

## News Release

# Stable results despite adverse currency movements in 2Q

- *Net profit stable at S\$870 million, up 7% in constant currency terms*
- *EBITDA up 3% on strong cost management*
- *Operating revenue impacted by weak A\$, down 3% in constant currency terms*
- *Half year net profit up 4% to S\$1.88 billion*
- *Interim dividend maintained at 6.8 cents per share*

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**Singapore, 14 November 2013** – Singapore Telecommunications Limited (SingTel) today announced stable net profit of S\$870 million in the second quarter ended 30 September 2013, as earnings growth was negatively impacted by the steep appreciation of the Singapore Dollar. In constant currency terms, net profit increased 7%.

The Group delivered a strong operating performance in the second quarter. It is strengthening its core businesses further and making progress with strategic initiatives in the digital space. Singapore continues its momentum in winning share in mobile and home bundle services. To drive profitability in the mobile business, Optus is focused on improving customer experience and capturing mobile data usage through the introduction of new data plans.

Ms Chua Sock Koong, SingTel Group CEO said: “Our strategy is yielding results with growth in mobile data revenue, enhanced customer experience as well as strong cost management. Leveraging our experience in Singapore and Australia, we are increasing our collaboration with our regional mobile associates in digital services as these markets transition to higher data usage.

“As a major part of the Group’s earnings comes from outside of Singapore, our strong operating performance was impacted by the strengthening of the Singapore Dollar.”

The Australian Dollar, Indian Rupee and Indonesian Rupiah each depreciated by 10% year-on-year against the Singapore Dollar.

In the second quarter, Group revenue declined 9% to S\$4.16 billion due mainly to the weaker Australian Dollar. In constant currency terms, operating revenue declined 3% amid a cautious business environment and lower mobile revenue from Australia.

EBITDA rose 3% to S\$1.30 billion driven by strong cost management. In constant currency terms, EBITDA rose 9%.

The Group and its regional mobile associates continued to register strong customer growth in the quarter. The combined mobile customer base<sup>1</sup> was up 7% or 31 million, to 486 million from a year ago.

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<sup>1</sup> 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.



Pre-tax earnings from the regional mobile associates fell 9% to S\$498 million caused by the weaker regional currencies and fair value losses. In constant currency terms and excluding fair value losses at the associates, the regional mobile associates' pre-tax earnings rose 5%.

"In the developing markets where our regional mobile associates operate, millions of customers are experiencing the internet for the first time via their mobile phones. To encourage data usage and ensure a positive user experience, our associates are investing significantly in mobile infrastructure and content," said Ms Chua.

The Group affirms its outlook given in August 2013.

For the six months ended 30 September 2013, net profit rose 4% to S\$1.88 billion. In constant currency terms, net profit rose 8%.

The Board has approved an interim dividend of 6.8 cents a share, consistent with the previous financial year, and representing a payout ratio of 61% of underlying earnings for the half year ended 30 September 2013.

Free cash flow generated in the half year was stable at S\$1.81 billion as higher dividends from AIS and Telkomsel offset higher cash taxes in Australia.

**Group Consumer**, which contributes more than 60% to Group revenue and EBITDA, delivered EBITDA growth of 4% and margin increased to 33.3% from 28.1% in the second quarter. Revenue was down 12% to S\$2.57 billion. A strong performance from the Singapore consumer business was offset by the weaker Australian Dollar and lower mobile revenue from the Australia consumer business.

Singapore Consumer delivered a 3% increase in revenue to S\$567 million. Mobile revenue grew 7% to S\$318 million from higher data usage as more customers exceeded their data bundles and upgraded to higher-tiered plans to experience the faster 4G network. Fixed-line revenues from Singapore homes were up 4% due to increased customers on triple bundle plans as well as higher ARPU. Impact from the introduction of cross carriage for Barclays Premier League football content was limited. EBITDA was up 6% on higher revenue and cost management.

Australia Consumer delivered increased earnings. EBITDA grew 15% on lower selling costs and the effect of a write back of A\$22 million of provision for base station rentals. Revenue declined 6% to A\$1.73 billion due to slowing mobile revenue from mandated reductions in termination rates and service credits associated with device repayment plans. Strong customer signups for "My Plan", designed to remove bill shock, led to increased data usage.

**Group Enterprise** EBITDA grew 1% on better business mix and strong cost management in the second quarter. Revenue declined 4% amid a cautious business environment in Asia Pacific and keen competition. The weaker Australian Dollar weighed on its revenue and EBITDA.



In the quarter, Group Enterprise won marquee contracts from ANZ Bank, Virgin Australia Airlines and the Australian Government Department of Agriculture, Fisheries and Forestry.

**Group Digital Life** continued to gather pace and revenue grew 44% mainly from advertising revenue in the second quarter. Amobee won new contracts with a number of global brands including Wall Street Journal, AOL and Shazam. Amobee also strengthened its value proposition with the acquisition of Gradient X, developer of a mobile advertising and marketing platform with real time bidding capabilities.

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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 486 million mobile customers in 25 countries, including Bangladesh, India, Indonesia, the Philippines and Thailand.

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## Highlights

	Quarter Ended 30 Sept			Half Year Ended 30 Sept		
	2013 (S\$m)	2012 (S\$m)	YOY Change	2013 (S\$m)	2012 (S\$m)	YOY Change
Group revenue	4,163	4,572	(8.9%)	8,456	9,105	(7.1%)
EBITDA	1,298	1,267	2.5%	2,594	2,509	3.4%
Share of associates' pre-tax earnings <sup>2</sup>	519	574	(9.6%)	1,090	1,080	0.9%
EBITDA and share of associates' pre-tax earnings	1,817	1,840	(1.3%)	3,691	3,589	2.8%
Underlying net profit <sup>3</sup>	884	886	(0.2%)	1,781	1,736	2.6%
Exceptional items (post tax)	(13)	(18)	26.7%	101	77	30.4%
Net profit	870	868	0.3%	1,881	1,813	3.8%
Free cash flow	919	1,102	(16.7%)	1,812	1,828	(0.9%)

<sup>2</sup> Exclude exceptional items.

<sup>3</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.

Appendix 1

	Quarter Ended 30 Sept 2013			Half Year Ended 30 Sept 2013		
	2013 (S\$m)	YOY Change	YOY Change Constant FX <sup>4</sup>	2013 (S\$m)	YOY Change	YOY Change Constant FX <sup>4</sup>
Group revenue	4,163	(8.9%)	(2.7%)	8,456	(7.1%)	(3.0%)
Net Profit	870	0.3%	6.5%	1,881	3.8%	7.7%
Optus revenue	2,461	(15.1%)	(5.4%)	5,081	(11.8%)	(5.3%)
Regional Mobile Associates pre-tax earnings <sup>5</sup>	498	(9.2%)	(2.4%)	1,050	1.7%	6.9%

Appendix 2

Currency	Quarter Ended 30 Sept 2013			Half Year Ended 30 Sept 2013	
	Exchange Rate <sup>6</sup>	Appreciation/ (Depreciation) Against S\$		Exchange Rate <sup>6</sup>	Appreciation/ (Depreciation) Against S\$
		YOY	QOQ		YOY
1 AUD <sup>7</sup>	S\$1.1615	(10.3%)	(6.0%)	S\$1.1985	(6.8%)
INR	48.8	(10.4%)	(9.4%)	47.1	(8.0%)
IDR	8,403	(10.1%)	(7.6%)	8,106	(8.1%)
PHP	34.5	(2.7%)	(3.3%)	33.9	(0.6%)
THB	24.8	1.2%	(3.8%)	24.3	2.4%

<sup>4</sup> Assuming constant exchange rates from the corresponding periods in FY2013.

<sup>5</sup> Exclude exceptional items.

<sup>6</sup> Average exchange rates for the quarter and half year ended 30 September 2013.

<sup>7</sup> Average A\$ rate for translation of Optus' operating revenue.