

**ASX Market Announcements  
Australian Securities Exchange**

Date 3 May 2012

**Subject: Annual General Meeting**

Please find attached the Chairman's address to be made at the Annual General Meeting of the Company this morning.

Yours faithfully



Louise Sexton  
Company Secretary

# **Hutchison Telecommunications (Australia) Limited**

## **Annual General Meeting**

3 May 2012



Telecommunications operations of  
Hutchison Whampoa Limited



## Chairman's Update

Barry Roberts-Thomson  
Deputy Chairman



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Firstly, I would like to thank the former CEO of Vodafone Hutchison Australia, Nigel Dews for his leadership of both VHA and 3 over the last 5 years. He is leaving VHA, and taking up a position with Hutchison Whampoa in Hong Kong.

Having driven growth at 3, Nigel led VHA through the complexity and challenges of merging two large organisations and established a competitive third player in the highly competitive mobile market.

We wish him well in his next venture.

I would like to welcome the new CEO of VHA, Bill Morrow who will lead VHA through the next phase of its turnaround journey.

Bill is an experienced telecommunications executive with over 30 years experience in the industry and more than 10 of those years at the CEO level.

He has been credited with turning around businesses within the Vodafone group, including its operations in Japan. More recently as CEO of Clearwire in the US, he was behind the launch of the first nation-wide 4G network and grew ARPU and customer numbers.

Bill has a proven track record in building high performing companies and I welcome him aboard.

Now turning to the performance of your company in 2011.

## 2011: in review

- ➔ VHA network issues impacted performance
- ➔ Support for VHA's accelerated network investment
- ➔ Early signs of turnaround with improved network performance
- ➔ Integration ahead of schedule and savings already exceed NPV
- ➔ Continued support for VHA

When our Chairman, Canning Fok, stood before you this time last year, he acknowledged the success of the first full year of VHA in 2010, the business in which HTAL has a 50% interest.

However last year was not successful as VHA's network challenges in late 2010 negatively impacted HTAL's results in 2011 through its investment in VHA.

The loss of confidence in the network and brand was felt throughout 2011 both at an operational and financial level.

During this time a substantial number of customers were lost to our competitors.

To rebuild this lost confidence, VHA launched a recovery plan that involved firstly stabilising the network issues and then accelerating the network investment plans.

This investment is starting to pay-off, with the network performance and coverage continuing to improve. The fundamental building blocks are in place to return to positive growth, but this will take time with more work to do in 2012 which I will detail later.

On a more positive note, good progress is being made integrating the 3 business with the Vodafone business, with the merger synergy savings already exceeding the NPV target of \$2 billion announced at the time of the merger in 2009.

The HTAL board will continue to support VHA, despite what the media have reported.

## Continued support and confidence in VHA and its turnaround strategy

*VHA's accelerated investment in the network and new service initiatives are our highest priority. Together with our partners at Vodafone, we have provided and will continue to provide extensive financial support for VHA in order to accelerate the work needed to ensure all of our customers in Australia enjoy state-of-the-art mobile network services. We are confident that the continued network investment will see VHA deliver stronger results in 2012.*

Canning Fok, Chairman – 24 February 2012, HTAL media release

*We are 100% committed to this business.*

Nick Read, Vodafone Group CEO AMEA – 22 March 2012, AFR

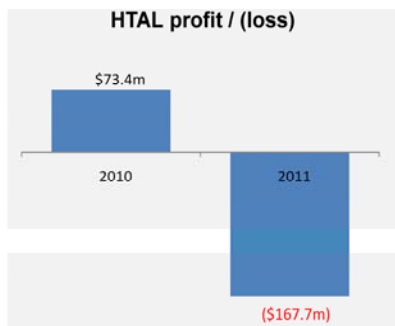
It is important to remind you, VHA has the support of both its major shareholders.

This support and confidence was reiterated by our Chairman, Canning Fok and the CEO of Vodafone Group in March.

The continued investment in the network is critical for the future success of VHA.

Let me now summarise the financial results, update on the network roll-out and the key focus areas for VHA.

## 2011: the numbers



### Drivers of 2011 loss:

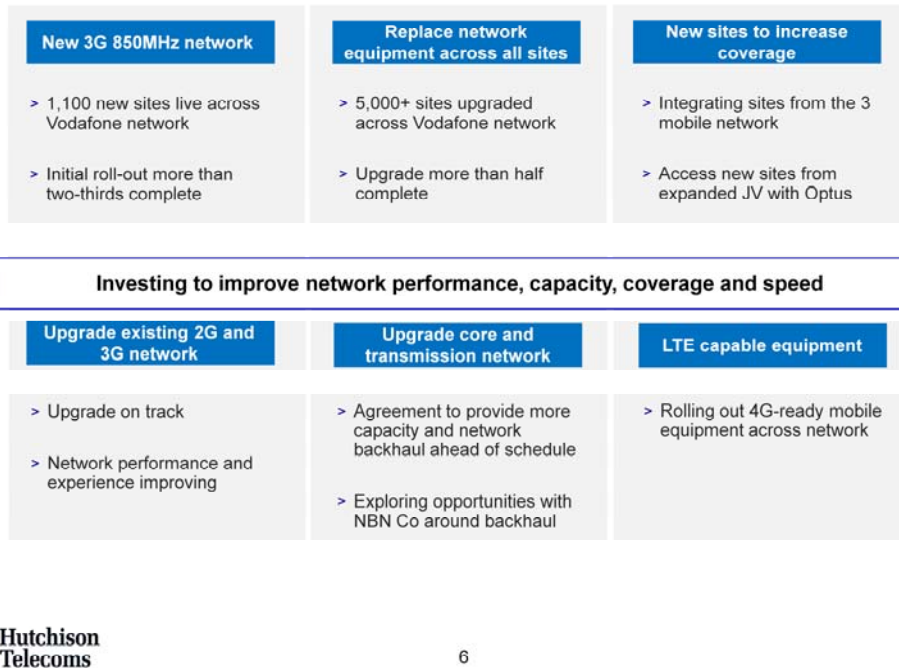
- > Decrease in interest income
- > Decrease in VHA profitability
- > Competitive mobile market

HTAL reported a loss of \$167.7 million for the year ended 31 December 2011, compared to a profit of \$73.4 million last year.

The decline in HTAL's profit resulted from a \$12 million decrease in interest income following the repayment of loans by VHA during 2010, and the decrease in VHA profitability resulting from the network issues of late 2010 and the increasingly competitive mobile market.

Network performance and experience was VHA's highest priority in 2011 and will remain a key focus area in 2012, as VHA continues with its accelerated network investment plans.

## Network investment plans...update



As a reminder, the key elements of the current network improvement plans are:

1. Rolling out a new 3G 850MHz network to improve in-building coverage and capacity;
2. Upgrading the existing 2G and 3G network to provide more coverage and capacity;
3. Replacing network equipment across all sites and installing equipment ready for 4G;
4. Building additional sites to increase coverage; and
5. Upgrading the core and transmission network.

More than 1,100 3G 850MHz sites are live across the network and a total of 1,500 3G 850MHz sites are expected to be live across the Vodafone network by the end of quarter three 2012.

The equipment replacement program is more than half complete and the replacement program has been completed in Western Australia, the Australian Capital Territory, the Northern Territory and South Australia. By the end of quarter three 2012, all required sites are expected to have been replaced with the new single radio access network equipment.

VHA has announced further expansion plans for its network as part of its ongoing investment to meet customer demand for data and applications.

The expansion plans will further increase network capacity, coverage, speed and performance with the addition of 1,800 base stations across the network, as part of an expanded joint venture with Optus.

HTAL supports this critical investment.

## 2012: Other VHA key focus areas



Now, let me briefly touch on the other key focus areas.

During 2011, VHA's customer service metrics improved, wait times were down to normal levels and complaints halved. During 2012, new innovations are being introduced to make it even easier for customer to serve themselves and new simplified pricing plans were introduced by VHA in late February.

However, turning around customer perception will take longer. VHA is starting to see a shift in the customer conversation away from the network and is receiving positive customer network comments. These early signs are encouraging.

VHA is also addressing its cost base by consolidating functions through the simplification of the organisation structure and creating a more efficient go-to-market approach.

Finally, VHA continues to explore various opportunities with NBN Co. VHA has commenced trial activity to develop fixed line services on the National Broadband Network (NBN) and will consider options for commercial launch. VHA is also exploring backhaul opportunities with NBN Co, which would be of great benefit to VHA.

Before I finish and open up to questions, let me make a few closing comments.



## Summary

**2011: a year of action to address operational challenges**

**Investing to improve network performance, coverage & speed**

**Investing to increase network capacity & make network more intelligent**

**Revitalising organisation**

In summary, 2011 was a year of action to address the operational challenges that negatively impacted HTAL's financial results. It was a year that involved:

- Investing in and improving the network performance, capacity, coverage and speed.
- Investing to make the network more intelligent and ready for the continued uptake in smartphone and tablet devices, as customer appetite for mobile data and applications shows no sign of slowing.
- And revitalising the organisation through fundamental changes to reduce the operational cost base and make the business model leaner and more agile.

HTAL expects these changes to positively impact the financial results in the future.

However, the full benefits of the network investment are not expected to fully flow through to the financial results until after 2012.

Thank you.

# Hutchison Telecommunications (Australia) Limited

## Annual General Meeting

### Q & A



Telecommunications operations of  
Hutchison Whampoa Limited



# Hutchison Telecommunications (Australia) Limited

## Annual General Meeting

[www.hutchison.com.au/Investor/InvestorCentre](http://www.hutchison.com.au/Investor/InvestorCentre)



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