

# Financial Results Presentation

Q1 FY13: Quarter ended 30 June 2012



14 Aug 2012  
Chua Sock Koong  
Group CEO

# Forward looking statement – important note

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The following presentation contains forward looking statements by the management of Singapore Telecommunications Limited ("SingTel"), relating to financial trends for future periods, compared to the results for previous periods.

Some of the statements contained in this presentation that are not historical facts are statements of future expectations with respect to the financial conditions, results of operations and businesses, and related plans and objectives. Forward looking information is based on management's current views and assumptions including, but not limited to, prevailing economic and market conditions. These statements involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those in the statements as originally made. Such statements are not, and should not be construed as a representation as to future performance of SingTel. In particular, such targets should not be regarded as a forecast or projection of future performance of SingTel. It should be noted that the actual performance of SingTel may vary significantly from such targets.

“S\$” means Singapore dollars and "A\$" means Australian dollars unless otherwise indicated. Any discrepancies between individual amounts and totals are due to rounding.



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# Net profit grew 3% despite currency headwinds

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<b>Group performance</b>	<b>Revenue</b> > down 2%	<b>S\$4,533m</b>	<b>Net profit</b> > up 3% > underlying net profit down 3%	<b>S\$945m</b>
<b>Singapore<sup>1</sup></b>	<b>Revenue</b> > up 8%	<b>S\$1,674m</b>	<b>EBITDA</b> > stable	<b>S\$546m</b>
<b>Optus</b>	<b>Revenue</b> > down 3%	<b>A\$2,239m</b>	<b>EBITDA</b> > down 3%	<b>A\$545m</b>
<b>Regional Mobile</b>	<b>Customers<sup>2</sup></b> > up 11%	<b>462m</b>	<b>Pre-tax earnings<sup>3</sup></b> > up 2% > up 9% in constant currency	<b>S\$483m</b>

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1. Singapore refers to the Group operations but excludes Optus and the Associates

2. Group mobile subscribers, including SingTel, Optus and Regional Mobile Associates

3. Based on the Group's share of Regional Mobile Associates profit before tax and exceptionals

# Q1 FY13: Revenue and earnings impacted by currency movements

	3 months to Jun 12	3 months to Jun 11	YoY % change	3 months to Mar 12	Sequential % change
Operating revenue	4,533	4,605	(1.6%)	4,780	(5.2%)
EBITDA	1,243	1,284	(3.2%)	1,430	(13.1%)
- margin	27.4%	27.9%		29.9%	
Associates pre-tax earnings <sup>1</sup>	506	500	1.2%	539	(6.0%)
EBITDA & share of associates' pre-tax earnings	1,749	1,792	(2.4%)	1,953	(10.5%)
Depreciation & amortisation	(518)	(501)	3.4%	(508)	2.1%
Net finance expense	(71)	(93)	(23.4%)	(93)	(23.7%)
Exceptional Items	88	61	43.1%	(4)	N.M.
Pre-tax profit	1,247	1,259	(0.9%)	1,349	(7.5%)
Tax <sup>2</sup>	(301)	(342)	(11.9%)	(60)	403.8%
Net profit	945	916	3.2%	1,289	(26.7%)
Underlying net profit	850	873	(2.6%)	1,023	(16.9%)

1. Excludes exceptionals

2. Includes exceptional net tax credit of S\$270m recognised on increase in value of assets transferred to an associate during the quarter ended 31 March 2012

# Group Q1 FY13 highlights

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## Group Consumer

Revenue  
S\$2,837m

- › Launch of LTE services in Singapore & Australia
- › Introduced tiered mobile data plans in Singapore & revised data allowances in Australia
- › ACCC approval of Optus' HFC deal with NBN Co



## Group ICT

Revenue  
S\$1,614m

- › Increased traction on cloud services  
– 200k business cloud users (Mar 2012: 180k)
- › Contract wins & renewals



**S\$1 billion**








## Group Digital L!fe

Revenue  
S\$82m

- › Acquisitions in local digital info services
- › Amobee awarded contracts by eBay, Expedia and Sprint



# Foreign exchange movements

Currency		Exchange rate <sup>1</sup>	Currency appreciation / (depreciation) against S\$	
		S\$ 1.00	YoY	QoQ
1 AUD <sup>2</sup>		1.2768	(3.1%)	(4.3%)
INR		42.7	(18.3%)	(7.6%)
IDR		7,353	(5.9%)	(2.2%)
PHP		33.8	2.9%	0.6%
THB		24.8	(1.6%)	(1.2%)
PKR		73.0	(5.8%)	(1.5%)

1. Average exchange rates for the quarter ended 30 June 2012

2. Average A\$ rate for translation of Optus' operating revenue

# Trends in constant currency terms<sup>1</sup>

3 months to Jun 12	Q1 FY13 (reported S\$m)	YoY % change (reported S\$)	YoY % change (at constant FX) <sup>1</sup>
Group revenue	4,533	(1.6%)	0.4%
Group underlying NPAT	850	(2.6%)	0.5%
Optus revenue	2,859	(6.2%)	(3.2%)
Regional Mobile Associates pre-tax earnings <sup>2</sup>	483	2.4%	8.7%

1. Assuming constant exchange rates from corresponding periods in FY12

2. Based on the Group's share of associates earnings before exceptionals





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# Singapore<sup>1</sup>: growth in IT & Engineering

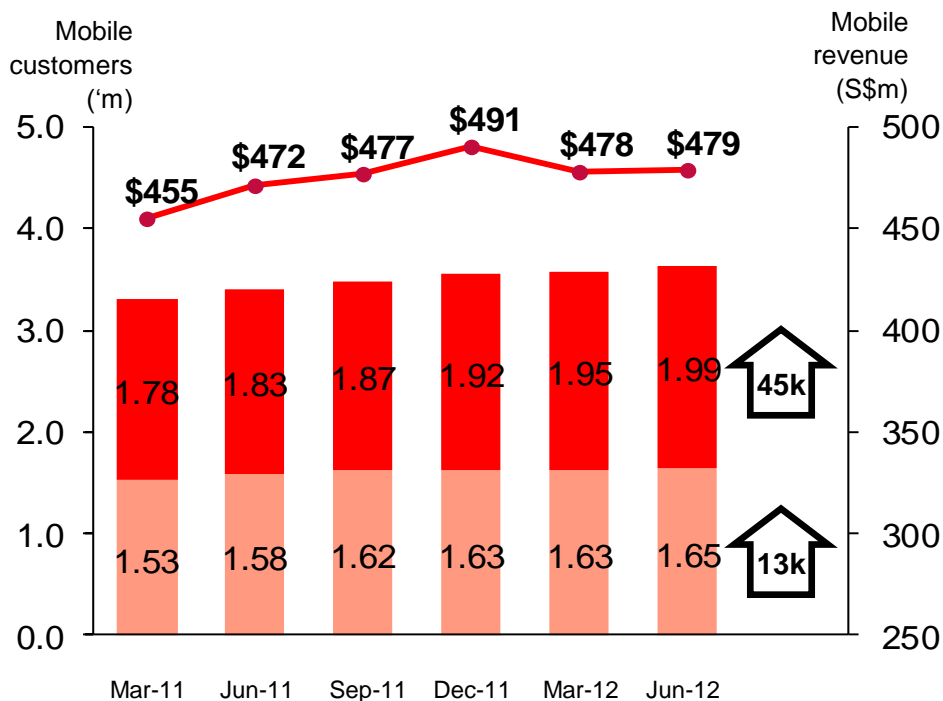
Q1 FY13	Revenue S\$m	YoY Change	Highlights
<b>Total revenue</b>	<b>S\$1,674m</b>	<b>+8%</b>	
Mobile	S\$479m	+2%	<ul style="list-style-type: none"> <li>&gt; strong postpaid customer growth offset by lower roaming revenues</li> </ul>
Data & Internet	S\$408m	+3%	<ul style="list-style-type: none"> <li>&gt; growth in fibre broadband</li> <li>&gt; Managed Services growth</li> </ul>
IT & Engg	S\$388m	+20%	<ul style="list-style-type: none"> <li>&gt; NCS revenue up 20%</li> <li>&gt; Final revenue from mass fibre rollout project</li> </ul>
Sale of equipment	S\$85m	+10%	<ul style="list-style-type: none"> <li>&gt; demand for smartphones and tablets</li> </ul>

1. Singapore includes all of the Group operations except Optus and the associates

# Mobile: customer growth partially offset by lower roaming

**Service revenue growth**      **+2%**

**Postpaid market share**      **48.3%<sup>1</sup>**



**Postpaid ARPU**      **S\$80**

- > reported ARPU down 8%
- > down 6% excluding data-only SIMs

**Wireless BB subs up 38%<sup>2</sup>**      **1.3m**

**Total data as % of ARPU**      **42%**

- > 21% non-SMS data

**Subscriber acquisition cost**      **S\$301**

- > up 2% YoY and 3% QoQ

● Mobile revenue    ■ Prepaid customers    ■ Postpaid customers

1. Market share data based on Telco operators' published results.

2. Mobile subscribers who registered for monthly mobile broadband data subscription plans, including data packs attached to voice services

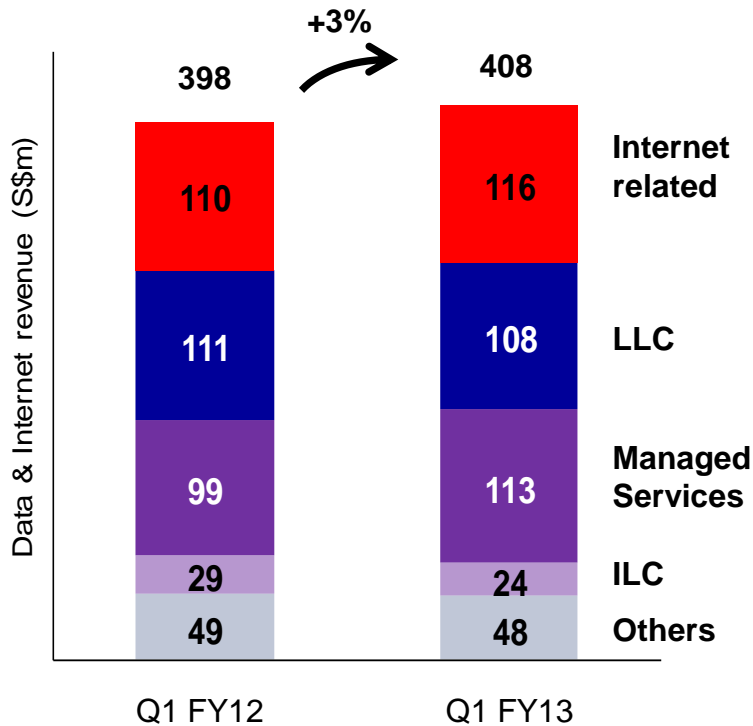
# Leading in enterprise ICT solutions space

**Data & Internet revenue S\$408m**

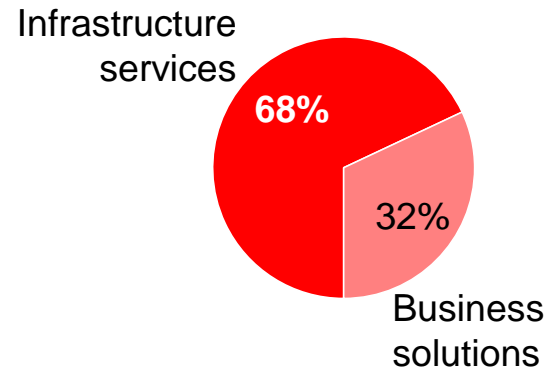
> up 3%

**NCS Group revenue S\$333m**

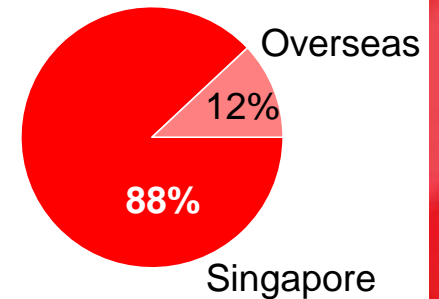
> up 20%



**Revenue by business**



**Revenue by geography**



**NCS Group order book<sup>1</sup>**

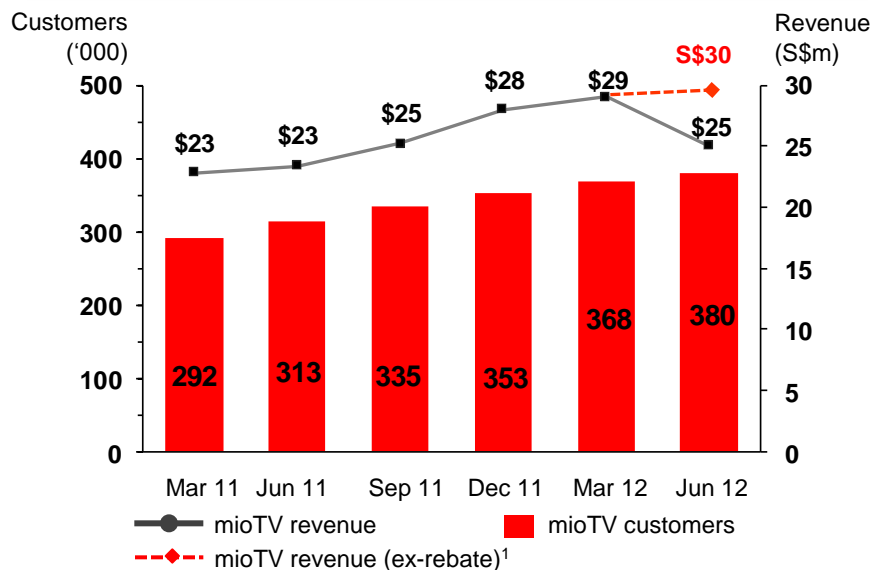
**S\$2.1b**

1. As at 30 June 2012

# Leading the digital revolution

**mio TV revenue**

**S\$25m**



**mio TV customers 380k**

> up 12k

**Customers on bundles<sup>2</sup> 319k**

> up 14k

**Growing our digital presence**

**Fibre customers<sup>3</sup>**

**105k**

> up 29k

**Launched NewsLoop,  
e-news reader app**

> more than 230 local and international sources



**Sun TV and Adithya TV  
launched on mioTV**

> Sun TV is #1 Tamil channel in the world



1. mio TV rebate of S\$5m in quarter ended 30 June 2012

2. Bundled plans comprised mio Plan (mobile, fixed broadband & fixed voice), mio Home & exPlore Home (mio TV, fixed broadband & fixed voice)

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

# EBITDA impacted by NetLink Trust & selling costs

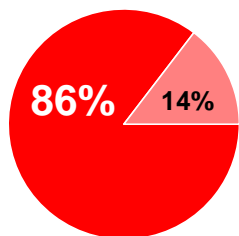
**EBITDA stable** **S\$546m**

- > up 2% to S\$555m excl NetLink Trust

**Operating expenses** **+11%**

- > up 10% excl NetLink Trust

**Telco**  
EBITDA<sup>1</sup>  
S\$467m



**IT & Engg**  
EBITDA  
S\$79m

**Selling & Admin** **+13%**

- > strong customer recontracts & connections

**Cost of sales** **+14%**

- > higher IT & Engg and equipment sales

**Telco EBITDA<sup>1</sup>** **S\$467m**

- > down 6%
- > down 4% to S\$476m excl NetLink Trust
- > EBITDA margin 36.3%

**Staff costs** **+11%**

- > higher headcount and annual increment

**IT & Engineering EBITDA** **S\$79m**

- > up 58%
- > EBITDA margins 20.4%

**Traffic expenses** **+6%**

- > higher lease and interconnect expenses
- > up 2% excluding NetLink Trust



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# Optus: lower revenue with steady EBITDA margin

Q1 FY13	A\$m	YoY Change	Highlights
<b>Total revenue</b>	<b>A\$2,239m</b>	<b>-3%</b>	> lower equipment sales
Mobile	A\$1,430m	-4%	> impacted by mobile termination rates and device repayment plans > lower equipment revenue
Business & Wholesale Fixed	A\$502m	+1%	> higher ICT & Managed Services and Satellite revenues
Consumer & SMB Fixed	A\$308m	-6%	> lower on-net ARPU
<b>Total EBITDA</b>	<b>A\$545m</b>	<b>-3%</b>	> margin: 24.4% (Q1 FY12: 24.2%)

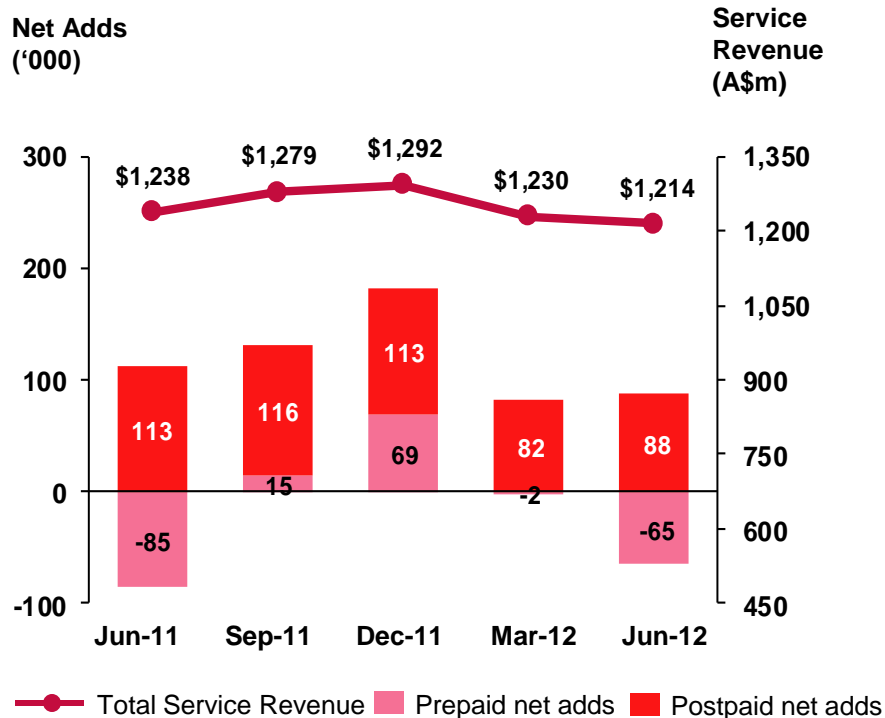


# Mobile: service credits and lower termination rates reduced revenue

## Service revenue **-2%**

- > outgoing service revenue up 2% excluding device repayment plan service credits

## Continuing postpaid customer growth



## EBITDA **-6%**

- > EBITDA margin stable at 25%

## Net adds

- > Postpaid customers **+88k**
- > Prepaid customers **-65k**

## Wireless BB customers **1.6m**

- > up 15%

## Postpaid retail churn **1.7%**

- > down from 1.8%

## Postpaid ARPU **A\$60**

- > down 9%
- > down 3% excluding lower termination rates and device repayment plans

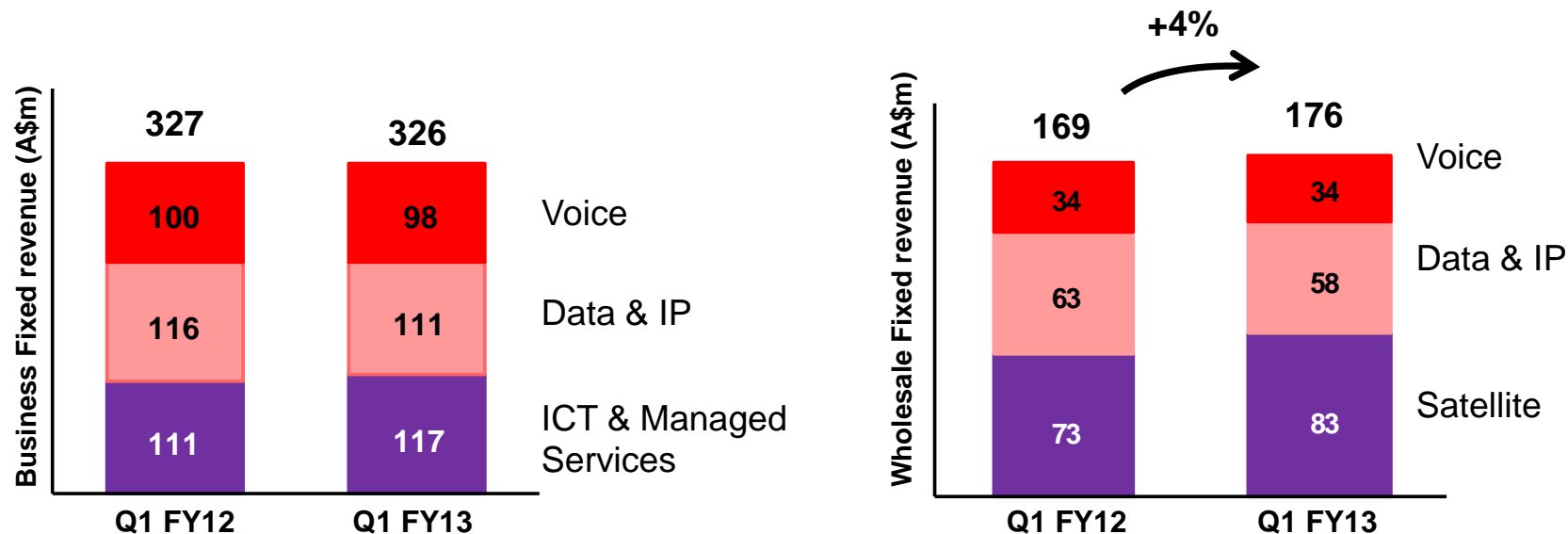
## Subscriber acquisition cost **A\$178**

- > down 19% YoY

# Business & Wholesale Fixed: growth in ICT & Managed Services and Satellite

Business: growth in ICT & Managed Services

Wholesale: higher Satellite revenue



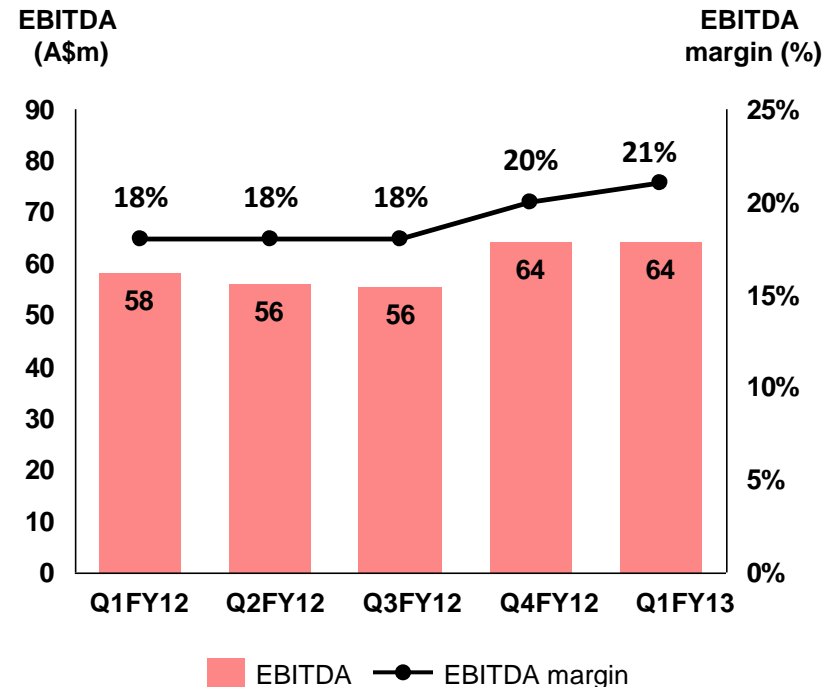
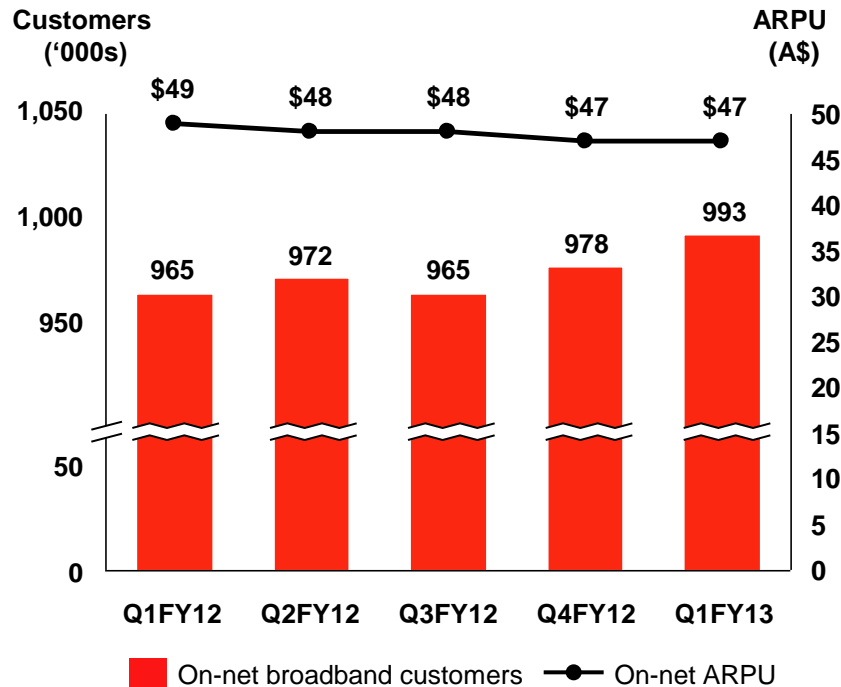
EBITDA **Stable**

> EBITDA margin stable at 26%

# Consumer & SMB Fixed: lower traffic costs lift margins

On-net customer growth in a competitive market

Higher margins from lower traffic costs



**EBITDA +11%**

› EBITDA margin up 3 ppt to 21%

# Managing cost while driving network expansion

Operating expenses **-3%**

Network investments

**Selling & Admin** **-6%**

> reduction in subsidy levels

**Cost of sales** **-7%**

> lower mobile equipment costs

**Traffic expenses** **-5%**

> reduced interconnect costs

**Staff costs** **+13%**

> no incentive accrual in Q1FY12

**U900 spectrum migration**  
improves 3G coverage

**Site-sharing arrangement**  
20% more mobile sites

**4G launched**  
in Sydney, Perth and Newcastle areas

**Vividwireless**  
98MHz of spectrum acquired



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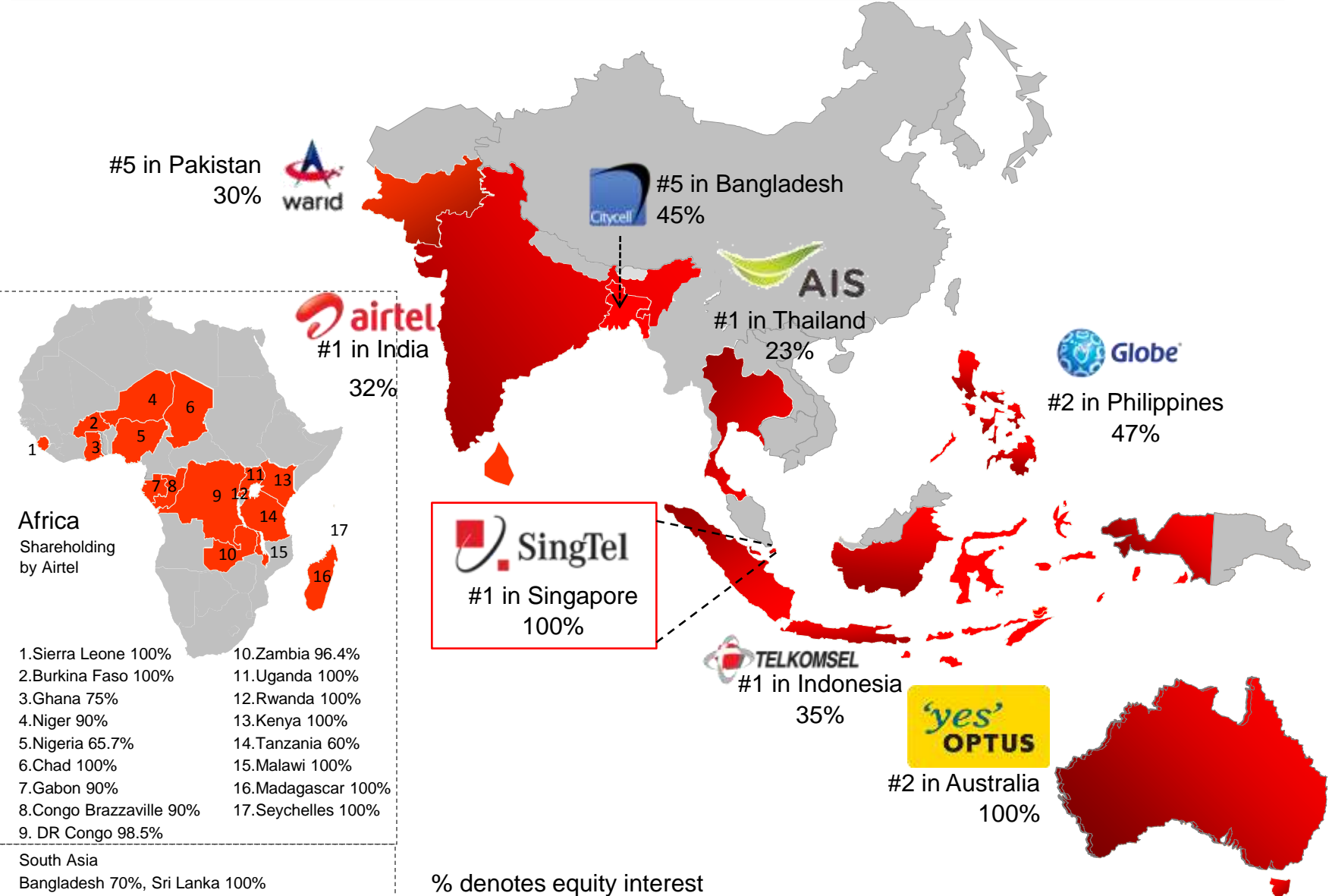
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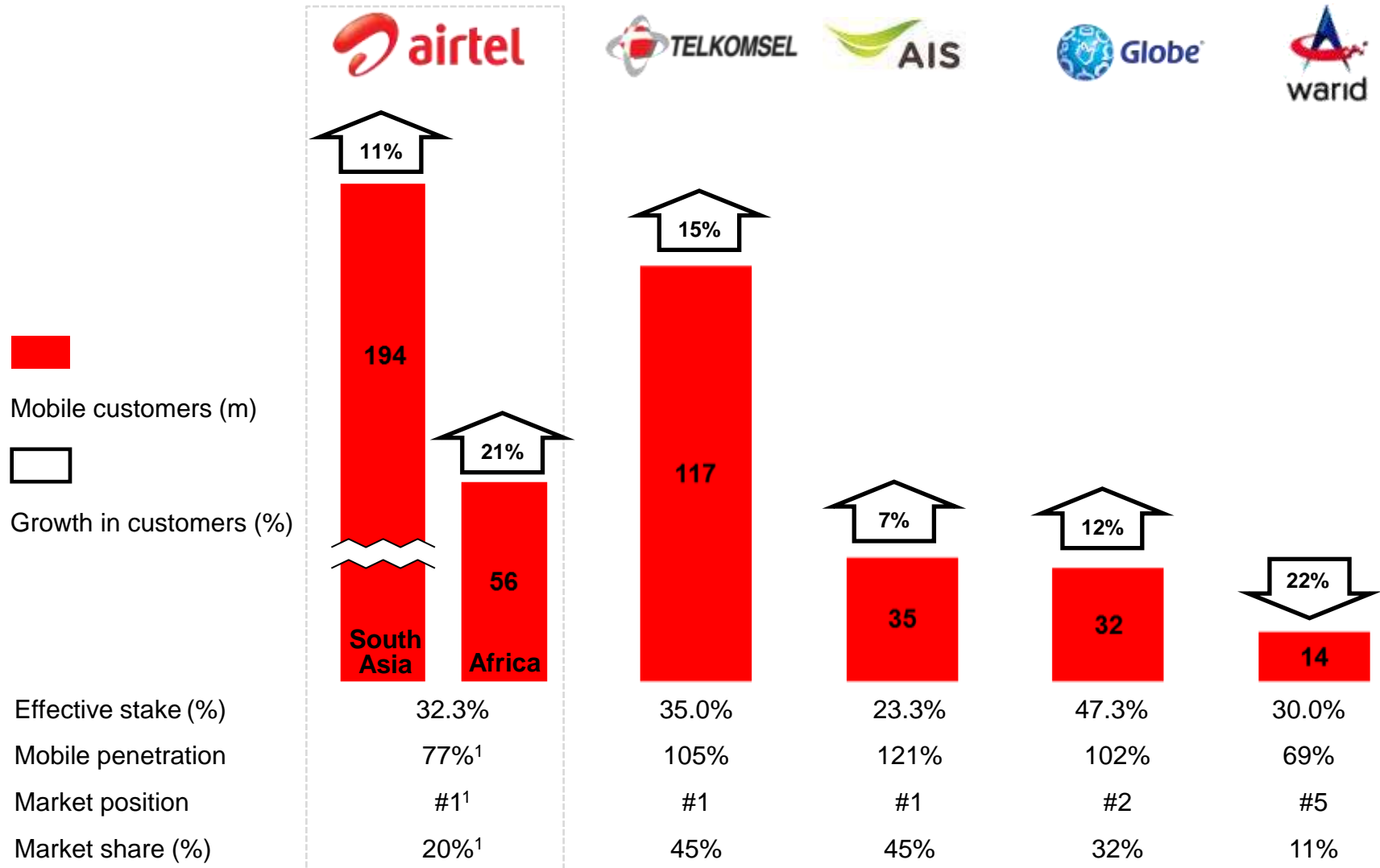
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# Significant footprint across Asia & Africa



# Growing our Pan-Asia & Africa customer base



1. For India market only

## Regional mobile associates – solid earnings growth, impacted by foreign currency movements

Q1 FY13	PBT <sup>1</sup> (S\$m)	% Change (S\$)	% Change (local curr)	Highlights
Regional Mobile	483	+2%	N.A.	› up 9% in constant currency
Telkomsel	241	+15%	+21%	› revenue growth across voice, SMS and data › lower depreciation and financing expenses
Airtel	95	-38%	-27%	› South Asia: revenue growth offset by higher network related costs & selling expenses › Africa: strong customer growth
AIS	107	+38%	+40%	› rising demand for mobile data and continued growth in voice
Globe <sup>2</sup>	60	+21%	+18%	› service revenue growth with customer gains in mobile and broadband

1. Excluding exceptional items – compared to 3 months to June 2011. The Group ceased to equity account for PBTB from 1 April 2012

2. Globe's accelerated depreciation arising from network modernisation & IT transformation has been classified as a Group exceptional item





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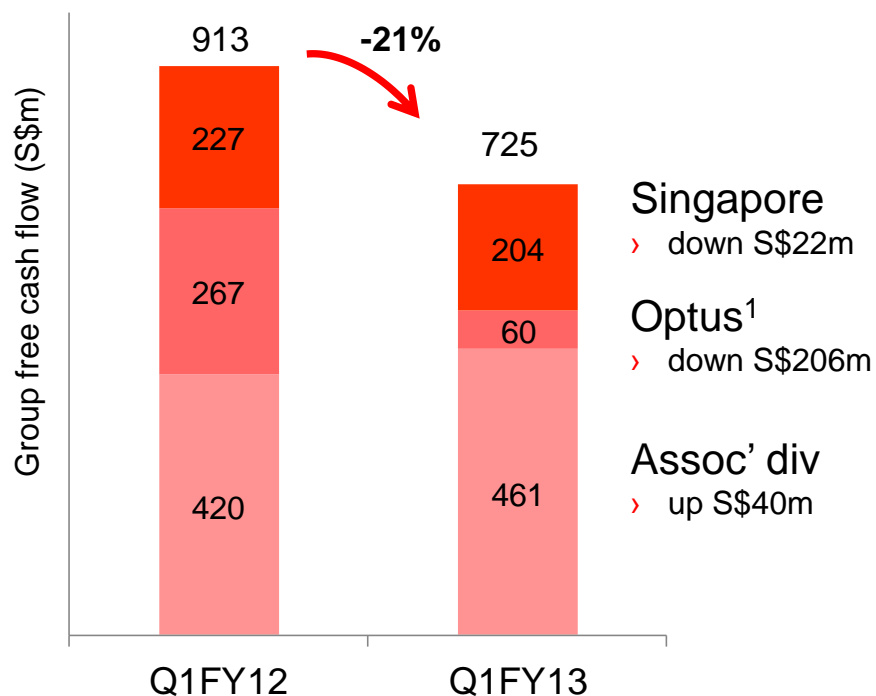
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# Sound financial position

**Free cash flow: impacted by working capital movements and Optus' tax payments**



## Solid balance sheet

**Net debt** **S\$7.7b**

**Net gearing<sup>2</sup>** **25%**

**Net debt: EBITDA & share of associates' pre-tax profits** **1.1x**

**EBITDA & share of associates' pre-tax profits : Net interest expense** **23.1x**

**S&P's rating** **A+**

**Moody's rating** **Aa2**

1. Reflecting tax payments, workforce restructuring costs, higher capex and negative working capital movements.

2. Ratio of net debt to net capitalisation, which is the aggregate of net debt, shareholders' funds and minority interests



SingTel