

News Release

Resilient earnings amid currency headwinds and costs of transformation initiatives

SingTel raises dividend payout

Financial Highlights

- Full year EBITDA stable and underlying net profit falls 2% to S\$3.61 billion
- Full year free cash flows up 9% to S\$3.76 billion
- Increases dividend payout ratio and total ordinary dividend to 16.8 cents a share
- Q4 underlying net profit falls 2% to S\$1 billion
- Including exceptional items, Q4 net profit declines 33% to S\$868 million

Transformation to drive growth

- Achieves significant progress in FY 2013
- The Group is committed to building a high performance core business and creating next-generation growth engines in the digital space

Singapore, 15 May 2013 – Singapore Telecommunications Limited (SingTel) today announced resilient results across Singapore, Australia and the regional mobile associates for the fourth quarter and financial year ended 31 March 2013. The performance caps a year marked by significant industry changes and SingTel's proactive efforts to transform to drive long term growth.

In the quarter to 31 March 2013, net profit fell 33% to S\$868 million, due to a one-time loss of S\$225 million from the divestment of Warid Pakistan. In the same period a year ago, the Group recorded an exceptional tax credit of S\$270 million.

Excluding exceptional items, underlying net profit declined 2% to S\$1 billion due to foreign currency movements and investments in network, spectrum and digital initiatives.

Revenue for the Group was down 6% to S\$4.48 billion but EBITDA was stable at S\$1.43 billion, reflecting strong cost management. The revenue decline was due to lower revenues in Australia. Optus is pursuing a strategy focused on improving yield, customer experience and network coverage to capture profitable growth in mobile data services. Optus' EBITDA rose 3%, despite a 5% decline in revenue. Revenue from Singapore fell 2% as growth in digital and mobile services was offset by declines in sale of equipment and fibre rollout. Singapore EBITDA was stable and would have risen 6% excluding costs from the digital business¹.

The regional mobile associates posted a 1% increase in pre-tax ordinary earnings to S\$514 million. The strong performances by Telkomsel and AIS offset lower contribution from Airtel and the weaker regional currencies. On a constant currency basis, pre-tax ordinary earnings would have increased 6%.

¹ Digital business refers to all businesses under Singapore Digital Life and comprises mainly e-commerce, concierge and hyper-local services, and mobile advertising of Amobee Inc.

The Group and its regional mobile associates continued to register strong customer growth in the quarter. Excluding Warid Pakistan, which was divested in March 2013, the Group's combined mobile customer base² was up 9% or 36.5 million, to 468 million.

Ms Chua Sock Koong, SingTel Group CEO, said: "We delivered strong operating results against significant industry challenges and adverse foreign currency movements. Our core business remains robust and provides a strong foundation for continued profitability as well as supports our ambitions to grow in the digital space."

For the full year, net profit after exceptional items declined 12% to S\$3.51 billion. Excluding exceptional items, underlying net profit was 2% lower. Group revenue declined 3% to S\$18.18 billion. EBITDA remained stable at S\$5.20 billion.

The Group continued to generate strong free cash flows, which increased 9% to S\$3.76 billion for the full year, driven by higher cash flow from Singapore and increased dividends from Telkomsel and AIS.

The Group has raised its dividend payout range to 60% to 75% of underlying net profit, from 55% to 70% previously. In line with the revised policy, the Board has recommended a final ordinary dividend of 10 Singapore cents per share, up from 9 Singapore cents last year. Including the interim dividend of 6.8 Singapore cents, total dividend is 16.8 Singapore cents per share. This also represents a payout ratio of 74%.

Ms Chua said: "Our transformation requires twin tracks of confident investments in new markets and digital business and a diligent focus on increasing profitability from our core business. This is a multi-year journey. We have set ourselves progressive milestones and are seeing encouraging signs in this set of results that our transformation strategy is on the right track."

Transformation to drive growth

Against a rapidly changing competitive environment, the Group is transforming to be at the forefront of these changes. SingTel is focused on building a high performance core business and creating next-generation growth engines in the digital space.

The Group will review investment opportunities, including increasing its stakes in the existing associates and investing in large under-penetrated telecoms markets. In the digital space, the Group will allocate up to S\$2 billion over the next three years to pursue strategic acquisitions to drive growth. The Group remains financially disciplined in evaluating investment opportunities.

There are four key elements to the Group's transformation strategy. First, raising business performance of the core business by driving profitable revenue growth, operational efficiencies and creating a competitive cost structure. Second, lifting customer experience with simplified and compelling value propositions, supported by extensive and strong networks. Third, leveraging the Group's asset to drive scale benefits. Fourth, creating innovative and differentiated digital services to enhance the core business and deliver new revenue streams.

² Combined mobile customer base here refers to the total number of mobile customers in SingTel, Optus and the regional mobile associates.

In FY 2013, the Group made significant progress in a number of key strategic initiatives.

The Group leverages its combined procurement, network and IT capabilities across geographies, delivering efficiencies. In Australia, Optus rationalised its distribution channels and invested in its own branded channels to take greater control of the end-to-end customer experience under the Optus brand. In Singapore, SingTel introduced tiered price plans for mobile data services to capture the growth in data usage and has been migrating customers onto these new plans.

Both Singapore and Australia launched 4G networks. Coverage in Singapore has reached islandwide. In Australia, Optus successfully secured 4G spectrum in a recent auction. The Group has also grown its suite of digital services aimed at customers' everything-on-mobile lifestyle.

The Group has made strategic acquisitions in the digital space, including Amobee, Adjitsu, HungryGoWhere.com, Pixable and Eatability. Amobee, the Group's advertising company, is bringing its award-winning PULSE platform to the regional mobile associates to help create more compelling and targeted mobile advertisements.

Ms Chua said: "As the competitive boundaries between telcos and the internet world continue to blur, new opportunities are presenting themselves. Telcos able to seize the changes will thrive. We are confident we can grow in the enlarged ecosystem, while maintaining our leadership in the core business."

Outlook for FY 2014

Group Consumer

Revenue from Group Consumer is expected to decline by low single digit level, with lower revenues from Australia, while EBITDA is expected to increase by low single digit level.

The Australian mobile market remains subdued and continues to be impacted by the mandated reduction in mobile termination rates. Optus is focused on improving yield and customer experience. Optus' mobile service revenue is expected to decline by mid single digit level. In Singapore, SingTel is focused on capturing value from mobile data growth and expanding its lead on home fixed services with triple and quadruple bundles. Mobile Communications revenue is expected to grow by low single digit level.

Group Enterprise

Group Enterprise expects to deliver low single digit revenue growth, with increased contribution from IP-VPN, managed services, cloud, business applications and solutions, offsetting the decline in traditional voice and data services. EBITDA is expected to be stable.

Group Digital Life

Revenue from Group Digital Life is expected to grow by at least 50% on an organic basis, reflecting increased contribution from Amobee. Group Digital Life will continue to register startup losses.

Consolidated Group

Consolidated revenue for the Group is expected to be stable. EBITDA, however, is expected to grow by low single digit level, led by productivity and yield management initiatives. EBIT, excluding share of associates' results, is expected to be stable, with higher depreciation and amortisation.

Capital expenditure will increase to S\$2.5 billion, with expansion of the Group's LTE coverage and 3G network enhancements.

Excluding associates' dividends, free cash flow is estimated to be approximately S\$2.0 billion, with increased capital expenditure in Singapore and Australia and higher tax payments in Australia.

(Refer to Management Discussion and Analysis for full outlook)

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Appendix 1

Highlights

	Quarter Ended		YOY	Year Ended		YOY
	31 Mar 2013 (S\$m)	31 Mar 2012 (S\$m)	Change	31 Mar 2013 (S\$m)	31 Mar 2012 (S\$m)	Change
Group revenue	4,481	4,780	(6.3%)	18,183	18,825	(3.4%)
EBITDA	1,428	1,430	(0.1%)	5,200	5,219	(0.4%)
Share of associates' pre-tax ordinary earnings ³	540	539	0.3%	2,106	2,013	4.6
EBITDA and share of associates' pre-tax earnings	1,969	1,953	0.8%	7,306	7,223	1.1%
Net profit attributable to shareholders	868	1,289	(32.6%)	3,508	3,989	(12%)
Underlying net profit ⁴	1,001	1,023	(2.2%)	3,611	3,676	(1.8%)
Free cash flow	1,266	999	26.7%	3,759	3,462	8.6%

³ Exclude exceptional items.

⁴ 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.