

# Financial results presentation

## Q3 FY11: Quarter ended 31 Dec 2010

10 February 2011



## Forward looking statements - 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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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.

# Asia's Leading Communications Company

Chua Sock Koong  
Group CEO



# Continued revenue growth

## Group performance

Revenue  
➤ **up 6%**

**S\$4,704m**

Net profit  
➤ **stable**

**S\$998m**

Underlying net profit  
➤ **down 2%**

## Singapore

Revenue  
➤ **up 7%**

**S\$1,634m**

EBITDA<sup>1</sup>  
➤ **up 1%**

**S\$587m**

## Optus

Revenue<sup>2</sup>  
➤ **up 4%**

**A\$2,384m**

EBITDA<sup>2</sup>  
➤ **up 5%**

**A\$553m**

## Regional Mobile

Customers<sup>3</sup>  
➤ **up 34%**

**383m**

Earnings<sup>4</sup>  
➤ **down 13%**  
➤ **down 7% excl. Bharti Africa**

1. Excludes Group and International Business corporate costs

2. In A\$ terms

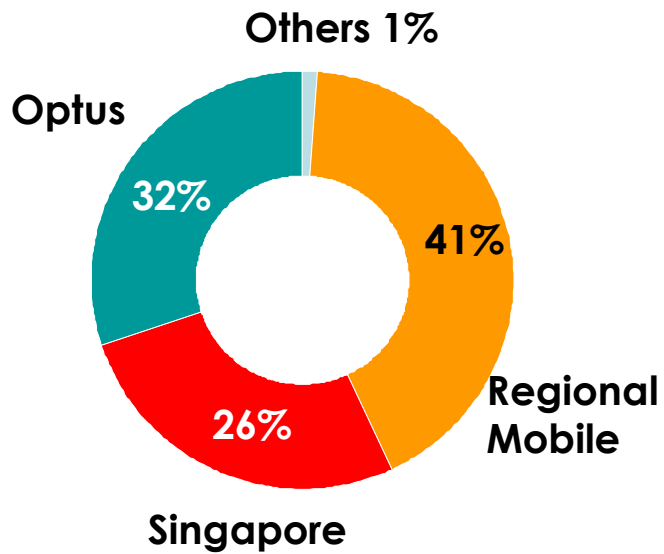
3. Group mobile subscribers, including SingTel, Optus and Regional Mobile Associates

4. Based on the Group's share of Regional Mobile Associates earnings before tax and exceptionals

# Group Q3 FY11 highlights

Proportionate EBITDA<sup>1</sup> outside Singapore

74%



**Group**

Corporate VC fund makes first investments



**Singapore**

mio TV customers cross quarter million mark

264k

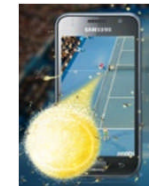
Launched De!ite e-magazine reader with interactive capabilities



De!ite

**Optus**

Updated exclusive digital applications for consumers



Launched online advertising & business listing services



**Regional Mobile**

Airtel brand launch across 19 countries



1. Based on 3 months to Dec 10

## Q3 FY11: strength in Singapore & Australia offset by lower associates earnings

S\$m	3 months to Dec 10	3 months to Dec 09	YoY % change	3 months to Sep 10	Sequential % change
Operating revenue	4,704	4,450	5.7%	4,436	6.0%
Operational EBITDA	1,284	1,233	4.1%	1,188	8.1%
- margin	27.3%	27.7%		26.8%	
Associates (ex exceptionals)	518	592	(12.5%)	567	(8.5%)
EBITDA <sup>1</sup>	1,803	1,825	(1.2%)	1,755	2.7%
Depreciation & amortisation	(503)	(485)	3.7%	(481)	4.6%
Net finance expense	(66)	(75)	(12.4%)	(88)	(25.1%)
Tax	(266)	(275)	(3.4%)	(296)	(10.1%)
Net profit	998	991	0.8%	892	11.9%
Exclude: Exceptional Items	(30)	*	N.M.	(1)	N.M.
Underlying net profit	968	990	(2.2%)	891	8.7%








1. Operational EBITDA+share of results of associates

## 9M FY11: stable EBITDA

S\$m	9 months to Dec 10	9 months to Dec 09	YoY % change
Operating revenue	13,428	12,400	8.3%
Operational EBITDA	3,727	3,511	6.2%
- margin	27.8%	28.3%	
Associates (ex exceptionals)	1,636	1,845	(11.4%)
EBITDA <sup>1</sup>	5,354	5,356	*
Depreciation & amortisation	(1,469)	(1,391)	5.6%
Net finance expense	(232)	(228)	2.1%
Taxation	(853)	(851)	0.3%
Net profit	2,834	2,892	(2.0%)
Exclude: Exceptional Items	(31)	(5)	N.M.
Underlying net profit	2,802	2,887	(2.9%)

1. Operational EBITDA+share of results of associates

# Foreign exchange movements

Currency	Exchange rate <sup>1</sup>		Currency appreciation / (depreciation) against S\$	
	S\$ 1.00		YoY	QoQ
1 AUD <sup>2</sup> 	S\$ 1.2875		1.5%	4.9%
INR 	34.5		(3.3%)	(0.9%)
IDR 	6,897		(1.4%)	(4.1%)
PHP 	33.4		0.6%	(0.3%)
THB 	23.0		3.8%	1.3%
BDT 	54.1		(9.3%)	(5.5%)
PKR 	65.8		(9.8%)	(3.9%)

1. Average exchange rates for the quarter ended 31 Dec 10
2. Average A\$ rate for translation of Optus' operating revenue

# Trends in constant currency terms<sup>1</sup>

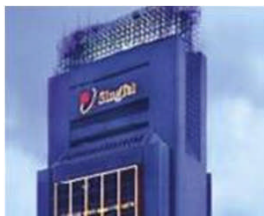
3 months to Dec 10	3Q FY11 (reported S\$m)	YoY % change (reported S\$)	YoY % change (at constant FX) <sup>1</sup>
Group revenue	4,704	5.7%	4.7%
Group underlying NPAT	968	(2.2%)	(2.2%)
Optus revenue	3,070	5.1%	3.6%
Associates earnings <sup>2</sup>	518	(12.5%)	(11.6%)

9 months to Dec 10	9M FY11 (reported S\$m)	YoY % change (reported S\$)	YoY % change (at constant FX) <sup>1</sup>
Group revenue	13,428	8.3%	5.5%
Group underlying NPAT	2,802	(2.9%)	(4.6%)
Optus revenue	8,688	8.0%	3.6%
Associates earnings <sup>2</sup>	1,636	(11.4%)	(12.8%)






1. Assuming constant exchange rates from corresponding period in FY10

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

# Singapore



# Singapore: broad-based growth, led by mobile

Q3 FY11	Revenue (\$\$ m)	YoY Change	Highlights
<b>Total revenue</b>	1,634	 7%	
Mobile	465	 11%	<ul style="list-style-type: none"> <li>driven by strong postpaid customer growth, increased take-up of higher rate plans and higher roaming traffic</li> </ul>
Data & Internet	401	 2%	<ul style="list-style-type: none"> <li>strong growth in Managed Services, partially offset by lower International Leased Circuits revenue</li> </ul>
IT & Engineering	384	 6%	<ul style="list-style-type: none"> <li>includes fibre rollout: S\$72m</li> </ul>
International telephone	132	 3%	<ul style="list-style-type: none"> <li>increased international traffic</li> </ul>

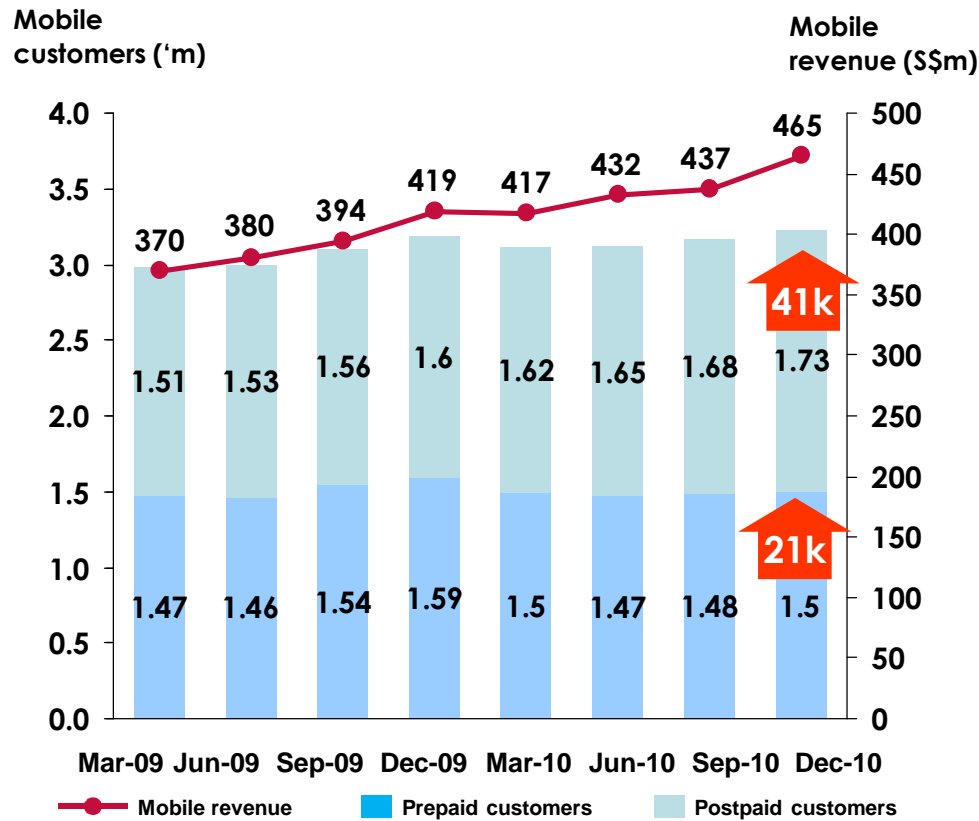
# Mobile: record postpaid customer additions

Double digit revenue growth



Strong postpaid cust growth

- highest net adds in 2 years



Postpaid ARPU at S\$92

- up 5% excluding data-only SIMs



Wireless BB subs up 86%<sup>1</sup>



Total data % of ARPU

- 18% non-sms data



Subscriber acquisition cost

- down 12% YoY and 8% QoQ



1. Mobile subscribers who registered for monthly wireless broadband data subscription plans

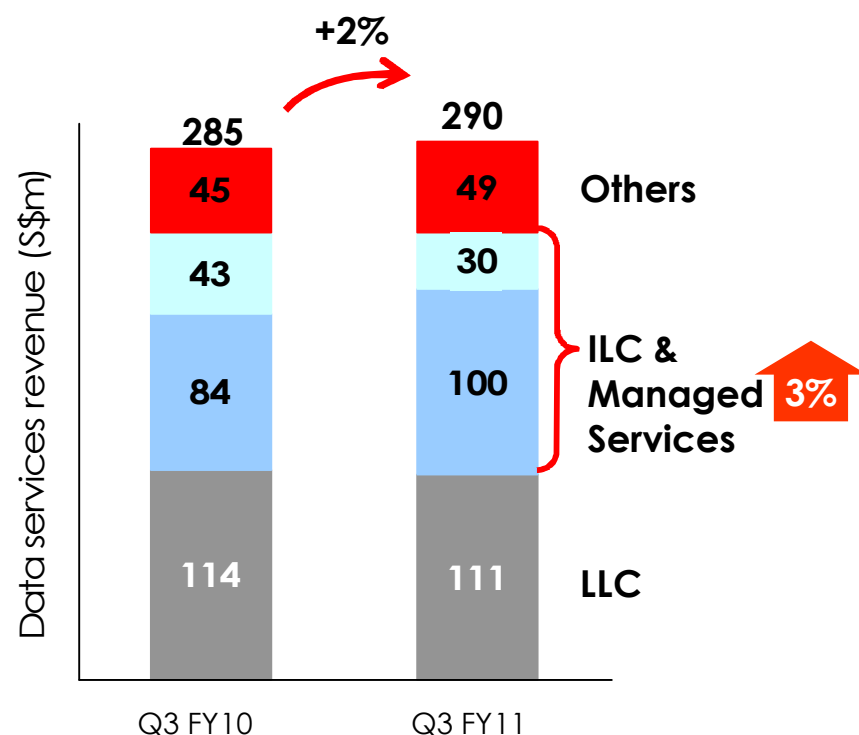
# Transforming into an integrated ICT & multimedia solutions company

**Corporate data services revenue**

**\$\$290m**

**IT & Engineering revenue<sup>1</sup>**

**\$\$384m**



**NCS Group revenue**

**\$\$312m**

➤ up 1%

**NCS Group order book<sup>2</sup>**

**\$\$1.9bn**

**mio TV revenue**

**\$\$21m**

**mio TV customers<sup>3</sup>**

**264k**

➤ up 19,000

**Customers on bundles:  
mio Plan & mio Home**

**224k**

➤ up 13,000

1. Includes NCS Group and rollout of fibre for OpenNet
2. As at 31 Dec 2010
3. As at 31 Dec 2010, residential customers only

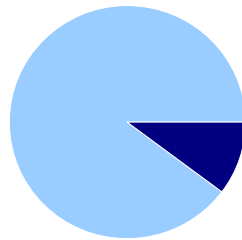
# Investing in strategic initiatives

## Singapore Biz EBITDA

- up 1%

**S\$587m**

**Telco EBITDA**  
S\$527m



**IT & Engg EBITDA**  
S\$60m

## Telco EBITDA

- up 2%
- EBITDA margin 42.1%

**S\$527m**

## IT & Engineering EBITDA

- down 3%
- EBITDA margin 15.7%

**S\$60m**

## Operating expenses

**12%**

### Selling & Admin

- mio TV content costs
- partially offset by lower mobile acquisition & retention costs

**20%**

### Cost of sales

- Higher handset sales and fibre-rollout

**14%**

### Staff costs

- up 4% excluding job credits
- higher head count and annual increment

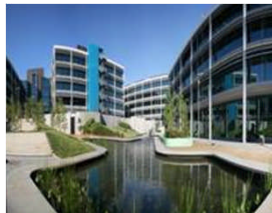
**9%**

### Traffic expenses

- higher mobile outpayments offset lower lease expenses

**1%**

# Optus



# Optus: growth underpinned by mobile

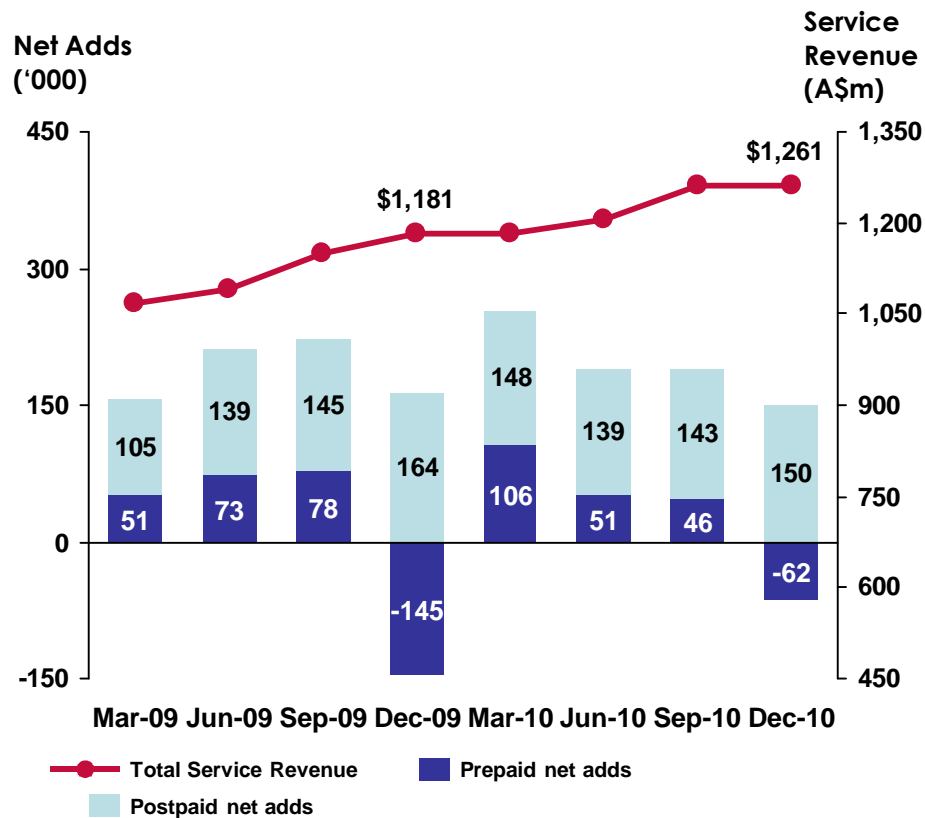
Q3 FY11	Revenue A\$m	YoY change	Highlights
<b>Total revenue</b>	2,384	4%	<ul style="list-style-type: none"> <li>• growth driven by mobile</li> </ul>
Mobile	1,561	7%	<ul style="list-style-type: none"> <li>• service revenue growth driven by increase in postpaid customers</li> </ul>
Business & Wholesale Fixed	490	2%	<ul style="list-style-type: none"> <li>• lower ICT and Managed Services revenue</li> <li>• higher corporate voice and satellite revenues</li> </ul>
Consumer & SMB Fixed	336	3%	<ul style="list-style-type: none"> <li>• consumer fixed on-net revenue growth</li> <li>• ongoing exit of marginal resale</li> </ul>

# Mobile: driving revenue and EBITDA growth

Service revenue growth



Postpaid net adds



Wireless broadband subs

- net adds of 92k



Postpaid ARPU

- up 2% excluding wireless BB



Total data % of ARPU

- 17% non-sms data



Subscriber acquisition cost

- up 20% YoY and 19% QoQ



EBITDA growth

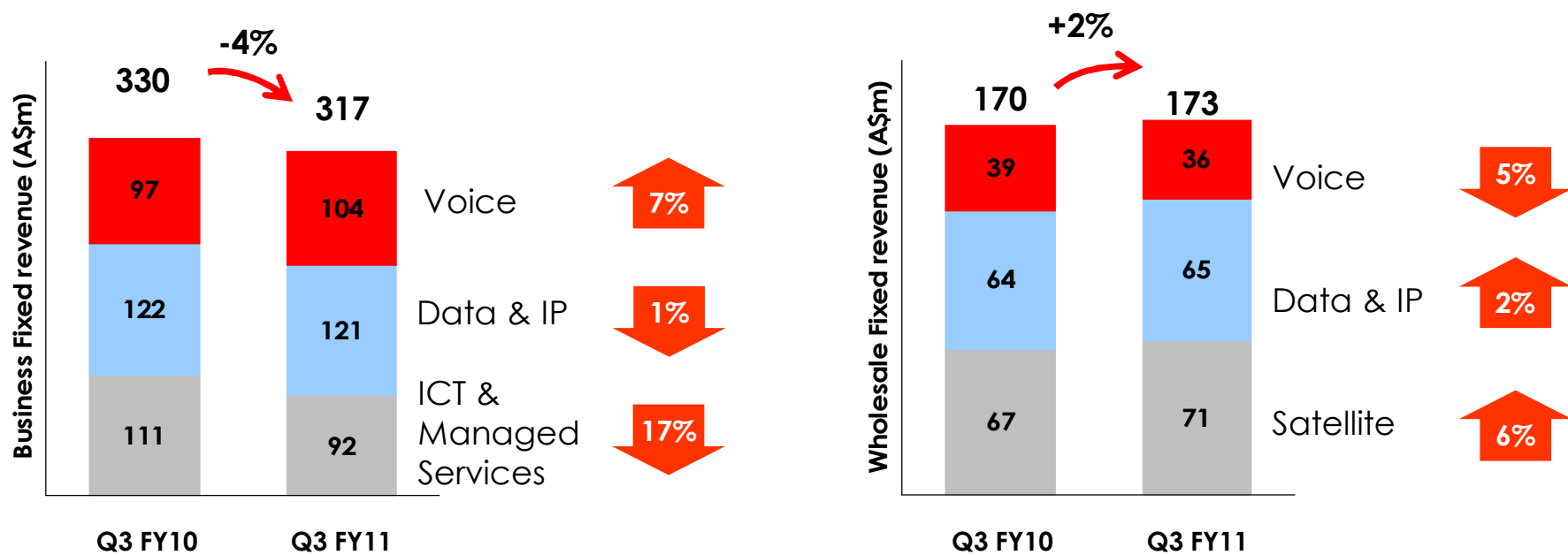


- EBITDA margin down 1ppt to 24%

# Business & Wholesale Fixed: EBITDA growth with higher on-net mix

Business: growth in voice revenue

Wholesale: higher Satellite revenue



**EBITDA growth**

**4%**

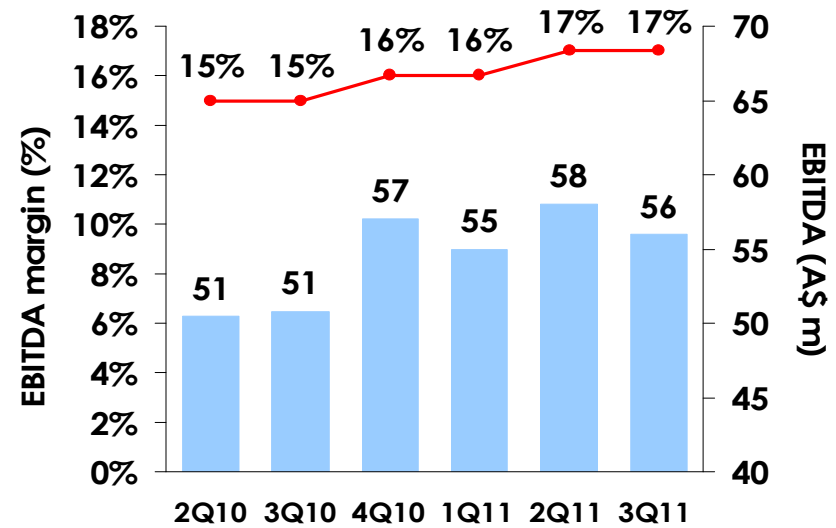
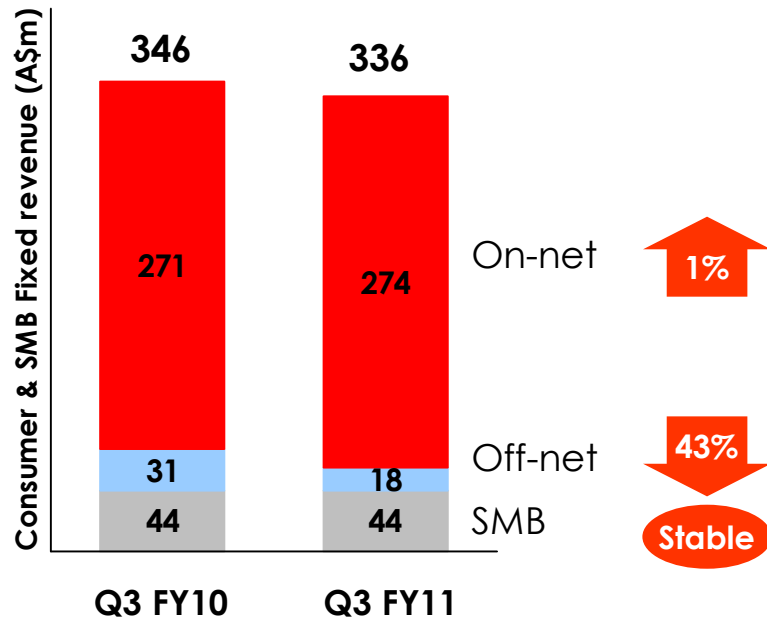
- EBITDA margin up 2ppts to 26%

# Consumer & SMB Fixed: on-net strategy delivers improved margins

On-net growth continues

Improving on-net yield

- On-net broadband ARPU growth 5%



EBITDA growth

11%

- EBITDA margin up 2ppts to 17%

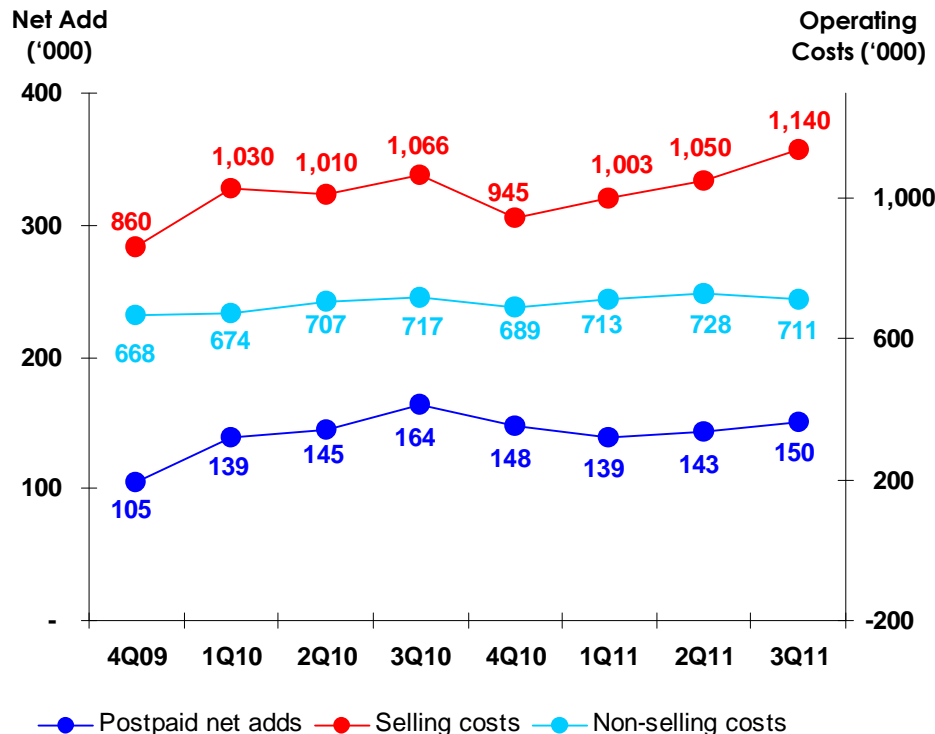
# Operating costs: investing in customer growth

Continued postpaid acquisition while managing cost growth

## Operating expenses

- opex excl selling down 1%

4%



### Selling & Admin

- increased customer acquisition / retention costs

12%

### Cost of sales

- lower ICT and Managed Services revenue

1%

### Traffic expenses

- higher interconnect costs

6%

### Staff costs

- Lower headcount and accruals write-back

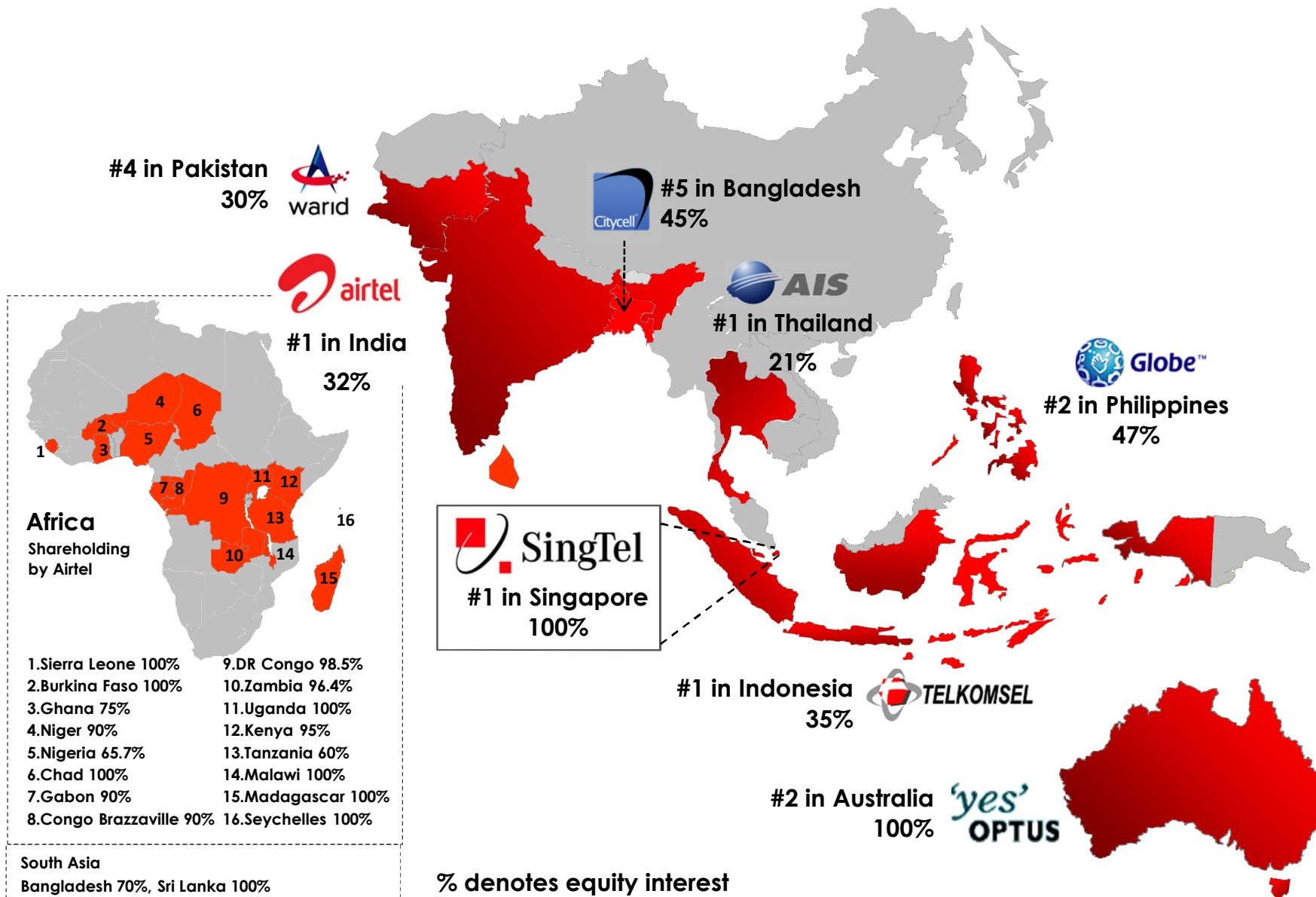
8%

1. Selling costs include: Selling & Admin and Cost of sales
2. Non-selling costs include: traffic, staff costs, repair & maintenance and capitalised costs

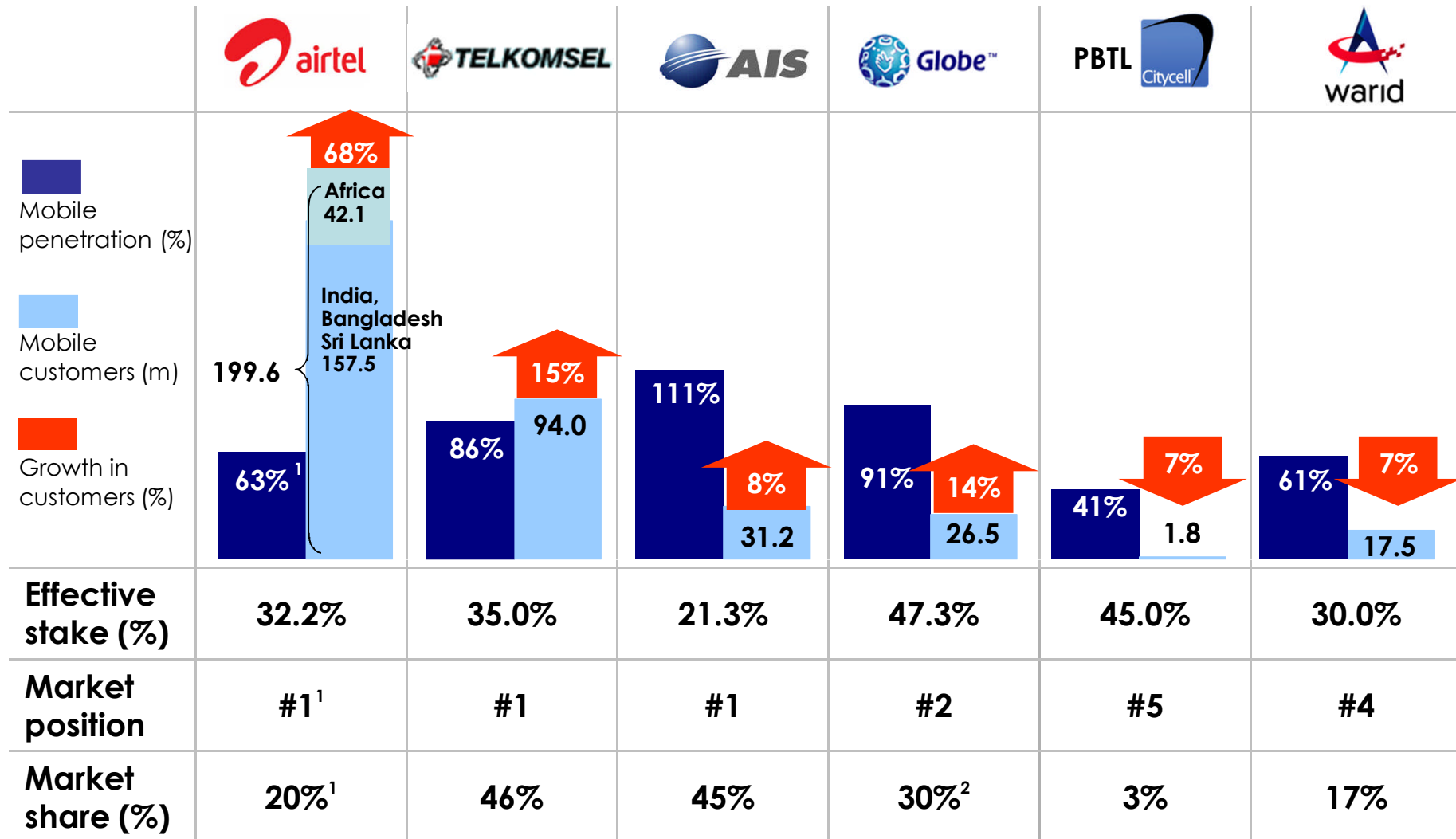
# Associates and joint ventures



# SingTel: Pan-Asia & Africa operations covering more than 2 billion population



# Regional Mobile: significant footprint across Asia & Africa



1. For India  
2. As at Sep 10

# Regional Mobile Associates

Q3 FY11	PBT <sup>1</sup> (S\$ m)	% Change (S\$)	% Change (local curr)	Highlights
Regional Mobile	488	13%	NA	
Telkomsel	214	10%	9%	<ul style="list-style-type: none"> <li>Increased market competition and aggressive price promotions</li> </ul>
Bharti	184	22%	19%	<ul style="list-style-type: none"> <li>India: recovery in mobile traffic and slower tariff decline</li> <li>Africa: S\$7m share of operating profit<sup>2</sup></li> </ul>
AIS	68	31%	27%	<ul style="list-style-type: none"> <li>strong data growth and continued cost management</li> </ul>
Globe	40	27%	27%	<ul style="list-style-type: none"> <li>continued competitive pressure in mobile</li> </ul>

1. Excluding exceptional items – compared to 3 months to Dec 09

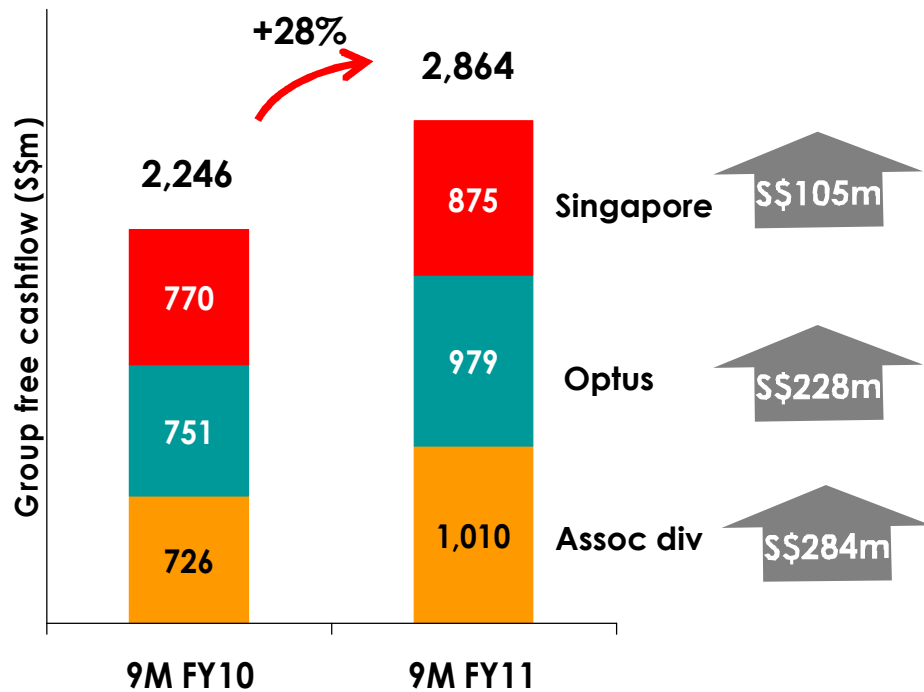
2. Before fair value adjustments and acquisition financing costs

# Financial position & Outlook



# Strong financial position

## Generating strong free cash flow<sup>1</sup>



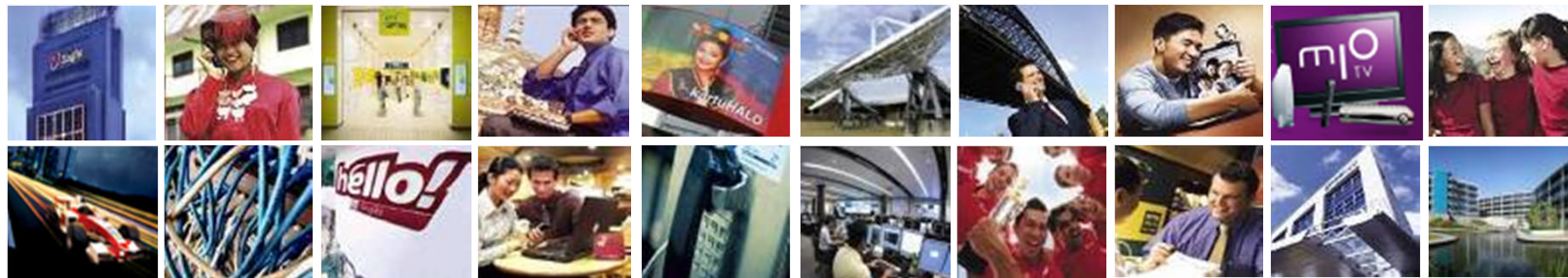
## Strong balance sheet

Net debt	S\$5.9bn
Net gearing	20%
Net debt : EBITDA	0.8x
EBITDA:net interest expense	22x
S&P's rating	A+
Moody's rating	Aa2

1. Operating cash including associates dividends less cash capex



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