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PRESENTATION

Jeannie Ong - *StarHub Ltd. - Head of Corporate Communications and IR*

Hi, good evening, ladies and gentlemen, and welcome to StarHub's first quarter 2010 results announcement briefing. I am Jeannie, and joining me at this call are Neil Montefiore our CEO, Tan Tong Hai our COO, and Kwek Buck Chye our CFO.

Also assisting them are representatives of the senior management team, namely Chan Kin Hung our Head Products & Solutions, and Ng Long Shyang our Head of Sales.

Before we begin our presentation, I would like to remind all participants that this call will last for an hour. During the presentation, all participants will be in a listen-only mode, and we will conduct a question and answer session at the end of the presentation.

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Let me now invite Neil to share some highlights from our first quarter 2010 results. Neil, please.

Neil Montefiore - *StarHub Ltd. - CEO*

Thank you very much. Good evening, everybody. This is my first results [after I've been working for StarHub] so it'll be interesting.

It's been quite a challenging quarter, but I think it is quite a good quarter in a way because the investments we've made I think will pay off later on in the year.

But basically, I'll just run through a quick overview of where we are financially. Operating revenue was up about 5%; service revenue around 4%. Free cash flow increased about 4% too. The difficulty that people have understanding I think is that EBITDA margin contracted to about 22.5%. This was really due to the higher acquisition and retention costs driven by the, what I call the smartphone revolution, particularly the iPhone.

During the first three quarters -- the first quarter, three quarters of the phones we sold were smartphones, and the subsidy on smartphones is much higher, and the volume of phones was much higher than normal. So we did see a significant increase in acquisition and retention costs.

What we do with those costs is we write them down straightaway. We only put in the revenue from what we actually sell the phone at for a two-year contract, so that it does hit our margins in the quarter, but we do project we'll see improving margins as we go forward through the year, really driven by the fact that these smartphones and the iPhone deliver ARPU's around SGD10 more than ordinary phones and our existing phones.

Operationally, we did see good growth in Mobile, so we saw postpaid revenue go up around 10% year-on-year, customer base is up about 9% on Mobile.

On the fixed side, Nucleus Connect, our wholly-owned subsidiary, which will deliver the next generation network, launched its central offices today, and it's on schedule to offer commercial services some time in the second half of this year.

Our latest update quickly; we do have a new media code for a Pay-TV business. That was issued in March, and there has been a consultation period on that, and that finished today, so we're looking forward to getting the feedback on what people think about the new media code.

So moving to slide five, just quickly run through the highlights. So revenue was up about 5% to SGD557 million; service revenue also up about 4%.

EBITDA, as I said, was down; that's down about SGD50 million. That was really brought down, as I've said, by the investment in the smartphone revolution, but there was also a one-off staff payment in there which did effect which will not be coming in subsequent quarters.

Taxation down, obviously, as the profit before tax was down. CapEx payments remains pretty steady, and we're going to maintain our CapEx projections.

Free cash flow's worth looking at, which is around SGD0.0697 per share, so that is sufficient at the moment to cover our dividend payout. And net debt to EBITDA just over 1.

I think what we'll do, and I said what we'll see with the EBITDA margin is improvements quarter-by-quarter, so for the whole year, we're going to give a revised guidance of around 28%, so we'll see some significant improvements.



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Turn to page six. Service revenue up, as I said, about 8% totally; customer base up about 9% on the mobile side.

Pay-TV pretty flat, but the customer base grew slightly; Cable Broadband down. There's been quite a lot of promotions in the Broadband area. Though the customer base went up, the actual revenue did come down slightly. That was really driven by the fact that we've been offering low-end plans as well to try and get households that don't have broadband to connect into our broadband service.

Fixed Network, again, fairly flat; just up slightly.

Hubbing scorecards; I think the most important thing here is to note that the actual households that take three of our services or more increased by 9% year-on-year, so that's very good for us and it supports our hubbing strategy.

And then finally, if we just look at the ARPU from those households, fairly flat, but it is continuing to increase as it has done over the last year or so, so I think that's fairly positive too.

And with that, I'll hand over to Buck Chye to run through some more details on the financials.

Kwek Buck Chye - *StarHub Ltd. - CFO*

Good evening. I turn you now to slide 10. This first quarter of 2010 has been a challenging quarter as operators aggressively promoted iPhones and other smartphone bundles to grow higher, data usage and future ARPUs from both new and contracted customers.

We did well. Our net add of postpaid customers grew by 27,000 for the quarter. However, profitability for the quarter has been significantly reduced by the higher costs of handsets involved in such customer retention and acquisition activities. This quarter's EBITDA margin consequently reduced to 22.5% as compared to 33% the previous year.

This investment in costs of smartphone handsets will translate to future benefit of higher sustained ARPU and profitability. I'll elaborate on the cost aspects in the next slide.

The cost of sales for the quarter rose to SGD249 million, 26% higher compared with the same period last year. As a percentage of revenue, cost of sales ratio averages 45% compared to 33% last year.

Of this cost of sales, cost of equipment, which represents mostly handsets, increased by 93%, or SGD45 million year-on-year, due to the higher quantities of handsets and the higher unit costs of the smartphones sold in this quarter.

As you know, we only dealt with the launch of iPhone on December 9, hence this quarter represents a first full quarter of aggressive marketing promotion activities for smartphones with Internet browsing capabilities.

You know that we basically charge the full 100% of the cost of handset given to contract customers, or to acquire new customers in the period contracted, and we only recognize as revenue from sale of equipment the actual receipt which is collected from the customers for the subsidized phone. We do not do fair value of the revenue component of these handsets, which might be implied in the future 24 months contracting benefit to customers. Hence, we have taken the full cost of the handsets in the quarter, and expect the benefit of the service revenue for the next 24 months to accrue beyond the second half of this year.

The cost of service for the quarter increased SGD5 million, or only 6% year-on-year, and this is for the content acquisition of -- the new content acquisition, and also the higher costs for new or existing content. The cost is managed going forward for cost of services.



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On the right, other operating expenses at SGD250 million was 11% higher. This is contributed by higher staff costs, higher operating leases, and other expenses.

Now staff costs was SGD15 million higher. Included in here is a one-time SGD12 million charge for bonus, as well as the lower job credit grant this quarter compared with the same period last year.

Operating leases, repair and maintenance were higher, commensurating with the demand for the services across all our networks, and other expenses include a write-off for provision for stocks and asset impairment of an intangible software.

The next chart, on page 12; the Group operating profit at SGD58 million is consequently 46% lower, and the net profit after tax for the quarter at SGD43 million compared with SGD82 million in the first quarter last year, was 48% lower due to the higher retention and acquisition activities.

On slide 13, the Group's CapEx at SGD49 million for the quarter equates to 9% of operating revenue. We still maintain our full-year cash CapEx as a percentage of operating revenue not to exceed 14%, inclusive of Nucleus Connect spending for the year.

This quarter's free cash flow at SGD120 million was 4% higher year-on-year. This is attributable to sustained net cash flow generated from operating activities of SGD169 million in the quarter, and a marginal lower cash CapEx for the quarter.

And with that I'll pass the call to Tong Hai.

Tan Tong Hai - StarHub Ltd - COO

Yes. Thanks Buck Chye. I'll now cover the highlights for the respective segments; firstly the Mobile segment year-on-year highlights.

Postpaid mobile revenue increased by 10%. Prepaid customer base expanded 10% and crossed the 1 million mark, and non-voice services as a percentage of postpaid ARPU increased to 35.4%.

Chart 16. We registered strong net adds in both prepaid and postpaid segments. In particular, postpaid subs grew 27,000 driven by smartphones take-up.

Total Mobile subs is now 1.975 million, with prepaid subs surpassing the 1 million mark.

Chart 17. Prepaid revenue grew to SGD66 million, and ARPU for prepaid remains stable at SGD23. Postpaid revenue grew to SGD220.2 million, and ARPU grew year-on-year by SGD2 with higher IDD and roaming revenue.

Chart 18 shows you the Mobile non-voice services, and with an increase in adoption of data plans by smartphone users, postpaid non-voice services is now 35.4% of ARPU.

Next, acquisition costs and churn trends. Acquisition costs are higher at SGD122 per gross connection due to higher acquisition costs for smartphone customers. Acquisition costs for fourth quarter was lower than first Q, as iPhone was launched on December 9, and will only factor in three weeks of iPhone impact. Monthly churn rate remains stable at 1.2%.

Next we go to the Pay TV segment year-on-year highlights. We've added 14,000 customers. ARPU decreased 5% to SGD55, and churn rate remains low at 0.9%.



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If we take a look at the net adds, we managed to add another 2,000 subscribers, in spite of intense competitive promotional activities. Total Pay-TV subscribers is now 541,000 fully digital.

Next chart 23 shows you that revenue remains stable at SGD101.6 million. Now ARPU dropped SGD3 to SGD55 year-on-year as we gave more discount offers for our new program bundles and add-on channels. We managed to keep our acquisition -- the churn rate low at 0.9%, in spite of aggressive competitive marketing.

Next Broadband; year-on-year highlights. We've added 25,000 customers; ARPU decreased to SGD48, and churn maintained at 1.2%.

Chart 27 shows you the net adds. We've added 8,000 Broadband customers this quarter, and total Broadband customers is now 408,000.

In terms of our revenue, Broadband revenue grew slightly quarter-on-quarter, and ARPU declined by SGD1 quarter-on-quarter in line with our guidance that it will be in the range from SGD45 to SGD49.

Year-on-year, the drop in ARPU by SGD3 is due to higher subscription discount offers, the [dry] takeup, and increasing mix of lower tier price plans. The churn rate remains stable at 1.2%.

Next fixed network services; year-on-year highlights. Revenue increased 1%; data and Internet services maintained 85% contribution to revenue.

If we take a look at the revenue, it grew to SGD79.9 million, with growth on both data and Internet and voice services. Data and Internet grew to SGD68.2 million, primarily contributed by increase in backhaul services.

With this, I hand back to Neil to provide you with the outlook.

Neil Montefiore - *StarHub Ltd. - CEO*

Thank you, Tong Hai. So I'll just quickly summarize the outlook and the guidance.

In terms of revenue, we're maintaining our previous guidance at the low single digit range.

EBITDA we have explained we think it will improve quarter-by-quarter. We've giving the guidance to end the year, the full year, at around 28%.

CapEx we're maintaining not to exceed 14%. That's up slightly, as I mentioned at the last results, because of investment in our Nucleus Connect subsidiary, as well as our new billing (inaudible).

Dividends, I can confirm we will maintain our minimum dividend payout of SGD0.05 per quarter per share, totaling SGD0.20 for the year. And as I've said before, when we do this, when we look at our dividends with -- the guidance we do based on a three-year outlook.

Okay, so I think now I'll hand back to Jeannie.

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QUESTIONS AND ANSWERS

Jeannie Ong - StarHub Ltd. - Head of Corporate Communications and IR

Thank you, Neil. We will now begin the questions. (Operator Instructions). Our first question comes from Sachin from DBS. Hi, Sachin.

Sachin Mittal - DBS - Analyst

Hi, Jeannie, and everyone. Thank you for the call. I have actually four questions. First question is, is it just the smartphone or iPhone subsidy which has taken you by surprise, and that's why we are seeing the lower guidance in terms of EBITDA margins?

And second question is on -- when you say the three-year outlook on which you base your dividends, does it mean that three-year dividends are secure?

Third question is actually more of a question for Buck Chye. We have seen operating lease increase by SGD5 million in this quarter. What is the key reason behind this operating lease increase?

And staff costs of course you explained have increased by SGD15 million year-on-year. Is it SGD3 million coming from job credits alone, or is it some kind of cost built in?

And actually, I have a question also which is on depreciation. We have not seen increase in depreciation although you guided for it in your FY'09 results. So when should we start to expect that to happen?

Jeannie Ong - StarHub Ltd. - Head of Corporate Communications and IR

Sachin, that's four questions. We'll try and answer your questions.

Sachin Mittal - DBS - Analyst

Yes.

Jeannie Ong - StarHub Ltd. - Head of Corporate Communications and IR

iPhone subsidies?

Neil Montefiore - StarHub Ltd. - CEO

Well, it's the iPhone and other smartphone subsidies that have hit the margins in the main. And I think I did mention there was a one-off payment to staff which will not repeat in the subsequent quarters.

Sachin Mittal - DBS - Analyst

Okay.

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Neil Montefiore - *StarHub Ltd. - CEO*

We weren't particularly surprised, although the level of phones that actually sold surprised us. We saw in the three weeks in December when we launched, when the two operators other than SingTel launched with the iPhone, we saw tremendous demand, and we thought that would die down somewhat in the first quarter but it actually was sustained through January, February and March; and it's so far in April too.

But obviously, the benefit from the smartphone revolution is that we do get the higher ARPU, and that will start to kick in probably some in the third quarter and some in the fourth quarter.

Sachin Mittal - *DBS - Analyst*

Okay.

Neil Montefiore - *StarHub Ltd. - CEO*

So we were surprised by the sheer level of phones that were sold, and the phones in Singapore, total phones sold doubled and have stayed at that sort of level. And, as I said, with us, about three quarters of those phones were smartphones.

Sachin Mittal - *DBS - Analyst*

Okay.

Neil Montefiore - *StarHub Ltd. - CEO*

And then the three-year outlook, we don't give guidance for three years. We give guidance, as we say, for the single year, but when we make our decision we look at the three-year plans.

Sachin Mittal - *DBS - Analyst*

Okay.

Jeannie Ong - *StarHub Ltd. - Head of Corporate Communications and IR*

Right. We'll go to Buck Chye for operating lease.

Kwek Buck Chye - *StarHub Ltd. - CFO*

Okay. Operating lease was year-on-year increased by SGD3.4 million, not SGD5 million, and this is attributable to higher international lease capacities, and also for base station rentals as we continued to expand the network over a larger customer base.

Sachin Mittal - *DBS - Analyst*

So this is sustainable cost increase.

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Kwek Buck Chye - *StarHub Ltd. - CFO*

Yes, it is sustainable.

On the staff costs, the job credit -- the question you asked, job credit.

Sachin Mittal - *DBS - Analyst*

Yes.

Kwek Buck Chye - *StarHub Ltd. - CFO*

The job credit difference is about SGD1 million.

Sachin Mittal - *DBS - Analyst*

Which means SGD2 million increases there from normal salary increase? Okay.

Kwek Buck Chye - *StarHub Ltd. - CFO*

Yes.

Sachin Mittal - *DBS - Analyst*

Okay, okay.

Kwek Buck Chye - *StarHub Ltd. - CFO*

Yes, you have normal salary increase also in there, yes.

Sachin Mittal - *DBS - Analyst*

Okay, okay. Thank you very much. That explains quite a lot, yes.

Jeannie Ong - *StarHub Ltd. - Head of Corporate Communications and IR*

Thank you, Sachin. Our next is William from Deutsche Bank. William, go ahead.

William Bratton - *Deutsche Bank - Analyst*

Hello, everybody. I've got a couple of questions. First of all, Neil, you just mentioned that smartphones, the take-up was quite strong in April. Do you see the smartphone take-up remaining strong throughout the second quarter? And if so, should we assume a similar level of margin compression in the second quarter?

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And my second question is, the Government has previously indicated that they may be relooking at some of your exclusive Pay-TV content agreements that were signed before the cut-off date, March 12. Is that something that investors and us should be getting cautious about, should be worried about going forwards?

Neil Montefiore - *StarHub Ltd. - CEO*

Okay. With the first one, we certainly have seen the iPhone in particular and other smartphones, the popularity has remained in the market and the volumes are quite high. But I think the numbers that are being sold is also quite high throughout all of Singapore, so I think we'll see some of the demand coming down, so we'll see back to more normal numbers of phones.

Hopefully also, the actual payback period for the phones will start to come down as well, because there is a lot of competition coming in. We've already launched the Motorola Milestone, which has been very popular. There will be new phones coming in from HTC, Samsung and Nokia and there will be price pressures.

I think I mentioned to you last time we met that HuaWei were talking in February about a sub-USD200 smartphone, so I think we'll see some reductions in these large subsidies that we've put in there. And hopefully, we'll maintain the increased ARPUs from them.

In terms of the exclusivity with discussions with MDA, they've actually changed the code, so that has changed already. So basically, they're saying any exclusive contracts after the date they've changed the code will be on a must-carry basis, so it will be made available to other operators for a carriage fee.

But I can't really comment further than that. We do have exclusive agreements, and the MDAs have gone through a consultation period which they extended until today, and we've made our submission. We know a number of content owners have made lots of submissions. We'll be waiting to see what the feedback is.

William Bratton - *Deutsche Bank - Analyst*

Okay. So, sorry, there's a quick follow up. So the comments by the Minister in the newspaper that there was some suggestion that you guys signed exclusivities ahead of the cut-off, we shouldn't be too concerned about any potential investigation to that.

Neil Montefiore - *StarHub Ltd. - CEO*

I think anything to do with Ministers' comments you should probably direct to the Ministry.

William Bratton - *Deutsche Bank - Analyst*

Okay. Fair enough.

Jeannie Ong - *StarHub Ltd. - Head of Corporate Communications and IR*

Thank you, Will.

William Bratton - *Deutsche Bank - Analyst*

Cheers. Thanks, everyone.

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Jeannie Ong - StarHub Ltd. - Head of Corporate Communications and IR

Right, the next caller is Sachin Gupta from Nomura. Hi, Sachin.

Sachin Gupta - Nomura - Analyst

Hi, yes. Thanks very much. I've got a few questions. Firstly, historically you've given us margins by business as well. I don't know if I missed it, but I just don't see that in the presentation, so if you can just provide that.

Secondly, Buck Chye, this staff cost is variable staff cost. I don't know if I understand what that relates to; if it's some variable bonus, and why wasn't that booked in 2009? Is that something which - if you take it out of this quarter, should we be adjusting that for 4Q result? That's my second question.

Thirdly, can we expect a tax to be paid this year? I think the deferred tax credit is at SGD7 million/SGD8 million.

And the last question is, there's some noise around Nucleus Connect; sorry, some noise that the rollout is getting slightly delayed. If that's the case, could your CapEx actually be lower in 2010?

Jeannie Ong - StarHub Ltd. - Head of Corporate Communications and IR

Buck Chye, on staff costs.

Kwek Buck Chye - StarHub Ltd. - CFO

Okay, on staff costs, if you realize that in this quarter it is very clear that industry is getting more competitive in hiring. We and the Board have decided to be competitive in rewarding staff so that we can keep growing their productivity.

What happened was that the Board has approved one-time additional bonus so as to keep staff fully committed to doing what they need to do for us, and that is the SGD12 million additional bonus that was declared.

This obviously cannot be projected last year, because we didn't have the same market condition where Singapore has suddenly improved by 13%.

Sachin Gupta - Nomura - Analyst

Okay. Tax.

Kwek Buck Chye - StarHub Ltd. - CFO

Tax. I don't think there would be a cash tax payment this year. Yes, you have pointed out that the booked double tax asset benefit seems to be a small one now. The real benefit is because we can have Group tax loss offset, and there are some losses we have not picked up as DTA yet. So I don't think you see any cash tax for this current year.

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Neil Montefiore - *StarHub Ltd. - CEO*

I think the last question was on Nucleus Connect. Yes, as you know, we have operational separation from Nucleus Connect, so I can't talk about any details on them because I'm not supposed to know them, but they did have a press session this morning when they opened their central offices for the first time.

And actually, the CEO of Nucleus Connect did say that they would be open for RSP services in the third quarter. And my guidance is that we'll be offering services in the first half, so we'll -- really where we are -- second half of this year. So that's really where we are. It's coming up. It will there quite soon.

Tan Tong Hai - *StarHub Ltd - COO*

But I just want to add your question could CapEx be lower in 2009 and --

Neil Montefiore - *StarHub Ltd. - CEO*

2010.

Tan Tong Hai - *StarHub Ltd - COO*

Sorry, 2010; this year. I think because you need to get the equipment to be up and running, so these are basic core network investments. So this investment will have to be made this year because of Nucleus Connect launching in the second half of next year.

Subsequent CapEx will be based on success. That means that -- sorry, Nucleus Connect this year will be making the CapEx investment in this year, regardless of -- even when it's delayed to second half of this year.

In terms of the rest of the CapEx, it's going to be success based. That means this is based on take-up, so that's where we are now.

Jeannie Ong - *StarHub Ltd. - Head of Corporate Communications and IR*

Right.

Sachin Gupta - *Nomura - Analyst*

Okay, sorry. Thanks for that. My first question that hasn't been answered yet, just the margins by businesses, and I just have one more question on the cost front. Obviously, we are seeing a lot of marketing in the last few weeks, and you've got this new channel structure as well. Has that added to the cost?

Kwek Buck Chye - *StarHub Ltd. - CFO*

Could you repeat?

Neil Montefiore - *StarHub Ltd. - CEO*

Oh, right. I'm not quite sure what we took out of the margin by businesses, but I think --



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Kwek Buck Chye - *StarHub Ltd. - CFO*

Well, no, because our competitors didn't show it.

Neil Montefiore - *StarHub Ltd. - CEO*

Ah, yes, we think it gives information to the competitors. The channel renumbering has actually been received very well by everybody, because it's now quite easy to find the areas that you're interested in and go to them, and so we're hoping that will help drive additional subscriptions to different groups of channels.

Sachin Gupta - *Nomura - Analyst*

Okay, so thanks. Can you just -- so if I understand, so you won't be giving out this margin by business going forward?

Jeannie Ong - *StarHub Ltd. - Head of Corporate Communications and IR*

No, we will not.

Sachin Gupta - *Nomura - Analyst*

Okay. Thank you very much.

Jeannie Ong - *StarHub Ltd. - Head of Corporate Communications and IR*

Unless our competitors do so as well.

Sachin Gupta - *Nomura - Analyst*

Okay. Thank you.

Jeannie Ong - *StarHub Ltd. - Head of Corporate Communications and IR*

Next caller is Arthur from RBS. Hi, Arthur.

Arthur Pineda - *RBS - Analyst*

Hi. Thanks for the call. I have three questions. Firstly, can you clarify why there's a change in the guidance on margins? Now presumably, when you gave out your guidance at the start of the year, you already knew about the iPhones coming onboard. Is there any other margin pressure coming in from non-Mobile businesses as well?

Neil Montefiore - *StarHub Ltd. - CEO*

No, no. The main reason is the iPhone and particularly smartphones, and the guidance we gave at the end of the year, we'd only really seen three weeks of the iPhone, and we thought that was like the big bang because three operators were all in the market with a big explosion and that there was pent-up demand. But actually, what it is there is a genuine smartphone

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revolution that everybody in Singapore would like to have a smartphone now, and three quarters of the phones we sell are smartphones. So it's quite a big change.

Arthur Pineda - RBS - Analyst

So there's no pressure from the other businesses?

Neil Montefiore - StarHub Ltd. - CEO

As we said, we've had some contraction in ARPUs in the Broadband; there's pressure there. But that's driven by us trying to penetrate households that didn't really have Broadband, they were still on dial-up type Internet access, so we brought in some low-end plans and that pulled down the ARPUs a little bit.

Arthur Pineda - RBS - Analyst

Thanks. The second question I had is with regard to ARPUs. What's the ARPU differential now for smartphones versus regular phones for you? I'm just wondering why the postpaid ARPUs have actually declined if data plans should be driving it up.

Neil Montefiore - StarHub Ltd. - CEO

Well, with the smartphone, we typically get about \$10 per month more ARPU. It does vary whether they're a re-contracted customer or a new customer, so we typically -- our average ARPU's around \$70, and a new customer will be about \$80, and a re-contracted customer will be about \$90-something. So it definitely delivers a higher ARPU, yes.

Tan Tong Hai - StarHub Ltd - COO

With regard to your question on the drop in ARPU, I think you are referring to the quarter-on-quarter decline of the dollar, because year-on-year, it grew by \$2. I've mentioned it is due mainly to a higher IDD and roaming. For quarter one versus fourth quarter, quarter one is a shorter month. February seasonally would be a lower quarter because of the seasonal factor, because of a shorter month.

Neil Montefiore - StarHub Ltd. - CEO

And it's also Chinese New Year and people tend to do that at home rather than travel.

Arthur Pineda - RBS - Analyst

Okay. Last question I had is with regard to the margins. If you were to amortize it, let's say the smartphone subsidies over 24 months or your contract period, how would they actually look like on your books?

Neil Montefiore - StarHub Ltd. - CEO

Can I answer that? We have worked that out. Shall I -- do you want to? They would increase significantly.

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Kwek Buck Chye - *StarHub Ltd. - CFO*

Yes. I think generally all operators work to make profits, so yes, it looks like we have to deal with higher cost handsets, but as you can see, each month, you are supposed to get incrementally at least \$10 or \$15 more, depending on the plan he takes. So over the 24 months, you obviously -- you just do the math and you definitely would be earning more than 50% return on that investment in handsets.

Neil Montefiore - *StarHub Ltd. - CEO*

Obviously, I think every operator around the world is looking at fair value accounting. I actually think it's probably better to stay the way we are, which is a very conservative way. So we write down the cost of the handsets when they're incurred, and we only attribute the revenue what the customer actually pays us.

The fair value accounting is quite complex and I know there's lots of people looking at the standards and the accounting standards, but if it's globally adopted, we may change. We do know -- we have noticed that operators have -- some operators have changed to that method of accounting.

Arthur Pineda - *RBS - Analyst*

Okay. Thank you very much.

Jeannie Ong - *StarHub Ltd. - Head of Corporate Communications and IR*

Thank you, Arthur. Next we have Rama from Macquarie. Hi, Rama boy.

Kwek Buck Chye - *StarHub Ltd. - CFO*

Rama boy?

Rama Maruvada - *Macquarie - Analyst*

Hi. Good evening, everyone.

Jeannie Ong - *StarHub Ltd. - Head of Corporate Communications and IR*

Sorry, Rama.

Rama Maruvada - *Macquarie - Analyst*

I have three questions. Firstly, with regards to the staff payment, if you could provide some idea of was it a part of the guidance that was given out in the previous quarter, or was it a surprise as the year went by that you're trying to react to the market condition? That will be good.

The second one is with regards to cost of services. That line seems to have crept up on a quarter-on-quarter basis. How should we think about this going forward, and what was driving the cost increases there?

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The final one is with regards to the postpaid MOUs. They seem to have decreased to around 387 minutes, so if you could just provide some qualitative commentary on what exactly are you seeing there.

And in relation to the subscriber profile of iPhone users, are these people who are incrementally adding on more -- giving you more ARPU from a subscription pattern, or are these down-trending; that is, moving down a plan but adding a data plan?

Neil Montefiore - *StarHub Ltd. - CEO*

Thanks, Rama. I'll let Buck Chye answer that first one.

Kwek Buck Chye - *StarHub Ltd. - CFO*

Okay. The staff bonus is definitely not in the forecast previously, because this is only determined in February, and hence it's fair to say that basically otherwise our staff cost is in control. We are certainly very careful about hiring new staff and, basically, the forecast did anticipate that there is some salary increase. It did factor that the job credit throughout the whole year would be less than last year, all right? So, yes, it is a one-time, not previously in the forecast for the \$12 million.

Rama Maruvada - *Macquarie - Analyst*

Okay, thanks.

Kwek Buck Chye - *StarHub Ltd. - CFO*

And the second question is on costs of services. I think you're alluding to the fact as most of the costs of services content, whether it's for Mobile or for Pay-TV, we are confident that the cost of our content is now managed, and hence it will be stable.

Tan Tong Hai - *StarHub Ltd - COO*

Regarding your question on the drop in the minutes of use, what we have done is that, because in some of our plans we have bundled in more minutes into those data plans, and that's the reason why the minutes of use have actually dropped.

Rama Maruvada - *Macquarie - Analyst*

Okay. If you could just provide some commentary on the profile of iPhone users, are these people who are reducing the minutes in their voice plans while taking up a data plan, or are they retaining the current existing voice bundle but adding on a data plan on top of it?

Neil Montefiore - *StarHub Ltd. - CEO*

The majority of them are taking up one of our data plans because we encourage them to do so. Because particularly with the iPhone, as it's quite a lot of data usage, and we don't want people to have horrible bill shocks.

We also -- if they're roaming, we also have a cap on what they can incur when they're actually roaming in terms of data usage, because the iPhone does use a lot of data and has a lot of applications that just hammer away in the background. So most have moved to the --- one of our data plans, and we do bundle in some minutes with that as well, so --. But it generally does give us about a \$10 increase in ARPU.

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Rama Maruvada - *Macquarie - Analyst*

Okay. So, Neil, I mean, at the risk of repeating myself, so you don't really think the customers are managing their wallet and then trying to apportion more for data plans while going down from a normal Wi-Fi?

Neil Montefiore - *StarHub Ltd. - CEO*

No, not really. No, no.

Rama Maruvada - *Macquarie - Analyst*

Okay. Thank you very much.

Neil Montefiore - *StarHub Ltd. - CEO*

Thanks.

Jeannie Ong - *StarHub Ltd. - Head of Corporate Communications and IR*

Thank you Rama. Next we have a reporter from Straits Times. Hi Hian Hou.

Chua Hian Hou - *Straits Times - Media*

Yes, hi. Hi, Neil. Hi, everybody.

Neil Montefiore - *StarHub Ltd. - CEO*

Hello.

Chua Hian Hou - *Straits Times - Media*

Regarding the margins, how --? Is this the historical lowest margin that StarHub has had in the 10 years that you've been around?

Also, when do you expect to see any impact on subscribers because of the EPL loss?

Neil Montefiore - *StarHub Ltd. - CEO*

Because of the, sorry, what loss?

Chua Hian Hou - *Straits Times - Media*

Because of the loss of EPL to SingTel.

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Neil Montefiore - *StarHub Ltd. - CEO*

Oh, okay.

Chua Hian Hou - *Straits Times - Media*

When do you expect to see any impact on subscribers?

Kwek Buck Chye - *StarHub Ltd. - CFO*

It's historical.

Neil Montefiore - *StarHub Ltd. - CEO*

I'll have to let Buck Chye answer historical low.

Kwek Buck Chye - *StarHub Ltd. - CFO*

I think the historical low might -- I don't have the information with me right now, but I guess the other low that we had was at a time where number port in 2008, I saw a low point, yes. This is not -- but if you are saying that will my margins be worse off than this quarter, I think we have some confidence to say that the margins will grow up from this level progressively to a higher number, hopefully above 28%.

Neil Montefiore - *StarHub Ltd. - CEO*

I'm sure the margins -- the margin was a bit low in the past just after we launched probably, so that would have been --

Jeannie Ong - *StarHub Ltd. - Head of Corporate Communications and IR*

Yes. No, sorry, if your question is whether the 22.5% is our lowest EBITDA margin ever, the answer is, yes.

Chua Hian Hou - *Straits Times - Media*

Okay.

Tan Tong Hai - *StarHub Ltd - COO*

So now to answer your question on the impact of subscribers on EPL. You'll notice that for this quarter, we still managed to register net adds in our Pay-TV customers; added 2,000 in spite of active or intense competitive promotional activities by our competitor.

The EPL impact only comes in when the season ends, by end of June, so it will be coming in in the third quarter onwards. But what we have done is that we have actually lowered our sports pack by 50% to \$12, and we think that this will help to retain our sports subscribers and also attract new subscribers, and that would also mitigate the impact of the loss of EPL.



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Chua Hian Hou - *Straits Times - Media*

Okay. Can I have just one last question? Regarding the -- okay, the costs of equipment and staff, iPhone, the iPhone was mentioned a lot of times. Is it relative to other handset makers, other brands, other models? Is it less profitable for you to sell that vis-a-vis other brands and handsets?

Neil Montefiore - *StarHub Ltd. - CEO*

That's difficult to say. I think looking -- now we have some analysis of the increase in ARPU, I would say, no, it's not less profitable, it should benefit the business in the long term. What's really hit the business is the initial subsidies for the handsets, and also the volume of the handsets that have gone out there.

And just to correct, it's certainly not the lowest margin we've ever had. I'll try and dig it out for you if you maybe call back later, but obviously, from the startup, we had zero margin.

Chua Hian Hou - *Straits Times - Media*

Okay, okay. Thank you very much, guys.

Neil Montefiore - *StarHub Ltd. - CEO*

Yes.

Jeannie Ong - *StarHub Ltd. - Head of Corporate Communications and IR*

Right. Next we have Hsung from Bank of America.

Khoo Chen Hsung - *BofA Merrill Lynch - Analyst*

Yes. Hi, everyone. Thanks for the call. I've a couple of questions. I think the first one, if you could just help me understand the jump in the cost of services. I know, Buck Chye, you mentioned that is due to higher content costs for the quarter, and you say it's going to be stable. I just want to understand stable from what perspective; stable from this first quarter levels going forward? Or maybe you could just give me a reference point for that. And that's the first question.

The second question I think relates to your EBITDA margin guidance. What kind of scenario are you baking in? Are you expecting the run rates to be pretty strong throughout the rest of the year, or are you assuming it to basically cool off the normal run rates in terms of subscriber net adds taking smartphones after this quarter?

The next question relates more to the Pay-TV and content question. On the content exclusivity, I know the regulator has come out with the ruling to say that players have to start doing a cross carriage of exclusive content from a few years out from here. I just wanted to clarify, from your understanding, does this just apply to Pay-TV platform or does this apply also to Mobile, and let's say Mobile and also broadcasting over the Internet?

The final question is, I just want to understand how many percent of your Pay-TV subscribers are currently locked into some kind of contract, like a one to two-year kind of contract right now?

Thank you very much.



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Neil Montefiore - *StarHub Ltd. - CEO*

Okay, thank you. Buck Chye, do you want to address the services costs?

Kwek Buck Chye - *StarHub Ltd. - CFO*

Yes, I must confess I'm hedging a bit. At this point on SGD88 million, I would say that it's stable at this rate. One would think that in the second half of the year, my content costs might be lower because I would not have BPL.

However, in order to make sure that we value-add to our customers, especially the non-sports as well as the other sports subs, we have acquired other content, and will be acquiring some other content.

So I'm saying that I should not have to exceed this quarter's costs of services for the rest of the year on a per quarter basis.

Khoo Chen Hsung - *BofA Merrill Lynch - Analyst*

Okay, thanks for the clarification, Buck Chye.

Kwek Buck Chye - *StarHub Ltd. - CFO*

Yes.

Neil Montefiore - *StarHub Ltd. - CEO*

In terms of the EBITDA margin, as I said, we are pretty sure we'll see that improving during the year, and we'll end the year at a very reasonable level we believe. But obviously, because of the hit in the first quarter, and possibly the second quarter, not quite as low, we're guiding for the year at around 28%.

In terms of the smartphones, how long it's going to go on for, I think it will cool down a little bit because a lot of people that wanted smartphones will be getting them now. We reckon just on our network there's around half a million smartphones out there now, mainly on the postpaid side of the network.

And I think what may happen, and we're seeing some of it now, is that people with the iPhone may also take a second SIM card and carry a smaller, lighter phone with them when they're socializing, because the iPhone is quite a large phone to be carrying around with you the whole time.

Kwek Buck Chye - *StarHub Ltd. - CFO*

Can I add something?

Neil Montefiore - *StarHub Ltd. - CEO*

Yes, please.

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Kwek Buck Chye - *StarHub Ltd. - CFO*

I think if you look at the margin for the quarter, the EBITDA margin, please bear in mind that it is difficult to map it as an ongoing trend. Because I've mentioned there we had net adds of 27,000. If you look sequential quarters, you'll find that the sale of equipment has gone up from SGD5 million to SGD29.8 million. That is an increase of SGD25 million in the sales of equipment.

Now that tells us that for every customer payment that we receive, obviously, the subsidy is higher. So it is because of that investment that it has gone up. So I would say that as Neil started the conversation, it is an iPhone revolution, and basically, the margin is reflecting a new aggressive situation in the quarter.

We expect that to taper off, right? And then the profit from the service revenue, which doesn't have an iPhone cost component or a smartphone cost component, would then give rise to increased profitability beyond the second -- beyond the first half of this year.

So you really cannot look historically and say this is the lowest point. It is because -- if you remember, you can always throttle back the quantities of what you want to do by way of activity, how aggressive you can -- you want to take in one quarter. And we've decided to be more aggressive in view of the revolution and the many other smartphones that are coming. So it is a very intense investment in smartphones for the quarter.

Tan Tong Hai - *StarHub Ltd - COO*

To answer the question on the content exclusivity, does it apply to the Mobile platform. Well, currently, what we understand is it's primarily for the Pay-TV platform only.

As to the question on how many of our Pay-TV customers are locked into contracts, I'm afraid I can't share with you the details except that I want to share with you that today we have our hubbing offers. These are for the triple service households, and you notice that we have grown the triple service households.

If they were to drop any of the services, they would not enjoy the kinds of hubbing discount that we give them. So this in a way helps us to retain our loyal customers. And we also differentiate with better content, with a wider variety of content. Now we've got close to 150 channels, and that by itself is a key way to keep our customers loyal to us.

Khoo Chen Hsung - *BofA Merrill Lynch - Analyst*

Sorry, Tong Hai, could you just clarify my understanding? Your triple service customers, what you are implying is that not all of them are necessarily under a contract, like a one to two-year contract, but --

Neil Montefiore - *StarHub Ltd. - CEO*

No, we're not able to give out the figures for the number we have contracted for confidentiality reasons, but most of our customers will have contracts, but they'll all be at different stages of a contract.

Khoo Chen Hsung - *BofA Merrill Lynch - Analyst*

But would it be fair to say -- how do we think about the contracting cycle for, let's say, your Broadband and the --? I notice a lot of activity by you guys over the past six months or so for the Broadband and Pay-TV. Is it fair to say that most of the initiatives over the past six months have been around locking subscribers in over the next one to two years?

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Tan Tong Hai - *StarHub Ltd - COO*

Well, in Broadband contracts itself, you usually have certain premiums and, of course, if you take this premium, there's a certain period that you need to minimum subscribe to before you can enjoy this -- typically about two years for you to enjoy this premium. So in a way, the customer will be tied to a two-year contract.

I think for the Pay-TV business itself, primarily, as they buy more services from, not just Mobile, Broadband, they get better discount, and this how -- we call this the hubbing offers, and this is how we keep this customer with us.

Khoo Chen Hsung - *BofA Merrill Lynch - Analyst*

Right, so the Pay-TV guys, subscribers, basically don't necessarily get locked into a contract; it's usually -- what they get is just more like discounts to latch on to getting extra service for a cheaper price. And that's why your ARPUs for Pay-TV is coming off.

Tan Tong Hai - *StarHub Ltd - COO*

Well, if you notice, our Pay-TV trending in terms of the churn and all those, we have actually kept them low. I think there's something you should note that it is not high churn rate, we have kept it low; which means that this customer remains pretty loyal to us, and at the same time, we are able to grow the subscribers. So I think that is something that you should note, that they are pretty loyal to us.

Khoo Chen Hsung - *BofA Merrill Lynch - Analyst*

How much is -- can you remind me at this stage how many percent of your Pay-TV subscriber base are just basic and sports channel subscribers only?

Neil Montefiore - *StarHub Ltd. - CEO*

No, we don't give out that info because that's too important to our competitors.

Kwek Buck Chye - *StarHub Ltd. - CFO*

That's very competitive info.

Khoo Chen Hsung - *BofA Merrill Lynch - Analyst*

Previously it was -- the last time you gave indication, about one to two quarters back, it was about 10% of your subs base. I just wanted to understand the evolution since then.

Neil Montefiore - *StarHub Ltd. - CEO*

Yes. No, what we said was that our initial surveys would indicate that about 10% of our base might be at risk from the loss of BPL. But since then, we've been reviewing that quite significantly. You've got to remember, we've enhanced our sports channel quite a lot. We've now got a local sports channel as well. We'll still have La Liga. We've got basketball, we've got cricket, we have football from Brazil, football from Spain which is really quite important, especially when the World Cup starts as they're a big favorite. And we've got about 20 different sports channels, and we've reduced the price to SGD12 from SGD25. So I'm not sure we can predict exactly how many are going to be at risk from BPL, but there will be some people that only want to watch BPL.

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Khoo Chen Hsung - BofA Merrill Lynch - Analyst

Okay, thank you very much, guys.

Jeannie Ong - StarHub Ltd. - Head of Corporate Communications and IR

The next caller is Foong from BNP Paribas.

Foong Choong Chen - BNP Paribas Securities Singapore Pte Ltd - Analyst

Hi, thanks for the call. I've got three questions; firstly with regard to the Broadband business. M1 recently cut the broadband prices quite aggressively, and the 100 megabytes a second now is only about SGD65, and the 15 megabytes per second is only about SGD43. Do you think that these prices are indicative of the broadband prices in the coming months once the NBN is launched? And do you see any downside risk to the ARPU guidance that you're giving, which is about SGD45 to SGD49? And could you give your views as well as to where Broadband margins could potentially range based on this new set of prices?

And then my second question is with regards to your Pay-TV business on the new sports package. I know that you've halved the prices and you've also added new content. Will it be profitable going forward? And any color on margins for Pay-TV margins in the second half of the year?

And finally, you're still paying dividends below your free cash flow, and your net debt to EBITDA I think is still below your long term target. So is there any room to review your capital structure some time this year?

That's it. Thank you.

Neil Montefiore - StarHub Ltd. - CEO

So I think the first question was the aggressive pricing by our competitors. We've noticed that, and that has impacted the actual margins. But I think the -- we're not quite sure what will happen when the next generation network comes along, but there will be some pressure on the high-end plans definitely, because it will be offering high speeds.

But we're also getting quite a lot of interest in the lower-end plans; people are building up there. So we might see more customers, but perhaps lower ARPUs, and I think that's why we've guided our ARPU down to around -- we'll say it will be somewhere around SGD45 to SGD49.

We don't -- we're not giving out the actual Broadband margins.

Sports package profitability, again, we don't divulge that, but we do think our sports package is quite attractive at SGD12, especially because it has La Liga, and that has got quite a high following here amongst football fans.

Tan Tong Hai - StarHub Ltd - COO

We don't disclose exactly like which part of the Pay-TV sport is profitable, but as a whole, the Pay-TV business is profitable, that's for sure.

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Foong Choong Chen - BNP Paribas Securities Singapore Pte Ltd - Analyst

But previously, with the BPL, the sports package was not profitable because you had to subsidize for the BPL content, right?

Tan Tong Hai - StarHub Ltd - COO

When you look at the overall -- because it includes the basic pack, your basic -- you must have a basic subscription in order -- so we look at the overall plan. As of now, our ARPU of SGD55 is still one of the highest in the region.

Foong Choong Chen - BNP Paribas Securities Singapore Pte Ltd - Analyst

But for existing subscribers that have a basic plus sports, and now that you have got this new price for the sports package, would you see the profitability for these subscribers go up, or would it remain the same, or would it come down?

Tan Tong Hai - StarHub Ltd - COO

What we hope to do for this reduction is really, of course -- because correspondingly, without the EPL, our cost also goes down, right? So you have to price it accordingly, so we reduce the price by 50% to SGD12. And we also hope to attract those past customers that have left us because they think that SGD25 is too high a price.

So it is -- so for this (inaudible) mix, we hope to keep them, and at the same time, attract more customers to allow us to mitigate the risks of the loss of BPL.

Neil Montefiore - StarHub Ltd. - CEO

We don't break down the profitability of any of our content groups. I think that would be too much information for the competitors.

Kwek Buck Chye - StarHub Ltd. - CFO

Okay, let me take the question on capital management structure. As Neil pointed out, we map out dividend against cash flow, and not just for the current year, but generally for three-year outlook. And that, as I've always said, is the usual dividend. It doesn't impact any special capital structure issue.

Is it the time of this year to relook at whether we could pay more dividends? Yes, the net debt to EBITDA is at a healthy, around 1 times, and our long term plan is still to achieve 1.5 to 2 times, but I don't think this is the year that we would be reviewing it.

Neil Montefiore - StarHub Ltd. - CEO

I think that's right. Although there's obviously a recovery in this year, a lot of it is driven by manufacturing, and here in Singapore, as you know, we're moving towards a service-based economy. It could easily just be -- after the slowdown, it could be global companies restocking. So I don't think this is the year we'd make that sort of decision.

Foong Choong Chen - BNP Paribas Securities Singapore Pte Ltd - Analyst

Okay, thanks.

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Neil Montefiore - *StarHub Ltd. - CEO*

Thanks.

Jeannie Ong - *StarHub Ltd. - Head of Corporate Communications and IR*

Thank you, Foong. Now we have Sachin back again from DBS.

Sachin Mittal - *DBS - Analyst*

Thanks for the call, again. I have three questions, again. First thing is, I have -- I can see some increase in payables in this quarter. If you could shed some light on what kind of payables are these, and can we have these payables being higher on a sustained basis? That's question number one.

Second is you mentioned there is no cash tax. Did you also say that there is no cash tax for the whole of the year? That's question number two.

And the last one is, this quarter depreciation-to-sales was quite low; around 11% lower than -- I think, you guided for 13% depreciation-to-sales ratio. So depreciation should start to be higher in the next quarters, or is it something we can have a positive price from you? If you could shed some light here.

Okay, these three questions. Thanks, again.

Neil Montefiore - *StarHub Ltd. - CEO*

Okay, Buck Chye?

Kwek Buck Chye - *StarHub Ltd. - CFO*

The first question you have is on increasing payables.

Sachin Mittal - *DBS - Analyst*

Yes.

Kwek Buck Chye - *StarHub Ltd. - CFO*

Yes, trade payables have increased. Bear in mind that we are moving a lot more in terms of handphones, and so forth, so obviously, there are credit terms given to us. So it would be higher, but so long as it is still within that 30 days to 45 days average payable trend that we are having. So nothing unusual; it's because the activity has gone up so the payables have gone up.

I've heard -- you have heard me mention that CapEx, although it's 9% -- the CapEx spending is 9% this quarter, I would have to admit that it's timing. So we will expect some of the payables that have built up for capital expenditure to be going down in the second quarter, so that will move. But I'm happy to say that we can manage that working capital change well.

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Depreciation; what you see now in depreciation as a percentage of sales is mostly StarHub Group. Nucleus Connect depreciation hasn't started, so the guidance of 13% for the year is inclusive of the turning on of fixed assets in Nucleus Connect, because it is a 100% owned subsidiary so we've booked 100% of its depreciation, of its asset.

The life of the assets depreciated follows the Group policy, so there is basically no change in that trend. So the 13% for the year guidance previously was because there is bump up by the depreciation you expect from Nucleus Connect.

Sachin Mittal - DBS - Analyst

And we should expect that to happen in second half?

Kwek Buck Chye - StarHub Ltd. - CFO

Yes; it will start in the second half, yes.

Sachin Mittal - DBS - Analyst

Okay. And my last question on -- just to confirm that you said there is no cash tax in the whole year; did I hear correctly?

Kwek Buck Chye - StarHub Ltd. - CFO

Yes, yes; there's no cash tax in this current year because there is that benefit of Group tax loss offsetting.

Sachin Mittal - DBS - Analyst

There was Group tax loss offsetting. Okay.

Kwek Buck Chye - StarHub Ltd. - CFO

Yes. And also, if you study our annual report, you will see that there are assets which we have not accounted for for DTA, because the auditors would only allow us to book that benefit provided the revenue, the future revenue is capable of using the assets to recover the loss. Then you can book the benefits.

Sachin Mittal - DBS - Analyst

And so, this is something which can continue into next year also; you think so? Although you don't have a clear visibility, do you think --?

Kwek Buck Chye - StarHub Ltd. - CFO

We cannot guide on the next year yet at this point. We'll come to it; we'll guide you accordingly.

Sachin Mittal - DBS - Analyst

Okay. No, thank you. Thank you very much.

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Jeannie Ong - StarHub Ltd. - Head of Corporate Communications and IR

Sorry, the next one is Tien Doe from GIC.

Tien Doe - GIC - Analyst

Hi. Thanks for very much for the opportunity to ask some questions. First question is, I think you alluded to the \$10 higher ARPU for a smartphone user. Would you be able to give any indication of, specifically for the iPhone versus other smartphone users, what that difference would be?

The second question is, if I look at your amount of wireless data, it works out about 0.5 gig per postpaid sub but, say, would you have an idea of what that would be for a smartphone postpaid user?

Third question; you've got about 3 million gigs of wireless data going through your network in the last quarter. Any gut feel on what the rough split of that would be between Internet browsing versus downloads versus other?

And the final question is just a personal question. I'm a StarHub Cable subscriber, what's the probably, you think, of me being able to watch all of the games in the World Cup?

Jeannie Ong - StarHub Ltd. - Head of Corporate Communications and IR

We were going to give a prize to whoever who never asked question about World Cup. Okay.

Neil Montefiore - StarHub Ltd. - CEO

I can't give too many specific details on how the data is being used, but it's certainly that the iPhone is slightly higher than the average smartphone. A lot of the data on our network comes, obviously, from the USB modems, in fact, rather than the smartphones, which I think have got quite high penetration here in Singapore.

Typically, an iPhone user will be less than 1 gig.

Tien Doe - GIC - Analyst

Right, okay.

Neil Montefiore - StarHub Ltd. - CEO

What was the next one? Oh, the split between -- we don't -- I don't really have those numbers with me, but I know we do have them. But I don't think we normally give them out, do we? No. On whether people are browsing, or they're downloading, and who's using BitTorrent, and that sort of thing. We sort of keep that quite confidential.

Tien Doe - GIC - Analyst

Okay.

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Neil Montefiore - *StarHub Ltd. - CEO*

Unfortunately, I can't confirm anything about the World Cup at this stage. We are still in negotiation.

Tien Doe - *GIC - Analyst*

All right. Okay. Thanks, Neil.

Jeannie Ong - *StarHub Ltd. - Head of Corporate Communications and IR*

Right. Next is Winston from Business Times.

Winston Chai - *The Business Times - Media*

Hi, Neil.

Neil Montefiore - *StarHub Ltd. - CEO*

Hello.

Winston Chai - *The Business Times - Media*

I just wanted to check, have you guys submitted -- this is regarding the MDA investigations on the possible leak of Pay-TV content policy. How is that coming along? Have you guys submitted what they requested for? And do you think they are confident that these contracts will stand?

Neil Montefiore - *StarHub Ltd. - CEO*

I think you'll have to direct that question to the Ministry. We submit details of all our content contracts on a regular basis, so there's no particular thing we can comment on that.

Winston Chai - *The Business Times - Media*

Right. Was there a specific period that they requested for?

Neil Montefiore - *StarHub Ltd. - CEO*

I think you'd have to direct your questions to them.

Winston Chai - *The Business Times - Media*

Right. Okay, thanks.

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Jeannie Ong - StarHub Ltd. - Head of Corporate Communications and IR

Right, ladies and gentlemen, with that, we're going to end our call. For those of you who did not have a chance to ask any questions, you can always contact us any time. A transcript of this call will also be posted onto our website by tomorrow.

So on behalf of the StarHub management team, I'd like to thank you for joining us, and we look forward to talking to you soon.

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