

# Financial results presentation

## Q4 and Financial year ended 31 March 2011

12 May 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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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



# Resilient performance

## Group performance

Revenue  
➤ **up 4%**

**S\$4,643m**

Net profit  
➤ **down 2%**

**S\$992m**

Underlying net profit  
excl. Bharti Africa  
➤ **up 1%**

**S\$1,036m**

## Singapore

Revenue  
➤ **up 1%**

**S\$1,661m**

EBITDA<sup>1</sup>  
➤ **down 5%**

**S\$551m**

## Optus

Revenue<sup>2</sup>  
➤ **up 4%**

**A\$2,322m**

EBITDA<sup>2</sup>  
➤ **up 7%**

**A\$652m**

## Regional Mobile

Customers<sup>3</sup>  
➤ **up 37%**

**403m**

Earnings<sup>4</sup>  
➤ **down 12%**  
➤ **down 8% excl. Bharti Africa**

**S\$479m**

1. Excludes Group and International Business corporate costs
2. In A\$ terms, excludes the write-back of a A\$20m provision no longer required
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

# FY11: Special dividend brings total payout to S\$4.1 billion

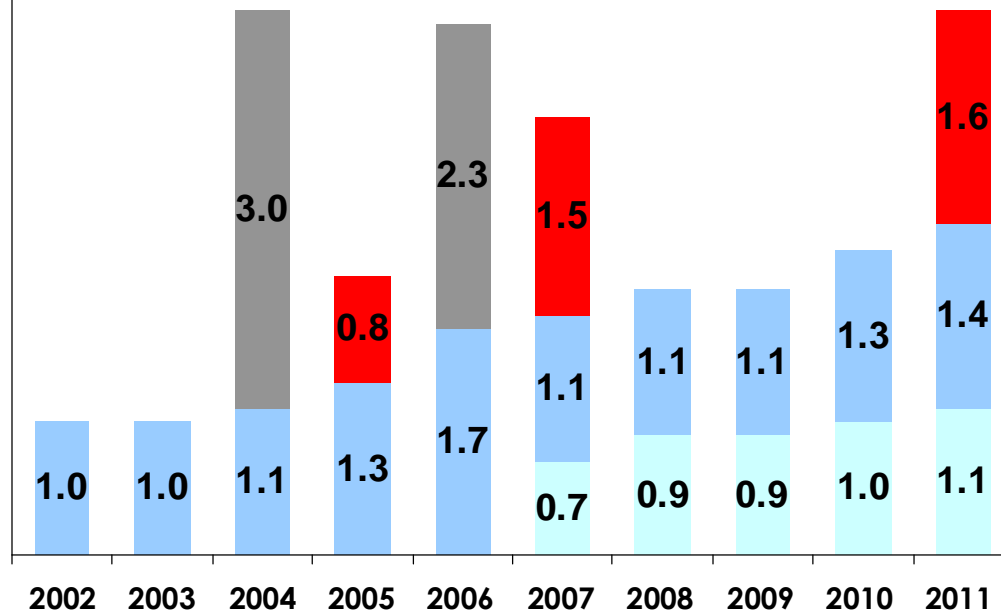
Record dividend per share

25.8¢

10-year cumulative payout<sup>1</sup>: S\$26b

• 76% of NPAT

Shareholder payout (S\$bn)



10.0¢

Special

9.0¢

Final ordinary

6.8¢

Interim ordinary

66% payout ratio<sup>2</sup>

11%

Final ordinary Interim ordinary Special Capital reduction

1. Cash distribution as % of NPAT
2. Within range of 55-70% of underlying NPAT

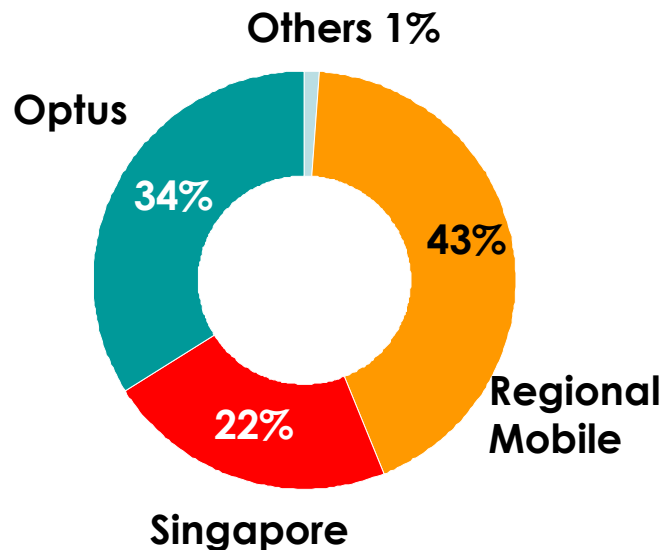
# Group Q4 FY11 highlights

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

78%

Group

Successfully completed US\$600m & HK\$620m bond issues



Singapore

Record postpaid customer additions

51K

Expanded range of services on fibre

- ESC: gaming on-demand
- QuickBooks Online



Optus

Postpaid net adds

151k

Announced new satellite for 2013

Optus 10

Regional Mobile

Bharti Airtel launched 3G

9 circles  
24 cities

Telkomsel crossed key customer milestone

100m

6

1. Based on 3 months to Mar 11

## Q4 FY11: Strong contribution from Australia

S\$m	3 months to Mar 11	3 months to Mar 10	YoY % change	3 months to Dec 10	Sequential % change
Operating revenue	4,643	4,471	3.8%	4,704	(1.3%)
Operational EBITDA	1,392	1,336	4.2%	1,284	8.4%
- margin	30.0%	29.9%		27.3%	
Associates pre-tax earnings <sup>1</sup>	514	574	(10.4%)	518	(0.8%)
EBITDA <sup>2</sup>	1,906	1,901	0.3%	1,803	5.7%
Depreciation & amortisation	(500)	(487)	2.6%	(503)	(0.7%)
Net finance expense	(92)	(107)	(14.1%)	(66)	39.4%
Pre-tax profit	1,308	1,300	0.7%	1,263	3.6%
Tax	(317)	(285)	11.1%	(266)	19.1%
Net profit	992	1,015	(2.3%)	998	(0.7%)
Underlying net profit	998	1,022	(2.4%)	968	3.0%

1. Share of associates' pre-tax earnings excluding exceptionals

2. Operational EBITDA plus share of associates' pre-tax earnings








## FY11: Strong growth in revenue and Op EBITDA

S\$m	12 months to Mar 11	12 months to Mar 10	YoY % change
Operating revenue	18,071	16,871	7.1%
Operational EBITDA - margin	5,119 28.3%	4,847 28.7%	5.6%
Associates pre-tax earnings <sup>1</sup>	2,150	2,420	(11.1%)
EBITDA <sup>2</sup>	7,260	7,257	-
Depreciation & amortisation	(1,969)	(1,878)	4.8%
Net finance expense	(324)	(334)	(3.1%)
Pre-tax profit	4,993	5,042	(1.0%)
Tax	(1,170)	(1,136)	3.0%
Net profit	3,825	3,907	(2.1%)
Underlying net profit	3,800	3,910	(2.8%)
Underlying net profit (excl. Bharti Africa)	3,922	3,910	0.3%

1. Share of associates' pre-tax earnings excluding exceptionals

2. Operational EBITDA plus share of associates' pre-tax earnings

# 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\$ 1.2838		1.2%	(0.3%)
INR 	35.5		(8.6%)	(2.9%)
IDR 	6,993		(6.3%)	(1.4%)
PHP 	34.2		(4.3%)	(2.4%)
THB 	23.9		(2.1%)	(3.9%)
BDT 	55.6		(12.8%)	(2.8%)
PKR 	67.1		(11.5%)	(2.0%)

1. Average exchange rates for the quarter ended 31 Mar 11
2. Average A\$ rate for translation of Optus' operating revenue

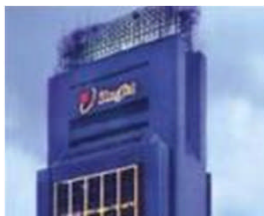
# Trends in constant currency terms<sup>1</sup>

<b>3 months to Mar 11</b>	<b>4Q FY11 (reported S\$m)</b>	<b>YoY % change (reported S\$)</b>	<b>YoY % change (at constant FX)<sup>1</sup></b>
Group revenue	4,643	3.8%	3.1%
Group underlying NPAT	998	(2.4%)	(0.5%)
Optus revenue	2,982	5.3%	4.1%
Associates earnings <sup>2</sup>	514	(10.4%)	(5.1%)
<b>12 months to Mar 11</b>	<b>FY11 (reported S\$m)</b>	<b>YoY % change (reported S\$)</b>	<b>YoY % change (at constant FX)<sup>1</sup></b>
Group revenue	18,071	7.1%	4.8%
Group underlying NPAT	3,800	(2.8%)	(3.5%)
Optus revenue	11,670	7.3%	3.7%
Associates earnings <sup>2</sup>	2,150	(11.1%)	(11.0%)

1. Assuming constant exchange rates from corresponding periods in FY10

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

# Singapore



# Singapore FY11: exceeded guidance

FY11 guidance	FY11 outcome		
<ul style="list-style-type: none"> <li>Revenue to grow mid single-digit level</li> </ul>	Revenue S\$6,401m	7%	✓
<ul style="list-style-type: none"> <li>EBITDA decline within low to mid single-digit range</li> </ul>	EBITDA S\$2,253m	2%	✓
<ul style="list-style-type: none"> <li>EBITDA margin to decline to around 35%</li> </ul>	SG biz margin	35.2%	✓
<ul style="list-style-type: none"> <li>Capex around S\$830m</li> </ul>	Capex : revenue 11%	S\$726m	✓
<ul style="list-style-type: none"> <li>Free cash flow (ex associates dividend) in the range of S\$1.1b</li> </ul>	Free cash flow up 11%	S\$1.4b	✓

# Singapore: Mobile and Data driving growth

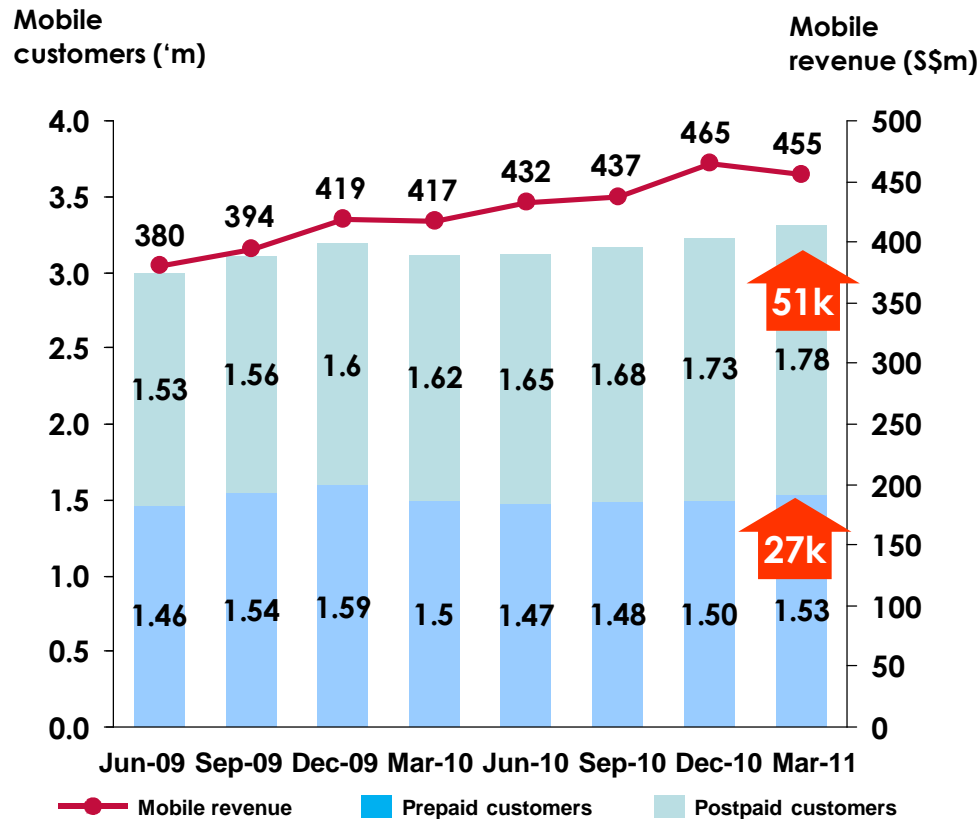
Q4 FY11	Revenue (\$\$ m)	YoY Change	Highlights
<b>Total revenue</b>	1,661	1%	<ul style="list-style-type: none"> <li>• up 3% excluding fibre rollout</li> </ul>
Mobile	455	9%	<ul style="list-style-type: none"> <li>• strong postpaid customer growth and take-up of higher rate plans</li> </ul>
Data & Internet	415	4%	<ul style="list-style-type: none"> <li>• growth in Managed Services offsets lower International Leased Circuits revenue</li> </ul>
IT & Engineering	430	7%	<ul style="list-style-type: none"> <li>• lower fibre rollout revenue as OpenNet passed peak rollout</li> <li>• NCS revenue stable</li> </ul>
International telephone	123	1%	<ul style="list-style-type: none"> <li>• increased international traffic offsets lower collection rates</li> </ul>

# Mobile: record postpaid customer growth

Strong revenue growth



Strong postpaid customer growth



Postpaid ARPU at S\$87

- up 3% excluding data-only SIMs



Wireless BB subs up 72%<sup>1</sup>

869k

Total data % of ARPU

- 18% non-sms data

40%

Subscriber acquisition cost

- Down 19% YoY and 16% QoQ

S\$287

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

# Expanding ICT services

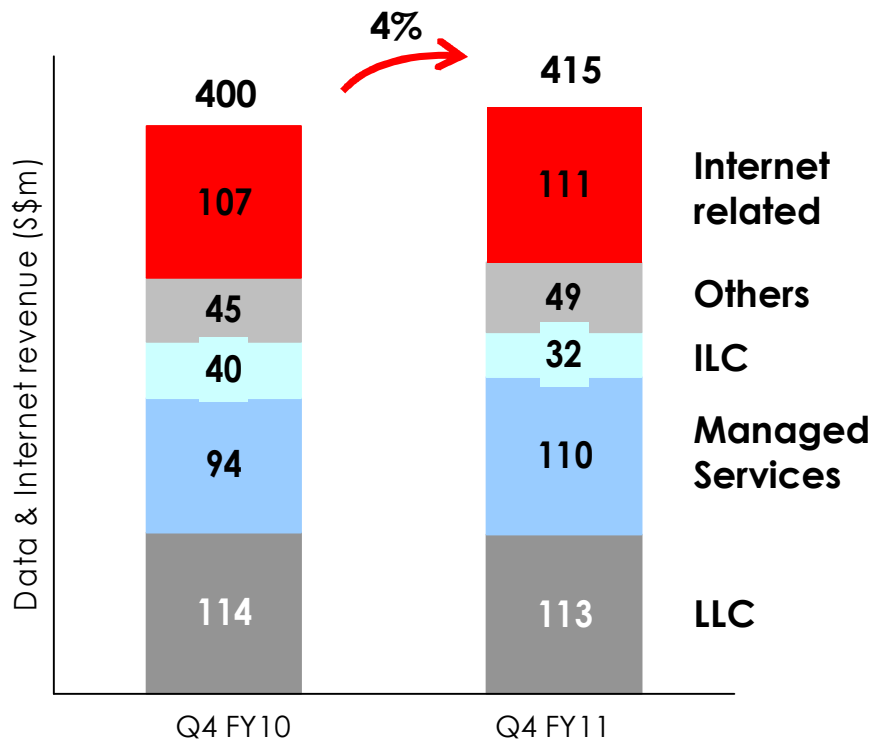
Data & Internet revenue

**S\$415m**

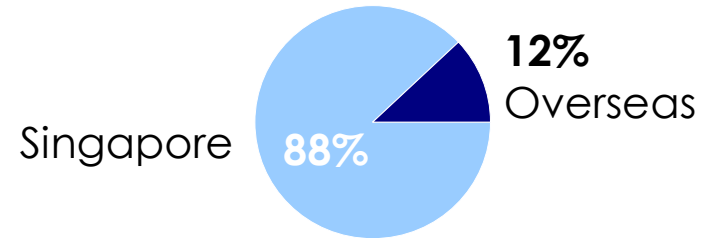
NCS Group revenue

• stable

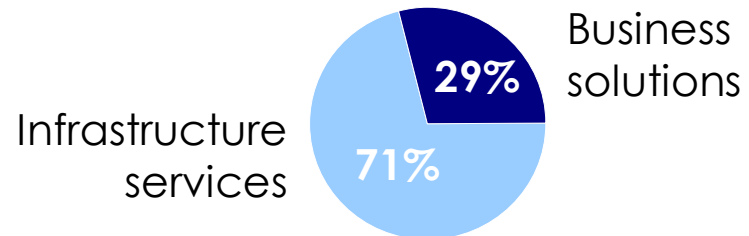
**S\$379m**



## Revenue by geography



## Revenue by lines of business



NCS Group order book<sup>1</sup>

**S\$1.9bn**

1. As at 31 Mar 2011

# Leading the digital home revolution

**mio TV revenue**

**S\$23m**

**Strengthen presence in homes**

**mio TV customers<sup>1</sup>**

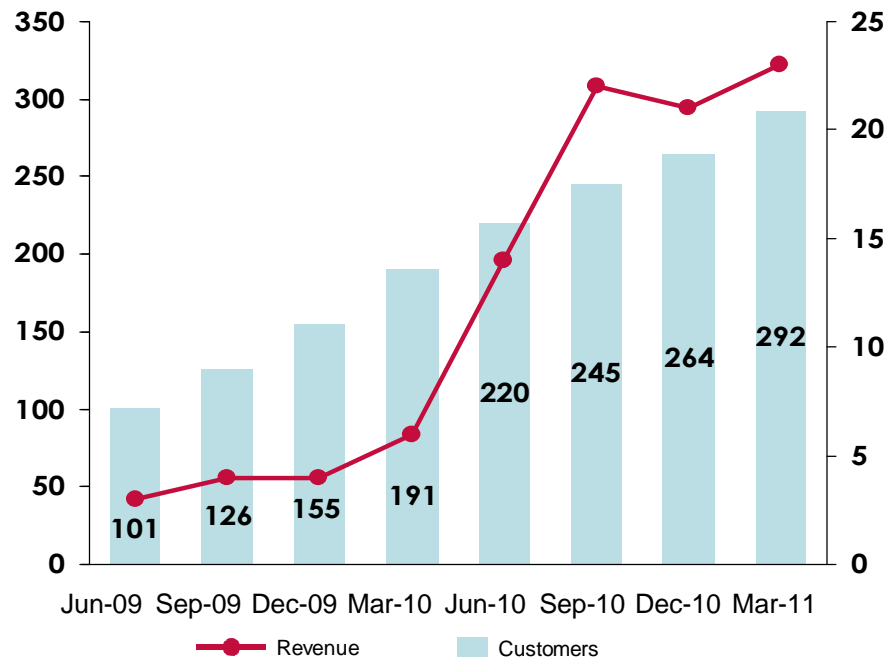
➤ up 28,000

**292k**

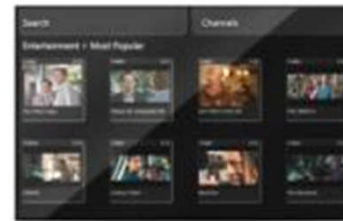
**Customers on bundles:  
mio Plan & mio Home**

➤ up 17,000

**241k**



**Innovative fibre services**



**eXcite TV:** web video search engine through TV

**eXpress portal:** personal gateway to services – HD video chat, unified in-box & social networking, high-speed and secure store & share

1. As at 31 March 2011, residential customers only

# Investing in strategic initiatives

## Singapore Biz EBITDA

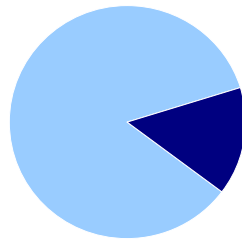
- down 5%

**S\$551m**

## Operating expenses

**5%**

**Telco**  
EBITDA  
S\$469m



**IT & Engg**  
EBITDA  
S\$82m

## Selling & Admin

- higher mio TV content & service costs
- flat mobile acquisition & retention costs

**17%**

## Telco EBITDA

- down 8%
- EBITDA margin 38.1%

**S\$469m**

## Cost of sales

- lower costs for fibre rollout

**5%**

## IT & Engineering EBITDA

- up 18%
- EBITDA margin 19.1%

**S\$82m**

## Staff costs

- stable excluding job credits

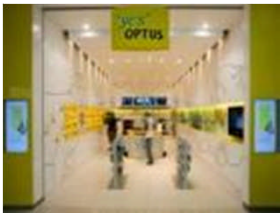
**3%**

## Traffic expenses

- higher lease and interconnect expense

**4%**

# Optus



# Optus FY11: exceeded guidance

## FY11 Guidance

## FY11 Outcomes

- Revenue to grow at mid single-digit level

Revenue A\$9,284m



- EBITDA to grow at mid single-digit level

EBITDA A\$2,334m



- Capital expenditure to be approximately A\$1.2 billion

Capex: revenue 11%



- Free cash flow to be above A\$1.0 billion

Free cash flow up 19%



# Optus: growth led by mobile

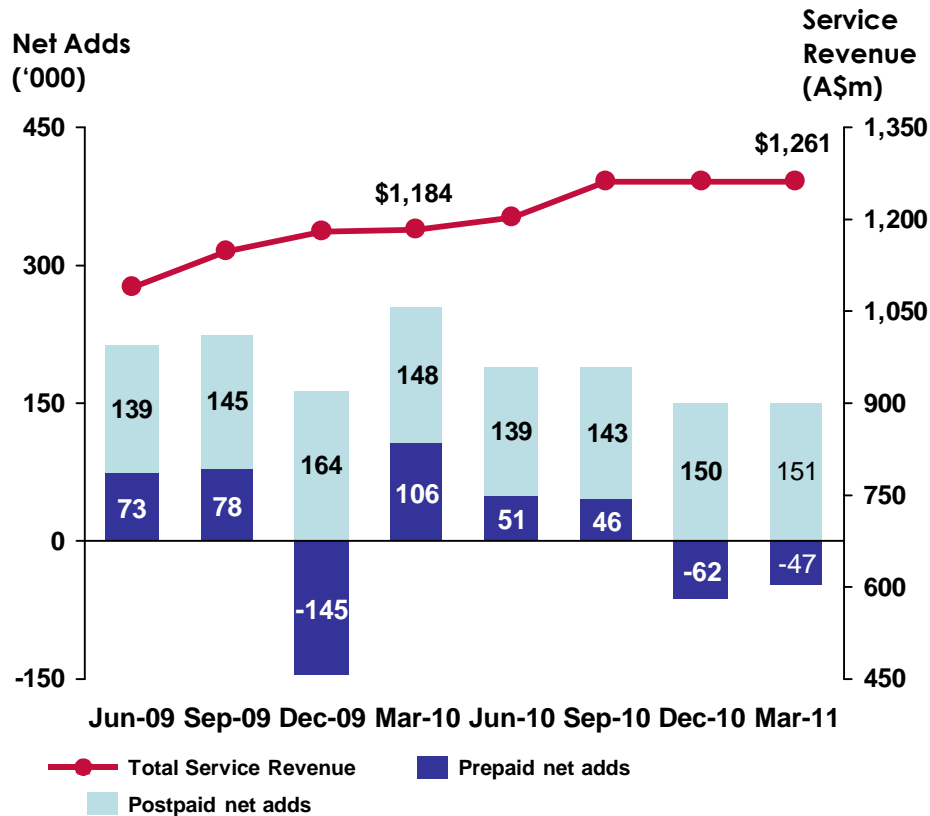
Q4 FY11	Revenue A\$m	YoY change	Highlights
<b>Total revenue</b>	2,322	4%	
Mobile	1,494	7%	<ul style="list-style-type: none"> <li>• service revenue growth driven by enlarged postpaid customer base</li> </ul>
Business & Wholesale Fixed	500	2%	<ul style="list-style-type: none"> <li>• higher ICT and Managed Services revenue</li> </ul>
Consumer & SMB Fixed	330	5%	<ul style="list-style-type: none"> <li>• ongoing exit of marginal resale</li> </ul>

# Mobile: strong revenue and EBITDA growth

Service revenue growth



Growing customer base



Wireless broadband customers

- up 41%



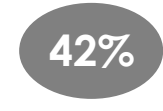
Postpaid ARPU

- up 2% excluding wireless BB



Total data % of ARPU

- 19% non-sms data



Subscriber acquisition cost

- up 2% YoY and down 25% QoQ



EBITDA growth



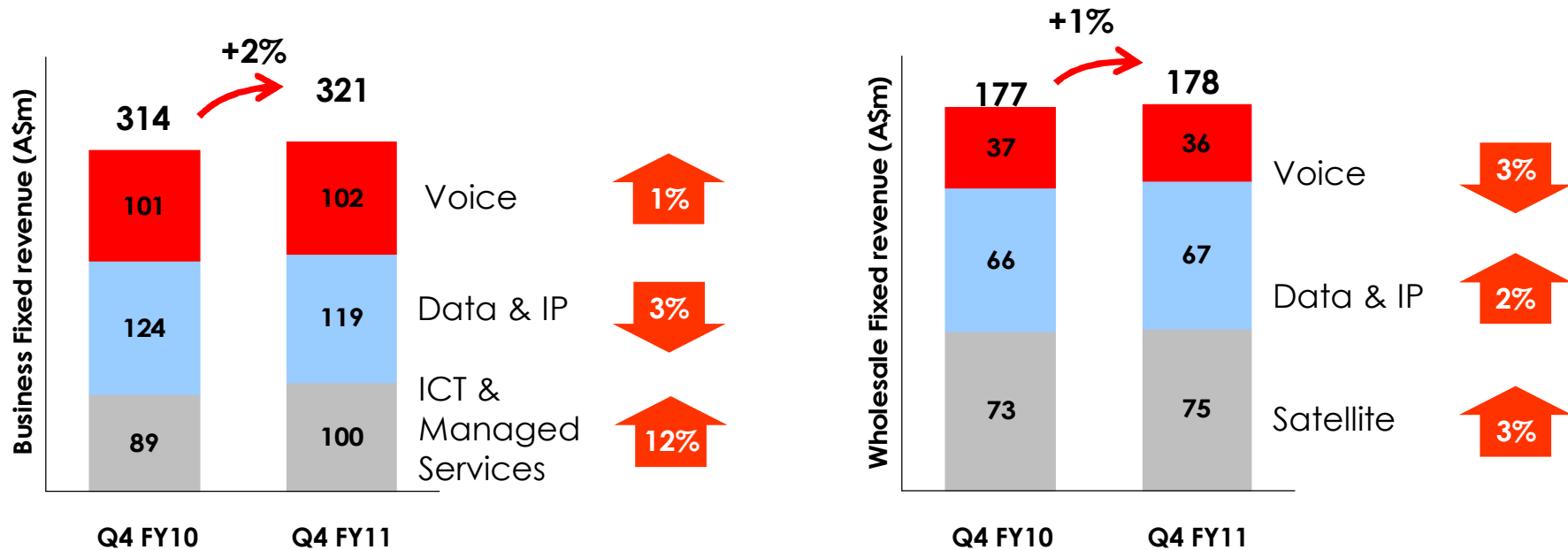
- EBITDA margin stable at 30%



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

**Business: growth in ICT & Managed Services**

**Wholesale: higher Data & IP and Satellite revenues**



**EBITDA growth**

**5%**<sup>1</sup>

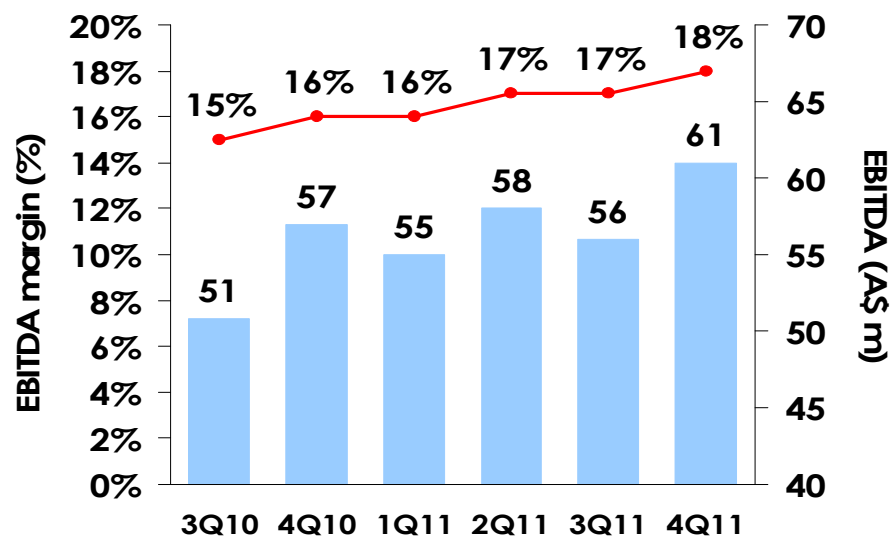
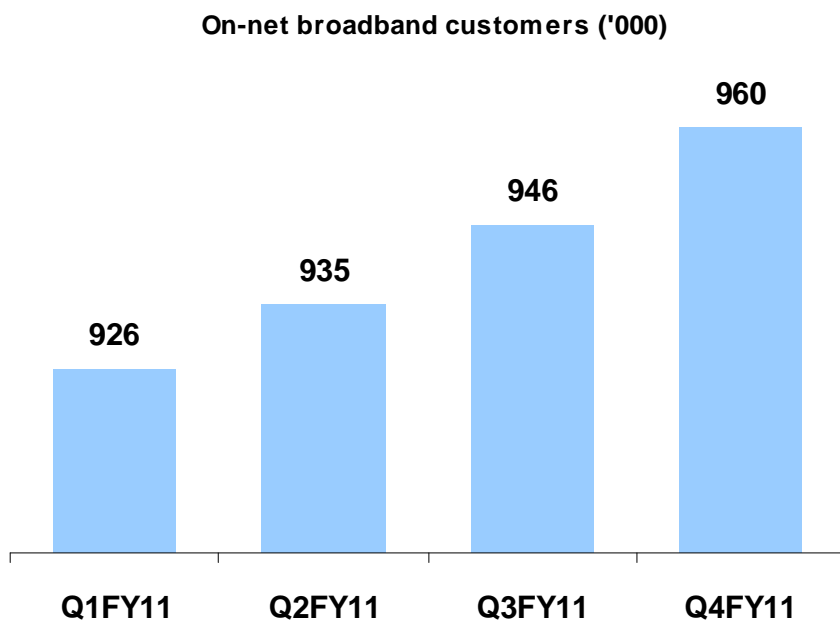
- EBITDA margin stable at 28%<sup>1</sup>

1. Excludes the write-back of a A\$20m provision no longer required

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

On-net customer growth

Improving on-net yield



EBITDA growth

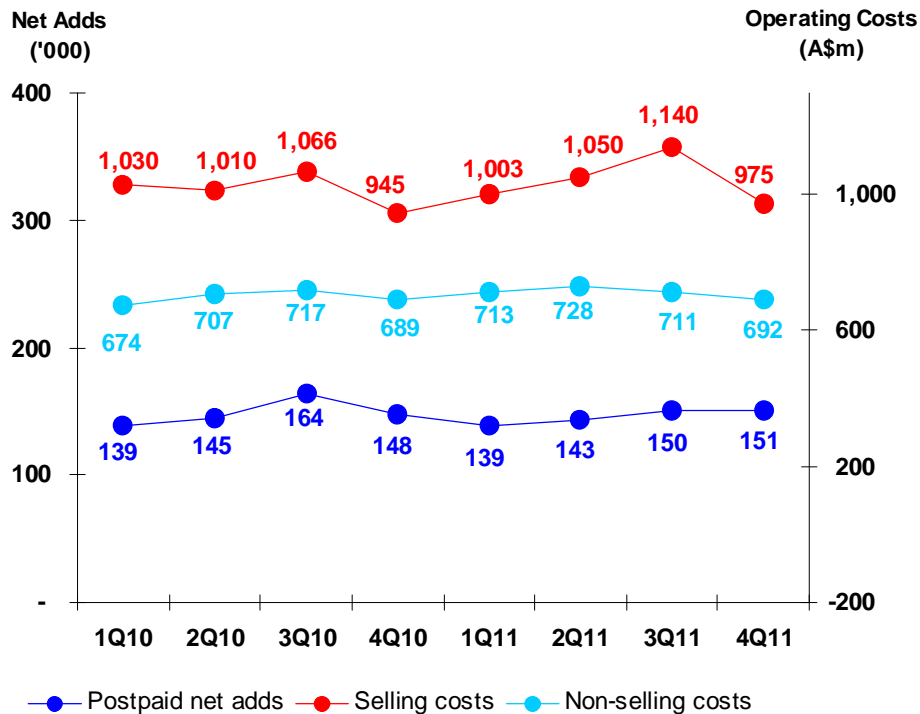
7%

• EBITDA margin up 2ppt to 18%

# Operating costs: good cost management

Continued postpaid acquisition and cost management

Operating expenses



## Selling & Admin

- higher selling costs offset by lower administrative expenses



## Cost of sales

- higher mobile equipment revenue and ICT revenue



## Traffic expenses

- higher interconnect costs offset by write-back of provision



## Staff costs

- lower headcount



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



# Associates FY11: met guidance

## FY11 guidance

### Bharti

Earnings to be diluted by acquisition financing costs for Bharti Africa and investment in 3G spectrum

### Telkomsel

Operating revenue to grow at single-digit level

EBITDA margin to decline slightly

  
3%

  
58%

Down 3 pts

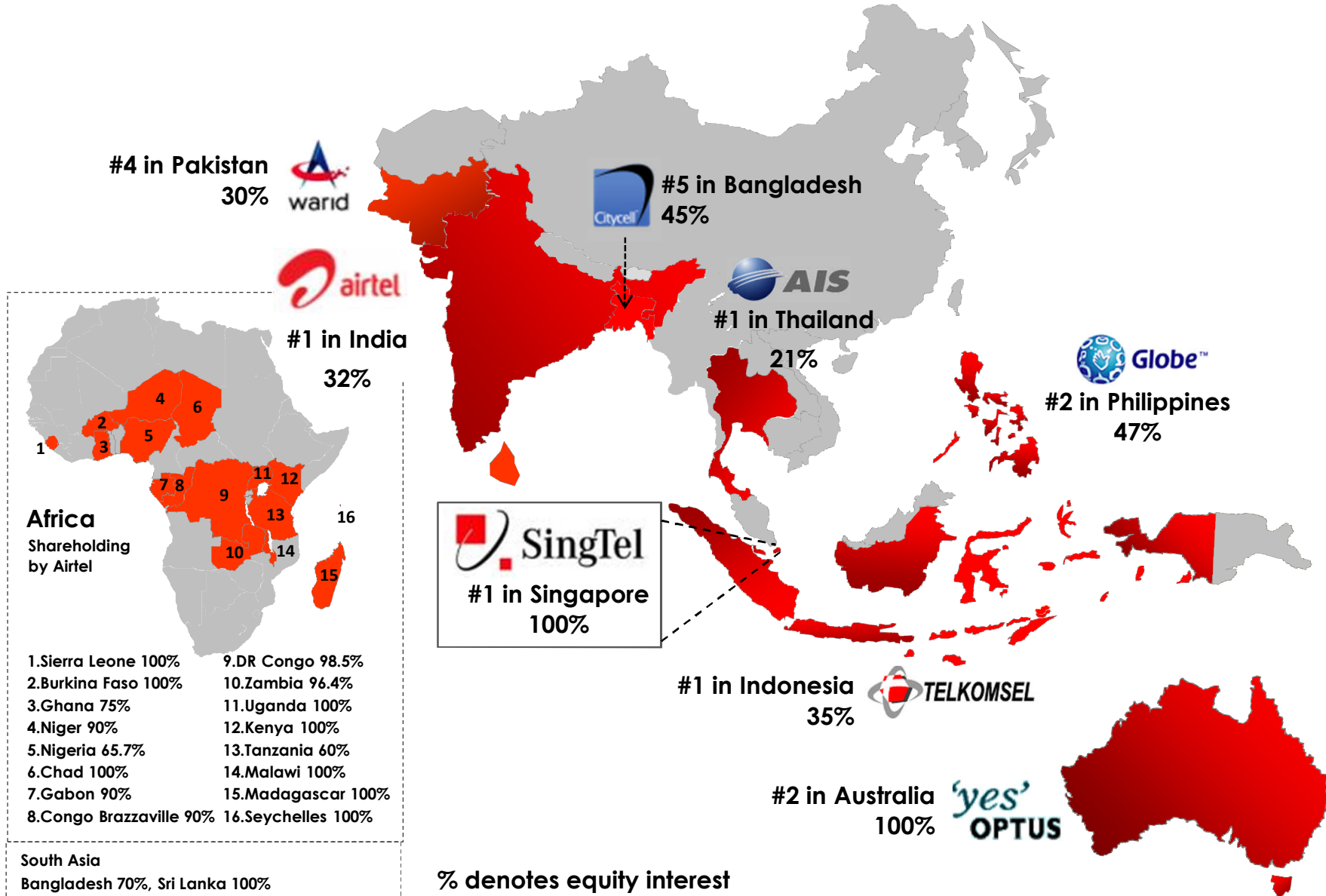
### Dividends from Regional Mobile Associates

Ordinary dividends to increase

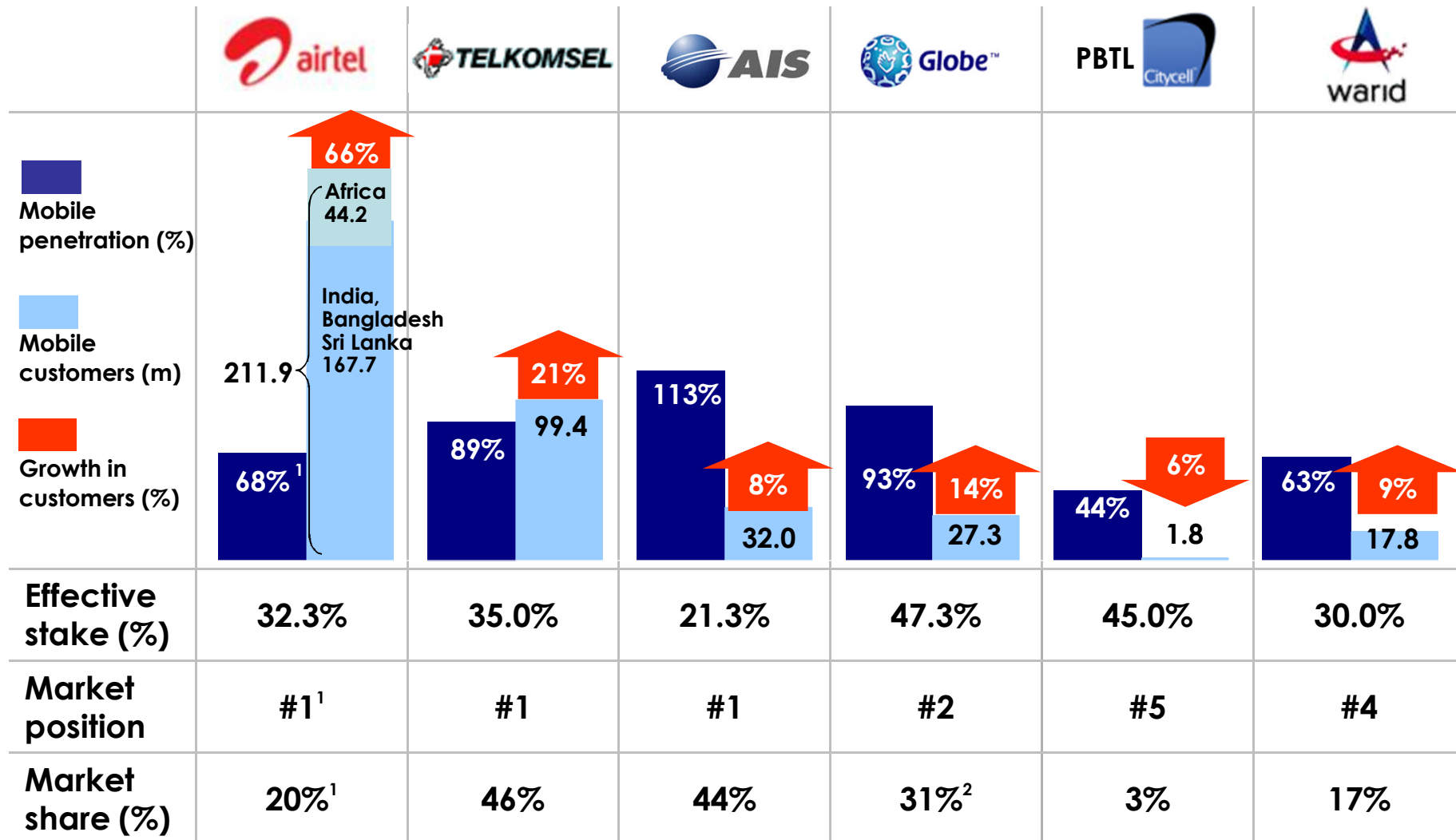
  
S\$797m

Up 4%

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



# Regional Mobile: significant footprint across Asia & Africa



1. For India  
2. As at Dec 10

# Regional Mobile Associates

Q4 FY11	PBT <sup>1</sup> (S\$ m)	% Change (S\$)	% Change (local curr)	Highlights
Regional Mobile	479	↓ 12%	NA	<ul style="list-style-type: none"> <li>weaker regional currencies</li> <li>lower profits from Bharti</li> </ul>
Telkomsel	190	↓ 7%	↓ 1%	<ul style="list-style-type: none"> <li>revenue growth offset by increased marketing spend</li> </ul>
Bharti	173	↓ 29%	↓ 23%	<ul style="list-style-type: none"> <li>India: mobile traffic growth driven by higher customer base</li> <li>Africa: share of operating profit<sup>2</sup> of S\$3m; S\$22m in acquisition financing costs</li> </ul>
AIS	73	↑ 38%	↑ 41%	<ul style="list-style-type: none"> <li>strong data growth and continued cost management</li> </ul>
Globe	59	↓ 3%	↑ 1%	<ul style="list-style-type: none"> <li>revenue growth offset by higher operating expenses</li> </ul>

1. Excluding exceptional items – compared to 3 months to Mar 10

2. Before fair value adjustments and acquisition financing costs

# Financial position & Outlook

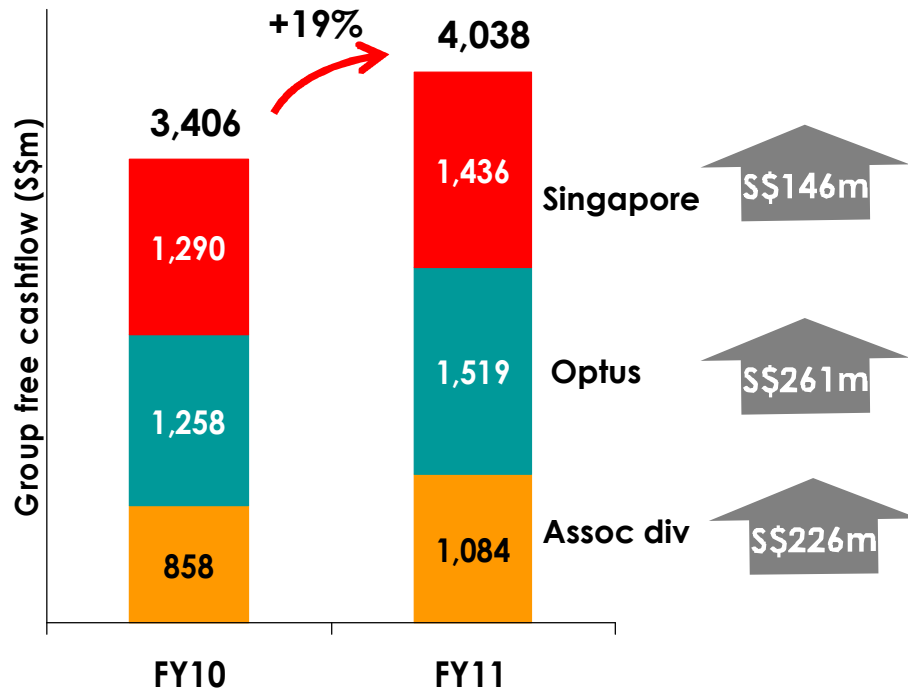


# Strong financial position

Record free cash flow<sup>1</sup>

**S\$4b**

Strong balance sheet



Net debt

**S\$6.0bn**

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

# FY12 Outlook: Group

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<b>GDP Growth</b>	<b>Singapore : 4.0 – 6.0%</b>	<b>India : 8%</b>
	<b>Australia : 4.5%<sup>1</sup></b>	<b>Indonesia : 6%</b>
	<b>Africa <sup>2</sup> : 5 – 7%</b>	

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**Consolidated revenue, EBITDA & earnings**      **May be impacted by exchange rate movements of Australian Dollar & regional currencies**

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**Dividends from Regional Mobile Associates**      **Ordinary dividends expected to be stable**

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1. For the fiscal year ending Jun 2012
2. For Bharti's key markets: Nigeria, Zambia, DRC, Gabon & Tanzania

# FY12 Outlook: Singapore & Australia

## FY12 Guidance

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<b>Revenue</b>	<b>SIN &amp; AUS: Grow at low single digit level</b>
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<b>EBITDA</b>	<b>SIN : Stable</b> <b>AUS : Grow at low single digit levels</b>
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<b>Capex</b>	<b>SIN : Approx. S\$900 million</b> <b>AUS : Approx. A\$1.2 billion</b>
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<b>Free cash flow<sup>1</sup></b>	<b>SIN : Approx. S\$1.3 billion</b> <b>AUS : Above A\$1 billion</b>
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1. Operating cash less cash capex



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