

StarHub Reports 2016 Third-Quarter and Nine Months Results

Singapore, 2 November 2016 – StarHub Ltd today announced its results for the quarter and nine months ended 30 September 2016.

For the nine months, the Group's profit from operations rose 2% year-on-year (YoY) to S\$356 million. This was a result of the lower volume of subsidised handsets sold but offset by lower service revenue. YoY, profit from operations for the quarter was 14% lower at S\$113 million, primarily due to lower revenue.

Looking at the nine-month period, EBITDA of S\$554 million was lower by S\$1 million compared to the same period a year ago while EBITDA margin was up 0.2% points to 33.8%. 3Q2016 EBITDA decreased 10% YoY to S\$179 million and EBITDA margin as a percentage of service revenue was at 32.8%.

Year-to-date (YTD), service revenue was slightly lower at S\$1,642 million while total revenue was 3% lower at S\$1,762 million due to lower revenues collected from mobile services and sale of equipment. On a quarter basis, total revenue was also 3% lower at S\$585 million compared to a year ago.

In YTD2016, free cash flow was 17% higher YoY at S\$229 million mainly due to higher cash from operations. The Group also had cash CAPEX which was 6% higher at S\$240 million compared to the same period last year. For the quarter, free cash flow was 98% lower YoY and cash CAPEX was at S\$150 million as it included the S\$80 million spectrum payment made.

Business Highlights

For the nine-month period, the Group grew revenue for Broadband and Enterprise Fixed services and also saw customer growth for both pre and post-paid Mobile. In

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YTD2016, Broadband revenue registered 10% growth and Enterprise Fixed revenue grew 2% respectively YoY. In terms of total revenue mix for the nine months, Mobile continued to be the major contributor at 51%. Enterprise Fixed services were the second largest contributor at 17%. Pay TV, Broadband, and Sales of Equipment contributed 16%, 9% and 7% respectively.

- Total **Mobile** revenue was 3% lower YoY at S\$903 million compared to YTD2015. The pre-paid and post-paid customer base grew by 45,000 and 53,000 respectively YoY. For the nine months, the post-paid ARPU was S\$70 and pre-paid ARPU was lower by S\$2 to S\$16.
- In YTD2016, **Pay TV** revenue was lower YoY at S\$284 million as a result of a 35,000 drop in customer base to 507,000 households. Comparing the same corresponding nine-month period, churn rate was at 1.0% and ARPU remained stable at S\$51.
- For the nine months, **Broadband** revenue increased 10% YoY to S\$163 million, contributed mainly by increased take-up of higher speed plans. In YTD2016, ARPU also saw an uplift of S\$4 to S\$37. The residential broadband customer base was at 475,000 households.
- **Enterprise Fixed** revenue increased 2% YoY to S\$293 million in YTD2016. Data & Internet services revenue, which contributed 86% to the Enterprise Fixed revenue mix, was at S\$253 million. Voice services revenue decreased 3% to S\$40 million due to lower local voice usage.
- The percentage of total **Hubbing** households that subscribed to any two or more StarHub services was at 58%. Triple-service households were at 238,000.

“For the nine months, profits from operations increased 2% with continued revenue growth in our residential Broadband and Enterprise Fixed services,” said Mr Tan Tong Hai, CEO, StarHub. “We have seen the Broadband revenue curve moved upwards for the seventh consecutive quarter and our Enterprise Fixed revenue, the second largest revenue contributor, remains robust. We will continue to invest in our Enterprise business to drive our future growth.”

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Outlook for FY2016

Based on the current outlook, we maintained the Group's 2016 service revenue to be at about 2015's level and Group EBITDA margin at about 32% of service revenue. We expect our CAPEX payments to be about 13% of our total revenue, excluding the S\$80 million spectrum payment made this quarter and any payment in respect of new spectrum which is expected to take place in 4Q2016. For 2016, we intend to maintain our annual cash dividend of 20 cents per ordinary share.

For more details on the Group's performance for 3Q & YTD2016 and outlook for FY2016, please visit www.starhub.com/ir. Materials available at this website include the audio conference link, investor presentation and unaudited results for the quarter ended 30 September 2016.

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About StarHub

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

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

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