

# StarHub's 3Q-2008 Results

5 November 2008

Excellent Hubbing Execution



# Management Team



Terry CLONTZ  
CEO



KWEK Buck Chye  
CFO

# Forward-looking Statements

*The following presentation may contain forward-looking statements by StarHub Ltd (“StarHub”) relating to financial trends for future periods.*

*Some of the statements in this presentation which are not historical facts are statements of future expectations with respect to the financial conditions, results of operations and businesses, and related plans and objectives. These forward-looking statements are based on StarHub’s current views, intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside StarHub’s control. Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks and uncertainties. Because actual results could differ materially from StarHub’s current views, intentions, plans, expectations, assumptions and beliefs about the future, such forward-looking statements are not and should not be construed as a representation, forecast or projection of future performance of StarHub. It should be noted that the actual performance of StarHub may vary significantly from such statements.*

# Overview (3Q-2008 vs 3Q-2007)

## Financial:

- Revenue expanded 2%
- EBITDA increased 1%
- Free Cash Flow rose 11%








## Operational:

- Revenue growth: Pay TV, Mobile Post-paid & Fixed Data Services
- Low churn rates across the business
- Stabilised Mobile Pre-paid business

# Key Financial Highlights

<b>\$ million</b>	<b>3Q-2008</b>	<b>Change 3Q-2007</b>	<b>Change 2Q-2008</b>	<b>YTD-2008</b>	<b>Change YTD-2007</b>
Total Revenue	<b>525</b>	2%	-1%	<b>1,591</b>	8%
Service Revenue	<b>501</b>	3%	-2%	<b>1,516</b>	8%
EBITDA	<b>165</b>	1%	12%	<b>479</b>	-1%
EBITDA Margin	<b>32.9%</b>	(0.7)% pts	4.0% pts	<b>31.6%</b>	(3.0)% pts
Net Profit After Tax	<b>80</b>	-2%	24%	<b>224</b>	-4%
Earnings Per Share (Diluted)	<b>4.62¢</b>	-2%	24%	<b>13.06¢</b>	2%
Capex Cash Payments	<b>60</b>	-38%	-31%	<b>165</b>	-51%
% of Capex to Revenue	<b>11</b>	(3)% pts	(3)% pts	<b>10</b>	(3)% pts
FCF / Fully Diluted Share	<b>7.31¢</b>	11%	-10%	<b>17.26¢</b>	-25%
Net Debt to 2007 EBITDA ratio	<b>1.22x</b>	(0.06x)	(0.07x)	<b>1.22x</b>	(0.06)x

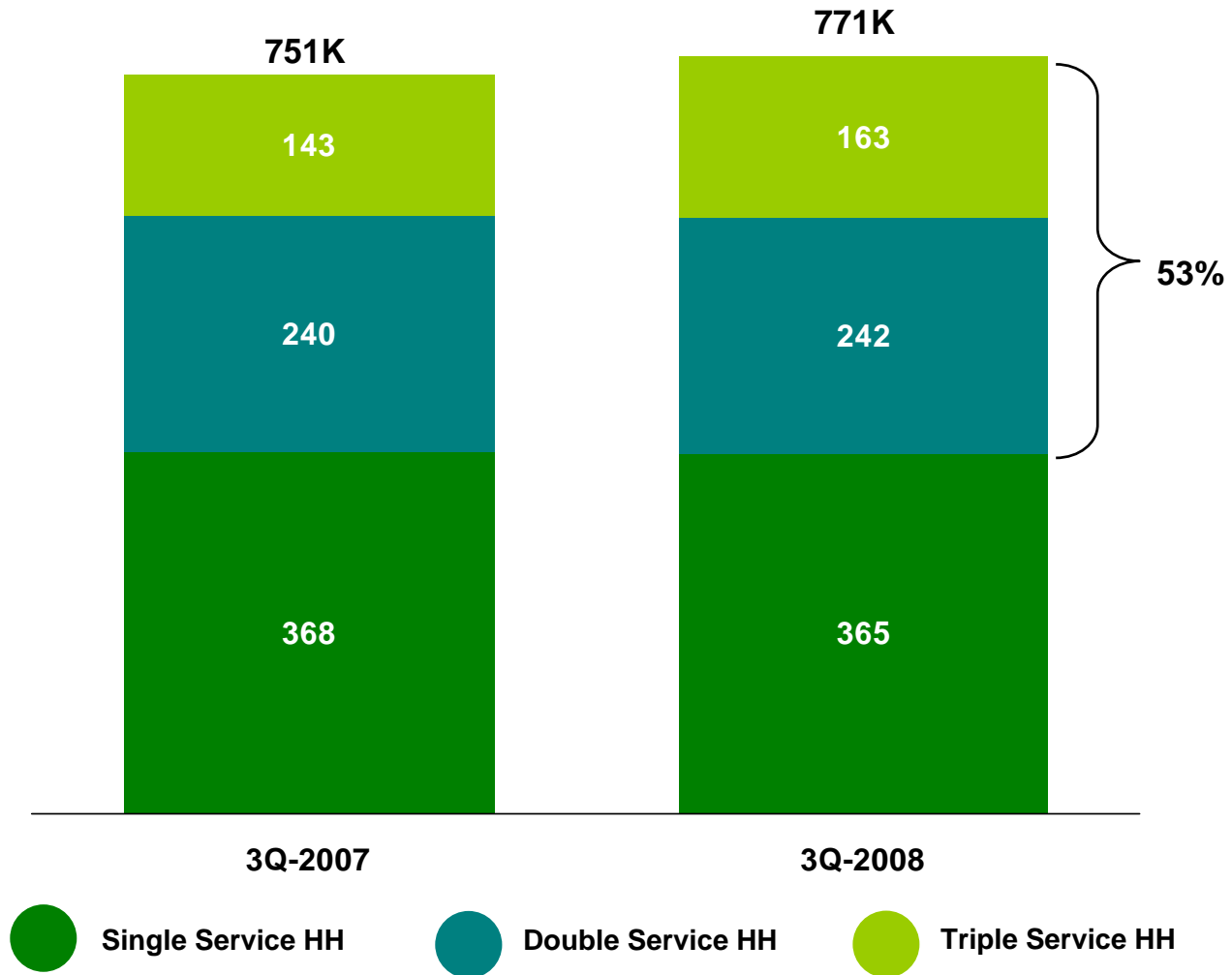
# Business Expansion (3Q-2008 vs 3Q-2007)

Line of Business	Service Revenue	Customer Base
<b>Mobile</b> (50% of revenue mix)	 (1%) Pre-paid (-13%) Post-paid (4%)	 4% Pre-paid (-3%) Post-paid (11%)
<b>Pay TV</b> (19% of revenue mix)	 15%	 4%
<b>Cable Broadband</b> (12% of revenue mix)	 1%	 8%
<b>Fixed Network Services</b> (14% of revenue mix)	 2% Data & Internet (16%) Voice (-33%)	

# Hubbing Scorecard



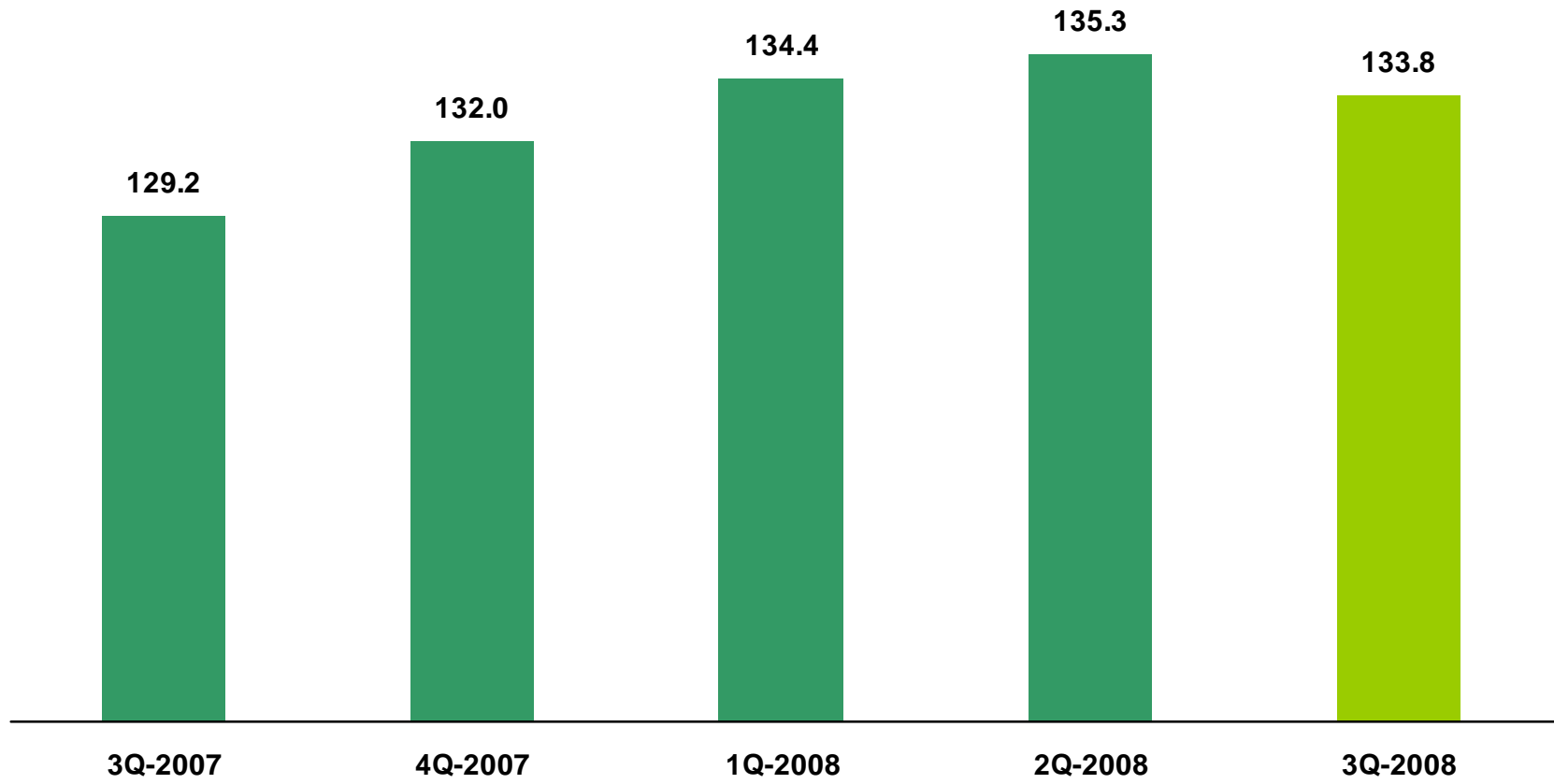
## Expanding Hubbing Households ('000)



# Total Households ARPU



ARPU (S\$)





## NGNBN

- > **NetCo: IDA selected OpenNet on 26 September 2008**
- > **OpCo: Submission due on 14 November 2008**

# Financial Overview

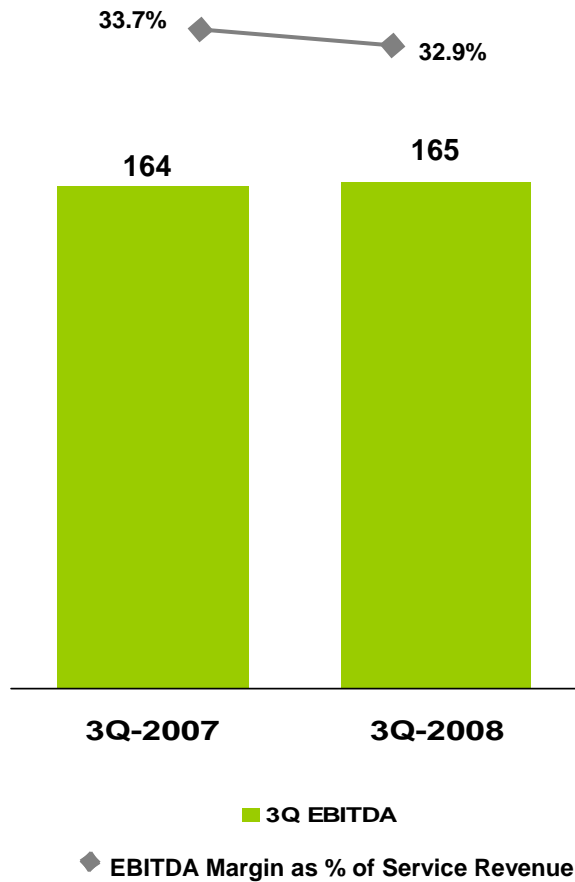
Business Overview

Outlook

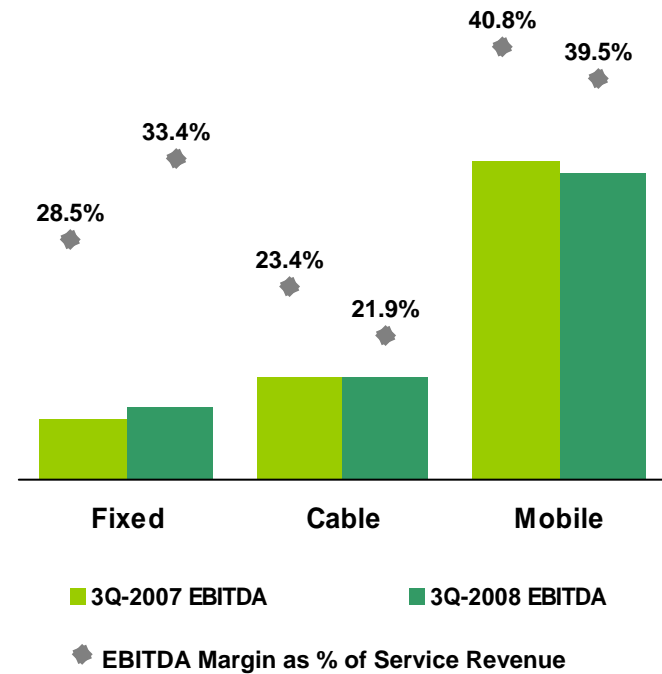
# EBITDA & EBITDA Margin By Service Platforms

## EBITDA

(S\$ millions)



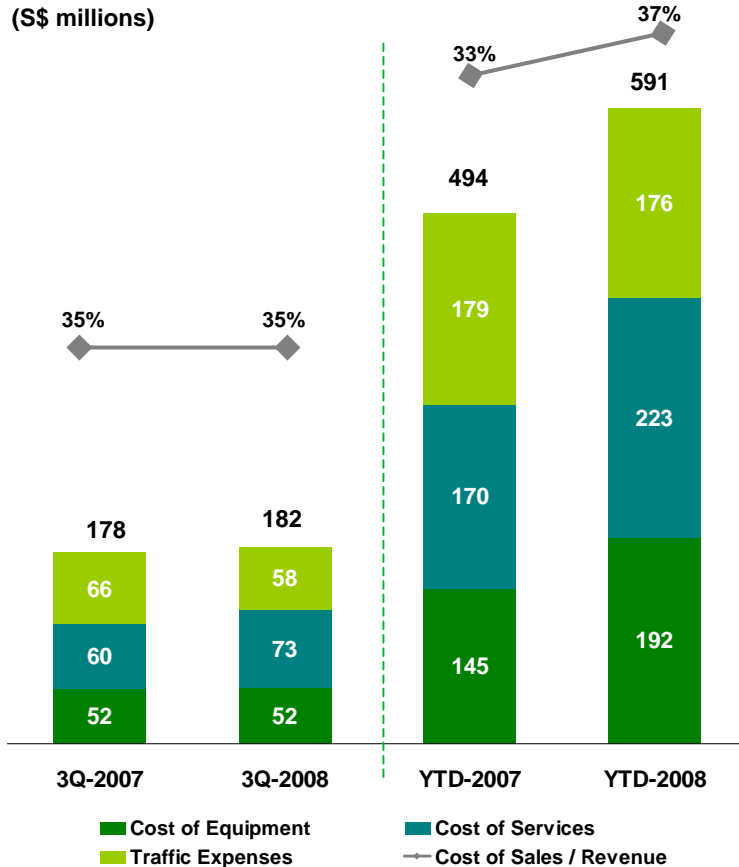
## By Service Platforms



# Operating Efficiencies

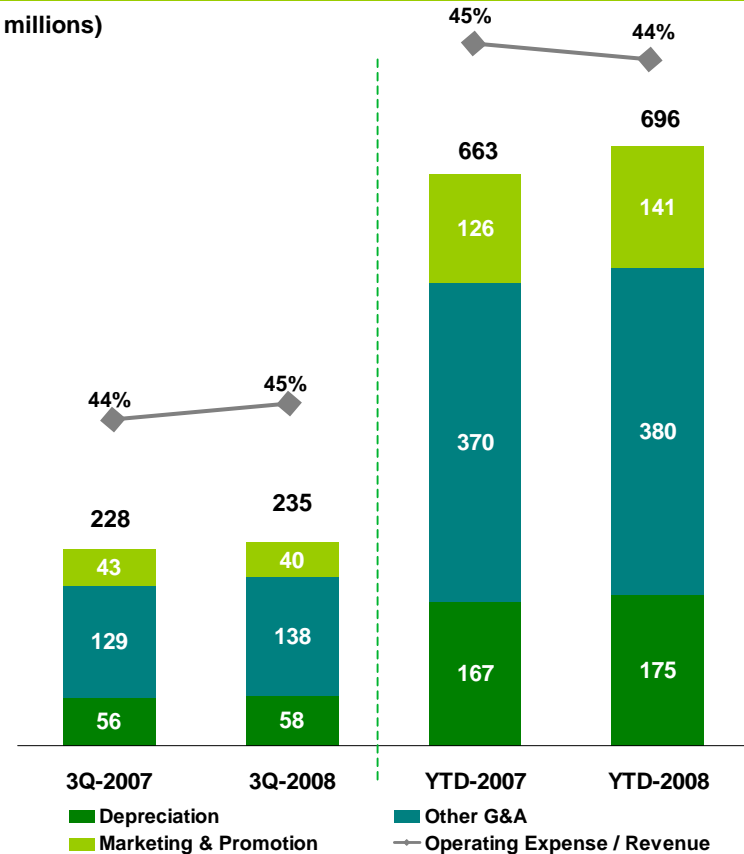
## Cost of Sales

(\$ millions)



## Other Operating Expenses

(\$ millions)

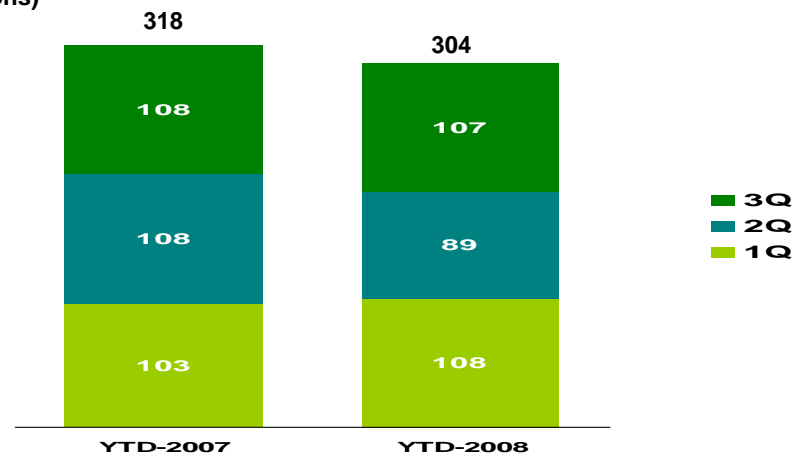


# Profitability

## Profit from Operations

(S\$ millions)

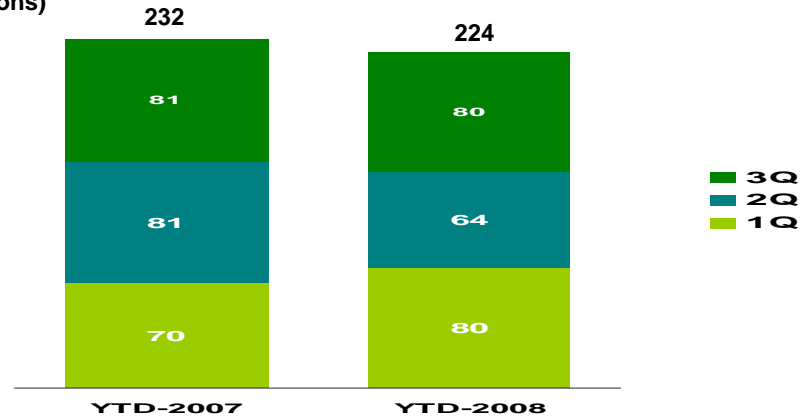
- > 3Q08 Profit from operations marginally lower (\$0.6m or (0.6%) YOY
- > YTD, it was 4% lower as a result of investment in customer retentions in 2Q08



## Net Profit After Tax (NPAT)

(S\$ millions)

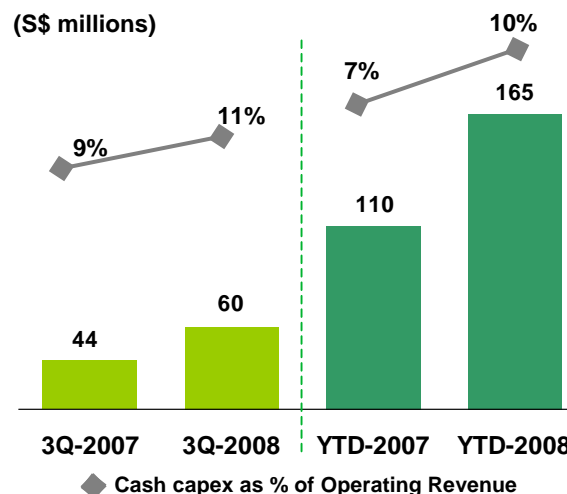
- > 3Q08 NPAT only \$2m lower YOY
- > YTD, NPAT was 4% lower as a result of investment in customer retentions in 2Q08



# Capex & Free Cash Flow

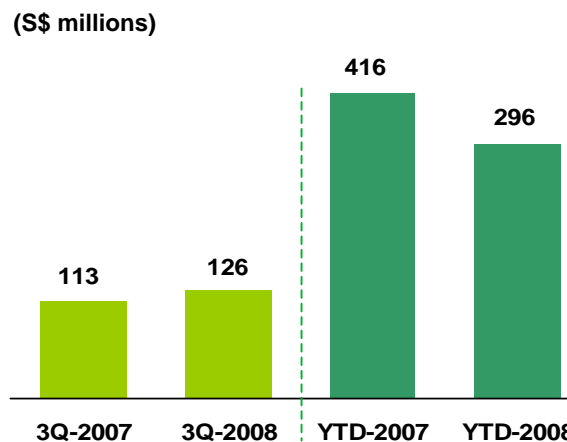
## Capex (cash payments)

- > As mentioned capex is expectedly higher in 2H
- > Full year Cash capex is expected not to exceed 12% by year-end



## Free Cash Flow (FCF)

- > FCF for 3Q08 was higher by 11% YoY
- > YTD FCF at \$296m is lower due to higher capex payments timing by \$56m. Cash generated from Operations YTD is on track at \$495m level (before working capital)



# Financial Ratio – Balance Sheet

S\$ million	Group	Company
<b>Gross Debt</b>	<b>914</b>	<b>914</b>
<b>Cash</b>	<b>127</b>	<b>102</b>
<b>Net Debt</b>	<b>787</b>	<b>812</b>
<b>Equity *</b>	<b>103</b>	<b>1,161</b>
<b>Net Debt/Equity</b>	<b>7.6</b>	<b>0.7</b>

\* Equity balance is net of capital repayment of S\$1.1 billion

- 2008 YTD, declared dividends of S\$230 million
- Cum dividends paid in 2005 to 2007 – S\$621 million

# Financial Leverage Ratio – Cash Flow

Group	\$ million
Debt - due within 12 months	218
Debt - due after 12 months	696
Gross Debt	914
Cash	127
Net Debt	787

Group	\$ million
YTD Free Cash Flow	296
Net Debt /2007 EBITDA	1.22x
EBITDA/Interest Cover	23x
Target (Long-term)	1.5 to 2x



Financial Overview

## Business Overview - Mobile

Outlook

## Mobile – Highlights (3Q-2008 vs 3Q-2007)

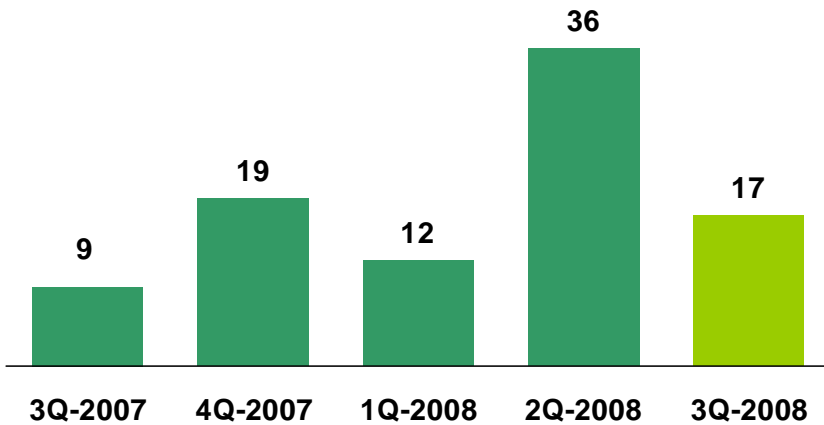
Post-paid revenue expanded 4%

Post-paid customer base grew 11%

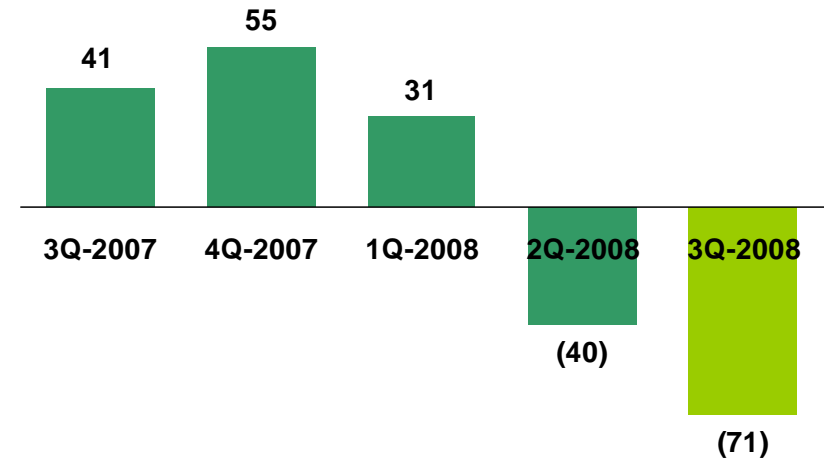
Pre-paid customer base contracted 3%

# Mobile Net Adds

## Post-paid Net Adds ('000)

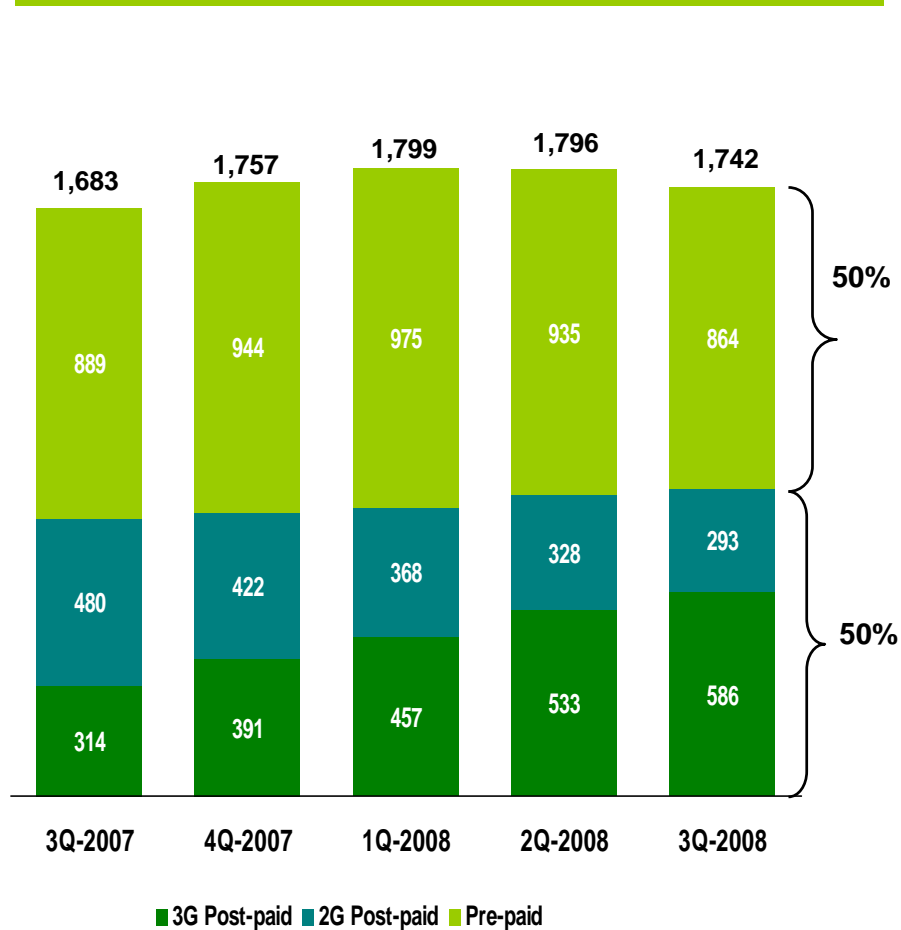


## Pre-paid Net Adds ('000)

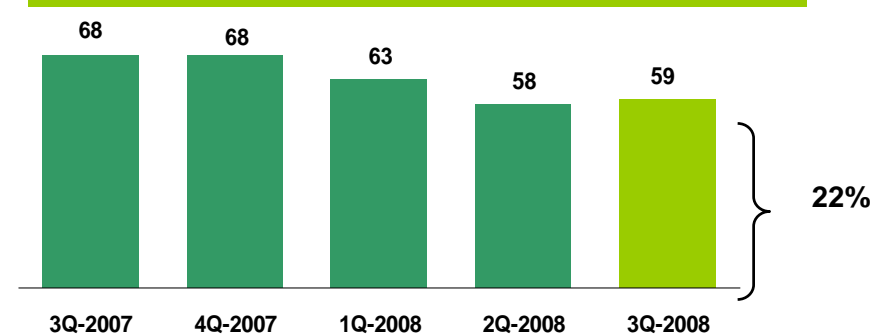


# Mobile

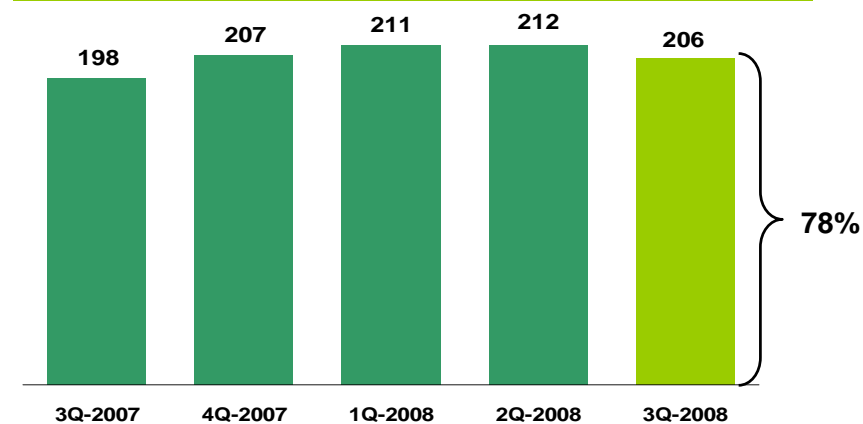
### Customers ('000)



### Pre-paid Revenue (S\$M)



### Post-paid Revenue (S\$M)

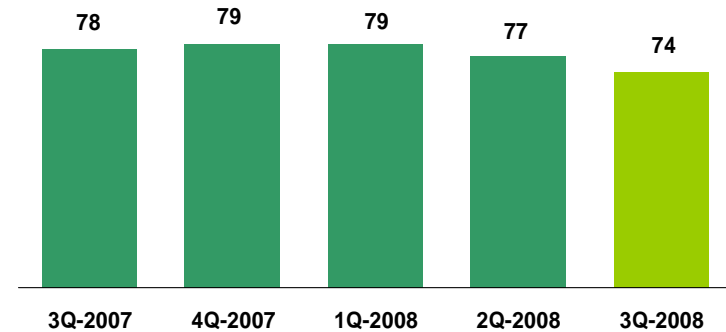


# Mobile ARPU & Non-Voice Services

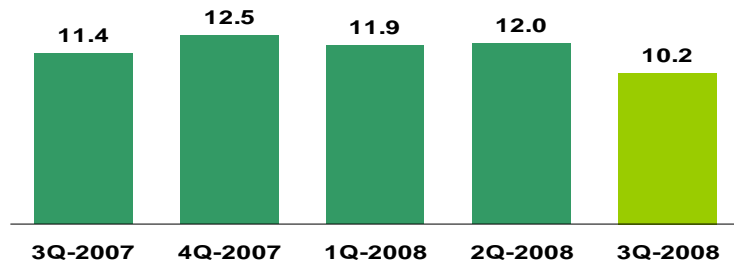
Pre-paid ARPU (S\$ per month)



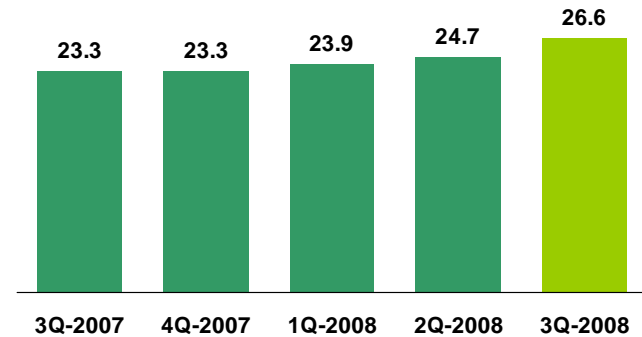
Post-paid ARPU (S\$ per month)



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



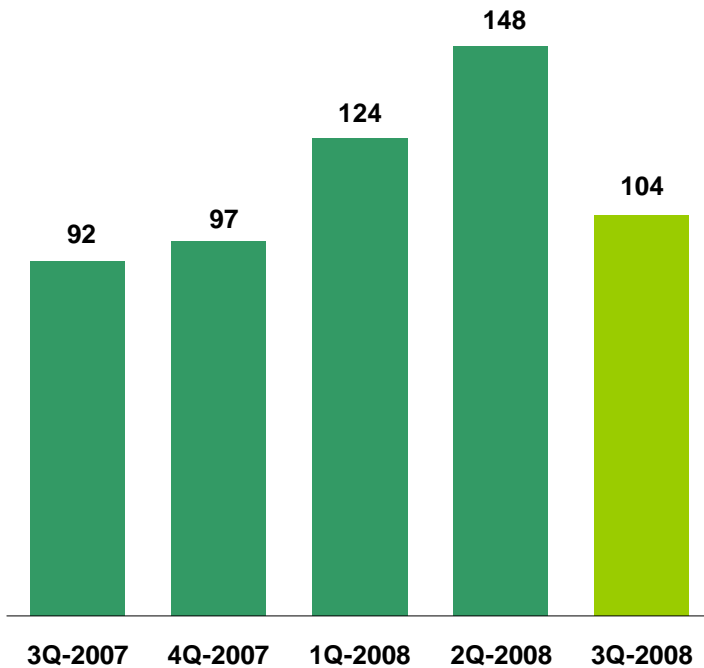
Post-paid non-voice services (% of ARPU)



# Mobile Acquisition Costs & Churn Trend

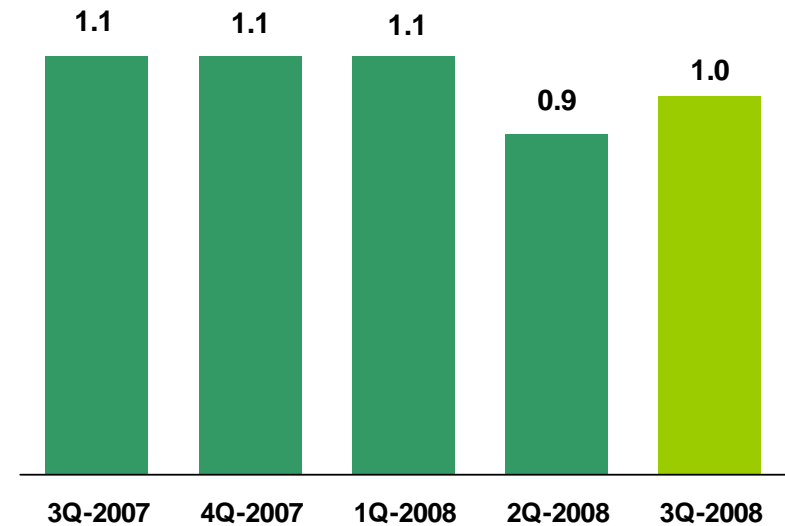
## Average Acquisition Costs

Per Gross Connection (S\$)



## Monthly Churn Rate (Post-paid)

(%)



Financial Overview

## Business Overview – Pay TV

Outlook

## Pay TV – Highlights (3Q-2008 vs 3Q-2007)

Revenue expanded 15%

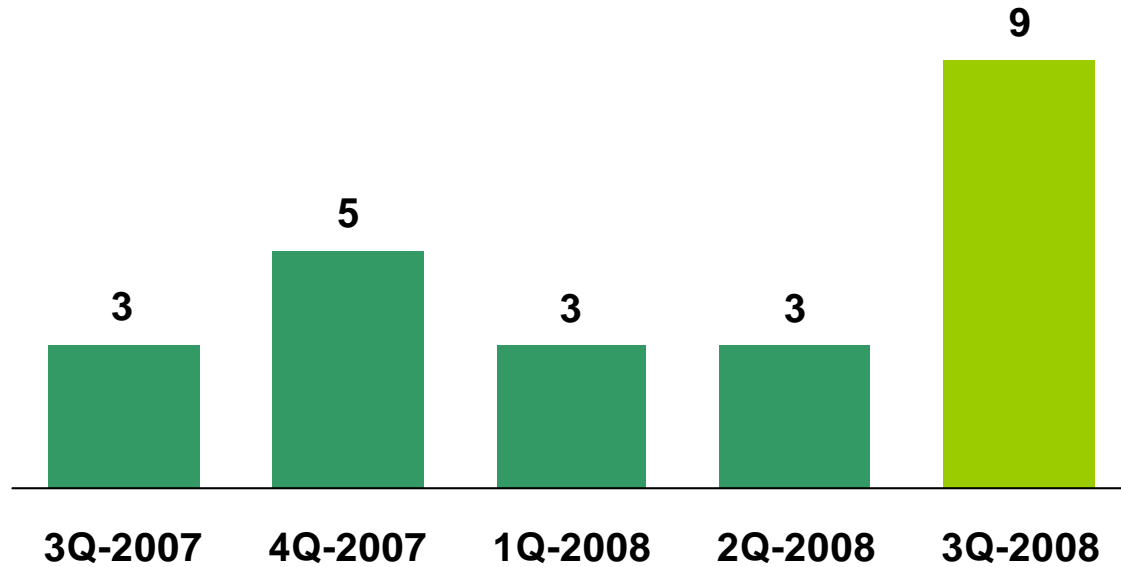
ARPU increased by S\$5 to S\$56

Digital customers penetration - 91% of base (473K)

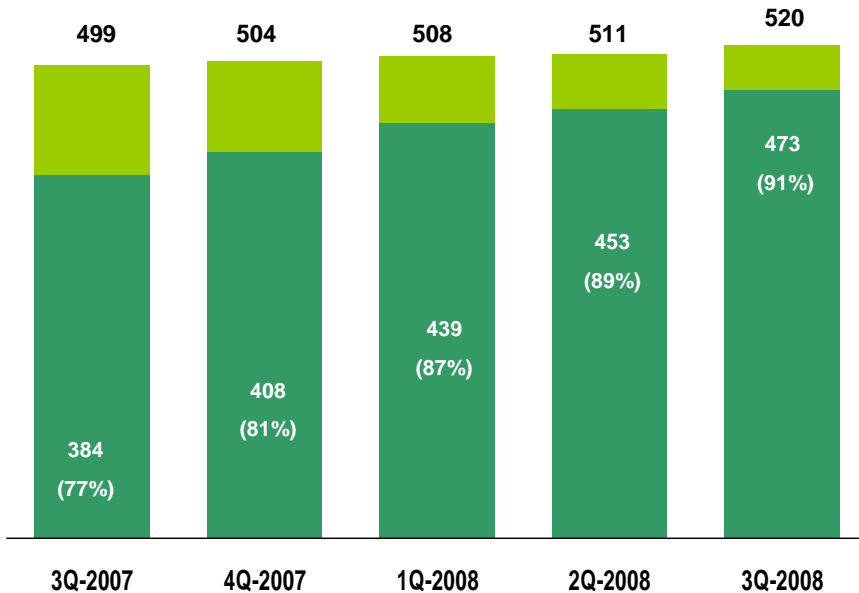


# Pay TV Net Adds

## Net Adds ('000)



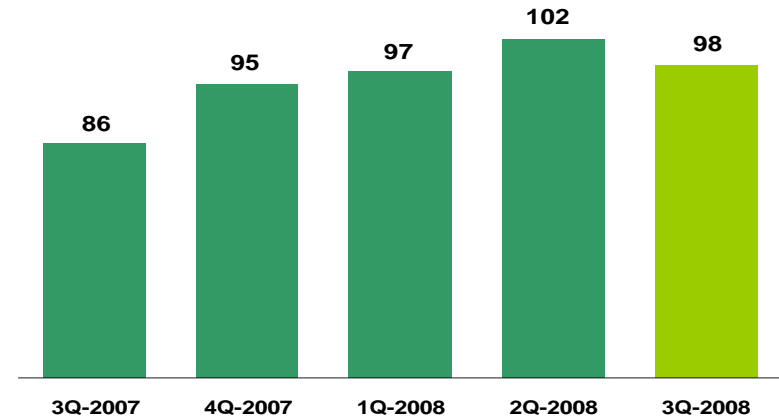
## Pay TV Customers ('000)



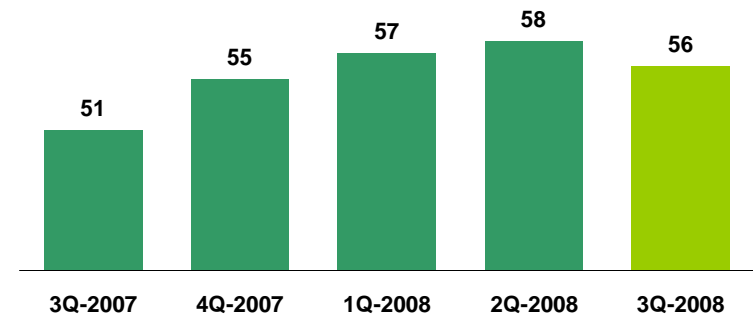
( ) As a % of base

■ Digital Customers

## Pay TV Revenue (S\$M)



## Pay TV ARPU (S\$ per month)



Financial Overview

## **Business Overview - Broadband**

Outlook

# Broadband – Highlights (3Q-2008 vs 3Q-2007)



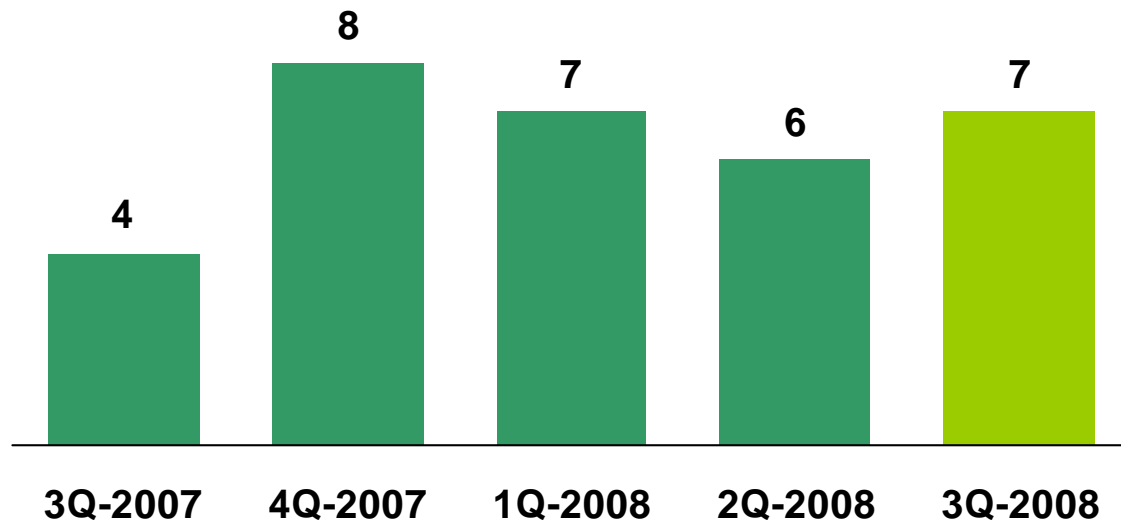
Revenue growth of 1%

ARPU slipped S\$3 to S\$57

Net customer additions of 27K (8% growth)

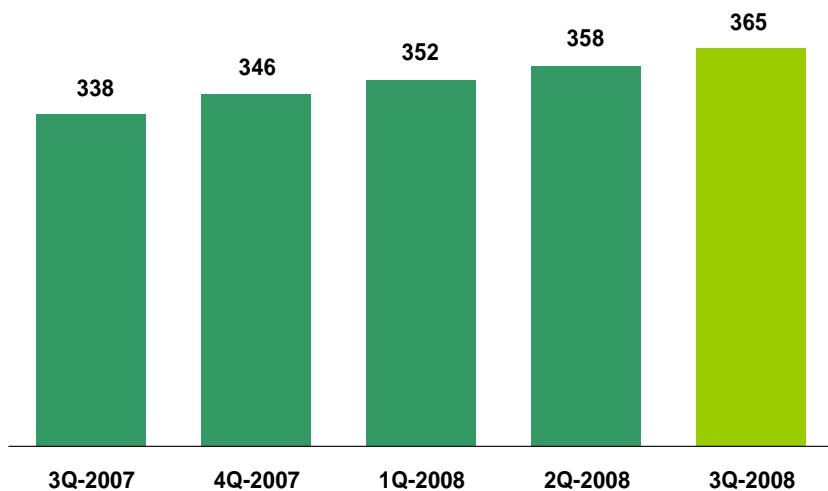
# Residential Broadband Net Adds

Net Adds ('000)

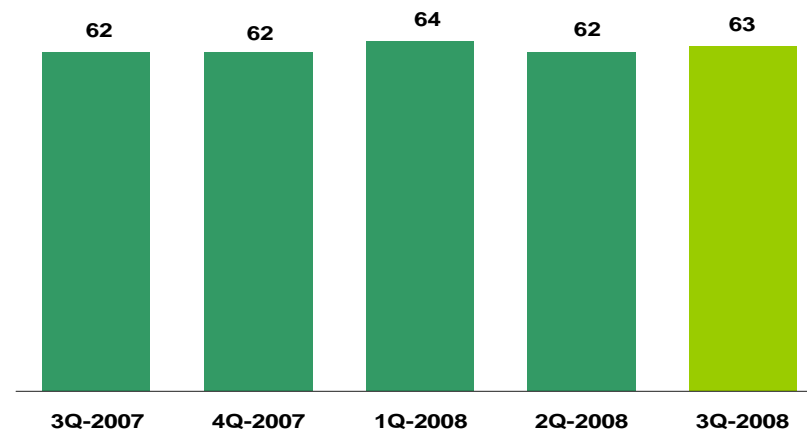


# Residential Broadband

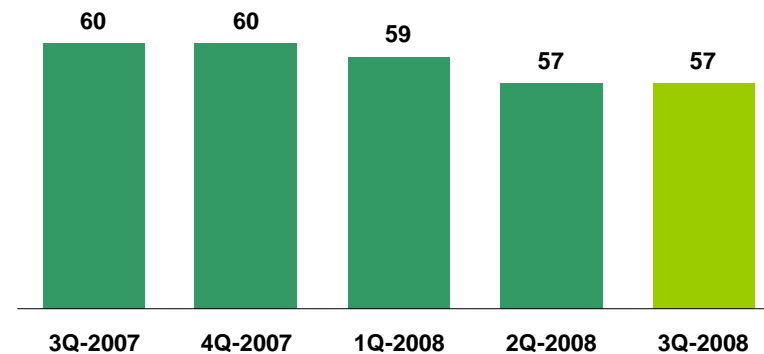
## Broadband Customers ('000)



## Broadband Revenue (\$M)

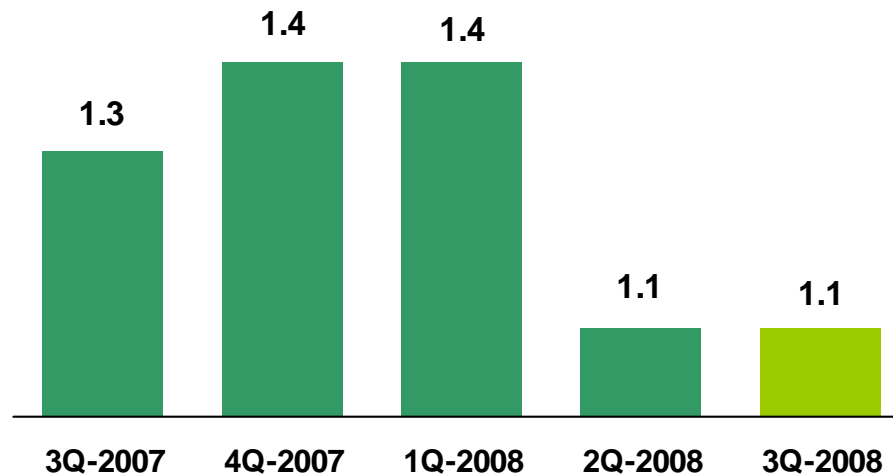


## Broadband ARPU (\$)



# Residential Broadband Churn

## Average Monthly Churn Rate (%)



Financial Overview

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

Outlook



## Fixed Network Services – Highlights (3Q-2008 vs 3Q-2007)



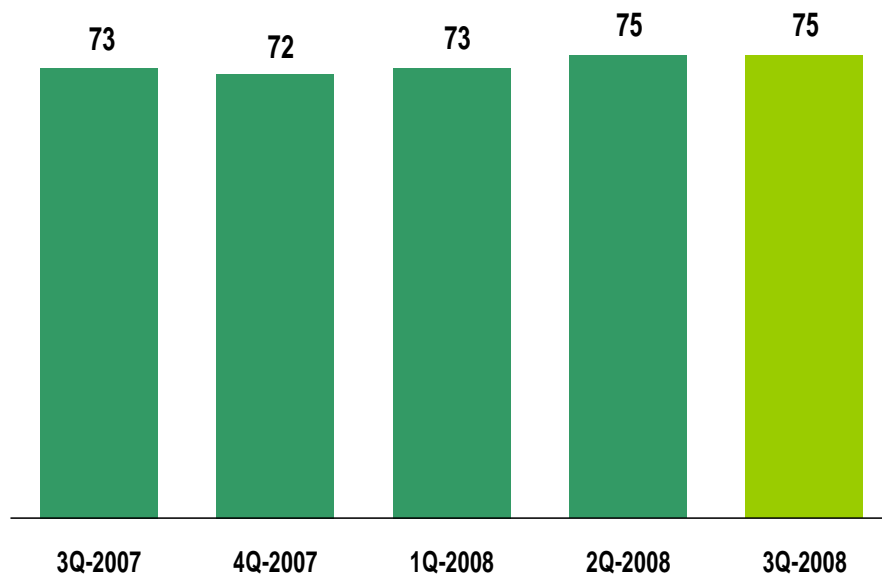
Revenue growth of 2%

Data & Internet revenue grew 16%

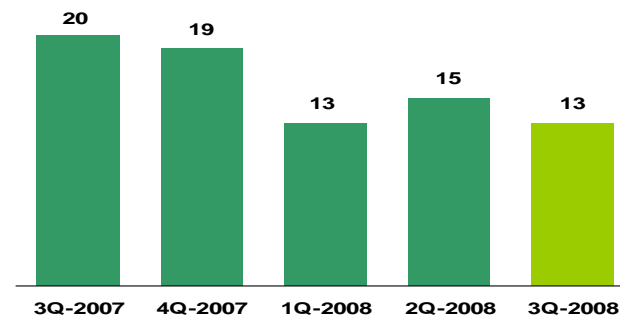
Data & Internet services contribute 82% of revenue

# Fixed Network Services

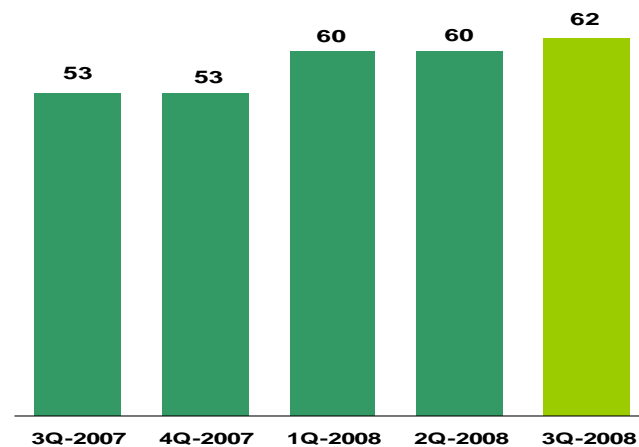
## Fixed Network Revenue (S\$M)



## Voice (S\$M)



## Data & Internet (S\$M)



Financial Overview

Business Overview

**Outlook**

Revenue:	Revenue growth of about <u>7%</u> YoY
EBITDA:	EBITDA margin on service revenue to be around <u>31%</u>
CAPEX:	As a percent of operating revenue, cash capex to not exceed <u>12%</u>
Dividend:	To pay 3Q-2008 interim dividend of <u>4.5</u> cents per share Commit to pay a minimum annual cash dividend of <u>18.0</u> cents per share for FY2008



For enquiries, please contact:

Jeannie <b>ONG</b>	Eric <b>LOH</b>
Head, Corporate Communications & Investor Relations	Senior Investor Relations Manager
Office: (65) 6825 5168	Office: (65) 6825 5171
Email: <a href="mailto:jeannieo@starhub.com">jeannieo@starhub.com</a> or <a href="mailto:ir@starhub.com">ir@starhub.com</a>	Email: <a href="mailto:ericloh@starhub.com">ericloh@starhub.com</a> or <a href="mailto:ir@starhub.com">ir@starhub.com</a>