

## StarHub Reports 2010 Third Quarter Results

- *Operating Revenue Increased 3% To S\$552.3 Million*
- *EBITDA Stable At S\$172.4 Million*
- *FCF/Diluted Share At 4.6 Cents*
- *Declares Interim Dividend Of 5 Cents Per Share*

**Singapore, 9 November 2010** – StarHub Ltd today announced its results for the third quarter and year-to-date ended 30 September 2010.

Operating revenue rose 3% to S\$552.3 million compared to S\$537.1 million year-on-year (YoY) due mainly to higher service revenue. On a quarter-on-quarter (QoQ) basis, it decreased 3%. YoY, the Group's EBITDA was stable at S\$172.4 million and QoQ, it grew 22% from S\$141.1 million previously. EBITDA margin as a percentage of service revenue was 32.3% for the third quarter, which was a 6.4 percentage points increase compared to second quarter's 25.9%.

In 3Q2010, profit from operations came in at S\$107.0 million, net profit after tax at S\$82.0 million and free cash flow (FCF) at S\$78.4 million. Compared to a year ago, profit from operations decreased 4% but increased 37% QoQ. Net profit after tax decreased 4% YoY but increased 41% in sequential quarter. Cash capital expenditure (capex) was at S\$72.0 million for the quarter or 33% higher compared to a year ago. It was 61% higher on a sequential quarter basis. As highlighted in previous results announcements, the higher capex spent were for our subsidiary, Nucleus Connect, and our new customer relationship management and billing systems.

### **Business Highlights**

Total service revenue for both the quarter and year-to-date periods recorded growth YoY. Both Mobile and Fixed Networks services contributed to the bulk of the service revenue increase. YoY, **Mobile** revenue grew 8% to S\$298.3 million. On a sequential quarter basis, it increased 1%. Post-paid mobile services revenue was 9% higher at

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S\$230.9 million. QoQ, it was up 1%. Pre-paid mobile services revenue grew 3% to S\$67.4 million YoY. It was higher by 4% QoQ. Comparing a year ago, post-paid ARPU remained stable at S\$69. On a sequential quarter basis, it decreased S\$1. Looking at pre-paid ARPU, it decreased S\$2 YoY but remained at S\$21 QoQ.

**Pay TV** revenue decreased 8% to S\$92.4 million YoY and on a sequential quarter basis, revenue decreased 16%. The lower revenue earned was attributed to the increased customer churn post-World Cup and post-BPL loss, and lower subscription revenue from the sports group following the reduction in monthly subscription price from S\$25 to S\$12 in June 2010. YoY and QoQ, Pay TV ARPU decreased S\$6 to S\$50. Looking at the customer base, it was up 0.3% to 537,000 YoY. On a sequential quarter basis, it was down 0.7%.

**Broadband** revenue decreased 1% to S\$58.3 million compared to a year ago. QoQ, revenue came in at S\$0.9 million lower. The residential broadband customer base grew 5% YoY, ending the quarter with 412,000 customers and when compared QoQ, it grew 1%. The higher subscriber mix on lower speed price plans and promotional discounts offered to drive take up of home hubbing packs resulted in lowering the overall Broadband ARPU in the current year. We saw a S\$3 ARPU decrease to S\$47 this quarter. On a sequential quarter basis, ARPU was down S\$1. The average monthly churn for the quarter was stable at 1.2%. It was 0.4% lower when compared to the previous quarter.

**Fixed Network** revenue increased 7% to S\$85.1 million. Data & Internet services revenue, which makes up 84% of the Fixed Network revenue, increased 6% from a year ago. QoQ, it was 4% higher. Voice services revenue increased 13% to S\$13.9 million YoY due to higher interconnect revenue from international carriers this quarter. QoQ, it was 4% higher.

During the quarter, we continue to drive more Hubbing promotions for our mobile, broadband and pay TV services. The number of households taking more than one StarHub service was up one percentage point to 55%, up from 54% last year. The number of households subscribing to all three services increased by 11,000 households YoY and by 2,000 households QoQ.

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“The Company continues to do well for the third quarter with a good set of results, despite the increased competitive environment. Even without BPL on our programme schedule this quarter, our Pay TV business remains stable. Our Fixed Network revenue continues to grow, providing a strong foundation for us to pursue opportunities in the corporate and SMB market segments opened up by the continuing roll-out of the Next Gen NBN,” said Mr Neil Montefiore, CEO, StarHub.

### **Outlook for FY2010**

Based on the current outlook, we maintain our year-on-year growth of the Group’s 2010 operating revenue to be in the low single digit range and Group EBITDA margin to be around 28% of service revenue. Based on our outstanding capex commitments and current project completion schedules, we expect capex payments for the year to not exceed 14% of operating revenue. Cash dividend payout remains at 5 cents per ordinary share per quarter for financial year 2010.

For more details on the Group's performance for 3Q2010 and outlook for FY2010, please visit [www.starhub.com/ir](http://www.starhub.com/ir). Materials available at this website include the audio conference link, investor presentation and unaudited results for the quarter ended 30 September 2010.

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**About StarHub**

StarHub is Singapore's fully-integrated info-communication company, offering a full range of information, communications and entertainment services for both consumer and corporate markets. StarHub operates Singapore's fastest two-way HSPA+ mobile network that delivers up to 21Mbps for downlink to complement its nation-wide GSM network, and an island-wide HFC network that delivers multi-channel cable TV services (including High Definition Television and on-demand services) as well as ultra-high speed residential broadband services. StarHub also operates an extensive fixed business network that provides a wide range of data, voice and wholesale services.

Launched in 2000, StarHub has become one of Singapore's most innovative info-communications providers, and the pioneer in 'hubbing' - the ability to deliver unique integrated and converged services to all its customers. StarHub, listed on the main board of the Singapore Exchange since October 2004, is a component stock of the Straits Times Index and the MCSI Singapore Free Index. Visit [www.starhub.com](http://www.starhub.com) for more information.

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