



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

2019 Annual Results Presentation

More
Innovation

More
Diversity



A member of CK Hutchison Holdings

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Potential Investors and Shareholders should exercise caution when investing in or dealing in the securities of the Company.

Agenda



2019 Milestones



Financial Highlights



Financial Review



Business Review & Development



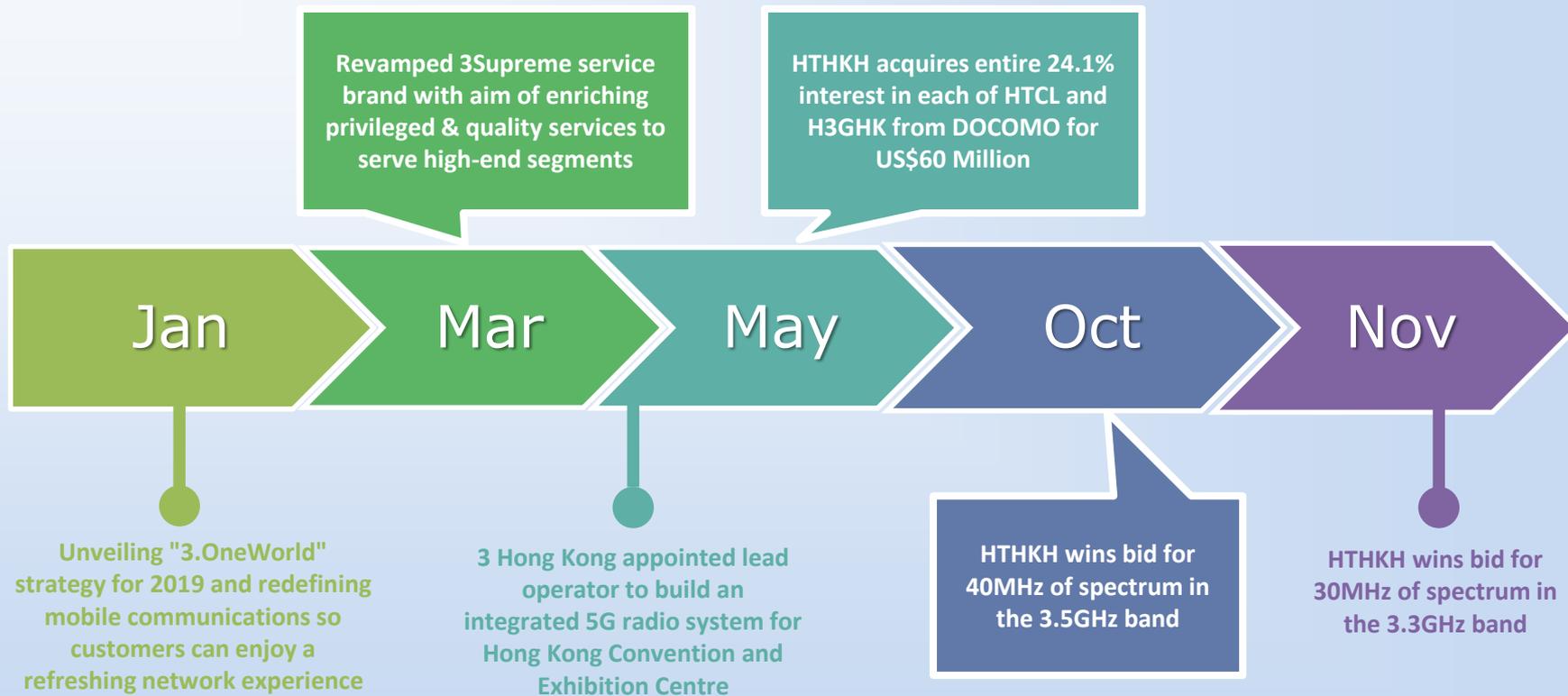
Outlook



Appendix



2019 Milestones



2019 Financial Highlights

Revenue ^①

\$5,582m

-29% YoY

(1H vs 2H: +22%)

EBITDA ^①

\$1,201m

+4% YoY

(1H vs 2H: +17%)

EBIT ^①

\$393m

+16% YoY

(1H vs 2H: +60%)

Profit ^①

\$428m

+6% YoY

(1H vs 2H: +29%)

EPS

(post IFRS-16)

8.9 cents

+6% YoY

Dividend ^②

6.68 cents

+6% YoY

① Following the adoption of IFRS 16 on 1 January 2019, the Group's statutory results for the year ended 31 December 2019 are on an IFRS 16 basis ("Post-IFRS 16 basis"), whereas the statutory results for the year ended 31 December 2018 are on an IAS 17 basis ("Pre-IFRS 16 basis") as previously reported. To allow a like-with-like comparison with the prior period results, and to better reflect management's view of the underlying operational performance, the Group has provided an alternative presentation of the Group's EBITDA, EBIT and profit attributable to shareholders prepared under the Pre-IFRS 16 basis relating to the accounting for leases for the year ended 31 December 2019. Unless otherwise specified, the discussion of the Group's operating results in this presentation is on a Pre-IFRS 16 basis. **Under Post-IFRS 16 basis, Revenue, EBITDA, EBIT and Profit attributable to shareholders were HK\$5,582m, HK\$1,662m, HK\$409m and HK\$429m respectively.**

② Represents full year dividend per share (before any one-off special dividend). 2018 full year dividend: 6.30 HK cents before one-off special interim dividend, and 86.30 HK cents after.

Service Performance: Steady Growth

Service Revenue ^①

\$3,613m

-1% YoY

1H vs 2H

+3%

Service EBITDA ^①

\$1,173m

+6% YoY

1H vs 2H

+15%

Service EBIT ^①

\$365m

+26% YoY

1H vs 2H

+57%

^① Under Post-IFRS 16 basis, Service Revenue, Service EBITDA, and Service EBIT were HK\$3,613m, HK\$1,634m, and HK\$381m respectively.

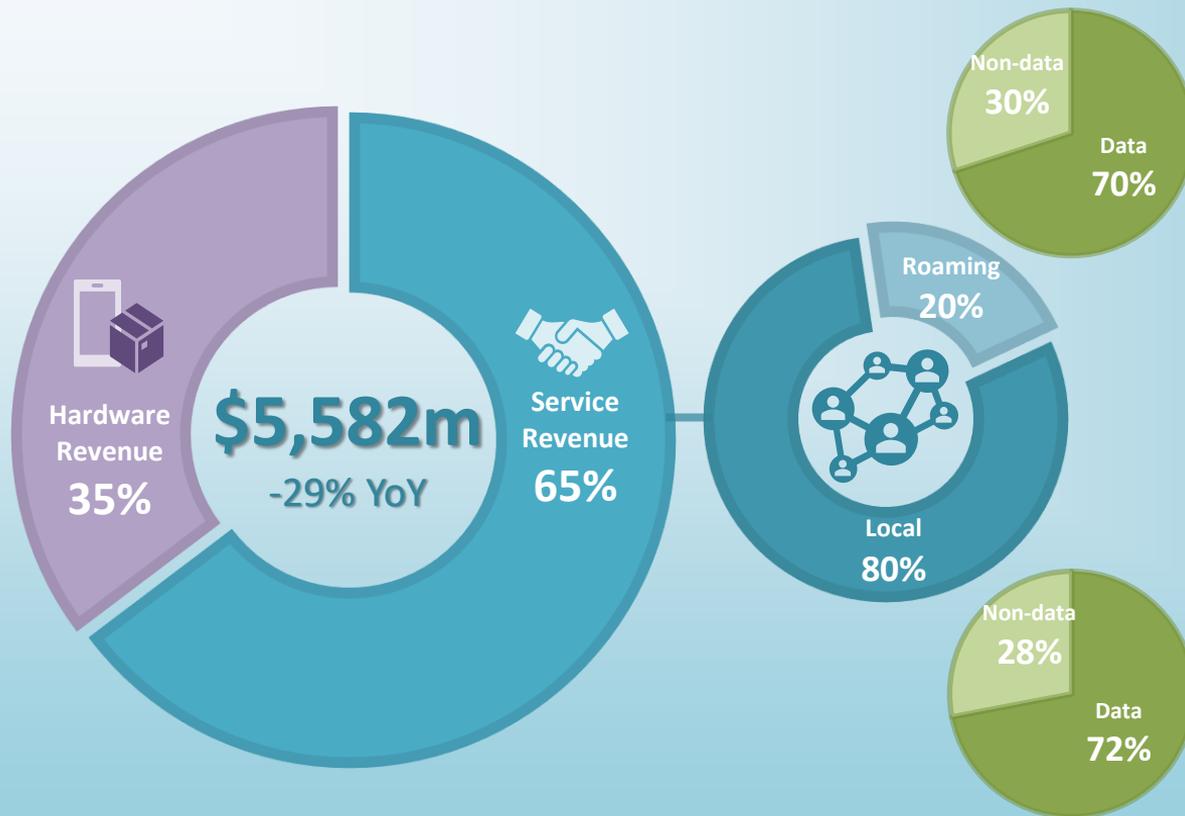
Financial Review



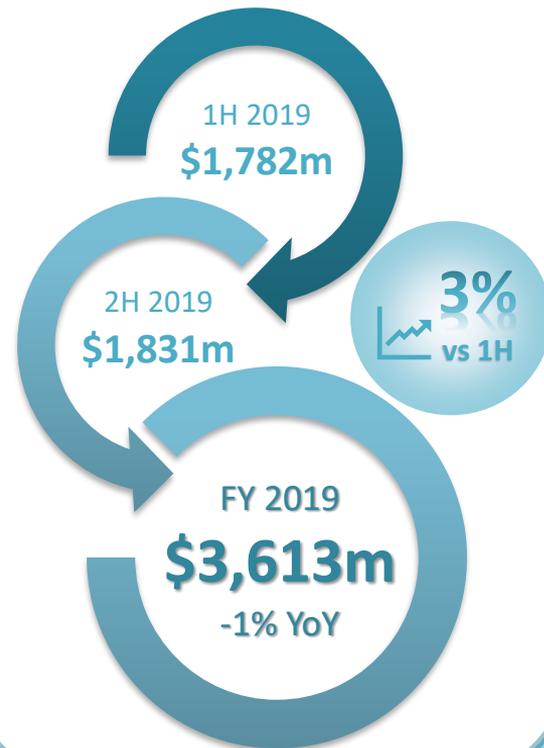
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Revenue

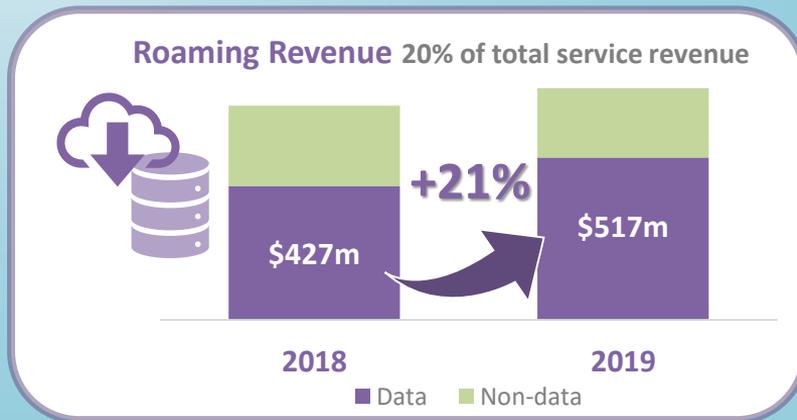
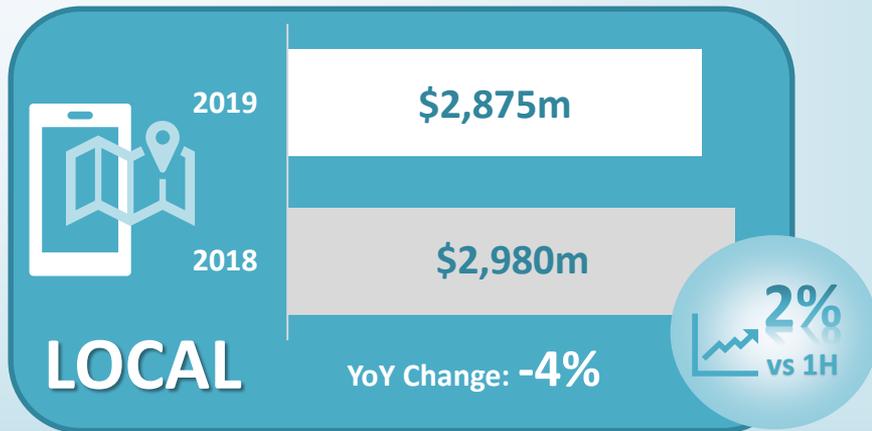


Service Revenue

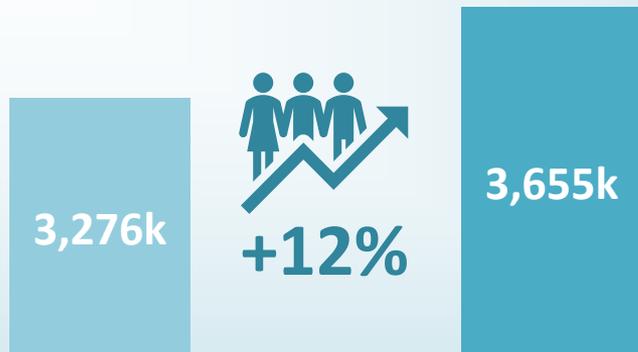


① Under Post-IFRS 16 basis, Revenue and service revenue were HK\$5,582m and HK\$3,613m respectively in 2019.

Service Revenue: Local & Roaming

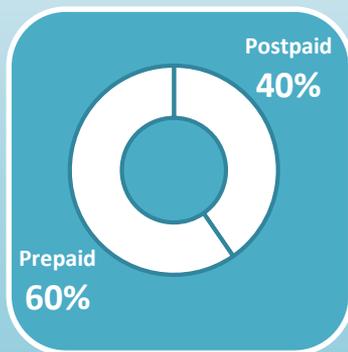
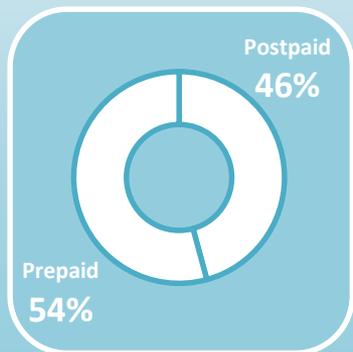


Customers

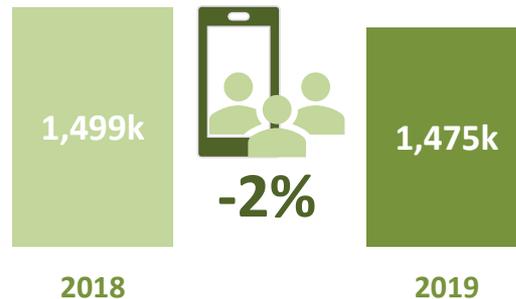


2018

2019



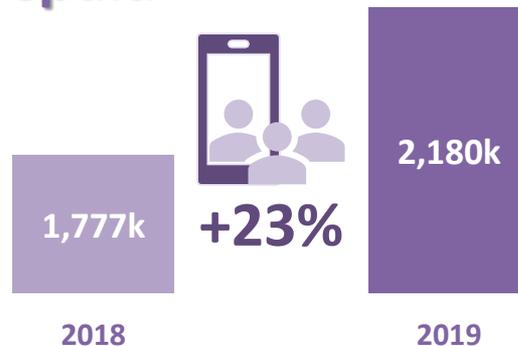
Postpaid



2018

2019

Prepaid



2018

2019

Postpaid Churn & ARPU

Effective retention programmes

Customer segmentation strategy

CHURN



Down
0.1%-pt.
YoY

1.2%

Deepen customer engagement

GROSS ARPU ^①



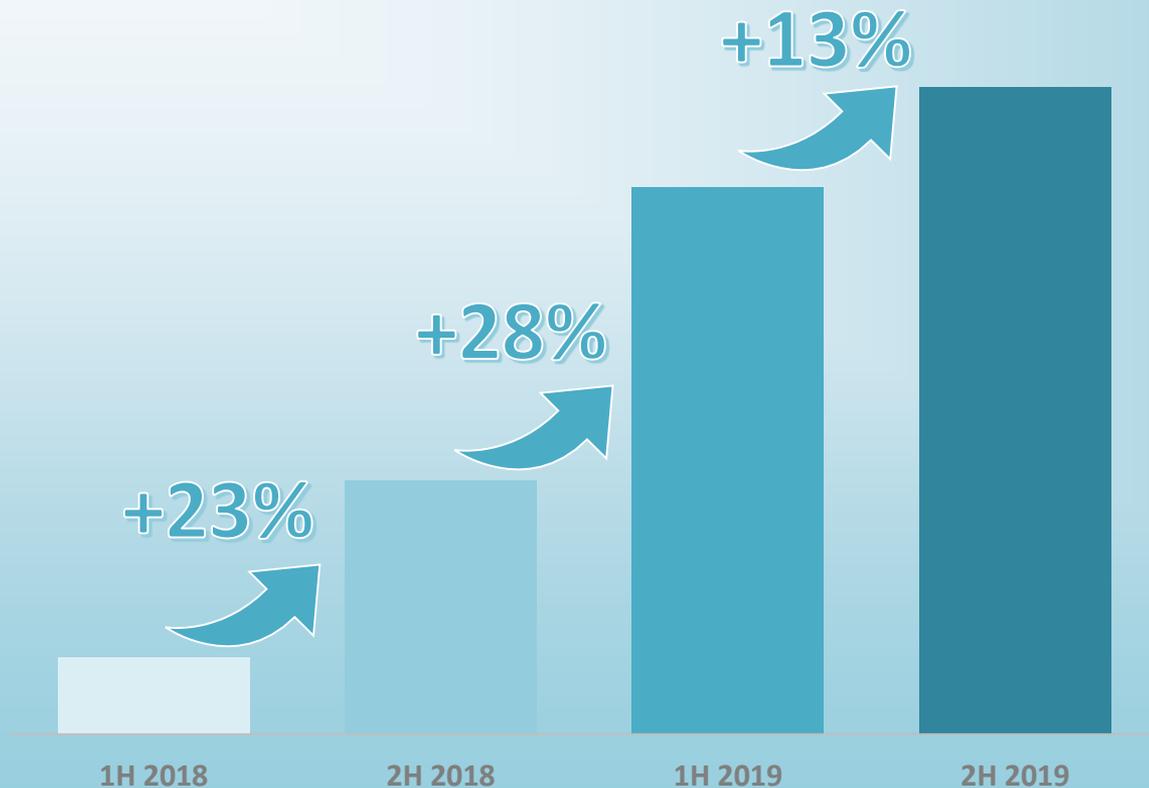
NET ARPU ^②



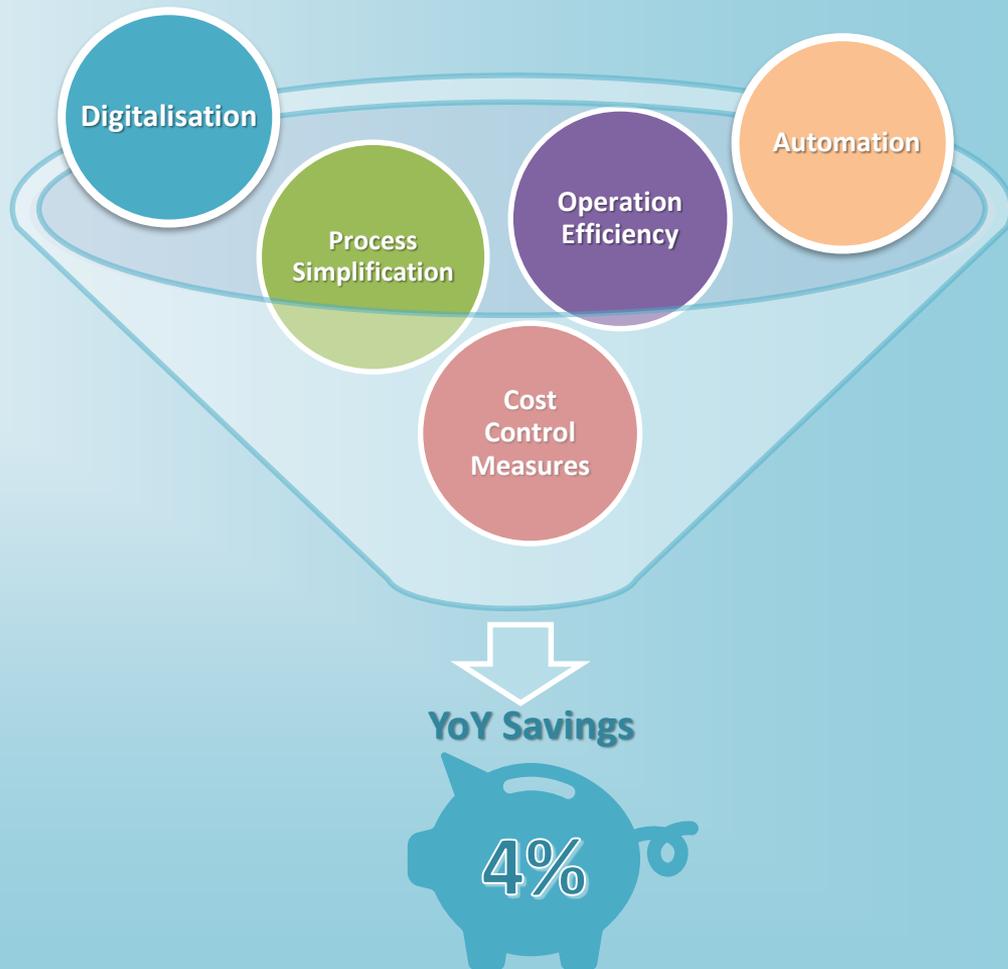
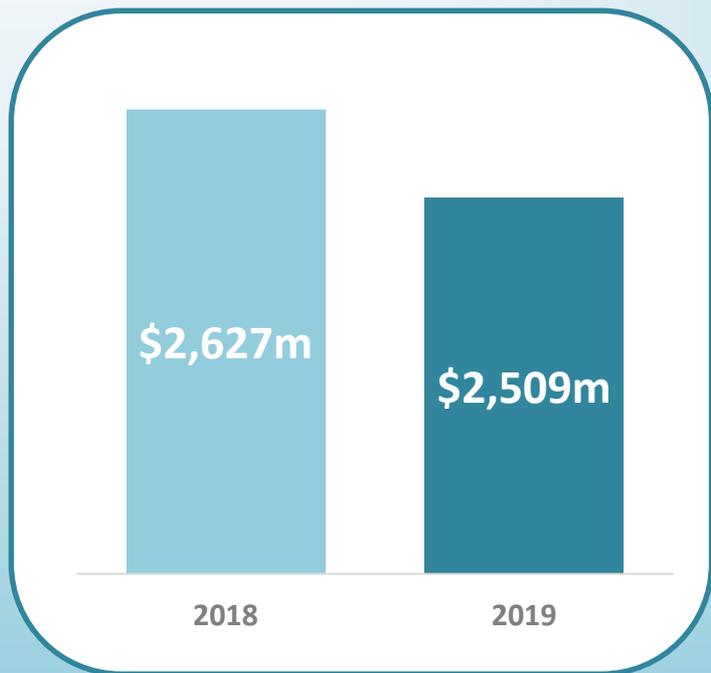
① Gross ARPU = monthly average spending per postpaid user including handset contribution for bundled plan.

② Net ARPU = monthly average spending per postpaid user excluding handset contribution for bundled plan.

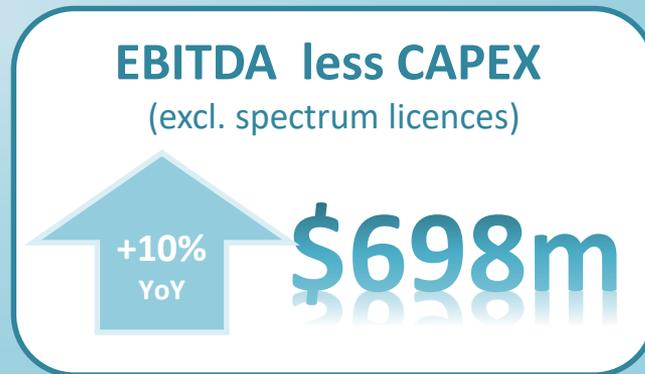
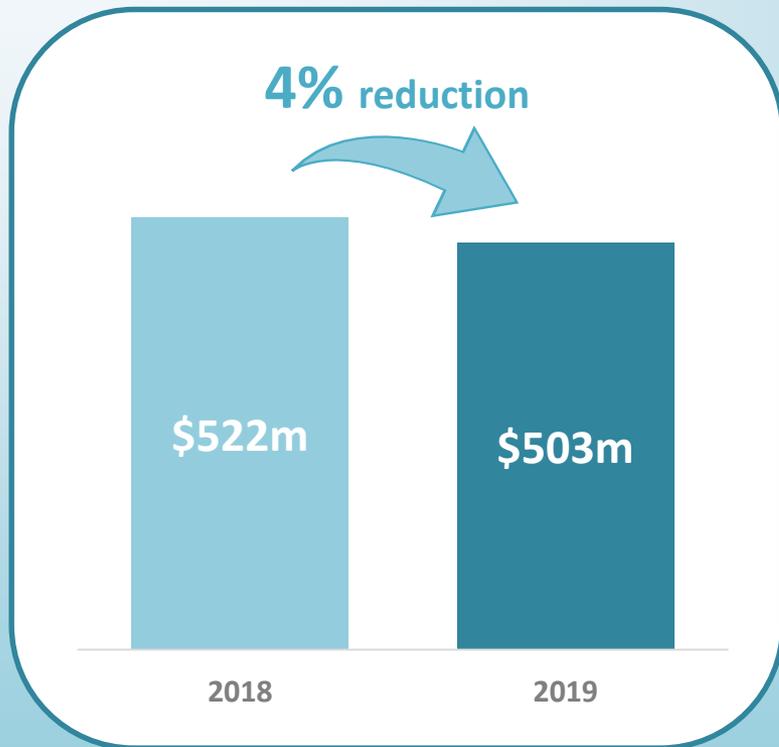
4G Network Data Usage



Key Costs



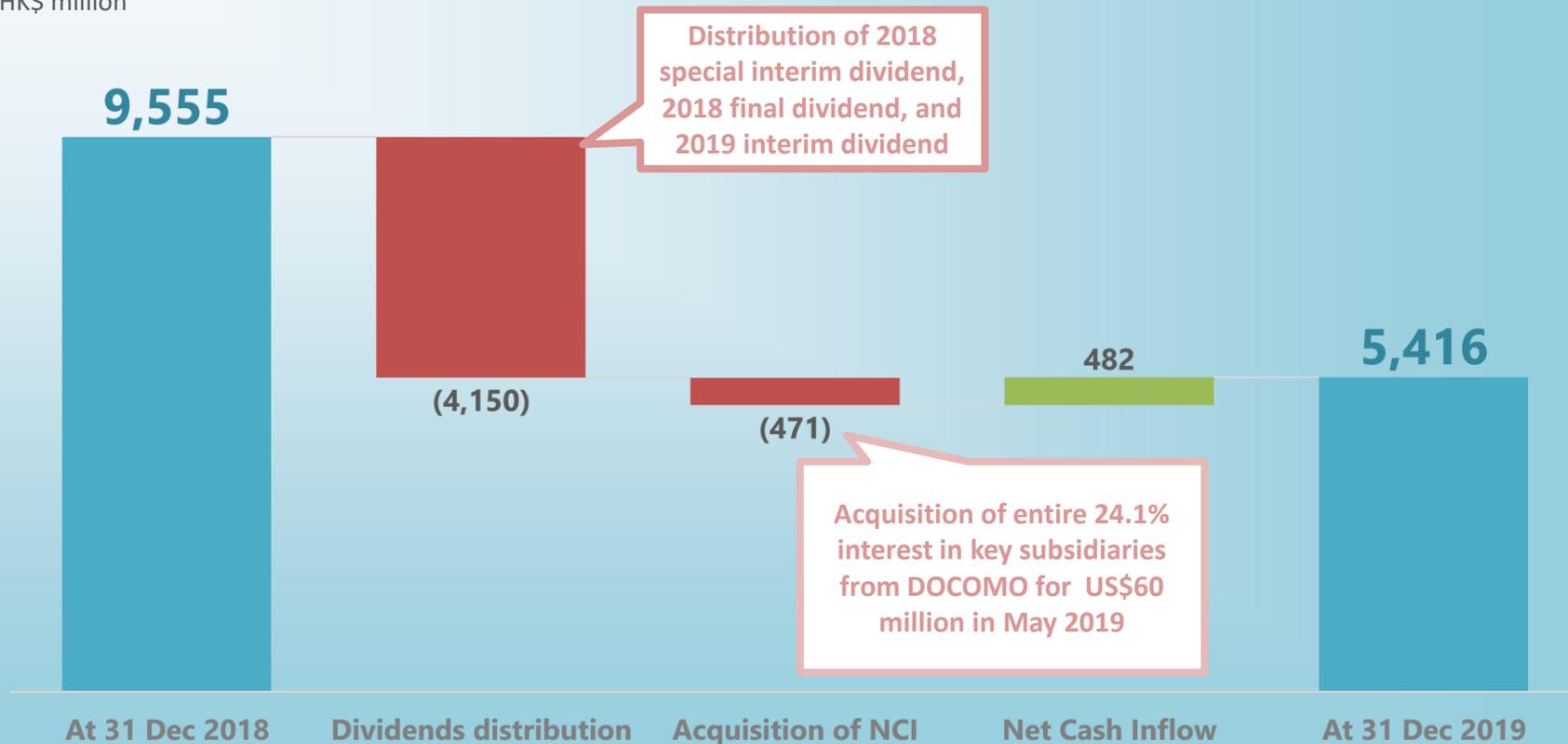
Capex



① Under Post-IFRS 16 basis, Capex was HK\$503m and EBITDA less Capex was HK\$1,159m in 2019.

Net Cash

HK\$ million



Business Review and Development



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Business Strategy

3.OneWorld
Strategy



Tri-brand
Strategy

QoS as a
Proposition



3InnoCity

Tri-brand Strategy



Upscale



Mainstream



Value-for-money

Proposition



Customer Engagement Strategy



Distribution Channel



QoS as a Proposition



- Differentiate Network Priority Packages
- Business & Consumer Demands

ARPU Uplift

Unlimited Data
User Add-On



Network Quality
Monetisation



Well Recognised 3Innocity Programme



Smart Carpark

FSI Compliance Solutions

Digital Transformation

IoT



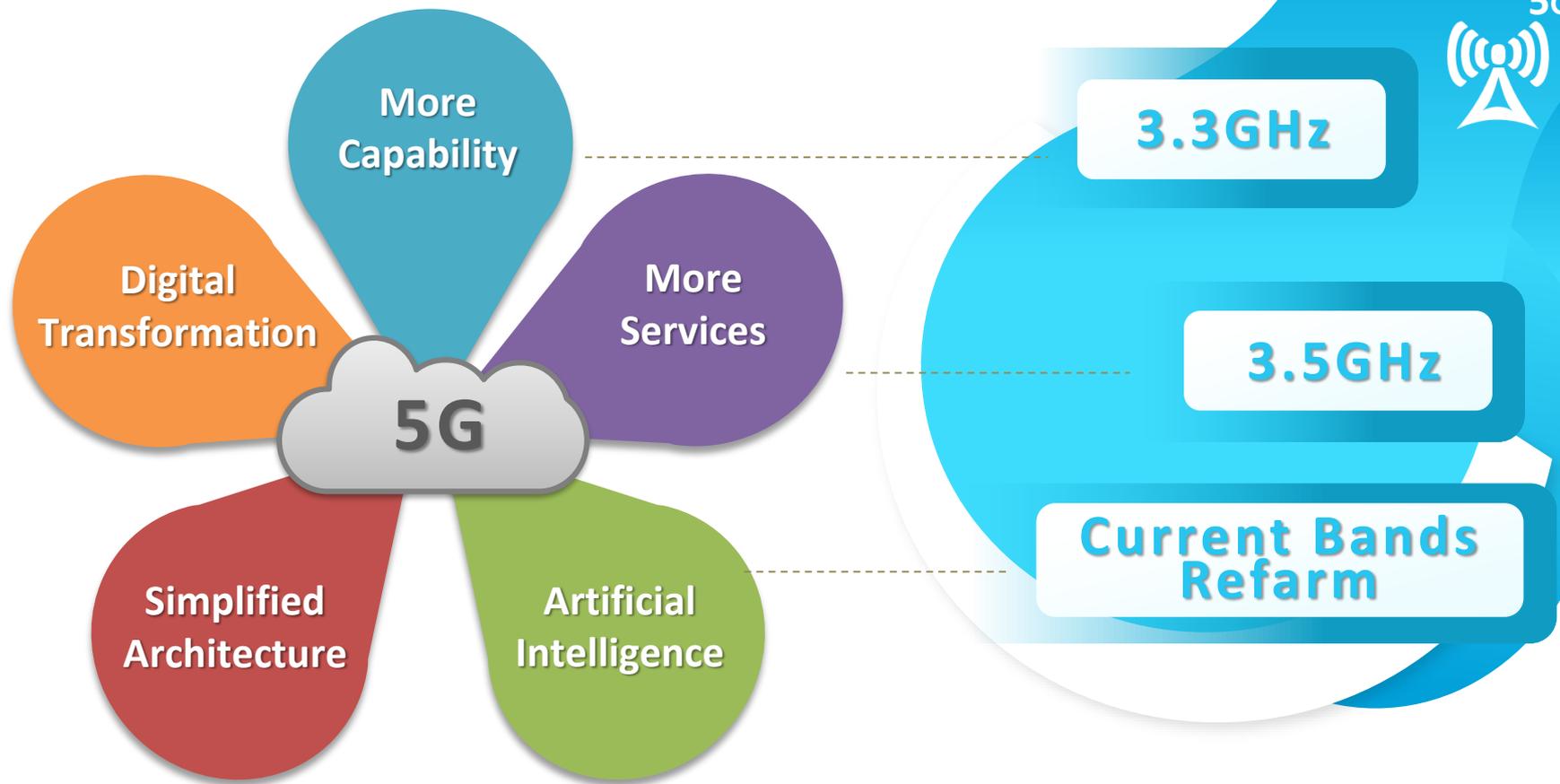
2019
香港工商業獎
HONG KONG AWARDS
FOR INDUSTRIES

睿智生產力優異證書
SMART PRODUCTIVITY
CERTIFICATE OF MERIT



CAHK STAR Award
通訊業聯會非凡年獎

Unleashes 5G Potential



Outlook



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5G Strategy



Progressive Network Rollout



ARPU Uplift by Early Adopters



Devices Revenue Boost



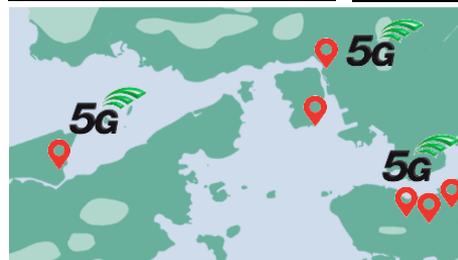
Enterprise 5G Solution Revenue Streams



Lead Operator of 5G Radio System at HKCEC



5G Live tests

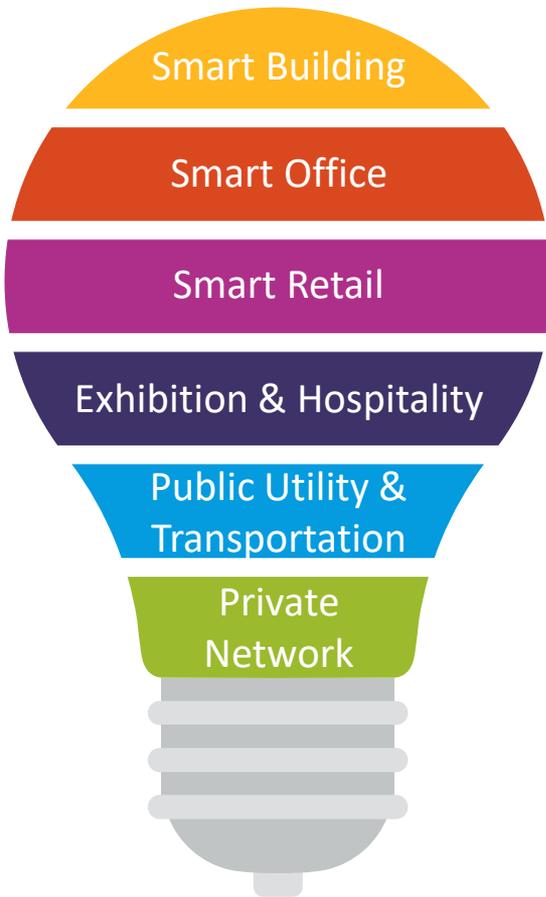


Successful Trials in 6 Residential, Commercial District



First 4K Live Broadcast over 5G Network

Monetising 5G with Corporate Solutions



Forging 3.OneWorld Portfolio



Appendix



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Financial Information

Appendix

| HK\$ million | Pre-IFRS 16 basis | | | Post-IFRS 16 basis | | |
|--------------------------------------|-------------------|--------------|----------------|--------------------|--------------|----------------|
| | 2019 | 2018 | Change | 2019 | 2018 | Change |
| Revenue | 5,582 | 7,912 | - 29% | 5,582 | 7,912 | - 29% |
| Net customer service revenue | 3,613 | 3,662 | - 1% | 3,613 | 3,662 | - 1% |
| • Local service revenue | 2,875 | 2,980 | - 4% | 2,875 | 2,980 | - 4% |
| • Roaming service revenue | 738 | 682 | + 8% | 738 | 682 | + 8% |
| Hardware revenue | 1,969 | 4,250 | - 54% | 1,969 | 4,250 | - 54% |
| • Bundled sales revenue | 472 | 667 | - 29% | 472 | 667 | - 29% |
| • Standalone handset sales revenue | 1,497 | 3,583 | - 58% | 1,497 | 3,583 | - 58% |
| Net customer service margin | 3,266 | 3,318 | - 2% | 3,266 | 3,318 | - 2% |
| <i>Net customer service margin %</i> | <i>90%</i> | <i>91%</i> | <i>- 1%-pt</i> | <i>90%</i> | <i>91%</i> | <i>- 1%-pt</i> |
| Standalone handset sales margin | 28 | 49 | - 43% | 28 | 49 | - 43% |
| Total margin | 3,294 | 3,367 | - 2% | 3,294 | 3,367 | - 2% |

Financial Information

Appendix

| HK\$ million | Pre-IFRS 16 basis | | | Post-IFRS 16 basis | | |
|---------------------------------------------------|-------------------|--------------|--------------|--------------------|--------------|--------------|
| | 2019 | 2018 | Change | 2019 | 2018 | Change |
| Total margin | 3,294 | 3,367 | - 2% | 3,294 | 3,367 | - 2% |
| CACs | (797) | (959) | + 17% | (744) | (959) | + 22% |
| Less: Bundled sales revenue | 472 | 667 | - 29% | 472 | 667 | - 29% |
| CACs (net of hardware revenue) | (325) | (292) | - 11% | (272) | (292) | + 7% |
| Operating expenses | (1,837) | (1,991) | + 8% | (1,429) | (1,991) | + 28% |
| <i>Opex as a % of net customer service margin</i> | 56% | 60% | + 4%-pts | 44% | 60% | + 16%-pts |
| Share of EBITDA of a joint venture | 69 | 73 | - 5% | 69 | 73 | - 5% |
| EBITDA | 1,201 | 1,157 | + 4% | 1,662 | 1,157 | + 44% |
| Service EBITDA | 1,173 | 1,108 | + 6% | 1,634 | 1,108 | + 47% |
| <i>Service EBITDA margin %</i> | 32% | 30% | + 2%-pts | 45% | 30% | + 15%-pts |
| CAPEX (excl. licences) | (503) | (522) | + 4% | (503) | (522) | + 4% |
| EBITDA less CAPEX | 698 | 635 | + 10% | 1,159 | 635 | + 83% |

Financial Information

Appendix

| HK\$ million | Pre-IFRS 16 basis | | | Post-IFRS 16 basis | | |
|----------------------------------------------------|-------------------|--------------|--------------|--------------------|--------------|--------------|
| | 2019 | 2018 | Change | 2019 | 2018 | Change |
| EBITDA | 1,201 | 1,157 | + 4% | 1,662 | 1,157 | + 44% |
| Depreciation and amortisation ^① | (808) | (818) | + 1% | (1,253) | (818) | - 53% |
| EBIT | 393 | 339 | + 16% | 409 | 339 | + 21% |
| Service EBIT | 365 | 290 | + 26% | 381 | 290 | + 31% |
| Net interest and other finance income ^① | 147 | 171 | - 14% | 132 | 171 | - 23% |
| Profit before tax | 540 | 510 | + 6% | 541 | 510 | + 6% |
| Tax ^① | (104) | (77) | - 35% | (104) | (77) | - 35% |
| Profit attributable to non-controlling interests | (8) | (29) | + 72% | (8) | (29) | + 72% |
| Profit attributable to shareholders | 428 | 404 | + 6% | 429 | 404 | + 6% |

① Depreciation and amortisation, net interest and other finance income and tax include the Group's share of joint venture's respective items.

Thank you



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