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STARHUB LTD

Announcement of Unaudited Results for the Second Quarter and Half Year ended 30 June 2020

StarHub is pleased to announce the unaudited results for the second quarter and half year ended 30 June 2020.

Results for the Second Quarter and Half Year ended 30 June 2020

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

	Quarter ended 30 Jun				Half Year ended 30 Jun			
	2020 S\$m	2019 S\$m	Incr / (Decr) S\$m	%	2020 S\$m	2019 S\$m	Incr/ (Decr) S\$m	%
Total revenue	453.4	552.8	(99.4)	(18.0)	959.6	1,149.6	(190.0)	(16.5)
Operating expenses	(418.9)	(495.6)	(76.7)	(15.5)	(867.3)	(1,020.3)	(153.0)	(15.0)
Other income	17.3	0.0	17.3	nm	18.8	0.1	18.7	nm
Profit from operations	51.8	57.3	(5.4)	(9.5)	111.1	129.4	(18.3)	(14.1)
Finance income	0.5	0.4	0.1	28.9	0.9	0.8	0.1	18.8
Finance expense ⁽¹⁾	(10.9)	(10.1)	0.7	7.3	(20.0)	(19.9)	0.1	0.4
	41.5	47.6	(6.1)	(12.8)	92.0	110.2	(18.2)	(16.5)
Share of gain of associate, net of tax	0.2	0.0	0.1	nm	0.1	0.5	(0.3)	(72.8)
Profit before taxation	41.6	47.6	(6.0)	(12.5)	92.2	110.7	(18.6)	(16.8)
Taxation	(7.8)	(8.2)	(0.4)	(5.1)	(16.2)	(22.0)	(5.8)	(26.4)
Profit for the period	33.8	39.4	(5.5)	(14.1)	75.9	88.7	(12.8)	(14.4)
Attributable to:								
Owners of the Company	37.3	39.5	(2.2)	(5.6)	77.4	93.5	(16.1)	(17.2)
Non-controlling interests	(3.4)	(0.1)	3.3	nm	(1.5)	(4.8)	(3.3)	(69.4)
	33.8	39.4	(5.5)	(14.1)	75.9	88.7	(12.8)	(14.4)
EBITDA	129.3	146.4	(17.1)	(11.7)	265.5	308.3	(42.8)	(13.9)
Service EBITDA ⁽²⁾	118.5	140.8	(22.3)	(15.8)	244.2	290.4	(46.2)	(15.9)
Service EBITDA as % of service revenue	31.5%	31.8%	-0.3% pts		31.3%	32.8%	-1.5% pts	
Free Cash Flow ⁽³⁾	155.5	54.5	100.9	185.1	274.6	75.9	198.7	nm
<i>Profit from operations is arrived after charging the following:</i>								
Loss allowances of trade receivables	4.4	5.6	(1.3)	(22.3)	8.1	10.9	(2.8)	(25.6)
Depreciation and amortisation	77.5	89.1	(11.6)	(13.0)	154.4	178.9	(24.5)	(13.7)
Foreign exchange (gain) / loss	(0.4)	1.1	(1.5)	nm	4.9	(0.1)	5.0	nm
Allowance for stock obsolescence	2.5	3.1	(0.6)	(19.9)	3.5	3.3	0.2	5.2

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) Numbers in all tables may not exactly add up due to rounding

1.2 GROUP COMPREHENSIVE INCOME STATEMENT

	Quarter ended 30 Jun				Half Year ended 30 Jun			
	2020 S\$m	2019 S\$m	Incr / (Decr) S\$m	%	2020 S\$m	2019 S\$m	Incr/ (Decr) S\$m	%
Profit for the period	33.8	39.4	(5.5)	(14.1)	75.9	88.7	(12.8)	(14.4)
Other comprehensive income								
Items that will not be reclassified to profit or loss:								
Net change in fair value of equity investments at fair value through other comprehensive income ("FVOCI"), net of taxation	9.1	(8.6)	17.7	nm	(11.4)	(9.7)	1.7	17.6
Items that are or may be reclassified subsequently to profit or loss:								
Foreign currency translation differences	0.1	(0.0)	0.1	nm	(0.1)	0.1	(0.2)	nm
Effective portion of changes in fair value of cash flow hedges, net of taxation	(1.8)	0.0	(1.8)	nm	2.2	(0.2)	2.4	nm
Share of other comprehensive income of associates and joint ventures	(0.1)	-	(0.1)	nm	(0.1)	-	(0.1)	nm
Other comprehensive loss for the period, net of taxation	7.4	(8.6)	15.9	nm	(9.4)	(9.8)	(0.4)	(4.0)
Total comprehensive income for the period	41.2	30.8	10.4	33.7	66.5	78.9	(12.4)	(15.7)
Attributable to:								
Owners of the Company	44.6	30.9	13.7	44.5	68.0	83.7	(15.7)	(18.7)
Non-controlling interests	(3.4)	(0.1)	3.4	nm	(1.5)	(4.8)	(3.3)	68.8
Total comprehensive income for the period	41.2	30.8	10.4	33.7	66.5	78.9	(12.4)	(15.7)

nm – Not meaningful

1.3 GROUP PERFORMANCE REVIEW FOR THE PERIOD ENDED 30 JUNE 2020

(A) Revenue

Revenue	Quarter ended 30 Jun				Half Year ended 30 Jun			
	2020 S\$m	2019 S\$m	Incr / (Decr) S\$m %		2020 S\$m	2019 S\$m	Incr / (Decr) S\$m %	
Mobile	143.4	192.3	(48.9)	(25.4)	307.0	384.6	(77.7)	(20.2)
Pay TV	46.9	64.7	(17.9)	(27.6)	93.7	135.5	(41.8)	(30.8)
Broadband	43.2	45.1	(1.9)	(4.2)	84.9	92.2	(7.3)	(7.9)
Enterprise Business	142.7	140.3	2.4	1.7	295.5	274.4	21.1	7.7
- Network solutions ⁽¹⁾	102.8	104.1	(1.3)	(1.2)	193.2	211.9	(18.7)	(8.8)
- Cyber security services ⁽²⁾	39.8	36.2	3.7	10.1	102.3	62.5	39.7	63.5
Service revenue	376.2	442.4	(66.2)	(15.0)	781.1	886.7	(105.6)	(11.9)
Sales of equipment	77.2	110.4	(33.2)	(30.1)	178.5	262.9	(84.4)	(32.1)
Total revenue	453.4	552.8	(99.4)	(18.0)	959.6	1,149.6	(190.0)	(16.5)

(1) Includes Data & Internet, Managed services and Voice services

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

The Group's 2Q2020 total revenue of S\$453.4 million was S\$99.4 million or 18.0% lower year on year ("YoY"), while the Group's 1H2020 total revenue of S\$959.6 million was S\$190.0 million or 16.5% lower YoY. The lower revenues were a result of lower contributions from Mobile, Pay TV, Broadband and Sales of equipment, partially offset by higher contributions from Enterprise Business.

Against the corresponding periods last year, Mobile service revenues in 2Q2020 and 1H2020 were 25.4% and 20.2% lower respectively due to lower post-paid and pre-paid Mobile revenues. The decrease in post-paid Mobile revenues was mainly due to lower IDD, excess data usage, lower roaming due to a significant drop in global travel caused by the COVID-19 outbreak, lower plan subscriptions and VAS (value-added services) revenues, partially offset by the increase in voice usage. The decrease in pre-paid Mobile revenues was mainly due to lower inbound and outbound travel as a result of border control measures instituted as a result of the COVID-19 outbreak, lower data subscriptions, prepaid expired credit and IDD.

Pay TV service revenue decreased 27.6% YoY in 2Q2020 and 30.8% in 1H2020, mainly due to a lower subscriber base and lower ARPUs as a result of the effect of promotional activities relating to the cable to fibre migration in the previous year.

Broadband service revenue decreased 4.2% YoY in 2Q2020 and 7.9% in 1H2020, mainly due to lower ARPUs as a result of the effect of promotional activities relating to the cable to fibre migration in the previous year and a one-time 20% rebate on Home Broadband monthly fee extended to customers due to a service disruption in April 2020.

Enterprise Business revenue increased 1.7% YoY in 2Q2020 and 7.7% in 1H2020 respectively, mainly due to higher revenues from cyber security services and higher internet services and domestic leased circuits, partially offset by lower managed services and voice services.

Revenue from sales of equipment decreased YoY by 30.1% in 2Q2020 and 32.1% in 1H2020, mainly due to lower volume of handsets sold during the Circuit Breaker period implemented from 7 April 2020 to 1 June 2020.

(B) Operating expenses

Operating expenses	Quarter ended 30 Jun				Half Year ended 30 Jun			
	2020 S\$m	2019 S\$m	Incr / (Decr) S\$m %		2020 S\$m	2019 S\$m	Incr/ (Decr) S\$m %	
Cost of sales ⁽¹⁾	188.9	245.5	(56.6)	(23.1)	396.7	528.9	(132.2)	(25.0)
Other operating expenses ⁽¹⁾	178.6	213.0	(34.4)	(16.2)	360.9	416.6	(55.6)	(13.4)
Cyber security services ⁽²⁾	51.4	37.0	14.3	38.7	109.7	74.8	34.9	46.6
Total	418.9	495.6	(76.7)	(15.5)	867.3	1,020.3	(153.0)	(15.0)

(1) customer acquisition costs reclassified from marketing and promotions under other operating expenses to cost of sales

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

The Group's total operating expenses for 2Q2020 and 1H2020 were lower YoY by S\$76.7 million and S\$153.0 million respectively. The decrease was due to lower cost of sales and other operating expenses, partially offset by the increase in operating expenses relating to cyber security services.

As a percentage of revenue, the Group's total operating expenses for 2Q2020 and 1H2020 were at 92.4% and 90.4% respectively, compared to 89.6% and 88.8% in the corresponding periods last year.

Cyber security services ⁽¹⁾	Quarter ended 30 Jun				Half Year ended 30 Jun			
	2020 S\$m	2019 S\$m	Incr / (Decr) S\$m %		2020 S\$m	2019 S\$m	Incr/ (Decr) S\$m %	
Cost of sales	24.2	17.7	6.5	36.8	57.4	31.4	26.0	82.9
Other operating expenses	27.2	19.3	7.8	40.5	52.3	43.4	8.9	20.4
Total	51.4	37.0	14.3	38.7	109.7	74.8	34.9	46.6

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

As a percentage of revenue, Cyber security services' operating expenses for 2Q2020 and 1H2020 were at 11.3% and 11.4% respectively, compared to 6.7% and 6.5% in the corresponding periods last year.

A breakdown of total operating expenses is as follows:

(i) Cost of sales

Cost of sales	Quarter ended 30 Jun				Half Year ended 30 Jun			
	2020 S\$m	2019 S\$m	Incr / (Decr) S\$m %		2020 S\$m	2019 S\$m	Incr/ (Decr) S\$m %	
Cost of equipment sold	66.4	104.8	(38.4)	(36.6)	157.3	245.0	(87.8)	(35.8)
Cost of services	97.6	103.3	(5.7)	(5.5)	186.6	208.5	(21.9)	(10.5)
Traffic expenses	15.3	21.8	(6.5)	(29.7)	32.4	45.3	(13.0)	(28.6)
Customer acquisition costs ⁽¹⁾	9.6	15.7	(6.1)	(38.8)	20.4	30.0	(9.7)	(32.1)
Cost of sales (excluding Cyber security services)	188.9	245.5	(56.6)	(23.1)	396.7	528.9	(132.2)	(25.0)
Cost of sales (Cyber security services)	24.2	17.7	6.5	36.8	57.4	31.4	26.0	82.9
Total	213.1	263.2	(50.1)	(19.0)	454.1	560.3	(106.2)	(19.0)

(1) customer acquisition costs reclassified from marketing and promotions under other operating expenses to cost of sales

Cost of Sales (excluding Cyber security services)

Cost of sales for 2Q2020 and 1H2020 decreased YoY by S\$56.6 million and S\$132.2 million respectively, mainly due to lower cost of equipment sold, lower cost of services, lower traffic expenses and lower customer acquisition costs.

Cost of equipment sold decreased 36.6% and 35.8% YoY in 2Q2020 and 1H2020, respectively, primarily due to lower volume of handsets sold in line with lower sales.

The 5.5% YoY decrease in cost of services in 2Q2020 was mainly due to lower post-paid and pre-paid Mobile costs, lower Broadband costs, the absence of a one-off cable migration cost incurred in the prior year, partially offset by higher Network Solutions business costs and higher Pay TV content costs recognised. For multi-year fixed content contracts, a higher proportion of the contract cost is recognised in the initial years in line with higher subscriber base in those years and a lower proportion of the contract cost is recognised towards the tail-end of the contract period due to declining subscriber base. Pay TV content costs in 2Q2019 and 1H2019 were lower as a major multi-year content contract ended in 3Q2019. The contract was later renewed, leading to a higher Pay TV content costs being recognised in the beginning of the renewed contract. The 10.5% YoY decrease in cost of services in 1H2020 was mainly due to lower post-paid and pre-paid Mobile costs, lower Broadband costs, the absence of a one-off cable migration cost incurred in the prior year and lower Network Solutions business costs, partially offset by higher Pay TV content costs recognised for the same reasons described above. Excluding the one-off cable migration costs of S\$7.0 million incurred in 1H2019, 1H2020 cost of services would have decreased 7.4% YoY.

The YoY decreases of 29.7% and 28.6% for traffic expenses in 2Q2020 and 1H2020 were mainly due to lower domestic and international traffic volumes, coupled with lower roaming cost in line with lower roaming revenue.

The YoY decreases of 38.8% and 32.1% for customer acquisition costs in 2Q2020 and 1H2020, were mainly due to lower dealer commission as a result of lower subscriber gross additions for post-paid Mobile and lower pre-paid Mobile revenues.

Cost of Sales (Cyber security services)

The increase in cost of sales was in line with higher cyber security services revenue generated.

(ii) Other operating expenses

	Quarter ended 30 Jun				Half Year ended 30 Jun			
	2020 S\$m	2019 S\$m	Incr / (Decr) S\$m %		2020 S\$m	2019 S\$m	Incr/ (Decr) S\$m %	
Other operating expenses								
Staff costs	48.4	54.9	(6.5)	(11.8)	95.4	109.3	(13.9)	(12.7)
Operating leases	5.4	10.1	(4.7)	(47.0)	11.2	18.6	(7.4)	(40.0)
Marketing and promotions ⁽¹⁾	6.1	9.3	(3.2)	(34.7)	11.6	15.8	(4.2)	(26.8)
Loss allowance for trade receivables	4.0	5.5	(1.5)	(28.1)	7.7	10.8	(3.1)	(28.5)
Repairs and maintenance	23.6	21.4	2.2	10.3	48.1	46.1	2.0	4.3
Other expenses	18.8	26.7	(7.8)	(29.4)	42.4	47.2	(4.8)	(10.2)
Depreciation and amortisation	72.4	85.1	(12.8)	(15.0)	144.4	168.6	(24.2)	(14.3)
Other operating expenses (excluding Cyber security services)	178.6	213.0	(34.4)	(16.2)	360.9	416.6	(55.6)	(13.4)
Other operating expenses (Cyber security services)	27.2	19.3	7.8	40.5	52.3	43.4	8.9	20.4
Total	205.8	232.3	(26.6)	(11.4)	413.2	460.0	(46.8)	(10.2)

(1) customer acquisition costs reclassified from marketing and promotions under other operating expenses to cost of sales

The Group's total other operating expenses for 2Q2020 was S\$26.6 million lower YoY. As a percentage of total revenue, other operating expenses was 45.4% in 2Q2020, compared to 42.0% in the corresponding period last year.

The Group's total other operating expenses for 1H2020 was S\$46.8 million lower YoY. As a percentage of total revenue, other operating expenses was 43.1% in the 1H2020, compared to 40.0% in the corresponding period last year.

Other operating expenses (excluding Cyber security services)

An analysis of major variances in other operating expenses (excluding Cyber security services) is provided below:

Staff costs

Staff costs was 11.8% and 12.7% lower YoY in 2Q2020 and 1H2020 respectively, mainly due to lower headcount and reversal of provisions made in the prior year for certain staff compensation and restructuring costs for IT transformation that are no longer required. Excluding the above reversals, staff costs would have been S\$1.6 million or 2.9% lower YoY in 2Q2020 and S\$3.3 million or 3.1% lower in 1H2020.

Operating leases

Operating leases was lower YoY by 47.0% and 40.0% in 2Q2020 and 1H2020 respectively, due to rental rebates received for qualifying commercial and industrial properties under the COVID-19 stimulus package, reversal of base station rental accruals that are no longer required and a one-off refund from a landlord for previous overbilling. Excluding the above, operating leases would have been S\$1.0m or 9.9% lower YoY in 2Q2020 and S\$3.7 million or 19.8% lower in 1H2020.

Marketing and promotions

Marketing and promotions expenses were 34.7% and 26.8% lower YoY in 2Q2020 and 1H2020 respectively, as a result of more targeted promotional efforts.

Loss allowance for trade receivables

Loss allowance for trade receivables was 28.1% and 28.5% lower YoY in 2Q2020 and 1H2020 respectively, mainly due to decrease in loss allowance as a result of lower aged trade receivables and higher collections in the latter half of the 2Q2020.

Repairs and maintenance

Repairs and maintenance expense was 10.3% and 4.3% higher YoY in 2Q2020 and 1H2020 respectively, mainly due to higher maintenance costs for IS systems and network infrastructure.

Other expenses

Other expenses for 2Q2020 was S\$7.8 million lower YoY mainly due to lower licence fees, lower outsourcing costs, lower professional services fees, higher foreign exchange gain and higher miscellaneous income, partially offset by higher impairment of contract assets. Other expenses for 1H2020 was S\$4.8 million lower YoY mainly due to lower licence fees, lower outsourcing costs, lower professional services fees and higher miscellaneous income, partially offset by higher foreign exchange loss and higher impairment of contract assets.

Depreciation and amortisation

Depreciation and amortisation expense was S\$12.8 million and S\$24.2 million lower YoY in 2Q2020 and 1H2020, mainly due to lower depreciation of ROU assets due to cessation of a large domestic wholesale network leasing agreement in 4Q2019 and cable duct lease contract in 1Q2020 coupled with lower depreciation of property, plant and equipment (PPE)

due to shutdown of the HFC network in 3Q2019, partially offset by higher amortisation of intangible assets.

Other operating expenses (Cyber security services)

The YoY increase in other operating expenses in 2Q2020 was primarily due to higher staff costs, depreciation and amortisation, and other expenses for Cyber security services. The YoY increase in other operating expenses in 1H2020 was primarily due to higher staff costs, offset by lower depreciation and amortisation and other expenses for Cyber security services.

(C) Other income

Other income increased mainly due to the S\$15.7 million Job Support Scheme (JSS) payouts recognised in 2Q2020, other income grant and recovery of tunnel fees from TPG in 1H2020 as compared to the corresponding periods last year.

(D) Profitability

Profit from operations of S\$51.8 million in 2Q2020 was S\$5.4 million lower YoY. Operating losses from Cyber security services widened to S\$7.0 million in 2Q2020, a S\$6.0 million increase YoY compared to the corresponding period last year. Excluding Cyber security services, profit from operations would have been S\$58.8 million, which is S\$0.6 million higher YoY due to higher margin from Sales of equipment, lower operating expenses and higher other income from the TPG tunnel fees cost recovery and JSS payouts, partially offset by lower revenues from Mobile, Pay TV, Broadband and Network Solutions.

Profit from operations of S\$111.1 million in 1H2020 was S\$18.3 million lower YoY. Operating losses from Cyber security services of S\$2.1 million in 1H2020 was a S\$10.3 million improvement compared to the corresponding period last year. Excluding Cyber security services, profit from operations would have been S\$113.2 million, which is S\$28.6 million lower YoY due to lower revenues from Mobile, Pay TV, Broadband and Network Solutions, partially offset by higher margin from Sales of equipment, lower operating expenses as well as higher other income from the TPG tunnel fees cost recovery and JSS payouts.

Service EBITDA margin for 2Q2020 at 31.5% and 1H2020 at 31.3% were 0.3% points and 1.5% points lower YoY respectively.

Finance income was higher YoY in both 2Q2020 and 1H2020 whilst finance expenses were higher YoY in 2Q2020 and 1H2020 mainly due to higher loan interest due to higher borrowings.

Share of gain of associate was higher YoY for 2Q2020 and lower YoY for 1H2020 compared to the corresponding periods last year.

Profit before taxation of S\$41.6 million in 2Q2020 was S\$6.0 million lower YoY as a result of lower profit from operations. Taxation expenses was lower at S\$7.8 million.

Profit before taxation of S\$92.2 million in 1H2020 was lower YoY by S\$18.6 million as a result of lower profit from operations. Taxation expenses was lower at S\$16.2 million.

Profit after taxation for the period in 2Q2020 and 1H2020 was S\$33.8 million and S\$75.9 million respectively.

2. BUSINESS REVIEW

Mobile Services

	Quarter ended 30 Jun				Half Year ended 30 Jun			
	2020	2019	Incr / (Decr)		2020	2019	Incr/ (Decr)	
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Mobile revenue	143.4	192.3	(48.9)	(25.4)	307.0	384.6	(77.7)	(20.2)

	Quarter ended / As of			Half Year ended / As of		YoY
	30 Jun 2020	31 Mar 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019	Incr / (Decr) %
Mobile operating statistics						
Number of registered subscribers (in thousands)						
Post-paid	1,453	1,466	1,477	1,453	1,477	(1.6)
Pre-paid	634	704	789	634	789	(19.6)
Total	2,088	2,170	2,267	2,088	2,267	(7.9)
ARPU with IDD included (S\$ per month)						
Post-paid	30	34	40	32	40	(18.1)
Pre-paid	10	11	14	11	13	(19.8)
Average smartphone data usage (GB)	10.0	10.6	7.5	10.3	6.9	49.6
Average monthly churn rate (post-paid)	0.8%	1.0%	1.1%	0.9%	1.1%	-
Singapore mobile penetration ⁽¹⁾	158.7%	158.7%	153.9%	158.7%	153.9%	-
Market Share ⁽¹⁾	23.1%	24.0%	25.8%	23.1%	25.8%	-

Note:

(1) Based on latest published statistics. In view of the COVID-19 situation, the IMDA has temporarily suspended the collection of the telecommunication statistics from February 2020 to June 2020. The publication will resume in August 2020.

Overall Mobile service revenues in 2Q2020 and 1H2020 were lower by 25.4% and 20.2% YoY, respectively. The decrease in post-paid Mobile revenues was mainly due to lower IDD, excess data usage, lower roaming due to a significant drop in global travel caused by the COVID-19 outbreak, lower plan subscriptions and VAS (value-added services) revenues, partially offset by the increase in voice usage. The decrease in pre-paid Mobile revenues was mainly due to lower inbound and outbound travel as a result of border control measures instituted as a result of the COVID-19 outbreak, lower data subscriptions, prepaid expired credit and IDD.

Post-paid mobile services

As of 30 June 2020, post-paid mobile subscriber base stood at 1,453,000 after the quarter's net churn of 13,000 subscribers. Compared to a year ago, post-paid subscriber base decreased by 24,000 subscribers or 1.6%. The decline in post-paid subscribers is mainly due to termination of free MaxMobile subscribers.

Post-paid mobile ARPU of S\$30 in 2Q2020 and S\$32 in 1H2020 were S\$10 and S\$8 lower YoY, respectively, compared to the corresponding periods last year. This was mainly due to lower roaming, VAS and data usage revenues. The overall average smartphone data usage increased YoY for both 2Q2020 and 1H2020 to 10.0 GB and 10.3 GB respectively.

Post-paid mobile average monthly churn rate was 0.8% for 2Q2020 and 0.9% for 1H2020.

Pre-paid mobile services

As of 30 June 2020, pre-paid mobile customer base was 634,000. Compared to a year ago, pre-paid customer base decreased by 155,000 customers. The decline was mainly due to the impact from COVID-19 measures, which caused an overall drop in tourist numbers.

Pre-paid mobile ARPU was at S\$10 and S\$11 for 2Q2020 and 1H2020 respectively.

Pay TV Services

	Quarter ended 30 Jun				Half Year ended 30 Jun			
	2020	2019	Incr / (Decr)		2020	2019	Incr / (Decr)	
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Pay TV revenue	46.9	64.7	(17.9)	(27.6)	93.7	135.5	(41.8)	(30.8)

	Quarter ended / As of			Half Year ended / As of		YoY Incr / (Decr) %
	30 Jun 2020	31 Mar 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019	
Pay TV operating statistics						
Number of residential Pay TV subscribers (in thousands)	324	327	374	324	374	(13.2)
ARPU (S\$ per month)	39	38	44	39	46	(16.3)
Average monthly churn rate	0.4%	0.5%	2.1%	0.4%	1.8%	-

Pay TV service revenue of S\$46.9 million in 2Q2020 and S\$93.7 million in 1H2020 were 27.6% and 30.8% lower YoY respectively. The decrease was mainly due to lower subscriber base and lower ARPUs, as a result of the effect of promotional activities relating to the cable to fibre migration in the previous year.

As of 30 June 2020, Pay TV households stood at 324,000 after the quarter's net churn of 3,000 households. Compared to a year ago, Pay TV households were lower by 50,000. However, since the completion of cable to fibre migration in end September last year, Pay TV households were relatively stable and declined by 0.3% on average per month.

Average monthly churn rate was lower at 0.4% in both 2Q2020 and 1H2020 after the completion of the cable to fibre migration in end September last year.

Pay TV ARPU at S\$39 in both 2Q2020 and 1H2020 were S\$5 and S\$7 lower YoY, respectively, compared to the corresponding periods last year

Broadband Services

	Quarter ended 30 Jun				Half Year ended 30 Jun			
	2020	2019	Incr / (Decr)		2020	2019	Incr / (Decr)	
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Broadband revenue	43.2	45.1	(1.9)	(4.2)	84.9	92.2	(7.3)	(7.9)

Broadband operating statistics	Quarter ended / As of			Half Year ended / As of		YoY
	30 Jun	31 Mar	30 Jun	30 Jun	30 Jun	Incr / (Decr)
	2020	2020	2019	2020	2019	%
Number of residential broadband subscribers - subscription-based (in thousands)	502	502	509	502	509	(1.5)
ARPU (S\$ per month)	28	27	29	28	30	(7.5)
Average monthly churn rate	0.3%	0.4%	1.0%	0.4%	0.9%	-

Broadband service revenue of S\$43.2 million in 2Q2020 and S\$84.9 million in 1H2020 were 4.2% and 7.9% lower YoY respectively. The decreases were mainly due to lower ARPUs and a one-time 20% rebate on Home Broadband monthly fee extended to customers due to a service disruption in April 2020. Excluding the one-time rebate, Broadband revenue would have been \$0.4 million or 0.9% lower YoY in 2Q2020 and \$5.8 million or 6.8% lower YoY in 1H2020.

Broadband ARPU of S\$28 in both 2Q2020 and 1H2020 were lower compared to the corresponding periods last year, as a result of the effect of promotional activities relating to the cable to fibre migration in the previous year.

Broadband average monthly churn rate was lower at 0.3% in 2Q2020 and 0.4% in 1H2020 after the completion of the cable to fibre migration in October last year.

Enterprise Business

Enterprise Business revenue	Quarter ended 30 Jun				Half Year ended 30 Jun			
	2020 S\$m	2019 S\$m	Incr / (Decr) S\$m %		2020 S\$m	2019 S\$m	Incr / (Decr) S\$m %	
Data & Internet ⁽¹⁾	74.3	67.0	7.2	10.8	136.2	135.4	0.8	0.6
Managed services ⁽²⁾	18.5	24.8	(6.3)	(25.3)	36.3	50.9	(14.6)	(28.7)
Voice services ⁽¹⁾	10.1	12.3	(2.2)	(18.2)	20.7	25.6	(4.9)	(19.0)
Network solutions	102.8	104.1	(1.3)	(1.2)	193.2	211.9	(18.7)	(8.8)
Cyber security services ⁽³⁾	39.8	36.2	3.7	10.1	102.3	62.5	39.7	63.5
Total	142.7	140.3	2.4	1.7	295.5	274.4	21.1	7.7

(1) SmartUC and SIP Trunking have been reclassified from Data & Internet to Voice

(2) Managed services include Analytics, Cloud, ICT solutions and Facility Management

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

Enterprise Business revenue increased 1.7% YoY in 2Q2020 and 7.7% in 1H2020, mainly due to higher revenues from cyber security services, internet services and domestic leased circuits, partially offset by lower managed services and voice services.

Data & Internet service revenue in 2Q2020 and 1H2020 were 10.8% and 0.6% higher YoY, respectively, due to one-off revenue earned of \$10.0 million from the delivery of data transmission equipment. Excluding this one-off revenue, data and internet service revenue would have been lower YoY by S\$2.7 million or 4.0% in 2Q2020 and S\$9.2 million or 6.8% in 1H2020, mainly due to renewals of domestic leased circuits and IP transit at lower rates.

Managed services revenue for 2Q2020 and 1H2020 were lower YoY due to fewer project completions during the quarter as well as delayed customer spending for network solutions, cryptographic and digital security projects due to COVID-19 impact.

Voice services revenue in 2Q2020 and 1H2020 were lower YoY respectively, mainly due to lower domestic voice and international voice traffic due to COVID-19 impact.

The growth in cyber security services revenue in 2Q2020 and 1H2020 were largely contributed by the consolidation of Ensign from 4Q2018 and higher business demand.

3. GROUP CASH FLOW STATEMENT

	Quarter ended 30 Jun		Half Year ended 30 Jun	
	2020 S\$m	2019 S\$m	2020 S\$m	2019 S\$m
Operating Activities				
Profit before taxation	41.6	47.6	92.2	110.7
Adjustments for :				
Depreciation and amortisation	77.5	89.1	154.4	178.9
Income related grants	-	-	-	(0.1)
Share-based payments	1.1	0.6	1.8	1.7
Net finance costs	10.3	9.7	19.1	19.2
Share of gain of associate, net of tax	(0.2)	(0.0)	(0.1)	(0.5)
Others	0.3	1.9	0.4	2.1
Operating cash flow before working capital changes	130.7	148.9	267.7	311.9
Changes in operating assets and liabilities	62.2	9.0	88.8	(86.3)
Income taxes paid	-	(32.5)	(9.6)	(33.5)
Net cash from operating activities	192.9	125.4	347.0	192.1
Investing Activities				
Interest received	0.3	0.5	0.7	0.6
Proceeds from disposal of property, plant and equipment and intangible assets	-	0.1	-	0.2
Purchase of property, plant and equipment and intangible assets	(37.4)	(70.9)	(72.4)	(116.2)
Net cash used in investing activities	(37.1)	(70.3)	(71.6)	(115.4)
Financing Activities				
Repayment of lease liabilities	(6.6)	(4.1)	(15.4)	(11.6)
Grants received	-	0.3	-	0.5
Dividend paid to owners of the Company	(39.0)	(108.2)	(39.0)	(108.2)
Perpetual capital securities distribution paid	(4.0)	(3.9)	(4.0)	(3.9)
Interest paid	(14.7)	(12.5)	(21.3)	(19.8)
Purchase of Treasury Shares	(0.3)	-	(3.2)	(1.5)
Proceeds from bank loans	230.0	50.0	230.0	50.0
Repayment of bank loans	(60.0)	(50.0)	(60.0)	(50.0)
Net cash from/ (used in) financing activities	105.4	(128.5)	87.2	(144.5)
Net change in cash and cash equivalents	261.2	(73.4)	362.5	(67.8)
Cash and cash equivalents at beginning of the period	218.3	170.9	116.9	165.3
Cash and cash equivalents at end of the period	479.5	97.5	479.5	97.5
Cash and cash equivalents comprise:				
Cash and bank balances	480.2	98.2	480.2	98.2
Restricted cash	(0.7)	(0.6)	(0.7)	(0.6)
	479.5	97.5	479.5	97.5

The Group's 2Q2020 net cash from operating activities of S\$193.5 million was S\$68.1 million higher YoY. Net cash from operating activities for 1H2020 of S\$347.5 million was S\$155.4 million higher YoY. The increase recorded in 2Q2020 and 1H2020 were largely due to lower working capital needs and lower income tax paid due to the automatic three-month deferment of income tax granted by IRAS as part of COVID-19 stimulus package, partially offset by lower cash flow from operations.

The positive working capital changes of S\$62.2 million in 2Q2020 and S\$88.8 million in 1H2020 were primarily attributed to lower inventories, contract assets, trade receivables, other receivables, deposits and prepayments and higher trade and other payables, partially offset by higher contract costs, lower contract liabilities and net balances due to related parties.

Net cash used in investing activities decreased by S\$32.6 million to S\$37.7 million in 2Q2020 and declined S\$43.2 million to S\$72.2 million in 1H 2020, mainly due to lower CAPEX payments.

The Group's CAPEX payments amounted to S\$37.4 million in 2Q2020 and S\$72.4 million in 1H2020, representing 8.2% and 7.5% of total revenue respectively. CAPEX payments were S\$33.5 million lower YoY in 2Q2020 and S\$43.8 million lower in 1H2020 mainly due to a decrease in purchase of PPE.

Free cash flow of S\$155.5 million in 2Q2020 and S\$274.6 million in 1H2020 were S\$100.9 million and S\$198.7 million higher YoY respectively, primarily due to higher cash from operating activities coupled with lower CAPEX payments.

Net cash from financing activities was higher at S\$105.4 million in 2Q2020 and S\$87.2 million in 1H2020 respectively, mainly due to higher net proceeds from bank loans (after repayment of bank loans) and lower dividends declared and paid, partially offset by higher repayment of lease liabilities and higher interest paid.

The resulting net cash generated was a surplus of S\$261.2 million in 2Q2020 and a surplus of S\$362.5 million in 1H2020, leading to a higher cash and cash equivalents balance (excluding restricted cash) of S\$479.5 million as of 30 June 2020.

Capital expenditure commitments

As of 30 June 2020, the Group's total outstanding capital expenditure commitments amounted to S\$418.9 million, including the outstanding commitments for 4G spectrum rights of S\$282.0 million.

4. STATEMENT OF FINANCIAL POSITION

	Group		Company	
	30 Jun 20	31 Dec 19	30 Jun 20	31 Dec 19
	S\$m	S\$m	S\$m	S\$m
Non-current assets				
Property, plant and equipment	774.1	820.2	404.7	421.0
Intangible assets	645.9	672.3	98.4	108.8
Right-of-use assets	139.9	150.0	109.0	116.7
Subsidiaries	-	-	3,256.0	3,256.0
Associate	22.1	22.1	27.8	27.8
Investment in fair value through other comprehensive income	22.9	34.3	22.9	34.3
Amount due from related parties	8.6	8.5	8.6	8.5
Contract assets	70.4	77.6	0.2	0.6
Contract costs	3.5	7.0	0.4	0.4
	1,687.4	1,792.1	3,928.1	3,974.1
Current assets				
Inventories	62.5	98.3	5.8	5.5
Contract assets	299.5	334.1	28.2	27.5
Contract costs	38.3	32.5	1.3	1.5
Trade receivables	215.4	248.7	165.1	198.0
Other receivables, deposits and prepayments	84.3	88.7	34.0	33.1
Amount due from related parties	25.0	21.9	69.6	15.4
Cash and bank balances	480.2	117.6	440.4	74.5
	1,205.1	941.8	744.4	355.5
Less:				
Current Liabilities				
Contract liabilities	60.3	69.4	16.2	18.1
Trade and other payables	524.2	539.5	261.5	308.7
Amount due to related parties	29.6	41.1	288.2	150.9
Borrowings	507.6	407.6	507.5	407.5
Lease liabilities	27.2	26.6	17.4	15.8
Provision for taxation	106.3	92.1	43.0	26.0
	1,255.3	1,176.3	1,133.8	927.0
Net current liabilities	(50.2)	(234.5)	(389.4)	(571.5)
Non-current liabilities				
Contract liabilities	35.1	36.2	35.1	36.2
Trade and other payables	49.1	43.6	10.9	10.9
Borrowings	710.8	640.8	710.0	640.0
Lease liabilities	122.2	128.9	93.6	100.4
Deferred income	3.4	6.6	0.0	0.0
Deferred tax liabilities	113.7	121.4	68.7	70.6
	1,034.2	977.5	918.2	858.1
Net assets	602.9	580.1	2,620.5	2,544.4
Shareholders' equity				
Share capital	299.7	299.7	299.7	299.7
Reserves	43.0	18.6	2,121.0	2,044.9
Perpetual Capital Securities	199.9	199.9	199.9	199.9
Equity attributable to owners and perpetual capital securities holders	542.5	518.1	2,620.5	2,544.4
Non-controlling interests	60.5	62.0	-	-
Total equity	602.9	580.1	2,620.5	2,544.4

GROUP BALANCE SHEET REVIEW

As at 30 June 2020, the Group's total non-current assets of S\$1,687.4 million was S\$104.7 million lower compared to S\$1,792.1 million as at 31 December 2019. The decrease was primarily due to lower PPE, intangible assets, ROU assets and investment in fair value through other comprehensive income as well as lower contract assets and contract costs.

Total current assets as at 30 June 2020 increased by S\$263.3 million to S\$1,205.1 million mainly from higher cash and cash equivalents, partially offset by lower balances in inventories, contract assets, trade receivables, other receivables, deposits and prepayments.

Total current liabilities increased by S\$79.0 million to S\$1,255.3 million as at 30 June 2020, mainly due to a net increase in borrowings coupled with higher provision for taxation, partially offset by decreases in contract liabilities, trade and other payables and amount due to related parties. During the quarter, the Group had borrowed S\$150.0 million from the uncommitted credit facilities to provide a buffer in case of a global liquidity crunch caused by the COVID-19 spill-out and refinanced a S\$50.0 million current bank borrowing with a new term loan. This new loan has now been included as Borrowings under the non-current liabilities.

The increase in total non-current liabilities by S\$56.7 million to S\$1,034.2 million as at 30 June 2020 was primarily due a new term loan taken up to refinance S\$50.0 million current borrowings in June (as mentioned above) and another S\$20.0 million current borrowings with maturity due in July coupled with higher trade and other payables, partially offset by lower lease liabilities, deferred income and deferred tax liabilities.

As at the date of this announcement, the Group has secured S\$300.0 million of new committed term loan facilities, of which S\$270.0 million has been used to refinance its current borrowings due for repayment this year and the remaining S\$30.0 million used for working capital requirement. The Group is in the process of securing a S\$137.5 million new committed term loan facility to refinance another current borrowings due for repayment in the third quarter of 2020. No refinancing is required until 2022 and the Group currently has S\$300.0 million of committed revolving credit facilities available for drawdown whenever required.

The Group's shareholders' equity increased by S\$24.4 million to S\$542.5 million as at 30 June 2020 (excluding non-controlling interests of S\$60.5 million). The increase was mainly due to higher retained profits.

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 60% of the economic interest in D'Crypt through its shareholding and interest in Ensign.

The non-controlling interests represent the balance of 40% effective economic interest in Ensign attributable to minority shareholders.

5. GROUP UNSECURED BORROWINGS

Unsecured borrowings	30 Jun 20 S\$m	31 Dec 19 S\$m
Amount repayable in one year or less		
Bank loans	507.6	407.6
Medium term notes	-	-
	507.6	407.6
Amount repayable after one year		
Bank loans	190.8	120.8
Medium term notes	520.0	520.0
	710.8	640.8
Total	1,218.3	1,048.4

The Group's unsecured borrowings was higher by S\$170.0 million as of 30 June 2020.

On account of a higher cash and cash equivalent balance, net debt was S\$192.7 million lower at S\$738.1 million as of 30 June 2020 compared to S\$930.8 million as of 31 December 2019. As a ratio of the past 12 months' EBITDA, the Group's net debt was lower at 1.29 times as of 30 June 2020 compared to 1.51 times as of 31 December 2019.

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 2020	299.7	(0.1)	19.4	(276.3)	8.0	(7.5)	(2.1)	1.3	275.8	18.6	199.9	62.0	580.1
Total comprehensive income for the period													
Profit for the period	-	-	-	-	-	-	-	-	40.2	40.2	-	1.9	42.1
Other comprehensive income													
Foreign currency translation differences	-	-	-	-	-	-	-	(0.2)	-	(0.2)	-	(0.0)	(0.2)
Effective portion of changes in fair value of cash flow hedges, net of taxation	-	-	-	-	-	-	4.0	-	-	4.0	-	-	4.0
Net change in fair value of equity investments at FVOCI, net of taxation	-	-	-	-	-	(20.6)	-	-	-	(20.6)	-	-	(20.6)
Total comprehensive income for the period	-	-	-	-	-	(20.6)	4.0	(0.2)	40.2	23.4	-	1.9	25.3
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	-	-	-	-	0.7	-	-	-	-	0.7	-	-	0.7
Accrued perpetual capital securities distribution	-	-	-	-	-	-	-	-	(2.0)	(2.0)	2.0	-	-
Purchase of treasury shares	-	(2.9)	-	-	-	-	-	-	-	(2.9)	-	-	(2.9)
Issue of shares pursuant to share plans	-	1.2	-	-	(1.2)	-	-	-	-	0.0	-	-	0.0
Total transactions with equity holders of the Company	-	(1.7)	-	-	(0.5)	-	-	-	(2.0)	(4.1)	2.0	-	(2.2)
At 31 Mar 2020	299.7	(1.7)	19.4	(276.3)	7.5	(28.1)	1.9	1.1	314.0	37.8	201.9	63.9	603.2
Total comprehensive income for the period													
Profit for the period	-	-	-	-	-	-	-	-	37.3	37.3	-	(3.4)	33.8
Other comprehensive income													
Foreign currency translation differences	-	-	-	-	-	-	-	0.1	-	0.1	-	(0.0)	0.1
Effective portion of changes in fair value of cash flow hedges, net of taxation	-	-	-	-	-	-	(1.9)	-	-	(1.9)	-	-	(1.9)
Net change in fair value of equity investments at FVOCI, net of taxation	-	-	-	-	-	9.1	-	-	-	9.1	-	-	9.1
Total comprehensive income for the period	-	-	-	-	-	9.1	(1.9)	0.1	37.3	44.6	-	(3.4)	41.2
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	-	-	-	-	1.1	-	-	-	-	1.1	-	-	1.1
Accrued perpetual capital securities distribution	-	-	-	-	-	-	-	-	(2.0)	(2.0)	2.0	-	(0.0)
Perpetual capital securities distribution paid	-	-	-	-	-	-	-	-	0.7	0.7	(4.0)	-	(3.3)
Purchase of treasury shares	-	(0.3)	-	-	-	-	-	-	-	(0.3)	-	-	(0.3)
Issue of shares pursuant to share plans	-	1.6	-	-	(1.6)	-	-	-	-	-	-	-	-
Tax impact on transfer of treasury shares	-	-	-	-	0.0	-	-	-	-	0.0	-	-	0.0
Dividends paid	-	-	-	-	-	-	-	-	(39.0)	(39.0)	-	-	(39.0)
Total transactions with equity holders of the Company	-	1.3	-	-	(0.5)	-	-	-	(40.3)	(39.5)	(2.0)	-	(41.5)
At 30 Jun 2020	299.7	(0.5)	19.4	(276.3)	7.1	(19.0)	(0.0)	1.2	311.0	43.0	199.9	60.5	602.9

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					Retained profits S\$m	Total reserves S\$m	Perpetual capital securities S\$m	Non-controlling interest S\$m	Total equity S\$m
					reserve S\$m	Fair value reserve S\$m	Hedging reserve S\$m	Translation reserve S\$m	reserve S\$m					
At 1 Jan 2019, as previously reported	299.7	(3.0)	21.7	(276.3)	8.8	(5.8)	(0.2)	1.3	282.1	28.6	199.9	59.9	588.1	
Adjustment to opening balance	-	-	(20.1)	-	-	-	-	-	-	(20.1)	-	20.1	-	
At 1 Jan 2019, as restated	299.7	(3.0)	1.7	(276.3)	8.8	(5.8)	(0.2)	1.3	282.1	8.6	199.9	80.0	588.1	
Total comprehensive income for the period														
Profit for the period	-	-	-	-	-	-	-	-	54.0	54.0	-	(4.7)	49.3	
Other comprehensive income														
Foreign currency translation differences	-	-	-	-	-	-	-	0.1	-	0.1	-	-	0.1	
Effective portion of changes in fair value of cash flow hedges, net of taxation	-	-	-	-	-	-	(0.2)	-	-	(0.2)	-	-	(0.2)	
Net change in fair value of equity investments at FVOCI, net of taxation	-	-	-	-	-	(1.1)	-	-	-	(1.1)	-	-	(1.1)	
Total comprehensive income for the period	-	-	-	-	-	(1.1)	(0.2)	0.1	54.0	52.8	-	(4.7)	48.1	
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	-	-	-	-	1.1	-	-	-	-	1.1	-	-	1.1	
Accrued capital perpetual securities distribution	-	-	-	-	-	-	-	-	(1.6)	(1.6)	1.9	-	0.3	
Purchase of treasury shares	-	(1.5)	-	-	-	-	-	-	-	(1.5)	-	-	(1.5)	
Issue of shares pursuant to share plans	-	1.5	-	-	(1.5)	-	-	-	-	(0.0)	-	-	(0.0)	
Tax impact on transfer of treasury shares	-	-	-	-	0.0	-	-	-	-	0.0	-	-	0.0	
Total transactions with equity holders of the Company	-	(0.0)	-	-	(0.3)	-	-	-	(1.6)	(2.0)	1.9	-	(0.1)	
At 31 Mar 2019	299.7	(3.1)	1.7	(276.3)	8.4	(7.0)	(0.4)	1.4	334.6	59.4	201.8	75.2	636.1	
Total comprehensive income for the period														
Profit for the period	-	-	-	-	-	-	-	-	39.5	39.5	-	(0.1)	39.4	
Other comprehensive income														
Foreign currency translation differences	-	-	-	-	-	-	-	(0.0)	-	(0.0)	-	-	(0.0)	
Effective portion of changes in fair value of cash flow hedges, net of taxation	-	-	-	-	-	-	0.0	-	-	0.0	-	-	0.0	
Net change in fair value of equity investments at FVOCI, net of taxation	-	-	-	-	-	(8.6)	-	-	-	(8.6)	-	-	(8.6)	
Total comprehensive income for the period	-	-	-	-	-	(8.6)	0.0	(0.0)	39.5	30.9	-	(0.1)	30.8	
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	-	-	-	-	0.6	-	-	-	-	0.6	-	-	0.6	
Accrued perpetual capital securities distribution	-	-	-	-	-	-	-	-	(1.6)	(1.6)	2.0	-	0.3	
Perpetual capital securities distribution paid	-	-	-	-	-	-	-	-	-	-	(3.9)	-	(3.9)	
Issue of shares pursuant to share plans	-	2.7	-	-	(2.7)	-	-	-	-	-	-	-	-	
Net changes in fair value of put liability to acquire non-controlling interests	-	-	(1.0)	-	-	-	-	-	-	(1.0)	-	-	(1.0)	
Tax impact on transfer of treasury shares	-	-	-	-	(0.0)	-	-	-	-	(0.0)	-	-	(0.0)	
Dividends paid	-	-	-	-	-	-	-	-	(108.2)	(108.2)	-	-	(108.2)	
Total transactions with equity holders of the Company	-	2.7	(1.0)	-	(2.2)	-	-	-	(109.8)	(110.3)	(2.0)	-	(112.3)	
At 30 Jun 2019	299.7	(0.3)	0.6	(276.3)	6.3	(15.5)	(0.3)	1.4	264.2	(20.1)	199.9	75.2	554.6	

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

Company	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	Total equity S\$m
At 1 Jan 2020	299.7	(0.1)	-	-	8.0	(7.5)	-	-	2,044.5	2,044.9	199.9	2,544.4
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	-	46.9	46.9	-	46.9
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Net change in fair value of equity investments at FVOCI, net of taxation	-	-	-	-	-	(20.6)	-	-	-	(20.6)	-	(20.6)
Total comprehensive income for the period	-	-	-	-	-	(20.6)	-	-	46.9	26.3	-	26.3
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	-	-	-	-	0.7	-	-	-	-	0.7	-	0.7
Accrued perpetual capital securities distribution	-	-	-	-	-	-	-	-	(2.0)	(2.0)	2.0	-
Purchase of treasury shares	-	(2.9)	-	-	-	-	-	-	-	(2.9)	-	(2.9)
Issue of shares pursuant to share plans	-	1.2	-	-	(1.2)	-	-	-	-	0.0	-	0.0
Total transactions with equity holders of the Company	-	(1.7)	-	-	(0.5)	-	-	-	(2.0)	(4.1)	2.0	(2.2)
At 31 Mar 2020	299.7	(1.7)	-	-	7.5	(28.1)	-	-	2,089.3	2,067.0	201.9	2,568.5
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	-	84.3	84.3	-	84.3
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Net change in fair value of equity investments at FVOCI, net of taxation	-	-	-	-	-	9.1	-	-	-	9.1	-	9.1
Total comprehensive income for the period	-	-	-	-	-	9.1	-	-	84.3	93.4	-	93.4
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	-	-	-	-	1.1	-	-	-	-	1.1	-	1.1
Accrued perpetual capital securities distribution	-	-	-	-	-	-	-	-	(2.0)	(2.0)	2.0	(0.0)
Perpetual capital securities distribution paid	-	-	-	-	-	-	-	-	0.7	0.7	(4.0)	(3.3)
Purchase of treasury shares	-	(0.3)	-	-	-	-	-	-	-	(0.3)	-	(0.3)
Issue of shares pursuant to share plans	-	1.6	-	-	(1.6)	-	-	-	-	-	-	-
Tax impact on transfer of treasury shares	-	-	-	-	0.0	-	-	-	-	0.0	-	0.0
Dividends paid	-	-	-	-	-	-	-	-	(39.0)	(39.0)	-	(39.0)
Total transactions with equity holders of the Company	-	1.3	-	-	(0.5)	-	-	-	(40.3)	(39.5)	(2.0)	(41.5)
At 30 Jun 2020	299.7	(0.5)	-	-	7.1	(19.0)	-	-	2,133.4	2,121.0	199.9	2,620.5

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

Company	Share capital S\$m	Treasury shares	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	Total equity S\$m
At 1 Jan 2019	299.7	(3.0)	-	-	8.8	(5.8)	-	-	2,117.9	2,117.9	199.9	2,617.4
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	-	45.8	45.8	-	45.8
Other comprehensive income												
Net change in fair value of equity investments at FVOCI, net of taxation	-	-	-	-	-	(1.1)	-	-	-	(1.1)	-	(1.1)
Total comprehensive income for the period	-	-	-	-	-	(1.1)	-	-	45.8	44.6	-	44.6
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	-	-	-	-	1.1	-	-	-	-	1.1	-	1.1
Accrued perpetual capital securities distribution	-	-	-	-	-	-	-	-	(1.6)	(1.6)	1.9	0.3
Perpetual capital securities distribution paid	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	(1.5)	-	-	-	-	-	-	-	(1.5)	-	(1.5)
Issue of shares pursuant to share plans	-	1.5	-	-	(1.5)	-	-	-	-	(0.0)	-	(0.0)
Tax impact on transfer of treasury shares	-	-	-	-	0.0	-	-	-	-	0.0	-	0.0
Total transactions with equity holders of the Company	-	(0.0)	-	-	(0.3)	-	-	-	(1.6)	(2.0)	1.9	(0.1)
At 31 Mar 2019	299.7	(3.1)	-	-	8.4	(7.0)	-	-	2,162.1	2,160.5	201.8	2,662.0
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	-	64.3	64.3	-	64.3
Other comprehensive income												
Net change in fair value of equity investments at FVOCI, net of taxation	-	-	-	-	-	(8.6)	-	-	-	(8.6)	-	(8.6)
Total comprehensive income for the period	-	-	-	-	-	(8.6)	-	-	64.3	55.7	-	55.7
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	-	-	-	-	0.6	-	-	-	-	0.6	-	0.6
Accrued perpetual capital securities distribution	-	-	-	-	-	-	-	-	(1.6)	(1.6)	2.0	0.3
Perpetual capital securities distribution paid	-	-	-	-	-	-	-	-	-	-	(3.9)	(3.9)
Issue of shares pursuant to share plans	-	2.7	-	-	(2.7)	-	-	-	-	-	-	-
Tax impact on transfer of treasury shares	-	-	-	-	(0.0)	-	-	-	-	(0.0)	-	(0.0)
Dividends paid	-	-	-	-	-	-	-	-	(108.2)	(108.2)	-	(108.2)
Total transactions with equity holders of the Company	-	2.7	-	-	(2.2)	-	-	-	(109.8)	(109.3)	(2.0)	(111.2)
At 30 Jun 2019	299.7	(0.3)	-	-	6.3	(15.5)	-	-	2,116.6	2,106.9	199.9	2,606.5

7. CHANGES IN COMPANY'S SHARE CAPITAL

Share Capital

As of 30 June 2020, the share capital of the Company was at S\$299.7 million (31 December 2019: S\$299.7 million) comprising 1,731,326,420 (31 December 2019: 1,731,614,890) issued ordinary shares (excluding treasury shares).

Treasury Shares

For the quarter ended 31 March 2020, the Company transferred 801,937 treasury shares to participants of the Company's share plans and bought 1,900,000 ordinary shares from the market at a consideration of S\$2.9 million.

For the quarter ended 30 June 2020, the Company transferred 1,009,593 treasury shares to participants of the Company's share plans and bought 200,000 ordinary shares from the market at a consideration of S\$0.3 million.

The treasury share balance as at 30 June 2020 was S\$0.5 million (30 June 2019: S\$0.3 million) comprising 325,023 (30 June 2019: 155,253) ordinary shares.

Issue of new shares

For 1H2020, there was no issue of new ordinary shares.

Subsidiary holdings

As at 30 June 2020, none of the Company's subsidiaries held any shares in the Company (30 June 2019: 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 will be 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 1H2020, 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 2020.

Outstanding Shares – Share-Based Plans

Performance Share Plans

As of 30 June 2020, the outstanding balance of conditional awards under the Performance Share Plans was 2,425,133 (30 June 2019: 1,084,020) ordinary shares.

Restricted Stock Plans

As of 30 June 2020, the outstanding balance of conditional awards under the Restricted Stock Plans was 5,475,713 (30 June 2019: 1,632,837) 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 2019.

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 2020.

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.

11. CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

Please refer to Note 10.

12. GROUP EARNINGS PER ORDINARY SHARE

	Quarter ended 30 Jun		Half Year ended 30 Jun	
	2020	2019	2020	2019
Basic				
Earnings per share	2.0 cents	2.2 cents	4.2 cents	5.2 cents
Weighted average number of shares ('000)	1,731,292	1,730,897	1,731,207	1,730,717
Diluted				
Earnings per share	2.0 cents	2.2 cents	4.2 cents	5.2 cents
Weighted average number of shares ('000)	1,739,213	1,733,614	1,738,432	1,733,434

13. NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
Net asset value per share	31.3 cents	29.9 cents	151.4 cents	146.9 cents

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

Due to COVID-19 crisis, the Group had withdrawn all guidance for 2020 as announced in our 1Q2020 Business Performance Update.

The Group's service revenue was lower YoY by 11.9% in 1H2020.

The Group's service EBITDA margin for 2Q2020 and 1H2020 were 31.5% and 31.3% of service revenue respectively.

Total CAPEX commitment entered in the 1H2020 amounted to S\$26.7 million or 2.8% of total revenue.

15. GROUP OUTLOOK

In 2Q2020, the Group's various lines of businesses continued to be impacted by COVID-19, particularly during the Circuit Breaker period from April to June 2020 that had resulted in the closure of most of the Group's retail stores. In addition to this, strict border controls that were instituted in late-March 2020 resulted in a steep decline in travel, which continued to impact roaming, IDD and prepaid mobile revenues.

The Group will continue to focus on the two-pronged transformation strategy for Pay TV – (i) moving towards a variable cost structure; and (ii) transitioning towards new content delivery platforms. For Broadband, the Group will continue to explore opportunities to enhance customers' broadband experience and reach out to niche segments such as the gaming segment to drive uptake for the new mesh WiFi networking system.

For the Enterprise business, despite a slowdown in activity, enterprises are expected to continue investing in their network infrastructure as they adopt cloud services as part of their digitisation journey. The Group believes this trend will help to mitigate pricing erosion in traditional telco connectivity services. The Group also expects growing adoption of emerging technology such as data analytics and visualisation, IoT, Data Centre-related services and increased interest in 5G solutions.

The Group had on 30 July 2020 completed the acquisition of Strateq, and will leverage Strateq's strengths to bolster and diversify its suite of end-to-end services and capabilities, while exploring viable growth opportunities in new verticals, customer segments and geographies.

On 24 June 2020, the Group and another MNO received draft 5G licences and spectrum rights by the IMDA and will jointly build and operate a 5G standalone network to reap greater cost and network efficiencies. The Group will leverage the new 5G technology to enable new digital services, applications and solutions, bringing innovation to its customers.

Meanwhile, the Group continues its efforts to digitalise and drive greater efficiencies and optimisation across the organisation through the three-year D.A.R.E. transformation programme. As at 2Q2020, the Group has executed 75% of the >\$210 million in cost savings identified. The Group continues to identify further cost efficiencies through the multi-year IT Transformation programme that has commenced.

The Group will continue to maintain a disciplined approach to capital management, having secured S\$300.0 million of new committed term loan facilities that will be used to refinance current borrowings such that there will be no further refinancing required until 2022. An additional S\$300.0 million of committed revolving credit facilities have also been secured for drawdown when required.

Following the suspension of the FY2020 guidance in May 2020, the Board and Management has taken into consideration the prevailing trends and impact brought about by COVID-19, and offers the following updated guidance for FY2020:

Based on the current business conditions, we expect the Group's FY2020 service revenue to decline by 10% to 12% YoY due to uncertainties in consumer demand caused by COVID-19 measures, resulting in a decline in (i) roaming, IDD and prepaid revenues brought about by tight border controls; (ii) YoY decline in Pay TV revenue due to lower subscriber base and ARPU as a result of the cable-to-fibre migration in FY2019; offset by higher revenues from the Enterprise business that is lifted mainly by stronger contributions from Cyber security services. Due consideration has also been given to longer sales cycles, project and tender delays experienced by the Enterprise business as a result of COVID-19. Group service EBITDA margin is expected to be between 27% to 29% due to a change in the mix of revenue contribution as well as COVID-19 impact described above. The Group remains committed to driving cost transformation to stabilise and improve margins. In FY2020, CAPEX commitment – excluding spectrum, 5G capex and IS transformation capex – is expected to be 6% to 8% of total revenue. Based on the 5G network deployment and commitment accepted by the IMDA, the Group estimates its initial capital investment to be around S\$200.0 million over the five-year period. Additional 5G investments may be considered as driven by business demand.

The Group is committed to its dividend policy to pay out at least 80% of net profit attributable to shareholders (adjusted for one-off, non-recurring items), payable on a semi-annual basis. Taking into consideration short-to-mid term business conditions (including the impact of COVID-19), cash flow requirements, as well as results reaped from the ongoing business transformation initiatives, the Group is declaring an interim dividend of 2.5 cents per ordinary share for 1H2020. The Group will take into consideration the aforementioned factors and the ongoing effect of COVID-19 for the full year in determining the final dividend for 2H2020. Based on current business conditions and operating environment, the Group expects to declare a final dividend for 2H2020 that is equal to or higher than the interim dividend of 2.5 cents per ordinary share.

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\$0.045 per ordinary share, comprising S\$0.0225 per ordinary share declared for 1Q and 2Q each
Tax Rate	Exempt (1-tier)

- (c) Date payable

The interim dividend will be paid on 2 September 2020.

- (d) Record date

Notice is hereby given that the Register of Members and the Transfer Books of the Company will be closed on 19 August 2020.

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 18 August 2020 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 18 August 2020 will be entitled to the interim dividend.

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

Not applicable

18. 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 Jan 2020 to 30 Jun 2020 S\$m
Transactions for the Sale of Goods & Services		
Capitaland Limited & its associates		3.5
SembCorp Industries Ltd & its associates		0.0
Singapore Technologies Telemedia Pte Ltd & its associates	Associates of StarHub Ltd's controlling shareholder	6.2
Singapore Airlines Limited & its associates		0.7
Singapore Power Limited & its associates		0.7
Singapore Telecommunications Limited & its associates		6.1
Singapore Technologies Engineering Ltd & its associates		0.0
Temasek Holdings (Private) Limited and its associates (other than those disclosed above)		Controlling shareholder of StarHub Ltd and its associates
		20.9
Transactions for the Purchase of Goods & Services		
SembCorp Industries Ltd & its associates		0.3
Singapore Technologies Engineering Ltd & its associates	Associates of StarHub Ltd's controlling shareholder	0.4
Singapore Telecommunications Limited & its associates		16.0
Singapore Technologies Telemedia Pte Ltd & its associates		9.6
Temasek Holdings (Private) Limited and its associates (other than those disclosed above)	Controlling shareholder of StarHub Ltd and its associates	1.1
		27.4

19. 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 second quarter and half year ended 30 June 2020 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
7 August 2020

20. 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.