

StarHub Reports 2014 Fourth Quarter and Full Year Results

Singapore, 25 February 2015 – StarHub Ltd today announced its results for the fourth quarter and full year ended 31 December 2014.

For the quarter, total revenue increased 5% year-on-year (YoY) to S\$647.4 million and for the full year, it was higher by 1%. The increases were contributed by higher revenue from sales of equipment, driven by strong demand for the new iPhones. For the quarter, the Group's EBITDA was higher by 10% YoY at S\$192.4 million and 1% higher for the full year at S\$747.9 million. EBITDA margin as a percentage of service revenue was 33.8% for the quarter and 33.7% for the full year.

In 4Q2014, net profit after tax was at S\$94.2 million and free cash flow at S\$48.7 million. Compared to a year ago, net profit after tax increased 10% YoY for the quarter but decreased 2% for the full year at S\$370.5 million. Free cash flow increased 208% YoY for the quarter and 14% for the full year. Cash capital expenditure (CAPEX) was at S\$86.1 million for the quarter and at S\$321.6 million for the full year or 6% higher YoY. The higher CAPEX included a payment of S\$40 million for the 4G spectrum rights.

Business Highlights

Service revenue for the quarter was higher by 1% YoY at S\$569.2 million but lower by 1% for the full year at S\$2,217.5 million.

Mobile revenue increased 3% YoY for the quarter and was stable for the full year at S\$320.5 million and S\$1,247.6 million respectively. Compared to a year ago, post-paid ARPU increased by S\$2 to S\$71 for the quarter. For the full year, it was lower at S\$69.

"Some of the statements in this news release constitute 'forward-looking statements' that do not directly or exclusively relate to historical facts. These forward-looking statements reflect StarHub Ltd's current intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside StarHub Ltd's control. Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks. Because actual results could differ materially from StarHub Ltd's current intentions, plans, expectations, assumptions and beliefs about the future, you are urged to view all forward-looking statements contained in this news release with caution."

Pre-paid ARPU was also higher by S\$2 to S\$19 for the quarter and lower by S\$1 to S\$17 for the full year. The lower pre-paid ARPU was attributed to lower voice usage.

Pay TV revenue was stable YoY for the quarter but increased 1% for the full year at S\$100.1 million and S\$389.7 million respectively. The increase was mainly due to higher subscription revenue from a larger customer base. For the quarter and full year, Pay TV ARPUs were at S\$52. The customer base was higher at 542,000 households and the average monthly churn was kept low at 0.8% for the quarter.

Broadband revenue decreased 16% to S\$47.7 million for the quarter compared to a year ago. Full year revenue was 17% lower at S\$201.9 million. We saw a S\$8 ARPU decrease YoY for both the quarter and full year. This is despite a 5% increase YoY in our residential broadband customer base, ending the quarter with 469,000 customers. The revenue decrease was due to price competition which lowered the subscription revenue from re-contracts and new customers. The average monthly churn for the quarter was lower at 0.8% due to our proactive retention programs and promotional service bundles.

Fixed Network revenue increased 4% YoY for the quarter and 3% for the full year. For the quarter, Data & Internet services revenue, which makes up about 85% of the Fixed Network revenue, increased S\$5.0 million to S\$86.6 million from a year ago. The increase was attributed to higher take-up of enterprise solutions and our fixed data & internet services. Voice services revenue decreased 9% YoY for the quarter to S\$14.3 million as a result of lower local voice services revenue impacted by price erosions and market competition, and reduced IDD usages. For the full year, Voice services revenue at S\$57.4 million was 11% lower.

The number of triple services households grew to 242,000 households, after the quarter's net adds of 4,000 households. This was an increase of 6% as compared to a year ago. The total number of hubbing households with at least one StarHub service totalled 774,000. The number of households taking two or more StarHub services has increased to 60% as at 31 December 2014.

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“We saw healthy growth in our customer base across all lines of business even though competition was intense. The low churn rates across our businesses bear testament to our effective and proactive customer retention initiatives,” said Mr Tan Tong Hai, CEO, StarHub.

“Our Hubbing strategy has served us well. Looking ahead, we aim to further integrate our Hubbing services to address the convergence of our customers’ work and lifestyle needs,” added Mr Tan.

Outlook for FY2015

Based on the current outlook, and barring any unforeseen circumstances, we expect the Group’s 2015 service revenue to grow in the low single-digit range and Group EBITDA margin to be about 32% on service revenue. For 2015, progressive payments towards the construction of the MediaHub project will be made. Excluding these payments, we expect our CAPEX payments in 2015 to be about 13% of our total revenue. For 2015, we intend to maintain our annual cash dividend of 20 cents per ordinary share.

For more details on the Group's performance for 4Q2014 and outlook for FY2015, please visit www.starhub.com/ir. Materials available at this website include the audio conference link, investor presentation and audited results for the full year ended 31 December 2014.

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About StarHub

StarHub is Singapore's fully-integrated info-communications company, offering a full range of information, communications and entertainment services for both consumer and corporate markets. StarHub operates a mobile network that provides 4G, 3G and 2G services. It also manages an island-wide HFC network that delivers multi-channel pay TV services (including HDTV, Internet TV and on-demand services) as well as ultra-high speed residential broadband services. StarHub operates an extensive fixed business network that provides a wide range of data, voice and wholesale services. Over Singapore's fibre-based Next Generation Nationwide Broadband Network, StarHub offers a broad range of home and business broadband plans along with a host of advanced media-rich value-added services, such as IPTV for commercial entities.

Launched in 2000, StarHub has become one of Singapore's most innovative info-communications providers, and the pioneer in 'hubbing' - the ability to deliver unique integrated and converged services to all its customers. StarHub, listed on the main board of the Singapore Exchange since October 2004, is a component stock of the Straits Times Index and the MSCI Singapore Free Index.

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