



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

(Stock Code: 01883)

**2017**

# Annual Results Announcement

1 March 2018



# **1 ➤ Results Summary**

## **2 ➤ Financial Performance**

## **3 ➤ Operational Performance**



# Results Summary of 2017

## Sustained growth in operating profit

- Profit attributable to equity shareholders of the Company amounted to **HK\$881.3 million**, an increase of **3.7%** as compared against last year
- Final dividend of **HK13.0 cents** per share. Including an interim dividend of HK3.0 cents per share, dividends per share totaled **HK16.0 cents** for the year, a **21.2 %** year-on-year increase (2016: HK13.2 cents)
- Revenue (excluding equipment and mobile handset sales) for the year increased by **5.6%** to **HK\$6,340.6 million** when compared with last year
- At 31 December 2017, net debt was **HK\$6,192.8 million** (2016: HK\$6,448.3 million), including cash and bank deposits of **HK\$1,635.6 million** (31 December 2016: HK\$1,459.1 million)

↑ **3.7%**

Profit attributable  
to equity  
shareholders

↑ **21.2%**

Full year dividend

↑ **5.6%**

Revenue from  
services

1 ➤ Results Summary

2 ➤ **Financial Performance**

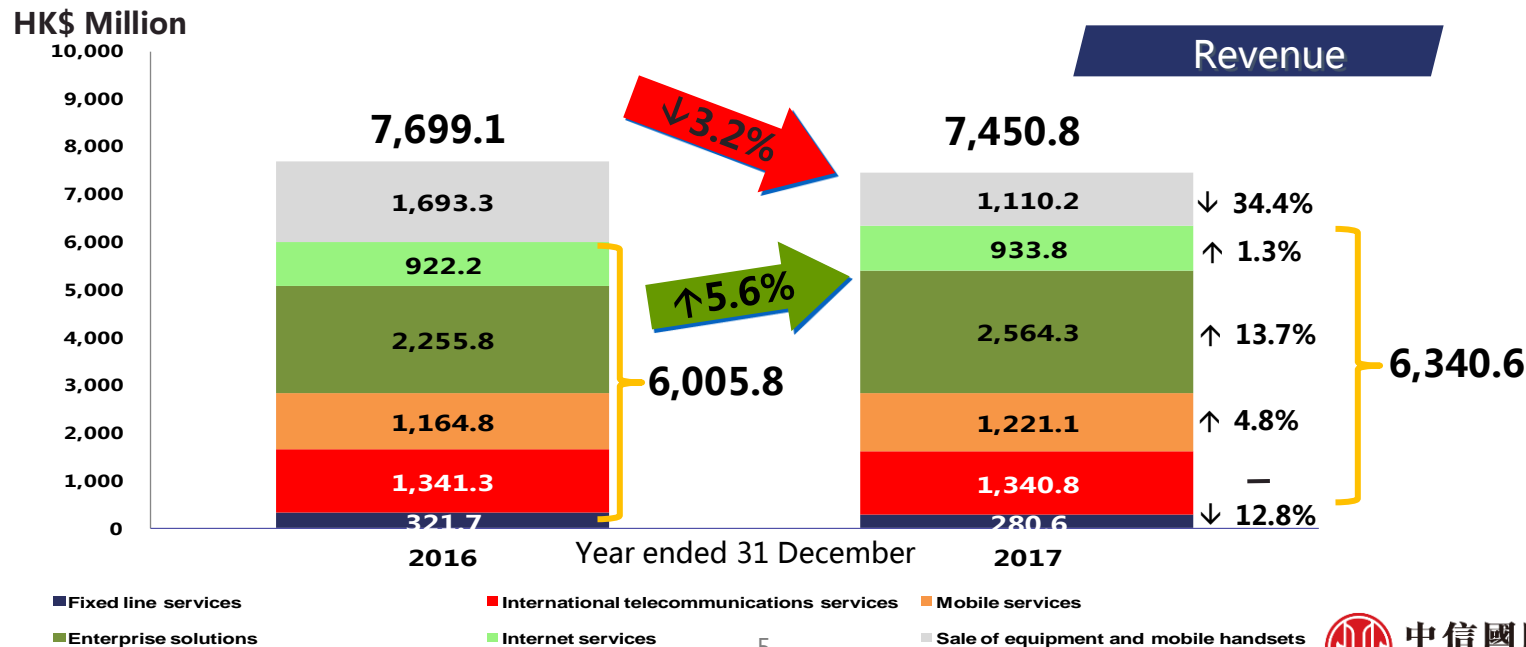
3 ➤ Operational Performance



# Revenue by Business Segment

Enterprise solutions and Internet services continued to grow, overall revenue dropped yoy mainly affected by equipment and mobile handsets sales

Revenue from services increased by **5.6%** to **HK\$6,340.6 million** from last year



# EBITDA, Capital Expenditure & Liquidity

	2016	2017
HK\$ Million	Year ended 31 December	
<b>EBITDA*</b>	2,004.3	<b>2,067.3</b>
<b>Capital expenditure –</b>		
<b>Data centre</b>	9.4	<b>10.4</b>
<b>LTE network &amp; mobile system upgrade</b>	102.4	<b>82.4</b>
<b>Recurring Capex</b>	384.7	<b>432.1</b>
HK\$ Million	At 31 December	
<b>Cash and bank deposits</b>	1,459.1	<b>1,635.6</b>
<b>Total debt</b>	7,907.4	<b>7,828.4</b>
<b>Net Debt</b>	6,448.3	<b>6,192.8</b>
<b>Net gearing ratio</b>	45%	<b>42%</b>

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

- 1 ➤ Results Summary
- 2 ➤ Financial Performance
- 3 ➤ Operational Performance**



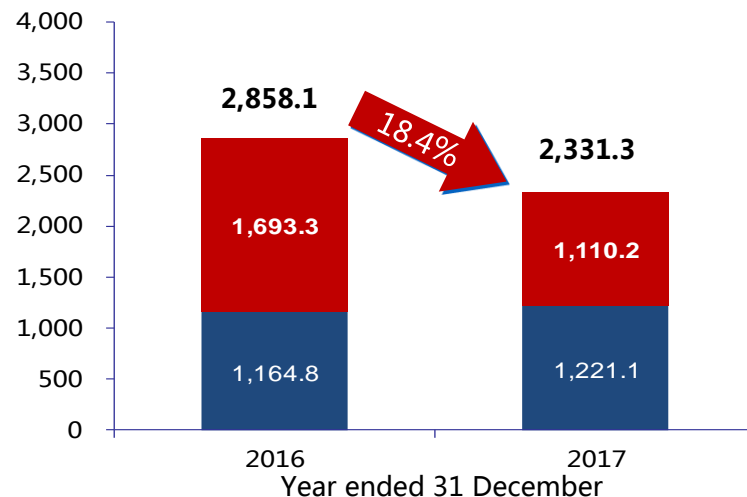
# Mobile Sales & Services

Increase in total number of subscribers, but affected by handsets sales, total sales decline

- Mobile sales and services revenues decreased 18.4% to **HK\$2,331.3 million** mainly due to drop in mobile handset sales
- Postpaid ARPU (excluding "Internet of Things" and Single IMSI Multiple Number ( "SIMN" )) increased by **1.8%** to **HK\$206.3** when compared to 2016 as a result of good uptake of outbound roaming data packages. Postpaid ARPU for Internet of Things and SIMN was similar to 2016 at **HK\$30.4**
- The prepaid ARPU was at **HK\$10.9** in 2017, remained stable when compared to 2016
- The overall number of subscribers at 31 December 2017 was around **970,000 subscribers**. The Group's mobile market share in Macau was around **43.1%**, and around **46.2%** market share in the 4G subscribers of Macau mobile

## Revenue – Mobile Sales & Services

HK\$ Million



■ Sale of equipment and mobile handsets  
■ Mobile services

43.1%

Mobile market share in Macau

46.2%

4G subscribers of Macau mobile

+1.8%  
HK\$206.3

Postpaid ARPU



# Internet Services

Driven by broadband and data centre services, revenue up by 1.3% yoy

- Overall broadband ARPU decreased by 15.5% to **HK\$278.5** in 2017
- The total number of broadband subscribers increased by **4.2%**
- Similar to last year, Group's Internet market share in Macau was around **98%**
- At the end of 2017, around **74%** of all CTM broadband customers were on fibre based packages
- CTM partnered with TVB to introduce the "TVB Anywhere" service in Macau in December 2017, to stimulate fibre and bandwidth demand and open the brand new market in advertising
- CTM has expanded the coverage of its WiFi network to almost 2,600 hotspots



**98%**

Group's Internet  
market share in  
Macau



**100%**

FTTB/FTTH

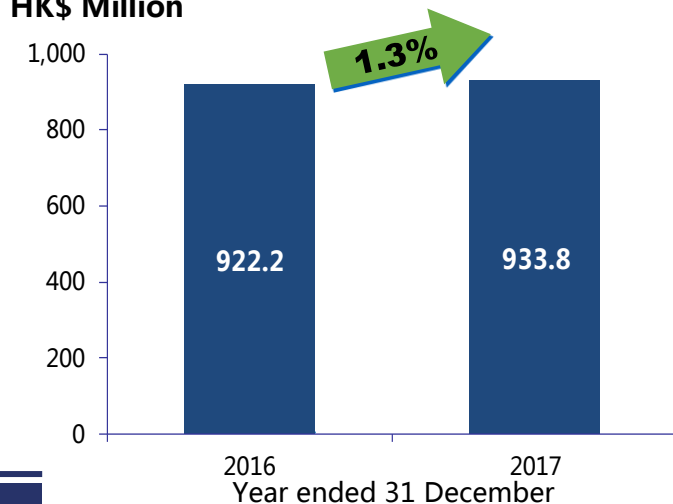


**74%**

Percentage of  
using stimulate  
fibre service

## Revenue – Internet Services

HK\$ Million



# Enterprise Solutions

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

- Revenue increased yoy by **13.7%** to **HK\$2,564.3 million**, due to good performance in the China Market plus the contribution from new subsidiaries, namely Acclivis & CPC Europe
- Total of 5 ISO accredited, which reinforces the quality and customer centric vision of the Group
- Deployed 5 new PoPs in 2017 – Cape Town (開普敦), Melbourne (墨爾本), Ningbo (寧波), Chongqing (重慶) and Hefei (合肥)
- Drop in revenue from Macau market due to severe typhoons delaying some casino/resort and government projects

↑13.7%

130+

15

5

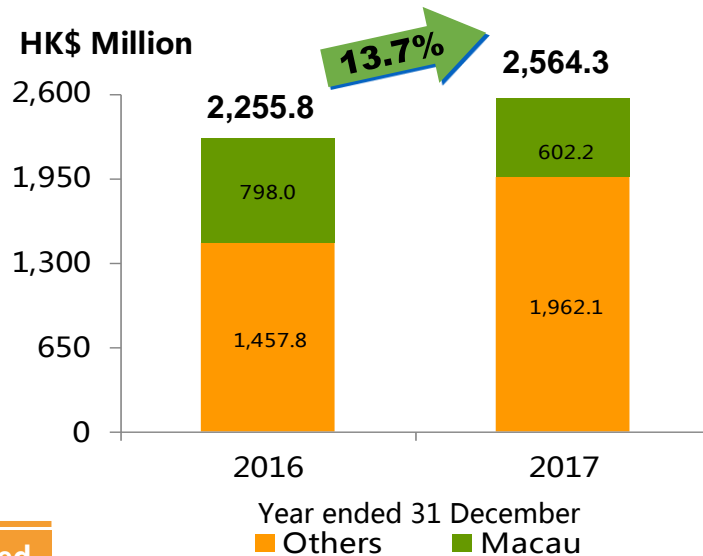
Revenue of  
Enterprise  
Solutions

Global PoPs

Cloud  
Computing  
Platform

ISO accredited

## Revenue – Enterprise Solutions



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# International Telecommunications Services

Voice and SMS businesses continued to face challenges, while “DataMall 自由行” brings substantial contribution

- Successful efforts in accelerating the development of corporate SMS “Application To Person” ( “A2P” ), with a yoy increase of **32.4%** in SMS revenue
- “DataMall 自由行” expanded the geographic coverage to Singapore, Malaysia, Indonesia, Thailand and Korea, and has produced promising results with revenue reaching **HK\$69.5 million**, an increase of around **3.3 times** the DataMall 自由行 revenue of 2016
- “CloudSMS” , a new Internet-based SMS service platform developed by the Group, went online during the year

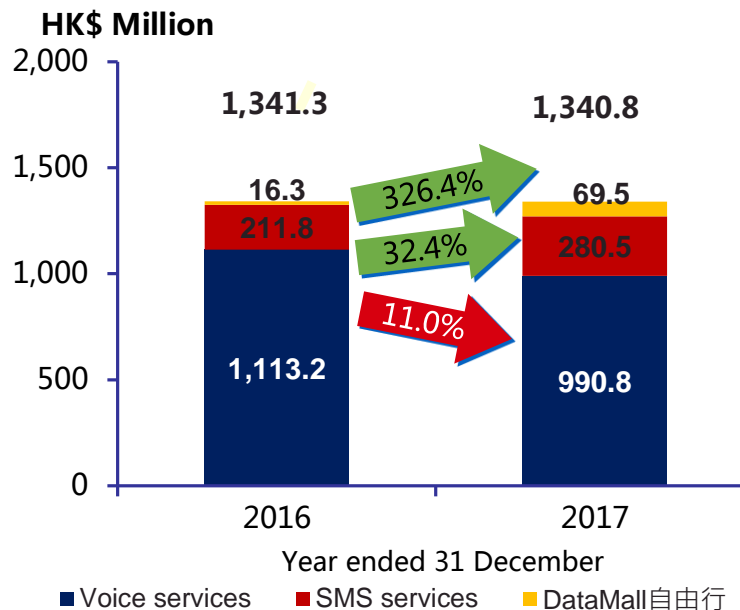
↑**32.4%**

Revenue of SMS  
Business

↑**326.4%**

Revenue of  
DataMall

## Revenue- International Telecommunications Services

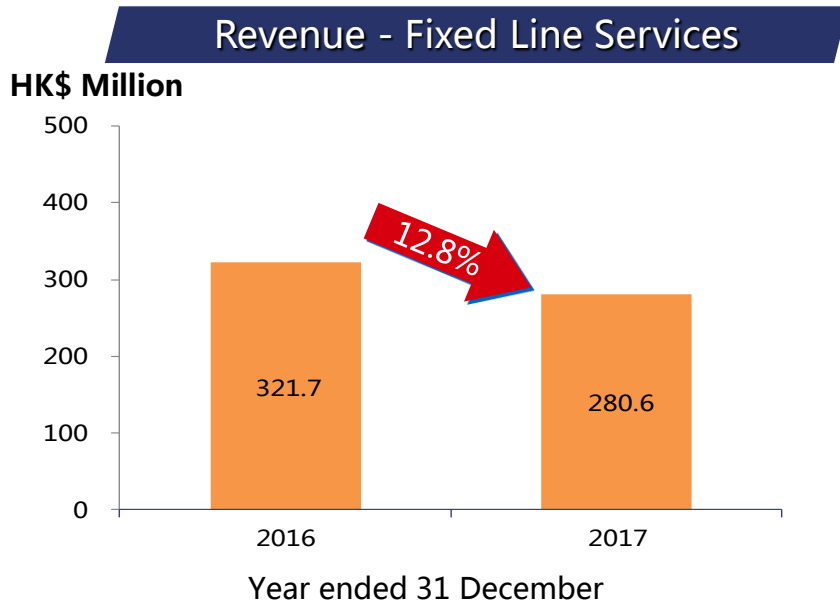


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# Fixed Line Services

Usage & revenue continued to drop, echoing global trends

- Fixed line services revenue dropped 12.8% to **HK\$280.6 million**
- Gradual replacement of fixed residential lines by mobile services



# Achieve Breakthrough in Business Upgrade and Transformation in Macau

- ❶ In August, Macau was hit hard by the strongest typhoon in 53 years. Nevertheless, CTM was able to maintain **smooth communications** and served its role as the “communications gatekeeper”, gaining widespread acclaim from different sectors in Macau
- ❷ Hosted the **CTM Digital Macau Forum** in October: Developed from a **telecommunications operator** into a **smart city operator**
- ❸ Seized first-mover advantage to launch the “**Guangdong-Hong Kong-Macau Greater Bay Area**” **service plan** in December
- ❹ Cooperated with Television Broadcasts Limited in December to bring **TVB Anywhere** OTT TV service to Macau. This initiative has not only enhanced the Group’s advantage in broadband service, but has also enabled it to open the new media advertising sector
- ❺ CTM **places tops** in the global market in terms of network quality and speed rankings
- ❻ CTM’s 4G roaming services cover 227 carriers around the world, **ranking first** among the Bridge Alliance, an industry group formed by leading telecoms operators



# Named a "Best SEHK Dividend Payer " and made constituent of "Hong Kong Stock Connect"

- In January 2018, Yahoo! Finance published an article by the stock analyst firm **"SIMPLY WALL ST"**, which named CITIC Telecom (SEHK:1883) as one of the **"Best SEHK Dividend Payers"**
- In February 2018, in another article by the same organization, the Group was named a **"Dividend Rock Star"** for its long-term stable, reliable and competitive dividend payout, which is expected to continue for many years to come
- As informed by Hang Seng Index, starting from 5 March 2018, CITIC Telecom will formally become a **constituent of five Hong Kong Stock Connect thematic indexes**, which the Group believes will draw to it more attention from mainland investors

Source: SIMPLY WALL ST; Yahoo! Finance

## Best SEHK Dividend Payers



Andrew Edmonds

Simply Wall St. January 7, 2018

**Selected as a constituent of  
Hong Kong Stock Connect thematic indexes**

- Hang Seng Stock Connect Hong Kong Index
- Hang Seng Stock Connect Hong Kong MidCap & SmallCap Index
- Hang Seng Stock Connect Hong Kong SmallCap Index
- Hang Seng SCHK HK Companies Index
- Hang Seng SCHK ex-AH Companies Index



# Industry Accolades

- "2017 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 12<sup>th</sup> China IDC Industry Annual Awards Ceremony*
- "Hong Kong Awards for Environmental Excellence Silver Award" — *Hong Kong Productivity Council*
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# Thank You!

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A long-exposure photograph of a city street at night. The image captures light trails from vehicles moving along a multi-lane road. On the left, white and yellow light trails indicate traffic moving towards the viewer. On the right, red light trails indicate traffic moving away. The background features several illuminated buildings, including a prominent glass skyscraper, and numerous streetlights that appear as soft, out-of-focus circles. The overall scene is a vibrant depiction of urban activity during the dark hours.

Q&A