



Hutchison Telecom Hong Kong Holdings
和記電訊香港控股

2018 Annual Results Presentation

28 February 2019



A member of CK Hutchison Holdings



Digitalisation
Transformation

Disclaimer

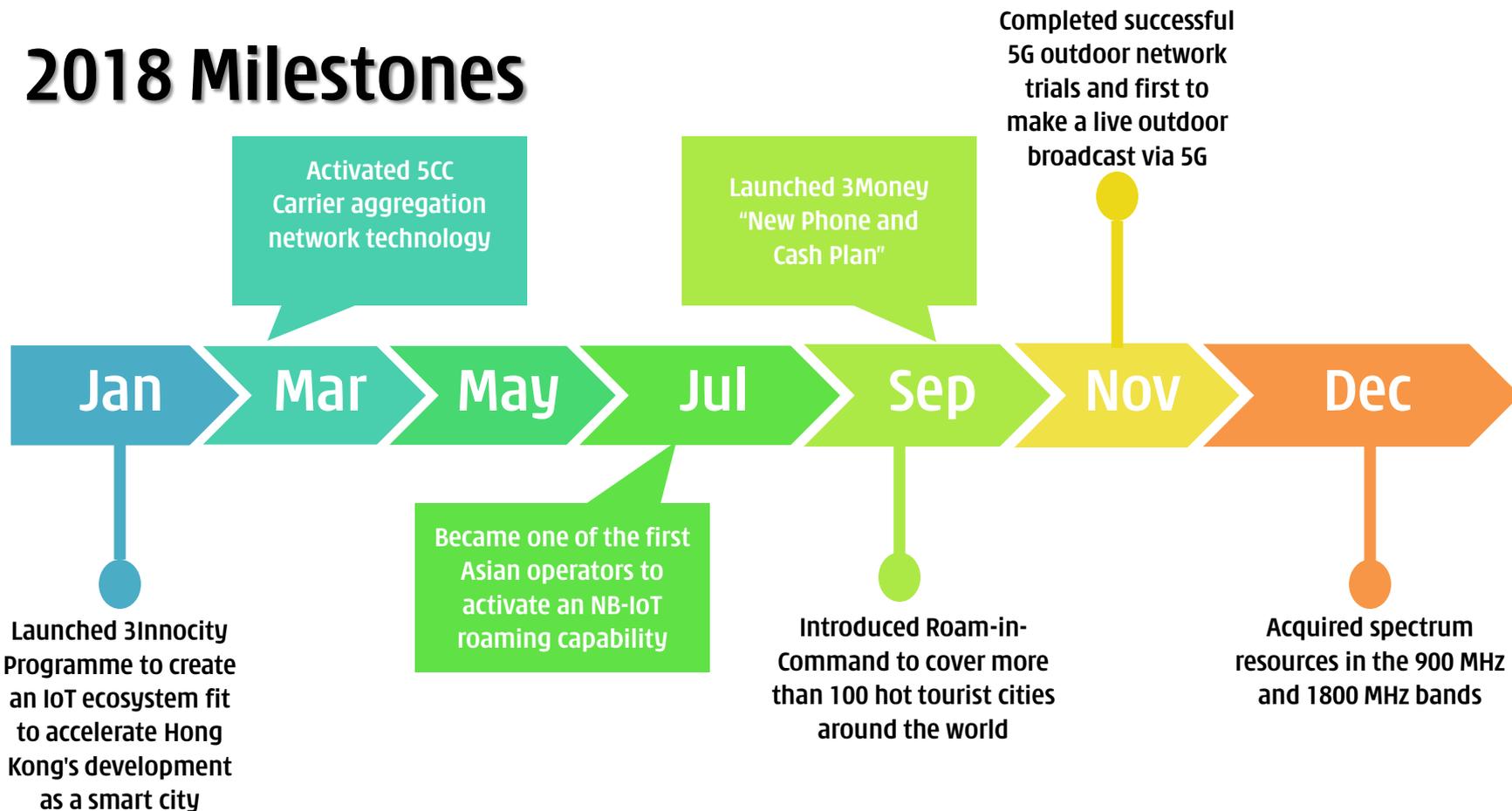
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2018 Milestones



2018 Financial Highlights

Revenue

HK\$7,912m
+17%

Key Cost Items

HK\$2,627m
-3%

Recurring Profit

HK\$404m
+82%

Strong Net Cash

HK\$9,555m

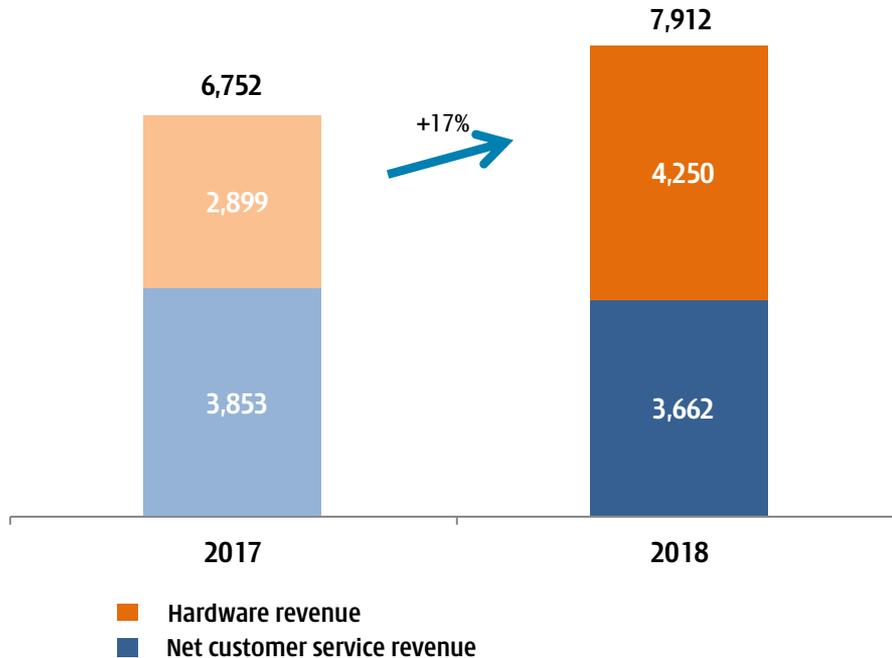
2018 Dividends



Financial Review



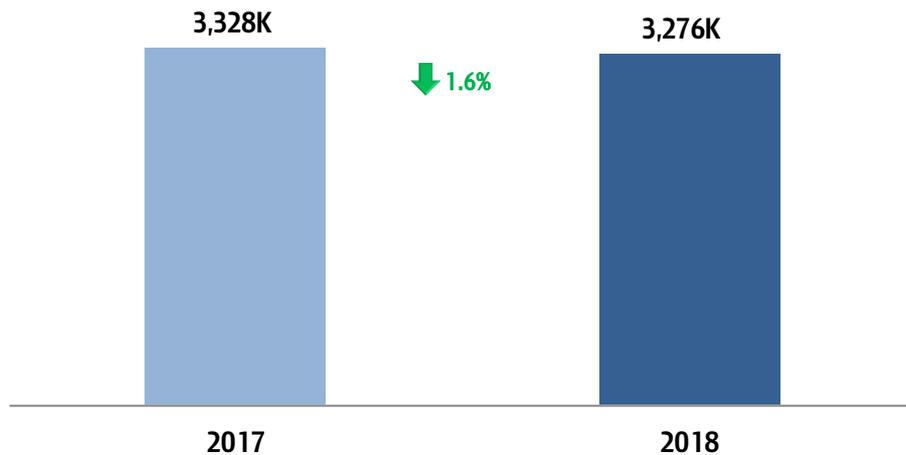
Revenue (HK\$m)



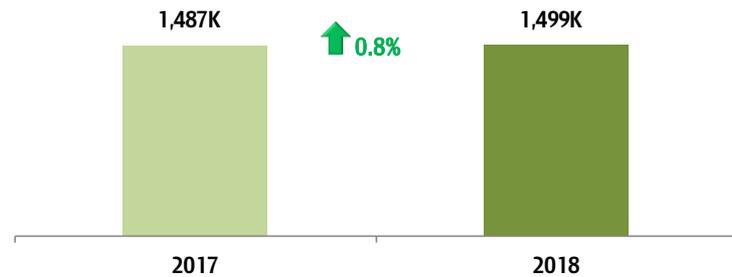
- Increased demand for new smartphones
- Tariff-focused competition
- Local service revenue under pressure
- Roaming service revenue improved with 24% increase in roaming data revenue

Customers

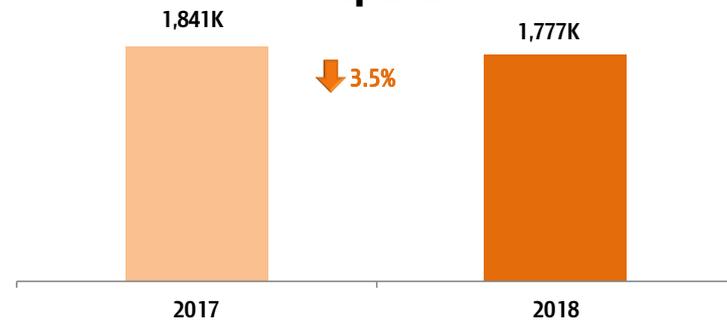
Total



Postpaid

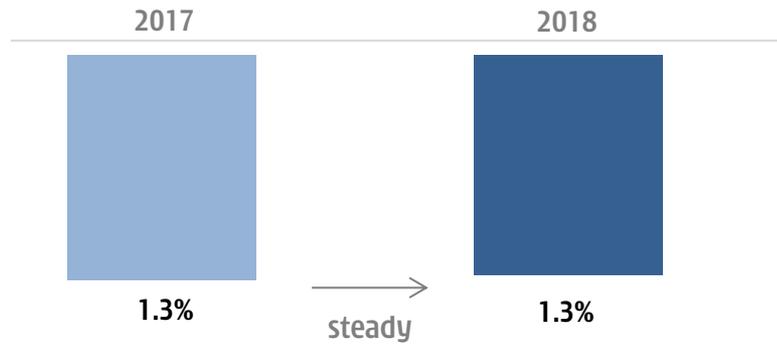


Prepaid

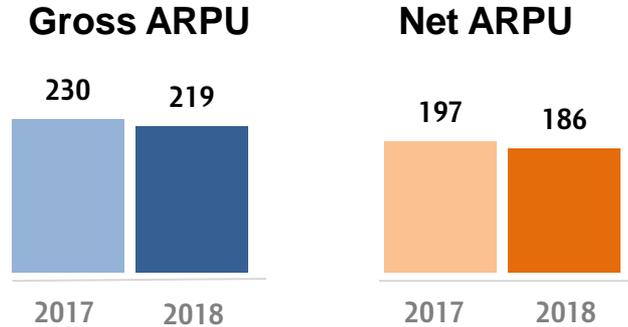


Churn and ARPU

Postpaid Churn



Blended postpaid gross ARPU⁽¹⁾ and net ARPU⁽¹⁾

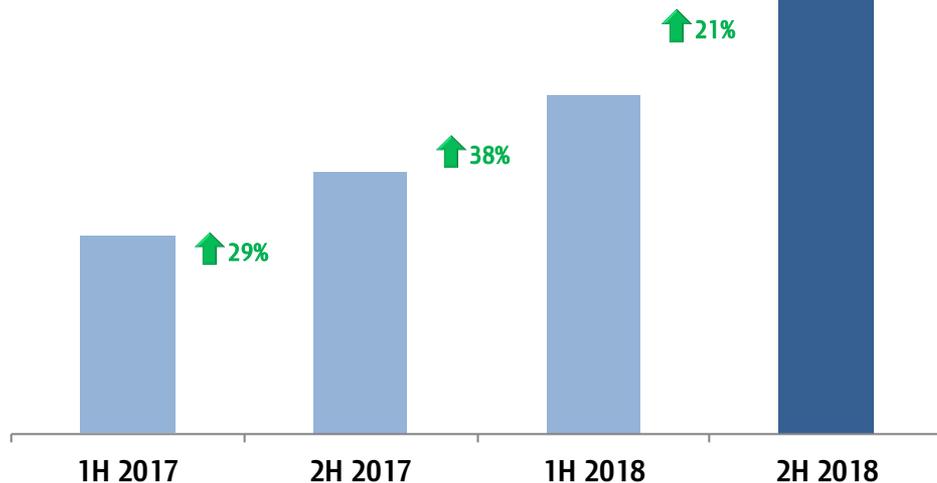


Note 1

Postpaid Gross ARPU = monthly average spending per postpaid user including handset contribution for bundled plan.

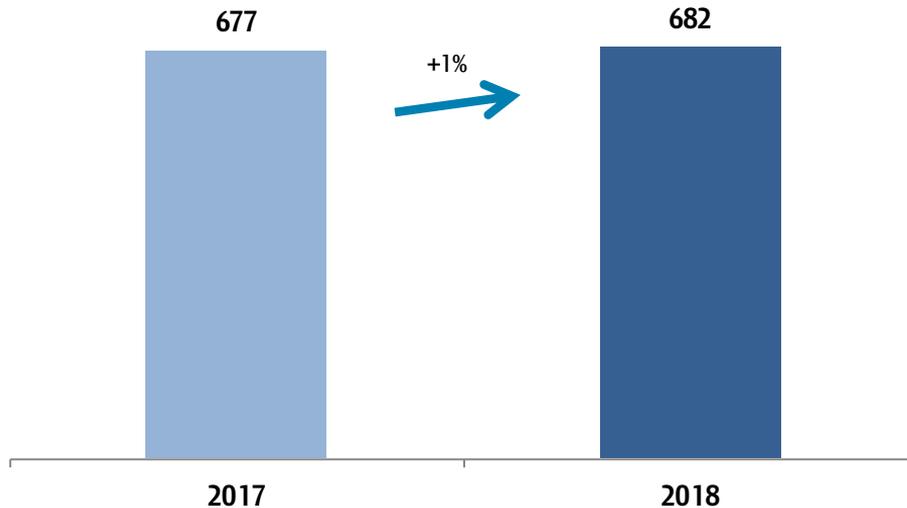
Postpaid Net ARPU = monthly average spending per postpaid user excluding handset contribution for bundled plan.

4G Network data usage



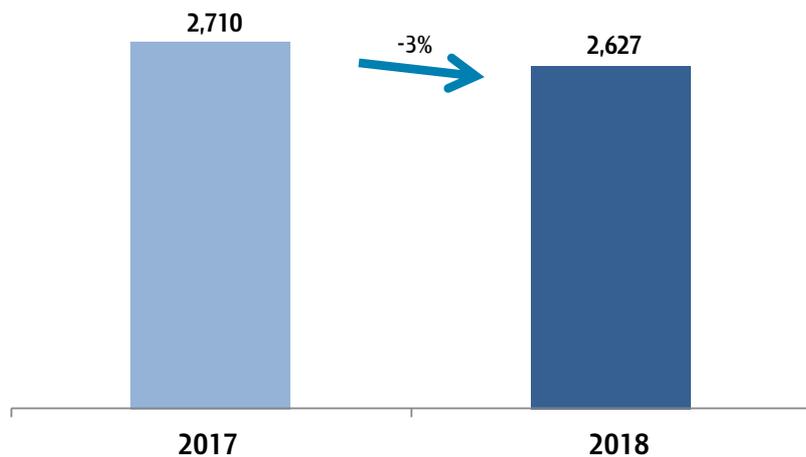
- Growing trend of demands
- Innovative data packages offerings

Roaming service revenue (HK\$m)

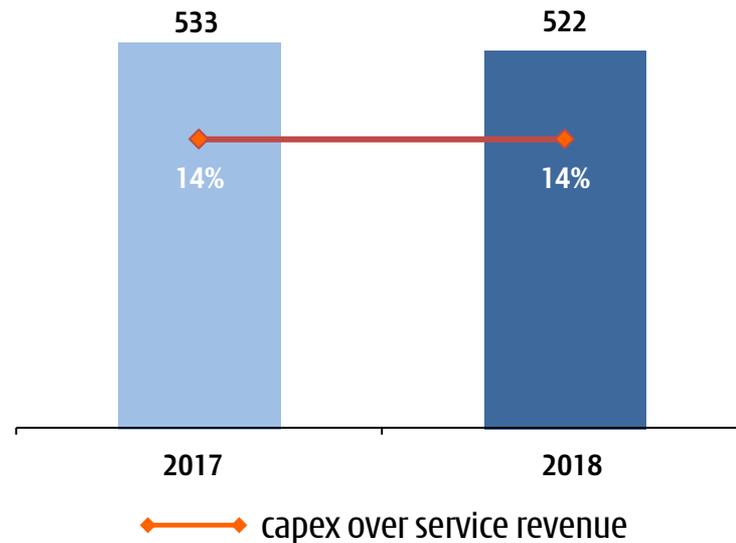


- Introduction of innovative roaming products
- Leverage the collaborations with CKHH Group and global mobile alliance

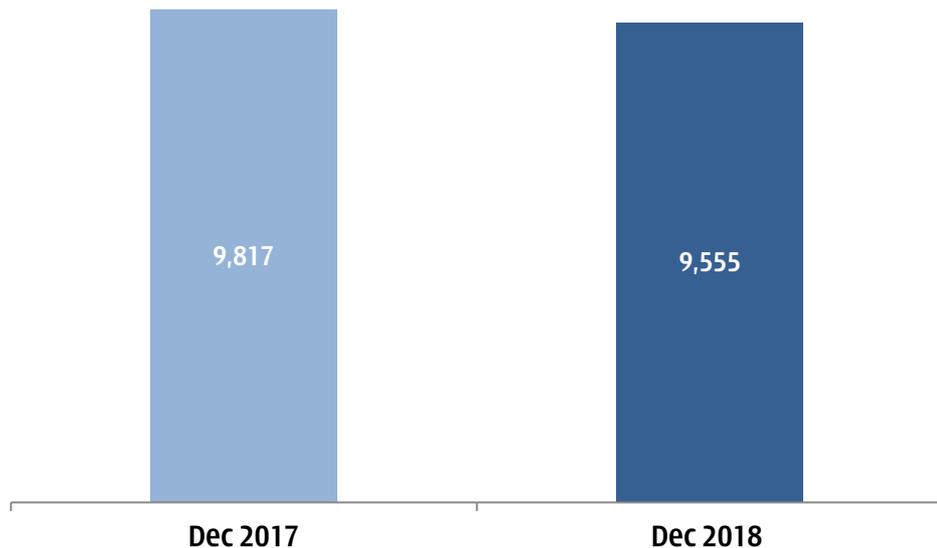
Key Costs (HK\$'m)



Capex (HK\$'m)



Net Cash (HK\$'m)



- Cater for future network enhancement and 5G needs
- Strong position for future operational needs
- After settlement of transaction costs for disposal of fixed-line

Business Review and Developments



Technology

5CC Carrier Aggregation
(FDD + TDD)

All Cloud core network to usher in
the 5G era

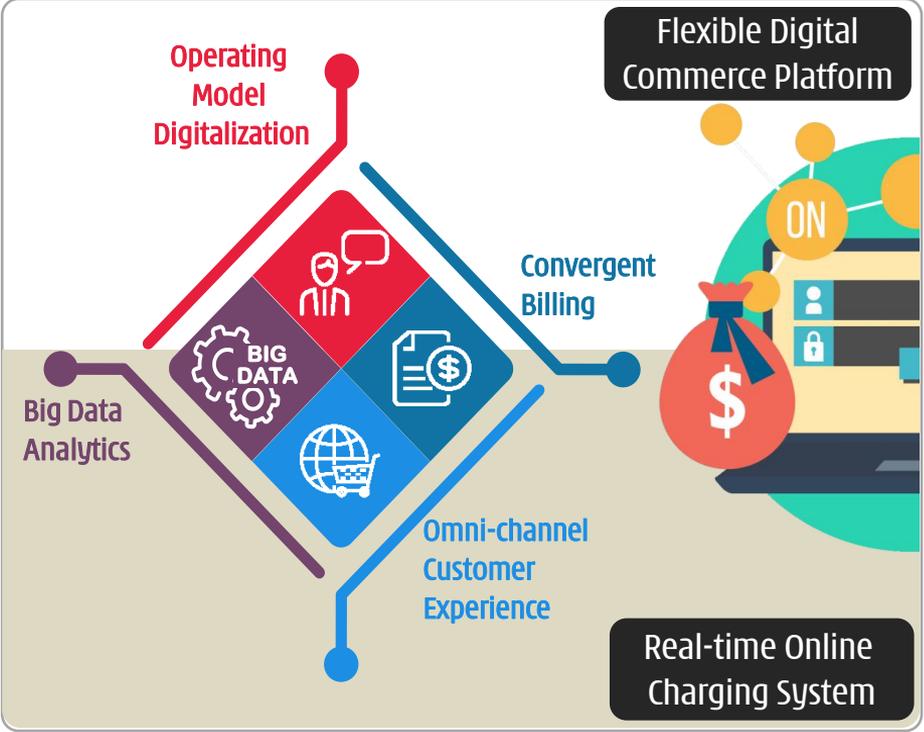


5G indoor & outdoor commercial
network trials

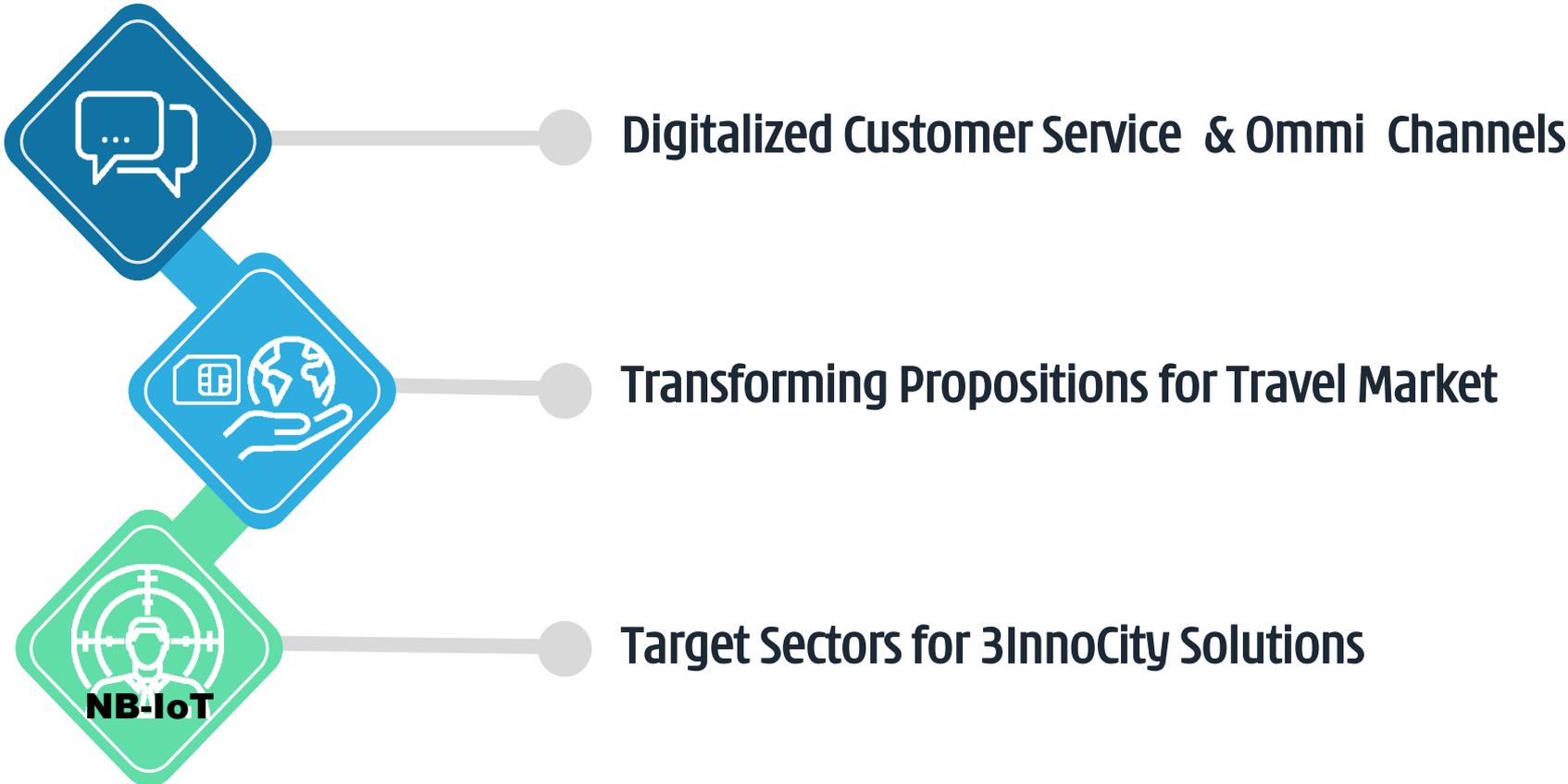
Comprehensive mobile coverage
along the Hong Kong-Zhuhai-
Macao Bridge and Guangzhou-
Shenzhen-Hong Kong Express
Link

Technology - Digital Transformation

Fully leverage Digital Technologies to improve customer engagement and operational efficiency



Business



Digitalised Customer Service & Omni Channels

5x increment on My3App activation rate:



3x improvement on My3App penetration:



Transforming Propositions for Travel Markets (Postpaid)

China Data Proposition

China Data Demand

China HK Macau



共享大中華
全新月費計劃 特設「內地副號」

Roam-in-Command
Flexible & Autonomy

FUN享中·港澳
送全港獨有 3地數據組合

Fun Share 3GB

全新 中港澳數據包(3個月)
只需 \$168 / 3GB
(原價 \$188)

3個月自由跨月使用

3 months Data Pack

Global Data Proposition

「自遊數據王」
升級
任用漫遊數據
平均低至\$15/日

香港人出名愛旅遊，近年更流行去深度遊，兼跨國旅遊。去旅行隨時都要社交平台打卡、搵食、同人WhatsApp。3香港「自遊數據王」漫遊Pass到步即用，抵玩方便，隨時出發探險，玩盡多國都可以！

新古晉華城坐落最壯麗的火山之一附近，位於北山，是前往峇的必經之路。

tel | hahachgUM art | ken 黃和基

強項 1

任用數據*
平均低至\$15/日

新自遊，少不免要訂全，新自遊將全世界別有風味。3香港「自遊數據王」漫遊Pass任用數據，提供\$800/月及\$190/用途14日，選擇靈活運用，玩得開心！

強項 2

輕鬆飛
免借還WiFi/電/換SIM

「自遊數據王」漫遊Pass讓飛行，多帶一部WiFi還也無煩，因為自日本又電，已經解決解還又電，換SIM又要預定，費事失事。用「自遊數據王」漫遊Pass就自在得多，一機兩用還兼免換SIM，方便可靠。

強項 3

一個Pass
跨地域玩多國

「自遊數據王」漫遊Pass覆蓋：亞、美、加及大中華等四大區域，一個Pass數據即可跨區共享。例如亞太區有日韓星馬泰，歐洲有法意葡德等，擴充服務分享，Share數據伴同行隨時解鎖，幫你輕鬆遊覽！

3客戶即透過以下方法啟動：

- 1 漫遊專線 1037
- 2 下載My3App
- 3 掃描QR code

My3 App 立即啟動

Target Sectors for 3InnoCity Solutions



**NB-
IoT**



Outlook



Profitability and Value Creation

- Value creation to combat price competition
- Innovative proposition to travelers' segment
- Unique local service offerings
- Develop new digital business revenue streams



3 · OneWorld Strategy

Develop a quality 'OneWorld' telecoms experience by digital lifestyles offering in:

- Travel
- FinTech
- Insurance
- Beauty & Health
- Handsets & Accessories



3 · Getaway Strategy

- Innovative travel ecosystem
- Travel data & voice service under local charge
- Carefree telecoms experience while aboard
- Hassle-free data & voice



世界為一



手機變身**Global Phone**
再無牽掛 想飛就飛

全新「世界更自遊」服務

免換SIM免租WiFi蛋 · 覆蓋110個國家及地區 · 月費\$78



盡情上網



盡情傾



可選多一張SIM

外遊專線 1037



Premium Segment with Digital Lifestyle Differentiation



Bill Spending
Upsell



Product
Recommendation



Unique
Experience



Bill Spending Upsell



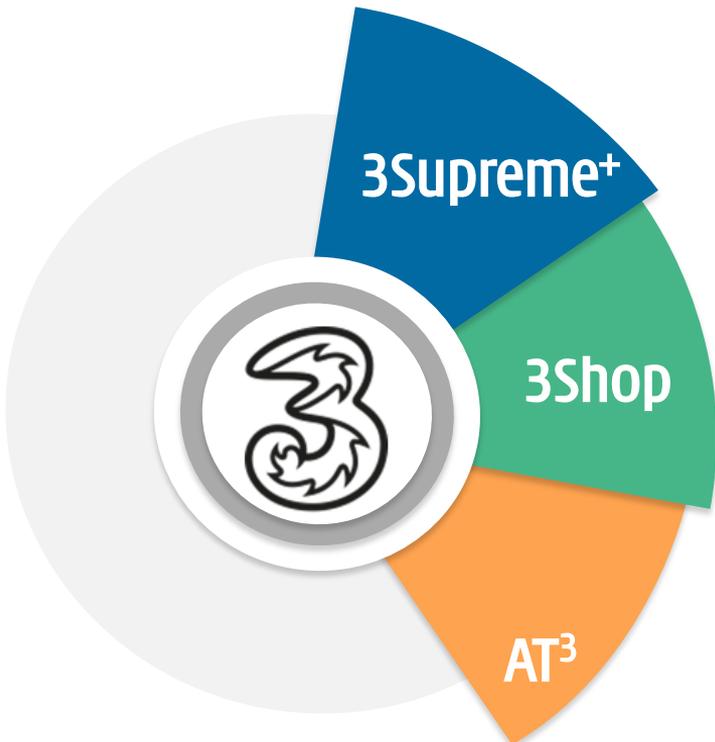
Product Recommendation



Unique Experience



Channel Segmentation Strategy



3 Supreme
Upscale/Premium Segment



3
Mass Segment



AT³ Powered By 3
Device & Accessory



Business - ICT/5G Solution Strategy

Public awareness of smart city development



Alliance with startups of solution partners



Digital ID



- IoT & mobile solutions enabled
- enhanced by NB-IoT availability



Big data for operational efficiency

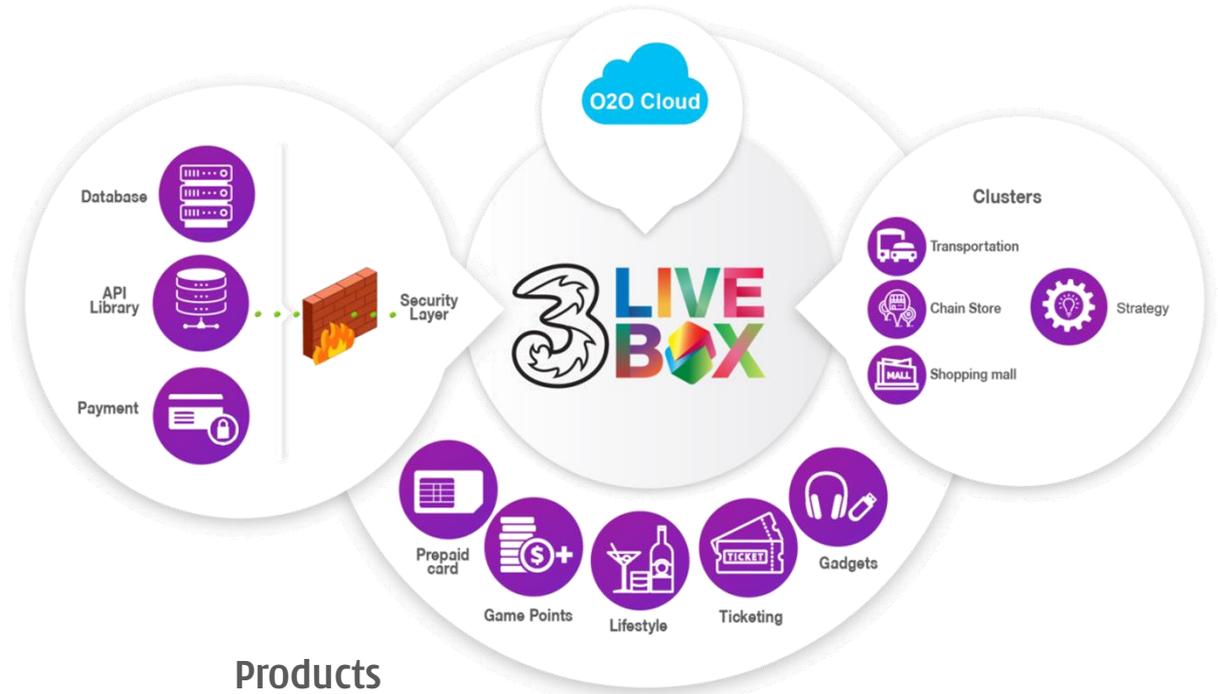
Leading Technology for Future

- Accelerate digital transformation and deploy latest technologies
- Continue with latest NB IoT ecosystem expansion and business development
- Prepare deploying network architecture evolution for 5G



5G outdoor network trials in Causeway Bay

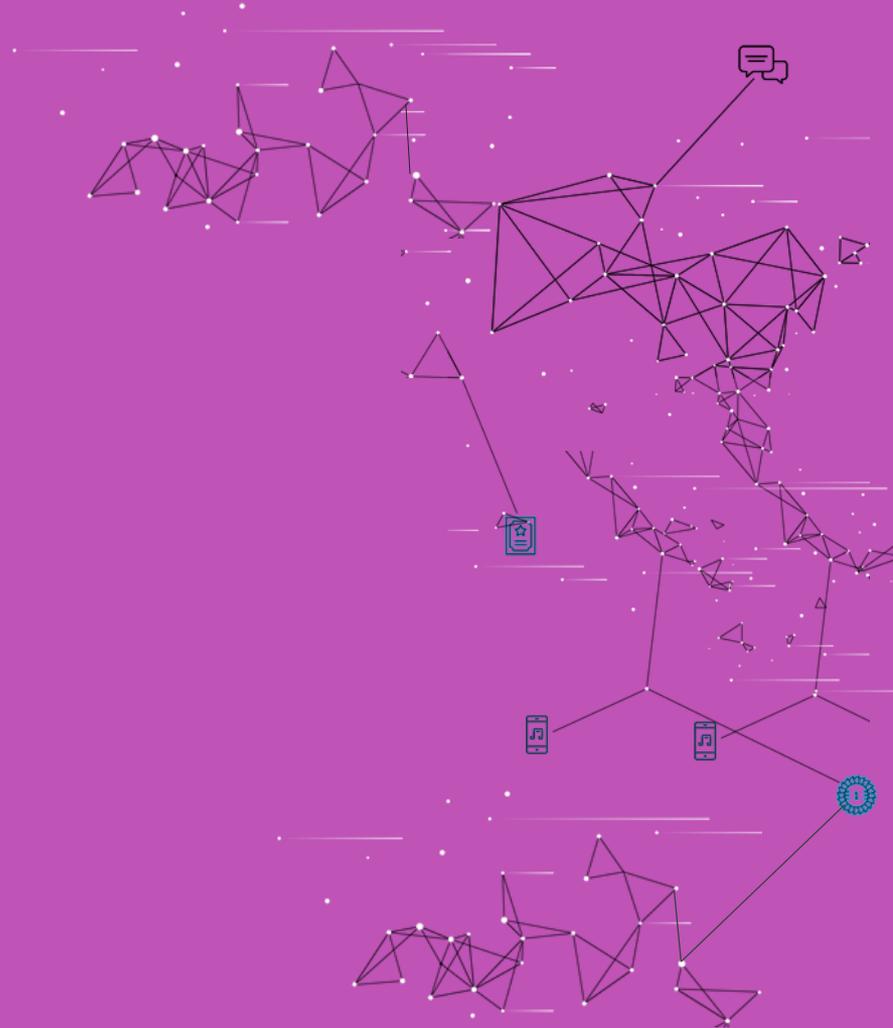
Expand O2O20 Channel - 3Live Box



- New mobile retail platform
- Expand and enhance customer touchpoints
- Initiate new B2C & B2B2C business models for merchants, advertisers and payment platforms



Q & A



Financial Summary

	2018	2017	
	HK\$ million	HK\$ million	Change
Revenue	7,912	6,752	+17%
- Net customer service revenue	3,662	3,853	-5%
- Local service revenue	2,980	3,176	-6%
- Roaming service revenue	682	677	+1%
- Hardware revenue	4,250	2,899	+47%
Net customer service margin	3,318	3,573	-7%
Net customer service margin %	91%	93%	-2% points
Standalone handset sales margin	49	58	-16%
CACs (net of handset revenue)	(160)	(277)	+42%
Operating expenses and staff costs	(2,123)	(2,153)	+1%
Opex and staff costs as a % of net customer service margin	64%	60%	-4% points
EBITDA (with JV)	1,157	1,267	-9%
Service EBITDA (with JV)	1,108	1,209	-8%
Service EBITDA margin %	30%	31%	-1% point
Depreciation and amortisation	(768)	(822) *	+7%
EBIT (with JV)	339	398	-15%



Hutchison Telecom Hong Kong Holdings
和記電訊香港控股

Thank you



A member of CK Hutchison Holdings