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Jeannie Ong: Good evening ladies and gentlemen. Gong Xi Fa Cai. Welcome to StarHub's fourth quarter and full year 2015 results announcement briefing. My name is Jeannie and it is my pleasure to welcome both the media and the analysts that join us here at our Media Centre at StarHub Green as well as those who are connected to us via the conference call and the audiocast.

Before we go into the results proper, let me introduce the panellists to you. We have our CEO, Mr Tan Tong Hai, our CFO, Dennis Chia and our CCO, Kevin Lim. Before we begin our presentation, I would like to remind all participants that we will conduct a question and answer session at the end of the presentation. We will be taking questions from the floor then the conference call, followed by the audiocast.

Let me now invite Tong Hai to share some highlights from this set of results. Tong Hai, over to you, please.

Tan Tong Hai: Thanks, Jeannie. Let's take a look at the overall financial numbers. That's in chart number 5. So this is the overview of how we performed in 2015 versus 2014. If you look at the total revenue, we have increased by 2%. Service revenue was stable. EBITDA decreased by 5%. EBITDA margin at 32.2%, as per what we've guided of 32%. Net profit after tax was stable.

Now if you take a look at the operational stats, we have steady revenue growth in Fixed Networks, which is fuelled mainly by our enterprise business. We saw subscriber growth in post-paid mobile and residential broadband. We are most heartened to see low churn rates sustained across all businesses, especially for Pay TV which registered a 0.8% churn rate.

Next. Here are the key financial highlights. If we take a look at the first line which is the total revenue, the fourth quarter there was a slight drop in the total revenue because there are less handset sales. On a full year basis, if you look at the total revenue, it grew by 2%. This is mainly contributed by the higher handset sales because of the popularity of the smartphones in 2015.

Service revenue was down 1% in the fourth quarter, but for the full year basis it was relatively flat. EBITDA was lower by 18%. That's because in fourth quarter last year, we have a relatively higher level of reversal of accruals so that explains why the EBITDA dropped 18%. On a full year basis, the EBITDA drop was about 5%. Now this is mainly due to higher CPE subsidies incurred in 2015. EBITDA margin for the full year is at 32.2%, as per what we have guided of 32%. Net profit after tax, on a full year basis was relatively stable at S\$372 million. Percentage of CapEx to revenue was 13.5%. Within our 13% guidance. Free cash flow was lower. That's because of the lower EBITDA as well as the higher working capital required for the handset purchases. Net debt to EBITDA ratio is healthy at 0.69 times.

Next. Here you can see, in chart number 7, the revenue contribution by the various lines of business. Firstly, if you take a look at the mobile segment, for the fourth quarter the revenue was lower by S\$7.5 million, mainly contributed by a drop in roaming as well as pre-paid. On a full year basis, it was only down by 0.6%. Pay TV was relatively stable at S\$100m, slight drop of 0.1%. But on the full year basis, it grew by S\$1.3 million, about 0.3% growth. Demonstrating that the Pay TV business is still pretty resilient in spite of competition.

Broadband revenue for the fourth quarter grew by 9.2%. This is the fourth consecutive quarter of growth in the broadband. On a full year basis, the drop is only about S\$1.6 million or 0.8%. A marked improvement over the previous year where the year-to-year drop was close to S\$40 million. So this shows that the broadband is at least back on [the growth path].

Fixed Network services, which is mainly driven by our enterprise business, for the fourth quarter there was a slight drop of S\$2.9 million. This is mainly due to timing differences in terms of our project completion. But on a full year basis, it grew by S\$6.6 million or 1.7%. This is where we saw steady growth in our enterprise business.

In terms of sale of equipment, we have less sale of equipment in the fourth quarter. But on a full year basis, the sale of equipment actually has increased by 34.5%. Because of the popularity of the handsets that were introduced in 2015. So I think that gives you a good view of the revenue contribution.

Next let's take a look at the revenue mix. If you take a look at the full year basis, I think that will be clearer. You'll notice that the main contribution is still mobile at 50.7%. Mobile still contributes the highest margin to our business. Next in line is Pay TV at 16%. The other part that has been very steady close to 16% is our Fixed Network services. That is our enterprise fixed business at 15.8%. Enterprise Fixed Network services actually is our second largest revenue margin contributor. Broadband is at 8.2%. Sale of equipment was higher at 9.3%.

Next. So if you take a look at our hubbing scorecard, you have seen a growth in our triple-service households from 242,000 to 245,000. So still steady, healthy growth in our triple-service household. Now with this, I want to hand over to Dennis to cover the financial highlights. Dennis, over to you.

Dennis Chia: Thank you, Tong Hai. I'm moving on to slide number 11. For the quarter 4 of 2015, our EBITDA was S\$157 million versus S\$192 million from a year ago. That represented 27.9% versus 33.8%. The relatively lower EBITDA for the quarter on a year-on-year basis is the result of relatively higher accruals that were reversed in the fourth quarter of 2014. For the full year, our EBITDA was S\$713 million or 32.2%. Compared to S\$748m a year ago, or 33.7%. Now the difference in the EBITDA from year to year on a full year basis is largely due to the higher CPE subsidies as a result of the higher volume of handsets sold during the year. As well as the increased costs of services as a result of greater migration to the fibre broadband.

Moving on to slide number 12, which is on the cost of sales. Our cost of sales for Q4 of 2015 was S\$305 million compared to S\$287 million a year ago. The increase in cost of sales is contributed by two factors. One is the increased costs of services as a result of the increased migration to the next-generation broadband. As well as increased data volumes which contributed to the higher traffic cost. On a full year basis, our cost of sales was S\$1.05 billion, compared to S\$949 million from a year ago. This represents 43% of our revenue compared to 40% of our revenue a year ago. The cost of sales has gone up from year to year as a result of higher equipment sold during the year as well as the increased number of migrations of broadband subscribers. We continue to sustain good traffic cost as we maintain good inter-operator traffic rates.

Moving on to slide number 13, which is on operating expenses. Our operating expenses for the fourth quarter of 2015 versus 2014 was relatively flat at S\$251 million compared to S\$248 million a year ago. On a full year basis, our operating expenses were S\$996 million, or 41% of our revenues. Compared to S\$1.008 billion or 42% of revenue. The reduction in operating expenses is the result of better marketing promotion costs, continued leverage on the data analytics that we have as well as the reduction of staff costs as we ran the organisation more efficiently. This was offset by relatively higher repair and maintenance costs as a result of our wider network and construction.

Net profit after tax for the quarter as S\$81 million, compared to S\$94 million a year ago. We generated S\$0.047 on an EPS basis for the quarter. The full year net profit after tax was S\$372 million or S\$0.215, compared to S\$371 million a year ago, which was relatively flat.

Cash CapEx for the quarter was S\$103 million compared to S\$86 million a year ago. This brings our full year cash capital expenditure to S\$329 million or 13.5%, which was within our guidance. Compared to S\$322 million a year ago. Which is relatively flat on an absolute basis.

Finally, on the free cash flow. We generated S\$20 million of free cash flow for the quarter. On a full year basis, we generated S\$216 million of free cash flow compared to S\$333 million a year ago. The free cash flow was impacted by lower EBITDA as well as higher working capital requirements as a result of the higher volume of equipment sold during the year.

With this, I turn the floor over to our Chief Commercial Officer, Mr Kevin Lim.

Kevin Lim: Thank you, Dennis. I'm on slide 18. Tong Hai has already given you the highlights of the lines of business. But let me go into some of the detail.

Firstly, let's look at the mobile business on a full year basis. If you look at the post-paid customers, we expanded it 49,000 subscribers year on year. Then the ARPU was also increased to S\$70 by S\$2. Looking at the customer base, we expanded the total mobile base by 41,000, even with a lower year-on-year prepaid base. The prepaid base, however, as you can see was higher by 5000 in the fourth quarter versus the previous quarter. If you notice, that's three consecutive quarters of growth in the prepaid base itself.

Moving on to revenue on slide 20. Mobile revenue for the fourth quarter was higher quarter on quarter. However, on a full year basis it was lower year on year. The prepaid revenue continued to be under pressure due to substitution of traditional IDD and SMS usages. There has also been an increasing trend of access via Wi-Fi rather than cellular. In post-paid, voice roaming and traditional voice usages registered lower as a result of changing usage behaviour towards OTT channels. Data roaming continues to grow. But due to the deferring yields, the incremental revenue is unable to compensate for the lower domestic and roaming voice usages. But overall, the post-paid mobile revenue continues to be strong.

Looking at ARPU, prepaid ARPU was slightly lower for the fourth quarter. However, it was S\$1 higher for the full year versus 2014. Post-paid was healthy with a higher ARPU quarter on quarter and year on year as well. It was also S\$2 higher for the full year, even with an enlarged subscriber base. The improved ARPU for post-paid can be attributed to more customers moving to our tiered data plans, which now stands at about 65% of our total base. Looking at the non-voice contribution to post-paid ARPU, as data consumption continues to increase, this particular contribution has risen to 58.2% at the end of the fourth quarter. Post-paid churn was high at 1.2% for the quarter due to family share plans, which churned as they came out of promotional period.

I'm now on slide 24, moving on to our Pay TV business. The Pay TV revenue was stable with ARPU at S\$51. Even though we reported a lower sub base. The Pay TV base ended the quarter 536,000 subscribers.

The lower sub base was primarily due to lower acquisition of TV Lite customers. Churn rate remains a low 0.8% for the quarter.

Slide 26. Revenue in the fourth quarter 2015 was higher versus the previous quarter and for the whole year. Proving that our TV business remains resilient. As mentioned previously, the lower sub base was due to lower acquisitions of TV Lite customers and ARPU is stable at S\$51.

Turning our attention now to broadband. I'm on slide 28. For the full year, broadband revenue declined 1% year on year. ARPU was at S\$34 and we continued to grow the sub base which expanded by 6000 customers. When we look at the broadband base, the total broadband base ended at 476,000 customers. This was higher year on year and marginally lower quarter on quarter. Churn was at about 1.1%. We ended the year with a total of 270,000 fibre customers. So we have grown this continuously.

Slide 30, looking at revenue. We continued to grow the revenue quarter on quarter as well as for the full year. Revenue was only marginally lower than 2014. A marked improvement over previous years where we saw declines of the broadband revenue. ARPU was higher for the fourth quarter versus a year ago and previous quarter. This is the fourth consecutive quarter of revenue growth for the broadband business. The improved revenue comes from an enlarged base as well as upgrading of customers to higher-tiered plans.

Turning now to Fixed Network on slide 32. For the full year, the data and internet grew by 3% while voice revenue was lower by 6%. Revenue in the fourth quarter was lower year on year as a number of project completion dates slipped into 2016. On a full year basis, the Fixed Network services grew versus 2014, ending at S\$384.9 million. Going to the details of the Fixed Network services, you can see that voice revenue continues to be under pressure with changing usage trend and ended lower for the quarter and for the full year. The lower voice revenue came mainly from lower IDD usages as well as [rate]. Data internet, however, it was higher for the full year. But as said earlier, due to the project completion timing differences, was lower year on year for the fourth quarter.

We continue to gain traction for our connectivity and managed services. Other than the timing differences of projects, the Fixed Network services business continues to grow steadily. With that, I'll hand it back to Tong Hai for the outlook.

Tan Tong Hai: Okay, thanks Kevin. Let's take a look at the outlook for 2016. For service revenue, we expect it to grow in low single digits. EBITDA margin on service revenue to be about 31%. Now this is one percentage point lower than last year. We are taking into consideration less adoption grants expected for this year. So we put the EBITDA margin - it's expected to be 31%. Cash CapEx to be about 13% of total revenue. Now this excludes the S\$80 million payment for the 4G spectrum that we bid in 2014. Now we intend to maintain annual cash dividend of S\$0.20 per share for this year. We propose a final dividend of S\$0.05 per share for financial year 2015.

With this, I hand over back to Jeannie.

Jeannie Ong: Thank you, Tong Hai. Before we begin the question and answer session, we'd like to invite our Chief Marketing Officer, Howie Lau, to join the panellists. Howie, please. A gentle reminder for those on the conference call that if you have a question, please key star one. If you wish to withdraw your question, please key star two. We'll take questions from the floor first. Yes, so Suresh from UBS.

Suresh Mahadevan: (UBS, Analyst) Yes, hi. Thanks for the opportunity. A couple of quick questions from me. One is obviously we have seen the SIM-only plan. I just wanted to understand how well is the take-up. I understand that maybe they are ARPU dilutive but maybe they may be quite good from subsidy perspective. I just wanted to get some colour on what the data represent.

The second is of course your enterprise business. If I take out voice it is showing some pretty good momentum for the past two years in that business. I just wanted to get a sense of how will you look at this business more from a capital perspective [unclear] as low as S\$300 million every year on CapEx. I think M1 used to spend 120, now, they've increased it to 140. So I just wanted to get a sense of how we should - of course you have TV and other [stuff]. But just wanted to understand how to look at returns.

A final one is a minor one. I just wanted to get a sense in terms of some more colour on the adoption grant. How much is still remaining, how should we look at it this year for StarHub? Thank you.

Kevin Lim: First let me, I guess, take the first two questions. On the SIM-only plan we launched it late last year. I would say the results have been encouraging. You're right, it's because it doesn't have the subsidy element in it. We expect it to be more profitable. What has been encouraging so far from what we have seen is that the ARPU has come in at higher than expected. So we will have to wait and see how that goes but it's been encouraging so far.

On the enterprise business, you're right, this has been a business that has been growing steadily. We have been investing - I think in previous quarters we talked about laying our own fibre network nationwide. We're not talking about the NGN network, we're talking about our own fibre network. So this presents a lot of opportunity for diversity as we offer to banks, to corporations who need this diversity. But this same network also serves the mobile base stations, it serves broadband and so forth. So I think this is where on a company-wide basis we're using the same network. But we are investing in that because we also want to grow the enterprise business.

In terms of ROI, that's not something that we would share. But obviously it's something that we expect that it should pay back pretty soon.

Tan Tong Hai: Okay, to your third question on the adoption grants, we have received the first S\$100 million in respect of the fibre rollout, the NGNBN rollout. This is going to be recognised over a five-year period. In terms of the migration of the subscriber base, this is recorded as and when we receive the approval from the authorities regarding our submission of the grant payment. So it depends on when we get the approval from the authorities on that.

Suresh Mahadevan: (UBS, Analyst) Is there some limit?

Tan Tong Hai: Yes, so officially the total amount in respect of the subscriber migration is S\$150 million. So if you look at the adoption grants that are recorded in the line which we call 'other income', you would be able to derive the amount that would be outstanding.

Suresh Mahadevan: (UBS, Analyst) Thank you.

Jeannie Ong: Thank you, Suresh. Now let's go to the conference call where we have a question from DBS Bank.

Sachin Mittal: (DBS, Analyst) Hi thank you, two questions. Firstly, when we look at the cost of services, there's an 18% rise in cost of services for full year. Again, I'm trying to think, you attribute this to NGNBN and corporate fixed broadband. But is there some lag impact here or is it something which will continue?

Second the related question is, since your EBITDA margin guidance is very okay, just 1% drop because of adoption grants, does it mean cost should not rise at this level going forward? That's question number 1.

Question number 2 is on your overall revenue guidance. Would you assume that mobile should resume growth and that roaming revenues should totally be stabilising now from the levels hereon? Because you have guided for growth, was there a flat revenue guidance last year? So what's the key change here? Thank you.

Dennis Chia: I'll take the first question on the cost of services. If you look at the cost of services on a year-on-year basis, it has increased for two reasons. One would be the increased amount of migration to NGNBN. The other being that we had released a higher - relatively higher amount of accruals not required in 2014 in the cost of services bucket compared to 2015. So it's put in that factor as well as certain provisions that we took at the year end of the cost of services, we have recorded that 18% increase in cost of services.

Tan Tong Hai: The cost on the revenue guidance. This low-single digit - how we came up with this low-single-digit guidance. Now if you look at the full year results, two lines of business contributes to growth in 2015, there is Pay TV,

1.3% and then of course Fixed Network services. We expect for 2016 the broadband revenue, as I said, we see four consecutive quarters of growth. That momentum should maintain in 2016. Fixed Network has been very steady, though not growing at high rates but very steady growth. We expect it to continue to be steady. Pay TV is resilient. In spite of the competition, if you look at last year, we registered a slight growth of 1.3%. That is on the face of more intense competition, not just from traditional players but even from OTT players.

So I think the first main question would be mobility, which is more than 50% of our business. Right now we're still, as we move more and more - if you notice, the growth is a lot on migrating customers to our tiered plans. Yes, there is a threat of roaming drop, but we're also looking at other areas of value-added services to make up for this drop. By focusing more and more the enterprise customers, they are not so conscious about the roaming. This is also our strategy. So we expect roaming - in fact, the mobile business was, in a way in 2015, dragged down by the drop in the prepaid. You have heard about this for the full year and so I expect that to stabilise. So pre-paid stabilised and you can continue that growth in post-paid, I think that's how we came up with this low-single-digit guidance.

Jeannie Ong: I hope that answers your question, Sachin? All right, let's move on next to Chuanyao from CLSA.

Lu Chuanyao: (CLSA, Analyst) Hi there, Chuanyao here. Just a quick one. Is it possible to get a sense of what's the data consumption number, gigabytes per post-paid subscriber? That's one. Number of people that's exceeding their data limit? That's two. On the Pay TV side, we've seen Netflix launch, I know it's not covering the fourth quarter numbers, but since we've been almost a month since Netflix has launched, have you seen any changes in usage patterns within the Pay TV subscribers, especially on say the movie package subscription?

Kevin Lim: The data consumption has actually been going quite steadily. 3.1Gigs per user.

Kevin Lim: Yes, the number of subscribers exceeding their data bundle is about 22%.

Tan Tong Hai: 65% is on the tiered plans.

Howie Lau: Yes, on the Pay TV side, what we continue to see is a very resilient Pay TV business. Because I think part of it is that the customers who are really using the various forms of alternative content are already using it. So for us, we focus on the issue that besides the Pay TV option, we have also launched StarHub Go which is also an OTT option for customers. So, so far, we see the customers continue to be very receptive to both versions.

Tan Tong Hai: Because the Netflix that was launched, in terms of content wise, that's not to say that's what the customers using VPN. So it's not the same content because some of the rights are not clear internationally. So that will take time. So it's still early stage but we have seen in the past, the Netflix users actually all the while has been using VPNs and all those. So this actually has been factored in into our past performance. So currently it's still trending the same rate.

Jeannie Ong: Right, let's go to the conference call. I was told next is Roshan from Bank of America Merrill Lynch.

Roshan Raj: (BofA Merrill Lynch, Analyst) The first question on mobile. Medium to longer term, the data consumption on mobile per customer has been on a rise. But looking really further out, where do you think this could stabilise? Looking back when customers are using voice, SMS, the original expectation was they'll keep continuing to use more and more of voice and SMS. But obviously there was a level beyond which it got saturated. Similarly on data, despite all the technology upgrades happening, there is likely to be a level there, beyond that, on average, consumption level will possibly not rise. So is there any level you think where it will flatten out?

The second question is on roaming revenue. Could we get some colour on what the contribution is to the mobile segment now versus, say, a year ago? The third question is on dividends. I believe in the past you have mentioned the dividend payouts are always in keeping in view your cash requirements over a three to five year timeframe. Is that the way you look at the dividend payout even now or is there any change in the way you look at dividend payouts?

Then the final bit is any timelines on when the regulatory is likely to announce the spectrum auction details? Thank you.

Tan Tong Hai: Your question on data consumption, like as already mentioned, it's 3.1 gigabytes. Your question is that rising usage. Well, we have seen that as customers switch to handsets of larger form factor, data consumption rises. As they move into our LTE network, you move from a 3G to a faster network, you also find higher data consumption. Right now, the bulk of the data flowing through videos, if I have gone beyond static pictures, you can see on new year greetings and all those, they have all moved into more videos. That will also drive up the data consumption. So we have not seen, I would say, that this rate slowing down, it's still growing. We expect it to grow.

In terms of customers who have exceeded data, their consumption of the 22%, I think it's a factor of - we are also mindful that we want to advise them to get the right plans. So that figure, if it goes up north too much, it's actually not a good thing. Because perhaps the customer may be choosing - they may have chosen the wrong plan. But it's about 20%, I think that's a fair figure. So we expect data consumption to continue to rise. At this moment, we are not seeing that. Even at the prepaid side, we are seeing the same situation.

Roaming is about 10%. We didn't break down in terms of a year-on-year comparison on the roaming figure. But I would like to say that roaming of course revenue is actually lower this year compared to last year. But we did not have the exact - but we don't actually share the exact breakdown.

Dennis Chia: Yes, on the question on dividend, yes we continue - the Board continues to look at a three to five year time horizon. In the medium term, we expect to be able to look at how we run the organisation more efficiently and look at cost efficiencies across the organisation. So over a period of time in the medium term, we do believe we are able to support the dividend payout of S\$0.20.

Tan Tong Hai: We still have no news of the impending spectrum auction, though there were a lot of talks. So still no news yet.

Roshan Raj: (BofA Merrill Lynch, Analyst) Okay, thank you, that's very helpful.

Jeannie Ong: Thank you, Roshan. Now we have a question from the floor. [Joan from The Edge.

Joan [The Edge, Media]: Hi, I have a few questions. One is the sale of handsets, were there any specific handsets that drove sales so strongly? Do we expect to see similar kinds of numbers this year? Because I think this is one of the largest surges that you've had in a while. Also on the CapEx, you said some of it was used to buy the handsets. So does that mean that cash flow will bounce back in the next quarter?

Then other thing is StarHub TV Lite, you've mentioned just now that you are seeing a slowdown. Is that because your product was very popular earlier on but the people who want to take it have mostly signed up for it already? Or is it because you're no longer doing some kind of promotions? What's driving that?

Tan Tong Hai: Yes, so if you look in 2015, what happened was there was of course the launch of the iPhone, that happened in end of 2014. Roll over to 1Q 2015, remember it's first quarter this year we had a higher CP subsidy, so higher handset sales in first quarter which we - also explained why the EBITDA was affected in first quarter. So the

popularity of the iPhone was one factor. Samsung also has launched their handset. But you'll notice that most of these handset manufacturers have actually forecasted lower shipment in 2016. But you cannot rule out that in 2016, this year, it will be the launch of the iPhone 7 and how popular that will be, I don't think we will know yet. But we do know that the handset manufacturers have forecasted lower shipment this year.

So - and of course, from our planning, we actually expect handset subsidy to be lower compared to last year. CapEx?

Dennis Chia: On your question on capital expenditure, we do not treat purchase of handsets as capital expenditure. What we are referring to when we are saying that's a relatively higher cost of equipment, it's recorded in the cost of sales bucket. Not the capital expenditure bucket.

Howie Lau: On the last question, on TV Lite, it's essentially a lower acquisition focus on the Lite offering because as we start to ramp customers to StarHub Go offering.

Jeannie Ong: Right, now we move on to Citibank.

Arthur Pineda: (Citibank, Analyst) Hi, thanks, Arthur here from Citi. A couple of questions for me, please. Firstly, on free cash flow it seems to have declined a fair bit. You've mentioned it was partially driven by working capital. How should we view the working capital trends into 2016, looking at your free cash flow?

The second question I had is just adoption grants. Just to clarify on this question earlier. I was under the impression this should have been fully consumed by 2015? Can I clarify that there will be more of such grants to be booked in 2016? Will this be the final year for such?

Third question I had is with regard to your D&A trend. It's actually been flat year on year at around S\$271 million. Yet you've spend S\$329 million in CapEx. You've also mentioned that you're spending roughly around the same level for this year. Should we actually start to see these trends as creeping up in D&A for 2016? Guidance here would be good. Thank you.

Dennis Chia: I'll take your three questions. On your first question on the free cash flow, the working capital requirements that were in respect of 2015 were primarily because of the higher level of handsets that we purchased during the year. The result of that is we obviously had to settle amounts payable to our suppliers of these handsets. So as you look into 2016, it really would be a variable of the volume of handsets that we would sell during the year. If we actually look at what the handset manufacturers have guided, they actually expect the volume of handsets to go down. So we, therefore, as a company expect our working capital requirements to be lower in respect of that for 2016.

Your second question on the adoption grants. So the official end date of the adoption grants is at the end of 2015. As I explained earlier, the timing of recording of this adoption grants would depend on when we receive the approvals from the authorities. So some of it will flow into this year. In terms of the grants we had actually applied for in 2015.

Your third question was on depreciation and amortisation. So if you look at that on D&A, effectively we expect that level to remain flat. The reason being is that as we have assets that are fully depreciated over a period of time and then obviously the new capital expenditure that we incur would then flow back in. So we don't expect the depreciation and amortisation line to go up significantly.

Arthur Pineda: (Citibank, Analyst) Thank you very much.

Jeannie Ong: Right, thank you Arthur. Next we have Sachin from Nomura.

Sachin Gupta: (Nomura Securities, Analyst) I've got three questions as well, please. Firstly, sorry, just going back to the adoption grant, is it possible to give us the figure? I know you said you can work backwards but I actually can't. So if you can just give us what the pending figure is and when is that likely to be booked? That's number 1.

Number 2 is, this Pay TV business, you mentioned that it has been resilient, but the sub losses seem to have picked up. Just any thoughts on how this business - it may not be sub losses, but do you actually expect the ARPU to start coming under pressure if people start choosing some Netflix content, let's say, rather than HBO, for you guys, which is an expensive content? That's number 2.

Number 3, I think on question on cost of services picking up, you mentioned that it's a provision relating to NBN. (a) if you can give us the figure for that? (b) I thought it's a regulated charge you have to pay every month, so why is there a provision for that?

Dennis Chia: Okay, I'll take the first question and your third question. On the adoption grants, we have actually guided in our outlook that the difference in the EBITDA margin from year to year would be 1% as a result of the difference in adoption grants received between the two years. So I think from that percentage, one percentage point guidance that we've given, you would be able to derive the amount of adoption grants that we actually expect, versus 2015. So I think we will leave it at that, because we are bound by confidentiality disclosures from the authorities. Otherwise, in terms of revealing the exact amount.

So on the cost of services, there is a variable cost in respect of every subscriber that we migrate onto the NGNBN. When I referred to provisions being made, these were provisions other than in respect of the NGNBN variable cost. So it wasn't with reference to this specific line item.

Tan Tong Hai: In regards to the Pay TV ARPU, your question is that how do we see it. Well we do see that the pickup of HD actually has been pretty strong. Nationwide, the free-to-air analogue will be switched off by 2017. So as a country, that has actually been laid out that the free-to-air transmission will no longer be in analogue, and digital. So that has also prompted a lot of homeowners to switch to HDTV and all those. When you switch to HDTV, of course we hope that they can buy our HD pack. That will also be one of the factors to drive the ARPU. Other than of course we have now a partnership with Netflix to be able to sell on their behalf. The good thing about if you sell something like Netflix is that you do not need to pay the content cost, it's actually basically just a referral fee and all those.

We're not stopping at just Netflix. There are other flixes that we can look at. We certainly hope that - we want to offer wide ranges of choice, so there will be the traditional channels that we have that will continue to be offered as the widest range. We also give them all the OTT offerings to be accessed either through our set-top box or to be accessed through our StarHub Go, which is our OTT offering. So basically, what we will do is that we will adapt accordingly to the consumption behaviour. Then I think that is what we hope to do to continue to maintain the resiliency of the Pay TV as well as just look at ways of how we can increase the ARPU.

Sachin Gupta: (Nomura Securities, Analyst) Okay, thank you.

Jeannie Ong: Thank you. Let's move to Chuanyao again from CLSA.

Lu Chuanyao: (CLSA, Analyst) Hi, sorry, I'm just throwing questions left, right, centre today. Okay, so just looking at the guidance today, low-single-digit revenue growth, EBITDA margins coming down to 31%. Looking at how you have to pay for spectrum this year from the 2014 plus the fact there's a spectrum auction that you'll most likely have to pay, that points towards increased debt interest expense. Because I look down the lines and it looks like EBITDA flat, interest expense up and then net profit down. Is that how I should look at this year's expectation?

Lu Chuanyao: (CLSA, Analyst) Just one more time. So looking at your guidance, it's low-single-digit revenue growth. EBITDA margin compression. So it tends to point towards a flat EBITDA number depreciation is flat, based on your guidance, however, given the fact that you have a lot of spectrum to pay for this year, it seems to imply increased interest expense cost. Because if it's flat EBITDA, flat EP, high depreciation and high interest expense, should I be looking for a decline in earnings then for StarHub this year?

Dennis Chia: So the implicit underlying earnings in the net profit after tax, yes, would be impacted by the slightly higher interest cost. Although we do not expect that to be significant. We would be, as we alluded to it, looking for cost efficiencies as we continue running the organisation and running the business for long term growth. So we will not - I mean other than that the main impact in the underlying earnings would be that 1% difference in your EBITDA.

Jeannie Ong: Right, let's move on to Prem from Macquarie.

Prem Jearajasingam: (Macquarie Securities, Analyst) Good evening and thank you for the opportunity. Two questions from me, firstly with regards to the BPL, are we hoping for some form of cross carriage again this season or do we actually plan to go out and seek access for the BPL? That's question number one and number two, I recall you mentioned earlier that there was some slippage in some project revenues for your Fixed Network business, does that mean in 2016 we get a big jump for some of that to get recorded in 2016 that's probably a big jump or not?

Howie Lau: Hey Prem, just on the - very quickly on BPL the current cross carriage is with the regulators and as soon as we get an update we'll definitely update you as well but right now it's with the regulators.

Kevin Lim: Okay, on the Fixed Network revenue in terms of the timing, if you look at historically the Fixed Network services you will notice that in the 4Q there is always a higher revenue and that's because most of the time at the end of the year we will tend to finish up the project and therefore when we bill it we can recognise the revenue.

So what has happened this year as you can see from the fourth quarter it is rather flat, the fourth quarter versus the third quarter. This is because some of the projects in fact we were trying to complete, you know, come up - the timing has kind of slipped into this year. So obviously what that means is that yes, there is still some revenue that flows into 2016 but I don't think it's at the extent that you will see a big spike. But every year what we try and strive to do is that we start off the year with a higher beginning revenue as we grow the business year-on-year.

Prem Jearajasingam: (Macquarie Securities, Analyst) I was just wondering whether you've seen any impact - you know we're seeing these macro headwinds, whether or not any - we've seen any slippage more like businesses trying to defer projects and that kind of stuff, is that happening?

Kevin Lim: Not really. This - of course we will - from our timings we will try and complete it within that calendar year in order to recognise the revenue. But these are actually projects where it has already been awarded to us. So when we do the projects it takes time and as we complete different parts of the project we recognise the revenue. So some of these have spilled over into this year rather than completing last year.

Tan Tong Hai: I see for the Enterprise business I think we are quite happy that we have actually better inroads into the government agencies. In fact, we are offering broadband services now for government agencies and looking forward to participating in more of these Smart Nation initiatives. In fact, our main focus is that in the event of a downturn I think that the government will continue to spend and also we believe that with this push towards Smart Nation we will be pursuing more and more in the Enterprise space.

There will be of course the other large accounts that require network diversity as what Kevin has mentioned. So that - because of our own roll out of our own fibre and I think that will offer resiliency to customers who want it in terms of full

redundancy and of course 100% on. On top of this we are also focusing a lot on the value added to the business on top of access. Two areas we have been focusing on, of course we are adding security services and this will be something that we can add on top of our access services. Then the analytics, so we have been offering analytic services to our customers both in the government sector as well as in the private sector.

So certainly this is an area that we will be focusing on to grow. As I said, in terms of margin Enterprise [fixed] does give us better margin and it helps us to cushion off as we increase the corporate services to the fibre broadband. We have to look at other lines of business that can contribute positively or more to our bottom line.

The key thing you need to note is at StarHub our business model is pretty diversified, so we are not just solely dependent on a single line of business. I also want to add a bit on costs because you asked the question on the cross carriage of BPL. Well that is something - it's still subjected to the regulatory assessment though the bidding was more on an exclusive basis, so we still have to wait for the outcome.

But I want to share that over last year we have strengthened our sports line up. We have La Liga now, Spanish League, we have Champions League and of course our local leagues. We have also got The Singapore Open, the PGA Tour, we have also the WTA, Women's Tennis Association, and all this, so what we try to do is to have the widest spread of sporting content. I believe that we're still doing that and of course we will await for the regulatory findings with regards to the BPL content.

Prem Jearajasingam: (Macquarie Securities, Analyst) Perfect, thank you very much.

Jeannie Ong: Next we have Foong from CIMB.

Foong Choong Chen: (CIMB, Analyst) Okay, so two questions from me. Firstly, on the traffic expenses, I noticed that has been going up in the last several quarters sequentially and I'm wondering what that is driven by because you mentioned higher data traffic but as I notice your IDD and your roaming traffic is actually coming down. So can you provide a bit more colour there or is that related to your local fibre leasing costs and how should we see this cost item trending into this year? So that's the first question. Then a second question on your CapEx, you said that 13% of your sales excluding the Spectrum payment, how much of that is business as usual and how much of that is for your own fibre bill and is there any more CapEx for your TV included in that 13%, thank you?

Dennis Chia: Okay, on traffic costs you're looking at higher data volume and that's the reason why the traffic costs have been increasing on a quarter to quarter basis. As we trend into 2016 the traffic cost line item will be a function primarily dependent on the data volume as bearing on that basis. Of course, this will be offset by the IDD usage and voice usage. But if you look at your other question as to whether or not the leasing cost is recorded under this line, no, it isn't, because it's actually recorded in the cost of services line. On the other question, on CapEx recorded in 13% there is a portion of the 13% relating to the migration of our TV head end which is expected to be done during the course of 2016. We do not disclose this number separately and we do have the regular CapEx for maintenance of our network infrastructure. We have always guided the street to say this would be in the region of 9% to 10%.

Tan Ton Hai: [Unclear] is to improve our mobile coverage as well as the fixed base, knowing that the mobile network is the tip top condition. Fibre investment is really to improve our mobile backhaul, at the same time to help us grow our Enterprise business. In terms of the broadband investment I think the cable broadband we have already upgraded that sometime back so it's on DOCSIS 3.1 and I don't foresee any need to upgrade. In fact, it can support even higher speeds. The NGNBN of course is the leasing cost that we would incur and of course with this migration of the TV to the new head end we will have of course better infrastructure services, TV services. The other part that we have actually gone into is our OTT services but that is not really high CapEx.

Foong Choong Chen: (CIMB, Analyst) Okay, thanks a lot for that. To clarify on the CapEx expense is it higher data volume that would be the international submarine capacity is it?

Dennis Chia: No, this would be - yes, related to the amount of data that is consumed by - yes, on an international basis and that would be primarily due to that, yes.

Foong Choong Chen: (CIMB, Analyst) Okay, thank you so much guys.

Jeannie Ong: Thanks Foong. Chuanyao from CLSA again.

Lu Chuanyao: (CLSA, Analyst) Okay, last one for me I promise. Just on the mobile ARPU signing, so that has shown a very convincing FY15, you are probably only one out of three Singapore telcos that saw ARPU improvement. Today that ARPU is actually very close to what Singtel is doing. What do you think you are doing different that has allowed you to see this upward increase when the other two are actually seeing ARPU declines over the past one year?

Kevin Lim: As mentioned earlier the largest contributor to ARPU or other data increase it's really the tiered data plan right, so as they consume more data and more and more of them move onto the tiered data plan this has obviously a positive impact on ARPU. But we also focused on trying to move the customers onto the higher tier plan. Tong Hai spoke about the fact that increasing the percentage of customers who exceed their data plans are not exactly good news because that means they are on the wrong plan.

So we do focus on trying to get customers on the correct plan if their consumption increases, so we try and move them up on to the higher tier plan. Of course, they have got value added services we provide, one of which is the smart support plan for mobile. So this provides some form of - it's not really insurance but it's really protection for mobile, so all these actually contribute to the ARPU.

Jeannie Ong: Now we have Rama from Daiwa.

Ramakrishna Maruvada: (Daiwa Institute of Research, Analyst) Hi, good afternoon. A few follow up questions from me please. Firstly, with regards to the tax rate for the fourth quarter that seems to be unusually low, could you comment on that? Second, with regards to other expenses that seems to be down sharply year-on-year, read the commentary that it's because of fixed asset disposal, I'm just wondering whether the S\$8 million refers to the gain on disposal or is the value of the assets disposed?

The third one is with regards to the question from Arthur on the depreciation outlook. I'm just wondering if I heard you right in terms of you are expecting flat depreciation going forward for 2016 on a year-on-year basis. Finally, on cost of services, sorry to harp on this one but does the S\$18 million increase on a sequential quarter basis. So my question really is for the fourth quarter was there any one-off costs involved or is it all pertaining to the full effect of the NGNBN migration as well as the content costs? Thank you.

Dennis Chia: Okay, I will take all four questions. On tax we had reported the impact of benefits of group tax relief in the fourth quarter so that is the reason why the taxation amount is charged in the profit and loss statement, for that quarter it is low. Of course, the other function is because we've got a lower net profit number so it results in a lower tax number. So those are the two reasons why your tax expense in the P&L is lower. On your question on other expenses, we had a gain on disposal of the assets and that is the amount of gain that you're referring to, the S\$8 million.

The third question on depreciation regarded - we do not expect the depreciation amount should be significantly different from 2015. So that this result of the assets that would have been fully depreciated and as that - that has been taken off the depreciation list. On the cost of services number, the main contribution is the increase in the subscriber base on the NGNBN it's in migration, but there were also certain provisions that we made in the fourth quarter.

Ramakrishna Maruvada: (Daiwa Institute of Research, Analyst) Thank you very much.

Jeannie Ong: Next we have Credit Suisse.

Varun Ahuja: (Credit Suisse, Analyst) Yes, this is Varun from Credit Suisse, hi. Sorry, just three questions from me. One more for clarification on roaming revenue contribution. Did I hear you say 10% or you said that you don't know what is the number, because I remember Singtel mentioning 23%, so I just wanted to cross check yours is 10% in this quarter.

Secondly, on OTT services, just wanted to check how do you think you are going to benefit from increased adoption of OTT services to your network? Do you expect some kind of a margin out of it or your belief is that when subscribers want to stay on your network they will continue to stick to your Pay TV offering or they will not downtrend to other Pay TV packages? Lastly, on Fixed Network services, Singtel had a very decent quarter on Enterprise side, did you see any increased competitive intensity have impacted your performance in Fixed Network services?

Jeannie Ong: Sorry, that's Varun right. Sorry Varun, I didn't get your first question because I was trying to decipher who you are. Can you repeat your question again?

Varun Ahuja: (Credit Suisse, Analyst) Yes, on roaming did I hear you saying it's 10% this quarter service revenue or you said you're not sure about the figure right now.

Varun Ahuja: (Credit Suisse, Analyst) Roaming contribution to total revenue.

Tan Tong Hai: To mobile revenue or total revenue?

Varun Ahuja: (Credit Suisse, Analyst) Mobile revenue .

Tan Tong Hai: To mobile revenue it's about 15%.

Varun Ahuja: (Credit Suisse, Analyst) Okay, thank you.

Howie Lau: Let me take the OTT one. In terms of the consumer requirements I think it's quite clear that our consumers today do expect to have a variety of different ways of accessing their content. So for us it has been - it's important to have both the OTT as well as the Pay TV platform. You are right in that as we offer the OTT platform it is not just about offering the content but it also keeps the customer within our community and within our network. If we look at partnerships like with Netflix then obviously we will also benefit from having some form of incentives from offering the Netflix and potentially other OTT as well.

Kevin Lim: So on the Fixed Network services I believe that the opportunities are out there to provide alternative service and even diversity services and that is exactly what we are focused on. We do not have the system integration services so you do not see the - as high type revenue that was reported. So this is not that part of the business that we are involved in, we are still more in the managed services and the connectivity services and as Tong Hai mentioned moving into security services as well. So progressively as we build our capability we will engage the customers more and more and offer alternatives to other providers in this space.

Tan Tong Hai: I think the question is about competition. I just want to share with you we don't just compete on lower prices. We want to make sure that there is margin to be made. So that's our criteria.

In terms of how ... we do not have a system integration arm. But we also found that to be an advantage because we can choose the specialised system integrator. Like let's say one in healthcare we choose a specialised healthcare system integrator, or if it is a government sector in a highly secure area then you choose one which are cleared in order to do all the work in the government sector, or in the banking sector. So we actually will choose the best SI partner to partner with and we will focus on our managed network services and that's how we compete. I think that that has served us well so far.

Jeannie Ong: Right, I'm going to end this call by letting Deutsche Bank have his last question.

Srinivas Rao: (Deutsche Bank, Analyst) Yes, hi, thank you very much, this is Srini. Just one question I have on your mobile business. Earlier this year especially in the first quarter you were fairly aggressive on the handset subsidies with the expectation that it will build up subscriber base future revenues. Now this year, towards the end of this year we haven't seen any momentum in the overall mobile revenue, so my question is will you continue that strategy into 2016 particularly first quarter of 2016?

Tan Tong Hai: I think the handset subsidies were only given to our post-paid customers. So what we saw when we explained it in first quarter we are going after the post-paid customers with handset subsidies so that has served us well. In fact, we have seen for our post-paid subscriber a healthy growth. But overall mobile revenue you do not see the growth because that includes the pre-paid and pre-paid we did have a drop in the pre-paid revenue but offset by the growth in the post-paid usage.

Srinivas Rao: (Deutsche Bank, Analyst) Understood.

Jeannie Ong: Thanks . Right, ladies and gentlemen, in the interest of time we will have to bring this results briefing session to a close. For those of you whom have not had the chance to address a question we have your name and we will contact you very shortly. A reminder that the transcript of this call will be posted on to our website very soon and on behalf of the StarHub Management Team here we would like to thank you for joining us this evening and we look to meeting you on a one-on-one basis very soon. Have a good evening, thank you.

End of Transcript