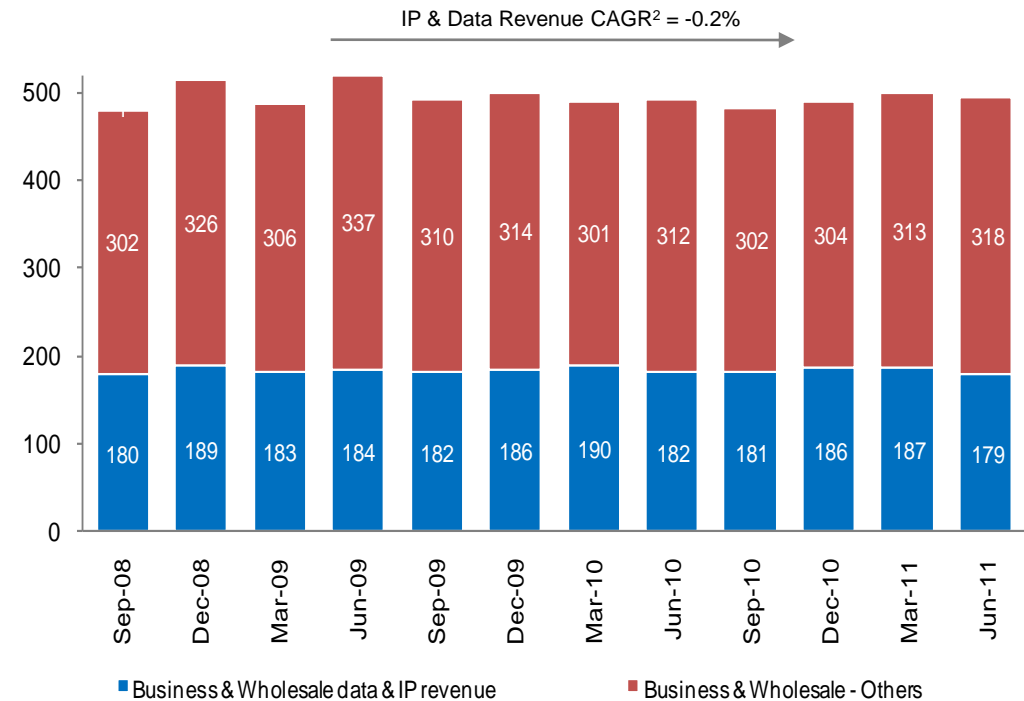
Consumer & SMB fixed revenue (A\$m)



Business & Wholesale fixed – Driving profitable growth

- Flat IP & Data revenues
- 1QFY12 EBITDA growth 1.3%<sup>1</sup>

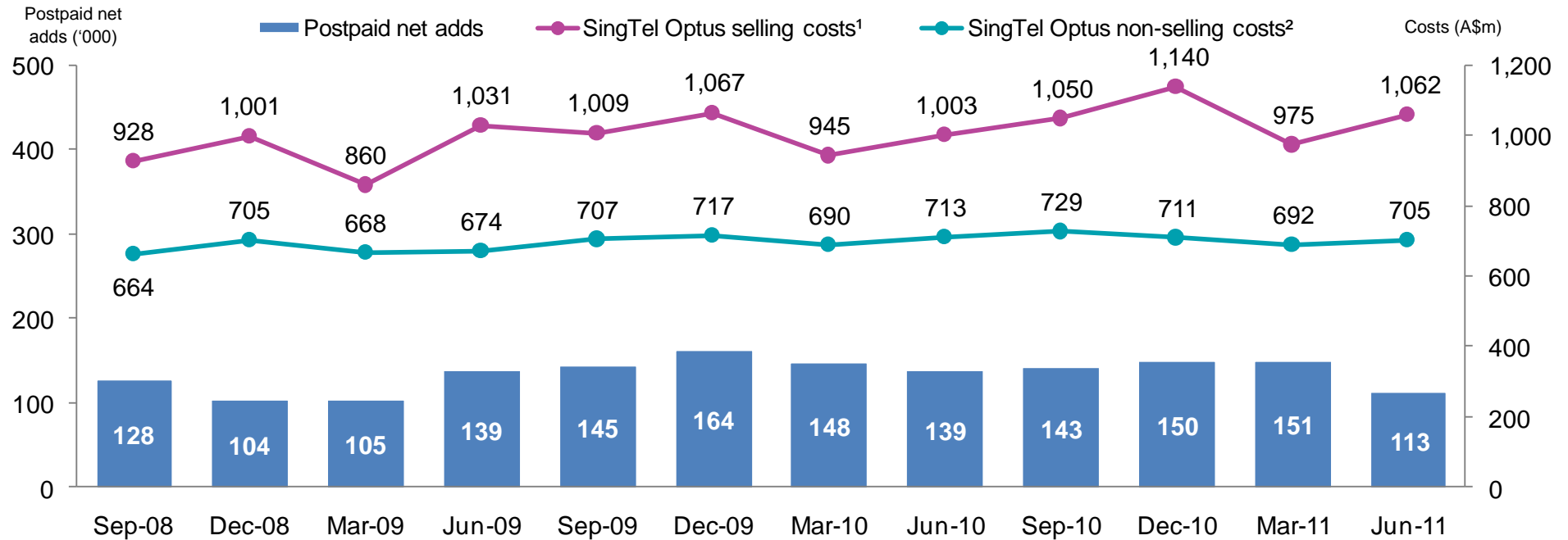
Business & Wholesale fixed revenue (A\$m)



<sup>1</sup> Represents growth on prior year corresponding quarter

<sup>2</sup> Compound annual growth rate

# Ongoing focus on costs



<b>EBITDA<sup>3</sup></b>	479	510	584	505	509	529	610	553	556	553	672	560
<b>Growth<sup>4</sup></b>	0.2%	0.9%	8.5%	2.1%	6.4%	3.6%	4.5%	9.7%	9.3%	4.5%	10.1%	1.2%

<sup>1</sup> Selling costs include: Selling & admin and cost of sales (for the combined SingTel Optus business)

<sup>2</sup> Non-selling costs include: Traffic, staff costs, repair and maintenance and capitalised costs (for the combined SingTel Optus business)

<sup>3</sup> Represents SingTel Optus EBITDA in A\$m

<sup>4</sup> Represents growth on prior year corresponding quarter

# Australia's regulatory environment - NBN

## Advocating a pro-competitive NBN<sup>1</sup> model

Apr-09

- Government announces new NBN plan – with majority Government owned company to build and operate wholesale-only open access FTTP<sup>2</sup> NBN

May /  
Jun-10

- Government releases Implementation Study on NBN
- NBN Co and Telstra announce non-binding Financial Heads of Agreement

Nov /  
Dec-10

- Australian Parliament passes legislation requiring Telstra separation and other key regulatory reforms
- NBN Co releases Corporate Plan

Mar-11

- Australian Parliament passes NBN Companies Bill and NBN Access Arrangements Bill

Jun -11

- NBN Co and Telstra announce definitive agreements
- Optus and NBN Co announce agreement for migration of HFC services

## Advocating competitive industry structure

- SingTel Optus has consistently advocated for a regulatory framework that is built around four pillars:

1 Structural separation

2 Equivalent open access principles

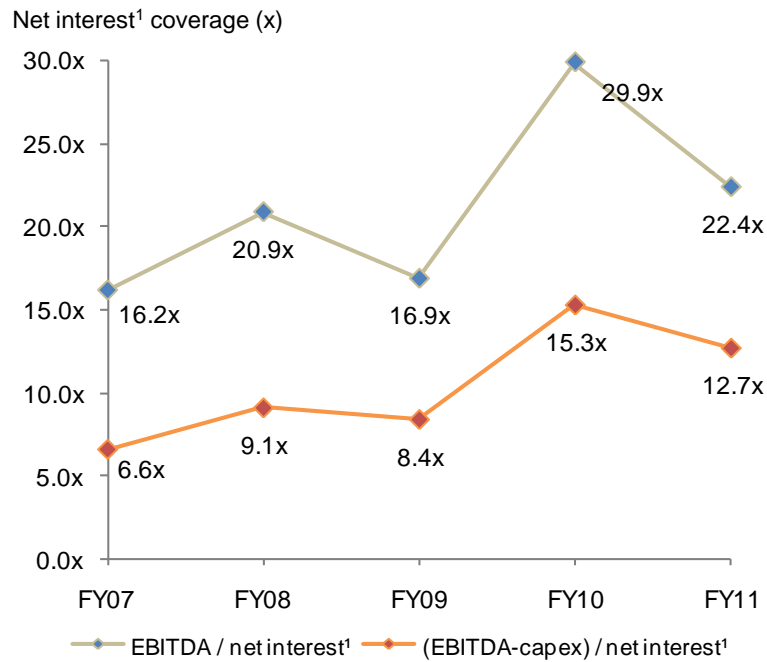
3 Cost based pricing

4 ACCC oversight

The future direction of the NBN remains subject to the ACCC's review of Telstra's Structural Separation Undertaking and the outcome of the Telstra shareholder vote on the Telstra/ NBN Co definitive agreement

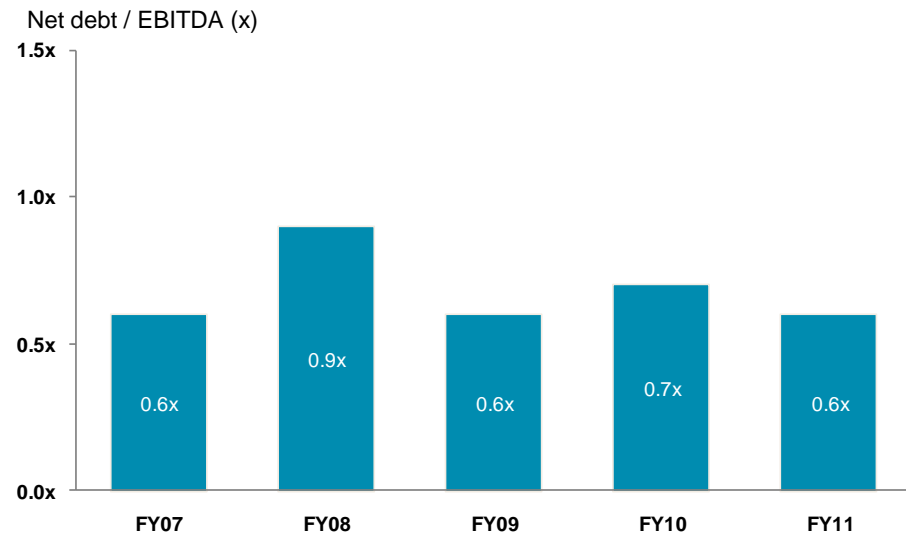
# Investment grade credit ratios

## Strong coverage metrics



## Net debt / EBITDA

**FY11**  
0.6x

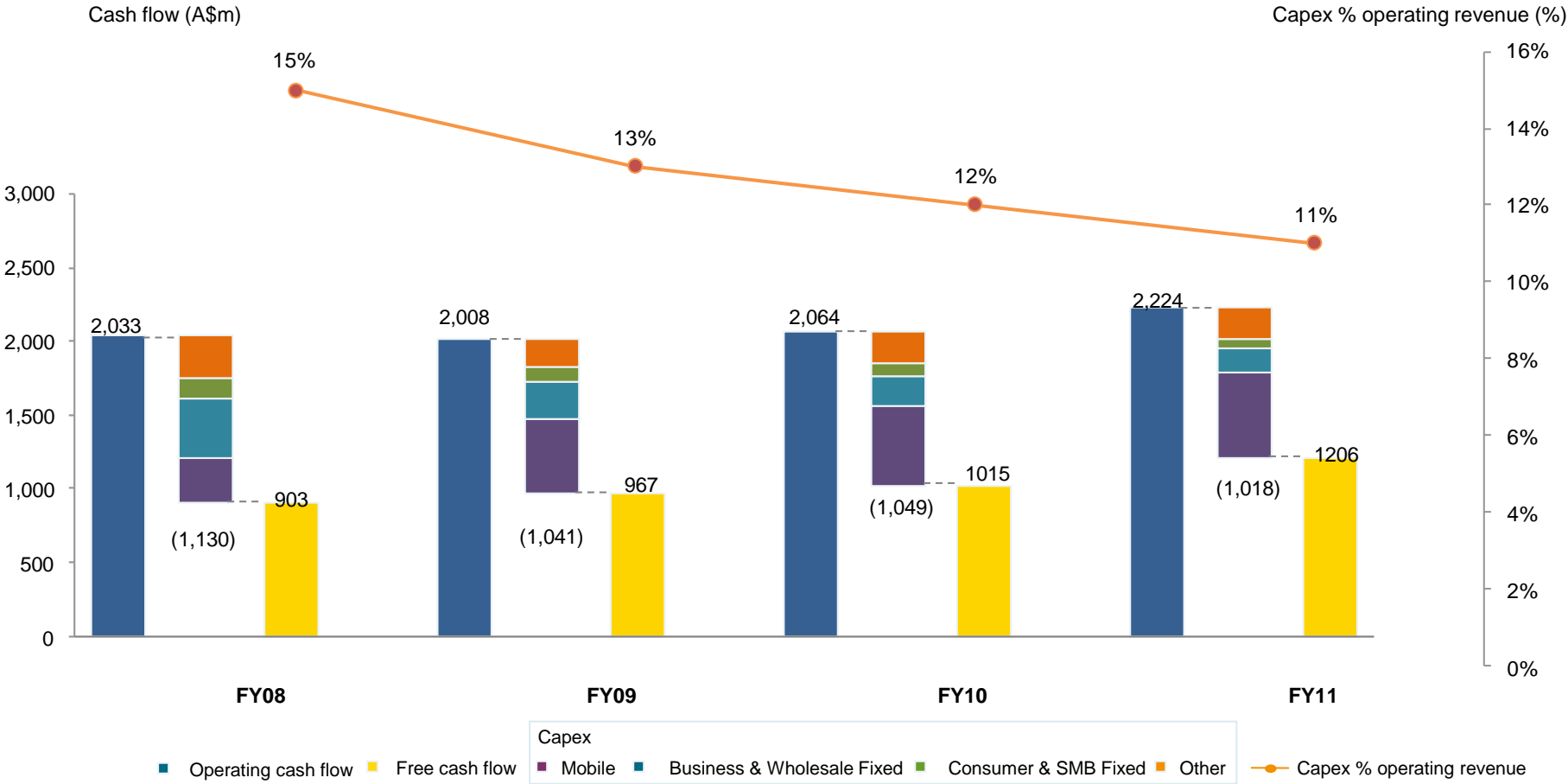


<sup>1</sup> Includes net interest expense and other finance costs, including the unwinding of discounts and fair value losses / gains on derivatives

# Strong cash flow generation

Free cash flow  
**FY11  
 A\$1,206m**

Capex as a % of operating revenue  
**FY11  
 11%**

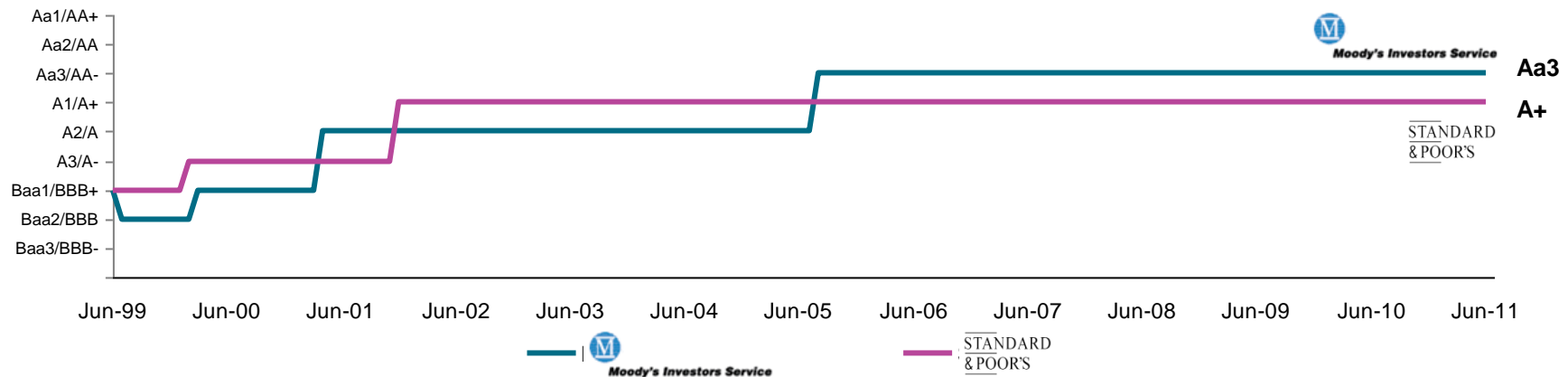




# Conservative financial profile

- SingTel Optus has recorded strong operating cash flows
- Diverse funding sources available
  - Bank facilities — A\$1.2 billion 3 year facility established June 2011
  - International capital markets :US\$500m 4.625% due Oct 2019, HK\$1bn 3.825% due Jun 2020 & EUR700m 3.50% due Oct 2020 via €2bn EMTN programme established in July 2009
  - Australian domestic market
- Corporate credit ratings: Aa3, stable outlook by Moody's Investors Service and A+, stable outlook by Standard & Poor's
- Established risk management policies, guidelines and control procedures to manage foreign exchange, interest rate, market, liquidity and credit risks

## SingTel Optus rating history



# Summary of current programme

Issuer	<ul style="list-style-type: none"><li>■ Optus Finance Pty Limited</li></ul>
Guarantors	<ul style="list-style-type: none"><li>■ SingTel Optus Pty Limited and certain of its subsidiaries</li><li>■ Guarantors and Issuer must represent at least 75% of Total Group Assets</li></ul>
Programme size	<ul style="list-style-type: none"><li>■ Up to A\$1bn</li></ul>
Description	<ul style="list-style-type: none"><li>■ A\$ Medium Term Note Debt Issuance Programme</li></ul>
Status	<ul style="list-style-type: none"><li>■ Unsubordinated, Unsecured</li></ul>
Issuing & Paying Agent / Registrar	<ul style="list-style-type: none"><li>■ BTA Institutional Services Australia Ltd</li></ul>
Ratings	<ul style="list-style-type: none"><li>■ Moody's Investors Service: Aa3</li><li>■ Standard &amp; Poor's: A+</li></ul>
Governing Law	<ul style="list-style-type: none"><li>■ New South Wales, Australia</li></ul>

# 4 year financial summary

## SingTel Optus financial summary

FYE 31 March (A\$m)	FY08	FY09	FY10	FY11
Operating revenue	7,760	8,321	8,949	9,284
% growth	3.8%	7.2%	7.5%	3.7%
EBITDA <sup>1</sup>	2,002	2,067	2,153	2,334
% margin	25.8%	24.8%	24.1%	25.1%
EBIT <sup>1</sup>	910	959	1,032	1,205
% margin	11.7%	11.5%	11.5%	13.0%
NPAT <sup>2</sup>	552	583	676	776
Cash flows from operations	2,033	2,008	2,064	2,224
Capex	(1,130)	(1,041)	(1,049)	(1,018)
Free cash flow (post capex)	903	967	1,015	1,206
Cash	97	335	154	412
Total debt <sup>3</sup>	1,827	1,590	1,608	1,774
Net debt <sup>3</sup>	1,730	1,255	1,454	1,362

<sup>1</sup> Includes Operating EBITDA and share of results of joint ventures

<sup>2</sup> Net profit before goodwill and exceptional items, including exceptional tax items

<sup>3</sup> Includes gross debt as reported in the SingTel Group balance sheet and the related net hedging liability. Excludes borrowings from SingTel

<sup>4</sup> The financial summary above is presented in Singapore GAAP

# Summary

---

✓ Number 2 operator in mobile and fixed in Australia

✓ Experienced management team

✓ Fully integrated business model

✓ Sound financial performance

✓ Strong market positions and branding

✓ Strong cash flows and conservative leverage

✓ Broad customer base

✓ 100% owned by SingTel

# Contact Details

---

For further information please contact:

Stuart Salier

General Manager, Investor Relations

Ph: +612 8082 5814

Email: [stuart.salier@optus.com.au](mailto:stuart.salier@optus.com.au)