

Companies Announcements Office

Australian Stock Exchange

Date 16 August 2005

Subject: Half Year Results Presentation

Please find attached the Company's press release regarding its half year results together with a copy of the presentation (with speaking notes) to be made by the CEO, Mr Kevin Russell, to media and analysts this afternoon.

Yours faithfully



Louise Sexton
Company Secretary

Media Release

16 August 2005

Hutchison Continues Solid Improvements in Financial Performance

Service revenue up 73% to \$364.4 million

EBITDA losses reduced by 43%

Sydney, 16 August, 2005: Hutchison Telecommunications (Australia) Limited (ASX:HTA) today announced results for the first half of 2005, reporting solid improvements in financial performance. Service revenue of its two businesses, Orange and **3**, increased by 73% to \$364.4 million, supported by strong growth in non-voice revenue, as customers continue to increase their usage of **3**'s non-voice services. Average monthly per customer margin grew by 23% to \$48.

In the same period, EBITDA losses reduced by 43% from \$214.0 million to \$122.6 million - the first time since the launch of Hutchison's 3G business that improvements in EBITDA and net losses have been recorded, reflecting increased scale and tight cost management.

Hutchison Chief Executive Kevin Russell said the company's solid performance reflected the leadership Hutchison had obtained in the market with **3**, and Orange's steady contribution.

"Our results clearly show our improved revenue position, and our progress towards beginning 2006 in a monthly EBITDA positive position," Mr Russell said. "Service revenue growth reflects our expanding customer base and, importantly, a strengthening contribution from non-voice services."

In the **3** business, non-voice average revenue per user (ARPU) grew from \$12 to \$16. This 30% increase reflected strong uptake and usage of **3**'s content services. Revenue from services including content, video-calling and high speed data access nearly doubled to \$7 per month. SMS ARPU was stable at approximately \$9.

"How we price, package and promote our content is essential to ensuring its usage and uptake. Content packs have been a key strategy, where we bundle up content into simple, low cost, high value subscriptions that allow customers to use content without fear of bill shock," Mr Russell said.

At the end of June, over 65% of customers from **3** were accessing the content portal on a regular basis, and during the month of June, 52% of **3**'s customer base generated a billable content event. Strong growth in billable usage is primarily attributable to several new product launches including Big Brother, which generated nine times the traffic to **3** than it did in the previous year; Australia's first and only 24/7 streaming of Rage video music; and an unmatched range of real-time multiplayer games. Business Messaging, a mobile corporate email product targeted at small to medium businesses, was also launched.

-2-

Hutchison recorded improved control over operating expenditure. Direct costs of providing telecommunications goods and services decreased by 8% from \$192 million in the six months to June 2004, to \$176 million in the reporting period. This decline is principally due to lower network operating costs resulting from the radio access network sharing agreement with Telstra, signed in December 2004.

Reported customer numbers reflected a change in customer recognition policy, with only customers with activity over the last 3 months being recognised. The customer base grew by 56% to 950,000 customers, of which 90%, or 858,000 were post-paid customers.

With a strengthening of handset range, increasing market awareness of 3's network strength, the launch of new coverage areas and the increasing credibility of 3's non-voice service offering, Hutchison expects net customer growth to strengthen, primarily in the 3 post-paid business in the second half.

"The first half of 2005 is encouraging. Sales have been solid, non-voice revenue and margins are growing and, increasingly, 3 is building a customer base that is using its services," Mr Russell said.

Other financial and operating highlights include:

Hutchison Telecoms

- 73% increase in overall service revenue to \$364.4 million
- 23% improvement in average monthly margin per customer to \$48
- 43% reduction in EBITDA losses to \$122.6 million

3

- 160% increase in 3 service revenue to \$218.1 million
- Non-voice ARPU grew strongly from \$12 to \$16
- 27% improvement in average margin per customer to \$56
- 30% improvement in EBITDA losses from \$206.7 million to \$144 million

Orange

- Average monthly margin per customer stable at approximately \$40
- EBITDA contribution of \$21.5 million
- CAPEX less than \$10 million

Note: Hutchison's financial statements for the first half of 2005 have been prepared under the Australian equivalents of International Financial Reporting Standards (A-IFRS), as mandated for adoption by the Australian Accounting Standards Board. The adoption of A-IFRS has no cash flow impact. To ensure comparability, the financial statements for the prior periods have also been restated to reflect the new standards. Details are contained in the company's 4D filing.

For more information, contact:

Liz Rex
Media Relations Manager
02 9964 4831
0433 407 318

Hutchison Telecommunications (Australia) Limited

2005 Half Year Results

For the period ended 30 June 2005

Kevin Russell
Chief Executive Officer
16 August 2005



Telecommunications operations of
Hutchison Whampoa Limited



A Different Market

- 2G market becoming saturated
- Voice and SMS commoditising
- Fixed line traffic migrating
- Competition increasing
- 3G networks launching

It's
about



- Customer quality, not quantity
- Margins, not just ARPU
- Increasing contribution from non-voice services
- 3G investment required

Highlights



- **73% increase in service revenue to \$364.4 million**
- **23% improvement in per customer margin to \$48**
- **43% reduction in EBITDA losses to \$122.6 million**



- **160% increase in service revenue to \$218.1 million**
- **Non-voice ARPU grew strongly to \$16**
- **27% improvement in per customer margin to \$56**
- **30% improvement in EBITDA losses to \$144 million**



- **Average per customer margin stable at approx. \$40**
- **EBITDA contribution of \$21.5 million**
- **CAPEX less than \$10 million**



Financial Highlights

<i>(\$million)</i>	Half Year 30 Jun 05	Half Year 30 Jun 04	Change
Service Revenue	364.4	211.1	73%
Equipment Revenue	<u>80.2</u>	<u>119.3</u>	<u>-33%</u>
Revenue ⁽¹⁾	444.6	330.1	35%
EBITDA ⁽²⁾	-122.6	-214.0	43%
NPAT ⁽³⁾	-305.3	-332.9	8%
Cash CAPEX	147.9	111.6	33%

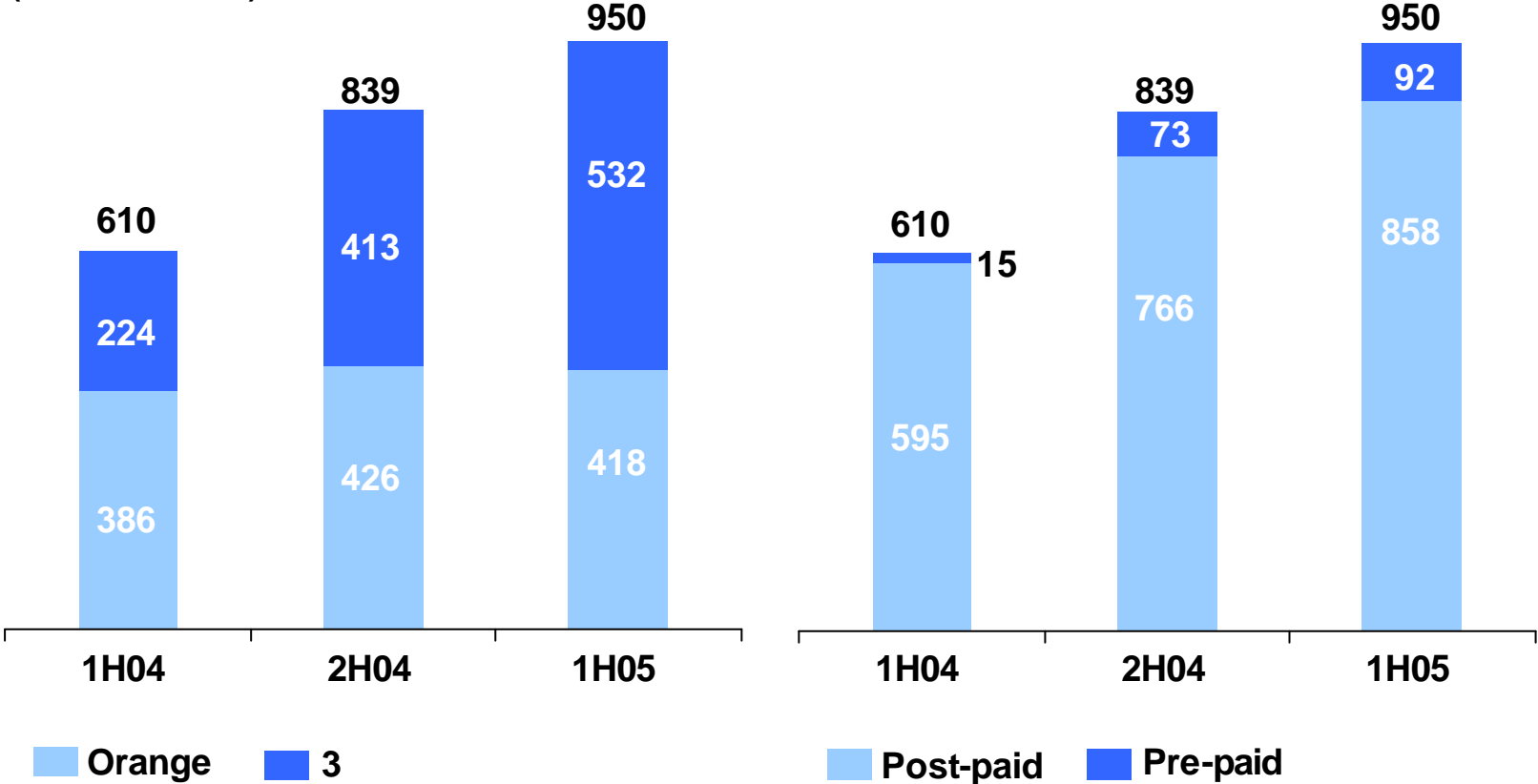
(1) Revenue excludes interest income and other income

(2) EBITDA includes the immediate expense of all customer acquisition costs

(3) NPAT after minority interest

Customer Base

(Customers `000)



56% growth in 12 months

Net Customer Growth

<i>(Customers `000)</i>	Half Year 30 Jun 05	Half Year 31 Dec 04	Half Year 30 Jun 04	Net Change
3 post-paid	117	124	137	-7
3 pre-paid	2	65	-	-63
Orange post-paid	-25	47	61	-72
Orange pre-paid	17	-7	-	24
Total net customer growth	111	229	198	-118

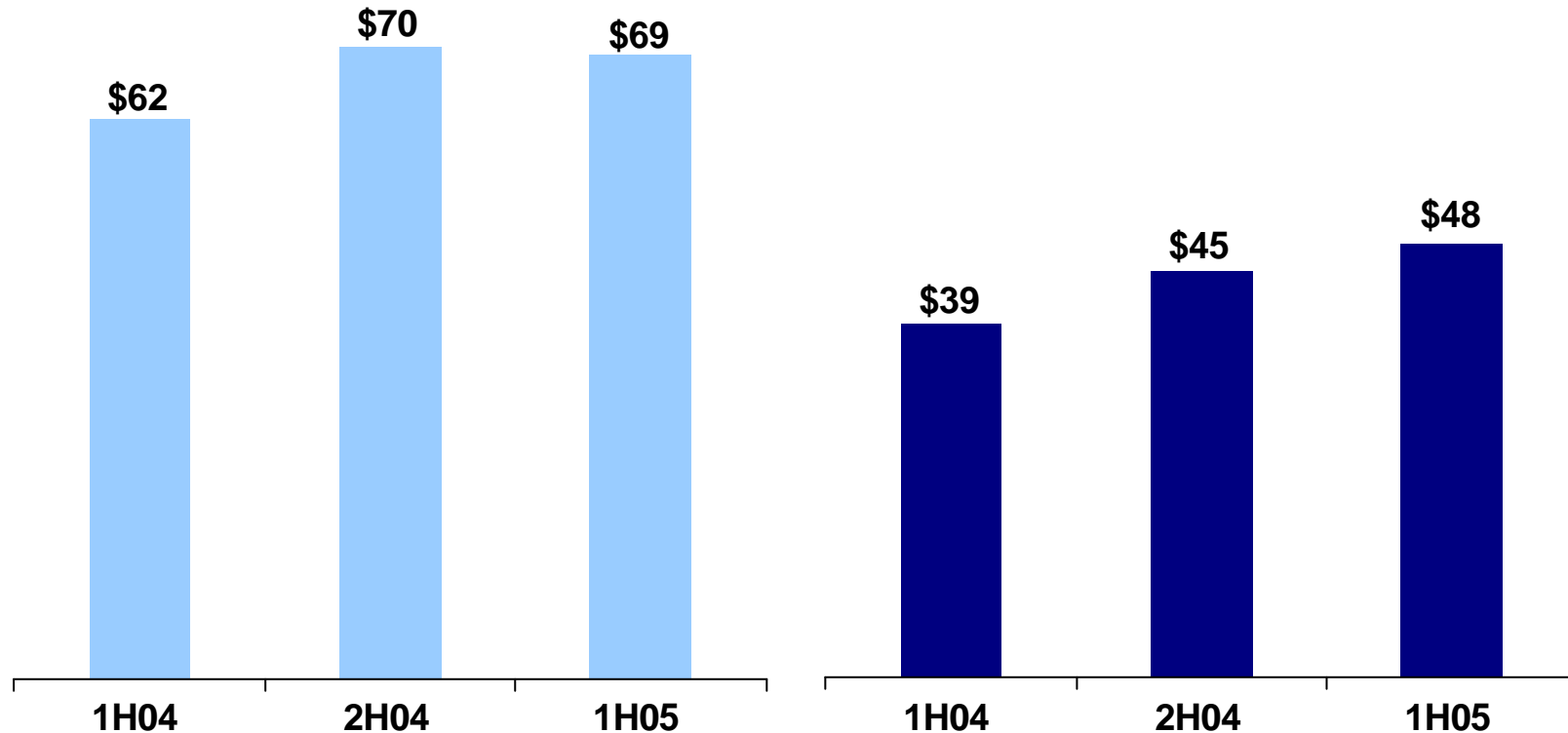
Growth focus on 3 post-paid

Scope for Growth

- **Improved handset range and functionality**
- **Increased awareness of network quality and coverage**
 - supported by new Telstra roaming agreement
- **Launch of new coverage areas**
 - Canberra
 - Campbelltown
- **Increased consumer appetite and awareness of 3's non-voice services**

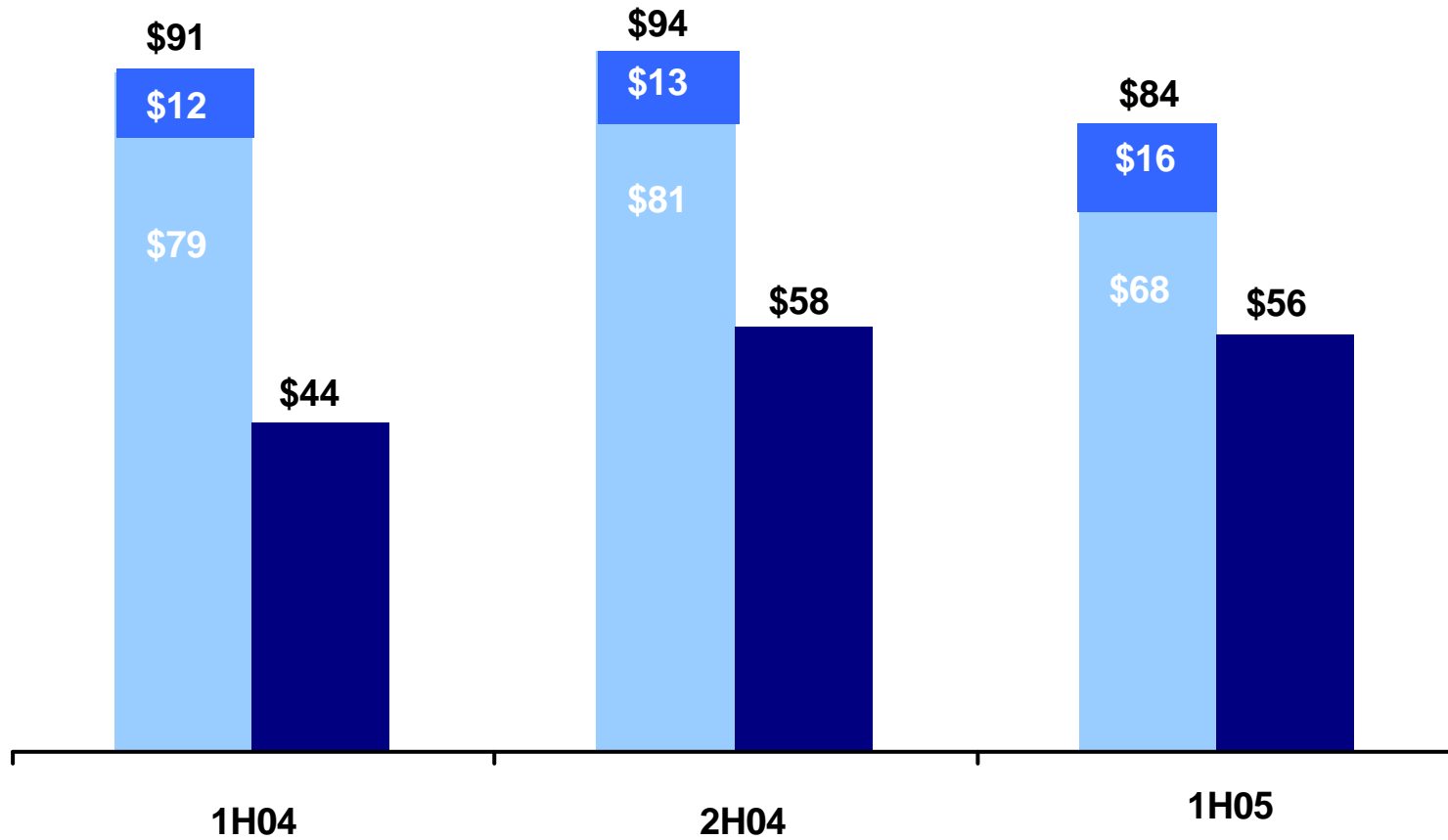
Customer growth expected to strengthen in 2H05

ARPU and Margin



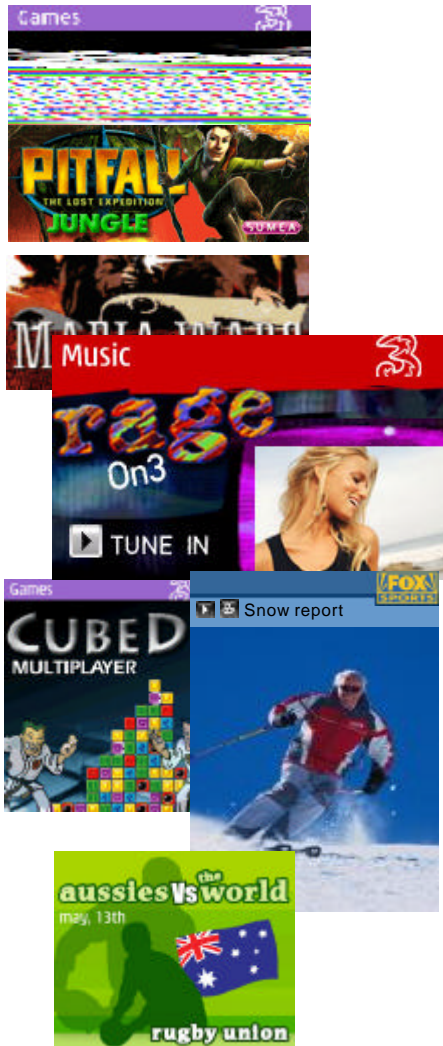
Margins strengthening with increased contribution from non-voice revenue

3 ARPU and Margin

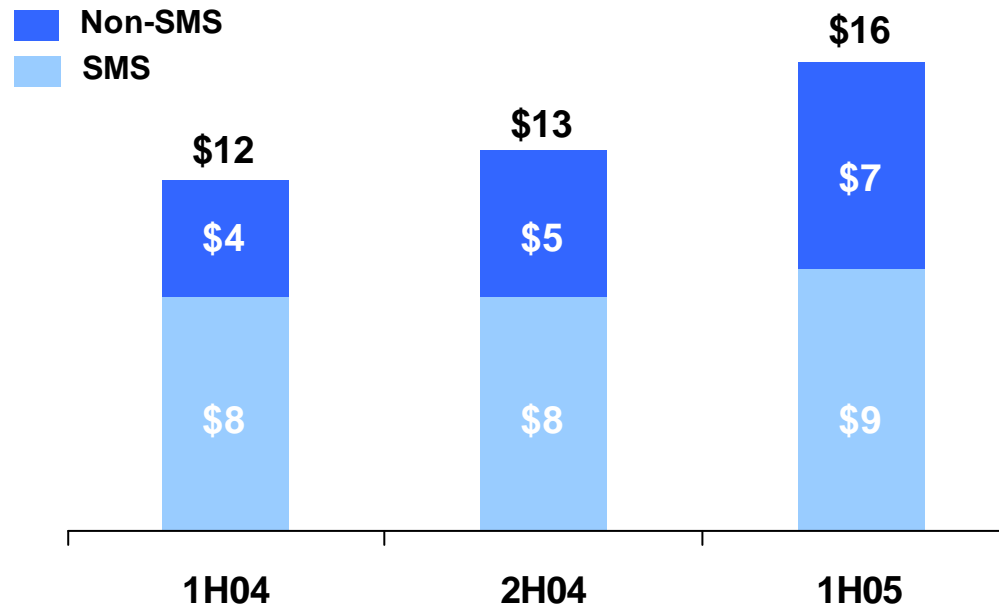
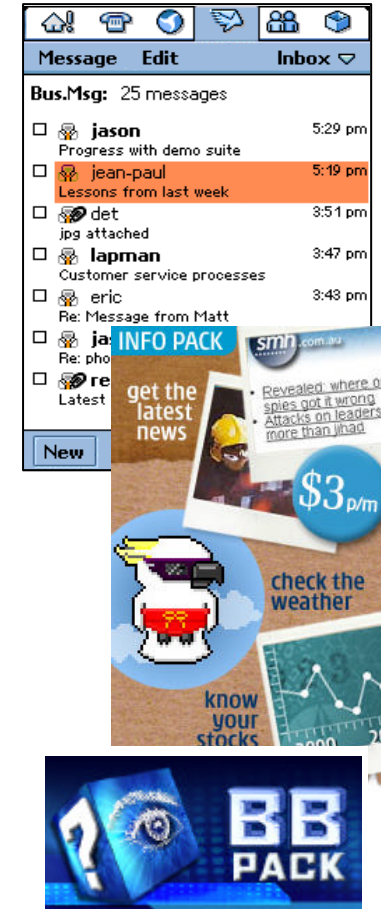


Voice ARPU lower but margin relatively stable

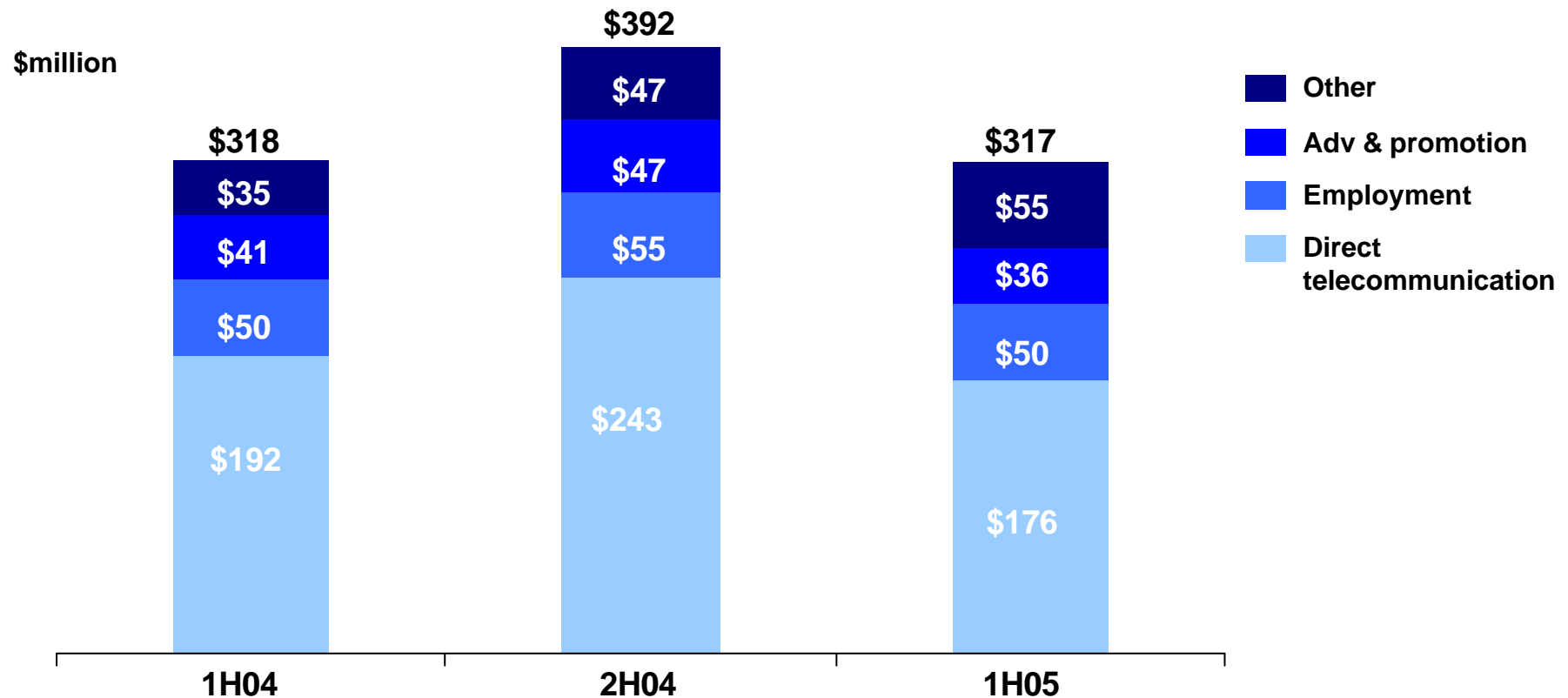
Continued Growth in Content



- Non-voice ARPU continues to strengthen
- Non-SMS services growing sharply
- Over 65% of base actively using content services
- Over 50% of base generating billable content events
- 420,000 content subscription services sold

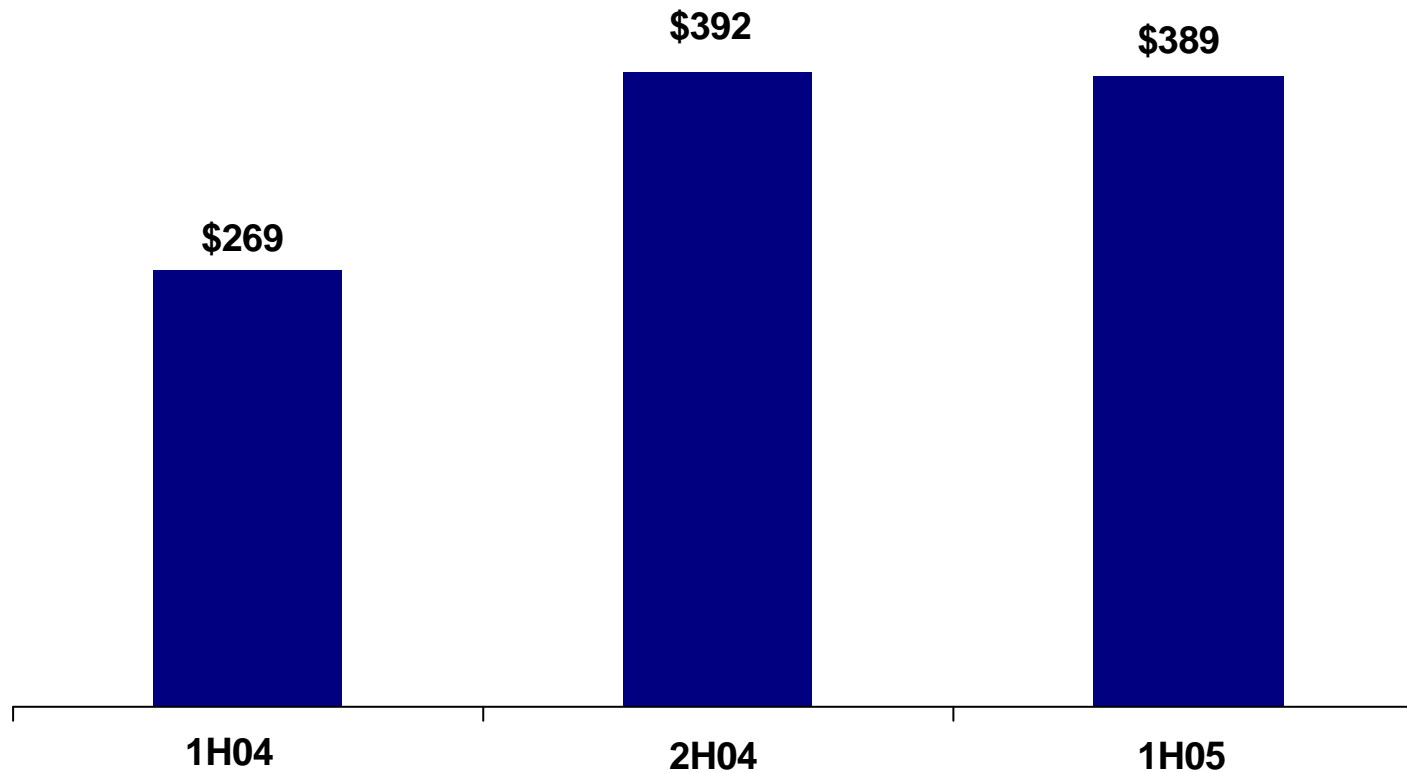


Operating Expenditure



**Operating expenditure relatively stable,
increasingly offset by scale**

Customer Acquisition Costs



Customer acquisition costs to decline in 2H05

What to Expect in 2H05?

- **Acquisition focus**
 - 3 post-paid
 - Orange pre-paid
- **Improved handset cost, range and functionality**
- **Network leadership**
- **Non-voice service innovation and usage**
- **Profitability trends**
 - scale benefits in margin
 - reducing customer acquisition costs
 - operating costs under control

Hutchison well placed to compete in 2H05



Hutchison Telecoms

Telecommunications operations of
Hutchison Whampoa Limited



Hutchison Telecommunications (Australia) Limited
2005 Half Year Results
16 August 2005

Chief Executive's Address

Slide 1- Introduction

Slide 2 – A Different Market

There are some very clear trends emerging in the mobile market.

Whilst 2G customer numbers reported by the industry are climbing, corresponding increases in associated revenue and margin contribution do not appear to be coming through.

Instead, the market is seeing mobile voice and SMS now being priced more as a commodity. The introduction of "bucket plan" or "cap plan" pricing, led by Hutchison in 2003, is increasingly becoming the norm for new customer acquisition and customer re-signs. As a consequence, in the months ahead, the mix of customers on bucket plans within each operator's base will increase significantly, driving increased network voice traffic and a tightening of margins on a per minute basis.

With mobile voice pricing falling, we are now seeing real momentum behind the migration of fixed line traffic to mobiles in Australia. With good mobile indoor coverage supporting this lower pricing, this momentum appears likely to continue.

Competition has been intense in the mobile market over the past 18 months. With two incumbents holding approximately 80% of the market, and two smaller players with global backing looking to grow, the logical view would be that this competitive dynamic appears likely to continue.

Then, add in the impact of the incumbents launching 3G networks and related services in the coming months, and we are entering a very interesting phase in the development of Australia's mobile market.

So, against this background, what trends must be tracked in the mobile market?

Customer numbers are no longer a simple proxy for growth. Rather, both service revenue and margin are the key growth measures. Margin growth is now increasingly important to track as our industry has to demonstrate revenue growth on a sustainable, profitable basis.

Further, with voice and SMS pricing commoditising, it is clear that to achieve strong growth in the medium term, our industry will now have to deliver increased returns in non-voice revenues and margin contribution.

Finally, with increasing voice usage and pressure to deliver non-voice service revenue, we believe that capital investment must clearly be made in 3G, where voice traffic can be carried more efficiently and the bandwidth capability can support new revenue opportunities.

This is a different mobile market today. It requires a different business model and a clear commitment to investing in new mobile services. So, in that context, I would like to walk you through Hutchison's half year results.

Slide 3 – Highlights

You should note that the financial results for the period ending 30 June 2005 reflect the mandatory adoption of the new Australian equivalents of International Reporting Standards from 1 January 2005. Details of the policy and financial impacts are contained in our 4D filing.

During the six months to 30 June 2005, Hutchison recorded ongoing improved financial performance and improvements across key reporting areas. Compared with the corresponding half year in 2004:

- Service revenue increased 73% to \$364.4 million, supported by strong growth in non-voice revenue.
- Average monthly margin per customer grew by 23% from \$39 to \$48 across the total customer base.
- EBITDA losses reduced by 43% from \$214.0 million to \$122.6 million, reflecting increased scale and tight cost management.

Looking specifically at **3**:

- We saw a 160% increase in service revenue, again pointing to strong growth in non-voice revenue.
- That is supported by a solid increase in non-voice ARPU, growing from \$12 to \$16.
- **3** also saw a 27% improvement in average monthly margin per customer and a 30% improvement in EBITDA losses.

For Orange:

- The average monthly margin per customer held stable at \$40 and the business contributed \$21.5 million to EBITDA versus an EBITDA loss of \$7.2 million in the first half of 2004. CAPEX spend in the Orange business in the first half of 2005 was restricted to less than \$10 million.

Slide 4 – Financial Highlights

The financial highlights on slide 4 summarises some key financial measures for our combined businesses. The figures clearly show our improved revenue position, and our progress towards beginning 2006 in a monthly EBITDA positive position.

In summary:

Service revenue growth reflects our expanding customer base and, importantly, a strengthening contribution from non-voice services in the **3** business.

For the first time since the launch of our 3G business in April 2003, I am pleased to report that we have recorded an improved EBITDA and net loss position. The 43% improvement in EBITDA losses reflects top line revenue and margin growth, with minimal increase in running operating costs which are predominantly fixed in nature. Profitability is expected to further improve as the business continues to build scale. Net loss for the period is within our expectations and guidance for annual losses peaking in 2004.

Capital expenditure is principally attributable to costs associated with 3's network capacity enhancements and incremental site build. The investment in our network infrastructure has not only resulted in increased geographical coverage, but also in a more robust and better quality network performance for our customers.

Slide 5 – Customer Base

In stating our customer numbers for this half year, we have introduced a new customer recognition policy, ensuring we only state active customers. In summary, any customer, post-paid or pre-paid, who has not used the 3 or Orange services in the preceding three months, is now excluded from the reported base. The change in policy does not have an impact on revenue or profitability.

The reported customer base at 30 June 2004 and 31 December 2004 has been restated by 16,000 and 40,000 customers respectively to reflect this change in policy.

In the first six months of the year, post-paid sales in 3 have been solid and, as a result, we have seen a 56% growth in our customer base at 30 June 2005. At the end of June our total base at Hutchison was 950,000 customers, of which 90%, or 858,000, were post-paid customers.

Slide 6 – Net Customer Growth

Overall net customer growth in this period predominantly reflects two clear directions. Our pull back from pre-paid acquisition in the 3 business and a move away from post-paid acquisition in Orange.

Whilst sales were solid in 3's post-paid business through this half year, our 3 business experienced higher than normal churn, predominantly with early 3 customers and those with low non-voice services usage. With the majority of the current base on improved 3G handsets and increasing usage of non-voice services, and our network continuing to expand, we expect churn rates in 3 to trend down in the second half year.

In Orange, during the reporting period, churn increased to 2.5%, reflecting an increasingly competitive 2G voice market.

Slide 7- Scope for Growth

In the second half of 2005 we expect net customer growth to strengthen at Hutchison, primarily in the 3 post-paid business. There are a number of significant opportunities that 3 will benefit from. These include:

- I. A notable strengthening of our handset range. Across form factor, brand name, functionality and cost, 3's handset roadmap appears to be very strong for the second half year.
- II. Increasing market awareness of 3's network strength, including roaming onto most of Telstra's GSM network.
- III. The launch of new coverage areas including Canberra and later this year Campbelltown, and
- IV. The increasing credibility of 3's non-voice service offering.

These developments, combined with a market in Q4 which we believe will see increasing customer churn across the industry, and an increasing market awareness of 3G, provide an exciting acquisition opportunity for 3.

Slide 8 – ARPU and Margin

ARPU at Hutchison has increased year on year, from \$62 to \$69, and margins have risen from \$39 in the first half of 2004 to \$48 in the first half of 2005. The strengthening of margins benefited from

the increased contribution from non-voice revenue which has helped to offset the decline in voice ARPU.

Slide 9 – 3 ARPU and Margin

Looking specifically at our 3 business, we continued to record strong customer revenue, with an ARPU of \$84. The impact of lower mobile termination rates has reduced voice ARPU, although there was minimal impact on margin due to correspondingly lower mobile terminating costs. Voice ARPU has also declined as the pre-paid mix has increased within the base and some of our initial heavy voice users have churned to competitors' cap plans.

Despite the reduction in voice ARPU, 3's margins have held firm during the period, and have climbed 27% from last year's corresponding half. This is a clear indication on the important role that 3's non-voice revenues will play moving forward.

Slide 10 – Continued Growth in Content

Our non-voice service revenue has shown a very encouraging trend over the past 12 months, with growth from \$12 to \$16.

This 30% increase reflected strong uptake and usage of 3's content services. Revenue from SMS was stable at approximately \$9 of total non-voice ARPU, while other non-voice services, including 3 content services, video-calling and high speed data access, nearly doubled to \$7 per month.

This growing revenue contribution is supported by encouraging trends in the behaviour of our customer base, and what services they consume from 3.

At the end of June, over 65% of our customers were accessing 3's content portal on a regular basis, and during the month of June, 52% of our customer base generated a billable content event.

The strong growth in billable usage is primarily attributable to several new products launched in the period, including our highly successful Big Brother product, which generated nine times the traffic to 3 than it did in the previous year; the launch of Australia's first and only 24/7 streaming of Rage video music; and an unmatched range of real-time, multiplayer games. In May, we also launched a mobile corporate email product, Business Messaging, to target small to medium businesses, with encouraging initial uptake.

How we price, package and promote our content is essential to ensuring its usage and uptake. Content packs have been a key strategy, where we bundle up content into simple, low cost, high value subscriptions that allow customers to use content without fear of bill shock. By the end of June 2005, 3 had sold over 420,000 content subscriptions with a range of monthly commitment options from \$1 to \$7.50 per pack.

Slide 11 – Operating Expenditure

Improving control over our running operating expenditure was another encouraging feature of this half year.

Notably, the direct costs of providing telecommunications goods and services decreased by 8% from \$192 million in the six months to 30 June 2004 to \$176 million in the reporting period. This decline is principally due to lower network operating costs resulting from the radio access network sharing agreement with Telstra signed in December 2004. The partnership has been progressing extremely well, with both companies continuing to strengthen and further roll out our jointly owned 3G radio access network.

Both advertising and employment costs also demonstrated significant reductions since the second half of 2004.

Slide 12 – Customer Acquisition Costs

Customer acquisition costs increased year on year by \$120 per blended sale across **3** and Orange. This increase reflected an increasing mix of \$0 handsets in the **3** business, lower Orange sales, and acquisition initiatives in the Orange Mobile business to phase out older model handsets.

We expect CAC to decline significantly in the second half of 2005, as handset prices in **3** reduce.

Slide 13 – What to Expect in 2H05?

Hutchison's acquisition focus through the remainder of the year will be in the mid to high end post-paid market for **3** and the pre-paid market in Orange. In both these areas, we expect customer growth to increase relative to the six months to 30 June 2005.

With handset costs due to reduce, improving form factors, leading brand names, and enhanced functionality, **3**'s offering will continue to strengthen. Our positioning around core **3** content services, including music and video streaming, is increasingly well supported by the handset range.

The network sharing arrangement with Telstra has not only assured **3** customers that they are connected to the best 3G network in Australia, but has also lent additional credibility to the **3** brand. This year the network has been strengthened and expanded, with new coverage areas, including Canberra, added and we believe that **3**'s network quality reputation will continue to grow in the months ahead.

Non-voice service innovation and increasing customer usage will continue to be a key focus for **3**. Incremental non-voice revenue is critical in a market where voice margins are falling. We are confident that we will continue to strengthen the revenue and margin contribution in this area through the coming months.

Regarding profitability trends, we believe that Hutchison will continue to demonstrate improving trends through the remainder of the year. Notably, we see increasing scale benefits coming through in the margin level from **3**, significant ongoing reductions in 3G handset costs and resulting acquisition costs, and continued control over our operating expenditure.

In conclusion, the first half of 2005 is encouraging. Sales have been solid, non-voice revenue and margins are growing and, increasingly, **3** is building a customer base that is using its services. We believe that Australia's mobile market increasingly requires a different business model that clearly recognises the commoditisation of voice and SMS. Hutchison is very well progressed from a technology, product and focus standpoint in implementing that model.

Thank you, I will now take questions.