Hutchison Telecoms

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ASX Market Announcements
Australian Securities Exchange

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Subject: Annual General Meeting

Please find attached the Chairman's address to be made at the Annual General Meeting of the Company this morning.

Yours faithfully

Louise Sexton
Company Secretary

HTAL AGM – CHAIRMAN'S SPEECH

When we met together last year, we outlined the actions to improve Vodafone Hutchison Australia's business, particularly the investment in network improvement, and talked about the plan for 2012. These network improvements have been implemented during 2012 including:

- Rolling out more than 1500 new 3G 850MHz sites to improve in-building coverage and capacity;
- Upgrading the existing 2G and 3G network to provide more coverage and capacity;
- Replacing equipment across all sites and installing equipment ready for 4G;
- Building 600 additional sites to increase coverage; and
- Upgrading the core and transmission network.

As you will recall, after the creation of VHA in 2009 and into 2010, VHA implemented its merger integration program and was well on track to achieve profits. A combination of events, well documented in the media, led to the loss of trust in the brand.

Regaining this trust is the key focus of VHA, and continued investment in the network is critical for the future success of VHA. As well as introducing competitive new technologies such as 4G services, VHA continues to make significant investment to enhance the resilience, coverage and capacity of its network, which has required extensive planning and implementation through 2012, 2013 and going forward.

The benefits of VHA's investment strategy are starting to be seen, with network performance and coverage improving. Some examples of these improvements are:

- Increased download speeds of up to 8 megabytes per second on 60% of the network;
- Improved 3G data session and call set-up rates that now reach Vodafone Group's benchmark levels; and
- Dropped calls reduced by one third in metro areas.

In addition to network investment, other significant changes were put in place during 2012.

The most important of these has been a rigorous review of the cost structure which started with changing two-thirds of the leadership team, nearly halving the number of non-customer facing staff and reducing operational expenditure such as high-profile sponsorships to direct investment to network and front-line staff.

Other key focus areas for VHA during 2012 were

- Improvements in customer care which saw first-call resolution rates increase by almost one-third in the company's call centres; and Telecommunication Industry Ombudsman complaints reduce by 37%;
- consolidating the business and brands in market, with the announcement that the 3 and Crazy John's brands will close in 2013; and
- continuing to tighten distribution channels.

VHA's strategy has been articulated to cover three primary components:

- provide a fast reliable network,
- offer worry free products/services and
- provide a consistently good experience across each customer touch points.

VHA has demonstrated progress in implementing this strategy with its network investment and a number of recent customer service announcements, including expansion of the Tasmanian call centre, progress on the rollout of alerts and triggers to more than a million customers and new pricing plans.

However the loss of confidence in the network and brand that was felt throughout 2011 continued in 2012 and this negatively impacted HTAL's results.

As you know, HTAL owns 50% of VHA and accounts for this investment using the equity method of accounting. Under this method, revenue from VHA's ordinary activities is not included in HTAL's revenues from ordinary activities, but appears in our financial statements as the "share of net losses of joint ventures accounted for using the equity method".

In 2012, HTAL's share of VHA's net loss was $408.8 million compared to the 2011 share of net loss of $175.4 million. As HTAL's revenues from operating activities in 2012 were $19 million of interest income received on loans to VHA, HTAL's reported loss in 2012 was $393.5 million compared with a loss of $167.7 in 2011.

It is important to remind you that Hutchison, together with its joint shareholder, Vodafone, continues to support VHA and we have fully endorsed the strategy to turn VHA's business around. This strategy is for long term improvement and remains on track to return VHA to growth and profitability in the future.

VHA has made meaningful inroads in stabilizing customer numbers and financial performance. Although continuing losses are anticipated in 2013, HTAL expects improvements in VHA's performance through the year and into 2014.

Thank you.