SingTel

News Release

Resilient performance across the Group in the second quarter

- *Singapore continues to gain share in overall mobile market; revenue up 4%*
- *Regional mobile associates achieves strong operating results despite weaker regional currencies*
- *Optus held EBITDA and market share amid negative mobile industry growth*
- *The Group delivers stable earnings while investing in LTE networks, spectrum and new businesses*
- *Interim dividend maintained at 6.8 cents per share*

Singapore, 14 November 2012 – Singapore Telecommunications Limited (SingTel) today reported resilient performance across the Group for the second quarter ended 30 September 2012 despite the impact of weaker regional currencies. The results were underpinned by strong operating performance from Singapore and the regional mobile associates.

The Group continued to invest in networks and transformational initiatives while delivering stable earnings and improved cash flows. Excluding exceptional items, underlying net profit was stable at S$886 million, while net profit declined 2 per cent to S$868 million.

Revenue from Singapore rose 4 per cent to S$1.67 billion, with broad-based growth in key segments and EBITDA increased 2 per cent. Against a negative mobile industry growth in Australia, Optus' revenue fell 4 per cent to A$2.24 billion, while EBITDA was stable, reflecting increased focus on customer experience and yield management.

Pre-tax earnings from the regional mobile associates grew 17 per cent to S$549 million. Telkomsel, AIS and Globe recorded stronger operational performance, partially offset by lower earnings from Airtel and weaker regional currencies. If exchange rates were unchanged from a year ago, earnings from the regional mobile associates would have risen 26 per cent.

The Group and its regional mobile associates continued to register strong customer growth in the quarter. As at 30 September 2012, the Group had a total mobile customer base of 468 million, an increase of 44.4 million or 11 per cent from a year ago.

Depreciation and amortisation charges increased 8 per cent to S$535 million as a result of investments in mobile network and NCS' equipment for customer contracts, as well as amortisation of intangibles from recent acquisitions.

Ms Chua Sock Koong, SingTel Group CEO, said: "In the second quarter, the Group delivered a resilient set of results. In Singapore, we gained mobile market share. Optus' focus on customer experience and yield management delivered stable earnings in a challenging market. Our associates, AIS, Telkomsel and Globe, had another quarter of solid performances."

"The Group is focused on delivering sustained growth in our core business and developing new revenue streams. In Singapore and Australia, we implemented a more sustainable data pricing structure to fund network investments and meet customer demand for higher speeds and better user experience. We will continue to build on our recent acquisitions to enhance our capabilities and extend our market leadership."

The Board has approved an interim dividend of 6.8 cents a share, consistent with the previous financial year, and representing a payout ratio of 62 per cent of underlying earnings for the half year ended 30 September 2012.

The Group continues to generate strong free cash flow. For the half year ended September 2012, group free cash flow was stable at S$1.83 billion. Free cash flow from Singapore rose 16 per cent to S$604 million due to lower tax payments and working capital movements. In Australia, free cash flow declined 38 per cent to A$331 million with increased receivables from device repayment plans and higher capital expenditure.

Dividends from associates rose 29 per cent to S$805 million mainly due to higher dividends from Telkomsel and AIS.

The Group adopted a new organisation structure effective 1 April 2012 to strengthen its competitiveness and accelerate innovation in support of its transformation strategy.

In July 2012, Group Consumer introduced tiered price plans for mobile data services in Singapore. In Australia, Optus rationalised its distribution channels, while investing in branded channels. The Group also continued to roll out LTE networks in Singapore and Australia.

Group Enterprise's myBusiness portal allows SME customers to readily access information on business opportunities, government tenders and grants, and tap SingTel's extensive suite of software-as-a-service applications. With 500,000 site visits per month, myBusiness portal is Singapore's largest all-in-one online SME community.

Group Digital L!fe enriched its content suite for mio TV with the addition of 40 FOX International channels, bringing its total channels to over 110. It also secured the broadcast rights for the Barclays Premier League until 2016.

Group Digital L!fe acquired Pixable Inc., a US-based social photo aggregator, which helps customers organise photos from various social media networks.

SingTel

Highlights

	Quarter Ended		YOY	Half Year Ended		YOY
	30 Sep 2012 (S$m)	30 Sep 2011 (S$m)	Change %	30 Sep 2012 (S$m)	30 Sep 2011 (S$m)	Change %
Group revenue	4,572	4,610	(0.8)	9,105	9,215	(1.2)
Singapore revenue	1,672	1,601	4.4	3,346	3,159	5.9
Optus revenue (A$) (S$)	 2,239 2,900	 2,337 3,008	 (4.2) (3.6)	 4,478 5,759	 4,651 6,056	 (3.7) (4.9)
EBITDA	1,267	1,249	1.4	2,509	2,534	(1.0)
Share of associates' pre-tax ordinary earnings[1]	574	498	15.2	1,080	998	8.2
EBITDA and share of associates' pre-tax earnings	1,840	1,747	5.3	3,589	3,539	1.4
Depreciation and amortisation	(535)	(494)	8.2	(1,053)	(996)	5.8
Net profit attributable to shareholders	868	882	(1.6)	1,813	1,798	0.9
Underlying net profit[2]	886	885	0.1	1,736	1,758	(1.3)
Underlying earnings per share (S cents)	5.56	5.56	**	10.90	11.04	(1.3)

*** denotes less than +/- 0.05%*

Singapore

Revenue from Singapore grew 4 per cent to S$1.67 billion. EBITDA increased 2 per cent to S$541 million and would have grown 5 per cent excluding losses from Amobee and payments to NetLink Trust.

Mobile Communications revenue grew 2 per cent to S$487 million on continued strong customer growth, offsetting the impact of lower roaming revenue.

SingTel added 54,000 mobile customers, including 24,000 postpaid customers. This brought total customer base to 3.69 million as at 30 September 2012 and lifted SingTel's overall market share to 46.6[3] per cent, up 0.2 percentage point from a quarter ago.

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[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.
[3] Market share as at 30 September 2012 was based on Telco's published results.

Postpaid ARPU declined 6 per cent to S$80 due to lower roaming traffic for voice and SMS, reflecting increased take-up of data roaming plans, as well as higher mix of data-only SIMs. Acquisition cost per postpaid customer fell 4 per cent to S$289 because of a higher proportion of data-only SIM customers and changes in smartphone mix.

Data and Internet revenue rose 3 per cent to S$412 million. Growth in Managed Services offset declines in International Leased Circuits and planned price adjustments with the rollout of the Next Generation Nationwide Broadband Network. Internet-related revenue rose 6 per cent with increased adoption of higher-tier plans and fibre-based services.

Revenue from **IT & Engineering** grew 5 per cent to S$385 million, driven by NCS. NCS' revenue grew 11 per cent to S$360 million, fuelled by contracts from the Ministry of Education and other customers. NCS' order book remained strong at S$2.1 billion as at end September 2012.

Revenue from **mio TV** grew 24 per cent to S$31 million. mio TV added 11,000 customers to reach 391,000 customers. In line with its enhanced and expanded content suite, mio TV introduced new pricing plans during the quarter. An additional 9,000 customers signed up for bundled plans, lifting the total number of bundled customers to 328,000 as at end September 2012. This represented approximately 28 per cent of Singapore households.

In the fibre market, SingTel maintained its lead by adding 31,000 customers, bringing the total number of fibre broadband customers[4] to 136,000 at the end of September 2012, representing a market share of approximately 58 per cent.

Operating expenses increased 6 per cent to S$1.14 billion. Selling and administrative expenses rose 11 per cent, with higher mobile retention costs, increased outsourced maintenance cost and the consolidation of Amobee. Staff costs increased 6 per cent due to annual salary increments as well as additional headcount from companies acquired.

Australia

In Australia, mobile industry growth rates have slowed as a result of price competition and mandated reduction in mobile termination rates. Optus reported stable EBITDA, despite a 4 per cent decline in operating revenue for the quarter. EBITDA margin improved 1.1 percentage points to 25 per cent.

Mobile service revenue declined 4 per cent, due to the reduction in mobile termination rates, service credits associated with device repayment plans introduced from October 2011, as well as lower equipment sales. EBITDA increased 1 per cent to A$379 million from reduced traffic and selling expenses.

Excluding the impact of service credits on device repayment plans, outgoing service revenue grew 1 per cent.

Optus continued its postpaid customer growth with net additions of 132,000 for the quarter, including 60,000 from Vividwireless. Postpaid customers comprised 56 per cent of the total base, up 3 percentage points from a year ago. Prepaid customer base declined by 100,000, with reduction in handset subsidies and higher churn.

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[4] Refers to residential and corporate subscriptions to broadband Internet services using optical fibre networks.

In **Business and Wholesale fixed**, overall revenue was stable. Higher ICT and managed services revenue offset lower voice and Data and IP revenue. Wholesale fixed revenue declined 4 per cent. EBITDA was stable year-on-year.

In the **Consumer fixed business**, the number of on-net broadband customers reached 1 million, up 8,000 customers from a quarter ago. However, lower ARPU from discounted bundled plans led to a 5 per cent decline in on-net revenue. EBITDA was lower by 8 per cent due to lower on-net revenue and higher selling costs. In October 2012, price increases were implemented and a new range of simplified fixed broadband and phone plans were launched, with revised pricing and improved profitability.

In October 2012, Optus further restructured its workforce to improve customer experience, centralise functions and leverage the scale of the Group's investments in digital capabilities. This lowered headcount by 350. Ex-gratia payment of approximately A$30 million will be included in the December 2012 quarter results.

Regional

The Group's footprint covers a population of more than 2 billion across Asia and Africa.

	Quarter Ended	YOY		Half Year Ended	YOY	
Share of pre-tax ordinary profit[5]	**30 Sep 2012 (S$m)**	**Change (S$)**	**Change (local currency)**	**30 Sep 2012 (S$m)**	**Change (S$)**	**Change (local currency)**
Regional Mobile Associates	**549**	**16.6%**	**NM**	**1,033**	**9.5%**	**NM**
Telkomsel	271	16.1%	25.9%	512	15.5%	23.8%
Airtel	109	(16.9%)	(1.4%)	204	(28.5%)	(15.1%)
AIS	106	36.0%	39.0%	213	37.0%	39.4%
Globe[6]	63	30.6%	25.4%	123	25.7%	21.5%

NM denotes not meaningful

Telkomsel's revenue increased 13 per cent and EBITDA rose 11 per cent with growth from voice, SMS and data in a stable operating environment. In Singapore Dollar terms, the Group's share of pre-tax profit increased 16 per cent to S$271 million as the Indonesian Rupiah depreciated 8 per cent. Telkomsel's total mobile customer base reached 121 million, up 17 per cent from a year ago.

[5] Exclude exceptionals and include mark-to-market valuations.
[6] Globe's accelerated depreciation arising from network modernisation and IT transformation has been classified as a Group exceptional item.

Airtel's pre-tax contribution declined 17 per cent to S$109 million, partly due to the weaker Indian Rupee, which depreciated 19 per cent against the Singapore Dollar. In Indian Rupee terms, **Airtel South Asia** delivered a 14 per cent revenue growth and EBITDA grew a lower 3 per cent, affected by higher network related costs and access charges. In US Dollar terms, **Airtel's African** operations reported a 10 per cent increase in EBITDA, driven by continued customer growth and higher minutes of use. Higher depreciation and financing charges led to a decline in overall pre-tax contribution from Airtel.

Airtel's total mobile customer base reached 252 million, an increase of 24.8 million or 11 per cent from a year ago. In South Asia, Airtel's mobile customer base grew 19.2 million or 8 per cent to 194 million. In Africa, its mobile customers reached 58.7 million as at 30 September 2012, an increase of 10.2 million, or 21 per cent. At the end of October 2012, slightly more than 2 years since it entered the African markets, Airtel celebrated its 60th million customer.

AIS had another quarter of strong performance, with growth in both voice and non-voice revenues, as mobile data usage continued to rise, driven by more affordable smart devices and popularity of social networking services. In Singapore Dollar terms, the Group's share of pre-tax profit rose 36 per cent to S$106 million. Its customer base grew 8 per cent to 35.3 million.

Globe's service revenue increased 7 per cent, driven by strong customer take-up of mobile services despite a competitive environment. The Group's share of ordinary pre-tax profit rose 31 per cent to S$63 million. As at 30 September 2012, Globe's mobile customer base was 32.1 million, up 10 per cent from a year ago.

Warid has been re-classified as "Asset held for sale" from 1 July 2012, upon a plan approved by the Board, and equity accounting has ceased from that date.

Outlook for the current financial year

Except for the revenue guidance, the Group affirms the outlook issued in May 2012. (refer to Appendix 2)

In Australia, price competition and reduced mobile termination rates have led to negative mobile industry revenue growth. Optus is increasing its focus on customer experience and yield management while restructuring its business model to deliver greater efficiencies. Business model changes include optimising acquisition and retention costs, increasing staff productivity through workforce restructuring and rationalising distribution channels while investing in branded channels and its mobile network.

In the half year ended 30 September 2012, while operating revenue in Australia was lower by 4 per cent, EBITDA declined 1.3 per cent and market share was maintained. For the financial year ending 31 March 2013, EBITDA in Australia is expected to be stable, consistent with earlier guidance. However, operating revenue is expected to decline by mid-single digit level. Previously, revenue was expected to grow by low-single digit level.

With the revised revenue outlook for Australia, the consolidated revenue of the Group is expected to decline by low-single digit level and Group Consumer and Mobile Communications revenues are both expected to decline by mid-single digit levels. However, Group EBITDA is expected to be stable, consistent with earlier guidance.

Appendix 1

The following table shows the trends in constant currency terms.

	Quarter Ended	YOY		Half Year Ended	YOY	
	30 Sep 2012 (S$m)	Change (S$)	Change (constant currency)[7]	30 Sep 2012 (S$m)	Change (S$)	Change (constant currency)
Group revenue	4,572	(0.8%)	(1.2%)	9,105	(1.2%)	(0.4%)
Group underlying net profit	886	0.1%	2.9%	1,736	(1.3%)	1.7%
Optus revenue	2,900	(3.6%)	(4.2%)	5,759	(4.9%)	(3.7%)
Regional Mobile Associates' earnings[8]	549	16.6%	25.8%	1,033	9.5%	17.2%

[7] Assuming constant exchange rates from the corresponding period in FY12.
[8] Based on the Group's share of the regional mobile associates' earnings before tax and exceptionals.

Appendix 2

Outlook for the current financial year ending 31 March 2013

- Consolidated revenue and EBITDA would be impacted by material exchange rate movements in the Australian Dollar and regional currencies. The Group's outlook for the current financial year has incorporated these exchange rates, first presented in May 2012 as part of the Group's outlook:

Australian Dollar	AUD 1: SGD 1.3068
Indonesian Rupiah	SGD 1: IDR 7,380
Indian Rupee	SGD 1: INR 40.8
Thailand Baht	SGD 1: THB 25.1
Philippine Peso	SGD 1: PHP 34.3

- Consolidated revenue of the Group to decline by low single digit level and EBITDA to remain stable.
- Revenue for Singapore to grow by low single digit level and EBITDA to be stable.
- Revenue for Australia to decline by mid-single digit level while EBITDA remains stable.
- Revenue from Group Consumer to decline by mid-single digit level.
- Revenue from Group Enterprise to grow by low single digit level.
- Revenue from Mobile Communications, which extends across Group Consumer and Group Enterprise, to decline by mid-single digit level.
- Group free cash flow (excluding dividends from associates) to be around S$2.6 billion, with higher capital expenditure.
- Capital expenditure in Singapore to be around S$950 million. Excluding spectrum payments, capital expenditure in Australia to be approximately A$1.1 billion.
- Ordinary dividends from regional mobile associates to grow.

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