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Eric Loh: Good evening ladies and gentlemen and welcome to StarHub's Second Quarter and First Half Results announcement. My name is Eric and I'm from the IR team. With me this evening we have the CEO of StarHub, Tan Tong Hai, along with our newly minted CFO Dennis Chia and also not forgetting Kevin Lim, our CCO.

Now, before we go into the results proper, just a quick housekeeping rule for you. If you want to ask a question later on press star one. If you want to withdraw your question, press star two. Now, with that, let's welcome Tong Hai with this quarter's highlights.

Tan Tong Hai: Thanks Eric. Let's take a look at the overview of how we performed in the second quarter. I'm happy to note financially and operationally we had a good quarter in the second quarter. If you look at the financial highlights, total revenue increased by 2%, service revenue increased by 1% and EBITDA increased by 4%. EBITDA margin at 35.1% and net profit after tax increased 5%.

Now, we registered revenue growth in post-paid mobile and Fixed Network. Subscriber growth in post-paid mobile, Pay TV and residential broadband and low churn rates maintained across all lines of business. Now, if you turn to chart six, you will see the key financial highlights. I will not be covering the revenue because in subsequent charts I will give you the details of the revenue drivers. But I want you to take note that EBITDA margin at 35.1%, now first quarter we only delivered 30% EBITDA margin and net-net, if you look at including first quarter and second quarter for over the first half, we delivered 32.6% EBITDA margin, which is in line with our guidance of 32%.

If you take a look at the other line, which I want you to note this is really the CapEx. This quarter our percentage of CapEx to revenue is 11%. In the first quarter the figure was much higher at 15% and you all were expressing some concern. But if you look at the first half right now, the percentage of CapEx to revenue is 13%, which is very much in line with what we've guided at 13%.

Now free cash flow for this quarter is S\$0.059, higher than a year. Net debt to 2014 EBITDA ratio is at 0.71x, higher than a year ago. Now, that's because of the relatively low cash balance and the CFO will share more in his presentation later.

Now, if you turn to chart seven, here's the breakdown of the revenue contribution. Now, I'll be focusing on the quarterly performance. So if you look at mobile, the revenue of mobile although it's registered at only S\$0.5 million growth on this quarter, we have a very healthy growth in our post-paid. There was still a drop in pre-paid and resulted in the net performance overall increase only about S\$0.5 million or 0.2%. But I want to register that the mobile post-paid is still growing steadily.

Pay TV, a slight drop of S\$0.6 million. That's because of the drop in advertising revenue, but I would say that if you look at the Pay TV it's still relatively stable at S\$97.8 million. If you look at first half performance, Pay TV is still higher than a year ago for the first half.

Now the broadband, in terms of revenue we did S\$49 million, lower than a year ago at S\$51 million. There's S\$2 million of sales lower in terms of broadband. But if you compare it with the first quarter, first quarter our broadband revenue dropped S\$5.8 million. So, this quarter has only dropped S\$2 million. So, you can see that the drop has reduced to S\$2 million compared to a year ago.

I'm actually very happy to see that in sequential quarters we have now two consecutive quarters of broadband revenue growth. I think that trends positively for us if you look at it that we have now registered two consecutive growth of our broadband revenue.

Fixed Network services, which is a contributor of our enterprise business, grew - if you look at year-on-year in this quarter, it grew S\$4.7 million contributing a 5% growth. So, as a result, if you look at our total service revenue we grew by S\$2.5 million or by 5% growth, but if you look at the contributor, it's a lot contributed by our enterprise Fixed Network services.

This quarter, sale of equipment, much less than first quarter because first quarter we did a lot of smartphone sales, but if you look at this quarter, there's still a growth of S\$10.5 million. So, that contributed to the overall total revenue growth

If you take a look at the next chart which is the revenue mix, it shows you that if you look at the quarter as at 30 June, mobile is still the major contributor at 52.7%, Pay TV at 16.6% and Fixed Network services, if you look at it is 16.4%, which is the enterprise Fixed Network services coming very close to overtaking Pay TV in terms of revenue contribution. Broadband is only 8.3% and sale of equipment is 6%.

The next chart shows you the hubbing scorecard. I'm happy to report that if you look at our triple service households, they have grown from 234,000 to 246,000. Now, even our dual service households has increased from 212,000 to 220,000. I think this bodes well for our hubbing strategy which we've been able to contribute to more hubbing households, especially the triple service households.

With this, I would like to hand the time over to Dennis, our new CFO to share with you our financial highlights. Dennis, over to you.

Dennis Chia: Thanks Tong Hai and good day and good evening to everybody. I'll just take everyone through our key financial performance numbers. Firstly, on EBITDA, just highlight all around our second quarter numbers are showing positive trends. Firstly, on EBITDA, we generated S\$195 million of EBITDA within the quarter compared to S\$187 million a year ago. This translated into 35.1% over our service revenues. For the first half of 2015, our total EBITDA was S\$357 million or 32.6 % compared to 33.3% or S\$365 million a year ago.

Moving on to costs of sales, our total costs of sales in terms of the percentage of our revenue for the second quarter was 37% compared to 38% - sorry 38% compared to 37% a year ago and for the first half was 42% versus 38% a year ago. This was largely due to a higher volume of handset sales that we recorded in the

first quarter. Worthy of note is lower traffic expenses due to the team's continued efforts to secure better IOT rates for our partners.

In terms of operating expenses, we closed the second quarter at 41% of revenue or S\$249 million of operating expenses. For the first half of 2015 our total operating expenses were S\$497 million or 41% of revenue. If you compare that with a year ago, those are trending lower compared to a year ago and this is due to our continued effort to rationalise controllable operating expenses. We actually recorded slightly lower marketing and promotion expense due to lower customer acquisition retention expenses.

Moving on to net profit numbers, for the quarter we generated S\$99 million of net profit after tax compared to S\$94 million a year ago. This translated to S\$0.057 on EPS basis. For the first half our net profit after tax was S\$173 million or S\$0.10 on the EPS basis. In fact, tax rates remain constant at 18%.

As Tong Hai highlighted, our CapEx for the second quarter was at 11% or S\$62 million. For the first half, our total CapEx was at S\$159 million or 13% and in line with guidance that we have provided to the street.

On free cash flow numbers, again we recorded a very positive S\$103 million of free cash flow generation within the second quarter compared to S\$62 million a year ago. For the first half of 2015 our free cash flow was S\$57 million compared to S\$166 million a year ago. This was largely due to higher working capital needs and higher tax payments.

Those - that's the summary of our key financial performance numbers and with that, I hand it over to Kevin Lim, our Chief Commercial Officer.

Kevin Lim: Thanks you Dennis. I'm on slide 18. Let me first cover the mobile business, just some quick highlights since Tong Hai has actually given you some highlights of the business as a whole. Our post-paid business continues to expand and we reported a subscriber growth of 70,000 customers versus a year ago. ARPU per post-paid was also higher by \$2 at \$70.

Looking at the mobile customer base, year-on-year, the total mobile subscriber base was slightly lower at 2.162 million customers but quarter-on-quarter it was higher as both post-paid and pre-paid registered a growth. The split between post-paid and pre-paid now stands at 61%/39%.

Now, I'm on slide 20. Looking at the mobile revenue, overall revenue for the quarter was slightly higher year-on-year but flat for the first half of the year compared to a year ago.

ARPU. ARPU for pre-paid was higher for the quarter and for the first half versus a year ago at S\$18. Likewise, post-paid ARPU rose S\$2 in the second quarter as well as in the first half of the year versus 2014.

Mobile non-voice contribution to the post-paid ARPU, this - this percentage is relatively stable at 56% and churn as well was kept low at 0.9%. The number of customers now on our tiered base plan was at 63% at the end of quarter two. The percentage of customers exceeding their data bundle remains at about 22%.

Now, let - let me move on to the TV business. Compared to the quarter a year ago, revenue from our TV business was lower by 1%. ARPU was at S\$52 and the sub-base group by 10,000 customers. The total TV sub-base at the end of the second quarter was 545,000 which was flat quarter-on-quarter, but higher than

last year's 535,000 customers. With more competitive offers and with our HomeHub proposition, churn continues to be low at 0.8% in the quarter.

Looking at revenues, revenue from TV was at S\$97.8 million for the quarter and for the half - the first half at S\$193.8 million. Quarter-on-quarter, the revenues were higher and for the first half of the year, it was also better than the same period last year. ARPU remains relatively stable at S\$52 for the quarter and S\$51 for the first half.

Moving on to the broadband business, I'm on slide 28, the revenue for broadband in the quarter was 4% lower than a year ago. ARPU remains at about S\$33 and we added 19,000 subscribers in the second quarter compared to a year ago. With the growth in subscribers, the base at the end of the second quarter was 475,000 customers. Churn remains low at 0.9% and similar to TV, the HomeHub proposition continues to be appealing to our customers. At the end of the second quarter, we had a total of 217,000 residential and non-residential fibre subscribers.

Although revenue was lower versus a year ago, it is important to know that this is the second consecutive quarter where we registered a quarter-on-quarter growth in our revenues for broadband. ARPU has also been stable at S\$33 for three consecutive quarters.

Moving on to the Fixed Network services, I'm on page - slide 32, in our Fixed Network services business, data and internet continues to grow and we registered a positive 7% for the second quarter while voice was 6% lower versus a year ago.

Overall, Fixed Network services revenue for the quarter was S\$96.7 million. This was higher year-on-year as well as quarter-on-quarter. The first half revenue at S\$187.6 million was also higher versus last year.

Going into the details, voice registered S\$13.7 million revenue for the quarter. This was higher versus the first quarter of the year but slightly lower than the same period a year ago. Data and internet was higher year-on-year and quarter-on-quarter at S\$83 million and for the first half, it was S\$161.1 million which was also higher versus the same period a year ago.

With that, I'd like to hand it over - back to Tong Hai for the outlook.

Tan Tong Hai: Thanks Kevin. Now, for the 2015 outlook, we are maintaining our service revenue growth in the low single digit range. We maintain EBITDA margin on service revenue to be about 32% and we maintain cash CapEx to be about 13% of total revenue.

In the previous quarter we have caveated that to say exclude the MediaHub project. We are happy to note that we have formed a joint venture with ST Telemedia on this data centre project and we'll end up owning 30% of this whole joint venture. But our previous investment in the land, in the initial start-up, including costs, should be sufficient to fund for 30%. So, as a whole, we will maintain our cash CapEx to be about 13% of total revenue.

Now, for dividend, we will declare of course our dividend of S\$0.05 per quarter and we intend to maintain annual cash dividend of S\$0.20 per share for the full year 2015.

Eric Loh: Thank you Tong Hai. Now, before we open the floor for questions, it's time for us to introduce another new kid on the block. He's none other than our new CMO. His name is Howie Lau and if you have any questions on Pay TV and broadband especially, you can direct it at him later on. With that, let's welcome Roshan from BA, the first on the line to ask questions for this quarter's results. Roshan.

B. Roshan Raj: (Bank of America Merrill Lynch, Analyst) Two questions. First on the mobile data monetisation opportunity. When you look slightly further out how do you see that evolving and what sort of impact can a new entrant have on your monetisation plans?

The second question is on the traffic costs. If you look back over a five year period the traffic costs are down S\$100 million so how should we look at it going forward and then really what has been the key driver, is it just lower rates or has it been something in addition to that? Thank you.

Kevin Lim: Roshan, let me answer the second question first. The traffic costs basically is a function of our negotiation with the other carriers so I think the international team has been pretty effective over the years to drive this cost down. Obviously the lower you drive it there's a certain point in which the gains will not be very significant but none the less we will continue to drive this down.

On the first question on the mobile data monetisation you can see that we continue to migrate the customers over to the tiered base plans, so with this the ARPU contribution continues to increase as customers move onto these plans. Some of them - as we reported about 22% of them are exceeding their data plans on their bundled data.

As to the impact of the new entrant, I suppose any new entrant who comes into the market will probably have to offer a compelling package whether it's in data plans or a combination. I think we are pretty competitive with or without any new entrants and the market is competitive and we continue to ensure that our packages are always competitive. In terms of impact I actually don't see a difference whether we compete against two competitors or more.

Tan Tong Hai: Also potentially if any new operator were to come in based on the auctioning of the spectrum I know that, he will come in perhaps the year 2018.

B. Roshan Raj: (Bank of America Merrill Lynch, Analyst) I see. Thanks Tong Hai. Just going back to your first response on traffic costs so should we expect the cost to stabilise at these levels? One of the comments in the detailed report that you have the costs have gone down due to lower international traffic volume. Now why would that be the case for at least this quarter?

Dennis Chia: It's a function of two things as Kevin mentioned really is the team's effort to secure better rates over a period of time. That will plateau off at some point but the key is the drop in the international traffic - international roaming as well as the volume of those calls go down so the IDD calls do go down over a period of time and that actually translates into a corresponding lower cost.

B. Roshan Raj: (Bank of America Merrill Lynch, Analyst) All right, thank you.

Eric Loh: Thank you. Next on the line is Wei-Shi from BNP.

Wu Wei-Shi: (BNP Paribas, Analyst) I'd like to get management's views about the new SIM-only plan recently launched by your competitor and how do you see this impacting your service revenue growth guidance for 2015?

Secondly I would appreciate a bit more colour behind the Fixed Network services growth in this quarter and is management happy with the rate at which this business is growing. Then finally can you remind me what the other operating income consists of? Thank you.

Kevin Lim: Wei-Shi, firstly we already have a SIM-only plan with a short-term contract so that has been in the portfolio of services that we offer. We basically introduce plans based on customer segment need. There's data-only plans and even supplementary plans which we call SharePlus so you can see that there are many different plans in which we have developed over the years to cater the different segments and market depending on what their specific needs are.

Whether they need shorter-term contracts, whether they need a subsidised handset, whether they just want a supplementary plan. We will always review, adjust and introduce new plans to stay competitive and relevant to our customers. With any introduction by our competitors obviously we will have to stay competitive and we will look at our position and decide on what we need to do to be competitive.

Wei-Shi I want to add that if you look at new SIM-only plan that means that you do not need to subsidise for the handsets. I think that's actually good as a whole. It's actually good for the industry to develop this new SIM-only plan and I think that that will appeal to a segment of customers that don't want the handset and we are more than happy because that will actually reduce our handset subsidies.

Let me answer now your Fixed Network services question. The Fixed Network services comprises of multiple lines of businesses in there. Fundamentally it's the enterprise side of the business so it's got all the core network or what traditionally were called the leased lines that we supplied to corporate customers, the broadband the NGN broadband for corporate customers, as well as solutions that we provide to customers, voice, cloud services and managed services as well. That's the list of the services that are classified under the Fixed Network services.

This has been growing steadily although as we reported the voice business seems to be facing a little bit of challenges because of some of the price erosion from competition as well as the declining consumption of IDD for example. In terms of data and internet which is really the fixed line type services and the solutions this has been growing steadily.

Whether we are happy with this growth I guess you can say that we are never happy with our growth and we will always strive to try and do more but this is an area that we have been investing in and steadily growing the business.

Dennis Chia: On your third question on the other operating, primarily it consists of interest and grants that we get. These are your large - the large components of other operating income.

Wu Wei-Shi: (BNP Paribas, Analyst) Sorry and to follow up was the grant that was referred to, the NBN grant?

Dennis Chia: Yes correct, the adoption grant for the fibre conversion.

Wu Wei-Shi: (BNP Paribas, Analyst) All right, thanks very much.

Eric Loh: Thank you Wei-Shi. Next let's welcome Suresh from UBS.

Suresh Mahadevan: (UBS, Analyst) First of all thanks for the opportunity and congrats on a good set of numbers. I have two questions one is obviously this M1 SIM-only plan that has now come and I think that is a positive side to it on no handset subsidies. On the other hand the data seems to be quite cheap and of course M1 has also signed up this MVNO deal so obviously the MVNO will have to come at a more competitive price point I would like to think because they are new kids on the block.

Are you thinking of responding to this? Because I know you have SIM-only plans which don't give a big discount but I think the M1 plan looks like - if you don't take the handset it looks like a very discounted plan. So one is are you going to at some point look at responding to this? That is question number one.

The second question is clearly StarHub has been anchoring the price and the quarter dividend and that's something you have been very committed to despite you spending more on CapEx to grow your fixed business, the enterprise business. I just wanted to understand at least with all the information that we have now with the SIM-only plans are you saying that their pricing is too high in Singapore as well as potentially MVNO entry and then MNO entry a couple of years later. Do you foresee any scenario where the S\$0.20 dividend gets challenged? Those are my two questions. Thank you.

Kevin Lim: Suresh, hi. Well let me - allow me to answer your first question about the SIM-only plan and I guess the short answer is that yes we will always respond because as I said earlier we have to stay competitive so it's - if our competitors are offering something that we believe is compelling we will respond with a compelling answer.

Tan Tong Hai: Suresh, you know that so far we have been able to like what you say invest for growth in the future in terms of CapEx and yes we are able to deliver our dividend. We look at our dividend policy not short-term; we look over a three-year period. I believe that at this moment the S\$0.05 is just sustainable. I think that that's what we have been delivering to our shareholders.

You asked the question also about how we see new competition and all this coming and will it affect us. I still believe that StarHub is a diversified business we are not just purely the mobile we also have broadband, we have the TV and we also the fixed which is the enterprise business. I would say a pretty diversified business and you can see that the enterprise business has been growing steadily.

Actually we have been all the while been facing competition, in fact when we came on board we were the competitor and we challenged the market and we grew our share so we'll continue to of course prepare with the mindset that there will be competition but we focus on our hubbing strategy and executing it well. At the same time growing the new pillar of strength which is really the enterprise business.

Suresh Mahadevan: (UBS, Analyst) Thank you so much.

Tan Tong Hai: By the way both of these segments, the enterprise as well as the mobile, are still my higher margin drivers for our EBITDA.

Suresh Mahadevan: (UBS, Analyst) Thanks for the detailed response, it's quite useful. All the best navigating some of these - newer competition I suppose. But I'm sure StarHub's value proposition is in the hubbing.

Eric Loh: Thank you. Next let's welcome Luis from HSBC. Luis.

Luis Hilado: (HSBC, Analyst): Hi good evening. Thanks for the call and congrats on the results. I also have two questions. The first one's just looking at the non-voice services as a per cent of post-paid ARPU. It seems to have stabilised - has declined slightly in this quarter after several quarters of increasing. Is there any practical reason why it was stronger in the quarter, any promotions out there or it's really subscriber usage that drove that?

The second question is more of a housekeeping one. You noted that pre-paid revenues for the quarter were softer but when we look at the ARPUs for the quarter it seems quite stable quarter-on-quarter and the subscriber base is slightly higher. What's driving the decline or stabilisation of the pre-paid revenues?

Kevin Lim: Luis allow me to answer your questions. In terms of the non-voice services I think quarter-on-quarter you're probably talking about 56.6% versus 56%. I don't think that's material, we still see data consumption growing as a percentage of overall business but sometimes the other businesses comes up a little bit therefore tipping the percentages, so you can take it that it is rather flat.

On the pre-paid business you're correct to point out that ARPU has come up a little bit by S\$2.00 and the base has come up. The pre-paid businesses are kind of funny because you have tourists and you've got foreign workers, you've got locals in there but obviously this is a business we are trying to stabilise and trying to bring up at the same time. Hopefully these are early signs.

You mention about the softening. I think we all know that for pre-paid they are actually less IDD calls. We have included IDD in our pre-paid revenue computation so naturally the IDD calls usage have gone down.

Luis Hilado: (HSBC, Analyst) Okay just one follow up. Do you think the 56% will stabilise from here on, are you going to go on an uptrend again going forward for non-voice?

Kevin Lim: It's difficult to say although data continues to grow so it's a balancing thing, sometimes voice consumption may go but the general trend is that data will continue to grow.

Luis Hilado: (HSBC, Analyst) Okay thanks a lot.

Eric Loh: All right thank you. Next on the line let's welcome Sachin from DBS.

Sachin Mittal: (DBS Vickers, Analyst) Hi, thanks for the call. One question on mobile first. iPhone 6 seems to be still very popular and looks like you've still a lot of handset sales from iPhone, so how's that trend now? Are you seeing any star handset besides iPhone 6, because subsidiaries seem to be high? On the non-mobile what should be expect in terms of any changes in terms of OTT? I heard about Netflix trying to come to Singapore, so what will be the role of StarHub in that kind of scenario. Thank you.

Kevin Lim: Okay. Okay when the iPhone 6 was launched last September yes the pickup has been strong and as reported last quarter this continued to be strong in the first quarter of this year but looking as a direction, we continue to balance and try to [inaudible] handsets to our customers. With SIM-only plans coming up this

hopefully would drive subsidies down as well. The market has quite a wide offering of handsets and they are not necessarily the only the premium handsets.

Tan Tong Hai: Sachin you asked about the TV business which includes the OTT now we have been in fact at the forefront of introducing TV Anywhere and bringing our TV content across different devices and also to let consumer enjoy it anywhere anytime. We see OTT as a way to complement what we have in our linear or our traditional TV. There will be many OTT players out there that will want to introduce this service but remember each OTT player is going to introduce another user ID and password and that makes it very, very difficult for the customer experience because they have to remember so many IDs and passwords.

At StarHub we believe that it will be good for us to work with all these OTT players, aggregate them and make it easier for them to access via StarHub identity management authenticated through our own ID and password and that will make life easy for consumer to consume OTT content. In this regard we have been working with the OTT players and we will find ways to work with them and then make it easier for our consumer to consume OTT content. Then we will charge users for the use. I think that is complementary and I don't see them as a threat directly.

Sachin Mittal: (DBS Vickers, Analyst) Just a clarification Tong Hai, in markets like US we haven't seen this kind of collaboration between the cable TV guys and the OTT players, so why would Singapore be different? Are we missing something which is [unclear] of Singapore market which will make it happen?

Tan Tong Hai: Well you have heard about Netflix collaborating with traditional TV operators too in markets where you can allow the current set top boxes that's out there where the traditional cable TV operator have access to existing client base, you can allow the set top box to access OTT content too, right. So I've seen in markets where Netflix collaborated with traditional Pay TV operators to leverage on the reach that the Pay TV operators have with the existing client base and at the same time be able to tap onto the OTT. So there are different models and certainly as a leading Pay TV operator we will explore both models the traditional as well as the new model.

Sachin Mittal: (DBS Vickers, Analyst) Great, thank you.

Eric Loh: Next, let's welcome Rama from Daiwa.

Ramakrishna Maruvada: (Daiwa Institute of Research, Analyst) Hi, good evening, two questions for me please. Firstly with regards to the marketing costs they have been cut substantially this quarter, so just wondering whether this is sustainable or what the thinking behind this is given that the subscriber net additions and all look pretty normal compared to the previous quarters.

The second one it has to do with the mobile revenues flat year-on-year basis but when you look at the underlying post-paid sub numbers, the ARPUs they seem to have risen, same for pre-paid ARPUs so just wondering if you could put a little bit of perspective on the flat year-on-year revenue and underlying data which looks quite positive. More importantly what do you think is the outlook for mobile revenues going forward?

Howie Lau: I think in the marketing costs the main reduction came from our costs of retaining customers and that is facilitated through our continued use of our data analytics to understand our customers better, their patterns. This is something that we will continue to do because at the end of the day the costs of customer retention is an area that we will to continue to put focus on.

Kevin Lim: So Rama if you look at the mobile - the overall mobile revenues yes, it's flat but - or rather flattish, the growth is in post-paid. It's somewhat offset by a certain softness in the pre-paid business. As Tong Hai mentioned pre-paid business a lot of it comes from IDD revenue and IDD clearly has been declining due to substitution. So in a way whatever we have gained in post-paid is negated by drops in pre-paid. However, we believe that as we stabilise the pre-paid business then the growth in post-paid should be able to shine through so to speak. Post-paid has contributed both by the consumer as well as a strong contribution from the enterprise side of the business.

Tan Tong Hai: Rama, I want to add that we've invested a lot in this whole area on analytics and that - other than what Howie has shared that it will help us to understand when should be the right time we give vouchers to a customer, when we should re-contract them. We've also developed a deep understanding of the consumption behaviour of the content and that also allows us to also be able to look at how we manage the content costs. So if they are not watching the content then I will ascribe a lesser value to the content and may even drop it if the viewership is bad. So this is how we manage to keep our operating costs like marketing as well as the content costs and manage them based on real customer analytics.

Ramakrishna Maruvada: (Daiwa Institute of Research, Analyst) Sure, if I can just follow up on that then my other side of the question is if the marketing costs are sustainable then why is the EBITDA margin guidance still maintained at 32%? I presume that you have more than enough buffer in that?

Tan Tong Hai: If you look at first quarter our EBITDA margin was 30% and second quarter we rose to 35%. So if you look at the first half performance it's 32.6%, which is in line with what I've guided for the full year. Now I want to keep this guidance for the time being because there are still new areas like - if you look at - every year there's always some upgrade of the phones, smart phones and new models coming out and all this. So I keep this guidance as of now but certainly I will aspire to do better.

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

Eric Loh: Let's welcome Srinu now from Deutsche Bank.

Srinivas Rao: (Deutsche Bank, Analyst) Thank you very much. I have just three questions. First, I know - as you mentioned the pre-paid revenue fall is what is kind of impacting your overall revenue growth, based on what trends you witness do you see this continual fall let's say for the two or three quarters or it will plateau going forward? I mean any visibility on that would be helpful.

Secondly, the second question on your fixed line business which you know fixed line numbers which you said is largely enterprise and you mentioned that voice is falling because of IDD calls. Now normally enterprise IDD calls should not have fallen so what's the dynamic there?

Finally, if you could throw some light on what's happening on the Smart Nation front, are you seeing any movement from government contracts, tenders, that will be helpful, thank you?

Tan Tong Hai: Sriniv, we can't give you forward guidance but I just want to share with you that this is the first quarter I have net adds for pre-paid. Okay, so it's a good sign. With regards to the fixed line, Kevin do you want to take that?

Kevin Lim: Sure, I think the voice business in the Fixed Network services it's not just IDD it's also the overall voice traffic including hotel traffic as well as things like conferencing et cetera. So this is a competitive environment where if you are able to secure contracts it comes in and if your consumption goes up obviously it [unclear]. But generally the prices for voice is going down in terms of competitiveness the price ratios are there so we do see a decline. I think in terms of usage it's about there but the prices have come down.

Tan Tong Hai: But you also have partnered with Avaya and others for voice, tell me if that's right?

Kevin Lim: Yes, correct. So we do have SIP trunking so SIP trunking is another way for corporates to be able to do their - or rather to use voice and this normally would drive IDD costs because we bill it into the SIP trunk. So as we acquire more customers for the SIP trunking we should see rising IDD but I think generally it's just - it is price erosion.

Srinivas Rao: (Deutsche Bank, Analyst) Understood.

Kevin Lim: Okay, so I think the government has put out - or rather has identified several tenders with regard to the whole Smart Nation project. So far they have put out two tenders, the IP Core tender as well as the above ground boxes tender. Both these tenders are still in progress so - and the other tenders have yet to be released but you can be sure that we will participate in these projects to maximise our returns from the Smart Nation project.

Tan Tong Hai: I also want to add that if you want to be a Smart Nation then you must be very strong in analytics and understanding how citizens consume the government service, the public service. We have announced in the past that with our partnership with IBM on the Fusion AnalyticS to analyse how commuters behave in MRT stations as a trial. So we see that this is an area that we can of course be able to contribute especially in the area of analytics. Other than those projects that Kevin has mentioned certainly we want to further contribute to the nation's vision of being a smart nation and a telco certainly has a very important role to play in the nation's vision of being a Smart Nation.

Srinivas Rao: (Deutsche Bank, Analyst) Well, thanks. Just one more question on your MediaHub transaction I mean what was the rationale to do a sell down of stake?

Tan Tong Hai: We have said that in the past we bought this plot of land to build up this MediaHub, that was because we had to relocate our TV headend because of the development of the whole Mediapolis project. So we needed to secure a long-term lease of this and then this was a 60-year lease which I think was very attractive. So our main intention was to focus on building out TV and also building another central office so that we can serve our customers in the West better.

Now of course with this plot of land and with this MediaHub you can build a data centre. The question is whether you want to invest in CapEx to build a data centre - I know that data centres are pretty CapEx intensive so when there's an opportunity for us to partner with STT who have invested a lot in data centre, in GDS, in London also, and then they have a game plan to grow this business not just in Singapore but on a global basis. So we thought that we've found a good partner because then we can invest in the data centres. We still have the ability to secure the buildings long term for our TV and our central office so it's win-win for all plus we can resell the data centre services and mind you there's also a lot of pull through revenue if you have data centre business. So I think it's win-win for both STT and for StarHub.

Srinivas Rao: (Deutsche Bank, Analyst) Understood, thanks Tong Hai, thank you very much.

Eric Loh: We've got time for two more callers. Next on the line is Sachin from Nomura.

Sachin Gupta: (Nomura Securities, Analyst) Yes, thank you very much. There are three questions if I may. Firstly, as you move more from HFC to fibre do you think margins could come under pressure? Now that's the reason if HFC has obviously depreciated than fibre you do need to pay an exclusive cost to open that, that's one.

Secondly, it has been a few weeks since the IDA's idea of discussion around the fourth operator. Any thoughts on - or any risk - do you think IDA could actually give more concessions to a newcomer potentially in the next round that could become more of a risk for all you guys?

Thirdly, does BPL - any update especially any thoughts on - could we actually see some sort of new structure this time around rather than an outright or even a cross-carriage, could a partnership work this time around, thanks.

Tan Tong Hai: Well if you look at the first question on this migration from HFC to fibre what does it mean to our margin. I think we have shared before that the HFC is our own asset, almost fully depreciated. But then there's of course the back end network leasing cost that we have to pay in terms of leasing this fibre backbone, right, so long as we have HFC. Now the fibre is a leasing model that today every line we get we have to pay NetLink Trust. So margin wise yes, it will not be better than our cable.

But then we must note that down the road once we migrate our cable subs across to fibre then we have a chance of not renewing the lease of the fibre backbone and some of these things will allow us to have cost savings. It is not immediate but there is a plan to have a substantial cost savings down the road if we can migrate our cable subs over to fibre. Then also right now we do have adoption grants. So the adoption grants that's helped to also cover for this drop in this migration so we are the only operator with the adoption grants. Kevin Lim: Okay, Sachin, let me address your question about the fourth operator. As you know the IDA has given a dateline in terms of when we can submit comments for the consultation paper. So actually that dateline is not reached yet so we will obviously be putting in our comments as well. So at this stage it is unknown as to what the final decision will be. IDA will, I guess, solicit all the comments before they make a final decision.

Howie Lau: As you know we're always working hard towards making sure that we have good content for our customers so we'll always be interested but right now things are still evolving and developing so we are not able to comment on specifics.

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

Eric Loh: Thank you and for the last question for this evening it's going to come from Citigroup.

Hussaini Saifee: (Citigroup, Analyst) Just two questions from me. The first is Fixed Network service growth has been quite strong, so I just want to understand is it sectorial growth or are you gaining market share from competitors and is this growth sustainable?

Secondly, what's your view on the broadband competition in Singapore, has it stabilised and can you expect growth going forward? Thank you.

Kevin Lim: Hussaini, if you look at the Fixed Network services because we are offering multiple services - some would obviously come from a share grab or stealing market share from competitors but some have also come from new services and opening up of technology such as NGN. So NGN fundamentally has opened up access to the SMEs which were previously only serviced by ADSL network and so with NGN other operators are now able to access the SME market so this can be considered a market share grab.

But there are also new services, cloud services have come in and this has allowed providers to provide new solutions to companies and many developments in the area of payments, in the areas of PABX and so forth. So as technologies get replaced I suppose there's also a lot of opportunities for providers such as ourselves to be able to tap on these opportunities.

Tan Tong Hai: Now with regards to your question on how we deal with our main competition I think it's still very competitive. But we also know that though the rest are trying to compete on prices our hubbing strategy especially when we sell in package, our HomeHub continues to serve us well so that we have grown our - and I think Kevin shared it - our total broadband, fibre broadband subs is now 217,000 - that includes residential and non-residential. So we have achieved a growing share in that space.

Now we have - we can't give you a prediction on the future - but I will share with you that the last two quarters we have consecutive growth in our broadband revenue. This is after many quarters, in fact six quarters of downtrend. So if you look at it from a trending, it's trending in the right direction and that's what I want to leave with you.

Eric Loh: Thank you very much and this concludes our Second Quarter and First Half 2015 Results conference call. We look forward to speaking with you again in the next quarter. Good night.

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