

StarHub Reports 2014 Second-Quarter and Half-Year Results

Singapore, 5 August 2014 – StarHub Ltd today announced its results for the second quarter and first half ended 30 June 2014.

Total revenue, for the quarter, was at S\$576 million, 2% lower compared to a year ago. On a half-year period, it was at S\$1,148 million. The Group's EBITDA decreased 2% for the quarter and also for the first half to S\$187 million and S\$365 million, respectively. EBITDA margin as a percentage of service revenue was 34.0% for the quarter and on a half-year basis, it was at 33.3%.

Free cash flow was S\$62 million for the quarter and cash capital expenditure (capex) was 6% higher at S\$95 million compared to a year ago. On a half-year basis, free cash flow was S\$166 million while cash capex was S\$162 million.

Business Highlights

Mobile services revenue decreased 1% for the quarter and was stable for the half-year. Pay TV revenue increased 3% for the quarter and 1% for the half-year basis. Broadband revenue decreased 17% for the quarter and 15% for the half-year, while Fixed Network services revenue increased 2% for the quarter and half-year period.

Mobile revenue was S\$310.3 million for the quarter and S\$616.2 million for the half-year period. YoY, Post-paid mobile services revenue was higher, driven by a larger customer base, partially mitigating the lower revenue from Pre-paid mobile services. Compared to 2Q-2013, this quarter's Post-paid ARPU decreased S\$4 to S\$68, while Pre-paid ARPU was lower by S\$2 to S\$16. On a half-year basis, they were S\$67 and S\$16 respectively. The lower Post-paid ARPU was attributable to the dilutive impact on ARPU over a higher mix of customers on the SharePlus plans in the enlarged customer base.

"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."

Pay TV revenue increased 3% to S\$98.4 million from S\$95.6 million for the quarter, and 1% higher YoY at S\$192.2 million for the half-year period. The higher revenue was due to higher subscription and advertising revenue. Pay TV ARPU was at S\$51 for the quarter and S\$52 for the half-year. The pay TV customer base grew 1% YoY, ending the quarter with 535,000 customers.

Broadband revenue decreased 17% YoY to S\$51.0 million for the quarter and for the half year it was at S\$104.9 million. This was primarily due to price competition in the market which drove lower the subscription revenue from re-contracts and new customers. Broadband ARPU for the quarter and half-year periods were S\$37 and S\$38 respectively. The residential broadband customer base grew 3% YoY, ending the quarter with 456,000 customers.

Fixed Network revenue increased 2% both for the quarter and half-year periods to S\$92.0 million and S\$182.2 million respectively. Data and Internet revenue grew 6% for the quarter and half-year to S\$77.4 million and S\$154.0 million respectively. The increases were driven by higher subscription for our domestic leased circuits, connectivity plus solutions and internet services. Voice services revenue at S\$14.6 million for the quarter was 13% lower when compared to 2Q-2013, and for the half-year period, was 15% lower YoY at S\$28.2 million.

The total number of **Hubbing** households with at least one StarHub service was 771K for the quarter. In our triple-services households, we saw a 7% increase to 234K. The ratio of households who subscribed to multiple StarHub services has increased to 59%.

"We grew revenue and subscriber base in post-paid Mobile, Pay TV and Fixed Network services," said Mr Tan Tong Hai, CEO of StarHub. "Despite pricing competition in the residential broadband sector, we are on track in our strategy to gain market share and grow triple-service Hubbing households. We also continue to make inroads in the Enterprise segment both in the large accounts and SMEs."

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Outlook for FY2014

Based on the current outlook, and barring any unforeseen circumstances, we revise our service revenue guidance and expect the Group's 2014 service revenue to be maintained at about 2013's level. We maintain our guidance on Group EBITDA margin to be about 32% on service revenue and 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.

For more details on the Group's performance for 2Q2014 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 30 June 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.

For investor enquiries, please contact:

Eric LOH
AVP, Investor Relations
StarHub
Office: (65) 6825 5171
Email: ericloh@starhub.com

For media enquiries, please contact:

Caitlin FUA
AVP, Corporate Communications
StarHub
Office: (65) 6825 5177
Email: caitlin@starhub.com

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