

The logo for Comba, featuring the word "Comba" in a bold, blue, sans-serif font. The background of the slide is a light blue and green gradient with a faint circuit board pattern and a world map.

京信通信系統控股有限公司  
Comba Telecom Systems Holdings Limited  
股份編號 Stock Code : 2342

Innovation, Transformation

and Exploitation of the Future

創新、變革、開拓未來

# 2014 Interim Results Corporate Presentation

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# Agenda

- Financial Highlights
- Financial Review
- Customer Review
- Business Review
- Open Forum

# Financial Highlights

- Financial Results
- Financial Position
- Key Financial Indicators



# Financial Results



<i>HK\$'000</i>	For the six months ended 30 June			For the year ended 31 December 2013
	2014	2013	Change	
Revenue	3,023,575	2,162,422	39.8%	5,720,599
Gross profit	851,668	551,675	54.4%	1,365,586
Gross profit margin	28.2%	25.5%	2.7pp	23.9%
Operating profit / (loss)	135,299	(110,526)	222.4%	(104,725)
Tax	36,783	18,174	102.4%	84,867
Profit / (loss) attributable to shareholders	72,305	(150,676)	148.0%	(240,722)
Net profit / (loss) margin	2.4%	(7.0%)	9.4pp	(4.2%)
Basic earnings / (loss) per share (HK cents)	4.76	(9.98)	147.7%	(15.91)
Proposed interim dividend per share (HK cents)	1.20	-	N/A	-
Proposed bonus issue of share	1 for 10	-	N/A	-

# Financial Position

<i>HK\$'000</i>	As at 30 June 2014	As at 31 December 2013	Change	As at 30 June 2013
Net (debt) / cash	(687,514)	108,575	(733.2)%	(690,274)
Total assets	10,486,904	10,318,277	1.6%	9,610,702
Total liabilities	6,764,634	6,590,386	2.6%	5,853,354
Net assets	3,668,049	3,673,796	(0.2)%	3,704,013
NAV per share (HK\$)	2.40	2.41	(0.4)%	2.43

# Key Financial Indicators

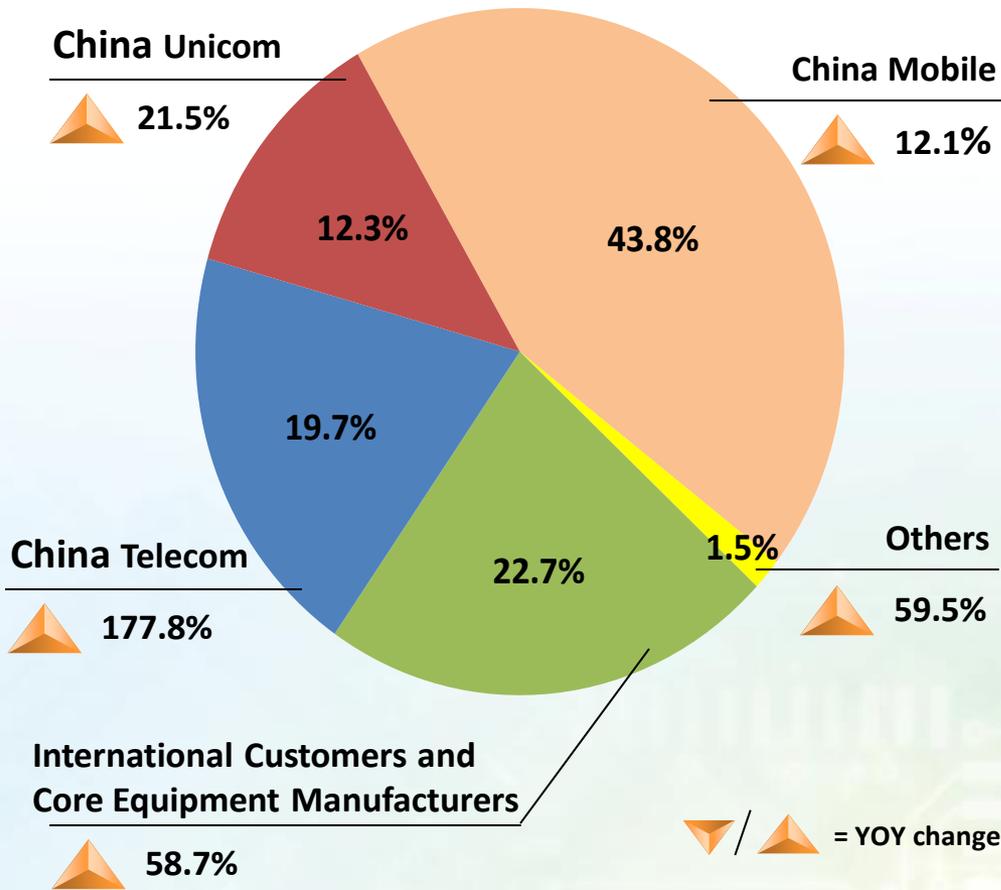
	For the six months ended 30 June			For the year ended
	2014	2013	Change	31 December 2013
Inventory turnover days	200	257	(57) days	188
A/R turnover days	293	388	(95) days	294
A/P turnover days	323	364	(41) days	298
Gross gearing ratio	14.8%	16.5%	(1.7)pp	15.1%
Dividend payout ratio	25.2%	-	N/A	-
Return on average equity	3.9%	(8.0)%	11.9 pp	-

# Financial Review

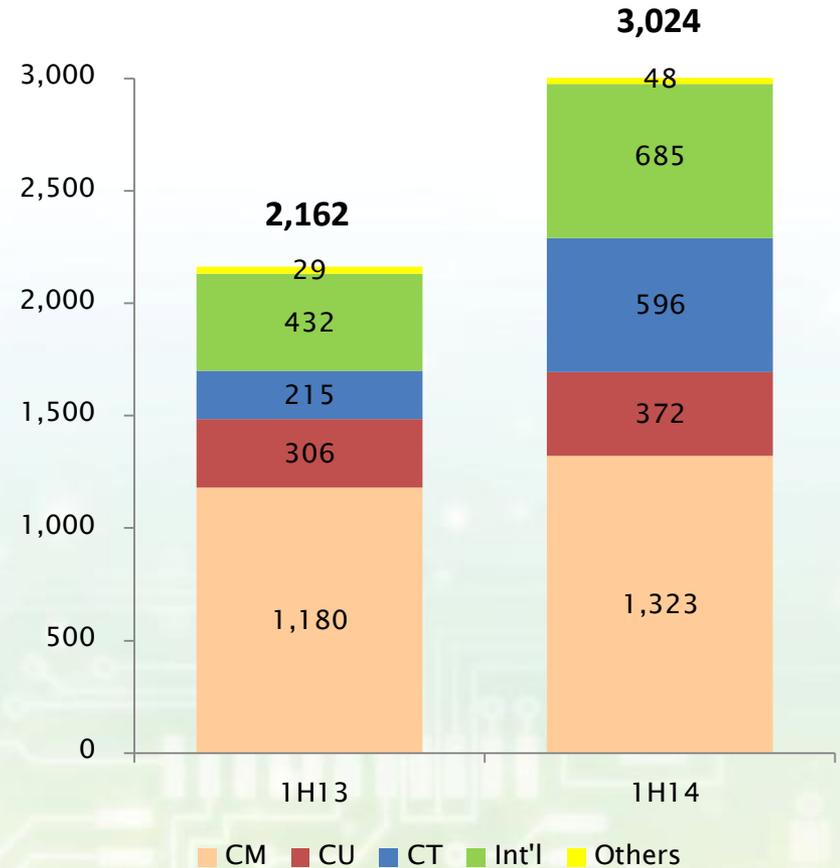
- Revenue Breakdown by Customers
- Revenue Breakdown by Businesses
- Cost Structure

# Revenue Breakdown by Customers

For the six months ended 30 June 2014



Revenue (HK\$Mn)

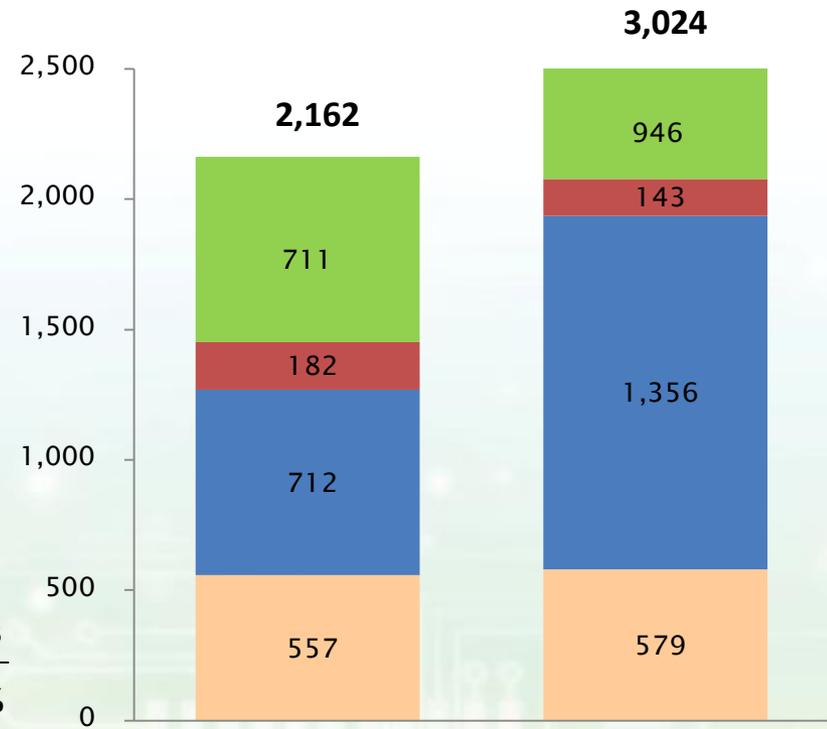
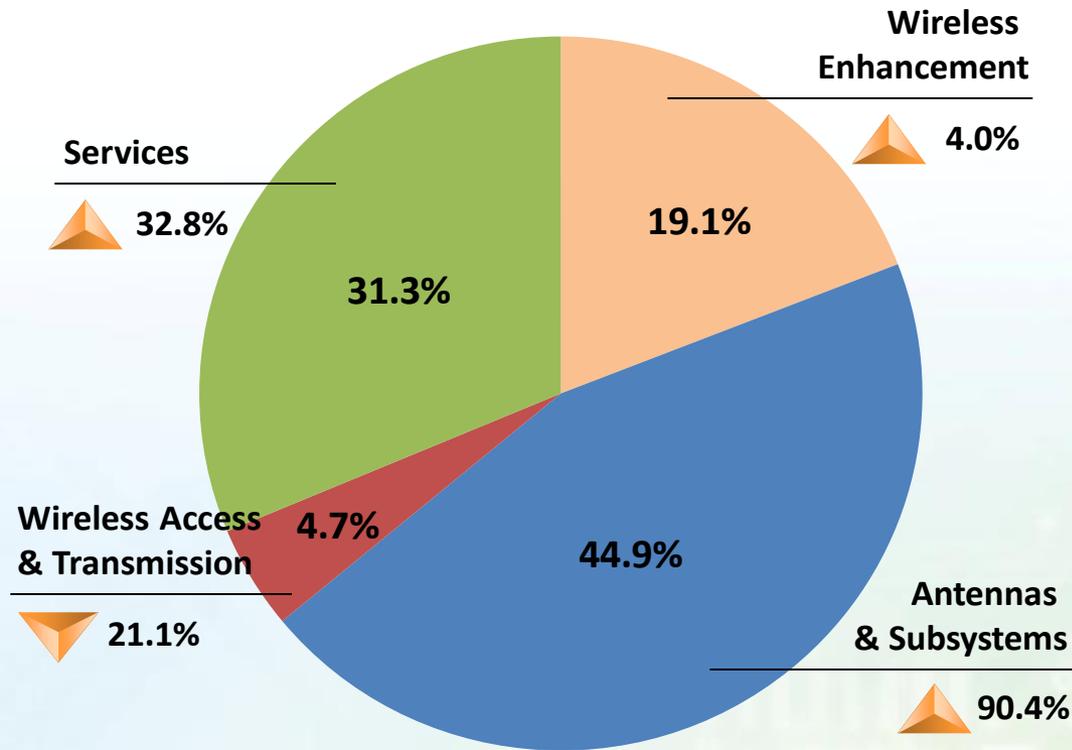


**Strong Growth in Most Customer Segments**

# Revenue Breakdown by Businesses

For the six months ended 30 June 2014

Revenue (HK\$Mn)



▼ / ▲ = YOY change

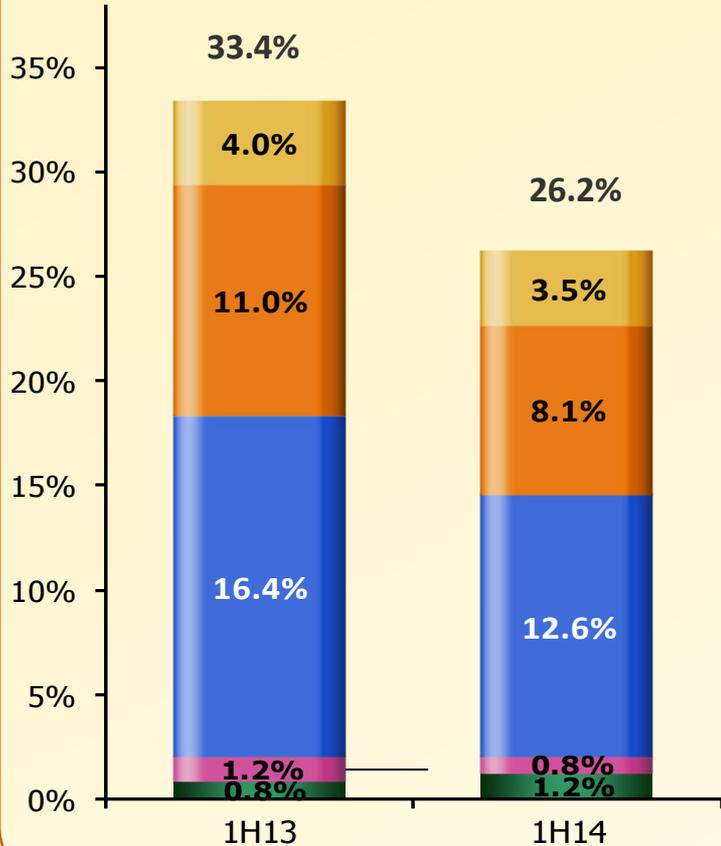
1H13 1H14  
 Enhancement Access Antenna Services

**Strong Growth in Both Antennas & Services Businesses**

# Cost Structure

For the six months ended 30 June

As % of Total Revenue



▼/▲ = YOY change

- R&D costs** ▲ 23.5%
  - Continuous investment in the development and expansion of new product offerings
- Selling and distribution expenses** ▲ 3.8%
  - Significant increase of the revenue
- Administrative expenses** ▲ 7.2%
  - Increased global operations support
- Finance costs** ▼ 5.0%
  - Less bank borrowings
- Taxation charge** ▲ 102.4%
  - Turnaround and return to profitability

**Increasing Economies of Scale Benefits**

# Customer Review

- Global Customers
- China Business
- International Customers & Core Equipment Manufacturers



# Global Customers

Comba

**China**




中国移动通信  
CHINA MOBILE



China unicom 中国联通



中国电信  
CHINA TELECOM



**Core Equipment Vendors**



HUAWEI



Alcatel-Lucent



ZTE 中兴



NOKIA



ERICSSON

**EMEA**




Telefonica



МЕГАФОН



TURKCELL



اتصالات  
etisalat



orange™



STC  
الاتصالات السعودية



TELE2



optimus



IQO



WANIYA



Beeline™



موبايلي  
mobily



vodafone



T-Mobile



MTN



ZAIN

**APAC**




true



Taiwan Mobile



CSL



SingTel



3



ZONG



Dialog



M1



中国移动通信  
CHINA MOBILE



亞太電信  
Asia Pacific Telecom



FAR EAST STONE  
遠東電訊



AIS  
ชีวิตใหม่ทุกคร



celcom



SmarTone



MILLICOM

**Americas**




Telefonica



at&t



TELMEX



movistar



USACELL



metroPCS  
Unlimit Yourself.



vivo



américa  
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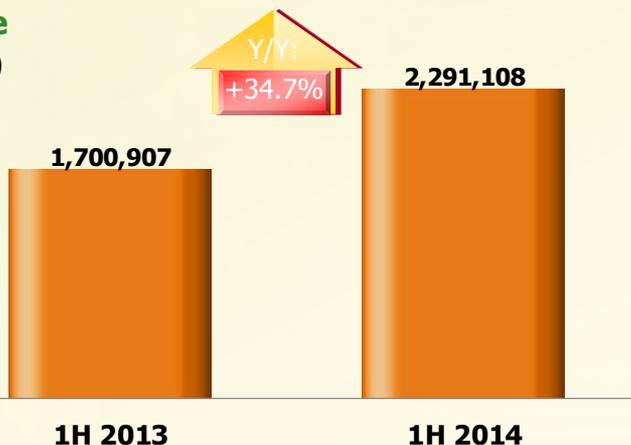


Claro

# China Business



Revenue  
(HK\$'000)



## Review & Opportunities:

- Revenues increased 34.7% to HK\$ 2,291 million
- 4G licensing stimulating industry CAPEX for major network rollouts

## *2014 and beyond*

- 4G driving wireless infrastructure spending
- Huge capacity demands on wireless networks driven by rapidly increasing data usage
- Comba solutions are well-positioned to address:
  - Network buildouts
  - Network capacity requirements
  - Co-siting, multi-system/operator solutions
- Infrastructure-sharing JV creating opportunities for high-end, multi-system, multi-operator solutions

# International Customers & Core Equipment Manufacturers



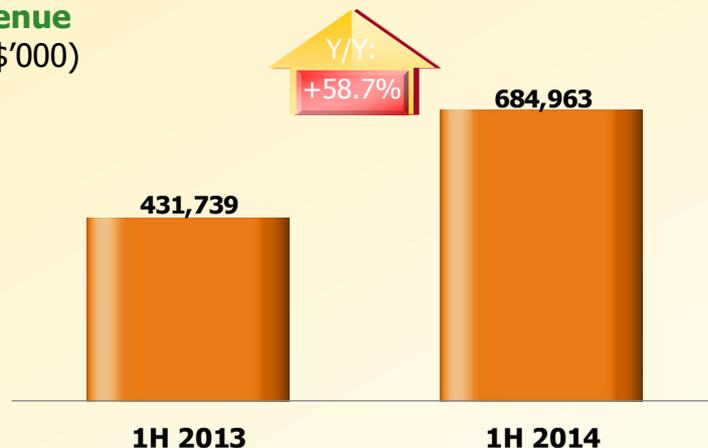
## Review & Opportunities:

- Revenues increased 58.7% to HK\$ 685 million
- Strong CAPEX growth in international markets
- Deepening penetration and major project wins for various markets
- Expanded revenue base with additional international operators and OEM (international & China)

## *2014 and beyond*

- LTE commercialization driving long term growth and LTE RAN CAPEX is increasing rapidly aided by expanding economies
  - LTE taking off in Europe and 3G licensing in emerging markets
  - LTE-Advanced and VoLTE in advanced markets presenting further opportunities
- Increasing data demand on wireless networks
  - Popularity of OTT apps and social networks

Revenue  
(HK\$'000)



# Business Review

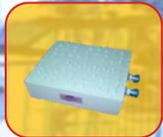
- Antenna & Subsystems
- Wireless Enhancement
- Wireless Access & Transmission
- Services
- Summary



# Antennas & Subsystems



Antennas

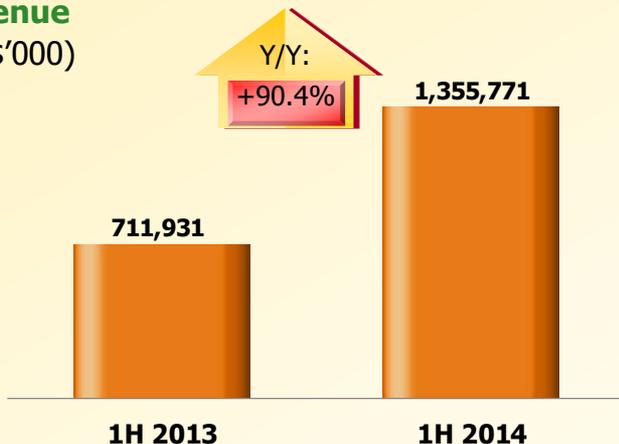


RF Front Ends



Tower Mounted Solutions

Revenue  
(HK\$'000)



## Review & Opportunities:

- Revenues increased 90.4% to HK\$ 1,356 million
- LTE antenna deployment for China network rollout
- International operator CAPEX for wireless networks increasing demand for antennas and subsystems

## *2014 and beyond*

- China 4G network buildouts
- New and existing 3G and 4G network buildouts around the world continues
  - LTE antennas and passives being deployed in 4G network trials and rollouts around the world
- Global co-siting and tower sharing trend: Positive market feedback on new generation of small footprint, multi-system antennas

# Wireless Enhancement



## Review & Opportunities:

- Revenues increased 4% to HK\$ 579 million
- Substantial deployment of wireless enhancement solutions for key projects – e.g. 2014 World Cup, 2014 Sochi Winter Games, HK MTR Express Rail
- Sales growth of wireless enhancement equipment to OEM

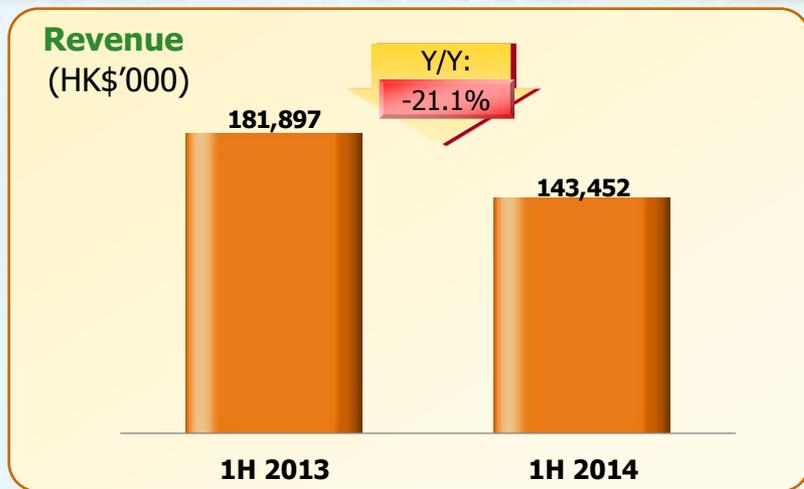
## **2014 and beyond**

- Opportunities as China 4G network evolution moves to wireless enhancement phase
- Wireless enhancement opportunities for transportation vertical (e.g. railways, tunnels) in China and internationally
- Huge capacity demands in networks and high density areas driving wireless enhancement solutions
- Market proven multi-band, multi-operator DAS portfolio
  - Successful deployment and experience in key projects allows solid value proposition for upcoming major sporting events

Revenue  
(HK\$'000)



# Wireless Access & Transmission



## Review & Opportunities:

- Revenues decreased 21.1% to HK\$ 143 million
- Impact of slowdown in China's Wi-Fi hotspot initiative
- Growth in Small Cells and Microwave Solutions

## **WIRELESS ACCESS**

*(WLAN Solutions + Small Cell Solutions)*

- Market acceptance and deployment of small cell solutions in China
- Positive market response on international trials of small cell
- Deployment of Wi-Fi offload solutions in major international projects

## **2014 and beyond**

- Exploding wireless data usage globally driving offload solution demands.
- Wide-scale deployment of small cells happening in 2014 – including outdoor deployments
- Integration of small cell and Wi-Fi solutions for indoor and outdoor hetnets



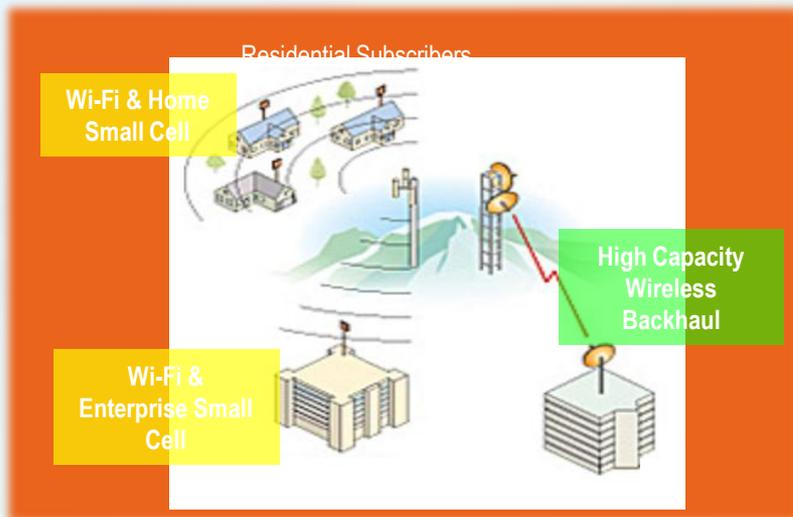
## WIRELESS TRANSMISSION

*(Digital Microwave Systems & Satellite Solutions)*

- IP networks driving microwave backhaul solutions
- Small cell backhaul seeing particular growth
- Development of innovative integrated solutions
- Integration of satellite solutions to create complete wireless transmission portfolio

## 2014 and beyond

- High-speed and high-capacity network requirements to drive backhaul solution demands
  - 4G license issuance in China fuelling further growth and already deployed for LTE backhaul
  - Other IP based network deployments around the world (LTE, LTE-A, 3G)
  - Small Cell backhaul

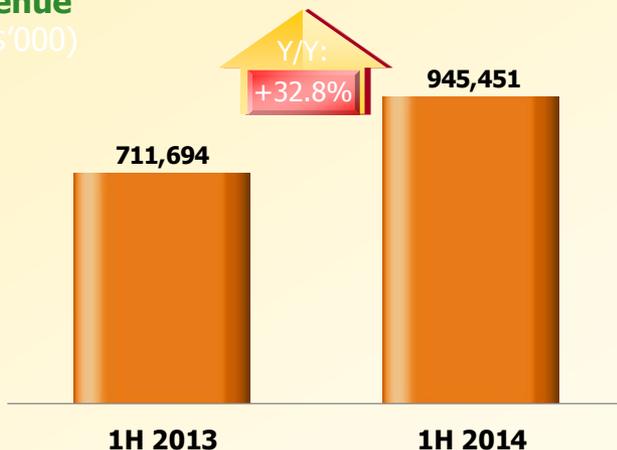




## Review & Opportunities:

- Revenues increased 32.8% to HK\$ 945 million
- Key differential element enabling the Comba to supply total solutions
- Services include maintenance, consultation, commissioning, network optimization and project management
- Established service offering teams internationally to drive growth
  - Successful cross-sell strategy promoting services with hardware sales and vice versa

Revenue  
(HK\$'000)



# Summary

- Positive market conditions and outlook for the industry and company
  - China 4G licensing a key driver for CAPEX
    - Long term opportunities for high-end solutions
  - Strong CAPEX growth internationally
    - LTE-related spending is the fastest growing segment
- Solidified brand value and market position with success of key international projects
- Continuous development of Comba products and solutions to maintain position in meeting demands for data capacity and network rollout solutions



# Open Forum

