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1H2023 Results  
3 August 2023





## Forward-Looking Statements

The following presentation may contain forward-looking statements by StarHub Ltd (“StarHub”) relating to financial trends for future periods.

Some of the statements in this presentation which are not historical facts are statements of future expectations with respect to the financial conditions, results of operations and businesses, and related plans and objectives. These forward-looking statements are based on StarHub’s current views, intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside StarHub’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 and uncertainties. Because actual results could differ materially from StarHub’s current views, intentions, plans, expectations, assumptions and beliefs about the future, such forward-looking statements are not and should not be construed as a representation, forecast or projection of future performance of StarHub. It should be noted that the actual performance of StarHub may vary significantly from such statements.



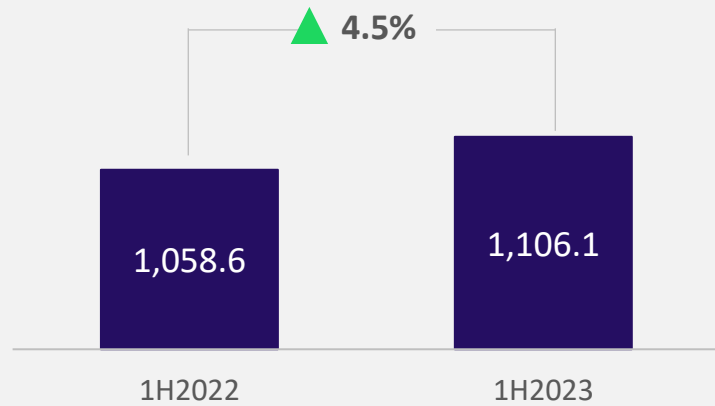
## FINANCIAL HIGHLIGHTS

# STARHUB

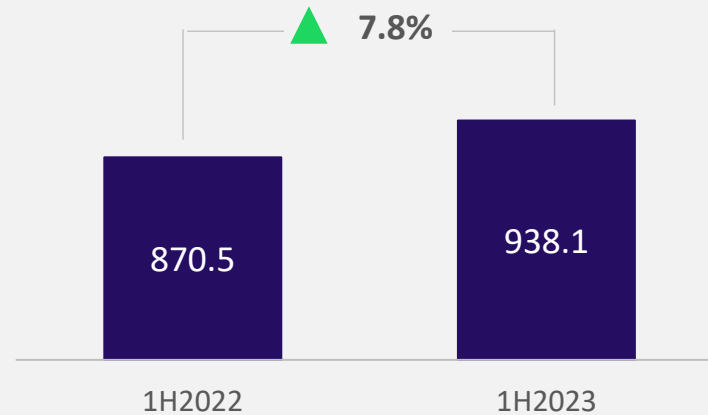


# FINANCIAL HIGHLIGHTS

## TOTAL REVENUE (\$'M)

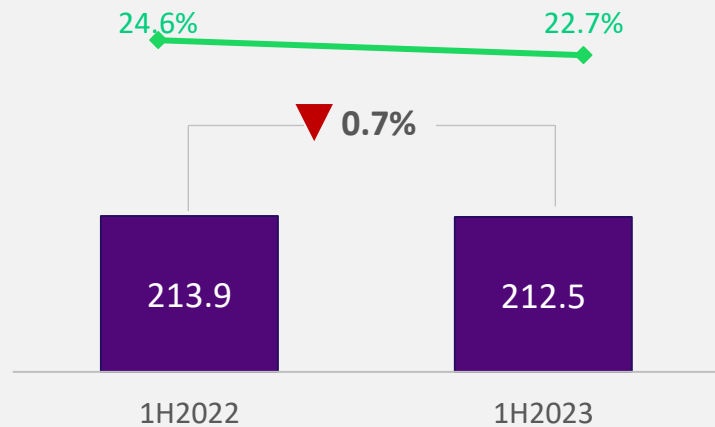


## SERVICE REVENUE (\$'M)



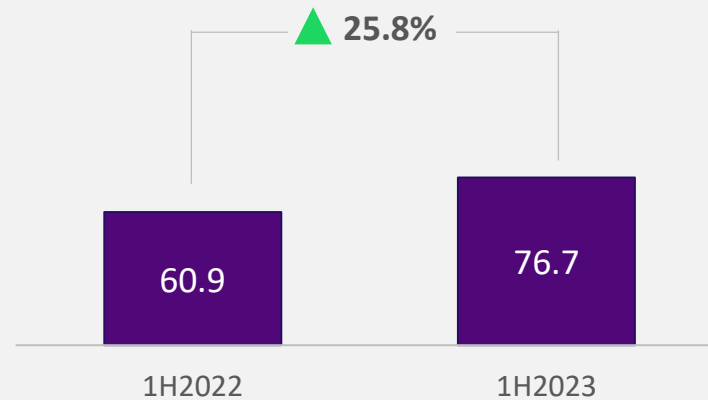
- Service Revenue grew YoY due to growth registered across all business segments, as well as the consolidation of MyRepublic Broadband from 2Q2022
- Total Revenue increased YoY due to the aforementioned reasons, offset by lower Sales of Equipment
- Excluding contributions from MyRepublic Broadband, StarHub's 1H2023 Total Revenue and Service Revenue grew 2.7% and 5.6% YoY, respectively

## SERVICE EBITDA (\$'M)<sup>1</sup> / MARGIN (%)



## NET PROFIT (\$'M)

(ATTRIBUTABLE TO SHAREHOLDERS)



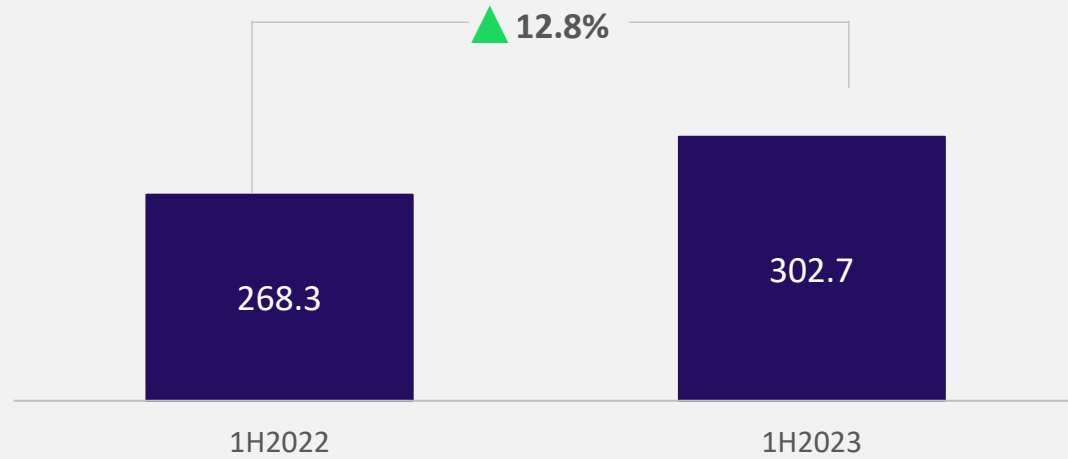
- Service EBITDA and its margin declined YoY due to higher Opex and lower other income mitigated by higher service revenue
- NPAT grew YoY due to higher profit from operations and lower net finance costs, offset by higher taxation

<sup>1</sup> Service EBITDA refers to EBITDA less equipment margin (sales of equipment less cost of equipment)

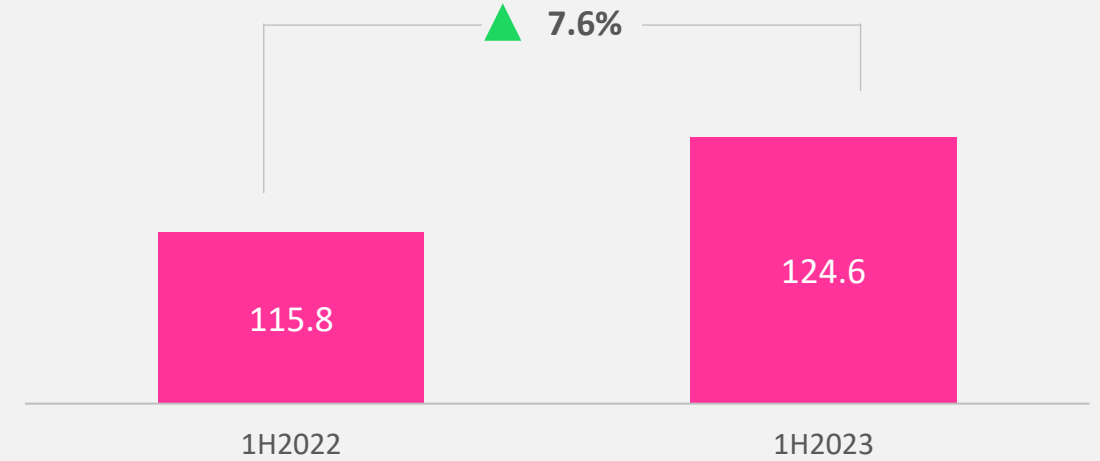


# SEGMENTAL REVENUE

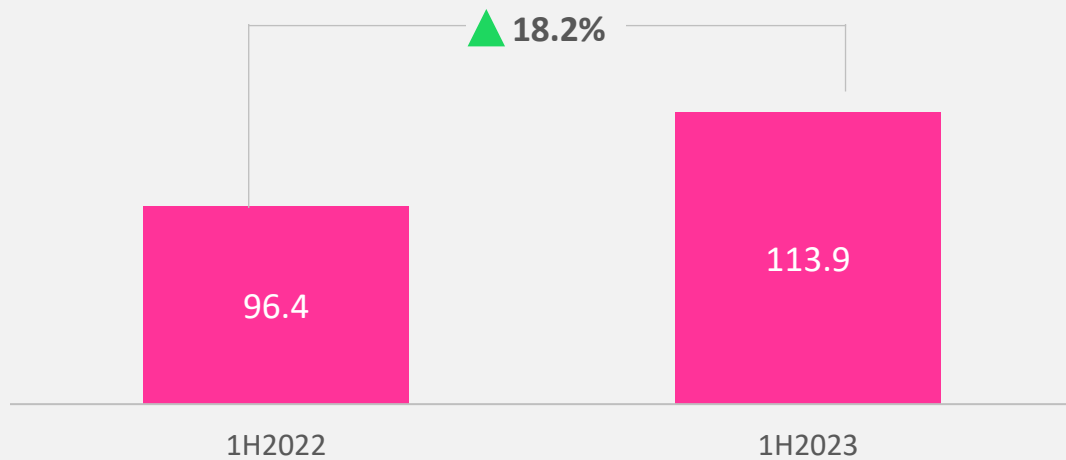
## MOBILE (\$'M)



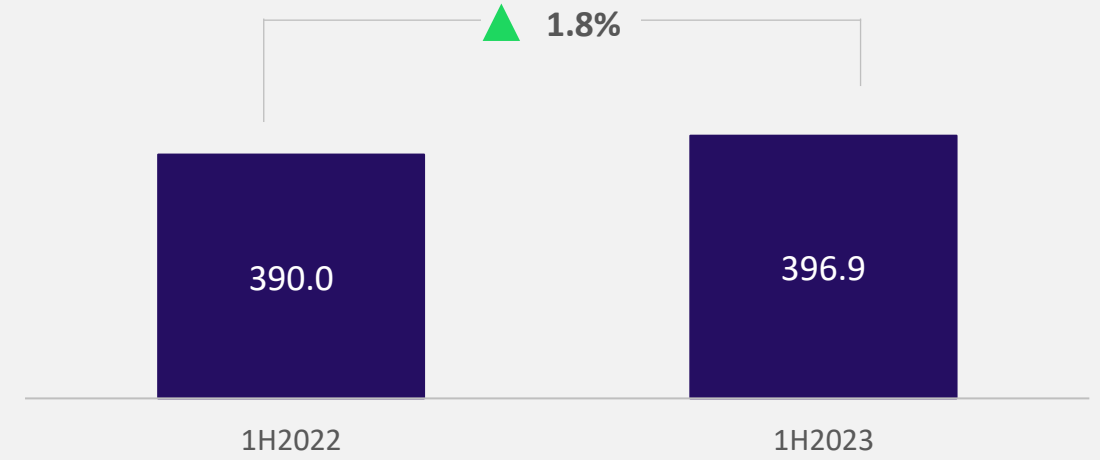
## BROADBAND<sup>2</sup> (\$'M)



## ENTERTAINMENT (\$'M)



## ENTERPRISE<sup>1,2</sup> (\$'M)






<sup>1</sup>Acquisition of JOS SG & MY was completed on 3 January 2022

<sup>2</sup> Consolidation of MyRepublic Broadband with effect from 2Q2022



# FY2023 GUIDANCE UPDATE

	1H2023 <b>PERFORMANCE</b>	FY2023 <b>GUIDANCE</b> <small>(As at 7 Feb 2023)</small>	FY2023 <b>UPDATED GUIDANCE</b> <small>(As at 3 Aug 2023)</small>
<b>SERVICE REVENUE</b>	 <b>YoY 8%</b>	 <b>YoY 8% - 10%</b>	 <b>YoY 3% - 5%</b>
<b>SERVICE EBITDA MARGIN</b>	<b>22.7%</b>	Approx. <b>20%</b>	Approx. <b>22%</b>
<b>CAPEX COMMITMENT</b> <small>(As % of Total Revenue)</small>	<b>5.5%</b> <i>Including Investments<sup>2</sup></i>	<u>BAU Capex<sup>1</sup></u> <b>5% - 7%</b>	<u>BAU Capex<sup>1</sup></u> <b>No Change</b>
		<u>Including Investments<sup>2</sup></u> <b>13% - 15%</b>	
<b>DIVIDEND / SHARE</b>	<b>2.5 Cents</b>	<b>At Least 5.0 Cents or Dividend Policy<sup>4</sup></b>	<b>No Change</b>

**Reduced Guidance**

- Delays in project recognition for D'Crypt (under Cybersecurity Services) and JOS SG (under Regional ICT Services)

**Improved Guidance**

- Ongoing efforts to realise operational efficiencies from DARE+ initiatives to transform business models, lower staff cost and professional fees
- Lower proportion of contributions from the aforementioned lower-margin businesses

**Improved Guidance**

- Savings in infrastructure and capacity optimisation

<sup>1</sup> Excluding 5G Capex and spectrum right, as well as investments relating to DARE+ and IT Transformation  
<sup>2</sup> Including 5G Capex and spectrum right, as well as investments relating to DARE+ and IT Transformation

<sup>4</sup> To distribute at least 80% of net profit attributable to shareholders (adjusted for one off, non-recurring items), payable on a semi-annual basis.



# FINANCIAL OVERVIEW

S\$'M	1H2023	1H2022	YoY Change (%)
Total Revenue	1,106.1	1,058.6	4.5
Service Revenue	938.1	870.5	7.8
Operating Expenses	(1,000.7)	(967.0)	3.5
Other Income	1.6	4.1	(61.2)
EBITDA	229.8	229.7	0.0
Service EBITDA <sup>1</sup>	212.5	213.9	(0.7)
Service EBITDA <sup>1</sup> Margin (%)	22.7	24.6	(1.9) % <i>pt</i>
Net Profit After Tax <i>Attributable to shareholders</i>	76.7	60.9	25.8
Free Cash Flow <sup>2</sup>	0.0	61.3	n.m.
	<b>As At 30 June 2023</b>		<b>As At 31 December 2022</b>
Net Debt to TTM EBITDA (x)	1.57		1.38

- 1H2023 free cash flow was S\$61.3 million lower YoY, mainly due to lower cash from operating activities coupled with higher CAPEX payments
- Excluding Cybersecurity Services, 1H2023 free cash flow would have been S\$23.4 million, S\$37.9 million or 61.9% lower YoY
- Free cash flow is expected to be positive in 2H2023 due to improvements in working capital

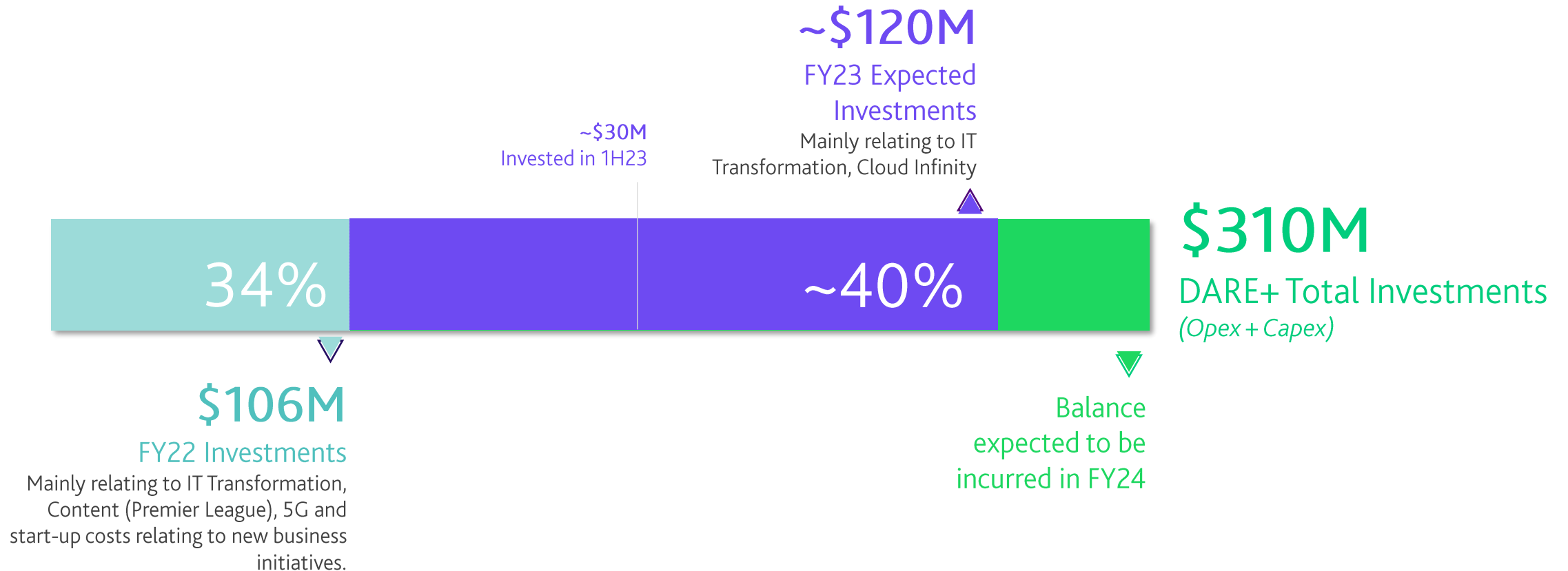
<sup>1</sup>Service EBITDA = EBITDA less (Sales of Equipment – Cost of Equipment)

<sup>2</sup>Free Cash Flow refers to net cash from operating activities less purchase of property, plant and equipment and intangible assets in the cash flow statement



# DARE+ Pace Of Investments

- Front-loaded investments, mainly to be incurred in FY2023 – albeit reduced to ~40% (from 50%), mainly due to reduction in expected spend as a result of cost rationalisation and continuous fine-tuning of architecture concurrent with execution; and to a smaller extent, slight delays in the roll out of certain initiatives
- FY23 investments expected to be about 60% Capex and 40% Opex; mainly to be incurred in 2H23
- Despite slight delay in certain DARE+ initiatives, we remain committed to achieve \$500M 'breakeven' EBITDA level in FY2024 and FY2026 DARE+ outcomes





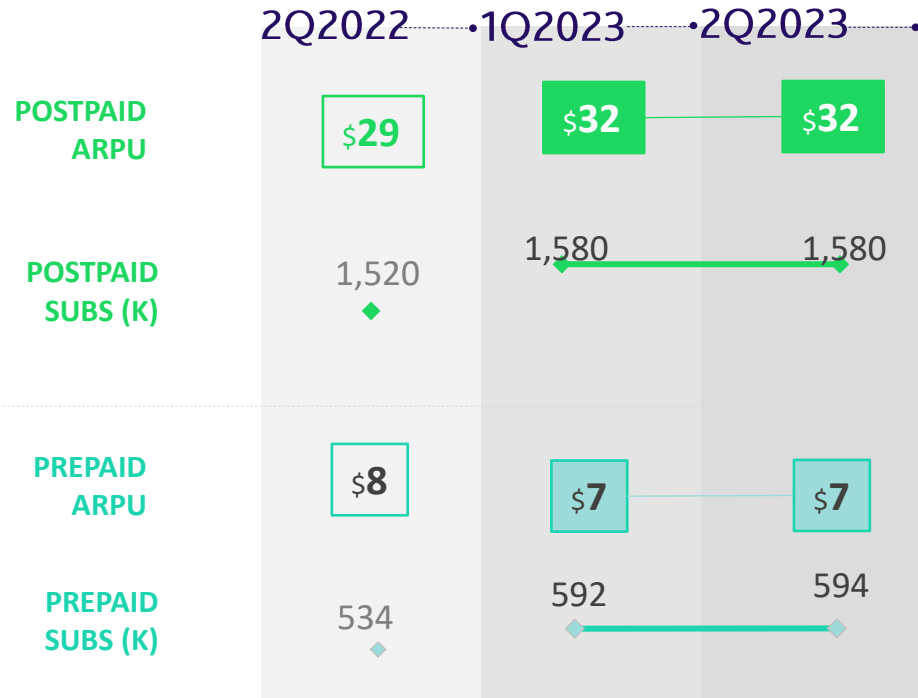


BUSINESS HIGHLIGHTS

STARHUB



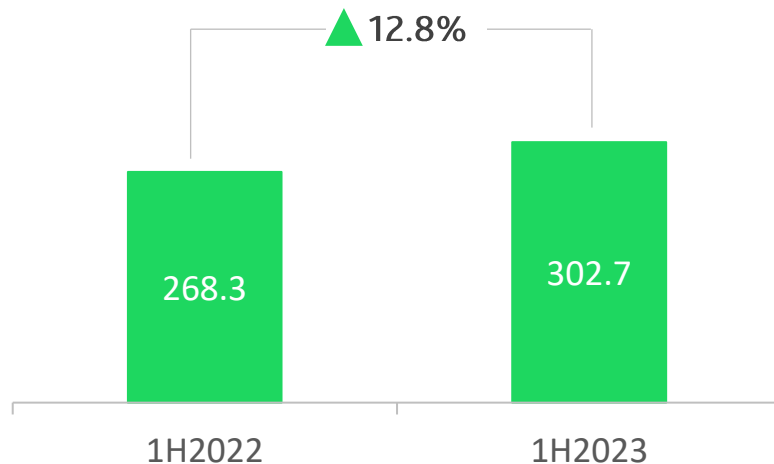
# MOBILE



- Postpaid ARPU grew YoY<sup>1</sup> mainly due to higher roaming, VAS and voice subscription revenues; partially offset by lower overall usage revenue and remained stable QoQ<sup>1</sup>
- Postpaid subscriber base grew YoY<sup>1</sup>, lifted by continued expansion of the giga! subscriber base, and remained stable QoQ<sup>1</sup>
- Average monthly churn rate was stable at 0.8% in 2Q2023 (1Q2023: 0.8%; 2Q2022: 0.7%)

- ARPU declined YoY<sup>1</sup> mainly due to increased promotions, but remained stable QoQ<sup>1</sup>
- Prepaid subscribers grew QoQ<sup>1</sup> and YoY<sup>1</sup> in tandem with the increase in tourists and foreign workers as a result of the re-opening of borders

## SEGMENT REVENUE (\$\$'M)

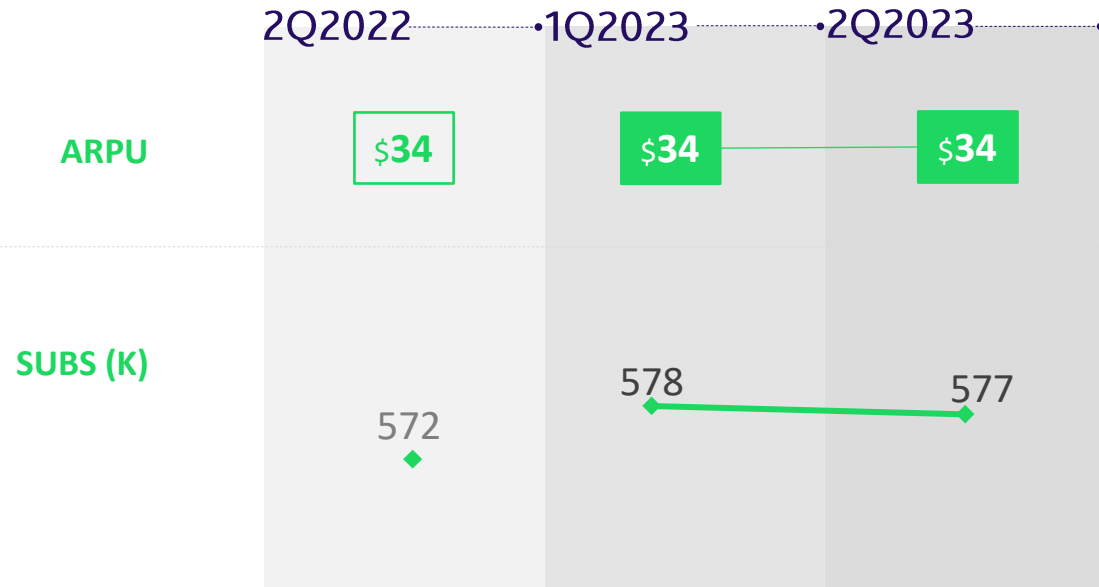


- Higher YoY<sup>1</sup> revenue was mainly due to higher Postpaid and Prepaid revenue, partially offset by the absence of \$1.7 million in revenue recognised in 1H2022 relating to an infrastructure project
  - Excluding the S\$1.7 million infrastructure project revenue, Mobile service revenue would have been 13.5% higher YoY<sup>1</sup> in 1H2023
- Overall average data usage reached 16.8Gb in 2Q2023 (1Q2023: 15.5Gb; 2Q2022: 13.0Gb)

<sup>1</sup>QoQ refers to 2Q2023 vs 1Q2023; YoY refers to 2Q2023 vs 2Q2022 and/or 1H2023 vs 1H2022



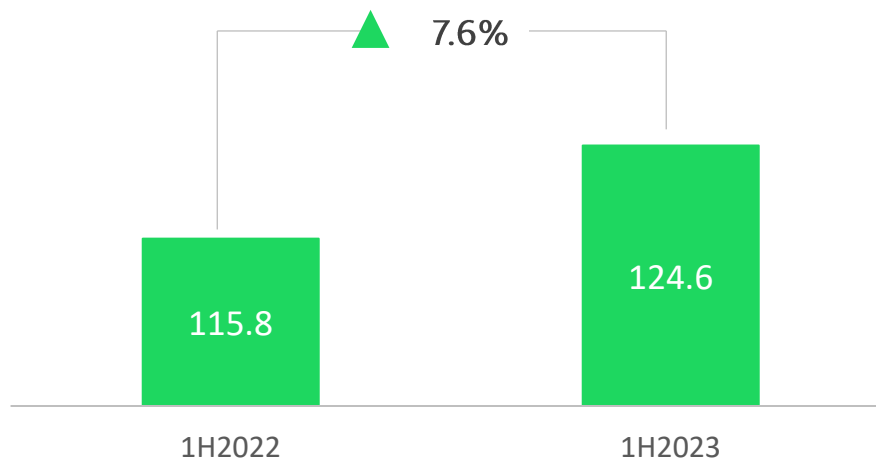
# BROADBAND



- ARPU remained stable due to higher subscription revenue achieved and the consolidation of MyRepublic Broadband from 2Q2022

- Subscribers grew YoY<sup>1</sup> due mainly to the consolidation of MyRepublic Broadband subscribers from 2Q2022
- Average monthly churn rate remained relatively stable at 0.6% in 2Q2023 (1Q2023: 0.5%; 2Q2022: 0.6%)

## SEGMENT REVENUE (\$\$'M)

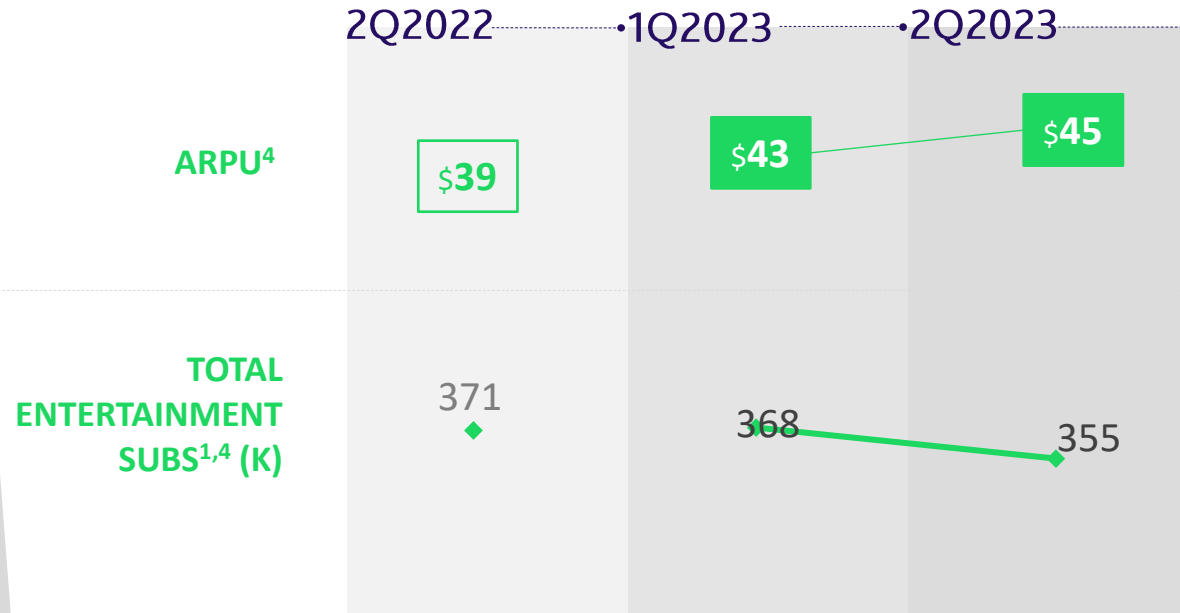


- The higher YoY<sup>1</sup> revenue was mainly lifted by higher subscription revenue achieved and the consolidation of MyRepublic Broadband from 2Q2022

<sup>1</sup>QoQ refers to 2Q2023 vs 1Q2023; YoY refers to 2Q2023 vs 2Q2022 and/or 1H2023 vs 1H2022

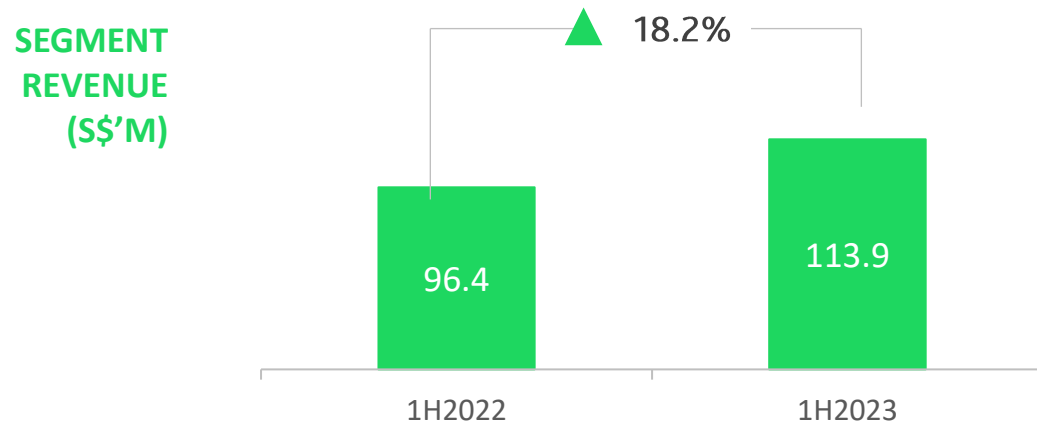


# ENTERTAINMENT



- Improved ARPU<sup>4</sup> YoY<sup>2</sup> and QoQ<sup>2</sup> lifted mainly by Premier League

- Total Entertainment subscriber base<sup>4</sup> decreased 16K YoY<sup>2</sup> and 13K QoQ<sup>2</sup> due to reduction in certain promotions
- Average monthly churn rate<sup>3</sup> increased to 1.0% in 2Q2023 (1Q2023: 0.8%; 2Q2022: 0.8%)



- Overall, revenue grew YoY<sup>2</sup> mainly due to higher subscription revenue, commercial TV and advertising revenue driven mostly by Premier League

<sup>1</sup> Includes residential Pay TV subscribers with and without over-the-top ("OTT") subscriptions, as well as Mobile and Broadband subscribers with OTT subscriptions

<sup>2</sup> QoQ refers to 2Q2023 vs 1Q2023; YoY refers to 2Q2023 vs 2Q2022 and/or 1H2023 vs 1H2022

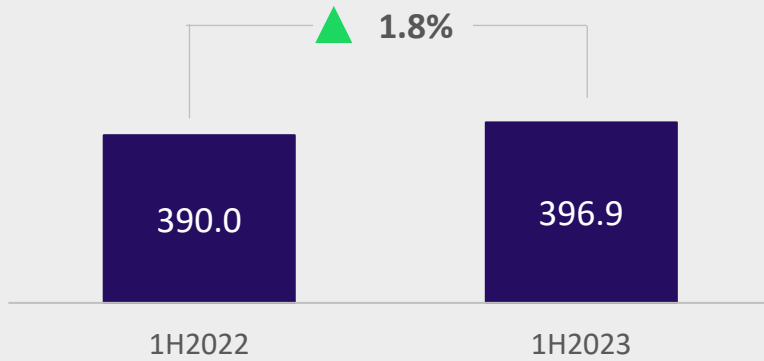
<sup>3</sup> Referring to churn for traditional Pay TV only

<sup>4</sup> Comparatives have been restated to take into account a change in subscriber definition

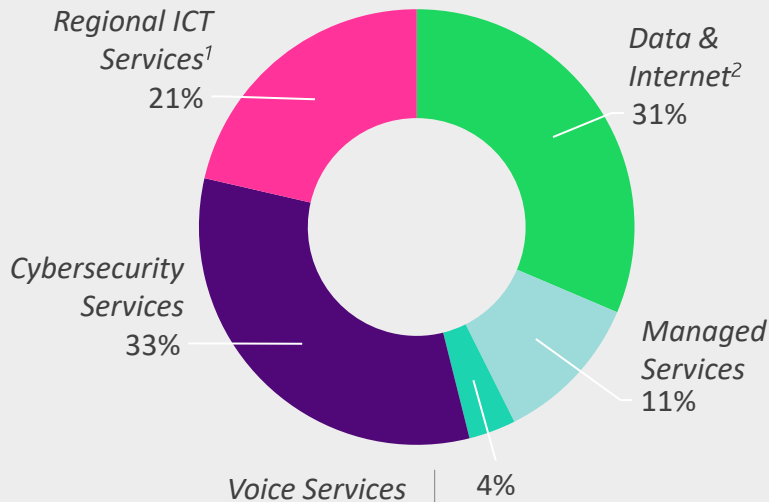


# ENTERPRISE

## ENTERPRISE BUSINESS<sup>1,2</sup> (\$'M)



## 1H2023 ENTERPRISE REVENUE MIX (%)

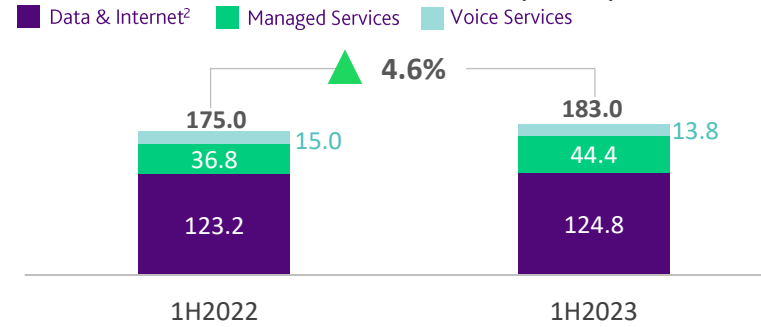


<sup>1</sup> Consolidation of JOS SG & MY following completion of acquisition on 3 January 2022

<sup>2</sup> MyRepublic Broadband was consolidated from 2Q2022.

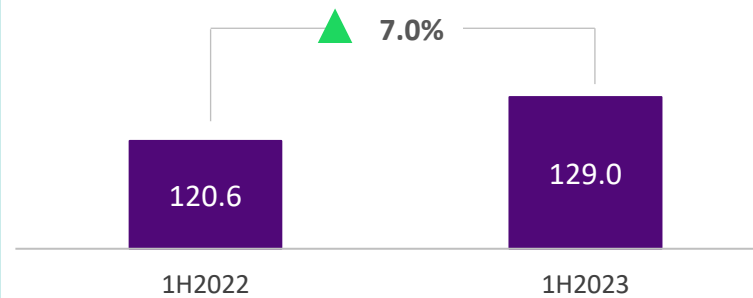
<sup>3</sup> QoQ refers to 2Q2023 vs 1Q2023; YoY refers to 2Q2023 vs 2Q2022 and/or 1H2023 vs 1H2022

## NETWORK SOLUTIONS (\$'M)



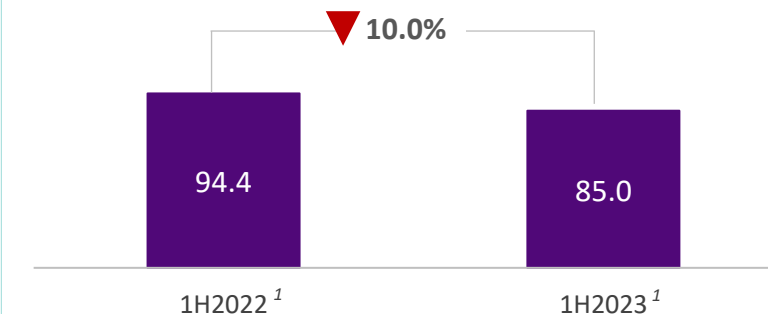
- Higher YoY<sup>3</sup> revenue due to higher contributions from Data & Internet (lifted by the consolidation of MyRepublic Broadband<sup>2</sup>); and Managed Services arising from more project completions
- This is offset by lower Voice Services revenue due to lower domestic and international traffic

## CYBERSECURITY SERVICES (\$'M)



- Higher revenue due to higher project recognition
- The segment recorded an operating loss of \$8.9 million for 1H2023 compared to an operating profit of \$0.5M in 1H2022 due to lower other income and continued investments in talent to support growth

## REGIONAL ICT SERVICES<sup>1</sup> (\$'M)



- Lower revenue due to lower hardware sales in 1H2023 compared to the same period last year
- 1H2023 operating profit remained stable YoY<sup>3</sup> at \$0.9M





# STRATEGY & OUTLOOK

## CONSUMER: ELEVATING CUSTOMER LIFETIME VALUE

## ENTERPRISE: CONNECTIVITY | CLOUD | CYBERSECURITY

Mobile

Broadband

Entertainment

Network Solutions

Cybersecurity Services

Regional ICT Services

	Mobile	Broadband	Entertainment	Network Solutions	Cybersecurity Services	Regional ICT Services
Key Strategies	<ul style="list-style-type: none"> <li>Leverage Infinity Play bundling to improve segment performance, such as the Safety Suite</li> <li>Encourage 5G migration</li> </ul>	<ul style="list-style-type: none"> <li>Encourage migration to higher bandwidth plans</li> </ul>	<ul style="list-style-type: none"> <li>Home of sports / continue to review content strategy</li> <li>Premier League (“PL”) for pull-through revenue</li> </ul>	<ul style="list-style-type: none"> <li>Leverage niche positioning in connectivity, cloud and cybersecurity to pursue growth</li> <li>Optimise margin efficiency through reaping synergies from enlarged Enterprise group</li> </ul>	<ul style="list-style-type: none"> <li>Leverage strong niche in proprietary AI, cyber analytics and incident response</li> <li>Pursue higher value and more complex projects</li> <li>Explore growth opportunities in new markets</li> </ul>	<ul style="list-style-type: none"> <li>Increase share of wallet amongst customers</li> <li>Increase up- and cross-selling opportunities</li> <li>Continue to streamline and improve operational efficiency</li> </ul>
Current Observations	<ul style="list-style-type: none"> <li>Steady roaming recovery</li> <li>Sustained intense competition &amp; migration towards SIM-Only</li> <li>5G premium intact</li> </ul>	<ul style="list-style-type: none"> <li>Almost 70% YoY growth in subscribers on higher bandwidth plans (as at 2Q2022)</li> <li>Increasing market competition expected</li> </ul>	<ul style="list-style-type: none"> <li>Market competition remains intense</li> <li>Manageable churn despite end of PL season</li> <li>New PL season commencing August 2023 expected to bolster subscriber growth in 3Q2023</li> </ul>	<ul style="list-style-type: none"> <li>Increasing traction for new solutions – Green Tech, Future of Work and video analytics</li> <li>Re-prioritisation of connectivity business is seeing turnaround; strong growth achieved for Managed Services</li> </ul>	<ul style="list-style-type: none"> <li>End-to-end offering allows Ensign to serve as single point of accountability</li> <li>Proprietary tech stack enables differentiation and revenue pull-through via incorporation into complex solution design-and-build</li> </ul>	<ul style="list-style-type: none"> <li>Fragmented and competitive market</li> <li>Prudent spending by enterprise customers on hardware</li> <li>Leverage on our software, hardware and architectural capabilities to provide comprehensive solutions</li> </ul>
FY23 Outlook	<ul style="list-style-type: none"> <li>Growth – higher YoY revenue expected</li> <li>Target for ARPU to remain stable</li> </ul>	<ul style="list-style-type: none"> <li>Growth – leverage Infinity Play to drive differentiation and upgrade customers to 10G XGSPON</li> </ul>	<ul style="list-style-type: none"> <li>Growth – continue leveraging cross-bundling and PL for growth</li> </ul>	<ul style="list-style-type: none"> <li>Managed Services order book remains healthy, providing forward earnings visibility</li> </ul>	<ul style="list-style-type: none"> <li>Sustained growth focus: continue investing and building expertise and capabilities</li> <li>Focus on evolving revenue mix towards higher contribution of Day 2 Services</li> </ul>	<ul style="list-style-type: none"> <li>Increased competition in the enterprise business market</li> <li>Moderated by improving performance of the data centre and Managed Services segments</li> </ul>

## STRENGTHENING FOUNDATIONS

Cloud Infinity	Building the world’s first autonomous metropolitan cloud network, empowering enterprises to harness multi-cloud, securely & effectively, from core to edge. Roll-out on track; concurrently co-creating minimum viable product trials with selected enterprise clients.
Digital Transformation	Consumer All-in-1 app & cloud stack on track to be completed by FY2023.
M&A	Acquisitive growth to accelerate DARE+ outcomes. Well-positioned to lead market consolidation.

# STARHUB

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