

## News Release

### SingTel reports strong 19% growth in underlying net profit

*Robust performance in Singapore and Australia businesses  
Sharp improvement by Telkomsel  
Higher interim dividend at 6.2 cents per share*

**Singapore, 11 November 2009** – Singapore Telecommunications Limited (SingTel) today announced that its underlying net profit rose 19 per cent to S\$952 million in the second quarter from a year ago, led by robust performance in its Singapore and Australia businesses and strong earnings recovery by Telkomsel.

#### Highlights

	Quarter Ended		YOY	Half Year Ended		YOY
	30 Sep 2009 (S\$m)	30 Sep 2008 (S\$m)	Change	30 Sep 2009 (S\$m)	30 Sep 2008 (S\$m)	Change
Group revenue	4,103	3,891	5.4%	7,951	7,668	3.7%
SingTel revenue	1,442	1,332	8.2%	2,825	2,587	9.2%
Optus revenue (A\$)	2,218	2,064	7.4%	4,415	4,021	9.8%
(S\$)	2,661	2,559	4.0%	5,125	5,081	0.9%
Operational EBITDA	1,149	1,079	6.5%	2,278	2,225	2.4%
Share of associates' ordinary earnings	606	461	31.5%	1,253	1,031	21.5%
Net profit attributable to shareholders	956	868	10.1%	1,901	1,746	8.9%
Underlying net profit <sup>1</sup>	952	801	18.8%	1,897	1,658	14.4%
Underlying earnings per share (S cents)	5.98	5.03	18.9%	11.92	10.42	14.4%

<sup>1</sup> 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.



Ms Chua Sock Koong, SingTel Group Chief Executive Officer, said: “We had another quarter of double-digit growth in the Group’s underlying net profit and this reflects the continued strength of the Group to innovate with differentiated products and services and our agility in responding to challenging market conditions. Our strong financial results were achieved amid a cautious economic climate and despite the negative currency impact.

“Taking into account the results of the Group to date and the general improved economic outlook, we now expect that for the current financial year, the operating revenue of each of the Singapore and Australia businesses to grow at single-digit level and EBITDA of the respective businesses to grow at low single-digit level.”

Revenue in Australia grew 7.4 per cent and Singapore by 8.2 per cent, both driven by strong results in the mobile markets with robust growth in customer base. But weaker demand for business-related services impacted the growth of data and voice services for the corporate sector.

On a consolidated basis, the Group’s revenue expanded 5.4 per cent to S\$4.10 billion and would have increased 8 per cent if the Australian dollar had been stable from the same quarter a year ago.

Pre-tax earnings from the Group’s regional mobile associates increased a strong 32 per cent to S\$571 million, reflecting Telkomsel’s strong performance. Telkomsel registered its third consecutive quarter of market share gain to approximately 51.4 per cent.

The higher contributions from the associates were achieved despite the negative currency translation impact. If the regional currencies had remained stable from a year ago, the Group’s share of the regional mobile associates’ pre-tax profits would have increased 39 per cent.

Net profit rose 10 per cent to S\$956 million. Free cash flow for the six months ended 30 September 2009 was S\$1.67 billion, comparable to S\$1.69 billion in the same period a year ago despite the weakness in the Australian dollar and major regional currencies.

The Board has approved an interim dividend of 6.2 cents a share, an 11 per cent increase from the interim dividend last year. This represents a payout ratio of 52 per cent of underlying earnings, in line with the Group’s dividend policy.

## **Singapore**

In the quarter, SingTel’s revenue grew 8.2 per cent from a year ago to S\$1.44 billion, underpinned by continued growth in mobile and an enlarged IT and Engineering business with the inclusion of SCS, as well as fibre rollout revenue from OpenNet.

Operational **EBITDA** rose 11 per cent to S\$556 million, another quarter of double-digit growth, reflecting disciplined cost management with operating expenses increasing 7.5 per cent, slower than revenue growth rate. Margin grew 1.1 percentage points to 38.6 per cent with improved margins from both the SingTel Telco and IT and Engineering businesses.

Revenue for **Data and Internet** increased 2.6 per cent to S\$393 million as demand for international Internet Protocol Virtual Private Network (IPVPN), Ethernet and Managed ICT Services continued to grow albeit at a slower rate, reflecting the cautious business sentiments during the period.

**Mobile** revenue increased 7.9 per cent to S\$384 million with strong growth in the customer base for both postpaid and prepaid. The strong customer acquisitions extended SingTel's leadership position to 46.2 per cent of the market as at 30 September 2009.

SingTel added 30,000 new postpaid customers boosted by the sale of smart phones and other mobile internet devices. In the quarter, it extended its hi! Club programme, a community networking service based on nationality, and also launched 'Easy Mobile Top-Up' allowing retailers to top up 'over the air' into customers' account. Both initiatives are first in Singapore and contributed to the addition of 79,000 prepaid mobile customers in the quarter.

Mobile data accounted for 34 per cent of ARPU this quarter, up from 32 per cent in the preceding quarter, helped by mobile broadband growth and the iPhone initiative which boosted rapid adoption of data services. Mobile broadband customer base grew strongly by 35 per cent or a record 80,000 in the quarter to 306,000 as at 30 September 2009.

SingTel is making significant progress in its transformation to becoming a multimedia service solutions provider through the introduction of new content and multimedia services. During the quarter, mio TV, SingTel's pay TV service, attracted 25,000 new customers to reach 126,000 as at 30 September 2009. In August, *Football Frenzy*, Singapore's first multimedia social football experience was made available to fans on SingTel's mio TV, online and mobile platforms.

With 18,000 net customers added in the quarter, the total customer base for mio Plan and mio Home bundles grew to 152,000 as at 30 September 2009.

Mr Allen Lew, CEO Singapore, said: "Our distinctive initiatives to differentiate ourselves from the market have proven successful with strong acquisitions of mobile and mio TV customers in the quarter. We will continue to lead and shape the market.

"In a game-changing move, SingTel secured the rights to broadcast the Barclays Premier League for three seasons starting in 2010 and also a suite of ESPN STAR Sports channels. And this will significantly enhance our competitiveness."

**IT and Engineering** revenue registered a 63 per cent increase to S\$320 million from a year ago. Revenue from the NCS Group, SingTel's IT arm, grew 47 per cent to S\$289 million. During the quarter, NCS won several significant domestic and international contracts and had an order book of approximately S\$1.3 billion as of end September 2009.

## **Optus**

Optus delivered another strong performance in the second quarter with operating revenue growing 7.4 per cent to A\$2.22 billion.



**EBITDA** grew 6.4 per cent to A\$509 million and net profit increased 22 per cent to A\$152 million. Free cash flow increased 2.5 per cent to A\$271 million.

Mr Paul O'Sullivan, Optus Chief Executive, said: "Optus strengthened its challenger position in the market following four quarters of double-digit mobile service revenue growth. In addition, it continued to build profitable scale across its fixed networks with the fixed on-net telephony customer base now exceeding one million."

"Optus added further scale in the quarter with the opening of the 200<sup>th</sup> Optus 'yes' store and with the announcement by Woolworths Limited that they would use the Optus mobile network to offer a prepaid mobile service across Australia. Optus satellite fleet capacity was increased by 30 per cent with the successful launch of our D3 satellite in August," Mr O'Sullivan said.

Optus **Mobile** operating revenue grew 12 per cent to A\$1.38 billion, with service revenue growth of 14 per cent and outgoing service revenue growth of 15 per cent. Mobile growth momentum was maintained through continuing customer growth, with 223,000 new mobile and wireless broadband customers added in the quarter.

Mobile postpaid customers increased 145,000 from continued strong demand for iPhone and other smart phones, innovative content offerings, Family value packs and Timeless plans.

In the quarter, the number of 3G customers increased 11 per cent from a quarter ago to 3.08 million including a base of 688,000 wireless broadband customers.

Blended ARPU rose 3.3 per cent to A\$47, reflecting the successful acquisition of higher value customers.

Mobile EBITDA grew 7.3 per cent to A\$346 million, while margin was 25 per cent following another quarter of increased iPhone acquisitions and recontracts.

Total **Business and Wholesale Fixed** revenue grew 2.2 per cent with strong ICT and Managed services revenues from new customer contracts, including the award by Brisbane City Council of its network managed services to Optus, partially offset by lower corporate voice revenues.

Wholesale revenue was stable as growth from domestic on-net voice traffic and demand for internet bandwidth was offset by lower international voice revenues.

EBITDA margin was stable at 23 per cent and operational EBITDA increased by 0.9 per cent to A\$113 million.

In **Consumer and SMB Fixed**, Consumer on-net revenue grew by 7.2 per cent, from continuing customer growth and ARPU management initiatives. Optus on-net telephony customer base now exceeds one million, while on-net broadband customers grew 25,000 from a quarter ago to 905,000.

Consumer and SMB Fixed EBITDA grew 14 per cent this quarter to A\$51 million with margin expansion of 2 percentage points to 15 per cent.

Subsequent to 30 September 2009, Optus successfully completed a US\$500 million, 10 year note issue maturing in October 2019. The issue was more than 5 times over-subscribed and notes were distributed to institutional investors in Asia and Europe. The notes issued under its “Euro Medium Term Notes (EMTN) programme” form part of Optus’ long term financing strategy, increasing the diversity and maturity of its debt structure.

### **Regional Mobile Associates**

In the second quarter, pre-tax contribution from the Group’s regional mobile associates posted strong double-digit growth of 32 per cent to S\$571 million from a year ago. It would have increased 39 per cent if exchange rates had been constant against the Singapore dollar from a year ago.

In the quarter, the Group’s mobile customer base grew 57 million from a year ago, or 26 per cent, to 273 million as at 30 September 2009.

	Quarter Ended	YOY		Half Year Ended	YOY	
	30 Sep 2009 (S\$m)	Change (S\$)	Change (local currency)	30 Sep 2009 (S\$m)	Change (S\$)	Change (local currency)
Bharti	236	26.4%	35.7%	508	20.5%	30.2%
Telkomsel	252	45.9%	54.0%	497	26.1%	33.2%
Globe	53	(12.3%)	(9.9%)	121	(1.5%)	1.3%
AIS	53	(16.7%)	(18.7%)	110	(14.9%)	(16.0%)
Warid	(19)	53.2%	49.2%	(35)	45.2%	40.1%
PBTL	(3)	58.4%	59.3%	(7)	51.1%	53.2%
Regional Mobile Associates	571	31.5%	NM	1,195	20.6%	NM

*NM denotes not meaningful*

Mr Lim Chuan Poh, CEO International, said: “The Group and its associates continued to deliver strong mobile customer growth and now have 273 million customers. Following three successive

<sup>2</sup> Excluding exceptional items.

quarters of market stabilisation, Telkomsel's efforts to regain customers, together with its strong leadership in coverage and quality, helped it achieve market share of approximately 51.4 per cent, the highest since 2008."

**Bharti** added 33 million mobile customers, an increase of 43 per cent from a year ago, to 110.5 million as at 30 September 2009. However, operating revenue growth slowed to 9 per cent and both ARPU and MOU declined as a result of intense competition and new players entering the Indian mobile market.

The Group's share of pre-tax contribution from Bharti increased 26 per cent to S\$236 million. The growth was also due to lower fair value losses on mark-to-market valuation on its foreign currency denominated liabilities. In the quarter a year ago, the steep depreciation of the Indian rupee against the U.S. dollar and Japanese Yen had resulted in high fair value losses on Bharti's borrowings.

**Telkomsel** added 19.3 million new mobile customers from a year ago, or 32 per cent, to 79.8 million as at 30 September 2009. With its network coverage leadership combined with competitive customer offerings, Telkomsel increased its market share by approximately 5.4 percentage points from a year ago.

In Singapore dollar terms, the Group's share of Telkomsel's pre-tax profit increased 46 per cent to S\$252 million on higher revenue from a larger customer base and strong cost management.

**Globe** registered a net reduction of 1.9 million mobile customers in the quarter as it continued to churn out lower quality prepaid customers and focus its acquisition drives towards better quality subscribers. As a result, its total customer base as at 30 September 2009 was 23.1 million, a decline of 2.6 per cent or 0.6 million from a year ago.

In Singapore dollar terms, the Group's share of Globe's pre-tax profit fell 12 per cent to S\$53 million. Intense competition, growing multi-SIM usage and the market's increasing preference for bucket and unlimited offerings continued to put pressure on mobile revenue. However, this was partly mitigated by strong growth in broadband revenue and customer base. Operating expenses increased on an expanded mobile and broadband network.

**AIS** added 5.6 per cent or 1.5 million more customers to bring its total customer base to 28.3 million and maintained its leadership position.

In Singapore dollar terms, the Group's share of AIS' pre-tax contribution for its second quarter ended 30 June 2009 declined 17 per cent to S\$53 million. AIS' revenue was affected by challenging macro-economic conditions, political instability and lower tourist arrivals.

**Warid's** mobile customer base increased 14 per cent from a year ago, or 2.3 million, to 18.5 million as at 30 September 2009. The Group's share of pre-tax losses of Warid reduced to S\$19 million compared with S\$41 million a year ago as the company's operating revenue grew 8 per cent while operating expenses declined 7 per cent on cost management initiatives. Fair value losses from its U.S. dollar liabilities were also significantly lower than the same quarter last year.

Appendix 1

The following table shows the trends in constant currency terms.

	Quarter Ended	YOY		Half Year Ended	YOY	
	30 Sep 2009 (\$m)	Change	Change (constant currency) <sup>3</sup>	30 Sep 2009 (\$m)	Change	Change (constant currency) <sup>3</sup>
Group revenue	4,103	5.4%	7.7%	7,951	3.7%	9.7%
Group underlying net profit	952	18.8%	22.1%	1,897	14.4%	19.2%
Optus revenue	2,661	4.0%	7.4%	5,125	0.9%	9.8%
Associates' earnings <sup>4</sup>	606	31.5%	38.1%	1,253	21.5%	28.1%

<sup>3</sup> Assuming constant exchange rates from the corresponding periods in FY09.

<sup>4</sup> Based on the Group's share of associates' earnings before tax and exceptionals.