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## StarHub 2Q2021 Net Profit Grew 62.6% YoY to \$37M<sup>1</sup>; DARE Transformation Target Exceeded

- Excluding the effect of JSS payouts, 1H2021 Net Profit rose 6.6% YoY to \$67.3M
- All business segments – Mobile, Entertainment, Broadband and Enterprise – recorded improved performance in 2Q2021 vs 1Q2021
- Maintain Revenue and EBITDA margin guidance for FY2021 while lowering Capex Commitment guidance to 7%-9% of Total Revenue
- Interim dividend of 2.5 cents declared

Singapore, 5 August 2021 – StarHub today reported a 7.3% year-on-year (“YoY”) growth in revenue of \$486.7 million and 62.6% YoY growth in Net Profit attributable to shareholders (“Net Profit”) of \$37.4 million<sup>1</sup> for the quarter ended 30 June (“2Q”) 2021. For the six months (“1H”) ended 30 June 2021, StarHub’s Net Profit<sup>2</sup> similarly outpaced its topline growth to reach \$67.3 million, a 6.6% YoY growth, compared to revenue of \$973.7 million, which rose 1.5% YoY.

StarHub’s Chief Executive, Nikhil Eapen, commented on the results, *“We are pleased to report quarter-on-quarter growth across all our key segments in 2Q2021 although market competition remains intense and business conditions are still challenged with COVID-19. We see early results from driving a differentiated strategy that delivers real value to our customers lives.*

*“Our focus is to enrich customers’ connectivity experiences across 4G, 5G and home broadband with entertainment offerings from OTT partnerships such as Disney+, to our partnership in cloud gaming with NVIDIA GeForce NOW. This drives our premium standing with customers, with highest customer satisfaction scores in CSISG and our rating by Opensignal as an outright winner in Video Experience and Download Speed Experience. With enterprise customers, we continue to enable their own transformation efforts across Cybersecurity Services, Regional ICT and Network Solutions. Our Enterprise business similarly achieved top positioning with customers and strong double-digit growth.”*

<sup>1</sup> Excluding the effect of JSS payouts recognised in 2Q2021 and 2Q2020

<sup>2</sup> Excluding the effect of JSS payouts recognised in 1H2021 and 1H2020



StarHub has continued to record YoY declines in Operating Expenses (“Opex”) as a result of numerous cost optimisation initiatives. Despite the consolidation of Strateq’s Opex in 1H2021<sup>3</sup>, Opex recorded a marginal 0.9% YoY increase to \$875.5 million. Excluding Cybersecurity Services and Regional ICT Services, 1H2021 Opex declined 4.9% YoY while 2Q2021 Opex lowered 5.1% YoY.

1H2021 Service EBITDA declined 5.0% to \$232.0 million from \$244.2 million a year ago while Service EBITDA margin was 29.8% compared to 31.3% in 1H2020. Excluding the effect of the JSS payouts, 1H2021 Service EBITDA margin rose to 29.6% compared to 29.3% in 1H2020.

StarHub’s cash generation remained strong with \$245.2 million of net cash from operating activities and free cash flow of \$182.1 million in 1H2021. Net Debt to EBITDA lowered to 1.25 times as at 30 June 2021 compared to 1.41 times as at 30 June 2021.

Taking into consideration ongoing effects of COVID-19, the Group’s ongoing investments and returns from transformation initiatives, the Group is declaring an interim dividend of 2.5 cents per share for 1H2021. StarHub reiterated its FY2021 dividend guidance to distribute the higher of 5.0 cents per share or as per the Group’s dividend policy to distribute at least 80% of net profit attributable to shareholders (adjusted for one-off, non-recurring items), payable semi-annually.

### Outlook & Guidance Updates

StarHub’s three-year DARE transformation programme initiated in October 2018 has to-date exceeded the initial cost savings target of \$210 million. The Group is expected to achieve total cost savings of \$273 million by the end of October 2021, the third anniversary of the programme.

DARE kickstarted StarHub’s journey toward a digital-first and agile platform, alongside market-leading innovation, change in business models, cost structures, simplification of processes, and greater discipline in procurement and expenditure. In November 2021, StarHub will outline its next phase of transformation – DARE+, which is expected to span five years between FY2022 till FY2026.

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<sup>3</sup>Strateq was acquired on 30 July 2020



The Consumer business' strategy to drive consumption through strategic partnerships with quality content providers has contributed to stabilised ARPUs reported this quarter. This strategy also creates new and sustainable income streams for StarHub, such as in the case of the operator-agnostic NVIDIA GeForce NOW Powered by StarHub, that allows non-StarHub customers the opportunity to access the cloud-gaming platform when launched in 3Q2021.

The Enterprise business continues to enjoy sustained recovery in 1H2021. As distributed work arrangements continue, StarHub expects to grow demand for Mobile, Data & Internet and unified collaboration services. Managed Services will continue to reflect a gradual recovery in order book as Enterprise customers commit to strategic initiatives in FY2021 and beyond. With the recent return to Phase 2 (Heightened Alert) in Singapore, the Group will monitor its impact on project timelines and budget prioritisation across Enterprises and SMEs for the rest of the year.

5G remains one of StarHub's key focus areas for growth. While the Consumer business maintains its momentum by extending 5G access to its SIM-Only customers, also bundled with Disney+ for unmatched data and entertainment experiences on Singapore's fastest mobile network; the Enterprise business launched the 5G IoT platform service in February 2021, enabling customers to integrate disparate IoT systems and massive number of devices into a centralised cloud platform to provide holistic view of operational metrics.

StarHub also continues to explore synergistic and accretive M&A opportunities that will bolster its market position and offer further diversification.

Based on the current outlook, StarHub reiterates its FY2021 guidance for Service Revenue to remain stable YoY and expects Service EBITDA margin to be between 24% and 26%.



StarHub anticipates that IT-related Capex will reduce as the Group transitions to a cloud-based Opex model as a result of the ongoing IT Transformation. Alongside expected delays in other Capex, StarHub is reducing its guidance for Capex Commitment<sup>4</sup> to between 7% and 9% of total revenue (from the earlier guidance of 9% to 11% of total revenue).

- End -

*For more details on the Group's performance, please visit <http://ir.starhub.com/>. Other materials available on StarHub's investor relations website include the investor presentation, results announcement, as well as the audio webcast archive to be made available after 5 August 2021.*

## 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 communication 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. Listed on the Singapore Exchange mainboard, StarHub is a component stock of the SGX iEdge SG ESG Leaders Index and iEdge SG ESG Transparency Index. It has also been included in ESG-focused FTSE4Good Index Series. Visit [www.starhub.com](http://www.starhub.com) for more information.

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<sup>4</sup> Excludes 5G Capex and Spectrum Right