



News Release

SingTel Group's Australia and Singapore operations deliver resilient results

Earnings impacted by strong Singapore dollar and lower contributions from Telkomsel and AIS

Singapore, 14 May 2009 -- Singapore Telecommunications Limited (SingTel) announced today its fourth quarter's underlying net profit¹ fell 0.9 per cent to S\$959 million from a year ago impacted by the weak Australian dollar and major regional currencies.

Singapore and Australia operations put in resilient performances by achieving solid revenue and EBITDA growth in local currency terms despite the slowdown in both economies and demonstrated good cost management.

For the full year, the Group's operating revenue was stable at S\$14.93 billion. The strong Singapore dollar impacted the Group's full year results.

Highlights

	Quarter Ended		YOY	Full Year Ended		YOY
	31 Mar 2009 (S\$m)	31 Mar 2008 (S\$m)	Change	31 Mar 2009 (S\$m)	31 Mar 2008 (S\$m)	Change
Group revenue	3,566	3,758	(5.1%)	14,934	14,844	0.6%
SingTel revenue	1,453	1,290	12.7%	5,547	4,904	13.1%
	2,113	2,469	(14.4%)	9,387	9,940	(5.6%)
Optus revenue	2,103 (A\$m)	1,935 (A\$m)	8.7%	8,321 (A\$m)	7,760 (A\$m)	7.2%
Operational EBITDA	1,150	1,155	(0.5%)	4,431	4,530	(2.2%)
Share of associates' ordinary earnings	514	646	(20.5%)	2,031	2,591	(21.6%)
Net profit attributable to shareholders	903	1,093	(17.3%)	3,448	3,960	(12.9%)
Underlying net profit	959	968	(0.9%)	3,455	3,681	(6.1%)
Underlying earnings per share (S cents) ¹	6.03	6.08	(0.8%)	21.71	23.15	(6.2%)

¹ Defined as net profit before exceptional items and exchange differences on capital reductions of certain overseas subsidiaries, net of hedging, as well as significant exceptional items of associates.



A significant portion of the Group's business is based outside Singapore. This subjects its financial results to foreign exchange volatility as the Group reports in Singapore dollar.

While revenue in local currency terms increased 8.7 per cent in Australia and 13 per cent in Singapore, the Group's operating revenue in the fourth quarter fell 5.1 per cent to S\$3.57 billion as a result of the steep 21 per cent decline in the Australian dollar against the Singapore dollar from a year ago. Group revenue would have gained 10 per cent with operational EBITDA increasing 13 per cent in constant currency terms if the Australian dollar had remained constant against the Singapore dollar from the correspondent quarter last year.

Ordinary earnings from associates fell 21 per cent to S\$514 million because of lower contributions from Telkomsel and AIS, and the strong Singapore dollar.

The Group recorded goodwill impairment charges of S\$330 million for its associates, Warid and PBT, that were partially offset by an exceptional gain of S\$217 million from Bharti's dilution of its equity interest in a subsidiary. These one-off items do not impact the Group's cash flow.

In the quarter, the Group booked S\$61 million in tax credits arising from a one percentage point reduction in corporate tax rates and other tax changes in Singapore. Net profit declined 17 per cent to S\$903 million in the fourth quarter.

Ms Chua Sock Koong, SingTel Group Chief Executive Officer, said: "This quarter, Australia and Singapore continued their strong momentum and showed resilience with their impressive revenue and earnings growth despite the economic uncertainties. Earnings from Optus and the associates were impacted by the strong Singapore dollar but Telkomsel showed signs of improving its market share and Bharti continued to perform well."

"Looking ahead, in Singapore and Australia, the Group is focused on maximising value from customer relationships, enhancing customer experience and transforming its cost structure. The Group will leverage the scale advantage of its 249 million mobile customers to drive cost and revenue synergies and use its customer knowledge to expand into related markets and services such as mobile remittances and advertising."

Free cash flow for the year was S\$3.25 billion from S\$3.58 billion a year ago. On an underlying basis, net profit slipped 6.1 per cent as a result of the strong Singapore dollar and with the inclusion of exceptional items, net profit fell 13 per cent to S\$3.45 billion.

The Board is recommending a final dividend of 6.9 cents a share and if approved at the Annual General Meeting, will bring total dividends for the financial year to 12.5 cents a share, unchanged from a year ago. This represents a payout ratio of 58 per cent of underlying earnings, in line with the Group's dividend policy.

Ms Chua added: "SingTel continues to look for new investments in Asia and emerging adjacent markets and will be financially disciplined in its evaluation of these opportunities."



Singapore

SingTel's revenue, including contributions from Singapore Computer Systems Limited (SCS), increased 13 per cent to S\$1.45 billion in the fourth quarter from a year ago. Excluding SCS, revenue still grew a solid 6.1 per cent driven by continued growth in Data & Internet and Mobile businesses despite the slowing Singapore economy. Operating expenses, excluding SCS, declined 0.6 per cent to S\$814 million reflecting SingTel's cost initiatives.

EBITDA grew a strong 20 per cent to S\$578 million and Singapore business' margin improved to 39.8 per cent from 37.4 per cent.

For the full year, revenue excluding SCS contribution, grew 7.9 per cent to S\$5.29 billion, demonstrating operational resilience and strong execution of strategies to win market share in both key and growth markets despite the recession. EBITDA grew 7.5 per cent or S\$151 million to S\$2.16 billion.

Mr Allen Lew, CEO Singapore, said: "In the past year, the Singapore operations grew faster than the telecoms market and took not just market share, but profitable market share in all customer segments. Furthermore we improved our brand attributes and now SingTel is on track to achieving our aspiration of being a leading multi-media company. We will continue to lead and shape the Singapore telco industry through our enhanced market position in traditional carriage services and invest in new growth engines, particularly in ICT, pay TV, content and advertising services."

Data & Internet revenue rose 10 per cent to S\$393 million with growth in data products. Managed services in particular, expanded 33 percent as SingTel continued to pursue growth in new revenue streams to reduce dependency on traditional carriage services.

In the fourth quarter, SingTel extended its market share in the mobile market to 46.4 per cent from a year ago and the enlarged customer base drove Mobile revenue growth of 9.1 per cent to S\$370 million despite lower postpaid ARPU and minutes of use. SingTel's push for higher data usage is gaining success with another 32,000 customers signing up for wireless broadband plans this quarter. This brought the total number of customer on wireless broadband plans to 175,000.

In the quarter, SingTel added 34,000 mobile customers, of which 22,000 were postpaid. As at 31 March 2009, it had 2.98 million mobile customers, adding 405,000 customers in the year. Demand for 3G mobile services continued to be strong with 72,000 new sign-ups in the quarter and as at 31 March 2009, SingTel's total 3G mobile subscriber base reached 1.21 million and accounted for 80 per cent of its postpaid base.

Combined IT & Engineering revenues, including SCS, surged 53 per cent to S\$333 million from a year ago. Excluding SCS, IT revenue still grew a healthy 14 per cent as SingTel secured higher sales of systems and network integration projects.

mio TV, SingTel's pay TV service, added a record 19,000 customers in the quarter bringing its customer base to 78,000 reflecting the success of its mio home bundled plan and broad content offering. SingTel will continue to invest in new content to attract customers as it aims to grow



share and cultivate content as a key differentiator in its service. At the end of 31 March 2009, mio plan had 98,000 customers.

Optus

Optus delivered solid revenue growth of 8.7 per cent in the fourth quarter strengthening its market position with sustained customer acquisition from innovative product offerings.

Free cash flow in the quarter increased 7.9 per cent to A\$418 million attributable to higher EBITDA. Overall EBITDA grew 8.5 per cent to A\$584 million with growth from increased mobile revenue and improved fixed margin. Net profit grew 17 per cent to A\$193 million.

For the full year, revenue grew a strong 7.2 per cent to A\$8.32 billion, EBITDA increased 3.2 per cent and free cash flow was up 7.1 per cent after annual capital investment of A\$1.04 billion.

Mr Paul O'Sullivan, Optus Chief Executive, said: "Optus delivered strong results in all areas despite the tough economic climate with a robust performance in Mobile, including mobile outgoing service revenue growing a record 15 per cent which strengthened our number two position."

"Optus is committed to protecting its strong scale position in mobile and will aggressively pursue and invest in opportunities to capture market growth while customer demand remains strong - however we will continue to prudently manage costs," Mr O'Sullivan said.

Optus Mobile revenue grew 17 per cent to A\$1.27 billion with strong service growth of 15 per cent in postpaid and 10 per cent in prepaid.

Optus added 652,000 mobile customers, up 9.1 per cent from a year ago and as at 31 March 2009 had a base of 7.79 million. In the quarter, 156,000 new mobile and wireless broadband customers were added of which 105,000 were postpaid. The number of 3G users increased to 2.58 million including 486,000 wireless broadband customers.

SMS and other data revenue made up 35 per cent of ARPU, an increase from 29 per cent a year ago with higher penetration of wireless data products. The proportion of non-SMS data revenue, including premium content SMS, grew to 10 per cent of ARPU in the current quarter.

Blended ARPU increased by 4.1 per cent from a year ago reflecting the acquisition of higher value customers.

Total Business and Wholesale Fixed revenue grew 2.3 per cent, driven by robust growth in Wholesale fixed revenues. Optus Business continued to focus on its key strategies of growing IP-VPN and on-net traffic.

Consumer Fixed on-net revenue grew by 10 per cent, driven by a higher number of ULL customers and continued demand for Optus Fusion, the innovative fixed telephony and broadband bundle. Optus had 436,000 ULL customers from 317,000 a year ago. Its total on-net ULL and HFC customer base stood at 961,000 as at 31 March 2009.



On-net broadband revenue grew 27 per cent in a market with an increasing mix of lower-priced broadband plans. On-net broadband customers grew 20 per cent to 848,000, accounting for 89 per cent of Optus' total broadband customer base. Broadband customers, including business grade customers, grew 4.9 per cent from a year ago to 951,000.

On-net growth was offset by the decline in the resale base as Optus continued its managed exit from unprofitable fixed resale.

On 7 April 2009, the Federal Government announced it will undertake an implementation study to deliver a Fibre to the Premise (FTTP) network across Australia at an estimated cost of A\$43 billion, over an eight-year project term. Further, a substantial review of the existing regulatory framework will be carried out.

The Government is consulting on the proposed changes and has indicated it hopes to introduce legislation to implement changes by the end of the calendar year. Overall the proposed FTTP and associated regulatory reform is positive for competition in the fixed market.

Regional Mobile Associates

	Quarter Ended	YOY		Full Year Ended	YOY	
	31 Mar 2009 (S\$m)	Change (S\$)	Change (local currency)	31 Mar 2009 (S\$m)	Change (S\$)	Change (local currency)
Bharti	225	1.4%	18.4%	871	3.7%	21.1%
Telkomsel	163	(40.6%)	(30.6%)	712	(38.2%)	(29.8%)
Globe	78	(3.6%)	5.2%	258	(18.6%)	(12.7%)
AIS	50	(33.7%)	(29.5%)	239	(5.2%)	5.3%
Warid	(25)	30.3%	57.6%	(116)	272.1%	314.4%
PBTL	(3)	(33.3%)	(38.4%)	(23)	(1.3%)	3.4%
Regional Mobile Associates	489	(22.4%)	(11.2%)	1,941	(22.6%)	(11.7%)

Pre-tax ordinary contribution from regional mobile associates in the fourth quarter fell 22 per cent to S\$489 million, negatively impacted by the depreciation in the major regional currencies of between 6 per cent and 19 per cent. The decline in earnings was also a result of weaker performances from Telkomsel and AIS.

² Excluding exceptional items.



For the full year, pre-tax ordinary contribution fell 23 per cent to S\$1.94 billion. In constant currency terms, if the regional currencies had remained constant against the Singapore dollar from the previous year, it would have declined 12 per cent.

The Group's combined mobile customer base grew 64 million, or 35 per cent, to 249 million from a year ago.

Mr Lim Chuan Poh, CEO International, said: "Our regional associates continued their strong growth in acquiring customers despite intense competitive pressures. For the full year, Bharti performed well and this quarter Telkomsel increased its subscriber market share."

In the fourth quarter, the Group's share of Bharti's pre-tax ordinary profit in Indian rupee terms increased 18 per cent as it attracted 31.9 million new mobile customers from a year ago. **Bharti**, India's number one mobile phone operator, had a total of 93.9 million cellular customers, an increase of 52 per cent as at 31 March 2009 from a year ago.

Telkomsel, the largest cellular operator in Indonesia, increased its customer base by 20.8 million, or 41 per cent, to 72.1 million from a year ago. During the quarter, it increased its market share by 3 percentage points to 49 per cent as at 31 March 2009.

In Indonesian rupiah terms, the Group's share of pre-tax ordinary profit, including fair value losses, fell 31 per cent as a result of significantly lower tariffs from a year ago. Operating revenue fell 4 per cent as a result of the cut in rates despite the growth in customer base.

Globe, the second biggest mobile player in the Philippines, added 4.5 million customers, an increase of 21 per cent, to 25.7 million as at 31 March 2009. In the quarter, the pre-tax ordinary profit contribution from Globe in Philippine peso terms rose 5.2 per cent.

Operating revenue gained 4 per cent. Revenue growth from wireless slowed because of the weak macro-environment. Operating expenses increased 8 per cent because of increased subsidies for wireless and higher service costs to support the growth in broadband services.

AIS, the largest mobile communications operator in Thailand, attracted 2.5 million new customers, 10 per cent more from a year ago, to 27.6 million, as at 31 March 2009.

Its pre-tax ordinary profit for the three months ended 31 December 2008 fell 30 per cent from a year ago in Thai baht terms as the economy slowed and the airport closure in Bangkok adversely affected domestic usage and tourist roaming traffic.

Warid, a key challenger in Pakistan, added 21 per cent more mobile customers to 17.4 million as at 31 March 2009. Warid posted a loss of S\$25 million as a result of higher network costs and fair value losses on its U.S. dollar liabilities.

As part of its review of the carrying value of the investments in the associates, the Group recorded a goodwill impairment charge of S\$300 million on Warid. The impairment charge arose mainly from applying a higher discount rate on the future cash flows of Warid as a result of the increased funding costs on Pakistan risks.



The Group also recorded a goodwill impairment charge of S\$30 million on PBTL, primarily due to the impact of higher business costs from the challenging Bangladesh environment amid regulatory changes and handset taxes.

Outlook

Macro-economic environment

The economies of Singapore, Australia and the region are expected to slow in 2009 given the global downturn. The Singapore government is forecasting the economy to contract 6 to 9 per cent in 2009 compared to the 1.1 per cent growth in 2008. In Australia, the forecast is for a contraction of 1.0 per cent compared to a 2.1 per cent growth in 2008. In countries where the regional mobile associates operate, growth is expected to be 2 to 5 per cent and, for Thailand, a contraction of 2 to 3 per cent.

On a proportionate basis, if the subsidiaries and associates are consolidated line-by-line, operations outside Singapore accounted for more than two-thirds of the Group's revenue and EBITDA. Accordingly, the Group's financial performance is sensitive to currency movements in the countries that it operates in.

Singapore

Operating revenue is expected to grow at single-digit level, driven by increased contribution from the IT & Engineering business, including a full year contribution from SCS, and first-time revenue from the rollout of fibre under the Singapore Next Generation National Broadband Network initiative.

With increased revenue contribution from lower-margin IT business, EBITDA margin for the Singapore business will decline to around 36 to 38 per cent. EBITDA is expected to be stable.

Capital expenditure is expected to be below S\$800 million, including S\$170 million of construction cost for ST-2 satellite, which is scheduled to be launched in 2010 to replace ST-1. In line with the higher capital expenditure, free cash flow is expected to decline slightly.

Australia

Operating revenue and EBITDA are expected to grow at low single-digit levels, with growth in mobile and wireless broadband.

Capital expenditure is estimated to be approximately A\$1.1 billion, comprising mainly investments in mobile network to expand coverage, and to increase capacity and speed. Free cash flow is expected to be stable.

Associates

The Group expects the local currency earnings of its two largest associates, Bharti and Telkomsel, to grow. Bharti will continue to leverage its scale advantage in a fiercely competitive but rapidly-expanding market. Telkomsel is expected to gain subscriber market share.

Ordinary dividends from the regional mobile associates are expected to be lower as Telkomsel and Globe reported lower profits in 2008.



Group

Consolidated operating revenue and operational EBITDA will be impacted by exchange rate movements of the Australian Dollar. Similarly, earnings contribution from the regional mobile associates, when translated to Singapore Dollar, will be impacted by exchange rate movements of the regional currencies.

Dividend policy and credit rating

SingTel's dividend payout ratio ranges from 45 to 60 per cent of underlying net profit.

The Group is committed to an optimal capital structure while maintaining financial flexibility and investment grade credit ratings.

Appendix 1

The following table shows the trends in constant currency terms.

	Quarter Ended	YOY		Full Year Ended	YOY	
	31 Mar 2009 (\$m)	Change	Change (constant currency)	31 Mar 2009 (\$m)	Change	Change (constant currency) ³
Group revenue	3,566	(5.1%)	10.1%	14,934	0.6%	9.2%
Group underlying net profit	959	(0.9%)	10.5%	3,455	(6.1%)	2.8%
Optus revenue	2,113	(14.4%)	8.7%	9,387	(5.6%)	7.2%
Associates' earnings ⁴	514	(20.5%)	(9.6%)	2,031	(21.6%)	(11.1%)

³ Assuming constant exchange rates from the corresponding periods in FY2008.

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