

StarHub Reports 2019 Second-Quarter and Half-Year Results

- Strong Revenue Growth Maintained in Enterprise and Cyber Security -
- Customer Growth in post-paid Mobile and Residential Broadband Services -
- Competition in Consumer Market Intensifies, Impacting NPAT -

Singapore, 6 August 2019 – 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 quarter and six months ended 30 June 2019.

For both periods, the Company delivered strong double-digit growth in Enterprise Business revenue, powered by a 161.4% year-on-year (YoY) cyber security revenue jump in 2Q2019 and 92.5% YoY increase in 1H2019, which offset the lower revenues from the Consumer businesses.

Commenting on the results, StarHub's CEO Peter Kaliaropoulos said, "The quarter saw greater competitive intensity in the consumer mobile market with the entry of new MVNOs and the launch of our all-digital mobile brand – *giga*. Whilst our pre-paid customer base is stable compared to the previous quarter, post-paid customers grew by 2.7% from 1Q2019 and a total of 2.267 million customers are enjoying services delivered on fast, 4.5G LTE-A Pro network. 2Q2019 mobile revenue is stable compared to 1Q2019 despite aggressive price competition across the market."

"Migration to fibre TV is expected to conclude by end of September. Consumers continue to explore various content options in the market and a lower customer base is impacting revenue with an 8.5% drop for 2Q2019 compared to 1Q2019. We continue to offer more unique content across 7 entertainment passes and allow customers freedom to view the entire collection of channels for the same subscription every month. On our Pay TV base, we now have 374,000 customers, after the quarter's net reduction of 20,000 customers. However, we registered the highest net adds growth in

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the last six quarters with 14,000 new residential households taking up broadband to reach a total of 509,000 services at the end of 2Q2019.”

“In the Enterprise segment, we continue to grow due to higher demands for cloud, voice and data network services, digital and cyber security solutions; revenue grew by 4.6% in 2Q2019 compared to 1Q2019,” continued Mr. Kaliaropoulos.

“We continue to transform our operations and ensure cost optimisation initiatives fund the growth of new digital services including, our *giga* mobile brand and our cyber security initiatives. In 1H2019, we also incurred one-off costs of S\$7 million associated with the migration of cable to fibre. Excluding cyber security losses and cable migration cost, our profits in 1H2019, would have been S\$108 million compared to S\$120 million (adjusted) in 1H2018, which is lower by 10.1% YoY.”

“One of our key strategic transformation goals is to improve our customers’ experience. We are proud to note from the recent national CSISG study that StarHub customers’ satisfaction levels have surged across our Mobile, Broadband and TV services. We are encouraged by such recognition and will strive to do even more to improve our customers experience with our brand,” Mr Kaliaropoulos concluded.

Key Financial Highlights

- 2Q2019 **total revenue** recorded a 7.4% decrease to S\$552.8 million compared to 2Q2018 and total revenue for the six months was lower by 0.9% YoY to S\$1,149.6 million.
- In 1H2019, **total operating expenses** at S\$1,020.3 million was higher by S\$27.4 million YoY. **Cost of sales** and **other operating expenses** also increased by 3.8% and 1.7% YoY respectively.
- **Service EBITDA margins** at 31.8% for 2Q2019 and 32.8% for 1H2019, were 1.6% and 1.9% higher respectively for the corresponding periods. This was mainly due to the impact from SFRS(I) 16 Leases.
- Lower profit from operations saw **net profit after tax** for the six months at S\$88.7 million or 30.2% lower over the same period in 2018.

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Key Business Highlights

- **Enterprise Business** revenue grew by 14.6% YoY to S\$140.3 million, primarily from growth in cyber security and voice services. On a half-year basis, we saw a 14.3% YoY growth to S\$274.4 million.
- Lower IDD, voice and excess data usage, roaming, data subscription and value-added services revenues, resulted in **Mobile** revenue of S\$192.3 million or a 9.9% YoY decline. For the six months, it was a 7.7% YoY decline. Post-paid mobile customers grew 7.4% YoY to 1.48 million. The average smartphone data usage at 6.9 GB for 1H2019 was a 32.8% increase over the same period last year.
- **Pay TV** revenue at \$64.7 million, witnessed a 23.6% YoY decline for 2Q2019 over the same period in 2018. For the half year, revenue declined 18.1% YoY. Total number of Pay TV customers was at 374,000 for 2Q2019 with an ARPU of S\$44.
- **Broadband** service revenue was S\$1.0 million and S\$1.1 million YoY lower for the quarter and half-year respectively. The Company added 38,000 customers YoY bringing the base to 509,000. 2Q2019 saw ARPU decreased S\$3 to S\$29 while 1H2019 ARPU decreased S\$2 to S\$30.
- 2Q2019 revenue from **Sales of Equipment** such as mobile handsets and smart home equipment decreased 15.4% YoY but for 1H2019 increased 7.3% YoY to S\$262.9 million.

FY2019 Outlook

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 between 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.

For more details on the Group's performance for 2Q & 1H2019 and outlook for FY2019, please visit www.starhub.com/ir. Materials available at this website include

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the audio conference link, investor presentation and unaudited results for the 2Q & 1H ended 30 June 2019.

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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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