



中信國際電訊集團有限公司

CITIC TELECOM INTERNATIONAL HOLDINGS LIMITED

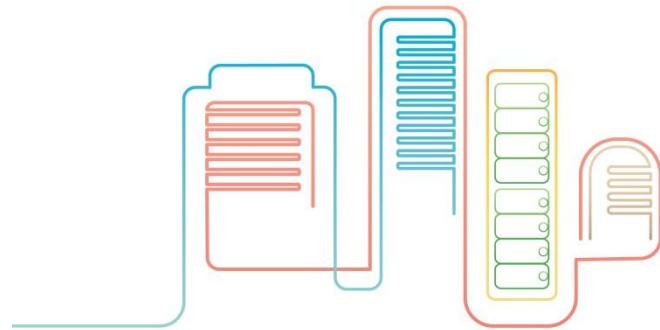
(Stock Code: 01883)

2018

Annual Results Announcement

28 February 2019





1 ➤ Results Summary

2 ➤ Financial Performance

3 ➤ Operational Performance



Results Summary of 2018

- Revenue for the Group was **HK\$9,464.0 million**, an increase of 27.0% when compared with last year
- Revenue from telecommunications services (i.e. excluding equipment and mobile handsets sales) for the year increased by 12.6% to **HK\$7,139.1 million** when compared with last year
- Profit attributable to equity shareholders of the Company amounted to **HK\$951.0 million**, an increase of 7.9% as compared against last year; basic earnings per share was **HK26.7 cents**
- Final dividend of **HK14.0 cents** per share. Including an interim dividend of HK4.0 cents per share, dividends per share totaled **HK18.0 cents** for the year (2017: HK16.0 cents), a 12.5% year-on-year increase
- At 31 December 2018, net debt was **HK\$5,810.2 million** (31 December 2017: HK\$6,192.8 million), including cash and bank deposits of **HK\$1,049.1 million** (31 December 2017: HK\$1,635.6 million)

↑27.0%

Revenue

↑12.6%

Revenue from
telecommunications
services

↑7.9%

Profit attributable to
equity shareholders

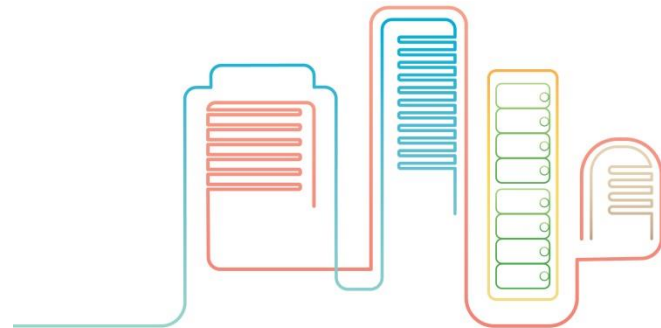
↑12.5%

Full year dividends

1➤ Results Summary

2➤ **Financial Performance**

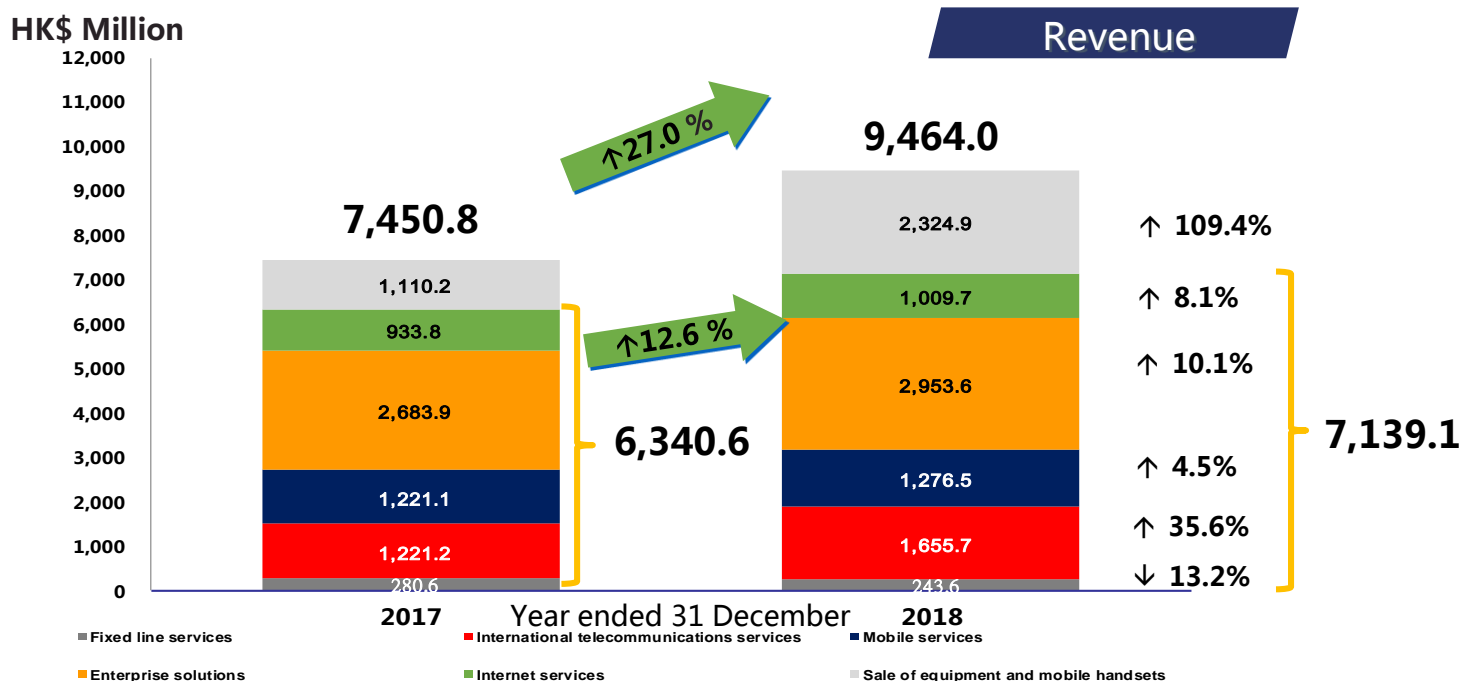
3➤ Operational Performance



Revenue by Business Segment

Growth in majority of major businesses with mobile handsets sales exceeding expectations

- Revenue of 2018 was **HK\$9,464.0 million**, an increase of **27.0%** when compared with last year; revenue from telecommunications services increased by **12.6%** to **HK\$7,139.1 million** from last year



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

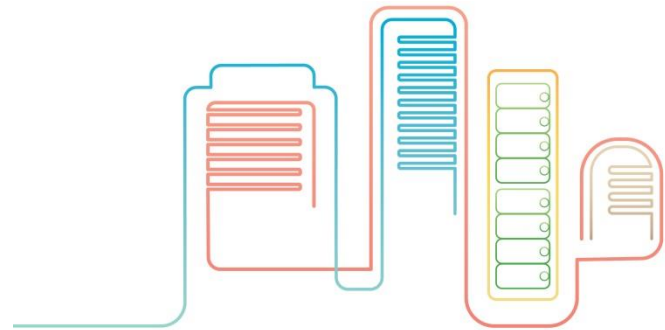
EBITDA, Capital Expenditure & Liquidity

	2017	2018
HK\$ Million	Year ended 31 December	
EBITDA*	2,067.3	2,192.3
Acquisition of subsidiaries	181.3	-
Capital expenditure –		
Data centre	10.4	45.8
Network & System upgrade and others	514.5	530.0
HK\$ Million	At 31 December	
Cash and bank deposits	1,635.6	1,049.1
Total debt	7,828.4	6,859.3
Net Debt	6,192.8	5,810.2
Net gearing ratio[#]	42%	40%

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

[#] Net gearing ratio = Net debt / (Total Equity Attributable to Equity Shareholders + Net Debt) X 100%

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



Mobile Sales & Services

Income growth mainly driven by surge in mobile handsets sales

- Mobile sales and services revenues increased 54.5% to **HK\$3,601.4 million** mainly due to the surge in mobile handset sales
- Growth in international roaming and prepaid revenue also contributed to revenue increase
- As at 31 December 2018, mobile market share in Macau was around **43.7%**, and around **46.3%** market share in Macau 4G market, leading position has been maintained
- The “Guangdong-Hong Kong-Macau Bay Area Mobile Service” has been immensely popular with customers since its launch in December 2017
- The first operator to engage in 5G network trial in Macau



43.7%

Mobile market share
in Macau



46.3%

Market share in
Macau 4G market

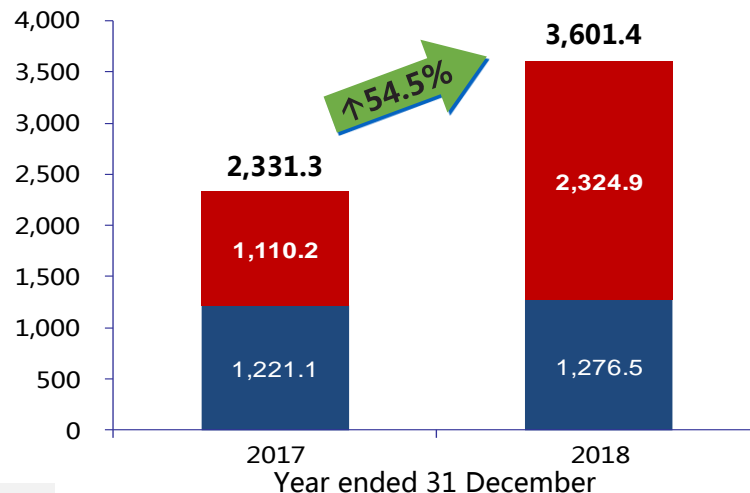


98%

4G customer
penetration rate

Revenue – Mobile Sales & Services

HK\$ Million



■ Sale of equipment and mobile handsets
■ Mobile services

Internet Services

Driven by fibre broadband and data centre services, revenue up by 8.1% year-on-year

- Revenue from Internet services increased 8.1% to **HK\$1,009.7 million** as compared to 2017 mainly due to increase in revenue from fibre broadband service and data centre
- The total number of broadband subscribers increased by 2.8%, and Internet market share in Macau was around **97%**
- Fiberization of business broadband customers reached **100%** while residential broadband customers reached **87%** at 31 December 2018, one of the world leaders in this aspect
- Established the Macau government approved overseas data centre in Hong Kong located at CITIC Telecom Tower



97%

Group's Internet
market share in Macau



100%

FTTB

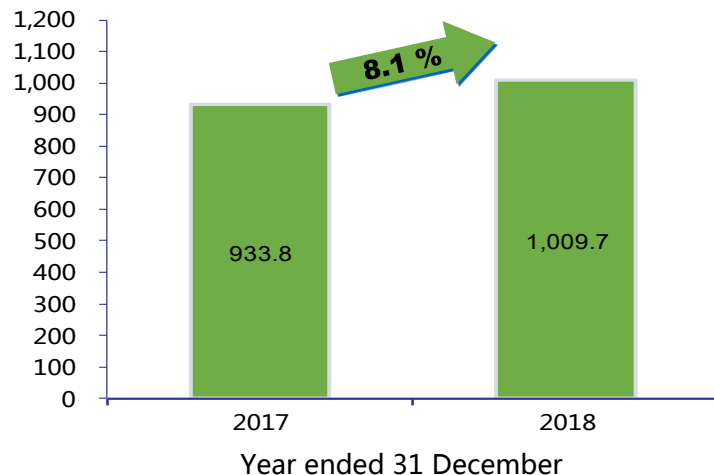


87%

Residential broadband
customers

Revenue – Internet Services

HK\$ Million



International Telecommunications Services

A2P messaging businesses delivers encouraging results, while “DataMall 自由行” revenue reaches over HK\$100 million

- Revenue from international telecommunications services increased 35.6% when compared with 2017 to **HK\$1,655.7 million**.
- Effective results in messaging business Internet transformation, as more demand for SMS based services (e.g. authentication services, transaction confirmation etc.) and more enterprises using A2P SMS as a key CRM tool, A2P messaging business grew significantly with revenue grew 37.9% to **HK\$386.7 million**
- “DataMall 自由行” continued to sustain rapid growth with positive financial contribution to the Group. Annual sales of plan to customers exceeded **7 million** with revenue reaching **HK\$113.2 million**, an increase of around **62.9%** when compared with 2017.
- Driven by the increase of telecommunications services volume in areas with higher service fees, the Group’s telecommunications revenue recorded a significant increase

↑ **37.9%**

Revenue of SMS Business



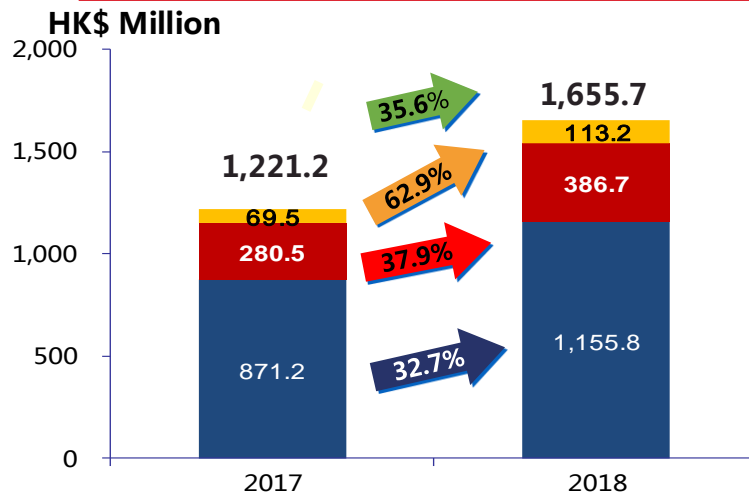
↑ **62.9%**

Revenue of DataMall

↑ **32.7%**

Revenue of Voice service

Revenue- International Telecommunications Services



Year ended 31 December

■ Voice services ■ SMS services ■ DataMall 自由行

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

Enterprise Solutions

Growth of MPLS VPN, cloud computing and Smart City, driving continuous growth in enterprise business revenue

- Revenue increased 10.1% to **HK\$2,953.6 million** when compared with last year
- The Group Enterprise Solutions products will continue to expand to one-stop ICT services including cloud computing, information security, management service and industry solutions
- Utilizing big data and AI to promote enterprise operation effectiveness, followed by gradual commercialization to provide services to customers
- The Group made breakthroughs in the enterprise solutions markets of Southeast Asia, including winning major tenders for several “Smart City” projects in Singapore. Management service, disaster backup service and professional service will therefore increase the Group’s monthly income (MRR)
- Revenue of Macau’s enterprise solutions slightly decreased due to the phasing of large-scale projects

↑10.1%

Revenue of
Enterprise
Solutions



140+

Global PoPs

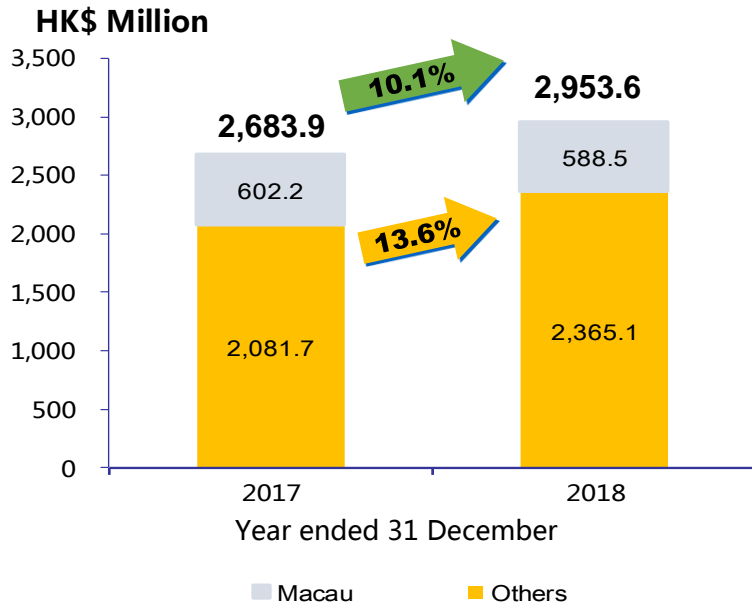
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18

Cloud Computing
Platform

Revenue – Enterprise Solutions

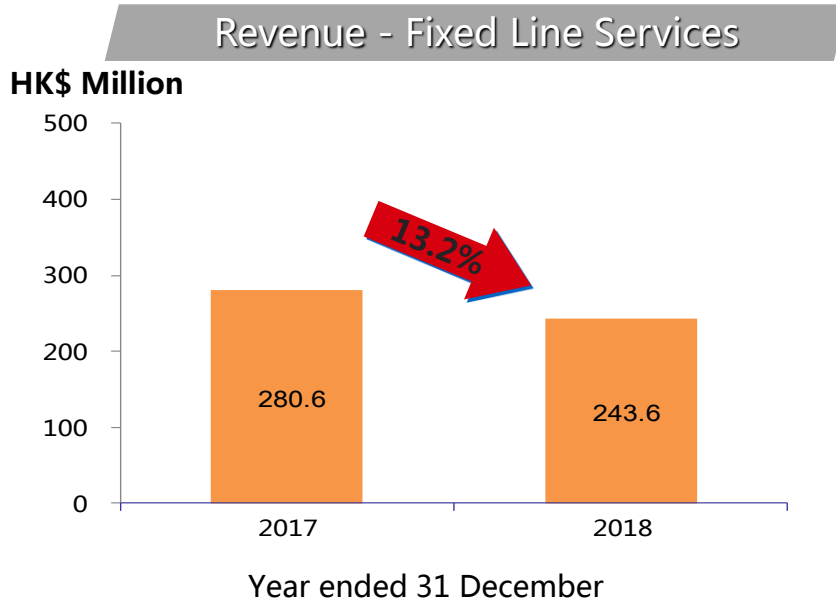


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Fixed Line Services

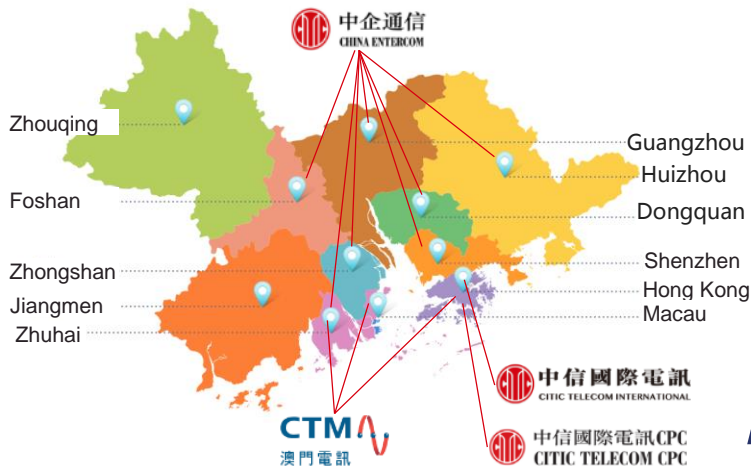
Usage & revenue continued to drop, echoing global trend

- Fixed line services revenue dropped 13.2% to **HK\$243.6 million**
- The Group's residential lines users in Macau dropped by 5%, mainly due to drop in number of domestic fixed line users, which is in line with global industry trend



Seize opportunities arising from the development of the Guangdong-Hong Kong-Macau Bay Area

- The “Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area” was published on 18 February 2019
- The Group's presence in Guangdong, Hong Kong and Macau has provided a unique advantage for making early preparations and capturing opportunities



Launched the first “Guangdong-Hong Kong-Macau Bay Area Mobile Service” in December 2017

Established Zhuhai software R&D centre in June 2018

Unveiled CTM (HK) Data Centre in September 2018

Secured a number of Smart City projects in Macau in 2018

Opened Guangzhou cloud data centre in September 2018

The Group's network covers nine cities in the Bay Area

Established a world-class infrastructure communication network in Macau

Source of map graphics : <https://www.bayarea.gov.hk>

Breakthroughs in Smart City projects



Macau

- The Group achieved breakthroughs across smart transportation, smart healthcare, smart education, disaster tolerance backup and more in 2018
- CTM successfully engaged 5G network trial, ready for IoT
- MOU signed with Tencent, two parties will join hands to introduce Tencent Cloud technology and introduce the applications with its big data and artificial intelligence related technologies in Macau



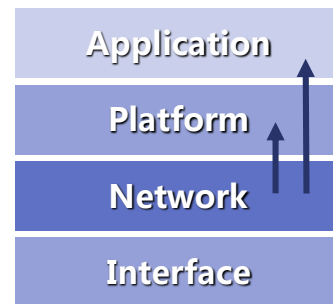
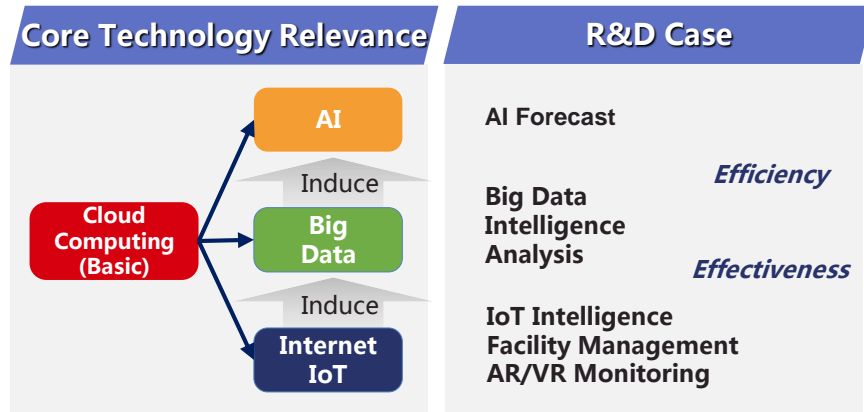
Singapore

- Winning major tenders for several “Smart City” projects in Singapore in 2018. Management service, disaster backup service and professional service will therefore increase the Group’s monthly income (MRR)
- Laying good foundation for winning more Smart City projects in Singapore and neighboring countries

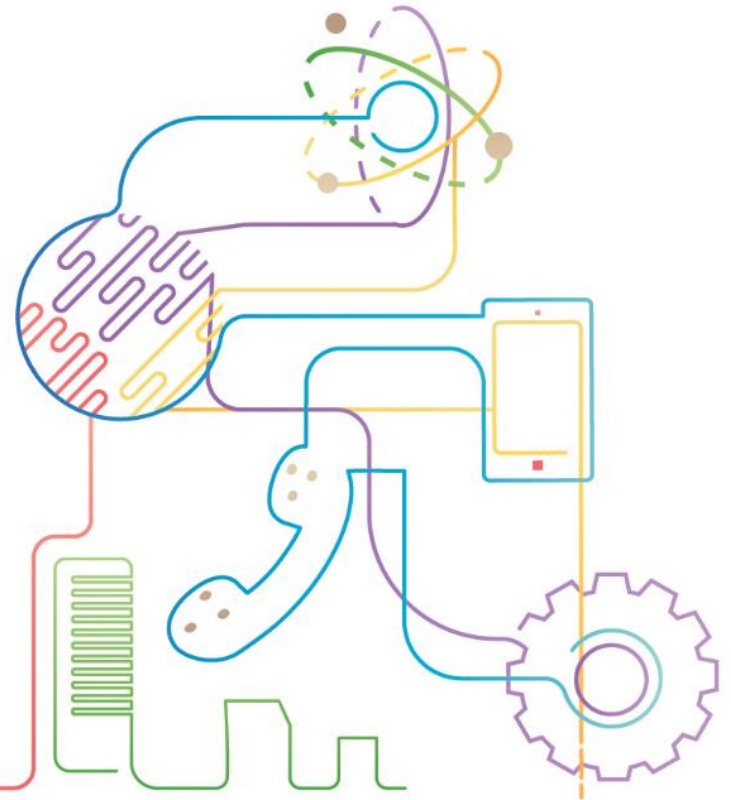


Step up efforts in technological innovation and product R&D

- In 2018, the Group established a software R&D centre in Zhuhai to facilitate the building of smart cities
- Set up R&D teams in Chengdu for AI and Big Data development
- Established cooperative R&D ties with many renowned universities, research institutions and companies
- Start utilizing artificial intelligence and big data internally, followed by gradual commercialization to provide services to customers
- Operating in today's "Internet of everything" digital era, the Group will focus on the R&D of new technologies such as 5G, Smart Cities, IoT, AI, Big Data, cloud computing and SDN, so as to expand from the network level to the higher value platform and application levels



Q&A



Industry Recognitions

“Listed Company Awards of Excellence - Main Board” 2018 -- 《Hong Kong Economic Journal》

“Most Valuable TMT Stocks Company” awards at the “2018 Golden Hong Kong Stocks Awards -- zhitongcaijing , 10jqka

“Outstanding ICT Solution Provider 2018” -- Quamnet

“Most Trusted Service Partner Award” -- China Unicom

“2018 Excellence Innovation Award in ICT Solution Market (China)” -- Frost & Sullivan

“Cloud Infrastructure Award” at the “Asia Communication Awards 2018” -- Total Telecom

“Top 10 Data Center (Consulting/ Implementation)” 2018 -- APAC CIO Outlook

“Best Managed Services Provider” awards at the “Telecom Asia Awards 2018” -- Telecom Asia

“2018 Business Excellence Awards” -- Acquisition International

“Hong Kong Awards for Environmental Excellence Silver Award” -- Hong Kong Productivity Council

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Thanks !

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