



**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 2012  
15 August 2012**



# Highlights for the Six Months Ended 30 June 2012

- Turnover recorded a growth of 16.9% to **HK\$1,744.0 million** as compared against last year
- Profit attributable to the equity holders of the Company increased by 2.1% to **HK\$238.8 million**, as compared against last year
- At 30 June 2012, net cash was **HK\$170.6 million**, including cash and bank deposits of HK\$270.6 million
- Interim dividend of **HK2.4 cents** (2011 Interim: 2.4 cents)

# Turnover

- Turnover increased by 16.9% to HK\$1,744.0 million when compared with last year



Voice Services

SMS Services

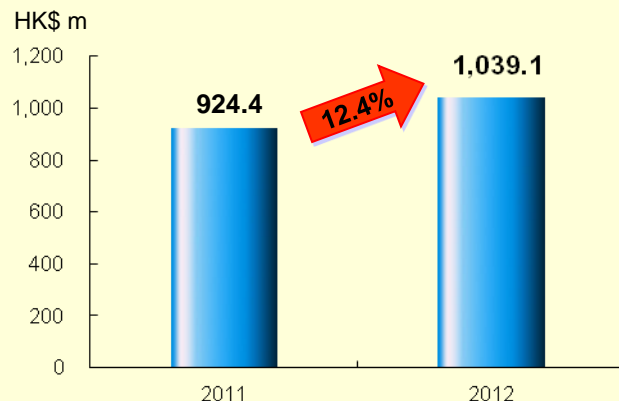
Data Services

Mobile VAS



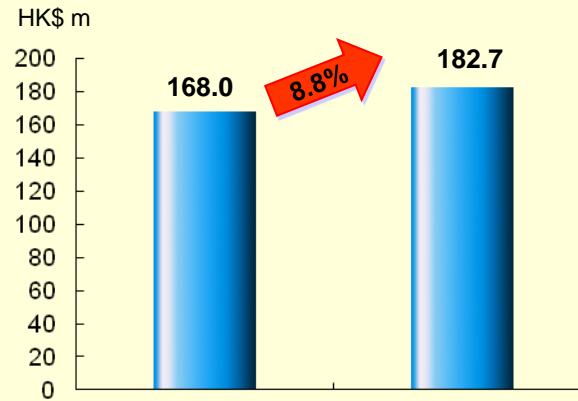
# Turnover of Four Major Business Segments

## Voice Services



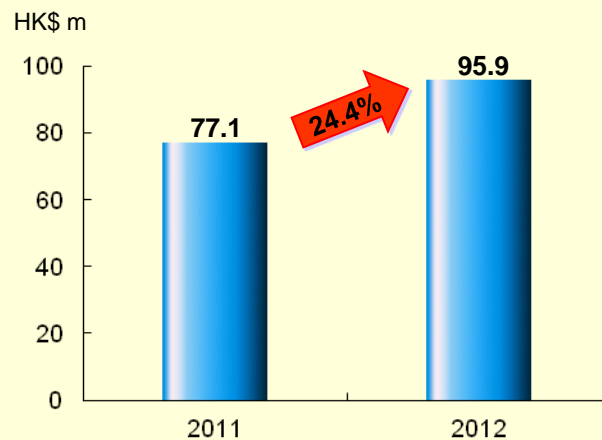
Six months ended 30 June

## SMS Services



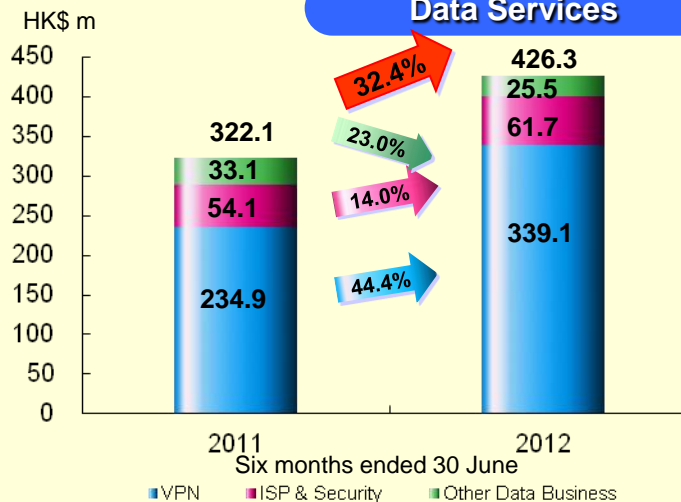
Six months ended 30 June

## Mobile VAS



Six months ended 30 June

## Data Services

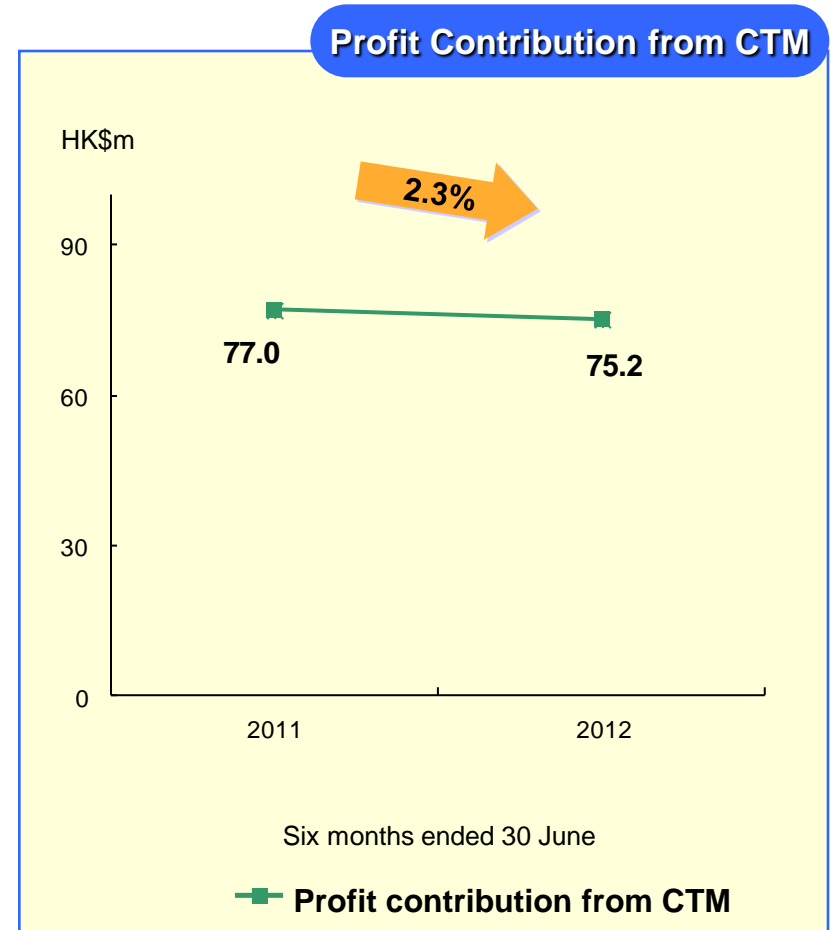


Six months ended 30 June

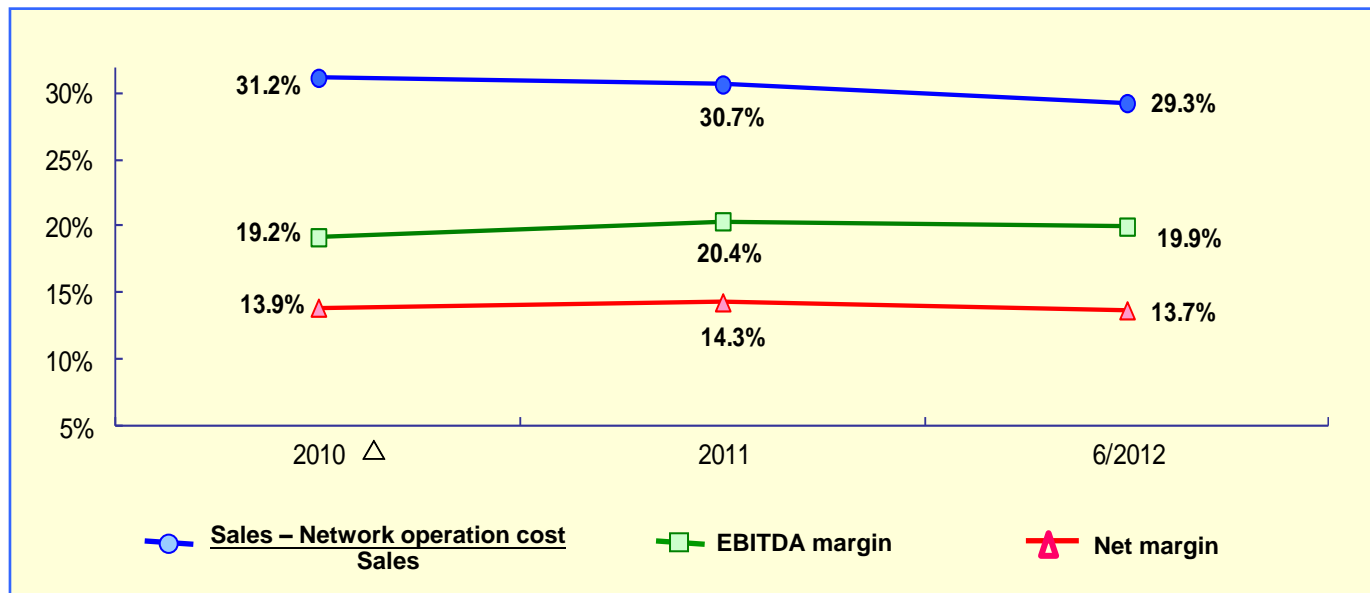


# Companhia de Telecomunicacoes de Macau, S.A.R.L. (“CTM”)

- CTM's net profit amounted to MOP463 million, a decrease of 4.7% as compared to the corresponding period in 2011. Turnover rose 21% to MOP2,361 million
- The decrease in profit was mainly due to the one-off rebate to CTM customers as a result of the service outage in the beginning of the year
- The decrease in contribution from CTM was partly offset by the reduction in amortisation of intangible assets



# Margin Analysis



△ Excluded transaction costs of acquisition of subsidiaries

## Analysis on change in Margin

- (1) Decrease in  $\frac{\text{Sales} - \text{network cost}}{\text{Sales}}$  and EBITDA margin was mainly due to the first time inclusion of CEC-HK which had a comparatively low margin
- (2) Decrease in net margin was mainly due to
  - (i) increase in depreciation after the completion of the CTT data centre
  - (ii) increase in depreciation and goodwill amortization following the completion of CEC – HK acquisition
  - (iii) decrease in contribution from Companhia de Telecomunicacoes de Macau, S.A.R.L. (“CTM”)



# Healthy Liquidity and Capital Structure

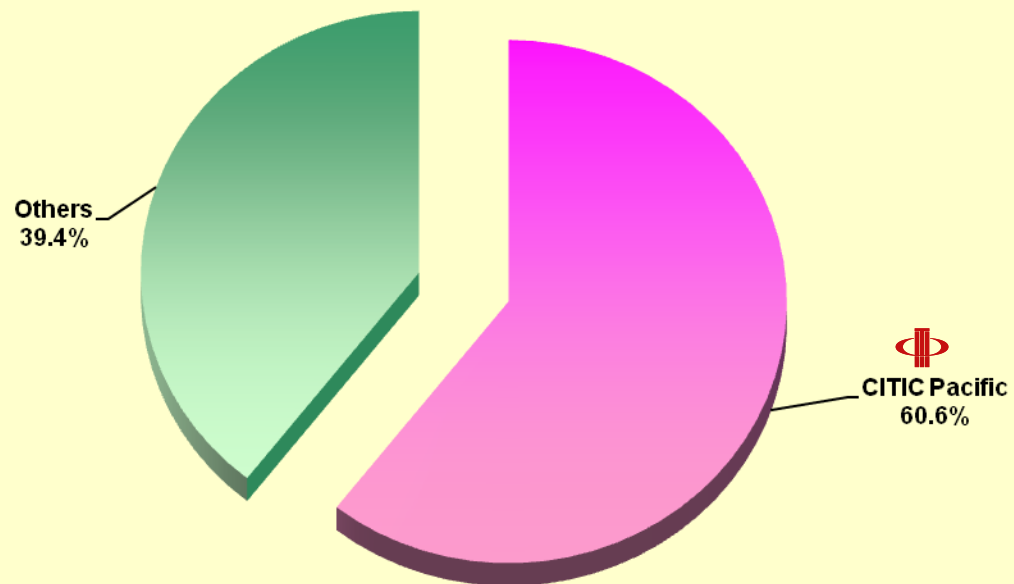
	2010	2011	2012
HK\$m	For the six months ended 30 June		
Operating cash flow before changes in working capital & Tax	255.5	251.3	278.3
Net cash generated from operating activities	222.6	193.8	142.0
Dividend from CTM	-	157.6	180.7
Total	222.6	351.4	322.7
Payment for Acquisition	410.1	6.2	53.6
Capital expenditure for Data Center	2.3	40.3	15.3
Capital expenditure - others	43.6	26.1	35.6

HK\$m	At 31 Dec	At 31 Dec	At 30 June
Cash and bank deposits	327.0	257.0	270.6
Bank Borrowings	-	-	100.0
Net Cash	327.0	257.0	170.6
Net Gearing ratio	Net Cash	Net Cash	Net Cash
Debtors turnover day	119	122	117





# Shareholding Structure

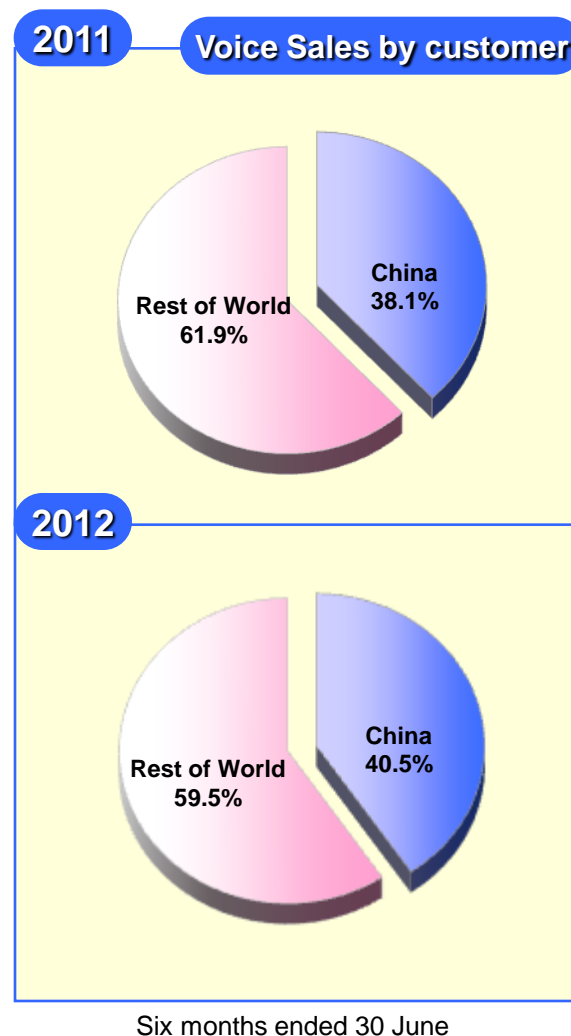
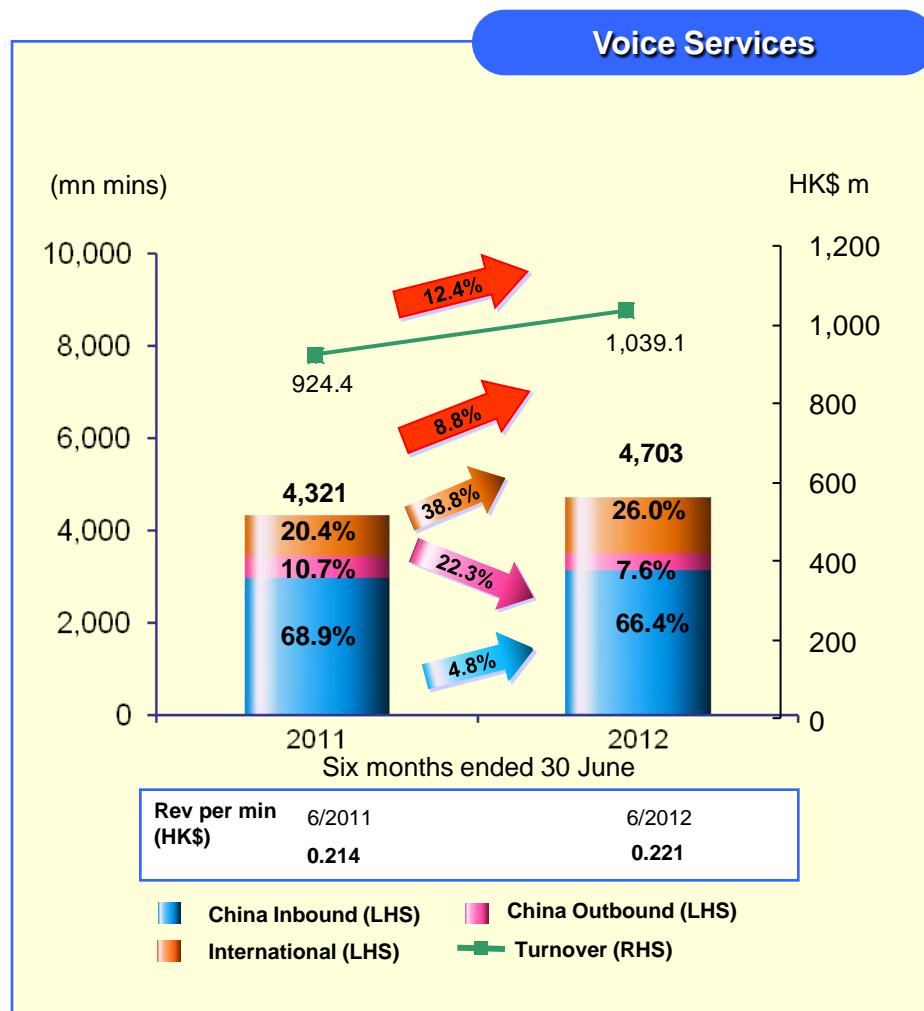




# Business Review

# Major Business Segment – Voice Services

Handled over 4.70 bn mins voice traffic

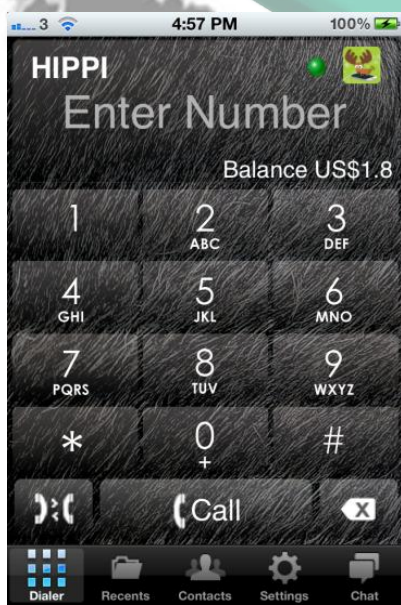
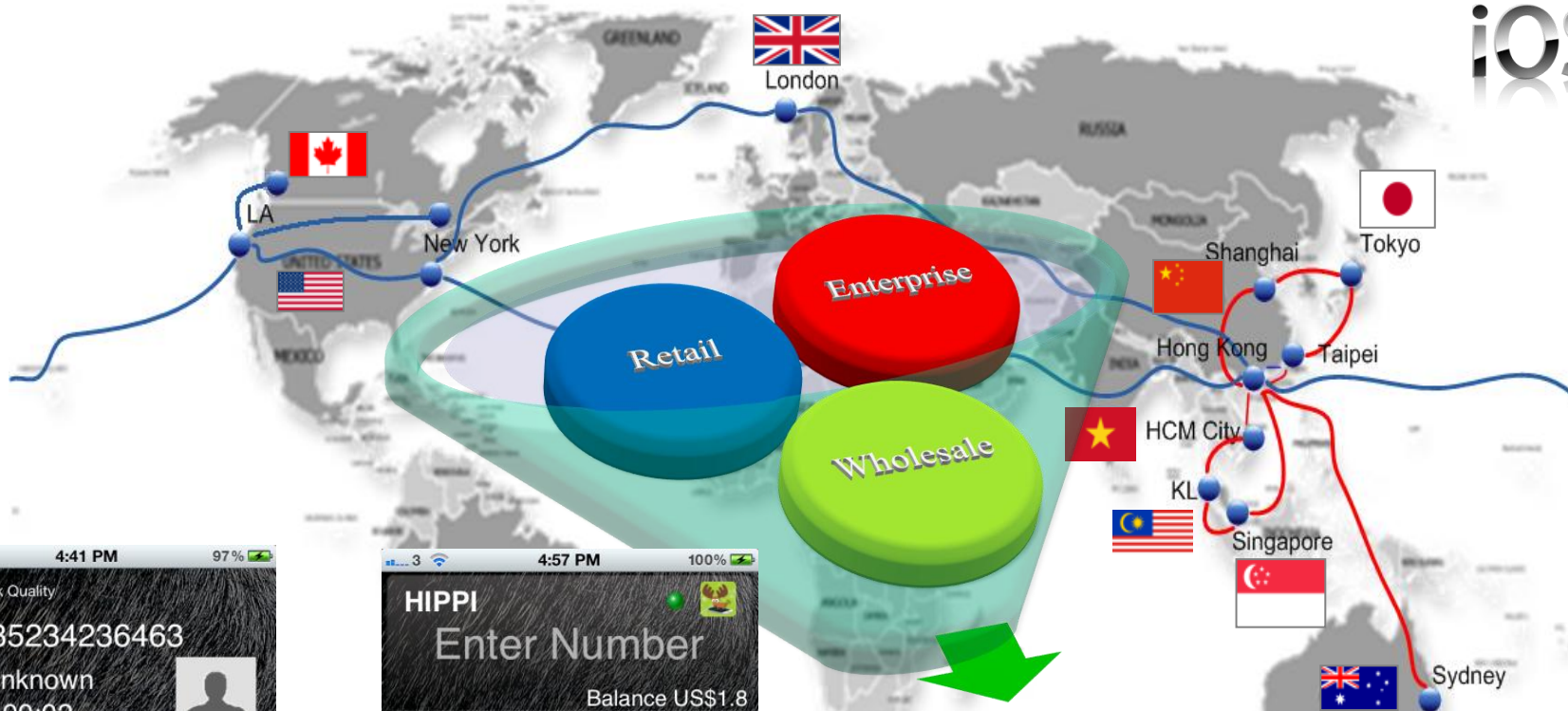


# Major Business Segment – Voice Services

- Growth in traffic volume and turnover
- China inbound and outbound market remained stable. Traffic growth mainly driven by international business
- Established 35 new voice interconnections
- OTP (Over-the-Top-Players) remained the key contributor to price erosion
- Launch of the smartphone app (HIPPI) for expansion of retail IDD traffic
- HIPPI has been awarded “The Best New Telecommunications Applications” in the telecommunications category in the I.T. Brand Award organised by The Chamber of Hong Kong Computer Industry and Metroinfo FM99.7
- Global retail business performed well when compared with first half of 2011. Revenue and traffic increased by 3% and 12% respectively
- Started enterprise IDD business in Taiwan serving 4,000 SME customers



# Award Winning Communication App – HIPPI



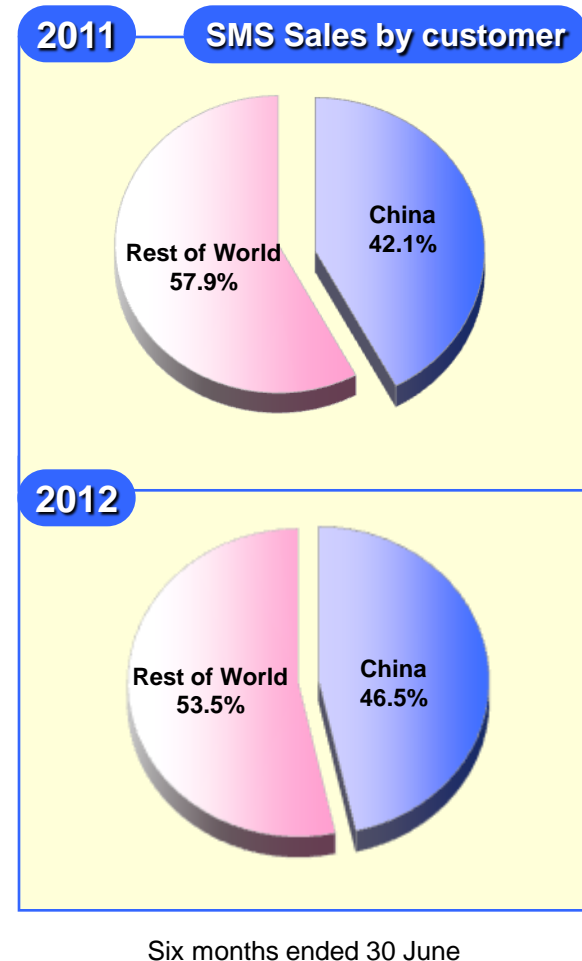
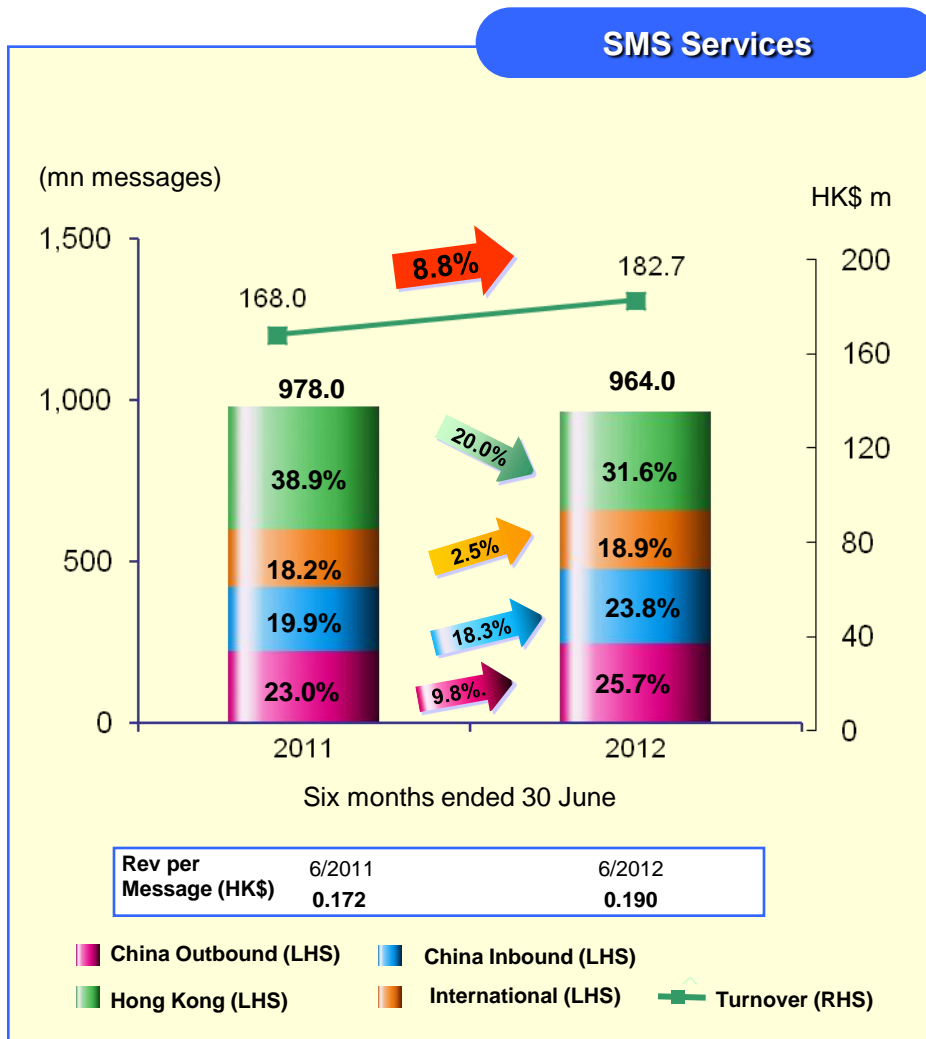
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# Competitive Analysis – HIPPI

Key Features	 HIPPI	 Viber	 Skype	 2b
Service built on Global Managed IP Network	✓	✗	✗	✗
Multi-Access				
Wi-Fi	✓	✓	✓	✓
3G / 4G	✓	✓	✓	✓
Public/Private Phones with Calling Card	✓	✗	✗	✗
HD Voice	✓	?	✓	✓
Call Forwarding	✓	✗	✓	✓
Callback	✓	✗	✗	✗
IM	✓	✓	✓	✗
Voice Messaging	✓	✗	✗	✗
2-way SMS	✓	✗	✗	✗

# Major Business Segment – SMS Services

Handled over 0.96 bn SMS messages



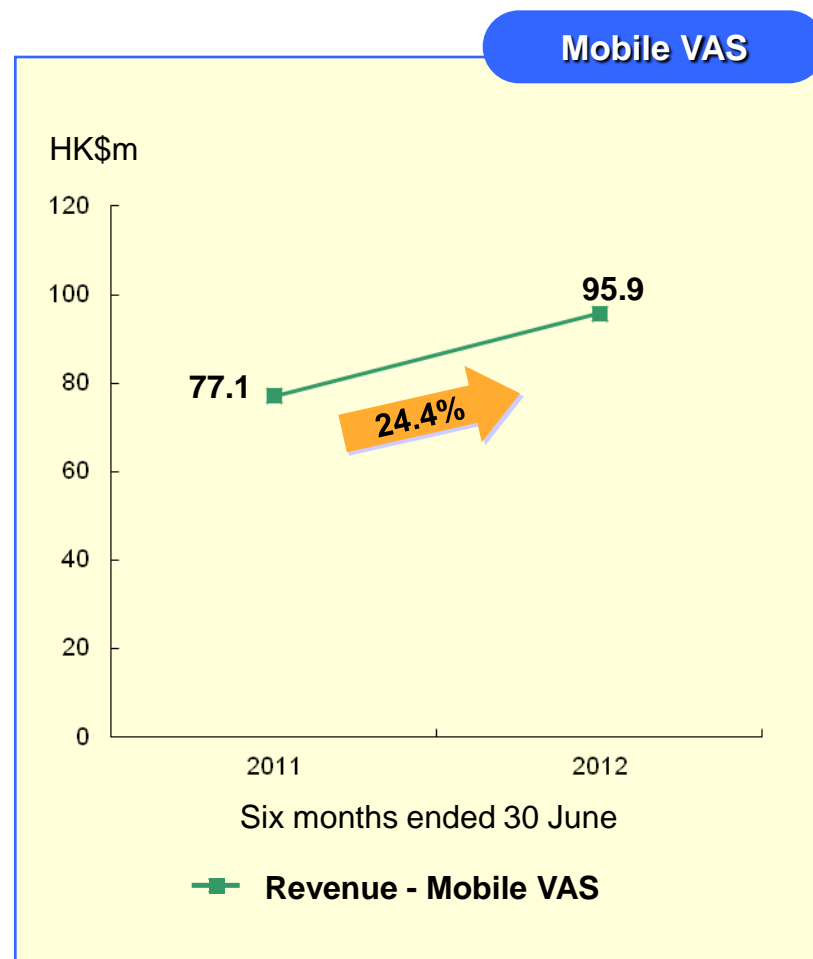
# Major Business Segment – SMS Services

- The dominant Inter-Operator SMS provider in Hong Kong. Total volume dropped due to substitution effect from internet base free services (i.e. whatsapp and LINE)
- International traffic maintained a stable growth with strong growth from A2P (Application to Phone) traffic application from enterprise customers
- New enterprises SMS contract signed in Japan to support the launch of new services by a Fortune 500 company
- Final testing stage on international SMS Service with a world famous online shopping company for the Japan Market, to be launched in Q4 2012
- Develop customer base in India and Africa



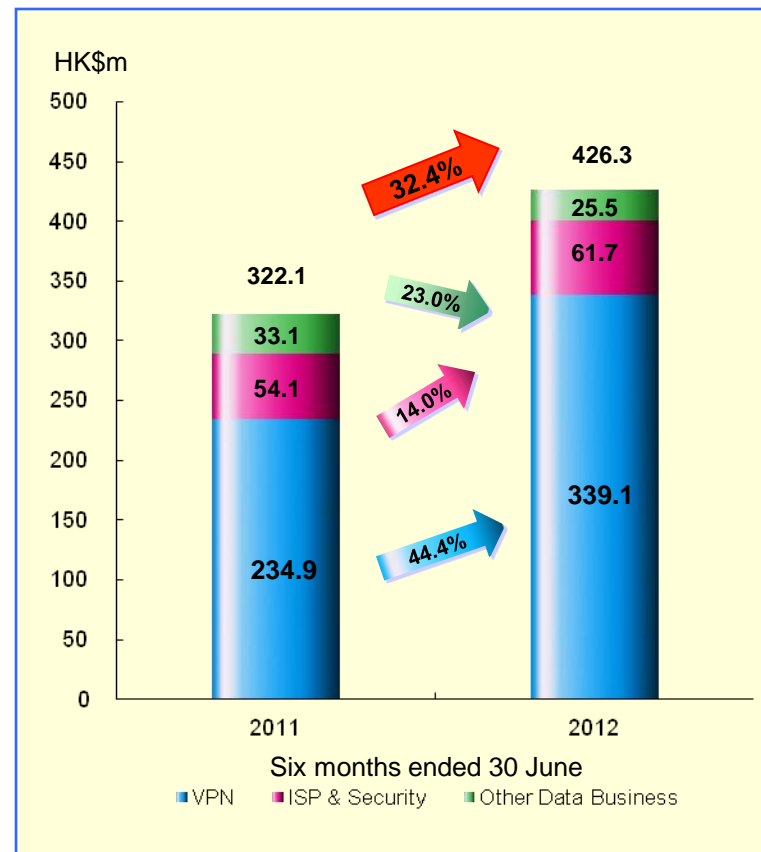
# Major Business Segment – Mobile VAS

- Launch of CTM / Smart SIMN Project in June 2012, gaining momentum in penetrating the foreign workers market in Macau
- Strong growth of Mobile VAS business in international markets, e.g. South Korea and Philippines
- Launch of Signaling and International SMS Service for a large mobile operator in Japan



# Major Business Segment – Data Business

- Robust growth of VPN services in China
- First time inclusion of China Enterprise Netcom Corporation Limited (CEC-HK) results
- Extended it service coverage
  - TrueCONNECT™ MPLS VPN services coverage is extended to 50+ Point of Presence, from Greater China to US
- Innovative Products unveiled in 1H 2012
  - Launched 2 Regional SmartCLOUD Operation Centers in Taiwan and Singapore
  - SmartCLOUD BRR – features with backup, replication and recovery to ensure customers to capture and retrieve the data in a timely manner
  - SmartCLOUD VC – Cloud-based Managed Video Conferencing Solution
- The acquisition of China Enterprise Communications Ltd has been approved by the Ministry of Commerce of the PRC and the CEPA process is in the final stage. The network coverage, service profile and customer base will be expanded with CEC's China nationwide IP-VPN license



# What Happens in a Minute on the Internet



## And Future Growth is Staggering



# Adoption of Cloud Computing in enterprise space is growing

- Forrester -

Global market for cloud computing will grow from US\$40.7 billion in 2011 to more than **US\$241** billion in 2020

- IDC -

**24%** of all new business software purchase in SaaS by 2015

# Cloud

“Spending on public IT cloud services will grow almost fivefold over the next three years, reaching **US\$14.8** billion in APEJ by 2015.”

- Deloitte -

Cloud-based applications will replace 2.34% of enterprise IT spending in 2014, rising **14.49%** in 2020

- Gartner -

Cloud IaaS market to grow by **47.8%** through 2015



# IDT estimates that by 2015..

**10 times** more SERVERS (Virtual and Physical)  
**50 times** more INFORMATION to be managed  
**75 times** more FILES

- **Nearly 20%** of the information will be "touched" by cloud computing service providers
- **Estimates 10%** will be maintained in a cloud

DATA MANAGED  
WILL  
INCREASE BY  
**50**  
TIMES

IT  
PROFESSIONALS  
WILL  
INCREASE BY  
**1.5**  
TIMES



THE  
2011  
IDC  
**DIGITAL  
UNIVERSE** STUDY  
sponsored by EMC



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# New Technology Adoption

## Traditional IT

### Challenges:

- Legacy Equipments
- Applications Modifications
- Information Security & Data Privacy
- Conservative Mindset

versus

## Cloud/ Virtualization Adoption

### Benefits:

- CAPEX to OPEX
- Operational Cost Saving
- Fast Provisioning
- High Flexibility & Scalability
- Universal Access





# CITIC TELECOM CPC

## Comprehensive and Complementary ICT Solutions



*True***CONNECT**<sup>TM</sup>



*Smart***CLOUD**

- Extensive geographical coverage
- High usability & availability
- Quality backed up by ISO certifications
  - 7 x 24 SOC's managed by certified security professionals
  - Industry's best practice security incident handling procedures
- Comprehensive solution from prevention, protection to monitoring
- Flexible business model
- 1<sup>st</sup>-tier technology
- Secure & reliable Cloud platform facilitating Cloud adoption
- 6 CSCs in Asia Pacific ensuring TRUE Disaster Recovery



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# CITIC TELECOM CPC

## Comprehensive and Complementary ICT Solutions

**ALL backed by World-class  
Partners**

**ALL services complement  
with each others**



CITIC TELECOM CPC



SmartCLOUD

TrustCSI™



TrueCONNECT™



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CITIC TELECOM INTERNATIONAL

## 50+ Point of Presences across Asia Pacific

## and Expanding

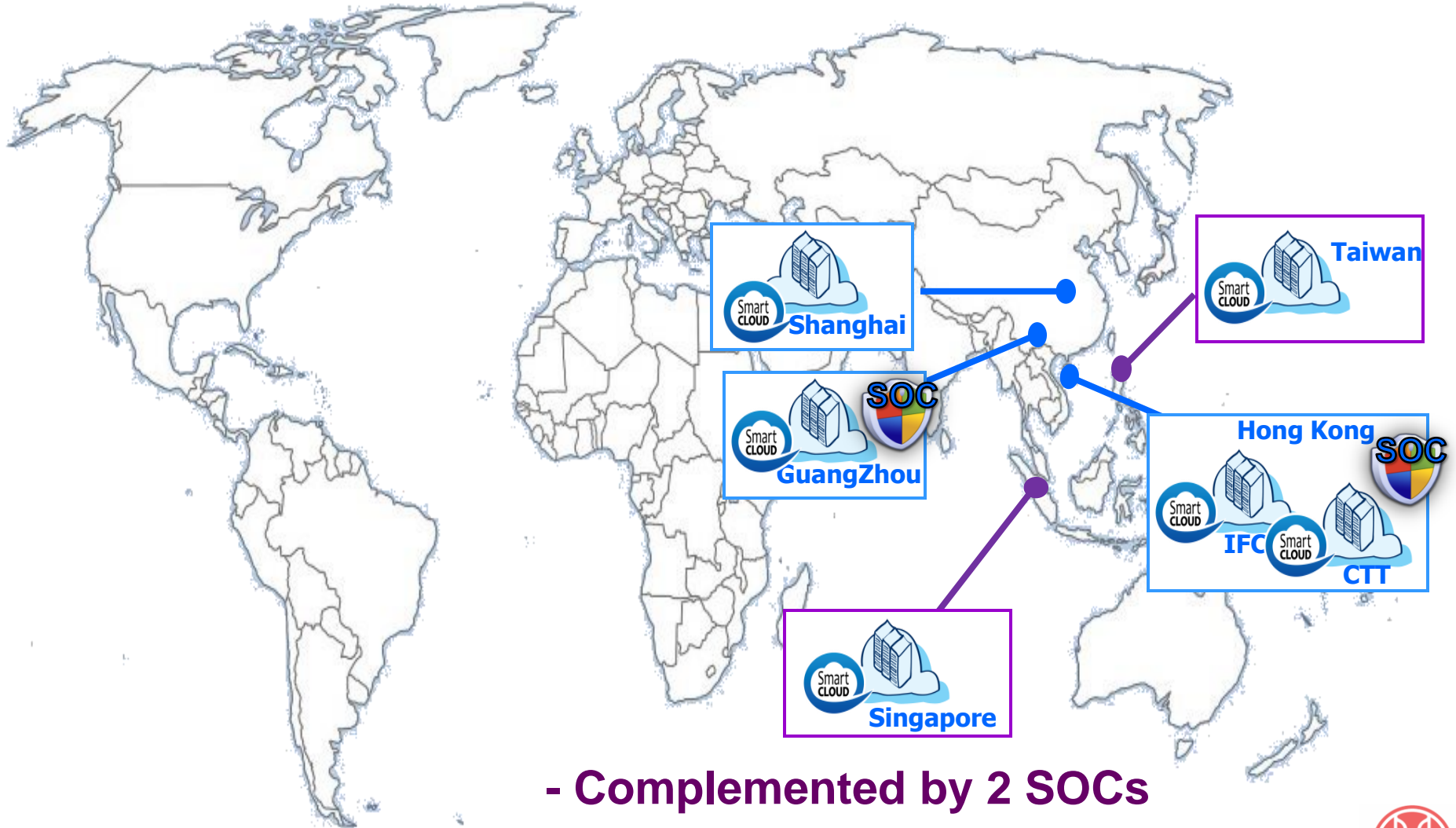


► Planning : Thailand, Indonesia, Philippines, London, New York



# SmartCLOUD

## 6 SmartCLOUD Service Centres across Asia Pacific



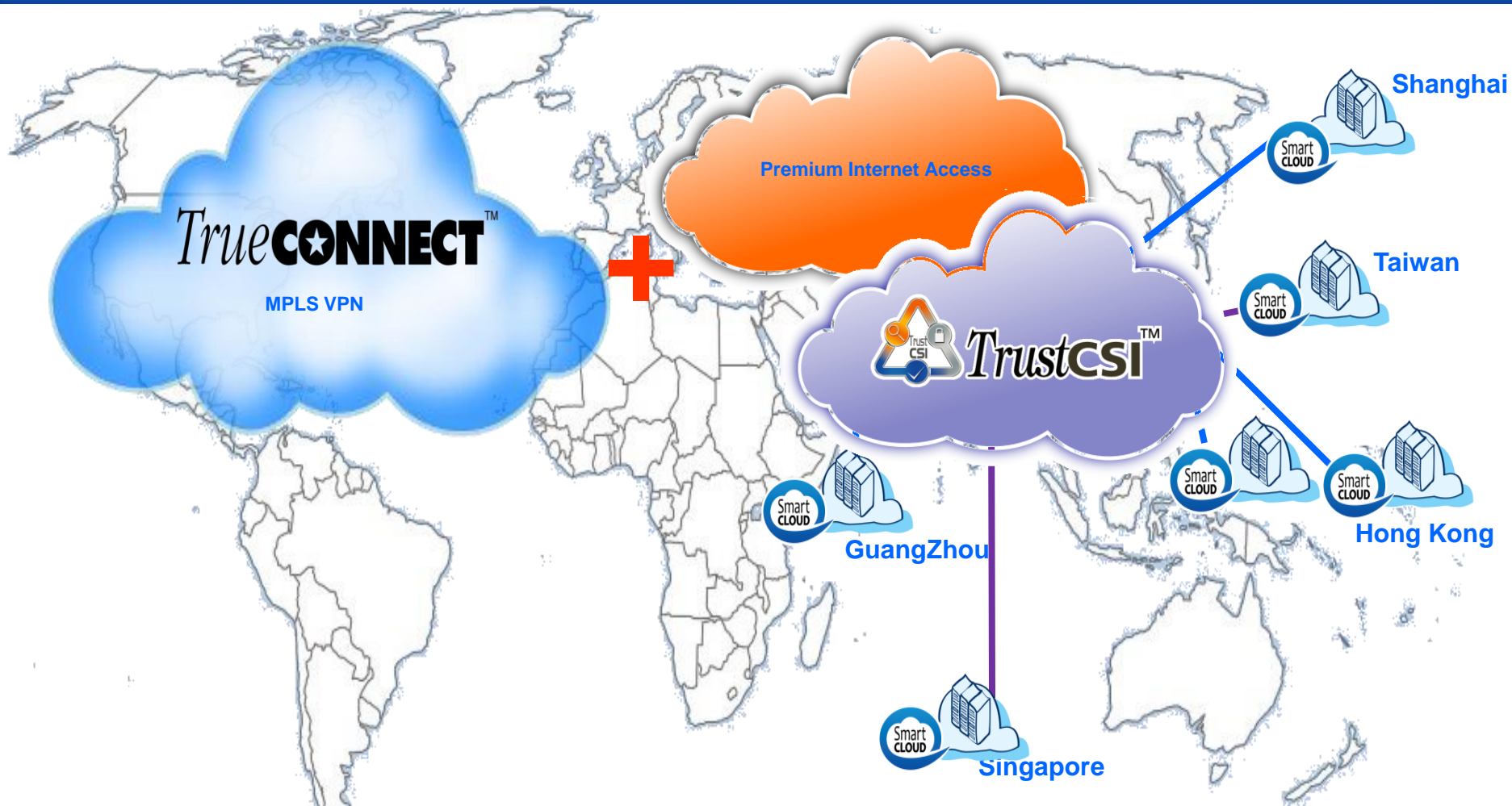
- Complemented by 2 SOC's



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# SmartCLOUD Private + Public = Secure Access Anywhere



**Comprehensive and Secured Hybrid Cloud  
Model Across AP**



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ArcSight  
An HP Company

EMC<sup>2</sup>  
where information lives<sup>®</sup>

vmware<sup>®</sup>  
vCLOUD<sup>®</sup> POWERED

Genesys

JUNIPER<sup>®</sup>

riverbed<sup>®</sup>

FORTINET<sup>®</sup>

McAfee<sup>®</sup>



# SmartCLOUD



Compute

IAAS



PA



BRR



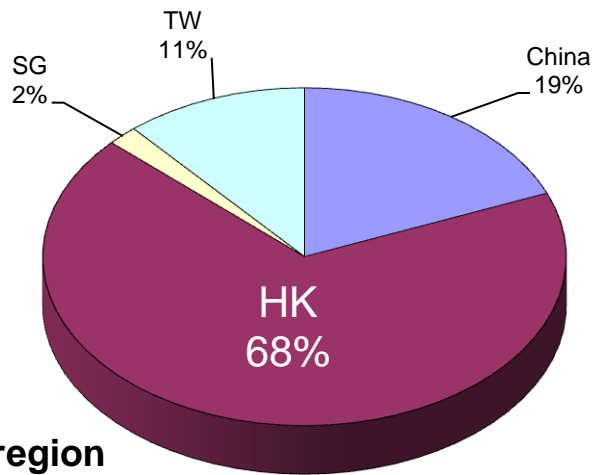
M@il

SAAS

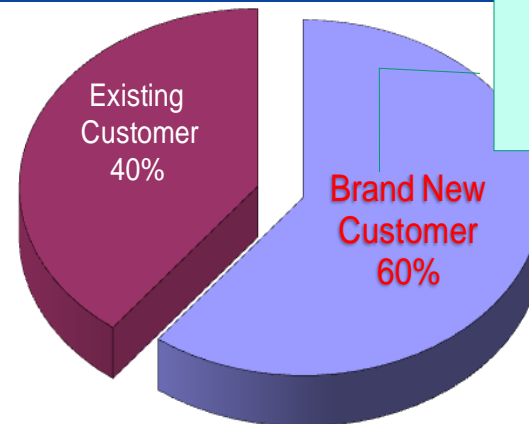


VC

# SmartCLOUD Customer Demographics

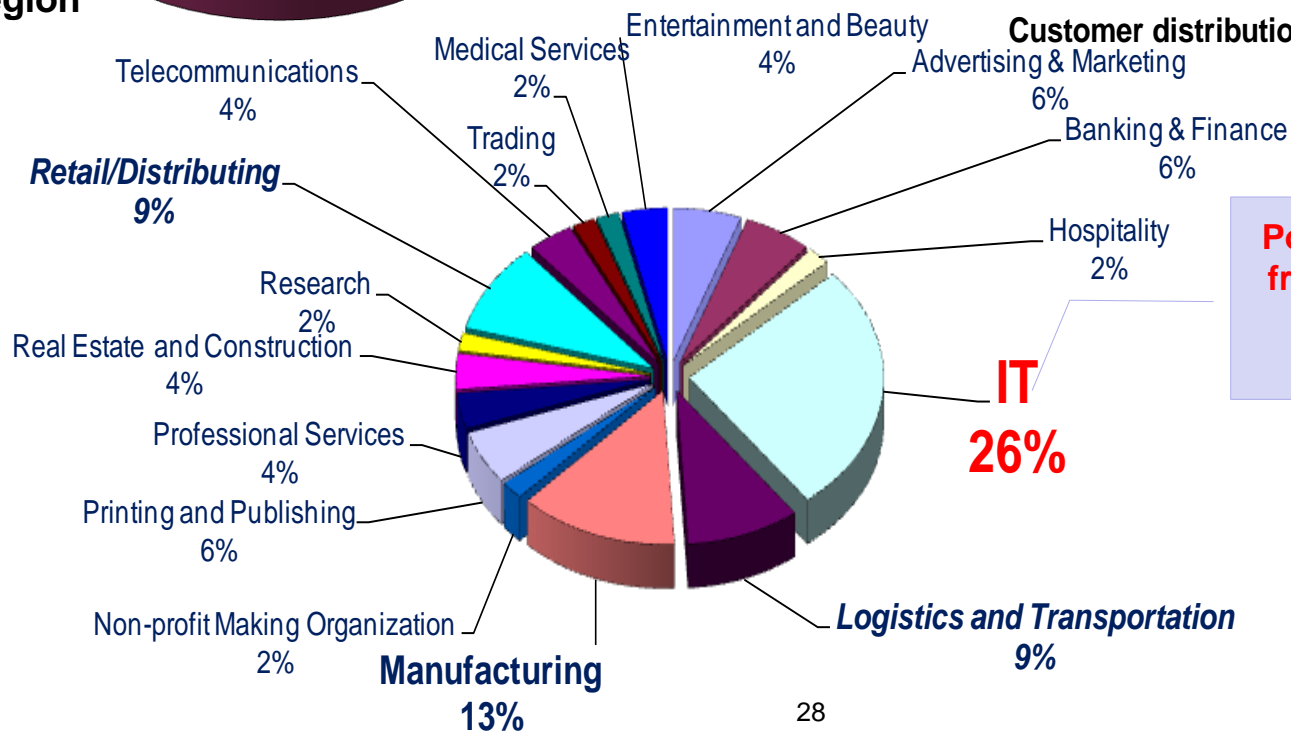


by region



22% Brand New customer also subscribed other CPC's services

Customer distribution (Existing / Brand new)



Potential growth segment from System Integrators; application vendors .... and more

# Q&A