



News Release

Singtel reports robust Q3 earnings growth

- Net profit grows strongly; up 11% to S\$970 million; up 12% in constant currency
- Underlying profit up 7%; increases 8% in constant currency
- Successfully captures growth in mobile data services across Singapore, Australia and the regional markets
- Continued momentum in Australia and Singapore with mobile customer and revenue growth
- Operating revenue up 4% to S\$4.43 billion; up 7% in constant currency
- Regional mobile associates pre-tax earnings surge 28%

Singapore, 12 February 2015 – Singapore Telecommunications Limited (Singtel) reported a strong set of third quarter results, underpinned by continued momentum in the Group's core business in Australia, Singapore and across its regional mobile businesses.

The Group successfully captured growth in mobile data services, through network investments, customer service initiatives, improvements in content and device offerings. In the Enterprise space, the Group maintained its leadership position in Singapore and the regional ICT market, and actively drove adoption of cloud and managed services in a competitive environment.

The core performance, including higher contributions from associates, spurred an 11% increase in the Group's net profit to S\$970 million, despite a weaker Australian Dollar and operating losses from digital investments. In constant currency terms, net profit would have risen 12%. Underlying net profit increased strongly by 7% to S\$970 million.

Ms Chua Sock Koong, Singtel Group CEO said: "We delivered a solid third quarter performance and successfully increased mobile data revenues with better networks, technology, content and service."

"In Singapore and Australia, we proactively acquired and recontracted customers on the back of smartphone launches and successfully upgraded them to higher tiered data plans. The regional mobile associates also saw significant take-up of mobile data with higher smartphone penetration."

"The launch of HOOQ, a unique OTT video service, demonstrated our ability to leverage the Group's assets and footprint to bring a compelling video experience with Hollywood and local content to at least half a billion mobile customers."



“Optus is focused on its network expansion to achieve 90% 4G national population coverage in Australia by April 2015. In Singapore, we launched a bold brand promise to bring customers seamless experiences that enrich their lives, be it at work, at play or when doing their favourite things.”

The Group’s revenue rose 4% to S\$4.43 billion on mobile customer growth, higher equipment sales and revenue from recent digital acquisitions. In constant currency terms, revenue would have grown 7%.

EBITDA was lower by 3% to S\$1.23 billion with the impact of handset subsidies on higher customer acquisition and recontract volumes in the Singapore consumer business. In constant currency terms, EBITDA would have been stable.

The Group and its regional mobile associates registered robust customer growth. As at 31 December 2014, the Group’s combined mobile customer base¹ was up 9% to 543 million from a year ago.

The Group’s share of the regional mobile associates’ pre-tax earnings rose 28% to S\$646 million, led by Telkomsel and Airtel.

Free cash flow generated for the 9-month period increased 9% to S\$2.59 billion on stronger cash flow across all the Group’s operations.

Group Consumer revenue rose 4% and EBITDA was stable despite the weaker Australian Dollar. Optus’ mobile business accelerated its pace since returning to growth in the previous quarter.

Singapore Consumer revenue increased 7%, with higher equipment sales and TV revenue. Equipment sales were up 37% due to a higher number of customers upgrading to newer smartphones and correspondingly, higher tiered plans. This led to increased mobile subscription and data revenues, and mitigated the lower voice and SMS usage, particularly roaming.

Consumer home revenue grew 7%, reflecting both an increase in customers on bundles and home plans, and higher ARPU from content upgrades. Singtel continued to strengthen its news and kids programmes with the addition of the Turner suite of channels including CNN International and Cartoon Network.

Australia Consumer revenue and EBITDA grew 7% and 6% respectively on customer gains and higher ARPU. Optus added 96,000 mobile handset customers with innovative data sharing plans like My Plan Plus and refreshed prepaid offers. Blended ARPU rose 5% with data revenue growth of 12%.

¹ Combined mobile customer base refers to the total number of mobile customers in Singtel, Optus and the regional mobile associates.



With the release of the 700 MHz spectrum on 1 January 2015, Optus accelerated its 4G network rollout and grew its national 4G footprint to cover 80% of the Australian population.

Group Enterprise saw strong ICT and data growth. It maintained its market leadership amid intense domestic and international price competition. Growth in ICT services gained traction with greater G-Cloud adoption and increased business solution projects. Core carriage services rose on higher demand for circuits and bandwidth and project-related revenue. Revenue, excluding fibre rollout and maintenance business, was up 3%.

Effective 1 October 2014, Singtel relinquished its role as OpenNet's key subcontractor in respect of fibre rollout and maintenance.

In Australia, business mobile revenue grew 6% driven by customer growth, increased value added services and equipment sales. This was offset by lower fixed voice revenues.

During the quarter, Group Enterprise accelerated growth in G-Cloud services with adoption by six additional government agencies in Singapore and continued to increase its cloud capabilities with the acquisition of Ensyst in Australia.

Group Digital Life more than doubled its revenue, boosted by contributions from Amobee's investments in Adconion and Kontera. In the quarter, Amobee completed the integration of its recent investments to become a fully integrated digital marketing company.

Outlook for the current financial year ending 31 March 2015

The Group affirms the guidance previously issued in November 2014, with the update below.

Mobile service revenue from Australia for the financial year ending 31 March 2015 is expected to increase by low single digit level. In the nine months to 31 December 2014, Australia mobile service revenue grew 1.6%.

Please refer to Appendix 2 for further details on the outlook for the current financial year.

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**About Singtel**

Singtel is Asia's leading communications group providing a portfolio of services including voice and data solutions over fixed, wireless and Internet platforms as well as infocomm technology and pay TV. The Group has presence in Asia, Australia and Africa with over 500 million mobile customers in 25 countries, including India, Indonesia, the Philippines and Thailand. It also has a vast network of offices throughout Asia Pacific, Europe and the United States.

Media Contact:

Michele Batchelor

Director, Group Communications

Tel: +65 6838 5291

Email: mbatchelor@singtel.com

Ivy Tan

Manager, Group Communications

Phone: +65 6838 3644

Email: ivytanaw@singtel.com

Financial Highlights for the Quarter Ended 31 Dec 2014

	2014 (S\$m)	2013 (S\$m)	YOY Change	YOY Change Constant Currency²
Group revenue	4,427	4,263	3.8%	6.6%
EBITDA	1,229	1,264	(2.8%)	(0.2%)
Regional Mobile Associates pre-tax earnings ³	646	506	27.6%	27.1%
EBITDA and share of associates' pre-tax earnings	1,896	1,803	5.2%	6.9%
Underlying net profit ³	970	910	6.6%	7.8%
Exceptional items (post tax)	-	(37)	nm	nm
Net profit	970	872	11.2%	12.4%
Free cash flow	669	569	17.5%	nm

Financial Highlights for the Nine Months Ended 31 Dec 2014

	2014 (S\$m)	2013 (S\$m)	YOY Change	YOY Change Constant Currency²
Group revenue	12,884	12,720	1.3%	3.4%
EBITDA	3,817	3,858	(1.1%)	0.9%
Regional Mobile Associates pre-tax earnings ³	1,869	1,557	20.1%	26.4%
EBITDA and share of associates' pre-tax earnings	5,750	5,493	4.7%	7.9%
Underlying net profit ³	2,830	2,690	5.2%	8.8%
Exceptional items (post tax)	13	64	(79.2%)	(84.7%)
Net profit	2,843	2,754	3.2%	6.7%
Free cash flow	2,585	2,381	8.6%	nm

² Assuming constant exchange rates from the corresponding period in FY2014.

³ Exclude exceptional items.

Foreign Exchange Movements

Currency	Quarter Ended 31 Dec 2014			Nine Months Ended 31 Dec 2014	
	Exchange Rate	Increase/ (Decrease) Against S\$		Exchange Rate	Increase / (Decrease) Against S\$
		YOY	QOQ		YOY
1 AUD ⁴	S\$1.107	(4.4%)	(4.3%)	S\$1.143	(3.5%)
IDR	9,434	(1.9%)	-	9,383	(11.1%)
INR	47.8	3.4%	1.0%	48.0	0.2%
PHP	34.6	0.6%	1.1%	35.0	(2.6%)
THB	25.3	0.4%	1.2%	25.6	(3.6%)

⁴ Average A\$ rate for translation of Optus' operating revenue.

OUTLOOK FOR THE CURRENT FINANCIAL YEAR ENDING 31 MARCH 2015

- Consolidated results and cash flow may be impacted by material exchange rate movements in the Australian Dollar and regional currencies. The Group's outlook for the current financial year is based on the following average exchange rates during FY 2014:

Australian Dollar	AUD 1: SGD 1.1737
Indonesian Rupiah	SGD 1: IDR 8,655
Indian Rupee	SGD 1: INR 48.2
Thailand Baht	SGD 1: THB 24.9
Philippine Peso	SGD 1: PHP 34.5

- Revenue from Core Business (comprises Group Consumer and Group Enterprise) to be stable and EBITDA to increase by low single digit level.
- Mobile Communications revenue from Singapore to increase by mid single digit level.
- Mobile service revenue from Australia to increase by low single digit level.
- Group ICT revenue (comprises Managed Services and Business Solutions) to increase by low single digit level.
- Revenue from Group Digital Life to exceed S\$300 million and negative EBITDA to increase to approximately S\$200-S\$250 million.
- Consolidated revenue and EBITDA of the Group, excluding acquisitions, to be stable.
- Capital expenditure for the Group is expected to approximate S\$2.3 billion, comprising approximately S\$900 million for Singapore and the balance for Australia. This reflects the Group's continued strategic investments in mobile network, particularly in Australia, and expected increased spend in customer care and management systems.
- Spectrum payments to be approximately S\$900 million, mainly for Optus' 4G spectrum in the 700 MHz range. Consequently, amortisation costs would be higher.
- Group free cash flow (excluding spectrum payments and dividends from associates) to be stable.
- Ordinary dividends from regional mobile associates are expected to be approximately S\$1.0 billion.