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Operator: Good evening, ladies and gentlemen. I hope you've all been well. My name is Amelia. Thank you for joining us on this update call. We have just released our first voluntary business performance update this evening since moving to the semi-annual reporting regime. This evening, we have with us our Chief Executive, Peter K., CFO Dennis Chia, Head of Enterprise, Charlie Chan, and Head of Consumer, Johan Buse. We are all speaking to you from various locations today, so we apologise if the call conditions are less than ideal.

Peter and Dennis will bring us through a quick presentation before we open the floor to questions. Please press star-one if you have a question, and you'll be added to the queue. If you'd like to withdraw your question, please press star-two. Peter, over to you, please.

Peter Kaliaropoulos: Okay, thank you, Amelia, and a very good afternoon, ladies and gentlemen, and thank you for your interest in the results of our Company. There is a deck in front of you that we will go through, and of course, any forward-looking statements need to be read in the context of slide 2. Allow me this evening to spend a few minutes on three key messages, and then we'll elaborate on the results a little bit more. The first message is about people. The second is about the impact of COVID-19 on our business, and the third is the transformation initiatives and our strategy relating to that.

First of all, over the last three months, our absolute number one priority has been caring for the health and safety of our employees, our customers and the community at large. We've been extremely fortunate, based on a number of initiatives, that only three of our people received quarantine orders, and 17 were served with stay-at-home notice, so within a group of just over 2000 people, our initiatives to protect the health and safety of our employees seems to be paying some dividends.

Also, we activated business continuity plans from early February to make sure that our employees are split into teams A and B, to provide business support to customers, consumer and business. 90% of our employees today are working from home, except a few essential employees in the North and other areas. We have closed our retail shops except a few locations. We've accelerated the migration to online capability for the protection of our customers and our employees, and of course, we're making sure that our network has got enough redundancy and capacity to cope with the growth in terms of transactions.

At the same time, we've also supported the community. Over \$1 million we have put aside to donate for various causes, including low-income beneficiaries. We've offered unlimited time to healthcare professionals. We extended remote working solutions to enterprise customers. We're offering free preview channels to our consumer customers at home, e-learning support to students. As I mentioned earlier, also, low-income support for a number of people in less fortunate conditions than us. So our first priority has been health and safety of our people and supporting our customers and our community.

Second message from us is that certainly COVID-19 has impacted us, but we have put in appreciate measures to mitigate these challenges, including adequate financial liquidity, and no further financing is required until 2022. We have actually adequate facilities to manage our working capital and all other funding requirements, and we do expect to sustain positive operating cash flow generation for the rest of the year and beyond, and later on, our CFO will outline some more details about that.

Definitely, we have been impacted. We've seen the initial impact of COVID-19. We expect more in the second quarter of this year, and we are trying to understand and over time there will be more clarity in terms of the trading results, as well as the impact of various government support measures on our business. As a result of this uncertainty, StarHub is withdrawing its guidance for 2020, and we will update our shareholders once there is greater visibility to the overall nature of COVID-19 on our business.

The third message is that our transformation strategy is more relevant now than ever before, and in the last three months, we've made various announcements, and we've put in place important foundations for the execution of the strategy. First, the 5G provision licence has been awarded to our joint venture, and we look forward in the next few months for that licence to become a full licence and then to start the rollout of the network and provide 5G services to customers in the future.

The second building block is the acceleration of our IT transformation. We selected a company in terms of PCCW Solutions, and together, we will accelerate a business transformation or IT transformation and the overall digitisation capability of StarHub. And thirdly, another foundation is the acquisition of a company in Malaysia, a B2B digital services enterprise solutions company, which provides diversification and growth, together with Ensign, another investment we've made almost 18 months ago.

So they are the three key messages. If you allow me then to go the next slide, which is slide 4, a little bit more detail about the impact of COVID-19. As I mentioned, we operate with about five retail stores and less working hours, and the good news is that a lot of customers are responding to online sales and service. We are seeing higher network traffic in both the fixed and mobile network, but again, the peak loads are nowhere near the capacity of the network, well below that. We are seeing the supply chain for handsets, for routers, being disrupted. Less stock is available, and that of course is also impacting on the sales of CPE, and you will see that in quarter one results, quite substantially lower CPE sales.

We are also seeing longer sales cycles for enterprise business customers, where now a lot of corporates are rethinking expenditure and also delaying maybe some of the expenditure. And we're also seeing requests from customers for deferred payments, which again in the current environment is to be expected. Also, if you look at - as I mentioned, business continuity plans have been put in place. We continue to manage our cash flow and balance sheet with great discipline, and Dennis will outline more detail about that. Ourselves are deferring nonessential expenditure, preserving cash and managing cash correctly is very, very important.

We are providing assistance to customers who require that, and we're taking a very selective approach. Of course, we know that some industries have been hit more than others, like hotels and tourism and so on, and again, we're working one on one with those customers to provide some support. Also, we're working closely with various regulatory bodies to extend support to other segments in the community and the network as required.

Liquidity, definitely as I mentioned that we've been fairly fortunate, and we acted very quickly to ensure that we have refinanced anything that was due this year and secured financing until 2022. And we do believe there are adequate facilities for working capital in place to support us, including the rollout of the 5G network over the next 18 to 24 months. In terms of specific financial impacts, definitely our consumer business has felt the brunt of it so far. IDD revenues, inbound and outbound roaming revenues have almost vaporised, and we've seen much lower sales of handsets, simply because customers are not mobile and they're not really shopping around for a new handset right now, because of the restrictions in movement.

We've also seen lower prepaid customers and prepaid revenues, again, a lot of - part of our prepaid customer base depends on foreign workers. It also depends on local citizens, but also depends on international tourism, and of course, we've seen almost that dry up completely. In the enterprise business, we have seen some projects being delayed, as I mentioned earlier, including tenders. We have seen some customers asking for extension of the delivery of some of the contracts which are work in progress, and everyone is reviewing their budgets for the rest of this year and beyond, and we hope that again, some of the critical projects will be delivered.

If you go to the next slide, slide 5, you'll see the movements in revenue. I'll start from the left-hand side and move to the right-hand side of the slide. You see our total revenue year on year dropping by 15%. Now, when you see the service revenue further down, it drops almost 9% year on year. One of the reasons - there are a number of reasons. First of all, this time last year, we had a very strong acquisition campaign with handsets to drive the growth of our business. So CPE sales last year were a very significant amount. This quarter, they're not, and this quarter, we're also taking a hit in terms of subsidies.

So part of that drop in year-on-year revenues, in total revenues, has to do with CPE sales. The other has to do with service revenues. Mobility, TV and broadband revenues year-on-year are below what we expected. The real growth came from the cybersecurity part of the business.

Our service EBITDA, again, year-on-year has dropped, but quarter-on-quarter has improved, quarter four that is, to quarter one this year. We are managing OpEx very, very tightly, and that's being reflected in the service margins that we are delivering this quarter. Year-on-year, our service EBITDA margins have dropped a couple of percentage points to 31.1%, but from last quarter, we've seen an improvement in margins.

Overall, the net profit we're delivering is \$40.2 million, 25% year-on-year, and profit attributed to our shareholders, quarter-on-quarter, has gone up. Quarter 4 we reported \$35 million for net profit. This quarter, we're reporting \$40.2 million. Our free cash flow has improved year-on-year and quarter-on-quarter, so that's the overall financial performance. Dennis in the next few minutes will go through the P&L.

If you look on the right-hand side of this slide, we're showing revenues for mobility dropping 15% year-on-year and 14.3% quarter-on-quarter. In the quarterly revenues, there were one-off amounts in quarter 4 last year, so if you compare quarter 4 to quarter 1 this year, it's about 10.3% drop in revenues. In the MD&A, we're making that statement clear, and if you allow for the COVID-19 impact, there is around about 4.3% drop in revenues in terms of quarter-on-quarter.

ARPU's are dropping, for two reasons. There's migration to SIM-only, as well as customers are spending less on roaming, less on IDD, so it has suppressed ARPU's quarter-on-quarter and year-on-year. Subs are growing, slightly growing year-on-year as well as last quarter to this quarter, but the - every new postpaid customer is bringing us less revenue than the current ARPU. Predominantly, they're SIM-only or other promotional initiatives, so we're adding more customers but lower revenue per customer.

We also had a number of mobile customers on old pricing plans. In the last 12 months, we launched new pricing plans, so as customers are rolling over to the new pricing plans, basically, we're seeing less revenue coming from excess data charges. We used to charge before - revenues not coming from CLI, which we used to charge before we simplified our plans, and basically, that's also driving our ARPU's down. If you look at TV revenues, pay TV continues to be challenged. Of course, there's dropping revenue year-on-year of 33%, 34%, is directly attributable to number of customers year-on-year dropping as well, and we had close to about 67,000 customers year-on-year dropping because of the migration. The good news is, quarter-on-quarter, there's only 2000 customers dropped between quarter four to quarter two.

The revenues are also revised downwards, because we do have new packages, and basically, we have simplified again a lot of the TV. From having 42 options, we now have seven or eight bundles to choose from, so again, that is as customers are now rolling over to the new pricing plans, the ARPU's are lower. If you look at broadband, year-on-year the revenue has declined. Part of that decline is because we had a lot of promotional offers together with TV, and those promotional offers over the last 12 months are eroding the revenue base. The positive news is that compared to quarter 4 2019, the revenues have slightly grown, 1.8%, and the customer base has slightly grown. We're now at 502,000 customers overall.

In the network solutions business, we are seeing a decline in revenues year-on-year of 16%, and part of the decline is coming from managed services that we are delivering. It's coming also from voice traffic and IDD traffic, which we're not seeing any more on the network, and it's coming from erosion of data contracts as they're being renewed from the corporate sector. And again, also, quarter-on-quarter the revenue was down. Typically, there's a seasonality. Quarter one for enterprise is seasonally softer than quarter four, because in quarter four, a lot of projects, especially for key clients and corporate clients, government clients, they come to fruition, so seasonally there is a delta between quarter four to quarter one.

On the right-hand side bottom corner of that slide, you see the cybersecurity results. The cybersecurity results continue to be very positive, it's both group of companies as Ensign has D'Crypt, They're showing a healthy growth of revenue, and quarter-on-quarter as well as year-on-year, and Dennis will also share with you that for the first time, after five operating quarters, we're seeing the first positive NPAT contribution from the Ensign business. So with these comments, I will hand over to Dennis to talk a little bit about the overall P&L of the Company and other matters, and then I'll come back. Dennis?

Dennis Chia: Thanks, Peter, and good evening to everyone, and I trust everyone is well. I'm on slide number 6. Peter has elaborated on the first two lines of the table, which are the total revenue and the movements in service revenue. I will move onto the third line, which is effectively the operating expenses. If you can see, the operating expenses was actually recorded as a substantial decline in the operating expenses year on year, and this is really in tandem with the revenues, so we've seen declines in almost all the cost of services line, content costs, traffic cost, marketing and promotion, repair, maintenance, staff costs.

The only thing that we've actually baked into our Q1 results were the higher provisions for doubtful debts in recognition of some of the aging profiles of some of our customers. Other than that, we've actually seen positive improvements in all lines of our operating expenses.

If we move on to EBITDA, we reported EBITDA of \$136.2 million for the quarter, and it's translating to a service EBITDA margin of 31.1% for the quarter. Just as a reference, we guided the market to 27% to 29% when we announced our full-year results. Our net profit after tax attributable to shareholders is \$30.2 million, or \$0.024 on an EPS basis. We generated \$118.9 million free cash flow for the quarter, or \$0.068 on an FPS basis. At the end of Q1, we had approximately \$220 million of cash and cash equivalents on our balance sheet, which led to our net debt to EBITDA ratio of 1.4 times, which is lower than our net debt to EBITDA as of Q4, as of 1.51.

Those are the key highlights of our financial results for the quarter. I'll then throw back to Peter.

Peter Kaliaropoulos: Thank you, Dennis. We have a number of slides that provide detailed breakdowns by product category between year-on-year and quarter-on-quarter. We will take questions that you may have on those specific slides, but to make sure we give you sufficient time for Q&A, I go to the second-last slide in the presentation, talking about the strategy and transforming the organisation going ahead.

We have shared the strategy with you for at least 18 months, our four pillars of strategy, and great to see that as I mentioned earlier, the 5G provisional licence is all about trying to deliver better customer experience, trying to deliver new services to the customer base in the future, and we're very, very pleased that we had a winning combination, together with M1, in securing the 100 megs of 3.5 gigahertz spectrum, as well as 800 megs of millimetre wave, predominantly for the enterprise segment. Our approach will be to encourage as many application developers as possible to work with us to basically leverage the capability of 5G, because 5G we keep saying it is not about a faster transmission technology. It is about a new way of doing business, because it will involve data analytics, collection of a lot of information from many, many sensors, and including artificial intelligence, to turn that information into decision making for customers.

Also, the reason of course for the strategic cooperation with M1 is to make sure we optimise the infrastructure to get the right coverage and capacity across Singapore and do so at a much lower cost than either one of us would have done. We do expect some feedback from IMDA by the end of the second quarter this year. Until that happens, we will not be making any detailed comments about what we're investing and so on, because we need to finalise all the details with the regulator, as well as select the vendors who will deliver, and typically vendors have varying different prices for different parts of what we're looking for. So all of that will happen when IMDA announces the full provision of licences, the full licence, hopefully by the end of June.

The second part of the pillar of course is the IT transformation, which basically accelerates our capability to deliver new platforms, new interactions with customers, and more than ever, for example, right now the period that we're in, social interacting through digital means has become even more relevant. We have seen a tremendous growth of online sales and service capability.

Of course, that's been growing over the last two years, but of course it has accelerated over the last few months, so we're making an investment in terms of our relationship with PCCW. We will be gaining some benefits and some savings, but they will be redirected to invest in accelerating our capability, because again, irrespective of COVID-19, digitising the organisation is a big part of our strategy. And I think I mentioned at the very beginning, the other initiative relates to the acquisition of a company, the second acquisition over an 18-month period. Both acquisitions have regional capability, B2B, that is to complement what we're currently doing in Singapore, complement the product set and complement the geographical focus to allow us to diversify and grow domestically through new products and internationally through new opportunities and customers.

At this point in time, I will stop presenting information and we're quite happy to take your questions, so, Amelia, back to you.

Operator: Thank you, Peter. We will now open the floor to questions. Please press star-one if you have a question, and you'll be added to the queue. If you'd like to withdraw your question, please press star-two. Let's take the first question from Arthur.

Arthur: Hi. Thanks for the opportunity. I have three questions, please. Firstly, just to clarify on the Pay TV revenues, there seemed to be a big drop quarter-on-quarter. What's driving this cut in ARPU?

Second question I had is with regard to the revenue trends on a monthly basis. Are you able to elaborate how January, February and March trended and how this is extending in April? I'm just wondering if you're starting to see some semblance of stabilisation, or if it's still softening.

And the last question I had is with regard to guidance. I know that you've withdrawn the guidance for the year, but does this include the dividend commitment, as well?

Peter Kaliaropoulos: Arthur, thank you. If we take your questions, first of all on Pay TV, Pay TV are two factors driving the revenues down. Of course, one is less customers and the second is we had a number of promotional offers to entice customers from the old cable TV to migrate to fibre IPTV. So the lower prices and the bundling with broadband, that is resulting in lower revenues, and of course, the lower number of customers, because we still see customers exploring nonlinear options. OTT is still relevant. Free content is still relevant, but lower number of customers and the promotional impact as the customer base moves more and more on the new pricing is driving those revenues down. Johan, you're online. I'm not sure if you wish to add anything else.

Johan Buse: No. I think that's comprehensive.

Peter Kaliaropoulos: The other thing again, on TV, recently we announced the offering of Netflix as part of our portfolio of products and bundles, and what you don't see on TV, you're seeing the revenue, but Johan and the team is doing a great job in terms of reviewing the cost side of Pay TV, the cost of content, the cost of routers and equipment that may or may not be required, the cost of truck rolls to support customers. So there's quite a bit of work behind the scenes. Whilst we recognise the revenues are dropping, we are working very diligently to take a lot of cost from the equation to make sure the margins try to improve. That's on your first question.

Your second question, in terms of monthly trends, we're not providing that information, and part of withdrawing the guidance relates to that. Really, we've seen January was a seasonally adjusted almost normal month. We've seen the impact predominantly starting from late February and certainly from the circuit-breaker first week in March. Sorry, beg your pardon, first week in April, we're seeing more impact. So we have the details, but we're not disclosing those details.

All I can say right now is if you look at some product lines relating to tourism, we virtually have zero transactions at the airports. We used to sell tens of thousands of SIM cards every month and every quarter. It has dried up completely. If you look at inbound, outbound, roaming revenues, they've all dried up. IDD, there are some use or lose deals with carriers around the world, but the usage is not there. So that side of the equation, we've seen the impact almost for about four to six weeks. That will carry through in quarter two and depending on whatever a version of circuit-breaker we may be, we don't know the full impact beyond quarter two, but certainly in quarter two we will see the full impact, but we don't provide that split to our business. But it's been very severe, I've got to say, in some of the revenue lines for roaming and IDD and prepaid sales to people arriving. It's a cliff face, it's a step-change phase. It is not a gradual change.

The good news there is at some point in time, when some normality - and of course, we can all debate. Our crystal ball doesn't really say if it's L-shape or U-shape or W-shaped - once we see some normality returning to the market, people start to travel, people start to arrive, those revenues are recoverable. Of course, the big debate is how long it will take. Your third question is about guidance. Again, we're withdrawing guidance completely, and the guidance we offered you last time has four elements - revenues. It had EBITDA margin, it had Capex and it had dividends, so what we will do at the end of the second quarter, when the results are known and we'll come back to brief the market in detail, we will offer our comments at that point in time.

We think it's premature. We think it's far too many balls moving around, if I can use that expression. I apologise. There is far too much uncertainty. There's some positive initiatives from government to help us with various schemes. All of those have to be factored into the overall equation to be able to give you some guidance. There are far too many moving parts right now to also give you guidance on dividends, let's say, and not the other parts of the business. So please, you'll have to wait until the end of the second quarter. Thank you, Arthur.

Arthur: Thank you.

Operator: Thank you. Let's take the next question from Sachin.

Sachin: Thank you. A couple of questions. Firstly, we understand that cybersecurity, you were investing in talent acquisition and R&D expenses, and this quarter, we saw good turnaround. So has cybersecurity business turned the corner, or is something - a very project specific business quarter-to-quarter, we're going to see a lot of fluctuations, some quarter of losses, some quarter of profit? Is that the nature of cybersecurity business you are right now in? That's question number one.

Question number two is on your mobile - I think that you added thousands of subscribers in the postpaid business, so this is a pretty healthy addition. So trying to understand the levers behind it. You are more seeing the SIM-only plans or with the MVNOs who are getting more customers, or is that TPG? Because TPG has started from a free to a paid model now, and they always talk about 5% market share, and they already have it in terms of free subscribers. The question is, they need to put more Capex to get more people, right? Which I'm not sure if they're putting or not, but the whole idea is what explains the 15,000 subscribers addition in this quarter?

And lastly, on your - this is a question, now you are investing in 5G, and if you don't have 700 megahertz spectrum, in another one to two years, what can you do with the 700 megahertz spectrum? Because if 5G is going to be the focus, what is the use of 700-megahertz spectrum going forward for you? Thank you for these three questions?

Peter Kaliaropoulos: Thank you, Sachin. Three questions. Definitely first one will be on cybersecurity. Cybersecurity, we can't give you any guidance that every quarter we're going to see a profit. Definitely, cybersecurity business was on a growth trajectory. With what is happening in the marketplace, some of the growth plans opening other options overseas, recruiting more people, developing more R&D, it's fair to say that some of those initiatives are now being reviewed and temporarily being reprioritised. So that's one part.

The other part is that also, they had a good quarter with a between of government projects that were coming to fruition at the end of March. It's closing here I think for some ministries and some other organisations, so again, it's a seasonal impact of some of the projects. So we're not suggesting for a minute that cybersecurity will continue to deliver bottom line. Cybersecurity is still we're investing for growth, and because it's a people business, not a CapEx business, the more people you invest in to develop capability today through the R&D, you pay for that upfront, and then the client - you secure the client.

So I would say it's - I will not - there is not confidence that that number will be delivered every month. In fact, we do expect it will be fluctuating, but the growth in revenue, we're a bit more confident about that. Your second question is about postpaid and the impact of competition and so on. What is happening in the postpaid markets is the following. Customers are still acquiring our products, because that's how we're growing our total customer base for postpaid. But the additional customers that we're gaining are predominantly SIM-only, and the ARPU's for our SIM-only customers of course are lower.

Also, what we're seeing is that a lot of recontracting of our customer base - they're not going back to buy a bundle, handset and a monthly plan over a two-year period. They may buy a SIM-only for 12 months. They may renew on a SIM-only plan, so we're seeing those initiatives, which are very typical in a tough economic environment. Customers will not commit into having a higher expenditure, buy the latest handset, especially when the subsidies are not great these days. So customers are not willing to go that path, so they are renewing SIM-only. So we're seeing the SIM-only contribution growing in our customer base, and before you ask what it is, we don't disclose the share of SIM-only, but it is growing, and we believe in the next one to two quarters, that will continue until the new handsets come into the market towards the end of quarter 3, quarter 4, is the typical annual release of some handsets. And we also believe that customers will wait until then, and others, who are more budget conscious, will decide to maybe keep the existing handset and just on a month to month shop around.

TPG, again, we welcome them as we said in the markets, because now customers are paying for the product. They're making a judgment, and when you're paying something, you will actually decide whether you want to keep that or not. We're not aware of the total revenue impact. It's again far too soon, but we believe - we see the number of customers porting from other carriers, and I can tell you, it's a healthy, positive number for us, which again shows that we're acquiring customers. We're having a decent market share for subs, but the revenue per sub is not what it used to be, and we hope, as I said, customers will go back to getting a bundle proposition when they want a new handset.

Your last question was relating to a 5G investment and the 700 megahertz. At this point in time, 700 megahertz a few years ago when we bid for it, was all about providing more capacity for our network. Well, the spectrum has not been available. We're not quite clear when it will be available. Of course, there's going to be a six-month notification from the regulator before we have to fund anything, and I think by the time, if we're required when the spectrum becomes available, of course, it will also be repurposed for 5G. It is natural. We expect quite a lot of the existing spectrum over the next two or three years will be repurposed for 5G. So at this point in time, the investment has not been made yet, and the spectrum 700 is not available, but if and when it comes, it'll be for capacity, and it will help with also 5G traffic loads as well.

Thank you, Sachin.

Sachin: Just a follow up - sorry, to follow up, have you seen any country using 700 megahertz for 5G so far?

Peter Kaliaropoulos: To the best of my knowledge, I don't recall, and I'll have to go back on my CTO. I don't think the ecosystem is there yet for 700, and for us, as I said, it's not available yet. It's still - our neighbours are still - haven't released the spectrum from free to air and other activities they're using it. But look, I'll have to get back to you with some details, but from my memory, I don't believe I have seen the ecosystem for 700 maturing yet.

Sachin: Got it. Thank you very much.

Peter Kaliaropoulos: Thank you.

Operator: Thank you, Sachin. Let's take the next question from Rama.

Rama: Hi. Good afternoon.

Peter Kaliaropoulos: Hi, Rama.

Rama: A couple of questions for me, please. Firstly, with regards to the 5G cost savings of \$210 million or so, could you talk about how you expect to achieve it or is this cost avoidance, or how we should be thinking about these cost savings?

The second one again is with regards to the broader cost trends [underlying] the broadband. On the broadband side, could you talk about why the ARPU is down while the customers are up for this quarter? And on the cost side, to what extent is the cost base fixed versus variable, given that there's not much disclosure on the various line items there?

And the final one is really regarding the guidance again. I'd like to understand, you have withdrawn the guidance, but if you could talk through a little bit in terms of the intention behind the withdrawal, because the free cash flow still looks okay. EBITDA looks okay versus your guidance, and the EBITDA margin looks okay. So is this withdrawal because of not knowing how the next few quarters would pan out, or is it something that you are seeing at this point that makes you cautious and to withdraw the dividend guidance in particular?

Peter Kaliaropoulos: Rama, thank you for your very carefully worded questions. We appreciate that. Let me - first of all, I need to rest my voice for a few seconds. I will ask Dennis to help us with your first question, about the cost savings. I think Dennis, let's again remind the whole approach behind the \$210 million, whether it's a bottom line or part of it will be funding future growth, so, Dennis, over to you.

Dennis Chia: Okay, so, Rama, as to recap, when we announced our \$210 million three-year transformation program, this involved almost every line of discretionary and controllable expenses that we could actually identify within our P&L. So whether it is on repair and maintenance, whether it's on staff costs, and whether it's on marketing and promotion, content costs and so forth, we announced that if you recall in October of 2019. We're now about slightly past the halfway marks in the three-year transformation program, and we also provided an update on the extent to which we have achieved this cost savings when we announced our full-year results in February, which was about 64%.

So we are and actually this COVID-19 situation has also forced us to look at and incentivise us, rather, to look at other areas that we can actually look at transforming the business, primarily around digital transformation of our business model and so forth. So we are in the process of identifying our next chapter of our next phase of our cost transformation program, and we will advise the market at that point in time. But effectively, that's how we have crafted the cost transformation program, and that's how we've advised the market up to this point.

Johan Buse: Okay, Rama, Johan speaking on your question number two related to the home broadband revenue. As you may remember, in the last call, we explained the migration path from cable to fibre, which we did on the back of intensive promotions to make sure that the customers would stay with us. That's the reason why year-on-year you actually see a decline on revenue. That's on the back of these promotional activities. If you look at Q1 compared to Q4, you can actually see that the revenue is coming up on a slightly higher base, and ARPU actually is gradually improving. As we go forward through the rest of the year, a large part of these customers who have even enjoying specific promotional benefits will run out of these promotional benefits, and that will be value accretive. I hope that's answering your question.

Peter Kaliaropoulos: And, Rama, I'll take the first question about guidance, and I think it's important, and thank you for the observation, because we have a similar observation. A lot of the fundamentals of the business are very sound. Our customer base is there, some revenues are stabilising, our margins are there, we have liquidity in place. A lot of the fundamentals are in place. However, I think it's more of - I don't know what you think about us for the last couple of years liaising with the analysts, but we don't like to offer guidance or to make statements that we can't deliver. So maybe we're taking a degree of being a bit more cautious, because there are a lot of uncertainties in the marketplace. So it is not that we are fearing some very fundamental issues underlying our business. If that was the case, we have an obligation to be very transparent.

So it is not that. It is the uncertainty and the combination of some benefits coming through various government schemes, some customers behaving in certain ways, so we need time to really understand the movement in our business before we stand up and offer you with confidence a new guidance. So that is a fundamental reason. We do believe that the fundamentals of our business are sound. In a very short period of time, we secured refinancing, and I think some of us have been long around through various other economic - global economic cycles - how quickly we did it in a way could be interpreted it reflects the fundamentals of the business.

So it is not that we're worried about the fundamentals of the business. What we're not clear on, we don't have an algorithm, we don't have a crystal ball, that we know the inputs and we can make some assumptions. A lot of things are moving. So I think overall we are confident about the fundamentals. We think it's better to be more conservative and cautious right now rather than make statements that we might have to change in a few months. We do believe quarter two will be fundamental, because we would have seen about four months of full impact of all the different issues that are impacting the market, the customers' usage and so on. We would have seen whether customers have the ability to stay in business or not stay in business.

That would have - 80% of that would become more obvious in the next three months, and we'd rather wait to see that before we confirm the our guidance. But it is not a fear that some of the fundamentals may not be there, and you picked up all the right fundamentals. So I don't have anything more to say, and I don't know if, Dennis, you want to offer any more comments on the back of the question from Rama.

Dennis Chia: No. I think you've adequately covered it, Peter.

Rama: If I could just follow up on the guidance question, so what about Capex? Is that guidance also withdrawn, and what is the ability you have in terms of the CapEx plans this year? Are they success based, or are they firm commitments?

Peter Kaliaropoulos: Look, to be honest with you, we've taken that same approach, that disciplined approach to running a balance sheet as well as a cash flow into CapEx as well. We are renegotiating everything with every supplier, including existing contracts, to either benefit in terms of some discounts or to defer some payments. So at this point in time, the big impact on Capex will be the 5G, but again, there will be a commitment. We do not believe there will be anything to be paid this financial year. The rest of the Capex, again, we're scrutinising. We are fortunate that in some parts of our network, one of the government schemes allows us to be funded, to try and improve our network in some areas, and that support has been given to all the operators. So again, it's more the new Capex, but if revenues - we expected revenues to go up 1% to 3%.

If revenues don't and the absolute amount of Capex stays steady because of previous commitments, that ratio will change. We do not believe that the final ratio as we see it today will give you any cause for concern. Again, we'll offer you that guidance in quarter two.

Rama: Understood, Peter. Thank you.

Operator: Thank you, Rama. Let's take the next question from Annabeth.

Annabeth: Hi there. Good afternoon and good evening to everyone. I hope you're well, too. I have a few quick questions. One of them is on the impact of the recent service disruptions. I understand that the investigations by the IMDA are still ongoing, and I was wondering whether you could talk about the potential impact of any penalties or anything you expect on the regulatory front. As for 5G, wondering if you could give a little more colour on what you expect from the retail team, because I understand that the JV will be doing the back-end stuff, but the retail will be individually through both StarHub and M1, and of course, the wholesaling potentially, other players as well.

And as for the third question, this is a little bit of housekeeping only. I wanted to check when you talk about the profit in the cybersecurity unit, whether this is - can I confirm that this is the first time that it has turned a quarterly profit? Thank you.

Peter Kaliaropoulos: Okay. Hi, Annabeth, thank you for your questions, and of course, we wish everybody health and safety, which is the number one priority for all of us in these very difficult times. Your first question related to the service disruption. We have submitted a very detailed report - two reports, to be in fact, a preliminary and a very detailed report, to IMDA, and they will undertake their own investigations. And we expect to hear from them. When and how, we're not privy to that, so there is a process that they follow. But from our point of view, everything that was requested we made available to them. We have said previously that we do know the robustness, the resilience and the capacity of our network, and none of those were at question at any point in time, because the peak loading on the network was and still is - it is so low that sometimes, if you look at the Capex utilisation, sorry to jump to that. But it's an inefficient - we have a lot of Capex because of quality of service requirements.

So we'll wait to hear from IMDA, and of course we will accept whatever decision they make. Potentially, there could be a financial fine against us. There is a limit to that amount, but again, it's too early to jump to that conclusion. We know the reason for it. We have said that before. It was a change management process inside our own company, and we apologise, because we disrupted tens of thousands of customers. There's no question about that, and there was an overall five-hour disruption, and as you're very much aware, we offered a 20% rebate.

So from that point of view, our network has been very stable, and if we didn't make the change management initiative on our own, we would not be seeing that congestion in the network. We have apologised, and we have learnt from it, and we've got a very, very strict approach to everything we're doing in the network right now until COVID-19 and beyond period expires.

Your second question, about 5G, definitely the factory, if I can use that word, is shared, but the brand, the experience, the propositions will be delivered separately. So it will be service-based competition and infrastructure sharing. It's probably one of the best models for competition around the world, because you don't waste all your money building, replicating infrastructure. You really compete and provide and fund a lot of service-based innovation. I think what you expect to see at the retail side, there are already trends coming around the world, but what they call mixed reality or augmented reality or virtual reality, the consumer market is responding well to that, and 5G allows that to happen. Gaming is another big application potentially on cloud gaming on 5G, and a whole host of use cases for B2B, but the consumer side will grow quicker, simply because when 5G is available and a customer is in the market to renew a contract, to buy a handset, they will always buy the latest available, which will be more 5G. And of course, it will work on both 5G and 4G. You'll switch.

So you will see quite a few offerings on the retail side, separate by M1, separate by us, trying to appeal to customers, the value of the brand and a whole range of consumer applications that go with it, and there'll be creative pricing. There'll be bundling. There'll be a lot of excitement we believe, because there's no use again having a new network and you don't do anything with it. But the take-up rate we believe will be faster in consumer in the short term than the enterprise. The enterprise side have to do a lot of systems integration and change process to accommodate the new business model coming from 5G capability.

Your last question about profit, yes, it's the first time we're reporting a profit for our cybersecurity business since we announced the merged entity, the creation of Ensign.

Annabeth: Thank you, Peter, for that. I just wanted to clarify my second question on the 5G retail side. I was hoping you could share more about what do you expect in terms of competition, not just from the other licence holders but on the wholesale front, as well, what kind of interest, take up and of course the competition, how will that flow back into your revenues?

Peter Kaliaropoulos: Fair point, yes. Sorry, didn't cover wholesale. Again, wholesale, we have an obligation. Everybody who holds a licence as an operator has an obligation to offer wholesale. At this point in time, wholesale will be offered on a commercial basis, and again, we will see the fine print when finally the licence is issued, and we welcome wholesale.

For us, wholesale is a good part of our business, so we will welcome wholesale arrangements based on commercial negotiations and also those commercial negotiations have to take into account that we will be investing a significant amount of money upfront to create this network, so the commercial model has to take into account the massive upfront cost. It can't be some operator doesn't pay anything for a fixed cost and from day one, they might get a variable cost. So all these details will be negotiated, and were offered to wholesale arrangements with other operators, and when that time is right, you will see the wholesale market over time evolving the same way it has evolved for 3G and 4G.

Annabeth: I see, so you expect it to be similar to what you have with your 4G MVNOs right now?

Peter Kaliaropoulos: We don't know. We don't know, because the commercial arrangements will be different to 4G. 4G has been around for a long time. There are a lot of sunk costs, so should the interested parties want a wholesale arrangement, we will see down - there's no commercial arrangements in place right now. Once we know the total investment to establish 5G, we will be able to develop a commercial proposition, and if MVNOs or anybody else is interested, we will have that commercial negotiation discussion. We believe it's far too early to have a discussion on 5G, keeping also in mind that 5G is not about to start next quarter.

It's a proposition that will be delivered over many, many months to come, and I think we have the time available to negotiate a decent commercial agreement for us, who are going to be making hundreds of millions of dollars investment, and for an MVNO or another operator who has invested zero. So again, that requires careful negotiation over time.

Annabeth: Got it. Thank you.

Operator: Thanks, Annabeth. Let's have the next question from Ranjan.

Ranjan: Hi. Good evening and thank you for the call. I had one major question. With the circuit-breaker in Singapore, closures of many shops and malls, and then a change in consumer behaviour to adopting online channels, after we are through these challenging times, do you see the need to offer many of these offline channels, or can now these be permanently shut in order for permanent efficiencies for the business? Because the consumers would have familiarised with themselves with online channels, which is more profitable for the telecom operators. Thank you.

Peter Kaliaropoulos: Thank you. Let me say upfront that I don't believe from everything I'm seeing in the market, listening to professional commentators, economists, listening to other companies around the world, I think all of us can be certain about one thing, the other end of COVID-19, the operating models will change. They cannot be the same, because the world has changed, and distributed contribution to a business versus centralised contribution, distributed workforce, customers becoming more familiar, not just for sales but for service, which is being provided online right now. So a lot of behaviours are changing for our employees as well as for the customers.

So to answer your question, definitely this is not something we will ignore. If you follow our industry and if you look at some of the new entrants, a lot of the new entrants are digital-only operators. There's no humans involved in customer service. There's no humans involved in selling and promoting a product. Everything is done through social media promotion, through digital marketing, digital advertising, so there will be - there will be a lot of interest, and we're planning to maintain and grow this online capability. It is what customers find more convenient. Someone who wants to buy something at 10 o'clock at night, they can. They can choose to pick it up from a retail store, through click and collect, or they can have it delivered to their premises.

So the online world does provide flexibility to us and the customers. We're not suggesting for a minute I think companies will go 100% digital and online and forget about face to face. No. It's about successfully integrating the physical world and integrating the online digital world and getting the right balance. And for some customers, that balance may be 80/20. For other customers, someone who just finished high school, university, 100% digital for what they want is what works for them. So we have to have these capabilities, but more and more, I think you will see companies like us shifting to digital online capability for sales and service, rather than retaining what we've currently been doing.

And by the way, it's got nothing to do with COVID-19. That's been part of our strategy for a long time. We're seeing that customers are not really buying enough from retail stores. They find convenience in digital online capability, so we've been working on developing this - and this is part of a digital transformation of StarHub for quite a bit of time. What COVID-19 is doing is accelerating that process and making customers becoming more aware of the benefits of online versus queuing up in a shop, finding a shop and so on and so forth. But as a company, we're going to have a hybrid model, and it's about getting the balance right, but it's shifting more and more to online. Thank you, Ranjan.

Ranjan: Can I just have a quick follow up, please?

Peter Kaliaropoulos: Yes, please.

Ranjan: Yes, so if you see a higher adoption of online channels by StarHub, and if you pursue that hybrid model, judging by the digital players in these markets, I would assume that your overall headcount should reduce. In the current environment, are there any concerns that you will not be able to pursue the right size of the Company with the hybrid model, which might be an obstacle to your plans?

Peter Kaliaropoulos: Look, to be honest with you, I think every company has got an obligation to look at efficiencies, to look at digitisation, to look at the changing behaviour of customers and adjust their business model. I don't believe in the last two years at that at least I can recall that I've been here, we stuck to a business model. We are transforming a business model, and that is also impacting on new people we're recruiting, new skill sets, and if we have areas where we have surplus employees, every company has to deal with that. So we don't believe this is different to business as usual. We size up the business. We look at the impact of technology. We look at the impact of outsourcing. We look at those critical skill sets we need inside the Company, and the way companies are run today, it's the ecosystem of a partnership with external providers, as well as our own capability. So basically, that will always go on, and if in some parts of the business customers don't want to buy from shops, hypothetical example, and we've got too many people, too many shops, well, no company can ignore that and we have to make adjustments.

So all of that will take place. It's an ongoing evolution of the business model, and we will deal with any issues that come up, whether it's people, whether it's technology we invested which is no longer relevant, we may have to write it off, and so on and so forth. So yes, the business model will keep evolving, and in our industry, if you follow our industry globally, it's gone very much digital way, including the enterprise segment, through software. SD-WAN, for example, the companies internationally take calls - it started as a traditional B2B telco, it's now all going digital.

So yes, you have to adjust other parts of your business when you invest more in one part of the business, which is growing. So digital side is growing. People involved in helping us develop digital capability we need more of, and some other skill sets will be traded off for those skill sets that you need. And of course, every business going back to people, has churn, and the churn if we manage the churn properly, then you avoid those, any sort of step changes to workforce and other parts of the business. So I hope that gives you a little bit of feedback.

Ranjan: All right. Thank you so much.

Peter Kaliaropoulos: How are we going for time, Amelia? We've got maybe two or three questions left?

Operator: Yes, we will just take the net two more to go. Next up, we have Prem from Macquarie.

Peter Kaliaropoulos: Hi, Prem.

Prem: Hi, Peter. Thank you for the opportunity. Just one for me. I appreciate that you have been - you have controlled your cost. You can't provide any guidance, but I do - I suppose last year we were looking at opportunities to acquire companies or skill sets to grow the business into the future, do you see this current pandemic and the havoc it's causing around the world, has it brought up any interesting acquisitions potentially that you may pursue given your balance sheet, facilities, et cetera, that you would pursue now and maybe pricing may go lower? Would you do anything in the next six to 12 months? Do you see anything exciting that's cropped up?

Peter Kaliaropoulos: Thank you, Prem. I think there's a saying in business, never waste a good crisis. That does apply squarely to M&A, and I think there's a lot of correspondence. I was recently on a call with a consulting firm, and they were sharing lessons from the past, and one of the comments they made is acquiring companies during difficult times may tend to create more shareholder value. So the point is that part of a maybe disciplined and a little bit cautious conservative approach to maximising cash is part of the reason for that, is aimed to exploring any new M&A opportunities. Definitely we're on the lookout. I can't give you if it's six months, six weeks - definitely not six weeks, or two years, but we definitely, as we've shown in the last 18 months, we have the appetite. The balance sheet is solid, and for the right acquisitions that not only generates a critical returns today, but they have a path to grow, we do have an appetite.

So yes, but we need to have the cash to be able, and that's why we're a bit more conservative and building a nice little cash box to be able to take advantage of the right M&A. On the other side, I wish every business out there - we know how difficult it is for us, let alone everybody else, so we wish a lot of businesses to find the liquidity and to get on with business and the world to come back to some normality. That's our first wish but should there be interesting companies and should we be able to assist them through an acquisition, through a merger, yes, we're on the lookout for that and we have the opportunity to do that.

Prem: Sorry, just one follow up. Any particular areas that you feel that you need to beef up more following your experience over the last four months or...

Peter Kaliaropoulos: Look, I think if you look at the last couple of acquisitions, they were all in the B2B space, in the enterprise space, in adjacent market segments to core connectivity, so that certainly does appeal to us, because as companies and organisations, government organisations, private organisations, digitise, the opportunity is more in B2B for systems integration, for digital services and so on. So we're certainly interested in that, because we believe there is growth.

On the other hand, we operate here in Singapore. There are a lot of debates, how big the market is, whether the market will consolidate and so on. So if there are interesting opportunities for mergers, acquisitions, consolidations in the local market, definitely we're looking at that. But we're looking more at growth and diversification of market segments we're in. That's got more appeal than maybe some consolidation. We think consolidation will happen eventually, but it's more in the enterprise because it has growth potential.

The consumer market, whether it's Singapore or some other markets around the world, it's a very tough market right now, so buying into a consumer business in a different geography with the same level of competition, same price points, may not be the wisest thing. But as I said, our focus is more on business enterprise side. Okay, thank you for that. Next question, please, Amelia.

Operator: We'll take the last question now from Foong. Foong, please go ahead.

Peter Kaliaropoulos: Okay, and just for the others who we may not be able to answer their questions, we welcome if you send us an email, and we'll follow up with you outside the call.

Foong: Yes, hi, guys. Thanks for the call and the opportunity to ask some questions. Basically, three questions from me. Firstly, on TPG's new offer, granted that they are now charging for the service, from free before, but the pricing is still pretty aggressive, at \$10 for 50 gigabytes of data. And as the TPG network narrows the gap to the incumbents over the next 18, 24 months, are you concerned that we could see significant ARPU pressures towards the \$10 ARPU level, or do you think it's not a sustainable pricing model or do you have a different way to think about this altogether?

Second question, on MyRepublic, which is an MVNO on your network, I noticed that they have also recently bought wholesale capacity from M1 for one of its new lower-end plans. I'm wondering if you see wholesale competition brewing here.

And third question, maybe just briefly if you can comment on cybersecurity. The growth was very strong in the first quarter but noted on your comments about seasonality for the quarter. But do you think the growth momentum will remain strong for the rest of the year, or could this segment also potentially be affected by COVID-19? Yes, those are my three questions. Thank you.

Peter Kaliaropoulos: Thank you very much. Okay, taking the last question first, we still see cybersecurity growing, because the cybersecurity portfolio, it is not just Singapore based. It involves a number of other countries where Ensign has capability right now. Also in the Ensign Group, we have D'Crypt, and they also have some - the pipeline is very healthy, so we are expecting some continuous growth. I can't comment if it's going to be 130% or 80%, but we expect growth from the Ensign Group over the next few quarters, definitely in terms of revenue.

Your second question about MyRepublic and wholesale capacity, there's always competition in wholesale, and we always welcome competition. But again, there's no rules that one company should be only having one supplier. However, the same way MVNOs have choices, we also have choices in terms of if you have an MVNO which is more exclusive to your brand, that relationship is more valuable in the future than someone who basically is buying commodities and wants the cheapest taxes.

So I think you're going to see the wholesale market evolving, as I mentioned earlier to a previous question. And we always welcome competition. We don't believe - wholesale has been competitive and will continue to be competitive, and the MVNOs will change partners over time. It's natural, and we will continue to provide wholesale capacity. And by the way, yes, MyRepublic is still one of our wholesale customers, and we value the relationship, but there are others who are approaching us, and we have two other MVNOs - actually, three. We have four different brands on our network today, so wholesale arrangements are alive and well and will stay alive and well in the future.

Your first question about TPG's offer of \$10 and 50 gigabytes and so on, definitely that could be an introductory offer. I remember when StarHub came to the market 20 years ago, we also had some silly offers that the time to make sure we attract some customers. I think the fundamentals will apply. Today, I don't think you're going to see all the other telcos adjusting their prices to be \$10, because a \$10 offer comes with the right experience for network, for capacity, for coverage, for support and so on. So if customers only value a commodity product, of course, nobody's going to pay a premium, so I think the customer base will adjust. You see us offering very different packages over a long period, and also don't forget, we also have a digital operator with a very different cost structure being able to match those type of offers, because the cost structure is very low.

So you will see brands coming in. You will see silly offers being promoted. Is that a sustainable business for a company that invests hundreds of millions to have a network day one and then to have that network to be able to support customers everywhere and carry the traffic, video and voice - can you do that on the back of \$10 a customer? We'd like to think you cannot, or you will find a niche. But very quickly, when you come to your capital refresh, your technology refresh, you will find there that \$10 after you pay for overheads and so on, does not cut through long term. So whether it's introductory pricing or not, we do not know, but what we do know is that we have a business model where we can compete with those offers.

If customers really want that product only, no frills, very basic, we have the capability to have this offer in the market, but at the same time, we have a capability to offer a full-service bundle, TV, broadband, mobility, the right customer service. We have the ability to change your handset every year through the plan that we've offered through the [jump phone] and so on. So we offer a different proposition, but we're not ignoring a market segment that wants a very simple, very price conscious segment. We will have a product from the StarHub family, including our MVNOs, that basically focusses on that segment. So again, that segment will be competitive.

Nobody can afford in Singapore to ignore any price point, any market segment, right now, because there's no growth overall in the market. So if you ignore a segment, you do that of your own peril. So you have to focus, but you can't have a high-cost model focussing on a consumer who wants to spend a small amount of money with you. You have to have a different business model for that.

So you will see us competing with them, and there's going to be pressure on ARPUs, definitely. If silly offers like that come to the market and stay in the market for a long time, and customers think there is value, all of us will adjust the business model to be relevant. And I think if you look at StarHub, we fight for our market share. So we don't set the price in the market, but we fight to make sure the price is right, and we will retain the right customers. And then when irrational pricing falls apart eventually - we've seen it in so many markets - then if you have the right market share, you will be able to repair your margins and your revenue flows at the right point in time.

If you have a very low price, market segments are full of examples of companies that have gone in price only and how successful they've been, history will judge them. I hope I've given you enough feedback on this point.

Foong: Yep, all right. Thank you so much, Peter.

Peter Kaliaropoulos: Thank you very much. Thank you for your interest, as well.

Operator: Thanks, Foong, and thanks, Peter. Thank you, everybody for your interest. If we didn't get to your questions, we'll follow up with you after this call. We've now come to the end of our update call. Thanks for joining us this evening. As always, please feel free to reach out to us if you have further questions, and until our next call, please stay safe and have a lovely evening. Bye.

Peter Kaliaropoulos: Thank you.

Dennis Chia: Thank you.

Johan Buse: Thank you.

Charlie Chan: Thank you.

End of Transcript