



4Q/FY2020 Results

19 February 2021





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

RESULTS HIGHLIGHTS

03

TRANSFORMATION UPDATES

02

**BUSINESS PERFORMANCE &
HIGHLIGHTS**

04

GUIDANCE & OUTLOOK



RESULTS HIGHLIGHTS

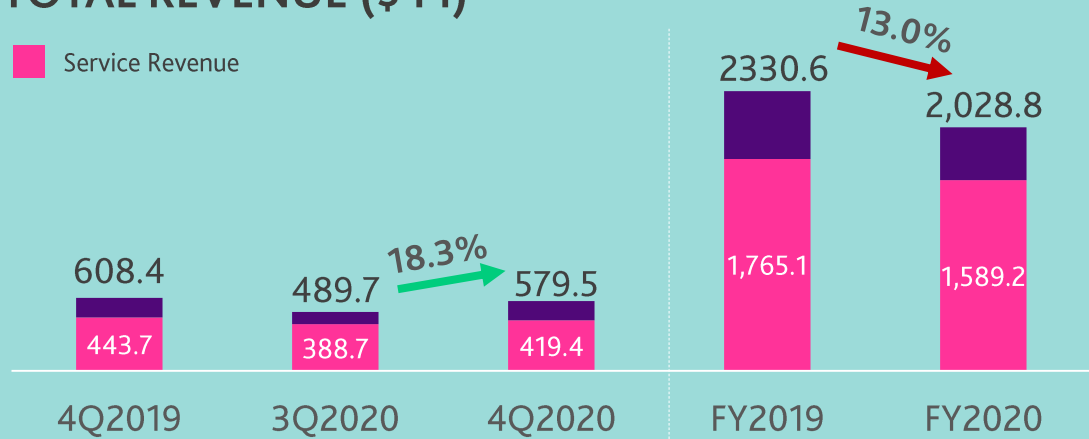
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FY2020 HIGHLIGHTS

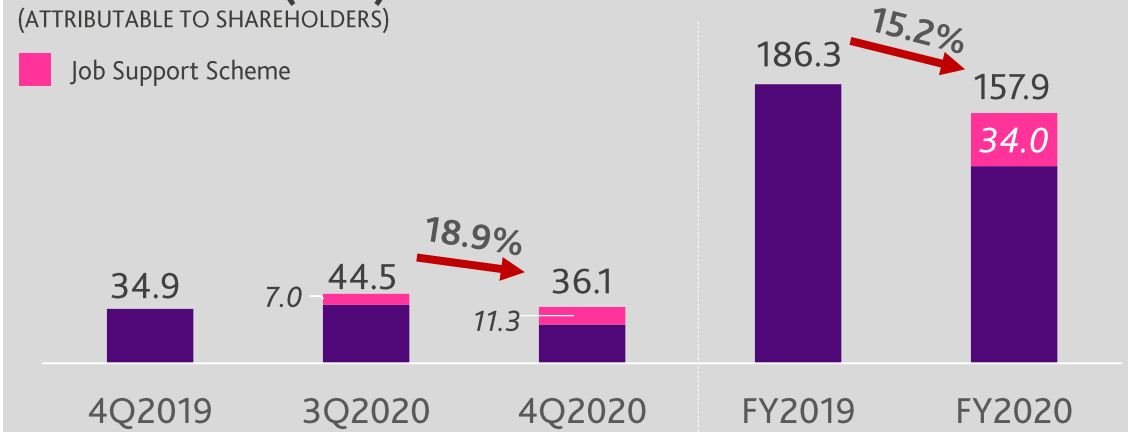
TOTAL REVENUE (\$'M)

Service Revenue

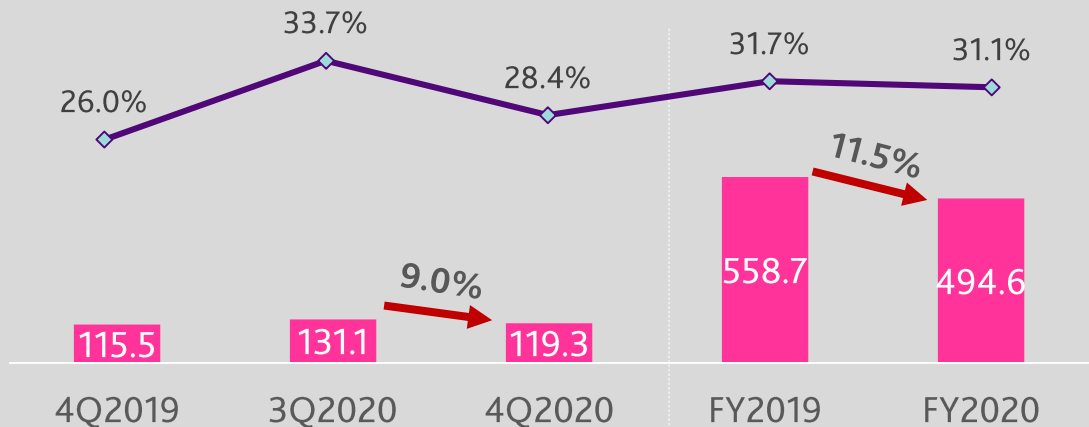


NET PROFIT (\$'M) (ATTRIBUTABLE TO SHAREHOLDERS)

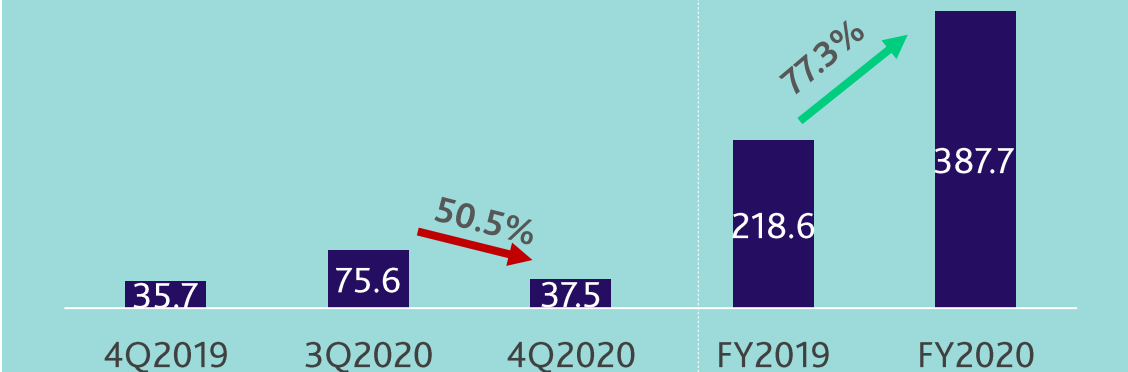
Job Support Scheme



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



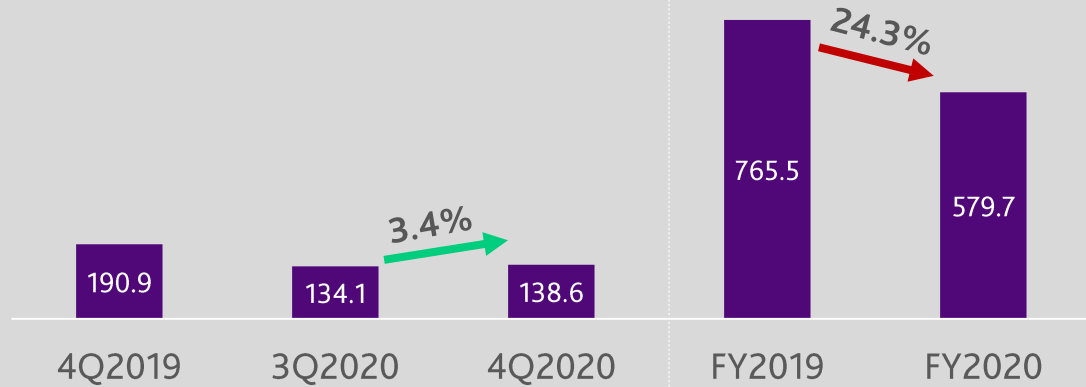
FREE CASH FLOW (\$'M)



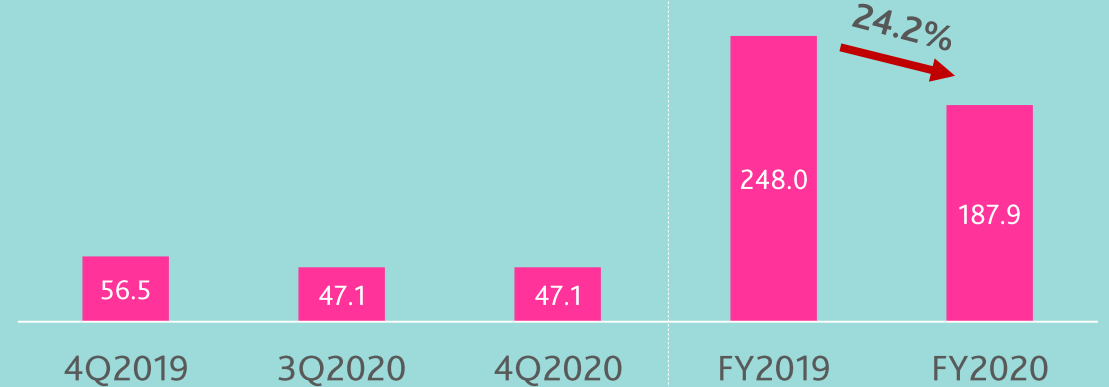


SEGMENTAL REVENUE

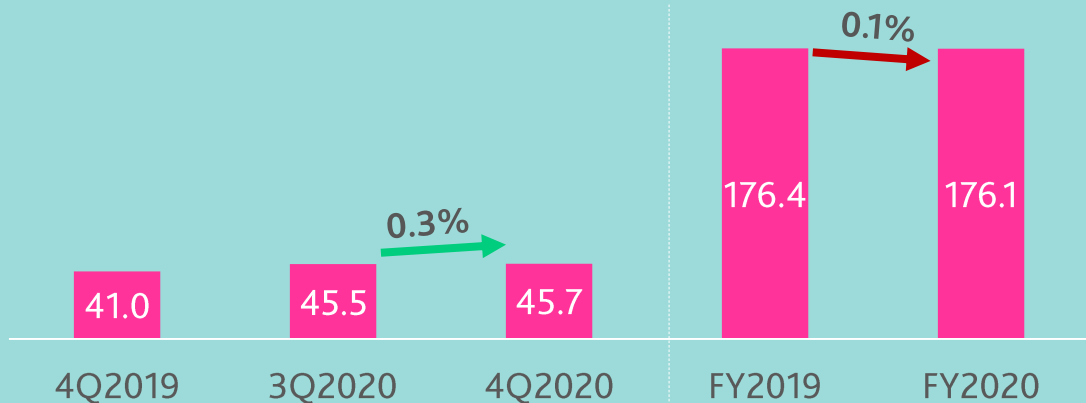
MOBILE (\$'M)



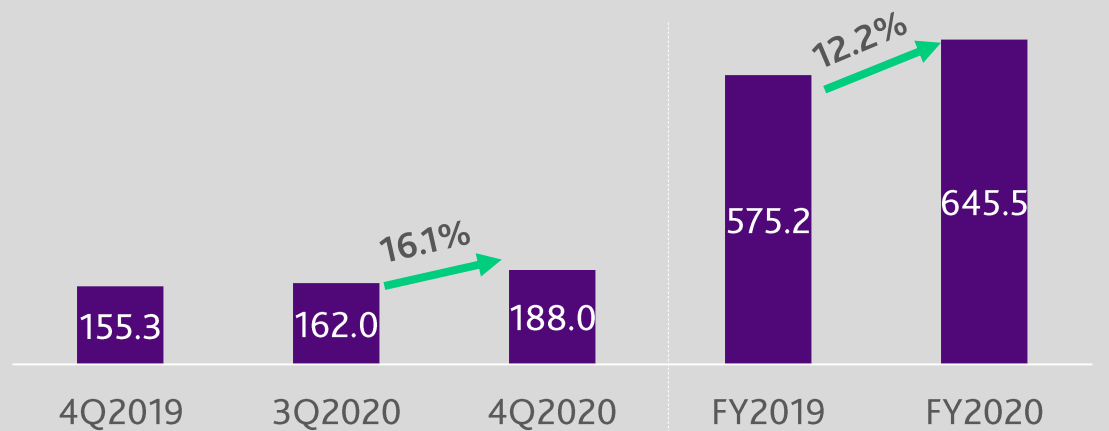
PAY TV (\$'M)



BROADBAND (\$'M)





ENTERPRISE (\$'M)





FY2020 GUIDANCE CHECKLIST

	ACTUAL	GUIDANCE	
SERVICE REVENUE	 10.0% YoY	 10% - 12% YoY	Within Expectations
SERVICE EBITDA MARGIN	31.1%	27% - 29%	Exceeded Expectations
CAPEX COMMITMENT ¹	4.4% Of Total Revenue	6% - 8% Of Total Revenue	Better-Than-Expected
DIVIDEND /SHARE	2.5 cents Final Dividend	≥2.5 cents Final Dividend	Within Expectations

¹ Excluding spectrum, 5G Capex and IT Transformation Capex.



STRONG BALANCE SHEET

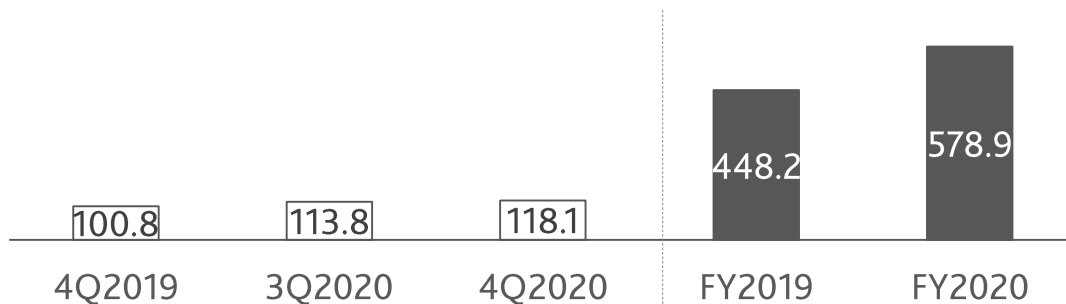
NET DEBT TO EBITDA

1.41x

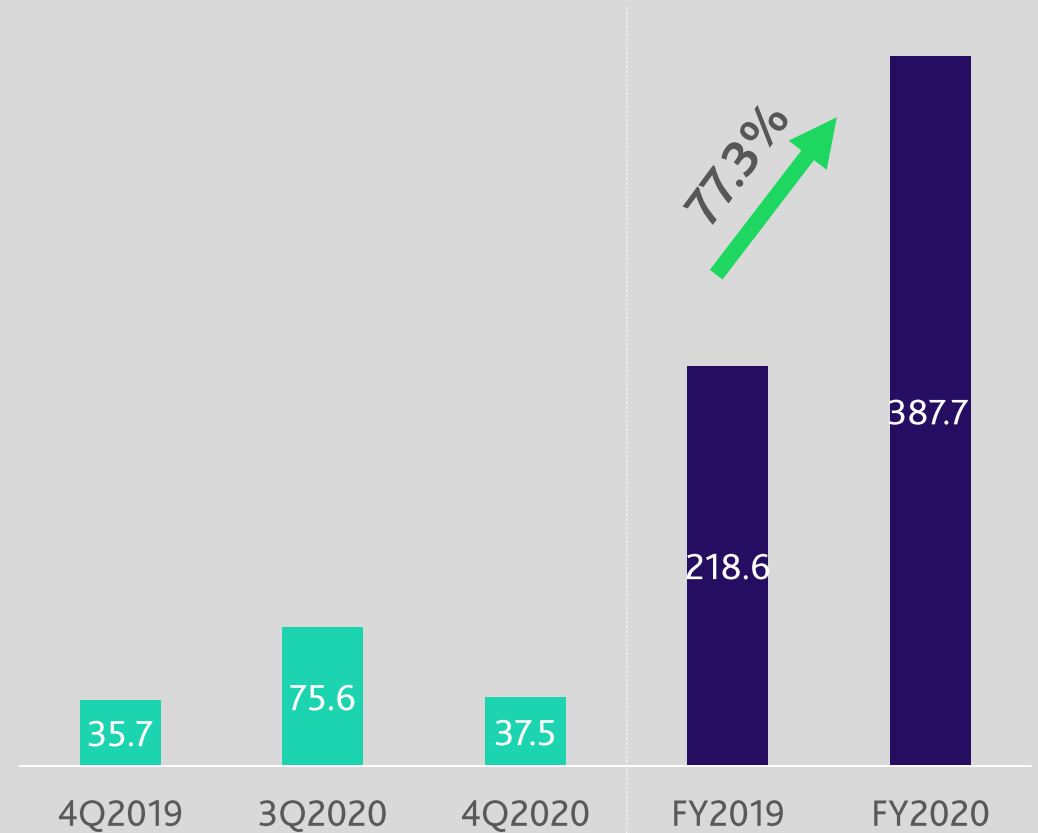
FY2020 DIVIDEND

5.0 cents/share

NET CASH FROM OPERATING ACTIVITIES (\$'M)



FREE CASH FLOW (\$'M)





FINANCIAL OVERVIEW

S\$'M	4Q2020	4Q2019	Change (%)	FY2020	FY2019	Change (%)
Total Revenue	579.5	608.4	(4.8)	2,028.8	2,330.6	(13.0)
Service Revenue	419.4	443.7	(5.5)	1,589.2	1,765.1	(10.0)
Operating Expenses	537.1	563.8	(4.7)	1,838.9	2,085.8	(11.8)
Other Income	13.4	1.9	N.M. ³	41.4	11.0	N.M. ³
EBITDA	129.3	138.4	(6.6)	537.8	617.1	(12.9)
EBITDA Margin (%)	22.3	22.7	(0.4)% pts	26.5	26.5	-
Service EBITDA¹	119.3	115.5	3.3	494.6	558.7	(11.5)
Net Profit After Tax <i>Attributable to shareholders</i>	36.1	34.9	3.5	157.9	186.3	15.2
Capex Commit⁴	35.1	80.5	(56.4)	88.7	175.3	(49.4)
Capex Cash Payment	80.6	65.1	24.0	191.2	229.5	(16.7)
Capex Commit⁴ / Total Revenue (%)	6.1	13.2	(7.1)% pts	4.4	7.5	(3.1)% pts
Free Cash Flow²	37.5	35.7	4.9	387.7	218.6	77.3
	As at 31 December 2020			As at 31 December 2019		
Net Debt to EBITDA (x)	1.41			1.51		

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

⁴ Capex Commit excludes 5G Capex, IS Transformation Capex and spectrum right

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



TRANSFORMATION UPDATES

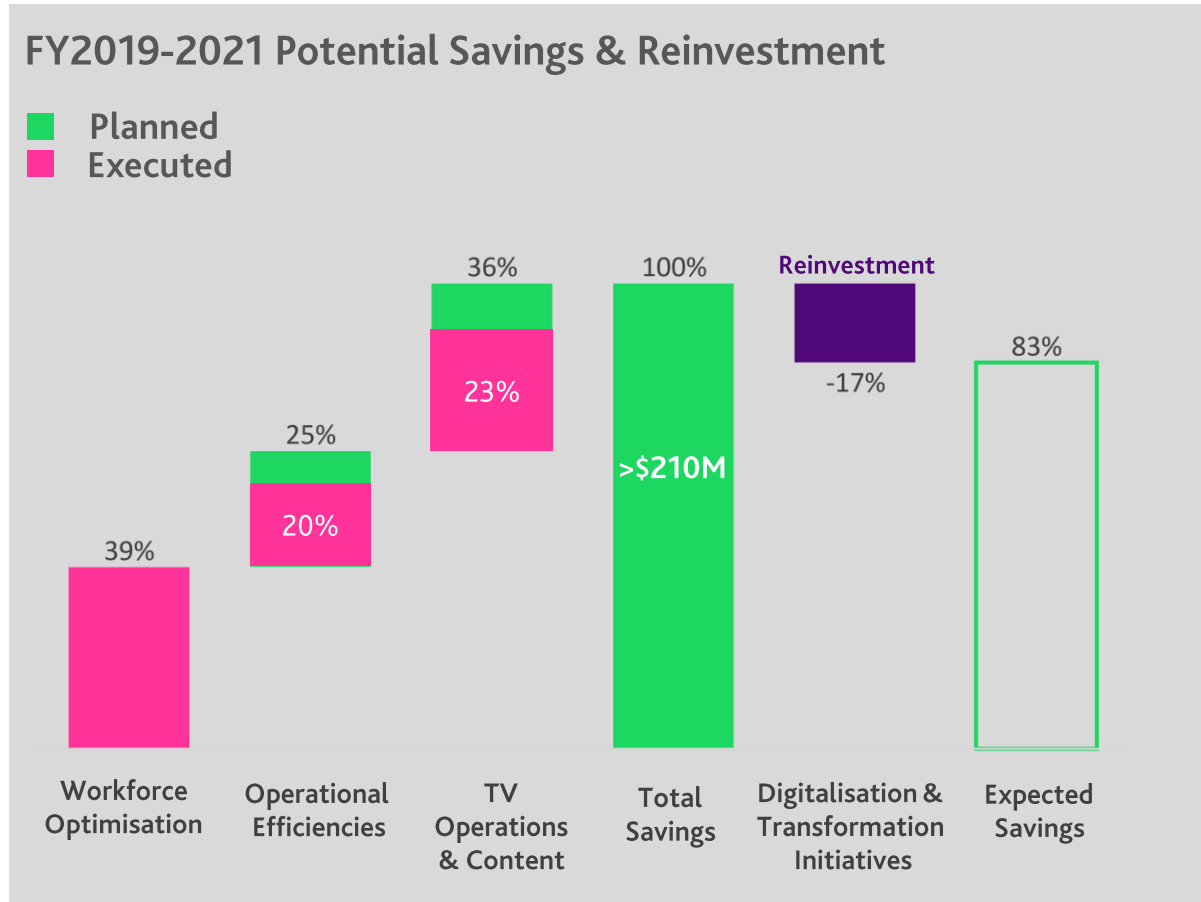
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D.A.R.E. TRANSFORMATION

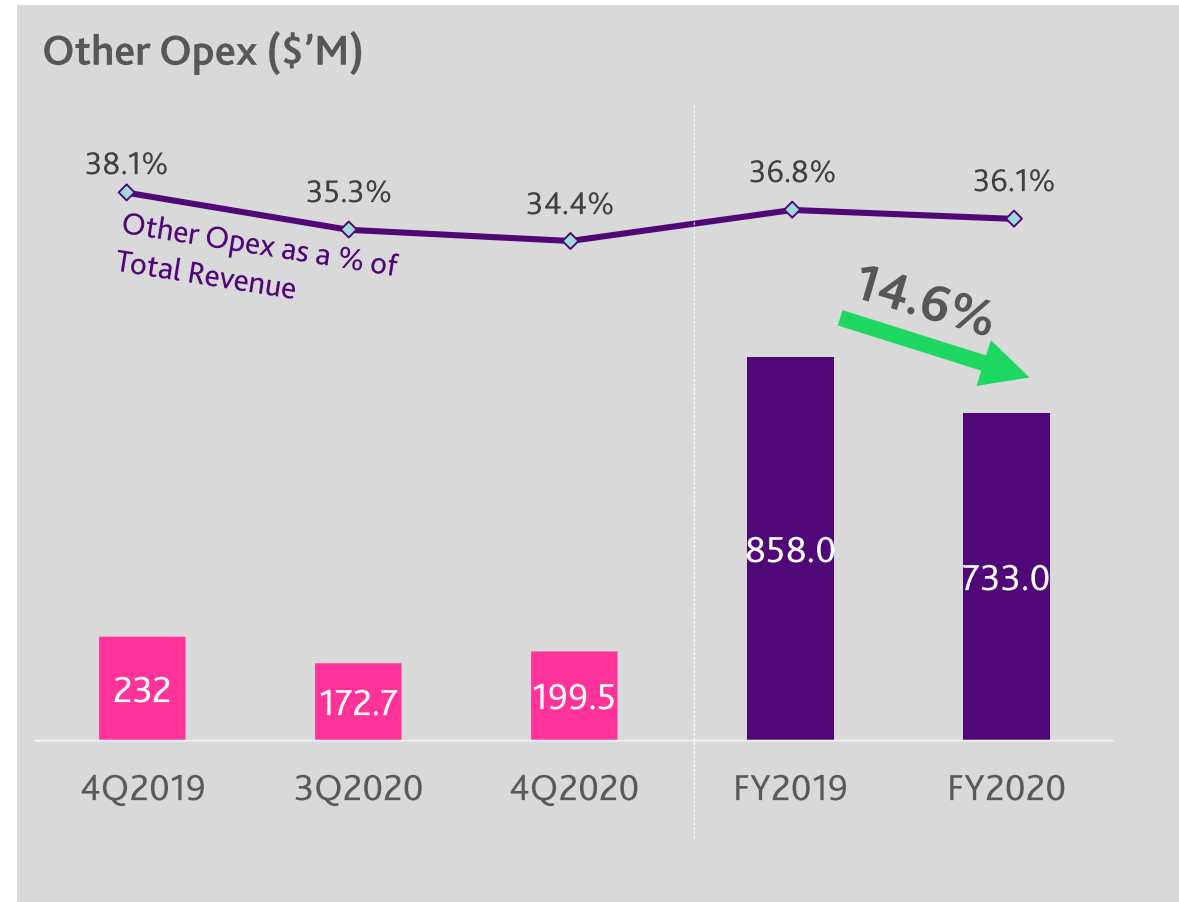
82% Executed

As at 4Q2020



Well-Managed Opex

Excludes Cost of Sales and Opex relating to Cybersecurity & Regional ICT Services





D.A.R.E. TRANSFORMATION

FY2020 ACHIEVEMENTS (As at 31 December 2020)



DELIVERING

Market-Leading
Customer Experiences

- First to launch 5G NSA in Singapore with widest nationwide coverage¹
- Strong traction for experiential 5G Mobile+ & Biz+ plans
- Sustained momentum for transparent 4G Hello Change plans (majority of postpaid subscriber base)
- StarHub TV+ marks significant leap forward for Pay TV content delivery transformation
- 24.5% YoY incremental improvement in NPS
- Matured chatbot as an online touchpoint to automate customer support with >80% accuracy



ACCELERATING

Value Creation from
Core Businesses

- Ongoing digitalisation & simplification of processes to drive operational efficiencies
- 11.8% incremental YoY reduction in Opex
- >\$210M savings identified; 82%
- Made further inroads to convert Pay TV content providers to a variable cost model
- Greater procurement savings from renegotiation of expiring contracts
- Established strategic partnerships with global partners to augment Enterprise network offerings



REALISING

Growth from
New Opportunities

- 51.4% YoY Cybersecurity revenue growth in FY2020
- \$33.2M revenue contribution from Strateq following completion of acquisition in July 2020
- Pursue strategic partnerships to empower new 5G experiences for consumers
- Active trials with Enterprise customers, industry and tech partners to develop 5G use cases
- Continue to seek growth opportunities through synergistic M&A for greater diversification and to bolster Enterprise capabilities



ENHANCING

Efforts to Transform
Digitally

- Approx. 5x YoY growth in giga! subscriber base; maintained highest NPS in market
- Commenced IT Transformation in 3Q2020, which will be the backbone to StarHub's digital strategy (see next slide for more details)

¹As at September 2020



IT & DIGITAL TRANSFORMATION

FY2020 ACHIEVEMENTS (As at 31 December 2020)

FY2020 ACHIEVEMENTS

Leading Digital Customer Experiences

DIGITAL SALES



+32%

Digital Sales Transaction¹
YoY Growth



>60%

Conversion Rate
Improvement recorded after
consumer digital sales journey
simplification

DIGITAL SERVICE



>12%

Monthly Active Users¹
YoY Growth



>3M

Service Transactions
(App & Web service platforms)

LEAN & AUTOMATED PROCESSES

>70

Core manual processes automated through
RPA, saving thousands of hours per month

KEY OBJECTIVES

01

Personalised, Predictive
Customer Experience;
Zero Touch Products &
Customer Journey

02

Extract Value From Rich Data
Assets;
Product-Driven Design

03

Faster Time-To-Market;
Scalability & Flexibility

04

Simplify Process & Operations;
Improve Cost Efficiency

FURTHER COST SAVINGS

OPPORTUNITIES IDENTIFIED

- Lower commission cost with increased migration to online touchpoints
- Lower operating leases with a more effective retail footprint
- Lower staff costs from simplified and streamlined processes, rightsourcing and embracing digitalisation
- Partnership model for IT Transformation allows for lower repairs & maintenance expenses and licence fees
- Sustainable mid-to-long term IT support cost savings
- Further cost savings to be identified with ongoing process and organisation reviews



BUSINESS PERFORMANCE & HIGHLIGHTS

STARHUB



MOBILE

FY2020 YOY PERFORMANCE & COMMENTARY

QOQ PERFORMANCE

POSTPAID
ARPU



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

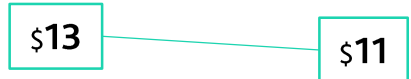
POSTPAID
SUBS (K)



- Average monthly churn rate in 4Q2020 was 1.2% (3Q2020: 1.1%; 4Q2019: 1.1%)

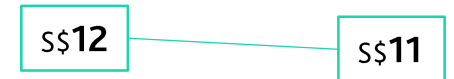


PREPAID
ARPU

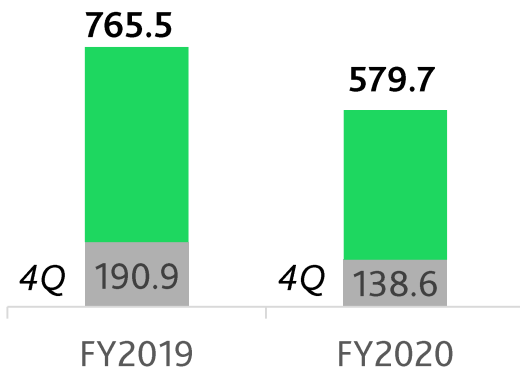


- Lower Prepaid subscriber base due to overall drop in tourist numbers as a result of COVID-19

PREPAID
SUBS (K)

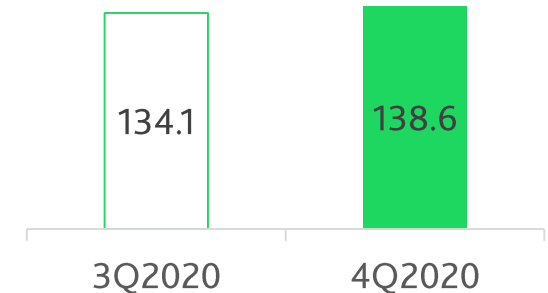


SEGMENT
REVENUE
(S\$'M)



- Mobile service revenue declined 24.3% due to decrease in
 - Postpaid ARPU;
 - Prepaid revenues (lower data subscriptions, prepaid expired credit & IDD);
 - Offset by higher SMS usage & higher plan subscriptions

- Overall average data usage continued to grow to reach 12.3Gb in 4Q2020 (3Q2020: 11.4Gb; 4Q2019: 9.9Gb)

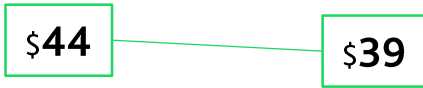




FY2020 YOY PERFORMANCE & COMMENTARY

QOQ PERFORMANCE

ARPU



- Subscriber base has remained relatively stable since the completion of the cable-to-fibre migration in September 2019, declining 0.6% on average per month



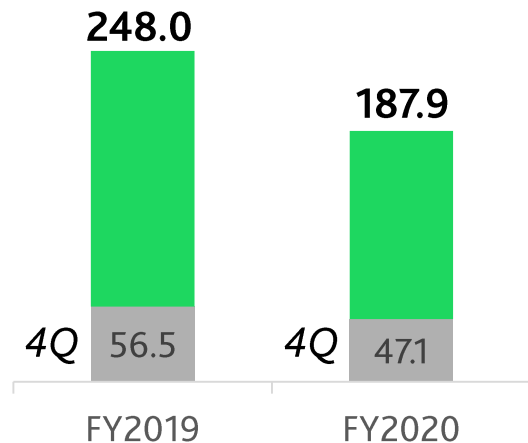
SUBS (K)



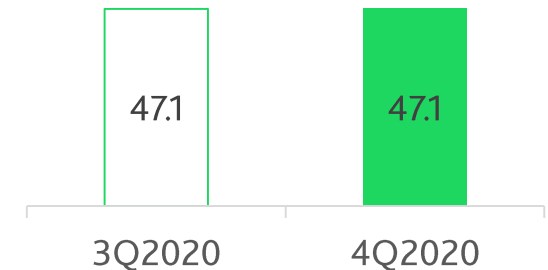
- Average monthly churn rate in 4Q2020 was 0.9% (3Q2020: 0.7%; 4Q2019: 0.7%)



SEGMENT REVENUE (\$'M)



- YoY revenue decrease mainly due to:
 - Lower subscriber base relating to the cable-to-fibre migration in FY2019
 - Lower commercial TV revenue and advertising spend by Enterprise customers on the back of a more cautious business outlook resulting from COVID-19





BROADBAND

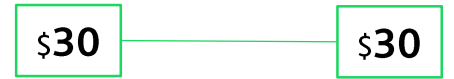
FY2020 YOY PERFORMANCE & COMMENTARY

QOQ PERFORMANCE

ARPU



- Stable ARPUs achieved due to reduced subscription discounts extended to customers



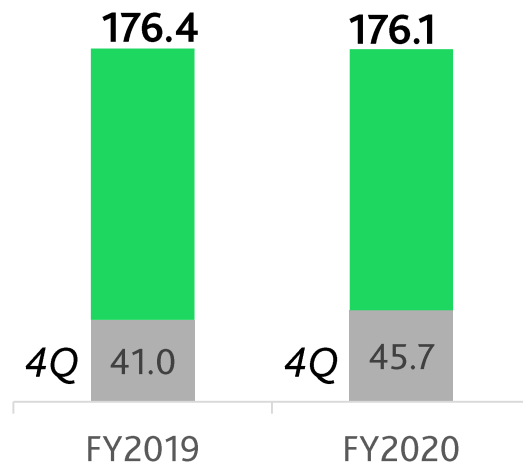
SUBS (K)



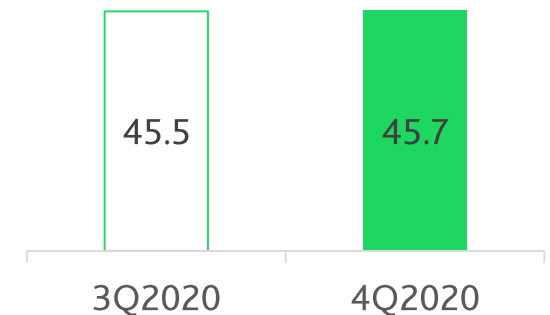
- Average monthly churn rate in 4Q2020 was 0.7% (3Q2020: 0.6%; 4Q2019: 0.5%)



SEGMENT REVENUE (\$\$'M)



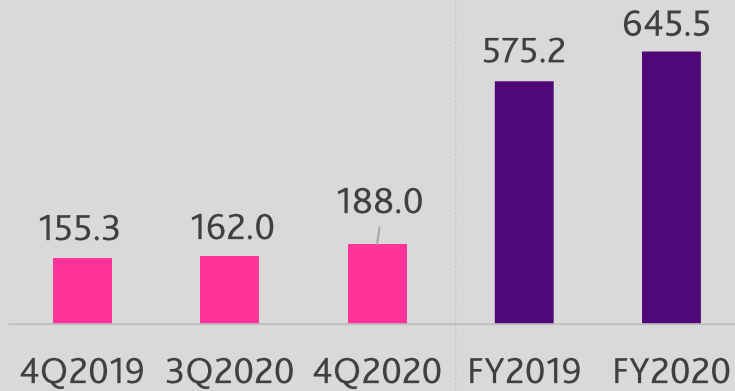
- 11.3% YoY increase in 4Q2020 broadband revenue due to reduced subscription discounts that raised ARPUs
- Excluding a one-time service recovery rebate, FY2020 service revenue would have been \$1.2M or 0.7% higher YoY



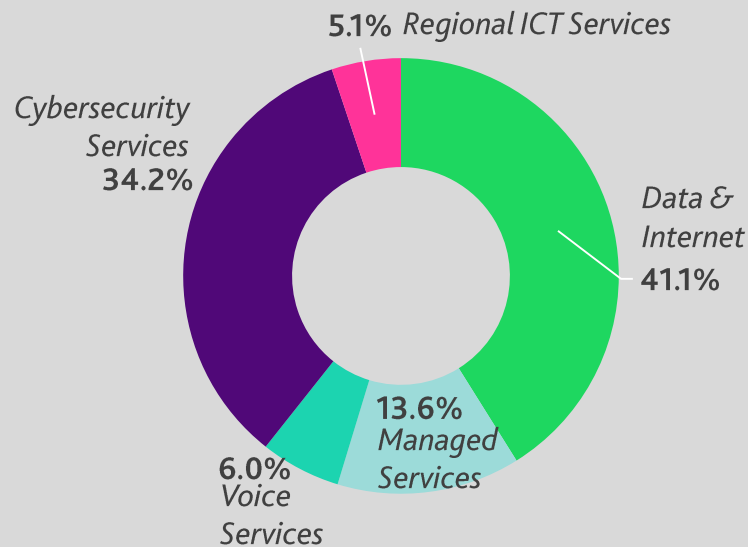


ENTERPRISE

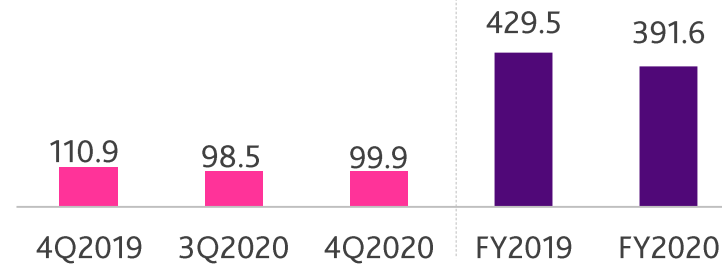
ENTERPRISE BUSINESS (\$'M)



ENTERPRISE REVENUE MIX (%)

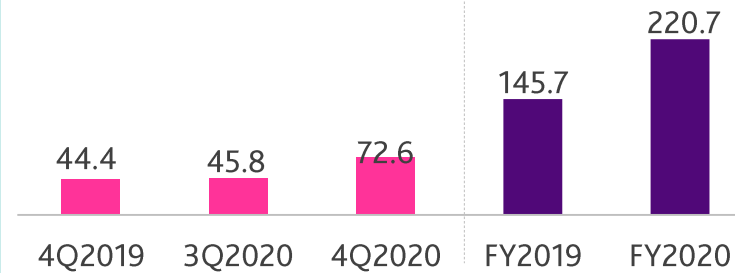


NETWORK SOLUTIONS (\$'M)



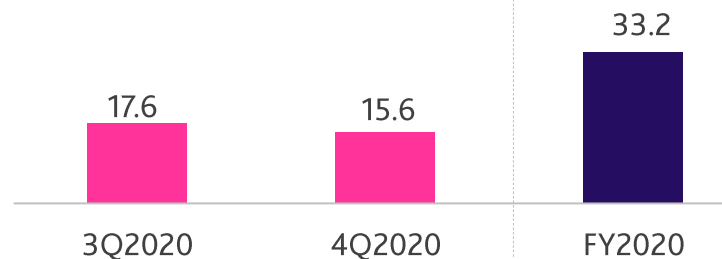
- COVID-19 impact: fewer project completions & deferred customer spending for Network Solutions, cryptographic & digital security project; lower voice traffic
- Managed Services saw recovery in order book as some clients commit to strategic initiatives in FY2021 and beyond

CYBERSECURITY SERVICES (\$'M)



- 58.5% QoQ / 63.4% YoY growth in 4Q2020
- 51.4% YoY growth in FY2020
- Growth mainly driven by increase in business demand
- Recorded operating profit of \$6.4M in 4Q2020 and \$7.1M for FY2020

REGIONAL ICT SERVICES (\$'M)



- Consolidation of Strateq following completion of acquisition on 30 July 2020
- Incurred one-off acquisition cost in 3Q2020
- Recorded operating loss of \$0.4M in 4Q2020 and \$0.2M for FY2020



GUIDANCE & OUTLOOK

STARHUB



FY2021 GUIDANCE

SERVICE REVENUE

Stable

- Higher contributions from Cyber security services and Regional ICT services (Strateq full year consolidation)
- Lower Network Solutions revenue
- Lower Mobile service revenue due to ongoing travel restrictions
- Lower Pay TV revenue due to a decrease in subscriber base and TV advertising revenue

SERVICE EBITDA

24% – 26%
(MARGIN)

- Due to a change in revenue mix, lower JSS payouts, and initial investments to be made relating to the IT transformation, 5G infrastructure and Data Center rollouts.
- Continue driving cost transformation to achieve returns on investments, and to stabilise and improve margins going forward.

CAPEX COMMITMENT *(Excluding 5G Capex & spectrum right)*

9% – 11%
(OF TOTAL REVENUE)

DIVIDEND PER SHARE

Higher of 5.0 Cents or Dividend Policy

- To consider ongoing effects of COVID-19 as well as the Group's ongoing investments in, and returns from transformation initiatives
- Dividend policy: At least 80% of net profit attributable to shareholders (adjusted for one-time, non-recurring items); payable semi-annually



KEY PRIORITIES

2021 OUTLOOK

TRANSFORMATION

Continue Digitalisation
Continually Evolve Operating Models
Leaner, Smarter, More Responsive

BEST-IN-CLASS EXPERIENCE

Creating Value For Customers Through Innovation
Top-Notch Network Quality
Industry-Leading Customer Experience

5G

Efficient SA rollout
Accelerate Migration to 5G plans
Harness 5G Enterprise Ecosystem With Customers & Partners

GROWTH

Enhance Value from Core Consumer-Facing Assets
Reach Deeper and Broader For Enterprise
Continue Strong & Synergistic Growth With Cybersecurity & Strategy
Explore M&A For Complementary Growth & Diversification

STARHUB

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