



Hutchison Telecom
Hong Kong Holdings

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

2013 Annual Results Presentation

24 February 2014



A Hutchison Whampoa Company

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Business Performance

Highlights

	FY 2013	FY 2012 ⁽¹⁾ (Restated)	
	HK\$ millions	HK\$ millions	
Consolidated Turnover	12,777	15,536	-18%
Consolidated EBITDA	2,674	3,008	-11%
Consolidated EBIT	1,339	1,726	-22%
Net Profit⁽²⁾	916	1,215	-25%
Earnings per share	19.01 HK cents	25.22 HK cents	-25%
Total Dividend per share	14.25 HK cents	19.08 HK cents	-25%

Prospects

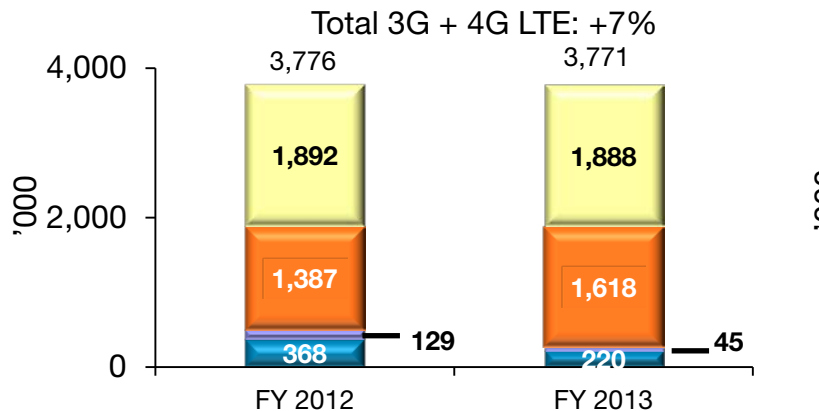
- ◆ Balanced integrated telecommunications operator, with diversified mobile business in HK and Macau, as well as fixed-line business in Hong Kong
- ◆ EBITDA of mobile/fixed-line business contributed 56%/44% of the overall EBITDA* in 2013, providing steady cash inflow for operations
- ◆ Expect mobile results improvement in 2014 albeit an increase in deferred tax expenses
- ◆ Other than the 2100MHz spectrum which is due to expire in 2016, the earliest year of expiry for other spectrums is 2020
- ◆ Stringent control on operating and capital expenditure, with total operating cost increased by 3% in 2013 and capital expenditure to service revenue of 15%. Peak funding on network infrastructure has passed
- ◆ Clear dividend policy

Mobile



Quality customer base

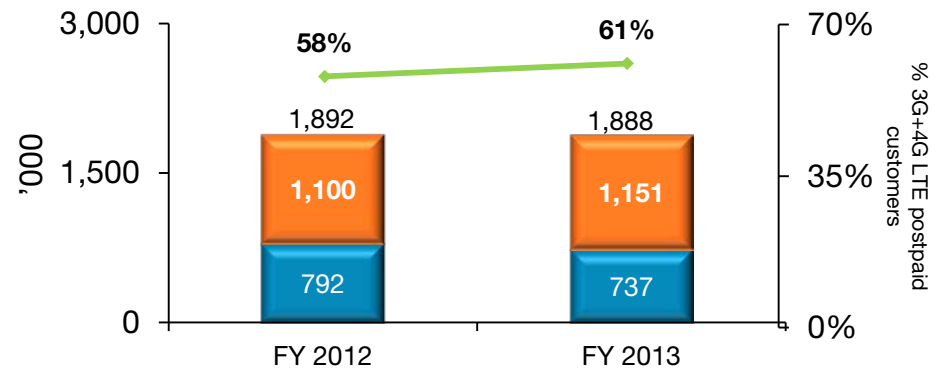
Total customers*



- 2G postpaid
- 2G prepaid
- 3G + 4G LTE postpaid
- 3G + 4G LTE prepaid

HK customers: 3.3 million
Macau customers: 0.5 million

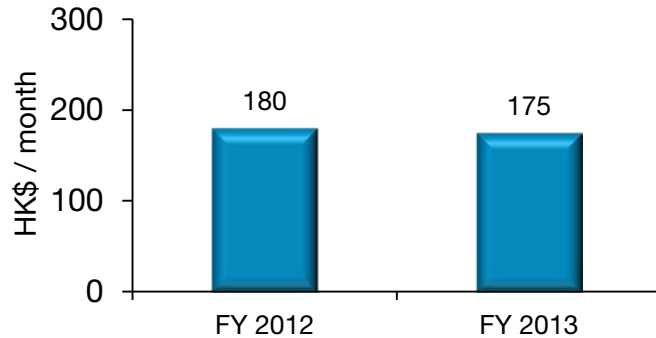
3G+4G LTE Postpaid customers*



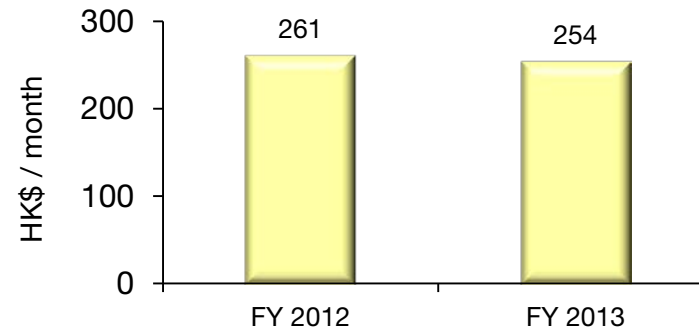
- 3G + 4G LTE smart device
- 3G + 4G LTE non-smart device
- ◆ Smart device penetration rate

Mobile KPIs

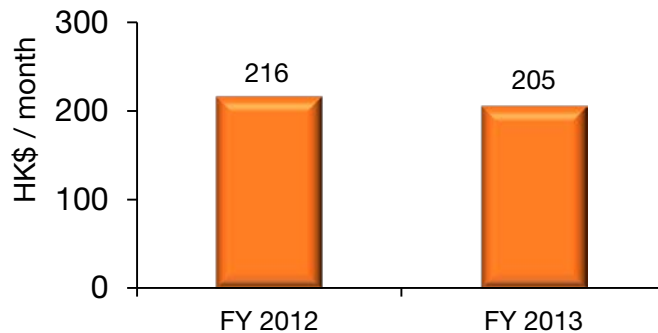
Blended Postpaid Net AMPU⁽¹⁾



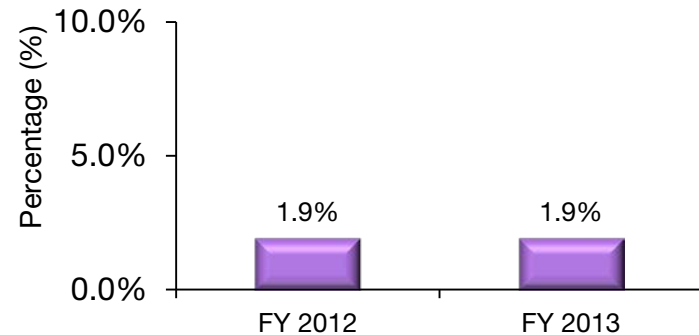
Blended Postpaid Gross ARPU⁽²⁾



Blended Postpaid Net ARPU⁽³⁾



Postpaid Churn



Note 1: AMPU represents average margin per user. Net AMPU equals net ARPU less direct variable costs (including interconnection charges and roaming costs).

Note 2: 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 3: 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.

OTT Focus

- ◆ More focus to offer tailored customer experience



Menu Translator



3 Citi Wallet



LINE Data Pack



3HK Wi-Fi
(with auto-login function)

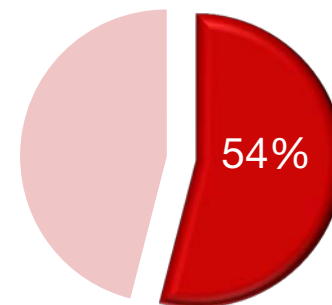
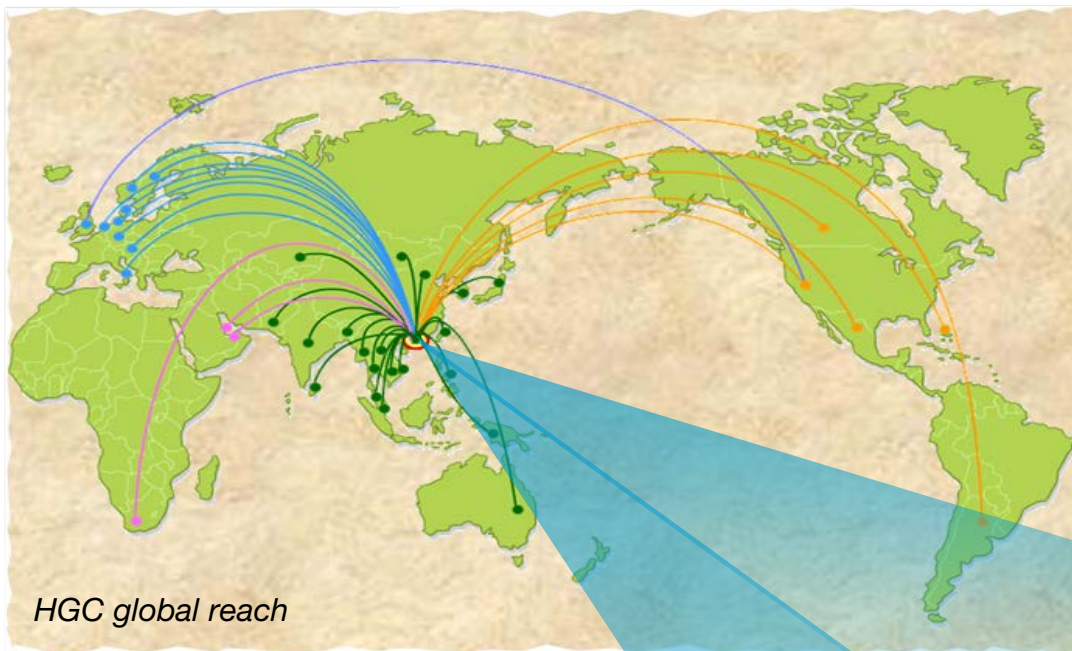


i-Pair

Fixed-line



International & Local Carrier market



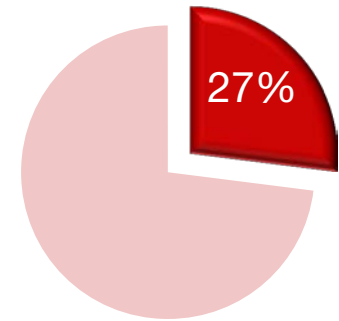
Contribution to 2013 fixed-line revenue

- ◆ International service
 - Horizontal & vertical expansion
 - Collaboration with new players
 - Devising new products and services
- ◆ Local backhaul service



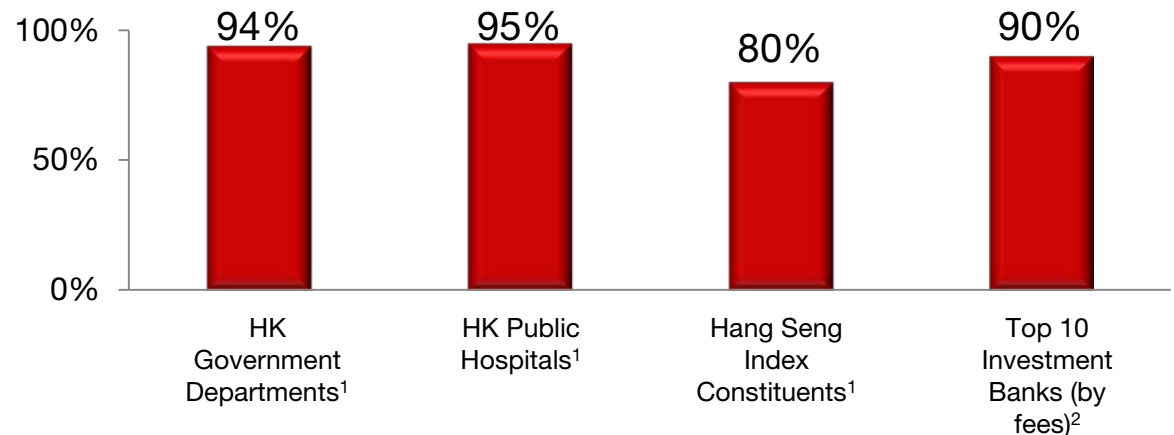
Corporate and business market

- ◆ A variety of services suiting differing needs
- ◆ Solid market position



Contribution to 2013 fixed-line revenue

Market penetration in various sectors

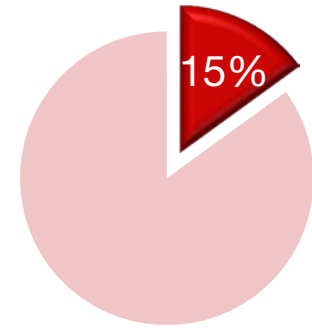


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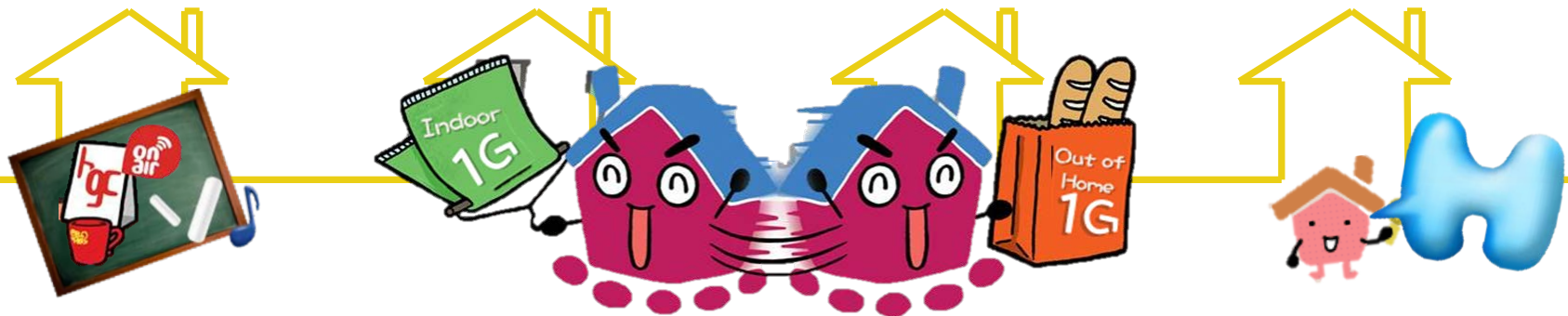
1. Derived from number of serviced entities in that specific category
2. Thomson Reuters 2013 Review

Residential market

- ◆ 3HOME BROADBAND Wi-Fi Entertainment Solution
- ◆ hgc on air
- ◆ Multimedia focus

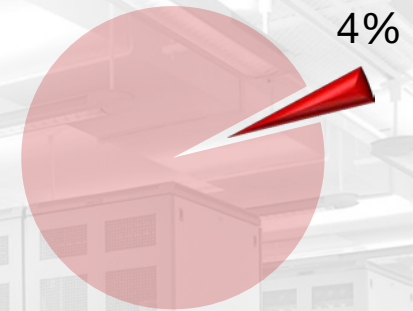


Contribution to 2013 fixed-line revenue



Data centre business and others

- ◆ Carrier-grade data centre accredited with ISO27001 security certification
- ◆ One-stop cloud and fibre-optic connectivity service
- ◆ Geographical diversity in HK
- ◆ 50/50 JV with Cheung Kong Holdings



Contribution to 2013 fixed-line revenue



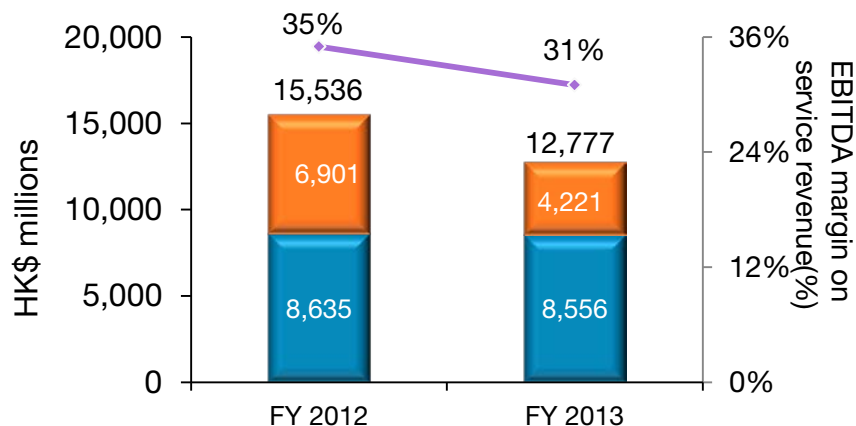
Financial Overview

Financial Highlights - Consolidated

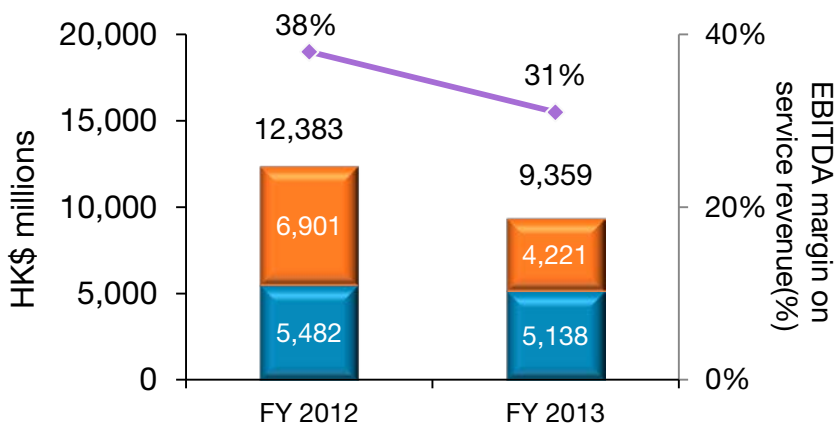
	(Restated) FY 2012 HK\$m	FY 2013 HK\$m	
Turnover	15,536	12,777	-18%
EBITDA	3,008	2,674	-11%
<i>Consolidated EBITDA margin (%) (EBITDA / service revenue)</i>	35%	31%	
Depreciation	<u>(1,282)</u>	<u>(1,335)</u>	
EBIT	1,726	1,339	-22%
Net interest expense	(154)	(160)	
Share of results of joint ventures	<u>(3)</u>	<u>(12)</u>	
Profit before taxation	1,569	1,167	
Taxation	<u>(54)</u>	<u>(77)</u>	
Profit for the year	1,515	1,090	
Less: Non-controlling interests	<u>(300)</u>	<u>(174)</u>	
Profit attributable to shareholders	<u>1,215</u>	<u>916</u>	-25%
Earnings per share (HK cents)	<u>25.22</u>	<u>19.01</u>	

Turnover

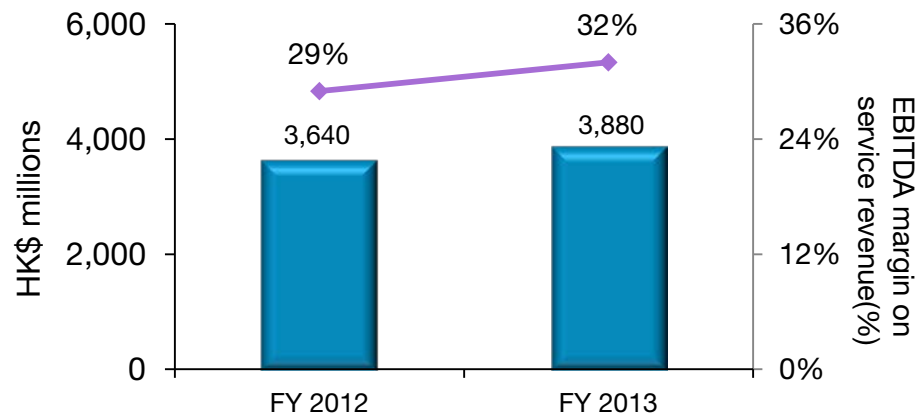
Consolidated turnover



Mobile business turnover



Fixed-line business turnover



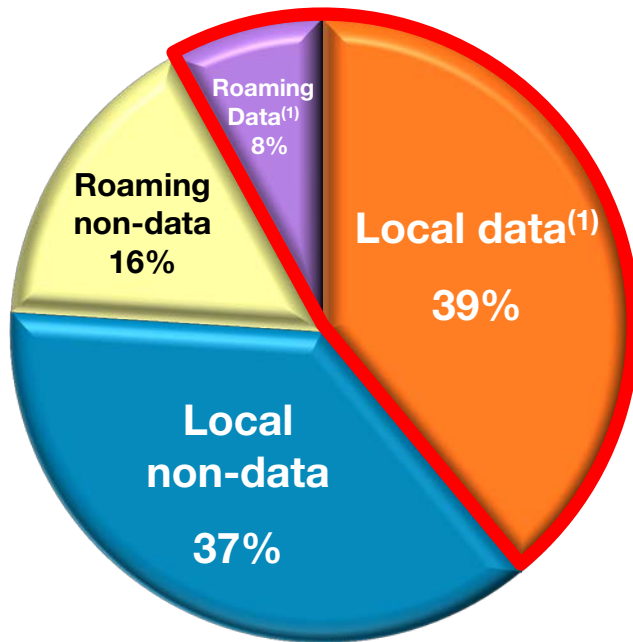
Turnover – mobile service revenue

FY 2012

Service revenue:

HK\$5,482m

Net customer service margin⁽²⁾: 85%



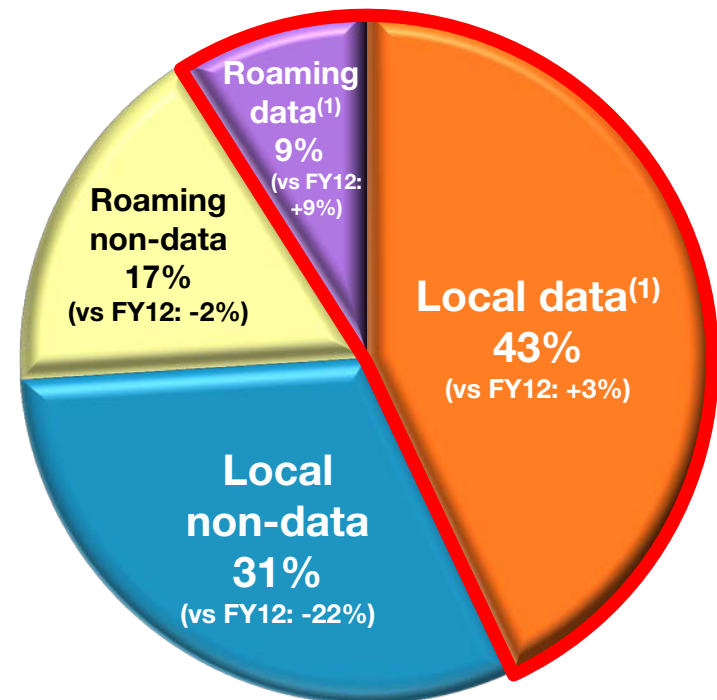
Total Data Service Revenue: 47%

FY 2013

Service revenue:

HK\$5,138m

Net customer service margin⁽²⁾: 87%



Total Data Service Revenue: 52%

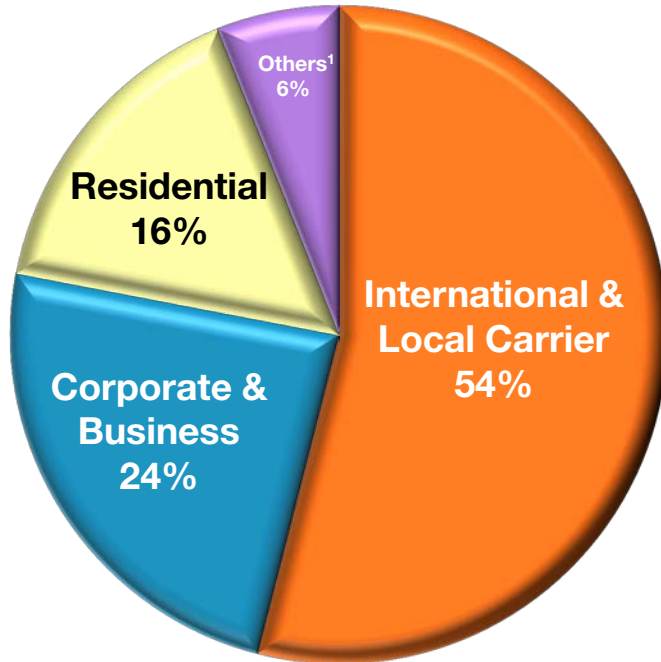
Note 1: Data service revenue is defined as customer payment for internet and data access services, excluding messaging, content and related services.

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

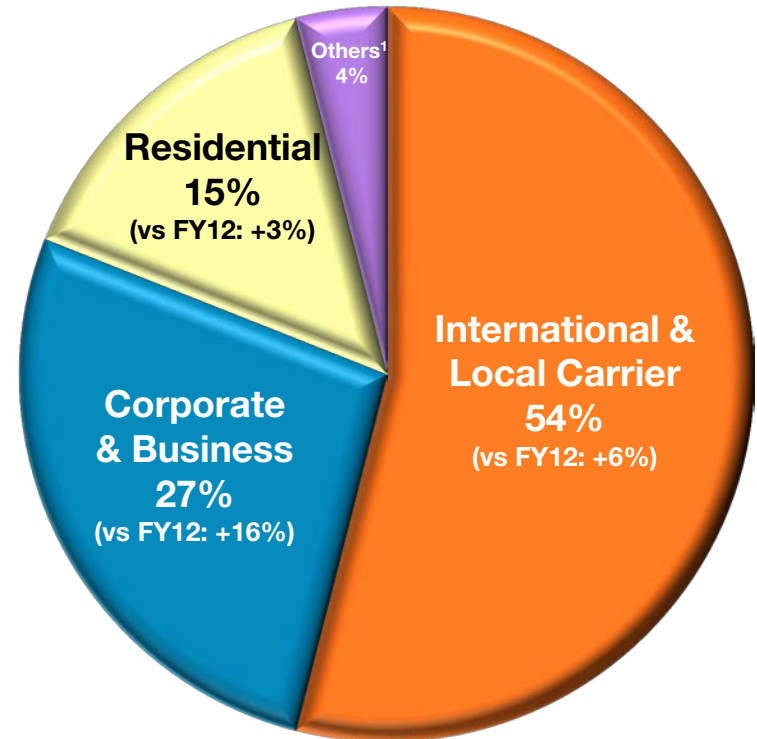
FY 2012

Total revenue:
HK\$3,640m



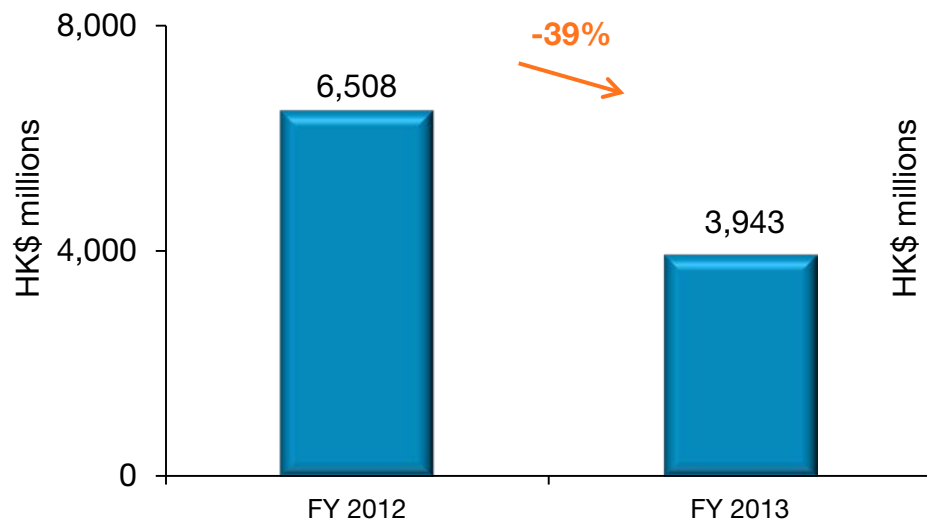
FY 2013

Total revenue:
HK\$3,880m

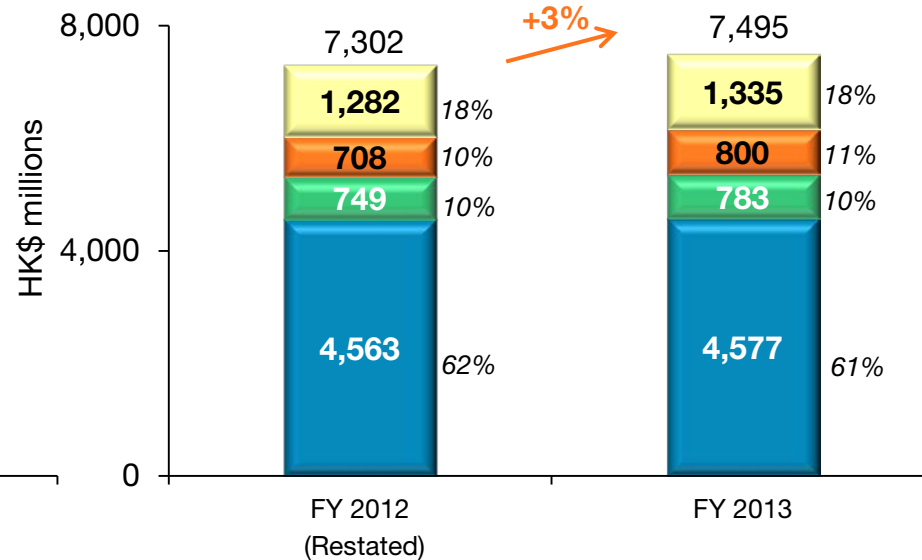


Key cost items

Cost of inventories sold



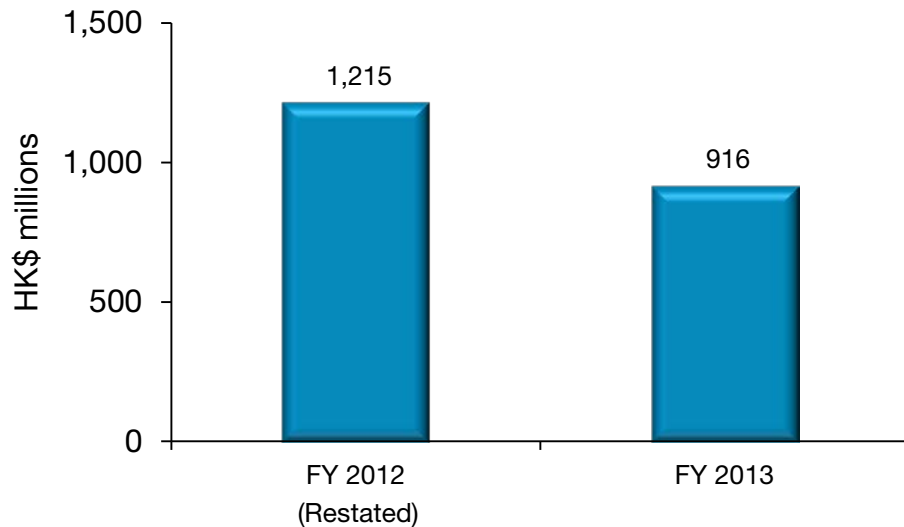
Key cost items



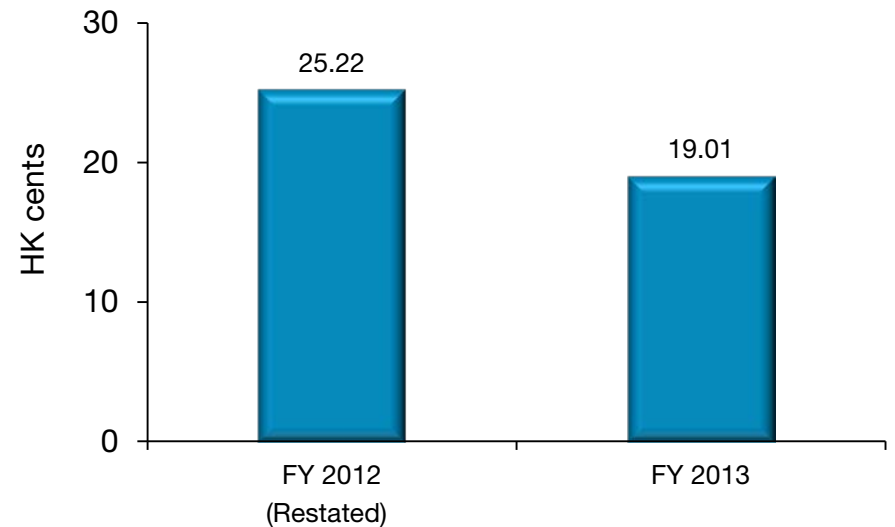
- Depreciation and amortisation
- Staff costs
- Customer acquisition costs
- Other operating expenses

Profitability

Net profit*



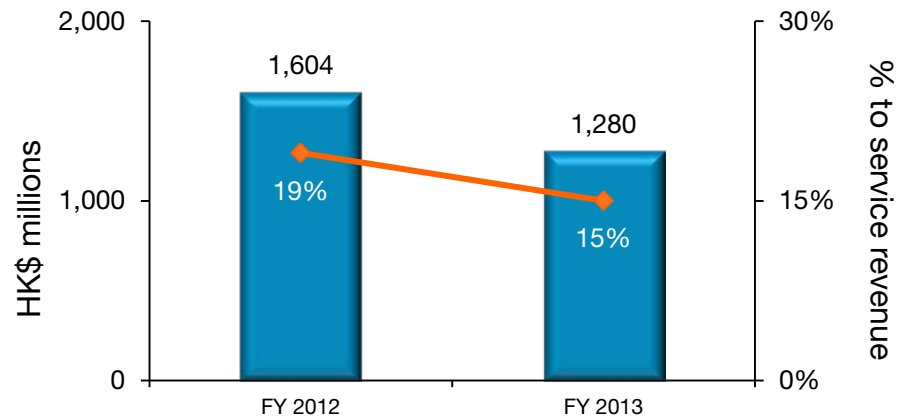
Earnings per share



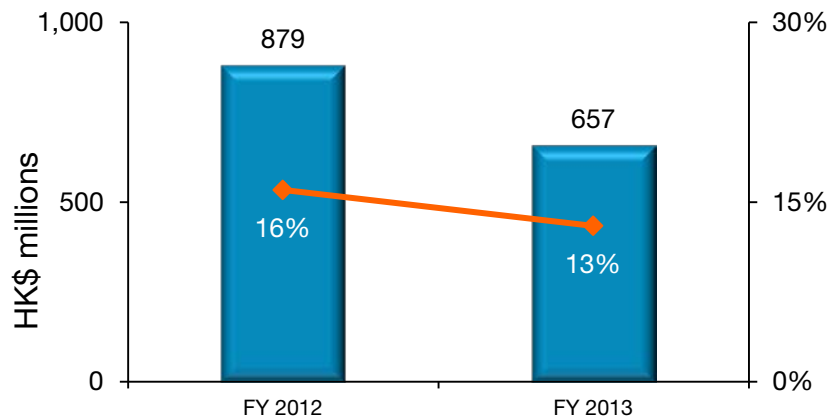
* Net profit after non-controlling interests

Capex investment

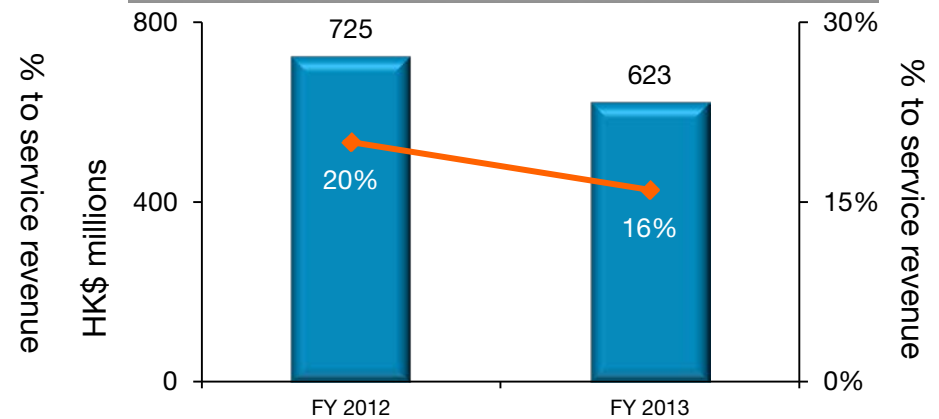
Consolidated Capex



Mobile Capex

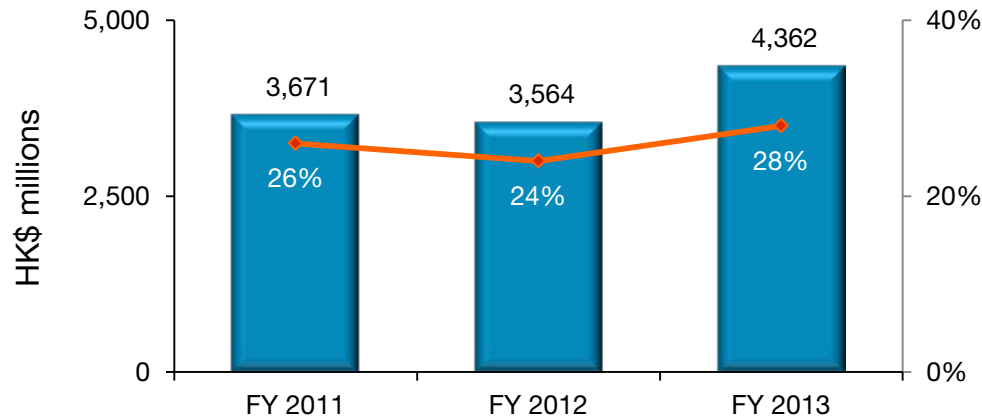


Fixed-line Capex

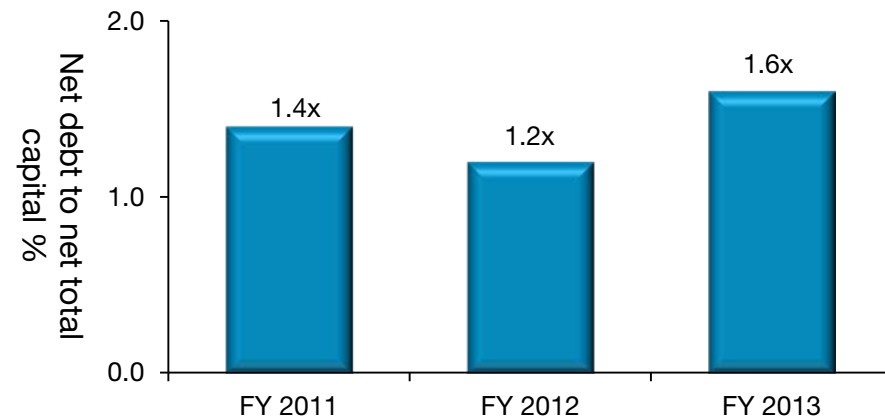


Financial position

Net debt

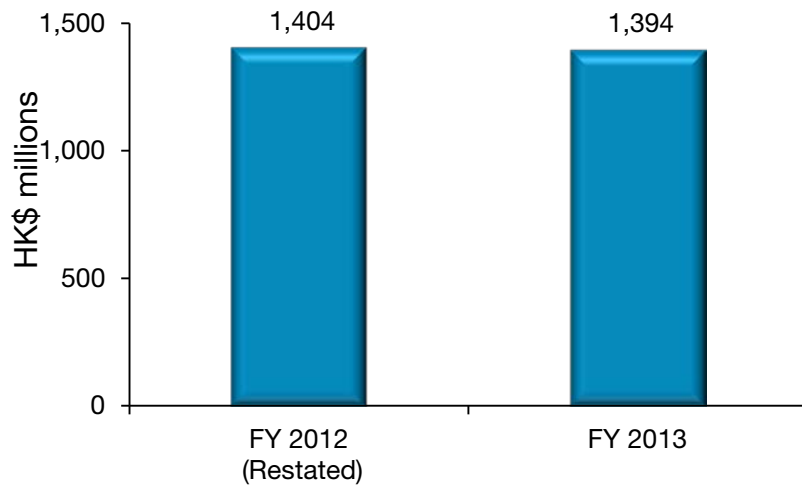


Net debt/ LTM EBITDA

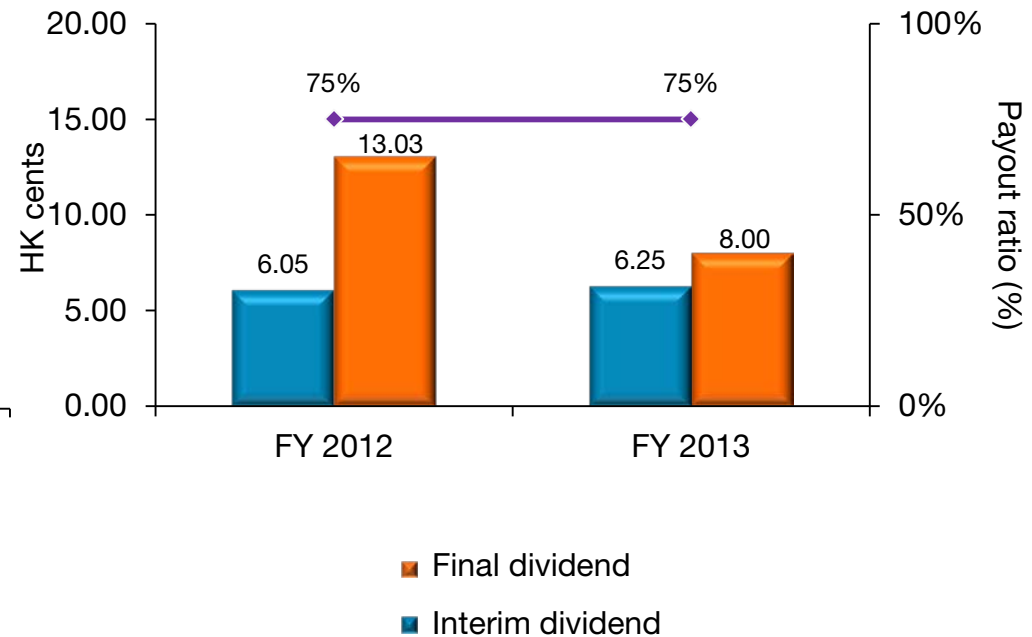


Dividend and Liquidity

EBITDA less CAPEX



Dividend per share



Q & A

Thank You