



中信國際電訊集團有限公司
CITIC TELECOM INTERNATIONAL HOLDINGS LIMITED

(Stock Code: 01883)



2017

Interim Results Announcement

For the six months ended 30 June 2017



11 August 2017

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Results Summary

For the six months ended 30 June 2017

- Profit attributable to equity shareholders of the Company amounted to **HK\$454.6 million**, an increase of 10.9% as compared against the corresponding period of last year
- Excluding the HK\$19.6 million valuation gain on investment property, profit attributable to equity shareholders of the Company increased by 6.1% to **HK\$435.0 million**
- Turnover decreased 6.1% to **HK\$3,592.2 million** as compared against the corresponding period of last year
- At 30 June 2017, net debt was **HK\$6,487.9 million** (31 December 2016: HK\$6,448.3 million), including cash and bank deposits of **HK\$1,374.7 million** (31 December 2016: HK\$1,459.1 million)
- Interim dividend of **HK3.00 cents** (2016 Interim dividend: HK2.85 cents)

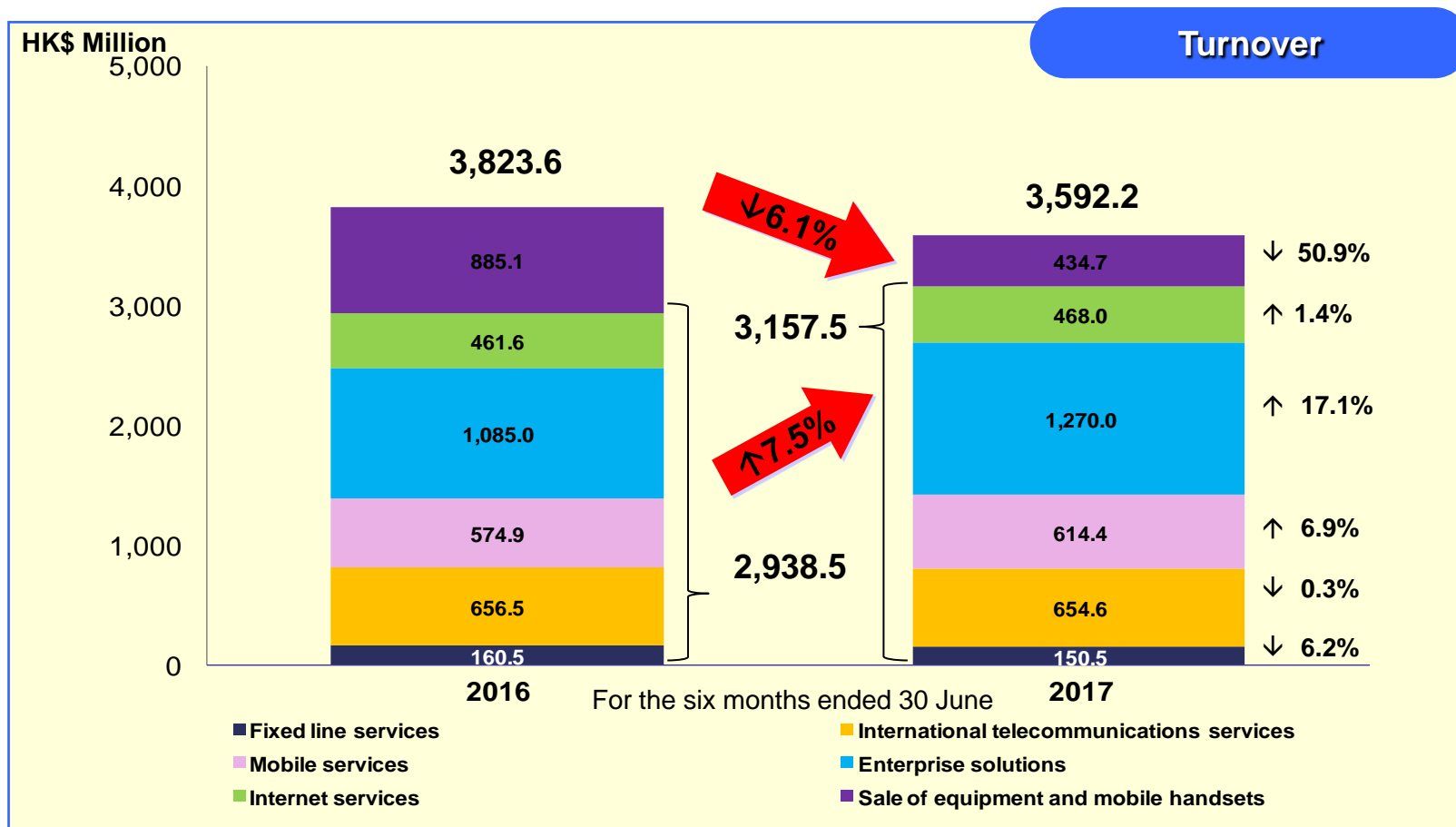




Turnover by Business Segment

Growth in enterprise solutions, mobile services and Internet services,
and overall turnover dropped period-on-period
mainly affected by handsets and equipment sales

- Turnover from the principal operations increased by 7.5% to HK\$3,157.5 million when compared with corresponding period of 2016



EBITDA, Capital Expenditure & Liquidity

	2016	2017
HK\$ Million	For the six months ended 30 June	
EBITDA*	997.9	1,051.7
Acquisition of subsidiaries	-	181.3
Capital expenditure –		
Data Centre	8.0	0.3
Network & System Upgrade and others	164.1	142.1

HK\$ Million	At 31 December	At 30 June
Cash and bank deposits	1,459.1	1,374.7
Total debt	7,907.4	7,862.6
Net debt	6,448.3	6,487.9
Net gearing ratio	45%	45%

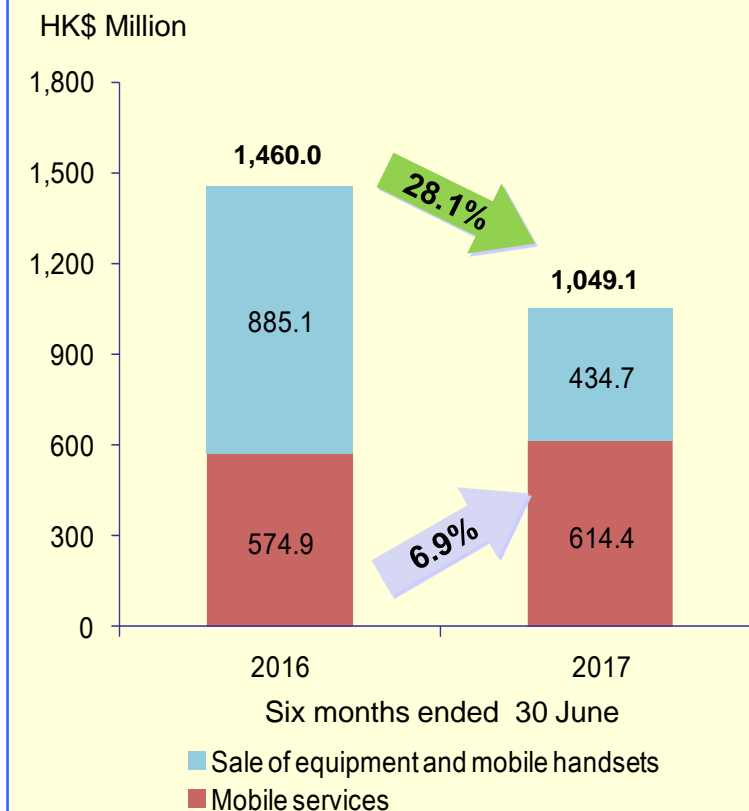
*EBITDA represents earnings before interest, taxes, depreciation and amortisation

Mobile Sales & Services

Upgrade technique, network and product ; Service income maintains to grow

- Mobile sales and services revenues decreased 28.1% to HK\$1,049.1 million mainly due to drop in mobile handset sales
- Adjusted Postpaid Average Revenue per User (“ARPU”) slightly increased by 1.5% when compared with first half of 2016
- Prepaid ARPU increased by 6.0% when compared with the first half of 2016 due to effective promotions in driving usage
- Overall number of subscribers was approximately 856,000
- Market share was at around 42.4% while 4G market share was 51.2% as at 30 June 2017
- CTM introduced the FDD Carrier Aggregation technology, accelerating the download speed to 300Mbps
- Launched the “Greater China Data Sharing Plan” to extend the geographic reach of its services to Taiwan in full coverage of the Mainland, Hong Kong, Macau and Taiwan. The service is popular in the market
- CTM achieved new breakthroughs in mobile network technologies, as it introduced Macau’s first VoLTE IDD service in April 2017 in collaboration with a Hong Kong mobile carrier
- Sound growth in mobile roaming signalling service for carriers
- Enhanced service quality of Single IMSI Multiple Number service, and provision of new innovative free roaming mobile terminating call products and supported by one carrier

Turnover – Mobile Sales & Services





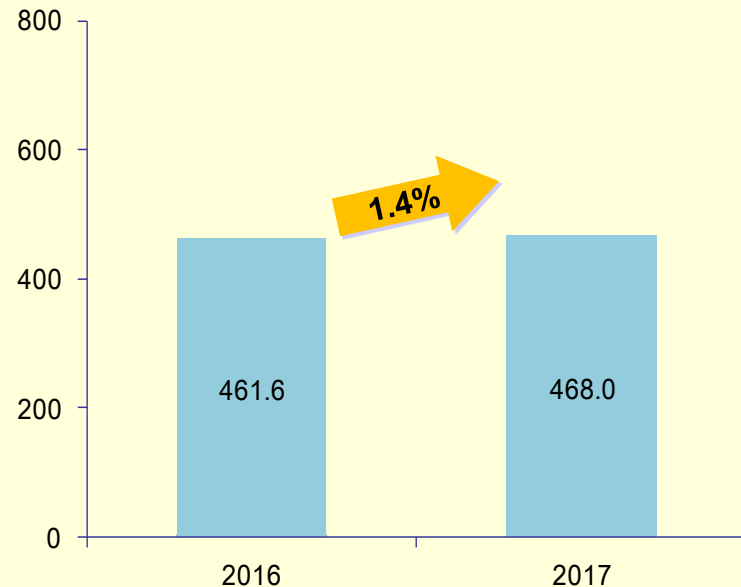
Internet Services

Broadband and data centre services drive the growth of revenue

- Internet services revenue increased 1.4% to HK\$468.0 million as compared to 2016 mainly due to increase in data centre revenue
- Overall broadband ARPU decreased by 11.9% for the first six months of 2017 when compared to 2016
- Total broadband subscribers increased 2.1% from December 2016
- CTM expedited the upgrade to optical fibre Internet services with price deduction, based on the price adjustment last year, CTM increased the number of optical fibre users and raise the percentage of conversion, in order to provide speedier and higher-quality services to customers
- According to a third party report, network performance of CTM enjoys a leading position in the global market in terms of a number of benchmarks
- CITIC Telecom Tower data centre reported satisfactory sales and earnings. Currently, the deliberation process of the plan for the development of the new phase has been completed, and construction is scheduled to begin by the end of the year
- The cloud computing data centre in Beijing was commissioned in May this year
- CPC became the first company in Hong Kong to receive "ISO 27017 Code of Practice for Information Security Controls for Cloud Services"

Turnover – Internet Services

HK\$ Million



Six months ended 30 June



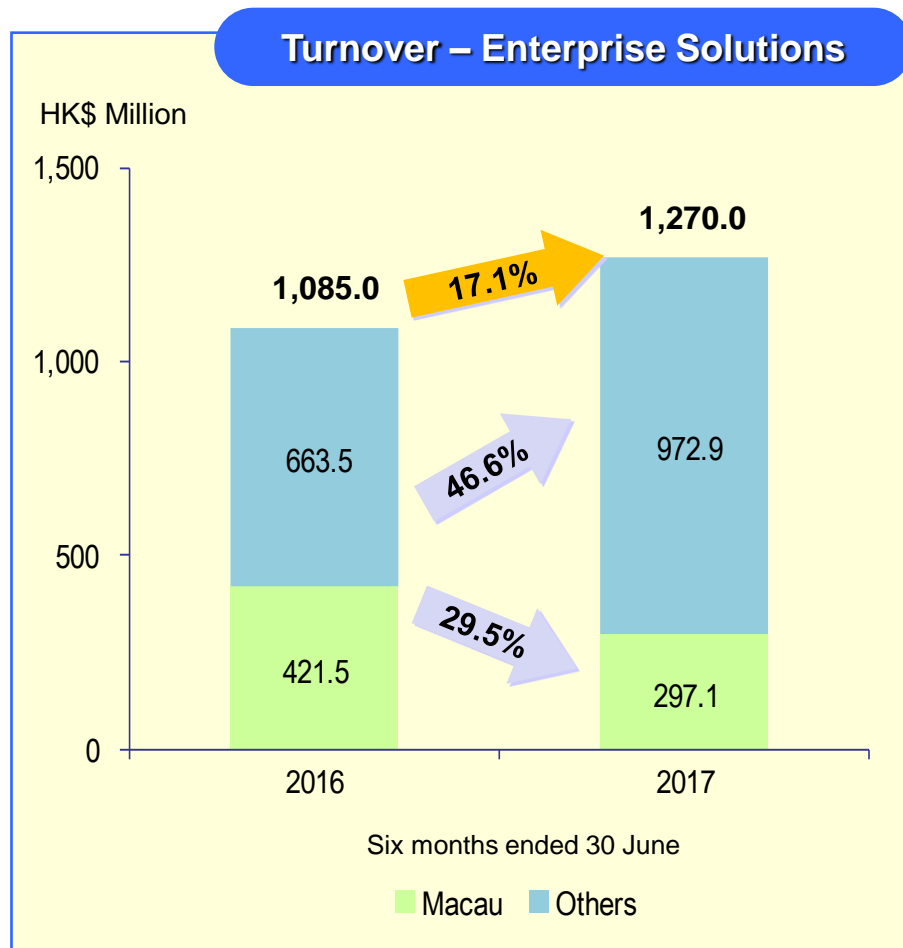
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Enterprise Solutions

Growth of MPLS VPN and cloud computing businesses plus acquisition of Acclivis supported consistent growth

- Higher demand for leased lines from carriers and business corporations
- Steady growth in cloud computing and information security services, especially in Mainland China
- First time inclusion of revenue from Acclivis, with the inclusion of Pacific Internet, of HK\$168.9 million
- Completion of acquisition of CITIC Telecom CPC Netherlands B.V. (formerly known as Linx Telecommunications B.V.) in February 2017 to enhance the advantages in network coverage
- Lower level of professional service projects from the government and corporate customers resulted from the phasing of casino/resort and government projects in Macau
- Believe as Macau gaming industry gradually improve, the Group's enterprise solutions business will benefit

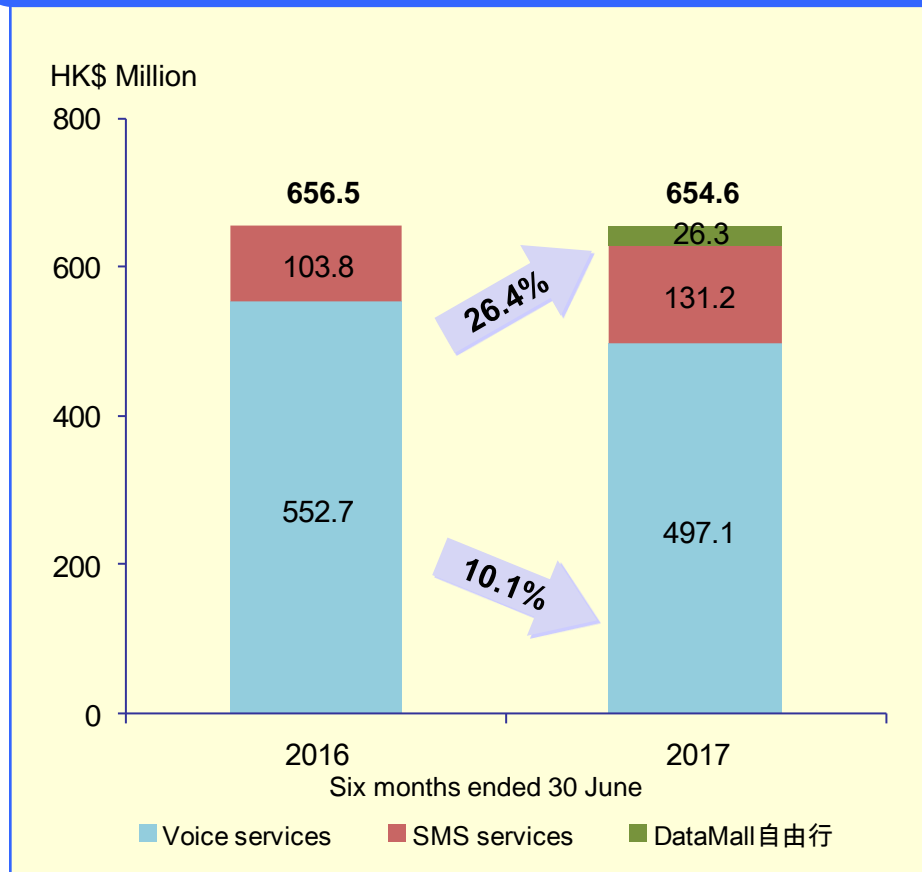


International Telecommunications Services

Achieved progress in its transformation towards an Internet-based operation

- With continued focus on regions with higher profit margins, overall voice revenue per minute increased by 19.2% to HK\$0.31 for the six months ended 30 June 2017
- Successful efforts in accelerating the development of corporate SMS “Application To Person” (“A2P”), with SMS revenue increasing by 26.4% when compared with corresponding period of 2016, becoming one of the Group’s major growth businesses
- Successful efforts in accelerating the development of “DataMall 自由行” which expanded the geographic coverage as we expanded to Singapore, Thailand and Korea has produced promising results with revenue reaching HK\$26.3 million, 1.6 times of the whole of 2016. More significant advances are expected to come as the Group has been developing new business models
- “CloudSMS”, a new Internet-based SMS service platform developed by the Group, went online during the period
- Started to market the “YouCLink” corporate Internet call system during the period, another new development featuring the perfect connection between phone call services and the Internet user interface in Hong Kong, Singapore and the United States
- The commencement of operation of these platform products will drive improvements in the Group’s service standards for development towards a “Communication Platform as a Service” (CPaaS)

Turnover - International Telecommunications Services



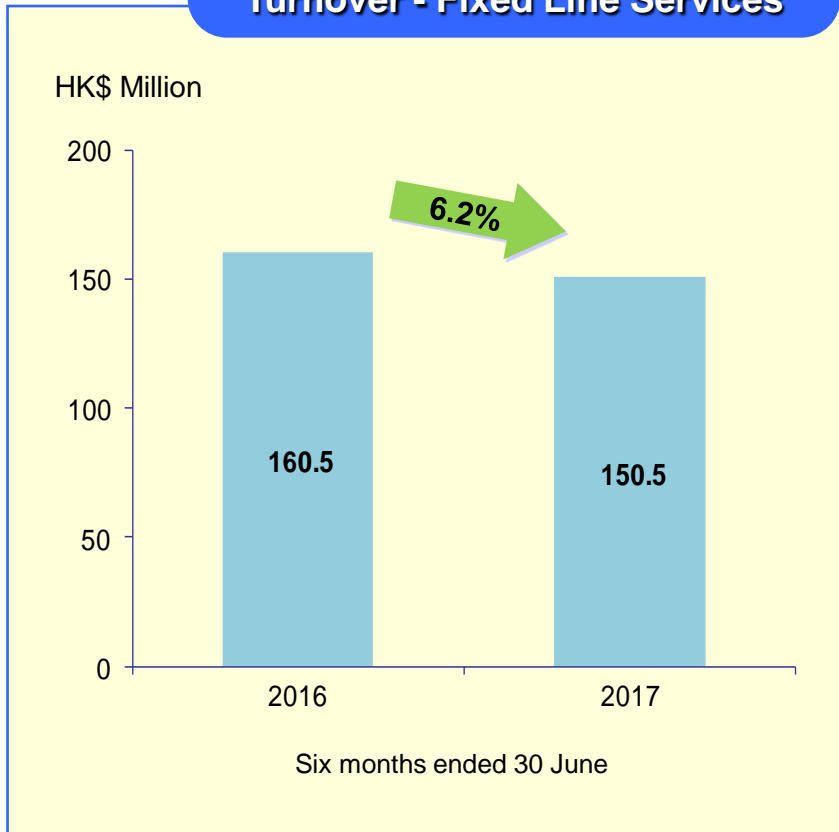


Fixed Line Services

Usage & revenue continued to drop, echoing global trends

- Fixed line services revenue dropped 6.2% to HK\$150.5 million
- Gradual replacement of fixed residential lines by mobile services

Turnover - Fixed Line Services



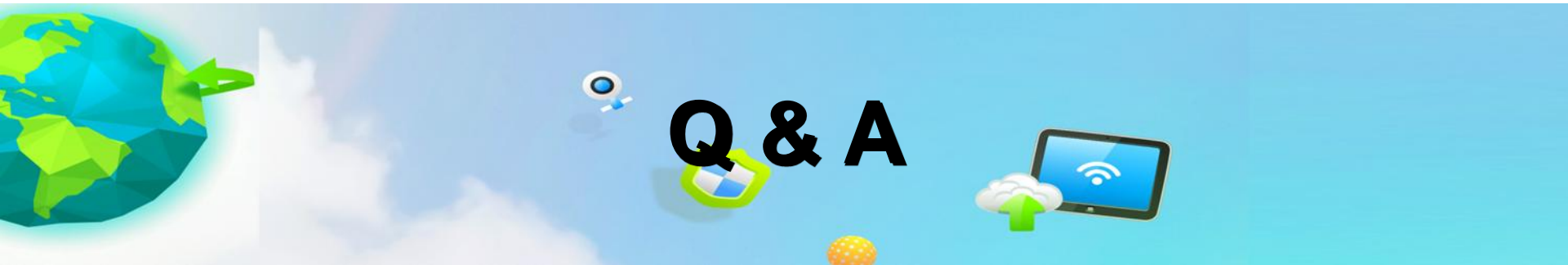


Development Strategies

Seize opportunities, Innovation and Initiative

- The Group will seize opportunities presented by national strategies such as the “One Belt One Road” initiative and the development of the “Guangdong-Hong Kong-Macau Big Bay Area”
- The opportunity to drive the Group’s business transformation created by the robust development of Internet technologies and the extensive application of big data, cloud computing, artificial intelligence, Internet of Things and 5G technologies
- Further strengthen the leading position of CTM by maintaining quality traditional telecommunications business, and also actively identifying and exploring new businesses and revenue streams
- To seize opportunities presented by the “One Belt One Road” national strategy, build new competitive advantages in its enterprise solutions services. Through Acclivis and CPC Europe, its two new acquisitions, the Group will enhance its advantage in product mix, service standard and geographic coverage, providing one-stop, cross-regional and end-to-end integrated corporate ICT services to underpin the Group’s ongoing growth
- Continue to seek new breakthroughs in the Internet business. On the basis of existing regions under its coverage, will continue to enlarge its portfolio of “DataMall 自由行” merchants and partners with ongoing innovations in business models. Active efforts will be made to expand the scale of Internet-based communications products such as CloudSMS and YouCLink, with a view to continuously fostering new niches for business growth
- Expedite the development of key business segments such as the data centre business, as it procures work relating to the new phase of construction of the CITIC Telecom Tower data centre, in a move for the large-scale development of the data centre business and the nurturing of a new business segment for the Group
- Continue to maintain close strategic partnerships with key customers and upgrade its servicing ability on an ongoing basis. In this connection, the Group will be engaged in active development of new customer groups, such as OTT carriers







Thank You