

# StarHub's 3Q-2009 Results

10 November 2009

## De|fi|ni|tive Hub|bing

The seamless integration of content and connectivity to let you enjoy your own world, share your world, and create new worlds with others. *n* The official standard. The epitome of convergence.

# Management Team



TAN Tong Hai  
COO



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-2009 vs 3Q-2008)

## Financial:

- **Service revenue improved 3%**
- **EBITDA grew 5%**

## Operational:

- **Strengths:**
  - **Revenue growth: Mobile & Data Services**
  - **Triple-services Hubbing households grew 12%**
- **Challenge:**
  - **Broadband revenue growth**
- **Key Events:**
  - **Sports content re-positioning**
  - **iPhone later this year**

# Key Financial Highlights



| \$ million                    | 3Q-2009      | Change<br>3Q-2008 | Change<br>2Q-2009 | YTD-2009      | Change<br>YTD-2008 |
|-------------------------------|--------------|-------------------|-------------------|---------------|--------------------|
| Total Revenue                 | <b>537</b>   | 2%                | 1%                | <b>1,600</b>  | 1%                 |
| Service Revenue               | <b>516</b>   | 3%                | 1%                | <b>1,536</b>  | 1%                 |
| EBITDA                        | <b>172</b>   | 5%                | 7%                | <b>501</b>    | 5%                 |
| EBITDA Margin                 | <b>33.4%</b> | 0.5% pts          | 2.0% pts          | <b>32.6%</b>  | 1.0% pts           |
| Taxation                      | <b>(20)</b>  | 4%                | -21%              | <b>(56)</b>   | 6%                 |
| Net Profit After Tax          | <b>85</b>    | 7%                | 10%               | <b>245</b>    | 10%                |
| Earnings Per Share (Diluted)  | <b>4.95¢</b> | 7%                | 9%                | <b>14.26¢</b> | 9%                 |
| Capex Cash Payments           | <b>54</b>    | 10%               | 22%               | <b>175</b>    | -6%                |
| % of Capex to Revenue         | <b>10</b>    | 1.4% pts          | 3% pts            | <b>11</b>     | (0.5)% pts         |
| FCF / Fully Diluted Share     | <b>6.70¢</b> | -8%               | -22%              | <b>22.02¢</b> | 28%                |
| Net Debt to 2008 EBITDA ratio | <b>1.02x</b> | 0.2x              | 0.05x             | <b>1.02x</b>  | 0.2x               |

Note: Numbers may not add up due to rounding.

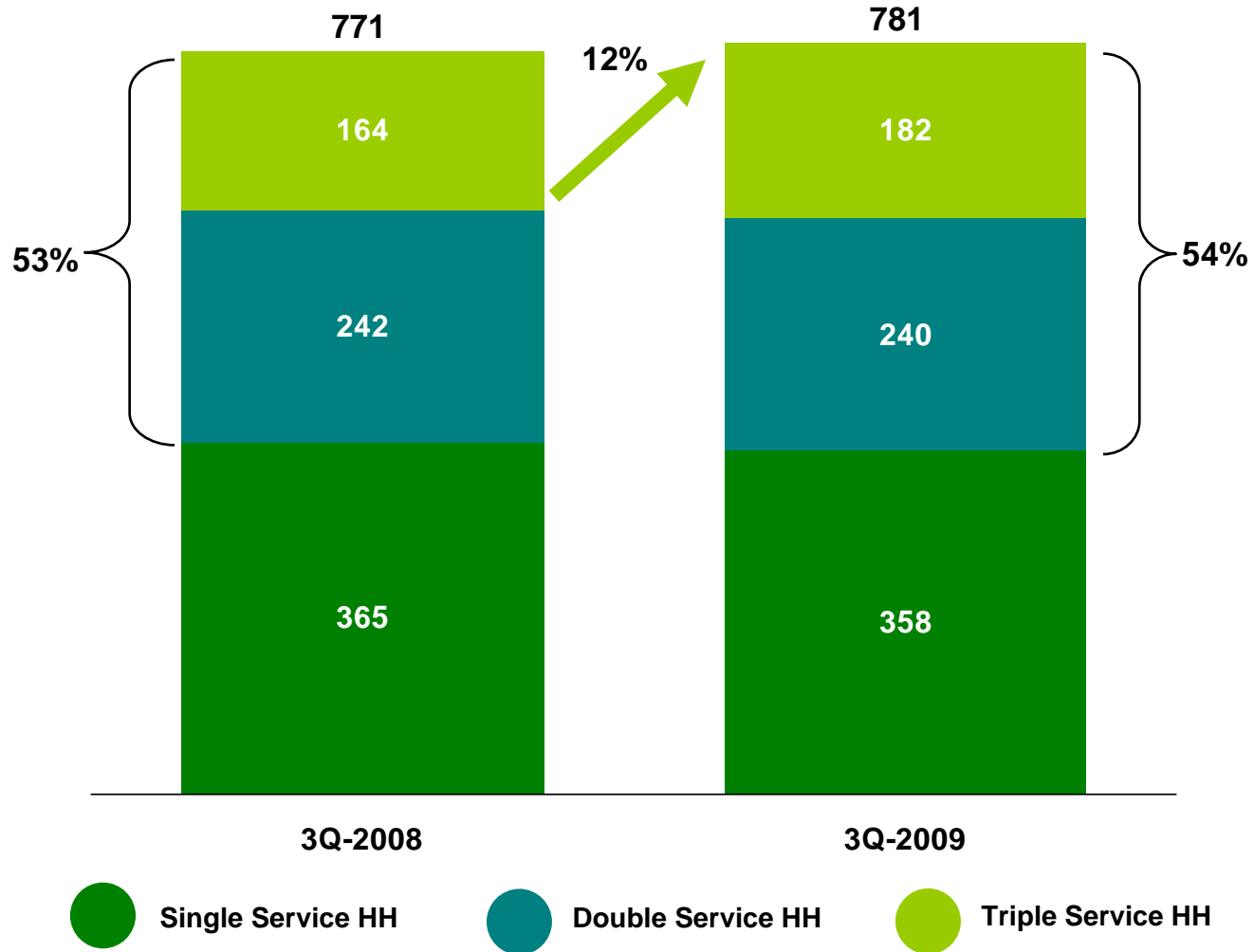
# Business Expansion (3Q-2009 vs 3Q-2008)



| Line of Business  | Service Revenue                        | Customer Base                       |
|---|--|-------------------------------------|
| <b>Mobile</b><br>(52% of revenue mix)                     | 5%<br>Pre-paid (11%) Post-paid (3%)    | 8%<br>Pre-paid (11%) Post-paid (5%) |
| <b>Pay TV</b><br>(19% of revenue mix)                     | 2%                                     | 3%                                  |
| <b>Cable<br/>Broadband</b><br>(11% of revenue mix)        | - 6%                                   | 7%                                  |
| <b>Fixed Network<br/>Services</b><br>(15% of revenue mix) | 6%<br>Data & Internet (9%) Voice (-7%) |                                     |



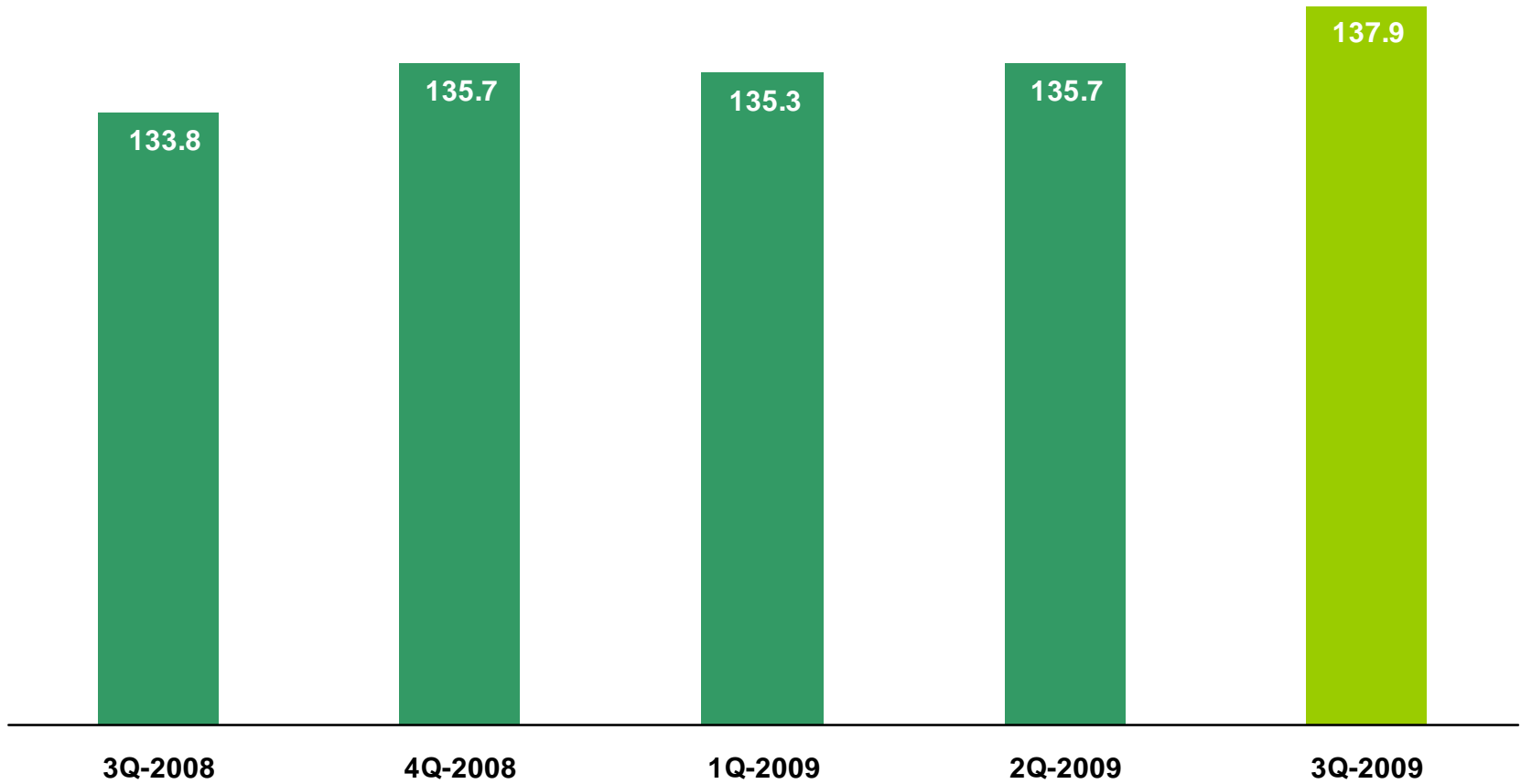
## Expanding Hubbing Households ('000)



# Total Households ARPU



ARPU (S\$)





# Financial Overview

Business Overview

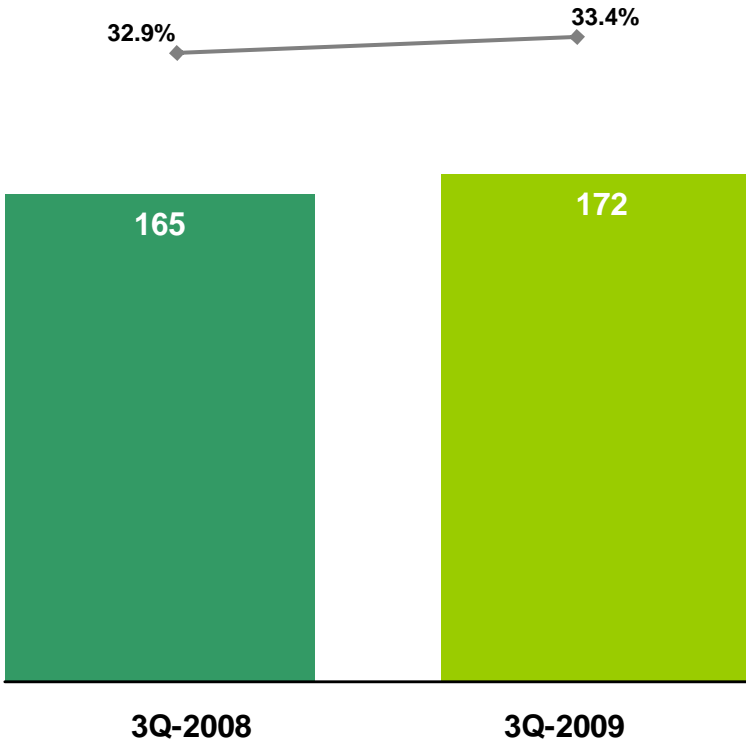
Outlook

# EBITDA & EBITDA Margin By Service Platforms (1)



## EBITDA

(S\$ millions)

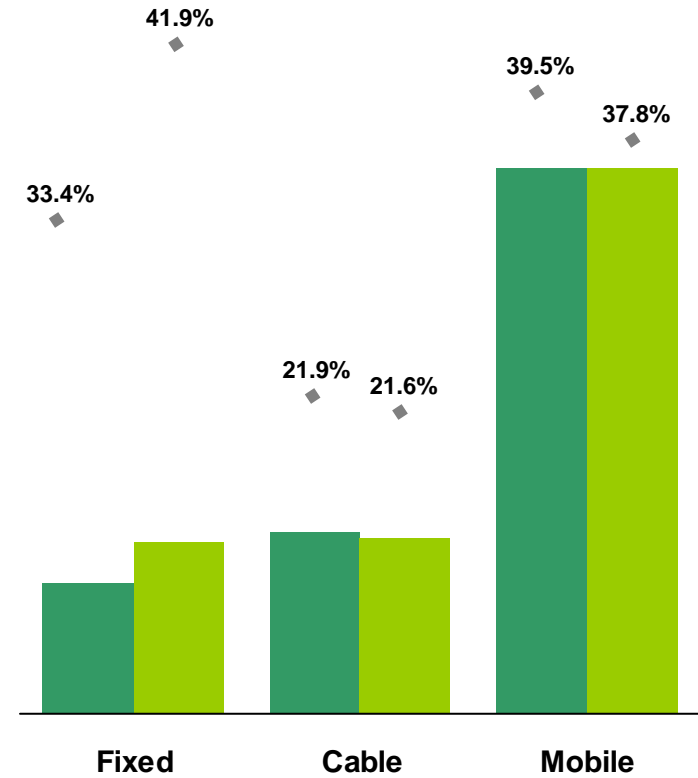


■ 2008 EBITDA    ■ 2009 EBITDA

◆ EBITDA Margin as % of Service Revenue

## Service Platform

(S\$ millions)



■ 3Q-2008 EBITDA    ■ 3Q-2009 EBITDA

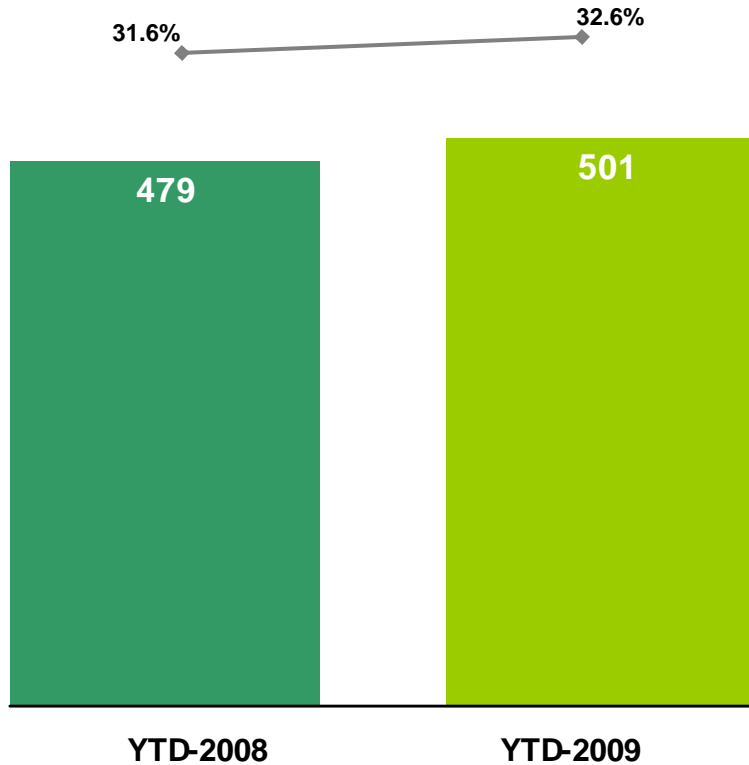
◆ EBITDA Margin as % of Service Revenue

# EBITDA & EBITDA Margin By Service Platforms (2)



## EBITDA

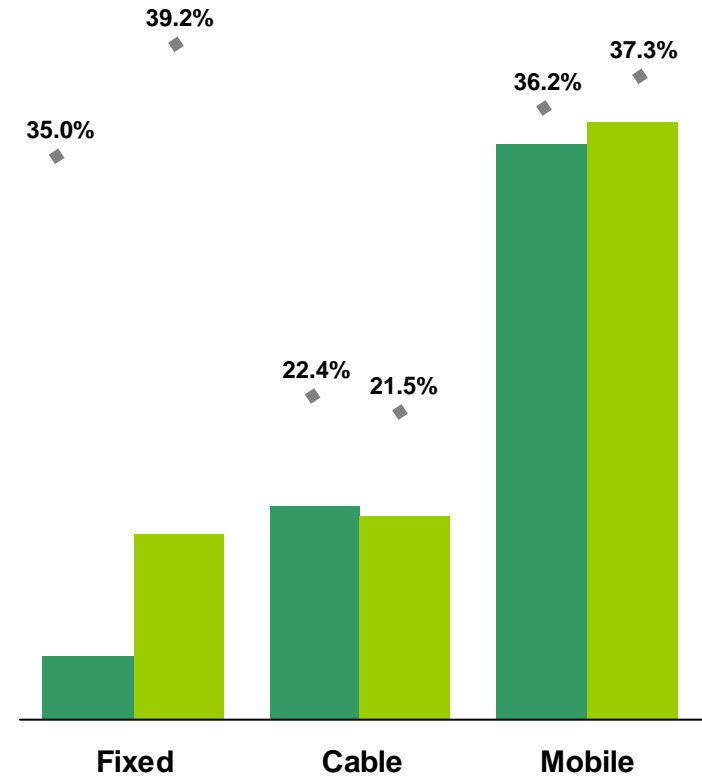
(S\$ millions)



■ 2008 EBITDA    ■ 2009 EBITDA  
◆ EBITDA Margin as % of Service Revenue

## Service Platform

(S\$ millions)

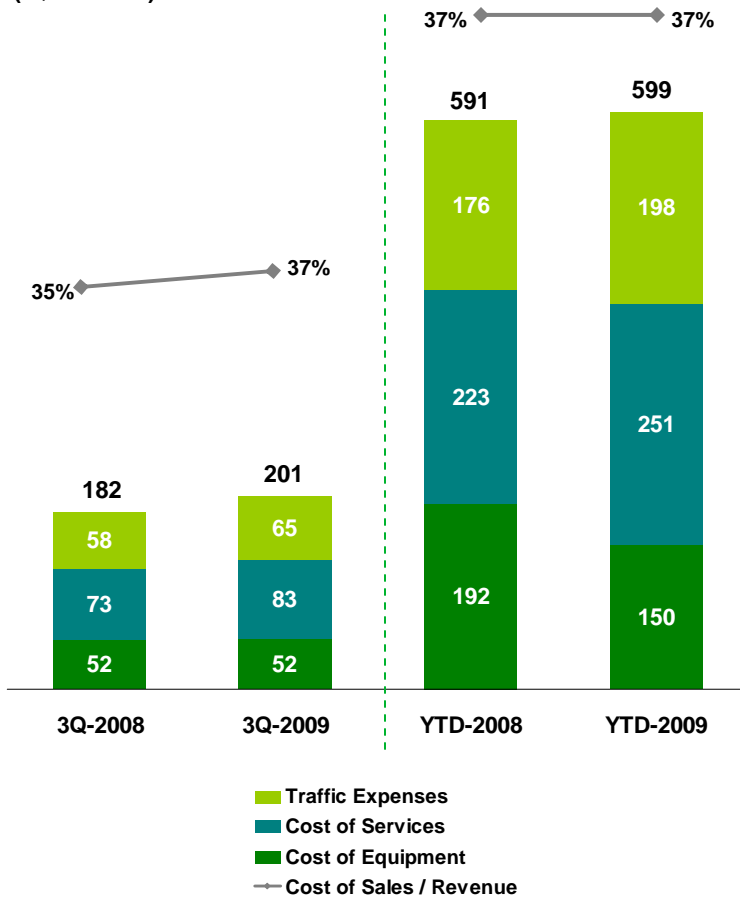


■ YTD-2008 EBITDA    ■ YTD-2009 EBITDA  
◆ EBITDA Margin as % of Service Revenue

# Operating Efficiencies

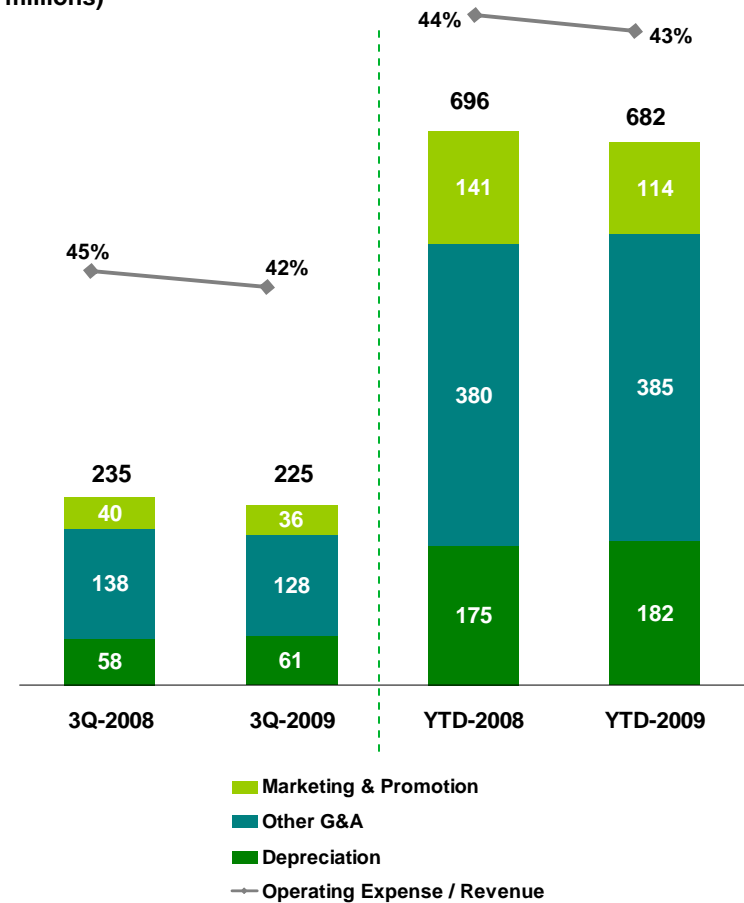
## Cost of Sales

(\$ millions)



## Other Operating Expenses

(\$ millions)



Note: Numbers may not add up due to rounding.

# Profitability

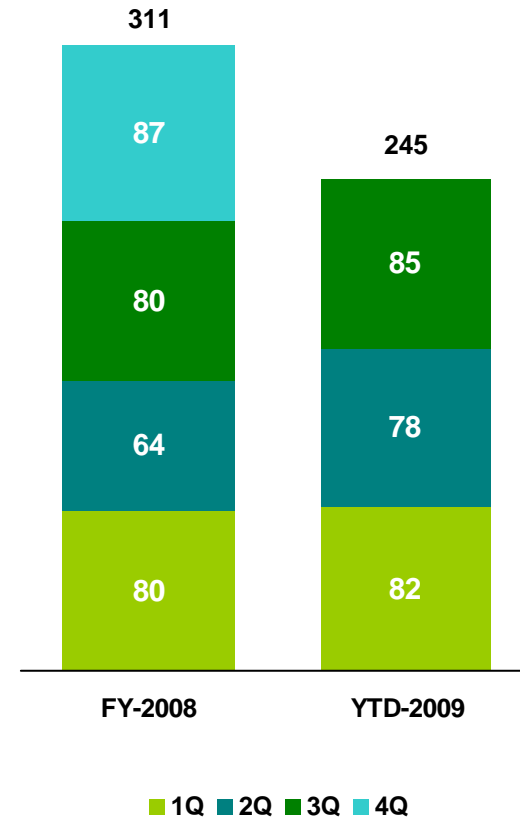
## Profit Before Tax

(S\$ millions)



## Net Profit After Tax

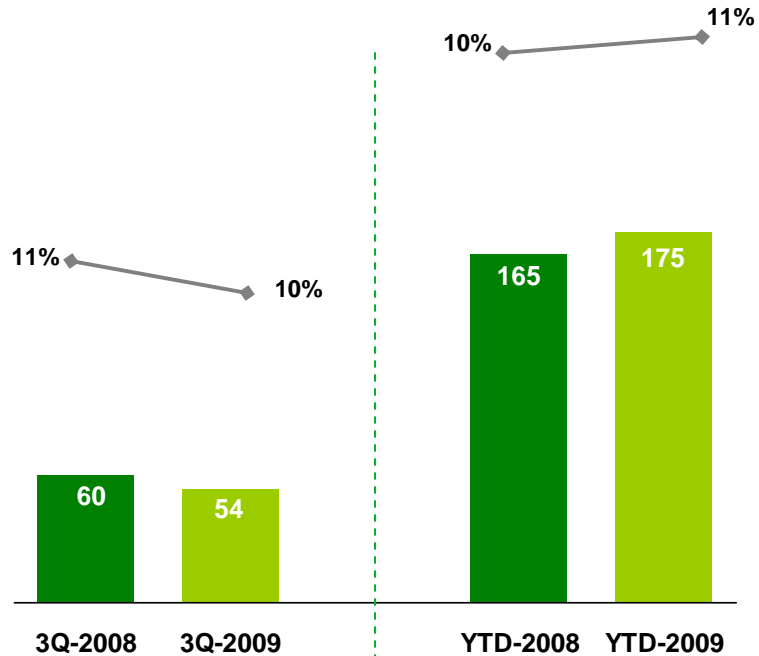
(S\$ millions)



# Capex & Free Cash Flow

## Capex (cash payments)

(S\$ millions)



◆ Cash capex as % of Operating Revenue

## Free Cash Flow

(S\$ millions)



■ 1Q ■ 2Q ■ 3Q ■ 4Q

Financial Overview

## Business Overview - Mobile

Outlook

# Mobile – Highlights (3Q-2009 vs 3Q-2008)



**Pre-paid revenue grew 11%**

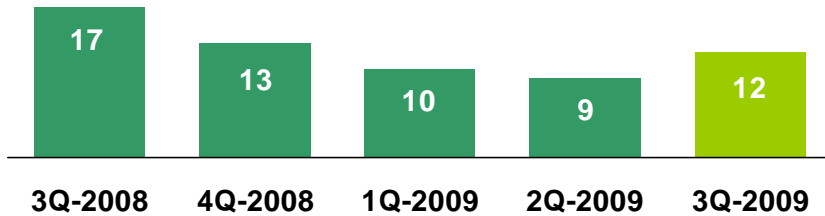
**Pre-paid ARPU rose by \$1**

**Post-paid customer base increased 5%**

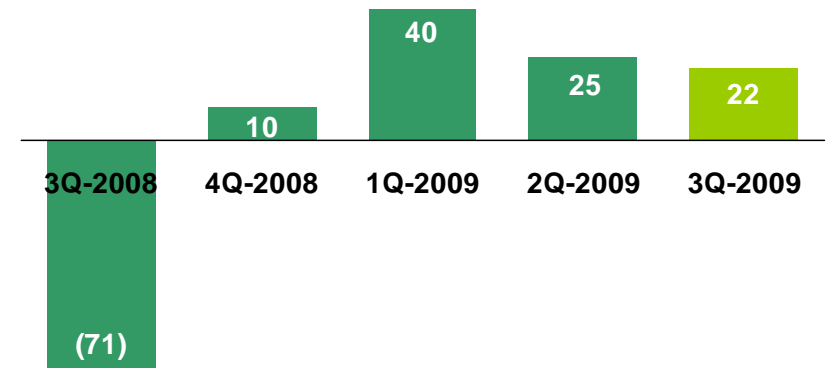


# Mobile Net Adds

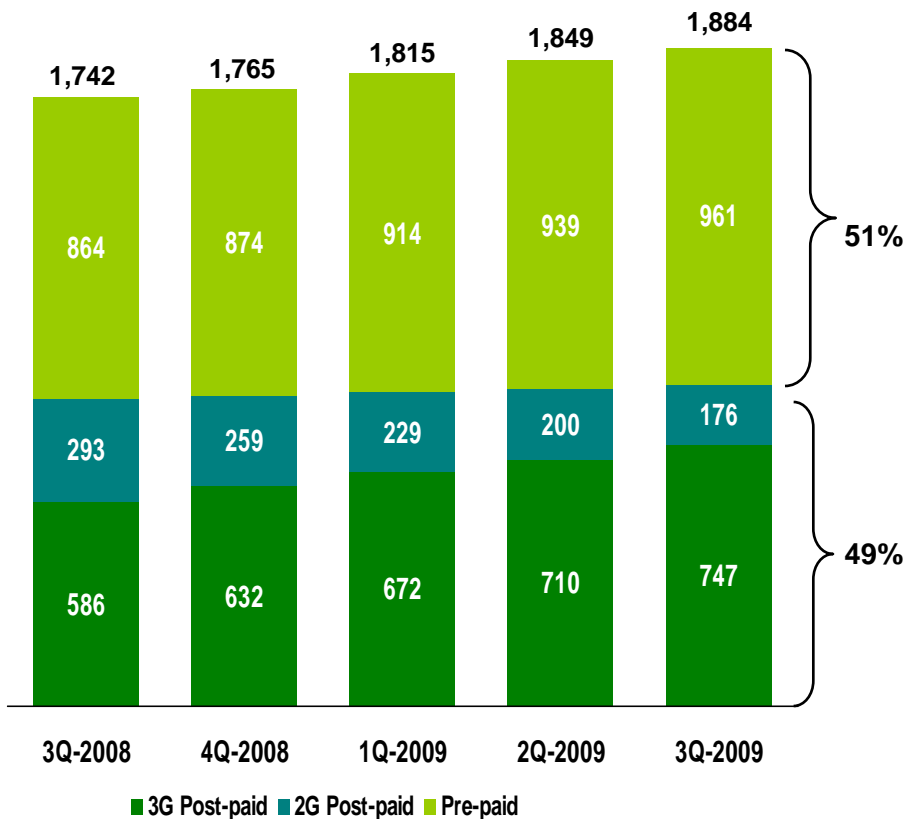
## Post-paid Net Adds ('000)



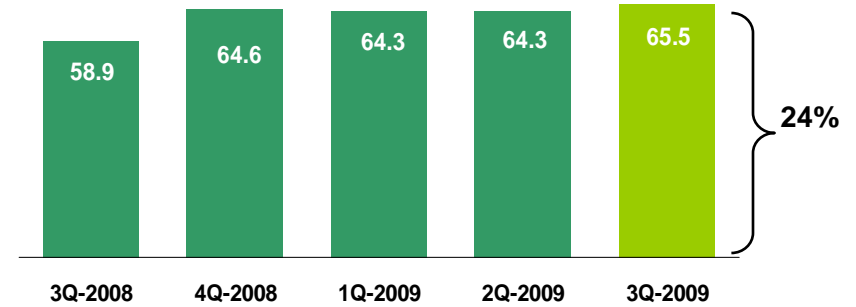
## Pre-paid Net Adds ('000)



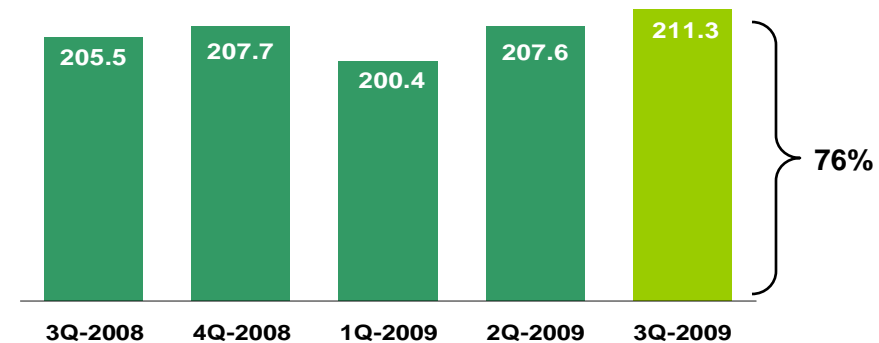
## Customers ('000)



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

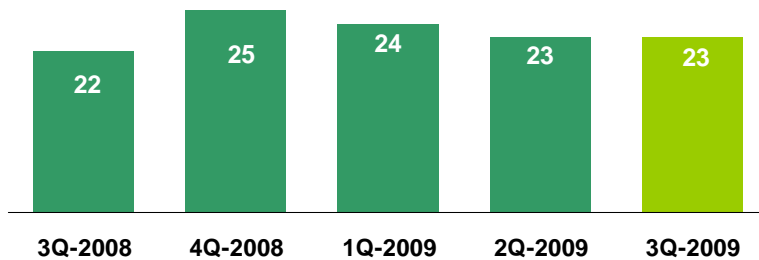


## Post-paid Revenue (S\$M)

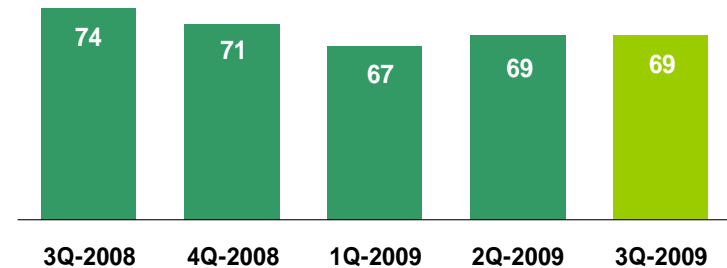


# Mobile ARPU & Non-Voice Services

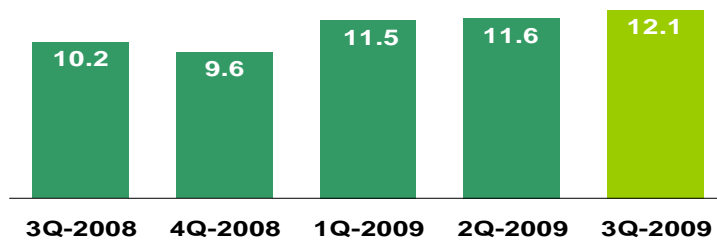
Pre-paid ARPU (S\$ per month)



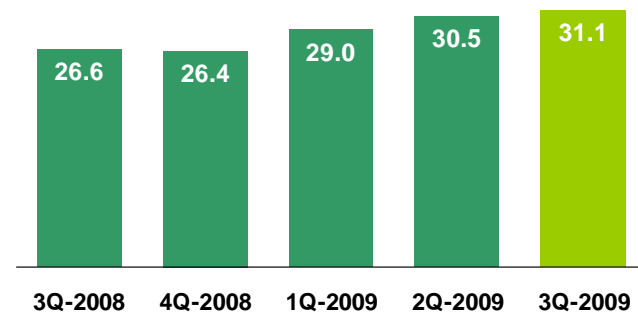
Post-paid ARPU (S\$ per month)



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



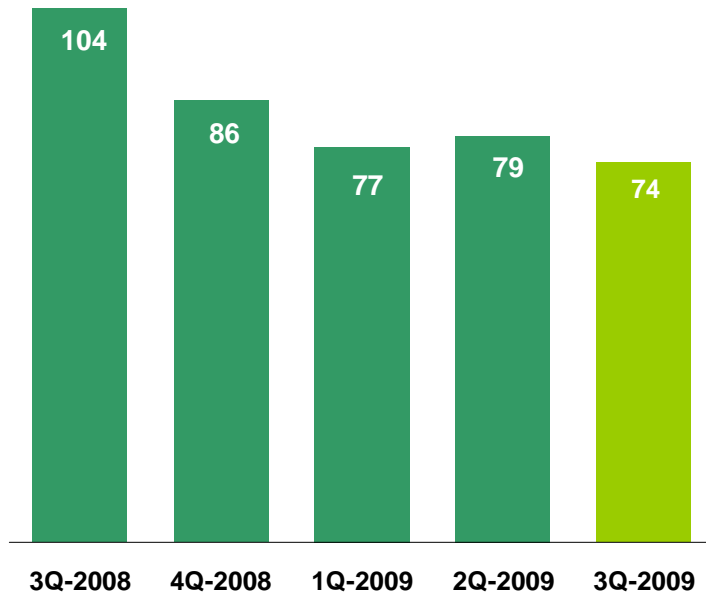
Post-paid non-voice services (% of ARPU)



# Mobile Acquisition Costs & Churn Trend

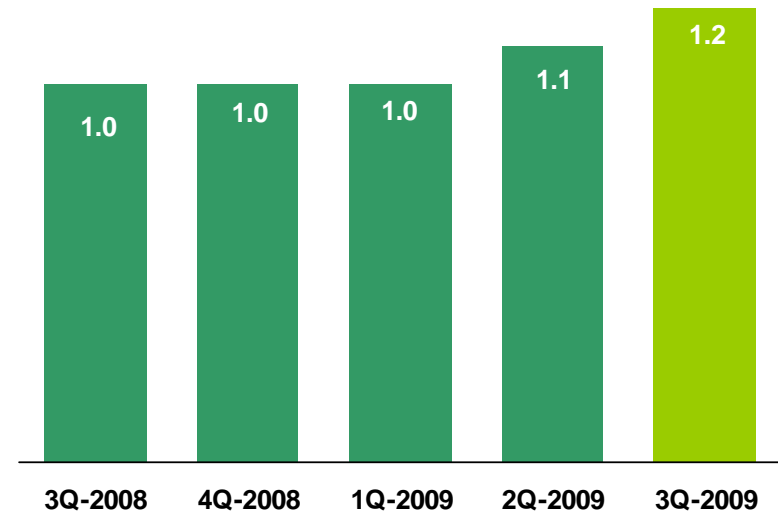
## Average Acquisition Costs

Per Gross Connection (S\$)



## Monthly Churn Rate (Post-paid)

(%)



Financial Overview

## Business Overview – Pay TV

Outlook

# Pay TV – Highlights (3Q-2009 vs 3Q-2008)

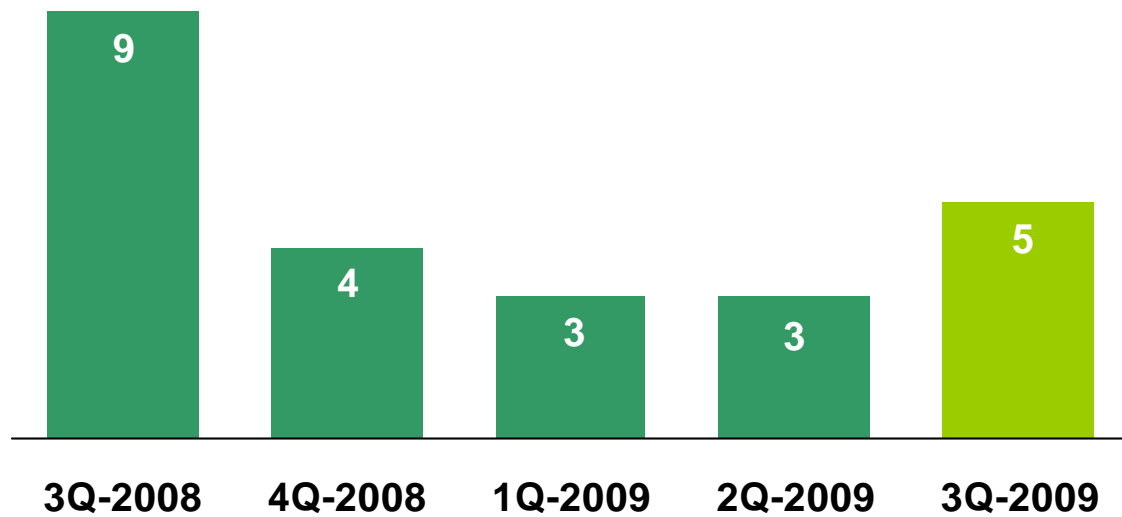


Revenue increased 2%

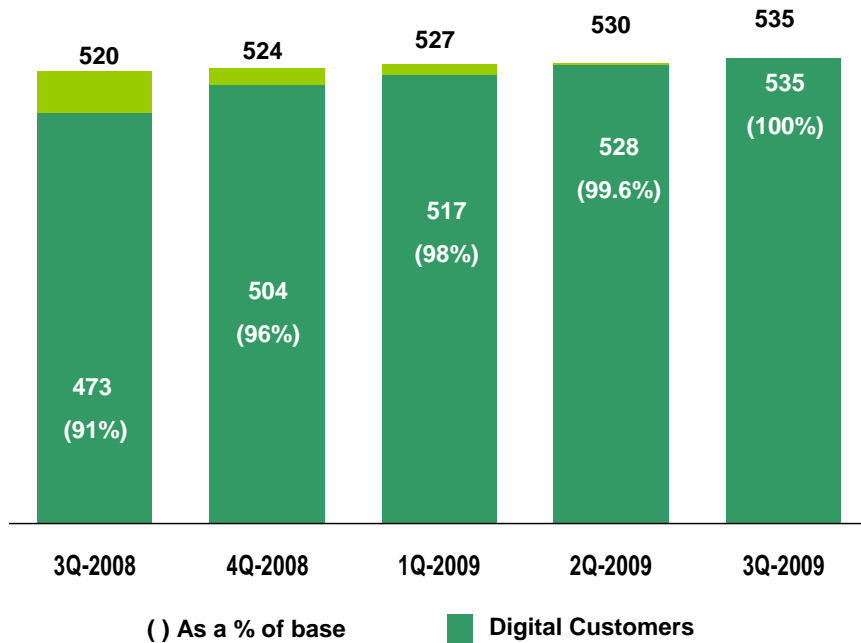
ARPU remained stable at S\$56

Digital customers penetration – 100% of base

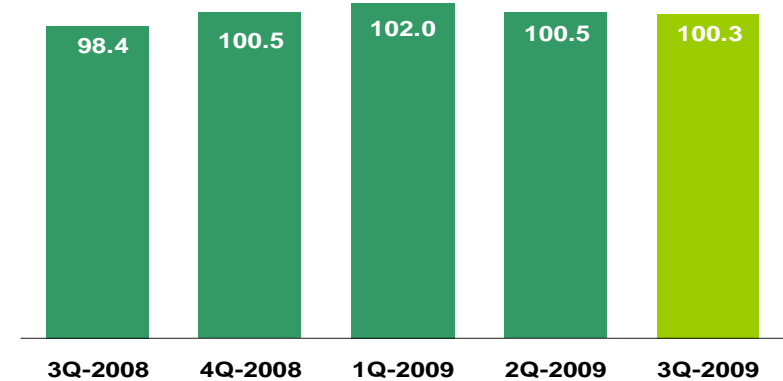
## Net Adds ('000)



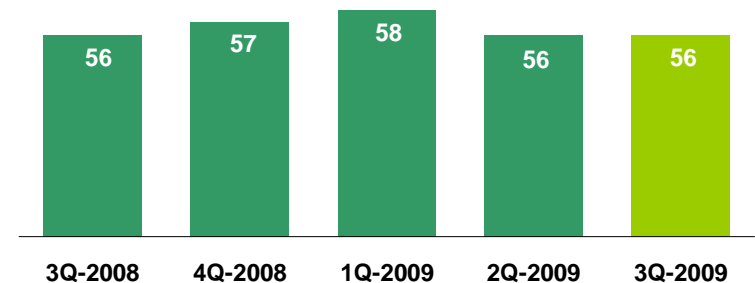
## Pay TV Customers ('000)



## Pay TV Revenue (S\$M)

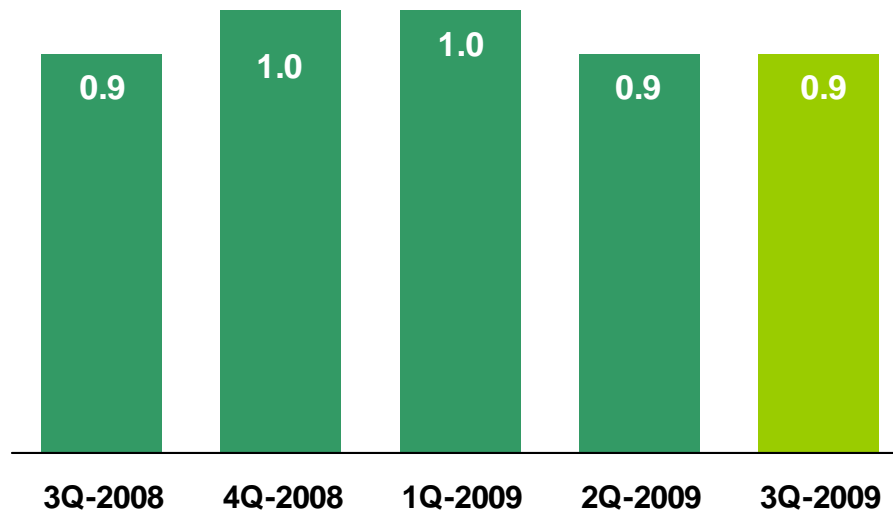


## Pay TV ARPU (S\$ per month)





## Average Monthly Churn Rate (%)



Financial Overview

## **Business Overview - Broadband**

Outlook

# Broadband – Highlights (3Q-2009 vs 3Q-2008)



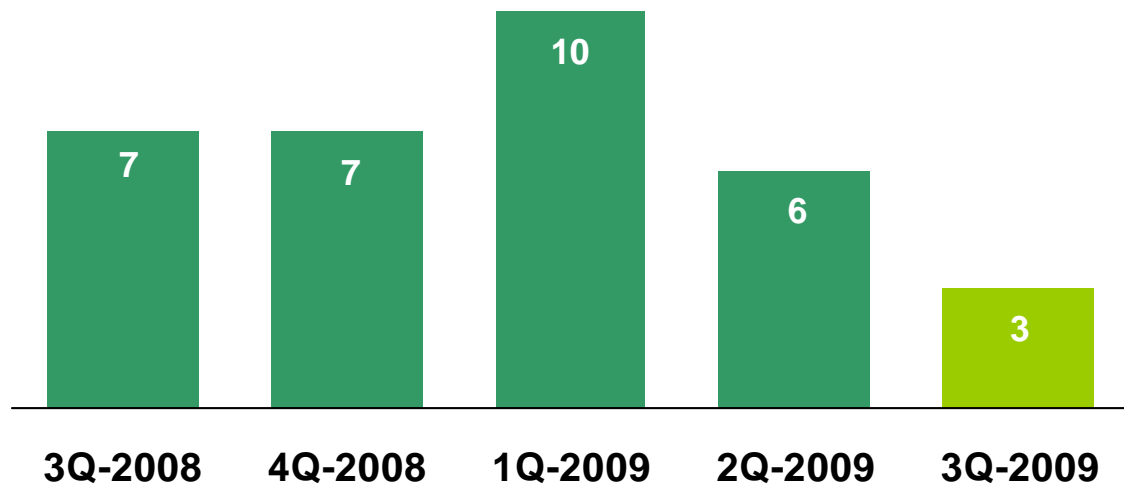
Revenue decreased 6%

ARPU decreased by S\$7 to S\$50

Net customer additions of 27K (7% growth)

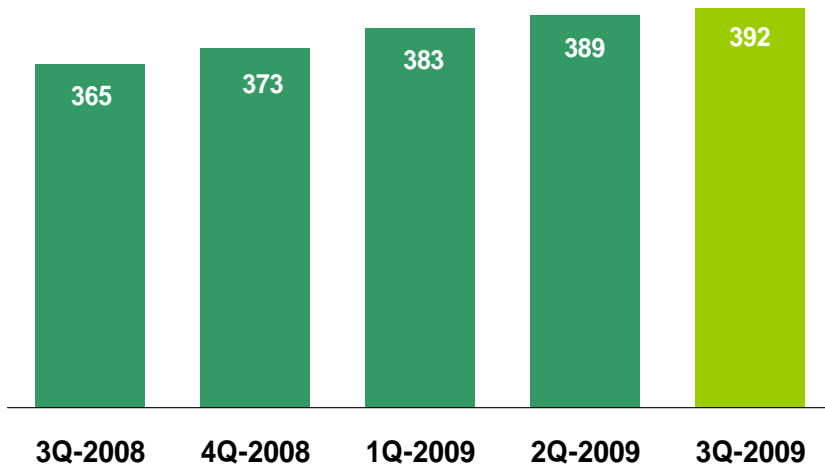
# Residential Broadband Net Adds

Net Adds ('000)

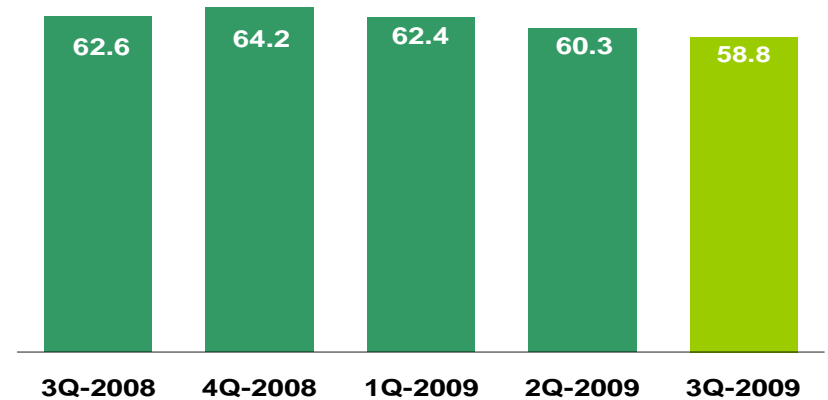


# Residential Broadband

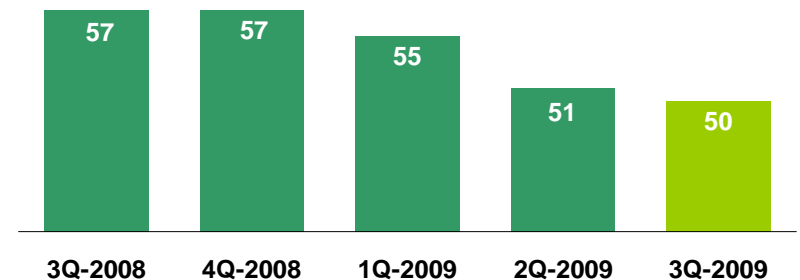
## Broadband Customers ('000)



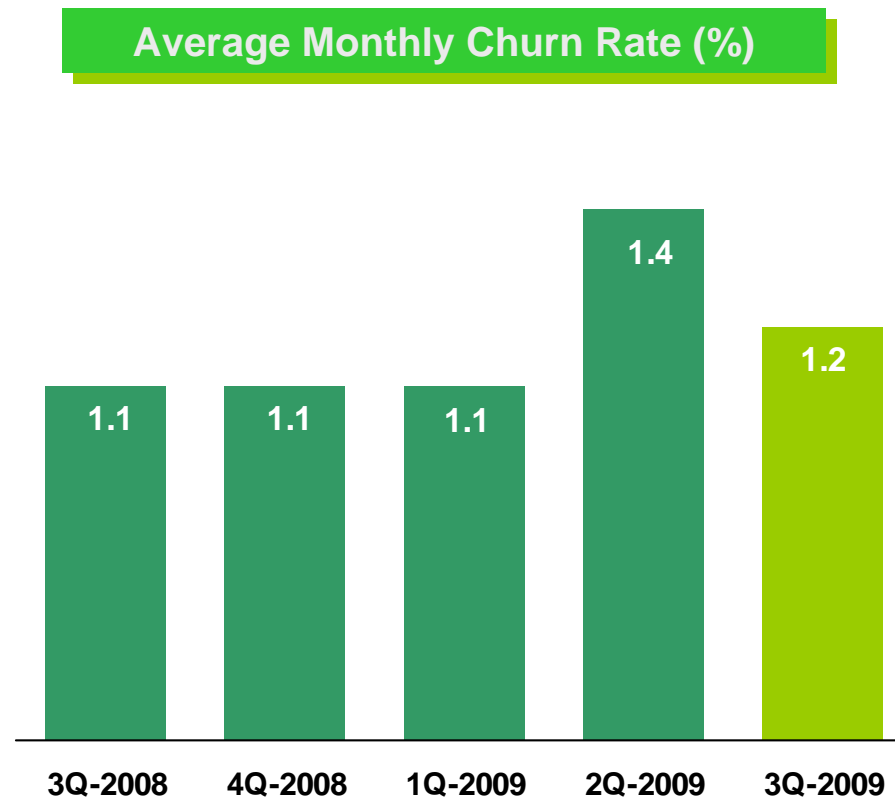
## Broadband Revenue (\$M)



## Broadband ARPU (\$)



# Residential Broadband Churn



Financial Overview

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

Outlook

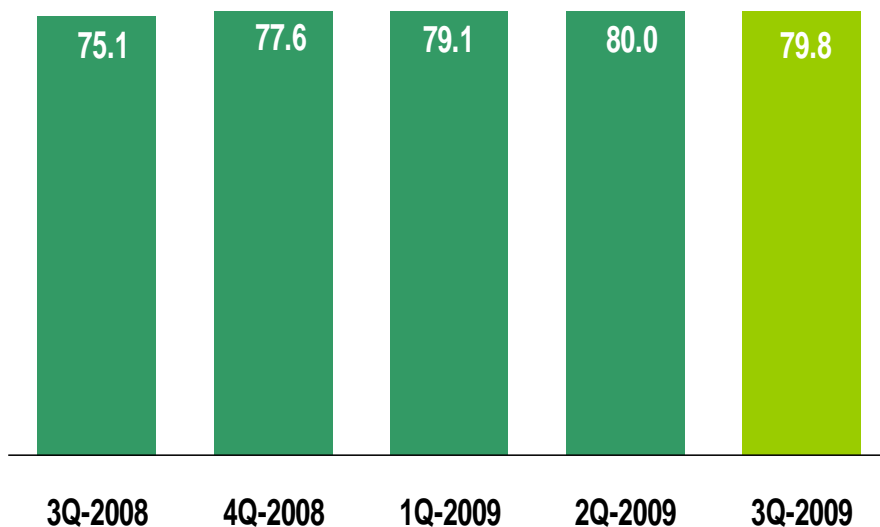
Revenue expanded 6%

Data & Internet revenue improved by 9%

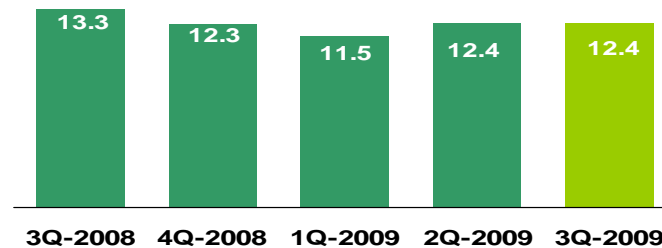
Data & Internet services contribute 85% of revenue



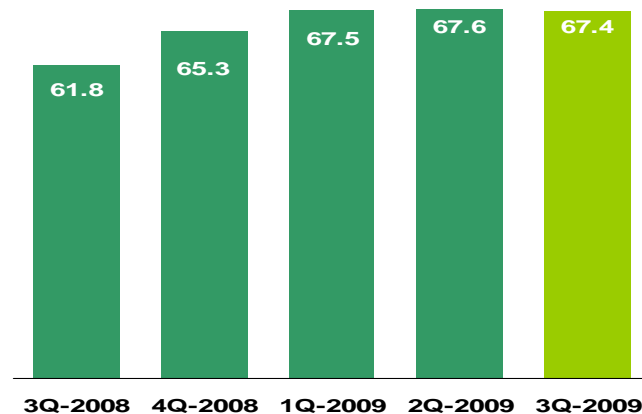
## Fixed Network Revenue (S\$M)



## Voice (S\$M)



## Data & Internet (S\$M)



Financial Overview

Business Overview

**Outlook**

|                  |   |
|------------------|---|
| <b>Revenue:</b>  | Service revenue <u>maintained at 2008 level</u>   |
| <b>EBITDA:</b>   | EBITDA margin on service revenue <u>maintained around 32%</u>   |
| <b>CAPEX:</b>    | As a percent of operating revenue,<br>cash capex to not exceed <u>11%</u>   |
| <b>Dividend:</b> | For 3Q-2009, increased to <u>5.0</u> cents per share<br>Increased minimum annual cash dividend for FY 2009<br>to <u>19.0 cents</u> per share<br>Looking ahead, expect to maintain at a<br>minimum of <u>5.0</u> cents per share per quarter |



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