



# 1Q2020 BUSINESS PERFORMANCE UPDATE

6 May 2020



# FORWARD-LOOKING STATEMENTS

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The following presentation may contain forward-looking statements by StarHub Ltd (“StarHub”) relating to financial trends for future periods.

Some of the statements in this presentation which are not historical facts are statements of future expectations with respect to the financial conditions, results of operations and businesses, and related plans and objectives. These forward-looking statements are based on StarHub’s current views, intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside StarHub’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 and uncertainties. Because actual results could differ materially from StarHub’s current views, intentions, plans, expectations, assumptions and beliefs about the future, such forward-looking statements are not and should not be construed as a representation, forecast or projection of future performance of StarHub. It should be noted that the actual performance of StarHub may vary significantly from such statements.



# 1Q2020 KEY THEMES



01

**COVID-19  
COMMENTARY**

Observations, Mitigation  
& Financial Impact

02

**1Q2020  
HIGHLIGHTS**

Financial & Business  
Performance Highlights

03

**SUSTAINED  
TRANSFORMATION  
EFFORTS**

Recent Developments /  
DARE Progress

## Operational Impact

- Temporary retail store closures
- Higher network traffic
- Handset supply chain disruptions
- Longer sales cycles for Enterprise business
- Anticipated payment deferment requests





## Mitigation / Safeguarding Stakeholders

- Robust BCP executed since Feb 2020
- Maintained sharp focus on transformation
- Cash flow / balance sheet discipline
- Defer non-essential expenditure
- Alternative payment plans for select customers
- Accelerated migration of transactions to online touchpoints
- Ensuring network resilience and quality
- Working closely with regulators on proactive national initiatives
- Community outreach

### Liquidity

- Successfully negotiated refinancing of bank loans due this year
- No refinancing required until 2022
- Adequate credit facilities for working capital/funding requirements
- Expects to sustain positive operating cash flow generation

## Financial Impact

- **Consumer:**  Lower churn
- **Mobile:**  Lower roaming & prepaid revenues
- **Enterprise:**  Project and tender delays  
Measured ICT spending
- Lower **sales of equipment** 

### Guidance

- Withdraw FY2020 guidance for now
- Guidance will be updated once there is greater visibility on the aggregate nature of the impact

# 1Q2020 AT A GLANCE



<b>S\$506.2M</b> TOTAL REVENUE	↓	15.2% YoY <sup>1</sup>
	↓	16.8% QoQ <sup>2</sup>
<b>S\$404.9M</b> SERVICE REVENUE	↓	8.9% YoY <sup>1</sup>
	↓	8.7% QoQ <sup>2</sup>
<b>S\$125.7M</b> SERVICE EBITDA <sup>3</sup>	↓	16.0% YoY <sup>1</sup>
	↑	8.8% QoQ <sup>2</sup>
<b>31.1%</b> SERVICE EBITDA MARGIN	↓	2.6% pt YoY <sup>1</sup>
	↑	5.0% pt QoQ <sup>2</sup>
<b>S\$40.2M</b> NET PROFIT <small>(Attributable to shareholders)</small>	↓	25.7% YoY <sup>1</sup>
	↑	15.2% QoQ <sup>2</sup>
<b>S\$118.9M</b> FREE CASH FLOW	↑	456.4% YoY <sup>1</sup>
	↑	232.9% QoQ <sup>2</sup>

## MOBILE

	<b>S\$163.5M</b> REVENUE	↓	15.0% YoY <sup>1</sup>		<b>S\$34</b> ARPU (POSTPAID)	↓	12.6% YoY <sup>1</sup>	<b>1,466K</b> SUBS (POSTPAID)	↑	1.9% YoY <sup>1</sup>
		↓	14.3% QoQ <sup>2</sup>			↓	13.5% QoQ <sup>2</sup>		↑	1.0% QoQ <sup>2</sup>

## PAY TV

	<b>S\$46.8M</b> REVENUE	↓	33.8% YoY <sup>1</sup>		<b>S\$38</b> ARPU	↓	21.3% YoY <sup>1</sup>	<b>327K</b> SUBS	↓	17.0% YoY <sup>1</sup>
		↓	17.0% QoQ <sup>2</sup>			↓	11.2% QoQ <sup>2</sup>		↓	0.8% QoQ <sup>2</sup>

## BROADBAND

	<b>S\$41.7M</b> REVENUE	↓	11.4% YoY <sup>1</sup>		<b>S\$27</b> ARPU	↓	12.0% YoY <sup>1</sup>	<b>502K</b> SUBS	↑	1.4% YoY <sup>1</sup>
		↑	1.8% QoQ <sup>2</sup>			↑	2.8% QoQ <sup>2</sup>		↑	0.1% QoQ <sup>2</sup>

## NETWORK SOLUTIONS

	<b>S\$90.4M</b> REVENUE	↓	16.1% YoY <sup>1</sup>
		↓	18.5% QoQ <sup>2</sup>

## CYBERSECURITY

	<b>S\$62.4M</b> REVENUE	↑	136.8% YoY <sup>1</sup>
		↑	40.5% QoQ <sup>2</sup>

<sup>1</sup> Refers to 1Q2020 vs 1Q2019

<sup>2</sup> Refers to 1Q2020 vs 4Q2019



# FINANCIAL OVERVIEW



S\$'M	1Q2020	1Q2019	Change (%)
<b>Total Revenue</b>	<b>506.2</b>	596.8	(15.2)
<b>Service Revenue</b>	<b>404.9</b>	444.3	(8.9)
<b>Operating Expenses</b>	<b>(448.4)</b>	(524.7)	(14.5)
<b>Other Income</b>	<b>1.5</b>	0.1	N.M. <sup>3</sup>
<b>EBITDA</b>	<b>136.2</b>	161.9	(15.9)
<b>Service EBITDA<sup>1</sup></b>	<b>125.7</b>	149.7	(16.0)
<b>Service EBITDA Margin (%)</b>	<b>31.1</b>	33.7	(2.6) % pts
<b>Net Profit After Tax</b> <i>Attributable to shareholders</i>	<b>40.2</b>	54.0	(25.7)
<b>Free Cash Flow<sup>2</sup></b>	<b>118.9</b>	21.4	N.M. <sup>3</sup>
	<b>As at 31 March 2020</b>	<b>As at 31 Dec 2019</b>	
<b>Net Debt to EBITDA (x)</b>	<b>1.40</b>	<b>1.51</b>	

- Other Income growth was mainly due to income grant received and recovery of tunnel fees from TPG in 1Q2020
- Achieved further YoY Opex savings
- Higher free cash flow resulting from higher cash from operating activities and lower Capex payments

<sup>1</sup> Service EBITDA = EBITDA less (Sales of Equipment – Cost of Equipment)

<sup>2</sup> 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

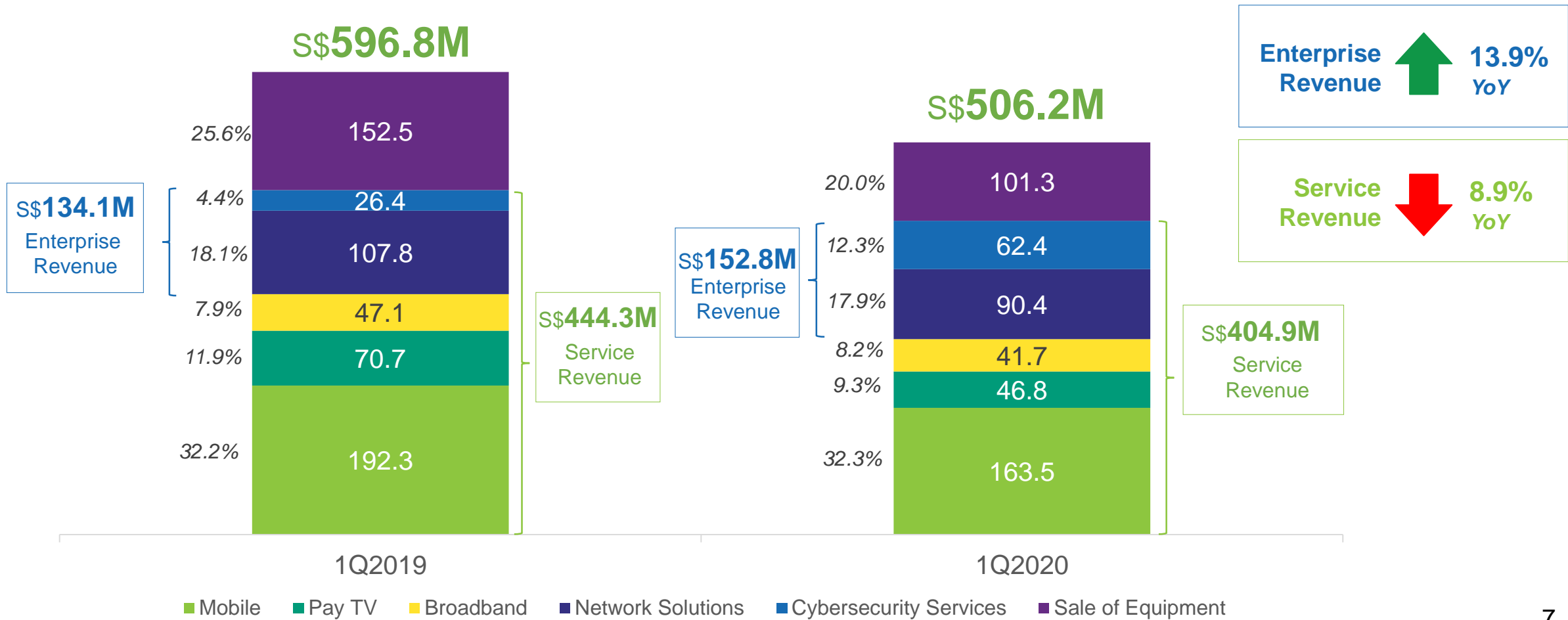
<sup>3</sup> N.M. denotes Not Meaningful

\* Numbers may not add up due to rounding / TTM = Trailing Twelve Months

# GROUP REVENUE

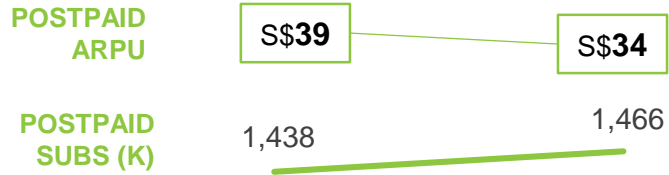


## TOTAL REVENUE (S\$'M) / REVENUE MIX (%)\*

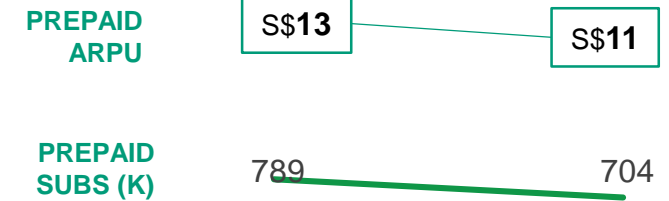


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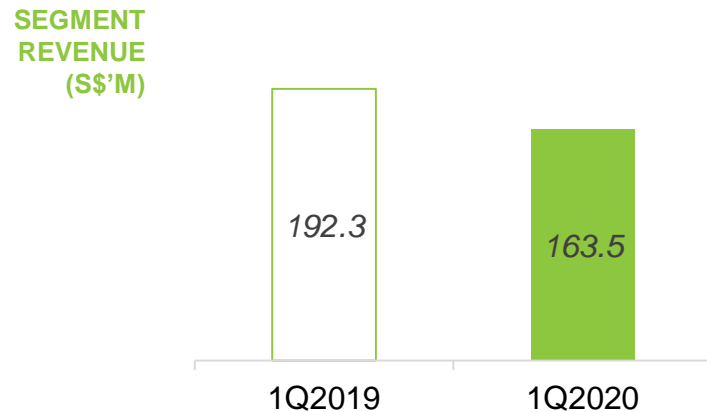
## YOY PERFORMANCE & COMMENTARY



- Lower postpaid ARPU due to impact from COVID-19, decreased plan subscriptions; VAS; outbound roaming and data usage

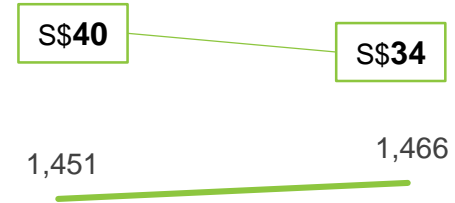


- Lower prepaid subscriber base due to overall drop in tourist numbers as a result of COVID-19
- Average monthly churn rate in 1Q2020 was 1.0% (4Q2019: 1.1%; 1Q2019: 1.1%)

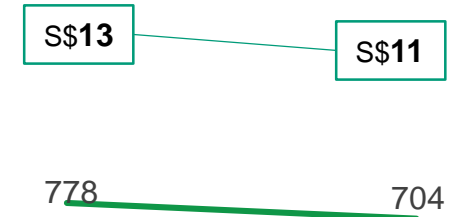


- YoY mobile service revenue declined 15.0% due to decrease in
  - Postpaid ARPU;
  - Prepaid subscriber base, data subscriptions, prepaid expired credit and IDD;
  - Offset by higher voice usage
- Overall average data usage increased to 10.6Gb (4Q2019: 9.9Gb; 1Q2019: 6.3Gb)

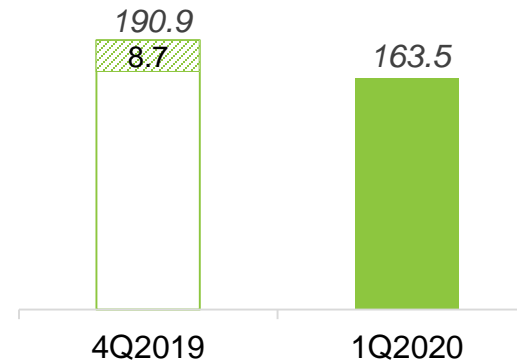
## QOQ PERFORMANCE & COMMENTARY



- Sustained growth in subscriber base but at lower ARPUs due to competitive pricing



- Lower prepaid subscriber base due to overall drop in tourist numbers as a result of COVID-19



- 14.3% QoQ decline due mainly to an absence of \$8.7M one-off positive adjustments in 4Q2019
- 10.3% QoQ decline including COVID-19 impact and excluding one-off adjustments in 4Q2019
- 4.3% QoQ normalised decline



### YOY PERFORMANCE & COMMENTARY

ARPU

S\$48

S\$38

SUBS (K)

394

327

- Lower ARPU and subscriber base due to promotional activities relating to the cable-to-fibre migration offered in FY2019

- 1Q2020 average monthly churn rate reduced to 0.6% (4Q2019: 0.7%; 1Q2019: 1.5%)

### QOQ PERFORMANCE

S\$42

S\$38

329

327

SEGMENT REVENUE (S\$'M)

70.7

46.8

1Q2019

1Q2020

- YoY revenue decrease due to lower ARPU and subscriber base

56.5

46.8

4Q2019

1Q2020<sub>9</sub>

## YOY PERFORMANCE & COMMENTARY

## QOQ PERFORMANCE

ARPU



- Lower YoY ARPU due to promotional activities relating to the cable-to-fibre migration offered in FY2019



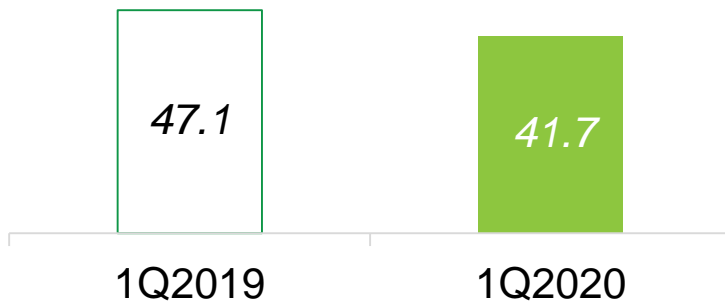
SUBS (K)



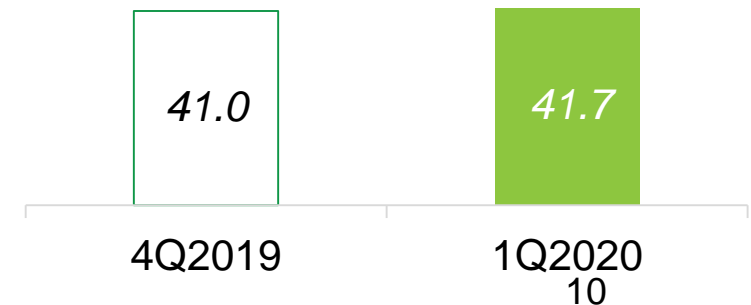
- 1Q2020 average monthly churn rate reduced to 0.4% (4Q2019: 0.5%; 1Q2019: 0.8%)



SEGMENT REVENUE (S\$'M)

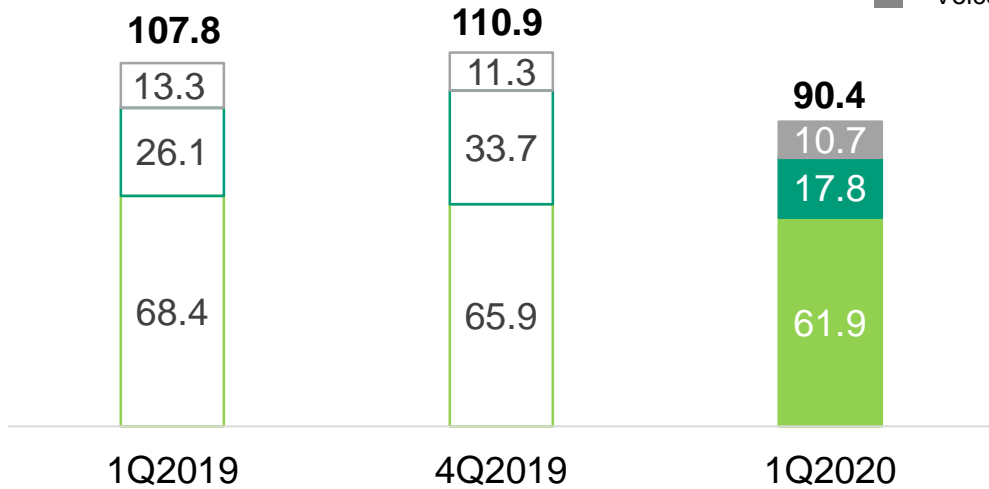
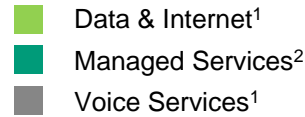


- YoY revenue decrease due to lower ARPU achieved



## NETWORK SOLUTIONS

### SEGMENT REVENUE (S\$'M)



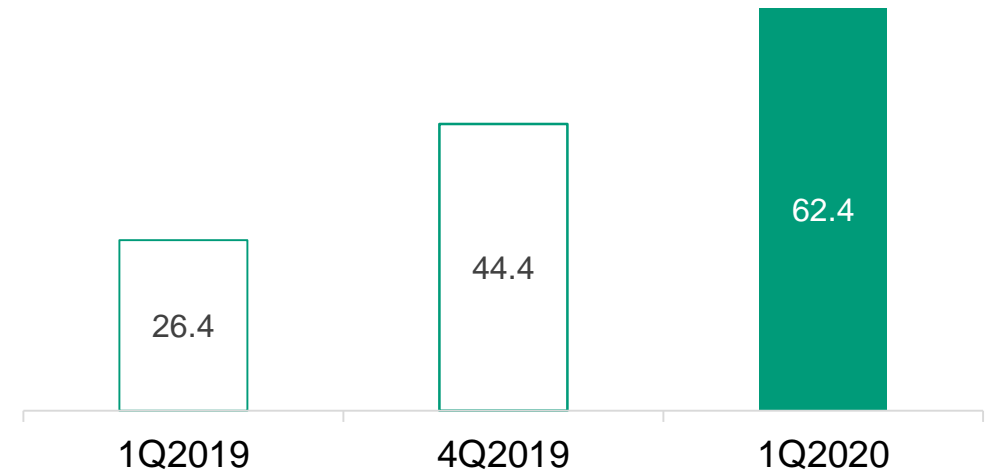
- Lower Data & Internet revenue due to renewals of domestic leased circuits and IP transit at lower rates
- Managed Services revenue declined due to lesser project completions during the quarter and delayed customer spending resulting from COVID-19
- Lower Voice Services due to lower domestic and international voice traffic, and smart messaging revenues

<sup>1</sup> SmartUC & SIP Trunking have been reclassified from Data & Internet to Voice Services

<sup>2</sup> Managed Services include Analytics, Cloud, ICT solutions and Facility Management

## CYBERSECURITY SERVICES

### SEGMENT REVENUE (S\$'M)

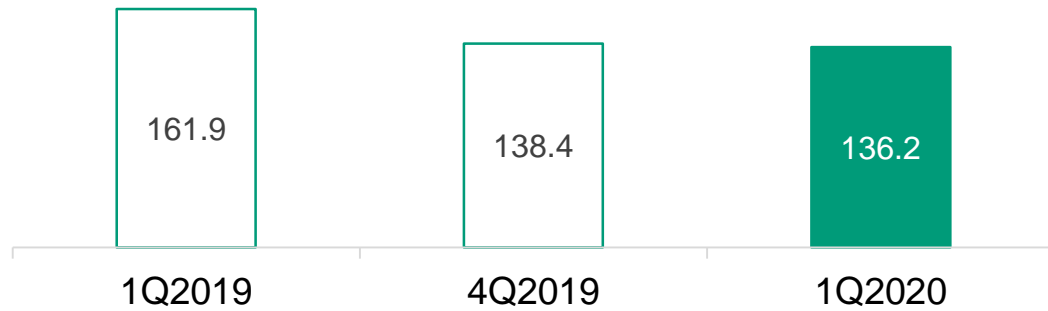


- 136.8% YoY growth largely contributed by the consolidation of Ensign from 4Q2018 and higher business demand
- Turnaround in profitability to ~S\$5.0 million in 1Q2020 compared to losses recorded in 1Q2019

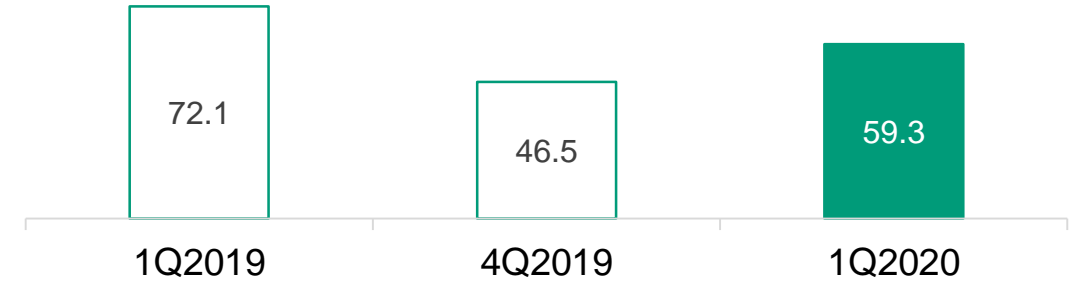
# PROFIT HIGHLIGHTS



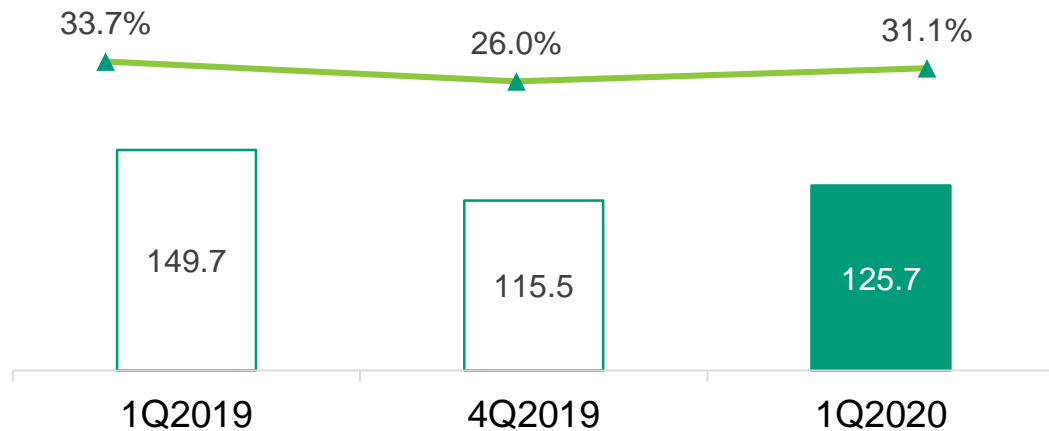
## EBITDA (S\$'M)



## PROFIT FROM OPERATIONS (S\$'M)

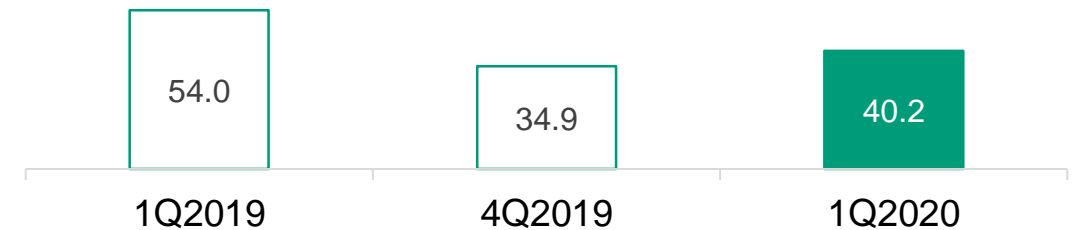


## SERVICE EBITDA (S\$'M) / MARGIN (%)



## NET PROFIT (S\$'M)

(ATTRIBUTABLE TO SHAREHOLDERS)





# D.A.R.E. TO FORGE AHEAD

## Recent Developments



**1** **DELIVERING**  
Market-Leading Customer Experiences

**ACCELERATING**  
Value Creation from Core Businesses

**REALISING**  
Growth from New Opportunities

**ENHANCING**  
Efforts to Transform Digitally



### 29 April: 5G Provisional Licence

- Complement existing wireless capabilities with 5G technology
- Intention for two pronged deployment: standalone (3.5GHz) and non-standalone (800MHz mmWave)
- Encourage app developers / 3<sup>rd</sup> parties to leverage 5G to develop new applications and use cases
- Strategic cooperation with M1 to optimise infrastructure and spectrum costs
- Regulator expects to award full licences by 1H2020

Click [here](#) for more details.



### 17 April: IT Transformation

- Optimise IT operations, lower costs and accelerate technology transformation
  - Rationalisation of IT platforms and systems
  - Delivery of agile, new IT capability
  - Simplify processes and operations
  - Enhance customer experience
  - Accelerate time to market
- Cost savings built into three-year cost programme (identified cost savings of >S\$210M)

Click [here](#) for more details.



### 11 Mar: Acquired Strateg

- Leading end-to-end data driven IT solutions provider with growing international presence
- Asset light, complementary and scalable digital capabilities; enhance delivery capabilities
- Growth & diversification opportunities in existing and new markets
- Acquisition expected to complete by 1H2020

Click [here](#) for more details.



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*Investor Relations:*  
Amelia LEE | [IR@StarHub.com](mailto:IR@StarHub.com)