

# Financial Results Presentation

Q1 FY14: Quarter ended 30 June 2013



14 August 2013  
Chua Sock Koong  
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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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

---

**01 // Overview**

---

02 // Group Consumer

---

03 // Group Enterprise

---

04 // Group Digital Life

---

05 // Financial Position and Outlook

---

06 // Supplementary Information

---

# Q1 FY14: strong earnings growth across key businesses

---

	% change	Group highlights
<b>Operating revenue</b> > S\$4,293m	-5%	<ul style="list-style-type: none"><li>&gt; cautious business environment</li><li>&gt; slowdown in Australian mobile market and weak A\$</li><li>&gt; strong Singapore mobile momentum</li></ul>
<b>EBITDA</b> > S\$1,296m	+4%	<ul style="list-style-type: none"><li>&gt; focus on cost boosted profitability</li></ul>
<b>Regional Mobile Associates' pre-tax earnings<sup>1</sup></b> > S\$552m	+14%	<ul style="list-style-type: none"><li>&gt; strong performances across all associates</li><li>&gt; up 18% in constant currency</li></ul>
<b>Net profit</b> > S\$1,011m	+7%	<ul style="list-style-type: none"><li>&gt; higher EBITDA and associates' contribution</li></ul>
<b>Underlying net profit</b> > S\$897m	+6%	<ul style="list-style-type: none"><li>&gt; up 8% in constant currency</li></ul>
<b>Free cash flow</b> > S\$893m	+23%	<ul style="list-style-type: none"><li>&gt; timing of Telkomsel's dividends and higher dividends from AIS</li></ul>

1. Excluding exceptional items.

# Group Q1 FY14 highlights

---

## Group Consumer

<b>Revenue</b>	<b>EBITDA</b>
S\$2,703m	S\$808m
-6%	+5%

- › Acquired 100MHz 4G spectrum in Singapore for S\$136m
- › Launched bold new mobile plans in Australia to remove bill shock



## Group Enterprise

<b>Revenue</b>	<b>EBITDA</b>
S\$1,560m	S\$532m
-4%	+3%

- › Implemented G-Cloud for the Singapore Government
- › Major customer wins and recontracts



insured

DAIMLER

Land Transport Authority



PEARSON

## Group Digital Life

<b>Revenue</b>	<b>EBITDA</b>
S\$30m	(S\$32m)
+50%	-32%

- › Amobee wins global clients
- › hungrygowhere app amongst best local food apps



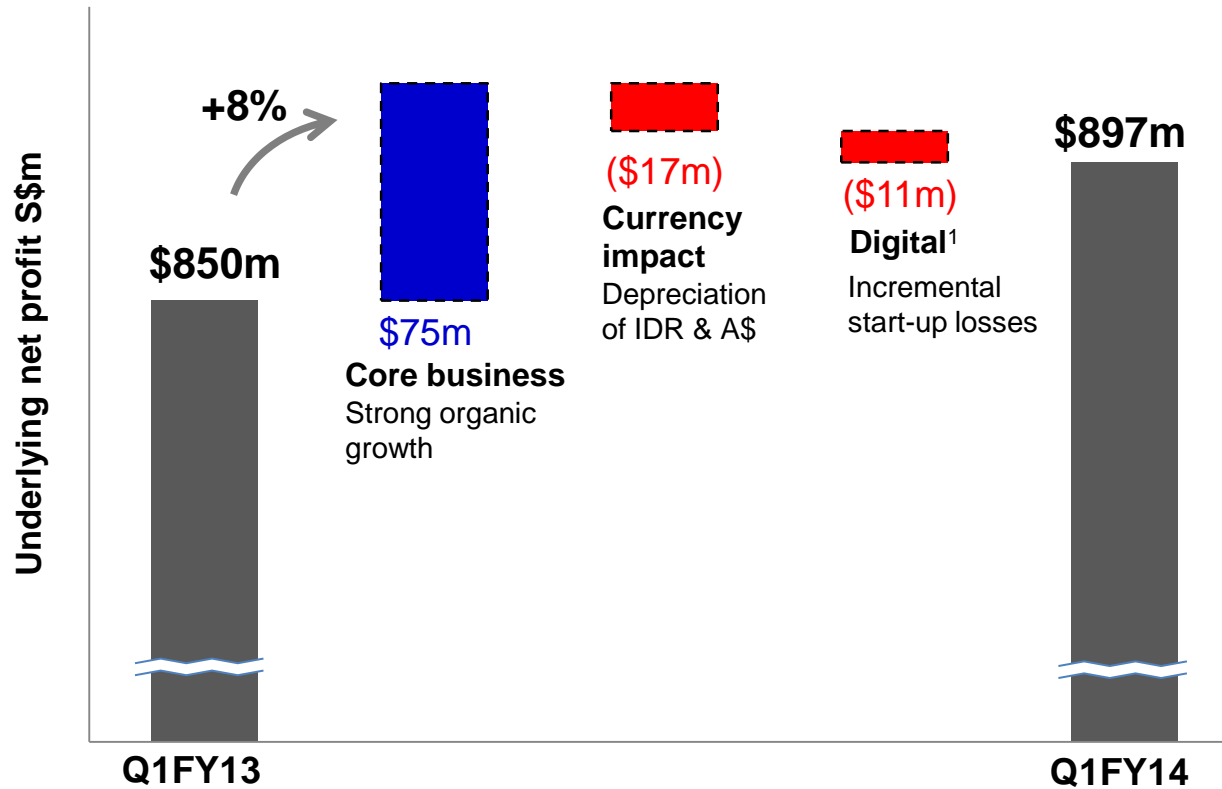
# Q1 FY14: growth in EBITDA and associates' contribution

	3 months			YoY % change	QoQ % change
	Jun 13	Jun 12	Mar 13		
Operating revenue	4,293	4,533	4,481	(5.3%)	(4.2%)
EBITDA	1,296	1,243	1,428	4.3%	(9.3%)
- margin	30.2%	27.4%	31.9%		
Associates pre-tax earnings <sup>1</sup>	571	506	540	12.8%	5.7%
EBITDA & share of associates' pre-tax earnings	1,874	1,749	1,969	7.1%	(4.8%)
Depreciation & amortisation	(540)	(518)	(551)	4.1%	(2.0%)
Net finance expense	(49)	(71)	(64)	(31.1%)	(23.6%)
Pre-tax profit	1,285	1,160	1,354	10.8%	(5.1%)
Tax	(386)	(309)	(352)	24.9%	9.5%
Underlying net profit	897	850	1,001	5.5%	(10.3%)
Exceptional Items (post tax)	114	95	(132)	19.6%	nm
Net profit	1,011	945	868	7.0%	16.4%

1. Excludes exceptionals.

# Q1 FY14: strong core earnings growth

## Underlying net profit up 8% excluding Digital investments & currency movements



1. Digital investments refers to incremental losses from Group Digital Life



## Agenda

---

01 // Overview

---

**02 // Group Consumer**

---

03 // Group Enterprise

---

04 // Group Digital Life

---

05 // Financial Position and Outlook

---

06 // Supplementary Information

---



# Group Consumer: strong EBITDA growth

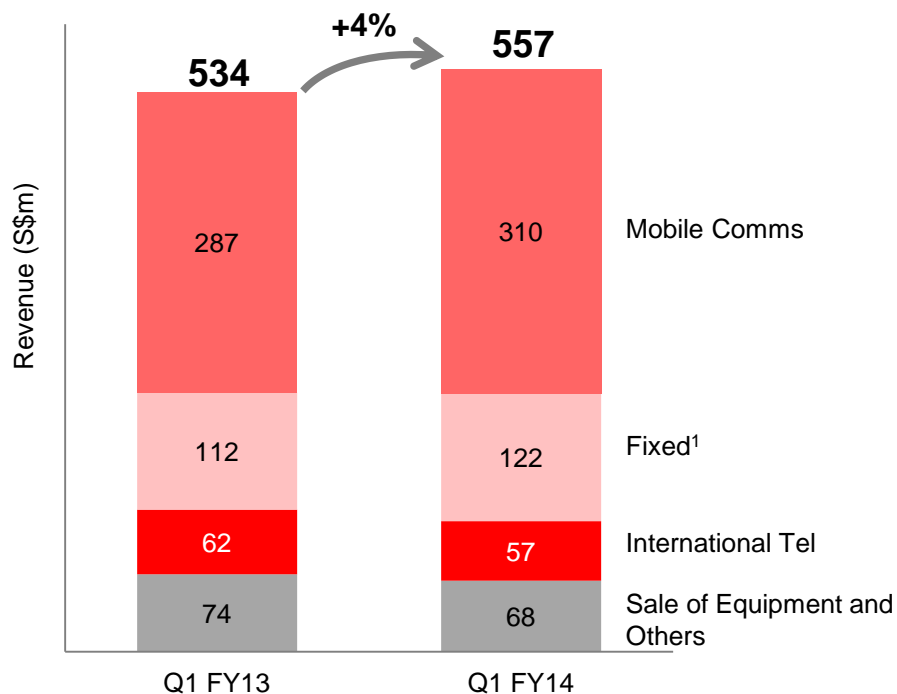
Q1 FY14	Singapore	Australia	
<b>Revenue</b>			
<b>S\$2,703m</b> -6%	<b>S\$557m</b> +4%	<b>A\$1,737m</b> -6%	<ul style="list-style-type: none"> <li>&gt; strong performance in Singapore</li> <li>&gt; lower revenue from Australia</li> <li>&gt; impact of weaker A\$</li> </ul>
<b>EBITDA</b>			
<b>S\$808m</b> +5%	<b>S\$174m</b> +20%	<b>A\$518m</b> +5%	<ul style="list-style-type: none"> <li>&gt; improved cost structure from earlier workforce &amp; distribution revamp in Australia</li> <li>&gt; lower handset subsidies and selling costs</li> </ul>
<b>EBITDA margins</b>			
<b>29.9%</b> +3.2ppts	<b>31.2%</b> +4.1ppts	<b>29.8%</b> +2.9ppts	
<b>EBIT</b>			
<b>S\$450m</b> +5%	<b>S\$118m</b> +31%	<b>A\$274m</b> +1%	

# Singapore Consumer: growth in mobile and consumer home services

**Revenue**

> up 4%

**S\$557m**



**EBITDA**

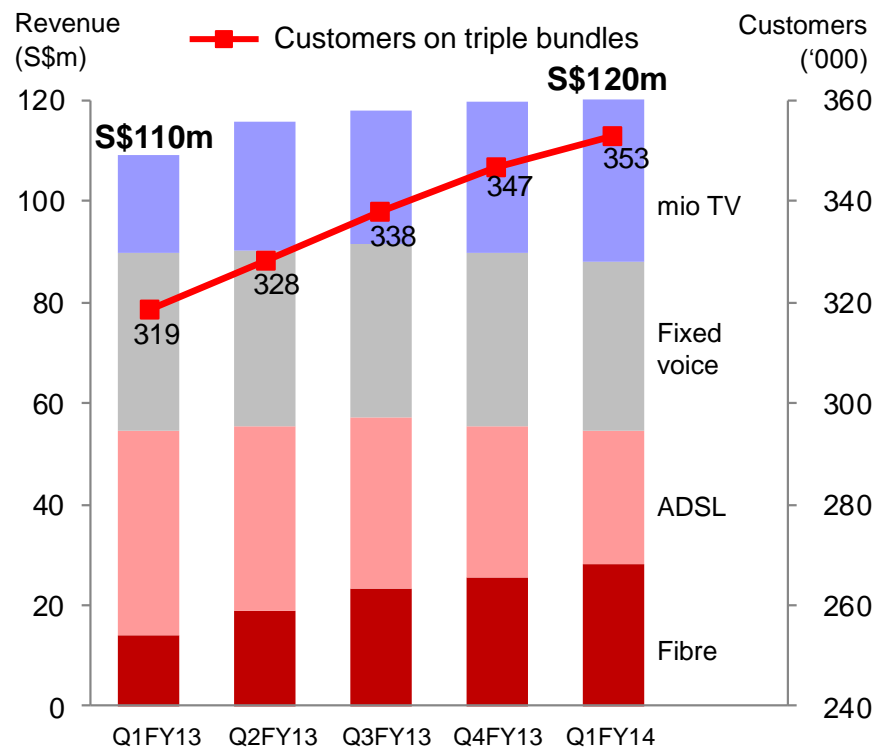
> up 20% on higher revenue  
& lower selling costs

**S\$174m**

**Consumer home revenue**

> up 10%

**S\$120m**



**Household ARPU**

> up 10%

**S\$53**

**Households on bundles**

> up 11%

**353k**

1. Fixed services revenue comprises Internet, National Telephone and mio TV.

# Australia Consumer: major transformation for future growth

## Revenue

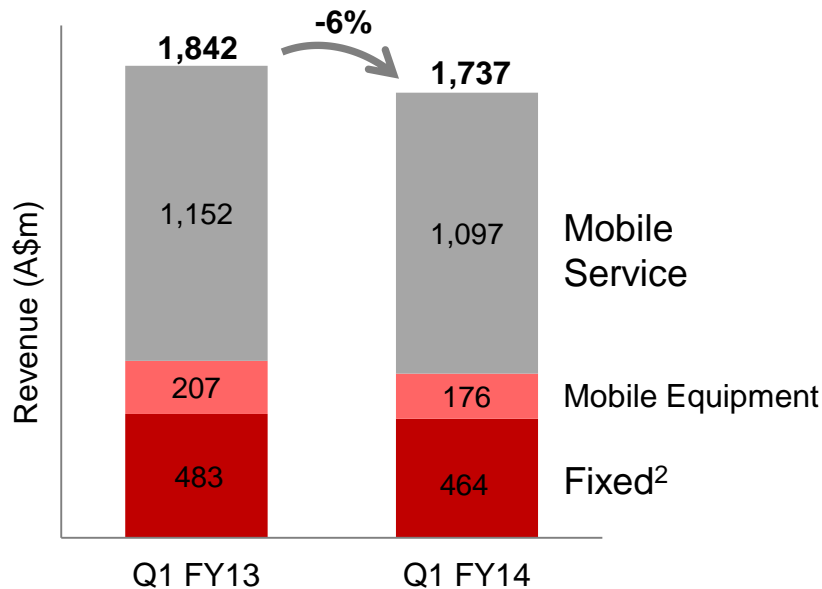
> down 6%

**A\$1,737m**

## EBITDA

> up 5% on lower selling costs

**A\$518m**



- > 40% reduction in retail distribution footprint
- > new wholesale mobile pricing to support sustainable mobile data business
- > launched market-leading My Plan
- > Relaunch of the Optus brand

### Mobile Service Revenue down 5%

- > DRP<sup>1</sup> credits -2%
- > MTR decline -2%

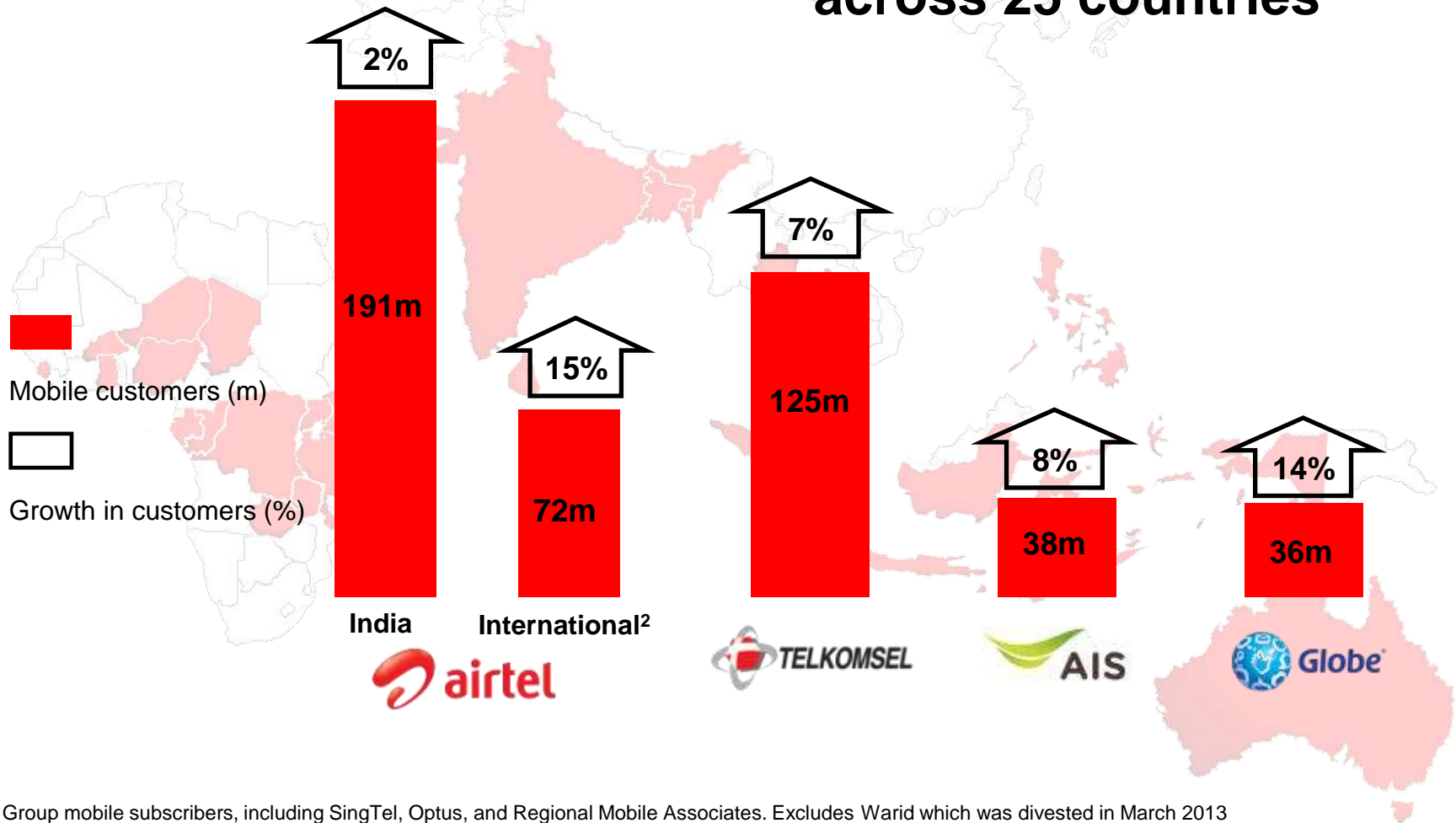


1. Device Repayment Plans  
2. Includes Satellite

# Regional mobile associates – customer growth

477 million mobile customers<sup>1</sup>...

across 25 countries



1. Group mobile subscribers, including SingTel, Optus, and Regional Mobile Associates. Excludes Warid which was divested in March 2013

2. With effect from FY14, Airtel is reporting customers under India and International operations (Africa, Bangladesh and Sri Lanka) respectively

# Regional mobile associates

## – strong performances across all associates

Q1 FY14	PBT <sup>1</sup> (S\$m)	% Change (S\$)	% Change (local curr)	Highlights
Regional Mobile	552	+14%	N.A.	› up 18% in constant currency
Telkomsel	255	+6%	+13%	› revenue growth boosted by data growth, and higher SMS interconnect revenue
Airtel	113	+20%	+25%	› India: strong operational performance driven by improved revenue per minute, sustained usage and data growth › Africa: impacted by regulatory restrictions and social unrest in key markets
AIS	113	+6%	+2%	› higher mobile data usage with launch of 3G 2.1GHz services and popularity of social applications › higher marketing and network expenses incurred for 3G launch and customer migration
Globe <sup>2</sup>	71	+19%	+17%	› strong customer growth and take-up of mobile data services; continued broadband growth

1. Excluding exceptional items – compared to 3 months to Jun 2012.

2. Globe's accelerated depreciation arising from network modernisation & IT transformation has been classified as a Group exceptional item.



## Agenda

---

01 // Overview

---

02 // Group Consumer

---

**03 // Group Enterprise**

---

04 // Group Digital Life

---

05 // Financial Position and Outlook

---

06 // Supplementary Information

---

# Group Enterprise: resilient performance amid cautious business environment

---

Q1 FY14	% growth	
<b>Revenue</b> S\$1,560m	-4%	<ul style="list-style-type: none"><li>&gt; cautious business environment</li><li>&gt; impact of weaker Australian dollar</li></ul>
<b>EBITDA</b> S\$532m	+3%	<ul style="list-style-type: none"><li>&gt; gain from sale of cable asset</li><li>&gt; cost management</li></ul>
<b>EBITDA margins</b> 34.1%	+2.4ppts	
<b>EBIT</b> S\$361m	+3%	

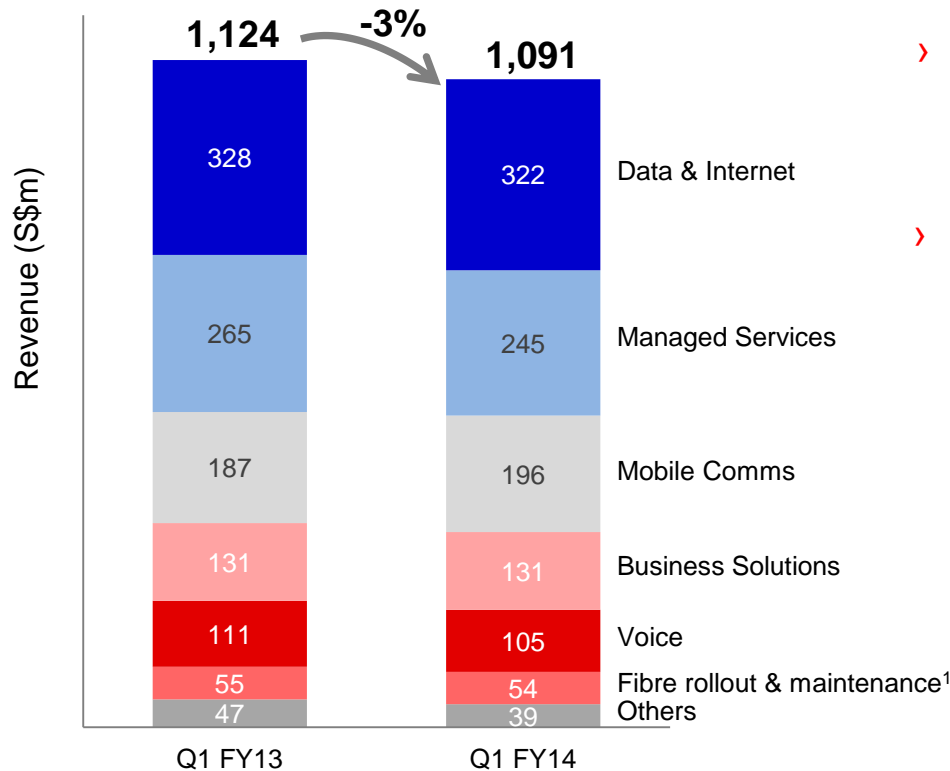
# Singapore Enterprise: market leadership in Asia Pacific

## Revenue

**S\$1,091m**

> down 3%

## Highlights



- > **Managed Services and Business Solutions order book** **S\$2b**
- > **Enterprise data market leadership<sup>2</sup> in Asia Pacific**

**More than  
325,000 cloud users**

1. Include revenue from OpenNet for maintenance of fibre which commenced from April 2013.  
 2. Source: IDC APeJ Fixed Line Telecom Service Tracker 2H2012 Update



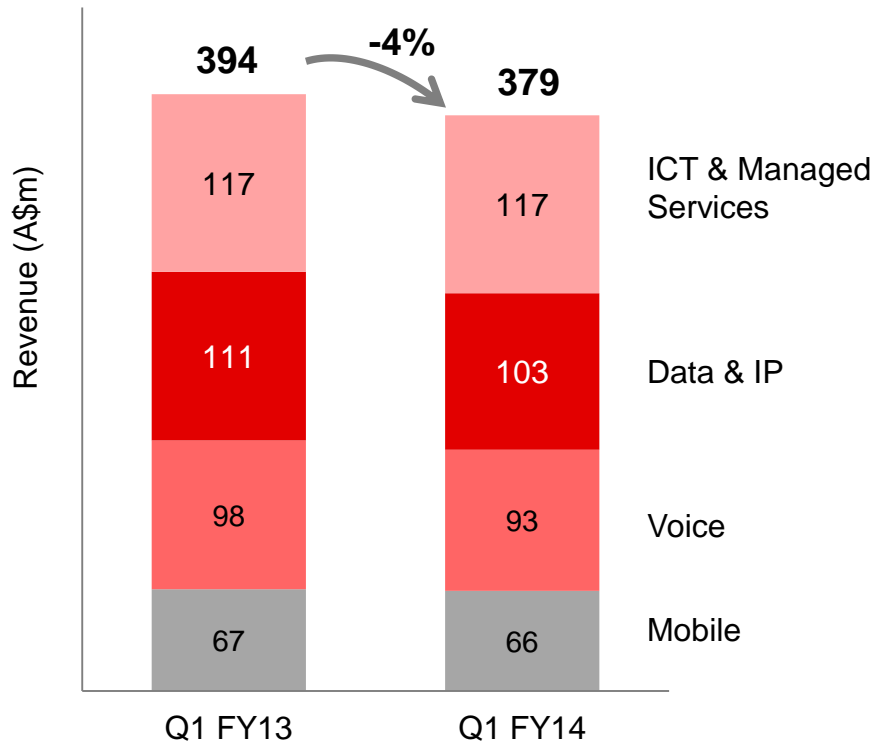
# Australia Enterprise: stable ICT; continued migration to IP-based services

## Revenue

> down 4%

**A\$379m**

## Highlights



> **Integrated IT services arm**

**Alphawest, creating a single ICT organisation**

> **Secured major new customer wins and renewals**



## Agenda

---

01 // Overview

---

02 // Group Consumer

---

03 // Group Enterprise

---

**04 // Group Digital Life**

---

05 // Financial Position and Outlook

---

06 // Supplementary Information

---

# Group Digital Life: driving revenue growth in digital space

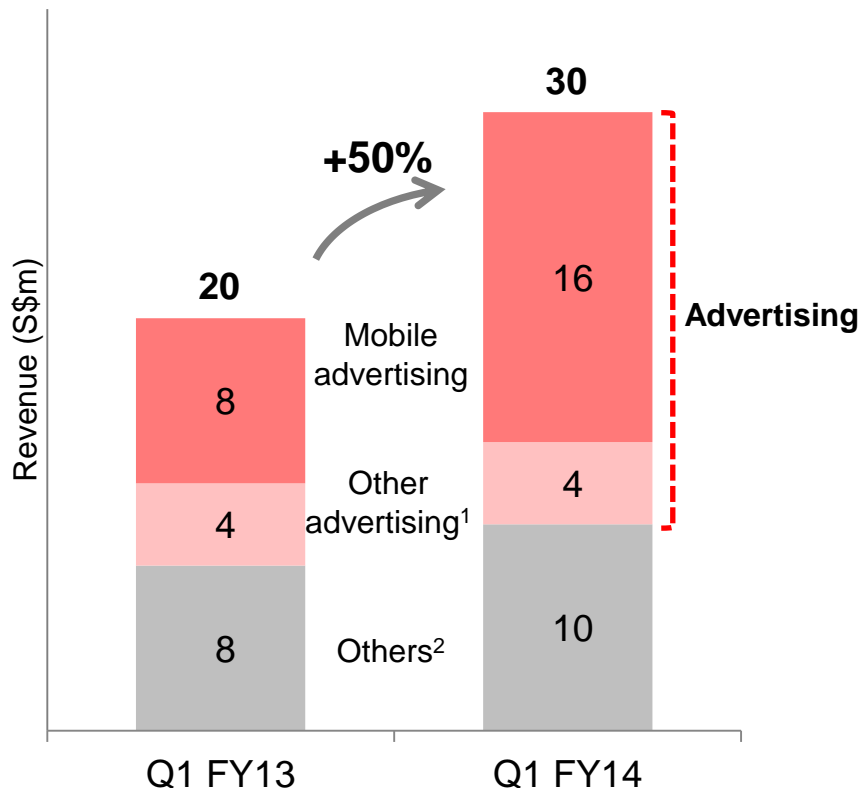
---

Q1 FY14	% growth	
<b>Revenue</b> › S\$30m	<b>+50%</b>	› strong growth in digital advertising
<b>OPEX</b> › S\$61m	<b>+39%</b>	› higher staff costs and selling and admin costs
<b>EBITDA</b> › (S\$32m)	<b>-32%</b>	› start-up phase
<b>EBIT</b> › (S\$44m)	<b>-20%</b>	› continued investments in digital businesses

# Group Digital Life: strong growth in advertising business

**Advertising revenue** **S\$20m**

> up 70%



**E-Commerce**

- > E-shop solution launched in Singapore, India, Indonesia & Malaysia



- > Innov8 invests in popular online design store



**Multimedia**

- > Watch BPL on the Go!
- > One-stop Football Portal



- > Now Android-enabled
- > Available in Singapore, Australia & Indonesia



1. Comprises advertising revenues mainly from internet and tv.  
 2. Comprises revenues mainly from e-commerce, concierge and hyper-local services.



## Agenda

---

01 // Overview

---

02 // Group Consumer

---

03 // Group Enterprise

---

04 // Group Digital Life

---

**05 // Financial Position and Outlook**

---

06 // Supplementary Information

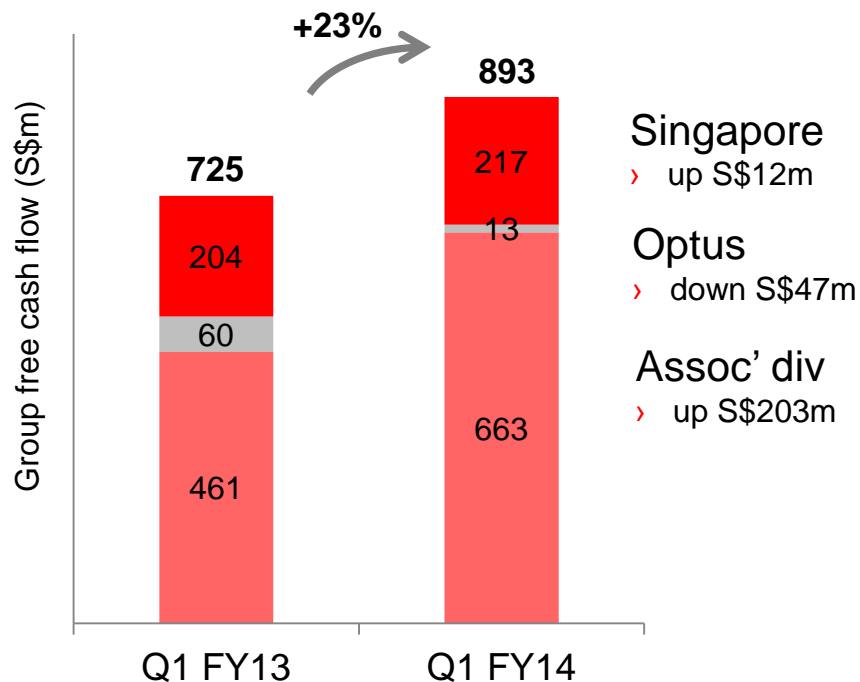
---

# Sound financial position

**Free cash flow**

**S\$893m**

**Solid balance sheet**



**Net debt**

**S\$6.5b**

**Net gearing<sup>1</sup>**

**21%**

**Net debt: EBITDA & share of associates' pre-tax profits**

**0.9x<sup>2</sup>**

**EBITDA & share of associates' pre-tax profits : Net interest expense**

**27.4x**

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

**Moody's rating Aa3**

1. Ratio of net debt to net capitalisation, which is the aggregate of net debt, shareholders' funds and minority interests.

2. The ratio would have been 1.1x if the final dividend of 10.0 cents had been paid on 30 June 2013

# FY14 Outlook – updated for exchange rate movements

---

## Outlook updated for exchange rate movements<sup>1</sup>

---

### Group revenue

#### Group Consumer

- Singapore Mobile Comms
- Australia mobile service revenue<sup>2</sup>
- Group Enterprise
- Group Digital Life

### Decline by mid single digit level

- : decline by high single digit level
  - : grow by low single digit level
  - : decline by mid single digit level
  - : stable
  - : grow at least 50% on organic basis
- 

### Group EBITDA

- Group Consumer
- Group Enterprise
- Group Digital Life

### Decline by low single digit level

- : decline by low single digit level
  - : decline by low single digit level
  - : startup losses
- 

### Group EBIT

(excluding associates contribution)

### Decline by mid single digit level

1. Now assuming forward exchange rate of A\$1: S\$1.1622 for the period July 2013 to March 2014 (Previous rate for FY2013/14: A\$1: S\$1.2755)

2. In Australian Dollar.

# FY14 Outlook – updated for exchange rate movements

---

---

<b>Group Free Cash Flow<sup>1</sup> (excluding dividends from associates)</b>	<b>Approx. S\$2.0 billion</b>
---	-------------------------------

<b>Capital expenditure</b>	<b>Approx. S\$2.5 billion</b>
----------------------------	-------------------------------

<b>Ordinary dividends from Regional Mobile Associates<sup>2</sup></b>	<b>To grow</b>
---	----------------

---

1. Now assuming forward exchange rate of A\$1: S\$1.1622 for the period July 2013 to March 2014 (Previous rate for FY2013/14: A\$1: S\$1.2755).

2. Refer to Section 1 of MD&A for exchange rates for IDR, INR, THB and PHP.





## Agenda

---

01 // Overview

---

02 // Group Consumer

---

03 // Group Enterprise

---

04 // Group Digital Life

---

05 // Financial Position and Outlook

---

**06 // Supplementary Information**

---

# Singapore Mobile

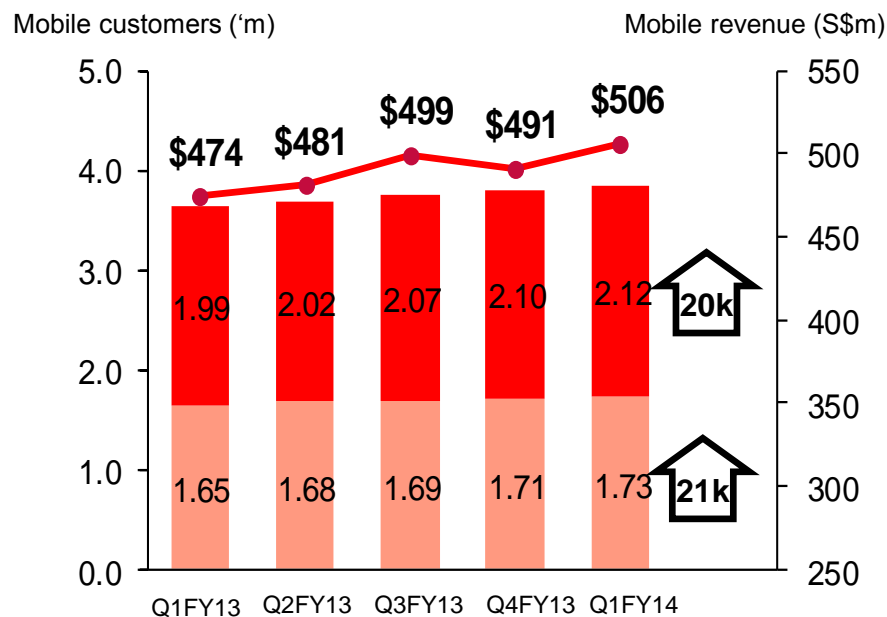
**Mobile revenue**

**S\$506m**

> up 7%

**4G customers**

**537k**



● Mobile revenue    ■ Prepaid customers    ■ Postpaid customers

## Tiered data plans

- > Postpaid customers on tiered plans **31%**
- > Tiered plans customers who exceed data bundles **13%**

## Postpaid ARPU

**S\$79**

- > down 2%
- > stable excluding data-only SIMs

## Acquisition cost per subscriber

**S\$284**

- > down 6%

# mio TV

**mio TV revenue**

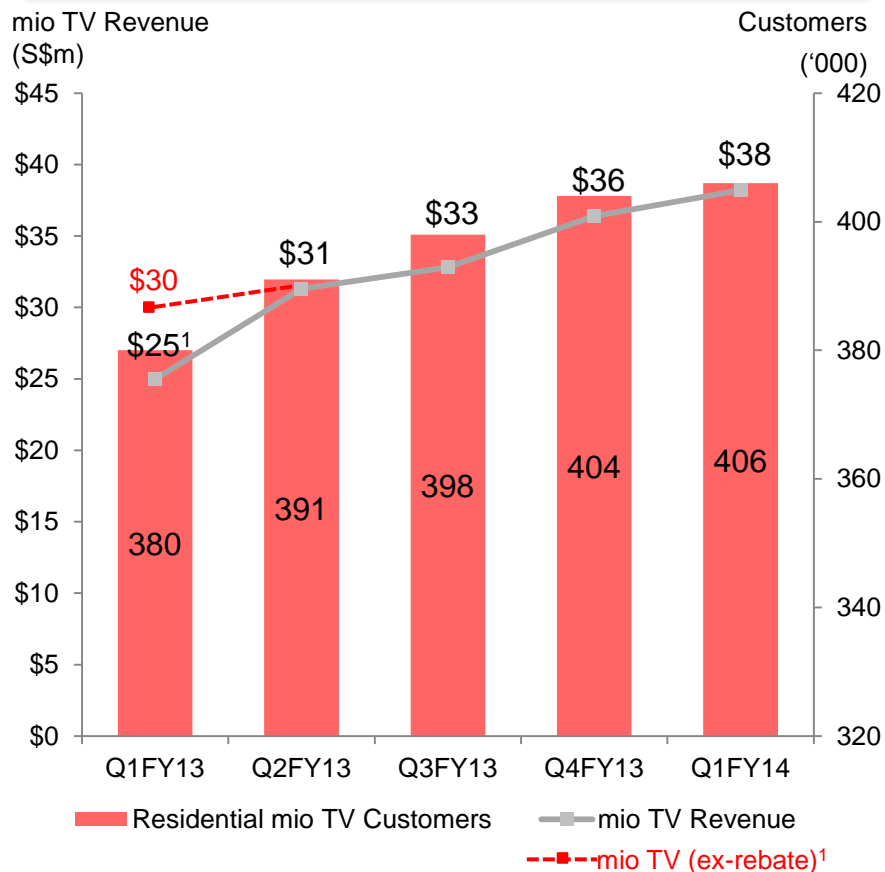
**S\$38m**

> up 27%<sup>1</sup>

**mio TV ARPU**

**S\$26**

> up 26%<sup>1</sup>



**mio TV gold packs**

> best way to catch BPL



**Fibre customers<sup>2</sup>**

**224k**

> up 32k

1. mio TV rebate of S\$5m in Q1 FY13 ended 30 June 2012. YoY % revenue and ARPU comparisons excludes impact of the rebate.

2. Refers to residential and corporate subscriptions to broadband internet services using optical fibre networks.

# Australia Mobile

---

## 4G handsets

1.08m

- > up 299k QoQ

## Postpaid

- > ARPU **A\$54**
  - down 11%
- > Net adds **+9k**
- > Retail churn **1.5%**
  - down from 1.6%
- > SAC **A\$225**
  - down 33%

## Prepaid

- > ARPU **A\$22**
  - up 4%
- > Net adds **-68k**
- > SAC **A\$10**
  - down 60%

## Investing in mobile network

- > over A\$1.7 billion for FY11 – FY13
- > over 800 4G sites across major capital cities and selected regional areas
- > TD-LTE customer trials commenced in Canberra utilising 2300MHz spectrum
- > ongoing U900 spectrum migration program; completed 3G refarm in Adelaide with NSW Central Coast, Wollongong and Canberra to follow
- > refarmed 4,300 sites nationally to 3G






# Trends in constant currency terms<sup>1</sup>

<b>3 months to Jun 13</b>	<b>1Q FY14 (reported S\$m)</b>	<b>YoY % change (reported S\$)</b>	<b>YoY % change (at constant FX)<sup>1</sup></b>
Group revenue	4,293	(5.3%)	(3.4%)
Group underlying NPAT	897	5.5%	7.5%
Optus revenue	2,620	(8.4%)	(5.3%)
Regional Mobile Associates pre-tax earnings <sup>2</sup>	552	14.1%	17.5%

1. Assuming constant exchange rates from corresponding periods in FY2013.

2. Based on the Group's share of associates' earnings before exceptionals.

# Foreign exchange movements

Currency	Quarter ended 30 June 2013		
	Exchange rate <sup>1</sup>	Appreciation / (depreciation) against S\$	
		YoY	QoQ
1 AUD <sup>2</sup> 	S\$1.2355	(3.2%)	(3.9%)
INR 	44.6	(4.4%)	(1.6%)
IDR 	7,813	(6.3%)	-
PHP 	33.4	1.2%	(1.5%)
THB 	23.9	3.6%	0.8%

1. Average exchange rates for the quarter ended 30 June 2013.

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



SingTel