

StarHub 4Q & FY-2018 Results

14 February 2019

Forward-looking Statements

The following presentation may contain forward-looking statements by StarHub Ltd (“StarHub”) relating to financial trends for future periods.

Some of the statements in this presentation which are not historical facts are statements of future expectations with respect to the financial conditions, results of operations and businesses, and related plans and objectives. These forward-looking statements are based on StarHub’s current views, intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside StarHub’s control. Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks and uncertainties. Because actual results could differ materially from StarHub’s current views, intentions, plans, expectations, assumptions and beliefs about the future, such forward-looking statements are not and should not be construed as a representation, forecast or projection of future performance of StarHub. It should be noted that the actual performance of StarHub may vary significantly from such statements.



Peter K.
CEO



Dennis CHIA
CFO

4Q & FY2018 Highlights

Financial Highlights

FY2019 Outlook

Overview

- ❖ **Total revenue:** \$2,362 M, \$619 M (-2.0% YoY, -9.8% QoQ);
- ❖ **EBITDA:** \$567 M, \$111 M (-11.8% YoY, -22.2% QoQ)
- ❖ **Service EBITDA margins:** 28.4% FY18, 23.1% 4Q18;
- ❖ **Investments:** 11.5% as a % of total revenue FY18, 13.4% for 4Q18;
- ❖ **NPAT:** \$200 M, \$15 M (-26.7% YoY, -70.4% QoQ);
- ❖ **Enterprise Fixed:** solid revenue growth of 16.0% YoY, 12.0% QoQ

Without One-off Adjustments & Provisions:

- ❖ **Underlying 4Q18 EBITDA:** S\$137 M (-6.3%) vs 3Q18 EBITDA (S\$146 M)
- ❖ **Underlying 4Q18 NPAT:** S\$42 million (-27.1%) vs 3Q18 NPAT (S\$57 M)
- ❖ **Underlying FY18 NPAT:** S\$215 M (-20.2%) vs FY17 NPAT (S\$269 M)
- ❖ **Inorganic Contribution:** 4Q18 EBITDA (-S\$5 M) & NPAT (-S\$12 M)

Key Financial Highlights

S\$M	4Q-2018	4Q-2017	Change	FY-2018	FY-2017	Change
Total Revenue	619	687	-10%	2,362	2,411	-2%
Service Revenue	457	491	-7%	1,832	1,878	-2%
EBITDA	111	142	-22%	567	643	-12%
Service EBITDA [#]	106	122	-14%	521	586	-11%
Service EBITDA Margin	23.1%	24.9%	-1.8%pts	28.4%	31.2%	-2.8%pts
Taxation	(7)	(13)	-48%	(45)	(60)	-25%
Net Profit After Tax [^]	15	52	-70%	200	274	-27%
Capex Cash Payments	83	95	-13%	273	296	-8%
% of Capex to Revenue	13.4	13.9	-0.4%pts	11.5	12.3	-0.7%pts
FCF / Fully Diluted Shares	(0.8)¢	(1.8)¢	-54%	10.0¢	12.7¢	-21%
Net Debt to TTM EBITDA Ratio	1.52x	0.98x	0.54x	1.52x	0.98x	0.54x

[#] Service EBITDA = EBITDA less (Sales of Equipment – Cost of Equipment)

[^] NPAT, includes non-controlling interest (NCI)

• Numbers may not add up due to rounding / TTM = Trailing Twelve Months

* Comparatives have been restated to take into account the retrospective adjustments relating to SFRS(I) 15

Revenue Contribution

Total Revenue	Quarter Ending 31 December				FY Ending 31 December			
	2018	2017	Incr / (Decr)	Incr / (Decr)	2018	2017	Incr / (Decr)	Incr / (Decr)
	\$m	\$m	\$m	%	\$m	\$m	\$m	%
Mobile services	194.3	225.2	(30.8)	(13.7)	824.5	897.6	(73.1)	(8.1)
Run rate revenue	200.9	217.5	(16.6)	(7.6)	829.4	884.6	(55.1)	(6.2)
Pay TV services	71.3	88.1	(16.8)	(19.1)	311.3	353.5	(42.2)	(11.9)
Broadband services	45.7	47.2	(1.5)	(3.1)	185.8	186.8	(1.0)	(0.5)
Enterprise Fixed services	146.1	130.5	15.7	12.0	510.8	440.5	70.3	16.0
Total Service Revenue	457.5	491.0	(33.5)	(6.8)	1,832.4	1,878.4	(46.1)	(2.5)
Sales of Equipment	162.0	196.0	(33.9)	(17.3)	529.6	532.2	(2.7)	(0.5)
Total Revenue	619.5	686.9	(67.4)	(9.8)	2,362.0	2,410.7	(48.7)	(2.0)

Run rate revenue excludes one-time provisions and catch-up adjustments

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Mobile & Pay TV (4Q-2018 vs 4Q-2017)



- ❖ Post-paid customer base increased 34k
- ❖ Post-paid ARPU decreased S\$5 to S\$41
- ❖ Post-paid average data usage at 6.1Gb

- ❖ TV revenue decreased 19%
- ❖ ARPU decreased S\$3 to S\$48
- ❖ Customer base decreased 49k



Broadband & Enterprise Fixed (4Q-2018 vs 4Q-2017)



- Broadband revenue decreased 3%
- ARPU stable at S\$32
- Customer base increased by 15k

- Data & Internet revenue decreased 7%
- Managed services increased 42%
- Voice revenue increased 23%



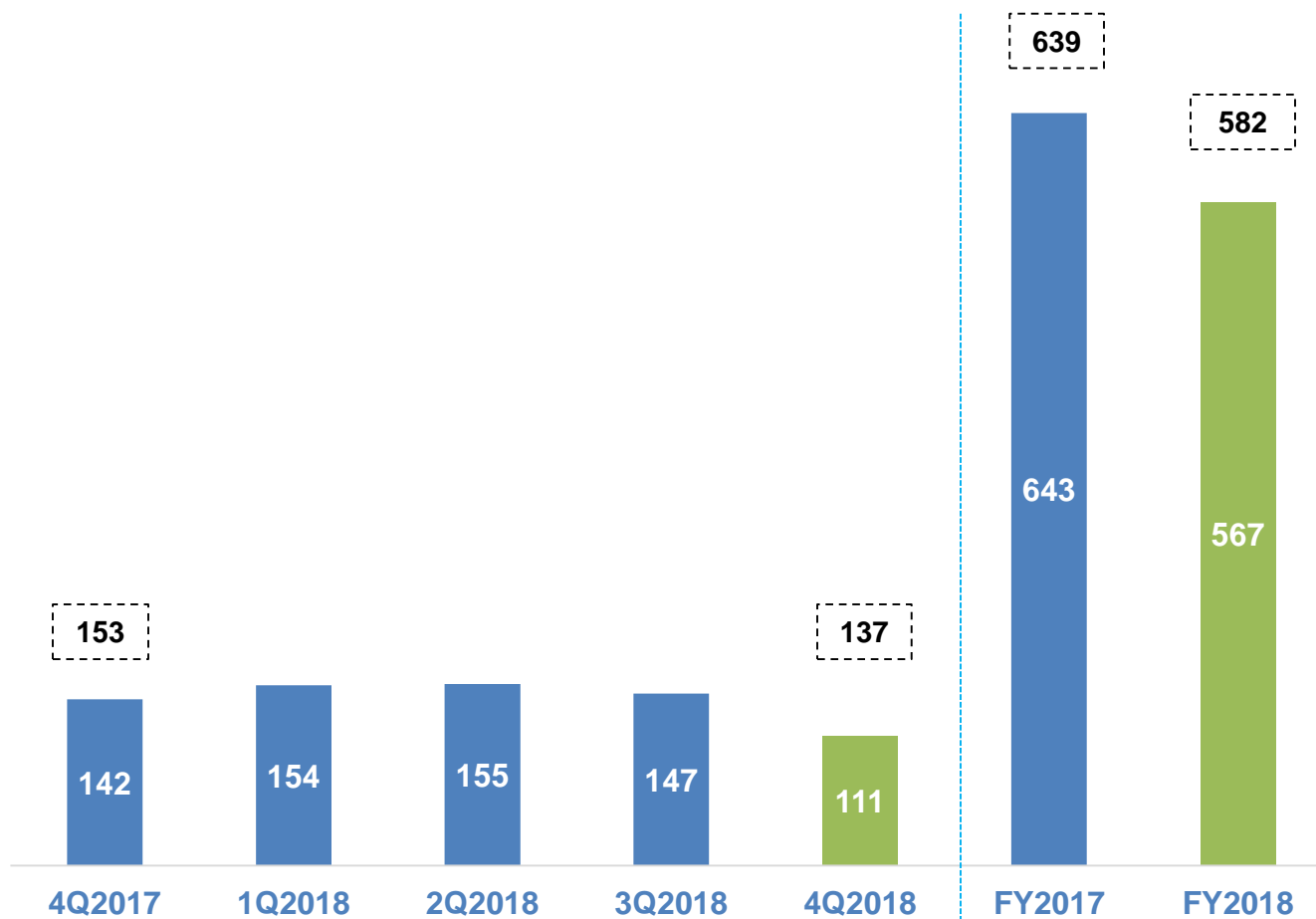
4Q & FY2018 Highlights

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EBITDA

(S\$M)



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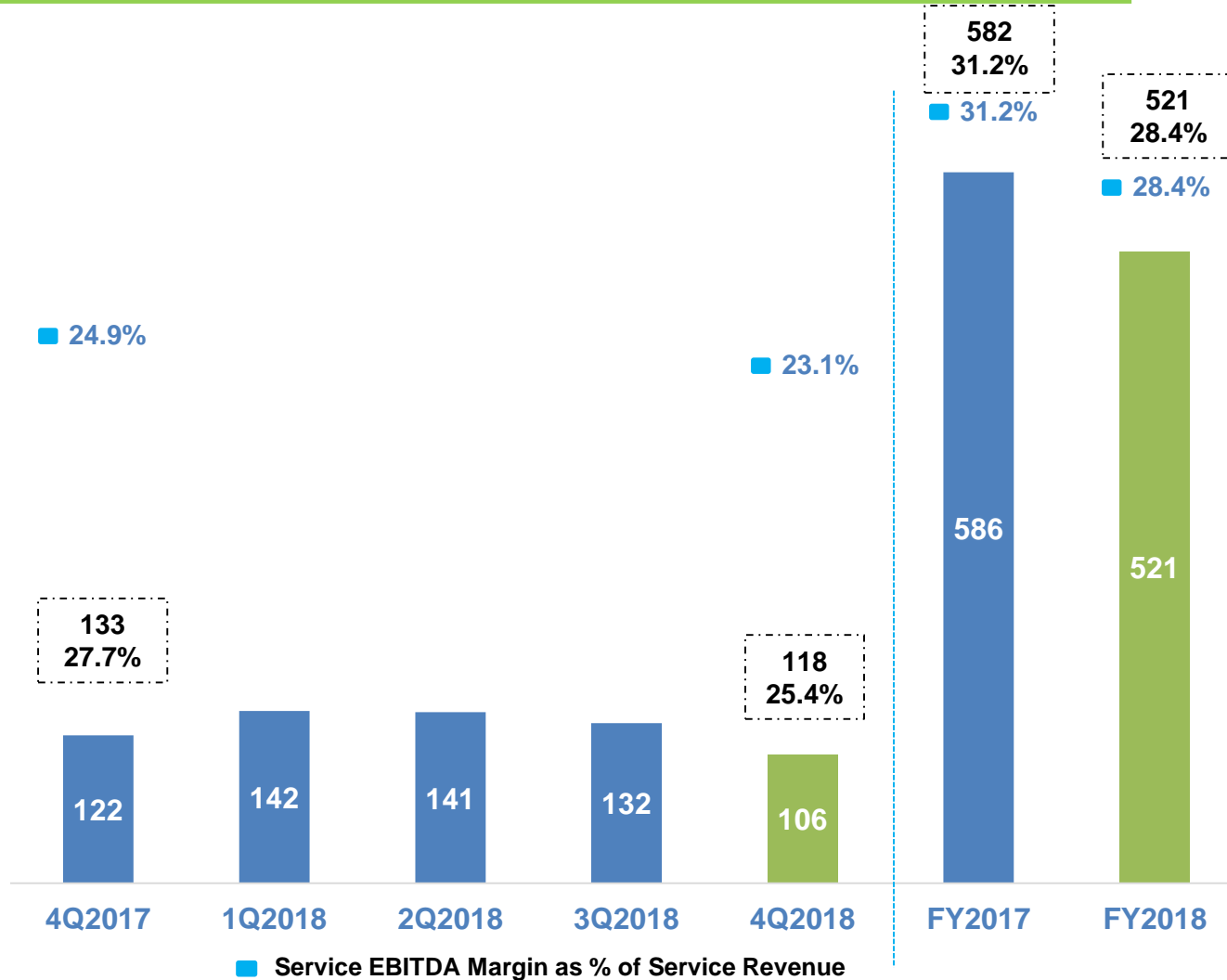
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 Underlying EBITDA



Service EBITDA & Service EBITDA Margin

(S\$M)



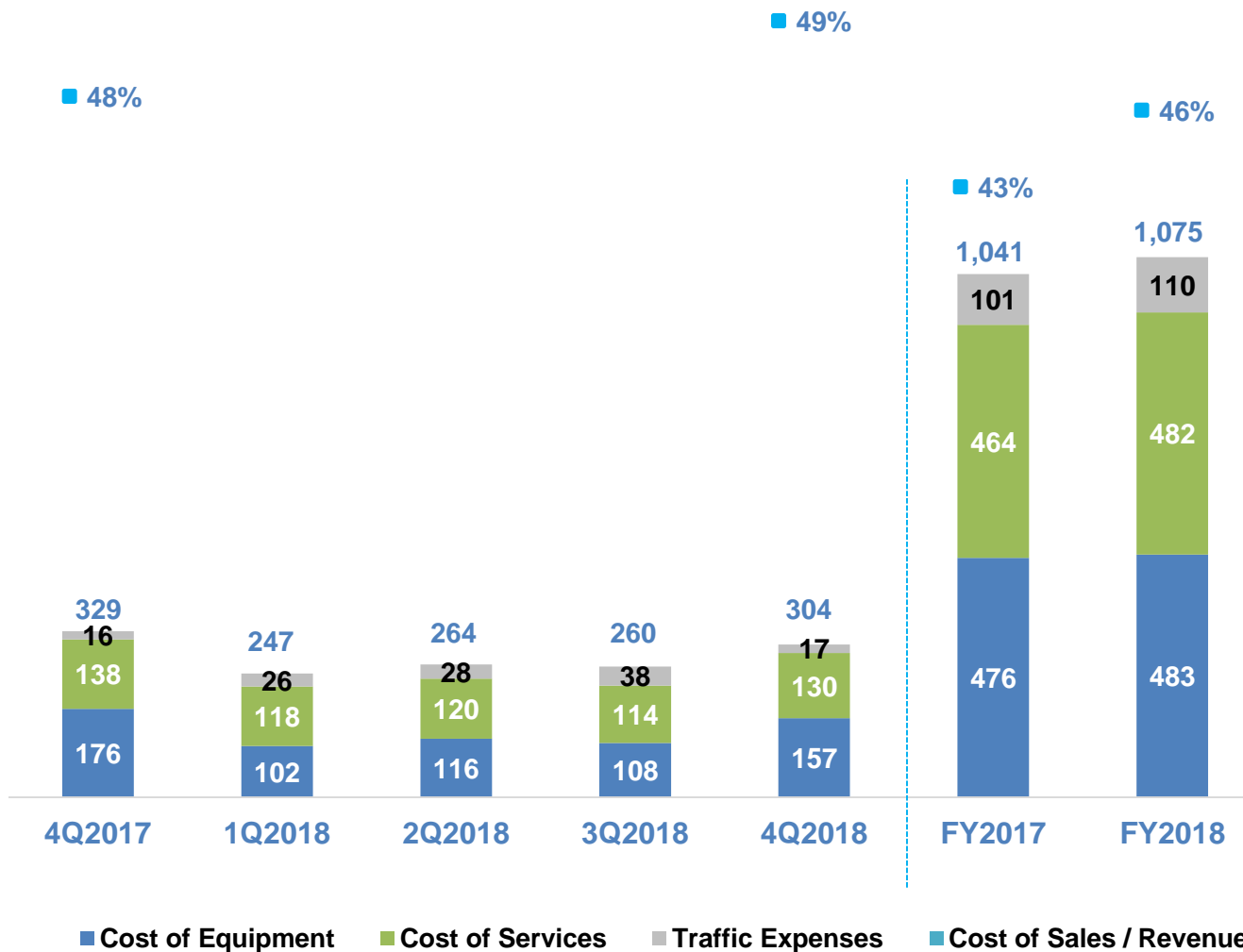
* Numbers may not add up due to rounding

* Service EBITDA = EBITDA less (Sales of Equipment – Cost of Equipment)

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Cost Of Sales

(S\$M)

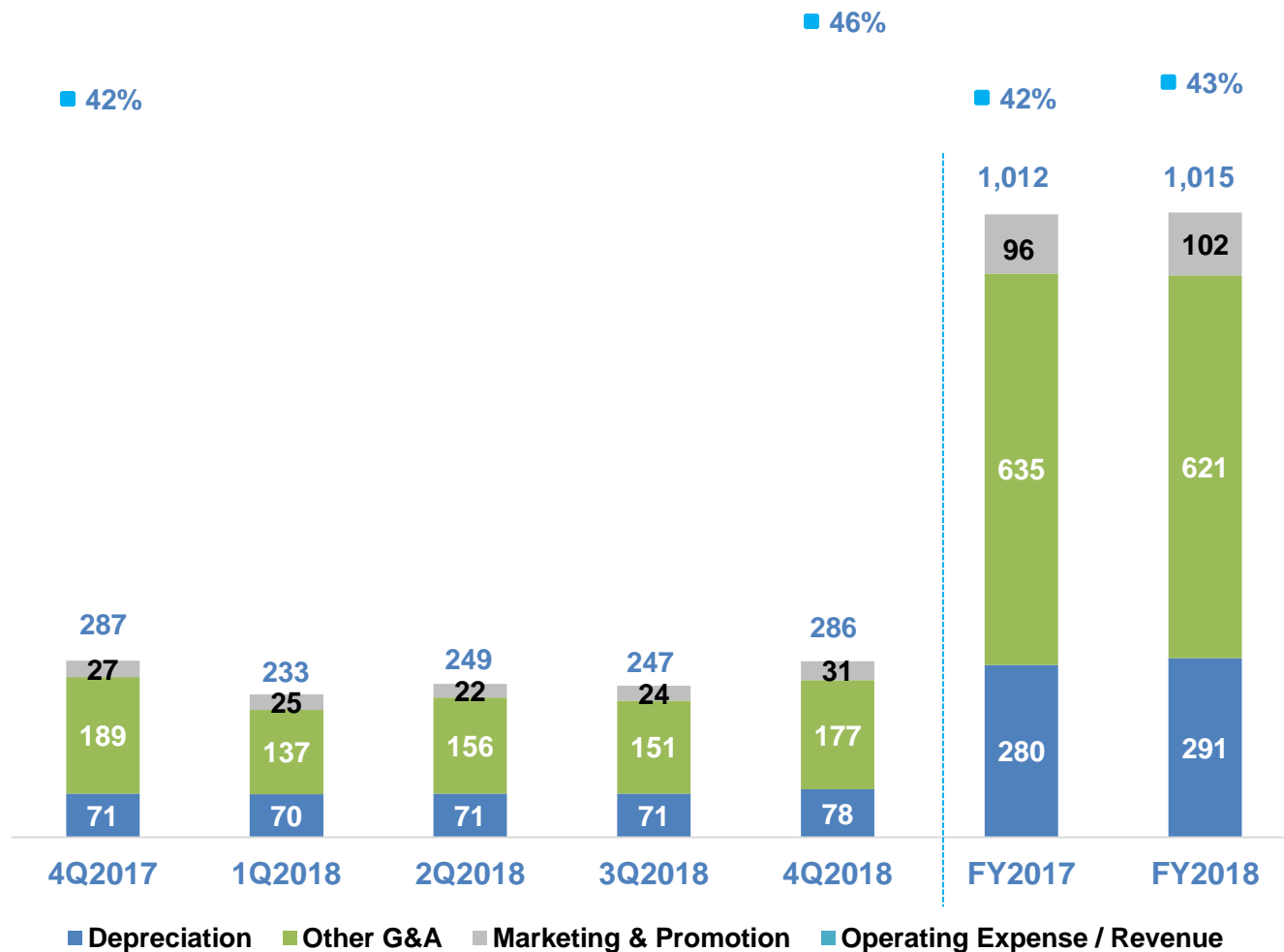


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Other Operating Expenses

(S\$M)

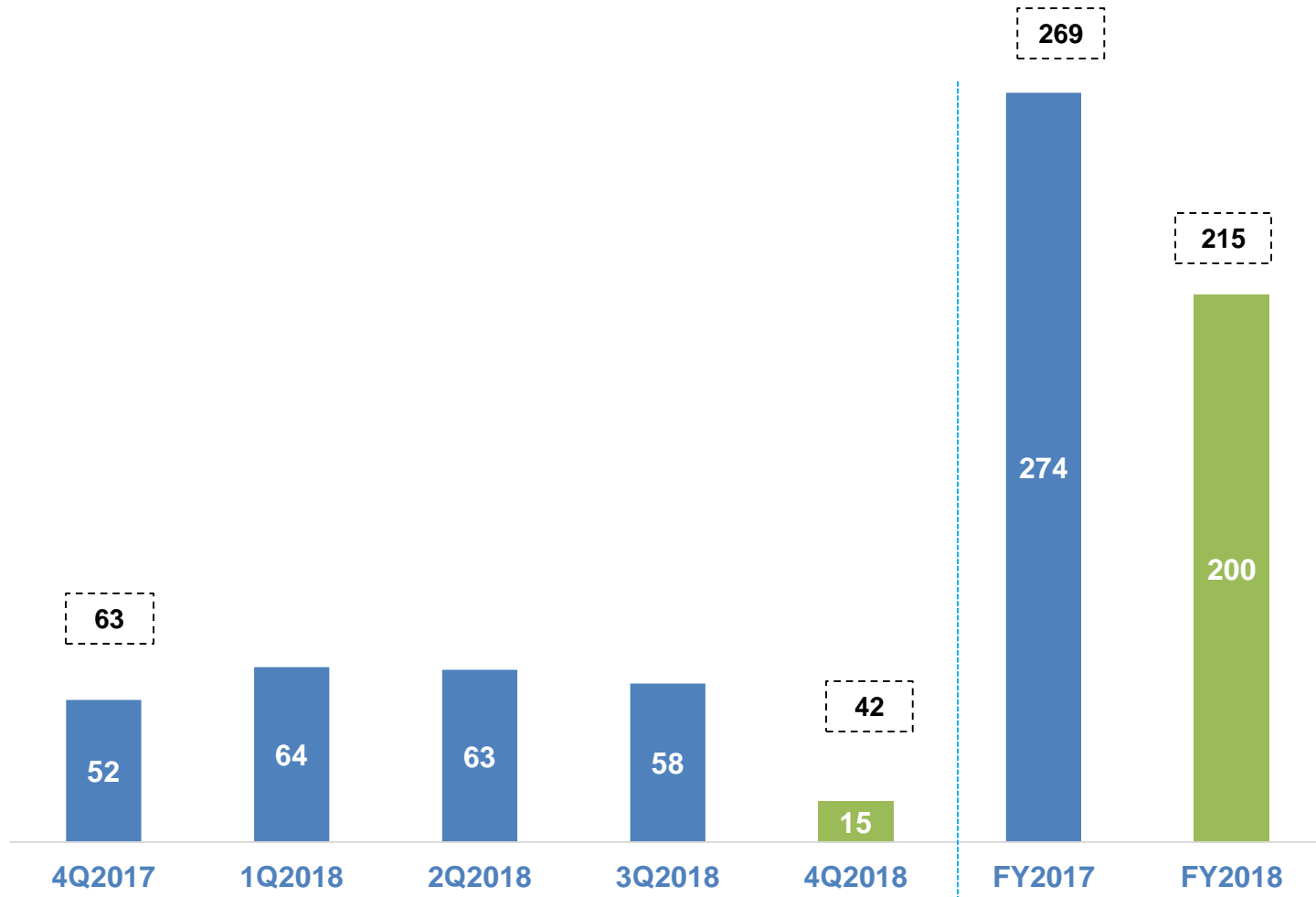


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Net Profit After Tax

(S\$M)



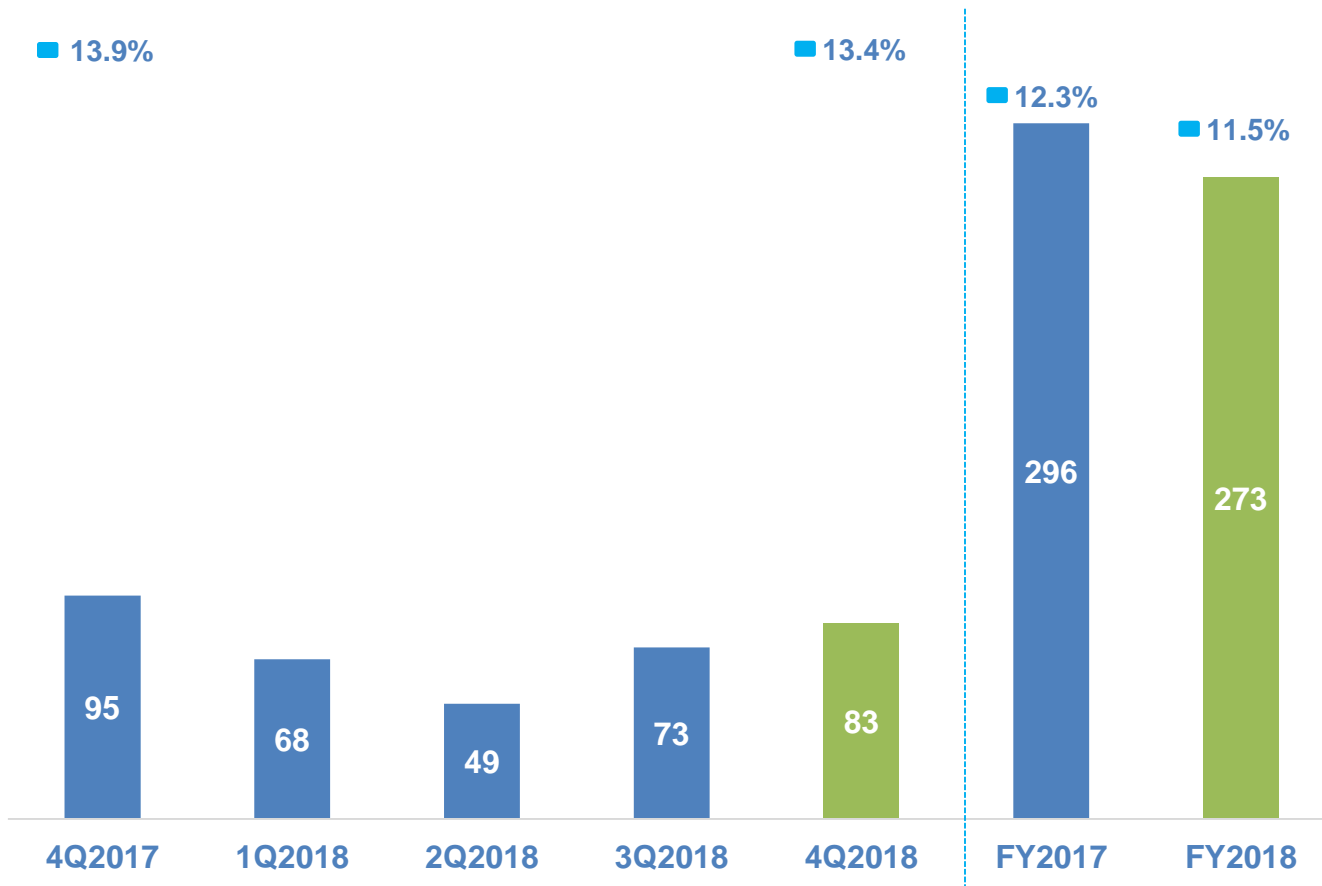
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 Underlying NPAT

Capex (cash payments)

(S\$M)



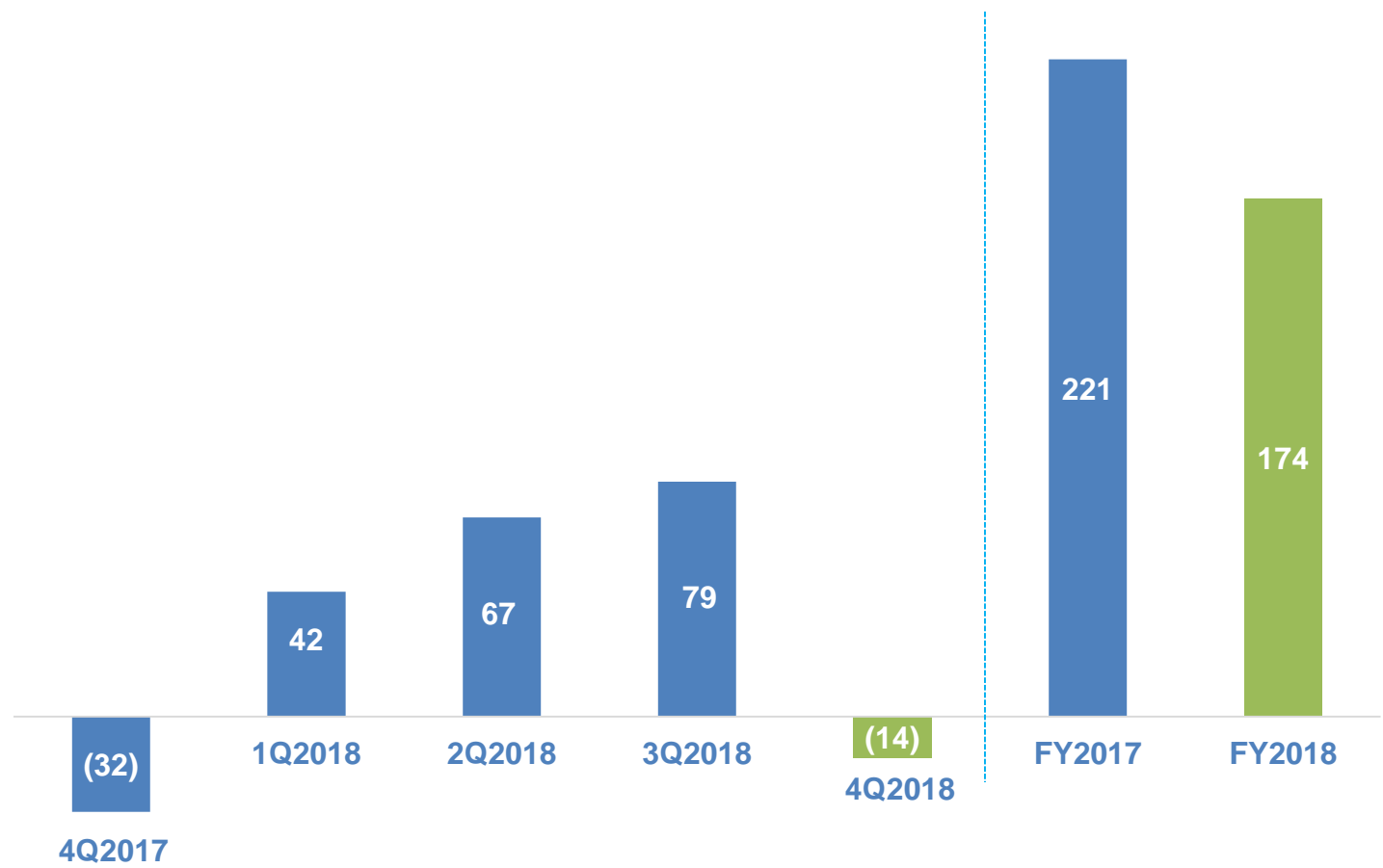
■ Capex / Revenue

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Free Cash Flow

(S\$M)



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- ❖ Revenue: Expect service revenue to be stable to a decline of 2% YoY

- ❖ Service EBITDA*: Expect service EBITDA margin to be between 26% - 28% (before SFRS(I) 16 adoption) & 30% - 32% (after SFRS(I) 16 adoption)

- ❖ CAPEX: Expect CAPEX commitment to be 11% - 12% of total revenue (excludes spectrum payment of S\$282 million)

- ❖ Dividend: Propose final dividend of 4.0 cents per ordinary share for FY2018

Intend to pay a quarterly cash dividend of 2.25 cents per ordinary share for FY2019

Going forward, the Group intends to pay-out at least 80% of profit attributable to shareholders as dividend

*Service EBITDA refers to EBITDA less equipment margin (Sales of Equipment less Cost of Equipment)



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