

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



2016 Interim Results⁺ Corporate Presentation

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Agenda

1. Financial Highlights
2. Financial Review
3. Customer Review
4. Business Review
5. 2016 and Beyond: Strategic Direction
6. Open Forum

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 some white bokeh effects.

Financial Highlights

1. Financial Results
2. Exceptional Items
3. Proforma Financial Results
4. Financial Position
5. Key Financial Indicators

Financial Results

HK\$'000	For the six months ended 30 June			For the year ended 31 December 2015
	2016	2015	Change	
Revenue	3,098,952	3,345,331	(7.4%)	6,770,894
Gross profit	934,013	973,504	(4.1%)	1,914,490
Gross profit margin	30.1%	29.1%	1.0 pp	28.3%
Operating profit	198,183	219,108	(9.6%)	396,540
Tax	57,944	72,589	(20.2%)	109,755
Profit attributable to shareholders	112,508	108,803	3.4%	212,876
Net profit margin	3.6%	3.3%	0.3 pp	3.1%
Basic earnings per share (HK cents)	5.06	4.89 (restated)	3.5%	9.56 (restated)
Proposed interim / final dividend per share (HK cents)	1.50 (interim)	1.50 (interim)	--	1.80 (final)
Proposed bonus issue of share	1 for 10 (interim)	1 for 10 (interim)	--	1 for 10 (final)

Exceptional Items

	HK\$'000	Details	For the six months ended 30 June				For the year ended 31 Dec 2015
			2016	Margin Impact	2015	Margin Impact	
1	Cost of sales	Inventories written-off	(92,655)	GPM▼3.0 pp	(85,388)	GPM▼2.6 pp	(71,500)
2	Impairment of trade receivables	Certain overseas receivables written-off	(41,276)	OPM▼1.3 pp	(16,025)	OPM▼0.5 pp	(16,848)
3	Exchange gain /(loss)	Mostly from BRL	63,028	OPM▲2.0 pp	(54,798)	OPM▼1.6 pp	(134,842)
4	Fair value change of a derivative instrument	Hedge against BRL fluctuation	(48,026)	OPM▼1.5 pp	--	--	(1,501)
		TOTAL	(118,929)	NPM▼3.8 pp	(156,211)	NPM▼4.7 pp	(224,691)

Proforma Financial Results

(Assuming NO Exceptional Items)



HK\$'000	For the six months ended 30 June			For the year ended 31 Dec 2015
	2016	2015	Change	
Revenue	3,098,952	3,345,331	(7.4%)	6,770,894
Gross profit	1,026,668	1,058,892	(3.0%)	1,985,990
Gross profit margin	33.1%	31.7%	1.4 pp	29.3%
Operating profit	317,112	375,319	(15.5%)	621,231
Profit attributable to shareholders	231,437	265,014	(12.7%)	437,567
Net profit margin	7.5%	7.9%	(0.4 pp)	6.5%

Financial Position

HK\$'000	As at 30 June 2016	As at 30 December 2015	Change	As at 30 June 2015
Net cash / (debt)	179,791	647,829	(72.2%)	(411,478)
Total assets	9,071,475	9,574,875	(5.3%)	10,061,152
Total liabilities	5,396,359	5,863,088	(8.0%)	6,225,131
Net assets	3,616,666	3,652,531	(1.0%)	3,778,083
NAV per share (HK\$)	1.62	1.63 (restated)	(0.6%)	1.69 (restated)

Key Financial Indicators

	For the six months ended 30 June			For the year ended
	2016	2015	Change	31 December 2015
Inventory turnover days	136	162	(26) Days	149
A/R turnover days	247	253	(6) Days	225
A/P turnover days	269	257	12 Days	251
Gross gearing ratio	12.1%	16.5%	(4.4 pp)	14.3%
Dividend payout ratio	29.6%	25.4%	4.2 pp	31.4%
Return on average equity	6.2%	5.8%	0.4 pp	5.8%

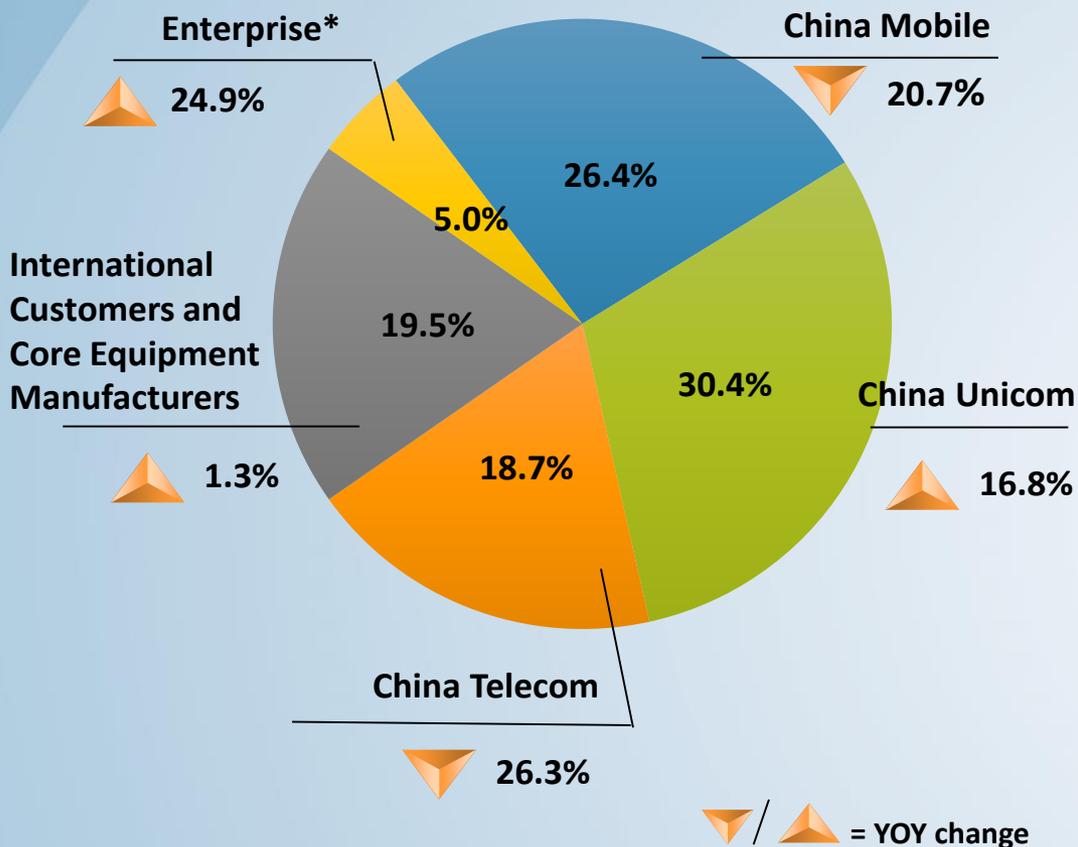
A decorative graphic in the top left corner features a blue cloud-like shape containing various white icons such as a globe, a Wi-Fi symbol, a mail icon, a person icon, and a plus sign. The background of the slide is a light blue gradient.

Financial Review

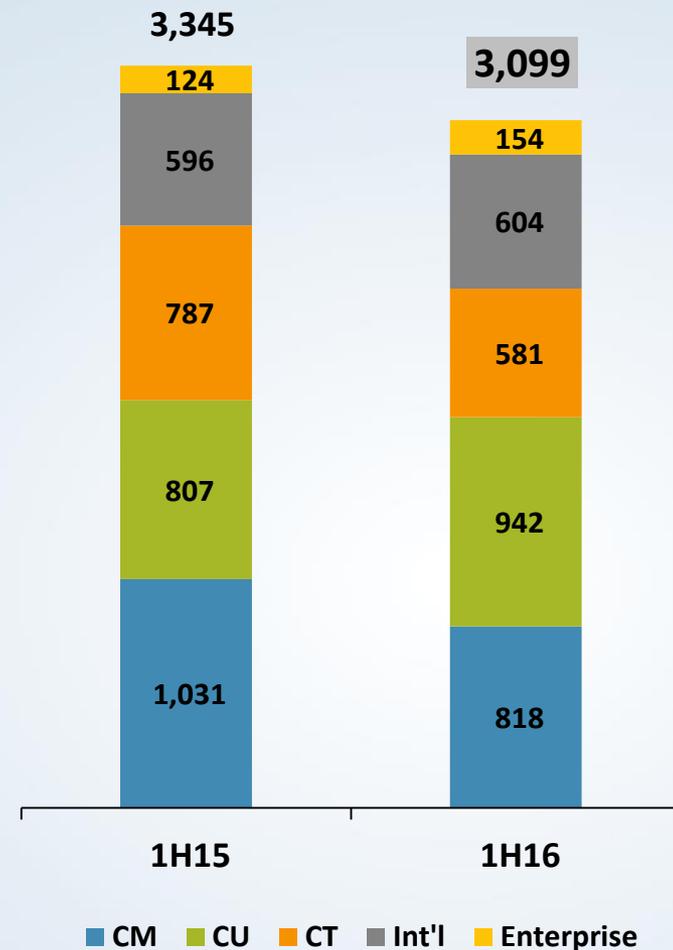
1. Revenue Breakdown by Customers
2. Revenue Breakdown by Businesses
3. Cost Structure

Revenue Breakdown by Customers

For the six months ended 30 June 2016



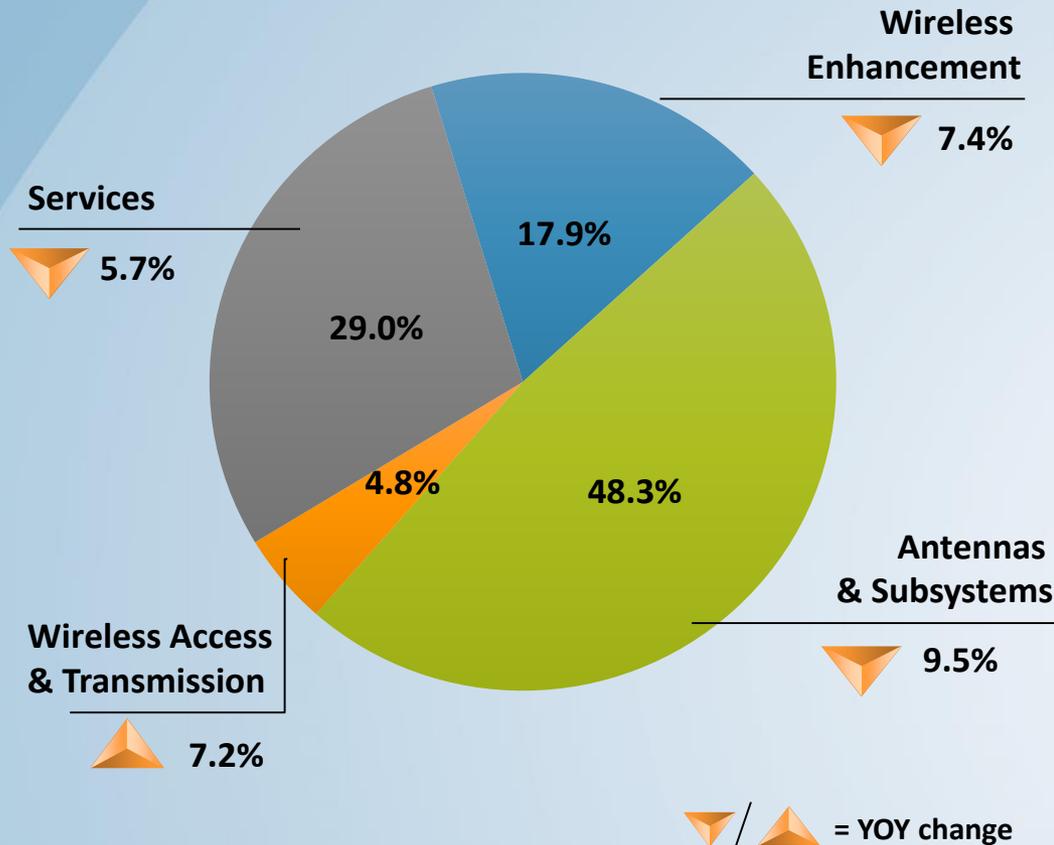
Revenue (HK\$Mn)



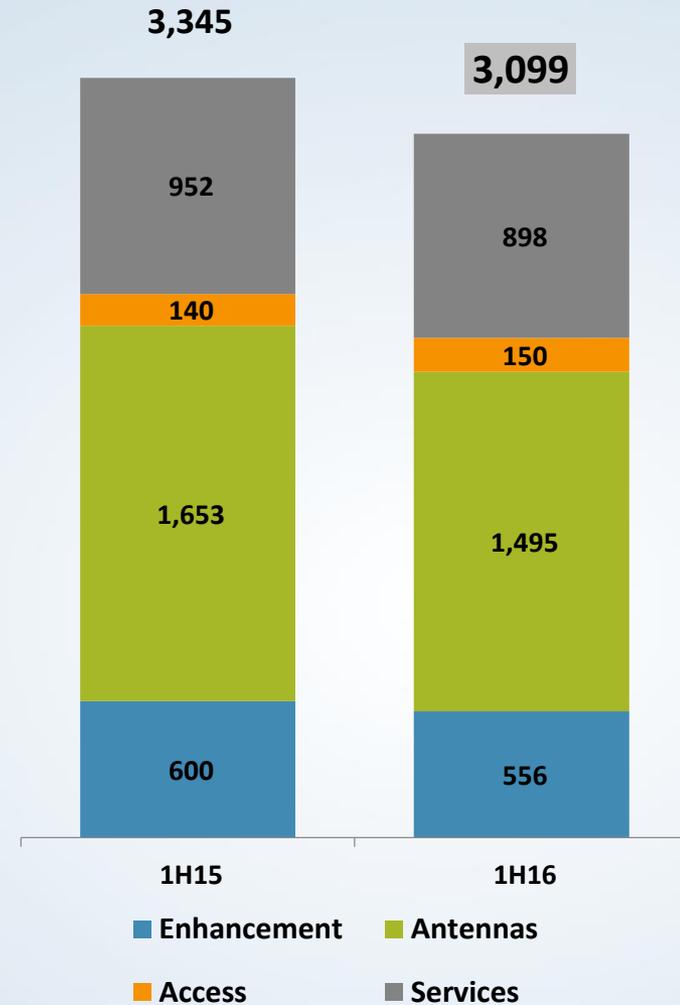
* China Tower accounted for approx. 80% in "Enterprise"

Revenue Breakdown by Businesses

For the six months ended 30 June 2016



Revenue (HK\$Mn)

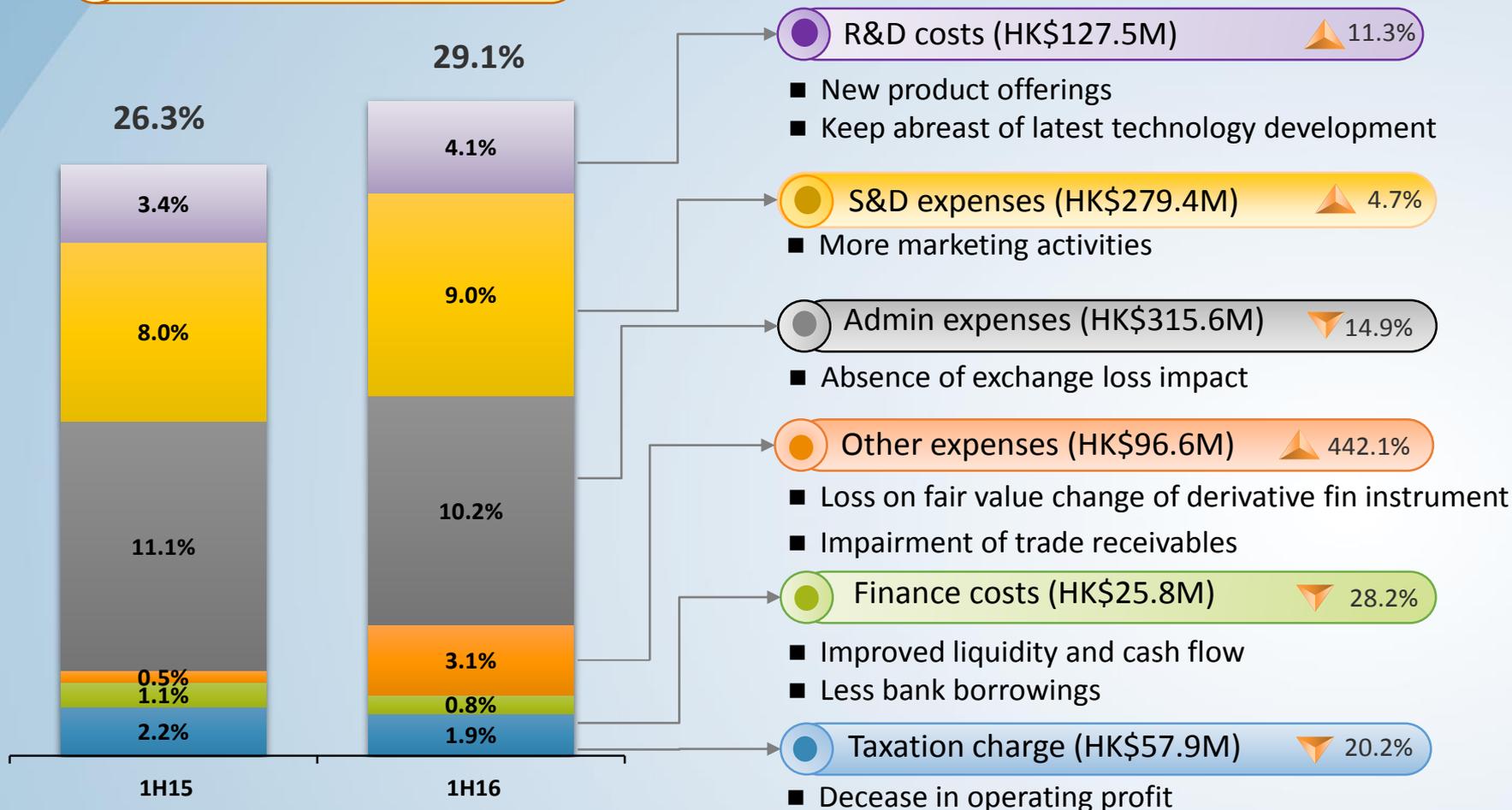


Cost Structure

For the six months ended 30 June

As % of Total Revenue

▼/▲ = YOY change

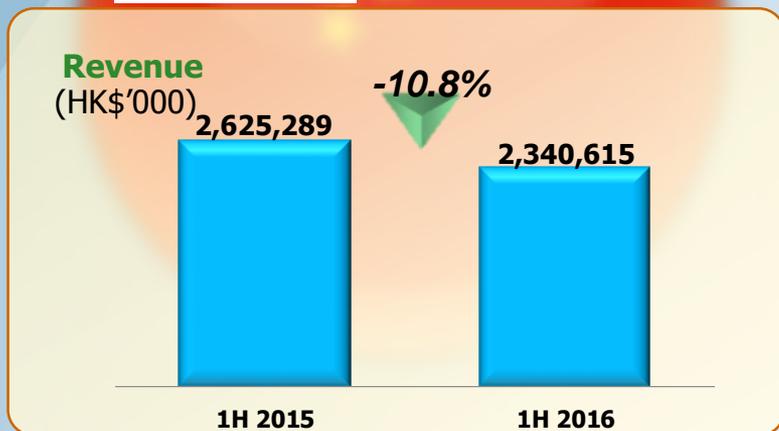


■ R&D ■ S&D ■ Admin ■ Other expenses ■ Fin cost ■ Tax



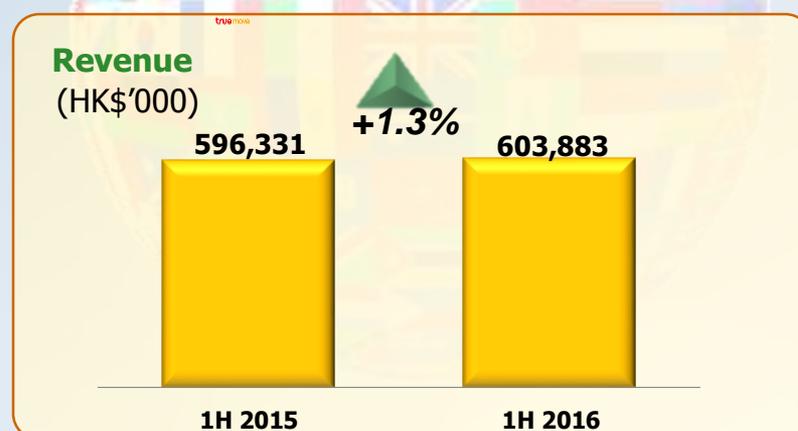
Customer Review

Carrier Business



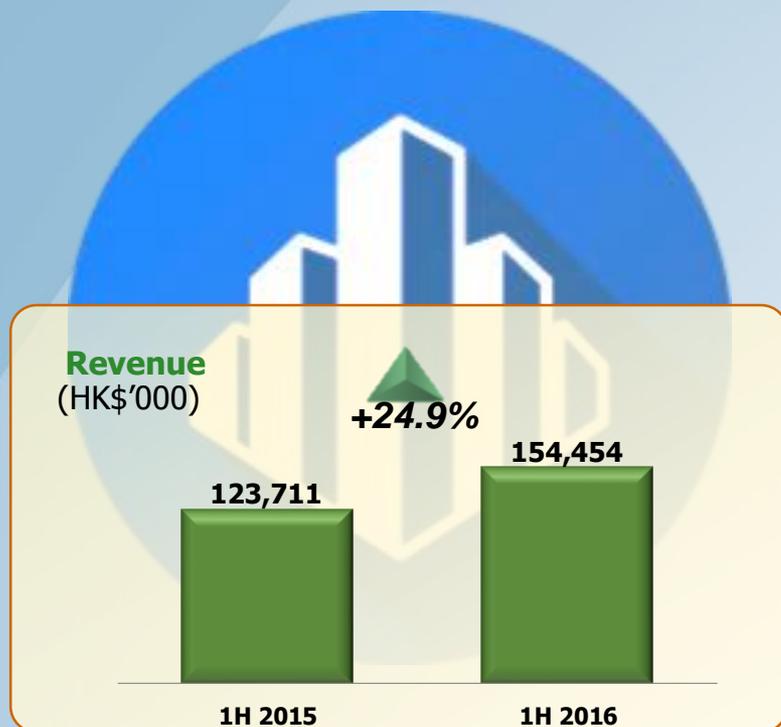
China Carriers

- Revenues decreased 10.8% to HK\$ 2,341 million
- Continued focus on profitable revenue
- Softening demand for 3G solutions



International Business & Core Equipment Manufacturers

- Revenues increased 1.3% to HK\$ 604 million
- International growth but slower OEM sales
- Consistently profitable with high cash returns
- Strategic relationship with 2 major OEM partners → long term OEM segment growth



Enterprise Business

- Revenues increased 24.9% to HK\$ 154 million
- Strategy of diversifying customer base beyond carriers
- Leveraging on 20 years of project experience and goodwill from property owners
- Deployment of neutral hosts and other value added solution direct to enterprise



Business Review



Wireless Access/Transmission

& Wireless Enhancement



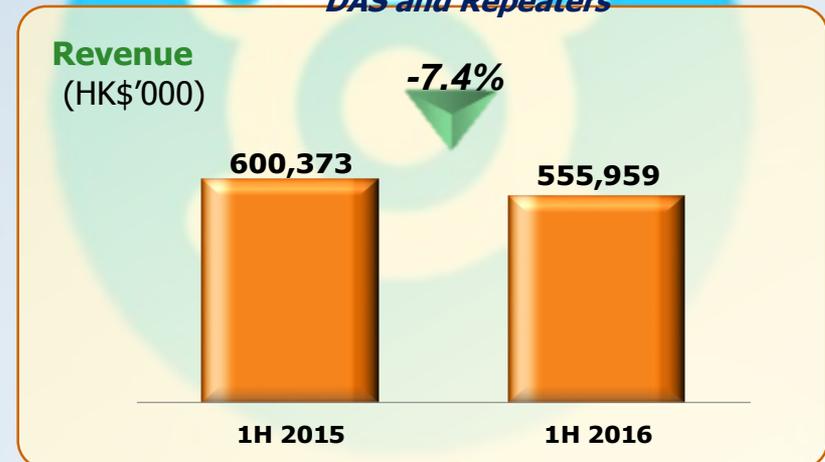
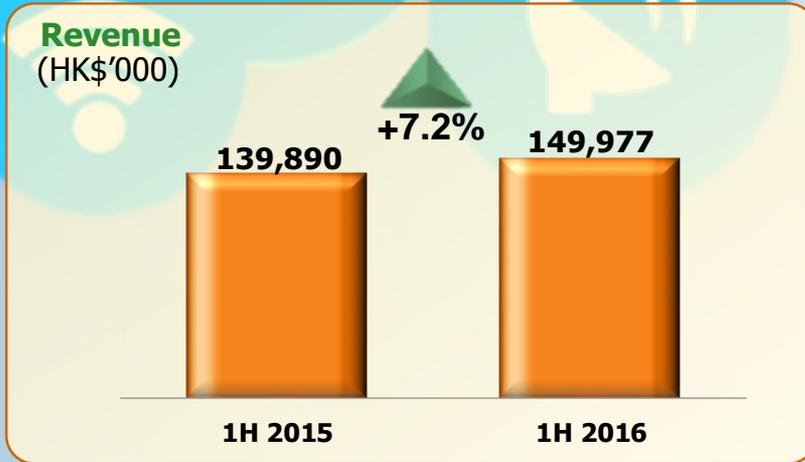
Satellite



Digital Microwave



DAS and Repeaters



Wireless Access & Transmission

- Revenues increased 7.2% to HK\$ 150 million
- Strong in growth for wireless transmission fueled by China 4G
- Orders for small cells solution in China and globally

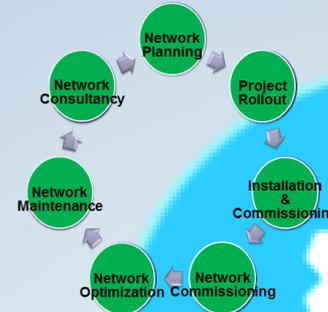
Wireless Enhancement

- Revenues decreased 7.4% to HK\$ 556 million
- Strong 4G solutions growth but softened demand for 3G solutions
- Growth of international contribution to revenues

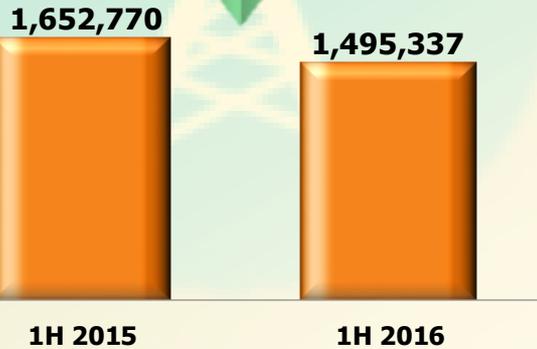
Combining Solutions



Antennas



Revenue
(HK\$'000)



Antennas & Subsystems

- Revenues decreased 9.5% to HK\$ 1,495 million
- Completion of first wave 4G network rollout in China
- Strong uptick of international antenna revenues

Revenue
(HK\$'000)



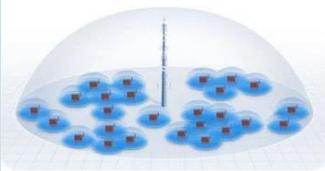
Services

- Revenues decreased 5.7% to HK\$ 898 million
- Focus on quality service revenues with higher margins and profitability
- Growth engine: Services for enterprise segment



2016 and Beyond: Strategic Direction

TRENDS

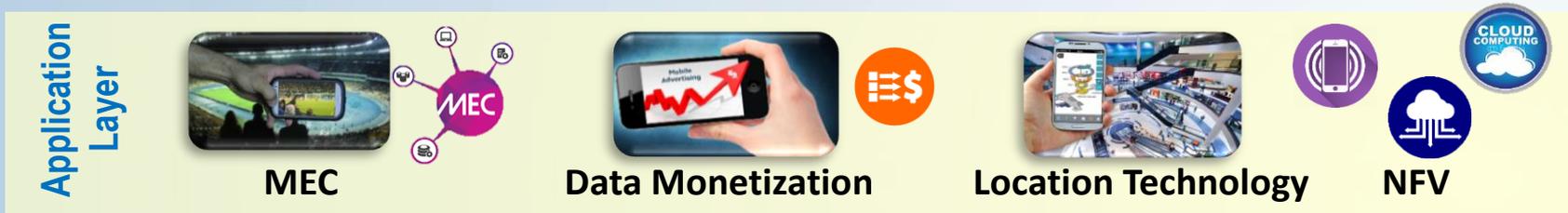
<h3>4G</h3> 	<h3>HetNets</h3> 	<h3>Network Densification</h3> 	<h3>Shared Infrastructure</h3> 	<h3>Industry / Enterprises</h3> 
<ul style="list-style-type: none"> • LTE, LTE-A, LTE-A Pro creating need for complex high end solutions • LTE solutions and backhaul 	<ul style="list-style-type: none"> • Integrated solutions/ services with WiFi, Small Cell and DAS • Increasing adoption by operators and enterprises 	<ul style="list-style-type: none"> • Total solution deploying indoor & outdoor DAS and Small Cells • Data traffic offload solutions 	<ul style="list-style-type: none"> • Co-siting solutions • MIMO antennas • MIMO DAS 	<ul style="list-style-type: none"> • Neutral Host HetNet / DAS • Public Safety • Railways • Large Venues • Healthcare

OPPORTUNITIES

2016+ : Enterprise Segment Strategy



Connected Enterprises / Smart Cities



Comba Capabilities

- Unrivalled Property Coordination and Project Experience
- Strong Technology Solutions Base
- Direct Contact with Enterprise
- Superior Service Capabilities



Thank You