

## Results For The Third Quarter And Nine Months Ended 30 September 2014

**Singapore, 5 November 2014** – StarHub Ltd today announced its results for the third quarter and year-to-date (YTD) ended 30 September 2014.

For the quarter, operating revenue increased 2% year-on-year (YoY) to S\$592.0 million compared to S\$578.8 million. The increase was contributed by higher sales of equipment. For the YTD, it was stable at S\$1,739.9 million. For the quarter, the Group's EBITDA was higher by 2% YoY at S\$190.9 million and 1% lower YTD at S\$555.5 million. EBITDA margin as a percentage of service revenue was 34.5% for the quarter and 33.7% YTD.

In 3Q2014, net profit after tax was at S\$97.7 million and free cash flow at S\$118.1 million. Compared to a year ago, net profit after tax increased 3% YoY for the quarter but decreased 4% YTD to S\$276.2 million. The lower YTD profit was due to lower revenue and the higher tax expense this year. Free cash flow decreased 1% YoY for the quarter but increased 3% YTD to S\$284.6 million. Cash capital expenditure (capex) was at S\$73.0 million for the quarter or 7% lower YoY and at S\$235.5 million YTD or 9% higher.

### **Business Highlights**

Service revenues were 1% lower YoY for both the quarter and YTD periods. This was primarily attributed to the decrease in Broadband services revenue, impacted by price competition despite an increase in our subscriber base.

Segment-wise, **Mobile** revenue increased 1% YoY to S\$310.9 million for the quarter and was stable at \$927.1 million YTD. Compared to a year ago, post-paid ARPU decreased by S\$1 to S\$69 for the quarter. For the YTD, it decreased by S\$2 to S\$68.

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Pre-paid ARPU was stable for the quarter at S\$18 but was lower by S\$1 to S\$17 YTD. The lower YoY ARPU was attributed to lower voice usage.

**Pay TV** revenue increased 2% YoY for the quarter to S\$97.4 million and by 1% YTD to S\$289.6 million. These were mainly due to higher subscription revenue from an increased customer base. For the quarter and YTD periods, Pay TV ARPUs were stable at S\$51 and S\$52 respectively. The customer base was higher at 539,000 and the average monthly churns were kept low at 0.9% for the current periods.

**Broadband** revenue decreased 17% to S\$49.2 million for the quarter compared to a year ago. YTD, revenue was 16% lower at S\$154.1 million. We saw a S\$9 ARPU decrease YoY for the quarter to S\$35 and a S\$8 decrease YTD to S\$37. The decreases resulted from price competition, which lowered the subscription revenue from re-contracts and new customers. This is despite a 4% increase YoY in our residential broadband customer base, ending the quarter with 461,000 customers. The average monthly churns for the current periods were lower at 1.1% compared to 1.3% a year ago.

**Fixed Network** revenue increased 3% YoY for the quarter and 2% YTD respectively. Data & Internet services revenue, which makes up over 80% of the Fixed Network revenue, increased 4% to S\$80.3 million from a year ago. The increase was attributed to higher subscription on enterprise solutions of fixed data & internet services. Voice services revenue decreased 6% YoY for the quarter to S\$15.0 million, primarily due to lower local voice services revenue which were impacted by price erosions and market competition. YTD, Voice services revenue at S\$43.2 million was 12% lower.

The number of triple services Hub Club households grew to 238,000 households, after the quarter's net adds of 4,000 households. This was an increase of 15,000 households as compared to 223,000 Hub Club households a year ago. The total number of hubbing households with at least one StarHub service totalled 772,000. The number of households taking two or more StarHub services was higher by 2% points at 59% YoY.

"For the quarter, we are pleased to see continued revenue growth in our Mobile, Pay TV and Fixed Network services," said Mr Tan Tong Hai, CEO, StarHub. "In spite of the

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intense competition in the residential Broadband environment, we grew our fibre broadband market share and lowered our churn rate.”

“As our 4G customer base grows, we continue to invest in upgrading our LTE-Advanced network to serve them better,” added Mr Tan. “We are also pleased to be the first local operator to support simultaneous high-speed 4G data connectivity and crystal-clear VoLTE calls on the new iPhones. The surfing experience continues overseas, as we offer our customers the widest 4G data roaming coverage.”

### **Outlook for FY2014**

Based on the current outlook, and barring any unforeseen circumstances, we expect our service revenue for 2014 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 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 3Q2014 and outlook for FY2014, please visit [www.starhub.com/ir](http://www.starhub.com/ir). Materials available at this website include the audio conference link, investor presentation and unaudited results for the quarter ended 30 September 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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