

*For immediate release*

## **HKBN Ltd. Announces Interim Results for the Six Months Ended 28 February 2015 Solid Results Forming a Foundation for GROWTH & Yield**

(Hong Kong - 29 April 2015) HKBN Ltd. ("HKBN" or the "Company"; SEHK Stock Code: 1310) today reported its unaudited consolidated results for the six months ended 28 February 2015. During the period, the Group delivered a solid set of operational and financial results, building a foundation for growth in both its residential and enterprise businesses. Key highlights from the interim period include:

- Turnover increased by 10% year-on-year to HK\$1,126 million
- EBITDA increased by 15% year-on-year to HK\$482 million
- Listing expenses and one-off finance costs of HK\$160 million led to a loss of HK\$47 million
- Adjusted Net Profit increased by 29% year-on-year to HK\$160 million
- Residential broadband subscription market share increased to 35.4%\*
- Residential broadband average monthly churn rate at less than 1%

### **Steady growth in residential broadband business**

Residential revenue grew by 9% year-on-year to HK\$872 million as we continued to gain market share within the residential broadband market mainly by converting our competitors' legacy copper-based customers to our fibre-based services. During the six months ended 28 February 2015, 30,000 net additions were achieved for a total of 722,000 residential broadband subscriptions together with a 6% year-on-year increase in residential ARPU to HK\$184. The Company's market share by residential broadband subscriptions increased to 35.4%\* as of 31 January 2015 (28 February 2014: 33.0%).

### **Continued expansion in the enterprise market**

The Company's enterprise business is on positive momentum with revenue growing by 10% year-on-year to HK\$229 million as a result of our strategic focus on SME market, as well as further development of a comprehensive set of service offerings to these customers. During the six months ended 28 February 2015, the Company achieved 3,000 net additions to enterprise customers for a total of 35,000, which more than offset a 3% year-on-year decrease in enterprise ARPU to HK\$1,025. The Company's market share by enterprise broadband subscriptions increased to 13.0%\* as of 31 January 2015 (28 February 2014: 11.6%).

### **Adjusted net profit rises to HK\$160 million**

After charging the listing expenses and one-off finance costs relating to refinancing of HK\$160 million collectively, a loss of HK\$47 million was recorded. Finance costs increased by 106% year-on-year to HK\$199 million from HK\$96 million mainly due to the one-off finance costs of HK\$108 million relating to the refinancing of 5.25% senior notes.

Adjusted Net Profit, excluding the impact of amortisation of intangible assets, non-recurring finance costs and non-recurring items, increased by 29% year-on-year to HK\$160 million. EBITDA rose by 15% year-on-year to HK\$482 million, with EBITDA margin improved to 42.8% from 40.9% in the corresponding period last year. Adjusted Free Cash Flow increased by 4% year-on-year to HK\$185 million, amid an increase in income tax paid and a swing in working capital.

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*\*Based on our broadband subscriptions and the latest available OFCA statistics as of 31 January 2015*

## **Expectation for sustainable growth and yield**

“We continued to deliver record strong highs in both our residential and enterprise businesses,” said William Yeung, Chief Executive Officer and Co-Owner of HKBN. “Our emphasis on growing our subscriber base is to set a solid foundation to build sustainable long term value.”

“Our management ethos is based on ‘Distributed Value Creation’, centered on creating value for customers by offering disruptive benefits. We believe that if we can WOW our customers, our shareholders and ourselves as Co-Owners, we will do very well over time,” said NiQ Lai, Head of Talent Engagement, Chief Financial Officer and Co-Owner of HKBN.

**For details of HKBN’s interim results 2015, please refer to the announcement.**

**[www.hkbn.net/interim-results-announcement-2015/en](http://www.hkbn.net/interim-results-announcement-2015/en)**

## **About HKBN Ltd.**

HKBN Ltd. (SEHK Stock Code: 1310), operating through Hong Kong Broadband Network Limited, is the largest provider of residential fibre broadband services (symmetrical 100Mbps and above) in Hong Kong by number of residential subscriptions, with a core purpose to “Make Our Hong Kong a Better Place to Live”. HKBN offers an array of world-class enterprise solutions, including broadband and data connectivity, voice communication, managed Wi-Fi solutions, Cloud solutions and IT advisory services, as well as a diversified portfolio of residential broadband and Wi-Fi access, communication and entertainment services. HKBN owns an extensive fibre network in Hong Kong, which covers over 2.1 million residential homes passed, representing approximately 79% of Hong Kong’s total residential units, and more than 1,900 commercial buildings. HKBN takes great pride in developing its 2,300 plus Talents into a competitive advantage.

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## **Issued by HKBN Ltd.**

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