



AUSTAR United Communications Ltd

Q1 FY07 results
3 months ended March 31 2007

John Porter, Chief Executive Officer
April 18, 2007



Subscribers, Subscribers, Subscribers

Residential subscriber growth goes from strength to strength

- ★ Total TV subscribers of 619,360
- ★ Q1 net gain of 18,234 subscribers
- ★ Residential subscriber net additions double
- ★ Total Q1 TV ARPU* up to \$74.60 ↑ 3.4%
- ★ Quarterly churn stands at 1.27% ↓ 0.1% on pcp

Financial benefits flow through the business

- ★ Overall revenue ↑ 14% to \$134m
- ★ Total gross margin ↑ 13% to \$72m
- ★ Operating expenses ↑ 9% to \$34m (↓ 3% v. Q4 06)
- ★ EBITDA ↑ 17% to \$38m

All comparisons refer to Q1 FY07 vs Q1 FY06 unless otherwise stated

** Total TV Residential ARPU consisting of recurring and other ARPU (as defined in the Appendix)*

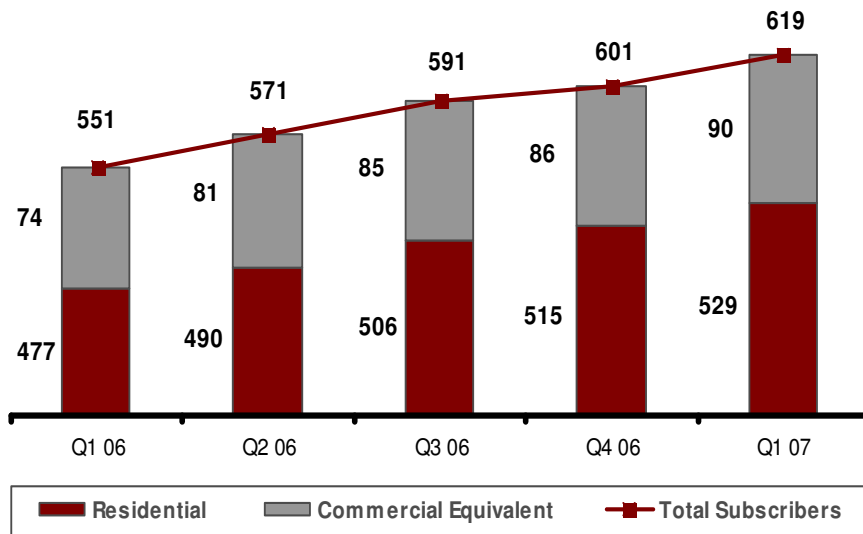
*** Earnings before interest, tax, depreciation and amortisation - excluding stock based compensation expense, foreign exchange gain/loss and share of associates*



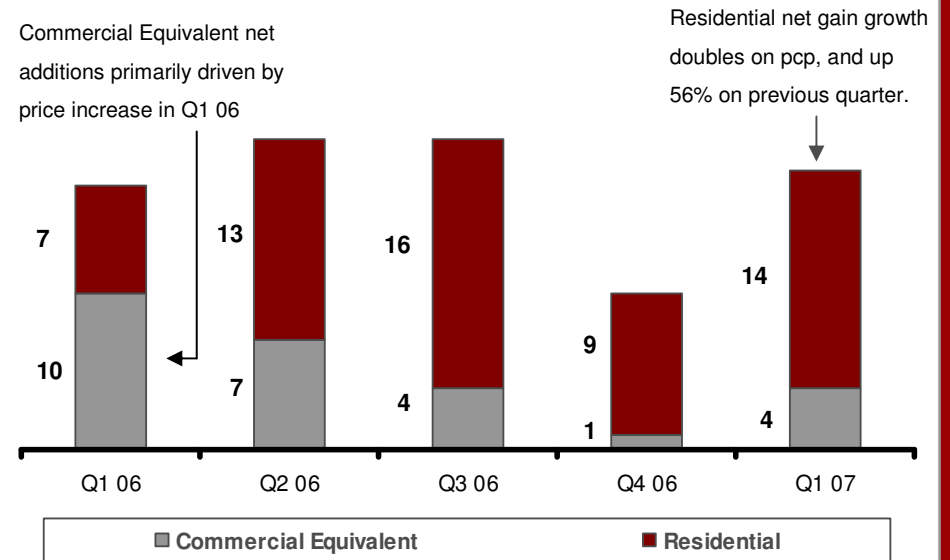
Strength in residential subscriber growth

Residential subscriber growth doubles compared to Q1 FY06

Total Subscribers (000's)



Residential net additions (000's)



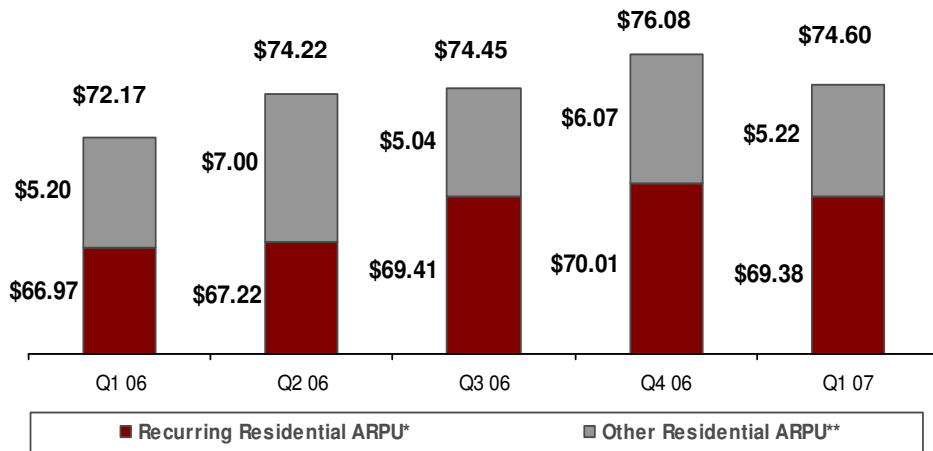
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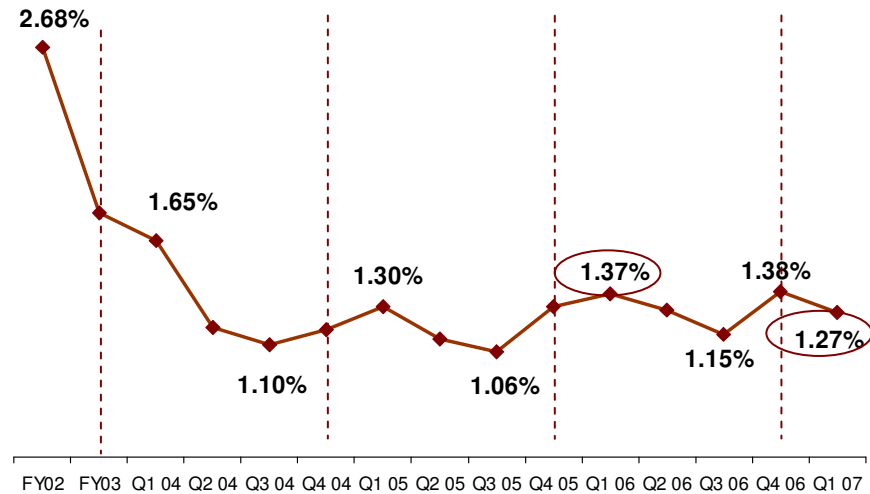
Key Operational metrics maintained

ARPU & Churn managed through period of accelerated subscriber growth

Quarterly Total ARPU



Quarterly Churn



* Recurring residential subscription revenue

** Other ARPU includes Pay Per View events, Guide revenue, Advertising revenue and other fees

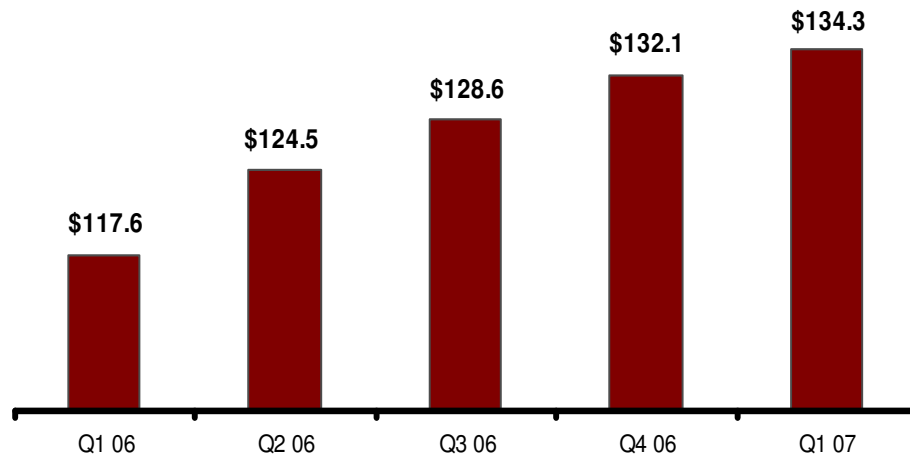


Financial benefits flow through the business

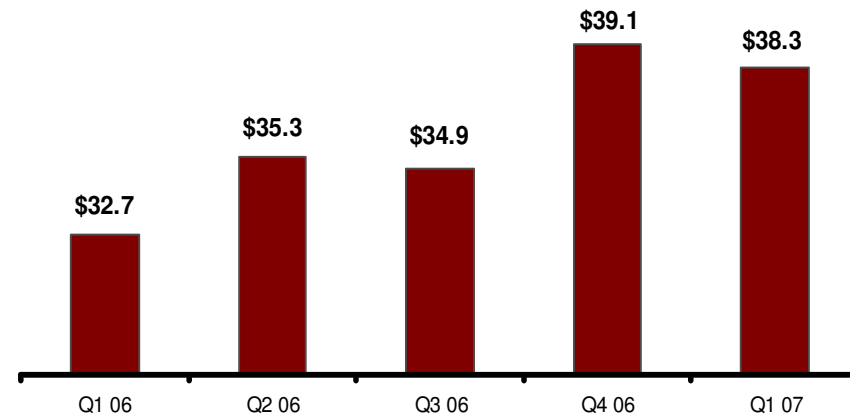
Strong revenue growth of 14%

EBITDA* growth of 17%

Total Revenue (\$m)



EBITDA* (\$m)



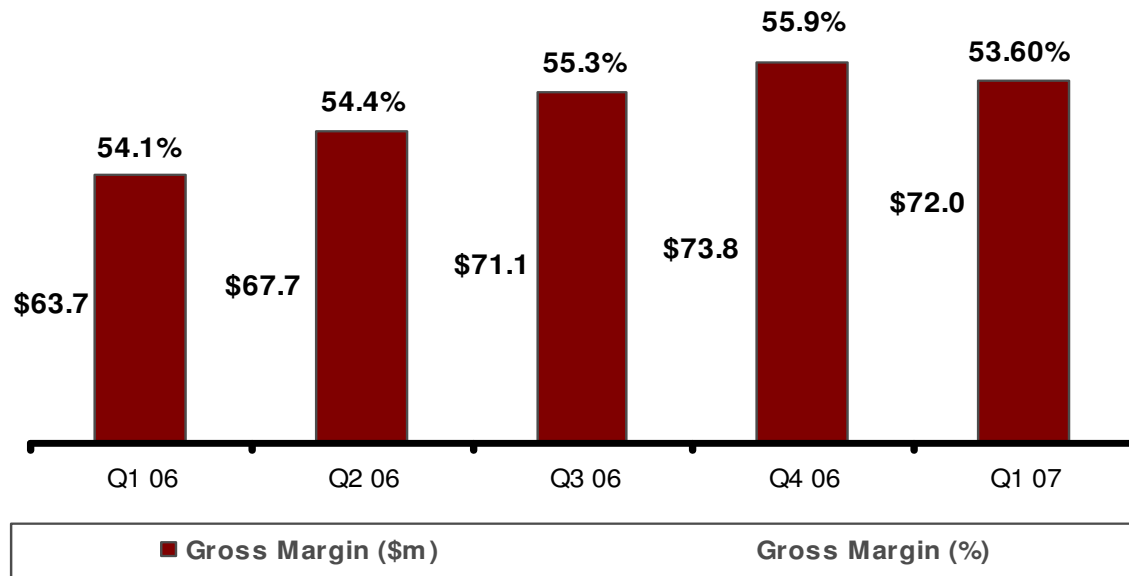
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**Earnings before interest, tax, depreciation and amortisation - excluding stock based compensation expense, foreign exchange gain/loss and share of associates*



Balancing growth & profitability

Repackaging and content investment is driving strong growth with short term impact on gross margin



- ★ Price increase in Q3 06 improved margin and enabled repackaging and investment in content – both have ignited growth
- ★ Q4 2006 benefited from no payment for AFL due to expiration of contract
- ★ Q1 2007 margin has decreased
 - ★ additional content (eg, Sci Fi)
 - ★ AFL commenced
 - ★ increase subs without Sport tier
- ★ Capitalising on momentum and initiatives to increase penetration

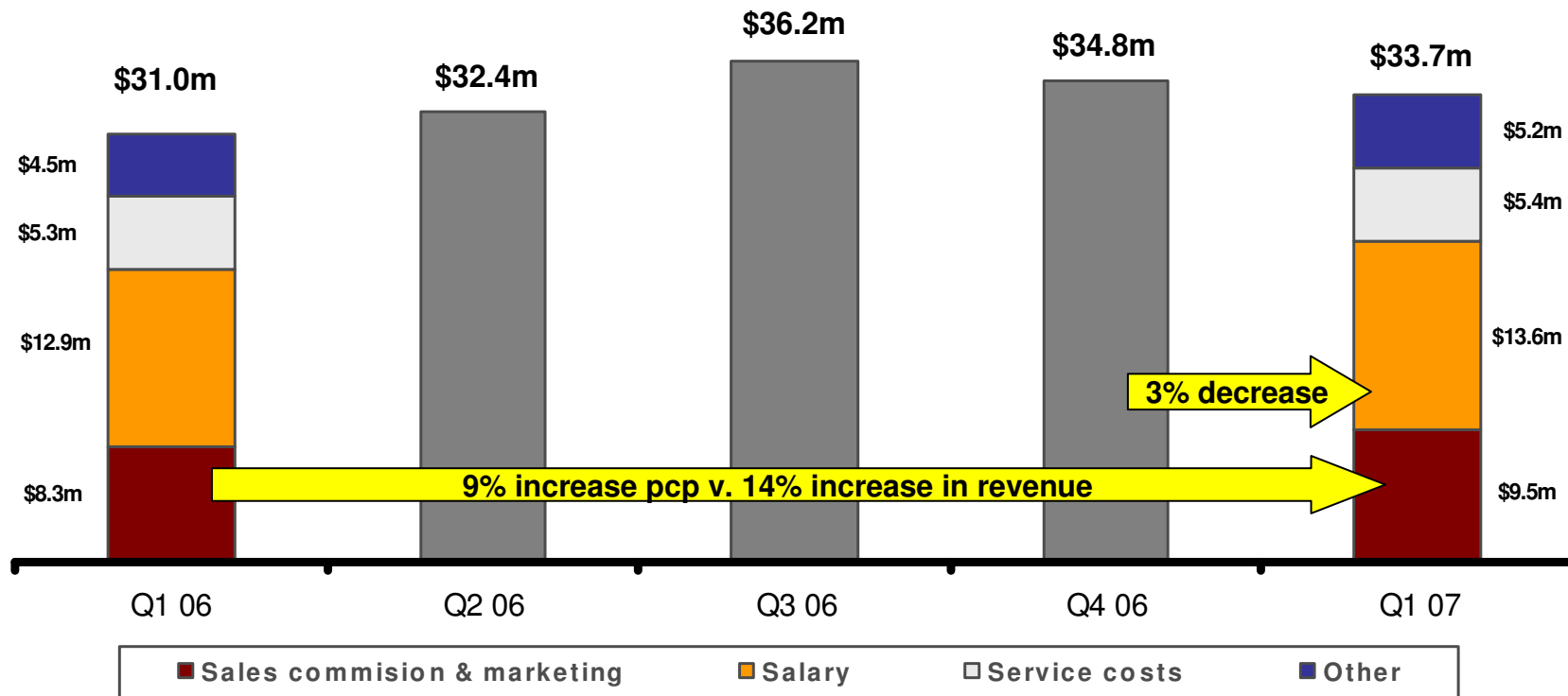
Initiatives in place to improve margin

- ★ uptake of tiers through repackage offer
- ★ additional outlets penetration ~25%; and
- ★ launch of MyStar.



Disciplined approach to cost control

Operating expense trends downward – returning operational leverage

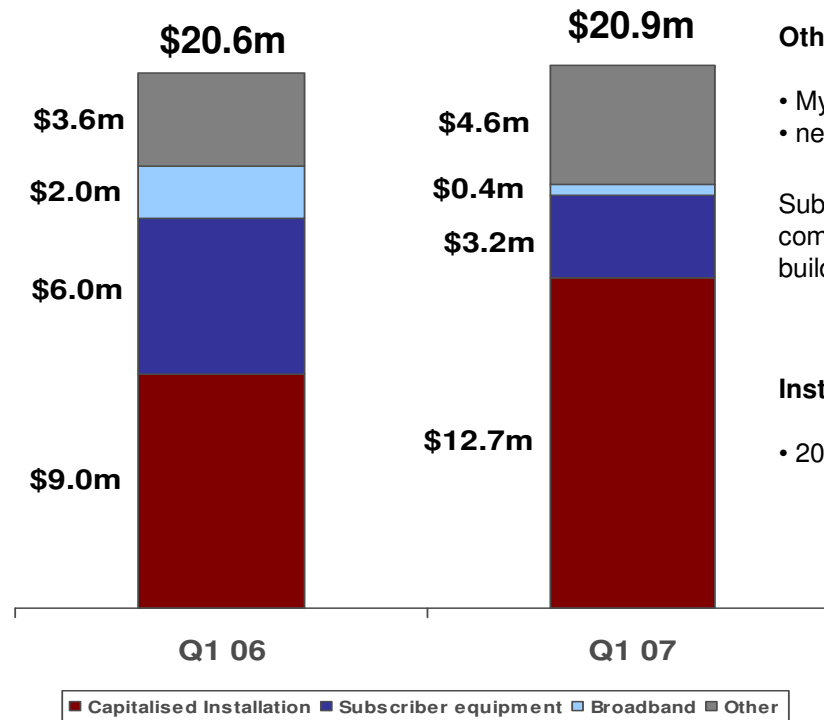


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76% of capex is subscriber related

Capex driven primarily by strong growth of subscriber additions



Other capex



- MyStar development
- networks and IT investment

Subscriber equipment capex relatively low in comparison to other period due to inventory build up in Q4 06.






Installation capex

- 20% increase in total connects

Q1 FY07 vs Q1 FY06 - Financial Highlights

	Q1 FY07	Q1 FY06	Change
Total Subscribers	619,360	550,678	 13%
- Residential	529,405	476,779	11%
- Commercial	89,955	73,899	22%
Total ARPU* (quarterly)	\$74.60	\$72.17	 3%
- recurring residential ARPU	\$69.38	\$66.97	4%
- other residential ARPU	\$5.22	\$5.20	-






A\$m (unaudited)

Total revenue	134.3	117.6	 14%
Gross margin	72.0	63.7	 13%
As % revenue	53.6%	54.2%	
Operating expenses	(33.7)	(31.0)	 9%
EBITDA**	38.3	32.7	 17%
Profit before interest and tax	23.9	17.0	 41%

* Total TV Residential ARPU consisting of recurring and other ARPU (as defined in the Appendix)

** Earnings before interest, tax, depreciation and amortisation - excluding stock based compensation expense, foreign exchange gain/loss and share of associates

Operating cashflow up 37% to A\$29.4m

A\$m (unaudited)	Q1 07	Q1 06	Change
EBITDA*	38.3	32.7	 17%
-Net interest paid	(9.9)	(4.6)	
-Change in working capital	1.0	(6.7)	
Cashflow from operating activities	29.4	21.4	 37%
-Cashflow from investing activities	(23.8)	(20.5)	
-Net increase / (repayment) in borrowings	-	-	
-Other financing activities	0.8	2.6	
Net change in cash	6.4	3.5	 83%
Available cash	196.7	125.6	 57%
Net debt (3.1x annualised EBITDA*)	470.1	296.1	 95%

* Earnings before interest, tax, depreciation and amortisation - excluding stock based compensation expense, foreign exchange gain/loss and share of associates



Continuing Capital Management Strategy

Last year's \$202 million Capital Return was well received

- ★ Subject to prevailing market and business conditions, a further return of capital to shareholders to ensure a more efficient capital structure could be achievable.
- ★ The Company will seek approvals at the 31 May 2007 AGM to return up to \$300 million of capital to its ordinary shareholders over a 12 month period by way of one or more of the following:
 - ★ an on-market buy-back of ordinary shares;
 - ★ an equal access off-market buy-back of ordinary shares to be conducted using a tender process; or
 - ★ an equal reduction of capital on all ordinary shares
- ★ The approvals are aimed at providing the Company flexibility to act but no decisions have been made to buy back any shares or return any capital at all



Upcoming Events

Event	What	Who	When in 2007
UBS Emerging Companies Conference	Presentation	J.Porter	19 th April
Annual General Meeting	Presentation	Management & Board	31 st May
GSJBW conference (London)	Conference	J.Porter & P.Knox	10 th – 14 th Sept

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Appendix

Summary of Terms

Total TV Residential ARPU - total television residential revenue less installation revenue for the period divided by the average number of residential television subscribers, divided by the number of months in the period. ARPU is expressed on a per month basis.

Recurring TV Residential ARPU - recurring television residential subscription revenue for the period divided by the average number of residential television subscribers, divided by the number of months in the period. ARPU is expressed on a per month basis.

Churn - Number of account holders whose service is terminated during the period, less those accounts which are restarted within 30 days of termination, divided by the average number of Subscribers for the period, divided by number of months in the period.

Commercial Equivalent Basic Unit ("EBU") - Calculated by dividing recurring monthly commercial revenue by a basic residential reference rate of \$40.86

EBITDA - Earnings before interest, tax, depreciation and amortisation - excluding stock based compensation expense, foreign exchange gain/loss and share of associates.

Operating expenses - Sum of Operating, General and Administrative Expenses, and management fees.

Subscriber - Residential television subscribers, plus Commercial EBU.

Certain statements in this earnings presentation may constitute "forward-looking statements," which involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of Austar and any of its subsidiaries to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements.

Austar United Communications Limited

UNAUDITED

Consolidated Profit & Loss for the three months ended 31 March 2007

	Three Months Ended				Three Months Ended			
	Mar-07 \$ 000's	Mar-06 \$ 000's	Change \$ 000's	%Change	Mar-07 \$ 000's	Dec-06 \$ 000's	Sep-06 \$ 000's	Jun-06 \$ 000's
Profit & Loss								
Total Service and Other Revenue	134,259	117,617	16,642	14%	134,259	132,065	128,588	124,505
Programming and Communications Expenses	(62,240)	(53,937)	(8,303)	(15)%	(62,240)	(58,212)	(57,478)	(56,793)
Gross Margin	72,019	63,680	8,339	13%	72,019	73,853	71,110	67,712
Operating Expenses	(22,222)	(20,265)	(1,957)	(10)%	(22,222)	(22,290)	(23,104)	(20,865)
General and Administrative Expense	(10,756)	(9,904)	(852)	(9)%	(10,756)	(11,727)	(12,309)	(10,748)
Management Fees	(755)	(810)	55	7%	(755)	(767)	(835)	(798)
Earnings before interest, taxation, depreciation and amortisation (1)	38,286	32,701	5,585	17%	38,286	39,069	34,862	35,301
Stock-based Compensation	(62)	(62)	0	0%	(62)	(62)	(63)	(62)
Foreign Exchange Gain / (Loss)	(1,448)	1,032	(2,480)	(240)%	(1,448)	(1,444)	(214)	(1,755)
Depreciation and amortisation	(14,259)	(17,795)	3,536	20%	(14,259)	(15,740)	(14,767)	(12,231)
Share of Associate Profits / (Losses)	1,340	1,158	182	16%	1,340	1,817	1,463	1,017
Profit before interest and taxation	23,857	17,034	6,823	40%	23,857	23,640	21,281	22,270
Interest Expense comprising:								
Net interest	(10,565)	(6,885)	(3,680)	(53)%	(10,565)	(10,345)	(7,219)	(6,896)
Interest rate swaps	1,202	81	1,121	1384%	1,202	8,113	(6,707)	1,588
Write-off of capitalised financing costs	0	0	0	NM	0	0	(4,677)	0
Significant item (2)	0	0	0	NM	0	(84,165)	0	0
Profit/(loss) before taxation	14,494	10,230	4,264	42%	14,494	(62,757)	2,678	16,962

(1) EBITDA excludes stock-based compensation, foreign exchange gain/(loss) and share of associates profits

(2) 2006 significant item relates to the goodwill adjustment due to the recognition of prior period income tax benefits

Austar United Communications Limited

UNAUDITED

Other Information as at 31 March 2007

	Three Months Ended				Three Months Ended			
	Mar-07	Mar-06	Change	%Change	Mar-07	Dec-06	Sep-06	Jun-06
Television								
Total Revenue - \$ 000's								
- Residential	117,625	103,056	14,569	14.1%	117,625	115,804	112,244	108,218
- Commercial	11,044	8,350	2,694	32.3%	11,044	10,652	10,399	10,583
	<u>128,669</u>	<u>111,406</u>	<u>17,263</u>	<u>15.5%</u>	<u>128,669</u>	<u>126,456</u>	<u>122,643</u>	<u>118,801</u>
Gross Margin - \$ 000's	69,369	60,292	9,077	15.1%	69,369	71,747	68,488	65,709
- %	53.91%	54.12%	(0.21)%	(0.4)%	53.91%	56.74%	55.84%	55.31%
Subscribers								
- Residential	529,405	476,779	52,626	11.0%	529,405	514,856	506,119	489,868
- Commercial equivalent	89,955	73,899	16,056	21.7%	89,955	86,270	84,868	81,010
	<u>619,360</u>	<u>550,678</u>	<u>68,682</u>	<u>12.5%</u>	<u>619,360</u>	<u>601,126</u>	<u>590,987</u>	<u>570,878</u>
Penetration per ending subscribers - % (Subscribers / Market)	25.3%	22.8%	2.5%	11.0%	25.3%	24.6%	24.3%	23.5%
Recurring Residential ARPU	\$ 69.38	\$ 66.97	\$ 2.41	3.6%	\$ 69.38	\$ 70.01	\$ 69.41	\$ 67.22
Other Residential ARPU	\$ 5.22	\$ 5.20	\$ 0.02	0.4%	\$ 5.22	\$ 6.07	\$ 5.04	\$ 7.00
Total Residential ARPU (excluding installation revenue)	<u>\$ 74.60</u>	<u>\$ 72.17</u>	<u>\$ 2.43</u>	<u>3.4%</u>	<u>\$ 74.60</u>	<u>\$ 76.08</u>	<u>\$ 74.45</u>	<u>\$ 74.22</u>
Churn %	1.27%	1.37%	(0.10)%	(7.3)%	1.27%	1.38%	1.15%	1.28%

Selected Financial Information (\$ 000's)

Senior Debt (drawn)	388,667	190,000	198,667	104.6%	388,667	388,667	383,667	190,000
STARS	115,000	115,000	0	0.0%	115,000	115,000	115,000	115,000
Parent entity borrowings	0	17,983	(17,983)	(100.0)%	0	0	1,312	18,444
	<u>503,667</u>	<u>322,983</u>	<u>180,684</u>	<u>55.9%</u>	<u>503,667</u>	<u>503,667</u>	<u>499,979</u>	<u>323,444</u>
Cash	33,585	26,924	6,661	24.7%	33,585	27,210	13,615	41,648
Available facilities (1)	163,124	98,673	64,451	65.3%	163,124	127,165	100,021	98,673
Available liquidity	<u>196,709</u>	<u>125,597</u>	<u>71,112</u>	<u>56.6%</u>	<u>196,709</u>	<u>154,375</u>	<u>113,636</u>	<u>140,321</u>
Capital Expenditure	20,858	20,610	248	1.2%	20,858	26,848	25,678	22,064

(1) - The availability of the \$600m Senior Debt facility is subject to interest cover and leverage covenants.