

# 2009 Interim Results

*For the period ended June 30, 2009*

**August 20, 2009 - Hong Kong**

# Forward-Looking Statements

This presentation may contain "forward-looking statements" that are not historical in nature. These forward-looking statements, which include, without limitation, statements regarding PCCW's future results of operations, financial condition or business prospects, are based on the current beliefs, assumptions, expectations, estimates, and projections of the directors and management of PCCW about the business, the industry and the markets in which PCCW operates. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond PCCW's control and are difficult to predict. Actual results could differ materially from those expressed, implied or forecasted in these forward-looking statements for a variety of factors.

# *Overview*

*Alex Arena*

*Group Managing Director*

# 2009 H1 Financial Performance

(US\$ million)

	<i>H1'08</i>	<i>H1'09</i>	<i>% Change</i>
<b>Revenue</b>	<b>1,458</b>	<b>1,638</b>	<b>+ 12%</b>
<i>Core Business*</i>	<i>1,379</i>	<i>1,342</i>	<i>- 3%</i>
<b>EBITDA</b>	<b>441</b>	<b>460</b>	<b>+ 4%</b>
<i>Core Business*</i>	<i>432</i>	<i>421</i>	<i>- 2%</i>
<b>Profit Attributable to Equity Holders</b>	<b>84</b>	<b>84</b>	<b>Stable</b>

\* Core business includes telecom, media and ICT businesses

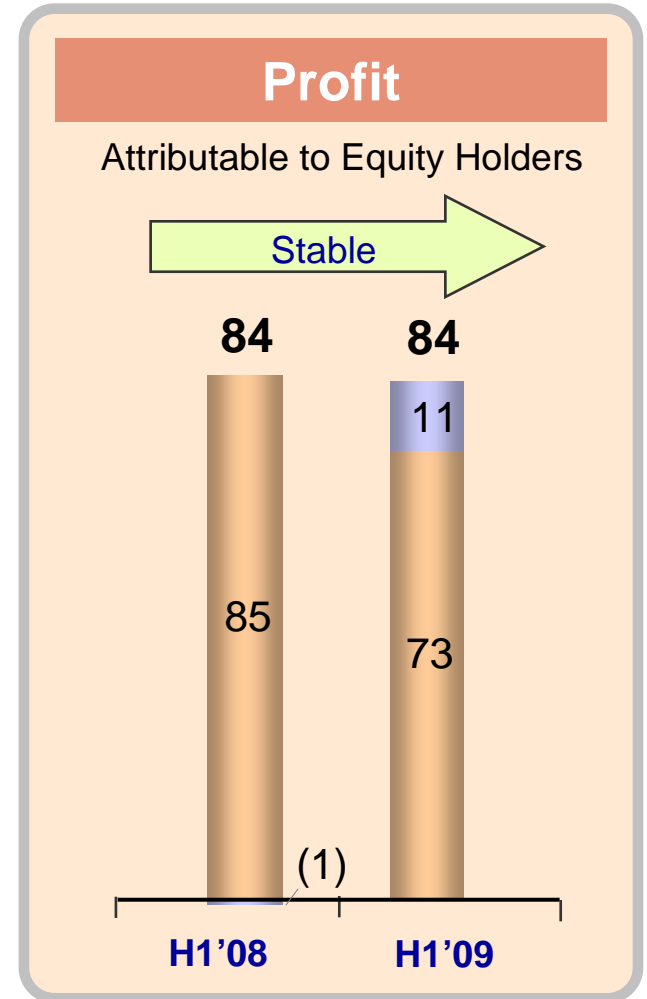
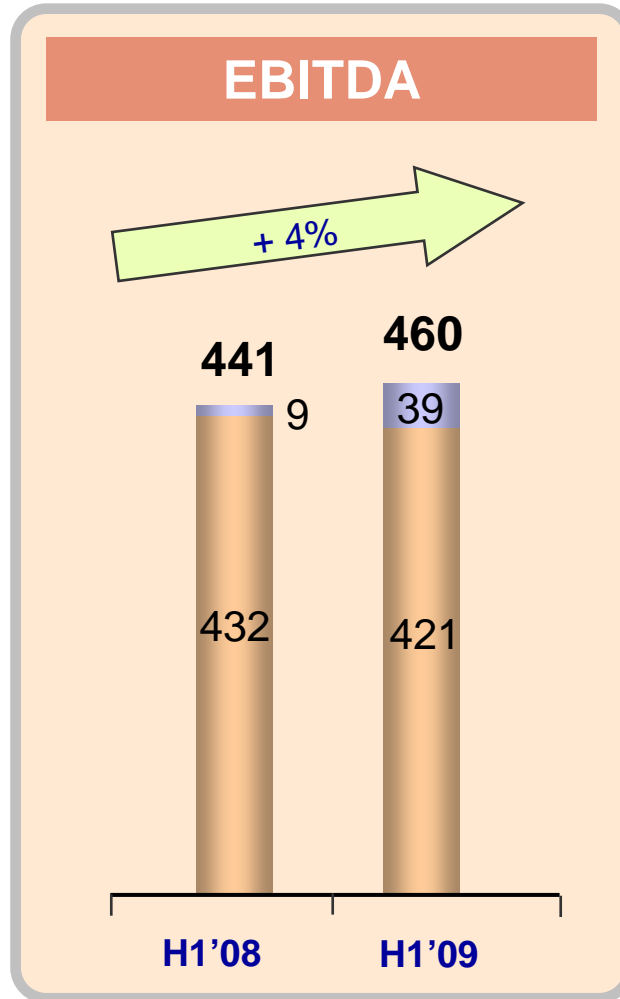
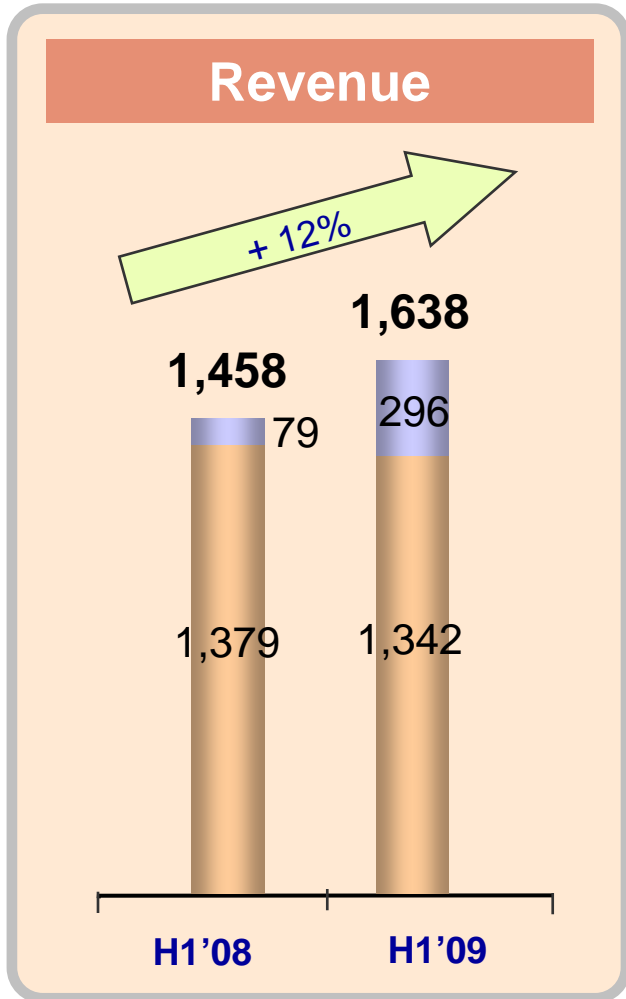
# *Financial Review*

*Susanna Hui*

*Group Chief Financial Officer*

# Core and PCPD Results

(US\$ million) ■ Core Business\* ■ PCPD



\* Core business includes telecom, media and ICT businesses

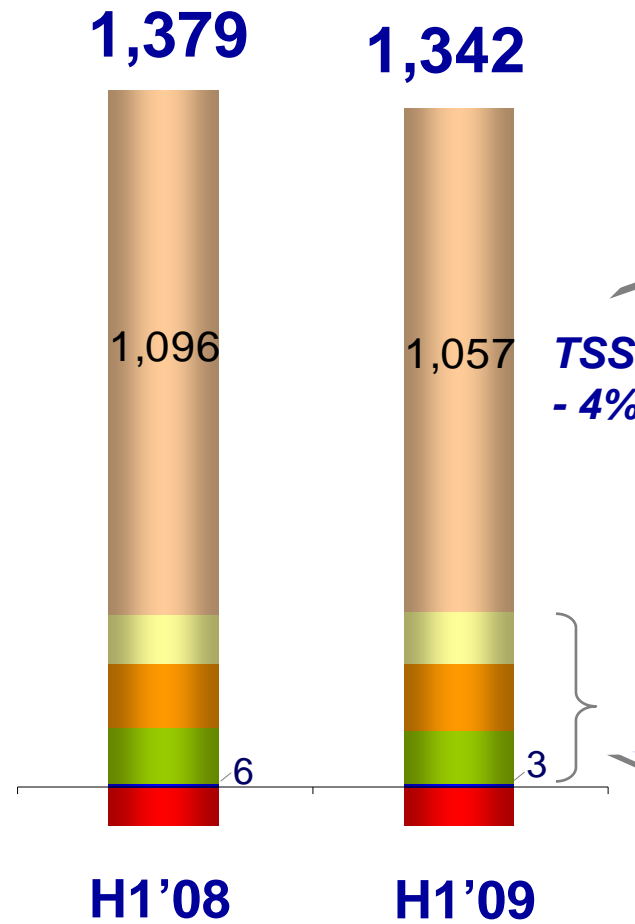
# Core Revenue by Segment

(US\$ million)

## Core Revenue

- 3% y-o-y

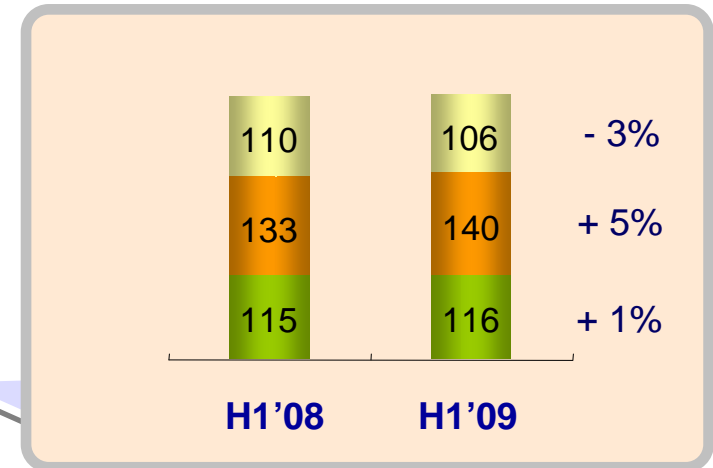
- TSS
- Mobile
- TV & Content
- PCCW Solutions
- Other Businesses
- Eliminations



TSS  
- 4%

### TSS Breakdown

Category	H1'08	H1'09	% Change
Local Telephony	293	273	- 7%
Local Data	310	322	+ 4%
International	245	232	- 5%
Others	248	230	- 7%

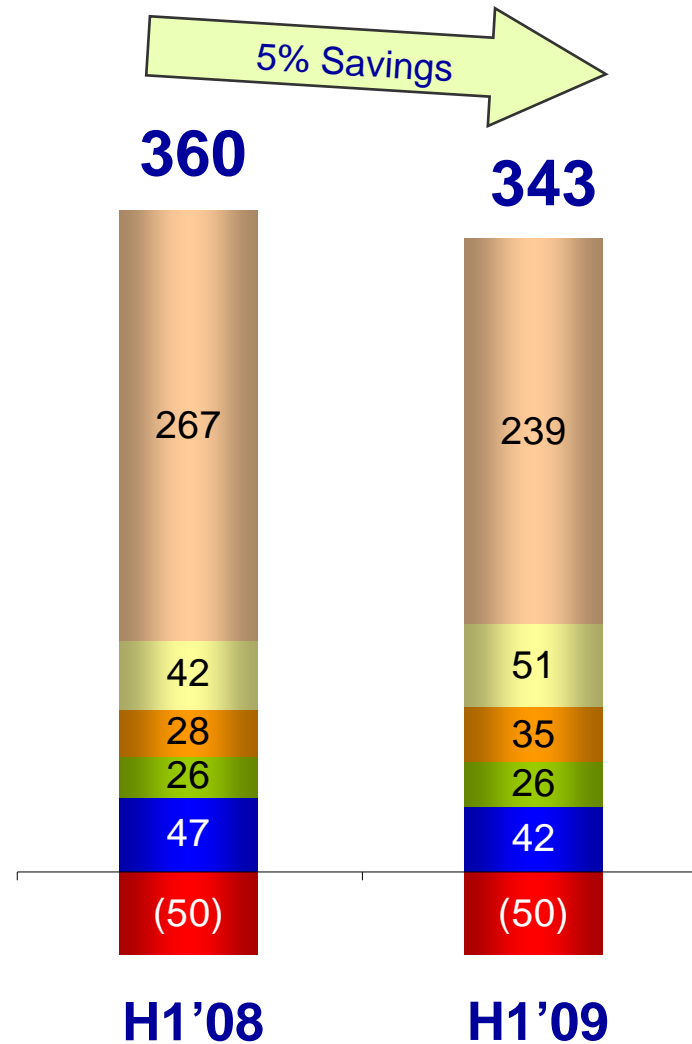


# Cost Efficiency

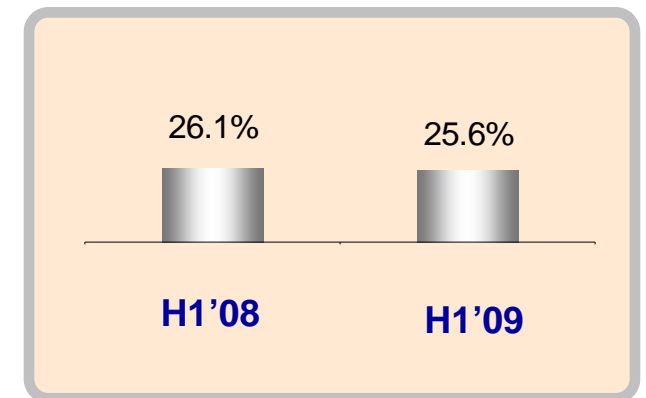
## Core Operating Expenses

(US\$ million)

- TSS
- Mobile
- TV & Content
- PCCW Solutions
- Other Businesses
- Eliminations



## Core Opex to Revenue Ratio

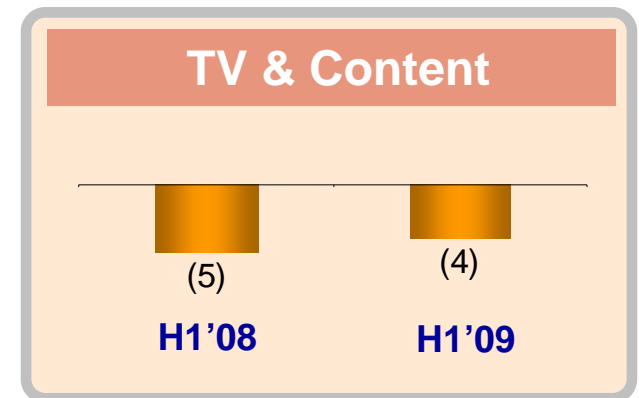
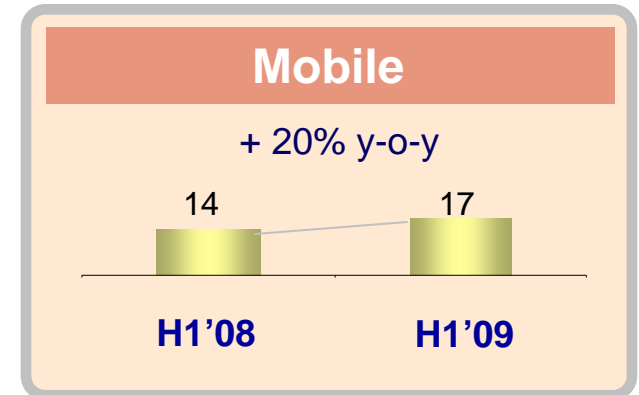
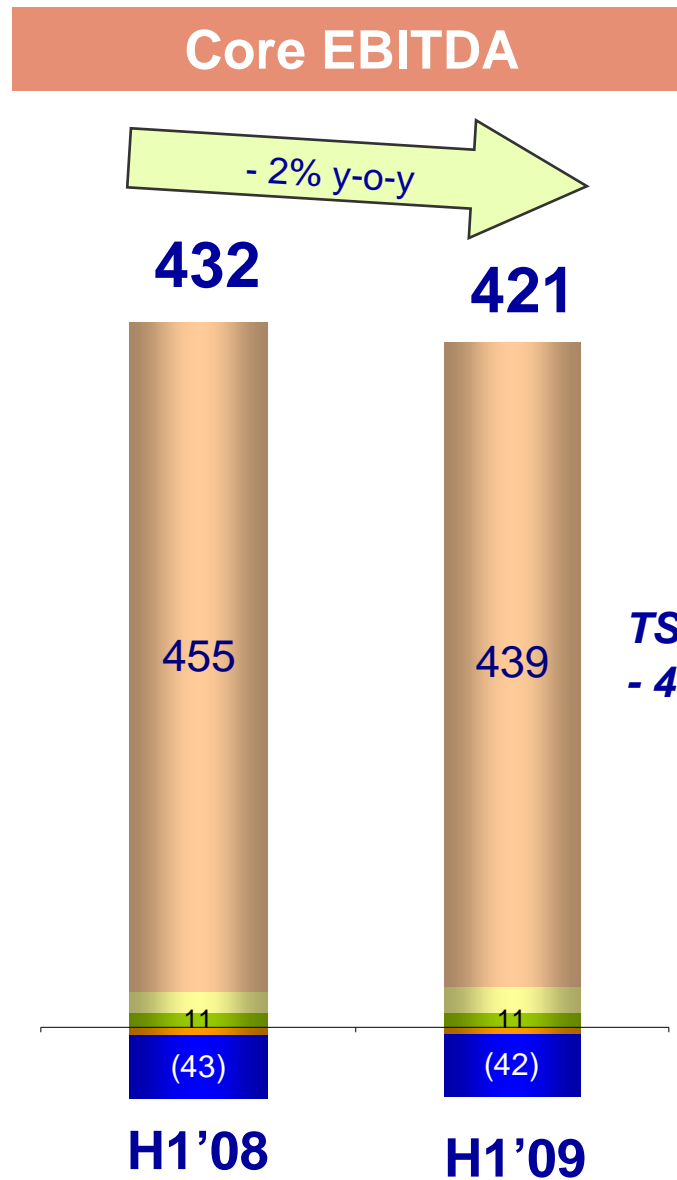




# Core EBITDA

(US\$ million)

- TSS
- Mobile
- TV & Content
- PCCW Solutions
- Other Businesses



# Group Performance

(US\$ million)	H1'08	H1'09	% change
<b>Revenue</b>	1,458	1,638	+ 12%
<i>Core Business</i>	1,379	1,342	- 3%
Cost of sales	(633)	(825)	
Operating expenses	(384)	(353)	
<b>EBITDA</b>	441	460	+ 4%
<i>Core Business</i>	432	421	- 2%
<b>Depreciation and amortization</b>	(224)	(243)	↑
Operating profit	217	217	
Other gains/ (losses), net	2	(1)	
Interest income	9	2	
<b>Finance costs</b>	(85)	(96)	↑
Share of results of associates & jointly controlled companies	(1)	1	
Impairment loss on interests in JVs & associates	0	(5)	
Profit before income tax	142	118	
<b>Income tax</b>	(54)	(22)	↓
Minority interests	(4)	(12)	
<b>Profit attributable to equity holders of the Company</b>	84	84	<i>Stable</i>

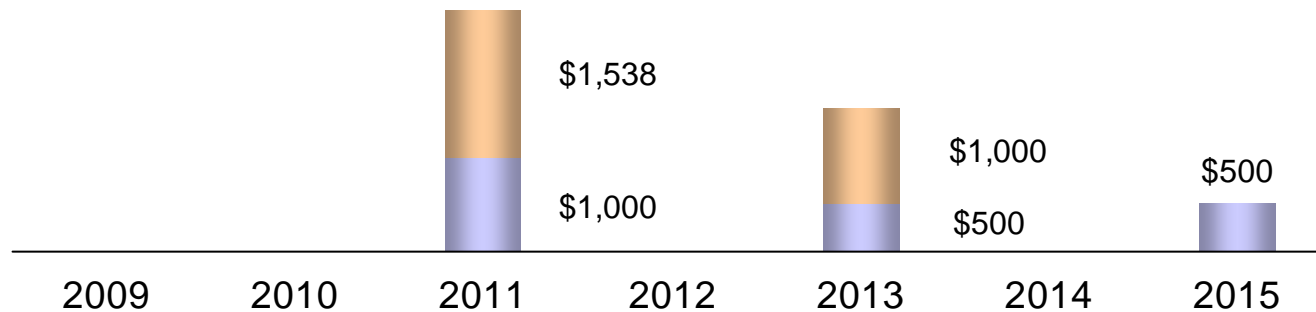
# Debt Profile

(US\$ million)



**Gross debt: US\$4,538m**

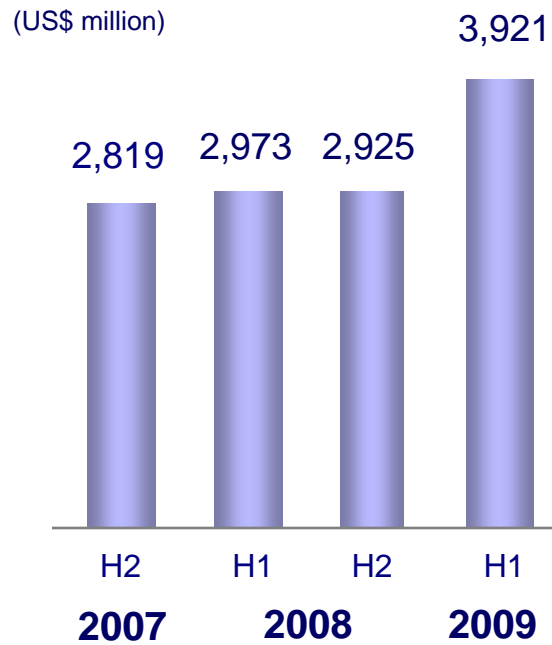
As of June 30, 2009



- Average remaining term of debt at approximately 3.4 years
- Average cost of debt reduced to approximately 4% from 4.8 % p.a.

# Credit Fundamentals

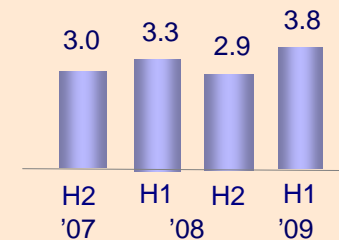
## Net Debt



Net Debt<sup>(3)</sup> up 32% y-o-y to US\$3,921m  
 Net Debt/EBITDA <sup>(1)</sup> as of June 30, 2009 was 3.8x

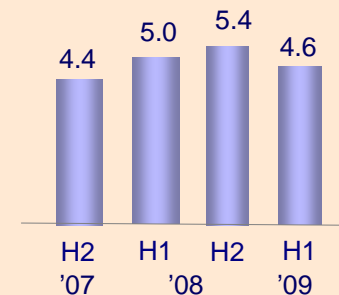
## Net Debt/EBITDA <sup>(1)</sup>

### PCCW Group



## EBITDA/Interest <sup>(2)</sup>

### PCCW Group



(1) Based on net debt as at period end divided by EBITDA for the 12-month period

(2) Based on EBITDA for the period divided by "gross interest plus finance fees"

(3) Net debt refers to the principal amount of short-term and long-term borrowings, minus cash and cash equivalent and certain restricted cash

# ***Business Review***

***Alex Arena***

*Group Managing Director*

# Quadplay Update

## Fixed line

**PCCW** Fixed Line®



## IPTV

**now** TV



## Broadband

**netvigator**®



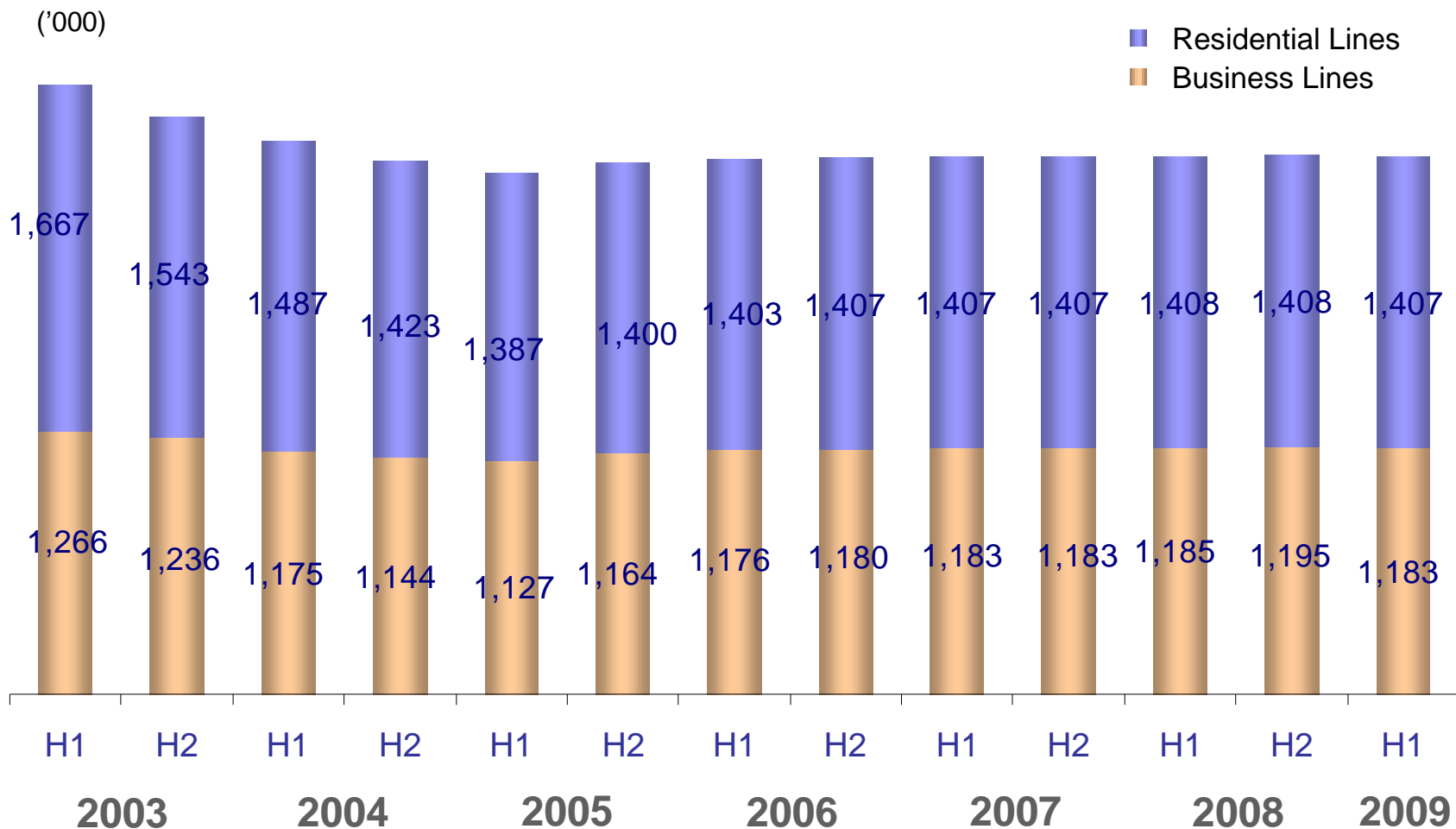
## Mobile

**PCCW** mobile®



# Stable Fixed-line Business

Solid Customer Base Maintained Since 2005



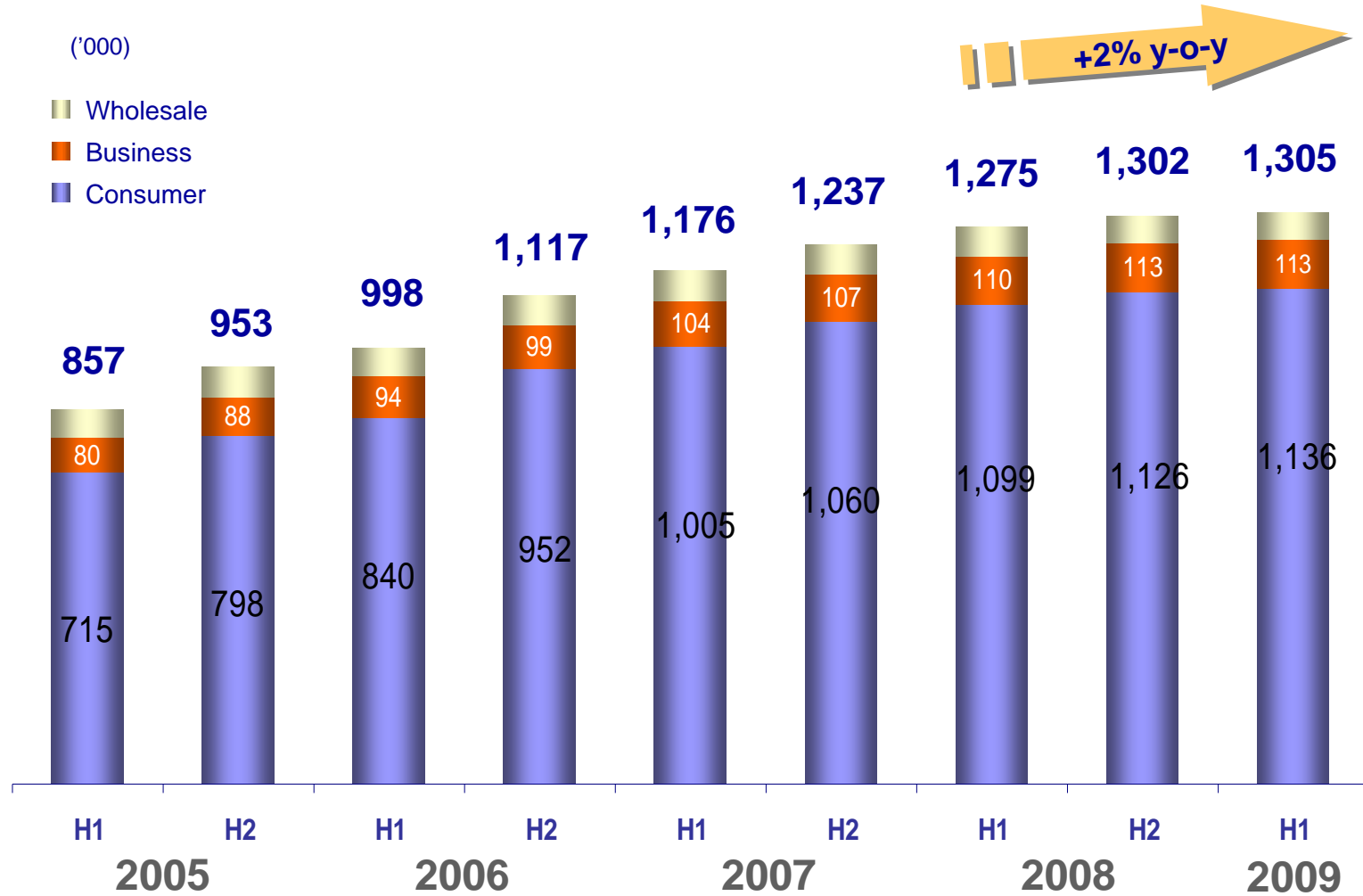
## Revitalizing the Fixed Line



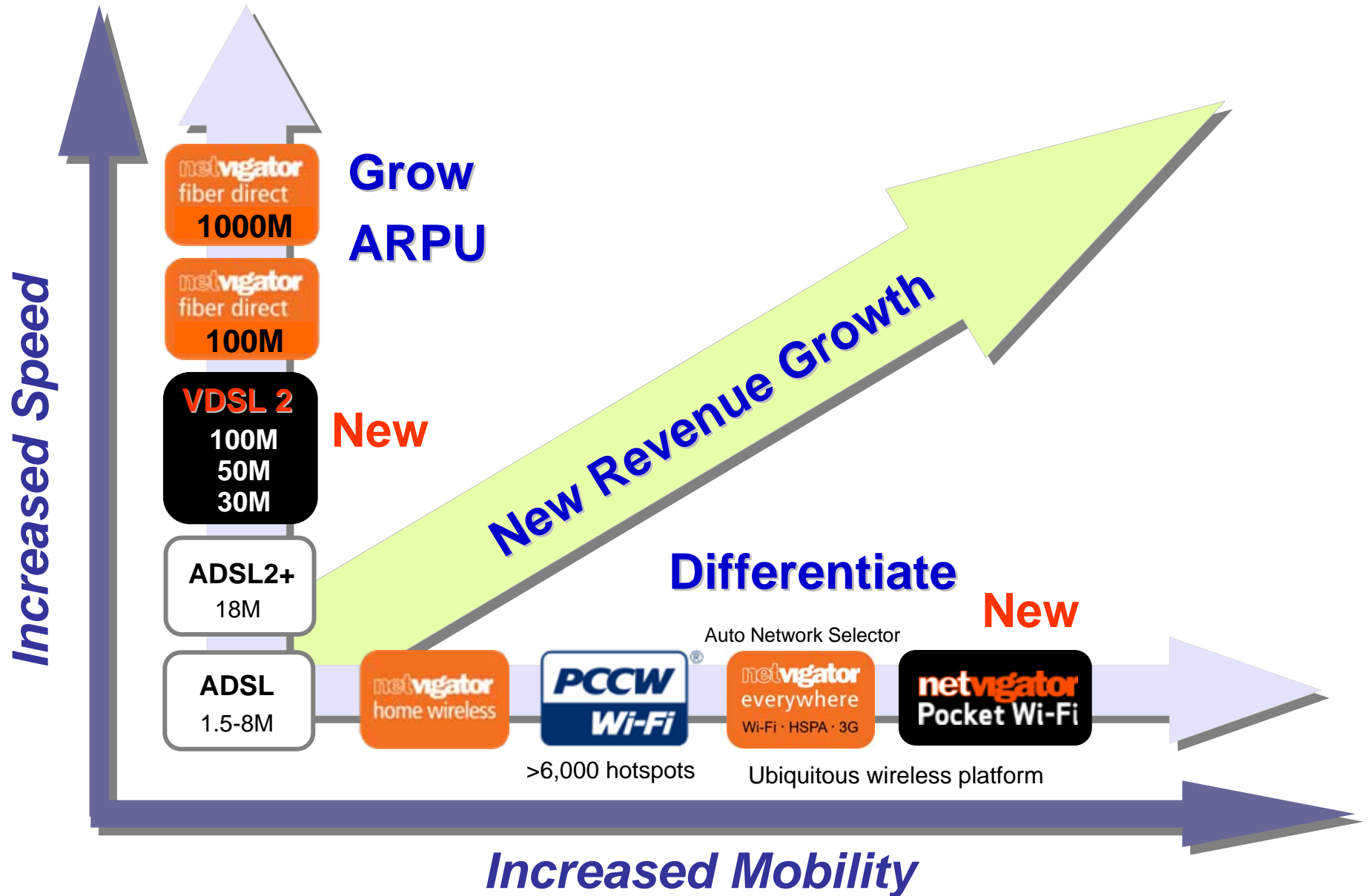
- An evolutionary step for fixed-line services
- Portable 8" touch-screen multimedia device
- Provides traditional voice and IDD services
- Provides video-calling
- Watch **now TV** through embedded TV decoder
- 130,000 songs and music video on **moov**
- Incorporates Dictionary, Vocabulary Flash Cards & Phonics
- Over 100 types of interactive content and applications
- Fully exhibits our quadplay innovation and leadership



## Broadband Continues to Grow Despite the Poor Economy



# High Speed and Mobility Products Differentiate & Drive Broadband Growth



# Pocket Wi-Fi for Multi Devices



The personal Wi-Fi Zone enables customers to simultaneously connect many devices to PCCW's HSPA network, all under one single tariff plan

# PCCW mobile Performance

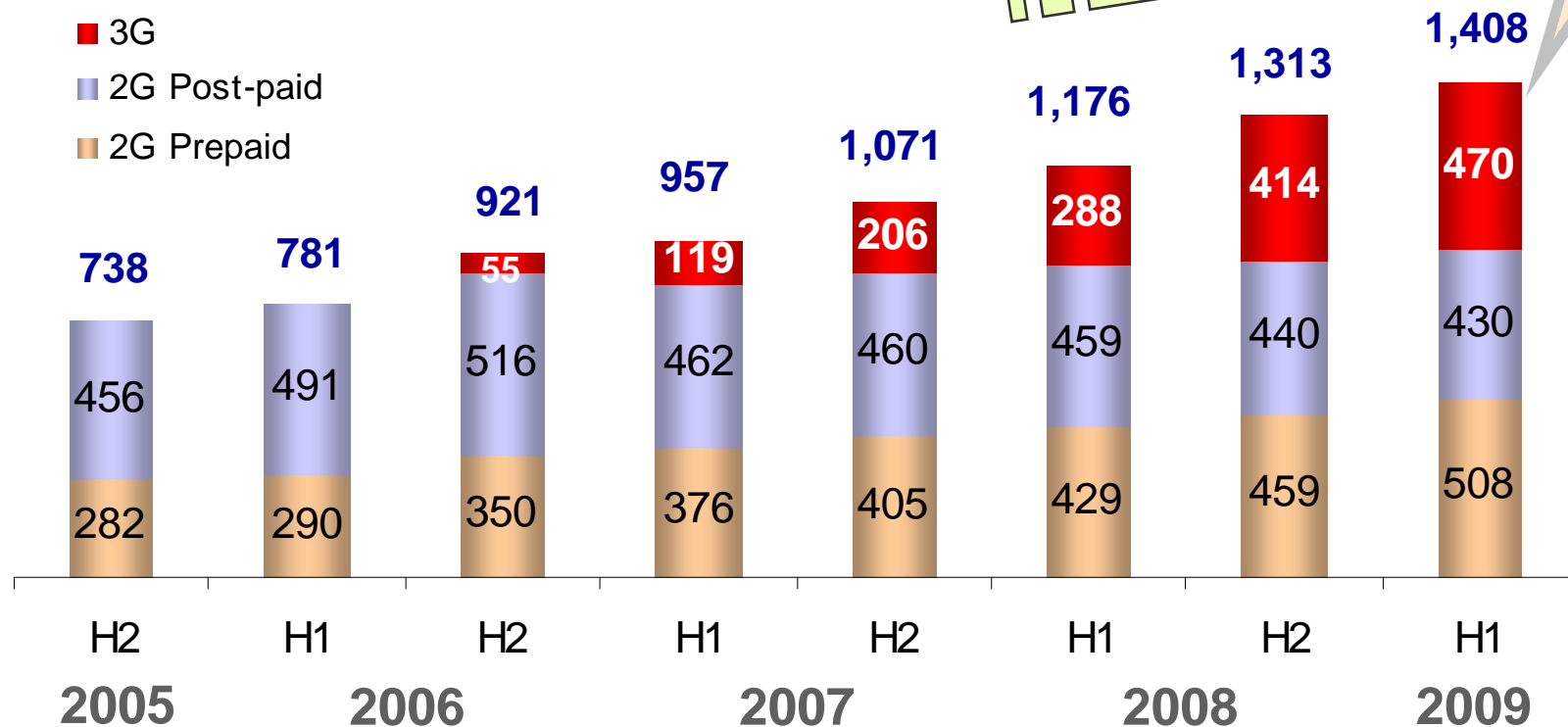
## Rapidly Growing PCCW mobile Base

### ARPU

- 3G exit ARPU HK\$175
- Blended (2G + 3G) post-paid exit ARPU HK\$132

('000)

- 3G
- 2G Post-paid
- 2G Prepaid

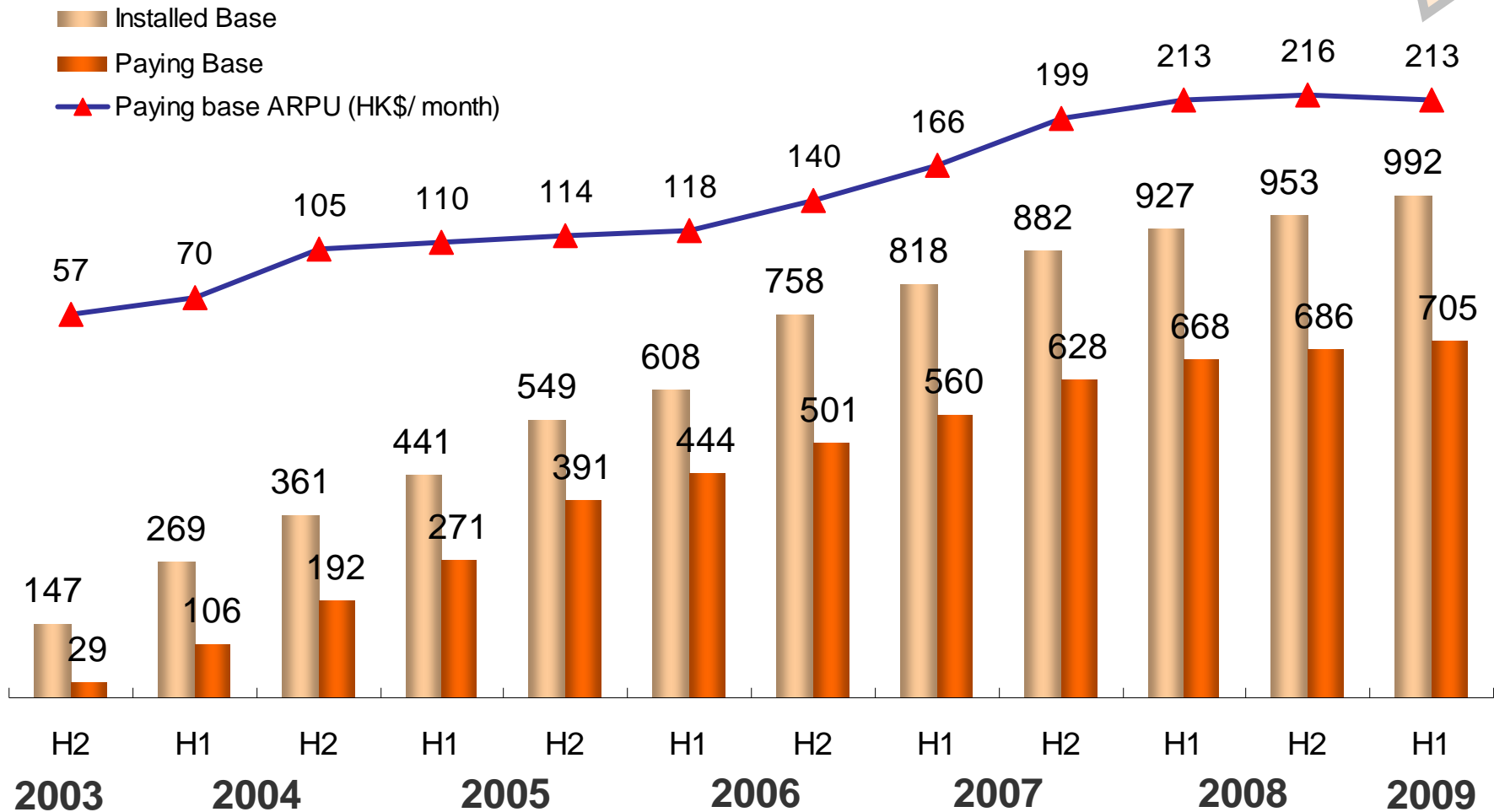


**3G base**  
+ 63% y-o-y

+20% y-o-y

## Steady **now** Growth Momentum

Mega Sport Packs,  
Other Value Packs &  
Segmented Offers





# Service Excellence as Differentiator

## Content on now TV

- Widest variety of content offering unparalleled choice to pay TV viewers:

- 170+ world-class movies, sports, news, documentary and general entertainment channels



## now 香港

- Well received self-produced programs on now 香港 demonstrating strength in creating local entertainment relevant to HK viewers:



## now TV Marketing

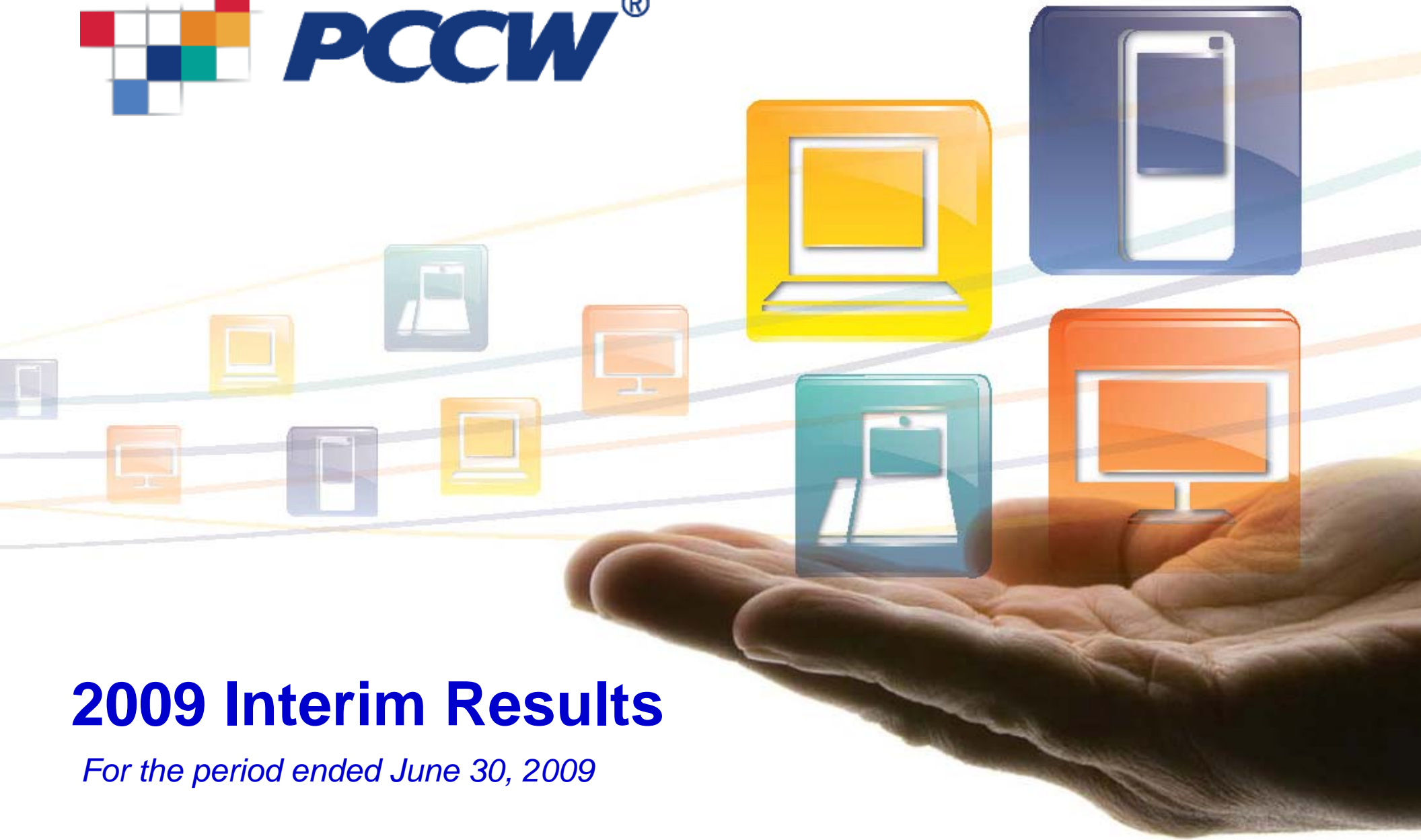
- Market segmentation: drive penetration into premium, mid-affluent and mass customer segments leveraging targeted offers and eye<sup>e</sup>.

- Full range of tailored customer offers - from affordable public housing offers to mini-packs and Super Value Packs

- Creating new market for now - through eye<sup>e</sup> Portable Media Center



**now TV Largest Pay TV Operator in Hong Kong**



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