

Singapore Telecom

Downside hedged benefits from NBN, regional asset contributions to improve; upgrade to OW

- **We upgrade SingTel to Overweight with a Mar-13 price target of S\$3.60** with a total return expectation of 20% (+14% capital appreciation based on our target FY13 P/E of 13x + 5% expected cash dividends during the next 12 months). Our price target is driven by two factors: 1) our EPS forecasts vs. street: we are 6% ahead for FY13; 2) the target FY13 earnings multiple currently at 11.9x and below the top of its normal trading range; we use 13.0x for our price target.
- **The NBN should ultimately curtail competition and cement SingTel dominance:** Many, including ourselves, have made much about the potential for Singapore's National Broadband Network (NBN) project to increase competition and drive opportunities for infrastructure-lite competition. The facts, however, do not support this case. We believe the NBN will largely serve to cement SingTel's dominance of the local market, potentially force Starhub into a Virgin Media (covered by JPM analyst Carl Murdock-Smith) type strategy, and lock M1 out of the mainstream market.
- **Regional assets contributions to improve:** We expect 12% growth in FY12 associate contributions for SingTel; driven by 20% growth at AIS and 15% at Bharti. The decline over FY11 was largely driven by appreciation of the Singapore dollar vs. local currencies. We expect 6% growth in Optus's EBIT contributions to SingTel in FY12.
- **Potential for increased capital management:** SingTel has the best balance sheet among Singapore telcos with a net debt/EBITDA (including associates) of 0.6x. Current dividend yield of 6% is more than covered by internal cash flows and we thus see potential for a special dividend as an upside risk. SingTel is trading at a 330bp spread to Singapore govt bonds vs. a historical high of 390bp.
- **Key risks:** Key downside risks include worse-than-expected pricing competition and lower-than-expected NBN market share.

Singapore Telecoms Ltd (Reuters: STEL.SI, Bloomberg: ST SP)

S\$ in mn, year-end Mar	FY09A	FY10A	FY11A	FY12E	FY13E
Revenue (S\$ mn)	14,934	16,871	18,070	18,755	18,287
EBITDA (S\$ mn)	4,432	4,846	5,116	5,166	5,053
EBITDA growth (%)	-2.2%	9.3%	5.6%	1.0%	-2.2%
Recurring profit (S\$ mn)	3,455	3,910	3,800	3,942	4,494
Recurring EPS (S\$)	0.22	0.25	0.24	0.25	0.28
EPS growth (%)	(6.2%)	13.2%	(2.9%)	3.7%	14.0%
DPS (S\$)	0.12	0.14	0.16	0.17	0.19
EV/EBITDA (x)	12.8	11.5	10.8	10.6	10.9
P/E	14.6	12.9	13.2	12.8	11.2
Dividend Yield	4.0%	4.5%	5.2%	5.4%	6.1%
FCF to mkt cap (%)	6.4%	6.8%	8.0%	6.7%	6.2%

Source: Company data, Bloomberg, J.P. Morgan estimates.

▲ Overweight

Previous: Neutral

STEL.SI, ST SP

Price: S\$3.16

▲ Price Target: S\$3.60

Previous: S\$3.40

Singapore

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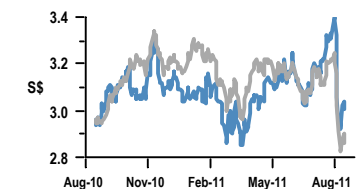
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Price Performance



	YTD	1m	3m	12m
Abs	-2.0%	-6.5%	-5.0%	1.7%
Rel	10.5%	1.5%	4.7%	5.1%

Company Data

52-wk range (S\$)	3.30 - 2.75
Mkt cap (S\$ mn)	50,371
Mkt cap (\$ mn)	39,778
Shares O/S (mn)	15,940
Free float (%)	45.5%
3-mth avg trading volume:	30
Average 3m Daily Turnover (\$ mn)	71.92
FTSTI	2,720
Exchange Rate	1.27
Price (S\$)	3.16
Date Of Price	20 Oct 11

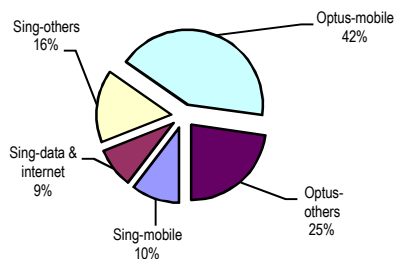
See page 25 for analyst certification and important disclosures, including non-US analyst disclosures.

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Company Description

SingTel provides Internet, IPTV, mobile and fixed line telephony services domestically and it also owns 100% of the Australian Telco Optus. Other major regional associate investments include Bharti (India), Telkomsel (Indonesia), Advanced (Thailand) and Globe (Philippines).

Revenue breakdown (FY12E)



Source: J.P. Morgan estimates

Net income: J.P. Morgan vs consensus

S\$ MM	J. P. Morgan	Consensus
FY12E	3,985	3,819
FY13E	4,494	4,040

Source: Bloomberg, J.P. Morgan estimates.

P&L sensitivity metrics (FY2012E)

	EBITDA impact (%)	EPS impact (%)
Singapore revenues (S\$ mn)	6,501	
Impact of each 1%	0.4%	0.4%
Forex A\$/S\$	0.78	
Impact of each 1%	0.6%	0.6%
Bharti equitized PBT (S\$ mn)	892	
Impact of each 5%	0.0%	0.9%
Telkomsel equitized PBT (S\$ mn)	886	
Impact of each 5%	0.0%	0.8%

Source: J.P. Morgan estimates

Price target and valuation analysis

Our PT is based on the sum of 1) potential upside/ (downside) to consensus EPS vs. JPM EPS estimates, and 2) our estimated multiple expansion/(contraction) based on peak P/E multiple. Our peak P/E multiple is based on the stock's historical trading range and expected future business changes.

Price target and valuation analysis

	FY12E	FY13E
Current consensus P/E (a)	12.8	11.9
Peak P/E (b)	13.0	13.0
Upside/ (Downside) to peak multiple (b/a-1=e)	1.5%	9.4%
JPM vs. consensus EPS (d)	1.7%	6.4%
Cumulative upside to current price (e+d)	3.2%	15.8%
JPM Dec-12 price target (S\$/sh)		3.6

Source: J.P. Morgan estimates

If our price target were achieved, SingTel would be trading at 2010E/11E P/E of 14.5x/12.8x and EV/EBITDA of 11.9x/12.3x and provide a 4.7%/5.3% yield. Less-than-expected NBN and pay TV market share in Singapore is a key downside risk to our price target. Further appreciation of the Singapore dollar is also a risk.

Investment Summary

We upgrade SingTel to Overweight with a Mar-13 price target of S\$3.60 with a total return expectation of 20% (+14% capital appreciation based on our target FY13 P/E of 13x + 5% expected cash dividends during the next 12 months). Our price target is driven by two factors: 1) our EPS forecasts vs. street: we are 6% ahead for FY13; 2) the target FY13 earnings multiple currently at 11.9x and below the top of its normal trading range; we use 13.0x for our price target. . We have rebuilt our Singapore models, incorporating NBN into our forecasts and have shifted our price target timeframe to Mar-13.

The NBN should ultimately curtail competition and cement SingTel dominance: Many, including ourselves, have made much about the potential for Singapore's National Broadband Network (NBN) project to increase competition and drive opportunities for infrastructure-lite competition. The facts, however, do not support this case. The NBN will largely serve to cement SingTel's dominance of the local market, potentially force Starhub into a Virgin Media (covered by JPM analyst Carl Murdock-Smith) type strategy, and lock M1 out of the mainstream market. Please see our Singapore industry report published today in conjunction with this report for details.

Regional assets contributions to improve: We expect 12% growth in FY12 associate contributions for SingTel; driven by 20% growth at AIS and 15% at Bharti. The decline over FY11 was largely driven by appreciation of the Singapore dollar vs. local currencies. We expect 6% growth in Optus's EBIT contributions to SingTel in FY12.

Potential for increased capital management: SingTel has the best balance sheet among Singapore Telcos with a net debt/EBITDA (including associates) of 0.6x. Current dividend yield of 6% is more than covered by internal cash flows and we thus see potential for a special dividend as an upside risk. SingTel is trading at a 330bp spread to Singapore govt bonds vs. a historical high of 390bp.

Key risks: Key downside risks include worse-than-expected pricing competition and lower-than-expected NBN market share.

Risks to our view

Pricing competition is worse than forecast: We do expect a degree of price compression which will reduce overall industry revenue growth rates moving forward, but are not forecasting an all out price war on a product by product basis. This is driven by the fact that a) bundles will increasingly drive this saturated, mature market, in our view, which theoretically limits product specific price discovery for consumers; b) Starhub and to a lesser degree M1 will face structurally lower NBN economics, which limits their ability to aggressively cut price without significantly impacting their own margins...not a guarantee that price competition will not get out of control, but clearly a limiting factor.

Forecast competitive dynamics are upended as Starhub pursues an alternative infrastructure approach: We suspect that a Virgin Media type strategy may in fact be the best long-term strategic option for the company, but as of yet see no signs that this will occur. Were this dynamic to change, we would expect a greater potential for a degree of price competition between Starhub and SingTel given StarHub's better economics. This could be somewhat restrained, however, by StarHub's desire to achieve a reasonable return on capex.

A foreign operator takes control of M1 and introduces cross market competitive dynamics into the Singapore environment. We would not be shocked to see an operator such as Telstra (in order to have a counter balance to SingTel's Optus) or Axiata (already a 29.23% shareholder in M1, general offer is triggered at) to eventually make a bid for the firm. This has the potential to introduce another layer of strategy into the Singapore market, which could be de-stabilizing.

NIMS project creates unbundles content: The Infocomm Development Authority of Singapore (IDA), the Telecom industry regulator, has been actively pushing a program called the NextGen Interactive Multimedia Applications and Services program (NIMS), which provides for a common platform Set Top Box (STB). This could theoretically be used to completely unbundle content and reduce the role of SingTel and Starhub as Pay TV content aggregators. This program is at a very early stage of development, but is something we are watching closely.

Worse-than-expected NBN market share: We expect SingTel to capture 60% of the total NBN market. We assume StarHub would account for 30% of the market while the remaining 10% would be M1. SingTel's current fixed broadband market share is 42% while pay TV market share is 37% and less-than-expected share of NBN subs is thus a downside risk. Please see the table below for earnings sensitivity to NBN market share assumptions.

Table 1: Singapore Telcos: Earnings sensitivity to market share within NBN subscribers

SingTel		Base case													
	5%	10%	15%	20%	25%	30%	35%	40%	45%	50%	55%	60%	65%	70%	
NBN market share	5%	10%	15%	20%	25%	30%	35%	40%	45%	50%	55%	60%	65%	70%	
FY16 Singapore EBITDA (S\$ mn)	2,292	2,300	2,307	2,314	2,321	2,328	2,336	2,343	2,350	2,357	2,364	2,371	2,379	2,386	
Upside to base case	-3.3%	-3.0%	-2.7%	-2.4%	-2.1%	-1.8%	-1.5%	-1.2%	-0.9%	-0.6%	-0.3%	0.0%	0.3%	0.6%	
FY16 group net (S\$ mn)	5,694	5,700	5,705	5,711	5,716	5,721	5,727	5,732	5,738	5,743	5,748	5,754	5,759	5,765	
Upside to base case	-1.0%	-0.9%	-0.8%	-0.8%	-0.7%	-0.6%	-0.5%	-0.4%	-0.3%	-0.2%	-0.1%	0.0%	0.1%	0.2%	
StarHub		Base case													
	5%	10%	15%	20%	25%	30%	35%	40%	45%	50%	55%	60%	65%	70%	
NBN market share	5%	10%	15%	20%	25%	30%	35%	40%	45%	50%	55%	60%	65%	70%	
2015 net income (S\$ mn)	347	351	354	358	361	365	369	372	376	380	383	387	390	394	
Upside to base case	-4.9%	-4.0%	-3.0%	-2.0%	-1.0%	0.0%	1.0%	2.0%	3.0%	4.0%	4.9%	5.9%	6.9%	7.9%	
M1		Base case													
	5%	10%	15%	20%	25%	30%	35%	40%	45%	50%	55%	60%	65%	70%	
NBN market share	5%	10%	15%	20%	25%	30%	35%	40%	45%	50%	55%	60%	65%	70%	
2015 net income (S\$ mn)	190	192	194	196	198	200	202	204	206	208	210	212	214	216	
Upside to base case	-1.0%	0.0%	1.0%	2.0%	3.1%	4.1%	5.1%	6.1%	7.1%	8.2%	9.2%	10.2%	11.2%	12.2%	

Source: J.P. Morgan estimates.

Valuation and share price analysis

Price target calculation

Our investment philosophy has been simplified over the years. It is our belief that ultimately share prices are driven by earnings estimates, an assumption holding true for all of our coverage companies around the region. Our simple valuation methodology is that we believe only two things can mathematically move a share price: 1) changing earnings estimates; and 2) the multiple the market is willing to put on those earnings estimates. This structure allows us to focus our research on: 1) getting the numbers right; and 2) understanding what potential range of multiples the market might apply. A simple sum of the two leads to our price targets...i.e. if we have 10% upside to street EPS forecasts, and think there could be 15% multiple expansion, our total target return is 25%.

This method allows us to capitalize on (hopefully) good fundamental research, but also allows us to understand market sentiment. If a multiple has expanded to previously unseen levels, either the business has changed or a lot of expectations have already been built into the share price.

Our Dec-12 PT at S\$3.6 is based on a sum of: 1) potential upside/(downside) to consensus EPS vs. JPM EPS estimates at +6%; and 2) our estimated multiple expansion/(contraction) at 9% based on peak P/E multiple. Our peak P/E multiple at 13.0x is based on the stock's historical trading range and expected future business changes.

Valuation

Our price target of S\$3.6 implies a total return of +20% (14% capital appreciation and 5% dividend yield). Our share price target is driven by two aspects: 1) our EPS forecasts vs. the Street; we are 6% above for 2012 EPS; and 2) target earnings multiple; shares are at 11.9x, we use a 13.0x multiple for our PT.

Table 2: Singapore Telcos: Valuation summary

Company	Stock code	Rating	Price (LC)	PT (LC)	% to Target	EV/EBITDA (x)		P/E (x)		Dividend Yield (%)		FCF Yield (%)		Total Return
						2011E	2012E	2011E	2012E	2011E	2012E	2011E	2012E	
SingTel	ST SP	OW	3.2	3.6	14.3%	10.6	10.8	12.7	11.2	5.3	6.1	5.4	4.8	19.6%
StarHub	STH SP	N	2.9	2.7	-5.9%	8.3	7.8	15.6	14.8	7.0	7.0	7.9	9.1	1.0%
M1	M1 SP	N	2.5	2.5	0.0%	8.1	8.0	13.3	13.2	6.0	6.0	9.4	9.3	6.0%

Source: Bloomberg, and J.P. Morgan estimates. Priced on 20 Oct 2011

We run a best- and worst-case scenario valuation for our companies where we compare our peak and trough level valuation returns. SingTel looks most attractive on this metric with an equal distribution both sides while StarHub and M1 offer higher losses on the downside than gains on the upside.

Table 3: Singapore Telcos: Best- and worst-case analysis

	Current price	Current consensus P/E	Peak P/E	Trough P/E	JPM vs. consensus EPS	Best case price % upside	Worst case price % upside	Up/Down
SingTel	3.2	11.9	13.0	10.0	6.4%	3.6	15.8%	1.00
StarHub	2.9	15.3	14.0	10.0	3.0%	2.7	-5.3%	(0.15)
M1	2.5	12.6	13.0	10.0	-5.1%	2.5	-1.6%	(0.06)

Source: Bloomberg and J.P. Morgan estimates. . Priced on 20 Oct 2011

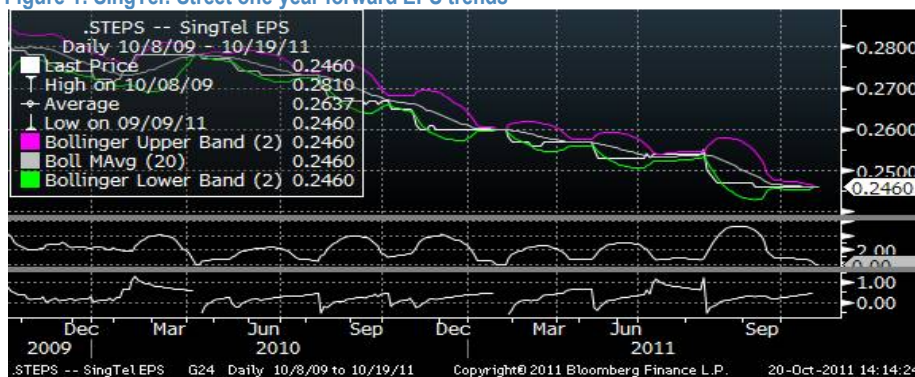
As per the J.P. Morgan vs. consensus table below, we see 6% upside to Street's 2012 EPS estimates for SingTel. EPS estimates have been revised down 5% YTD for SingTel, driven to a large extent by appreciation of the Singapore dollar. We expect the trend to reverse given business fundamentals have been strong across Singapore, Australia, India and Thailand.

Table 4: Singapore Telcos: JPM vs. Street estimates

SingTel	FY1E	FY2E
Revenue	0.8%	-3.5%
EBITDA	NA	NA
EBITDA margin-BP diff	NA	NA
EPS	1.7%	6.4%
StarHub		
Revenue	-1.0%	-3.0%
EBITDA	-0.1%	0.8%
EBITDA margin-BP diff	0.3	1.2
EPS	3.3%	3.0%
M1		
Revenue	-0.2%	-1.8%
EBITDA	-1.1%	-4.9%
EBITDA margin-BP diff	(0.3)	(1.0)
EPS	-0.1%	-5.6%

Source: Bloomberg and J.P. Morgan estimates.

Figure 1: SingTel: Street one-year forward EPS trends



Source: Bloomberg.

SingTel's P/E has expanded by 13% YTD given its increased dividend payout and improving regional asset performance.

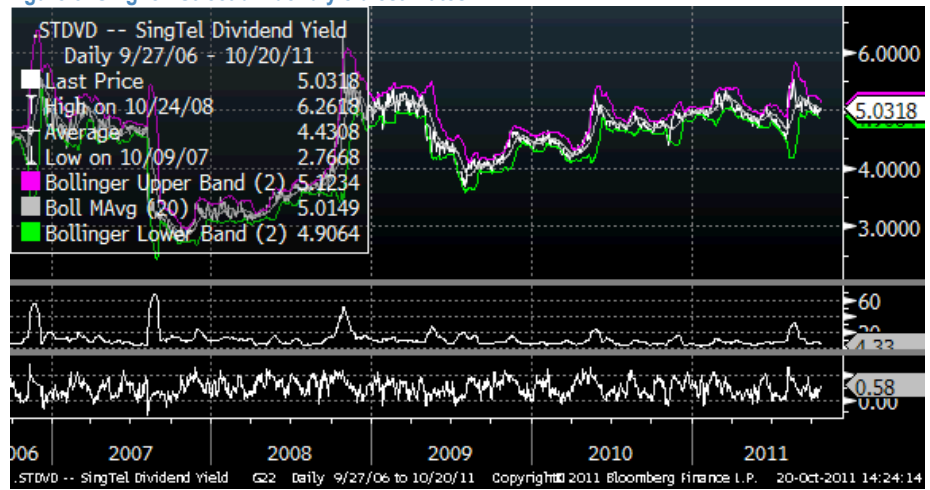
Figure 2: SingTel: Street one-year forward P/E trends



Source: Bloomberg.

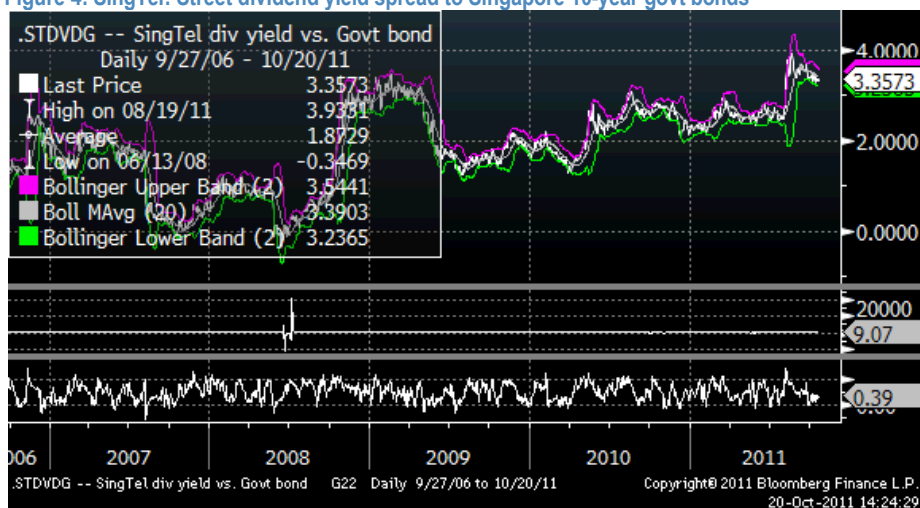
SingTel's dividend has been rising since 2009, closing the dividend yield gap to StarHub and M1.

Figure 3: SingTel: Street dividend yield estimates



Source: Bloomberg.

Figure 4: SingTel: Street dividend yield spread to Singapore 10-year gov't bonds



Source: Bloomberg.

We run full discounted cash flow analysis on all of our companies, but do not use this analysis to specifically set target prices. Our experience has been that the heavy retail participation in most Southeast Asian markets leaves P/E multiples, and the upside to street + upside to multiple approach described above a more effective way of forecasting future share price movements. We instead use DCF analysis as another gauge of market sentiment, by back calculating what discount rate is implied by the current share price. A high discount rate would be indicative of either a) a very risky business / market, or b) an excessively pessimistic sentiment applied by the market.

SingTel's share price currently implies a lower discount rate relative to Starhub and M1. This appears fair given both SingTel's greater revenue diversification outside of Singapore and the fact that it is likely a share gainer due to the NBN, but also given its status as a large cap stock (S\$50.2B vs. STH at S\$4.9B, and M1 at S\$2.2B) with a much larger index inclusion than STH or M1 (ST at 10.14% of STI vs. STH at 0.79% and M1 at 0%).

Table 5: Singapore Telcos: DCF summary

	Current price (LC)	2013 Terminal growth rate	2012 Terminal value as % of EV	Implied discount rate at current price
SingTel	3.15	4.0%	92.0%	7.9%
StarHub	2.87	4.0%	87.6%	10.4%
M1	2.50	4.0%	87.8%	10.1%

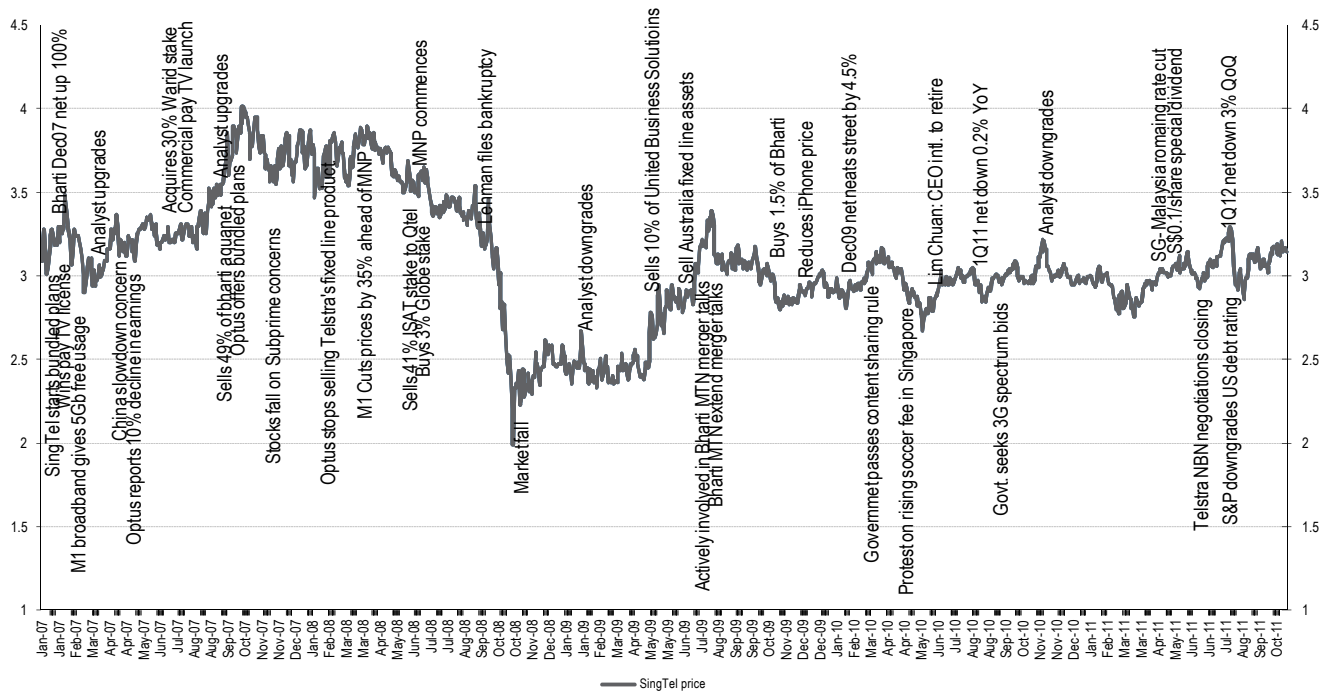
Source: Company reports and J.P. Morgan estimates. . Priced on 20 Oct 2011

Table 6: SingTel: SOTP valuation

	EV	Net Debt	Equity Value	Implied EV/EBITDA (x)	Implied P/E (x)	SingTel's Stake	Attributable Equity	Equity/sh new (\$)	Contribution to NAV	Comments
Singapore	14,896	3,306	11,590	6.9	NA	100.0%	11,590	0.73	20%	Implied
Optus	18,035	1,249	16,786	5.9	NA	100.0%	16,786	1.05	29%	JPM estimated EV/EBITDA
Bharti	58,461	13,689	44,772	7.4	15.9	32.3%	14,461	0.91	25%	JPM TP Rs460
Telkomsel	22,728	(748)	23,476	5.5	12.0	35.0%	8,217	0.52	14%	XL Axiata JPM multiple
AIS	18,476	1,411	17,066	7.5	13.7	21.3%	3,635	0.23	6%	JPM 2012 TP Bt140
Globe	4,974	1,368	3,605	4.5	11.0	47.3%	1,705	0.11	3%	JPM 2012 TP Php930
Warid	NA	NA	3,183	NA	NA	30.0%	955	0.06	2%	Purchase price
PBTL	NA	NA	577	NA	NA	45.0%	259	0.02	0%	Purchase price
SingPost	2,060	106	1,954	8.9	12.4	25.9%	506	0.03	1%	Market price-20 Oct 2011
Total							58,115	3.6	100%	

Source: Company reports, Bloomberg and J.P. Morgan estimates.

Figure 5: SingTel: Share price analysis with key events



Source: Company reports and J.P. Morgan estimates. . Priced on 20 Oct 2011

SWOT analysis

Strengths

- Strongest balance sheet amongst Singapore Telcos.
- Diversified business model.
- A high quality mobile network.
- Strategically well placed in the NBN business model.

Weaknesses

- Risk of heavy competition on all business lines post opening up of NBN infrastructure.
- Excessive competition in India, Indonesia and Philippines.

Opportunities

- Opportunity to gain market in share the pay TV and fixed broadband segment post BPL win and new content sharing law in Singapore.
- Growth assets in Indonesia, India, Philippines and Thailand.
- Growing pay TV base providing higher bundling opportunities.

Threats

- Risk to SingTel's monopoly share in corporate fixed line market due to NBN infrastructure.
- Threat from new entrants as NBN infrastructure expands and matures.
- Long-term threat to pay TV market share from the NIMS initiative.

Regional Asset Discussions

Singapore

Table 7: SingTel: Singapore revenue build

	FY 2008A	FY 2009A	FY 2010A	FY 1Q11A	FY 2Q11A	FY 3Q11A	FY 4Q11A	FY 2011A	FY 1Q12A	FY 2012E	FY 2013E	FY 2014E	FY 2015E	FY 2016E
Mobile														
Voice														
Blended MOU-JPM calc	319	370	351	351	362	358	351	356	343	346	345	343	343	343
YoY	9.0%	15.8%	-5.1%	2.4%	3.7%	3.3%	0.9%	1.4%	-2.3%	-2.6%	-0.5%	-0.5%	0.0%	0.0%
Voice ARPM (S cents)-JPM calc	11.0	7.9	8.2	8.3	7.9	8.1	7.9	8.0	8.0	7.9	7.7	7.7	7.6	7.5
YoY	-21.3%	-28.1%	3.9%	-1.4%	-2.6%	-2.7%	-2.4%	-3.1%	-3.0%	-1.3%	-2.3%	-0.7%	-1.0%	-1.0%
Voice revenue (\$\$ mn)-JPM calc														
YoY	929	977	1,058	272	271	279	273	1,095	279	1,127	1,163	1,189	1,206	1,221
YoY	8.2%	5.1%	8.3%	5.4%	4.2%	2.3%	2.2%	3.5%	2.3%	2.9%	3.2%	2.3%	1.4%	1.2%
Voice ARPU (\$\$)-JPM calc	35.3	29.3	28.9	29.1	28.8	29.0	27.8	28.4	27.6	27.3	26.6	26.2	26.0	25.7
YoY	-14.2%	-16.8%	-1.4%	1.0%	1.1%	0.5%	-1.6%	-1.8%	-5.2%	-3.8%	-2.8%	-1.2%	-1.0%	-1.0%
Data														
Data ARPU (\$\$)-JPM calc	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
YoY	14.9	14.1	15.1	17.1	17.6	19.4	18.6	18.0	19.2	20.0	21.0	21.3	21.5	21.7
YoY	7.0%	-5.5%	7.4%	26.0%	20.2%	24.4%	16.7%	19.1%	12.2%	11.1%	5.2%	1.1%	1.0%	1.0%
Data revenue (\$\$ mn)-JPM calc														
Data as % of mobile revenue	393	469	552	160	166	186	182	694	194	825	921	964	998	1,030
	29.7%	32.4%	34.3%	37.0%	38.0%	40.0%	40.0%	38.8%	41.0%	42.3%	44.2%	44.8%	45.3%	45.8%
Total mobile communication revenue (\$\$ mn)														
YoY	1,322	1,445	1,610	432	437	465	455	1,789	472	1,952	2,084	2,153	2,204	2,251
YoY	15.0%	9.3%	11.4%	13.8%	10.9%	10.9%	9.0%	11.1%	9.3%	9.1%	6.8%	3.3%	2.4%	2.1%
Blended ARPU-JPM calc (\$\$)	50.2	43.4	44.0	46.3	46.4	48.4	46.4	46.4	46.8	47.3	47.6	47.5	47.5	47.4
YoY	-8.9%	-13.4%	1.4%	9.0%	7.6%	8.9%	5.0%	5.4%	1.2%	2.0%	0.6%	-0.2%	-0.1%	-0.1%
National telephone														
Ex. NBN Fixed line ARPU (\$\$)-JPM calc	20.0	19.5	19.4	18.9	18.8	18.7	17.8	18.6	17.8	17.3	16.3	15.9	15.0	14.2
QoQ	0.0%	0.0%	0.0%	-1.1%	-0.5%	-0.8%	-4.5%	0.0%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
YoY	-5.3%	-2.8%	-0.1%	-4.1%	-4.9%	-5.3%	-6.8%	-4.5%	-5.9%	-6.9%	-5.6%	-2.8%	-5.2%	-5.5%
Ex. NBN National telephone revenue (\$\$ mn)	425	404	393	95	95	95	90	375	90	351	320	293	247	204
QoQ	0.0%	0.0%	0.0%	-0.7%	-0.1%	-0.4%	-4.3%	0.0%	-0.4%	0.0%	0.0%	0.0%	0.0%	0.0%
YoY	-6.6%	-4.9%	-2.7%	-4.8%	-4.5%	-4.1%	-5.5%	-4.6%	-5.3%	-6.4%	-8.8%	-8.5%	-15.7%	-17.6%
NBN Fixed														
SingTel subs (000)	-	-	-	-	-	-	10	10	22	73	202	319	474	631
YoY	NM	NM	NM	NM	NM	NM	NM	NM	NM	627.0%	177.4%	58.0%	48.9%	32.9%
NBN ARPU (\$\$)														
YoY	-	-	-	-	-	-	-	-	-	-	-	-	-	-
YoY	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
NBN Revenue (\$\$)														
YoY	-	-	-	-	-	-	-	-	-	-	-	-	-	-
YoY	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
Total National telephone revenue (\$\$ mn)														
YoY	425	404	393	95	95	95	90	375	90	351	320	293	247	204
YoY	-6.6%	-4.9%	-2.7%	-4.8%	-4.5%	-4.1%	-5.5%	-4.6%	-5.3%	-6.4%	-8.8%	-8.5%	-15.7%	-17.6%

Source: Company reports and J.P. Morgan estimates.

Table 8: SingTel: Singapore revenue build continued

	FY 2008A	FY 2009A	FY 2010A	FY 1Q11A	FY 2Q11A	FY 3Q11A	FY 4Q11A	FY 2011A	FY 1Q12A	FY 2012E	FY 2013E	FY 2014E	FY 2015E	FY 2016E
Data and Internet (includes fixed BB)														
Fixed broadband														
EX. NBN Fixed BB ARPU (S\$)-JPM calc	61.9	62.2	59.2	59.4	60.4	61.4	61.9	61.1	60.2	58.3	51.3	46.5	41.5	36.5
YoY	3.3%	0.4%	-4.7%	-1.1%	1.0%	3.8%	6.0%	3.1%	1.4%	-4.5%	-11.9%	-9.5%	-10.8%	-12.1%
Ex. NBN Fixed broadband revenue (S\$ mn)	333	363	360	92	94	96	97	379	93	368	326	286	240	194
YoY	19.8%	9.0%	-0.8%	2.2%	4.4%	6.7%	7.6%	5.2%	1.3%	-2.7%	-11.5%	-12.4%	-16.1%	-19.1%
NBN broadband ARPU (S\$)	-	-	-	80.0	80.0	80.0	80.0	80.0	80.0	66.5	65.1	56.3	53.3	51.3
YoY	NM	NM	NM	NM	NM	NM	NM	NM	0.0%	-16.9%	-2.0%	-13.6%	-5.3%	-3.8%
NBN broadband Revenue (S\$)	-	-	-	-	-	-	1	1	4	33	107	163	254	340
YoY	NM	NM	NM	NM	NM	NM	NM	NM	NM	2649%	225.1%	51.6%	56.0%	34.1%
Total Fixed broadband revenue (S\$ mn)	333	363	360	92	94	96	98	380	97	401	433	448	493	534
YoY	19.8%	9.0%	-0.8%	2.2%	4.4%	6.7%	8.9%	5.6%	5.4%	5.6%	8.0%	3.5%	10.0%	8.2%
Others data & Internet														
Other data & internet revenue (S\$ mn)	1,053	1,172	1,216	303	308	305	317	1,233	301	1,210	1,156	1,129	1,080	1,032
YoY	7.7%	11.3%	3.8%	0.5%	1.7%	1.1%	2.1%	1.3%	-0.7%	-1.9%	-4.5%	-2.3%	-4.4%	-4.4%
Total data and Internet revenue (S\$ mn)	1,385	1,535	1,577	395	402	401	415	1,613	398	1,611	1,589	1,577	1,573	1,566
YoY	10.3%	10.9%	2.7%	0.9%	2.3%	2.3%	3.6%	2.3%	0.8%	-0.1%	-1.4%	-0.7%	-0.3%	-0.4%
International telephone														
IDD outgoing mins (mil)	1,771	2,420	2,531	717	765	767	771	3,020	785	3,226	3,387	3,455	3,524	3,595
YoY	53.2%	36.6%	4.6%	26.5%	22.6%	17.1%	12.7%	19.3%	9.5%	6.8%	5.0%	2.0%	2.0%	2.0%
IDD revenue per minute (S cents)	34.8	25.8	20.5	17.5	17.1	17.2	16.0	16.9	16.2	15.9	15.1	14.8	14.5	14.2
YoY	-32.3%	-25.8%	-20.5%	-26.9%	-19.0%	-11.8%	-11.6%	-17.4%	-7.6%	-6.4%	-5.0%	-2.0%	-2.0%	-2.0%
Elasticity	1.6	1.4	0.2	1.0	1.2	1.5	1.1	1.1	1.2	1.1	1.0	1.0	1.0	1.0
International telephone revenue (S\$ mn)	616	624	519	126	131	132	123	511	127	511	510	510	510	509
YoY	3.8%	1.4%	-16.9%	-7.6%	-0.7%	3.3%	-0.3%	-1.5%	1.1%	0.0%	-0.3%	0.0%	0.0%	0.0%
IT and engineering services														
NBN revenue (Fibre rollout)	0	0	181	73	72	72	51	268	47	158	49	10	2	0
YoY	NM	NM	NM	421.4%	132.3%	30.9%	-37.0%	48.1%	-35.6%	-40.9%	-69.1%	-80.0%	-80.0%	-80.0%
Revenue from NCS group	731	1,072	1,236	273	302	312	379	1,266	277	1,238	1,263	1,288	1,314	1,340
YoY	17.4%	46.6%	15.4%	6.1%	4.5%	1.2%	-0.7%	2.4%	1.5%	-2.2%	2.0%	2.0%	2.0%	2.0%
Total IT and engineering revenue (S\$ mn)	731	1,072	1,417	346	374	384	430	1,534	324	1,397	1,312	1,298	1,316	1,341
YoY	17.4%	46.6%	32.2%	27.5%	16.9%	5.7%	-7.0%	8.3%	-6.4%	-9.0%	-6.1%	-1.1%	1.4%	1.9%
Equipment														
Sale of equipment revenue (S\$ mn)	272	268	268	66	75	85	86	311	77	346	364	382	401	421
YoY	15.9%	-1.5%	0.1%	29.8%	41.0%	7.1%	0.1%	16.0%	16.7%	11.4%	5.0%	5.0%	5.0%	5.0%
Pay TV														
Pay TV ARPU (S\$)	36	7.5	10.0	21.9	30.8	27.8	27.3	27.3	25.8	27.7	29.5	31.5	34.5	37.5
YoY	NM	-79.0%	32.8%	126.1%	191.5%	178.7%	148.9%	173.3%	17.8%	1.7%	6.3%	6.9%	9.5%	8.7%
Pay TV (S\$ mn)	1	6	16	14	22	21	23	79	23	112	151	188	230	278
YoY	NM	1000%	192.7%	419.2%	497.2%	404.8%	300.0%	390.7%	73.3%	42.2%	34.2%	24.4%	22.6%	20.7%
Total Miscellaneous revenue (S\$ mn)	154	194	195	47	51	52	39	189	46	220	244	270	305	344
YoY	27.7%	26.5%	0.3%	-8.6%	6.5%	12.0%	-20.4%	-3.1%	-2.4%	16.6%	10.8%	10.7%	12.8%	12.8%
Total operating revenue (S\$ mn)	4,904	5,547	5,995	1,520	1,586	1,634	1,661	6,400	1,557	6,501	6,574	6,671	6,786	6,914
YoY	10.7%	13.1%	8.1%	9.9%	9.9%	6.8%	1.3%	6.8%	2.5%	1.6%	1.1%	1.5%	1.7%	1.9%

Source: Company reports and J.P. Morgan estimates.

Table 9: SingTel domestic OpEx build

	FY 2008A	FY 2009A	FY 2010A	FY 1Q11A	FY 2Q11A	FY 3Q11A	FY 4Q11A	FY 2011A	FY 1Q12A	FY 2012E	FY 2013E	FY 2014E	FY 2015E	FY 2016E
Selling & Administrative														
Monthly expense per sub (\$)	14.3	14.8	14.8	14.0	18.3	16.7	17.1	16.4	15.6	16.1	14.5	13.5	12.8	12.3
YoY	8.3%	3.9%	-0.2%	7.5%	23.8%	8.5%	6.5%	10.8%	11.1%	-2.2%	-9.9%	-7.0%	-5.0%	-4.0%
Ex. NBN Selling and administrative (\$ mn)	(761)	(916)	(1,015)	(254)	(339)	(319)	(337)	(1,249)	(317)	(1,362)	(1,343)	(1,315)	(1,293)	(1,279)
As % of ex. NBN revenue	15.5%	16.5%	16.9%	16.7%	21.4%	19.5%	20.3%	19.5%	20.5%	21.2%	20.9%	20.4%	20.1%	19.9%
NBN monthly marketing/sub (\$)	0	0	0	25.0	25.0	25.0	25.0	25.0	25.0	23.4	23.6	23.6	23.6	23.6
YoY	NM	NM	NM	NM	NM	NM	NM	NM	0.0%	-6.4%	0.7%	0.0%	0.0%	0.0%
NBN marketing expense (\$ mn)	-	-	-	-	-	-	(0.4)	(0.4)	(1.2)	(11.6)	(38.8)	(73.6)	(112.1)	(156.3)
As % of NBN revenues	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	31.3%	35.2%	36.2%	45.3%	44.2%	46.0%
Total S&A (\$ mn)	(761)	(916)	(1,015)	(254)	(339)	(319)	(337)	(1,249)	(318)	(1,374)	(1,381)	(1,388)	(1,405)	(1,435)
As % of total revenue	15.5%	16.5%	16.9%	16.7%	21.4%	19.5%	20.3%	19.5%	20.4%	21.1%	21.0%	20.8%	20.7%	20.8%
Traffic charges														
Intl. phone outpayments														
IDD outgoing mins (mil)	1,771	2,420	2,531	717	765	767	771	3,020	785	3,226	3,387	3,455	3,524	3,595
Tariff per minute (S cents)	11.4	9.0	7.7	6.7	6.7	6.0	5.8	6.3	5.7	5.5	5.2	5.2	5.1	5.1
YoY	-31.3%	-21.4%	-14.5%	-20.9%	-18.4%	-18.2%	-16.8%	-17.9%	-14.4%	-12.4%	-5.0%	-1.0%	-1.0%	-1.0%
Intl phone outpayments (\$ mn)	(202)	(217)	(194)	(48)	(51)	(46)	(45)	(190)	(45)	(178)	(177)	(179)	(181)	(183)
As % of ex. NBN revenue	4.1%	3.9%	3.2%	3.2%	3.2%	2.8%	2.7%	3.0%	2.9%	2.8%	2.8%	2.8%	2.8%	2.8%
Mobile roaming outpayments														
Monthly expense per sub (\$)	9.4	7.1	6.0	6.3	6.1	6.8	5.9	6.2	5.9	6.0	5.6	5.4	5.3	5.1
YoY	-12.8%	-24.7%	-15.3%	8.8%	5.3%	6.8%	3.7%	3.0%	-4.8%	-2.5%	-6.6%	-4.0%	-3.0%	-3.0%
Mobile roaming (\$ mn)	(249)	(236)	(220)	(58)	(57)	(66)	(58)	(239)	(60)	(249)	(247)	(246)	(244)	(242)
As % of ex. NBN revenue	5.1%	4.3%	3.7%	3.8%	3.6%	4.0%	3.5%	3.7%	3.9%	3.9%	3.9%	3.8%	3.8%	3.8%
Leases														
Ex. NBN Monthly expense/ sub (\$)	5.0	4.9	4.7	4.3	4.2	3.9	4.0	4.1	3.5	3.5	3.1	2.9	2.7	2.6
YoY	5.6%	-2.0%	-4.9%	-14.1%	-15.0%	-15.7%	-6.0%	-13.1%	-19.7%	-14.1%	-11.9%	-7.0%	-5.0%	-3.0%
Ex. NBN Leases (\$ mn)	(267)	(303)	(320)	(78)	(78)	(74)	(79)	(309)	(70)	(296)	(285)	(279)	(274)	(274)
As % of ex. NBN revenue	5.4%	5.5%	5.3%	5.1%	4.9%	4.5%	4.7%	4.8%	4.5%	4.6%	4.4%	4.3%	4.3%	4.3%
NBN monthly marketing/sub (\$)	0	0	0	15.0	15.0	15.0	15.0	15.0	15.0	14.0	14.3	14.4	14.6	14.7
YoY	NM	NM	NM	NM	NM	NM	NM	NM	0.0%	-6.4%	1.7%	1.0%	1.0%	1.0%
NBN Lease expense (\$ mn)	-	-	-	-	-	-	(0.2)	(0.2)	(0.7)	(7.0)	(23.5)	(45.0)	(69.3)	(97.6)
As % of NBN revenues	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	18.8%	21.1%	21.9%	27.7%	27.3%	28.7%
Leases (\$ mn)	(267)	(303)	(320)	(78)	(78)	(74)	(79)	(309)	(71)	(303)	(308)	(324)	(344)	(372)
As % of total revenue	5.4%	5.5%	5.3%	5.1%	4.9%	4.5%	4.8%	4.8%	4.6%	4.7%	4.7%	4.9%	5.1%	5.4%
Interconnect														
Mobile minutes (mn)	8,590	12,326	12,812	3,284	3,414	3,435	3,437	13,570	3,463	14,398	15,114	15,545	15,928	16,284
Interconnect per minute (S cents)	0.77	0.63	0.71	0.76	0.79	0.82	0.81	0.80	0.84	0.85	0.87	0.87	0.87	0.87
YoY	-12.0%	-17.6%	12.2%	11.3%	9.8%	15.7%	11.4%	12.1%	10.0%	6.7%	2.0%	1.0%	0.0%	0.0%
Interconnect (\$ mn)	(66)	(78)	(91)	(25)	(27)	(28)	(28)	(108)	(29)	(122)	(131)	(136)	(139)	(142)
As % of ex. NBN revenue	1.3%	1.4%	1.5%	1.6%	1.7%	1.7%	1.7%	1.7%	1.9%	1.9%	2.0%	2.1%	2.2%	2.2%
Traffic expenses (\$ mn)	(784)	(834)	(825)	(209)	(213)	(214)	(210)	(846)	(205)	(852)	(864)	(885)	(908)	(939)
As % of total revenue	16.0%	15.0%	13.8%	13.8%	13.4%	13.1%	12.6%	13.2%	13.2%	13.1%	13.1%	13.3%	13.4%	13.6%

Source: Company reports and J.P. Morgan estimates.

Table 10: SingTel domestic OpEx build continued

	FY 2008A	FY 2009A	FY 2010A	FY 1Q11A	FY 2Q11A	FY 3Q11A	FY 4Q11A	FY 2011A	FY 1Q12A	FY 2012E	FY 2013E	FY 2014E	FY 2015E	FY 2016E
Staff														
Average employees	9,895	11,956	12,649	12,666	12,887	12,822	12,920	12,920	12,983	13,205	13,092	12,893	12,660	12,374
Subscribers per employee	490	439	434	436	436	445	450	450	456	468	482	489	494	499
YoY	16.0%	-10.4%	-1.0%	5.1%	2.0%	1.9%	3.6%	3.5%	4.5%	4.0%	3.0%	1.5%	1.0%	1.0%
Monthly cost per employee (S\$ 000)	5.9	5.6	5.7	5.6	5.9	5.8	6.1	5.8	6.0	6.2	6.6	6.8	7.1	7.3
YoY	6.6%	-4.9%	0.9%	0.5%	5.9%	6.0%	1.4%	2.7%	7.2%	7.0%	5.9%	3.5%	3.5%	3.5%
Staff costs (S\$ mn)	(701)	(805)	(859)	(213)	(229)	(224)	(235)	(901)	(234)	(985)	(1,034)	(1,054)	(1,071)	(1,084)
As % of ex. NBN revenue	14.3%	14.5%	14.3%	14.0%	14.4%	13.7%	14.2%	14.1%	15.1%	15.3%	16.1%	16.4%	16.7%	16.8%
Cost of sales														
Monthly expense per sub (S\$)	12.5	13.8	15.0	14.0	15.5	15.9	16.8	15.5	11.9	13.3	11.7	10.9	10.3	9.9
YoY	6.1%	10.4%	8.8%	21.9%	17.4%	3.5%	-14.2%	3.2%	-14.5%	-14.1%	-12.0%	-7.0%	-5.0%	-4.0%
Cost of sales (S\$ mn)	(665)	(850)	(1,027)	(253)	(288)	(305)	(331)	(1,177)	(243)	(1,127)	(1,086)	(1,063)	(1,045)	(1,034)
As % of ex. NBN revenue	13.6%	15.3%	17.1%	16.7%	18.2%	18.6%	19.9%	18.4%	15.7%	17.5%	16.9%	16.5%	16.3%	16.1%
Repair & maintenance														
Monthly expense per sub (S\$)	1.9	1.6	1.7	1.6	1.6	1.5	1.7	1.6	1.5	1.4	1.3	1.2	1.1	1.1
YoY	-10.0%	-11.8%	1.4%	0.1%	-11.4%	-3.5%	-1.6%	-4.8%	-9.7%	-9.1%	-9.9%	-7.0%	-5.0%	-5.0%
Repair and maintenance (S\$ mn)	(99)	(101)	(114)	(30)	(29)	(29)	(33)	(121)	(30)	(122)	(120)	(118)	(116)	(113)
As % of ex. NBN revenue	2.0%	1.8%	1.9%	1.9%	1.8%	1.8%	2.0%	1.9%	1.9%	1.9%	1.9%	1.8%	1.8%	1.8%
Others														
Monthly expense per sub (S\$)	(0.43)	(0.45)	(0.38)	(0.39)	(0.35)	(0.22)	(0.15)	(0.27)	(0.29)	(0.25)	(0.25)	(0.3)	(0.3)	(0.3)
YoY	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	5.0%	5.0%	5.0%
Others (S\$ mn)	23	28	26	7	7	4	3	21	6	21	24	26	28	31
As % of ex. NBN revenue	-0.5%	-0.5%	-0.4%	-0.5%	-0.4%	-0.3%	-0.2%	-0.3%	-0.4%	-0.3%	-0.4%	-0.4%	-0.4%	-0.5%
Total Operating expenses (S\$ mn)	(2,987)	(3,479)	(3,814)	(952)	(1,092)	(1,086)	(1,143)	(4,272)	(1,024)	(4,439)	(4,462)	(4,482)	(4,517)	(4,575)
As % of total revenue	60.9%	62.7%	63.6%	62.6%	68.8%	66.5%	68.8%	66.7%	65.8%	68.3%	67.9%	67.2%	66.6%	66.2%
BP change YoY	2.68	1.81	0.91	2.34	5.29	2.65	2.42	3.13	3.13	1.54	(0.42)	(0.68)	(0.63)	(0.40)

Source: Company reports and J.P. Morgan estimates.

Table 11: SingTel: Singapore P&L

SingTel domestic P&L (S\$ MM, YE Mar)	FY 2008A	FY 2009A	FY 2010A	FY 1Q11A	FY 2Q11A	FY 3Q11A	FY 4Q11A	FY 2011A	FY 1Q12A	FY 2012E	FY 2013E	FY 2014E	FY 2015E	FY 2016E
Mobile-voice	929	977	1,058	272	271	279	273	1,095	279	1,127	1,163	1,189	1,206	1,221
Mobile-data	393	469	552	160	166	186	182	694	194	825	921	964	998	1,030
National telephone	425	404	393	95	95	95	90	375	90	351	320	293	247	204
Fixed broadband	333	363	360	92	94	96	98	380	97	401	433	448	493	534
Other data & internet	1,053	1,172	1,216	303	308	305	317	1,233	301	1,210	1,156	1,129	1,080	1,032
International telephone	616	624	519	126	131	132	123	511	127	511	510	510	510	509
IT and engineering services	731	1,072	1,417	346	374	384	430	1,534	324	1,397	1,312	1,298	1,316	1,341
Sale of equipment	272	268	268	66	75	85	86	311	77	346	364	382	401	421
Pay TV	1	6	16	14	22	21	23	79	23	112	151	188	230	278
Miscellaneous	154	194	195	47	51	52	39	189	46	220	244	270	305	344
Operating revenue	4,905	5,547	5,995	1,520	1,586	1,634	1,661	6,400	1,557	6,501	6,574	6,671	6,786	6,914
YoY	10.7%	13.1%	8.1%	9.9%	9.9%	6.8%	1.3%	6.8%	2.5%	1.6%	1.1%	1.5%	1.7%	1.9%
Selling and administrative	(761)	(916)	(1,015)	(254)	(339)	(319)	(337)	(1,249)	(318)	(1,374)	(1,381)	(1,388)	(1,405)	(1,435)
Intl. Telephone outpayments	(202)	(217)	(194)	(48)	(51)	(46)	(45)	(190)	(45)	(178)	(177)	(179)	(181)	(183)
Mobile roaming outpayments	(249)	(236)	(220)	(58)	(57)	(66)	(58)	(239)	(60)	(249)	(247)	(246)	(244)	(242)
Leases	(267)	(303)	(320)	(78)	(78)	(74)	(79)	(309)	(71)	(303)	(308)	(324)	(344)	(372)
Interconnect	(66)	(78)	(91)	(25)	(27)	(28)	(28)	(108)	(29)	(122)	(131)	(136)	(139)	(142)
Staff costs	(701)	(805)	(859)	(213)	(229)	(224)	(235)	(901)	(234)	(985)	(1,034)	(1,054)	(1,071)	(1,084)
Cost of sales	(665)	(850)	(1,027)	(253)	(288)	(305)	(331)	(1,177)	(243)	(1,127)	(1,086)	(1,063)	(1,045)	(1,034)
Repair and maintenance	(99)	(101)	(114)	(30)	(29)	(29)	(33)	(121)	(30)	(122)	(120)	(118)	(116)	(113)
Others (govt grant etc.)	23	28	26	7	7	4	3	21	6	21	24	26	28	31
Operating expenses	(2,987)	(3,479)	(3,814)	(952)	(1,092)	(1,086)	(1,143)	(4,272)	(1,024)	(4,439)	(4,462)	(4,482)	(4,517)	(4,575)
Gross Operating Profit	1,919	2,069	2,181	568	494	548	518	2,128	533	2,062	2,112	2,189	2,269	2,339
Other income	49	42	42	8	11	24	11	54	8	32	32	32	32	32
EBITDA	1,968	2,111	2,223	576	505	572	529	2,182	541	2,094	2,144	2,221	2,301	2,371
YoY	3.5%	7.3%	5.3%	2.4%	-6.0%	1.8%	-6.0%	-1.8%	-6.0%	-4.0%	2.4%	3.6%	3.6%	3.1%
EBITDA margin (%)	40.1%	38.0%	37.1%	37.9%	31.8%	35.0%	31.8%	34.1%	34.8%	32.2%	32.6%	33.3%	33.9%	34.3%
BP change YoY	(2.81)	(2.06)	(0.97)	(2.77)	(5.40)	(1.70)	(2.45)	(2.99)	(3.13)	(1.88)	0.41	0.67	0.62	0.39
Depreciation & amortization	(488)	(476)	(518)	(134)	(134)	(136)	(147)	(551)	(134)	(530)	(546)	(556)	(557)	(556)
EBIT	1,480	1,635	1,705	442	371	436	382	1,631	407	1,564	1,598	1,665	1,743	1,816
YoY	5.8%	10.5%	4.3%	1.6%	-9.6%	1.1%	-11.0%	-4.3%	-7.9%	-4.1%	2.2%	4.2%	4.7%	4.2%

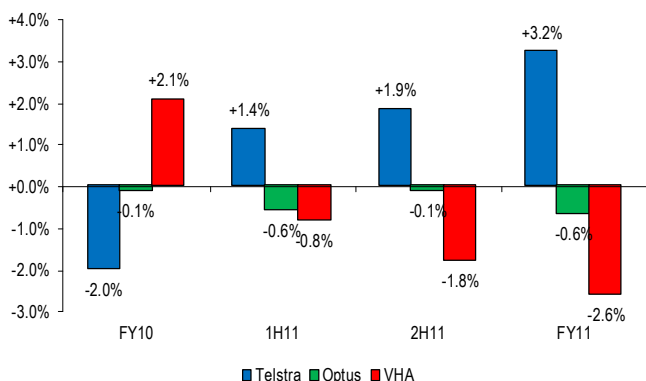
Source: Company reports and J.P. Morgan estimates.

Australia-Optus

What's changed in the past 12 months?

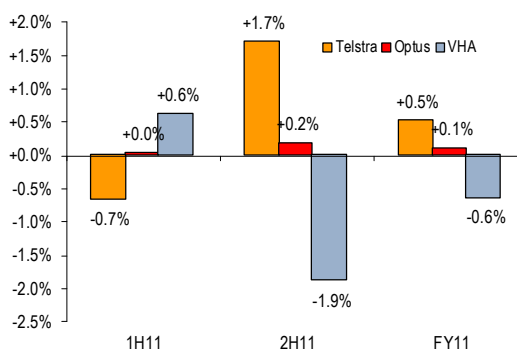
Telstra's (the incumbent operator in Australia) reassertion in the Mobile (+1.1% market share) and Fixed Broadband markets (+1.4%) has undeniably been the main development in the Australian Telecom market over the past year. This was driven by a significant reinvestment by Telstra (c. A\$1bn) in customers' acquisition and retention costs but also helped by Vodafone's network severe congestion issues and subsequent customer dissatisfaction (loss of -400k customers in 2H11) during the year. Optus remained reasonably resilient throughout the year with most of Telstra's market share gains coming at the expense of other players (Vodafone in Mobile, Layer 2 ISPs in Fixed).

Figure 6: Subscribers Market share changes



Source: Company reports, J.P. Morgan estimates

Figure 7: Service Revenue Market share changes



Source: J.P.Morgan estimates, Company data.

What is the driver for the sector / operator for the next 12 months?

In mobile, wireless data consumption driven by strong smartphone adoption (c. 30%+ mkt penetration) and continued mobile broadband take-up is likely to continue to drive mid to high single digit mobile in revenue growth. A likely reduction in Mobile Termination rate (60% reduction over next 2 years proposed by the Regulator) is likely to drive a moderation in mobile industry growth (JPMe mobile market growth of +6%) in FY12-13. In Fixed line, the carriers' main focus will be on preparing for the migration to NBN and possibly on consolidation ahead of the NBN roll-out (e.g. TPG/IIN).

Key issues that investors need to be aware of for the next 12-24 months

Key issues in the Australian Telecom market in the next 12-24 months:

- **NBN:** with NBNco expected to launch core wholesale products commercially in 2012, the migration to the new NBN market environment will be the main focus in the Fixed line segment.
- **Mobile termination rate reduction:** the Regulator (ACCC) has recently launched a review on a proposed reduction in termination rates (9cpm today going to 6cpm from 3.6cpm).
- **Competitive environment :** Following the well publicized network/customer issues in 2011, Vodafone is likely to try to re-assert itself in the market place though price based competition.

Table 12: SingTel: Australia (Optus) P&L

Optus Australia	FY 2008A	FY 2009A	FY 2010A	FY 1Q11A	FY 2Q11A	FY 3Q11A	FY 4Q11A	FY 2011A	FY 1Q12A	FY 2012E	FY 2013E	FY 2014E	FY 2015E	FY 2016E
P&L (A\$ MM, YE Mar)														
Mobile	4,355	4,938	5,573	1,424	1,498	1,561	1,494	5,977	1,492	6,217	6,518	6,809	7,054	7,263
Business & wholesale	1,872	1,974	2,004	494	484	490	500	1,968	497	2,022	2,086	2,149	2,216	2,280
Consumer & multimedia	1,553	1,421	1,384	339	343	336	330	1,348	327	1,314	1,371	1,402	1,433	1,465
Inter-segment	(20)	(12)	(12)	(2)	(2)	(2)	(2)	(8)	(2)	(8)	(9)	(9)	(10)	(10)
Operating revenue	7,760	8,321	8,949	2,255	2,323	2,385	2,322	9,285	2,314	9,545	9,966	10,351	10,694	10,998
YoY	3.8%	7.2%	7.5%	2.6%	4.8%	3.6%	4.0%	3.8%	2.6%	2.8%	4.4%	3.9%	3.3%	2.8%
EBITDA														
Mobile	1,432	1,388	1,455	369	374	371	448	1,562	371	1,679	1,727	1,770	1,799	1,816
Business & wholesale	421	474	490	129	124	126	162	541	131	505	522	543	565	587
Consumer & multimedia	163	205	209	55	58	56	61	230	58	210	226	238	251	264
Operational EBITDA	2,002	2,066	2,153	553	557	553	671	2,333	560	2,394	2,475	2,551	2,615	2,667
YoY	0.7%	3.2%	4.2%	9.5%	9.6%	4.5%	9.8%	8.4%	1.3%	2.6%	3.4%	3.1%	2.5%	2.0%
EBITDA margin														
Mobile	32.9%	28.1%	26.1%	25.9%	25.0%	23.8%	30.0%	26.1%	24.9%	27.0%	26.5%	26.0%	25.5%	25.0%
Business & wholesale	22.5%	24.0%	24.5%	26.1%	25.6%	25.7%	32.4%	27.5%	26.4%	25.0%	25.0%	25.3%	25.5%	25.8%
Consumer & multimedia	10.5%	14.4%	15.1%	16.2%	16.9%	16.7%	18.5%	17.1%	17.7%	16.0%	16.5%	17.0%	17.5%	18.0%
EBITDA margin (%)	25.8%	24.8%	24.1%	24.5%	24.0%	23.2%	28.9%	25.1%	24.2%	25.1%	24.8%	24.6%	24.5%	24.2%
BP change YoY	(0.80)	(0.97)	(0.77)	1.55	1.06	0.21	1.52	1.07	(0.32)	(0.04)	(0.25)	(0.19)	(0.20)	(0.20)
D&A	(1,092)	(1,108)	(1,120)	(286)	(283)	(286)	(275)	(1,130)	(279)	(1,145)	(1,196)	(1,221)	(1,240)	(1,243)
EBIT	910	958	1,033	267	274	267	396	1,203	281	1,249	1,279	1,330	1,374	1,424
YoY	5.2%	5.3%	7.8%	19.2%	20.4%	7.2%	19.3%	16.5%	5.2%	3.8%	2.4%	4.0%	3.3%	3.6%
Optus P&L (\$\$ mn)														
Operating revenue	9,940	9,387	10,876	2,769	2,850	3,070	2,982	11,670	3,048	12,254	11,713	12,124	12,401	12,626
YoY	11.1%	-5.6%	15.9%	12.3%	7.1%	5.1%	5.3%	7.3%	10.1%	5.0%	-4.4%	3.5%	2.3%	1.8%
Operational EBITDA	2,564	2,321	2,623	679	683	712	862	2,934	738	3,072	2,909	2,988	3,032	3,061
YoY	7.7%	-9.5%	13.0%	20.0%	11.5%	6.1%	11.3%	11.9%	8.6%	4.7%	-5.3%	2.7%	1.5%	1.0%
EBITDA margin (%)	25.8%	24.7%	24.1%	24.5%	24.0%	23.2%	28.9%	25.1%	24.2%	25.1%	24.8%	24.6%	24.5%	24.2%
BP change YoY	(0.81)	(1.06)	(0.61)	1.56	0.95	0.22	1.55	1.03	(0.33)	(0.08)	(0.23)	(0.19)	(0.20)	(0.20)
D&A	(1,399)	(1,257)	(1,360)	(351)	(347)	(368)	(353)	(1,418)	(367)	(1,470)	(1,405)	(1,431)	(1,438)	(1,427)
EBIT	1,165	1,065	1,263	329	336	344	509	1,516	370	1,602	1,504	1,558	1,594	1,635
YoY	12.3%	-8.6%	18.6%	30.8%	21.8%	8.9%	21.0%	20.1%	12.7%	5.7%	-6.2%	3.6%	2.3%	2.6%

Source: Company reports and J.P. Morgan estimates.

Other Regional Associates

We are positive on the business for Bharti in India, AIS in Thailand while Globe has been gaining back revenue market share from PLDT in the Philippines. Recent lower contributions from associates to SingTel were largely a function of large appreciation of the Singapore dollar. Telkomsel's operations in Indonesia are expected to remain weak due to heavy competition in the industry.

Please see below for links to detailed recent J.P. Morgan reports on Bharti, PT Telkom (Telkomsel's parent company), AIS and Globe.

Bharti (OW, Mar-12 PT Rs460)

[India Telecoms: DoT responds to TRAI's recommendations](#)
[India Telecoms NTP 2011 draft - key takeaways](#)
[India Telecoms: The future of voice services](#)
[Bharti Airtel Limited: Encouraging developments in Africa](#)

PT Telkom (N, Dec-12 PT Rp7,900)

[TIPM Telcos: The 2Q11 Deep Dive](#)
[PT Telekomunikasi Indonesia Tbk: 2Q11 net 11% below JPM, higher S&M and depreciation for both TLKM and EXCL](#)

AIS (N, Dec-12 PT Bt140)

[Thai Telcos: 3Q11 Preview](#)
[Asia Telcos: Where to care about GDP downgrades Downgrade AIS/Thailand](#)
[TIPM Telcos: The 2Q11 Deep Dive](#)
[Advanced Info Services 2Q11 net 7% ahead of JPM](#)

Globe (N, Dec-12 PT Php930)

[TIPM Telcos: The 2Q11 Deep Dive](#)
[Globe Telecom 2Q11: spot in line with JPM, higher than Street](#)

Table 13: SingTel: Associate contribution breakdown

Associates (\$\$ MM)	FY 2008A	FY 2009A	FY 2010A	FY 1Q11A	FY 2Q11A	FY 3Q11A	FY 4Q11A	FY 2011A	FY 1Q12A	FY 2012E	FY 2013E	FY 2014E	FY 2015E	FY 2016E
SingTel's effective stake														
Telkomsel	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
AIS	21.4%	21.4%	21.3%	21.3%	21.3%	21.3%	21.3%	21.3%	21.3%	21.3%	21.3%	21.3%	21.3%	21.3%
Bharti	30.4%	30.4%	32.0%	32.0%	32.0%	32.2%	32.3%	32.3%	32.3%	32.3%	32.3%	32.3%	32.3%	32.3%
Globe	44.5%	47.3%	47.3%	47.3%	47.3%	47.3%	47.3%	47.3%	47.3%	47.3%	47.3%	47.3%	47.3%	47.3%
Warid	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
PBTL	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%
Effective contributions														
Associate PBT (\$\$ mn)														
Telkomsel	1,153	712	940	221	230	214	190	855	210	886	950	1,102	1,411	1,139
AIS	253	239	215	68	67	68	73	276	77	331	385	435	492	262
Bharti	840	871	987	210	209	184	173	776	154	892	1,450	1,981	2,415	2,814
Globe	317	258	235	45	49	40	59	193	49	212	234	264	327	286
Warid	(31)	(116)	(63)	(14)	(14)	(14)	(12)	(54)	(12)	(38)	(17)	(4)	2	7
PBTL	(23)	(23)	(13)	(5)	(4)	(4)	(4)	(17)	(6)	(15)	(7)	(5)	(4)	(2)
Others	83	89	119	26	31	30	35	122	28	112	112	112	112	112
Exceptional items	(1)	1	-	-	-	-	-	-	(1)	(1)	-	0	0	0
Total	2,591	2,031	2,420	551	567	518	514	2,150	500	2,379	3,108	3,884	4,756	4,617
Associate PAT (\$\$ mn)														
Telkomsel	803	517	682	164	172	161	142	639	157	664	713	826	1,059	854
AIS	176	179	148	48	46	48	49	191	53	242	296	334	377	201
Bharti	753	808	848	164	156	156	128	604	103	629	1,061	1,450	1,681	1,865
Globe	209	172	165	31	34	33	41	139	34	146	159	179	223	194
Warid	(32)	(115)	(63)	(14)	(14)	(21)	(12)	(61)	(12)	(38)	(17)	(4)	1	4
PBTL	(38)	(23)	(13)	(5)	(4)	(4)	(4)	(17)	2	(7)	(7)	(5)	(4)	(2)
Others	60	78	109	21	28	27	32	108	23	92	92	92	92	92
Exceptional items	1	-	(1)	-	(1)	(2)	-	(3)	-	-	-	0	0	0
Total	1,932	1,616	1,875	409	417	398	376	1,600	360	1,728	2,296	2,871	3,430	3,209
Associates Dividends														
Telkomsel	604	534	447	0	265	215	-	480	353	440	445	470	530	722
AIS	179	169	169	223	80	164	0	467	102	369	242	289	334	377
Bharti	0	0	18	0	17	0	0	17	0	-	-	-	-	-
Globe	239	231	228	0	74	-	58	132	0	141	150	159	186	230
Warid	0	0	0	0	0	0	0	-	0	-	-	-	-	-
PBTL	0	0	0	0	0	0	0	-	0	-	-	-	-	-
Others	93	134	92	5	47	22	25	99	9	99	99	99	99	99
Total	1,115	1,068	954	228	483	401	83	1,195	464	1,049	936	1,017	1,149	1,429

Source: Company reports and J.P. Morgan estimates.

Group Model Build

Table 14: SingTel: Group P&L

Group P&L (\$\$ MM)	FY 2008A	FY 2009A	FY 2010A	FY 1Q11A	FY 2Q11A	FY 3Q11A	FY 4Q11A	FY 2011A	FY 1Q12A	FY 2012E	FY 2013E	FY 2014E	FY 2015E	FY 2016E
Total Operating Revenue	14,845	14,934	16,871	4,289	4,436	4,704	4,643	18,070	4,605	18,755	18,287	18,795	19,187	19,540
YoY	11.0%	0.6%	13.0%	11.5%	8.1%	5.7%	3.8%	7.1%	7.4%	3.8%	-2.5%	2.8%	2.1%	1.8%
EBITDA	4,531	4,432	4,846	1,255	1,188	1,284	1,391	5,116	1,279	5,166	5,053	5,209	5,333	5,433
YoY	5.8%	-2.2%	9.3%	11.2%	3.3%	4.2%	4.0%	5.6%	1.9%	1.0%	-2.2%	3.1%	2.4%	1.9%
EBITDA margin - Group	30.5%	29.7%	28.7%	29.3%	26.8%	27.3%	30.0%	28.3%	27.8%	27.5%	27.6%	27.7%	27.8%	27.8%
BP change YoY	(1.49)	(0.85)	(0.95)	(0.06)	(1.23)	(0.40)	0.06	(0.41)	(1.50)	(0.77)	0.09	0.08	0.08	0.01
Compensation from IDA	0	0	0	0	0	0	0	0	0	0	0	0	0	0
D&A	(1,887)	(1,733)	(1,878)	(484)	(481)	(503)	(500)	(1,969)	(501)	(2,000)	(1,952)	(1,986)	(1,996)	(1,982)
EBIT	2,644	2,699	2,968	771	707	781	891	3,147	778	3,166	3,101	3,223	3,337	3,450
Share of results of associates	2,559	2,051	2,410	541	567	519	514	2,141	508	2,387	3,108	3,884	4,756	4,617
Interest income	52	57	22	4	6	33	8	50	3	27	30	27	24	43
Forex gain/(loss)	165	(8)	(44)	5	(7)	0	3	2	0	0	0	0	0	0
Finance costs	(393)	(361)	(312)	(88)	(87)	(99)	(102)	(376)	(96)	(398)	(398)	(398)	(398)	(534)
Net finance (expense)/income	(177)	(312)	(334)	(79)	(88)	(66)	(92)	(324)	(93)	(371)	(368)	(371)	(374)	(492)
Exceptional items ("EI")	103	(56)	(2)	0	1	30	(6)	25	66	66	0	0	0	0
Profit before tax	5,130	4,382	5,042	1,233	1,187	1,264	1,307	4,991	1,259	5,249	5,841	6,736	7,719	7,576
Taxation	(1,168)	(933)	(1,136)	(292)	(296)	(266)	(317)	(1,171)	(342)	(1,260)	(1,343)	(1,549)	(1,853)	(1,818)
Tax rate	23%	21%	23%	24%	25%	21%	24%	23%	27%	24%	23%	23%	24%	24%
Profit after taxation	3,962	3,450	3,906	942	891	998	990	3,821	917	3,989	4,497	5,187	5,867	5,757
Minority interests	(1)	(1)	1	1	1	1	0	3	(1)	(4)	(4)	(4)	(4)	(4)
Net profit	3,961	3,449	3,906	943	892	999	990	3,823	916	3,985	4,494	5,183	5,863	5,754
YoY	4.8%	-12.9%	13.3%	-0.3%	-6.7%	0.9%	-2.5%	-2.1%	-2.8%	4.2%	12.8%	15.3%	13.1%	-1.9%
Net profit (underlying)	3,681	3,455	3,910	943	891	968	998	3,800	873	3,942	4,494	5,183	5,863	5,754
YoY	3.5%	-6.1%	13.2%	-0.2%	-6.4%	-2.3%	-2.4%	-2.8%	-7.4%	3.7%	14.0%	15.3%	13.1%	-1.9%
EPS (Sen)	24.9	21.7	24.6	5.9	5.6	6.3	6.2	24.0	5.8	25.0	28.2	32.5	36.8	36.1
Recurring EPS (Sen)	23.2	21.7	24.6	5.9	5.6	6.1	6.3	23.9	5.5	24.7	28.2	32.5	36.8	36.1

Source: Company reports and J.P. Morgan estimates.

Table 15: SingTel: Group balance sheet

S\$ MM, YE March	2008	2009	2010	2011	2012E	2013E	2014E	2015E	2016E
Cash and cash equivalents	1,372	1,076	1,614	2,738	2,965	2,731	2,403	4,293	3,659
Trade and other receivables	2,541	2,532	3,172	3,449	3,580	3,491	3,588	3,662	3,730
Others	137	186	359	368	368	368	368	368	368
Total Current Assets	4,050	3,794	5,144	6,555	6,913	6,590	6,359	8,323	7,757
Property, plant and equipment	10,124	9,123	10,750	11,113	11,379	11,653	11,850	12,045	12,296
Intangible assets	10,057	10,027	10,200	10,218	10,342	10,465	10,588	10,711	10,834
Associate & JV companies	8,540	8,659	10,412	10,197	10,962	12,418	14,392	16,858	18,937
Others	1,944	1,652	1,445	1,199	1,199	1,199	1,199	1,199	1,199
Total Non-Current Assets	30,664	29,461	32,807	32,727	33,882	35,735	38,029	40,813	43,267
Total Assets	34,714	33,255	37,952	39,282	40,795	42,324	44,388	49,136	51,024
Trade and other payables	3,360	3,268	4,650	4,450	4,619	4,504	4,629	4,725	4,812
Borrowings	1,875	1,434	1,528	2,699	2,699	2,699	2,699	5,199	5,199
Others	521	401	657	1,392	1,392	1,392	1,392	1,392	1,392
Total Current Liabilities	5,756	5,103	6,835	8,541	8,709	8,594	8,719	11,316	11,403
Borrowings	5,668	6,061	5,351	4,587	4,587	4,587	4,587	4,587	4,587
Others	2,288	1,591	2,250	1,805	1,805	1,805	1,805	1,805	1,805
Total Non Current Liabilities	7,956	7,652	7,601	6,391	6,391	6,391	6,391	6,391	6,391
Total Liabilities	13,712	12,754	14,436	14,932	15,101	14,985	15,111	17,707	17,794
Minority interests	3	24	23	22	26	29	33	36	40
Share capital	2,594	2,606	2,616	2,623	2,623	2,623	2,623	2,623	2,623
Reserves	18,406	17,871	20,877	21,706	23,046	24,687	26,621	28,770	30,567
Total equity	21,000	20,476	23,493	24,328	25,668	27,310	29,244	31,392	33,190
Total liabilities and equity	34,714	33,255	37,952	39,282	40,795	42,324	44,387	49,136	51,024

Source: Company reports and J.P. Morgan estimates.

Table 16: SingTel: Cash flows

S\$ MM, YE March	2008	2009	2010	2011	2012E	2013E	2014E	2015E	2016E
Profit before tax	5,130	4,382	5,042	4,991	5,249	5,841	6,736	7,719	7,576
Adjustments for -									
Depreciation and amortisation	1,887	1,733	1,878	1,969	2,000	1,952	1,986	1,996	1,982
Interest and investment income (net)	(216)	(49)	8	(44)	(27)	(30)	(27)	(24)	(43)
Finance costs	393	361	326	368	398	398	398	398	534
Share of associated and JV's (Pretax-tax)	(2,559)	(2,051)	(2,410)	(2,141)	(2,387)	(3,108)	(3,884)	(4,756)	(4,617)
Others	(52)	89	39	(5)	0	0	0	0	0
Operating cash flow before working capital changes	4,583	4,465	4,883	5,138	5,232	5,053	5,209	5,333	5,433
Changes in operating assets and liabilities									
Trade and other receivables	(36)	(86)	(456)	(134)	(131)	89	(97)	(75)	(67)
Trade and other payables	177	96	357	101	169	(115)	125	96	87
Others	(38)	(38)	(37)	48	0	0	0	0	0
Cash generated from operations	4,687	4,437	4,747	5,154	5,270	5,027	5,237	5,355	5,452
Dividends received from associated and joint venture companies	1,114	1,068	954	1,194	1,049	936	1,017	1,149	1,429
Income tax and withholding tax paid	(335)	(339)	(370)	(301)	(687)	(629)	(656)	(711)	(710)
Others	(12)	(4)	(2)	(4)	0	0	0	0	0
Net cash inflow from operating activities	5,454	5,163	5,329	6,043	5,633	5,334	5,598	5,792	6,171
Interest received	52	35	17	34	27	30	27	24	43
Net Payment for acquisition of subsidiary	0	(185)	0	0	0	0	0	0	0
Net Investment in associated and joint venture companies	(1,102)	(255)	(90)	(670)	0	0	0	0	0
Payment for purchase of property, plant and equipment	(1,879)	(1,918)	(1,923)	(2,005)	(2,266)	(2,225)	(2,184)	(2,191)	(2,233)
Purchase of intangible assets	(3)	(4)	(123)	(27)	(123)	(123)	(123)	(123)	(123)
Others	184	(63)	(60)	(92)	0	0	0	0	0
Net cash outflow from investing activities	(2,748)	(2,391)	(2,179)	(2,759)	(2,362)	(2,318)	(2,280)	(2,290)	(2,314)
Net proceeds from borrowings	1,166	(466)	(204)	840	0	0	0	2,500	0
Net interest paid on borrowings and swaps	(411)	(374)	(315)	(348)	(398)	(398)	(398)	(398)	(534)
Final dividends paid to shareholders of the Company	(2,545)	(1,098)	(1,097)	(1,274)	(1,529)	(1,594)	(1,797)	(2,073)	(2,345)
Interim dividends paid to shareholders of the Company	(891)	(891)	(987)	(1,083)	(1,116)	(1,258)	(1,451)	(1,642)	(1,611)
Proceeds from issue of shares	32	12	11	7	0	0	0	0	0
Others	(63)	(201)	(42)	(283)	0	0	0	0	0
Net cash outflow from financing activities	(2,711)	(3,018)	(2,634)	(2,141)	(3,043)	(3,250)	(3,647)	(1,613)	(4,491)
Net decrease in cash and cash equivalents	(6)	(245)	515	1,143	227	(234)	(328)	1,890	(633)
Exchange effects on cash and cash equivalents	(12)	(51)	23	(18)	0	0	0	0	0
Cash and cash equivalents at beginning of year	1,390	1,372	1,076	1,614	2,738	2,965	2,731	2,403	4,293
Cash and cash equivalents at end of year	1,372	1,076	1,614	2,738	2,965	2,731	2,403	4,293	3,659
Net debt / (cash)	6,171	6,419	5,266	4,548	4,320	4,555	4,883	5,493	6,126

Source: Company reports and J.P. Morgan estimates.

JPM Q-Profile

Singapore Telecommunications Ltd. (SINGAPORE / Telecommunication Services)

As Of: 13-Oct-2011

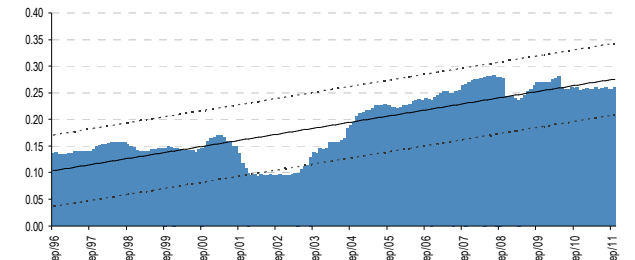
Global Equity Quantitative Analysis

Quant_Strategy@jpmorgan.com

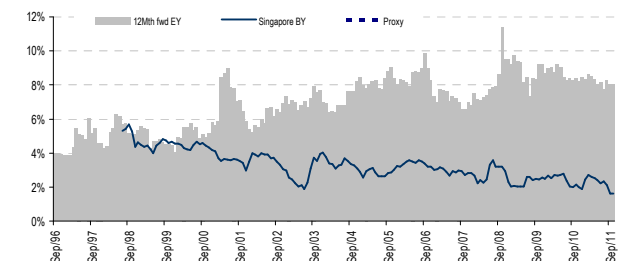
Local Share Price Current: **3.21**



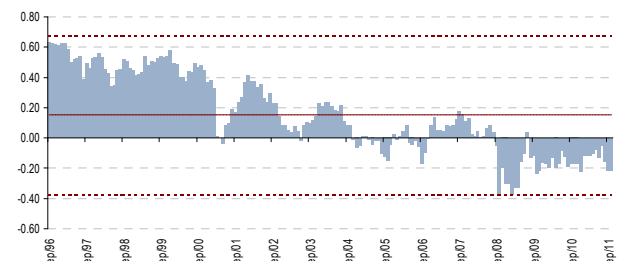
12 Mth Forward EPS Current: **0.26**



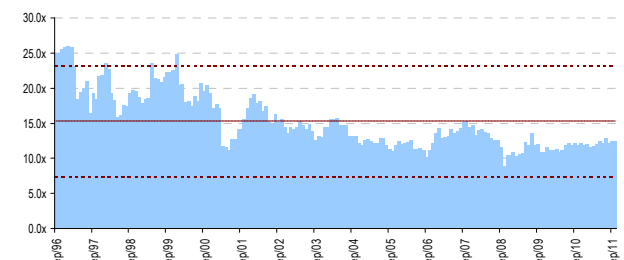
Earnings Yield (& local bond Yield) Current: **8%**



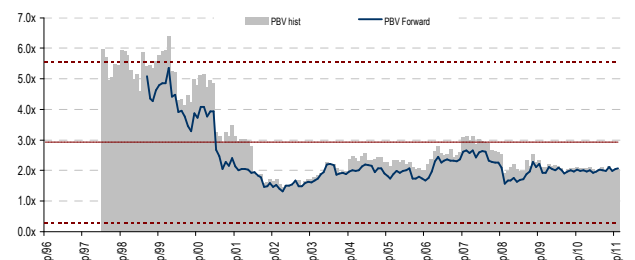
Implied Value Of Growth* Current: **-21.62%**



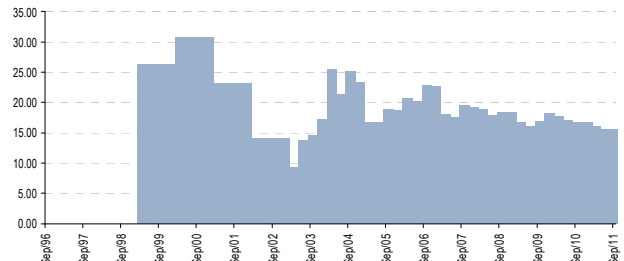
PE (1Yr Forward) Current: **12.4x**



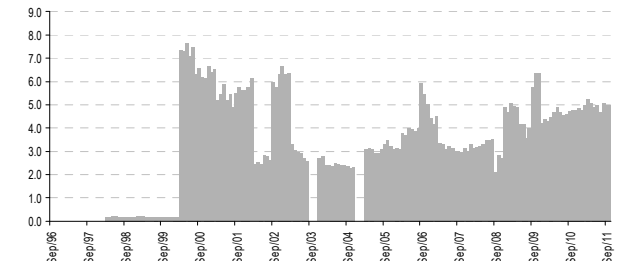
Price/Book Value Current: **2.0x**



ROE (Trailing) Current: **15.53**



Dividend Yield (Trailing) Current: **4.97**



Summary

Singapore Telecommunications Ltd.		SEDOL		B02PY22		As Of:		13-Oct-11			
SINGAPORE						Local Price:		3.21			
Telecommunication Services						EPS:		0.26			
	Latest	Min	Max	Median	Average	2 S.D.+	2 S.D. -	% to Min	% to Max	% to Med	% to Avg
12mth Forward PE	12.40x	8.82	25.95	14.14	15.27	23.19	7.35	-29%	109%	14%	23%
P/BV (Trailing)	2.03x	1.45	6.42	2.34	2.92	5.56	0.28	-29%	216%	15%	44%
Dividend Yield (Trailing)	4.97	0.00	7.64	3.33	3.52	7.61	-0.57	-100%	54%	-33%	-29%
ROE (Trailing)	15.53	9.32	30.72	18.48	19.95	29.91	9.98	-40%	98%	19%	28%
Implied Value of Growth	-21.6%	-0.38	0.63	0.09	0.15	0.68	-0.37	-76%	391%	140%	171%

Source: Bloomberg, Reuters Global Fundamentals, IBES CONSENSUS, J.P. Morgan Calcs

* Implied Value Of Growth = (1 - EY/Cost of equity) where cost of equity = Bond Yield + 5.0% (ERP)

Singapore Telecom: Summary of Financials

Profit and Loss Statement					Balance Sheet statement						
S\$ in millions, year end Mar	FY10	FY11	FY12E	FY13E	FY14E S\$ in millions, year end Mar	FY10	FY11	FY12E	FY13E	FY14E	
Revenue	16,871	18,070	18,755	18,287	18,795	Cash and equivalents	1,614	2,738	2,965	2,731	2,403
EBITDA	4,846	5,116	5,166	5,053	5,209	Accounts receivable	3,172	3,449	3,580	3,491	3,588
Depreciation	(1,878)	(1,969)	(2,000)	(1,952)	(1,986)	Others	359	368	368	368	368
Amortization	0	0	0	0	0	Total Current assets	5,144	6,555	6,913	6,590	6,359
EBIT	2,968	3,147	3,166	3,101	3,223	ST loans	1,528	2,699	2,699	2,699	2,699
Interest income	22	50	27	30	27	Others	5,307	5,842	6,011	5,895	6,020
Interest expense	(312)	(376)	(398)	(398)	(398)	Total current liabilities	6,835	8,541	8,709	8,594	8,719
Associates	2,410	2,141	2,387	3,108	3,884	Net working capital	(1,691)	(1,986)	(1,796)	(2,005)	(2,361)
Profit before tax	5,042	4,991	5,249	5,841	6,736	Net fixed assets	10,750	11,113	11,379	11,653	11,850
Tax	(1,136)	(1,171)	(1,260)	(1,343)	(1,549)	Other long term assets	22,057	21,615	22,502	24,082	26,179
Minorities	1	3	-4	-4	-4	Total non-current assets	32,807	32,727	33,882	35,735	38,029
Net profit - reported	3,906	3,823	3,985	4,494	5,183	Total Assets	37,952	39,282	40,795	42,324	44,388
Net profit - adjusted	3,910	3,800	3,942	4,494	5,183	Long-term debt	5,351	4,587	4,587	4,587	4,587
Shares Outstanding (mn)	15,912	15,918	15,931	15,931	15,931	Other liabilities	2,250	1,805	1,805	1,805	1,805
EPS (S\$) (Reported)	0.25	0.24	0.25	0.28	0.33	Total Liabilities	14,436	14,932	15,101	14,985	15,111
EPS (Adjusted)	0.25	0.24	0.25	0.28	0.33	Shareholders' equity	23,493	24,328	25,668	27,310	29,244
DPS (S\$)	0.14	0.16	0.17	0.19	0.22	Total liabilities and equity	37,952	39,282	40,795	42,324	44,387
DPS payout ratio	58%	68%	68%	68%	68%	Net debt/(cash)	5,266	4,548	4,320	4,555	4,883
Revenue growth	13.0%	7.1%	3.8%	(2.5%)	2.8%	Book value per share	1.48	1.53	1.61	1.71	1.84
EBITDA growth	9.3%	5.6%	1.0%	(2.2%)	3.1%						
Adj Net profit growth	13.2%	(2.8%)	3.7%	14.0%	15.3%						
Adj EPS growth	13.2%	(2.9%)	3.7%	14.0%	15.4%						
DPS growth	13.5%	15.6%	3.8%	12.8%	15.3%						
Ratio Analysis					Cash flow statement						
%, year end Mar	FY10	FY11	FY12E	FY13E	FY14E S\$ in millions, year end Mar	FY10	FY11	FY12E	FY13E	FY14E	
EBITDA margin	28.7%	28.3%	27.5%	27.6%	27.7%	Cash flow from operations	5,329	6,043	5,633	5,334	5,598
FCF margin	20.2%	22.4%	18.0%	17.0%	18.2%	Capex	(1,923)	(2,005)	(2,266)	(2,225)	(2,184)
ROE	17.8%	15.9%	15.8%	17.0%	18.3%	Cash flow from other investing	(256)	(755)	(96)	(94)	(96)
ROC	10.2%	10.2%	9.8%	9.2%	9.1%	Cash flow from financing	(2,634)	(2,141)	(3,043)	(3,250)	(3,647)
ROA	11.0%	9.8%	9.9%	10.8%	12.0%	Change in cash for year	538	1,125	227	(234)	(328)
Tax rate	22.5%	23.5%	24.0%	23.0%	23.0%	Beginning cash	1,076	1,614	2,738	2,965	2,731
Capex to sales	(11.4%)	(11.1%)	(12.1%)	(12.2%)	(11.6%)	Closing cash	1,614	2,738	2,965	2,731	2,403
Debt/Capital	22.7%	23.1%	22.1%	21.1%	19.9%						
Net debt or (cash) to equity	22.4%	18.7%	16.8%	16.7%	16.7%						
Interest cover (x)	16.70	15.72	13.94	13.72	14.06						

Source: Company reports and J.P. Morgan estimates.

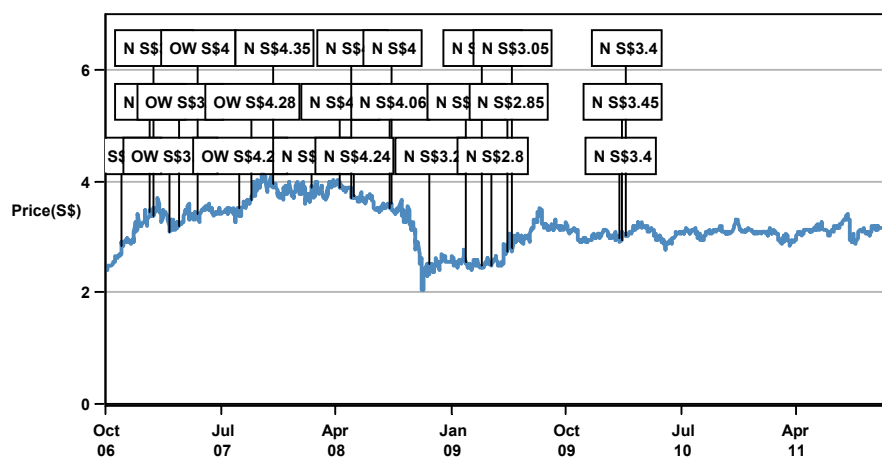
Other Companies Recommended in This Report (all prices in this report as of market close on 20 October 2011)
 Advanced Info Services (ADVA.BK/Bt125.50/Neutral), Bharti Airtel Limited (BRTI.BO/Rs390.05/Overweight), Globe Telecom (GLO.PS/Php903.50/Neutral), PT Telekomunikasi Indonesia Tbk (TLKM.JK/Rp7250/Neutral)

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- **Market Maker:** JPMS makes a market in the stock of PT Telekomunikasi Indonesia Tbk.
- **Lead or Co-manager:** J.P. Morgan acted as lead or co-manager in a public offering of equity and/or debt securities for PT Telekomunikasi Indonesia Tbk within the past 12 months.
- **Client:** J.P. Morgan currently has, or had within the past 12 months, the following company(ies) as clients: Singapore Telecom, Bharti Airtel Limited, PT Telekomunikasi Indonesia Tbk, Advanced Info Services, Globe Telecom.
- **Client/Investment Banking:** J.P. Morgan currently has, or had within the past 12 months, the following company(ies) as investment banking clients: PT Telekomunikasi Indonesia Tbk.
- **Client/Non-Investment Banking, Securities-Related:** J.P. Morgan currently has, or had within the past 12 months, the following company(ies) as clients, and the services provided were non-investment-banking, securities-related: Singapore Telecom, Bharti Airtel Limited, Globe Telecom.
- **Client/Non-Securities-Related:** J.P. Morgan currently has, or had within the past 12 months, the following company(ies) as clients, and the services provided were non-securities-related: Bharti Airtel Limited.
- **Investment Banking (past 12 months):** J.P. Morgan received in the past 12 months compensation for investment banking PT Telekomunikasi Indonesia Tbk.
- **Investment Banking (next 3 months):** J.P. Morgan expects to receive, or intend to seek, compensation for investment banking services in the next three months from Bharti Airtel Limited, PT Telekomunikasi Indonesia Tbk.
- **Non-Investment Banking Compensation:** J.P. Morgan has received compensation in the past 12 months for products or services other than investment banking from Singapore Telecom, Bharti Airtel Limited, Globe Telecom.

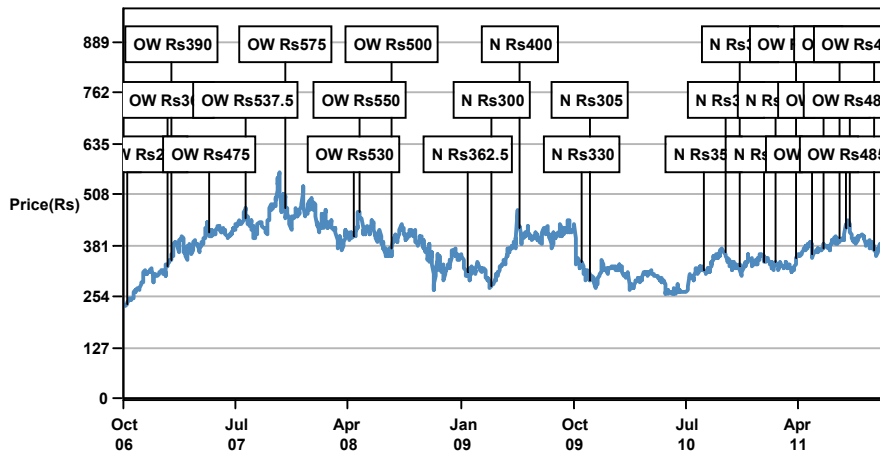
Singapore Telecom (STEL.SI) Price Chart



Date	Rating	Share Price (\$)	Price Target (\$)
08-Nov-06	N	2.85	2.94
15-Jan-07	N	3.44	3.50
24-Jan-07	N	3.38	3.55
02-Mar-07	OW	3.08	3.55
27-Mar-07	OW	3.20	3.80
07-May-07	OW	3.42	4.00
14-Aug-07	OW	3.50	4.23
12-Sep-07	OW	3.66	4.28
07-Nov-07	N	3.96	4.35
05-Feb-08	N	3.86	4.27
11-Apr-08	N	3.88	4.26
09-May-08	N	3.71	4.20
14-May-08	N	3.75	4.24
08-Aug-08	N	3.52	4.06
12-Aug-08	N	3.58	4.00
11-Nov-08	N	2.51	3.20
03-Feb-09	N	2.55	2.75
16-Mar-09	N	2.48	2.63
07-Apr-09	N	2.46	2.80
14-May-09	N	2.74	2.85

Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends. Initiated coverage Nov 08, 2006.

Bharti Airtel Limited (BRTI.BO) Price Chart

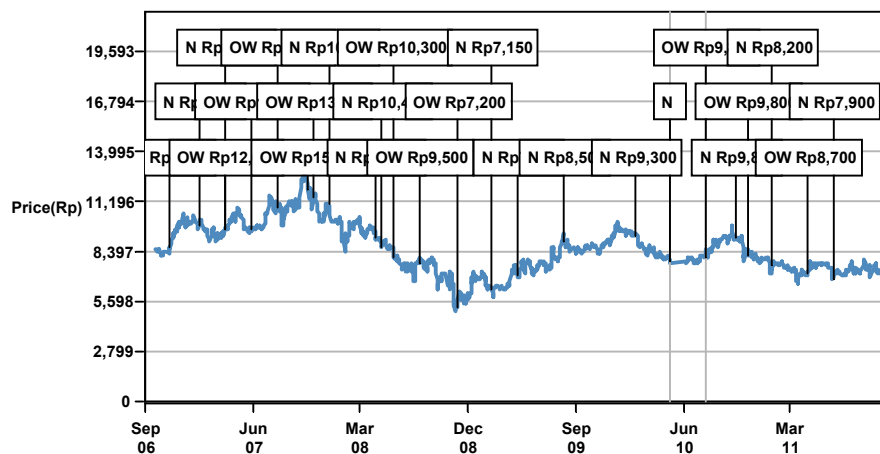


Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends. Initiated coverage Oct 10, 2006.

25-May-09	N	2.81	3.05
03-Feb-10	N	2.99	3.40
09-Feb-10	N	2.95	3.45
17-Feb-10	N	3.00	3.40

Date	Rating	Share Price (Rs)	Price Target (Rs)
10-Oct-06	OW	231.92	275.00
14-Jan-07	OW	330.75	365.00
24-Jan-07	OW	344.58	390.00
30-Apr-07	OW	413.12	475.00
27-Jul-07	OW	446.18	537.50
01-Nov-07	OW	471.48	575.00
11-Apr-08	OW	402.10	530.00
28-Apr-08	OW	463.92	550.00
17-Jul-08	OW	374.42	500.00
14-Jan-09	N	312.12	362.50
13-Mar-09	N	279.35	300.00
22-May-09	N	425.50	400.00
22-Oct-09	N	337.05	330.00
10-Nov-09	N	293.40	305.00
16-Aug-10	N	318.75	357.00
04-Oct-10	N	365.10	360.00
11-Nov-10	N	327.05	356.00
07-Jan-11	N	338.50	380.00
03-Feb-11	N	339.80	370.00
28-Mar-11	OW	347.80	410.00
06-May-11	OW	357.90	405.00
01-Jun-11	OW	374.15	440.00
12-Jul-11	OW	398.15	444.00
27-Jul-11	OW	424.60	485.00
04-Aug-11	OW	426.25	480.00
04-Oct-11	OW	369.90	460.00

PT Telekomunikasi Indonesia Tbk (TLKM.JK) Price Chart

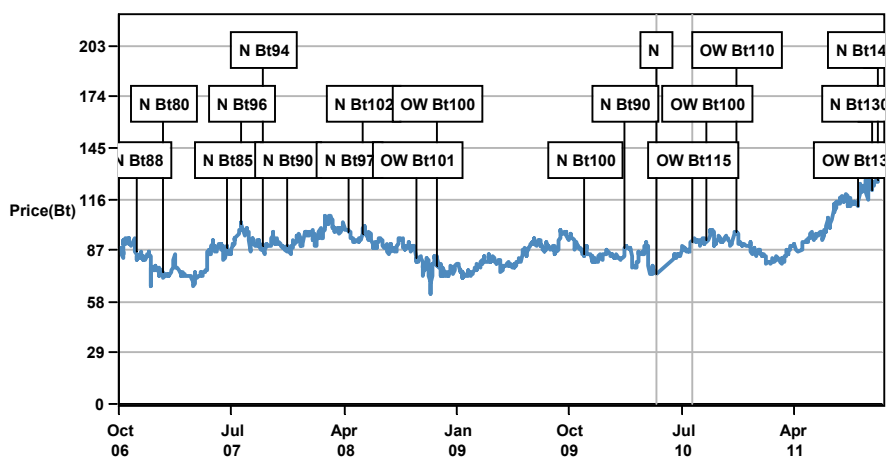


Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends. Break in coverage Apr 28, 2010 - Jul 27, 2010.

Date	Rating	Share Price (Rp)	Price Target (Rp)
03-Nov-06	N	8550	8400
15-Jan-07	N	9850	9500
25-Mar-07	N	9600	12000
26-Mar-07	OW	9600	12000
31-May-07	OW	9550	11500
03-Aug-07	OW	10850	12300
19-Oct-07	OW	11800	15750
05-Nov-07	OW	11400	13500
11-Dec-07	N	11100	10900
11-Apr-08	N	9150	10200
25-Apr-08	N	8650	10400
27-May-08	OW	8050	10300
01-Aug-08	OW	7700	9500
03-Nov-08	OW	5300	7200
30-Jan-09	N	6300	7150
07-Apr-09	N	7050	7000
31-Jul-09	N	8950	8500
03-Feb-10	N	9300	9300
28-Apr-10	N	7800	--
27-Jul-10	OW	8050	9800
13-Oct-10	N	9150	9800
11-Nov-10	OW	8150	9800

16-Jan-11	N	7600	8200
13-Apr-11	OW	7100	8700
20-Jun-11	N	6850	7900

Advanced Info Services (ADVA.BK) Price Chart



Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends.
 Break in coverage Apr 28, 2010 - Jul 27, 2010.

Date	Rating	Share Price (Bt)	Price Target (Bt)
13-Nov-06	N	86.50	88.00
15-Jan-07	N	75.00	80.00
21-Jun-07	N	88.00	85.00
26-Jul-07	N	102.00	96.00
17-Sep-07	N	89.00	94.00
14-Nov-07	N	90.00	90.00
11-Apr-08	N	98.00	97.00
14-May-08	N	96.50	102.00
25-Sep-08	OW	82.50	101.00
11-Nov-08	OW	78.00	100.00
07-Nov-09	N	85.25	100.00
13-Feb-10	N	88.75	90.00
28-Apr-10	N	74.00	--
27-Jul-10	OW	91.25	115.00
29-Aug-10	OW	93.00	100.00
11-Nov-10	OW	97.00	110.00
02-Sep-11	OW	112.50	135.00
05-Oct-11	N	121.00	130.00
19-Oct-11	N	126.50	140.00

Globe Telecom (GLO.PS) Price Chart



Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends.
 Initiated coverage Jul 27, 2010.

Date	Rating	Share Price (Php)	Price Target (Php)
27-Jul-10	N	875.00	860.00
29-Aug-10	N	800.00	780.00
11-Nov-10	N	845.00	680.00
27-Jan-11	UW	780.50	620.00
30-Mar-11	N	746.00	750.00
13-Apr-11	N	840.00	870.00
20-Jun-11	N	875.00	920.00
02-Sep-11	N	900.00	930.00

The chart(s) show J.P. Morgan's continuing coverage of the stocks; the current analysts may or may not have covered it over the entire period.

J.P. Morgan ratings: OW = Overweight, N= Neutral, UW = Underweight

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IB clients*	51%	44%	33%
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IB clients*	70%	60%	52%

*Percentage of investment banking clients in each rating category.

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