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## Media Release

### Hutchison Continues Growth

**Service revenue up 45% to \$758 million**

**EBITDA losses reduced by \$230 million to \$180 million**

**Sydney, 7 March 2006:** Hutchison Telecommunications (Australia) Limited (ASX:HTA) today announced results for the full year ended 31 December 2005, reporting continued growth and a strengthening financial performance. Service revenue grew by 45% reflecting the expansion of the post-paid 3G customer base and growth in non-voice service revenue. EBITDA losses improved by \$230 million as Hutchison continued to improve its operating position. Hutchison also reported a strong start to 2006, with its 3G customer base increasing to 806,000 as at 6 March 2006, including almost 100,000 customers upgrading from its 2G network to its 3G network so far this year.

Hutchison Chief Executive Officer, Kevin Russell, said the company's continued leadership in the 3G market and its single focus on 3G is driving its growth.

"In 2005 we focused on continuing to help our customers enjoy more from their mobile service. In our 3G business we are now seeing strong trends in customer take up of services such as live mobile TV and music."

In the 3G business, non-voice average revenue per user (ARPU) grew from \$13 per customer per month in 2004 to \$19 in 2005, representing 24% of the total ARPU from 3G customers. Non-voice services, including content from the company's portal Planet 3 and high-speed data access, but excluding SMS, contributed an industry leading \$8 per month in 2005.

Key to customer usage of content services has been the packaging, promotion and pricing of services such as mobile TV. 3's monthly subscriptions to services such as News from as little as \$3 per month have grown, reaching over 500,000 subscriptions in December.

The company's EBITDA loss improvement was consistent with the improvement in service revenue, reflecting the fixed cost nature of the business and ensuring that a high proportion of incremental revenue growth flows to EBITDA. In January this year, the company recorded a positive EBITDA position prior to the cost impact of internally upgrading 2G customers to the 3G network.

Capital expenditure of \$207 million, including contributions to the 3G network joint venture with Telstra, was \$100 million less than the previous year. The reduction reflects a lower requirement for new site rollout with over 2,200 sites in service at the end of 2005, and an improved network performance.



## **Upgrade demand from 2G customers to 3G**

In February, Hutchison announced the rebranding of its CDMA business to **3**, and its plans to upgrade those 2G customers to 3G. The response from customers has been overwhelmingly positive, with almost 100,000 customers upgrading so far this year. Customer demand for greater certainty of technology direction, attractive handsets and plans, and the potential for using their mobile phone for other services has driven customer uptake.

"Customer response has been extremely encouraging – not just in terms of taking up the great plan offers, but customers being inquisitive about new services. This shows us that even customers who are traditional voice and text users are demanding more from their mobile," Kevin Russell said.

Commenting on Hutchison's performance in 2005 and the outlook for 2006, Kevin Russell said, "We are happy with our progress in building our 3G business. In 2006 we anticipate the start of a more rapid migration of 2G customers to 3G networks, as well as increasing awareness for 3G services and ongoing advances in handset range, form factor and price point. **3** is well placed to continue its leadership position."

## **Financial and operating highlights include:**

- 45% increase in service revenue to \$758.2 million
- Non-voice ARPU in the 3G business grew strongly from \$13 to \$19
- Average monthly margin per customer increased from \$45 to \$48
- EBITDA losses improved by \$230.2 million reflecting both revenue growth and reduced operating costs

## **About Hutchison Telecommunications (Australia) Limited (HTAL)**

Hutchison is focused on delivering leading communications and multimedia services to the Australian consumer. There are over one million customers across our family of **3** services - **3** 3G, **3 CDMA** (a 2G network) and **3** Paging.

At Hutchison, we believe the future is 3G. Customers today want more from their mobile service, whether it's watching live mobile TV or enjoying low call rates. Hutchison launched Australia's first 3G service in April 2003, with 806,000 customers using the network not only for voice calls and messaging services, but also tuning in to our mobile TV channels, downloading and listening to full length audio and music videos, and videocalling friends and family.

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