

Hutchison Telecom
Hong Kong Holdings

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



2010 Annual Results Presentation

21 March 2011



A Hutchison Whampoa Company

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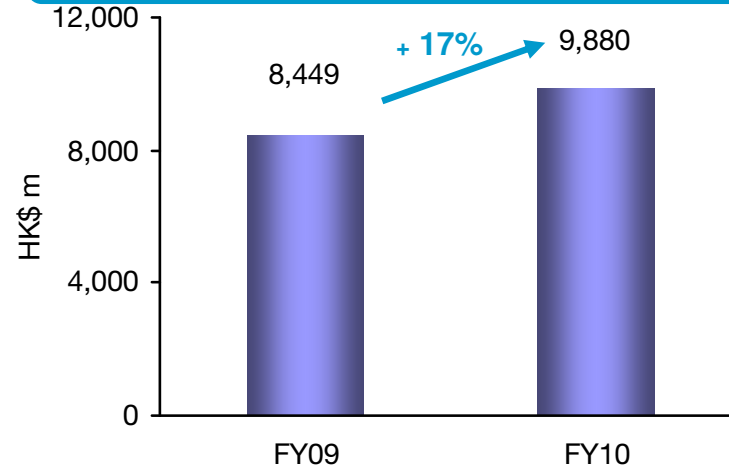
Business Performance

Highlights

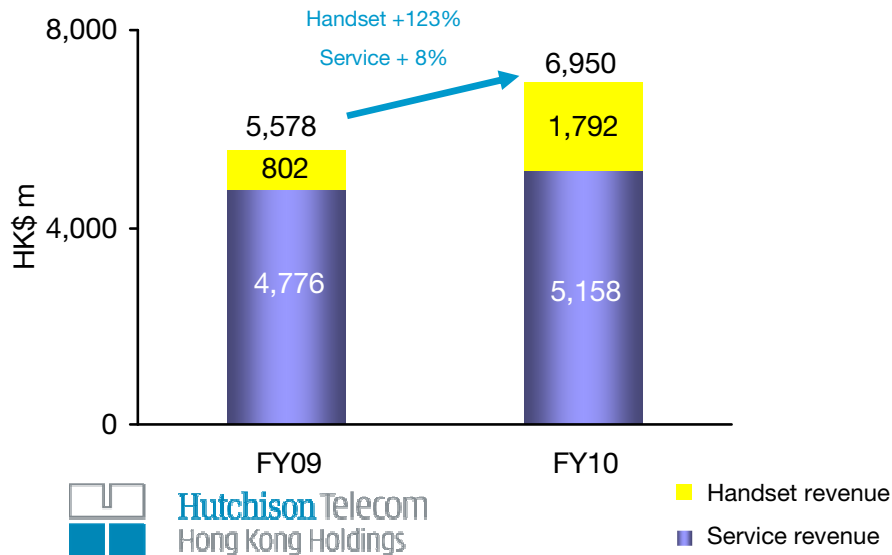
		YoY Growth
Consolidated turnover	◆ HK\$ 9,880M	17%
Mobile	◆ Turnover HK\$ 6,950M	25%
	◆ Data revenue HK\$ 1,960M	36%
	◆ Operating profit HK\$ 792M	64%
Fixed-line	◆ Turnover HK\$ 3,286M	2%
	◆ Operating profit HK\$ 422M	6%
Net profit after MI	◆ HK\$ 755M	61%
Dividend per share	◆ Final: 6.83 HK cents	11%
	◆ 2010 total: 10.15 HK cents	39%

Turnover

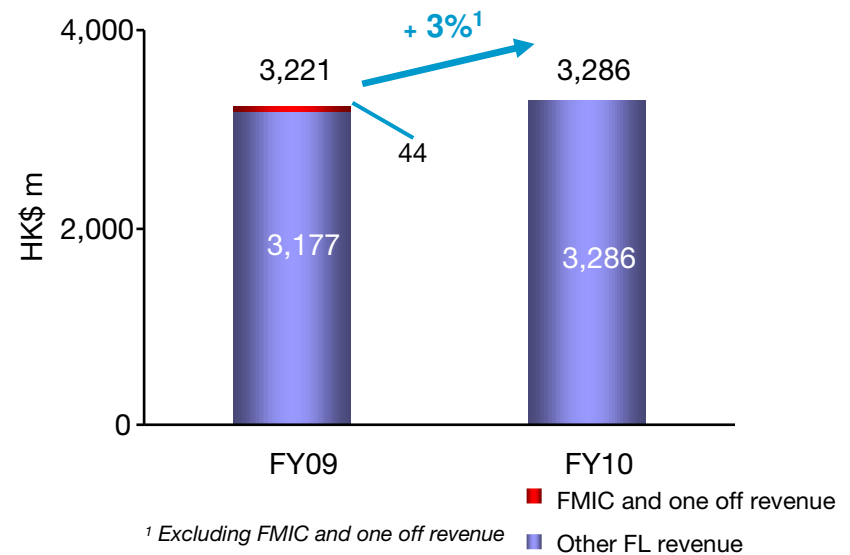
Consolidated turnover



Mobile business turnover



Fixed-line business turnover



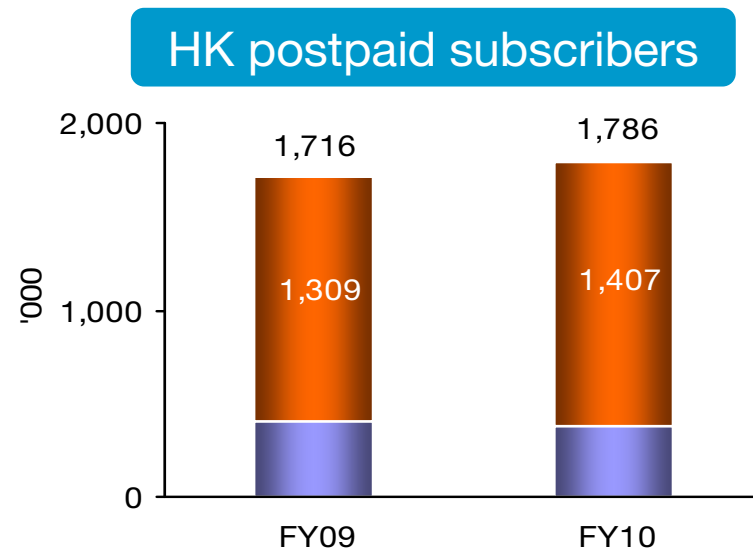
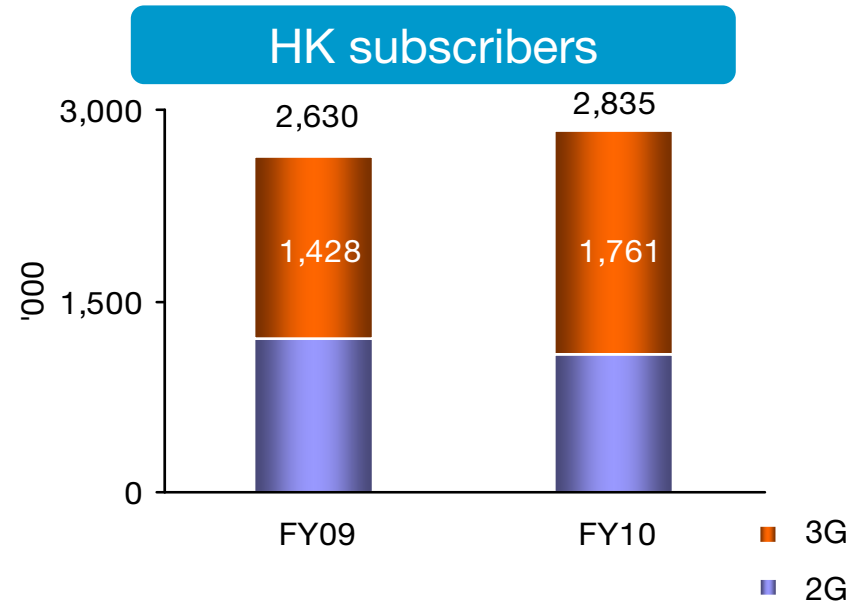
Mobile

Mobile business highlights

- ◆ Clear market leadership
- ◆ Rebranding – 3ree Broadband
- ◆ Spearheading the smartphone and tablet trend
- ◆ Winning data services, applications and content
- ◆ Extensive distribution channels
- ◆ Superior network

Clear market leadership

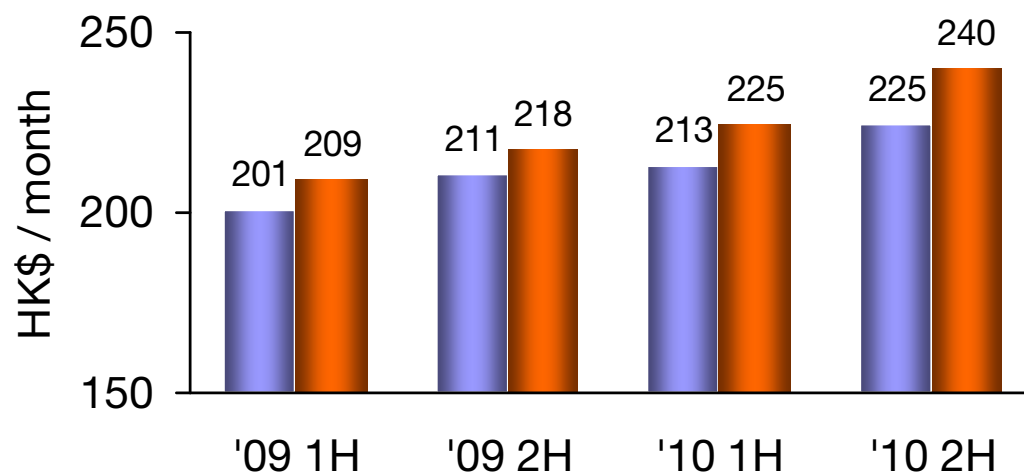
- ◆ Largest Hong Kong subscriber base
- ◆ 63% postpaid
- ◆ 3G postpaid subscribers: >40% smartphone and dongle users



ARPU

- ◆ 10% YoY 3G ARPU growth
- ◆ Driven by robust smartphone intake

HK postpaid ARPU



Rebranding – 3ree Broadband

- ◆ Initiate a new era of fixed-mobile convergence in Hong Kong
- ◆ Integrate residential broadband, residential telephone lines, IDD with mobile and Wi-Fi services



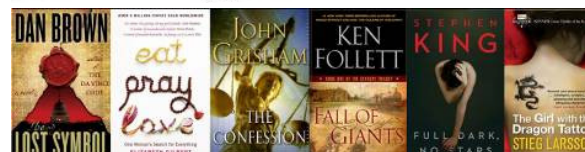
Spearheading the smartphone and tablet trend

- ◆ First-mover advantage in smartphone market
- ◆ First in HK to introduce the data roaming day pass
- ◆ Offer a wide array of value added services via Be3ree smartphone benefits platform



Winning data services, applications and content

- ◆ KKBox – unlimited access of music under multiple platforms
- ◆ 3Book with Kobo – fully compatible with iPhone, iPad, Android and PCs



Extensive distribution channels

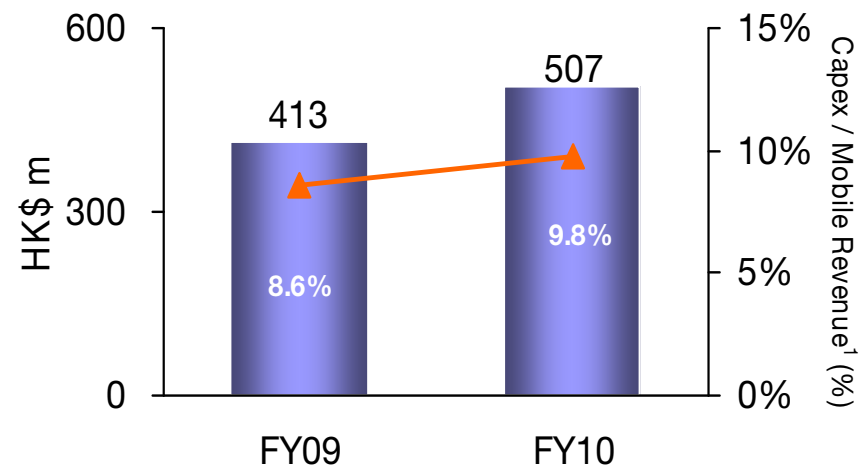
- ◆ > 1,000 sales personnel
- ◆ > 200 distribution centres
- ◆ Launch of **3** Concept Store – offering a whole new shopping experience



Superior network

- ◆ Full optic fibre backhaul
- ◆ Ready for strong data demand
 - “Re-farming” 900MHz spectrum
 - Successful bid of radio spectrum
 - LTE infrastructure rollout

Mobile capex and % of revenue



¹ Mobile service revenue excluding telecommunications products sales

Successful bid of Frequency Band B (900MHz)

- ◆ Increase radio capacity
- ◆ Good radio propagation and better indoor coverage
- ◆ Insignificant equipment investment and faster rollout

Frequency Band	900	1800	2100	2600
Bandwidth	26.6 MHz	23.2 MHz	34.6 MHz	30.0 MHz ¹

¹ Shared with PCCW by 50:50 JV with Genius Brand Limited

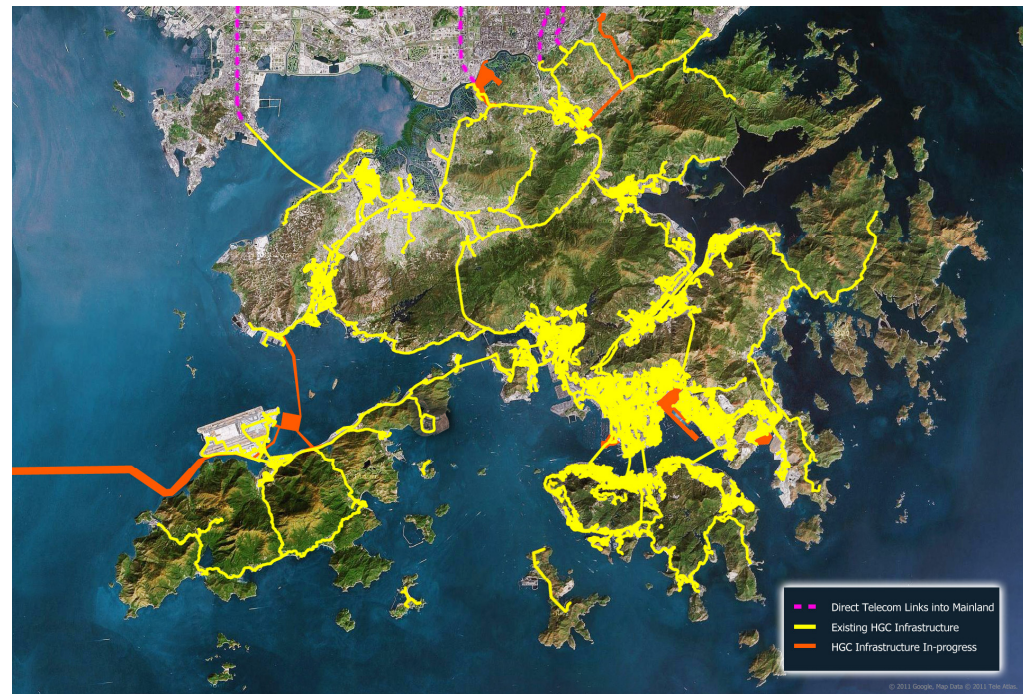
Fixed-line

Fixed-line business highlights

- ◆ Leading fibre infrastructure
- ◆ Global reach
- ◆ FTTB technology boosts up homepass rate
- ◆ Strong presence in high-end premium market

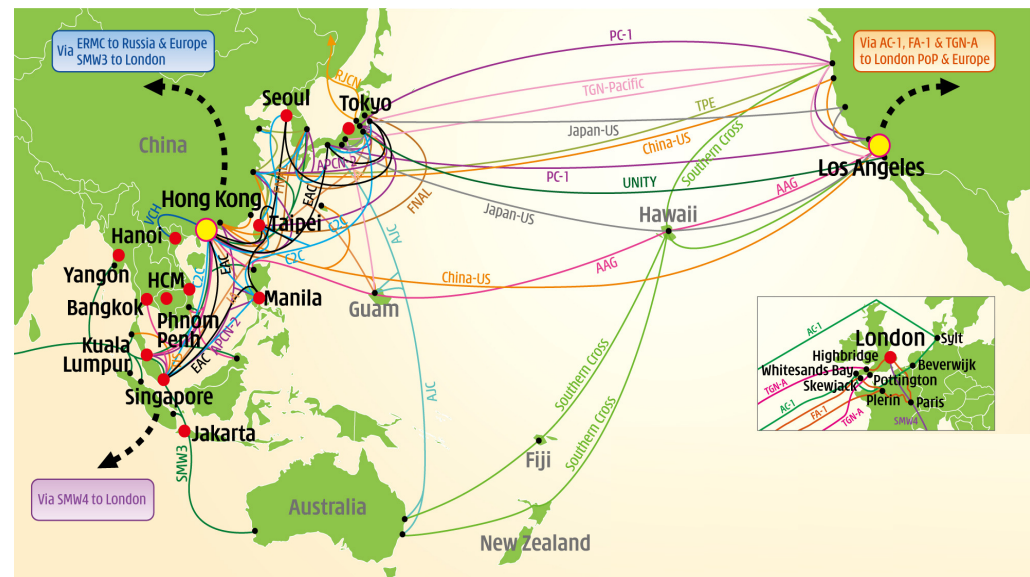
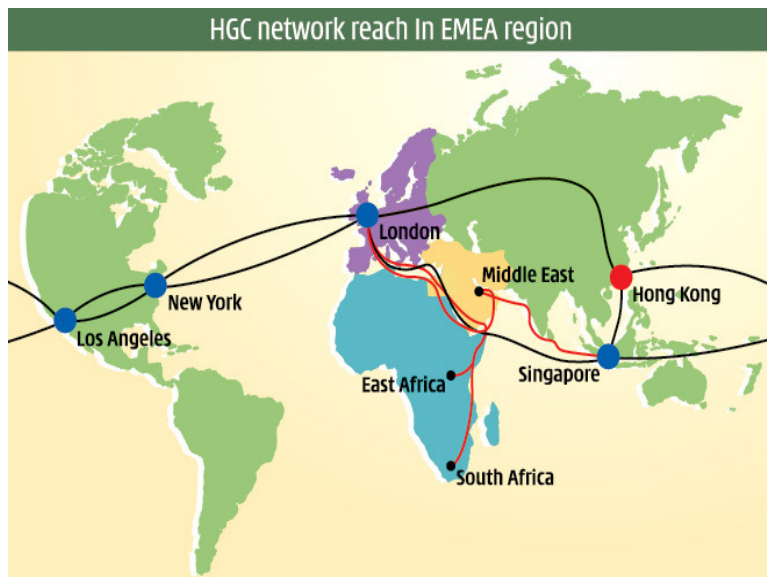
Leading fibre infrastructure

- ◆ Over 1 million km core optic fibre cabling
- ◆ The only operator to provide 4 direct telecom links into China
- ◆ Command a dominant share in the local backhaul market
- ◆ Ready for strong fixed and mobile broadband demand



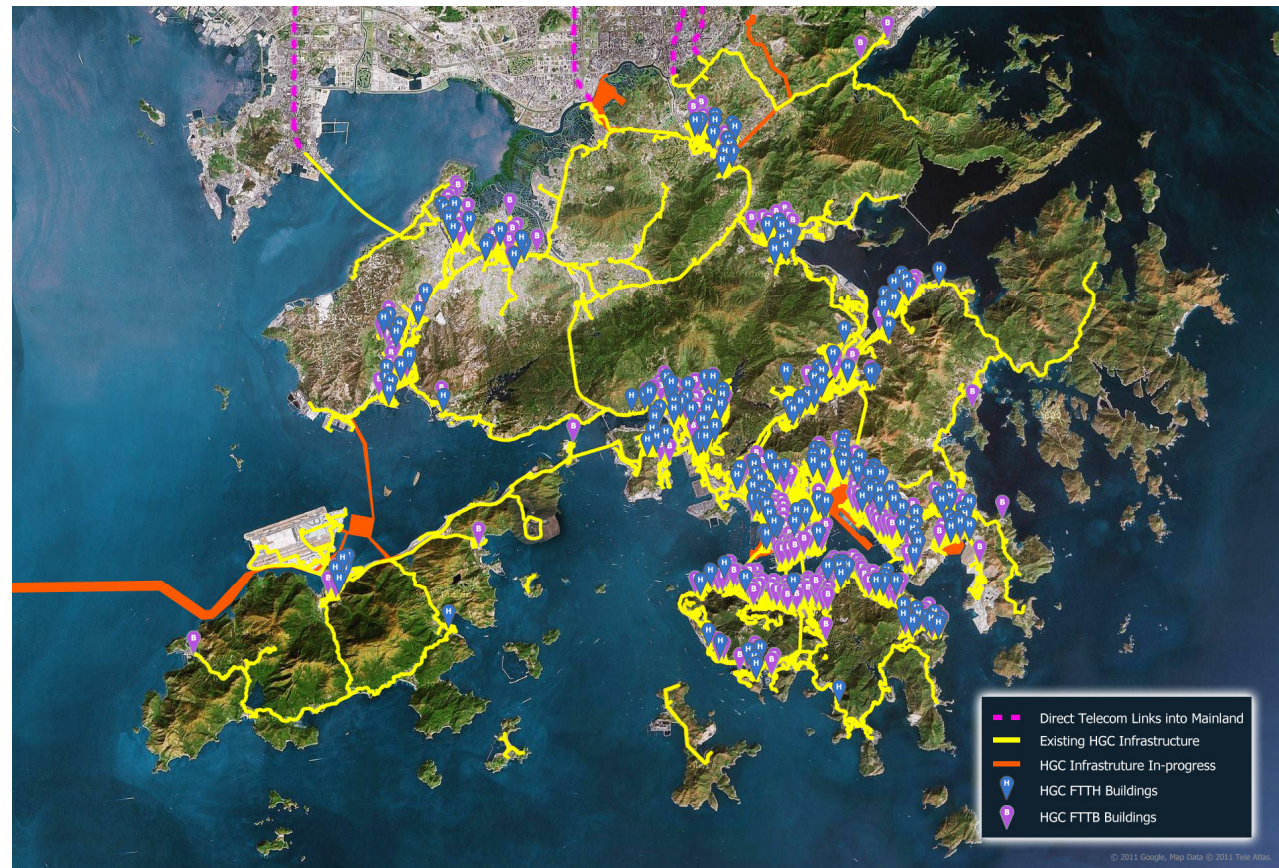
Global reach

- ◆ Global network providing robustness and resilience
- ◆ Key growth driver from intra-Asia traffic into Greater Meikong Subregion (GMS), and inter-region traffic into Europe, Middle East and Africa Region (EMEA)



FTTB technology boosts up homepass rate

- ◆ Riding on fibre infrastructure
- ◆ Homepass > 70%, of which 80% 100Mbps to 1Gbps



Strong presence in high-end premium market

One-stop telecommunications solution provider partner with top-tier equipment vendors

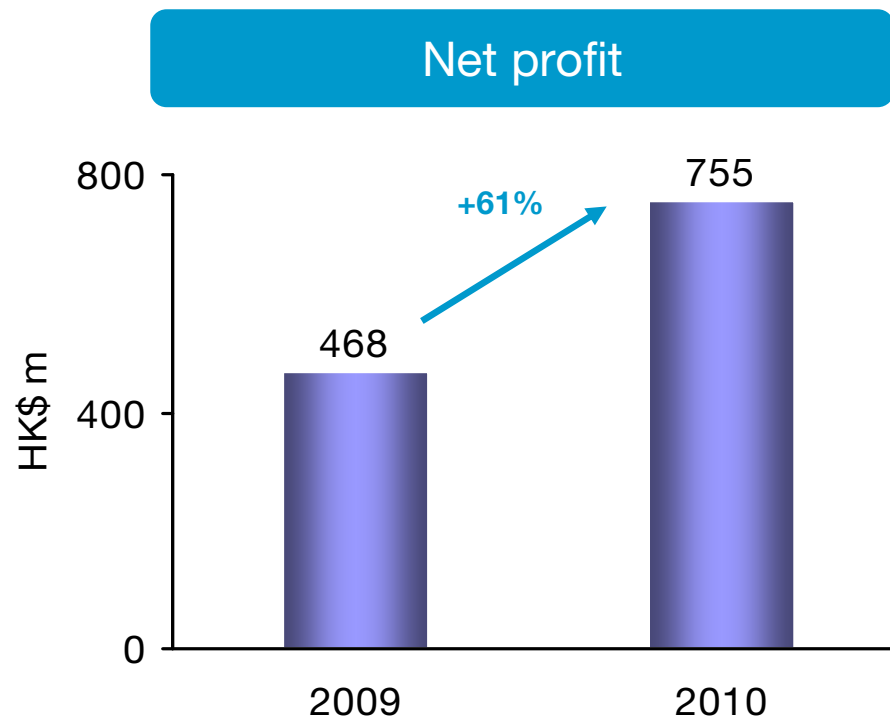
- ◆ Banking and Finance
 - Customisation of solutions to address specific needs
 - Dedicated network design to unify ATM and branches network
- ◆ Data Centre
 - Full range offer including cloud computing services



Profitability

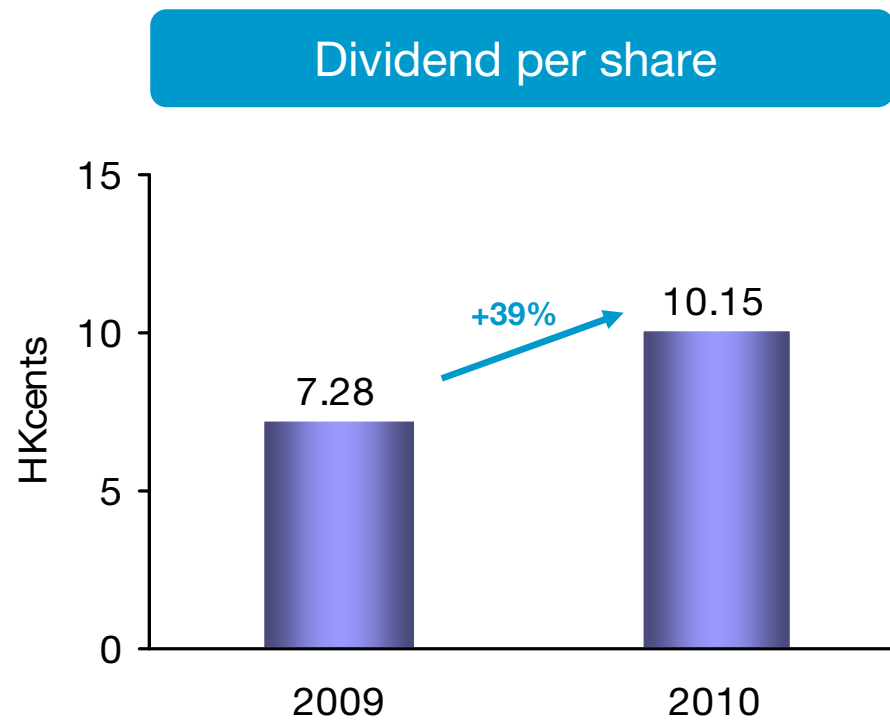
Profitability

- ◆ Earnings upsurge



Profitability

- ◆ Strong dividend growth



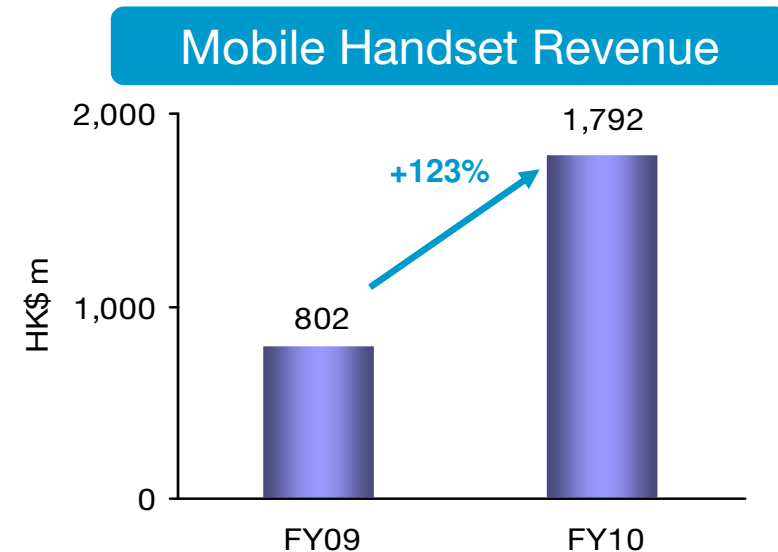
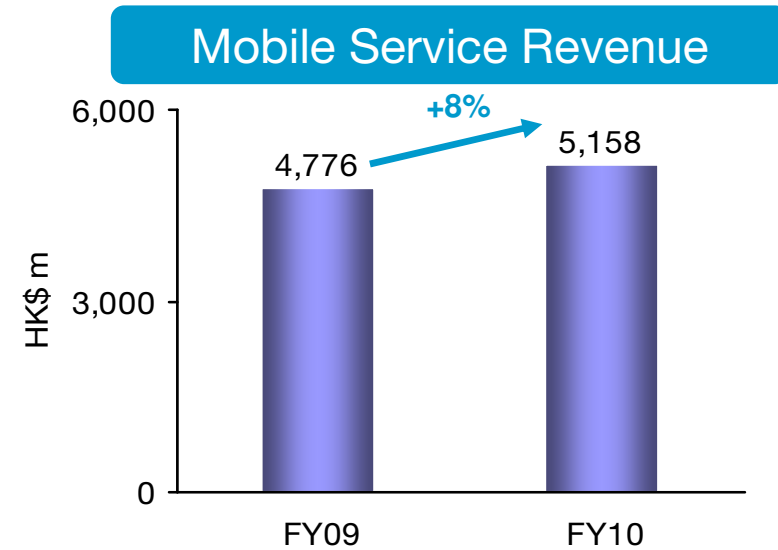
Financial Overview

Financial Highlights

	FY 09 (HK\$m)	FY 10 (HK\$m)
Turnover	8,449	9,880
Cost of inventories sold	(756)	(1,776)
Staff costs	(644)	(646)
Depreciation and amortisation	(1,288)	(1,087)
Other operating expenses	<u>(4,974)</u>	<u>(5,264)</u>
Operating profit	787	1,107
Interest income	4	5
Interest and other finance costs	(184)	(128)
Share of results of jointly controlled entities	<u>(16)</u>	<u>(21)</u>
Profit before taxation	591	963
Taxation	<u>(61)</u>	<u>(63)</u>
Profit for the year	<u><u>530</u></u>	<u><u>900</u></u>
Attributable to:		
Shareholders of the Company	468	755
Non-controlling interests	<u>62</u>	<u>145</u>
	<u><u>530</u></u>	<u><u>900</u></u>

Turnover – mobile business

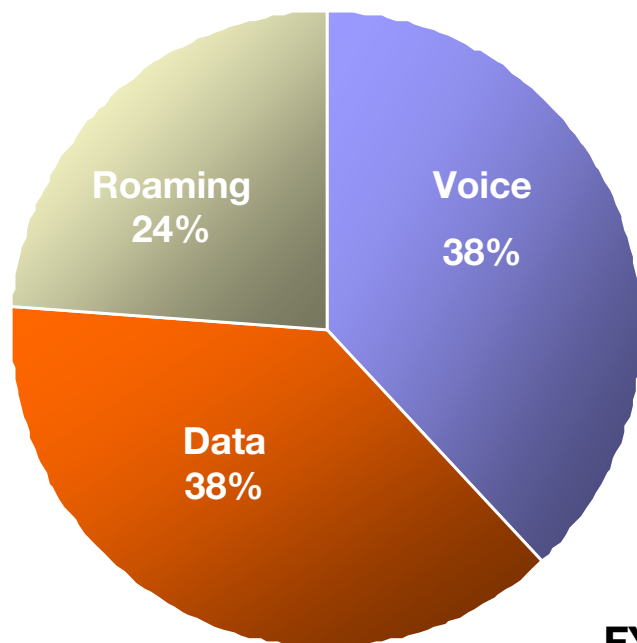
- ◆ Steady growth in service revenue
- ◆ Strong handset sales in line with growing demand for smartphones



Turnover – mobile service revenue

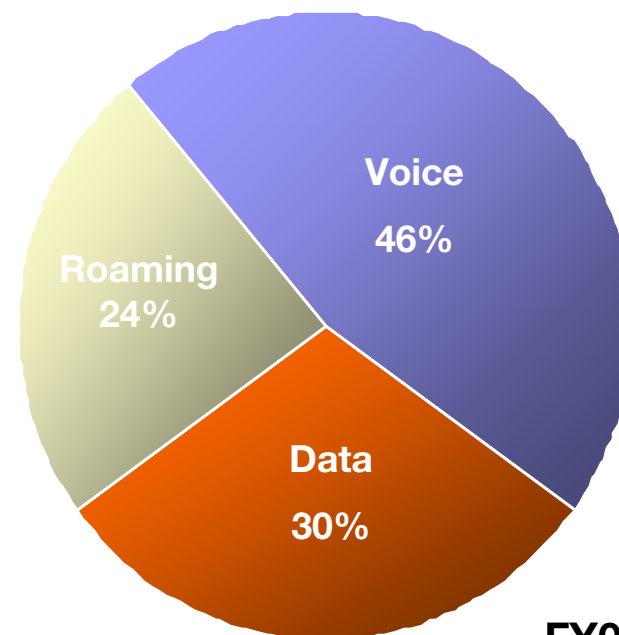
- ◆ Data revenue close to overtake voice

Total: HK\$5,158m¹



FY10

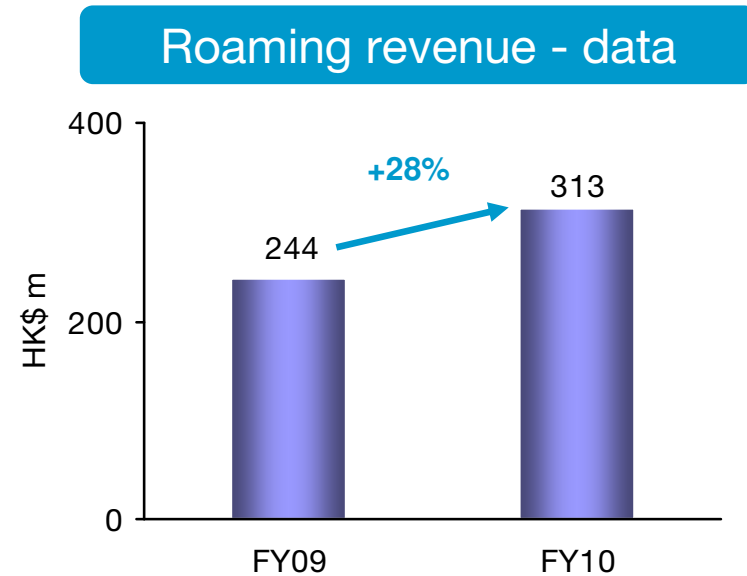
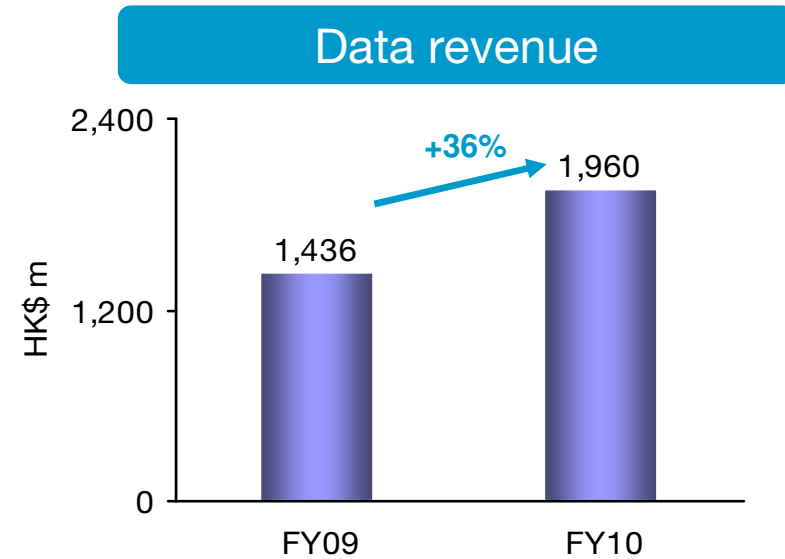
Total: HK\$4,776m¹



FY09

Mobile – data growth

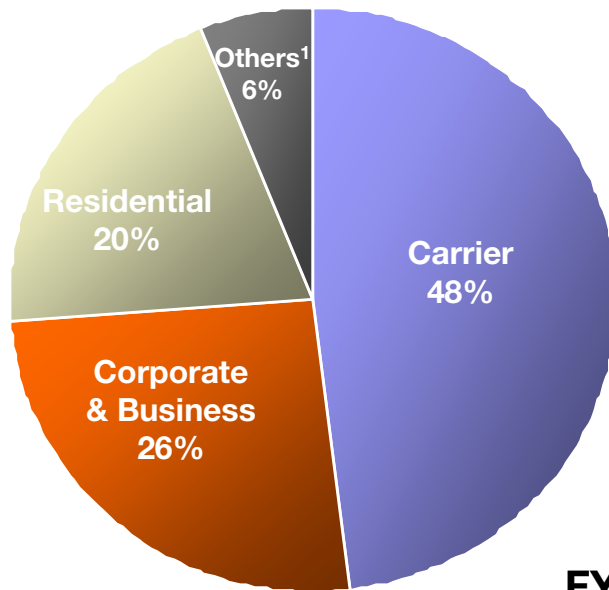
- ◆ Robust data revenue growth
 - Smartphone intake
 - Introduce roaming data day pass



Turnover - Fixed-line business

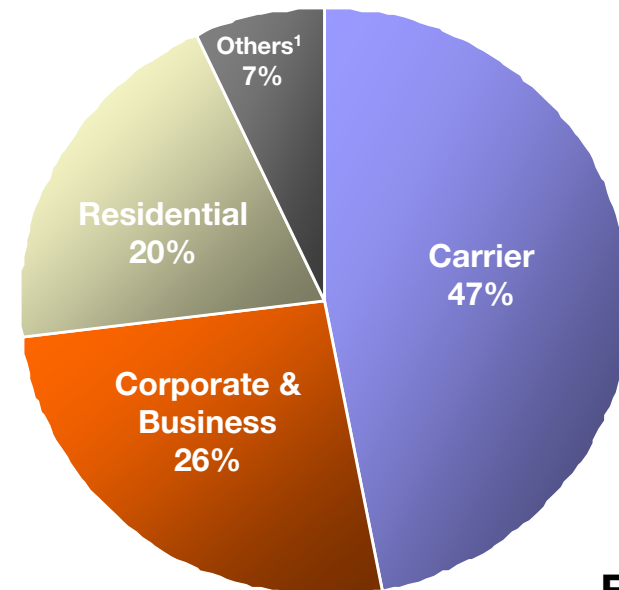
- ◆ Clear market leadership in carrier market

Total: HK\$3,286m



FY10

Total: HK\$3,221m

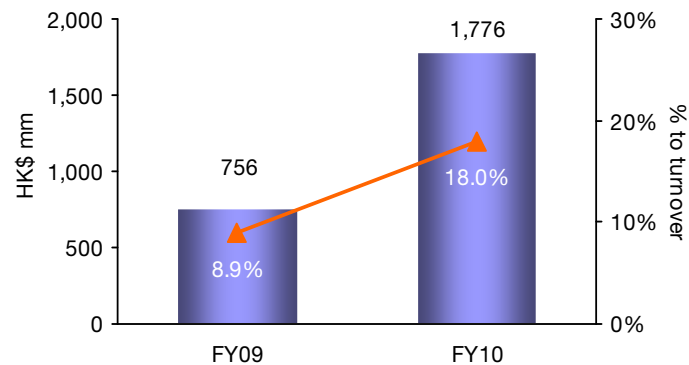


FY09

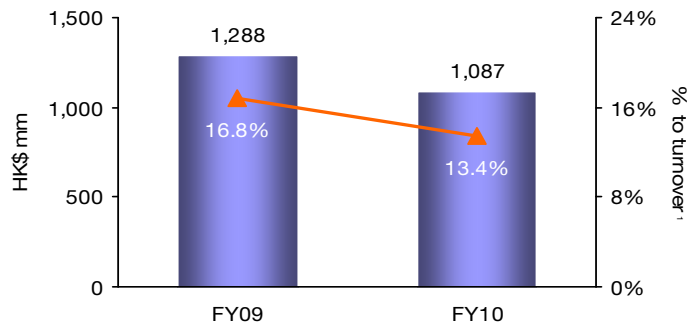
¹ Others include revenue from interconnection charges and data centers

Key cost items

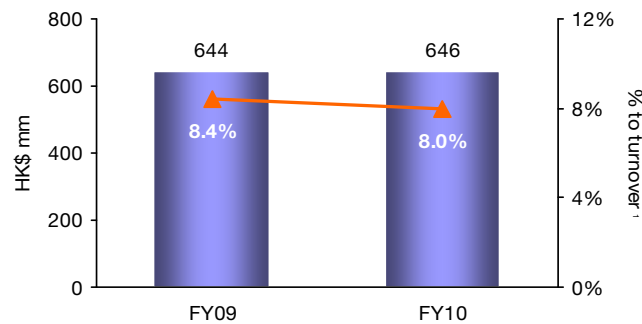
Cost of inventories sold



Depreciation and amortisation expenses



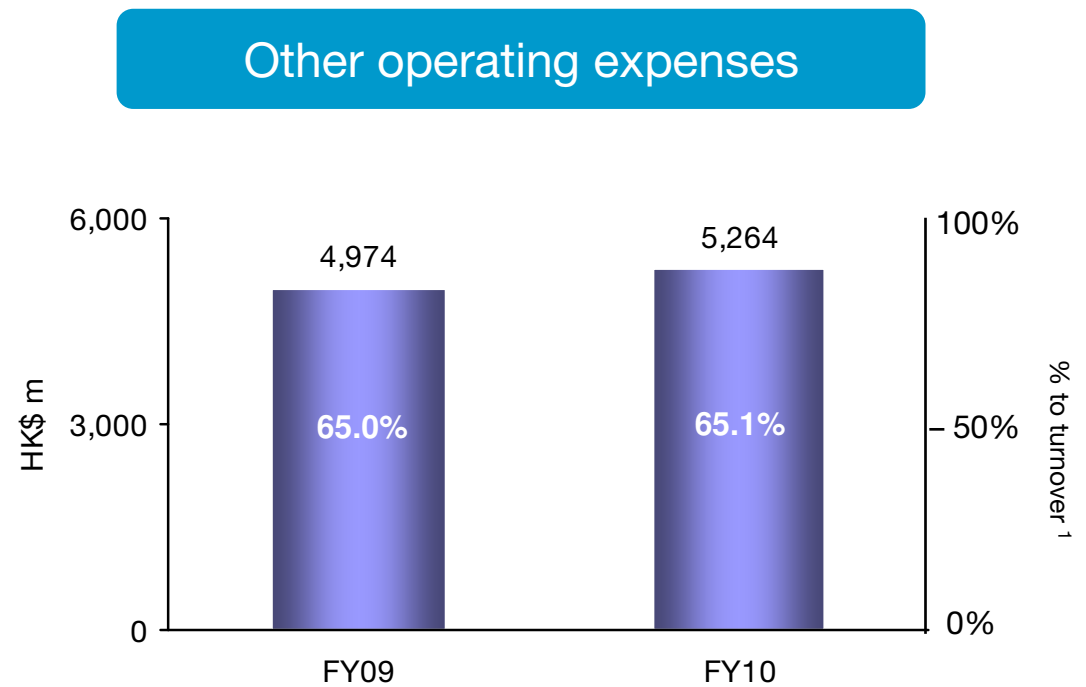
Staff costs



¹ Excluding revenue from sale of telecommunications products

Other operating expenses

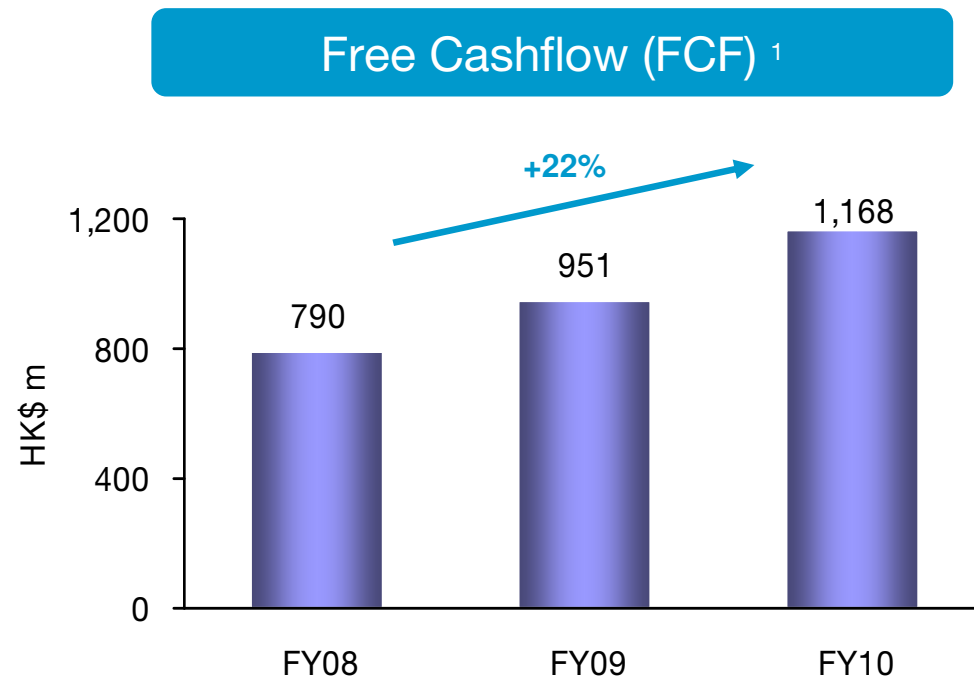
- ◆ Cautious cost management



¹ Excluding revenue from sale of telecommunications products

Liquidity

- ◆ Strong FCF to meet future liquidity needs

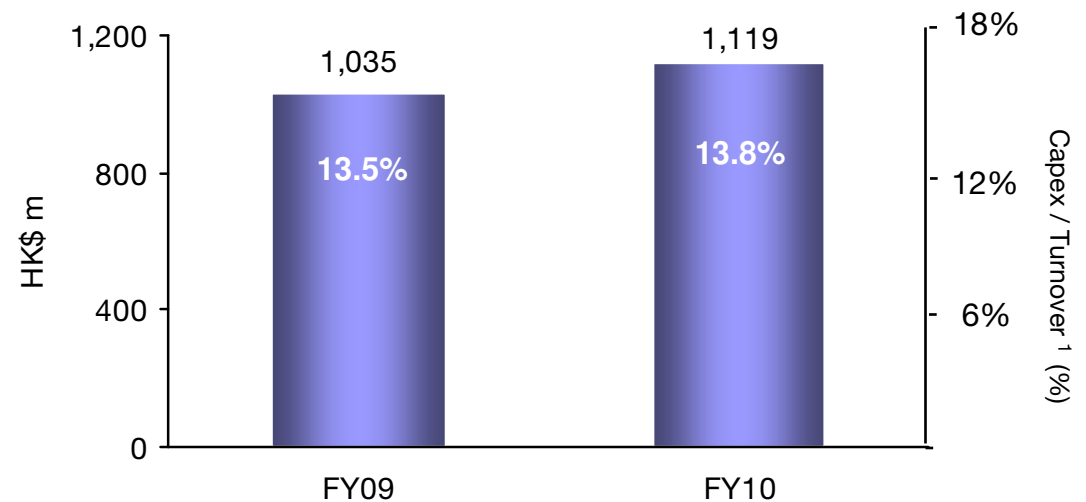


¹ Free cashflow being cashflow from operating activities less cashflow used in investing activities and percentage represents compound annual growth rate

Capex (Mobile and fixed-line)

- ◆ Consistent level of investment
- ◆ Mainly revenue driven

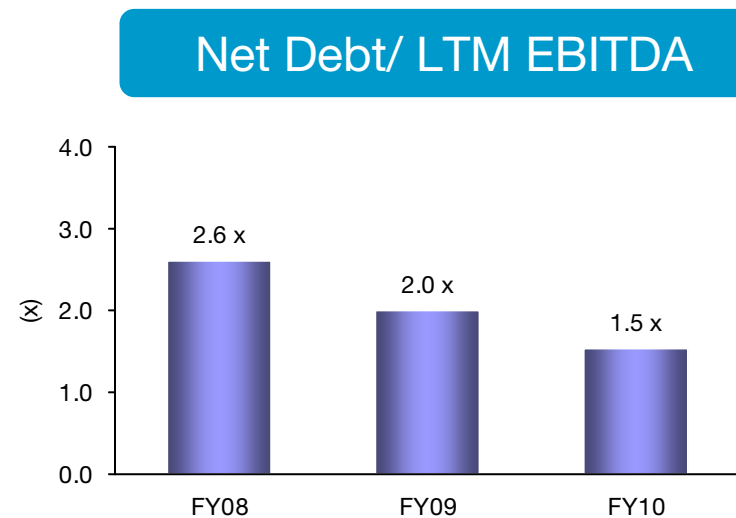
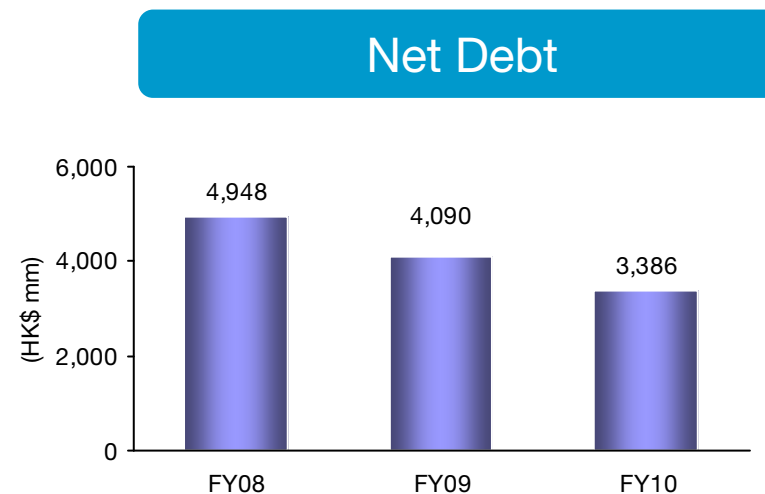
Capex and % of service revenue



¹ Excluding revenue from sale of telecommunications products

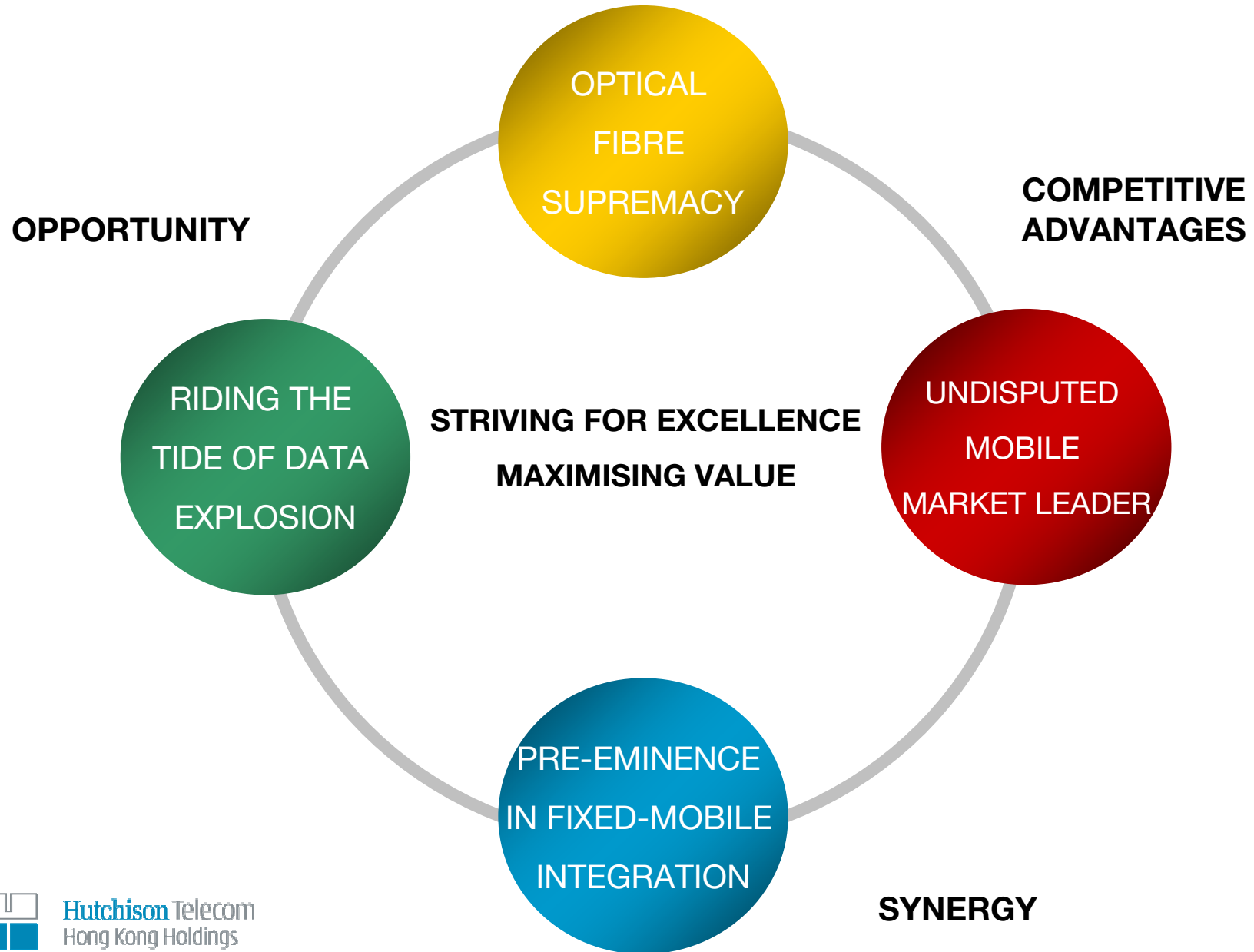
Managing financial position

- ◆ Leverage ratio = 1.5
- ◆ Gearing ratio = 35%
- ◆ Undrawn credit facility of HK\$1.4 billion



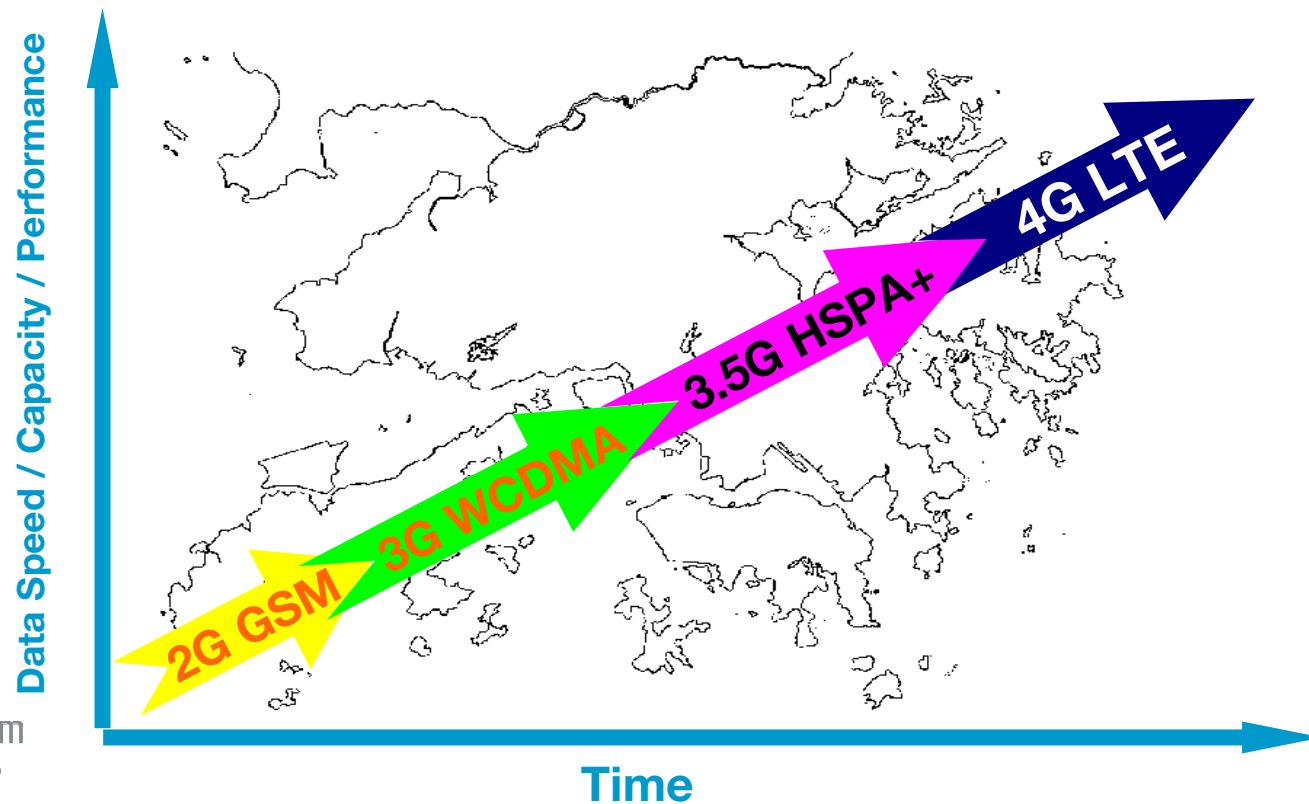
Outlook

Outlook



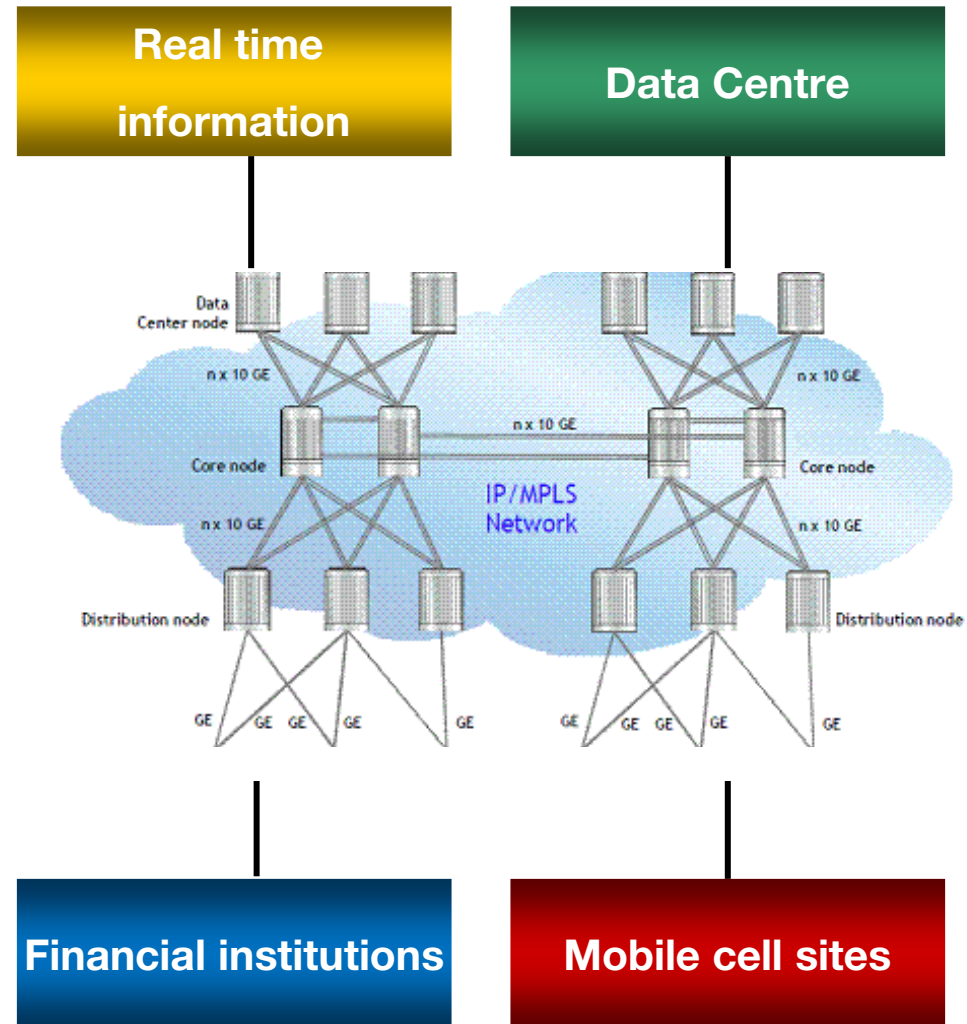
Mobile NGN

- ◆ Increase capacity
- ◆ Enhance performance
- ◆ Increase efficiency and reduce cost



Fixed-line NGN – Gigabit Access Network

- ◆ Capable of supporting unprecedented information flow
- ◆ Faster response time and resilient



Q & A

Thank You