



# StarHub 1Q-2010 Results

6 May 2010



## 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.*

# Management Team



**TAN Tong Hai**  
**COO**



**Neil MONTEFIORE**  
**CEO**



**KWEK Buck Chye**  
**CFO**

## ➤ Financial:

- Operating revenue increased 5%
- Free cash flow increased 4%
- EBITDA margin contracted to 22.5% due to higher acquisition and retention costs driven by smartphones popularity








## ➤ Operational:

- Good Mobile growth:
  - ✓ Post-paid revenue (10%)
  - ✓ Total customer base (9%)
- Nucleus Connect:
  - ✓ Launched its Central Offices on 6 May
  - ✓ On schedule to offer commercial services in 2H-2010
- Pay TV: New Media Code

# Key Financial Highlights

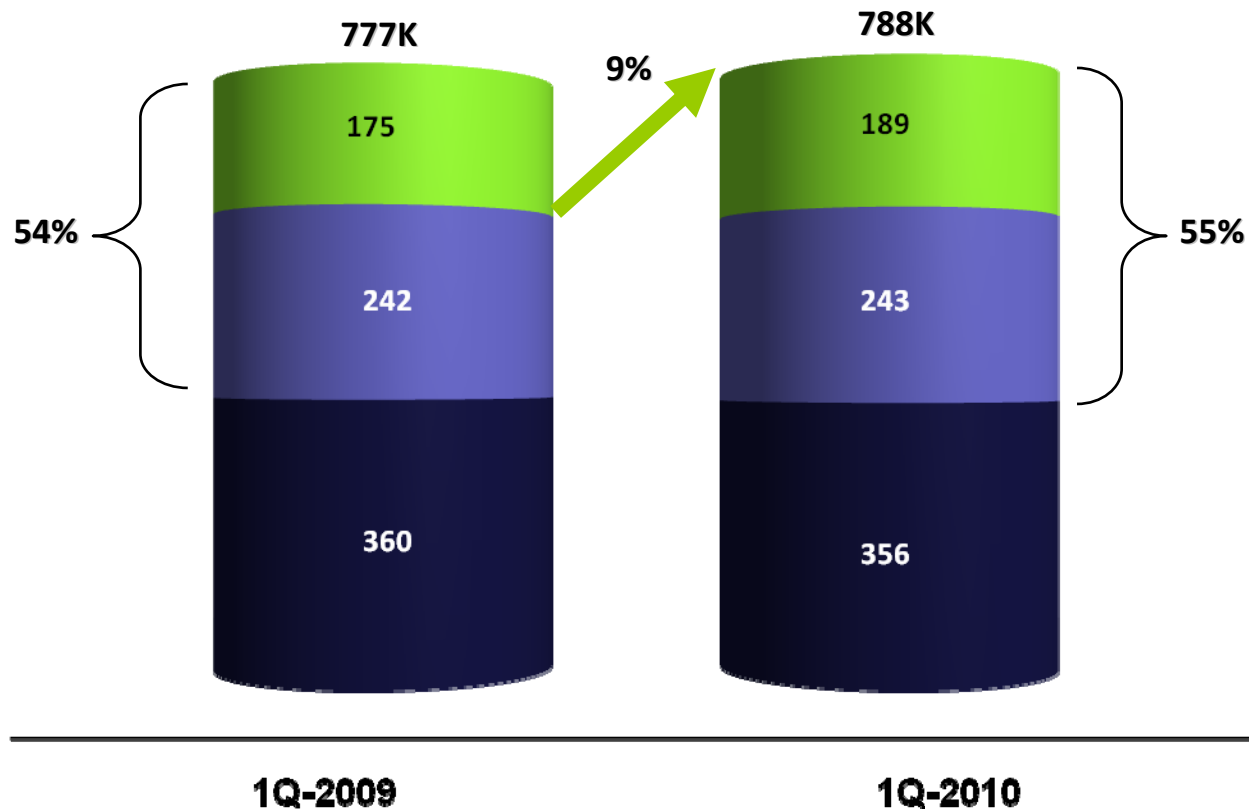
S\$ million	1Q-2010	1Q-2009	Change
Operating Revenue	<b>557</b>	531	5%
Service Revenue	<b>527</b>	508	4%
EBITDA	<b>118</b>	168	-29%
EBITDA Margin	<b>22.5%</b>	33.0%	(10.5)% pts
Taxation	<b>(10)</b>	(19)	48%
Net Profit After Tax	<b>43</b>	82	-48%
Capex Cash Payments	<b>49</b>	51	4%
% of Capex to Revenue	<b>9</b>	10	1% pts
FCF / Fully Diluted Share	<b>6.97¢</b>	6.71¢	4%
Net Debt to annualised 2010 EBITDA ratio	<b>1.16x</b>	1.04x	0.12x

# Business Expansion

Line of Business	Service Revenue	Customer Base
<b>Mobile</b> (51% of revenue mix)	 <b>8%</b> Pre-paid (3%) Post-paid (10%)	 <b>9%</b> Pre-paid (10%) Post-paid (7%)
<b>Pay TV</b> (18% of revenue mix)	 <b>0%</b>	 <b>3%</b>
<b>Cable Broadband</b> (11% of revenue mix)	 <b>(5)%</b>	 <b>7%</b>
<b>Fixed Network Services</b> (14% of revenue mix)	 <b>1%</b> Data & Internet (1%) Voice (2%)	

# Hubbing Scorecard

Expanding Hubbing Households ('000)



Single Service HH



Double Service HH



Triple Service HH

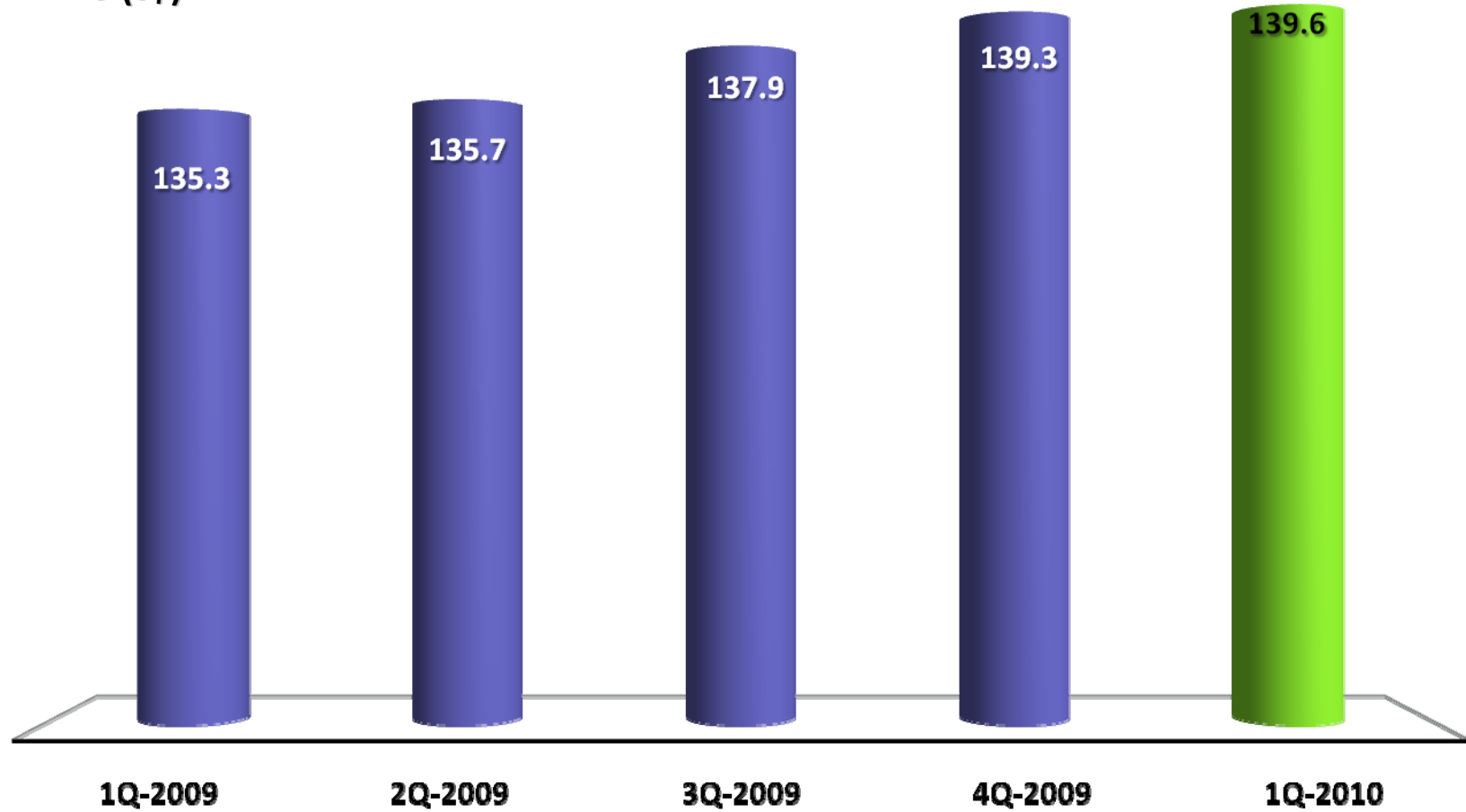


Note: Numbers may not add up due to rounding.

# Total Households ARPU



ARPU (S\$)



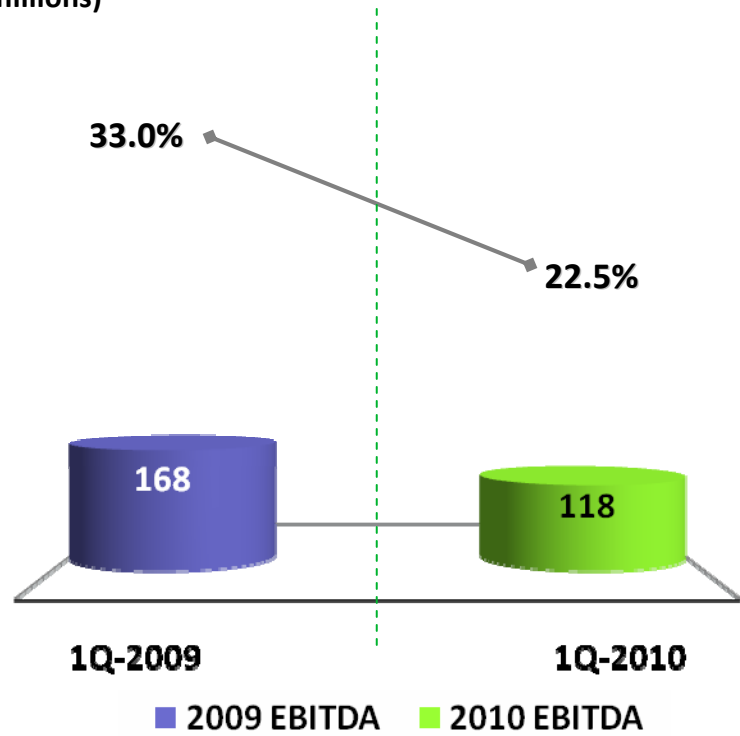




# EBITDA & EBITDA Margin

## EBITDA & EBITDA Margin

(\$ millions)

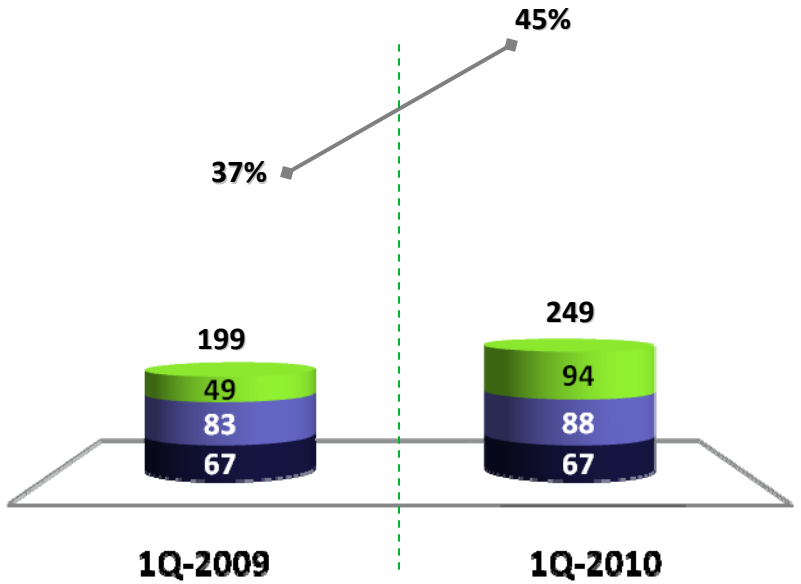


◆ EBITDA Margin as % of Service Revenue

# Operating Efficiencies

## Cost Of Sales

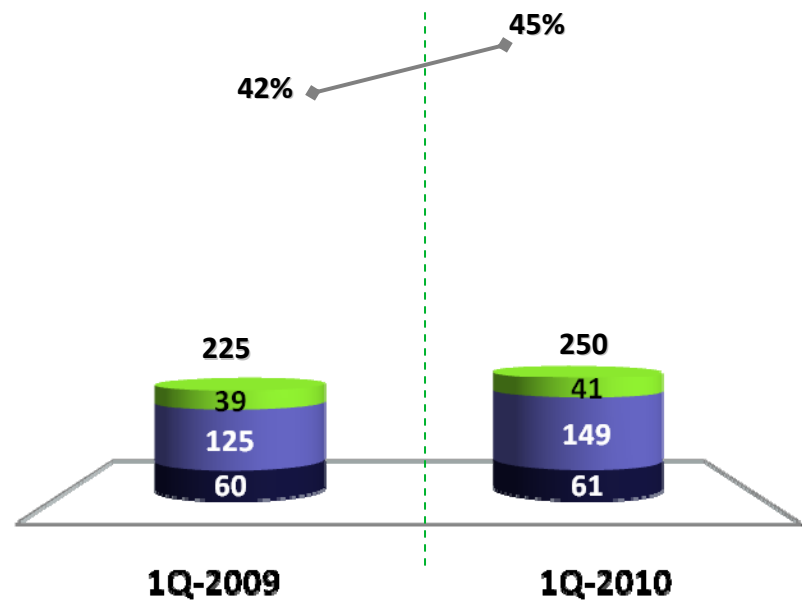
(S\$ millions)



- Operating Expense / Revenue
- Cost of Equipment
- Cost of Services
- Traffic Expenses

## Other Operating Expenses

(S\$ millions)



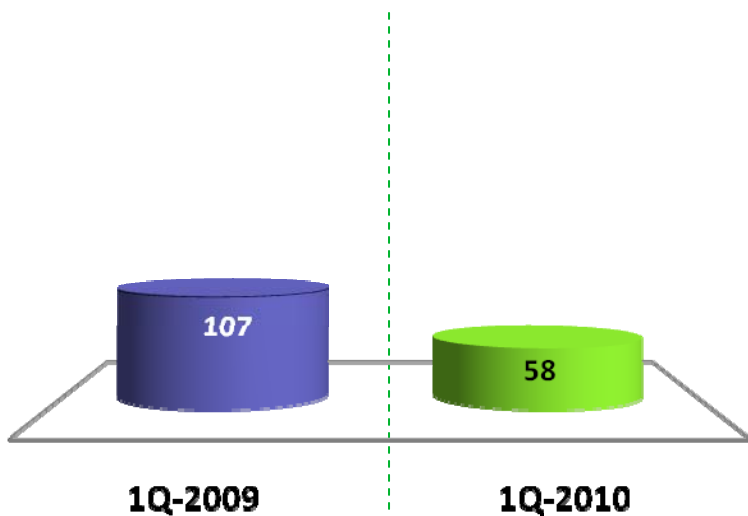
- Operating Expense / Revenue
- Marketing & Promotion
- Other G&A
- Depreciation

Note: Numbers may not add up due to rounding.

# Profitability

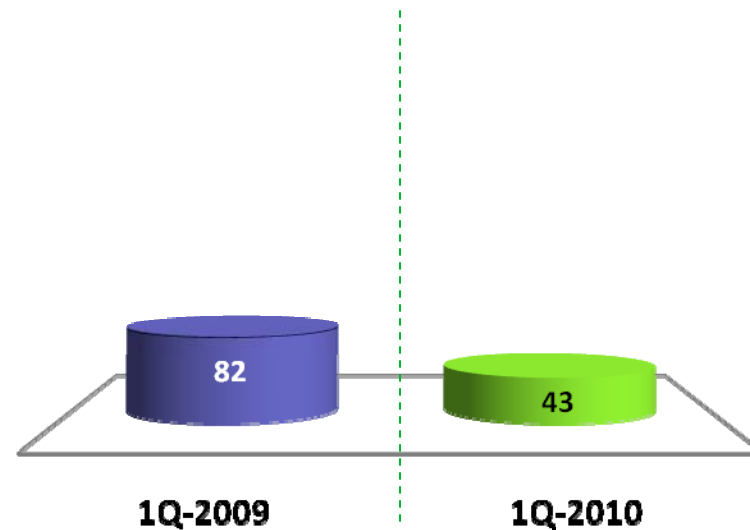
## Profit From Operations

(\$ millions)



## Net Profit After Tax

(\$ millions)



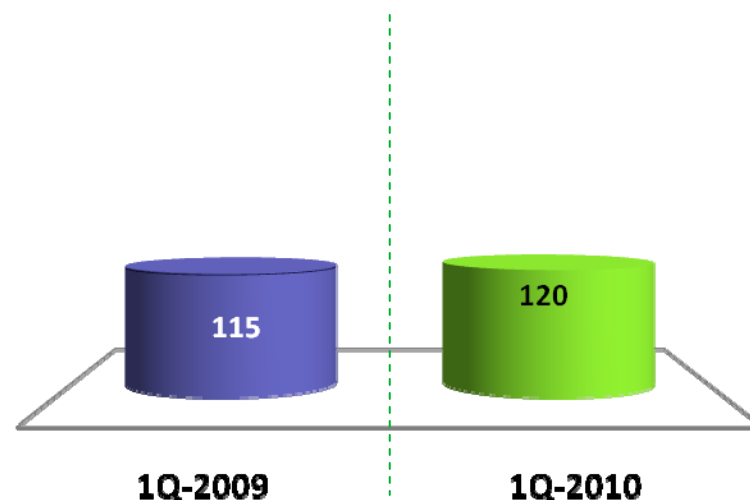
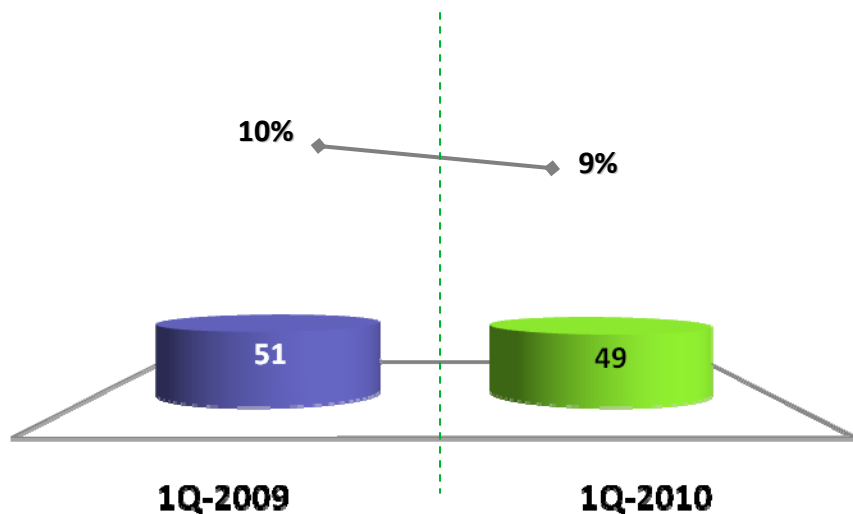
# Capex & Free Cash Flow

## Capex (cash payments)

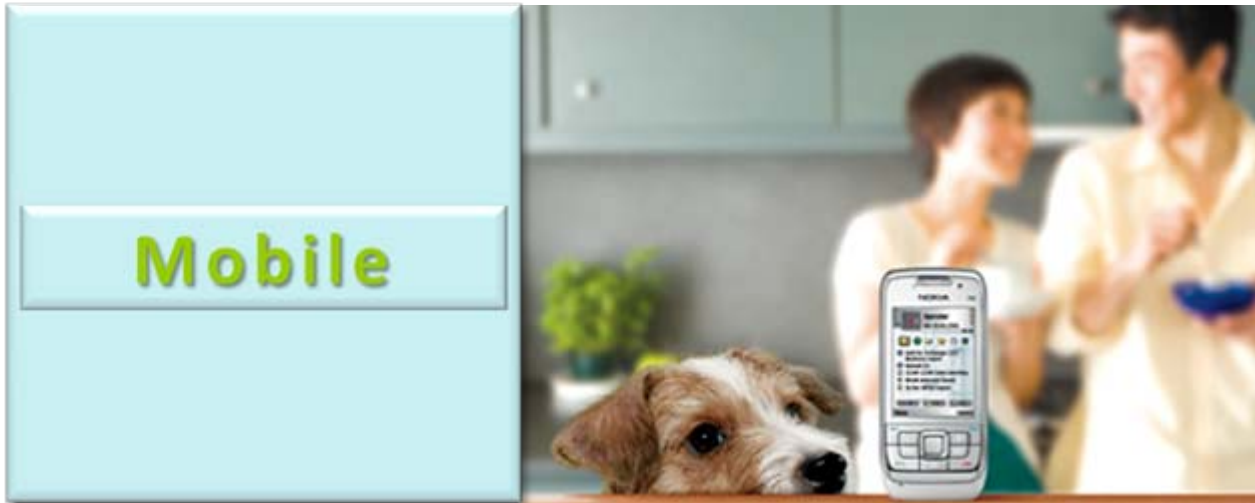
## Free Cash Flow

(S\$ millions)

(S\$ millions)



◆◆ Cash capex as % of Operating Revenue



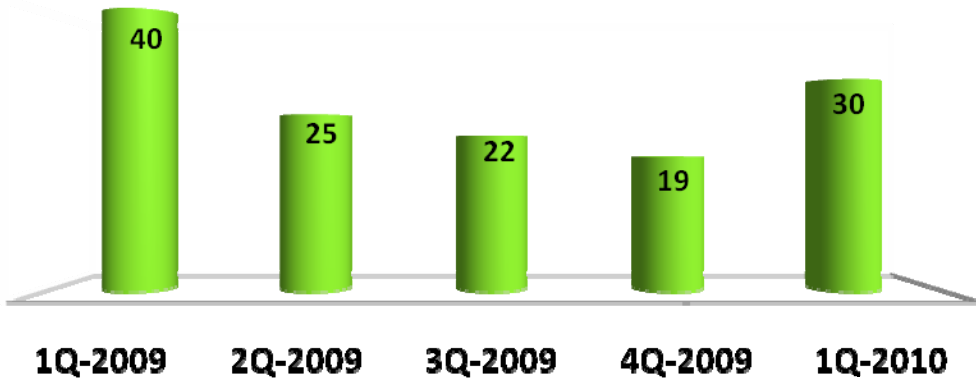
## Mobile – YoY Highlights

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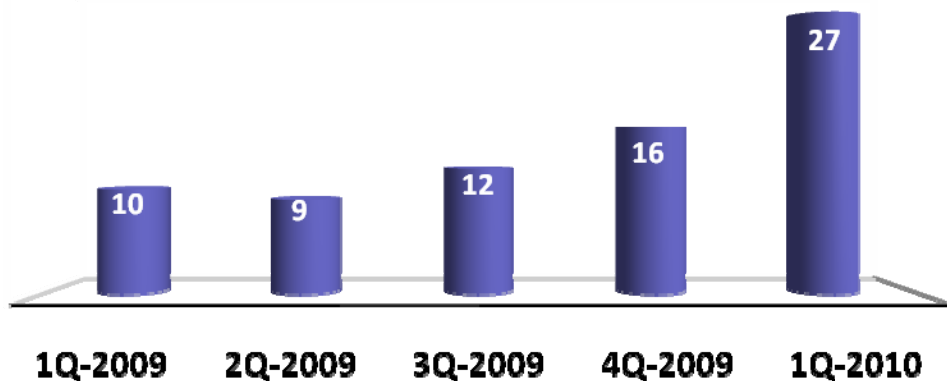
- **Post-paid mobile revenue increased 10%**
- **Pre-paid customer base expanded 10% & crossed the million mark**
- **Non-voice services as % of post-paid ARPU increased to 35.4%**

# Mobile Net Adds

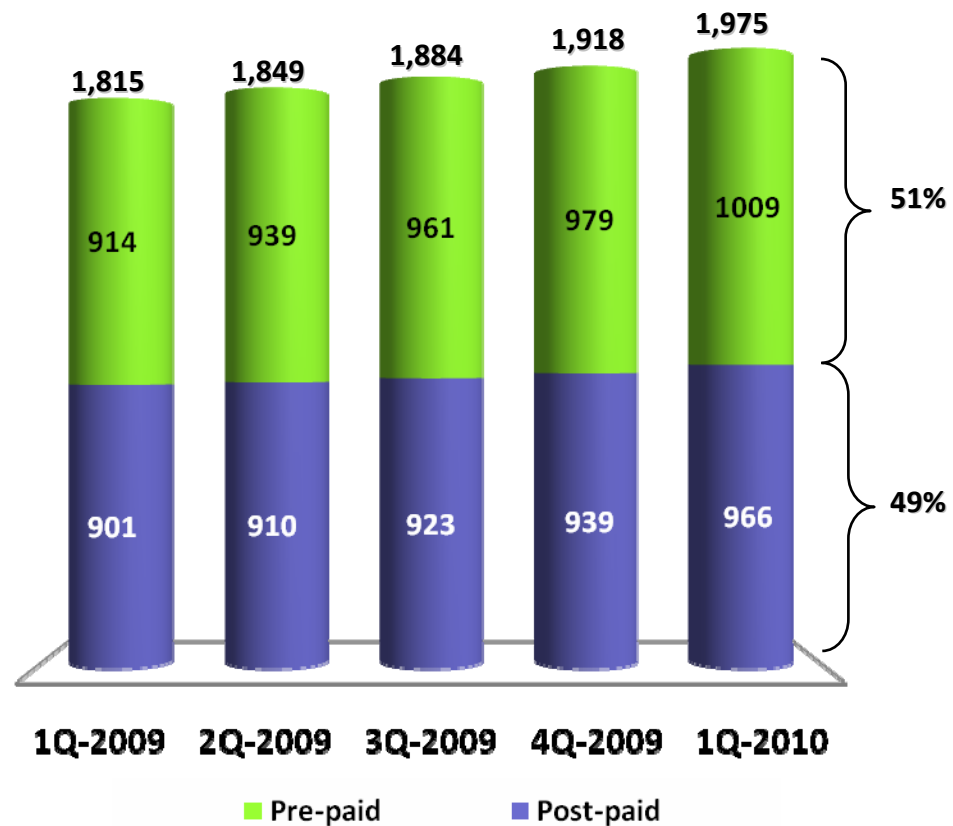
Pre-paid Net Adds ('000)



Post-paid Net Adds ('000)



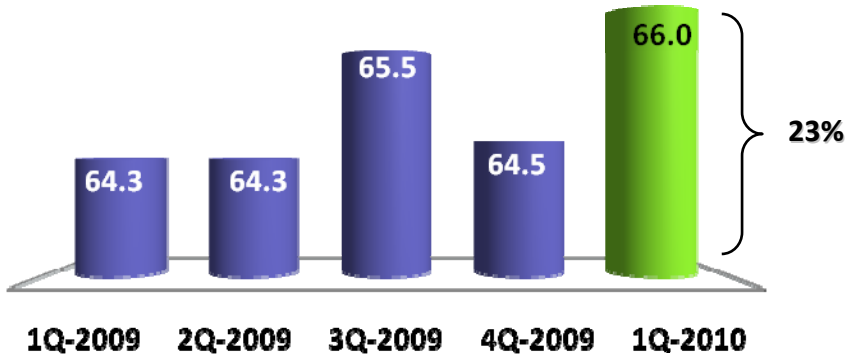
Customers ('000)



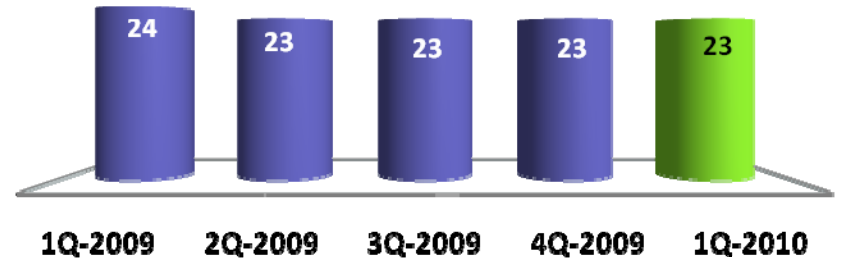


# Mobile Revenue & ARPU

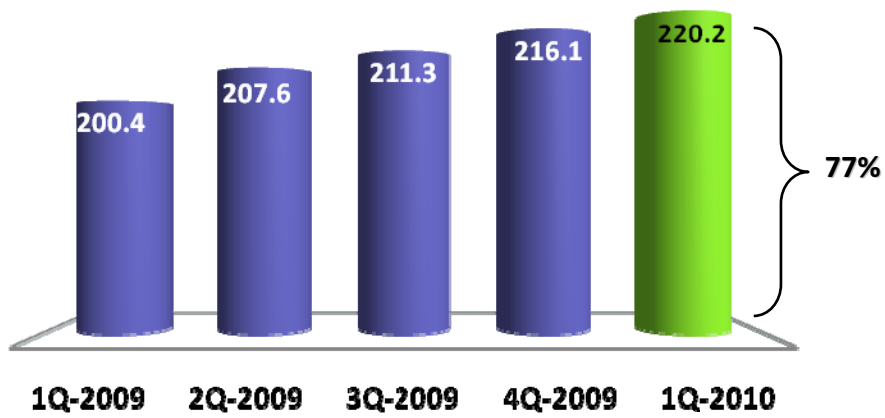
Pre-paid Revenue (S\$M)



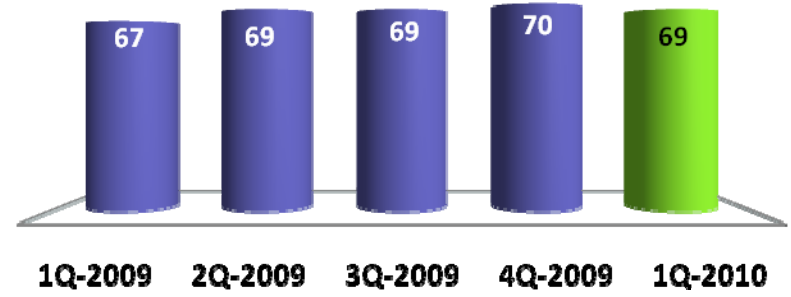
Pre-paid ARPU (S\$ per month)



Post-paid Revenue (S\$M)

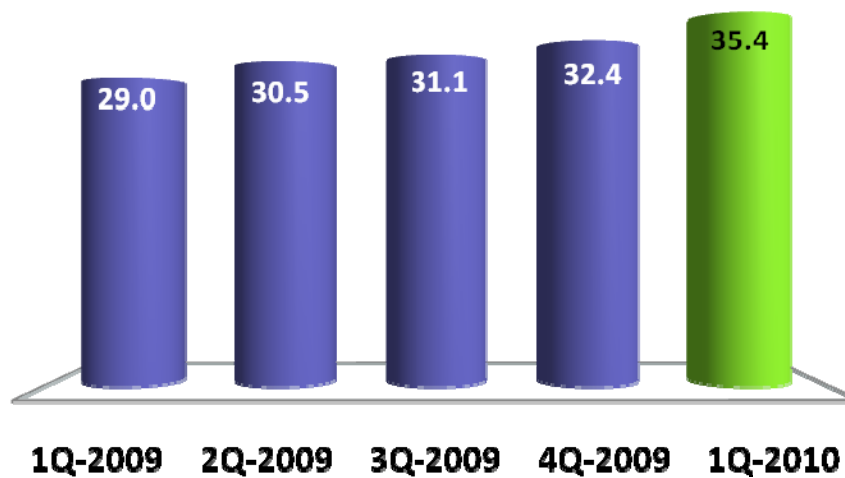


Post-paid ARPU (S\$ per month)



# Mobile Non-Voice Services

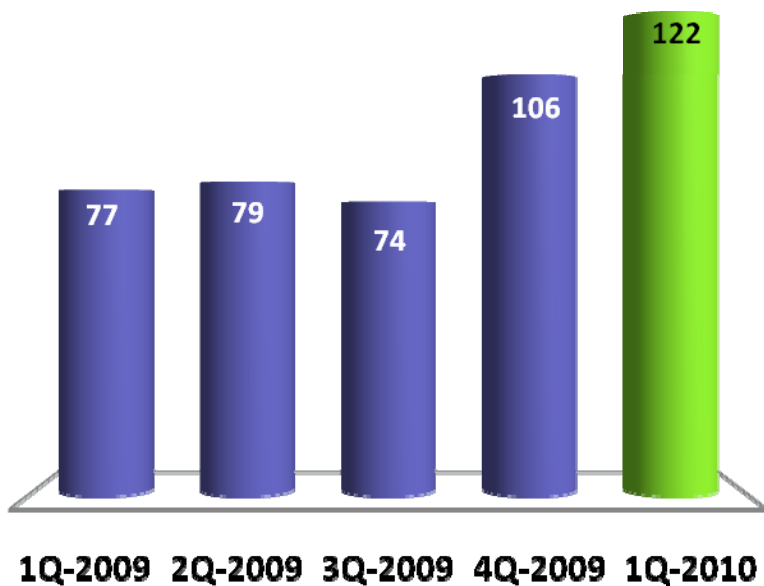
Post-paid non-voice services (% of ARPU)



# Mobile Acquisition Costs & Churn Trend

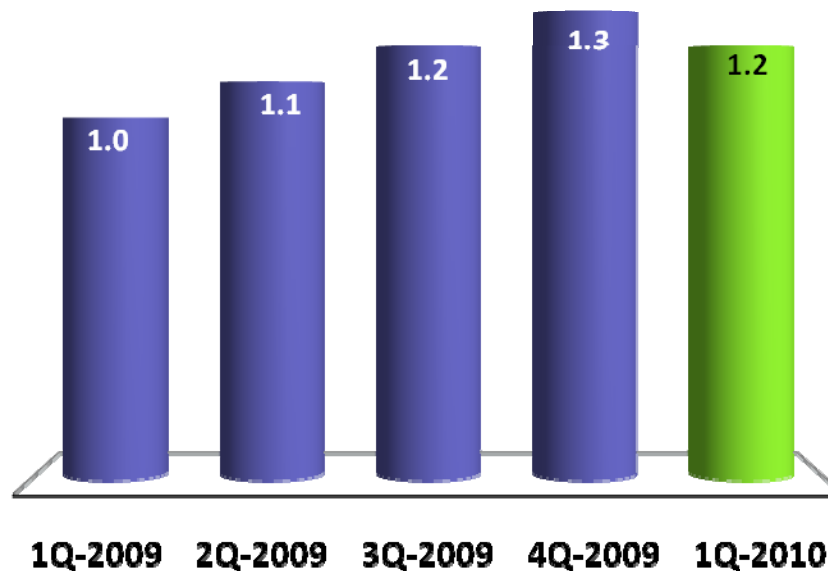
Average Acquisition Costs

Per Gross Connection (S\$)



Monthly Churn Rate (Post-paid)

(%)





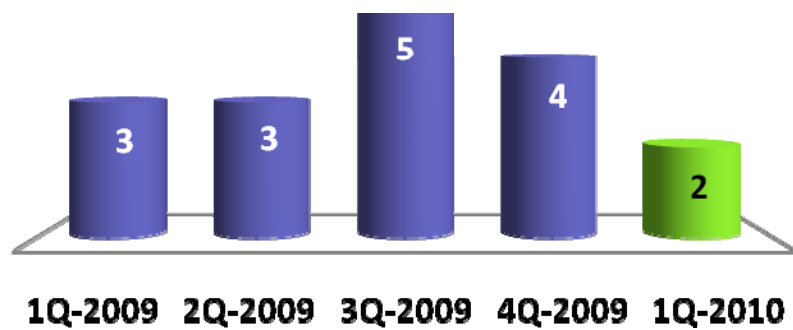
## Pay TV – YoY Highlights

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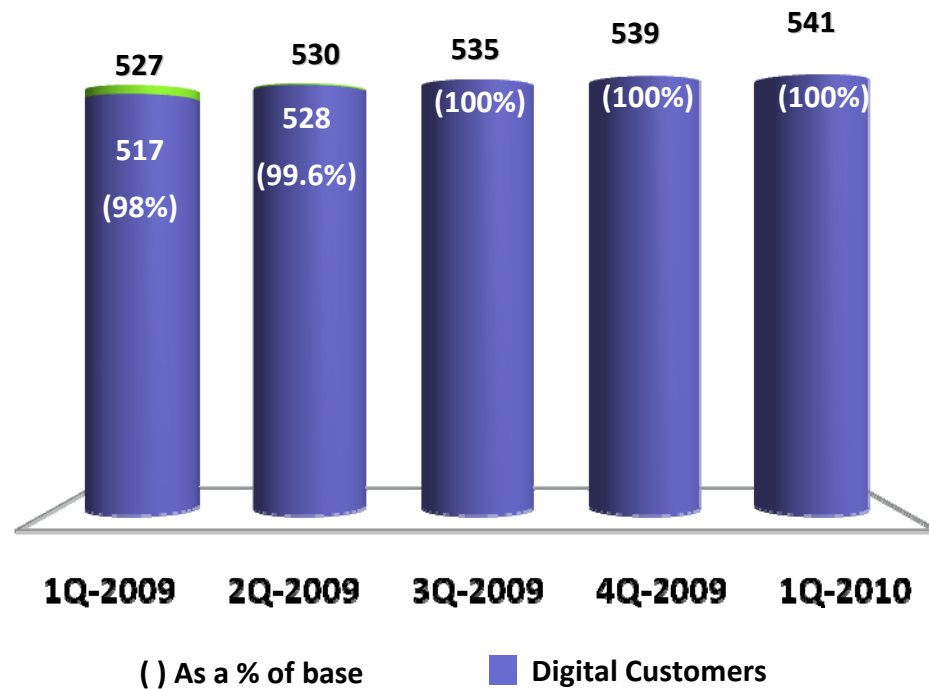
- **Added 14k customers**
- **ARPU decreased 5% to \$55**
- **Churn rate remained low at 0.9%**

# Pay TV Net Adds

Net Adds ('000)

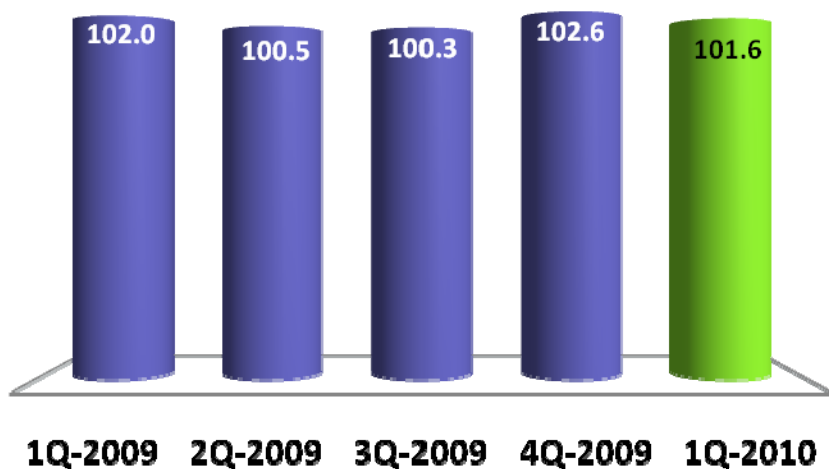


Customers ('000)

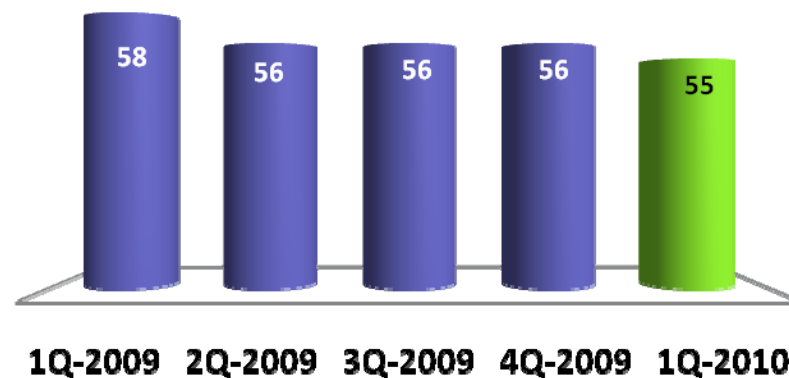


# Pay TV Revenue & ARPU

Pay TV Revenue(S\$M)

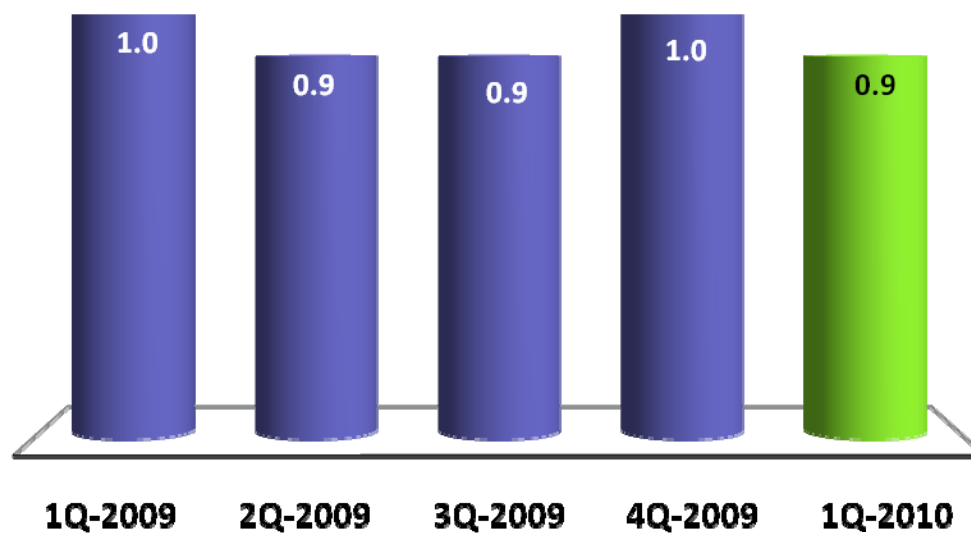


Pay TV ARPU (S\$ per month)

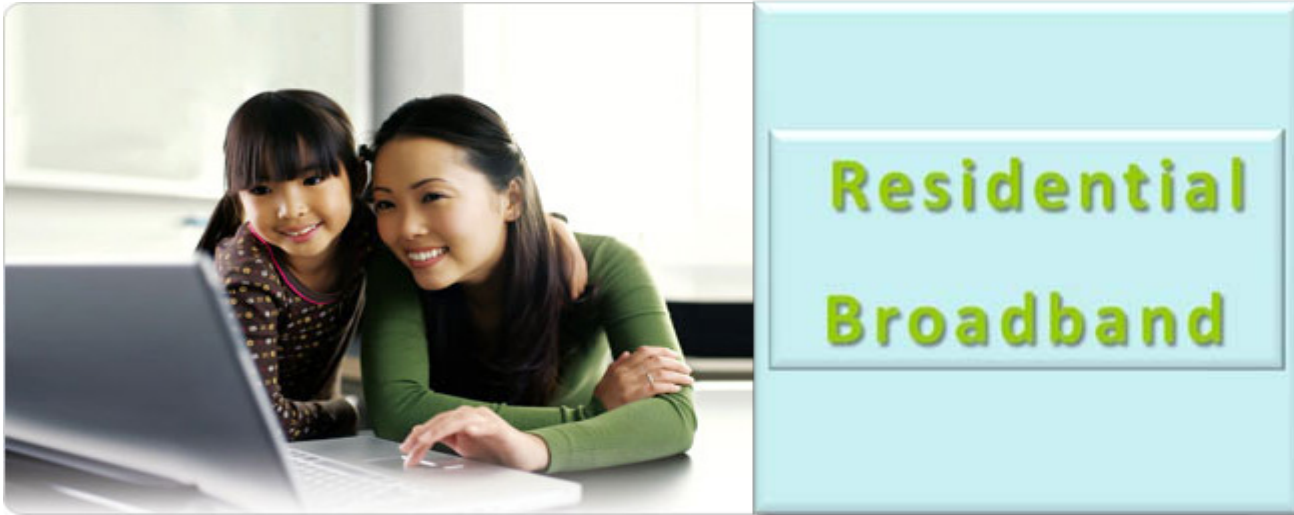


# Pay TV Churn

Average Monthly Churn Rate (%)







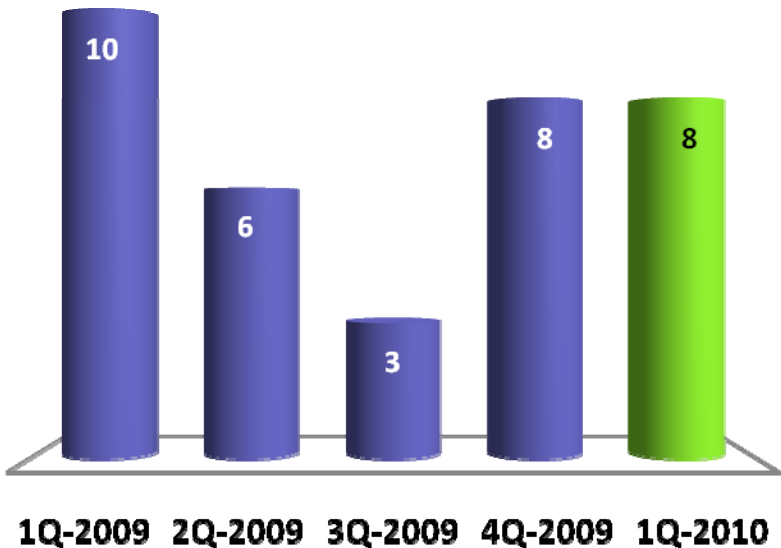
## Broadband— YoY Highlights

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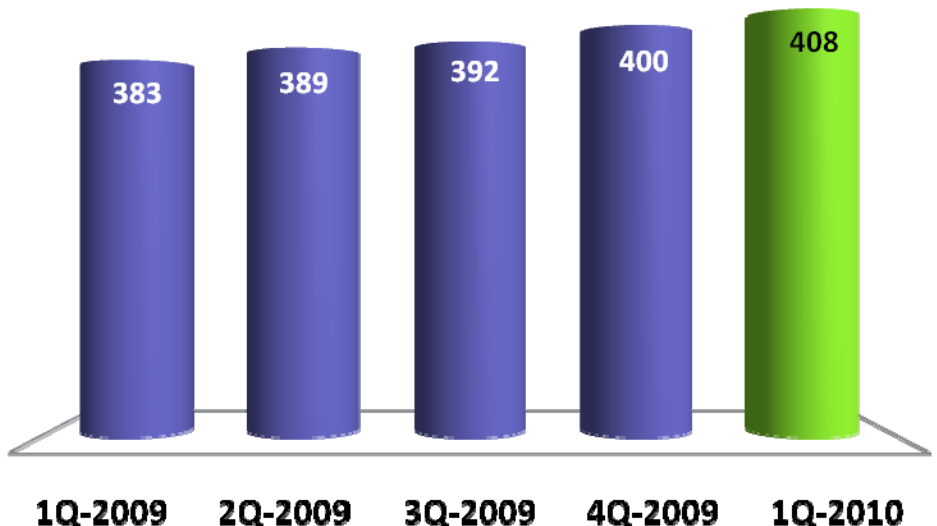
- **Added 25k customers**
- **ARPU decreased to \$48**
- **Churn maintained at 1.2%**

# Residential Broadband Net Adds

Net Adds ('000)

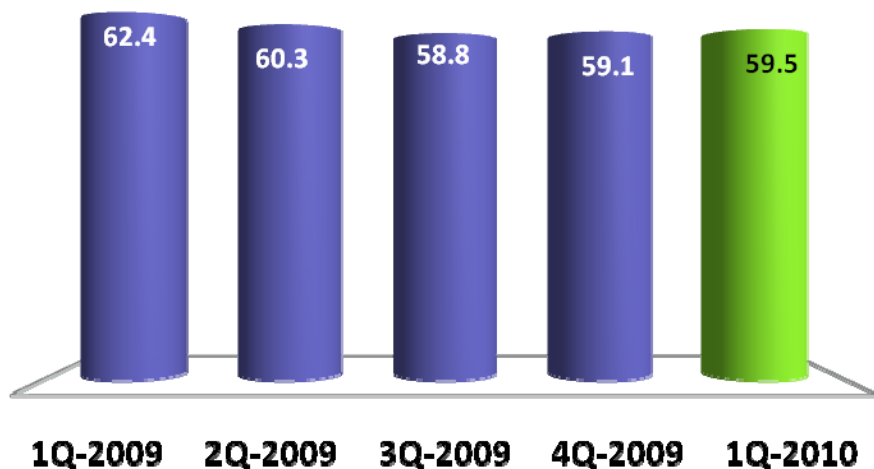


Customers ('000)

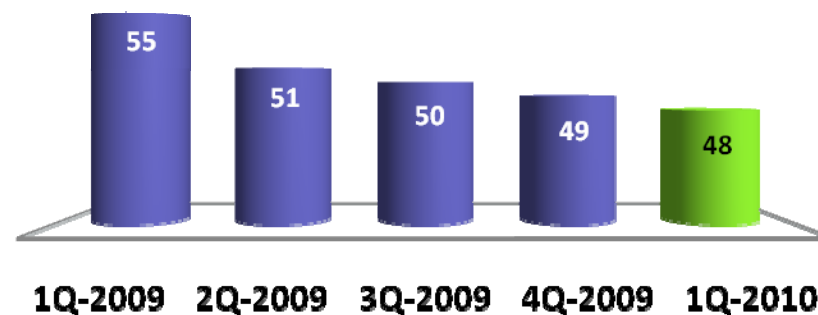


# Residential Broadband Revenue & ARPU

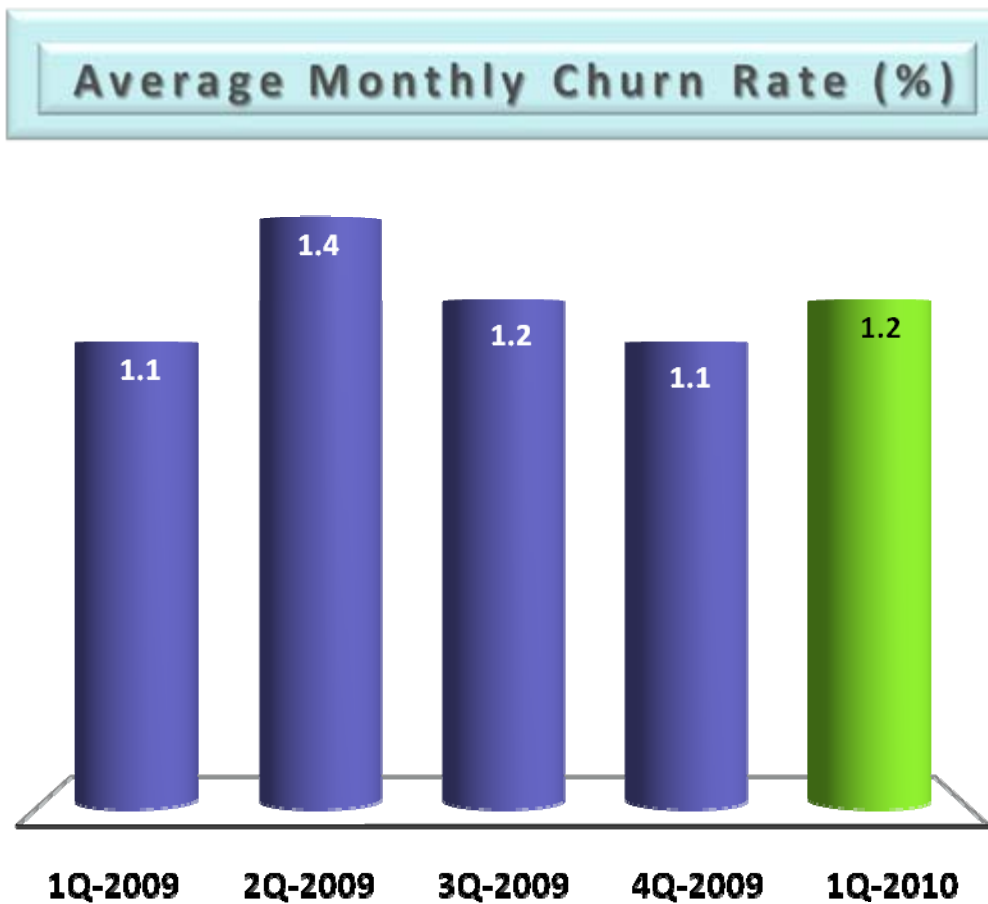
Broadband Revenue(S\$M)



Broadband ARPU (S\$ per month)



# Residential Broadband Churn





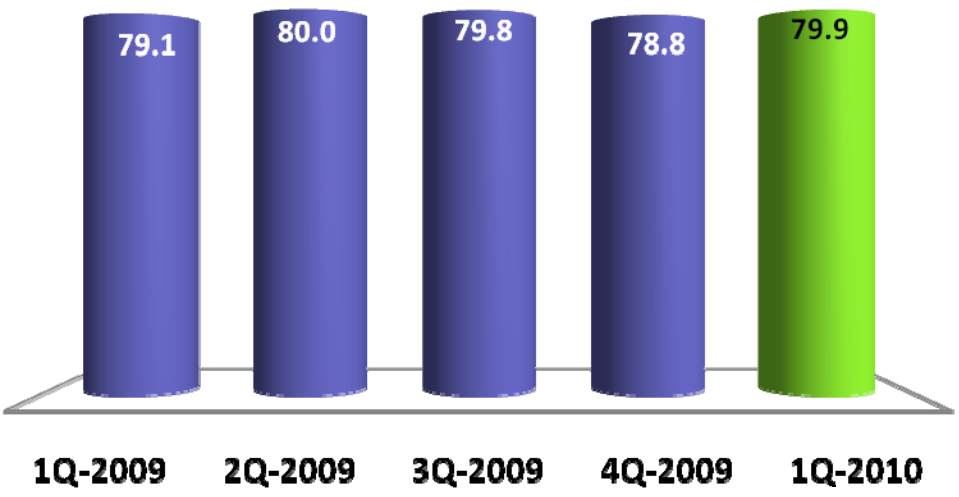
## Fixed Network Services – YoY Highlights

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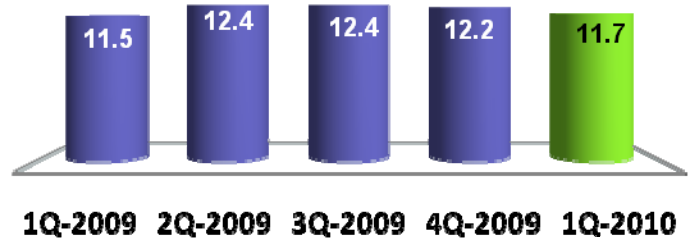
- **Revenue increased 1%**
- **Data & Internet services maintained 85% contribution to revenue**

# Fixed Network Services

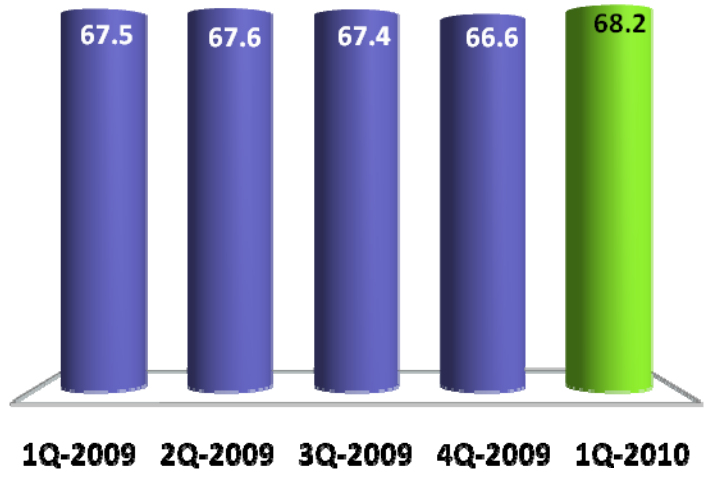
Fixed Network Revenue (S\$M)



Voice (S\$M)



Data & Internet (S\$M)



Note: Numbers may not add up due to rounding.





# Outlook

- Revenue:** Maintain revenue growth at low single-digit range
- EBITDA:** Revised EBITDA margin on service revenue to around 28%
- CAPEX:** Maintain cash capex to not exceed 14% as a percent of operating revenue
- Dividend:** Maintain cash dividend payout at a minimum of 5.0 cents per ordinary share per quarter, totaling 20.0 cents for FY2010



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