

StarHub Reports 2015 First Quarter Results

Singapore, 15 May 2015 – StarHub Ltd today announced its results for the quarter ended 31 March 2015.

Total revenue increased 8% to S\$618 million from higher equipment sales. Service revenue was lower by 1% at S\$540 million mainly due to lower Broadband revenue. The lower service revenue and higher handset subsidies impacted profitability for the quarter. The Group's EBITDA decreased 9% to S\$162 million from S\$177 million previously. EBITDA margin for the quarter was at 30.0%. Net profit after tax was S\$74 million or 12% lower year-on-year (YoY).

Free cash flow for the quarter was at negative S\$46 million due to higher working capital needs and capital expenditure (CAPEX). Cash CAPEX was 43% higher at S\$96 million compared to the same period last year.

Business Highlights

For the quarter, we saw growth in customer base for post-paid Mobile, Pay TV and Broadband. We also registered revenue growth for post-paid Mobile, Pay TV and Fixed Network services. Broadband revenue registered growth on a sequential quarter basis. In terms of total revenue mix, Mobile continued to be the major contributor at 49%. Pay TV, Broadband, Fixed Network Services and Sales of Equipment contributed 16%, 8%, 15% and 12% respectively to the revenue mix.

- Total **Mobile** revenue was slightly lower at S\$305 million compared to the same period a year ago. Post-paid revenue grew YoY but this was offset by the lower contribution from pre-paid mobile services. Post-paid customer base grew by

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73,000 YoY. Both post-paid and pre-paid ARPUs increased S\$2 to S\$68 and S18 respectively.

- **Pay TV** revenue increased 2% to S\$96 million. The higher revenue was a result of higher subscription revenue from a larger customer base. Customer base grew 11,000 to 545,000 households and the churn rate recorded an all-time low of 0.7%. YoY, Pay TV ARPU was at S\$51.
- **Broadband** revenue decreased 11% to S\$48 million compared to a year ago, mainly due to price competition which lowered subscription revenue from both re-contracting and new customers. On a sequential quarter, Broadband revenue grew slightly. For the quarter, ARPU was at S\$33. The residential broadband customer base increased by 22,000 YoY to 473,000 households.
- **Fixed Network** revenue increased 1% to S\$91 million YoY. Data & Internet services revenue, which contributes 86% to the Fixed Network revenue mix, was at S\$78 million. Voice services revenue decreased to S\$13 million due to lower usages.
- 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 60%. Triple-service households grew to 245,000, a 6% increase from a year ago.

"This quarter, the demand for new smartphones continued to be strong and we took the opportunity to pull ahead our acquisition and retention activities. While this impacted profitability for the quarter, we expect it to contribute positively to our performance subsequently," said Mr Tan Tong Hai, CEO of StarHub. "Our attractive hubbing bundles continued to yield positive results with good subscriber growth and low churn rates recorded across all lines of business. In particular, our Pay TV witnessed the lowest churn rate ever."

Outlook for FY2015

Based on the current outlook, and barring any unforeseen circumstances, we expect our Group's 2015 service revenue to grow in the low single-digit range. 2015 Group EBITDA margin is expected to be about 32% on service revenue. Excluding the payment for MediaHub projects, our CAPEX payments in 2015 are expected to be

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about 13% of our total revenue. We intend to maintain our annual cash dividend of 20 cents per ordinary share for 2015.

Dividend

Following the close of the Company's Annual General Meeting on 28 April 2015, 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 2014. The dividend will be paid on 15 May 2015.

For 1Q2015, the Company declares an interim dividend of 5 cents per ordinary share which will be paid on 5 June 2015.

For more details on the Group's performance for 1Q2015 and outlook for FY2015, 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 2015.

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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, as well as commercial and residential IPTV services.

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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