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STARHUB LTD

Announcement of Unaudited Results for the Full Year ended 31 December 2019

StarHub is pleased to announce the unaudited results for the full year ended 31 December 2019.

Results for the Fourth Quarter and Full Year ended 31 December 2019

1. GROUP INCOME AND COMPREHENSIVE INCOME STATEMENTS

1.1 GROUP INCOME STATEMENT

	Quarter ended 31 Dec				Full Year ended 31 Dec			
	2019 S\$m	2018 S\$m	Incr / (Decr) S\$m	%	2019 S\$m	2018 S\$m	Incr / (Decr) S\$m	%
Total revenue	608.4	619.5	(11.1)	(1.8)	2,330.6	2,362.0	(31.4)	(1.3)
Operating expenses	(563.8)	(590.1)	(26.3)	(4.5)	(2,085.8)	(2,089.7)	(3.9)	(0.2)
Other income	1.9	0.5	1.4	nm	11.0	1.2	9.9	nm
Profit from operations	46.5	29.9	16.6	55.4	255.9	273.4	(17.5)	(6.4)
Finance income	0.5	0.5	(0.1)	(15.1)	1.6	3.2	(1.6)	(50.3)
Finance expense ⁽¹⁾	(8.8)	(8.2)	0.6	7.7	(38.3)	(30.3)	8.1	26.7
	38.1	22.3	15.9	71.2	219.1	246.3	(27.2)	(11.0)
Share of loss of associate, net of tax	(0.4)	(0.2)	0.1	57.1	(0.5)	(1.0)	(0.4)	(45.3)
Profit before taxation	37.8	22.1	15.7	71.3	218.6	245.3	(26.8)	(10.9)
Taxation	(4.5)	(6.6)	(2.1)	(31.7)	(40.0)	(44.9)	(4.9)	(10.9)
Profit for the period	33.3	15.4	17.8	115.6	178.6	200.5	(21.9)	(10.9)
Attributable to:								
Equity holders of the Company	34.9	19.8	15.0	75.8	186.3	201.5	(15.2)	(7.5)
Non-controlling interests	(1.6)	(4.4)	(2.8)	(63.7)	(7.8)	(1.1)	6.7	nm
	33.3	15.4	17.8	115.6	178.6	200.5	(21.9)	(10.9)
EBITDA	138.4	110.8	27.6	24.9	617.1	567.1	50.0	8.8
Service EBITDA ⁽²⁾	115.5	105.6	9.9	9.4	558.7	520.8	37.9	7.3
Service EBITDA as % of service revenue	26.0%	23.1%	2.9% pts		31.7%	28.4%	3.3% pts	
Free Cash Flow ⁽³⁾	35.7	(43.0)	78.7	nm	218.6	145.3	73.3	50.5
<i>Profit from operations is arrived after charging the following:</i>								
<i>Loss allowances of trade receivables</i>	2.9	2.8	0.1	2.0	18.0	13.9	4.0	28.8
<i>Depreciation and amortisation</i>	91.9	78.3	13.6	17.4	361.2	291.2	70.1	24.1
<i>Foreign exchange (gain) / loss</i>	(0.8)	(0.8)	(0.0)	(0.5)	(0.2)	7.6	(7.8)	nm
<i>(Gain)/ loss on disposal of property, plant and equipment</i>	(0.2)	(0.1)	0.1	162.3	1.4	(0.4)	1.8	nm
<i>Allowance for stock obsolescence</i>	0.3	0.2	0.0	8.9	2.6	0.3	2.3	nm
<i>Impairment loss on property, plant and equipment and intangible assets</i>	-	2.6	(2.6)	nm	-	2.6	(2.6)	nm

nm – Not meaningful

Notes:

- (1) Finance expense includes interest on borrowings and lease liabilities and other financing charges
- (2) Service EBITDA refers to EBITDA less equipment margin (sales of equipment less cost of equipment)
- (3) Free Cash Flow refers to net cash from operating activities less purchase of property, plant and equipment and intangible assets in the cash flow statement
- (4) The financial statements include the consolidation of acquired subsidiaries, Ensign InfoSecurity (Systems) Pte. Ltd. (formerly known as Accel Systems & Technologies Pte. Ltd.) ("Ensign (Systems)") from July 2017, D'Crypt Pte Ltd ("D'Crypt") from January 2018 and Ensign InfoSecurity Pte. Ltd. ("Ensign") from October 2018 from the merger of the Group's Cyber Security Centre of Excellence (COE), Ensign (Systems) and Ensign InfoSecurity (Cybersecurity) Pte. Ltd. (formerly known as Quann World Pte. Ltd.).
- (5) D'Crypt was disposed in September 2019 to Keele Investments Pte. Ltd. ("Keele"), an indirect wholly-owned subsidiary of Temasek Holdings (Private) Limited and as part of the transaction, D'Crypt became an indirect subsidiary of Ensign as a result of the rights accorded to Ensign through the purchase of Preference Shares of Keele. The Group now holds 60% of the economic interest in D'Crypt through its shareholding and interest in Ensign.
- (6) Numbers in all tables may not exactly add up due to rounding

1.2 GROUP COMPREHENSIVE INCOME STATEMENT

	Quarter ended 31 Dec				Full Year ended 31 Dec			
	2019 S\$m	2018 S\$m	Incr / (Decr) S\$m	%	2019 S\$m	2018 S\$m	Incr/ (Decr) S\$m	%
Profit for the period	33.3	15.4	17.8	115.6	178.6	200.5	(21.9)	(10.9)
Other comprehensive income								
Items that will not be reclassified to profit or loss:								
Net change in fair value of equity investments at fair value through other comprehensive income ("FVOCI"), net of taxation	9.1	(8.0)	17.1	nm	(1.7)	(24.0)	(22.3)	(92.9)
Items that are or may be reclassified subsequently to profit or loss:								
Foreign currency translation differences	0.0	(0.0)	0.1	nm	0.0	(0.1)	0.1	nm
Effective portion of changes in fair value of cash flow hedges, net of taxation	(2.3)	(0.0)	2.3	nm	(1.8)	9.9	(11.7)	nm
Share of other comprehensive income of associates and joint ventures	(0.0)	-	(0.0)	nm	(0.1)	-	(0.1)	nm
Other comprehensive loss for the period, net of taxation	6.8	(8.1)	14.9	nm	(3.6)	(14.2)	(10.5)	(0.7)
Total comprehensive income for the period	40.1	7.4	32.7	nm	175.0	186.3	(11.3)	(6.1)
Attributable to:								
Equity holders of the Company	41.7	11.8	29.9	nm	182.7	187.4	(4.7)	(2.5)
Non-controlling interests	(1.6)	(4.4)	(2.8)	(63.7)	(7.8)	(1.1)	6.7	nm
Total comprehensive income for the period	40.1	7.4	32.7	nm	175.0	186.3	(11.3)	(6.1)

nm – Not meaningful

1.3 GROUP PERFORMANCE REVIEW FOR THE PERIOD ENDED 31 DECEMBER 2019

(A) Revenue

Revenue	Quarter ended 31 Dec				Full Year ended 31 Dec			
	2019 S\$m	2018 S\$m	Incr / (Decr) S\$m	%	2019 S\$m	2018 S\$m	Incr/ (Decr) S\$m	%
Mobile	190.9	194.3	(3.4)	(1.8)	765.5	824.5	(59.0)	(7.2)
Pay TV	56.5	71.3	(14.8)	(20.8)	248.0	311.3	(63.3)	(20.3)
Broadband	41.0	45.7	(4.7)	(10.2)	176.4	185.8	(9.4)	(5.1)
Enterprise Business	155.3	146.1	9.2	6.3	575.2	510.8	64.4	12.6
- Network solutions ⁽¹⁾	110.9	113.8	(2.9)	(2.5)	429.5	429.4	0.0	0.0
- Cyber security services ⁽²⁾	44.4	32.4	12.1	37.3	145.7	81.3	64.4	79.1
Service revenue	443.7	457.5	(13.8)	(3.0)	1,765.1	1,832.4	(67.3)	(3.7)
Sales of equipment	164.7	162.0	2.7	1.7	565.5	529.6	35.9	6.8
Total revenue	608.4	619.5	(11.1)	(1.8)	2,330.6	2,362.0	(31.4)	(1.3)

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

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

The Group's 4Q2019 total revenue of S\$608.4 million was S\$11.1 million or 1.8% lower YoY (year-on-year), while the total revenue for the full year of S\$2,330.6 million was S\$31.4 million or 1.3% lower YoY. The lower revenues were mainly due to lower revenues from Mobile, Pay TV and Broadband, partially mitigated by higher revenues from Enterprise Business and Sales of equipment.

Against the corresponding periods last year, Mobile service revenues in 4Q2019 and full year were lower by 1.8% and 7.2% respectively. The decrease was mainly due to lower IDD, excess data usage, roaming, data subscriptions and VAS (value-added services) revenues, partially offset by the increase in plan subscriptions, enterprise SMS revenues and reversal of loyalty reward accrual following the change in customer loyalty programme.

Pay TV service revenue decreased YoY by 20.8% in 4Q2019 and 20.3% in the full year, mainly due to a lower subscriber base and lower ARPUs due to promotional activities in respect of the cable to fibre migration.

Broadband service revenue decreased YoY by 10.2% in 4Q2019 and 5.1% in the full year, mainly due to lower ARPUs as a result of promotional activities in respect of the cable to fibre migration.

Enterprise Business revenue increased YoY by 6.3% in 4Q2019 and 12.6% for the full year respectively, mainly due to higher revenues from cyber security services and managed services, partially offset by lower revenues from voice services, internet services and domestic leased circuits.

Revenue from sales of equipment increased YoY by 1.7% in 4Q2019 mainly due to higher selling price of handsets, partially offset by lower volume of handsets sold. Revenue from sales of equipment increased YoY by 6.8% in the full year mainly due to higher volume of handsets sold.

(B) Operating expenses

Operating expenses	Quarter ended 31 Dec				Full Year ended 31 Dec			
	2019 S\$m	2018 S\$m	Incr / (Decr) S\$m %		2019 S\$m	2018 S\$m	Incr/ (Decr) S\$m %	
Cost of sales	262.7	285.7	(22.9)	(8.0)	995.3	1,034.3	(39.0)	(3.8)
Other operating expenses	249.0	258.8	(9.9)	(3.8)	921.1	974.3	(53.3)	(5.5)
Cyber security services ⁽¹⁾	52.1	45.6	6.5	14.3	169.4	81.1	88.3	108.9
Total	563.8	590.1	(26.3)	(4.5)	2,085.8	2,089.7	(3.9)	(0.2)

(1) includes cost of sales and other operating expenses from Ensign and D'Crypt

The Group's total operating expenses for 4Q2019 and the full year were lower by S\$26.3 million YoY and S\$3.9 million YoY respectively. The decrease was due to lower cost of sales and other operating expenses, partially mitigated by the increase in operating expenses for cyber security services.

As a percentage of revenue, total operating expenses for 4Q2019 and full year were at 92.7% and 89.5% respectively, when compared to 95.3% and 88.5% in the corresponding periods last year.

Cyber security services ⁽¹⁾	Quarter ended 31 Dec				Full Year ended 31 Dec			
	2019 S\$m	2018 S\$m	Incr / (Decr) S\$m %		2019 S\$m	2018 S\$m	Incr/ (Decr) S\$m %	
Cost of sales	27.2	18.3	8.9	48.6	78.5	40.7	37.8	92.8
Other operating expenses	24.9	27.3	(2.4)	(8.8)	91.0	40.4	50.6	125.1
Total	52.1	45.6	6.5	14.3	169.4	81.1	88.3	108.9

(1) includes cost of sales and other operating expenses from Ensign and D'Crypt

A breakdown of total operating expenses is as follows:

(i) Cost of sales

Cost of sales	Quarter ended 31 Dec				Full Year ended 31 Dec			
	2019 S\$m	2018 S\$m	Incr / (Decr) S\$m %		2019 S\$m	2018 S\$m	Incr/ (Decr) S\$m %	
Cost of equipment sold	141.9	156.8	(15.0)	(9.5)	507.1	483.2	23.9	4.9
Cost of services	100.3	111.3	(11.0)	(9.9)	403.0	441.6	(38.6)	(8.7)
Traffic expenses	20.5	17.5	3.0	17.4	85.2	109.5	(24.3)	(22.2)
Cost of sales (excluding Cyber security services)	262.7	285.7	(22.9)	(8.0)	995.3	1,034.3	(39.0)	(3.8)
Cost of sales (Cyber security services)	27.2	18.3	8.9	48.6	78.5	40.7	37.8	92.8
Total	290.0	304.0	(14.0)	(4.6)	1,073.8	1,075.0	(1.2)	(0.1)

Cost of Sales (excluding Cyber security services)

Cost of sales for 4Q2019 decreased YoY by S\$22.9 million, mainly due to lower cost of equipment sold and cost of services, partially offset by higher traffic expenses. Cost of sales for the full year decreased YoY by S\$39.0 million, mainly due to lower cost of services and traffic expenses, partially offset by higher cost of equipment sold.

The decrease of 9.5% YoY for cost of equipment sold in 4Q2019 was primarily due to lower volume of handsets sold. The increase of 4.9% YoY for cost of equipment sold in the full year was primarily due to higher volume of handsets sold.

The decrease of 9.9% YoY for cost of services in 4Q2019 was due to lower TV content costs, post-paid Mobile and Broadband costs, partially offset by higher pre-paid Mobile and Network Solutions business costs. The decrease of 8.7% YoY for cost of services for the full year was due to lower TV content costs, post-paid and pre-paid Mobile costs, partially offset by higher costs for cable migration, Broadband and Network Solutions business. Total one-off cost of services incurred for the cable migration amounted to approximately S\$10.6 million for the full year.

The increase of 17.4% YoY for traffic expenses in 4Q2019 was due to higher international traffic volume. The decrease of 22.2% YoY for the full year was mainly due to lower domestic and international traffic volumes and lower roaming cost in line with lower roaming revenue.

Cost of Sales (Cyber security services)

The increase for cost of sales was in line with higher cyber security services revenue generated.

(ii) Other operating expenses

Other operating expenses	Quarter ended 31 Dec				Full Year ended 31 Dec			
	2019 S\$m	2018 S\$m	Incr / (Decr) S\$m	%	2019 S\$m	2018 S\$m	Incr/ (Decr) S\$m	%
Staff costs	59.7	60.7	(1.0)	(1.6)	224.1	251.8	(27.7)	(11.0)
Operating leases	7.4	35.9	(28.5)	(79.4)	35.8	116.4	(80.6)	(69.2)
Marketing and promotions	28.5	29.8	(1.3)	(4.2)	97.7	101.3	(3.5)	(3.5)
Loss allowance for trade receivables	2.9	2.8	0.0	1.7	17.8	13.9	3.9	27.9
Repairs and maintenance	42.9	26.8	16.1	60.0	113.6	100.9	12.7	12.6
Other expenses	18.4	32.9	(14.5)	(44.0)	89.3	110.3	(20.9)	(19.0)
Depreciation and amortisation	89.1	69.8	19.2	27.5	342.6	279.7	62.9	22.5
Other operating expenses (excluding Cyber security services)	249.0	258.8	(9.9)	(3.8)	921.1	974.3	(53.3)	(5.5)
Other operating expenses (Cyber security services)	24.9	27.3	(2.4)	(8.8)	91.0	40.4	50.6	125.1
Total	273.9	286.2	(12.3)	(4.3)	1,012.0	1,014.7	(2.7)	(0.3)

The Group's other operating expenses for 4Q2019 was lower by S\$12.3 million YoY. As a percentage of total revenue, other operating expenses was 45.0% in 4Q2019, compared to 46.2% in the corresponding period last year.

The Group's other operating expenses for the full year was lower by S\$2.7 million YoY. As a percentage of total revenue, other operating expenses was 43.4% in the full year, compared to 43.0% in the corresponding period last year.

Other operating expenses (excluding Cyber security services)

Analysis of major variances in other operating expenses (excluding Cyber security services) is provided below:

Staff costs

Staff costs was 1.6% and 11.0% lower YoY for 4Q2019 and full year respectively, mainly due to lower headcounts and reversal of prior year provision for certain staff benefits no longer required in 2019, partially offset by a one-off restructuring provision relating to IT transformation activities. Excluding the above reversal and provision, staff costs would have been lower by 11.8% and 13.4% YoY in 4Q2019 and the full year respectively.

Operating leases

Operating leases in 4Q2019 and full year was lower by 79.4% and 69.2% YoY respectively, due to adoption of *SFRS(I) 16 Leases* that became effective on 1 January 2019 where certain operating leases are capitalised as right-of-use (“ROU”) assets and depreciated over the useful life of the ROU assets. Excluding the effect of *SFRS(I) 16*, operating leases would have been lower YoY by S\$15.7 million or 43.6% for 4Q2019 and lower by S\$16.3 million or 14.0% for the full year due to the reversal of cable duct lease rental provision.

Marketing and promotions

Marketing and promotions expenses was lower by 4.2% YoY in 4Q2019 and 3.5% YoY in the full year, as a result of efforts towards carrying out more targeted promotional activities.

Loss allowance for trade receivables

Loss allowance for trade receivables was higher by 1.7% YoY in 4Q2019 and 27.9% YoY in the full year, mainly driven by higher bad debt written off and an increase in general provision as a result of an increase in aged trade receivables.

Repairs and maintenance

Repairs and maintenance expense was higher by 60.0% YoY in 4Q2019 and 12.6% YoY in the full year, mainly due to a one-off S\$10.9 million provision for contracted maintenance costs for submarine cables that are no longer in use.

Other expenses

Other expenses for 4Q2019 was lower by S\$14.5 million YoY, due to lower licence fees and lower impairment loss on property, plant and equipment (PPE) for voice equipment, partially offset by higher professional services fees. Other expenses for the full year was lower by S\$20.9 million YoY, due to lower licence fees, lower foreign exchange loss, lower billing and collection costs, lower impairment loss on PPE for voice equipment and lower impairment of contract assets, partially offset by higher professional services fees, higher customer service outsourcing costs for cable migration and lower miscellaneous income.

Depreciation and amortisation

Depreciation and amortisation expense was higher mainly due to higher depreciation of ROU assets and accelerated depreciation for certain IS systems.

Other operating expenses (Cyber security services)

The increase for other operating expenses YoY in 4Q2019 and full year was primarily due to the increase in staff costs, depreciation and amortisation and other expenses from Cyber security services.

(C) Other income

Other income increased mainly due to income grant received in 4Q2019 and recovery of tunnel fees from TPG in the full year as compared to the corresponding periods last year.

(D) Profitability

Profit from operations of S\$46.5 million in 4Q2019 was S\$16.6 million higher YoY. Losses from Cyber security services of S\$5.8 million in 4Q2019 was S\$7.5 million lower YoY compared to the corresponding period last year. Excluding Cyber security services, profit from operations would have been S\$52.3 million, which is S\$9.1 million higher YoY due to higher margin from Sales of equipment, higher other income from income grant and lower operating expenses, partially offset by lower revenues from Mobile, Pay TV and Broadband and higher cable migration cost.

Profit from operations of S\$255.9 million in the full year was S\$17.5 million lower YoY. Losses from Cyber security services was S\$21.8 million in the full year compared to a profit of S\$0.2 million in the corresponding period last year. Excluding Cyber security services, profit from operations would have been S\$277.7 million, which is S\$4.5 million higher YoY due to lower operating expenses as well as higher other income from the TPG tunnel fees cost recovery, partially mitigated by lower revenues from Mobile, Pay TV, Broadband and higher cable migration cost.

Service EBITDA margin for 4Q2019 at 26.0% and the full year at 31.7% were 2.9% points and 3.3% points higher YoY respectively, mainly due to the impact from *SFRS(I) 16 Leases* where operating leases are capitalised as ROU assets and depreciated over the asset life. Excluding the impact of *SFRS(I) 16*, service EBITDA margin for 4Q2019 and the full year would have been 22.8% and 27.8% respectively, 0.3% points and 0.7% points lower YoY compared to the corresponding periods last year.

Finance income was lower YoY in both 4Q2019 and full year whilst finance expenses were higher in 4Q2019 and full year mainly due to the adoption of *SFRS(I) 16 Leases* which resulted in higher interest expense due to higher lease liabilities, coupled with higher loan interest due to higher borrowings.

Share of loss of associate was higher YoY for 4Q2019 and lower YoY for the full year compared to the corresponding periods last year.

Profit before taxation of S\$37.8 million in 4Q2019 was higher by S\$15.7 million YoY as a result of higher profit from operations. Taxation expenses for 4Q2019 was lower at S\$4.5 million due to enhanced tax deduction for Research and Development (R&D) expenditure.

Profit before taxation of S\$218.6 million in the full year was lower by S\$26.8 million YoY as a result of lower profit from operations. Taxation expenses was lower at S\$40.0 million.

Profit for the period in 4Q2019 and the full year was S\$33.3 million and S\$178.6 million respectively.

2. BUSINESS REVIEW

Mobile Services

	Quarter ended 31 Dec				Full Year ended 31 Dec			
	2019 S\$m	2018 S\$m	Incr / (Decr) S\$m	%	2019 S\$m	2018 S\$m	Incr/ (Decr) S\$m	%
Mobile revenue	190.9	194.3	(3.4)	(1.8)	765.5	824.5	(59.0)	(7.2)

	Quarter ended / As of			Full Year ended / As of		YoY
	31 Dec 2019	30 Sep 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018	Incr / (Decr) %
Mobile operating statistics						
Number of registered customers (in thousands)						
Post-paid	1,451	1,442	1,402	1,451	1,402	3.5
Pre-paid	778	785	788	778	788	(1.4)
Total	2,229	2,227	2,191	2,229	2,191	1.8
ARPU with IDD included (S\$ per month)						
Post-paid	40	39	41	40	43	(8.6)
Pre-paid	13	13	14	13	13	(1.6)
Average smartphone data usage (GB)	9.9	8.8	6.1	8.1	5.6	44.9
Average monthly churn rate (post-paid)	1.1%	1.6%	1.1%	1.2%	1.0%	-
Singapore mobile penetration ⁽¹⁾	158.3%	157.0%	148.8%	158.3%	148.8%	-
Market Share ⁽¹⁾	24.7%	24.9%	26.1%	24.7%	26.1%	-

Note:

(1) Based on latest published statistics

Overall Mobile service revenues in 4Q2019 and full year were lower by 1.8% and 7.2% respectively. The decrease was mainly due to lower IDD, excess data usage, roaming, data subscriptions and VAS (value-added services) revenues, partially offset by the increase in plan subscriptions, enterprise SMS revenues and reversal of loyalty reward accrual following the change in customer loyalty programme.

Post-paid mobile services

As of 31 December 2019, post-paid mobile subscriber base stood at 1,451,000 after the quarter's net addition of 9,000 subscribers. Compared to a year ago, post-paid customer base increased by 49,000 customers or 3.5%.

Post-paid mobile ARPU at S\$40 in 4Q2019 and full year were S\$1 and S\$3 lower YoY respectively compared to the corresponding periods last year, mainly due to lower data subscription, VAS and data usage revenues. The overall average smartphone data usage increased YoY for both 4Q2019 and full year to 9.9 GB and 8.1 GB respectively.

Post-paid mobile average monthly churn rate was at 1.1% for 4Q2019 and 1.2% for the full year.

Pre-paid mobile services

As of 31 December 2019, pre-paid mobile customer base was 778,000. Compared to a year ago, pre-paid customer base decreased by 10,000 customers. The decline was partly due to the migration of pre-paid customers to SIM-only post-paid plans.

Pre-paid mobile ARPU was at S\$13 for 4Q2019 and the full year respectively.

Pay TV Services

	Quarter ended 31 Dec				Full Year ended 31 Dec			
	2019	2018	Incr / (Decr)		2019	2018	Incr / (Decr)	
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Pay TV revenue	56.5	71.3	(14.8)	(20.8)	248.0	311.3	(63.3)	(20.3)

	Quarter ended / As of			Full Year ended / As of		YoY Incr / (Decr) %
	31 Dec 2019	30 Sep 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018	
Pay TV operating statistics						
Number of residential Pay TV customers (in thousands)	329	347	409	329	409	(19.4)
ARPU (S\$ per month)	42	40	48	44	50	(12.5)
Average monthly churn rate	0.7%	2.2%	1.4%	1.6%	1.2%	-

Pay TV service revenue of S\$56.5 million in 4Q2019 and S\$248.0 million in the full year were 20.8% and 20.3% lower YoY respectively. The decrease was mainly due to a lower subscriber base and lower ARPUs, both due to promotional activities in respect of the cable to fibre migration.

As of 31 December 2019, Pay TV households stood at 329,000 after the quarter's net churn of 18,000 households. Compared to a year ago, Pay TV households were lower by 80,000.

Average monthly churn rate was lower at 0.7% for 4Q2019 after the completion of the cable to fibre migration last quarter. Average monthly churn rate was higher at 1.6% for the full year mainly due to higher Cable TV churn as a result of the cable network shut down on 1 October 2019.

Pay TV ARPU of S\$42 in 4Q2019 and S\$44 in the full year were lower when compared to the corresponding periods last year.

Broadband Services

	Quarter ended 31 Dec				Full Year ended 31 Dec			
	2019	2018	Incr / (Decr)		2019	2018	Incr/ (Decr)	
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Broadband revenue	41.0	45.7	(4.7)	(10.2)	176.4	185.8	(9.4)	(5.1)

Broadband operating statistics	Quarter ended / As of			Full Year ended / As of		YoY
	31 Dec	30 Sep	31 Dec	31 Dec		Incr / (Decr)
	2019	2019	2018	2019	2018	%
Number of residential broadband customers - subscription-based (in thousands)	501	505	482	501	482	4.0
ARPU (S\$ per month)	27	27	32	29	32	(10.6)
Average monthly churn rate	0.5%	0.9%	0.8%	0.8%	0.9%	-

Broadband service revenue of S\$41.0 million in 4Q2019 and S\$176.4 million in the full year were 10.2% and 5.1% lower YoY respectively. The decreases were mainly due to lower ARPUs.

Broadband ARPU of S\$27 in 4Q2019 and S\$29 in the full year were lower when compared to the corresponding periods last year, mainly due to promotional activities in respect of the cable to fibre migration.

Broadband average monthly churn rate was lower at 0.5% in 4Q2019 after the completion of the cable to fibre migration last quarter. Average monthly churn rate stood at 0.8% for the full year.

Enterprise Business

Enterprise Business revenue	Quarter ended 31 Dec				Full Year ended 31 Dec			
	2019 S\$m	2018 S\$m	Incr / (Decr) S\$m %		2019 S\$m	2018 S\$m	Incr/ (Decr) S\$m %	
Data & Internet ⁽³⁾	67.4	69.9	(2.6)	(3.7)	274.9	284.0	(9.1)	(3.2)
Managed services ⁽¹⁾	33.7	29.2	4.6	15.6	111.2	98.8	12.4	12.6
Voice services ⁽³⁾	9.8	14.7	(4.9)	(33.3)	43.4	46.7	(3.3)	(7.0)
Network solutions	110.9	113.8	(2.9)	(2.5)	429.5	429.4	0.0	0.0
Cyber security services ⁽²⁾	44.4	32.4	12.1	37.3	145.7	81.3	64.4	79.1
Total	155.3	146.1	9.2	6.3	575.2	510.8	64.4	12.6

(1) Managed services include Analytics, Cloud, ICT solutions and Facility Management

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

(3) ISDN revenue has been reclassified from Data & Internet to Voice as ISDN is now used predominantly to support telephone network.

Enterprise Business revenue increased YoY by 6.3% in 4Q2019 and 12.6% for the full year respectively, mainly due to higher revenues from cyber security services and managed services, partially offset by lower revenues from voice services, internet services and domestic leased circuits.

Data & Internet service revenue in 4Q2019 and the full year were lower YoY respectively due to the renewals of domestic leased circuits and IP transit at lower rates.

Managed services revenue for 4Q2019 and the full year were higher YoY respectively due to more projects completed during the quarter as well as higher demands for cloud, cryptographic and digital security solutions.

Voice services revenue in 4Q2019 and the full year were lower YoY respectively mainly due to lower domestic voice and international voice traffic, partially offset by higher smart messaging revenues.

The growth in cyber security services in 4Q2019 and the full year were largely contributed by the consolidation of Ensign from 4Q2018 onwards and higher demand for these services.

3. GROUP CASH FLOW STATEMENT

	Quarter ended 31 Dec		Full Year ended 31 Dec	
	2019 S\$m	2018 S\$m	2019 S\$m	2018 S\$m
Operating Activities				
Profit before taxation	37.8	22.1	218.6	245.3
Adjustments for :				
Depreciation and amortisation	91.9	78.3	361.2	291.2
Income related grants	(1.9)	(0.5)	(2.0)	(1.1)
Share-based payments	1.3	1.5	3.8	1.0
Net finance costs	8.3	7.6	36.7	27.1
Share of loss of associate, net of tax	0.4	0.2	0.5	1.0
Others	0.2	3.0	2.2	3.9
Operating cash flow before working capital changes	138.0	112.2	621.1	568.4
Changes in operating assets and liabilities	(31.4)	(72.2)	(101.1)	(81.7)
Income taxes paid	(5.9)	0.4	(71.9)	(68.6)
Net cash from operating activities	100.8	40.3	448.2	418.1
Investing Activities				
Interest received	0.4	1.0	1.3	3.1
Proceeds from disposal of property, plant and equipment and intangible assets	0.1	-	0.4	0.4
Purchase of property, plant and equipment and intangible assets	(65.1)	(83.3)	(229.5)	(272.8)
Acquisition of subsidiary, net of cash acquired	-	(8.9)	-	(65.4)
Proceeds from dilution of interest in subsidiary	-	-	5.0	-
Net cash used in investing activities	(64.5)	(91.1)	(222.9)	(334.7)
Financing Activities				
Repayment of lease liabilities	(39.1)	-	(61.1)	-
Grants received	0.2	0.5	0.7	2.1
Dividend paid to owners of the Company	(39.0)	(69.2)	(186.1)	(276.9)
Perpetual capital securities distribution paid	(4.0)	(4.0)	(7.9)	(7.9)
Interest paid	(11.0)	(10.3)	(37.7)	(30.6)
Purchase of Treasury Shares	-	-	(1.5)	-
Proceeds from bank loans	20.0	50.0	70.0	50.0
Repayment of bank loans	-	-	(50.1)	(0.1)
Net cash used in financing activities	(72.9)	(33.0)	(273.7)	(263.3)
Net change in cash and cash equivalents	(36.7)	(83.8)	(48.4)	(179.9)
Cash and cash equivalents at beginning of the period	153.6	249.1	165.3	345.2
Cash and cash equivalents at end of the period	116.9	165.3	116.9	165.3
Cash and cash equivalents comprise:				
Cash and bank balances	117.6	166.0	117.6	166.0
Restricted cash	(0.7)	(0.6)	(0.7)	(0.6)
	116.9	165.3	116.9	165.3

The Group's 4Q2019 net cash from operating activities of S\$100.8 million was S\$60.5 million higher YoY. Net cash from operating activities for the full year of S\$448.2 million was S\$30.1 million higher YoY. The increase in 4Q2019 was largely due to a higher cash flow from operations and lower working capital needs, partially offset by higher income tax paid. For the full year, the increase was primarily due to higher cash flow from operations, partially offset by a higher working capital needs and higher income tax paid.

The negative working capital changes of S\$31.4 million in 4Q2019 was primarily attributed to lower trade and other payables and higher inventories, partially offset by higher contract liabilities and higher net balances due to related parties. For the full year, the negative working capital changes of S\$101.1 million was primarily attributed to higher inventories, higher contract costs and higher contract assets, lower trade and other payables and lower net balances due to related parties, partially offset by lower trade receivables and lower other receivables, deposits and prepayments.

Net cash used in investing activities decreased by S\$26.6 million to S\$64.5 million in 4Q2019, mainly due to lower CAPEX payments and investment in Ensign in October 2018 (refer to note 4 on page 2). For the full year, the net cash used in investing activities of S\$222.9 million was S\$111.8 million lower YoY due to lower CAPEX payments, net proceeds received from the dilution of interest in D'Crypt in September 2019 (refer to note 5 on page 2) and investments made in January 2018 for D'Crypt as well as Ensign in October 2018.

The Group's CAPEX payments amounted to S\$65.1 million in 4Q2019 and S\$229.5 million in the full year, representing 10.7% and 9.8% of total revenue respectively. CAPEX payments were lower YoY by S\$18.2 million in 4Q2019 and S\$43.3 million in the full year mainly due to a decrease in purchase of PPE.

Free cash flow of S\$35.7 million in 4Q2019 and S\$218.6 million in the full year were higher YoY by S\$78.7 million and S\$73.3 million respectively, primarily due to higher cash from operating activities coupled with lower CAPEX payments.

Net cash used in financing activities was higher YoY at S\$72.9 million in 4Q2019 and S\$273.7 million in the full year due to the repayment of lease liabilities and bank loans and higher interest paid, partially offset by higher proceeds from bank loans and lower dividends declared and paid for FY2019.

The resulting net cash generated was a deficit of S\$36.7 million in 4Q2019 and a deficit of S\$48.4 million in the full year, leading to a lower cash and cash equivalents balance (excluding restricted cash) of S\$116.9 million.

Capital expenditure commitments

As of 31 December 2019, the Group's total outstanding capital expenditure commitments amounted to S\$452.6 million, including the outstanding commitments for 4G spectrum rights of S\$282.0 million.

4. STATEMENT OF FINANCIAL POSITION

	Group		Company	
	31 Dec 19	31 Dec 18 (Note A)	31 Dec 19	31 Dec 18
	S\$m	S\$m	S\$m	S\$m
Non-current assets				
Property, plant and equipment	820.2	893.2	421.0	465.1
Intangible assets	672.3	688.0	108.8	102.1
Right-of-use assets	150.0	-	116.7	-
Subsidiaries	-	-	3,256.0	3,304.4
Associate	22.1	22.7	27.8	27.8
Investment in fair value through other comprehensive income	34.3	36.0	34.3	36.0
Amount due from related parties	8.5	8.2	8.5	8.2
Deferred tax assets	-	1.5	-	-
Contract assets	77.6	67.4	0.6	0.1
Contract costs	7.0	5.6	0.4	0.5
	1,792.1	1,722.8	3,974.1	3,944.3
Current assets				
Inventories	98.3	75.2	5.5	0.6
Contract assets	334.1	269.6	27.5	18.7
Contract costs	32.5	24.7	1.5	1.4
Trade receivables	248.7	282.8	198.0	183.1
Other receivables, deposits and prepayments	88.7	94.2	33.1	33.9
Amount due from related parties	21.9	18.3	15.4	14.1
Cash and bank balances	117.6	166.0	74.5	117.6
	941.8	930.7	355.5	369.5
Less:				
Current Liabilities				
Contract liabilities	69.4	70.2	18.1	23.4
Trade and other payables	539.5	594.9	308.7	270.6
Amount due to related parties	41.1	57.5	150.9	235.8
Borrowings	407.6	50.1	407.5	50.0
Lease liabilities	26.6	-	15.8	-
Provision for taxation	92.1	119.5	26.0	23.7
	1,176.3	892.0	927.0	603.4
Net current (liabilities)/ assets	(234.5)	38.7	(571.5)	(233.9)
Non-current liabilities				
Contract liabilities	36.2	32.5	36.2	32.5
Trade and other payables	43.6	33.0	10.9	7.0
Borrowings	640.8	978.4	640.0	977.5
Lease liabilities	128.9	-	100.4	-
Deferred income	6.6	0.3	0.0	0.3
Deferred tax liabilities	121.4	129.2	70.6	75.6
	977.5	1,173.4	858.1	1,093.0
Net assets	580.1	588.1	2,544.4	2,617.4
Shareholders' equity				
Share capital	299.7	299.7	299.7	299.7
Perpetual Capital Securities	199.9	199.9	199.9	199.9
Reserves	18.6	8.6	2,044.9	2,117.9
Equity attributable to owners of the Company	518.1	508.1	2,544.4	2,617.4
Non-controlling interests	62.0	80.0	-	-
Total equity	580.1	588.1	2,544.4	2,617.4

Note:

(A) In accordance with SFRS(I) 3 Business Combinations, StarHub Group has, based on an updated valuation report prepared by a professional valuer, retrospectively adjusted the provisional Purchase Price Allocation amounts recognised at the acquisition date of Ensign to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The provisional goodwill has been adjusted upward due to the revision in the values of intangible assets and liabilities recognised.

GROUP BALANCE SHEET REVIEW

As of 31 December 2019, the Group's total non-current assets of S\$1,792.1 million was S\$69.3 million higher when compared to S\$1,722.8 million as of 31 December 2018. The increase was primarily due to higher ROU assets from the impact of *SFRS(I) 16 Leases* adoption and higher contract assets. This was partially offset by a decrease in PPE, intangible assets and investment in fair value through other comprehensive income.

Total current assets as of 31 December 2019 increased by S\$11.1 million to S\$941.8 million mainly from higher balances in inventories, contract assets and contract costs, partially offset by lower balances in trade receivables, other receivables, deposits and prepayments, as well as cash and cash equivalents.

Total current liabilities increased by S\$284.3 million to S\$1,176.3 million as of 31 December 2019 mainly due to the reclassification of borrowings from non-current to current liabilities coupled with increase in lease liabilities due to the adoption of *SFRS(I) 16 Leases*. This is partially offset by a decrease in trade and other payables, amount due to related parties and provision for taxation.

The Group is presently in discussions with several banks to refinance its current borrowings of \$407.6 million which are due for repayment in the second half of 2020. As of 31 December 2019, the Group has S\$669.7 million of available credit facilities.

The decrease in total non-current liabilities by S\$195.9 million to S\$977.5 million as of 31 December 2019 was primarily due to the reclassification of borrowings to current liabilities coupled with lower deferred tax liabilities, partially offset by higher trade and other payables, deferred income, contract liabilities and lease liabilities (as explained above).

The Group's shareholders' equity increased by S\$10.0 million to S\$518.1 million as of 31 December 2019 (excluding non-controlling interests of S\$62.0 million). The increase was mainly due to higher retained profits.

Following the disposal of D'Crypt in September 2019 to Keele, D'Crypt became an indirect subsidiary of Ensign as a result of the rights accorded to Ensign through the purchase of Preference Shares of Keele. The Group now holds 60% of the economic interest in D'Crypt through its shareholding and interest in Ensign.

The non-controlling interests represent the balance of 40% effective economic interest in Ensign attributable to minority shareholders.

5. GROUP UNSECURED BORROWINGS

Unsecured borrowings	31 Dec 19 S\$m	31 Dec 18 S\$m
Amount repayable in one year or less		
Bank loans	407.6	50.1
Medium term notes	-	-
	407.6	50.1
Amount repayable after one year		
Bank loans	120.8	458.4
Medium term notes	520.0	520.0
	640.8	978.4
Total	1,048.4	1,028.4

The Group's unsecured borrowings was higher by S\$20.0 million as of 31 December 2019.

On account of a lower cash and cash equivalent balance, net debt was S\$68.4 million higher at S\$930.8 million as of 31 December 2019 compared to S\$862.4 million as of 31 December 2018. As a ratio of the past 12 months' EBITDA, the Group's net debt was lower at 1.51 times as of 31 December 2019 compared to 1.52 times as of 31 December 2018.

6. STATEMENT OF CHANGES IN EQUITY

Group	Share capital S\$m	Perpetual capital securities S\$m	Treasury shares S\$m	Capital reserve S\$m	Goodwill written off S\$m	Share-based payments reserve S\$m	Fair value reserve S\$m	Hedging reserve S\$m	Translation reserve S\$m	Retained profits S\$m	Total reserves S\$m	Non-controlling interest S\$m	Total equity S\$m
At 1 Jan 2019 (Note A on page 17)	299.7	199.9	(3.0)	1.7	(276.3)	8.8	(5.8)	(0.2)	1.3	282.1	8.6	80.0	588.1
Total comprehensive income for the period													
Profit for the period	-	-	-	-	-	-	-	-	-	151.5	151.5	(6.2)	145.3
Other comprehensive income													
Foreign currency translation differences	-	-	-	-	-	-	-	-	0.0	-	0.0	(0.0)	(0.0)
Effective portion of changes in fair value of cash flow hedges, net of taxation	-	-	-	-	-	-	-	0.4	-	-	0.4	-	0.4
Net change in fair value of equity investments at FVOCI, net of taxation	-	-	-	-	-	-	(10.9)	-	-	-	(10.9)	-	(10.9)
Total comprehensive income for the period	-	-	-	-	-	-	(10.9)	0.4	0.0	151.5	141.0	(6.2)	134.9
Transactions with equity holders of the Company, recognised directly in equity													
<i>Contributions by and distributions to equity holders of the Company</i>													
Net changes in fair value of put liability to acquire non-controlling interests	-	-	-	(1.0)	-	-	-	-	-	-	(1.0)	-	(1.0)
Derecognition of put liability	-	-	-	34.0	-	-	-	-	-	-	34.0	-	34.0
Net effect from business combinations	-	-	-	(16.4)	-	-	-	-	-	-	(16.4)	(11.0)	(27.5)
Share-based payments expenses	-	-	-	-	-	2.4	-	-	-	-	2.4	-	2.4
Accrued perpetual capital securities distribution	-	5.9	-	-	-	-	-	-	-	(4.9)	(4.9)	-	1.0
Perpetual capital securities distribution paid	-	(3.9)	-	-	-	-	-	-	-	-	-	-	(3.9)
Issue of shares pursuant to share plans	-	-	4.2	-	-	(4.2)	-	-	-	-	(0.0)	-	(0.0)
Purchase of treasury shares	-	-	(1.5)	-	-	-	-	-	-	-	(1.5)	-	(1.5)
Tax impact on transfer of treasury shares	-	-	-	-	-	(0.1)	-	-	-	-	(0.1)	-	(0.1)
Dividends paid	-	-	-	-	-	-	-	-	-	(147.2)	(147.2)	-	(147.2)
Total transactions with equity holders of the Company	-	2.0	2.7	16.6	-	(1.8)	-	-	-	(152.1)	(134.7)	(11.0)	(143.7)
At 30 Sep 2019	299.7	201.9	(0.1)	18.2	(276.3)	6.7	(16.7)	0.2	1.3	281.5	14.9	62.7	579.2
Total comprehensive income for the period													
Profit for the period	-	-	-	-	-	-	-	-	-	34.9	34.9	(1.6)	33.3
Other comprehensive income													
Foreign currency translation differences	-	-	-	-	-	-	-	-	0.0	-	0.0	-	0.0
Effective portion of changes in fair value of cash flow hedges, net of taxation	-	-	-	-	-	-	-	(2.3)	-	-	(2.3)	-	(2.3)
Net change in fair value of equity investments at FVOCI, net of taxation	-	-	-	-	-	-	9.1	-	-	-	9.1	-	9.1
Total comprehensive income for the period	-	-	-	-	-	-	9.1	(2.3)	0.0	34.9	41.7	(1.6)	40.1
Transactions with equity holders of the Company, recognised directly in equity													
<i>Contributions by and distributions to equity holders of the Company</i>													
Net effect from business combinations	-	-	-	1.2	-	-	-	-	-	-	1.2	0.8	2.0
Share-based payments expenses	-	-	-	-	-	1.3	-	-	-	-	1.3	-	1.3
Accrued perpetual capital securities	-	2.0	-	-	-	-	-	-	-	(3.0)	(3.0)	-	(1.0)
Perpetual capital securities distribution paid	-	(4.0)	-	-	-	-	-	-	-	1.3	1.3	-	(2.6)
Dividends paid	-	-	-	-	-	-	-	-	-	(39.0)	(39.0)	-	(39.0)
Total transactions with equity holders of the Company	-	(2.0)	-	1.2	-	1.3	-	-	-	(40.6)	(38.1)	0.8	(39.2)
At 31 Dec 2019	299.7	199.9	(0.1)	19.4	(276.3)	8.0	(7.5)	(2.1)	1.3	275.8	18.6	62.0	580.1

6. STATEMENT OF CHANGES IN EQUITY (CONT'D)

Group	Share capital S\$m	Perpetual capital securities S\$m	Treasury shares S\$m	Capital reserve S\$m	Goodwill written off S\$m	Share-based payment reserve S\$m	Fair value reserve S\$m	Hedging reserve S\$m	Translation reserve S\$m	Retained profits S\$m	Total reserves S\$m	Non-controlling interests S\$m	Total equity S\$m
At 1 Jan 2018	299.7	199.9	(8.2)	-	(276.3)	13.0	18.2	(10.1)	1.4	364.0	102.0	4.5	606.0
Total comprehensive income for the period													
Profit for the period	-	-	-	-	-	-	-	-	-	181.7	181.7	3.3	185.0
Other comprehensive income													
Foreign currency translation differences	-	-	-	-	-	-	-	-	(0.0)	-	(0.0)	-	(0.0)
Effective portion of changes in fair value of cash flow hedges, net of taxation	-	-	-	-	-	-	9.9	-	-	-	9.9	-	9.9
Net change in fair value of equity investment at FVOCI, net of taxation	-	-	-	-	-	-	(16.0)	-	-	-	(16.0)	-	(16.0)
Total comprehensive income for the period	-	-	-	-	-	-	(16.0)	9.9	(0.0)	181.7	175.6	3.3	178.9
Transactions with equity holders of the Company, recognised directly in equity													
<i>Contributions by and distributions to equity holders of the Company</i>													
interests	-	-	-	-	-	-	-	-	-	-	-	7.3	7.3
Share-based payments expenses	-	-	-	-	-	(0.5)	-	-	-	-	(0.5)	-	(0.5)
Accrued perpetual capital securities distribution	-	5.9	-	-	-	-	-	-	-	(5.6)	(5.6)	-	0.3
Perpetual capital securities distribution paid	-	(3.9)	-	-	-	-	-	-	-	0.7	0.7	-	(3.3)
Issue of shares pursuant to share plans	-	-	5.2	-	-	(5.1)	-	-	-	-	0.1	-	0.1
Tax impact on transfer of treasury shares	-	-	-	-	-	(0.2)	-	-	-	-	(0.2)	-	(0.2)
Dividends paid	-	-	-	-	-	-	-	-	-	(207.7)	(207.7)	-	(207.7)
Company	-	2.0	5.2	-	-	(5.8)	-	-	-	(212.6)	(213.2)	7.3	(203.9)
At 30 Sep 2018	299.7	201.9	(3.0)	-	(276.3)	7.3	2.2	(0.2)	1.3	333.2	64.5	15.1	581.1
Total comprehensive income for the period													
Profit for the period	-	-	-	-	-	-	-	-	-	19.8	19.8	(4.4)	15.4
Other comprehensive income													
Foreign currency translation differences	-	-	-	-	-	-	-	-	(0.0)	-	(0.0)	-	(0.0)
Effective portion of changes in fair value of cash flow hedges, net of taxation	-	-	-	-	-	-	(0.0)	-	-	-	(0.0)	-	(0.0)
Net change in fair value of equity investment at FVOCI, net of taxation	-	-	-	-	-	-	(8.0)	-	-	-	(8.0)	-	(8.0)
Total comprehensive income for the period	-	-	-	-	-	-	(8.0)	(0.0)	(0.0)	19.8	11.8	(4.4)	7.4
Transactions with equity holders of the Company, recognised directly in equity													
<i>Contributions by and distributions to equity holders of the Company</i>													
<i>Acquisition of subsidiary with non-controlling interests</i>													
Acquisition of subsidiary with non-controlling interests	-	-	-	34.7	-	-	-	-	-	-	34.7	69.3	103.9
Share-based payments expenses	-	-	-	-	-	1.5	-	-	-	-	1.5	-	1.5
Accrued perpetual capital securities	-	2.0	-	-	-	-	-	-	-	(2.3)	(2.3)	-	(0.3)
Perpetual capital securities distribution paid	-	(4.0)	-	-	-	-	-	-	-	0.7	0.7	-	(3.3)
Recognition of Put liability to acquire non-controlling interests	-	-	-	(42.7)	-	-	-	-	-	-	(42.7)	-	(42.7)
Changes in fair value of Put liability to acquire non-controlling interests	-	-	-	9.7	-	-	-	-	-	-	9.7	-	9.7
Dividends paid	-	-	-	-	-	-	-	-	-	(69.2)	(69.2)	-	(69.2)
Total transactions with equity holders of the Company	-	(2.0)	-	1.7	-	1.5	-	-	-	(70.9)	(67.7)	69.3	(0.4)
At 31 Dec 2018 (Note A on page 17)	299.7	199.9	(3.0)	1.7	(276.3)	8.8	(5.8)	(0.2)	1.3	282.1	8.6	80.0	588.1

6. STATEMENT OF CHANGES IN EQUITY (CONT'D)

Company	Share capital S\$m	Perpetual capital securities S\$m	Treasury shares S\$m	Share-based payments reserve S\$m	Fair value reserve S\$m	Retained profits S\$m	Total reserves S\$m	Total equity S\$m
At 1 Jan 2019	299.7	199.9	(3.0)	8.8	(5.8)	2,117.9	2,117.9	2,617.4
<u>Total comprehensive income for the period</u>								
Profit for the period	-	-	-	-	-	161.4	161.4	161.4
Other comprehensive income								
Net change in fair value of equity investments at FVOCI, net of taxation	-	-	-	-	(10.9)	-	(10.9)	(10.9)
Total comprehensive income for the period	-	-	-	-	(10.9)	161.4	150.5	150.5
<u>Transactions with equity holders of the Company, recognised directly in equity</u>								
<i>Contributions by and distributions to equity holders of the Company</i>								
Share-based payments expenses	-	-	-	2.4	-	-	2.4	2.4
Accrued perpetual capital securities distribution	-	5.9	-	-	-	(4.9)	(4.9)	1.0
Perpetual capital securities distribution paid	-	(3.9)	-	-	-	-	-	(3.9)
Purchase of treasury shares	-	-	(1.5)	-	-	-	(1.5)	(1.5)
Issue of shares pursuant to share plans	-	-	4.4	(4.4)	-	-	-	-
Tax impact on transfer of treasury shares	-	-	-	(0.1)	-	-	(0.1)	(0.1)
Dividends paid	-	-	-	-	-	(147.2)	(147.2)	(147.2)
Total transactions with equity holders of the Company	-	2.0	2.9	(2.1)	-	(152.1)	(151.2)	(149.3)
At 30 Sep 2019	299.7	201.9	(0.1)	6.7	(16.7)	2,127.3	2,117.2	2,618.7
<u>Total comprehensive income for the period</u>								
Loss for the period	-	-	-	-	-	(42.2)	(42.2)	(42.2)
Other comprehensive income								
Net change in fair value of equity investments at FVOCI, net of taxation	-	-	-	-	9.1	-	9.1	9.1
Total comprehensive income for the period	-	-	-	-	9.1	(42.2)	(33.1)	(33.1)
<u>Transactions with equity holders of the Company, recognised directly in equity</u>								
<i>Contributions by and distributions to equity holders of the Company</i>								
Share-based payments expenses	-	-	-	1.3	-	-	1.3	1.3
Accrued perpetual capital securities	-	2.0	-	-	-	(3.0)	(3.0)	(1.0)
Perpetual capital securities distribution paid	-	(4.0)	-	-	-	1.3	1.3	(2.6)
Purchase of treasury shares	-	-	-	-	-	-	-	-
Issue of shares pursuant to share plans	-	-	-	-	-	-	-	-
Tax impact on transfer of treasury shares	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	(39.0)	(39.0)	(39.0)
Total transactions with equity holders of the Company	-	(2.0)	-	1.3	-	(40.6)	(39.3)	(41.2)
At 31 Dec 2019	299.7	199.9	(0.1)	8.0	(7.5)	2,044.5	2,044.9	2,544.4

6. STATEMENT OF CHANGES IN EQUITY (CONT'D)

Company	Share capital S\$m	Perpetual Capital Securities S\$m	Treasury shares S\$m	Share-based payment reserve S\$m	Fair value reserve S\$m	Retained profits S\$m	Total Reserves S\$m	Total equity S\$m
At 1 Jan 2018	299.7	199.9	(8.2)	13.0	18.2	2,001.8	2,024.8	2,524.4
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	140.7	140.7	140.7
Other comprehensive income								
Net change in fair value of equity investments at FVOCI, net of taxation	-	-	-	-	(16.0)	-	(16.0)	(16.0)
Total comprehensive income for the period	-	-	-	-	(16.0)	140.7	124.7	124.7
Transactions with equity holders of the Company, recognised directly in equity								
<i>Contributions by and distributions to equity holders of the Company</i>								
Share-based payments expenses	-	-	-	(0.5)	-	-	(0.5)	(0.5)
Accrued perpetual capital securities distribution	-	5.9	-	-	-	(5.6)	(5.6)	0.3
Perpetual securities distribution paid	-	(3.9)	-	-	-	0.7	0.7	(3.3)
Issue of shares pursuant to share plans	-	-	5.2	(5.1)	-	-	0.1	0.1
Tax impact on transfer of treasury shares	-	-	-	(0.2)	-	-	(0.2)	(0.2)
Dividends paid	-	-	-	-	-	(207.7)	(207.7)	(207.7)
Total transactions with equity holders of the Company	-	2.0	5.2	(5.8)	-	(212.6)	(213.2)	(211.2)
At 30 Sep 2018	299.7	201.9	(3.0)	7.3	2.2	1,930.0	1,936.4	2,437.9
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	258.9	258.9	258.9
Other comprehensive income								
Net change in fair value of equity investments at FVOCI, net of taxation	-	-	-	-	(8.0)	-	(8.0)	(8.0)
Total comprehensive income for the period	-	-	-	-	(8.0)	258.9	250.9	250.9
Transactions with equity holders of the Company, recognised directly in equity								
<i>Contributions by and distributions to equity holders of the Company</i>								
Share-based payments expenses	-	-	-	1.5	-	-	1.5	1.5
Accrued perpetual capital securities	-	2.0	-	-	-	(2.3)	(2.3)	(0.3)
Perpetual capital securities distribution paid	-	(4.0)	-	-	-	0.7	0.7	(3.3)
Dividends paid	-	-	-	-	-	(69.2)	(69.2)	(69.2)
Total transactions with equity holders of the Company	-	(2.0)	-	1.5	-	(70.9)	(69.4)	(71.3)
At 31 Dec 2018	299.7	199.9	(3.0)	8.8	(5.8)	2,117.9	2,117.9	2,617.4

7. CHANGES IN COMPANY'S SHARE CAPITAL

Share Capital

As of 31 December 2019, the share capital of the Company was at S\$299.7 million (31 December 2018: S\$299.7 million) comprising 1,731,614,890 (31 December 2018: 1,730,698,702) issued ordinary shares (excluding treasury shares).

Treasury Shares

The treasury share balance as of 31 December 2019 was S\$0.1 million (31 December 2018: S\$3.0 million) comprising 36,553 (31 December 2018: 952,741) ordinary shares.

Issue of new shares

For 4Q2019, there was no issue of new ordinary shares.

Subsidiary holdings

As at 31 December 2019, none of the Company's subsidiaries held any shares in the Company (31 December 2018: Nil).

Perpetual Capital Securities

In 2Q2017, the Company issued subordinated perpetual capital securities with an aggregate principal amount of S\$200.0 million. The perpetual capital securities may be redeemed at the option of the Company, in whole, but not in part, on 16 June 2022 or on any Distribution Payment Date thereafter and otherwise upon the occurrence of certain redemption events as defined in the offering circular.

Such perpetual capital securities bear distributions at a rate of 3.95% per annum, with the first distribution rate reset falling on 16 June 2027 and subsequent resets occurring every 10 years thereafter. The distribution rate will be subject to a step-up of 1% per annum from 16 June 2027.

The distribution will be payable semi-annually in arrears on a discretionary basis and will be cumulative and compounding in accordance with the terms and conditions of the offering circular.

For the full year, the Group paid out S\$7.9 million for perpetual capital securities distribution.

Outstanding Shares – Share-Based Plans

Performance Share Plans

As of 31 December 2019, the outstanding balance of conditional awards under the Performance Share Plans was 3,114,020 (31 December 2018: 1,683,901) ordinary shares.

Restricted Stock Plans

As of 31 December 2019, the outstanding balance of conditional awards under the Restricted Stock Plans was 4,124,587 (31 December 2018: 3,213,325) ordinary shares.

8. AUDIT

The financial statements have not been audited or reviewed.

9. AUDITORS' REPORT

Not applicable.

10. ACCOUNTING POLICIES

The Group and Company have applied the same accounting policies and methods of computation in the financial statements for the current financial period consistent with those of the audited financial statements for the year ended 31 December 2018, except for the adoption of all applicable new and revised Singapore Financial Reporting Standards (International), ("SFRS(I)") and Interpretations of SFRS(I) ("INT SFRS(I)") which became effective from annual period beginning on or after 1 January 2019.

The application of the new and revised standard and interpretation has no material effect on the financial statements, except as described below:

a) SFRS(I) 16 Leases

SFRS(I) 16 is effective for annual period beginning on or after 1 January 2019.

SFRS(I) 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use ("ROU") assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

SFRS(I) 16 substantially carries forward the lessor accounting requirements in SFRS(I) 1-17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and account for these two types of leases using the SFRS(I) 1-17 operating lease and finance lease accounting models respectively.

The Group and Company have applied SFRS(I) 16 using the modified retrospective method as of 1 January 2019, with no restatement of comparative information.

The Group and Company have also applied the practical expedients to grandfather the definition of a lease on transition, which means that the Group and Company have applied SFRS(I) 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with SFRS(I) 1-17 and SFRS(I) INT 4.

11. CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

Please refer to Note 10.

12. GROUP EARNINGS PER ORDINARY SHARE

	Quarter ended 31 Dec		Full Year ended 31 Dec	
	2019	2018	2019	2018
Basic				
Earnings per share	1.9 cents	1.0 cents	10.3 cents	11.2 cents
Weighted average number of shares ('000)	1,731,615	1,730,698	1,731,136	1,730,141
Diluted				
Earnings per share	1.9 cents	1.0 cents	10.3 cents	11.2 cents
Weighted average number of shares ('000)	1,738,853	1,735,596	1,736,054	1,735,038

13. NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	31 Dec 2019	31 Dec 2018 (Note 1)	31 Dec 2019	31 Dec 2018
Net asset value per share	29.9 cents	29.4 cents	146.9 cents	151.2 cents

Note

(1) Please refer to Note A under Statement of Financial Position on page 17.

14. ANY VARIANCE BETWEEN PROSPECT STATEMENT PREVIOUSLY DISCLOSED AND THE ACTUAL RESULTS

Group's service revenue was lower by 3.7% YoY for the full year, below our guidance of 2% to 3% decline YoY.

The Group's service EBITDA margin before SFRS(I) 16 adoption for 4Q2019 and full year were 22.8% and 27.8% of service revenue respectively. This was within our full year guidance of between 26% to 28% of service revenue before SFRS(I) 16 adoption. The Group's service EBITDA margin after SFRS(I) 16 adoption for 4Q2019 and full year were 26.0% and 31.7% of service revenue respectively. This was within our full year guidance of between 30% to 32% of service revenue after SFRS(I) 16 adoption.

Total CAPEX commitment entered in the full year amounted to S\$175.3 million or 7.5% of total revenue. This was below our guidance for 2019 CAPEX commitment at 8% to 9% of total revenue (excluding spectrum) due to timing of projects.

15. GROUP OUTLOOK

We continue to gain momentum for our “Hello Change” plans that were launched in December 2018. The plans were aimed at enhancing flexibility and simplicity, which resulted in a significant improvement to our net promoter score (NPS), which is a good indicator of customer experience. To remain nimble in this dynamic market, we launched our digital brand, giga! in 2Q2019 that has seen accelerated growth since.

Cable-to-fibre migration was completed at the end of 3Q2019 with the remaining cable customers churning in 4Q2019. Moving forward, we expect the number of Home Broadband and Pay TV customers and ARPU to stabilise as most customers who migrated to fibre are on new contracts.

In the Home Broadband segment, while we expect sustained competition, we are looking into more differentiated offers such as our new Turbo Gamer 2Gbps fibre plan launched in August 2019 that targets the niche gaming segment. We also continue to explore more opportunities to enhance our customers broadband experiences

The next phase of our Pay TV transformation will focus on transforming customers’ content experience and launching more OTT-based offerings. The new simplified “Hello Change” TV plans launched in 2Q2019 and the all-in-one *Go Max* OTT pack launched in September has seen a strong uptake and improved NPS.

The Consumer Business remains committed in its digitalisation efforts – online sales have doubled, the *MyStarHub* App has seen a vast improvement in ratings, and we continue to drive deeper customer engagement with an enhanced digital loyalty programme in-app feature. We expect the improvements in customer experience and our digital proposition to enhance our brand in this highly competitive market.

The Enterprise business continues to register overall growth, driven by an increased need for enterprises to continue upgrading their network as they adopt cloud services as part of their digitisation journey, which we believe will help to mitigate pricing erosion in traditional telco services. Meanwhile, as ICT services continue to grow, we observe higher adoption for emerging technology such as data analytics, IoT and Data Centre-related services.

FY2019 marks the maiden full-year contribution from Ensign. While it was initially impacted by investments in R&D and human capital, both critical components for Ensign’s sustainable future growth, Ensign seeks to aggressively grow its market share to improve profitability. Alongside increased awareness, cybersecurity continues to be a key focus area for enterprises and Ensign’s sophisticated capabilities bolsters our ability to provide cutting-edge end-to-end cybersecurity solutions to enterprises.

While the traditional telco services remains relatively stable, we seek to drive further growth in managed services and emerging technology as we look into new revenue streams in adjacent verticals. As part of our transformation efforts, we are reviewing our portfolio of services and looking into optimising processes. We will also keep a look out for synergistic and accretive Merger and Acquisition opportunities to further strengthen our suite of capabilities to enterprises.

We will also continue to play an active role for 5G, which we believe will enable new consumer experiences and new enterprise solutions.

Based on the current business conditions, we expect the Group's FY2020 service revenue to improve by 1% to 3% YoY due to higher revenues from Cyber security services offset by Mobile and Pay TV. Group service EBITDA margin is expected to be between 27% to 29% due to a change in the mix of revenue contribution. This guidance has taken into consideration the current assessment of the COVID-19 impact. We expect to continue driving cost transformation initiatives to stabilise and improve margins. In FY2020, CAPEX commitment, excluding spectrum and 5G capex, is expected to be 6% to 7% of total revenue. The Group is committed to its dividend policy to pay out at least 80% of net profit attributable to shareholders (adjusted for one-off, non-recurring items), payable on a semi-annual basis. Taking into consideration short-to-mid term cash flow requirements, as well as results reaped from the ongoing business transformation initiatives, the Group intends to maintain a dividend of 9.0 cents per ordinary share for FY2020.

Some of the statements in this release constitute "forward-looking statements" that do not directly or exclusively relate to historical facts. These forward-looking statements reflect our current intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside our control. Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks. Because actual results could differ materially from our intentions, plans, expectations, assumptions and beliefs about the future, you are urged to view all forward-looking statements contained in this release with caution.

16. DIVIDENDS

- (a) Current financial period reported on

Any dividend recommended for the current financial period reported on? Yes

Name of Dividend	Interim
Dividend Type	Cash; Tax exempt (1-tier) dividend
Dividend Amount	S\$0.0225 per ordinary share
Tax Rate	Exempt (1-tier)

- (b) Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Interim
Dividend Type	Cash; Tax exempt (1-tier) dividend
Dividend Amount	S\$0.04 per ordinary share
Tax Rate	Exempt (1-tier)

- (c) Date payable

The Directors have proposed a final dividend of S\$0.0225 per ordinary share, tax exempt (1-tier) for approval for shareholders at the forthcoming annual general meeting to be convened. Details on payments of dividends will be announced in due course.

(d) Record date

Details on closure of books will be announced in due course.

17. IF NO DIVIDEND HAVE BEEN DECLARED/RECOMMENDED, A STATEMENT TO THAT EFFECT

Not applicable

18. INTERESTED PERSON TRANSACTIONS

	Nature of relationship	Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transaction less than S\$100,000) 1 January 2019 to 31 December 2019 S\$m	Aggregate value of all interested person transactions (excluding transaction less than S\$100,000 and transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual) 1 January 2019 to 31 December 2019 S\$m
Transactions for the Sale of Goods & Services			
Capitaland Limited & its associates		0.2	-
SembCorp Industries Ltd & its associates		0.9	-
Singapore Technologies Telemedia Pte Ltd & its associates	Associates of StarHub Ltd's controlling shareholder	35.4	-
Singapore Airlines Limited & its associates		2.5	-
Singapore Power Limited & its associates		1.2	-
Singapore Telecommunications Limited & its associates		17.0	-
Singapore Technologies Engineering Ltd & its associates		0.4	-
Temasek Holdings (Private) Limited and its associates (other than those disclosed above)	Controlling shareholder of StarHub Ltd and its associates	5.9	-
		63.5	-
Transactions for the Purchase of Goods & Services			
Mapletree Industrial Trust & its associates		10.2	-
SembCorp Industries Ltd & its associates	Associates of StarHub Ltd's controlling shareholder	14.8	-
Singapore Technologies Engineering Ltd & its associates		0.5	-
Singapore Telecommunications Limited & its associates		59.4	-
Singapore Technologies Telemedia Pte Ltd & its associates		48.2	-
Temasek Holdings (Private) Limited and its associates (other than those disclosed above)	Controlling shareholder of StarHub Ltd and its associates	9.3	-
		142.3	-
Sale of Business and Subscription of preference shares			
Keele Investments Pte. Ltd. ("Keele") and Ensign InfoSecurity Pte. Ltd. ("Ensign")	Associates of StarHub Ltd's controlling shareholder	-	145.0
		-	145.0

19. CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS

The Company confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual of Singapore Exchange Securities Trading Limited.

ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT PURSUANT TO SGX APPENDIX 7.2 PART II

1. SEGMENT REPORTING

	Telecommunications ⁽¹⁾	Cyber Security ⁽²⁾	Total	Telecommunications ⁽¹⁾	Cyber Security ⁽²⁾	Total
	2019	2019	2019	2018	2018	2018
	S\$m	S\$m	S\$m	S\$m	S\$m	S\$m
Mobile	765.5	-	765.5	824.5	-	824.5
Pay TV	248.0	-	248.0	311.3	-	311.3
Broadband	176.4	-	176.4	185.8	-	185.8
Enterprise Fixed	429.5	145.7	575.2	429.4	81.3	510.8
Sales of equipment	565.5	-	565.5	529.6	-	529.6
Total revenue	2,184.9	145.7	2,330.6	2,280.6	81.3	2,362.0
EBITDA	620.3	(3.2)	617.1	555.5	11.7	567.1
Depreciation & amortisation	(342.6)	(18.7)	(361.2)	(279.7)	(11.5)	(291.2)
Impairment loss on property, plant and equipment and intangible assets	-	-	-	(2.6)	-	(2.6)
Finance income	1.6	0.0	1.6	3.2	0.0	3.2
Finance expense	(38.0)	(0.4)	(38.3)	(30.2)	(0.0)	(30.3)
Share of loss of associate (net of tax)	(0.5)	-	(0.5)	(1.0)	-	(1.0)
Profit before taxation	240.7	(22.2)	218.6	245.2	0.2	245.3
Taxation	(41.7)	1.7	(40.0)	(43.7)	(1.1)	(44.9)
Profit for the year	199.0	(20.4)	178.6	201.4	(1.0)	200.5
Assets and liabilities						
Non-current assets	1,585.0	207.1	1,792.1	1,525.6	197.1	1,722.8
Current assets	833.3	108.4	941.8	792.6	138.2	930.7
Total assets	2,418.3	315.5	2,733.9	2,318.2	335.3	2,653.5
Borrowings	1,047.5	0.9	1,048.4	1,027.5	0.9	1,028.4
Other non-current liabilities	290.7	46.1	336.7	153.3	41.8	195.0
Current liabilities	700.5	68.3	768.7	767.6	74.4	842.0
Total liabilities	2,038.6	115.2	2,153.8	1,948.4	117.0	2,065.4
Other information						
Capital expenditure	222.0	19.9	241.9	300.1	6.9	307.0
Free cash flow ⁽³⁾	223.0	(4.3)	218.6	124.5	20.8	145.3

Note:

- (1) Telecommunications refers to the Group excluding Ensign and D'Crypt
- (2) Cyber Security refers to Ensign and D'Crypt
- (3) Free Cash Flow refers to net cash from operating activities less purchase of fixed assets in the cash flow statement
- (4) Segment Reporting for 2018 has been restated as D'Crypt was determined to operate in the Cyber Security segment in 2019.

2. SEGMENT PERFORMANCE

For review of the segment performance, please refer to Section 1.3 "Group Performance Review".

3. BREAKDOWN OF SALES

	2019 S\$m	2018 S\$m	Incr / (Decr) S\$m	%
Total revenue reported for first half year	1,149.6	1,160.3	(10.7)	(0.9)
Operating profit after tax before deducting non-controlling interests reported for first half year	88.7	127.0	(38.3)	(30.2)
Total revenue reported for second half year	1,181.0	1,201.7	(20.7)	(1.7)
Operating profit after tax before deducting non-controlling interests reported for second half year	89.9	73.4	16.4	22.4

4. TOTAL ANNUAL DIVIDEND (IN DOLLAR VALUE) FOR THE LATEST FULL YEAR AND PREVIOUS FULL YEAR

	Full Year ended 31 Dec	
	2019 S\$m	2018 S\$m
Ordinary shares (tax exempt 1-tier)		
Interim	116.9	207.6
Final (Proposed)	39.1	69.2
Total Annual Dividend	156.0	276.9

5. REPORT OF PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO A DIRECTOR, CEO OR SUBSTANTIAL SHAREHOLDER

Pursuant to Rule 704(13) of the Listing Manual of Singapore Exchange Securities Trading Limited, the Company confirms that there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director, the Chief Executive Officer or substantial shareholder of the Company.