

News Release

SingTel reports strong Q3 earnings despite adverse currency movements

- *Net profit increases 6% to S\$872 million; up 13% in constant currency terms*
- *Singapore and Australia consumer operations achieve strong EBITDA growth*
- *Regional mobile associates perform well; deliver earnings and customer growth*
- *Group mobile customers cross half billion mark*

Singapore, 13 February 2014 – SingTel reported a strong third quarter with net profit up 6% to S\$872 million despite adverse currency movements. In constant currency terms, net profit would have increased 13%.

The Group's consumer business and the regional mobile associates performed strongly. The Singapore consumer business delivered solid growth in mobile and mio TV services while the Australian consumer operations registered margin and profit improvements, reflecting an improved cost structure and focus on customer experience. The regional mobile associates, in particular Airtel, posted buoyant earnings growth.

Ms Chua Sock Koong, SingTel Group CEO said: "We are pleased with the results from the strengthening of our core business, and going forward, we will focus on driving customer growth in Australia. The consumer business posted robust EBITDA gains. The Singapore consumer business is driving growth with targeted home and mobile strategies. Revenue per household and the number of customers on triple bundles continued to increase. Mobile customers in Singapore and Australia are upgrading their data plans and enjoying a faster data network."

This quarter, the Australian Dollar, Indonesian Rupiah and Indian Rupee declined 9%, 18% and 12% respectively against the Singapore Dollar. Including the currency translation effect, EBITDA was stable at S\$1.26 billion but would have grown 6% in constant currency terms. Operating revenue declined 7% and would have fallen a smaller 2% in constant currency terms, reflecting lower mobile revenue from Australia and a generally cautious business climate.

The Group continued to register strong customer growth. As of 31 December 2013, the combined mobile customer base¹ grew 9% or 40.9 million in the year to cross the half billion mark.

Pre-tax earnings from the regional mobile associates increased 11% to S\$506 million with strong performance from all the associates. In constant currency terms, pre-tax earnings would have been up 24%.

¹ Combined mobile customer base here refers to the total number of mobile customers in SingTel, Optus and the regional mobile associates. It excludes Warid Pakistan which was disposed in March 2013.

“Airtel executed well and delivered strong earnings growth this quarter,” said Ms Chua. “As our associates aggressively roll out 3G, we are collaborating with them to accelerate network investments and market mobile data services. We are excited about the growth potential for data services and mobile internet access in these countries. Group Digital Life is also partnering the associates to create distinctive and differentiated services for their local markets.”

“We have updated our revenue guidance for Group Consumer and Group Enterprise as a result of the weaker Australian Dollar and the more cautious business environment and spending,” Ms Chua said. “Our strategy to deliver long-term growth by enhancing the efficiencies of the core business and creating new growth platforms in the digital space is tracking well.”

The Group affirms its outlook for the financial year ending 31 March 2014 except for its revenue guidance for Group Enterprise and Group Consumer, and capital expenditure. Consistent with the revenue trends in the first nine months and the currency impact, revenue for Group Consumer is now expected to decline by low double digit and Group Enterprise by low single digit. Cash capital expenditure is projected to be approximately S\$2.2 billion, lower due to currency translation effect and delayed spending.

The Group continued to generate strong cash flow. Free cash flow² for the nine months ended December 2013 was stable at S\$2.52 billion. In the quarter, Optus issued its first Australian Dollar bond of A\$300 million under its Australian Dollar Medium Term Note programme.

Group Consumer EBITDA grew 1% to S\$805 million and would have increased 9% in constant currency terms. The strong growth registered by the Singapore business partially offset the lower equipment sales and mobile service revenue from Australia, and the weaker Australian Dollar. Revenue declined 11%, or down 5% in constant currency terms.

EBITDA from the Singapore Consumer rose 14% with strong revenue growth and cost management. The business reported a 4% growth in revenue to S\$607 million. Revenue from mobile communications services grew 6% to S\$322 million with more customers signing up for tiered 4G data plans as well as increasing data usage among prepaid and roaming customers. Fixed-line revenue from homes was up 4% driven by the increased number of customers on triple bundle plans and higher ARPU.

The Australian Consumer business delivered EBITDA growth of 8% and continued to retool its business to improve profitability and support a sustainable mobile data business. Revenue declined 7% to A\$1.78 billion due to lower equipment sales, mandated reductions in termination rates and service credits associated with device repayment plans. “My Plan,” an innovative and bold set of tiered plans, is gaining traction and encouraging customers to use more mobile data.

² Adjusted to exclude payment of S\$143 million to NetLink Trust in consideration of tax benefits utilised by the Group. The S\$143 million was subsequently applied by NetLink Trust towards its acquisition of OpenNet.



Revenue for **Group Enterprise** was stable at S\$1.55 billion amid a cautious business environment in Asia Pacific and keen competition. EBITDA grew 3% to S\$513 million with lower operating expenses. The weaker Australian Dollar also weighed on its revenue and EBITDA. Order book for managed services and business solutions remained strong at S\$2.2 billion.

Group Digital Life revenue rose 40% to S\$48 million as it continued to scale up its mobile advertising business. Amobee had another quarter of good performance with an 86% increase in mobile advertising revenue. Since acquiring Amobee in 2012, its revenue has grown four fold.

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Media contact:

Michele Batchelor
Director, Group Communications
Phone: +65 6838 2203
Email: mbatchelor@singtel.com

Highlights

	Quarter Ended 31 Dec			Nine Months Ended 31 Dec		
	2013 (S\$m)	2012 (S\$m)	YOY Change	2013 (S\$m)	2012 (S\$m)	YOY Change
Group revenue	4,263	4,597	(7.3%)	12,720	13,702	(7.2%)
EBITDA	1,264	1,262	0.1%	3,858	3,771	2.3%
Share of associates' pre-tax earnings ³	539	486	10.9%	1,635	1,566	4.4%
EBITDA and share of associates' pre-tax earnings	1,803	1,748	3.1%	5,493	5,337	2.9%
Underlying net profit ³	910	874	4.0%	2,690	2,610	3.1%
Exceptional items (post tax)	(37)	(47)	(21.4%)	64	30	112.4%
Net profit	872	827	5.5%	2,754	2,640	4.3%
Free cash flow ⁴	712	666	6.9%	2,523	2,493	1.2%

³ Exclude exceptional items.

⁴ Adjusted to exclude payment of S\$143 million to NetLink Trust in consideration of tax benefits utilised by the Group. The S\$143 million was subsequently applied by NetLink Trust towards its acquisition of OpenNet.

Appendix 1

	Quarter Ended 31 Dec			Nine Months Ended 31 Dec		
	2013 (S\$m)	YOY Change	YOY Change Constant FX ⁵	2013 (S\$m)	YOY Change	YOY Change Constant FX ⁵
Group revenue	4,263	(7.3%)	(2.0%)	12,720	(7.2%)	(2.7%)
Optus revenue	2,503	(13.7%)	(5.4%)	7,584	(12.4%)	(5.3%)
Regional Mobile Associates pre-tax earnings	506	11.4%	24.1%	1,557	4.7%	12.2%
Underlying net profit ⁶	910	4.0%	11.3%	2,690	3.1%	8.2%
Net profit	872	5.5%	12.9%	2,754	4.3%	9.3%

Appendix 2

Currency	Quarter Ended 31 Dec 2013			Nine Months Ended 31 Dec 2013	
	Exchange Rate ⁷	(Depreciation)/ Appreciation Against S\$		Exchange Rate ⁷	(Depreciation)/ Appreciation Against S\$
		YOY	QOQ		YOY
1 AUD ⁸	S\$1.1587	(8.8%)	(0.2%)	S\$1.1851	(7.5%)
IDR	9,259	(17.6%)	(10.2%)	8,448	(10.8%)
INR	49.5	(12.0%)	(1.4%)	48.1	(10.1%)
PHP	34.8	(3.3%)	(0.9%)	34.1	(1.2%)
THB	25.4	(1.2%)	(2.4%)	24.7	1.2%

⁵ Assuming constant exchange rates from the corresponding periods in FY2013.

⁶ Exclude exceptional items.

⁷ Average exchange rates for the quarter and nine months ended 31 December 2013.

⁸ Average A\$ rate for translation of Optus' operating revenue.