Hutchison Telecoms

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Media Release

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Hutchison Continues Solid Improvements in Financial Performance

Service revenue up 73% to $364.4 million

EBITDA losses reduced by 43%

Sydney, 16 August, 2005: Hutchison Telecommunications (Australia) Limited (ASX: HTA) today announced results for the first half of 2005, reporting solid improvements in financial performance. Service revenue of its two businesses, Orange and **3**, increased by 73% to $364.4 million, supported by strong growth in non-voice revenue, as customers continue to increase their usage of **3**'s non-voice services. Average monthly per customer margin grew by 23% to $48.

In the same period, EBITDA losses reduced by 43% from $214.0 million to $122.6 million - the first time since the launch of Hutchison's 3G business that improvements in EBITDA and net losses have been recorded, reflecting increased scale and tight cost management.

Hutchison Chief Executive Kevin Russell said the company's solid performance reflected the leadership Hutchison had obtained in the market with **3**, and Orange's steady contribution.

"Our results clearly show our improved revenue position, and our progress towards beginning 2006 in a monthly EBITDA positive position," Mr Russell said. "Service revenue growth reflects our expanding customer base and, importantly, a strengthening contribution from non-voice services."

In the **3** business, non-voice average revenue per user (ARPU) grew from $12 to $16. This 30% increase reflected strong uptake and usage of **3**'s content services. Revenue from services including content, video-calling and high speed data access nearly doubled to $7 per month. SMS ARPU was stable at approximately $9.

"How we price, package and promote our content is essential to ensuring its usage and uptake. Content packs have been a key strategy, where we bundle up content into simple, low cost, high value subscriptions that allow customers to use content without fear of bill shock," Mr Russell said.

At the end of June, over 65% of customers from **3** were accessing the content portal on a regular basis, and during the month of June, 52% of **3**'s customer base generated a billable content event. Strong growth in billable usage is primarily attributable to several new product launches including Big Brother, which generated nine times the traffic to **3** than it did in the previous year; Australia's first and only 24/7 streaming of Rage video music; and an unmatched range of real-time multiplayer games. Business Messaging, a mobile corporate email product targeted at small to medium businesses, was also launched.

Hutchison recorded improved control over operating expenditure. Direct costs of providing telecommunications goods and services decreased by 8% from $192 million in the six months to June 2004, to $176 million in the reporting period. This decline is principally due to lower network operating costs resulting from the radio access network sharing agreement with Telstra, signed in December 2004.

Reported customer numbers reflected a change in customer recognition policy, with only customers with activity over the last **3** months being recognised. The customer base grew by 56% to 950,000 customers, of which 90%, or 858,000 were post-paid customers.

With a strengthening of handset range, increasing market awareness of **3**'s network strength, the launch of new coverage areas and the increasing credibility of **3**'s non-voice service offering, Hutchison expects net customer growth to strengthen, primarily in the **3** post-paid business in the second half.

"The first half of 2005 is encouraging. Sales have been solid, non-voice revenue and margins are growing and, increasingly, **3** is building a customer base that is using its services," Mr Russell said.

Other financial and operating highlights include:

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- 73% increase in overall service revenue to $364.4 million
- 23% improvement in average monthly margin per customer to $48
- 43% reduction in EBITDA losses to $122.6 million

3

- 160% increase in **3** service revenue to $218.1 million
- Non-voice ARPU grew strongly from $12 to $16
- 27% improvement in average margin per customer to $56
- 30% improvement in EBITDA losses from $206.7 million to $144 million

Orange

- Average monthly margin per customer stable at approximately $40
- EBITDA contribution of $21.5 million
- CAPEX less than $10 million

Note: Hutchison's financial statements for the first half of 2005 have been prepared under the Australian equivalents of International Financial Reporting Standards (A-IFRS), as mandated for adoption by the Australian Accounting Standards Board. The adoption of A-IFRS has no cash flow impact. To ensure comparability, the financial statements for the prior periods have also been restated to reflect the new standards. Details are contained in the company's 4D filing.

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