

StarHub Reports 2005 Fourth-Quarter And Full-Year Results

- *Full-Year Operating Revenue Increased 16%, To S\$1.57 billion*
- *Strong Net Profit Of S\$221.4 million*
- *EBITDA Surged 43%, To S\$460.1 million*
- *Free Cash Flow More Than Doubled, To S\$256.9 million*
- *Group Recommends Final Dividend Of 2.5 Cents Per Share*

Singapore, 23 February 2006 – StarHub ended 2005 on a high note with its operating revenue for the full year ended 31 December 2005 increasing 16% to S\$1.57 billion. For 4Q2005, revenue also saw double-digit growth of 15% to S\$415.1 million compared to the same period last year.

For the year 2005, StarHub also turned in its maiden net profit of S\$221.4 million, which marked a significant turnaround of S\$276.1 million compared to a loss of S\$54.7 million for FY2004. Correspondingly, net profit for the fourth quarter is S\$73.3 million compared to a net loss of S\$6.7 million for 4Q2004.

The three major lines of business registered double-digit growth in revenue, with Mobile being the largest contributor, while Broadband maintained its position as the fastest growing business segment in the Group. Full-year revenue for Mobile, Cable TV and Broadband grew by 15%, 17% and 41% respectively when compared to FY2004.

The Group's full-year EBITDA grew by 43% to S\$460.1 million, as a result of higher revenue and improved operating efficiencies. EBITDA margin as a percentage of service revenue continued its climb with a rise of six percentage points to reach 31%, compared to 25% in the preceding year. For the quarter, EBITDA rose almost a third to S\$117.4 million while EBITDA margin as a percentage of service revenue rose from 26% in 4Q2004 to 30%.

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The Group's free cash flow generated for FY2005 amounted to S\$256.9 million, more than double that of S\$117.9 million in the previous year. On a quarterly basis, StarHub recorded a free cash flow of S\$81.4 million in 4Q2005, versus S\$0.3 million previously. Capital Expenditures were S\$247.7 million in 2005. CAPEX as a percentage of total operating revenue was reduced slightly from 16.3% in 2004 to 15.8%.

For the full year period, earnings per share on a fully diluted basis were 10.3 Singapore cents, up from a negative 2.59 Singapore cents in FY2004.

Financial Highlights

S\$ million	Quarter ended 31 December			Year ended 31 December		
	2005	2004	% Change	2005	2004	% Change
Revenue	415.1	361.1	14.9	1,570.7	1,355.2	15.9
Service Revenue	391.1	340.2	15.0	1,483.0	1,286.9	15.2
EBITDA	117.4	88.8	32.2	460.1	322.9	42.5
Profit / (loss) from operations	67.6	(1.4)	nm	256.3	(16.7)	nm
Profit / (loss) before tax	65.7	(4.7)	nm	248.3	(30.3)	nm
Taxation	7.6	(2.0)	nm	(26.9)	(24.4)	(10.2)
Profit attributable to shareholders	73.3	(6.7)	nm	221.4	(54.7)	nm
Free Cash Flow	81.4	0.3	@	256.9	117.9	117.9

Note: nm = Not meaningful

@ = More than +/-300%

FY2005 Financial Highlights

- Contributions to the revenue mix from Mobile, Cable TV, Broadband, Fixed Network Services and Sales of Equipment were 52.3%, 16.7%, 11.3%, 14.1% and 5.6%, respectively.
- **Mobile** revenue grew 15% to S\$822 million from S\$713 million, as a result of a 20% increase in its customer base to 1.39 million. Post-paid mobile services revenue rose 8% year-on-year to S\$662 million, accounting for 81% of the Mobile revenue mix. Pre-paid mobile services revenue grew 63% to S\$160 million. Post-paid ARPU remained unchanged at S\$71, while pre-paid ARPU grew 6% to S\$23. Non-voice services contributed 16.5% of blended ARPU mix. As a percentage of post-paid ARPU, it was 17.7% and as a percentage of pre-paid ARPU, it was 11.8%.

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- **Cable TV** revenue grew 17% to S\$262 million. Overall ARPU for Cable TV rose 11% to S\$45 from S\$41 previously, as a result of strong uptake in digital cable services. Average monthly churn rate was maintained at a low of 0.9%.
- **Broadband** registered the strongest growth, at 41% to S\$177 million, compared to S\$126 million a year ago. ARPU was 6% higher at S\$57 from S\$54 previously. This was due to a larger number of customers signing up for the higher tier MaxOnline plans.
- **Fixed Network** revenue dipped 1% to S\$222 million, as a result of our decision to exit the lower margin international transit voice services. However, data services revenue increased 11%, and StarHub's domestic IDD market share, as a percentage of call minutes, increased to 15% from 13% a year ago.

FY2005 Business Highlights

- **Mobile** customer base grew 20% year-on-year against the overall Singapore mobile market growth of 10%, representing a 33% mobile market share as at 31 December 2005. StarHub's share of the market net adds for the year was 59%. Specifically for 4Q2005, StarHub captured 89% of the market net adds, as mobile market penetration reached 97.8% in Singapore.
 - GPRS traffic grew 55% to 2,748 gigabytes, while MMS traffic grew 45% to 14.6 million messages as at end December 2005.
 - As at 31 December 2005, StarHub had 52,000 post-paid 3G subscribers (3G SIM cards in 3G handsets). StarHub's i-mode service was launched in November 2005.
- **Cable TV** customer base grew 9% to 448,000 as at 31 December 2005, crossing a household penetration rate of 40% for the first time. This is compared with 37% a year ago. Digital Cable TV customers grew by almost four-fold to reach 197,000 subscribers, versus 53,000 in 2004. The Cable TV business also maintained a low churn rate of 0.9% for the year.
- **Broadband** customer base grew 29%, closing the year at 277,000 customers. As at 31 December 2005, based on the IDA statistics (which includes pre-paid and wholesale customers), we have a 51% market share of the residential broadband market, which is up from 47% in 2004. The monthly churn rate was reduced further to 1.0% in 2005, from 1.1%, a year ago.
- StarHub's **Hubbing** strategy continued its strong momentum into FY2005. The percentage of StarHub customers who subscribed to any two or more services

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rose from 42% a year ago to 47%. During the year, the total Hubbing households also grew 6% to 711,000 households.

“This past year was a great year for StarHub’s customers and its shareholders. For customers, we strengthened our portfolio of offerings, delivering more integrated products, content and services, priced to deliver good value for money. Also, more customers took advantage of the one-stop shop convenience and value that StarHub affords them; with an 11 % increase in households taking two services, and a 38% increase in households taking all three services of Mobile, Cable TV and Broadband. For our shareholders, we achieved our first profitable year, substantially increasing free cash flow, and began returning surplus cash to shareholders through quarterly dividend payments,” said Mr Terry Clontz, President and CEO of StarHub.

Outlook for Year 2006

Barring any unforeseen circumstances and changes in market and economic conditions, StarHub expects the year-on-year growth for the Group’s 2006 operating revenue to be in the high single-digits. Depending on the line of business mix in growth and the intensity level of competition, the Company expects its 2006 EBITDA margin to expand at approximately two times the growth rate of service revenue.

Capital expenditure for 2006 is expected to be similar to 2005 with a cash capital expenditure to total operating revenue ratio targeted at the mid-teens level.

For the year, the Group has made interim dividend payments amounting to 6.5 cents per share and proposed a final dividend of 2.5 cents per share, to be approved at the upcoming Annual General Meeting. StarHub intends to pay a recurring minimum annual cash dividend of ten cents per share in 2006.

The Group intends to put in place in 2006, a capital structure that is comparable to relevant industry peers. Going forward, we will continue to review our capital structure as necessary to ensure an appropriate and efficient capital structure.

For more details on the Group's performance for FY2005 and outlook for FY2006, please visit www.starhub.com/ir. Materials available at this website include the investor presentation and unaudited results for the fourth quarter and full year ended 31 December 2005.

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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 for your communication needs.

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For all enquiries, please contact:

Jeannie Ong
Head, Corporate Communications & Investor Relations
StarHub
Mobile: (65) 9388 2111
Office: (65) 6825 5168
Fax: (65) 6721 5015
Email: jeannieo@starhub.com

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