

News Release

Strong revenue growth of 6% across Singapore and Australia

- *Singapore operations register growth in major business segments*
- *Optus reports EBITDA growth across all segments*
- *Contributions from associates impacted by competition and acquisition of Bharti Africa*
- *Stable performance on a diversified earnings base*

Singapore, 10 February 2011 – Singapore Telecommunications Limited (SingTel) today announced that Group revenue rose strongly by 6 per cent to S\$4.70 billion in the third quarter, led by revenue growth in Singapore and Australia. The stronger Australian dollar helped to lift revenue.

The Singapore business reported a 7 per cent increase in revenue to S\$1.63 billion with growth across major revenue streams led by mobile. In Australia, revenue rose 4 per cent to A\$2.38 billion, driven by continued mobile growth despite an increasingly competitive market.

Ordinary pre-tax earnings from the regional mobile associates declined 13 per cent to S\$488 million mainly because of competitive pressures faced by Telkomsel and Globe. Bharti's financing cost for acquiring its African business and fair value losses on foreign currency liabilities, compared to gains a year ago, further reduced the associates' contributions to the Group.

The Group's net profit was stable at S\$998 million.

Highlights

	Quarter Ended		YOY	Nine Months Ended		YOY
	31 Dec 2010 (S\$m)	31 Dec 2009 (S\$m)	Change	31 Dec 2010 (S\$m)	31 Dec 2009 (S\$m)	Change
Group revenue	4,704	4,450	5.7%	13,428	12,400	8.3%
SingTel revenue	1,634	1,530	6.8%	4,740	4,356	8.8%
Optus revenue (A\$)	2,384	2,302	3.6%	6,962	6,718	3.6%
(S\$)	3,070	2,920	5.1%	8,688	8,045	8.0%
Operational EBITDA	1,284	1,233	4.1%	3,727	3,511	6.2%
Share of associates' ordinary pre-tax earnings	518	592	(12.5%)	1,636	1,845	(11.4%)
EBITDA	1,803	1,825	(1.2%)	5,354	5,356	**
Net profit attributable to shareholders	998	991	0.8%	2,834	2,892	(2.0%)
Underlying net profit ¹	968	990	(2.2%)	2,802	2,887	(2.9%)
Underlying earnings per share (S cents)	6.08	6.22	(2.3%)	17.60	18.14	(3.0%)

**denotes less than -0.05%

¹ 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.

Ms Chua Sock Koong, SingTel Group CEO said: "The Group held its net profit stable, benefiting from a diversified earnings base. Singapore and Australia continued to perform and deliver strong revenue growth and cash flows despite the level of competition in these markets. At the same time, the Group continued to invest in key initiatives in multimedia and ICT to capture new growth opportunities as we transform the Group's business beyond telecommunications."

In the quarter, the Group also recorded a net exceptional gain of S\$30 million, comprising a fair value gain on a payable and foreign exchange gain on an inter-company loan, which were offset by the Group's share of Bharti's one-time brand launch cost of S\$30 million.

For the nine months ended 31 December 2010, Group revenue gained 8 per cent to S\$13.43 billion, with strong mobile growth in both Singapore and Australia. Net profit was S\$2.83 billion, down 2 per cent as a result of lower associates' earnings, and higher depreciation and amortisation expenses.

The Group's free cash flows increased 28 per cent to S\$2.86 billion for the nine months ended 31 December 2010. In local currency terms, cash flows for the Singapore and the Australian businesses increased 14 per cent and 28 per cent respectively. Dividends from the Group's associates, which included a special dividend payout from AIS, increased 38 per cent.

Singapore

Revenue from the Singapore operations grew 7 per cent to S\$1.63 billion, boosted by another quarter of strong growth across key business segments particularly in mobile. EBITDA grew 1 per cent to S\$587 million.

Mobile revenue had another quarter of double-digit growth, increasing 11 per cent to S\$465 million, driven by strong growth in postpaid customers, increased take-up of higher rate plans and higher roaming traffic. In the quarter, SingTel added 41,000 postpaid mobile customers, the highest in two years. Increased marketing efforts also lifted its prepaid mobile customer base by 21,000. SingTel continued to lead the mobile market with an overall share of 44.2 per cent.²

Postpaid ARPU rose 3 per cent to S\$92. Excluding 'data-only' customers, postpaid ARPU would have increased 5 per cent. Data accounted for 40 per cent of ARPU, of which 18 per cent was non-sms, an increase from 14 per cent a year ago. Acquisition cost per postpaid customer was down 12 per cent, reflecting efforts to optimise the level of handset subsidies for different customer segments.

Mr Allen Lew, CEO Singapore said: "It was another strong quarter of double-digit revenue growth in mobile and we had our best quarterly net adds of postpaid mobile customers. With our strong suite of smartphones and customised applications, we are well positioned to lead and shape the digital media and ICT markets."

Data and Internet revenue grew 2 per cent to S\$401 million. Aggregate revenue from Managed Services and International Leased Circuits rose 3 per cent, as demand for IP VPN services, managed ICT applications and cloud computing solutions increased.

² Based on IDA's latest available published statistics as of 30 Nov 2010.

IT & Engineering revenue grew 6 per cent to S\$384 million, reflecting higher revenue from the rollout of fibre as SingTel is the key sub-contractor to OpenNet in rolling out Singapore's Next Generation National Broadband Network.

The NCS order book remained healthy at about S\$1.9 billion as at end December 2010 as it continued to secure key customers contracts.

mio TV's revenue was S\$21 million. It added 19,000 new customers in the quarter, and as at 31 December 2010, had 264,000 customers. mio TV bolstered its sports line-up with the introduction of exciting new sports channels and continued to deliver attractive content for different customer segments.

SingTel's bundled products mio Home and mio Plan continued to gain traction, adding 13,000 more customers in the quarter to 224,000 – making it the operator with the most customers on bundled plans.

Total operating expenses grew 12 per cent to S\$1.07 billion. Selling and administrative expenses rose 20 per cent, on higher content and support cost for mio TV, partially offset by lower mobile acquisition and retention costs.

Australia

Optus' operating revenue rose 4 per cent this quarter, underpinned by continued mobile revenue growth in a highly competitive market. Operational EBITDA grew 5 per cent year-on-year to A\$553 million, while EBITDA margin was higher at 23.2 per cent, a reflection of Optus' on-net strategy and continuous investment in customer growth. EBITDA grew across all segments of the business in the third quarter.

Mr Paul O'Sullivan, Optus Chief Executive said: "Notwithstanding intense competition in the Australian mobile market, Optus added 150,000 new postpaid mobile customers this quarter, driven largely by growth in smartphone and wireless broadband customers. This was achieved through differentiated mobile offerings, a continued focus on customer experience, and enhanced network coverage which now reaches 97 per cent of the Australian population for both voice and data."

"Despite the devastation caused by Cyclone Yasi and the floods in Queensland and other parts of the country, the Optus network proved to be extremely resilient, with services largely unaffected, except where a loss of power was experienced. It is testament to the strength of the network as well as the tireless work of our people that we were able to maintain or re-establish services within a relatively short timeframe."

The **Mobile** business delivered another quarter of growth with total revenue rising 7 per cent to A\$1.56 billion and EBITDA increasing 4 per cent to A\$371 million.

The number of 3G subscribers³ grew to 4.8 million, a 7 per cent increase from a quarter ago. This included a base of 1.2 million wireless broadband⁴ subscribers, an increase of approximately 92,000 subscribers since a quarter ago.

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

⁴ Wireless broadband subscribers are defined as subscribers provisioned with an HSPA broadband service. Excludes data packs attached to voice services.

Optus continues to differentiate itself in the market through the launch of various innovative services. This includes an enhanced TV and video application offering Optus' mobile customers free live streaming of the Australian Open 2011, as well as the partnership with TrueLocal.com.au, which offers small companies listing and dedicated webpage to promote their businesses online.

In **Business and Wholesale** fixed, growth in business voice and satellite was offset by lower ICT hardware sales, resulting in an overall revenue decline of 2 per cent. EBITDA grew 4 per cent and EBITDA margin expanded 2 percentage points year-on-year on higher on-net mix.

Optus demonstrated its commitment to support corporate customers through the launch of Optus Cloud Solutions, a suite of enterprise cloud computing services. These services provide businesses with a scalable and flexible approach to manage their IT resources while mitigating upfront costs in infrastructure. The initial service launched within the Optus Cloud Solutions is a virtual private data centre solution that offers businesses access to virtualised computing and storage capacity on demand via a secure network connection.

In **Consumer and SMB** fixed, on-net revenue recorded growth of 1 per cent. Excluding Pay TV, on-net revenue grew 4 per cent. Underpinned by Optus' on-net strategy, EBITDA rose 11 per cent and EBITDA margin expanded to 17 per cent, up 2 percentage points, from a year ago. Total on-net broadband customers reached 946,000 as at 31 December 2010.

Regional

The Group and its regional mobile associates continued to register strong customer growth and now have 383 million mobile customers, a 34 per cent increase from a year ago.

Share of ordinary pre-tax Profit	Quarter Ended	YOY		Nine Months Ended	YOY	
	31 Dec 2010 (\$m)	Change (\$)	Change (local currency)	31 Dec 2010 (\$m)	Change (\$)	Change (local currency)
Telkomsel	214	(9.9%)	(8.7%)	665	(9.5%)	(13.2%)
Bharti	184	(21.7%)	(19.1%)	603	(18.8%)	(17.8%)
AIS	68	31.3%	26.8%	203	25.1%	22.5%
Globe	40	(26.6%)	(26.9%)	133	(23.8%)	(23.7%)
Warid	(14)	7.8%	(1.4%)	(42)	15.0%	6.6%
PBTL	(4)	(14.3%)	(25.3%)	(13)	(24.3%)	(33.0%)
Regional Mobile Associates	488	(12.8%)	NM	1,549	(11.7%)	NM

NM denotes not meaningful

Mr Hui Weng Cheong, CEO International said: “In India, despite the competition, Bharti delivered strong revenue and EBITDA growth. This quarter, Bharti also successfully launched a new brand identity for its operations in 19 countries across Asia and Africa. In Indonesia, Telkomsel’s performance has been affected by intense competition. We will continue to work with Telkomsel’s management to improve its performance.”

In the quarter, **Bharti** South Asia⁵ reported a 14 per cent increase in operating revenue and a 7 per cent rise in underlying EBITDA, buoyed by strong recovery in mobile traffic and slower tariff declines. Ordinary pre-tax contribution from Bharti’s South Asia operations amounted to S\$215 million, 9 per cent lower, negatively impacted by foreign currency movements.

Bharti Africa, which was acquired in June 2010, recorded an operating profit in the quarter and the Group’s share amounted to S\$7 million. However, with the inclusion of S\$22 million of related acquisition financing cost and S\$15 million of fair value losses, the Group’s share of overall ordinary pre-tax losses from Bharti Africa amounted to S\$31 million.

Pre-tax contribution from **Telkomsel**, including fair value losses, declined 10 per cent to S\$214 million. Revenue growth was affected by aggressive price promotions by competitors which prompted Telkomsel to lower tariffs and enhance recharge loyalty programmes. However, usage growth was not able to compensate for the lower tariffs.

AIS’ pre-tax contribution in the quarter ended 30 September 2010 rose a robust 31 per cent to S\$68 million. This was driven by strong growth in data revenue on higher take-up of smartphones and increased mobile internet usage, as well as continued cost management.

Globe’s ordinary pre-tax contribution in Singapore dollar terms declined 27 per cent to S\$40 million as competition continued to put pressure on its mobile business.

Appendix 1

The following table shows the trends in constant currency terms.

	Quarter Ended	YOY		Nine Months Ended	YOY	
	31 Dec 2010 (S\$m)	Change (S\$)	Change (constant currency) ⁶	31 Dec 2010 (S\$m)	Change (S\$)	Change (constant currency) ⁶
Group revenue	4,704	5.7%	4.7%	13,428	8.3%	5.5%
Group underlying net profit	968	(2.2%)	(2.2%)	2,802	(2.9%)	(4.6%)
Optus revenue	3,070	5.1%	3.6%	8,688	8.0%	3.6%
Associates’ earnings ⁷	518	(12.5%)	(11.6%)	1,636	(11.4%)	(12.8%)

⁵ Includes India, Bangladesh and Sri Lanka.

⁶ Assuming constant exchange rates from the corresponding periods in FY10.

⁷ Based on the Group’s share of associates’ earnings before tax and exceptionals.



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