



**Hutchison** Telecom  
Hong Kong Holdings

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

2011 Annual Results Presentation

20 March 2012



A Hutchison Whampoa Company

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# Business Performance

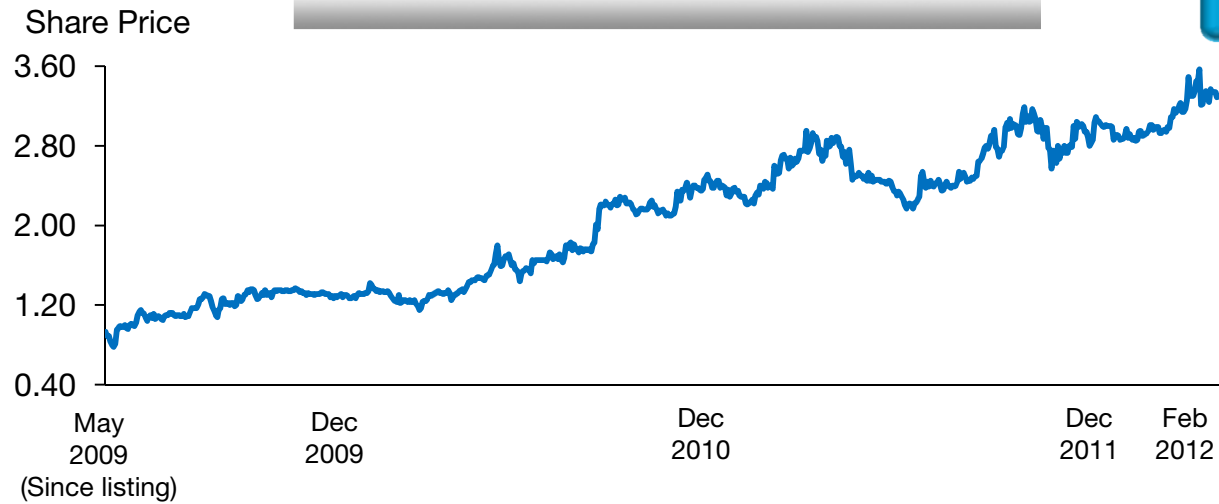
# Highlights

		YoY Growth
Consolidated turnover	◆ HK\$ 13,407m	 36%
Consolidated EBITDA	◆ HK\$ 2,611m	 19%
Consolidated EBIT	◆ HK\$ 1,432m	 29%
Net profit <sup>1</sup>	◆ HK\$ 1,020m	 35%
Dividend per share	◆ Final: 10.70 HK cents	 57%
	◆ 2011 total: 15.86 HK cents	 56%

# Strong stock performance

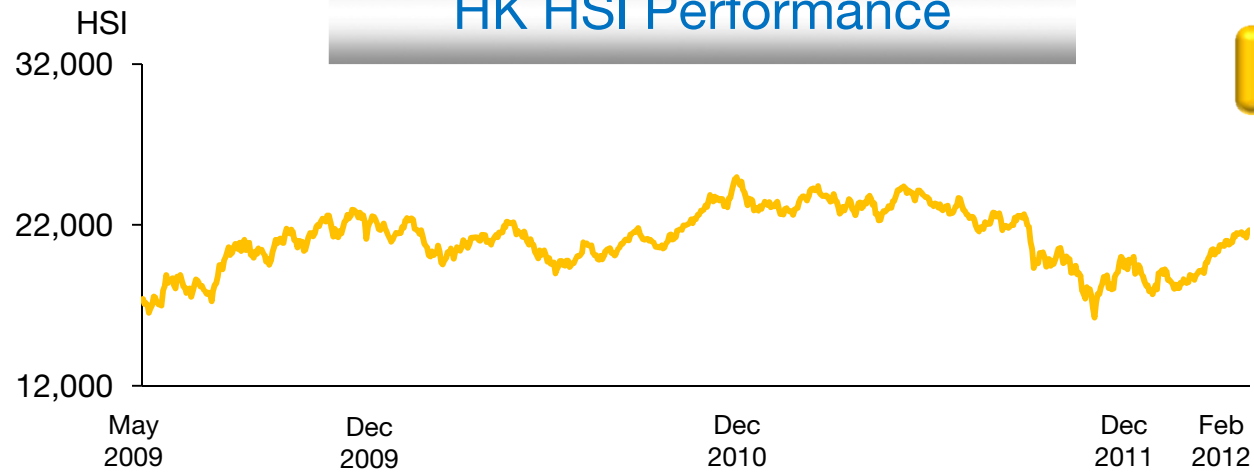
## 215.HK Performance

↑ 253%



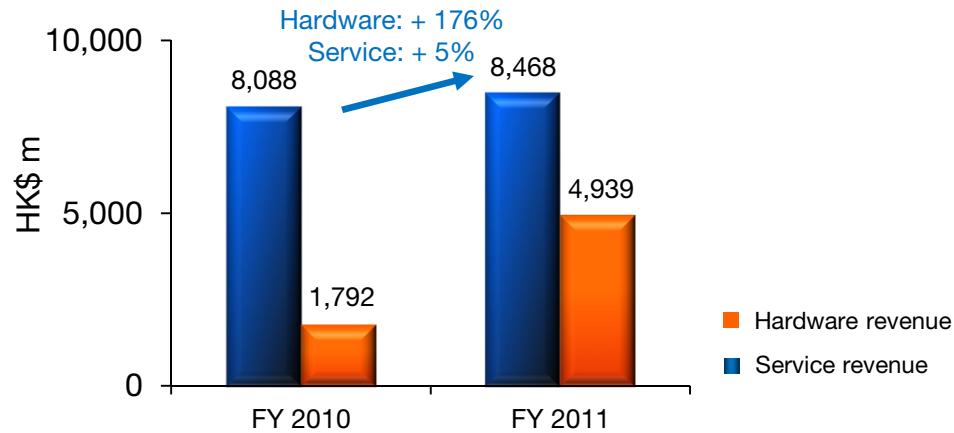
## HK HSI Performance

↑ 25%

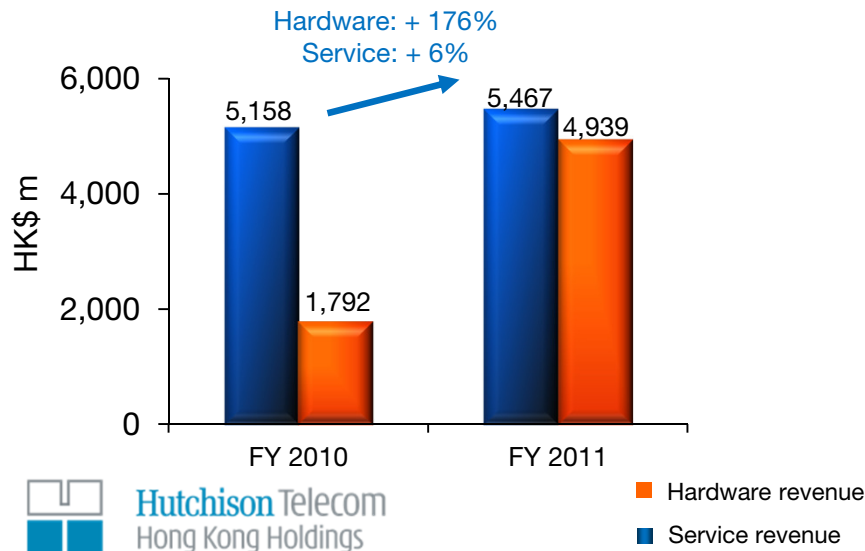


# Turnover

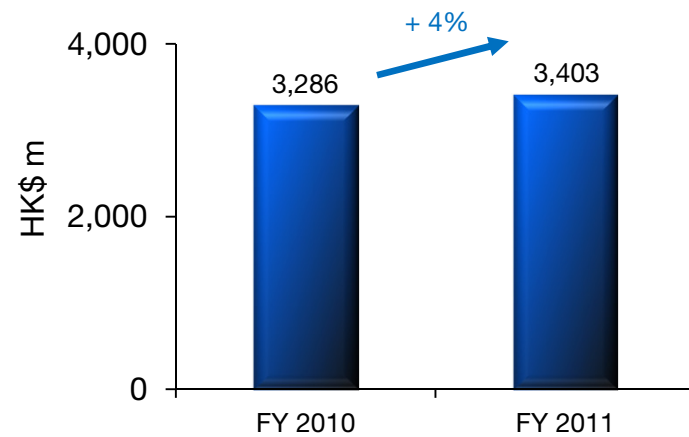
## Consolidated turnover



## Mobile business turnover



## Fixed-line business turnover



Hutchison Telecom  
Hong Kong Holdings

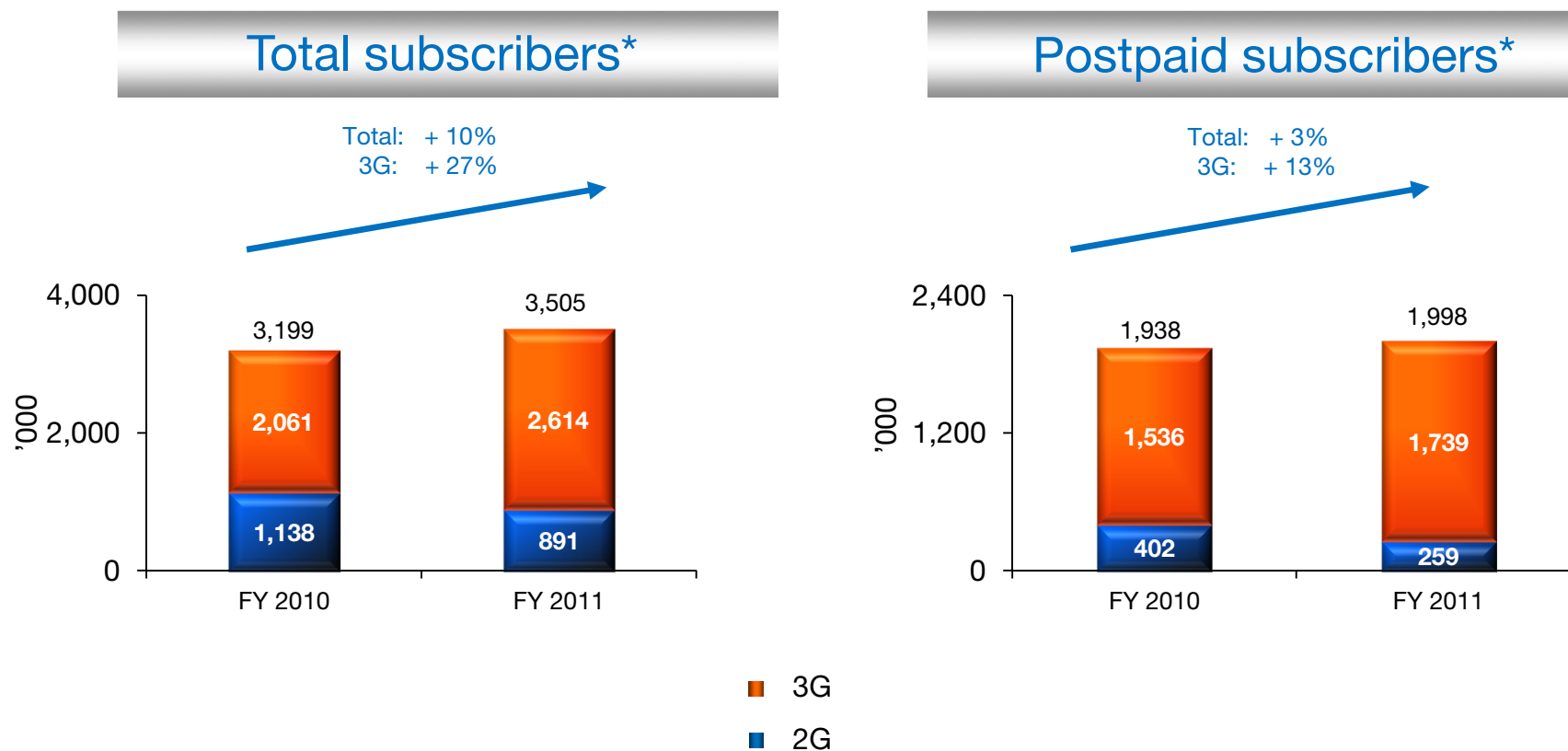
Hardware revenue  
Service revenue



# Mobile

# Quality customer base

- >87% postpaid customers under 3G



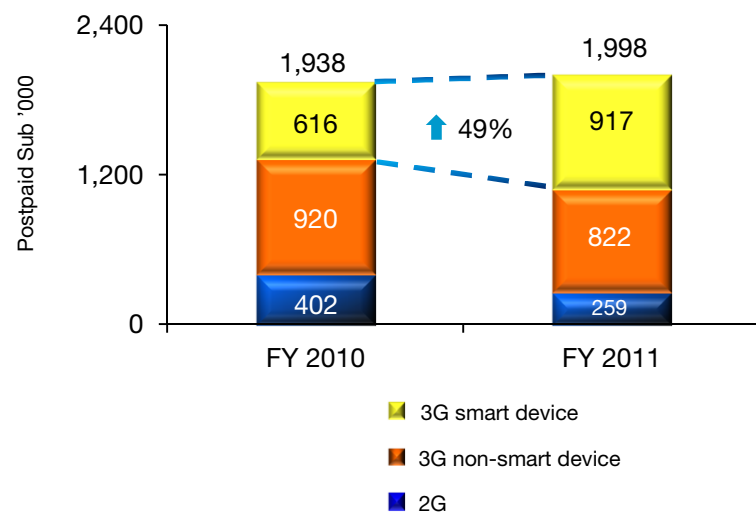
\* Include HK and Macau



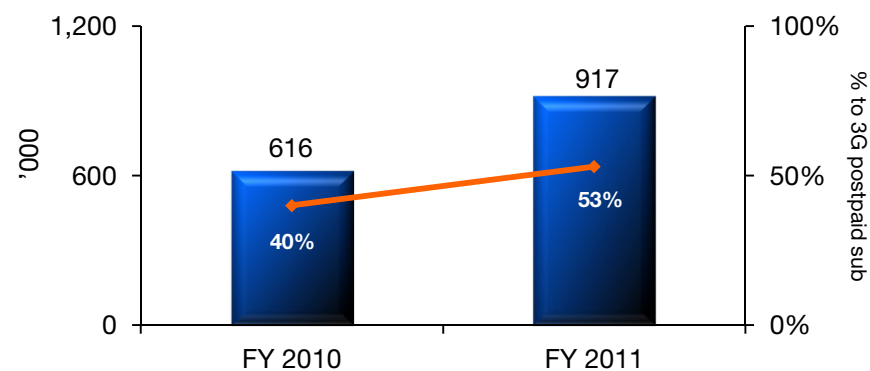
# Smart device trendsetter

- ◆ Smart device penetration ↑
- ◆ Internal upward migration focus

## Smart device penetration\*



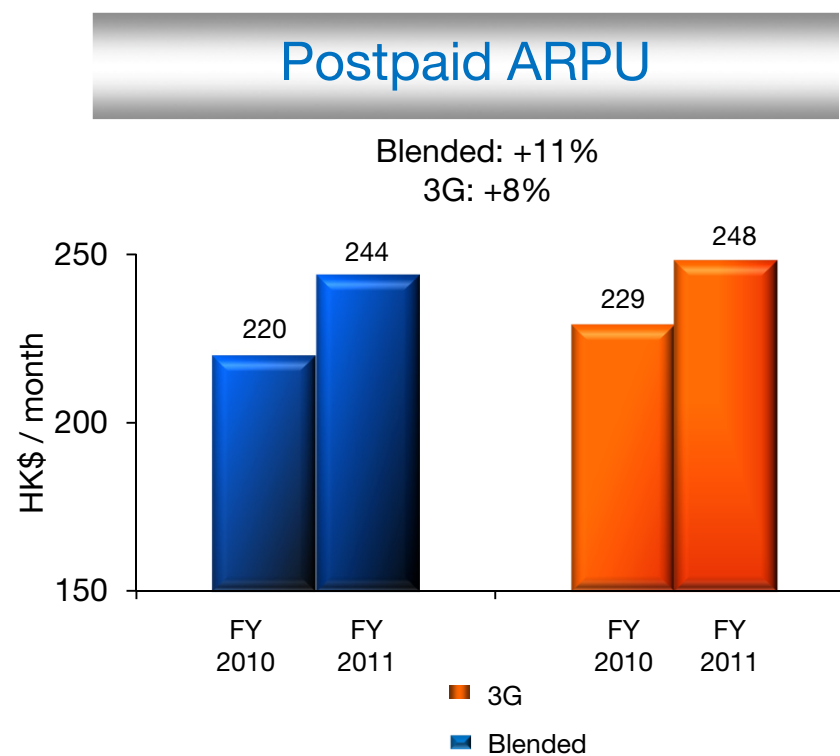
## Smart device ownership\*



Note: Smart devices refer mainly to devices using iPhone OS, Android and Blackberry based platforms as well as dongle.

# ARPU

- ◆ Monthly spending ↑
- ◆ VAS Popularity ↑

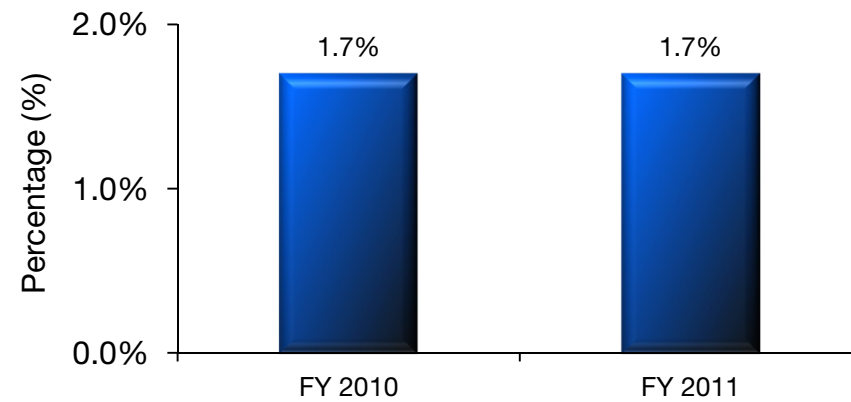


# Churn

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- ◆ Low and stable

## HK Postpaid Churn



# Committed network excellence

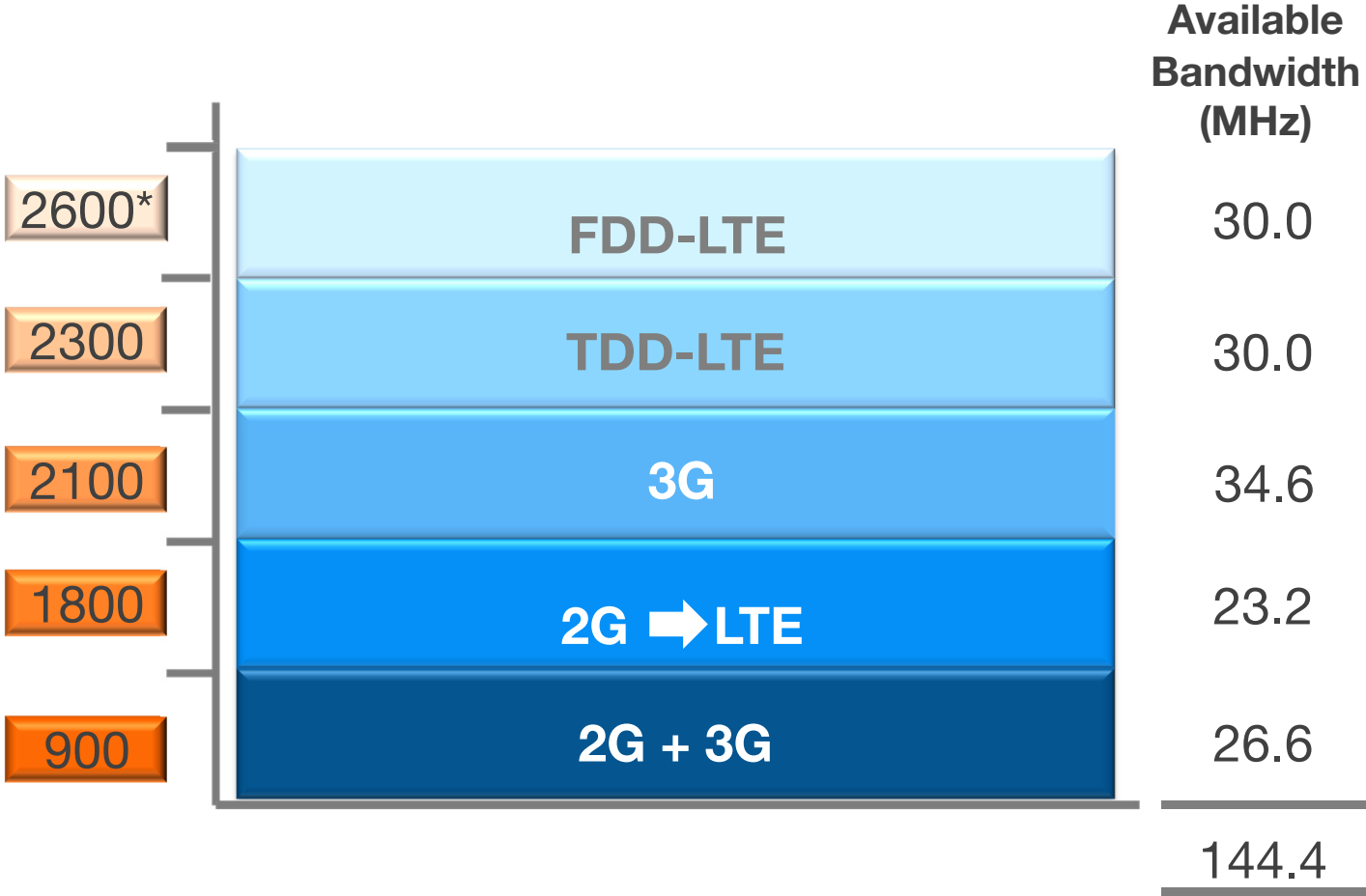
- ◆ Drive for network quality

	March 2011	February 2012
Frequency Band	900MHz	2.3GHz
Bandwidth	10MHz	30MHz
Tailor for	3G network	LTE network
Consideration	HK\$1,077m	HK\$150m

	FY 2010	FY 2011
Mobile CAPEX	HK\$507m	HK\$619m
Mobile CAPEX + Radio Spectrum		HK\$1,696m

# Network excellence for now and future

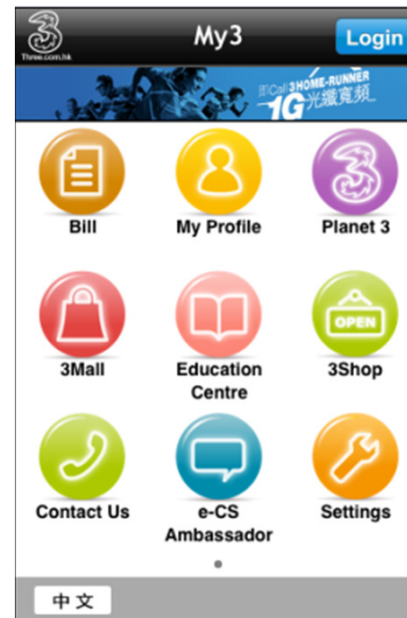
- ◆ Largest amount of available spectrum



\* Shared through a JV under Genius Brand Limited

# New tariff plans and FUP

- ◆ A step forward from unlimited offer
- ◆ 97%\* of mobile data users consume on average 5GB or less/ month
- ◆ Better network resources planning
- ◆ User-friendly monitoring applications





3Books.



AS Anti-Hacker



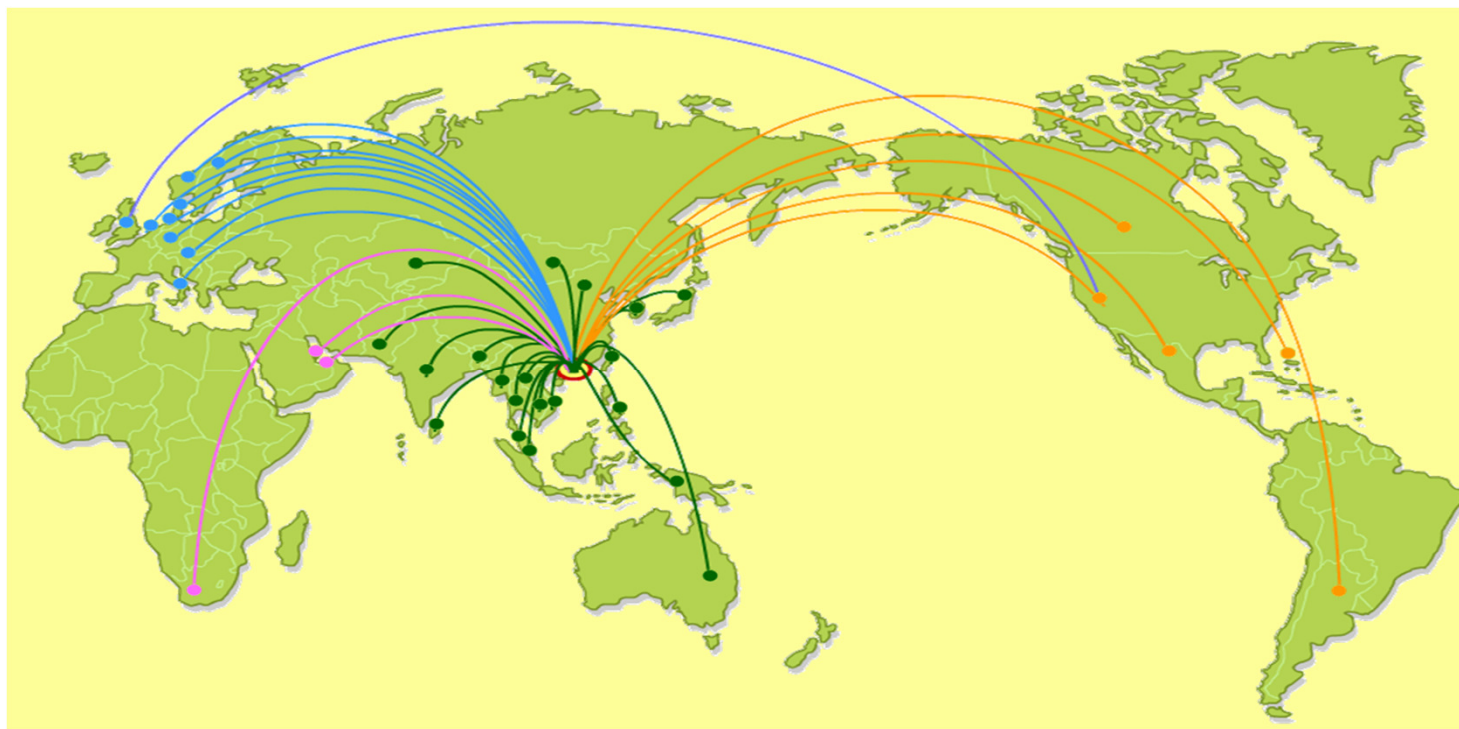
Fooz Kids



# Fixed-line

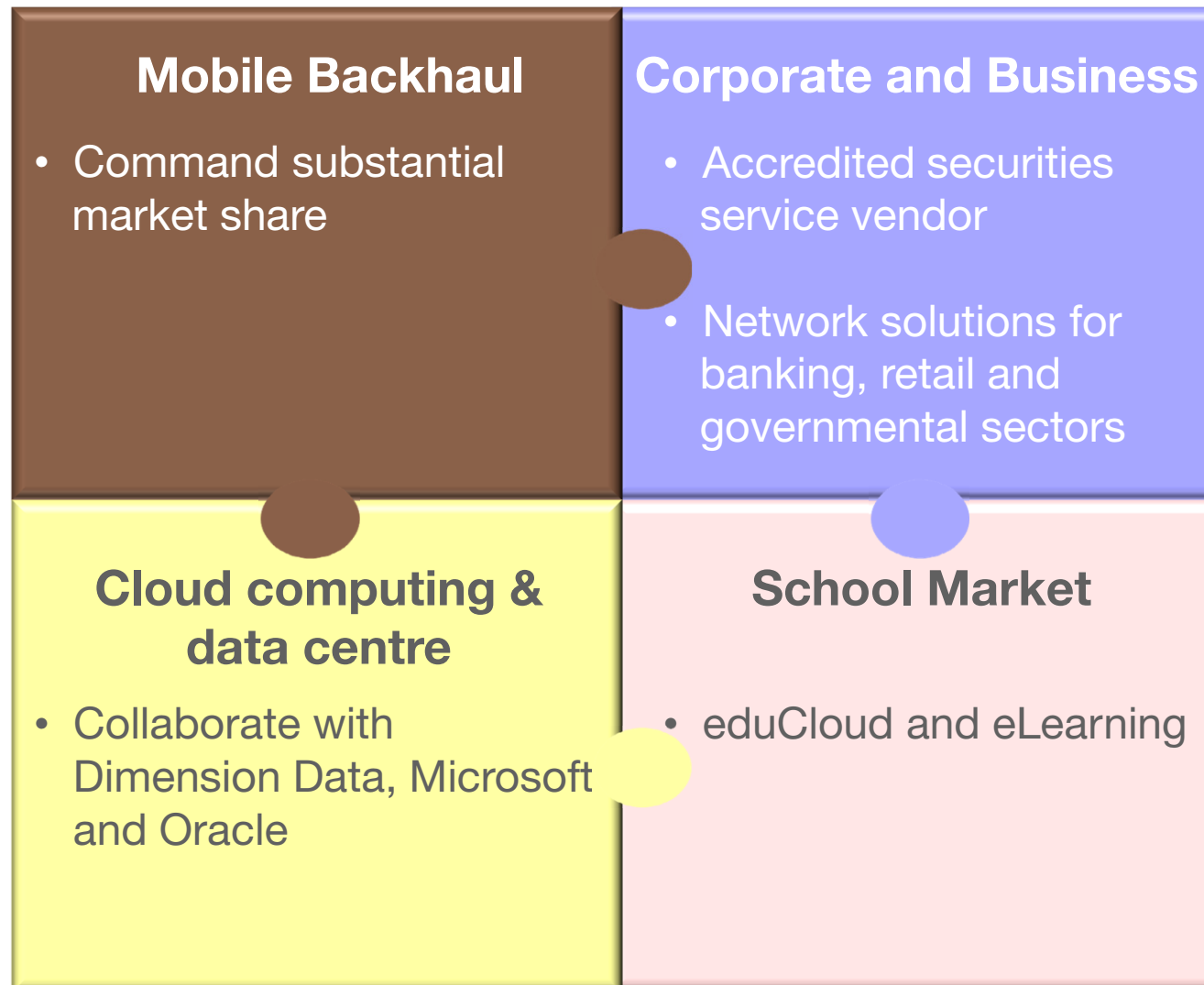
# Robust growth in international market

- ◆ Further expansion of international footprint with new destinations covering EMEA, the Americas and Greater Mekong Subregion
- ◆ Network outsourcing services





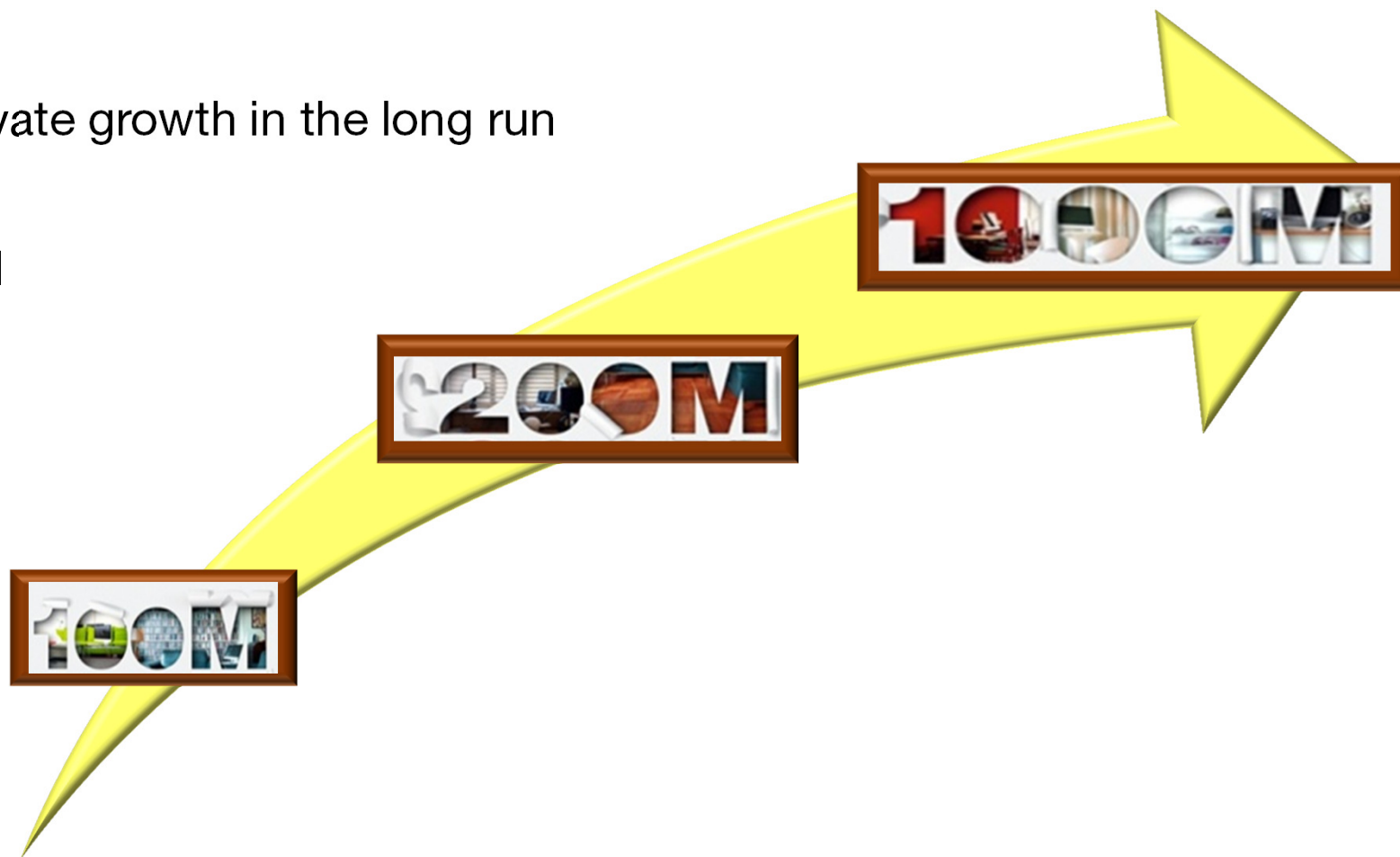
# Strong foothold in local carrier and business market



# Invest in consumer market

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- ◆ Keen competition
- ◆ Cultivate growth in the long run
- ◆ FTTH

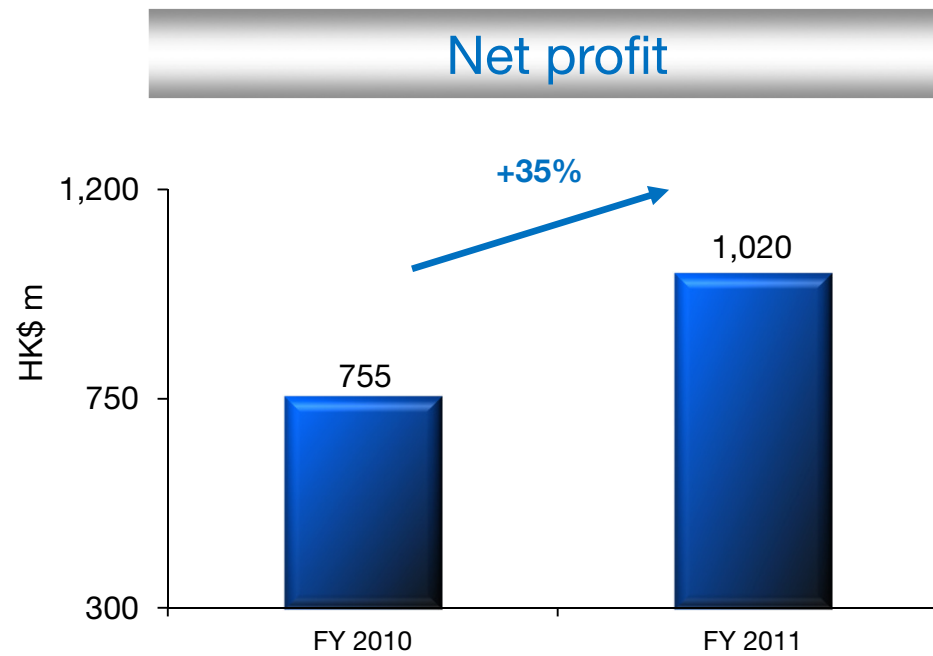


Profitability

# Profitability

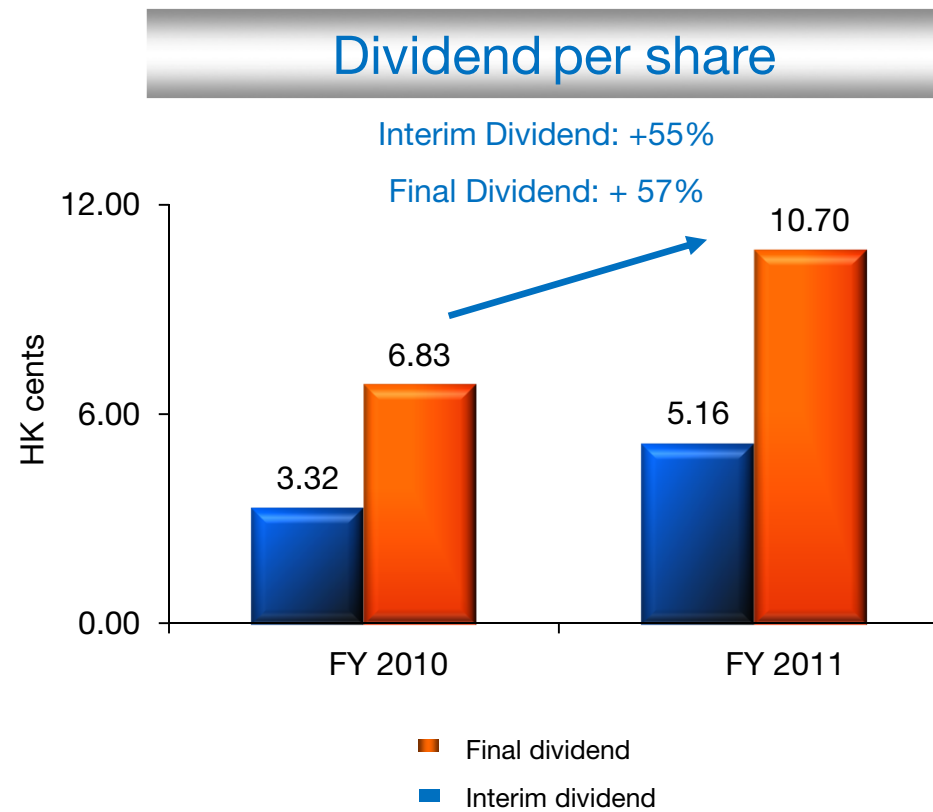
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- ◆ Earnings upsurge



# Dividend

- ◆ Strong dividend growth
- ◆ 75% payout



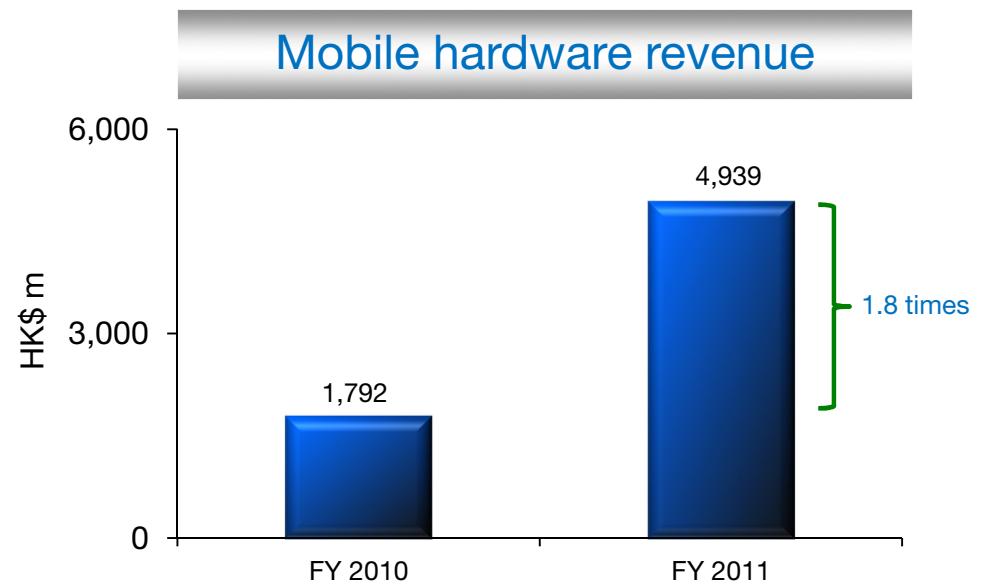
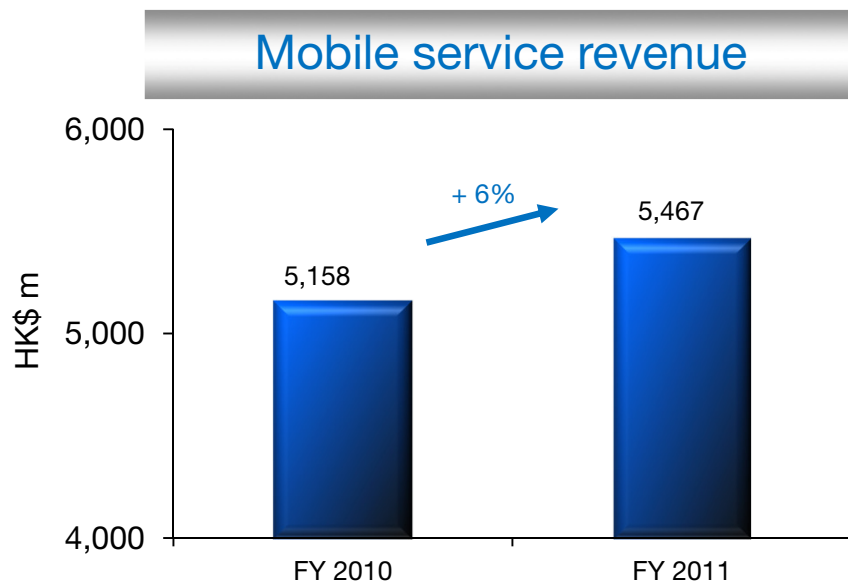
# Financial Overview

# Financial Highlights

	FY 2010 (HK\$m)	FY 2011 (HK\$m)
Turnover	9,880	13,407
Cost of inventories sold	(1,776)	(4,663)
Staff costs	(646)	(646)
Depreciation and amortisation	(1,087)	(1,179)
Other operating expenses	<u>(5,264)</u>	<u>(5,487)</u>
Operating profit	1,107	1,432
Interest income	5	6
Interest and other finance costs	(128)	(124)
Share of results of jointly controlled entities	<u>(21)</u>	<u>(4)</u>
Profit before taxation	963	1,310
Taxation	<u>(63)</u>	<u>(49)</u>
Profit for the year	<u>900</u>	<u>1,261</u>
Attributable to:		
Shareholders of the Company	755	1,020
Non-controlling interests	<u>145</u>	<u>241</u>
	<u>900</u>	<u>1,261</u>

# Turnover – mobile business

- ◆ Service revenue sustainable growth
- ◆ Hardware revenue benefited from popularity of smart devices

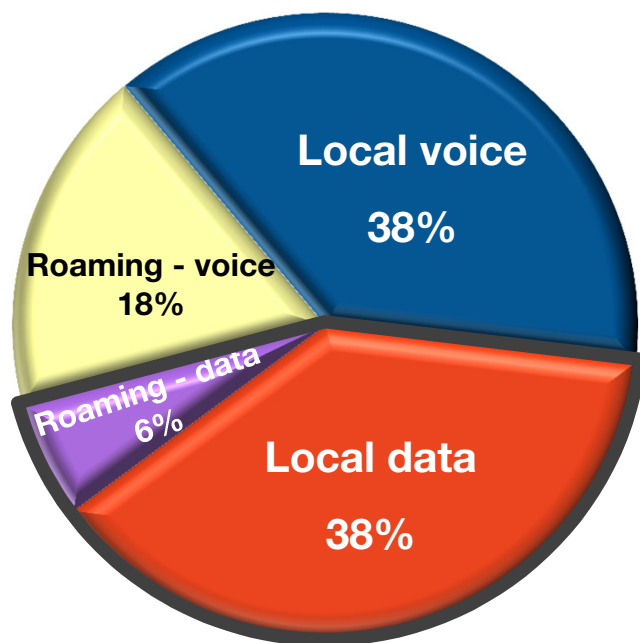




# Turnover – mobile service revenue

- ◆ 53% data revenue

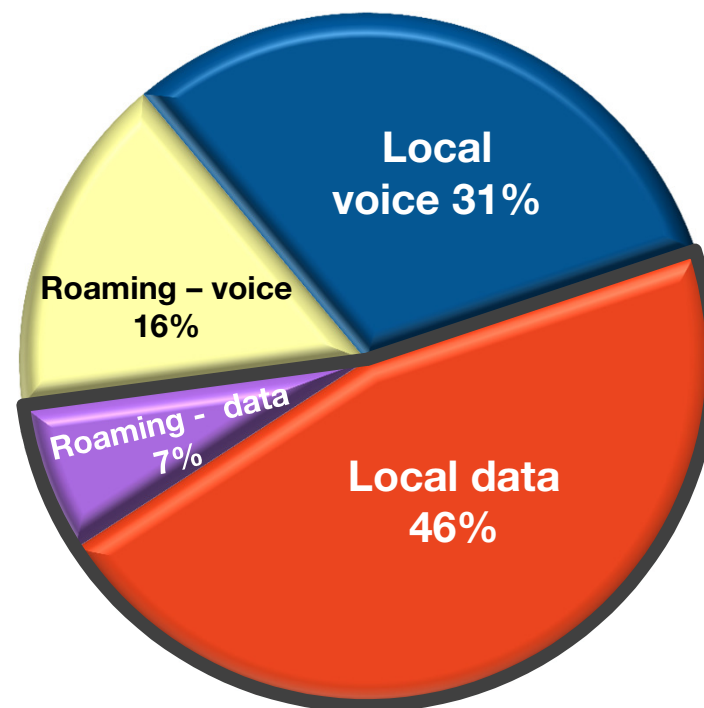
Total service revenue:  
HK\$5,158m



Total Data: 44%

FY 2010

Total service revenue:  
HK\$5,467m

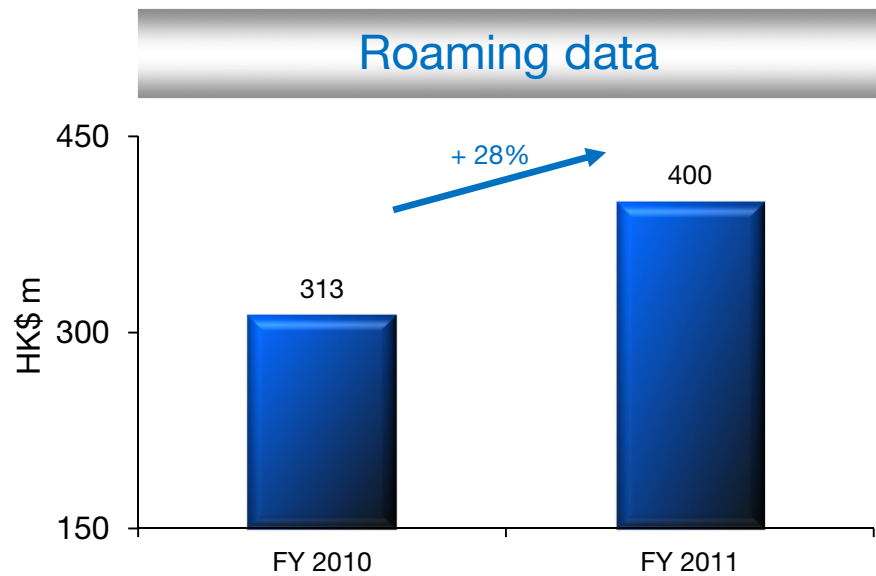
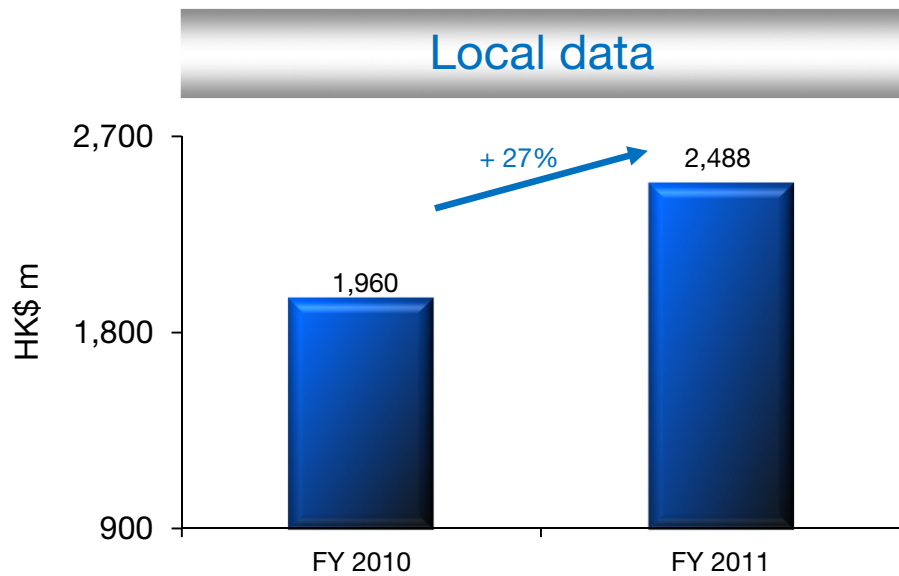


Total Data: 53%

FY 2011

# Mobile data revenue

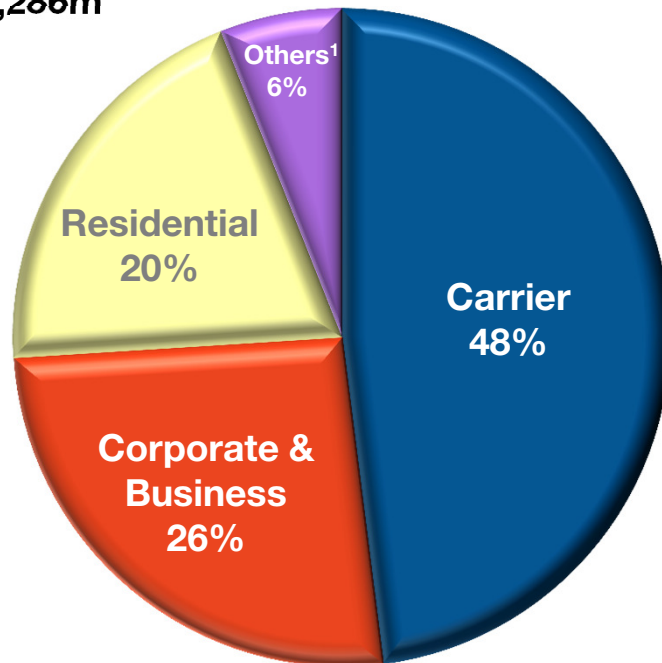
- ◆ Robust data growth



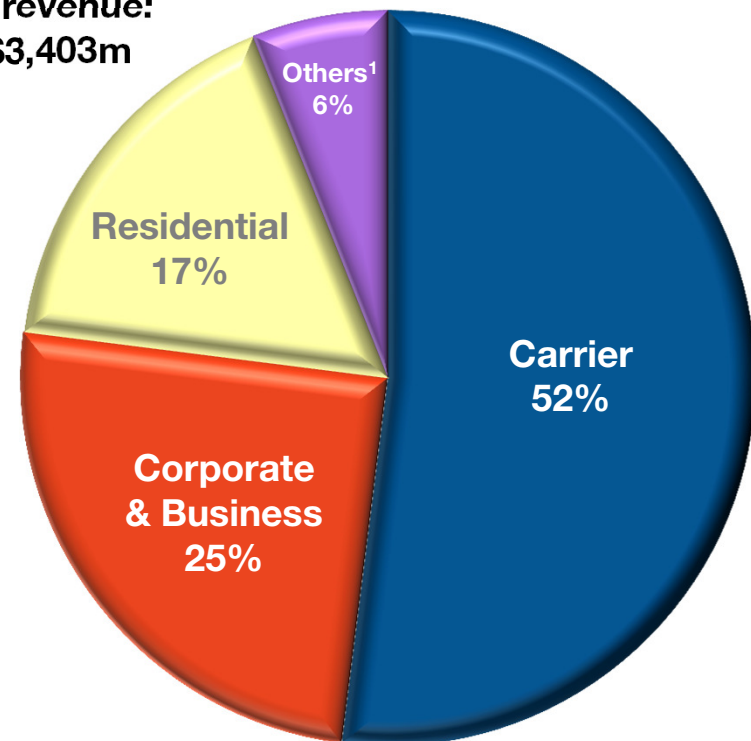
# Turnover - Fixed-line business

- ◆ Steady growth and cushion against volatility

Total revenue:  
HK\$3,286m



Total revenue:  
HK\$3,403m

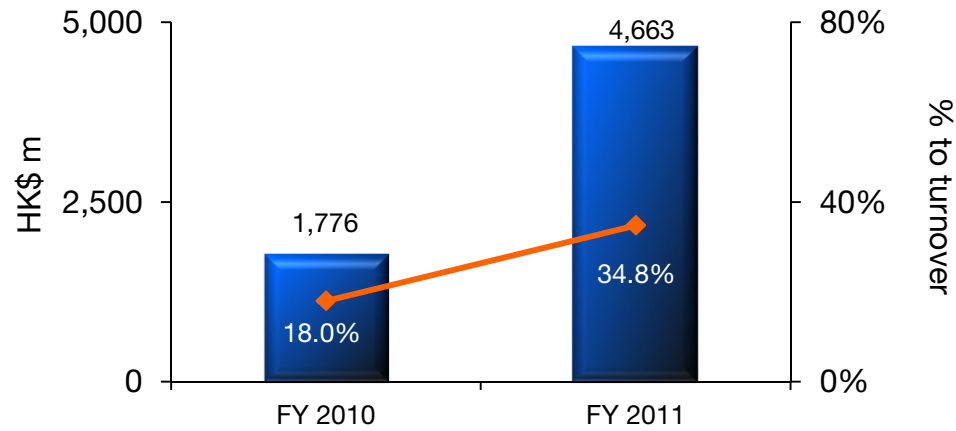


FY 2010

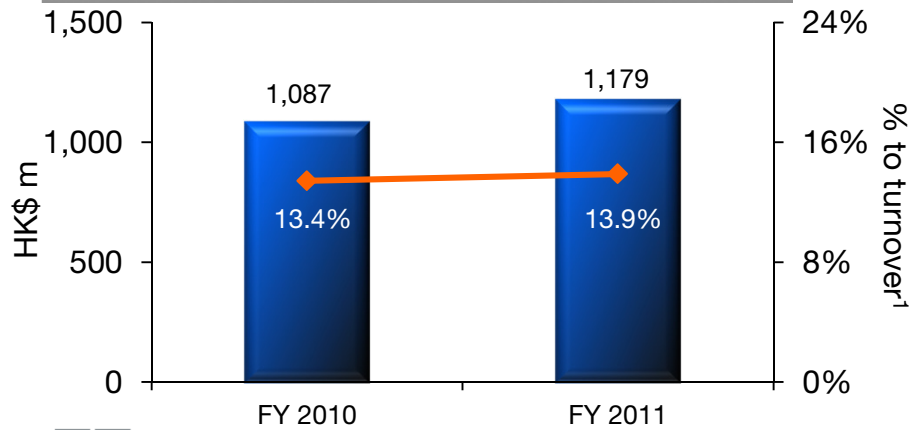
FY 2011

# Key cost items

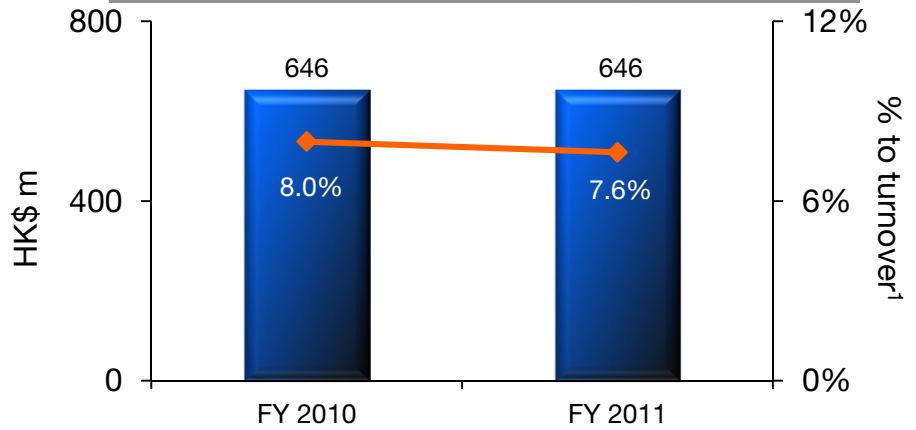
## Cost of inventories sold



## Depreciation and amortisation



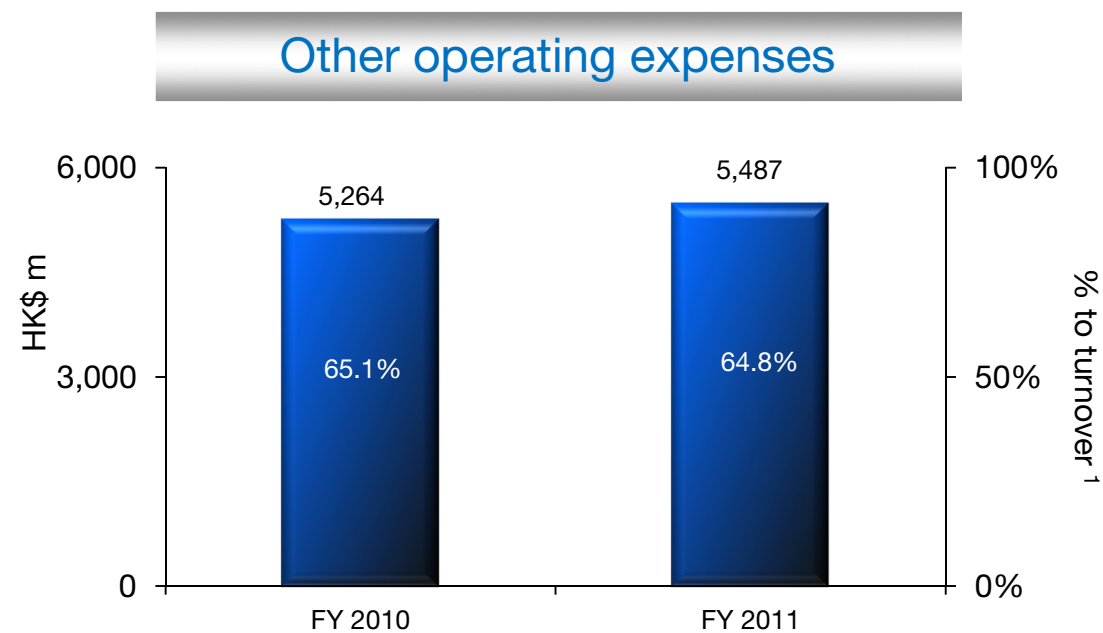
## Staff costs



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

# Other operating expenses

- ◆ Cautious cost management
- ◆ Operating leverage ↑



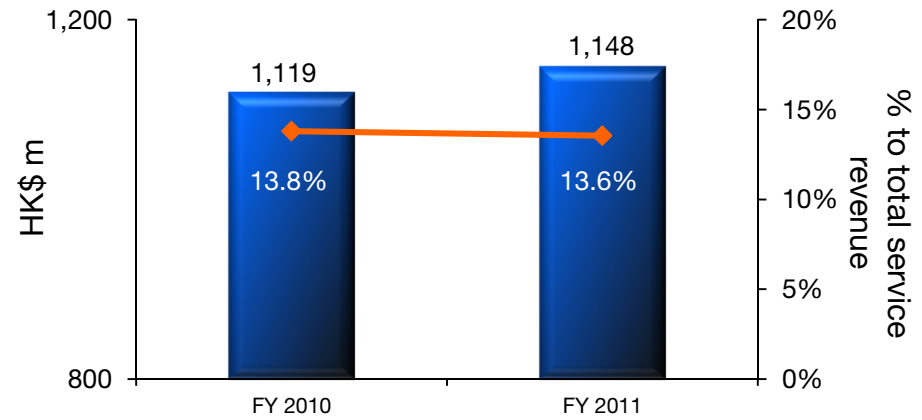
<sup>1</sup> Excluding revenue from sale of telecommunications hardware

# Capex investment

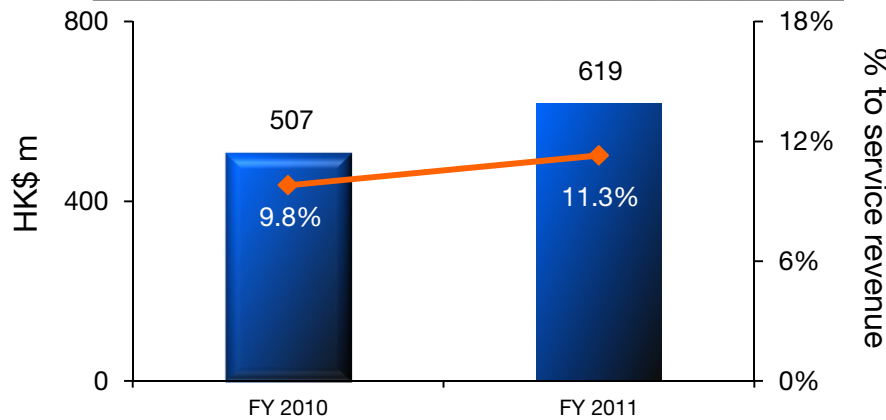
- ◆ Cautious and selective

- 2G reform
- LTE
- GAN

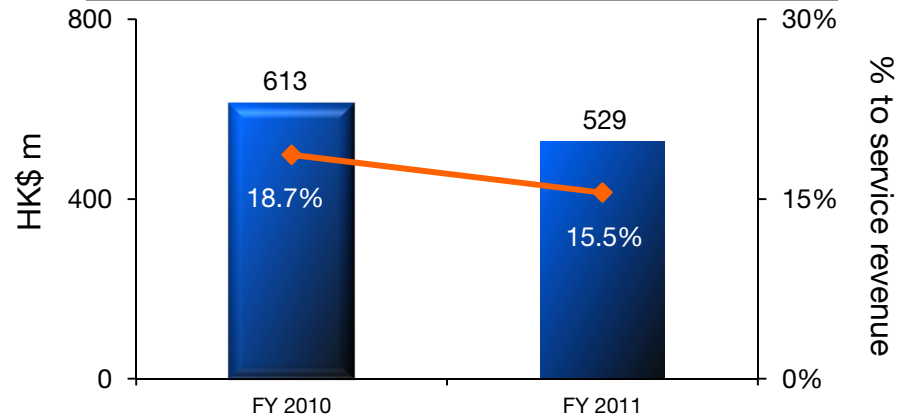
Capex and % of service revenue



Capex and % of service revenue (Mobile)

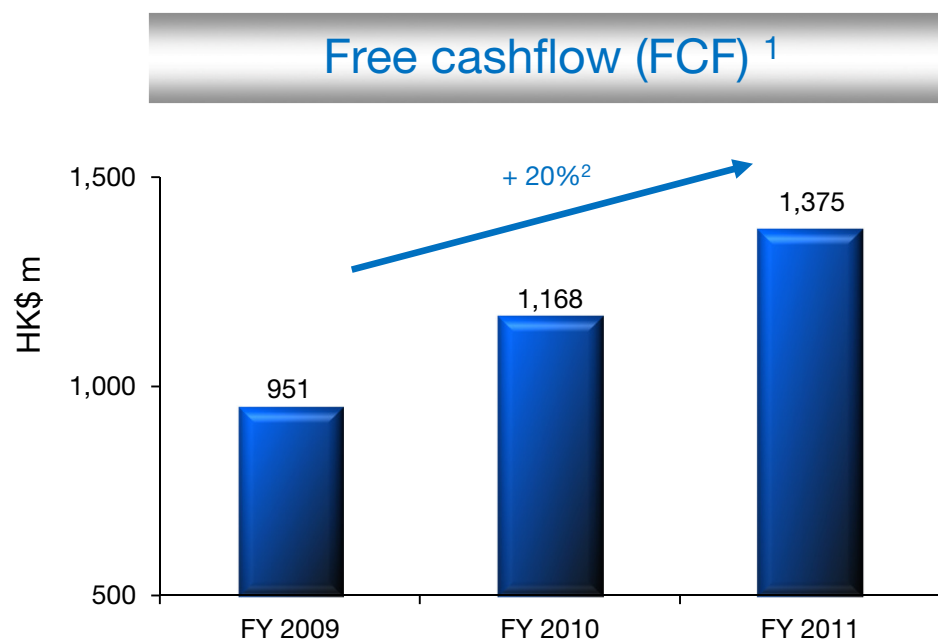


Capex and % of service revenue (Fixed-line)



# Liquidity

- ◆ Strong FCF before spectrum acquisition

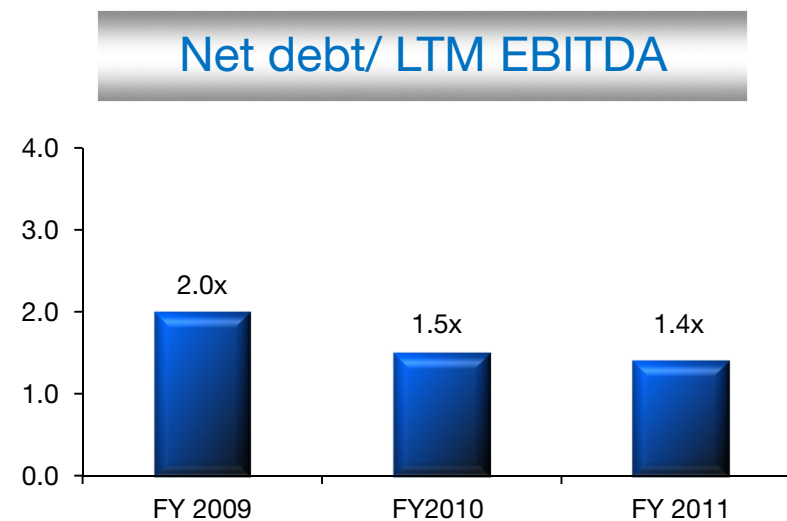
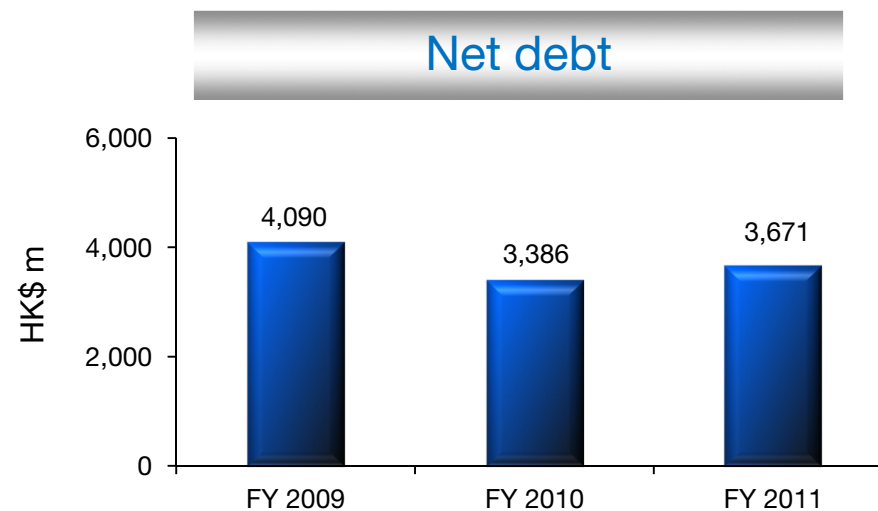


<sup>1</sup> Free cashflow being cashflow from operating activities less cashflow used in investing activities before payment of spectrum utilisation fee

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

# Strong financial position

- ◆ Leverage ratio = 1.4
- ◆ Gearing ratio = 35%
- ◆ Undrawn credit facility of HK\$1.1b





# Outlook

# Sustained Growth Value Creation

# Mobile

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## Target

Smartphone  
subscription leader

Customer Oriented

Network Excellence

## Strategic measures

- Enriched portfolio of devices and services
- Internal upward migration

- Customer services focus
- Extensive distribution channel
- A variety of content and application offerings

- LTE rollout
- Re-farm of 2G spectrum

# Fixed-line

## Segment

## Target

## Strategic measures

Carrier and International Market

- Footprint expansion
- Leadership in local mobile backhaul

- Co-operate with leading local country-based operators
- GAN for mobile backhaul

Corporate and Business Market

- Go for leading position in selective sectors

- GAN for corporate customers
- Partnership with strategic vendors on cloud computing

Residential Market

- Go for extensive FTTH

- Increase high-speed coverage

Q & A

Thank You