

News Release

Net profit up 30% to S\$1.29 billion in 4Q and 4% to S\$3.99 billion for full year

- Underlying net profit for the quarter grows 3% to S\$1.02 billion
- Robust performance in Singapore and stronger Australian Dollar lift performance
- Contributions from regional mobile associates register 6% growth in 4Q
- Proposed final ordinary dividend of 9 cents a share

Singapore, 10 May 2012 – Singapore Telecommunications Limited (SingTel) today announced that fourth quarter net profit for the Group grew 30 per cent to S\$1.29 billion, primarily from an exceptional net tax credit of S\$270 million on an increase in value of assets transferred to an associate.

Excluding this and other one-off items, underlying net profit grew 3 per cent, driven by strong mobile revenue growth from Singapore and improved contributions from the regional mobile associates. The stronger Australian Dollar also lifted net profit.

For the full year, net profit increased 4 per cent to S\$3.99 billion. Underlying net profit declined 3 per cent. Group revenue grew 4 per cent to S\$18.83 billion, boosted by mobile growth in Singapore and Australia, as well as the stronger Australian Dollar.

Highlights

	Quarter Ended		YOY	Year Ended		YOY
	31 Mar 2012 (S\$m)	31 Mar 2011 (S\$m)	Change	31 Mar 2012 (S\$m)	31 Mar 2011 (S\$m)	Change
Group revenue	4,780	4,643	3.0%	18,825	18,071	4.2%
SingTel revenue	1,717	1,661	3.4%	6,551	6,401	2.3%
Optus revenue (A\$)	2,296	2,322	(1.1%)	9,368	9,284	0.9%
(S\$)	3,063	2,982	2.7%	12,275	11,670	5.2%
EBITDA	1,430	1,392	2.7%	5,219	5,119	1.9%
Share of associates' pre-tax ordinary earnings ¹	539	514	4.8%	2,013	2,150	(6.4%)
EBITDA and share of associates' pre-tax earnings	1,953	1,906	2.5%	7,223	7,260	(0.5%)
Net profit attributable to shareholders	1,289	992	30.0%	3,989	3,825	4.3%
Underlying net profit ²	1,023	998	2.5%	3,676	3,800	(3.3%)
Underlying earnings per share (S cents)	6.42	6.26	2.6%	23.07	23.86	(3.3%)

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.

In the fourth quarter, revenue for the Group rose 3 per cent to S\$4.78 billion. Ordinary pre-tax earnings from the regional mobile associates grew 6 per cent to S\$510 million as AIS and Telkomsel reported strong earnings growth. Contributions increased despite the weaker regional currencies and fair value losses. Excluding the currency impact, ordinary pre-tax earnings from the regional mobile associates would have risen 11 per cent.

Ms Chua Sock Koong, SingTel Group CEO, said: "It was a challenging quarter but we kept focused on executing our strategy and met the guidance we had set out. The regional mobile associates turned in marked improvements in their operating and financial performance. Despite the weaker regional currencies and fair value losses, contributions from our associates rose 6 per cent."

"We continue to review opportunities to increase our stakes in the associates and may make strategic investments to gain important capabilities, drive growth in adjacent industries and extend the Group's customer relationships."

The Group continued to generate strong free cash flows across its businesses. For the full year, free cash flow was S\$3.46 billion, lower by 14 per cent largely because of higher capital expenditure and AIS' special dividends received last year. Free cash flow from Australia fell 8 per cent to A\$1.11 billion with tax payments from this year. Free cash flow from the Singapore business was lower by 19 per cent to S\$1.17 billion due to working capital for OpenNet's fibre rollout, higher investments in mobile networks and NCS' projects.

The Board has recommended a final ordinary dividend of 9.0 Singapore cents per share. Including the interim dividend of 6.8 Singapore cents paid in January 2012, total dividends for the year will be 15.8 Singapore cents per share. The total dividend also represents a payout ratio of 68 per cent, within the Group's dividend policy payout ratio of 55 to 70 per cent of underlying net profit. Dividend payout as a percentage of the Group's free cash flow after interest and tax payments is higher at 83 per cent.

Singapore

Revenue from the Singapore business grew 3 per cent to S\$1.72 billion. Excluding the contribution from the rollout of fibre, revenue increased 4 per cent. EBITDA rose 6 per cent to S\$583 million, excluding payments to NetLink Trust, a business trust set up to achieve structural separation as mandated under the government's Next Generation Nationwide Broadband Network (NextGen NBN).

Mr Allen Lew, Country Chief Officer, Singapore, said: "This quarter, we continued to transform our business to track towards our vision to lead and shape the market. The Singapore business not only gained market share in mobile and pay TV but also grew EBITDA."

"Our cloud-based services are becoming more popular with the SMEs and the number of users grew 20 per cent to 180,000 in the quarter. Our unique value proposition linked to minimising complexity and having relevant solutions such as accounting and email applications help them cut cost and enhance productivity."



Mobile Communications revenue grew 5 per cent to S\$478 million. SingTel extended its market share by 1.1 percentage points to 45.9³ per cent from a year ago. In the quarter, SingTel added 30,000 postpaid customers, bringing its customer base to 1.95 million, with increased smartphone connections and higher SIMs take-up for integrated mobile broadband bundles.

Postpaid ARPU declined 6 per cent to S\$82, largely reflecting the increase in data-only SIMs. Excluding data-only SIMs, postpaid ARPU declined 3 per cent because of lower roaming traffic and the increased popularity of discounted bundled services plans.

Data and Internet revenue fell 3 per cent to S\$403 million due to planned price adjustments with the NextGen NBN and one-off billings for managed services in the corresponding quarter last year. SingTel extended its international data leadership with two new distinctive capabilities – ultra-low latency data services for financial institutions in five major cities and bandwidth on-demand for international data services to eight countries.

Revenue from **IT & Engineering** rose 2 per cent to S\$440 million. Growth from NCS' business solutions was partially offset by lower revenue from fibre rollout as OpenNet's home coverage reached over 90 per cent of Singapore.

NCS revenue grew 4 per cent, fuelled by strong demand for business solutions services. Its order book increased by 14 per cent to S\$2.2 billion as at end March 2012. In the quarter, it had won significant contracts including a contract to implement an integrated manpower management system for a government agency.

Revenue from **mio TV** was S\$29 million, while its customer base grew 15,000 to 368,000 as at 31 March 2012. mio TV boosted its offerings with the addition of a Hindi Pack which includes SET, one of the most watched channels in India, as well as SAB TV and Sony Max, which are available for the first time in Singapore. This July, mio TV customers will enjoy the most comprehensive and innovative TV experience of the London 2012 Olympics, including events presented in 3D format.

Customers on bundled plans increased 18,000 during the quarter to reach 305,000. This represented about 27 per cent of all households in Singapore.

In the fibre market, SingTel maintained its lead with another 21,000 customers added in the quarter, bringing the total fibre broadband customers⁴ to 76,000 at the end of March 2012.

Operating expenses grew 3 per cent to S\$1.15 billion. Selling and administrative expenses rose 6 per cent, reflecting the increase in mobile customer retention costs, spurred by strong demand for smartphones and tablets, and increased costs to support the growing multimedia customer base.

For the full year ended 31 March 2012, revenue for the Singapore business rose 2 per cent to S\$6.55 billion, driven mainly by Mobile Communications which grew 7 per cent. EBITDA, excluding payments to NetLink Trust, was stable at S\$2.26 billion.

³ Mobile market share based on telco operators' published results.

⁴ Refers to residential and corporate subscriptions to broadband internet services using optical fibre services.

Australia

Optus reported stable EBITDA on a 1 per cent decline in operating revenue. This reflected continued intense competition and the mandated reduction in mobile termination rates from 9 cents per minute to 6 cents from 1 January 2012. Net profit grew 2 per cent to A\$267 million.

In **Mobile**, operating revenue was down 3 per cent while mobile service revenue declined 2 per cent to A\$1.23 billion. Excluding the impact of the decline in mobile termination rates and service credits associated with device repayment plans introduced in October 2011, mobile service revenue increased 3 per cent.

Optus continued its postpaid customer growth momentum with net additions of 82,000, which included a one-off reduction of 33,000 to a wholesale service provider's customer base. Prepaid customer base was stable at 4.29 million, bringing Optus' total customer base to 9.49 million as at March 2012.

The number of 3G customers⁵ increased to 6.63 million, a 6 per cent increase from a quarter ago. This included a base of 1.58 million wireless broadband customers⁶, an increase of approximately 26,000 customers since a quarter ago.

Blended ARPU was down A\$3 to A\$43, reflecting an increased mix of wireless broadband customers and higher value inclusions on selected plans. SMS and other data revenue was at 49 per cent of ARPU, reflecting increased data usage and higher penetration of wireless data products, up from 47 per cent in the preceding quarter and 42 per cent a year ago.

Over the last few months, Optus has made a number of significant mobile network investment announcements.

These include the extension of a site sharing arrangement with Vodafone Hutchison Australia, which will increase the number of mobile sites across Optus' mobile network by 20 per cent. This arrangement complements Optus' bold U900 spectrum migration plan to provide customers with even better 3G coverage. Since announcing the programme in September 2011, 450 sites have been upgraded across Sydney, Melbourne and Perth. During the quarter, Optus also announced plans to acquire Vividwireless Group for an expected cash consideration of A\$230 million.

Mr Paul O'Sullivan, Chief Country Officer Australia, said: "The Australian mobile market remains highly competitive and has been further impacted by lower termination rates. Despite this, Optus demonstrated the underlying strength of its mobile business with continued postpaid customer growth in the quarter."

"Looking forward, we believe we are in a strong position to compete more effectively and drive sustainable growth for our business with a number of key mobile network investments, a new brand position and a restructured cost base," Mr O'Sullivan said.

In **Business and Wholesale fixed**, overall revenue increased by 6 per cent from strong satellite and ICT and managed services revenue growth. Underlying EBITDA grew 12 per cent, with reported EBITDA lower by 1 per cent due to the writeback of an A\$20 million provision in the same quarter last year.

⁵ 3G customers are defined as subscribers who i) own a 3G device and ii) are provisioned with 3G Data Services access.

⁶ Wireless broadband customers are defined as customers provisioned with an HSPA broadband service. Excludes data packs attached to voice services.

In the **Consumer and SMB fixed business**, EBITDA grew 5 per cent and EBITDA margin improved 2 percentage points due mainly to lower traffic costs from the lower mobile termination rates. Lower ARPU from increased broadband data inclusions and lower telephony usage caused on-net revenue to decline by 5 per cent. On-net broadband customers totalled 978,000 as at March 2012, up 13,000 from a quarter ago.

For the full year, Optus' operating revenue was up 1 per cent to A\$9.37 billion and EBITDA grew 1 per cent to A\$2.36 billion. Net profit for the year grew 2 per cent to A\$787 million.

Regional

The Group's combined mobile customer base grew 11 per cent or 42.9 million from a year ago to reach 445 million as at 31 March 2012.

Share of pre-tax ordinary profits ⁷	Quarter Ended	YOY		Year Ended	YOY	
	31 Mar 2012 (S\$m)	Change (S\$)	Change (local currency)	31 Mar 2012 (S\$m)	Change (S\$)	Change (local currency)
Airtel						
- South Asia	148	(24.7%)	(15.7%)	628	(27.0%)	(18.9%)
- Africa	(9)	60.0%	55.5%	(76)	9.2%	1.4%
Telkomsel	229	20.4%	23.8%	898	5.1%	9.6%
AIS	111	52.2%	56.1%	350	26.9%	32.5%
Globe	52	(11.1%)	(11.6%)	187	(2.6%)	0.1%
Warid	(14)	(19.5%)	(26.3%)	(56)	(2.8%)	(12.1%)
PBTL	(6)	(65.7%)	(94.2%)	(28)	(72.4%)	(99.6%)
Regional Mobile Associates	510	6.4%	NM	1,902	(6.2%)	NM

NM denotes not meaningful

Telkomsel had another strong quarter, with revenue growth across its voice, SMS and data products. Total revenue grew 9 per cent amid more stable market conditions. In Singapore Dollar terms, the Group's share of ordinary pre-tax profit increased 20 per cent to S\$229 million.

Airtel's overall pre-tax contribution declined to S\$139 million, partly due to the weaker Indian Rupee, which fell 12 per cent against the Singapore Dollar. **Airtel South Asia** posted a strong revenue growth of 10 per cent. However, earnings were affected by India's 3G rollout costs, license fees amortisation and higher finance expense.

In the quarter, **Airtel Africa** operations continued to register double-digit revenue and EBITDA growth driven by network expansion and customer growth.

AIS posted another quarter of solid performance on strong demand for its mobile internet services. In Singapore Dollars, the Group's share of pre-tax profit grew 52 per cent to S\$111 million.

⁷ Excluding exceptional items but including fair value adjustments.

Globe registered service revenue growth with customer gains in mobile and broadband. However, higher network related costs as well as marketing and subsidy expenses, led to an 11 per cent decline in the Group's share of pre-tax profit to S\$52 million.

Outlook for the financial year ending 31 March 2013

Macro-economic environment

The Singapore economy is projected to grow at 1.0 to 3.0 per cent in 2012, after a 4.9 per cent growth in 2011. In Australia, average GDP growth is expected to be around 3.0 to 3.5 per cent in the fiscal year ending June 2013, against 2.75 per cent forecasted for the fiscal year to June 2012. India and Indonesia are forecasted to deliver GDP growth of approximately 7 per cent and 6 per cent respectively.

Bharti's key markets in Africa, namely DRC, Gabon, Nigeria, Tanzania and Zambia, are poised to deliver GDP growth rates of 5 to 7 per cent.

Inflationary pressures are expected to persist in some of these markets, particularly in India and the African countries.

Strategic focus

SingTel will be executing to transform its business to sustain competitiveness, innovation and growth into the future.

From 1 April 2012, SingTel is organised by customer segments to better serve the evolving needs of its customers and to exploit growth opportunities globally.

SingTel's key focus areas are:

- Reinvent its core carriage business by driving scale synergies and efficiency gains to deliver differentiated value-added services enabled by next generation networks and technology;
- Create new growth platforms that leverage and strengthen the core, through complementary digital content and services that are relevant and personalised to customers; and
- Enhance its ICT products and delivery capabilities to entrench leadership in the regional markets.

To support these objectives, SingTel may make strategic investments to gain important capabilities, drive growth in adjacent industries and extend the Group's customer relationships. SingTel will also review opportunities to increase its stakes in the associates and will be financially disciplined in the evaluation of investment opportunities.

Group Consumer

Revenue from Group Consumer is expected to grow at low single digit level, driven by mobile. Revenue from Mobile Communications, which extends across Group Consumer and Group ICT, is anticipated to grow at low single digit level, with key initiatives to drive customer acquisition and improve yield, mitigating the impact of lower mobile termination rates in Australia.

Group ICT

Group ICT expects to deliver low single digit revenue growth, through increased contribution from IP-VPN, managed services, cloud and mobility solutions. The growth is partially offset by a projected slowdown in ICT spend and increased competition in Singapore with the completion of the NextGen NBN.

Group Digital L!fe

Group Digital L!fe will invest in new growth platforms and deliver innovative digital services that will complement the Group's existing offerings through bundles and add-ons. It will focus on long term strategic plans to deliver distinctive global products for emerging and developed markets. As a result of these investments, Group Digital L!fe is expected to deliver strong revenue growth, but register start-up losses.

Group

Consolidated revenue for the Group is projected to grow at low single digit level and EBITDA is expected to be stable.

Free cash flow for the Group, excluding dividends from associates, is estimated to be around S\$2.6 billion, with higher capital expenditure.

Capital expenditure in Singapore is forecasted to be around S\$950 million, an increase from the current financial year, reflecting investments in 4G network and 3G network enhancements, as well as the expansion of Kim Chuan Data Centre.

Excluding spectrum payments, capital expenditure in Australia is expected to be approximately A\$1.1 billion, with continued investments in the mobile network, including Optus' 4G rollout.

Revenues for Singapore and Australia are expected to grow at low single digit levels, while EBITDA remains stable for both operations. Continued investments will be made in mobile acquisition and retention, as well as Digital L!fe initiatives.

Associates

In India, Airtel will leverage its leadership position to drive adoption of 3G services and capture emerging opportunities in mobile data services, while continuing to grow voice usage in the rural areas of India where mobile penetration remains low. In Africa, Airtel will continue to build robust networks and expand its distribution to sustain growth momentum.

Telkomsel will expand broadband coverage to more cities to grow mobile data services, supported by initiatives to improve customer experience and introduction of compelling data content and applications.

Ordinary dividends from the regional mobile associates are expected to grow.

Currency

The Group's consolidated revenue and EBITDA may be impacted by material exchange rate movements in the Australian Dollar and regional currencies. The Group's outlook for the next financial year has incorporated these market forward exchange rates:

Australian Dollar	AUD 1	:	SGD 1.3068
Indonesian Rupiah	SGD 1	:	IDR 7,380
Indian Rupee	SGD 1	:	INR 40.8
Thailand Baht	SGD 1	:	THB 25.1
Philippine Peso	SGD 1	:	PHP 34.3

Dividend policy

SingTel's dividend payout ratio ranges from 55 to 70 per cent of underlying net profit.

The Group will continue to review at least on a three-year basis its cash needs for operations and growth, with a view to returning surplus cash to shareholders. This is consistent with the Group's commitment to an optimal capital structure and investment grade credit ratings, while maintaining financial flexibility.

Appendix 1

The following table shows the trends in constant currency terms.

	Quarter Ended	YOY		Year Ended	YOY	
	31 Mar 2012 (S\$m)	Change (S\$)	Change (constant currency) ⁸	31 Mar 2012 (S\$m)	Change (S\$)	Change (constant currency) ⁸
Group revenue	4,780	3.0%	0.5%	18,825	4.2%	1.4%
Group underlying net profit	1,023	2.5%	2.7%	3,676	(3.3%)	(2.4%)
Optus revenue	3,063	2.7%	(1.1%)	12,275	5.2%	0.9%
Associates' earnings ⁹	539	4.8%	9.4%	2,013	(6.4%)	(1.2%)

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⁸ Assuming constant exchange rates from the corresponding periods in FY11.

⁹ Based on the Group's share of associates' earnings before tax and exceptionals.