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

(Stock Code: 01883)

2018
Interim Results Announcement

16 August 2018

1 ➢ **Results Summary**

2 ➢ **Financial Performance**

3 ➢ **Operational Performance**

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2018 Interim Results Summary – Operating profit continue to increase

- Profit attributable to equity shareholders of the Company amounted to HK**$488.8 million**, an increase of **7.5%** as compared with the first half of 2017

- Revenue increased **36.8%** to HK**$4,913.8 million** as compared with the first half of 2017

- At 30 June 2018, net debt was HK**$5,892.0 million** (31 December 2017: HK$6,192.8 million), including cash and bank deposits of HK**$1,579.5 million** (31 December 2017: HK$1,635.6 million)

- Interim dividend of **HK4.0 cents** (2017 Interim dividend: HK3.0 cents)

↑7.5%
Profit attributable to equity shareholders

↑11.5%
Revenue from telecommunications services

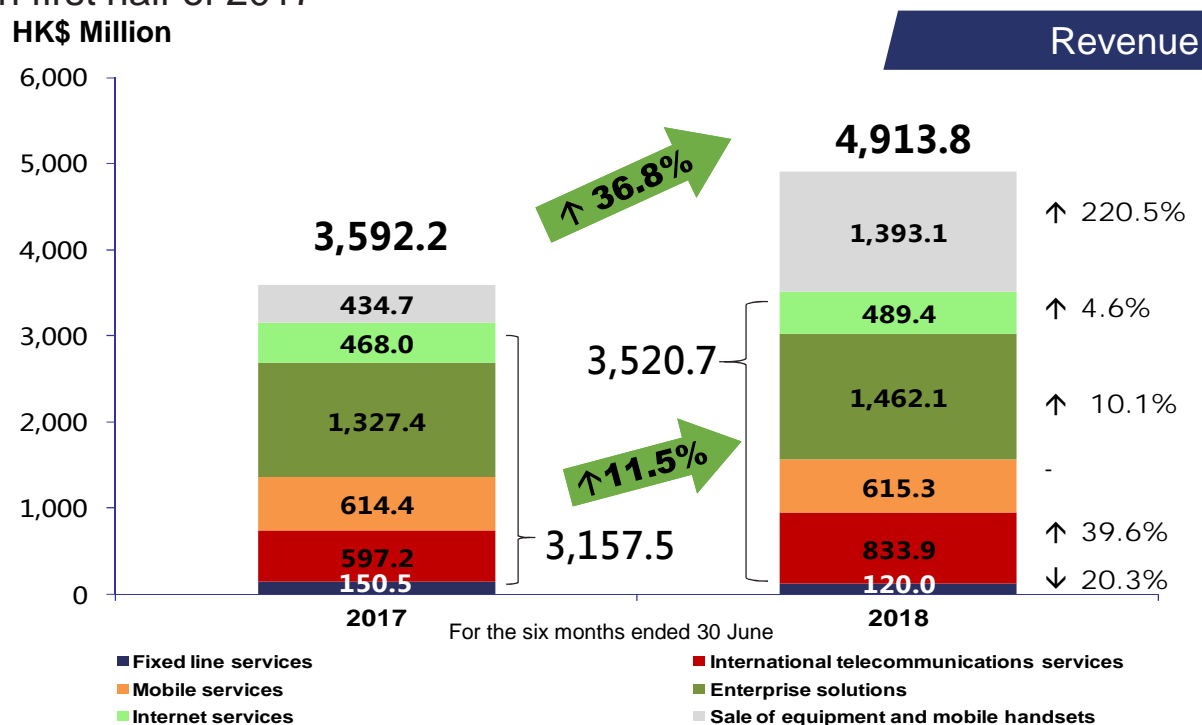**↓HK$300M**
Net debt

↑33.3%
Interim dividend

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3

1 ➤ Results Summary

2 ➤ Financial Performance

3 ➤ Operational Performance

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Revenue by Business Segment
Growth in major businesses. Sales of mobile handsets exceeding expectations

- Revenue from telecommunications services increased by **11.5%** to HK**$3,520.7 million** when compared with first half of 2017

HK$ Million

Revenue

	2017	2018	Change
Sale of equipment and mobile handsets	434.7	1,393.1	↑ 220.5%
Internet services	468.0	489.4	↑ 4.6%
Enterprise solutions	1,327.4	1,462.1	↑ 10.1%
Mobile services	614.4	615.3	-
International telecommunications services	597.2	833.9	↑ 39.6%
Fixed line services	150.5	120.0	↓ 20.3%

Total 2017: **3,592.2** Total 2018: **4,913.8**

↑ 36.8%

Telecom services 2017: 3,157.5 → 2018: 3,520.7 ↑11.5%

For the six months ended 30 June

■ Fixed line services ■ International telecommunications services
■ Mobile services ■ Enterprise solutions
■ Internet services ■ Sale of equipment and mobile handsets

Note : Comparative figures for international telecommunications services and enterprise solutions were amended to conform to current year's presentation.

5

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EBITDA, Capital Expenditure & Liquidity

HK$ Million	2017	2018
	For the six months ended 30 June	
EBITDA*	1,051.7	1,080.6
Acquisition of subsidiaries	181.3	-
Capital expenditure –		
Data Centre	0.3	1.6
Network & System Upgrade and others	142.1	123.6

HK$ Million	At 31 December	At 30 June
Cash and bank deposits	1,635.6	1,579.5
Total debt	7,828.4	7,471.5
Net debt	6,192.8	5,892.0
Net gearing ratio #	42%	41%

* EBITDA represents earnings before interest, taxes, depreciation and amortisation
# Net gearing ratio = Net debt/Total capital x 100%

6

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Mobile Sales & Services

Upgrade in technology, network and product ; Continuous growth in number of subscribers and income

- Revenues from mobile sales and services increased **91.4%** to HK**$2,008.4 million** mainly due to strong growth in sales of mobile handsets

- Overall number of subscribers was over **995,000**

- Macau mobile market share was around **41.8%** while Macau 4G market share was around **43.4%** as at 30 June 2018

- Launched mobile APP version of TVB Anywhere Deluxe Combo package

- Launched 4G+ 15 days' Data Pass, customers can enjoy roaming services within 62 countries and regions around the world

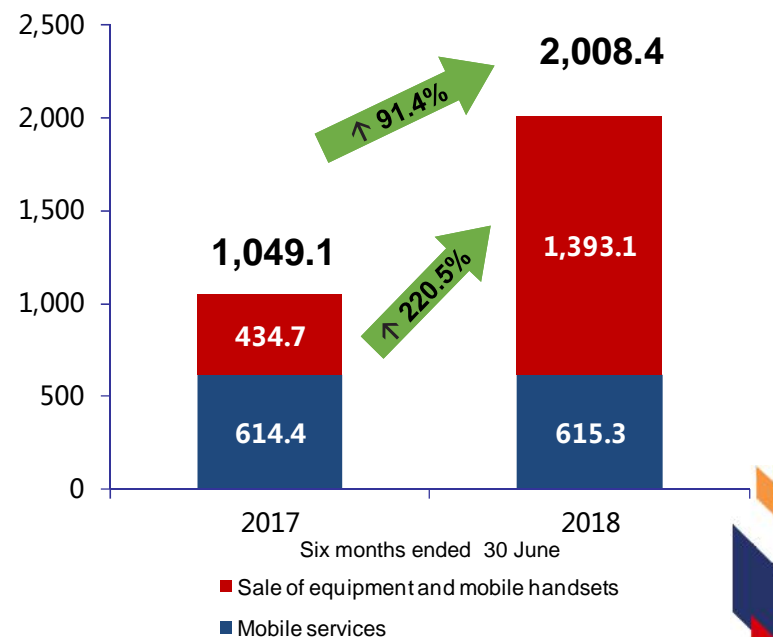- Greater Bay Area Plan was well received in the market

41.8%

Market share of Macau Mobile Service

43.4%

Market share of Macau 4G Service

Revenue – Mobile Sales & Services

HK$ Million

2,008.4

↗ 91.4%

↗ 220.5%

1,049.1

434.7

1,393.1

614.4

615.3

2017 | 2018

Six months ended 30 June

■ Sale of equipment and mobile handsets
■ Mobile services

8

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Internet Services

Driven by fibre broadband service and data centre ; revenue growth of 4.6% year-on-year

- Revenue from Internet services increased **4.6%** to HK**$489.4 million** as compared with first half of 2017 mainly due to increase in revenue from fibre broadband service and data centre

- Total broadband subscribers increased **3.9%** to around **184,200** users when compared with first half of 2017

- Internet market share in Macau was around **97.4%** as at 30 June 2018

- Expanded Wi-Fi network coverage to over **2,700** hotspots in Macau
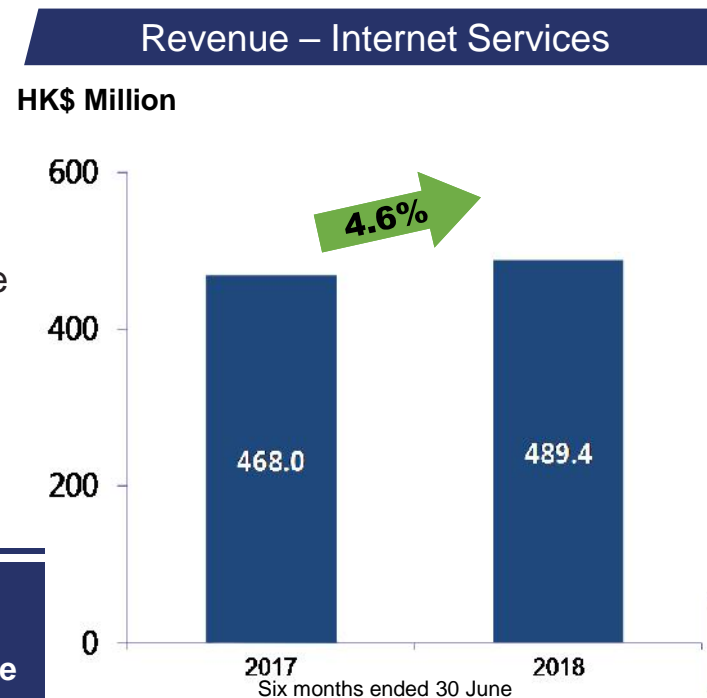
97.4%

100%

78.1%

Market share of Macau Internet service	FTTB/FTTH	Percentage of broadband subscriber on fibre based packages

Revenue – Internet Services

HK$ Million

4.6%

600

468.0

489.4

400

200

0

2017   2018
Six months ended 30 June

9

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Enterprise Solutions

Growth in leased line, MPLS VPN and cloud computing businesses, leading continuous growth in revenue

- Revenue from enterprise solutions increased **10.1%** when compared to the first half of 2017 to HK**$1,462.1 million**

- Higher demand for leased lines from carriers and business corporations

- Steady growth in cloud computing and information security services, especially in Mainland China

- Significant progress has been made in several smart city projects. Existing or soon ready applications include smart healthcare, smart transportation, smart lampposts, flooding sensing systems, smart living, wearable outdoor care applications, e-learning, etc. Determined to be the main operator of building a smart city in Macau

- Extended service coverage with 4 new Points-of-Presence in 2018, with more than 140 PoPs globally

  - New area: Nantong
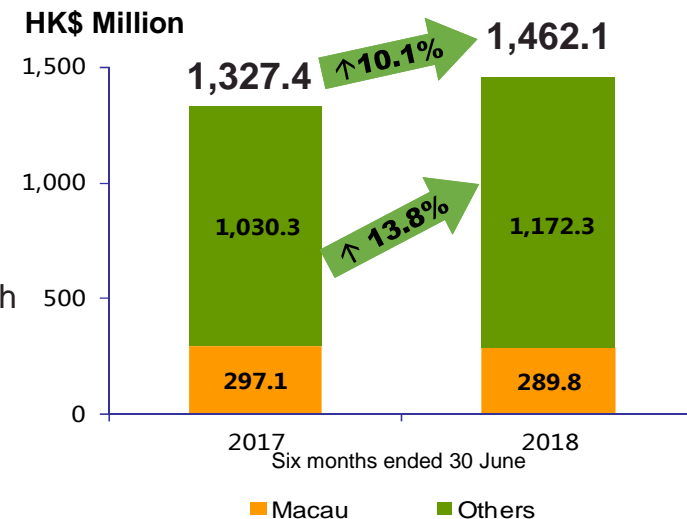
  - Existing areas: Shanghai, Shenyang and Frankfurt

↑**10.1%**	**140+**	**15**	**5**
Enterprise Solutions revenue	**Global PoPs**	**Cloud computing platforms**	**ISO international certification**

Revenue – Enterprise Solutions

HK$ Million

- 2017: 1,327.4 (Others 1,030.3, Macau 297.1)
- 2018: 1,462.1 (Others 1,172.3, Macau 289.8)

↑10.1%
↑ 13.8%

Six months ended 30 June

🟧 Macau 🟩 Others

Note: Comparative figures were amended to conform with current year's presentation.

10

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International Telecommunications Services
Revenue increased as driven by new businesses

- Revenue from international telecommunications services increased **39.6%** when compared to the first half of 2017 to HK**$833.9 million**

- More demand for SMS based services (e.g. authentication services, transaction confirmation etc.) and more enterprises using A2P SMS as a key CRM tool, SMS revenue grew **20.6%** to HK**$158.2 million**

- "DataMall自由行" has continued to achieve fascinating growth. Purchasing Datamall data packages has become a habit for travellers in South China. Revenue reached HK**$54.6 million** for the period, representing a **107.6%** increase when compared to the first half of 2017

- In the first half of the year, successfully expanded partnership to the markets outside Greater China. DataMall 2.0 is under process of upgrade

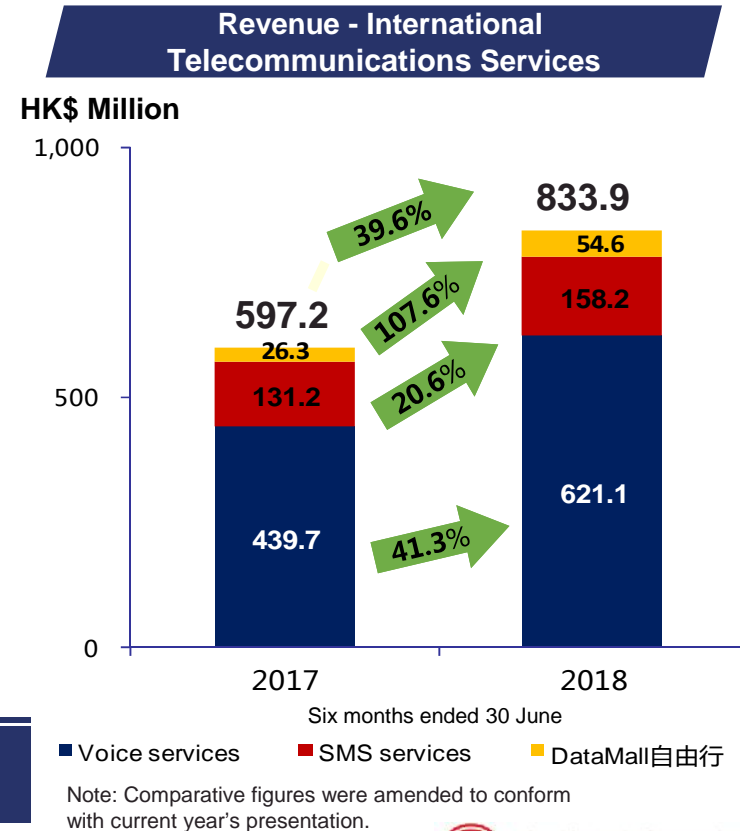- Exceptional increase in voice traffic which is a one-off phenomenon

↑**20.6%**	↑**107.6%**	↑**41.3%**
Revenue of SMS	**Revenue of DataMall**	**Revenue of Voice Service**

Revenue - International Telecommunications Services

HK$ Million

```
1,000

                                    833.9
                                    ┌──────┐
                        597.2       │ 54.6 │  ← 39.6%
                      ┌──────┐      │ 158.2│  ← 107.6%
                      │ 26.3 │      │      │  ← 20.6%
                      │131.2 │      │      │
  500                 │      │      │621.1 │  ← 41.3%
                      │439.7 │      │      │
                      │      │      │      │
    0 └───────────────┴──────┴──────┴──────┴─────
                       2017          2018
                   Six months ended 30 June
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■ Voice services   ■ SMS services   ■ DataMall自由行

Note: Comparative figures were amended to conform with current year's presentation.

11

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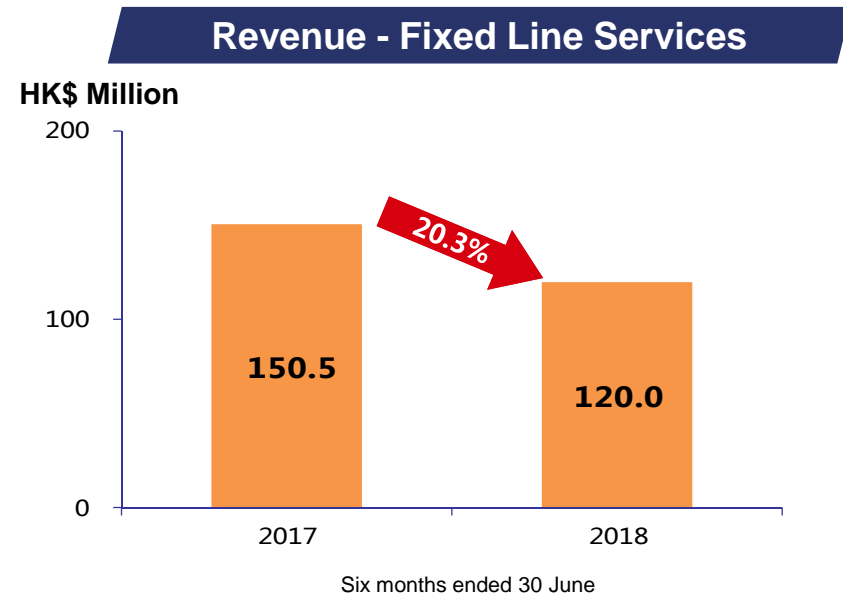
Fixed Line Services
Usage & revenue continued to drop, echoing global trends

- Revenue from fixed line services dropped 20.3% to HK**$120.0 million**

- Gradual replacement of fixed residential lines by mobile services

Revenue - Fixed Line Services

HK$ Million

Six months ended 30 June

12

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The Group's Enterprise Solutions Capability: From Asia to the World

- In-depth integration of CPC Europe (formerly known as Linx Telecom) in terms of technology, products, management and talent has strengthened the Group's competitive position in the global telecommunications industry. The Group currently has more than 140 network nodes covering more than 130 countries and regions

- Focus on product innovation, the Group launched the long awaited software defined technology-based "TrueCONNECT™ Hybrid" SD-WAN solution early this year. Such service provides greater flexibility to corporate customers

- To enhance the information security management service, the Group has recently launched "TrustCSI™ Secure AI" which ensures security of the corporate network by conducting "User and Entity Behavior Analytics"(UEBA)

13

The Group's regional enterprise solutions business in Southeast Asia begins to take shape

- Through consolidation, the Group's regional enterprise solutions business in Southeast Asia – with its hub in Singapore – began to take shape
- The business can provide enterprise customers in the region with comprehensive telecommunications services comprising mobile, voice, enterprise ISP, system integration, data centre, Cloud services, security, disaster recovery service and ICT solutions

Construction of data centre progressing smoothly

- The Group completed construction of its cloud data centre in Guangzhou Science City, which commenced operation in the first half of the year

- Solid progress has been made in the conversion of the Phase 3A of CITIC Telecom Tower data centre, which is expected to commence operation in early September 2018

- The Group has constructed a data centre network that serves the Greater China region, including Hong Kong, Macau, Beijing, Shanghai and Guangzhou. The Group also provides off-site disaster recovery service to customers in Mainland China, Hong Kong and Macau

Beijing

Shanghai

Guangzhou

Macau   Hong Kong

15

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The Group's Zhuhai software R&D center commenced operation

- To enhance the Group's core competitiveness and boost its software R&D capability, the Group has established a software R&D center (TeleOne China (Zhuhai) Company Limited) that commenced operation on 23 June of this year

- At present, size of the Group's R&D team has exceeded 200 employees. With our continuous and increasing power in R&D, more smart applications will be developed and will serve the important function of promoting business transformation.

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Industry Recognition

- "The Cloud Infrastructure Award" at the "Asia Communication Awards 2018"——*Total Telecom*
- "Best Managed Services Provider" awards at the "Telecom Asia Awards 2018"——*Telecom Asia*
- "2018 Business Excellence Awards" ——*Acquisition International*
- "Award for APAC TOP 25 Cloud Solutions Companies (2017)"——*CIO Advisor*
- "Top 10 Network Service Provider"——*Industry Era*
- "Technology Company of the Year - Mature", "Managed Security Services Provider", "Cloud Company of the Year", "Best Cloud Project – Backup and Disaster Recovery Project", and "Best Infrastructure-as-a-Service"—*ComputerWorld Hong Kong*
- "2017 China Communications Industry Leading ICT Service Provider of the Year"— *Communications Weekly and China Center for Information Industry Department*
- "FinTech Leader of ICT Services Awards*"— Organizing Committee of Inaugural Global Fintech & Blockchain China Summit 2017*
- "The Most Innovative Enterprise of the Year"— *2017 Global Future Technology Conference Council Organizing Committee and iiMedia Research*
- "2017 Best Services in China IDC industry" and "2017 Best Cloud Service Provider in China IDC industry"— *Organizing Committee of The 12th China IDC Industry Annual Awards Ceremony*
- "Hong Kong Awards for Environmental Excellence Silver Award"— *Hong Kong Productivity Council*
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Thanks !

CITIC Telecom International Holdings Limited
25/F, CITIC Telecom Tower, 93 Kwai Fuk Road,
Kwai Chung, New Territories, Hong Kong
Email：contact@citictel.com

Q & A