

2020 Interim Results Presentation



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Agenda

Financial Highlights

Financial Review

Sustainability

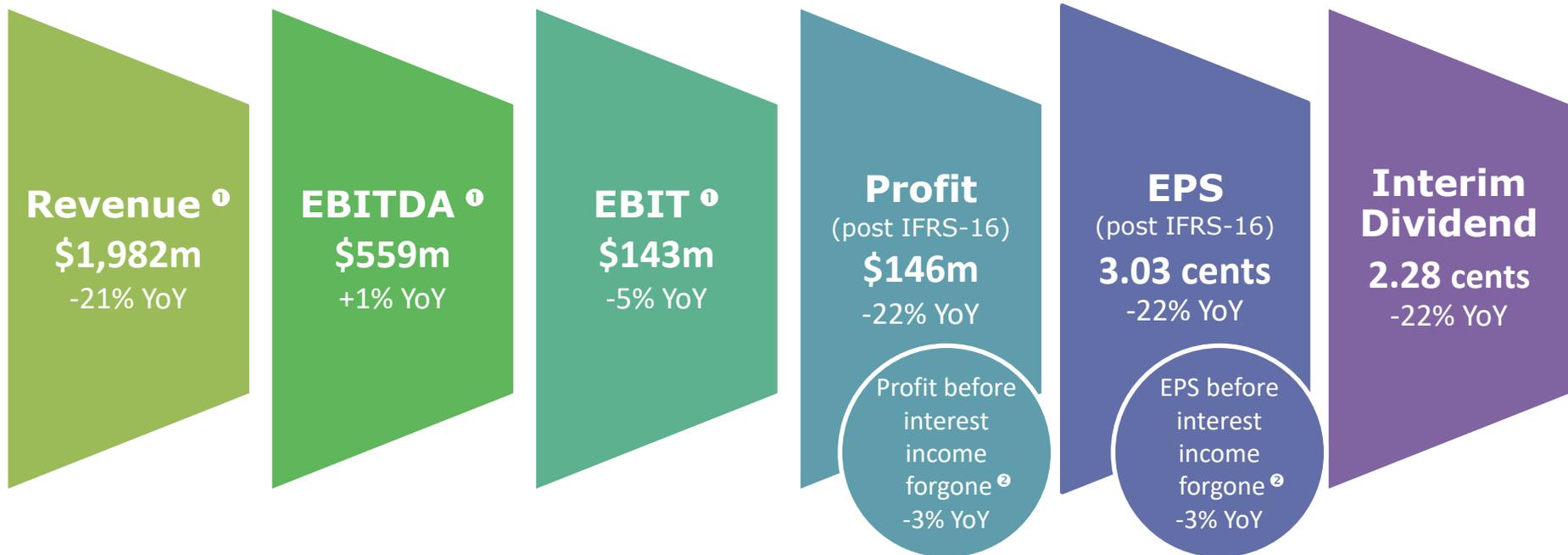
Business Review & Development

Outlook

Appendix



1H 2020 Financial Highlights



① Following the adoption of IFRS 16 “Leases” on 1 January 2019, the Group’s statutory results for the six months ended 30 June 2019 and 30 June 2020 are on an IFRS 16 basis (“Post-IFRS 16 basis”). To better reflect management’s view of the underlying operational performance, the Group has provided an alternative presentation of the Group’s Revenue, EBITDA and EBIT prepared under IAS 17 (“Pre-IFRS 16 basis”) relating to the accounting for leases for the six months ended 30 June 2019 and 30 June 2020. 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 and EBIT were HK\$1,982m, HK\$778m and HK\$147m respectively.**

② Profit before interest income forgone refers to profit attributable to shareholders (Post-IFRS 16 basis) before the effect of interest income forgone during the period as the cash balance has significantly reduced subsequent to the distribution of special interim dividend and cash settlement for the acquisition of a 24.1% interest in the Group’s mobile operation in May 2019. EPS before interest income forgone is calculated based on profit before interest income forgone and the weighted average number of ordinary shares in issue during the period.

Service Performance



- 📍 Demonstrated resilience amidst COVID-19 impacts
- 📍 Roaming revenue declined as the pandemic restricted travelling
- 📍 Rising demand of corporate solutions to support new mode of operations
- 📍 Effective cost saving measures delivered margin growth
- 📍 1H 2020 Service EBITDA margin improved to 33%

① Under Post-IFRS 16 basis, Service Revenue, Service EBITDA, and Service EBIT were HK\$1,664m, HK\$775m, and HK\$144m respectively.

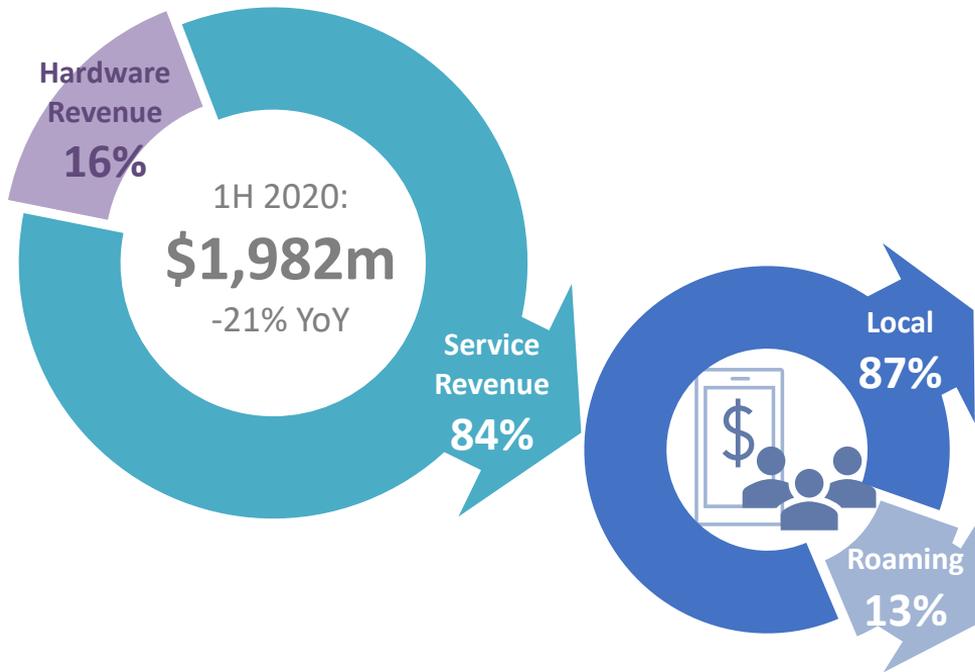
Financial Review



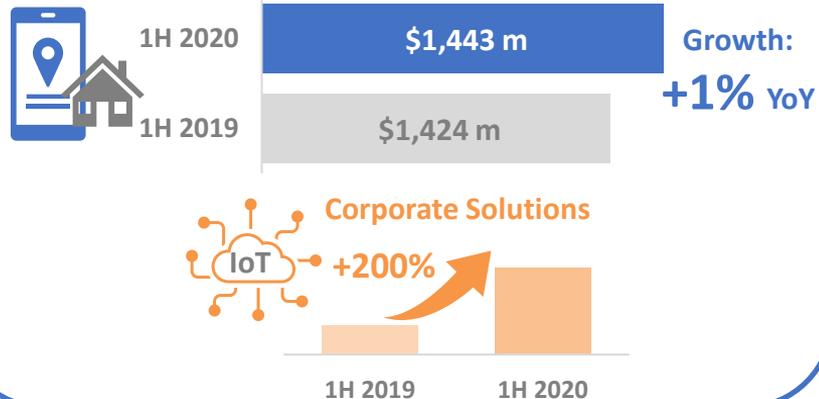
Hutchison Telecom Hong Kong Holdings
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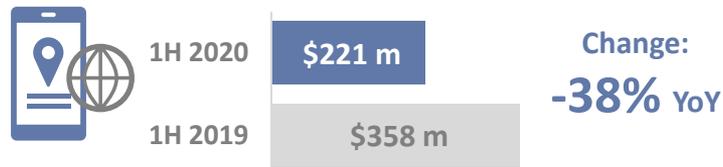
Revenue



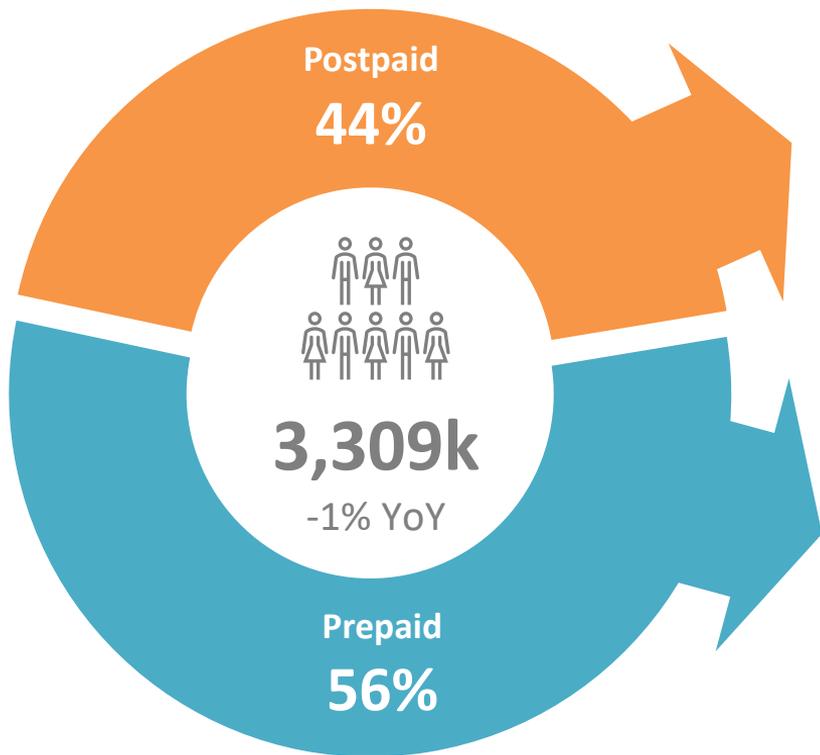
LOCAL



ROAMING



Customers



Postpaid



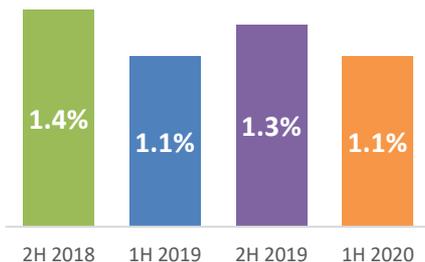
Prepaid



Postpaid Churn & ARPU



Postpaid Churn held stable YoY



1.1%

Local Gross ARPU ^①



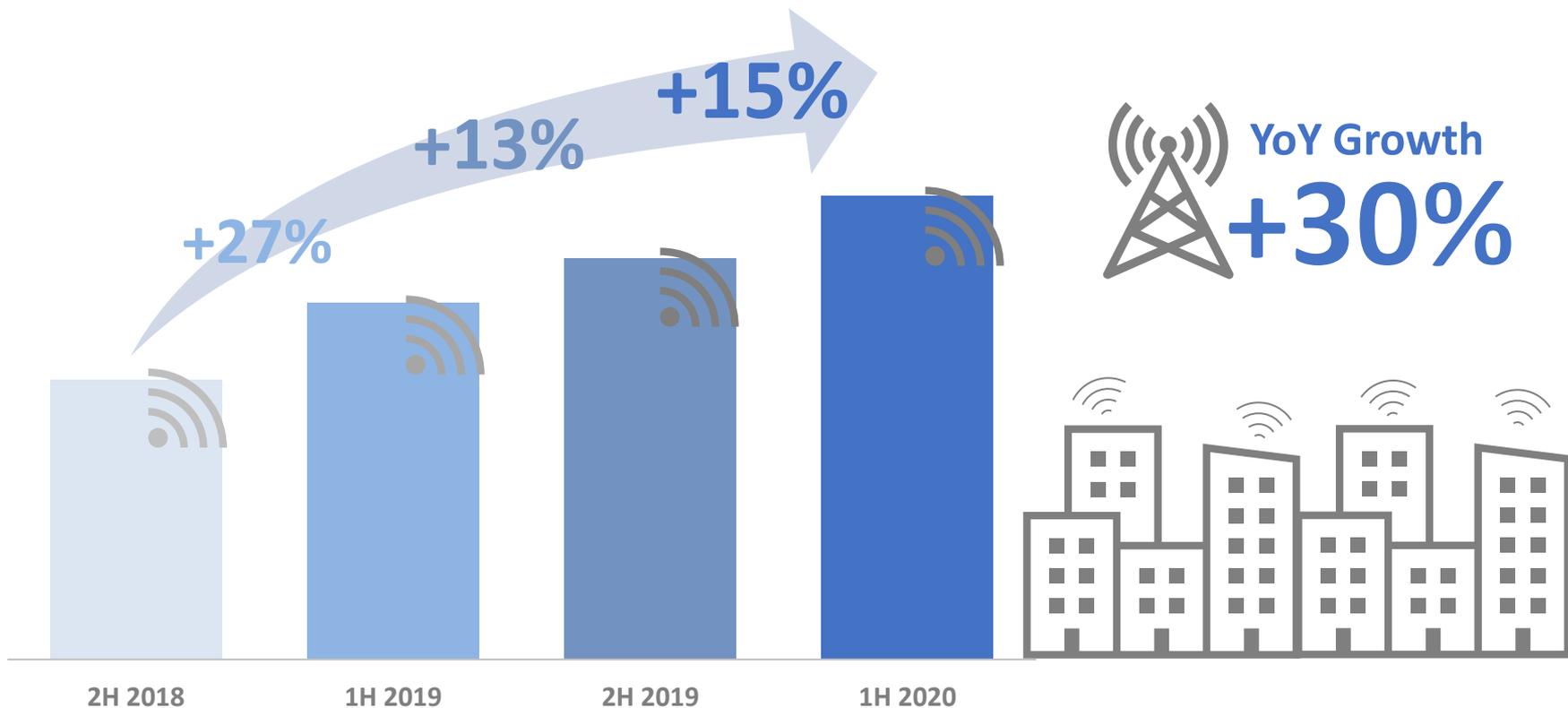
Local NET ARPU ^②



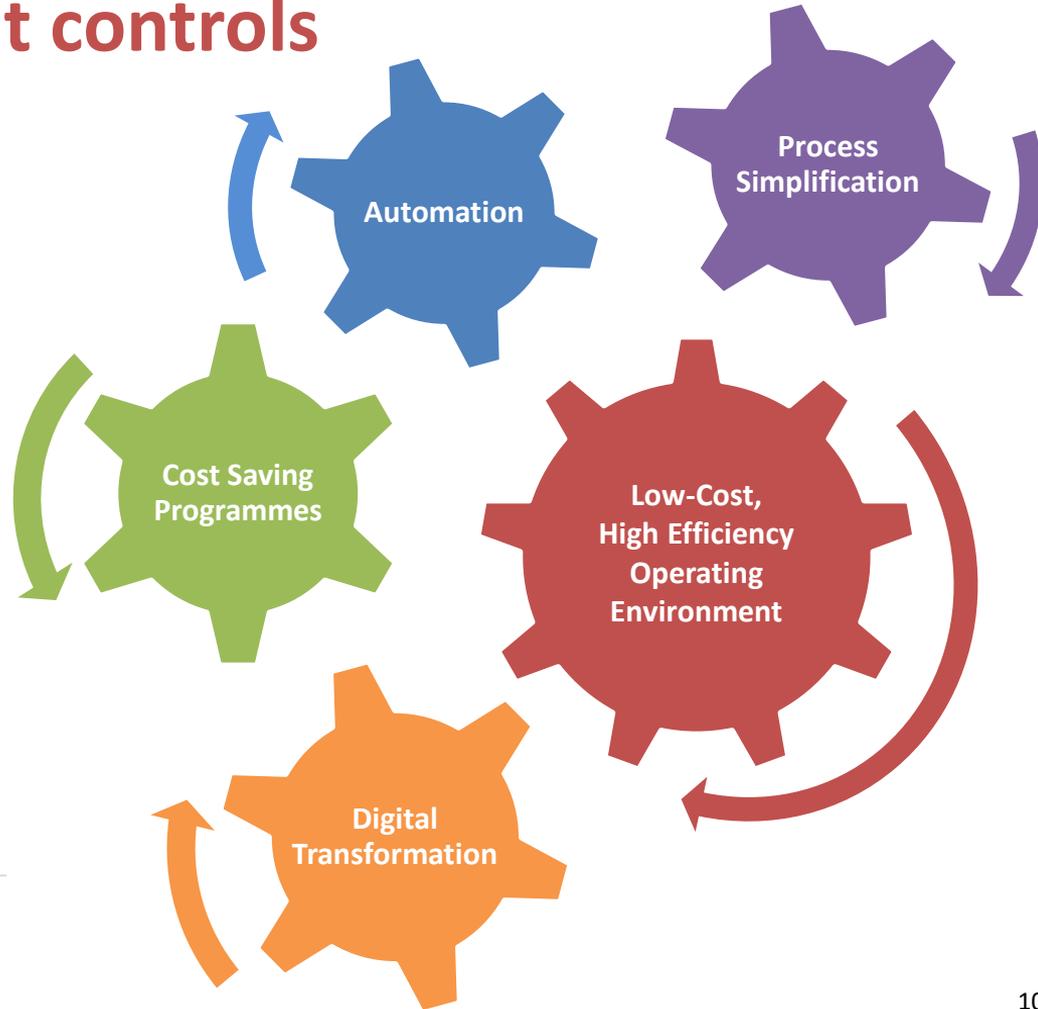
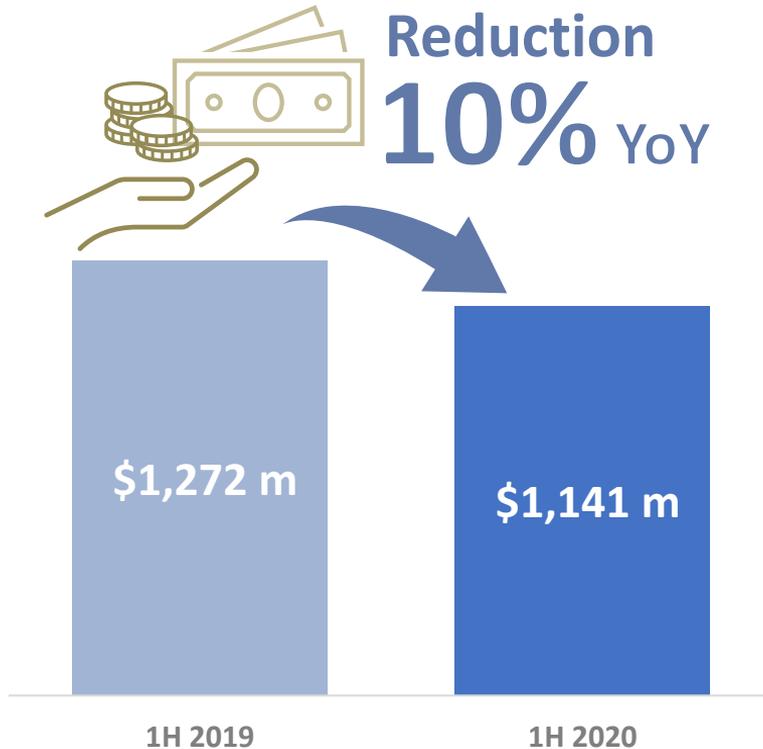
① Gross ARPU = monthly average spending per postpaid user including handset contribution for bundled plan.

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

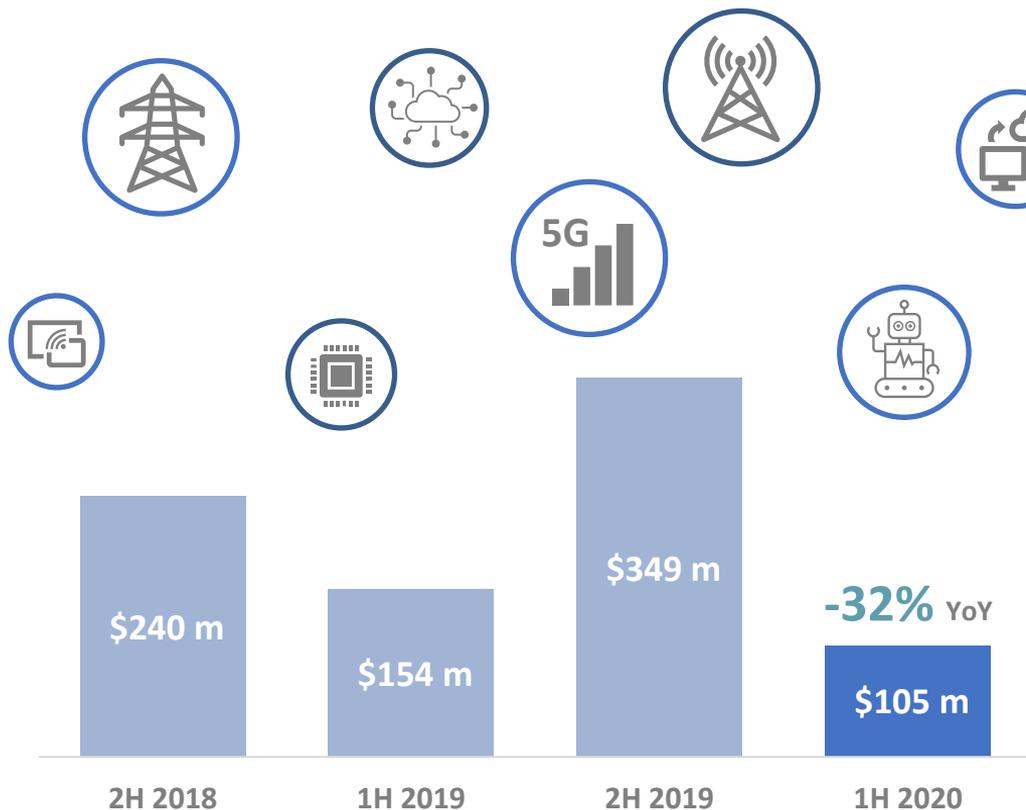
Data Usage: strong data growth in HK



Key Costs: stringent controls



Capex: disciplined capital investment



Capex over
Service Revenue

6%

(1H 2019: 9%)

EBITDA less CAPEX ^①

(excl. spectrum licences)

+14% YoY

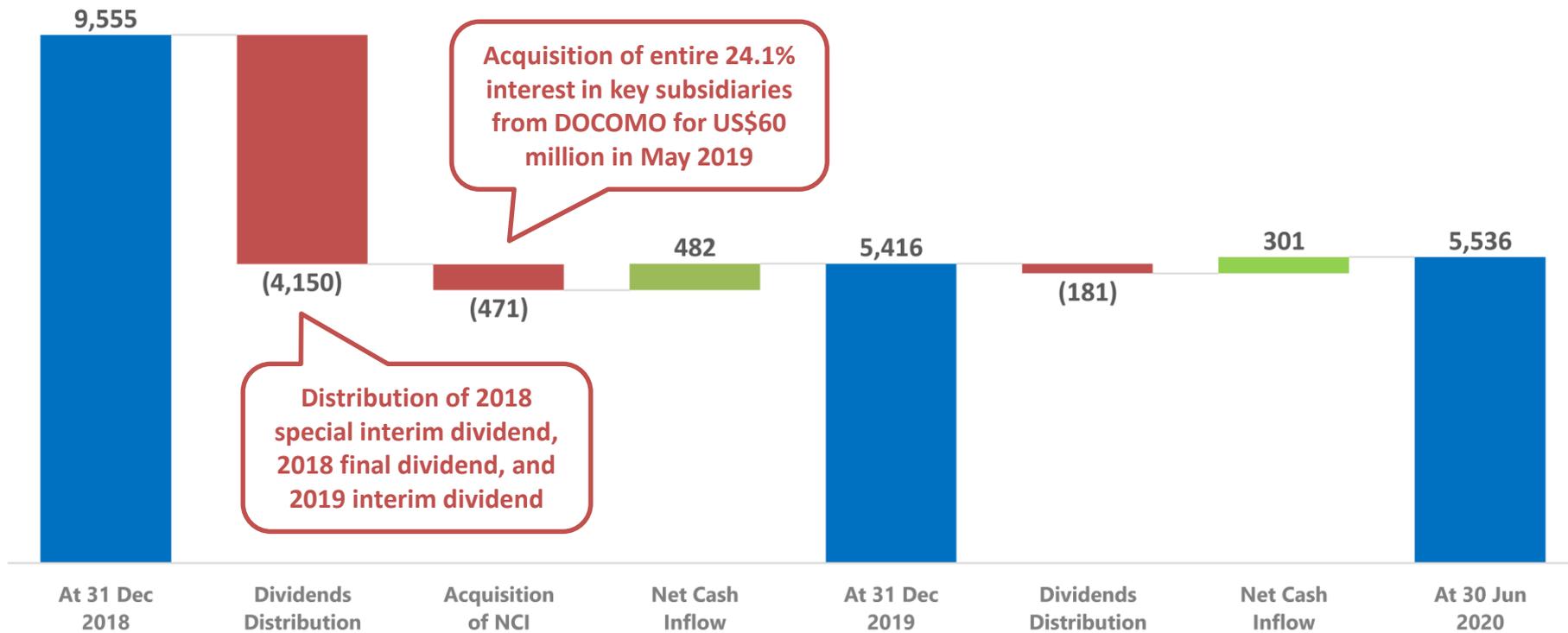


\$454m

① Under Post-IFRS 16 basis, Capex was HK\$105m and EBITDA less Capex was HK\$673m in 1H 2020.

Net Cash: healthy cash flow

HK\$ million



Sustainability



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Sustainability

“Create long-term value for the Group’s stakeholders that aligns with the strategic development and sustainability of the business.”



Product
Responsibility



Data
Privacy

Labour
Management



GHG
Emissions

Business Review and Development



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Response to COVID-19



Employees

- “Work-from-home arrangement”
- Safe & healthy working environment at offices and retail shops
- Medical masks provided to staff at all levels
- Digitalisation to enable operation flexibility



Mass Customers

- Enhance network capacity to ensure reliability
- Digital channels, e.g. 3Mall, My3 app
- Handset delivery service
- Free health pack at 3shops
- 24/7 Hotline Support



Corporate Customers

- Free consultation on 5G technology
- Assist enterprises for subsidy application
- “5G Live Up” broadcasting solution and other customised 5G solutions transforming conventional operation mode



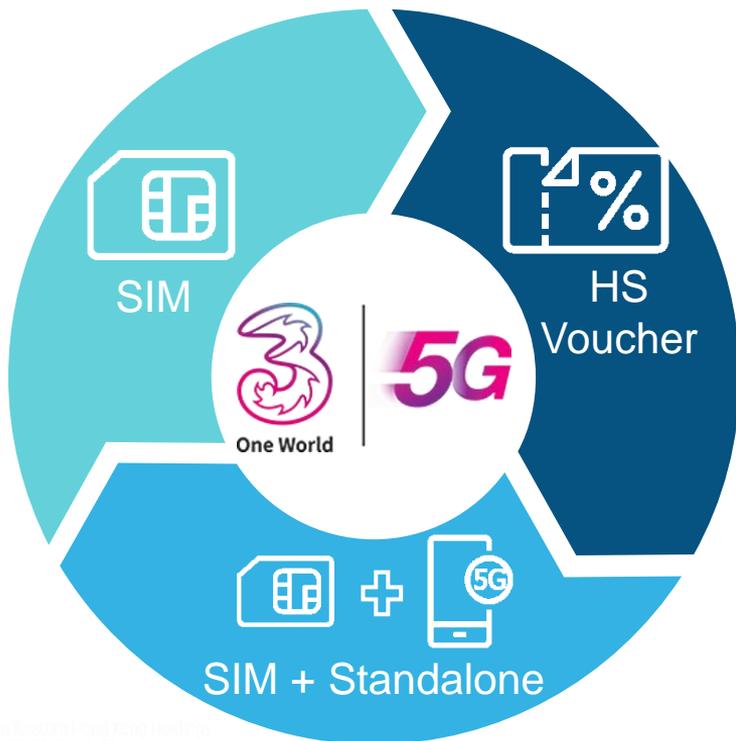
Community

- Free accounts of Zoom Classrooms app and free mobile data to primary & secondary schools for online learning
- Cheer for HK with first 5G 4K live streaming of the “5G. Syncs with the Power of Drums” charity concert, jointly-organised with the Hong Kong Chinese Orchestra

Launch of 5G



- First in HK to announce 5G tariff
- Pioneer to launch 5G service on 1 April



Supreme Network
100GB / Month
4.5G Full-Speed
Infinity Data
Thereafter

Network VIP
Net+
Get Priority
on Our Network

5G世界
OneWorld 更為一

Get **\$9,000**
Handset vouchers
upon subscribing to 5G Monthly Plan
with Handset Voucher

5G世界
OneWorld 更為一

即日起/續約
100GB 5G 本地數據

5G淨機即減優惠

 Samsung Galaxy S20 5G \$6,198 \$6,498	 Samsung Galaxy Z Flip 5G \$8,498	 Samsung Galaxy Z Fold 5G \$9,698	 OPPO Find X2 Pro 5G \$8,699	 Huawei MatePad 5G \$4,988	 Huawei Mate X2 5G \$11,788
 Samsung Galaxy S20 FE 5G \$5,599	 Samsung Galaxy S20 FE 5G \$4,599	 Samsung Galaxy S20 FE 5G \$8,888	 Huawei P40 Pro 5G \$6,088	 Huawei P40 Pro 5G \$4,388	

3Care Strategy



- Care, Commitment and Convenience to our customers and their families
 - Simple and Flexible service offering

3Care
We offer more than just communications services.



Enterprise Solutions



Video analytics improve accuracy

Intelligent robot helps to improve efficiency in CS | Security | Logistic

Body Temperature Monitoring Solution

- Automatic Temperature Measurement
- Intelligent Analysis
- Real-time Alert
- Plug-and-Play

3 Business

SMS Solutions

- SMS Marketing
- Demographics & Locations Targeting
- Large 3HK Subscription Base
- Cost Effective

3 Business

All-round Cybersecurity Protection

Get SIM + Devices

Adopt Remote Work With Ease

- Online meeting
- Online file storage / sharing

Get SIM + Devices

Home Office Solutions

- Mobile Call and Instant Messaging Recording
- Enforced Recording, Seamless Experience
- Centralized Record Keeping
- World-class Reliability

3 Business

iPification Secure Mobile Authentication
Available To 3 Hong Kong Subscribers

- Top-notch Security
- Zero-tap Verification
- Quick & Easy User Registration, logs

Bank-grade Seamless Mobile Security

3 Business

Enhance efficiency in HR management

Get SIM + Devices

Move deals faster with Online Customer Services

Get SIM + Devices

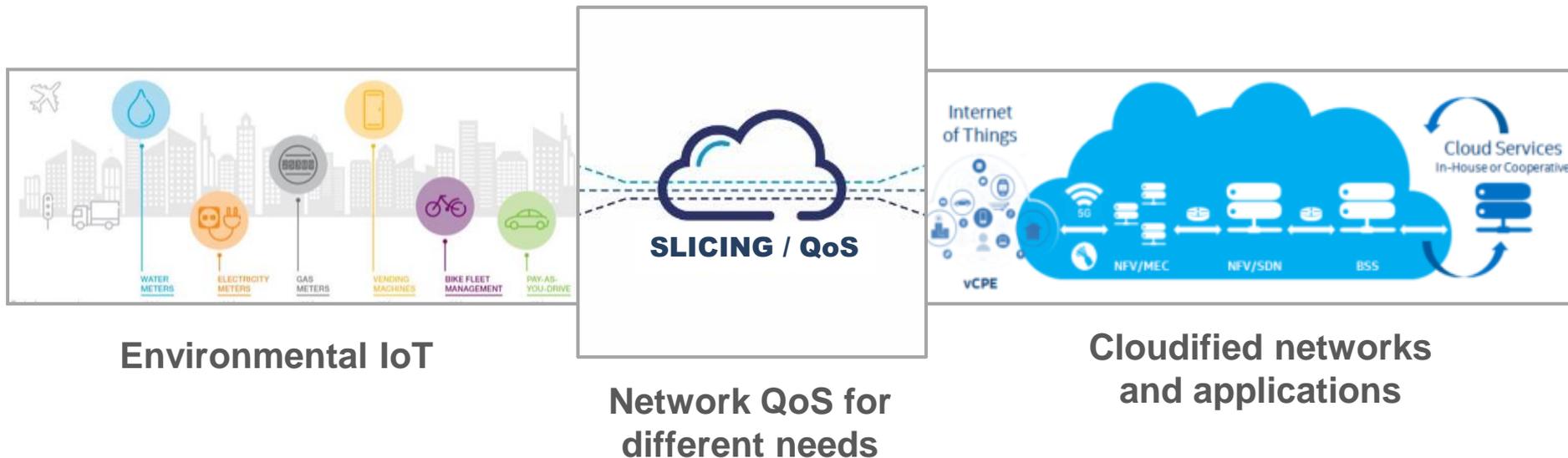
1H 2020
Enterprise Solution
Revenue:
+200% YoY

Outlook



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5G initiates business agility



Flexible architecture to cater for use cases of the future

Network-as-a-Service



Live Broadcast
Network



Mobility WiFi
for Event



Bespoke SLA, QoS



Metered Usage →
What U pay is
what U use



On-Demand
Purchasing → What
U pay is what U need



Greater network flexibility & dynamism for better QoS

5G Live Broadcast



Let Your Ideas Fly



Grow Your Customer Base



Avoid Traditional Business Costs



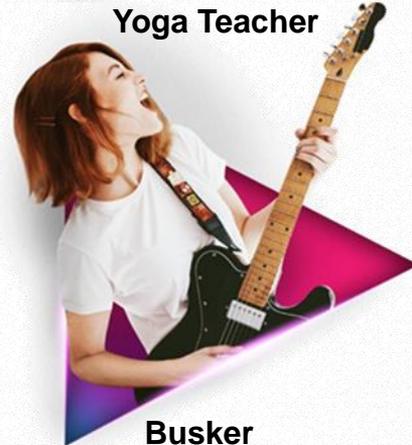
Online Tutor



Yoga Teacher



KOL



Busker

Appendix



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Financial Information

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HK\$ million	Pre-IFRS 16 basis			Post-IFRS 16 basis		
	1H 2020	1H 2019	Change	1H 2020	1H 2019	Change
Revenue	1,982	2,515	-21%	1,982	2,515	-21%
Net customer service revenue	1,664	1,782	-7%	1,664	1,782	-7%
• Local service revenue	1,443	1,424	+1%	1,443	1,424	+1%
• Roaming service revenue	221	358	-38%	221	358	-38%
Hardware revenue	318	733	-57%	318	733	-57%
• Bundled sales revenue	149	213	-30%	149	213	-30%
• Standalone handset sales revenue	169	520	-68%	169	520	-68%
Net customer service margin	1,462	1,617	-10%	1,462	1,617	-10%
<i>Net customer service margin %</i>	<i>88%</i>	<i>91%</i>	<i>-3%-pts</i>	<i>88%</i>	<i>91%</i>	<i>-3%-pts</i>
Standalone handset sales margin	3	9	-67%	3	9	-67%
Total margin	1,465	1,626	-10%	1,465	1,626	-10%

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HK\$ million	Pre-IFRS 16 basis			Post-IFRS 16 basis		
	1H 2020	1H 2019	Change	1H 2020	1H 2019	Change
Total margin	1,465	1,626	-10%	1,465	1,626	-10%
CACs	(258)	(371)	+30%	(234)	(343)	+32%
Less: Bundled sales revenue	149	213	-30%	149	213	-30%
CACs (net of hardware revenue)	(109)	(158)	+31%	(85)	(130)	+35%
Operating expenses	(830)	(949)	+13%	(635)	(744)	+15%
<i>Opex as a % of net customer service margin</i>	<i>57%</i>	<i>59%</i>	<i>+2%-pts</i>	<i>43%</i>	<i>46%</i>	<i>+3%-pts</i>
Share of EBITDA of a joint venture	33	35	-6%	33	35	-6%
EBITDA	559	554	+1%	778	787	-1%
Service EBITDA	556	545	+2%	775	778	-
<i>Service EBITDA margin %</i>	<i>33%</i>	<i>31%</i>	<i>+2%-pts</i>	<i>47%</i>	<i>44%</i>	<i>+3%-pts</i>
CAPEX (excl. licences)	(105)	(154)	+32%	(105)	(154)	+32%
EBITDA less CAPEX	454	400	+14%	673	633	+6%

Financial Information

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HK\$ million	Pre-IFRS 16 basis			Post-IFRS 16 basis		
	1H 2020	1H 2019	Change	1H 2020	1H 2019	Change
EBITDA	559	554	+1%	778	787	-1%
Depreciation and amortisation ^①	(416)	(403)	-3%	(631)	(627)	-1%
EBIT	143	151	-5%	147	160	-8%
Service EBIT	140	142	-1%	144	151	-5%
Net interest and other finance income ^①	51	90	-43%	43	82	-48%
Profit before tax	194	241	-20%	190	242	-21%
Tax ^①	(45)	(46)	+2%	(44)	(46)	+4%
Profit attributable to non-controlling interests	-	(8)	+100%	-	(8)	+100%
Profit attributable to shareholders	149	187	-20%	146	188	-22%

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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