

StarHub Reports 2019 First-Quarter Results

- **Strong Growth from Enterprise Business and Cyber Security Continues -**
- **Solid Customer Growth in Residential Broadband and post-paid Mobile Services -**
- 1Q2019 Total Revenue Grew 6% YoY to S\$597 Million
- Enterprise Business Revenue Grew 14% YoY to S\$134 Million
- Post-paid Mobile Customer Base Grew 74K YoY to 1.44 Million
- 1Q2019 PATMI at S\$54 Million with Ensign Consolidation

Singapore, 3 May 2019 – StarHub, a leading Singapore company that delivers world-class communications, entertainment, cyber security, info-communications solutions and digital services to consumers and enterprises, today announced its unaudited consolidated results for the first quarter ended 31 March 2019.

In 1Q2019, StarHub's growth in revenues to S\$597 million was driven by strong contributions from its network solutions (+9% YoY) and cyber security services (+41% YoY), mitigating lower service revenues from its Mobile (-5%) and Pay TV (-12% YoY) lines of business.

Commenting on the results, StarHub's CEO Peter Kaliaropoulos said, "In 2019, we started implementing our transformation programme aimed at improving our customers' experience. We are revitalising our brand image, simplifying mobile and TV offers, providing clarity with all fees, no hidden charges and enhancing our consumers' ability to transact with us on MyStarHub app and online. We are also migrating tens of thousands of cable customers every month to fibre TV. A number of direct initiatives and with partners are also helping us deliver more data and mobile services to SMBs and major accounts. Cyber security opportunities are increasing, and the Ensign team is offering its services and expertise to an increasing number of corporate and government clients."

"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."

“Despite increased competitive intensity, we delivered significant growth in post-paid mobile subscribers to 1.44 million and highest number of residential broadband customers to 495,000 customers - highest growth in the last five quarters. Our Pay TV net reduction in customers remained steady to 15,000 and at the end of Q1 we have 394,000 Pay TV customers,” continued Mr. Kaliaropoulos.

“Whilst we are pursuing our fair market share, we are also addressing our operating cost structure for our core mobile and data connectivity businesses. Overall, our service EBITDA margin increased to 33.7% YoY. However, as cyber security operations require considerable resources to deliver growth, the higher operational expenditure from Ensign coupled with decline in revenues for Mobile and Pay TV services and higher depreciation, resulted in NPAT at \$49 million, a 23% decline YoY. Excluding the impact of cyber security services, NPAT would be \$61 million for Q1,” Mr Kaliaropoulos concluded.

Key Group Highlights

- 1Q2019 **total revenue** at S\$596.8 million was a 6% year-on-year (YoY) increase.
- **Total operating expenses** of S\$524.7 million grew by 9.4% for 1Q2019. **Cost of sales** increased by 14.5% or S\$35.9 million whilst other operating expenses increased by 4% to S\$242 million from a year ago.
- **Service EBITDA margins** at 33.7% for 1Q2019 was 2% points higher for the same period a year ago.
- Lower revenues arising from Mobile and Pay TV resulted in a lower profit from operations. Subsequently, **profit after tax and minority interests** (PATMI) was at S\$54.0 million or 14.2% YoY lower versus a year ago. **Net profit after tax** (NPAT) for the quarter at S\$49.3 million was 23.3% lower over the same period in 2018.

Key Business Highlights

- **Enterprise Business** revenue grew by 14.1% to S\$134.1 million, primarily from growth in managed services, domestic and international voice revenue, and cyber security services.

“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.”

- Lower IDD, voice and excess data usage revenues, data subscription and value-added services revenue resulted in **Mobile** revenue of S\$192.3 million or a 5.3% decline.
- Although mobile market penetration in Singapore remained high at about 150%, post-paid mobile customers grew to 1.44 million, a 5.4% YoY increase. The average smartphone data usage at 6.3 GB was a 29.3% increase over the same period last year.
- **Pay TV** revenue at \$70.7 million, witnessed a 12.4% decline for the three months in 2019 over the same period in 2018. YoY, 55,000 Pay TV customers are exiting long-term Pay TV contracts for alternative sources of content and entertainment. Total number of Pay TV customers as at 1Q2019 was 394,000 with an ARPU of S\$48.
- **Broadband** service revenue was flat to \$47.1 million for the quarter as the Company added 27,000 customers YoY bringing the base to 495,000. 1Q2019 ARPU decreased S\$2 to S\$31.
- 1Q2019 revenue from **Sales of Equipment** such as mobile handsets and smart home equipment increased 33.2% to S\$152.5 million.

FY2019 Outlook

Based on the current outlook, we expect the Group's 2019 service revenue to be stable to a decline of 2% YoY. Group service EBITDA margin is expected to be between 30% to 32% (after SFRS(I) 16 adoption).

In 2019, CAPEX commitment, excluding spectrum payment of S\$282.0 million, is expected to be between 11% to 12% of total revenue. The Group intends to pay-out at least 80% of net profit attributable to shareholders (adjusted for one off, non-recurring items), as dividend. For FY2019, the Group intends to pay a dividend of at least 9 cents per ordinary share, at a rate of 2.25 cents per quarter. Any payment above 9 cents would occur in the last quarterly payment.

For more details on the Group's performance for 1Q2019 and outlook for FY2019, please visit www.starhub.com/ir. Materials available at this website include the audio conference link, investor presentation and unaudited results for the 1Q ended 31 March 2019.

"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."

-- END --

About StarHub

StarHub is a leading homegrown Singapore company that delivers world-class communications, entertainment and digital solutions. With our extensive fibre and wireless infrastructure and global partnerships, we bring to people, homes and enterprises quality mobile and fixed services, a broad suite of premium content and a diverse range of communications solutions. We develop and deliver to corporate and government clients solutions incorporating Artificial Intelligence, Cyber Security, Data Analytics, Internet of Things and Robotics. We are committed to conducting our business in a sustainable and environmentally responsible manner. Launched in 2000 and listed on the Singapore Exchange mainboard since 2004, StarHub is a component stock of the SGX Sustainability Leaders Index and the SGX Sustainability Leaders Enhanced Index. Find us at www.starhub.com, or connect with us on [Facebook](#), [Instagram](#), [LinkedIn](#), [Twitter](#) and [YouTube](#).

For investor enquiries, please contact:

Eric LOH
AVP, Investor Relations
StarHub
Office: (65) 6825 5171
Email: ericloh@starhub.com

For media enquiries, please contact:

Nicholas TEE
Manager, Corporate Communications
StarHub
Office: (65) 6825 5134
Email: nicholas.hs.tee@starhub.com

"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."