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## **STARHUB LTD**

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### **Announcement of Unaudited Results for the Second Quarter and Half Year ended 30 June 2019**

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StarHub is pleased to announce the unaudited results for the second quarter and half year ended 30 June 2019.

## Results for the Second Quarter and Half Year ended 30 June 2019

### 1. GROUP INCOME AND COMPREHENSIVE INCOME STATEMENTS

#### 1.1 GROUP INCOME STATEMENT

	Quarter ended 30 Jun				Half Year ended 30 Jun			
	2019 S\$m	2018 S\$m	Incr / (Decr) S\$m	%	2019 S\$m	2018 S\$m	Incr/ (Decr) S\$m	%
Total revenue	552.8	597.3	(44.5)	(7.4)	1,149.6	1,160.3	(10.7)	(0.9)
Operating expenses	(495.6)	(513.3)	(17.7)	(3.5)	(1,020.3)	(992.9)	27.4	2.8
Other income	0.0	0.2	(0.2)	(92.3)	0.1	0.6	(0.5)	(82.8)
<b>Profit from operations</b>	<b>57.3</b>	<b>84.2</b>	<b>(26.9)</b>	<b>(32.0)</b>	<b>129.4</b>	<b>167.9</b>	<b>(38.5)</b>	<b>(22.9)</b>
Finance income	0.4	0.8	(0.4)	(49.2)	0.8	1.6	(0.8)	(51.4)
Finance expense <sup>(1)</sup>	(10.1)	(7.4)	2.7	36.5	(19.9)	(14.6)	5.3	36.5
	<b>47.6</b>	<b>77.6</b>	<b>(30.0)</b>	<b>(38.7)</b>	<b>110.2</b>	<b>154.9</b>	<b>(44.7)</b>	<b>(28.8)</b>
Share of gain/ (loss) of associate, net of tax	0.0	(0.3)	0.3	nm	0.5	(0.5)	1.0	nm
<b>Profit before taxation</b>	<b>47.6</b>	<b>77.3</b>	<b>(29.7)</b>	<b>(38.4)</b>	<b>110.7</b>	<b>154.4</b>	<b>(43.7)</b>	<b>(28.3)</b>
Taxation	(8.2)	(14.6)	(6.3)	(43.4)	(22.0)	(27.4)	(5.4)	(19.6)
<b>Profit for the period</b>	<b>39.4</b>	<b>62.7</b>	<b>(23.3)</b>	<b>(37.2)</b>	<b>88.7</b>	<b>127.0</b>	<b>(38.3)</b>	<b>(30.2)</b>
Attributable to:								
Equity holders of the Company	39.5	61.7	(22.3)	(36.1)	93.5	124.7	(31.2)	(25.0)
Non-controlling interests	(0.1)	1.0	(1.1)	nm	(4.8)	2.3	(7.1)	nm
	<b>39.4</b>	<b>62.7</b>	<b>(23.3)</b>	<b>(37.2)</b>	<b>88.7</b>	<b>127.0</b>	<b>(38.3)</b>	<b>(30.2)</b>
<b>EBITDA</b>	<b>146.4</b>	<b>155.3</b>	<b>(8.9)</b>	<b>(5.7)</b>	<b>308.3</b>	<b>309.3</b>	<b>(1.1)</b>	<b>(0.3)</b>
<b>Service EBITDA <sup>(2)</sup></b>	<b>140.8</b>	<b>141.0</b>	<b>(0.2)</b>	<b>(0.1)</b>	<b>290.4</b>	<b>283.0</b>	<b>7.4</b>	<b>2.6</b>
<b>Service EBITDA as % of service revenue</b>	<b>31.8%</b>	<b>30.2%</b>	<b>1.6% pts</b>		<b>32.8%</b>	<b>30.9%</b>	<b>1.9% pts</b>	
<b>Free Cash Flow <sup>(3)</sup></b>	<b>54.5</b>	<b>99.0</b>	<b>(44.5)</b>	<b>(44.9)</b>	<b>75.9</b>	<b>108.9</b>	<b>(33.0)</b>	<b>(30.3)</b>
<i>Profit from operations is arrived after charging the following:</i>								
Loss allowances of trade receivables	5.6	7.0	(1.4)	(19.4)	10.9	8.9	2.1	23.4
Depreciation and amortisation	89.1	71.2	18.0	25.2	178.9	141.5	37.4	26.5
Foreign exchange (gain) / loss	1.1	4.7	(3.6)	(77.5)	(0.1)	7.1	(7.2)	nm

nm – Not meaningful

#### Notes:

- (1) Finance expense includes interest on borrowings and lease liabilities and other financing charges
- (2) Service EBITDA refers to EBITDA less equipment margin (sales of equipment less cost of equipment)
- (3) 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
- (4) The financial statements include the consolidation of newly acquired subsidiaries, Ensign InfoSecurity (Systems) Pte. Ltd. (formerly known as Accel Systems & Technologies Pte. Ltd.) ("Ensign (Systems)") from July 2017, D'Crypt Pte Ltd ("D'Crypt") from January 2018 and Ensign InfoSecurity Pte. Ltd. ("Ensign") from October 2018 from the merger of the Group's Cyber Security Centre of Excellence (COE), Ensign (Systems) and Ensign InfoSecurity (Cybersecurity) Pte. Ltd. (formerly known as Quann World Pte. Ltd.).
- (5) Numbers in all tables may not exactly add up due to rounding

1.2 GROUP COMPREHENSIVE INCOME STATEMENT

	Quarter ended 30 Jun				Half Year ended 30 Jun			
	2019 S\$m	2018 S\$m	Incr / (Decr) S\$m	%	2019 S\$m	2018 S\$m	Incr/ (Decr) S\$m	%
<b>Profit for the period</b>	<b>39.4</b>	<b>62.7</b>	<b>(23.3)</b>	<b>(37.2)</b>	<b>88.7</b>	<b>127.0</b>	<b>(38.3)</b>	<b>(30.2)</b>
Other comprehensive income								
Items that will not be reclassified to profit or loss:								
Net change in fair value of equity investments at fair value through other comprehensive income ("FVOCI"), net of taxation	(8.6)	(8.0)	0.6	7.1	(9.7)	(9.7)	-	-
Items that are or may be reclassified subsequently to profit or loss:								
Foreign currency translation differences	(0.0)	(0.1)	(0.0)	(73.8)	0.1	(0.0)	0.1	nm
Effective portion of changes in fair value of cash flow hedges, net of taxation	0.0	10.4	(10.4)	(99.8)	(0.2)	8.9	(9.0)	nm
Other comprehensive loss for the period, net of taxation	(8.6)	2.4	(10.9)	nm	(9.8)	(0.9)	9.0	nm
<b>Total comprehensive income for the period</b>	<b>30.8</b>	<b>65.1</b>	<b>(34.3)</b>	<b>(52.7)</b>	<b>78.9</b>	<b>126.2</b>	<b>(47.3)</b>	<b>(37.5)</b>
Attributable to:								
Equity holders of the Company	30.9	64.1	(33.2)	(51.8)	83.7	123.9	(40.2)	(32.4)
Non-controlling interests	(0.1)	1.0	(1.1)	nm	(4.8)	2.3	(7.1)	nm
<b>Total comprehensive income for the period</b>	<b>30.8</b>	<b>65.1</b>	<b>(34.3)</b>	<b>(52.7)</b>	<b>78.9</b>	<b>126.2</b>	<b>(47.3)</b>	<b>(37.5)</b>

nm – Not meaningful

1.3 GROUP PERFORMANCE REVIEW FOR THE PERIOD ENDED 30 JUNE 2019

(A) Revenue

Revenue	Quarter ended 30 Jun				Half Year ended 30 Jun			
	2019 S\$m	2018 S\$m	Incr / (Decr) S\$m	%	2019 S\$m	2018 S\$m	Incr/ (Decr) S\$m	%
Mobile	192.3	213.5	(21.2)	(9.9)	384.6	416.5	(31.9)	(7.7)
Pay TV	64.7	84.7	(20.0)	(23.6)	135.5	165.4	(30.0)	(18.1)
Broadband	45.1	46.1	(1.0)	(2.2)	92.2	93.3	(1.1)	(1.2)
Enterprise Business	140.3	122.5	17.8	14.6	274.4	240.0	34.4	14.3
- Network solutions <sup>(1)</sup>	104.1	108.6	(4.5)	(4.2)	211.9	207.5	4.4	2.1
- Cyber security services <sup>(2)</sup>	36.2	13.8	22.3	161.4	62.5	32.5	30.1	92.5
Service revenue	442.4	466.8	(24.4)	(5.2)	886.7	915.3	(28.6)	(3.1)
Sales of equipment	110.4	130.5	(20.1)	(15.4)	262.9	244.9	17.9	7.3
Total revenue	552.8	597.3	(44.5)	(7.4)	1,149.6	1,160.3	(10.7)	(0.9)

<sup>(1)</sup> Includes Data & Internet, Managed services and Voice services

<sup>(2)</sup> Includes service revenue from Ensign and DCrypt

The Group's 2Q2019 total revenue of S\$552.8 million was S\$44.5 million or 7.4% lower YoY (year-on-year). The lower revenue was mainly due to lower revenues from Mobile, Pay TV, Broadband and Sales of equipment, partially mitigated by a higher Enterprise Business revenue.

The Group's 1H2019 total revenue of S\$1,149.6 million was S\$10.7 million or 0.9% lower YoY. The lower revenue was mainly due to lower revenues from Mobile, Pay TV and Broadband, partially mitigated by higher revenues from Enterprise Business and Sales of equipment.

Against the corresponding periods last year, Mobile service revenues in 2Q2019 and 1H2019 were lower by 9.9% and 7.7% respectively. The decrease was mainly due to lower IDD, voice and excess data usage, roaming, data subscription and VAS (value-added services) revenues, partially offset by the increase in plan subscription and enterprise SMS revenues.

Pay TV service revenue decreased YoY by 23.6% in 2Q2019 and 18.1% in 1H2019, mainly due to a lower subscriber base.

Broadband service revenue decreased YoY by 2.2% in 2Q2019 and 1.2% in 1H2019, mainly due to lower ARPU.

Enterprise Business revenue increased YoY by 14.6% in 2Q2019, mainly due to higher revenues from cyber security and voice services, partially offset by lower revenues from managed services and domestic leased circuits. In 1H2019, it increased YoY by 14.3% mainly due to higher revenues from cyber security, voice and managed services, partially offset by a lower revenue from domestic leased circuits.

Revenue from sales of equipment decreased YoY by 15.4% in 2Q2019 primarily due to lower volumes of handsets and smart home equipment sold, while the YoY increase of 7.3% in 1H2019 was primarily due to higher volume of handsets sold.

**(B) Operating expenses**

	Quarter ended 30 Jun				Half Year ended 30 Jun			
	2019	2018	Incr / (Decr)		2019	2018	Incr/ (Decr)	
Operating expenses	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Cost of sales	229.8	259.5	(29.7)	(11.4)	498.9	495.9	3.0	0.6
Other operating expenses	228.7	244.1	(15.4)	(6.3)	446.6	473.7	(27.1)	(5.7)
Cyber security services <sup>(1)</sup>	37.0	9.7	27.3	nm	74.8	23.3	51.5	nm
Total	495.6	513.3	(17.7)	(3.5)	1,020.3	992.9	27.4	2.8

<sup>(1)</sup> includes cost of sales and other operating expenses from Ensign and D'Crypt

The Group's total operating expenses for 2Q2019 was lower by S\$17.7 million YoY. The decrease was due to lower cost of sales and other operating expenses, partially mitigated by the increase in operating expenses for cyber security services.

The Group's total operating expenses for 1H2019 was higher by S\$27.4 million YoY. The increase was due to higher cost of sales and operating expenses for cyber security services, partially offset by the decrease in other operating expenses.

As a percentage of revenue, total operating expenses for 2Q2019 and 1H2019 were at 89.6% and 88.8% respectively, when compared to 85.9% and 85.6% in the corresponding periods last year.

	Quarter ended 30 Jun				Half Year ended 30 Jun			
	2019	2018	Incr / (Decr)		2019	2018	Incr/ (Decr)	
Cyber security services <sup>(1)</sup>	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Cost of sales	17.7	4.6	13.1	nm	31.4	15.0	16.3	108.6
Other operating expenses	19.3	5.2	14.2	nm	43.4	8.2	35.2	nm
Total	37.0	9.7	27.3	nm	74.8	23.3	51.5	nm

<sup>(1)</sup> includes cost of sales and other operating expenses from Ensign and D'Crypt

A breakdown of total operating expenses is as follows:

**(i) Cost of sales**

	Quarter ended 30 Jun				Half Year ended 30 Jun			
	2019	2018	Incr / (Decr)		2019	2018	Incr/ (Decr)	
Cost of sales	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Cost of equipment sold	104.8	116.1	(11.3)	(9.7)	245.0	218.6	26.4	12.1
Cost of services	103.3	115.7	(12.4)	(10.7)	208.5	223.3	(14.8)	(6.6)
Traffic expenses	21.8	27.7	(5.9)	(21.4)	45.3	54.0	(8.7)	(16.1)
Cost of sales (excluding Cyber security services)	229.8	259.5	(29.7)	(11.4)	498.9	495.9	3.0	0.6
Cost of sales (Cyber security services)	17.7	4.6	13.1	nm	31.4	15.0	16.3	108.6
Total	247.5	264.1	(16.5)	(6.3)	530.3	510.9	19.3	3.8

**Cost of Sales (excluding Cyber security services)**

Cost of sales for 2Q2019 decreased by S\$29.7 million YoY, mainly due to lower cost of equipment sold, cost of services and traffic expenses. Cost of sales for 1H2019 increased by S\$3.0 million YoY, mainly due to a higher cost of equipment sold, partially offset by lower cost of services and traffic expenses.

The decrease of 9.7% YoY in 2Q2019 for cost of equipment sold was primarily due to lower volumes of handsets and smart home equipment sold. The increase of 12.1% YoY in 1H2019 for cost of equipment sold was primarily due to higher volume of handsets sold.

The decrease of 10.7% and 6.6% YoY for cost of services in 2Q2019 and 1H2019 respectively were due to lower TV content and pre-paid mobile costs, partially offset by higher cable migration cost, cost of services for post-paid Mobile, Broadband and Network Solutions business. Total one-off cost of services incurred for the cable migration amounted to approximately S\$7.0 million for 1H2019.

The decrease of 21.4% and 16.1% YoY for traffic expenses in 2Q2019 and 1H2019 respectively were mainly due to lower domestic and international traffic volumes.

Cost of Sales (Cyber security services)

The increase for cost of sales was primarily due to higher cyber security services revenue generated.

**(ii) Other operating expenses**

	Quarter ended 30 Jun				Half Year ended 30 Jun			
	2019	2018	Incr / (Decr)		2019	2018	Incr / (Decr)	
<b>Other operating expenses</b>	<b>S\$m</b>	<b>S\$m</b>	<b>S\$m</b>	<b>%</b>	<b>S\$m</b>	<b>S\$m</b>	<b>S\$m</b>	<b>%</b>
Staff costs	54.9	63.7	(8.8)	(13.8)	109.3	125.5	(16.2)	(12.9)
Operating leases	10.1	27.8	(17.8)	(63.7)	18.6	52.9	(34.3)	(64.8)
Marketing and promotions	25.0	22.0	3.0	13.7	45.9	47.1	(1.3)	(2.7)
Loss allowances of trade receivables	5.5	7.0	(1.5)	(21.1)	10.8	8.9	2.0	22.1
Repairs and maintenance	21.4	24.5	(3.1)	(12.6)	46.1	48.9	(2.7)	(5.6)
Other expenses	26.7	29.0	(2.3)	(8.0)	47.2	50.7	(3.5)	(6.9)
Depreciation and amortisation	85.1	70.1	15.0	21.4	168.6	139.7	29.0	20.7
Other operating expenses (excluding Cyber security services)	228.7	244.1	(15.4)	(6.3)	446.6	473.7	(27.1)	(5.7)
Other operating expenses (Cyber security services)	19.3	5.2	14.2	nm	43.4	8.2	35.2	nm
<b>Total</b>	<b>248.0</b>	<b>249.2</b>	<b>(1.2)</b>	<b>(0.5)</b>	<b>490.0</b>	<b>482.0</b>	<b>8.0</b>	<b>1.7</b>

The Group's other operating expenses for 2Q2019 was lower by S\$1.2 million YoY. As a percentage of total revenue, other operating expenses was 44.9% in 2Q2019, compared to 41.7% in the corresponding period last year.

The Group's other operating expenses for 1H2019 was higher by S\$8.0 million YoY. As a percentage of total revenue, other operating expenses was 42.6% in 1H2019, compared to 41.5% in the corresponding period last year.

Other operating expenses (excluding Cyber security services)

Analysis of major variances in other operating expenses (excluding Cyber security services) is provided below:

Staff costs

Staff costs was 13.8% and 12.9% lower YoY for 2Q2019 and 1H2019 respectively, due to lower headcounts.

Operating leases

Operating leases in 2Q2019 and 1H2019 was lower by 63.7% and 64.8% YoY respectively, due to adoption of SFRS(I) 16 Leases that became effective on 1 January 2019 where certain operating leases are capitalised as right-of-use ("ROU") assets and depreciated over the useful life of the ROU assets. Excluding the effect of SFRS(I) 16, operating leases would

have been lower YOY by S\$1.7 million or 6.3% for 2Q2019 and S\$2.2 million or 4.2% for 1H2019.

Marketing and promotions

Marketing and promotions expenses was higher by 13.7% YoY in 2Q2019, mainly attributable to higher promotional activities, in line with new product launches. Marketing and promotions expenses was lower by 2.7% YoY in 1H2019, mainly attributable to lower promotional activities.

Loss allowances of trade receivables

Loss allowances of trade receivables was lower by 21.1% in 2Q2019, mainly due to improved collections. Loss allowances of trade receivables was higher by 22.1% in 1H2019, mainly driven by the increase in aged trade receivables.

Repairs and maintenance

Repairs and maintenance expense was lower by 12.6% in 2Q2019 and 5.6% in 1H2019, mainly due to lower rates negotiated for network maintenance cost.

Other expenses

Other expenses for 2Q2019 was lower by S\$2.3 million YoY, due to lower foreign exchange loss, lower licence fees, partially offset by higher outsourcing costs and lower miscellaneous income. Other expenses for 1H2019 was lower by S\$3.5 million YoY, due to lower foreign exchange loss, partially offset by higher outsourcing costs and lower miscellaneous income.

Depreciation and amortisation

Depreciation and amortisation expense was higher mainly due to depreciation of ROU assets.

Other operating expenses (Cyber security services)

The increase for other operating expenses YoY in 2Q2019 and 1H2019 was primarily due to the increase in staff costs, depreciation and amortisation and other expenses from Cyber security services.

## **(C) Other income**

Other income decreased for 2Q2019 and 1H2019 due to a lower grant income in 2019 as compared to the corresponding periods last year.

## **(D) Profitability**

Profit from operations of S\$57.3 million in 2Q2019 was S\$26.9 million lower YoY. Losses from Cyber security services was S\$0.9 million in 2Q2019 compared to a profit of S\$4.1 million in the corresponding period last year. Excluding Cyber security services, profit from operations would have been S\$58.1 million, which was S\$21.9 million lower YoY due to lower revenues from Mobile, Pay TV, Network Solutions and Sales of equipment and higher cable migration cost.

Profit from operations of S\$129.4 million in 1H2019 was S\$38.5 million lower YoY. Losses from Cyber security services was S\$12.3 million in 1H2019 compared to a profit of S\$9.2

million in the corresponding period last year. Excluding Cyber security services, profit from operations would have been S\$141.7 million, which was S\$17.1 million lower YoY due to lower revenues from Mobile and Pay TV, partially mitigated by higher revenues from Network Solutions and Sales of equipment.

Service EBITDA margin for 2Q2019 at 31.8% and 1H2019 at 32.8% were 1.6% points and 1.9% points higher YoY respectively, mainly due to the impact from *SFRS(I) 16 Leases* where operating leases are capitalised as ROU assets and depreciated over the asset life. Excluding the impact of *SFRS(I) 16*, service EBITDA margin for 2Q2019 and 1H2019 would have been 27.7% and 28.9% respectively, 2.5% points and 2.1% points lower YoY compared to the corresponding periods last year.

Finance income was lower YoY in both 2Q2019 and 1H2019 whilst finance expenses were higher in 2Q2019 and 1H2019 due to the adoption of *SFRS(I) 16 Leases* which resulted in higher interest expense due to higher lease liabilities coupled with higher loan interest due to higher borrowings.

Share of results of associate was a gain for both 2Q2019 and 1H2019 compared to a loss in the corresponding periods last year.

As a result of lower profit from operations, profit before taxation of S\$47.6 million in 2Q2019 and S\$110.7 million in 1H2019 were lower by S\$29.7 million and S\$43.7 million YoY respectively. Correspondingly, taxation expenses for 2Q2019 and 1H2019 were lower at S\$8.2 million and S\$22.0 million YoY respectively.

Profit for the period in 2Q2019 and 1H2019 was S\$39.4 million and S\$88.7 million respectively.



## 2. BUSINESS REVIEW

### Mobile Services

	Quarter ended 30 Jun				Half Year ended 30 Jun			
	2019	2018	Incr / (Decr)		2019	2018	Incr/ (Decr)	
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Mobile revenue	192.3	213.5	(21.2)	(9.9)	384.6	416.5	(31.9)	(7.7)

	Quarter ended / As of			Half Year ended / As of		YoY Incr / (Decr) %
	30 Jun 2019	31 Mar 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	
	<b>Mobile operating statistics</b>					
Number of registered customers (in thousands)						
Post-paid	1,477	1,438	1,376	1,477	1,376	7.4
Pre-paid	789	789	882	789	882	(10.5)
Total	2,267	2,228	2,258	2,267	2,258	0.4
ARPU with IDD included (S\$ per month)						
Post-paid	40	39	45	40	44	(10.2)
Pre-paid	14	13	13	13	13	2.1
Average smartphone data usage (GB)	7.5	6.3	5.5	6.9	5.2	32.8
Average monthly churn rate (post-paid)	1.1%	1.1%	1.1%	1.1%	1.0%	-
Singapore mobile penetration <sup>(1)</sup>	152.9%	152.0%	148.5%	152.9%	148.5%	-
Market Share <sup>(1)</sup>	26.3%	26.0%	27.1%	26.3%	27.1%	-

**Note:**

(1) Based on latest published statistics

Overall Mobile service revenue of S\$192.3 million in 2Q2019 was S\$21.2 million or 9.9% lower YoY, while Mobile service revenue for 1H2019 was S\$31.9 million or 7.7% lower YoY. The decrease was mainly due to lower IDD, voice and excess data usage, roaming, lower data subscription and VAS (value-added services) revenues, partially offset by the increase in plan subscription and enterprise SMS revenues.

#### Post-paid mobile services

As of 30 June 2019, post-paid mobile subscriber base stood at 1,477,000 after the quarter's net add of 39,000 subscribers. Compared to a year ago, post-paid customer base increased by 101,000 customers or 7.4%.

Post-paid mobile ARPU at S\$40 in 2Q2019 and 1H2019 were S\$5 and S\$4 lower respectively compared to the corresponding periods last year, mainly due to lower data subscription, VAS and data usage revenues. The overall average smartphone data usage increased YoY for both 2Q2019 and 1H2019 to 7.5 GB and 6.9 GB respectively.

Post-paid mobile monthly average churn rate was 1.1% for both 2Q2019 and 1H2019.

*Pre-paid mobile services*

As of 30 June 2019, pre-paid mobile customer base was 789,000. Compared to a year ago, pre-paid customer base decreased by 93,000 customers. The decline was partly due to the migration of pre-paid customers to SIM-only post-paid plans.

Pre-paid mobile ARPU was at S\$14 and S\$13 for 2Q2019 and 1H2019 respectively.

**Pay TV Services**

	Quarter ended 30 Jun				Half Year ended 30 Jun			
	2019	2018	Incr / (Decr)		2019	2018	Incr / (Decr)	
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Pay TV revenue	64.7	84.7	(20.0)	(23.6)	135.5	165.4	(30.0)	(18.1)

	Quarter ended / As of			Half Year ended / As of		YoY Incr / (Decr) %
	30 Jun 2019	31 Mar 2019	30 Jun 2018	30 Jun 2019	2018	
<b>Pay TV operating statistics</b>						
Number of residential Pay TV customers (in thousands)	374	394	438	374	438	(14.7)
ARPU (S\$ per month)	44	48	53	46	52	(11.0)
Average monthly churn rate	2.1%	1.5%	1.1%	1.8%	1.0%	-

Pay TV service revenue of S\$64.7 million in 2Q2019 and S\$135.5 million in 1H2019 were 23.6% and 18.1% lower YoY respectively. The decrease was mainly due to a lower subscriber base.

As of 30 June 2019, Pay TV households stood at 374,000 after the quarter's net churn of 20,000 households. Compared to a year ago, Pay TV households were lower by 64,000.

Monthly average churn was higher at 2.1% and 1.8% for 2Q2019 and 1H2019 respectively mainly due to higher Cable TV churn as a result of the impending shut-down of the cable network.

Pay TV ARPU of S\$44 in 2Q2019 and S\$46 in 1H2019 were lower when compared to the corresponding periods last year, mainly due to promotional offers to drive migration of existing cable subscribers to fibre.

## Broadband Services

	Quarter ended 30 Jun				Half Year ended 30 Jun			
	2019	2018	Incr / (Decr)		2019	2018	Incr/ (Decr)	
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Broadband revenue	45.1	46.1	(1.0)	(2.2)	92.2	93.3	(1.1)	(1.2)

	Quarter ended / As of			Half Year ended / As of		YoY
	30 Jun	31 Mar	30 Jun	30 Jun	2018	Incr / (Decr)
	2019	2019	2018	2019	2018	%
<b>Broadband operating statistics</b>						
Number of residential broadband customers - subscription-based (in thousands)	509	495	471	509	471	8.1
ARPU (S\$ per month)	29	31	32	30	32	(6.7)
Average monthly churn rate	1.0%	0.8%	1.0%	0.9%	1.0%	-

Broadband service revenue of S\$45.1 million in 2Q2019 and S\$92.2 million in 1H2019 were 2.2% and 1.2% lower YoY respectively. The decreases were mainly due to lower ARPUs.

Broadband ARPU of S\$29 in 2Q2019 and S\$30 in 1H2019 were lower when compared to the corresponding periods last year, mainly due to promotional offers to drive higher gross adds and migration of existing cable subscribers to fibre broadband.

Broadband average monthly churn was at 1.0% and 0.9% in 2Q2019 and 1H2019 respectively.

Enterprise Business

	Quarter ended 30 Jun				Half Year ended 30 Jun			
	2019	2018	Incr / (Decr)		2019	2018	Incr/ (Decr)	
Enterprise Business revenue	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Data & Internet	68.2	72.4	(4.2)	(5.8)	138.3	143.7	(5.4)	(3.8)
Managed services <sup>(1)</sup>	24.8	26.3	(1.6)	(6.0)	50.9	44.5	6.4	14.4
Voice services	11.1	9.9	1.2	12.6	22.7	19.3	3.4	17.7
Network solutions	104.1	108.6	(4.5)	(4.2)	211.9	207.5	4.4	2.1
Cyber security services <sup>(2)</sup>	36.2	13.8	22.3	161.4	62.5	32.5	30.1	92.5
Total	140.3	122.5	17.8	14.6	274.4	240.0	34.4	14.3

<sup>(1)</sup> Managed services include Analytics, Cloud, ICT solutions and Facility Management

<sup>(2)</sup> Includes service revenue from Ensign and D'Crypt

Enterprise Business revenue increased by S\$17.8 million YoY in 2Q2019. The overall growth in revenue was contributed by higher cyber security and voice revenues, partially offset by the decrease in revenues from domestic leased circuits and managed services.

Enterprise Business revenue increased by S\$34.4 million YoY in 1H2019. The overall growth in revenue was contributed by higher cyber security, voice and managed services revenues, partially offset by the decrease in revenue from domestic leased circuits.

Data & Internet service revenue in 2Q2019 and 1H2019 was lower due to the renewals of domestic leased circuits at lower market rates.

Managed services revenue for 2Q2019 was lower YoY due to fewer completed projects during the quarter. The YoY increase in 1H2019 was mainly due to higher demands for cloud, cryptographic and digital security solutions.

Voice services revenue in 2Q2019 and 1H2019 was higher mainly due to higher international voice traffic usage and smart messaging revenues.

The growth in Cyber security services in 2Q2019 and 1H2019 was largely contributed by the consolidation of Ensign from 4Q2018 onwards and higher demand for these services.

## 3. GROUP CASH FLOW STATEMENT

	Quarter ended 30 Jun		Half Year ended 30 Jun	
	2019 S\$m	2018 S\$m	2019 S\$m	2018 S\$m
<b>Operating Activities</b>				
Profit before taxation	47.6	77.3	110.7	154.4
Adjustments for :				
Depreciation and amortisation	89.1	71.2	178.9	141.5
Income related grants	-	(0.2)	(0.1)	(0.6)
Share-based payments	0.6	1.7	1.7	(1.7)
Net finance costs	9.7	6.6	19.2	13.0
Share of (gain)/loss of associate, net of tax	(0.0)	0.3	(0.5)	0.5
Others	1.9	(0.1)	2.1	0.2
Operating cash flow before working capital changes	148.9	156.7	311.9	307.3
Changes in operating assets and liabilities	9.0	23.8	(86.3)	(43.6)
Income taxes paid	(32.5)	(32.6)	(33.5)	(38.0)
<b>Net cash from operating activities</b>	<b>125.4</b>	<b>147.8</b>	<b>192.1</b>	<b>225.7</b>
<b>Investing Activities</b>				
Interest received	0.5	0.8	0.6	1.4
Proceeds from disposal of property, plant and equipment and intangible assets	0.1	0.1	0.2	0.3
Purchase of property, plant and equipment and intangible assets	(70.9)	(48.8)	(116.2)	(116.8)
Acquisition of subsidiary, net of cash acquired	-	-	-	(56.6)
<b>Net cash used in investing activities</b>	<b>(70.3)</b>	<b>(47.8)</b>	<b>(115.4)</b>	<b>(171.7)</b>
<b>Financing Activities</b>				
Repayment of lease liabilities	(4.1)	-	(11.6)	-
Grants received	0.3	1.6	0.5	1.6
Dividend paid to owners of the Company	(108.2)	(138.4)	(108.2)	(138.4)
Perpetual capital securities distribution paid	(3.9)	(3.9)	(3.9)	(3.9)
Interest paid	(12.5)	(9.1)	(19.8)	(14.5)
Purchase of Treasury Share	-	-	(1.5)	-
<b>Net cash used in financing activities</b>	<b>(128.5)</b>	<b>(149.9)</b>	<b>(144.5)</b>	<b>(155.3)</b>
<b>Net change in cash and cash equivalents</b>	<b>(73.4)</b>	<b>(49.9)</b>	<b>(67.8)</b>	<b>(101.3)</b>
Cash and cash equivalents at beginning of the period	170.9	293.9	165.4	345.2
<b>Cash and cash equivalents at end of the period</b>	<b>97.5</b>	<b>244.0</b>	<b>97.5</b>	<b>244.0</b>
<b>Cash and cash equivalents comprise:</b>				
Cash and bank balances	98.2	244.5	98.2	244.5
Restricted cash	(0.6)	(0.5)	(0.6)	(0.5)
	<b>97.5</b>	<b>244.0</b>	<b>97.5</b>	<b>244.0</b>

The Group's 2Q2019 net cash from operating activities of S\$125.4 million was S\$22.4 million lower YoY. Net cash from operating activities for 1H2019 of S\$192.1 million was S\$33.6 million lower YoY. The decrease in 2Q2019 was largely due to a lower cash flow from operations and partially offset by lower working capital needs. For 1H2019, the decrease was primarily due to a higher working capital needs and partially offset by higher cash flow from operations and lower income tax paid.

The positive working capital changes of S\$9.0 million in 2Q2019 was primarily attributed to higher trade and other payables, lower contract assets and inventories, partially offset by higher contract costs, trade receivables and other receivables. For 1H2019, the negative working capital changes of S\$86.3 million was primarily attributed to lower trade and other payables, lower balances due to related parties coupled with higher inventories, contract costs and contract assets.

Net cash used in investing activities increased by S\$22.5 million to S\$70.3 million in 2Q2019, mainly due to higher CAPEX payments compared to the corresponding period last year. For 1H2019, the net cash used in investing activities of S\$115.4 million was S\$56.3 million lower YoY as there were no acquisitions in 1H2019. D'Crypt was acquired in January 2018.

The Group's CAPEX payments amounted to S\$70.9 million in 2Q2019 and S\$116.2 million in 1H2019, representing 12.8% and 10.1% of total revenue respectively. CAPEX payments were higher YoY by S\$22.1 million in 2Q2019 mainly due to an increase in property, plant and equipment (PPE). CAPEX payments were stable YoY in 1H2019 compared to the corresponding period last year.

Free cash flow of S\$54.5 million in 2Q2019 was lower YoY by S\$44.5 million primarily due to lower cash from operating activities coupled with higher CAPEX payments. Free cash flow of S\$75.9 million in 1H2019 was lower YoY by S\$33.0 million primarily due to lower cash from operating activities.

Net cash used in financing activities was lower YoY at S\$128.5 million in 2Q2019 and S\$144.5 million in 1H2019 due to lower dividends declared and paid for FY2019, partially offset by the repayment of lease liabilities and higher interest paid.

The resulting net cash generated was a deficit of S\$73.4 million in 2Q2019 and S\$67.8 million in 1H2019, leading to a lower cash and cash equivalents balance (excluding restricted cash) at S\$97.5 million in 1H2019.

#### Capital expenditure commitments

As of 30 June 2019, the Group's total outstanding capital expenditure commitments amounted to S\$443.8 million, including the outstanding commitments for 4G spectrum rights of S\$282.0 million.

4. STATEMENT OF FINANCIAL POSITION

	Group		Company	
	30 Jun 19	31 Dec 18 (Note A)	30 Jun 19	31 Dec 18
	S\$m	S\$m	S\$m	S\$m
<b>Non-current assets</b>				
Property, plant and equipment	858.2	893.2	451.5	465.1
Intangible assets	675.4	688.0	101.9	102.1
Right-of-use assets	194.7	-	141.8	-
Subsidiaries	-	-	3,267.4	3,304.4
Associate	23.2	22.7	27.8	27.8
Investment in fair value through other comprehensive income	26.3	36.0	26.3	36.0
Amount due from related parties	8.3	8.2	8.3	8.2
Deferred tax assets	-	1.5	-	-
Contract assets	78.6	67.4	1.0	0.1
Contract costs	7.4	5.6	0.5	0.5
	<b>1,872.2</b>	<b>1,722.8</b>	<b>4,026.6</b>	<b>3,944.3</b>
<b>Current assets</b>				
Inventories	76.4	75.2	0.6	0.6
Contract assets	268.4	269.6	21.9	18.7
Contract costs	30.8	24.7	1.5	1.4
Trade receivables	279.1	282.8	190.6	183.1
Other receivables, deposits and prepayments	90.6	94.2	30.7	33.9
Amount due from related parties	31.9	18.3	110.1	14.1
Cash and bank balances	98.2	166.0	46.8	117.6
	<b>875.3</b>	<b>930.7</b>	<b>402.2</b>	<b>369.5</b>
Less:				
<b>Current Liabilities</b>				
Contract liabilities	70.4	70.2	20.7	23.4
Trade and other payables	523.0	594.9	231.7	270.6
Amount due to related parties	51.3	57.5	250.6	235.8
Borrowings	50.1	50.1	50.0	50.0
Lease liabilities	63.5	-	22.2	-
Provision for taxation	108.8	119.5	30.4	23.7
	<b>867.1</b>	<b>892.0</b>	<b>605.6</b>	<b>603.4</b>
<b>Net current assets/ (liabilities)</b>	<b>8.1</b>	<b>38.7</b>	<b>(203.4)</b>	<b>(233.9)</b>
<b>Non-current liabilities</b>				
Contract liabilities	36.4	32.5	36.4	32.5
Other payables	34.0	33.0	6.4	7.0
Borrowings	978.3	978.4	977.5	977.5
Lease liabilities	150.7	-	119.3	-
Deferred income	0.1	0.3	0.1	0.3
Deferred tax liabilities	126.2	129.2	77.1	75.6
	<b>1,325.8</b>	<b>1,173.4</b>	<b>1,216.8</b>	<b>1,093.0</b>
<b>Net assets</b>	<b>554.6</b>	<b>588.1</b>	<b>2,606.5</b>	<b>2,617.4</b>
<b>Shareholders' equity</b>				
Share capital	299.7	299.7	299.7	299.7
Perpetual Capital Securities	199.9	199.9	199.9	199.9
Reserves	(20.1)	8.6	2,106.9	2,117.9
<b>Equity attributable to owners of the Company</b>	<b>479.5</b>	<b>508.1</b>	<b>2,606.5</b>	<b>2,617.4</b>
Non-controlling interests	75.2	80.0	-	-
<b>Total equity</b>	<b>554.6</b>	<b>588.1</b>	<b>2,606.5</b>	<b>2,617.4</b>

Note:

(A) In accordance with SFRS(I) 3 Business Combinations, StarHub Group has retrospectively adjusted the provisional Purchase Price Allocation amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date, based on an updated valuation report prepared by a professional valuer. The valuation report is pending review by StarHub Group's auditors. The provisional goodwill has been adjusted upward due to the revision in the values of intangible assets and liabilities recognised.



**GROUP BALANCE SHEET REVIEW**

As of 30 June 2019, the Group's total non-current assets of S\$1,872.2 million was S\$149.4 million higher when compared to S\$1,722.8 million as of 31 December 2018. The increase was primarily due to higher ROU assets from the impact of *SFRS(I) 16 Leases* adoption and higher contract assets. This was partially offset by a decrease in PPE, intangible assets and investment in fair value through other comprehensive income.

Total current assets as of 30 June 2019 decreased by S\$55.4 million to S\$875.3 million mainly from a decrease in contract assets, trade receivables and other receivables, deposits and prepayments, cash and cash equivalents, partially offset by the increase in inventories, contract costs and amount due from related parties.

Total current liabilities decreased by S\$24.9 million to S\$867.1 million as of 30 June 2019 due to a decrease in trade and other payables, amount due to related parties and provision for taxation, partially offset by an increase in lease liabilities due to the adoption of *SFRS(I) 16 Leases*.

The increase in total non-current liabilities by S\$152.4 million to S\$1,325.8 million as of 30 June 2019 was primarily due to the higher lease liabilities (as explained above).

The Group's shareholders' equity decreased by S\$28.6 million to S\$479.5 million as of 30 June 2019 (excluding non-controlling interests of S\$75.2 million). The decrease was mainly due to lower retained profits.

The non-controlling interests represent the balance of 35% equity in D'Crypt and 40% effective economic interest in Ensign attributable to minority shareholders.

## 5. GROUP UNSECURED BORROWINGS

	30 Jun 19	31 Dec 18
	S\$m	S\$m
<b>Unsecured borrowings</b>		
Amount repayable in one year or less		
Bank loans	50.1	50.1
Medium term notes	-	-
	50.1	50.1
Amount repayable after one year		
Bank loans	458.3	458.4
Medium term notes	520.0	520.0
	978.3	978.4
<b>Total</b>	<b>1,028.4</b>	<b>1,028.4</b>

The Group's unsecured borrowings remained constant as of 30 June 2019.

On account of a lower cash and cash equivalent balance, net debt was S\$67.8 million higher at S\$930.2 million as of 30 June 2019 compared to S\$862.4 million as of 31 December 2018. As a ratio of the past 12 months' EBITDA, the Group's net debt was higher at 1.64 times as of 30 June 2019 compared to 1.52 times as of 31 December 2018.

6. STATEMENT OF CHANGES IN EQUITY

Group	Share capital S\$m	Perpetual Capital Securities S\$m	Treasury shares S\$m	Other Capital reserve S\$m	Goodwill written off S\$m	Share-based payment reserve S\$m	Fair value reserve S\$m	Hedging reserve S\$m	Translation reserve S\$m	Retained profits S\$m	Total Reserves S\$m	Non- controlling interest S\$m	Total equity S\$m
At 1 Jan 2019 (Note A on page 16)	299.7	199.9	(3.0)	1.7	(276.3)	8.8	(5.8)	(0.2)	1.3	282.1	8.6	80.0	588.1
<b>Total comprehensive income for the period</b>													
Profit for the period	-	-	-	-	-	-	-	-	-	54.0	54.0	(4.7)	49.3
Other comprehensive income													
Foreign currency translation differences	-	-	-	-	-	-	-	-	0.1	-	0.1	-	0.1
Effective portion of changes in fair value of cash flow hedges, net of taxation	-	-	-	-	-	-	-	(0.2)	-	-	(0.2)	-	(0.2)
Net change in fair value of equity investments at FVOCI, net of taxation	-	-	-	-	-	-	(1.1)	-	-	-	(1.1)	-	(1.1)
Total comprehensive income for the period	-	-	-	-	-	-	(1.1)	(0.2)	0.1	54.0	52.8	(4.7)	48.1
<b>Transactions with equity holders of the Company, recognised directly in equity</b>													
<i>Contributions by and distributions to equity holders of the Company</i>													
Share-based payments expenses	-	-	-	-	-	1.1	-	-	-	-	1.1	-	1.1
Accrued perpetual securities distribution	-	1.9	-	-	-	-	-	-	-	(1.6)	(1.6)	-	0.3
Purchase of treasury shares	-	-	(1.5)	-	-	-	-	-	-	-	(1.5)	-	(1.5)
Issue of shares pursuant to share plans	-	-	1.5	-	-	(1.5)	-	-	-	-	(0.0)	-	(0.0)
Total transactions with equity holders of the Company	-	1.9	(0.0)	-	-	(0.3)	-	-	-	(1.6)	(2.0)	-	(0.1)
<b>At 31 Mar 2019</b>	<b>299.7</b>	<b>201.8</b>	<b>(3.1)</b>	<b>1.7</b>	<b>(276.3)</b>	<b>8.4</b>	<b>(7.0)</b>	<b>(0.4)</b>	<b>1.4</b>	<b>334.6</b>	<b>59.4</b>	<b>75.2</b>	<b>636.1</b>
<b>Total comprehensive income for the period</b>													
Profit for the period	-	-	-	-	-	-	-	-	-	39.5	39.5	(0.1)	39.4
Other comprehensive income													
Foreign currency translation differences	-	-	-	-	-	-	-	-	(0.0)	-	(0.0)	-	(0.0)
Effective portion of changes in fair value of cash flow hedges, net of taxation	-	-	-	-	-	-	-	0.0	-	-	0.0	-	0.0
Net change in fair value of equity investments at FVOCI, net of taxation	-	-	-	-	-	-	(8.6)	-	-	-	(8.6)	-	(8.6)
Total comprehensive income for the period	-	-	-	-	-	-	(8.6)	0.0	(0.0)	39.5	30.9	(0.1)	30.8
<b>Transactions with equity holders of the Company, recognised directly in equity</b>													
<i>Contributions by and distributions to equity holders of the Company</i>													
Share-based payments expenses	-	-	-	-	-	0.6	-	-	-	-	0.6	-	0.6
Accrued perpetual securities distribution	-	2.0	-	-	-	-	-	-	-	(1.6)	(1.6)	-	0.3
Perpetual securities distribution paid	-	(3.9)	-	-	-	-	-	-	-	-	-	-	(3.9)
Issue of shares pursuant to share plans	-	-	2.7	-	-	(2.7)	-	-	-	-	-	-	-
Net changes in fair value of put liability to acquire non-controlling interests	-	-	-	(1.0)	-	-	-	-	-	-	(1.0)	-	(1.0)
Tax impact on transfer of treasury shares	-	-	-	-	-	(0.0)	-	-	-	-	(0.0)	-	(0.0)
Dividends paid	-	-	-	-	-	-	-	-	-	(108.2)	(108.2)	-	(108.2)
Total transactions with equity holders of the Company	-	(2.0)	2.7	(1.0)	-	(2.2)	-	-	-	(109.8)	(110.3)	-	(112.3)
<b>At 30 Jun 2019</b>	<b>299.7</b>	<b>199.9</b>	<b>(0.3)</b>	<b>0.6</b>	<b>(276.3)</b>	<b>6.3</b>	<b>(15.5)</b>	<b>(0.3)</b>	<b>1.4</b>	<b>264.2</b>	<b>(20.1)</b>	<b>75.2</b>	<b>554.6</b>

6. STATEMENT OF CHANGES IN EQUITY (CONT'D)

Group	Share capital S\$m	Perpetual Capital Securities S\$m	Treasury shares S\$m	Goodwill written off S\$m	Share- based payment reserve S\$m	Fair value reserve S\$m	Hedging reserve S\$m	Translation reserve S\$m	Retained profits S\$m	Total Reserves S\$m	Non- controlling interests S\$m	Total equity S\$m
<b>At 1 Jan 2018</b>	<b>299.7</b>	<b>199.9</b>	<b>(8.2)</b>	<b>(276.3)</b>	<b>13.0</b>	<b>18.1</b>	<b>(10.1)</b>	<b>1.4</b>	<b>364.0</b>	<b>102.0</b>	<b>4.4</b>	<b>606.0</b>
<b>Total comprehensive income for the period</b>												
Profit for the period	-	-	-	-	-	-	-	-	63.0	63.0	1.3	64.3
Other comprehensive income												
Effective portion of changes in fair value of cash flow hedges, net of taxation	-	-	-	-	-	-	(1.5)	-	-	(1.5)	-	(1.5)
Net change in fair value of equity investments at FVOCI, net of taxation	-	-	-	-	-	(1.7)	-	-	-	(1.7)	-	(1.7)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1.7)</b>	<b>(1.5)</b>	<b>-</b>	<b>63.0</b>	<b>59.8</b>	<b>1.3</b>	<b>61.1</b>
<b>Transactions with equity holders of the Company, recognised directly in equity</b>												
<i>Contributions by and distributions to equity holders of the Company</i>												
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	-	-	-	-	7.4	7.4
Share-based payments expenses	-	-	-	-	(3.4)	-	-	-	-	(3.4)	-	(3.4)
Accrued perpetual securities distribution	-	1.9	-	-	-	-	-	-	(1.9)	(1.9)	-	-
Perpetual securities distribution paid	-	-	-	-	-	-	-	-	0.3	0.3	-	0.3
Issue of shares pursuant to share plans	-	-	0.8	-	(0.8)	-	-	-	-	(0.0)	-	(0.0)
<b>Total transactions with equity holders of the Company</b>	<b>-</b>	<b>1.9</b>	<b>0.8</b>	<b>-</b>	<b>(4.3)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1.6)</b>	<b>(5.0)</b>	<b>7.4</b>	<b>4.3</b>
<b>At 31 Mar 2018</b>	<b>299.7</b>	<b>201.8</b>	<b>(7.3)</b>	<b>(276.3)</b>	<b>8.8</b>	<b>16.5</b>	<b>(11.6)</b>	<b>1.4</b>	<b>425.4</b>	<b>156.8</b>	<b>13.2</b>	<b>671.4</b>
<b>Total comprehensive income for the period</b>												
Profit for the period	-	-	-	-	-	-	-	-	61.7	61.7	1.0	62.7
Other comprehensive income												
Foreign currency translation differences	-	-	-	-	-	-	-	(0.1)	-	(0.1)	-	(0.1)
Effective portion of changes in fair value of cash flow hedges, net of taxation	-	-	-	-	-	-	10.4	-	-	10.4	-	10.4
Net change in fair value of equity investments at FVOCI, net of taxation	-	-	-	-	-	(8.0)	-	-	-	(8.0)	-	(8.0)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8.0)</b>	<b>10.4</b>	<b>(0.1)</b>	<b>61.7</b>	<b>64.1</b>	<b>1.0</b>	<b>65.1</b>
<b>Transactions with equity holders of the Company, recognised directly in equity</b>												
<i>Contributions by and distributions to equity holders of the Company</i>												
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.1)
Share-based payments expenses	-	-	-	-	1.7	-	-	-	-	1.7	-	1.7
Accrued perpetual securities distribution	-	1.97	-	-	-	-	-	-	(2.30)	(2.3)	-	(0.3)
Perpetual securities distribution paid	-	(3.9)	-	-	-	-	-	-	0.7	0.7	-	(3.3)
Issue of shares pursuant to share plans	-	-	4.3	-	(4.3)	-	-	-	-	-	-	-
Tax impact on transfer of treasury shares	-	-	-	-	(0.2)	-	-	-	-	(0.2)	-	(0.2)
Dividends paid	-	-	-	-	-	-	-	-	(138.4)	(138.4)	-	(138.4)
<b>Total transactions with equity holders of the Company</b>	<b>-</b>	<b>(2.0)</b>	<b>4.3</b>	<b>-</b>	<b>(2.7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(140.1)</b>	<b>(138.6)</b>	<b>(0.1)</b>	<b>(140.6)</b>
<b>At 30 Jun 2018</b>	<b>299.7</b>	<b>199.9</b>	<b>(3.0)</b>	<b>(276.3)</b>	<b>6.0</b>	<b>8.5</b>	<b>(1.2)</b>	<b>1.3</b>	<b>347.1</b>	<b>82.4</b>	<b>14.1</b>	<b>596.0</b>

## 6. STATEMENT OF CHANGES IN EQUITY (CONT'D)

Company	Share capital S\$m	Perpetual Capital Securities S\$m	Treasury shares S\$m	Share-based payment reserve S\$m	Fair value reserve S\$m	Retained profits S\$m	Total Reserves S\$m	Total equity S\$m
<b>At 1 Jan 2019</b>	<b>299.7</b>	<b>199.9</b>	<b>(3.0)</b>	<b>8.8</b>	<b>(5.8)</b>	<b>2,117.9</b>	<b>2,117.9</b>	<b>2,617.4</b>
<b>Total comprehensive income for the period</b>								
Profit for the period	-	-	-	-	-	45.8	45.8	45.8
Other comprehensive income								
Net change in fair value of equity investments at FVOCI, net of taxation	-	-	-	-	(1.1)	-	(1.1)	(1.1)
Total comprehensive income for the period	-	-	-	-	(1.1)	45.8	44.6	44.6
<b>Transactions with equity holders of the Company, recognised directly in equity</b>								
<i>Contributions by and distributions to equity holders of the Company</i>								
Share-based payments expenses	-	-	-	1.1	-	-	1.1	1.1
Accrued perpetual securities distribution	-	1.9	-	-	-	(1.6)	(1.6)	0.3
Purchase of treasury shares	-	-	(1.5)	-	-	-	(1.5)	(1.5)
Issue of shares pursuant to share plans	-	-	1.5	(1.5)	-	-	-	-
Total transactions with equity holders of the Company	-	1.9	(0.0)	(0.3)	-	(1.6)	(2.0)	(0.1)
<b>At 31 Mar 2019</b>	<b>299.7</b>	<b>201.8</b>	<b>(3.1)</b>	<b>8.4</b>	<b>(7.0)</b>	<b>2,162.1</b>	<b>2,160.5</b>	<b>2,662.0</b>
<b>Total comprehensive income for the period</b>								
Profit for the period	-	-	-	-	-	64.3	64.3	64.3
Other comprehensive income								
Net change in fair value of equity investments at FVOCI, net of taxation	-	-	-	-	(8.6)	-	(8.6)	(8.6)
Total comprehensive income for the period	-	-	-	-	(8.6)	64.3	55.7	55.7
<b>Transactions with equity holders of the Company, recognised directly in equity</b>								
<i>Contributions by and distributions to equity holders of the Company</i>								
Share-based payments expenses	-	-	-	0.6	-	-	0.6	0.6
Accrued perpetual securities distribution	-	2.0	-	-	-	(1.6)	(1.6)	0.3
Perpetual securities distribution paid	-	(3.9)	-	-	-	-	-	(3.9)
Issue of shares pursuant to share plans	-	-	2.7	(2.7)	-	-	-	-
Tax impact on transfer of treasury shares	-	-	-	(0.0)	-	-	(0.0)	(0.0)
Dividends paid	-	-	-	-	-	(108.2)	(108.2)	(108.2)
Total transactions with equity holders of the Company	-	(2.0)	2.7	(2.2)	-	(109.8)	(109.3)	(111.2)
<b>At 30 Jun 2019</b>	<b>299.7</b>	<b>199.9</b>	<b>(0.3)</b>	<b>6.3</b>	<b>(15.5)</b>	<b>2,116.6</b>	<b>2,106.9</b>	<b>2,606.5</b>

6. STATEMENT OF CHANGES IN EQUITY (CONT'D)

Company	Share capital S\$m	Perpetual Capital Securities S\$m	Treasury shares S\$m	Share- based payment reserve S\$m	Fair value reserve S\$m	Retained profits S\$m	Total Reserves S\$m	Total equity S\$m
<b>At 1 Jan 2018</b>	<b>299.7</b>	<b>199.9</b>	<b>(8.2)</b>	<b>13.0</b>	<b>18.2</b>	<b>2,001.8</b>	<b>2,024.8</b>	<b>2,524.4</b>
<b><u>Total comprehensive income for the period</u></b>								
Profit for the period	-	-	-	-	-	45.6	45.6	45.6
Other comprehensive income								
Net change in fair value of equity investments at FVOCI, net of taxation	-	-	-	-	(1.7)	-	(1.7)	(1.7)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1.7)</b>	<b>45.6</b>	<b>43.9</b>	<b>43.9</b>
<b><u>Transactions with equity holders of the Company, recognised directly in equity</u></b>								
<i>Contributions by and distributions to equity holders of the Company</i>								
Share-based payments expenses	-	-	-	(3.4)	-	-	(3.4)	(3.4)
Accrued perpetual securities distribution	-	1.9	-	-	-	(1.6)	(1.6)	0.3
Issue of shares pursuant to share plans	-	-	0.8	(0.8)	-	-	-	-
<b>Total transactions with equity holders of the Company</b>	<b>-</b>	<b>1.9</b>	<b>0.8</b>	<b>(4.3)</b>	<b>-</b>	<b>(1.6)</b>	<b>(5.0)</b>	<b>(3.1)</b>
<b>At 31 Mar 2018</b>	<b>299.7</b>	<b>201.8</b>	<b>(7.3)</b>	<b>8.8</b>	<b>16.5</b>	<b>2,045.8</b>	<b>2,063.7</b>	<b>2,565.2</b>
<b><u>Total comprehensive income for the period</u></b>								
Profit for the period	-	-	-	-	-	57.4	57.4	57.4
Other comprehensive income								
Net change in fair value of equity investments at FVOCI, net of taxation	-	-	-	-	(8.0)	-	(8.0)	(8.0)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8.0)</b>	<b>57.4</b>	<b>49.4</b>	<b>49.4</b>
<b><u>Transactions with equity holders of the Company, recognised directly in equity</u></b>								
<i>Contributions by and distributions to equity holders of the Company</i>								
Share-based payments expenses	-	-	-	1.7	-	-	1.7	1.7
Accrued perpetual securities distribution	-	2.0	-	-	-	(2.3)	(2.3)	(0.3)
Perpetual securities distribution paid	-	(3.9)	-	-	-	0.7	0.7	(3.3)
Issue of shares pursuant to share plans	-	-	4.3	(4.3)	-	-	-	-
Tax impact on transfer of treasury shares	-	-	-	(0.2)	-	-	(0.2)	(0.2)
Dividends paid	-	-	-	-	-	(138.4)	(138.4)	(138.4)
<b>Total transactions with equity holders of the Company</b>	<b>-</b>	<b>(2.0)</b>	<b>4.3</b>	<b>(2.7)</b>	<b>-</b>	<b>(140.1)</b>	<b>(138.5)</b>	<b>(140.5)</b>
<b>At 30 Jun 2018</b>	<b>299.7</b>	<b>199.9</b>	<b>(3.0)</b>	<b>6.0</b>	<b>8.5</b>	<b>1,963.1</b>	<b>1,974.6</b>	<b>2,474.1</b>

## 7. CHANGES IN COMPANY'S SHARE CAPITAL

### Share Capital

As of 30 June 2019, the share capital of the Company was at S\$299.7 million (31 December 2018: S\$299.7 million) comprising 1,731,496,190 (31 December 2018: 1,730,698,702) issued ordinary shares (excluding treasury shares).

#### Treasury Shares

For the quarter ended 30 June 2019, the Company transferred 1,276,100 treasury shares to participants of the Company's share plans.

The treasury share balance as of 30 June 2019 was S\$0.3 million (30 June 2018: S\$3.0 million) comprising 155,253 (30 June 2018: 952,741) ordinary shares.

#### Issue of new shares

For 2Q2019, there was no issue of new ordinary shares.

#### Subsidiary holdings

As at 30 June 2019, none of the Company's subsidiaries held any shares in the Company (30 June 2018: Nil).

### Perpetual Capital Securities

In 2Q2017, the Company issued subordinated perpetual capital securities with an aggregate principal amount of S\$200.0 million. The perpetual capital securities may be redeemed at the option of the Company, in whole, but not in part, on 16 June 2022 or on any Distribution Payment Date thereafter and otherwise upon the occurrence of certain redemption events as defined in the offering circular.

Such perpetual capital securities bear distributions at a rate of 3.95% per annum, with the first distribution rate reset falling on 16 June 2027 and subsequent resets occurring every 10 years thereafter. The distribution rate will be subject to a step-up of 1% per annum from 16 June 2027.

The distribution will be payable semi-annually in arrears on a discretionary basis and will be cumulative and compounding in accordance with the terms and conditions of the offering circular.

For 1H2019, the Group had paid out S\$3.9 million perpetual capital securities distribution and had an accrual of S\$0.3 million for perpetual capital securities distribution due in December 2019.

### Outstanding Shares – Share-Based Plans

#### Performance Share Plans

As of 30 June 2019, the outstanding balance of conditional awards under the Performance Share Plans was 1,084,020 (30 June 2018: 1,767,401) ordinary shares.

Restricted Stock Plans

As of 30 June 2019, the outstanding balance of conditional awards under the Restricted Stock Plans was 1,632,837 (30 June 2018: 3,360,825) ordinary shares.

**8. AUDIT**

The financial statements have not been audited or reviewed.

**9. AUDITORS' REPORT**

Not applicable.

**10. ACCOUNTING POLICIES**

The Group and Company have applied the same accounting policies and methods of computation in the financial statements for the current financial period consistent with those of the audited financial statements for the year ended 31 December 2018, except for the adoption of all applicable new and revised Singapore Financial Reporting Standards (International), ("SFRS(I)") and Interpretations of SFRS(I) ("INT SFRS(I)") which became effective from annual period beginning on or after 1 January 2019.

The application of the new and revised standard and interpretation has no material effect on the financial statements, except as described below:

a) SFRS(I) 16 Leases

SFRS(I) 16 is effective for annual period beginning on or after 1 January 2019.

SFRS(I) 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use ("ROU") assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

SFRS(I) 16 substantially carries forward the lessor accounting requirements in SFRS(I) 1-17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the SFRS(I) 1-17 operating lease and finance lease accounting models respectively.

The Group and Company have applied SFRS(I) 16 using the modified retrospective method as of 1 January 2019, with no restatement of comparative information.

The Group and Company have also applied the practical expedients to grandfather the definition of a lease on transition, which means that the Group and Company have applied SFRS(I) 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with SFRS(I) 1-17 and SFRS(I) INT 4.



**11. CHANGES IN ACCOUNTING POLICIES AND ESTIMATES**

Please refer to Note 10.

**12. GROUP EARNINGS PER ORDINARY SHARE**

	Quarter ended 30 Jun		Half Year ended 30 Jun	
	2019	2018	2019	2018
<b>Basic</b>				
Earnings per share	2.2 cents	3.5 cents	5.2 cents	7.0 cents
Weighted average number of shares ('000)	1,730,897	1,729,925	1,730,717	1,729,583
<b>Diluted</b>				
Earnings per share	2.2 cents	3.4 cents	5.2 cents	7.0 cents
Weighted average number of shares ('000)	1,733,614	1,735,053	1,733,434	1,734,712

**13. NET ASSET VALUE PER ORDINARY SHARE**

	Group		Company	
	30 Jun 2019	31 Dec 2018 (Note 1)	30 Jun 2019	31 Dec 2018
Net asset value per share	27.7 cents	29.4 cents	150.5 cents	151.2 cents

Note

(1) Please refer to Note A under Statement of Financial Position on page 16.

**14. ANY VARIANCE BETWEEN PROSPECT STATEMENT PREVIOUSLY DISCLOSED AND THE ACTUAL RESULTS**

We expect service revenue for the full year to be within our guidance of stable to a decline of 2% YoY, although the Group's service revenue was lower by 3.1% YoY for 1H2019.

The Group's service EBITDA before SFRS(I) 16 adoption for 2Q2019 and 1H2019 were 27.7% and 28.9% of service revenue respectively. This was above our full year guidance of between 26% to 28% of service revenue before SFRS(I) 16 adoption. The Group's service EBITDA margin after SFRS(I) 16 adoption for 2Q2019 and 1H2019 were 31.8% and 32.8% of service revenue respectively. This was also above our full year guidance of between 30% to 32% of service revenue after SFRS(I) 16 adoption.

Total CAPEX commitment entered in 1H2019 amounted to S\$46.5 million or 4.0% of total revenue, excluding the spectrum payment of S\$282.0 million. This was below our guidance for 2019 CAPEX commitment at 11% to 12% of total revenue (excluding spectrum payment) due to timing of projects.

**15. GROUP OUTLOOK**

Despite a highly competitive market, we recorded a healthy growth of post-paid customers following the successful introduction of simplified post-paid plans and the launch of *giga*, a new mobile offering. *giga* is the first electronic Know Your Customer (eKYC), full digital offering in Singapore. It offers a simple tariff plan (SIM-only) with

unique features like data roll-over and roaming benefits. In the pre-paid market, customers responded well to the new Sunday Data offers.

This quarter, StarHub introduced brand new TV passes which address customers' needs for more value, greater flexibility and more unique content. We will continue to offer quality content while managing content cost.

In line with previous quarters, the overall Pay TV market in Singapore continues to shrink due to piracy and alternative viewing options. We recorded a steep increase of customers migrating from cable TV to fibre TV this quarter. With the migration of our cable customers to fibre, there is higher churn. The churn from certain customer groups will have minimal impact on revenues. The migration exercise is expected to be completed before year end. We will continue our efforts to manage the cost structure on content renewals.

For the Home Broadband, sustained competition is expected due to the high broadband penetration in the market. StarHub will continue to differentiate by offering new products like 1+1Gbps fibre and advanced mesh solutions. We will also continue to improve the operational model of providing broadband services.

The renewals for connectivity to data centre, cloud and telco solutions across key industry sectors remain a key driver in our Enterprise Business revenue. We also saw an increased take-up for managed services and the ICT expanded suite of services like IoT, AI and analytics and digital applications. We remain committed in providing relevant solutions to help our enterprise customers accelerate their digitalisation journey. We expect the profitability contribution from our cyber security services to stabilise as we continue to upgrade our cyber security solution capabilities to address the growing local and global demands.

Based on the current outlook, we expect the Group's 2019 service revenue to be stable to a decline of 2% YoY. Group service EBITDA margin is expected to be between 30% to 32% (after SFRS(I) 16 adoption). In 2019, CAPEX commitment, excluding spectrum payment of S\$282.0 million, is expected to be 11% to 12% of total revenue. The Group intends to pay-out at least 80% of net profit attributable to shareholders (adjusted for one off, non-recurring items), as dividend. For FY2019, the Group intends to pay a dividend of at least 9 cents per ordinary share, at a rate of 2.25 cents per quarter. Any payment above 9 cents would occur in the last quarterly payment.

***Some of the statements in this release constitute "forward-looking statements" that do not directly or exclusively relate to historical facts. These forward-looking statements reflect our current intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside our 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 our intentions, plans, expectations, assumptions and beliefs about the future, you are urged to view all forward-looking statements contained in this release with caution.***

**16. DIVIDENDS**

- (a) Current financial period reported on

Any dividend recommended for the current financial period reported on? Yes

Name of Dividend	Interim
Dividend Type	Cash; Tax exempt (1-tier) dividend
Dividend Amount	S\$0.0225 per ordinary share
Tax Rate	Exempt (1-tier)

- (b) Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Interim
Dividend Type	Cash; Tax exempt (1-tier) dividend
Dividend Amount	S\$0.04 per ordinary share
Tax Rate	Exempt (1-tier)

- (c) Date payable

The interim dividend will be paid on 30 August 2019.

- (d) Book closure date

Notice is hereby given that the Register of Members and the Transfer Books of the Company will be closed on 19 August 2019 ("Book Closure Date") for the purpose of determining members' entitlement to the interim dividend.

Duly completed registrable transfers received by the Company's share registrar, M & C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902 up to the close of the business at 5.00 p.m. on 16 August 2019 ("Entitlement Date") will be registered to determine members' entitlement to the interim dividend. Subject as aforesaid, persons whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares of the Company as of 5.00 p.m. on the Entitlement Date will be entitled to the interim dividend.

**17. IF NO DIVIDEND HAVE BEEN DECLARED/RECOMMENDED, A STATEMENT TO THAT EFFECT**

Not applicable

**18. INTERESTED PERSON TRANSACTIONS**

	<b>Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transaction less than S\$100,000) 1 April 2019 to 30 June 2019 S\$m</b>
<b>Transactions for the Sale of Goods &amp; Services</b>	
Singapore Technologies Telemedia Pte Ltd & its associates	7.2
Singapore Airlines Limited & its associates	0.4
Singapore Power Limited & its associates	0.1
Singapore Telecommunications Limited & its associates	3.3
Singapore Technologies Engineering Ltd & its associates	0.3
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	0.7
	12.1
<b>Transactions for the Purchase of Goods &amp; Services</b>	
SembCorp Industries Ltd & its associates	3.5
Singapore Technologies Engineering Ltd & its associates	0.2
Singapore Telecommunications Limited & its associates	12.7
Singapore Technologies Telemedia Pte Ltd & its associates	13.0
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	0.5
	29.9

**19. NEGATIVE ASSURANCE CONFIRMATION**

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the above unaudited financial results for the second quarter and half year ended 30 June 2019 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Steven Terrell Clontz  
Director

Ma Kah Woh  
Director

Singapore  
6 August 2019

**20. CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS**

The Company confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual of Singapore Exchange Securities Trading Limited.