SingTel

News Release

Strong first quarter earnings across key businesses

First Quarter Highlights

- *Net profit rises 7% to S$1.01 billion on higher EBITDA and associates contribution*
- *Contributions from regional mobile associates increase 14% to S$552 million*
- *EBITDA rises 4%; Operating revenue falls 5% from lower revenue in Australia*
- *Free cash flow up 23% to S$893 million*
- *Earnings outlook moderated by the weakening Australian Dollar*

Singapore, 14 August 2013 – Singapore Telecommunications Limited (SingTel) today announced that net profit rose 7% to S$1.01 billion from a year ago, lifted by stronger EBITDA and higher contributions from the regional mobile associates. Underlying net profit, excluding exceptional items, rose 6% to S$897 million and would have increased 8% excluding the impact of foreign currency movements.

The Group is focused on strengthening its core business to deliver profitable revenue growth and a more competitive cost structure, while executing its digital initiatives. During the quarter, the Group made significant investments in network, spectrum and digital businesses.

Strategic initiatives implemented over the last year are starting to show results. In Singapore, tiered mobile data plans are gaining traction among customers and delivered higher data contribution which offset lower roaming revenue. The Group has also lowered the level of handset subsidies. This and earlier measures to restructure workforce and distribution channels in Australia improved the Group's cost structure.

For the three months ended 30 June 2013, Group operating revenue fell 5% to S$4.29 billion, reflecting a more cautious business environment and a slowdown in the Australian mobile market. The weaker Australian Dollar also weighed on the Group's revenue. On a constant currency basis, operating revenue declined 3%.

EBITDA rose 4% to S$1.30 billion, as expenses fell 9%. Selling and administrative expenses, the largest expense category, declined 11%.

Ms Chua Sock Koong, SingTel Group CEO, said: "It was a strong quarter. We continue to make progress in strengthening our high performance core business and create next-generation growth engines in the digital space. We made good strides in our transformational initiatives, improving yield and capturing value from increased data usage trends.

Due to the diversity of our business, we are subject to foreign exchange volatility and have updated our guidance in view of the weakening Australian Dollar. Notwithstanding the currency impact, our business remains strong and we continue to execute strongly on our strategy to deliver long term growth."

The regional mobile associates posted a 14% increase in pre-tax ordinary earnings to S$552 million on stronger performances across the associates. In India, Airtel's performance improved on higher calling rates and sustained usage.

All the regional mobile associates registered growth in mobile data usage, including AIS, with the launch of its 2.1 GHz 3G network. In constant currency terms, the regional mobile associates' pre-tax ordinary earnings would have increased 18%.

The Group and its regional mobile associates continued to register strong customer growth in the quarter. The combined mobile customer base[1] was up 6% or 28.1 million, to 477 million.

Ms Chua said: "Our regional mobile associates have continued to perform well. We are also pleased to see some pricing discipline returning to the Indian mobile market and are optimistic that Airtel, as the market leader, is positioned to benefit from this."

Free cash flow generated in the quarter was S$893 million, up 23% from a year ago due to timing in receipt and higher dividends from Telkomsel and AIS.

As part of the transformation initiative, SingTel restructured its operations along three business segments, namely: Group Consumer, Group Enterprise and Group Digital L!fe, to better serve the evolving needs of its customers.

Group Consumer, which contributes more than 60% to Group revenue and EBITDA, delivered EBITDA growth and margin expansion across Singapore and Australia. The Singapore Consumer business headed off competition with a 4% increase in revenue and 20% growth in EBITDA, driven by mobile customer and ARPU growth as subscribers upgraded to higher tiered plans and data usage increased. Fixed-line revenues from Singapore homes increased 10% with more customers on triple bundles contributing to higher ARPU.

In Australia, the Consumer business reported a 6% decline in revenue to A$1.74 billion as it continues to pursue a strategy focused on yield, while repositioning itself to grow in mobile data services. The recent launch of new "My Plan" tariffs will give Optus a highly differentiated and disruptive post-paid offering. These new postpaid plans are designed to remove bill shock for customers, a strategic step in encouraging mobile data usage for future growth. EBITDA grew 5% on lower costs.

In the quarter, Group Consumer acquired additional 4G spectrum in Singapore at the reserve price of S$136 million. In July 2013, mio TV announced its packages for the upcoming season of the Barclays Premier League.

Group Enterprise's EBITDA grew 3% on careful cost management and a gain on sale of submarine cable assets. Its revenue fell 4% due to the more cautious business environment and weaker Australian Dollar.

On the operational front, Group Enterprise successfully implemented G-Cloud, the first private cloud infrastructure for the Singapore government, with adoption this quarter by three agencies. In Australia, it completed the integration of Alphawest, Optus IT services arm, to create a single ICT organisation to serve customers' end-to-end needs.

[1] Combined mobile customer base here refers to the total number of mobile customers in SingTel, Optus and the regional mobile associates. It excludes Warid Pakistan which was disposed in March 2013

Group Digital L!fe continued to gain good momentum in the digital space with Amobee winning new contracts with a number of global brands. As part of its strategy to penetrate and dominate the digital space, it saw a 50% increase in revenue, mostly from its advertising business.

Outlook for the financial year ending 31 March 2014

Since May 2013, there has been significant foreign exchange volatility, particularly with respect to the Australian Dollar. The guidance for the Group's outlook has been updated for exchange rate movements. Details are in Appendix 1.

Highlights

	Quarter Ended 30 June 2013		
	2013 (S$m)	**2012 (S$m)**	**YOY Change**
Group revenue	4,293	4,533	(5.3%)
EBITDA	1,296	1,243	4.3%
Share of associates' pre-tax ordinary earnings[2]	571	506	12.8%
EBITDA and share of associates' pre-tax earnings	1,874	1,749	7.1%
Underlying net profit[3]	897	850	5.5%
Exceptional items (post tax)	114	95	19.6%
Net profit attributable to shareholders	1,011	945	7.0%
Free cash flow	893	725	23.1%

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[2] Exclude exceptional items.
[3] 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.

Appendix 1

The forward exchange rates applied to the outlook issued in May 2013 have changed significantly:

	Forward exchange rates as at 31 July 2013 [(1)]	Forward exchange rates previously used
Australian Dollar	**AUD 1: SGD 1.1622**	**AUD 1: SGD 1.2755**
Indonesian Rupiah	SGD 1: IDR 8,442	SGD 1: IDR 7,936
Indian Rupee	SGD 1: INR 48.1	SGD 1: INR 44.6
Thailand Baht	SGD 1: THB 24.7	SGD 1: THB 24.3
Philippine Peso	SGD 1: PHP 34.2	SGD 1: PHP 32.8

Note (1): Forward exchange rates as at 31 July 2013 for period from July 2013 to March 2014.

Accordingly, the outlook is updated as follows to reflect the forward exchange rates as of 31 July 2013:

Group Consumer
Revenue from Group Consumer is expected to decline by high single digit level, with lower revenues from Australia, and EBITDA is expected to decline by low single digit level.

Group Enterprise
Revenue from Group Enterprise is expected to be stable, and EBITDA is expected to decline by low single digit level.

Group
Consolidated revenue for the Group is expected to decline by mid-single digit level and EBITDA is expected to decline by low single digit level. EBIT, excluding share of results of associates, is expected to decline by mid-single digit level.

Please refer to Appendix 6 of the Management Discussion & Analysis for further details on the outlook for the current financial year.