

## StarHub Reports 2006 Fourth Quarter And Full-Year Results

- *Full-Year Operating Revenue Increased 15% To S\$1.8 Billion*
- *Net Profit Grew 63% to S\$360.2 Million*
- *EBITDA Up 25% To S\$575.3 Million*
- *EPS Expanded 69% To 17.4 Cents Per Share*
- *Recommends Final Dividend Of 3.5 Cents Per Share*

**Singapore, 14 February 2007** – StarHub closed the year 2006 with its full-year operating revenue up 15% to S\$1.8 billion. Net profit jumped 63% to S\$360.2 million. For 4Q-2006, revenue also saw double-digit growth of 14% to S\$473.2 million. Net profit of S\$141.7 million for the quarter was recorded, a 93% increase from S\$73.3 million recorded in 4Q-2005.

The Group's EBITDA for the quarter grew 24% to S\$146.0 million, compared to S\$117.4 million in 4Q-2005. EBITDA margin as a percentage of service revenue was 32.6%, 260 basis points higher as compared to last year's 30.0%. On a full-year basis, EBITDA increased 25% to S\$575.3 million from S\$460.1 million previously, while EBITDA margin as a percentage of service revenue expanded to 33.6% from 31.0%.

For the full-year, fully diluted EPS was 69% higher at 17.4 cents per share over the same period in 2005. StarHub's free cash flow rose 30% to S\$333.9 million compared to S\$256.9 million in FY-2005. Capital expenditure was slightly lower at S\$247.6 million, from S\$247.7 million in the same period last year.

Comparing the year-on-year growth of each business unit, all four lines of business recorded double-digit revenue growth. The Broadband business was the top growth performer at 24%, driven by a larger customer base and increased ARPU. Cable TV revenue grew 19% partly due to the higher subscription revenue collected during the 2006 World Cup season. Fixed Networks increased 17% while Mobile maintained its growth momentum at 12%.

"Some of the statements in this news release 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 news release with caution."

## Financial Highlights

S\$ million	Quarter ended 31 December			Full-year ended 31 December		
	2006	2005	% Change	2006	2005	% Change
Revenue	473.2	415.1	14.0	1,804.8	1,570.7	14.9
Service Revenue	448.4	391.1	14.7	1,711.7	1,483.0	15.4
EBITDA	146.0	117.4	24.4	575.3	460.1	25.0
Profit from operations	89.1	67.6	31.8	361.4	256.3	41.0
Profit before tax	83.9	65.7	27.8	352.6	248.3	42.0
Taxation	57.8	7.6	@	7.6	(26.9)	nm
Profit attributable to shareholders	141.7	73.3	93.3	360.2	221.4	62.7
Free Cash Flow	54.5	81.4	(33.1)	333.9	256.9	30.0

*nm = not meaningful*

*@ = more than +/- 300%*

## FY-2006 Financial & Business Highlights

Mobile, Cable TV, Broadband, Fixed Network Services and Sales of Equipment contributed 51%, 17%, 12%, 15% and 5% to the revenue mix, respectively.

- Mobile** revenue grew 12% to S\$919.1 million from S\$821.6 million, following a 10% increase in the customer base to 1.54 million. Post-paid mobile services revenue rose 6% year-on-year to S\$704.3 million, accounting for 77% of the Mobile revenue mix. Pre-paid mobile services revenue grew 35% to S\$214.8 million. Post-paid ARPU remained steady at S\$71, while pre-paid ARPU grew 13% to S\$27. StarHub's total mobile market share was 33.1% as at end December 2006. Post-paid market share was 27.7%, while pre-paid market share was 41.8%. At end December 2006, Singapore's mobile market penetration was at 103.4%.
- Cable TV** revenue increased 19% to S\$313.2 million from S\$262.4 million. The 6% growth in ARPU to S\$48 from S\$45 came from a higher percentage of customers on the digital tier as well as the additional revenue boost from the World Cup event. Customer base grew 9% to about 487,000 as at end December 2006, amounting to a household penetration of 43.4% compared to 40.1% the previous year. The number of customers taking the digital tier grew 63%, from a year ago, to 322,000 households. Digital customers now constitute 66% of the total cable TV customer base.

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- **Broadband** revenue expanded 24% to S\$219.9 million compared to S\$177.2 million previously. Customers on subscription jumped 17%, closing the quarter with 325,000 customers. As more customers upgraded to the higher-tier price plans, ARPU lifted by S\$2 to S\$59. Residential broadband market share stood at 50.6% at year-end.
- **Fixed Network** revenue increased 17% to S\$259.5 million from S\$221.7 million. This was on the back of a higher volume of domestic and international lease circuits and higher international voice traffic.
- **Hubbing** - The percentage of total hubbing households who subscribed to any two or more StarHub services rose from 47.4% a year ago to 50.7%. During this period, the total number of hubbing households subscribing to at least one service also grew 5% to 743,000 households.

"We are pleased to report another year of strong results, underpinned by good business fundamentals. Our hubbing strategy continues to deliver value for consumers and shareholders alike. As always, the fourth quarter is seasonally impacted by festive promotions. However, as we expected, this fourth quarter showed a continuation of a more competitive market that began in the second quarter, particularly as we chose to respond more aggressively in certain business segments," said Mr Terry Clontz, President and CEO of StarHub.

"We are proposing a final dividend of 3.5 cents per share which brings our total annual dividend to 11.5 cents per share for FY 2006. In addition, we intend to increase the leverage in our capital structure to about 1.8 times net debt to 2006 EBITDA through a capital management exercise this year," added Mr Clontz.

### **Outlook for FY2007**

Based on the current outlook, barring any unforeseen circumstances and changes in economic and market conditions, our 2007 full year operating revenue is expected to grow by high single digit. We expect EBITDA margin to be about 34% of service revenue, and the full year's cash capital expenditure as a ratio of operating revenue for 2007 to not exceed 14%. The Company intends to pay a minimum annual cash dividend of 14 cents per share for FY2007.

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For more details on the Group's performance for FY2006 and outlook for FY2007, please visit [www.starhub.com/ir](http://www.starhub.com/ir). Materials available at this website include the webcast, investor presentation and audited results for the full-year ended 31 December 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 has launched i-mode mobile Internet services. StarHub also operates its own nation-wide HFC network that delivers multi-channel cable TV services (including Digital Cable and High Definition Television), 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 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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