



**中信國際電訊集團有限公司**

**CITIC TELECOM INTERNATIONAL HOLDINGS LIMITED (stock code : 01883)**

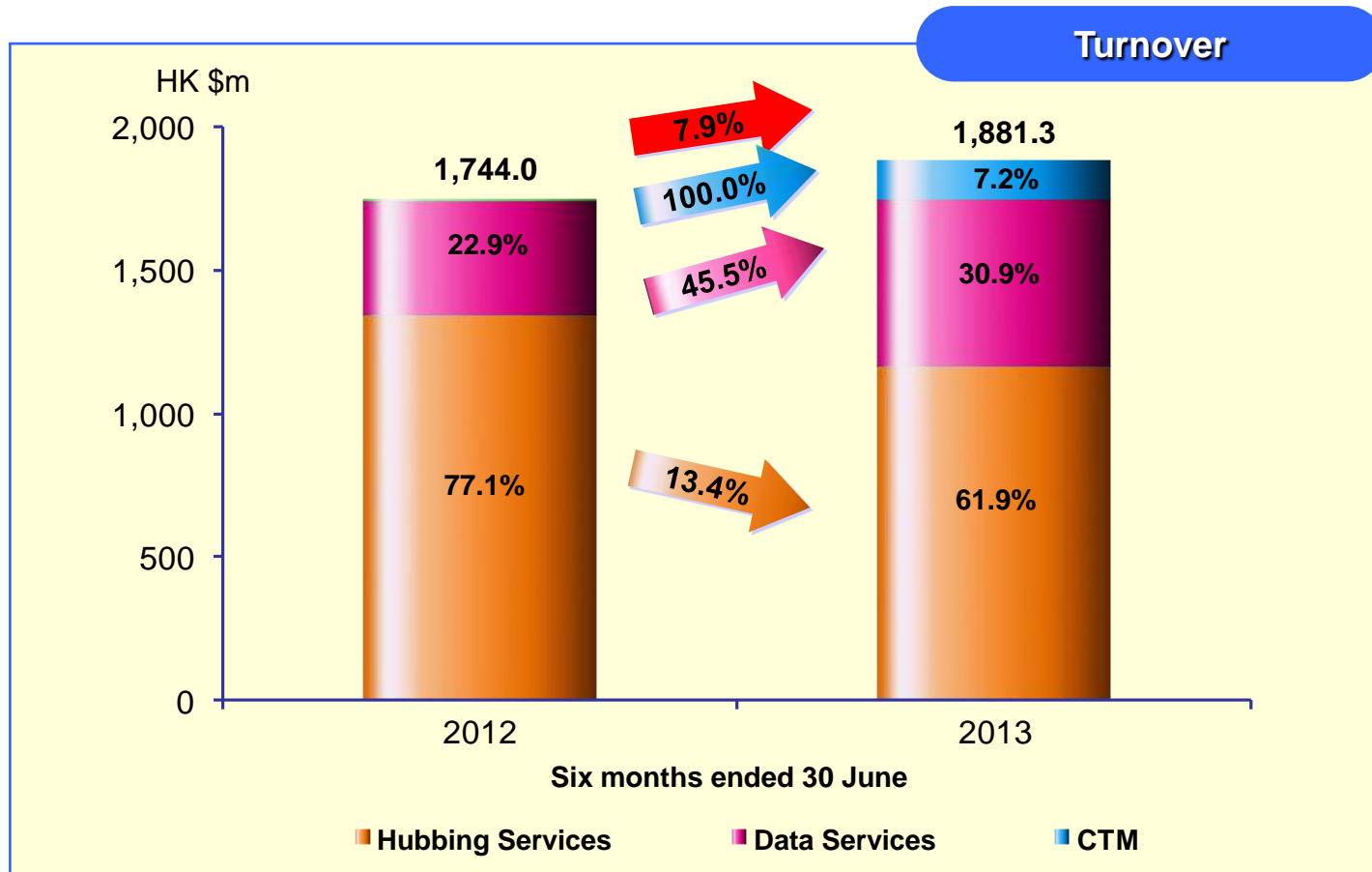
**Interim Results Announcement  
for the six months ended 30 June 2013  
7 August 2013**

# Highlights for the Six Months Ended 30 June 2013

- Turnover recorded a growth of **7.9%** to **HK\$1,881.3 million** as compared against last year
- Profit attributable to the equity holders of the Company more than tripled to **HK\$794.1 million**, as compared against last year. Excluding the exceptional items, operation profit amounted to **HK\$245.9 million** which is similar to 2012
- Completed the acquisition of additional **79%** interest in Companhia de Telecomunicacoes de Macau, S.A.R.L. (“CTM”) on 20 June 2013 (“the Acquisition”), increasing the Group’s stake in CTM to **99%**
- Exceptional items amounted to **HK\$548.2 million**, which comprises gain on deemed disposal of equity interest in an associate of HK\$1,115.4 million, finance and transaction costs of HK\$267.2 million, special provisions of HK\$250.9 million and equity-settled share-based expenses of HK\$49.1 million.
- At 30 June 2013, net debt was **HK\$6,985.7 million**, including cash and bank deposits of HK\$1,527.1 million
- Interim dividend of **HK2.4 cents** (2012 Interim: HK2.4 cents)

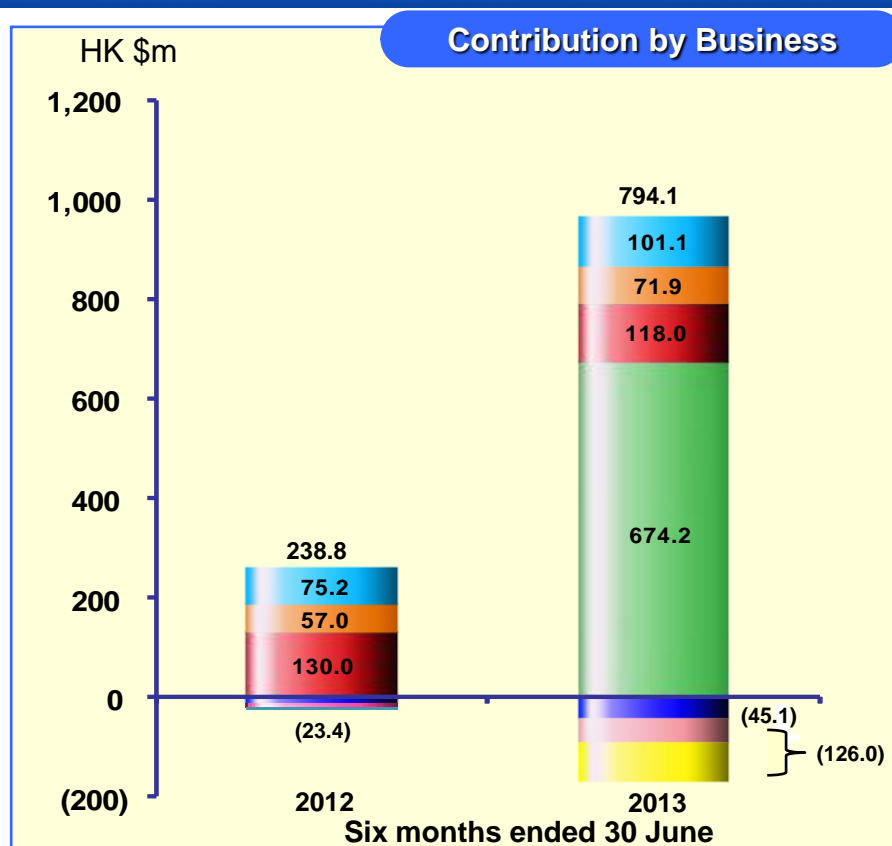
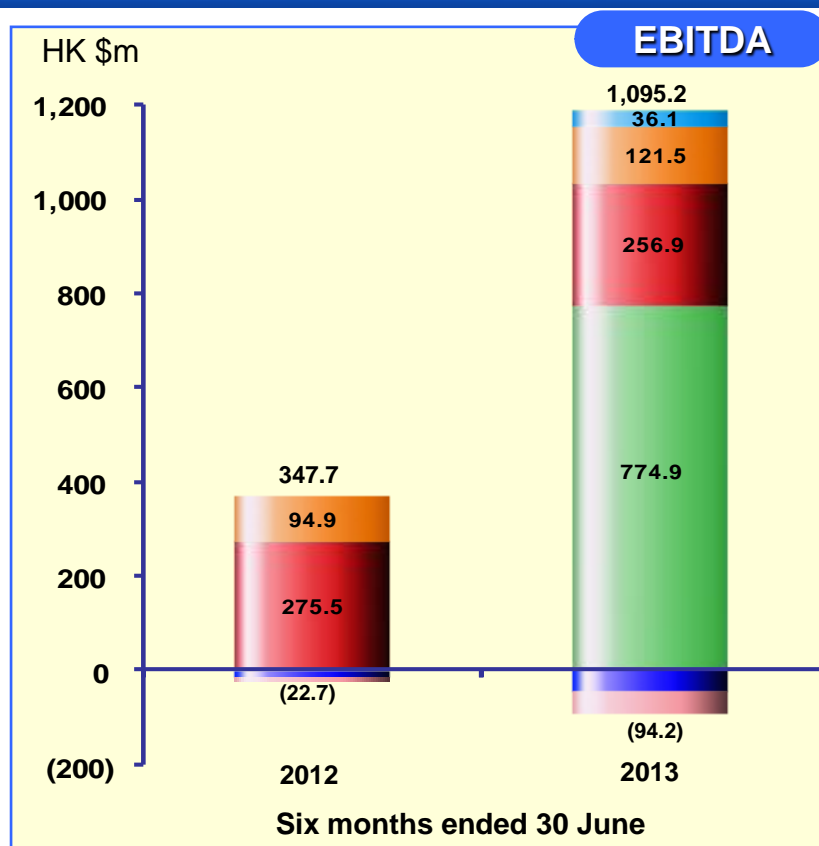
# Turnover

- Turnover increased by 7.9% to HK\$1,881.3 million when compared with last year





# Contribution by Business Operations



- Exceptional items
- Interest on bank & other borrowings
- Share option expenses
- Corporate Expenses
- CITIC Telecom
- CPC
- CTM

## Remarks:

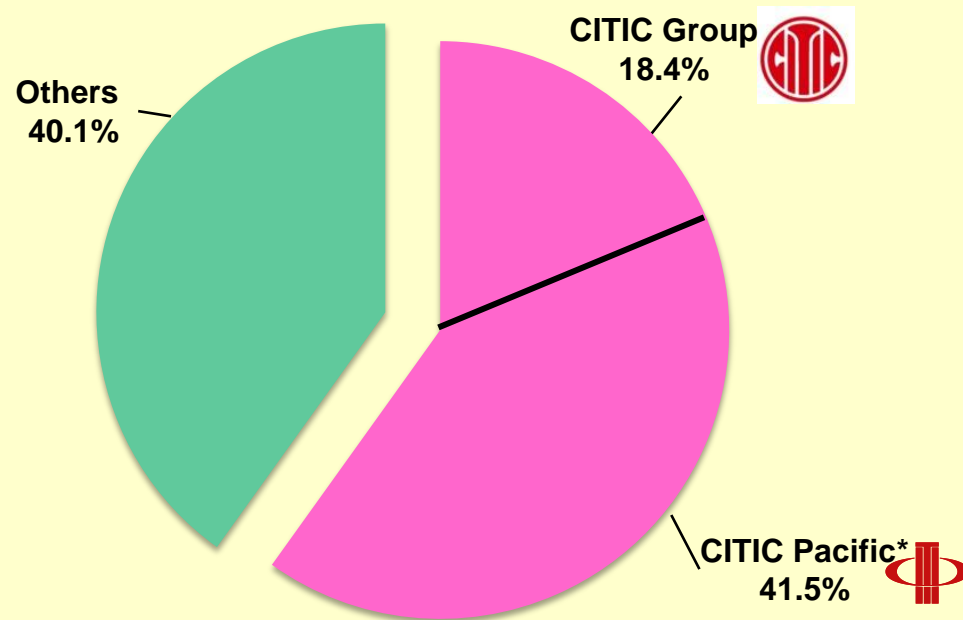
- 1 CPC represents CITIC Telecom International CPC Limited and its subsidiaries
- 2 Profit contributed from CTM included the Group's share of CTM's profit prior to the Acquisition.
- 3 Exceptional items include items such as gain on deemed disposal of equity interest in an associate, transaction costs related to the Acquisition, impairment losses and others.

# Liquidity and Capital Structure

	2012	2013
HK\$m	For the six months ended 30 June	
<b>Net cash generated from operating activities</b>	<b>141.8</b>	<b>164.9</b>
<b>Dividend from CTM</b>	<b>180.7</b>	<b>187.9</b>
<b>Total</b>	<b>322.5</b>	<b>352.8</b>
<b>Payment for Acquisition</b>	<b>53.6</b>	<b>8,923.9</b>
<b>Capital expenditure for Data Center</b>	<b>15.3</b>	<b>7.1</b>
<b>Capital expenditure - others</b>	<b>35.6</b>	<b>46.4</b>

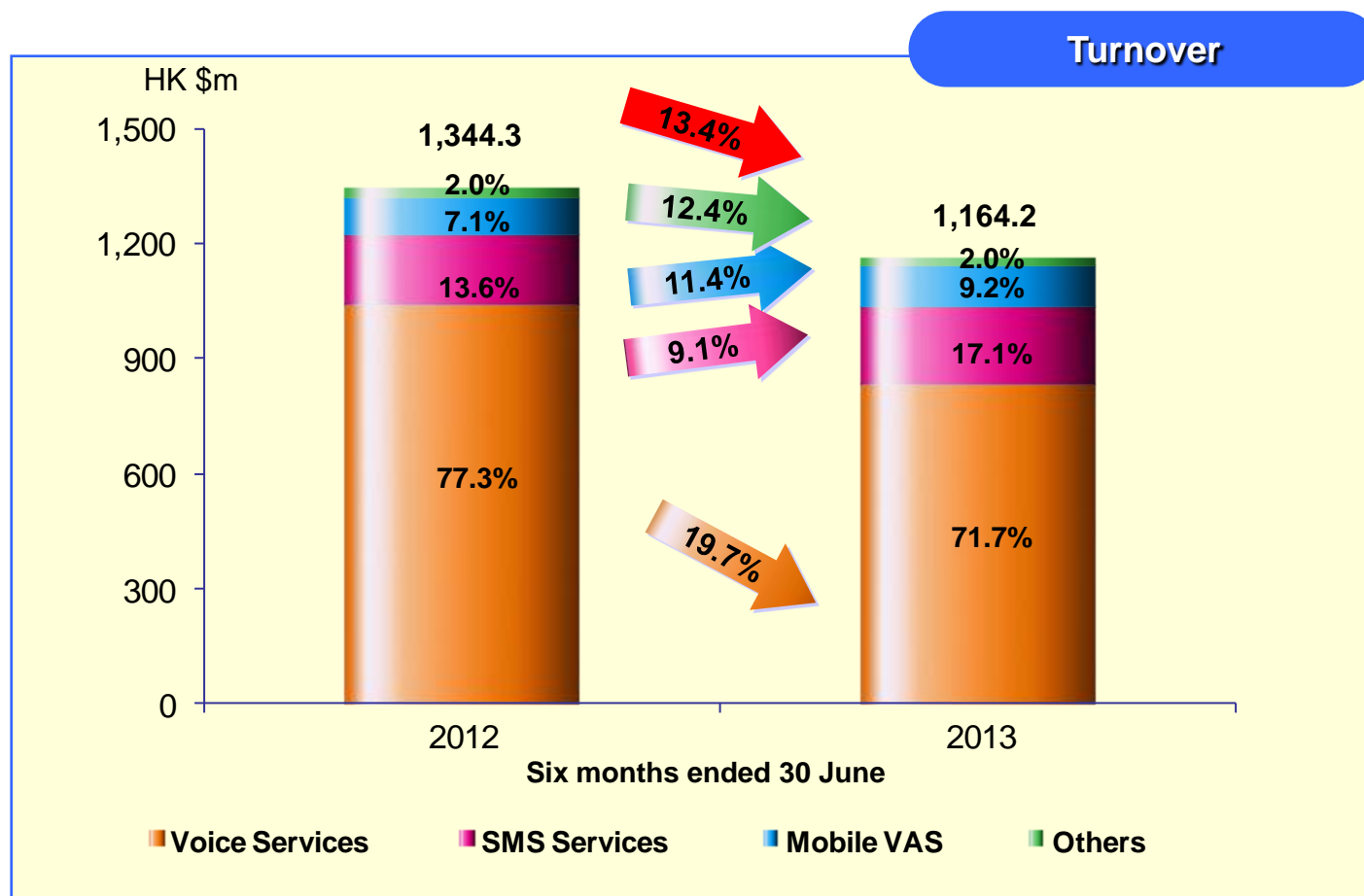
HK\$m	At 31 December	At 30 June
<b>Cash and bank deposits</b>	<b>354.8</b>	<b>1,527.1</b>
<b>Bank and other Borrowings</b>	<b>261.9</b>	<b>8,512.8</b>
<b>Net Cash / (Debt)</b>	<b>92.9</b>	<b>(6,985.7)</b>
<b>Net Gearing ratio</b>	<b>Net Cash</b>	<b>54.0%</b>

# Shareholding Structure



\*CITIC Group indirectly holds 57.5% interest in CITIC Pacific

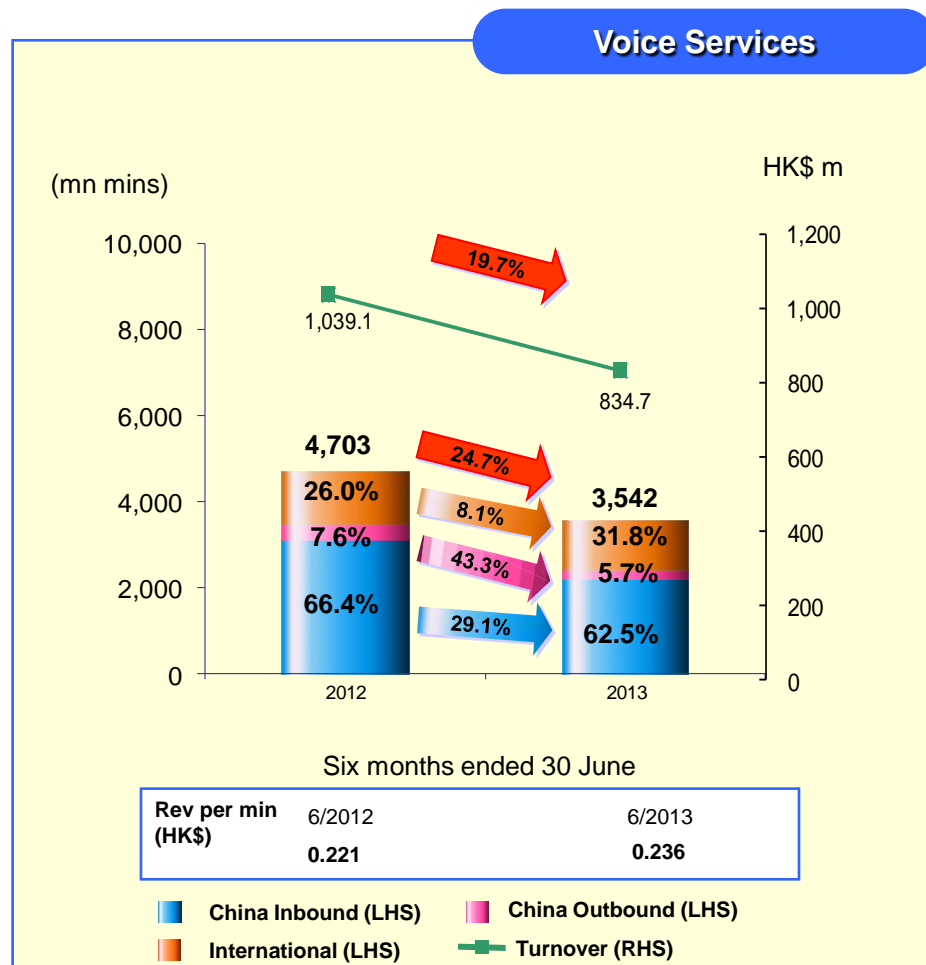
# Turnover of Hubbing Service – CITIC Telecom



# Major Business Operation

## CITIC Telecom – Voice Services

- Traditional hubbing business remained challenging in the first half of 2013
- Decrease in turnover was less than decrease in traffic volume as the Group consolidated its leading market position by enhancing service quality and implementing an effective pricing strategy
- Successfully launched our premium IDD service with Gold, Silver and Bronze class, allowing the Group to capture different markets and better fulfill our customers requirements
- Commercially launched our Smartphone app HIPPI in North America retail market with a positive customer feedback. Number of subscribers is ramping up everyday
- Furthered our IDD market position in emerging countries such as Sudan, Syria and Pakistan. This allows the Group to tap into new revenue stream and lay a solid foundation for further development outside Asia.



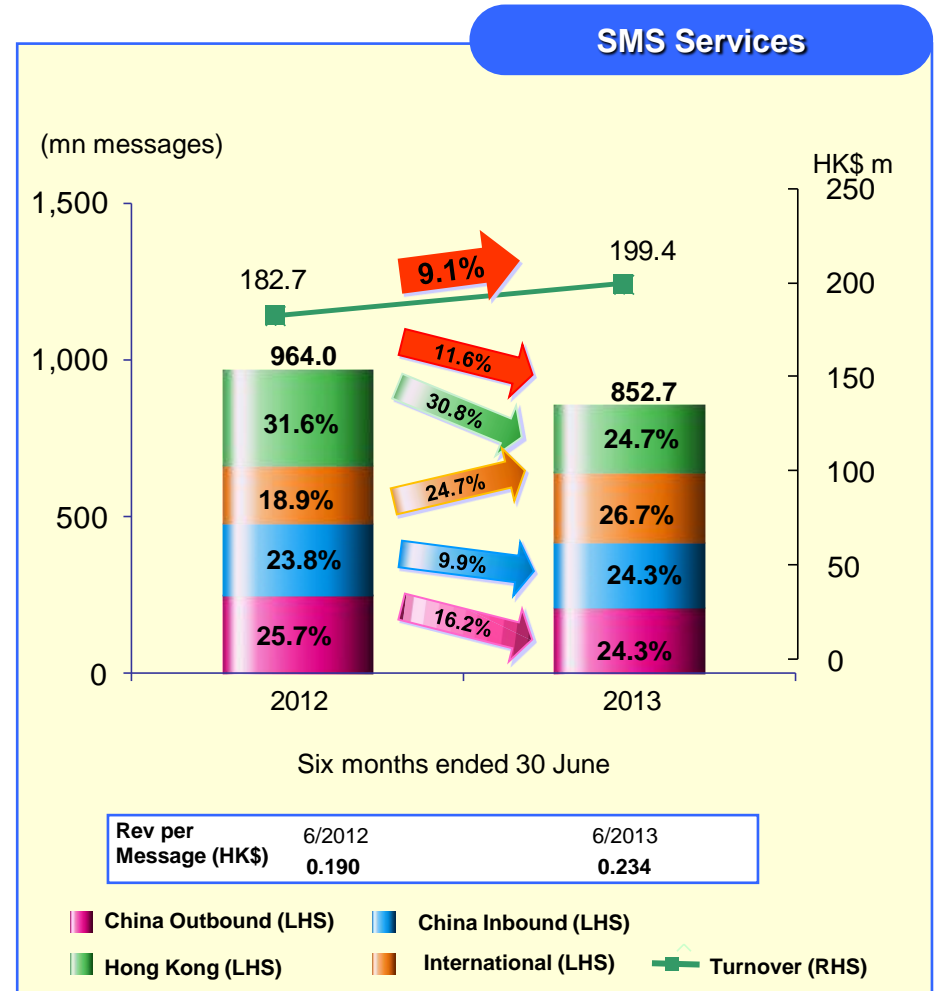
Handled over 3.54 bn mins voice traffic



# Major Business Operation

## CITIC Telecom – SMS Services

- The dominant Inter-Operator SMS provider in Hong Kong. Total volume dropped due to substitution effect from internet base services (i.e. whatsapp and LINE)
- International traffic maintained registered strong growth contributed by the growth in A2P (Application to Phone) traffic application from enterprise customers
- Revenue per message increased 23.4%
- Acting as the bridge between internet world and the Telco world, the group provided SMS service to the largest social network provider to perform user registration and authentications.

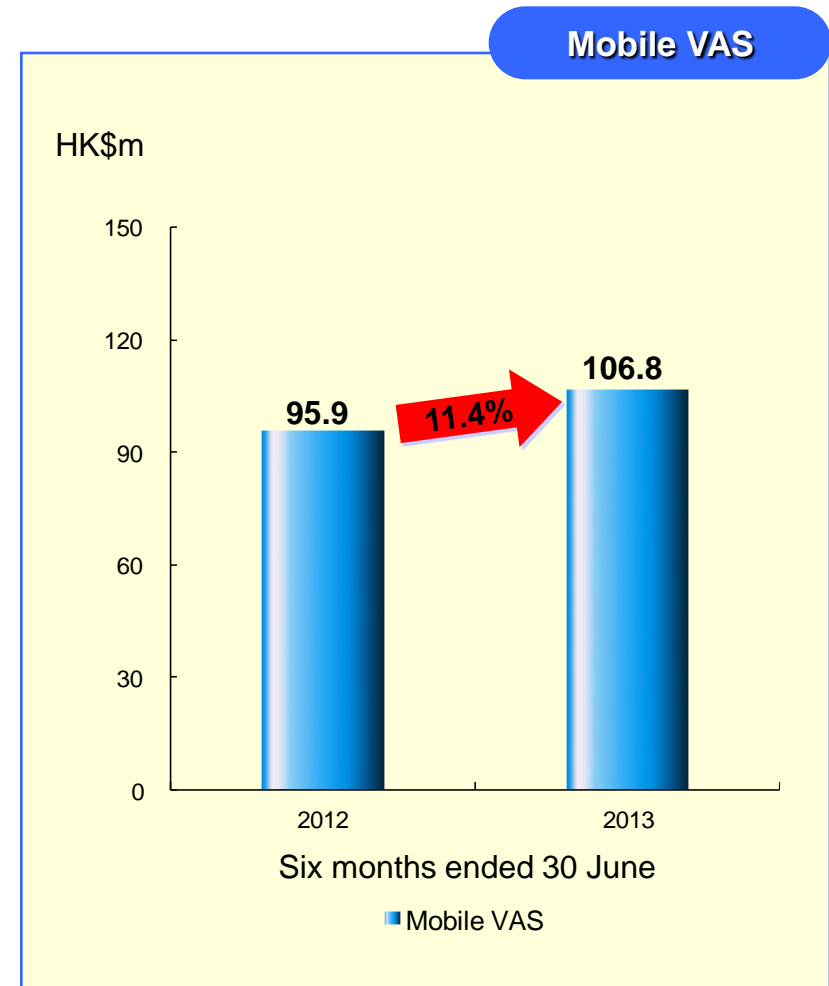


- Handled over 0.85 bn SMS messages

# Major Business Operation

## CITIC Telecom – Mobile VAS

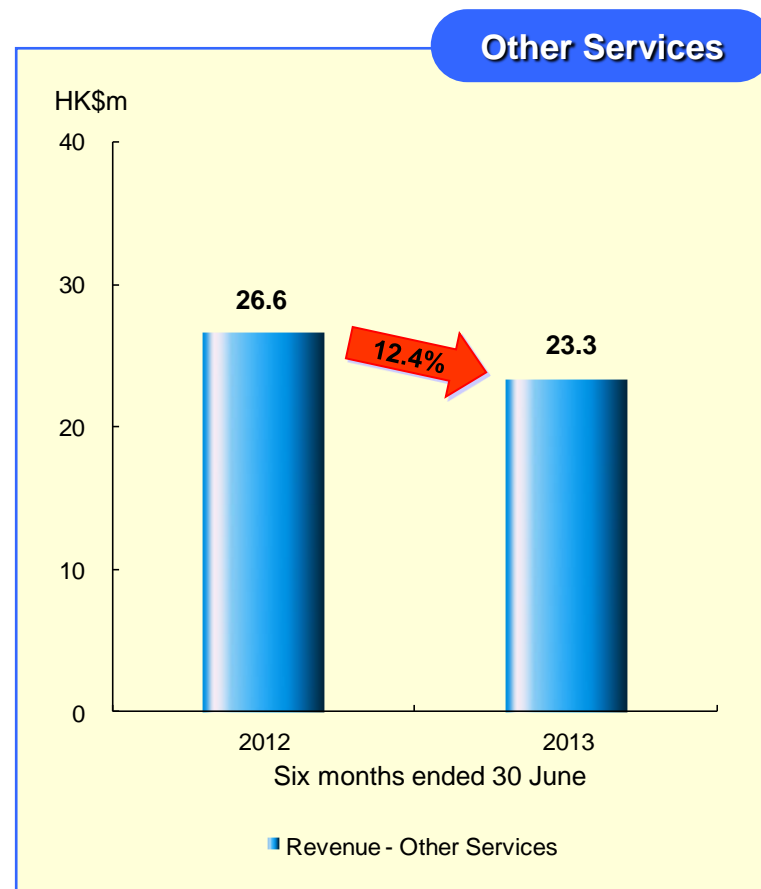
- Up 11.4% due to successful strategy to customise existing products to address changing market needs and providing bundled services to China operators
- Successfully completed the first LTE roaming trial with HK and Philippines mobile operators. It marks the success transition from 3G roaming service provider to 4G



# Major Business Operation

## CITIC Telecom – Other Services

- Stable revenue from enterprises solution projects and other services
- A leading MNC has moved into our data center at beginning of 2013. Just concluded another lease taking up 50% of the remaining floors of CTT. The deal has just been concluded in July
- Commenced construction for a new data centre. Over 700 racks will be available starting 2014 to meet increasing demand on Hong Kong Island side



# Data Business – Update on Data Center Development



**1. CITIC Telecom Tower (CTT)**  
**Location:** Kwai Chung  
**Area:** 50,000+ sqft  
**Capacity:** ~830 standard racks

NEW TERRITORIES

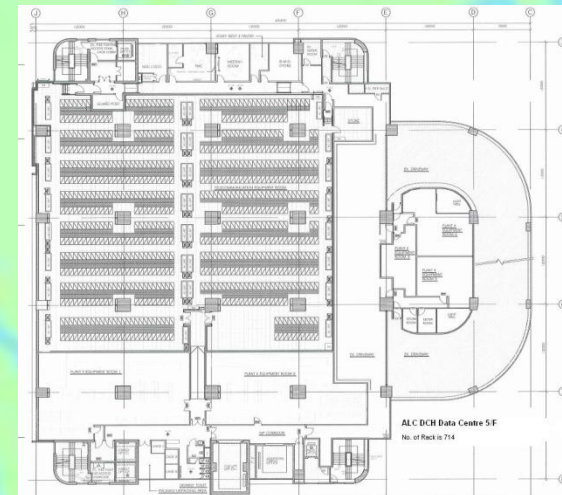
Smart CLOUD

KOWLOON

HONG KONG ISLAND

## Highlights:

- High quality Tier 3+ IDCs
- Disaster recovery capability between HK Island & Kowloon / N.T.
- Future proven high power & “Green” solution
- Modular expandability subject to market demands



## 2. 111 Lee Nam Road (ALC)

**Location:** Ap Lei Chau  
**Area:** ~40,000+sqft (Q1, 2014)  
**Capacity:** ~710 standard racks



# Major Business Segment – Data Business

- Maintained stable revenue growth and profit margins
- Extended Services Coverage in 1H/2013
- Innovative Products unveiled in 1H/2013
- CITIC Telecom CPC is the first HK VPN service provider to receive all three ISO9001 (Quality Management Systems), ISO20000 (Information Technology Service Management System) and ISO27001 (Information Security Management System) certifications
- CITIC Telecom CPC becomes one of the first VMware vCloud® powered service providers in Greater China





# Businesses Expansion

## Integration & Collaboration

 **china entercom**  
中企電信 A CITIC GROUP COMPANY



**CITIC TELECOM CPC**

**Asia Pacific  
&  
Partners**

- **Re-engineering network Infrastructure**

- Replaced outdated equipments
- Redesigned services coverage

- **Achieved International Standard**

- Obtained ISO27001

- **Total ICT Solution**

- Standardized & Integrated products and services, as well as enhanced cloud computing solutions

- **Launched the 7th (COC) SmartCLOUD Operation Centers in Beijing**

- **Deployed almost 60 Point of Presence, with 5 new POPs in 1H/2013**

- **Launched 5 news products**

- TrueCONNECT™ Wireless
- TrustCSI™ MFS
- SmartCLOUD™ vONE
- SmartCLOUD™ MMCC
- SmartCLOUD™ Storage

- **Taiwan Expansion**

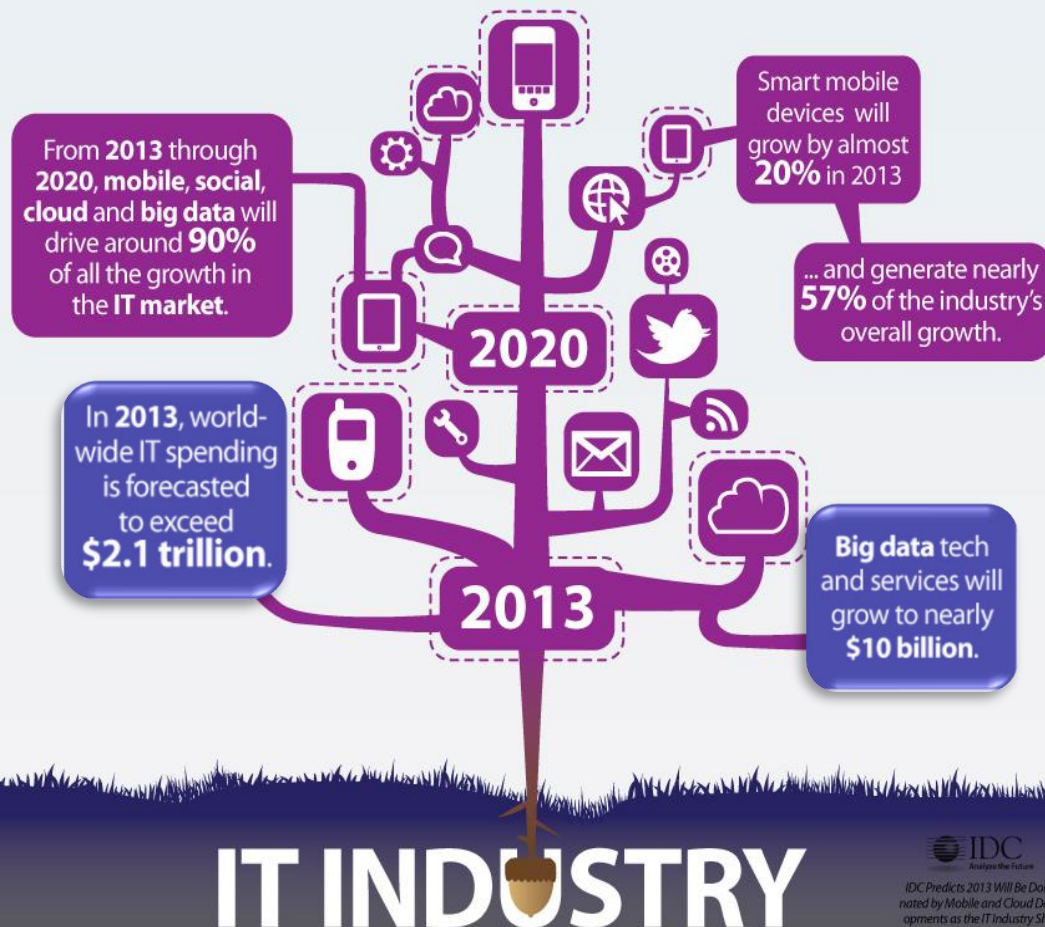
- Launched 2 New offices, Kaohsiung & Tai Chung

- **Singapore – ASEAN Hub**

- Expanded and relocated Singapore office to a new office building

# IT Industry Dominator in 2013 – Cloud and Mobile service

*IT Industry Predicted to be Dominated by **Mobile** and **Cloud** in 2013*

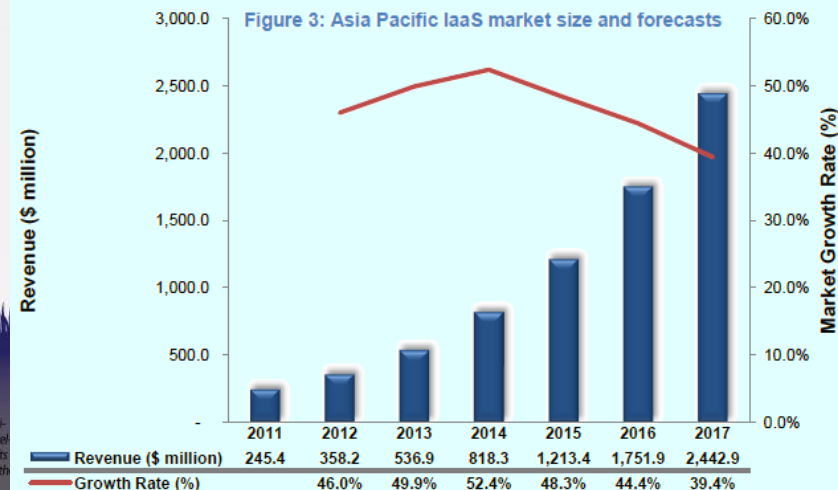


**Gartner**

Gartner predicts that Infrastructure-as-a-Service (IaaS) will achieve a compound annual growth rate (CAGR) of 41.3% through 2016

**FROST & SULLIVAN**

The overall AP IaaS market is expected to grow at a CAGR of 46.8% (US\$2.4B) in 2017





JUNIPER  
NETWORKS

riverbed

ArcSight  
An HP Company

Genesys



EMC<sup>2</sup>

FORTINET

paloalto  
NETWORKS  
the network security company™







JUNIPER  
NETWORKS

riverbed

ArcSight  
An HP Company

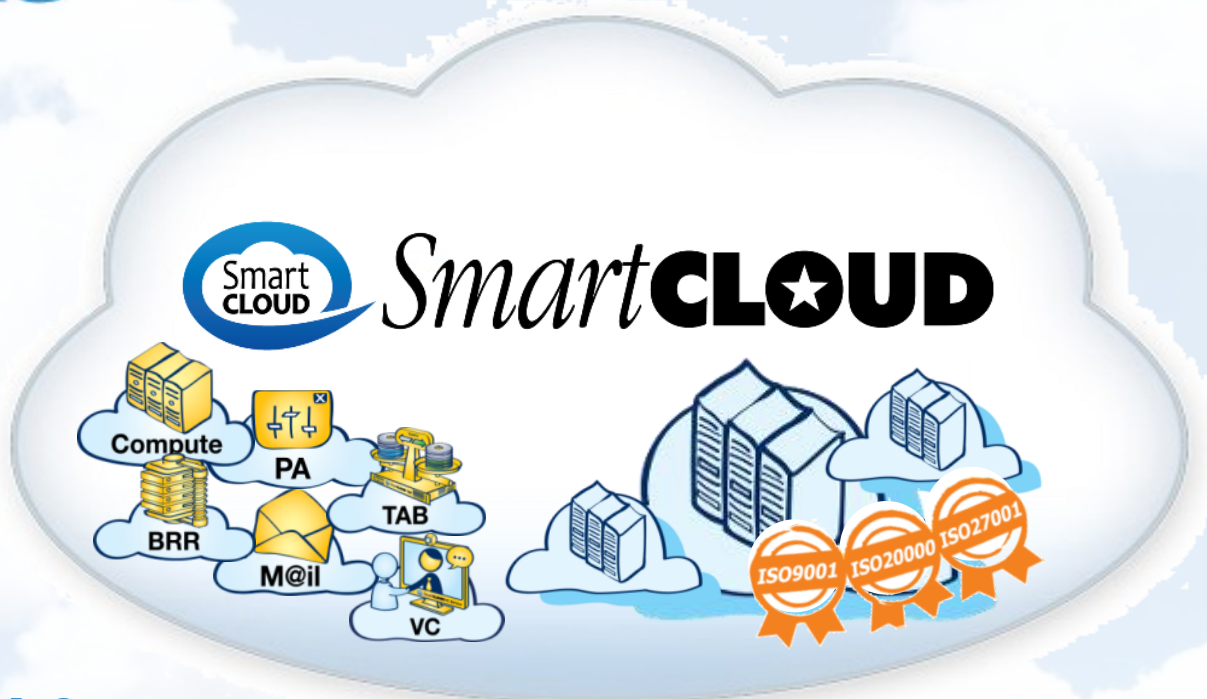
Genesys



EMC<sup>2</sup>

FORTINET

paloalto  
NETWORKS  
the network security company™



Smart CLOUD 2013

Smart CLOUD  
Storage-as-a-Service

Smart CLOUD vONE  
(Private Cloud)

Smart CLOUD  
Backup-as-a-Service

Smart CLOUD Private VDI

Smart CLOUD MMCC  
(MultiMedia Contact Center)

IAAS

SAAS

... and more to come

# Comprehensive ICT Solutions

## Integration & Collaboration



Information Security Services



Smart**CLOUD**

Cloud Computing

True**CONNECT**

& Internet

Connectivity Solutions

### Solid ICT Expertise and World-class Partners

- Dedicated VPN, Security and Cloud specialists
- Certified Engineers for NOCs and SOC's management
- Supported by world-class vendors for our high-quality solutions

### Extensive Coverage Across Asia, Especially GC

- 60+ POPs , covers 90% most Popular Business Locations in China
- 7 SmartCLOUD service centers + 3 SOC's in the Asia Pacific region
- Backed by our World-class Data Centers

### Customer Services Excellence

- Agile, Direct and Swift response from NOCs and Customer Service Hotlines
- 24 x 7 x 365 with multi-lingual support
- Comprehensive Customer Service Communication Channels



# Major Business Operation

## CTM – Leading Telecoms Operator in Macau

- Acquisition of controlling interest of CTM by CITIC Telecom was completed on 20 June 2013. After the Acquisition, CITIC Telecom's shareholdings in CTM increased to 99%
- CTM's net profit amounted to HK\$496.5 million, an increase of 10.4% as compared to the corresponding period in 2012. The growth was driven by mobile service, internet and data
- Turnover dropped 2.7% to HK\$2,229.4 million as a result of lower smartphone sales, in line with the industrial trend around the region

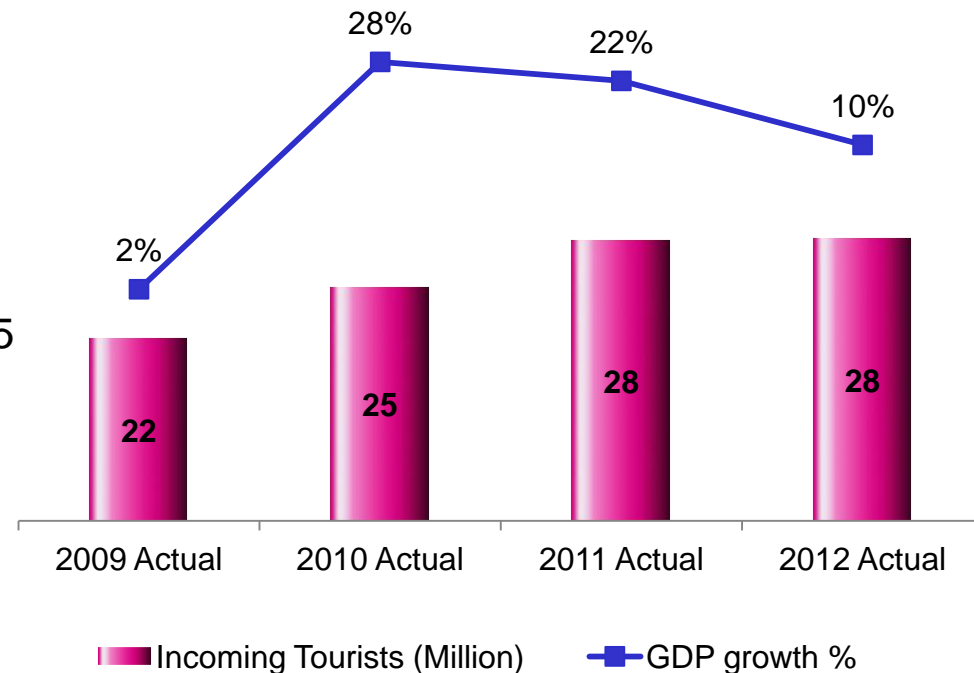


# Major Business Operation

## Macau Economic Environment

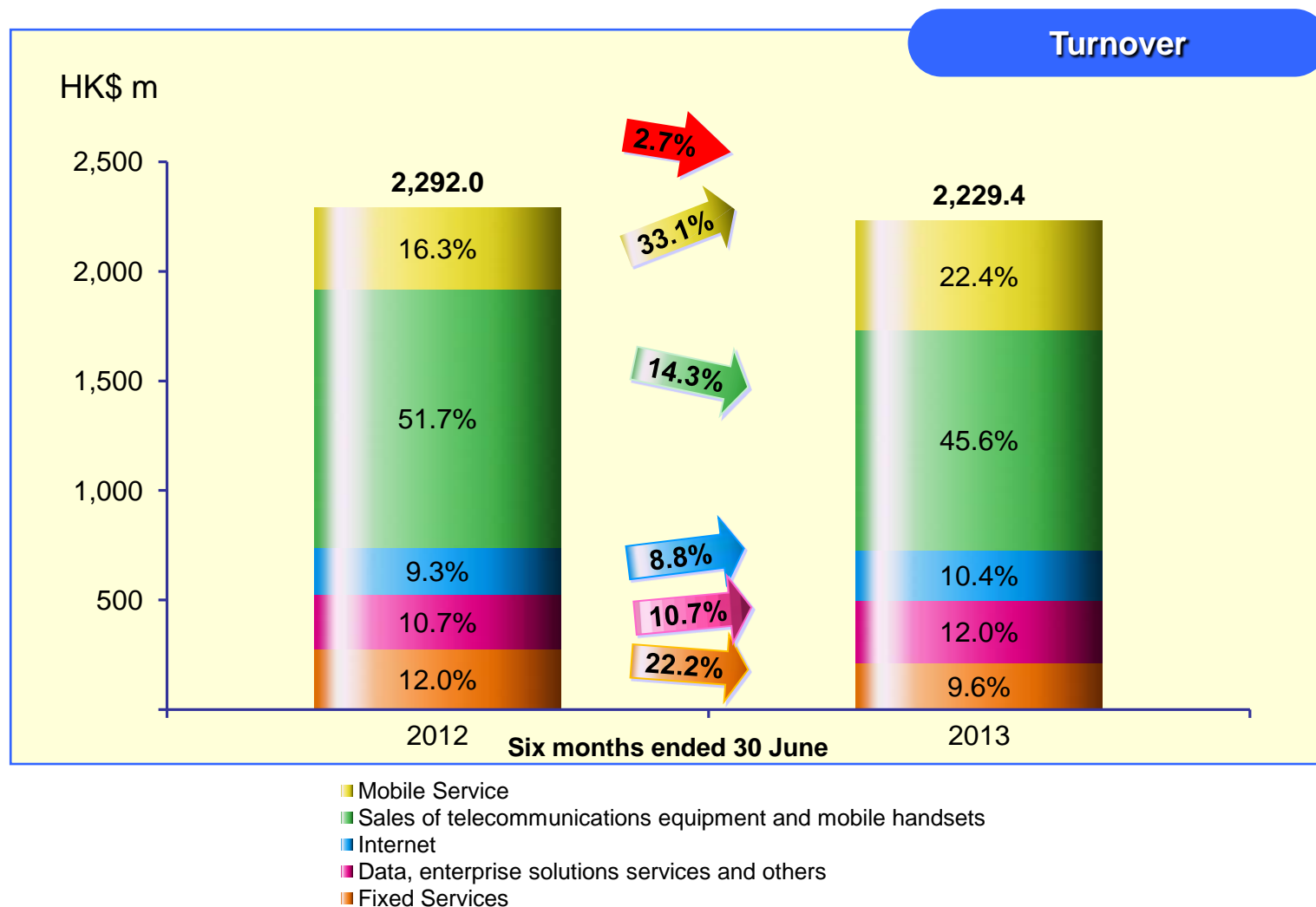
- 10% real GDP growth in 2012 for Macau
- Tourist grew 4% in first half 2013
- Gaming tax was 88% (2012) of overall government income
- Partial launch of Light Rapid Transit in 2015
- Construction of the Hong Kong/Macau/Zhuhai bridge is expected completion in 2016/17

**Tourists Number V.S. GDP Growth %**



# Major Business Operation

## CTM – Turnover\*

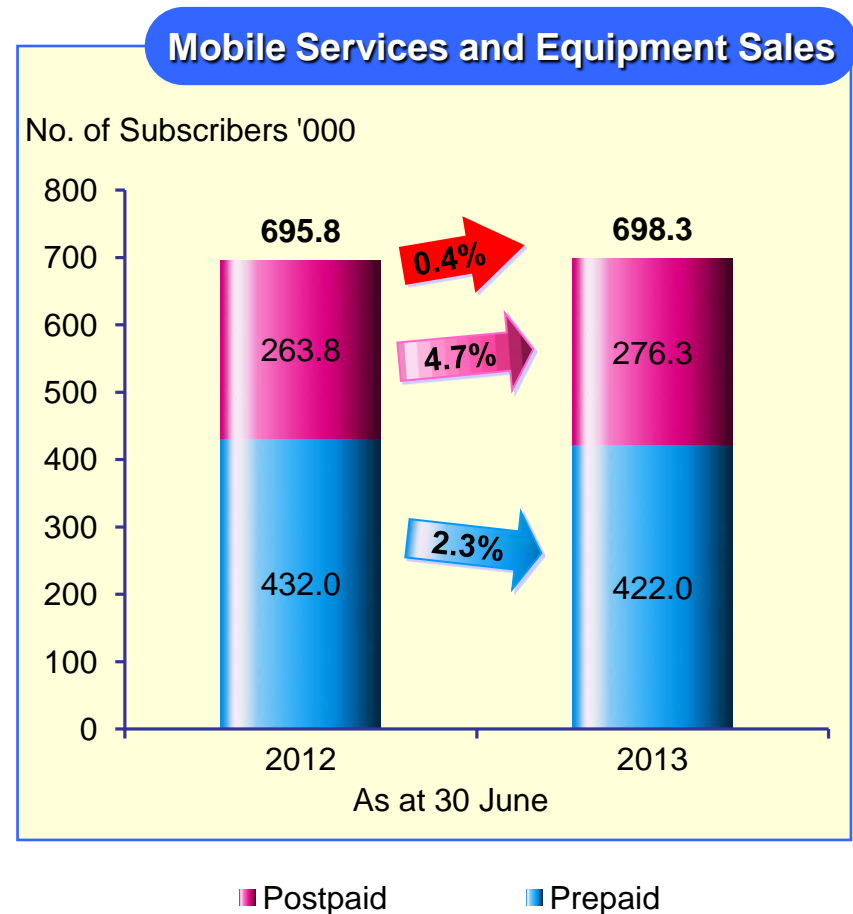


\* CTM's results was only consolidated after the Acquisition, a comparison of CTM's half year results for 2012 and 2013 is only for the purpose of analysis.

# Major Business Operation

## CTM – Mobile Services and Equipment Sales

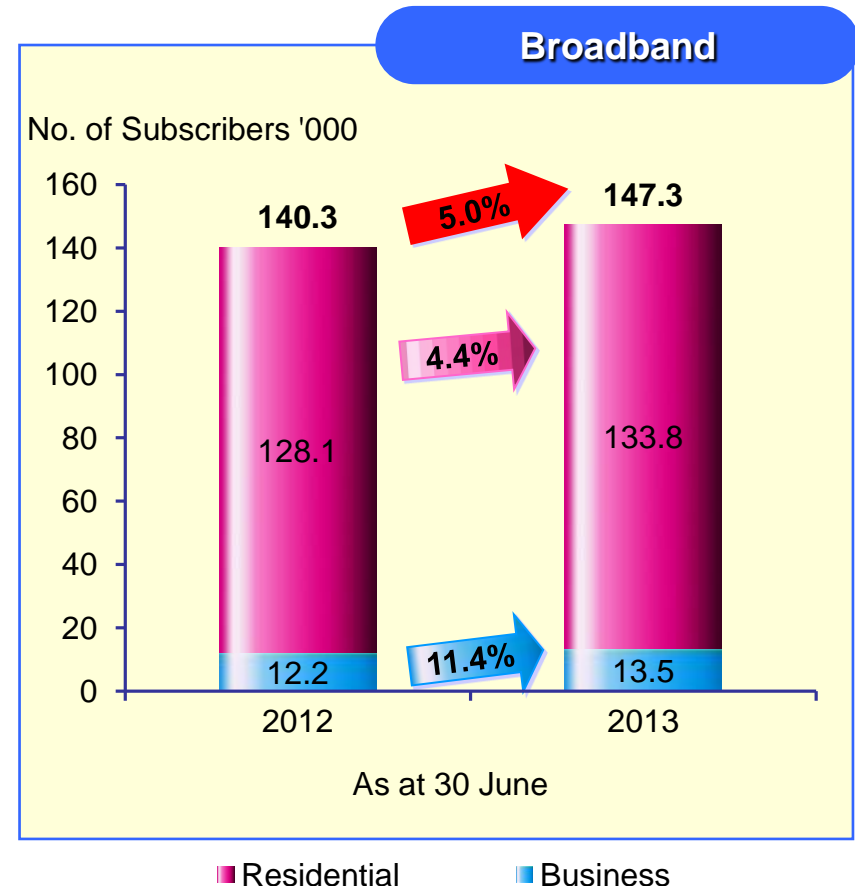
- Mobile service revenues jumped 33.1% to HK\$498.1 million due to the strong growth of inbound roaming and mobile data
- Postpaid Average Revenue per User (“ARPU”) up 16% to HK\$183 (inbound roaming excluded)
- Number of postpaid customers increased by 5% to 276.3k, 64% of which are mobile broadband customers
- Prepaid ARPU decreased by 5% to HK\$19 due to fluctuation in IDD revenues
- Market share was similar to last year at around 46%
- Sales of telecommunications equipment and mobile handsets decreased due to lower sales of smartphones which have a relatively low margin



# Major Business Operation

## CTM – Internet

- Internet revenue increased 8.8% to HK\$232.8 million as compared to last year mainly due to healthy fiber broadband uptake
- Fiber to the business building coverage reached 100% and fiber to the home 79% in June 2013
- Offer Residential broadband speed upto 250m and business broadband speed with 1G
- Overall broadband ARPU increased 4% to HKD\$266, despite price reduction end of last year
- Total broadband customers reached 147.3k in June 2013
- Penetration rate was around 81%

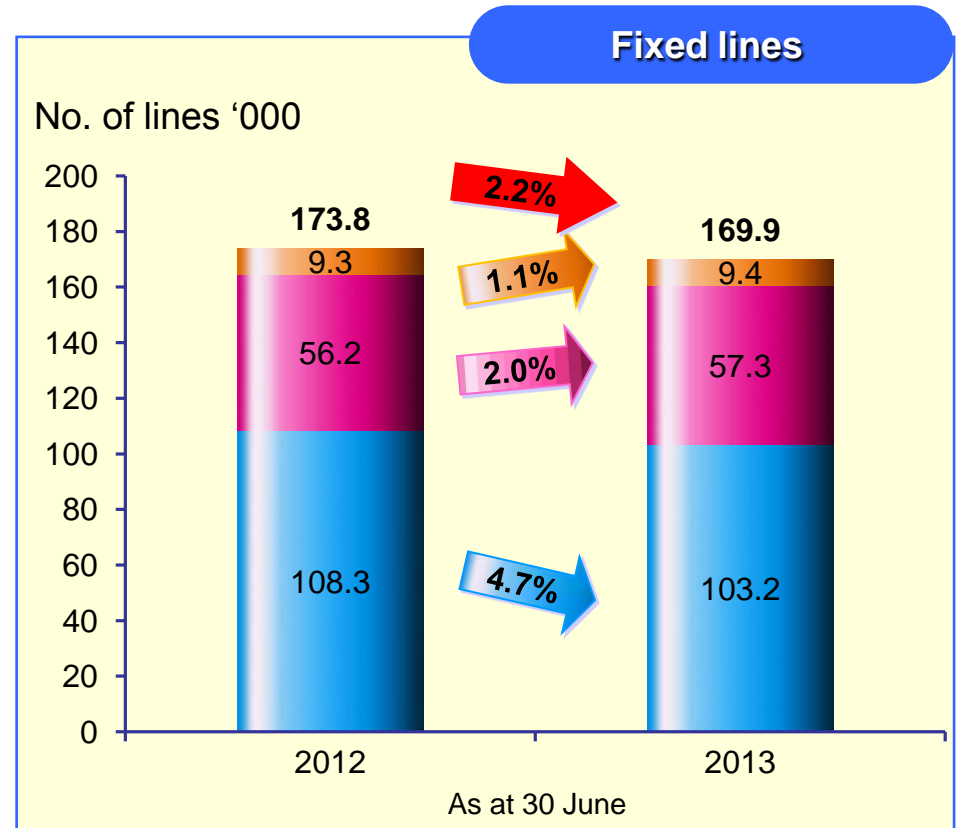




# Major Business Operation

## CTM – Fixed Services

- Fixed-line service revenue decreased 22.2% to HK\$214.8 million, in line with worldwide trends of declining fixed retail and transit IDD traffic volumes
- Gradual replacement of fixed residential lines by mobile services while business lines grew as a result of enlarged commercial activities
- Through effective cost management to maintain healthy profit margins

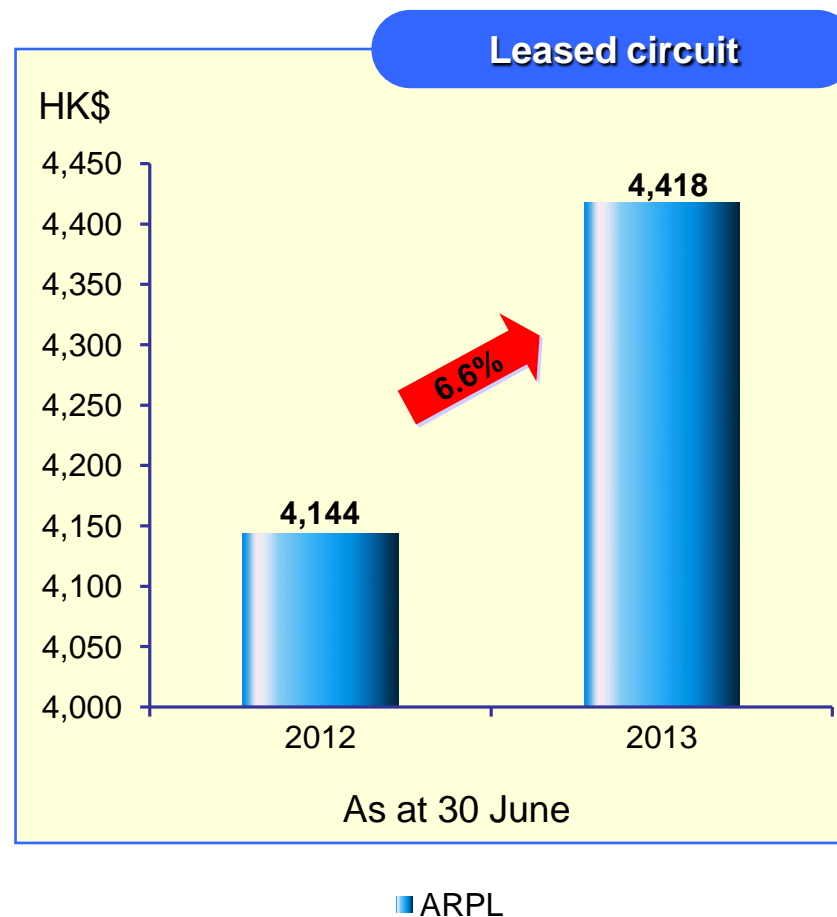


- Number of Residential Fixed lines
- Number of Business Fixed lines
- Number of other Fixed lines

# Major Business Operation

## CTM – Data, enterprise solutions services and others

- Revenue increased by 10.7% to HK\$268.4 million
- Higher demand for leased lines and growth in professional services from carriers, casino / hotel customers, banking and government
- Leased circuits tariff reduction in H2 2013 to pre-empt competition
- Enrich cloud products to support Education and Tourism sectors
- Upcoming Cotai developments are Galaxy Resort 2nd phase, Wynn, SJM, Parisian of Sands, Macau Studio City etc
- Strong government spending on transport, infrastructure, housing, health and education
- Hengqin development, in which the University of Macau campus will be opened by early next year



# Q&A