

StarHub Reports 2018 First Quarter Results

Singapore, 3 May 2018 – StarHub Ltd today announced its results for the quarter ended 31 March 2018.

For the quarter, total revenue decreased 4.7% year-on-year (YoY) to S\$561.0 million while service revenue was 1.4% lower at S\$450.8 million. The lower total revenue was mainly due to lower revenue from Mobile and Pay TV services, coupled with lower sales of equipment. The Group's EBITDA decreased 4.8% to S\$152.2 million and service EBITDA decreased 3.7% to S\$144.5 million. Correspondingly, service EBITDA margin was slightly lower at 32.1% versus 32.8% a year ago. Net profit after tax was also lower by 13.1% YoY at S\$62.8 million.

Free cash flow was lower at S\$9.9 million, compared to S\$116.5 million last year, as a result of lower cash from operating activities, and higher CAPEX payments of S\$68.0 million compared to S\$33.7 million in the same period last year. The higher CAPEX payments were due to the Group acquiring a building in Tai Seng for S\$31.6 million. The building houses Nucleus Connect's Central Office and StarHub's Data Centre. Excluding the purchase of this building, CAPEX payments for the quarter would have amounted to S\$36.4 million or 6.5% of total revenue.

Business Highlights

Enterprise Fixed revenue saw an 18.0% increase YoY buoyed by higher revenue from Data & Internet and Managed Services (which includes Analytics, Cloud, ICT solutions, Facility Management and Cyber Security services). In terms of total revenue mix, Mobile, Pay TV, Broadband, Enterprise Fixed services and Sales of Equipment contributed 36.6%, 14.4%, 8.5%, 21% and 19.6% respectively.

"Some of the statements in this news release constitute 'forward-looking statements' that do not directly or exclusively relate to historical facts. These forward-looking statements reflect StarHub Ltd's current intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside StarHub Ltd's control. Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks. Because actual results could differ materially from StarHub Ltd's current intentions, plans, expectations, assumptions and beliefs about the future, you are urged to view all forward-looking statements contained in this news release with caution."

- **Mobile** revenue was 7.1% lower at S\$205.1 million compared to the same period a year ago. The pre-paid customer base increased by 20,000 while the post-paid customer base decreased by 27,000 YoY mainly due to the one-time termination of 23,000 inactive legacy data-only lines in 3Q2017. Comparing to a year ago, both the pre-paid and post-paid ARPUs decreased by S\$2 to S\$13 and S\$43 respectively.
- **Pay TV** revenue was 10% YoY lower at S\$80.7 million due to a 38,000 drop in customer base to 449,000 households. YoY, churn rate was kept low at 0.9% and ARPU was \$1 lower at S\$51.
- **Broadband** revenue was slightly higher at S\$47.5 million compared to a year ago, contributed mainly by an increased mix of customers on the higher speed fibre plans. ARPU remained stable at S\$33. The residential broadband customer base decreased by 1,000 to 469,000 households.
- **Enterprise Fixed** revenue increased to S\$117.5 million. Data & Internet services revenue grew 1.7% to reach S\$72.9 million while Managed Services came in at \$36.8 million, a 124.2% jump from a year ago. Voice service revenue was lower by S\$3.6 million or 31.4% YoY at \$7.9 million due to lower domestic and international traffic usage.

“Enterprise Fixed has been a constant bright spot with a third successive quarter of double-digit revenue growth. In line with our plan to grow the business, we will continue to roll out new robotics, digital platforms and cyber security solutions to support Singapore’s Smart Nation vision,” said StarHub. “We have also announced a partnership with a mobile virtual network operator as part of our overall mobile strategy. This gives us the ability to offer customers more choices, better address customer segment needs and grow our mobile business amid the evolving landscape.”

Outlook for FY2018

Based on the current outlook, we expect our guidance on our Group’s 2018 service revenue to be 1% to 3% lower YoY. Group’s service EBITDA margin is expected to be between 27% to 29% after the adoption of SFRS(I) 15. We chose service EBITDA margin as it excludes margin on equipment sales, which better reflects the margin of our core business. In 2018, CAPEX payment, excluding spectrum payment of S\$282.0 million and building payment of S\$31.6 million, is expected to be 11% of total revenue. We intend to pay a quarterly cash dividend of 4 cents per ordinary share for FY2018.

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Dividend

Following the close of the Company's Annual General Meeting on 19 April 2018, the Company declared a final dividend of 4 cents per ordinary share on a one-tier tax exempt basis in respect of the financial year ended 31 December 2017. The dividend will be paid on 10 May 2018.

For 1Q2018, the Company declares an interim dividend of 4 cents per ordinary share which will be paid on 25 May 2018.

The Group has adopted the Singapore Financial Reporting Standards (International) ("SFRS(I)") 15 (Revenue from Contracts with Customers), effective from 1 January 2018. Under the new standard, service revenue will see a decline mainly due to the allocation of service revenue to sales of equipment revenue. As a result, service revenue will be lower while sales of equipment revenue will be higher compared to the previous accounting treatment. Group service EBITDA margin for 2018 will increase due to reduction in service revenue. Comparatives have been restated to take into account the retrospective adjustments relating to SFRS(I) 15.

For more details on the Group's performance for 1Q2018 and outlook for FY2018, please visit www.starhub.com/ir. Materials available at this website include the audio conference link, investor presentation and unaudited results for the quarter ended 31 March 2018.

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About StarHub

StarHub is Singapore's fully-integrated info-communications company, offering a full range of information, communications and entertainment services for both consumer and corporate markets. StarHub operates a mobile network that provides 4G and 3G services. It also manages an island-wide HFC network that delivers multi-channel pay TV services (including HDTV, Internet TV and on-demand services) as well as ultra-high speed residential broadband services. StarHub operates an extensive fixed business network that provides a wide range of data, voice and wholesale services. Over Singapore's fibre-based Next Generation Nationwide Broadband Network, StarHub offers a broad range of home and business broadband plans, as well as commercial and residential IPTV services.

Launched in 2000, StarHub has become one of Singapore's most innovative info-communications providers, and the pioneer in 'hubbing' - the ability to deliver unique integrated and converged services to all its customers. StarHub, listed on the main board of the Singapore Exchange since October 2004, is a component stock of the Straits Times Index, the MSCI Singapore Free Index, the SGX Sustainability Leaders Index and the SGX Sustainability Leaders Enhanced Index.

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