



## News Release

### Strong topline growth of 25% to S\$4.47 billion in fourth quarter

*Net profit increases 12% to S\$1.02 billion*

*Total dividends up 14% to S\$2.26 billion*

**Singapore, 13 May 2010** – Singapore Telecommunications Limited (SingTel) today announced that its net profit for the fourth quarter ended 31 March 2010 rose 12 per cent to S\$1.02 billion, driven by strong performances across the Group.

#### Highlights

|                                         | Quarter Ended      |                    | YOY    | Year Ended         |                    | YOY    |
|-----------------------------------------|--------------------|--------------------|--------|--------------------|--------------------|--------|
|                                         | 31 Mar 2010 (S\$m) | 31 Mar 2009 (S\$m) | Change | 31 Mar 2010 (S\$m) | 31 Mar 2009 (S\$m) | Change |
| Group revenue                           | 4,471              | 3,566              | 25.4%  | 16,871             | 14,934             | 13.0%  |
| SingTel revenue                         | 1,640              | 1,453              | 12.8%  | 5,995              | 5,547              | 8.1%   |
| Optus revenue (A\$)                     | 2,232              | 2,103              | 6.1%   | 8,949              | 8,321              | 7.5%   |
| (S\$)                                   | 2,831              | 2,113              | 34.0%  | 10,876             | 9,387              | 15.9%  |
| Operational EBITDA                      | 1,336              | 1,150              | 16.2%  | 4,847              | 4,431              | 9.4%   |
| Share of associates' ordinary earnings  | 574                | 514                | 11.8%  | 2,420              | 2,031              | 19.2%  |
| Net profit attributable to shareholders | 1,015              | 903                | 12.4%  | 3,907              | 3,448              | 13.3%  |
| Underlying net profit <sup>1</sup>      | 1,022              | 959                | 6.6%   | 3,910              | 3,455              | 13.1%  |
| Underlying earnings per share (S cents) | 6.42               | 6.03               | 6.5%   | 24.56              | 21.71              | 13.1%  |

The Group's revenue grew 25 per cent to S\$4.47 billion. Revenue from Singapore recorded double-digit increase of 13 per cent to S\$1.64 billion, with strong performance in Mobile and IT & Engineering. In Australia, revenue rose 6 per cent to A\$2.23 billion, reflecting strong results in Mobile.

Pre-tax ordinary earnings from the regional mobile associates increased 12 per cent to S\$546 million, with higher contribution from Telkomsel and fair value gains on the associates' foreign currency liabilities.

<sup>1</sup> 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.



The Group recognised a S\$327 million exceptional foreign exchange gain. The gain was offset by additional impairment provision and fair value losses of S\$321 million on investments, including Warid Pakistan. These exceptional items do not impact the Group's cash flow.

For the full year, net profit rose 13 per cent to S\$3.91 billion, reflecting strong performance from Singapore, Australia and significant improvement in Telkomsel's performance. Over the same period, revenue increased 13 per cent to S\$16.87 billion and free cash flow grew from S\$3.25 billion to S\$3.41 billion.

Ms Chua Sock Koong, SingTel Group Chief Executive Officer, said: "The fourth quarter concluded a successful year for us, despite the global financial crisis. With unrelenting focus on execution, we outperformed the markets in Singapore and Australia and met guidance for the financial year."

The Board is recommending a final ordinary dividend of 8.0 cents a share and if approved at the Annual General Meeting, will bring total ordinary dividends for the financial year to 14.2 cents a share, an increase of 14 per cent from a year ago. This represents a payout ratio of 58 per cent of underlying earnings and is within the Group's dividend payout range of 45 to 60 per cent.

Ms Chua, said: "For 2010, in Singapore and Australia, the Group is focused on deepening customer relationships, enhancing customer experience and extending its services into the media and ICT arena. These growth drivers are supported by our continuing cost transformation and investment in organisational capabilities. The Group will continue to leverage the strength of its 293 million regional customers to drive scale synergies, exploit the breadth of customer knowledge and lead and experiment with new services and technologies across the region."

### **Singapore**

In the fourth quarter, SingTel's revenue increased 13 per cent to S\$1.64 billion, from S\$1.45 billion a year ago, driven by strong growth from Mobile and IT & Engineering.

**Operational EBITDA** was stable as margin declined 4.5 percentage points to 35.3 per cent. This was due to a higher mix of lower-margin IT & Engineering revenue, costs to support higher mobile customer connections and mio TV content costs.

For the full year, SingTel's revenue gained 8 per cent to S\$6.0 billion, driven by strong performance in Mobile services and an enlarged IT & Engineering business, including full year contribution from SCS and the rollout of fibre for OpenNet. Operational EBITDA grew 6 per cent to S\$2.29 billion.

Mr Allen Lew, CEO Singapore, said: "During the last financial year, SingTel continued to lead and shape the multimedia and ICT solutions market. Our revenue growth demonstrates that we are taking share in the telco and the IT businesses. I am also pleased that non-carriage revenue now accounts for almost a quarter of total revenue, while we progress towards our vision as a leading multimedia company in Asia Pacific."



“Looking ahead, we will be operating in a new environment, with ultra high-speed mobile and fixed networks literally at our doorstep. In the consumer segment, we will build scale in mio TV and launch a number of exciting home and mobile applications that will pique the imagination of all Singaporeans. In the business segment, we will continue to drive growth in managed services and integrated ICT applications by leveraging our first mover advantage in cloud computing services.”

During the quarter, **Mobile Communications** revenue increased 10 per cent to S\$405 million, underpinned by continued strong postpaid customer growth and improved average revenue per user (ARPU). SingTel's total mobile customer base increased 5 per cent from a year ago to 3.12 million.

In the postpaid segment, SingTel added 25,000 new customers. ARPU increased 4 per cent to S\$86 per month, spurred by increasing penetration of smartphones and data usage. SingTel continued to widen its range of mobile price plans and data-centric devices available to customers with exclusive handset offerings to customers. Mobile data accounted for 36 per cent of ARPU this quarter.

SingTel reduced the validity period of lower denomination prepaid cards to 90 days and deactivated 101,000 inactive prepaid customers. This deactivation has no revenue impact. However, it resulted in a net decline of 90,000 customers in the quarter. With a total prepaid customer base of 1.50 million, SingTel continued to lead the market with a share of 44.4 per cent.

Demand for wireless broadband continued to be strong with an addition of 92,000 customers, bringing total wireless broadband customers to 505,000.

**IT & Engineering** revenue increased 39 per cent to S\$463 million, driven by a strong performance from NCS and revenue contribution from the rollout of fibre as SingTel is the key subcontractor for OpenNet.

Revenue from NCS Group grew 15 per cent to S\$382 million as demand for facilities management services and hardware sales increased. NCS continued to win major corporate and government deals in both Singapore and overseas, with an order book of S\$1.3 billion as at 31 March 2010.

SingTel recorded S\$81 million this quarter and S\$181 million for the full year from the rollout of fibre. The network rollout is expected to accelerate in the next financial year.

Early bird offers for the Barclays Premier League 2010/2011 season and attractive content bundles continued to draw customers. **mio TV** added a record 36,000 new customers to reach 191,000 as at 31 March 2010 and recently exceeded the 200,000 mark.



**Data and Internet** revenue grew 2 per cent to S\$400 million. Corporate spending on telecommunication services remained cautious and customers continued to migrate to higher bandwidth circuits and Managed Services. SingTel, however, extended its lead in IPVPN in the Asia Pacific, excluding Japan region. Managed services grew a robust 27 per cent, reflecting SingTel's strong global network and an innovative and comprehensive suite of ICT solutions.

**Operating expenses** rose 20 per cent to S\$1.07 billion, attributable to higher cost of sales and selling and administrative costs. Cost of sales increased 47 per cent primarily because of OpenNet's fibre roll out and higher handset sales.

Selling and administrative costs rose 24 per cent due to strong mobile customer acquisition and higher smartphone adoption by customers. In addition, mio TV also incurred higher content and programming costs.

Staff costs increased 7 per cent because of reduced job credits received from the Singapore government as well as higher incentive provision.

### **Australia**

In a highly competitive market, Optus delivered a strong set of results for the fourth quarter with operating revenue rising 6 per cent to A\$2.23 billion. Operational EBITDA grew 5 per cent to A\$610 million while net profit for the quarter grew 14 per cent to A\$220 million.

Free cash flow generated in the quarter was A\$399 million.

For the full year, Optus reported a strong 8 per cent increase in operating revenue to A\$8.95 billion. Operational EBITDA grew 4 per cent to A\$2.15 billion, with operational EBITDA margin at 24.1 per cent. Net profit grew 16 per cent to A\$676 million and Optus delivered its strongest free cash flow in five years, with full-year free cash flow exceeding A\$1 billion.

Mr Paul O'Sullivan, Optus Chief Executive said: "Optus' strategy to provide innovative, value driven offers as well as exceptional customer experience is clearly reaping results with six consecutive quarters of double-digit mobile service revenue growth, the strongest quarter for new mobile customer additions in five years."

**Mobile** service revenue grew 11 per cent, and EBITDA margin was 30 per cent.

Optus added 254,000 new mobile customers in the quarter, its strongest quarterly performance in five years, bringing net additions for the year to 709,000.

Postpaid subscribers increased 17 per cent year-on-year and now comprise 49 per cent of the total base, up 3 percentage points from a year ago.

The number of 3G subscribers increased to 3.61 million including a base of 907,000 wireless broadband subscribers.



Blended ARPU improved to A\$47, up A\$1 from A\$46 a year ago, underpinned by growth of higher value customers and increased postpaid mix. Excluding wireless broadband, postpaid ARPU grew 6 per cent year-on-year.

During the quarter, Optus received regulatory approvals to purchase spectrum licenses in the 2100MHz band from Qualcomm. With this acquisition, Optus' 2100MHz paired spectrum holdings in the eight capital cities have now doubled. The additional capacity will boost Optus' ability to support increasing demand for an expanding range of mobile data services.

In Optus **Business and Wholesale**, strong satellite revenue growth plus the 'turning on' of revenue from major customer wins earlier in the financial year, was partly offset by lower wholesale international voice revenue. EBITDA grew 4 per cent and EBITDA margin improved 1 percentage point to 28 per cent.

Driven by increased take-up of IPVPN services, Business Data and IP revenue grew 4 per cent in the quarter, reversing the decline in previous quarters. Optus Business fixed voice traffic saw a turnaround, registering growth for the first time in seven quarters and voice revenue decline moderated to 1 per cent.

In **Consumer Fixed**, Optus' on-net strategy continued to deliver on-net revenue growth of 6 per cent and EBITDA growth of 6 per cent, with margin expanding to 16 per cent. Total on-net broadband customers as at 31 March 2010 grew 9 per cent to 920,000.

To support growing demand for increased broadband speed, Optus has commenced upgrading the Hybrid Fibre Coaxial (HFC) cable network to speeds of up to 100 Mbps. With this upgrade, Optus will deliver faster broadband speeds later in 2010 to customers in Sydney, Melbourne and Brisbane, enabling them to enjoy high-speed content and services.

## **Regional**

For the full year, the Group's pre-tax ordinary profit from the Group's regional mobile associates increased 19 per cent to S\$2.30 billion, with higher contribution from Telkomsel and fair value gains.

The Group's mobile customer base grew 17 per cent or 43 million from a year ago to 293 million as at 31 March 2010.

|                                               | Quarter Ended     | YOY         |                         | Year Ended        | YOY         |                         |
|-----------------------------------------------|-------------------|-------------|-------------------------|-------------------|-------------|-------------------------|
| Share of pre-tax ordinary profit <sup>2</sup> | 31 Mar 2010 (\$m) | Change (\$) | Change (local currency) | 31 Mar 2010 (\$m) | Change (\$) | Change (local currency) |
| Bharti                                        | 245               | 8.6%        | 7.5%                    | 987               | 13.3%       | 17.9%                   |
| Telkomsel                                     | 205               | 25.8%       | 7.6%                    | 940               | 31.9%       | 29.0%                   |
| Globe                                         | 61                | (22.5%)     | (19.8%)                 | 235               | (8.8%)      | (6.0%)                  |
| AIS                                           | 53                | 4.6%        | 4.9%                    | 215               | (10.1%)     | (10.3%)                 |
| Warid                                         | (14)              | 44.9%       | 36.8%                   | (63)              | 45.4%       | 39.4%                   |
| PBTL                                          | (3)               | 15.6%       | 8.4%                    | (13)              | 43.7%       | 43.3%                   |
| Regional Mobile Associates                    | 546               | 11.7%       | NM                      | 2,301             | 18.5%       | NM                      |

NM denotes not meaningful

Bharti's pre-tax ordinary profit contribution to the Group rose 9 per cent to S\$245 million, including fair value gains of S\$15 million compared to fair value losses of S\$22 million a year ago. Bharti's operating revenue growth moderated to 2 per cent as the level of competition in the country continued to be intense.

On 30 March 2010, **Bharti** entered into a legally binding definitive agreement with the Zain Group to acquire its African mobile operations in 15 countries.

In Singapore dollars, the Group's share of **Telkomsel** pre-tax profit increased 26 per cent, or S\$42 million, to S\$205 million, lifted by the strong Indonesian rupiah, which appreciated 15 per cent against the Singapore dollar. Telkomsel's operating revenue gained 9 per cent on a higher customer base. However, its net additions and market share were affected by competition.

Mr Lim Chuan Poh, CEO International, said: "Telkomsel is competing aggressively in the market, while taking care to preserve the value of its customer base. Bharti is managing the competitive pressures well in India and added 8.8 million mobile customers. With Bharti's proposed acquisition in Africa, the Group will further expand its presence into new markets with significant growth potential."

<sup>2</sup> Excluding exceptional items and including mark-to-market valuations on foreign currency denominated liabilities.



The Group's share of **Globe's** pre-tax ordinary profit in Singapore dollar terms declined 23 per cent to S\$61 million. Globe's operating revenue fell 4 per cent due to the market's increasing preference for bucket and unlimited mobile offerings, partially mitigated by strong growth in broadband and corporate data businesses. Operating expenses increased 10 per cent on higher broadband related costs.

The Group's share of **AIS'** pre-tax profit in the quarter ended 31 December 2009 rose 5 per cent to S\$53 million. Service revenue grew 3 per cent, reflecting the more stable economic conditions in Thailand during the December quarter.

The Group's share of pre-tax losses of **Warid** was S\$14 million, as the company's operating revenue increased 7 per cent while expenses declined 14 per cent on cost measures.

### **Outlook for the financial year ending 31 March 2011**

#### **Macro-economic environment**

As the global economic recovery gathers pace, the economies of Singapore, Australia and the region are expected to improve in 2010. The latest 2010 Gross Domestic Product (GDP) forecast for Singapore is a growth of 7.0 to 9.0 per cent, following a contraction of 2.0 per cent in 2009. In Australia, the GDP growth is expected to accelerate to around 3.5 per cent for the year ending June 2011, from 2.3 per cent in the prior year. India and Indonesia are expected to register GDP growth of 6 to 8 per cent.

#### **Singapore**

SingTel is investing in key strategic initiatives to drive longer term growth in the new Next Generation National Broadband Network era.

In the consumer segment, SingTel will leverage its strength in carriage business and iconic sports content to build scale in mio TV and drive take-up of its multimedia bundled services. In the business segment, SingTel will continue to drive growth in managed ICT services by expanding its suite of hosted infrastructure and software applications.

In the short term, the investment in mio TV will incur costs, particularly in content, customer acquisitions and rollout, before it delivers longer term scale benefits. Managed ICT services are also expected to register lower margins than traditional carriage services.

For the financial year ending 31 March 2011, operating revenue is expected to grow at mid single-digit level, driven by higher mobile, IT & Engineering and mio TV revenue. EBITDA margin is expected to decline to around 35 per cent, for the above reasons and due to the roll-back of job credit stimulus measure by the government. Consequently, EBITDA is expected to decline within low to mid single-digit range.

Capital expenditure is estimated at around S\$830 million, including S\$170 million for construction of the ST-2 satellite, which is expected to be launched in the second half of calendar year 2011.

Free cash flow is expected to be in the range of S\$1.1 billion.



**Australia**

Optus expects to build on the positive momentum in mobile customer acquisition to deliver above market revenue growth. It will continue to compete with innovative plans and smartphone offerings, supported by investment to enhance network performance and customer experience. Optus is continuing to increase the depth and reach of its mobile network to 98 per cent population coverage, providing a platform for future growth. In fixed line, Optus will continue to focus on profitable on-net services to customers. For the year ending 31 March 2011, operating revenue and EBITDA are expected to grow at mid single-digit levels.

Capital expenditure is estimated at around A\$1.2 billion, comprising mainly investments in mobile network to expand coverage, increase capacity and speed. Free cash flow is expected to be above A\$1.0 billion.

**Regional**

Bharti expects to maintain its market leadership despite the continued intense competition in India.

With the transformational acquisition of Zain's African mobile assets, the Group will further expand its presence into markets with significant growth potential. Bharti intends to leverage its low-cost operating model to drive synergies in Africa. However, in the near term, Bharti's earnings are expected to be diluted by acquisition financing costs for Zain and the investment in 3G spectrum.

Telkomsel expects to maintain its leadership market share at around 50 per cent, leveraging its strong financial position and network quality. Operating revenue is expected to grow at high single-digit level and EBITDA margin is forecasted to decline slightly.

Ordinary dividends from the regional mobile associates are expected to increase, with higher profits reported by Telkomsel in 2009.

**Group**

Consolidated operating revenue and operational EBITDA will be impacted by exchange rate movements of the Australian Dollar. Similarly, earnings contribution from the regional mobile associates, when translated to Singapore Dollar, will be impacted by exchange rate movements of the regional currencies.

**Dividend Policy**

SingTel's dividend payout ratio ranges from 45 per cent to 60 per cent of underlying net profit. The Group is committed to an optimal capital structure while maintaining financial flexibility and investment grade credit ratings.

**Strategic Focus**

SingTel continues to review new investment opportunities in communications and adjacent businesses in Asia and emerging markets and will be financially disciplined in its evaluation of such opportunities.





## Appendix 1

The following table shows the trends in constant currency terms.

|                                   | Quarter Ended      | YOY    |                                         | Year Ended         | YOY    |                                         |
|-----------------------------------|--------------------|--------|-----------------------------------------|--------------------|--------|-----------------------------------------|
|                                   | 31 Mar 2010 (S\$m) | Change | Change (constant currency) <sup>3</sup> | 31 Mar 2010 (S\$m) | Change | Change (constant currency) <sup>3</sup> |
| Group revenue                     | 4,471              | 25.4%  | 8.9%                                    | 16,871             | 13.0%  | 7.9%                                    |
| Group underlying net profit       | 1,022              | 6.6%   | (2.0%)                                  | 3,910              | 13.1%  | 11.6%                                   |
| Optus revenue                     | 2,831              | 34.0%  | 6.1%                                    | 10,876             | 15.9%  | 7.5%                                    |
| Associates' earnings <sup>4</sup> | 574                | 11.8%  | 5.6%                                    | 2,420              | 19.2%  | 20.4%                                   |

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<sup>3</sup> Assuming constant exchange rates from the corresponding periods in FY09.

<sup>4</sup> Based on the Group's share of associates' earnings before tax and exceptionals.