

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

STAYING AHEAD THROUGH INNOVATION IN TECHNOLOGY

PURSUING EXCELLENCE THROUGH EFFECTIVE MANAGEMENT

科技 創新續領先機

效益 管理再建佳績

Corporate Presentation Interim Results 2012



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Agenda

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



Financial Highlights

- **Financial Results**
- **Financial Position**
- **Key Financial Indicators**
- **Long-Term Guaranteed Loan**



Financial Results



<i>HK\$'000</i>	For the six months ended 30 June			For the year ended 2011
	2012	2011	Change	
Revenue	2,591,529	2,545,114	+1.8%	6,354,218
Gross profit	719,304	966,392	(25.6%)	2,326,697
Gross profit margin	27.8%	38.0%	(10.2%) pts	36.6%
Operating (loss)/profit	(135,458)	399,227	N/A	805,919
Operating (loss)/profit margin	(5.2%)	15.7%	N/A	12.7%
Tax	15,129	71,609	(78.9%)	121,772
(Loss)/Profit attributable to shareholders	(160,960)	317,224	N/A	659,084
Net (loss)/profit margin	(6.2%)	12.5%	N/A	10.4%
Basic (loss)/earnings per share (HK cents)	(10.68)	21.62	N/A	43.99
Operating cash flow	(673,066)	(1,265,997)	592,931	(278,670)

Financial Position

<i>HK\$'000</i>	As at 30 June 2012	As at 31 December 2011	Change	As at 30 June 2011
Net debt	(838,980)	(9,603)	N/A	(729,534)
Total assets	9,578,597	9,581,332	0.03%	8,827,655
Total liabilities	5,784,688	5,498,508	+5.2%	5,160,905
Net assets	3,731,779	4,014,064	(7.0%)	3,597,325
NAV per share (HK\$)	2.45	2.63	(6.8%)	2.39

Key Financial Indicators

	For the six months ended 30 June			For the year ended 2011
	2012	2011	Change	
Inventory turnover days	239	229	+10 days	188
A/R turnover days	315	259	+56 days	209
A/P turnover days	288	266	+22 days	233
Gross gearing ratio	15.9%	16.5%	(0.6%) pt	11.7%

Long-Term Guaranteed Loan (3 years)

Participating Banks



Use of Proceeds (US\$210 million)

1. Production line expansion
2. Business expansion
3. Research and development expenditures
4. Additional working capital

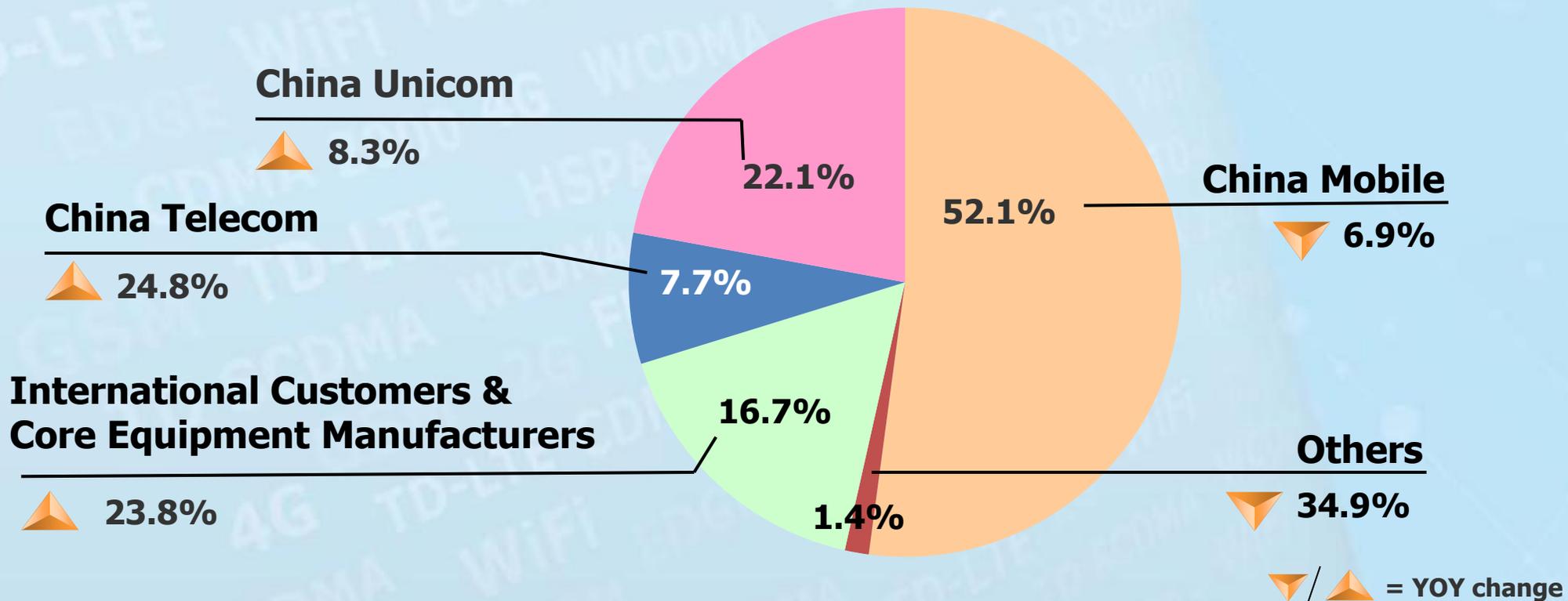
Financial Review

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



Revenue Breakdown by Customers

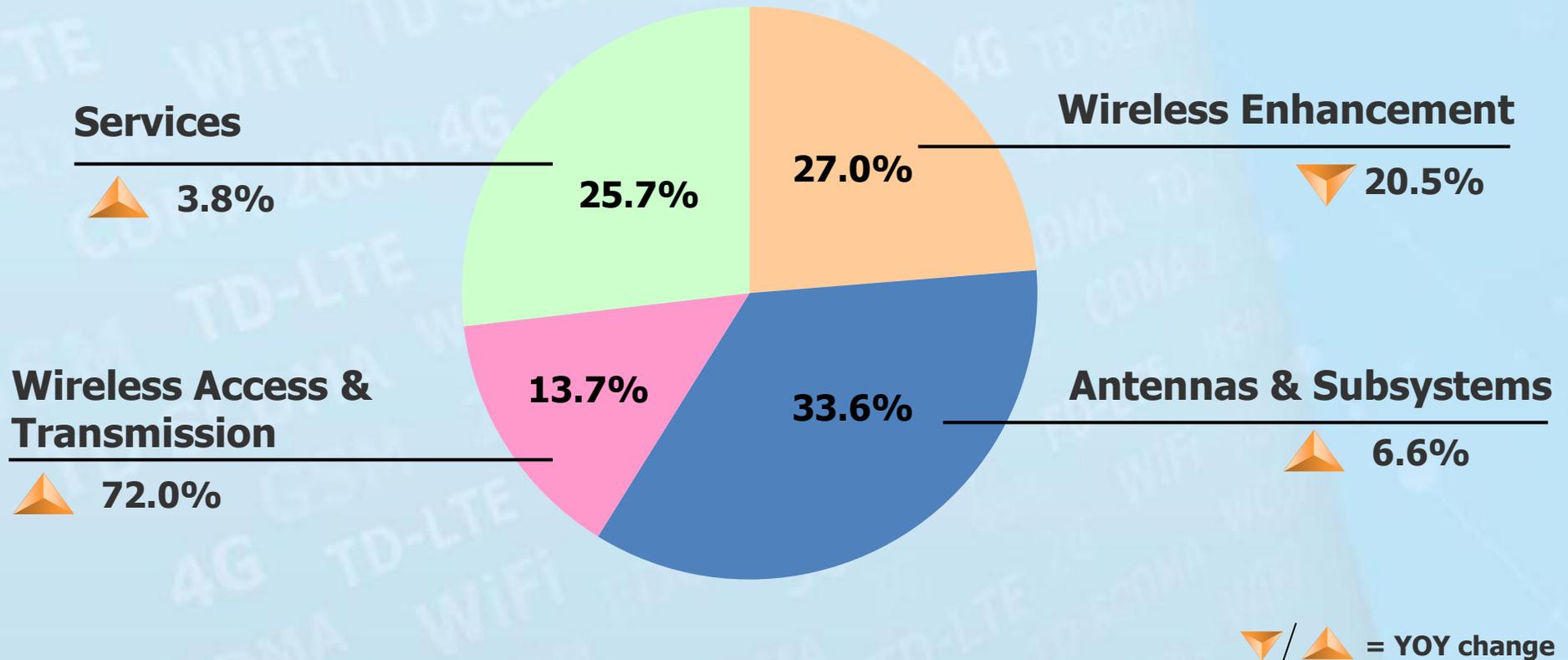
For six months ended 30 June 2012



Stable performance in the PRC market & moderate growth in overseas markets

Revenue Breakdown by Businesses **Comba**

For the six months ended 30 June 2012

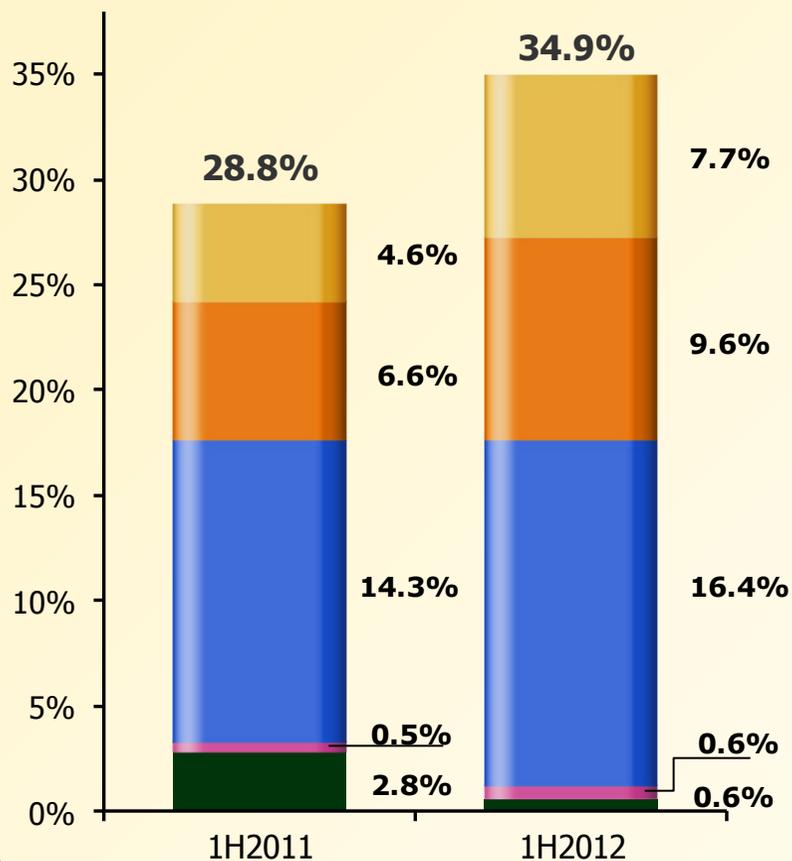


Strong growth in Wireless Access & Transmission but decline in Wireless Enhancement due to project delay

Cost Structure

For the six months ended 30 June

As % of Total Revenue



▼/▲ = YOY change

- **R & D costs** ▲ 73.0%
 - Expansion of R&D team and development of new product offerings
- **Selling and distribution costs** ▲ 48.5%
 - Inflation, increase in staff salaries and benefits as a result of global business expansion
- **Administrative expenses** ▲ 16.8%
 - Inflation and increased administrative supports for large business volume
- **Finance costs** ▲ 34.7%
 - Higher interest rate and more financing activities due to larger business volume
- **Taxation charge** ▼ 78.9%
 - Lower earnings in certain subsidiaries

Customer Review

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



Global Customers

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



ERICSSON



ZTE 中兴



Nokia Siemens Networks



SAMSUNG ELECTRONICS

EMEA





MEΓΑΦΩΝ



TURKCELL



اتصالات
etisalat



orange



vodacom



STC



OTEL



optimus



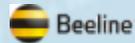
TELE2



WATANIYA



ipko



Beeline



ZAIN



MTN



vodafone



T-Mobile



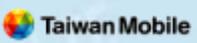
mobily

APAC






true



Taiwan Mobile



PCCW



Dialog



SingTel



亞太電信
Asia Pacific Telecom



StarHub



ZONG



airtel



TATA



中国移动通信
CHINA MOBILE



m1



S Tel



RELIANCE



AIS



GLOBE TELECOM



celcom



MIC



SmarTone

Americas





at&t



PORTA



TELMEX



USACELL



movistar



vivo



metroPCS
Wireless for All.



américa móvil



claro

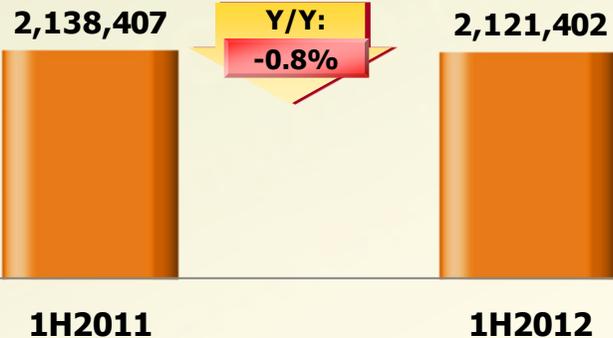


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China Business



Revenue
(HK\$'000)



Review & Opportunities:

- Revenues flat at HK\$2,121 million
- Slow economic growth with deferred operator CAPEX
- CAPEX particularly affected wireless enhancement projects
- Increased pricing pressure in the market
- Data demands on wireless networks driven by increasing 3G usage
- Multi-network activity including 3G expansion, network offload and 4G trials
- Partnering with China Mobile for joint nanocell technology R&D

International Customers & Core Equipment Manufacturers



Review & Opportunities:

- Revenues up by 24% to HK\$433 million
- Globally, operator CAPEX has tightened but overall still healthy
- Strategic geographic expansion through direct presence and partners
- Successfully positioned as “total solutions partner” in key markets
- Targeting new business verticals with total IP and data capacity solutions
- LTE commercialization driving long term growth
- General capacity demands on networks

Revenue
(HK\$'000)

349,648

Y/Y:
+23.8%

432,983

1H2011

1H2012

Business Review

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



Solutions for all Network Stages

Comba



Stadium/Large Venues

In-building Coverage

Scenic Areas
(Camouflaged Solutions)

Wireless Backhaul

Base Station Solutions

Rural Area Coverage

Subways & Tunnels

Urban Area Coverage

Solutions for all Network Stages

Comba

2G

3G



Network Optimization Solutions etc..

In-Building Solutions

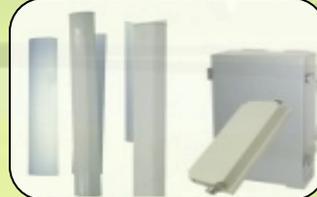


Expanding Coverage



BTS Antennas

Tower Mounted Solutions



Small Cell Solutions



Outdoor Wireless Enhancement



Wireless Backhaul



Installation, Commissioning, etc.



Wi-Fi Solutions



Base Station Solutions

Rollout Phase

Urban Area Coverage

Enhancement Phase

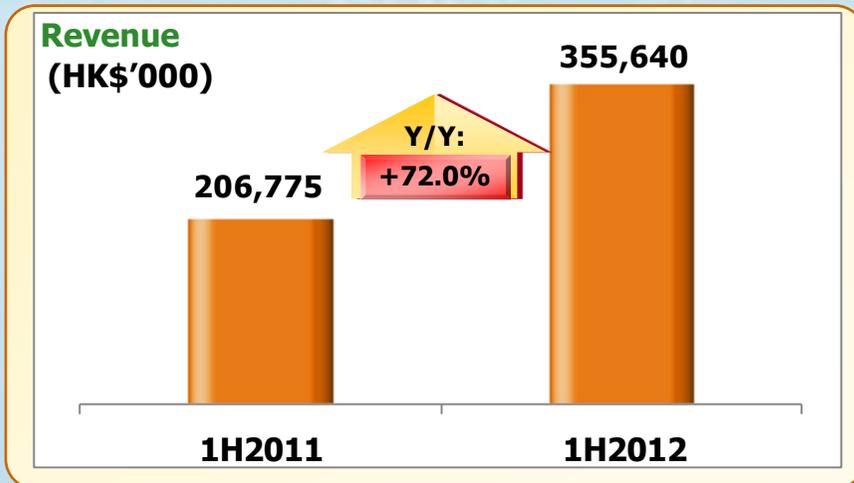
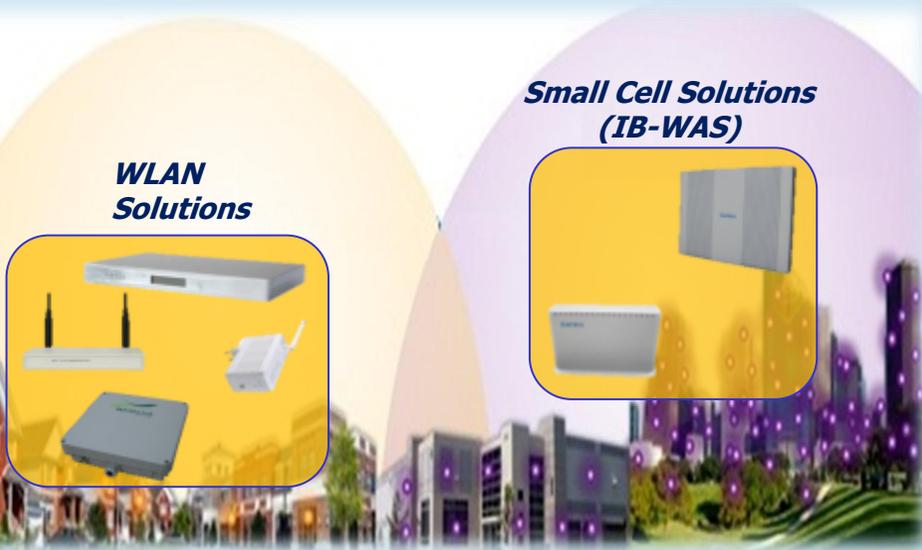
Stadium/Large Venues

Scenic Areas (Camouflaged Solutions)

Rural Area Coverage

Days & Tunnels

Wireless Access & Transmission **Comba**



Review & Opportunities:

- Revenues increased by 72% to HK\$356 million

WIRELESS ACCESS

(WLAN Solutions + IB-WAS Solutions)

- Directly addresses demand for capacity solutions from operators
- Positive market response to IB-WAS Solutions
 - Expanded product offerings for technologies and segments
 - Expansion of IB-WAS trials in China to more cities in 1H 2012
 - Strong interest shown in international markets
- Strong market response to WLAN (wi-fi) solutions in offload projects
 - Wi-fi hotspot initiatives by China operators
 - Wi-fi projects deployed internationally
- Exploding wireless data usage globally expected to drive offload solution demands.

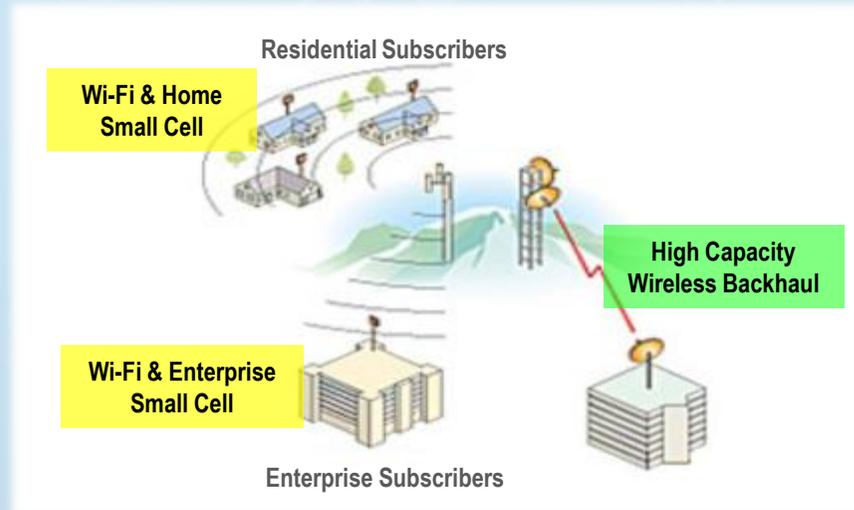
Wireless Access & Transmission **Comba**



WIRELESS TRANSMISSION

(Digital Microwave Systems & Satellite Solutions)

- Expanded digital microwave solution sales to international markets around the world
 - IP backhaul solutions for LTE requirements
 - Expanded portfolio with highly integrated microwave equipment
- Introduction of satellite solutions broadens portfolio
 - Access to expanded market segment in emergency and public safety services
 - Enables complete wireless backhaul solutions for all metro area and rural area requirements
- Backhaul demand driven by
 - Continuous 2G/3G network buildouts and enhancement
 - Volume requirements for LTE
- Overall Market demand for robust wireless backhaul as an essential part of high-speed, high-capacity solutions



Wireless Enhancement



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



Remote Radio Units



Repeaters



**Passive DAS
(Small Venue)**

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

879,429

Y/Y:
-20.5%

699,227

1H2011

1H2012

Review & Opportunities:

- Revenues decreased by 20% to HK\$699 million
- China operator delays in CAPEX directly impact spending on wireless enhancement
- Increasing price erosion affecting revenues and margins
- Global long-term growth of the DAS market
 - Recognized as one of the top vendors of in-building/DAS systems in the world*
 - Operator capacity requirements in high traffic areas driving demand for outdoor/indoor DAS solutions
- Global data capacity requirements will drive long-term demand for wireless enhancement solutions

* ABI Research 2011

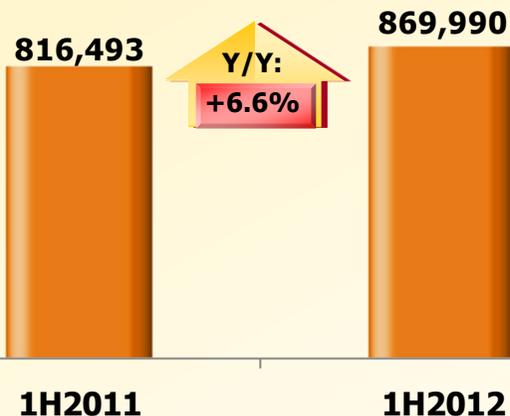
Antennas & Subsystems



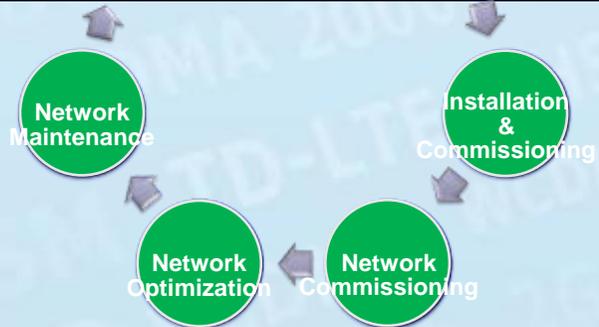
Review & Opportunities:

- Revenues increased by 7% to HK\$870 million
- Remains the number one antenna supplier in China
- Recognized as one of the world's leading base station antennas vendor*
- Continued portfolio expansion to drive future growth.
 - Co-siting trend: Development of multi-port, multi-band antenna series
 - Environment: Increased range of camouflaged antenna being deployed around the world
- New network buildouts
 - Co-siting solutions to ease operator site acquisition issues
 - LTE antennas and passives being deployed in 4G network trials and rollouts around the world

Revenue
(HK\$'000)



* ABI Research 2011



Review & Opportunities:

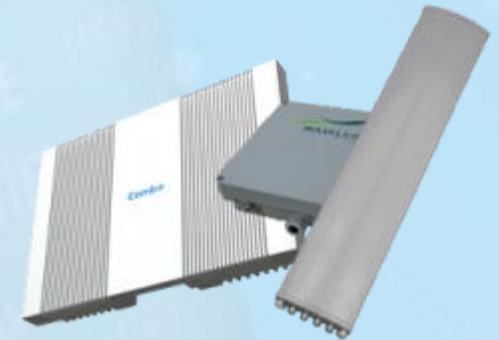
- Revenues increased by 4% to HK\$667 million
- Growth reflecting strategy of solution sales
- Key differential element enabling the Comba to supply total solutions
- Services include maintenance, consultation, commissioning, network optimization and project management
- Expansion of service offering teams internationally to drive future growth
 - Successful cross-sell strategy promoting services with hardware sales and vice versa

Revenue
(HK\$'000)



Summary

- Implementing cost and budget controls driving to profitability
- Diversify revenue base with new markets and verticals
- Focused R&D to develop strategic products and solutions
- Optimistic outlook on future industry development with continuous data capacity requirements



Open Forum & Thank You



Appendix - Awarded Shares Expenses

- 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) (1)	Expenses (HK\$Mn) (2)	Vesting shares (Mn) (3)	Expenses (HK\$Mn) (4)	Vesting shares (Mn) (1) + (3)	Expenses (HK\$Mn) (2) + (4)
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