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Event Transcript

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Start of Transcript

Eric Loh: Good evening ladies and gentlemen and welcome to StarHub's third quarter 2013 results announcement. My name is Eric and with me this evening we have the CEO, Tan Tong Hai, along with the CFO, Nicholas Tan and not forgetting the CCO, Kevin Lim who will be going through the third quarter results.

Just a bit of housekeeping; if you want to ask a question, please press star-1. If you want to unregister your question, press star-2. With that, let's welcome Tong Hai who will take us through the highlights of our third quarter results. Tong Hai.

Tan Tong Hai: Thanks, Eric. Let's look at chart 5, the overview third quarter versus a year ago. Financial; our operating revenue decreased 1%, mainly due to less handset sales. Service revenue, stable. EBITDA margin at 33.6%. Net profit after tax decreased slightly by 1%. If you look at the operational stats, Mobile growth is very healthy. We have growth in post-paid revenue of 2%. Our post-paid customer base grew 6%. Pay TV revenue decreased 4%, I will explain that later on, it's mainly due to drop of our ad sales as well as less subscription. Our Broadband revenue decreased 5% and Fixed Network Services rose 3%.

Next chart 6 shows you the financial highlights. If you look at the operating revenue, there is a drop of 1%. I have said that it is due to a drop in handset sales. Service revenue remains stable at S$556 million, that is flat year-on-year. EBITDA slightly reduced 1%, EBITDA margin is at about 33.6%. If you take a look at the net profit after tax, a slight reduction of 1%, S$95 million. Free cash flow is S$0.069, a drop of 21%. That's because this quarter, our CapEx spend is higher because we have our LTE rollout and of course previously also the land that we have bought. Net debt to EBITDA ratio is 0.49 times.

Chart 7. This will give you a good view of the previous line of business. But I wanted to highlight to you to take a look at the last line which is the total revenue. You know that the total revenue for this quarter compared to a year dropped by S$7 million. But if you take a look at the line above it, the sales of equipment, you'll know that the sale of equipment drop was S$8.1 million. So the drop in the total revenue is because of the drop in the sale of equipment which is mainly the handset sales.

Take a look at the first line which is the Mobile revenue, it grew 1.6% mainly contributed by the growth in post-paid subscribers. Pay TV dropped by 3.7%, mainly due to a drop in advertising sales and also a reduce in subscription. Broadband revenue dropped 5%. Now we have shared that this line of business is very competitive and we have to adjust our pricing to be competitive. As a result, the Broadband revenue dropped 5%. But the Fixed Network Services, which is a reflection of our focus on the enterprise business, grew 3.1%, that's very healthy in spite of the competitive nature in the enterprise business.

Now, while we have a drop in Pay TV as well as Broadband revenue, I'm pleased to announce that for Pay TV, we actually grew subscriber base by 2000 and Broadband subscribers grew 3000. In fact, all lines of business, we have grown in terms of subscriber base. So I would say that in terms of subscribers, we're still growing and later on Kevin will share with you more in detail as to the subscriber pick up.

If you take a look at chart 8, it shows you the revenue mix. Mobile revenue is now contributing 53.3%, Pay TV 16.5%, Broadband 10.3%, Fixed Network Services 16%. Take note that Fixed Network Services is actually coming close to our Pay TV revenue and that's because of our focus in the enterprise space. We will continue to focus in the enterprise segment to grow our Fixed Network Services and I'm actually very pleased to note that we are actually growing both the areas where we are putting focus, the Mobile as well as the Fixed Network Services. While we will ensure that the Pay TV as well as the Broadband revenue - Broadband business remain strong, Pay TV in particular, with our focus in growing our range of content and also maintaining our leadership in the Broadband segment.

Now, if you note that the sale of equipment is only contributing 3.9% versus 5.2% a year ago. This is indicative of the fact that we sell less equipment and that's why there's a lower contribution. Chart 9, Hubbing Scorecard. If you take a look at the Hubbing Scorecard, you'll know that we have been growing our triple service. So it grew 5% and now our total Hubbing Households 774,000. With this, I will pass the time over to Nicholas who will share with you the financial highlights.

Nicholas Tan: Thank you, Tong Hai. I'm on page 11, EBITDA and EBITDA margin. For the third quarter, year-on-year, our EBITDA margin came in S$1 million below 2012 due to lower cost of sales, high income grant but offset by a higher OpEx. For the year-to-date, our EBITDA margin is a full percentage point higher compared to the same period last year, at 33.7%. The S$16 million favourable variance between the two periods is attributable to increase in adoption grant from our NGN fibre service.

On page 12, the cost of sales. Cost of sales as a percentage of revenue is stable at 38% for the quarter. It is also S$7 million lower between the two quarters compared to 3Q in 2012 because of lower quantity of handsets sold, lower traffic costs but we experienced higher cost of service. The lower traffic cost is coming from lower interconnect SMS volume, outbound roaming costs and we also enjoy a lower international tariff settlement rates. As for the cost of services, the higher cost is coming from content and our TV programming as well as our NGNBN service costs. On a year-to-date basis the cost of sales also improved 4% or S$31 million for the same similar reasons as I've just articulated for the quarter.

I move on to page 13; the other operating expenses. For the quarter the OpEx increased S$3 million year-on-year, mainly from higher marketing and promotional costs, G&A edged up about 0.7% or S$1 million and that's coming from higher maintenance cost provision as well as people costs, coming from our annual salaries adjustment which took place during the quarter. On a year-to-date basis, our OpEx increased also 1% or S$7 million higher. Depreciation was lower due to fully depreciated assets by about S$2 million, but this was offset by higher marketing and promotional expenses as well as G&A.

On page 14, the bottom line, our net profit after tax for the quarter came in at S$95 million, marginally lower by about S$1 million compared to the same period last year. But on a year-to-date basis, we saw a growth of 6%, or S$16 million and this is attributable again to the increase inadoption grant.

On page 15, CapEx cash payments. Our cash CapEx payment is higher for both the quarter and the year-to-date due primarily to our network expansion. For the year-to-date, we have to remind ourselves that it also included our payment for the land purchase which we did last quarter, to migrate our TVhead-end. On a year-to-date basis, our CapEx as a percentage of revenue remains at 12%, our guidance is 13%.

Free cash flow. The operating cash flow for the quarter as well as the year-to-date is stable. For the quarter, compared to the same period last year, it is marginally lower, S$4 million but for the year-to-date it is actually above by S$3 million. However, looking at it from free cash flow, it is lower for both periods because of higher CapEx and income tax payment as well as changes in the working capital.

With this, I conclude my update and I would like to hand over to Kevin for the business update. Kevin.

Kevin Lim: Thank you, Nick. Let me take you to page 18. Firstly, I will talk about the Mobile revenue. Our Mobile revenue for the quarter was higher by 2% and post-paid ARPU increased by a dollar to S$70. Our total customer base grew by 100,000 for the quarter.

Next page, let me talk about the net ads. Firstly, we look at pre-paid net ads. The pre-paid mobile customer base was about 1.129 million customers after the quarter's net add of about 7300 customer. When we compare this to a year ago, our customer base was actually up by 3.3% or 35,800 customers. Looking at post-paid, we added almost 24,000 customers in the quarter, ending with a base of 1.15 million subscribers. Compared to a year ago, the customer base was up 6%. The split between pre-paid and post-paid is even at 50% each.

I'd now like to look at the post-paid mobile revenue on page 20. We registered S$5.9 million or 2.4% increase for the quarter to S$248.8 million. If we look at the nine month period, this was S$8.9 million or 1.2% higher, ending at S$743.7 million. This was largely due to higher subscription and usage revenue driven from a larger user base. There was also an increased mix of subscribers on the tiered subscription plans. The higher subscription and usage revenue was, however, partially offset by lower carrier inter-connect and roaming revenue. Looking at the ARPU, the quarter's ARPU was S$70 which was S$1 higher compared to a year ago at S$69. We did see an increase in the take-up of tiered plans and as mentioned earlier, the lower outbound roaming usage offset this amount.

Next page, looking at pre-paid revenues. Year-on-year, pre-paid mobile services revenue was about S$1 million lower at S$59.5 for the quarter and about S$100,000 lower at S$181.2 million for the nine month period. The lower revenue was mainly due to lower voice, SMS and IDD usages which was partially mitigated by higher data usage revenue and expired credit that were recognised. In the pre-paid mobile - sorry, for the pre-paid mobile ARPU, it was flat at S$18 - sorry, it was slightly down to S$18 for the quarter, as well as for the nine month period.

Moving on to Mobile voice churn stats on page 22. Data traffic for post-paid surged by about 19%. This resulted in higher non-voice component of the post-paid mobile ARPU which ended at 46.9% for the quarter and 45.6% for year-to-date. This was up from 43.5% a year ago for the quarter and 41.9% the corresponding period last year. Post-paid mobile monthly churn was stable at about 1%.

I'd now like to take you to our Pay TV business, I'm on page 24. In the Pay TV business, we saw a decline in revenue of 4% and ARPU was also lower by S$1. Total base was lower at 10,000.

In the next page, if we look at the net ads for our Pay TV business you would note that for the quarter we added about 1900 subscribers, reversing the negative trend in the last few quarters. We continue to face intense competition for viewership and ended the quarter at about 531,000 subscribers.

Moving onto revenue on page 26. Pay TV revenue for the quarter and the nine month period were 3.7% and 4.3% lower respectively. This was due to lower subscription as well as lower advertising revenue. In addition, I would like to highlight that in 2012 there was a one-off pay per view revenue from the UEFA EURO event in the first half of the year and this contributed to the year-on-year decrease for the current nine month period. ARPU-wise, the quarter's ARPU was at S$51 compared to S$52 a quarter in the third quarter of 2012. For the nine month period, this was - the ARPU was S$52. This was also S$1 less than last year, excluding the impact of the UEFA EURO revenue.

Looking at Pay TV churn, with more targeted recontract activities, we were able to bring our monthly average churn down to about 1% from 1.2% last year.

I would like to now move on to Broadband on page 29. Revenues for the quarter were lower by about 5% and ARPU ended up at about S$44. The customer base, however, grew by 2000.

Looking at the net ads, despite intense competition, we were able to register a positive net add of about 2800 subscribers in the quarter, bringing our total customer base to 445,000. When we compare this to a year ago, Broadband base was up 2000 subscribers or a 0.5% increase year-on-year.

Looking at the revenue now on page 31. Despite the growth in subscribers, the stiff competition resulted in lower revenues. Revenue was at S$59.6 million for the quarter and this was 5% lower compared to a year ago third quarter and 1.5% lower year-on-year to S$183.7 million for the nine month period. Broadband ARPU was lower at 44% in the quarter and for the nine month period at S$45. This was again due to higher subscription discounts offered and pricing competition in this market.

Churn on page 32. Broadband churn improved to 1.3% for the quarter, a strong indicator of the effectiveness of the retention programs that we implemented during the period.

I would now like to take you to the Fixed Network Services business on page 34. We registered higher data and internet revenue, growing 3% for the quarter and voice services were higher by 2%.

Looking at revenues, the Fixed Network Services revenue was 3.1% higher for the quarter ending at S$92.7 million and S$271.1 million for the nine month period, respectively, when compared to the corresponding period last year. Bother services - as indicated earlier, both internet and voice services registered growth year-on-year.

I'm on page 36. The growth in voice services were driven by the digital voice home services which became chargeable since the end of 2012, as well as higher in-payment from carrier services. These, however, were offset by lower IDD usages and other voice services. The increase in data internet services revenue was largely attributed to higher take-up of our internet and Next Gen NBN services together with higher solution sales but these were offset by lower revenues from leased circuit businesses which continued to be under pricing pressures.

With this, I would like to hand it over back to Tong Hai.

Tan Tong Hai: Thanks, Kevin. I will now provide the outlook for this year, if you turn with me to chart 38. In terms of revenue, previously we guided low single-digit, now we expect operating revenue to be lower than 2012 but service revenue to be maintained. EBITDA guidance, we have upped to 32%, previously we guided 31%. So EBITDA margin for this year will be 32%. CapEx will be the same, guidance at 13% of operating revenue. We will pay the quarterly dividend of S$0.05 per share and we intend to maintain annual cash dividend of S$0.20 per share for the full year 2013.

With this, we would like to open to the ground to questions.

Eric Loh: Just a reminder, if you want to ask a question, just press star-1 and if you want to withdraw your question, please press star-2. With that, our first caller on the line is Roshan from Merrill Lynch. Roshan.

Roshan Raj: (Merrill Lynch, Analyst) Hi, thanks for the opportunity, I've got three questions. First on the Hubbing households count; the absolute amount is down year-to-date and it looks like single and double households are turning away from StarHub. Any thoughts on this would be good. The second point is on the enterprise segment where you seem to be gaining good revenue momentum, any way we can gauge a sense of your market share now as with a year ago and where do you see yourself in another year's time?

Third is, based on the flat service revenue trend we have seen so far this year, are you now focussing more on subscriber market share and hence does it imply you will be increasingly more competitive on your price points on different products? Thank you.

Tan Tong Hai: Okay. Let me try to address the first question on the Hubbing subscribers - Hubbing stats. Yes, in terms of the way we compete, we are not competing on single service and typically for competitors for single service, they try to price it lower than us. What we do is, we price it at a premium over our competitor but if you buy dual service or buy triple service, we give you better discount and even seamless access to the services. So they has served us well and you should measure the health of our Hubbing by our triple service. Yes, we know that there was some drop in the first single and second, but as a whole our household ARPU actually is still pretty good.

Now, with regards to the enterprise growth, yes we are very happy with the growth. You asked me to share about our market share versus a year ago, unfortunately we don't share this and neither do our competitors share these stats too. But what I want to share with you is that it is growing healthily. We continue to put this as one of our major focus areas. With regards to the flat service revenue year-upon-year, you asked me whether - are we focussing on market share? Subscriber market share? No, we are not, our priority is to focus on margin, higher margin customers. So if you look at just now when I shared about the Hubbing, triple service customers stay longer with us and they are also loyal with us. We focus on that set of customers.

We lost some of the single service because we are focussing on the higher margin as well as the customer who will stay with us longer. The same in the enterprise segment; when we look at the growth it's in the enterprise mobile and that also contributes a lot to our Mobile growth, the post-paid growth and that contributes to the margin of our business. We are very focussed in margin and you notice our EBITDA margin is at - we have upped it to 32% and we continue to focus on margin rather than just market share.

Roshan Raj: (Merrill Lynch, Analyst) Thanks, Tong Hai. Thanks for your detailed answers. Just going back to the service revenue question, so would you be comfortable with a scenario where your service revenue holds steady on a medium to long term basis while your margins just improve? Is that an acceptable target for you on a medium term basis?

Tan Tong Hai: We expect to grow service revenue but then we are guiding for this quarter it's stable. For this year. Going forward, in fact, the better guidance would be actually at the service revenue because if you noticed, our top line is affected by the handsets and the handset sales are dependent on a couple of factors; the popularity of the handsets and also sometimes it's beyond our control, the supply. If the supplier cannot deliver the handsets, we cannot sell more. So there are many factors, so we think that a better guidance would be along the lines of a service revenue and as of now we have guided a stable service revenue, but it's our intention to grow service revenue.

Roshan Raj: (Merrill Lynch, Analyst) Thank you.

Eric Loh: Yep, thank you Roshan. Next on the line is Suresh from UBS.

Suresh Mahadevan: (UBS, Analyst) Yeah, thanks a lot for the opportunity and congrats on a good set of numbers and also the better guidance. A couple of quick questions from me; one is it seems to me that incrementally the Mobile market is getting a lot more rational, particularly with what we saw with respect to the subsidies on the iPhone 5S and also the 5C. That is number 1. Second, is this data pricing going up, so my question is, given these two are incremental, how should we think about margins for the Mobile business going forward?

Second is a related question; why hasn't this rationality expanded into the other businesses, like Pay TV or Broadband, which both seem to be more - a lot more competitive, because it is the same players - I mean, same three - so I'm just wondering what is preventing the rationality from emerging in the other segments, particularly Broadband and Pay TV. Thank you very much.

Tan Tong Hai: Okay. Well we are happy to see the growth in the Mobile market and you are right in the sense that - to describe it as rational. In terms of the data tier based pricing and all those and - I think with this you should expect margins for Mobile business to improve. Now, as to your question about why isn't the other two segments rational, I will just cover the Broadband space because in the Broadband space, a lot of the players are not listed. They have no shareholders to be accountable for and they are new. When they are new, they just go in to compete on price. So we - so far, we have not been - in terms of pricing, we are much higher but yet we can grow our Broadband base.

So I think the most important part is not just on price, it's really on the quality of the bandwidth and also our bundling strategy; when we sell broadband, we bundle with content and unique content and that's what attracts the customer to buy from us. Now as to the TV space, indeed we only have one but if the other player tried to be more aggressive to try to increase their range of content and try to bundle more, you will see that irrationality happen but we do hope that they will be more rational in terms of this area, especially in the Pay TV space. But we are definitely going beyond, what we are doing right now with the Pay TV space, if you note that we have actually stepped up on our localisation, we have just launched our SuperSports Arena and we also got some funding for local developments. So we will continue to differentiate ourselves beyond the wide range of content.

Suresh Mahadevan: (UBS, Analyst) Yeah, thanks a lot.

Eric Loh: You're welcome. Next we've got Sachin from Nomura.

Sachin Gupta: (Nomura, Analyst) Yeah, hi, thanks very much. I've actually got a few questions. Firstly, I guess it's going back to Roshan's question; you haven't had much of a revenue growth in the past three quarters now and I understand you guys are focussing on margin, but are you more concerned or less concerned that revenue growth can come back in, given some of the pricing pressure we are seeing next year? I'm not sure how much - margin is fine but revenue growth should be good as well.

Secondly, on the Pay TV business, you did talk about this ad revenues declining, just wondering, any indication on what percentage of your revenues are actually coming from ad business? Is that some sort of structural shift you think that's potentially happening that people are moving away from TVs to mobiles? Could that actually become a bigger problem down the track?

Thirdly, on this BPL, you had about 1900 customers, how much of that is because of pricing versus the content cross-carriage? I guess the last question is, any indication on percentage subs that are actually on tier pricing plans for the wireless business? Thanks.

Tan Tong Hai: Okay. Now, your question about the revenue growth, you are not seeing that the growth seems to be quite - stable or static or even dropped. I mentioned that you have to understand the various lines that I have shared. If a drop is because of less handset sales then you shouldn't be too concerned. The service revenue actually is the main area that you look at and you'll note that our line of business, the two most important lines, the Mobile as well as the enterprise, the Fixed Network Services are growing. The challenges that we face are really the intense competition in the Broadband space that brought our Broadband revenue down and Pay TV, I mentioned, is due to advertising sales in addition to the lesser subscribers.

But the ad revenue - ad spend in terms of the advertisers, they are actually distributing it not just on TV platforms but also on other digital platforms like mobile and online. Thankfully, StarHub is on multi-platform, we are not a single-platform. So we are also able to offer smart targeting to our customers who want to shift their spend into the other platforms and we'll be stepping up our focus in those multi-platform solutions to increase the ad sales revenue.

Now, as to the BPL, your question about BPL, this quarter we have added 2000 subscribers, reversing a trend of previous quarters we lost 2000. What I would like to share is that in terms of the BPL, the objective of us offering - we have the ability to put this on our platform and that's good for our customers. In fact, we also offer a rebate to bring the customer across. A lot of the things that we are doing are really looking at how do we service the customer well. The subscriber base that came in also came in because this quarter we have also tightened our security. In fact, we have upgraded our set-top boxes in terms of this security system. So that prevents people from watching through pirated set-top box, so they have to use our boxes.

So there are a couple of factors that have attributed to the growth in subscriber base but I just want to share with you that we are very heartened with the positive take-up in terms of our Pay TV subscribers. Now, the fourth part as to the tiered pricing, I'm happy to note that as of third quarter, 38% of our post-paid subscribers have now switched over to the 4G tier-based pricing. So compared to a year ago, I think this is pretty good because the pick-up is very strong and once they move into the tier-based pricing, we will have a better way of monetising data.

Sachin Gupta: (Nomura, Analyst) Okay, thank you. Sorry, I don't know if I got the answer to my question on what percentage of revenues are subscription versus ad revenue in the Pay TV business?

Tan Tong Hai: We don't share that but the ad revenue is actually very small. It's not very - but we intend to grow that as we introduce, for example, our SuperSports Arena. That is actually a channel that is offered to all and that would be sustained mainly by ad sales revenue. So we have new strategy to grow the advertising revenue but as of now, I think it's still a small part of our overall Pay TV business.

Sachin Gupta: (Nomura, Analyst) Okay, and just as the last one, this cross-carriage and BPL cross-carriage, how's that working out? Are there any technical issues and are you actually finding customers are coming back?

Tan Tong Hai: There are no technical issues, so far everything is progressing well. The customers are watching it on our platform. As a whole, we are encouraged by the pick-up, because we have actually many customers who want to watch it on our platform because our platform is easier to watch and it's more reliable, I think that's important.

Sachin Gupta: (Nomura, Analyst) Thank you very much.

Eric Loh: Thank you, Sachin. Next on our line, let's welcome Luis from HSBC. Luis.

Luis Hilado: (HSBC, Analyst) Hi, good evening. Thanks for the call and I have three questions. The first was just to get a bit more granularity on what - sorry if I didn't catch it, but what happened to the post-paid revenues during the quarter, down quite a bit. Just wondering if there's any seasonal factors for that? Second question is a follow-up on Sachin's question about the tiered pricing statistics, could you also give us the number of subscribers that are now exceeding their data allocations per month? Last question is on capital management balance sheet, again continuing to improve as always and you're far below the 1.5 times net debt to EBITDA. By year end are you going to evaluate your payout policy?

Tan Tong Hai: So I'm going to ask Kevin to answer the first question. I think you're asking the question of post-paid revenue if you compare to a quarter ago, why there's a slight drop. So I will leave it to Kevin to answer that.

Kevin Lim: Actually, the post-paid revenue for the quarter was S$248.8 million versus S$242.9, so this was actually an increase in revenue for the quarter. So - yeah...

Tan Tong Hai: Quarter-on-quarter.

Luis Hilado: (HSBC, Analyst) Quarter-on-quarter it's come down.

Kevin Lim: Oh, quarter-on-quarter, okay.

Tan Tong Hai: Yeah, he asked about quarter-on-quarter.

Kevin Lim: Quarter-on-quarter in the second quarter, we saw a surge in roaming revenue, so if you normalise that then you would actually be rather flat quarter-on-quarter. It was just a higher roaming revenue in the last quarter.

Luis Hilado: (HSBC, Analyst) Okay.

Tan Tong Hai: The key difference in roaming. We have a higher roaming revenue in second quarter versus the quarter. Then the other question is on tiered pricing, as to how many customers have exceeded. We haven't shared this figure but I will want to share it is comparable with what other operators have shared.

Luis Hilado: (HSBC, Analyst) Okay.

Tan Tong Hai: The last question on capital, I will ask our CFO Nick to answer.

Nicholas Tan: Yeah, to answer your question I think we are really pretty comfortable with the gearing ratios that we have at this point in time. I think your answer to the question is on dividends policy, we continue to underpin our dividend policy based on sustainability and our report actually takes a longer term view to make sure that we are certain in the way we approach this. So at this point in time, there are no plans for any change in - with regards to this policy.

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

Eric Loh: Thank you. Next, let's welcome Oli from CLSA.

Oliver Campbell: (CLSA Asia Pacific Markets, Analyst) Hey guys, good evening. So just three questions from me. Firstly, and again I should add that I'm a five-play StarHub subscriber, but I do wonder how over the last year your post-paid subscriber base is up 6%. It strikes me that all competition has evaporated from the Mobile market and hence the incentive to move around has really disappeared. So what are you doing on the ground that's enabled you to grow that year-on-year up 6%? That's the first question.

The second question, again sorry, on dividend sustainability, just looking at the cash flow - free cash flow year-to-date, is there a chance that free cash flow per share is going to be lower than dividend per share this year or will working capital even itself out after the iPhone 5 launch?

Finally, it's actually on the equipment sales, can - do you have any idea why, for instance, M1 might have equipment sales which are about 50% higher than StarHub's given that the operating metrics are fairly similar?

Tan Tong Hai: Okay, I will ask Kevin to explain why the market is pretty saturated and why we are still able to grow post-paid subscribers by 6%. Kevin.

Kevin Lim: Okay, Oli, the - in the Mobile sector, post-paid mobile is comprised of both enterprise as well as consumers. The bulk of the growth is actually coming from enterprise as we continue our strategy to focus on the enterprise sector. So coming from a lower base, we are obviously able to offer competitive packages to the enterprise and we were relatively successful.

Tan Tong Hai: Yeah, Oli I would just want to add that this is one of - an area that because of our partnership with Vodafone, it does help to strengthen our value proposition to the enterprise in the Mobile space, because Vodafone has presence in 47 countries around the world and plus our Conexus alliance, we are able to offer the best roaming services for corporate customers around the world. So that value proposition plus the fact that we also have a focussed approach in the enterprise space help us to grow the right - the Mobile enterprise customers.

Oliver Campbell: (CLSA Asia Pacific Markets, Analyst) I guess the corollary of that is that we'd see maybe a proportionate decline in your large enterprise competitor next week then? We'd see a proportionate decline in your large enterprise competitor at next week's results then, I presume?

Tan Tong Hai: I think there are three players here. I will just leave it this way, but I think that yes, in terms of the area that, certainly, we can grow is in the enterprise space and traditionally it's the incumbent of those that were ahead of us. Remember StarHub was the third operator to launch, so there are two operators ahead of us, but we are now - we have actually now become the second. Certainly, we will be looking at how to further strengthen our position.

Now, as to the dividend sustainability, Nick why don't you address that?

Nicholas Tan: Yeah, Oli, let me just reiterate. You mentioned that the free cash flow per share, indeed we ended the quarter at S$0.16 compared to the dividends of S$0.20 but we certainly want to assure everyone that, as I mentioned, there will be - we look forward in our dividend planning and we are pretty comfortable with the S$0.20 that we have always been paying. We have a strong balance sheet, strong reserves, low gearing, so when you're taking everything - again, our operating cash flow continues to remain strong. So we are very confident that it will be sustained.

Oliver Campbell: (CLSA Asia Pacific Markets, Analyst) It's just that normally the fourth quarter's typically weak for - well, in terms of operating cash flow minus CapEx and again, looking at S$0.16 year-to-date, is that trend of - that seasonal trend of cash flow and CapEx likely to continue this year given the iPhone maybe slightly earlier? Are we likely to see a weaker fourth quarter for free cash flow than first, second or third?

Nicholas Tan: I think, not looking forward - not trying to give forward guidance, I think you will continue to see somewhere along this kind of line, actually. We know why it's lower and one of the reasons is because of the CapEx that we're investing into our network at this point in time.

Oliver Campbell: (CLSA Asia Pacific Markets, Analyst) Right. Finally...

Tan Tong Hai: I'd just like to...

Oliver Campbell: (CLSA Asia Pacific Markets, Analyst) Sorry, go ahead.

Tan Tong Hai: Yeah, Oli I just want to stress that we are basically looking at the long term growth of the company, so in the near term we need to spend a bit more on the network, on LTE and also on the land. We will do that because we believe that it will generate more business for us down the road. So yes, in certain quarters you will find that maybe our free cash flow is lower than what we paid out but we have substantial - we have sufficient reserves and we have - and so long as - so far, we have not gone below what we have guided and we have guided S$0.05 per quarter so that is our guidance in this quarter and the full year. So you must have that confidence because so far the management have not been - in terms of dividend payout, we either maintain or grow.

Oliver Campbell: (CLSA Asia Pacific Markets, Analyst) Right.

Tan Tong Hai: Now, your third question on the equipment sales, you note that M1 has quite substantial equipment sales versus us. I can't comment on why but if I look at the numbers it's only about S$30 million higher than us. But I just want to say that our focus is in selling handsets with plans, because it is only recurring revenue that we are trying to focus on. But in order to service our customers who walk in and they want to buy just handsets alone, we will sell it to them. So selling handsets is not our main focus. We are doing it as a service for our customers. We usually try to up-sell it with a plan and that's the direction to the people on the ground. So - and that may explain why we sell less handsets than the rest.

Oliver Campbell: (CLSA Asia Pacific Markets, Analyst) That's very clear, thanks very much guys. Thank you.

Eric Loh: Thank you. Next on our line, let's welcome Arthur from Citi.

Arthur Pineda: (Citigroup Investment Research, Analyst) Three questions from me. Firstly on the Mobile space, I was just wondering what differentiates you in terms of the Mobile revenue momentum? It seems to be growing slightly slower than peers', is there any specific issue on the Company's side? Or is it because of revenue accounting on the bundling? Second question I had is with regard to the use of capital. You've mentioned long term growth a while ago, we're seeing, basically, that the revenue base on the Singapore business is slowing down. Wondering what your thoughts are over the longer run? Would you consider moving outside of Singapore? Or is there a preference to return capital to shareholders?

The third question I had is with regard to margins, sorry if I have missed this, you've raised your margin guidance to 32%, is there any specific cost saving that you are looking to recognise in the second half of this year or are you see other things like grants being recognised? Thank you.

Tan Tong Hai: Yeah, you mentioned - your first question is on our - in the Mobile space itself, the - you'll not that our revenue growth is not as strong as the rest. If you look at the momentum, yes if you look at the third quarter versus second quarter, you can see that I've explained that it's because of the roaming. But the roaming are seasonal in nature so that may affect your view about the momentum. I think we are pretty happy with the growth in this Mobile space, particularly it's contributed by post-paid. That is a very important part, because post-paid is recurring in nature. So you will measure the health of the Mobile business by the growth in post-paid subscribers and in terms of the growth, I think that's very important. But roaming, I believe that as - across the world, roaming revenues do face some challenges but we have come up with a very innovative RoamEasy plan that ensures the customers can use it without bill shocks.

So that is something that we have done to ensure that roaming revenue continues to grow. But as a whole, I do think that we have a pretty strong growth in terms of the Mobile space. I will leave it to Nick to answer the question on the use of capital. Then also, as to the margins, why our margins - we are upping our margin to 32%. Nick.

Nicholas Tan: I think, in terms of the use of capital, yeah, while our revenue base is actually at this point in time slowing down a bit, I think the CEO agrees with me that going forward we are actually focussing on other areas of growth, primarily in the fixed and the enterprise business and certainly even in the highly saturated market of Mobile, there is certainly opportunities for growth. So we are still proactively looking into many of these areas and they form part of our plan for the future. So as far as returning capital to shareholders, at this point in time it is certainly not in our plan. I feel pretty comfortable with the way we are managing our funds.

As for the guidance of our raising from 31% to 32%, it's actually ... we entered - we concluded the year-to-date with our EBITDA at - margin at 33.7% so we are actually guiding it downwards to 32%. The idea to us - we still have two more months to the end of the year and this is a festive season. It is really the business end of the year and I want to be conservative about it because certainly there is opportunity forgreater, higher promotions and so on and so forth.

Tan Tong Hai: Arthur, you have also asked the question about whether we will be in the long term considering moving outside of Singapore. I just want to ensure all that our focus is still in the Singapore market. We definitely would continue to grow, there is still growth in the enterprise space because we can actually gain market share in that area. As to our operation, we do consider outsourcing sometimes and in certain areas like call centres and others, we do outsource some of the calls outside of Singapore to leverage on the lower cost of outsourced services. We will continue to take a look and see how we can create more savings through outsourcing but our main priority is really to focus on servicing our customers very well in Singapore.

Arthur Pineda: (Citigroup Investment Research, Analyst) Very clear, thank you.

Eric Loh: Thank you, Arthur. Next on the line is Chate from Credit Suisse.

Chate Benchavitvilai: (Credit Suisse, Analyst) Hi everyone, thank you for the opportunity to ask you questions. I have three questions, the first one is regarding roaming revenue. Can you actually tell us what's the percentage of Mobile revenue is coming from roaming now? How is that compared to maybe two years ago? The second question is regarding the competition in Broadband. It is broad based competition or any particular segment that you see the competition is particularly intense? The third question is regarding the margins you're generating on your Fixed Network Services, how is that relative to Mobile and other businesses like cable broadband and TV? If there is any rough estimate on that, that would be very helpful. Thank you.

Tan Tong Hai: Okay. Yeah, with regards to the roaming revenue as to what percentage it forms of our overall Mobile revenue, we don't share that. But it is not - really, if you look at the quarter, the second quarter and third quarter, you know that the ARPU difference is only, maybe, S$1 or so. So that is - we gave you a feel about when I say that it is due to roaming. So that's as much as much as I can share with you. With regards to the competition in the Broadband, because there are many smaller players out there trying to grab market share, so currently in the near term they are showing a lot of high speed local broadband speed, but I think in the long run, the customer will realise that they need better quality international capacity.

So - but they may not see it in the short - when they sign up, but I think StarHub is differentiating on quality international bandwidth because StarHub owns our own submarine cable and we do have very good international capacity. That's what we assure our customers; quality international bandwidth. Plus, we give them content to watch. So that is something we continue to re-enforce. Also, in addition to that, for those who buy fibre broadband, we also give them cable broadband to give them full redundancy. Because we are the only service provider that gives them a peace of mind when they want internet to be always on at home.

So we have many other factors that will put us ahead of the smaller players and I think that's the reason why you see we still grew subscribers - we grew 3000. But I accept that for the pricing, we have to be competitive, but bearing in mind today our pricing is actually not lesser than them, it's higher than them and yet we can still grow our subscriber base.

Now, as to the question on the Fixed Network margin, I think if you look at our overall margin business, Mobile is highest margin, I can share with you that Fixed is also the second in terms of margin. That's all I can share with you. Okay?

Chate Benchavitvilai: (Credit Suisse, Analyst) That's...

Tan Tong Hai: These two are our growing segments and basically we are really focussing on the growth of these two segments to support the growth of our EBITDA. So these, in fact, to us this is where you asked us about the margin growth and all we are focussing on the higher margin business.

Chate Benchavitvilai: (Credit Suisse, Analyst) Just a follow-up on the questions on roaming, the reason why I asked that question is just that for now it seems like the benefit of tiered pricing did not really come through in terms of ARPU and revenue growth quite yet or as much as it could have, because of the decline in roaming. I just want to get the feel from you that - where should we expect this roaming to stabilise or how much head wind this roaming decline will continue to cause you?

Tan Tong Hai: We have - I have mentioned we have introduced RoamEasy, that is one that we hope will encourage subscribers to turn on roaming. The other thing is that - I have shared that the Mobile growth is on post-paid and the post-paid, a lot comes from our Mobile enterprise. The focus in enterprise customers will also ensure that we still grow the roaming because enterprise customers still need to access their corporate emails whenever they go. So that is how we want to address that, to ensure that the roaming revenue continues to be a growth or at least we can stabilise that. But we can't predict the user behaviour because a lot of users are - especially in the consumer space are using Wi-Fi. That is something we can't control but we hope that, as a whole, if you look at the data plans that we have, the monetising of it to the tier based pricing plans, over time, because we believe that users get used to it, they use more, we excess data charges, it will come in to contribute to be substantial and so that roaming will not be a fluctuation element in our Mobile business.

Chate Benchavitvilai: (Credit Suisse, Analyst) Noted, thank you very much.

Eric Loh: Thank you, Chate. Next is Prem from Macquarie.

Prem Jearajasingam: (Macquarie Securities, Analyst) Good evening gentlemen and thank you for the opportunity. My question is really around your Pay TV business. If I'm reading this correct, the spread between your revenues and the cost of service which I assume is largely content cost, that has now come down to about S$14 million for the nine months 2013 versus about S$46 million last year. We are talking about increasing localisation et cetera, are we happy going forward to let this business be a loss leader to protect the whole hobbing strategy? That's question 1.

Number 2, with regards to the cross-carriage revenues, where are those showing up in your numbers, if at all? Or is it too early for us to expect anything on that front? Three, would you be able to share with us any numbers with regards to what percentage of those 3000 people who have come back onto the Pay TV platform are there because of the football or is there some form of a promotional element in there as well?

Tan Tong Hai: So your question about the Pay TV business in terms of our content costs. Because of the cross-carriage regime, so it doesn't encourage operators to sign up for exclusive content. So if you signed on exclusive content, of course, you will get a reduction because it's non-exclusive. But these contracts that we sign, a lot of them are long term in nature. So they get to be renewed then we get a chance to review it and see whether we want to sign on exclusive or non-exclusive but so far most of it are non-exclusive. That's where we will get some savings to be found on non-exclusive basis.

But if you have content that's non-exclusive then how do you differentiate yourself? This is where we embark on some form of a localisation and working closely with our content partners to localise them. An example, we have done localisation with Hong Kong TVB to create a *Lady First* program and that is very well received. So we look at engagement factors and how we develop localisation to differentiate ourselves. That will continue to be one of the mode. The Pay TV business as a whole, it - we are very fortunate because we were one of the - in a leadership position before so we have a viable Pay TV business on a standalone basis.

So I don't think today we are running a loss business as Pay TV by itself is a viable business because we have the base that we have and so far, in spite of all the attempts by competitors to come in to try to grab share, we still have the lion's share in terms of our revenue share. We continue to be the leader in this segment. So content is going to be a differentiator, in fact for us, if you look at in the enterprise space, our mobile users get to enjoy BBC, Bloomberg, CNN and all those on the go, on their hand phone. So they are a value proposition for our enterprise customer, the same hotels and hospitals will need the Pay TV business soon to support their clients.

So Pay TV will continue to be an integral part of our Hubbing strategy. As to the cross-carriage revenue, where do we park it, I will ask the CFO to explain.

Nicholas Tan: Prem, Nicholas here. I think if you recall, we said in our last quarter that we do not think that the cross-carriage will have any significant impact against our financials, so that's a point that needs to be taken into consideration. As to where the revenues are parked, obviously the - in terms of subscription revenue, you know it doesn't come to us. In terms of cross-carriage revenue, yes we have some cross-carriage fee and that is parked into our revenue line but that is a very immaterial amount.

Prem Jearajasingam: (Macquarie Securities, Analyst) Right.

Tan Tong Hai: Yep, so it's parked into the Pay TV revenue line. At this moment, it's a small amount, we have mentioned that this cross-carriage will be immaterial. The third question on the Pay TV, the 2000, how much do you attribute it to cross-carriage, BPL, I will leave it to Kevin to address it.

Kevin Lim: Okay, Prem, I don't think we can directly associate this to any activity but we believe that it is partially because of the cross-carriage and the subsidies that we have offered. So we did see a recontract up as well as a number of new subscribers as well. As said, we also cracked down on piracy during the quarter, so this may have also contributed to the growth and if you noticed, our churn has actually gone down to 1% from about 1.2% in previous quarter or last year. So all this, I think, contributed to the positive net add for the quarter.

Prem Jearajasingam: (Macquarie Securities, Analyst) Thank you.

Eric Loh: Does that answer your question?

Prem Jearajasingam: (Macquarie Securities, Analyst) Yes, thank you very much.

Eric Loh: Okay, thank you Prem. Next we have Sachin from DBS.

Sachin Mittal: (DBS Vickers, Analyst) All right, thanks for the call. Three questions; first, it looks like the decline in minutes of usage is not having an adverse impact on your bottom line because both your costs are decreasing - your handset subsidy costs and even the traffic costs have been declining. In fact, they have declined sharply over the last four quarters. So I'm just wondering will this trend continue or we are seeing the bottom of this trend? In terms of cost decline and till what point these costs can keep declining? That's question 1.

Number 2, how are you seeing the cooperation with NBN in terms of both consumer and enterprise space with regard to the Broadband? Question 3 is on the Pay TV side. If I am not wrong, are you subsidising that cross-carriage content or do you plan to subsidise that cross-carriage content? Will it show as some adverse impact or has it shown already in this set of numbers? This set of results?

Tan Tong Hai: Okay, I think the first question, Sachin is asking is regarding the traffic cost and obviously he felt that the traffic costs actually have reduced. So it's asking whether that trend will continue or not. CFO, why don't you try to address.

Nicholas Tan: Sachin, Nicholas here. To answer your question, I think the traffic costs, at least for the last couple of quarters, is coming actually from the lower internet, SMS volume and as you - and it's directly related to the reduction in the SMS traffic that we are seeing. So long as these stabilise then you will see, also, stabilisation also in the corresponding cost itself. Roaming cost also came down and along with the fact that the roaming revenue has declined. So the way I look at it, it's always tend to be in proportion to the service that is being consumed. The good point for us is that our team has been - has continuously been actively negotiating lower international settlement rates and they will continue to do so. To the extent that they continue to succeed in doing this then yet, I will say that you will get some upside in terms of cost - further cost reduction in this area.

Tan Tong Hai: The section question is on the Next Generation Broadband. In terms of how - in terms of enterprise and the consumer, any update, yep.

Kevin Lim: I think firstly let's look at the consumer and - in the consumer space. I believe there is a growth in the number of households as well as this active conversion from ADSL to fibre or to our MOL, our MaxOnline. This continues to be quite strong in terms of the demand, the question is now the provisioning issues, whether we are able to keep up with the demand. But we do see very healthy growth in both our MOL as well as the NGN. The key differentiator for us, of course, is that given some of the provisioning issues where there are delays in provisioning, we are there to offer our customers cable broadband first and while they wait for their fibre broadband. So they have that flexibility.

In the enterprise space, unfortunately there's no cable access to commercial premises, so we are dependent on the NGN to be able to reach, especially the SMEs who are largely served by ADSL. For the larger enterprise, we do have our own networks where we are able to provide - lease circuits to them. So this continues to, I guess, be a frustration for us because we do see very healthy sales for NGN.

Tan Tong Hai: But in the enterprise space, if there is any - if we look at building, sufficient tenants, we will roll out our own fibre. We are not dependent on just the open net. So I think the bottom line is that we - the residential, we always have our cable as a backup. So I think that's the situation and we will continue to pursue, to see that - how this open net can improve on the service provisioning. I think that's not just the whole industry, all the service providers are hoping to see.

Now, with regards to the Pay TV, you're asking about the cross-carriage, whether the subsidy is affecting us. I want to share with you that we mentioned that when we came up with the rebate, it will be neutral. It will not have a material impact and whatever that we are guiding will show you that - where we up our EBITDA margin to 32%. All these are factors in our guidance, so it shouldn't have any impact on our financials. But one thing it's good, it will win a lot of good will for us because our customers, if you read in the social media, everybody is very thankful that StarHub stepped in to help them to alleviate the increase in BPL charges.

Eric Loh: Thank you, Sachin. Let's quickly move on to Rama from Daiwa.

Ramakrishna Maruvada: (Daiwa Institute of Research, Analyst) Hi, good afternoon. Just two quick ones from me, please. Firstly, with regards to the enterprise segment, there was some early commentary on the call with regards to pricing pressure on leased circuits, just wondering whether - who's driving this? Are you driving it or is this the pricing driven by the competitor? The second one is - okay, my second question has been answered, thank you.

Kevin Lim: Okay, Rama let me take this. This is Kevin. I think in the data internet, the leased circuit sectors, this is driven both at the international level as well as the domestic level and it's a very competitive market. We have seen prices decline quite rapidly.

Tan Tong Hai: So it is based on the competitive situation but the good thing is that our enterprise business, we have a solution and we also have cloud servicesand others. So we look at the overall, there is a drop because of pricing pressure but we are growing the cloud services, the NGNBN and other solution sales and that helps us to be able to grow the overall Fixed Network Services.

Kevin Lim: Yeah, we also mitigate the decline by offering higher capacity for the revenue.

Tan Tong Hai: Yep. So because we own our own fixed infrastructure, so we basically have already sunken cost in that so we are - we can be able to offer more capacity and that's how we keep our customers.

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

Eric Loh: You're welcome. Kelvin from CIMB is next. Kelvin.

Kelvin Goh: (CIMB, Analyst) Good evening, hi, can you hear me?

Eric Loh: Yes.

Kelvin Goh: (CIMB, Analyst) Okay, hi. Good evening. I've just got three questions. The first one's on just basically the ARPUs for both your Pay TV and Broadband. I'd like to know what your thoughts are with regards to the ARPU trends going forward? Do you see further down side? The second question is on our Hubbing model. We talked about it earlier, the two and three product households have been reduced - have been coming down. Sorry - sorry, I beg your pardon, the two product household has been coming down, do you think you would need to increase the discounts in order to attract or to retain these dual product households?

Third question is on roaming; Tong Hai, you mentioned just now about roaming being seasonal but don't you think it's more of a structural issue with customers moving over to a lot of Wi-Fi networks? Thanks.

Tan Tong Hai: Okay, so Kelvin, you wanted guidance on the ARPU. I have guided before that Broadband, because of the intense competition, you will see the ARPU going down. That's what you saw this quarter. Now, there is a limit to this because you had to pay the open net a certain price and then you factor in your customer service, international bandwidth and all this but I believe that that will stabilise in due course. As to the Pay TV, the drop in ARPU is because we have a drop in subscribers. But you saw that we are adding subscribers and we also have added, in this - the most important part is that we have done some price discounting but I want to share with you that the Pay TV business is pretty sound. I want to share with you that Pay TV - that is important to note because we still had the best content. We recently just consolidated our basic upsize and basic tier and that, in a way, would allow customers to be able to watch more content. We believe that if we continue to bundle better programs, we should be able to maintain the ARPU.

The Hubbing model, will we be giving more discounts to grow the dual service? I say no. We have been giving good discounts to our Hubbing plans and those discounts, at current level, we will maintain them. But more important is to improve the kind of services that they can access. We have gone beyond pricing value to seamless access to service like TV Anywhere where they can access our TV services and all this. We launched our football - SuperSports Arena, if you want to watch some of this sporting content, you will find that these are real life, real time events and only StarHub offers you. So we try to differentiate beyond just a price.

I think the key think I want all to note is that StarHub is not competing on price, we are competing on value, competing on more, better services and most important, we're the better experience because of our proven platform. Now, as to the roaming, I agree with you, I just mentioned that a certain part is seasonal but a certain part with regards to a shift in user behaviour where they use the Wi-Fi, but that is more prevalent in the - our consumer segment. The enterprise segment, I still see that the enterprise customers continue to use roaming. We came up with RoamEasy to attract more residential or consumer customers to use the RoamEasy plan but we are watching this very carefully because we do know that there will be a shift in the behaviour, usage pattern.

But so long as we make the roaming easy to use and affordable and well controlled - I'll give you an example, our RoamEasy plan is S$10 for 50 megabytes. So any operator, you go to any country, if you think that you'll use more then it's just another S$10. So basically, customer can control their usage. I think that is a roaming plan that we have introduced and I believe it will be very attractive. Because, I'll give you an example, even if you want to use offset over Wi-Fi, when you are in a bad traffic condition in Bangkok or in any other country, the only way for you to access is still to - the mobile. I believe the coming up with a good roaming plan will still be very essential for us to address the need.

We just thought that maybe in past years, users were shocked with the roaming charges and that's why they've turned it off completely. What we have been trying to encourage then is to switch it on. S$10 only for 50 meg, so they don't need to worry and if they need - they use beyond that, they add another S$10. Just for your understanding, 50 meg is very good - use is sufficient for reading all my emails.

Kelvin Goh: (CIMB, Analyst) Just quickly back to the question on the ARPUs, are you seeing any more downside pressures in the current or next few quarters? Broadband and Pay TV?

Tan Tong Hai: I see more downside in the Broadband side but Pay TV not. Okay.

Kelvin Goh: (CIMB, Analyst) Pay TV is stabilising?

Tan Tong Hai: Yeah. Broadband side, there will be a limit to it but I think we are coming close to it at this moment.

Kelvin Goh: (CIMB, Analyst) Okay, thank you so much.

Eric Loh: Thank you, Kelvin. Last caller for tonight is Steven from StanChart. Steven.

Steven Liu: (Standard Chartered, Analyst) Yes, thank you, I have three questions. Firstly, regarding you - what is your 4G coverage and what is your capex guidance for next year? The second question, you just mentioned your international capacity and what is your market share? Your Singapore international traffic, the gateway, what is your market share? Thirdly, regarding your fibre broadband, how many fibre broadband customers do you have in the third quarter? Thank you.

Tan Tong Hai: Well our 4G coverage as of October, we have mentioned, that we have reached 95% and it's actually as good as nationwide coverage. So currently that is on the 1800 spectrum, we are also stepping up on the 4G rollout for the 2600 spectrum and also the in-door coverage and that will continue to enhance the 4G coverage to ensure that our customer has a good experience and also in terms of consistency, in terms of performance. In terms of international capacity, there are only, if you look at the local operators other than the incumbents, StarHub is the only player with the submarine cable landing station. So far, we have a few - we have the Asia Submarine Express today, in terms of the lowest, fastest speed connectivity to Japan, StarHub has the Asia Submarine Express and that allows us to service the financial - customers in the financial sector very well.

We also have the Asia-American Gateway that will link StarHub all the way to America and we have our previous APCN too as well as the up and coming Asia-Pacific Gateway. Now, I don't think we have the breakdown as to our market share between us and the incumbents, but one thing is that it used to be a monopoly and now we can offer an alternative. In fact, there are many submarine cable consortiums that is coming to us to lend submarine cables. Once they have landed on our submarine cable landing station, we have a lot of back-haul services that we can offer to our - the consortium. So I would say that StarHub brought delight to the wholesale market, the submarine community because they have opportunity for them to land in StarHub's cable landing station.

As to the fibre subscribers, we don't announce our fibre subscribers but I can share with you that it's higher than the third operator.

Steven Liu (Standard Chartered, Analyst) Okay, how about the CapEx for next year?

Tan Tong Hai: CapEx for next year.

Nicholas Tan: I'm sorry, we don't provide guidance at this point in time.

Tan Tong Hai: Yeah, we only provide guidance for this year, we have guided 13% of revenue and then when we complete our full year results then we will guide for the next year.

Steven Liu (Standard Chartered, Analyst) Okay, may I have a last question, it's on your revenue breakdown for your enterprise business between your international customers, local, enterprise and the government for the enterprise business? A revenue breakdown.

Tan Tong Hai: Enterprise breakdown, yeah.

Kevin Lim: We, unfortunately, don't share that information but we do have a mix of international as well as local customers.

Steven Liu (Standard Chartered, Analyst) Which one is the growth driver, do you think?

Tan Tong Hai: I would share with you that, broadly, in terms of - we have three segments, you have global, international then you have the local MNCs and then you've got the small and medium enterprises. So as a whole, we are targeting all the various segments. The large accounts is where even government sectors and all those are focussed areas. The SME segments, small and medium enterprise will be the one that adopt the Next Generation Broadband and certainly that is an area that all of us are focussing because that market typically is under-served by the incumbents and we are targeting at that segment to grow our business.

Steven Liu(Standard Chartered, Analyst) Okay, thank you.

Eric Loh: Ladies and gentlemen, that concludes our third quarter results announcement con call. We look forward to speaking with you again next quarter. Have a good evening.

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