



Hutchison Telecom
Hong Kong Holdings

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

2014 Annual Results Presentation

16 February 2015



A Hutchison Whampoa Company

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Business Performance

Highlights

	FY2014 HK\$ millions	FY2013 HK\$ millions	FY2014 vs FY2013	2014 2H HK\$ millions	2014 1H HK\$ millions	2014 2H vs 2014 1H
Consolidated Turnover	16,296	12,777	+28%	10,069	6,227	+62%
Consolidated EBITDA	2,679	2,674	-	1,498	1,181	+27%
Consolidated EBIT	1,358	1,339	+1%	831	527	+58%
Profit before tax	1,168	1,167	-	724	444	+63%
Net Profit ⁽¹⁾	833	916	-9%	510	323	+58%
Earnings per Share	17.29 HK cents	19.01 HK cents	-9%	10.59 HK cents	6.70 HK cents	+58%
Final Dividend per Share	8.70 HK cents	8.00 HK cents	+9%	N/A	N/A	N/A
Total Dividend per Share	12.95 HK cents	14.25 HK cents	-9%	N/A	N/A	N/A

Outlook

- ◆ Balanced integrated telecom operator benefited from mobile and fixed-line contributions
- ◆ Mobile business
 - ◆ Data centric focus leveraging 4G LTE infrastructure and Wi-Fi hotspot coverage
 - ◆ Gradual improvement in ARPU with growth in 4G LTE customers
- ◆ Fixed-line business
 - ◆ Increasing demand for sophisticated network solutions
- ◆ Disciplined control on operating and capital expenditure. Focus on network quality and coverage
- ◆ Major enhancement projects in the pipeline:
 - Deployment of LTE Advanced services
 - Construction of TDD network
 - Continuous expansion on Wi-Fi coverage
- ◆ Focus on optimising synergies between mobile and fixed-line, to provide customers with seamless data connection
- ◆ Sustainable and clear dividend policy to bring value to shareholders over the longer-term



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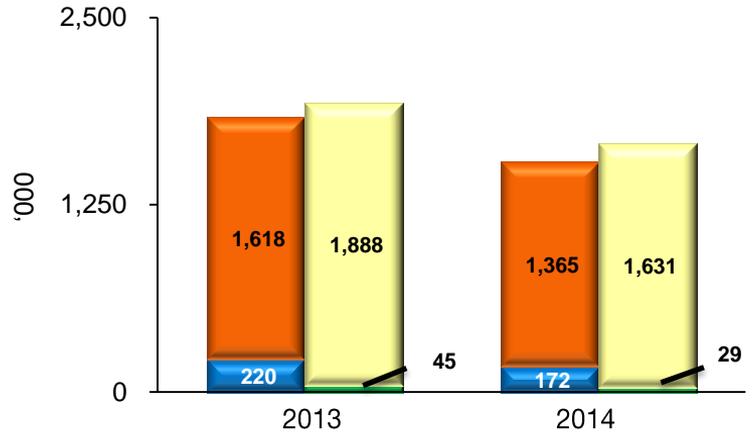


Mobile



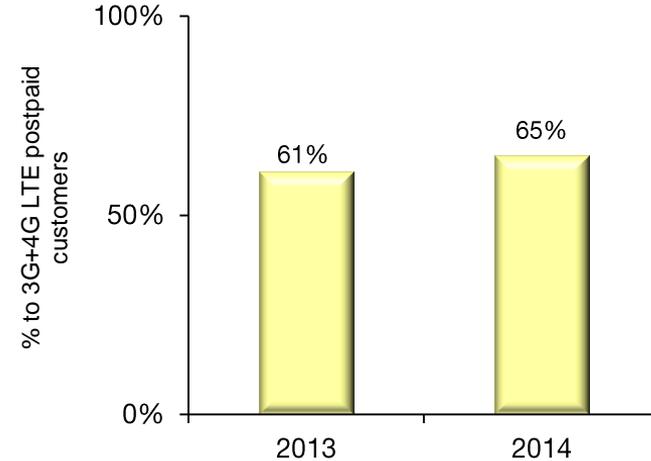
Quality customer base

Total customers*



- 3G + 4G LTE prepaid
- 3G + 4G LTE postpaid
- 2G prepaid
- 2G postpaid

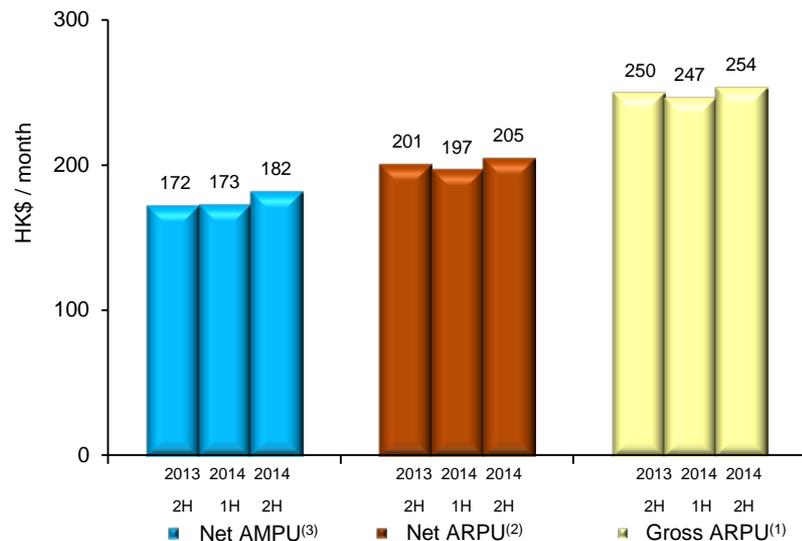
Smart device penetration*



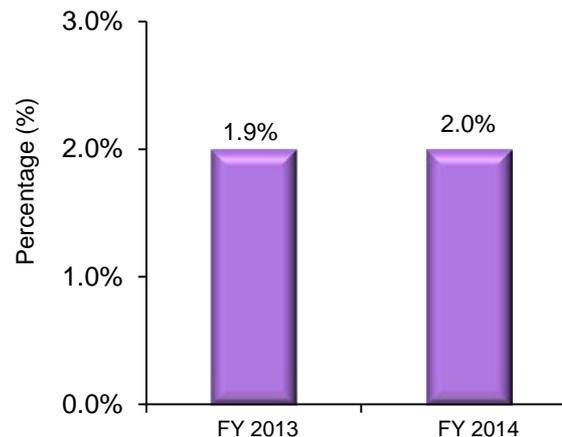
* Include HK and Macau

Mobile KPIs

Blended postpaid ARPU and net AMPU



Postpaid Churn



- Note 1: Gross ARPU is defined as monthly average spending per user including a customer's contribution to handset, or other devices, in a bundled service and hardware plan in 6-month period.
- Note 2: Net ARPU is defined as monthly average spending per user excluding a customer's contribution to handset, or other devices, in a bundled service and hardware plan in 6-month period.
- Note 3: Net AMPU represents net average margin per user. Net AMPU equals net ARPU less direct variable costs (including interconnection charges and roaming costs) in 6-month period.



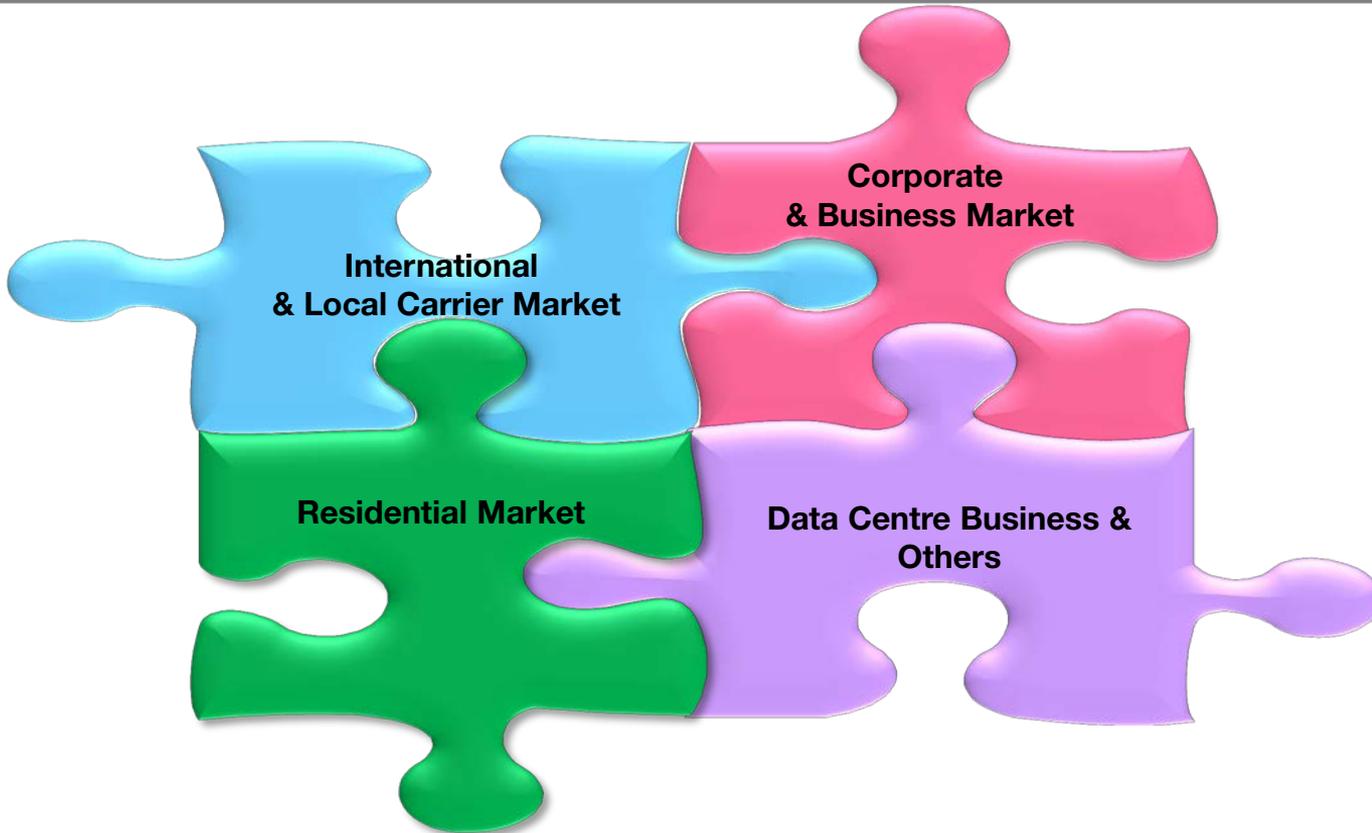
WiseNET



Fixed-line



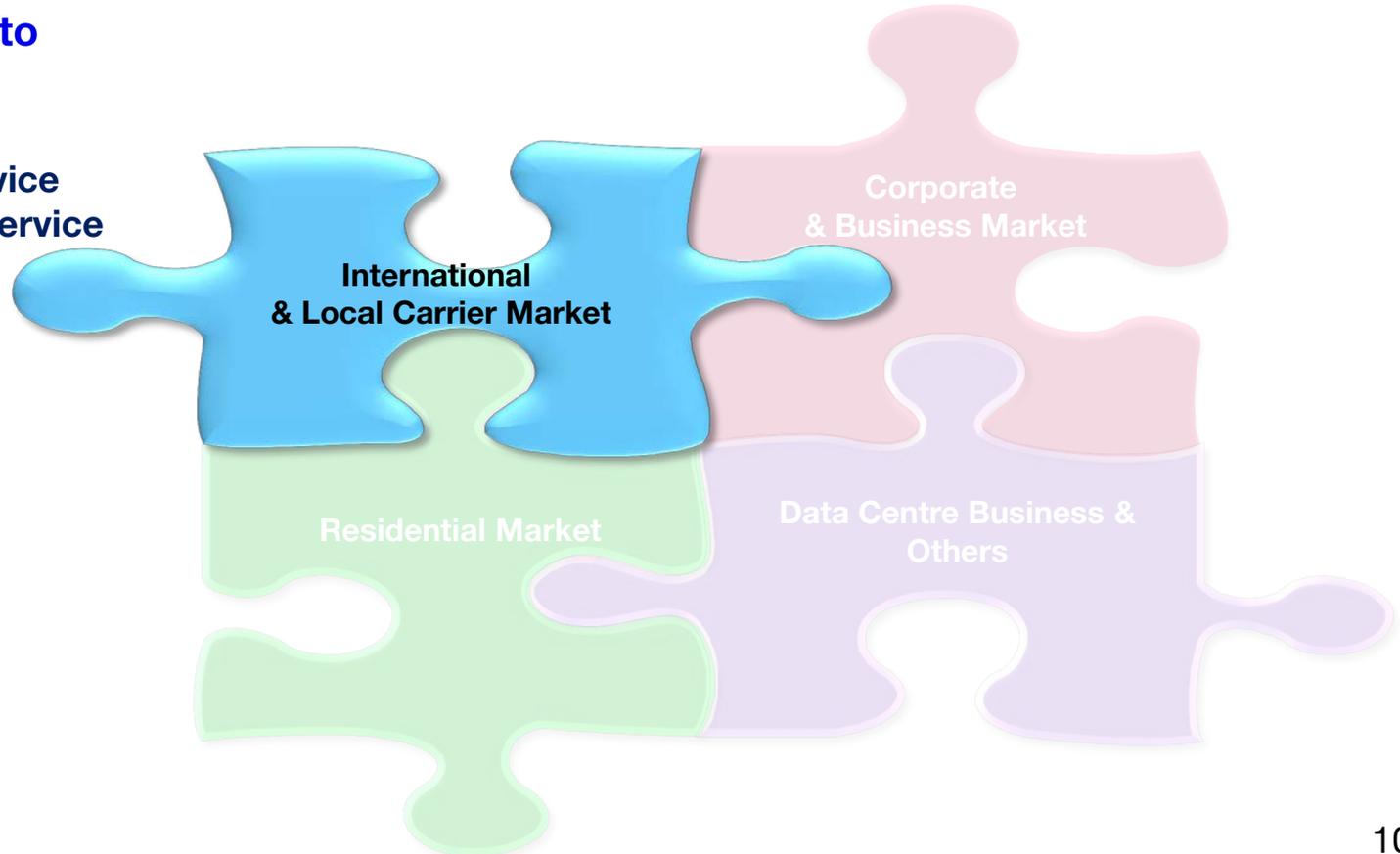
Fixed-Line Business



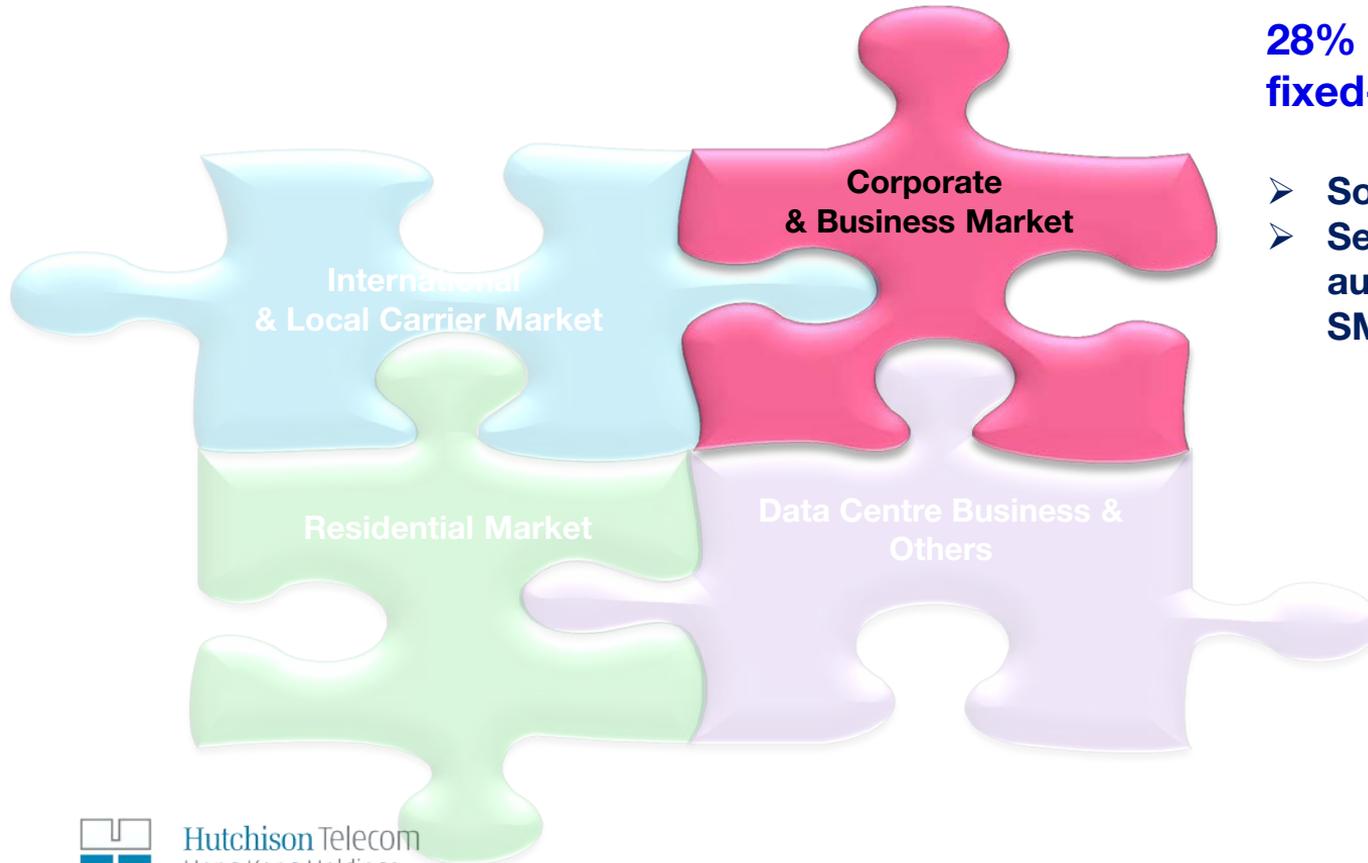
International & Local Carrier Market

54% contribution to fixed-line revenue

- **International service**
- **Local backhaul service**



Corporate & Business Market



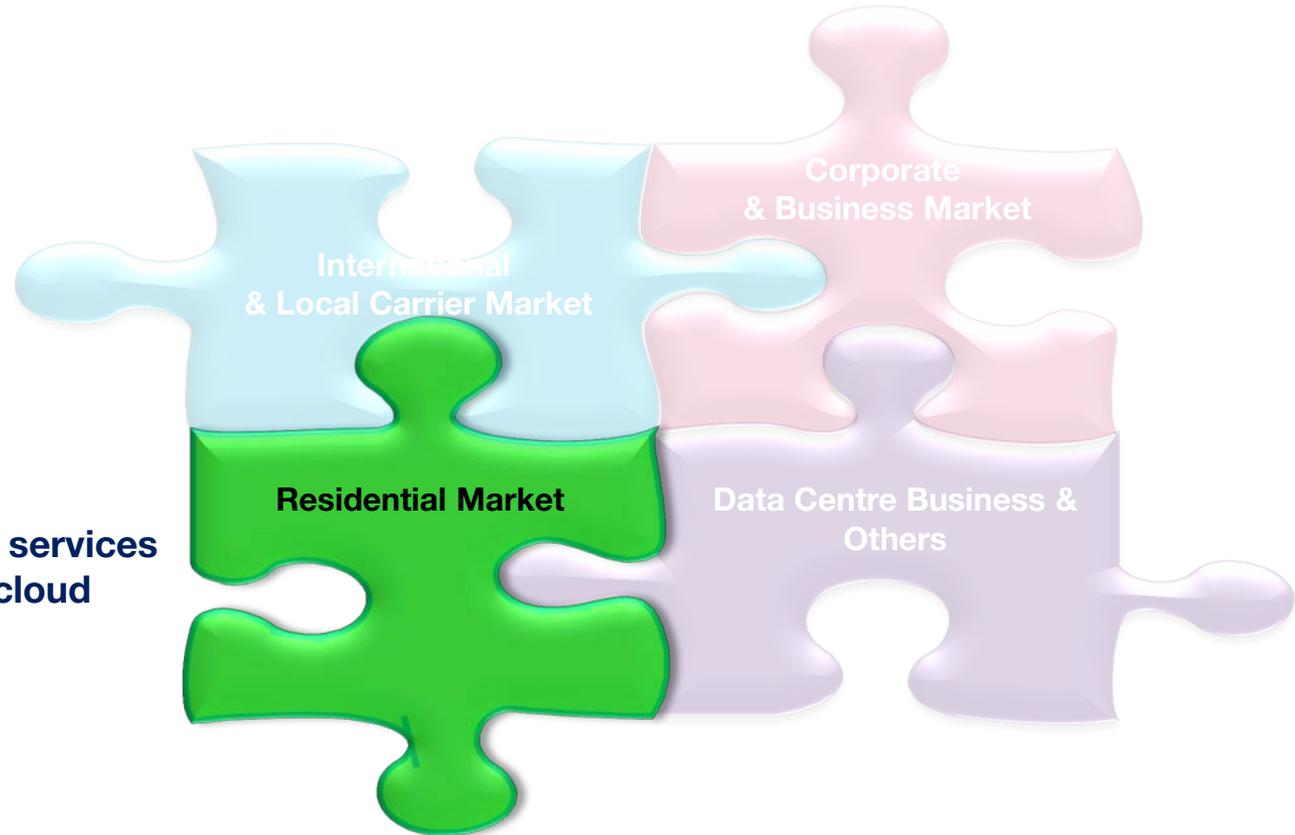
28% contribution to fixed-line revenue

- **Solution based offerings**
- **Serving mainly government authorities, corporate, retail, SME & education sectors**

Residential Market

15% contribution to fixed-line revenue

- Full array of multimedia services
- 1GB FTTH in offer plus cloud based VAS



Data Centre Business & Others



3% contribution to fixed-line revenue

- Geographically dispersed data centres
- Graded tier-3 or higher with ISO27001 security and ISO50001 energy management accreditation
- 50/50 JV with Cheung Kong Holdings

Making Better



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Hutchison Telecom
Hong Kong Holdings

Better Offer: 4G + Wi-Fi + Broadband

Special handsets offers to Home Broadband customers
(up to \$300 discount or rebate)

Mobile
Customers

Free Wi-Fi

Home Broadband
Customers

Free 1GB Mobile Data upon 1G Home Broadband subscription



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Financial Overview

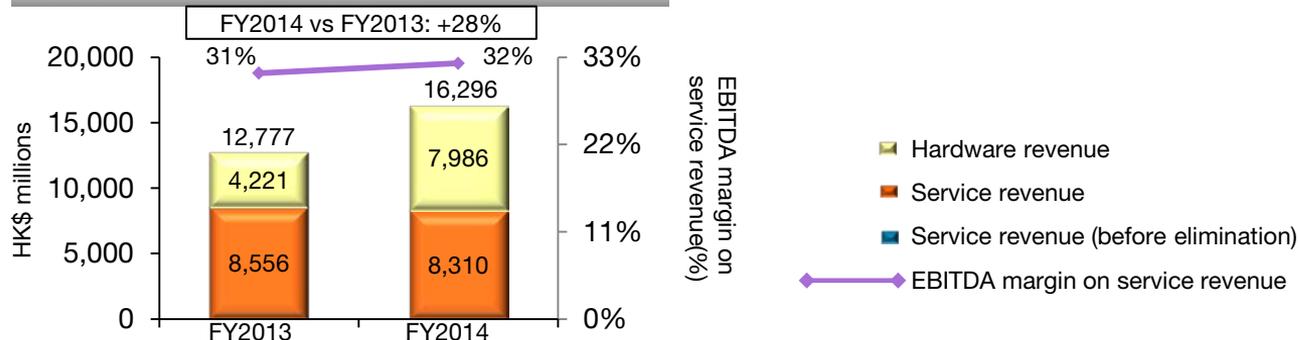
Financial Highlights - Consolidated

	2014 HK\$m	2013 HK\$m	FY2014 vs FY2013	2014 2H HK\$m	2014 1H HK\$m	2014 2H vs 2014 1H
Turnover	16,296	12,777	+28%	10,069	6,227	+62%
EBITDA	2,679	2,674	-	1,498	1,181	+27%
<i>Consolidated EBITDA margin (%) (EBITDA / service revenue)</i>	32%	31%	+1% point	36%	29%	+7% points
Depreciation and amortisation	(1,321)	(1,335)	+1%	(667)	(654)	-2%
EBIT	1,358	1,339	+1%	831	527	+58%
Net interest expense	(155)	(160)	+3%	(84)	(71)	-18%
Share of results of joint ventures	(35)	(12)	-192%	(23)	(12)	-92%
Profit before taxation	1,168	1,167	-	724	444	+63%
Taxation	(205)	(77)	-166%	(123)	(82)	-50%
Profit for the year	963	1,090	-12%	601	362	+66%
Less: Non-controlling interests	(130)	(174)	+25%	(91)	(39)	-133%
Profit attributable to shareholders	833	916	-9%	510	323	+58%
Earnings per share (HK cents)	17.29	19.01	-9%	10.59	6.70	+58%
Total Dividend per share (HK cents)	12.95	14.25	-9%	N/A	N/A	N/A

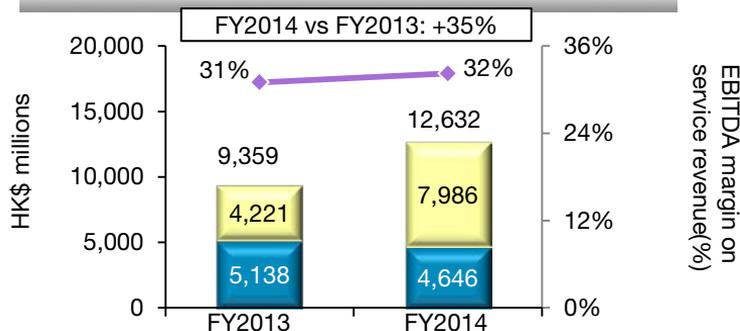


Turnover

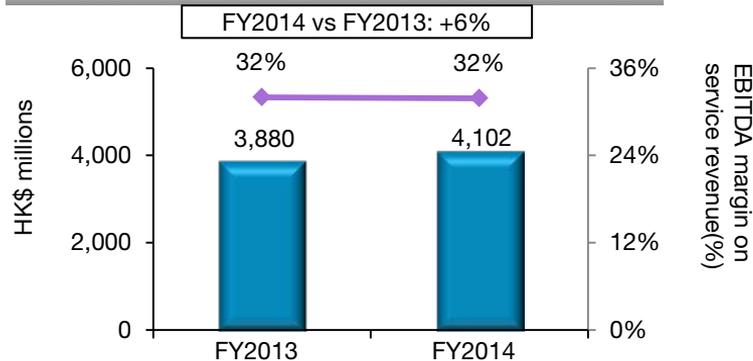
Consolidated turnover



Mobile business turnover

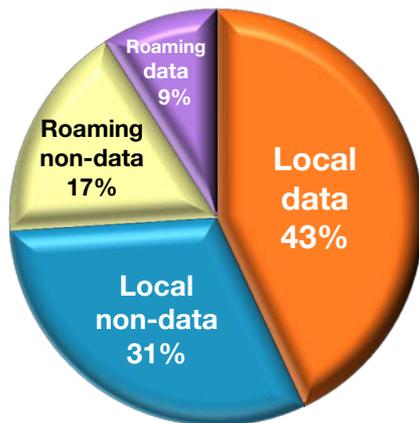


Fixed-line business turnover



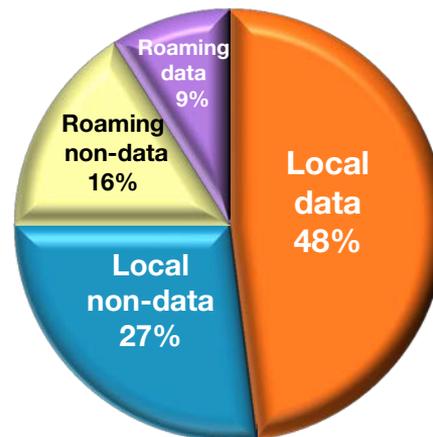
Turnover – mobile service revenue

FY 2013
Service revenue:
HK\$5,138 million



Total Data Service Revenue: 52%

FY 2014
Service revenue:
HK\$4,646 million



Total Data Service Revenue: 57%

Note 1: Data service revenue is defined as customer payment for internet and data access services, excluding messaging, content and related services.
Note 2: Net customer service margin is defined as service revenue less direct variable costs (including interconnection charges and roaming costs).

Turnover - Fixed-line business

FY 2013
Total revenue:
HK3,880 million

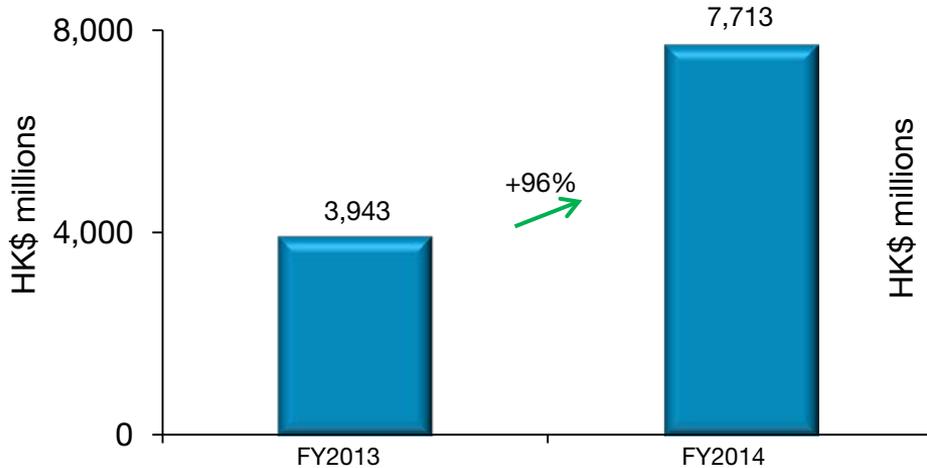


FY 2014
Total revenue:
HK4,102 million

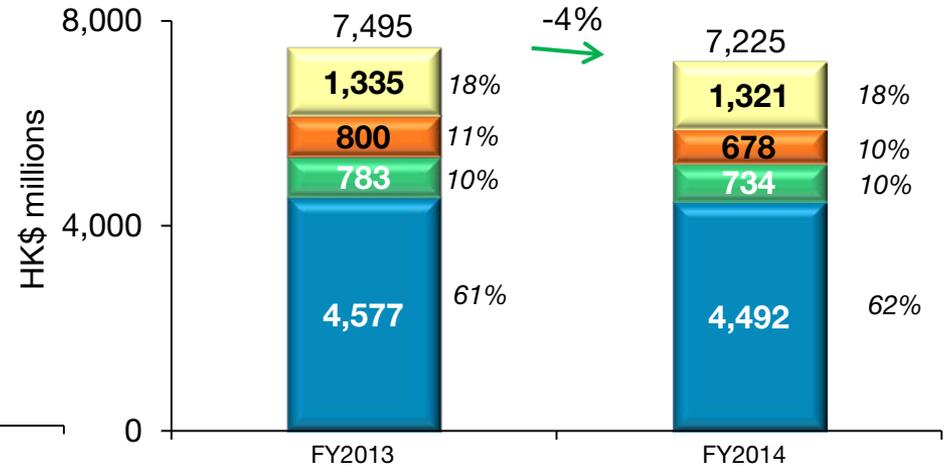


Key cost items

Cost of inventories sold



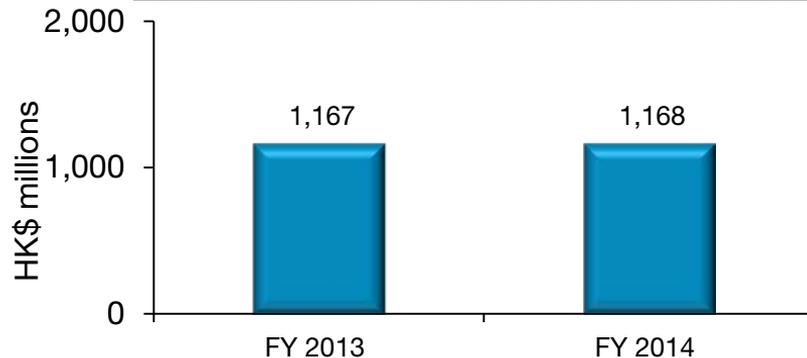
Key cost items



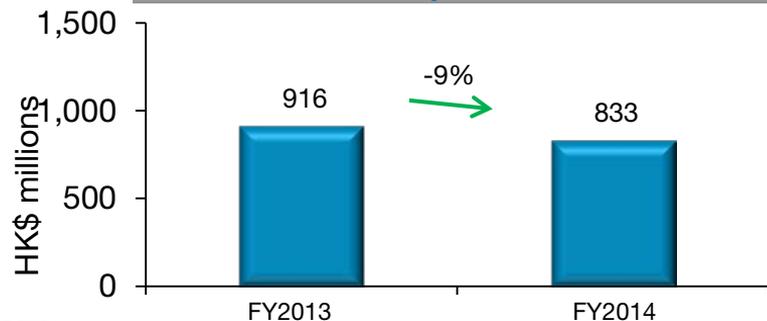
- Depreciation and amortisation
- Staff costs
- Customer acquisition costs
- Other operating expenses

Profitability

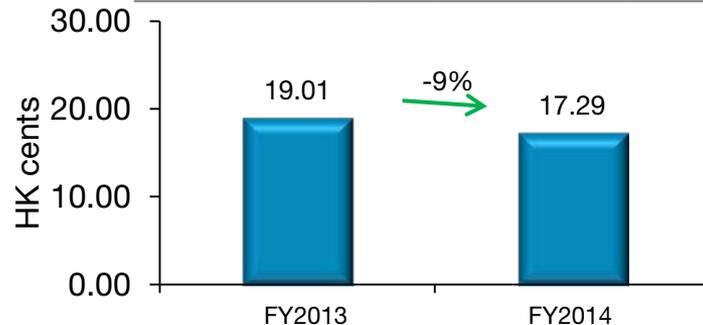
Profit before taxation



Net profit*

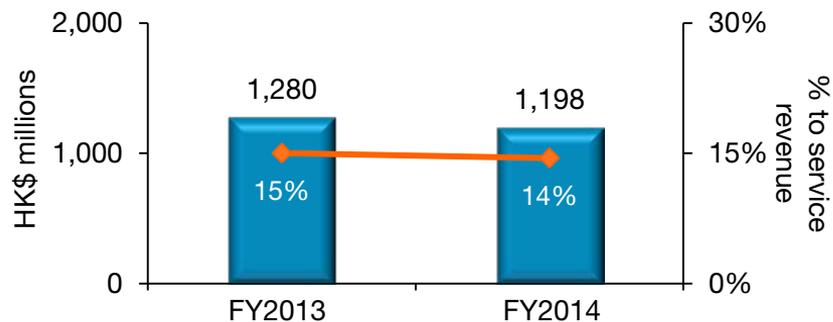


Earnings per share

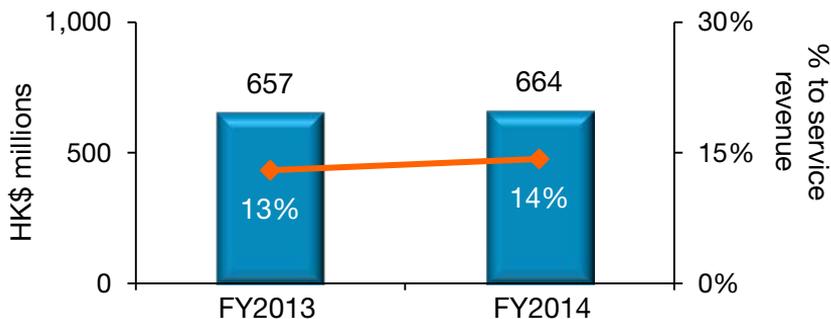


Capex investment

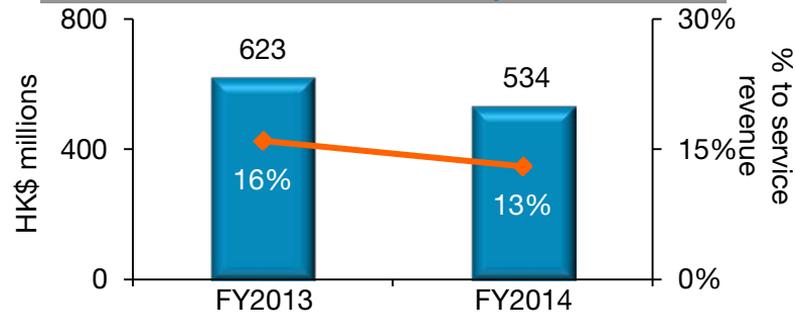
Consolidated Capex



Mobile Capex

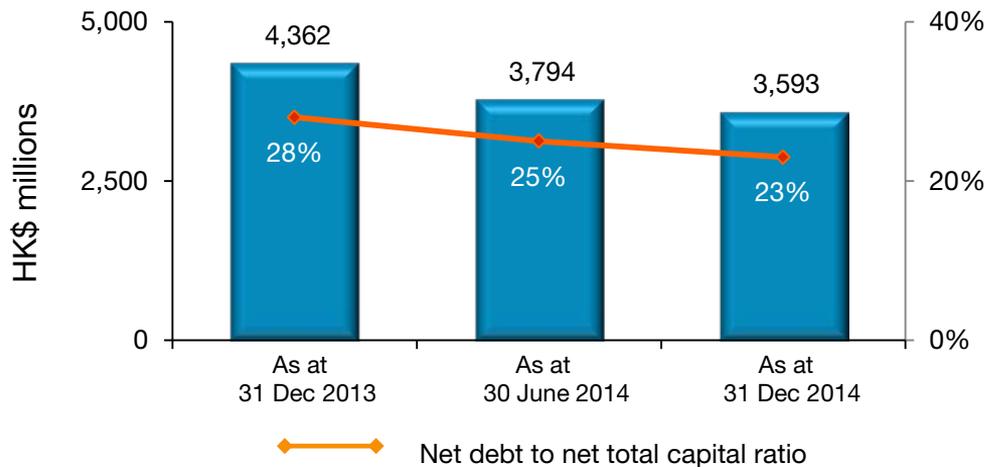


Fixed-line Capex

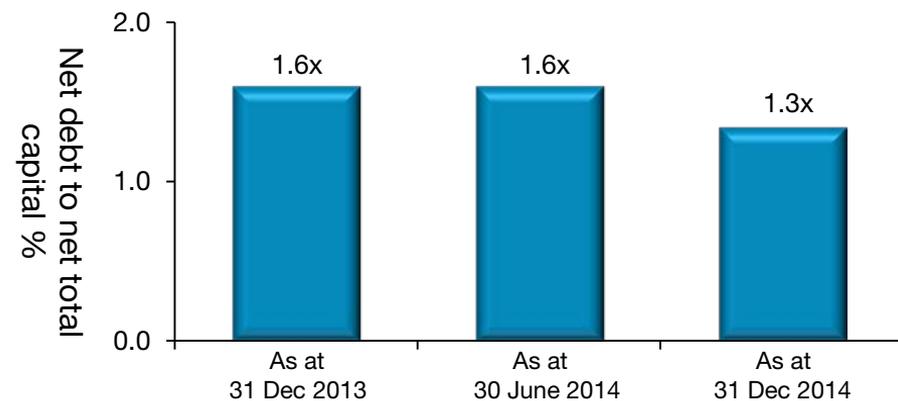


Financial position

Net debt

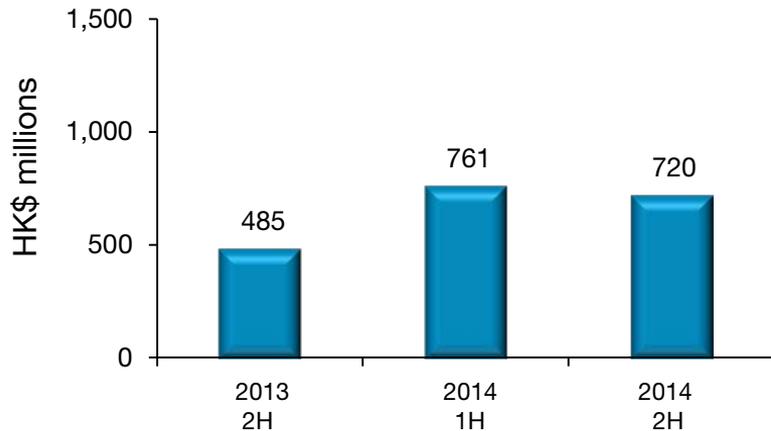


Net debt/ LTM EBITDA

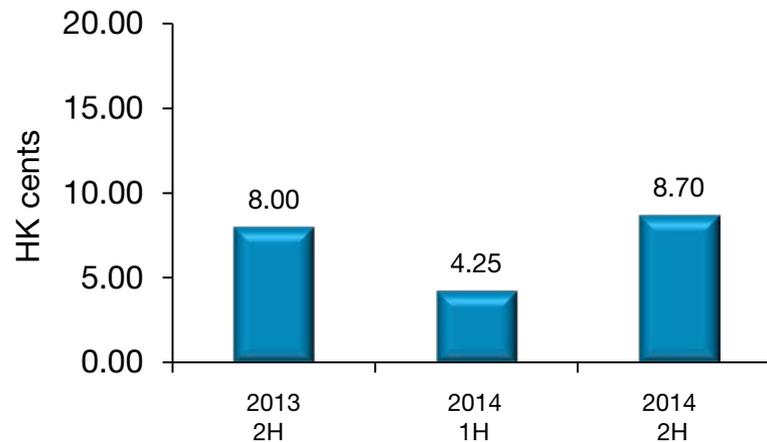


Dividend and Liquidity

EBITDA less CAPEX



Dividend per share



Q & A

Thank You