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Companies Announcements Office

Australian Stock Exchange

Date 17 February 2004

Subject: Annual Results Presentation

Please find attached a copy of the presentation to be made by the Chief Executive Officer, Kevin Russell, to media and analysts this afternoon.

Yours faithfully

Louise Sexton
Company Secretary

**Hutchison Telecommunications (Australia) Limited
2003 Annual Results**

**Presentation by Kevin Russell
Chief Executive Officer
17 February 2004**

Slide 1

Good afternoon and welcome.

2003 was a very significant year for Hutchison Telecoms, our position in the Australian telecommunications market and our future.

It was a year in which the company successfully launched one of the world's first comprehensive commercial third generation mobile businesses.

A year in which we delivered the first full year of EBITDA positive performance in Orange. And a year which has set a platform for Hutchison to stake its claim as a major player in the Australian mobile market in the years ahead.

Slide 2

Hutchison is becoming a strong player in mobile communication, increasing our customer base in 2003 by 56% to 411,938 and mobile revenue by 61%, compared to 2002.

Orange has performed well and has achieved continuing EBITDA positive performance... and 3 is off to a good start.

In 3, the customer base now stands in excess of 100,000 post paid customers after our first 10 months of operation, demonstrating strong customer uptake, in particular given the challenges faced with handset supply.

We have attracted quality customers to 3 with overall ARPU well above the market average, including non-voice ARPUs we believe to be the highest in the industry.

We now have fifty seven 3 branded retail stores operating in prime locations as the cornerstone of 3's sales and distribution strategy. In design, functionality and fitout, the stores are a benchmark for the industry.

From a standing start in April 2003, consumer awareness of the 3 brand has grown dramatically through the year, supported by the high profile sponsorships of Essendon AFL Club and the Australian Test Cricket Team.

Critically, 3 handsets, services and pricing offers have progressively built into a clearly differentiated product offering against our competitors. 3's network performance has improved significantly since launch, with the ongoing optimisation of existing cells and the targetted addition of new sites.

In Orange, we had excellent post paid customer growth in the second half of 2003, with that momentum continuing into this year.

Orange registered its third consecutive half year of positive EBITDA performance, including the first full year of positive EBITDA, as we have continued to tighten control of operating costs.

Now to the overall consolidated financial results.

Slide 3

Total company revenue of \$340.1 million reflected \$88.2 million in start-up revenue for 3 and solid growth in Orange revenues driven by the growth in our mobile customer base.

Orange operating expenses were reduced year-on-year, while 3 operating expenditure grew significantly, consistent with the commencement of operations.

The overall negative EBITDA in 3 of \$306.1 million reflected the combined effect of low initial start up revenues against the fixed cost base associated with our network and retail chain operation, and costs associated with the brand launch.

Orange EBITDA had a \$35.7 million turnaround in 2003 – jumping from negative \$14.1 million in full-year 2002 to positive \$21.6 million in full-year 2003.

Consolidated net profit showed a loss of \$409.8 million, driven by the start up losses on 3.

This overall loss for the year is consistent with our business plan. Our \$3 billion peak funding for 3 announced two and a half years ago comprises approximately \$1.3 billion of start up losses and working capital and approximately \$1.7 billion of capital expenditure. 3's losses will be heaviest during the critical start up period through 2003, 2004 and 2005 as we build our revenue base.

Slide 4

In the second half of 2003, Hutchison mobile customer numbers grew strongly – in both 3 and Orange.

Total growth across 3 and Orange in the second half of 2003 alone was 114,642.

This growth was all post paid and reflected start up sales of 3 in the five key metropolitan areas, and Orange sales in two markets only, Sydney and Melbourne.

Second half net growth in 3 of 68,323 was primarily achieved through the months of July and August. From September through to January this year, 3 sales were hampered by handset availability, particularly the delayed replacement for the popular NEC e606 clamshell handset.

Slide 5

As at close of business yesterday, Hutchison's mobile customer base totalled over 440,000.

Over the past 3 weeks, with improved inventory supply, 3 is selling at levels consistent with the peaks achieved in July last year.

Since launch, 64% of 3 customers have ported their mobile number from another carrier, emphasising the quality of customers 3 is attracting.

Last month we announced the deployment this year of a 1x network capacity overlay for Orange to support continuing customer growth.

In summary, through the remainder of this year and beyond, on both 3 and Orange, we are focussed on rapidly building a quality mobile customer base. We are working towards exiting 2004 in a position to achieve over 1 million mobile customers across 3 and Orange by the end of 2005.

Slide 6

Initial ARPU results from 3 have been encouraging.

At an average of \$80 per month, 3 customers are spending markedly more than the industry average. Our unique services, strong branding, innovative offers, and \$99 voice cap are attracting heavier spending users to our service. Encouragingly, our non-voice ARPU component averaged \$10 per month for the latter part of the year.

This non-voice ARPU contribution is particularly notable because 3 customers received significant promotional free usage incentives during the period, and our content range and handset offering were still evolving.

Interestingly, we now see customers purchasing current handset models demonstrating a significant increase in content and non-voice service usage. As of today, over 50% of 3's customer base is accessing content services.

On Orange, ARPU has declined in the second half year to \$54, primarily because of our rate plan offer of service credits. We anticipate that Orange ARPU will now stabilise and then improve in the latter half of 2004.

Slide 7

On churn, the notable result has been the loyalty of our initial 3 customers with a monthly churn rate of 1.1%.

The 12 month period post launch is the most challenging period for any new mobile operator. The network has to be optimised for traffic and new cell sites, customer care processes have to be bedded down and new operational challenges appear daily. Add in the complexity of a ground breaking new technology, with first generation handsets, service expectations of customers in today's mature mobile market, and managing customer satisfaction becomes a key challenge. Supported by the 3 value offering and our product functionality, this customer loyalty has been pleasing.

Churn levels in Orange have tracked consistently at 2.0% since the second half of last year.

Slide 8

2003 for Hutchison Telecoms was first and foremost about establishing a solid operational platform for 3 to move forward to take market share and build top line revenue growth.

I would like to take a few minutes to go through our progress on some of the key operational areas on 3, starting most significantly with product.

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3's launch product focussed primarily on our unique video calling capability.

However, those of you who have not looked at a 3 mobile in the past six months or so, are likely to be surprised at the current depth of our multimedia content offering. There has been a major improvement in product innovation in our sport, news and entertainment services.

During the 3 Test Cricket Series and one day internationals, customers could download highlights of the latest wicket or batting milestone to their 3 handset within 10 minutes of the live event. We recently launched our Eat & Drink product, offering customers a guide to over 2,500 restaurants and bars. We now have 300 Tones & Pics, our news service covers more local and international news, as well as breaking news alerts. Our new finance product allows customers to personalise their service by setting and monitoring their own stock portfolio.

In the coming weeks, customers will soon be able to stream video clips for a range of our services, rather than download them. Streaming from live cams, such as surf cams, is also now ready for deployment. New interactive games, music and alerts for sports and finance, are all on the first half roadmap, as is intercarrier MMS with all carriers.

Further product enhancements are planned for the second half of the year as 3 continues to differentiate its offering against 2.5G competitors and to build non-voice ARPU.

Slide 10

Handset range and availability were a key challenge through 2003. By comparison, 3's current handset roadmap looks very encouraging.

Today, we are selling the well featured Motorola A835 and the PDA like A925, both supporting Mobile Internet and the ability to download java applications, and, in the case of the A925, Symbian applications.

Within days, these handsets will be joined by the more mass market appealing NEC e616.

By the end of Q2, we anticipate a further two to three models, plus a broadband datacard to be introduced, expanding our range to five or six models.

With regard to volume, we have received firm delivery commitments and we are confident that the shortages experienced last year will not be repeated.

With increasing global purchase volumes across the 3 group in 2004, we are also seeing very encouraging trends emerging on the purchase prices for this enhanced range of handsets.

In summary, throughout 2004, 3 will have available a broader handset range, with enhanced functionality and at markedly lower average purchase prices.

Slide 11

We have established a first-class sales presence for 3. This includes the establishment of 57 distinctive 3 stores in high quality CBD and shopping centre locations throughout our licence areas. We are proud to have created a differentiated chain of stores capable of handling large sales volumes in an attractive store environment featuring interactive customer sales and production information.

The impressive implementation of our 3 retail presence and the strong early customer uptake prompted a rapid response from external dealer partners, who added 197 outlets to our reach in less than six months.

We have also expanded our direct sales focus opening a telesales channel in the fourth quarter. Additionally, we built a new flexible consumer direct channel utilising self-employed sales people. Combined with our existing field sales force, we now have more than 380 sales points of presence ensuring that we have sufficient reach in all metropolitan markets to achieve our goals.

Slide 12

Our network and customer care performance has strengthened considerably over the past 10 months.

Today we have over 1,750 mobile base stations operational, including more than 150 added since launch. 200 more will be deployed by year end to strengthen capacity and coverage.

Our national dropped voice call rate has fallen from 12% shortly after launch to below 3% today. Impressive for a brand new mobile technology in its first year of deployment. This rate will continue to fall with the implementation of new sites and continued optimisation, and with the introduction of new handsets.

Similarly, customer care performance continues to improve, with the majority of calls now resolved in the first call.

The customer care centre set up in India as part of Hutchison Whampoa's global implementation of 3 is continuing to improve its proficiency and its understanding of the Australian market, Australian customers and 3 services.

For anyone present today, I extend an open invitation to visit our Indian Call Centre over the coming weeks to verify first hand the ongoing operational enhancements that are being made there.

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In summary, we have a very simple path ahead:

First and foremost, we must drive revenue growth in 3 and Orange. We will do that by continuing to deliver enhanced service and handset offerings.

Revenue growth in 3 will be assisted by take up of new data-rich services, but the main driver in 3 and Orange will, of course, be customer growth.

We have market leadership in 3, and we have established good growth momentum in Orange. In 2005 we will be aiming to exploit that combination as we work towards a million mobile customers across the two businesses.

The company will then be on track to achieve positive free cash flow by the end of 2006.

Ends

Hutchison Telecommunications (Australia) Limited

2003 Annual Results

Kevin Russell
Chief Executive Officer
17 February 2004

 **Hutchison
Telecoms**

Telecommunications from
Hutchison Whampoa Limited



2003 Highlights



- 56% increase in mobile customers to 411,938
- 61% increase in mobile revenues



- Strong initial customer uptake
- ARPU levels well above industry average
- Company owned retail chain established
- Strong 3 brand awareness
- Product building into a clearly differentiated offering
- Network and customer care performance stabilised



- Strong post-paid customer growth in second half
- EBITDA positive for first full year

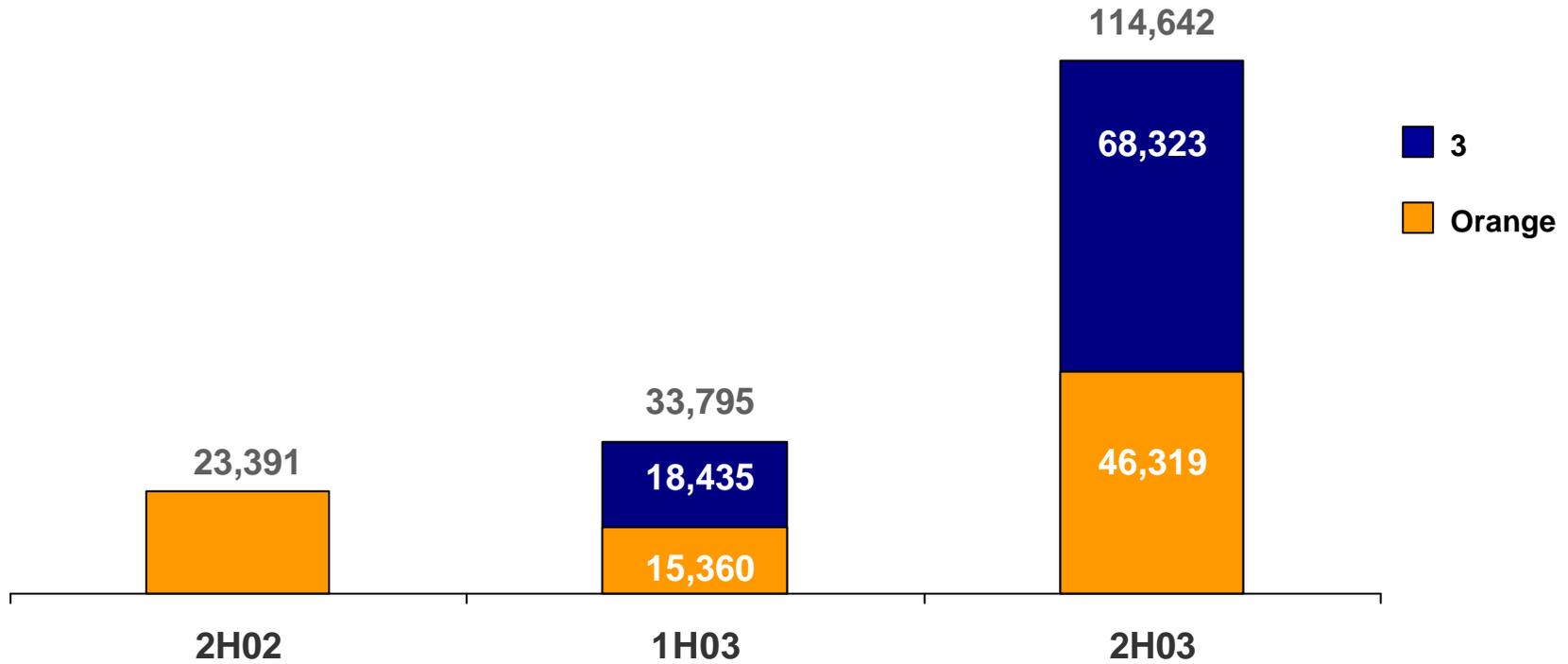
Key Financial Data

\$ million	Full Year 31 Dec 2003	Full Year 31 Dec 2002
Revenue		
3	88.2	-
Orange	<u>251.9</u>	<u>227.3</u>
Total Revenue (1)	340.1	227.3
EBITDA (2)		
3	-306.1	-84.7
Orange	<u>21.6</u>	<u>-14.1</u>
Total EBITDA	-284.5	-98.8
NPAT	-409.8	-197.3

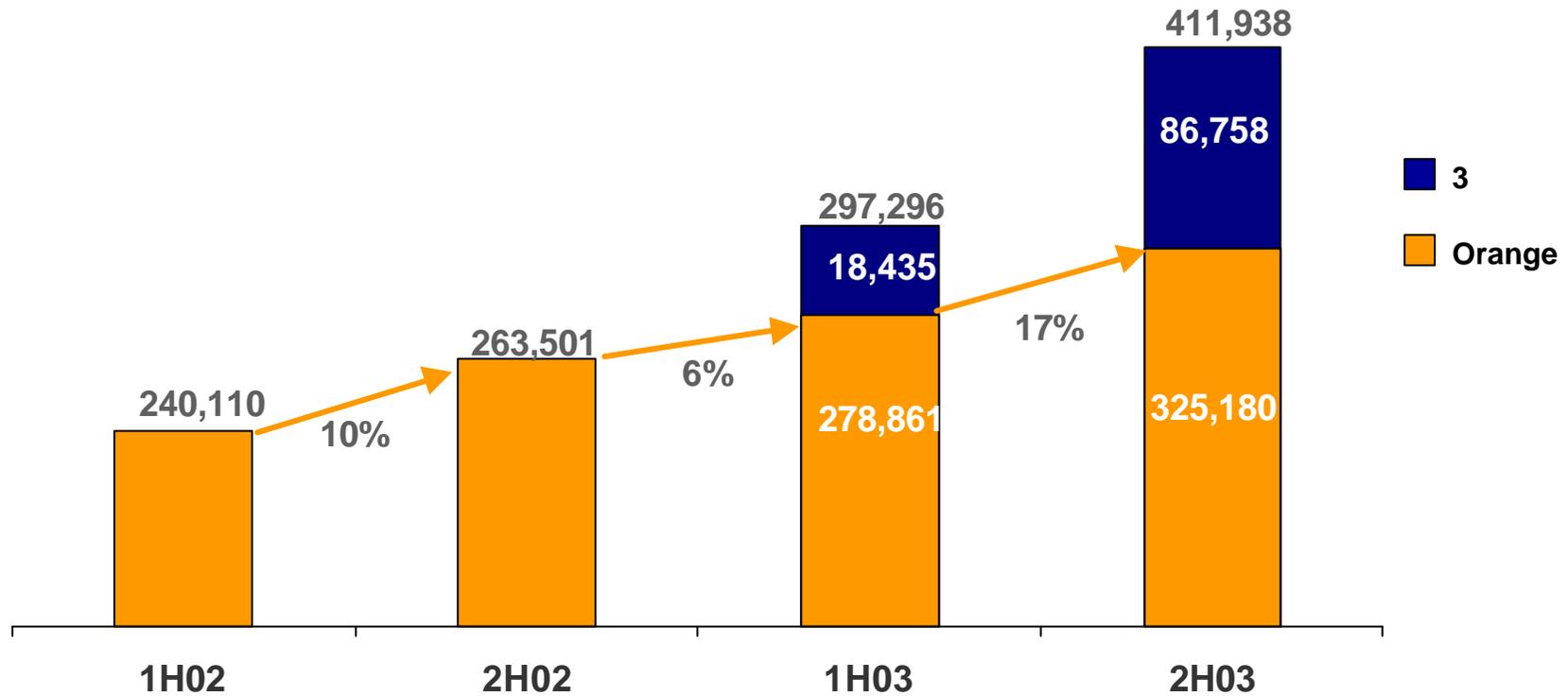
(1) Total revenue from operating activities excludes interest income and other non-operating revenue

(2) EBITDA includes all subscriber acquisition costs (including those subscriber acquisition costs capitalised in accordance with UIG 42)

Net Customer Growth

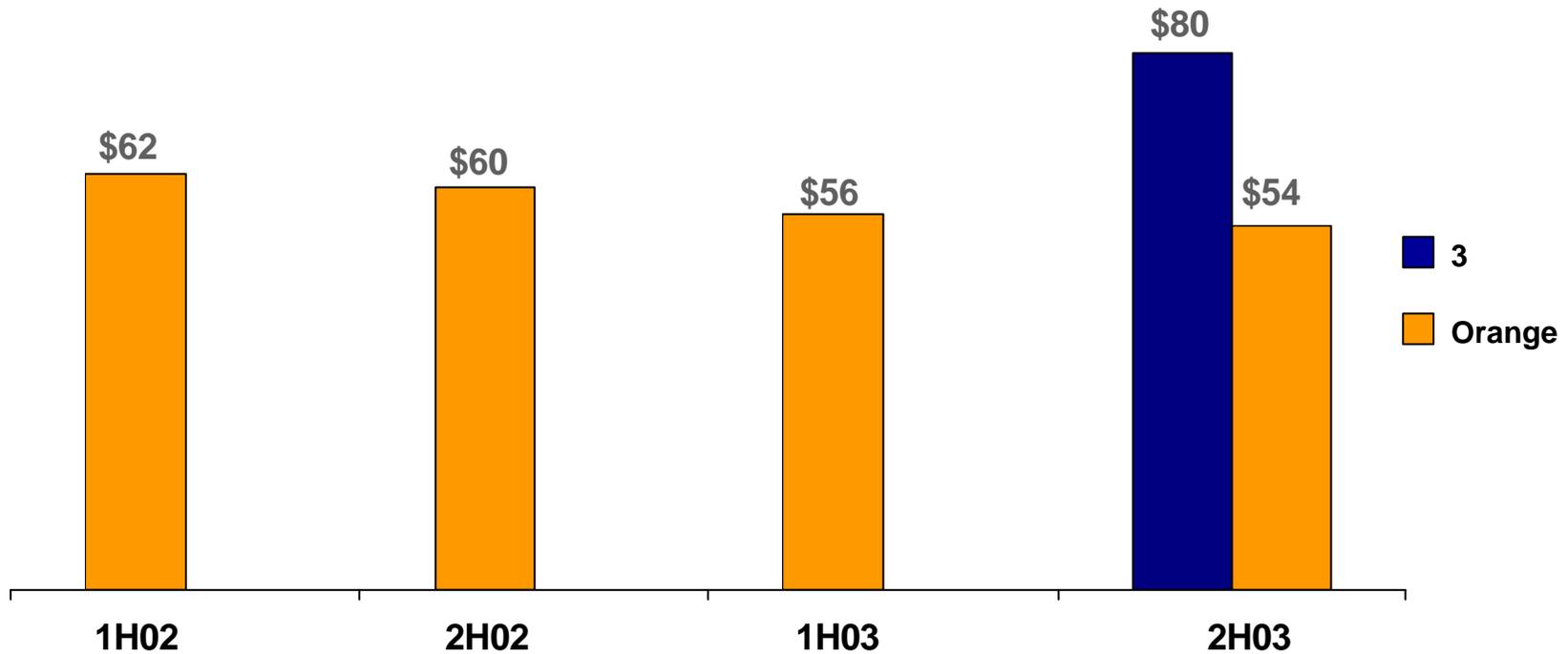


Mobile Customers

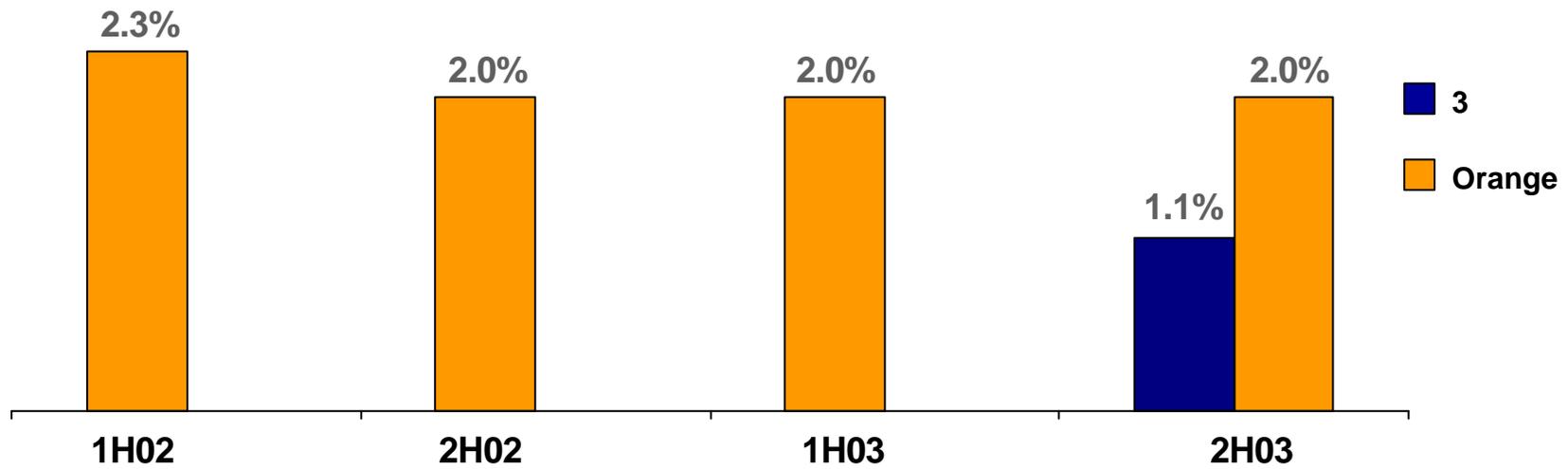


Driving towards 1 million mobile customers by end 2005

Average Revenue per User (ARPU)



Monthly Churn



Service Delivery

3 Service Enhancements

- **Launched recently**

- video call to Hong Kong and to PCs
- Eat & Drink (2,500 restaurants and bars)
- expanded real-time sport
- personal stock portfolios

- **Coming soon**

- new international video calling destinations
- videomail
- secure mobile office
- live cams
- more branded content

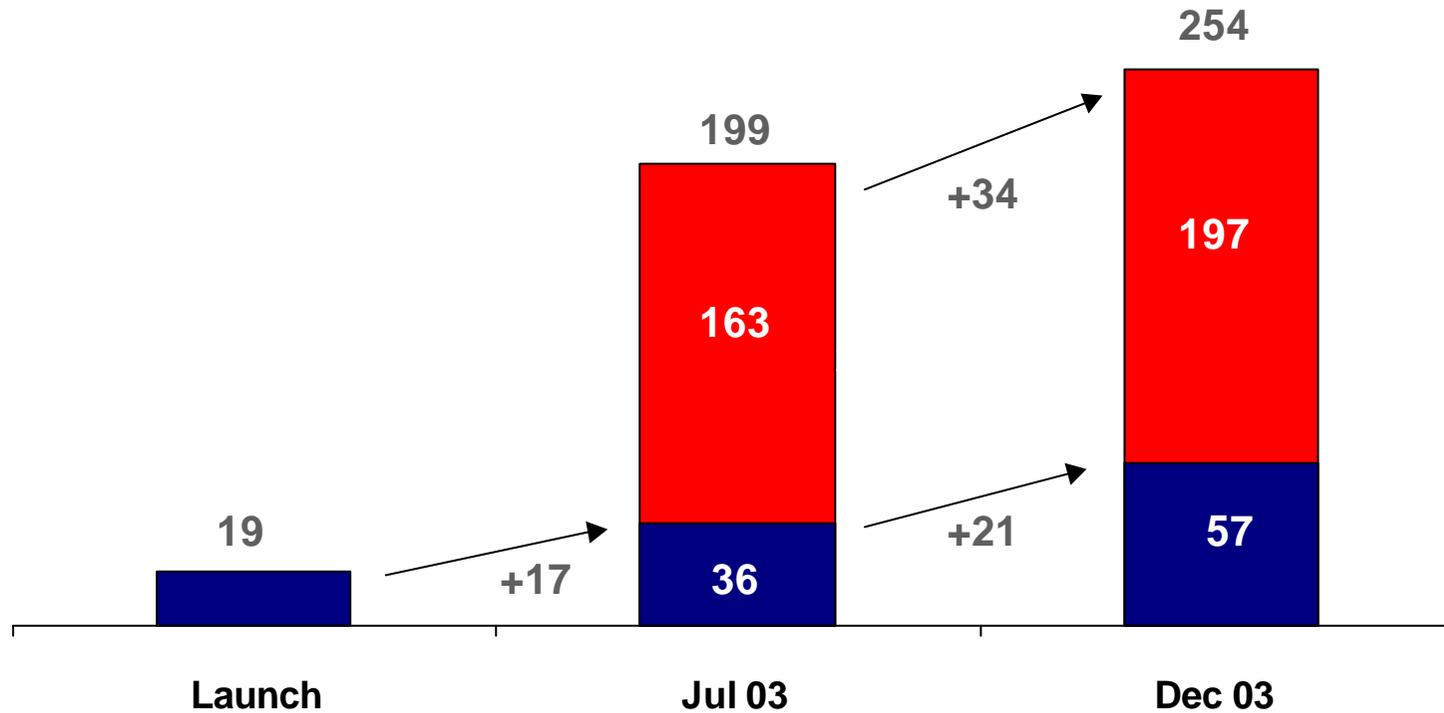
3 services continue to strengthen

3 Handsets

- Motorola A835 and A925 in stores now
- NEC e616 – arriving within days
- Five models, plus datacard, in stores by end Q2
- Volume to support increased sales run rate
- Global purchasing power allowing purchasing price flexibility

Broader range, enhanced functionality, lower cost

3 Distribution Reach Retail Points of Presence



Network and Customer Care Performance

- Over 1,750 sites implemented - more than 150 sites deployed since launch
- 200 additional sites still to be deployed this year for added capacity and coverage
- National dropped voice call rate now below 3%
- Improved customer care

Significant improvements across network and customer care performance

The Path Ahead...

- **2004: Drive revenue growth**
 - enhanced service and handset offerings in 3 and Orange
- **2005: Working towards 1 million mobile customers**
 - across 3 and Orange
- **2006: On track to achieve free cash flow**

**Exploiting leadership position in 3 -
ongoing growth in Orange**



Telecommunications operations of
Hutchison Whampoa Limited

