



MEDIA RELEASE
For immediate release

StarHub Reports 17% Increase in FY2021 Net Profit, to \$148.3M¹; Free Cash Flow Rises 25% YoY to \$484.6M

- *FY2021 performance exceeded prior guidance for Service Revenue, Service EBITDA margin and Capex Commitment*
- *Final Dividend of 3.9 cents per share proposed; bringing total FY2021 dividend to 6.4 cents (80% payout ratio)*

Singapore, 11 February 2022 – StarHub reported today Net Profit attributable to shareholders (“Net Profit”) of \$148.3 million¹ for the full year ended 31 December (“FY”) 2021 on higher revenue of \$2.04 billion.

The Group’s FY2021 performance on Consumer was lifted by 10.4% YoY growth in FY2021 Broadband revenue, strong sequential quarterly growth for Postpaid Mobile; and continued momentum in the turnaround in Entertainment as the Group migrated from linear Pay TV to Hybrid TV+ and OTT platforms. The Group’s Enterprise segment registered 9.4% YoY growth in FY2021 driven by revenue of \$268.5 million from Cybersecurity Services, up 21.7% YoY; as well as the first full year consolidation of Strateq under the Regional ICT Services segment that recorded \$75.8 million in revenue. Ensign and Strateq reported operating profit of \$3.5 million and \$1.7 million, respectively. The Group registered lower operating expenses (“Opex”) through financial discipline, improved efficiencies and ongoing digitalisation.

StarHub exceeded expectations for FY2021 financial guidance as provided to the market over the year, across Service Revenue, Service EBITDA margin and Capex commitment levels. FY2021 Service Revenue grew 1.4% YoY, higher than the earlier guidance that expected the line item to remain stable. Service EBITDA margin for the year was 29.8%, higher than the updated guidance of “at least 26%” in November 2021, and the original “24% to 26%” guidance back in February 2021.

¹ Excluding the effect of JSS payouts recognised over the comparative periods. JSS in FY2021 was \$18.3M, while JSS in FY2020 was \$34M.



Capex Commitment was 3.7% of Total Revenue in FY2021, outperforming guidance of “between 7% and 9%” as updated in August 2021 and “between 9-11%” offered in February 2021. As a result, StarHub achieved FY2021 Free Cash Flow of \$484.6 million, a 25.0% YoY increase. Net Debt to EBITDA declined to 1.04 times as at 30 December 2021, compared to 1.41 times a year ago.

Taking into consideration short to mid-term business conditions, cash flow and investment requirements, as well as results reaped and expected from the ongoing business transformation initiatives, StarHub has proposed a final dividend of 3.9 cents, bringing the full year distribution to 6.4 cents, or a payout ratio of 80%, in line with prior guidance and the Group’s dividend policy².

StarHub’s Chief Executive, Nikhil Eapen, commented on the results, *“We are pleased with where we have taken StarHub over FY2021. We achieved strong financial results despite significant macroeconomic and COVID-19 impacts. We saw early indicators of DARE+ with rising ARPU across all segments, strong 5G adoption and other encouraging metrics. These are proof points of our Infinity Play product and digital engagement strategies that delight Singapore consumers with experiences that drive consumption. We continued to roll out 5G NSA and SA to enhance our high quality, award-winning networks. We announced two key acquisitions – MyRepublic Broadband and JOS Singapore and Malaysia – that scale our market position in key segments, extend Infinity Play to a larger base and drive digital platforms within Singapore and into the region. Lastly, we drove growth and efficiencies to generate considerable free cash flow – an important metric as we move into FY2022, continue our M&A as well as fund material early investment costs from DARE+ to drive our digitally-driven growth for years to come.”*

StarHub launched its five-year DARE+ growth roadmap in November 2021, which targets \$220 million in gross profit growth driven by new verticals across Consumer and Enterprise, and enabled by strengthened IT and digital capabilities and new opportunities realised with 5G. By driving greater digitalisation of StarHub’s business strategies and optimising its processes, the Group also expects to achieve \$280 million in cost savings cumulatively over the five years till 2026.

² To distribute at least 80% of net profit attributable to shareholders (adjusted for one-off, non-recurring items), payable on a semi-annual basis.



In view of significant investments to be incurred in the next two years, the Group has taken the proactive step to offer the following guidance for FY2022 and outlook for FY2023, taking into account the outcomes expected to be generated from the DARE+ initiatives, which will be realised from FY2023 until it reaches steady state in FY2026³.

StarHub expects service revenue to grow at least 10% in FY2022 with higher revenues to be achieved across most segments, as well as maiden contributions from the acquisitions of JOS Singapore and Malaysia⁴, as well as MyRepublic Broadband⁵. FY2023 service revenue is targeted to grow by an incremental 5% to 10% YoY as StarHub starts realising early outcomes from the new DARE+ initiatives.

With upfront investments required for IT Transformation, talent acquisition, entertainment content and network repairs & maintenance to support new DARE+ business initiatives; as well as higher Opex resulting from increased electricity tariffs, Service EBITDA margin is expected to be at least 20% in FY2022.

This is targeted to recover in FY2023 to at least 23%, lifted by the new DARE+ initiatives. Also contributing to the targeted YoY improvement in FY2023 Service EBITDA margin are lower YoY utility costs; higher YoY EBITDA margin from tactical and new growth initiatives, including the rollout of 5G products and services; DARE+ cost savings; offset by ongoing Opex investments that commenced in FY2022.

BAU Capex Commitment⁶ is expected to be maintained at 7% to 9% of total revenue; overall Capex Commitment⁶, including front-loaded Capex investments to support IT Transformation and new DARE+ business initiatives, is expected to be 12% to 15% of total revenue for both FY2022 and FY2023.

³ DARE+ is expected to generate a steady-state incremental gross profit run rate of \$80 million per annum from FY2026.

⁴ Acquisition completed on 3 January 2022.

⁵ Acquisition expected to complete in 1Q2022.

⁶ Excluding 5G Capex and spectrum right.



For FY2022 and FY2023, the Group remains committed to distribute a minimum of 5.0 cents per ordinary share, based on expectations that the outcomes generated from DARE+ will enable StarHub to sustain or exceed the aforesaid dividend. StarHub reiterates its commitment to its dividend policy².

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For more details on the Group's performance, please visit <http://ir.starhub.com/>. Other materials available on StarHub's investor relations website include the investor presentation, results announcement, as well as the audio webcast archive to be made available after 11 February 2022.

About StarHub

StarHub is a leading homegrown Singapore company that delivers world-class communications, entertainment and digital services. With our extensive fibre and wireless infrastructure and global partnerships, we bring to people, homes and enterprises quality mobile and fixed services, a broad suite of premium content, and a diverse range of communication solutions. We develop and deliver to corporate and government clients solutions incorporating artificial intelligence, cybersecurity, data analytics, Internet of Things and robotics. We are committed to conducting our business in a sustainable and environmentally responsible manner. Listed on the Singapore Exchange mainboard, StarHub is a component stock of the SGX iEdge SG ESG Leaders and Transparency Indices and included in ESG-focused FTSE4Good Index Series. StarHub is ranked as the world's most sustainable Wireless Telecommunications Service Provider and Singapore's most sustainable Telco, in Corporate Knights Global 100. Visit www.starhub.com for more information.

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