

News Release

- **SingTel Group revenue grows as Singapore and Australia deliver strong mobile performance**
- **Net profit declines 10% on higher customer acquisition costs and weaker contribution from India**

Singapore, 13 February 2012 – Singapore Telecommunications Limited (SingTel) today announced that Group revenue in the third quarter rose 3 per cent to S\$4.83 billion driven by mobile customer growth in both Singapore and Australia.

The strong gain in mobile customers in Singapore during the quarter led to higher acquisition and retention costs, while contributions from the regional mobile associates declined due to their weaker currencies and 3G losses from Bharti India. In addition, the Group recorded higher net finance expense, reflecting its financing strategy of extending debt maturity with long-term borrowings, and higher taxes from Bharti. Consequently, net profit declined 10 per cent to S\$902 million.

The regional mobile associates had another quarter of strong customer growth and in some key markets, competition eased and mobile tariffs improved. In Singapore Dollar terms, pre-tax earnings of the regional mobile associates fell 8 per cent to S\$449 million, and in constant currency, it would have declined 3 per cent.

Highlights

	Quarter Ended		YOY	Nine Months Ended		YOY
	31 Dec 2011 (S\$m)	31 Dec 2010 (S\$m)	Change	31 Dec 2011 (S\$m)	31 Dec 2010 (S\$m)	Change
Group revenue	4,830	4,704	2.7%	14,045	13,428	4.6%
SingTel revenue	1,675	1,634	2.5%	4,833	4,740	2.0%
Optus revenue (A\$)	2,421	2,384	1.5%	7,072	6,962	1.6%
(S\$)	3,155	3,070	2.8%	9,212	8,688	6.0%
EBITDA	1,256	1,284	(2.2%)	3,789	3,727	1.7%
Share of associates' pre-tax ordinary earnings ¹	475	518	(8.3%)	1,474	1,636	(9.9%)
EBITDA and share of associates' pre- tax earnings	1,731	1,803	(4.0%)	5,270	5,354	(1.6%)
Net profit attributable to shareholders	902	998	(9.6%)	2,700	2,834	(4.7%)
Underlying net profit ²	895	968	(7.6%)	2,653	2,802	(5.3%)
Underlying earnings per share (S cents)	5.62	6.08	(7.6%)	16.65	17.60	(5.4%)

¹ Exclude exceptional items.

² 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.



Ms Chua Sock Koong, SingTel Group CEO, said: "This quarter, the Group recorded healthy growth with Singapore and Australia continuing to add mobile customers. Across their markets, our regional mobile associates have executed well against competition."

"The Group remains financially sound, with strong cash flow generation, and solid underlying performances from our businesses in Singapore, Australia and the regional mobile associates. We continue to invest in innovation to enhance our multimedia and ICT capabilities as we progress in our transformation beyond a traditional telco."

The Group continued to generate strong free cash flows across its businesses. For the nine months ended December 2011, overall free cash flows of S\$2.46 billion were lower by 14 per cent largely due to AIS' special dividends received last year. Free cash flow from Australia fell 2 per cent to S\$958 million because of tax payments from this year. Free cash flow from the Singapore business was lower due to higher capital expenditure for major customer contracts as well as tax refund received in the prior year.

Singapore

Revenue from the Singapore business rose 3 per cent to S\$1.68 billion. Excluding fibre rollout, revenue grew 4 per cent. EBITDA declined 7 per cent to S\$547 million, impacted by higher mobile acquisition and retention costs reflecting strong customer growth.

This quarter also included costs incurred to comply with structural separation requirements in relation to the Singapore Next Gen NBN. As part of the IDA's requirements for the NextGen NBN, SingTel established NetLink Trust (Trust) in July 2011 and effected the transfer of certain infrastructure assets to the trust. SingTel is currently the sole unitholder of the Trust. SingTel incurred costs in the lease of the ducts and manholes from the Trust to deliver services to its customers. Excluding these costs EBITDA would have declined 5 per cent.

Mobile Communications revenue rose 6 per cent to S\$491 million with market share gains in both the prepaid and postpaid segments. A total of 61,000 mobile customers were added in the quarter, bringing the total customer base to 3.55 million, leading the overall mobile market with a market share of 45.8 per cent.

In the postpaid market, SingTel added 44,000 customers as demand for smartphones and mobile broadband bundles sold with data-only SIMs remained strong. At the end of the quarter, SingTel's market share was 47.6 per cent, the highest in five years. Postpaid ARPU fell 6 per cent to S\$86 per month due mainly to the growth of data-only SIMs. Excluding data-only SIM, postpaid ARPU fell 3 per cent because of lower roaming traffic and strong customer sign-ups for bundled plans for triple and quadruple services.

SingTel also extended its lead in the prepaid market with 17,000 new customers, increasing its market share to 43.8 per cent.

Data and Internet revenue grew 2 per cent to S\$409 million with growth in Managed Services offsetting price decline in International Leased Circuits. Internet-related revenue rose 1 per cent with increased adoption of higher-tier plans and fibre-based services.

IT & Engineering revenue declined 6 per cent as the coverage of OpenNet's fibre network passed more than 80 per cent of homes in Singapore.



NCS revenue increased 2 per cent to S\$317 million. Its order book remained strong at S\$2.0 billion as at end December 2011.

mio TV revenue grew 32 per cent to S\$28 million and its customer base increased by 18,000 to reach 353,000. Customers on bundled plans increased 16,000 during the quarter to 287,000. This represented about 25 per cent of all households in Singapore.

In the fibre market, SingTel maintained its lead with another 18,000 customers added in the quarter, bringing total fibre broadband³ customers to 55,000 at the end of December.

SingTel continued to enhance its suite of multimedia digital services to complement customers' lifestyles, while leveraging its local knowledge. skoob, introduced in November 2011, is another addition to SingTel's rich content offerings that encompass music, local concierge, games, TV and video offerings.

Mr Allen Lew said: "We gained postpaid market share in the closely-contested mobile market, turning in our highest postpaid market share in 5 years. We also extended our lead in IP VPN services in the Asia Pacific region, growing significantly faster than other top-tier operators. We lead and shape the market by developing new apps and services that make the most of our networks and smartphone technology to enhance the lives of our customers."

Operating expenses grew 7 per cent to S\$1.14 billion. Selling and administrative expenses rose 22 per cent reflecting the increase in mobile customer acquisition and retention costs with strong demand for Apple's iPhone 4S.

Australia

Optus reported another resilient performance, with operating revenue up 2 per cent to A\$2.42 billion. EBITDA increased 2 per cent to A\$562 million, while net profit for the quarter grew 4 per cent to A\$177 million.

Mr Paul O'Sullivan, Optus Chief Executive said, "Optus delivered another quarter of revenue and EBITDA growth, adding 182,000 mobile customers, in spite of the intensely competitive Australian telecommunications market. Optus continued to lead the market with new, relevant and personalised digital services while making improvements in customer experience."

In Mobile, total mobile revenue rose 4 per cent to A\$1.62 billion, with service revenue growth of 2 per cent.

EBITDA rose 3 per cent from increased service revenue and lower customer acquisition costs associated with the introduction of new postpaid price plans in the quarter.

Incoming service revenue continued to grow strongly at 18 per cent for the quarter, supported by customer growth, increased SMS and voice revenue.

Optus continued its postpaid customer growth momentum with net additions of 113,000 this quarter. Prepaid customer growth increased, with net additions of 69,000, as sales lifted and churn rates improved. Total mobile customers grew 182,000 to 9.41 million.

³ Residential and corporate subscriptions to broadband Internet services using optical fibre networks.



The number of 3G customers⁴ grew to 6.24 million, a 5 per cent increase from a quarter ago. This included a base of 1.55 million wireless broadband⁵ customers, an increase of approximately 94,000 customers from a quarter ago.

Optus continued to lead the market with differentiated digital services which provide customers with personalised applications and content. Following the introduction of Smart Safe, Optus TV Now and Go Places in previous quarters, Optus introduced another unique TV and Video application for the exclusive streaming of the Australian Open 2012.

Optus has commenced the roll-out of Long Term Evolution (LTE) on the Optus Open Network and successfully connected Australia's first LTE data call in the 700MHz "Digital Dividend" spectrum band on 1 November 2011. From April 2012, Optus will deliver its first LTE services to Newcastle, Port Stephens, the Hunter Valley and Lake Macquarie areas. A capital city service roll-out will begin in the second half of 2012, with phase one to deliver LTE services in Sydney, Melbourne and Perth, and phase two to other capital cities.

In Business and Wholesale fixed, overall revenue and EBITDA were stable. Strong satellite and ICT and managed services revenue was offset by lower voice and data and IP revenue. Data & IP revenue declined 3 per cent as growth in Optus Evolve™ services was offset by the accelerated exit of legacy data products. ICT and managed services grew 10 per cent due to an increase in managed services revenue from prior corporate wins.

Wholesale fixed revenue grew 2 per cent while total voice revenue was stable. Data and IP declined by 4 per cent, mainly from the exit of unprofitable off-net services. Satellite revenue rose 10 per cent driven largely by revenue from the new NBN Interim Satellite Service contract.

In this quarter, Optus secured a multi-million dollar multi-year contract to continue to provide state-of-the-art satellite services to GlobeCast Australia, including the provision of direct-to-home broadcast services on its D2 satellite. Optus continues to be the satellite provider of choice for Australian broadcast customers, delivering excellent quality and a range of value added services.

In the Consumer fixed business, Optus continued the exit of its fixed resale business. Lower on-net broadband ARPU from increased data inclusions caused on-net revenue to decline 5 per cent. EBITDA decreased 1 per cent with lower revenue although EBITDA margin improved slightly. On-net broadband customers totalled 965,000 as at 31 December 2011.

During the quarter, Optus unveiled details of various consumer NBN packages. Plans will also be enhanced later to include enriched digital offerings such as the new Optus MeTV service that provides customers with access to on-demand television programmes at affordable prices.

Continuing the focus on customer experience, Optus announced My Optus Community, a new online forum designed to empower Optus customers to interact online, provide feedback and share experiences. It will include a dedicated small and medium business forum and will also allow customers to submit concepts and ideas for potential products and services.

⁴ 3G subscribers are defined as subscribers who i) own a 3G device and ii) are provisioned with 3G Data Services access.

⁵ Wireless broadband subscribers are defined as subscribers provisioned with an HSPA broadband service. Excludes data packs attached to voice services.

Regional

The Group's mobile customer base grew 13 per cent or 50.7 million from a year ago to reach 434 million as at 31 December 2011.

Share of pre-tax ordinary profit ⁶	Quarter Ended	YOY		Nine Months Ended	YOY	
	31 Dec 2011 (S\$m)	Change (S\$)	Change (local currency)	31 Dec 2011 (S\$m)	Change (S\$)	Change (local currency)
Airtel	128	(30.3%)	(20.2%)	413	(31.5%)	(24.0%)
- South Asia	138	(35.9%)	(26.5%)	480	(27.7%)	(19.9%)
- Africa	(9)	69.4%	64.8%	(67)	(10.0%)	(19.8%)
Telkomsel	226	5.6%	7.0%	670	0.7%	5.4%
Globe	37	(6.8%)	(6.0%)	135	1.1%	5.3%
AIS	84	23.4%	29.0%	240	17.9%	23.8%
Warid	(15)	(8.5%)	(13.2%)	(42)	1.9%	(7.9%)
PBTL	(11)	(172.5%)	(196.3%)	(22)	(74.2%)	(101.2%)
Regional Mobile Associates	449	(7.9%)	NM	1,393	(10.1%)	NM

NM denotes not meaningful

Mr Hui Weng Cheong, CEO International, said: "Our regional mobile associates recorded strong operating performance in the quarter. Telkomsel and AIS delivered double-digit revenue growth and higher profit driven by sustained growth momentum in data. However, overall contributions were lower due to unfavourable currency movements."

Airtel South Asia reported strong revenue growth of 12 per cent, reflecting tariff revision amid a more stable competitive environment in India. However, overall earnings were affected by Airtel's 3G rollout costs, license fees amortisation and higher finance charges.

In the quarter, **Airtel Africa** operations turned in strong revenue growth and EBITDA improvement. It also recorded its first positive free cash flow since acquisition. Overall, pre-tax contribution from Airtel declined 30 per cent to S\$128 million.

Telkomsel performed strongly with operating revenue increasing 11 per cent driven by robust growth in non-voice revenue and improved market conditions. In Singapore Dollar terms, the Group's share of pre-tax profit increased 6 per cent to S\$226 million.

AIS posted another quarter of solid performance with higher demand for voice and mobile internet services. In Singapore dollars, the Group's share of pre-tax profit grew 23 per cent to S\$84 million.

Globe achieved record service revenue with double-digit customer growth in all business segments. However, higher operating expenses including costs associated with the offering of iPhone 4S as well as increased depreciation, led to a 7 per cent decline in the Group's share of pre-tax ordinary profit to S\$37 million.

⁶ Excluding exceptional items but including mark-to-market valuations on foreign currency denominated liabilities.

Appendix 1

The following table shows the trends in constant currency terms.

	Quarter Ended	YOY		Nine Months Ended	YOY	
	31 Dec 2011 (S\$m)	Change (S\$)	Change (constant currency) ⁷	31 Dec 2010 (S\$m)	Change (S\$)	Change (constant currency) ⁷
Group revenue	4,830	2.7%	1.9%	14,045	4.6%	1.7%
Group underlying net profit	895	(7.6%)	(6.3%)	2,653	(5.3%)	(4.2%)
Optus revenue	3,155	2.8%	1.5%	9,212	6.0%	1.6%
Associates' earnings ⁸	475	(8.3%)	(3.6%)	1,474	(9.9%)	(4.5%)

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⁷ Assuming constant exchange rates from the corresponding periods in FY11.

⁸ Based on the Group's share of associates' earnings before tax and exceptionals.