



Hutchison Telecom
Hong Kong Holdings

2021 Annual Results Presentation



A member of CK Hutchison Holdings



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Agenda

Result Highlights

Business Review & Development

Financial Review

Sustainability

Outlook

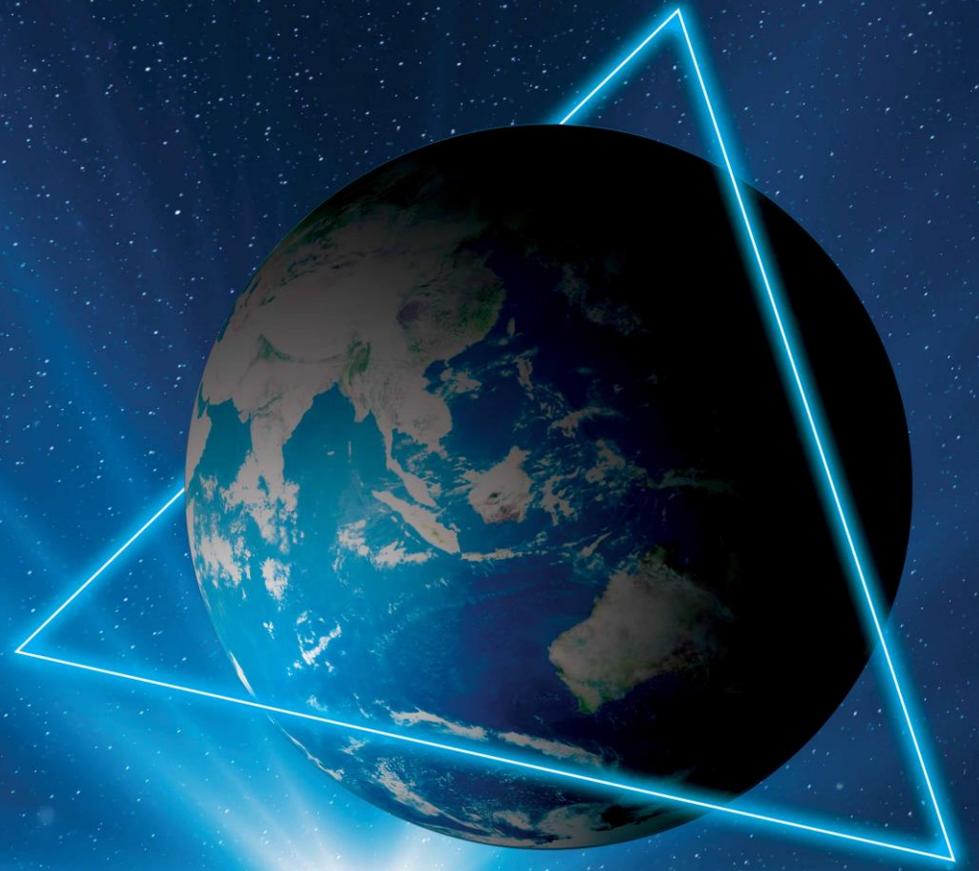


QR Code for the
Group's Financial Results

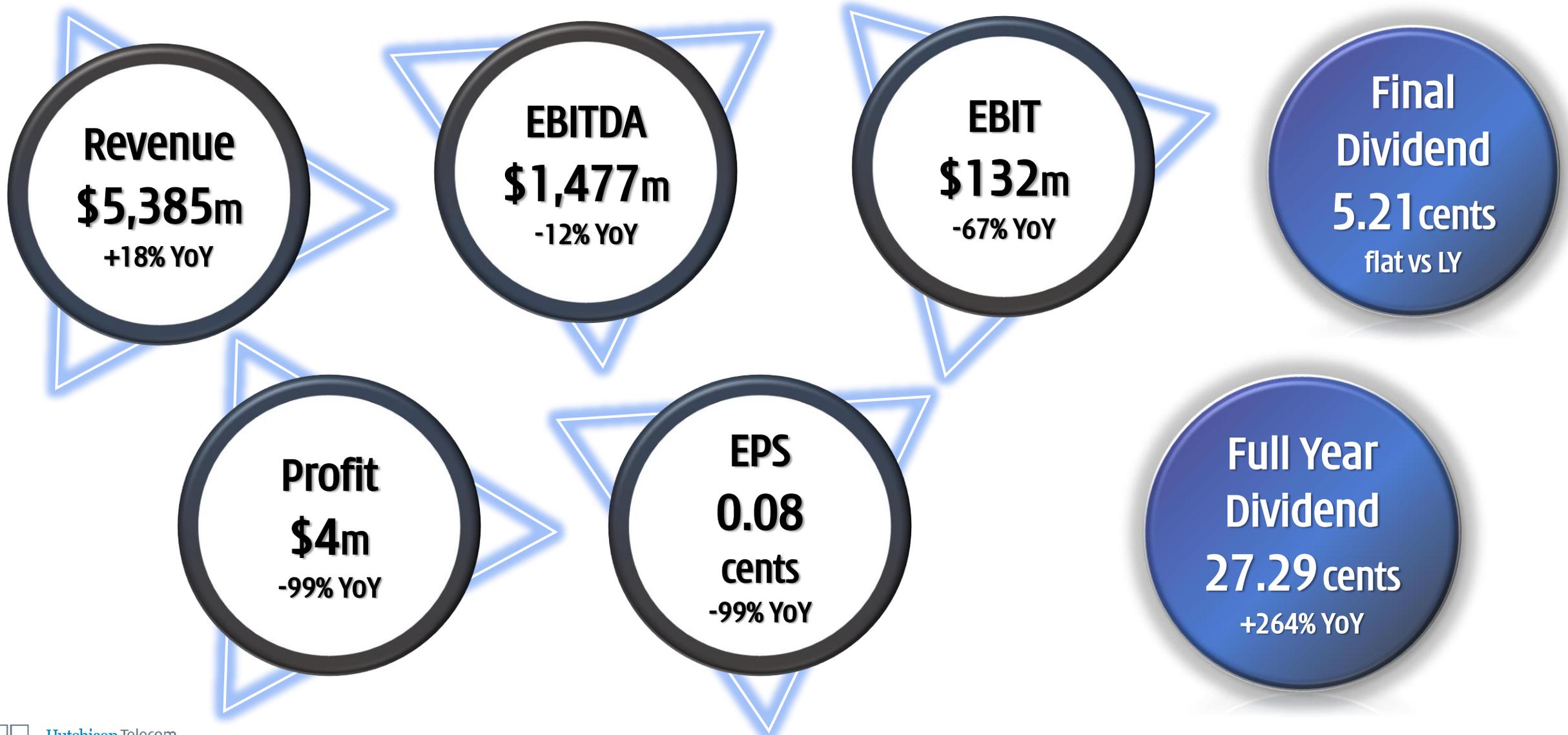


Hutchison Telecom
Hong Kong Holdings

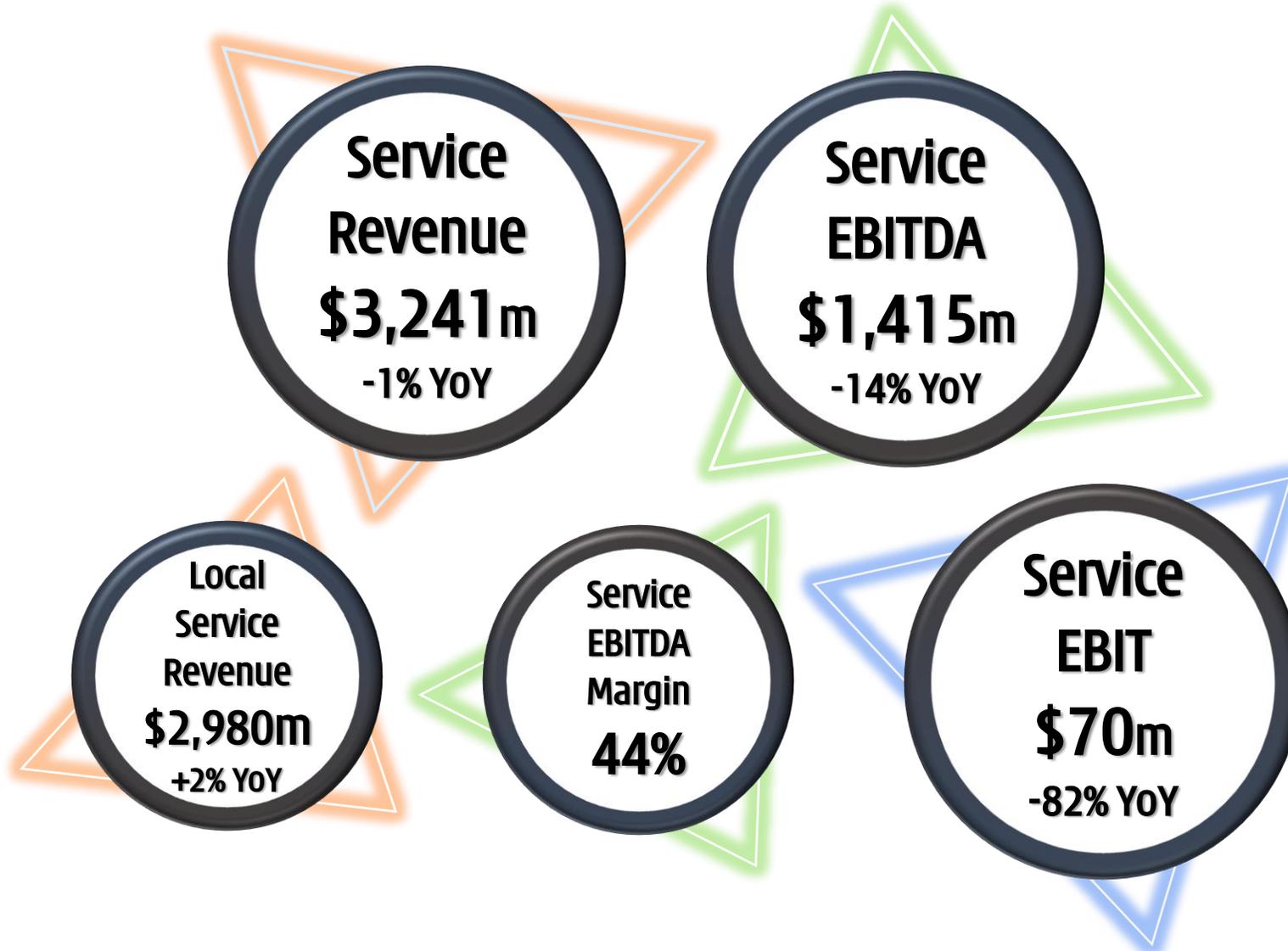
Result Highlights



Highlights : **Financial Results**



Service Performance : **Steady Growth in Local Services**



- Local service revenue grew 2%, of which corporate solutions revenue grew by 35%
- Roaming revenue slashed by 29%, reflecting the full year impact of travel restrictions
- Healthy Service EBITDA margin of 44% supported by ongoing collaboration with A. S. Watson Group
- Service EBIT dropped by 82% due to higher network costs from the 5G investment & network coverage expansion, partly offset by the efficient cost structure

A large telescope on a tripod is positioned on a dark, rocky surface. The background is a night sky filled with stars and a glowing orange triangle. The telescope is pointing towards the right. The sky transitions from a dark blue at the top to a bright orange and yellow near the horizon, suggesting a sunset or sunrise. The overall scene is a metaphor for business review and development.

Business Review & Development



Diversify Development to keep resilient under the COVID-19 Crisis

Best Network

Best Distribution

Digitised Prepaid

3.OneWorld

3Business



Optimise network coverage and connectivity with the deployment of over 1,300 3.5GHz 5G sites, and the completion of 2.1 GHz 5G reform

Increase both online and offline customer touchpoints to over 500 outlets to bring the customer experience to life

Digitised prepaid platform with online app to connect customers and communities with a hassle-free experience

Provision of non-telecom services through co-operations with different service providers to address customers' needs. Deepening customer engagement

Build up portfolio of 5G enterprise solution to enable corporation's digital transformation

Best Network : Passion in Network Excellence



- 5G coverage reached **99%***
- 5G site locations expanded by over **43%**
- Data usage in HK grew **74%** since 2019 and **32%** YoY



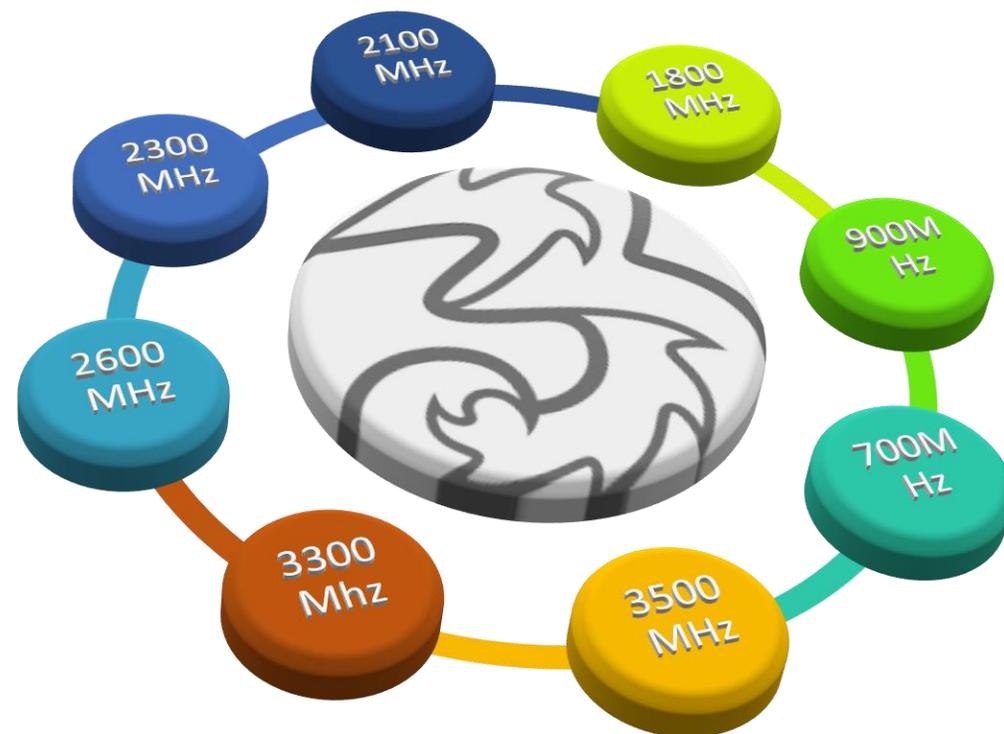
Completed 2.1 GHz 5G refarm across all networks



Operates a significant amount of 1,300 3.5GHz 5G "golden spectrum" band base stations



Efficient spectrum utilisation to optimise customer experience and reliability



Hotspot: Building on Customer Demand and Relevance to 5G Applications

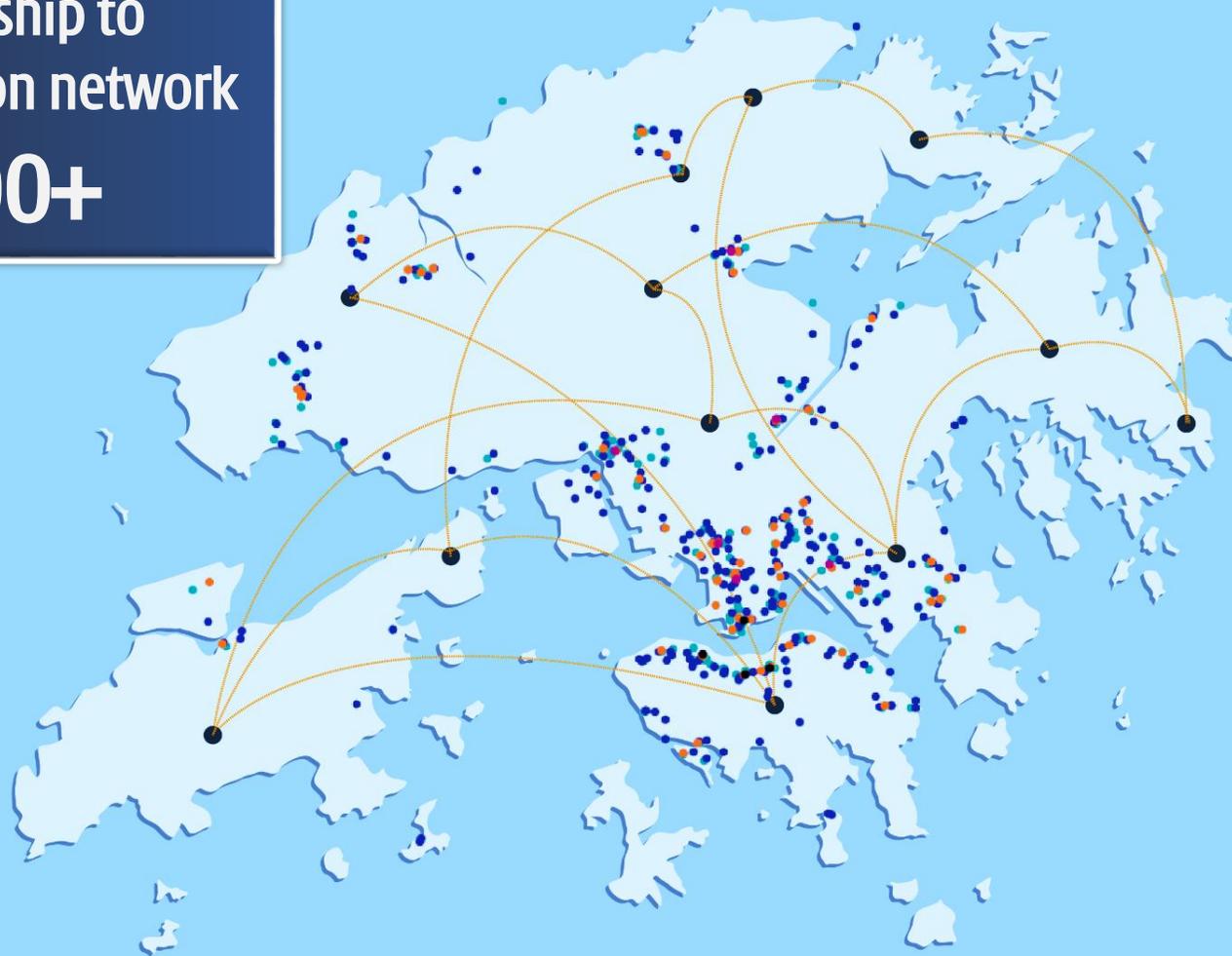
- Hotspot district across 18 districts
- To educate customer to adopt 5G services
- Optimise location to customer relevance



Best Distribution : **Best Customer Convenience**

Strategic partnership to
expanding distribution network

Total POS : **500+**



-  **Shop**
-  **Supreme**
-  **FORTRESS**
-  **PARKNSHOP**
-  **watsons**



Digitised Prepaid

SoSIM Mobile App

(Launched in Apr 2021)



Real-name Registration



Online + Offline subscribe ANYTIME ANYWHERE



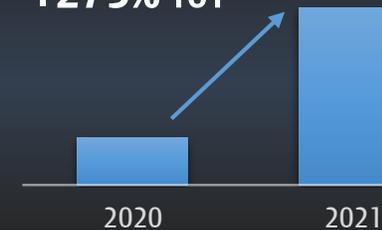
Mobile Number Portability



Lifestyle Campaign



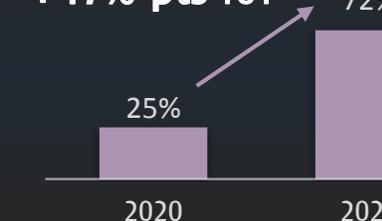
Customers +275% YoY



Revenue +1,187% YoY



Renewal Ratio +47%-pts YoY



5G Broadband

- Own Dedicated 5G Broadband Line
- Unlimited Speed
- No landlines



- Dual Locations (Home/Office)
- Change Locations Available



- Activate in minutes
- On-Site Testing



- Full Range of 5G Router



3.One World : 5G Connected Together

5G LIVE 網上直播
BEATS 與你 HOME FITNESS
3月24日 | 8:00pm
人樂KOL Fanny Ng
專業健身教練 鄭家盛

5G LIVE 網上直播
「壹城」音樂會創作分享
相約「壹城」不見不散
6月7日 | 8:30pm

5G LIVE 網上直播
upNTea Pass 之養生分享會
日期: 3月10日 時間: 9:00pm
人樂KOL Catherine Froid 黃嘉
心靈養生坊創辦人 Michelle Wong

5G LIVE 網上直播
在家也 Playgroup!
6月9日 | 9:00pm
Teacher Lily @ Mind Education
Gary @ Mind & The Prince

5G LIVE
聽live玩遊戲
贏取豐富獎品!
全新 Beats Flex

5G LIVE
同答環節
派禮物!

5G LIVE

5G LIVE

Universe in a Flower @Tsz Shan Monastery

5G
ORBSTELLAR by XCEPT
@ 1881 Heritage

5G LIVE
網上直播: 「壹城」音樂會創作分享
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6月7日 | 8:30pm

5G LIVE
網上直播: 在家也 Playgroup!
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5G LIVE
聽live玩遊戲
贏取豐富獎品!
全新 Beats Flex

5G LIVE
同答環節
派禮物!

ART SPACE NFT Art Show
14 DEC 2021 - 9 JAN 2022
Hanna Blufic JK
17 DEC 2021 | 6:00pm
3Supreme Shop Causeway Bay
ART SPACE NFT Art Show

NFT / ArtTech

DIGITAL ART FAIR
2021.9.30 - 10.22
5G Digital Operator Local Partner EXCLUSIVE 5G

Digital Art Fair

DIGITAL ART FAIR
2021.9.30 - 10.22
5G Digital Operator Local Partner EXCLUSIVE 5G TECHNOLOGY PROVIDER

ART SPACE
萬花筒打卡裝置
本地原創 Board game
18 AUG - 19 SEP 2021
開幕禮 @3Supreme 店

Art Space @3Supreme

ART SPACE
19 AUG - 19 SEP 2021
開幕禮 @3Supreme 店

3.One World : Customer Engagement

MoneyBack Rewards

易賞錢 MoneyBack × 3 世界為一

新登場

積分賺3當錢使

兼享上台優惠

Encourage Vaccination

全城有Jabso 接種有大禮

總值超過 **\$1,000萬**

有獎遊戲贏取

- 33GB 5G數據 名額1萬個
- iPhone 12 Pro 33部
- \$800 手錶折扣優惠 名額1萬個

"LeaveHomeSafe" with HKJC

支持賽馬會「智融易」長者數碼支援計劃

提供智能手機連12個月流動通訊基本服務

幫爸媽添安心

只係 **\$15/月**

Alcatel 1S

限量優惠·即去指定3Shop!

Elderly Care Workshops

安心教室 唔識裝? 我幫你!

11月12日 (星期五) 中午12點 | 銅鑼灣店

安心手機應用教室

一次過裝齊常用App + 即場限定手機優惠

立即報名

5G LIVE 網上直播:

「老友記」智選助聽器小貼士

6月23日 | 8:30pm

嘉賓: Heari 聽力中心負責人 Angus

玩遊戲送: Heari 聽力測試 (價值: \$400)



Free Data Entitlement

FREE 300GB data for 3HK customers under mandatory quarantine

隔離及在家工作期間 送2個月影音娛樂服務

K hmvod

3Business

Art 5G 4K Broadcasting



Construction 5G BIM Solution

Property 5G Smart Robot + AI Cloud



Education Smart Classroom



Leads industry in developing 5G enterprise solutions with leaders in key industries

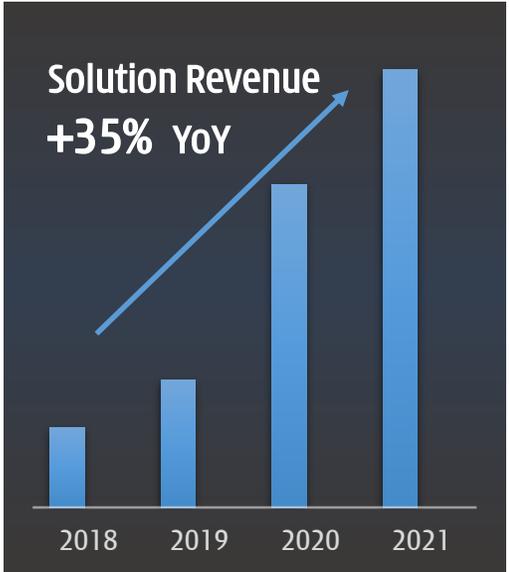
Textile & Clothing 5G 4K Video Conferencing



Subsidy Scheme for Encouraging Early Deployment of 5G

3Business one-stop support

- Consultation Service
- Application Assistance
- Project Management



3Education: Interactive Teaching and Learning Solutions

3 Education

虛擬實境 (VR) 學習

讓學生輕鬆掌握
抽象知識概念



了解更多

AR DIY for Education

- DIY and view AR multimedia content by scanning the teaching materials
- Simple and easy-to-use interface

3 Education

AI智慧校園

有效改善校園保安及設施管理



了解更多

AI

- Machine learning
- Big Data
- Deep learning

3 Education

5G校園電視台

直播學校活動及比賽
符合申請政府資助



了解更多

Campus TV Station

- High speed and reliable 5G mobile network equipped with professional set up
- Easy-to-use

3 Education

STEM教育課程

多元化課程內容
實驗式學習體驗



了解更多

STEM

- Virtual Reality + Augmented Reality
- Remote students' learning ability and creativity

Products & Services

Be Your Own Boss
5G LIVE Outpace the Rest

New "5G LIVE Up" Broadcast Solution

- High Speed, High Definition
- Seamless Live Broadcast
- Online Ticketing

5G LIVE UP

bowtiego
New "VDoctor+" Service
Unlimited Video Consultations Anywhere
With free medication and deliver to door

- Consult doctors at home
- Skip queues, save time
- Professional medical team

心靈養生坊
HEALTH & SPIRIT HEALTHY
New "SoupNTea Pass"
Monthly Delivery of Ready-to-Serve Soup + Tea-Bags

3Care

3HK Direct Carrier Billing Service
Simplify online purchase process with a single 3HK bill

- Safe Purchases
- Easy Setup
- Clear Transaction

Bill-to-3

New "Flexi Entertainment Pack" Service

hmvod Google Play App Store

Switch monthly flexibly
Infinity data for entertainment

Entertainment

Prepare your kids for **STEM**
As low as **\$39/month**

STEM Coding Kit

- No more than \$2/day
- Introducing coding logic and AI concepts
- Motivating your kids to learn at home with self-study videos

Lifestyle

Private Internet ACCESS[®]
PIA VPN Pass
隱藏網絡行蹤 防止私隱外洩

- 逾70個國家IP任選
- 可同時支援10個裝置
- 一click即啟動

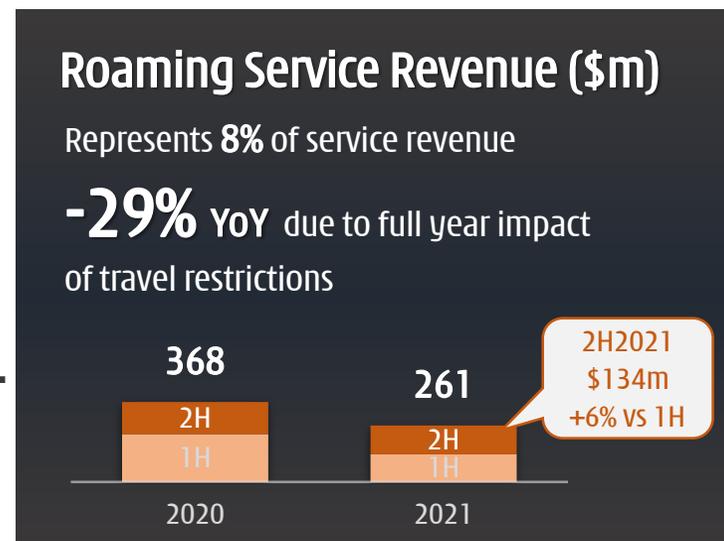
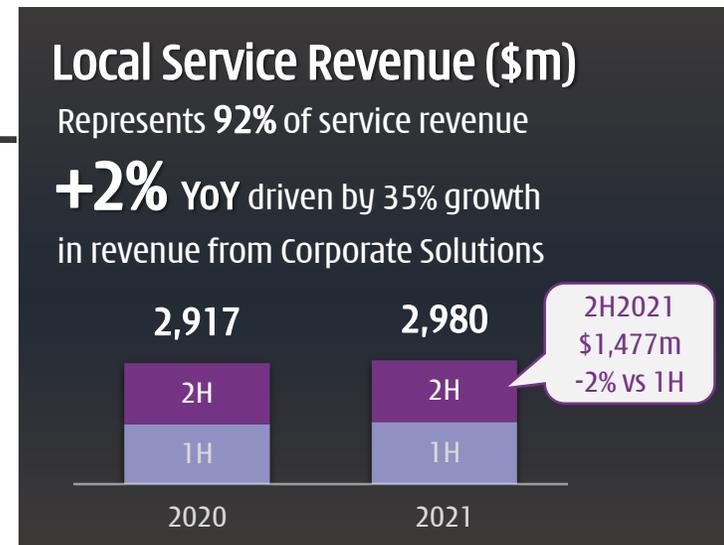
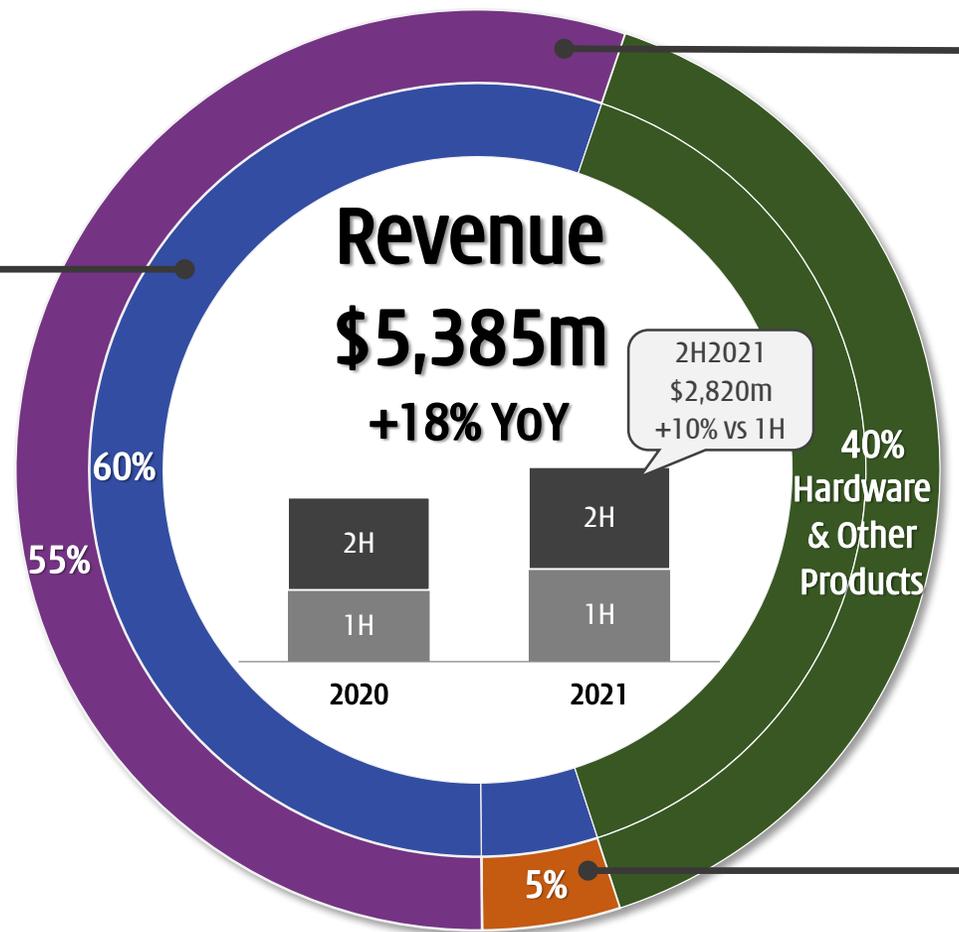
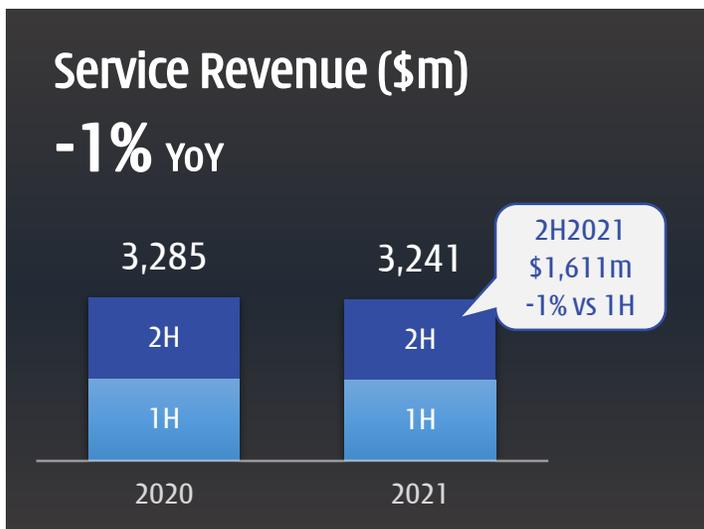
Mobile Security

Financial Review



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Hong Kong Holdings

Revenue : Building Growth Momentum



Customers : Solid Customer Base

Prepaid

55%

of total customer base (2020: 56%)
Decreased by **1%-pt** YoY

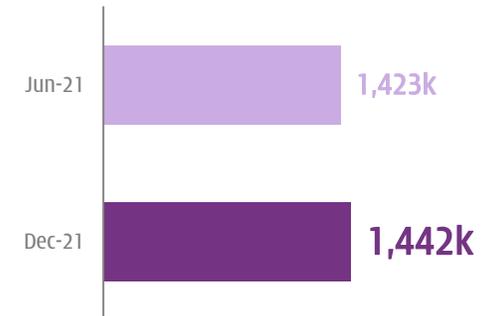


Decreased by **5%** YoY
and 3% vs 1H 2021

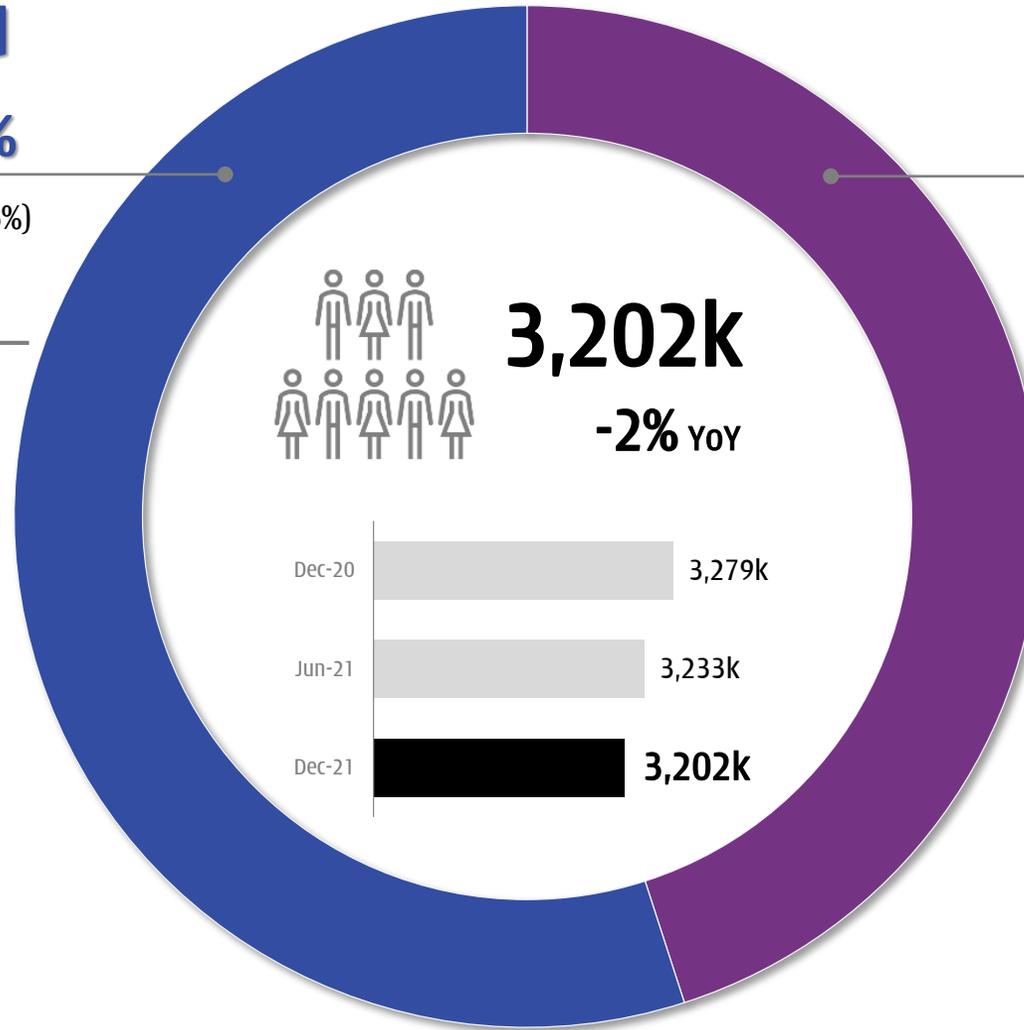
Postpaid

45%

of total customer base (2020: 44%)
Increased by **1%-pt** YoY



Increased by **1%** YoY
and vs 1H 2021



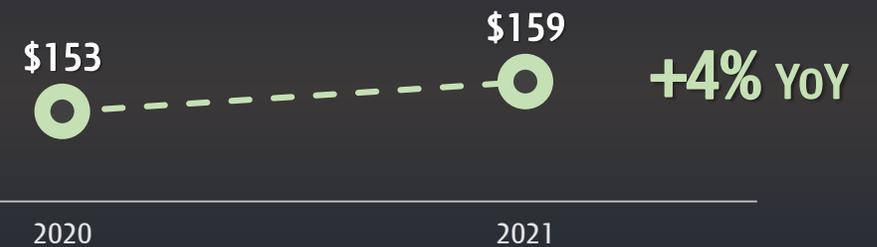
Postpaid ARPU & Churn : ARPU Growth along with Stable Churn

Local Gross ARPU



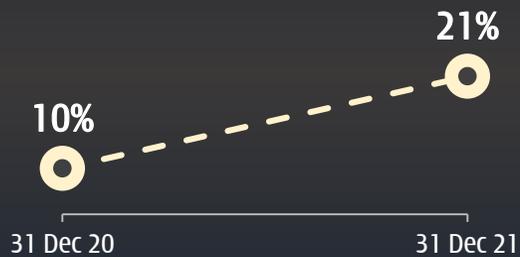
Gross ARPU = monthly average spending per postpaid user including handset contribution for bundled plan.

Local Net ARPU

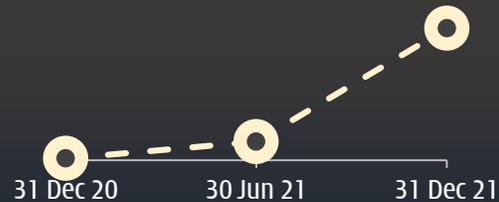


Net ARPU = monthly average spending per postpaid user excluding handset contribution for bundled plan.

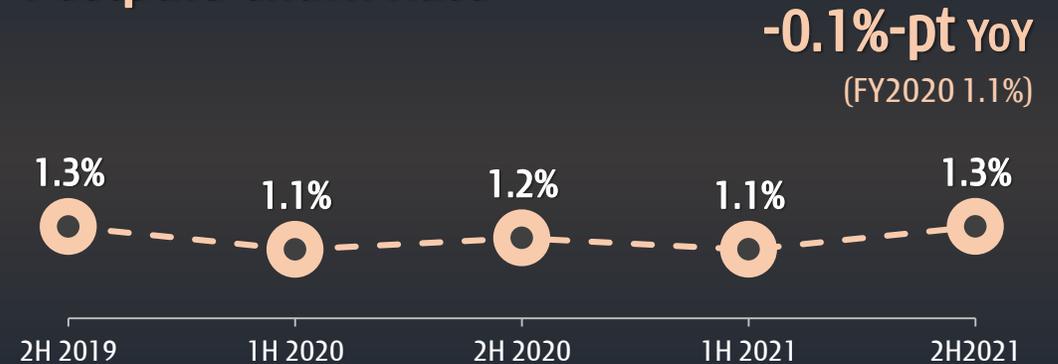
5G Subscriptions Steady uptake



5G Broadband Optimistic outlook



Postpaid Churn Rate



Key Cost and Capex : Optimised & Advanced Network

Cash and bank balances (\$m) : Healthy Cash Position

Operating Costs

(inc. CACs, staff costs & other opex)

\$1,883m

-11% YoY

(2020: \$1,697m)

Capex

(excl. telecommunications licences)

\$874m

-47% YoY

(2020: \$593m)

EBITDA less Capex

(excl. telecommunications licences)

\$603m

-44% YoY

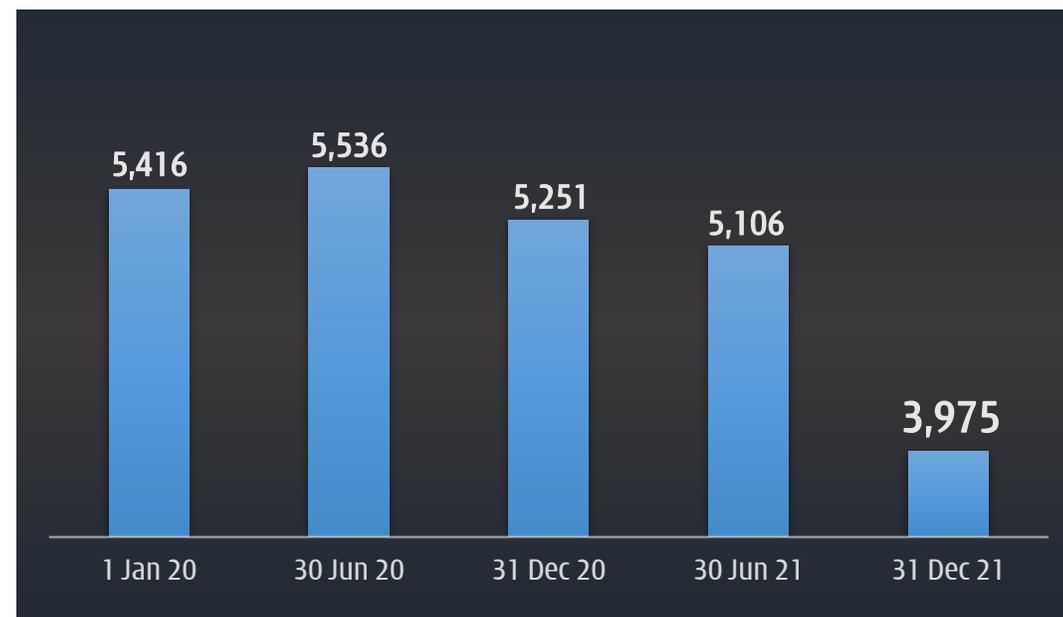
(2020: \$1,079m)

Capex over Service Revenue

27%

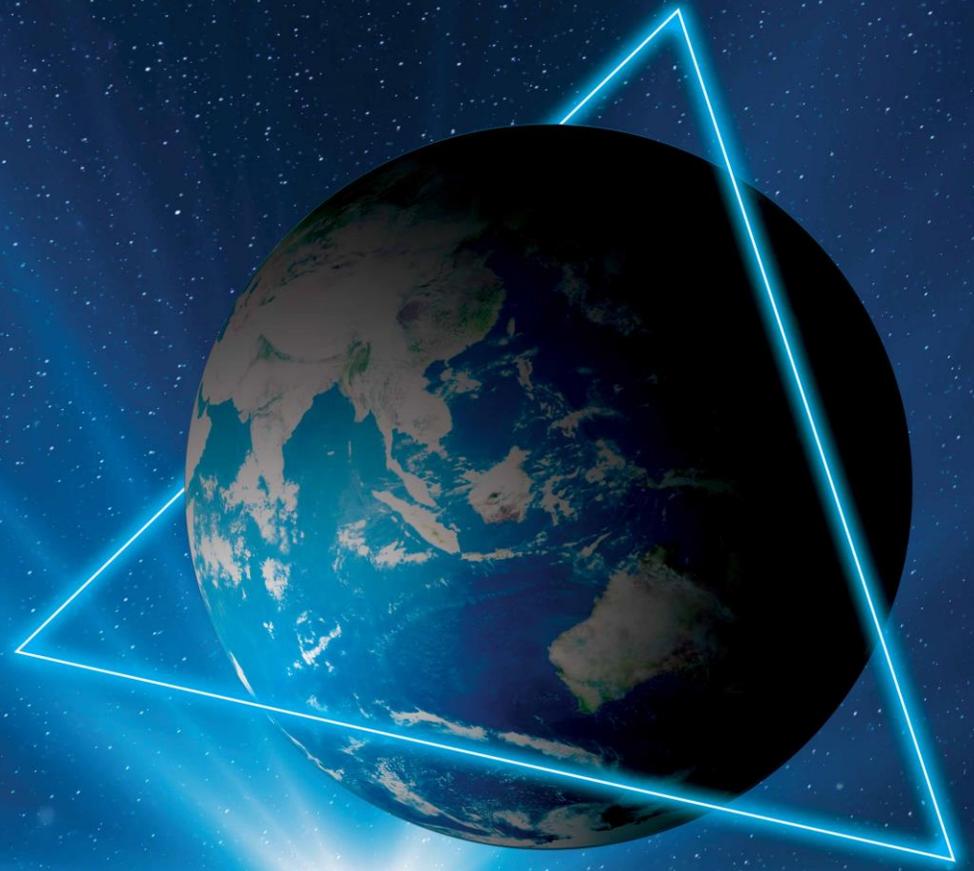
(2020: 18%)

- Special interim dividend of HK\$954 million in Sep 2021
- Settlement of 5G investment and spectrum spending



Note: Cash and bank balances as at 31 Dec 2021 include short-term bank deposits with original maturity beyond 3 months of \$2,561 million.

Sustainability



Hutchison Telecom
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Sustainability: Focusing on what Matters to Stakeholders

Action on Climate Change

↓ **10% YoY** Carbon Emission Intensity ⁽¹⁾

✓ **2021 Progress: -13%**

↓ **2% YoY** Paper Consumption

✓ **2021 Progress: -4%**

Creating Great Places to Work

✓ Average Training⁽²⁾ **>25 hours**

✓ Mandatory Annual Training on Anti-Fraud Anti-Corruption

Note: (1) Carbon intensity represents greenhouse gas emissions generated divided by data traffic during the year.

(2) Average training hours represent average hours of training completed by full-time employees.

Promoting Sustainable Ecosystem

✓ Sustainability Assessment in Tender Review

✓ Encourage Customers to Adopt Sustainable Lifestyle



Supporting Local Communities

Continue to support the communities we serve

Area of Focus :
Education, Environmental concerns, Culture, and more





Outlook



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Outlook

- **Continue to optimise our best network** as one of leading global network brands
- **Monetise 5G technology innovation** to accelerate enterprise and consumer 5G adoptions
- Grow from exciting new opportunities emphasising on **5G Mobile Broadband**
- Leverage the advantage of the **distribution network of the CKHH Group** to extend to more customer segments
- Improving **customer engagement and loyalty** by riding on “MoneyBack@3”
- Target to deliver **dividend similar to that of 2020** and 100% payout going forward





Hutchison Telecom
Hong Kong Holdings

Thank You



A member of CK Hutchison Holdings



Appendix



HK\$ million	2021	2020	Change
Revenue	5,385	4,545	+18%
Net customer service revenue	3,241	3,285	-1%
• Local service revenue	2,980	2,917	+2%
• Roaming service revenue	261	368	-29%
Hardware and other product revenue	2,144	1,260	+70%
• Bundled sales revenue	395	345	+14%
• Standalone sales revenue	1,749	915	+91%
Net customer service margin	2,817	2,873	-2%
<i>Net customer service margin %</i>	<i>87%</i>	<i>87%</i>	-
Standalone handset and other product sales margin	62	22	+182%
Total margin	2,879	2,895	-1%

Financial Information (cont'd)

Appendix

HK\$ million	2021	2020	Change
Total margin	2,879	2,895	-1%
CACs	(529)	(481)	-10%
Less: Bundled sales revenue	395	345	+14%
CACs (net of hardware and other product revenue)	(134)	(136)	+1%
Operating expenses	(1,325)	(1,149)	-15%
<i>Opex as a % of net customer service margin</i>	<i>47%</i>	<i>40%</i>	<i>-7% pts</i>
Share of EBITDA of a joint venture	57	62	-8%
EBITDA	1,477	1,672	-12%
Service EBITDA	1,415	1,650	-14%
<i>Service EBITDA margin %</i>	<i>44%</i>	<i>50%</i>	<i>-6% pts</i>
CAPEX (excl. telecommunications licences)	(874)	(593)	-47%
EBITDA less CAPEX	603	1,079	-44%

HK\$ million	2021	2020	Change
EBITDA	1,477	1,672	-12%
Depreciation and amortisation ^①	(1,345)	(1,269)	-6%
EBIT	132	403	-67%
Service EBIT	70	381	-82%
Net interest and other finance (costs) / income ^①	(40)	47	-185%
Profit before taxation	92	450	-80%
Taxation ^①	(88)	(89)	+1%
Profit attributable to shareholders	4	361	-99%

① Depreciation and amortisation, net interest and other finance (costs)/income and taxation include the Group's share of joint venture's respective items.