

## **StarHub Reports Fiscal Year 2006 First-Quarter Results**

- *1Q-2006 Operating Revenue Grew 14%, To S\$426.8 million*
- *EBITDA Rose 28%, To S\$127.5 million*
- *Net Profit Doubled To S\$61.4 million*
- *Group Recommends 1Q-2006 Dividend Of 2.5 Cents Per Share*

**Singapore, 10 May 2006** – StarHub ended 1Q-2006 with its operating revenue for the quarter ended 31 March 2006 increasing 14% to S\$426.8 million. The quarter also saw a net profit of S\$61.4 million, which is a two-fold increase from S\$30.4 million a year ago.

All lines of business registered double-digit growth in revenue. Although Mobile was the largest contributor in dollar terms, Broadband continued to be the fastest growing business segment in the Group. First quarter revenue for Mobile, Cable TV, Broadband and Fixed Network grew by 11%, 15%, 31% and 12% respectively when compared to 1Q-2005.

The Group's first quarter EBITDA expanded 28% to S\$127.5 million, as a result of higher revenue generated by the three major lines of business and improved operating efficiency. EBITDA margin as a percentage of service revenue increased 3.4 percentage points to reach 31.7%, compared to 28.3% in the preceding year.

The Group's free cash flow generated for 1Q-2006 amounted to S\$42.3 million, S\$7.0 million less than the previous year due to higher cash capital expenditure payments of S\$73.0 million made as compared to S\$55.7 million a year ago.

Earnings per share on a fully diluted basis doubled to 2.84 cents for the latest quarter as compared to 1.43 cents a year ago.

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## Financial Highlights

S\$ million	Quarter ended 31 March		
	2006	2005	% Change
Revenue	426.8	374.8	13.9
Service Revenue	402.2	351.6	14.4
EBITDA	127.5	99.4	28.3
Profit from operations	76.8	42.4	80.8
Profit before tax	76.1	40.1	89.8
Taxation	(14.7)	(9.7)	(51.4)
Profit attributable to shareholders	61.4	30.4	102.0
Cash capex	(73.0)	(55.7)	(31.2)
Free Cash Flow	42.3	49.3	(14.1)

### 1Q-2006 Financial Highlights

- Contributions to the revenue mix from Mobile, Cable TV, Broadband, Fixed Network Services and Sales of Equipment were 51.1%, 17.1%, 12.3%, 13.8% and 5.8%, respectively.
- **Mobile** revenue grew 11% to S\$218 million from S\$196 million, as a result of an 18% increase in its customer base to 1.45 million. Post-paid mobile services revenue rose 8% year-on-year to S\$172 million, accounting for 79% of the Mobile revenue mix. Pre-paid mobile services revenue grew 28% to S\$46 million. Post-paid ARPU was S\$70, while pre-paid ARPU was S\$23. Non-voice services as a percentage of ARPU mix were 18.9% of post-paid ARPU, 12.1% of pre-paid ARPU and 17.4% of blended ARPU.
- **Cable TV** revenue grew 15% to S\$73 million. ARPU for Cable TV rose 6% to S\$47 from S\$45 previously, as a result of a higher mix of digital cable customers and higher pricing for analog set top rentals.
- **Broadband** revenue continued its strong growth, at 31% to S\$53 million, compared to S\$40 million a year ago. ARPU was 4% higher at S\$59 from S\$57 previously. This was due to a larger number of customers signing up for the higher tier MaxOnline plans.
- **Fixed Network** revenue increased 12% to S\$59 million, as a result of higher revenue derived from the Data and Internet services. Data services revenue increased 18%, and StarHub's domestic IDD market share, as a percentage of call minutes, increased to 16.7%, based on IDA statistics as at end March 2006.

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## **1Q-2006 Business Highlights**

- **Mobile** customer base grew 18% year-on-year. Based on IDA statistics as at end March 2006, the Company captured 45% of the market net adds, even as mobile market penetration reached 100.8% in Singapore.
  - GPRS traffic grew 12% to 762 gigabytes, while MMS traffic registered 3.7 million messages in the first quarter.
  - As at 31 March 2006, StarHub had 71,000 post-paid 3G subscribers (3G SIM cards in 3G handsets).
- **Cable TV** customer base grew 9% to 453,000 as at 31 March 2006. The household penetration rate rose to 40.5% compared with 37.7% a year ago. Digital Cable TV customers grew 156% to reach 221,000 subscribers, versus 86,000 a year ago, and constitute 49% of our customer base.
- **Broadband** customer base grew 24%, closing the quarter at 289,000 customers. Based on IDA statistics (which includes pre-paid and wholesale customers), we have a 50% market share of the residential broadband market using cable modem access, which is up from 48% a year ago. The monthly churn rate remained stable at a low of 1.0%.
- StarHub's **Hubbing** strategy continued its strong momentum into 1Q-2006. The percentage of StarHub customers who subscribed to any two or more services rose from 44% a year ago to 48%. During the year, the total Hubbing households also grew 5% to 719,000 households.

"Our first quarter results show a strong start to 2006. While the mobile segment is growing slower than in previous years, we are pleased to report that all four business segments grew at double-digit rate this quarter. The 14% top line growth and improved operating efficiencies helped to deliver a doubling of profits as compared to the same quarter last year," said Mr Terry Clontz, President and CEO of StarHub.

## **Outlook**

Based on the current outlook, barring any unforeseen circumstances and changes in economic and market conditions, we maintain our guidance for the full year of 2006 of a high single-digit year-on-year increase in operating revenue, with EBITDA expanding at around twice the growth rate of our service revenue increase year-on-year. Cash capital expenditure, as a ratio of operating revenue, is also maintained in the mid-teens as previously guided.

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In line with our quarterly dividend payment schedule, the Company declares its first quarter interim dividend of 2.5 cents for its financial year ending 2006. As announced in our full year 2005 results, barring any unforeseen circumstances, and in view of the Group's current cash position and distributable reserves, coupled with profitability and free cash flow trend, the Group intends to pay a recurring annual cash dividends of not less than 10 cents per share in FY2006.

With respect to effecting a more efficient capital structure, the Group intends to announce detailed plans before end June 2006. For more details on the Group's performance and outlook for 1Q-2006, please visit [www.starhub.com/ir](http://www.starhub.com/ir). Materials available at this website include the investor presentation and unaudited results for the first quarter ended 31 March 2006.

#### **About StarHub**

StarHub is Singapore's second largest info-communication company and the sole operator delivering a full range of information, communications and entertainment services over fixed, cable, mobile and Internet platforms. StarHub operates a 3G mobile network in addition to its GSM network and is the exclusive provider of i-mode mobile Internet services over its 2.5G and 3G networks. StarHub also operates its own nation-wide HFC network that delivers multi-channel cable TV services (including Digital Cable), voice and Internet access for both consumer and corporate markets. StarHub is listed on the SGX-ST.

Driven by a passion for listening and providing what customers want, StarHub endeavours to bring affordable and premium quality services with innovative and useful features to all its customers. StarHub raises the level of competition in Singapore, challenging others as well as challenging itself, to constantly introduce new world-class services at competitive prices. This unwavering commitment will further strengthen Singapore's position as a leading info-communication hub in the region. Visit StarHub at [www.starhub.com](http://www.starhub.com) for your communication needs.

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