



News Release

Resilient performance across the Group

- *Singapore and Australia deliver strong operating results*
- *Major associates record growth but currency movements impacted earnings*
- *Net profit declines 1 per cent*

Singapore, 10 November 2011 – Singapore Telecommunications Limited (SingTel) today announced that Group revenue grew 4 per cent and net profit declined 1 per cent to S\$882 million. Operations in Singapore and Australia demonstrated strength with EBITDA growth of 5 per cent, amid keen competition in these markets.

The regional mobile associates continued to deliver robust customer growth and, in some key markets, competition had eased and mobile tariffs had improved. However, the weaker regional currencies led to fair value losses on the associates' foreign currency liabilities and also resulted in lower translated earnings as the Group reports in Singapore Dollar. Consequently, the regional mobile associates' pre-tax earnings fell 12 per cent to S\$471 million. In constant currency terms, their contribution recorded a smaller decline of 6 per cent.

Highlights

	Quarter Ended		YOY	Half Year Ended		YOY
	30 Sep 2011 (S\$m)	30 Sep 2010 (S\$m)	Change	30 Sep 2011 (S\$m)	30 Sep 2010 (S\$m)	Change
Group revenue	4,610	4,436	3.9%	9,215	8,725	5.6%
SingTel revenue	1,601	1,586	1.0%	3,159	3,106	1.7%
Optus revenue (A\$)	2,337	2,322	0.7%	4,651	4,578	1.6%
(S\$)	3,008	2,850	5.6%	6,056	5,619	7.8%
EBITDA	1,249	1,188	5.2%	2,534	2,444	3.7%
Share of associates' pre-tax ordinary earnings ¹	498	567	(12.1%)	998	1,117	(10.6%)
EBITDA and share of associates' pre-tax earnings	1,747	1,755	(0.4%)	3,539	3,551	(0.3%)
Net profit attributable to shareholders	882	892	(1.2%)	1,798	1,835	(2.1%)
Underlying net profit ²	885	891	(0.7%)	1,758	1,834	(4.1%)
Underlying earnings per share (S cents)	5.56	5.59	(0.5%)	11.04	11.52	(4.2%)

¹ Exclude exceptional items.

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.



Ms Chua Sock Koong, SingTel Group CEO, said: “The global economy is slowing and there is still much uncertainty surrounding the economies in the Euro zone. Despite headwinds, we are focused on executing our strategy to strengthen our businesses and growing new revenue streams through innovation.”

“We continue to pursue growth opportunities in the multimedia as well as ICT space and remain positive on the long-term prospects of mobile data services, particularly in the emerging markets.”

“The Group is financially sound, with steady cash flow generation, and strong performances from our businesses in Singapore, Australia and the regional mobile associates. We have the right assets and experience to ensure we stay ahead of the industry and deliver attractive returns to shareholders.”

The Board has approved an interim dividend of 6.8 cents a share, consistent with the previous year, and representing a payout ratio of 62 per cent of underlying earnings for the half year ended 30 September 2011.

The Group continued to generate steady free cash flows across its businesses. For the six months ended September 2011, overall free cash flows declined 2 per cent to S\$1.83 billion, due to a special dividend paid by AIS a year ago. In Singapore Dollars, free cash flow from Australia rose 2 per cent to S\$685 million. Free cash flow from the Singapore business was lower due to higher capital expenditure for the ST-2 satellite. In the quarter, the Group returned S\$3.03 billion in final ordinary and special dividends to its shareholders.

Singapore

Revenue from the Singapore business rose 1 per cent to S\$1.60 billion. Stellar growth in mobile was, however offset by lower fibre rollout revenue as OpenNet's network coverage exceeded 75 per cent of the island. Excluding fibre rollout, revenue grew 3 per cent.

EBITDA improved 5 per cent to S\$553 million with lower mobile selling costs and stable content costs.

Mobile Communications revenue rose 9 per cent to S\$477 million, delivering another consecutive quarter of strong customer connections. SingTel Singapore added 71,000 mobile customers in the quarter, bringing the total customer base to 3.49 million, an increase of 10 per cent from a year ago. With a share of 45.5 per cent³, SingTel registered another quarter of market share gains and extended its lead.

In the postpaid market, SingTel added 40,000 customers, reflecting strong demand for smartphones and attractive mobile broadband bundles sold with data-only SIMs. The growth of data-only SIMs reduced overall postpaid ARPU by 4 per cent to S\$85 per month. Excluding data-only SIMs, postpaid ARPU was stable.

³ Mobile market share based on IDA latest available statistics as of 31 August 2011.



Data and Internet revenue was stable at S\$398 million as growth in Managed Services was partially offset by lower revenue in International Leased Circuits. Internet-related revenue rose 3 per cent with increased adoption of higher-tier plans and fibre-based services.

NCS revenue increased 8 per cent to S\$326 million, on the completion of a Ministry of Education project. NCS' order book continued to be strong at S\$2.0 billion as at end September 2011.

mio TV revenue grew to S\$25 million and its customer base increased by 22,000 to reach 335,000 as at end September. mio TV continues to expand its content suite, and launched its first aggregated Asian entertainment channel – Jia Le – offering top-rated dramas and variety programmes in both Hokkien - a local Chinese dialect - and Mandarin. Customers on bundled plans increased by 16,000 during the quarter, to reach 271,000 as at end September 2011, as our bundling plans gained traction. This represented 24 per cent of all households in Singapore.

In the home fibre market, SingTel maintained its lead with its distinctive suite of entertainment, lifestyle and productivity applications. At 30 September 2011, SingTel had 37,000 fibre broadband⁴ customers in the consumer and business segments, an increase of 14,000 from a quarter ago.

This month, SingTel introduced deF!ND, a digital concierge service, which offers voice-search capabilities and provides local-based dining, entertainment, events and a host of other recommendations. deF!ND leverages the extensive local directories of inSing.com, which was introduced in 2009, and is now one of the top sites in Singapore, attracting 1.6 million unique visitors per month.

Mr Allen Lew said "This quarter's results continue to demonstrate SingTel's clear focus on operational execution, cost discipline and our business transformation. In the consumer segment, both mobile and mio TV revenue grew strongly. This is testimony to the attractiveness of our integrated multi-media offers and the innovation we brought to the market."

"We are particularly thrilled by the level of acceptance for deF!ND, our mobile concierge application, which was launched recently. In the business segment, we continue to grow our revenue base beyond pure connectivity. We are focused on seizing the ICT opportunities to become the preferred one-stop solution provider. We now have more than 150,000 users on our cloud-based business apps portal for small and medium businesses."

Operating expenses declined 2 per cent to S\$1.06 billion. Selling and administrative expenses dropped 4 per cent due to lower mobile customer acquisition and retention costs. Content costs were stable this quarter as the broadcast of the Barclays Premier League started in August 2010.

⁴ Residential and corporate subscriptions to broadband Internet services using optical fibre networks.



Australia

Optus reported another quarter of resilient results in a highly competitive market, with operating revenue up 1 per cent. EBITDA increased 1 per cent to A\$559 million, while net profit for the quarter grew 4 per cent to A\$182 million.

Mr Paul O'Sullivan, Optus Chief Executive said: "Optus continues to deliver resilient financial performance against the backdrop of a highly competitive Australian telecommunications market with competitors reducing prices and profitability. We will continue to lead the market through differentiated digital services and superior customer experience. This is supported by our ongoing investments in the Optus Open Network."

In **Mobile**, amid intense market competition, total service revenue rose 1 per cent year-on-year while EBITDA was stable. Total mobile customers grew by 131,000 to 9.23 million in the quarter.

Total mobile revenue was A\$1.51 billion, with service revenue growth of 1 per cent partly offset by lower equipment revenue. Incoming service revenue grew strongly at 21 per cent this quarter supported by subscriber growth, increased SMS and voice revenue.

Blended ARPU declined A\$1 from the same quarter last year, reflecting a higher mix of wireless broadband and increased value inclusions on selected plans.

Optus continued to lead the market through differentiated digital services which provide customers personalised applications and content. Optus announced the launch of Optus Go Places, a new hyper-local mobile application featuring vouchers, restaurant listings, reviews and ratings, bookings and travel directions.

In the small and medium business (SMB) segment, Optus expanded its suite of integrated business tools with the launch of Optus OfficeApps Mobile Security, a new cloud-based solution to protect data on mobile devices.

In a key network milestone, Optus announced the roll-out of Long Term Evolution (LTE) on the Optus Open Network, with LTE services to be delivered from April 2012. In addition, Optus is embarking on a number of major initiatives, including U900 spectrum migration programs that will continue to enhance Optus 3G mobile coverage and performance across Australia's major metropolitan areas.

In **Business and Wholesale fixed**, overall revenue grew 5 per cent, contributed by strong satellite and ICT and managed services revenue. EBITDA increased 4 per cent year-on-year.

Total Business fixed revenue grew 2 per cent, with ICT and managed services up 7 per cent due to an increase in managed services revenue from prior corporate wins. Optus continued to win corporate accounts, including marquee customers such as Virgin Australia and NRMA.



Wholesale fixed revenue recorded strong growth of 11 per cent. Data and IP grew 5 per cent with increased demand for internet bandwidth and access. Satellite revenue rose 24 per cent, driven mainly by a full quarter of revenue from the NBN Interim Satellite Service contract.

In the Consumer and SMB Fixed business, lower on-net broadband ARPU from increased data inclusions caused Consumer Fixed on-net revenue to decline by 5 per cent. EBITDA decreased by 3 per cent on lower revenue.

Optus launched a unique new IPTV service, Optus MeTV, which redefines conventional TV viewing and offers customers access to on-demand programmes at an affordable price. Optus also introduced a dedicated mobile application that allows customers to access programming information and remote record their favourite shows from mobile devices.

The number of on-net broadband customers increased 4 per cent to 972,000 from a year ago.

Regional

The Group's mobile customer base grew 15 per cent or 56 million from a year ago to reach 424 million as at 30 September 2011.

	Quarter Ended	YOY		Half Year Ended	YOY	
Share of pre-tax ordinary profit ⁵	30 Sep 2011 (\$m)	Change (\$)	Change (local currency)	30 Sep 2011 (\$m)	Change (\$)	Change (local currency)
Airtel	131	(37.2%)	(31.5%)	285	(32.1%)	(25.7%)
- South Asia	161	(29.0%)	(22.7%)	342	(23.8%)	(16.7%)
- Africa	(30)	(66.3%)	(80.4%)	(58)	(91.0%)	(107.7%)
Telkomsel	233	1.4%	7.9%	443	(1.6%)	4.6%
Globe	48	(0.8%)	3.8%	98	4.5%	10.2%
AIS	78	17.3%	23.5%	155	15.1%	21.2%
Warid	(14)	(1.4%)	(13.1%)	(26)	7.1%	(5.0%)
PBTL	(6)	(32.6%)	(60.6%)	(11)	(29.5%)	(53.9%)
Regional Mobile Associates	471	(12.1%)	NM	943	(11.1%)	NM

NM denotes not meaningful

⁵ Excluding exceptional items but including mark-to-market valuations on foreign currency denominated liabilities.



Mr Hui Weng Cheong, CEO International, said: "This quarter, the investments by Airtel in its Indian 3G network and African operations incurred license fees amortisation and financing costs, which combined with weaker regional currencies, had dampened our results."

"However, in their respective markets, the major associates delivered impressive growth in revenue, and performed well against competition. In Indonesia and India, the markets stabilised and saw improvement in mobile tariffs."

Airtel South Asia reported strong revenue growth of 12 per cent, reflecting a more stable competitive environment in India. The recent tariff increase in India has begun to take effect, offsetting some of the inflationary and other cost increases impacting the entire industry. However, the results were affected by Airtel's 3G rollout costs, license fees amortisation and higher finance charges.

In the quarter, **Airtel Africa** operations turned in strong revenue and operating profit growth. However, this was offset by acquisition financing costs and fair value losses on its foreign currency liabilities. Overall, pre-tax contribution from Airtel declined 37 per cent to S\$131 million.

In the quarter, Airtel Africa also secured a 15-year green-field license to operate 2G and 3G mobile services in Rwanda, increasing its footprint in Africa to 17 countries.

Telkomsel's revenue rose 8 per cent with strong growth in non-voice revenue. In Singapore Dollar terms, however, the Group's share of pre-tax profit increased only 1 per cent to S\$233 million because of the weaker Indonesian Rupiah, which depreciated 6 per cent against the Singapore Dollar.

With the alignment of **AIS'** reporting period in the previous quarter, the Group equity accounted for AIS' results for the quarter ended 30 September 2011. In Singapore Dollar terms, the Group's share of AIS' pre-tax profit increased 17 per cent, driven by strong data revenue.

In the Philippines, **Globe** delivered robust performance in its mobile and broadband segment. However, contribution from Globe was flat at S\$48 million, as a result of the weaker Philippines Peso and fair value gains in the corresponding quarter last year.



Appendix 1

The following table shows the trends in constant currency terms.

	Quarter Ended	YOY		Half Year Ended	YOY	
	30 Sep 2011 (S\$m)	Change (S\$)	Change (constant currency) ⁶	30 Sep 2011 (S\$m)	Change (S\$)	Change (constant currency) ⁶
Group revenue	4,610	3.9%	0.8%	9,215	5.6%	1.6%
Group underlying net profit	885	(0.7%)	0.6%	1,758	(4.1%)	(3.1%)
Optus revenue	3,008	5.6%	0.7%	6,056	7.8%	1.6%
Associates' earnings ⁷	498	(12.1%)	(6.7%)	998	(10.6%)	(4.9%)

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⁶ Assuming constant exchange rates from the corresponding periods in FY11.

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