



## StarHub Ltd – 1Q2026 Business Performance Update Call Transcript

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### StarHub Management Representatives:

Chief Executive	Nikhil Eapen
Deputy CEO; Chief, Consumer	Matt Williams
Chief Financial Officer	Jacky Lo
Chief, Enterprise	Tan Kit Yong
Investor Relations	Crystal Lim

### Start of Transcript

**Crystal Lim:** Good morning everyone, thank you for joining us today. I'm Crystal and I take care of Investor Relations. This morning, we have with us our Senior Management, led by our Chief Executive - Nikhil Eapen, Deputy CEO and Chief of Consumer – Matt Williams. CFO – Jacky Lo and Chief of Enterprise Business Group – Tan Kit Yong. As usual, Nikhil and our Senior Management will bring us through a quick presentation before we open the floor to Q&A's. Nikhil over to you please.

### Presentation

**Nikhil Eapen:** Good morning to all of you, and welcome to our Q1 2026 earnings call. Thank you for your time and attention to the StarHub story. As always. I'd like to start by outlining where we stand and how we are positioning ourselves, similarly to what I've done in past quarters and how we are currently driving our strategy in this market, which as you know, is difficult and very complex. But going through some change, so it's a period of what we have been calling in prior quarters, a period of dynamic flux.

I'd like to go through each of these four pillars and our strategy, which is a bit the same and a bit different from what we've talked about before. In-consumer, first on the market, as we've talked about before the Singapore Consumer Telco market has faced probably the most extreme price competition that we've seen in any market in the world. Which was catalysed by the fourth

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operator, which has created broad market downdraft. So mobile service revenues in the market, and for ourselves have been falling and when set off against telco fixed structures, what we all call negative operating leverage, this really erodes profitability.

Change is underway, as we've talked about, and it's really from two directions, not one. First sector consolidation will create a more sustainable market structure. Second, and this is something that not all are aware of, cybersecurity and resilience requirements are eliminating the structural cost advantage that the smaller operators have had so far. This will help market sustainability under any scenario and frankly, any consolidation scenario.

Against this, our strategy and approach will continue to be multi-market segmentation. Our brands, StarHub, MyRepublic, Giga! and eight operate across both Mobile and Broadband; and lead across each segment, from Premium to the Digital to Value segment.

What we see with the market downdraft is that the Premium segment is shifting to Value, while leading brands in Digital are holding their own. In Premium, our strategy is to continue to drive customer delight and reduce our sub-erosion. Our strategy at the Digital end is to hold and to grow whilst our strategy at the Value end is to aggressively grow and match the market. We intend to do all of this by, frankly, improving our (subscriber) monetisation and hence moving the market up from a pricing perspective. And along the way, our intent is to continue to grow our revenue market share and retain and increase our lead as a clear number two in Mobile, a number one in Broadband and Entertainment, whatever the consolidation scenario is.

In enterprise, which is quite a different set of dynamics, the Government and Enterprise spend environment is frankly quite strong, and it's driven by Smart Nation, Digital, Cloud transformation, AI transformation of our Government and Enterprise clients. Now, not everyone is a beneficiary here. This is a business that's scale-oriented and our Regional Enterprise Business is well positioned to address the strong demand, but we're doing it in a differentiated way, as we've talked about.

With our Modern Digital Infrastructure that we've been building and have built from 2022 to 2024, which is quite unique as a platform model that's faster to deploy, more scalable, it brings more value to customers with better margins for us. 2026 is the year for scaling our Enterprise business,

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and you will see this over the coming quarters. Now, quarter-on-quarter revenues are lumpy, with project timing. As you can see, a won order book in Q1 grew by over 50% year on year and this is on the entire Regional Enterprise business, and it's large numbers.

We expect to continue our won order book growth at these levels, through to 50% year-on-year by the end of the first half. And frankly, through to year-end that will drive our revenue for 2027 with multi-year revenues. Along the way, we do hope to do selective M&A that is accretive and with disproportionate positive impact relative to the consideration paid.

Our third pillar is cyber, as we've talked about, we are a major telco running critical infrastructure, serving Government and large enterprises. We will continue to invest in cyber resilience and technology overall. All of you have seen the nation-scale cyber threats in the media. This is real and all telcos, all critical infrastructure providers beyond telco will have to invest. But frankly, we are ahead of the game certainly versus the smaller operators who will need to spend and modernise to catch up. Now, these cyber investments add to the security of our platform. They secure us and they secure the Modern Digital Infrastructure platform we are serving our Government and Enterprise customers with. Our customers, on the Enterprise and Government side, there is very strong awareness of the need for this, which further translates into our differentiation. Proven positive with the order book that you have seen.

On Cyber, many of you have been waiting for news on the divestiture to our co-shareholder of the 17% stake associated with the assignment of rights in Ensign. We completed this last month and I will review the impacts shortly.

Finally, on cost optimisation, we have a large and growing pipeline of cost savings with the automation and simplification opportunities created by our DARE+ transformation. Now, as we all know, our prior DARE+ run rate cost savings largely achieved targets, but with extreme price competition, these savings were passed on to the Consumer. Our next phase of cost savings is larger, and we believe will translate to direct profitability uplift against a more stable and consolidated market structure.

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Now, underlying these four strategic goals are a fortified balance sheet with large cash balances and low leverage, further fortified by the partial divestiture of our stake in Ensign with continuing divestitures.

Number two, fortified by our selective M&A for enterprise that is prudent and accretive with a disproportionately positive impact in terms of delivery against large-scale projects, capabilities, and will also improve our margins.

Third, the ability to position and play for superior TSR positioning in the future against this current market displacement while continuing our strong dividend commitment to shareholders. Frankly, with minimal stress, given our balance sheet today.

So next, I'd like to cover our Q1 financials quickly. First, our revenue for Q1 was about \$450 million, down about 4% year-on-year. This was largely from material declines in Consumer year-on-year with hyper competition and the continued downward rebasing of ARPU in the market. Now, we have been converting our customers to our new Unlimited+ plans, and when we do so, we actually increase ARPU. This was an offset that we hope to increase over time.

Within Enterprise, our Managed Services business was down year on year, and this was entirely as a result of project timing, with large lumpy projects. You should see growth resume and continue that growth trend over the rest of the year. On the other hand, interestingly, we were able to hold and actually grow our legacy business lines within Enterprise a little bit. Enterprise Connectivity and Carrier; largely by execution, but also by pivoting them. So overall, we expect our Enterprise business with the order book that we have to grow well in 2026 and accelerate into 2027, and our strong order book trends, which at scale, are a leading indicator.

Now, our EBITDA for Q1 was \$77 million, with a year-on-year reduction of 22-odd percent in line with our full year guidance. This was as a result of the revenue decline in our consumer lines, which are largely fixed cost structure. As again, I have said, telco operating leverage dropped straight into EBITDA. Now, this EBITDA reduction with a largely fixed capital base, largely drops down into net profit after tax. This is amplified a bit by the increase in Depreciation and Interest expense from our two bands of 700 MHz spectrum, which we took on board in July of last year.

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As you know, we had to take these on at prices set in the 2017 auctions, which was about \$180 million of two bands, which compares to the most recent 2100 auctions where two bands cost about \$25 million. So really it was on a historical price basis.

With that, I'd like to hand off to Jacky, please.

**Jacky Lo:** Thank you, Nikhil. So let me build on what Nikhil has already covered and highlight a few key points. For the first quarter of 2026, performance remained soft, largely reflecting continued competitive intensity in the Consumer segment and ongoing market uncertainty.

On cost, operating expenditure was broadly flat year-on-year. That reflects the execution of our cost optimisation program and the discipline we are applying across discretionary spend. Even as we continue to invest selectively, Other Income was higher year-on-year, mainly due to income grants and broadly in line with what we expected on a quarter-on-quarter basis.

EBITDA for the quarter came in at \$77.7 million. This was mainly driven by lower gross profit in segments where we are seeing revenue pressure. Net profit attributable to shareholders was \$5.9 million, down year-on-year. This is largely the operating leverage in the telco business model working against us with lower EBITDA flowing through and compounded by higher Depreciation and Amortisation. On cash flow, free cash flow was positive at \$26.6 million for the quarter.

As we look ahead, we expect free cash flow to remain positive for the full year. Even as we continue with planned investment in IT, cybersecurity and network capabilities, our partnership remains healthy. Net Debt to EBITDA stood at 2.09 times which gives us sufficient flexibility to continue investing for the future.

With that, I'll hand over to Matt to take you through the Consumer update.

**Matt Williams:** Good morning, everybody. To go through our Consumer business quickly. Let me start by saying at the end of Q1, we maintain our strong number two position in Mobile and number one position in Broadband. But of course, that's in a market that remains extremely competitive and dynamic, as Nikhil has said.

In Mobile, our ARPU is flat at about \$21, and that's adjusting for the seasonal factors such as roaming travel patterns. So pleasingly resilient in a market that continues to exhibit very strong

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price competition. During this time, we've also grown our number of customers, increasing net subscribers by 17,000. Strong performance in a market that is very competitive, as we've said.

On Mobile, we see our strategy working, and that's around focusing on building quality experiences for our customers, both through the StarHub brand, where we focus on quality leadership, and on our eight, Giga! and MyRepublic brands where we focus on serving segments either around value or specific propositions.

In particular, we see some highlights strong performance of our StarHub 5G Unlimited Plus plans, which offer unlimited data roaming included, and great value devices. This tells us that the approach of orientating around quality is working well and we now have a significant number of our customers on these plans, and they show significantly higher CSAT and NPS. We have significantly fewer service calls, thereby driving the cost to serve lower, and also significantly lower churn all without having to discount those plans.

As we continue to move our customers to the 5G Unlimited Plus plans, we think we have a lot of potential in the StarHub business. We also see continued strong performance of eight, including a very strong shift to 5G plans at a higher ARPU. In the prior quarter, we started the process of de-emphasising the \$8 plans in our go-to-market, and instead have been promoting the \$14.80 5G plan, and have seen nearly a third of our customers taking this, demonstrating, importantly, that even in our most price sensitive segment, these customers value and will pay for improved quality.

In Broadband, we see sustained momentum and an increase in the price-competitive market. We have experienced ARPU pressure with a shift to \$34 in Q1, down from \$35 in Q4, which is particularly a result of the mix of customers across our different brands and plans. But overall, we have gained customers in the quarter.

Of note on Broadband, we go to market with our three brands, StarHub, MyRepublic and now eight, StarHub orientates around the full-service experience with HubTrooper home Wi-Fi installation, entertainment packages, and Hubbing. Our customers can get all of their services in one place and we continue to see that that proposition resonate strongly. We also go to market with MyRepublic brand, focused on a segment that we call Geeks and Gamers, and they are

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building a very significant differentiation moat around that business, including doing some very significant new things, like launching our Card Arena store at Suntec, which is Singapore's largest outlet for the very hot category of gaming cards, Pokemon, and similar.

And finally, after launching in Q4, our eight brand into broadband, we're now starting to see strong momentum in that business with growing broadband sales, so really balancing off against the value part of the market.

Overall, I'll just close by saying we see our strategy of rebuilding market value by offering quality experiences working very well. Unfortunately, however, the market has seen, at the end of the quarter, the market incumbent launching very aggressive price and promotional offers across all product categories and brands. To the extent that they now, directly undercutting Value brands in the market. Unfortunately, this has sparked another cycle of price competition with us and the other players, of course, immediately responding and matching or exceeding that pricing.

As we've described before, our strategy remains to rebuild value in the market and with our customers, but we will also always compete aggressively to win with customers, and our intention will always be to at least match any competitor offers. But look, as we close out Q1, we're tracking for the rest of the year and looking to compete very strongly in the market.

Thank you. With that, I'll hand to Kit Yong to talk about Enterprise.

**Tan Kit Yong:** Thank you, Matt. When it comes to Enterprise for first quarter, our year-on-year is down by 4.8% driven by Managed Services, negative of 10.8% growth. But not to worry, this is mainly attributable to project recognition timing rather than demand. The Enterprise Connectivity, and Carrier & Voice segments have helped to offset this decline.

But most importantly, we look at our order book. The order book remains strong, on the first quarter, we achieved 50% year-on-year growth. This is testament to the strong demand we are seeing. Now it's a matter of converting this won orderbook into revenue as we progress.

If you look at the Managed Services revenue, as I said earlier, it's due to timing on project recognition. Some insights to the order book growth is that it's regional and comprises both the Singapore and Malaysia market. Across both countries we are seeing strong demand. It

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encapsulates our deliberate intention of shifting from project services to platform-based digital services is working. We are seeing client transitioning from one-off projects to platform-led conversions.

Moving onto Cybersecurity services that is purely Ensign. They have registered good Service Revenue growth year-on-year due to timing of project recognition.

With that, I pass the time back to Jacky.

**Jacky Lo:**

Thanks Kit Yong. As you are now well aware, the performance this quarter primarily reflects the impact of operating leverage in the telco business.

A large part of our cost base is fixed or semi-fixed. So when we see revenue pressure, it flows through quite quickly and more sharply into profitability. This is why resetting our cost base is a key priority. To better align it with our revenue profile, customer demand and current market realities. On cost optimisation, the program is progressing well and remains on track. As we ramp up implementation this quarter, we are starting to see early savings come through and we remain focused on disciplined execution against the targets we have set.

We'll share a more detailed update at the next half year results.

Despite the near-term headwinds, our balance sheet remains strong and continues to support our strategic priorities. We closed the quarter with a cash position of \$867.2 million and Net Debt to EBITDA at 2.09 times. About 80% of our debt is on fixed rates, which give us good protection against interest rate volatility and provides great certainty around financing costs.

Free cash flow for the quarter was positive at \$26.6 million. This is important as we move into a period of planned investment across IT, cybersecurity, and network capabilities. We will continue to take the disciplined approach to capital allocation, making sure these investments are paced appropriately while we execute our strategic cost management program and maintain balance sheet strength.

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With that, I'll pass the time back to Nikhil to go over the Ensign divestiture and closing remarks.

**Nikhil Eapen:** Thank you, Jacky. As I'd mentioned earlier, we did within April, divest 17% of our stake in Ensign to Temasek. That leaves us with a 39% residual stake. This divestiture of 17% further buttresses our already fortified balance sheet by bringing in another \$121 million of cash to add to our already large cash balances. With this divestiture, our residual stake of 39% is revalued and we will therefore be recognising a gain of \$244 million, which will be recognised from Q2 2026 onwards, which will add to our full year 2026 net profit.

Now, further, with this residual stake, which based on this gain is worth about \$322 million we are exploring further monetisations of this residual stake, potentially executable in line with our intent within 2026. All of this further strengthens our already strong cash balances and adds to our net profit after tax from Q2 2026 onwards and further strengthens our credit ratios, supporting our commitments to drive long-term TSR.

In summary, our priorities for 2026, as you've heard from Matt, for Consumer, we intend to maximise our revenue market share through multi-brand, multi-market segmentation, and this is revenue market share. Delighting with the most human customer experiences, and at the value end, with the most competitive offerings focused on monetisation and an ARPU uplift.

We intend to be, with or without consolidation, a clear number two in revenue market share in mobile, frankly, continuing to extend our lead along with number one in broadband and entertainment, all of which we are today, irrespective of any consolidation scenario.

For Enterprise, we intend to aggressively scale in 2026, winning large deals and modern digital infrastructure with our Government and Enterprise clients, and selectively pursuing synergistic and accretive M&A. You should see us aggressively increase our won order book this year, driving revenues in year, but also into 2027 and beyond.

In Cyber, we intend to continue to invest to augment our cyber posture in line with our national security agenda and our position as a critical infrastructure provider. Giving our customers the safety of the most cybersecure platforms, and we are ahead of the game. The smaller operators will have to catch up via spending and investing.

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And last, we have our program already underway to deliver \$70 million run rate cost savings per annum by 2028. And with consolidation and market stabilisation, we intend for these savings to flow to our bottom line. So overall, we see 2026 as a year of dynamic flux, as I talked about before. With respect to consolidation, with respect to the Consumer market, with respect to Cyber, with respect to the strong Government and Enterprise spend opportunity, and even AI.

We intend to use this year to set the stage and aggressively position StarHub for many years to come. In the interim, we have the strong balance sheet to fulfill our commitments to shareholders and beyond.

Thank you very much and handing it back to Crystal.

## Q&A

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**Crystal Lim:** Thanks, Nikhil. We will now open the floor to Q&As. As usual, to join the question queue, please click on the raise hand button, and then once you're called upon, you can then unmute yourself to converse directly.

First up we have Sachin.

**Sachin Mittal:** Good morning. Just three questions here.

Firstly, we know that Singtel Heyya has been quite aggressive, but what are you seeing beyond that? Is it spilling over into other non-digital plans? Competition in the mobile space, are you seeing it worsening or is it stable with the number four player gaining some market share, then Singtel responding to it through the Singtel Heyya brand? What are you seeing on the ground in terms of competition in the mobile space?

Number two. Broadband, where is the floor on broadband, and even if the industry consolidation happens in the mobile space. Why and when should the Broadband ARPU stabilise?

And lastly, we have seen this cybersecurity compliance as in, you know, I think you talk about it as a competitive advantage, but how can this be competitive advantage or is it just a compliance and an expensive compliance probably. What are we talking about here? Are we talking of \$40-

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50 million or some kind of numbers because you had \$121 million proceeds from the sale of your cybersecurity venture. Will a big part of that, or significant part of that go towards cybersecurity compliance, any clarity will be very helpful. Thank you.

**Nikhil Eapen:** Okay, I will start with the third one, and Matt will go through one and two, which are subjects very close to his heart. On cyber compliance, Sachin, let's peel the onion a little bit, so let's kind of do it as a bit of a fork. First ourselves and then second the smaller operators.

For ourselves, when you look at what we have done over the years. We're not starting from scratch - our network through the DARE+ and Cloud Infinity program is very heavily modernised and we run a virtualised network with a cloud core. Over the last years and accelerating, frankly, last year, our network is quite fortified with a lot of sensorisation and the ability to unify data and run threat analytics. With the appropriate gates and segmentations within that virtualised structure, which is something that is an ongoing process.

The long and the short of it is, yes, we continue to spend money. But we continue to spend money on top of a CII architecture that we already have that is a modern state CII architecture with the ability to do the right segmentation, put them together to unify data, to run threat and analytics, to do all the sensorisation. A lot of money has been already spent, that has got us to where we are today. We will continue to spend, but what we will continue to spend, frankly, is whilst material and while affecting our outlook for 2026 is not hugely substantial relative to what we spent before in getting to where we are already. So that's a point that I'd like to make for us.

On the second fork in the road, is as regards to the smaller operators. There you have to look at compliance as well as architecture. On compliance, the fourth operator has had, to be honest, has had a multi-year run where it wasn't classified as a critical infrastructure provider. That has translated into a structural cost advantage which has allowed good margins, despite very low ARPU.

Now, the fourth operator was finally classified a critical infrastructure provider in the fourth quarter of last year. So what that therefore means is a substantial amount of spend on critical infrastructure compliance starting from scratch from today. The implication of that is a cost structure which relied on not having to spend this money on CII compliance will no longer be

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sustainable. So that is a very key and important point. On the third operator, which the fourth operator is kind of in this process with this announced regulatory and other approval.

With the third operator, we can't really comment, but again, it's not just about compliance about having the right architecture which is future-proof against the cyber threats of today. Which involves the ability to unify data, which involves the ability to segment, but also to unify, which involves deep sensorisation and detection. That requires the right architecture.

My point is, when you look at the spend required for cyber compliance, particularly if your standing start is zero. Not being a critical infrastructure and potential spend on architecture. It could go into the hundreds of millions. But we don't have that visibility from the outside in on other operators, but it could go into the hundreds of millions. And then coming back to ourselves, I think we're well positioned. This is not something that's new. We've been spending over the years. We've re-architected our network from 2022 onwards, you know, both the Modern Digital Infrastructure as well as for cyber, which it's yielding benefits, and we will continue. But for us, it's a progression, and not a start from zero.

**Sachin Mittal:** Can you follow up? Because if such a substantial rise in CapEx for cybersecurity compliance for, let's say, fourth operator, and probably moderate, for others. Why is that not translating into them dropping instead of raising the ARPUs. I'm just trying to understand the disconnect here.

**Nikhil Eapen:** Typically what happens is when you're designated CII, there's a one-year period of compliance. So it is a process and it does take a little bit of time, but inevitably you will see those costs come through. It's not overnight, because there's a build and there's a spend and there's a period of compliance that is allowed for, and that period is a year and that applies across the sector. There are also periodic audits for cyber and other compliance.

**Matt Williams:** Moving onto the other two questions, picking up on Mobile first, when you look at what the incumbent has done, you'll see that they have really just done a very simple price move, but a very aggressive price move across all of their products, so the postpaid product, the prepaid product, the broadband and entertainment services. They've also done it across the different brands. The main brand, the sub-brands, the MVNO brands.

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It's an approach that is very simplistic, because of course, in a mature market like this, there aren't additional customers to acquire, there's only movements between the operators. What we've seen in the market is that we and the others have pretty much immediately within days responded to all of those things. So it doesn't really result in any particular gain. It just resets the market at a lower level.

Our point of view is that's just not a great move, either for any individual player or for the market as a whole. The thing I would say is that a contrast, particularly significantly to what we see in our business, which is based on having spent a whole lot of time really understanding what customers in Singapore are seeking, we know that across both the higher spending customer groups and the lowest spending ones, that they really want that quality connection.

We're seeing very good momentum around the 5G Unlimited Plus plans, where we have not reduced price. We have made sure that those plans really meet the needs of consumers, and we've seen even the example I gave of eight. Getting customers to move from the \$8 plans to the \$14.80 plan in order to get 5G. We thought the market was starting to move in a much more positive direction, as you see other markets, particularly Australia, where I've come from, having moved.

Unfortunately, this shift is pretty counterproductive in that evolution of the market. That's kind of where we see mobile.

On Broadband, we have seen some of the same sort of dynamics emerging there, but in that market, there's essentially less space for price competition. We all pretty much use the NLT network, and that has a standard price for all operators, and so there isn't a way, a sort of cost floor in that business and then when you add on to that the cost of modems that we provide, the cost of the installations that we provide, and a few other things, there isn't a lot of margin left. So there isn't a lot more space for price discounting in that market. But unfortunately, what we can see is that that market is quickly converging into sort of the \$30, high \$20 mark. Unfortunately, the incumbent in that market has moved to an entry point sub \$30, which seems to be a very significant shift in stance, and one that probably is not helpful in the market.

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**Sachin Mittal:** Maybe just to follow up, can you confirm that what you're seeing is price competition not only across digital brands, but also the main brands by the incumbent.

**Matt Williams:** Very much so, that's right. You will see all over Singapore the advertising of the main brands rather than just the digital and second brands.

**Sachin Mittal:** And it's below the belt means something that is completely cleared, or no? Is that someone calling you, giving you promotions, those kinds of promotions going on, or is it in a more aggressive customer acquisition way?

**Matt Williams:** There's all of that in every dimension. So yes, there is some of that going on, but there's also just open market advertising. If you look around Singapore, you will see a lot of red advertising where in particular the pricing has been significantly lowered, and the inclusion significantly increased. This is not a targeted below the line approach. This is very much an open market approach.

**Paul Chew:** Thanks for the presentation, just three questions for me.

The first one is regarding when you mentioned you wanted to be a clear number 2 in revenue for Broadband and Mobile. I know there's no magic number here, but how much difference in market share does one need to capture the kind of scale advantage over the next competitor?

The second is on the Ensign sale. Did you mention what was the gain from the initial sale of the 17% stake and what are the plans for the games, or are you, like, any plans to return it as dividends? And related to that, on the Ensign, you mentioned that you could be selling to others but is there any particular restriction because this could be a so-called sensitive asset.

The third and final question would be on Enterprise. The orderbook has jumped and I was just wondering what the types of projects that you are getting and the inquiries from your customers.

Thanks, Nikhil.

**Nikhil Eapen:** Let me take all three in reverse order, on the first question I'll start, and then Matt can add any color he would like. But let's start with enterprise. The order book across Regional Enterprise, as you saw for the whole regional enterprise business was up 50% year-on-year. Just

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to clarify, these are contracted orders. Which therefore will flow into revenue over a period of time, some in 2026, but also 2027, 2028, and potentially even in 2029. That order book will continue to accumulate. So won order is the deals won and contracted within the quarter which add to our sort of overall order book.

Won order book is a substantial number within the quarter that was up 50% and we hope to extend this 50% growth rate in won order book, you know, from first quarter to the first half in full, and, frankly, for the full year and those are our plans, and that's what we kind of see in the pipeline.

Kit Yong will comment on the types of deals we have in the order book around Modern Digital Infrastructure.

**Tan Kit Yong:** Thanks for the great question. For the Enterprise growth itself, the order book, it can be broken into a few parts. Firstly, there are still one-off projects that we do which we are seeing strong demand for especially in Malaysia. Whilst in Singapore, we have both a mix of projects across our connectivity business and Managed Services itself which is platform-led. These are not your typical 1-2 year contracts that are typical in telco models instead these are longer projects with longevity that leverages our platform and core infrastructure.

We have managed to differentiate ourselves with Zero Trust cybersecurity architecture that we have built for ourselves that the clients like. We are seeing the shift in the quality of our revenue base from usage and transaction centric to platform led Managed Services. That would be how I describe our orderbook transition and how it has turned into compounded growth.

**Nikhil Eapen:** Paul, going to your question number two. I think there were a few different sort of pieces to this. One is the proceeds, as you saw, were \$121 million and the gain associated with the sale which was \$244 million. That gain is essentially valuation based and it is the result of the valuation uptick on the stake that was sold, as well as on the residual stake that is left behind. It is roughly in the same proportion as the 17% and the 39%.

You can do your math, but, I think it's uncontroversial math. That's where the game comes from and as I mentioned, will be in our Q2 numbers and therefore, will also be in our first half numbers, so the delta increase from the gain will be that \$244 million. Now, as far as the residual stake, that

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residual stake and the \$322 million is valued on the basis of this 17% sale. Now, that 38.92% stake, as I mentioned, we intend to monetise, ideally within this year.

That's the plan and there's no sale to others. The 17% stake was sold to our co-shareholder, Temasek and that's kind of the path that you should continue to see as regards further monetisations.

And then on your question, Paul, on market share on Mobile and Broadband, you know what I was saying was that, you know, if the Simba acquisition of M1 completes by May 21st, which is the extended timeline, I think there have been some, you know, kind of statements around that. And if that happens, the market structure on a revenue market share basis, and, we never look at subscriber market share because it's already overlapping with multiple SIMs. But if you look at revenue market share, the revenue market structure, share structure. We believe it's probably about 50, 25, 25, you know, give and take a little bit between Singtel, ourselves and the pro-forma consolidated vehicle.

What I mean by clear number two is that's not where we want to end up. We want to be a clear number two. If you actually look at before the announcement of the transaction, we will probably about 600 revenue market share points and rising ahead of the number 3 operator. If they happen to consolidate, as I said, it goes back to 50, 25, 25. But we intend to establish a clear number two position. Really, as Matt said, by kind of a multi-pronged bifurcated strategy, which is really increasing monetisation, value, quality at the premium end by growing our ARPU, by bringing more experience and more product to customers, and then competing at the value end. So not just a monolithic strategy, but a multifaceted strategy.

On broadband, we continue to be the number one revenue market share player between us and the incumbent, I think, collectively have close to 85% revenue market share. I don't think the consolidation really affects that in any way, and we intend to continue to be a number one player and increase our revenue market share, and kind of entertainment, the same thing.

But any color to add, Matt?

**Matt Williams:** Maybe just one quick bit of color, building on that, at one point in this conversation, Jacky referenced the operating leverage, and of course, because of our fixed asset,

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particularly the mobile network, we do want to make sure that we've got the most number of customers on that asset

So what we are doing in that multi-segment, multi-brand strategy is making sure that we serve all customers. We've talked previously about clearly seeing a significant number of Singaporean consumers looking for quality experiences and we serve those with the StarHub brand and scaling that.

But we also see consumers looking for value as a priority, and particularly with our eight brand, which is growing very quickly, we are serving those customers the idea is that we continue to build our customer franchise beyond the 2.2 million customers we have today and that will continue to drive that scale on the mobile network asset.

**Paul Chew:** Just one follow-up, it's just that it seems to be a very obviously painful path to try to get that scale advantage over the number 3, or even maybe close to getting number 1,

**Matt Williams:** I'm not sure I'd say painful. I think the recent pricing moves are unnecessarily painful. But apart from that, obviously we like serving customers. We're out there actively meeting their needs and we're seeing a very positive response in the growth of customers.

**Nikhil Eapen:** I think we want to be clear - we're all unified in this that our path in a stabilised market structure is when people stop doing irrational things is that to get to a clear number two is not through price action. Instead, it's through bringing value beyond price to customers, to delighting them. It's through product inclusions, which is what we've been doing actually already with these Unlimited Plus plans. As we have seen for instance, not in this quarter, but in last quarter, we actually held ARPU flat and that was the consequence of increasing ARPU through our Unlimited Plus plans as we move customers over. But then having some ARPU dilution from the shift of Premium to Value

The path to a clear number two will be through this bifurcated strategy, not just price action, it'll actually be through improving monetisation, bringing more value to customers, not just price, and kind of edging our ARPU up month-on-month.

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**Matt Williams:** That's a very good point, I would just emphasize something that Nikhil said, which is, although we're seeing strong growth in eight at clearly a lower ARPU, we are preserving our ARPU overall because of the way that we're managing those two parts of the business together.

**Hussaini Saifee:** Good morning, and thanks for the call. First going back to Ensign, the question is why you want to monetise the remaining stake when that particular business is one of the faster-growing business within the group and if you monetise (the remaining stake) how do you intend to use the proceeds? Will it result in some form of capital action?

Second question is on the Managed Services business which had a bit of lower growth because of the lumpiness of the business, but at the same time, Ensign posted very strong results, which I understand is also project driven. Is it fair to assume that maybe going forward, we will see a reverse in Enterprise growth and at the same time Ensign growth will slow down? Essentially negating each other?

Third is on your comment Nikhil that StarHub wants to have a clear number 2 position. By clear number two, I would assume that you would at least want to have 5 percentage points higher market share than the number 3 operator. You want to do it in a more quality and disciplined way, but isn't there a risk that your other competitors will be on their toes, because if you gain market share they too will want to establish a number 2, they have to be more aggressive too.

Final one, again, on the competition side. What I am hearing is that the competition is to an extent between the incumbents and Simba to an extent is left out. My question is even if the consolidation happens, what is the path we should see which will lead to better or rational competition because the incumbents will remain as it is.

**Nikhil Eapen:** Let me take that from the top. On Ensign, why monetise a residual stake? I think it is a number of factors. When you look at the history of Ensign, when our partner and us put Ensign together, it was really to drive the cybersecurity ecosystem working in concert.

Ensign has grown well and we've driven the cybersecurity ecosystem together between Temasek, StarHub, and Ensign in terms of its importance to Singapore, in terms of serving Government and Enterprises. That's been well done, and Ensign has achieved an amount of scale, at the same time,

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we have cybersecurity within the StarHub core is also very important, and we make that available to our Government and Enterprise customers as well. But it's a different flavor.

I think there's been a little bit of a bifurcation between the focus on pure play cybersecurity services which has its own business model and characteristics, which is what Ensign does versus what StarHub does, where cybersecurity is embedded in what we provide to our government and enterprise customers as a Modern Digital Infrastructure platform. Think of it as embedded and as a module within Modern Digital Infrastructure, which is infrastructure-based.

Over time, while we've driven the ecosystem together, there's a bit of a fork in the road that we've kind of reached and that's one reason why it makes sense to monetise. When you go from a majority stake to a minority stake, we're not an investor at StarHub. So when you have that sort of tactical and strategic bifurcation, it kind of makes sense to go all the way.

The second thing I would say, and this maybe addresses your second question as well, you know, when you look at the pure play cybersecurity services model, you generally have, decent revenue growth but it's not necessarily a model which is conducive to driving a lot of EBITDA let alone net profit. That's not necessarily an easy thing to change, because it's just necessarily, you know how what buyers want, how they choose to buy what they want, and therefore what has to be delivered to them

Whereas, our Managed Services business, on the other hand, is very platform led and it's driven off infrastructure with technology and product modules embedded within that. It is a material margin business and that margin as we continue to scale that business, as we continue to evolve that business by plugging more modules in. The margin starts from being quite high and will kind of continue to increase and accrete up over time, which are definitely our plans.

In terms of revenue growth rates, the Managed Services business and Regional Enterprise overall, the growth rate has really picked up. This quarter is a little bit of an aberration, you see sort of growth kind of pop up and down when you measure them on a quarter-on-quarter basis, but if you extend that over the half and over the full year I think what you'll see is our Managed Services growth rate will be quite strong.

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It will not really be that different from the Ensign growth rate and this is an infrastructure-based offering as a platform model with higher margins. The proof point of that growth rate is the won order book, which is, again, up by 50%.

Now, on your third question and your fourth question, I'll start and I'll get Matt to add as well

We do want to be a clear number two position if the consolidation goes through, and we'll know on May 21 whether that happens or not. Does it mean 5%? I don't know. Does 5% happen overnight? Definitely not. Will it happen through price action? Definitely not. It's going to happen through quality and growing value, and value to our customers, value for StarHub, value for our business and our shareholders. Rest assured. But it will be an ongoing process, and we have the ability to do it, in a sense when others don't, because we operate kind of in all segments of the market. Premium, Digital, and Value where we have leading platforms between the market.

On the fourth question on the competition between incumbents, and I'll get Matt to go into both shortly.

But I think this is not entirely true. It is a feature of the current state of the market, which we've seen over the last, kind of, month or so and is quite active today. But really where the competition has been and what really has been happening is this pull down of customers from the Premium end, which is really just us and the incumbent, into the Value end. And I think there are a number of reasons which we won't really go into, into why this phase of competition is happening. But one of the important reasons we can't ignore is this is kind of a pre-consolidation phase. I think it's a function of that pre-consolidation phase and the fact that you have a party which is kind of being slated for sale, which is underway to be consolidated. But that hasn't quite happened yet. So that clearly presents an opportunity for those who want to exploit that opportunity. But also to be aggressive, how long it will persist, we can't continue.

There are many reasons for this and I would hate to characterise and I don't think it's right to characterise the sort of the anything but the short-term status the competition between the incumbents because clearly we can't speak for the other incumbent but we're focused on value and monetisation.

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Matt Williams: I'll just add to what Nikhil has said, which covers most of it, and just say our focus is to make sure that we serve Singaporean consumers better than anybody else. I have an absolute belief that if we win their hearts and minds, we will win overall. And of course, that's in the context of our connectivity services, particularly mobile, is how everybody lives their lives now. Which is an incredibly valuable thing that we provide and really our focus is on making sure that we provide it in the best possible way. We do see very clear evidence of consumers responding to that very positively. It's not just sort of wishful thinking. We see that in the businesses that we operate.

But of course, if we are put in that position, we will compete very aggressively. We're very well set up to do that in particular with eight now at a significant scale. We have a very powerful tool in the eight business that can flex it to be as aggressive as we need to be, and that's what we're doing at the moment. But of course, what we don't think is constructive for our business, or for the market as a whole, is to simply pursue customer numbers with no margin associated. So we're really looking to serve customers as well as we can, and make sure that in doing that, obviously that's value accretive.

**Crystal Lim:** Okay, if there's no further questions, I think we'll wrap up for today. Once again, thanks everyone for taking the time this Thursday morning to spend with us. If you have any follow-up questions, you know where to reach us.

Have a good week ahead.

-End-

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