

SmarTone Telecommunications Holdings Ltd.

FY08 Interim Results Presentation

For the six months ended 31 December 2007

Douglas Li
CEO

4 March 2008

Agenda

- Results highlights
- Financial review
- Operational review
- Outlook
- Q&A

Results highlights

Key highlights

- Continued growth in service revenue and ARPU
- Stable customer number
- Improvements in margins and profits
- Continuing increase in data revenue

P&L summary

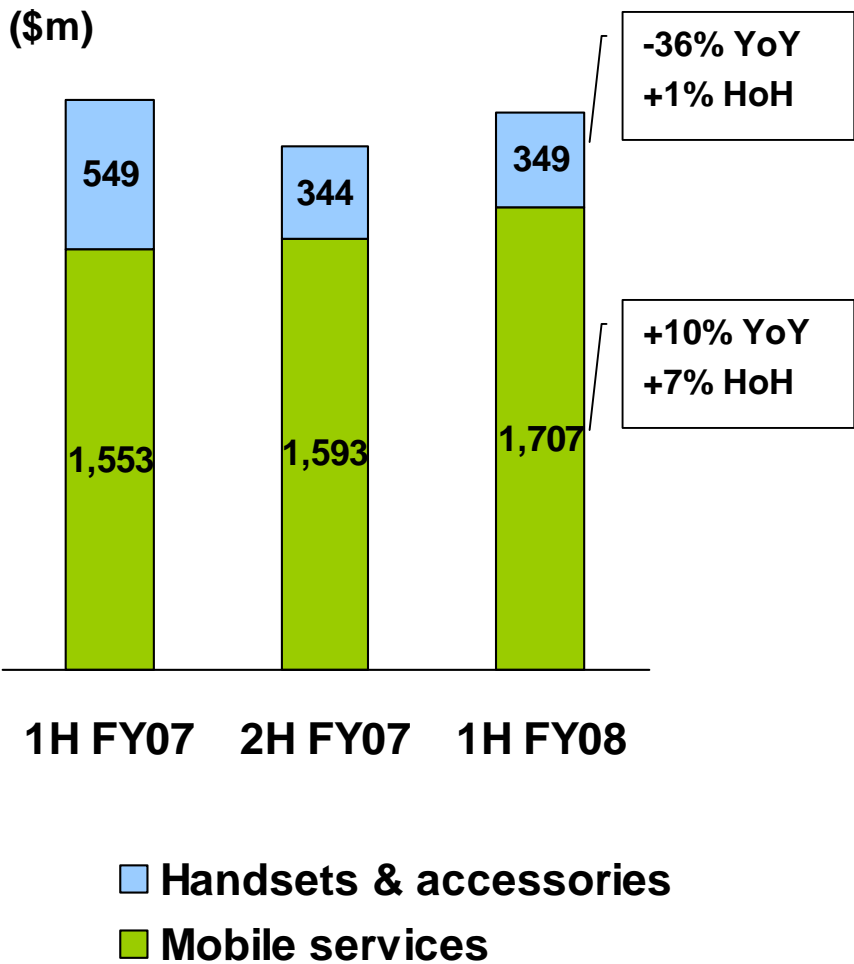
(\$m)	1H FY07	2H FY07	1H FY08	
Revenues	2,102	1,937	2,056	-2% YoY +6% HoH
Cost of goods sold & services provided	(859)	(673)	(690)	
OPEX	(805)	(761)	(815)	
EBITDA	437	503	551	+26% YoY +9% HoH
Depreciation, amortisation & disposal loss	(389)	(368)	(360)	
EBIT	48	136	191	+300% YoY +41% HoH
Net finance income	10	11	10	
Income tax expense	(6)	(21)	(24)	
Minority interests	(8)	(11)	(15)	
Net profit	44	114	161	+270% YoY +41% HoH
Basic EPS (cents)	7.5	19.6	27.8	
EBITDA margin	20.8%	26.0%	26.8%	
Interim DPS (cents)	Nil	N.A.	28	

Financial review

Revenues

(\$m) 1H FY07 2H FY07 1H FY08

	1H FY07	2H FY07	1H FY08
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Continued growth in service revenue, reflecting improving customer profile and ARPU

Cost of goods sold & services provided

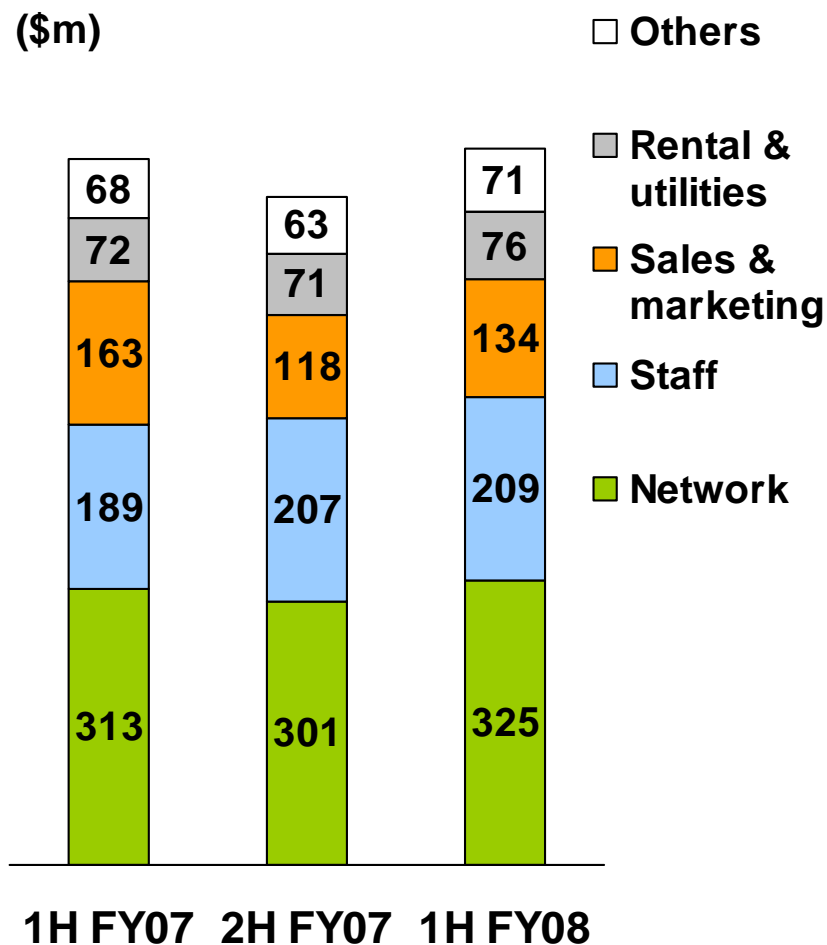
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Breakdown of cost of goods sold & services provided

(\$m)	1H FY07	2H FY07	1H FY08
COGS (before capitalisation)	(608)	(466)	(473)
Handset subsidy capitalised	69	124	134
COGS (after capitalisation)	(539)	(342)	(339)
Cost of services provided	(320)	(332)	(350)
Total	(859)	(673)	(690)

OPEX

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Continuing upgrade to service level and introduction of new services

Depreciation & amortisation

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Breakdown of depreciation, amortisation & disposal loss

(\$m)	1H FY07	2H FY07	1H FY08
Depreciation & disposal loss	(244)	(237)	(225)
Amortisation of intangible assets			
Licence fee (3G & 2G)	(31)	(32)	(32)
Handset subsidy	(114)	(98)	(103)
Total	(389)	(368)	(360)

Net finance income

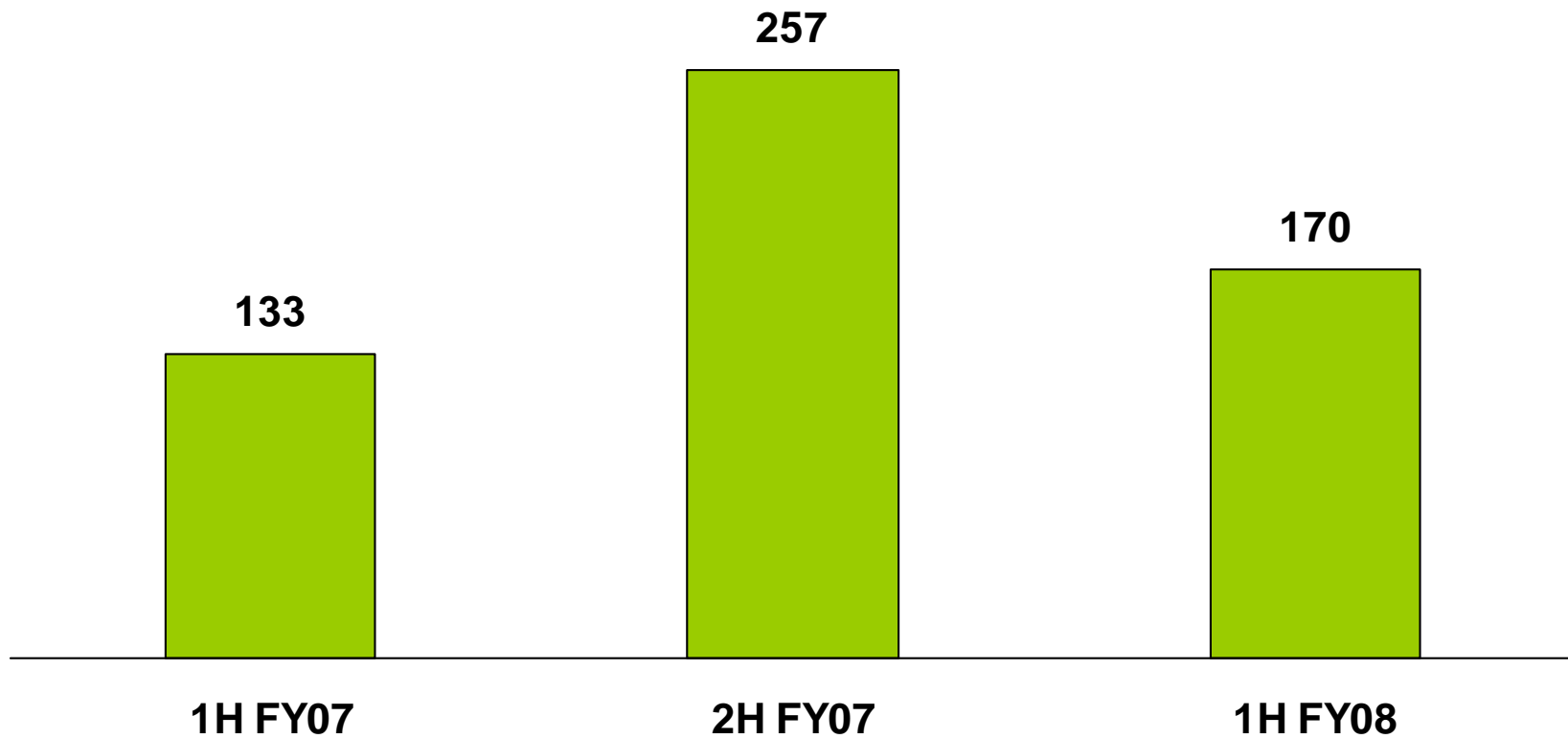
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Net profit	44	114	161

Breakdown of net finance income

(\$m)	1H FY07	2H FY07	1H FY08
Finance income	48	51	53
Finance costs			
Deemed finance charges for 3G & 2G licence fee (HKAS 38)	(37)	(40)	(40)
Deemed finance charge for asset retirement obligations (HKAS 16) & others	(1)	(1)	(3)
Total	10	11	10

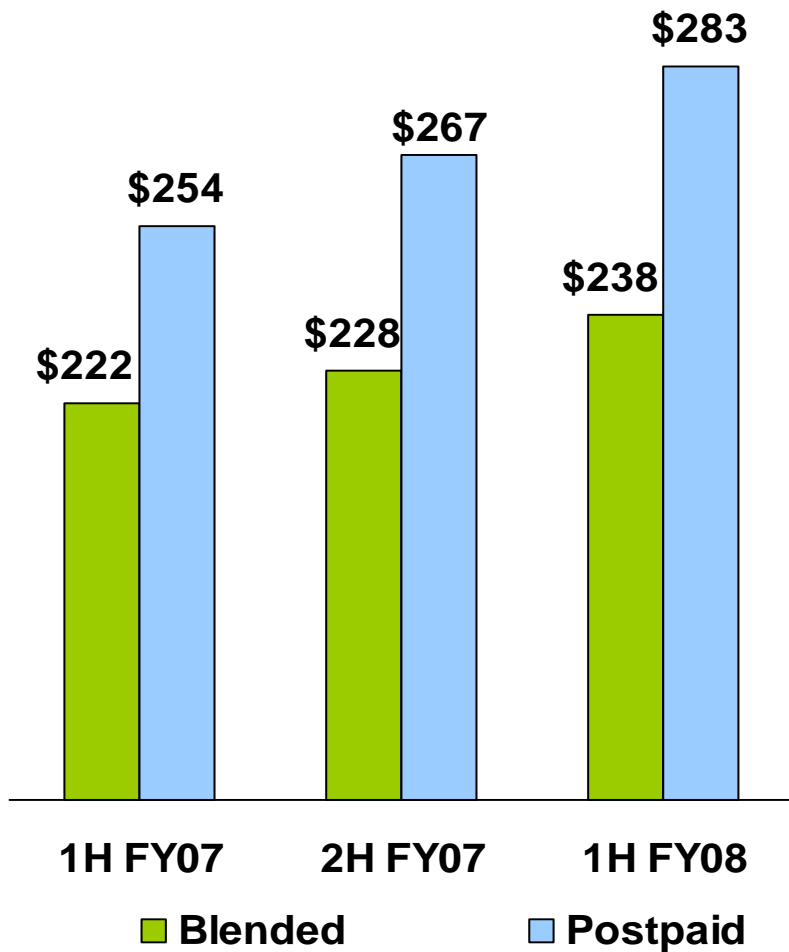
CAPEX

(\$m)



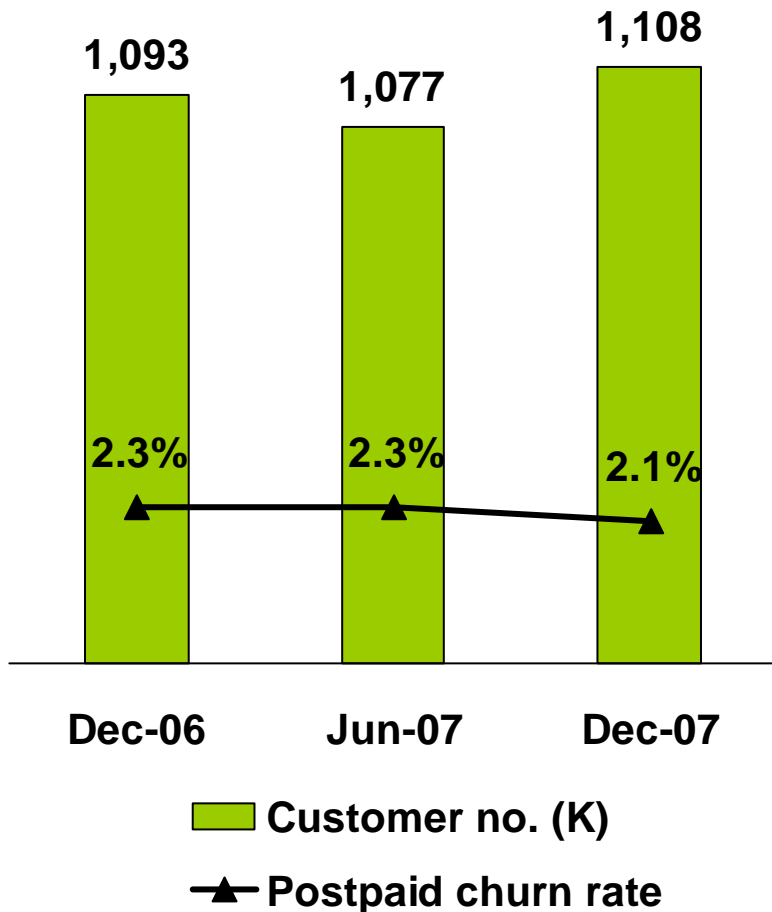
Operational review

ARPU



- Continuing improvements in customer profile
- Blended ARPU +7% YoY
- Postpaid ARPU +11% YoY

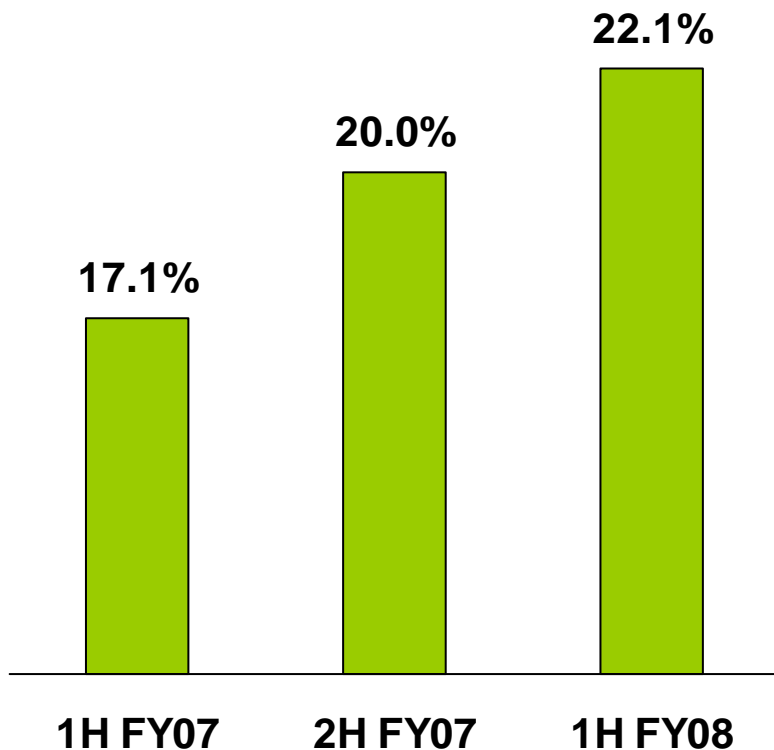
Customer base



- Stable customer number
- 3G customers now account for 40% of postpaid
- Churn rate improved slightly

Data revenue

Data contribution (% of service revenue)



- Continuing growth
- Increased to 22.1% of service revenue
- Multimedia services (non-SMS) accounted for two-thirds of data revenue

FoneTV

- A rich variety of hand-picked programmes and live TV channels
- Unique TV-like experience on mobile
 - Unique split-screen presentation of video content and a control panel
 - Easy channel selection with fast channel switching
 - Interactive features for online transactions, voting, etc
 - Clientless solution compatible with current release of major handset platforms
- Upgrade option for customers with HSPA handsets to enjoy HD Wide (high definition wide-screen presentation)



Our best-in-class HSPA network

- Up to 14.4Mbps download & up to 2Mbps upload
- Throughout the whole of our network that enjoys full-area and deep in-building coverage
- A key enabler for SmarTone-Vodafone Mobile Broadband and other advanced multimedia services

Exclusive Vodafone branded devices

- Superb quality
- Unparalleled ease of use
- Optimised integration with our services



Outlook

Outlook

- 2H profits expected to come under pressure
 - Increasingly competitive market
 - Rising cost inflation
 - Declining interest rates
- Maintain FY08 CAPEX guidance of \$400-450m

Outlook

- Tailored service propositions for targeted customer segments
- Exemplary service levels and superior customer experiences
- New revenue opportunities with groundbreaking services
 - Infotainment
 - Total communications needs

Q&A

Appendix

Group P&L

(\$m)	1H FY07	2H FY07	1H FY08
Revenues	2,102	1,937	2,056
COGS	(539)	(342)	(339)
Cost of services provided	(320)	(332)	(350)
Gross profit	1,242	1,264	1,366
OPEX	(805)	(761)	(815)
EBITDA	437	503	551
Depreciation, amortisation & disposal loss	(389)	(368)	(360)
EBIT	48	136	191
Net finance income	10	11	10
Profit before income tax	58	146	200
Income tax expense	(6)	(21)	(24)
Profit after taxation	52	125	176
Minority interests	(8)	(11)	(15)
Net profit	44	114	161

Group balance sheet

(\$m)	30 Jun 07	31 Dec 07
Fixed assets	1,832	1,777
Intangible assets	784	783
Other non-current assets (excl. held-to-maturity investments)	108	110
Cash, bank balance & held-to-maturity debt securities ⁽¹⁾	2,348	1,638
Other current assets	368	511
Current liabilities	(1,075)	(975)
Non-current liabilities	(827)	(805)
Net assets	3,538	3,037
Share capital	58	58
Reserves	3,453	2,941
Total equity attributable to equity holders	3,511	2,998
Minority interests	27	39
Total equity	3,538	3,037
<i>(1) Cash & bank balance</i>	2,316	1,638
<i>Held-to-maturity debt securities</i>	31	-
<i>Total</i>	2,348	1,638
<i>(2) Shares in issue at balance sheet date (million shares)</i>	580	577
<i>(3) Net book value per share</i>	\$6.1	\$5.2

Financial ratios & operating indicators

	1H FY07	2H FY07	1H FY08
Financial ratios			
EBITDA margin	20.8%	26.0%	26.8%
EBIT margin	2.3%	7.0%	9.3%
CAPEX / Revenues	6%	13%	8%
Operating indicators (HK mobile)			
Blended ARPU (period average)	\$222	\$228	\$238
Blended ARPU (last month of the period)	\$224	\$231	\$234
Postpaid ARPU (period average)	\$254	\$267	\$283
Postpaid ARPU (last month of the period)	\$259	\$271	\$278
Customer number ('000, end of period)	1,093	1,077	1,108
Churn rate (last month of the period)	2.3%	2.3%	2.1%