



Hutchison Telecom Hong Kong Holdings
和記電訊香港控股

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

2016 Interim Results Presentation 2 August 2016



Disclaimer

Potential investors and shareholders (the “Potential Investors and Shareholders”) of Hutchison Telecommunications Hong Kong Holdings Limited (“the Company”) are reminded that information contained in this Presentation comprises extracts of operational data and financial information of the Company and its subsidiaries (“the Group”) for the six months ended 30 June 2016. The information included is solely for the use in this Presentation and certain information has not been independently verified. No representations or warranties, expressed or implied, are made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions presented or contained in this Presentation. Potential Investors and Shareholders should refer to the 2016 Interim Report for the results of the Group which are published in accordance with the listing rules of The Stock Exchange of Hong Kong Limited.

The performance and the results of operations of the Group contained within this Presentation are historical in nature, and past performance is no guarantee of the future results of the Group. Any forward-looking statements and opinions contained within this Presentation are based on current plans, estimates and projections, and therefore involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Group, the Directors, employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this Presentation; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.

Potential Investors and Shareholders should exercise caution when investing in or dealing in the securities of the Company.

Business Performance

Highlights

	For the six months ended 30 June 2016 HK\$ million	For the six months ended 31 December 2015 HK\$ million	For the six months ended 30 June 2015 HK\$ million	1H 2016 vs 2H 2015 change	1H 2016 vs 1H 2015 change
Consolidated revenue	5,324	11,022	11,020	-52%	-52%
Consolidated service revenue	3,826	3,804	3,870	+1%	-1%
Consolidated hardware revenue	1,498	7,218	7,150	-79%	-79%
Consolidated EBITDA	1,253	1,332	1,456	-6%	-14%
Consolidated service EBITDA	1,233	1,202	1,281	+3%	-4%
Consolidated EBIT	556	641	789	-13%	-30%
Consolidated service EBIT	536	511	614	+5%	-13%
Profit attributable to shareholders	376	407	508	-8%	-26%
Earnings per share (in HK cents)	7.80	8.45	10.54	-8%	-26%
Interim dividend per share (in HK cents)	4.00	N/A	5.20	N/A	-23%

Outlook

- Customer value** ➤ Enhanced caring customer services
- Data usage** ➤ Bundled telecommunications services
➤ Expand OTT and IoT offerings
➤ Meet increasing data demand
- Travellers** ➤ Expand variety of roaming packages
- Commercial and carrier market** ➤ Package with advanced technology
➤ One-stop solution provider
- Network** ➤ Expand wireless and WiFi network
➤ International business connection
- Capital and operating expenditure** ➤ Focus on operating efficiency
➤ Spectrum payment in Q3 2016
➤ Disciplined capex spending
- Dividend policy** ➤ Sustainable and clear dividend policy



Three.com.hk



Customer service focus

<p>International Customer Relationship Excellence Award Contact Center + People Development Program of the Year</p>	
<p>Smiling Enterprise Smiling Staff Outstanding Award</p>	
<p>Best Mobile Site Best App – Creative Design Mobile Excellence Award</p>	

2015  36

2016 1H  20

<p>Company of the year for Innovation & Over-the-Top Leadership- Asia</p>	
<p>Innovation in B2B Innovation in Technology Management</p>	
<p>Big Data Application HGC Cloud Audience Analytics Best Smart HK Gold Award</p>	

Extensive Wi-Fi network

- 20,000 + hotspots
- 1Gbps optical fibre backhaul facility
- Customer oriented, facilitate infotainment access
- Further B2B and B2C opportunities

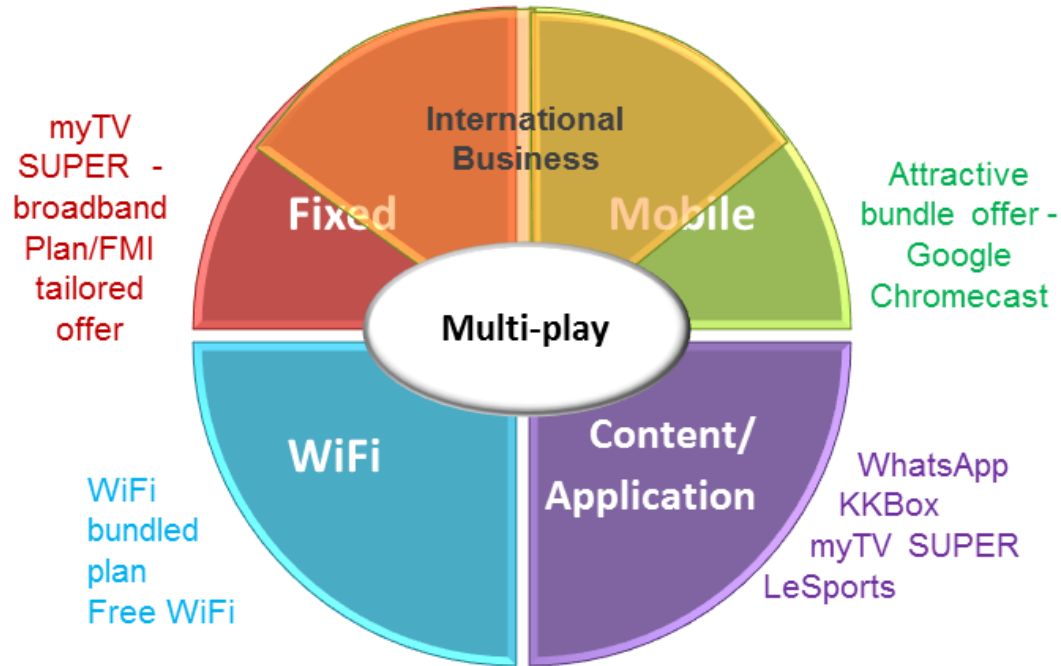
全民免費體驗 最大WIFI網絡

- 超過20,000個WIFI熱點，全港最多¹
- 以1G光纖寬頻為主幹，上網流暢穩定
- 全民每日免費享用90分鐘WIFI服務³
- 3香港4G客戶⁴，尊享無限免費WIFI⁵



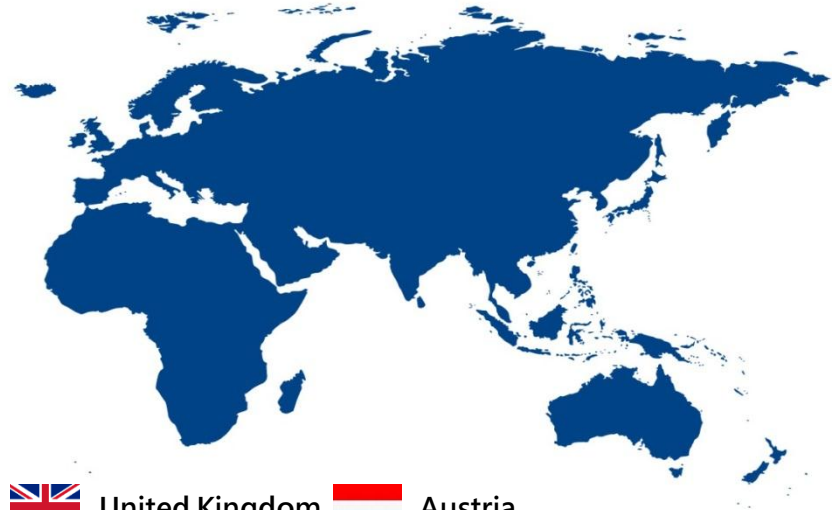
Multi-play operator with self-owned infrastructure

Fixed Mobile Convergence



Extensive roaming packages

- Extensive roaming packages in Europe and Asia
- 3LikeHome package offers data sharing within 3 Group European countries
- Hassel free arrangement and avoid bill shock
- Expand customer reach to different segments



United Kingdom



Ireland



Italy



Austria



Denmark



Sweden



Hong Kong



Macau

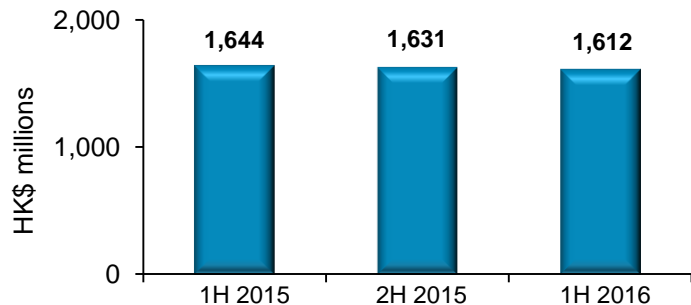


Mobile

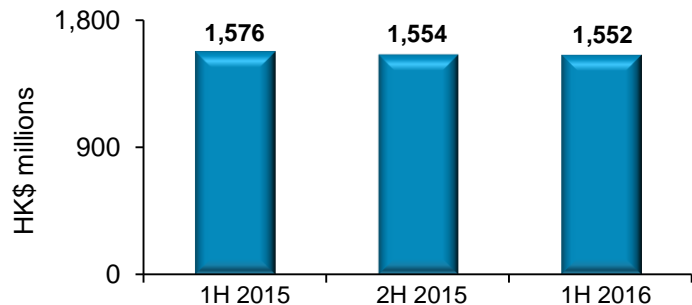


Mobile Business

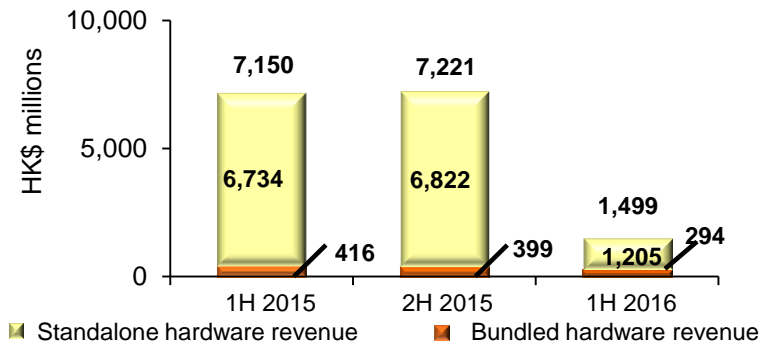
Mobile local service revenue⁽¹⁾



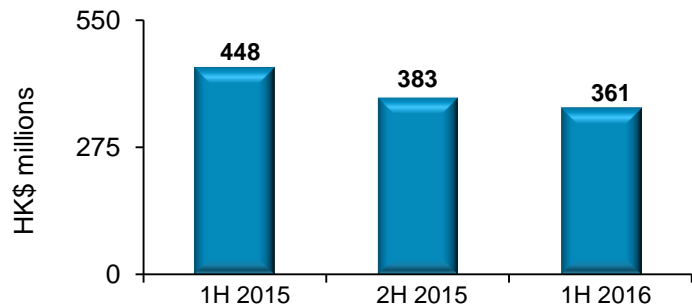
Mobile local net service revenue after variable costs



Mobile hardware revenue

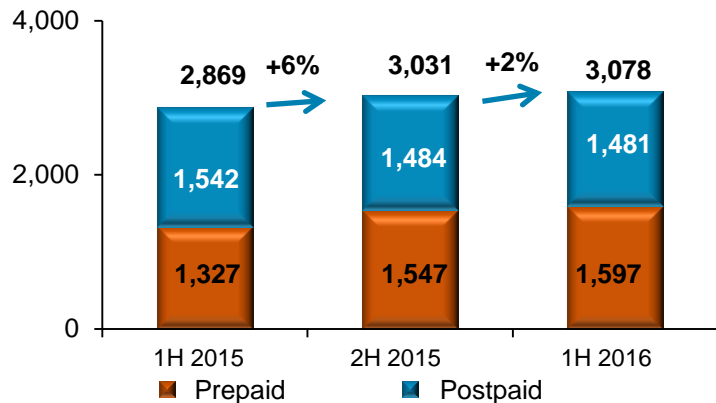


Mobile roaming service revenue

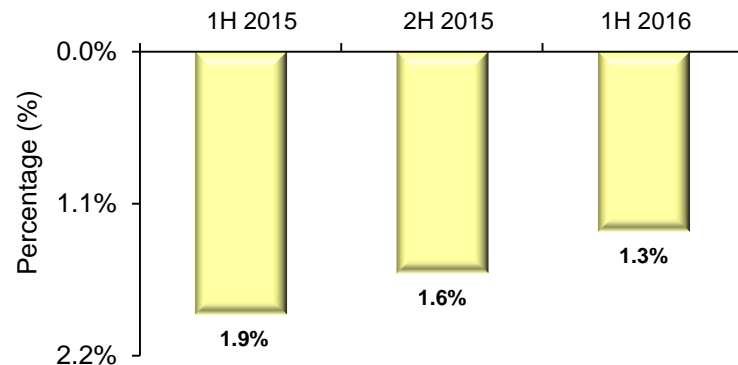


Mobile KPIs

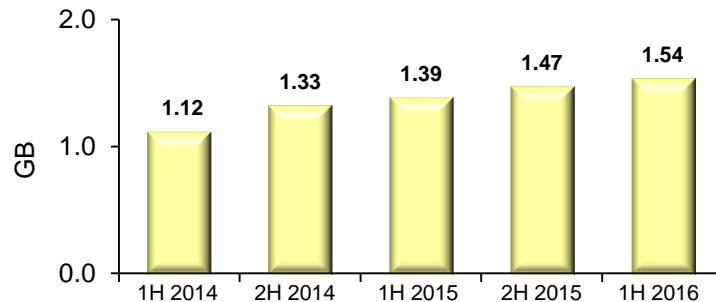
Total customers in Hong Kong and Macau



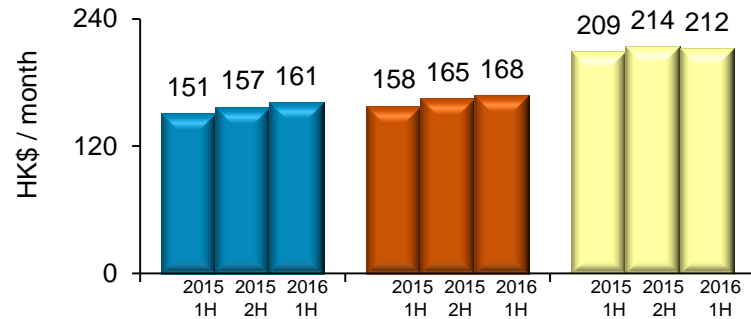
Postpaid Churn



Blended Data usage⁽¹⁾



Blended local postpaid ARPU and net AMPU



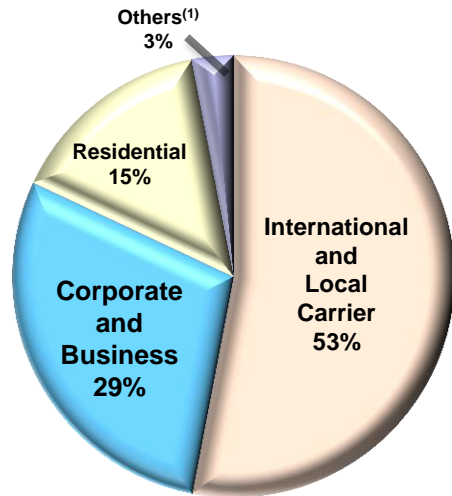
A night street scene with glowing yellow light trails and the text "Fixed-line" overlaid on a red banner. The background shows a city street at night with blurred lights and buildings. A prominent feature is a series of bright yellow light trails that sweep across the middle of the frame, suggesting motion or data flow. Below the light trails, a red banner spans the width of the image, containing the text "Fixed-line" in white, bold, sans-serif font. In the foreground, the words "FIBER OPTIC BROADBAND" are painted in yellow on the asphalt, though they are slightly out of focus.

Fixed-line

Fixed-line business

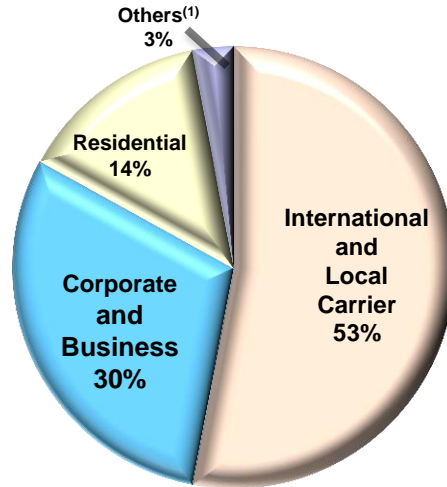
1H 2015

Total revenue:
HK1,984 million



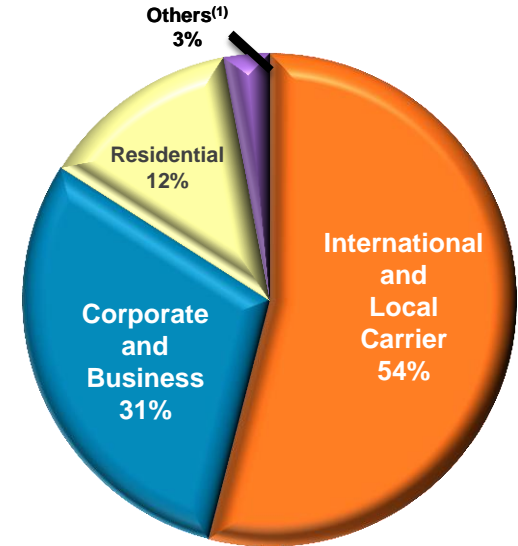
2H 2015

Total revenue:
HK1,989 million



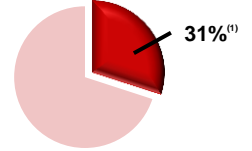
1H 2016

Total revenue:
HK2,067 million



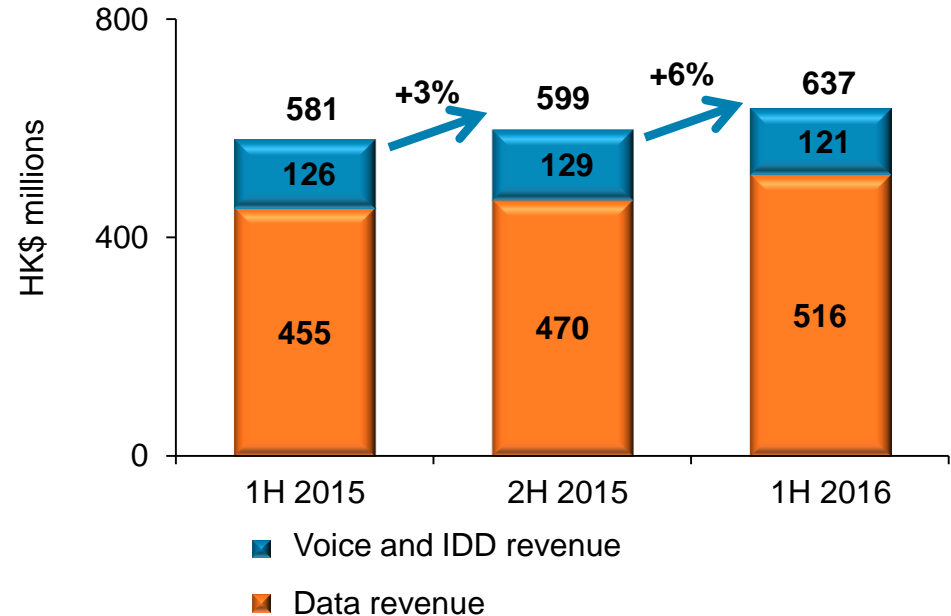
88% fixed-line revenue contributed from non-residential market

Corporate and Business Market



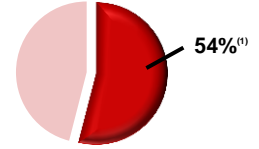
- 10% yoy growth
- Penetrations to new market segments
- Value-added business solution provider

Corporate and Business revenue



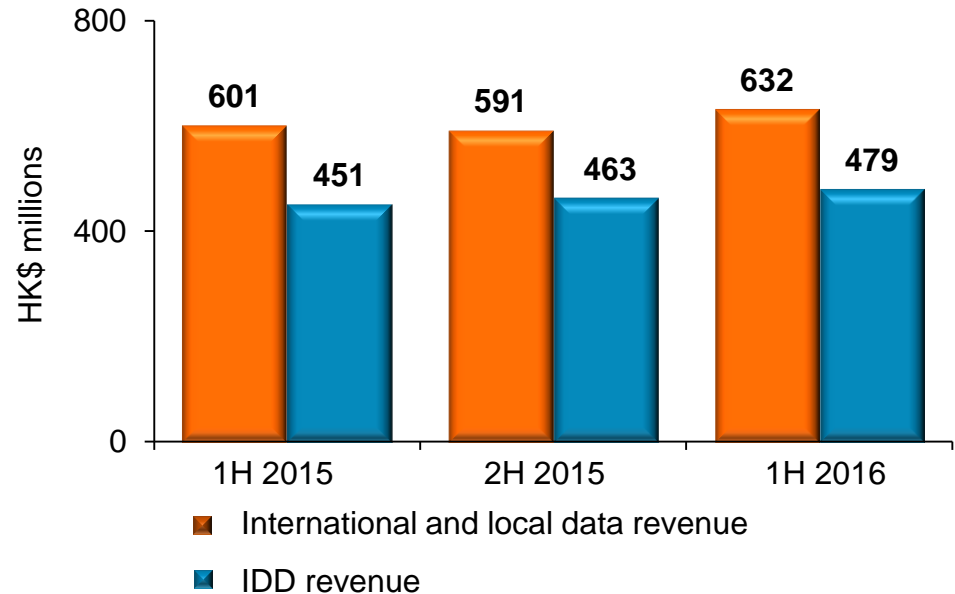
Note 1: Contribution to fixed-line revenue

International and Local Carrier Market



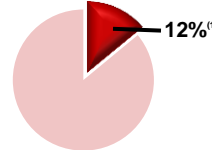
- Growing data demand
- Benefits from OTT and IoT

International and local carrier revenue



Note 1: Contribution to fixed-line revenue

Residential Market



- 4% HoH decrease in revenue due to keen competition
- Multi-play infotainment player
- 1GB FTTH in offer
- Over 20,000 Wi-Fi hotspots



Financial Overview

Financial Highlights - Consolidated

	For the six months ended 30 June 2016 HK\$ million	For the six months ended 31 December 2015 HK\$ million	For the six months ended 30 June 2015 HK\$ million	1H 2016 vs 2H 2015 change	1H 2016 vs 1H 2015 change
Consolidated revenue	5,324	11,022	11,020	-52%	-52%
Consolidated service revenue	3,826	3,804	3,870	+1%	-1%
Consolidated hardware revenue	1,498	7,218	7,150	-79%	-79%
Consolidated EBITDA	1,253	1,332	1,456	-6%	-14%
Consolidated service EBITDA	1,233	1,202	1,281	+3%	-4%
Consolidated EBIT	556	641	789	-13%	-30%
Consolidated service EBIT	536	511	614	+5%	-13%
Profit attributable to shareholders	376	407	508	-8%	-26%
Earnings per share (in HK cents)	7.80	8.45	10.54	-8%	-26%
Interim dividend per share (in HK cents)	4.00	N/A	5.20	N/A	-23%

Mobile business

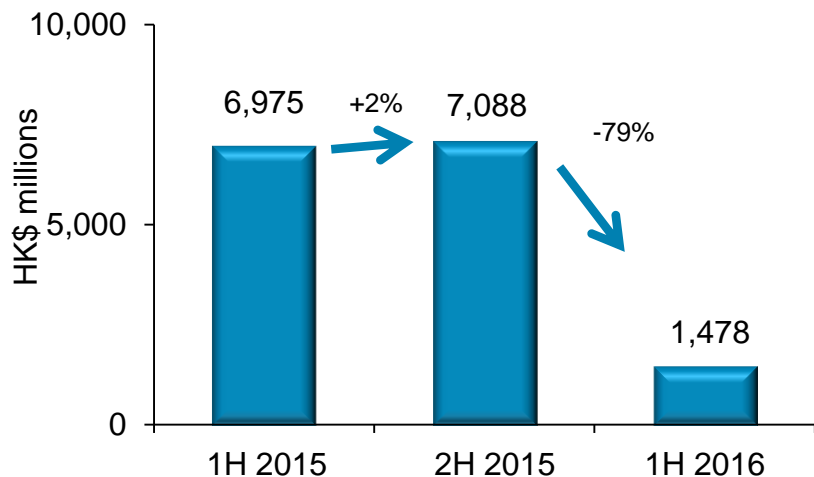
	For the six months ended 30 June 2016 HK\$ million	For the six months ended 31 December 2015 HK\$ million	For the six months ended 30 June 2015 HK\$ million	1H 2016 vs 2H 2015 change	1H 2016 vs 1H 2015 change
Total revenue	3,472	9,235	9,242	-62%	-62%
- Net customer service revenue	1,973	2,014	2,092	-2%	-6%
- Hardware sales revenue	1,499	7,221	7,150	-79%	-79%
Net customer service margin	1,829	1,878	1,945	-3%	-6%
<i>Net customer service margin %</i>	93%	93%	93%	-	-
Standalone handset sales margin	20	133	175	-85%	-89%
Total CACs	(443)	(537)	(548)	+18%	+19%
Less: Bundled sales revenue	294	399	416	-26%	-29%
Total CACs (net of handset revenue)	(149)	(138)	(132)	-8%	-13%
Operating expenses	(1,035)	(1,106)	(1,118)	+6%	+7%
<i>Opex as a % of net customer service revenue</i>	52%	55%	53%	-3% points	-1% point
EBITDA	665	767	870	-13%	-24%
Service EBITDA	645	634	695	+2%	-7%
<i>Service EBITDA Margin %</i>	33%	31%	33%	+2% points	-
Depreciation and amortisation	(351)	(343)	(318)	-2%	-10%
EBIT	314	424	552	-26%	-43%
CAPEX (excluding licence)	(198)	(414)	(160)	+52%	-24%
EBITDA less CAPEX	467	353	710	+32%	-34%
Licence	(1)	(2)	(1)	+50%	-

Fixed-line business

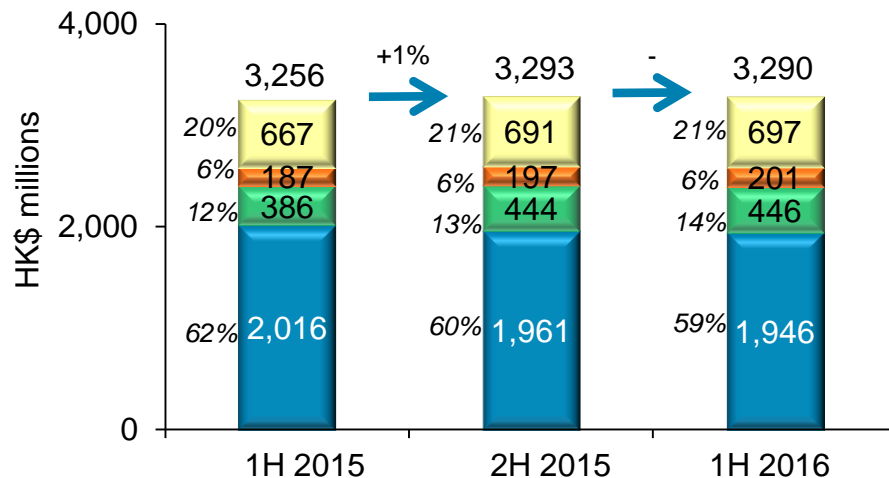
	For the six months ended 30 June 2016 HK\$ million	For the six months ended 31 December 2015 HK\$ million	For the six months ended 30 June 2015 HK\$ million	1H 2016 vs 2H 2015 change	1H 2016 vs 1H 2015 change
Revenue	2,067	1,989	1,984	+4%	+4%
Total CACs and Operating expenses	(1,420)	(1,371)	(1,328)	-4%	-7%
<i>Total CACs and Opex as % of revenue</i>	69%	69%	67%	-	-2% points
EBITDA	647	618	656	+5%	-1%
<i>EBITDA margin %</i>	31%	31%	33%	-	-2% points
Depreciation and amortisation	(346)	(348)	(349)	+1%	+1%
EBIT	301	270	307	+11%	-2%
CAPEX (excluding licence)	(231)	(292)	(193)	+21%	-20%
EBITDA less CAPEX	416	326	463	+28%	-10%

Key cost items

Cost of inventories sold



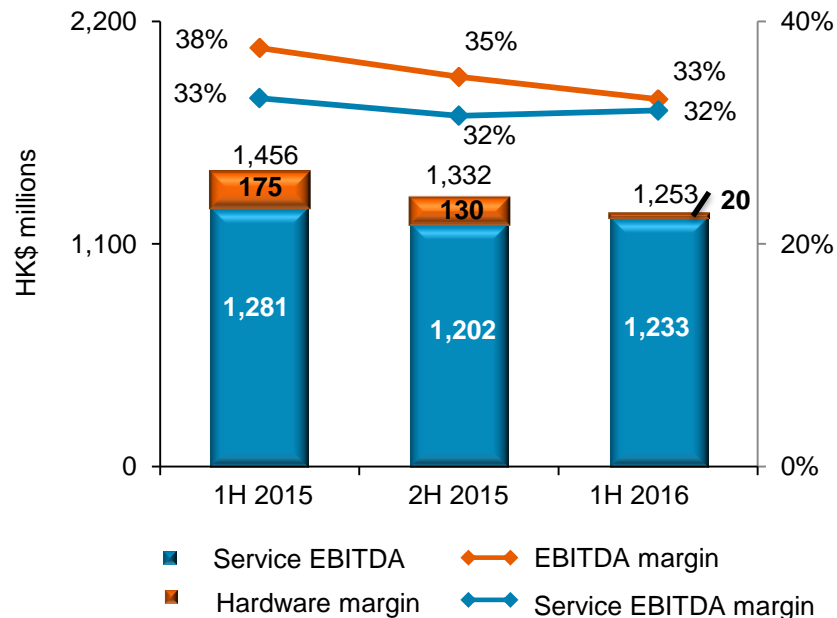
Key cost items



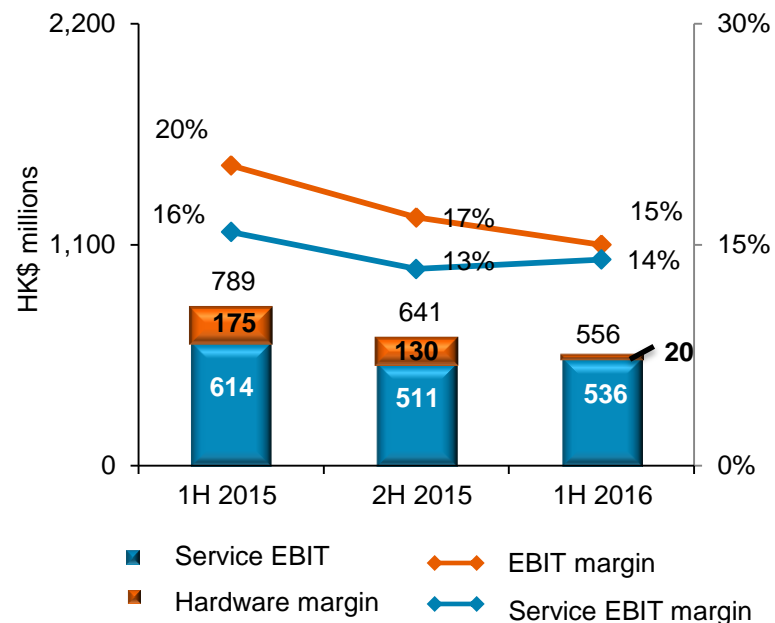
- Depreciation and amortisation
- Staff costs
- Customer acquisition costs
- Other operating expenses

EBITDA/EBIT Margin

Consolidated EBITDA

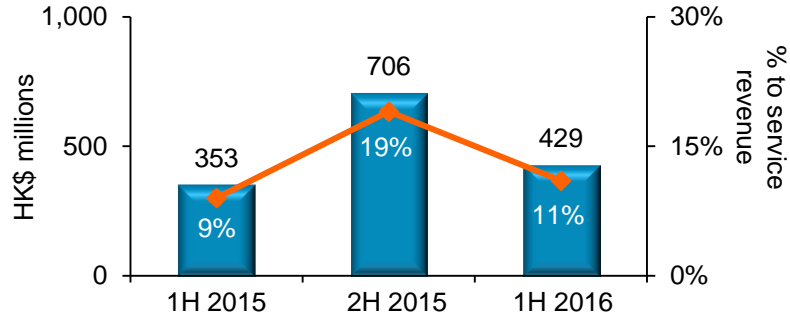


Consolidated EBIT

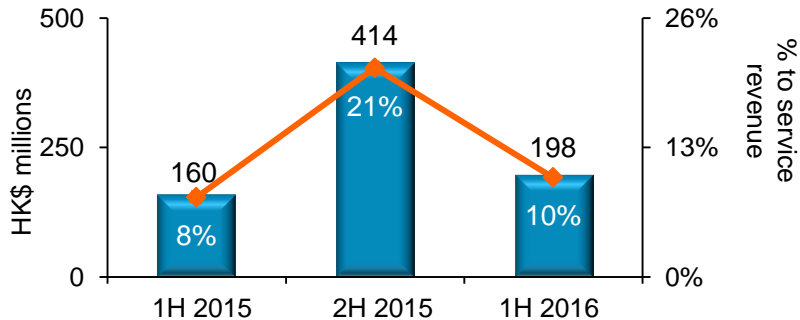


Capex investment

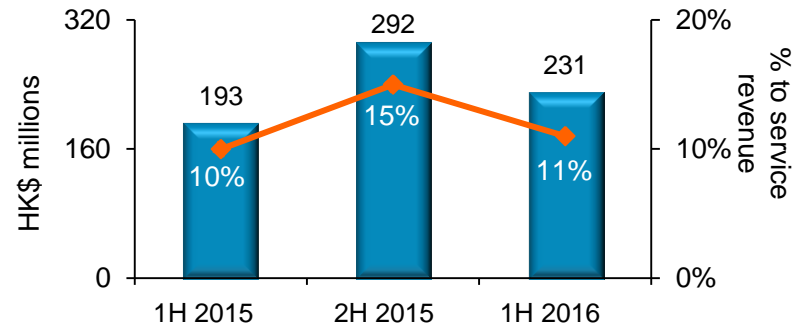
Consolidated Capex



Mobile Capex

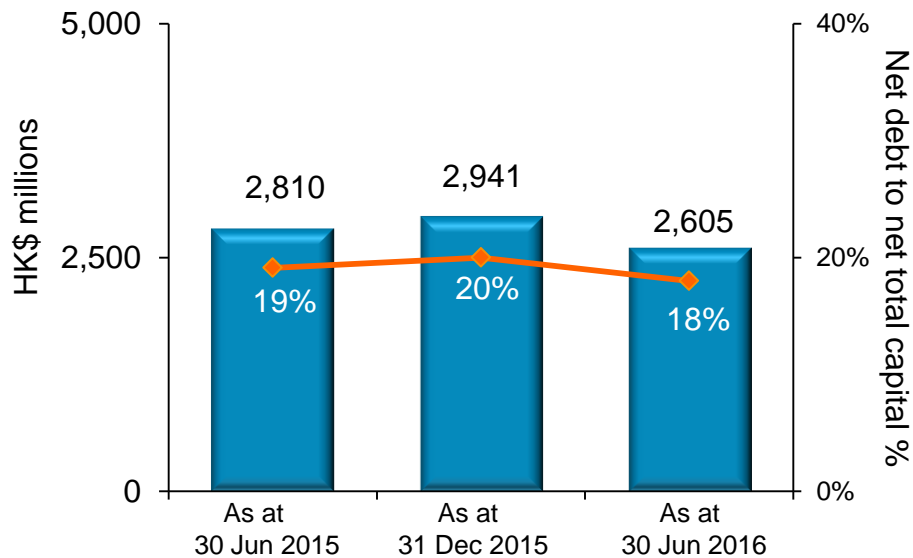


Fixed-line Capex



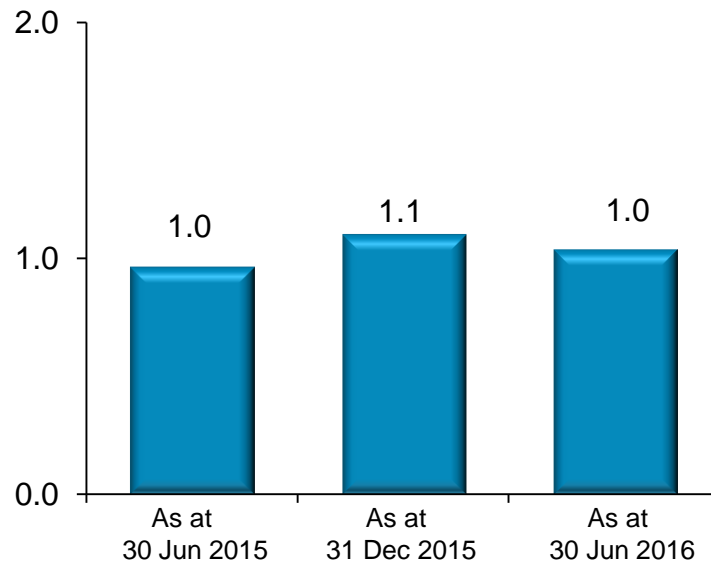
Financial position

Net debt



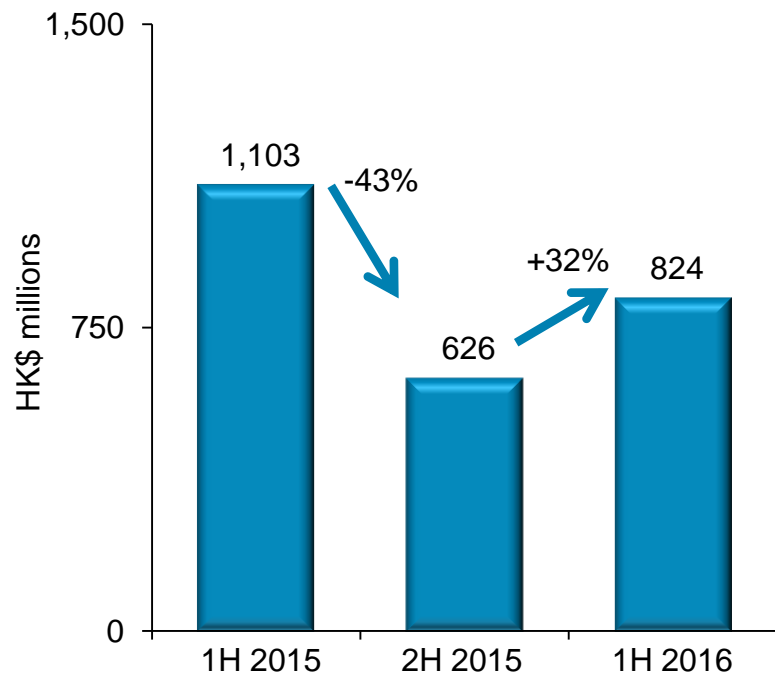
◆◆ Net debt to net total capital ratio

Net debt/ LTM EBITDA

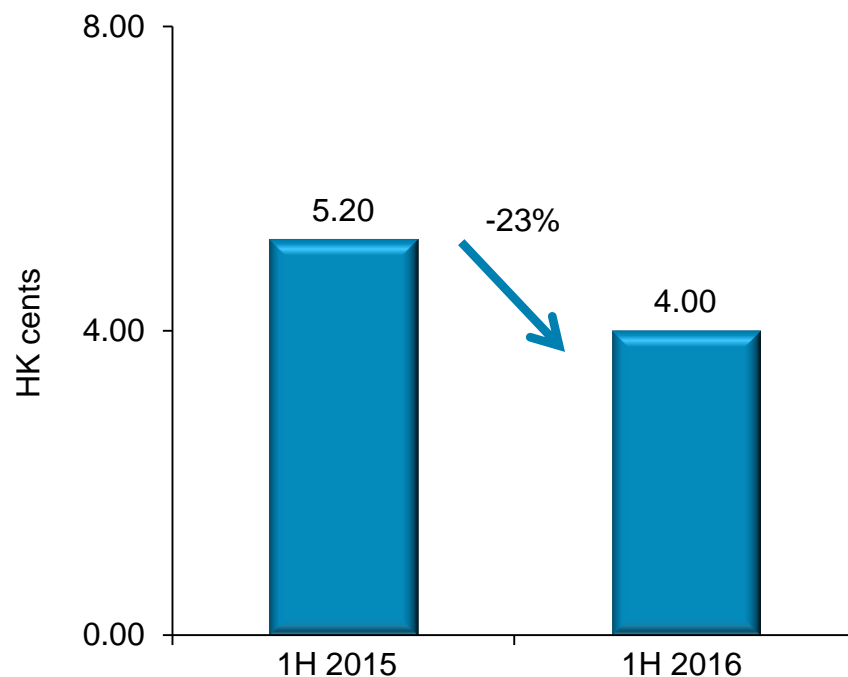


Liquidity and Dividend

EBITDA less CAPEX



Interim dividend per share



Q & A

Thank You