



Hutchison Telecom
Hong Kong Holdings

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

2012 Annual Results Presentation

19 March 2013



A Hutchison Whampoa Company

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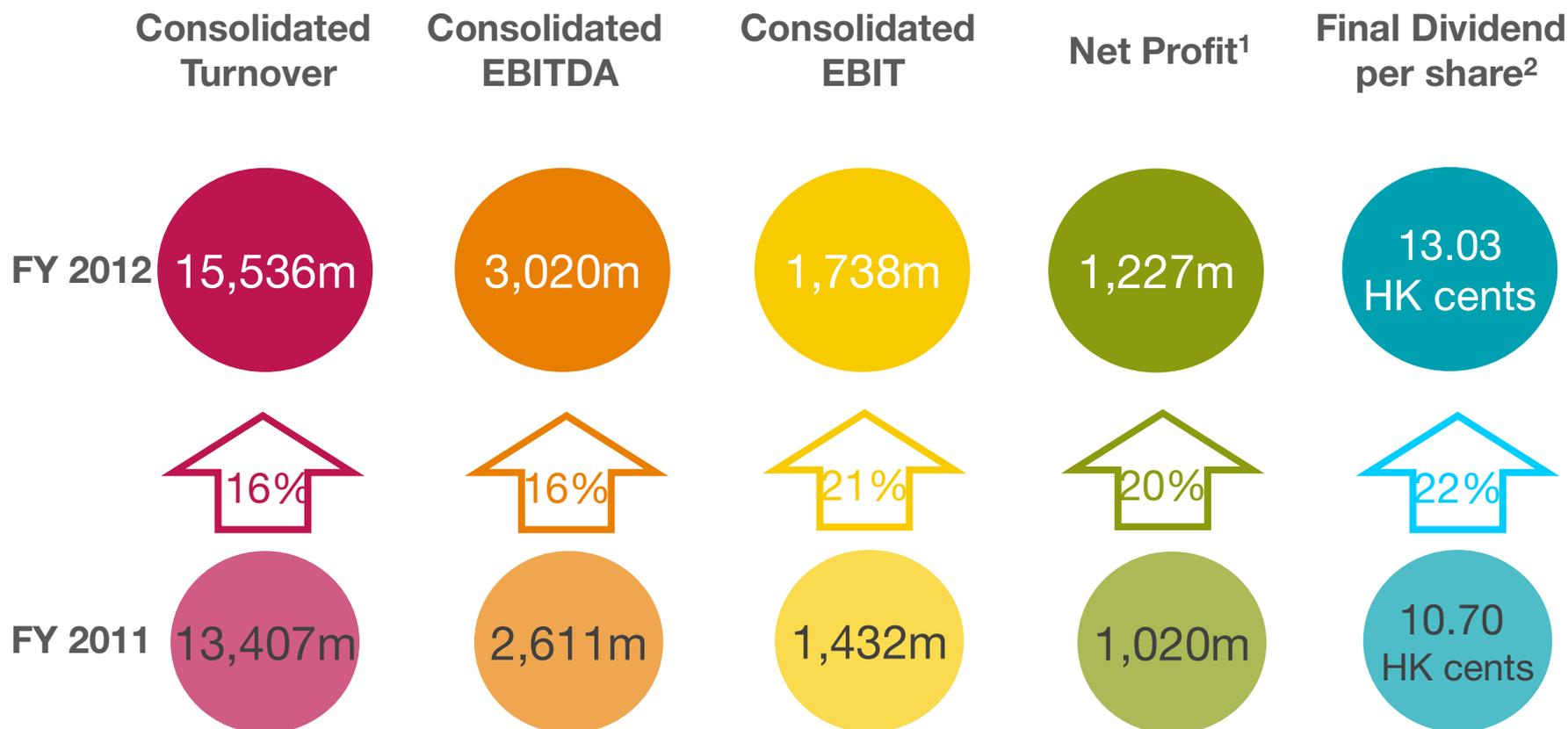
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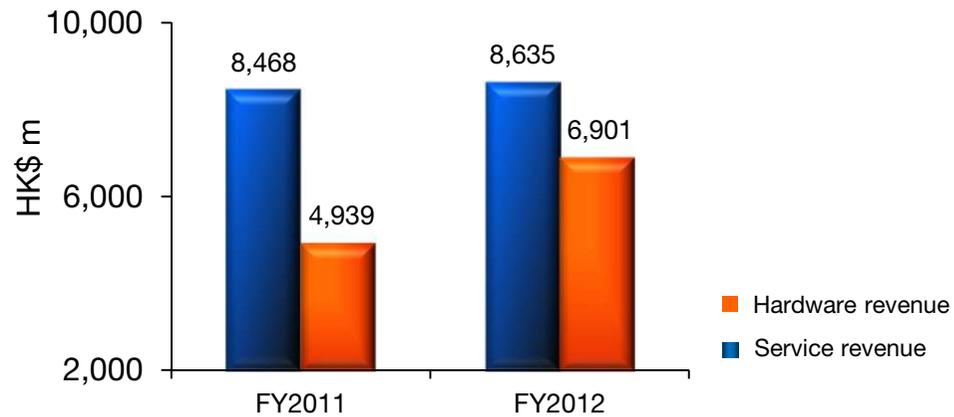
Business Performance

Highlights

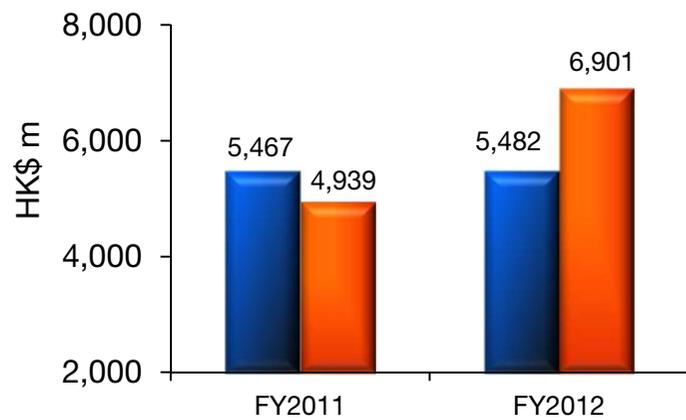


Turnover

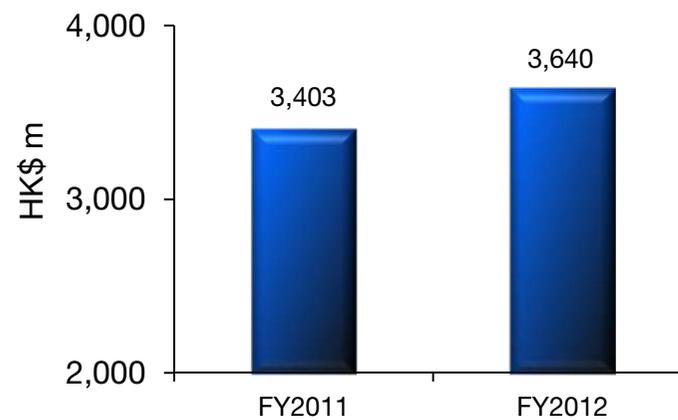
Consolidated turnover



Mobile business turnover



Fixed-line business turnover





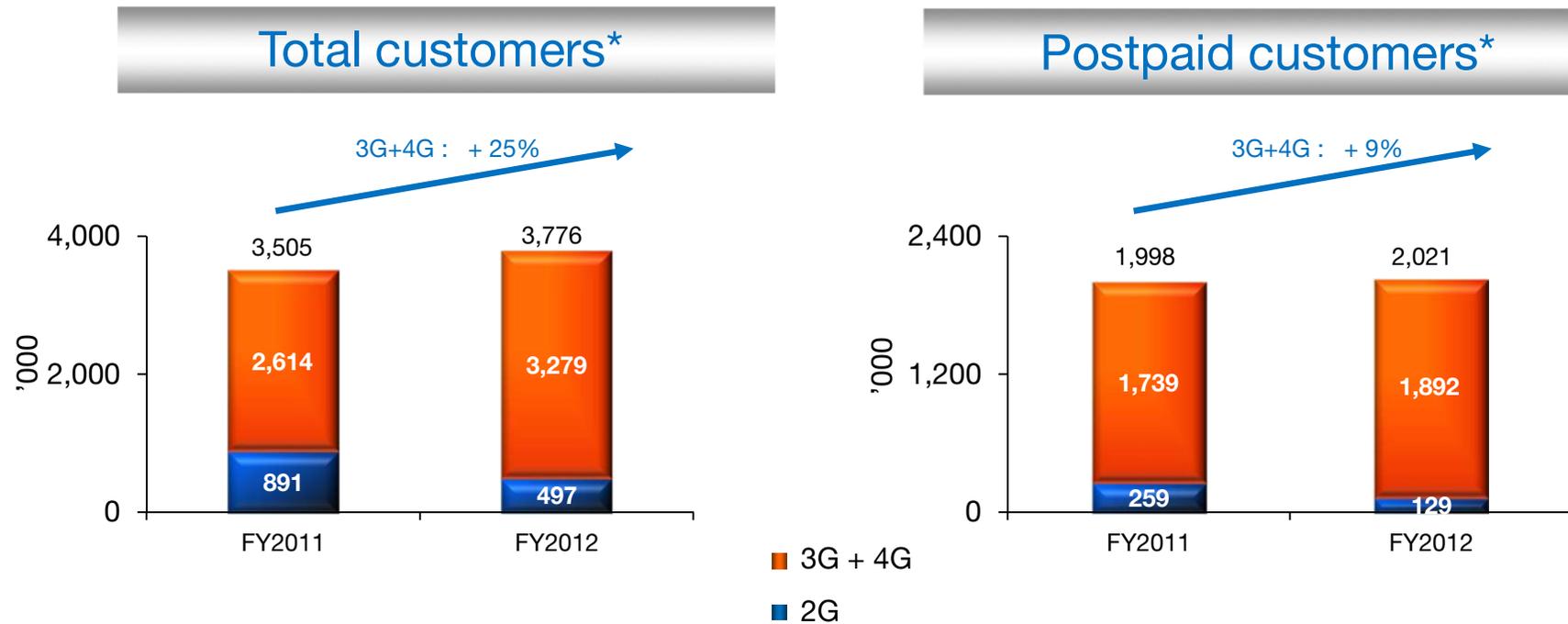
Planet 3

Mobile



Quality customer base

- ◆ 94% postpaid customers under 3G+4G

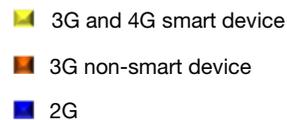
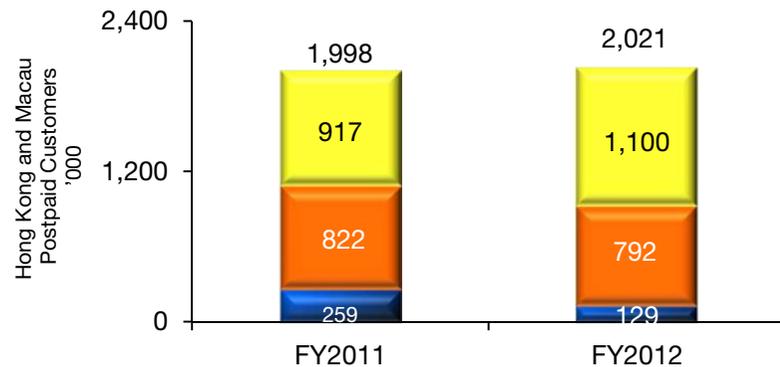


* Include HK and Macau

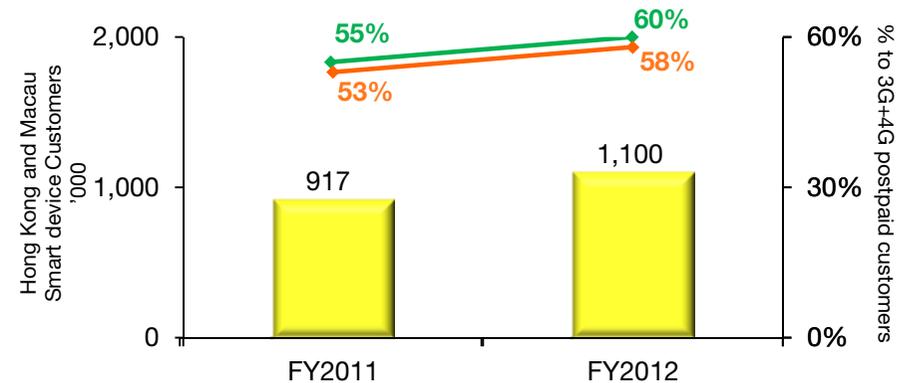
Smart device trendsetter

- ◆ Smart device penetration ↑
- ◆ Full spectrum of customers for ongoing upward migration

Smart device penetration



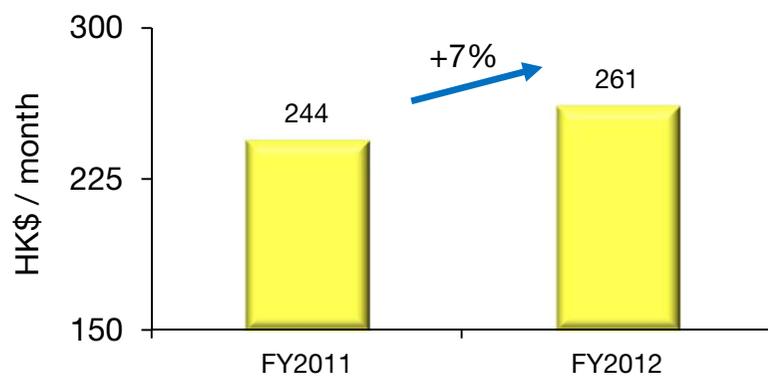
Smart device ownership



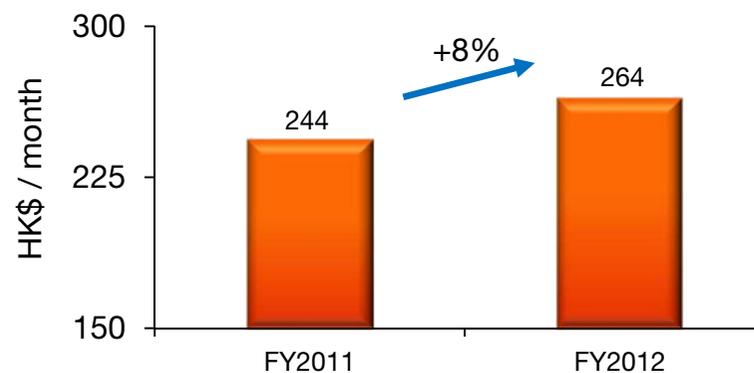
ARPU

- ◆ Cultivating a high-yield customer base

Blended Postpaid ARPU*

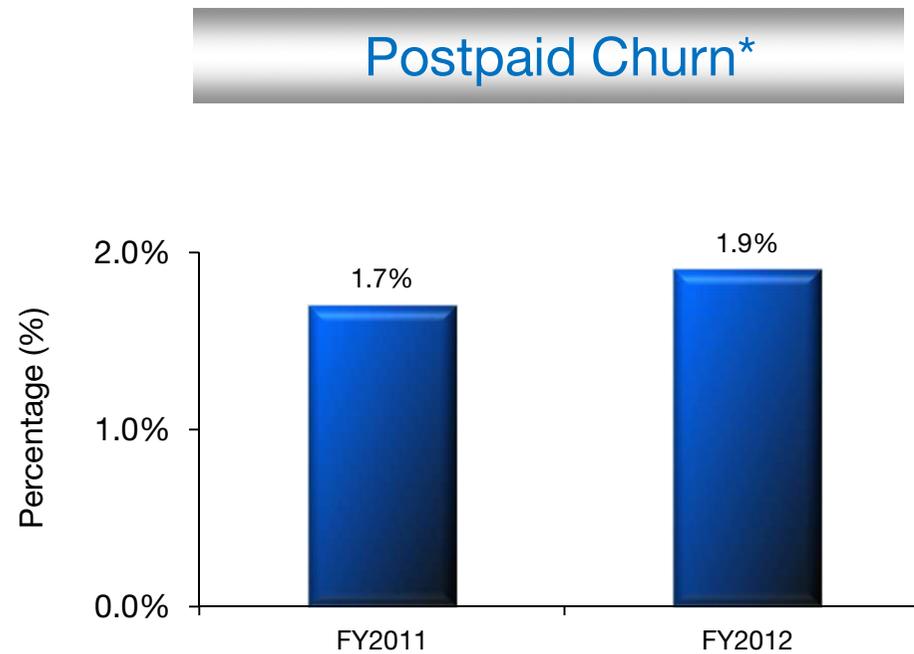


Hong Kong Postpaid ARPU*



Churn

- ◆ Low and stable





One Love. One World

Unveil a new 4G LTE era



- Running on 1800MHz and 2600MHz bands
- Enhance data transmission and customer experience
- Stimulate further smart device penetration

Enhanced customer experience

- ◆ Tailored customer services
- ◆ Unique applications



3 Super Safe.

Fixed-line



International & Local Carrier market

- ◆ Globally connected and recognised
- ◆ Expanding to emerging market
- ◆ 4G LTE driven demand



Corporate and SME market

- ◆ Full range offerings including cloud computing services
- ◆ Established market share in various segments



Data centre business

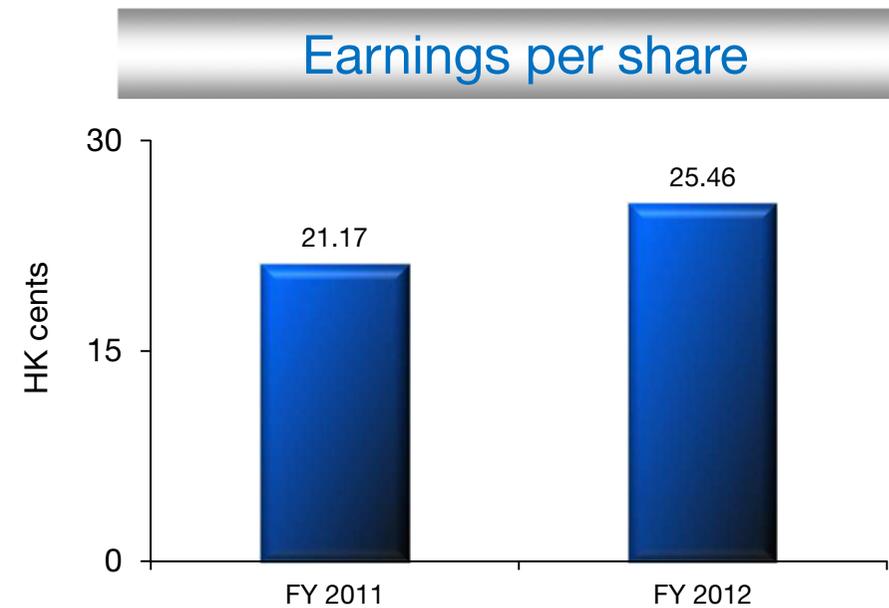
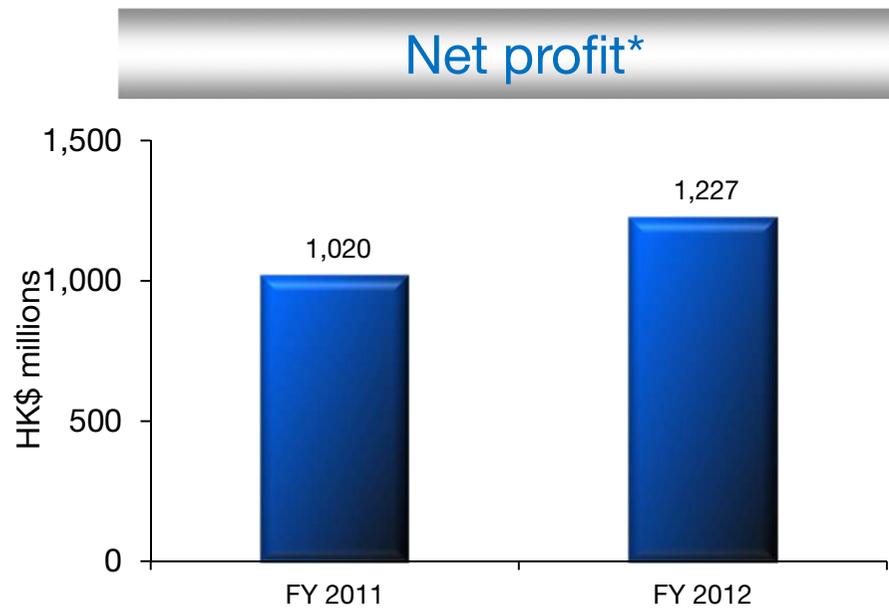
- ◆ One-stop solution provider
- ◆ Collaboration with industry giants



Profitability

Profitability

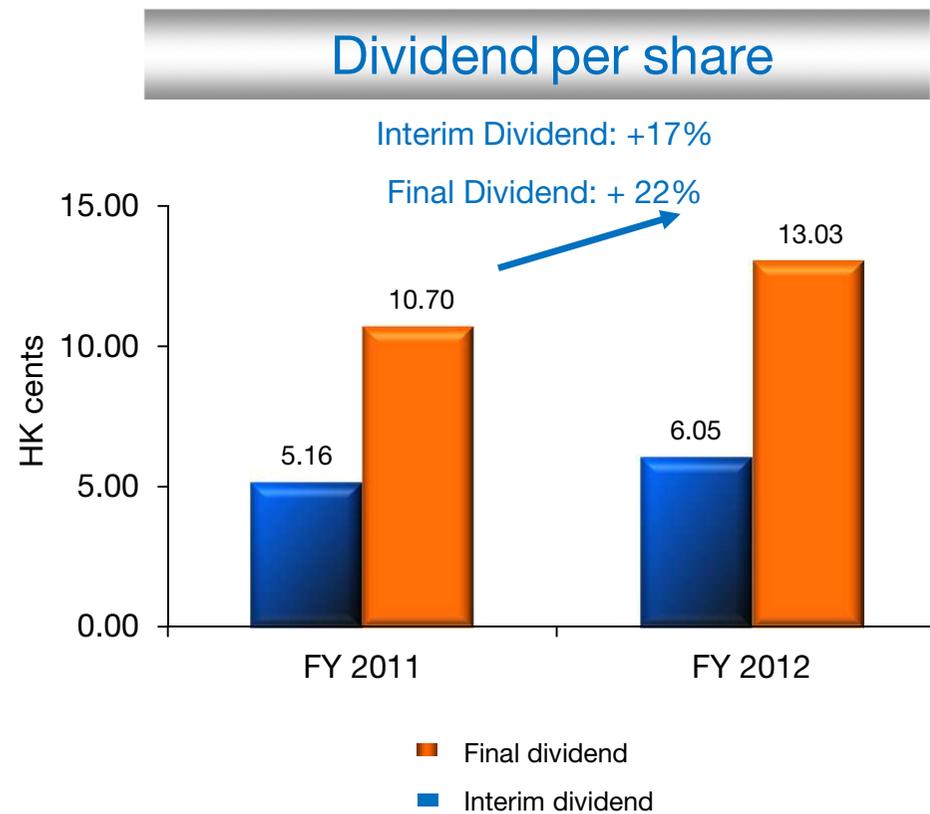
- ◆ Earnings upsurge by 20%



* Net profit after non-controlling interest

Dividend

- ◆ Solid 75% annual payout



Financial Overview

Financial Highlights

	FY 2011 (HK\$m)	FY 2012 (HK\$m)
Turnover	13,407	15,536
Cost of inventories sold	(4,663)	(6,508)
Staff costs	(646)	(737)
Customer acquisition costs	(1,155)	(708)
Other operating expenses	<u>(4,332)</u>	<u>(4,563)</u>
EBITDA	2,611	3,020
Depreciation and amortisation	<u>(1,179)</u>	<u>(1,282)</u>
EBIT	1,432	1,738
Interest income	6	12
Interest and other finance costs	(124)	(166)
Share of results of jointly controlled entities	(4)	(3)
Taxation	<u>(49)</u>	<u>(54)</u>
Profit for the year	1,261	1,527
Less: Profit attributable to non-controlling interests	<u>(241)</u>	<u>(300)</u>
Profit attributable to shareholders	<u>1,020</u>	<u>1,227</u>
Earnings per share (HK cents)	<u>21.17</u>	<u>25.46</u>
Full year dividend per share (HK cents)	<u>15.86</u>	<u>19.08</u>



+16%

Turnover



+21%

EBIT

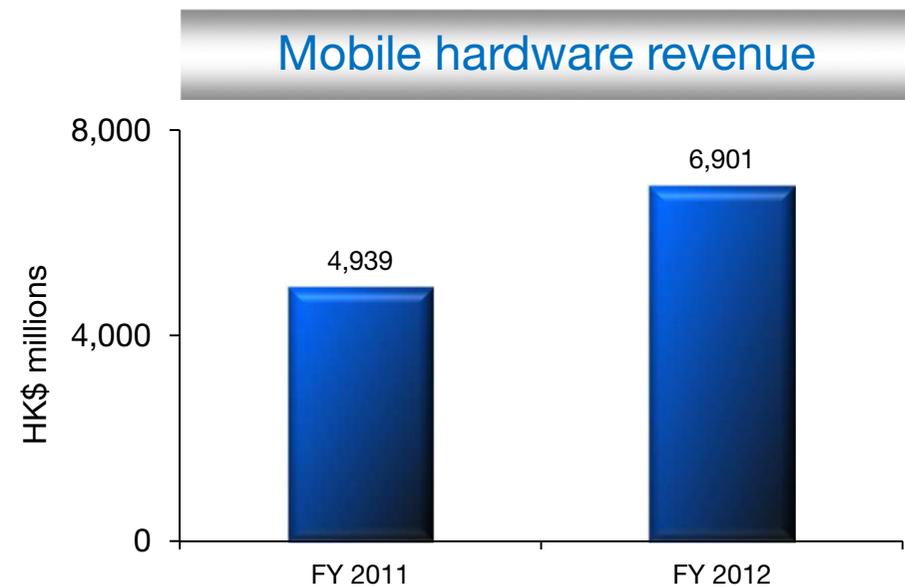
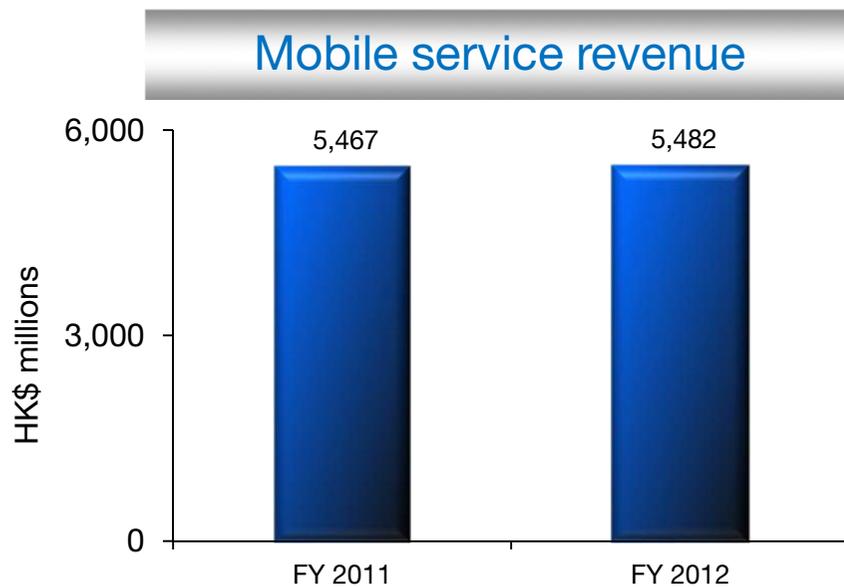


+20%

Net Profit

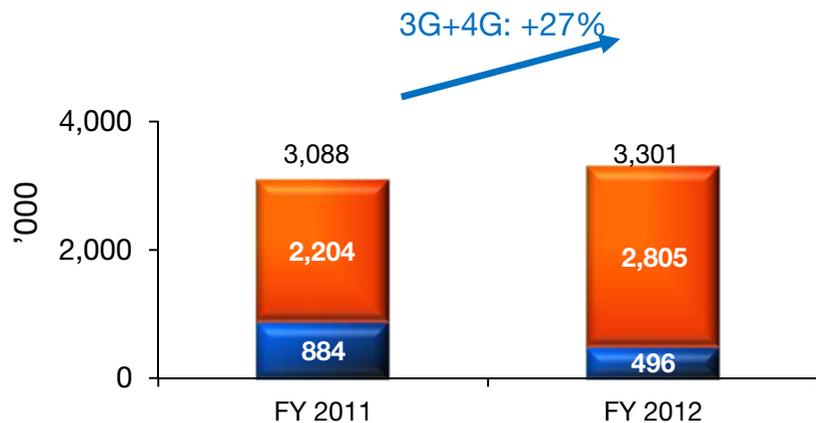
Turnover – mobile business

- ◆ Continuing smart device penetration

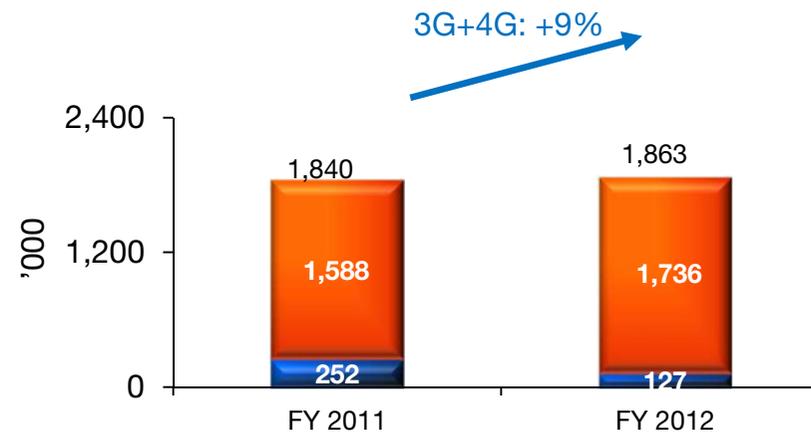


Quality customer base

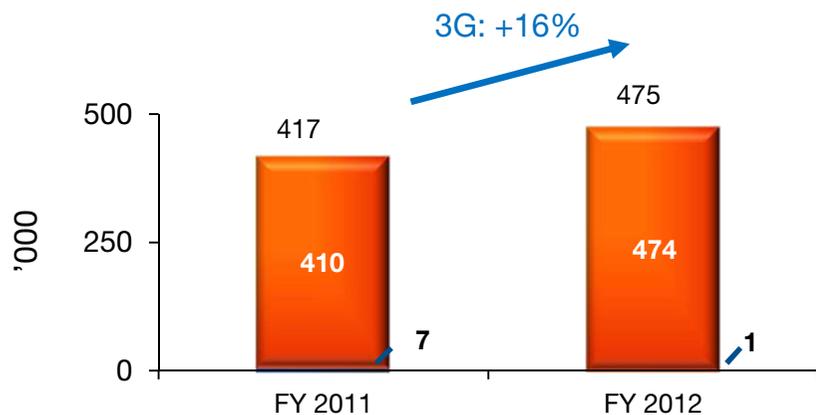
HK Total Subscribers



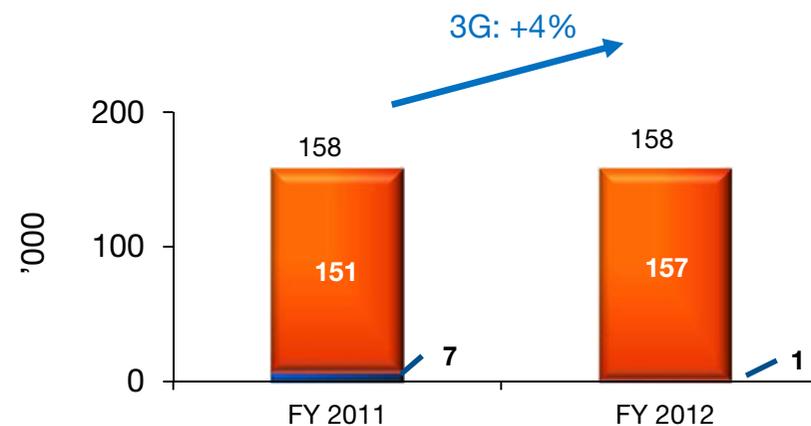
HK Postpaid Subscribers



Macau Total Subscribers



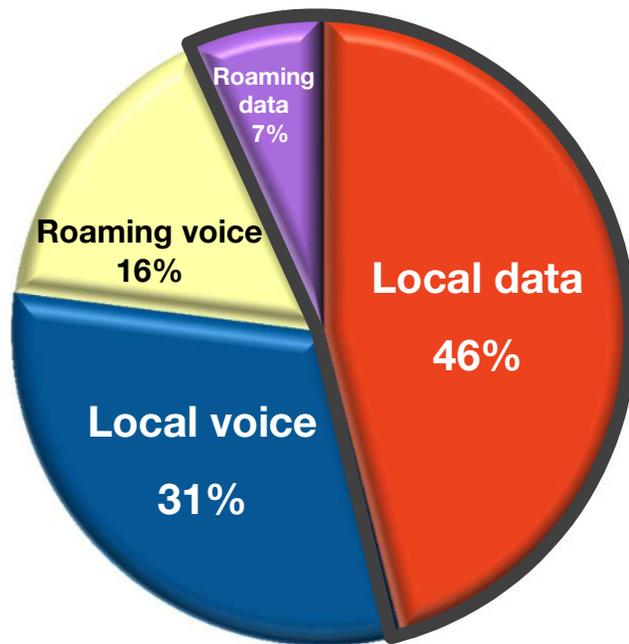
Macau Postpaid subscribers



Turnover – mobile service revenue

- ◆ 59% data revenue

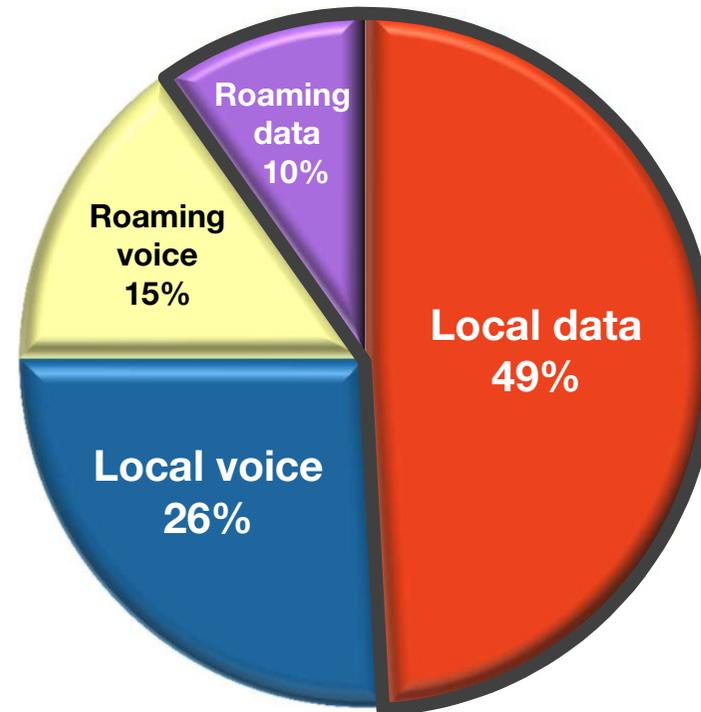
Total service revenue:
HK\$5,467m



Total Data Revenue: 53%

FY 2011

Total service revenue:
HK\$5,482m

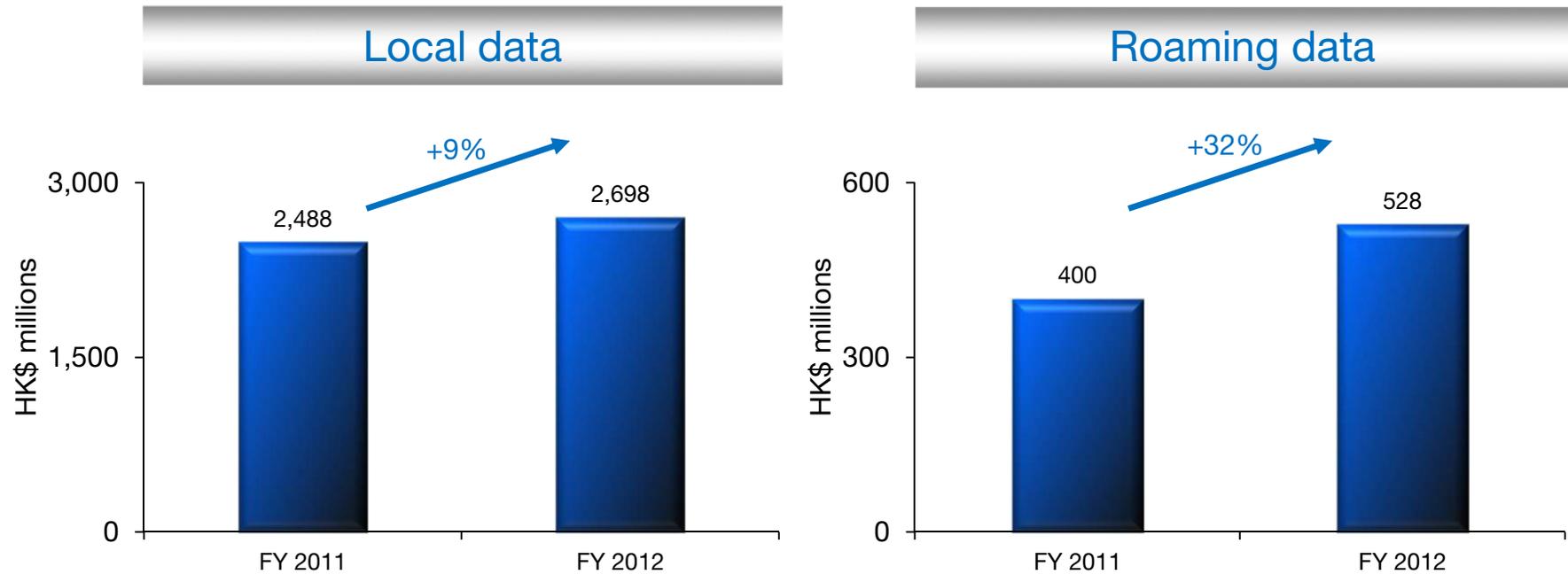


Total Data Revenue: 59%

FY 2012

Mobile data revenue

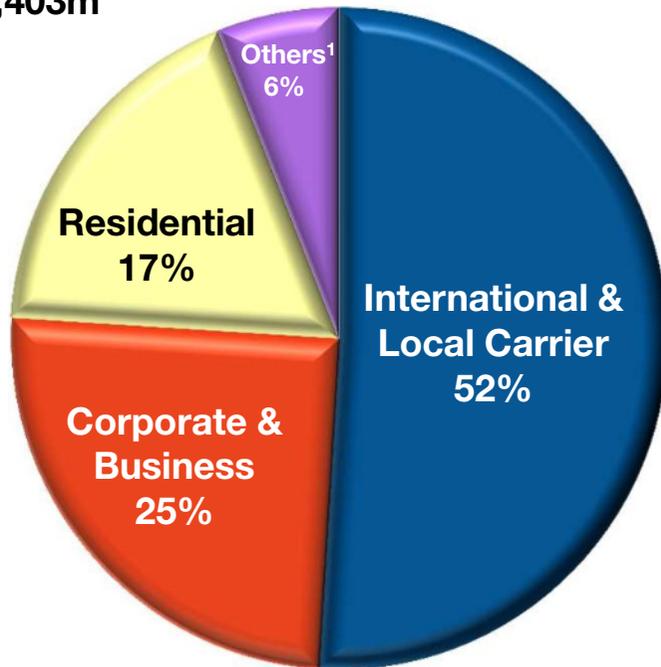
- ◆ Robust roaming data growth



Turnover - Fixed-line business

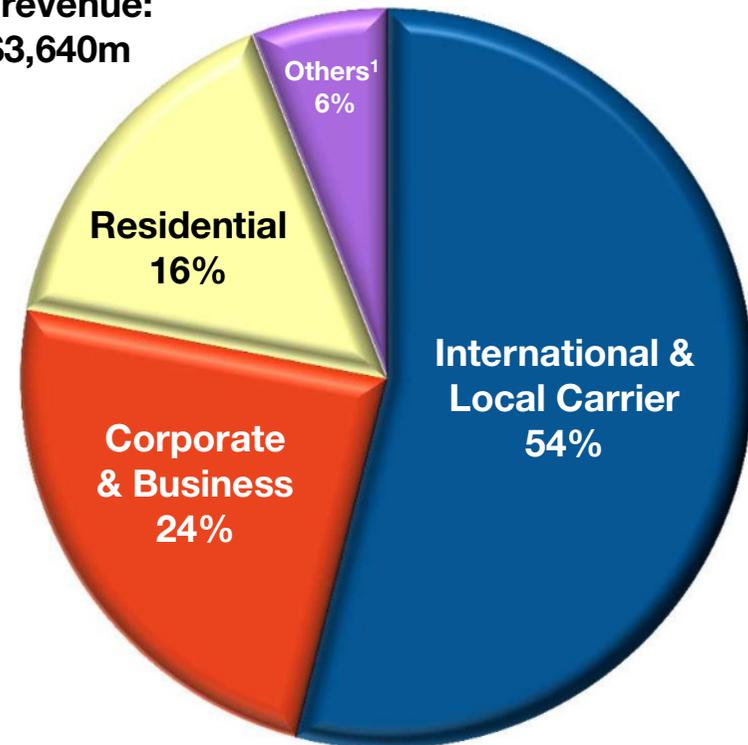
- ◆ Steady growth and cushion against volatility

Total revenue:
HK\$3,403m



FY 2011

Total revenue:
HK\$3,640m

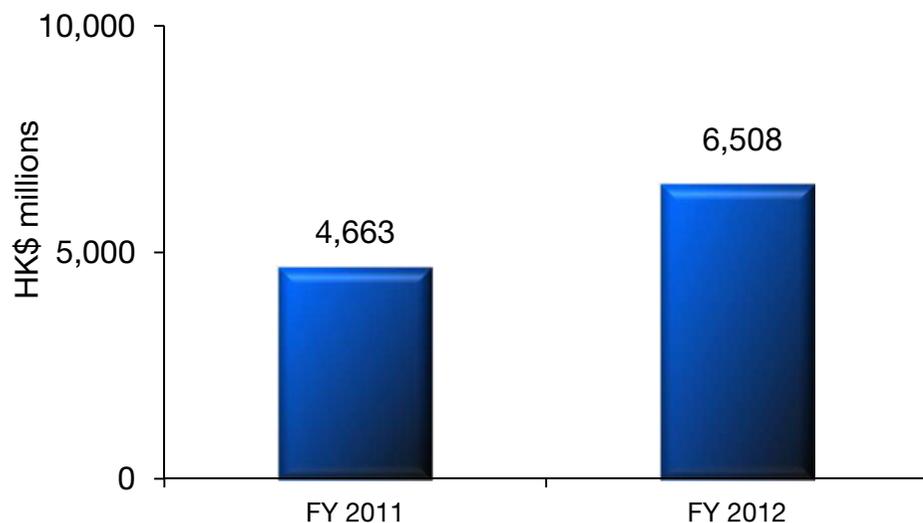


FY 2012

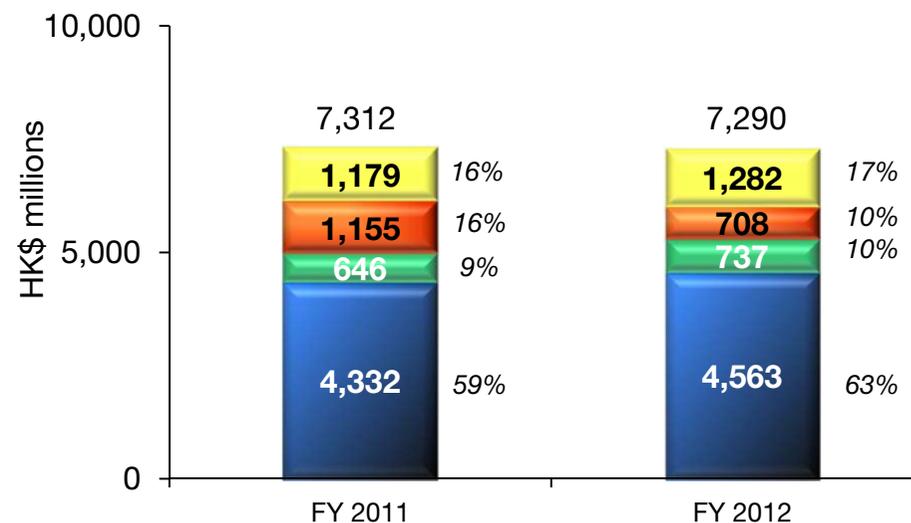
Key cost items

- ◆ Cautious and well-controlled

Cost of inventories sold



Key cost items

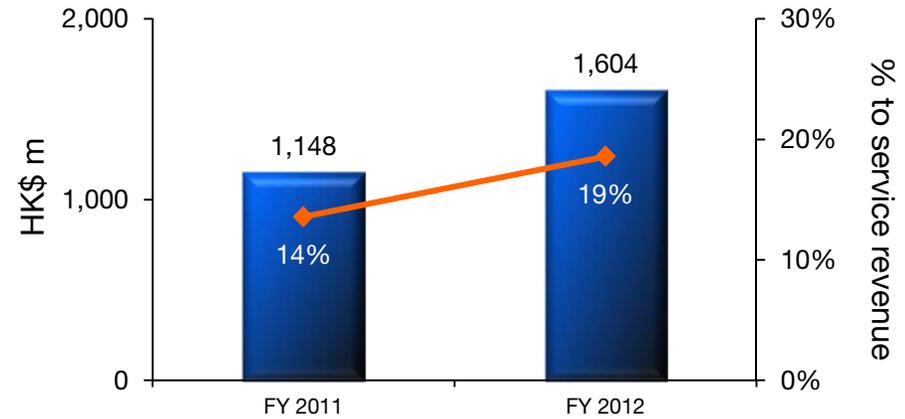


- Depreciation and amortisation
- Customer acquisition costs
- Staff costs
- Other operation expenses

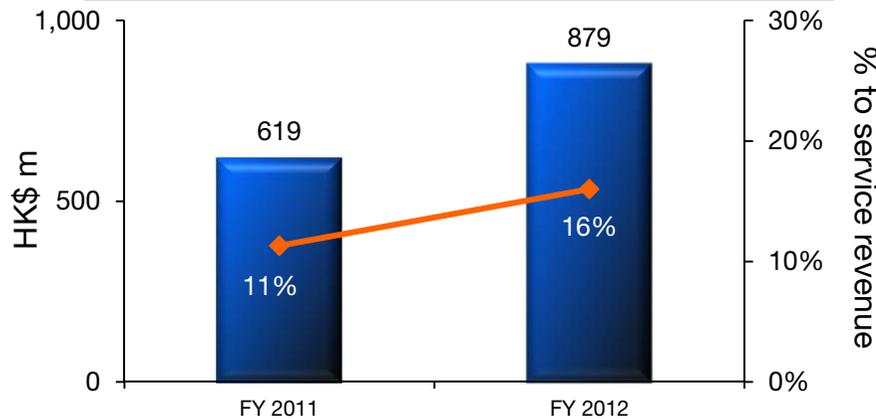
Capex investment

- ◆ Cautious and demand-driven

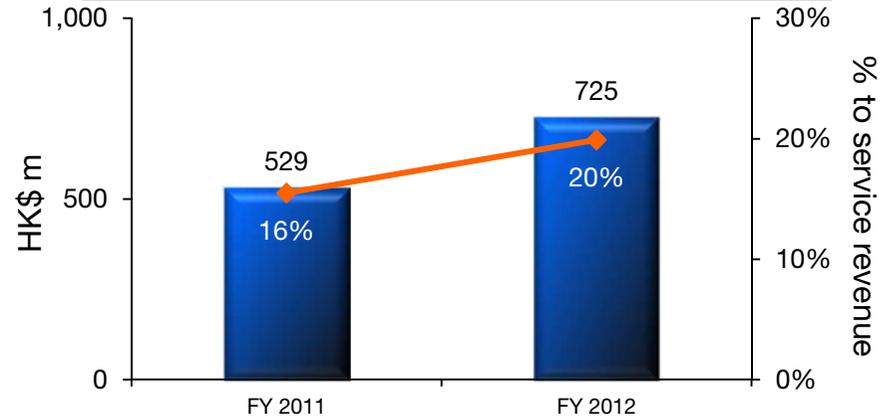
Capex and % of service revenue



Capex and % of service revenue (Mobile)



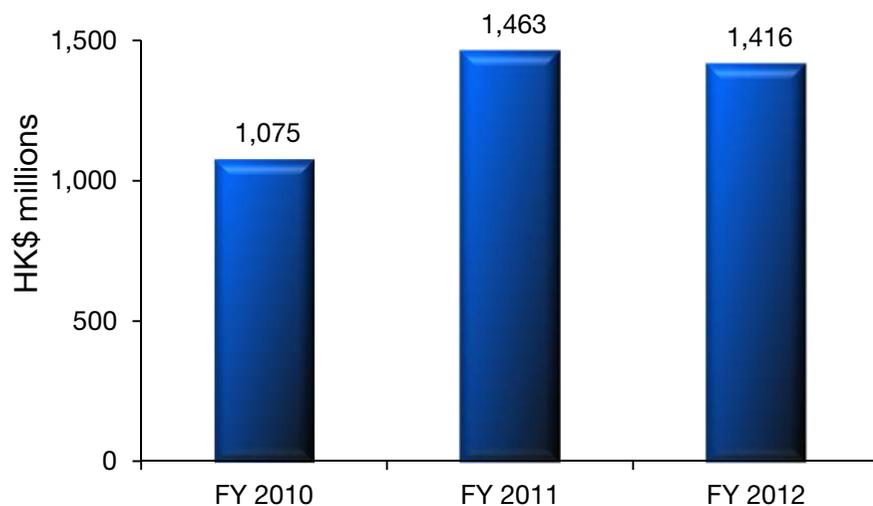
Capex and % of service revenue (Fixed-line)



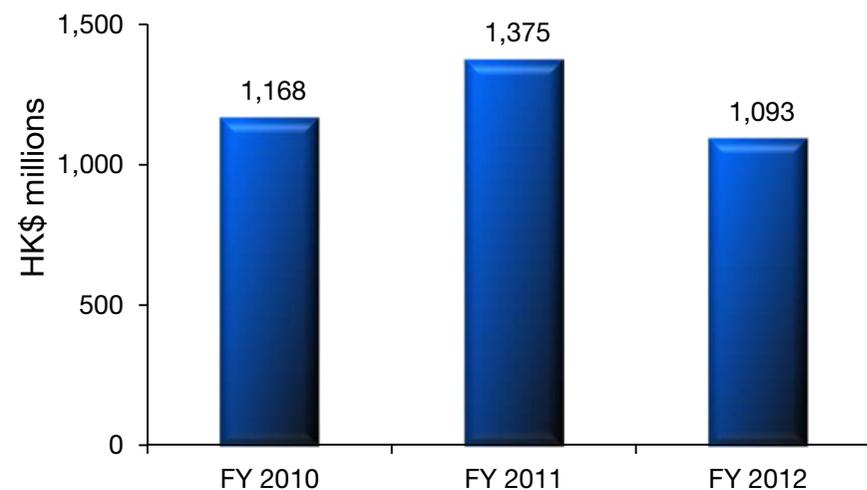
Liquidity

- ◆ Strong FCF before spectrum acquisition

EBITDA less CAPEX



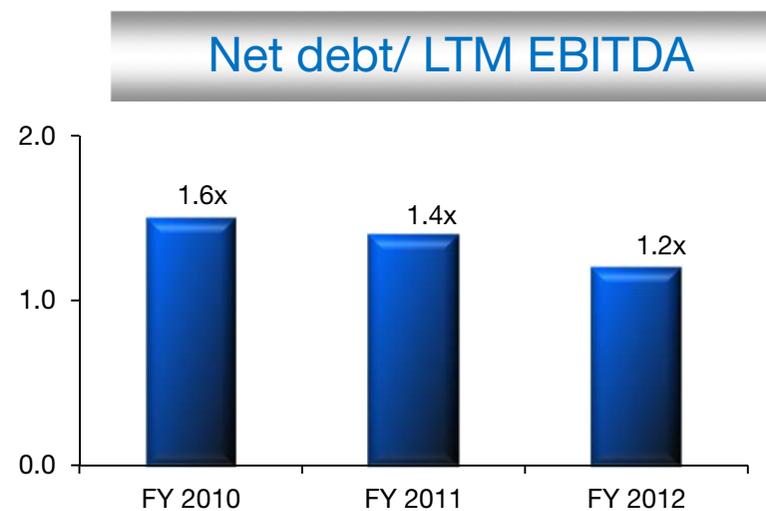
Free cashflow (FCF) ¹



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 = 1.2
- ◆ Net debt to net total capital = 24%
- ◆ Refinancing completed
 - HK\$5.5b facility matured in June 2015



Outlook



Connect to the Future

Outlook

Group

- ◆ Best positioned as an integrated operator in HK
- ◆ Strong financial fundamentals
- ◆ Revenue driven capex spending

Mobile

- ◆ Mobile market leadership
- ◆ Network Excellence
- ◆ Customer focus

Fixed-line

- ◆ One-stop solution provider
- ◆ Engaging new overseas carriers and MNCs
- ◆ Partner with prominent ICT leaders
- ◆ Ultra-high speed and reliable connections

Q & A

Thank You