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STARHUB LTD

Announcement of Unaudited Results for the Half Year ended 30 June 2022

StarHub is pleased to announce the unaudited results for the half year ended 30 June 2022.

Results for the Half Year ended 30 June 2022

1. GROUP INCOME AND COMPREHENSIVE INCOME STATEMENTS**1.1 GROUP INCOME STATEMENT**

	Half Year ended 30 Jun			
	2022 S\$m	2021 S\$m	Incr/ (Decr) S\$m	%
Total revenue	1,058.6	973.7	84.8	8.7
Operating expenses	(967.0)	(875.5)	91.5	10.5
Other income	4.1	6.4	(2.3)	(36.6)
Profit from operations	95.7	104.7	(9.0)	(8.6)
Non-operating income	0.5	1.3	(0.8)	(58.9)
Finance income	2.8	1.5	1.3	91.6
Finance expense ⁽¹⁾	(23.6)	(23.8)	(0.2)	(0.7)
	75.4	83.7	(8.3)	(9.9)
Share of gain of associate, net of tax	0.1	1.1	(0.9)	(87.0)
Share of gain of joint venture, net of tax	1.5	0.7	0.8	-
Profit before taxation	77.0	85.5	(8.4)	(9.9)
Taxation	(15.5)	(17.4)	(1.9)	(11.2)
Profit for the period	61.6	68.1	(6.5)	(9.6)
Attributable to:				
Owners of the Company	60.9	67.9	(7.0)	(10.3)
Non-controlling interests	0.6	0.2	0.5	nm
	61.6	68.1	(6.5)	(9.6)
Earnings per share (in cents)				
- Basic	3.3	3.7	(0.4)	(10.9)
- Diluted	3.3	3.7	(0.4)	(10.9)
EBITDA	229.7	245.9	(16.2)	(6.6)
Service EBITDA ⁽²⁾	213.9	232.0	(18.1)	(7.8)
Service EBITDA as % of service revenue	24.6%	29.8%	-5.2% pts	
Free Cash Flow ⁽³⁾	61.3	182.1	(120.8)	(66.4)
<i>Profit from operations is arrived after charging the following:</i>				
<i>Loss allowances of trade receivables</i>	<i>2.8</i>	<i>4.0</i>	<i>(1.2)</i>	<i>(30.9)</i>
<i>Depreciation and amortisation</i>	<i>134.1</i>	<i>141.2</i>	<i>(7.1)</i>	<i>(5.0)</i>
<i>Foreign exchange (gain)/ loss</i>	<i>(0.5)</i>	<i>2.2</i>	<i>(2.7)</i>	<i>nm</i>
<i>Allowance for stock obsolescence</i>	<i>(1.3)</i>	<i>1.9</i>	<i>(3.1)</i>	<i>nm</i>

nm – Not meaningful

Notes:

- (1) Finance expense includes interest on borrowings and lease liabilities and other financing charges
- (2) Service EBITDA refers to EBITDA less equipment margin (sales of equipment less cost of equipment)
- (3) 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
- (4) The financial statements for the half year ended 30 June 2022 include the consolidation of newly acquired subsidiaries, JOS (SG) Pte. Ltd. (formerly known as HKBN JOS (SG) Pte. Ltd.) ("JOS SG") and JOS (Malaysia) Sdn. Bhd. (formerly known as HKBN JOS (Malaysia) Sdn. Bhd.) ("JOS MY"), following the completion of acquisition on 3 January 2022; and MyRepublic Broadband Pte Ltd (MyRepublic Broadband), following the completion of acquisition on 21 March 2022
- (5) Numbers in all tables may not exactly add up due to rounding

1.2 GROUP COMPREHENSIVE INCOME STATEMENT

	Half Year ended 30 Jun			
	2022 S\$m	2021 S\$m	Incr / (Decr) S\$m	%
Profit for the period	61.6	68.1	(6.5)	(9.6)
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Net change in fair value of equity investment at fair value through other comprehensive income ("FVOCI"), net of taxation	0.6	(8.2)	8.8	nm
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences	0.0	0.6	(0.6)	(96.4)
Effective portion of changes in fair value of cash flow hedges, net of taxation	0.6	2.3	(1.7)	(74.5)
Share of other comprehensive income of associate and joint venture	1.6	-	1.6	nm
Foreign currency translation reserve on liquidation of subsidiary	-	(1.3)	1.3	-
Other comprehensive loss for the period, net of taxation	2.7	(6.7)	9.4	nm
Total comprehensive income for the period	64.3	61.4	2.9	4.7
Attributable to:				
Owners of the Company	63.6	61.3	2.3	3.7
Non-controlling interests	0.8	0.2	0.6	nm
Total comprehensive income for the period	64.3	61.4	2.9	4.7

nm – Not meaningful

1.3 GROUP PERFORMANCE REVIEW FOR THE HALF YEAR ENDED 30 JUNE 2022

(A) Revenue

Revenue	Half Year ended 30 Jun			
	2022 S\$m	2021 S\$m	Incr / (Decr) S\$m %	
Mobile ⁽¹⁾	268.3	258.4	9.9	3.8
Broadband ^{(1) (2)}	115.8	95.4	20.5	21.5
Entertainment ⁽¹⁾	96.4	92.1	4.3	4.6
Enterprise Business	390.0	333.6	56.5	16.9
- Network Solutions ^{(2) (3)}	175.0	181.1	(6.1)	(3.4)
- Cybersecurity Services ⁽⁴⁾	120.6	115.9	4.8	4.1
- Regional ICT Services ⁽⁵⁾	94.4	36.6	57.8	157.8
Service revenue	870.5	779.5	91.1	11.7
Sales of equipment	188.0	194.3	(6.3)	(3.2)
Total revenue	1,058.6	973.7	84.8	8.7

(1) Comparatives have been restated to take into account the reclassification of Entertainment OTT from Mobile and Broadband to Entertainment

(2) Includes service revenue from MyRepublic Broadband

(3) Includes Data & Internet, Managed Services and Voice Services

(4) Includes service revenue from Ensign and D'Crypt

(5) Includes service revenue from Strateq, JOS SG and JOS MY

The Group's 1H2022 total revenue of S\$1,058.6 million was S\$84.8 million or 8.7% higher year-on-year ("YoY"), mainly due to higher contributions from Mobile, Broadband, Entertainment and Enterprise Business, offset by lower Sales of Equipment.

Against the corresponding period last year, 1H2022 Mobile service revenue rose 3.8% YoY due to higher Postpaid revenue, offset by lower Prepaid revenue. The increase in 1H2022 Postpaid revenue was lifted by higher roaming, data subscription, and value-added services ("VAS") revenues coupled with a one-off revenue of S\$1.7 million from an infrastructure project, partially offset by lower IDD revenue, data usage, SMS usage, voice usage and voice subscription due to an IFRS adjustment of S\$2.2 million. Excluding this one-off revenue and IFRS adjustment on voice subscription revenue, Postpaid revenues would have been S\$10.4 million or 4.0% higher. The YoY decrease in 1H2022 Prepaid revenues was due to a decline in subscriber base alongside lower data usage revenue, voice revenue, IDD revenue, and revenue from expired credits, as a result of the ongoing COVID-19 impact.

Broadband service revenue increased 21.5% YoY in 1H2022, mainly due to the consolidation of MyRepublic Broadband¹ that contributed revenue of S\$12.6 million in 2Q2022 and higher subscription revenue achieved that also lifted ARPU.

Entertainment service revenue increased 4.6% YoY in 1H2022, due to the expansion of both the Pay TV and OTT subscriber base.

Enterprise Business revenue increased 16.9% YoY in 1H2022, due to the consolidation of JOS SG and JOS MY² under Regional ICT Services and higher revenues from Cybersecurity

¹ The consolidation of MyRepublic Broadband commenced from 1 April 2022.

² The acquisition of JOS Singapore and JOS Malaysia was completed on 3 January 2022.

Services, partially offset by lower revenues from Managed Services, Voice Services and Data & Internet.

Revenue from Sales of Equipment decreased 3.2% YoY in 1H2022, mainly due to lower volume of handsets sold.

(B) Operating expenses

	Half Year ended 30 Jun			
	2022	2021	Incr / (Decr)	
Operating expenses	S\$m	S\$m	S\$m	%
Cost of sales ⁽¹⁾	383.2	367.2	16.0	4.4
Other operating expenses ⁽¹⁾	366.7	353.4	13.3	3.8
Cybersecurity Services ⁽²⁾	123.5	118.4	5.1	4.3
Regional ICT Services ⁽³⁾	93.6	36.5	57.1	156.3
Total	967.0	875.5	91.5	10.5

(1) Includes cost of sales and other operating expenses from MyRepublic Broadband

(2) Includes cost of sales and other operating expenses from Ensign and D'Crypt

(3) Includes cost of sales and other operating expenses from Strateq, JOS SG and JOS MY

The Group's total operating expenses in 1H2022 was S\$91.5 million higher YoY, mainly due to the consolidation of JOS SG and JOS MY (under Regional ICT Services) and MyRepublic Broadband, as well as higher Cybersecurity Services operating expenses. Excluding operating expenses relating to MyRepublic Broadband, Cybersecurity Services and Regional ICT Services, the Group's total operating expenses in 1H2022 grew 2% YoY, mainly due to higher cost of services in line with higher service revenue and higher occupancy costs during the period from higher utility rates, offset by savings in other discretionary operating expense items, including the reduction in repairs and maintenance costs.

As a percentage of the Group's total revenue, total operating expenses in 1H2022 increased to 91.3% compared to 89.9% in the corresponding period last year. Excluding MyRepublic Broadband, Cybersecurity Services and Regional ICT Services, the Group's total operating expenses in 1H2022 was 89.0% of the Group's total revenue compared to 87.7% in the corresponding period last year.

	Half Year ended 30 Jun			
	2022	2021	Incr / (Decr)	
Cybersecurity Services ⁽¹⁾	S\$m	S\$m	S\$m	%
Cost of sales	57.0	63.5	(6.5)	(10.3)
Other operating expenses	66.5	54.8	11.7	21.3
Total	123.5	118.4	5.1	4.3

(1) includes cost of sales and other operating expenses from Ensign and D'Crypt

As a percentage of Cybersecurity Services revenue, operating expenses for the segment in 1H2022 increased to 102.4% compared to 102.2% in the corresponding period last year.

Regional ICT Services	Half Year ended 30 Jun			
	2022 ⁽¹⁾	2021 ⁽²⁾	Incr / (Decr)	
	S\$m	S\$m	S\$m	%
Cost of sales	57.6	16.2	41.4	nm
Other operating expenses	36.0	20.4	15.7	76.8
Total	93.6	36.5	57.1	156.3

(1) Includes cost of sales and other operating expenses from Strateq, JOS SG and JOS MY

(2) Includes cost of sales and other operating expenses from Strateq

As a percentage of Regional ICT Services revenue, the segment's operating expenses in 1H2022 was 99.2% compared to 99.7% in the corresponding period last year.

A breakdown of total operating expenses is as follows:

(i) Cost of sales

Cost of sales	Half Year ended 30 Jun			
	2022	2021	Incr / (Decr)	
	S\$m	S\$m	S\$m	%
Cost of equipment sold	172.2	180.4	(8.2)	(4.5)
Cost of services	173.1	152.9	20.2	13.2
Traffic expenses	20.5	20.6	(0.1)	(0.5)
Customer acquisition costs	17.3	13.2	4.1	30.8
Cost of sales (excluding Cybersecurity Services and Regional ICT Services)	383.2	367.2	16.0	4.4
Cost of sales (Cybersecurity Services)	57.0	63.5	(6.5)	(10.3)
Cost of sales (Regional ICT Services)	57.6	16.2	41.4	nm
Total	497.8	446.9	50.9	11.4

Cost of sales (excluding Cybersecurity Services and Regional ICT Services)

Cost of sales for 1H2022 increased S\$16 million YoY mainly due to higher cost of services, higher customer acquisition costs, partially offset by lower cost of equipment sold and lower traffic expenses.

Cost of equipment sold decreased 4.5% YoY in 1H2022, mainly due to lower volume of handsets sold despite higher unit prices achieved.

The 13.2% YoY increase in cost of services in 1H2022 was mainly due to higher Entertainment content costs, higher Postpaid Mobile costs associated with the progressive roaming recovery and 5G investments as more sites are rolled out in 1H2022 compared to 1H2021.

The 30.8% YoY increase in customer acquisition costs in 1H2022 was mainly due to higher Broadband acquisition costs, partially offset by lower dealer commission for Postpaid Mobile and Entertainment.

Cost of sales (Cybersecurity Services)

The YoY decrease in cost of sales despite higher revenue recorded in 1H2022 was due to lower sales relating to third-party products and services in 1H2022 and the absence of an inventory write-off in 1H2021.

Cost of sales (Regional ICT Services)

The increase in cost of sales was primarily due to the consolidation of JOS SG and JOS MY under Regional ICT Services.

(ii) Other operating expenses

	Half Year ended 30 Jun			
	2022 S\$m	2021 S\$m	Incr / (Decr) S\$m %	
Other operating expenses				
Staff costs	93.3	88.2	5.1	5.8
Operating leases	17.0	16.6	0.4	2.3
Marketing and promotions	11.5	9.5	2.0	21.0
Loss allowance for trade receivables	2.8	4.3	(1.5)	(34.9)
Repairs and maintenance	41.2	43.7	(2.6)	(5.9)
Other expenses	87.1	65.7	21.4	32.6
Depreciation and amortisation	113.9	125.4	(11.5)	(9.2)
Other operating expenses (excluding Cybersecurity Services and Regional ICT Services)	366.7	353.4	13.3	3.8
Other operating expenses (Cybersecurity Services)	66.5	54.8	11.7	21.3
Other operating expenses (Regional ICT Services)	36.0	20.4	15.7	76.8
Total	469.2	428.6	40.6	9.5

The Group's total other operating expenses for 1H2022 was S\$40.6 million higher YoY. As a percentage of total revenue, other operating expenses was 44.3% in 1H2022, compared to 44.0% in the corresponding period last year.

Other operating expenses (excluding Cybersecurity Services and Regional ICT Services)

An analysis of major variances in other operating expenses (excluding Cybersecurity Services and Regional ICT Services) is provided below:

Staff costs

Staff costs was 5.8% higher YoY in 1H2022, mainly due to the consolidation of MyRepublic Broadband in 2Q2022, higher recruitment cost and the absence of a reversal of provision for restructuring costs in 1H2021 that was no longer required.

Operating leases

Operating leases was 2.3% higher YoY in 1H2022, mainly due to an increase in contract capacity for the StarHub Hyperscale Data Centre @ Loyang.

Marketing and promotion

Marketing and promotion expenses was 21.0% higher YoY in 1H2022 as a result of higher spend mainly relating to the launch of Premier League.

Loss allowance for trade receivables

Loss allowance for trade receivables was 34.9% lower YoY in 1H2022, mainly due to a decrease in general allowance as a result of lower aged trade receivables and lower bad debt written off.

Repairs and maintenance

Repairs and maintenance expenses was 5.9% lower YoY in 1H2022, mainly due to lower maintenance costs for network infrastructure and the reversal of an accrual relating to an IT project. The lower network infrastructure maintenance cost resulted from the renegotiation of maintenance contracts, alongside reduced repairs and maintenance spent on subsea cables.

Other expenses

Other expenses was S\$21.4 million higher YoY in 1H2022 mainly due to higher occupancy cost as a result of higher utilities rate, higher IT outsourcing costs, higher licence fees, partially offset by lower miscellaneous expense, lower foreign exchange loss and higher miscellaneous income.

Depreciation and amortisation

Depreciation and amortisation expense was S\$11.5 million lower YoY in 1H2022, mainly due to lower depreciation of property, plant and equipment (PPE) and lower amortisation of intangible assets partially offset by higher depreciation of right-of-use (ROU) assets.

Other operating expenses (Cybersecurity Services)

The YoY increase in other operating expenses in 1H2022 was primarily due to higher staff costs and other expenses, coupled with an increase in depreciation and amortisation.

Other operating expenses (Regional ICT Services)

The increase in other operating expenses was due to the consolidation of JOS SG and JOS MY under Regional ICT Services.

(C) Other income

Other income decreased YoY in 1H2022 mainly due to lower Job Support Scheme (JSS) payouts and lower recovery of tunnel fees from TPG. The JSS payouts recognised in 1H2022 was S\$0.1 million compared to S\$1.2 million in the corresponding period last year, while the recovery of tunnel fees from TPG declined to S\$0.5 million from S\$1.9 million across the same comparative periods.

(D) Profitability

Profit from operations for 1H2022 decreased S\$9.0 million or 8.6% YoY to S\$95.7 million. Operating profit from Cybersecurity Services was S\$0.5 million in 1H2022 compared to operating profit of S\$1.0 million in the corresponding period last year. Operating profit from Regional ICT Services was S\$0.8 million in 1H2022, compared to S\$0.1 million in 1H2021, mainly lifted by the consolidation of JOS SG and JOS MY. Excluding Cybersecurity Services and Regional ICT Services, profit from operations would have been S\$94.2 million, S\$9.3 million or 9.0% lower YoY. This is due to higher operating expenses, lower revenue from Network Solutions and lower other income mainly due to lower JSS payouts, partially mitigated by higher revenues from Mobile, Entertainment and Broadband coupled with higher margin from Sales of Equipment.

Service EBITDA margin for 1H2022 at 24.6% was 5.2% points lower compared to the corresponding period last year. Finance income was higher YoY in 1H2022 while finance expense was lower YoY in 1H2022.

Non-operating income was lower in 1H2022 due to a fair value gain from settlement of contingent consideration of S\$0.5 million in 1H2022, offset by the absence of a S\$1.3 million gain on liquidation of StarHub (Mauritius) Ltd in 1H2021.

Share of results of associate was lower in 1H2022, compared to the corresponding period last year.

Share of results of joint venture was higher in 1H2022, compared to the corresponding period last year.

Profit before taxation of S\$77.0 million in 1H2022 was S\$8.4 million lower YoY, mainly due to lower profit from operations, non-operating income and gains from an associate, partially offset by lower net finance costs and higher gains from a joint venture. Taxation expenses was lower correspondingly at S\$15.5 million.

Profit after taxation for the period in 1H2022 was S\$61.6 million.

2. BUSINESS REVIEW

Mobile Services

	Half Year ended 30 Jun			
	2022	2021	Incr / (Decr)	
	S\$m	S\$m	S\$m	%
Mobile revenue ⁽¹⁾	268.3	258.4	9.9	3.8

Mobile operating statistics	Quarter ended			Half Year ended		YoY
	30 Jun 2022	31 Mar 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	Incr / (Decr) %
Number of registered subscribers (in thousands)						
Postpaid	1,520	1,501	1,443	1,520	1,443	5.4
Prepaid	534	517	508	534	508	5.2
Total	2,054	2,018	1,950	2,054	1,950	5.3
ARPU with IDD included (S\$ per month)						
Postpaid ⁽¹⁾	29	29	28	29	28	5.0
Prepaid	8	8	10	8	10	(21.8)
Average smartphone data usage (GB)	13.0	12.9	12.9	13.0	12.8	1.3
Average monthly churn rate (post-paid) ⁽²⁾	0.7%	0.8%	0.9%	0.8%	0.9%	-
Singapore mobile penetration ⁽³⁾	161.9%	158.8%	149.5%	161.9%	149.5%	-
Market Share ⁽³⁾	23.3%	23.3%	22.9%	23.3%	22.9%	-

(1) Comparatives have been restated to take into account the reclassification of Entertainment OTT from Mobile and Broadband to Entertainment

(2) Change in computation to include churn from giga! subscribers

(3) Based on latest published statistics.

Mobile service revenue rose 3.8% YoY due to higher Postpaid revenue, offset by lower Prepaid revenue. The increase in 1H2022 Postpaid revenue was lifted by higher roaming, data subscription, and value-added services (“VAS”) revenues coupled with a one-off revenue of S\$1.7 million from an infrastructure project, partially offset by lower IDD revenue, data usage, SMS usage, voice usage and voice subscription due to an IFRS adjustment of S\$2.2 million. Excluding this one-off revenue and IFRS adjustment on voice subscription revenue, Postpaid revenues would have been S\$10.4 million or 4.0% higher. The decrease in Prepaid revenues was due to the YoY decline in data usage revenue, voice revenue, IDD revenue, and revenue from expired credits as a result of the ongoing COVID-19 impact.

Postpaid Mobile Services

As of 30 June 2022, Postpaid mobile subscriber base stood at 1,520,000 after the quarter's net addition of 19,000 subscribers. Compared to a year ago, the Postpaid subscriber base increased by 77,000 subscribers or 5.4%.

ARPU of S\$29 in 2Q2022 and 1H2022 were S\$1 higher YoY compared to the corresponding periods last year. This was mainly due to higher roaming and higher VAS offset by lower usage revenues and lower voice subscription due to an IFRS adjustment. Excluding the effect of the IFRS adjustment, ARPU would have been S\$30 in 2Q2022 and S\$29 in 1H2022. The overall average smartphone data usage increased YoY for both 2Q2022 and 1H2022 to 13 GB.

Average monthly churn rate improved to 0.7% for 2Q2022 and 0.8% for 1H2022.

Prepaid Mobile Services

As of 30 June 2022, the Prepaid mobile customer base stood at 534,000 subscribers, after the quarter's net addition of 17,000 customers. Compared to a year ago, Prepaid customer base increased by 26,000 customers.

ARPU was at S\$8 for both 2Q2022 and 1H2022, S\$2 lower YoY compared to 1H2021 due to increased promotions.

Broadband Services

	Half Year ended 30 Jun			
	2022	2021	Incr / (Decr)	
	S\$m	S\$m	S\$m	%
Broadband revenue ^{(1) (2)}	115.8	95.4	20.5	21.5

Broadband operating statistics	Quarter ended			Half Year ended		YoY
	30 Jun 2022	31 Mar 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	Incr / (Decr) %
Number of residential broadband subscribers - subscription-based (in thousands) ⁽³⁾	572	484	489	572	489	17.0
ARPU (S\$ per month) ⁽¹⁾	34	33	32	33	32	6.1
Average monthly churn rate	0.6%	0.5%	0.9%	0.5%	0.8%	-

(1) Comparatives have been restated to take into account the reclassification of Entertainment OTT from Mobile and Broadband to Entertainment

(2) Includes service revenue from MyRepublic Broadband

(3) Includes residential subscribers from MyRepublic Broadband

Broadband service revenue of increased 21.5% YoY in 1H2022, mainly due to the consolidation of MyRepublic Broadband that contributed revenue of \$12.6 million in 2Q2022 and higher subscription revenue that also lifted ARPU.

As of 30 June 2022, the Broadband subscriber base stood at 572,000 after the quarter's net addition of 88,000 subscribers. The growth in the subscriber base was mainly lifted by the consolidation of MyRepublic Broadband in 2Q2022. Compared to a year ago, the Broadband subscriber base increased by 83,000 subscribers or 17% in 1H2022, lifted by the consolidation of MyRepublic Broadband subscribers.

ARPU was S\$34 in 2Q2022 and \$33 in 1H2022, which was S\$1 higher YoY, compared to the corresponding periods last year (as explained above). The higher ARPU was lifted by higher take-up of the 2Gbps plans, coupled with the consolidation of MyRepublic Broadband.

Average monthly churn rate was at 0.6% and 0.5% in 2Q2022 and 1H2022 respectively.

Entertainment Services

	Half Year ended 30 Jun			
	2022 S\$m	2021 S\$m	Incr/ (Decr) S\$m	%
Entertainment revenue ⁽¹⁾	96.4	92.1	4.3	4.6

Entertainment operating statistics	Quarter ended			Half Year ended		YoY
	30 Jun 2022	31 Mar 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	Incr / (Decr) %
Total Entertainment subscribers ⁽²⁾ (in thousands)	469	450	388	469	388	21.0
ARPU (S\$ per month) ⁽¹⁾	31	31	35	31	35	(12.7)
Average monthly churn rate ⁽³⁾	0.8%	0.8%	1.3%	0.8%	1.2%	-

(1) Comparatives have been restated to take into account the reclassification of Entertainment OTT from Mobile and Broadband to Entertainment

(2) Includes residential Pay TV subscribers (with and without over-the-top ("OTT") subscriptions) as well as Mobile and Broadband subscribers with OTT subscriptions

(3) Refers to churn rate from Pay TV only

Entertainment service revenue increased 4.6% YoY in 1H2022, due to the growth of both Pay TV and OTT subscribers.

As of 30 June 2022, Total Entertainment subscribers stood at 469,000 or 21.0% higher than the 388,000 subscribers recorded a year ago, mainly due to higher YoY OTT traction achieved.

Entertainment ARPU was lower at S\$31 in 2Q2022 and 1H2022 compared to \$35 a year ago mainly due to the expansion of subscriber base resulting from the reclassification of Entertainment OTT from the Mobile and Broadband segments to Entertainment. Excluding the effect of this reclassification, the segment's ARPU would have been higher YoY in 2Q2022 and 1H2022 and stable comparing 2Q2022 and 1Q2022.

Average monthly churn rate was at 0.8% for both 2Q2022 and 1H2022.

Enterprise Business

Enterprise Business revenue	Half Year ended 30 Jun			
	2022 S\$m	2021 S\$m	Incr / (Decr) S\$m %	
Data & Internet ⁽¹⁾	123.2	123.8	(0.6)	(0.5)
Managed Services ⁽²⁾	36.8	41.1	(4.3)	(10.5)
Voice Services	15.0	16.2	(1.2)	(7.4)
Network Solutions	175.0	181.1	(6.1)	(3.4)
Cybersecurity Services ⁽³⁾	120.6	115.9	4.8	4.1
Regional ICT Services ⁽⁴⁾	94.4	36.6	57.8	157.8
Total	390.0	333.6	56.5	16.9

(1) Includes service revenue from MyRepublic Broadband

(2) Managed Services include Analytics, Cloud, ICT solutions and Facilities Management

(3) Includes service revenue from Ensign and D'Crypt

(4) Includes service revenue from Strateq, JOS SG and JOS MY

Enterprise Business revenue increased 16.9% YoY in 1H2022, lifted mainly by consolidation of JOS SG and JOS MY under Regional ICT Services, partially offset by lower revenues from Managed Services, Voice Services and Data & Internet.

Data & Internet service revenue in 1H2022 was 0.5% lower YoY, mainly due to lower revenue from domestic leased circuits revenue, offset by the consolidation of non-residential contributions from MyRepublic Broadband.

Managed Services reported lower YoY revenue of 10.5%, mainly due to the absence of revenue recognised from the delivery of major projects in 1H2021.

Voice Services revenue in 1H2022 was 7.4% lower YoY, mainly due to lower domestic voice and international voice traffic.

Cybersecurity Services revenue increased 4.1% in 1H2022, due to growth in revenue from markets overseas, offset by the absence of a major project delivered in June 2021.

The growth in Regional ICT Services revenue in 1H2022 was due to the consolidation of JOS SG and JOS MY.

3. GROUP CASH FLOW STATEMENT

	Half Year ended 30 Jun	
	2022	2021
	S\$m	S\$m
Operating Activities		
Profit before taxation	77.0	85.5
Adjustments for :		
Depreciation and amortisation	134.1	141.2
Income related grants	(3.5)	-
Share-based payments	1.7	1.6
Net finance costs	20.8	22.3
Share of gain of associate, net of tax	(0.1)	(1.1)
Share of gain of joint venture, net of tax	(1.5)	(0.7)
Non-operating income	(0.5)	(1.3)
Others	(0.1)	0.2
Operating cash flow before working capital changes	227.8	247.7
Changes in operating assets and liabilities	(69.0)	48.3
Income taxes paid	(30.8)	(50.8)
Net cash from operating activities	128.0	245.2
Investing Activities		
Interest received	3.7	0.8
Proceeds from disposal of property, plant and equipment and intangible assets	0.4	-
Purchase of property, plant and equipment and intangible assets	(66.8)	(63.2)
Acquisition of subsidiary, net of cash acquired	(83.4)	-
Deferred consideration paid to founding shareholders	(30.9)	(6.2)
Proceeds from disposal of rights relating to other investments	-	1.2
Investment in joint venture	-	(6.5)
Net repayment of loan from external party	30.8	-
Net cash used in investing activities	(146.2)	(73.9)
Financing Activities		
Repayment of lease liabilities	(19.3)	(16.0)
Grants received	3.5	-
Dividend paid to owners of the Company	(67.5)	(43.3)
Perpetual capital securities distribution paid	(3.9)	(3.9)
Interest paid	(22.8)	(20.1)
Purchase of treasury shares	(2.8)	(1.3)
Proceeds from issuance of medium term notes	-	200.0
Proceeds from bank loans	23.1	-
Repayment of bank loans	(14.7)	(0.5)
Capital contribution from a non-controlling interest shareholder	17.7	14.7
Proceeds of loan from Minority shareholder	1.6	-
Net cash (used in)/ from financing activities	(85.1)	129.6
Net change in cash and cash equivalents	(103.2)	301.0
Exchange difference on cash and cash equivalents	0.6	-
Cash and cash equivalents at beginning of the period	821.5	403.7
Cash and cash equivalents at end of the period	718.9	704.7
Cash and cash equivalents comprise:		
Cash and bank balances (Note 1)	727.4	717.3
Restricted cash	(8.5)	(12.6)
	718.9	704.7

Note 1: As at 30 June 2022, cash and bank balances in the cash flow statement comprise cash and cash equivalents in the statement of financial position of S\$729.8 million (30 June 2021: S\$718.6 million) less bank overdraft of S\$2.4 million (30 June 2021: S\$1.3 million).

The Group's net cash from operating activities for 1H2022 declined S\$117.2 million to S\$128.0 million, mainly due to higher working capital needs and lower cash from operations, partially offset by lower income tax paid.

The negative working capital changes of S\$69.0 million in 1H2022 were mainly due to higher other receivables, deposits and prepayments and lower trade and other payables, partially offset by lower trade receivables, lower contract assets and contract costs, higher contract liabilities and higher net balances due to related parties.

Net cash used in investing activities increased by S\$72.3 million to S\$146.2 million in 1H2022, mainly due to the funds used for the acquisitions of JOS SG, JOS MY and MyRepublic Broadband, deferred consideration paid to the founding shareholders of D'Crypt and Strateq and higher CAPEX payments, partially offset by the net repayment of S\$30.8 million from MyRepublic Holdings Ltd (repayment of a bridge loan of S\$105.0 million less the disbursement of a new loan of S\$74.2 million upon completion of the acquisition of MyRepublic Broadband in March 2022) and absence of investment in the joint venture incorporated last year with another MNO.

The Group's CAPEX payments amounted to S\$66.8 million in 1H2022, representing 6.3% of total revenue. CAPEX payments were S\$3.6 million higher YoY in 1H2022, mainly due to the increase in purchases of PPE and intangible assets.

Free cash flow of S\$61.3 million in 1H2022 was S\$120.8 million lower YoY, primarily due to lower cash from operating activities coupled with higher CAPEX payments.

Net cash from financing activities was a deficit of S\$82.5 million in 1H2022, compared to a surplus of S\$129.6 million in the corresponding period last year, mainly due to the absence of the proceeds from the S\$200.0 million issuance of 10-year fixed rate notes in January 2021 and higher dividends declared and paid, partially offset by the higher net proceeds from bank loans (after repayment of bank loans).

The resulting net cash generated was a deficit of S\$103.2 million in 1H2022. Notwithstanding, cash and cash equivalents balance (excluding restricted cash) was higher at S\$718.9 million as of 30 June 2022 due to a higher cash and cash equivalents balance at the beginning of the period.

Capital expenditure commitments

As of 30 June 2022, the Group's total outstanding capital expenditure commitments amounted to S\$450.1 million, including the outstanding commitments for 4G spectrum rights of S\$282.0 million.

4. STATEMENT OF FINANCIAL POSITION

	Group		Company	
	30 Jun 22	31 Dec 21	30 Jun 22	31 Dec 21
	S\$m	S\$m	S\$m	S\$m
Non-current assets				
Property, plant and equipment	678.9	694.7	354.6	365.8
Intangible assets	837.0	712.0	64.1	69.8
Right-of-use assets	119.3	121.5	85.7	87.0
Subsidiaries	-	-	3,335.3	3,288.9
Joint venture	11.6	10.1	-	-
Associate	28.0	26.2	27.8	27.8
Investment in fair value through other comprehensive income	6.4	5.8	6.4	5.8
Contract assets	51.1	66.3	0.9	1.1
Contract costs	2.7	2.5	0.3	0.3
Prepayments	0.3	0.8	-	0.8
	1,735.2	1,640.0	3,875.2	3,847.4
Current assets				
Inventories	60.3	50.0	4.6	4.4
Contract assets	281.0	289.9	20.1	22.0
Contract costs	23.0	27.1	0.9	1.0
Trade receivables	199.0	192.2	152.2	159.9
Other receivables, deposits and prepayments	208.0	195.9	26.2	36.0
Amount due from related parties	14.2	15.0	246.5	114.2
Cash and bank balances	729.8	832.8	567.7	699.4
	1,515.3	1,602.9	1,018.3	1,036.9
Less:				
Current Liabilities				
Contract liabilities	72.4	63.2	21.7	20.0
Trade and other payables	609.6	694.4	282.3	388.9
Amount due to related parties	30.1	23.6	301.8	202.1
Borrowings	236.7	226.2	220.0	220.0
Lease liabilities	33.8	29.2	17.0	15.6
Provision for taxation	49.4	57.4	32.7	22.9
	1,032.0	1,093.9	875.5	869.4
Net current assets	483.2	509.0	142.8	167.4
Non-current liabilities				
Contract liabilities	43.6	38.6	43.6	38.6
Trade and other payables	116.0	78.6	27.8	25.5
Borrowings	1,135.8	1,138.5	1,054.4	1,054.4
Lease liabilities	97.0	102.7	72.6	75.5
Deferred income	2.3	2.6	-	-
Deferred tax liabilities	92.3	91.7	47.9	54.4
	1,487.1	1,452.8	1,246.2	1,248.4
Net assets	731.4	696.2	2,771.7	2,766.4
Shareholders' equity				
Share capital	299.7	299.7	299.7	299.7
Reserves	83.5	89.9	2,272.2	2,266.8
Perpetual Capital Securities	199.9	199.9	199.9	199.9
Equity attributable to owners and perpetual capital securities holders	583.1	589.5	2,771.7	2,766.4
Non-controlling interests	148.3	106.7	-	-
Total equity	731.4	696.2	2,771.7	2,766.4

GROUP BALANCE SHEET REVIEW

As at 30 June 2022, the Group's total non-current assets of S\$1,735.2 million was S\$95.2 million higher compared to S\$1,640.0 million as at 31 December 2021. The increase was primarily due to higher intangible assets due to \$110.0 million goodwill recognised from the acquisition of JOS SG and JOS MY, and MyRepublic Broadband, coupled with higher investments in a joint venture and an associate, partially offset by lower PPE and lower contract assets.

Total current assets as at 30 June 2022 decreased by S\$87.7 million to S\$1,515.3 million, mainly due to lower cash and cash equivalents, contract assets, contract costs and amounts due from related parties, partially offset by higher balances in inventories, trade receivables, other receivables, deposits and prepayments.

Total current liabilities decreased S\$61.9 million to S\$1,032.0 million as at 30 June 2022, mainly due to lower trade and other payables and lower provision for taxation, partially offset by higher borrowings, contract liabilities, amounts due to related parties and lease liabilities.

The increase in total non-current liabilities by S\$34.3 million to S\$1,487.1 million as at 30 June 2022 was primarily due to higher trade and other payables.

The Group's shareholders' equity decreased by S\$6.4 million to S\$583.1 million as at 30 June 2022 (excluding non-controlling interests of S\$148.3 million). The decrease was mainly due to lower retained profits, partially offset by lower fair value losses on a quoted investment.

Following the disposal of D'Crypt in September 2019 to Keele, D'Crypt became an indirect subsidiary of Ensign as a result of the rights accorded to Ensign through the purchase of Preference Shares of Keele. The Group now holds 55.73% of the economic interest in D'Crypt through its shareholding and interest in Ensign.

The Group holds 88.28% economic interest in Strateq following the completion of its acquisition in July 2020.

The Group holds 60.0% economic interest in JOS SG and JOS MY following the completion of the acquisitions in January 2022.

The Group holds 50.1% economic interest in MyRepublic Broadband following the completion of the acquisition in March 2022.

The non-controlling interests represent the balances of 44.27% effective economic interest in Ensign, 11.72% effective economic interest in Strateq, 40.0% effective economic interest in JOS SG and JOS MY and 49.9% effective economic interest in MyRepublic Broadband, attributable to minority shareholders.

5. GROUP SECURED AND UNSECURED BORROWINGS

	30 Jun 22 S\$m	31 Dec 21 S\$m
Secured and Unsecured borrowings		
Amount repayable in one year or less		
Bank overdraft (secured)	2.4	0.6
Bankers' acceptance (secured)	-	0.1
Bank loans (secured)	13.2	5.5
Bank loans (unsecured)	1.1	-
Medium term notes (unsecured)	220.0	220.0
	236.7	226.2
Amount repayable after one year		
Bank loans (secured)	-	0.7
Bank loans (unsecured)	636.0	638.0
Medium term notes (unsecured)	499.8	499.8
	1,135.8	1,138.5
Total	1,372.5	1,364.7

The Group's secured and unsecured borrowings was S\$7.8 million higher as of 30 June 2022.

As a result of lower cash and cash equivalents, net debt rose S\$110.8 million to S\$642.7 million as of 30 June 2022 compared to S\$531.9 million as of 31 December 2021. As a ratio of the past 12 months' EBITDA, the Group's net debt was higher at 1.30 times as of 30 June 2022 compared to 1.04 times as of 31 December 2021.

6. STATEMENT OF CHANGES IN EQUITY

Group	Share capital S\$m	Treasury shares S\$m	Capital reserve S\$m	Goodwill written off S\$m	Share-based payments reserve S\$m	Fair value reserve S\$m	Hedging reserve S\$m	Translation reserve S\$m	Retained profits S\$m	Total reserves S\$m	Perpetual capital securities S\$m	Non-controlling interest S\$m	Total equity S\$m
At 1 Jan 2022	299.7	(1.9)	(6.8)	(276.3)	8.5	(34.8)	0.0	0.2	401.1	89.9	199.9	106.7	696.2
Total comprehensive income for the period													
Profit for the period	-	-	-	-	-	-	-	-	60.9	60.9	-	0.6	61.6
Other comprehensive income													
Foreign currency translation differences	-	-	-	-	-	-	-	(0.1)	-	(0.1)	-	0.1	0.0
Effective portion of changes in fair value of cash flow hedges, net of taxation	-	-	-	-	-	-	0.6	-	-	0.6	-	0.0	0.6
Net change in fair value of equity investments at FVOCI, net of taxation	-	-	-	-	-	0.6	-	-	-	0.6	-	-	0.6
Share of other comprehensive income of associate	-	-	-	-	-	1.6	-	-	-	1.6	-	-	1.6
Total comprehensive income for the period	-	-	-	-	-	2.1	0.6	(0.1)	60.9	63.6	-	0.8	64.3
Transactions with equity holders of the Company, recognised directly in equity													
Contributions by and distributions to equity holders of the Company													
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	25.4	25.4
Share-based payments expenses	-	-	-	-	1.7	-	-	-	-	1.7	-	-	1.7
Accrued perpetual capital securities distribution	-	-	-	-	-	-	-	-	(3.9)	(3.9)	3.9	-	-
Perpetual capital securities distribution paid	-	-	-	-	-	-	-	-	-	-	(3.9)	-	(3.9)
Purchase of treasury shares	-	(2.8)	-	-	-	-	-	-	-	(2.8)	-	-	(2.8)
Issue of shares pursuant to share plans	-	4.5	-	-	(4.5)	-	-	-	-	-	-	-	-
Net effect of dilution of a subsidiary	-	-	2.3	-	-	-	-	-	-	2.3	-	15.4	17.7
Tax impact on transfer of treasury shares	-	-	-	-	0.1	-	-	-	-	0.1	-	-	0.1
Dividends paid	-	-	-	-	-	-	-	-	(67.5)	(67.5)	-	-	(67.5)
Fair value effect of performance-related consideration	-	-	0.2	-	-	-	-	-	-	0.2	-	-	0.2
Total transactions with equity holders of the Company	-	1.7	2.5	-	(2.7)	-	-	-	(71.4)	(70.0)	(0.0)	40.8	(29.2)
At 30 Jun 2022	299.7	(0.2)	(4.3)	(276.3)	5.8	(32.7)	0.6	0.1	390.6	83.5	199.9	148.3	731.4

6. STATEMENT OF CHANGES IN EQUITY (CONT'D)

Group	Share capital S\$m	Treasury shares S\$m	Capital reserve S\$m	Goodwill written off S\$m	Share-based payments reserve S\$m	Fair value reserve S\$m	Hedging reserve S\$m	Translation reserve S\$m	Retained profits S\$m	Total reserves S\$m	Perpetual capital securities S\$m	Non-controlling interest S\$m	Total equity S\$m
At 1 Jan 2021	299.7	(1.9)	(9.9)	(276.3)	8.0	(24.7)	(2.1)	0.7	344.9	38.7	199.9	88.2	626.5
Total comprehensive income for the period													
Profit for the period	-	-	-	-	-	-	-	-	67.9	67.9	-	0.2	68.1
Other comprehensive income													
Foreign currency translation differences	-	-	-	-	-	-	-	0.6	-	0.6	-	(0.0)	0.6
Effective portion of changes in fair value of cash flow hedges, net of taxation	-	-	-	-	-	-	2.3	-	-	2.3	-	-	2.3
Net change in fair value of equity investments at FVOCI, net of taxation	-	-	-	-	-	(8.2)	-	-	-	(8.2)	-	-	(8.2)
Total comprehensive income for the period	-	-	-	-	-	(8.2)	2.3	0.6	67.9	62.6	-	0.2	62.8
Transactions with equity holders of the Company, recognised directly in equity													
Contributions by and distributions to equity holders of the Company													
Share-based payments expenses	-	-	-	-	1.6	-	-	-	-	1.6	-	-	1.6
Accrued perpetual capital securities distribution	-	-	-	-	-	-	-	-	(3.9)	(3.9)	3.9	-	-
Perpetual capital securities distribution paid	-	-	-	-	-	-	-	-	0.7	0.7	(3.9)	-	(3.3)
Purchase of treasury shares	-	(1.3)	-	-	-	-	-	-	-	(1.3)	-	-	(1.3)
Issue of shares pursuant to share plans	-	2.9	-	-	(2.9)	-	-	-	-	-	-	-	-
Changes in ownership interests without a change of control	-	-	2.1	-	-	-	-	-	-	2.1	-	12.5	14.7
Foreign currency translation reclassified to profit & loss	-	-	-	-	-	-	-	(1.3)	-	(1.3)	-	-	(1.3)
Tax impact on transfer of treasury shares	-	-	-	-	(0.0)	-	-	-	-	(0.0)	-	-	(0.0)
Dividends paid	-	-	-	-	-	-	-	-	(43.3)	(43.3)	-	-	(43.3)
Total transactions with equity holders of the Company	-	1.6	2.1	-	(1.3)	-	-	(1.3)	(46.5)	(45.4)	(0.0)	12.5	(32.9)
At 30 Jun 2021	299.7	(0.3)	(7.8)	(276.3)	6.7	(32.9)	0.2	(0.0)	366.3	55.9	199.9	100.9	656.3

6. STATEMENT OF CHANGES IN EQUITY (CONT'D)

Company	Share capital S\$m	Treasury shares S\$m	Share-based payments reserve S\$m	Fair value reserve S\$m	Retained profits S\$m	Total reserves S\$m	Perpetual capital securities S\$m	Total equity S\$m
At 1 Jan 2022	299.7	(1.9)	8.5	(34.8)	2,295.0	2,266.8	199.9	2,766.4
Total comprehensive income for the period								
Profit for the period	-	-	-	-	77.2	77.2	-	77.2
Other comprehensive income								
Net change in fair value of equity investments at FVOCI, net of taxation	-	-	-	0.6	-	0.6	-	0.6
Total comprehensive income for the period	-	-	-	0.6	77.2	77.8	-	77.8
Transactions with equity holders of the Company, recognised directly in equity								
<i>Contributions by and distributions to equity holders of the Company</i>								
Share-based payments expenses	-	-	1.7	-	-	1.7	-	1.7
Accrued perpetual capital securities distribution	-	-	-	-	(3.9)	(3.9)	3.9	-
Perpetual capital securities distribution paid	-	-	-	-	-	-	(3.9)	(3.9)
Purchase of treasury shares	-	(2.8)	-	-	-	(2.8)	-	(2.8)
Issue of shares pursuant to share plans	-	4.5	(4.5)	-	-	-	-	-
Tax impact on transfer of treasury shares	-	-	0.1	-	-	0.1	-	0.1
Dividends paid	-	-	-	-	(67.5)	(67.5)	-	(67.5)
Total transactions with equity holders of the Company	-	1.7	(2.7)	-	(71.4)	(72.4)	(0.0)	(72.5)
At 30 Jun 2022	299.7	(0.2)	5.8	(34.2)	2,300.8	2,272.2	199.9	2,771.7

6. STATEMENT OF CHANGES IN EQUITY (CONT'D)

Company	Share capital S\$m	Treasury shares S\$m	Share-based payments reserve S\$m	Fair value reserve S\$m	Retained profits S\$m	Total reserves S\$m	Perpetual capital securities S\$m	Total equity S\$m
At 1 Jan 2021	299.7	(1.9)	8.0	(24.7)	2,185.9	2,167.3	199.9	2,666.8
Total comprehensive income for the period								
Profit for the period	-	-	-	-	80.0	80.0	-	80.0
Other comprehensive income								
Net change in fair value of equity investments at FVOCI, net of taxation	-	-	-	(8.2)	-	(8.2)	-	(8.2)
Total comprehensive income for the period	-	-	-	(8.2)	80.0	71.8	-	71.8
<u>Transactions with equity holders of the Company, recognised directly in equity</u>								
<i>Contributions by and distributions to equity holders of the Company</i>								
Share-based payments expenses	-	-	1.6	-	-	1.6	-	1.6
Accrued perpetual capital securities distribution	-	-	-	-	(3.9)	(3.9)	3.9	-
Perpetual capital securities distribution paid	-	-	-	-	0.7	0.7	(3.9)	(3.3)
Purchase of treasury shares	-	(1.3)	-	-	-	(1.3)	-	(1.3)
Issue of shares pursuant to share plans	-	2.9	(2.9)	-	-	-	-	-
Tax impact on transfer of treasury shares	-	-	(0.0)	-	-	(0.0)	-	(0.0)
Dividends paid	-	-	-	-	(43.3)	(43.3)	-	(43.3)
Total transactions with equity holders of the Company	-	1.6	(1.3)	-	(46.5)	(46.2)	(0.0)	(46.2)
At 30 Jun 2021	299.7	(0.3)	6.7	(32.9)	2,219.4	2,192.9	199.9	2,692.4

7. CHANGES IN COMPANY'S SHARE CAPITAL

Share Capital

As of 30 June 2022, the share capital of the Company was S\$299.7 million (31 December 2021: S\$299.7 million) comprising 1,731,489,049 (31 December 2021: 1,730,170,265) issued ordinary shares (excluding treasury shares).

Treasury Shares

For 1H2022, the Company transferred 3,518,784 treasury shares to participants of the Company's share plans.

For 1H2022, the Company bought 2,200,000 ordinary shares from the market at a consideration of S\$2.8 million.

The treasury shares balance as at 30 June 2022 was S\$0.2 million (30 June 2021: S\$0.3 million) comprising 162,394 (30 June 2021: 228,178) ordinary shares.

Issue of new shares

For 1H2022, there was no issue of new ordinary shares.

Subsidiary holdings

As at 30 June 2022, none of the Company's subsidiaries held any shares in the Company (30 June 2021: Nil).

Perpetual Capital Securities

In 2Q2017, the Company issued subordinated perpetual capital securities with an aggregate principal amount of S\$200.0 million. The perpetual capital securities may be redeemed at the option of the Company, in whole, but not in part, on 16 June 2022 or on any Distribution Payment Date thereafter and otherwise upon the occurrence of certain redemption events as defined in the offering circular.

Such perpetual capital securities bear distributions at a rate of 3.95% per annum, with the first distribution rate reset falling on 16 June 2027 and subsequent resets occurring every 10 years thereafter. The distribution rate will be subject to a step-up of 1% per annum from 16 June 2027.

The distribution is payable semi-annually in arrears on a discretionary basis and will be cumulative and compounding in accordance with the terms and conditions of the offering circular.

For 1H2022, the Group had paid out S\$3.9 million in perpetual capital securities distribution and had an accrual of S\$0.3 million for perpetual capital securities distribution due in December 2022.

On 13 May 2022, the Company announced that it would not exercise the Issuer's Redemption Option on the First Call Date of 16 June 2022 to redeem the perpetual capital securities. For the avoidance of doubt, there will not be a reset of the distribution rate of the perpetual capital securities, which will remain at 3.95% per annum.

Outstanding Shares – Share-Based Plans

Performance Share Plans

As of 30 June 2022, the outstanding balance of conditional awards under the Performance Share Plans was 3,765,000 (30 June 2021: 1,770,000) ordinary shares.

Restricted Stock Plans

As of 30 June 2022, the outstanding balance of conditional awards under the Restricted Stock Plans was 6,831,680 (30 June 2021: 5,886,642) ordinary shares.

8. AUDIT

The financial statements have not been audited or reviewed.

9. AUDITORS' REPORT

Not applicable.

10. ACCOUNTING POLICIES

The Group and Company have applied the same accounting policies and methods of computation in the financial statements for the current financial period consistent with those of the audited financial statements for the year ended 31 December 2021.

In the current financial period, the Group and the Company have adopted all applicable new and revised Singapore Financial Reporting Standards (International), ("SFRS(I)") and Interpretations of SFRS(I) ("INT SFRS(I)") that are relevant to its operations and effective for annual periods beginning on 1 January 2022.

The application of the new and revised standard and interpretation did not result in substantial changes to the Group's and the Company's accounting policies and has no material effect on the financial statements.

The Condensed Interim Financial Information is prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting.

11. CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

Please refer to Note 10.

12. GROUP EARNINGS PER ORDINARY SHARE

	Half Year ended 30 Jun	
	2022	2021
Basic		
Earnings per share	3.3 cents	3.7 cents
Weighted average number of shares ('000)	1,730,859	1,730,850
Diluted		
Earnings per share	3.3 cents	3.7 cents
Weighted average number of shares ('000)	1,737,329	1,737,360

13. NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
Net asset value per share	33.7 cents	34.1 cents	160.1 cents	159.9 cents

14. ANY VARIANCE BETWEEN PROSPECT STATEMENT PREVIOUSLY DISCLOSED AND THE ACTUAL RESULTS

The Group's service revenue was 11.7% higher YoY in 1H2022, which exceeded our full year guidance for a YoY increase of at least 10%.

The Group's service EBITDA margin for 1H2022 was 24.6% of service revenue, which exceeded our full year guidance of at least 20%.

Total CAPEX commitment entered in the 1H2022 amounted to S\$79.7 million or 7.5% of total revenue. This was below our FY2022 guidance for overall CAPEX commitment to be between 12% and 15% of total revenue (excluding 5G capex and spectrum right, including investments relating to DARE+ and IT Transformation).

15. GROUP OUTLOOK

With the reopening of borders from April 2022, the Group has observed encouraging signs of recovery for both its Consumer and Enterprise businesses. This is reflected in the growth and healthy metrics, such as ARPU growth, recorded across the board in 1H2022.

The Consumer business has seen progressive recovery in roaming and Prepaid revenue, in line with the gradual pace of recovery of international travel. Meanwhile, the Entertainment segment recorded a steeper quarter-on-quarter growth in subscribers and recently added Viu as its 11th brand to be integrated on the hybrid TV+ platform. StarHub is now the only service provider in Singapore to offer bundled services with Viu. The Broadband business remained steady this quarter as StarHub continues to see traction for the higher-tier 2Gbps plans. Additionally, this quarter also marks the first consolidation of MyRepublic Broadband, strengthening StarHub's market share and price leadership.

Concurrently, the Consumer business remains on track with its Infinity Play and Super App strategies that will create new revenue streams and elevate customer engagement and experiences for market differentiation and its long-term competitiveness. StarHub launched Premier League in June, bringing an unprecedented, immersive digital experience to consumers in Singapore. For the first time, the service is also offered as a standalone product, extending its reach beyond StarHub's existing customers – in line with the Group's Infinity Play vision. The Peace of Mind vertical also saw the addition of the TravelProtection product in June, to capitalise on emerging opportunities from the reopening of borders.

The Enterprise business has continued to deliver growth this quarter, as it positions itself to tap opportunities with the reopening of Singapore's borders and economy. Data & Voice segments are expected to hold steady resulting from a product portfolio refresh that will improve the market positioning, customer experience and migrating customers from legacy products onto cloud-hosted offerings. Meanwhile, the Managed Services segment is experiencing healthy demand due to greater enterprise digitalisation needs, especially in the areas of Managed Network and Managed Cloud.

Meanwhile, the Enterprise business continues to seek opportunities leveraging its unique capabilities to converge cloud, cybersecurity and connectivity. The Enterprise business has recently launched new connectivity solutions such as software-defined networking capabilities, managed mobility and a 750Mbps business broadband offering, cloud solutions such as a revamped Cloud Connect, and cybersecurity solutions such as Cybersecure and a Managed SASE product suite. This will provide a comprehensive product portfolio for our Enterprise customers and deepen the Group's proposition as a smart orchestrator offering end-to-end solutions that solves salient business problems. It is also pursuing more partnerships to deliver increased value and better experience to its Enterprise customers.

The Group also continues to execute on revenue and cost synergies with its subsidiaries as it explores other strategic M&A opportunities that will accelerate and/or elevate its DARE+ vision.

Dividend

Taking into consideration short- to mid-term business conditions (including ongoing COVID-19 impacts), cash flow and investment requirements, as well as results expected from the ongoing business transformation initiatives, the Group is declaring an interim dividend of 2.5 cents per ordinary share for the half year ended 30 June 2022. This is consistent with the Group's earlier guidance to distribute the higher of 5.0 cents per ordinary share for FY2022 or 80% of net profit attributable to shareholders (adjusted for one-off, non-recurring items).

The dividend to be proposed for 2H2022 and the medium term will be largely based on the progress and outcomes generated from the Group's DARE+ initiatives, medium- to long-term investment requirements, and macroeconomic factors. The Group remains committed to its dividend policy to distribute at least 80% of net profit attributable to shareholders (adjusted for one-off, non-recurring items), payable on a semi-annual basis.

“Some of the statements in this release constitute forward-looking statements” that do not directly or exclusively relate to historical facts. These forward-looking statements reflect our current intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside our 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. Because actual results could differ materially from our intentions, plans, expectations, assumptions and beliefs about the future, you are urged to view all forward-looking statements contained in this release with caution.

16. DIVIDENDS

- (a) Current financial period reported on

Any dividend recommended for the current financial period reported on? Yes

Name of Dividend	Interim
Dividend Type	Cash; Tax-exempt (1-tier) dividend
Dividend Amount	S\$0.025 per ordinary share
Tax Rate	Exempt (1-tier)

- (b) Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Interim
Dividend Type	Cash; Tax-exempt (1-tier) dividend
Dividend Amount	S\$0.025 per ordinary share
Tax Rate	Exempt (1-tier)

- (c) Date payable

The interim dividend will be paid on 31 August 2022.

- (d) Record date

Notice is hereby given that the Register of Members and the Transfer Books of the Company will be closed on 16 August 2022.

Duly completed registrable transfers received by the Company’s share registrar, M & C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902 up to the close of the business at 5.00 p.m. on 15 August 2022 will be registered to determine members’ entitlement to the interim dividend. Subject as aforesaid, persons whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares of the Company as at 5.00 p.m. on 15 August 2022 will be entitled to the interim dividend.

(e) Dividends Paid

During the half year ended 30 June 2022, a final tax-exempt (one-tier) dividend of 3.9 cents per ordinary share totalling S\$67.5 million was paid in respect of the previous financial year ended 31 December 2021.

17. IF NO DIVIDEND HAVE BEEN DECLARED/RECOMMENDED, A STATEMENT TO THAT EFFECT

Not applicable

18. FAIR VALUE MEASUREMENT

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group and Company:

Derivatives

Marked-to-market valuations of the forward exchange contracts are provided by the banks. Those quotes are tested using pricing models or discounted cash flow techniques. Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate for a similar instrument at the reporting date. Where other pricing models are used, inputs are based on market related data at the reporting date.

Borrowings

The fair values of fixed interest bearing borrowings which reprice within one year of reporting date were assumed to equate the carrying value. All other fixed interest bearing borrowings are calculated using discounted cash flow models based on the present value of future principal and interest cash flows, discounted at the market rate at the reporting date.

As at 30 June 2022, the fair value of bank loans are S\$620.6 million (31 December 2021: S\$637.8 million) and the fair value of medium term notes are S\$689.2 million (31 December 2021: S\$736.7 million).

Contingent consideration and forward liability to acquire non-controlling interests

The fair values of contingent consideration and forward liability to acquire non-controlling interests are based on estimates from the associated probabilities of achieving performance targets by the investee and the expected payment amount.

Changing the significant unobservable inputs used to reasonably estimate possible alternative assumptions would have no significant impact on the fair value of the contingent consideration.

The fair value of the forward liability will increase/(decrease) if the expected average financial performance of Strateq is higher/(lower).

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with maturity of less than one year are assumed to approximate their fair values.

The fair value of non-current other financial assets and financial liabilities was calculated using the discounted cash flow model based on the present value of expected cashflows at the market rates at the reporting date. The carrying amounts approximate their fair values.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
 Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
 Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table represents the assets and liabilities measured at fair value, using the above valuation methods, at reporting date:

	Fair value Level	30 Jun 22 S\$m	30 Jun 21 S\$m
Group			
Financial assets			
Other investments	1	6.4	7.8
Marked-to-market financial instrument			
– Forward exchange contracts	2	0.7	0.2
Financial liabilities			
Marked-to-market financial instrument			
– Forward exchange contracts	2	0.0	-
Forward liability to acquire non-controlling interests	3	37.4	35.7
Contingent consideration	3	50.9	35.3
Company			
Financial assets			
Other investments	1	6.4	7.8
Marked-to-market financial instrument			
– Forward exchange contracts	2	0.7	0.2
Financial liabilities			
Marked-to-market financial instrument			
– Forward exchange contracts	2	0.0	-

The following table presents the reconciliation from the opening balances to the ending balances for fair values based on unobservable inputs (Level 3):

	Forward liability to acquire non-controlling interests	Contingent consideration	
	30 Jun 22 S\$m	30 Jun 22 S\$m	30 Jun 21 S\$m
Balance at 1 January	37.3	39.1	34.8
Arising from business combinations	-	42.9	-
Total unrealised losses recognised in income statement	0.4	(0.1)	0.7
Settlements during the period	-	(30.9)	-
Translation differences	(0.3)	-	(0.3)
Balance at 30 June	37.4	50.9	35.3

19. SEGMENT REPORTING

	Telecommunications ⁽¹⁾	Cybersecurity ⁽²⁾	Total	Telecommunications ⁽¹⁾	Cybersecurity ⁽²⁾	Total
	Half Year ended 30 Jun			Half Year ended 30 Jun		
	2022 S\$m	2022 S\$m	2022 S\$m	2021 S\$m	2021 S\$m	2021 S\$m
Mobile	268.3	-	268.3	258.4	-	258.4
Broadband	115.8	-	115.8	95.4	-	95.4
Entertainment	96.4	-	96.4	92.1	-	92.1
Enterprise Business	269.4	120.6	390.0	181.1	333.6	514.6
Sales of equipment	188.0	-	188.0	36.6	-	36.6
Total revenue	938.0	120.6	1,058.6	663.6	333.6	997.2
EBITDA	219.6	10.1	229.7	235.5	10.4	245.9
Depreciation & amortisation	(123.6)	(10.4)	(134.1)	(131.8)	(9.4)	(141.2)
Non-operating income	0.5	-	0.5	1.3	-	1.3
Finance income	2.4	0.4	2.8	1.5	0.0	1.5
Finance expense	(22.9)	(0.7)	(23.6)	(23.3)	(0.5)	(23.8)
Share of gain of associate (net of tax)	0.1	-	0.1	1.1	-	1.1
Share of gain of joint venture (net of tax)	1.5	-	1.5	0.7	-	0.7
Profit before taxation	77.6	(0.6)	77.0	85.0	0.5	85.5
Taxation	(14.9)	(0.5)	(15.5)	(17.5)	0.1	(17.4)
Profit for the year	62.7	(1.1)	61.6	67.5	0.6	68.1
Assets and liabilities						
Non-current assets	1,570.8	164.5	1,735.2	1,488.3	183.4	1,671.6
Current assets	1,248.4	266.8	1,515.3	1,203.2	216.9	1,420.2
Total assets	2,819.2	431.3	3,250.5	2,691.5	400.3	3,091.8
Borrowings	1,372.5	0.0	1,372.5	1,365.8	0.8	1,366.5
Other non-current liabilities	339.3	12.0	351.3	318.0	8.9	326.9
Other current liabilities	684.3	111.0	795.3	620.1	122.0	742.1
Total liabilities	2,396.2	123.0	2,519.1	2,303.9	131.6	2,435.5
Other information						
Capital expenditure	65.9	0.9	66.8	78.1	0.8	79.0
Free cash flow ⁽³⁾	55.3	6.0	61.3	178.3	3.8	182.1

Notes:

(1) Telecommunications refers to the Group including Strateq which was acquired in 3Q2020, JOS SG & JOS MY which was acquired in 1Q2022 and MyRepublic Broadband which was acquired in 2Q2022

(2) Cybersecurity refers to Ensign and D'Crypt

(3) Free Cash Flow refers to net cash from operating activities less purchase of fixed assets in the cash flow statement

20. INTERESTED PERSON TRANSACTIONS

	Nature of Relationship	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than S\$100,000)* 1 January 2022 to 30 June 2022 S\$m
Transactions for the Sale of Goods & Services		
Capitaland Limited & its associates		1.0
SembCorp Industries Ltd & its associates		0.0
Singapore Power Limited & its associates		0.2
Singapore Airlines Limited	Associates of StarHub Ltd 's controlling shareholder	0.6
Singapore Technologies Engineering Ltd & its associates		0.4
Singapore Technologies Telemedia Pte Ltd & its associates		0.0
Singapore Telecommunications Limited & its associates		2.5
Temasek Holdings (Private) Limited and its associates (other than those disclosed above)	Controlling shareholder of StarHub Ltd and its associates	13.7
		18.3
Transactions for the Purchase of Goods & Services		
Capitaland Limited & its associates		5.2
Singapore Technologies Engineering Ltd & its associates		0.6
Singapore Technologies Telemedia Pte Ltd & its associates	Associates of StarHub Ltd 's controlling shareholder	3.0
Singapore Telecommunications Limited & its associates		5.1
Temasek Holdings (Private) Limited and its associates (other than those disclosed above)	Controlling shareholder of StarHub Ltd and its associates	1.6
		15.4

21. NEGATIVE ASSURANCE CONFIRMATION

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the above unaudited financial results for the half year ended 30 June 2022 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Steven Terrell Clontz
Director

Ma Kah Woh
Director

Singapore
4 August 2022

22. CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS

The Company confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual of Singapore Exchange Securities Trading Limited.