

Progress is

change + diversification



STARHUB LTD

**22<sup>ND</sup> ANNUAL GENERAL MEETING**

22 May 2020



# FORWARD-LOOKING STATEMENTS

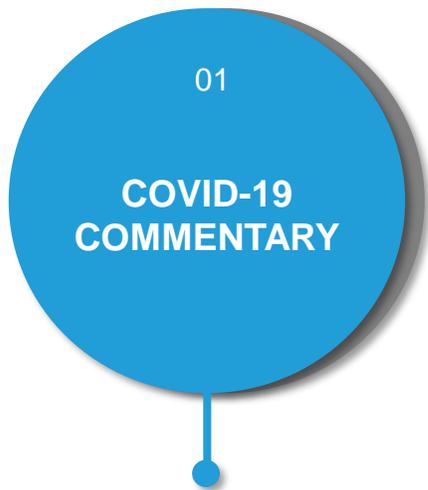
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The following presentation may contain forward-looking statements by StarHub Ltd (“StarHub”) relating to financial trends for future periods.

Some of the statements in this presentation which are not historical facts are statements of future expectations with respect to the financial conditions, results of operations and businesses, and related plans and objectives. These forward-looking statements are based on StarHub’s current views, intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside StarHub’s control. Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks and uncertainties. Because actual results could differ materially from StarHub’s current views, intentions, plans, expectations, assumptions and beliefs about the future, such forward-looking statements are not and should not be construed as a representation, forecast or projection of future performance of StarHub. It should be noted that the actual performance of StarHub may vary significantly from such statements.

# KEY DISCUSSION THEMES



Observations,  
Mitigation  
& Financial Impact



Recent  
Developments /  
DARE Progress



Financial & Business  
Performance  
Commentary



Holistic  
Approach to  
Value Creation



Progress =  
Change +  
Diversification

# STARHUB AT A GLANCE



As at 31 December 2019 unless otherwise stated.

<b>15</b> Years Listed since 2004	<b>S\$2.5B</b> Market Capitalisation	<b>6.3%</b> Dividend Yield	<b>36.0%</b> Return on Equity
<b>20</b> Years Solid Track Record	<b>S\$2.3B</b> Total Revenue	<b>S\$178.6M</b> Net Profit	<b>S\$218.6M</b> Free Cash Flow

## CONSUMER

Embracing Innovation as Singapore's Favourite Challenger Brand

As at 31 March 2020.

 <b>2.2M</b> Mobile Subscribers	 <b>327K</b> Pay TV Subscribers	 <b>502K</b> Broadband Subscribers
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## ENTERPRISE

Enhanced Capabilities – From Core Connectivity To Emerging

 <b>CONNECTIVITY</b> Data   Internet   Voice	 <b>MANAGED SERVICES</b>	 <b>CYBERSECURITY SERVICES</b>
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## HIGH QUALITY NETWORK

**StarHub Mobile is 60% faster than its competitors.**

Say hello to Singapore's fastest mobile network. Based on IMDA IMconnected Report H1 2019.

<b>&gt;2.8K</b> Base Stations	<b>&gt;9,000KM</b> Fibre Network to thousands of buildings	<b>7</b> Data Centre facilities island-wide
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01

# COVID-19 COMMENTARY





# COVID-19

*Safeguarding Stakeholders*



## PEOPLE FIRST

Protecting the health and safety  
of our **EMPLOYEES & CUSTOMERS**;  
Supporting the **COMMUNITY**; and  
Safeguarding **SHAREHOLDER** interests.



# EMPLOYEES

Robust BCP executed since Feb 2020

90% of employees working from home;  
all service levels achieved

Weekly communication to maintain employee  
engagement

Proactive re-training and re-skilling  
for impacted employees

Protect jobs as responsible employer

## Keeping Employees Engaged



## Safe Distancing Measures





# COVID-19

## Safeguarding Stakeholders



# CUSTOMERS

Temporary retail store closures

Accelerated migration of transactions to online touchpoints

Ensure network quality and resilience

39 free channel previews;  
enhanced VOD content

BCP support for Enterprise customers: Free softphones subscription; >70% off unlimited mobile broadband, etc

Alternative payment plans for select customers

**Free Preview**

Enjoy Free Preview from 20 Mar, 12pm to 2 Jun, 12pm.

**BEST PAY TV SERVICE PROVIDER**

**TECH AWARDS**

**Solutions for your Business Continuity Plans**

HELLO CHANGE

# COMMUNITY

>S\$1M donations to community: reached >1.8K low-income seniors; ~2K low-income households

Prepaid SIM for >60K migrant workers

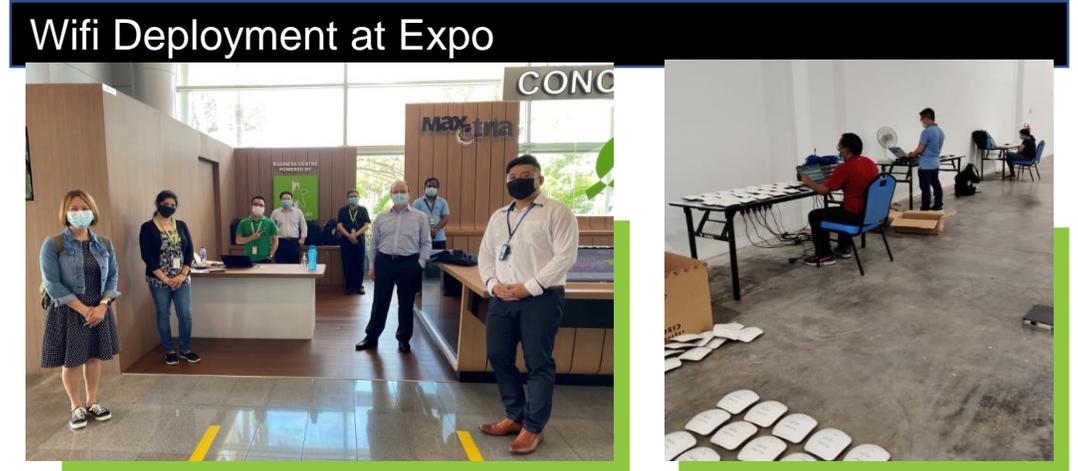
Public health SMS advisories for all migrant workers

Unlimited mobile broadband for 550 needy students on home-based learning

500 phones to support healthcare teams in Community Care Facilities

Unlimited talktime for healthcare staff

Staff blood donation drive



### Encouraging Students In Need

## STARHUB CARES



Home-based learning is ramping up and we want to help you stay connected.



Here's a little something from us to you: connect to StarHub Mobile Broadband and keep that learning going.



Let's continue to work hard, stay safe and keep healthy together. We are with you!

# SHAREHOLDERS

Cash flow / balance sheet discipline

Successfully renegotiated refinancing of \$407.5M  
bank loans due this year

No refinancing until 2022

Adequate credit facilities available

Sustain positive operating cash flow generation

Defer non-essential expenditure

Sharp focus on transformation





# COVID-19

1Q2020 Financial Impact



## CONSUMER

Lower Churn



## ENTERPRISE

Project and tender delays

Measured ICT spending



## MOBILE

Lower roaming & Prepaid revenues

## SALE OF EQUIPMENT

Supply chain disruptions

## GUIDANCE

- Withdraw FY2020 guidance for prudence
- Guidance will be updated once there is greater visibility on the aggregate nature of the impact

02

# COMMITMENT TO TRANSFORMATION





# D.A.R.E. TO FORGE AHEAD

*Transformation Continues*



## DELIVERING

Market-Leading Customer Experiences



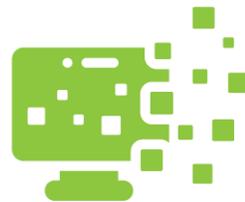
## ACCELERATING

Value Creation from Core Businesses



## REALISING

Growth from New Opportunities



## ENHANCING

Efforts to Transform Digitally



# D.A.R.E. TO FORGE AHEAD

Transformation Continues



## DELIVERING

Market-Leading Customer Experiences

ENHANCING

REALISING

Accelerating

#1

### HELLO CHANGE

NPS improved  
130% YoY

>690K mobile  
postpaid customers  
on Hello Change  
plans

#2

### CABLE-TO-FIBRE MIGRATION

Migrated >260K  
customers

Enables Pay TV  
transformation

#3

### ENHANCE ONLINE EXPERIENCE

Halved customer  
journey for online  
transactions

Integrated new and  
interactive in-app  
rewards platform

DELIVERING



# D.A.R.E. TO FORGE AHEAD

Transformation Continues



## ACCELERATING

Value Creation from Core Businesses

#1

### DRIVE OPERATIONAL EFFICIENCIES

Ongoing digitalisation & simplification

Opex reduced 4.6% YoY<sup>1</sup>

>\$210M savings identified; 64% executed<sup>1</sup>

Workforce optimisation

#2

### MAXIMISE VALUE FROM CORE ASSETS

Most Pay TV content providers now on variable model

Growing OTT subscribers

#3

### RENEGOTIATE EXPIRING CONTRACTS

Realised procurement savings

ENHANCING

REALISING

Accelerating

DELIVERING

<sup>1</sup>As at FY2019



# D.A.R.E. TO FORGE AHEAD

*Transformation Continues*



## REALISING

Growth from  
New Opportunities

#1

### ACCELERATING CYBERSECURITY GROWTH

79% YoY cybersecurity  
revenue growth in  
FY2019

137% YoY growth in  
1Q2020; reported  
~S\$5M profit

#2

### 5G FORERUNNER

Obtained 5G  
Provisional Licence

5G Pop-Up Showcase  
powered by Singapore's  
1<sup>st</sup> 5G COW

Active trials with  
industry / tech partners

#3

### GROWTH THROUGH M&A

Strateq acquisition in  
March 2020 for growth &  
diversification

ENHANCING

REALISING

Accelerating

DELIVERING



# D.A.R.E. TO FORGE AHEAD

Transformation Continues



## ENHANCING

Efforts to Transform Digitally

#1

### LAUNCHED **giga!**

Strong momentum since launch

Highest NPS in market

#2

### ONGOING DIGITAL TRANSFORMATION

Multi-year IT transformation programme

Launched SD-WAN

Deployed RPA across operations

#3

### ENHANCED ONLINE TOUCHPOINTS

Improved My StarHub app rating on both app stores

Doubled online sales YoY in FY2019

Tripled online store capacity





# FY2020 MILESTONES

## Recent Developments



-  **DELIVERING**  
Market-Leading Customer Experiences
-  **ACCELERATING**  
Value Creation from Core Businesses
-  **REALISING**  
Growth from New Opportunities
-  **ENHANCING**  
Efforts to Transform Digitally



### 29 April: 5G Provisional Licence

- Complement existing wireless capabilities with 5G technology
- Standalone (3.5GHz) + Non-standalone (800MHz mmWave) deployment
- Encourage development of new 5G applications & use cases
- Strategic cooperation with M1 to optimise infrastructure and spectrum costs
- Regulator expects to award full licences by 1H2020

Click [here](#) for more details.



### 17 April: IT Transformation

- Optimise IT operations, lower costs and accelerate technology transformation
  - Rationalisation of IT platforms and systems
  - Delivery of agile, new IT capability
  - Simplify processes and operations
  - Enhance customer experience
  - Accelerate time to market

Click [here](#) for more details.



### 11 Mar: Acquired StratEq

- Leading end-to-end data driven IT solutions provider with growing international presence
- Asset light, complementary and scalable digital capabilities; enhance delivery capabilities
- Growth & diversification opportunities in existing and new markets
- Acquisition expected to complete by 1H2020

Click [here](#) for more details.

03

# FINANCIAL HIGHLIGHTS



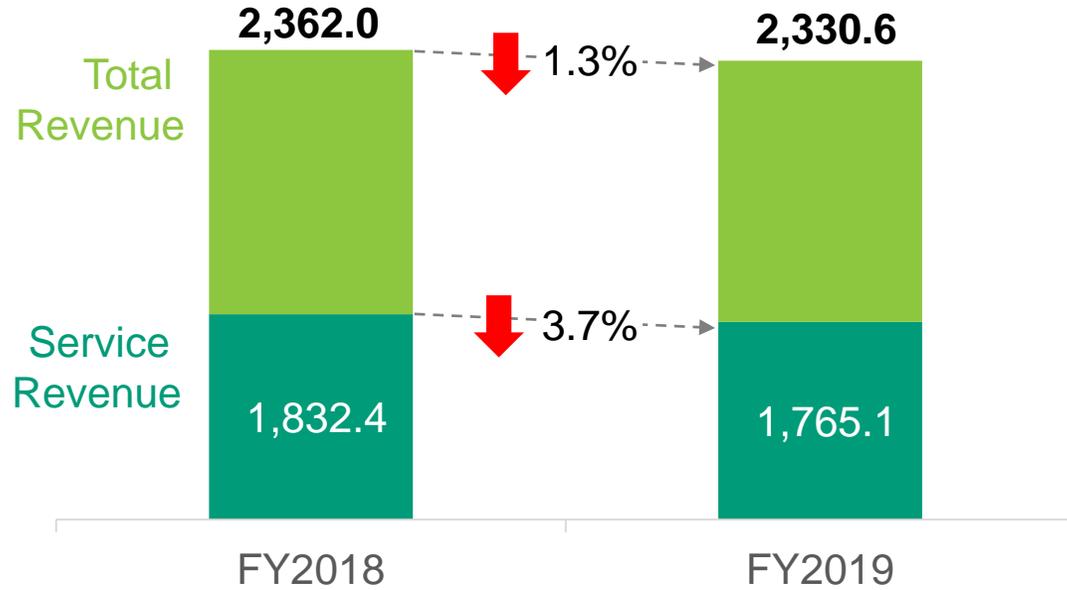


# FINANCIAL PERFORMANCE

## Revenue

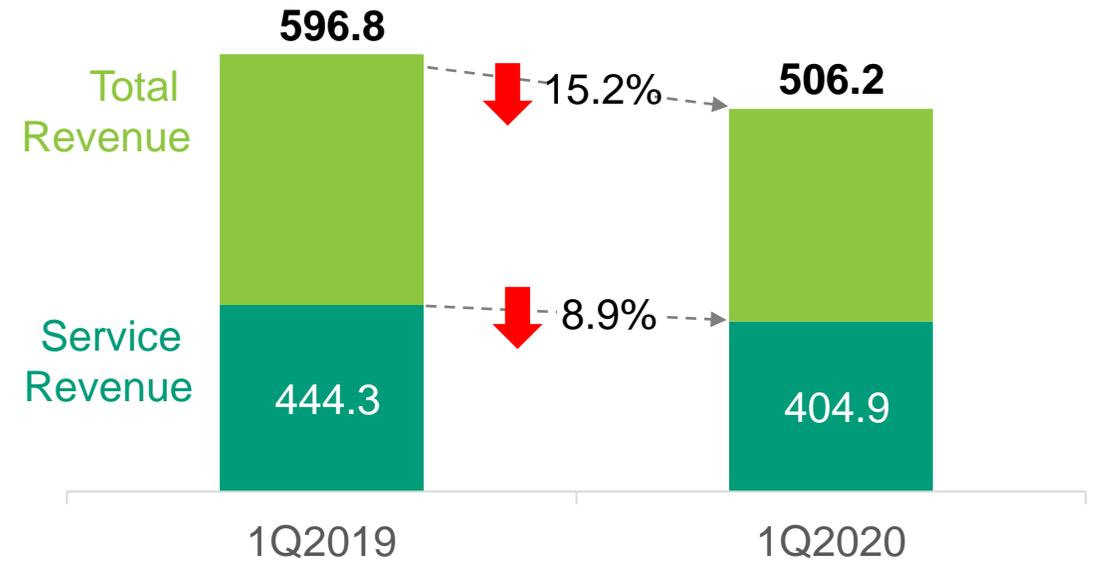


### FY2019 vs FY2018 (S\$'M)



- **Mobile** declined 7.2% due to lower ARPU
- **Pay TV & Broadband** impacted by cable-to-fibre migration, revenue declined 20.3% and 5.1%, respectively
- **Sale of equipment** rose 6.8%
- **Cybersecurity** revenue grew 79.1%

### 1Q2019 vs 1Q2020 (S\$'M)



- **Mobile** declined 15.0% due mainly to COVID-19 impact
- **Pay TV & Broadband** declined 33.8% and 11.4% due to promotional activities relating to the migration
- **Enterprise** rose 13.9% mainly led by 136.8% growth in **Cybersecurity** revenue
- **Sale of equipment** decreased 33.6% due mainly to COVID-19 impact & disruption of handset supply chains

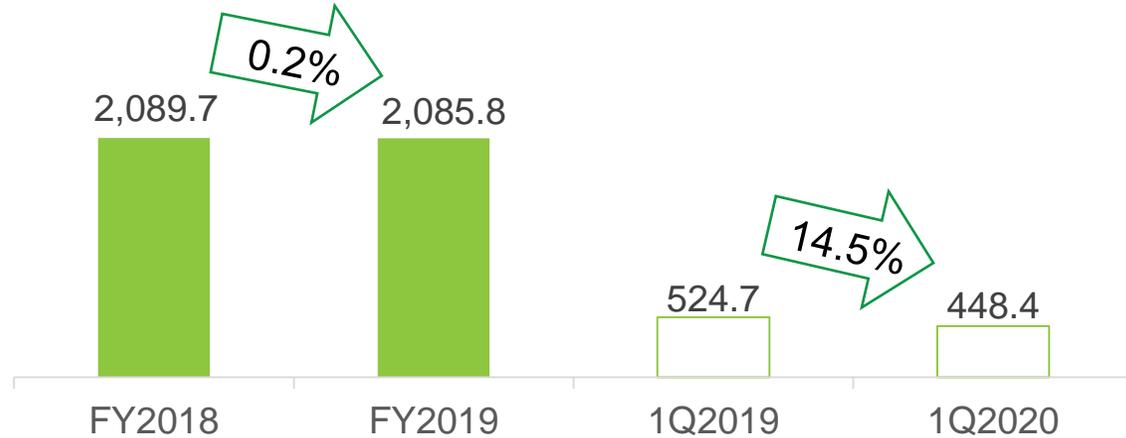


# FINANCIAL PERFORMANCE

*Disciplined Capital Management*

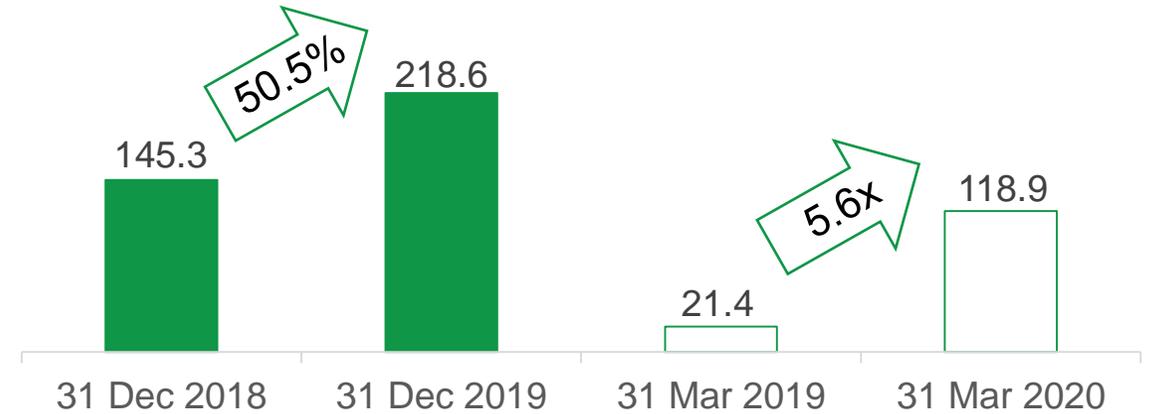


## Opex (S\$'M)



- FY2019 vs FY2018:
  - Excluding Cybersecurity expenses, Opex declined 4.6%
  - Other Opex (excluding Cost of Sales) declined 5.5%
- Opex YoY decline in 1Q2020 was mainly due to lower cost of sales and other operating expenses, offset by an increase in Opex for cybersecurity services

## Free Cash Flow (S\$'M)



- Higher FY2019 & 1Q2020 FCF due to higher cash from operating activities and lower Capex payments

**FY2019  
DIVIDEND**

**9 SGD CENTS**  
PER SHARE

*Semi-Annual Distribution  
From FY2020*

**NET DEBT  
TO EBITDA**

**1.40x**

*As at 31 March 2020*

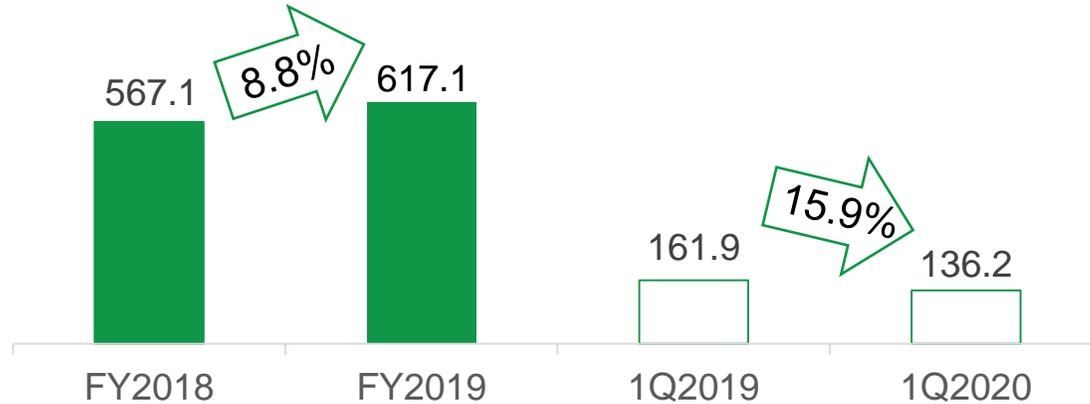


# FINANCIAL PERFORMANCE

## EBITDA / SERVICE EBITDA

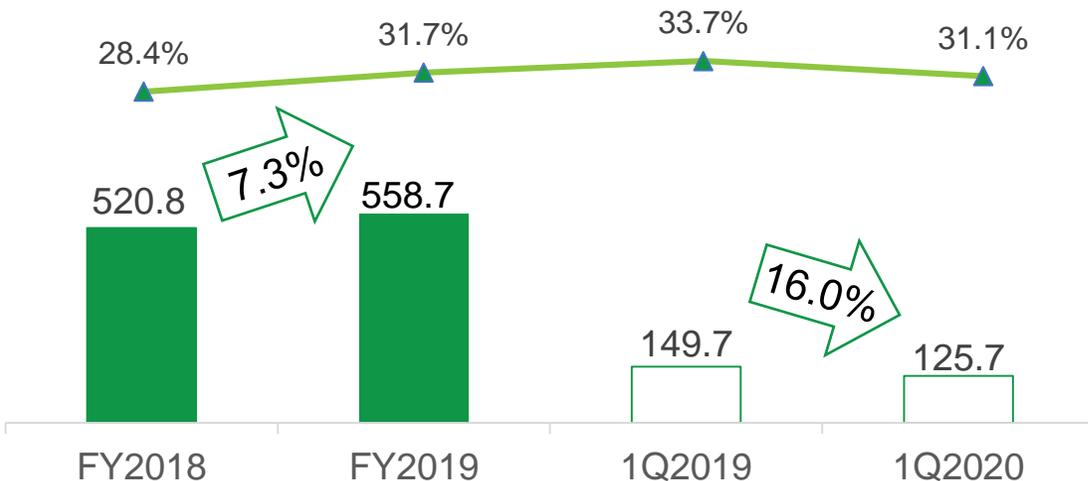


### EBITDA (S\$'M)



- FY2019 EBITDA increased YoY due to impact from SFRS(I) 16 Leases
- 1Q2020 EBITDA declined in tandem with lower revenues

### SERVICE EBITDA (S\$'M) / MARGIN (%)



- FY2019 Service EBITDA margin improved YoY due to impact from SFRS(I) 16 Leases
- 1Q2020 Service EBITDA margin declined in tandem with lower service revenues

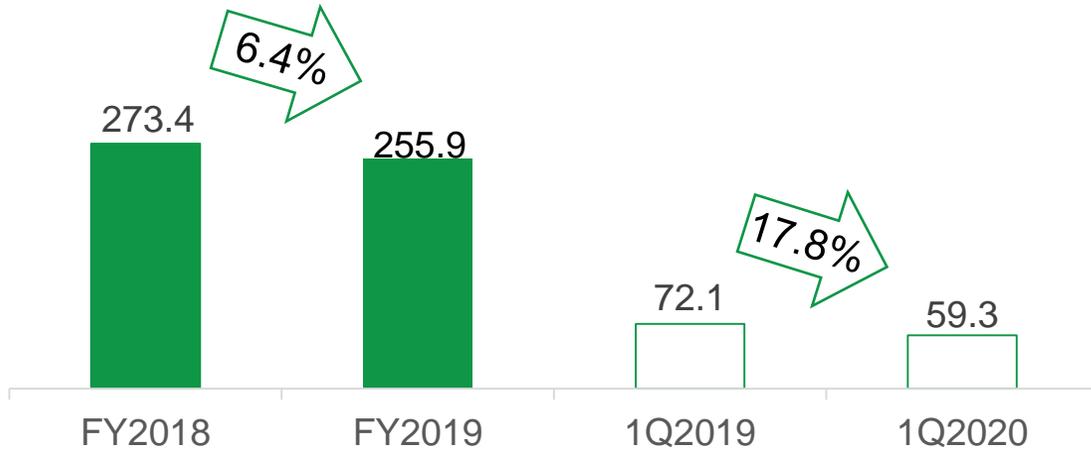


# FINANCIAL PERFORMANCE

## Profit Highlights

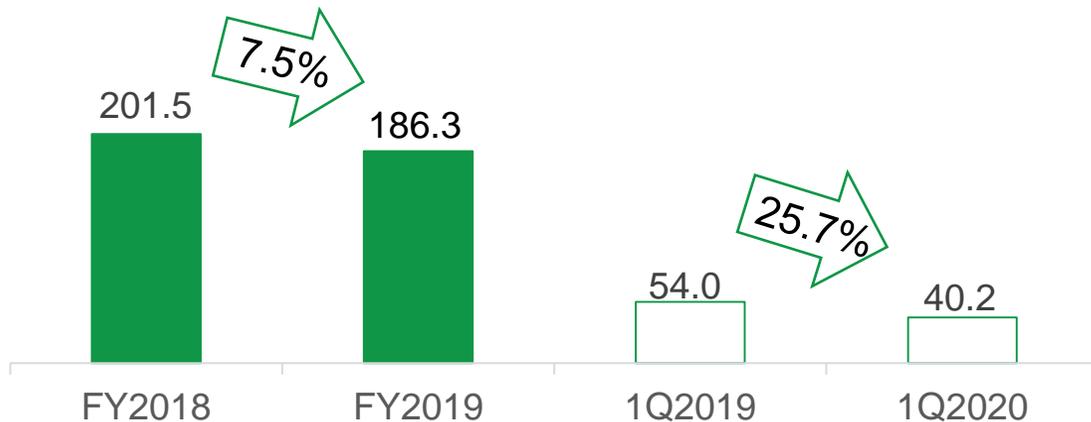


### PROFIT FROM OPERATIONS (\$\$'M)



- FY2019 profit from operations would have grown \$4.5M YoY excluding Cybersecurity losses
- 1Q2020 decrease was due to lower consumer revenues and sales of equipment margin; offset by higher other income and lower Opex
- Cybersecurity reported ~\$5M profit in 1Q2020

### NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS (\$\$'M)



04

# ESG HIGHLIGHTS





# CORPORATE SUSTAINABILITY

Creating & Aligning Business Value



## Environment



### Climate Change Adaptation

Renewable energy target



### E-waste (RENEW)

17 tonnes collected per month in 1Q2020, up 17% YoY



### Education

Public outreach, and employee engagement

## Social

### Community Investment



Employability & life skills



Connectivity needs

**\$1M**

Invested in 2019



Less privileged youths & families

**15**

VWOs & non-profit organisations

## Governance



### Fair Employment

A signatory of the Tripartite Alliance for Fair Employment Practices



### Diversity & Equality

A signatory of UN Global Compact since 2012



### Transparency

Top 20 companies on the Singapore Governance and Transparency Index

05

# OUTLOOK & STRATEGIES



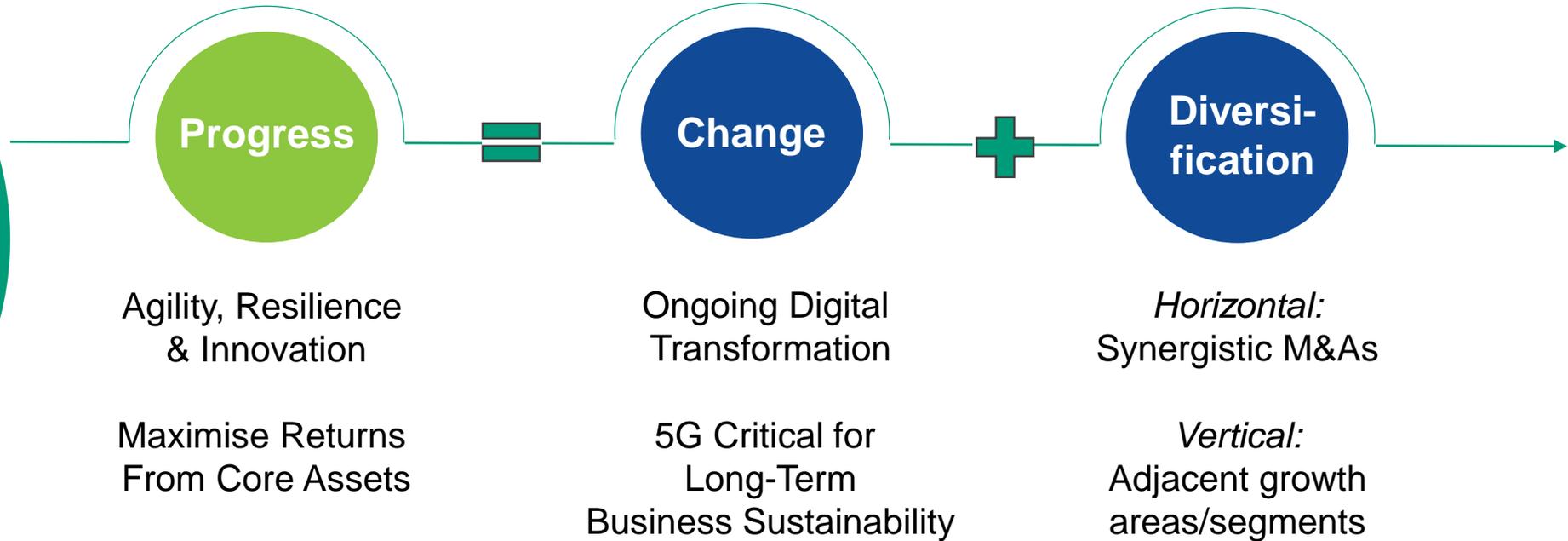


# OUTLOOK

*Key Strategies Remain Relevant*



- Dedicated to supporting all stakeholders
- Continually assess market conditions closely
- Exercise prudence and proactivity in navigating challenging landscape
- Suspend guidance due to current uncertainty



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