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STARHUB LTD

Announcement of Business Performance Update for the Third Quarter and Nine Months ended 30 September 2020

StarHub is pleased to announce the business performance update for the third quarter and nine months ended 30 September 2020.

Results for the Third Quarter and Nine Months ended 30 September 2020

1. GROUP INCOME AND COMPREHENSIVE INCOME STATEMENTS

1.1 GROUP INCOME STATEMENT

	Quarter ended 30 Sep				Nine Months ended 30 Sep			
	2020 S\$m	2019 S\$m	Incr / (Decr) S\$m	%	2020 S\$m	2019 S\$m	Incr/ (Decr) S\$m	%
Total revenue	489.7	572.6	(82.9)	(14.5)	1,449.3	1,722.2	(272.9)	(15.8)
Operating expenses	(434.5)	(501.6)	(67.1)	(13.4)	(1,301.8)	(1,521.9)	(220.1)	(14.5)
Other income	9.2	9.0	0.2	2.6	28.0	9.1	18.9	nm
Profit from operations	64.4	80.0	(15.6)	(19.4)	175.5	209.4	(33.8)	(16.2)
Finance income	0.4	0.3	0.1	22.2	1.3	1.1	0.2	19.8
Finance expense ⁽¹⁾	(9.4)	(9.6)	(0.1)	(1.5)	(29.5)	(29.5)	(0.1)	(0.3)
	55.4	70.7	(15.3)	(21.7)	147.4	181.0	(33.5)	(18.5)
Share of gain/ (loss) of associate, net of tax	0.5	(0.7)	1.2	nm	0.7	(0.2)	0.8	nm
Profit before taxation	55.9	70.1	(14.1)	(20.2)	148.1	180.8	(32.7)	(18.1)
Taxation	(10.4)	(13.5)	(3.0)	(22.5)	(26.6)	(35.5)	(8.8)	(24.9)
Profit for the period	45.5	56.6	(11.1)	(19.6)	121.4	145.3	(23.9)	(16.4)
Attributable to:								
Owners of the Company	44.5	58.0	(13.5)	(23.3)	121.9	151.5	(29.6)	(19.6)
Non-controlling interests	1.0	(1.4)	2.4	nm	(0.4)	(6.2)	(5.7)	(93.1)
	45.5	56.6	(11.1)	(19.6)	121.4	145.3	(23.9)	(16.4)
EBITDA	143.0	170.5	(27.5)	(16.1)	408.5	478.7	(70.3)	(14.7)
Service EBITDA ⁽²⁾	131.1	152.8	(21.7)	(14.2)	375.3	443.2	(67.9)	(15.3)
Service EBITDA as % of service revenue	33.7%	35.1%	-1.4% pts		32.1%	33.5%	-1.4% pts	
Free Cash Flow ⁽³⁾	75.6	107.0	(31.4)	(29.3)	350.2	182.9	167.3	91.4
<i>Profit from operations is arrived after charging the following:</i>								
Loss allowances of trade receivables	1.1	4.1	(3.0)	(73.0)	9.3	15.1	(5.8)	(38.5)
Depreciation and amortisation	78.6	90.5	(11.9)	(13.1)	233.0	269.4	(36.4)	(13.5)
Foreign exchange (gain) / loss	(0.6)	0.7	(1.2)	nm	4.4	0.6	3.8	nm
Allowance for stock obsolescence	(0.9)	(1.0)	(0.1)	(8.6)	2.6	2.3	0.3	10.9

nm – Not meaningful

Notes:

- (1) Finance expense includes interest on borrowings and lease liabilities and other financing charges
- (2) Service EBITDA refers to EBITDA less equipment margin (sales of equipment less cost of equipment)
- (3) Free Cash Flow refers to net cash from operating activities less purchase of property, plant and equipment and intangible assets in the cash flow statement
- (4) The financial statements include the consolidation of newly acquired subsidiary, Strateq Sdn. Bhd. ("Strateq"), following the completion of the acquisition on 30 July 2020
- (5) Numbers in all tables may not exactly add up due to rounding

1.2 MANAGEMENT DISCUSSION

Revenue	Quarter ended 30 Sep				Nine Months ended 30 Sep			
	2020 S\$m	2019 S\$m	Incr / (Decr) S\$m	%	2020 S\$m	2019 S\$m	Incr/ (Decr) S\$m	%
Mobile	134.1	190.0	(55.9)	(29.4)	441.1	574.6	(133.5)	(23.2)
Pay TV	47.1	56.1	(9.0)	(16.0)	140.8	191.6	(50.7)	(26.5)
Broadband	45.5	43.2	2.4	5.5	130.4	135.3	(4.9)	(3.6)
Enterprise Business	162.0	145.5	16.5	11.4	457.5	419.9	37.6	9.0
- Network solutions ⁽¹⁾	98.5	106.7	(8.2)	(7.7)	291.7	318.6	(26.8)	(8.4)
- Cyber security services ⁽²⁾	45.8	38.8	7.1	18.2	148.1	101.3	46.8	46.2
- Regional ICT services ⁽³⁾	17.6	-	17.6	nm	17.6	-	17.6	nm
Service revenue	388.7	434.7	(46.0)	(10.6)	1,169.8	1,321.4	(151.6)	(11.5)
Sales of equipment	100.9	137.9	(37.0)	(26.8)	279.5	400.8	(121.3)	(30.3)
Total revenue	489.7	572.6	(82.9)	(14.5)	1,449.3	1,722.2	(272.9)	(15.8)

Notes:

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

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

(3) Includes service revenue from Strateq

The Group's 3Q2020 total revenue of S\$489.7 million was S\$82.9 million or 14.5% lower year-on-year ("YoY"), mainly due to lower contributions from Mobile, Pay TV and Sales of Equipment, partially offset by higher revenues from Broadband and Enterprise Business. The Group's total revenue for the nine-month period of S\$1,449.3 million was S\$272.9 million or 15.8% lower YoY, mainly due to lower contributions from Mobile, Pay TV, Broadband and Sales of Equipment, partially offset by higher revenues from Enterprise Business.

Against the corresponding periods last year, Mobile service revenues in 3Q2020 and the nine-month period were 29.4% and 23.2% lower respectively due to lower postpaid and prepaid revenues. The decrease in postpaid revenues was mainly due to lower IDD, lower excess data usage, lower roaming due to a significant drop in global travel caused by the COVID-19 pandemic, lower plan subscriptions and lower VAS (value-added services) revenues, partially offset by the increase in SMS usage and voice usage. The decrease in prepaid revenues was mainly due to lower inbound and outbound travel as a result of tightened border controls resulting from the COVID-19 pandemic, lower data subscriptions, prepaid expired credit and IDD.

Pay TV service revenue decreased 16.0% YoY in 3Q2020 and 26.5% YoY in the nine-month period, mainly due to a lower subscriber base, the cable to fibre migration in the prior year and the COVID-19 impact on commercial revenue and advertising due to cost management by commercial clients.

Broadband service revenue increased 5.5% YoY in 3Q2020, mainly due to reduced subscription discounts that raised ARPUs. Service revenue of S\$130.4 million in the nine-month period was 3.6% lower YoY, mainly due to overall 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, revenue would have been \$3.4 million or 2.5% lower YoY in the nine-month period.

Enterprise Business revenue increased 11.4% YoY in 3Q2020 and 9.0% in the nine-month period, respectively, mainly due to higher revenues from Cyber security services and the consolidation of Strateq under Regional ICT services, following the completion of the

acquisition on 30 July 2020. This was partially offset by lower internet services and domestic leased circuits, lower managed services and lower voice services.

Revenue from Sales of Equipment decreased YoY by 26.8% in 3Q2020 and 30.3% in the nine-month period, mainly due to lower volume of handsets sold due to the COVID-19 impact and delay in the launch of new premium handset models.

The Group's total operating expenses for 3Q2020 and the nine-month period were lower YoY by S\$67.1 million and S\$220.1 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 and Regional ICT services.

As a percentage of revenue, the Group's total operating expenses for 3Q2020 and the nine-month period were at 88.7% and 89.8% respectively, compared to 87.6% and 88.4% in the corresponding periods last year.

Other income increased YoY in 3Q2020 and the nine-month period, mainly due to Job Support Scheme (JSS) payouts recognised since 2Q2020 and higher income grant, partially offset by lower recovery of tunnel fees from TPG. The JSS payouts recognised in 3Q2020 and nine-month period were S\$7.0 million and S\$22.7 million respectively.

Profit from operations in 3Q2020 declined S\$15.6 million YoY to S\$64.4 million. Operating profits from Cyber security services reached S\$2.8 million in 3Q2020, a S\$6.4 million improvement compared to the corresponding period last year. Operating profits from Regional ICT services was S\$0.2 million in 3Q2020 due to the consolidation of Strateq, following the completion of the acquisition on 30 July 2020. Excluding Cyber security services and Regional ICT services, profit from operations would have been S\$61.4 million, which is S\$22.2 million lower YoY. This is due to lower revenues from Mobile, Pay TV, and Network Solutions, lower margin from Sales of Equipment and lower other income mainly due to lower TPG tunnel fees cost recovery offset by JSS payouts recognised, partially mitigated by higher Broadband revenue and lower operating expenses.

Profit from operations for the nine-month period declined S\$33.8 million YoY to S\$175.5 million. Operating profits from Cyber security services of S\$0.7 million in the nine-month period was a S\$16.8 million improvement compared to the corresponding period last year. Operating profits from Regional ICT services was S\$0.2 million in the nine-month period due to the consolidation of Strateq, following the completion of the acquisition on 30 July 2020. Excluding Cyber security services and Regional ICT services, profit from operations would have been S\$174.6 million, which is S\$50.8 million lower YoY. This is due to lower revenues from Mobile, Pay TV, Broadband and Network Solutions and lower margin from Sales of Equipment, partially mitigated by lower operating expenses and higher other income due to JSS payouts recognised, offset by lower TPG tunnel fees cost recovery.

Service EBITDA margin for 3Q2020 at 33.7% and the nine-month period at 32.1% were both 1.4% points lower, compared to the corresponding periods last year.

Finance income and finance expenses were stable in both 3Q2020 and the nine-month period, compared to the corresponding periods last year.

Share of results of associate was a gain for 3Q2020 and the nine-month period compared to a loss in the corresponding periods last year.

Profit before taxation of S\$55.9 million in 3Q2020 was S\$14.1 million lower YoY as a result of lower profit from operations. Taxation expenses was lower at S\$10.4 million.

Profit before taxation of S\$148.1 million in the nine-month period was S\$32.7 million lower YoY as a result of lower profit from operations. Taxation expenses was lower at S\$26.6 million.

Profit after taxation for the period in 3Q2020 and nine-month period was S\$45.5 million and S\$121.4 million respectively.

The Group's 3Q2020 net cash from operating activities of S\$113.8 million was S\$41.5 million lower YoY due to lower cash flow from operations and higher working capital needs, partially offset by lower income tax paid. The negative working capital changes of S\$8.5 million was primarily attributed to higher inventories, higher contract costs, lower contract liabilities and lower trade and other payables, partially offset by lower contract assets, lower trade receivables, lower other receivables, deposits and prepayments and lower net balances due from related parties. Free cash flow of S\$75.6 million in 3Q2020 was lower YoY by S\$31.4 million, primarily due to lower cash from operating activities offset by lower CAPEX payments.

The Group's net cash from operating activities for the nine-month period of S\$460.8 million was S\$113.4 million higher YoY due to lower working capital needs and lower income tax paid, partially offset by lower cash flow from operations. The positive working capital changes of S\$80.4 million was primarily attributed to lower inventories, lower contract assets, lower trade receivables and lower other receivables, deposits and prepayments, partially offset by higher contract costs, lower trade and other payables and lower net balances due to related parties. Free cash flow of S\$350.2 million in the nine-month period was higher YoY by S\$167.3 million, primarily due to higher cash from operating activities coupled with lower CAPEX payments.

Shareholders' Equity

The Group's shareholders' equity decreased by S\$6.4 million to S\$511.7 million as of 30 September 2020 (excluding non-controlling interests of S\$76.3 million) compared to S\$518.1 million as of 31 December 2019. The decrease was mainly due to the recognition of liability to acquire non-controlling interests in Strateq and higher fair value losses on a quoted investment, partially offset by higher retained profits.

Net Debt

On account of a higher cash and cash equivalent balance, net debt was S\$140.1 million lower at S\$790.7 million as of 30 September 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 1.45 times as of 30 September 2020 compared to 1.51 times as of 31 December 2019.

Refinancing of current borrowings due for repayment and additional borrowings

The Group has completed its refinancing of S\$407.5 million in 3Q2020. 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 current borrowings decreased by S\$390.8 million to S\$16.8 million as of 30 September 2020 due to the reclassification of S\$407.5 million to non-current borrowings post refinancing, partially offset

by the current borrowings of Strateq acquired in 3Q2020. Non-current borrowings increased by S\$523.0 million to S\$1,163.8 million due to the reclassification of S\$407.5 million from current borrowings, coupled with new loans taken for the acquisition of Strateq and working capital requirement in 3Q2020.

Capital Expenditure

The Group's CAPEX payments amounted to S\$38.2 million in 3Q2020 and S\$110.5 million in the nine-month period, representing 7.8% and 7.6% of total revenue respectively. CAPEX payments were S\$10.1 million lower YoY in 3Q2020 and S\$53.9 million lower YoY in the nine-month period mainly due to a decrease in purchase of PPE.

As of 30 September 2020, the Group's total outstanding capital expenditure commitments amounted to S\$459.3 million, including the outstanding commitments for 4G spectrum rights of S\$282.0 million and 5G spectrum rights of S\$27.5 million.

Outlook

In 3Q2020, the Group's various lines of businesses continued to be impacted by the COVID-19 pandemic, and the continued strict border controls that were instituted since late-March 2020, which resulted in a negative impact on mobile service revenues due to lower roaming, IDD and prepaid mobile revenues. The Group expects that these border controls will largely continue to be in force till the end of FY2020. Alongside these operating trends, and in consideration of the relatively higher operating expenses typically incurred in the fourth quarter of each year, the Group expects its service EBITDA margin in 4Q2020 to be lower than 3Q2020. The Group expects to maintain the FY2020 guidance issued in August 2020, and it continues to carefully manage and execute on its cost transformation initiatives.

For the Enterprise segment, there was a gradual increase in activity following the nation's Phase Two reopening. While enterprises are expected to continue investing in their network infrastructure and the continued adoption of cloud services, data analytics and visualisation, Internet of Things ("IoT") and Data Centre-related services as part of their digitalisation journey, the Group expects that there will be continued deferment of new investments that will result in projects being delivered in the next financial year. The Group believes this trend will impact consumption of traditional telco connectivity services until there is greater clarity on the economic recovery. In the area of Cybersecurity Services, Ensign will continue to strengthen its capabilities and to pursue the significant growth opportunities in the Asia Pacific region. D'Crypt has commenced delivery of the units for the Intelligent Transport Systems which is part of Singapore Mobility 2030 plan and the IoT devices for contact tracing. Strateq will actively pursue growth in areas such as cloud services, data analytics and software-as-a-service (SaaS) to tap into the growing digitalisation trends.

On the Group's 5G initiatives, StarHub was the first in Singapore to launch 5G services, offering the widest 5G coverage in Singapore as at the end of September, with population coverage of over 70%. The uptake of the new Mobile+ tariff plans have exceeded the Group's expectations, and the recent launches of premium 5G handsets are also expected to accelerate migration towards the new plans. The Group has also received increasing interest from its Enterprise customers in 5G solutions following the 5G launch, based on early investments in trial solutions and related grants received, alongside warmer engagements with potential clients for selected use cases in various industries and sectors. On 3 September 2020, the Group and another MNO incorporated a new JV company, Antina Pte. Ltd., to jointly build and operate a 5G standalone network which has commenced its rollout

planned for 4Q2020. The Group has completed the 5G base station sites identification with site preparation and installation well underway. In addition, the implementation of 5G standalone core network and transmission network to serve the new 5G base station are also in progress.

The Group continues to forge ahead in its transformation – most recently, StarHub launched a new hybrid entertainment platform in 3Q2020, StarHub TV+, which integrates live TV channels with OTT programmes over an interactive interface via a new plug-and-play StarHub TV+ box or a mobile app, thereby enhancing StarHub’s content delivery and entertainment offerings. StarHub TV+ has received positive feedback and reception from consumers. StarHub will continue its efforts to digitalise and drive greater efficiencies and optimisation across the organisation.

Additionally, the Group has commenced the IT Transformation programme in 3Q2020, which focuses on technology and business process transformation, and IT rightsourcing. The IT Transformation programme will form the backbone of the Group’s digital strategy that focuses on elevating digital customer experiences, product simplification and rationalisation, re-engineering lean and automated processes, scaling rich data insights and value from Artificial Intelligence (AI), and enabling an agile operating and delivery model. In FY2020, StarHub launched a number of digital initiatives and refreshed customer journeys on the online store and My StarHub App, which has resulted in an upward growth trend in digital sales transactions and increased Monthly Active Users on the My StarHub App by 43% and 12%, respectively, in the nine-month period compared to the corresponding period last year.

2. BUSINESS REVIEW

Mobile Services

	Quarter ended 30 Sep				Nine Months ended 30 Sep			
	2020	2019	Incr / (Decr)		2020	2019	Incr / (Decr)	
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Mobile revenue	134.1	190.0	(55.9)	(29.4)	441.1	574.6	(133.5)	(23.2)

	Quarter ended / As of			9 Months ended / As of		YoY Incr / (Decr) %
	30 Sep 2020	30 Jun 2020	30 Sep 2019	30 Sep 2020	2019	
Mobile operating statistics						
Number of registered subscribers (in thousands)						
Post-paid	1,454	1,453	1,442	1,454	1,442	0.8
Pre-paid	526	634	785	526	785	(33.0)
Total	1,980	2,088	2,227	1,980	2,227	(11.1)
ARPU with IDD included (S\$ per month)						
Post-paid	29	30	39	31	39	(21.0)
Pre-paid	12	10	13	11	13	(15.8)
Average smartphone data usage (GB)	11.4	10.0	8.8	10.7	7.5	41.6
Average monthly churn rate (post-paid)	1.0%	0.8%	1.6%	0.9%	1.3%	-
Singapore mobile penetration ⁽¹⁾	154.2%	155.8%	157.0%	154.2%	157.0%	-
Market Share ⁽¹⁾	22.6%	23.6%	24.9%	22.6%	24.9%	-

Note:

(1) Based on latest published statistics

Overall Mobile service revenues in 3Q2020 and nine-month period were lower YoY by 29.4% and 23.2%, respectively. The decrease in postpaid revenues was mainly due to lower IDD, lower excess data usage, lower roaming due to a significant drop in global travel caused by the COVID-19 pandemic, lower plan subscriptions and lower VAS (value-added services) revenues, partially offset by the increase in SMS usage and voice usage. The decrease in prepaid revenues was mainly due to lower inbound and outbound travel as a result of tightened border controls resulting from the COVID-19 pandemic, lower data subscriptions, prepaid expired credit and IDD.

Postpaid mobile services

As of 30 September 2020, the subscriber base stood at 1,454,000 after the quarter's net addition of 1,000 subscribers. Compared to a year ago, the subscriber base increased by 12,000 subscribers or 0.8%.

ARPU of S\$29 in 3Q2020 and S\$31 in the nine-month period 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 3Q2020 and the nine-month period to 11.4 GB and 10.7 GB respectively.

Average monthly churn rate was 1.0% for 3Q2020 and 0.9% for the nine-month period.

Prepaid mobile services

As of 30 September 2020, the subscriber base was 526,000. Compared to a year ago, the subscriber base decreased by 259,000 customers. The decline was mainly due to the impact from the COVID-19 measures, which caused an overall decline in tourist numbers.

ARPU was at S\$12 and S\$11 for 3Q2020 and nine-month period respectively.

Pay TV Services

	Quarter ended 30 Sep				Nine Months ended 30 Sep			
	2020	2019	Incr / (Decr)		2020	2019	Incr/ (Decr)	
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Pay TV revenue	47.1	56.1	(9.0)	(16.0)	140.8	191.6	(50.7)	(26.5)

	Quarter ended / As of			9 Months ended / As of		YoY Incr / (Decr) %
	30 Sep 2020	30 Jun 2020	30 Sep 2019	30 Sep 2020	2019	
Pay TV operating statistics						
Number of residential Pay TV subscribers (in thousands)	321	324	347	321	347	(7.3)
ARPU (S\$ per month)	40	39	40	39	44	(11.5)
Average monthly churn rate	0.7%	0.4%	2.2%	0.5%	1.9%	-

Pay TV service revenue of S\$47.1 million in 3Q2020 and S\$140.8 million in the nine-month period were 16.0% and 26.5% lower YoY respectively. This was mainly due to a lower subscriber base, the cable to fibre migration in the prior year and the COVID-19 impact on commercial revenue and advertising due to cost management by commercial clients.

As of 30 September 2020, subscribers stood at 321,000 after the quarter's net churn of 3,000 subscribers. Compared to a year ago, subscribers were lower by 26,000. However, since the completion of the cable to fibre migration in end September last year, the subscriber base has remained relatively stable and declined by 0.3% on average per month.

Average monthly churn rate was lower at 0.7% in 3Q2020 and 0.5% in the nine-month period after the completion of the cable to fibre migration in end September last year.

ARPU at S\$40 in 3Q2020 was stable compared to the corresponding period last year. ARPU at S\$39 in the nine-month period was S\$5 lower compared to the corresponding period last year, as a result of the effect of promotional activities relating to the cable to fibre migration in the prior year.

Broadband Services

	Quarter ended 30 Sep				Nine Months ended 30 Sep			
	2020 S\$m	2019 S\$m	Incr / (Decr) S\$m %		2020 S\$m	2019 S\$m	Incr/ (Decr) S\$m %	
Broadband revenue	45.5	43.2	2.4	5.5	130.4	135.3	(4.9)	(3.6)

	Quarter ended / As of			9 Months ended / As of		YoY Incr / (Decr) %
	30 Sep 2020	30 Jun 2020	30 Sep 2019	30 Sep 2020	30 Sep 2019	
Broadband operating statistics						
Number of residential broadband subscribers - subscription-based (in thousands)	500	502	505	500	505	(1.0)
ARPU (S\$ per month)	30	28	27	28	29	(2.6)
Average monthly churn rate	0.6%	0.3%	0.9%	0.4%	0.9%	-

Broadband service revenue of S\$45.5 million in 3Q2020 was 5.5% higher YoY, mainly due to reduced subscription discounts extended that raised ARPUs. Service revenue of S\$130.4 million in the nine-month period was 3.6% lower YoY, mainly due to overall lower ARPUs and a one-time 20% rebate on Home Broadband monthly fees extended to customers due to a service disruption in April 2020. Excluding the one-time rebate, revenue would have been \$3.4 million or 2.5% lower YoY in the nine-month period.

ARPU of S\$30 in 3Q2020 was higher compared to the corresponding period last year, mainly due to reduced subscription discounts extended. ARPU of S\$28 in the nine-month period was lower compared to the corresponding period last year, as a result of the effect of promotional activities relating to the cable to fibre migration in the prior year and the one-time rebate given in April 2020.

Average monthly churn rate was lower at 0.6% in 3Q2020 and 0.4% in the nine-month period after the completion of the cable to fibre migration in October last year.

Enterprise Business

Enterprise Business	Quarter ended 30 Sep				Nine Months ended 30 Sep			
	2020 S\$m	2019 S\$m	Incr / (Decr) S\$m	%	2020 S\$m	2019 S\$m	Incr/ (Decr) S\$m	%
Data & Internet ⁽¹⁾	64.9	68.0	(3.1)	(4.5)	201.1	203.4	(2.3)	(1.1)
Managed services ⁽²⁾	24.4	26.5	(2.1)	(8.1)	60.7	77.4	(16.7)	(21.6)
Voice services ⁽¹⁾	9.2	12.2	(3.0)	(24.3)	30.0	37.8	(7.8)	(20.7)
Network solutions	98.5	106.7	(8.2)	(7.7)	291.7	318.6	(26.8)	(8.4)
Cyber security services ⁽³⁾	45.8	38.8	7.1	18.2	148.1	101.3	46.8	46.2
Regional ICT services ⁽⁴⁾	17.6	-	17.6	nm	17.6	-	17.6	nm
Total	162.0	145.5	16.5	11.4	457.5	419.9	37.6	9.0

(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

(4) Includes service revenue from Strateq

Enterprise Business revenue increased 11.4% YoY in 3Q2020 and 9.0% YoY in the nine-month period, respectively, mainly due to higher revenues from Cyber security services and Regional ICT services as a result of the consolidation of Strateq following the completion of the acquisition on 30 July 2020. This was partially offset by lower internet services and domestic leased circuits, lower managed services and voice services.

Data & Internet service revenue in 3Q2020 was 4.5% lower YoY, mainly due to renewals of domestic leased circuits at lower rates. Data & Internet service revenue in the nine-month period was 1.1% lower YoY, mainly due to renewals of domestic leased circuits at lower rates, partially offset by a one-off revenue earned of \$10.0 million from the delivery of data transmission equipment in the last quarter. Excluding this one-off revenue, Data & Internet service revenue would have been lower YoY by S\$12.2 million or 6.0% in the nine-month period.

Managed services revenue for 3Q2020 and nine-month period 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 the COVID-19 impact.

Voice services revenue in 3Q2020 and nine-month period were lower YoY respectively, mainly due to lower domestic voice and international voice traffic due to the COVID-19 impact.

The growth in Cyber security services revenue in 3Q2020 and nine-month period were largely contributed by the consolidation of Ensign from 4Q2018 and higher business demand.

The increase in Regional ICT services revenue in 3Q2020 and nine-month period were mainly due to the consolidation of Strateq, following the completion of the acquisition on 30 July 2020.

3. GROUP CASH FLOW STATEMENT

	Quarter ended 30 Sep		Nine Months ended 30 Sep	
	2020 S\$m	2019 S\$m	2020 S\$m	2019 S\$m
Operating Activities				
Profit before taxation	55.9	70.1	148.1	180.8
Adjustments for :				
Depreciation and amortisation	78.6	90.5	233.0	269.4
Income related grants	-	-	-	(0.1)
Share-based payments	0.9	0.7	2.7	2.4
Net finance costs	9.0	9.3	28.1	28.4
Share of (gain)/loss of associate, net of tax	(0.5)	0.7	(0.7)	0.2
Others	0.1	(0.1)	0.5	2.0
Operating cash flow before working capital changes	143.9	171.1	411.7	483.1
Changes in operating assets and liabilities	(8.5)	16.6	80.4	(69.7)
Income taxes paid	(21.7)	(32.4)	(31.2)	(66.0)
Net cash from operating activities	113.8	155.3	460.8	347.4
Investing Activities				
Interest received	0.5	0.2	1.1	0.8
Proceeds from disposal of property, plant and equipment and intangible assets	0.2	0.1	0.4	0.3
Purchase of property, plant and equipment and intangible assets	(38.2)	(48.3)	(110.5)	(164.5)
Acquisition of subsidiary, net of cash acquired	(74.0)	-	(74.0)	-
Proceeds from dilution of interest in subsidiary	-	5.0	-	5.0
Net cash used in investing activities	(111.5)	(43.0)	(183.1)	(158.4)
Financing Activities				
Repayment of lease liabilities	(7.8)	(10.4)	(23.2)	(22.0)
Grants received	-	-	-	0.6
Dividend paid to owners of the Company	(43.3)	(39.0)	(82.2)	(147.2)
Perpetual capital securities distribution paid	-	-	(4.0)	(3.9)
Interest paid	(5.9)	(6.9)	(27.1)	(26.7)
Purchase of Treasury Shares	-	-	(3.2)	(1.5)
Proceeds from bank loans	114.9	-	344.9	50.0
Repayment of bank loans	(170.8)	-	(230.8)	(50.0)
Proceeds of capital contribution from a minority interest shareholder	11.2	-	11.2	-
Net cash used in financing activities	(101.7)	(56.3)	(14.5)	(200.8)
Net change in cash and cash equivalents	(99.4)	56.1	263.2	(11.8)
Cash and cash equivalents at beginning of the period	479.5	97.5	116.9	165.3
Cash and cash equivalents at end of the period	380.0	153.6	380.0	153.6
Cash and cash equivalents comprise:				
Cash and bank balances (Note 1)	388.0	154.3	388.0	154.3
Restricted cash	(7.9)	(0.7)	(7.9)	(0.7)
	380.0	153.6	380.0	153.6

Note 1: includes bank overdraft of S\$1.9 million classified under Current Borrowings in the Statement of Financial Position on page 14.

4. STATEMENT OF FINANCIAL POSITION

	Group		Company	
	30 Sep 20 S\$m	31 Dec 19 S\$m	30 Sep 20 S\$m	31 Dec 19 S\$m
Non-current assets				
Property, plant and equipment	763.9	820.2	400.6	421.0
Intangible assets	735.2	672.3	102.3	108.8
Right-of-use assets	152.5	150.0	104.5	116.7
Subsidiaries	-	-	3,272.8	3,256.0
Associate	22.8	22.1	27.8	27.8
Investment in fair value through other comprehensive income	20.6	34.3	20.6	34.3
Amount due from related parties	8.7	8.5	8.7	8.5
Contract assets	69.9	77.6	1.9	0.6
Contract costs	3.1	7.0	0.4	0.4
	1,776.6	1,792.1	3,939.6	3,974.1
Current assets				
Inventories	73.6	98.3	5.5	5.5
Contract assets	298.4	334.1	22.2	27.5
Contract costs	44.7	32.5	1.2	1.5
Trade receivables	206.6	248.7	148.5	198.0
Other receivables, deposits and prepayments	84.5	88.7	35.6	33.1
Amount due from related parties	19.9	21.9	108.2	15.4
Cash and bank balances	389.9	117.6	329.1	74.5
	1,117.7	941.8	650.4	355.5
Less:				
Current Liabilities				
Contract liabilities	54.8	69.4	15.9	18.1
Trade and other payables	542.5	539.5	267.9	308.7
Amount due to related parties	28.3	41.1	330.4	150.9
Borrowings	16.8	407.6	-	407.5
Lease liabilities	29.3	26.6	16.7	15.8
Provision for taxation	101.2	92.1	47.6	26.0
	772.8	1,176.3	678.6	927.0
Net current assets/ (liabilities)	344.8	(234.5)	(28.2)	(571.5)
Non-current liabilities				
Contract liabilities	32.3	36.2	32.3	36.2
Trade and other payables	91.1	43.6	10.8	10.9
Borrowings	1,163.8	640.8	1,077.5	640.0
Lease liabilities	136.0	128.9	89.9	100.4
Deferred income	-	6.6	-	0.0
Deferred tax liabilities	110.3	121.4	67.2	70.6
	1,533.5	977.5	1,277.7	858.1
Net assets	587.9	580.1	2,633.7	2,544.4
Shareholders' equity				
Share capital	299.7	299.7	299.7	299.7
Reserves	10.2	18.6	2,132.2	2,044.9
Perpetual Capital Securities	201.9	199.9	201.9	199.9
Equity attributable to owners and perpetual capital securities holders	511.7	518.1	2,633.7	2,544.4
Non-controlling interests	76.3	62.0	-	-
Total equity	587.9	580.1	2,633.7	2,544.4