

# StarHub's 4Q & FY-2008 Results

10 February 2009



Excellent Hubbing Execution

# Management Team



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# Forward-looking Statements

*The following presentation may contain forward-looking statements by StarHub Ltd (“StarHub”) relating to financial trends for future periods.*

*Some of the statements in this presentation which 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. These forward-looking statements are based on StarHub’s current views, intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside StarHub’s control. Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks and uncertainties. Because actual results could differ materially from StarHub’s current views, intentions, plans, expectations, assumptions and beliefs about the future, such forward-looking statements are not and should not be construed as a representation, forecast or projection of future performance of StarHub. It should be noted that the actual performance of StarHub may vary significantly from such statements.*

# Overview (FY-2008 vs FY-2007)

## Financial:

- Revenue expanded 6%
- EBITDA remained stable








## Operational:

- **Strengths:**
  - Revenue growth: Pay TV, Mobile Post-paid & Fixed Networks Data Services
  - Low churn maintained for all three lines of business
- **Competitive environment :**
  - Increased acquisition & retention costs during 1H-2008

# Key Financial Highlights

\$S million	4Q-2008	4Q-2007	Change	FY-2008	FY-2007	Change
Total Revenue	<b>537</b>	539	-0.4%	<b>2,128</b>	2,014	6%
Service Revenue	<b>515</b>	505	2%	<b>2,030</b>	1,906	7%
EBITDA	<b>165</b>	157	5%	<b>644</b>	643	0.2%
EBITDA Margin	<b>32.1%</b>	31.2%	0.9% pts	<b>31.7%</b>	33.7%	(2.0)% pts
Taxation	<b>(12)</b>	7	-272%	<b>(72)</b>	(63)	-13%
Net Profit After Tax	<b>87</b>	98	-11%	<b>311</b>	330	-6%
Earnings Per Share (Diluted)	<b>5.09¢</b>	5.73¢	-11%	<b>18.16¢</b>	18.54¢	-2%
Capex Cash Payments	<b>55</b>	103	47%	<b>220</b>	213	-3%
% of Capex to Revenue	<b>10</b>	19	9% pts	<b>10</b>	11	1% pts
FCF / Fully Diluted Share	<b>4.76¢</b>	3.92¢	22%	<b>22.04¢</b>	27.10¢	-19%
Net Debt to EBITDA ratio	<b>1.22x</b>	1.29x	0.07x	<b>1.22x</b>	1.29x	0.07x

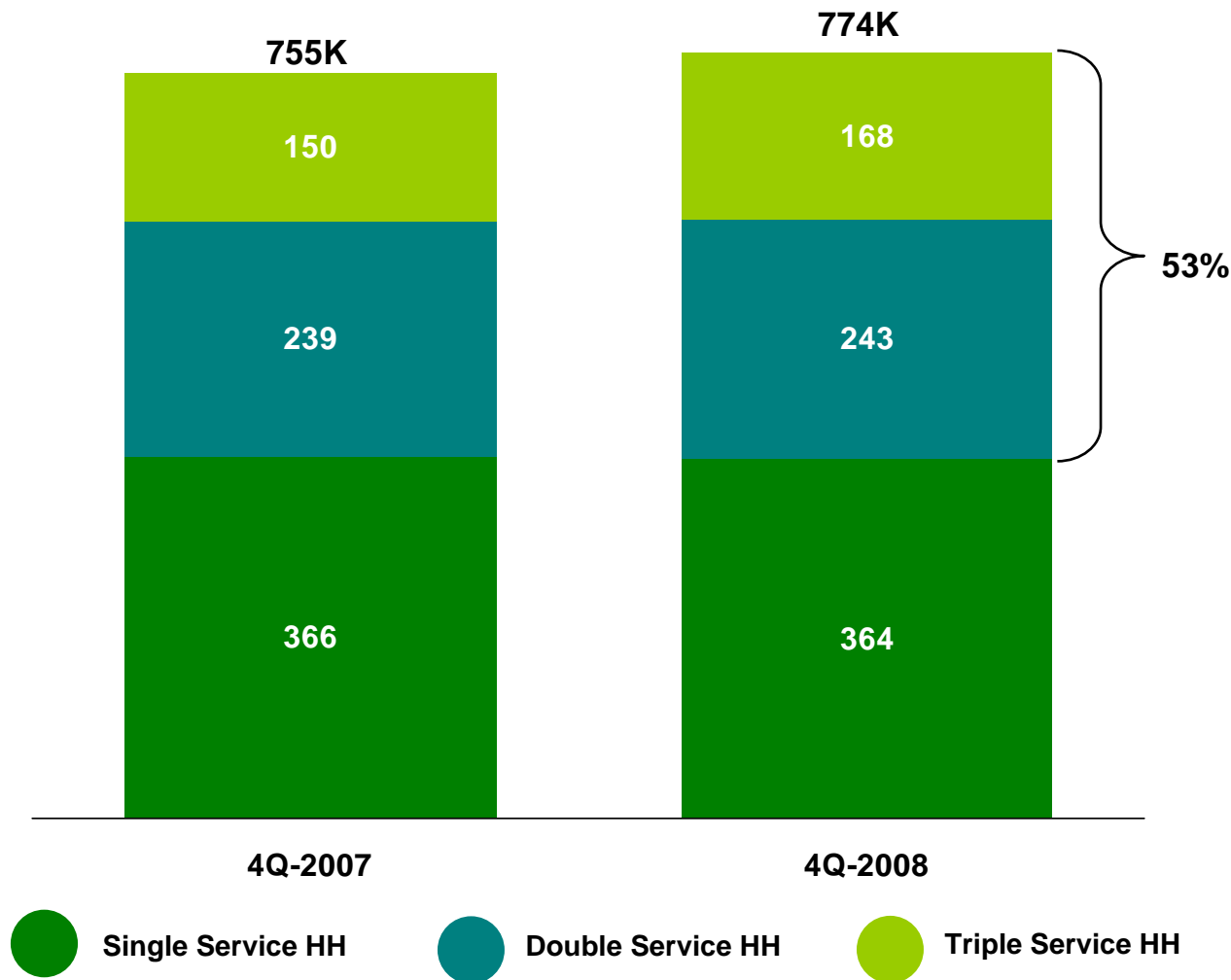
# Business Expansion (FY-2008 vs FY-2007)

Line of Business	Service Revenue	Customer Base
<b>Mobile</b> (51% of revenue mix)	 4% Pre-paid (-7%) Post-paid (8%)	 1% Pre-paid (-7%) Post-paid (10%)
<b>Pay TV</b> (19% of revenue mix)	 17%	 4%
<b>Cable Broadband</b> (12% of revenue mix)	 3%	 8%
<b>Fixed Network Services</b> (14% of revenue mix)	 7% Data & Internet (20%) Voice (-28%)	

# Hubbing Scorecard



## Expanding Hubbing Households ('000)

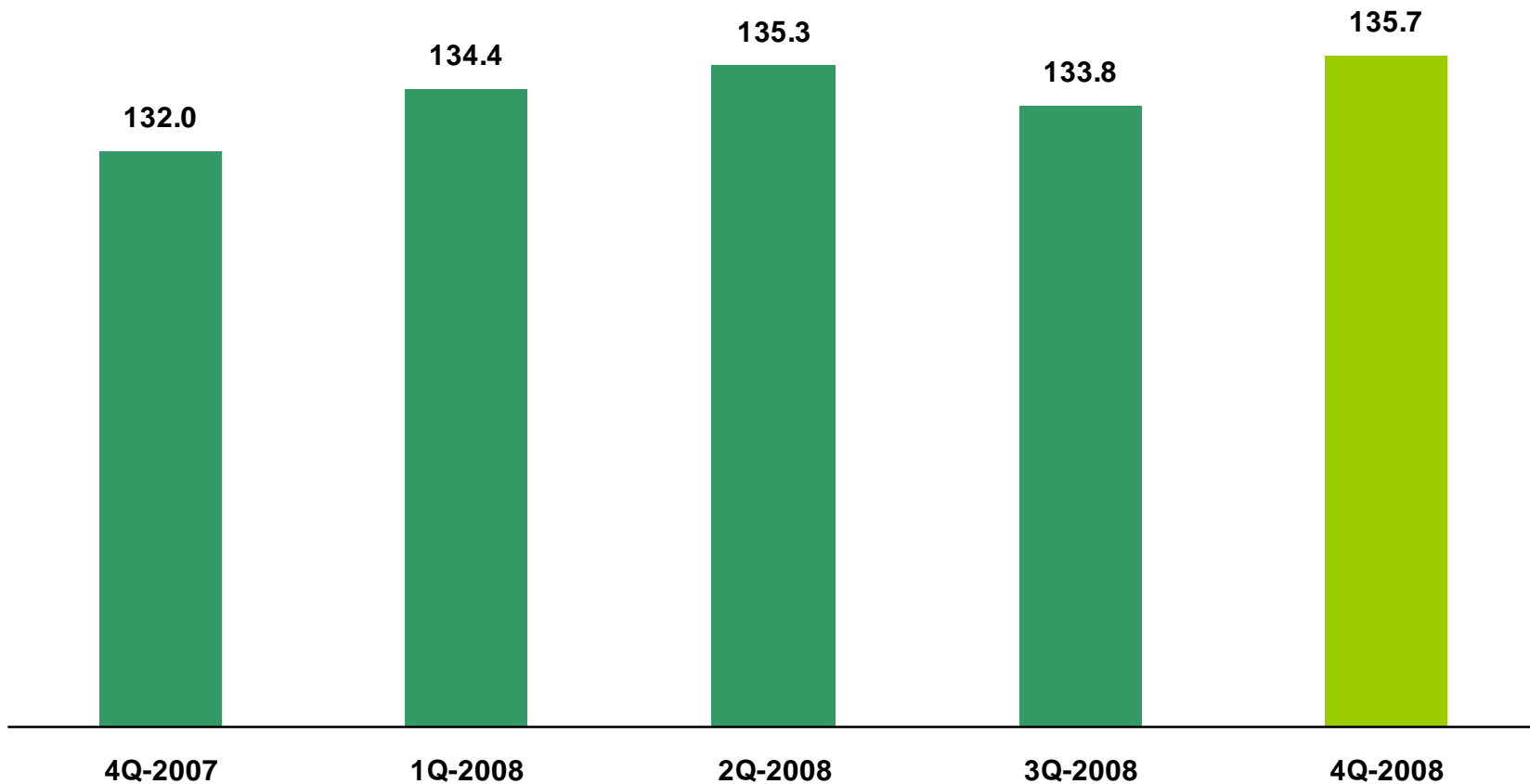


Note: Numbers may not add up due to rounding.

# Total Households ARPU



ARPU (S\$)



# Financial Overview

Business Overview

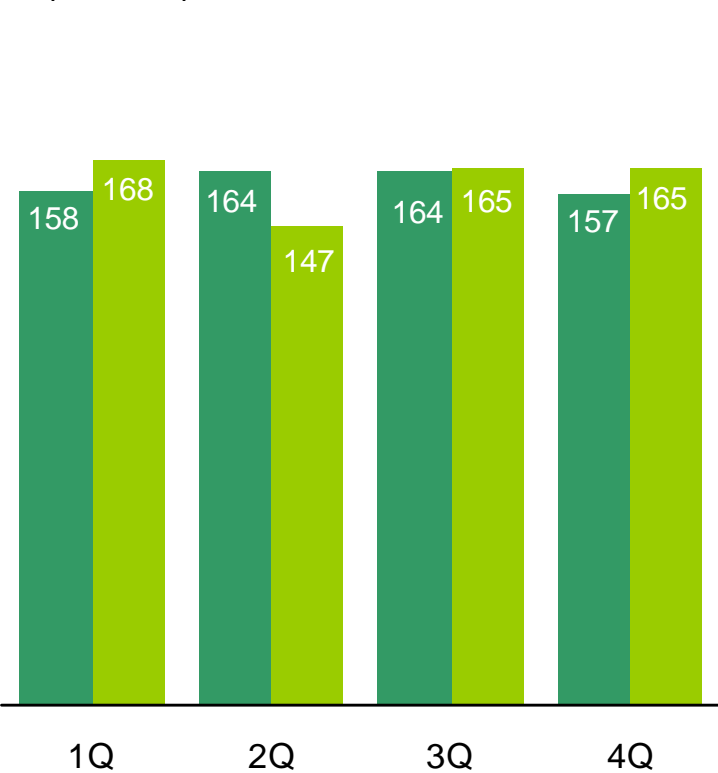
Outlook

# EBITDA & EBITDA Margin

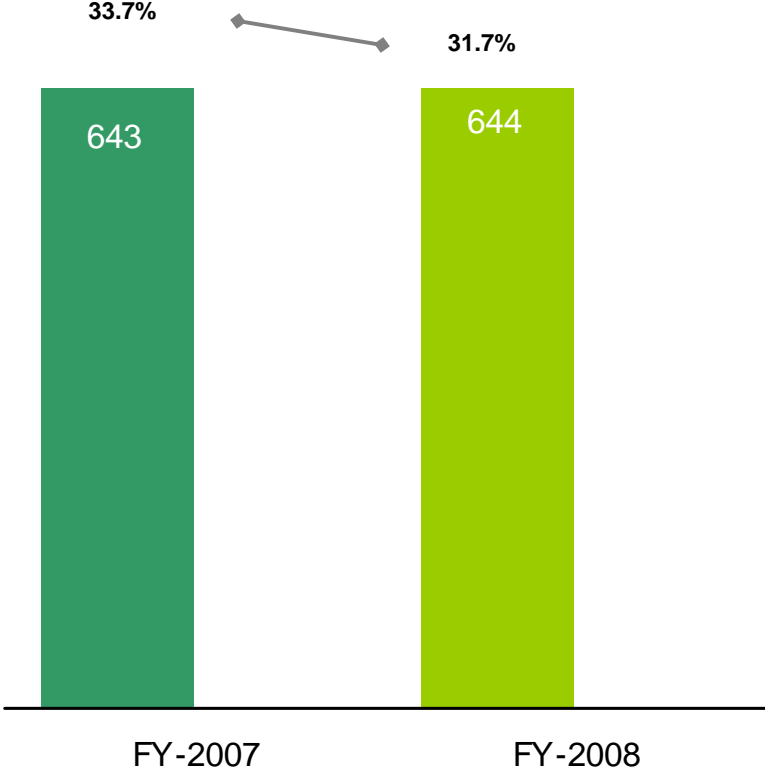


## EBITDA

(S\$ millions)



■ 2007 EBITDA ■ 2008 EBITDA



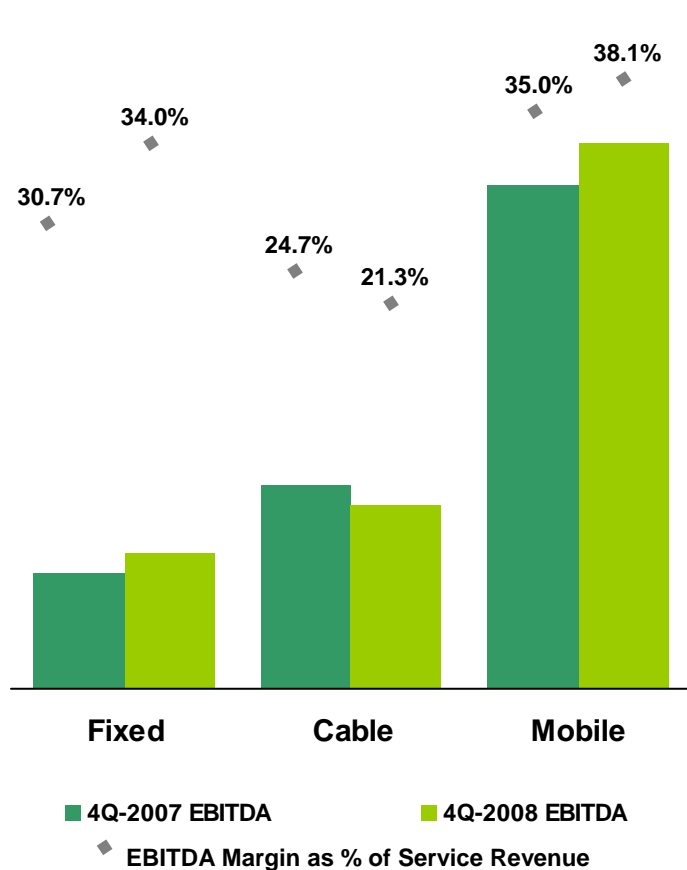
◆ EBITDA Margin as % of Service Revenue

■ 2007 EBITDA ■ 2008 EBITDA

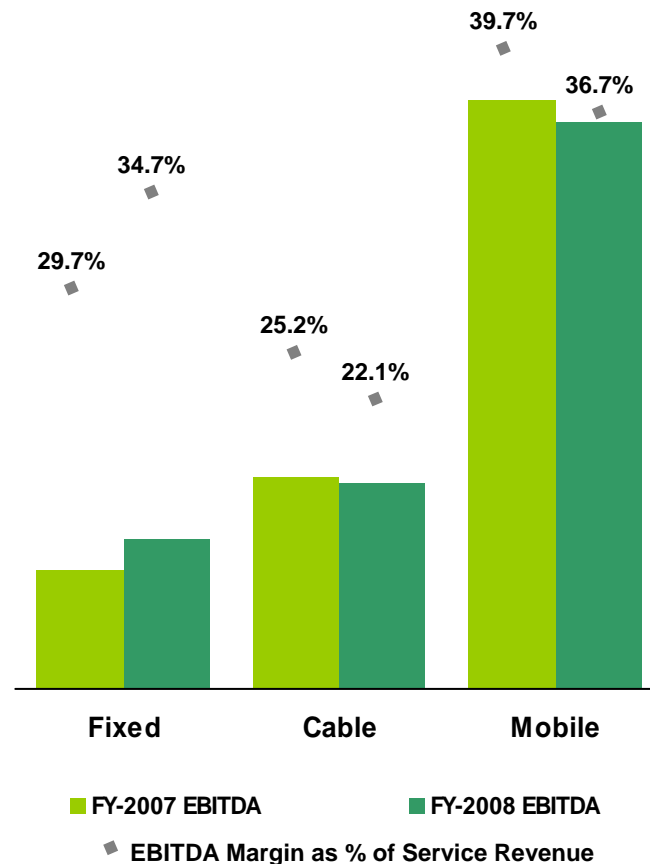
# EBITDA & EBITDA Margin By Service Platforms

## Quarter

(S\$ millions)



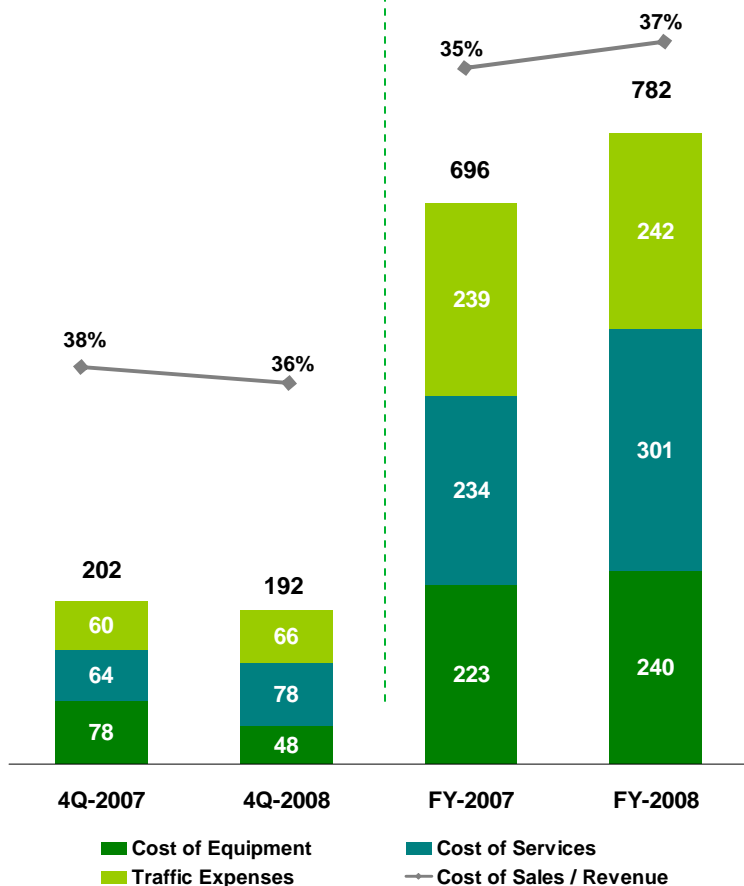
## Full Year



# Operating Efficiencies

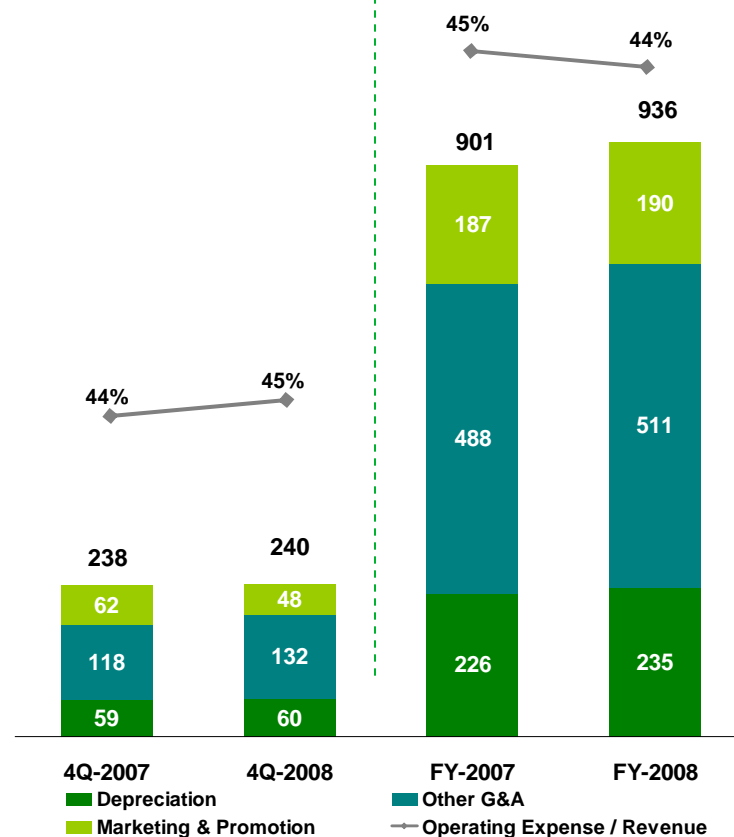
## Cost of Sales

(S\$ millions)



## Other Operating Expenses

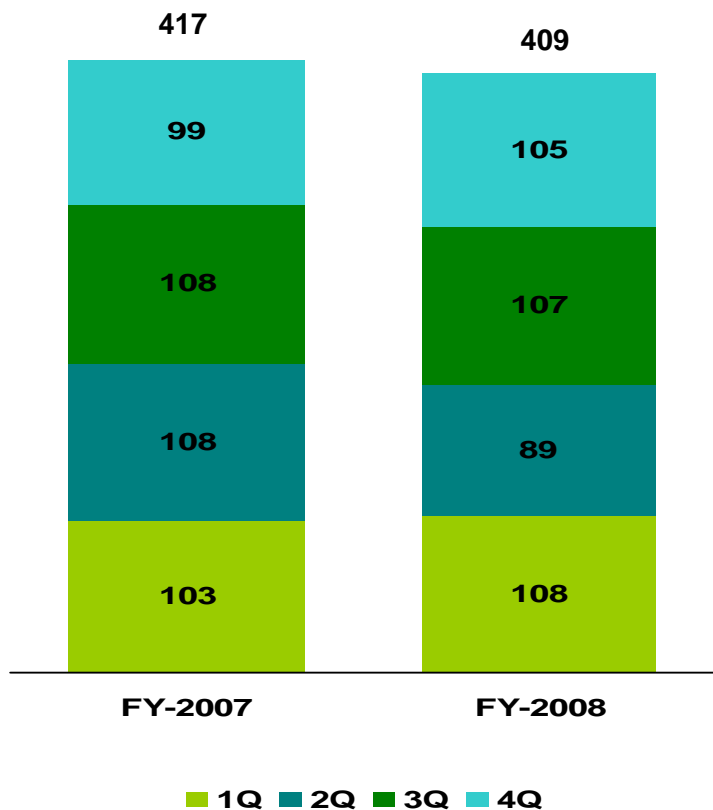
(S\$ millions)



# Profitability

## Profit from Operations

(S\$ millions)



## Net Profit After Tax

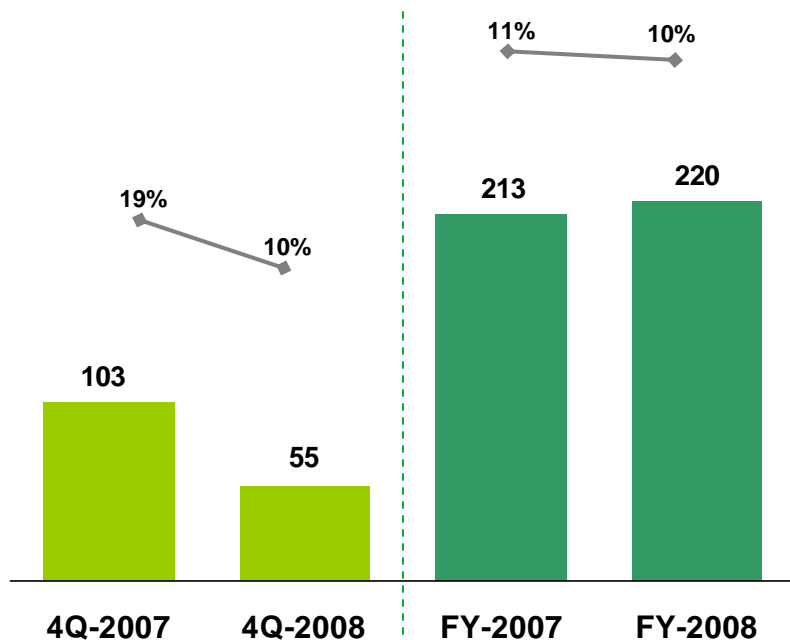
(S\$ millions)



# Capex & Free Cash Flow

## Capex (cash payments)

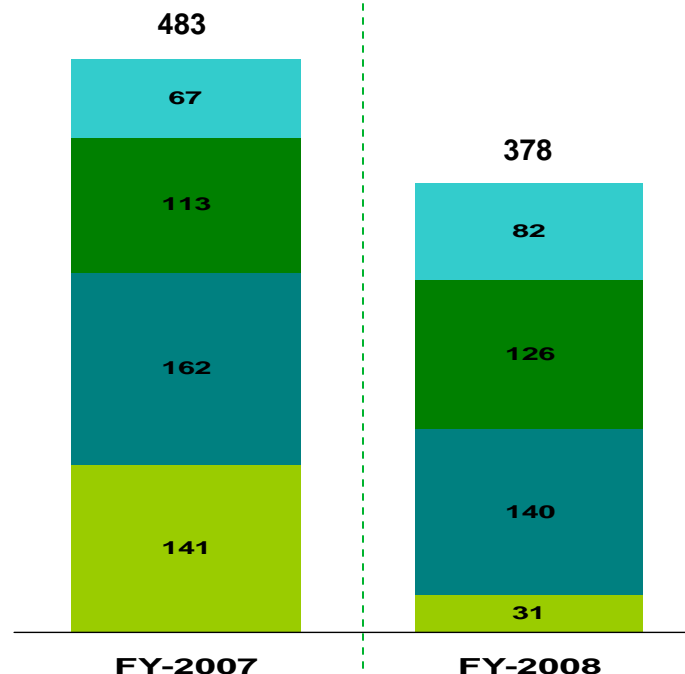
(S\$ millions)



◆ Cash capex as % of Operating Revenue

## Free Cash Flow

(S\$ millions)



■ 1Q ■ 2Q ■ 3Q ■ 4Q

Financial Overview

## **Business Overview - Mobile**

Outlook

# Mobile – Highlights (FY-2008 vs FY-2007)

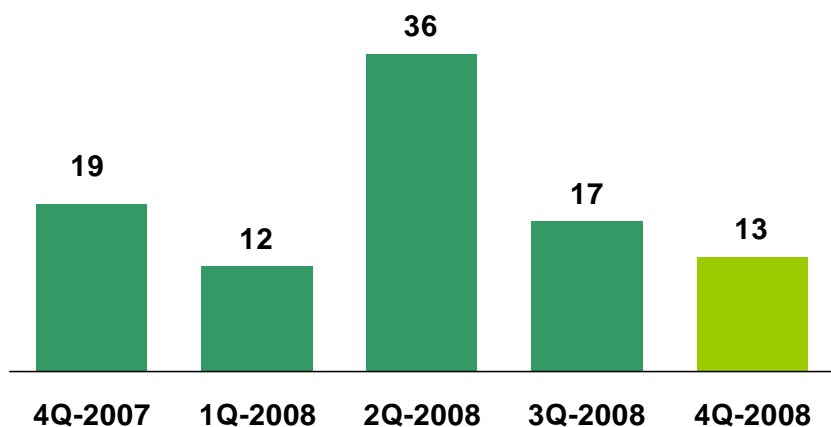
Post-paid revenue grew 8%

Post-paid customer base increased 10%

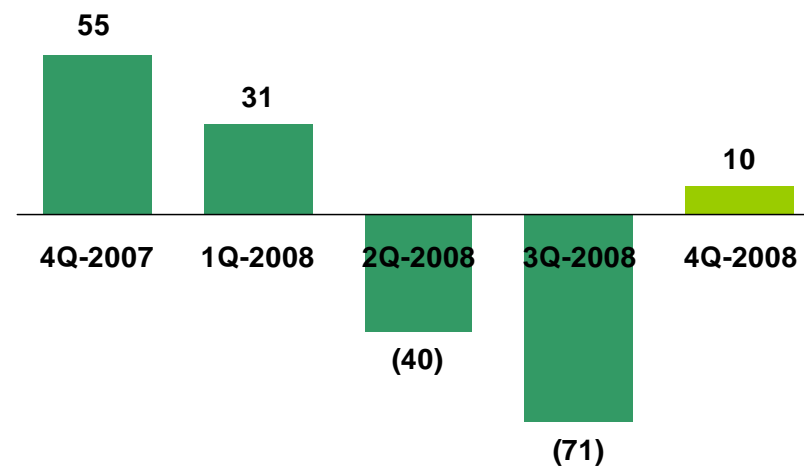
Pre-paid revenue recovering

# Mobile Net Adds

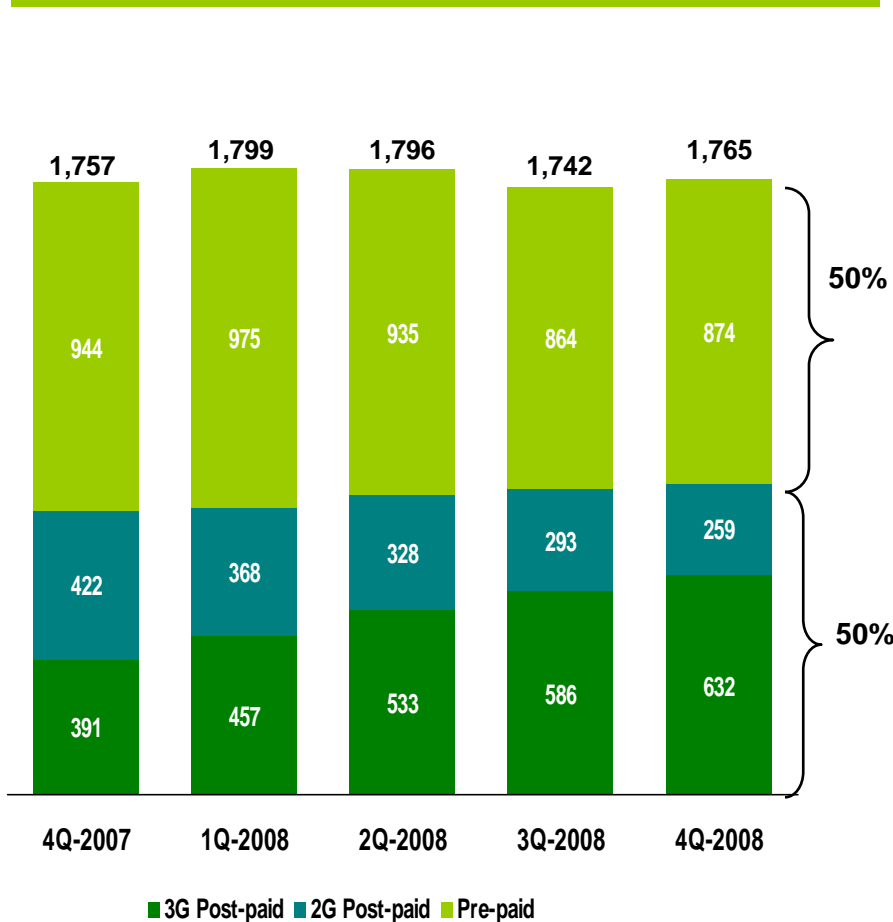
Post-paid Net Adds ('000)



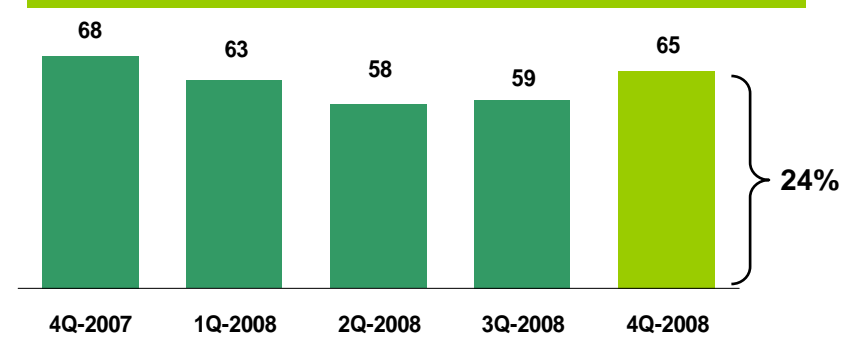
Pre-paid Net Adds ('000)



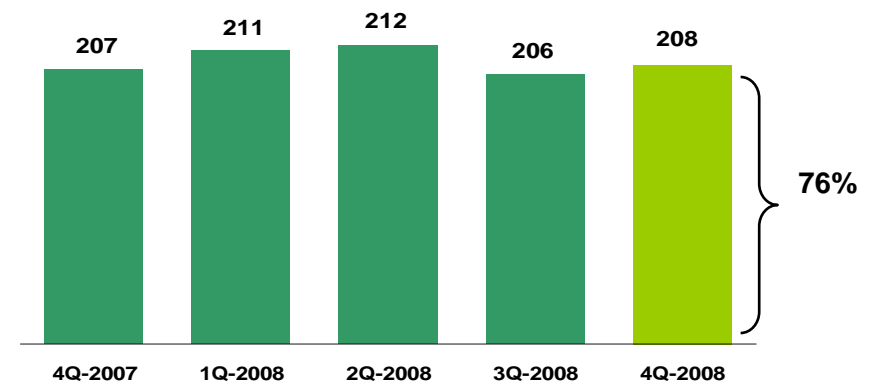
## Customers ('000)



## Pre-paid Revenue (S\$M)

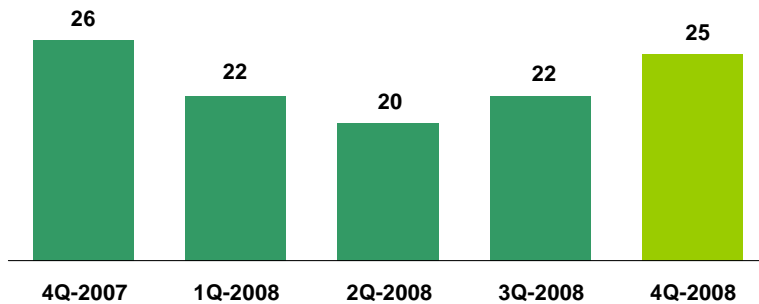


## Post-paid Revenue (S\$M)



# Mobile ARPU & Non-Voice Services

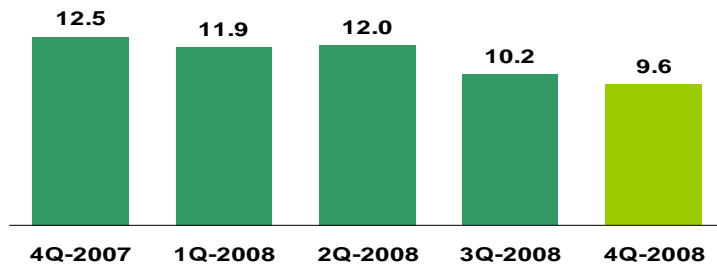
Pre-paid ARPU (S\$ per month)



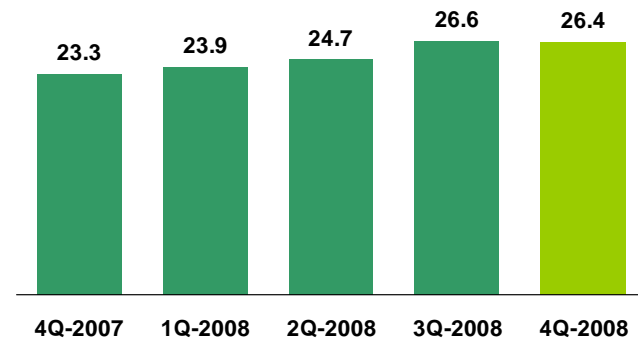
Post-paid ARPU (S\$ per month)



Pre-paid non-voice services (% of ARPU)



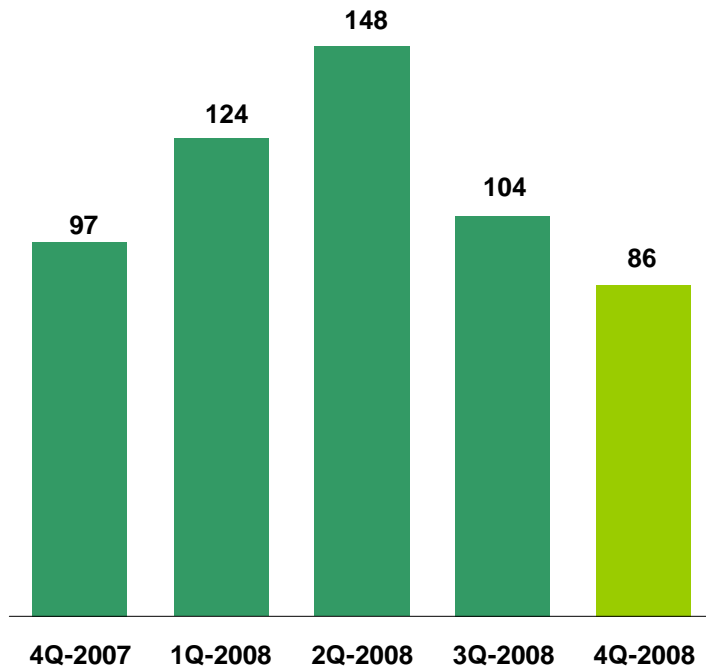
Post-paid non-voice services (% of ARPU)



# Mobile Acquisition Costs & Churn Trend

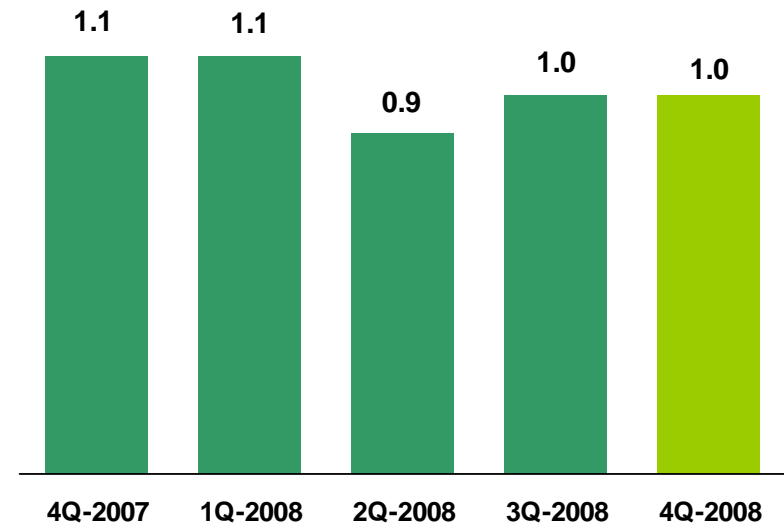
## Average Acquisition Costs

Per Gross Connection (S\$)



## Monthly Churn Rate (Post-paid)

(%)



Financial Overview

## Business Overview – Pay TV

Outlook

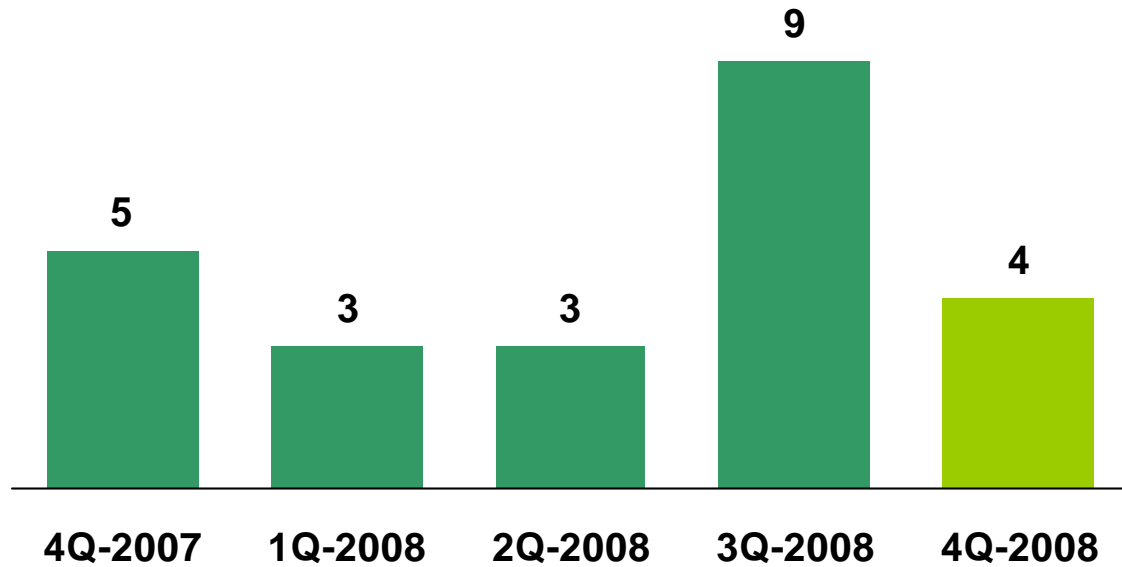
## Pay TV – Highlights (FY-2008 vs FY-2007)

Revenue rose 17%

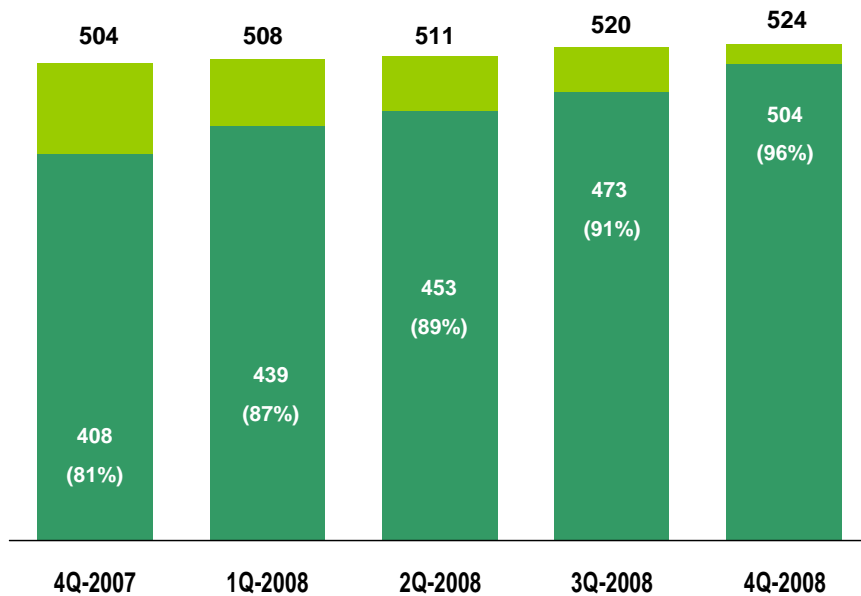
ARPU increased S\$6 to S\$57

Digital customers penetration - 96% of base (504K)

## Net Adds ('000)



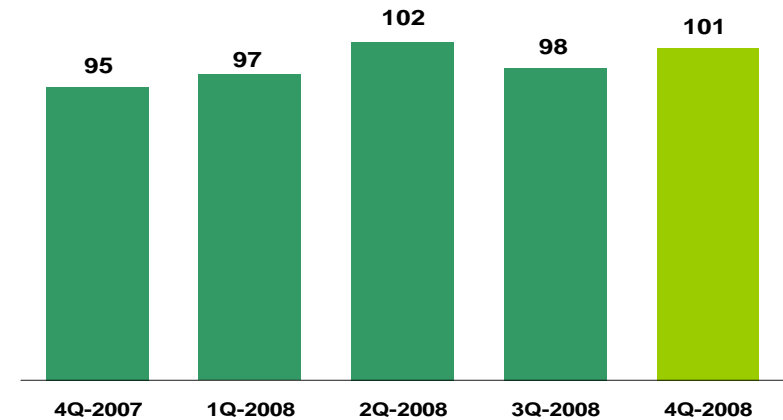
## Pay TV Customers ('000)



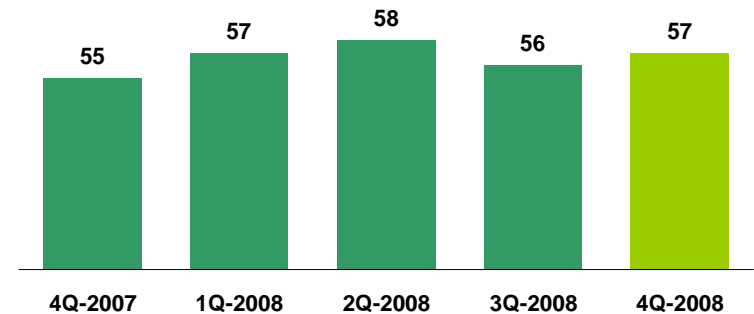
( ) As a % of base

■ Digital Customers

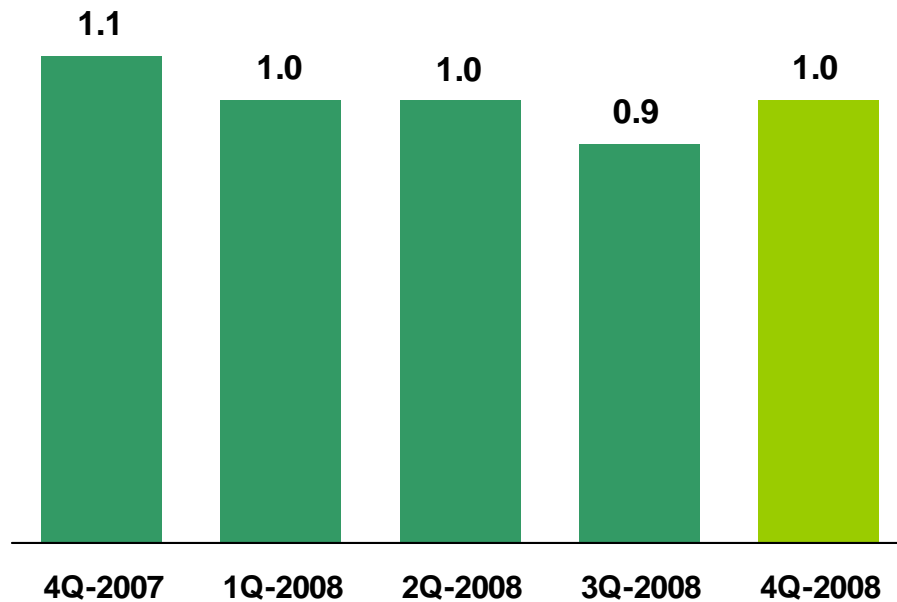
## Pay TV Revenue (\$M)



## Pay TV ARPU (\$ per month)



## Average Monthly Churn Rate (%)



Financial Overview

## **Business Overview - Broadband**

Outlook

# Broadband – Highlights (FY-2008 vs FY-2007)



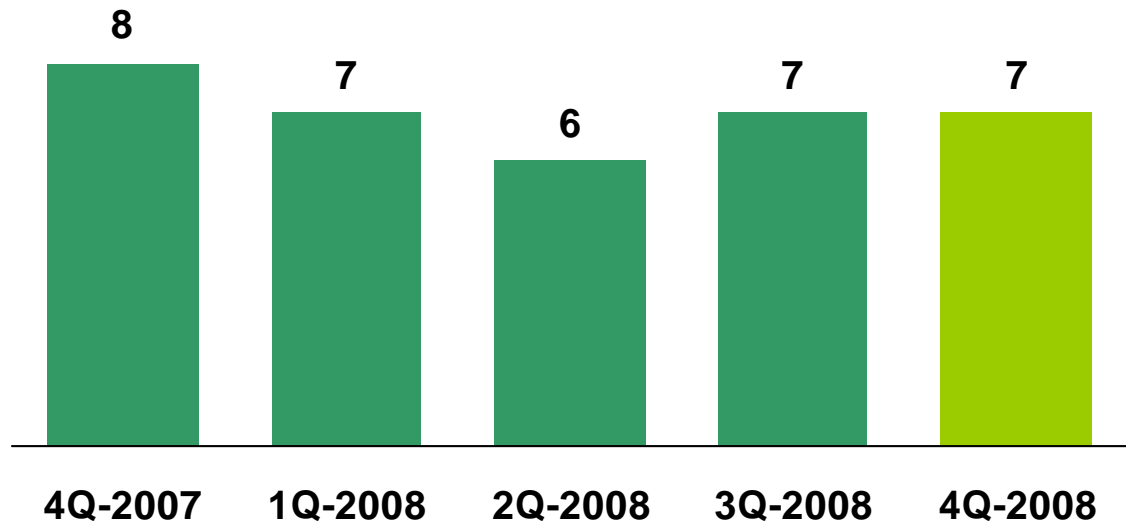
Revenue increased 3%

ARPU decreased by S\$2 to S\$58

Net customer additions of 27K (8% growth)

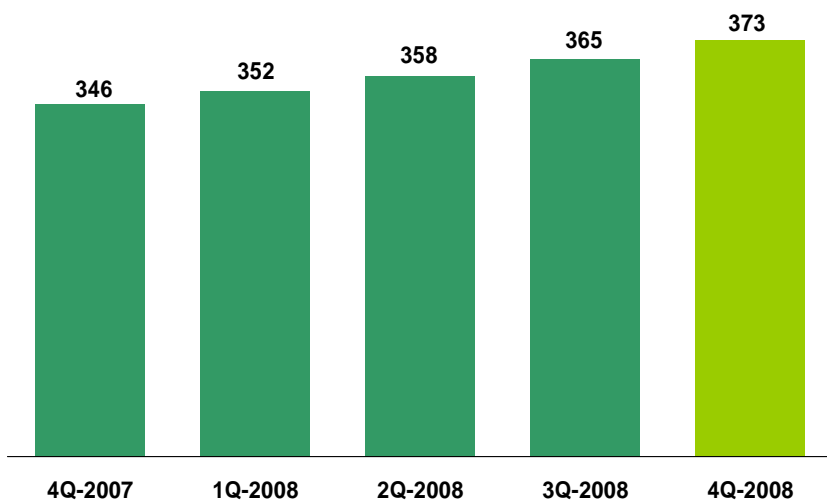
# Residential Broadband Net Adds

Net Adds ('000)

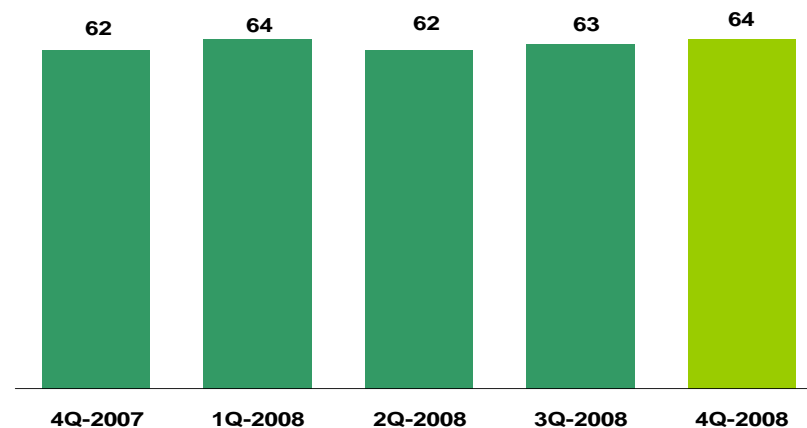


# Residential Broadband

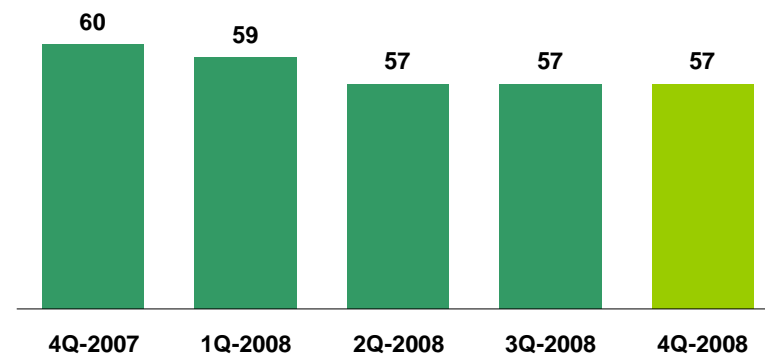
## Broadband Customers ('000)



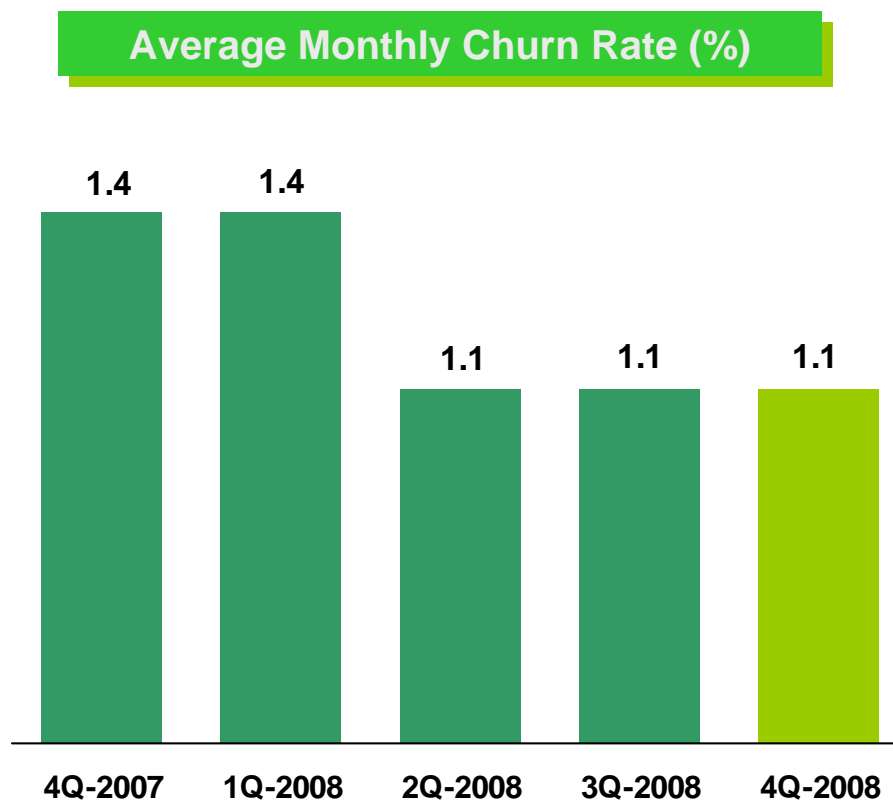
## Broadband Revenue (\$M)



## Broadband ARPU (\$)



# Residential Broadband Churn



Financial Overview

## **Business Overview – Fixed Network Services**

Outlook

## Fixed Network Services – Highlights (FY-2008 vs FY-2007)



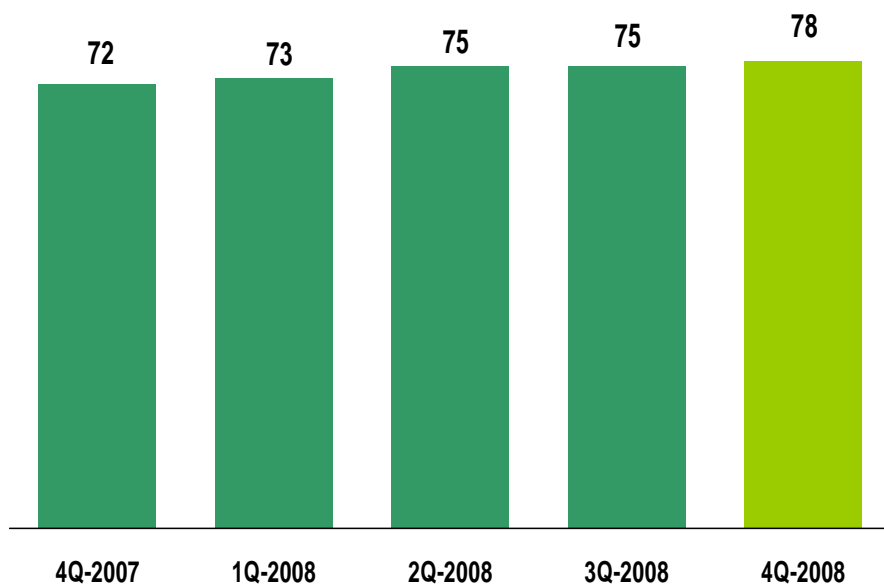
Revenue expanded 7%

Data & Internet revenue improved by 20%

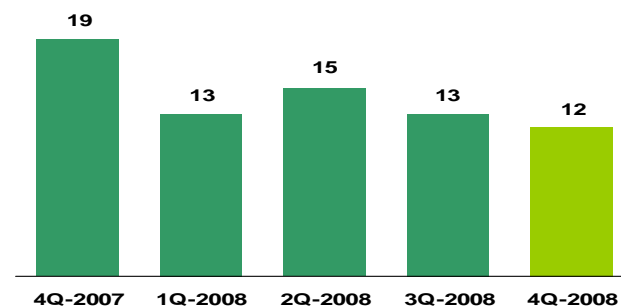
Data & Internet services contribute 82% of revenue

# Fixed Network Services

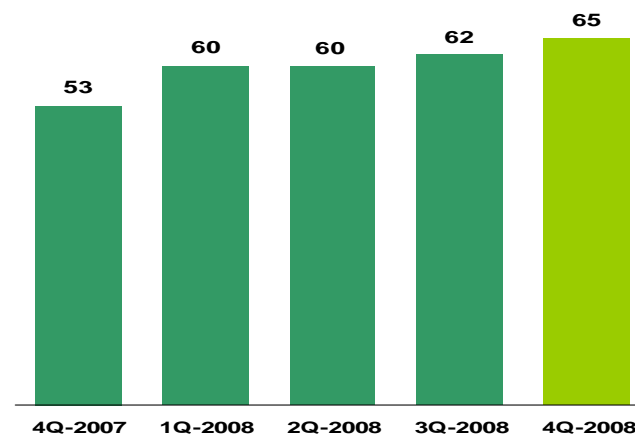
## Fixed Network Revenue (S\$M)



## Voice (S\$M)



## Data & Internet (S\$M)



Financial Overview

Business Overview

**Outlook**

<b>Revenue:</b>	Revenue growth of <u>low single digit</u> YoY
<b>EBITDA:</b>	EBITDA margin on service revenue to be around <u>31%</u>
<b>CAPEX:</b>	As a percent of operating revenue, cash capex to not exceed <u>11%</u>
<b>Dividend:</b>	Recommend 4Q-2008 final dividend of <u>4.5</u> cents per share Intend to pay a minimum annual cash dividend for FY 2009 at 4.5 cents per ordinary share per quarter, totalling 18.0 cents for the full year



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