

News Release

Singapore and Australia deliver resilient performance SingTel proposes special dividend and higher ordinary dividend

- *Record cash flow for the year*
- *Sustained mobile momentum across Singapore and Australia operations*
- *Weaker regional currencies and Bharti Africa losses impacted associates' contributions*

Singapore, 12 May 2011 – Singapore Telecommunications Limited (SingTel) today announced that Group revenue rose by 4 per cent to S\$4.64 billion in the fourth quarter, led by the strong mobile performance in Singapore and Australia operations.

Ordinary pre-tax earnings from the regional mobile associates declined 12 per cent to S\$479 million because of the weaker regional currencies against the Singapore Dollar, Bharti's fair value losses on foreign currency liabilities, as well as losses incurred by Bharti Africa. Excluding Bharti's African operations, which were acquired in June 2010, earnings from the regional mobile associates would be lower by 8 per cent.

The Group's net profit declined 2 per cent to S\$992 million. Excluding the impact of Bharti Africa, net profit would have increased 1 per cent.

Highlights

	Quarter Ended		YOY	Year Ended		YOY
	31 Mar 2011 (S\$m)	31 Mar 2010 (S\$m)	Change	31 Mar 2011 (S\$m)	31 Mar 2010 (S\$m)	Change
Group revenue	4,643	4,471	3.8%	18,071	16,871	7.1%
SingTel revenue	1,661	1,640	1.3%	6,401	5,995	6.8%
Optus revenue (A\$)	2,322	2,232	4.1%	9,284	8,949	3.7%
(S\$)	2,982	2,831	5.3%	11,670	10,876	7.3%
Operational EBITDA	1,392	1,336	4.2%	5,119	4,847	5.6%
Share of associates ¹ pre-tax earnings	514	574	(10.4%)	2,150	2,420	(11.1%)
EBITDA	1,906	1,901	0.3%	7,260	7,257	**
Net profit attributable to shareholders	992	1,015	(2.3%)	3,825	3,907	(2.1%)
Underlying net profit ²	998	1,022	(2.4%)	3,800	3,910	(2.8%)
Underlying earnings per share (S cents)	6.26	6.42	(2.5%)	23.86	24.56	(2.9%)

**denotes less than +/-0.05%

For the full year, the Group's revenue grew 7 per cent to S\$18.07 billion, driven by strong growth in both the Singapore and Australian businesses. The strong Australian Dollar also lifted revenue.

¹ Exclude exceptionals.

² 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.



SingTel Group CEO Ms Chua Sock Koong said: "The Group delivered stable earnings even as we invested significantly to pursue new growth platforms and despite intense competition faced by our larger associates in their markets. Our resilient performance is a result of focused execution and demonstrates the strength and diversity of the Group's operations."

Ordinary pre-tax earnings from the regional mobile associates declined 12 per cent to S\$2.03 billion. As a result, net profit for the Group fell 2 per cent to S\$3.83 billion. Excluding the share of net loss and related acquisition financing costs for Bharti Africa, net profit would be stable at S\$3.95 billion.

Ms Chua added: "We are investing to capture new growth opportunities, through greater emphasis on innovation within and outside the Group. These investments may impact our earnings in the short term but are essential for our growth. To complement our innovation efforts, we will review strategic investments that will help us gain economies of scale and important capabilities such as in multimedia and managed services."

The Group's free cash flow increased 19 per cent to a record S\$4.04 billion in the financial year ended 31 March 2011. In local currency terms, cash flows from the Singapore business grew 11 per cent to S\$1.44 billion and in Australia increased 19 per cent to A\$1.21 billion. Dividends from the associates rose 26 per cent, including special dividends from AIS.

The Board has recommended a final ordinary dividend of 9 Singapore cents and a special dividend of 10 Singapore cents per share. Including the interim dividend of 6.8 Singapore cents paid in January 2011, the cash distribution amounts to approximately S\$4.11 billion, representing a record 25.8 Singapore cents per share, or a yield of 8 per cent.

Subject to shareholders' approval, total ordinary dividends would have increased 11 per cent and represented 66 per cent of underlying net profit. The proposed payout demonstrates the Group's strong track record of cash return to shareholders and its commitment to achieve an optimal capital structure.

Singapore

In the fourth quarter, the Singapore business recorded revenue of S\$1.66 billion, a 1 per cent increase from a year ago. Revenue from the fibre rollout was lower as OpenNet³ has passed its peak rollout. Excluding the impact of fibre rollout, revenue for the Singapore business grew 3 per cent.

EBITDA declined 5 per cent this quarter to S\$551 million, reflecting higher mio TV content and rollout costs as well as investments made to grow new businesses.

Mobile continued to be a key driver for the Singapore business, with revenue growth of 9 per cent to S\$455 million. This was driven by strong postpaid customer acquisition and higher postpaid ARPU.

A record 51,000 postpaid customers were added this quarter. During the year, postpaid mobile customers grew 156,000 to reach 1.78 million as at 31 March 2011, extending SingTel's market leadership to 46.5⁴ per cent share of the market.

³ SingTel is the key sub-contractor to OpenNet in rolling out Singapore's Next Generation National Broadband Network.

⁴ Mobile market share based on telco operators' published results.



Mr Allen Lew, CEO Singapore, said: “The telco business showed robust growth on the back of a good set of results from our two largest sources of revenue – mobile and data services. We have gained market share from our competitors by differentiating ourselves with customer centric applications, such as AMPed, our music service and PowerOn, our suite of on-demand business solutions, which are bundled with our core telco products.”

Postpaid ARPU rose to S\$87 as demand for higher rate plans and roaming usage remained robust. Excluding ‘data-only’ customers, postpaid ARPU grew 3 per cent. Acquisition cost per postpaid customer was down 19 per cent as SingTel continued to optimise the level of handset subsidies.

Revenue from **Data and Internet** grew 4 per cent to S\$415 million as strong growth in Managed Services mitigated intense price competition in International and Local Leased Circuits. SingTel continues to expand its range of services available on fibre and introduce innovative cloud-based services for the corporate and consumer segments, such as ‘ESC’, Asia’s first cloud-based gaming service which delivers on-demand popular games directly from the ‘cloud’ to customers on TV and PC.

NCS’ revenue was stable at S\$379 million as growth in network integration and infrastructure services revenue offset decline in overseas sales. NCS’ order book remained strong at S\$1.9 billion as at 31 March 2011.

Revenue from **mio TV** was S\$23 million, up from S\$6 million a year ago. SingTel added 28,000 customers in the quarter, bringing its total customer base to 292,000 as at 31 March 2011. This further cements SingTel’s position as the leading sports channels provider with its new offering of ICC Cricket World Cup.

An additional 17,000 customers signed up for mio Home and mio Plan, bringing total number of customers on mio bundled services to 241,000.

Total operating expenses rose 5 per cent to S\$1.12 billion as selling and administrative expenses rose 17 per cent, reflecting the costs of mio TV content and rollout, as well as higher maintenance and customer service costs to support the growing multimedia customer base.

For the full year ended 31 March 2011, revenue for the Singapore business rose 7 per cent to S\$6.40 billion, driven by mobile and IT and Engineering which grew 11 per cent and 8 per cent respectively.

Mr Lew added: “We are making significant progress in our transformation journey to become a leading multimedia and solutions company. Our innovative and exciting services enrich the lives of our consumer customers and increase the productivity of business customers. We will continue to leverage our customer knowledge to ensure we continue to grow the value of the Singapore business.”

Australia

Optus delivered a strong quarter of operating revenue and EBITDA growth in a highly competitive market.

Optus' EBITDA grew 10 per cent year-on-year to A\$672 million, driven by contribution from all segments. Operating revenue rose 4 per cent to A\$2.32 billion, underpinned by continued mobile revenue growth, while net profit for the quarter grew 19 per cent to A\$261 million.

Mr Paul O'Sullivan, Optus Chief Executive, said: "In a highly competitive environment, Optus delivered continuing EBITDA growth, improved cash flow and strengthened its market position with our mobile customer base exceeding 9 million customers for the first time."

In **Mobile**, service revenue grew 7 per cent year-on-year while EBITDA increased by 8 per cent. Postpaid net additions this quarter were 151,000. Total postpaid customers increased 582,000 to 4.77 million as at 31 March 2011 from a year ago.

The number of 3G customers⁵ increased to 5.09 million, a 5 per cent increase from a quarter ago. This included a base of 1.28 million wireless broadband⁶ customers. Blended ARPU remained stable at A\$47.

Optus continued to introduce several innovative services, including Australia's first commercially available Femtocell device, Optus 3G Home Zone, which acts as a wireless gateway into the home or office.

Optus also launched the Smart Safe™ service, which uses cloud technology to allow customers to back-up and store content from their smartphones and personal computers. In the small and medium business (SMB) segment, Optus signed an agreement with Google to offer Google Apps for Business™ as part of its new integrated suite of cloud-based business tools for SMB customers.

In **Business and Wholesale** fixed, overall revenue grew 2 per cent. Underlying EBITDA grew 5 per cent while reported EBITDA increased 20 per cent, after including a reversal of provision for outpayment costs no longer required.

Total business fixed revenue returned to growth, rising 2 per cent, while wholesale fixed revenue was stable with continued satellite growth partly offset by lower domestic voice revenue.

Reinforcing its leadership position in the Trans-Tasman satellite industry, Optus announced the 2013 launch of a new satellite, Optus 10, which will enhance its satellite fleet by providing increased capacity and resilience.

In **Consumer and SMB** fixed, consumer on-net revenue excluding Pay TV was stable. Including Pay TV, total on-net revenue declined 1 per cent. Underpinned by its on-net strategy, EBITDA grew by 7 per cent to A\$61 million, with margin expansion of 2 percentage points to 18 per cent.

In Consumer fixed, on-net revenue contributed 95 per cent to overall Consumer fixed revenue, up from 91 per cent a year ago. ULL telephony customers reached 512,000, up 22,000 from a year ago.

⁵ 3G subscribers are defined as subscribers who i) own a 3G device and ii) are provisioned with 3G Data Services access.

⁶ Wireless broadband subscribers are defined as subscribers provisioned with an HSPA broadband service. Excludes data packs attached to voice services.



Continuing demand for Optus' market-leading Fusion plans and a range of new broadband offers with generous data inclusions delivered on-net broadband revenue growth of 3 per cent. Total on-net broadband customers increased 4 per cent from a year ago to 960,000 as at 31 March 2011.

For the full year, sustained revenue growth and strong cost management increased EBITDA by 8 per cent to A\$2.33 billion.

Optus' operating revenue was up 4 per cent to A\$9.28 billion, supported by Mobile service revenue growth of 8 per cent, while net profit increased by 15 per cent to A\$776 million.

"We sustained strong growth this financial year by staying focused on delivering an outstanding customer experience, enriching our portfolio of products and services, and continuing to invest in our network with a further A\$1 billion annual investment," said Mr O'Sullivan.

Highlights during the year include The Open Network⁷ reaching a new milestone of voice and data coverage to 97 per cent of the population, and Optus celebrating its clear leadership position in the satellite market with 25 years of satellite communications. Optus HFC cable network upgrade also enabled customers in Brisbane, Melbourne and Sydney to experience broadband speeds of up to 100Mbps to take advantage of high speed content and services.

Regional

The Group and its regional mobile associates continued to register strong customer growth and now have 403 million mobile customers, a 37 per cent increase from a year ago.

Share of ordinary pre-tax profit	Quarter Ended	YOY		Year Ended	YOY	
	31 Mar 2011 (S\$m)	Change (S\$)	Change (local currency)	31 Mar 2011 (S\$m)	Change (S\$)	Change (local currency)
Telkomsel	190	(7.2%)	(1.3%)	855	(9.0%)	(10.7%)
Bharti	173	(29.1%)	(23.1%)	776	(21.4%)	(17.8%)
AIS	73	37.8%	40.7%	276	28.2%	26.9%
Globe	59	(3.3%)	1.0%	192	(18.5%)	(17.4%)
Warid	(12)	12.6%	2.1%	(54)	14.5%	5.6%
PBTL	(4)	(29.6%)	(48.0%)	(16)	(25.4%)	(36.2%)
Regional Mobile Associates	479	(12.3%)	NM	2,028	(11.9%)	NM

NM denotes not meaningful

Mr Hui Weng Cheong, CEO International, said: "Our major associates, Telkomsel and Bharti, reported growth in their operating revenue despite intense competition. As our associates operate in various markets, the volatility of foreign exchange rates will impact us as we report in Singapore Dollars."

⁷ The Open Network is Optus' combined 2G and 3G mobile networks brand.

He added, "Some of our associates experienced high levels of competition in their markets during the year. Being part of a larger group, the associates are able to share experiences and insights with one another, especially since they are in different stages of development. These lessons help our associates as they navigate challenges in their own markets. We will continue to assist our associates to enhance their long term competitiveness."

Telkomsel's operating revenue grew 5 per cent mainly driven by higher data revenue. EBITDA declined by 2 per cent on higher marketing spend. In Singapore Dollar terms, pre-tax contribution declined 7 per cent to S\$190 million, as the Indonesian Rupiah declined 6 per cent against the Singapore Dollar.

In the quarter, **Bharti** South Asia reported a 13 per cent growth in operating revenue and a 7 per cent rise in EBITDA on a higher mobile customer base amid a more stable pricing environment.

Bharti's contribution in Singapore Dollar terms was negatively impacted by a 9 per cent depreciation of the Indian Rupee against the Singapore Dollar. The Group's share of Bharti South Asia's ordinary pre-tax profit was down 20 per cent to S\$196 million, including the Group's S\$1 million share of fair value losses compared to S\$15 million of fair value gains in the same quarter last year.

The Group's share of pre-tax operating profit from Bharti Africa was S\$3 million compared to a profit of S\$7 million in the preceding quarter. The Group's share of overall pre-tax losses from Bharti Africa amounted to S\$23 million, after including S\$22 million of financing costs and S\$4 million of fair value losses.

In Singapore Dollar terms, **AIS'** pre-tax contribution in the quarter ended 31 December 2010 grew a strong 38 per cent to S\$73 million, with robust revenue growth and careful cost management.

Globe recorded increases in service revenue and operating profit. However, its pre-tax contribution in Singapore dollar terms declined 3 per cent to S\$59 million as the Philippine Peso weakened 4 per cent against the Singapore Dollar.

Outlook for the next financial year ending 31 March 2012

Macro-economic environment

In Asia, domestic demand is expected to drive economic growth, while Australia and Africa are expected to benefit from rising commodity prices. Over the mid to longer term, the African economies are anticipated to drive market-friendly economic reforms to deliver future growth.

In 2011, the Singapore economy is expected to return to a more sustainable growth level of 4.0 per cent to 6.0 per cent, after a record 14.5 per cent expansion in 2010. In Australia, GDP growth is expected to be around 4.5 per cent, against 2.5 per cent in the previous year. India and Indonesia are forecast to deliver GDP growth of 8 per cent and 6 per cent respectively. Bharti's key markets in Africa, namely Nigeria, Zambia, DRC, Gabon and Tanzania, are expected to register GDP growth rates of 5 per cent to 7 per cent.

Singapore

SingTel will maintain its market leadership in the carriage business, while continuing to build scale in the multimedia business in Singapore and grow ICT services in the region.



For the consumer market, SingTel will further leverage the Next Generation National Broadband Network (NGNBN) and its large customer base to strengthen its suite of converged voice, data, video and content-rich services. In the business segment, SingTel will expand its cloud computing and fibre services for enterprise customers.

For the financial year ending 31 March 2012, operating revenue is expected to grow at low single digit level, driven by higher mobile and mio TV revenue, while IT & Engineering revenue is expected to slow as OpenNet reached peak fibre rollout in the current financial year. Excluding fibre rollout, IT & Engineering revenue is expected to grow, as SingTel continues to strengthen its ICT capabilities and delivery in Singapore and overseas. EBITDA for the Singapore business, with a full year impact of Barclays Premier League and ESPN content costs, is expected to be stable.

Capital expenditure is estimated to be approximately S\$900 million, and includes upgrade of mobile data network to enhance speed and capacity, as well as NCS' investments in equipment for a major government project. Free cash flow is expected to be around S\$1.3 billion.

Optus

In Australia, Optus' growth will be underpinned by mobile. Optus continues to compete with differentiated mobile value added services, supported by ongoing network investments to increase the depth and reach of its services. In fixed line, Optus will continue to build scale and focus on profitable on-net services to customers.

For the financial year ending 31 March 2012, Optus' operating revenue and EBITDA are expected to grow at low single digit levels. Free cash flow is expected to be above A\$1 billion, after capital expenditure of around A\$1.2 billion.

Associates

The primary focus in the next financial year is to strengthen the associates' operating and financial performance and build capabilities, particularly in mobile broadband.

In India, against a backdrop of stabilising competition, Bharti will continue to drive growth and maintain its market leadership position. With its 3G rollout, Bharti will leverage its superior network and quality customer base to capture increasing demand for mobile data services.

In Africa, Bharti is focused on execution, to drive cost productivity, enhance network reach and quality and lift customer experience. Through these efforts, Bharti expects to gain market share and realise operating synergies.

In Indonesia, Telkomsel aims to grow revenue in line with the industry, partially boosted by emerging mobile broadband growth.

Ordinary dividends from the regional mobile associates are expected to be stable.

Group

Consolidated revenue and 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

SingTel's dividend payout ratio ranges from 55 per cent to 70 per cent of underlying net profit.

The Group is committed to an optimal capital structure while maintaining financial flexibility and investment grade credit ratings. Consistent with this policy, the Group will review on a three-year basis its cash needs for operations and growth, as well as strategic initiatives, with a view to returning surplus cash to shareholders.

Strategic Focus

In Singapore and Australia, the Group is focused on protecting its market share and defending the value of its carriage business, while developing new growth areas.

In the emerging markets, the Group is well-positioned to capture significant long term opportunity in mobile broadband growth.

The Group places strong emphasis on innovation and has invested in transformational initiatives and resources to harness innovation within and outside the Group. Coupled with its unique strengths of scale, customer knowledge and extensive network, the Group plans to deliver complementary digital content and services that are relevant and personalised to customers and accessible via multiple platforms.

SingTel continues to review investment opportunities in communications and adjacent businesses in Asia and emerging markets. These include strategic investments that may help the Group gain scale economies and important capabilities, such as in multimedia and managed services. SingTel continues to be financially disciplined in its evaluation of such opportunities.

Appendix 1

The following table shows the trends in constant currency terms.

	Quarter Ended	YOY		Year Ended	YOY	
	31 Mar 2011 (S\$m)	Change (S\$)	Change (constant currency) ⁸	31 Mar 2011 (S\$m)	Change (S\$)	Change (constant currency) ⁸
Group revenue	4,643	3.8%	3.1%	18,071	7.1%	4.8%
Group underlying net profit	998	(2.4%)	(0.5%)	3,800	(2.8%)	(3.5%)
Optus revenue	2,982	5.3%	4.1%	11,670	7.3%	3.7%
Associates' earnings ⁹	514	(10.4%)	(5.1%)	2,150	(11.1%)	(11.0%)

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⁸ Assuming constant exchange rates from the corresponding periods in FY10.

⁹ Based on the Group's share of associates' earnings before tax and exceptionals.