SingTel

News Release

Stable performance in the third quarter

- *EBITDA from Singapore and Optus and contributions from associates stable, reflecting the resilience of the Group's operations despite weaker foreign currencies*

- *Net profit lower by 8% due to costs associated with transformation initiatives, increased depreciation and exceptional charges*

- *The Group continues to execute its transformation strategy to deliver future growth, through networks advancements, development of new services and customer-focused initiatives*

- *The Group serves 473 million mobile customers, up 9%*

Singapore, 14 February 2013 – Singapore Telecommunications Limited (SingTel) today reported that the Group's operations in Singapore and Australia, as well as the associates', continued to deliver resilient performances against the competition.

The Group continues to invest in networks and strengthening its core business as well as transformational initiatives to drive longer term growth. As a result of these investments, the Group incurred higher depreciation, spectrum amortisation charges, and increased costs from the acquisition of digital companies.

The Group also registered exceptional charges of S$67 million, including Optus' ex-gratia payments for the restructuring of its workforce and accelerated depreciation charges related to Globe's network modernisation and IT transformation programs.

These factors, together with the impact of the weaker foreign currencies, led to an 8% decline in net profit to S$827 million. Excluding these exceptional charges, underlying net profit fell 2% to S$874 million. Group revenue fell 5% to S$4.60 billion and EBITDA was stable at S$1.26 billion.

The Group continues to generate strong free cash flow. For the nine months ended December 2012, group free cash flow rose 1% to S$2.49 billion.

In Singapore, revenue grew 1% to S$1.70 billion driven by contributions from its new digital services and continued strength of its mobile and ICT businesses. Revenue from Mobile Communications increased 3% to S$507 million as SingTel added a strong 63,000 mobile customers in the quarter. This brings its total customer base to 3.76 million, representing a leading market share of 46.6% as at 31 December 2012.

In Australia, Optus is restructuring the business to drive profitable growth, improve customer experience and capitalise on the growing demand for mobile data. Against a backdrop of an industry slowdown and mandated mobile termination rate cuts, Optus reported stable results. While operating revenue declined 6% to A$2.28 billion, cost efficiencies lifted EBITDA to A$576 million.

The Group has made substantial progress in rolling out 4G or Long Term Evolution (LTE) networks. In Singapore, SingTel will achieve island-wide coverage by the end of March 2013. In Australia, Optus extended its 4G coverage to Brisbane and the Gold Coast, and now covers major capital cities including Sydney, Melbourne, Brisbane and Perth.

The Group's regional mobile associates, in particular Telkomsel and AIS, recorded robust growth, which were partially offset by lower earnings from Airtel and the weaker regional currencies. Pre-tax earnings grew 1% to S$455 million and would have increased 11% if exchange rates were unchanged from a year ago.

In the quarter, the Group and the regional mobile associates continued to register strong customer growth. As at 31 December 2012, the Group had 473 million mobile customers, an increase of 39.2 million or 9% from a year ago.

Ms Chua Sock Koong, SingTel Group CEO, said: "The performance of the Group demonstrates the resilience of our core operations and focused execution even as we recognise the challenges in the various markets. We are executing our transformation plan to grow in the new digital era, exploiting opportunities in mobile data and enterprise ICT services to grow our share of the customer wallet. The Group is focused on driving growth in mobile data services with continued investment in its infrastructure, attractive tiered data plans and meeting customer demand for higher speeds and better user experience.

We are also actively building and encouraging the necessary culture within the Group to embrace a global mindset and entrepreneurial spirit, and hiring talents from the digital industries to increase our mix of talent."

Highlights

	Quarter Ended		YOY	Nine Months Ended		YOY
	31 Dec 2012 (S$m)	31 Dec 2011 (S$m)	Change %	31 Dec 2012 (S$m)	31 Dec 2011 (S$m)	Change %
Group revenue	4,597	4,830	(4.8)	13,702	14,045	(2.4)
Singapore revenue	1,697	1,675	1.3	5,044	4,833	4.4
Optus revenue						
(A$)	2,283	2,421	(5.7)	6,761	7,072	(4.4)
(S$)	2,899	3,155	(8.1)	8,658	9,212	(6.0)
EBITDA	1,262	1,256	0.5	3,771	3,789	(0.5)
Share of associates' pre-tax ordinary earnings[1]	486	475	2.2	1,566	1,474	6.2
EBITDA and share of associates' pre-tax earnings	1,748	1,731	1.0	5,337	5,270	1.3
Depreciation and amortisation	(524)	(499)	5.0	(1,577)	(1,494)	5.5%
Exceptional Items	(67)	33	NM	(5)	90	NM
Net profit attributable to shareholders	827	902	(8.3)	2,640	2,700	(2.2)
Underlying net profit[2]	874	895	(2.3)	2,610	2,653	(1.6)

NM denotes not meaningful

[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.

Singapore

Revenue from Singapore grew 1% to S$1.7 billion. Excluding contributions from the rollout of fibre, revenue would have grown 3%. EBITDA rose 1% on strong cost management. Excluding digital business[3], EBITDA would have grown 3%.

Mobile Communications revenue grew 3% to S$507 million on continued strong customer growth, reflecting the demand for smartphones. This was partially offset by lower roaming revenues.

SingTel added 50,000 postpaid and 13,000 prepaid mobile customers in the quarter. Since the introduction of tiered data plans in July 2012, 17% of postpaid customers as at 31 December 2012 were on such plans. Postpaid ARPU declined 6% to S$81 due to lower roaming revenue and a higher mix of data-only SIMs. Acquisition costs per postpaid customer fell 12% to S$322 due to changes in the smartphone mix.

Data and Internet revenue was stable at S$409 million. Growth in Managed Services was offset by price adjustments in leased circuits. Internet-related revenue rose 5% with increased adoption of fibre-based services and higher-tier plans.

NCS' revenue grew 6% to S$335 million on various contracts and the delivery of the Ministry of Education contract, a program of managed desktops, network and ICT support, which was fully deployed across all schools in the preceding quarter. NCS' order book remained strong at S$2 billion as at end December 2012.

Revenue from **mio TV** grew 18% to S$33 million. mio TV continues to widen the variety of its content offerings and added 7,000 customers to reach 398,000 customers as at 31 December 2012. It recently crossed the 400,000 customer milestone.

In the fibre market, SingTel maintained its lead by adding 32,000 customers, bringing the total number of fibre broadband customers[4] to 167,000 at the end of December 2012, representing a market share of approximately 60%.

Revenue from digital business was S$21 million, up from S$2 million a year ago with contribution from Amobee, our acquired mobile advertising business. These services allow us to meet customers' needs for information and transactions, work and play situations and capture new revenue streams.

SingTel is successfully growing its presence in the homes of customers' through its strategy of bundling fixed-line services and migrating customers onto the fibre network. Revenue from home fixed-line services[5] rose 6% to S$118 million and household ARPU grew 10% to S$50 a month. As at December 2012, 338,000 customers or 29% of households were on SingTel's bundled plans.

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[3] Digital Business comprises mainly e-commerce, concierge and hyper-local services and mobile advertising but excludes mio TV.
[4] Refers to residential and corporate subscriptions to broadband Internet services using optical fibre networks.
[5] This supplementary data is to facilitate a better understanding of SingTel's residential home services in Singapore which consist of fixed broadband under "Data & Internet", fixed voice under "National Telephone" and "mio TV" in the residential segment.

Operating expenses rose 1% to S$1.18 billion and would have declined 2% excluding expenses from the new digital business. Selling and administrative expenses rose 6% due to higher customer connection costs for fibre broadband, increased maintenance and service costs to support business activities and the inclusion of digital expenses. The increase in staff costs was attributable to annual salary increments, write-back of accruals in the last corresponding quarter and the inclusion of staff costs from the digital business.

For the nine months, free cash flow grew 28% to S$1.01 billion due to improved working capital and lower tax payments.

Australia

Optus reported EBITDA growth of 3%, despite a 6% decline in revenue for the quarter. EBITDA margin improved 2.0 percentage points to 25.2% reflecting strong cost management.

Total operating expenses decreased 8%, driven by lower acquisition and retention costs and overall cost management.

In **Mobile**, Optus reported an increase in margin and EBITDA despite lower operating revenue. The lower revenue has not adversely impacted EBITDA, in part due to reduced traffic costs resulting from the mandated decline in mobile termination rates.

Optus continued its postpaid customer growth with net additions of 58,000 for the quarter. Postpaid customers now comprised 57% of the total base, up 3 percentage points from a year ago. Higher churn from prepaid wireless broadband products, together with reduced prepaid device subsidies, contributed to a decline in the prepaid customer base by 36,000.

During the quarter, in addition to extending its 4G coverage, 3G network performance was enhanced, with over 4,000 sites now upgraded under the U900 migration program, improving in-building coverage for customers.

In **Business and Wholesale fixed**, EBITDA declined 2% on lower revenues, as higher Satellite revenue was offset by lower voice and Data and IP revenues. EBITDA margin remained stable.

In the **Consumer and SMB fixed business**, EBITDA increased by 5% on lower traffic costs driven by lower mobile termination rates and lower operating expenses. The lower ARPU from discounted broadband plans led to a 4% decline in Consumer on-net fixed revenue. On-net broadband customers totalled 993,000 as at 31 December 2012.

Free cash flow for the nine months declined 30% to A$519 million, reflecting higher capital expenditure and higher working capital due mainly to handset receivables.

SingTel

Regional mobile associates

	Quarter Ended	YOY		Nine Months Ended	YOY	
Share of pre-tax ordinary profit[6]	**31 Dec 2012 (S$m)**	**Change (S$)**	**Change (local currency)**	**31 Dec 2012 (S$m)**	**Change (S$)**	**Change (local currency)**
Regional Mobile Associates	**455**	**1.2%**	**N.A.**	**1,487**	**6.8%**	**N.A**
Telkomsel	250	10.5%	24.5%	762	13.8%	24.0%
AIS	105	24.0%	29.0%	317	32.4%	35.8%
Airtel	70	(45.7%)	(39.3%)	273	(33.9%)	(23.0%)
Globe[7]	31	(17.0%)	(17.3%)	153	14.0%	11.0%

In January 2013, SingTel announced plans to divest its stake in Warid for a cash consideration of US$150 million and a right to receive 7.5% share of the net proceeds from any future sale, public offering or merger of Warid.

Telkomsel's revenue increased 16% with strong growth across voice, SMS and data. In Singapore Dollar terms, the Group's share of pre-tax profit increased 11% to S$250 million. Telkomsel's total mobile customer base reached 125 million, up 17% from a year ago.

AIS delivered another quarter of strong performance, with growth in both voice and non-voice revenues. Non-voice revenue rose a strong 33% as mobile data usage continued to rise. It also recorded lower depreciation, amortisation and finance costs on reduced capex. In Singapore Dollar terms, the Group's share of pre-tax profit rose 24% to S$105 million. Its customer base grew 7% from a year ago to 35.7 million.

Airtel's pre-tax contribution to the Group declined 46% to S$70 million, mainly due to the weaker Indian Rupee, increased depreciation and amortisation, higher net financing costs and fair value losses. Airtel South Asia posted an 8% increase in revenue driven by strong voice traffic growth. However, EBITDA was flat on higher network and access charges. Airtel Africa registered a 6% growth in EBITDA from robust growth in mobile voice traffic.

Airtel's total mobile customer base reached 251 million, up 18 million or 8% from a year ago. In South Asia, Airtel's mobile customer base grew 7 million or 4% to 189 million from a year ago. In Africa, its mobile customers reached 61.7 million as at 31 December 2012, an increase of 10.7 million, or 21%.

Globe's service revenue rose 7% on continued growth momentum across mobile and broadband in a competitive environment. EBITDA fell 3% as a result of higher marketing and subsidy expenses. With higher depreciation, the Group's share of pre-tax profit declined 17% to S$31 million. As at 31 December 2012, Globe's mobile customer base was 33.1 million, up 10% from a year ago.

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

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