



2Q/1H2020 RESULTS

7 August 2020



FORWARD-LOOKING STATEMENTS



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.



KEY THEMES

01
**2Q2020
HIGHLIGHTS**

02
**GEARING UP
FOR 5G**

03
**GUIDANCE &
OUTLOOK**



2Q2020 HIGHLIGHTS



2Q2020 AT A GLANCE




S\$453.4M TOTAL REVENUE	↓	18.0% YoY ¹
	↓	10.4% QoQ ²
S\$376.2M SERVICE REVENUE	↓	15.0% YoY ¹
	↓	7.1% QoQ ²
S\$118.5M SERVICE EBITDA ³	↓	15.8% YoY ¹
	↓	5.8% QoQ ²
31.5% SERVICE EBITDA MARGIN	↓	0.3% pt YoY ¹
	↑	0.4% pt QoQ ²
S\$37.3M NET PROFIT <small>(Attributable to shareholders)</small>	↓	5.6% YoY ¹
	↓	7.3% QoQ ²
S\$155.5M FREE CASH FLOW	↑	185.1% YoY ¹
	↑	30.8% QoQ ²

MOBILE

 S\$143.4M REVENUE	↓	25.4% YoY ¹	S\$30 ARPU (POSTPAID)	↓	23.6% YoY ¹	1,453K SUBS (POSTPAID)	↓	1.6% YoY ¹
	↓	12.3% QoQ ²		↓	12.1% QoQ ²		↓	0.9% QoQ ²

PAY TV

 S\$46.9M REVENUE	↓	27.6% YoY ¹	S\$39 ARPU	↓	10.9% YoY ¹	324K SUBS	↓	13.2% YoY ¹
	↑	0.1% QoQ ²		↑	4.8% QoQ ²		↓	0.7% QoQ ²

BROADBAND

 S\$43.2M REVENUE	↓	4.2% YoY ¹	S\$28 ARPU	↓	2.7% YoY ¹	502K SUBS	↓	1.5% YoY ¹
	↑	3.5% QoQ ²		↑	3.3% QoQ ²		↑	0% QoQ ²

NETWORK SOLUTIONS

 S\$102.8M REVENUE	↓	1.2% YoY ¹	↑	13.8% QoQ ²
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CYBERSECURITY

 S\$39.8M REVENUE	↑	10.1% YoY ¹	↓	36.2% QoQ ²
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¹ Refers to 2Q2020 vs 2Q2019
² Refers to 2Q2020 vs 1Q2020

FINANCIAL OVERVIEW



S\$'M	2Q2020	2Q2019	Change (%)	1H2020	1H2019	Change (%)
Total Revenue	453.4	552.8	(18.0)	959.6	1,149.6	(16.5)
Service Revenue	376.2	442.4	(15.0)	781.1	886.7	(11.9)
Operating Expenses	(418.9)	(495.6)	(15.5)	(867.3)	(1,020.3)	(15.0)
Other Income	17.3	0	N.M. ³	18.8	0.1	N.M. ³
EBITDA	129.3	146.4	(11.7)	265.5	308.3	(13.9)
Service EBITDA¹	118.5	140.8	(15.8)	244.2	290.4	(15.9)
Service EBITDA Margin (%)	31.5	31.8	(0.3) % pts	31.3	32.8	(1.5) % pts
Net Profit After Tax <i>Attributable to shareholders</i>	37.3	39.5	(5.6)	77.4	93.5	(17.2)
Free Cash Flow²	155.5	54.5	185.1	274.6	75.9	N.M. ³
	As at 30 June 2020			As at 31 March 2020		
Net Debt to EBITDA (x)	1.29			1.40		

- Other Income growth was mainly due to \$15.7M Job Support Scheme payouts recognised in 2Q2020, other income grant and recovery of tunnel fees from TPG in 1H2020
- Higher free cash flow due to higher cash from operating activities and lower Capex payments

¹ Service EBITDA = EBITDA less (Sales of Equipment – Cost of Equipment)

² 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

³ N.M. denotes Not Meaningful

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

YOY PERFORMANCE & COMMENTARY

QOQ PERFORMANCE

POSTPAID
ARPU



- Lower postpaid ARPU due to lower roaming, VAS and data usage revenues as a result of COVID-19 impact



POSTPAID
SUBS (K)



- Average monthly churn rate in 2Q2020 was 0.8% (1Q2020: 1.0%; 4Q2019: 1.1%; 2Q2019: 1.1%)



PREPAID
ARPU



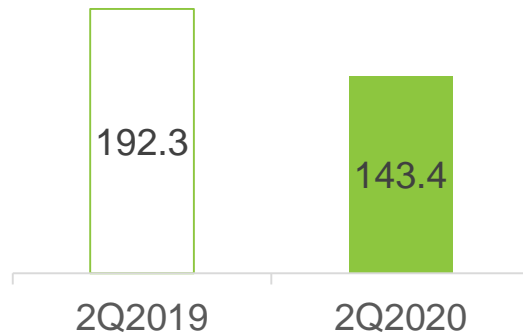
- Lower prepaid subscriber base due to overall drop in tourist numbers as a result of COVID-19



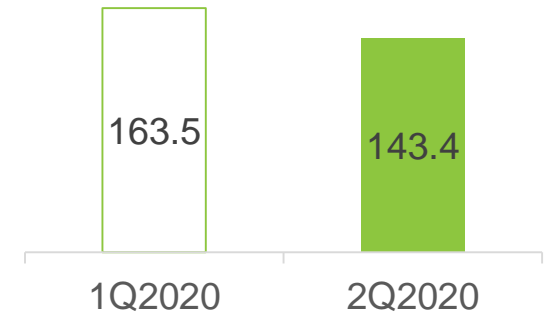
PREPAID
SUBS (K)



SEGMENT
REVENUE
(S\$'M)



- Mobile service revenue declined 25.4% due to decrease in
 - Postpaid ARPU;
 - Prepaid revenues;
 - Offset by higher voice usage



- Overall average data usage was 10.0Gb (1Q2020: 10.6Gb; 4Q2019: 9.9Gb; 2Q2019: 7.5Gb)

YOY PERFORMANCE & COMMENTARY

ARPU

S\$44

S\$39

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

SUBS (K)

374

324

- 1Q2020 average monthly churn rate reduced to 0.4% (1Q2020: 0.5%; 4Q2019: 0.7%; 2Q2019: 2.1%)

SEGMENT REVENUE (S\$'M)

64.7

46.9

- YoY revenue decrease due to lower ARPU and subscriber base

2Q2019

2Q2020

QOQ PERFORMANCE

S\$38

S\$39

327

324

46.8

46.9

1Q2020

2Q2020

YOY PERFORMANCE & COMMENTARY

QOQ PERFORMANCE

ARPU



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



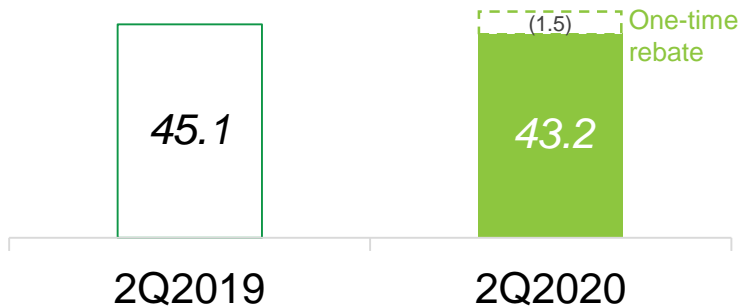
SUBS (K)



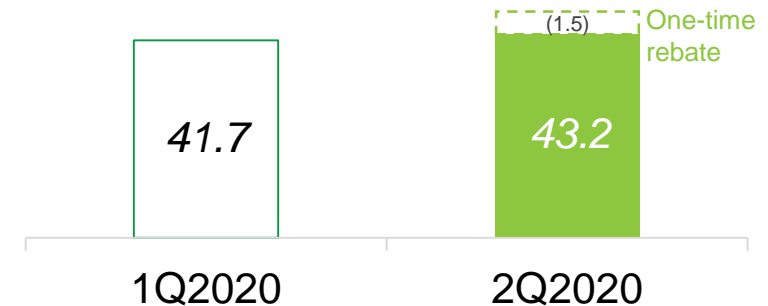
- 1Q2020 average monthly churn rate reduced to 0.3% (1Q2020: 0.4%; 4Q2019: 0.5%; 2Q2019: 1.0%)



SEGMENT REVENUE (\$'M)

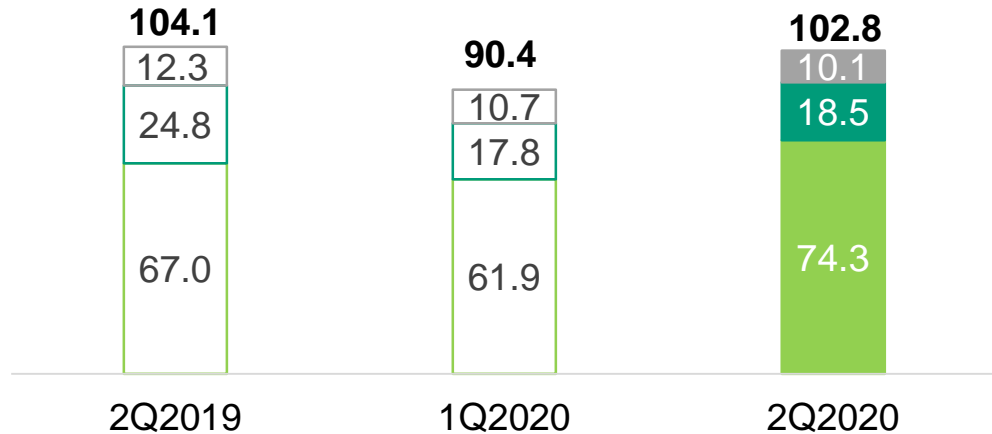
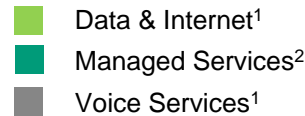


- YoY revenue decrease due to lower ARPU achieved
- Recognised one-time rebate extended to customers due to service disruption in April 2020



NETWORK SOLUTIONS

SEGMENT REVENUE (S\$'M)



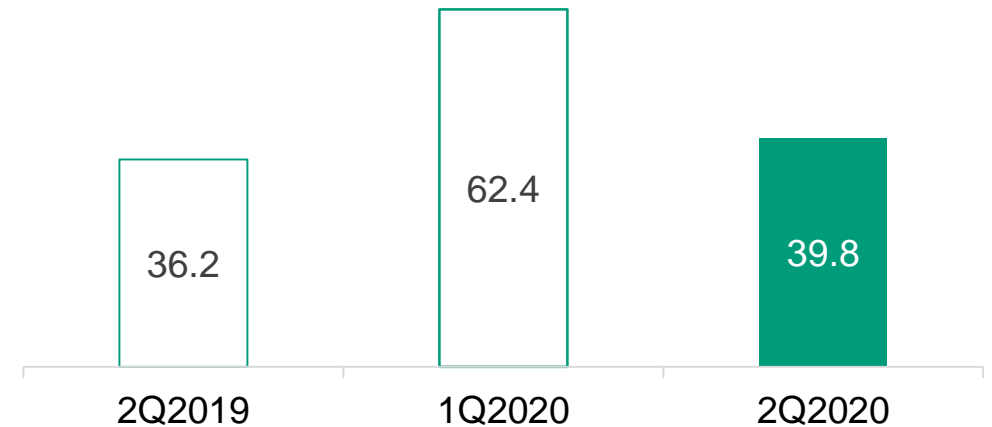
- Higher YoY Data & Internet revenue due to one-off \$10M revenue from delivery of data transmission equipment
- Managed Services revenue declined YoY due to fewer project completions during the quarter and delayed customer spending resulting from COVID-19 but recovered slightly on a QoQ basis
- Lower Voice Services YoY due to lower domestic and international voice traffic resulting from COVID-19 impact

¹ SmartUC & SIP Trunking have been reclassified from Data & Internet to Voice Services

² Managed Services include Analytics, Cloud, ICT solutions and Facility Management

CYBERSECURITY SERVICES

SEGMENT REVENUE (S\$'M)

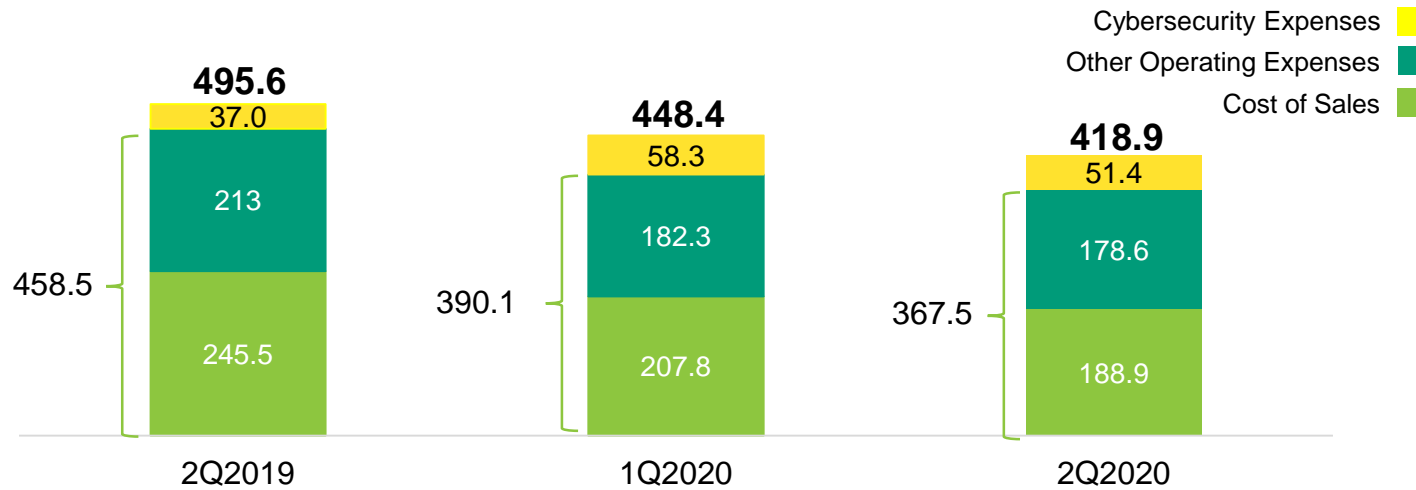


- 10.1% YoY growth largely contributed by the consolidation of Ensign from 4Q2018 and higher business demand
- Lower QoQ revenue growth due to more project completions in 1Q2020
- Widening of 2Q2020 Cybersecurity operating losses to \$7.0M compared to a \$1.0M loss in 2Q2019; 1H2020 operating losses narrowed to \$2.1M from a loss of \$12.4M in 1H2019

OPERATING EXPENSES

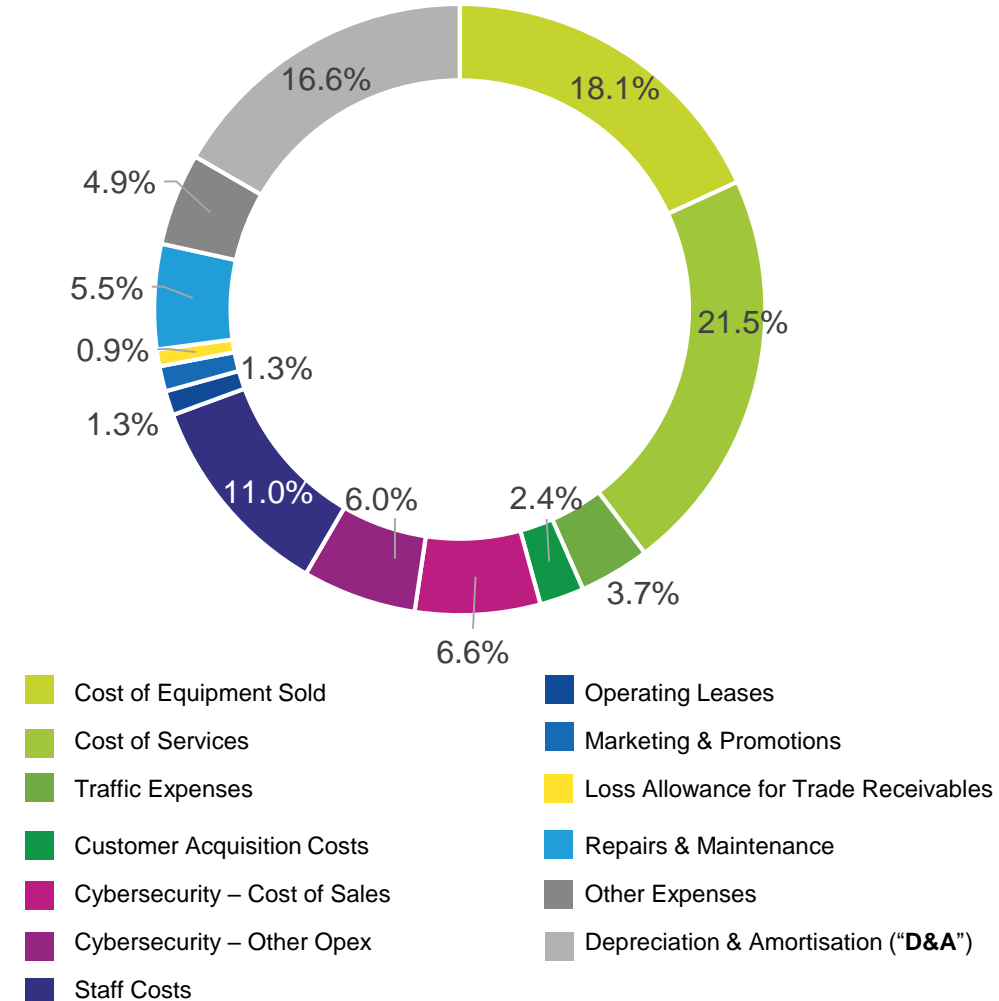


OPERATING EXPENSES (S\$'M)



- Excluding cybersecurity expenses, 2Q2020 Opex declined 19.8% YoY and 5.8% QoQ
- Absence of one-off cable migration cost in 2Q2019 contributed to YoY decrease in cost of services
- 2Q2020 staff cost lowered YoY due to (i) lower headcount; (ii) reversal of staff compensation; (iii) reversal of structuring costs relating to IT transformation
- Lower YoY 2Q2020 operating leases due to (i) rental rebates from COVID-19 stimulus package; (ii) reversal of base station rental accruals; (iii) one-off refund from landlord
- 2Q2020 D&A lowered YoY due to (i) cessation of a large in 4Q2019 and cable duct lease in 1Q2020; (ii) lower PPE depreciation due to shutdown of HFC network in 3Q2019

1H2020 COST STRUCTURE (S\$'M)



D.A.R.E. TRANSFORMATION PROGRESS



SUSTAINED COMMITMENT TO TRANSFORMATION

75% Of 3-Year Cost Programme Executed
As at 2Q2020



DELIVERING

Market-Leading Customer Experiences



ACCELERATING

Value Creation from Core Businesses



REALISING

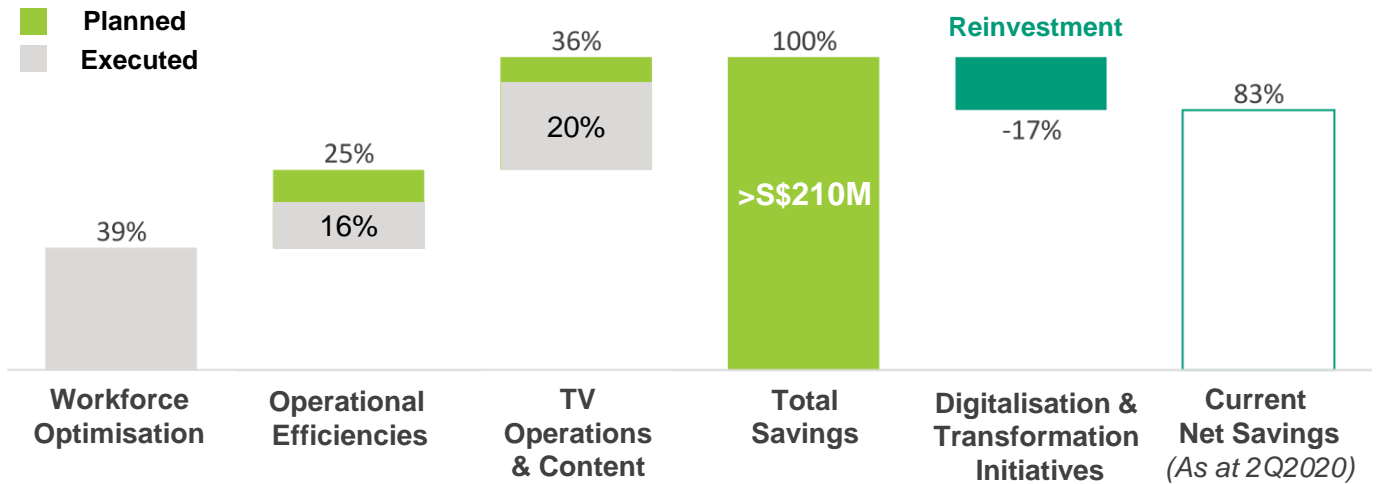
Growth from New Opportunities



ENHANCING

Efforts to Transform Digitally

FY2019-2021 Potential Savings & Reinvestment

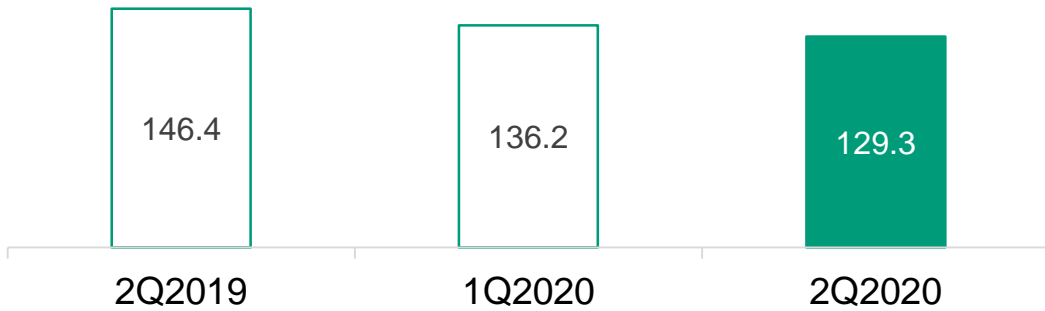


- Progress since 4Q2019 update:
 - Greater procurement savings from renegotiation of expiring contracts
 - Lowered content cost in line with Pay TV transformation to move towards a variable cost structure
- Staff costs savings relating to IT transformation expected in FY2020
- Continue to reinvest cost savings into digitalisation and transformation initiatives to ensure long-term competitiveness

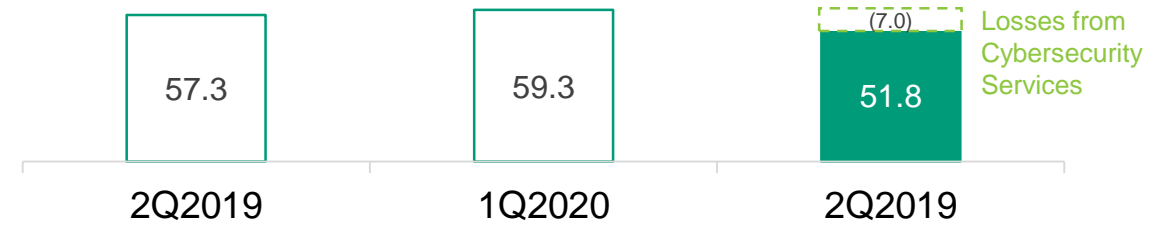
PROFIT HIGHLIGHTS



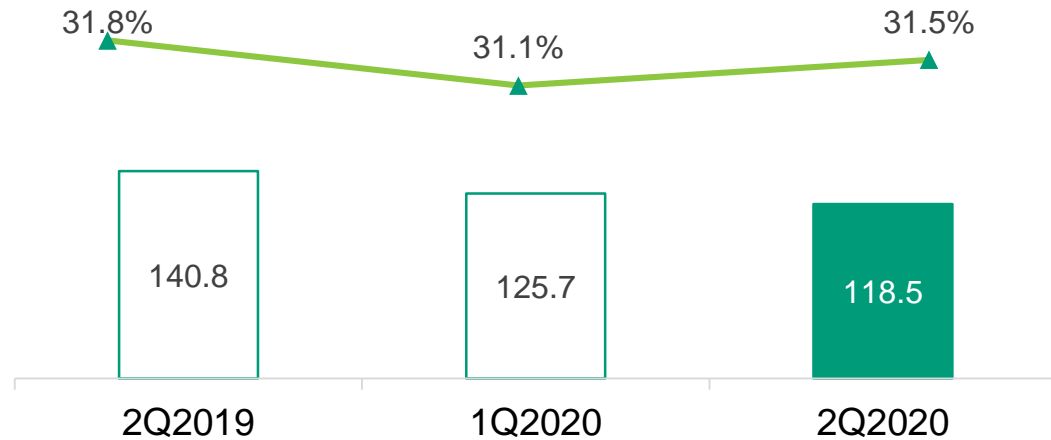
EBITDA (S\$'M)



PROFIT FROM OPERATIONS (S\$'M)

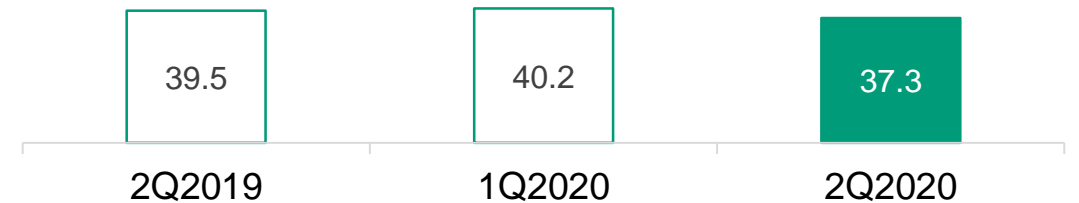


SERVICE EBITDA (S\$'M) / MARGIN (%)



NET PROFIT (S\$'M)

(ATTRIBUTABLE TO SHAREHOLDERS)

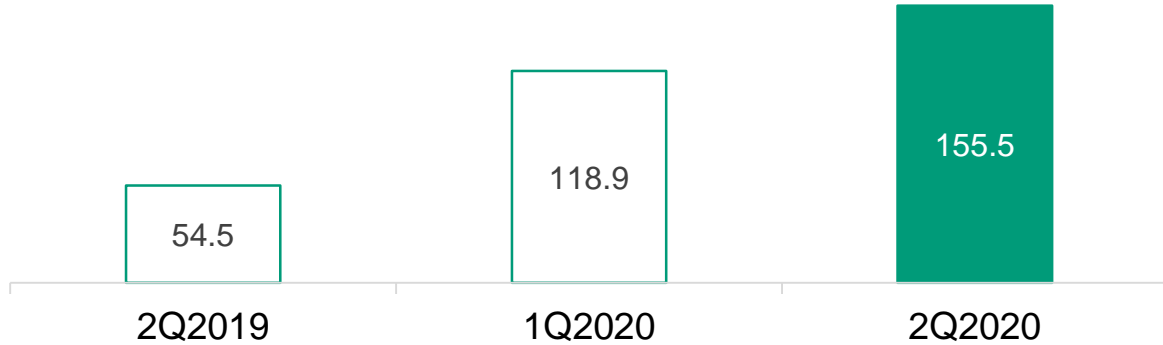




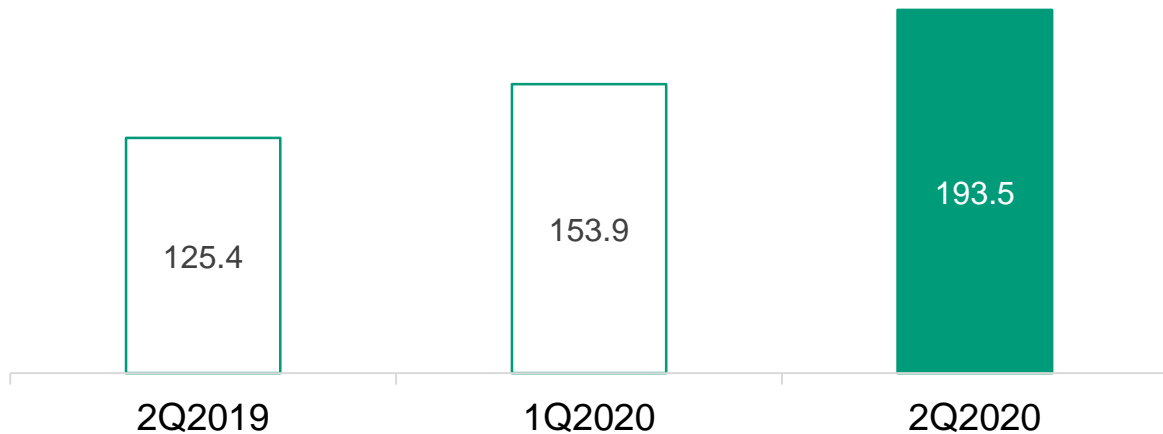
STRONG BALANCE SHEET & CASH GENERATION



Free Cash Flow (S\$'M)

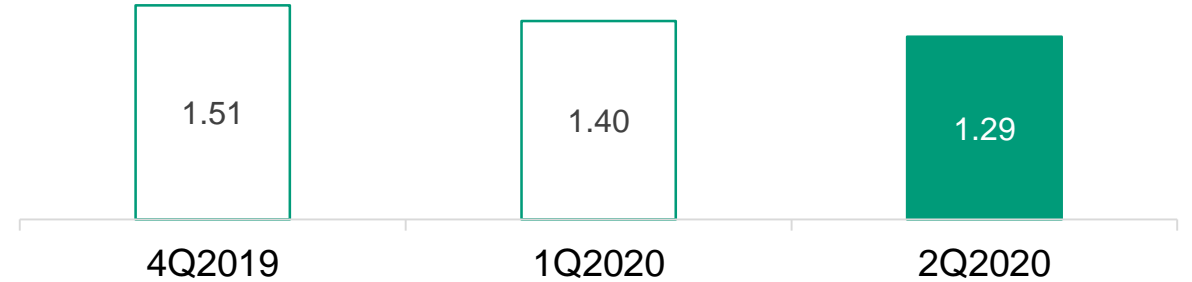


Net Cash From Operating Activities (S\$'M)



Prudent Capital Management

Net Debt To EBITDA (x)



- **Spectrum payments likely in 3Q2020:**
 - 3.5GHz spectrum payment of S\$27.5M (StarHub's 50% share)
 - mmWave annual spectrum fee of ~S\$1.2M likely to be paid in 3Q2020
- **No refinancing required until 2022**
 - Secured S\$300M of committed term loan facilities to refinance current borrowings due for repayment
 - Additional \$300M of committed revolving credit facilities secured for drawdown when required
- **Healthy debt headroom to tap growth opportunities**

GEARING UP FOR 5G





5G

2020



June 2020

- 5G draft licences & spectrum rights obtained
- Nokia selected for JV's 5G RAN and StarHub's 5G core network



By 2020

Commence 5G rollout

2021



Expected 5G commercial launch

2022



By End-2022

SA networks to cover at least half of Singapore

2025

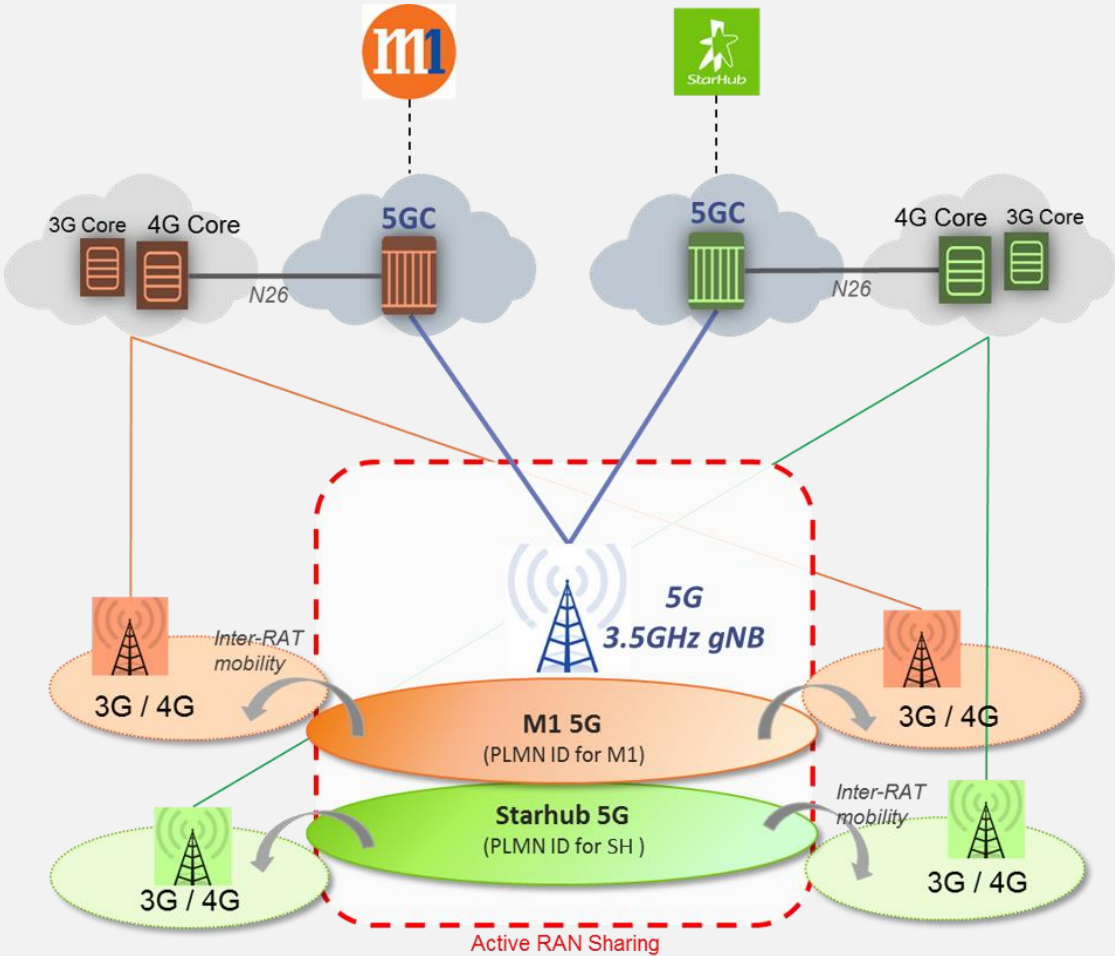


Achieve nationwide coverage in 5 years

AN EFFICIENT, FUTURE-PROOF NETWORK



Singapore's First Shared Active Radio Network



1 / ACTIVE RADIO NETWORK SHARING

- Efficient use of resources; cost-efficient rollout
- Combined site pool, shared 3.5GHz spectrum, antenna, radio base station equipment and transmission backhaul

2 / MULTI-OPERATOR CORE NETWORK (MOCN)

- Separate Core Network, Service Platform, BSS
- Enables service differentiation and promotes competition

3 / 5G SA ARCHITECTURE AT THE ONSET

- Two 5G Core networks
- Full 5G capabilities, highly secured, reliable and responsive

4 / ADHERES TO 3GPP RELEASE 16 STANDARDS

- Supports diverse 5G use cases – e.g. enhanced Mobile Broadband (eMBB), Ultra-Reliable Low Latency Communications (URLLC), massive Machine Type Communications (mMTC), Network-slicing, Multi-Access Edge Computing (MEC), Voice over New Radio (VoNR)

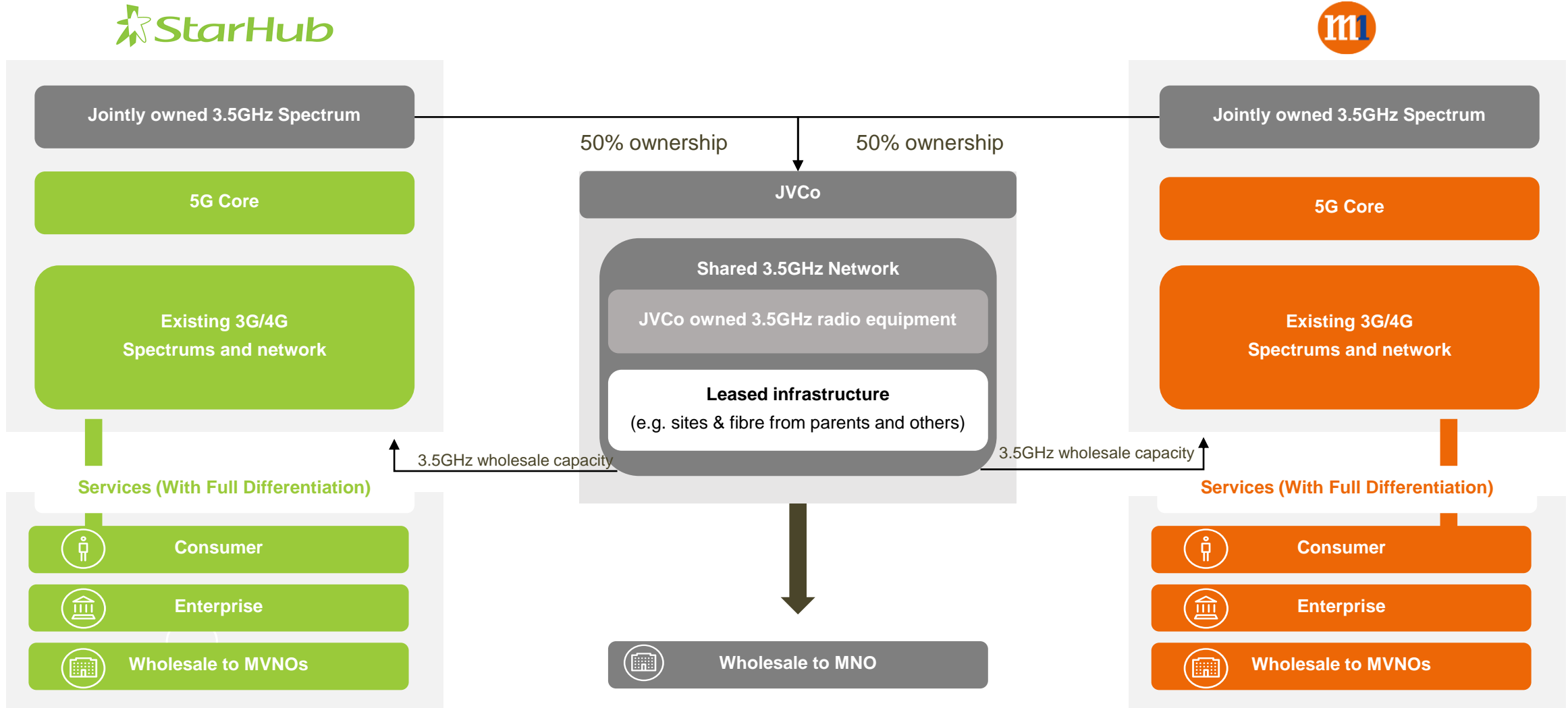
5 / SEAMLESS MIGRATION TO 5G

- Interworking with existing 3G/4G network
- Voice & Data continuity between 5G & legacy networks

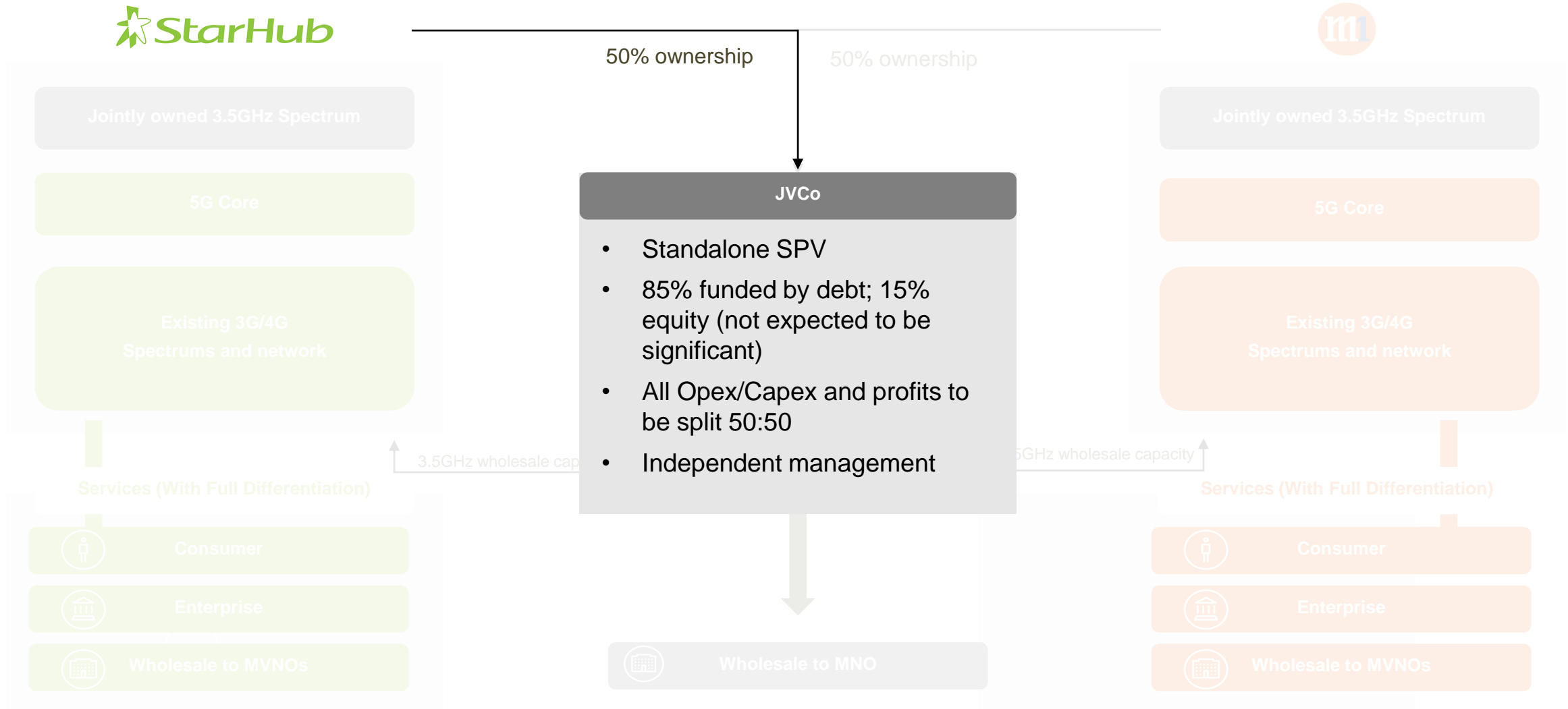
NETWORK COLLABORATION



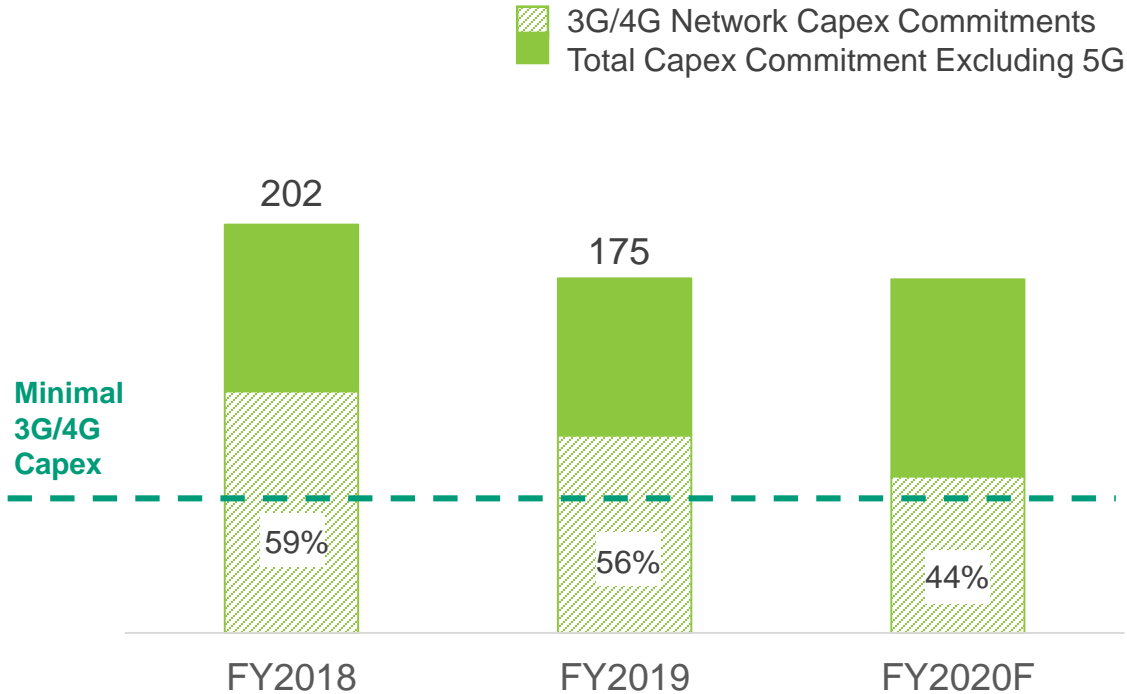
Harnessing efficiencies while retaining full service differentiation



JVCo Funding / Cost-Sharing



NON-5G NETWORK CAPEX COMMITMENTS (S\$'M)



- **Progressive reduction on capex spent on legacy networks over last few years**
 - To maintain minimal level of Capex (regulatory obligations) required for legacy networks moving forward
 - Cumulative capex savings to be redirected for 5G network
- **5G capex to be incurred progressively over 5 years**
 - Based on the 5G network deployment and commitment accepted by the IMDA, initial capital investment is estimated to be ~\$200 million over the five-year period
 - Additional 5G investments may be considered as driven by business demand

GROWING MOMENTUM: 5G DEVICES

>112

5G Devices
Available Globally¹

296

Oncoming 5G Devices
Announced¹

GLOBAL 5G PHONE SHIPMENTS²

19M

2019

~200M

2020

¹ Source: Global Mobile Suppliers Association – “5G Devices Ecosystem: Member Report June 2020”; As at end-May 2020

² Source: CNET, 20 February 2020 – “200 million 5G phones are expected in 2020, analysts say”

EMPOWERING NEW POSSIBILITIES

MOBILE CLOUD GAMING

- High speed, seamless experience
- Low Latency = No Lag

AR/VR

- Immersive experiential events / live concerts
- VR gaming
- Security clearance (face recognition)

FWA

- Enterprise wireless service – quick, easy and secure
- Stable & high-res multi-party video conferences

MASSIVE IOT CONNECTIVITY

- Real-time data connections for thousands of IoT machines

ARTIFICIAL INTELLIGENCE

- Production line monitoring, control and operations for Industry 4.0
- Real-time analytics for drone surveillance

NURTURING THE 5G ECOSYSTEM



StarHub 5G Pop-Up Showcase

- Powered by Singapore's first 5G COW
- 4 experiential areas:
 - **Cloud gaming**
 - **Fixed Wireless Access**
 - **Multi-Party Video Conference:**
 - **Augmented Reality**



Pilot VR and AI solutions for applications relating to construction, education, autonomous vehicles, etc



NYP-StarHub 5G Apex Centre focusing on Industry 4.0 applications (e.g. Manufacturing AI, retail video analytics, remote patient monitoring)



5G SA roaming trials

1 **GSMA Roundtable**
Future of 5G; accelerating 5G adoption

2 **American Chamber of Commerce**
Network Security





3 **Asia 5G – KPMG**
Outline of Telecom operators on 5G Perspective

GUIDANCE & OUTLOOK



GUIDANCE CHECKLIST



	SUSPENDED	UPDATED	
SERVICE REVENUE	 1% - 3% YoY	 10% - 12% YoY	Lower consumer revenues due to COVID-19 impact; offset by stronger Cybersecurity contributions
SERVICE EBITDA MARGIN¹	27% - 29%	27% - 29%	No Change
CAPEX COMMITMENT²	6% - 7% Of Total Revenue	6% - 8% Of Total Revenue	Excluding spectrum, 5G Capex and IT Transformation Capex
DIVIDEND/SHARE	9.0 cents FY2020 Dividend, payable semi-annually	2.5 cents 1H2020 Dividend Declared	Committed to dividend policy; Based on current business conditions and operating environment, 2H2020 final dividend is expected to be ≥2.5 cents

¹ Service EBITDA margin after SFRS(I)16 adoption

² Excluding spectrum

GROWTH PRIORITIES





Hello
remote office

Hello
Gaming

Hello next level
Augmented Reality

2Q/1H2020 RESULTS

7 August 2020

StarHub
5G

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