

# Financial Results Presentation

Q2 FY12: Quarter ended 30 September 2011



10 November 2011  
Chua Sock Koong  
Group CEO

# Forward looking statement – important note

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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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



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# Resilient operations across the Group

## Results impacted by adverse currency movements

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<b>Group performance</b>	<b>Revenue</b> > up 4%	<b>S\$4,610m</b>	<b>Net profit</b> > down 1%	<b>S\$882m</b>
<b>Singapore</b>	<b>Revenue</b> > up 1%	<b>S\$1,601m</b>	<b>EBITDA<sup>1</sup></b> > up 5%	<b>S\$553m</b>
<b>Optus</b>	<b>Revenue</b> > up 1%	<b>A\$2,337m</b>	<b>EBITDA</b> > up 1%	<b>A\$560m</b>
<b>Regional Mobile</b>	<b>Customers<sup>2</sup></b> > up 15%	<b>424m</b>	<b>Pre-tax earnings<sup>3</sup></b> > down 12% > down 6% in constant currency	<b>S\$471m</b>

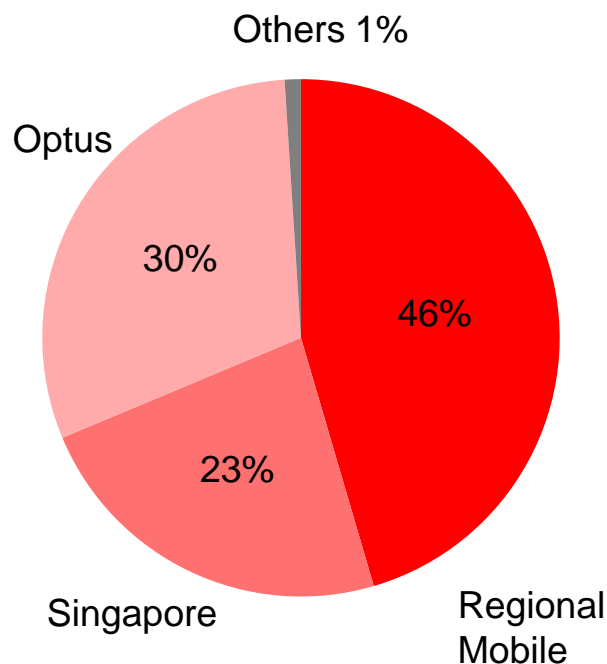
1. Excludes Group and International Business corporate costs

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

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

# Group Q2 FY12 highlights

**Proportionate EBITDA<sup>1</sup>**  
**77% outside Singapore**



## Group

- › Declared interim dividend

**6.8¢**  
Per share

## Singapore

- › Expanded SingTel's cloud solution offerings

**>150,000**  
users

- › Jia Le – first aggregated Asian entertainment channel



## Optus

- › Announced LTE rollout
- › Continued launch of market-leading digital services

The place to go  
before you go out.



Optus Go Places

## Regional Mobile

- › Upstake in AIS<sup>2</sup>
- › Airtel Africa acquired license to operate in Rwanda

1. Based on 3 months to Sep 2011

2. Subject to regulatory and other approvals

# Q2 FY12: strong underlying results but affected by fair value losses

	3 months to Sep 11	3 months to Sep 10	YoY % change	3 months to Jun 11	Sequential % change
Operating revenue	4,610	4,436	3.9%	4,605	0.1%
EBITDA	1,249	1,188	5.2%	1,284	(2.7%)
- margin	27.1%	26.8%		27.9%	
Associates pre-tax earnings <sup>1</sup>	498	567	(12.1%)	500	(0.5%)
EBITDA & share of associates' pre-tax earnings	1,747	1,755	(0.4%)	1,792	(2.5%)
Depreciation & amortisation	(494)	(481)	2.7%	(501)	(1.4%)
Net finance expense	(72)	(88)	(17.5%)	(93)	(22.0%)
Exceptional Items <sup>2</sup>	(4)	1	N.M.	61	N.M.
Pre-tax profit	1,177	1,187	(0.8%)	1,259	(6.5%)
Tax	(296)	(296)	0.2%	(342)	(13.3%)
Net profit	882	892	(1.2%)	916	(3.8%)
Underlying net profit	885	891	(0.7%)	873	1.4%

1. Excludes exceptionals

2. Comparatives for Jun 2011 includes the Group's share of AIS' results for the quarter ended 31 Mar 2011 and Optus' one-off provision for ex-gratia costs arising from organisation restructuring








# 1H FY12: earnings affected by weaker regional currencies

	6 months to Sep 11	6 months to Sep 10	YoY % change
Operating revenue	9,215	8,725	5.6%
EBITDA	2,534	2,444	3.7%
- margin	27.5%	28.0%	
Associates pre-tax earnings <sup>1</sup>	998	1,117	(10.6%)
EBITDA & share of associates' pre-tax earnings	3,539	3,551	(0.3%)
Depreciation & amortisation	(996)	(965)	3.1%
Net finance expense	(165)	(167)	(0.8%)
Exceptional Items <sup>2</sup>	58	1	N.M.
Pre-tax profit	2,436	2,421	0.6%
Tax	(638)	(588)	8.6%
Net profit	1,798	1,835	(2.1%)
Underlying net profit	1,758	1,834	(4.1%)

1. Excludes exceptionals

2. Includes the Group's share of AIS' results for the quarter ended 31 Mar 2011 and Optus' one-off provision for ex-gratia payment arising from organisation restructuring.

# 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\$1.2870	4.9%	(2.3%)
INR		37.3	(9.1%)	(3.3%)
IDR		7,042	(6.3%)	(1.4%)
PHP		34.8	(4.5%)	-
THB		24.6	(5.6%)	(0.8%)
BDT		60.6	(18.1%)	(2.4%)
PKR		70.9	(12.0%)	(2.8%)

1. Average exchange rates for the quarter ended 30 Sep 11
2. Average A\$ rate for translation of Optus' operating revenue

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

<b>3 months to Sep 11</b>	<b>2Q FY12 (reported S\$m)</b>	<b>YoY % change (reported S\$)</b>	<b>YoY % change (at constant FX)<sup>1</sup></b>
Group revenue	4,610	3.9%	0.8%
Group underlying NPAT	885	(0.7%)	0.6%
Optus revenue	3,008	5.6%	0.7%
Associates pre-tax earnings <sup>2</sup>	498	(12.1%)	(6.7%)

<b>6 months to Sep 11</b>	<b>1H FY12 (reported S\$m)</b>	<b>YoY % change (reported S\$)</b>	<b>YoY % change (at constant FX)<sup>1</sup></b>
Group revenue	9,215	5.6%	1.6%
Group underlying NPAT	1,758	(4.1%)	(3.1%)
Optus revenue	6,056	7.8%	1.6%
Associates pre-tax earnings <sup>2</sup>	998	(10.6%)	(4.9%)

1. Assuming constant exchange rates from corresponding periods in FY11

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



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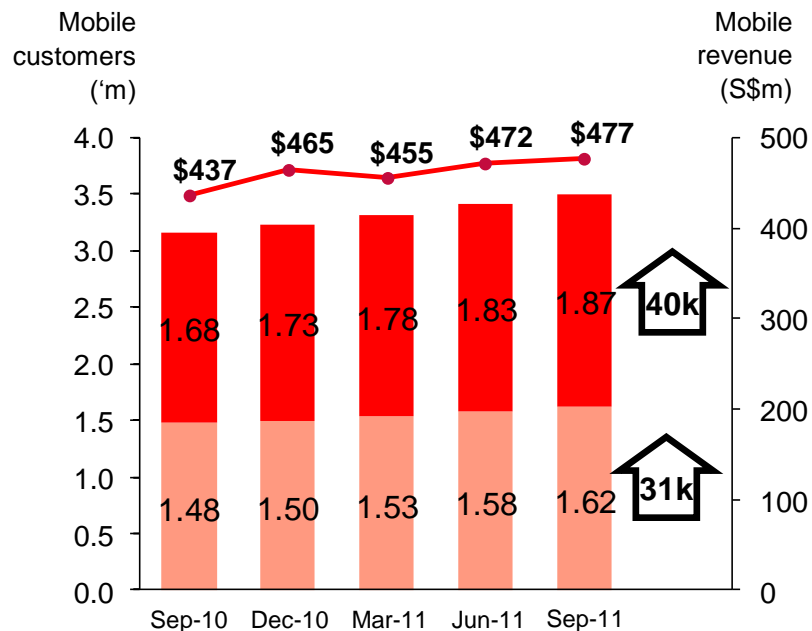
# Singapore: mobile leading growth

Q2 FY12	Revenue S\$m	YoY Change	Highlights
<b>Total revenue</b>	<b>S\$1,601m</b>	<b>+1%</b>	> up 3% excluding fibre rollout
Mobile	S\$477m	+9%	> strong customer growth
Data & Internet	S\$398m	-1%	> price decline in International Leased Circuits offset growth in Managed Services
IT & Engg	S\$368m	-2%	> lower fibre rollout revenue > NCS revenue up 8% with delivery of infrastructure set-up for an MOE project
International telephone	S\$126m	-4%	> lower inpayment revenue

# Mobile: strong customer growth

**Strong revenue growth +9%**

**Market share 45.5%<sup>1</sup>**  
 > consecutive quarter of market share gain



**Postpaid ARPU S\$85**

- > reported ARPU down 4%
- > stable excluding data-only SIMs

**Wireless BB subs up 59%<sup>2</sup> 1.1m**

**Total data as % of ARPU 41%**

- > 19% non-SMS data

**Subscriber acquisition cost S\$300**

- > down 19% YoY

● Mobile revenue ■ Prepaid customers ■ Postpaid customers

1. As at Aug 2011

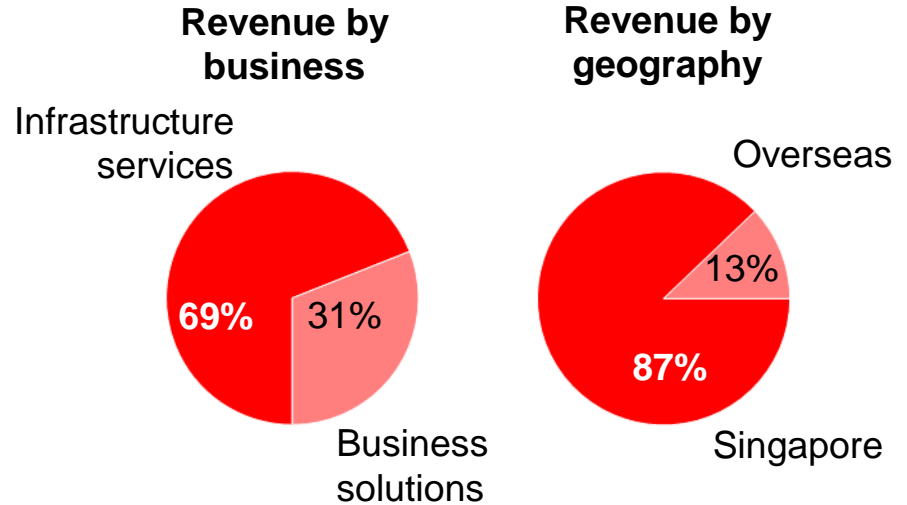
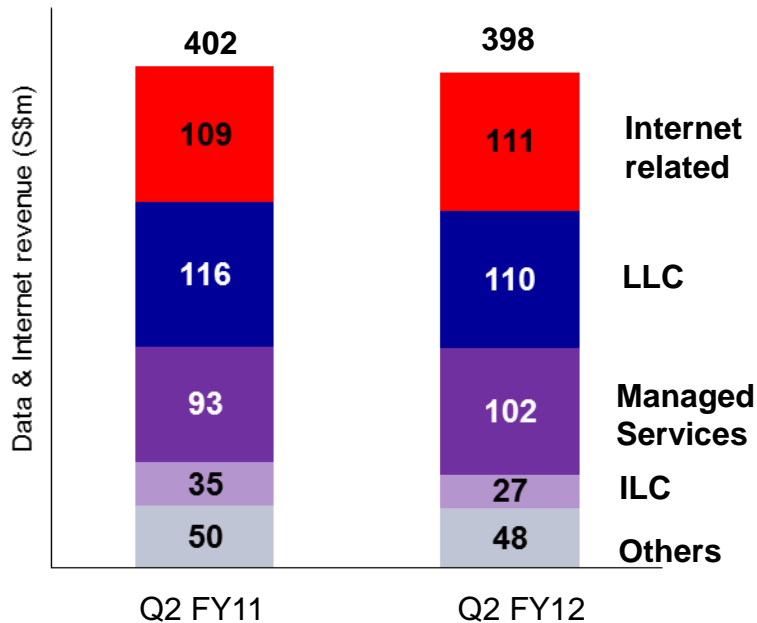
2. Mobile subscribers who registered for monthly mobile broadband data subscription plans, including data packs attached to voice services

# Expanding Managed Services & ICT-Telco solutions

**Data & Internet revenue S\$398m**

**NCS Group revenue S\$326m**

> up 8%



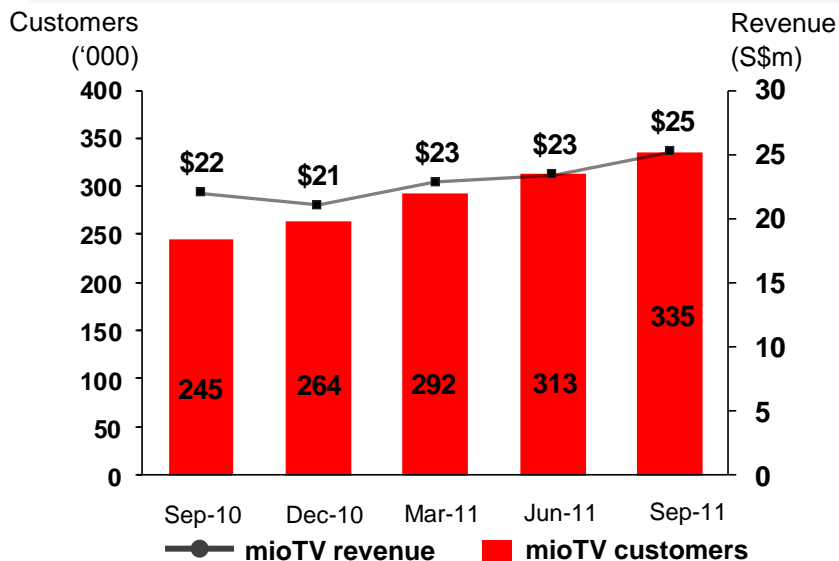
**NCS Group order book<sup>1</sup> S\$2.0b**

# Leading the digital revolution

**mio TV revenue**

**S\$25m**

**Growing our digital presence**



**Fibre customers<sup>2</sup>**

**37k**

> up 14k

**Innovative local apps & content**

> complements consumer lifestyles



**inSing.com: 1.6m unique monthly visitors**



**deF!nd: digital concierge service**

location-based app for dining, entertainment, deals and more



**AMPed: 88,000 active users**

**mio TV customers**

**335k**

> up 22k

**Customers on bundles<sup>1</sup>**

**271k**

> up 16k

> approx 24% of Singapore households

1. Bundled plans comprised mio Plan (mobile, fixed broadband & fixed voice), mio Home & exPlore Home (mio TV, fixed broadband & fixed voice)

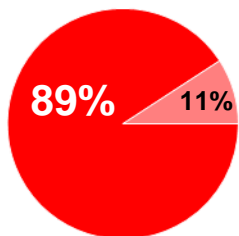
2. Refers to residential and corporate subscriptions to broadband Internet services using optical fibre networks

# EBITDA growth with lower SG&A

**Singapore Business EBITDA** **S\$553m**  
 > up 5%

**Operating expenses** **-2%**

**Telco EBITDA**  
 S\$493m



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

**Selling & Admin** **-5%**

- > lower mobile subscriber acquisition and retention costs
- > stable content costs

**Telco EBITDA** **S\$493m**

- > up 9%
- > EBITDA margin 40.0%

**Cost of sales** **-5%**

- > lower costs for fibre rollout

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

- > up 21%<sup>1</sup>
- > EBITDA margin 16.2%

**Staff costs** **+10%**

- > higher headcount at NCS

**Traffic expenses** **-3%**

- > lower lease expense

1. Excluding one-off write-back of provisions in corresponding quarter last year

Get the best entertainment,  
for a lot less than you think

OPTUS **meTV**  
with **fetch**



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# Optus: resilient performance

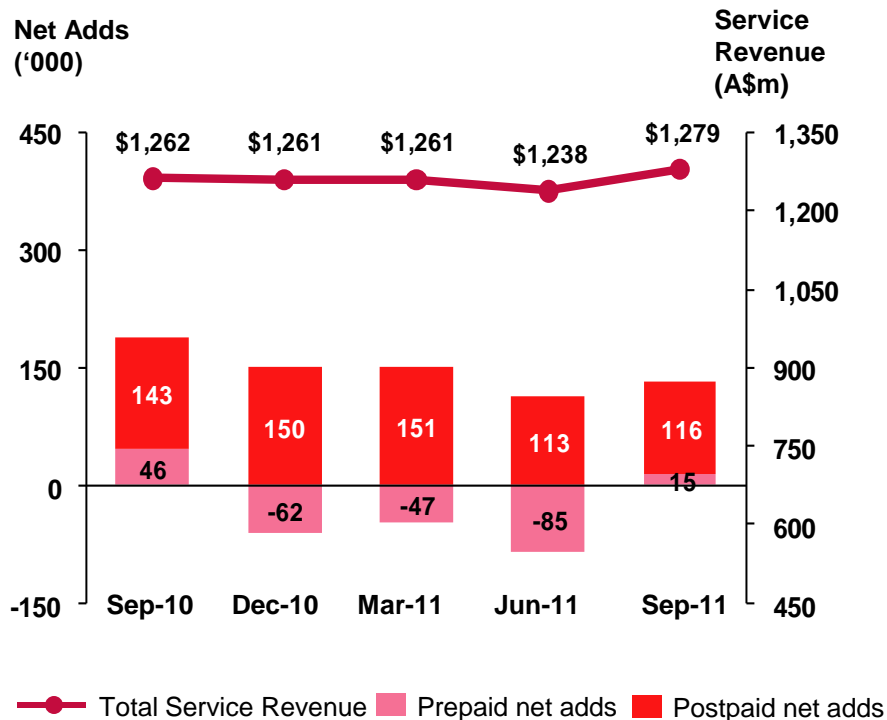
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Q2 FY12	A\$m	YoY Change	Highlights
<b>Total revenue</b>	<b>A\$2,337m</b>	<b>+1%</b>	
Mobile	A\$1,509m	+1%	<ul style="list-style-type: none"><li>&gt; customer growth</li><li>&gt; lower blended ARPU</li></ul>
Business & Wholesale Fixed	A\$509m	+5%	<ul style="list-style-type: none"><li>&gt; higher Satellite and ICT &amp; Managed Services revenues</li></ul>
Consumer & SMB Fixed	A\$321m	-6%	<ul style="list-style-type: none"><li>&gt; continuing exit of resale</li><li>&gt; lower on-net broadband ARPU</li></ul>
<b>Total EBITDA</b>	<b>A\$559m</b>	<b>+1%</b>	<ul style="list-style-type: none"><li>&gt; margin: 23.9% (Q2FY11: 23.9%)</li></ul>

# Mobile: continuing customer growth in a competitive market

Service revenue growth **+1%**

Customer growth in Postpaid and Prepaid



**Net adds**

- > Postpaid customers **+116k**
- > Prepaid customers **+15k**

**Wireless BB customers** **1.5m**

- > up 33%

**Postpaid ARPU** **A\$67**

- > down 4%
- > down 2% excluding wireless BB

**Total data % of ARPU** **46%**

- > 21% non-sms data

**Subscriber acquisition cost** **A\$208**

- > down 3% YoY and down 6% QoQ

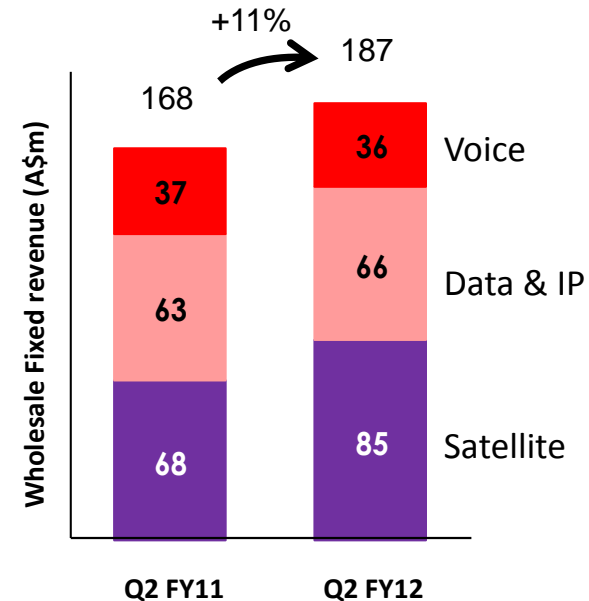
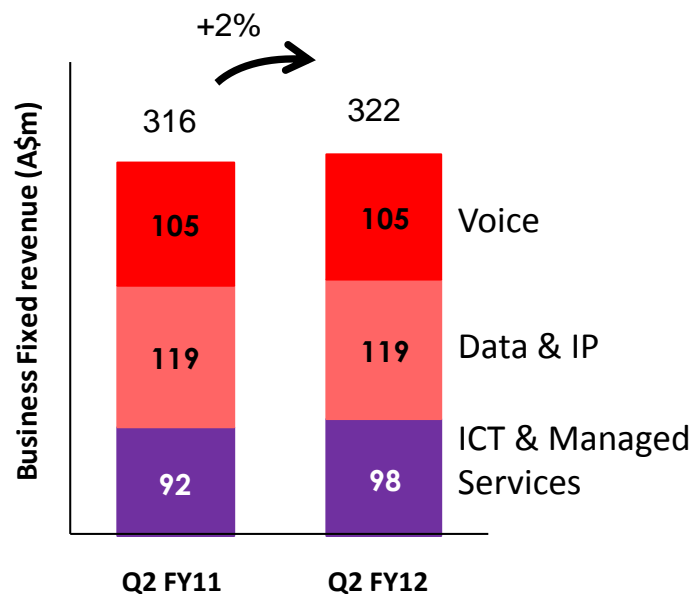
**EBITDA Stable**

- > EBITDA margin stable at 25%

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

Business: growth in ICT & Managed Services

Wholesale: Higher satellite and Data & IP revenue



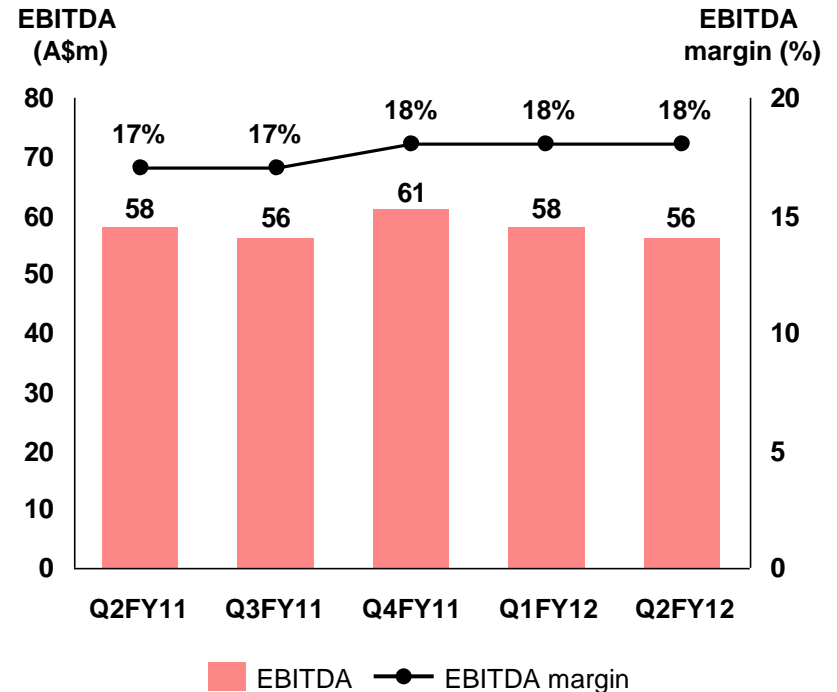
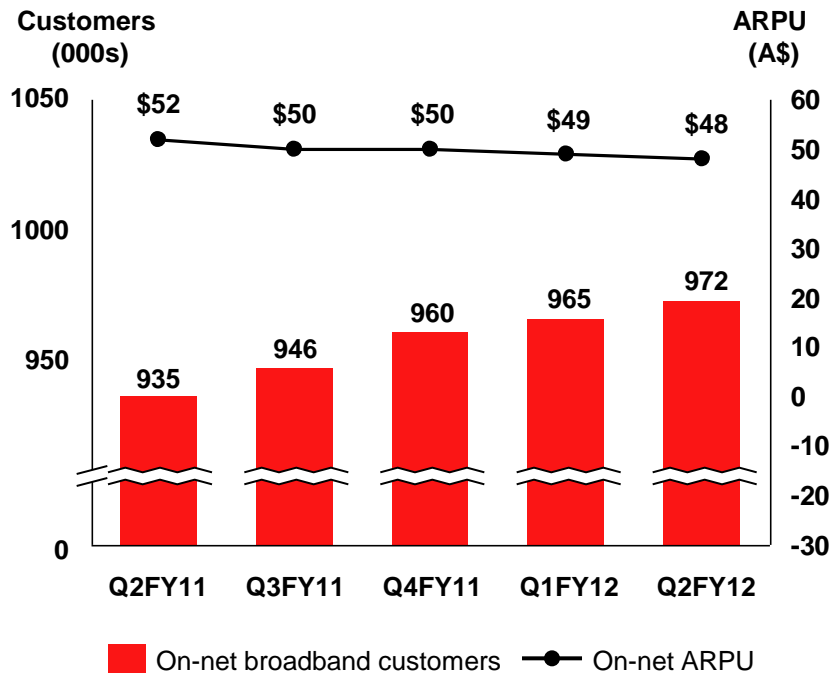
EBITDA **+4%**

> EBITDA margin down 1 ppt to 25%

# Consumer & SMB Fixed: customer growth offset by increased data inclusions

On-net customer growth in a competitive market

Managing profitability despite ARPU declines



**EBITDA -3%**

> EBITDA margin up 1 ppt to 18%

# Tight cost management while driving strategic differentiation

Operating expenses

+1%

Leading the market with differentiated digital services and rewards

## Selling & Admin

-2%

- > lower customer acquisition and retention costs

## Cost of sales

+5%

- > higher ICT revenues

## Traffic expenses

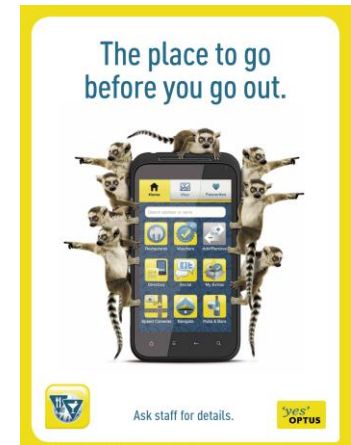
+5%

- > higher interconnect costs partly offset by lower international outpayments

## Staff costs

-5%

- > lower headcount and accruals



Optus Smart Safe

TV Now

Optus Go Places





Misool, Raja Ampat, West Papua

Disappear in one of Indonesia's  
13,000 islands.

Make a call from any one of them if you get too lonely.



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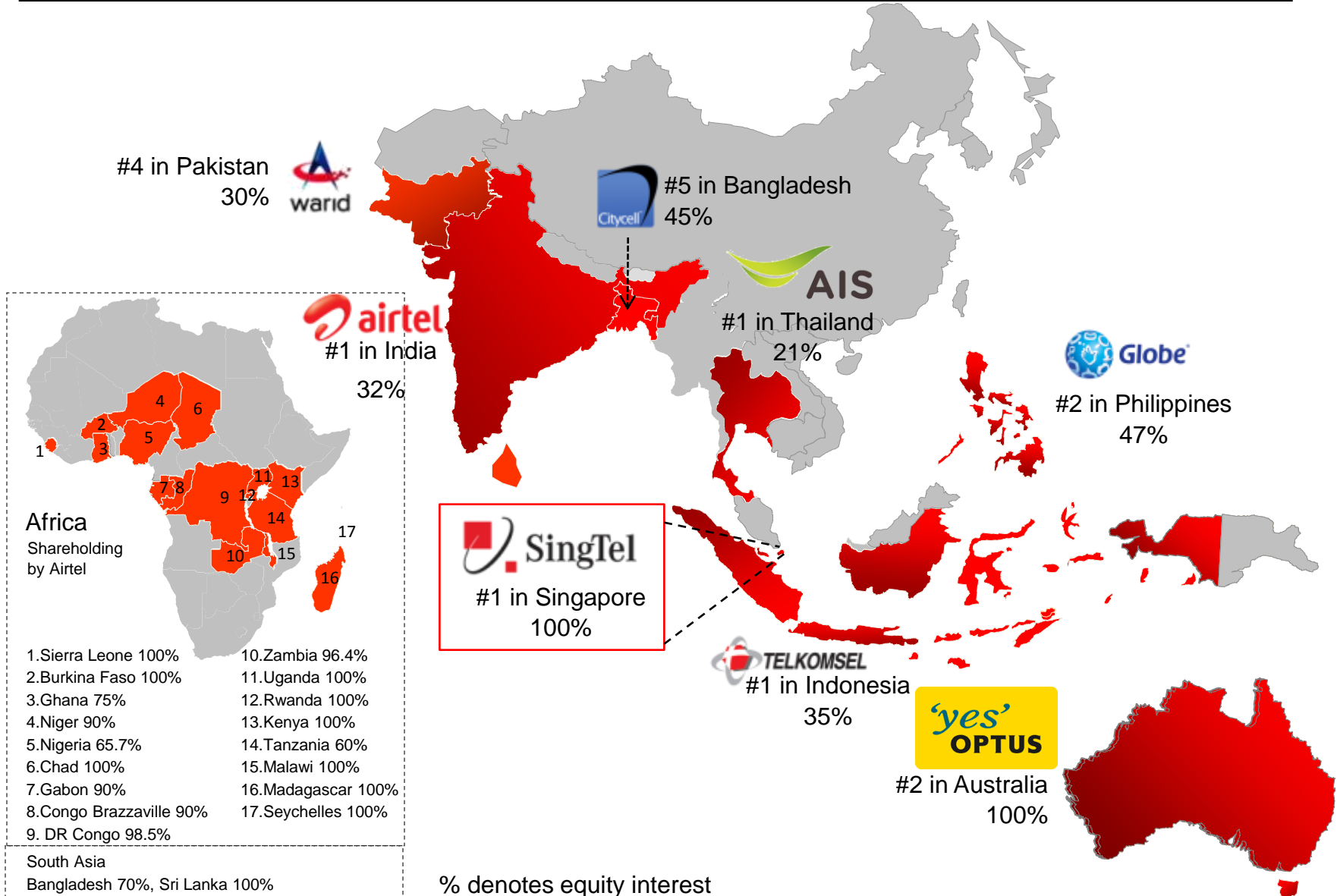
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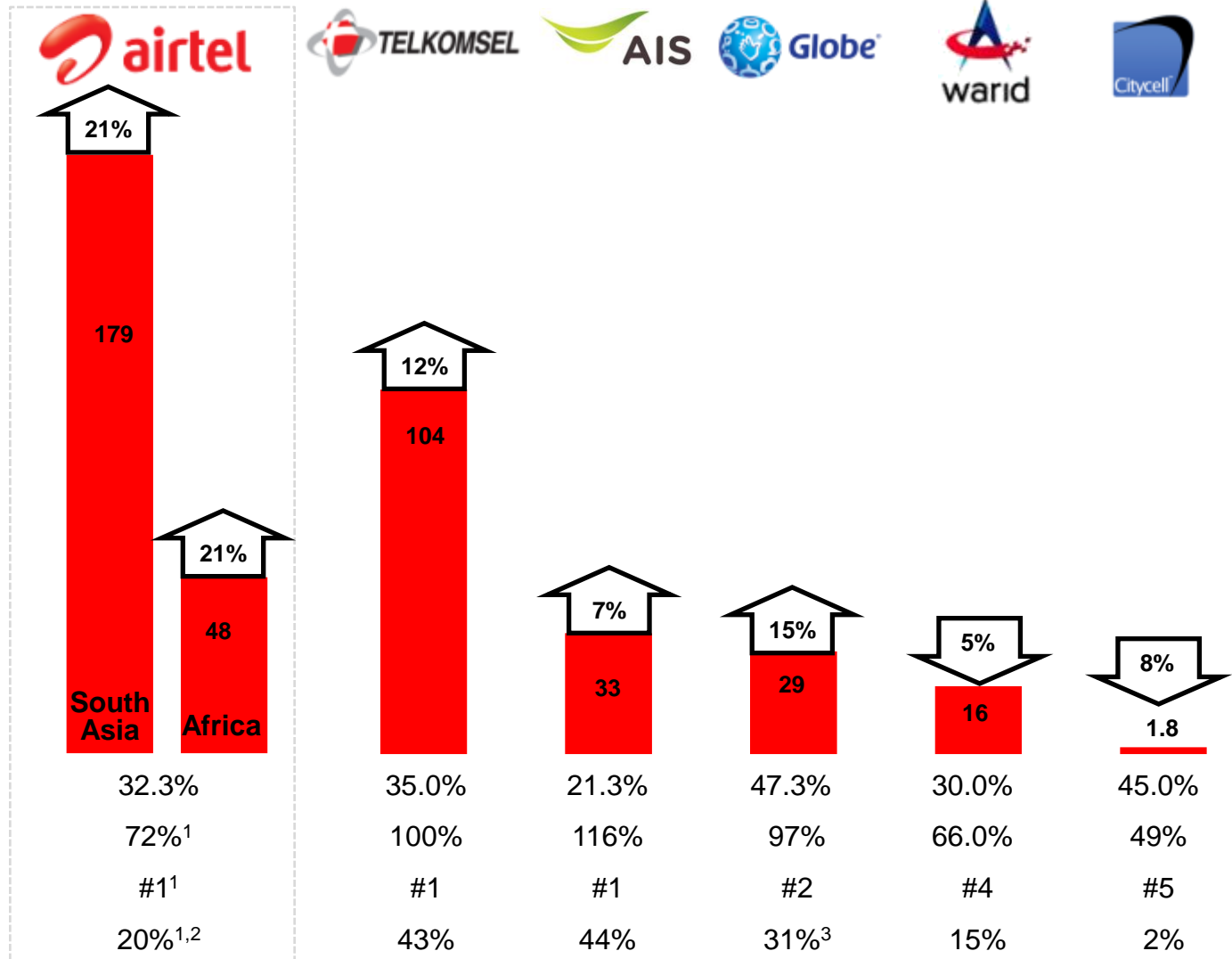
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# Significant footprint across Asia & Africa



# Growing our Pan-Asia & Africa customer base



 Mobile customers (m)  
 Growth in customers (%)

Effective stake (%)  
 Mobile penetration  
 Market position  
 Market share (%)

1. For India market only  
 2. As at Aug 11  
 3. As at Jun 11

# Regional mobile associates

Q2 FY12	PBT <sup>1</sup> (S\$m)	% Change (S\$)	% Change (local curr)	Highlights
Regional Mobile	471	-12%	N.A.	› down 6% in constant currency
Telkomsel	233	+1%	+8%	› strong data growth › stabilised market conditions
Airtel	131	-37%	-32%	› South Asia: strong revenue growth offset by 3G costs & higher interest expense › Africa: strong growth in revenue and operating profit; offset by acquisition financing costs and fair value losses on foreign currency loans
AIS	78	+17%	+24%	› strong data growth
Globe	48	-1%	+4%	› robust mobile & broadband growth

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



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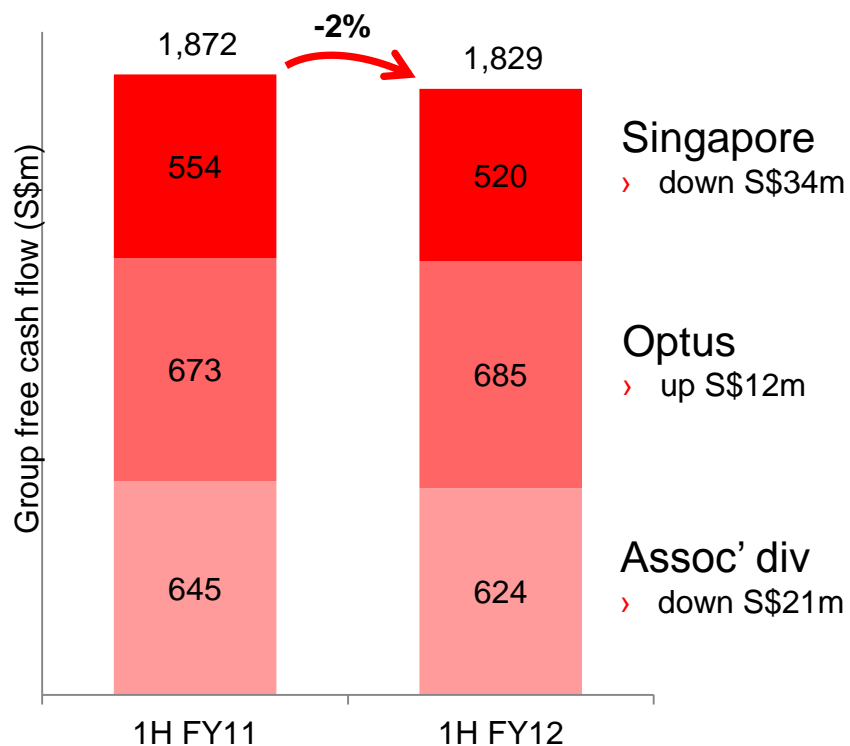
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# Sound financial position

**Strong cash flow**

**S\$1,829m**

**Solid balance sheet**



**Net debt** **S\$7.6b**

**Net gearing<sup>1</sup>** **25%**

**Net debt: EBITDA & share of associates' pre-tax profits<sup>2</sup>** **1.1x**

**EBITDA & share of associates' pre-tax profits : Net interest expense** **20x**

**S&P's rating** **A+**

**Moody's rating** **Aa2**

1. Ratio of net debt to net capitalisation, which is the aggregate of net debt, shareholders' funds and minority interests

2. On an annualised basis



SingTel