



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

Corporate Presentation Interim Results 2011

Promoting growth with innovation
Seizing opportunities with technology
用創新推動成長 憑科技再取先機

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Agenda

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



Financial Overview

For the six months ended 30 June 2011

- Revenue ↑ 27.1%
 - 3G Revenue ↑ 91.7%
 - 2G Revenue ↑ 13.5%
 - Gross profit margin ↓ 2.2% points
 - Profit attributable to shareholders ↑ 13.7%
 - Basic EPS ↑ 10.6%
-
- Include extraordinary items:
 - Share award expenses of HK\$87 million for 365 qualified individuals
 - Credit of negative goodwill of HK\$48 million arising from the acquisition of the company

Business Overview

For the six months ended 30 June 2011

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■ Revenue by customers

1. China Mobile ↑ 39.4%
2. China Unicom ↑ 3.8%
3. China Telecom ↓ 12.7%
4. International Customers & Core Equipment Manufacturers ↑ 47.2%

■ Revenue by product segments

1. Wireless Access ↑ 124.3%
2. Wireless Enhancement ↑ 26.9%
3. Services ↑ 22.7%
4. Antennas and Subsystems ↑ 17.7%

Financial Highlights

- **Financial Results**
- **Extraordinary Items**
- **Pro-forma Financial Results**
- **Financial Position**
- **Key Financial Indicators**



Financial Results



<i>HK\$'000</i>	For the six months ended 30 June			For the year ended 2010
	2011	2010	Change	
Revenue	2,545,114	2,002,261	+27.1%	5,191,358
Gross profit	966,392	805,119	+20.0%	1,939,700
Gross profit margin	38.0%	40.2%	-2.2% pts	37.4%
Operating profit	399,227	354,900	+12.5%	877,520
Operating profit margin	15.7%	17.7%	-2.0% pts	16.9%
Tax	71,609	57,592	+24.3%	119,540
Profit attributable to shareholders	317,224	278,989	+13.7%	724,326
Net profit margin	12.5%	13.9%	-1.4% pts	14.0%
Basic EPS (HK cents)	21.62	19.55 (restated)	+10.6%	50.43 (restated)
Dividend per share (HK cents)	5.0	6.0	-16.7%	18.0

Extraordinary Items

- **Share Award**
- **Credit of Negative Good Arising from the Acquisition**



Share Award

- On 12 April 2011, 26 million new shares were awarded to 365 qualified individuals at the market closing price of HK\$9.32. Total expenses of approximately HK\$226 million will be charged to the P/L in the 3 years.

	1H		2H		FY	
	Vesting shares (Mn)	Expenses (HK\$Mn)	Vesting shares (Mn)	Expenses (HK\$Mn)	Vesting shares (Mn)	Expenses (HK\$Mn)
2011	Nil	87	8.9	58	8.9	145
2012	5.7	34	Nil	20	5.7	54
2013	5.7	15	Nil	8	5.7	23
2014	5.7	4	Nil	Nil	5.7	4
				Total	26	226

- **On 20 June 2011, 100% interest of the PRC company was acquired**
- **The company is also in the telecommunications industry with some new products and technologies**
- **Cash consideration of HK\$84 million for a net asset value of HK\$132 million**
- **A credit of negative goodwill of HK\$48 million was recognized.**

Pro-forma Financial Results



(Assuming NO share award expenses and negative goodwill arising from the acquisition)

<i>HK\$'000</i>	For the six months ended 30 June			For the year ended 2010
	2011	2010	Change	
Revenue	2,545,114	2,002,261	+27.1%	5,191,358
Operating profit	438,176	354,900	+23.5%	877,520
Operating profit margin	17.2%	17.7%	-0.5% pts	16.9%
Tax	71,609	57,592	+24.3%	119,540
Profit attributable to shareholders	356,173	278,989	+27.7%	724,326
Net profit margin	14.0%	13.9%	+0.1% pt	14.0%
Basic EPS (HK cents)	24.27	19.55 (restated)	+24.1%	50.43 (restated)

Financial Position

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<i>HK\$'000</i>	As at 30 June 2011	As at 31 December 2010	Change	As at 30 June 2010
Net cash / (debt)	(729,534)	880,084	n/a	(94,107)
Net current assets	3,410,827	3,061,004	+11.4%	2,445,779
Total assets	8,827,655	7,262,426	+21.6%	6,034,015
Total liabilities	5,160,905	3,953,401	+30.5%	3,228,833
Net assets	3,597,325	3,239,524	+11.0%	2,737,130
NAV per share (HK\$)	2.39	2.23 (restated)	+7.2%	1.91 (restated)

Key Financial Indicators

	For the six months ended 30 June			For the year ended 2010
	2011	2010	Change	
Inventory turnover days	229	251	-22	187
A/R turnover days	259	222	+37	176
A/P turnover days	266	262	+4	221
Current ratio	1.8X	1.8X	+0% pts	1.9X
Quick ratio	1.3X	1.3X	+0% pts	1.4X
Gross gearing ratio	16.5%	10.2%	+6.3% pts	8.2%
Dividend payout ratio *	23.1%	25.4%	-2.3% pts	32.4%
Return on average equity	18.6%	21.2%	-2.6% pts	25.1%

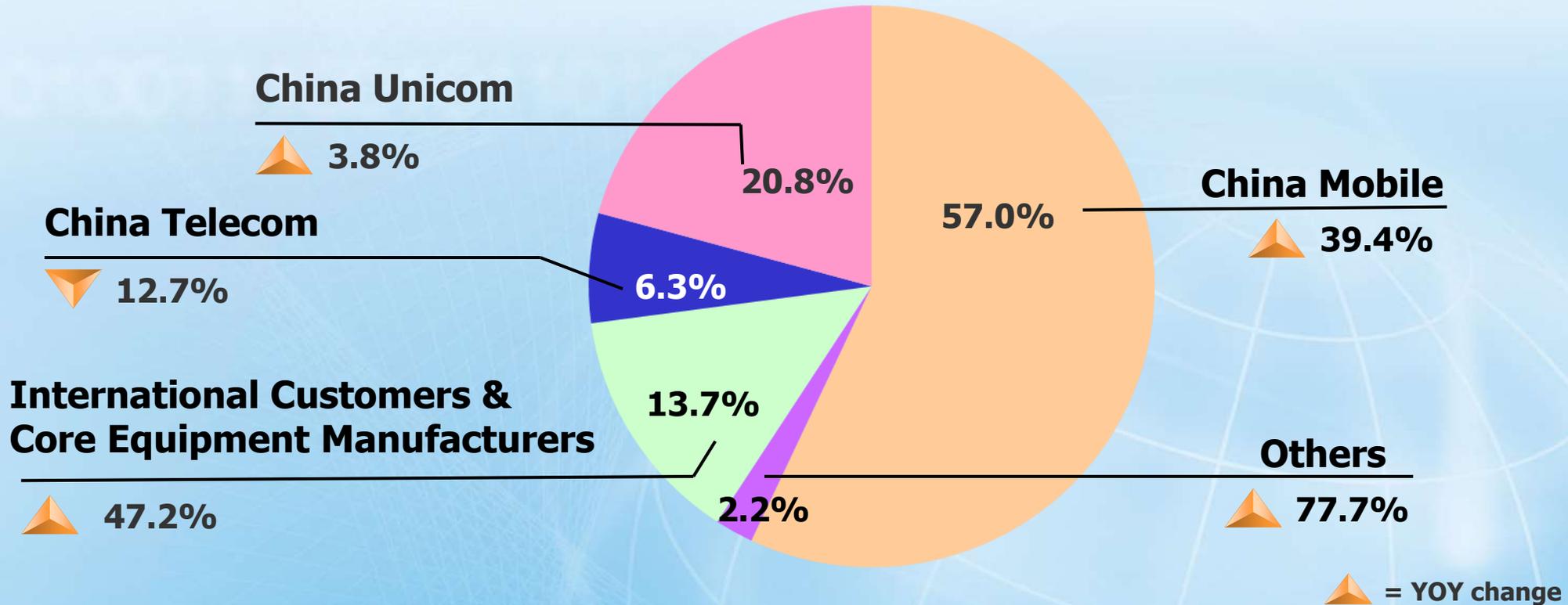
* Calculation is based on basic EPS

Financial Review

- **Revenue Breakdown by Customers**
- **Revenue Breakdown by Businesses**
- **Revenue Trend**
- **Gross Profit and GP Margin Trend**
- **Net Profit and NP Margin Trend**
- **Cost Structure and Cost Structure Trend**

Revenue Breakdown by Customers Comba

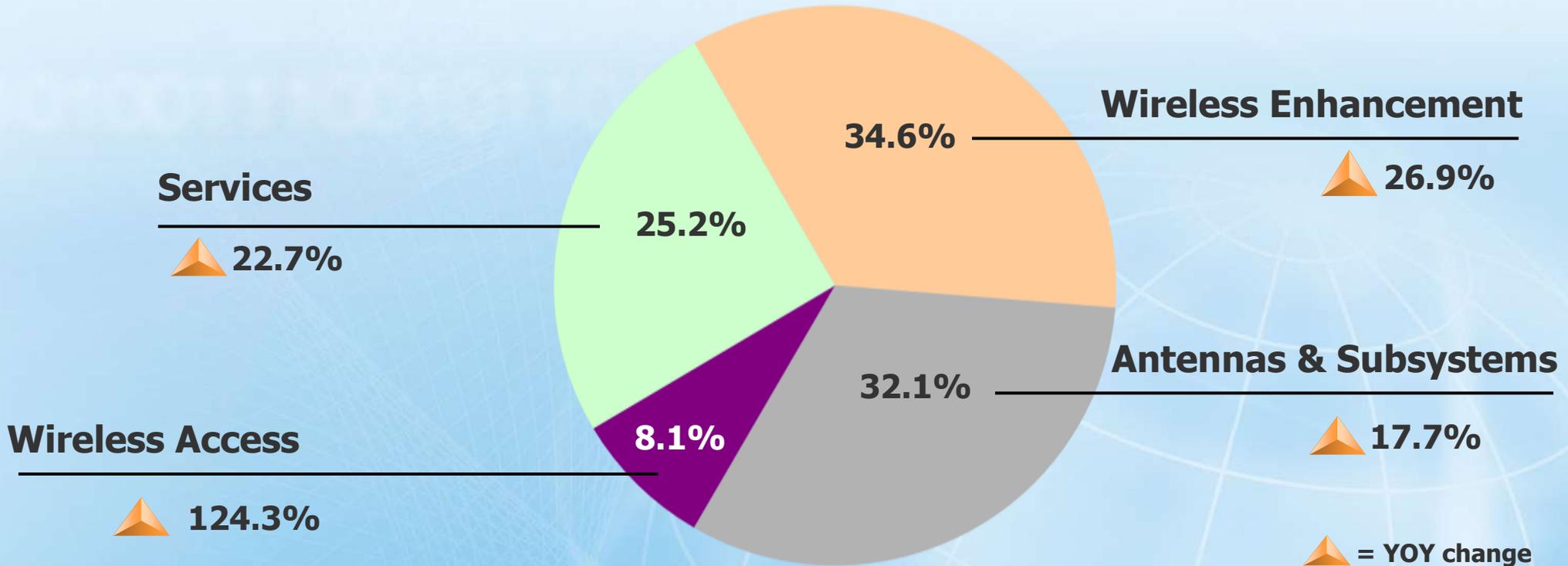
For the six months ended 30 June 2011



Moderate Growth in the PRC Market with Rapid Expansion in Overseas Markets

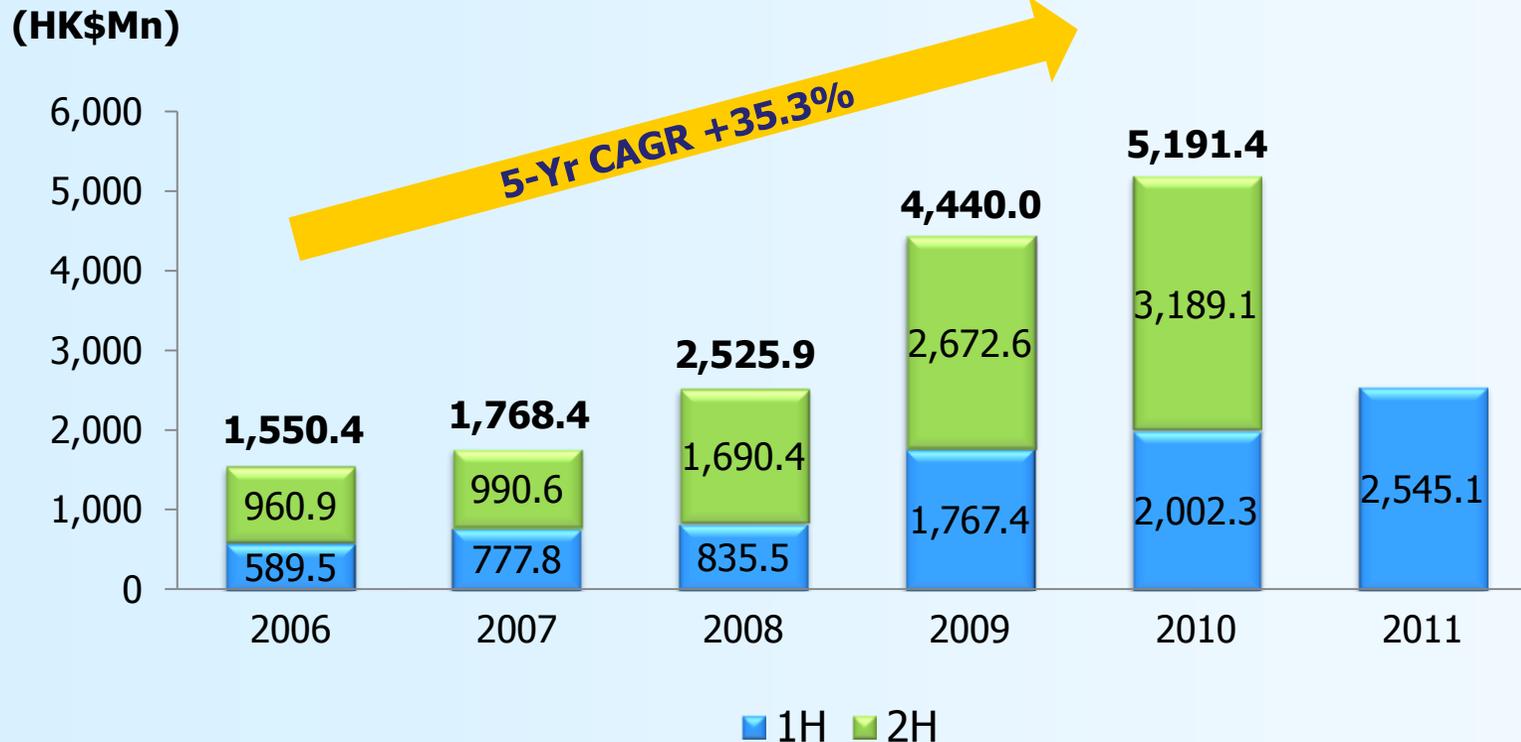
Revenue Breakdown by Businesses Comba

For the six months ended 30 June 2011



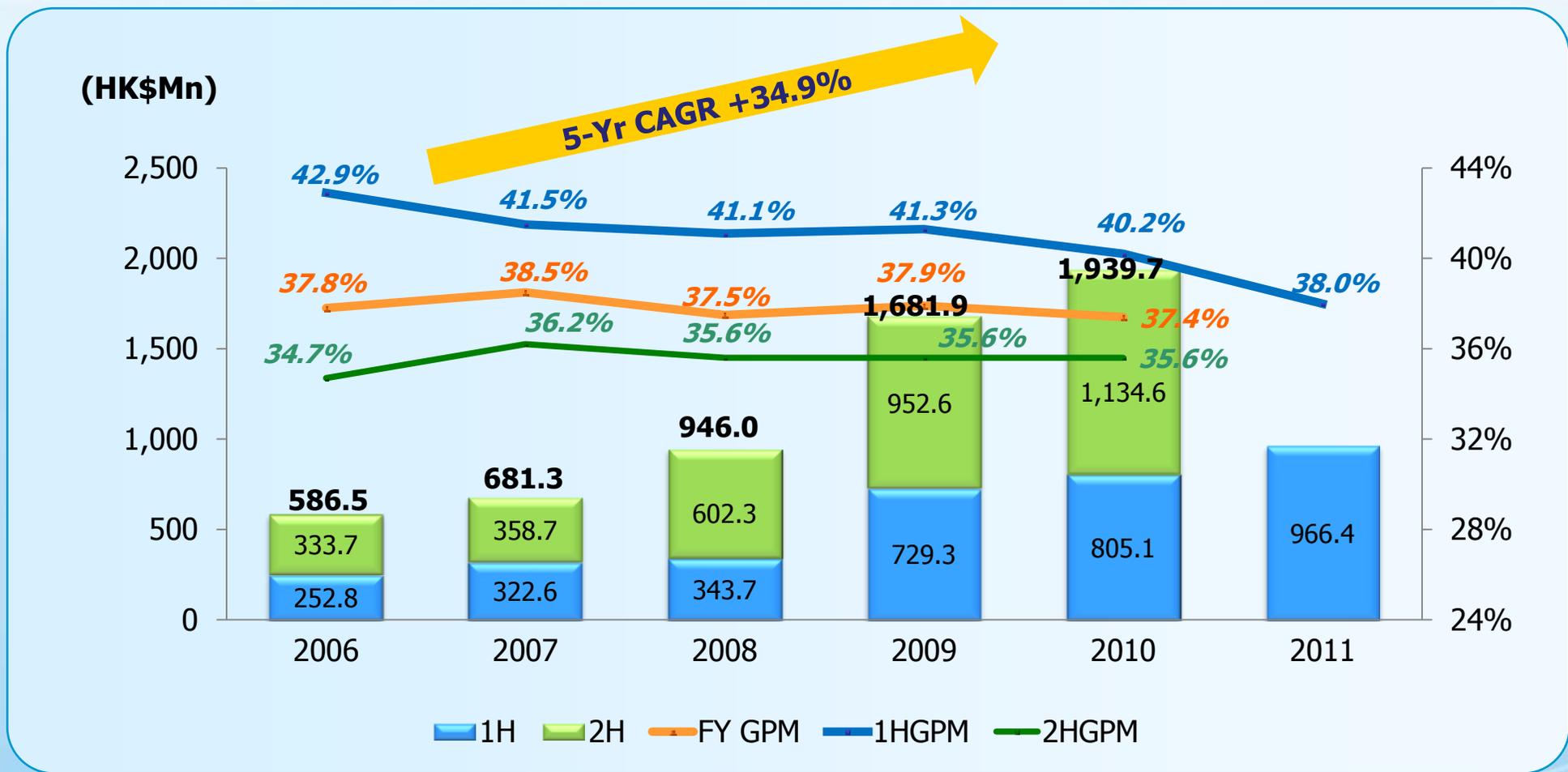
**Good Growth in All Business Segments
with Strong Growth in Wireless Access**

Revenue Trend



Strong revenue growth over the years & back-end loaded revenue model

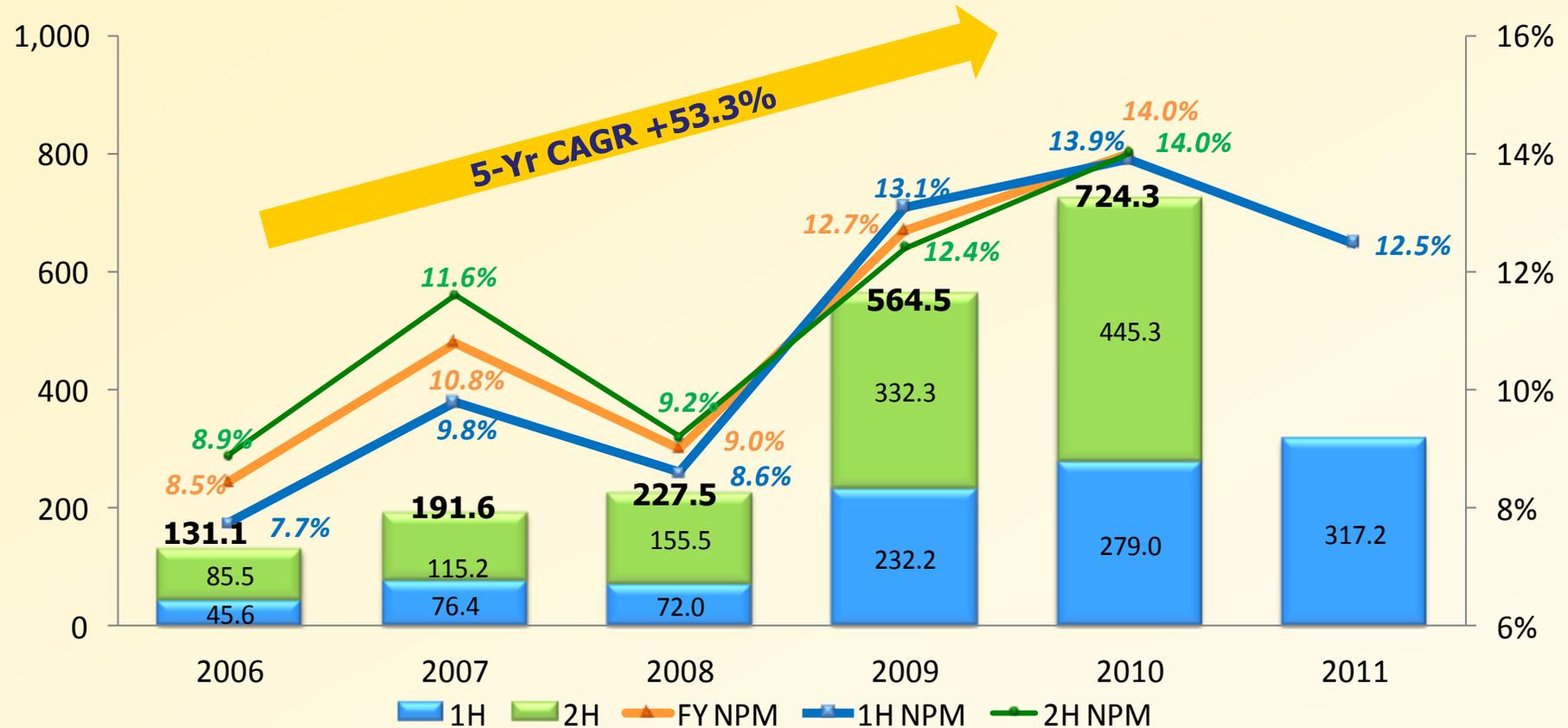
Gross Profit & GP Margin Trend



Full year GP margin maintained at 37%-38% over the years

Net Profit & NP Margin Trend

(HK\$Mn)

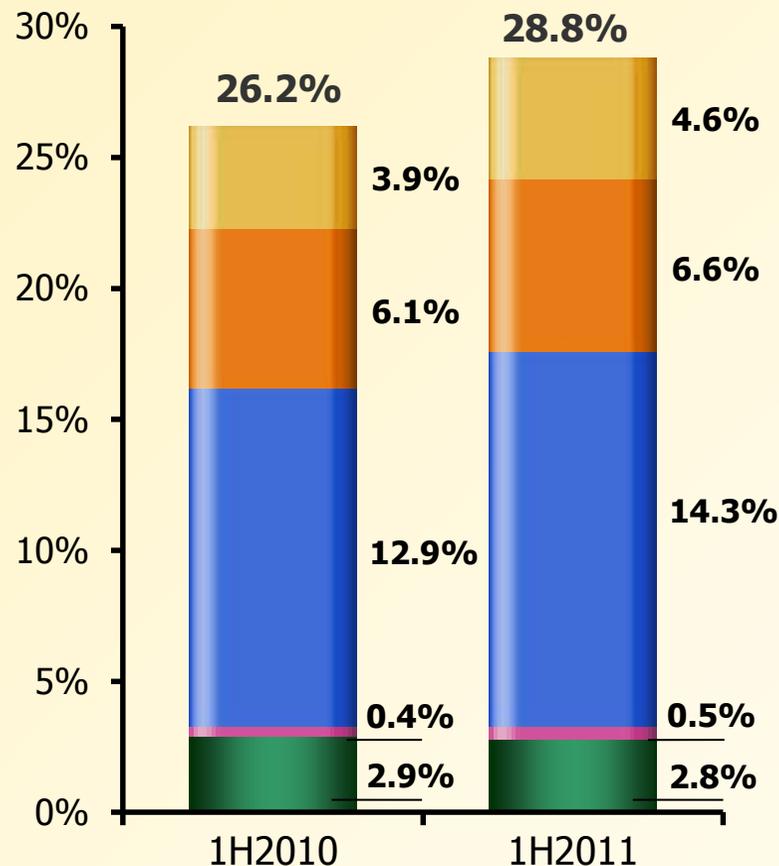


Satisfactory Net profit Growth with Net Margin maintained at 12%-14% in past 3 years

Cost Structure

For the six months ended 30 June

As % of Total Revenue

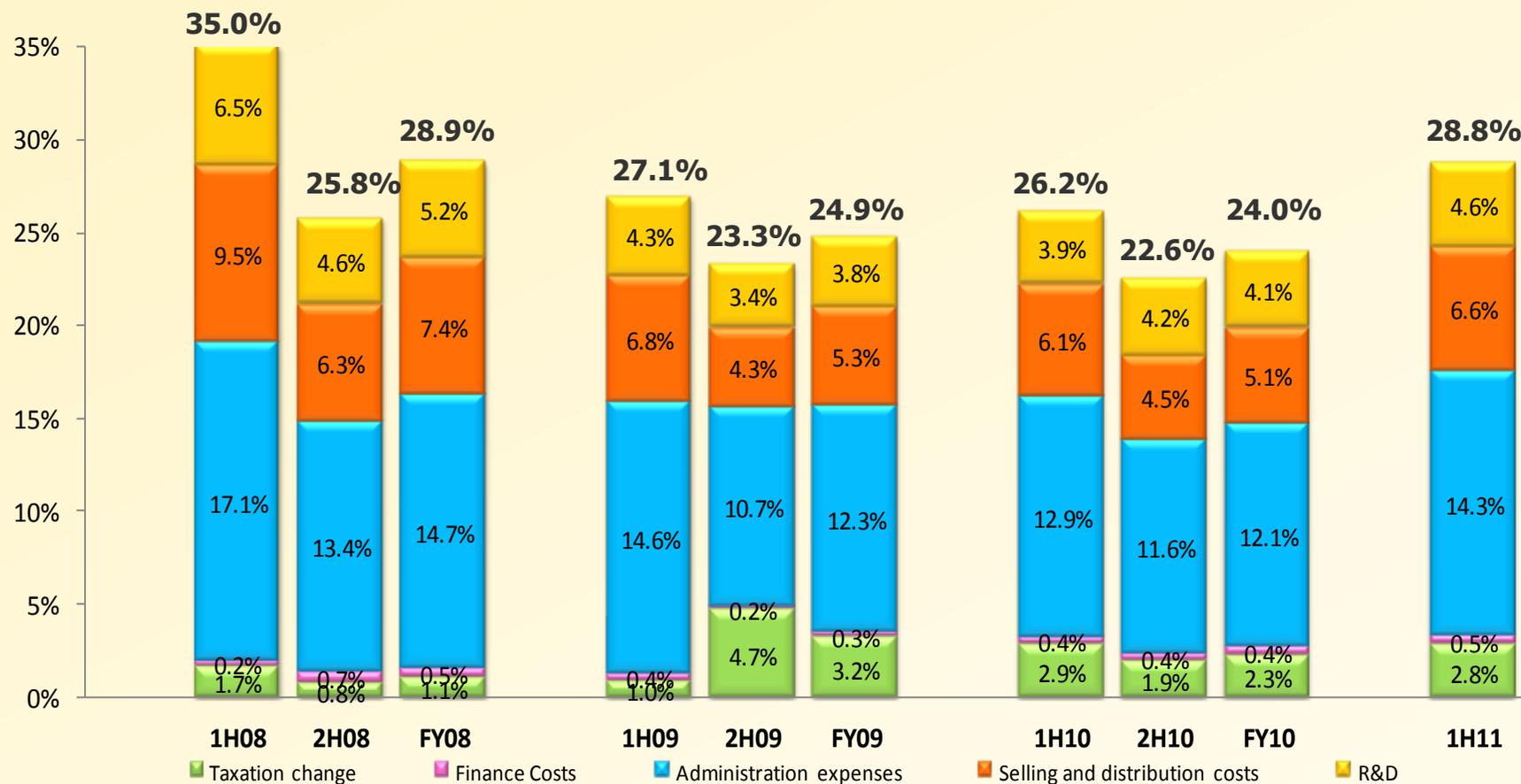


▲ = YOY change

- **R & D costs** ▲ 48.6%
 - Expansion of R&D team and product portfolio for maintaining GP margin
- **Selling and distribution costs** ▲ 38.8%
 - Expansion for global business, increase in staff salaries and benefits
- **Administrative expenses** ▲ 40.9%
 - Include most of the share award expenses
- **Finance costs** ▲ 50.3%
 - More financing activities due to higher business volume
- **Taxation charge** ▲ 24.3%
 - Reversal of deferred tax credit of the PRC subsidiaries

Cost Structure Trend

As % of Total Revenue



Enjoying greater economies of scale benefits in 2H

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

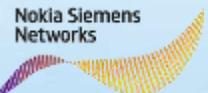
Core Equipment Vendors




HUAWEI



Alcatel-Lucent



Nokia Siemens Networks



ERICSSON



ZTE 中兴

EMEA




Telefonica



МЕГАФОН



vodacom



etisalat



orange



موبايلي
mobily



اتل
Otel



optimus



واتانييا
WATANIYA



MTN



zain

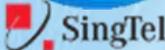


vodafone



TURKCELL

APAC

SingTel



true



TATA



PCCW
電訊盈科



airtel



RELIANCE



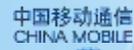
StarHub



S Tel



SmarTone



中国移动通信
CHINA MOBILE



AIS



GLOBE TELECOM



celcom



MIC



SmarTone

Americas




Telefonica



at&t



vivo



PORTA



metroPCS



TELMEX



movistar



USACELL



américa
móvil



entel



Claro



Revenue
(HK\$'000)



Review & Opportunities:

- Revenues increased 23% to HK\$2.1 billion
- Continued market growth: PRC expected to exceed 1 billion subscribers in 2012*
- Deeper penetration as leading *solutions partner*:
 - Long term, multi-year 2G/3G projects with operators
 - Development of new solutions lines to increase competitive edge
 - R&D into LTE and future tech
- Main drivers for China business:
 - Continuous increase in data demand on networks
 - Ubiquitous coverage

* *Wireless Intelligence, 06/2011*

International Customers & Core Equipment Manufacturers



Review & Opportunities:

- International and OEM sales up by 47.2% to HK\$350 million
- Very strong direct sales to international operators & steady growth in core equipment vendor sales
 - Customer diversification and strategy of cross-selling/up-selling
 - Success with innovative solutions e.g. 3G, 4G, refarming
- Wireless data driving network demands
- LTE trials and commercialization gaining momentum and will build long-term growth

Revenue
(HK\$'000)

237,490

1H 2010

Y/Y:
+47.2%

349,648

1H 2011

Business Review

- **Wireless Enhancement**
- **Antennas & Subsystems**
- **Wireless Access**
- **Services**



Solutions for all Network Stages

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Stadium/Large Venues

In-building Coverage

Scenic Areas
(Camouflaged Solutions)

Wireless Backhaul
(Digital Microwave Solutions)

Rural Area Coverage

Base Station Solutions

Subways & Tunnels

Urban Area Coverage

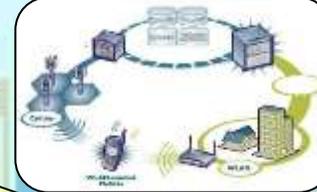
Solutions for all Network Stages

Comba

In-Building Solutions



Network Offload



Stadium/Large Venues

Urban Area Coverage

Scenic Areas
(Camouflaged Solutions)

BTS Antennas Tower Mounted Solutions



Outdoor Wireless Enhancement



Installation commissioning etc.



Network Optimization Solutions etc..



Wireless Backhaul



Wireless
(Digital Micro)

Base Station Solutions

Rural Area Coverage

Subways & Tunnels

Rollout Phase

Urban Area Coverage

Enhancement Phase



**Active DAS
(Med/Large Venue)**



Remote Radio Units



Repeaters

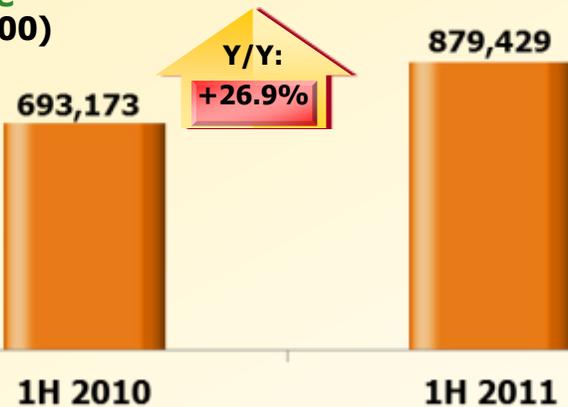


**Passive DAS
(Small Venue)**

Review & Opportunities:

- Increased 27% to HK\$879 million
- China 2G and 3G network buildout and enhancement driving demand for repeater solutions
- Deeper promotion of DAS solutions into China and international markets to strengthen lead
 - Recognized as one of the top 3 vendors of in-building/DAS systems in the world*
- Strong demand for refarming solutions in mature markets
- Global increasing data capacity requirements is driving demand for wireless enhancement solutions

**Revenue
(HK\$'000)**



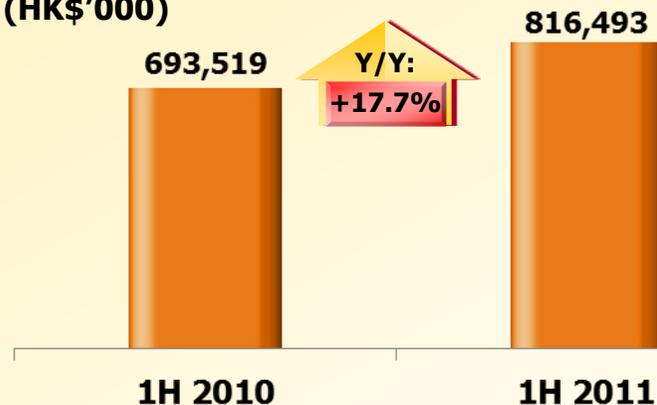
* ABI Research 2011



Review & Opportunities:

- Revenues increased by 18% to HK\$816 million
- Maintained leading position as antenna supplier in China
- Recognized as one of the world's leading base station antennas vendor*
- Worldwide leader in Tower Mounted Amplifiers*
- Continued portfolio expansion for future growth.
 - Multi-port, multi-band antenna development for support of multi-system operator trend
- Development of LTE antennas and passives are deployed in network trials and rollouts around the world

Revenue
(HK\$'000)

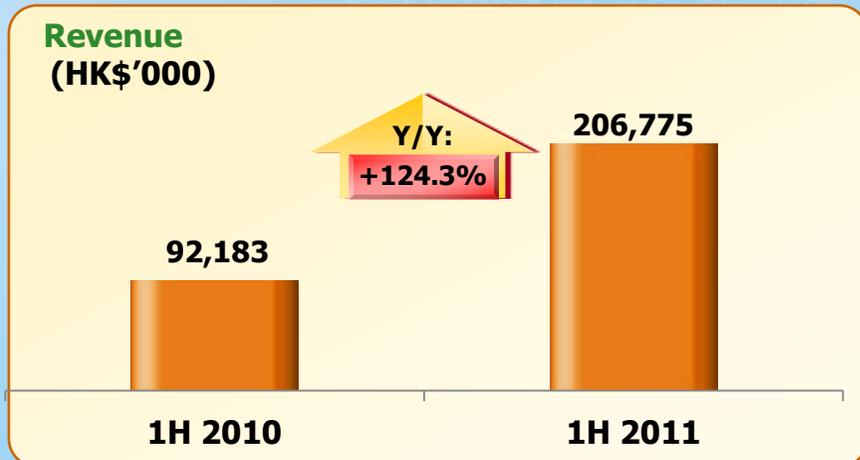


* ABI Research 2010, 2011

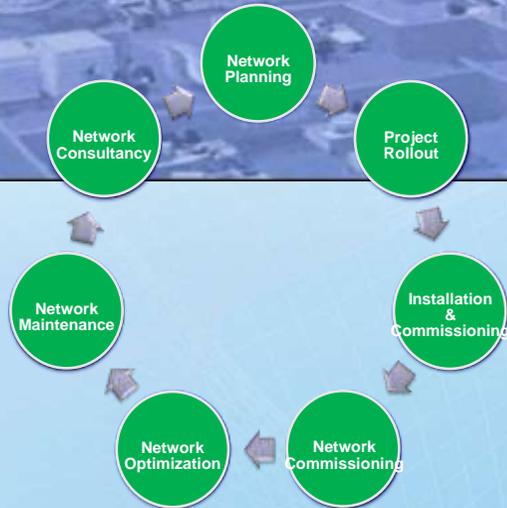


Review & Opportunities:

- Strong growth of 124% to HK\$207 million
- Expanded digital microwave solution sales to other international markets for balanced customer portfolio
 - IP backhaul solutions for LTE requirements
 - Cost-effective solutions developed including couplers and integrated microwave equipment
- Highly positive market response to WLAN solutions with a number of project successes in China
- Data networks and LTE requirements will drive backhaul and WLAN growth
 - E.g. China Mobile's WLAN traffic now accounts for 50% of all data on its network*



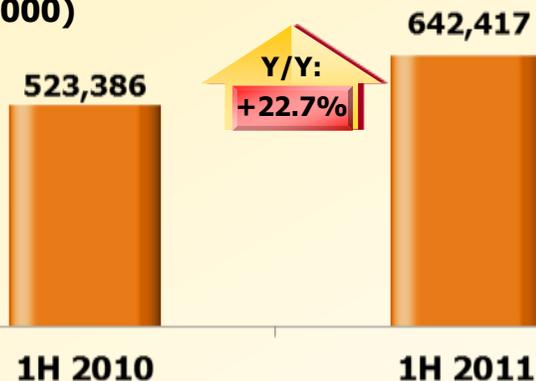
* China Mobile 1H 2011 announcement



Review & Opportunities:

- Increased 23% to HK\$642 million
- Key differential element enabling the Comba to supply total solutions to customers in China and International market.
- 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

Revenue (HK\$'000)



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Open Forum

