

## Press Release



### **StarHub Reports 2019 Third-Quarter and Year-to-Date Results**

- Strong Revenue Growth Continues in Enterprise and Cyber Security -
- Competition in Consumer Market Remains Intense -

**Singapore, 5 November 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 nine months ended 30 September 2019.

Continuing its strategy to drive growth from the business segment, StarHub reported a healthy double-digit increase for its Enterprise Business in 3Q2019. Enterprise revenue of S\$145.5 million expanded 16.7% year-on-year (YoY). For the 9 months in 2019, Enterprise revenue of S\$419.9 million also grew 15.2% YoY with cyber security services contributing to the majority of growth.

Overall, total StarHub revenue of S\$1,722.2 million declined 1.2% YoY with Mobile and TV services continuing to show declines in revenues as a result of price-driven competition and lower customer bases.

Commenting on the results, StarHub's CEO Peter Kaliaropoulos said, "Q3 results were stronger than Q2 for 2019. Total revenue grew 3.6% to S\$572.6 million and EBITDA increased 16.4% to S\$170.5 million, which resulted in a strong NPAT of S\$56.6 million. YoY results reflect declines in Mobile and TV revenues but higher demands for cloud, data network services, digital and cyber security solutions are driving strong growth in our enterprise segment."

"The quarter saw the sale of D'Crypt to Temasek's Keele, which eventually made D'Crypt into an indirect subsidiary of Ensign. This will augment Ensign's current capabilities and help it compete even better in the regional cyber security space."

"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."

“The mobile market’s competitive intensity continues with new entrants and aggressive pricing plans, but we remain encouraged by the strong momentum seen in the sign-up of *giga* and our “Hello Change” post-paid plans. A single enterprise customer exited from the market and contributed to the majority of the post-paid net churn in Q3.”

“On the 5G front, StarHub is conducting trials and proof-of-concepts with a 5G ecosystem of technology, businesses, institutes of higher learning and public agency partners. StarHub is targeting to submit a 5G proposal for a nation-wide network following IMDA’s 5G announcement and Call for Proposal,” commented Mr. Kaliaropoulos.

“The migration to IPTV from cable was completed in Q3 with very few customers awaiting migration. However, dormant set-top-boxes, OTT and other content options in the market resulted in a higher churn and a lower customer base of 347,000, which dampened revenue with a 13.3% drop for 3Q2019 compared to 2Q2019.”

“In YTD2019, we incurred one-off costs of S\$9.6 million associated with the migration of cable to fibre. Excluding cyber security losses and cable migration cost, our profits in YTD2019, would have been S\$171 million compared to S\$174 million (adjusted) in YTD2018, a drop of 2.0% YoY,” highlighted Mr Kaliaropoulos.

“Looking at our transformation progress, we are pleased to note that the programme is tracking well and may likely exceed the targeted S\$210 million gross savings by FY2021. Some of the savings are being redirected to fund our digital transformation and new acquisition opportunities and enhance our customers’ overall experience when using our products and services,” Mr Kaliaropoulos concluded.

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## Key Financial Highlights

- 3Q2019 **total revenue** recorded a 1.6% decrease to S\$572.6 million compared to 3Q2018 and total revenue for the nine months was lower by 1.2% YoY to S\$1,722.2 million.
- In YTD 2019, **total operating expenses** at S\$1,521.9 million was higher by S\$22.3 million YoY. **Cost of sales** and **other operating expenses** also increased by 1.7% and 1.3% YoY respectively.
- **Service EBITDA margins** at 35.1% for 3Q2019 and 33.5% for YTD2019, were 6.3% and 3.3% 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 nine months at S\$145.3 million or 21.5% lower over the same period in 2018.

## Key Business Highlights

- **Enterprise Business** revenue grew by 16.7% YoY to S\$145.5 million for 3Q2019, primarily from growth in cyber security and managed services. On a nine-month basis, we saw a 15.2% YoY growth to S\$419.9 million.
- Lower IDD, voice and excess data usage, roaming, data subscription and value-added services revenues, resulted in **Mobile** revenue of S\$190.0 million or a 11.1% YoY decline for 3Q2019. For the nine months, it was an 8.8% YoY decline. Post-paid mobile customers grew 4.2% YoY to 1.44 million. The average smartphone data usage at 7.5 GB for YTD2019 was a 38.5% increase over the same period last year.
- **Pay TV** revenue at \$56.1 million, witnessed a 24.8% YoY decline for 3Q2019 over the same period in 2018. For the YTD, revenue declined 20.2% YoY. Total number of Pay TV customers was at 347,000 for 3Q2019 with an ARPU of S\$40.
- **Broadband** service revenue was S\$3.6 million and S\$4.8 million YoY lower for the quarter and YTD respectively. The Company added 32,000 customers YoY bringing the base to 505,000. 3Q2019 saw ARPU decreased S\$5 to S\$27 while YTD2019 ARPU decreased S\$3 to S\$29.
- 3Q2019 revenue from **Sales of Equipment** such as mobile handsets and smart home equipment increased 12.5% YoY to S\$137.9 million and for YTD2019 increased 9.0% YoY to S\$400.8 million.

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## **FY2019 Outlook**

Based on the current outlook, we expect the Group's 2019 service revenue to decline by 2% to 3% YoY. Group service EBITDA margin is expected to be between 30% to 32% (after SFRS(I) 16 adoption). Depreciation and amortisation expense are also expected to increase approximately by S\$6.0 million due to amortisation of intangible assets from recent acquisitions.

In 2019, CAPEX commitment, excluding spectrum payment of S\$282.0 million, is expected to be between 8% to 9% 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 9 cents per ordinary share, at a rate of 2.25 cents per quarter.

For more details on the Group's performance for 3Q & YTD2019 and outlook for FY2019, please visit [www.starhub.com/ir](http://www.starhub.com/ir). Materials available at this website include the audio conference link, investor presentation and unaudited results for the 3Q & YTD ended 30 September 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](http://www.starhub.com), or connect with us on [Facebook](#), [Instagram](#), [LinkedIn](#), [Twitter](#) and [YouTube](#).

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