

# Financial Results Presentation

Q3 FY12: Quarter ended 31 December 2011



13 February 2012  
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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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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## 03 // Australia

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## 04 // Associates & joint ventures

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## 05 // Financial position

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## Robust mobile performance in Singapore & Australia; Associates' contribution impacted by currency weakness & India 3G losses

|                          |                                          |                  |                                                                                                   |                |
|--------------------------|------------------------------------------|------------------|---------------------------------------------------------------------------------------------------|----------------|
| <b>Group performance</b> | <b>Revenue</b><br>› up 3%                | <b>S\$4,830m</b> | <b>Net profit</b><br>› down 10%<br>› down 8% in constant currency                                 | <b>S\$902m</b> |
| <b>Singapore</b>         | <b>Revenue</b><br>› up 3%                | <b>S\$1,675m</b> | <b>EBITDA<sup>1</sup></b><br>› down 7%<br>› down 5% excl structural separation costs <sup>2</sup> | <b>S\$547m</b> |
| <b>Optus</b>             | <b>Revenue</b><br>› up 2%                | <b>A\$2,421m</b> | <b>EBITDA<sup>1</sup></b><br>› up 2%                                                              | <b>A\$562m</b> |
| <b>Regional Mobile</b>   | <b>Customers<sup>3</sup></b><br>› up 13% | <b>434m</b>      | <b>Pre-tax earnings<sup>4</sup></b><br>› down 8%<br>› down 3% in constant currency                | <b>S\$449m</b> |

1. Excludes Group and International Business net corporate costs

2. Comprising a full quarter's payment to NetLink Trust for the lease of ducts & manholes

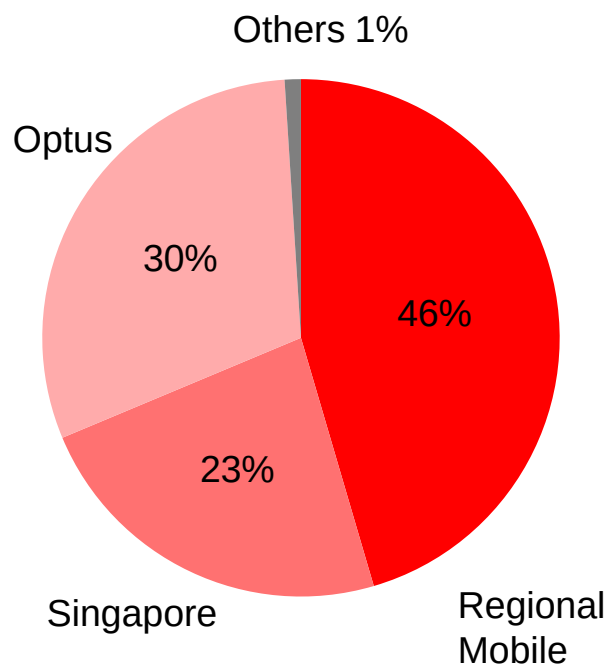
3. Group mobile subscribers, including SingTel, Optus and Regional Mobile Associates

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

# Group Q3 FY12 highlights

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



### Singapore

- › LTE commercial launch
- › Introduced Singapore's first e-book store



### Optus

- › Rollout of LTE services
- › Court upheld innovative digital service



### Regional Mobile

- › Completed 2% upstake in AIS
- › Globe announced US\$700m network modernisation program

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1. Proportionate EBITDA represents the Group's effective interests in the respective entities' EBITDA. As such, proportionate EBITDA does not represent EBITDA available to the Group.

# Q3 FY12: Lower EBITDA reflected increased mobile acquisition costs

|                                                | 3 months<br>to Dec 11 | 3 months<br>to Dec10 | YoY %<br>change | 3 months<br>to Sep 11 | Sequential<br>% change |
|------------------------------------------------|-----------------------|----------------------|-----------------|-----------------------|------------------------|
| Operating revenue                              | 4,830                 | 4,704                | 2.7%            | 4,610                 | 4.8%                   |
| EBITDA                                         | 1,256                 | 1,284                | (2.2%)          | 1,249                 | 0.5%                   |
| - margin                                       | 26.0%                 | 27.3%                |                 | 27.1%                 |                        |
| Associates pre-tax earnings <sup>1</sup>       | 475                   | 518                  | (8.3%)          | 498                   | (4.6%)                 |
| EBITDA & share of associates' pre-tax earnings | 1,731                 | 1,803                | (4.0%)          | 1,747                 | (0.9%)                 |
| Depreciation & amortisation                    | (499)                 | (503)                | (1.0%)          | (494)                 | 0.8%                   |
| Net finance expense                            | (82)                  | (66)                 | 25.1%           | (72)                  | 13.7%                  |
| Exceptional Items                              | 33                    | 30                   | 8.7%            | (4)                   | N.M.                   |
| Pre-tax profit                                 | 1,183                 | 1,263                | (6.4%)          | 1,177                 | 0.5%                   |
| Tax                                            | (280)                 | (266)                | 5.2%            | (296)                 | (5.6%)                 |
| Net profit                                     | 902                   | 998                  | (9.6%)          | 882                   | 2.3%                   |
| Underlying net profit                          | 895                   | 968                  | (7.6%)          | 885                   | 1.1%                   |

1. Excludes exceptionals

## 9M FY12: strong revenue but earnings impacted by lower associates' contribution

|                                                | 9 months to<br>Dec 11 | 9 months to<br>Dec 10 | YoY %<br>change |
|------------------------------------------------|-----------------------|-----------------------|-----------------|
| Operating revenue                              | 14,045                | 13,428                | 4.6%            |
| EBITDA                                         | 3,789                 | 3,727                 | 1.7%            |
| - margin                                       | 27.0%                 | 27.8%                 |                 |
| Associates pre-tax earnings <sup>1</sup>       | 1,474                 | 1,636                 | (9.9%)          |
| EBITDA & share of associates' pre-tax earnings | 5,270                 | 5,354                 | (1.6%)          |
| Depreciation & amortisation                    | (1,494)               | (1,469)               | 1.7%            |
| Net finance expense                            | (248)                 | (232)                 | 6.5%            |
| Exceptional Items <sup>2</sup>                 | 90                    | 31                    | 188.5%          |
| Pre-tax profit                                 | 3,619                 | 3,684                 | (1.8%)          |
| Tax                                            | (918)                 | (853)                 | 7.6%            |
| Net profit                                     | 2,700                 | 2,834                 | (4.7%)          |
| Underlying net profit                          | 2,653                 | 2,802                 | (5.3%)          |

1. Excludes exceptionals

2. Includes the Group's share of AIS' results for the quarter ended 31 Mar 2011 and a foreign exchange gain on revaluation of a short term inter-company loan.

# 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\$1.3033                  | 1.2%                                               | 1.3%   |
| INR                |    | 39.5                       | (14.5%)                                            | (5.9%) |
| IDR                |    | 6,993                      | (1.4%)                                             | 0.7%   |
| PHP                |    | 33.8                       | (1.2%)                                             | 2.9%   |
| THB                |   | 24.1                       | (4.8%)                                             | 2.0%   |
| BDT                |  | 59.9                       | (10.7%)                                            | 1.2%   |
| PKR                |  | 68.0                       | (3.3%)                                             | 4.1%   |

1. Average exchange rates for the quarter ended 31 Dec 11

2. Average A\$ rate for translation of Optus' operating revenue

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

| 3 months to Dec 11                       | 3Q FY12<br>(reported S\$m) | YoY % change<br>(reported S\$) | YoY % change<br>(at constant FX) <sup>1</sup> |
|------------------------------------------|----------------------------|--------------------------------|-----------------------------------------------|
| Group revenue                            | 4,830                      | 2.7%                           | 1.9%                                          |
| Group underlying NPAT                    | 895                        | (7.6%)                         | (6.3%)                                        |
| Optus revenue                            | 3,155                      | 2.8%                           | 1.5%                                          |
| Associates pre-tax earnings <sup>2</sup> | 475                        | (8.3%)                         | (3.6%)                                        |
| 9 months to Dec 11                       | 9M FY12<br>(reported S\$m) | YoY % change<br>(reported S\$) | YoY % change<br>(at constant FX) <sup>1</sup> |
| Group revenue                            | 14,045                     | 4.6%                           | 1.7%                                          |
| Group underlying NPAT                    | 2,653                      | (5.3%)                         | (4.2%)                                        |
| Optus revenue                            | 9,212                      | 6.0%                           | 1.6%                                          |
| Associates pre-tax earnings <sup>2</sup> | 1,474                      | (9.9%)                         | (4.5%)                                        |

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: Strong growth in mobile and sale of equipment

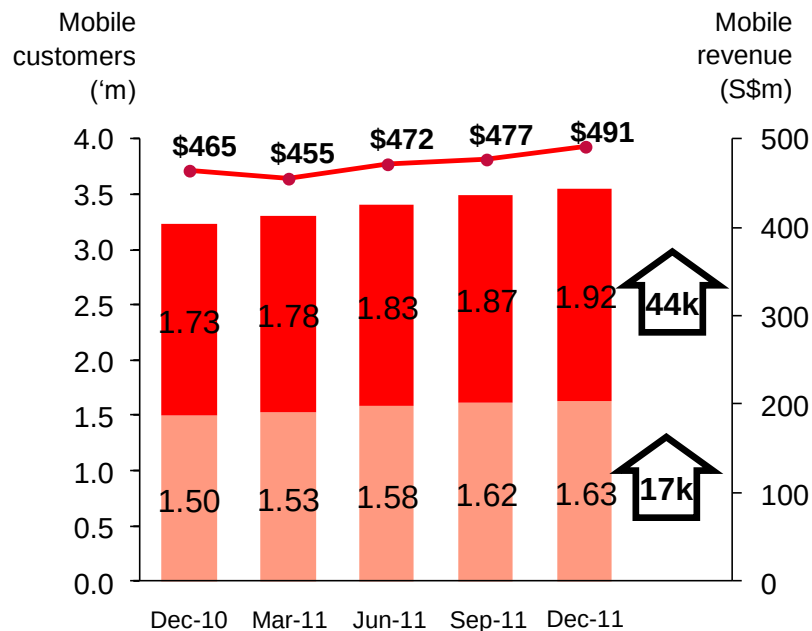
| Q3 FY12                 | Revenue<br>S\$m  | YoY<br>Change | Highlights                                                                         |
|-------------------------|------------------|---------------|------------------------------------------------------------------------------------|
| <b>Total revenue</b>    | <b>S\$1,675m</b> | <b>+3%</b>    | › up 4% excluding fibre rollout                                                    |
| Mobile                  | S\$491m          | +6%           | › strong customer growth                                                           |
| Data & Internet         | S\$409m          | +2%           | › growth in Managed Services offset price decline in International Leased Circuits |
| IT & Engg               | S\$361m          | -6%           | › lower fibre rollout revenue<br>› NCS revenue up 2%                               |
| International telephone | S\$123m          | -6%           | › lower inpayment revenue and international call revenue                           |
| Sale of equipment       | S\$113m          | +34%          | › demand for iPhone 4S                                                             |

# Mobile: continued strong momentum

**Strong service revenue** **+6%**

**Postpaid market share** **47.6%<sup>1</sup>**

> highest in 5 years



**Postpaid ARPU** **S\$86**

> reported ARPU down 6%  
 > down 3% excluding data-only SIMs

**Wireless BB subs up 53%<sup>2</sup>** **1.2m**

**Total data as % of ARPU** **43%**

> 21% non-SMS data

**Subscriber acquisition cost** **S\$364**

> up 6% YoY

● Mobile revenue ■ Prepaid customers ■ Postpaid customers

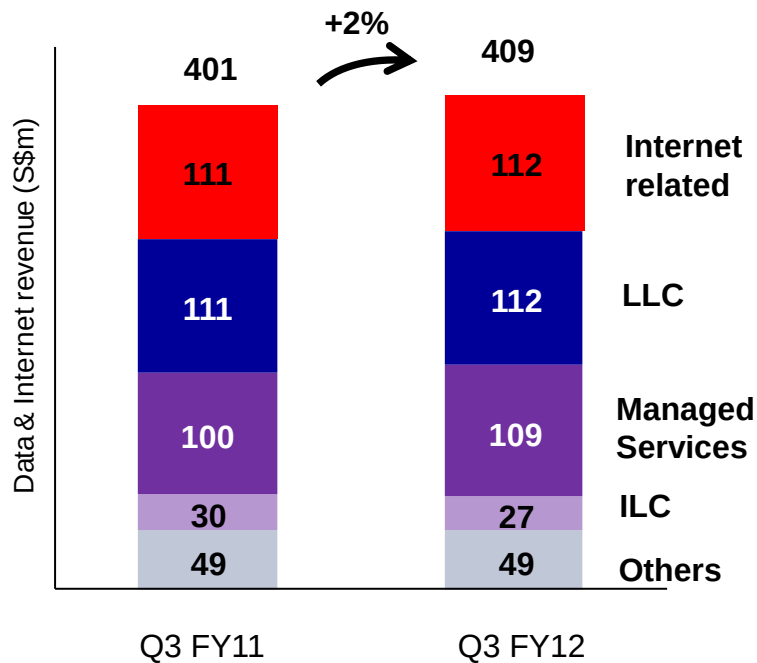
1. Market share information based on operators' published results

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

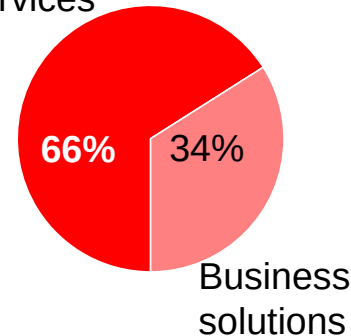
# Increasing our lead in IP VPN & ICT solutions business

**Data & Internet revenue S\$409m**

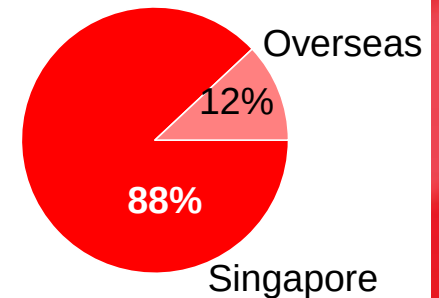
**NCS Group revenue S\$317m**



**Revenue by business**



**Revenue by geography**

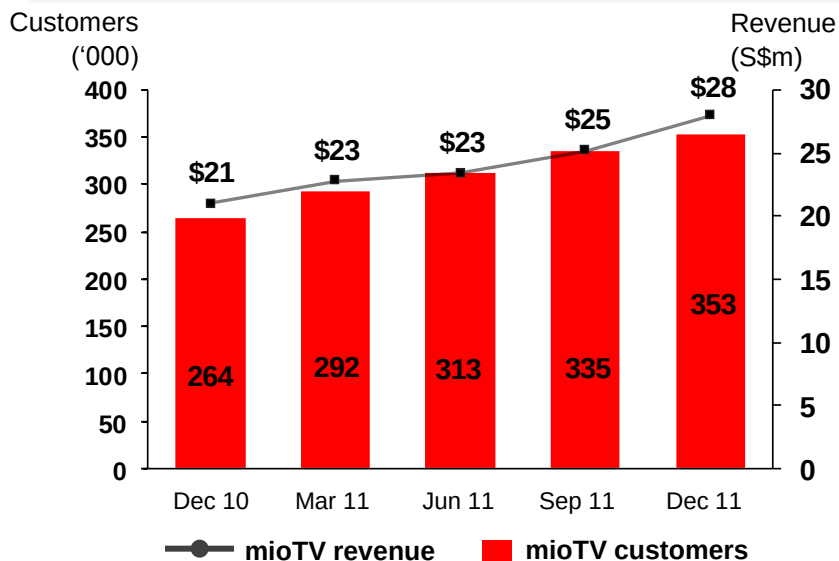


**NCS Group order book<sup>1</sup> S\$2.0b**

# Leading the digital revolution

**mio TV revenue**

**S\$28m**



**mio TV customers**

**353k**

> up 18k

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

**287k**

> up 16k

> approx 25% of Singapore households

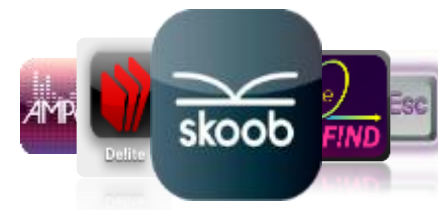
**Growing our digital presence**

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

**55k**

> up 18k

**Innovative local apps & content**



**Growing cloud-based solutions for businesses**



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

# Strong customer volume led to increased SG&A

## Singapore Business

### EBITDA

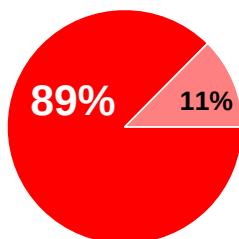
› down 7%

**S\$547m**

## Operating expenses

**+7%**

**Telco**  
EBITDA  
S\$484



**IT & Engg**  
EBITDA  
S\$63

## Telco EBITDA

**S\$484m**

› down 8%

› EBITDA margin 36.8%

## Selling & Admin

**+22%**

› higher mobile subscriber acquisition and retention costs

## Cost of sales

**-8%**

› lower costs for fibre rollout

## Staff costs

**+6%**

› higher headcount at NCS

## IT & Engineering EBITDA

**S\$63m**

› up 5%

› EBITDA margin 17.4%

## Traffic expenses

**+9%**

› higher lease and interconnect expenses

› first-time payments to NetLink Trust

The place to go  
before you go out.



'yes'  
OPTUS

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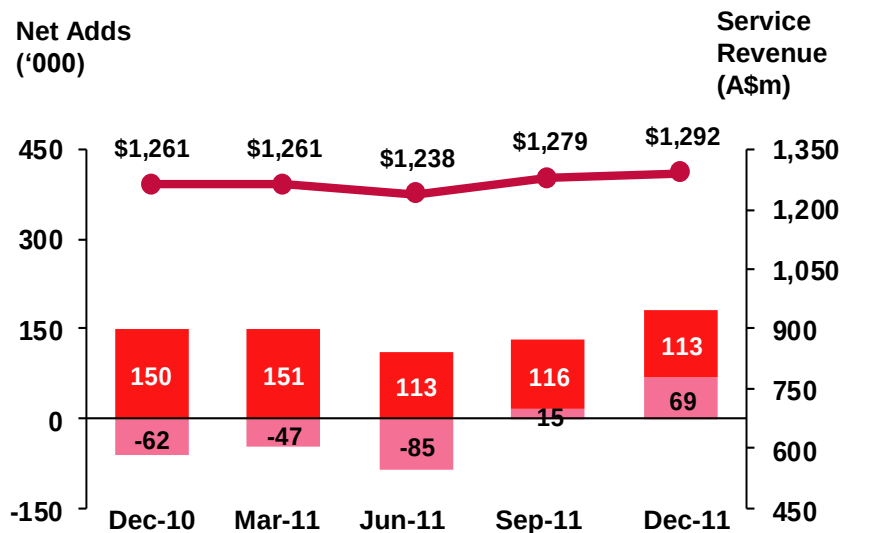
# Optus: growing revenue and EBITDA

| Q3 FY12                    | A\$m             | YoY Change | Highlights                                                                                  |
|----------------------------|------------------|------------|---------------------------------------------------------------------------------------------|
| <b>Total revenue</b>       | <b>A\$2,421m</b> | <b>+2%</b> | › led by mobile revenue growth                                                              |
| Mobile                     | A\$1,615m        | +4%        | › customer growth<br>› lower blended ARPU                                                   |
| Business & Wholesale Fixed | A\$493m          | +1%        | › higher satellite and ICT & Managed Services revenues<br>› offset by weaker voice services |
| Consumer & SMB Fixed       | A\$316m          | -6%        | › continuing exit of resale<br>› lower on-net ARPU                                          |
| <b>Total EBITDA</b>        | <b>A\$562m</b>   | <b>+2%</b> | › margin: 23.2% (Q3 FY11: 23.2%)<br>› lower mobile customer acquisition costs               |

# Mobile: customer growth in a competitive market

Service revenue growth **+2%**

Customer growth in Postpaid and Prepaid



● Total Service Revenue ■ Prepaid net adds ■ Postpaid net adds

EBITDA **+3%**

› EBITDA margin stable at 24%

## Net adds

- › Postpaid customers **+113k**
- › Prepaid customers **+69k**

## Wireless BB customers **1.6m**

- › up 31%

## Postpaid ARPU **A\$66**

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

## Total data % of ARPU **47%**

- › 21% non-sms data

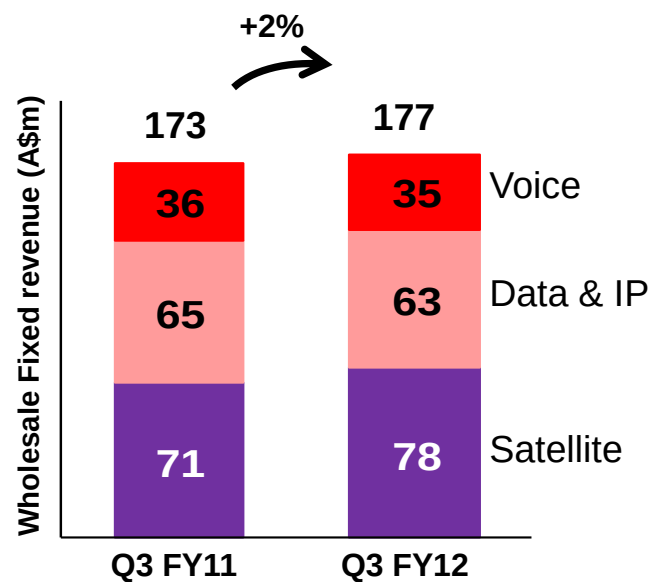
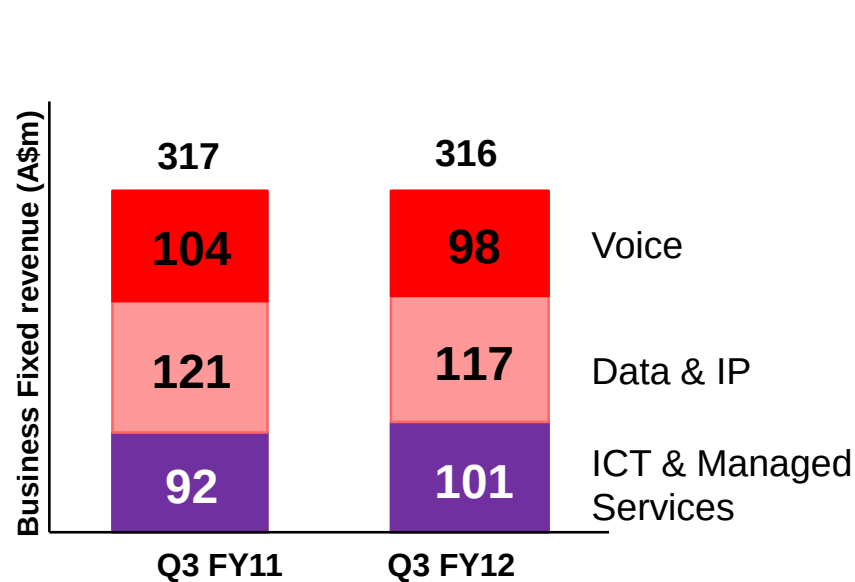
## Subscriber acquisition cost **A\$180**

- › down 29% YoY and down 13% QoQ
- › introduced new postpaid price plans

# Business & Wholesale Fixed: stable performance

Business: growth in ICT & Managed Services

Wholesale: higher satellite revenue



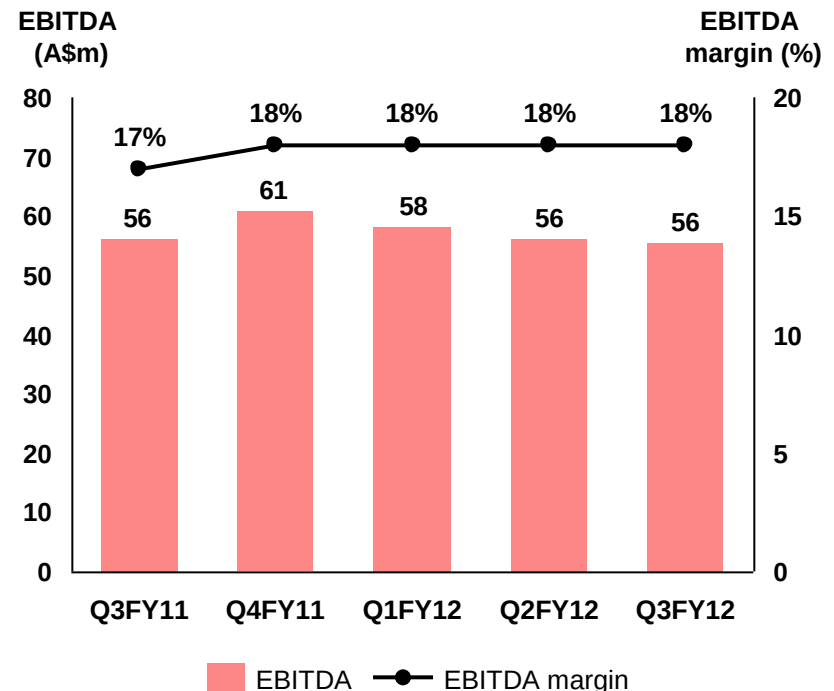
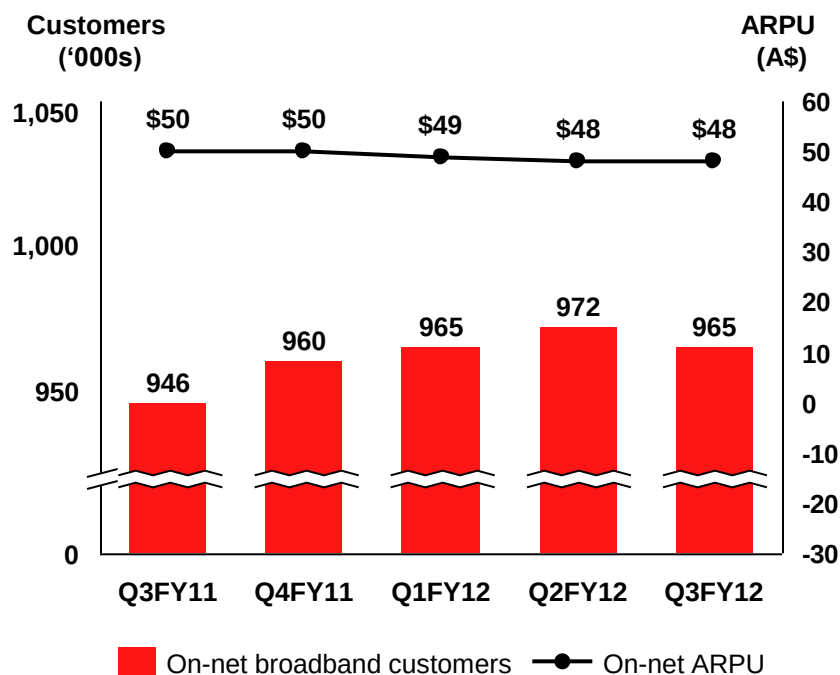
**EBITDA Stable**

› EBITDA margin stable at 26%

# Consumer & SMB Fixed: managing profitability despite ARPU pressures

Customer growth and ARPU impacted by competition

EBITDA stable



EBITDA -1%

› EBITDA margin up 1 ppt to 18%

# Managing cost while driving strategic differentiation

Operating expenses **+1%**

Leading the market with differentiated digital services and rewards

**Selling & Admin** **-10%**

- › lower handset subsidies on new price plans

**Cost of sales** **+16%**

- › higher mobile equipment costs

**Traffic expenses** **+6%**

- › higher interconnect costs partly offset by lower outpayments

**Staff costs** **+5%**

- › accruals write-back in the prior year



TV Now



Optus Go Places



Optus Smart Safe





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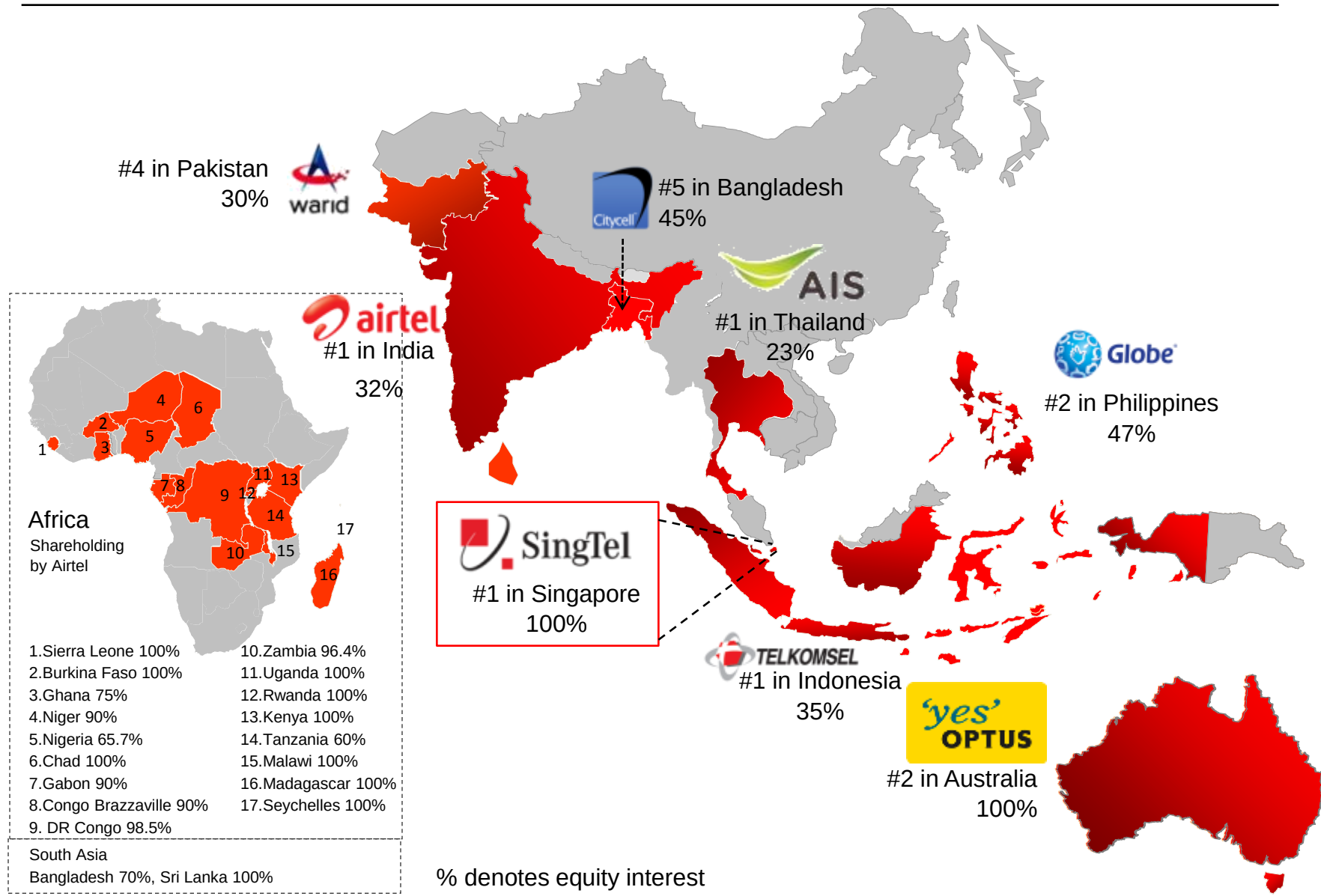
**04 // Associates & Joint Ventures**

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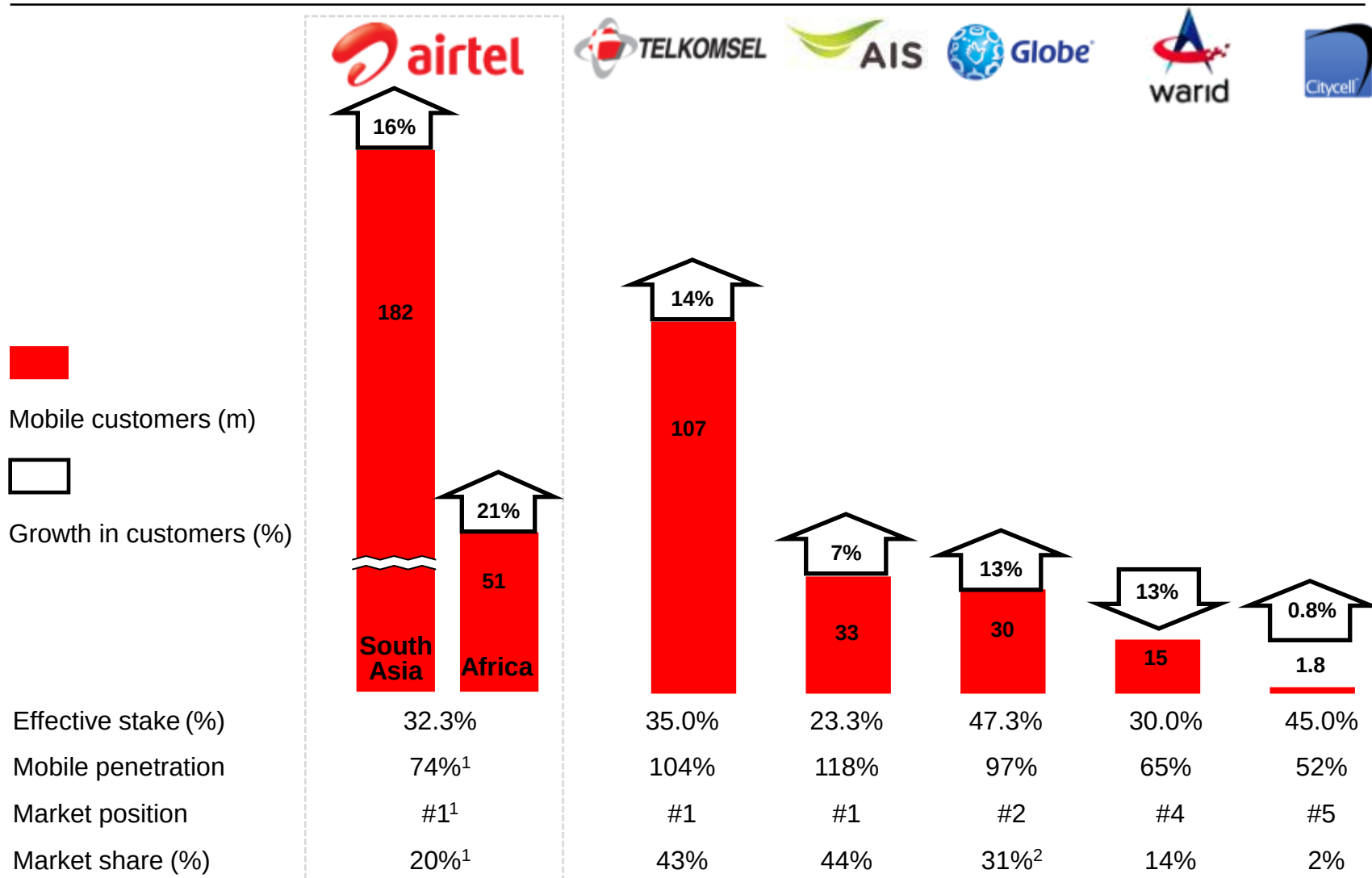
05 // Financial position

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# Significant footprint across Asia & Africa



# Growing our Pan-Asia & Africa customer base



1. For India market only

2. As at Sep 11

# Regional mobile associates

| Q3 FY12         | PBT <sup>1</sup><br>(S\$m) | % Change<br>(S\$) | % Change<br>(local curr) | Highlights                                                                                                                                                                   |
|-----------------|----------------------------|-------------------|--------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Regional Mobile | 449                        | -8%               | N.A.                     | › down 3% in constant currency                                                                                                                                               |
| Telkomsel       | 226                        | +6%               | +7%                      | › robust data growth<br>› improved market conditions                                                                                                                         |
| Airtel          | 128                        | -30%              | -20%                     | › South Asia: strong revenue growth offset by 3G costs & higher interest expense<br>› Africa: strong growth in revenue and EBITDA driven by customer growth, increased usage |
| AIS             | 84                         | +23%              | +29%                     | › Higher voice revenue and strong demand for data                                                                                                                            |
| Globe           | 37                         | -7%               | -6%                      | › achieved record service revenue despite competition                                                                                                                        |

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



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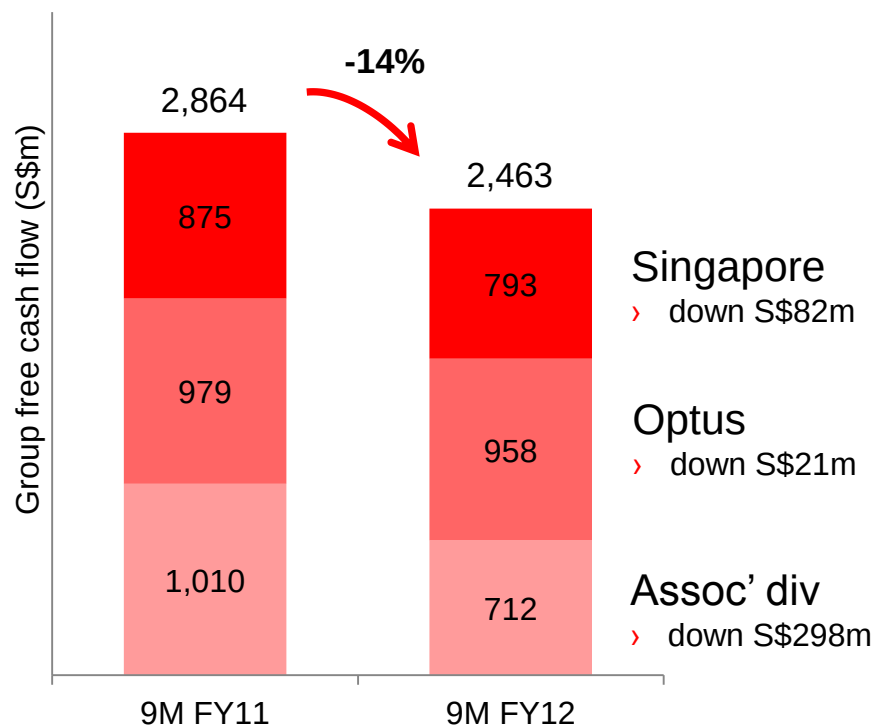
**05 // Financial position**

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# Sound financial position

## Free cash flow **S\$2,463m**

› lower dividends from associates<sup>1</sup>



## Solid balance sheet

**Net debt** **S\$7.7b**

**Net gearing<sup>2</sup>** **26%**

**Net debt: EBITDA & share of associates' pre-tax profits<sup>3</sup>** **1.1x**

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

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

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

1. Included special dividends of S\$298m from AIS, less applicable withholding taxes for 9M FY11

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

3. On an annualised basis

