

# StarHub's 1Q-2007 Results

10 May 2007

# Forward-looking Statements

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*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.*

## Financial Headlines (1Q-2007 vs 1Q-2006)

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Revenue	S\$472.7 million	↑ 10.8 %
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EBITDA	S\$157.7 million	↑ 23.7%
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EBITDA Margin	35.0 %	↑ 3.3 pts
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EPS (Diluted)	3.74 cents	↑ 31.6%
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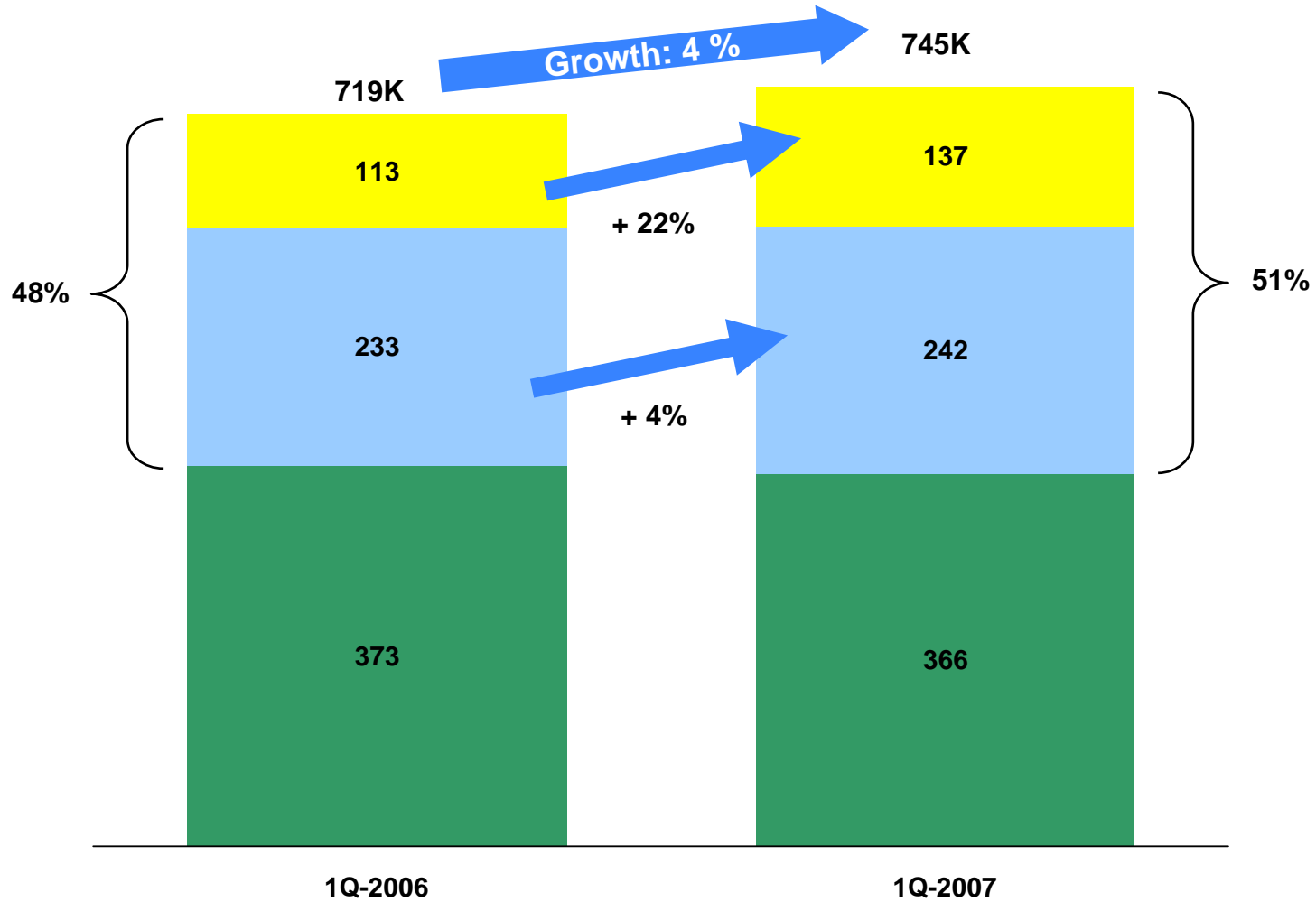
FCF / Shares (Diluted)	7.53 cents	↑ 284.1%
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## Business Expansion (1Q-2007 vs 1Q-2006)

Line of Business	Service Revenue Growth	Customer Growth
Mobile	11%	9%
Cable TV	9%	8%
Cable Broadband	15%	14%
Fixed Network Services	16%	

# Hubbing Scorecard

## Expanding Hubbing Households ('000)



Single Service HH



Double Service HH



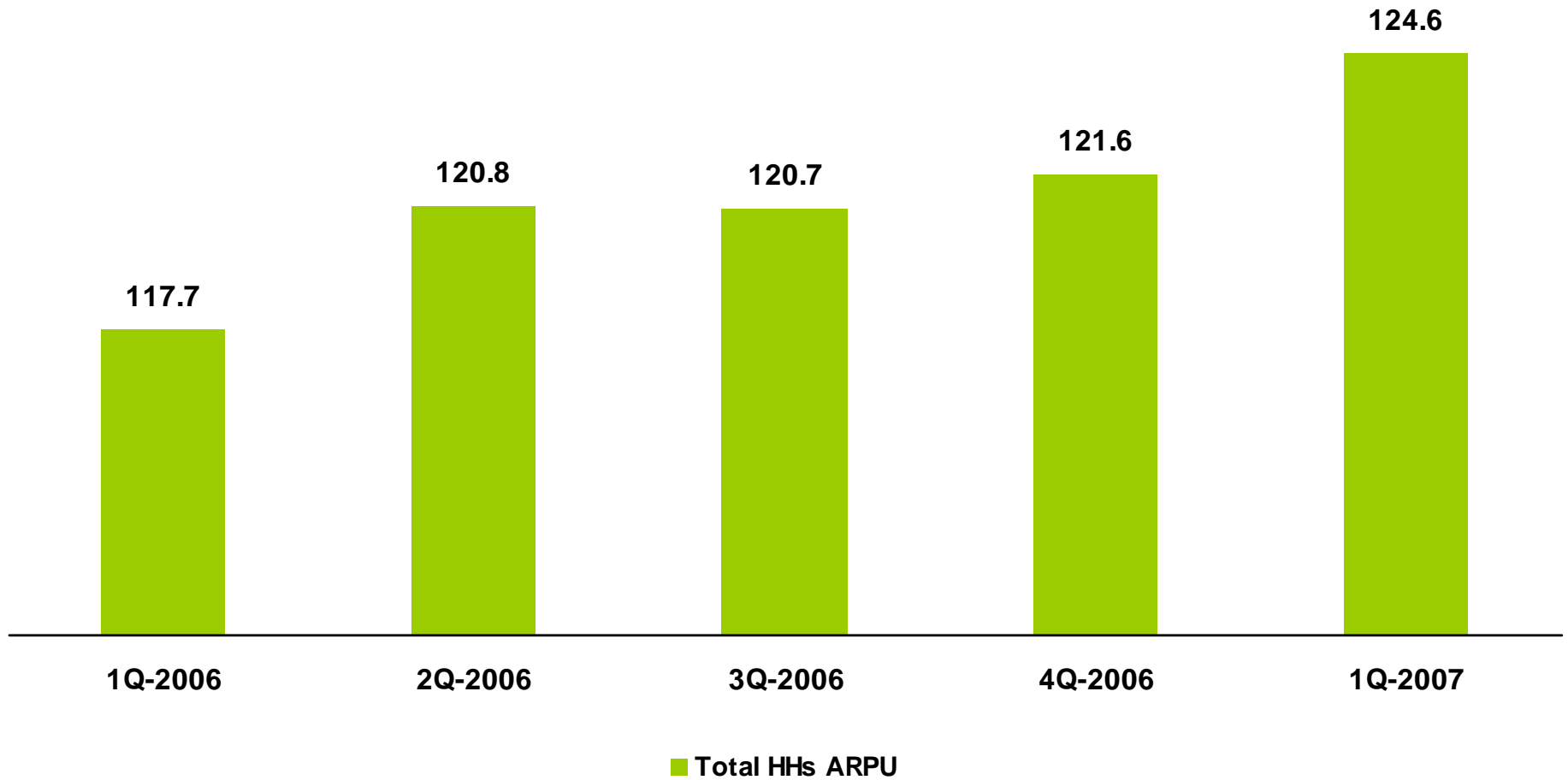
Triple Service HH



# Total Households ARPU


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ARPU (\$)



## EBITDA Trends (1Q-2006 vs 1Q-2007)

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	1Q-2006	1Q-2007
<b>Total 3-player Market EBITDA</b>	<b>S\$638m</b>	<b>S\$665m</b>
 <b>StarHub</b>	<b>S\$128m</b>	<b>S\$158m</b>
<b>Market Share</b>	<b>20%</b>	<b>24%</b>

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## Financial Overview

Business Overview

Outlook



# Key Financial Highlights

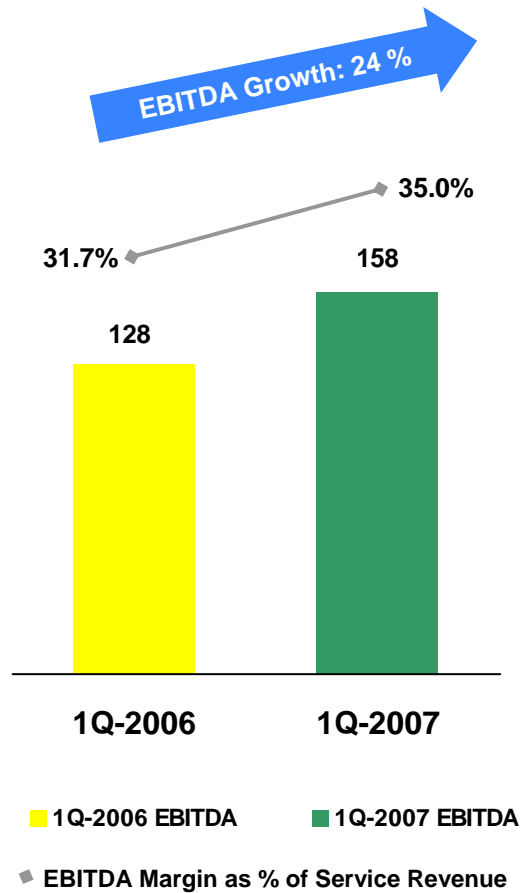
S\$ million	1Q-2007	1Q-2006	Change %
Total Revenue	473	427	11%
Service Revenue	450	402	12%
EBITDA	158	128	24%
EBITDA Margin	35.0%	31.7%	3.3 pts
Profit from Operations	103	77	34%
Net Profit After Tax	70	61	14%
Earnings Per Share (Diluted)	3.74 ¢	2.84 ¢	32%
Capex Cash Payments	24	73	67%
FCF / Fully Diluted Share	7.53 ¢	1.96 ¢	284%
Net Debt	443	23	@

@ = more than +/- 300%

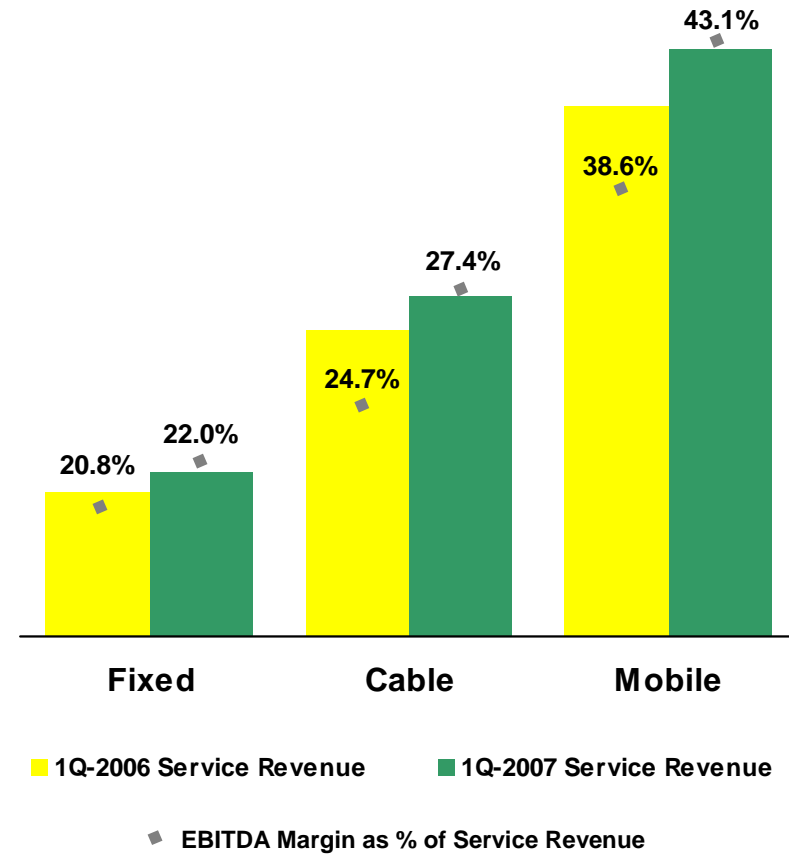
# EBITDA & Margin By Service Platforms

## 1Q-2006 vs 1Q-2007

S\$ millions



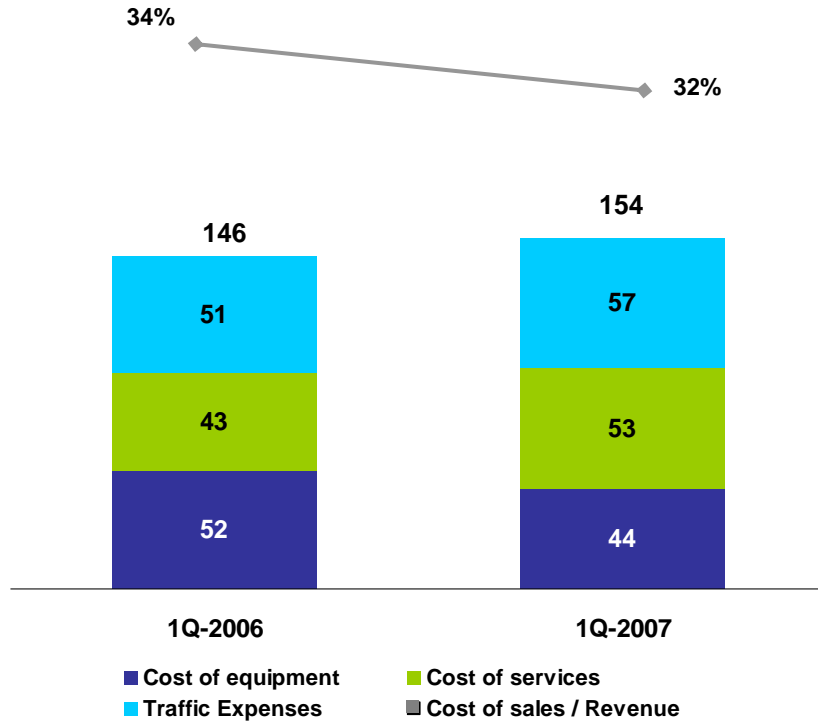
## By Service Platforms



# Improved Operating Efficiencies

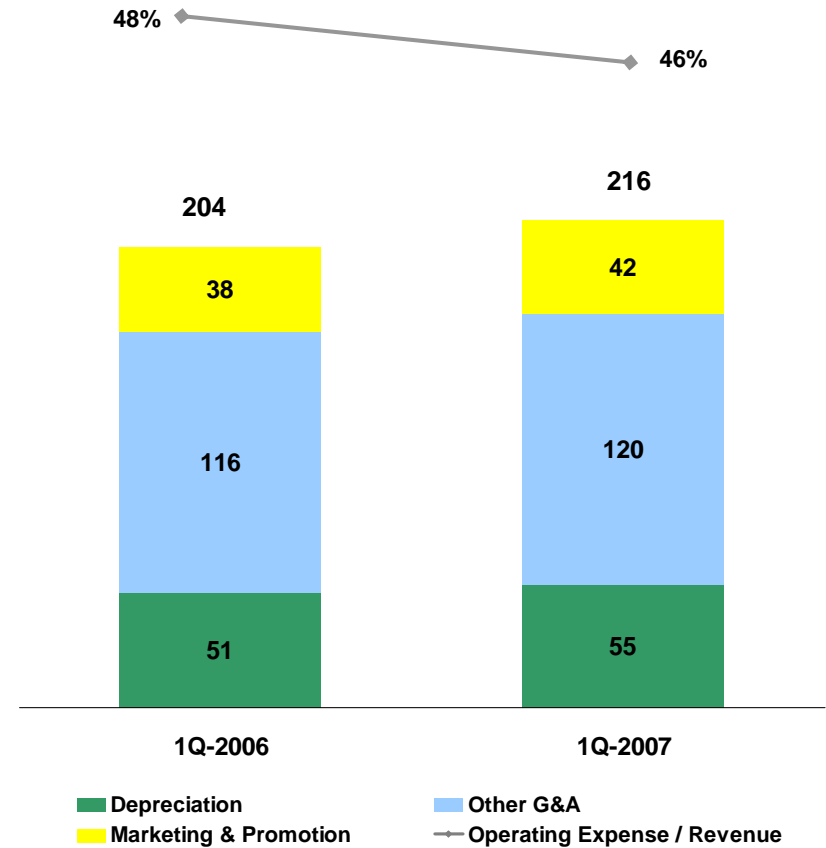
## Cost of Sales

S\$ millions



## Other Operating Expenses

S\$ millions

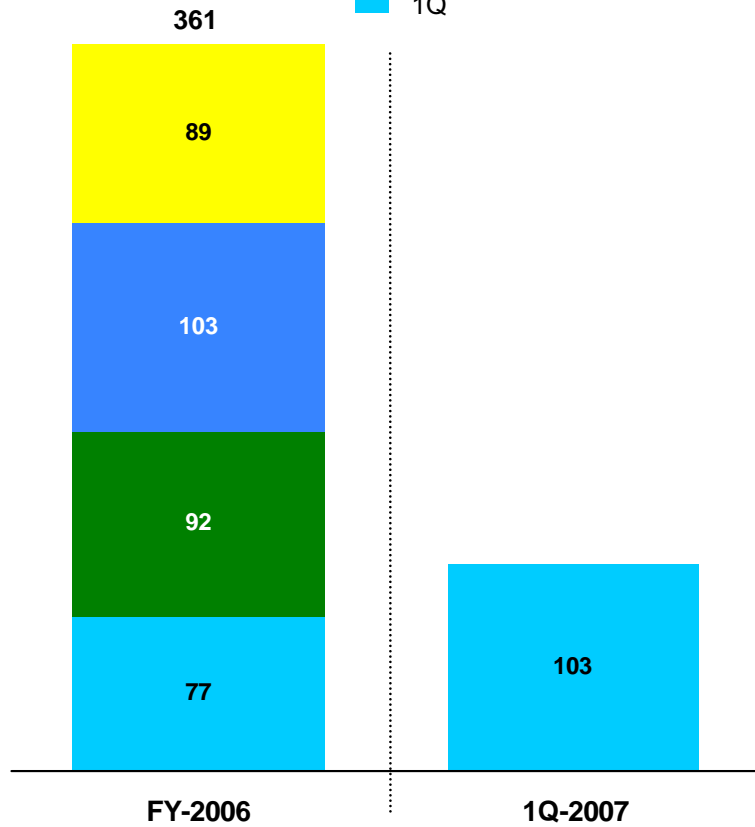
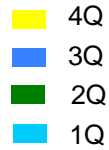


Note: Numbers may not add up due to rounding.

# Profitability

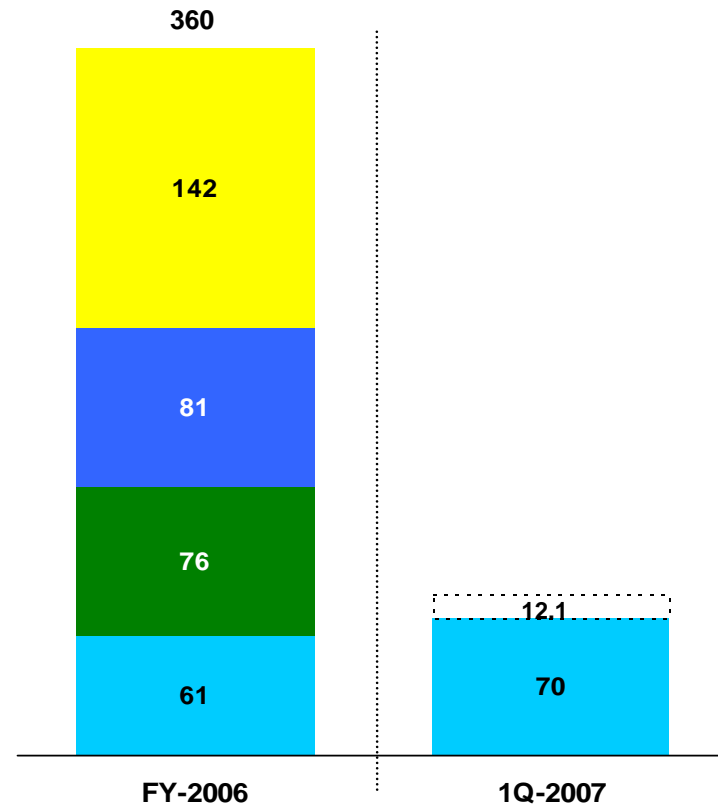
## Profit from Operations

S\$ millions



## Net Profit After Tax

S\$ millions

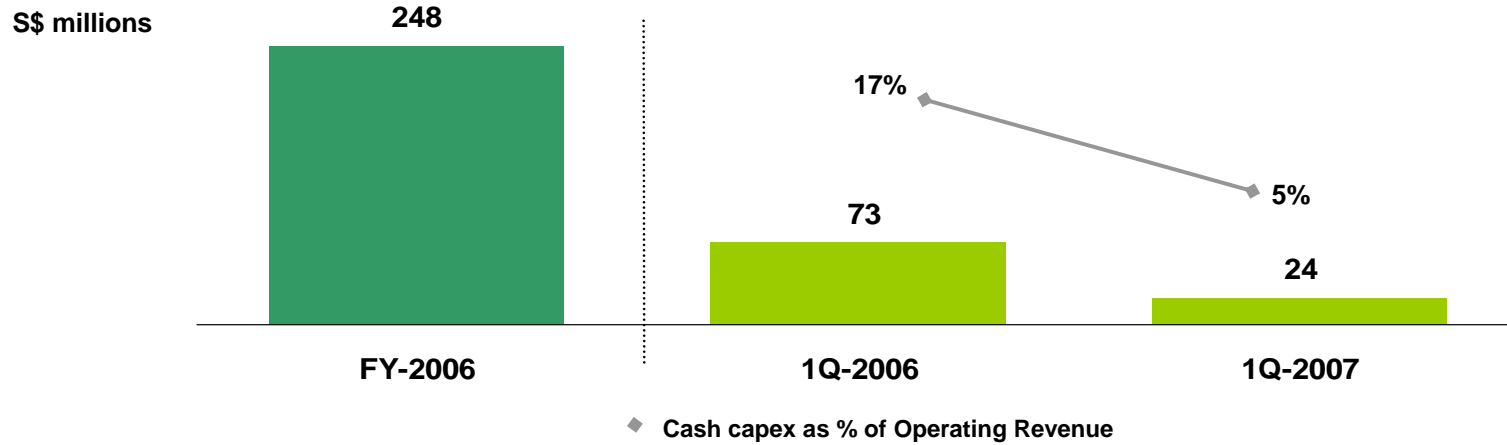


Note: Tax credit adjustment of \$77.2 m in 4Q-2006. Also included in 1Q-2007 was a S\$12.1m of tax charge for adjustment to DTA/DTL due to change in corporate income tax rate.

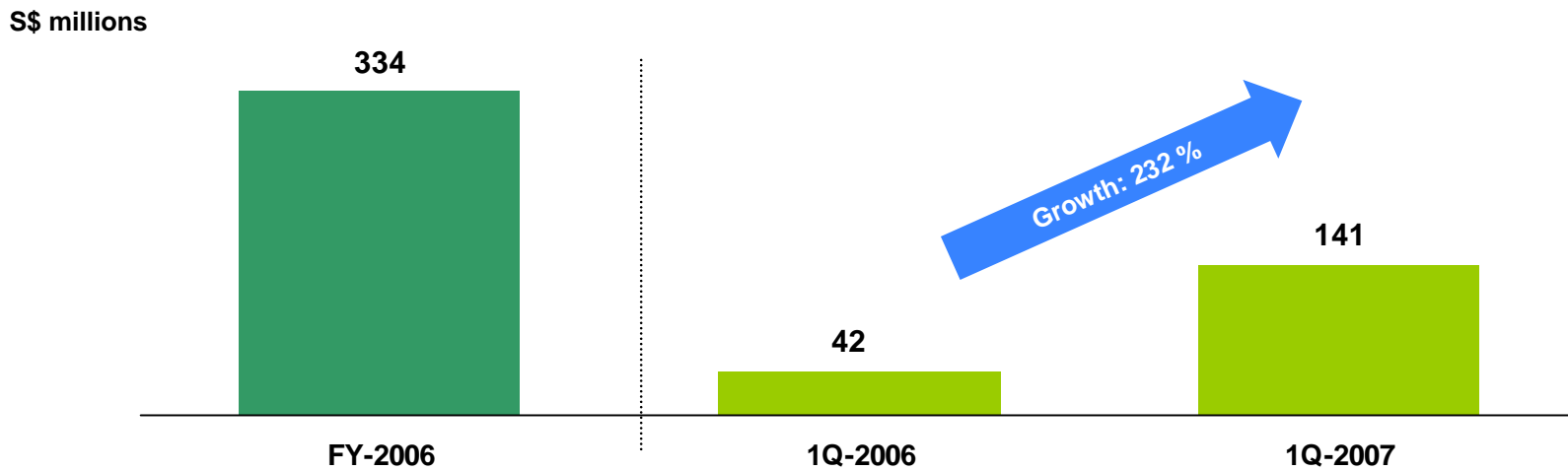


# Capex & Free Cash Flow

## Capex (cash payments)



## Free Cash Flow



Financial Overview

## Business Overview – Mobile

Outlook

## **Mobile – Highlights (1Q-2007 vs 1Q-2006)**

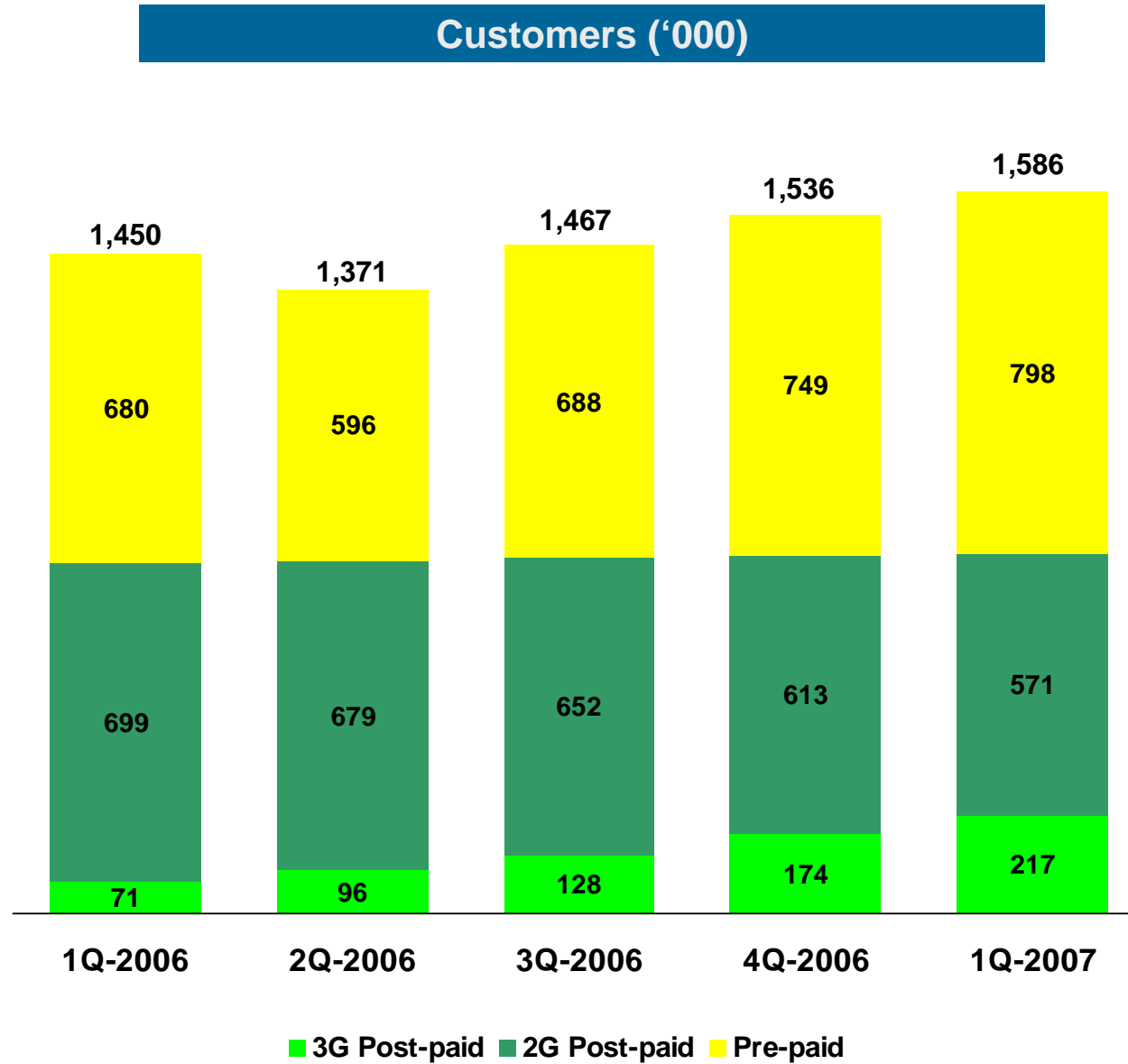
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**Service revenue grew 11%**

**Post-paid revenue grew 5%**

**Pre-paid revenue grew 34%**

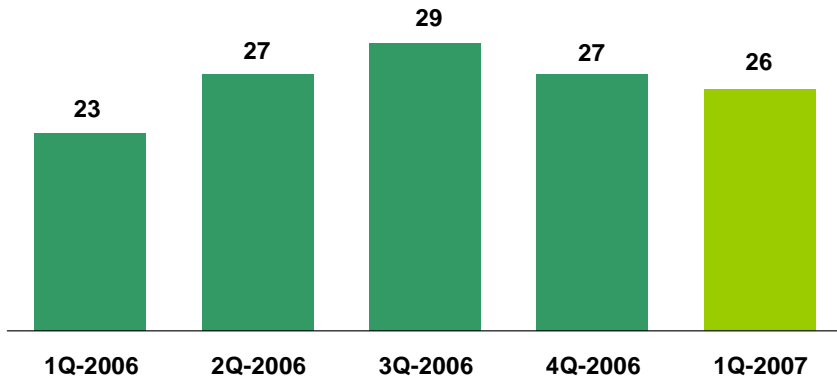
# Mobile Customer Base



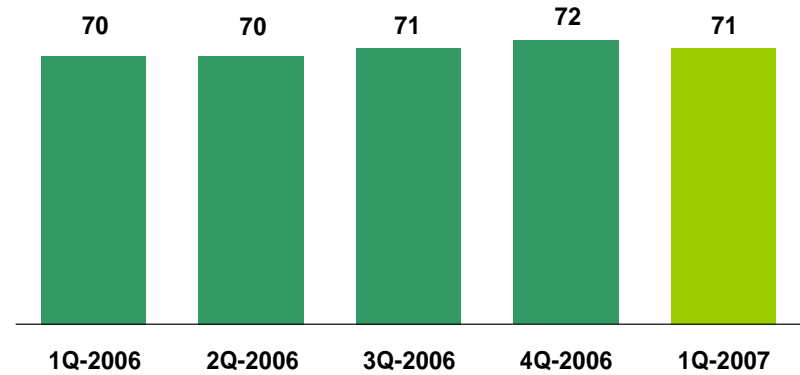


# ARPU & Non-Voice Services

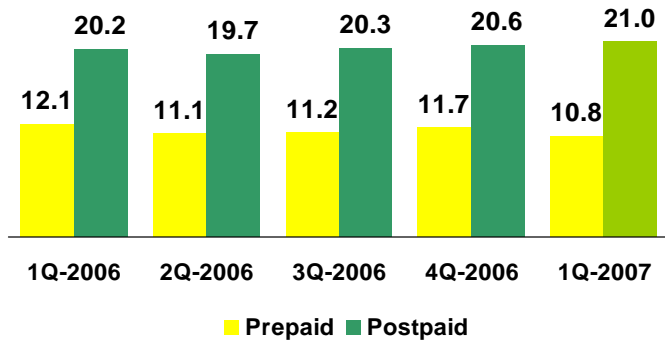
Pre-paid ARPU (\$\$ per month)



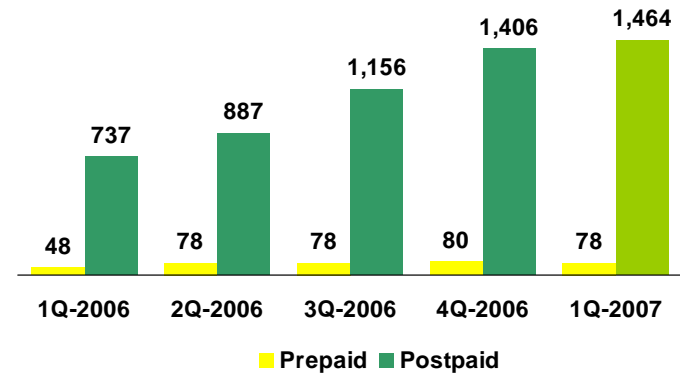
Post-paid ARPU (\$\$ per month)



Non-voice services (% of ARPU)



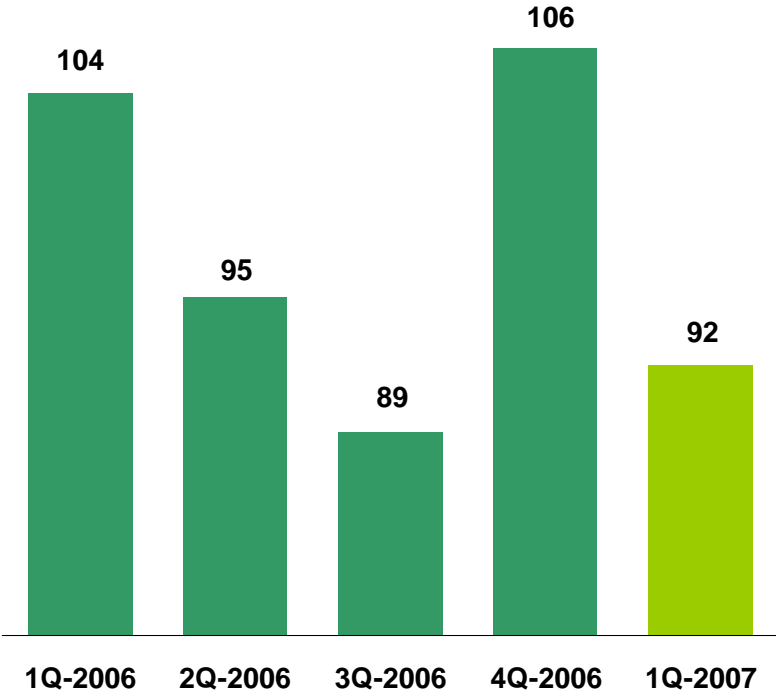
Data Traffic (Gbytes)



# Acquisition Costs & Churn Trend

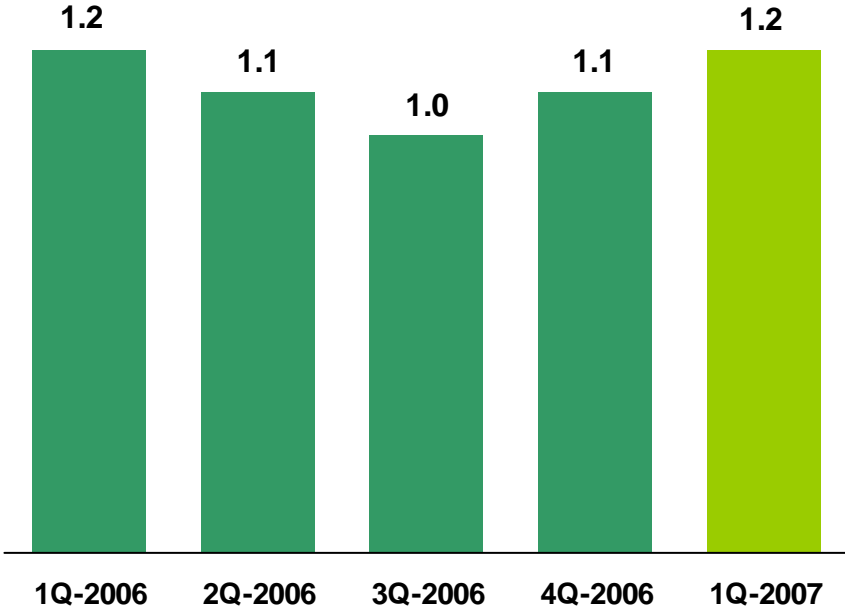
## Average Acquisition Costs

Per Gross Connection (\$)



## Monthly Churn Rate (Post-paid)

(%)



# Mobile Updates

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## 3G Mobile Coverage:

- To launch the full capabilities of HSPA (14.4Mbps) this year

## pfingo:

**29 March:** Launched an innovative mobile Internet service suite

- Network-neutral service for messaging, communication and entertainment services across mobile phone and PC

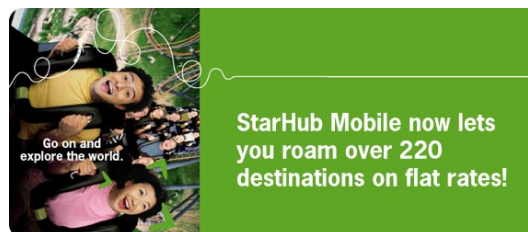


## Simplified Pricing for Mobile:

**3 April:** Introduced simplified pricing structure for mobile roaming services to over 220 destinations world-wide

## Conexus Mobile Alliance:

StarHub customers enjoy a 50% discount on all SMS and GPRS roaming flat-rates to selected destinations



Financial Overview

## Business Overview – Cable TV

Outlook

## **Cable TV – Highlights (1Q-2007 vs 1Q-2006)**

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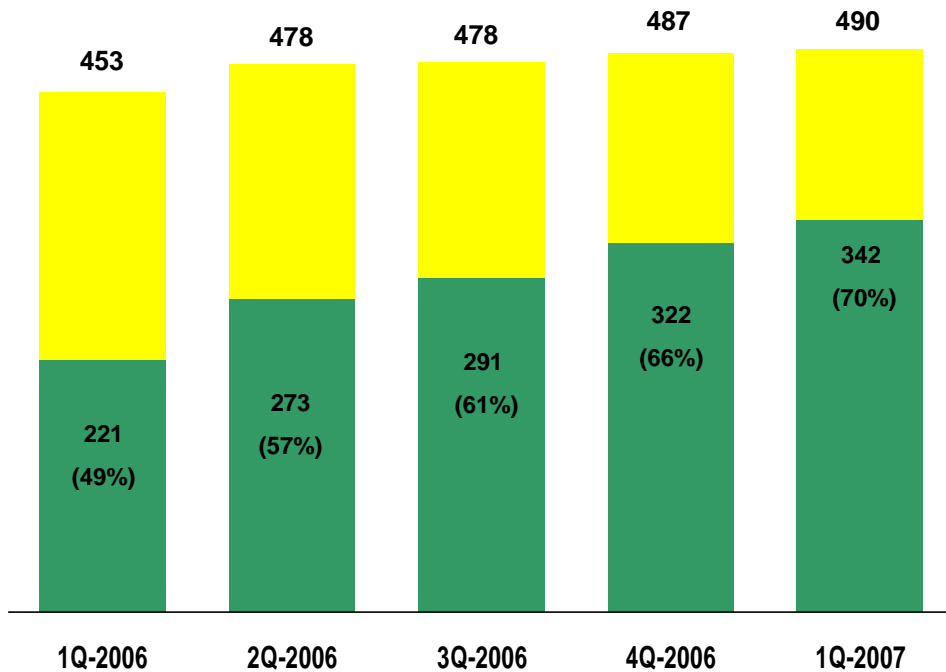
**Revenue growth of 9%**

**Net customer additions of 37K (8% growth)**

**Digital Cable customers expanded to 70% of base (342K)**

# Cable TV

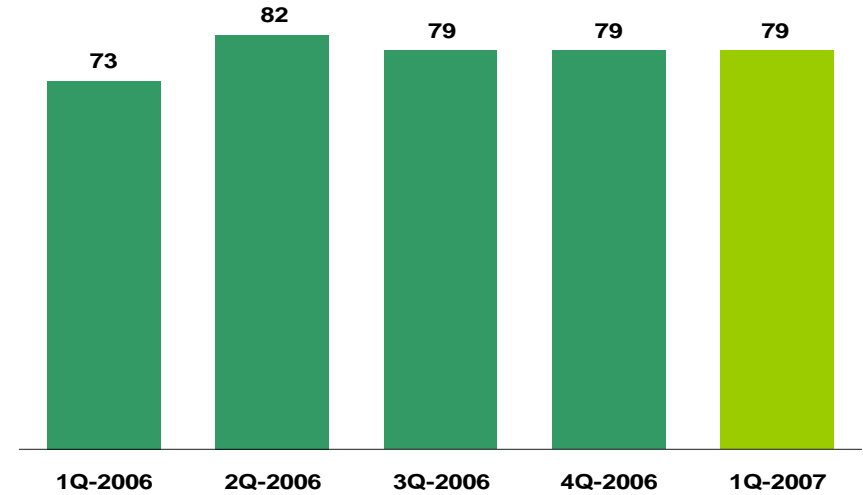
## Cable TV Customers ('000)



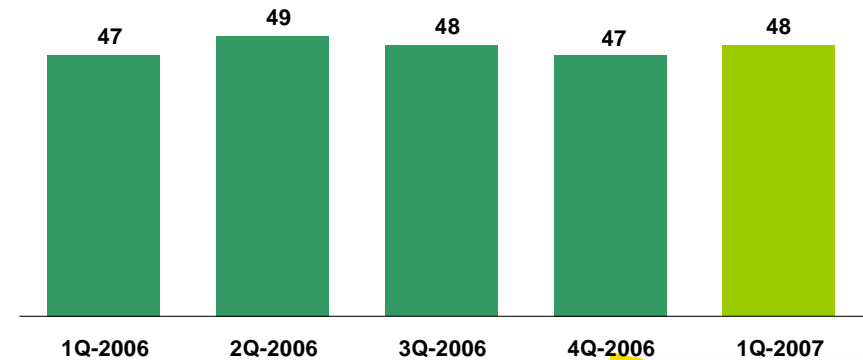
( ) As a % of base

■ Digital Cable Customers

## Cable TV Revenue (\$M)



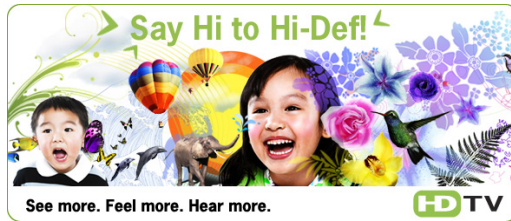
## Cable TV ARPU (\$ per month)



# Cable TV Updates

## Hi-Def:

**18 January:** launched HDTV service; Singapore is the first country in Southeast Asia to offer a commercial HDTV service



## New Channels:

**1 February:** offered five FREE new channels which takes the number of channels offered on cable TV platform to 102



## Playin'TV Triple Play:

**1 February:** launched Playin'TV Triple Play - the first triple-play (cable TV, mobile & online) gaming offer in Asia



Financial Overview

## **Business Overview – Broadband**

Outlook



## **Broadband – Highlights (1Q-2007 vs 1Q-2006)**

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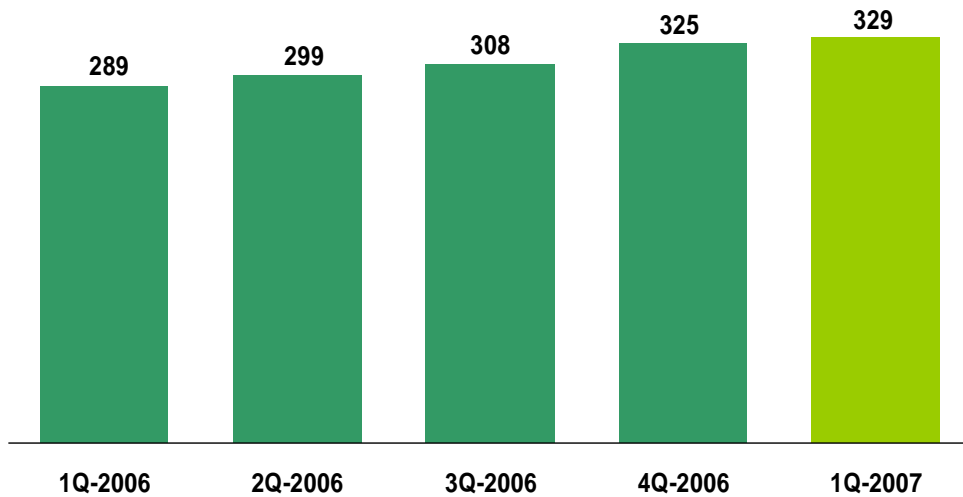
**Revenue growth of 15%**

**Net customer additions of 40K (14% growth)**

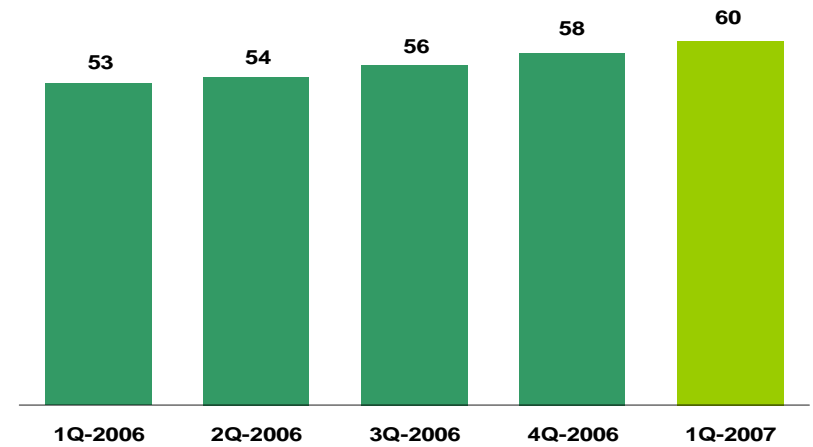
**ARPU increased by S\$1 to S\$60**

# Residential Broadband

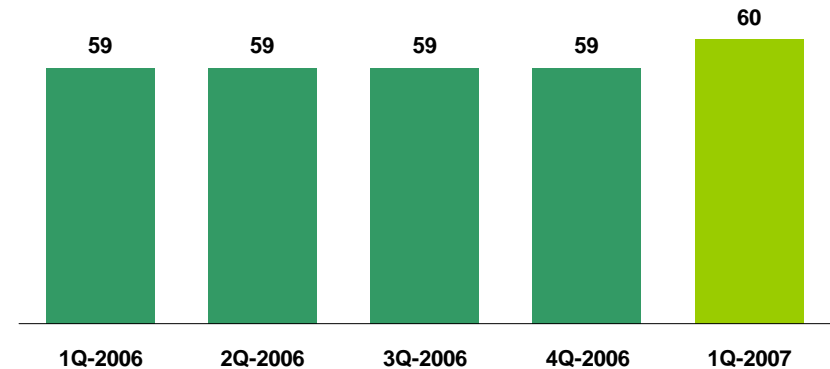
## Broadband Customers ('000)



## Broadband Revenue (\$M)



## Broadband ARPU (\$ per month)

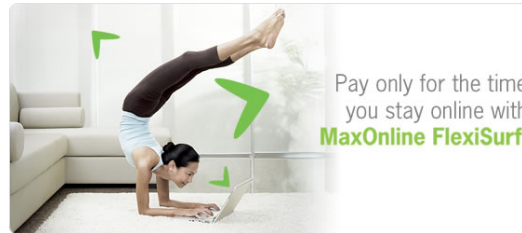


# Residential Broadband Updates

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## MaxOnline FlexiSurf, By Hour:

**1 February:** launched hourly access plan for pre-paid broadband services at 1500 Kbps



## Digital Voice FlexiTalk:

**1 February:** PC-based VoIP service for frequent travellers – as part of the Digital Voice suite of services



## Online Storage:

**26 February:** transfer, share and store digital information seamlessly over the Internet, from anywhere in the world

- Targeted at customers that need to transfer and store large documents and files daily

## NG-NBN:

- Submitted response to IDA's draft RFP in April

- Competitive Dialogues to conclude in June

- Award(s) to be made in 4Q



Financial Overview

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

Outlook

## Fixed Network Services – Highlights (1Q-2007 vs 1Q-2006)

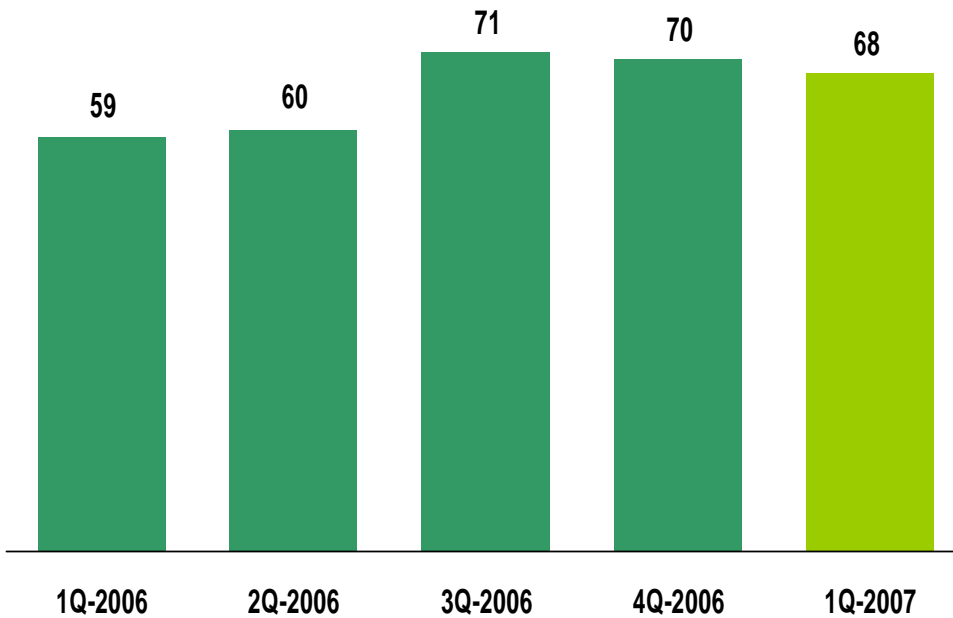
Revenue growth of 16%

Data & Internet revenue grew 22%

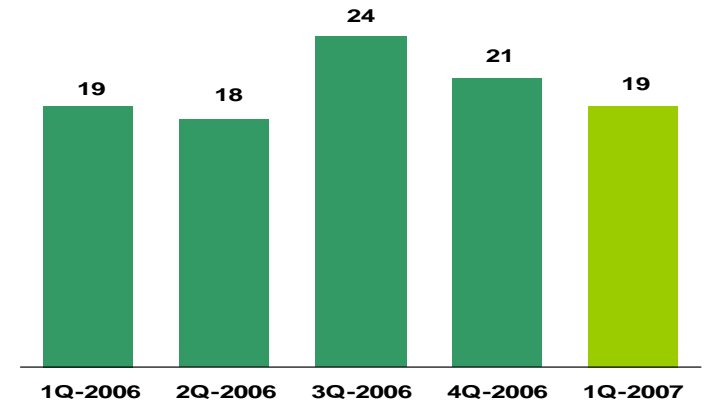
Data & Internet services contribute 72% of revenue

# Fixed Network Services

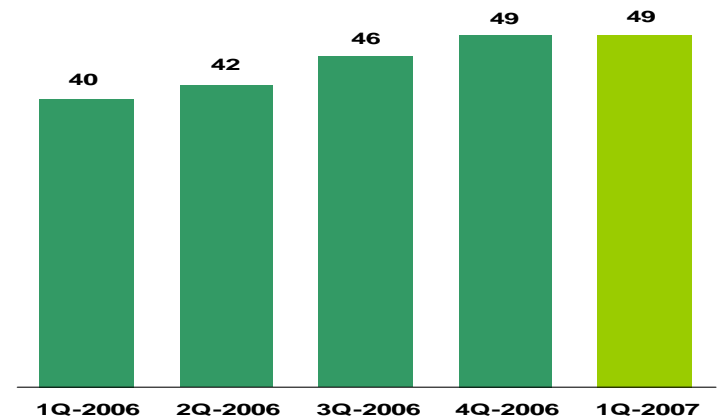
## Fixed Network Revenue (S\$M)



## Voice (S\$M)



## Data & Internet (S\$M)



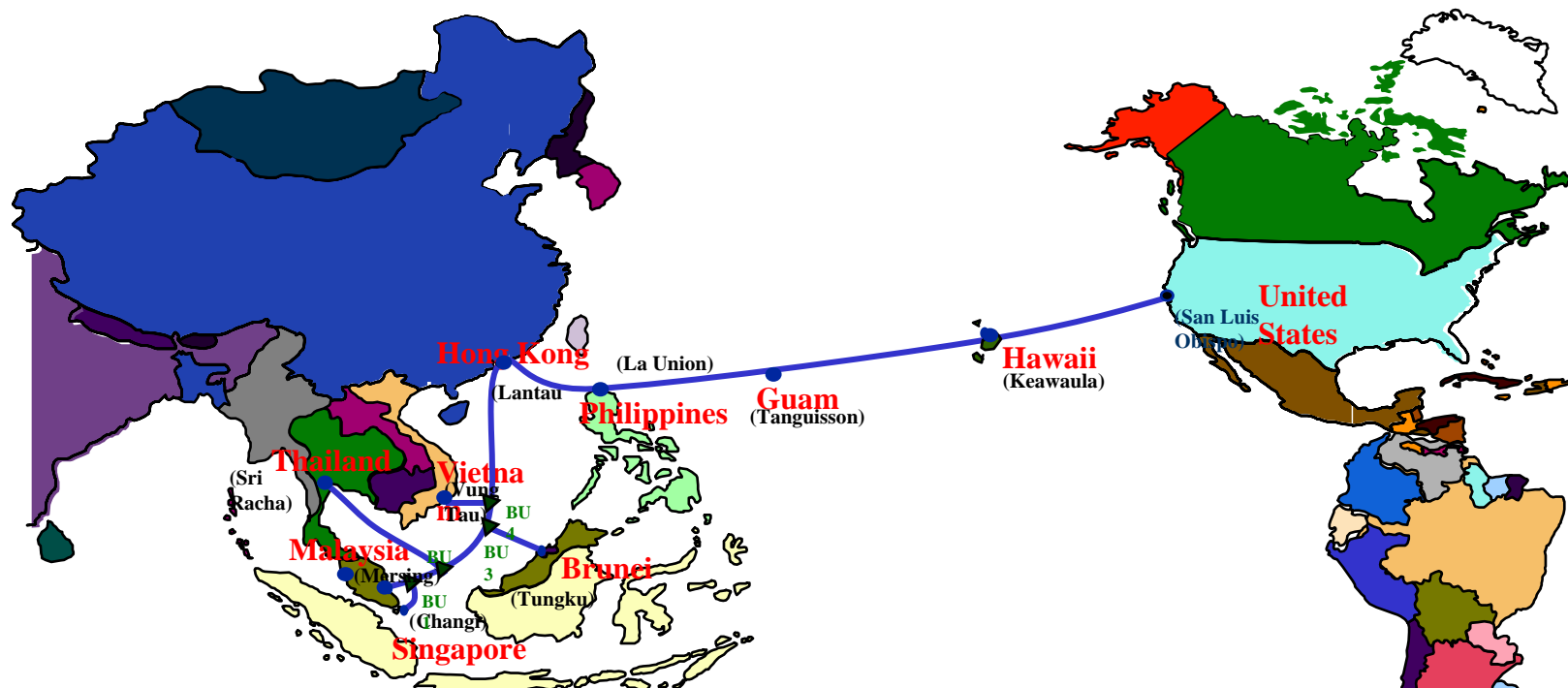
Note: Numbers may not add up due to rounding.

# Fixed Networks Updates

## Asia-America Gateway (AAG):

**27 April:** a consortium of 17 major international telecommunications providers to build the first high-bandwidth optical fibre submarine cable system, linking South East Asia directly to the US

- The 20,000km long cable system costs about US\$500m
- StarHub will manage and operate its first cable landing station in Singapore, when the AAG becomes operational by 4Q-2008



Financial Overview

Business Overview

**Outlook**



# FY2007 Outlook

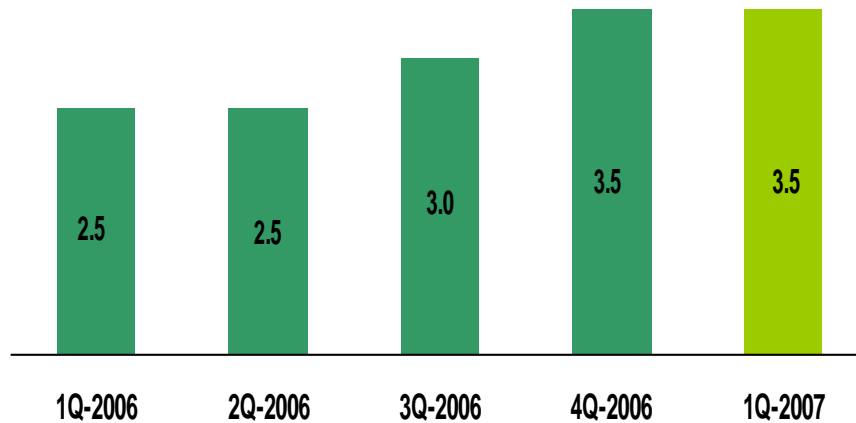
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<b>Revenue:</b>	High single-digit growth
<b>EBITDA:</b>	EBITDA margin on service revenue to be around <u>34%</u>
<b>CAPEX:</b>	As a percent of operating revenue, cash capex should not exceed <u>14%</u>
<b>Dividend:</b>	Recommends first quarter dividend of <u>3.5</u> cents for the year ended 2007 Intends to pay a minimum annual cash dividend of <u>14</u> cents per share for FY2007

# Capital Management

Cash dividend: paying progressively rising and sustainable dividend

(Cents)



<b>FCF/Share</b>	1.96	4.67	6.57	2.92	7.53
<b>EPS</b>	2.84	3.49	3.94	7.60	3.74

More efficient capital structure

	FY-2007	FY-2006
<b>Net Debt: 2006 EBITDA</b>	1.8x*	1.01x
<b>2006 EBITDA: Net Interest Expense</b>	28x**	66x
<b>Capital Return</b>	S\$444m	S\$656m
<b>Capital Reduction/Share</b>	23.8 cents	30.4 cents

\* Projected to year-end

\*\* 1Q-2007 annualised

**Thank you**