



Hutchison Telecom
Hong Kong Holdings

Hutchison Telecommunications
Hong Kong Holdings Limited
(Stock Code: 215)

2012 Interim Results Presentation

1 August 2012



A Hutchison Whampoa Company

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Business Performance

Highlights

HoH Growth

Consolidated turnover

◆ HK\$ 6,730m

12%

Consolidated EBITDA

◆ HK\$ 1,446m

16%

Consolidated EBIT

◆ HK\$ 801m

17%

Net profit ¹

◆ HK\$ 568m

15%

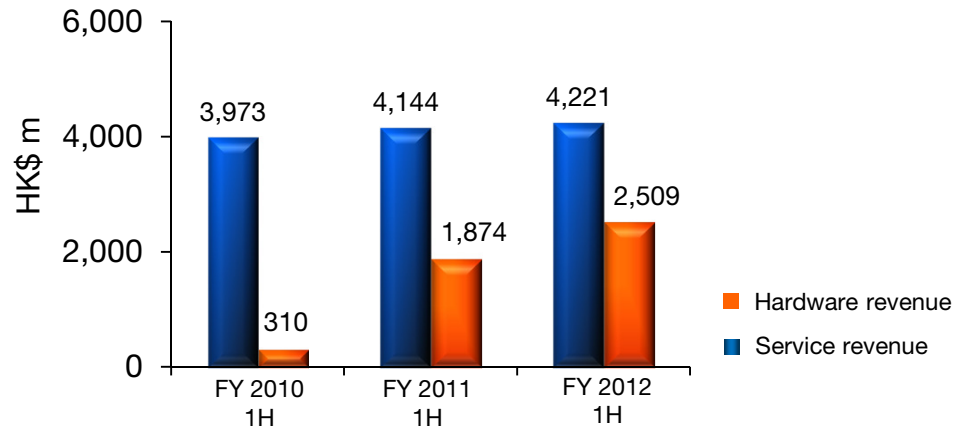
Interim dividend per share

◆ 6.05 HK cents

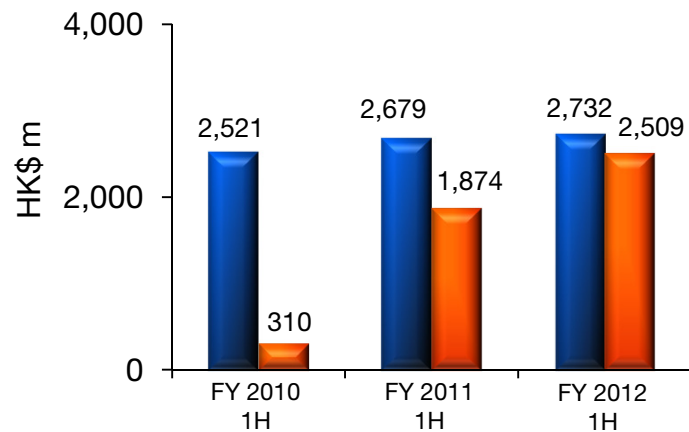
17%

Turnover

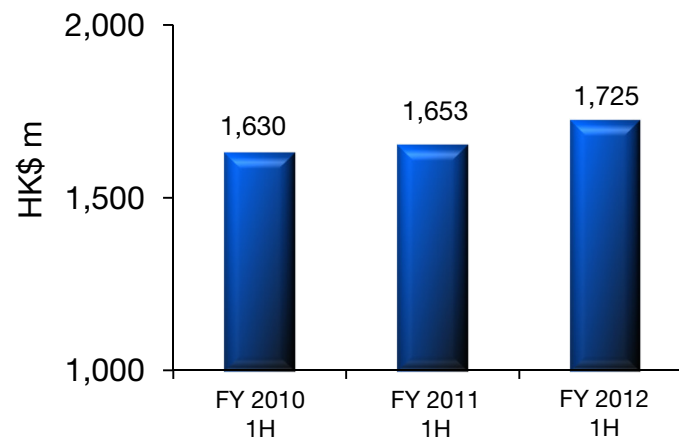
Consolidated turnover



Mobile business turnover



Fixed-line business turnover



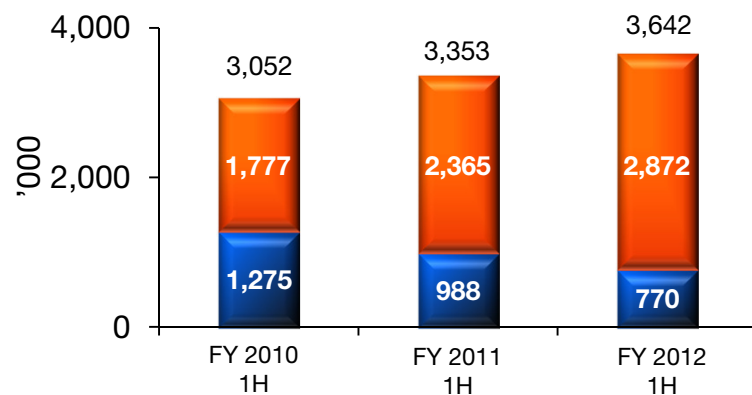


Mobile

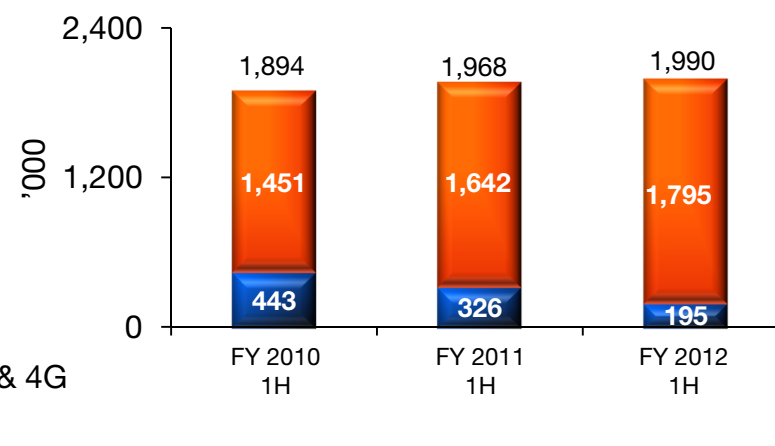
Quality customer base

- ◆ >90% postpaid customers under 3G/4G
- ◆ Solid customer profile

Total subscribers*



Postpaid subscribers*

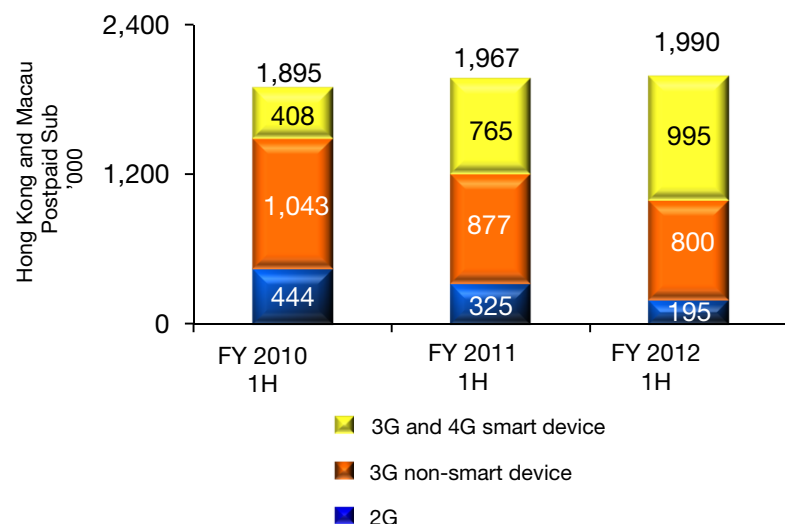


* Include HK and Macau

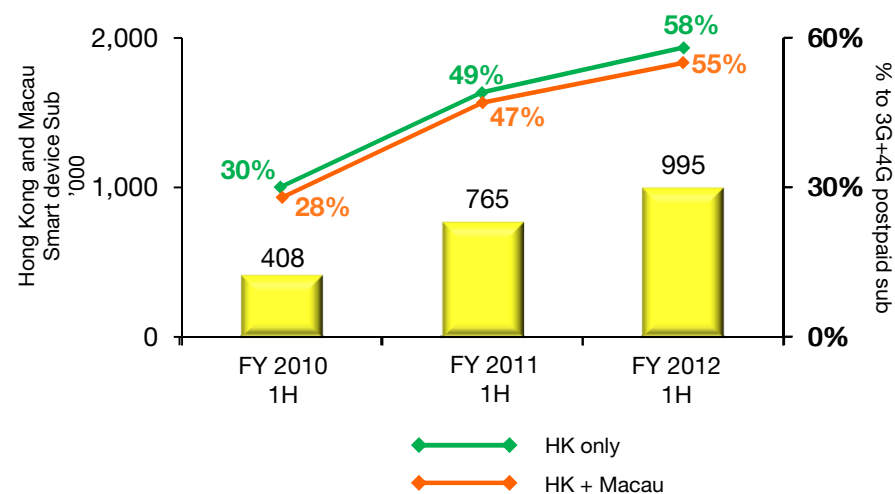
Smart device trendsetter

- ◆ Smart device penetration ↑
- ◆ Internal upward migration focus

Smart device penetration



Smart device ownership

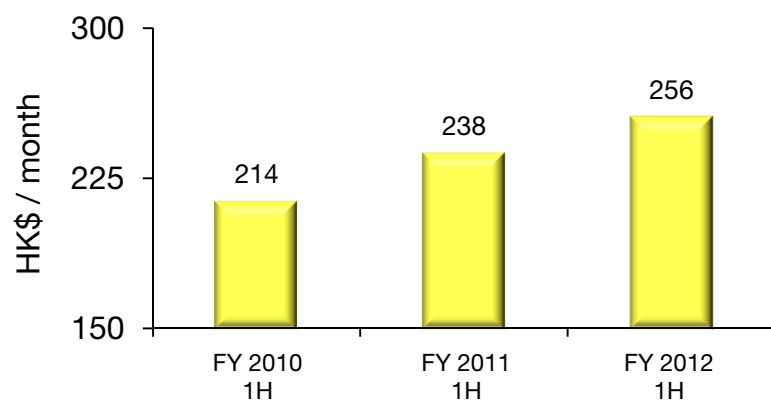


Note: Smart devices refer mainly to devices using iPhone OS, Android and Blackberry based platforms as well as dongle.

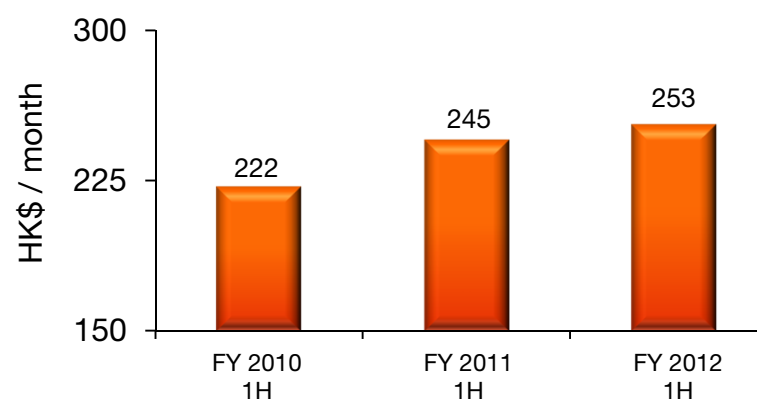
ARPU

- ◆ Blended postpaid ARPU ↑ 8%

Blended Postpaid ARPU*



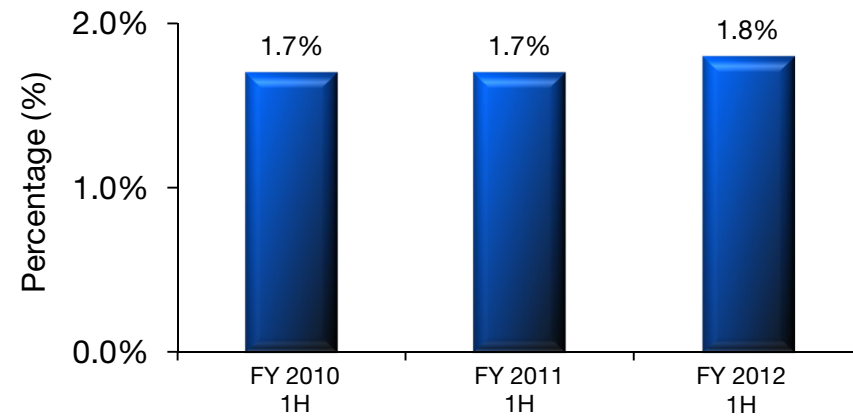
3G+4G Postpaid ARPU*



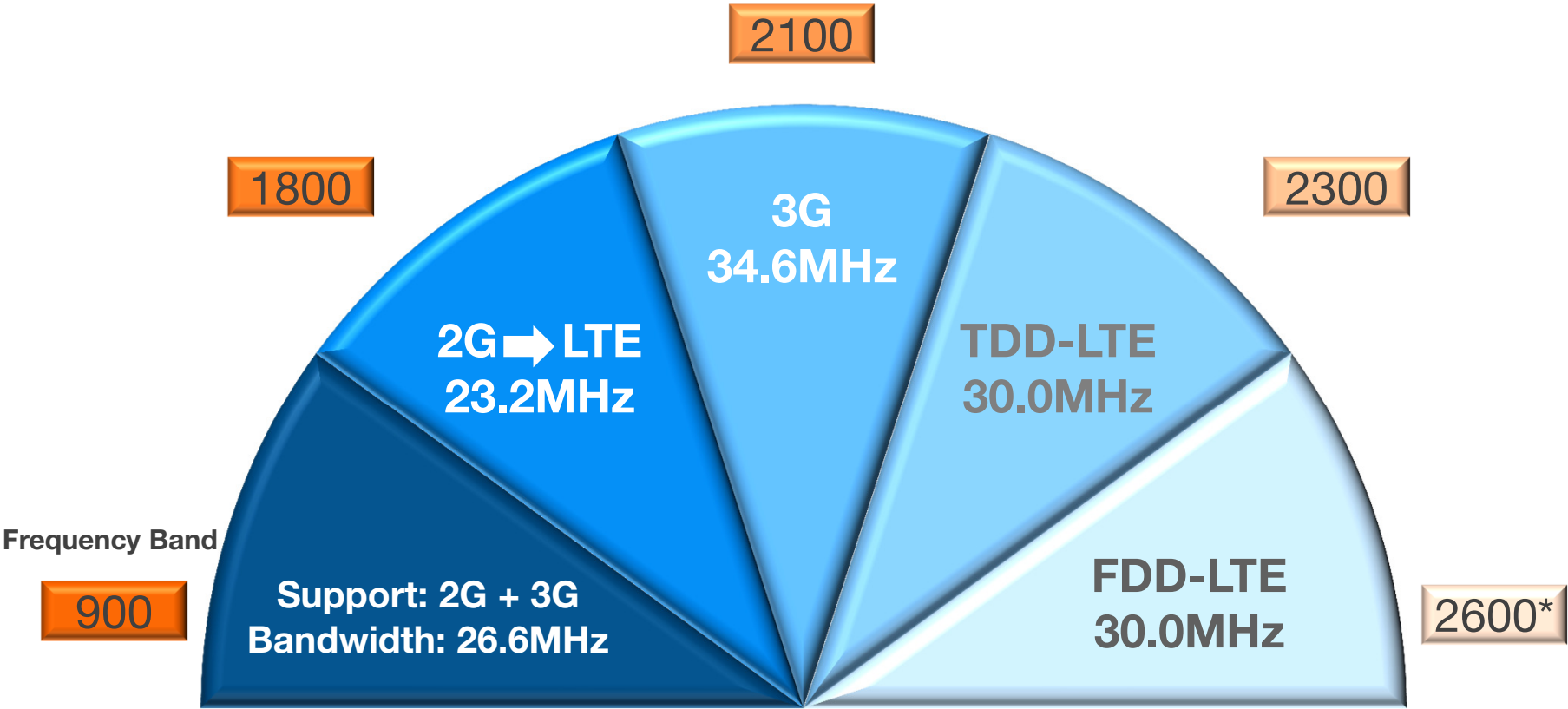
Churn

- ◆ Low and stable

Postpaid Churn*



Largest amount of available spectrum



Total available bandwidth: 144.4MHz

* Shared through a JV under Genius Brand Limited



One Love. One World

Unveil a new 4G era



- An additional layer on existing 3G network
- 4G coverage target to match 3G network by end of 2012
- 1800MHz band re-farm and TDD-LTE 2300MHz band rollout to follow

Fixed-line



Blue City

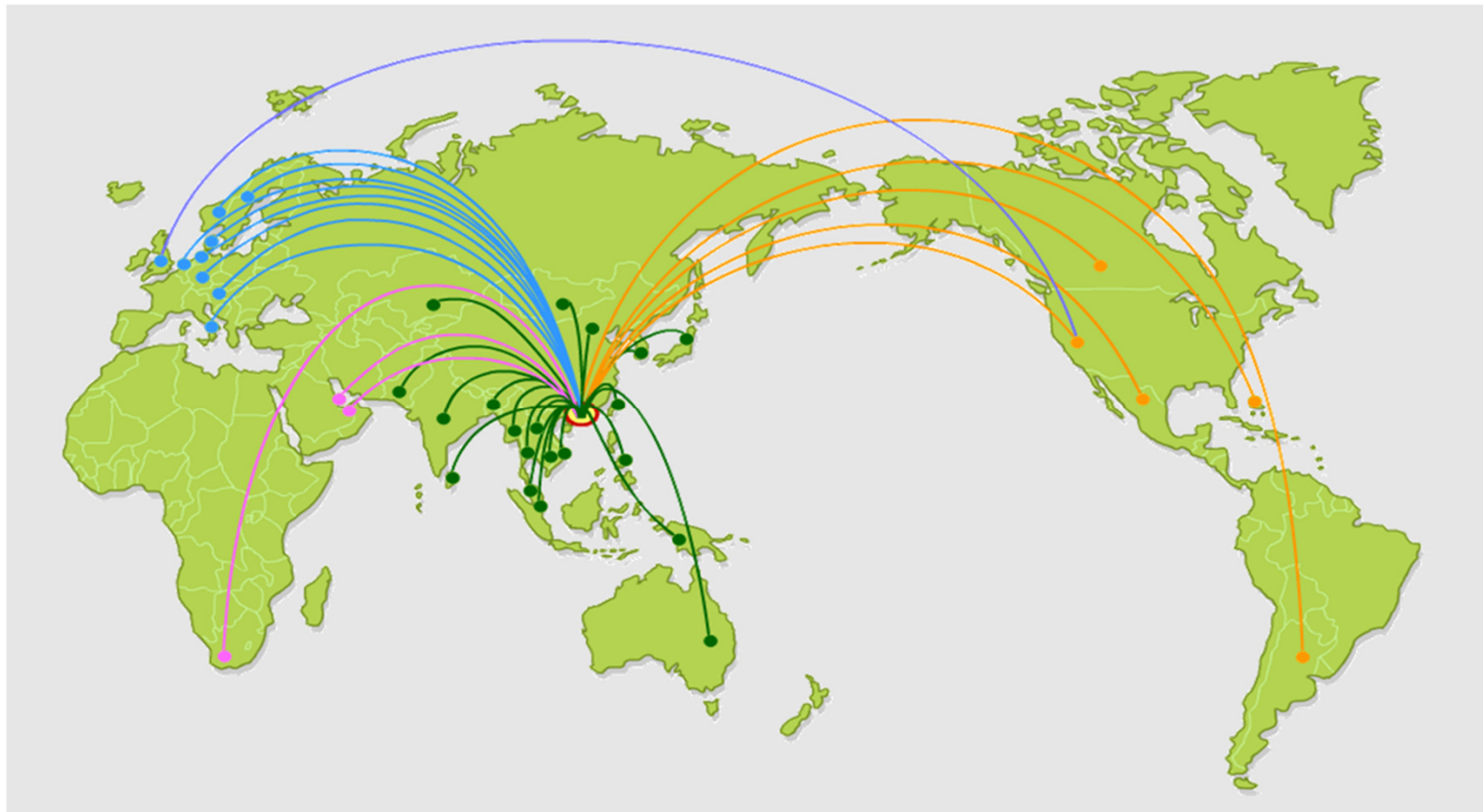


amsix
Hong Kong powered by HGC



Reaching out to Asia and beyond

- ◆ Global connectivity
- ◆ International platform



Well-positioned in local carrier and business markets

Mobile Backhaul

- 4G-driven growth

Corporate & Business

- Finance & government focus

Cloud computing & Data centre

- Collaborate with leading ICT specialists
- World-class facilities

School

- Cloud support to educational institutions

Invest in consumer market

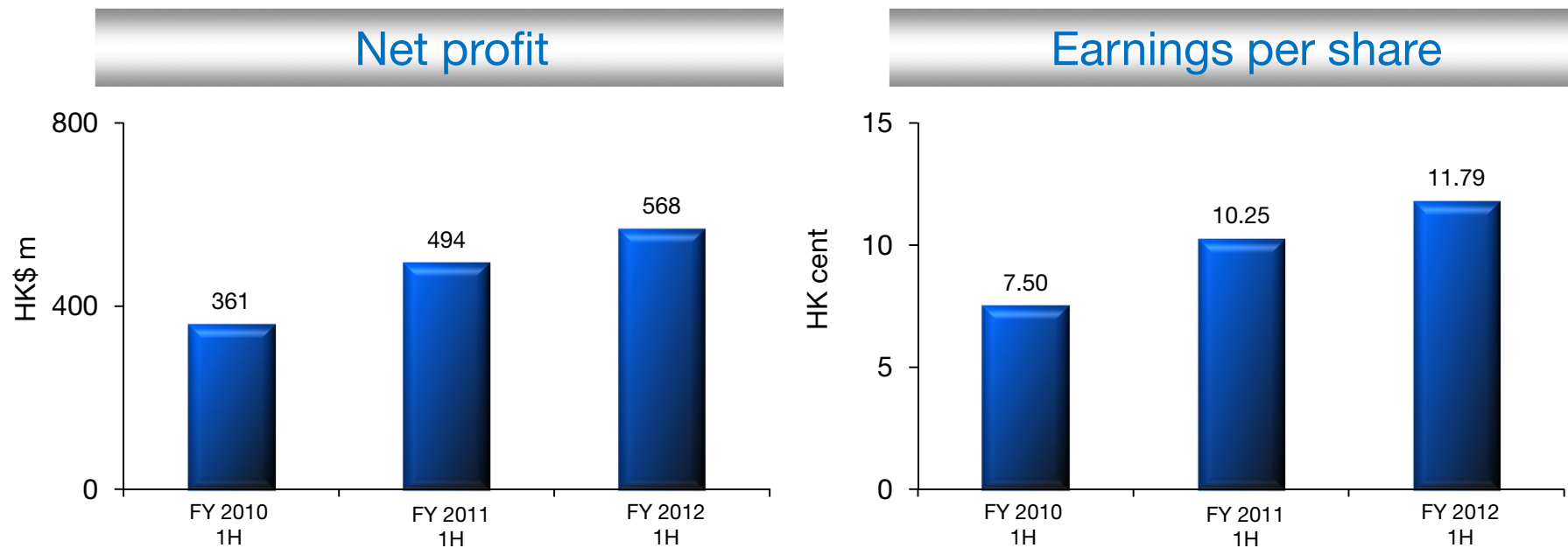
- Invest for long term
- Competition easing
- New broadband offerings



Profitability

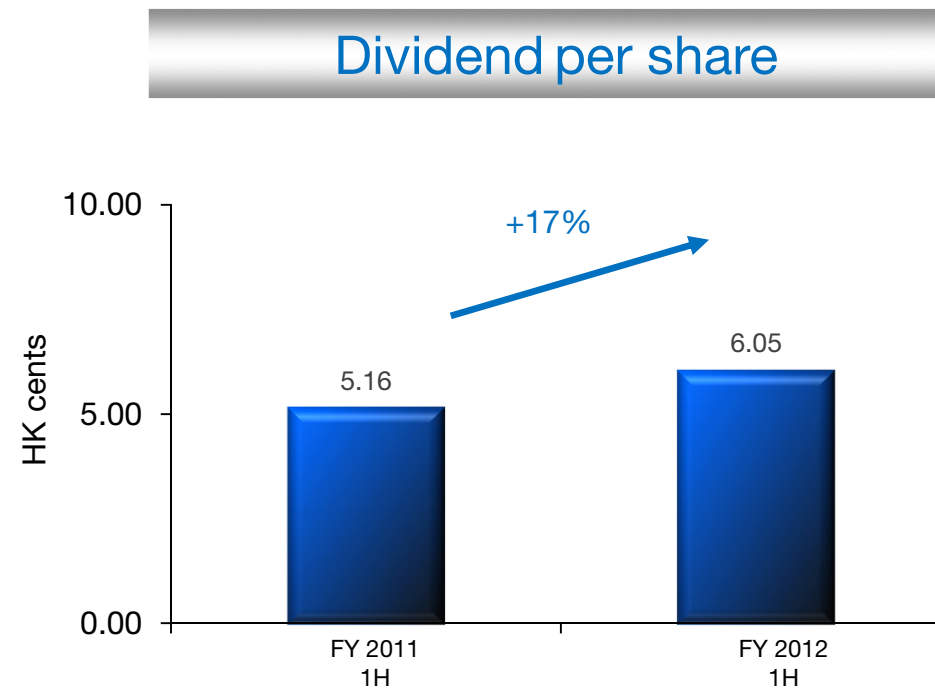
Profitability

- ◆ Earnings upsurge by 15%



Dividend

- ◆ Solid 75% annual payout



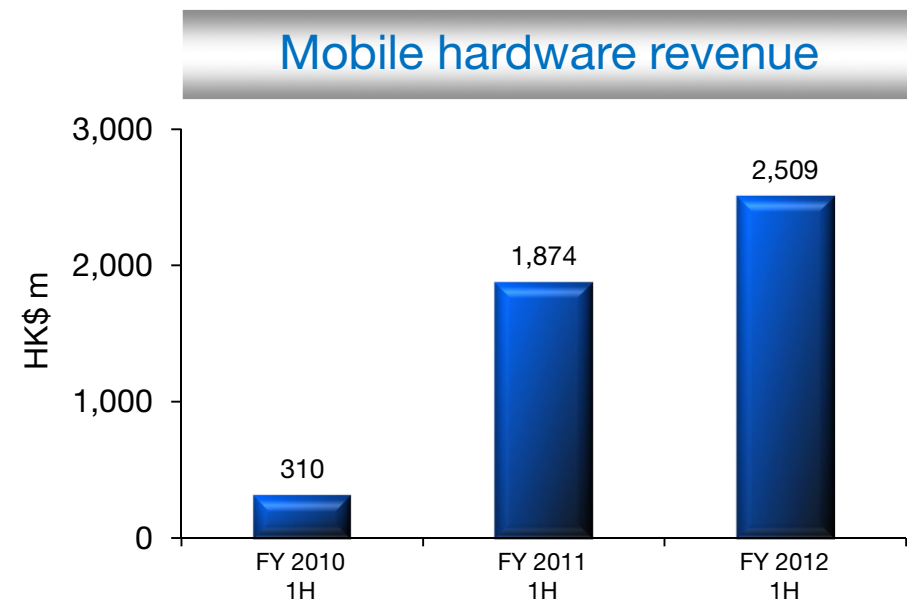
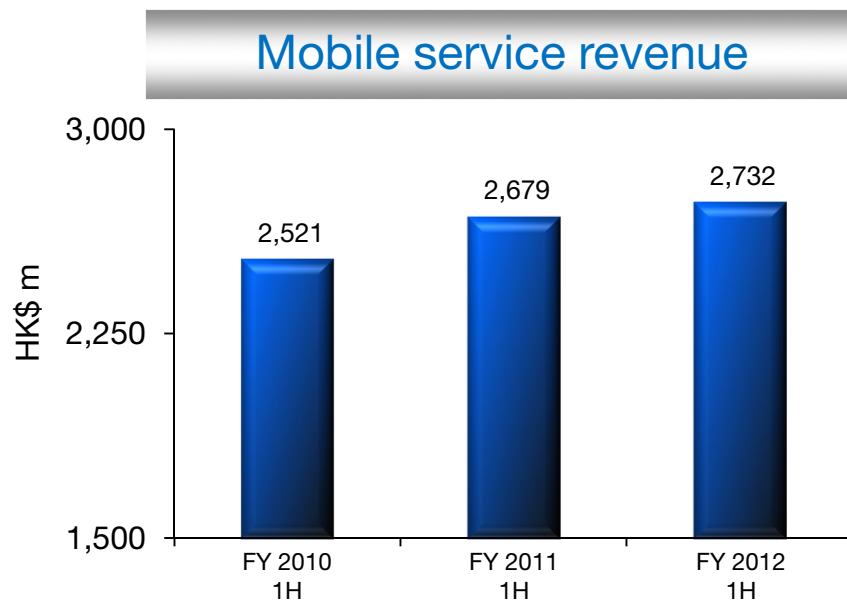
Financial Overview

Financial Highlights

	FY 2011 1H (HK\$m)	FY 2012 1H (HK\$m)
Turnover	6,018	6,730
Cost of inventories sold	(1,792)	(2,369)
Staff costs	(307)	(346)
Customer acquisition costs	(569)	(331)
Depreciation and amortisation	(561)	(645)
Other operating expenses	<u>(2,107)</u>	<u>(2,238)</u>
Operating profit	682	801
Interest income	2	5
Interest and other finance costs	(57)	(77)
Share of results of jointly controlled entities	<u>1</u>	<u>(2)</u>
Profit before taxation	628	727
Taxation	<u>(28)</u>	<u>(23)</u>
Profit for the period	<u><u>600</u></u>	<u><u>704</u></u>
Attributable to:		
Shareholders of the Company	494	568
Non-controlling interests	<u>106</u>	<u>136</u>
	<u><u>600</u></u>	<u><u>704</u></u>

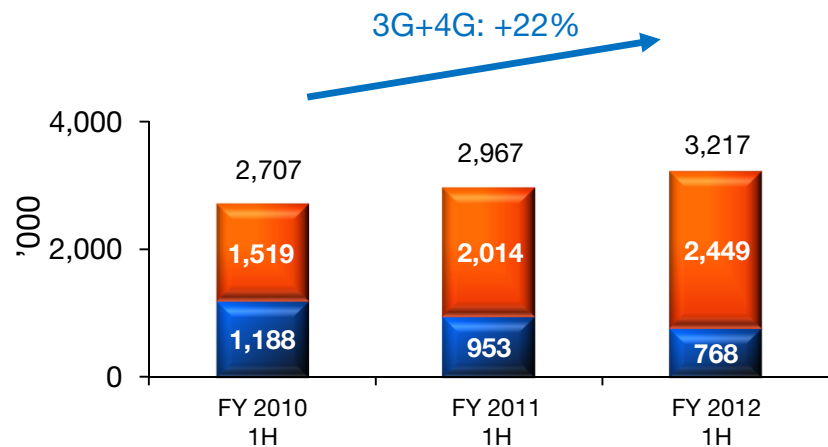
Turnover – mobile business

- ◆ Service revenue sustainable growth
- ◆ Hardware revenue benefited from popularity of smart devices

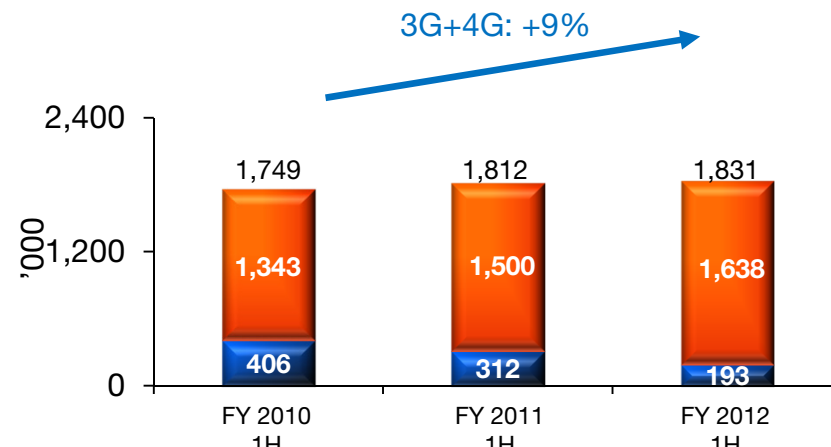


Quality customer base

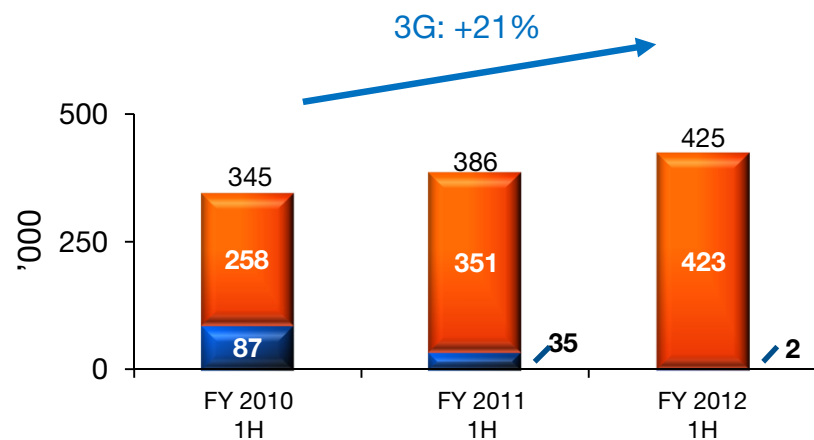
HK Total Subscribers



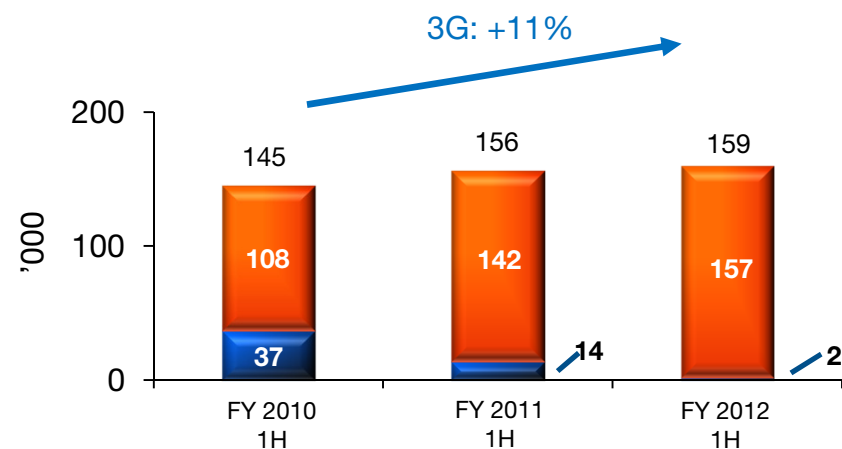
HK Postpaid Subscribers



Macau Total Subscribers



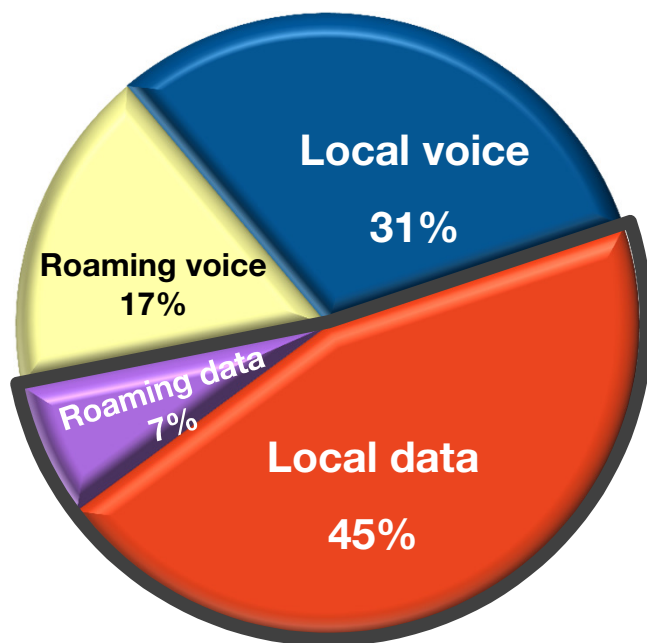
Macau Postpaid subscribers



Turnover – mobile service revenue

- ◆ 58% data revenue

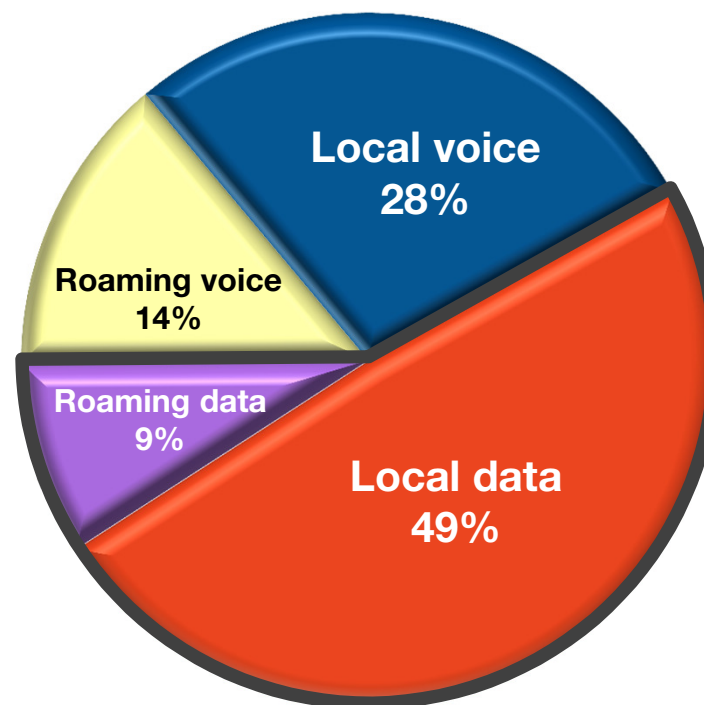
Total service revenue:
HK\$2,679m



Total Data Revenue: 52%

FY 2011
1H

Total service revenue:
HK\$2,732m

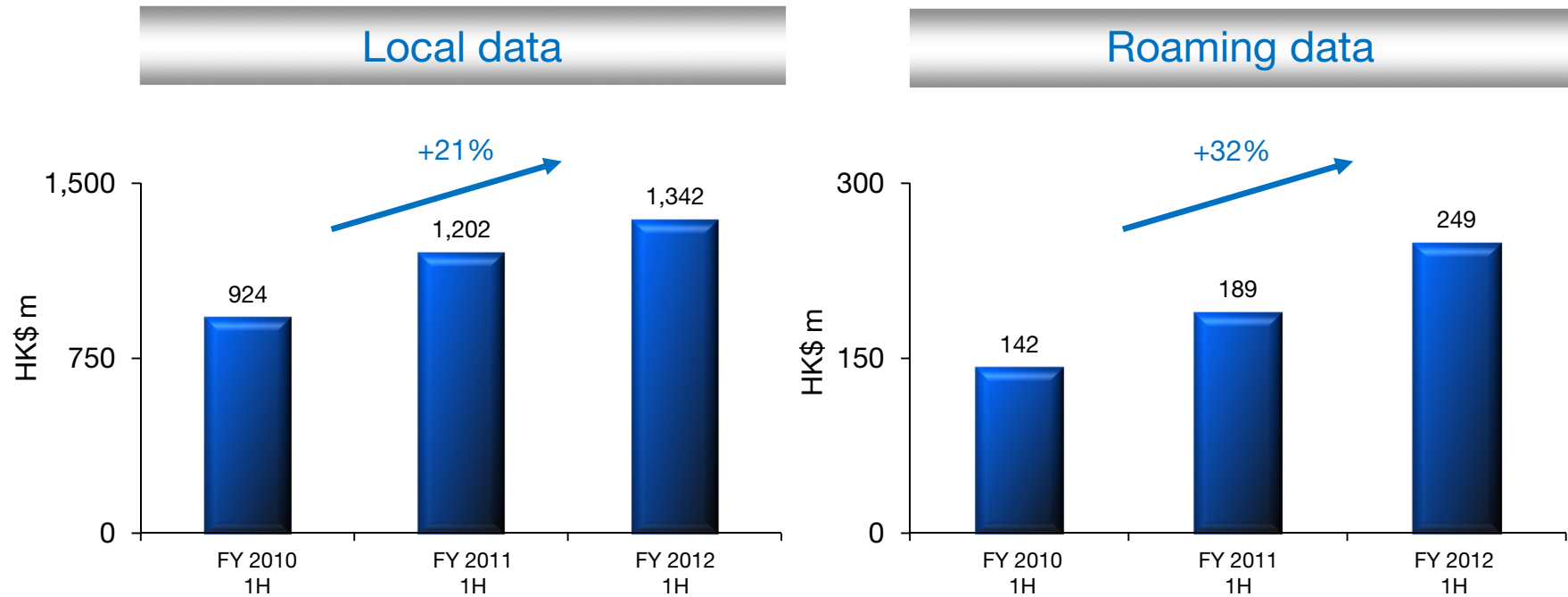


Total Data Revenue: 58%

FY 2012
1H

Mobile data revenue

- ◆ Robust roaming data growth

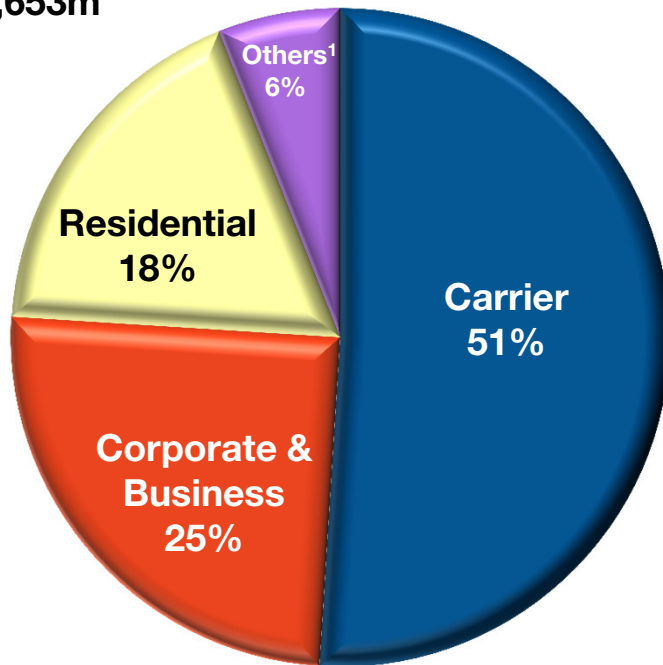


All percentages represent compound annual growth rate

Turnover - Fixed-line business

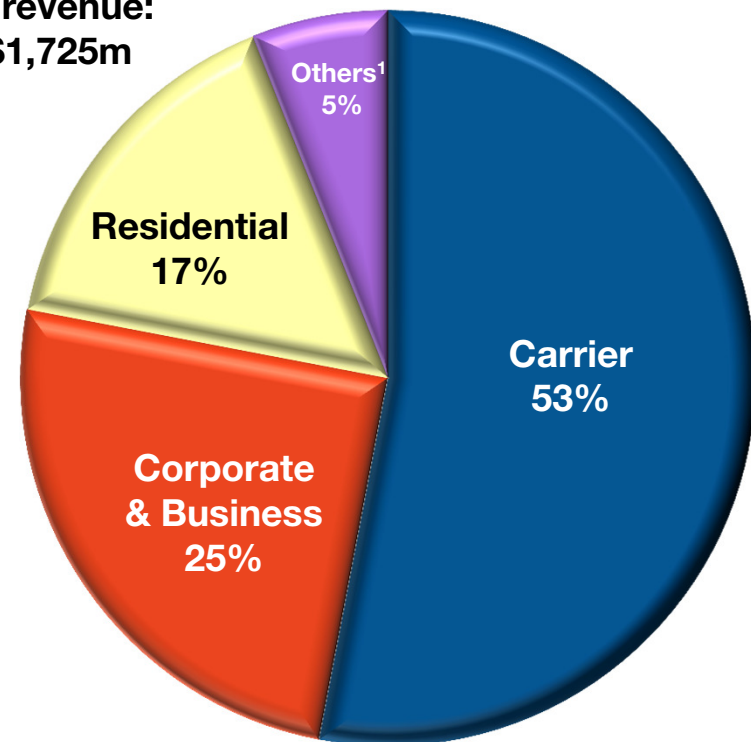
- ◆ Steady growth and cushion against volatility

Total revenue:
HK\$1,653m



FY 2011
1H

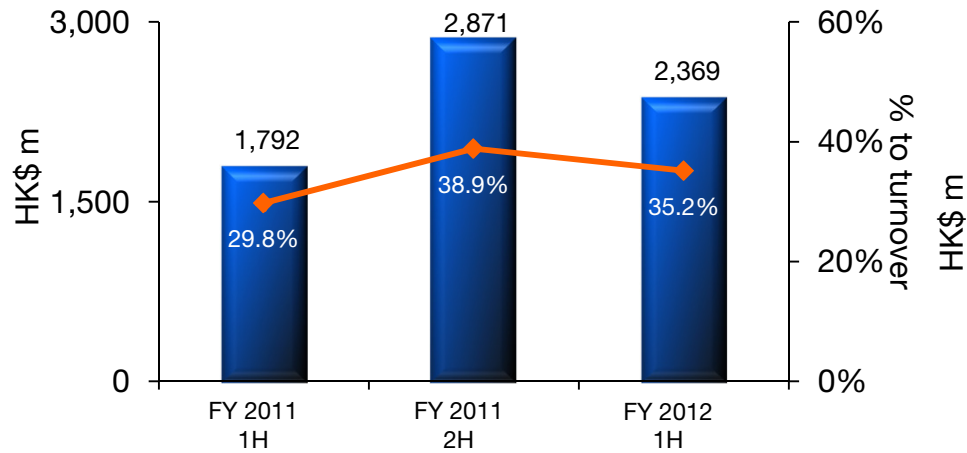
Total revenue:
HK\$1,725m



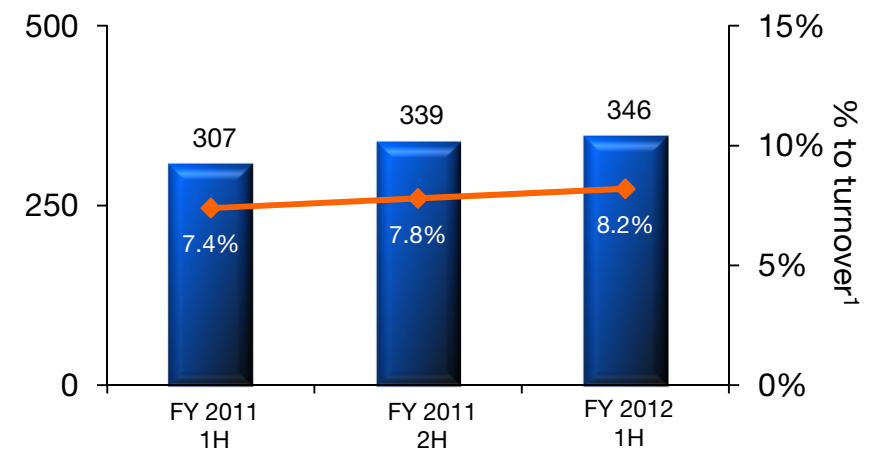
FY 2012
1H

Key cost items

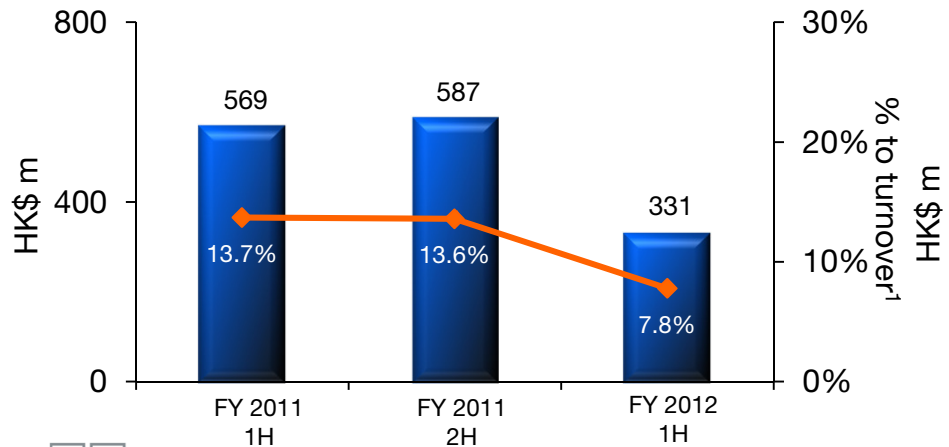
Cost of inventories sold



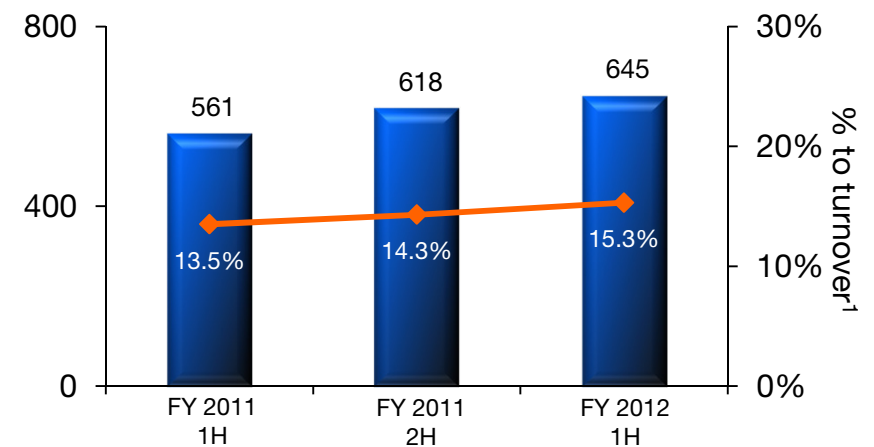
Staff costs



Customer acquisition costs



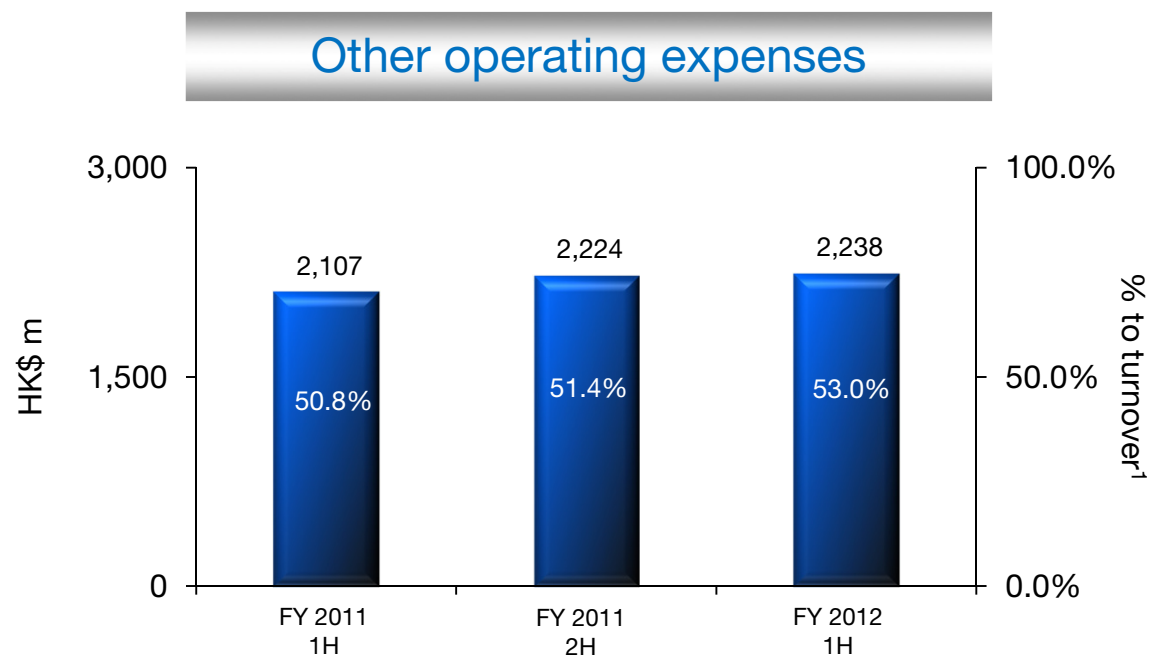
Depreciation and amortisation



¹ Excluding revenue from sale of telecommunications hardware

Other operating expenses

- ◆ Cautious and well-controlled

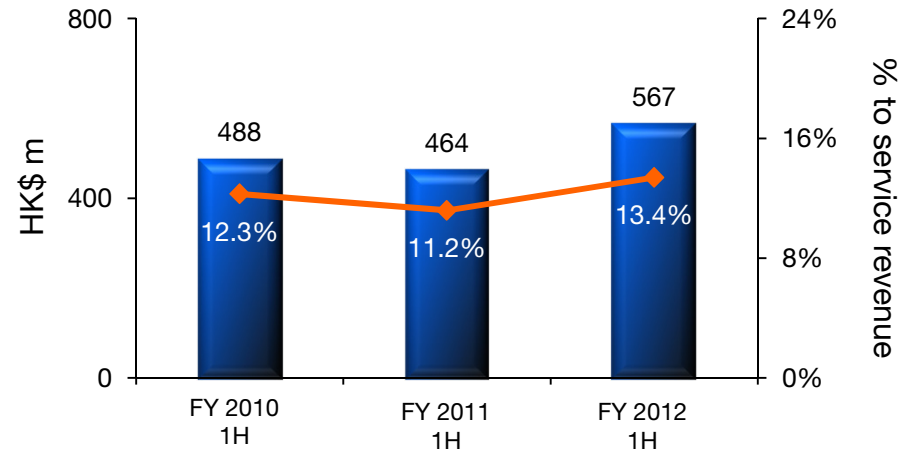


¹ Excluding revenue from sale of telecommunications hardware

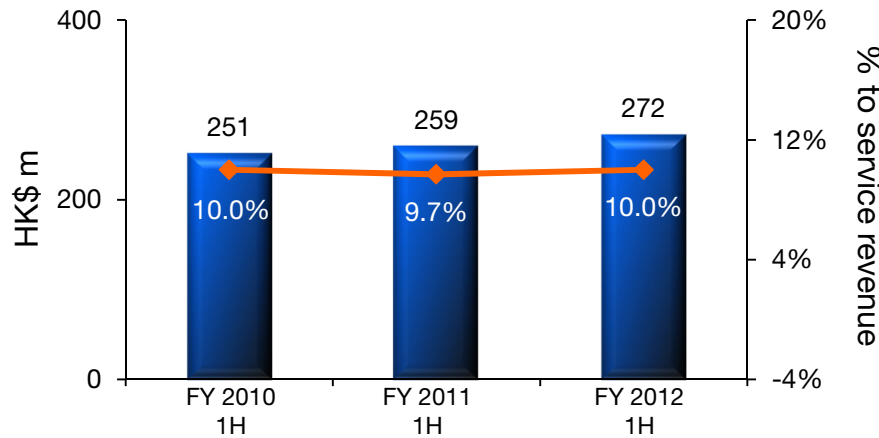
Capex investment

- ◆ Selective
 - 2G refarm and TDD-LTE
 - FTTH homepass

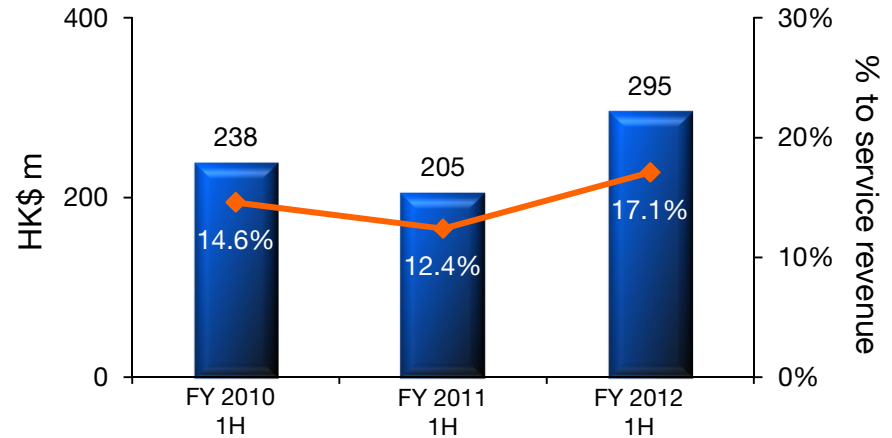
Capex and % of service revenue



Capex and % of service revenue (Mobile)

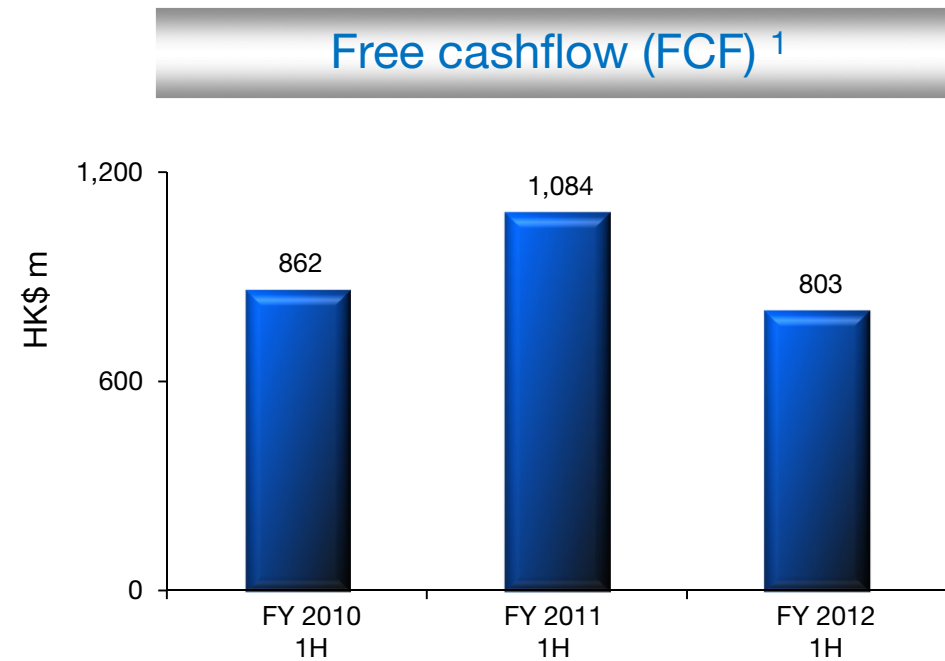


Capex and % of service revenue (Fixed-line)



Liquidity

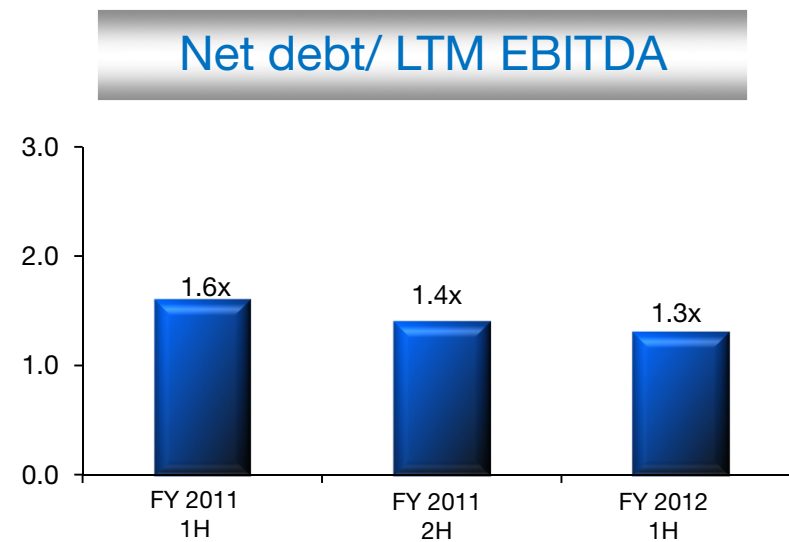
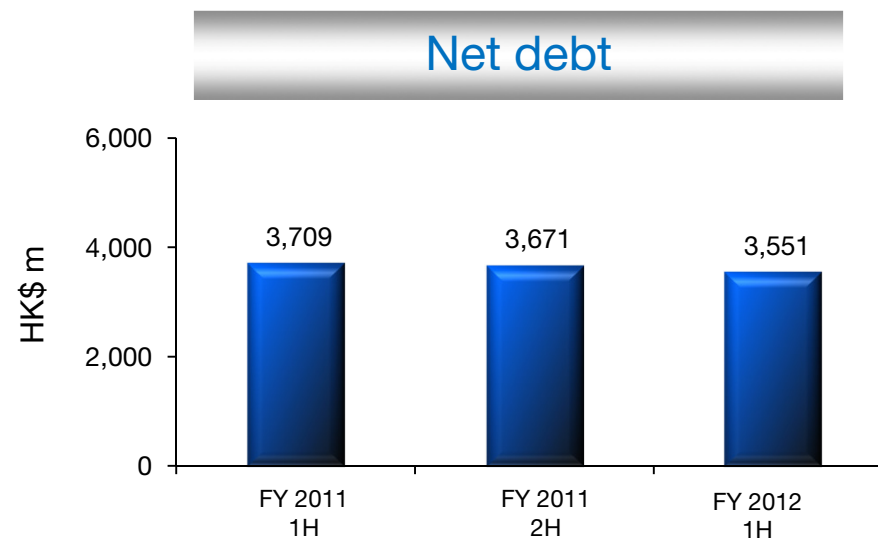
- ◆ Strong FCF before spectrum acquisition



¹ Free cashflow being cashflow from operating activities less cashflow used in investing activities before payment of spectrum utilisation fee

Strong financial position

- ◆ Leverage ratio = 1.3
- ◆ Gearing ratio = 33%
- ◆ Refinancing completed
 - HK\$5.5b facility matured in June 2015



Outlook



Connect to the Future

Mobile

Mobile Market Leadership

- Well-positioned in data era
- Internal upward migration
- Smart device penetration

Network Excellence

- Selective investment
- 4G network expansion
- 2G spectrum re-farm

Customer Focus

- Diversified and exclusive contents and applications
- Innovative initiatives - 3iChat, SMS data usage alert
- Largest number of retail outlets

Fixed-line

Carrier & International Market

- Strengthen ties with international carriers
- Build international interconnection platforms
- 4G stimulates further mobile backhaul demand

Corporate & Business Market

- Partner with prominent ICT leaders
- Data centre and cloud computing focus

Residential Market

- Growing FTTH coverage
- Increase internal upward migration

Q & A

Thank You