



# StarHub Limited

## Still in hyper-competition mode

### SINGAPORE | TELECOMMUNICATIONS | 1Q25 UPDATE

- Results were below expectations. 1Q25 revenue and EBITDA were 23% and 22%, respectively, of our FY25e forecast. Mobile ARPU continues to suffer from intense competition. On a QoQ basis, ARPU slipped 4.5%.
- Mobile price competition is across categories, including roaming and MVNO. The economics of the business will only worsen with the additional capacity and S\$282mn payment for the 700MHz spectrum due 1 July.
- Our FY25e EBITDA is lowered by 5% to S\$438mn as we reduce our mobile ARPU assumptions. We lowered our recommendation to NEUTRAL from ACCUMULATE. The target price is cut to S\$1.08 (prev. S\$1.29), from lower earnings and valuations (6.5x to 6.0 EV/EBITDA). There has been no let-up in the competitive pressure. The intense price competition and bulking up are driving the sector into consolidation and forcing incumbents to realign their cost structure.

#### Results at a glance

SGD mn	1Q25	1Q24	YoY	4Q24	QoQ	Comments (YoY)
Revenue	540.5	553.9	-2.4%	687.5	-21.4%	
- Mobile	139.2	145.2	-4.1%	144.0	-3.3%	ARPU -9%, subs. +10%.
- Entertainment	50.4	54.7	-7.9%	50.9	-1.0%	No operational data
- Broadband	64.4	61.4	4.9%	64.0	0.6%	ARPU +9%, Subs. -1%.
- Cyber security	63.5	73.1	-13.1%	166.7	-61.9%	
Operating expenses	-500.0	-502.9	-0.6%	-628.6	-20.5%	
EBITDA	100.2	105.6	-5.1%	122.0	-17.9%	
Service EBITDA	95.5	98.5	-3.0%	114.1	-16.3%	
EBITDA margin	18.5%	19.1%	-0.5%	17.7%	0.8%	
Service EBITDA margin	20.6%	21.1%	-0.5%	19.4%	1.2%	
PATMI	31.8	38.9	-18.3%	38.1	-16.5%	

Source: Company, PSR Note# Limited financials were provided in the 1Q25 update.

#### The Positive

**+ Rising price plans in broadband.** 1Q25 ARPU for broadband jumped 9.1% YoY to S\$36, supporting revenue growth of 5% to S\$64.4mn. StarHub has been successfully migrating customers into higher bandwidth plans (3, 5, and 10 Gbps).

#### The Negative

**- Mobile ARPU continues to deteriorate.** Mobile revenue is on its 5<sup>th</sup> consecutive quarter of decline in 1Q25. Dragging down revenue was the 8.7% YoY fall in ARPU. Value price plans are collapsing, led by the MVNOs. Free roaming data plans are also denting this highly lucrative segment. StarHub premium customers are less impacted because such customers have bundled products with multiple plans and operate as a household.

#### Outlook

The contraction of EBITDA by 5.1% YoY is tracking below the stable guidance for FY25. Cost savings from the dismantling of legacy IT systems will only materialize in FY26. There is no change to dividend guidance, which is the higher of 6 cents or an 80% payout. There will be more cost pressure with the S\$282mn spectrum payment due 1 July 2025. The additional spectrum or capacity in the industry could lead to further price competition to capture some benefits of scale. We think a consolidation can stabilise the current hyper competition. But any acquirer is usually burdened by additional integration cost and risk of market share loss.

**Downgrade to NEUTRAL from ACCUMULATE with lower TP of S\$1.08 (prev. S\$1.29)**



StocksBnB.com

13 May 2025

#### NEUTRAL (Downgraded)

CLOSING PRICE	SGD 1.17
FORECAST DIV	SGD 0.064
TARGET PRICE	SGD 1.08
TOTAL RETURN	-2.2%

#### COMPANY DATA

BLOOMBERG CODE:	STH SP
O/S SHARES (MN) :	1,722
MARKET CAP (USD mn / SGD mn) :	1552 / 2014
52 - WK HI/LO (SGD) :	1.29 / 1.1
3M Average Daily T/O (mn) :	1.12

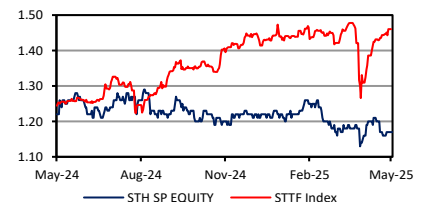
#### MAJOR SHAREHOLDERS

Temasek Holdings Pte Ltd	56.1%
Nippon Telegraph & Telephone Corp	10.0%

#### TOTAL PERFORMANCE (%)

	1MTH	3MTH	YTD
COMPANY	5.4	(4.6)	(0.7)
STI RETURN	15.4	2.3	4.7

#### PRICE VS. STTF



Source: Bloomberg, PSR

#### KEY FINANCIALS

Y/E Dec, SGDmn	FY23	FY24	FY25e	FY26e
Revenue	2,373	2,368	2,337	2,347
EBITDA	467	460	438	460
Net Profit	150	161	142	150
DPS (SS cents)	6.7	6.2	6.4	6.7
Dividend Yield	5.7%	5.3%	5.5%	5.7%
ROE	25.6%	27.7%	22.0%	22.3%
ROA	4.8%	5.4%	4.6%	4.9%

Source: Company, PSR

#### VALUATION METHOD

6.0x EV/EBITDA FY25e

Paul Chew (+65 6212 1851)

Head Of Research

paulchewkl@phillip.com.sg

## Financials

### Income Statement

Y/E Dec, SGDmn	FY22	FY23	FY24	FY25e	FY26e
<b>Revenue</b>	<b>2,327</b>	<b>2,373</b>	<b>2,368</b>	<b>2,337</b>	<b>2,347</b>
Operating Profit	155	226	225	196	206
<b>EBITDA</b>	<b>417</b>	<b>467</b>	<b>460</b>	<b>438</b>	<b>460</b>
Depreciation & Amortisation	(267)	(241)	(236)	(242)	(254)
<b>EBIT</b>	<b>151</b>	<b>226</b>	<b>225</b>	<b>196</b>	<b>206</b>
Net Finance Inc/(Exp)	(45)	(41)	(43)	(42)	(42)
Profit before tax	93	197	205	169	179
Taxation	(23)	(51)	(37)	(30)	(32)
<b>Net profit before NCI</b>	<b>70</b>	<b>146</b>	<b>168</b>	<b>139</b>	<b>147</b>
Non-controlling interest	8	(4)	8	(3)	(3)
<b>Net profit, reported</b>	<b>62</b>	<b>150</b>	<b>161</b>	<b>142</b>	<b>150</b>

### Per share data (SGD Cents)

Y/E Dec	FY22	FY23	FY24	FY25e	FY26e
EPS, reported	3.1	8.3	8.9	7.8	8.3
DPS	5.0	6.7	6.2	6.4	6.7
BVPS	30.7	33.2	35.4	36.7	38.3

### Cash Flow

Y/E Dec, SGDmn	FY22	FY23	FY24	FY25e	FY26e
<b>CFO</b>					
<b>Profit before tax</b>	<b>93</b>	<b>197</b>	<b>205</b>	<b>169</b>	<b>179</b>
Adjustments	332	275	257	273	285
WC changes	19	(72)	(50)	(43)	2
Cash generated from ops	444	400	412	399	466
Tax paid	(60)	(41)	(51)	(30)	(32)
<b>Cashflow from ops</b>	<b>384</b>	<b>359</b>	<b>361</b>	<b>368</b>	<b>434</b>
<b>CFI</b>					
CAPEX	(161)	(173)	(199)	(257)	(235)
Others	(74)	(23)	97	11	11
<b>Cashflow from investments</b>	<b>(235)</b>	<b>(195)</b>	<b>(102)</b>	<b>(246)</b>	<b>(224)</b>
<b>CFF</b>					
Share issuance, net	0	0	0	0	0
Loans, net of repayments	(211)	(3)	(9)	(50)	(50)
Dividends	(111)	(86)	(124)	(108)	(112)
Others	(293)	(123)	(98)	(100)	(100)
<b>Cashflow from financing</b>	<b>(404)</b>	<b>(210)</b>	<b>(222)</b>	<b>(208)</b>	<b>(211)</b>
Net change in cash	(255)	(46)	38	(86)	(1)
<b>CCE, end</b>	<b>567</b>	<b>498</b>	<b>535</b>	<b>449</b>	<b>448</b>

Source: Company, Phillip Securities Research (Singapore) Estimates

### Balance Sheet

Y/E Dec, SGDmn	FY22	FY23	FY24	FY25e	FY26e
<b>ASSETS</b>					
Accounts receivables	243	278	289	280	282
Cash	574	502	540	454	453
Inventories	66	47	47	47	47
Amt due from related parties	18	19	23	23	23
Others	158	140	236	236	236
<b>Total current assets</b>	<b>1,419</b>	<b>1,381</b>	<b>1,527</b>	<b>1,432</b>	<b>1,432</b>
PPE & IA	1,441	1,363	1,385	1,401	1,381
Others	137	124	149	149	149
<b>Total non-current assets</b>	<b>1,715</b>	<b>1,654</b>	<b>1,594</b>	<b>1,609</b>	<b>1,590</b>
<b>Total Assets</b>	<b>3,134</b>	<b>3,035</b>	<b>3,121</b>	<b>3,041</b>	<b>3,022</b>

### LIABILITIES

Accounts payables	824	709	753	701	704
Short term loans	137	11	448	448	448
Amt Due to related parties	42	34	37	37	37
Tax payable	35	56	7	7	7
<b>Total current liabilities</b>	<b>1,160</b>	<b>961</b>	<b>1,374</b>	<b>1,322</b>	<b>1,325</b>
Long term loans	1,014	1,128	688	638	588
Deferred tax liabilities	87	72	105	105	105
Others	57	47	50	50	50
<b>Total non-current liabilities</b>	<b>1,290</b>	<b>1,369</b>	<b>979</b>	<b>929</b>	<b>879</b>
<b>Total Liabilities</b>	<b>2,450</b>	<b>2,330</b>	<b>2,354</b>	<b>2,251</b>	<b>2,205</b>

### EQUITY

Non-controlling interests	153	137	159	159	159
<b>Shareholder Equity</b>	<b>531</b>	<b>569</b>	<b>608</b>	<b>630</b>	<b>658</b>

### Valuation Ratios

Y/E Dec	FY22	FY23	FY24	FY25e	FY26e
P/E (X)	37.3	14.2	13.2	15.0	14.1
P/B (X)	3.8	3.5	3.3	3.2	3.1
EV/EBITDA (X)	6.6	6.0	6.0	6.4	6.0

### Growth & Margins

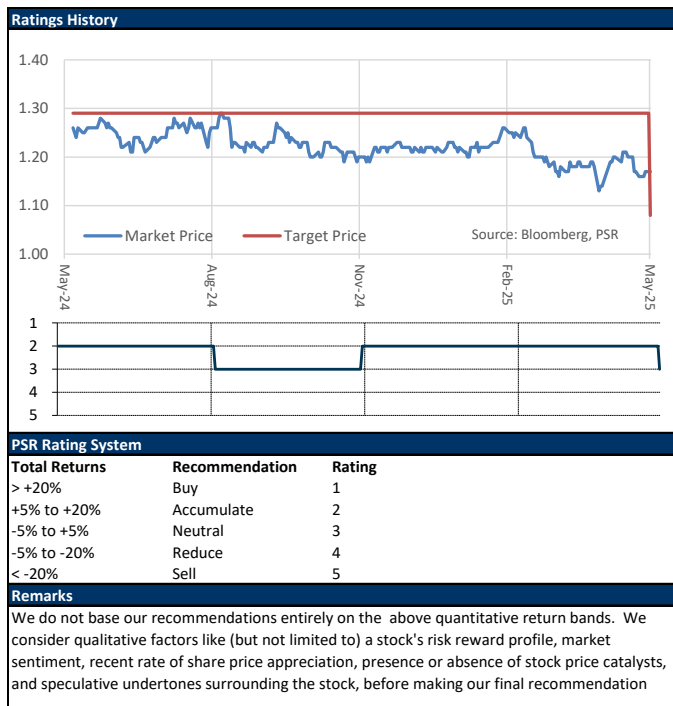
<b>Growth</b>					
Revenue	13.9%	2.0%	-0.2%	-1.3%	0.5%
EBITDA	-17.5%	12.1%	-1.5%	-4.9%	5.2%
EBIT	-33.6%	50.3%	-0.8%	-12.6%	5.0%
Net profit, adj.	-53.5%	108.9%	15.4%	-17.6%	6.0%

### Margins

Gross margin	6.6%	9.5%	9.5%	8.4%	8.8%
EBITDA margin	17.9%	19.7%	19.4%	18.7%	19.6%
EBIT margin	6.5%	9.5%	9.5%	8.4%	8.8%
Net profit margin	3.0%	6.1%	7.1%	5.9%	6.3%

### Key Ratios

ROE (%)	13.2	25.6	27.7	22.0	22.3
ROA (%)	2.2	4.8	5.4	4.6	4.9
Dividend Yield (%)	4.3	5.7	5.3	5.5	5.7
Dividend Payout (%)	159	81	70	82	81



<b>Contact Information (Singapore Research Team)</b>		
<b>Head of Research</b> Paul Chew – <a href="mailto:paulchewkl@phillip.com.sg">paulchewkl@phillip.com.sg</a>		<b>Research Admin</b> Qystina Azli – <a href="mailto:qytina@phillip.com.sg">qytina@phillip.com.sg</a>
<b>Technical Analyst</b> Zane Aw – <a href="mailto:zaneawyx@phillip.com.sg">zaneawyx@phillip.com.sg</a>	<b>Property   REITs</b> Darren Chan – <a href="mailto:darrenchanrx@phillip.com.sg">darrenchanrx@phillip.com.sg</a>	<b>Property   REITs</b> Liu Miaomiao – <a href="mailto:liumm@phillip.com.sg">liumm@phillip.com.sg</a>
<b>Banking   Auto</b> Glenn Thum – <a href="mailto:glennthumjc@phillip.com.sg">glennthumjc@phillip.com.sg</a>	<b>US Tech Hardware   E-commerce   ETF</b> Helena Wang – <a href="mailto:helenawang@phillip.com.sg">helenawang@phillip.com.sg</a>	<b>Construction   Semiconductors</b> Yik Ban Chong (Ben) – <a href="mailto:chongyb@phillip.com.sg">chongyb@phillip.com.sg</a>
<b>Contact Information (Regional Member Companies)</b>		
<b>SINGAPORE</b> <b>Phillip Securities Pte Ltd</b> Raffles City Tower 250, North Bridge Road #06-00 Singapore 179101 Tel +65 6533 6001 Fax +65 6535 6631 Website: <a href="http://www.poems.com.sg">www.poems.com.sg</a>	<b>MALAYSIA</b> <b>Phillip Capital Management Sdn Bhd</b> B-3-6 Block B Level 3 Megan Avenue II, No. 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur Tel +603 2162 8841 Fax +603 2166 5099 Website: <a href="http://www.poems.com.my">www.poems.com.my</a>	<b>HONG KONG</b> <b>Phillip Securities (HK) Ltd</b> 11/F United Centre 95 Queensway Hong Kong Tel +852 2277 6600 Fax +852 2868 5307 Websites: <a href="http://www.phillip.com.hk">www.phillip.com.hk</a>
<b>JAPAN</b> <b>Phillip Securities Japan, Ltd.</b> 4-2 Nihonbashi Kabuto-cho Chuo-ku, Tokyo 103-0026 Tel +81-3 3666 2101 Fax +81-3 3666 6090 Website: <a href="http://www.phillip.co.jp">www.phillip.co.jp</a>	<b>INDONESIA</b> <b>PT Phillip Securities Indonesia</b> ANZ Tower Level 23B, Jl Jend Sudirman Kav 33A Jakarta 10220 – Indonesia Tel +62-21 5790 0800 Fax +62-21 5790 0809 Website: <a href="http://www.phillip.co.id">www.phillip.co.id</a>	<b>CHINA</b> <b>Phillip Financial Advisory (Shanghai) Co Ltd</b> No 550 Yan An East Road, Ocean Tower Unit 2318, Postal code 200001 Tel +86-21 5169 9200 Fax +86-21 6351 2940 Website: <a href="http://www.phillip.com.cn">www.phillip.com.cn</a>
<b>THAILAND</b> <b>Phillip Securities (Thailand) Public Co. Ltd</b> 15th Floor, Vorawat Building, 849 Silom Road, Silom, Bangrak, Bangkok 10500 Thailand Tel +66-2 6351700 / 22680999 Fax +66-2 22680921 Website <a href="http://www.phillip.co.th">www.phillip.co.th</a>	<b>FRANCE</b> <b>King &amp; Shaxson Capital Limited</b> 3rd Floor, 35 Rue de la Bienfaisance 75008 Paris France Tel +33-1 45633100 Fax +33-1 45636017 Website: <a href="http://www.kingandshaxson.com">www.kingandshaxson.com</a>	<b>UNITED KINGDOM</b> <b>King &amp; Shaxson Capital Limited</b> 6th Floor, Candlewick House, 120 Cannon Street, London, EC4N 6AS Tel +44-20 7426 5950 Fax +44-20 7626 1757 Website: <a href="http://www.kingandshaxson.com">www.kingandshaxson.com</a>
<b>UNITED STATES</b> <b>Phillip Capital Inc</b> 141 W Jackson Blvd Ste 3050 The Chicago Board of Trade Building Chicago, IL 60604 USA Tel +1-312 356 9000 Fax +1-312 356 9005 Website: <a href="http://www.phillipusa.com">www.phillipusa.com</a>	<b>AUSTRALIA</b> <b>Phillip Capital Limited</b> Level 10, 330 Collins Street Melbourne, Victoria 3000, Australia Tel +61-03 8633 9803 Fax +61-03 8633 9899 Website: <a href="http://www.phillipcapital.com.au">www.phillipcapital.com.au</a>	<b>CAMBODIA</b> <b>Phillip Bank Plc</b> Ground Floor of B-Office Centre, #61-64, Norodom Blvd Corner Street 306, Sangkat Boeung Keng Kang 1, Khan Chamkamorn, Phnom Penh, Cambodia Tel: 855 (0) 7796 6151/855 (0) 1620 0769 Website: <a href="http://www.phillipbank.com.kh">www.phillipbank.com.kh</a>
<b>INDIA</b> <b>PhillipCapital (India) Private Limited</b> No.1, 18th Floor, Urmi Estate 95, Ganpatrao Kadam Marg Lower Parel West, Mumbai 400-013 Maharashtra, India Tel: +91-22-2300 2999 / Fax: +91-22-2300 2969 Website: <a href="http://www.phillipcapital.in">www.phillipcapital.in</a>	<b>TURKEY</b> <b>PhillipCapital Menkul Degerler</b> Dr. Cemil Bengü Cad. Hak Is Merkezi No. 2 Kat. 6A Caglayan 34403 Istanbul, Turkey Tel: 0212 296 84 84 Fax: 0212 233 69 29 Website: <a href="http://www.phillipcapital.com.tr">www.phillipcapital.com.tr</a>	<b>DUBAI</b> <b>Phillip Futures DMCC</b> Member of the Dubai Gold and Commodities Exchange (DGCX) Unit No 601, Plot No 58, White Crown Bldg, Sheikh Zayed Road, P.O.Box 212291 Dubai-UAE Tel: +971-4-3325052 / Fax: + 971-4-3328895

## Important Information

This report is prepared and/or distributed by Phillip Securities Research Pte Ltd ("Phillip Securities Research"), which is a holder of a financial adviser's license under the Financial Advisers Act, Chapter 110 in Singapore.

By receiving or reading this report, you agree to be bound by the terms and limitations set out below. Any failure to comply with these terms and limitations may constitute a violation of law. This report has been provided to you for personal use only and shall not be reproduced, distributed or published by you in whole or in part, for any purpose. If you have received this report by mistake, please delete or destroy it, and notify the sender immediately.

The information and any analysis, forecasts, projections, expectations and opinions (collectively, the "Research") contained in this report has been obtained from public sources which Phillip Securities Research believes to be reliable. However, Phillip Securities Research does not make any representation or warranty, express or implied that such information or Research is accurate, complete or appropriate or should be relied upon as such. Any such information or Research contained in this report is subject to change, and Phillip Securities Research shall not have any responsibility to maintain or update the information or Research made available or to supply any corrections, updates or releases in connection therewith.

Any opinions, forecasts, assumptions, estimates, valuations and prices contained in this report are as of the date indicated and are subject to change at any time without prior notice. Past performance of any product referred to in this report is not indicative of future results.

This report does not constitute, and should not be used as a substitute for, tax, legal or investment advice. This report should not be relied upon exclusively or as authoritative, without further being subject to the recipient's own independent verification and exercise of judgment. The fact that this report has been made available constitutes neither a recommendation to enter into a particular transaction, nor a representation that any product described in this report is suitable or appropriate for the recipient. Recipients should be aware that many of the products, which may be described in this report involve significant risks and may not be suitable for all investors, and that any decision to enter into transactions involving such products should not be made, unless all such risks are understood and an independent determination has been made that such transactions would be appropriate. Any discussion of the risks contained herein with respect to any product should not be considered to be a disclosure of all risks or a complete discussion of such risks.

Nothing in this report shall be construed to be an offer or solicitation for the purchase or sale of any product. Any decision to purchase any product mentioned in this report should take into account existing public information, including any registered prospectus in respect of such product.

Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may provide an array of financial services to a large number of corporations in Singapore and worldwide, including but not limited to commercial / investment banking activities (including sponsorship, financial advisory or underwriting activities), brokerage or securities trading activities. Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may have participated in or invested in transactions with the issuer(s) of the securities mentioned in this report, and may have performed services for or solicited business from such issuers. Additionally, Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may have provided advice or investment services to such companies and investments or related investments, as may be mentioned in this report.

Phillip Securities Research or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report may, from time to time maintain a long or short position in securities referred to herein, or in related futures or options, purchase or sell, make a market in, or engage in any other transaction involving such securities, and earn brokerage or other compensation in respect of the foregoing. Investments will be denominated in various currencies including US dollars and Euro and thus will be subject to any fluctuation in exchange rates between US dollars and Euro or foreign currencies and the currency of your own jurisdiction. Such fluctuations may have an adverse effect on the value, price or income return of the investment.

To the extent permitted by law, Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may at any time engage in any of the above activities as set out above or otherwise hold an interest, whether material or not, in respect of companies and investments or related investments, which may be mentioned in this report. Accordingly, information may be available to Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, which is not reflected in this report, and Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may, to the extent permitted by law, have acted upon or used the information prior to or immediately following its publication. Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited its officers, directors, employees or persons involved in the issuance of this report, may have issued other material that is inconsistent with, or reach different conclusions from, the contents of this report.

The information, tools and material presented herein are not directed, intended for distribution to or use by, any person or entity in any jurisdiction or country where such distribution, publication, availability or use would be contrary to the applicable law or regulation or which would subject Phillip Securities Research to any registration or licensing or other requirement, or penalty for contravention of such requirements within such jurisdiction.

This report is intended for general circulation only and does not take into account the specific investment objectives, financial situation or particular needs of any particular person. The products mentioned in this report may not be suitable for all investors and a person receiving or reading this report should seek advice from a professional and financial adviser regarding the legal, business, financial, tax and other aspects including the suitability of such products, taking into account the specific investment objectives, financial situation or particular needs of that person, before making a commitment to invest in any of such products.

This report is not intended for distribution, publication to or use by any person in any jurisdiction outside of Singapore or any other jurisdiction as Phillip Securities Research may determine in its absolute discretion.

## IMPORTANT DISCLOSURES FOR INCLUDED RESEARCH ANALYSES OR REPORTS OF FOREIGN RESEARCH HOUSES

Where the report contains research analyses or reports from a foreign research house, please note:

- (i) recipients of the analyses or reports are to contact Phillip Securities Research (and not the relevant foreign research house) in Singapore at 250 North Bridge Road, #06-00 Raffles City Tower, Singapore 179101, telephone number +65 6533 6001, in respect of any matters arising from, or in connection with, the analyses or reports; and
- (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Singapore who is not an accredited investor, expert investor or institutional investor, Phillip Securities Research accepts legal responsibility for the contents of the analyses or reports.