

MyRepublic...on broadband, mobile & funding

Quick Note

Call with MyRepublic management – Singapore decent traction

- MyRepublic now has around 30k subs, or 3-4% share in Singapore.
- This includes 1.5-2k enterprise subs, where ARPUs are around SGD200 (there hasn't been much impact from SME regulations/direct subsidy yet). SMEs are around 10% of total revenues, we understand. Otherwise, blended ARPUs are around SGD50.
- Churn remains low and not too dissimilar to peers, and it does not consider itself to be the cheapest in the market, but looks to compete more on better service/speeds.
- MyRepublic has launched its own OpCo too and is gradually migrating customers from Nucleus Connect (~50% migrated). This could adversely impact some of the adoption grant to be received by StarHub we think.
- **Our view:** MyRepublic is now a decently established, although small still, ISP in Singapore. Its brand has gained a lot of traction and features well on various forums, press and social networking sites too, we find – although lack of bundling is a drawback. To management's credit, it has achieved what it told most people a few years back; that is, gain 20-30k subs, launch its OpCo, expand overseas etc – so it is executing consistently we find. Exploiting NBN structure in various markets is its key objective, and now it is looking to expand into NZ, Australia and various other ASEAN markets gradually. Its share-holder register is strong too, and management is looking to raise more capital in excess of SGD200-400mn for various initiatives in the near-medium term.

Singapore mobile plans – something to watch for

- It stated that IDA (the regulator) remains open to a "new player", but it still needs to go through iterations and various conditions need to be met.
- MyRepublic needs the right/sufficient spectrum (ranging from 850MHz to 2.6GHz), needs access to towers/facilities, needs roaming rights, etc.
- On potential auctions, MyRepublic expects it to take place in 2H15 (even though actual spectrum renewal isn't till 2017 we understand). Rather than trying to enter into a bidding war with the incumbents, the company believes there may be some spectrum "reserved" for newcomers.
- If it were to enter Singapore, it intends to focus more on "small-cell" or "HetNets" type business model of rollout. See our recent report on HetNets for more details: [Asia telecoms - HetNets – coming together](#)
- **Our view:** Given the progress and the impact made by MyRepublic in fixed broadband, along with its strong and prolific shareholder backing, one shouldn't dismiss the possibility of its entering the wireless space in Singapore. No doubt this will be much more challenging as there isn't an open-access framework like the fixed, but there is potential for it to establish a niche-data business at least. It may be a 2016 event and beyond even, so we need to keep monitoring this.

Global Markets Research

26 January 2015

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Funding plans – plenty in the pipeline

- The recent SGD40mn raising was for Singapore and NZ (via Sinar Mas and Iliad founder).
- It is looking to raise another SGD50mn for Australian expansion, and then another SGD100mn or so for other regional markets like Indonesia.
- In addition to above, it is looking to raise a further SGD200-300mn for mobility in Singapore.

New Zealand – decent start

- It launched services in October last year and now has around 1.1k subs, but registration is much higher (services yet to be activated).
- It has 45% coverage (homes passed).
- Using the same brand – MyRepublic.
- It expects to be cash positive “soon” and its investments are relatively low (sub SGD1mn so far) given its low-capex intensive (cloud) model.

Appendix A-1

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