

News Release

SingTel reports resilient Q1 performance

- Underlying net profit up 5% in constant currency terms, with free cash flow up 33%
- Strong performance from Singapore Consumer and Airtel India
- Regional mobile associates' pre-tax earnings increase 8%; up 20% in constant currency terms
- Net profit lower by 12% in constant currency terms, due to significant exceptional gains in prior year

Singapore, 14 August 2014 – Singapore Telecommunications Limited (SingTel) reported a resilient first quarter operating performance, despite significant investments to support business transformation and currency headwinds. Underlying net profit dipped 2% to S\$881 million. In constant currency terms, underlying net profit would have grown 5%.

The Singapore consumer business and regional mobile associates, namely Airtel and Globe, contributed strong growth. The Group's share of the regional mobile associates' pre-tax earnings grew 8% to S\$594 million. In constant currency terms, this would have increased 20%.

Airtel delivered a sharply improved quarter with strong growth in voice and data, and higher margins in India. The Group's share of Airtel's pre-tax earnings grew 68%. In the Philippines, Globe's pre-tax earnings contribution was up 20%.

The Group and its regional mobile associates continued to register strong customer growth in the quarter. As at 30 June 2014, the combined mobile customer base¹ grew 10% to 525 million from a year ago.

Ms Chua Sock Koong, SingTel Group CEO said, "This quarter, the Group reported strong operating results and increased free cash flow. Our regional mobile associates delivered a solid performance. Their markets are experiencing strong growth, spurred by improvements in 3G networks, handsets and content. We are collaborating with our associates to accelerate investments in networks, and launch new data and digital services."

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

“In Singapore and Australia, tiered data plans are gaining traction with customers and driving mobile data usage. At Optus, we saw encouraging sales momentum from the recently launched ‘MyPlan Plus’ with customer take-up of both SIM-only and data share plans. In Singapore, we introduced the world’s first 300 Mbps 4G service and the island’s first voice over LTE service,” said Ms Chua.

“In the digital space, Amobee acquired Adconion, a cross channel digital advertising company with market presence in the USA and Australia, and Kontera, a digital content analytics platform. With Kontera’s unique technology and Adconion’s relationships with major advertisers, these investments will differentiate and strengthen Amobee’s position,” added Ms Chua.

The Australian Dollar and regional currencies weakened significantly against the Singapore Dollar, with the Australian Dollar and Indonesian Rupiah declining 5% and 19% respectively from a year ago. However, from a quarter ago, currency movements had stabilised.

Net profit, impacted by exceptional items, declined 17% to S\$835 million and would have been down 12% in constant currency terms. In the same quarter last year, an exceptional gain of S\$150 million was recognised from the dilution of the Group’s stake in Airtel. This quarter’s results included staff restructuring costs of S\$27 million and a S\$17 million share of Airtel’s exceptional loss for various disputes and provisions.

Revenue and EBITDA were down 3% to S\$4.15 billion and S\$1.25 billion respectively, but would have been stable in constant currency terms. The Singapore operations continued to grow its Consumer Home and mobile businesses. In Australia, mobile service revenue was stable, reflecting Optus’ strategy to drive data revenue growth.

Free cash flow generated in the first quarter was up 33% to S\$1.18 billion on strong operating cash flow from Singapore and Australia.

Group Consumer EBITDA increased 2% even as the Australian Dollar weakened against the Singapore Dollar. On a constant currency basis, revenue declined 2% and EBITDA grew 7%, with EBITDA growth from both Singapore and Australia.

In Singapore, Consumer Home revenue rose 11% as customers upgraded to fibre services and subscribed to more TV content. Mobile Communications revenue was up 2% with growth in customer base and higher take-up of data services.

SingTel successfully leveraged the 2014 World Cup content to re-contract existing customers on their pay TV bundles. In Singapore, EBITDA grew 13% notwithstanding the World Cup subsidy.

Australia Consumer EBITDA rose 5% on lower handset subsidy costs. Mobile outgoing service revenue was stable, as higher data revenue from tiered plans offset declines in voice and SMS revenues. Optus continues to drive data usage with improvements in price plans and increased investments in 3G and LTE networks. However, with lower equipment sales and fixed revenues, overall revenue was down 3%.

Group Enterprise maintains its market leadership position in a cautious business environment. In Singapore, Group Enterprise secured significant public sector wins but faced aggressive price competition in the NBN environment. Revenue was stable at S\$1.56 billion, with higher mobile and ICT revenue in Singapore offset by lower revenue in Australia. EBITDA declined 7%.

Group Digital Life revenue grew 61% with higher digital advertising revenues. It is focused on building scale and driving usage in the fast-growing digital advertising market. During the quarter, Amobee added Warner Bros. and Samsung to its client portfolio. Group Digital Life's new mobile money service, Dash, has attracted more than 10,000 users who have made 30,000 transactions since its launch in June 2014.

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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 Bangladesh, India, Indonesia, the Philippines and Thailand. For more information, visit www.singtel.com

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Financial Highlights for the Quarter Ended 30 Jun 2014

	2014 (S\$m)	2013 (S\$m)	YOY Change	YOY Change Constant Currency²
Group revenue	4,148	4,293	(3.4%)	(0.2%)
EBITDA	1,254	1,296	(3.2%)	-
Regional Mobile Associates pre-tax earnings ³	594	552	7.6%	19.9%
EBITDA and share of associates' pre-tax earnings	1,876	1,874	0.1%	6.0%
Underlying net profit ⁴	881	897	(1.8%)	4.9%
Exceptional items (post tax)	(46)	114	nm	nm
Net profit	835	1,011	(17.4%)	(11.8%)
Free cash flow	1,184	893	32.6%	nm

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

³ Exclude exceptional items.

⁴ Defined as net profit before exceptional items.

Foreign Exchange Movements

Quarter Ended 30 Jun 2014			
Currency	Exchange Rate ⁵	Increase/ (Decrease) Against S\$	
		YOY	QOQ
1 AUD ⁶	S\$1.1688	(5.4%)	2.7%
IDR	9,259	(18.5%)	0.9%
INR	47.8	(7.2%)	1.4%
PHP	35.2	(5.4%)	0.3%
THB	25.9	(8.4%)	(0.8%)

⁵ Average exchange rates for the corresponding period in FY2014.

⁶ Average A\$ rate for translation of Optus' operating revenue.