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PRESENTATION

Jeannie Ong - ***StarHub Ltd - Head, Corporate Communications & Investor Relations***

Hi, good evening ladies and gentlemen and welcome to StarHub's second quarter and first half 2009 results conference call. My name is Jeannie and it is my pleasure to introduce our panel members on the call to you; Terry Clontz, our CEO, Tan Tong Hai, our COO and Buck Chye our CFO. Also assisting them are representatives from the Senior Management Team, namely Kin, our Head of Products and Solutions and Long Shyang, our Head of Sales.

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

Let me now invite Terry to share some highlights from this set of results; Terry, please?

Terry Clontz - ***StarHub Ltd - CEO***

Okay and good afternoon, welcome to our second quarter conference call. We -- in fact, this is our first call from the new building at StarHub Green. So I hope that you do have the slide pack in front of you. We'll turn past slide two, which for those of you that don't know us gives you three flattering pictures of three of us that are presenting. You'll see that I'm flanked by two handsome Singaporeans, Buck Chye and Tong Hai.

Moving on to the safe harbor statement I would ask you to take note of the warning label on page three, as there is an element of risk in relying on any statements that we make about the future.

I'm now on slide four; a quick summary of the second quarter this year versus last year. As expected revenue is stable and we are pleased to say that our EBITDA is up 10%.

Looking at some of the strengths and challenges operationally we're seeing growth in some segments of the business, particularly mobile prepaid and Fixed Network Data Services. The state of the economy continues to impact demand in certain parts of the business. And while we have kept most expense items under control we have seen increases in content cost and traffic cost as compared to one year ago.

Moving on to slide five, here we highlight the financial results; the service revenue line is, of course, the more significant line as opposed to total revenue, the difference being CPE. There you'll see that we had a slight growth of 1% for the quarter and for the half year. EBITDA came in at SGD161 million for the quarter which is, as I said, earlier a 10% increase, and for the half year a 5% increase over the previous year. EBITDA margin at 31.5% averages in for the half at 32.2%.

I might add though that the substantial increase in EBITDA in this quarter as compared to same time last year is primarily due to the fact that last year, as you may remember, we were heading into mobile number portability and there was substantial subsidizing, and acquisition cost and retention cost with respect to the Mobile segment.

Then moving on down to earnings per share; a very respectable SGD0.045, as compared to SGD0.037 in last year.

CapEx came in at 13%. But not to be alarmed, as you know, there are some timing differences with respect to CapEx. It still averages at 11% of our total revenue and we think we're still on target for the full year guidance.

The free cash flow came in very strong at SGD0.0862 per share, a little more than SGD0.15 for the half year. So you can see that there's plenty of headroom to continue to cover the SGD0.045 of dividend that we have committed to this year; SGD0.045 per quarter.

We've also continued to delever a bit. Our net debt to trailing EBITDA and stands at 1.07 which, of course, is well south of our stated target of 1.5 times to 2 times.

Moving on to slide six, what I might have you do is look on the right-hand side. You'll see in that column that our customer base has expanded in every single segment. However, looking at service revenue in the middle of the page you'll see that mobile was only up 1%. And looking slightly beneath that prepaid was up 12%. So clearly there was an ARPU lift in pre-paid. Postpaid down slightly 2%; some decline in postpaid ARPU. Pay TV down 2%, again a slight ARPU decline and Cable Broadband down 3%, also an ARPU decline. We will get into a little more detail a bit later in the presentation when Tong Hai picks it up.

Under fixed network services a continued good growth year-over-year in Data & Internet services at 13%.

Looking at the hubbing scorecard on slide seven, continued good progress in multi-service adoption, as we have expanded that percentage of homes that take more than two services from 52% a year ago to 54% now.

And then looking at the average household ARPU, a slight increase sequentially, more or less returning to a stable level of SGD135 per month and again, a good result in consideration of where the economy is today.

So with that let me turn it over to Buck Chye to walk you through the financial results.

Kwek Buck Chye - ***StarHub Ltd - CFO***

Yes, good afternoon and now for the financials. Let me turn you to the slide on page 10 and this is a slide on EBITDA and EBITDA margins by service platform.

The Group margin at SGD161 million was SGD14 million or 10% higher year-on-year comparing. As a percentage of service revenue this margin was 2.6 percentage points higher at 31.5% for the quarter.

If you remember then in last year in the quarter ended June '08, leading to the number port, which was launched in June, we invested in higher numbers of handsets to contract ahead -- more customers ahead of the number porting. And during that quarter the Group margins were depressed to 28.9% then. The second quarter '09 EBITDA profits reflect a more normalized quarter performance and we are happy to report that SGD161 million of EBITDA running.

For the half year to date the EBITDA reached SGD329 million, this is an increase of 5% when compared against the half year last year. The Group EBITDA margin was 1.2 percentage points higher at 32.2% for the half year to date.

On the right looking at service platforms, mobile platform margins trended higher, 2.5% higher, to end the half year at 37.1% rate. This improved margin is due to the lower number of handsets and the costs of these handsets, as well as lower promotion costs in this rational year.

Fixed Network Services margin improved also 2% to 37.8% and this is on the back of corporate Internet & Data business expansion. The Cable platform margins, which accounts for the 30% of our sales, the margins were lower at 1.1%, down to 21.5% for the half year. This is due to costs of additional sports content, other content as well as new programs put in to add value to cable TV subscribers.

In terms of EBITDA contribution the mobile platform, which gives us 51% of our sales contribute to 61% of the EBITDA dollars. Cable, 30% of our sales contribute to 21% of our EBITDA dollars. And Fixed, which is growing very nicely, 15% of our sales is contributing now 18% of our EBITDA dollars.

On the next slide on page 11, you can see that the cost of sales as a percentage of operating revenue stabilizes at 38% for the quarter and for the half year. For the quarter cost of sales SGD200 million absolute is capped kept at the same level as last year '08 quarter. And for the half year at SGD398 million was 2% lower year-on-year comparing.

For the quarter within the cost of sale, you will notice that the cost of equipment reduced from SGD64 million to SGD49 million for the investment in handsets and modems. These savings of SGD15 million year-on-year offset the increases in other components within the cost of sales. And these components are cost of services, which had increased for the quarter to SGD85 million from SGD77 million the previous year.

The 10% increase is due to higher content cost as new sports, new programs, as well as mobile content were added to value add and to differentiate our content offering across all our platforms.

Traffic expenses increased by SGD7 million to SGD66 million in the quarter, a 12% increase, but this is expected in view of the higher traffic volume required for both the local and the international traffic to serve our expanded base of customers over the year.

For the half year cost of equipment was lower by 30% from SGD140 million level to SGD98 million level. The SGD42 million reduction helps to offset the increases we see in our other costs of sales. Cost of services increased by SGD18 million, or 13%; cost of traffic increased by SGD15 million, or 13%.

As you can see on the right, you will notice that the other operating expense as a percentage of revenue is capped at 43% ratio, both for the quarter and for the year-to-date. This is the improvement we have seen from our operating efficiencies.

Now, in both the quarter and the half year the improvements come about from the cutback in marketing and promotion expenses, especially those discretionary ones, and the lower staff cost as we reduce bonus provision in this difficult time.

The next chart; with the improved cost efficiency and lower marketing and handset subsidiary this year, it results in the operating profit before tax being 15% higher at SGD95 million for the quarter. For the half year profit before tax at SGD196 million strong is a 17 -- is a 7% improvement, or SGD13 million increase, year-on-year at this half year point.

Net profit after tax for the quarter is at SGD78 million, and this is 21% higher year-on-year. And for the half year, net profit after tax reached SGD160 million. I'm proud to say that's an 11% improvement.

On slide 13 you will see that -- on the left capital expenditure payments. Now, don't be alarmed at the higher capital expenditure spending of SGD70 million in the second quarter, which as a percentage of revenue in that quarter averaged 13%. Taken on a half year cumulative basis, the capital spend of SGD121 million is tracking well at 11% of the year-to-date revenue.

Our outstanding commitment for CapEx as at the end of June is at SGD121 million, and we maintain our guidance for CapEx-to-revenue ratio for the full year not to exceed 11% ratio.

Free cash flow on the right, you will see that for the quarter we have a healthy free cash flow generation of SGD148 million. This is 6% higher year-on-year. And for the half year our free cash flow generation hit SGD264 million, which compared with the half year last year is 55% stronger.

This demonstrates that the cash flow from our operating activities are well adequate to fund the increased CapEx outflows, as well as to service the dividend payout. If you take the dividends declared for the two quarters of 9% in total, and express that as a free cash flow of SGD0.1532 for the half year, this computes to a pay out of near 60%.

And with that, I'll hand the mic over to Tong Hai for the rest of the presentation.

Tan Tong Hai *- StarHub Ltd - COO*

I will now cover the business overview; firstly, Mobile, chart 15. Prepaid revenue grew 12%; ARPU rose by SGD3; and postpaid customer base increased 6%.

Chart 16 shows you the mobile net adds. Postpaid net adds was lower at 9,000 as there were promotional offers during the mobile number portable period in second quarter '08.

We continued to register healthy net adds in our prepaid segment, as the take up of our Happy 128 package is still strong.

Chart 17; the mobile subscriber base grew to 1.849 million, with an almost equal mix between postpaid and prepaid subscribers. 3G subscribers have grown by 33% year-on-year to 710,000.

Prepaid revenue remains stable at SGD64.3 million.

Postpaid revenue register a drop of SGD4 million year-on-year. This is primarily due to a drop in usage in voice, IDD and roaming, as the economy goes down from second Q '08. We do see a reversal of trend from Q1 to Q2 this year, with a growth in IDD and roaming usage.

Chart 18, mobile ARPU and non-voice services. Now, prepaid ARPU remains relatively stable at SGD23 per month. Postpaid ARPU increased by SGD2 quarter-on-quarter as a result of higher IDD and roaming usage.

We continue to see strong take up of mobile data subscribers, leading to a higher contribution of postpaid non-voice services at 30.5% of ARPU. We will continue to build on the momentum of a strong mobile data take up by capitalizing on our faster HSPA network at 21Mbps in Singapore.

Taking a look at the mobile acquisition costs and churn trends in chart 19, we have kept our subscriber acquisition costs low, below SGD80. Churn rate was slightly higher at 1.1%, though at this juncture we are not too concerned about it.

Next, Pay TV; moving on to chart 21, Pay TV highlights, revenue decreased 2%; ARPU decreased SGD2 to SGD56; and digital customer penetration is at 99.6% of base.

Chart 22, Pay TV net adds; we have a consistent net add of about 3,000 subscribers per quarter.

Chart 23; if you look at the subscriber base, it has grown to 530,000 with 99.6% of our customers on digital. Revenue this quarter was SGD2 million lower than a year ago, as there were more advertising revenue from Euro 2008 event.

Quarter-on-quarter, ARPU was down by SGD2 as there was lower take up of sports and premium channels and higher subscription discount offer in our customer acquisition and retention programs involving multi-service promotions.

For the Pay TV churn, we have kept our churn rate low, below 1% to 0.9%.

Next to Broadband; if we take a look at chart 26, it shows that Broadband revenue has decreased by 3%; ARPU decreased by SGD6 to SGD51; a healthy net customer addition of 31,000. Now, the net adds for this quarter is about 6,000.

Moving on to the Residential Broadband subscriber base, as well as the ARPU, in chart 28 you'll notice the subscriber base has grown to 389,000. Revenue was lower due to the SGD4 drop in ARPU, which is primarily due to customer choosing lower speed plans and opting for subscription discount instead of marketing premium offers.

Next to Residential Broadband churn; now, you notice that there is an increase in churn to 1.4%. This is primarily related to two specific promotional activities by our competitors, which we chose not to respond because they are not economical. Currently, we do not see the promotional activities continuing that level. In fact, they have fallen back to normal levels, and we hope that it will remain as such for the rest of the year.

Next, Fixed Network Services; the highlights. Revenue expanded 7%; Data & Internet revenue improved by 13%; and Data & Internet services contribute 85% of revenue.

If you take a look at chart 32 you notice that Fixed Network revenue is now SGD80 million, of which about 85% is contributed by Data & Internet services. Year-on-year, we do see a 13% growth of our Data & Internet services. And quarter-on-quarter, while we continue to see some wins and -- as well as some demand, we also face pricing pressure and [recessionally] impact faced by our enterprise and wholesale customers. However, revenue remains relatively stable at SGD67.6 million.

That's all I have for the business update. I'll pass the word to Terry.

Terry Clontz - ***StarHub Ltd - CEO***

Okay. Now, just on to slide 34, we have no changes to the outlook, the guidance that we supplied at the last quarterly results announcement.

And just to review those quickly, revenue -- service revenue, we expect to be maintained this year at last year's level. EBITDA margin on service revenue will be maintained at around 32%. And CapEx as a percentage of operating revenue not to exceed 11%. And as we mentioned earlier, the recommended 2Q interim dividend of SGD0.045 is very affordable, given the free cash flow per share that we are enjoying in this quarter.

So, with that, let me turn it back over to Jeannie .

QUESTION AND ANSWER

Jeannie Ong - ***StarHub Ltd - Head, Corporate Communications & Investor Relations***

Thank you, Terry. We will now begin to take questions. (Operator Instructions). Right, our first question comes from a good friend, Anand Ramachandran from Citi. Anand, you want to go ahead?

Anand Ramachandran - ***Citigroup - Analyst***

Yes. Thank you so much, Jeanie. And thank you so much gentlemen for the call. I just have two questions.

The first question's on Broadband. You've talked about the lower ARPUs being because customers withdraw to cheaper subscription than you are spending on acquisition costs. So I'm wondering when they start to reflect on the margin, because the margin's still showing no improvement. In fact, there's a decline in the segment year-on-year.

So is this reflective of the fact that content costs are, indeed, rising very aggressively? Or should we expect this cable broadband initiative to start showing an improved margin going ahead? That's question one.

Question two, any thoughts on the capital management policy at all into the rest of this year or over the next 12 months? Thank you.

Terry Clontz *- StarHub Ltd - CEO*

Okay. Yes, I think the way that Tong Hai has described it is spot on; that what we're seeing as customers come off the contracts, they're choosing a lower speed, lower subscription plan as opposed to a premium. That would reflect in improved margins over time as opposed to, as you would know, a one-off hit with a customer acquisition cost. So if all customers were to choose that option, we would see a stabilization of margin.

But if you're looking at the platform margin on the previous slide, of course, that platform margin is a blend of the broadband as well as Pay TV. And I think your observation is spot on; that the increase in content cost had more to do with the margin impact, which is slightly less this quarter versus last year, than the mix of lower subscription customers. So I think that's an accurate observation.

With respect to capital management, obviously that stems from the fact that our current net debt to EBITDA at 1.07 is substantially below the targeted range of 1.5 to two times. You probably are going to guess what I'm getting ready to say. But we do not plan any particular event to change that this year. But having said that is that we continue to believe that a more capital efficient structure is in the 1.5 to two times range. So it's something that we would obviously continue to look at and when the capital markets and the credit markets return to a more normal state, we would be prepared to make the necessary adjustments.

Anand Ramachandran *- Citigroup - Analyst*

Thank you sir, and if I could just follow-up. From what you're saying if one were to assume that content costs are probably not going to come back until there is a regulatory change, is it right to assume that this is probably the kind of trend we should expect for the overall platform margins going ahead?

Terry Clontz *- StarHub Ltd - CEO*

No, I don't think so. I have said to a number of people, and maybe perhaps on the last quarterly call we had, that it's my view that there will be opportunities in the course of the next few years to improve margins on this platform, specifically dealing with the extraordinary cost of content.

So, as you know, we enter into contracts, into agreements, that are relatively long-term in nature. And it's not until those contracts come up for renegotiation do we have the opportunity to adjust the cost. We see those opportunities arising in the next few years and that's why I'm relatively optimistic that we will be able to do that.

Anand Ramachandran *- Citigroup - Analyst*

Thank you. Thank you so much for your time.

Jeannie Ong *- StarHub Ltd - Head, Corporate Communications & Investor Relations*

Thank you Anand. The next question is from Sachin Gupta from Nomura. Go ahead Sachin.

Sachin Gupta *- Nomura - Analyst*

Yes thanks very much. I've got a couple of questions. Firstly just on Pay TV, Tong Hai you mentioned that the revenue price was impacted by advertising revenues in 2Q last year. I was just wondering if you split that, what would be the underlying revenue growth. I'm just trying to get a sense of what's the impact of higher advertising revenues versus what's the impact of the economic slowdown.

And I guess second question is just on your operating lease expenses, there's a mention in the release that half of that is because of temporary accommodation charges. I'm just wondering, can we expect that to reverse or could it be absorbed by the higher bandwidth charges given the Data growth we are seeing at the moment?

And lastly Terry, just any -- just the timing of the BPL, you mentioned that -- in the release again that it's likely to take off this quarter. I'm just wondering when can we expect a decision; and any thoughts you may have given what we have seen in the Abu Dhabi where the rights went to a different carrier this time around? Is it a function on pricing or there is more at play there? Thanks very much.

Terry Clontz *- StarHub Ltd - CEO*

Okay. Let me ask Tong Hai to take your first question on Pay TV revenue comparison to previous year, and Buck Chye to pick up the question on lease expenses, and I'll pick up BPL after that.

Tan Tong Hai *- StarHub Ltd - COO*

The advertising, what we call, revenue that we talked about a year ago, is for a specific event called Euro 2008. So that contributed about SGD2 million to the higher, what we call, Pay TV revenue a year ago compared to this quarter. So that is basically based on a big event.

Kwek Buck Chye *- StarHub Ltd - CFO*

Well, put it in a different way, the non-recurring aspect of that revenue would translate to at least about 2% to 3% of the Cable TV revenue base. So the 2% that you see in the year-on-year revenue in the Pay TV, it is easily said to be due to that item itself.

Sorry you asked question, Sachin, on leasing; could you repeat the question please?

Sachin Gupta *- Nomura - Analyst*

But I think that was the operating lease expense. I think it was mentioned that half of that is because of the temporary accommodation the Company had set out when you were moving the premises.

Kwek Buck Chye *- StarHub Ltd - CFO*

Yes.

Sachin Gupta *- Nomura - Analyst*

And there's also mention that you are seeing that leasing costs for some of the bandwidth, international bandwidth is starting to go up. So I was wondering, could this for next Q going forward can we expect -- well, firstly, obviously the leasing cost to come down for the accommodation? But are you saying that bandwidth costs starting to go up? I mean you have rolled out HSPA plus now as well, is that one thing that could potentially surprise on the upside?

Kwek Buck Chye *- StarHub Ltd - CFO*

Yes okay. You are right in the sense that the leasing expense tends to be much higher as you add more routes to strengthen your international connections. Over the longer term, because of our consortium membership, we are able to bring that cost down when these facilities are turned on.

For the moment, obviously the lease contracts are time based and until the contract is ready to be renegotiated, new routes are going to come from our consortium, which will be at lower cost, yes. So there is an opportunity in the longer term to reduce the operating lease expenses for international circuits. But we see that if we add more base stations that would be the incremental; fair to say that the operating lease are tracking okay versus our exansion of our business.

Terry Clontz *- StarHub Ltd - CEO*

Okay, let me just pick up the question on BPL. First of all, with respect to timing, we still believe that we will get definition within this quarter on what the process will be, whether or not the decision will be taken or the auction, if you will, will take place this quarter, it's not entirely clear. But my sense is that it's probably no more than two months away in any case.

We have noticed, certainly observed what happened in the Middle East with respect to an escalation of cost. But I think it would be dangerous to assume that a similar price increase would happen again here in Singapore. I think we've sort of been through that the last time, and I think this was Abu Dhabi's first time in going through that auction process like this.

And, as I have indicated before, it's my expectation that we should be able to retain the rights and that if there is any increase in the cost of that BPL, we would expect that we could protect the margins that we have today. So at this juncture, I am relatively confident that we have that under control.

Sachin Gupta *- Nomura - Analyst*

Thanks. Can I just ask one more question? I'm not a soccer fan myself, but we are seeing some of the big main players move to the Spanish League. I think they announced another move this morning or yesterday even. Does actually impact the BPL outlook or BPL pricing in some ways, like do the customers actually start moving to the different channels?

Terry Clontz *- StarHub Ltd - CEO*

Well I'm like you, I'm not a soccer fan and that makes all the -- makes a lot of sense to me. But I suspect that FA PL may view it differently, but we'll certainly make that point to them.

Sachin Gupta *- Nomura - Analyst*

Okay thanks.

Jeannie Ong *- StarHub Ltd - Head, Corporate Communications & Investor Relations*

Thank you Sachin. The next question is from Winston Chai from Business Times.

Winston Chai – *Business Times - Reporter*

Hi Terry, two quick questions. The first one, do you expect your Pay TV and your broadband revenue to continue falling with the fiber optic that were coming on stream from next year onwards?

And a second question, what do you think is Neil Montefiore's value-add to StarHub given he's largely from telco side background?

Terry Clontz *- StarHub Ltd - CEO*

Okay. Well, first of all, let me make a quick comment about Pay TV and broadband. And I'll certainly ask Tong Hai to pick up from there. I think the Pay TV revenue has been relatively stable. We don't see any particular reason why it should take a substantial decline south. In fact, some of the initiatives that are underway at least provide the opportunity to increase or improve ARPU as opposed to seeing a continued decline.

I think that we have noticed, as Tong Hai mentioned, there have been some customers who have chosen at the end of the BPL season to unsubscribe from the sports package. It's to be seen whether or not they will re-subscribe as the new season commences, but our expectation is that most would.

With respect to Broadband, again very clearly that seems to have been impacted more than anything else with respect to the weakened economy. Whether that sort of harbors a view about the next generation national broadband network is -- I think it's too early to tell, because the go-to-market strategy or the -- for Nucleus Connect and the various RSPs, including StarHub, really haven't been revealed.

I think the market, everyone will get a lot more visibility to what the potential is and the prospects for that in the course of the next three or four months. And before I comment on Neil, let me just ask Tong Hai if he has any -- do you have any other color you want to provide?

With respect to Neil, look, Neil is known to everyone I'm sure on this conference call and he's been in this market as a CEO of a very credible mobile operator for a number of years until last December. And I think that without question he understands 51% of our business extremely well. He's also a seasoned executive in the telecoms industry. And I know that it will not take Neil long at all to come up to speed very, very fast on Broadband and Pay TV.

In addition to that, he's got the support of a very good team here, who has a lot of experience in those segments. And Tong Hai, who we brought on board last January, as you know, understands the Broadband business extremely well. In fact, it was the anticipation of StarHub moving into the RSP business as well as OpCo that sort of convinced me that he is absolutely the right guy to bring on board.

In addition to that he understands how to market to the SME segment and to a great extent the enterprise segments as well, given his prior experiences. So I think we've got a very solid team. And with Neil I think it's complimentary and I think you get a very good package.

Winston Chai – *Business Times - Reporter*

Thanks.

Jeannie Ong - ***StarHub Ltd - Head, Corporate Communications & Investor Relations***

So, I hope that answers your question, Winston?

Winston Chai – *Business Times - Reporter*

Yes.

Jeannie Ong - ***StarHub Ltd - Head, Corporate Communications & Investor Relations***

All right, thank you. Our next question is from Rama from Macquarie.

Ramakrishna Maruvada - ***Macquarie - Analyst***

Hi, good afternoon, I have three questions. Firstly, if you could provide a bit more color on Pay TV subscriber trends post June? And probably in the month of July are you seeing the subscribers continue to stay with the platform that would be good?

The second one is with regards to postpaid ARPU. Terry, if you could provide a bit more color on a sequential quarter basis. There's a bit of an improvement on the ARPU front, so what's been the driver here and in particular any commentary on whether roaming revenues have stabilized on a quarter-on-quarter basis?

And final question is a follow-up to the questions on operating leases. When can we expect the reversal of the temporary lease increases and what would be a more nominal run rate?

Terry Clontz - ***StarHub Ltd - CEO***

Okay, let me just ask for clarification on the first question, I didn't quite catch what you asked there Rama?

Ramakrishna Maruvada *- Macquarie - Analyst*

Yes, basically May/June is typically the month when expatriates tend to leave the country after the school holidays. The question is; are you seeing anything unusual on the subscriber base post June?

Terry Clontz *- StarHub Ltd - CEO*

Okay, sorry, yes I understand. I'll certainly turn that one over to Tong Hai to comment on and Buck Chye on operating leases again.

But with respect to the post-paid ARPUs, let me just say that last -- during the last conference call I think I had indicated that it was my expectation that the ARPU decline should bottom out by Q3. So we're very pleased to see that it has shown a sequential quarter uptick in Q2. Now whether that will be sustained or not is yet to be seen, but I think the prospects are better than 50%.

And as Tong Hai pointed out in his presentation, I think he did, that the sequential incremental increase in ARPU for post-paid mobile is related to an increase in IDD and roaming. So we have seen a return of some of the roaming traffic in Q2.

So with that, let me -- Tong?

Tan Tong Hai *- StarHub Ltd - COO*

Regarding your first question on Pay TV subscriber trending from July onwards, we don't provide these figures. But what I can show you is that we have kept the churn rate low at 0.9%, way below the 1%. So that is currently what we're seeing so that should give you an indication on how well we have kept our customers happy.

Kwek Buck Chye *- StarHub Ltd - CFO*

Okay, on the operating lease the item of the short-term extension of office leases, it's -- the extension was to ensure that we could move in good time and without interruption in the month of June and July. So the double rental you will -- of having to pay rentals here and the rentals at some other locations we are moving off from is only a three months to four months expenses. There is a [tail end] in July, but that's not much.

Maybe the right way to guide you would be that if you look at the -- our MD&A on page 20 you will notice that basically the operating lease as a percentage of sales was running at 6% last year first half and now it's running at 7% for the half. I would say that the 7% is [saved] for the second half of the year.

There are additional base stations that would be incurred as we continue to expand the network. That would be basically take place in the second half of the year. The non-recurring would be reduced, but there is increased expense for new base stations, because operationally we have gone into a better coverage in view of the data applications.

So having said that I think I'm quite confident that we can contain it within the 7% of revenue for lease expenses and improvements will be possible beyond the current year.

Ramakrishna Maruvada *- Macquarie - Analyst*

Okay, if I can just quickly follow-up on the post-paid ARPU front. Any -- is there any additional [kicker] you're getting in from mobile broadband in this particular quarter?

And secondly, what's the accounting treatment for mobile broadband, does it contribute towards post-paid ARPU?

Tan Tong Hai *- StarHub Ltd - COO*

Now if you look at chart number seven -- no, chart number 18, you notice that the post paid non-voice services have grown steadily. In fact, they contribute 30.5% of the ARPU. This is primarily contributed by the mobile data subscribers. So we are seeing a strong take up in this area and we do continue to capitalize on it, because currently we are running the fastest HSPA network at 21 Mbps in Singapore. So we will continue to see a strong take up in this arena. And of course, this will help to contribute to the overall ARPU revenue.

Terry Clontz - ***StarHub Ltd - CEO***

Yes, I just might to add that the increase in percentage came on top of an increase in ARPU, so the absolute amount of contribution went up rather substantially.

And in answer to your second question, I'm just looking at our accountants over here to make sure I'm telling you the truth, I think it's all included in the -- you're talking about the wireless Broadband, data cards, for example, that is included in the calculation of ARPU.

Kwek Buck Chye - ***StarHub Ltd - CFO***

Yes.

Terry Clontz - ***StarHub Ltd - CEO***

I'm getting a nod, yes it is.

Ramakrishna Maruvada - ***Macquarie - Analyst***

Okay, thank you very much.

Jeannie Ong - ***StarHub Ltd - Head, Corporate Communications & Investor Relations***

Thank you Rama. The next question comes from Tim Storey from JPMorgan, go ahead Tim.

Tim Storey - ***JPMorgan - Analyst***

Yes, thank you for the call; just two questions, a little bit more out in terms of time frame. Given what's happening with NBN where do you think your network CapEx is going to be as a percentage of revenues over say the next three to five years?

And given where you are right now in terms of your focus mainly on the consumer market, with the opportunities that the NBN may offer, if you looked at your revenue contributions again maybe over the next three or four hours, coming from the corporate segment and maybe this is looked at the Fixed and Data businesses that you break out. As a contributor to total revenues do you see those being a little bit higher, significantly higher? And can you just give a little bit of a sense of guidance on your medium-term outlook please?

Terry Clontz - ***StarHub Ltd - CEO***

First of all with respect to CapEx we had indicated, I think just after winning the OpCo, that there would be a slight increase in CapEx intensity as we prepare for the launch of Nucleus Connect. It's not to be too concerned about for a couple of reasons.

One is it is a temporary blip which we would see, in say roughly, over the course of about 18 months to 24 months. And then we should see a fairly rapidly declining CapEx intensity thereafter. We've not given details about that except to say that we think the zenith or the peak of the CapEx intensity might reach as high as 13%, but fall off very rapidly after that; all related to the nucleus connect CapEx investment.

But keep in mind that there is some substantial offset in respect of Government funding; first, for the rollout support and then secondly, for adoption support. So again the cash flows, which is what you would mostly be concerned about anyway with respect to CapEx, are something that is very easily digested by -- in our views the future.

So I think in that regard when we can give you a lot more detail about guidance on sort of CapEx trends you will be satisfied that we have it under control.

Now with respect to sort of the opportunity set in the business segment and enterprise segment, let me just ask Tong Hai to talk about that a bit. Again we've done an enormous amount of planning work and some forecasting ourselves. Obviously anything we disclose would have to be disclosed to everyone at the same time, so we've got to be a little careful about what we say, but hopefully we could give you a little bit of color on where that is.

Tan Tong Hai - ***StarHub Ltd - COO***

Well,if you look at currently our business segment, which is providing the Fixed network services, this quarter, it has grown 7%. Especially you notice the Data & Internet services is what we are looking at.

Now of course, the -- this is currently we are covering only about 1,000 buildings out of 24,000 buildings and having about a 25% market share, coverage of market share. Now we believe that with the opening up of the network to the next generation broadband will be assess -- we'll be able to assess the more buildings and that will certainly help us as we go after the enterprise market.

There'll be two key segments that we're going after; primarily, the government as well as the SMB sector. If you ask me, the SMB sector will be the growth sector, because currently they are dependent on the ADSL broadband and in terms of speed wise, the NGNBN network will offer from 100 meg up to one gig and it will be very attractive to business customer.

So we do see that there'll be a lot of growth opportunity in that segment and we will want to go after that segment certainly. And to me that is a growth opportunity for StarHub, because StarHub over the years have built up a very strong IP network, because of our current, what we call, broadband subscriber base as we have to have a very strong IP network and international capacity to support this.

So that gives us -- that strengthens our value proposition so that we are not just selling, what we call, a plain old fiber line, but we are selling a line plus Internet services. And plus our mobile broadband capability, we believe we can offer a total solution of mobile broadband, fixed broadband and quality international capacity, and that will appeal to the business customer.

Terry Clontz - ***StarHub Ltd - CEO***

And maybe if I could just sum up one point to make sure that it landed.

If you consider that where we have our current network, our fiber optic network, if you consider that that is our addressable market which, of course, is a subset of the total market in Singapore, in that addressable market, we have anywhere from 25% to 40% market share of different types of services that we offer. So that's why we're relatively confident that when we have access to a broader network, the NGNBN, we'll be able to take the same expertise, same product set, same capability and do relatively well in penetrating that part of the market that we don't reach today.

So we have made some projections and at least our view of that, it demonstrate there is the opportunity for growth over the course of the next five to six years.

Tim Storey - ***JPMorgan - Analyst***

Great, thank you. And if I could just follow-up on the first question, Terry, you said the CapEx after that peak at maybe 13%, could then fall substantially. Could you give us any sense of a number? Are we talking 5% of revenues, 7% of revenues, sort of a rough idea perhaps?

Terry Clontz - ***StarHub Ltd - CEO***

Well, prior to the NGNBN when I have been asked by investors and analysts about where CapEx goes to, I think what I have been saying all along is that I felt that we sort of level out at between 9% and 10% CapEx intensity over time.

Obviously, the Nucleus Connect is an opportunity to invest and to earn a return and grow revenues. So we want to do that. That bubble, as I said earlier, should last only about 18 to 24 months. And then my expectation is that the CapEx intensity going beyond that clearly is in the single digit range. So I hope that helps to clarify it somewhat.

Tim Storey - ***JPMorgan - Analyst***

Okay, thank you.

Terry Clontz - ***StarHub Ltd - CEO***

Okay.

Jeannie Ong - ***StarHub Ltd - Head, Corporate Communications & Investor Relations***

Thank you Tim. The next question comes from Hsung -- Hsung from Bank of America; go ahead Hsung.

Khoo Chen Hsung - ***Bank of America-Merrill Lynch - Analyst***

Yes hi, just two questions from me actually. The first question relates to the squeeze on margin in the Cable side. Maybe you can just help me understand a bit better, because it was quite a sharp drop and content cost just increased about 2% sequentially. Can I just confirm it's all due to content cost? That's the first question.

Second question relates to the BPL, about your comment Terry, that you're confident that you can maintain the rights of BPL. What makes you confident and has your confidence gone up, like, over the past three months?

Terry Clontz - ***StarHub Ltd - CEO***

Okay, well let me address that one first and then I'll turn it over to the tag team of Buck Chye and Tong Hai for the content cost question.

Look, when I say confident let me very clear; I cannot guarantee it, as you well know, because it will be an auction presumably. We haven't seen the actual details of how the auction will be carried out.

But what brings me to a view that we should be able to retain the rights is that I think we understand better than anyone what the value of those rights are. We certainly can model it with precision. We have a Board that is extremely supportive and understands the importance. They gave me great support during the last process. I expect the same support this time.

I think that the alternative platform is a bit smarter now on what the significance is both upside and downside in terms of acquiring those rights and would expect rational behavior.

So I guess all things considered, it's our view as we continue to study this -- and please understand if there's any single item that gets the most energy and effort from the senior leadership team right now it's BPL, because we fully understand that that is a significant value driver to the business.

And I just -- I guess knowing the team, knowing the circumstances and sort of knowing all the players involved, I feel relatively confident we've got this under control. But again, I'm not guaranteeing it. I just am demonstrating to you what I truly believe and that is I think we will have the rights going into the next three seasons.

With that, do you want to pick up?

Kwek Buck Chye - ***StarHub Ltd - CFO***

Yes, you have a question on the content costs, perhaps refer you to the slide 11 and that can easily explain your concern. You will see that the second quarter '09, that segment of cost in costs of sale called cost of services, the middle blue bar is now at the level of SGD85 million a quarter.

If you look at -- of course, against the previous year, it looks like it is significantly an SGD8 million increase, but if you look at the half year, you can then see basically the run rate per quarter is already at that level of SGD85 million level in there.

So the content cost, yes, it is definitely higher than the previous year. But [it's] the margin of that 21% range in the current half year is already carrying the full burden of such content cost increase. So we will definitely be having the opportunity to renegotiate and buy better with content providers as the contracts come up for renewal. We're very confident of that. And so going forward into the future years, we certainly can bring these cost back.

As it is now, it represents about 16% of our total cost of sales. So we can't do anything about it, it's a very competitive environment. Singapore is a small state and if competitors are chasing up the same content, it is actually going to be driving the costs up, but, as we said, most of the contracts are multi-year contracts.

At this juncture, the increase is already contained. But we can't help it, if it were to look like compared against the previous year, there is still an increase. Quarterly sequentially it is actually at the current level.

Khoo Chen Hsung - ***Bank of America-Merrill Lynch - Analyst***

Yes. Buck Chye, sequentially the content cost has only gone up by about SGD2 million,

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Kwek Buck Chye - ***StarHub Ltd - CFO***

Yes.

Khoo Chen Hsung - ***Bank of America-Merrill Lynch - Analyst***

And if I try to just back out what that would mean on a sequential basis, on your Cable revenues in total, five percentage point drop in the Cable margins doesn't quite fully capture that, at least from my math here. Maybe you could enlighten me a little bit more on why we saw such a steep drop?

And second question is, like, would that [math] change if -- is this like a one-time step up and if your revenues do pickup that we should see an improvement from this level for your Cable margins?

Kwek Buck Chye - ***StarHub Ltd - CFO***

Yes, I think with the things we are doing on the Cable TV front, out of adding more features to the set top to allow greater interactivity with the box and a better experience with the VOD and other content, and using the same content and applying it across mobile, as you know now mobile, the channels are now made available. The Pay TV channels are now made available also on mobile. We would probably have a better way to spread the word of the content that way have paid, albeit a bit more expensive since the renewal.

But, like I say, we certainly look at doing more than just basic channels. We think that the premium channels will come back. There is an impact of recession. The moment the recession is over we should be getting back into healthier margins as customers take on more premium channels than just basic.

Khoo Chen Hsung - ***Bank of America-Merrill Lynch - Analyst***

Okay. All right. Thanks, Buck Chye.

Kwek Buck Chye - ***StarHub Ltd - CFO***

Right, okay.

Khoo Chen Hsung - ***Bank of America-Merrill Lynch - Analyst***

And thanks, Terry, too.

Terry Clontz - ***StarHub Ltd - CEO***

Yes.

Jeannie Ong - ***StarHub Ltd - Head, Corporate Communications & Investor Relations***

Right. Our next caller is from Vincent, Vincent from Dow Jones. Go ahead, Vincent.

Vincent Lee - ***Dow Jones - Reporter***

Hi, guys. Thanks for the call; just want to ask about two things. First, I think on the last earnings call there was talk about how you guys were keeping a closer eye on whether there were any trends where your current subscribers were trading downward to lower packages, given the economic downturn and I'm just wondering what you're seeing on that front.

And secondly, I think it was a couple of months ago there was a story coming out of Taiwan that the Conexus Mobile Alliance, the members of that Alliance might be looking for a joint procurement plan for phones powered by Google's Android operating platform. I'm wondering if there's any comments you can make on that.

Terry Clontz - ***StarHub Ltd - CEO***

Okay. Vincent, let me just quickly address the first question. Yes, we have seen some down trading in broadband, residential broadband. And that's been reflected in the lower ARPU. The number of customers continues to increase; the customer base, if you will. So we're not seeing people turning their broadband off, but simply electing a lower speed, lower priced plan.

In Pay TV we've seen some indication of people turning off some of the premium channels and we've seen some indication of people choosing to turn off their sports package at the end of the BPL season.

And, as you may remember in the last call, we had indicated that for the past three quarters we had seen a decline in roaming revenue and IDD and some domestic usage for the postpaid mobile which, fortunately, seems to have bottomed out now and are hopefully stabilizing or possibly trending back up.

So we certainly are not saying that we're out of the woods yet with respect to the impact of the weakened economy. We're watching it very, very closely. We're continuing to keep a sharp eye on all the controllable cost items in the event that things get any worse but we are, I guess, hopeful like everybody else, that we've seen the worst of it and things will begin to stabilize.

Vincent Lee - ***Dow Jones - Reporter***

Okay.

Terry Clontz - ***StarHub Ltd - CEO***

With that I'm going to ask Kin -- we do have Chan Kin Hung in the room who was certainly very much involved in the Alliance. Perhaps he might want to comment.

Chan Kin Hung - ***StarHub Ltd - Head, Products & Solutions***

Yes. For the Android platform we are working with the other operators on applications. We have the regional competitions for Android application.

Vincent Lee - ***Dow Jones - Reporter***

Right.

Chan Kin Hung - ***StarHub Ltd - Head, Products & Solutions***

And on the joint purchase -- we have no plan to do a joint purchase at this point of time.

Vincent Lee - ***Dow Jones - Reporter***

Okay.

Chan Kin Hung - ***StarHub Ltd - Head, Products & Solutions***

More focused more on the application developments among other operators.

Vincent Lee - ***Dow Jones - Reporter***

Okay. All right, thank you very much for that.

Jeannie Ong - ***StarHub Ltd - Head, Corporate Communications & Investor Relations***

Thank you. Right the next one's from Arthur from Royal Bank of Scotland. Arthur, go ahead.

Arthur Pineda - ***Royal Bank of Scotland - Analyst***

Hello?

Jeannie Ong - ***StarHub Ltd - Head, Corporate Communications & Investor Relations***

Yes, Arthur, you're on air.

Arthur Pineda - ***Royal Bank of Scotland - Analyst***

Okay, hi. I have two questions. Firstly, can you give me a better picture with regards to what drove sequential revenue growth for mobile? Is this really mostly data subscriptions or roaming?

Secondly, I'm just wondering what is plan B in case you do lose BPL?

Terry Clontz - ***StarHub Ltd - CEO***

Good question. All right, let me just ask Tong Hai to pick up the first question.

Tan Tong Hai - ***StarHub Ltd - COO***

This is growth in the Government revenue, what is that?

Terry Clontz - ***StarHub Ltd - CEO***

(Inaudible).

Tan Tong Hai - ***StarHub Ltd - COO***

In terms of the growth in mobile, yes, we do see the growth in the data, because people don't buy smart phones just to make voice calls. So they use smart phones to navigate and surf the net, etc. and for their social networking purposes. So we are seeing strong take up in the data aspect. So people don't just buy a voice plan; they buy a data plan. And plus, of course, they also buy mobile dongles, those dongles that connect to their net books; and the increased pick up of not just notebooks, in fact net books. So that will spur the pickup of the Mobile business.

Terry Clontz - ***StarHub Ltd - CEO***

Okay.

Arthur Pineda - ***Royal Bank of Scotland - Analyst***

Sorry, just for reference, how many HSPA subs do you have now versus the previous quarter?

Tan Tong Hai - ***StarHub Ltd - COO***

Currently we don't disclose the figure. We just announce what we call disclose the total mobile subscribers.

Arthur Pineda - ***Royal Bank of Scotland - Analyst***

Got it.

Terry Clontz - ***StarHub Ltd - CEO***

So let me pick up the second question on what do we do if we lose BPL -- in the unlikely event we lose BPL? I guess the straight answer is if we lose it I might retire early.

Look, as a practical matter we have done an extensive amount of modeling. In fact, that is absolutely necessary in order to understand how far we would want to go in sort of bidding for the rights.

Now, again in the unlikely event we were to lose it, what we would do, of course, is shore up some of the other content so that we continue to have branded content that is highly valued, differentiated and drives subscription.

So just -- you've got to keep in mind that Pay TV is roughly what? Less than 20% of our total revenue base, so it's not as if it's fatal. It's just that it is -- it makes a whole lot of sense for us to continue to own those rights. And, as I said earlier, we think we will. But in the event we don't we do have a plan B. Quite obviously, it's not prudent for me to go into details about that, but we do have a back up plan.

Arthur Pineda - ***Royal Bank of Scotland - Analyst***

Okay, that's --

Terry Clontz - ***StarHub Ltd - CEO***

By the way, I'm sure I will have to execute before I leave.

Arthur Pineda - ***Royal Bank of Scotland - Analyst***

Got it. Thanks.

Jeannie Ong - ***StarHub Ltd - Head, Corporate Communications & Investor Relations***

Right. Thank you, Arthur. We'll take the last question from Helen Zhu from Goldman Sachs. Helen, please proceed with your questions.

Helen Zhu - ***Goldman Sachs - Analyst***

Hi. Thanks. I actually have a few questions, so not just the last one question. But, firstly following up on Arthur's question about the EPL, do you think that there is a reasonable chance -- or how great do you think the chances are that we end up with some kind of content sharing type of arrangement on EPL? Or do you think that's pretty much out of the question?

The second question is regarding the mobile ARPU and the overall mobile trends on the revenues. Pretty much it seems like everybody in the market is gaining prepaid revenue, albeit by different magnitudes, and then losing some postpaid revenue.

So do you think that's purely because of the roaming and IDD impact, macro impact, on the postpaid side? Or do you think that there is some degree of maybe migration from the postpaid revenue pie over to the prepaid revenue pie, given that the prices-per-minute gap has widened pretty substantially there?

Third question is regarding the broadband strategy. You mentioned obviously we're seeing some ARPU decrease and you mentioned that some competitors have been taking on some promotional tactics that you've decided not to retaliate to, therefore the higher churn. What do you think is a strategy that you would adopt going forward to protect the ARPU and to what extent would you continue to not retaliate versus become more active? And do you see more downside to the ARPU as we near NBN?

And then the final question is back to this cable ARPU -- cable margin that everybody's asking about, but you mentioned the 21% in the first half etc. But if you break it out quarter by quarter, the drop Q-on-Q is fairly significant. It seems quite similar to the Q-on-Q drop in 2Q of '08 versus 1Q '08. So I was wondering whether there's any seasonality impact here.

And also in the second half of '08 then the 19% went back up to 21%, 22%, so even in absence of renegotiation on content and so on, is there any chance that in the second half of this year the 19% in 2Q will recover by a few percentage points?

Terry Clontz - ***StarHub Ltd - CEO***

Okay, wow. All right. Let me try to get through those in a reasonable amount of time.

Your question about content sharing for BPL, we've considered a whole range of different outcomes. There would be some pretty complex terms and details to consider such a matter in a relatively short amount of time, so I don't know how realistic that would be. I think the way we view the business is long term.

So, as I said earlier, we do have a number of initiatives that we believe lower content cost, improve the margins over the course of the next two or three years. Specifically, there are some pieces of content that perhaps we do not exclusivity on. So as we roll in to somebody's negotiations in the future it's quite likely that our posture will be different than it was when we had those same conversations some time before, because I think we understand the state of play a bit better than we did, say, two or three years ago.

So that -- I really don't want to say any more than that. That's the essence of how we plan to get our content cost under control and improve the margins and, by the way, we do have some very specific targets in mind.

Next, on mobile ARPU. Keep me on honest on this, Tong Hai. But I think on a sequential basis, we've actually seen -- obviously, we've seen postpaid ARPU return to growth, and prepaid slightly down, but not materially. In fact, if you think about it in these terms, we've gone through sort of a normalization process in prepaid, after responding last year to the competitors hot 100.

We are now back to where we were roughly about a 1.5 years ago, where ARPUs were in the $22 to $23. We don't know of any reason why they should move north or south of that range. So I think things are generally stable and slightly improving.

And to some extent, some of that lift and that improvement is not only due to the aggregation of additional data services, but also the increasing acquisition by consumers of smart phones, who then are deciding to take a data package on top of the voice package. So I think all of those moving parts are contributing to an increase in the postpaid ARPU.

The broadband strategy; here, we had for a long time taken the view that we would continue to promote the higher speed that we had, which was a differentiator in the market; clearly well above the competition. That allowed us to price broadband at a premium. But it was also a fairly competitive market, where there were a lot of promotional activities, premiums, if you will, that were given out in acquiring customers.

I think that, in a softer economy, the higher speed proposition -- selling proposition doesn't go as far. So it's quite clear that a number of households are choosing a more economic package than what we were offering before.

Now, what does that mean for the NGNBN? Some day, we'll come out of the recession and you have to believe that the higher speed, and in particular the higher upstream speed, which will be attractive for other types of applications; perhaps gaming, perhaps user generated content, that would be stored in the cloud. All of that will tend to, I think, bring a differentiation and a better selling proposition to consumers and businesses in the future. So the strategy is likely to shift or change slightly, again as we come out of the recession and as the NGNBN opportunities arises.

And then, I think your question about the cable margins, particularly the drop in the Q-on-Q and the sequential quarter. There really was not a seasonality to it. I think last year, it was related to the higher cost -- content cost of Euro Cup I believe.

Kwek Buck Chye - ***StarHub Ltd - CFO***

Yes.

Terry Clontz - ***StarHub Ltd - CEO***

That's right? Yes. And it's been explained, to some extent, what the sequential increases in content cost are. It's also been exacerbated by an increase in international bandwidth cost sequentially. So it's really those two that have driven it. They're not really seasonal in nature.

Is there anything else that you want to add, Buck Chye or?

Kwek Buck Chye - ***StarHub Ltd - CFO***

I just want to clarify, Helen. You are looking basically at half year '09 and then you're looking at the second quarter of '09 ending June, right? And you're making a statement that the 19% EBITDA platform margin for cable, is it going to be that rate, rather than a return back to 21% or 22% average or?

Helen Zhu - ***Goldman Sachs - Analyst***

Yes. I guess, my question was we had discussed some of the cost saving efforts that the Company can do going forward on content renegotiation and so on.

Kwek Buck Chye - ***StarHub Ltd - CFO***

Right, okay.

Helen Zhu - ***Goldman Sachs - Analyst***

But those are more medium-term things. So I was just wondering whether there is any seasonal factor that might have --.

Kwek Buck Chye - ***StarHub Ltd - CFO***

Yes. But I think there is something in the second quarter versus the first quarter. In the second quarter, you do have some PC shows and the likes, where if you heard Tong Hai's presentation, there are some competition, offering higher premiums during this period. We decide not to respond. So the -- but we did have to respond for some of our customers.

So the margin of that 19% is actually slightly lower than the first quarter. However, if you -- if we get over the investment, because it is actually to contract two years customers, we believe that you will see the margins trending back to above the 20% quite soon, as we get more customers taking our dual services.

Helen Zhu - ***Goldman Sachs - Analyst***

Okay. Understand. And then over the longer run, as you're able to then further contain the content expenses, and you can see that then go up further?

Kwek Buck Chye - ***StarHub Ltd - CFO***

Yes, yes.

Helen Zhu - ***Goldman Sachs - Analyst***

And sorry, I just have one last follow-up to Terry's comments regarding the content sharing and the fact that you're less stringent about it than you may have been the first time around. Were those comments in relation to content in general or the EPL in particular?

Terry Clontz - ***StarHub Ltd - CEO***

You mean comments with respect to what we need to own exclusively or not?

Helen Zhu - ***Goldman Sachs - Analyst***

Yes, yes, yes.

Terry Clontz - ***StarHub Ltd - CEO***

Well, I wasn't specific about which content. But the overriding drive or objective, if you will, is to lift the margins substantially. So that suggests that we would target some of the higher costed content, and particularly content that the -- incremental cost are we're unable to pass on to consumers for whatever reason. So for example, today it's quite clear and we've stated this publicly before, that we're not able to fully recover the total cost of BPL today. So in circumstances like that, they contribute to a margin direction that we're not happy with.

Helen Zhu - ***Goldman Sachs - Analyst***

OKAY. THANK YOU.

Jeannie Ong - ***StarHub Ltd - Head, Corporate Communications & Investor Relations***

Right. Ladies and gentlemen, in the interests of time, we will have to stop the call here. For those of you whom we have not had a chance to address your questions, fear not, we have your names and we will contact you very soon.

A transcript of this call will be posted onto our website at starhub.com/ir by tomorrow. Should you have additional questions, we are just an email anyway.

Right. On behalf of the StarHub management team, I'd just like to say thank you for joining us this evening, and we look forward to talking to you soon. Goodnight.

Terry Clontz - ***StarHub Ltd - CEO***

[Okay].