



# 1H2021 RESULTS

5 August 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

**FINANCIAL HIGHLIGHTS**

02

**BUSINESS UPDATES**

03

**TRANSFORMATION**



## FINANCIAL HIGHLIGHTS

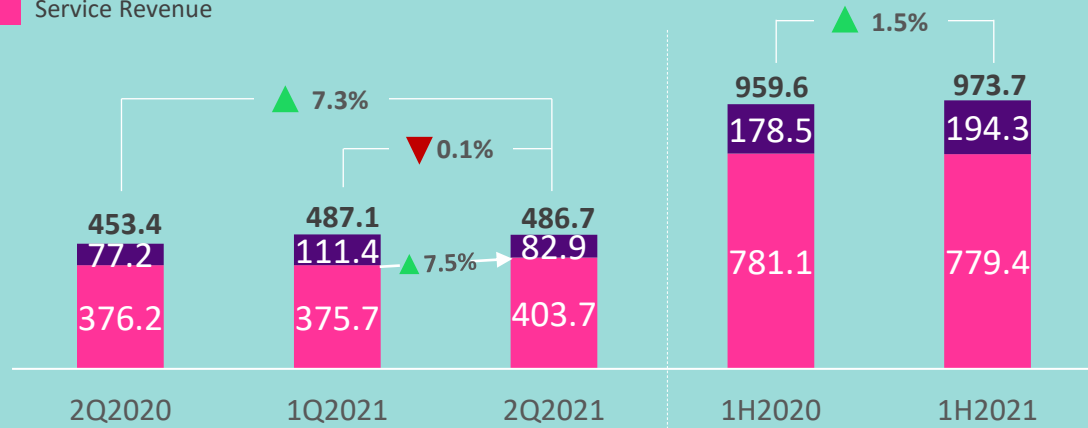
# STARHUB



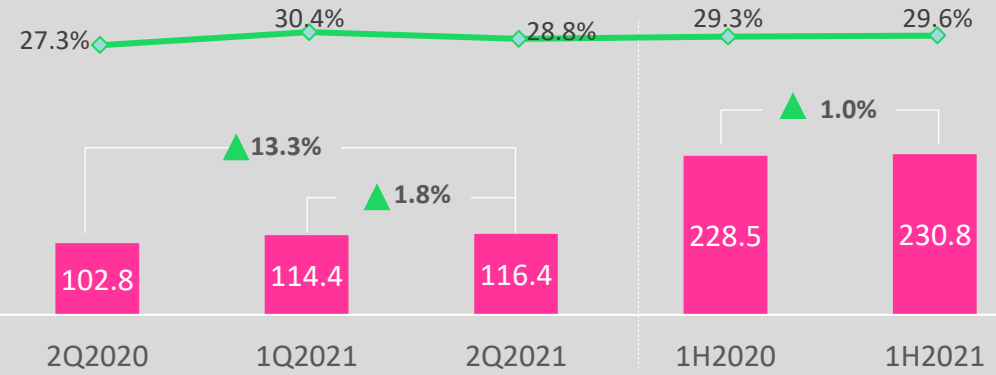
# FINANCIAL HIGHLIGHTS

## TOTAL REVENUE (\$'M)

Service Revenue

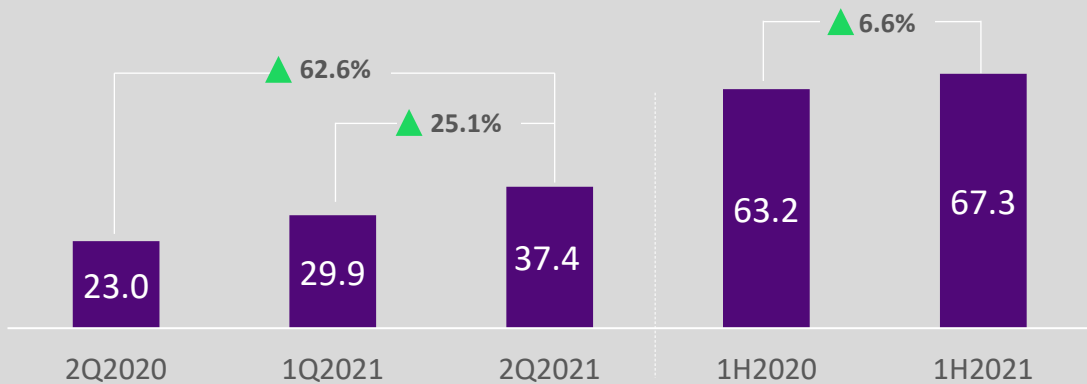


## SERVICE EBITDA (\$'M)<sup>1</sup> / MARGIN (%) – EXCL JSS<sup>2</sup>

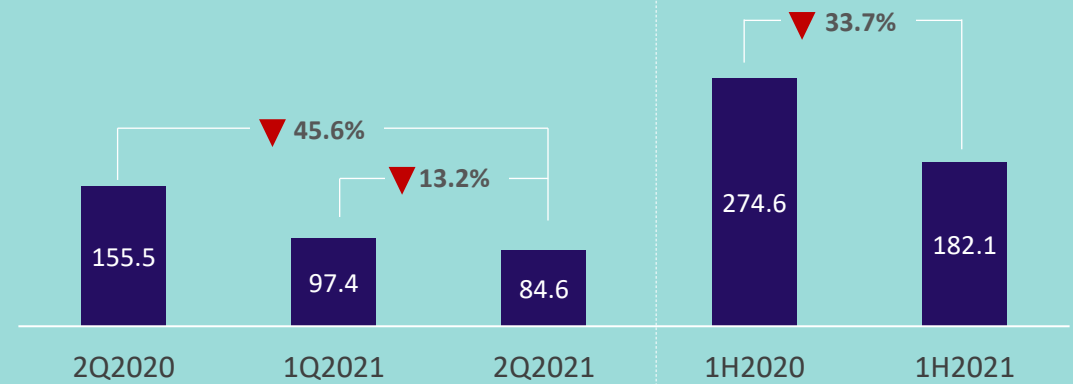


## NET PROFIT (\$'M) – EXCL JSS<sup>2</sup>

(ATTRIBUTABLE TO SHAREHOLDERS)



## FREE CASH FLOW (\$'M)



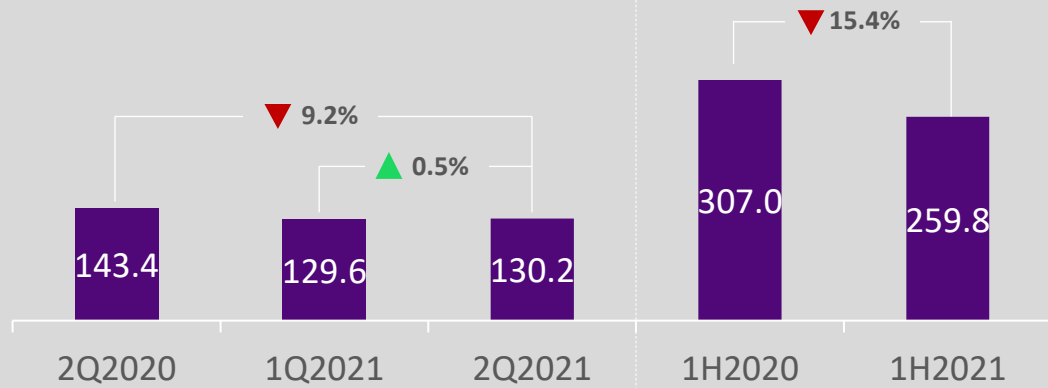
<sup>1</sup> Service EBITDA refers to EBITDA less equipment margin (sales of equipment less cost of equipment)

<sup>2</sup> Excluding the effect of JSS payouts recognised over the comparative periods

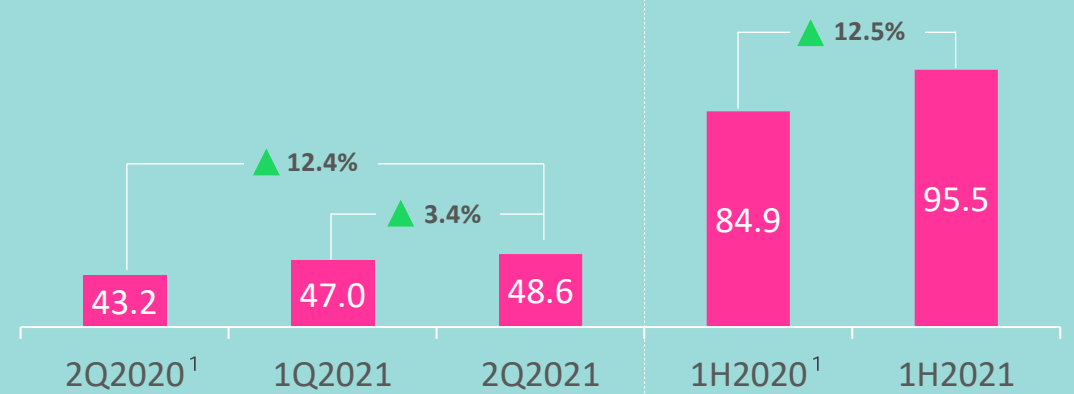


# SEGMENTAL REVENUE

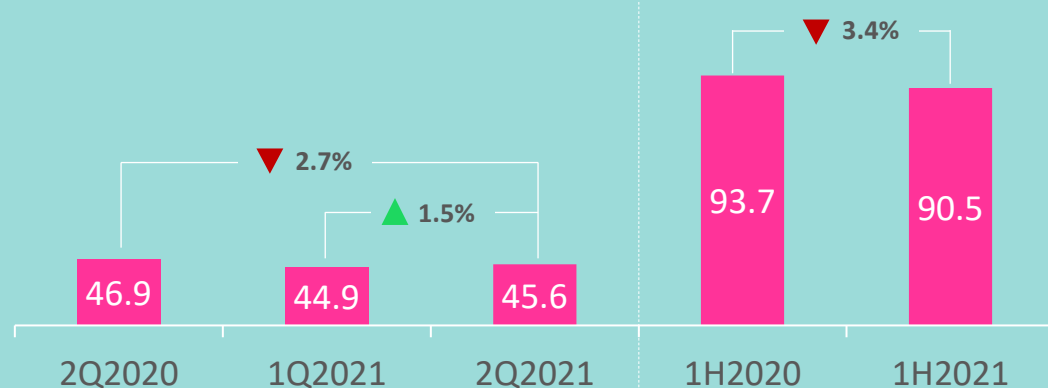
## MOBILE (\$'M)



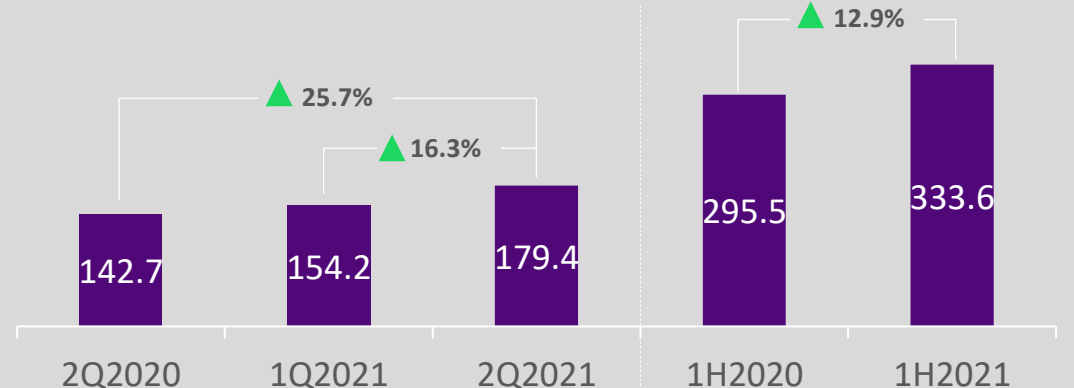
## BROADBAND (\$'M)



## ENTERTAINMENT<sup>2</sup> (\$'M)



## ENTERPRISE (\$'M)



<sup>1</sup> Includes \$1.5M one-time rebate extended to customers due to service disruption in April 2020

<sup>2</sup> Consists of service revenue from Pay TV only



# FINANCIAL OVERVIEW

S\$'M	2Q2021	1Q2021	2Q2020	2Q21 vs 2Q20 YoY Change (%)	2Q21 vs 1Q21 QoQ Change (%)	1H2021	1H2020	YTD YoY Change (%)
Total Revenue	486.7	487.1	453.4	7.3	(0.1)	973.7	959.6	1.5
Service Revenue	403.8	375.7	376.2	7.3	7.5	779.5	781.1	(0.2)
Operating Expenses	436.5	439.0	418.9	4.2	(0.6)	875.5	867.3	0.9
Other Income	4.2	2.2	17.3	(75.8)	87.3	6.4	18.8	(65.8)
EBITDA	123.2	122.7	129.3	(4.8)	0.3	245.9	265.5	(7.4)
Service EBITDA <sup>1</sup>	116.6	115.4	118.5	(1.6)	1.0	232.0	244.2	(5.0)
<i>Service EBITDA<sup>1</sup> – Excl JSS</i>	<i>116.4</i>	<i>114.4</i>	<i>102.8</i>	<i>13.3</i>	<i>1.8</i>	<i>230.8</i>	<i>228.5</i>	<i>1.0</i>
Service EBITDA <sup>1</sup> Margin (%)	28.9	30.7	31.5	(2.6) %pts	(1.8) %pts	29.8	31.3	(1.5) %pts
<i>Service EBITDA<sup>1</sup> Margin – Excl JSS (%)</i>	<i>28.8</i>	<i>30.4</i>	<i>27.3</i>	<i>1.5 %pts</i>	<i>(1.6) %pts</i>	<i>29.6</i>	<i>29.3</i>	<i>0.3 %pts</i>
Net Profit After Tax <i>Attributable to shareholders</i>	37.4	30.5	37.3	0.4	22.5	67.9	77.4	(12.3)
<i>Net Profit After Tax Attributable to shareholders (Excl JSS)</i>	<i>37.4</i>	<i>29.9</i>	<i>23.0</i>	<i>62.6</i>	<i>25.1</i>	<i>67.3</i>	<i>63.2</i>	<i>6.6</i>
Free Cash Flow <sup>2</sup>	84.6	97.4	155.5	(45.6)	(13.2)	182.1	274.6	(33.7)
	As At 30 June 2021				As At 31 December 2020			
Net Debt to TTM EBITDA (x)	1.25				1.41			

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

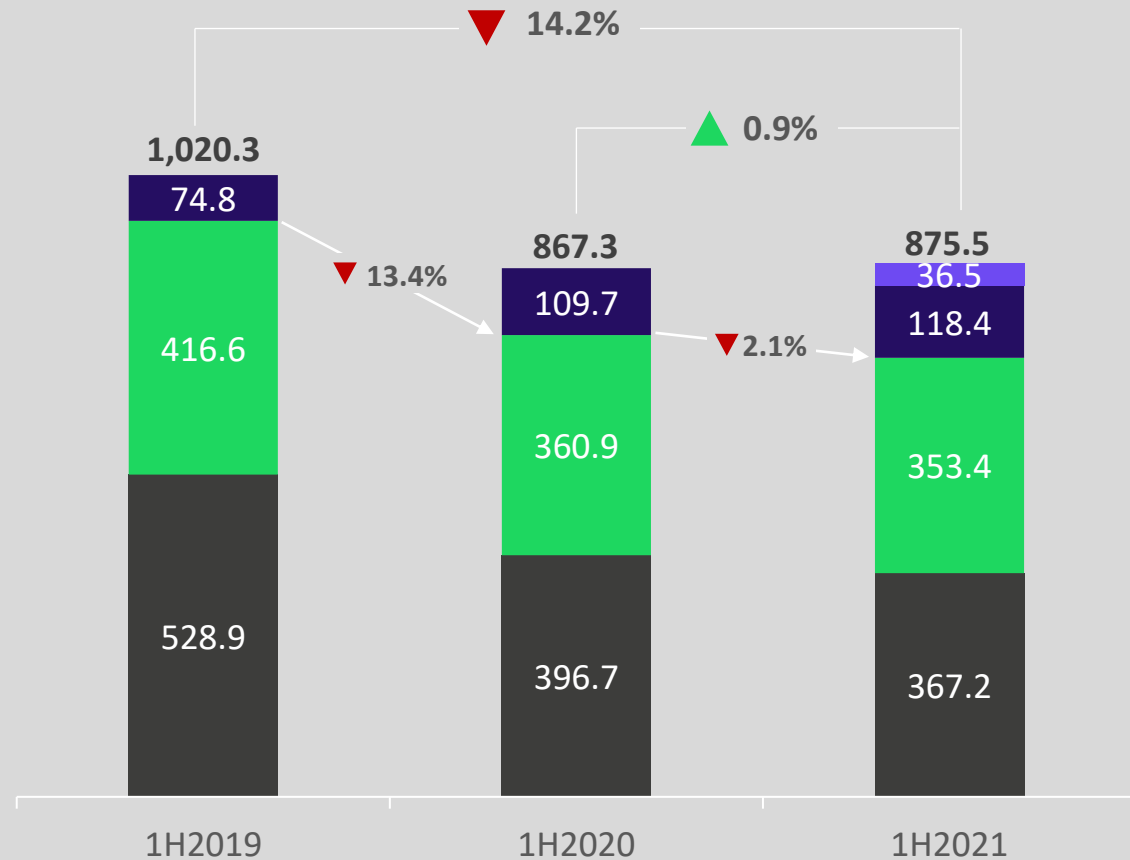
<sup>2</sup>Free Cash Flow refers to net cash from operating activities less purchase of property, plant and equipment and intangible assets in the cash flow statement



# DISCIPLINED EXPENDITURE

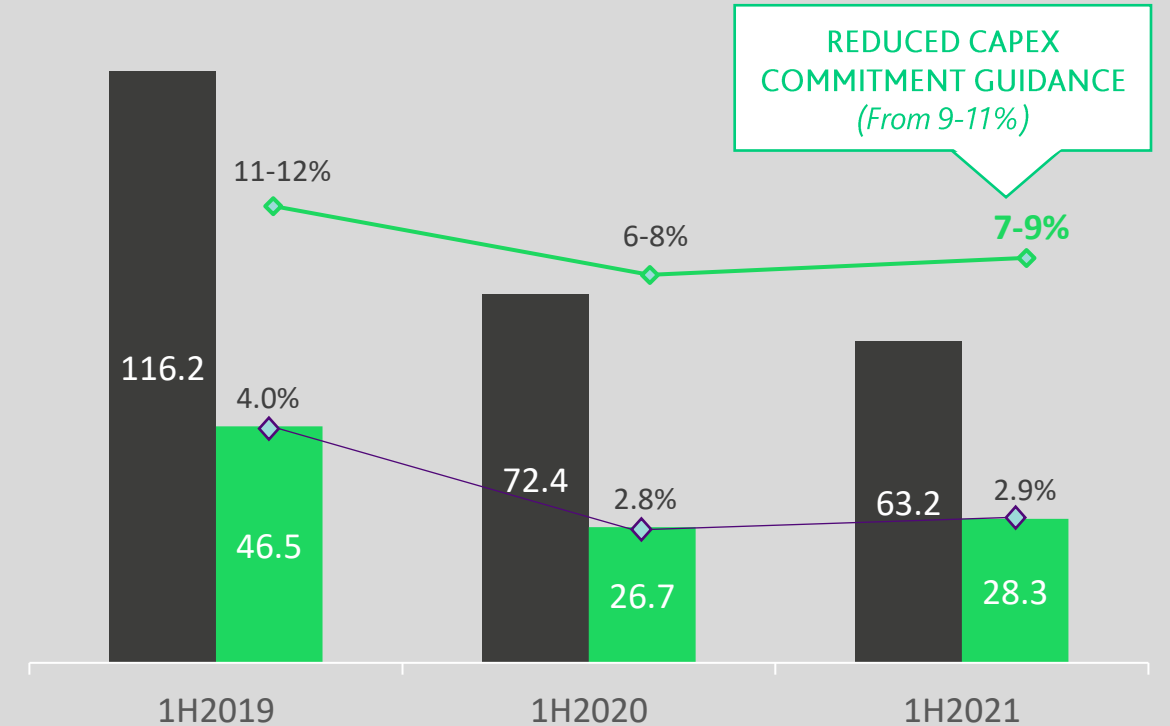
## OPEX (\$'M)

- Cost of Sales
- Other Opex
- Cybersecurity Services
- Regional ICT Services (From 31 July 2020)



## CAPEX (\$'M)

- Capex Payments
- Capex Commitments
- Capex Commitment as % revenue
- Capex Commitment as % revenue – FY2021 Guidance (excluding 5G Capex and Spectrum Right)

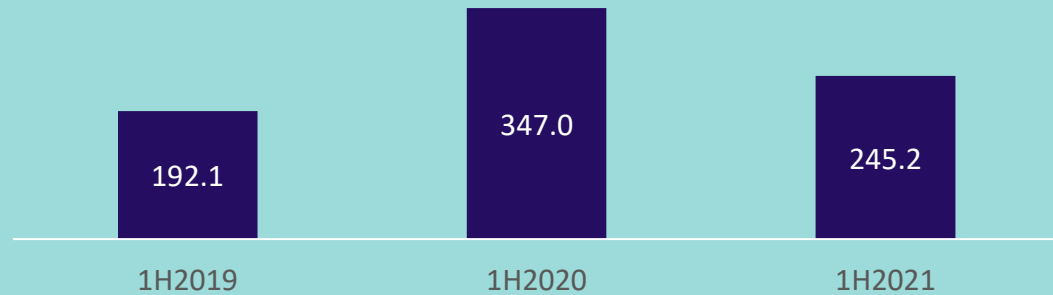




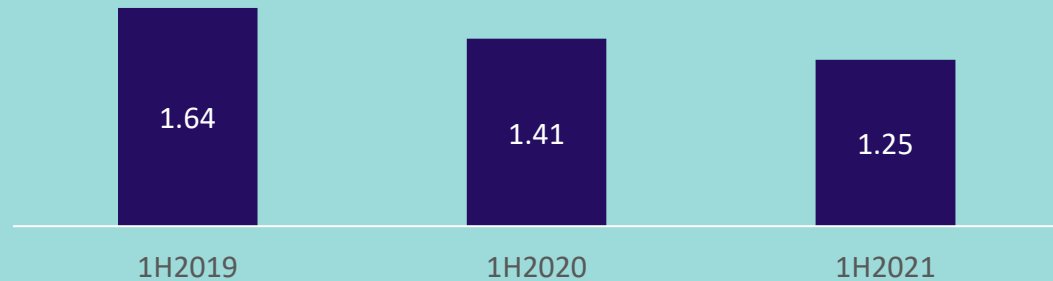


# STRONG BALANCE SHEET & CASH GENERATION

## NET CASH FROM OPERATING ACTIVITIES (\$'M)



## NET DEBT TO EBITDA (x)



## RESPONSIBLE DIVIDEND POLICY


Interim Dividend: 2.5 cents

Full Year Guidance: Higher of 5.0 cents or Dividend Policy

Dividend Policy: At least 80% of net profit attributable to shareholders (adjusted for one-off, non-recurring items), payable on a semi-annual basis



# FY2021 GUIDANCE CHECKLIST

	GUIDANCE	UPDATE	
SERVICE REVENUE	Stable	No Change	<ul style="list-style-type: none"> <li>Higher YoY contributions from Cybersecurity services and Regional ICT services (Strateq full year consolidation)</li> <li>Lower YoY revenue from Mobile (COVID-19 impact), Pay TV (lower subscriber base and advertising revenue) and Network Solutions</li> </ul>
SERVICE EBITDA MARGIN	24% - 26%	No Change	<ul style="list-style-type: none"> <li>Change in revenue mix, lower JSS payouts, and initial investments to be made relating to the IT transformation, 5G infrastructure and Data Center rollouts</li> <li>These investments are expected to generate long-term benefits and savings</li> </ul>
CAPEX COMMITMENT <sup>1</sup>	9%-11% Of Total Revenue	 7%-9% Of Total Revenue	<ul style="list-style-type: none"> <li>Lowered guidance due to ongoing transition of IT-related Capex to cloud-based Opex model alongside other Capex delays</li> </ul>
DIVIDEND /SHARE	Higher of 5.0 Cents or Dividend Policy	No Change	<ul style="list-style-type: none"> <li>Declared interim dividend of 2.5 cents per share</li> </ul>

<sup>1</sup> Excluding 5G Capex and Spectrum Right

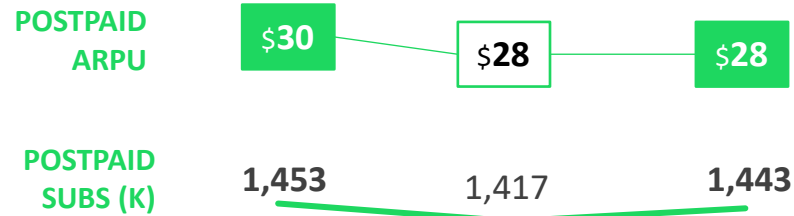


BUSINESS UPDATES

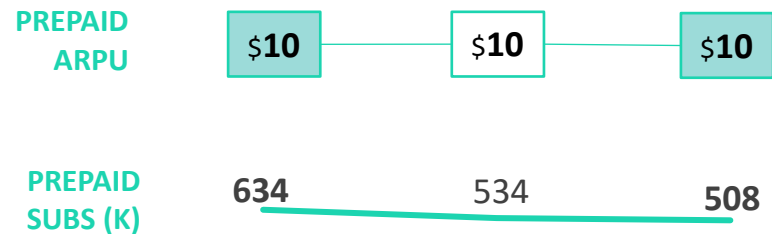
STARHUB



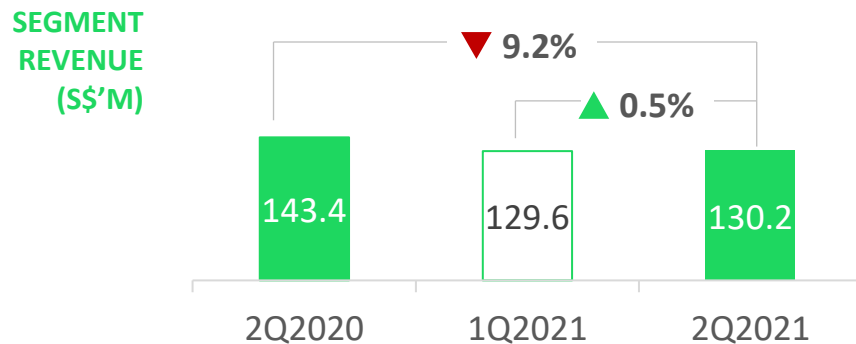
# MOBILE



- Postpaid ARPU remained steady QoQ; YoY decline was mainly due to lower roaming, VAS and excess data usage revenues due to ongoing COVID-19 global travel restrictions since March 2020
- 1.8% QoQ subscriber base growth due to increased take-up of the higher-margin SIM Only plans
- Average monthly churn rate in 2Q2021 was 0.9% (1Q2021: 1.0%; 2Q2020: 0.9%)



- Prepaid ARPU remained steady QoQ and YoY
- Prepaid subscriber base declined YoY and QoQ due to overall decrease in tourist numbers and foreigners on work passes resulting from COVID-19 travel restrictions that started in late-March 2020



- Improved QoQ revenue due to stable ARPU coupled with growth in subscriber base
- Revenue declined YoY mainly due to lower Postpaid and Prepaid revenues due to sustained COVID-19 impact
- Overall average data usage continued to grow to reach 12.9Gb in 2Q2021 (1Q2020: 12.7Gb; 2Q2020: 10.0Gb)



# BROADBAND

ARPU



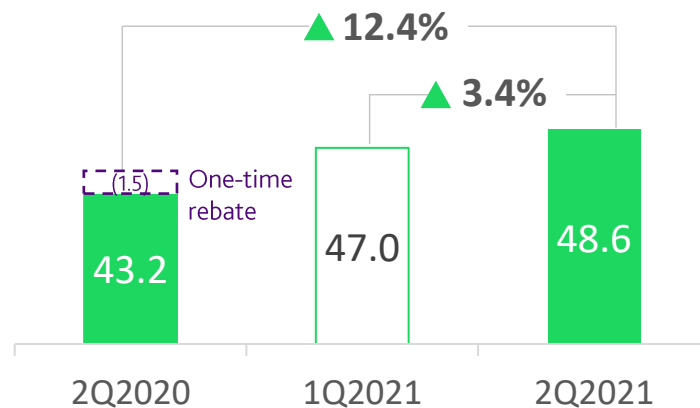
- ARPU improvements due to reduction in subscription discounts extended to customers

SUBS (K)



- Stable average monthly churn rate in 2Q2021 at 0.9% (1Q2021: 0.7%; 2Q2020: 0.3%)

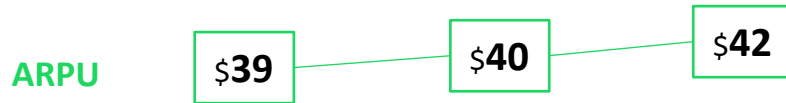
SEGMENT REVENUE (\$\$'M)



- The improved Broadband revenue was mainly due to higher ARPUs achieved and the absence of a one-time rebate extended to customers for a service disruption in April 2020
- Excluding the one-time rebate in 2Q2020, revenue would have been 10.5% higher YoY



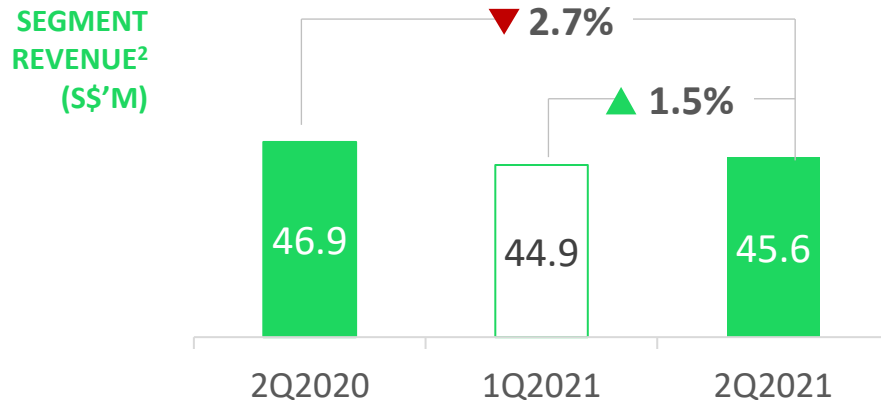
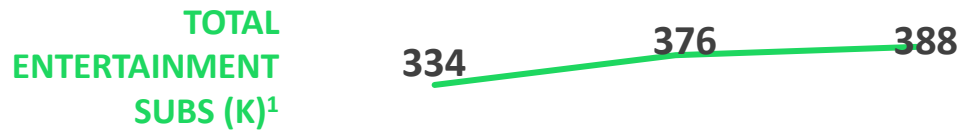
# ENTERTAINMENT



- ARPU improved YoY and QoQ due to increased price for HomeHub bundled plans



- 15.9% YoY and 3.2% QoQ growth in Total Entertainment subscribers mainly due to higher OTT take-up
- Average monthly churn rate in 2Q2021 was 1.3% (1Q2021: 1.1%; 2Q2020: 0.4%)



- YoY decline in segment revenue was mainly due to:
  - Lower Pay TV subscriber base offset by higher ARPUs
  - Lower commercial TV revenue and advertising spend by business customers

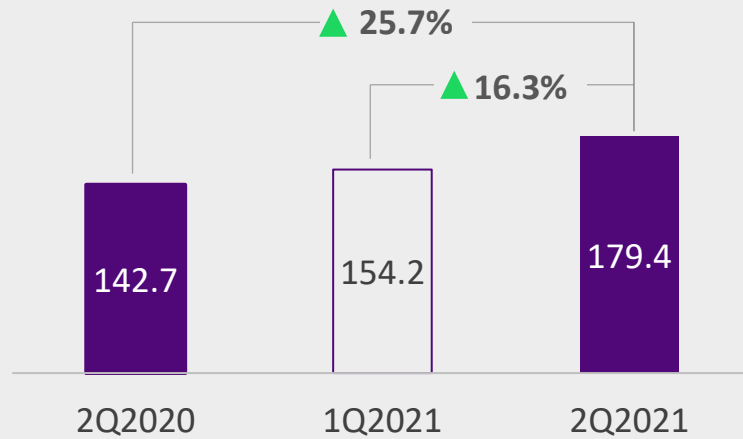
<sup>1</sup> Includes residential Pay TV subscribers with and without over-the-top (“OTT”) subscriptions, as well as Mobile and Broadband subscribers with OTT subscriptions

<sup>2</sup> Consists of service revenue from Pay TV only

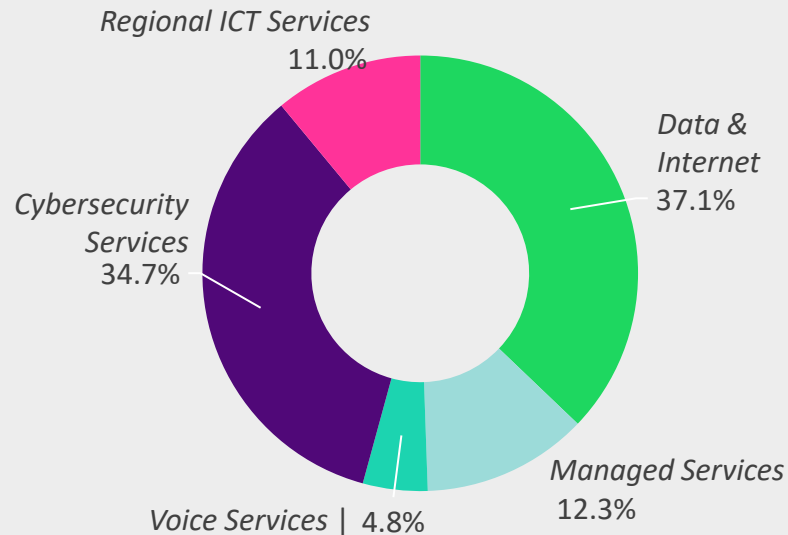


# ENTERPRISE

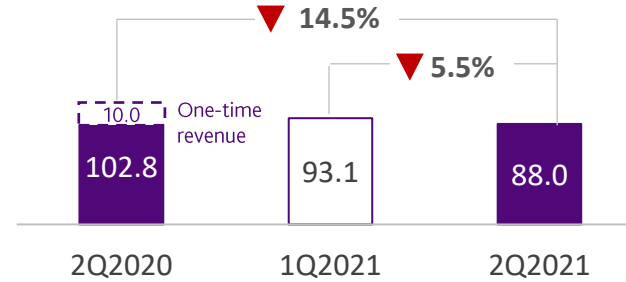
## ENTERPRISE BUSINESS (\$'M)



## 1H2021 ENTERPRISE REVENUE MIX (%)

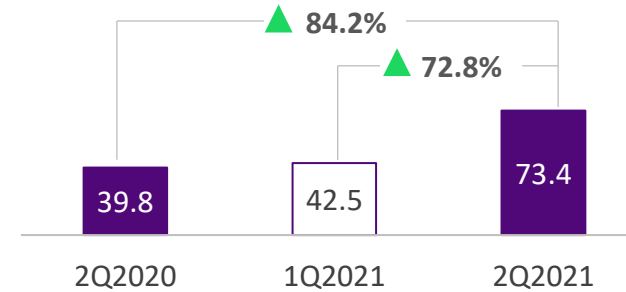


## NETWORK SOLUTIONS (\$'M)



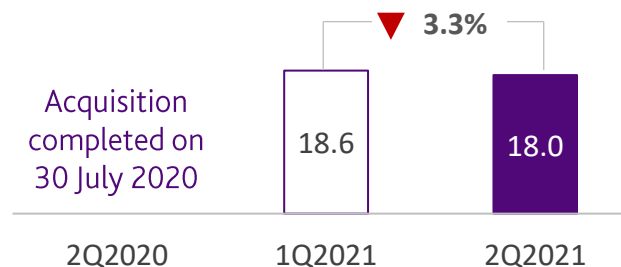
- YoY decline mainly due to higher contributions from Managed Services offset by lower revenues from Data & Internet (absence of one-off revenue from the delivery of data transmission equipment in 2Q2020) and Voice Services
- Measured recovery expected for Managed Services as Enterprise customers commit to strategic initiatives in FY2021 and beyond

## CYBERSECURITY SERVICES (\$'M)



- Cybersecurity revenue growth was mainly due to stronger business demand as Ensign prepares for post COVID-19 recovery
- Recorded operating profit of \$1.0M in 1H2021 compared to \$2.1M loss a year ago

## REGIONAL ICT SERVICES (\$'M)



- FY2021 marks the first full year consolidation of Strateq
- Recorded operating profit of \$0.1M in 1H2021



# ENTERPRISE GROWTH OPPORTUNITIES

## CLOUD FOCUS



### Microsoft Cloud Platform Gold Competency

- Reflects the expertise and experience that we have accumulated in delivering cloud services on the Azure platform

### Managed SASE

- Cloud-based network and security solution that places network controls on the edge
- Enables organisations to expand their network perimeter and provide secure access to any remote user, branch office, device or application



## SUPPORTING A DISTRIBUTED WORKFORCE



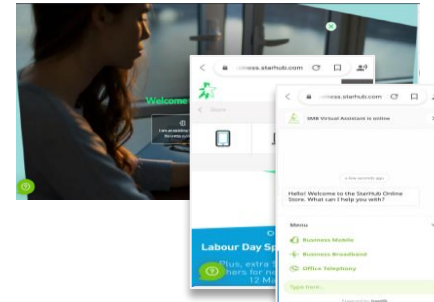
### Enterprise Internet & IP Transit Enhancement

- StarHub is the **only** internet service provider that provides such extensive (up to 8 countries) and comprehensive service level assurance to Enterprise and Wholesale customers



### Unified Communication Solutions

- SmartSIP for Teams – seamless communication experience by integrating office lines and Microsoft Teams
- Smart UC Lite – Hosted on the cloud, Smart UC Lite is a cost-effective, easy to deploy, plug-and play telephony solution for small businesses



### SMB Online Store Revamp

- Enables seamless, digital engagements with our SME customers



# 5G MOMENTUM

## CONSUMER

### MARKET LEADERSHIP

- Aug 2020: First in SG to launch 5G NSA
- June 2021: First in SG to offer 5G to SIM Only

- DIFFERENTIATION
- ENRICHING EXPERIENCES
- CONSUMPTION DRIVERS
- NEW INCOME STREAMS



Multi-Year  
Exclusive  
Agreements with  
Strategic Partners

## ENTERPRISE

### INITIAL FOCUS AREAS



All Devices, All Networks:

### INDUSTRY APPLICATIONS



Healthcare



Retail



Urban Solutions



Advanced Manufacturing



TRANSFORMATION

STARHUB



# D.A.R.E. TRANSFORMATION

## INSPIRING DIGITAL INNOVATION

Improving The Daily Lives of Our Customers

**1 DELIVERING**  
Market-Leading Customer Experiences

**ACCELERATING**  
Value Creation from Core Businesses

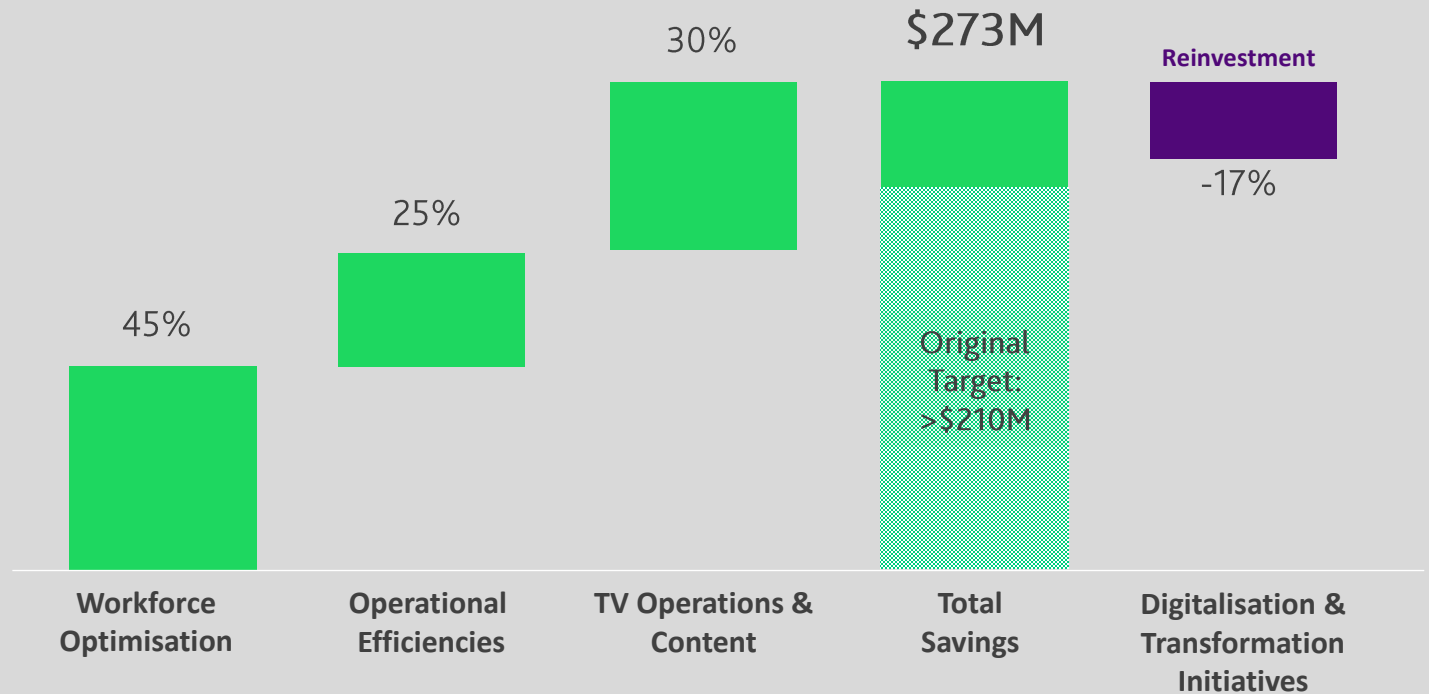
**REALISING**  
Growth from New Opportunities

**ENHANCING**  
Efforts to Transform Digitally

## \$273M TOTAL SAVINGS ACHIEVED

*Expected Savings As At October 2021*

### FY2019-2021 Potential Savings & Reinvestment





# D.A.R.E. TRANSFORMATION – KEY MILESTONES

## 5G LEADERSHIP

- First in market – shared 5G infrastructure, nationwide NSA, 5G SIM Only, 5G SA call
- Ongoing migration towards Mobile+ & Biz+ plans
- 5G IoT platform service for enterprises to accelerate IoT digitalisation
- Active Enterprise trials to develop 5G use cases

## PAY TV TRANSFORMATION

- Cable-to-fibre migration
- Converting content cost to variable fees
- New content delivery platform – StarHub TV+
- Growing OTT portfolio

## GREATER EFFICIENCIES

- Continued YoY reductions in Opex
- Workforce optimisation
- Greater procurement savings from renegotiation of expiring contracts
- Deployed RPA and automation initiatives across organisation

## LEADING EXPERIENCES

- Exclusive partnerships – Disney+, NVIDIA GeForce NOW, Antstream, etc
- Successful Hello Change campaign – transparency, simplicity, flexibility
- YoY improvements in NPS
- Established strategic partnerships with global partners to augment Enterprise network offerings

## EMBARKED ON DIGITALISATION

- Strengthened online touchpoints – online store, My StarHub App, chatbot, etc
- Strong momentum for digital fighter brand, giga!, which has consistently achieved highest NPS in market
- Commenced multi-year IT and Digital Transformation programme

## ACQUISITIVE GROWTH

- Sustained double-digit YoY growth for Cybersecurity Services
- Acquired Strateq in July 2020 to bolster Enterprise digital capabilities



# SUSTAINED FOCUS ON IT & DIGITAL TRANSFORMATION



## LEADING DIGITAL CUSTOMER EXPERIENCE

**+28%**

Online Store Sales<sup>1</sup>  
QoQ Growth

**+10%**

Monthly Active Users<sup>1</sup>  
My StarHub App  
YoY Growth

**+17%**

My StarHub App  
Transactions<sup>1</sup>  
YoY Growth

## KEY DIGITAL 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

SUBSCRIBER  
GROWTH<sup>1</sup>

**+192%** YoY  
**+16%** QoQ

- Highest NPS in the market
- Highest Monthly Active Users for mobile app amongst major MVNOs<sup>2</sup>



Simple & Seamless  
End-To-End Digital  
Experience



Transparent  
Offerings



Personalised  
Marketing

<sup>1</sup> As at 2Q2021 | <sup>2</sup> TechInAsia, 30 June 2021 – “The key contenders in Singapore’s competitive digital telco race”

# DARE+

NEXT PHASE OF TRANSFORMATION | FY2022 - FY2026

More details to come in November 2021!



## DIGITAL

In Everything We Do



The next giant step in our digital transformation:

Bring customers digital products that enrich their digital lives

Empower customers to engage with us on zero-touch digital platforms with true freedom to act on their choices

Digitalise systems, process & architecture for agility and efficiency to innovate rapidly with customers' evolving needs



## ACCELERATING

Value Creation



Value for customers, enriching their lives and improving their productivity

Growth across all our businesses

Focus our businesses on cohesively serving our Enterprise customers' own cloud, digital and 5G transformations

Constantly digitalise end-to-end for an increasingly efficient & scalable business model as we grow



## REALISING

Growth Without Frontiers



Continuously expand product & services for our customers

Continuously grow capabilities and skills to serve our customers growing needs

Continue to pursue acquisitions that add to our scale, footprint as well as product and capabilities for customers

Drive synergies across our platform to pursue new growth areas



## EXPERIENCES

That Enrich Customers' Lives



Our paramount objective for our customers:

Bring customers an infinite range of diverse experiences, product and services to match our customers' diversity, complexity, and growing wants and needs every day...

...Supported by the fastest, highest-quality connectivity to deliver these enriching experiences to our customers, from anywhere, on any device and on any network

# STARHUB

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***Investor Relations:***  
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