

CHAIRMAN'S MESSAGE



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STEVEN TERRELL CLONTZ
Chairman

Dear Shareholders,

During 2018, our industry continued to be shaped by disruptive technologies, new market entrants, rapidly evolving consumer preferences, regulatory changes, and the continuing convergence of information technologies and communications technologies including new cloud-based solutions for enterprises.

Those industry trends, along with their resultant risks and opportunities, further define the need to accelerate the transformation of StarHub's operating model.

Peter Kaliaropoulos joined StarHub as our CEO in July 2018. Immediately upon his arrival, Peter focused his executive team on refining and executing an operating model that aligns with StarHub's directional strategy to minimise the negative impact on StarHub by the disruptions in our industry while seizing new opportunities that arise.

That strategy and operating model are boosted by a renewed business purpose and a strengthening of the challenger culture and innovative spirit that StarHub embraced almost 20 years ago when StarHub first launched.

StarHub's transformation plans are based on four key strategic pillars (DARE) and three vital enablers (HUB) to guide its operations over the next 3-5 years.

The four pillars that form the **DARE** strategic framework are:

- **Deliver** market-leading customer experiences
- **Accelerate** value creation from our core business
- **Realise** growth from new opportunities and acquisitions
- **Enhance** efforts to digital transform internally and externally

Our **HUB** enablers include:

- **Highly** reliable, advanced, secure networks and platforms
- **Understanding** and leveraging customer insights
- **Best in class**, high performance culture and employee engagement

StarHub's strategic pillars and key enablers underpin its fundamental Hubbing proposition of uniting mobile, pay TV and broadband services to deliver better value to our customers. Hubbing has been a cornerstone of StarHub's strategy since 2002 and remains relevant to our customers.

While we continue with the strategic elements of leveraging our "hubbing" credentials, we have also re-examined all aspects of the business, including current and future staff skill sets, incentive compensation structures, and capital resource allocation.

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Recap 2018

Enterprise



Ensign InfoSecurity

Joint venture company with Temasek Holdings to form one of Asia's largest pure-play cyber security providers.

For more details, go to page 49 >

Brand



Hello Change

Launched "Hello Change" campaign as a brand promise to deliver simplicity to our customers.

For more details, go to page 36 >

Sustainability



Singapore Apex Corporate Sustainability Awards

Winner of the Sustainable Business category in 2016 & again in 2018.

For more details, go to page 87 >

CHAIRMAN'S MESSAGE

(Cont'd)

**Outlook**

Looking ahead, we know that competitive intensity will only increase from new physical facilities-based providers, virtual facilities-based providers, and over-the-top (OTT) service providers.

Our revised mobile and pay TV marketing plans harness customer insights through improved data analytics, thereby enhancing StarHub's value to customers in targeted market segments. We are also investing in IT solutions to better support those strategies and plans.

Migrating pay TV customers from legacy coaxial cable infrastructure to all fibre connectivity will enable them to fully benefit from higher broadband speeds and enjoy the rich services that speed enables.

We are pursuing a more aggressive transformation of the pay TV business model from a fixed price, linear broadcast platform to a more flexible "anywhere on any device" suite of services to support our customers' evolving digital lifestyle needs. Already, many of our HomeHub customers prefer StarHub's streaming services app, *StarHub Go*.

We know that people and businesses not only want a fast and reliable connection, they want a secure and private connection to the outside world. StarHub has made key investments in this area and will continue to add the necessary capabilities internally, and with corporate partners, as cyber threats evolve.

Investing in diverse fibre-based services for corporate clients, creating new digital platforms for small and medium sized enterprises (SMEs), enhancing our systems integration capability for complex projects, and offering specialised data analytics are enhancing our Enterprise Business team's abilities to capture new opportunities for profitable growth with the business community.

We seek to establish your company as not merely a telco, but a leader in inspiring digital innovation and in improving the digitally connected lives of our customers. While 2018 was a year of renewal, re-aligning, and re-arming, 2019 is the year to begin reaping the benefits and set StarHub on the right directional path for years to come.

Sustainability

We remain steadfast in our commitment to sustainable development and responsible business practices. We continue to take accountability as a corporate citizen to care for the broader needs of our community and the environment.

Our holistic approach to sustainability extends not only to customers but also to StarHub's employees, suppliers and the community at large. In 2018, StarHub was recognised for its sustainability and philanthropic efforts including the Singapore Apex Corporate Sustainability Awards 2018 in the category of Sustainable Business and as one of the 60 "Catalysts of Change" at the Champions of Good Award 2018.

We are pleased that StarHub was awarded the top honours by Equileap for gender equality in Asia Pacific, recognising our advocacy for women employees and on our Board. More importantly, it simply makes good business sense to have a more diverse set of Directors on the Board.

Moving forward, the Board will continue to oversee the management and strategic integration of sustainability into our business and operations. To address our material factors, StarHub will focus on increasing our renewable energy capacity progressively by 10% by 2022 and establishing a Climate Risk Framework to future-proof StarHub's assets and operations.

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StarHub Open charity golf in support of Community Chest beneficiaries

We will continue to advocate for the e-waste recycling programme, increasing the volume of e-waste collected to support the national e-waste management system being rolled out for 2021.

StarHub will also establish a formal governance structure for the new Supplier Code of Conduct and elevate staff engagement with social responsibility initiatives to do good, both individually and collectively. We will continue to evaluate our performance against the targets and measure our progress.

Corporate Governance

In 2018, we welcomed two new directors to our Board. Ms Ng Shin Ein joined as an independent Non-Executive Director and Audit Committee member. She is the current managing director of Blue Ocean Associates Pte Ltd and Singapore's Non-Resident Ambassador to Hungary for the Ministry of Foreign Affairs.

We also welcomed Ms Nayantara Bali as an Independent Non-Executive Director. She is currently the director of ANV Consulting Pte Ltd and previously served as director of Procter & Gamble Gillette India. Both directors add valuable experience, fresh perspectives and diversity to our Board.

We would also like to note the appointment of Mr Nihal Vijaya Devadas Kaviratne as Lead Independent Director with effect from 1 October 2018. He replaces the previous Lead Independent Director Ms Rachel Eng Yaag Ngee, who has resigned from the Board due to a career move in her profession.

Mr Liu Chee Ming, who joined our Board in August 2004, has also stepped down from our Board. We thank Chee Ming and Rachel for their years of service and expert guidance to your company.

Looking ahead, StarHub is committed to embrace the revised Code of Corporate Governance that was issued in August 2018,

to up our ante on good corporate practices. We have in fact proactively taken steps to become an early adopter of certain aspects of the Code. Details of our corporate governance practices are shared in the Corporate Governance section of this Annual Report.

StarHub began its journey almost 20 years ago with a brand promise and a passion for exploring innovative ways to profitably deliver a better service experience with more value for its customers. In good times, and in challenging times, that focused and passionate customer centricity remains the North Star of StarHub's strategy, its corporate culture, and its business purpose.

Steven Terrell Clontz
Chairman