



Hutchison Telecom
Hong Kong Holdings

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

2014 Interim Results Presentation

30 July 2014



A Hutchison Whampoa Company

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Business Performance

Highlights

	2014 1H HK\$ millions	2013 1H HK\$ millions	2014 1H vs 2013 1H
Consolidated Turnover	6,227	6,149	+1%
Consolidated EBITDA	1,181	1,471	-20%
Consolidated EBIT	527	820	-36%
Profit before tax	444	739	-40%
Net Profit ⁽¹⁾	323	572	-44%
Earnings per Share	6.70 HK cents	11.87 HK cents	-44%
Interim Dividend per Share	4.25 HK cents	6.25 HK cents	-32%

Highlights

	2014 1H HK\$ millions	2013 2H HK\$ millions	2014 1H vs 2013 2H
Consolidated Turnover	6,227	6,628	-6%
Consolidated EBITDA	1,181	1,203	-2%
Consolidated EBIT	527	519	+2%
Profit before tax	444	428	+4%
Net Profit ⁽¹⁾	323	344	-6%
Earnings per Share	6.70 HK cents	N/A	N/A
Interim Dividend per Share	4.25 HK cents	N/A	N/A

Prospects

- ◆ Balanced integrated telecommunications operators demonstrated resilience amid a volatile mobile business environment
- ◆ Mobile business
 - ◆ Increasingly more rational market, recently seen some price recovery and this trend is expected to continue
 - ◆ Anticipated launch of new exciting smart devices and expected to bring new excitement and growth back to an otherwise stagnant mobile market
- ◆ Fixed-line business
 - ◆ Increasing demand for sophisticated network solutions from corporate and business market customers
- ◆ Continuous stringent controls on operating and capital expenditure, with half-on-half decrease in operating costs. Peak funding on network infrastructure has passed
- ◆ Sustainable and clear dividend policy to bring value to shareholders over the longer-term

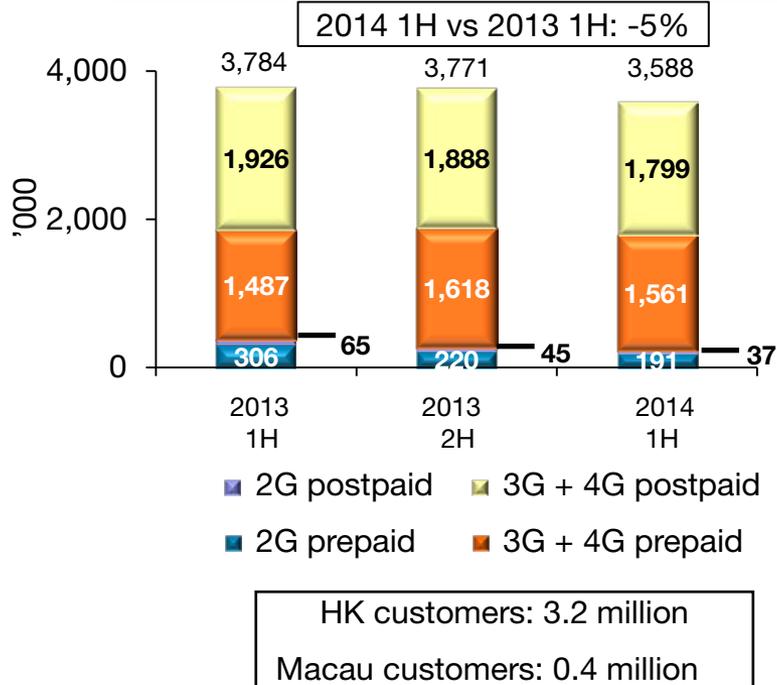


Mobile

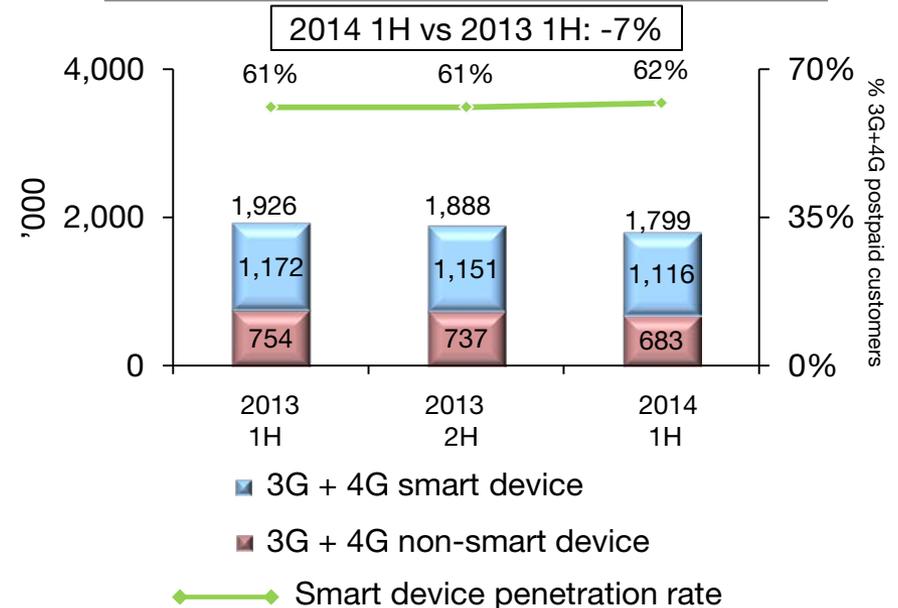


Quality customer base

Total customers*

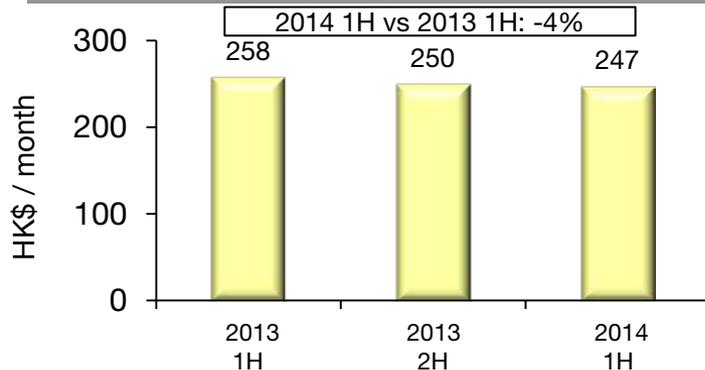


3G+4G LTE Postpaid customers*

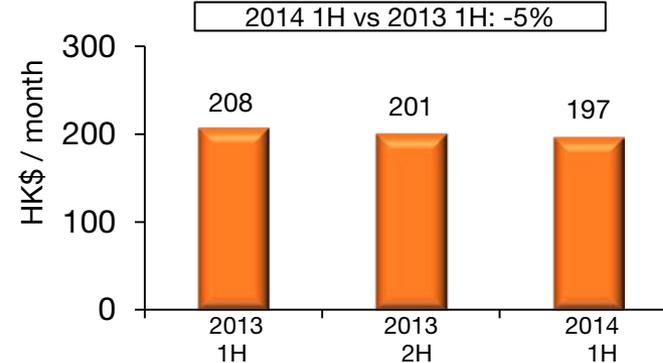


Mobile KPIs

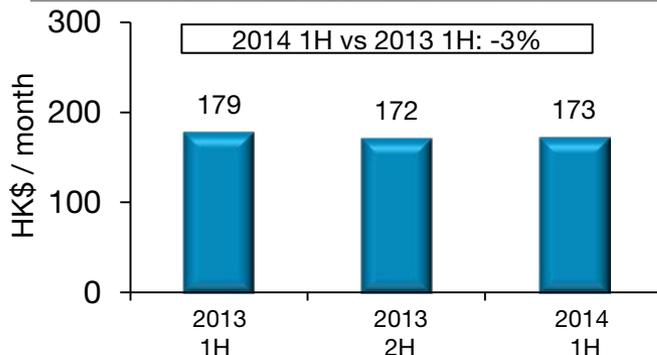
Blended Postpaid Gross ARPU⁽¹⁾



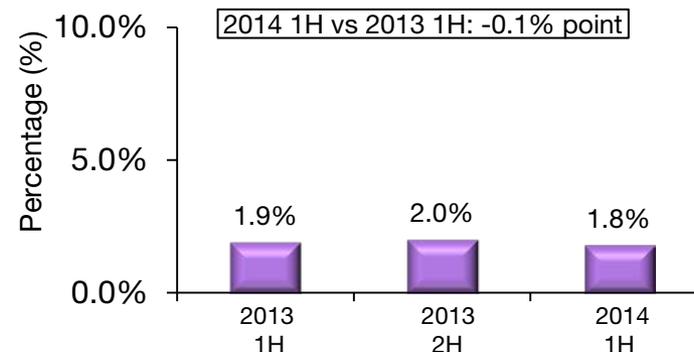
Blended Postpaid Net ARPU⁽²⁾



Blended Postpaid Net AMPU⁽³⁾



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.
- 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.
- 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).

Differentiation focus

- ◆ Customer-oriented initiatives
- ◆ Exclusive offers on the way



3 Citi Wallet



3Meter



Voice over Long-Term-Evolution



Magisto



DayDayCook



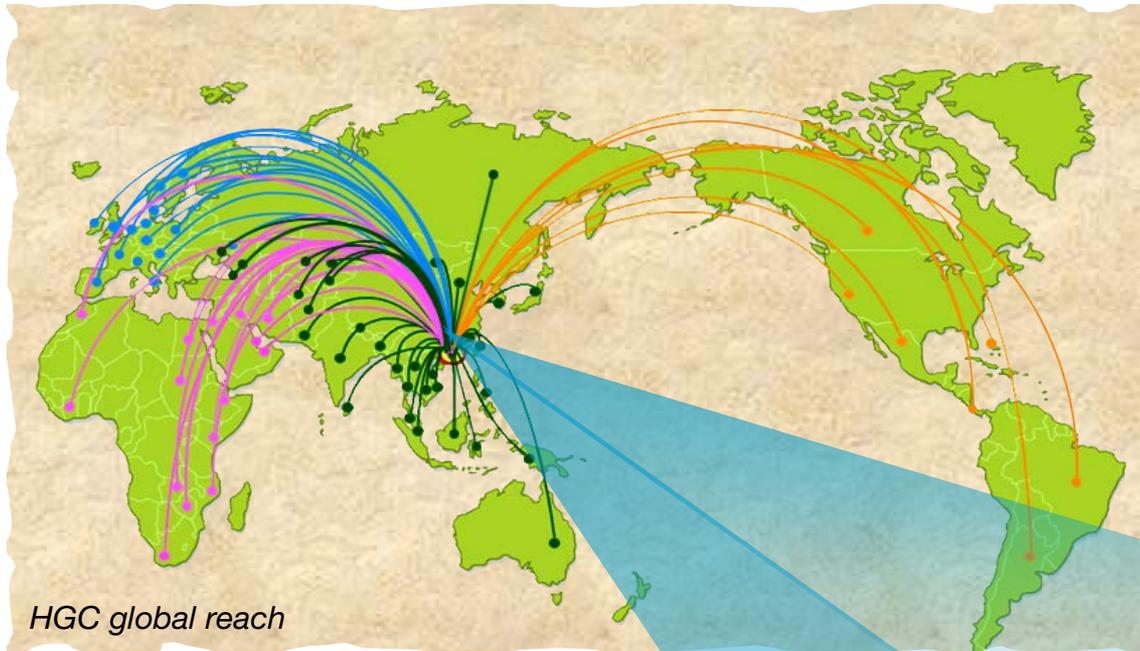
One single daily roaming charge for same-day cross-EU country travel



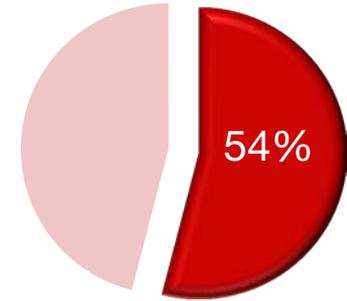
Fixed-line



International & Local Carrier market



HGC global reach



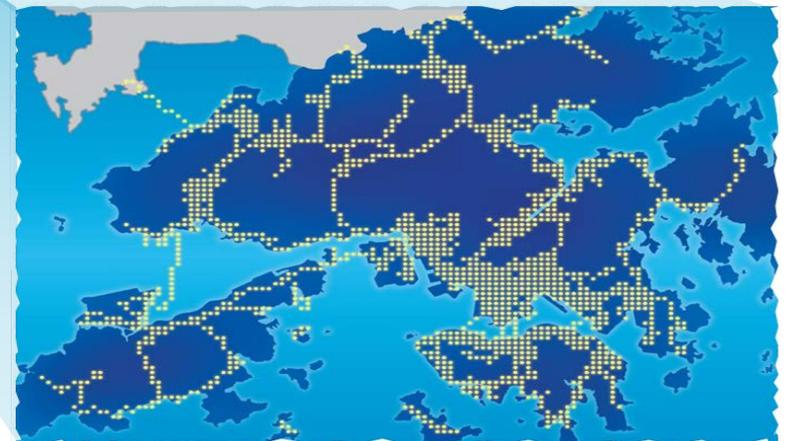
Contribution to fixed-line revenue

- ◆ International service

- Carriers' carrier in Asia

- ◆ Local backhaul service

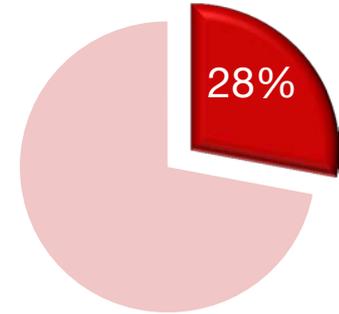
- Key market player to offer capacity



Local fixed-line coverage

Corporate and business market

- ◆ One-stop provider with full range of comprehensive solution based services
- ◆ Serving mainly government authorities, corporate, retail, SME and education sectors

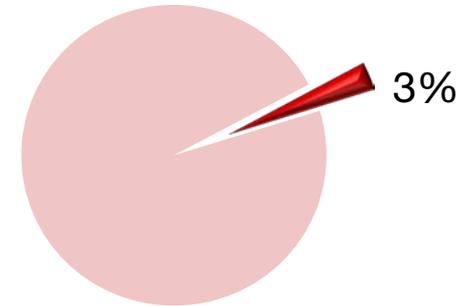


Contribution to fixed-line revenue

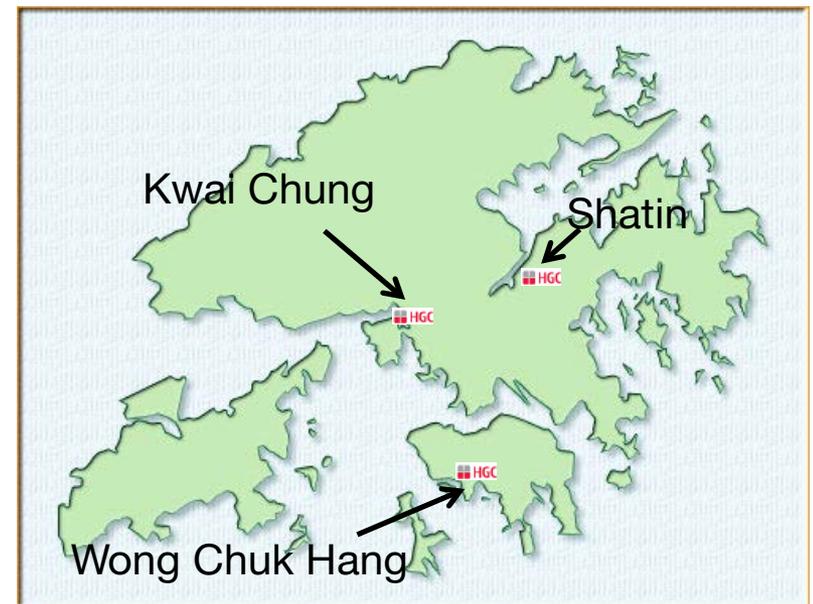


Data centre business and others

- ◆ Geographically dispersed data centres
- ◆ Graded tier-3 or higher with ISO 27001 security certification
- ◆ Inauguration of Kwai Chung data centre
- ◆ 50/50 JV with Cheung Kong Holding



Contribution to fixed-line revenue



Financial Overview

Financial Highlights - Consolidated

	2014 1H HK\$m	2013 1H HK\$m	2014 1H vs 2013 1H
Turnover	6,227	6,149	+1%
EBITDA	1,181	1,471	
<i>Consolidated EBITDA margin (%) (EBITDA / service revenue)</i>	29%	34%	
Depreciation and amortisation	(654)	(651)	
EBIT	527	820	-36%
Net interest expense	(71)	(77)	
Share of results of jointly ventures	(12)	(4)	
Profit before taxation	444	739	-40%
Taxation	(82)	(39)	
Profit for the period	362	700	-48%
Less: Non-controlling interests	(39)	(128)	
Profit attributable to shareholders	323	572	-44%
Earnings per share (HK cents)	6.70	11.87	
Interim dividend per share (HK cents)	4.25	6.25	

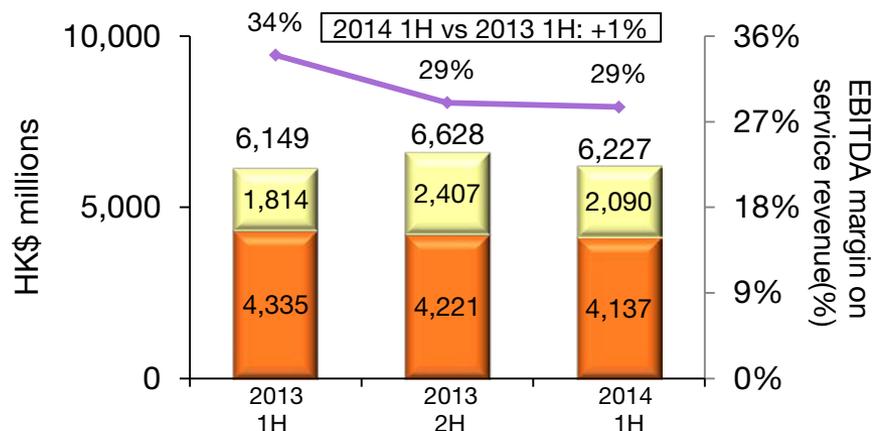


Financial Highlights - Consolidated

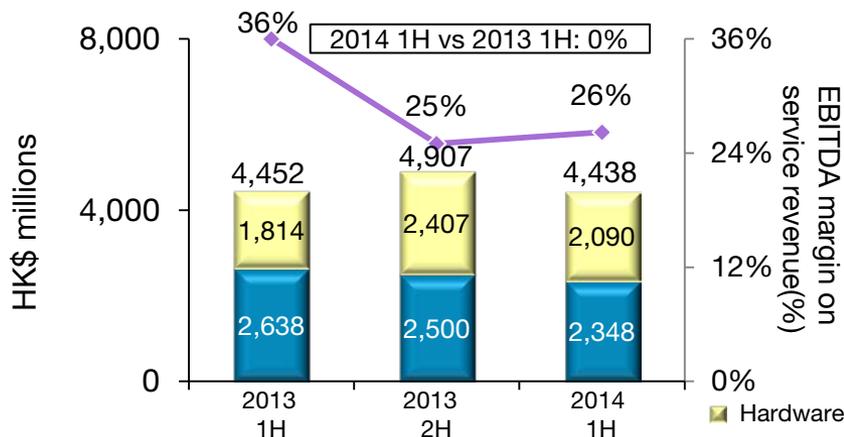
	2014 1H HK\$m	2013 2H HK\$m	2014 1H vs 2013 2H
Turnover	6,227	6,628	-6%
EBITDA	1,181	1,203	
<i>Consolidated EBITDA margin (%) (EBITDA / service revenue)</i>	29%	29%	
Depreciation and amortisation	(654)	(684)	
EBIT	527	519	+2%
Net interest expense	(71)	(83)	
Share of results of jointly ventures	(12)	(8)	
Profit before taxation	444	428	+4%
Taxation	(82)	(38)	
Profit for the period	362	390	-7%
Less: Non-controlling interests	(39)	(46)	
Profit attributable to shareholders	323	344	-6%
Earnings per share (HK cents)	6.70	N/A	
Interim dividend per share (HK cents)	4.25	N/A	

Turnover

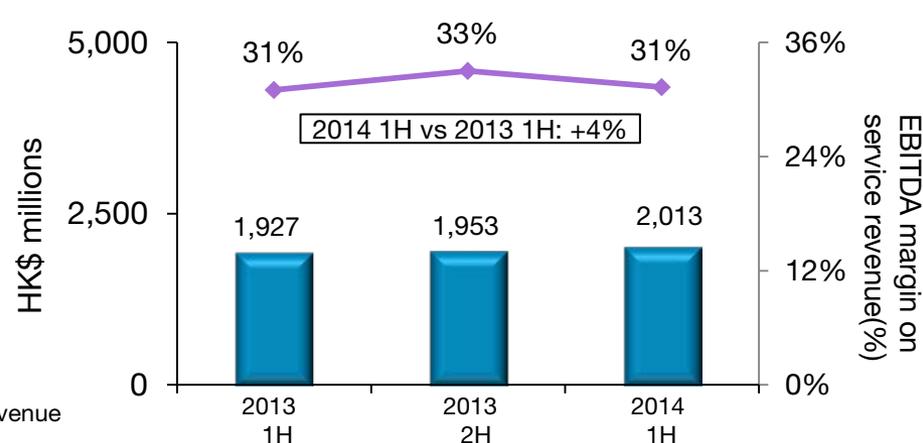
Consolidated turnover



Mobile business turnover



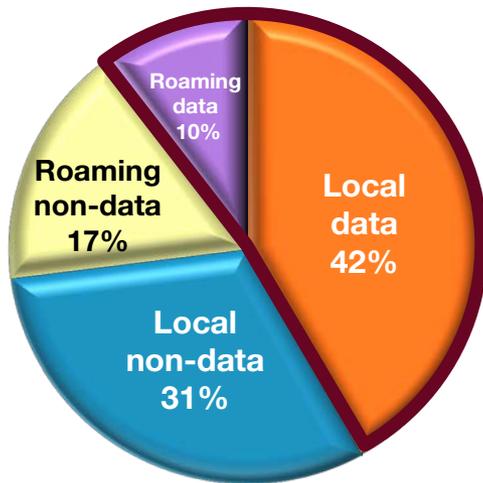
Fixed-line business turnover



Turnover – mobile service revenue

1H 2013

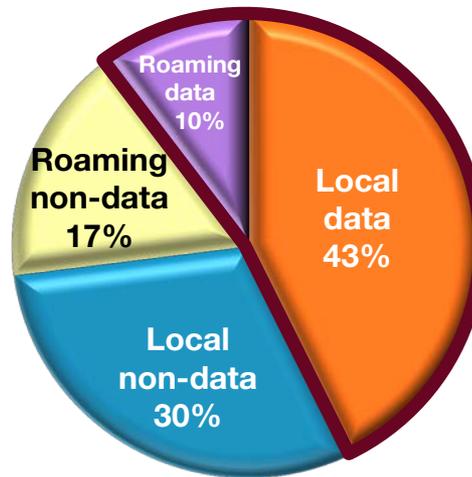
Service revenue:
HK\$2,638 million



Total Data Service Revenue: 52%

2H 2013

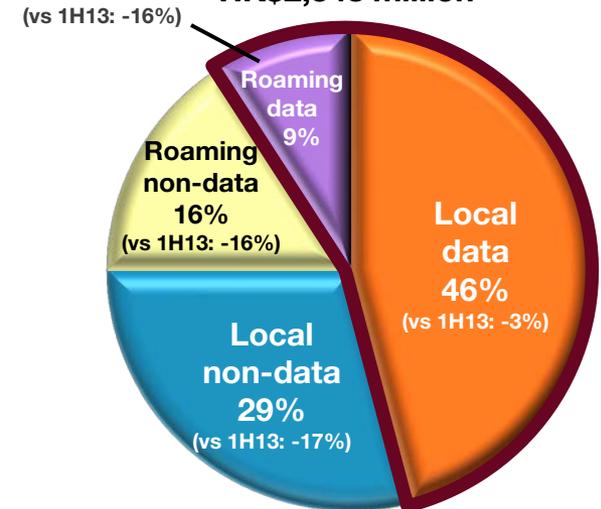
Service revenue:
HK\$2,500 million



Total Data Service Revenue: 53%

1H 2014

Service revenue:
HK\$2,348 million



Total Data Service Revenue: 55%

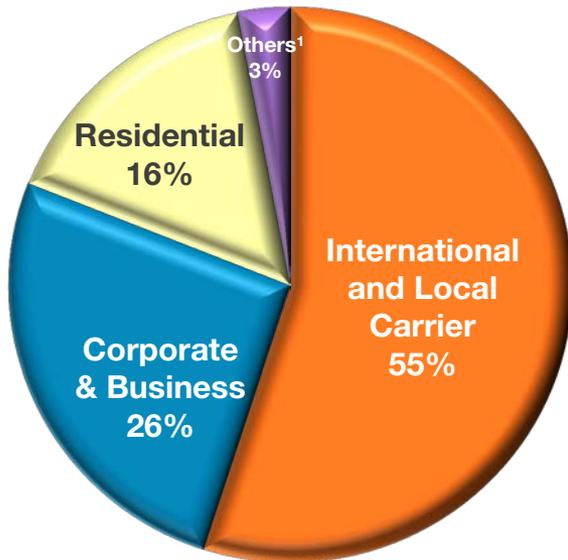
Note 1: Data service revenue is defined as customer payment for internet and data access services, excluding messaging, content and related services.

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

1H 2013

Total revenue:
HK\$1,927 million



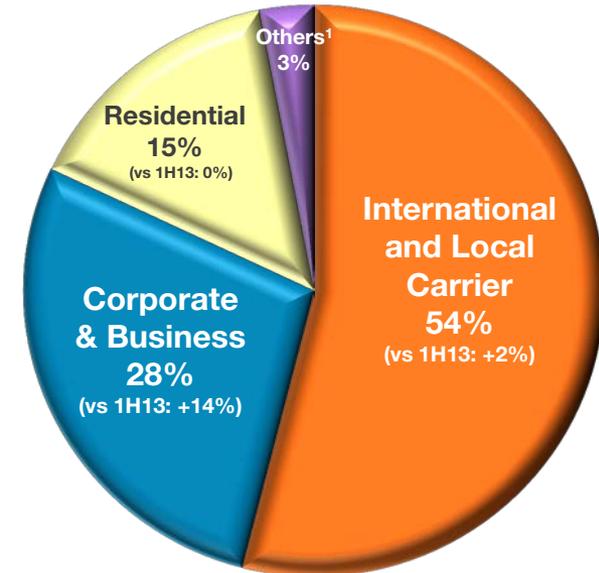
2H 2013

Total revenue:
HK\$1,953 million



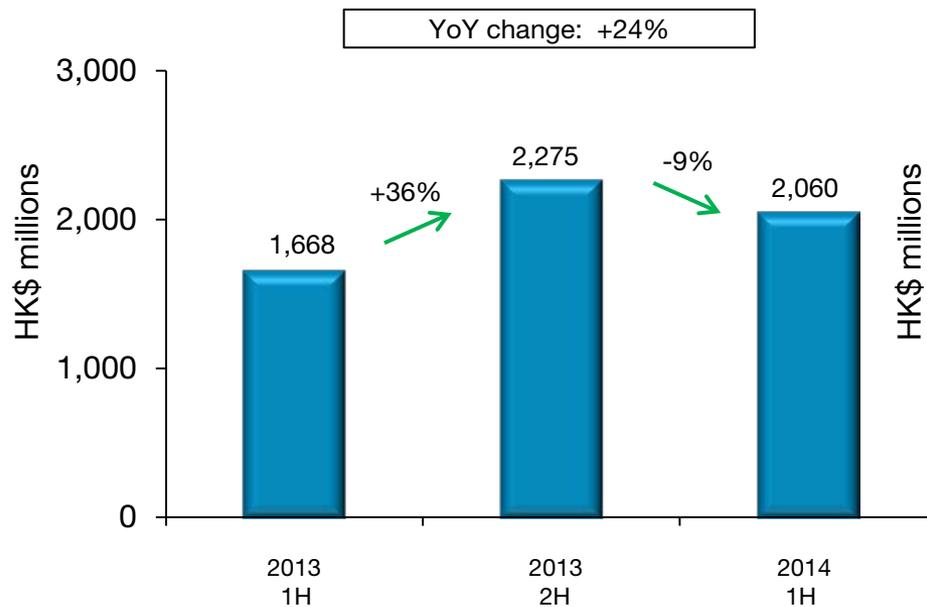
1H 2014

Total revenue:
HK\$2,013 million

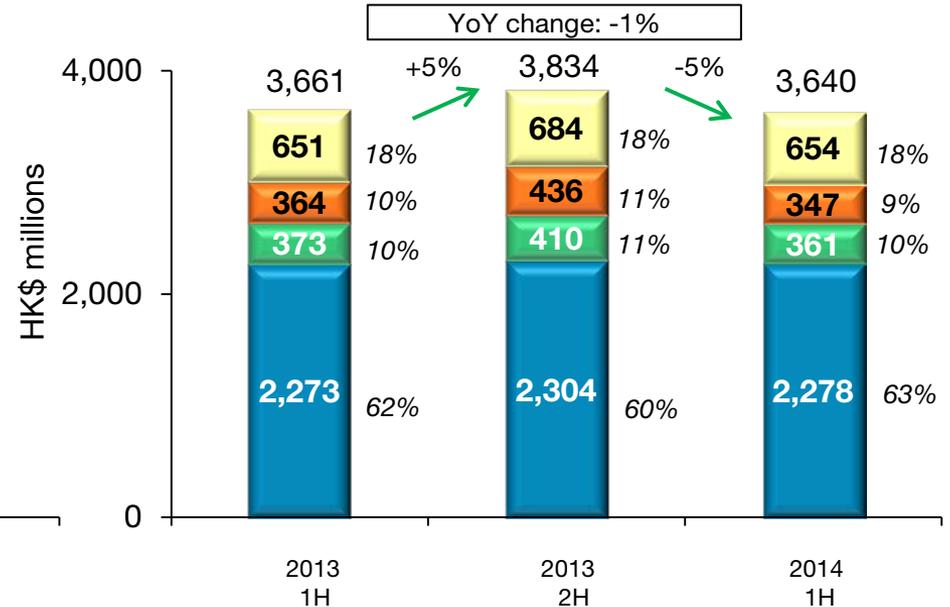


Key cost items

Cost of inventories sold



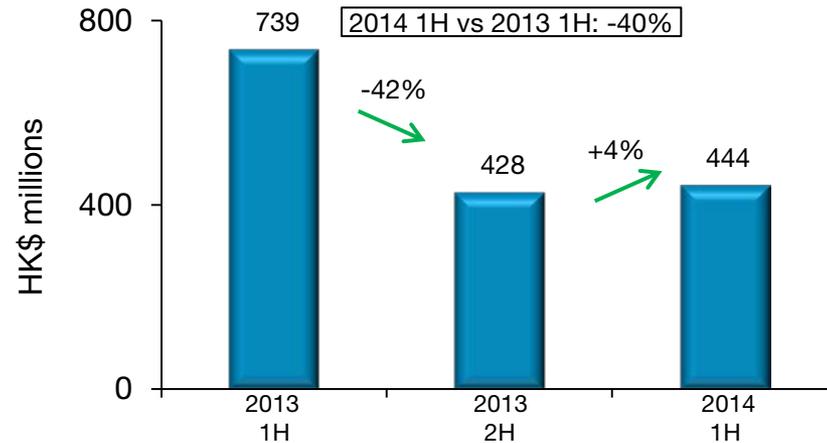
Key cost items



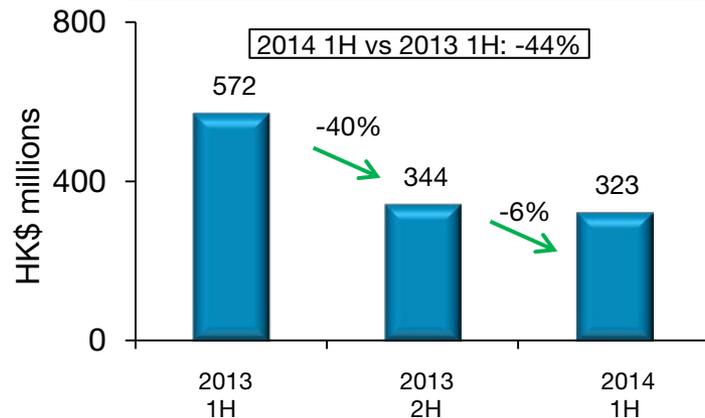
- Depreciation and amortisation
- Staff costs
- Customer acquisition costs
- Other operating expenses

Profitability

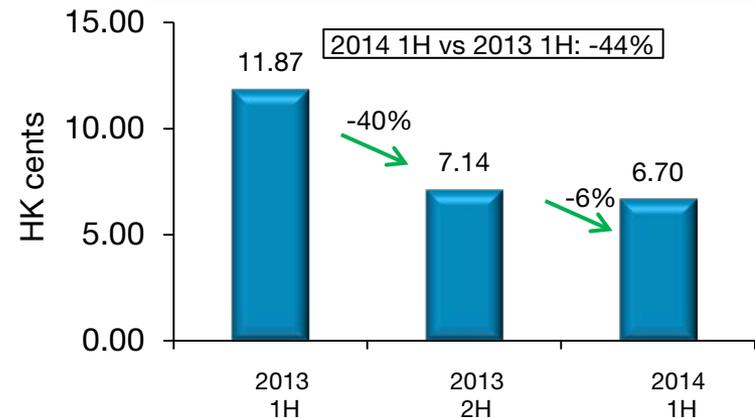
Profit before taxation



Net profit*

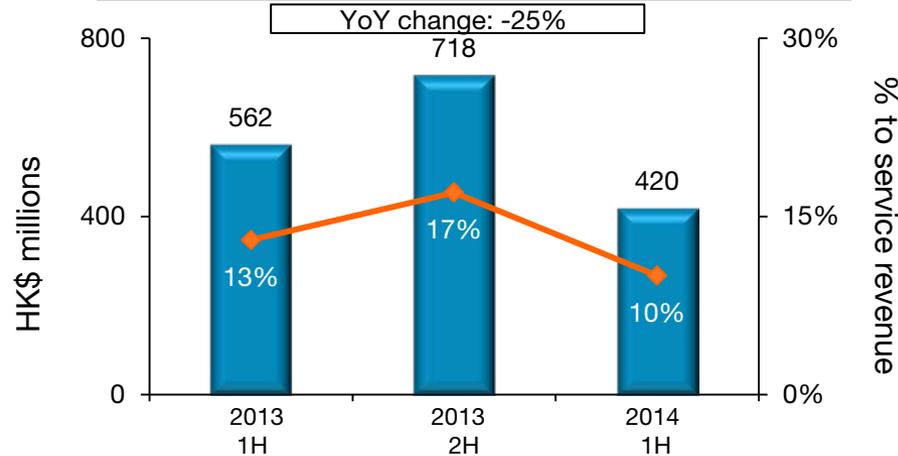


Earnings per share

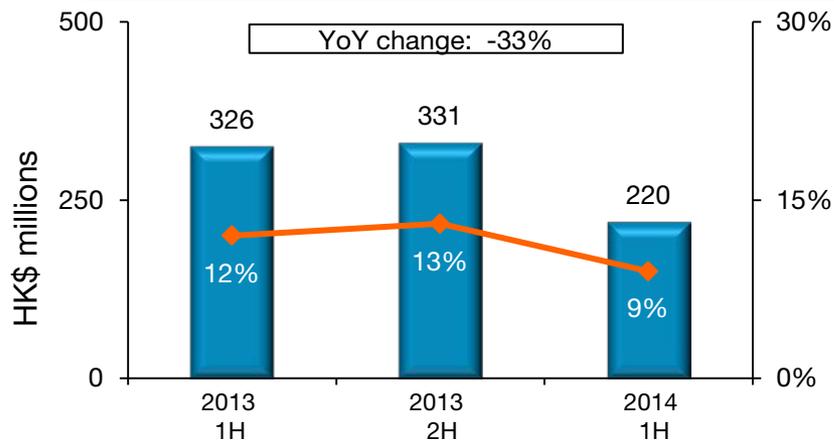


Capex investment

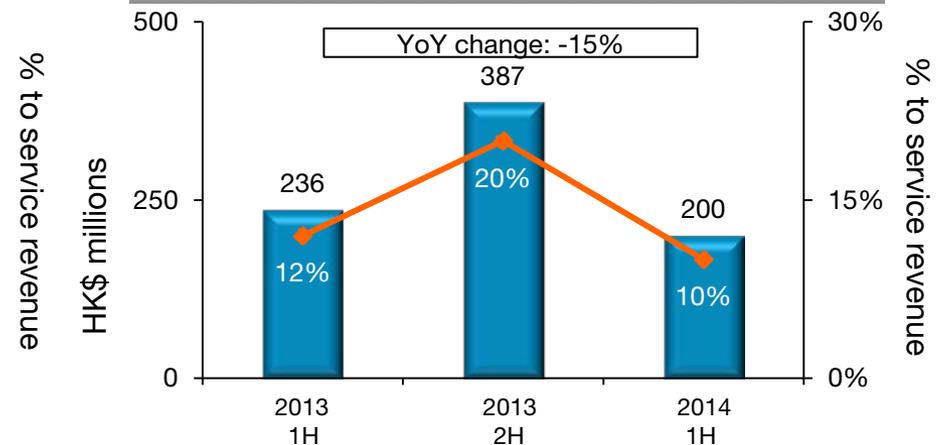
Consolidated Capex



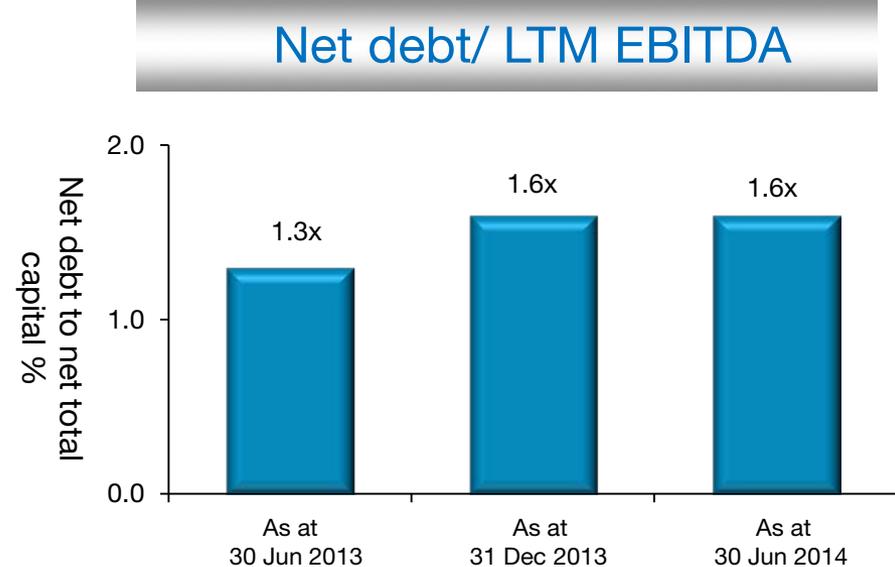
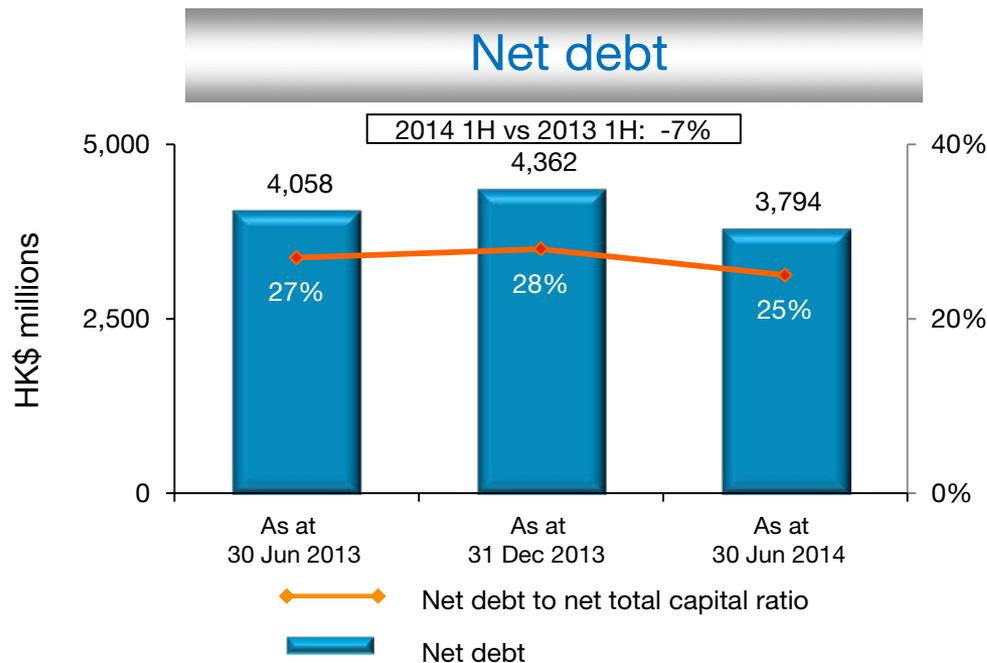
Mobile Capex



Fixed-line Capex

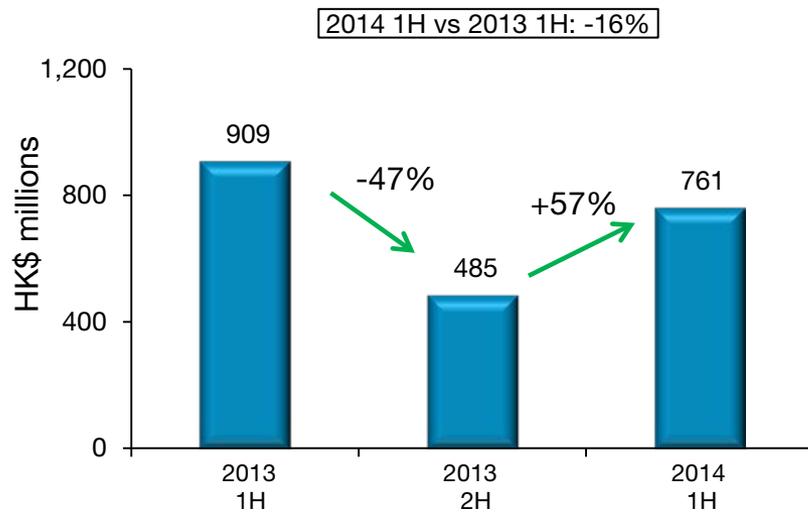


Financial position

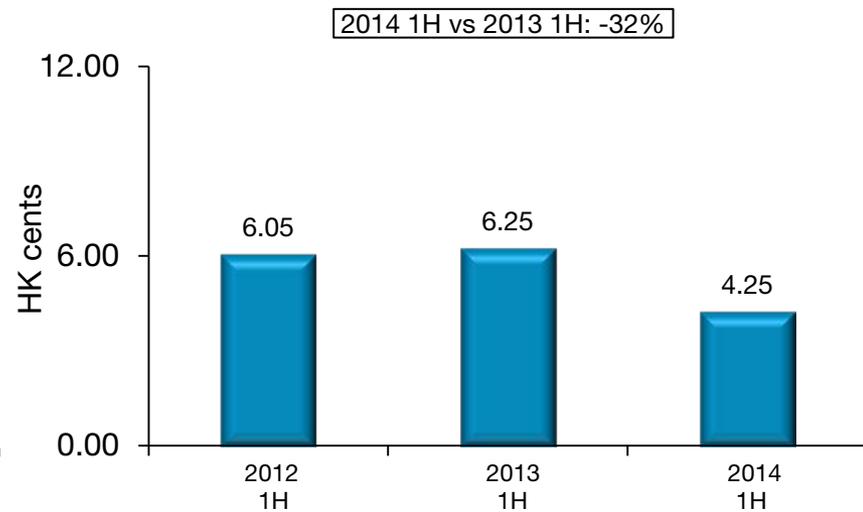


Dividend and Liquidity

EBITDA less CAPEX



Interim dividend per share



Q & A

Thank You