



## News Release

**Net profit increases 24% to S\$991 million, underlying net profit up 18%**

**Strong mobile growth in Singapore and Australia**

**Telkomsel registers significant improvements**

**Singapore, 9 February 2010** – Singapore Telecommunications Limited (SingTel) today announced that its net profit for the quarter ended 31 December 2009 rose 24 per cent to S\$991 million, with its businesses in Singapore, Australia and regional mobile associates reporting improved performance. The Group's revenue posted a 20 per cent gain to S\$4.45 billion, driven by steady growth from Singapore and Australia and assisted by the stronger Australian dollar.

### Highlights

	Quarter Ended		YOY	Nine Months Ended		YOY
	31 Dec 2009 (S\$m)	31 Dec 2008 (S\$m)	Change	31 Dec 2009 (S\$m)	31 Dec 2008 (S\$m)	Change
Group revenue	4,450	3,701	20.2%	12,400	11,369	9.1%
SingTel revenue	1,530	1,508	1.5%	4,356	4,094	6.4%
Optus revenue (A\$)	2,302	2,198	4.8%	6,718	6,218	8.0%
(S\$)	2,920	2,193	33.1%	8,045	7,275	10.6%
Operational EBITDA	1,233	1,057	16.7%	3,511	3,282	7.0%
Share of associates' ordinary earnings	592	486	22.0%	1,845	1,517	21.7%
Net profit attributable to shareholders	991	799	24.0%	2,892	2,545	13.6%
Underlying net profit <sup>1</sup>	990	838	18.2%	2,887	2,496	15.7%
Underlying earnings per share (S cents)	6.22	5.26	18.3%	18.14	15.69	15.6%

<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.



For the three months ended 31 December 2009, underlying net profit grew 18 per cent to S\$990 million. Revenue from Singapore increased 1.5 per cent to S\$1.53 billion and Australia rose 4.8 per cent to A\$2.30 billion, driven by continued strong growth in the mobile operations. Cautious corporate telecom spending and demand for business-related services impacted the growth of data and international telephone revenue in Singapore and Australia.

In the quarter, the Australian dollar appreciated 27 per cent against the Singapore dollar.

Pre-tax earnings from the regional mobile associates increased 22 per cent to S\$592 million, driven by significant improvement in Telkomsel's performance and fair value gains on associates' foreign currency liabilities.

Ms Chua Sock Koong, SingTel Group Chief Executive Officer, said: "Across Singapore, Australia and the associates, we are focused on execution and delivering to exceed customer expectations."

She added: "The Singapore and Australia businesses stood out for their exceptional performance in mobile under highly competitive market conditions. In India, despite the intensive price competition, we are confident that our joint venture Bharti Airtel, as the market leader and one of the most visible and trusted brands in India, will be able to leverage its scale advantage and emerge as the long term winner."

Free cash flow for the nine months ended 31 December 2009 was S\$2.25 billion, comparable to a year ago. Singapore and Australia both recorded higher free cash flows but dividends from the associates fell as a result of Telkomsel's weaker 2008 financial performance and timing differences in the receipt of dividends.

## **Singapore**

Revenue from the Singapore business grew 1.5 per cent to S\$1.53 billion as strong growth in mobile and higher handset sales offset a decline in International Telephone revenue. Excluding SCS revenue for the month of September 2008 which was included in the quarter last year, underlying revenue growth was 4.2 per cent.

Operational EBITDA increased 3.4 per cent to S\$580 million and margin grew 0.7 percentage point to 37.9 per cent. The higher IT and Engineering margin was offset by lower Singapore Telco margin as a result of higher mio TV content cost and increased mobile selling costs.

Mr Allen Lew, CEO Singapore, said: "I am particularly pleased that in mobile, we not only continued to get the largest share of net additions but also grew our revenue per customer on the back of customers upgrading to higher value data plans. With these plans, customers are better able to enjoy our award winning content services like AMPed. In IT & Engineering, we saw a strong growth in margins from the previous quarter as SingTel focused on ensuring the cost effectiveness of its operations."



**Mobile** communications revenue grew 8.9 per cent to S\$406 million and was the top revenue stream this quarter. In the quarter, total net additions were 81,000, bringing SingTel's total mobile customer base to 3.2 million as at 31 December 2009, an increase of 8.1 per cent from a year ago. SingTel continues to be the market leader with 46.2 per cent market share.

AMPed, a first-of-its-kind mobile music service in Asia that goes beyond offering free unlimited music downloads and daily music news, won the coveted GSMA's Asia Mobile Award for "Best Mobile Music Service" in November 2009, demonstrating SingTel's strong multimedia capabilities.

Mobile data services continued to be strong, accounting for 35 per cent of ARPU this quarter, an increase from 32 per cent a year ago. The customer base for mobile broadband reached 413,000 with another record 107,000 customer added in the quarter, driven by higher demand for iPhone and other mobile Internet devices.

mio TV had a record quarterly net additions of 29,000 customers, bringing its total customer base to 155,000.

SingTel unveiled attractive price packages for customers watching the Barclay's Premier League (BPL) season 2010/2011. SingTel BPL customers will pay less than half of what they are currently paying and will enjoy free sports content when they sign up for its early bird promotions. Customers can also look forward to the best BPL experience ever in Singapore, including fresh programming every night during the season.

In another significant breakthrough, SingTel was chosen by Resorts World Sentosa to be its official telco and IPTV partner to equip its six hotels with state-of-the-art interactive in-room multimedia entertainment system.

Revenue from **Data and Internet** was flat at \$392 million on cautious business sentiments. The continued growth in Managed Services driven by higher adoption of IP VPN and managed ICT solutions, was partly offset by price erosion in International Leased Circuits (ILC).

**IT and Engineering** revenue was flat at S\$363 million. The prior comparative quarter included four months of revenue from SCS. Excluding SCS' additional month of revenue, IT & Engineering revenue would have increased 13 per cent. The fibre rollout revenue from OpenNet was partially offset by a 4.3 per cent decline in the revenue of NCS Group because of the phasing of projects.

NCS group continued to win major contracts locally and from overseas and had an order book of approximately S\$1.3 billion as at 31 December 2009.



## Australia

In a highly competitive market, Optus delivered 4.8 per cent operating revenue growth to A\$2.30 billion. Operational EBITDA grew 3.6 per cent to A\$529 million, while margin remained stable at 23.0 per cent.

Free cash flow was A\$205 million, up 23 per cent attributable to higher EBITDA and improved working capital movements.

Mr Paul O'Sullivan, Optus Chief Executive said: "Optus continues to deliver impressive results in a competitive market with five consecutive quarters of double-digit mobile service revenue growth. The record-breaking increase in new mobile postpaid customers reflects confidence in Optus as a leading provider of mobile and wireless broadband solutions."

**Mobile** service revenue grew 11 per cent, while EBITDA rose 5.3 per cent or A\$18 million. EBITDA margin of 25 per cent was comparable to the preceding quarter.

With increased penetration of smartphones and compelling product offerings, Optus achieved a record growth of 164,000 postpaid customers. Optus' postpaid customer base now exceeds 4 million.

During the quarter, Optus tightened its churn policy for prepaid customers who remained inactive after various recharge campaigns, and deactivated 272,000 prepaid customers. This resulted in a net decline of 145,000 Optus prepaid customers this quarter, with total prepaid customers of 4.2 million as at 31 December 2009.

Total 3G customers increased by 8.7 per cent from a quarter ago to 3.34 million. This included a base of 799,000 Wireless Broadband customers.

To support the growing demand for high speed data services, Optus recently contracted to acquire 10MHz of paired spectrum in the 2100MHz band from Qualcomm. The purchase of these spectrum licences will double Optus' 2100MHz paired spectrum holdings in the eight capital cities.

**Total Business and Wholesale** revenue declined by 2.9 per cent as growth in satellite and wholesale data was offset by weaker corporate telecom spending and lower wholesale international voice revenue. EBITDA margin remained stable at 24 per cent.

Optus Business ICT and Managed Services revenue grew 3.0 per cent from the preceding quarter. With the transition of previous customer wins such as ANZ and the Australian Taxation Office, carriage revenue from these deals will commence in subsequent quarters.



**Consumer fixed on-net** revenue grew by 4.8 per cent and EBITDA rose a healthy 9.0 per cent to A\$51 million, a reflection of the success of Optus' on-net strategy. The Unbundled Local Loop (ULL) customer base expanded to 486,000 and the total number of on-net fixed customers exceeded 1 million as at 31 December 2009.

As part of the ongoing investment in its network infrastructure, Optus will be upgrading its Hybrid Fibre Coaxial (HFC) cable network to speeds of up to 100 Mbps by mid-2010. With this upgrade, Optus will deliver faster broadband speeds to customers in Sydney, Melbourne and Brisbane, enabling them to enjoy high-speed content and services.

### Regional

Pre-tax profit contribution from the Group's regional mobile associates grew 21 per cent to S\$560 million as a result of a sharp improvement in Telkomsel's performance and the associates' fair value gains on mark-to-market valuations of foreign currency denominated liabilities.

The Group's mobile customer base grew by 23 per cent, or 52 million from a year ago, to 285 million as at 31 December 2009.

Share of pre-tax ordinary profit <sup>2</sup>	Quarter Ended	YOY		Nine Months Ended	YOY	
	31 Dec 2009 (S\$m)	Change (S\$)	Change (local currency)	31 Dec 2009 (S\$m)	Change (S\$)	Change (local currency)
Bharti	235	4.6%	6.6%	743	15.0%	21.7%
Telkomsel	238	53.1%	43.4%	735	33.7%	36.1%
Globe	54	(5.7%)	(2.7%)	175	(2.8%)	**
AIS	52	(12.2%)	(10.5%)	162	(14.0%)	(14.2%)
Warid	(15)	46.3%	40.2%	(50)	45.5%	40.1%
PBTL	(4)	41.7%	36.9%	(10)	48.2%	48.2%
Regional Mobile Associates	560	21.3%	NM	1,755	20.8%	NM

*NM denotes not meaningful*

*\*\* denotes <+/-0.05%*

<sup>2</sup> Excluding exceptional items and including mark-to-market valuations on its foreign currency denominated liabilities.



Mr Lim Chuan Poh, CEO International, said: "The Group's share of earnings from the regional mobile associates registered strong double-digit growth. Telkomsel continues to perform strongly in the Indonesian market, while in India, despite a very competitive and aggressive market, Bharti maintains a strong lead in mobile market share."

**Bharti** added 8.4 million mobile customers this quarter, up from 8.1 million in the preceding quarter. Bharti's mobile customer base as at 31 December 2009 was 118.9 million, an increase of 39 per cent, or 33.2 million from a year ago.

The Group's share of Bharti's pre-tax profit in Singapore dollar terms rose 4.6 per cent to S\$235 million. Operating revenue was stable amid an intense price war in the Indian market. ARPU fell 29 per cent from a year ago as Bharti lowered tariffs to maintain its competitiveness.

**Telkomsel's** mobile customer base grew 25 per cent, or 16.3 million from a year ago, to 81.6 million as at 31 December 2009. In Singapore dollar terms, the Group's share of Telkomsel's pre-tax profit rose 53 per cent to S\$238 million, underpinned by revenue growth of 15 per cent and continued cost management. The Group also benefited from a 6 per cent appreciation of the Indonesian rupiah against the Singapore dollar.

Following two quarters of negative net additions as it churned out its lower quality prepaid customers, **Globe** added 117,000 customers in the quarter. Globe had 23.2 million mobile customers as at 31 December 2009, down 5.9 per cent or 1.5 million from a year ago.

In Singapore dollar terms, the Group's share of Globe's pre-tax profit fell 5.7 per cent to S\$54 million. Mobile revenue was affected by the market's increasing preference for bucket and unlimited offerings. However, broadband and corporate data revenue posted strong double-digit growth.

**AIS'** mobile customer base grew 4.7 per cent, or 1.3 million, to 28.8 million. In Singapore dollar terms, the Group's share of AIS' pre-tax profit decreased 12 per cent to S\$52 million as service revenue declined 4 per cent due to the economic slowdown.

**Warid's** total mobile customer base rose to 18.8 million as at 31 December 2009. In Singapore dollar terms, the Group's share of losses fell 46 per cent to S\$15 million, primarily attributable to lower operating expenses on cost management measures.



Appendix 1

The following table shows the trends in constant currency terms.

	Quarter Ended	YOY		Nine Months Ended	YOY	
	31 Dec 2009 (\$m)	Change	Change (constant currency) <sup>3</sup>	31 Dec 2009 (\$m)	Change	Change (constant currency) <sup>3</sup>
Group revenue	4,450	20.2%	3.4%	12,400	9.1%	7.6%
Group underlying net profit	990	18.2%	12.0%	2,887	15.7%	16.8%
Optus revenue	2,920	33.1%	4.8%	8,045	10.6%	8.0%
Associates' earnings <sup>4</sup>	592	22.0%	19.9%	1,845	21.7%	25.5%

**Media contacts:**

Singapore

Michele Batchelor  
SingTel Corporate Communications  
Phone: +65-6838-2203

Australia

Melissa Clare  
Optus Corporate Affairs  
Phone: +612 8082 9021

<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.