

MEDIA RELEASE

StarHub reports 2Q2020 net profit of \$37.3M on \$453.4M total revenue

- ***Service Revenue declined 15.0% YoY with first full quarter of COVID-19 impact***
- ***Operating Expenses reduced 15.5% YoY to \$418.9M***
- ***Net Debt to EBITDA improved to 1.29 times***

Singapore, 7 August 2020 – StarHub today announced its unaudited consolidated results for the quarter (“2Q”) and half year (“1H”) ended 30 June 2020, reporting a 5.6% year-on-year (“YoY”) decrease in 2Q2020 net profit attributable to shareholders (“net profit”) to \$37.3 million.

In its first full financial quarter impacted by the global COVID-19 pandemic, StarHub’s 2Q2020 Service Revenue declined 15.0% YoY to \$376.2 million, on lower contributions from Mobile, Broadband and Pay TV. Enterprise Business recorded higher revenue of \$142.7 million, lifted by a 10.1% growth in Cybersecurity Services revenue to \$39.8 million.

StarHub continued the momentum of its three-year D.A.R.E. transformation programme to achieve YoY savings of 15.5% in 2Q2020. As at 2Q2020, StarHub has executed 75% of the more than \$210 million in cost savings identified.

Commenting on the results, StarHub’s Chief Executive, Mr Peter Kaliaropoulos, said, ***“The operating environment in 2Q2020 was challenging with the Circuit Breaker and COVID-19 measures in place. We remained steadfast in our priorities to safeguard the health and interest of our customers and employees while supporting the community and nation during these difficult times. With limited retail presence, we saw an accelerated adoption of online transactions on the back of a seamless online customer journey. We are also pleased to have maintained our high customer service standards and achieved satisfaction scores as validated by the Customer Satisfaction Index of Singapore.”***

“Our roaming, IDD, and Prepaid revenues continue to be impacted by global travel restrictions. We are experiencing tender delays and longer sales cycles in our Enterprise Business. While the challenging environment and business conditions will likely sustain throughout 2020, we continue to maintain a long-term view on the business, pushing forward with our growth and transformation plans. We have commenced the multi-year IT transformation programme and were recently awarded 5G spectrum rights by the regulator. We are pleased to report the completion of the acquisition of Strateq recently, which will open up new and

diversified sources of revenue and growth. We continue our disciplined approach to capital and cash flow management – our net debt to EBITDA remained low at 1.29 times to allow sufficient headroom to tap growth opportunities. Additional credit facilities have been secured to provide a liquidity buffer, if required, and there is no refinancing required until 2022.”

Gearing Up For 5G

StarHub had on 24 June 2020 received draft licences and spectrum rights from IMDA to build and operate a 5G standalone network jointly with M1. The 50-50 joint venture (“JVCo”) to be established by StarHub and M1 will leverage the existing network infrastructure of both mobile network operators (“MNOs”) and is expected to be 85% funded by debt and 15% by equity. All Opex, Capex and profits relating to the JVCo will be split between the MNOs equally.

Based on the 5G network deployment and commitment accepted by the IMDA, StarHub estimates its initial capital investment to be around \$200 million over the five-year period. Beyond the JVCo, StarHub’s 5G-related investments will include the new 5G core network, network security and resilience as well as relevant spectrum costs excluding the 3.5GHz spectrum fees that will be shared by both MNOs under the JVCo.

2Q2020 Financial & Business Highlights

The Mobile business recorded a 25.4% YoY decline in 2Q2020 revenue to \$143.4 million, primarily due to decline in global travel brought about by COVID-19 that resulted in lower IDD, roaming and Prepaid revenues; coupled with lower excess data usage, plan subscriptions and VAS revenues. Consequentially, Postpaid and Prepaid ARPU decreased to \$30 and \$10 in 2Q2020. Notably, average monthly churn rate for Postpaid in 2Q2020 lowered further in 2Q2020 to 0.8%, signalling stabilisation in the Postpaid segment during the pandemic.

On a YoY basis, Pay TV and Broadband recorded a 27.6% and 4.2% decrease in 2Q2020 revenue, respectively, to \$46.9 million and \$43.2 million. 2Q2020 ARPU lowered to \$39 from \$44 for Pay TV while Broadband ARPU lowered to \$28 from \$29, compared to 2Q2019. The lower YoY revenue and ARPU was a result of promotional activities offered in FY2019 to encourage consumers to migrate from cable to fibre.

The lower Broadband revenue was also due to a one-time 20% rebate on Home Broadband monthly fee that was extended to customers due to a service disruption in April 2020. Excluding the rebate, Broadband revenue would have declined YoY by a gentler 0.9% in 2Q2020.

Comparing 2Q2020 to 1Q2020 (“QoQ”), Pay TV revenue and ARPU rose to \$46.9 million from \$46.8 million and \$39 from \$38 respectively. Broadband revenue and ARPU

grew to \$43.2 million from \$41.7 million and \$28 from \$27 respectively. Average monthly churn rate was at historical lows for both segments, being 0.4% for Pay TV and 0.3% for Broadband. At the end of 2Q2020, Pay TV had 324,000 subscribers while Broadband held steady QoQ at 502,000 subscribers.

The Enterprise business recorded a 1.7% rise in 2Q2020 revenue to \$142.7 million from \$140.3 million in 2Q2019. Contributions from Cybersecurity services grew 10.1% in 2Q2020 to \$39.8 million from \$36.2 million a year ago. While Network Solutions recorded a 1.2% YoY decline in 2Q2020 revenue to \$102.8 million, this was a 13.8% QoQ improvement from \$90.4 million in 1Q2020.

2Q2020 revenue from sales of equipment decreased 30.1% YoY to \$77.2 million from \$110.4 million in 2Q2019 mainly due to lesser handsets sold during the Circuit Breaker period enforced from 7 April 2020 to 1 June 2020.

Other income rose \$17.3 million in 2Q2020 due mainly to the \$15.7 million in Job Support Scheme pay-outs recognised in 2Q2020.

StarHub's cash generation remains strong with a 185.1% YoY growth in 2Q2020 free cash flow to \$155.5 million from \$54.5 million in 2Q2019 mainly due to higher cash from operating activities coupled with lower Capex payments. Net Debt to EBITDA declined to 1.29x as at 30 June 2020 compared to 1.51x as at 31 December 2019.

In 1H2020, StarHub reported total revenue of \$959.6 million, a 16.5% decline compared to \$1,149.6 million in 1H2019. Service revenue declined 11.9% YoY to \$781.1 million in 1H2020 compared to \$886.7 million a year ago. Net profit for the six-month period declined 17.2% to \$77.4 million compared to \$93.5 million recorded in 1H2019.

FY2020 Updated Guidance & Dividend

Based on current business conditions and possible impact brought about by COVID-19, StarHub's FY2020 service revenue is expected to decline 10% to 12% YoY due to lower consumer revenues mainly resulting from COVID-19 measures, offset by stronger contributions from Cybersecurity Services.

Due to a change in the mix of revenue contribution and the aforementioned COVID-19 impact, Group service EBITDA margin for FY2020 is expected to be between 27% and 29%.

FY2020 Capex Commitment – excluding spectrum, 5G Capex and Capex relating to the IT Transformation – is expected to be between 6% and 8% of total revenue.

StarHub is committed to its dividend policy to pay out at least 80% of net profit attributable to shareholders (adjusted for one-off, non-recurring items), payable on a semi-annual basis. Taking into consideration short-to-mid-term cash flow requirements,

as well as results reaped from the ongoing business transformation initiatives, StarHub is declaring an interim dividend of 2.5 cents per ordinary share for 1H2020.

StarHub will take into consideration the aforementioned factors and the ongoing effect of COVID-19 for the full year in determining the final dividend for 2H2020. Based on current business conditions and operating environment, the Group expects to declare a final dividend for 2H2020 which is equal to or higher than the interim dividend of 2.5 cents.

- 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 7 August 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](#).

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