

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

**Exploring Opportunities,
Creating Value,
Reforming Mechanism,
Enhancing Efficiency**

開拓商機，創新價值，
變革機制，提升效能



2015 Annual Results Corporate Presentation

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Agenda

1. Financial Highlights
2. Financial Review
3. Customer Review
4. Business Review

A decorative graphic in the top left corner features a cluster of white icons on a blue, bubbly background. The icons include a speech bubble, a globe, a Wi-Fi symbol, a bar chart, an envelope, a person, a plus sign, and a signal tower. The background has a soft glow and a diagonal gradient.

Financial Highlights

1. Financial Results
2. Dividends & Bonus Shares
3. Exceptional Items
4. Proforma Financial Results
5. Financial Position
6. Key Financial Indicators

Financial Results

HK\$'000	For the year ended 31 December			For the six months ended
	2015	2014	Change	30 Jun 2015
Revenue	6,770,894	6,733,214	0.6%	3,345,331
Gross profit	1,914,490	1,760,010	8.8%	973,504
Gross profit margin	28.3%	26.1%	2.2 pp	29.1%
Operating profit	396,540	263,199	50.7%	219,108
Tax	109,755	47,532	130.9%	72,589
Profit attributable to shareholders	212,876	151,061	40.9%	108,803
Net profit margin	3.1%	2.2%	0.9 pp	3.3%
Basic earnings per share (HK cents)	10.52	7.47 <i>(restated)</i>	40.8%	5.37 <i>(restated)</i>
Operating cash flow	1,089,433	141,259	671.2%	(152,730)

Dividends & Bonus Shares

	For the year ended 31 December	
	2015	2014
Paid interim dividends per share (HK cents)	1.5	1.2
Proposed final dividends per share (HK cents)	1.8	1.3
Total dividends (HK cents)	3.3	2.5
Issue bonus of shares (interim)	1 for 10	1 for 10
Proposed bonus issue of shares	1 for 10	1 for 10

Exceptional Items

	HK\$'000		For the year ended 31 December				For the six months ended
			2015	Margin Impact	2014	Margin Impact	30 Jun 2015
	Items	Details					
1	Cost of sales	Inventories written-off	(71,500)	GPM▼ 1.1 pp	(66,739)	GPM▼ 1.0 pp	(85,388)
2	Impairment of trade receivables	Certain overseas receivables written-off	(16,848)	OPM▼ 0.2 pp	(57,719)	OPM▼ 0.9 pp	(16,025)
3	Exchange (loss)	Mostly from BRL	(134,842)	OPM▼ 2.0 pp	(59,183)	OPM▼ 0.9 pp	(54,798)
		TOTAL	(223,190)	NPM▼ 3.3 pp	(183,641)	NPM▼ 2.8 pp	(156,211)

Proforma Financial Results

(Assuming NO Exceptional Items)



HK\$'000	For the year ended 31 December			For the six months ended
	2015	2014	Change	30 Jun 2015
Revenue	6,770,894	6,733,214	0.6%	3,345,331
Gross profit	1,985,990	1,826,749	8.7%	1,058,892
Gross profit margin	29.3%	27.1%	2.2 pp	31.7%
Operating profit	619,730	446,840	38.7%	375,319
Profit attributable to shareholders	436,066	334,702	30.3%	265,014
Net profit margin	6.4%	5.0%	1.4 pp	7.9%

Financial Position

HK\$'000	As at 31 December		Change	As at 30 June 2015
	2015	2014		
Net cash / (debt)	647,829	(17,113)	3,885.6%	(411,478)
Total assets	9,574,875	10,136,732	(5.5%)	10,061,152
Total liabilities	5,863,088	6,370,777	(8.0%)	6,225,131
Net assets	3,652,531	3,709,791	(1.5%)	3,778,083
NAV per share (HK\$)	1.80	1.83 <i>(restated)</i>	(1.6%)	1.86 <i>(restated)</i>

Key Financial Indicators

	For the year ended 31 December			For the six months ended
	2015	2014	Change	30 June 2015
Inventory turnover days	149	164	▼15 Days	162
A/R turnover days	225	244	▼19 Days	253
A/P turnover days	251	267	▼16 Days	257
Gross gearing ratio	14.3%	16.3%	▼2.0 pp	16.5%
Dividend payout ratio	31.4%	27.7%	▲3.7 pp	25.4%
Return on average equity	5.8%	4.1%	▲ 1.7 pp	5.8%

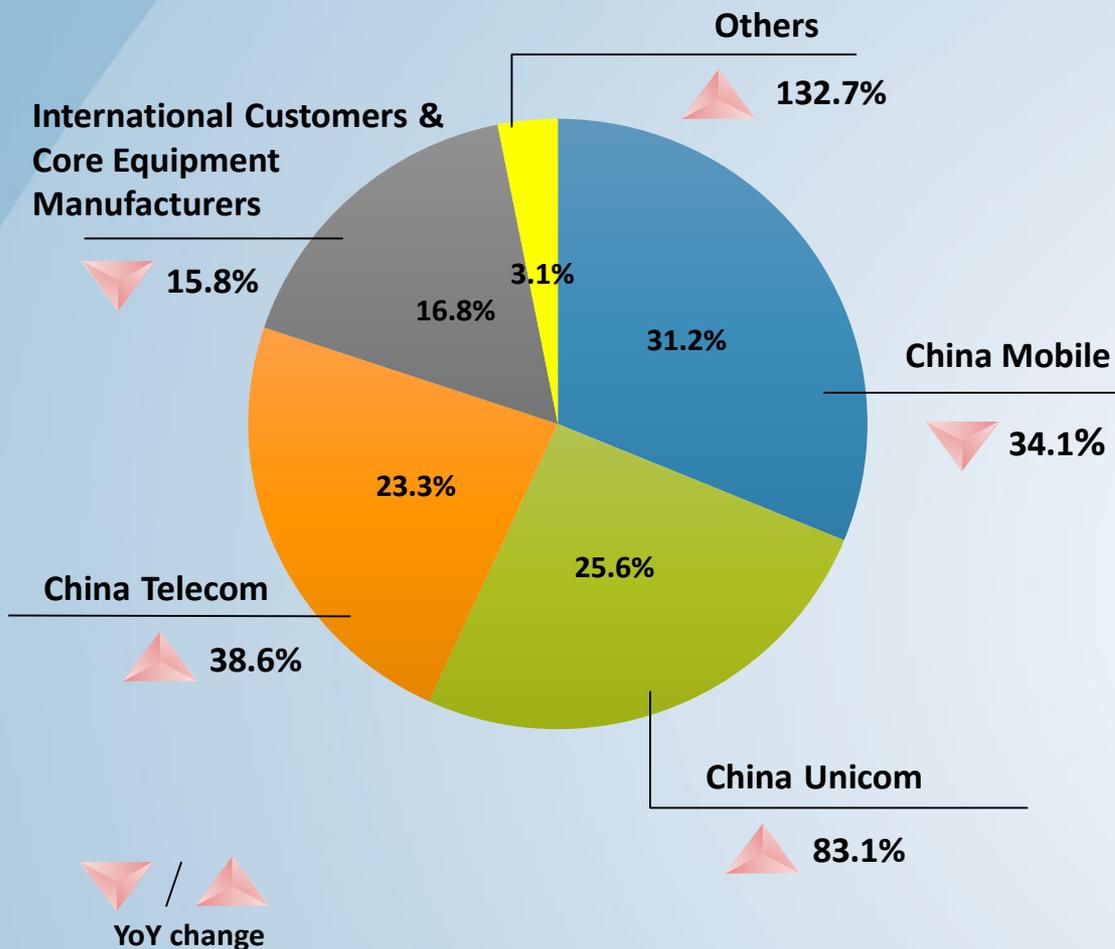


Financial Review

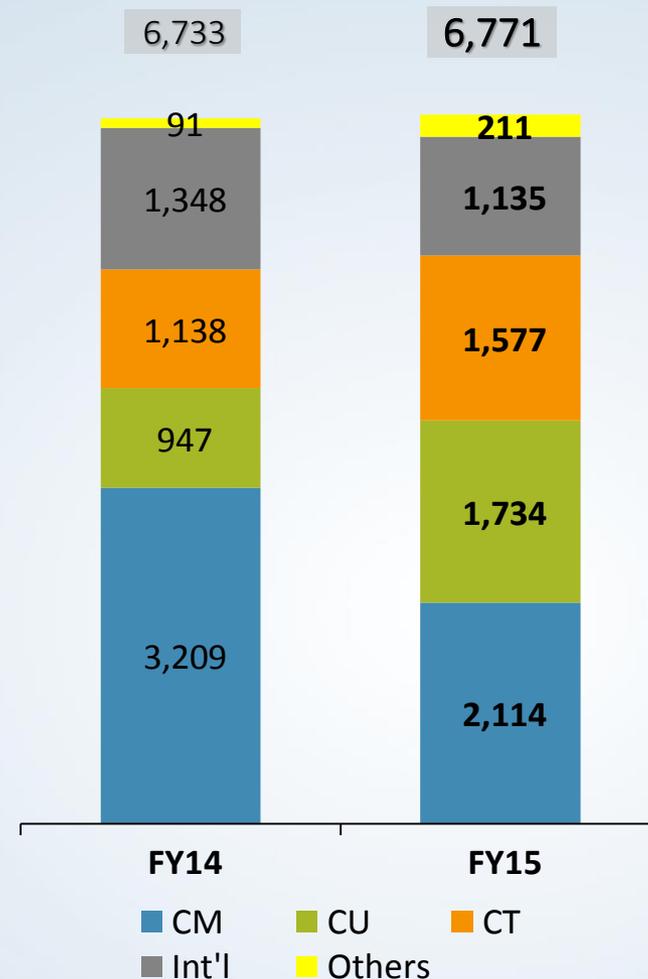
1. Revenue Breakdown by Customers
2. Revenue Breakdown by Businesses
3. Cost Structure

Revenue Breakdown by Customers

For the year ended 31 December 2015

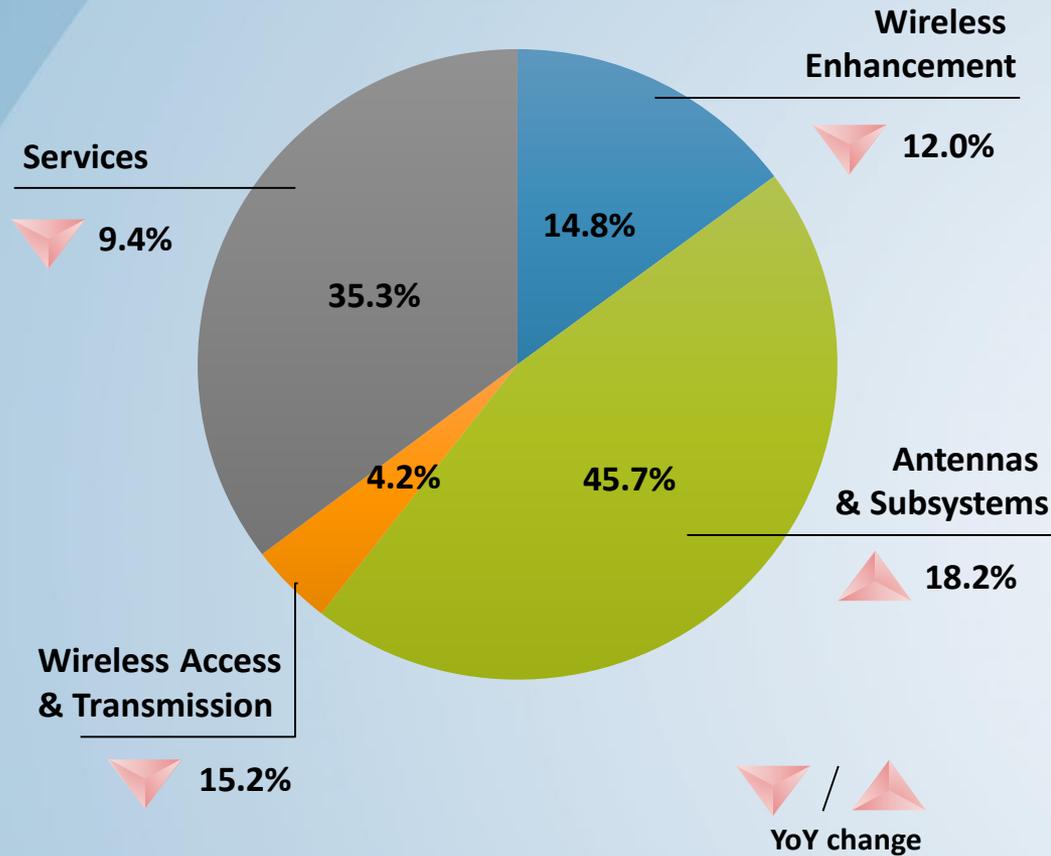


Revenue (HK\$ Mn)

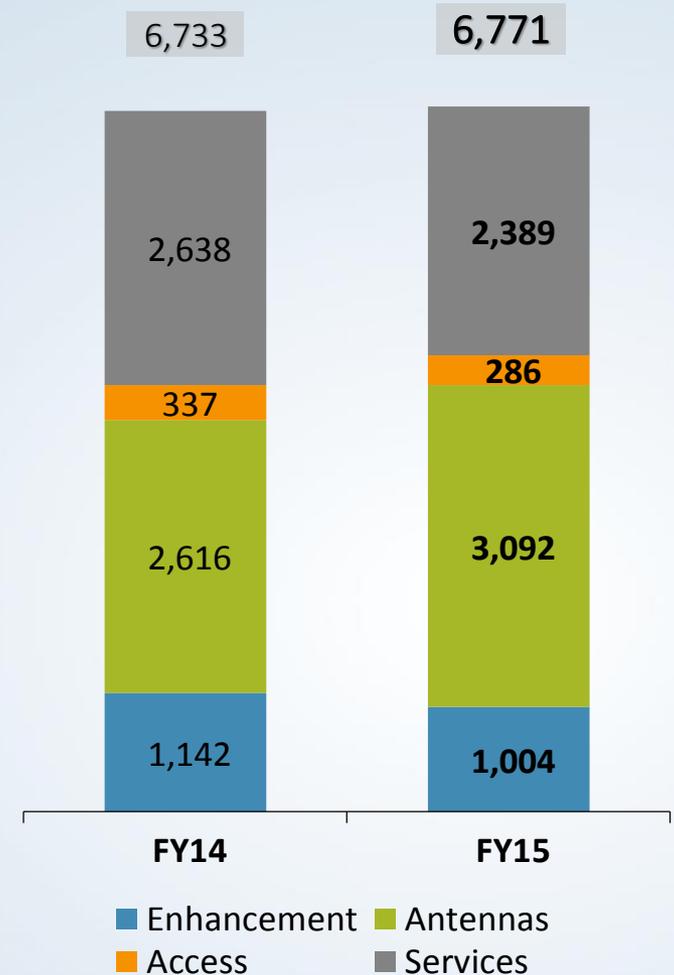


Revenue Breakdown by Businesses

For the year ended 31 December 2015



Revenue (HK\$Mn)

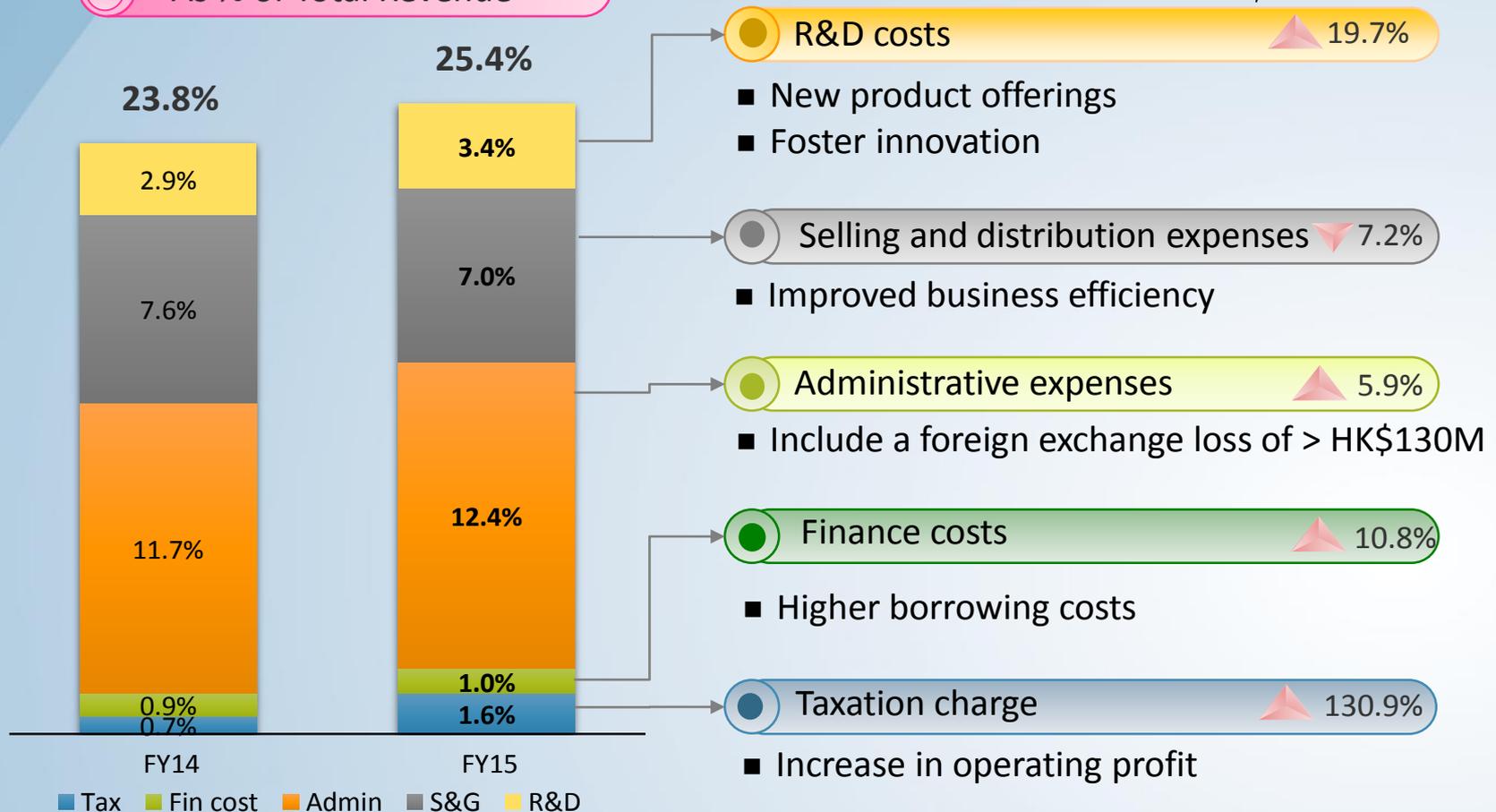


Cost Structure

For the year ended 31 December

As % of Total Revenue

▼/▲ = YOY change



Continuous organizational reform to achieve higher business efficiency



Customer Review



Revenue
(HK\$'000)

5,385,404

Y/Y:

+4.7%

5,636,307

FY 2014

FY 2015

Review & Opportunities:

- Revenues increased 4.7% to HK\$ 5,636 million
- Focus on profitability:
 - Quality revenues with higher returns and cash flow
 - A solid foundation for healthy and profitable growth

2016 and beyond

- Shared tower infrastructure: driver for sophisticated network solutions e.g. high end multi-operator, multi-protocol products
- Increasing capacity demands driven by:
 - Market trends of big data, MEC, etc
 - LTE growth: from 90 → 440 million LTE subs in 2015 (out of 1.3B mobile subs)
- Comba solutions are well-positioned to address network buildouts & capacity requirements
 - Co-siting, multi-system/operator solutions
 - Core systems team for delivery of expanded turnkey solutions

International Customers & Core Equipment Manufacturers



Review & Opportunities:

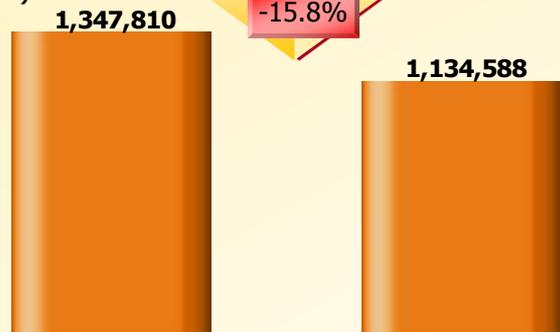
- Revenues decreased 15.8% to HK\$ 1,135 million
- International customer revenues flat from 2014 and decrease in OEM sales for same period
- Consistently profitable and all-time high cash return for international business

2016 and beyond

- Growth areas include network densification and IBS in mature markets. Network rollout and upgrades in others.
- LTE commercialization and HetNet infrastructure spending is still key
 - 116+ LTE-A networks globally; 1 of 3 operators will invest in LTE-A in 2016 (*Source: BuddeComm 2016*)
 - Complex network requirements driving high end solutions from vendors
- Alignment with operator priorities on technologies that can be deployed in next 1-2 years
- Core systems team for delivery of expanded turnkey solutions

Revenue

(HK\$'000)



FY 2014

FY 2015



Business Review



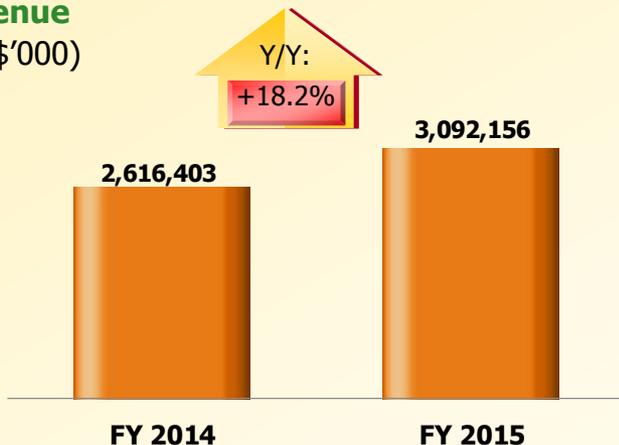


Combining Solutions



Antennas

Revenue
(HK\$'000)



Review & Opportunities:

- Revenues increased 18.2% to HK\$ 3,092 million
- Strong market acceptance and gaining market share:
 - LTE antenna deployment for China 4G network rollout
 - Expansion of customer portfolio and international operator demand for antennas and subsystems

2016 and beyond

- Antennas are becoming even more crucial as the network becomes more complicated
- Capacity demand continues:
 - Driving demand for MIMO and carrier aggregation antenna & subsystem solutions
- Complex network topologies is driving advanced technology antennas with higher selling prices
- Focus on R&D for product development of antenna and passive technology
 - Meet market demand for complex network topology and antenna technology



Active DAS



RRU



Passive DAS / Repeaters

Revenue
(HK\$'000)



Review & Opportunities:

- Revenues decreased 12.0% to HK\$ 1,004 million
- Strong growth in 4G solutions offset by decline in 3G demand
- Strong international contribution to revenues

2016 and beyond

- Long term growth of DAS and in-building wireless market
 - Large sporting venues, airports, convention centers, vertical markets
- Demand for railway and tunnel wireless solutions
- Huge capacity demands in networks and high density areas driving wireless enhancement solutions
- Successful deployment in key projects allows solid value proposition for upcoming major sporting events
- Growth of enterprise wireless network for focused capacity and featured solutions supporting



Small Cell Solutions



Digital Microwave Systems



WLAN Solutions



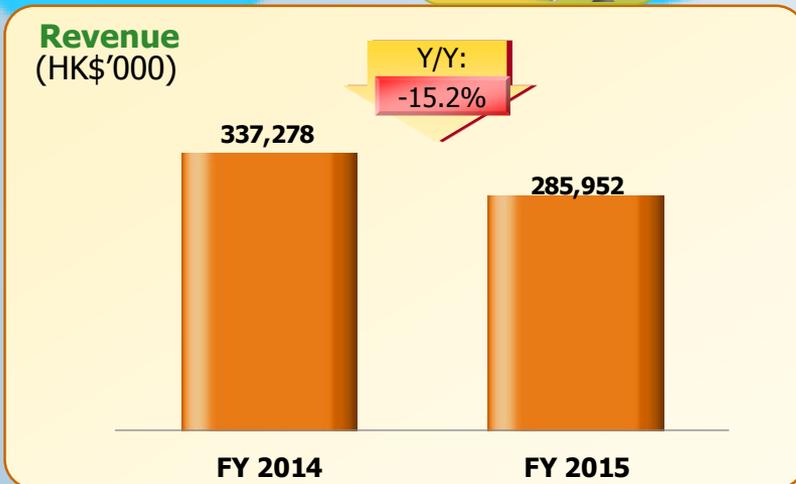
Satellite Solutions

Review & Opportunities:

- Revenues decreased 15.2% to HK\$ 286 million
- Stable 2015 growth for wireless transmission solutions
- Decrease in WLAN solution revenues

2016 and beyond

- Commercialization of China's Satellite Communications market → SatCom solutions opportunities
- Demand for IP microwave full outdoor systems
- High-speed and high-capacity network requirements to drive backhaul solution demands
- Exploding wireless data usage globally driving offload solution demands.





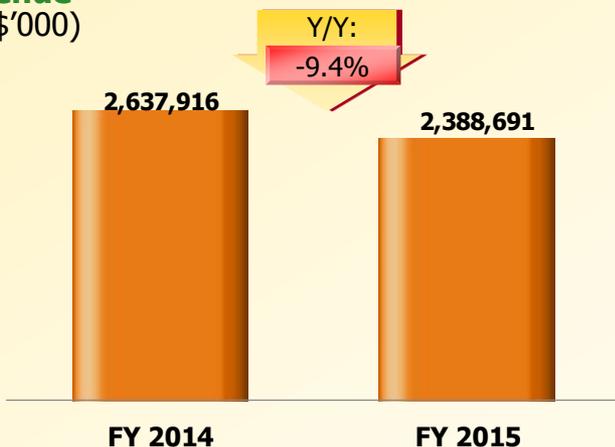
Review & Opportunities:

- Revenues decreased 9.4% to HK\$ 2,389 million
- Focus on quality service revenues with higher margins and profitability

2016 and beyond

- Key differential element enabling the Comba to supply total enhanced solutions
- Services include maintenance, consultation, commissioning, network optimization and project management
- International service offering teams internationally to drive growth

Revenue
(HK\$'000)



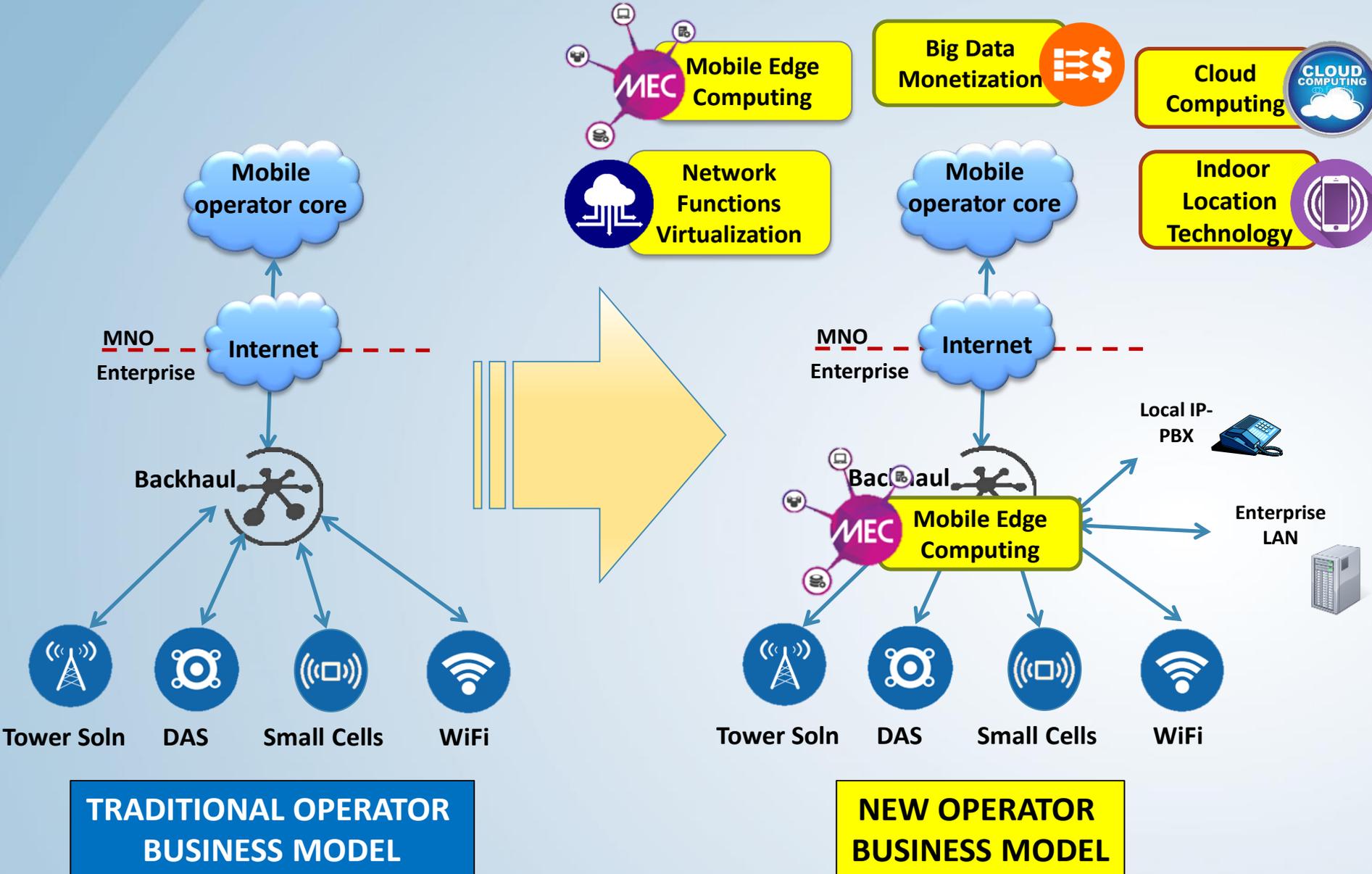


Moving Forward



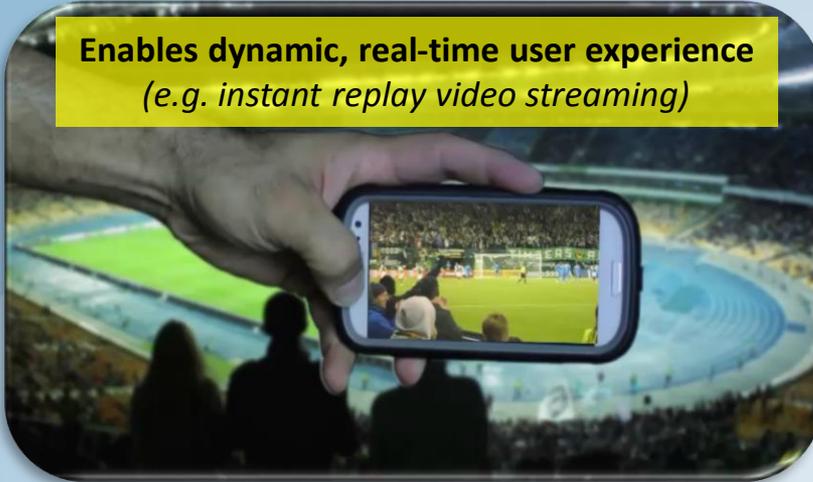
New Opportunities:

Increasing Value Proposition & Offerings



Mobile Edge Computing (MEC)

Enables dynamic, real-time user experience
(e.g. instant replay video streaming)



Big Data Monetization

Monetizing operator's subscriber data
Compliant with EU / US data privacy regulation



Accurate Indoor Location Technology

Enabling dynamic, rich content and apps for
indoor environments



Internet of Things

Enterprise solutions



New Opportunities: Uniquely Positioned!

■ Top Tier Antenna Supplier

- Antennas increasingly important core component as network topology grows more complex
- Requires deep expertise in creating antennas that can sustain and grow with the network demands

■ Top 3 DAS Vendor

- Leading edge technology and development of all DAS solutions
- Unrivalled track record with major sports events and railways



■ Global #1 for all mobile environment solutions

- DAS portfolio addresses high capacity, high density requirements for indoor/outdoor applications
- iCell suite as a highly flexible in-fill solution to achieve true ubiquitous wireless connectivity | WiFi completes the hetnet proposition

■ Global Services and Relationships

- Established relationships with most of the world's leading Telcos
 - Solid VAS partner to operators in LatAm and China
- Unbeatable services capabilities and teams across the world for TOTAL solutions





Open Forum