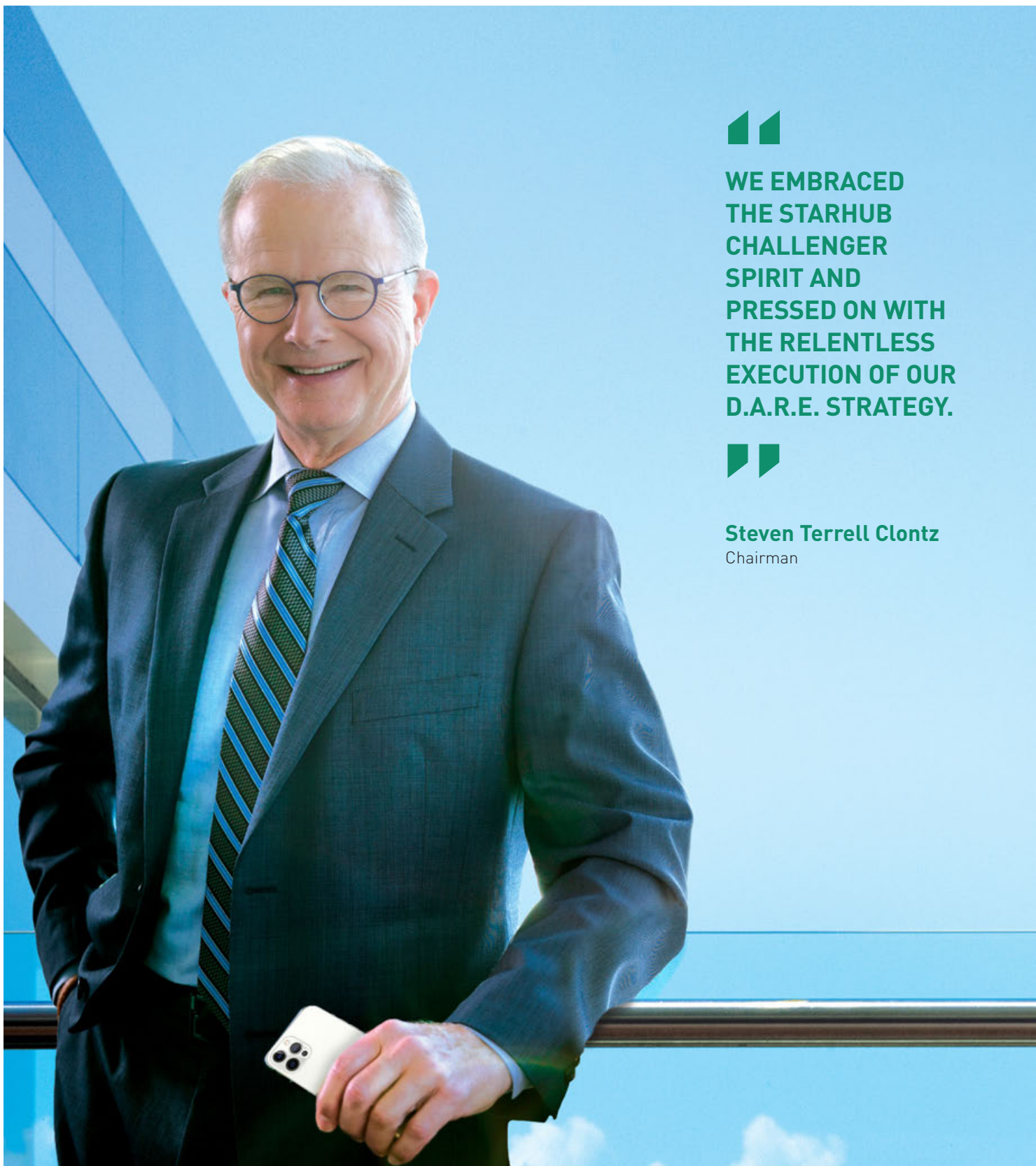


CHAIRMAN'S MESSAGE



**WE EMBRACED
THE STARHUB
CHALLENGER
SPIRIT AND
PRESSED ON WITH
THE RELENTLESS
EXECUTION OF OUR
D.A.R.E. STRATEGY.**



Steven Terrell Clontz
Chairman

DEAR SHAREHOLDERS,

FY2020 was a year like no other. We embraced the StarHub challenger spirit and pressed on with the relentless execution of our D.A.R.E. strategy, despite the extraordinary events and unprecedented COVID-19 related challenges that unfolded over the past 12 months, remaining focused on our core values and objectives.

We achieved significant corporate milestones to strengthen our competitive edge. We bolstered our service and product offering and diversified our geographical presence with the acquisition of Strateq. We made good progress on our IT and Pay TV transformation initiatives to better serve the needs of our customers across our digital platforms. We also intensified our support extended to customers, stakeholders and the community during this period, enabling us to surmount the challenging period together.

UNRELENTING COMMITMENT TO TRANSFORMATION

In FY2019, we launched our D.A.R.E. Transformation programme, identifying over \$210 million in cost optimisation initiatives over a three-year period. Capital unlocked through strategic initiatives was redeployed into digitalisation strategies and growth opportunities to ensure StarHub's future competitiveness and relevance.

As at 31 December 2020, we have executed 82% of this cost optimisation programme. We continue to identify other areas of growth opportunities and cost efficiencies, and we remain confident of exceeding our \$210 million target announced when we first commenced our D.A.R.E. transformation in late 2018. We have seen these results through a 11.8% year-on-year ("YoY") reduction of operating expenses in FY2020 as we transform our operating models.

We made headway in **Delivering** market-leading customer experiences during the year. In an industry first, we collaborated with another Mobile Network Operation ("MNO") to form a

50-50 joint venture company to secure one of Singapore's 5G licences and spectrum rights. Subsequently, StarHub was the first to bring 5G non-standalone services to Singapore with the widest nationwide coverage¹. Our integrated, experiential 5G Mobile+ plans continue to gain traction with consumers seeking greater speed and lower latency, exceeding internal targets.

The introduction of StarHub TV+ marked a significant leap forward for our Pay TV content transformation, combining traditional linear TV and over-the-top ("OTT") services onto a single hybrid platform, providing customers with a breadth of entertainment options. Our efforts continue to gain positive traction in the market, and we will look to bring on more OTT partners to our platform in 2021.

Our heightened focus on **Accelerating** value creation from core businesses through digitalisation and simplification of processes elevated operational efficiencies across the Group, reaped greater procurement savings, and made further inroads to convert our Pay TV content providers from a fixed-fee model to a variable per-user fee model, affording greater flexibility and scalability.

Realising growth from new opportunities continues to be an area of focus. In July 2020, we completed the acquisition of Strateq, a leading data-driven IT solutions provider, strengthening our portfolio to ensure our competitiveness and relevance for long-term sustainable growth in Singapore and the region. Meanwhile, our Cybersecurity business that was a product of several Mergers and Acquisitions ("M&A") has sustained its strong growth momentum to record a 51.4% YoY revenue growth in FY2020. We will continue to seek growth and diversification opportunities through M&A, as we pursue more strategic partnerships and trials to develop the Enterprise 5G ecosystem.

¹ As at September 2020.

CHAIRMAN'S MESSAGE

In **Enhancing** our efforts to transform digitally, we continue to pursue a more automated and seamless product and customer journey, which will be empowered by the IT Transformation programme. The use of digital channels to engage customers has allowed us to not only lower our operating costs but to deepen and personalise our engagement with customers. Our digital fighter brand, giga!, has maintained the highest Net Promoter Score ("NPS") in the market and grown its subscriber base by about five times over the past year.

TRANSFORMING FOR A NEW GENERATION

FY2021 marks the final year of the D.A.R.E transformation programme. As we forge ahead to complete the programme, we are confident that StarHub now has the right building blocks to embark on further transformation to safeguard our competitiveness and sustainable growth.

We are cognisant of evolving customer needs in an increasingly digital world, expedited by the effects of COVID-19 that have influenced the way we work, live and play. This has reinforced the need for a digital transformation of our business models and processes to ensure our leadership in the new

era, and secure our position as the preferred provider of communications, entertainment, and digital solutions.

To this end, we had in 3Q2020 commenced the multi-year IT Transformation programme that will optimise StarHub's IT operations, lower costs and accelerate our digital transformation. These digital strategies running on streamlined IT architecture will transform StarHub into a customer-driven performance engine powered by data analytics; empowering us to deepen our engagement with customers at every touchpoint and provide us with greater agility to respond to changes in a dynamic and competitive market. We continue to implement lean and automated processes, as well as agile operating and delivery models, to accelerate our transformation to a leaner, faster and smarter organisation.

BUSINESS REVIEW & OUTLOOK

Consumer – Creating Value Through Innovation

Over the course of the year, our Mobile business was impacted by the loss of roaming, IDD and Prepaid revenues due to COVID-19 related travel restrictions. Looking ahead, we expect a gradual recovery as borders re-open, albeit uncertain in time frame.

Although competition continues to be intense, we are able to differentiate our service and product offering with our superior network quality, customer experience and innovation that drives greater value to customers.

Apart from being the first to offer customers access to 5G, we have taken a different approach in introducing this new technology to the market. To allow customers an early glimpse into the 5G experience that offers high speed and low latency, our Mobile+ plans integrated entertainment and gaming offerings. This demonstrates StarHub's commitment to customer-focused innovations, beyond selling pure connectivity services, as we continue to seek more of such content and gaming partnerships to differentiate our 5G services. We are heartened by the encouraging take-up of our Mobile+ plans, the migration of which was accelerated by the launch of several popular 5G-enabled handsets in 2H2020.

The Pay TV business has made big strides in its cost and content transformation journey. Most of our content providers have been converted to a variable per-user cost model, and the new StarHub TV+ hybrid platform integrates customers' favourite StarHub programmes with popular OTT options on an intuitive interface powered by a



Network Quality:

Fastest 4G and 3G Network

Infocomm Media Development Authority - IMconnected H1 2020 report

Winner – Download Speed Experience

Opensignal Singapore - Mobile Network Experience Report (November 2020)

Highest Score – Excellent Consistent Quality and Core Consistent Quality

Tutela Singapore - Singapore Mobile Experience Snapshot Report (January 2021)



Customer Experience:

Gold – Innovation in Customer Service Management, Planning & Practice (Telecommunications)

2020 Asia Pacific Stevie Awards

Highest-ever Customer Satisfaction Scores for Mobile & TV Services

Customer Satisfaction Index of Singapore (CSISG) - 2020 Q1 Info-Communications Sector



plug-and-play android box. The Pay TV segment has evolved tremendously over the last two years; and while the industry continues to face headwinds from disruption, we are confident that the business is now operating on a more margin-efficient model that will allow us to compete more effectively.

Our Broadband business remained stable during the year as we cast our sights on the higher-value gaming segment with our differentiated broadband technology and leveraged the use of new technologies, such as WiFi mesh solutions, to enhance our customers' broadband experience. We will consider the viability of new technologies such as WiFi 6 and 5G Fixed Wireless Access, which when deployed will enhance our product offering.

Enterprise – Drive The Core, Accelerate Our Growth

Our Enterprise business continued to deliver growth in FY2020 as we looked to pivot and serve new customer needs arising from distributed working, consumption and engagement in the new normal.

Our key strategies for the Enterprise group include increasing our share of wallet from enterprise customers in high-spend and/or fast growing industries such as Government, Financial Services, Hospitality, IT and Manufacturing, Healthcare, Information & Media, Life Sciences and Manufacturing. We will tap into the underserved SME and mid-market space, augmenting our product offering with digital touchpoints and providing an enhanced customer experience.

In the 5G space, we have seen encouraging take-up of the Biz+ plans that enables enterprise customers to take their office with them, wherever they go, by combining 5G connectivity, SmartUC softphone capabilities and popular productivity applications in a single Mobile Office bundle.

Concurrently, we are actively building a 5G ecosystem, engaging with customers who are early adopters of 5G solution trials, and collaborating with partners to explore the rich possibilities the new technology will unlock. We will focus on providing advanced 5G solutions and Next-Generation Network that complement distributed working arrangements,

and create meaningful applications for enterprise customers seeking focused solutions for specific verticals.

The onset of the pandemic resulted in numerous deferments of enterprise IT-related projects and tenders into FY2021. We believe that while customers are more careful with their spending, they continue to be committed to digitalise their business and operations. Capitalising on our core competencies in communications and seeing growth in adjacent verticals, StarHub remains well-placed to capitalise on this digitalisation wave in a post-COVID-19 world.

Our Cybersecurity business continues to deliver strong growth, and it has contributed an operating profit of \$7.1 million, a vast improvement from the loss recorded in the previous year. Ensign seeks to further expand its topline by deepening existing customer relationships, pursuing larger and more complex projects, diversifying its customer base, and exploring new opportunities in regional markets. Meanwhile, it will strengthen its suite of capabilities and partner collaborations, as it confidently rides on the 5G wave that will give rise to an increased need for cybersecurity services.

CHAIRMAN'S MESSAGE

During the year, our income streams were broadened with the addition of Regional ICT Services following the completion of the Strateq acquisition in July 2020, which contributed \$33.2 million of revenue in FY2020. Strateq is pursuing growth in four key pillars – capturing greater market share for Petrol Retail Solutions; expanding its Healthcare Solutions presence; bolstering its cloud and data centre capabilities and reach; and focusing on data analytics and software engineering for its Enterprise Business Solutions.

ALIGNED INTERESTS WITH SHAREHOLDERS

The Board of Directors has proposed a final dividend of 2.5 cents, in line with prior guidance declared in August 2020. Together with the interim dividend of 2.5 cents, total dividend for FY2020 is 5.0 cents, representing a dividend payout of 80%, consistent with our dividend policy to distribute at least 80% of net profit attributable to shareholders (adjusted for one-off, non-recurring items) on a semi-annual basis.

While we remain committed to enhance shareholder value, we continue to exercise prudence and maintain a balanced and sustainable approach to dividends. In determining the dividend levels for FY2021, we will take into consideration the ongoing effects of COVID-19, as well as our ongoing investments in, and returns from transformation initiatives.

A HOLISTIC APPROACH TO SUSTAINABILITY

Sustainability is an integral part of our strategy and operations. As an info-communications company, we are in a unique position to leverage technology to drive positive change. Our commitment and transformation to become a more responsible and sustainable business began in 2008 and it continues today.

Subsequent to FY2020, StarHub received honour for being Asia's most sustainable telecommunications company and achieving 80th position globally in the latest 2021 Corporate Knights Global 100, placing us in the top 1% of the over 8,000 large corporations that were rigorously evaluated. We had also achieved an A- leadership score for the CDP Climate Change 2020 – our best performance since 2012, scoring higher than the Asia regional average of D, and higher than the media, telecommunications and data centre services sector average of C.

Our unwavering dedication to sustainable practices drives us to formulate strategies and initiatives that maintain a harmonious balance between our economic, social and environmental imperatives, and this commitment permeates across the organisation.

To support our stakeholders during the challenging COVID-19 period, we have raised and disbursed over \$1 million from the newly created StarHub Cares COVID-19 Fund to finance community support programmes to help cushion the impact on vulnerable groups in society. StarHub Cares COVID-19 Fund comprises contributions from across the company – with the StarHub Board of Directors giving up to 10% of FY2019 director fees, the StarHub Senior Leadership Team injecting up to one month of salary, and voluntary donations from StarHub employees. StarHub matched all contributions dollar-for-dollar. We also launched a whole host of initiatives to support both Consumer and enterprise customers, and ensured the safety and well-being of our employees. *(Please refer to page 136 of the Annual Report for full details.)*

Although the pandemic put distances between people, StarHub remained active in its community outreach programmes. In 2020, we supported organisations that equip underprivileged

youths and families, and people with disabilities with digital, employability and essential life skills. Surmounting COVID-19 restrictions, two of our charity partners Nurture and Care Corner Youth Services had gone digital to bring their activities online, maintaining outreach and engagement with their service users. Our donations were recognised at the annual Community Chest Awards with Community Spirit Gold and Charity Gold awards.

During the year, our subsidiary, Malaren International Sdn. Bhd., entered into a RM270 million sustainability-linked term loan facility agreement with CIMB Bank Berhad, marking StarHub's maiden loan linked to sustainability performance targets. We will actively participate in sustainability-linked financing to proactively drive a sustainable business and enhance the performance of the company.

ACKNOWLEDGEMENTS

On behalf of the board, I am delighted to welcome Nikhil Eapen who takes over as Chief Executive with effect from 1 January 2021. Nikhil comes with 20 years of experience in the global ICT sector working with senior executive teams to drive growth and make synergistic investments in infrastructure and enterprise communications and technology, most recently building and acquiring cloud-centric platforms in IT, cybersecurity and enterprise software.

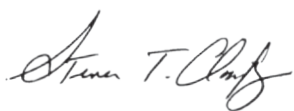
I would also like to thank Peter Kiliaropoulos, who retired as Chief Executive on 31 October 2020, for his invaluable contributions to the Group. He initiated a sweeping strategic transformation programme to accelerate StarHub's digital evolution, improve customers' experience, optimise efficiencies, redefine and ignite a cultural transformation for staff, and identify growth opportunities. We wish Peter well in his future endeavours.

The Board and I would also like to extend our appreciation to Dr Nasser Marafih who will not be offering himself for re-election. Over the last 13 years, we have benefited from Dr Nasser's service; his global experience and input have been invaluable to StarHub.

I would also like to thank our employees for their dedication and invaluable contributions during this challenging period, adapting to a new way of working and virtual collaboration. Their continued focus on delivering our strategic transformation whilst maintaining a high level of product and service satisfaction will be paramount to the Group's future competitiveness and creation of shareholder value.







The Board would like to extend our sincere gratitude to the Group's customers, business partners and suppliers for their continued support and loyalty. Finally, to our faithful shareholders, the Board and management would like to extend our heartfelt thanks for your continued trust and support.

In closing, I would like to assure our stakeholders of our firm commitment to transform for a new generation. Fuelled by our relentless Challenger Spirit which is today synonymous with the StarHub brand, we continue to transform and innovate to strengthen our position as the preferred provider of communications, entertainment, and digital solutions.



STEVEN TERRELL CLONTZ
 Chairman

KEY GROWTH LEVERS & PRIORITIES:

 Optimise value from core assets, continually review operating and cost models	 5G: Efficient SA rollout; Encourage migration to 5G plans; Harness 5G Enterprise for innovative use cases
 ENTERPRISE: Deepen market penetration; Capture greater market share	 REGIONAL ICT SERVICES: Seek synergistic growth; Pursue new opportunities in adjacent verticals
 CYBERSECURITY: Maintain strong growth trajectory	 M&A for diversification & new growth opportunities