

StarHub Reports 2018 Third-Quarter and Nine Months Results

- YTD Total Revenue Grew to S\$1.74 Billion with NPAT at S\$185 Million -
- 3Q Heralds the Launch of One of Asia's Largest Cyber Security Ventures, and StarHub's Transformation Plan -

Singapore, 9 November 2018 – StarHub, a leading Singapore company that delivers world-class communications, entertainment, cyber security, info-communications solutions and digital services to consumers and enterprises, today announced its unaudited consolidated results for the third quarter and nine months ended 30 September 2018.

During a period of increased competitive intensity, StarHub continued to deliver double-digit revenue growth from its Enterprise Fixed services despite lower revenues from its Mobile and Pay TV lines of business.

Commenting on the results, StarHub's CEO Peter Kaliaropoulos said, "Despite ever increasing competitive pressures, we delivered total revenue of S\$1.74 billion reflecting modest growth and S\$185 million profit in line with guidance to the market. Whilst our Enterprise business continues to deliver growth in service revenues and customers, we continue to face the challenge of lower mobile revenues from wider customer choice in terms of Sim-Only plans. Pay TV business continues to experience loss of customers to alternative content and packages. We are addressing these challenges including the management of operating expenses."

Mr Kaliaropoulos added, "3Q has been a particularly active period for StarHub. We formed Ensign InfoSecurity; a joint venture company with Temasek Holdings to address the growing opportunities for complex cyber security solutions in Singapore and other markets. We also launched our strategic transformation plan to optimise operational efficiencies, simplify products and drive digitalisation to improve customers' experience."

"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."

Key Group Highlights

- 3Q2018 **total revenue** amounted to S\$582.2 million, a 3.0% increase compared to 3Q2017 and total revenue for the nine months grew by 1.1% to S\$1,742.5 million.
- In line with higher total revenue, **total operating expenses** of S\$1,499.6 million grew by 4.4% for the nine months in 2018. **Cost of sales** increased by 8.3% or S\$771.0 million whilst other operating expenses remained stable at S\$728.6 million.
- **Service EBITDA margins** at 28.8% for 3Q2018 and 30.2% for year-to-date (YTD), were 3.4% and 3.2% lower respectively for the corresponding periods.
- Whilst total revenue grew, increases in cost of sales resulted in a lower profit from operations. Subsequently, **net profit after tax (NPAT)** for the nine months at S\$185.0 million, was 16.5% lower over the same period in 2017.

Key Business Highlights

- YTD, **Enterprises Fixed** services revenue grew by 17.6% to S\$364.6 million, primarily from growth in Managed services and consolidation of enterprise solutions businesses; Ensign InfoSecurity (Systems) Pte. Ltd. (formerly known as Accel Systems & Technologies Pte. Ltd.) from July 2017 and D'Crypt Pte Ltd from January 2018.
- Lower IDD and excess data usage revenues, and a higher mix of SIM-only plans resulted in YTD **Mobile** revenue of S\$630.2 million or a 6.3% decline, whilst Pay TV revenue of \$240.0 million declined by 9.6% YTD from a smaller Pay TV subscriber base.
- Whilst mobile market penetration in Singapore is about 148%, post-paid customers grew to 1.39 million, a 1.7% year-on-year (YoY) increase. YTD, average smartphone data usage at 5.4 GB was a 32% increase over the same period last year.
- **Pay TV** revenue at \$240.0 million, witnessed a 9.6% decline for the first 9 months in 2018 over the same period in 2017. On average, 3,600 Pay TV customers per month in 2018, are exiting long-term Pay TV contracts for alternative sources of content and entertainment. Total number of Pay TV customers as at 3Q2018 was 423,000 with stable YTD ARPU of S\$50.

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- **Broadband** service revenues remained stable at \$140.1 million YTD as the Company added 7,000 customers YoY bringing the base to 473,000.
- YTD, revenues from **Sales of Equipment** such as premium mobile handsets and smart home equipment grew by 9.3% to S\$367.5 million.

"This quarter also marked several firsts for us: our newly-launched StarHub Go Streaming Box is the first in the world to run on the Operator Tier version of Android TV Oreo; we were ranked first in Asia Pacific and fifth globally in Equileap's Gender Equality Global Report and Ranking; and for the first time, we made it to the top ten ranking in the list of Singapore's most valuable brand in The Brand Finance Top 100 Singapore Brands Report," said Mr Kaliaropoulos.

FY2018 Outlook

Based on the current outlook, StarHub maintains guidance on Group's 2018 service revenue to be 1% to 3% lower YoY. Group's service EBITDA margin is maintained at between 27% to 29% after the adoption of SFRS(I) 15. In 2018, CAPEX payment, excluding spectrum payment of S\$282.0 million and building payment of S\$31.6 million, remains at 11% of total revenue. StarHub intends to pay a quarterly cash dividend of 4 cents per ordinary share for FY2018.

For more details on the Group's performance for 3Q & YTD2018 and outlook for FY2018, please visit www.starhub.com/ir. Materials available at this website include the audio conference link, investor presentation and unaudited results for the 3Q and YTD ended 30 September 2018.

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About StarHub

StarHub is a leading homegrown Singapore company that delivers world-class communications, entertainment and digital solutions. With our extensive fibre and wireless infrastructure and global partnerships, we bring to people, homes and enterprises quality mobile and fixed services, a broad suite of premium content and a diverse range of communications solutions. We develop and deliver to corporate and government clients solutions incorporating Artificial Intelligence, Cyber Security, Data Analytics, Internet of Things and Robotics. We are committed to conducting our business in a sustainable and environmentally responsible manner. Launched in 2000 and listed on the Singapore Exchange mainboard since 2004, StarHub is a component stock of the SGX Sustainability Leaders Index and the SGX Sustainability Leaders Enhanced Index. Find us at www.starhub.com, or connect with us on [Facebook](#), [Instagram](#), [LinkedIn](#), [Twitter](#) and [YouTube](#).

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