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## Media Release

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### Hutchison Continues Strong 3G Growth

- **3G operation now EBITDA positive**
- **Service revenue up 16% to \$423.6 million**
- **284,000 2G customers upgrade to 3G**
- **3G base nearly doubles from 30 June 2005 to 1,044,000**

Sydney, 23 August, 2006: Hutchison Telecommunications (Australia) Limited (ASX:HTA) today announced results for the first half of 2006, reporting continued improvements in financial performance, including service revenue growth buoyed by non-voice services and the rapid expansion of **3**'s customer base, which nearly doubled from 30 June 2005. **3** now has over one million customers including 284,000 customers that upgraded from its 2G CDMA network, which closed on 9 August.

Service revenue for the period increased by 16% on the previous corresponding period to \$423.6 million. Non-voice revenue increase supported that growth as customers continued to access more content and data with **3**. **3**'s non-voice ARPU grew from \$16 to \$19 by the corresponding period in 2005, while the average monthly margin per customer across the combined customer base was steady at \$48.

As revenue increased and costs reduced, the business achieved positive EBITDA of \$1.3 million for the period, before accounting for the one-off impact of the 2G upgrade activities. Excluding these 2G upgrade costs, operating expenditure fell by \$70 million, or almost 18%, on the previous corresponding period to \$321.1 million despite the overall increase in the customer base. Similarly, the average cost of customer acquisition was reduced by 38% from \$427 in the previous corresponding period to \$265, on the back of lower handset prices and an improved range of handsets.

Hutchison Chief Executive, Kevin Russell, said Hutchison's performance demonstrated strong service revenue growth, and tight cost control.

"We entered 2006 in a very good position: with solid sales momentum and recognised leadership in providing 3G services," Mr Russell said. "In line with our expanding customer base, we have seen an increase in service revenue and, notably, the improvement of ARPU from content services and strengthening non-voice margins."

**3**'s customer base rose from 532,000 at 30 June 2005 to 1,044,000 at 30 June 2006, with 922,000, or 88.3%, of **3**'s customers being post-paid. Customers using **3**'s content services



have also increased. During the period, 57% of 3's customers were actively generating billable content events.

"The increased use of 3's content services is a strong endorsement of our product offering. Customer demand for access to news, sport and weather, as well as new products like mobile TV, is growing and with increases in content usage, customers are changing the way they use their mobiles," Mr Russell said.

3's Mobile TV service expanded during the first half of 2006 to include new channels such as SBS and MTV. Customers were also able to enjoy live action from the soccer World Cup with SBS live coverage and see the official FIFA video highlights on their 3 mobile – customers watched over 900,000 World Cup moments.

3 also provided 24/7 coverage of Network Ten's Big Brother show, and again saw increased usage over last year, with 3.5 million streams accessed during the show's season.

Overall, usage of content services grew from 19.6 million events in the previous corresponding period to 41.6 million events.

The closure of Hutchison's 2G CDMA network and business is complete and largely accounted for in the reporting period. The benefit of savings related to its closure is already being seen in the business, as is the focus on a single brand and business - 3.

"As the 2G market continues to decline, we expect the growth of Australia's mobile revenues from 3G to rapidly increase over the coming 12 to 24 months. We are well placed to continue to take advantage of our leadership position," Mr Russell said.

**Financial and operating highlights compared to the prior year corresponding period include:**

- 16% increase on corresponding period in service revenue to \$423.6 million
- Positive EBITDA of \$1.3 million
- 3's non-voice monthly ARPU up from \$16 to \$19
- Average monthly margin per customer of \$48, for all customers
- 43% decrease in CAPEX to \$84 million
- 18% decrease in running operating expenditure to \$321 million
- 284,000 customers upgrading from 2G to 3G
- Increase in 3G customer base from 532,000 to 1,044,000
- Over 88% of 3's customers are post-paid customers

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