# Financial Results Presentation

Q3 FY13: Quarter ended 31 December 2012

14 February 2013
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Group CEO

# Forward looking statement – important note

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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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

# Agenda

# Driving transformation for long term growth; Q3 FY13 stable operations across Singapore, Australia & Associates

| | | | | |
|---|---|---|---|---|
| **Group performance** | **Revenue**<br>› down 5% | **S$4,597m** | **Net profit**<br>› down 8%<br>**Underlying net profit**<br>› down 2% | **S$827m**<br><br>**S$874m** |
| **Singapore[1]** | **Revenue**<br>› up 1% | **S$1,697m** | **EBITDA**<br>› up 1% | **S$531m** |
| **Optus** | **Revenue**<br>› down 6% | **A$2,283m** | **EBITDA**<br>› up 3% | **A$576m** |
| **Regional Mobile** | **Customers[2]**<br>› up 9% | **473m** | **Pre-tax earnings[3]**<br>› up 1%<br>› up 11% in constant currency | **S$455m** |

1. Singapore refers to the Group operations but excludes Optus and the Associates.
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.

# Q3 FY13: stable EBITDA

| | 3 months to Dec 12 | 3 months to Dec 11 | YoY % change | 3 months to Sep 12 | Sequential % change |
|---|---|---|---|---|---|
| Operating revenue | 4,597 | 4,830 | (4.8%) | 4,572 | 0.5% |
| EBITDA | 1,262 | 1,256 | 0.5% | 1,267 | (0.3%) |
| - margin | 27.5% | 26.0% | | 27.7% | |
| Associates pre-tax earnings | 486 | 475 | 2.2% | 574 | (15.3%) |
| EBITDA & share of associates' pre-tax earnings | 1,748 | 1,731 | 1.0% | 1,840 | (5.0%) |
| Depreciation & amortisation | (524) | (499) | 5.0% | (535) | (2.1%) |
| Net finance expense | (78) | (82) | (5.8%) | (86) | (9.6%) |
| Exceptional Items | (67) | 33 | N.M. | (26) | 163.9% |
| Pre-tax profit | 1,080 | 1,183 | (8.7%) | 1,194 | (9.6%) |
| Tax | (252) | (280) | (9.9%) | (326) | (22.7%) |
| Net profit | 827 | 902 | (8.3%) | 868 | (4.7%) |
| Underlying net profit | 874 | 895 | (2.3%) | 886 | (1.3%) |

# 9M FY13: Resilient earnings amid adverse currency movements

| | 9 months to Dec 12 | 9 months to Dec 11 | YoY % change |
|---|---|---|---|
| Operating revenue | 13,702 | 14,045 | (2.4%) |
| EBITDA<br>- margin | 3,771<br>27.5% | 3,789<br>27.0% | (0.5%) |
| Associates pre-tax earnings[1] | 1,566 | 1,474 | 6.2% |
| EBITDA & share of associates' pre-tax earnings | 5,337 | 5,270 | 1.3% |
| Depreciation & amortisation | (1,577) | (1,494) | 5.5% |
| Net finance expense | (234) | (248) | (5.4%) |
| Exceptional Items | (5) | 90 | N.M. |
| Pre-tax profit | 3,521 | 3,619 | (2.7%) |
| Tax | (880) | (918) | (4.2%) |
| Net profit | 2,640 | 2,700 | (2.2%) |
| Underlying net profit | 2,610 | 2,653 | (1.6%) |

1. Excludes exceptionals

# Group Q3 FY13 highlights

**Group Consumer**

Revenue

S$2,983m

- Continued LTE expansion in Australia and Singapore
- Bharti completed Infratel IPO, raising US$750m
- Announced divestment of Warid

**Group Enterprise**

Revenue

S$1,547m

- Hosted Singapore's largest ICT thought-leadership forum and unveiled 200 innovative ICT solutions

**Group Digital L!fe[1]**

Revenue

S$67m

- mio TV boosts content suite with new genres of entertainment, including kids, music and comedy

1. Comprises digital businesses, such as e-commerce, concierge, hyper-local and mobile advertising. Also includes mio TV operations.

# Agenda

# Singapore: revenue growth from digital, mobile and ICT

| Q3 FY13 | Revenue S$m | YoY Change | Highlights |
|---|---|---|---|
| **Total revenue** | **1,697** | **+1%** | › up 3% excluding fibre rollout<br>› new digital business and continued strength in mobile & ICT |
| Mobile | 507 | +3% | › strong postpaid customer growth offsets lower roaming revenues |
| Data & Internet | 409 | – | › growth in managed services mitigates lower local leased circuits |
| NCS | 335 | +6% | › MOE and other contracts |
| Sale of equipment | 119 | +5% | › demand for smartphones |
| Digital business[1] | 21 | N.M. | › includes contribution from Amobee |

1. Digital business comprises mainly e-commerce, concierge and hyper-local services, and mobile advertising but exclude mio TV.

# Singapore – higher EBITDA on strong cost management

**EBITDA up 1% to S$531m**
- up 3% excluding Digital business

**Operating expenses up 1% to S$1,175m**
- down 2% excluding Digital business

## Operating Expenses:

**Selling & Admin** **+6%**
- higher customer connection costs in fibre broadband
- increased maintenance & service costs
- Digital business expenses

**Staff costs** **+10%**
- annual salary increments
- write-back of accruals last year
- inclusion of staff costs from acquisitions

**Cost of sales** **-2%**
- lower fibre roll-out

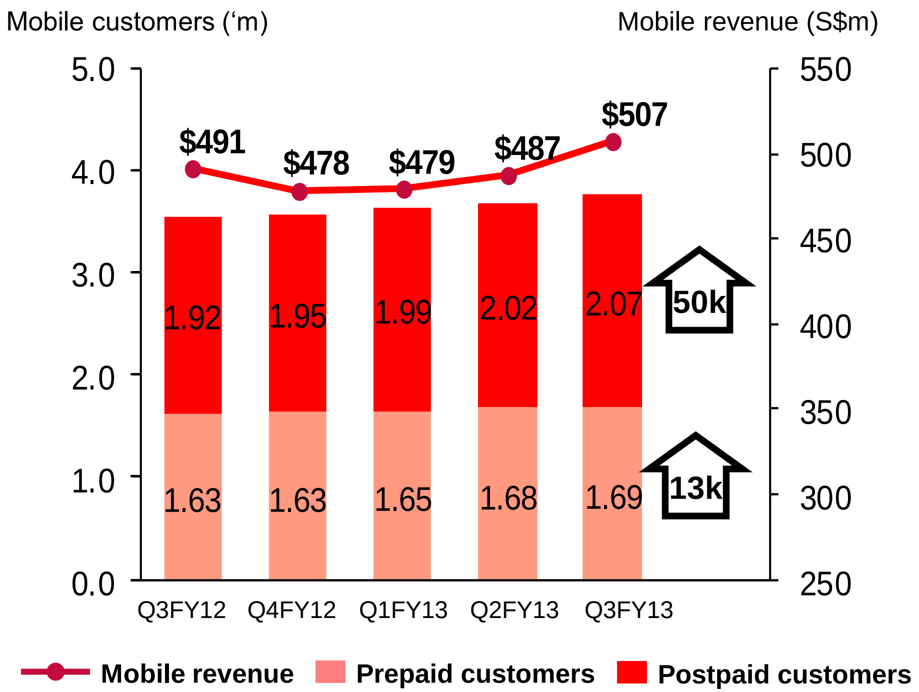
**Traffic expenses** **-12%**
- lower mobile roaming outpayments

| | Reported | Excl Digital |
|---|---|---|
| Total Opex | +1% | -2% |
| Selling & Admin | +6% | +2% |
| Staff costs | +10% | +7% |

# Mobile: continued growth momentum

**Mobile revenue** **S$507m**
› up 3%

**Market share** **46.6%**[1]




**Tiered data plans[2]**

› Postpaid customers on tiered plans **17%**
› Tiered plans customers who exceed data bundles **9%**

**Postpaid ARPU** **S$81**
› down 6%
› lower roaming revenue & increased mix of data-only SIMs

**Wireless BB subs up 27%[3]** **1.5m**

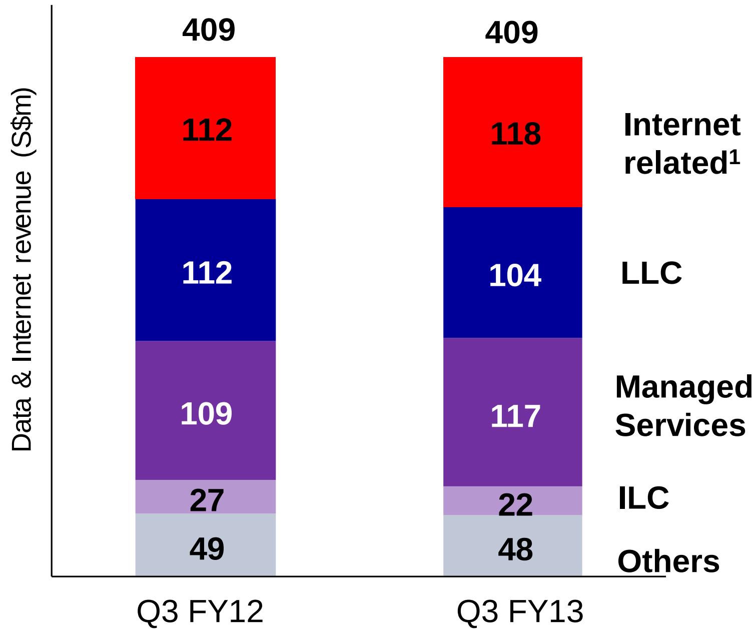
**Acquisition cost per subscriber** **S$322**
› down 12% YoY

1. Market share as at 31 December 2012; based on Telco operators' published results.
2. Tiered mobile data plans were introduced in July 2012.
3. Mobile subscribers who registered for monthly mobile broadband data subscription plans, including data packs attached to voice services.

# Data: Driving growth in Managed Services and ICT solutions

**Data & Internet revenue** **S$409m**
› stable

**NCS Group revenue** **S$335m**
› up 6%




**NCS Group order book[2]** **S$2.0b**

**Key wins include:**

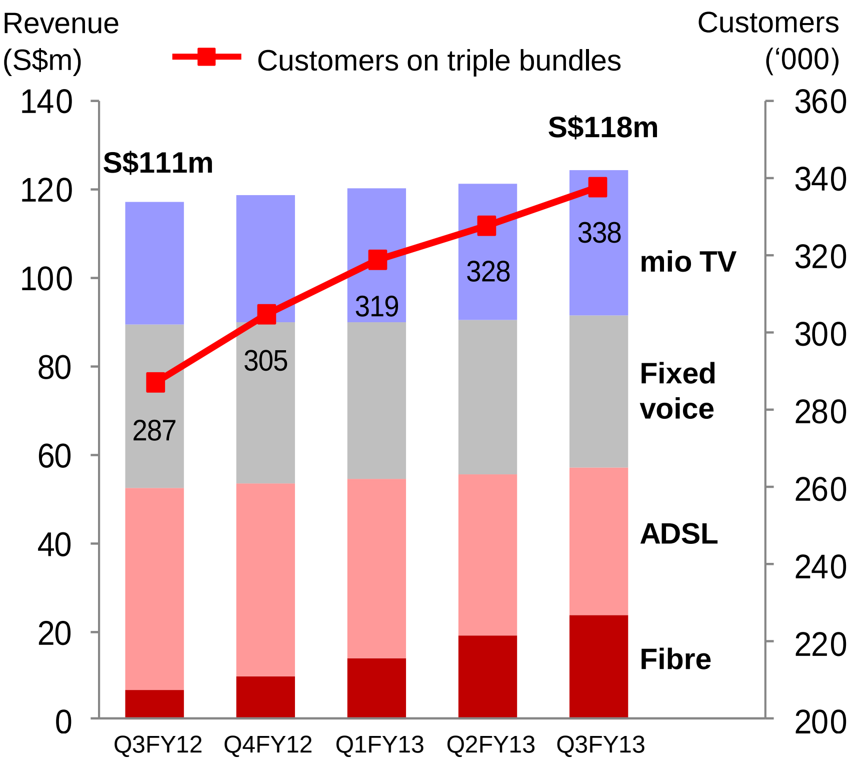
› government contracts:
  - maintenance of business management applications
  - development of data processing system

› contract to provide data centre hosting and managed services to an MNC

1. Include residential broadband revenue of S$57m for Q3 FY13 (Q3 FY12: S$52m).
2. As at 31 December 2012

# Owning the homes, leading the digital revolution

## Consumer home revenue[1] S$118m
› up 6%




**Household ARPU S$50**
› up 10%

## Growing our digital presence

**mio TV revenue S$33m**
› up 18%

**mio TV customers 398k**
› up 7k

**mio TV mobile app**
› 37k downloads

**Fibre customers[2] 167k**
› up 32k

1. Revenue from home fixed services – including broadband, mio TV and fixed voice.
2. Refers to residential and corporate subscriptions to broadband internet services using optical fibre networks.

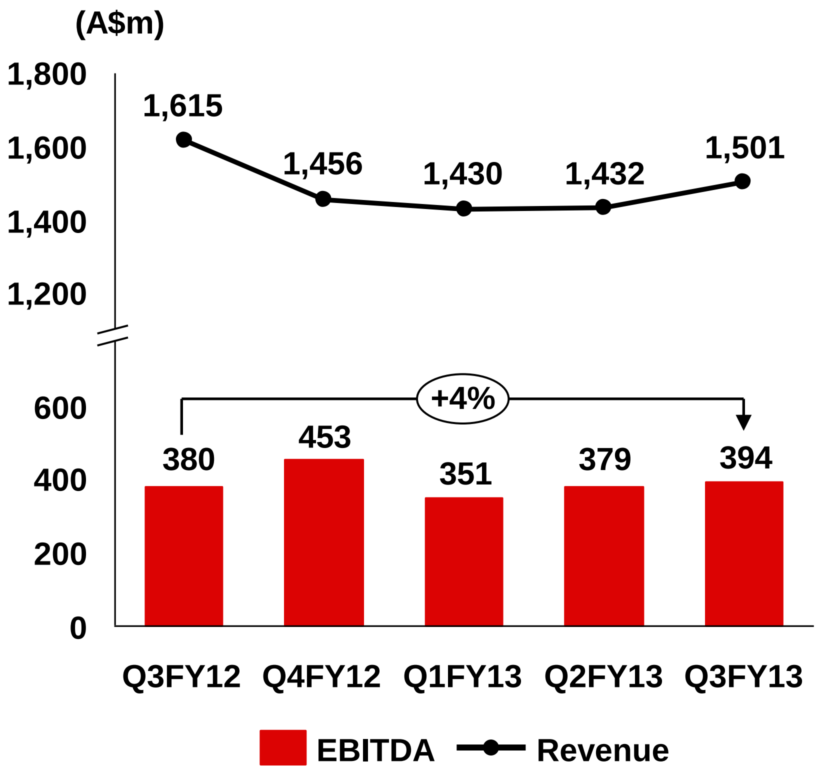
# Agenda

# Optus: transforming the business

| Q3 FY13 | A$m | YoY Change | Highlights |
|---|---|---|---|
| **Total revenue** | **A$2,283m** | **-6%** | › focus on driving profitable growth and capitalising on data opportunities |
| **Total EBITDA**<br><br>Comprising: | **A$576m** | **+3%** | › margin: 25.2% (Q3FY12: 23.2%) |
| › Mobile | A$394m | +4% | › reduced traffic and selling expenses |
| › Business & Wholesale Fixed | A$124m | -2% | › declines in voice and Data & IP contribution, partially offset by growth in satellite revenue |
| › Consumer & SMB Fixed | A$58m | +5% | › lower traffic expenses |

# Mobile: growing EBITDA with structural change

**EBITDA** **+4%**
- EBITDA margin up 2ppts to 26%




**Total revenue** **A$1,501m**
- down 7%
  - MTR decline -3%
  - Equipment -3%
  - DRP[1] credits -2%

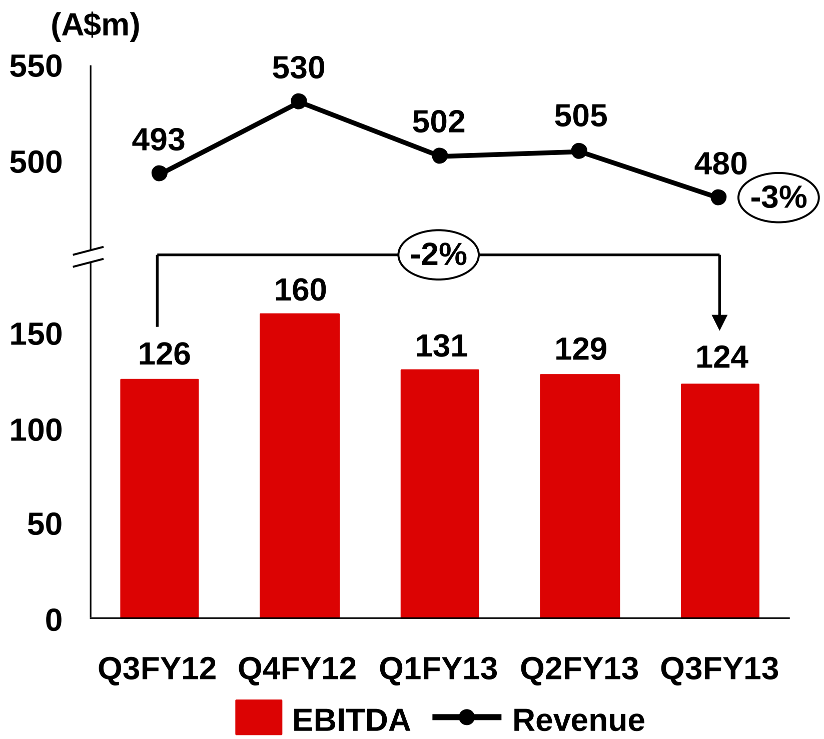
**Postpaid**
- ARPU **A$58**
  - down 12%
- Net adds **+58k**
- Retail churn **1.8%**
  - up from 1.7%
- SAC **A$301**
  - down 7% YoY and down 5% QoQ

**Prepaid**
- ARPU **A$22**
  - down 4%
- Net adds **-36k**
- SAC **A$18**
  - down 55% YoY and down 5% QoQ

1. Device repayment plans

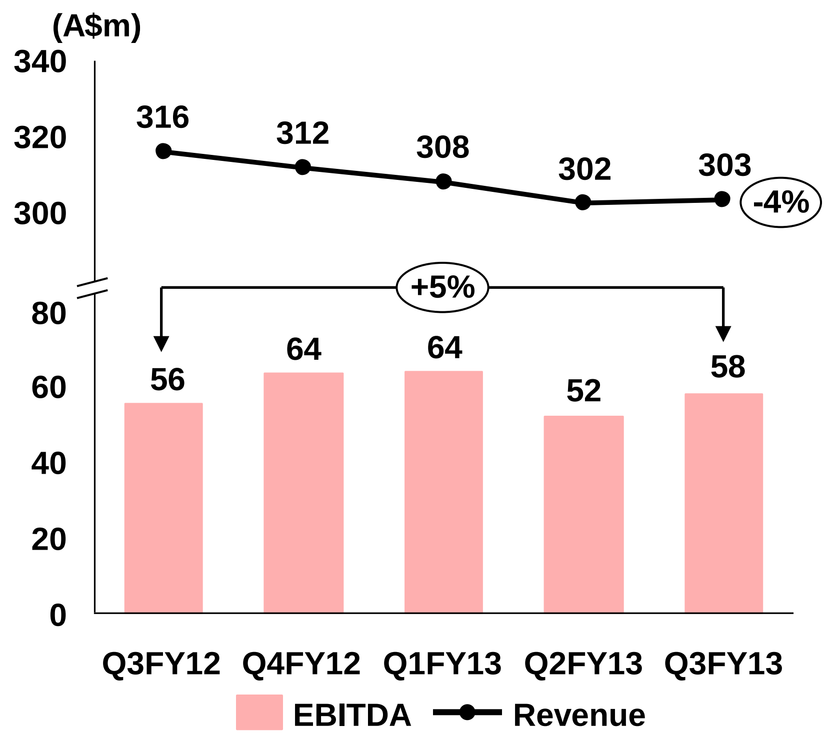
# Fixed: protecting margins

## Business and Wholesale Fixed




› EBITDA margin stable at 26%

## Consumer and SMB Fixed

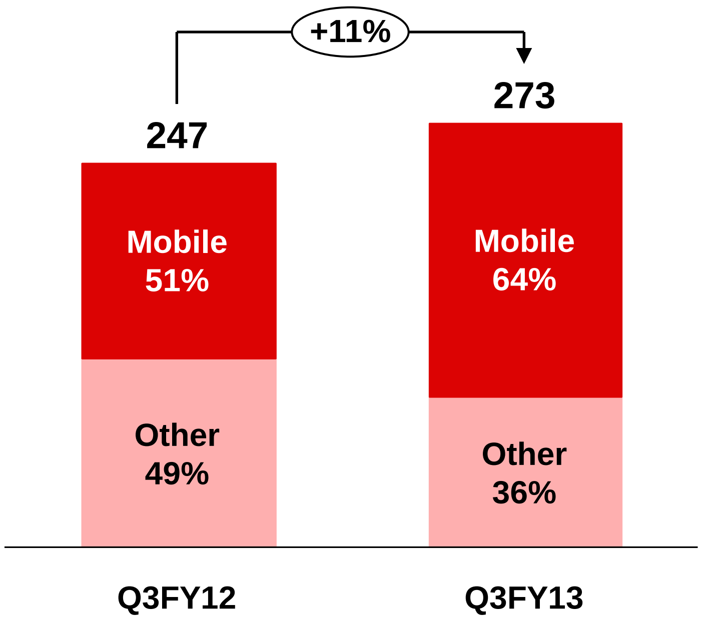



› EBITDA margin up 1ppt to 19%

# Focus on network investment and restructuring cost base

**Capital expenditure** **A$273m**

- up 11%




**Mobile investment**

- 900MHz spectrum migration improves 3G indoor coverage
- 4G coverage in major capital cities

**Operating expenses** **-8%**

**Selling & Admin** **-8%**

- reduction in subsidy levels

**Cost of sales** **-11%**

- lower mobile equipment costs

**Traffic expenses** **-9%**

- reduced interconnect costs

**Staff costs** **-4%**

- Improved processes and workforce reduction

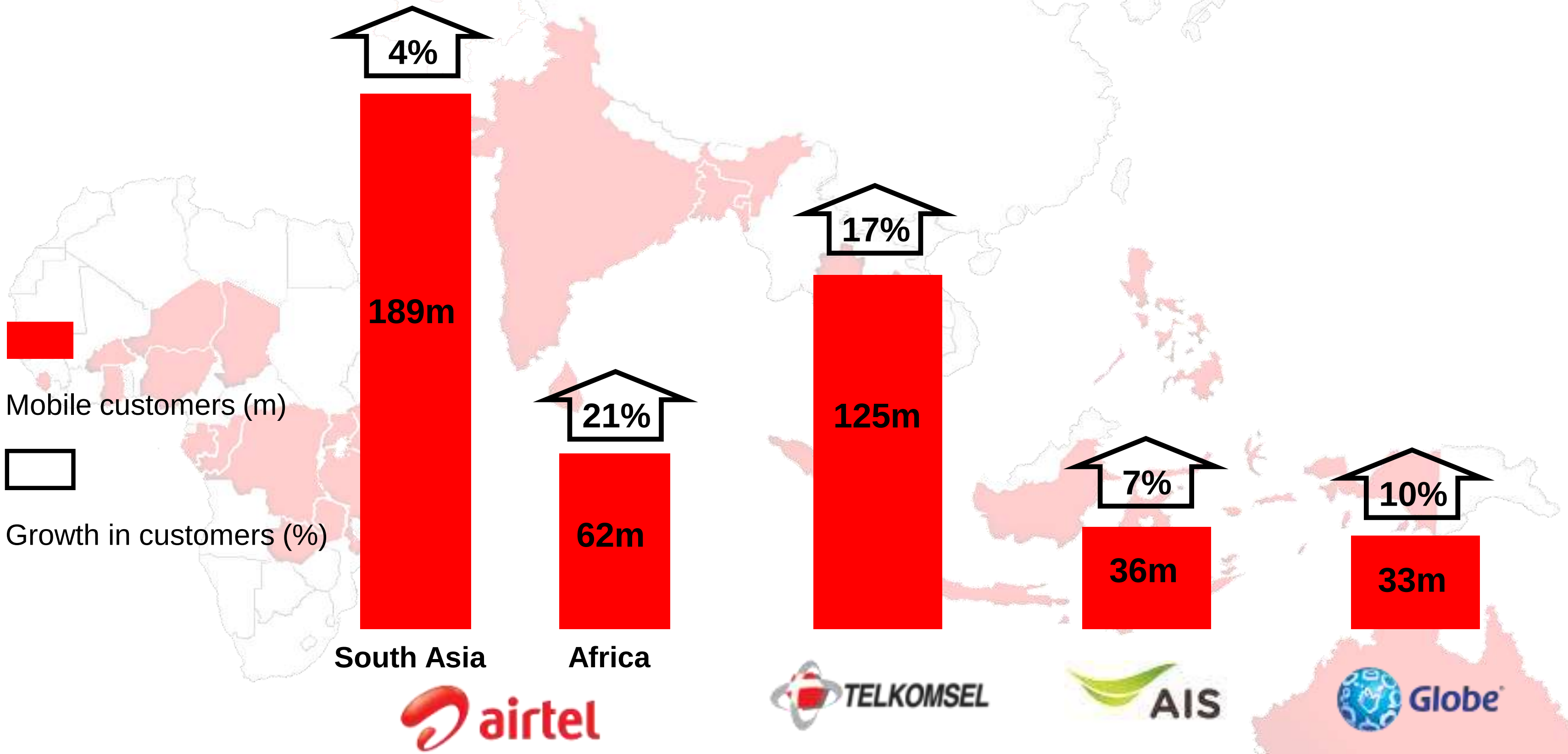

AIS Apps
เข้าถึง App ทั่วโลกและต่างประเทศ บน Smartphone
ครบทุกมือถือ ครบทุก platform ทั้ง Android, Nokia,
BlackBerry และ iOS โหลด ฟรี!
โทร *900 เลือก AIS Apps
Go to Store

# Agenda

# Regional mobile associates – strong performance

## 473 million mobile customers[1]…

## across 26 countries




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

# Regional mobile associates – strong performance

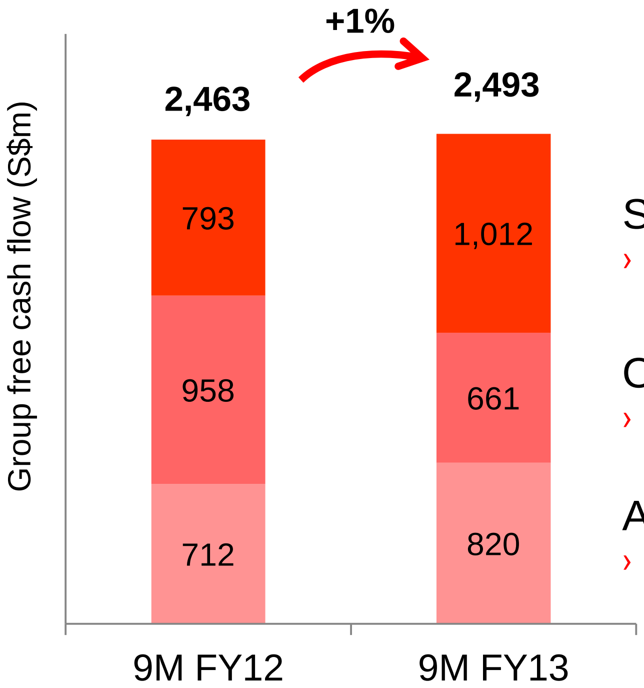
| Q3 FY13 | PBT[1] (S$m) | % Change (S$) | % Change (local curr) | Highlights |
|---|---|---|---|---|
| Regional Mobile | 455 | +1% | N.A. | › up 11% in constant currency |
| Telkomsel | 250 | +11% | +25% | › strong revenue growth across voice, SMS and data<br>› lower financing costs on reduced borrowings |
| AIS | 105 | +24% | +29% | › data growth driven by higher penetration of smart devices and popularity of social networking services<br>› lower depreciation, amortisation and finance costs on reduced capex |
| Airtel | 70 | -46% | -39% | › higher depreciation & amortisation, interest costs and fair value losses<br>› South Asia: revenue growth offset by higher costs from expanded network and 3G & LTE investments<br>› Africa: EBITDA growth driven by robust increase in mobile voice traffic |
| Globe[2] | 31 | -17% | -17% | › continued revenue growth momentum<br>› higher marketing and subsidy costs impact earnings |

1. Excluding exceptional items – compared to 3 months to Dec 2011.
2. Globe's accelerated depreciation arising from network modernisation & IT transformation has been classified as a Group exceptional item.

# Agenda

# Sound financial position

**Free cash flow** **S$2,493m**




Singapore
- up S$219m

Optus[1]
- down S$297m

Assoc' div
- up S$108m

**Solid balance sheet**

| | |
|---|---|
| **Net debt** | **S$7.6b** |
| **Net gearing**[2] | **25%** |
| **Net debt: EBITDA & share of associates' pre-tax profits** | **1.1x** |
| **EBITDA & share of associates' pre-tax profits : Net interest expense** | **23.4x** |

**S&P's rating** **A+** **Moody's rating** **Aa3**

1. Reflecting higher capex and higher working capital due to handset receivables.
2. Ratio of net debt to net capitalisation, which is the aggregate of net debt, shareholders' funds and minority interests.

# Agenda

# Trends in constant currency terms[1]

| 3 months to Dec 12 | 3Q FY13 (reported S$m) | YoY % change (reported S$) | YoY % change (at constant FX)[1] |
|---|---|---|---|
| Group revenue | 4,597 | (4.8%) | (3.3%) |
| Group underlying NPAT | 874 | (2.3%) | 1.7% |
| Optus revenue | 2,899 | (8.1%) | (5.7%) |
| Regional Mobile Associates pre-tax earnings[2] | 455 | 1.2% | 11.0% |

| 9 months to Dec 12 | 9M FY13 (reported S$m) | YoY % change (reported S$) | YoY % change (at constant FX)[1] |
|---|---|---|---|
| Group revenue | 13,702 | (2.4%) | (1.4%) |
| Group underlying NPAT | 2,610 | (1.6%) | 1.7% |
| Optus revenue | 8,658 | (6.0%) | (4.4%) |
| Regional Mobile Associates pre-tax earnings[2] | 1,487 | 6.8% | 15.2% |

1. Assuming constant exchange rates from corresponding periods in FY2012.
2. Based on the Group's share of associates' earnings before exceptionals.

# Foreign exchange movements

| Currency | Quarter ended 31 December 2012 | | |
|---|---|---|---|
| | Exchange rate[1] | Appreciation / (depreciation) against S$ | |
| | | YoY | QoQ |
| 1 AUD[2] | S$1.2699 | (2.6%) | (2.0%) |
| INR | 44.2 | (11.9%) | – |
| IDR | 7,874 | (12.6%) | (3.1%) |
| PHP | 33.7 | 0.3% | (0.3%) |
| THB | 25.1 | (4.1%) | – |

1. Average exchange rates for the quarter ended 31 December 2012.
2. Average A$ rate for translation of Optus' operating revenue.

SingTel