

**ASX Market Announcements  
Australian Securities Exchange**

**Date 2 May 2019**

**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



Naomi Dolmatoff  
Company Secretary

**HUTCHISON TELECOMMUNICATIONS (AUSTRALIA) LIMITED AGM**  
**CHAIRMAN'S ADDRESS**  
**Thursday 2 May, 2019**  
**10am**

## **INTRODUCTION**

I'm pleased to provide you with an update on Vodafone Hutchison Australia Pty Limited's ("VHA") 2018 performance and plans for growth in the future.

The key points from Hutchison Telecommunications (Australia) Limited's ("Hutchison") 2018 annual results are:

- VHA's mobile customer base passed the six million mark after increasing 3.6 per cent year on year;
- Its fixed broadband customer base is 33,000 following the full launch of Vodafone nbn in April 2018;
- Hutchison's share of VHA revenue was \$1,823.4 million, an increase of 5.5 per cent year on year;
- Hutchison's share of VHA EBITDA was \$551.1 million, an increase of 13.4 per cent year on year;
- A 4.4 per cent decrease in Average Revenue Per Customer due to aggressive competition in the market; and
- Hutchison's share of VHA loss was \$5 million, an 88.2 per cent decrease from 2017.

These stable results are pleasing because they were achieved in a very competitive environment and in an industry which requires significant ongoing capital and spectrum investment to continue to offer the services customers expect.

At the same time, VHA has maintained its market-leading customer sentiment levels with the highest Net Promoter Score and the lowest rate of complaints of the major mobile network operators.

## **FUTURE PLANS**

Over recent years, VHA has done well to build a stable business through consistent, modest financial and customer growth.

- It has a mobile network which has been continually recognised for its competitive performance in independent testing;
- It has complemented its mobile network with fixed broadband services to allow customers who want both fixed and mobile services through the same provider to do so with VHA; and
- It has products and plans that offer competitive value to attract and retain customers, while balancing the need to be commercially responsible.

But as VHA CEO Iñaki Berroeta recently pointed out, the mobile industry is being challenged.

There is the need to deliver more and more data inclusions to customers and invest in new technologies such as 5G, while revenue per customer falls.

There are several unique challenges in this market, including NBN wholesale pricing, 5G vendor restrictions and a dominant incumbent which receives significant government assistance.

To increase scale to support future growth, VHA is proposing a merger of equals with TPG Telecom Limited (“TPG Telecom”) which would bring together an established mobile player with an established fixed player.

If the merger proceeds, Hutchison, and VHA’s other 50 per cent shareholder, will each own 25.05 per cent of the new merged group.

As a Hutchison shareholder, your shares will not change and you will continue to be a shareholder of Hutchison.

The Australian Competition and Consumer Commission (“ACCC”) is due to provide its view on the proposed merger next week.

It would be inappropriate for me to discuss the merger, except to say that subject to ACCC and other approvals being obtained, and other conditions being satisfied, the merger is expected to complete in the second half of 2019.

We expect Hutchison shareholders will benefit from the significant future growth opportunities the merger will provide.

## **BUSINESS AS USUAL**

So, while the approvals process continues, it is business as usual for VHA.

In late 2018, VHA secured national 5G spectrum licences at auction through its spectrum joint venture with TPG Telecom.

The acquisition secures VHA’s entry into 5G and builds on the technical work VHA has been carrying out over recent years to prepare its network for the next generation of mobile.

VHA continues to carry out detailed 5G network design planning, including working through the challenges of the government’s restrictions on vendors. It will make announcements about vendors and a launch date in due course.

VHA is also continually improving its products to attract and retain customers, while delivering a financial return.

These include VHA’s \$5 Roaming, which is one of the biggest drivers of connections and positive customer sentiment. This \$5 per day international roaming product is now available in more than 80 countries, covering 95 per cent of the places Australians travel.

And VHA’s endless data plans, which include a generous amount of maximum speed data and simply switch over to a streaming speed if those inclusions are reached. These continue to be some of VHA’s most popular plans.

## **OUTLOOK**

Turning to the outlook, Hutchison expects VHA to continue achieving a consistent, modest performance.

It will continue to invest in its competitive mobile and fixed services to grow its customer base, and in its mobile and fixed networks, including on the evolution to 5G.

In conclusion, Hutchison is pleased with VHA's performance and continues to support VHA's strategy.

Let me address a matter which has been of some interest to several shareholders.

As you would be aware, Hutchison reported a \$4.5 million profit due to an increase on interest in loans to VHA. While Hutchison does not provide profit and loss guidance, this will be a non-recurring uplift as the overall loan balance has been reduced.

Before I open up to questions from the floor, let me answer a question received before the meeting.

*Is Hutchison ever going to pay any dividends?*

No dividend has been declared for Hutchison in 2018. For future years we don't provide dividend guidance.

I am now happy to take questions from the floor.