Comba

京信通信系統控股有限公司

Comba Telecom Systems Holdings Limited

股份編號 Stock Code : 2342

2013 Interim Results
Corporate Presentation

IPPC 26 Aug 2013

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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

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HK$'000	For the six months ended 30 June 2013	2012	Change	For the year ended 31 December 2012
Revenue	2,162,422	2,591,529	(16.6%)	6,332,867
Gross profit	551,675	719,304	(23.3%)	1,615,879
Gross profit margin	25.5%	27.8%	(2.3) pp	25.5%
Operating (loss)	(110,526)	(135,458)	n.a.	(105,495)
Tax	18,174	15,129	20.1%	67,515
(Loss) attributable to shareholders	(150,676)	(160,960)	n.a.	(202,364)
Net (loss) margin	(7.0%)	(6.2%)	n.a.	(3.2%)
Basic (loss) per share (HK cents)	(9.98)	(10.68)	n.a.	(13.43)
Operating cash flow	(555,938)	(673,066)	n.a.	201,320

Financial Position

HK$'000	As at 30 June 2013	As at 31 December 2012	Change	As at 30 June 2012
Net (debt) / cash	(690,274)	9,999	n.a.	(812,605)
Total assets	9,610,702	10,091,711	(4.8%)	9,578,597
Total liabilities	5,853,354	6,229,552	(6.0%)	5,784,688
Net assets	3,704,013	3,805,622	(2.7%)	3,731,779
NAV per share (HK$)	2.43	2.49	(2.4%)	2.45

Key Financial Indicators

	For the six months ended 30 June			For the year ended
	2013	2012	Change	31 December 2012
Inventory turnover days	257	239	+18 days	180
A/R turnover days	388	315	+73 days	259
A/P turnover days	364	288	+76 days	242
Gross gearing ratio	16.5%	15.9%	0.6 pp	15.4%

Financial Review

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

Revenue Breakdown by Customers

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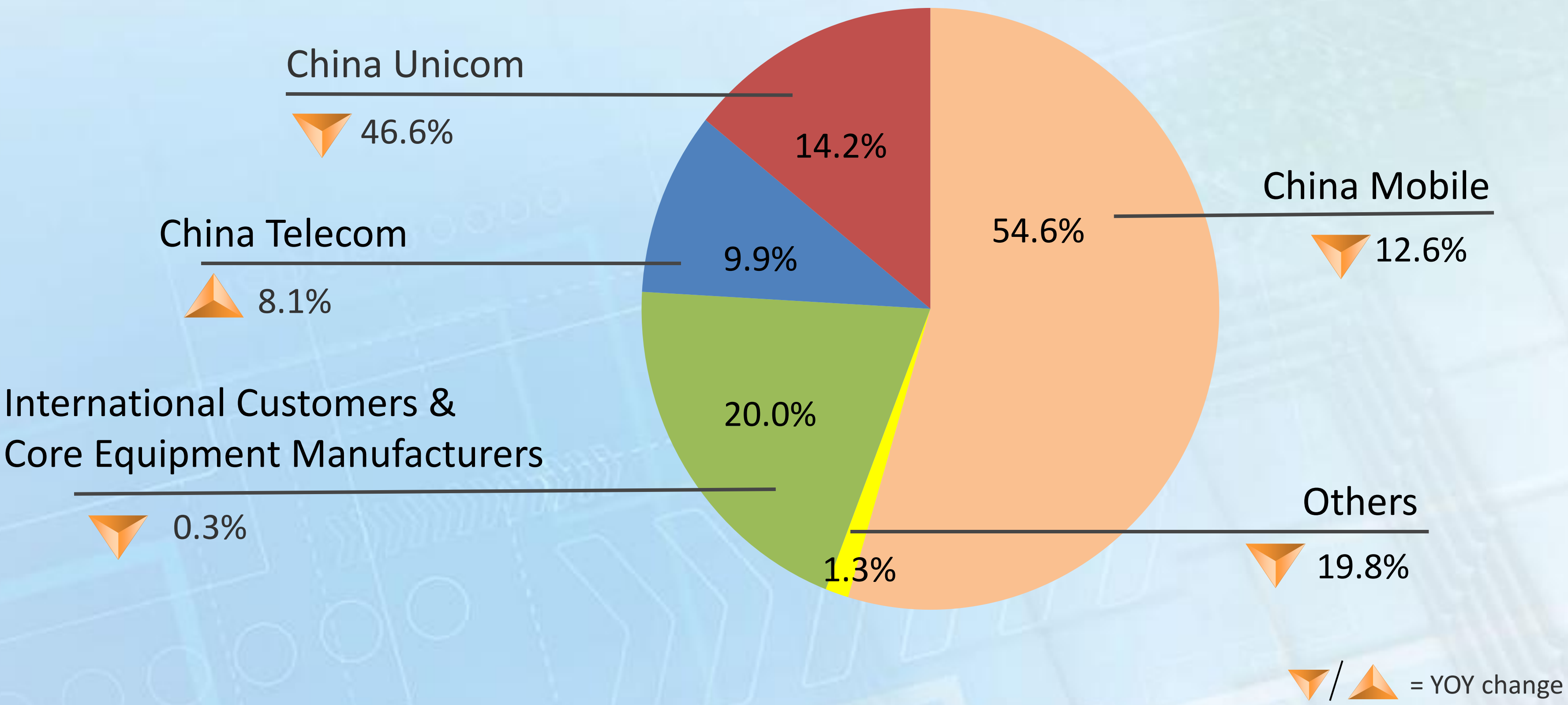
For the six months ended 30 June 2013



Revenue Breakdown by Businesses

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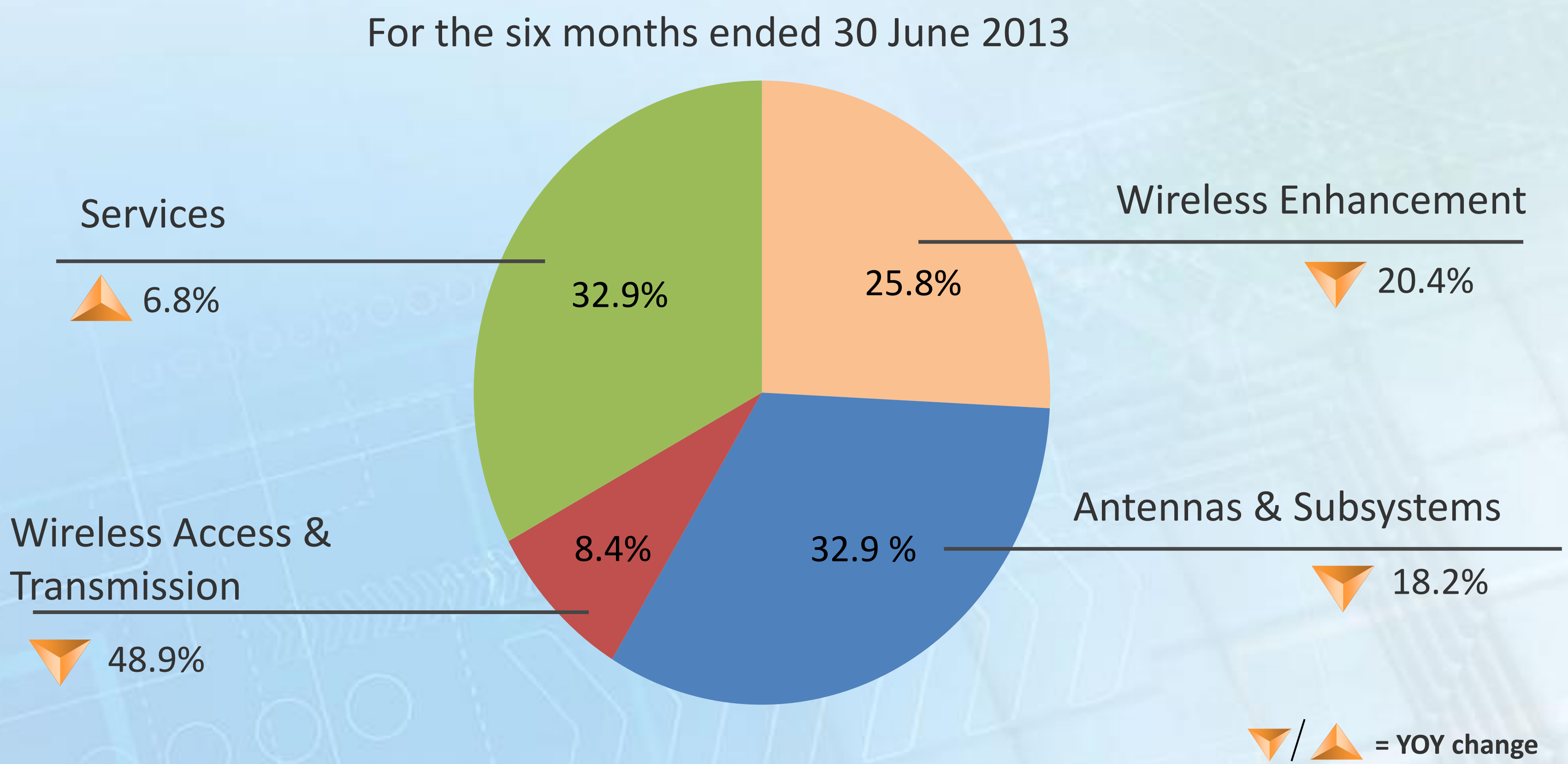
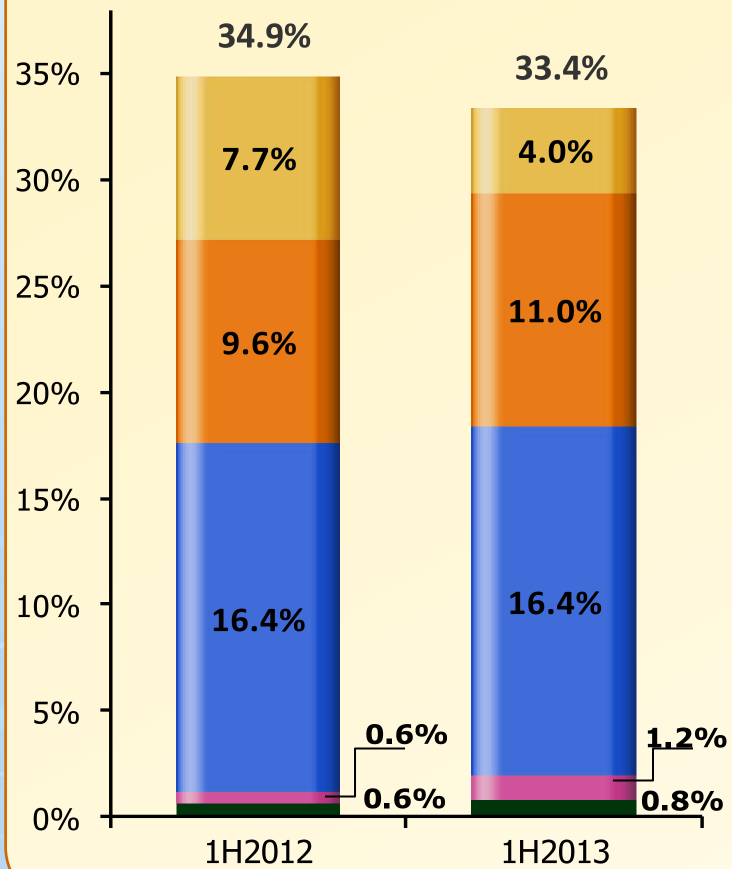


Cost Structure

For the six months ended 30 June

As % of Total Revenue



= YOY change

R&D costs ▼ 56.9%

- Capitalization of R&D expenses of HK$92 million
- Stringent cost control

Selling and distribution expenses ▼ 4.9%

- Decrease in revenue
- Stringent cost control

Administrative expenses ▼ 16.5%

- Stringent cost control

Finance costs ▲ 58.1%

- Higher borrowing costs and more bank borrowings

Taxation charge ▲ 20.1%

- A deferred tax debit

Customer Review

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

Global Customers

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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

nsn

ERICSSON

ZTE中兴

EMEA

Telefónica

МегаФон

TURKCELL

اتصالات etisalat

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SingTel

Dialog

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ZONG

亞太電信 Asia Pacific Telecom

FAR EASTONE 遠傳

m1

中国移动通信 CHINA MOBILE

AIS

celcom

SmarTone

MILLICOM

Americas

Telefónica

at&t

TELMEX

movistar

IUSACELL

metroPCS Unlimit Yourself.

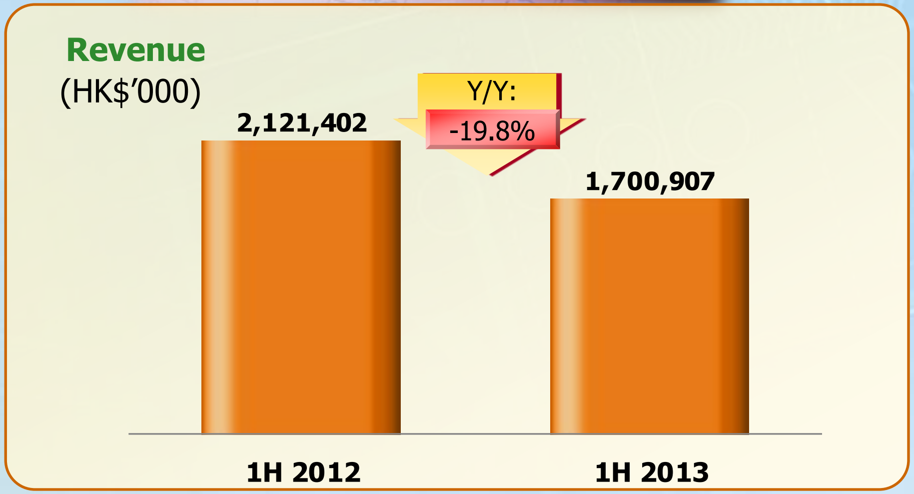
vivo

américa móvil

entel

Claro

China Business



Review & Opportunities:

- Revenues decreased 19.8% to HK$ 1,701 million
- Operators holding back on CAPEX in 1H 2013

2013 and beyond

- Substantial CAPEX being released in 2H 2013
- 4G license issuance will further accelerate industry CAPEX
- Capacity demands on wireless networks driven by increasing data usage
- Comba solutions are well-positioned to address network capacity requirements in indoor and metropolitan environments
- Further opportunities in telecom solutions for railways

International Customers & Core Equipment Manufacturers

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Review & Opportunities:

- Revenues flat at HK$ 432 million
- CAPEX environment has relaxed and we are well-positioned as a total solutions supplier
- Strong progress in international markets

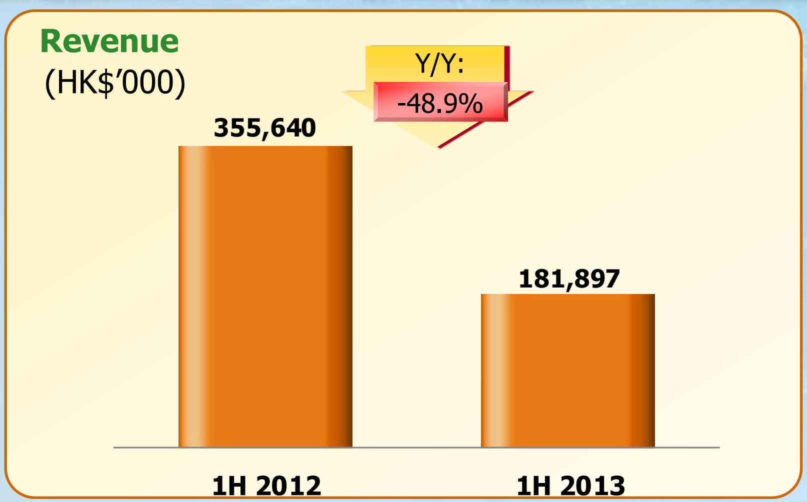
2013 and beyond

- LTE commercialization driving long term growth and LTE RAN CAPEX expected to increase rapidly
- Major breakthroughs in Europe for Comba
- Completion of key projects in 2H 2013 with delivery of equipment and services for:
  - *2014 Sochi Winter Games*
  - *2014 World Cup Brazil / Stadiums, Airports, etc*
  - *MTR Express Rail Link between HK-SZ*
  - *Various flagship projects in Middle East and Southeast Asia*

Business Review

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

Wireless Access & Transmission



Review & Opportunities:

- Revenues decreased 48.9% to HK$ 182 million

WIRELESS ACCESS

(WLAN Solutions + IB-WAS Solutions)

- Directly addresses capacity solutions demand
- IB-WAS solution trials in China:
  - Various trials are now progressing into larger scale commercial deployments

2013 and beyond

- Exploding wireless data usage globally expected to drive offload solution demands.
- Integration of small cell and wi-fi solutions for indoor and outdoor systems
- Accelerate introduction of wireless access solutions to the international market

Wireless Access & Transmission

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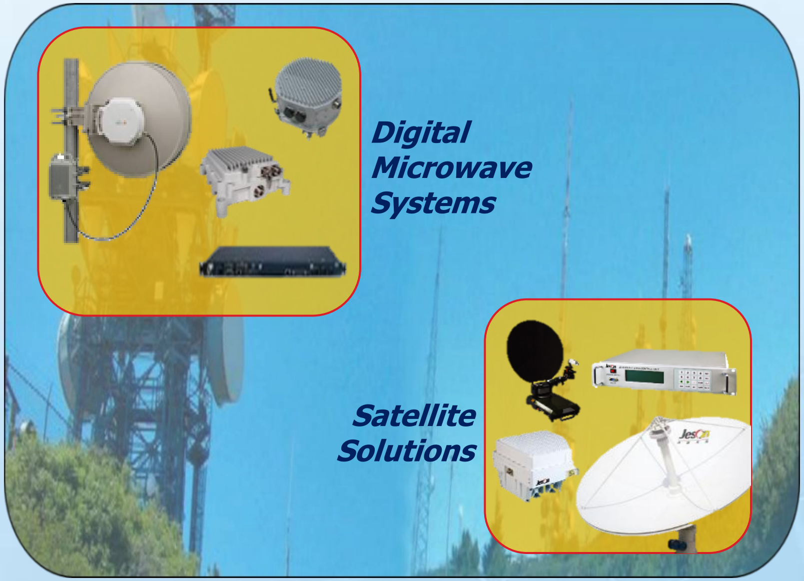

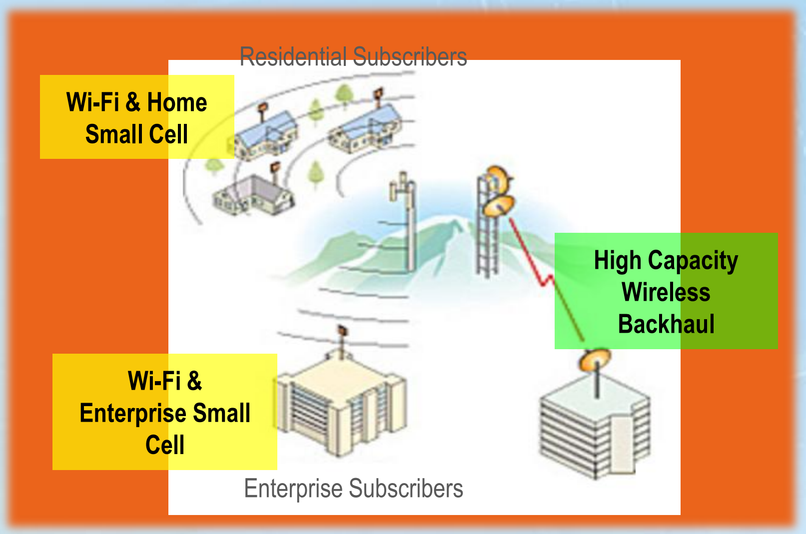

WIRELESS TRANSMISSION
(Digital Microwave Systems & Satellite Solutions)

- Expanded digital microwave solution sales to international markets around the world
  - Complete backhaul solutions including IP and small cell backhaul
  - Expanded customer base in various industry verticals
- Integration of satellite solutions to create complete wireless transmission portfolio

2013 and beyond

- High-speed and high-capacity network requirements to drive backhaul solution demands
  - 4G license issuance in China will fuel further growth

Wireless Enhancement

Review & Opportunities:

- Revenues decreased 20.4% to HK$ 557 million
- China operators control on CAPEX directly impacted spending on wireless enhancement

2013 and beyond

- Substantial CAPEX being released in 2H 2013 in China
- Wireless enhancement solution opportunities for China's railways
- Huge capacity demands in networks and high density areas driving wireless enhancement solutions
- Enhanced multi-band, multi-operator DAS portfolio
  - Perfectly addresses opportunities in large-scale venue with extreme capacity demands.
  - 2014 World Cup, 2014 Sochi Winter Games, MTR, etc.

Antennas & Subsystems

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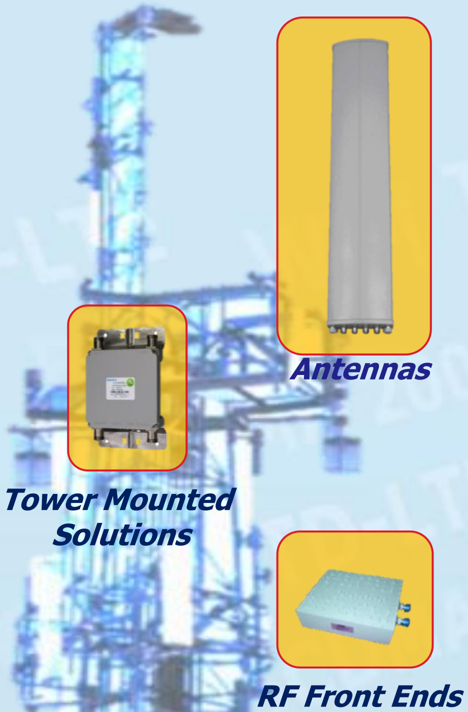


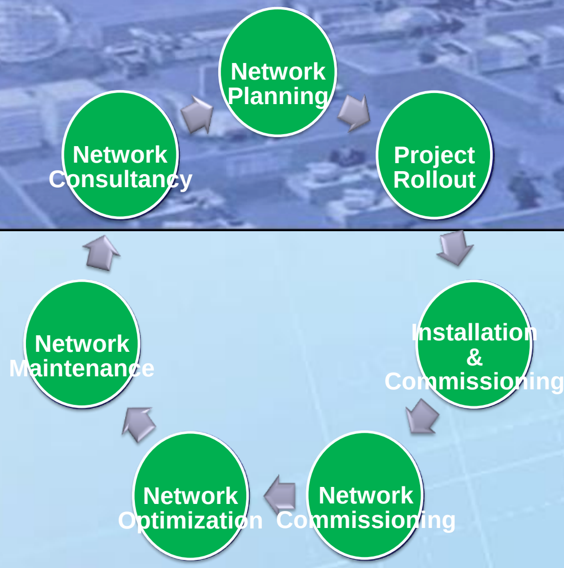
Review & Opportunities:

- Revenues decreased 18.2% to HK$ 712 million
- China operators CAPEX slowdown adversely affected revenues but was mitigated by international demand
- 1H 2013 launch of multi-system, multi-band antennas portfolio helps address new 3G/4G opportunities

2013 and beyond

- China 4G license issuance will drive antennas & subsystem demand
- New and existing 3G and 4G network buildouts around the world continues
    - Co-siting solutions to ease operator site acquisition issues
    - LTE antennas and passives being deployed in 4G network trials and rollouts around the world

Services

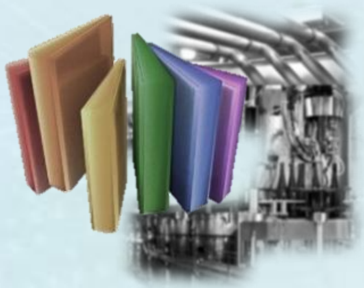


Review & Opportunities:

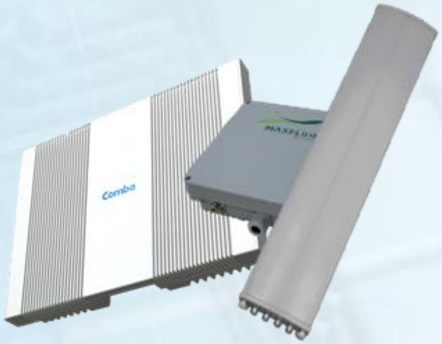
- Revenues increased 6.8% to HK$ 712 million
- Key differential element enabling the Comba to supply total solutions
- Services include maintenance, consultation, commissioning, network optimization and project management
- Expansion of service offering teams internationally to drive future growth
  - Successful cross-sell strategy promoting services with hardware sales and vice versa

Summary

- Substantial CAPEX in China is being released in 2H 2013
  - 4G licensing will further accelerate spending



- 4G LTE is the next stage of industry growth internationally
  - Global CAPEX on LTE expected to be the fastest growing segment



- Key international projects will be completed in 2H 2013

- Continuous development of Comba products and solutions to maintain position in meeting demands for data capacity solutions

Open Forum
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Appendix