

StarHub Reports 2014 First Quarter Results

Singapore, 7 May 2014 – StarHub Ltd today announced its results for the quarter ended 31 March 2014.

Total revenue decreased 2% to S\$571 million and service revenue was lower by 1% at S\$544 million. The Group's EBITDA decreased 3% to S\$177 million from S\$182 million previously. EBITDA margin for the quarter was at 32.6%. Net profit after tax was S\$84 million or 8% lower year-on-year (YoY). Free cash flow at S\$105 million was 14% higher compared to last year's S\$92 million. Cash capital expenditure was 45% higher at S\$67 million compared to the same period last year.

Financial and Business Highlights

Fixed Network Services revenue registered the highest growth for the quarter at 2% YoY. This was followed by Mobile revenue at 1%. In terms of total revenue mix, Mobile continued to be the major contributor at 54%. Pay TV, Broadband, Fixed Network Services and Sales of Equipment contributed 16%, 9%, 16% and 5% respectively to the revenue mix.

- **Mobile** revenue increased 1% to S\$306 million, contributed by Post-paid mobile services which recorded higher subscription revenue, driven from a larger subscriber base and an increased mix of subscribers on tiered data subscription plans. Looking at ARPU, Post-paid ARPU decreased S\$2 to S\$66 and Pre-paid ARPU was at S\$16.
- **Pay TV** revenue decreased 1% to S\$94 million. The lower revenue was a result of lower subscription revenue. Customer base was stable at 533,000 households and the churn rate held steady at 0.9%. YoY, Pay TV ARPU was also constant at S\$52.

"Some of the statements in this news release constitute 'forward-looking statements' that do not directly or exclusively relate to historical facts. These forward-looking statements reflect StarHub Ltd's current intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside StarHub Ltd'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. Because actual results could differ materially from StarHub Ltd's current intentions, plans, expectations, assumptions and beliefs about the future, you are urged to view all forward-looking statements contained in this news release with caution."

- **Broadband** revenue decreased 14% to S\$54 million, compared to a year ago, mainly due to lower subscription revenue despite a higher subscriber base. For the quarter, ARPU was at S\$39. The residential broadband customer base increased by 7,000 YoY to 451,000 households.
- **Fixed Network** revenue increased 2% to S\$90 million YoY. Data & Internet services revenue, which contributes 85% to the Fixed Network revenue mix, was at S\$77 million, while Voice services revenue decreased to S\$14 million. This was primarily impacted by price erosion and reduced IDD usage.
- The quarter's marketing initiatives continued to encourage customers to take up multi services. As a result, the percentage of total **Hubbing** households that subscribed to any two or more StarHub services remained strong at 58% YoY. Triple-service households grew to 230,000, a 6% increase from a year ago.

"Our customer-centric efforts yielded positive results with good subscriber growth and low churn rates recorded across all lines of business for the quarter. In particular, our focused efforts on serving the prosumer and enterprise customers contributed to revenue growth in both the Mobile and Fixed Network Services," said Mr Tan Tong Hai, CEO of StarHub.

"Relative to a year ago, our operating profit was stable. Net profit after tax was lower due to higher provision for taxes and lower adoption grants recognised," he added.

Outlook for FY2014

Based on the current outlook, and barring any unforeseen circumstances, we expect the Group's 2014 service revenue to grow in the low single-digit range and Group EBITDA margin to be about 32% on service revenue. Total CAPEX payments in 2014 are expected to be about 13% of our total revenue. We intend to maintain our annual cash dividend payout of 20 cents per ordinary share for 2014.

Dividend

Following the close of the Company's Annual General Meeting on 14 April 2014, the Company declared a final dividend of 5 cents per share on a one-tier tax exempt basis in respect of the financial year ended 31 December 2013. The dividend was paid on 30 April 2014.

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For 1Q2014, the Company declares an interim dividend of 5 cents per ordinary share which will be paid on 30 May 2014.

For more details on the Group's performance for 1Q2014 and outlook for FY2014, please visit www.starhub.com/ir. Materials available at this website include the audio conference link, investor presentation and unaudited results for the quarter ended 31 March 2014.

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About StarHub

StarHub is Singapore's fully-integrated info-communications company, offering a full range of information, communications and entertainment services for both consumer and corporate markets. StarHub operates a mobile network that provides 4G, 3G and 2G services. It also manages an island-wide HFC network that delivers multi-channel pay TV services (including HDTV, Internet TV and on-demand services) as well as ultra-high speed residential broadband services. StarHub operates an extensive fixed business network that provides a wide range of data, voice and wholesale services. Over Singapore's fibre-based Next Generation Nationwide Broadband Network, StarHub offers a broad range of home and business broadband plans along with a host of advanced media-rich value-added services, such as IPTV for commercial entities.

Launched in 2000, StarHub has become one of Singapore's most innovative info-communications providers, and the pioneer in 'hubbing' - the ability to deliver unique integrated and converged services to all its customers. StarHub, listed on the main board of the Singapore Exchange since October 2004, is a component stock of the Straits Times Index and the MSCI Singapore Free Index.

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