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Veronica Lai: Welcome to StarHub's 2Q and 1H2019 results call. With me tonight, we have our CEO, Peter K., CFO, Dennis Chia, our Chief of CBG, Johan Buse, and our Acting Chief of EBG, Arthur Tang. Before we begin our presentation, I would like to remind all participants that we will conduct a Q&A session at the end of the presentation. If you wish to ask a question, please key star one. If you wish to withdraw your question, please key star two. Now, with that, let's welcome Peter to share this quarter's highlights from this set of results. Peter, Please.

Peter Kaliaropoulos: Thank you, Veronica, and a very good evening, ladies and gentlemen, and thank you for the interest in our Company's results. Allow me to give you some headline messages, and our CFO, Dennis, will go through the detailed numbers with you, and we welcome your questions. Quarter 2, year on year, is characterised by strong revenue growth in the enterprise business, including cyber security and steady and good growth in the total number of mobile customers, especially mobile, post-paid mobile, and of course it's also characterised by ongoing and intensified competition in the consumer market, which is impacting the NPAT.

Specifically, we've seen the enterprise market growing at 14.3%, our enterprise revenues and cyber security year on year. At the same time, though, we've seen our mobile revenues declining by 7.7% and TV by 18%, due to the migration of customers. Also, we had the highest number of mobile customers in total post and pre-paid for the last five quarters of 2.267 million.

Basically, the quarter as I mentioned earlier, we've seen a lot of competitive intensity with the entry of new MVNOs and new brands, of course including our own all-digital mobile brand, *giga*. Pre-paid customer base has been stable compared to Quarter 1 this year, and the post-paid customers grew by 2.7% between Quarter 1 and Quarter 2 to the total that I mentioned of 2.267 million customers. The migration to fibre TV is going as planned, and we do expect to conclude the service by the end of September.

Of course, our customers have various options in front of them, with some great content packages at no cost to transfer, and potentially, we expect all of them to take up the offer that still want the service. However, the ongoing migration of customers and other options in the marketplace for viewing content is impacting the revenues, and we've seen revenue for TV in Quarter 2 dropping by 8.5% compared to Quarter 1 this year, whilst for mobility, despite the more intense competitive pressure, we held revenues flat between Quarter 1 this year and Quarter 2 this year as well.

Pay TV, the total base is now 374,000 customers. We are reporting a net reduction of 20,000 customers for the quarter. Of course, it's interesting to note that as the TV customers are reducing, we also had the highest number of broadband customers in the last five quarters, a total of 509,000 broadband services and 14,000 new customers, residential customers, in the last quarter. As I mentioned that the enterprise segment, certainly cyber security is continuing to provide healthy growth, and we are still seeing high demand for cloud, for voice and data networking services. We continue to transform our operations and ensure costs are being minimised and also redirecting costs to fund some new services, including digital services and also some of the cyber security products. As we mentioned earlier, we do have a cost transformation program for S$210 million over three years, and in Quarter 3, we will provide you with the very specific details of progress to date, but we're on track to deliver those savings over the three years.

Finally, again, we're providing guidance for the rest of this year, consistent with the guidance we've given you in the first quarter that our revenues will decline by between 0% to 2% year on year. We expect also our EBITDA margin to be between 30% to 32% after SFRS 16. Also, we expect the CapEx to be between 11% to 12%, and we don't expect to have to make a payment for the spectrum of S$282 million this year. So giving you a high-level summary, I'll hand over to Dennis to walk you through some of the details in the pack in front of you. Dennis?

Dennis Chia: Thanks, Peter. I'll move on to slide number 11, where we reported an EBITDA of S$146 million for the quarter versus S$155 million last year, bearing in mind that this year, we have implemented the new accounting standard for IFRS 16, and without that impact, our EBITDA for the quarter would have been S$128 million. For the half year, we have generated EBITDA of S$308 million, versus S$309 million for the corresponding period. Without the IFRS 16 impact, the EBITDA generation for the first half would have been S$274 million.

On slide 12, the service EBITDA of S$141 million is flat versus S$141 million last year, and again, that's also the result of the IFRS 16 impact, and the service EBITDA margin for the quarter is 31.8%. For the half year, our service EBITDA margin is 32.8%. Without the IFRS 16 impact, the service EBITDA margin would have been 29%.

Moving on to cost of sales, on slide number 13, the cost of sales is in tandem with the various movements in our revenues. Traffic cost is down because of the reduction in volumes of data and voice traffic. Our cost of equipment is also lower because of the lower revenues that we recorded in the quarter versus last year, and if you look at the cost of services component, despite the increases that we had in enterprise services, as well as the payments for migration to fibre, we've recorded lower content costs as well. This same trend is also consistent for the first half of 2019.

If you look at our OpEx, our OpEx for the Quarter 2 this year versus last year is actually lower, despite having consolidated the results of our cyber security acquisition through Ensign, without those numbers, our operating expenses for the base business is actually much lower through staff cost management, operating leases and reductions in repairs and maintenance, as part of the cost containment and management program that Peter alluded to. The costs, operating expenses for the first half, is slightly higher, on a business-as-usual basis, we are containing the costs for the first half as well.

On net profit, we generated a net profit of S$39 million for the quarter, or S$0.022 on an EPS basis versus S$63 million last year. We've generated net profit of S$89 million for the first half, or S$0.056 for the first half, and finally, on the free cash flow for the quarter was S$55 million, or S$0.031 on an FCF per fully diluted basis. And for the first half, it's S$0.044. Our net debt to EBITDA ratio stands at 1.64 times as at the end of Q2.

With that, I hand it over back to Veronica.

Peter Kaliaropoulos: And just to add to this point, because we do have a migration and we're also funding the growth of our cyber security business, and we're consolidating various losses, and in our analysis, which we have included in our press release, if we normalise the results for the migration, which is one-off costs, we would have reported for the first half, an NPAT of S$108 million, compared to the S$120 million that we reported a year ago. So again, we have a number of one-offs that are impacting us in this particular quarter.

Having said that, Veronica, over to you.

Veronica Lai: Okay, thank you, Peter. We are going to open the floor for Q&A now. Once again, if you would like to ask a question, please press star one. If you would like to withdraw your question, please press star two. Let's welcome our first caller, Luis Hilado from Maybank Kim Eng. Luis?

Luis Hilado: (Maybank Kim Eng, Analyst) Hi. Good evening, and thanks for hosting the call. I had three questions. The first was, you have maintained the service revenue guidance of stable to minus 2% decline year on year. The first half,

though, was down 3%. Which segments should we expect in the second half to drive the recovery in terms of the revenue growth?
Second question is, I have noticed that for the second quarter, there are a good number of post-paid subscriber net adds, but ARPU is also up. Could you give us some colour on what's driving that increase in ARPU despite growing the post-paid base?

And last question is, if you could give us an update. Last quarter, you mentioned there's a major content being recontracted. Has that happened, and has that already impacted your costs in this quarter or it would happen in the second half?

Peter Kaliaropoulos: Okay, Luis, thank you for your questions. So I'll take them and my colleagues may help me in some of the answers. First of all, we are maintaining the guidance 0% to 2%, despite being 3% below at this point in time. Our business has two engines for generating value and growth. One is our core business, which includes mobility, TV and Broadband. Enterprise does the core connectivity and the second engine for growth, of course, is the cyber security business, Ensign and D'Crypt. We expect a lot of the growth towards year end to come from the Ensign and D'Crypt side of the business, and that will complement some of the lower revenue growth from the other business, so predominantly it will come from, as I mentioned, D'Crypt and Ensign.

In terms of net adds and ARPU, yes, we've managed this quarter to do both. What we're seeing of course is our new brand, *giga*, is hitting a number of new customers with healthy ARPUs, S$25 per connection per SIM card. We're also seeing our MVNOs on our network also growing the customer base in terms of both net adds and also ARPUs. So it's the combination of both new customers with decent ARPUs that are basically giving us S$1 difference in ARPUs between Quarter 1 and Quarter 2. In terms of contracts for content management, we're still negotiating one final contract. By the end of September, those negotiations will be over. Again, we will comment when the negotiations are over. I think it's only fair and professional not to comment in between.

But the point I want to make is we're still committed to doing two things with content. First of all, having the lowest possible content, but on top of that, having a variable content model, where we pay per customer for content rather than a fixed cost for content, irrespective of the customers. Thank you, Luis.

Luis Hilado: (Maybank Kim Eng, Analyst) What's the situation now since the ARPUs are better? Are the subscribers that are exceeding their data limit this quarter better versus last quarter or a year ago?

Peter Kaliaropoulos: Look, we have introduced in the last…, Johan to add a little bit of colour to it. We've removed, we simplified, and we started last December with the HelloChange marketing campaign to bring simplicity, to bring value, back to customers. So we removed a lot of what we used to call or customers used to refer to, toxic revenues, from unknown usage charges. So if you can see the last three quarters, the total revenue for mobility is stable for us, so customers now pay a fixed fee when they want to go above the normal monthly subscription. Johan, I'm not sure if you want to add anything.

Johan Buse: Maybe to add, Luis, from my side, building on what Peter said, the ARPU, actually, the access revenues are obviously coming down at this point in time, and they're actually substituted with the recurring revenues, so there's a good split in terms of the tariff plan mix. The other thing maybe to add to ARPU composition for this quarter is obviously roaming, so that also helps us this quarter.

Veronica Lai: Okay, thank you, Luis. Next on the line we have Rama Maruvada from Daiwa. Rama?

Rama Maruvada: (Daiwa Securities, Analyst) Hi. Good evening. I have a couple of questions, please. Firstly, with regards to your network solutions business, could you talk through what has driven the quarter-on-quarter decline in the revenue, in particular, any price pressures that you are seeing in the domestic lease line market? That will be the first one.

The second one is with regards to your pay TV and broadband revenues, I would like to understand in terms of your discount strategy, how long would the discounts impact revenue generation. Is it going to be over the next two years, or is it going to be a shorter duration, and along with it, if you could comment on the customer numbers, so pay TV, is the migration complete or are we expecting another bunch of customers coming off come September? And for broadband, could you disclose how many fibre broadband customers you have in the subscriber base? Thank you.

Peter Kaliaropoulos: Okay, Rama, thank you. Three very good questions. Let us try and answer the first one, about network solutions revenue coming down. What we're seeing in the enterprise market is predominantly when contracts are coming up for renewal, it's a fairly competitive process, and there's price erosion. Corporate customers have an expectation because of how much they spend with companies like us and our competitors to get better value, and typically, they will recontract and either pay the same price but get more bandwidth, more services, or they will go for a straight discount. So we've seen a number of contracts being renewed at a lower price point and thus contributing quite a bit of the revenue decline this particular quarter.

Your second question, about pay TV and broadband and the impacts on revenue generation, first of all, the migration is not complete. It will be completed by the end of September, and as we've said publicly, we had some very competitive offers, and of course as part of the regulatory commitment, the customer migration was at zero cost to the customer, so we're seeing the impacts of those one-off costs to migrate, and we're seeing the impact of very good value, even aggressive offers for the customers, to take advantage and migrate.

A lot of the customers who are migrating are under two-year contracts…

Johan Buse: All of them.

Peter Kaliaropoulos: All of them, so you'll see that revenue for the customers migrating remaining flat for two years on a per customer basis.

Your third question related to whether we split up the broadband numbers into fibre and into cable. All I can tell you is we don't, but the number of cable broadband customers less are very, very few, and again, by the end of September, we'll have migrated all the customers who wish to on fibre, but they're very, very low numbers compared to the total number of broadband customers we have.

Rama Maruvada: (Daiwa Securities, Analyst) Understood, and if I can just follow up on the network solutions, your competitor made a similar comment some time ago, so my question here is the lower price points or the discount that they are giving for the network solutions, how long would this weigh? Is it a short-term, a few-quarters effect, or is this through the contract?

Peter Kaliaropoulos: Look, typically, contracts with corporates are two years. Some of them are three years. The majority is more than one year, and we are - as I said, it depends on the company itself. We're seeing sometimes very aggressive price erosion on contract renewal, and again, I don't think it's systemic, but we've seen last quarter even one auction, where a customer has the major suppliers trying to get the best price. Now, unfortunately, in that particular case, it was really very, very simple connectivity. It was almost commodity.

So there is price pressure. Of course, how do we mitigate against that? We're trying to win a bigger share of corporate's revenues. Definitely, we have mobile business and fixed business with a majority of corporates in Singapore, so our strategy is more of share of wallet, if we're under pressure for some of the services we provide today, how can we capture a bigger share of the corporates' wallet?

I think at the end of every contract, what we've seen in the past is customers used to take more bandwidth, more gigabits, more minutes for the same price, because they were growing. We've seen a couple of customers now not exhibiting that growth in traffic and basically taking more of a discount. We'll wait and see for the next few quarters to see if this is repetitive. We believe it's not yet. There's still a lot of growth in data services, in cloud services, in fixed and wireless network solutions and unified communications for corporates.

So we believe that it's probably an aberration for this year. Managed services are not growing as fast as we expected. Some of the contracts are not available in the marketplace, especially from the government sector, so I would like to think it's more of a one or two-quarter impact rather than a long-term impact on network services.

Rama Maruvada: (Daiwa Securities, Analyst) Understood. Thank you, Peter. I'll probably come back later in the queue. Thanks.

Peter Kaliaropoulos: Thank you, Rama.

Veronica Lai: Thank you, Rama, and next on the line, we have Sachin Mittal from DBS. Sachin?

Sachin Mittal: (DBS, Analyst) Yes, thank you. My question is on cyber security. In this quarter, we saw a loss of less than S$1 million in cyber security versus a S$12 million in the previous quarter. So my question is, what changed so fast in one quarter, and are we at a level where cyber security will not make huge losses? Can you throw some light here, because the movement was a bit too sharp from 1Q to 2Q?

Second question is on the migration. Have we seen the bulk of the fibre migration the first half, and are you on track to complete everything by September 2019?

Last question is on the cost savings. You had a significant cost-saving program. Are there some items or some cost savings initiatives which you have not undertaken yet and which shows in subsequent quarters or no, most of the initiatives are already captured in this set of results, which we are seeing now? Thank you.

Peter Kaliaropoulos: Okay. Sachin, I'll take the question on the bulk migration and then the questions about the cyber security losses and the cost program. I'll ask Dennis, our CFO, to answer. First of all, we are on track for the bulk migration of TV customers, and as I mentioned earlier, we're working through right now to bring the service to an end by the end of September. We're in talks with every customer to make sure that we're clear whether they want or they do not want the service, and we're working towards really turning the lights off by 30 September.

There may be a handful of customers that we're working very closely with NLT, because the infrastructure from the street to the premises may need some upgrading, but we expect there will be a few hundreds left, and as I said, very special case. We call that choking conduits cases that we'll be working through, but the service for all the customers expect those very few cases will be turned off, and the majority of cost for the migration will be taken up by the end of Quarter 3, and we don't expect any other costs for the migration in Quarter 4.

The cyber security losses and initiatives, Dennis, if you want to take those two questions.

Dennis Chia: Sure. Thanks, Peter. Hi, Sachin. This is Dennis. On your question on the cyber security, in the March quarter, which is our Q1 and which was Ensign's final quarter in the FY19, there were a number of one-off costs, primarily from the post-merger integration of - following the formation of the entity. There were a number of setup costs in respect of the implementation and setup the offices and so forth, so all those were recorded in the March quarter. Those costs were one-off costs, which did not repeat themselves in the June quarter.

On your second question, or your last question, on cost savings, we have a number of initiatives that we've already rolled out. Primarily, the cost management around headcounts that we did in October last year, which the impact of which or the savings which were recorded this year. We have a bunch of other transformation initiatives around our digital transformation, our retail transformation, our IT systems transformation, that have not yet been baked into these numbers. That's all part of the S$210 million transformation savings that we have announced and guided the market to over three years. Those will be realised in the subsequent quarters following this year. So those numbers have not been baked into the run rates yet.

Sachin Mittal: (DBS, Analyst) Okay, just a follow up on cyber security. So you think we have reached a breakeven kind of level for cyber security?

Peter Kaliaropoulos: If I can take that question, Sachin, first of all, our cyber security business is growing very, very fast. What fuels that growth in terms of, of course, opportunities, the cyber security compliance here in Singapore is providing more opportunities, but it's also growing in some of the regional overseas markets they operate.

The biggest costs to deliver a cyber security solution is the people side, so it's all OpEx driven, a little bit of CapEx for SOC and so on. So we believe at this point in time that the losses that were recorded in the past were really one off. We still expect a breakeven or a smaller credit contribution, but we don't expect losses of this magnitude for the rest of the year.

Veronica Lai: Okay, thank you, Sachin. Next we have on the line Prem Jearajasingam, from Macquarie. Prem?

Prem Jearajasingam: (Macquarie, Analyst) Hi. Thank you for the opportunity. A few questions from me, please. Carrying on from the enterprise questions, could I just check on what percentage of the customers who are recontracting in the first half have you been able to retain with these lower prices, and what is the risk of this ratio changing materially, given the competitive pressures out there? That's one.

Number two, I don't think you give specific numbers for this, but could you just help us understand, because you've had this sharp drop in revenues for pay TV. I do appreciate the migration costs in there, but excluding the migration cost, would you say that the pay TV business has become more profitable or at least less negative in its margins thus far?

And finally, this is a matter of housekeeping. Could you remind me what the FRS 16 impact was on the bottom line, please?

Peter Kaliaropoulos: Okay. Let me answer the first two questions, and the IFRS - the expert in the team is Dennis. First of all, we don't provide the details of enterprise customers under contract and which customers are coming up for recontracting. The good news for us is if you look at the total enterprise market, we have a small of the market compared to the largest competitor. So the market potential is there for us, but depending on the anniversary of contracts, sometimes, in one quarter you may have a few more customers than other quarters. Our whole strategy behind enterprise is to deliver both networking solutions and ICT solutions in addition to the cyber security. We believe the opportunities in the addressable market is quite large for us, and that's where we're putting the emphasis. But customer by customer, percentage of customers due for contract renewal, that level of detail we do not provide.

But it's also fair to say, with some of the large customers, they're leveraging their spending with any supplier. They have tremendous procurement teams. Corporates these days are making very sophisticated purchasing decisions on quality, on price, on functionality for the future, so in a tough economic environment, it's to be expected, especially the procurement departments of corporate customers, to be a bit tougher.

On the other hand, when there's a tough economic environment, typically, the underdog, the better-value company has an opportunity to win more of the business, so we don't believe it's a trend that will continue in perpetuity, and we'll see how the business and the opportunities come up in Quarter 2 and three and four in terms of recontracting. Pay TV, as I mentioned again, we don't give out margins, but what we've been doing with pay TV is renegotiating and bringing the cost of content down as far as we can and making it variable, because we're also seeing customers changing their viewing habits. They are purchasing broadband access, and they certainly don't go home at night, and after they've switched off content from one supplier, they watch a blank screen.

So we believe they're obtaining content from other suppliers, and the good news for us is, as I mentioned, we grew our broadband connections to their homes by 16,000 net this month - this quarter, despite the drop of TV viewership. EBITDA margins are improving. It's an ongoing challenge with the content business, because we need stabilise - every provider out there has to stabilise their customer base. We believe the new content packages are attractive. We've offered low pricing points, so we will continue to manage the content costs down, but margins are improving, but I don't believe - if we don't see the revenue stabilising as well, eventually, that has an impact on the margins.

But all I can tell you, from a year ago, the margins are a little bit better. IFRS 16, Dennis?

Dennis Chia: Okay, so in terms of the IFRS 16 impact, the operating leases, which has now been capitalised as right-of-use assets in the balance sheet are now amortised, and therefore, in terms of the numbers that used to be recorded in operating leases under OpEx above the EBITDA line is now reclassified to depreciation and amortisation below the EBITDA line, and interest also below the EBITDA line. The impact to the bottom line is squared off, so it's just a reclassification between operating leases and depreciation and amortisation and interest, so there's no - and in fact, no material impact to the NPAT number.

Veronica Lai: Okay, thank you, Prem. We're going to circle back from Luis from Maybank Kim Eng. Luis, you're back on the line.

Luis Hilado: (Maybank Kim Eng, Analyst) Thanks. Just one follow-up question from me. On the potential migration cost for the second half, could you give us any guidance or what the maximum number could be, and where is the cost reflected? Is it cost of services, equipment cost? Thanks.

Peter Kaliaropoulos: We will not give you direct feedback, but I think again we mentioned earlier that basically, if we excluded the cyber security losses and the cable migration costs, our profits in the first half of this year would have been S$108 million for Quarter 1 and Quarter 2, compared to S$120 million back in the same half of 2018. So again, that will give you guidance in terms of the impact of the cost. You can see the cost in terms of the S$12 million coming from the cyber security, so you can deduce the cost impact on our P&L from the migration.

Luis Hilado: (Maybank Kim Eng, Analyst) Should it be a lower number, though, in the second half, do you think, or it's pretty much the same?

Peter Kaliaropoulos: Look, in the second half, yes, because we have one quarter. Basically, in the three months to go, there's fewer customers left than the total customers we migrate in the first half, so yes, the cost of migration impacting our second-half results will be lower than the first.

Veronica Lai: Thank you, Luis. Next on the line, we have Varun Ahuja from Credit Suisse. Varun?

Varun Ahuja: (Credit Suisse, Analyst) Yes, thanks. My question on the cost has been asked, so I just want to - a couple of more questions from my side. On mobile, do you think there is still scope for more mobile competition, given the third operator is likely to launch services over the next few months or so? So wanted to ask here, because post-March there have been a lot more new, aggressive plans which have come into the market, largely SIM only. So how does the management feel about the same?

Secondly, on the enterprise side, as discussed earlier also, one of your competitors is also seeing the pricing pressures. Who - is it mostly the IT services guys? Who are coming in and offering lower discount, or is it global server and cable providers who is coming in and offering a lot more discounts, besides you and Singtel in the market or M1 in the market? Just wanted to hear who all are participating in this market. Thank you.

Peter Kaliaropoulos: Thank you, Varun. First of all, is there scope for mobile competition? We don't think there is, but obviously the owners of other companies believe so and they keep entering the market, because we've seen some new MVNOs, and from what we understand, potentially there's some more MVNOs to enter the market in the second half. The markets again, if you look at all the free offers from some of the new entrants, some of them have a free offer for a year. Others have the first month is free. All these new entrants unfortunately using this pricing strategy or freebie for at least a month if not a year. That's taking away revenue from the mobile pie in addition to the simplification of charges, removal of excess charges.

So the overall pie, we believe, is shrinking for mobility and the more companies that are coming in, they're slicing up mobility into even smaller chunks. So we don't think there is - customers have tremendous choice today, price points, bundled and unbundled packages, with SIM only, or with SIM and a handset, different brands, different roaming arrangements, so we think the market is very, very well served. There's at least - I stopped counting after 12 or 13 different brands in the market, so the customer is served well, and the marketplace is very competitively, but there's still some companies that see an opportunity, and they're entering the market.

Of course, we can't control who enters the market. We can control how do we compete and offer value, position the brand well, make sure our distribution capabilities are right and use leverage both of bricks and mortar, our retail shops and also the digital platforms that we've developed. So we see competition in mobility continuing for the next few quarters, and then of course fundamentals of marketing say that it is not sustainable if some of the competitors don't win a big share of the market and they have a certain cost.

So we don't think there's scope for more competition, but as I said, every quarter, we're proven wrong because more and more new entrants are coming in. The enterprise price pressures, again, in Singapore, we have a lot of different providers of enterprise solutions. For basic connectivity, it's definitely Singtel and us predominantly, although there are other international organisations, telecommunications companies that buy wholesale capacity from us and provide such to their customers as part of global networks.

So there is tremendous choice for multinationals to shop around and sometimes we're seeing price pressure, where there's a global pricing to a global bank based in New York or based in Europe or somewhere else, and there's global pricing, and that might affect the local pricing as well. So we're also seeing systems integrators, ICT customers, global names, Dimension Data and many others, not to mention anybody specifically, so the corporate market is well served, both on connectivity and solutions, and often, it's bundled by some of the global providers, and that might put a little bit of pressure.

So both whether it's mobility, whether it's TV, whether it's the enterprise markets, Singapore is served very well today by multiple providers and multiple propositions for customers and certainly customer is king or queen, whether it's consumer or whether it's enterprise right now.

Varun Ahuja: (Credit Suisse, Analyst) Got you. Two follow ups, so on the MVNO side, I'm sure you must have also been approached by various MVNOs who come to you with certain price plans in your mind. So how do you look at them because as you said, second half, there are more MVNOs who are lined up. I'm sure some of them may have approached you, so what are they thinking when you see their price point or any business case when you evaluate them? So that's number one.

And number two, enterprise was supposed to be, if I remember, 12 months back, was supposed to be a more stable business. It seems to us right now, given what we have seen by two big telecom operators in here, that the competition is also catching up here. So how should we think about this business in the next 12 to 18 months?

Peter Kaliaropoulos: First question, on the MVNO, we don't evaluate the MVNO business case. I think that's for the owners of the MVNOs to assess what is best for them. As far as we are concerned, we have wholesale pricing. We are stable in our wholesale pricing. We don't believe that it's rational to offer prices that do not cover our costs and a certain return on the cost of funds per gigabyte, for example, or per minute, so we have a very rational pricing policy, and basically it's the same pricing policy. Of course, we don't discriminate for any of the MVNOs on our network, and we hope our competitors are very rational in their pricing strategy for MVNOs as well.

I think the business case for MVNO may vary, and as I said, I really can't comment about that. In terms of stability in the enterprise market, again, I don't think you can think of the enterprise market as connectivity only, because again, a lot of products and services to the enterprise market is connectivity is almost bundled and offered as a service as part of cyber security, connection to the cloud. So again, we see the enterprise market not split product by product but in terms of bundling.

So when we think of enterprise, we might have spun off a separate company, but we believe cyber security is a critical part of an enterprise portfolio of products and services. So connectivity may be bundled, and service layer added on top, so yes, some specific products may be under a little bit more pressure in terms of commodity pricing, but the overall pie from enterprise continues to grow, because it involves a portfolio of products and services, so we're not looking at specifically one or two products. We're looking at the portfolio overall, and that's still continued to grow, and we believe for the next few quarters, that will be the case.

Veronica Lai: All right. Thank you, Varun. Next on the line we have Arthur Pineda from Citi. Arthur?

Arthur Pineda: (Citi, Analyst) Hi. Thanks for the opportunity. Just one question, to clarify, the S$120 million versus the S$108 million that you were citing a while ago, to just clarify, this includes fibre migration as well as fibre costs, as you had mentioned? So on the cyber security side, is there any specific one-off item that you'll actually booking, or is this business-as-usual losses, given that you're still building scale?

Peter Kaliaropoulos: I'll ask Dennis to comment on this. Dennis?

Dennis Chia: Okay, so the one-off costs that were recorded in our March quarter were the setup costs, as I mentioned. So these were one-off costs. These are not recurring costs, and therefore, we don't expect these to repeat in the subsequent quarters, and therefore, to Peter's guidance to the market that we expect the cyber security business to generate some level of stability in our second half.

Veronica Lai: Okay, thank you, Arthur. I think we have come to the end of this session. Ladies and gentlemen, a transcript of this call will be posted onto our website soon, and if you have any more questions, please do feel free to contact either Eric or myself. On behalf of the StarHub management team, we would like to thank all of you for joining us. Have a good evening. Thank you.

Peter Kaliaropoulos: Goodnight. Thank you, my friends.

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