

MEDIA RELEASE

StarHub Reports 1Q2020 Net Profit of S\$40.2M on S\$506.2M Total Revenue

- ***Service Revenue declined 8.9% YoY due to COVID-19 impact***
- ***Operating Expenses reduced by 14.5% YoY to S\$448M***
- ***Free Cash Flow grew 5.6x YoY to S\$119M***
- ***Cybersecurity revenue grew 136.8% to \$62M; reported ~S\$5M net profit***

Singapore, 6 May 2020 – StarHub today announced its inaugural voluntary business performance update. For the quarter ended 31 March (“1Q”) 2020, StarHub reported a 15.2% year-on-year (“YoY”) decline in total revenue to S\$506.2 million and 25.7% decrease in net profit attributable to shareholders (“net profit”) to S\$40.2 million.

Service Revenue declined 8.9% YoY to S\$404.9 million as a result of lower revenues from Mobile, Broadband and Pay TV. The Enterprise business recorded a 13.9% increase in revenue to S\$152.8 million, led mainly by a 136.8% rise in Cybersecurity Services revenue to S\$62.4 million.

StarHub continues to achieve savings in operating expenses, which recorded a 14.5% YoY decrease to S\$448.4 million. Service EBITDA declined 16.0% YoY to S\$125.7 million while service EBITDA margin declined 2.6 percentage points to 31.1% in 1Q2020.

Commenting on the results, StarHub’s Chief Executive, Mr Peter Kaliaropoulos, said, ***“Our priority has been to safeguard the health of all our employees whilst supporting citizens working from home and other essential services companies, as well as various donations to the community at large. Our 1Q2020 results reflect the impact of COVID-19 and the early softening of the economic environment. With border controls and movement restrictions, roaming, IDD and prepaid revenues have significantly reduced. Our Enterprise business has also experienced some project and tender delays, coupled with longer sales cycles. Our Cybersecurity business continued growing and reported a modest profit this quarter. Reviewing discretionary expenditure has also been a priority.”***

“Despite COVID-19 impacting our financial performance, our transformation efforts remain more relevant than ever to ensure the long-term sustainability of our business, and we’ve accelerated our pace over the last few months. Just last week, we were awarded the provisional 5G licence by the regulator alongside our strategic partner – a pivotal milestone towards new innovations and possibilities. We also announced in April a multi-year IT transformation project that will accelerate our digital transformation, and the Strateq acquisition announced in March that will enhance our Enterprise business’ delivery capabilities while offering growth and diversification opportunities.”

On 29 April 2020, StarHub announced that it has received the provisional 5G licence from IMDA. Its strategic co-operation with M1 will allow both companies to optimise infrastructure and spectrum costs. StarHub intends to fast track the rollout of 5G services – its two-pronged deployment includes the standalone architecture using the 3.5GHz spectrum and non-standalone architecture utilising the 800MHz mmWave spectrum. More details about StarHub's 5G services will be released closer to commercial readiness.

COVID-19 Impact / Guidance

Relating to COVID-19, StarHub has put in place measures to mitigate challenges brought about by the global pandemic and adheres strictly to regulatory guidelines to safeguard the interest of its stakeholders. These measures include robust Business Continuity Plans such as split site arrangements executed since February 2020; 90% of employees currently working from home; temporary closure of all except five retail stores; accelerated migration of transactions to online touchpoints; more than adequate network capacity and redundancy; and working closely with regulators on national initiatives to ensure access to connectivity for vulnerable segments.

StarHub also extended care to the community with approximately S\$1 million in donations to date, including redirecting its 20th anniversary marketing budget to community causes, the creation of the StarHub Cares COVID-19 Fund for low-income beneficiaries, unlimited talktime for healthcare professionals, extending remote working solutions to Enterprise customers and enhanced entertainment options for customers.

The COVID-19 crisis is expected to have a material impact on the Group's revenue and profitability for the year, with expectations for revenue declines for most business segments at varying degrees. The various budgetary measures provided for by the Singapore Government have supported the maintenance of jobs, cash flow and the ability to mitigate some revenue impact.

StarHub's priority is to maintain adequate financial liquidity as well as safeguard the health and welfare of its employees, customers and business partners; and has rolled out initiatives to enable customers to tide over these challenging times.

On StarHub's liquidity, it has successfully negotiated the refinancing of bank loans due for repayment this year, after which there will be no refinancing required until 2022. StarHub also has adequate credit facilities to manage its working capital and other funding requirements, with expectations to sustain positive operating cash flow generation this year.

The Group will provide more information on the net impact of all the aforesaid measures in 2H2020 when there is greater clarity on both the relevant Government measures and the economic situation. In view of the uncertainty, StarHub withdraws all guidance for 2020 and will update shareholders once there is greater visibility to the aggregate nature of the COVID-19 impact.

Business Highlights

The Mobile business recorded a 15.0% YoY decline in revenue to S\$163.5 million in 1Q2020, mainly due to lower IDD, excess data usage and roaming arising from a sharp drop in global travel brought about by COVID-19. The travel restrictions also caused a decrease in prepaid mobile revenues. Postpaid ARPU decreased to S\$34 in 1Q2020 from S\$39 in 1Q2019, while prepaid ARPU decreased to S\$11 from S\$13 across the same periods. Average data usage continues its uptrend to 10.6Gb in 1Q2020 from 6.3Gb in 1Q2019 while average monthly churn rate lowered to 1.0% from 1.1%.

Mobile revenue declined 14.3% in 1Q2020 compared to 4Q2019 ("QoQ") mainly due to an absence of S\$8.7 million in one-off positive adjustments in 4Q2019. Including COVID-19 impact but excluding the one-off adjustments, the QoQ decline would have been 10.3%. The normalised QoQ decline without COVID-19 impact nor the one-off adjustments would have been 4.3%.

Pay TV and Broadband recorded a 33.8% and 11.4% YoY decrease in segment revenue, respectively, to S\$46.8 million and S\$41.7 million. This is mainly due to a decrease in Pay TV subscribers and promotional activities offered in FY2019 to encourage consumers to migrate from cable to fibre. Similarly, Pay TV ARPU declined to S\$38 in 1Q2020 from S\$48 in 1Q2019 and Broadband ARPU declined to S\$27 from S\$31. Notably, Broadband ARPU remained steady at S\$27 in 1Q2020 compared to the preceding quarter, 4Q2019.

With the completion of the migration in October 2019, churn rates have stabilised at 0.6% for Pay TV and 0.4% for Broadband. Following the quarter's net churn of 2,000 Pay TV subscribers, the segment's subscriber base stands at 327,000. Broadband subscriber base has increased to 502,000 in 1Q2020 from 495,000 in 1Q2019.

The Enterprise business recorded a 13.9% increase in revenue to S\$152.8 million, lifted mainly by a 136.8% rise in Cybersecurity Services revenue to S\$62.4 million driven by higher business demand and consolidation of Ensign from 4Q2018. In 1Q2020, Cybersecurity Services reported approximately \$5.0 million in net profit compared to losses recorded in 1Q2019. Managed Services revenue lowered 31.8% to S\$17.8 million due to lesser project completions and delayed customer spending due to COVID-19.

Revenue from sales of equipment decreased 33.6% YoY to S\$101.3 million mainly due to lesser premium handsets sold as a result of COVID-19 and disruption in handset supply chains arising from a stock-out situation for certain handset models.

Free cash flow grew 5.6x YoY to S\$118.9 million in 1Q2020 from S\$21.4 million in 1Q2019 mainly due to higher cash from operating activities coupled with lower Capex payments. Net Debt to EBITDA declined to 1.40x as at 31 March 2020 compared to 1.51x as at 31 December 2019 mainly due to a higher cash and cash equivalent balance in 1Q2020.

- End -

For more details on the Group's performance, please visit <http://ir.starhub.com/>. Other materials available on StarHub's investor relations website include the investor presentation, results announcement, as well as the audio webcast archive to be made available after 6 May 2020.

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 communication 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](#).

For investor enquiries, please contact:

Amelia LEE
Head, Investor Relations
StarHub Ltd
Office: (65) 6825 5457
Email: amelia.jw.lee@starhub.com

For media enquiries, please contact:

Cassie FONG
Head, Corporate Communications
StarHub Ltd
Office: (65) 6825 5165
Email: cassie@starhub.com