

Financial Results Presentation

Q3 FY14: Quarter ended 31 December 2013



13 February 2014
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Group CEO

Forward looking statement – important note

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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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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02 // Group Consumer

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Q3 FY14: Strong results despite currency impact

	% change	Group highlights
Operating revenue › S\$4,263m	-7%	› Down 2% in constant currency › Lower Australia mobile revenue and weaker Australian dollar
EBITDA › S\$1,264m	Stable	› Up 6% in constant currency › Continued cost management
Regional Mobile Associates' pre-tax earnings¹ › S\$506m	+11%	› Up 24% in constant currency › Improved contribution from Airtel
Net profit › S\$872m	+6%	› Up 13% in constant currency
Underlying net profit › S\$910m	+4%	› Up 11% in constant currency
Free cash flow² › S\$712m	+7%	› Lower capital expenditure › Higher dividends from associates

1. Excluding exceptional items.

2. Adjusted to exclude payment of S\$143 million to NetLink Trust in consideration of tax benefits utilised by the Group. The S\$143 million was subsequently applied by NetLink Trust towards its acquisition of OpenNet.

Foreign exchange movements

Currency	Quarter ended 31 December 2013			9 months ended 31 December 2013	
	Exchange rate ¹	(Depreciation)/ appreciation against S\$		Exchange rate ¹	(Depreciation)/ appreciation against S\$
		YoY	QoQ		
1 AUD ² 	1.1587	(8.8%)	(0.2%)	1.1851	(7.5%)
IDR 	9,259	(17.6%)	(10.2%)	8,448	(10.8%)
INR 	49.5	(12.0%)	(1.4%)	48.1	(10.1%)
PHP 	34.8	(3.3%)	(0.9%)	34.1	(1.2%)
THB 	25.4	(1.2%)	(2.4%)	24.7	1.2%

1. Average exchange rates for the quarter and nine months ended 31 December 2013.

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

Group Q3 FY14 highlights

Group Consumer

Revenue	EBITDA
S\$2,668m	S\$805m
-11%	+1%

- › Number of Fibre broadband customers in Singapore now exceeds ADSL
- › 4G services for prepaid customers in Singapore and Australia

Group Enterprise

Revenue	EBITDA
S\$1,548m	S\$513m
Stable	+3%

- › Won significant projects in Singapore, Hong Kong and Australia
- › Singapore's largest SME portal won ASEAN ICT Gold Award

myBusiness

Group Digital Life

Revenue	EBITDA
S\$48m	(S\$42m)
+40%	+177%

- › Launched mio TV's first original lifestyle TV production "Are You Hokkien"?
- › Launched mobile gaming platform with personalised recommendation and operator billing capabilities



Solid earnings growth

	3 months to			9 months to		
	Dec 13	Dec 12	YoY % change	Dec 13	Dec 12	YoY % change
Operating revenue	4,263	4,597	(7.3%)	12,720	13,702	(7.2%)
EBITDA	1,264	1,262	0.1%	3,858	3,771	2.3%
- margin	29.6%	27.5%		30.3%	27.5%	
Associates pre-tax earnings ¹	531	486	9.4%	1,621	1,566	3.5%
EBITDA & share of associates' pre-tax earnings	1,803	1,748	3.1%	5,493	5,337	2.9%
Depreciation & amortisation	(533)	(524)	1.8%	(1,599)	(1,577)	1.4%
Net finance expense	(34)	(78)	(56.8%)	(138)	(234)	(41.2%)
Profit before EI and tax	1,236	1,147	7.8%	3,756	3,526	6.5%
Tax	(326)	(272)	19.7%	(1,062)	(915)	16.1%
Underlying net profit	910	874	4.0%	2,690	2,610	3.1%
Exceptional Items (post tax)	(37)	(47)	(21.4%)	64	30	112.4%
Net profit	872	827	5.5%	2,754	2,640	4.3%

1. Excludes exceptionals.



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Group Consumer: Strong EBITDA growth

Q3 FY14	Singapore	Australia	
Revenue			
S\$2,668m -11%	S\$607m +4%	A\$1,779m -7%	<ul style="list-style-type: none"> > Continued strong performance in Singapore with mobile service revenue up 6% > Australia mobile service revenue down 4% > Down 5% in constant currency
EBITDA			
S\$805m +1%	S\$159m +14%	A\$562m +8%	<ul style="list-style-type: none"> > Continued strong cost management > Lower handset subsidies > Up 9% in constant currency
EBITDA margins			
30.2% +3.7ppts	26.2% +2.3ppts	31.6% +4.3ppts	
EBIT			
S\$455m +2%	S\$101m +19%	A\$309m +8%	

Singapore Consumer: Continued momentum in mobile and consumer home services

Revenue

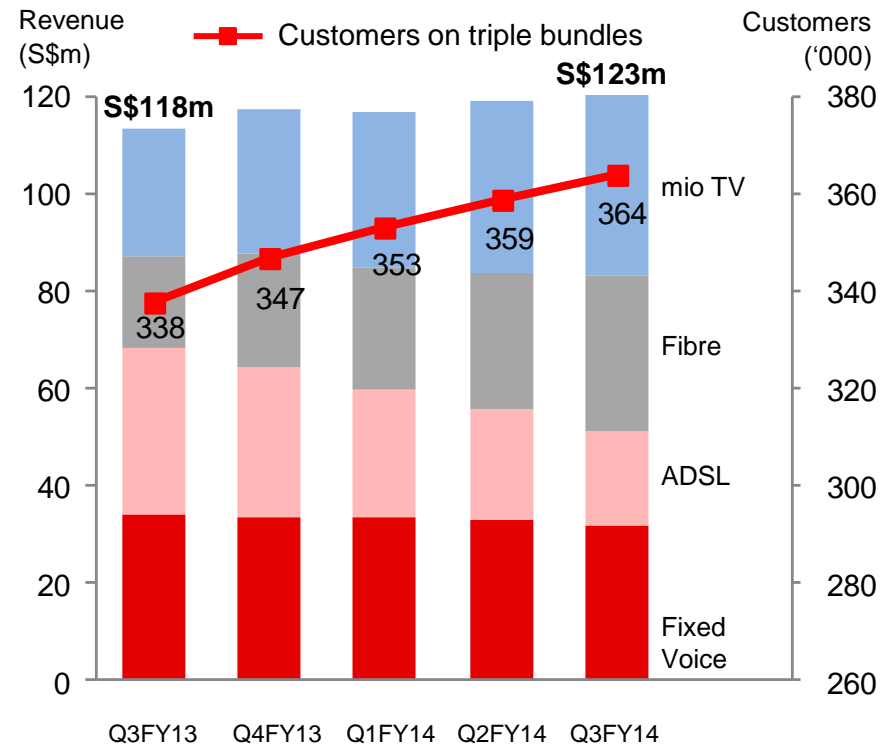
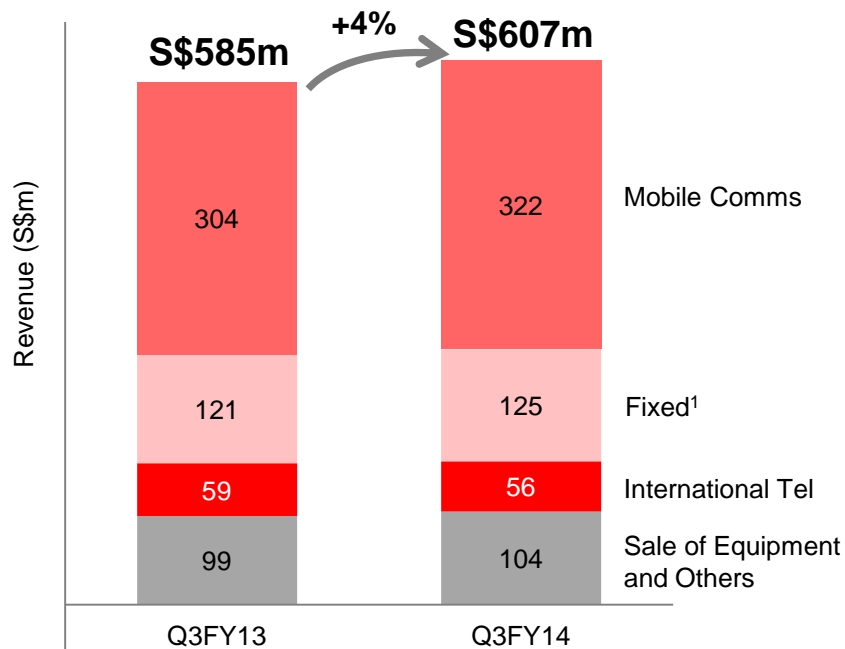
> Up 4%

S\$607m

Consumer home revenue

> Up 4%

S\$123m



EBITDA

> Up 14%

S\$159m

Household ARPU

> Up 7%

S\$56

Households on bundles

> Up 8%

364k

1. Fixed services revenue comprises Internet, National Telephone and mio TV.

Australia Consumer: strong EBITDA growth and driving improved customer experience

Revenue

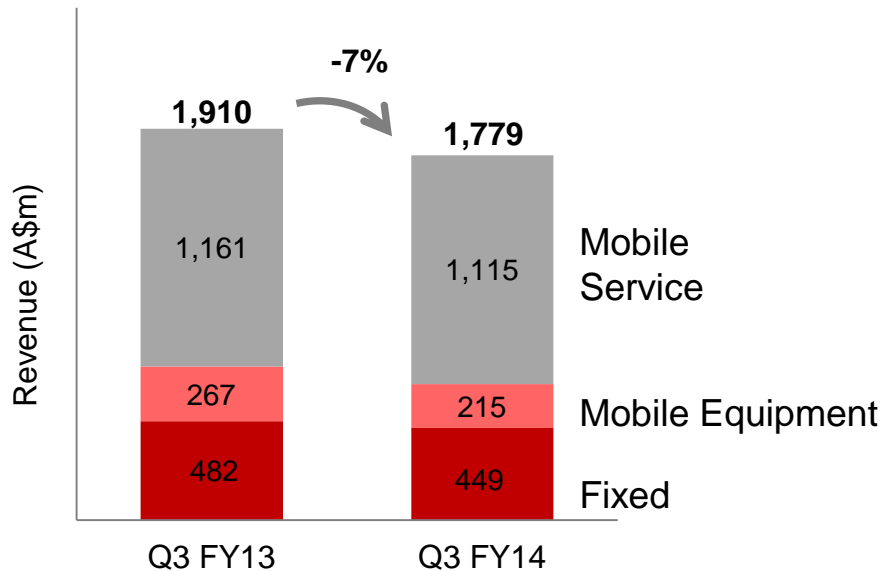
> down 7%

A\$1,779m

EBITDA

> up 8% on lower selling costs

A\$562m



Mobile Service Revenue down 4%

- > DRP¹ credits -1%
- > MTR¹ decline -2%

- > Optus My Plan (tiered data) gains good traction and promotes higher data usage²
 - 572k customers³ representing 22% penetration of branded postpaid voice customers
 - Approx. 27% of customers “tiered up”⁴ during Q3
- > Improved customer experience
 - Market NPS⁵ registers 6 point improvement
 - Overall TIO⁶ complaints reduced by over 50%⁷
 - Roaming revamped with Optus “Travel Packs”

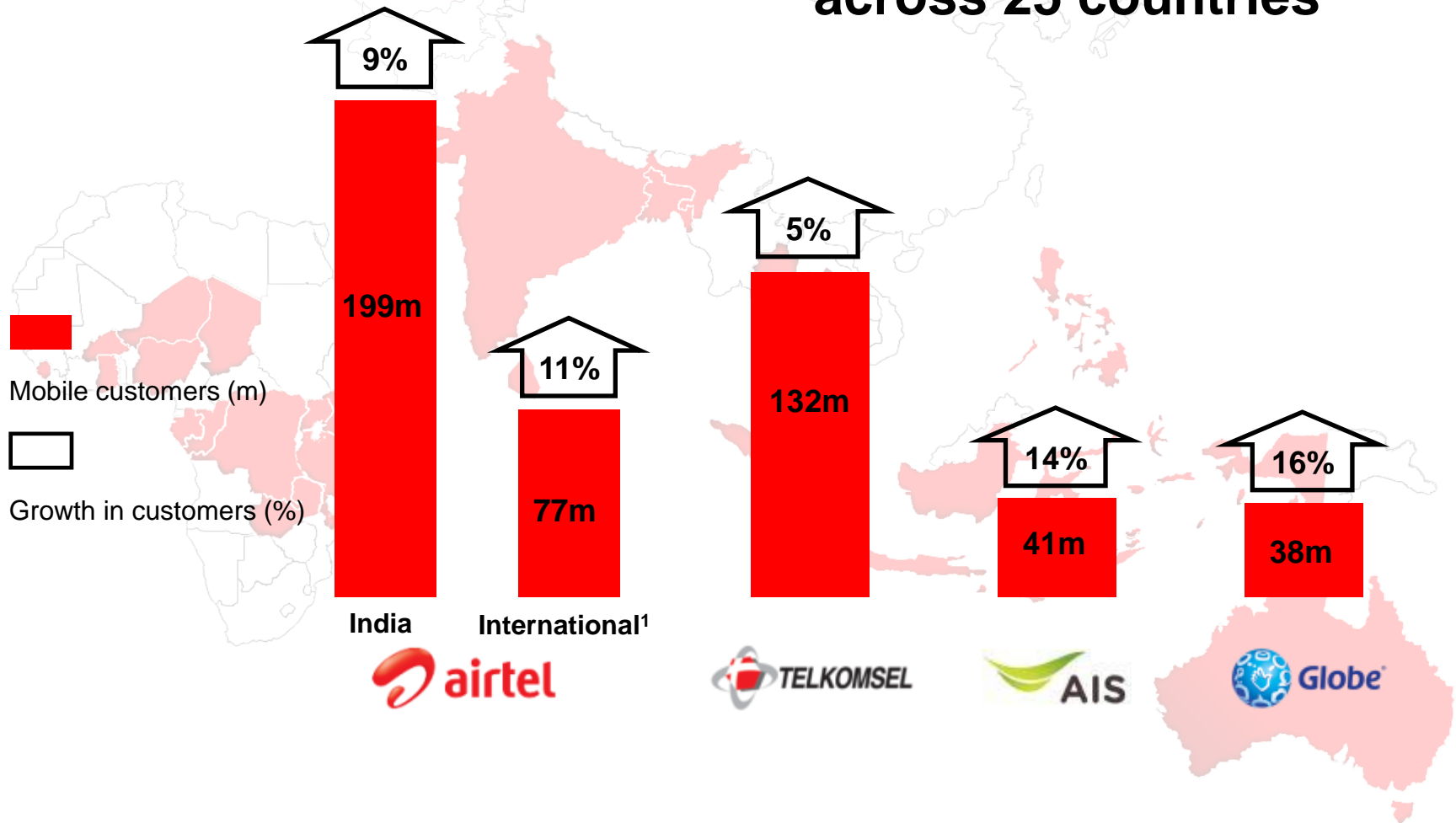
1. Device Repayment Plans; Mobile Termination Rates
 2. Comparing monthly average data usage against other key Optus plan types

3. As at 31 December 2013
 4. Moved to a higher data tier for at least 1 month due to exceeded data allowance
 5. Net Promoter Score
 6. Telecommunications Industry Ombudsman
 7. YoY comparison for the 3 months ended 30 September 2013

Regional mobile associates – customer growth

501 million mobile customers...

across 25 countries



1. International comprises operations across Africa and South Asia (Sri Lanka and Bangladesh).

Strong contributions from regional mobile associates

Q3 FY14	PBT ¹ (S\$m)	% Change (S\$)	% Change (local curr)	Highlights
Regional Mobile	506	+11%	N.A.	<ul style="list-style-type: none"> › up 24% in constant currency › improved contribution from Airtel
Telkomsel	214	(15%)	stable	<ul style="list-style-type: none"> › increase in revenue and EBITDA driven by voice and data growth offset by network charges
Airtel	148	+113%	+139%	<ul style="list-style-type: none"> › India: strong operating momentum; higher ARPU from improved voice rates and increased data usage › Africa: operating revenue up on data growth; offset by higher network and selling costs
AIS	106	+1%	+3%	<ul style="list-style-type: none"> › higher mobile data usage › earnings impacted by higher 3G roll-out costs
Globe ²	39	+26%	+31%	<ul style="list-style-type: none"> › strong customer growth and take-up of mobile data services › higher staff costs and customer acquisition costs

1. Excluding exceptional items – compared to 3 months to Dec 2012.

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



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Group Enterprise: resilient performance

Q3 FY14

% growth

Revenue
S\$1,548m

Stable

- › Cautious business environment and keen competition
- › Up 3% in constant currency

EBITDA
S\$513m

+3%

- › Operating expenses down 2%
- › One-off credits
- › Up 4% in constant currency

EBITDA margins

33.1%

+1.0 ppt

EBIT

S\$344m

+4%

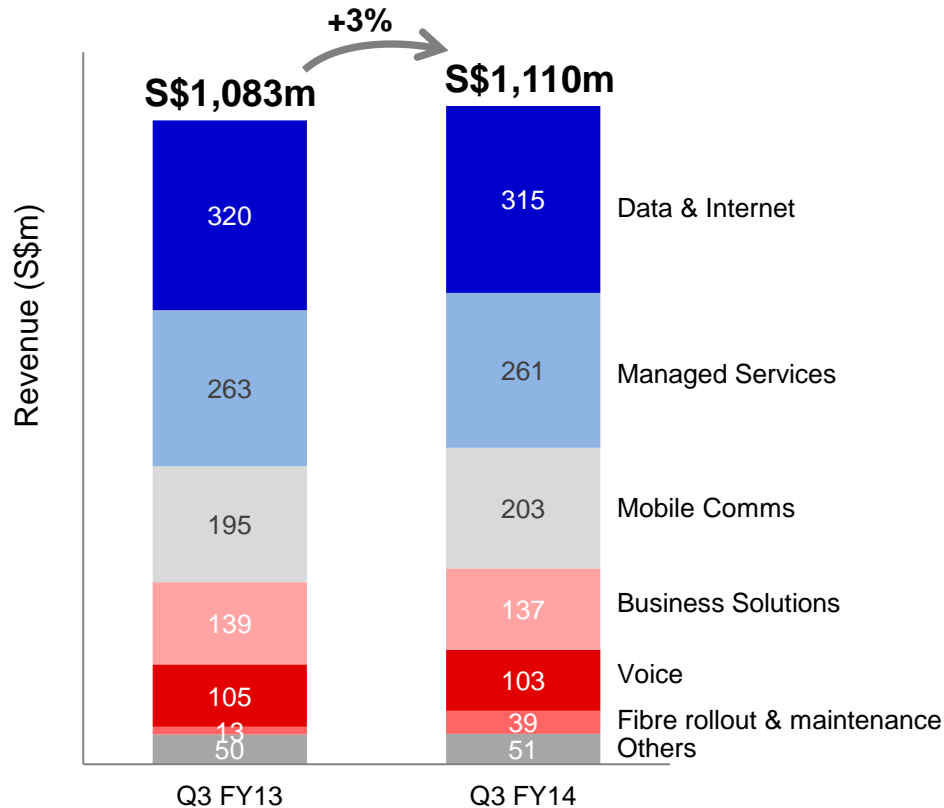
Singapore Enterprise: market leader in Asia Pacific

Revenue

S\$1,110m

> up 3%

Highlights



> Industry recognition:

- **Market leader in hosting and cloud services in Asia Pacific**
- **Service Provider of the Future**

> **Managed Services and Business Solutions order book**

S\$2.2b

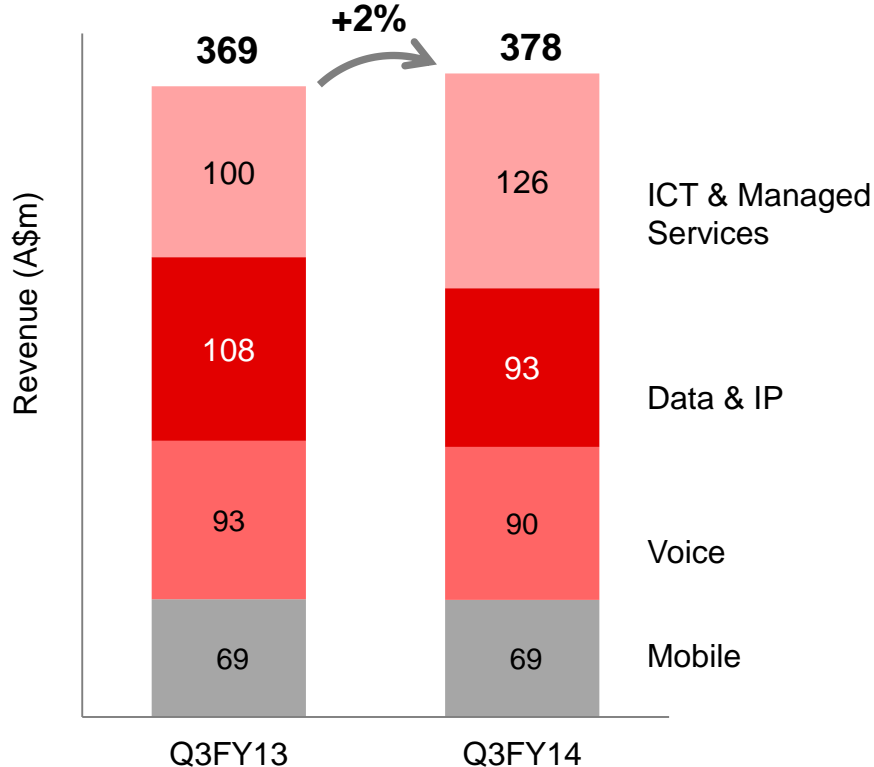
Australia Enterprise: growth in ICT & Managed Services

Revenue

> up 2%

A\$378m

Highlights



> **Secured strategic new customer wins**



> **Grew ICT and managed services +26%**

> **Uplift customer experience NPS +8.5 points**



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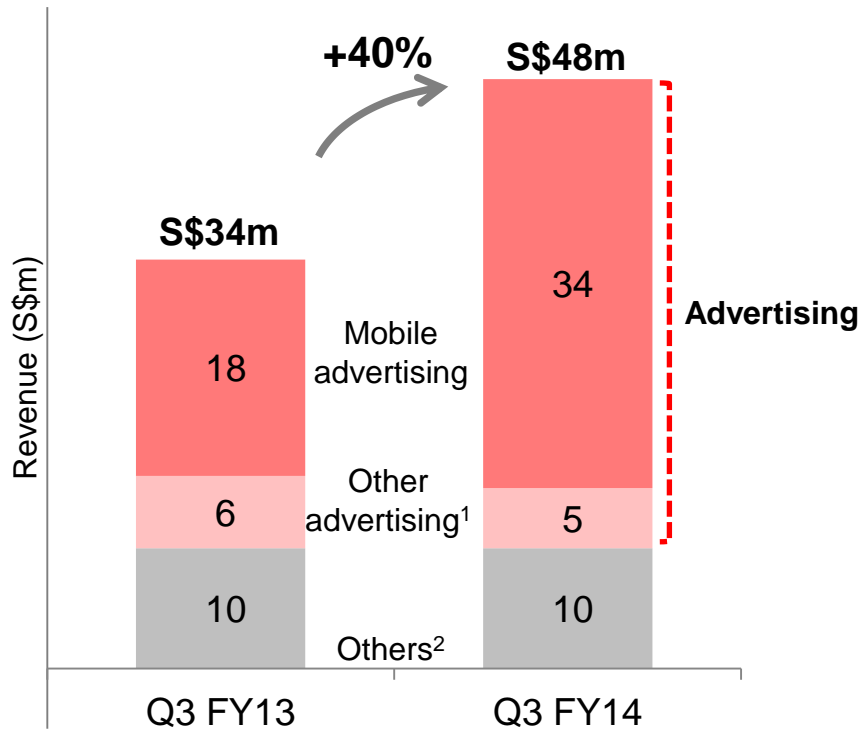
Group Digital Life: driving revenue growth in digital services

Q3 FY14	% growth	
Revenue		
› S\$48m	+40%	› Strong growth in digital advertising
OPEX		
› S\$90m	+82%	› Higher staff costs and selling and administrative costs
EBITDA		
› (S\$42m)	+177%	› Start-up costs
EBIT		
› (S\$56m)	+223%	› Investments in digital businesses › Writeback of amortisation on Amobee's intangibles in prior year

Group Digital Life: strong growth in advertising business

Advertising revenue **S\$38m**
 > up 59%

Mobile advertising



> Amobee revenue grew 4-fold in last 7 quarters since acquisition



Multimedia

> Hungrygowhere voted local app of the year by Stuff magazine



1. Comprise advertising revenues mainly from internet and tv.
 2. Comprise revenues mainly from e-commerce, concierge and hyper-local services.



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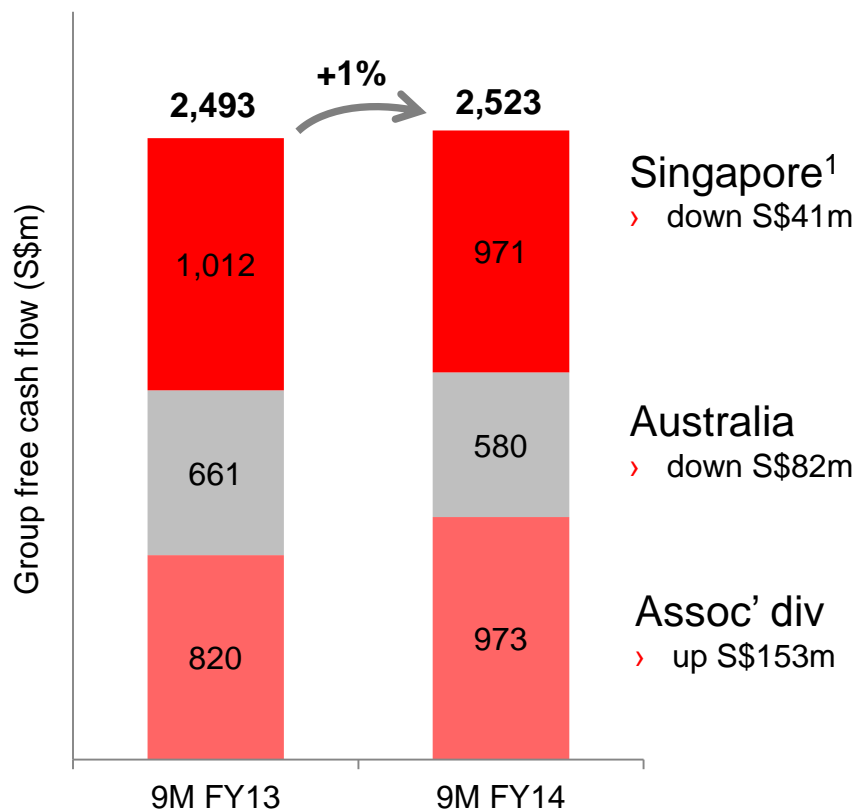
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Sound financial position

Free cash flow¹

S\$2,523m

Solid balance sheet



Net debt

S\$7.1 b

Net gearing²

24.1%

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

1.0x

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

28.0x

S&P's rating A+

Moody's rating Aa3

1. For 9MFY14, free cash flow from Singapore has been adjusted to exclude payment of S\$143 million to NetLink Trust in consideration of tax benefits utilised by the Group. The S\$143 million was subsequently applied by NetLink Trust towards its acquisition of OpenNet.

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

FY14 Outlook

Group	<ul style="list-style-type: none">• Revenue to decline by mid single digit level• EBITDA to decline by low single digit level• EBIT (excluding associates' contribution) to decline by mid single digit level• Free Cash Flow (excluding dividends from associates) to be approximately S\$2.0b• Capital Expenditure to be approximately S\$2.2b (revised)• Ordinary dividends from regional mobile associates to grow ¹
Group Consumer	<ul style="list-style-type: none">• Revenue to decline by low double digit level (revised)<ul style="list-style-type: none">• Singapore mobile communications revenue to grow by low single digit level• Australia mobile service revenue to decline by mid single digit level ²• EBITDA to decline by low single digit level
Group Enterprise	<ul style="list-style-type: none">• Revenue to decline by low single digit level (revised)• EBITDA to decline by low single digit level
Group Digital Life	<ul style="list-style-type: none">• Revenue to grow at least 50% on organic basis• EBITDA to see startup losses

Note: The above outlook assumes a forward exchange rate of A\$1: S\$1.1226 as of 30 January 2014 for the quarter ending 31 March 2014

1. Refer to Appendix 6 of the MD&A for exchange rates for IDR, INR, THB and PHP

2. In Australian Dollar



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Singapore Mobile

Mobile revenue

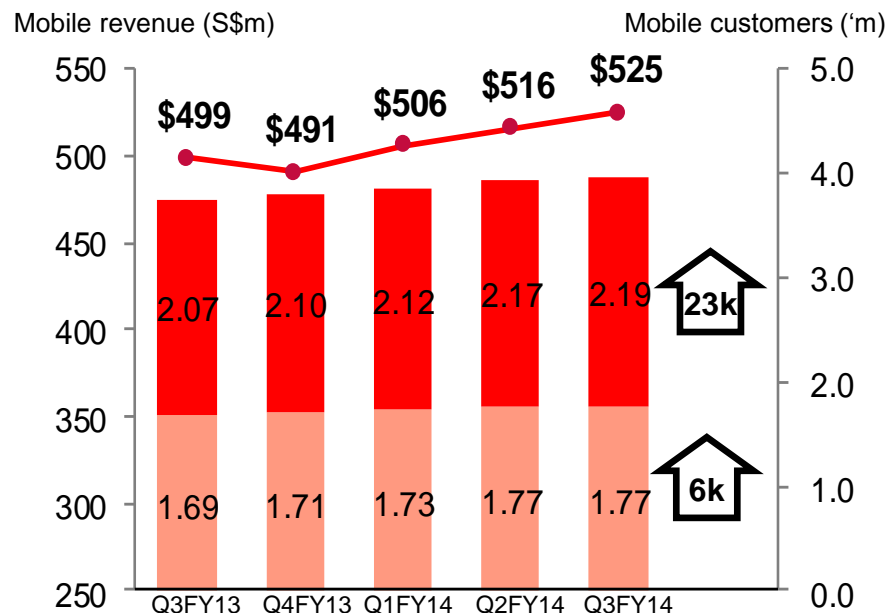
S\$525m

> up 5%

4G customers

899k

> up 205k QoQ



—●— Mobile revenue ■ Prepaid customers ■ Postpaid customers

Tiered data plans

- > Postpaid customers on tiered plans ¹ **44%**
- > Tiered plans customers who exceed data bundles **14%**

Postpaid ARPU

S\$78

- > down 4%
- > down 1% excluding data-only SIMs

Postpaid SAC²

S\$282

- > down 12%

1. If excluding data-only SIMs, 53% of postpaid customers were on tiered plans. Of these customers, 14% have exceeded their data bundles

2. Subscriber acquisition cost per customer

Singapore Fixed

mio TV revenue

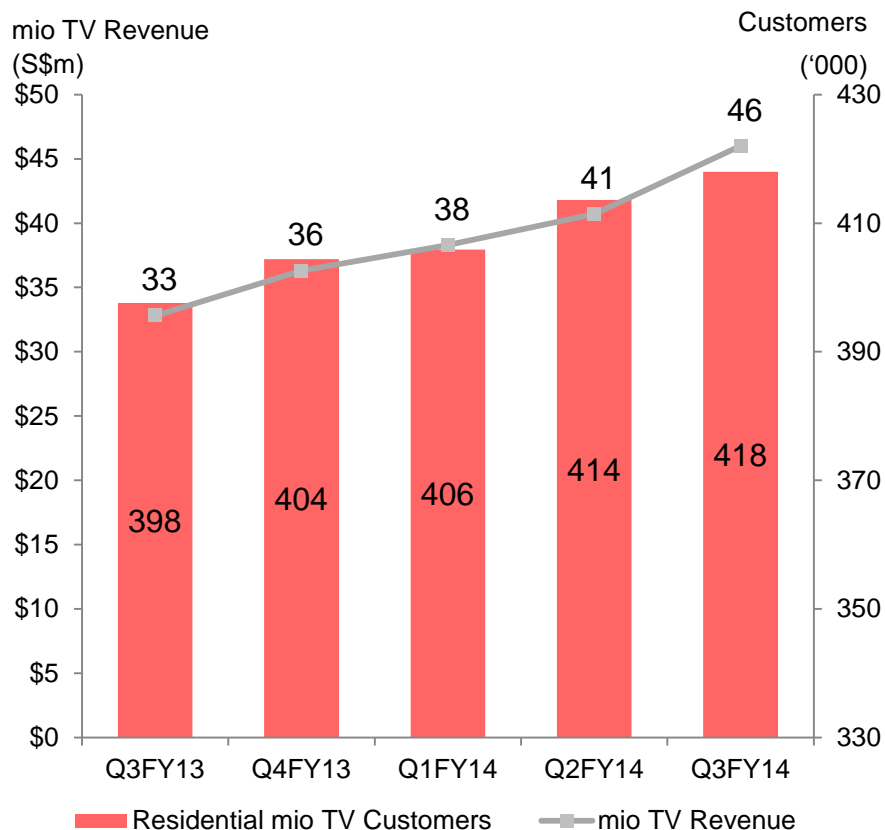
S\$46m

> Up 39%

mio TV ARPU

S\$32

> Up 42%



Acquired rights for 3 major sporting events:



- > Sochi 2014 Olympic Winter Games
- > Nanjing 2014 Summer Youth Olympic Games
- > Incheon 17th Asian Games 2014

mio TV Go downloads **152k**

> Up 36k QoQ

Fibre customers¹ **291k**

> Up 33k QoQ



1. Refers to residential and corporate subscriptions to broadband internet services using optical fibre networks.

Australia Mobile

Mobile revenue

A\$1,403m

> down 7%

4G handsets

1.81m

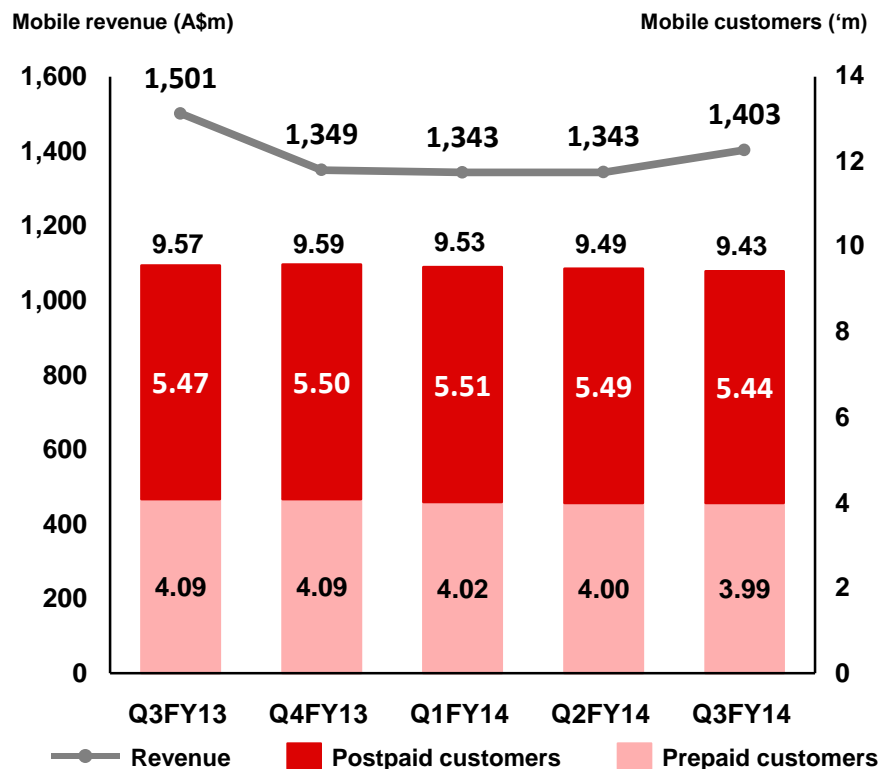
> up 429k QoQ

Postpaid

- > ARPU **A\$54**
 - down 7%
- > Net adds **-57k**
- > Retail churn **1.4%**
 - down from 1.8%
- > SAC¹ **A\$237**
 - down 21%

Prepaid

- > ARPU **A\$24**
 - up 9%
- > Net adds **-7k**
- > SAC¹ **A\$5**
 - down 74%



1. Subscriber acquisition cost per customer

Trends in constant currency terms¹

3 months to Dec 13	3Q FY14 (reported S\$m)	YoY % change (reported S\$)	YoY % change (at constant FX)¹
Group revenue	4,263	(7.3%)	(2.0%)
Group reported NPAT	872	5.5%	12.9%
Group underlying NPAT	910	4.0%	11.3%
Optus revenue	2,503	(13.7%)	(5.4%)
Regional Mobile Associates pre-tax earnings ²	506	11.4%	24.1%

9 months to Dec 13	9M FY14 (reported S\$m)	YoY % change (reported S\$)	YoY % change (at constant FX)¹
Group revenue	12,720	(7.2%)	(2.7%)
Group reported NPAT	2,754	4.3%	9.3%
Group underlying NPAT	2,690	3.1%	8.2%
Optus revenue	7,584	(12.4%)	(5.3%)
Regional Mobile Associates pre-tax earnings ²	1,557	4.7%	12.2%

1. Assuming constant exchange rates from corresponding periods in FY2013.

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

