

# FY 2005 Results

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23 February 2006

## Disclaimer

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*Some of the statements in this presentation constitute "forward-looking statements" that do not directly or exclusively relate to historical facts. These forward-looking statements reflect StarHub Ltd's current intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside StarHub Ltd's control. Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks. Because actual results could differ materially from StarHub Ltd's current intentions, plans, expectations, assumptions and beliefs about the future, you are urged to view all forward-looking statements contained in this presentation with caution.*

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## Financial Headlines (FY-2005 vs FY-2004)

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Revenue

S\$1,571 million

↑ 16 %

EBITDA

S\$460 million

↑ 43 %

EBITDA Margin

31%

↑ 6 pts

NPAT

S\$221 million

↑ S\$276 million

Free Cash Flow

S\$257 million

↑ 118 %

## Business Expansion (FY-2005 vs FY-2004)

Line of Business	Customer Growth	Revenue Growth
<b>Mobile (Service Revenue)</b>	20%	15%
<b>Cable TV</b>	9%	17%
<b>Cable Broadband</b>	29%	41%
<b>Fixed Network Services</b>		(1%)

## Financial Overview

Business Overview

Outlook

## Key Financial Highlights

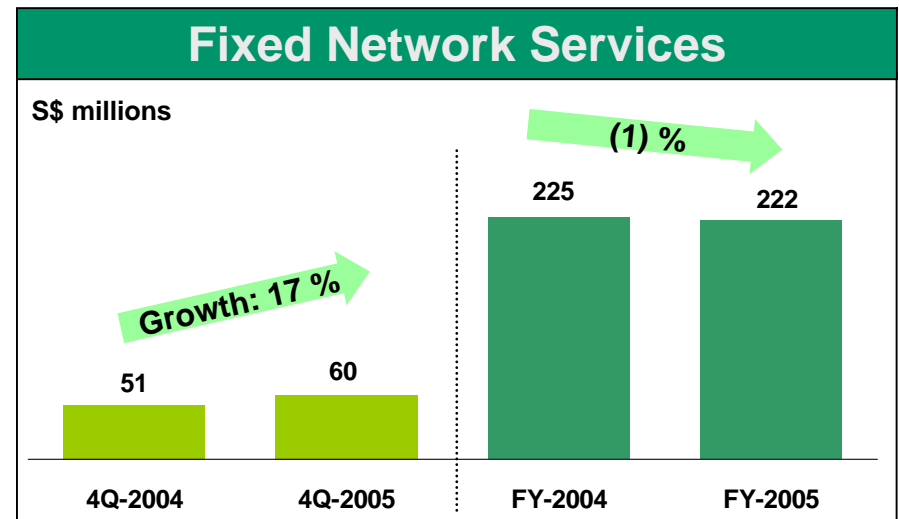
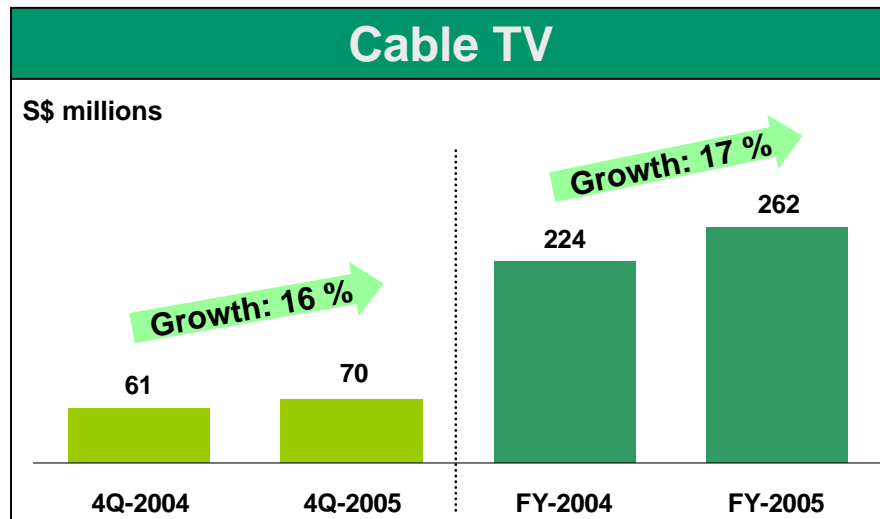
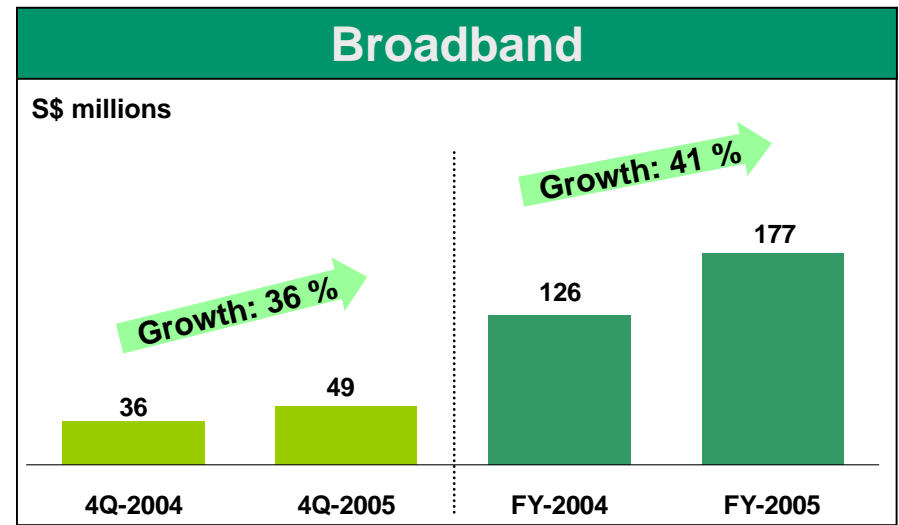
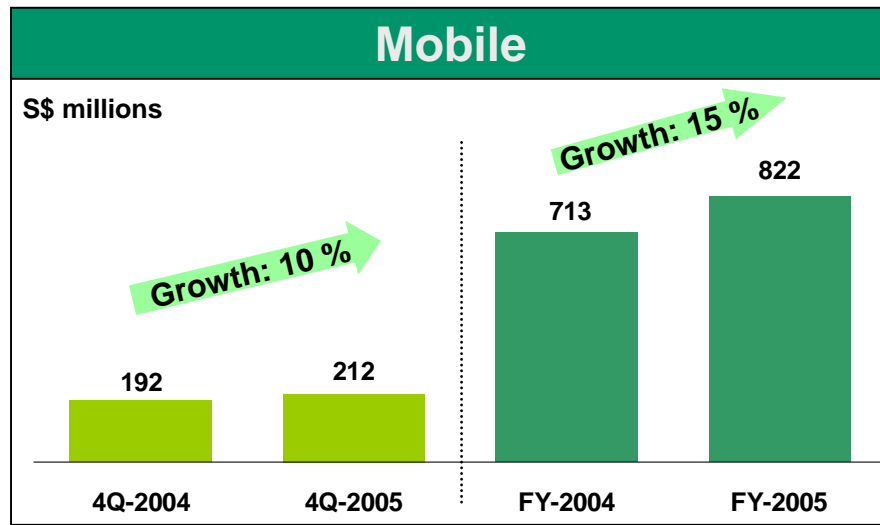
S\$ million	4Q-2005	4Q-2004*	Change %	FY-2005	FY-2004*	Change %
Total Revenue	<b>415</b>	361	15%	<b>1,571</b>	1,355	16%
Service Revenue	<b>391</b>	340	15%	<b>1,483</b>	1,287	15%
EBITDA	<b>117</b>	89	32%	<b>460</b>	323	43%
EBITDA Margin	<b>30.0%</b>	26.1%	3.9 pts	<b>31.0%</b>	25.1%	5.9 pts
Profit / (Loss) from Operations	<b>68</b>	(1)	N.M.	<b>256</b>	(17)	N.M.
Net Profit / (Loss) After Tax	<b>73</b>	(7)	N.M.	<b>221</b>	(55)	N.M.
Earnings / (Loss) Per Share (Cents) (Diluted)	<b>3.40</b>	(0.32)	N.M.	<b>10.30</b>	(2.59)	N.M.
Capex Cash Payments	<b>35</b>	78	55%	<b>248</b>	221	-12%
Free Cash Flow	<b>81</b>	0.3	@	<b>257</b>	118	118%
Net debt	<b>69</b>	193	64%	<b>69</b>	193	64%

N.M. = Not Meaningful / @ = more than 300%

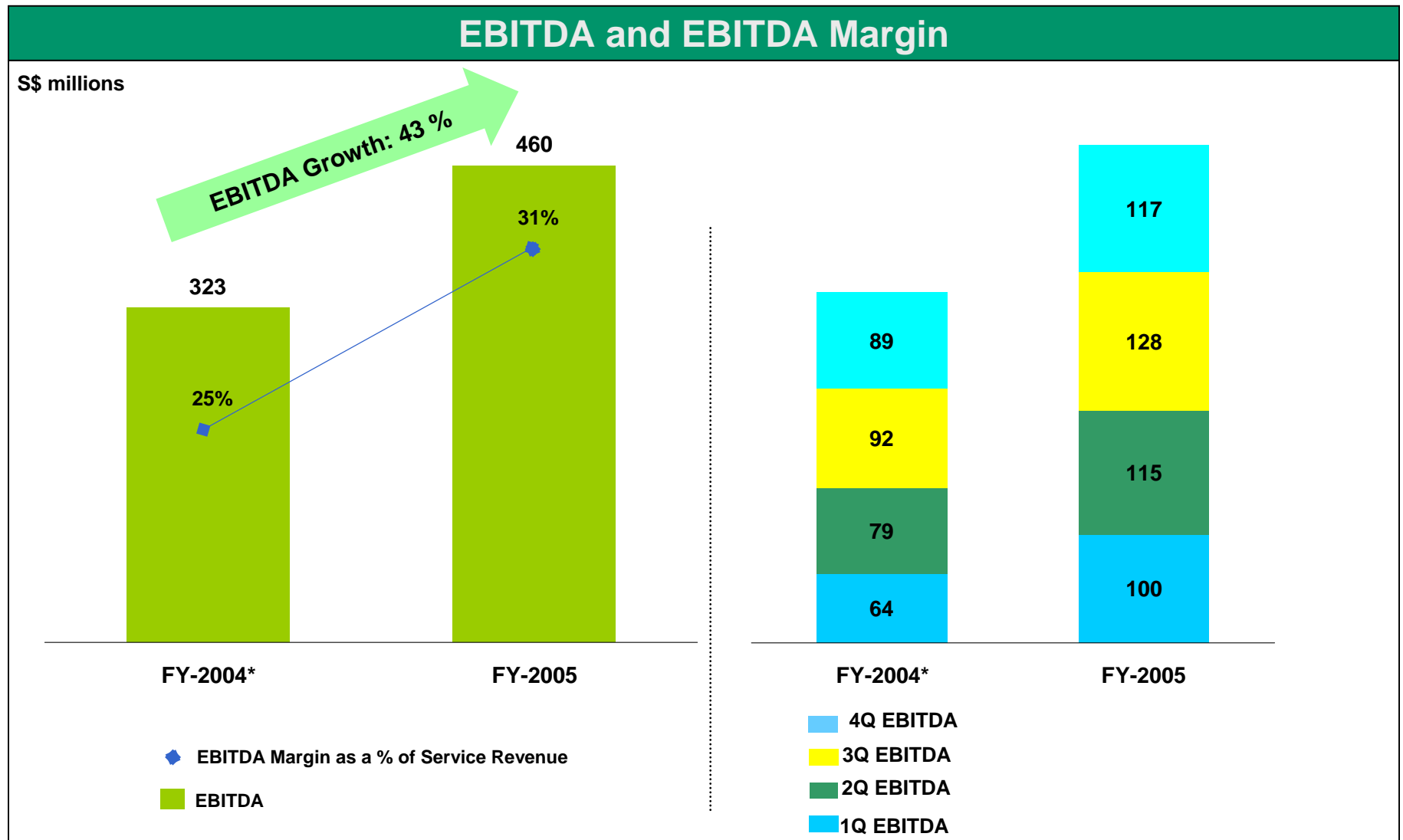
\* = Restated



# Revenue by Lines of Business



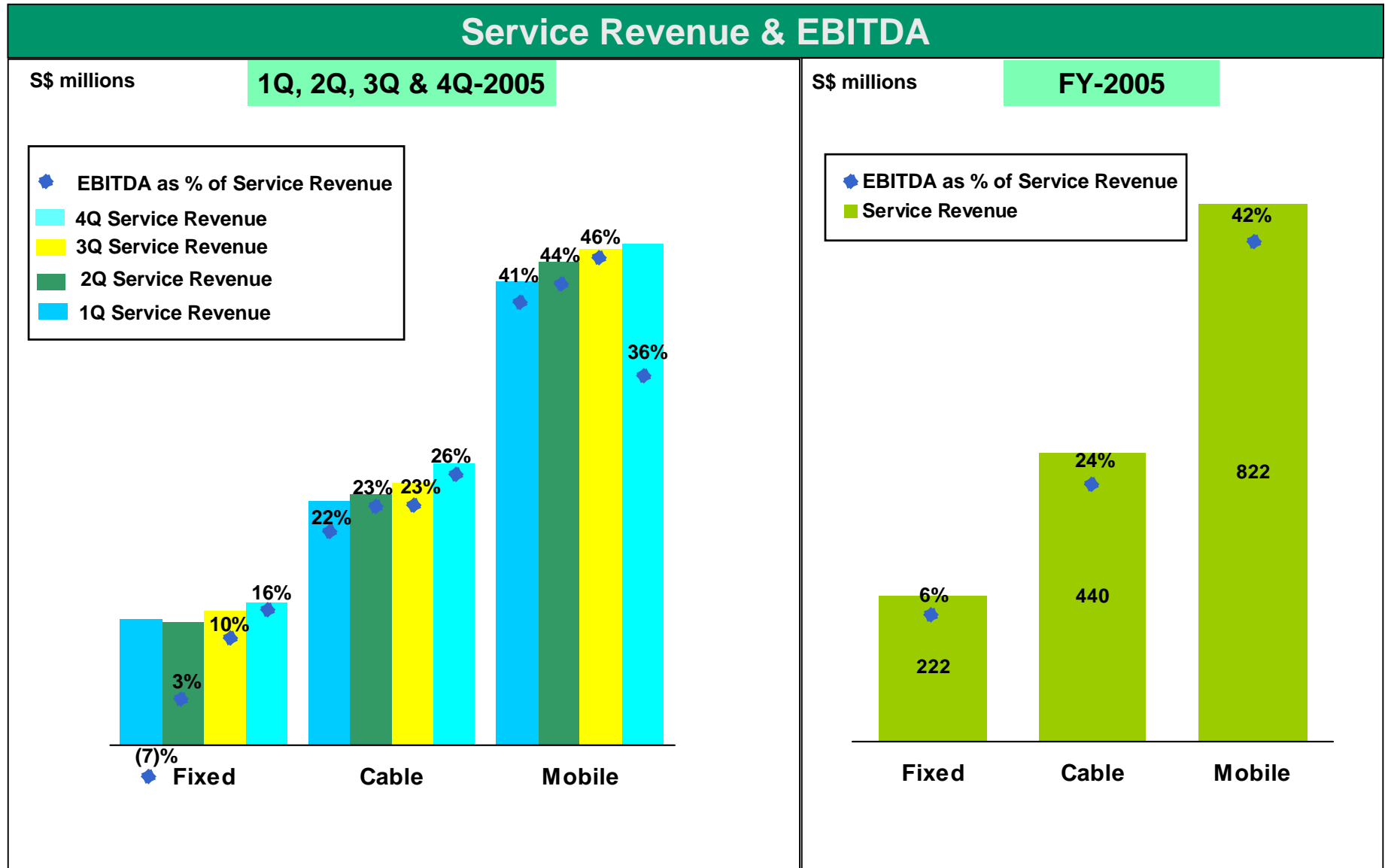
# EBITDA Expansion



Note: Numbers may not add up due to rounding.

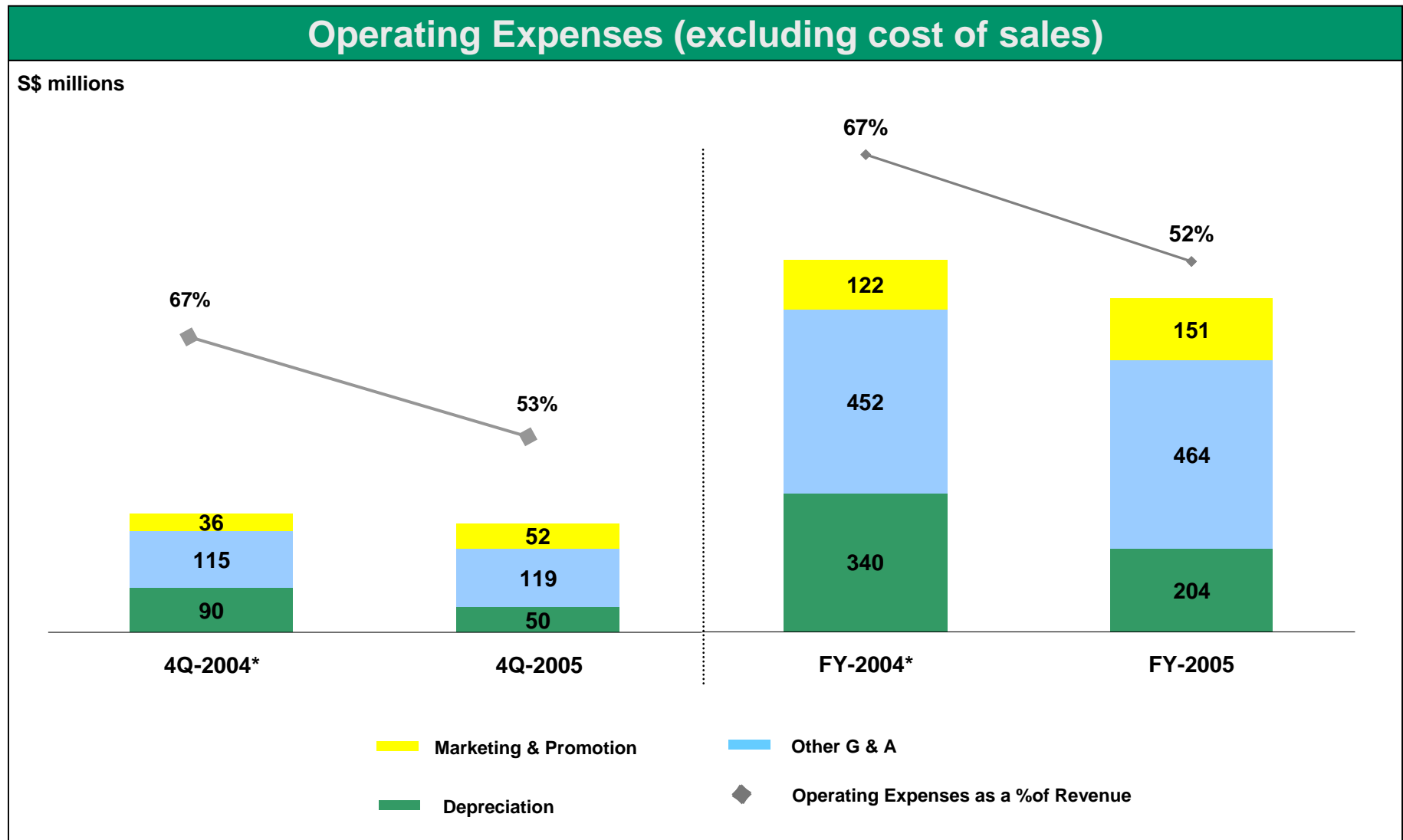
\* = Restated

# Revenue & EBITDA By Service Platform



Note: Numbers may not add up due to rounding.

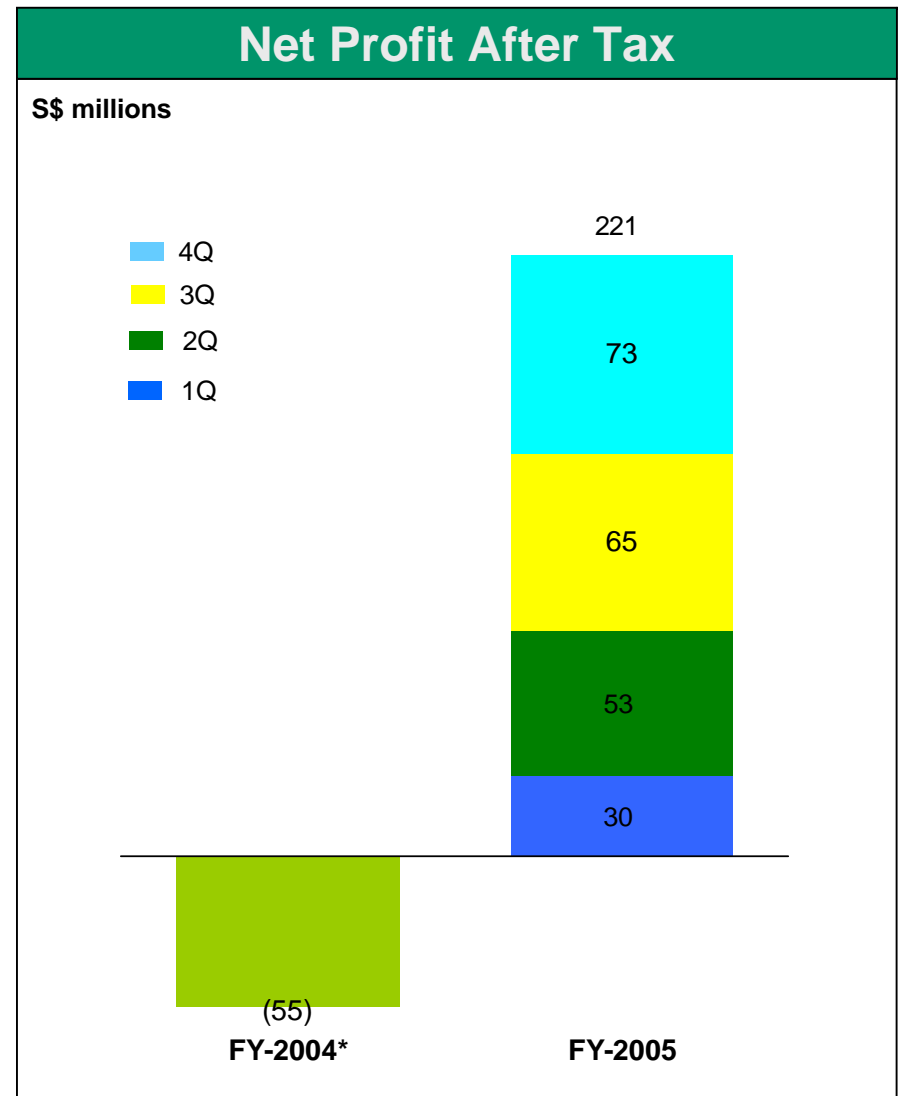
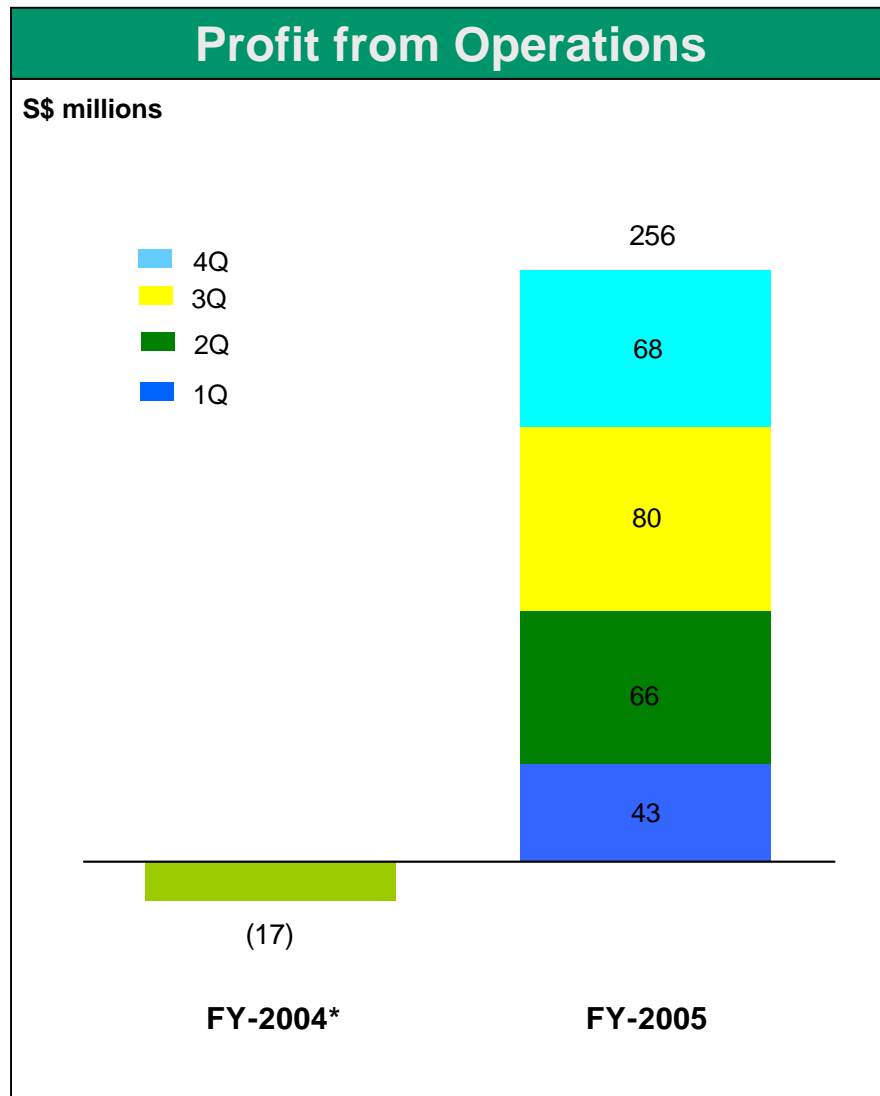
# Improved Operating Efficiencies



Note: Numbers may not add up due to rounding.

\* = Restated

# Profitability

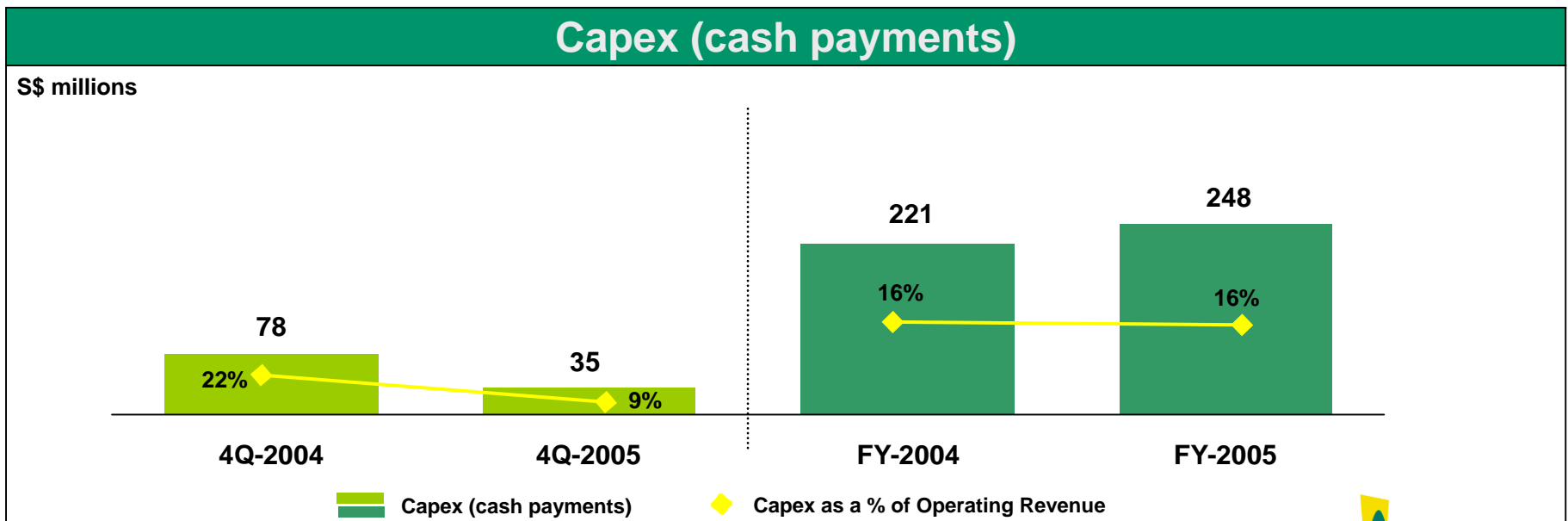
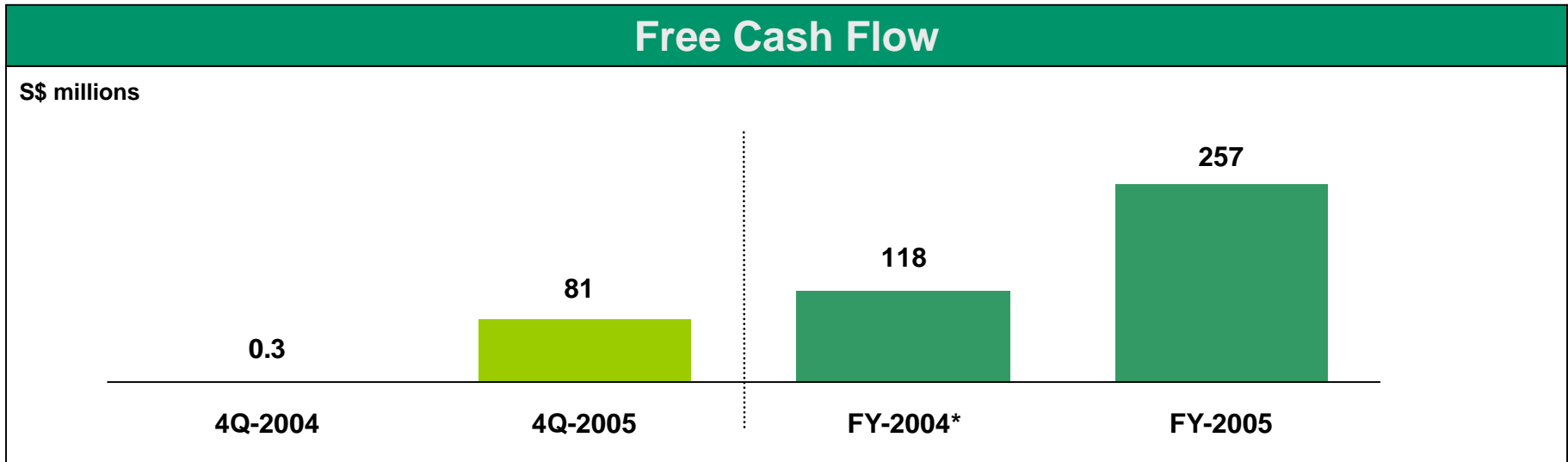


Note: Numbers may not add up due to rounding.

\* = Restated



# Free Cash Flow & Capex



## Dividend For FY-2005

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**Dividend:** Final dividend of 2.5 cents per share recommended; subject to approval at the 8<sup>th</sup> Annual General Meeting.

Total interim dividends paid so far is 6.5 cents per share.

Financial Overview

**Business Overview – Mobile**

Outlook

## Mobile – Highlights

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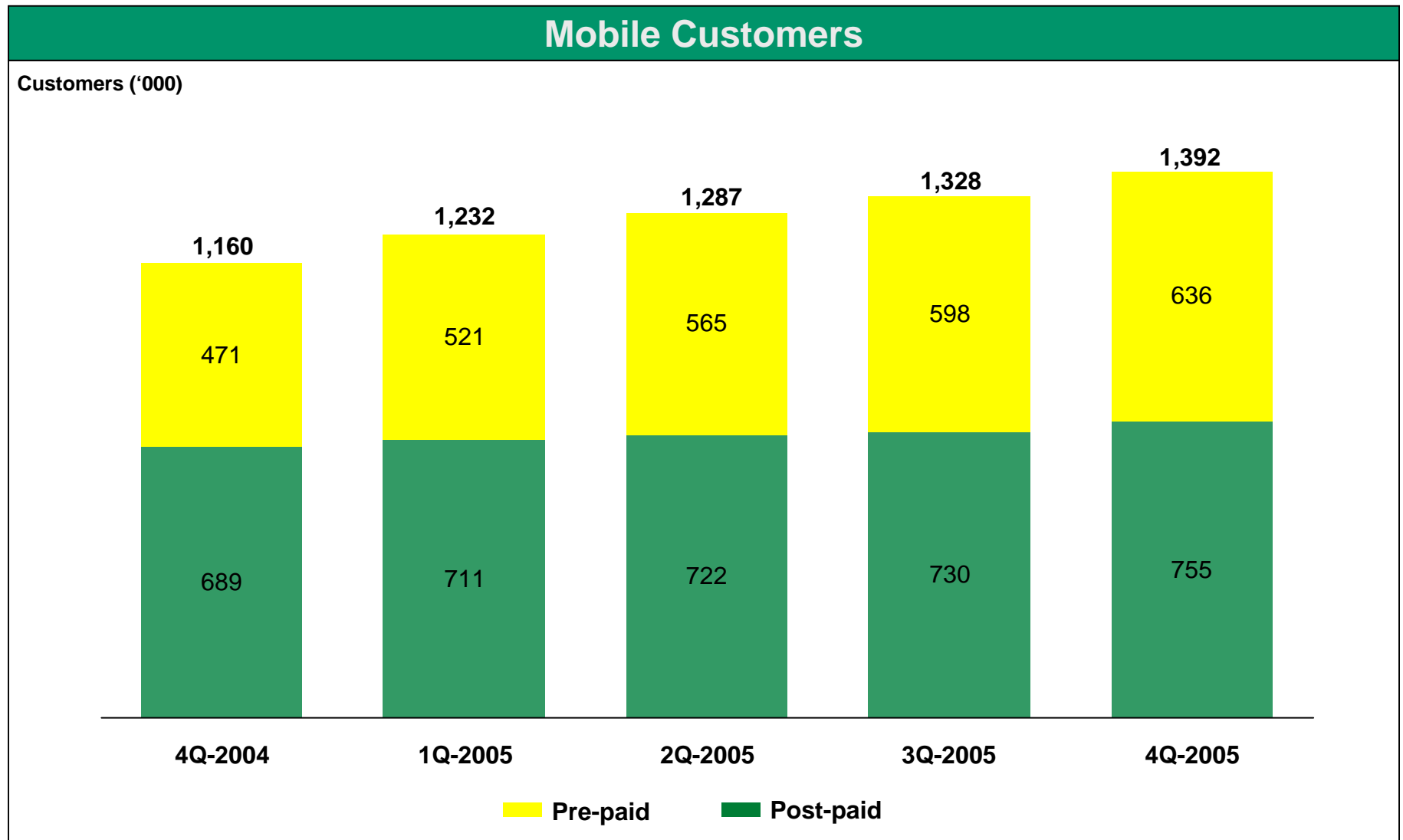
**Service Revenue growth of 15%**

**Customer net additions of 232K (20% growth)**

**Consistently high ARPU**

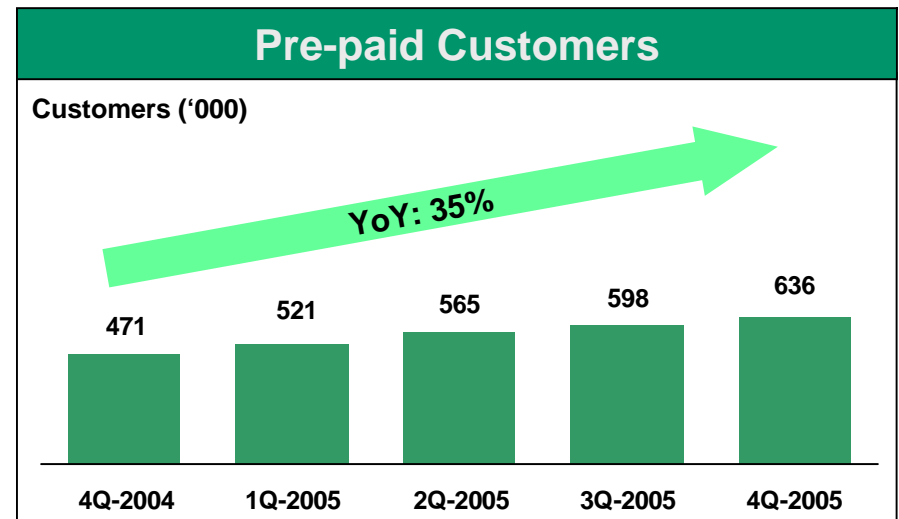
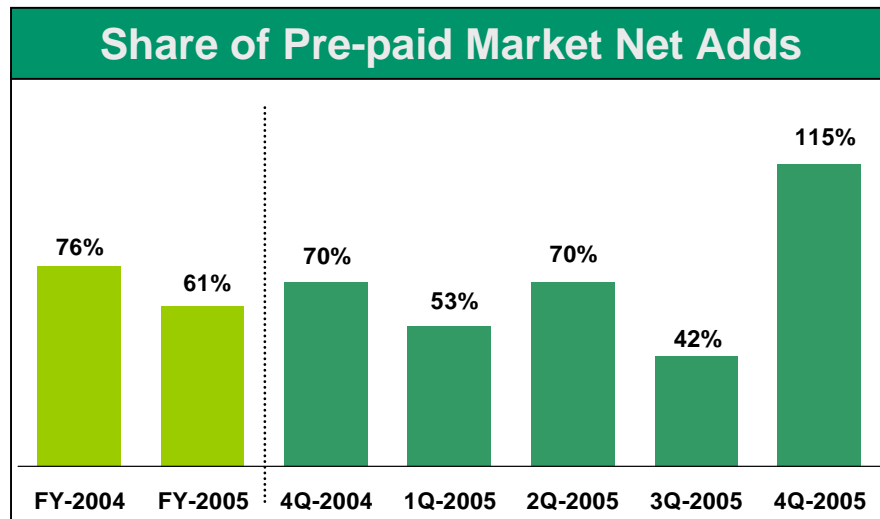
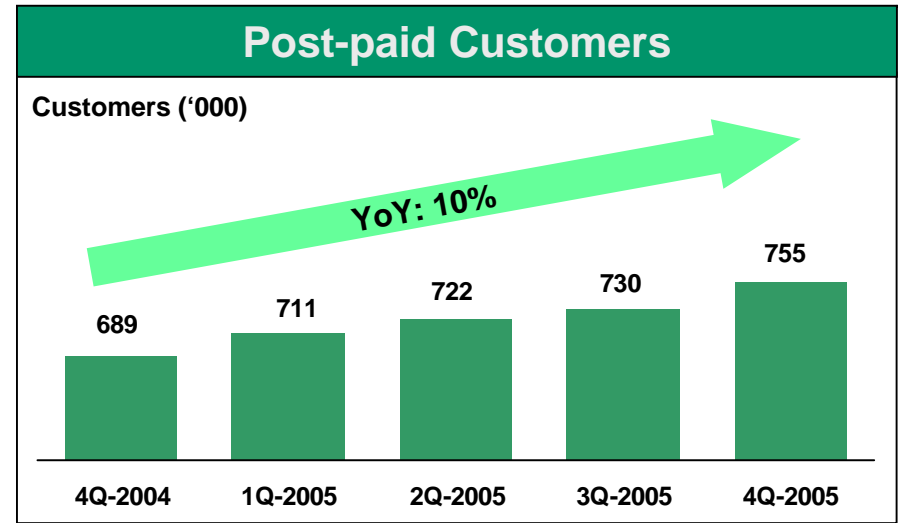
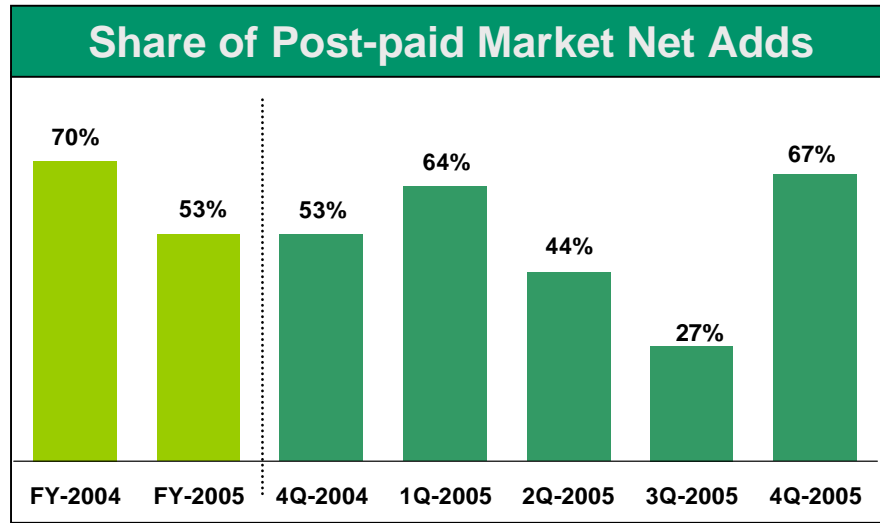
**Non-voice revenue on the increase**

# Growing Mobile Customer Base

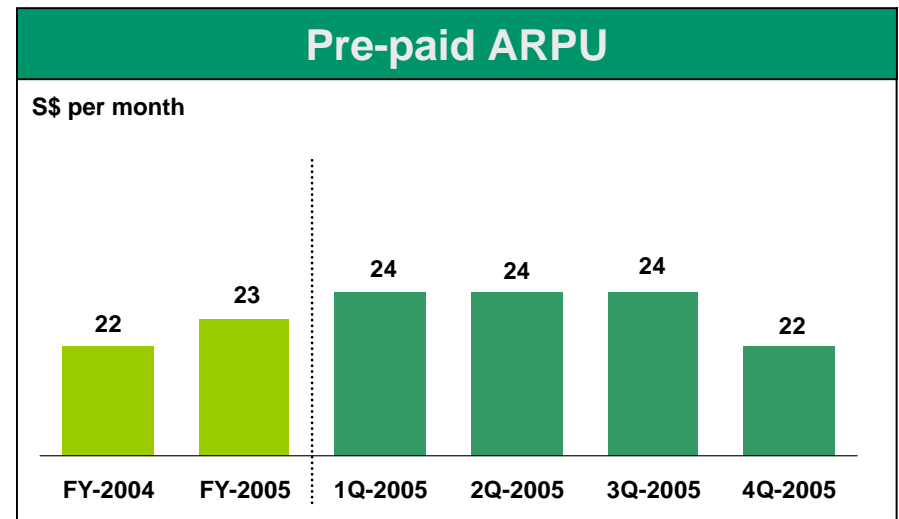
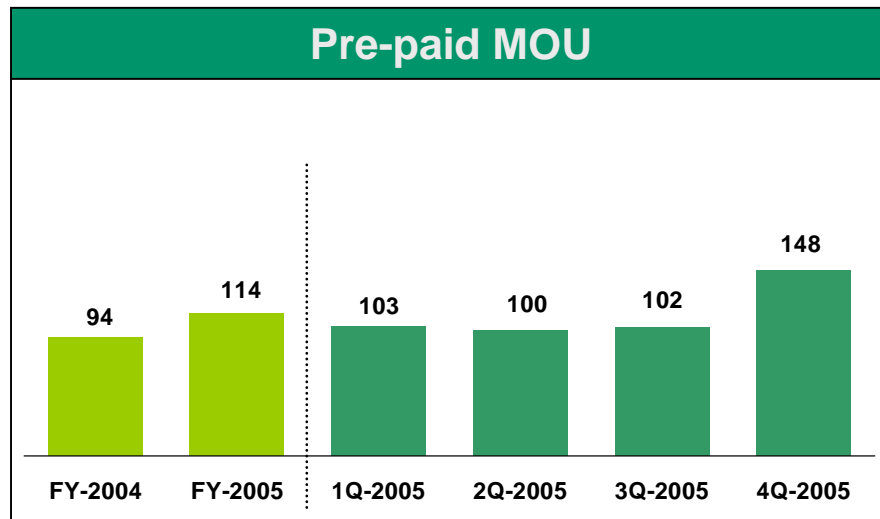
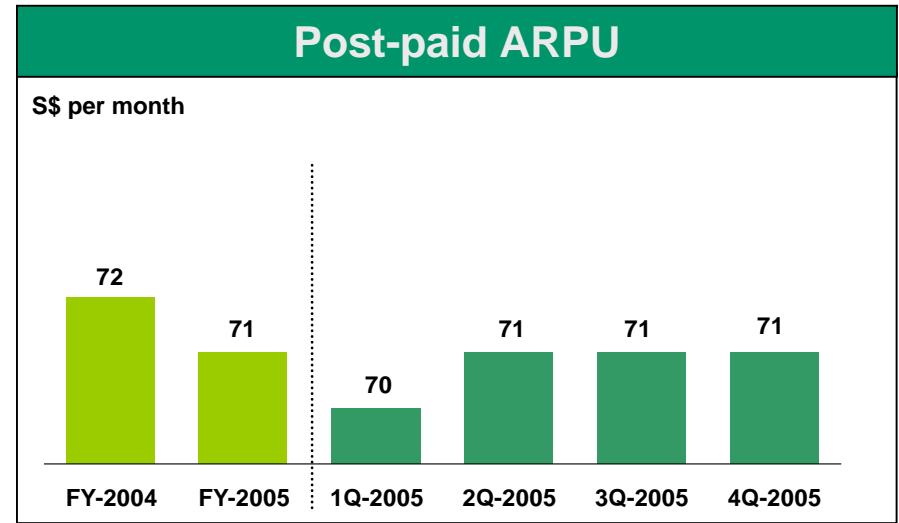
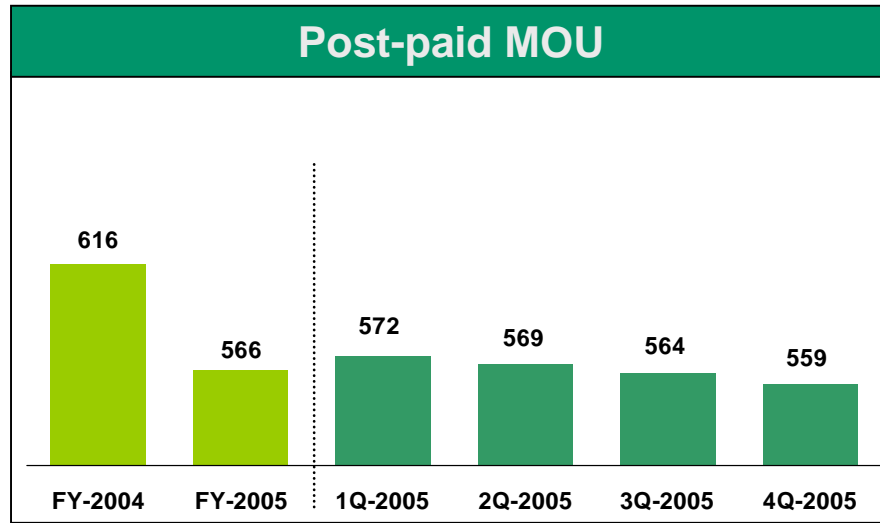


Note: Numbers may not add up due to rounding.

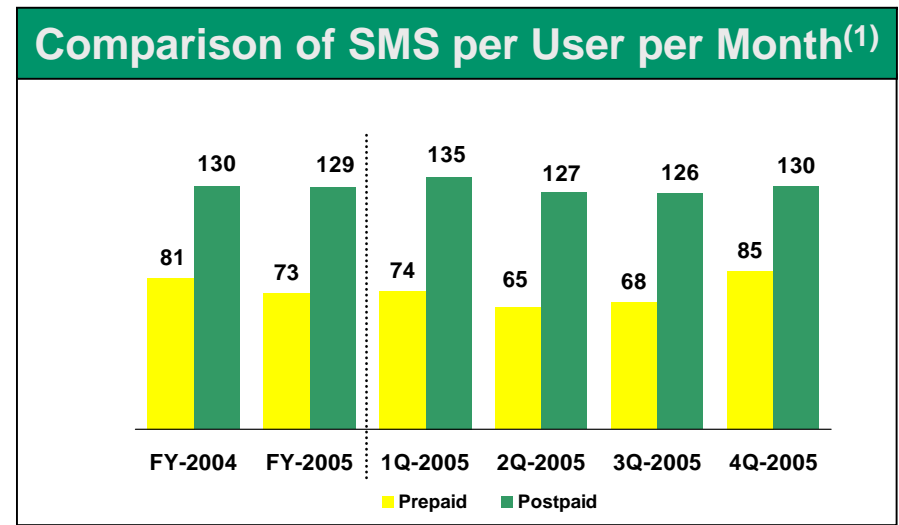
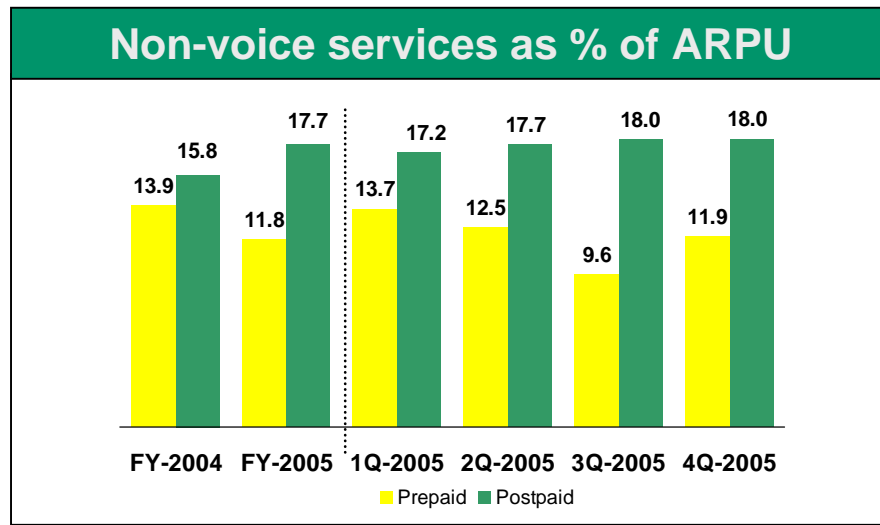
# Mobile Customer Growth



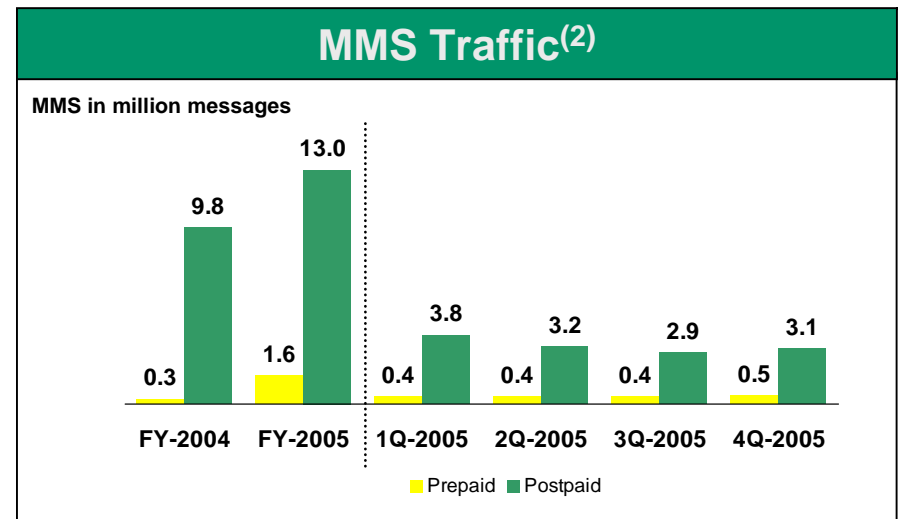
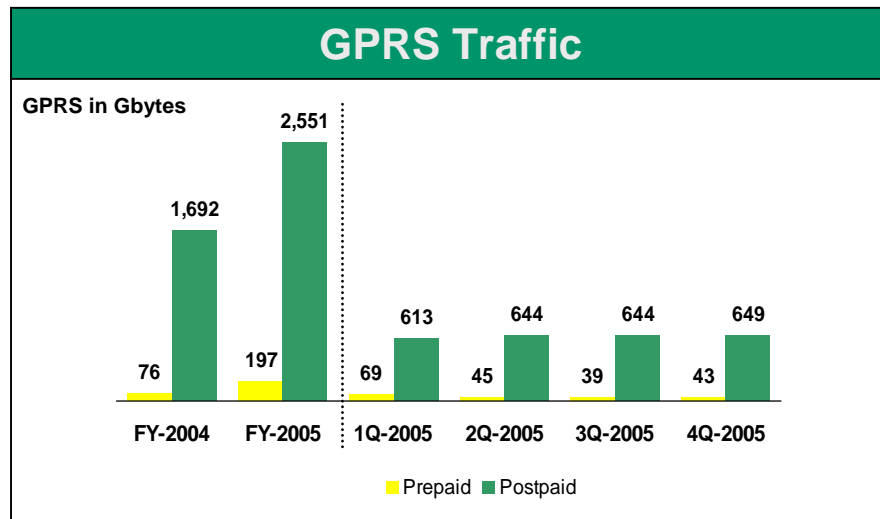
# MOU & ARPU



# Mobile Non-voice Services



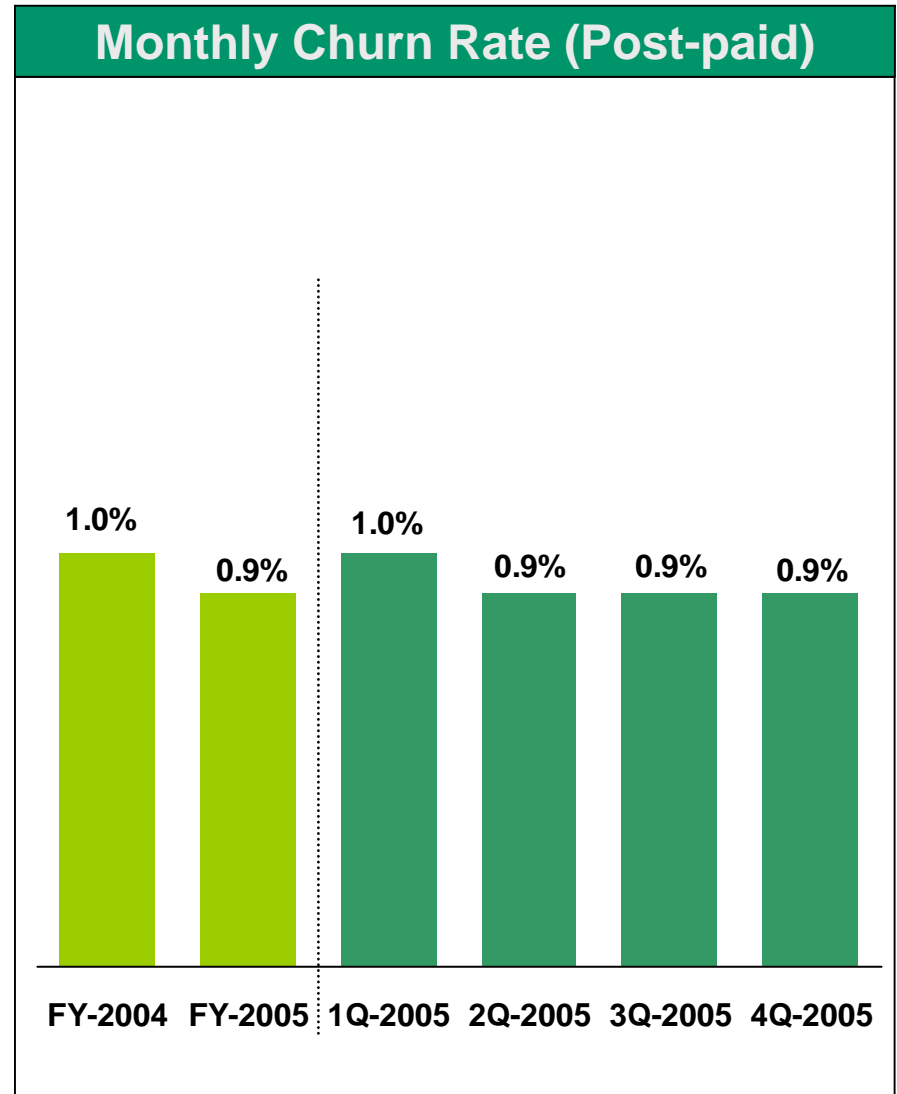
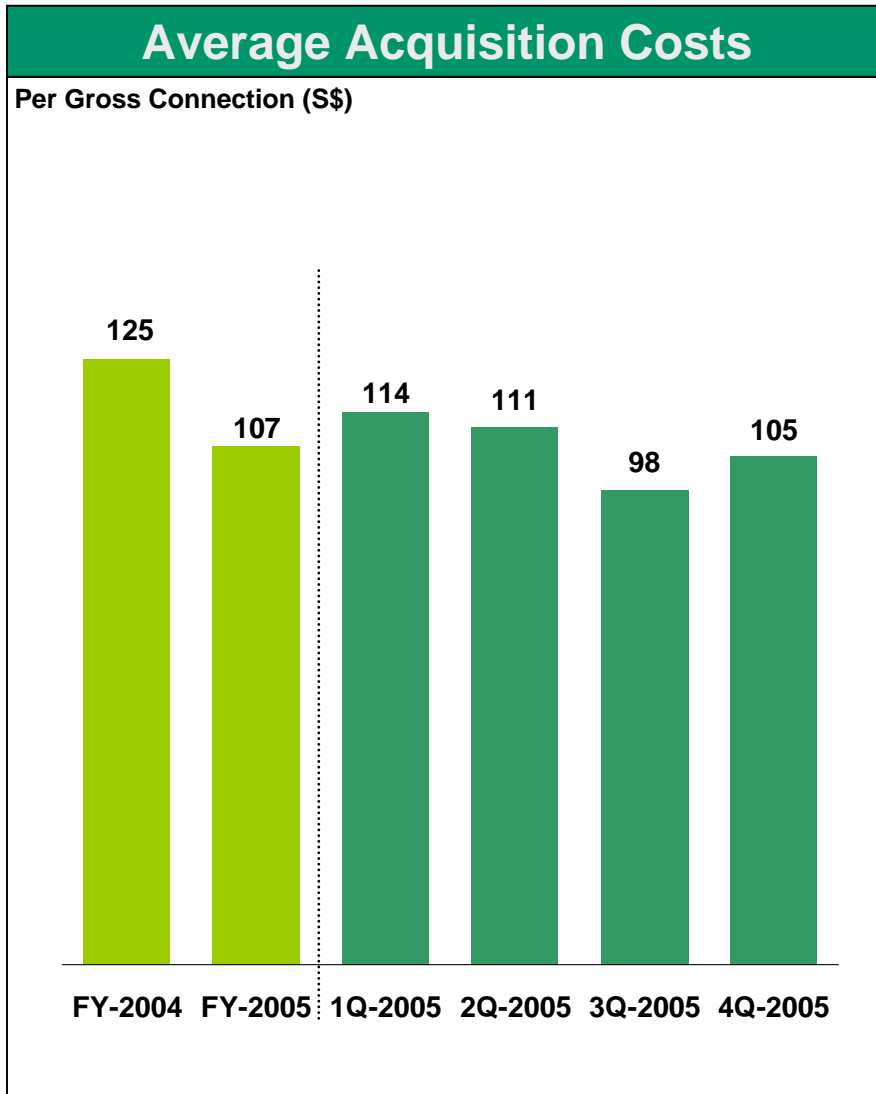
(1) Originating



(2) Originating and terminating

Note: Numbers may not add up due to rounding.

# Acquisition Costs & Churn Trend



# Mobile Updates

## Nation-wide Pre-paid Registration:

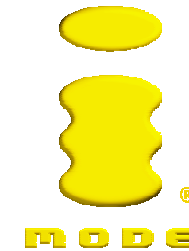
- 1 November 2005 to 30 April 2006



**3G customers = 52,000 (as at end Dec '05)**

## i-Mode launched on 18 Nov '05:

- More than 100 Content Providers
- Services available over StarHub's 2.5G and 3G networks
- Currently there are 4 i-Mode phone models available to customers



Financial Overview

## **Business Overview – Cable TV**

Outlook

## Cable TV – Highlights

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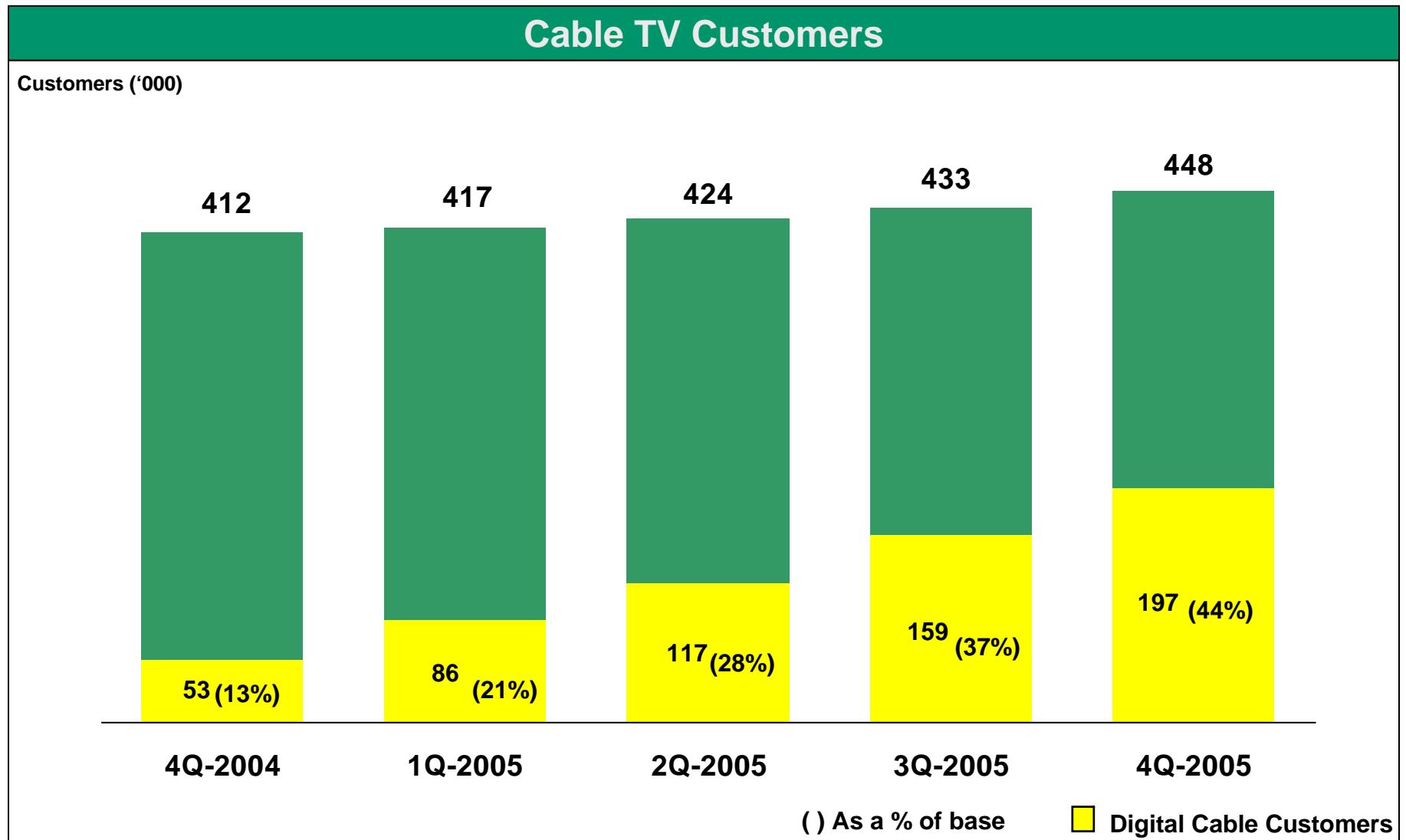
Revenue growth of 17%

Net customer additions of 36K (9% growth)

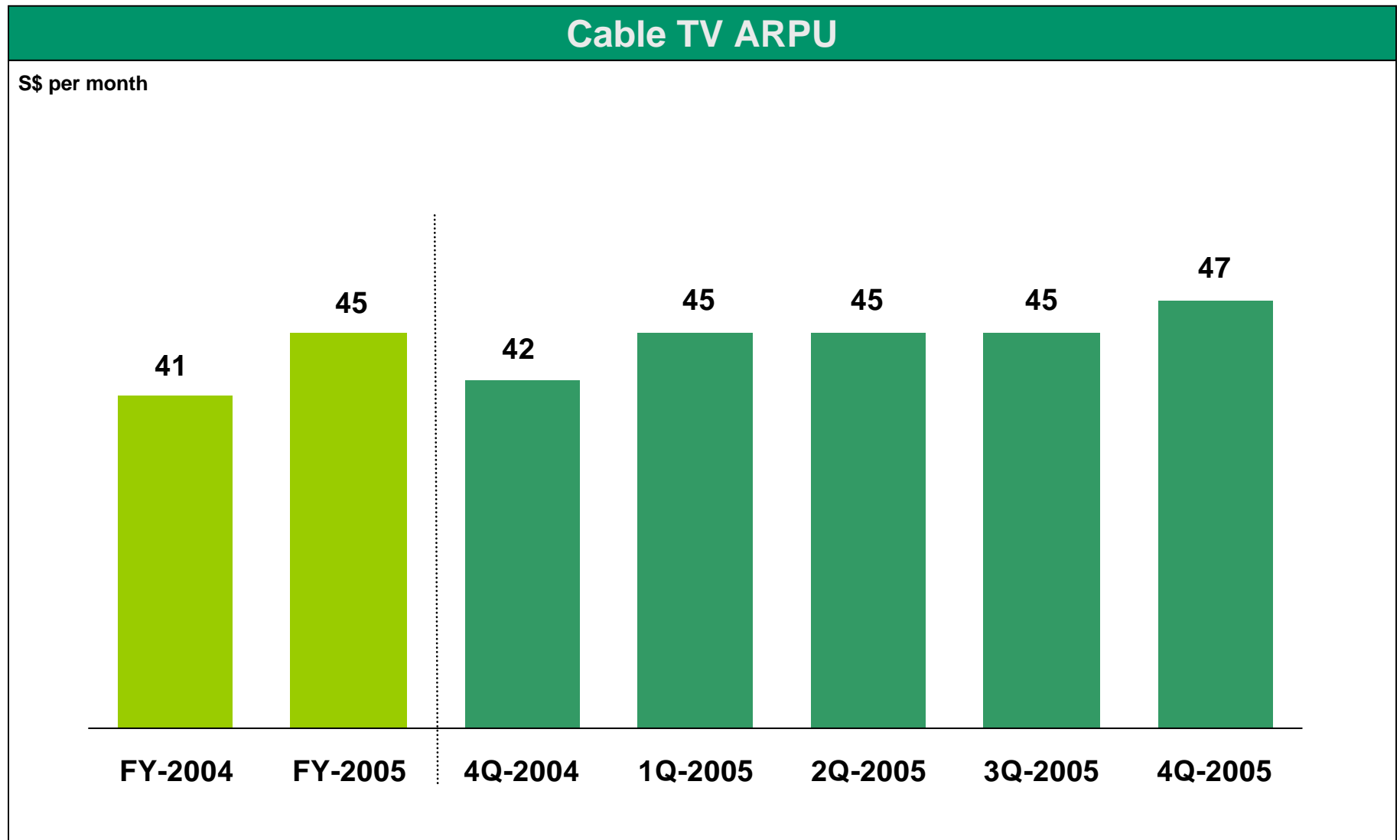
Digital Cable customers grew to 197K (44% of base)

ARPU increased S\$4 to S\$45

# Growing Cable TV Customer Base



# Cable TV ARPU



# Cable TV Update

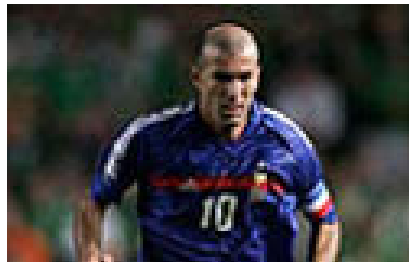
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## StarHub Digital Video Recorder (Smart TV):

- 23 Feb: Initial launch of Smart TV; a two-way interactive digital set-top box with an integrated digital video recorder
- 2Q-2006: Island-wide mass launch of Smart TV

## 2006 FIFA World Cup:

- Offering all 64 matches 'live'
- Four dedicated World Cup channels



Financial Overview

## **Business Overview – Broadband**

Outlook

## Broadband – Highlights

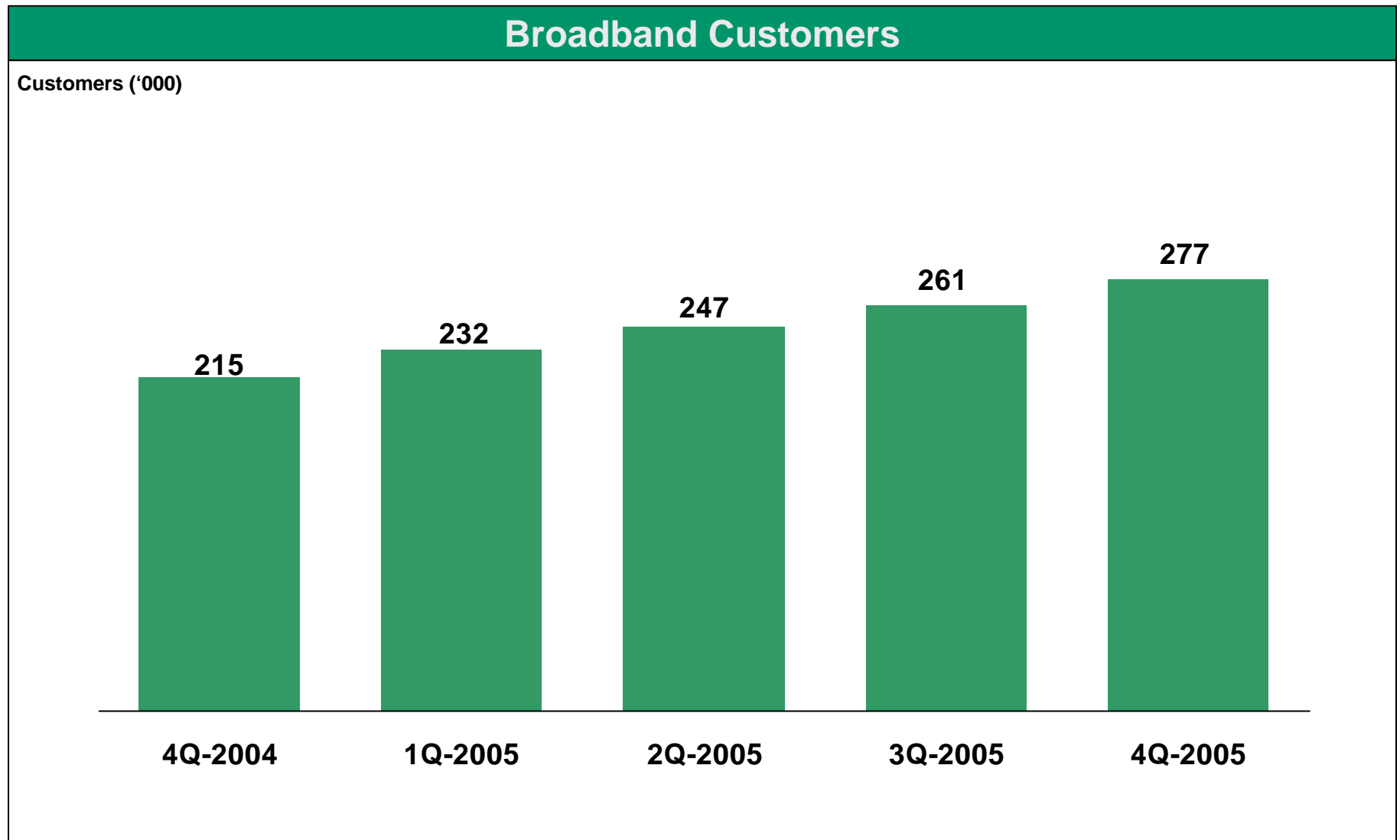
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Revenue growth of 41%

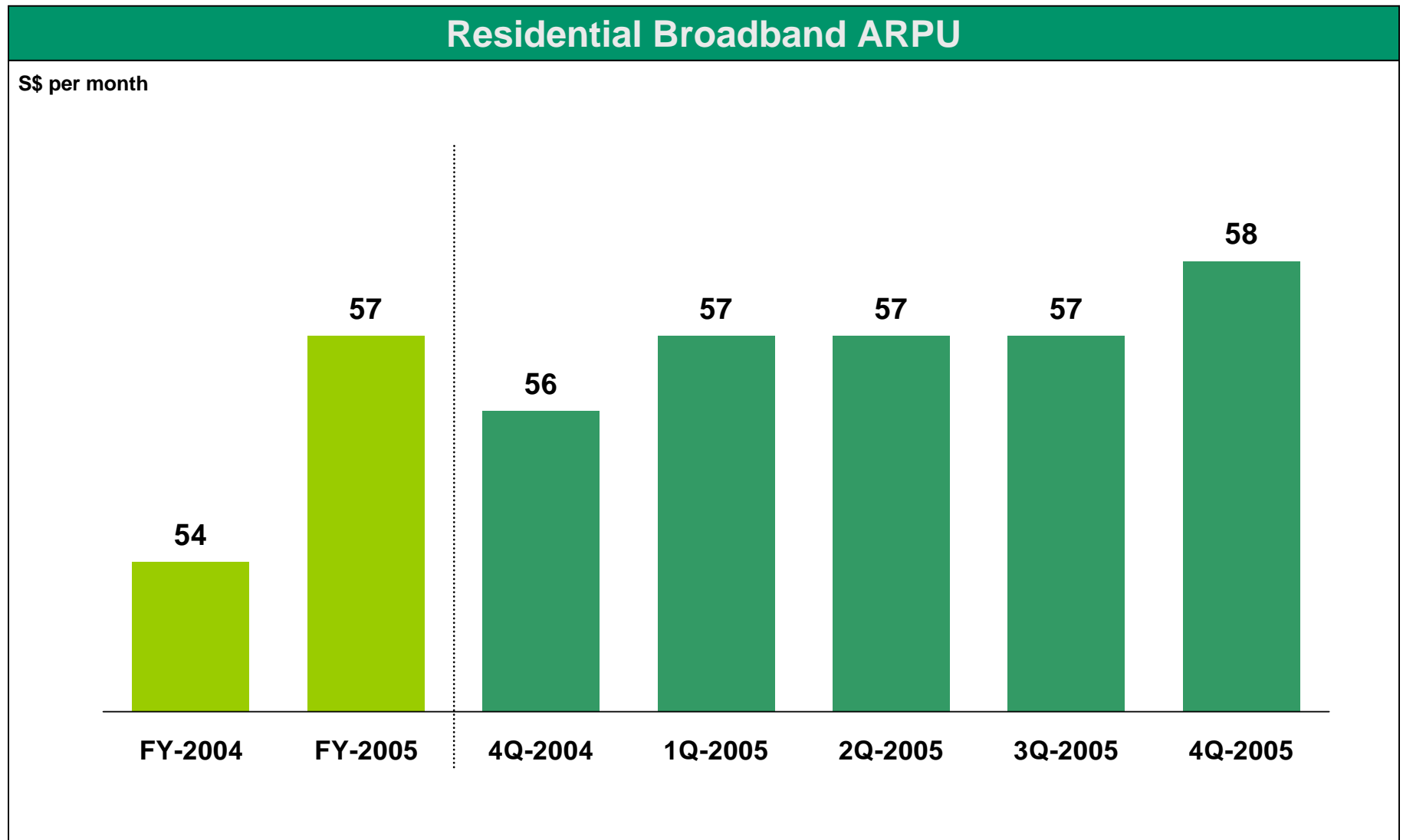
Net customer additions of 62K (29% growth)

ARPU increased S\$3 to S\$57

# Growing Residential Broadband Customer Base



# Residential Broadband ARPU



# Residential Broadband Update

- **‘Digital Voice Travel’ for consumers and ‘Digital Voice Business’ for local business customers**
  - 4 Jan: launched SIP-based VoIP services using Internet/Integrated Access Device (IAD) adapters, for consumers and businesses across the island



- **Exclusive broadband ISP of the Microsoft’s Xbox360 bundle**
  - Early February: pre-order bundle of the Xbox360 started, way before retail launch in mid-March



- **Launch of DOCSIS 3.0... in 2H 2006**
  - To offer even faster broadband speed of 100 Mbps



Financial Overview

## **Business Overview – Fixed Network Services**

Outlook

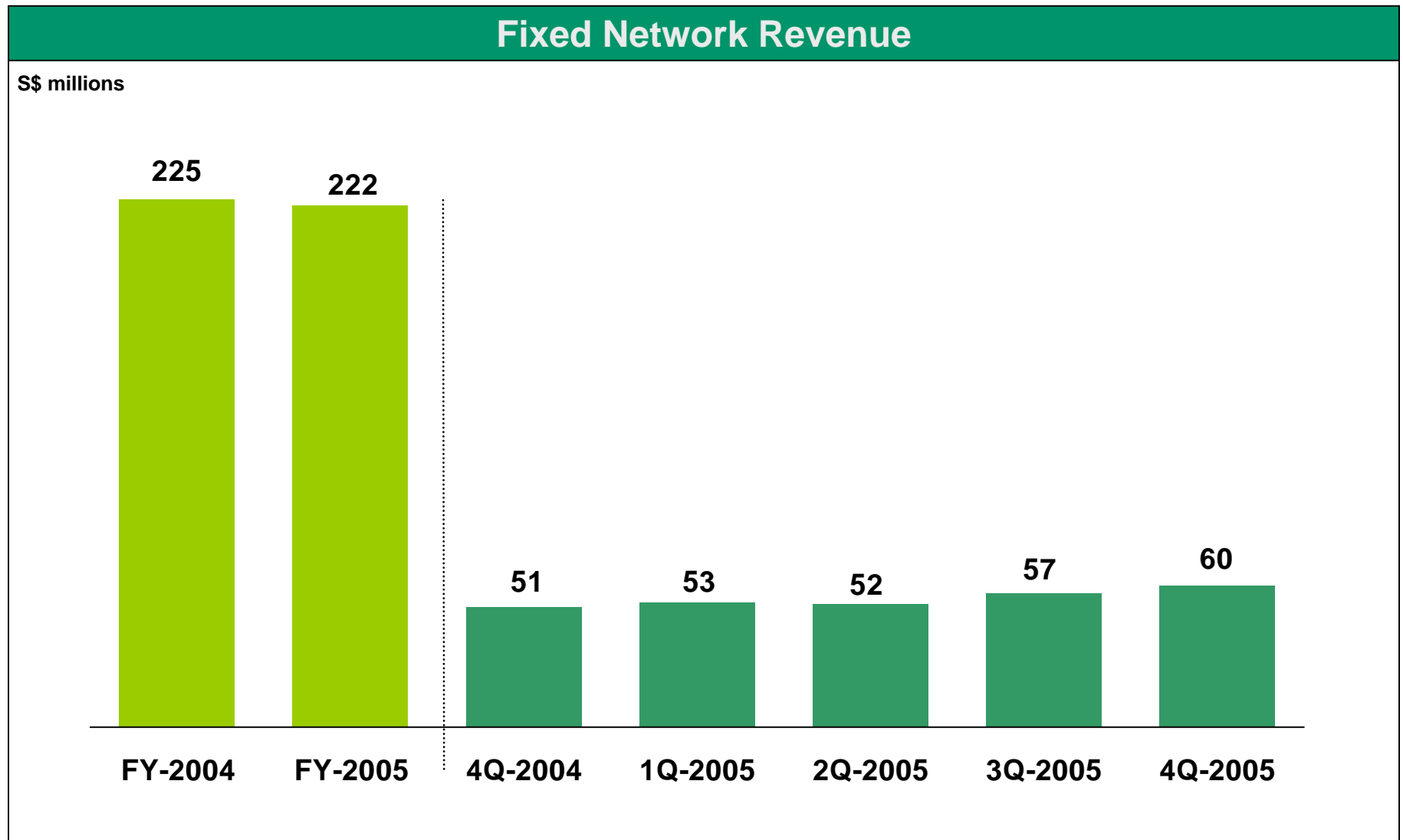
# Fixed Network Services – Highlights

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**Turns corner on positive EBITDA**

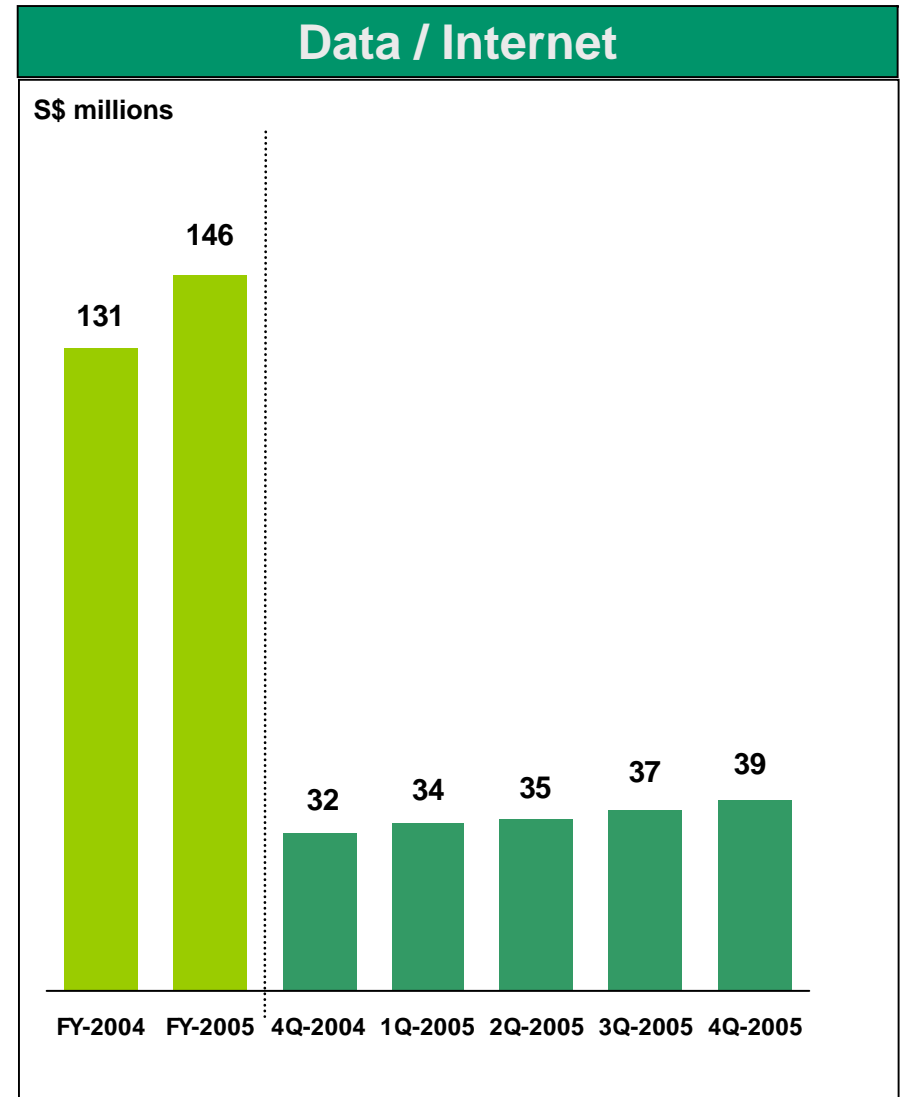
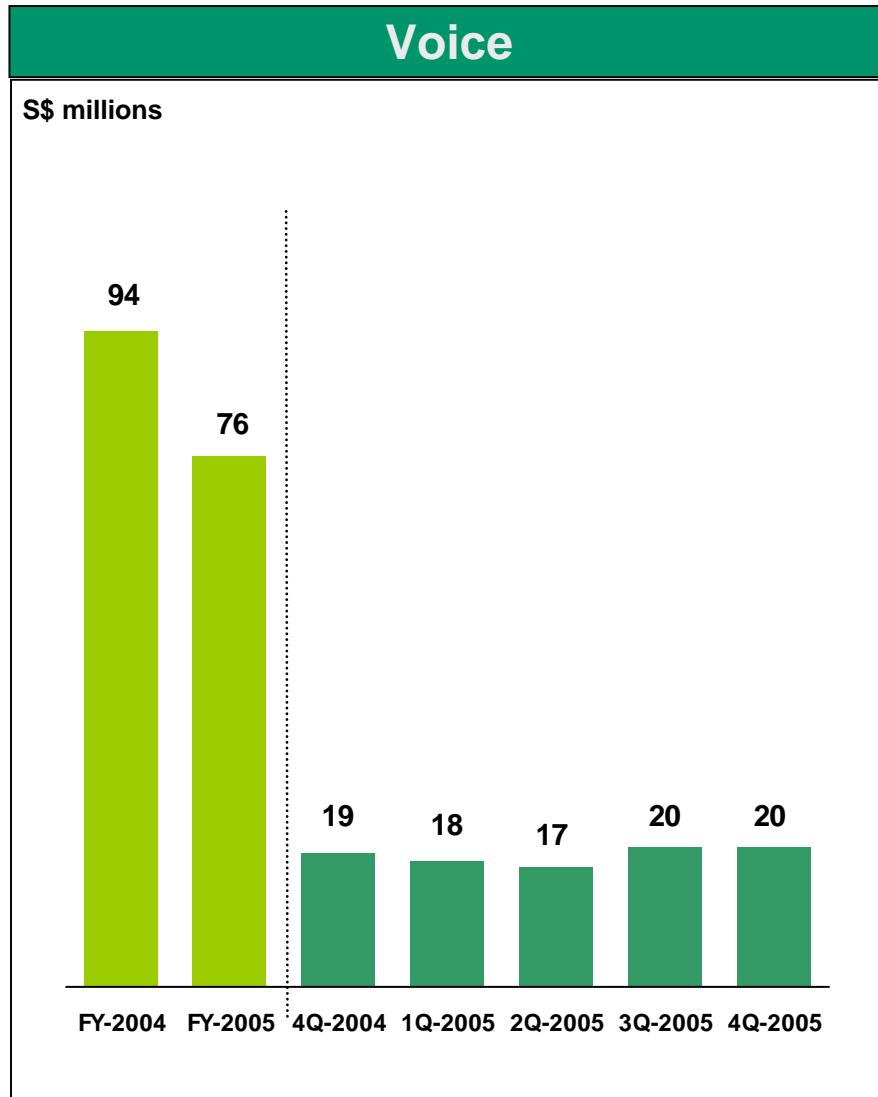
**Steady growth in data services**

# Fixed Network Services



Note: Numbers may not add up due to rounding.

# Fixed Network Services



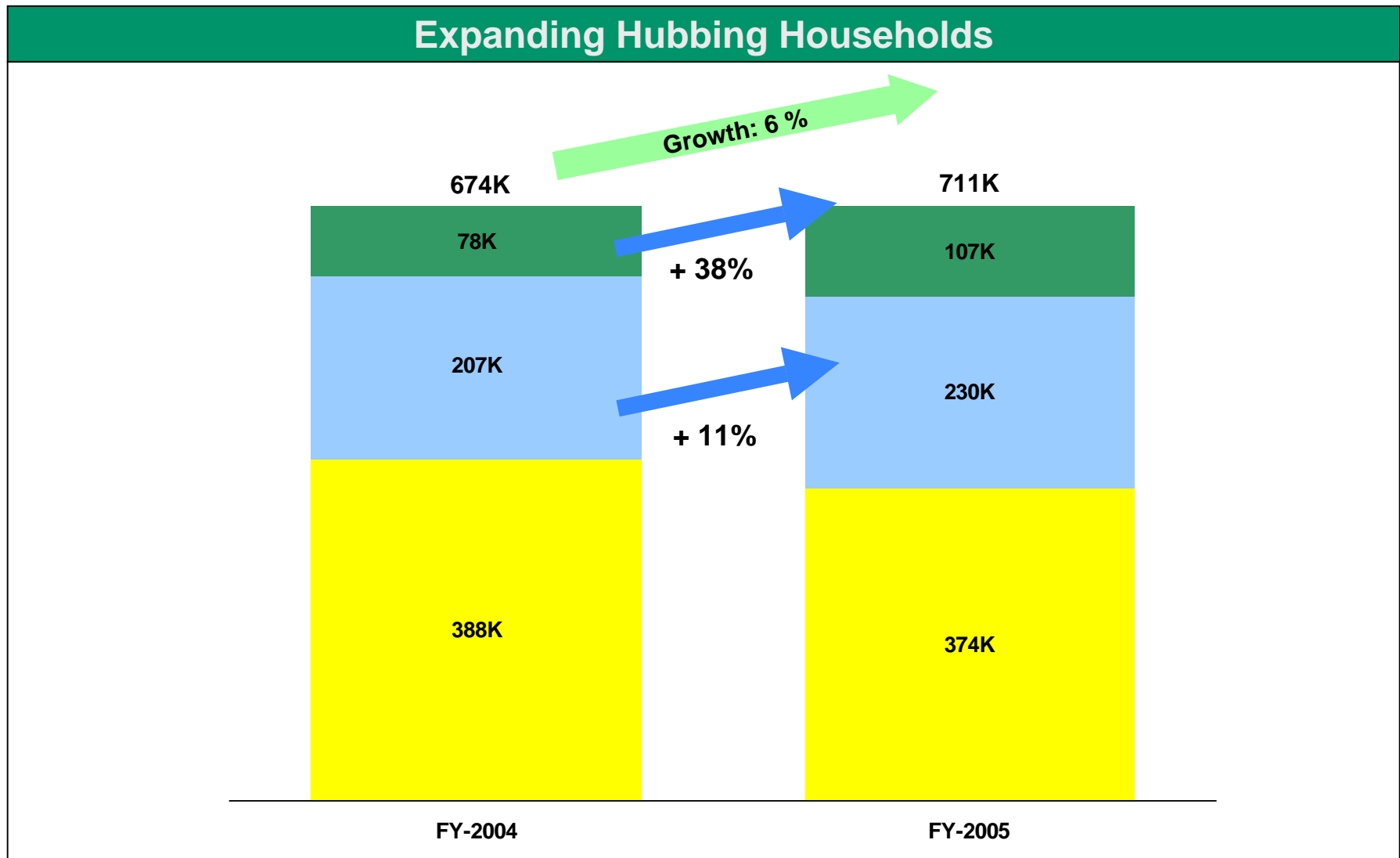
Note: Numbers may not add up due to rounding.

Financial Overview

## **Business Overview – Hubbing**

Outlook

# Hubbing Scorecard



Triple Service HH



Double Service HH



Single Service HH

# Plans and Strategy

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- **Hubbing**
  - leverage content assets across all platforms
  - drive higher multiple services household penetration
- **Mobile**
  - grow ARPU
  - drive higher usage of mobile data services
- **Cable TV**
  - increase penetration & ARPU
  - focus on migrating customers from analogue to digital
  - continue to expand content

## Plans and Strategy (2)

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- **Broadband**
  - increase penetration & ARPU
  - broaden value added services and content
  - launch higher speed broadband services
- **Financial**
  - profitable growth
  - free cash flow growth
  - capital management

Financial Overview

Business Overview

**Outlook**

## Guidance for FY2006

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<b>Revenue:</b>	High single digit growth YoY
<b>EBITDA:</b>	Expand at approximately 2X the growth rate of Service Revenue
<b>CAPEX:</b>	As a percent of operating revenue, targeting mid-teens in 2006
<b>Capital Management:</b>	Capital structure comparable to relevant industry peers in 2006
<b>Dividend:</b>	Intend to pay a recurring minimum annual cash dividend of 10 cents per share for FY2006

**Thank you**