



**Hutchison** Telecom  
Hong Kong Holdings

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

2011 Interim Results

1 August 2011



A Hutchison Whampoa Company

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# Business Performance

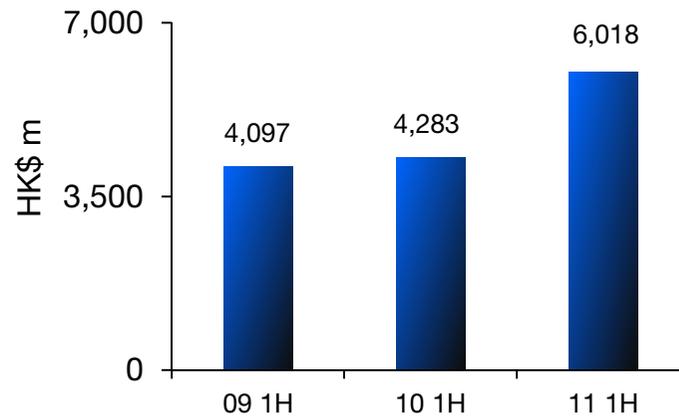
# Highlights

		HoH Growth
Consolidated turnover	◆ HK\$ 6,018m	41%
Consolidated EBITDA	◆ HK\$ 1,243m	16%
Consolidated EBIT	◆ HK\$ 682m	25%
Net profit <sup>1</sup>	◆ HK\$ 494m	37%
Interim dividend per share	◆ 5.16 HK cents	55%

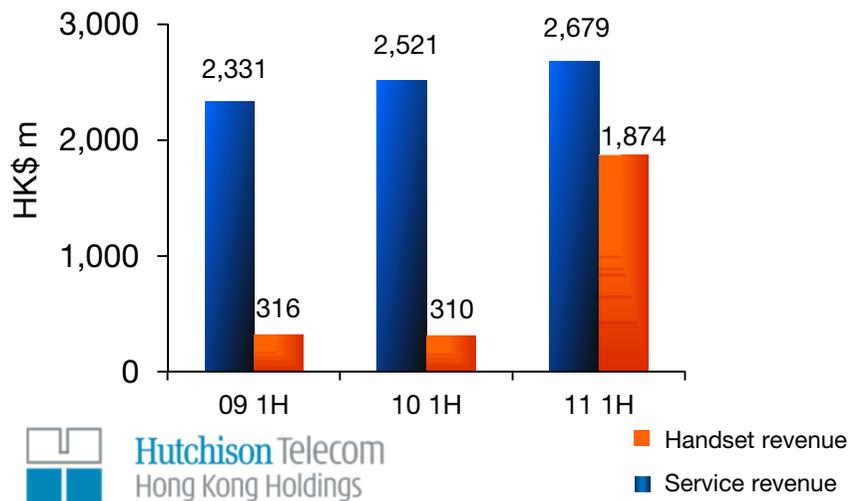
<sup>1</sup> Net profit attributable to shareholders

# Turnover

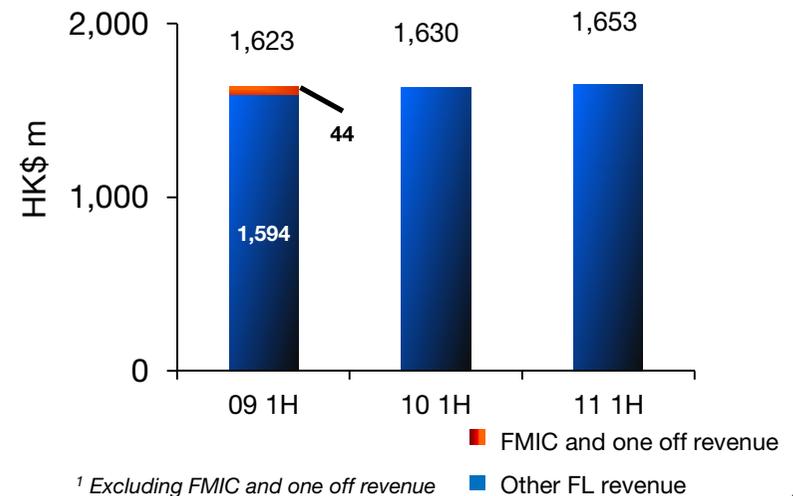
## Consolidated turnover



## Mobile business turnover



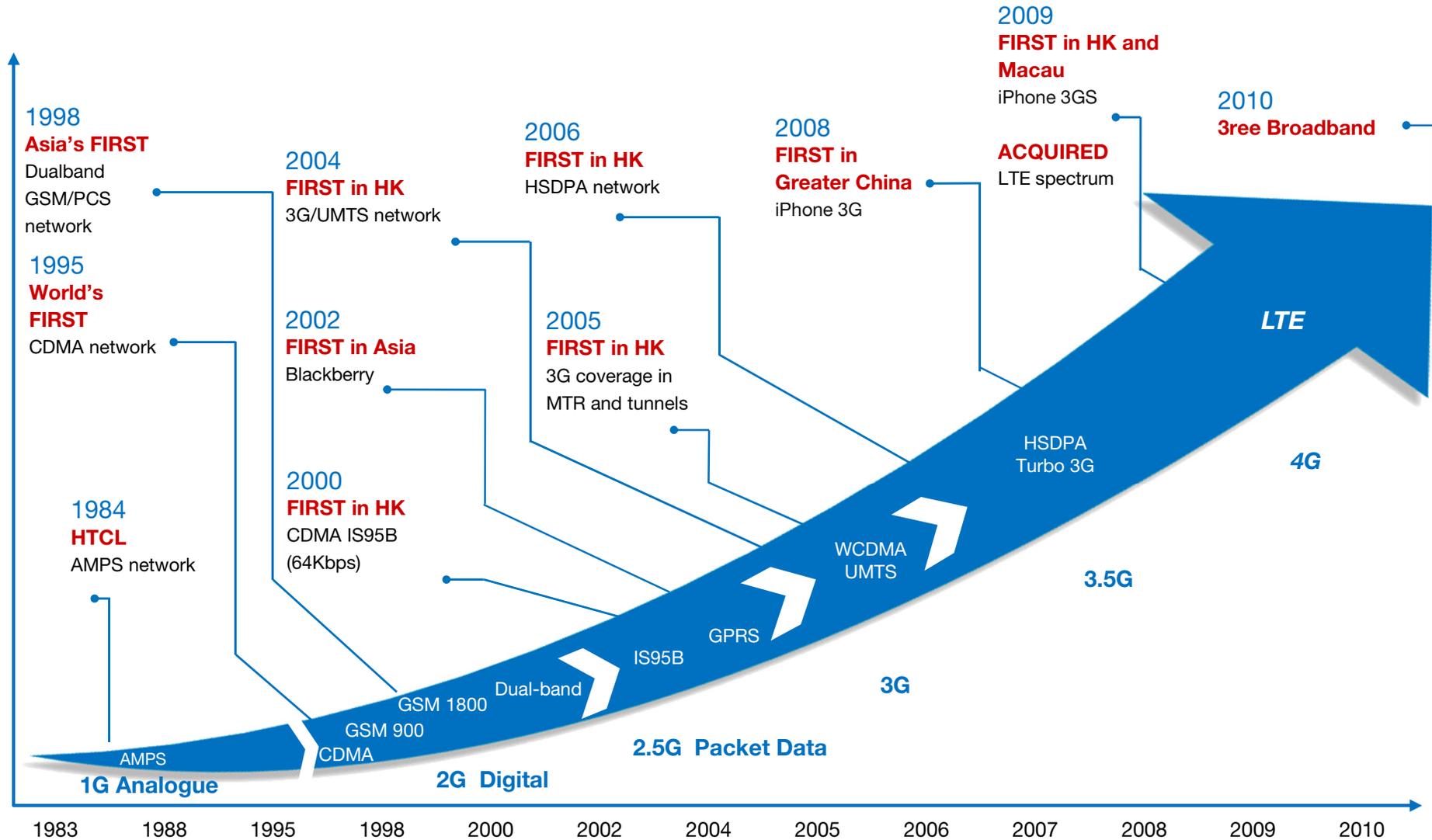
## Fixed-line business turnover





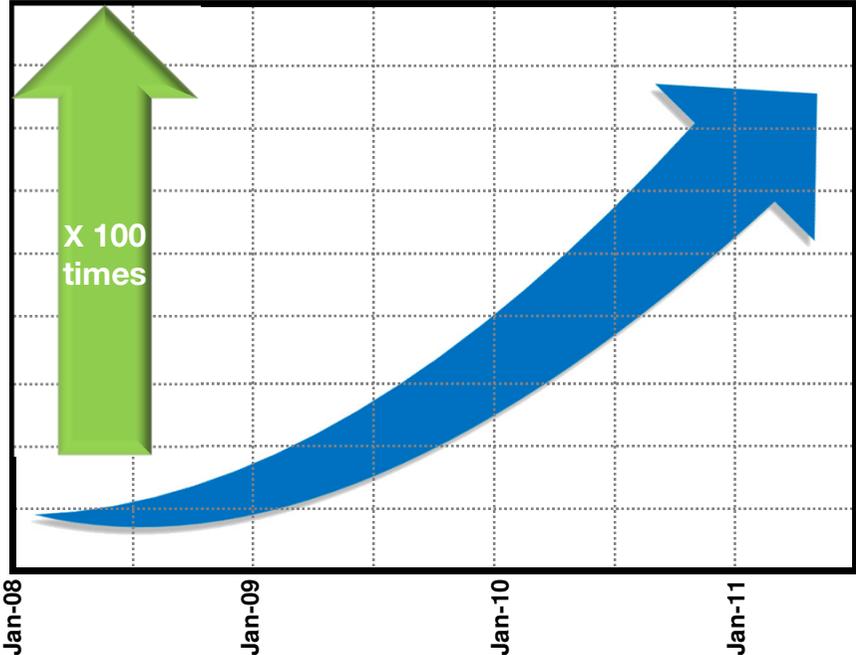
# Mobile

# Setting the trend of mobile development

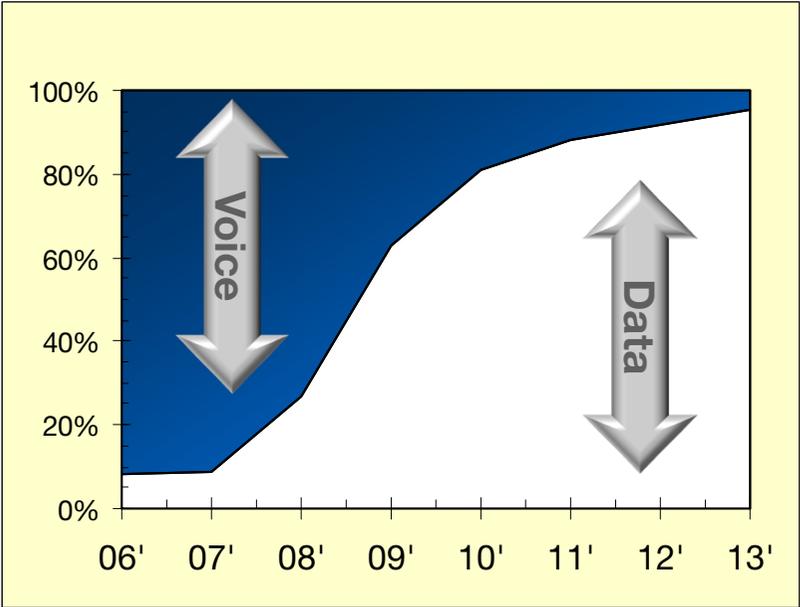


# New Data Era

Data Usage (Gbyte)



Traffic Proportion in 3G Network



# Far sighted capacity planning

- ◆ Own a large pool of bandwidth
- ◆ Increase capacity through
  - “Re-farming” of 2G spectrum
  - Rollout of the newly acquired 900MHz band
  - Launch of LTE in late 2011

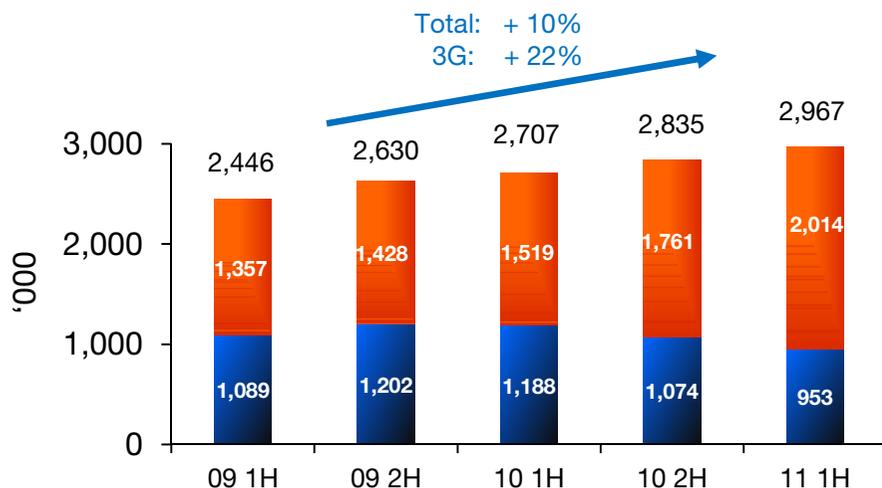
Frequency Band	Bandwidth	2G	3G	LTE
900	26.6 MHz	✓	✓	
1800	23.2 MHz	✓		✓
2100	34.6 MHz		✓	
2600	30.0 MHz*			✓
<b>Total</b>	<b>114.4 MHz</b>			

\* Shared with PCCW through a 50:50 JV under Genius Brand Limited

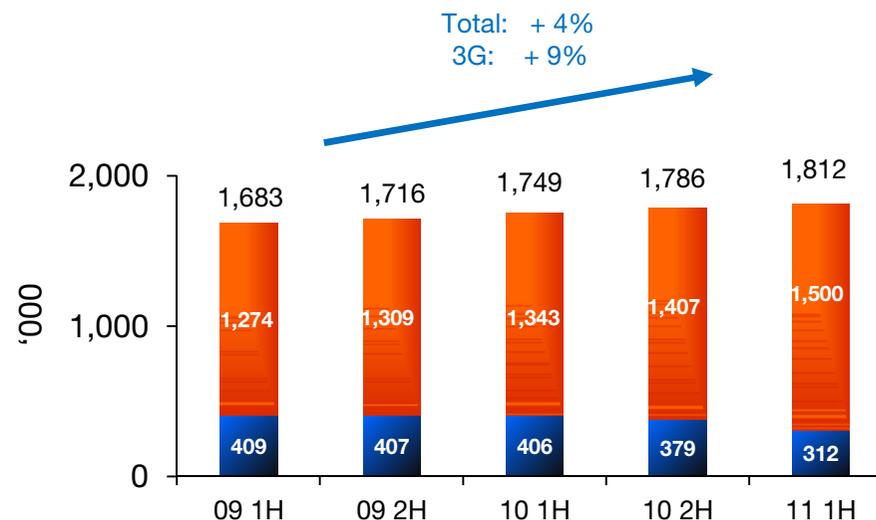
# Clear market leadership

- ◆ Largest Hong Kong subscriber base in which 3G takes up 68%
- ◆ ~50% 3G postpaid subscribers are smartphone and dongle users

HK subscribers



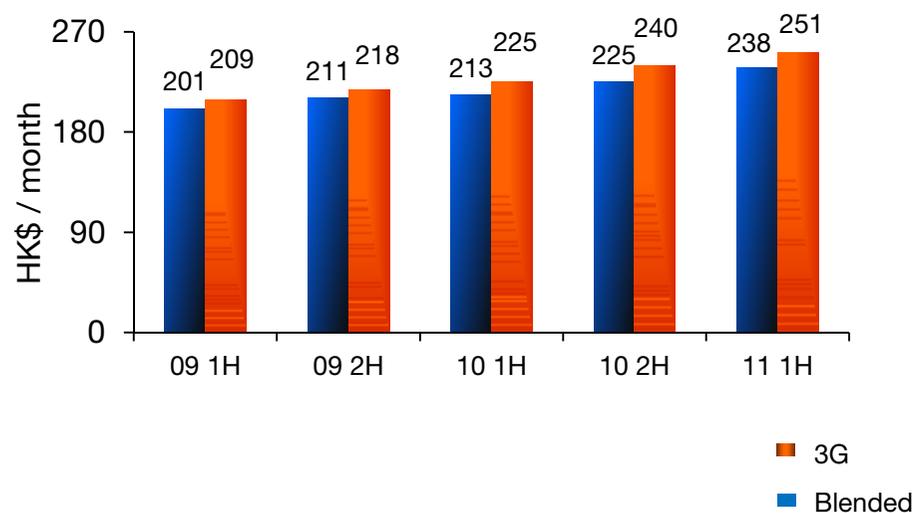
HK postpaid subscribers



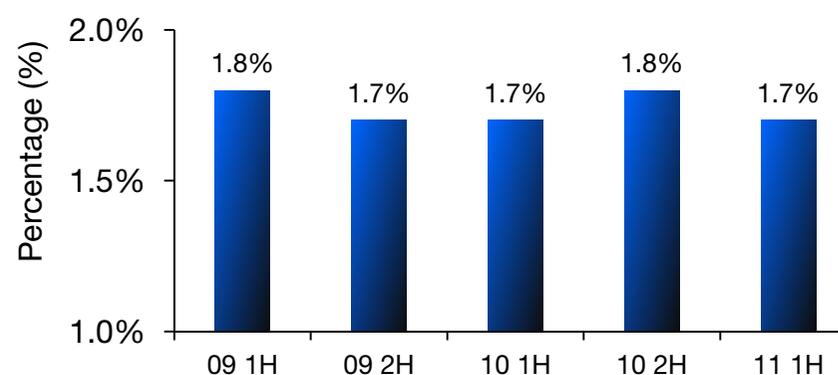
# ARPU and Churn

- ◆ Growing ARPU
- ◆ Stable Churn at 1.7%

## HK postpaid ARPU



## Postpaid Churn





# Fixed-line

# Local network coverage



- ◆ Most extensive fibre optic network in HK
- ◆ Circles the world for 25 times

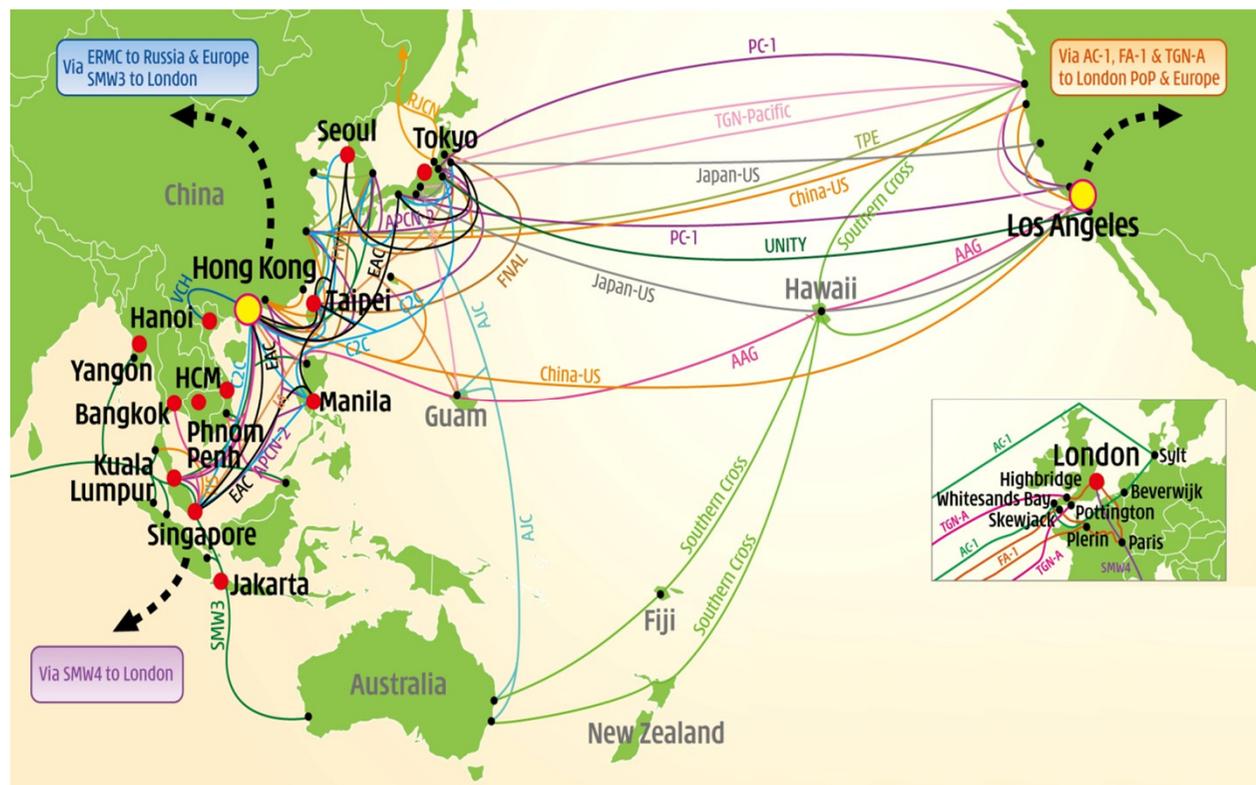
- ◆ Connects 1.5m+ homepass
- ◆ Offers 1GB broadband services



- ◆ Serves 70%+ mobile cell sites in HK
- ◆ Close to 4,000 commercial buildings

# Global network reach

- ◆ Asia, US, Europe, Middle East and Africa
- ◆ Serving international telecom operators, ISPs and MNCs
- ◆ Full range of offerings

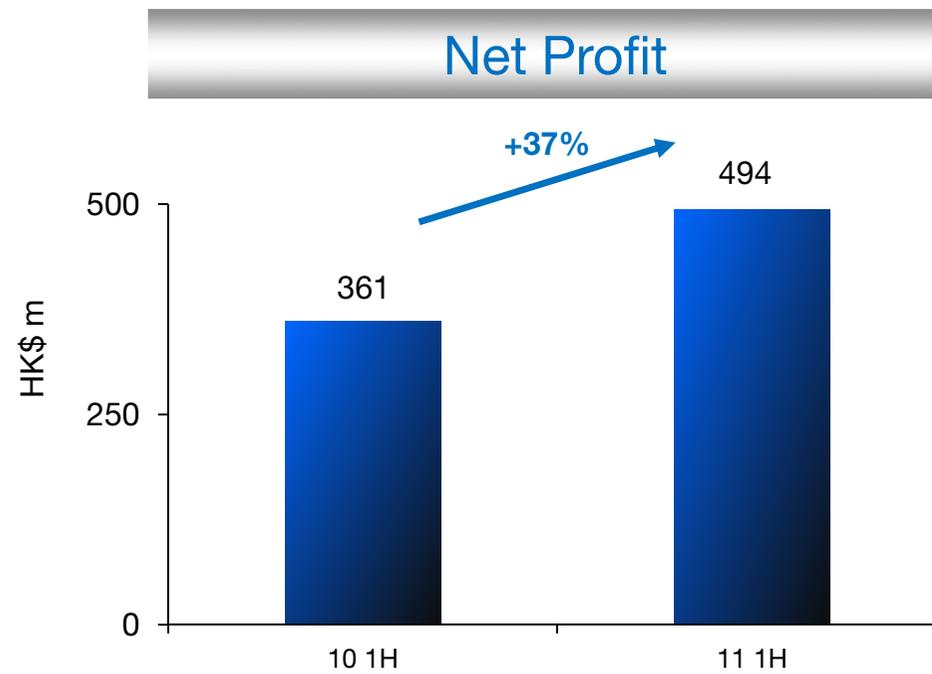


Profitability

# Profitability

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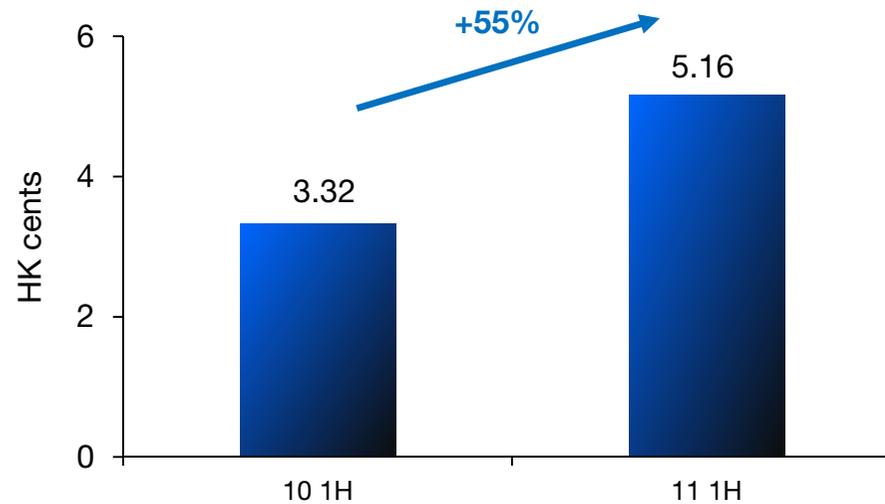
- ◆ Earnings upsurge



# Dividend

- ◆ Strong YoY dividend growth
- ◆ Target 75% annual payout

Dividend per share



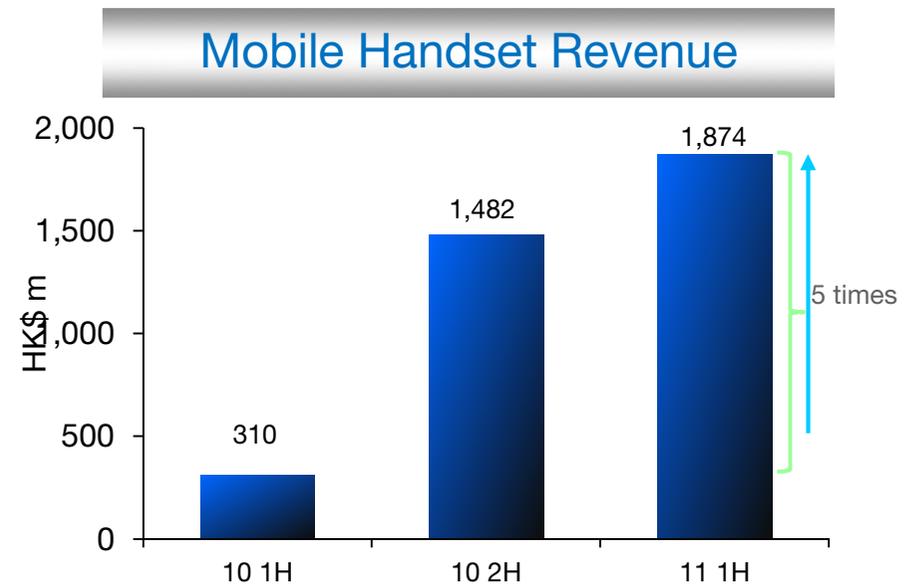
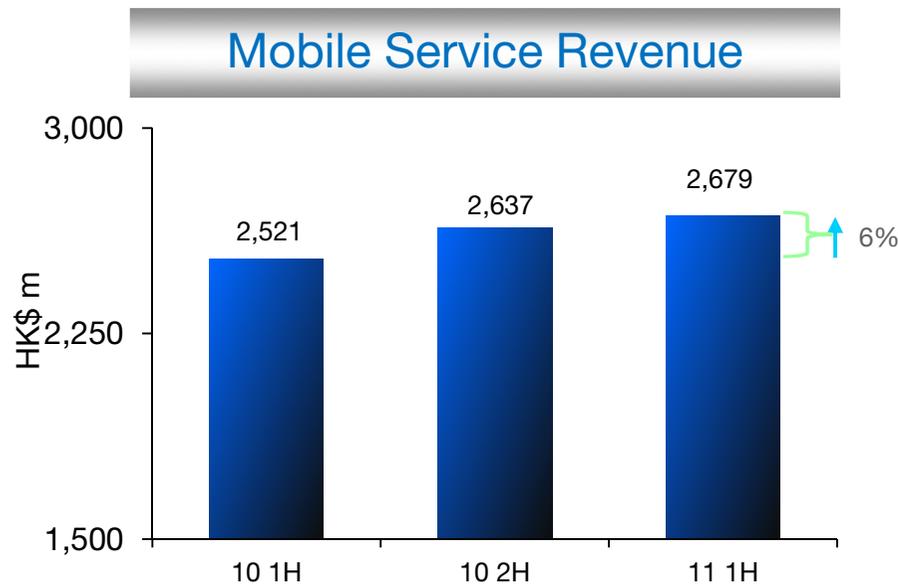
# Financial Overview

# Financial Highlights

	1H 2010 (HK\$m)	1H 2011 (HK\$m)
Turnover	4,283	6,018
Cost of inventories sold	(298)	(1,792)
Staff costs	(314)	(307)
Depreciation and amortisation	(532)	(561)
Other operating expenses	<u>(2,595)</u>	<u>(2,676)</u>
Operating profit	544	628
Interest income	2	2
Interest and other finance costs	(64)	(57)
Share of results of jointly controlled entities	<u>(21)</u>	<u>1</u>
Profit before taxation	461	628
Taxation	<u>(35)</u>	<u>(28)</u>
Profit for the period	<u><u>426</u></u>	<u><u>600</u></u>
Attributable to:		
Shareholders of the Company	361	494
Non-controlling interests	<u>65</u>	<u>106</u>
	<u><u>426</u></u>	<u><u>600</u></u>

# Turnover – mobile business

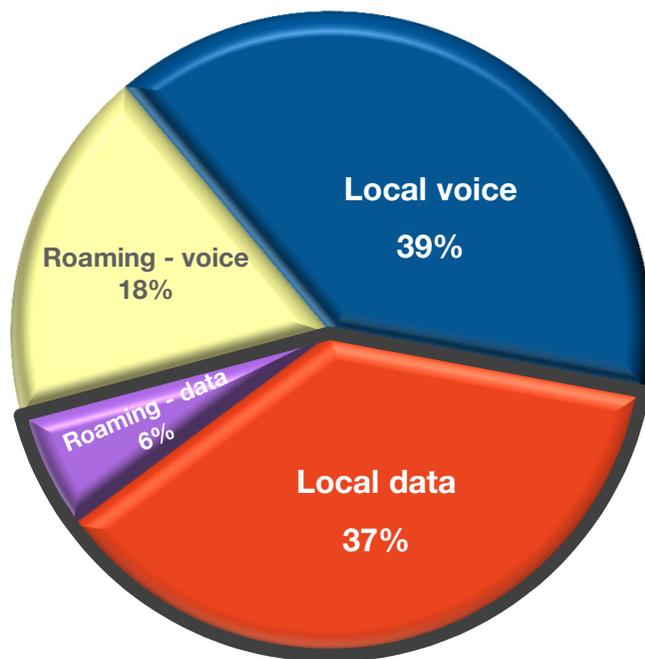
- Steady growth in recurring service revenue and handset sales



# Turnover – mobile service revenue

- ◆ 52% data revenue

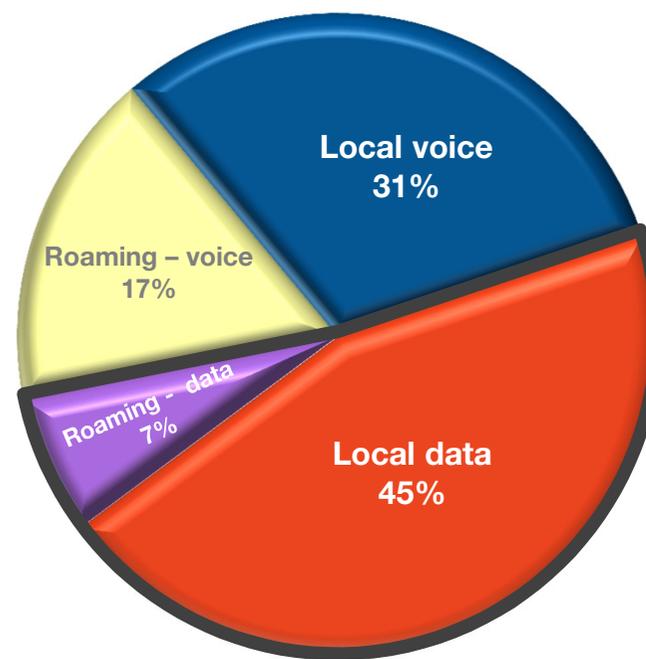
Total: HK\$2,521m<sup>1</sup>



Total Data: 43%

10 1H

Total: HK\$2,679m<sup>1</sup>



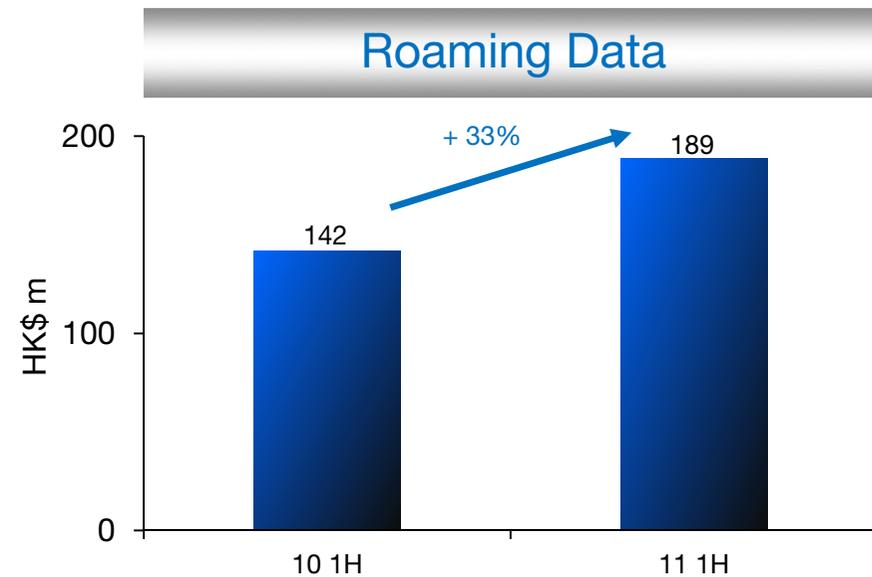
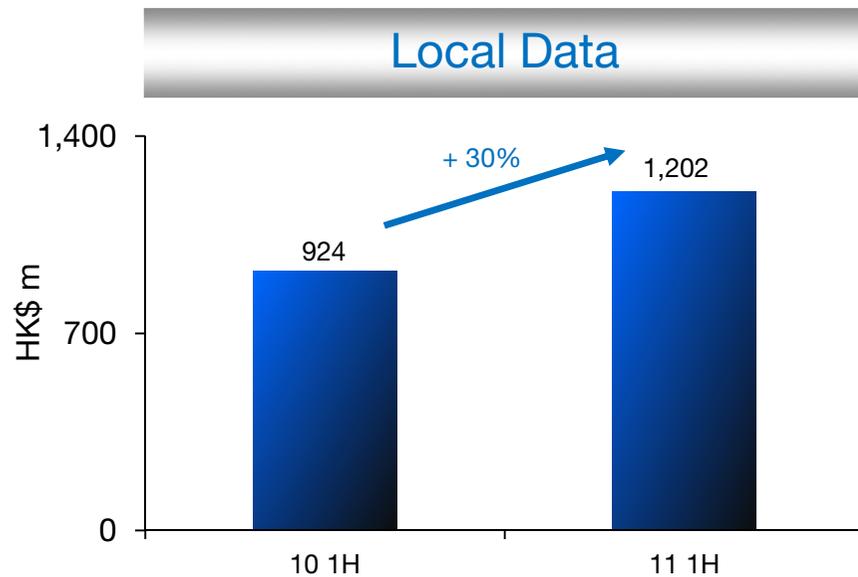
Total Data: 52%

11 1H

<sup>1</sup> Includes only mobile service revenue

# Mobile – data growth

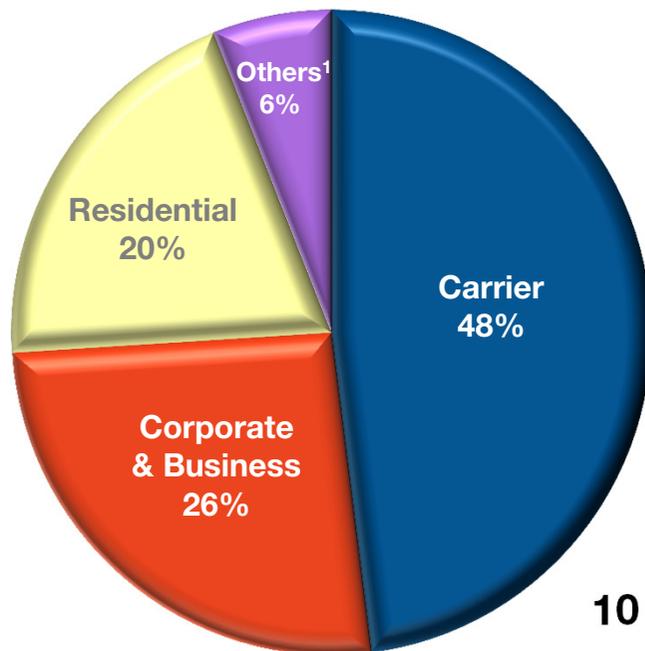
- ◆ Robust data revenue growth from:
  - Smartphone popularity
  - Roaming data day pass subscriptions



# Turnover - Fixed-line business

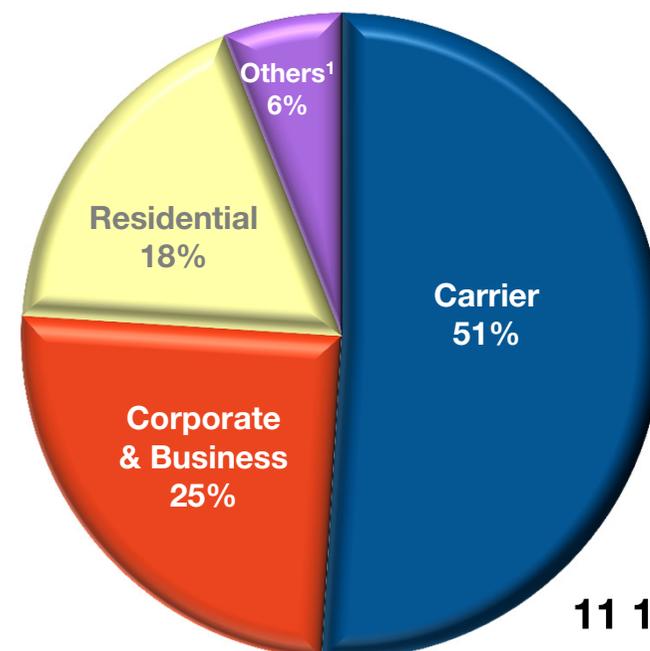
- ◆ Strong presence in Carrier and Corporate markets

Total: HK\$1,630m



10 1H

Total: HK\$1,653m

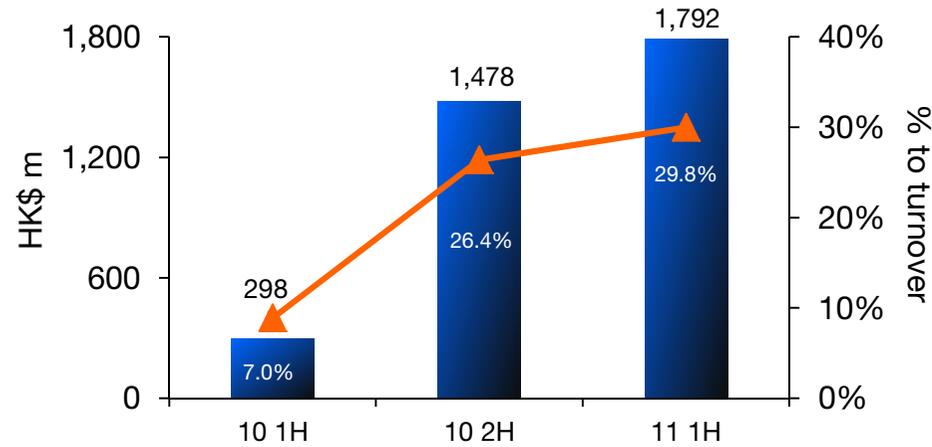


11 1H

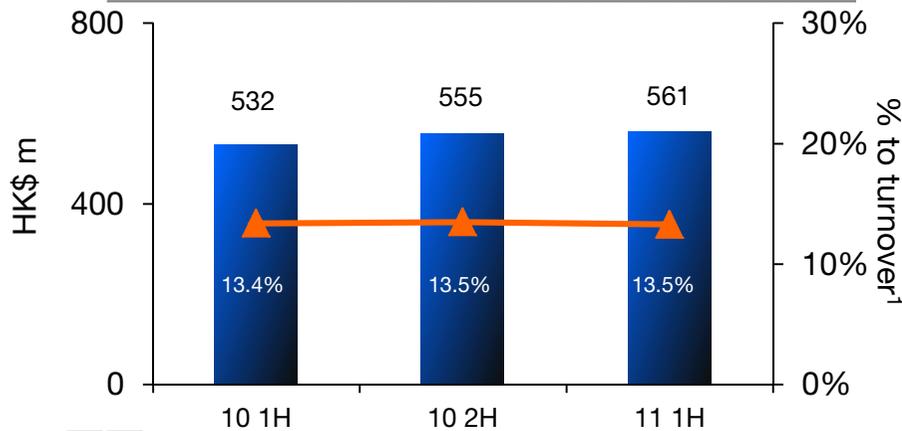
<sup>1</sup> Others include revenue from interconnection charges and data centers

# Key cost items

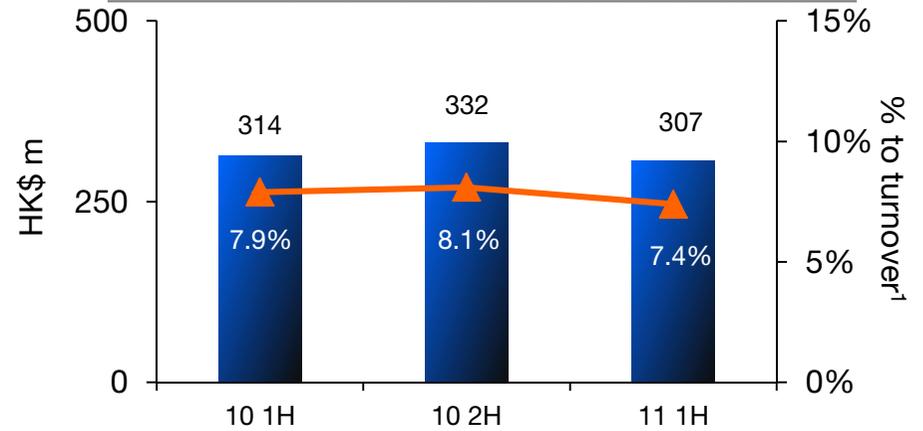
## Cost of inventories sold



## Depreciation and amortisation



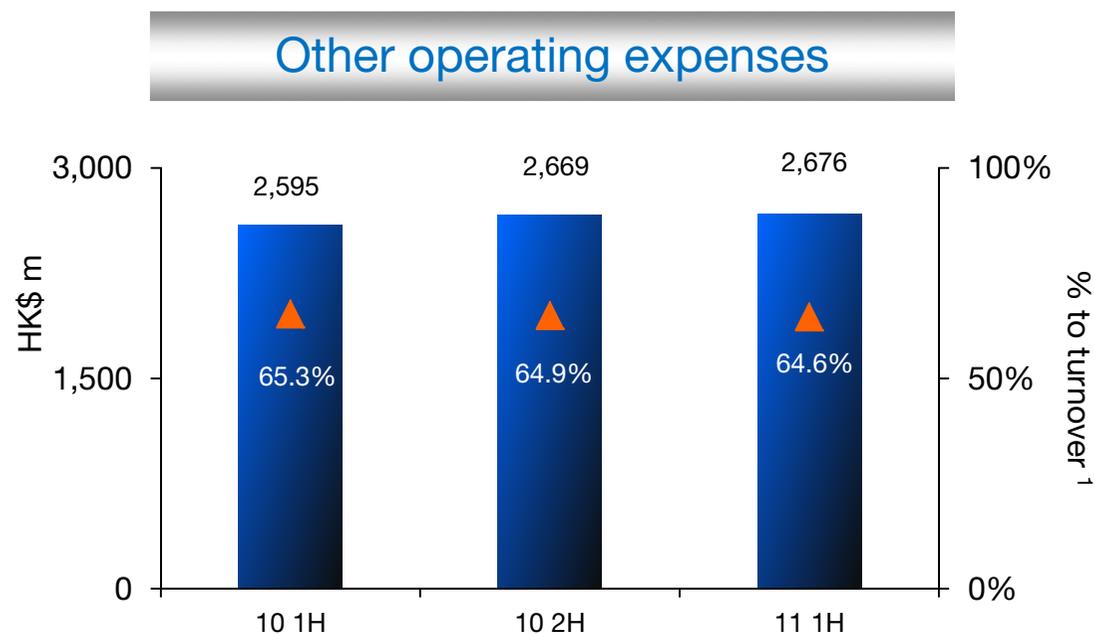
## Staff costs



<sup>1</sup> Excluding revenue from sale of telecommunications products

# Other operating expenses

- ◆ Cautious cost management
- ◆ Reduced to below 65% of service revenue

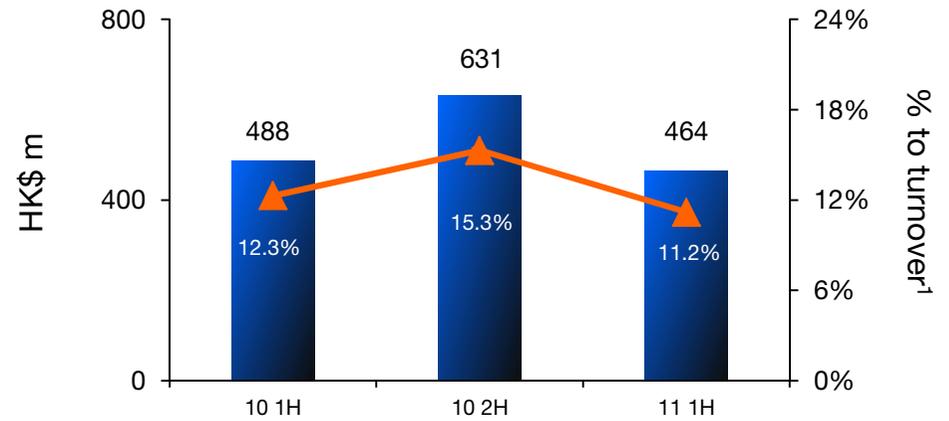


<sup>1</sup> Excluding revenue from sale of telecommunications products

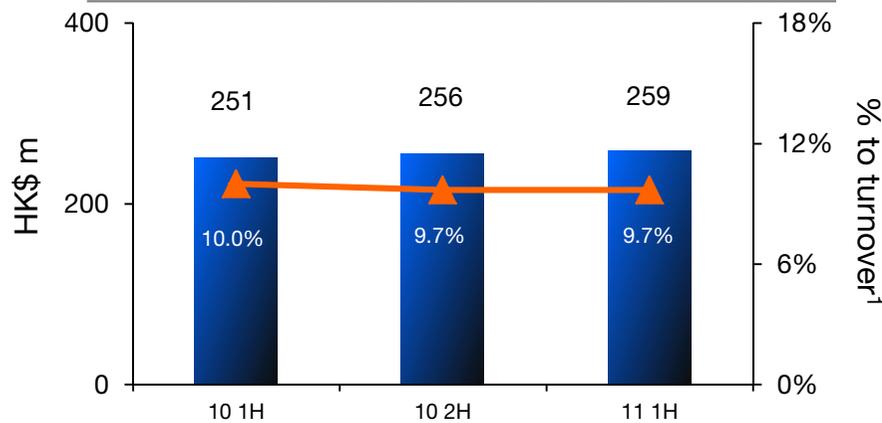
# Capex investment

- ◆ Continued investment
- ◆ Mainly revenue driven

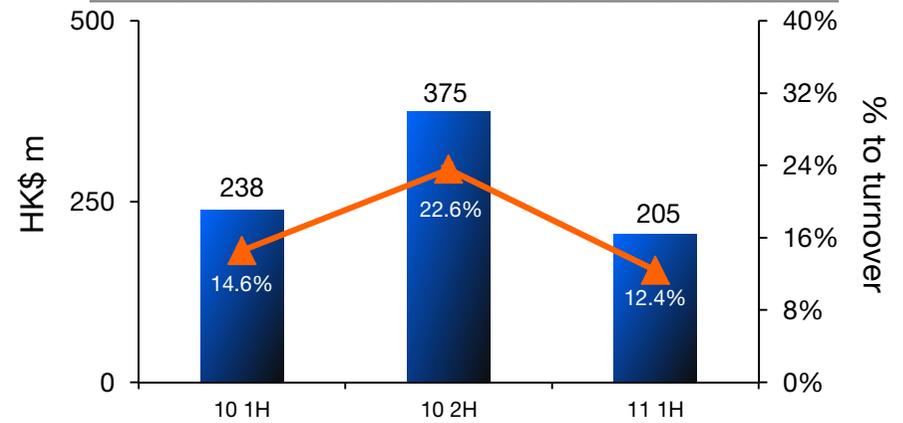
Capex and % of service revenue



Capex and % of service revenue (Mobile)



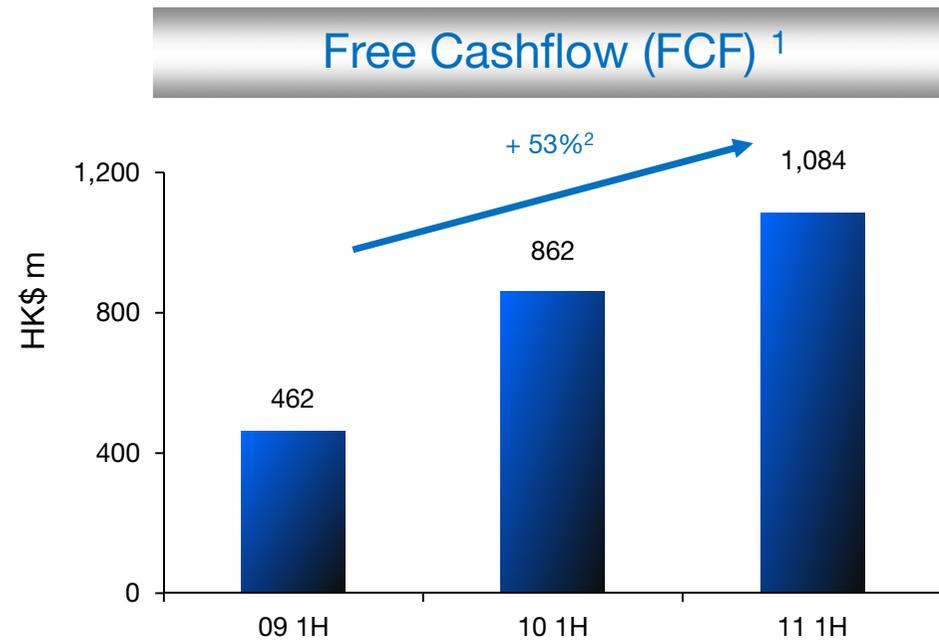
Capex and % of service revenue (Fixed-line)



<sup>1</sup> Excluding revenue from sale of telecommunications products

# Liquidity

- ◆ Strong FCF before spectrum acquisition

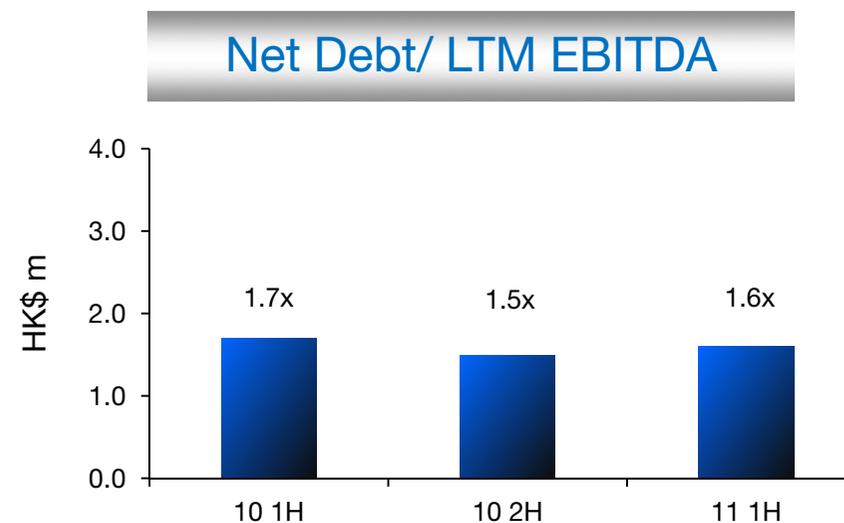
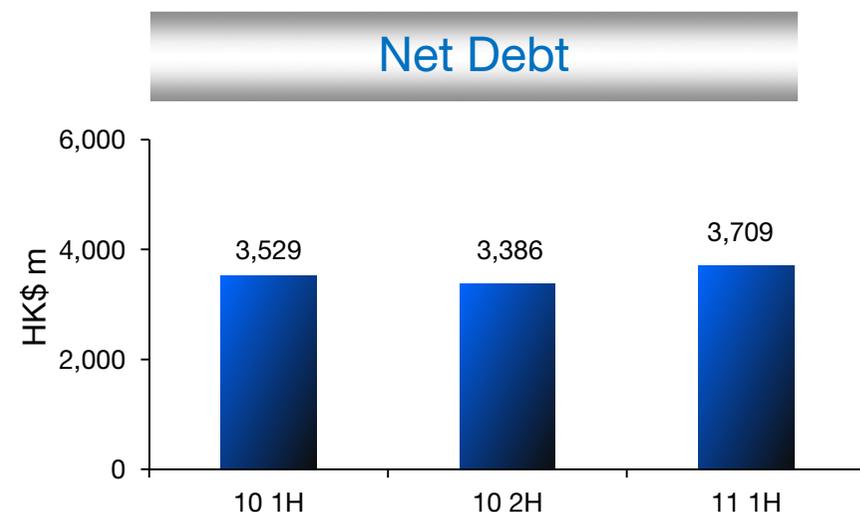


<sup>1</sup> Free cashflow being cashflow from operating activities less cashflow used in investing activities before payment of spectrum utilisation fee

<sup>2</sup> Percentage represents compound annual growth rate

# Strong financial position

- ◆ Leverage ratio = 1.6
- ◆ Gearing ratio = 37%
- ◆ Undrawn credit facility of HK\$1 billion

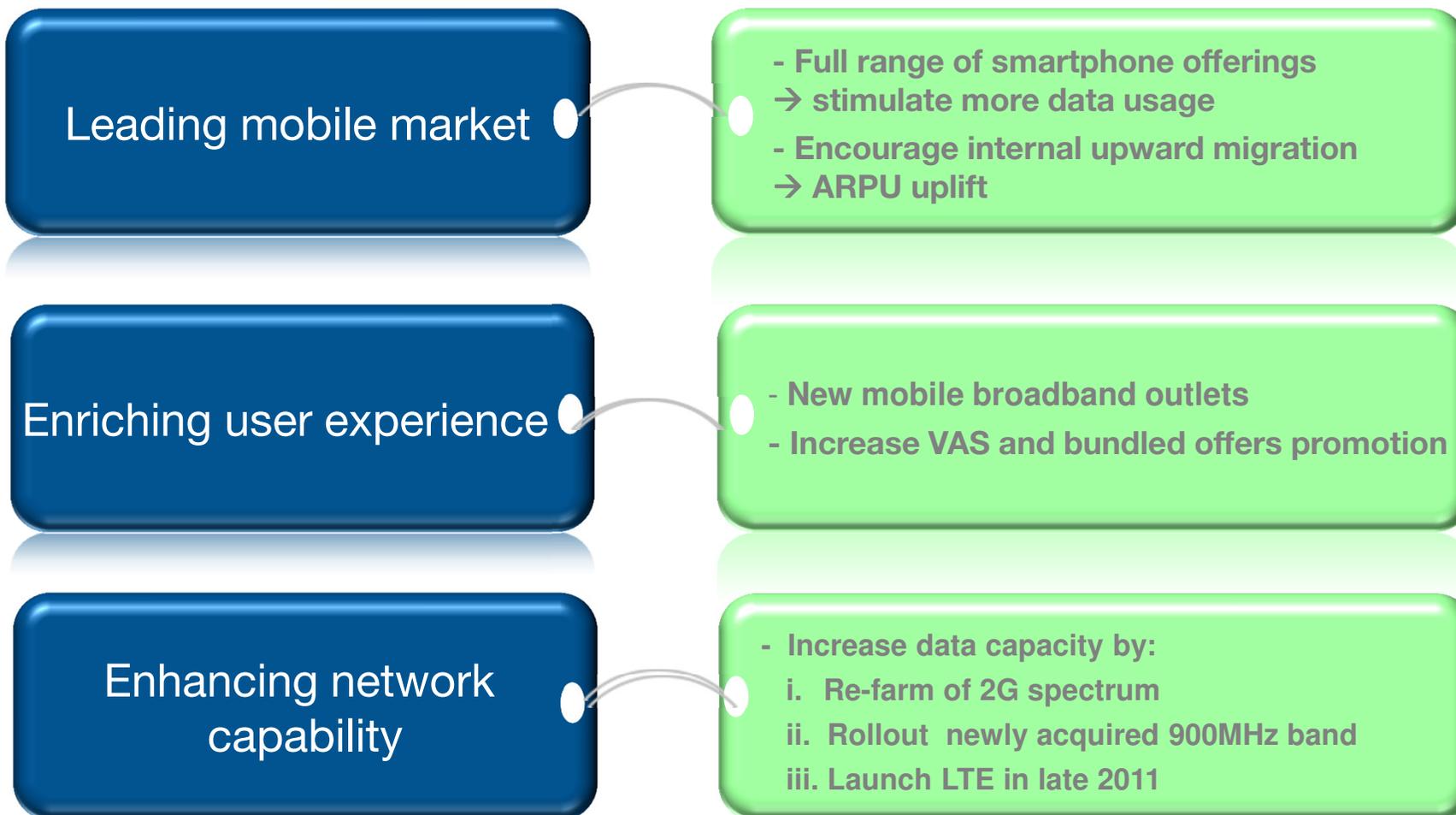


# Outlook

# Sustained Growth Value Creation

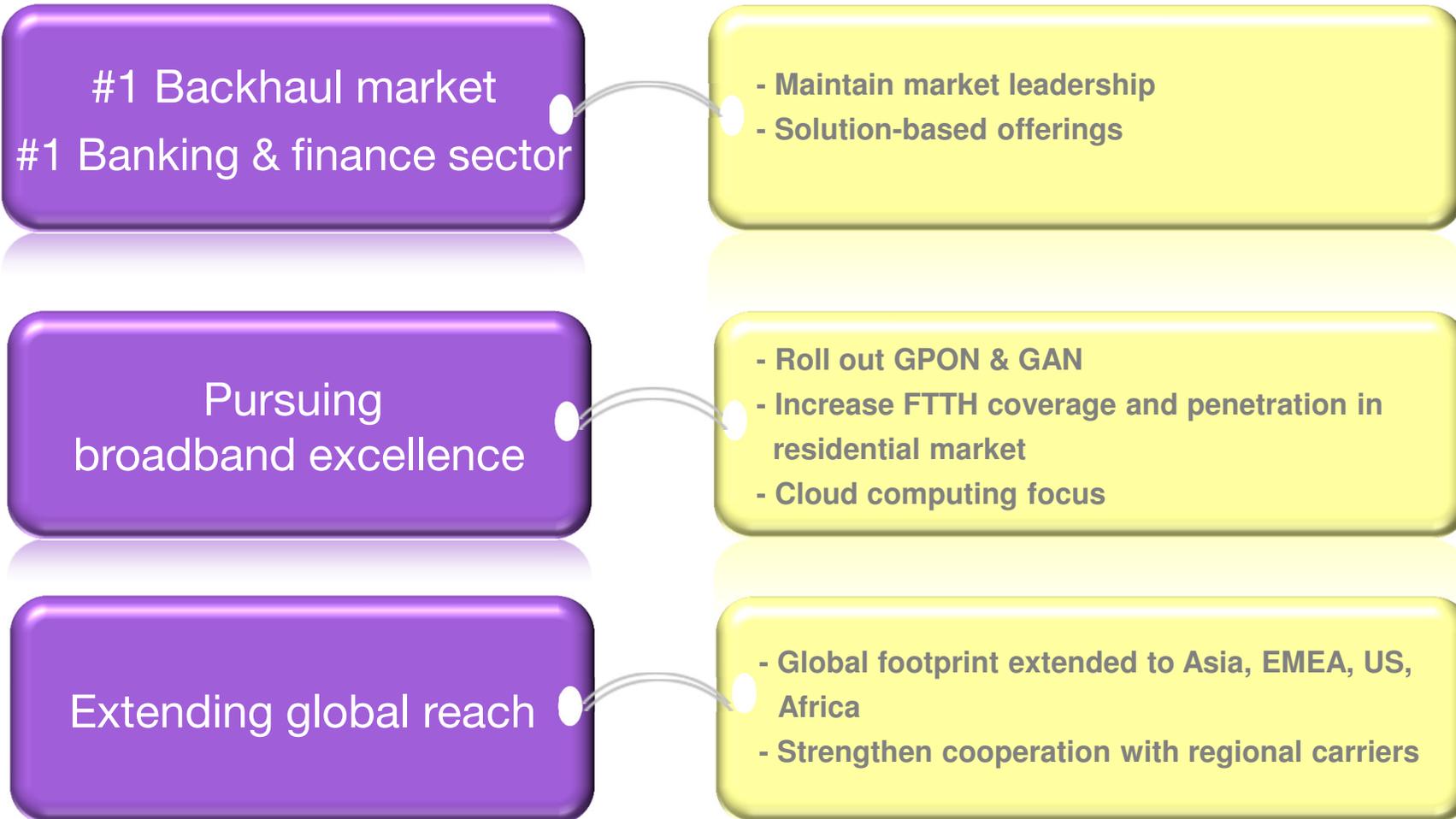
# Mobile

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# Fixed-line

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Q & A

Thank You