

2022 Interim Results Presentation



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Agenda



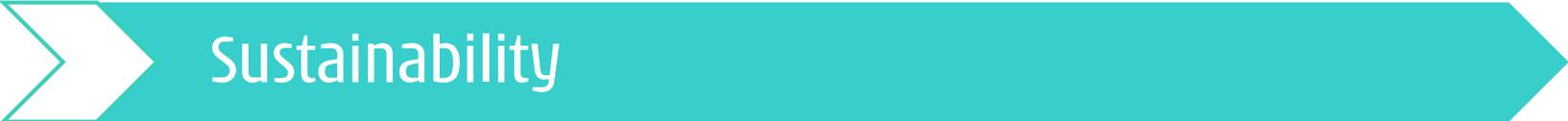
Result Highlights



Financial Review



Business Review & Development



Sustainability

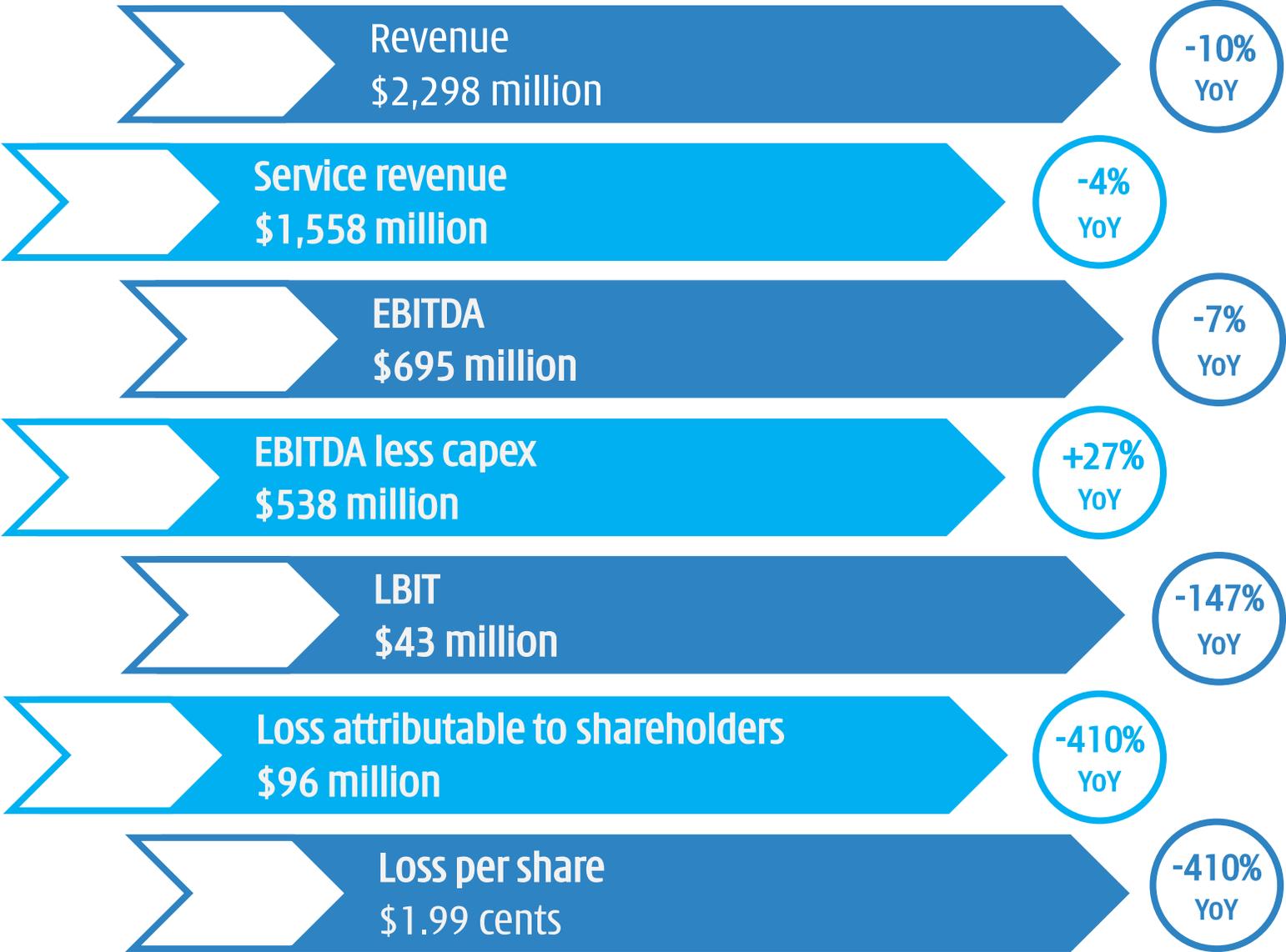


Outlook

Result Highlights



Highlights: Financial Results



Interim dividend
2.28 cents
Flat YoY

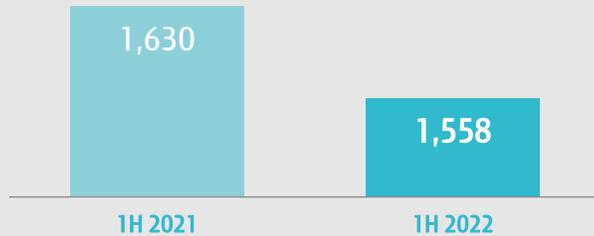
Financial Review



Revenue: Challenging Operational Environment

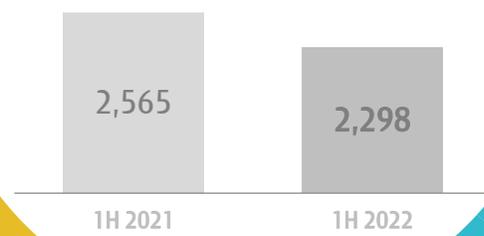
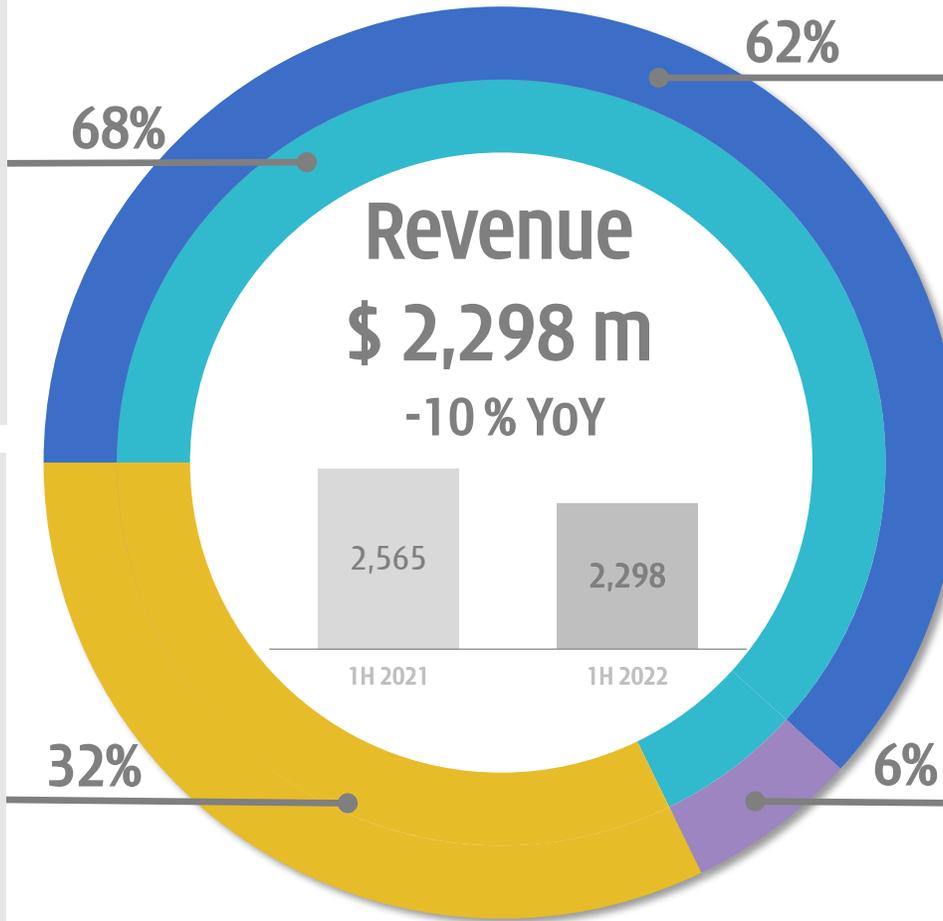
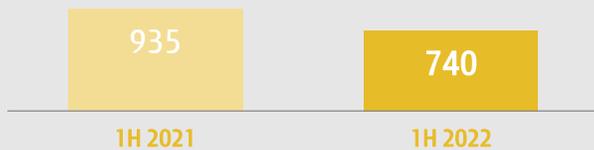
Service Revenue (\$m)

-4% YoY as challenging operational uncertainties persisted during 1H 2022



Hardware & Other Product Revenue (\$m)

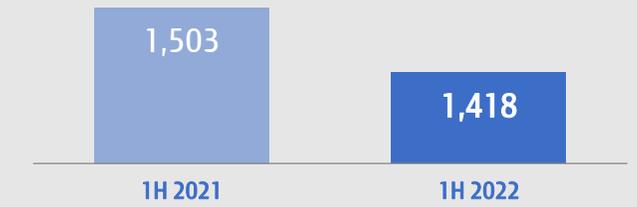
-21% YoY due to supply chain constraints and the impact of deferred smartphones launch from 2020 being reflected in 1H 2021



Local Service Revenue (\$m)

Represents **91%** of service revenue

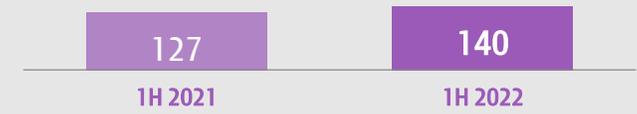
-6% YoY as the market has remained competitive and delays of corporate solution projects due to the fifth-wave of COVID-19



Roaming Service Revenue (\$m)

Represents **9%** of service revenue

+10% YoY reflecting the impact of gradual easing of travel restrictions since May 2022



Customers: Driving Growth in Postpaid Customer Base

Prepaid

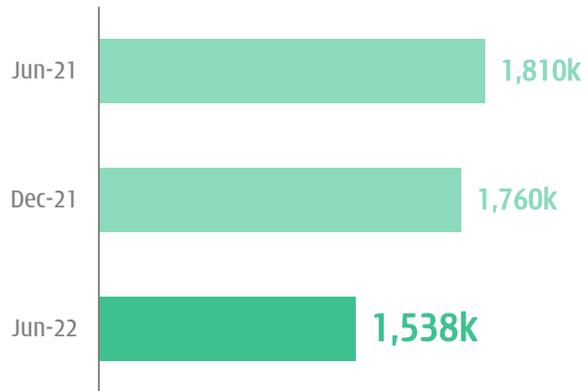
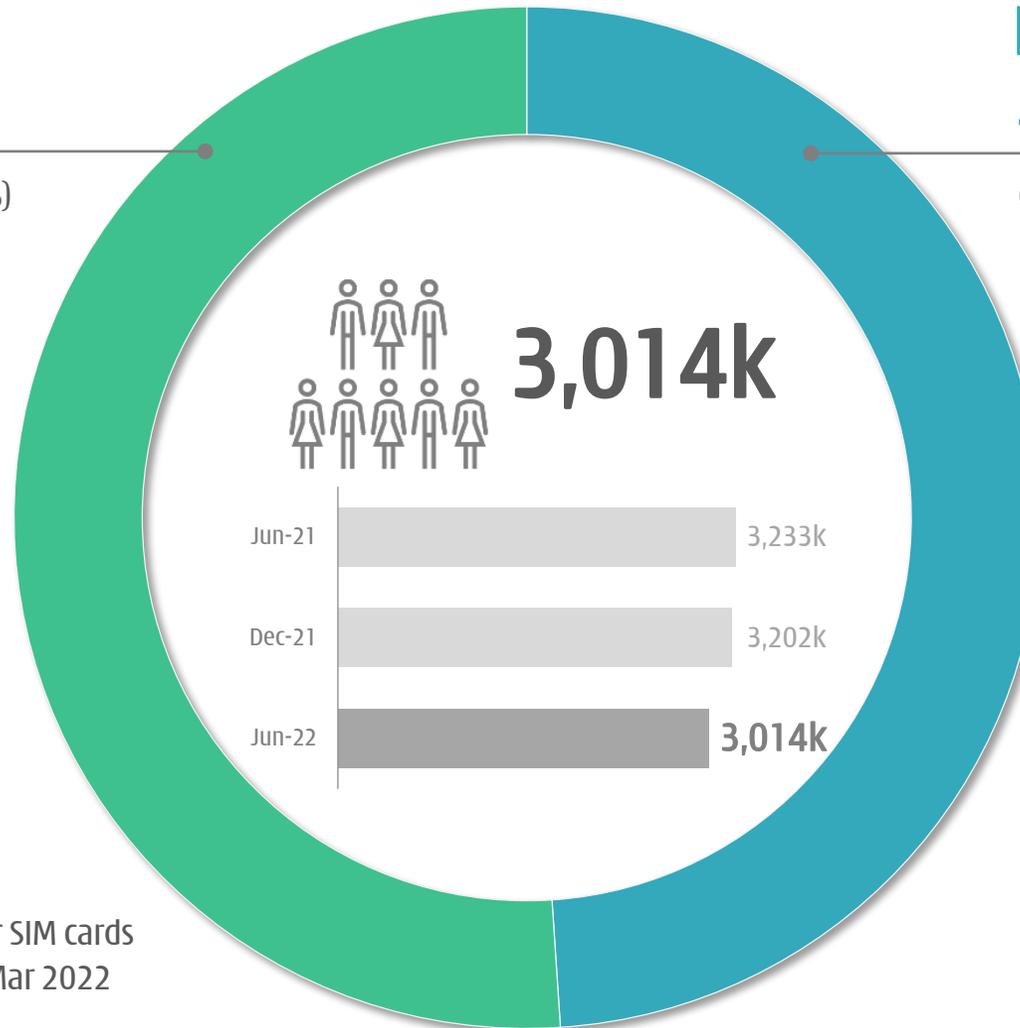
51%

of total customer base (1H 2021: 56%)

Postpaid

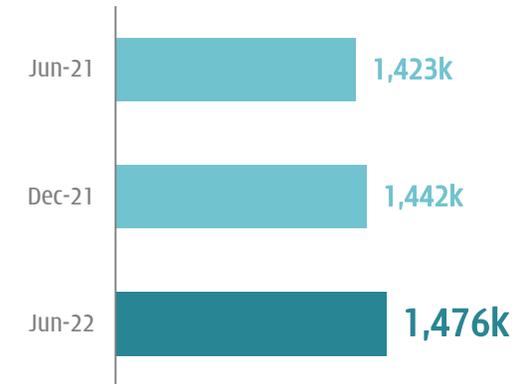
49%

of total customer base (1H 2021: 44%)



Decreased by **15% YoY**

Impact of the real-name registration for SIM cards in Hong Kong which commenced on 1 Mar 2022



Increased by **4% YoY**

Encouraging growth in postpaid customer base from both Mass & Corporate segments

Customers: Promising Postpaid Churn Improvement

Local ARPU

- Intense market competition
- Slower than expected corporate solutions contributions



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

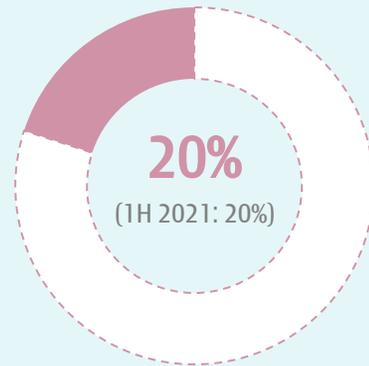
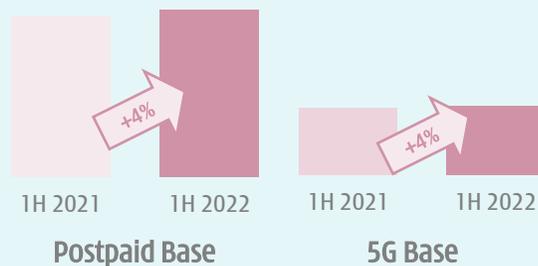
Postpaid Churn

- Focused strategy in improving customer loyalty
- Continuous effort in customer retention



5G Customer Base

Steady 5G penetration at 20% despite an enlarged postpaid customer base



5G penetration = number of 5G customers to postpaid customer base in Hong Kong

5G Broadband

“Ramping up with optimistic outlook”



Operating Costs

(inc. CACs, staff costs & other opex)



- Strengthened shop-in-shop strategy
- Ongoing cost efficiency enhancement initiatives
- Increased network operating costs to support network development & expansion

Depreciation & Amortisation



- Spectrum licence renewed in 2021
- Robust investments in network infrastructure & related technologies

Capital Expenditure

(excl. telecommunications licences)



- Lower capex as most of the 5G network infrastructure capex has been incurred in 2021



Net Cash

- Change in net cash mainly due to the distribution of 2021 final dividend in May 2022
- Settlement of capex of 5G network development and expansion

Healthy Cash Position



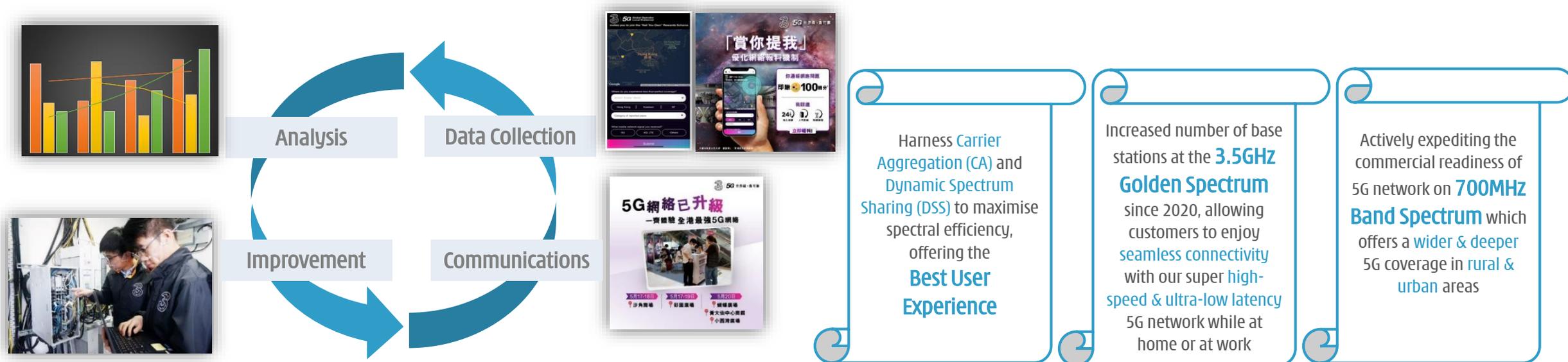
Note: Cash and bank balances as at 30 Jun 2022 include short-term bank deposits with original maturity beyond three months of \$3,199m (31 Dec 2021: \$2,561m).



Business Review & Development



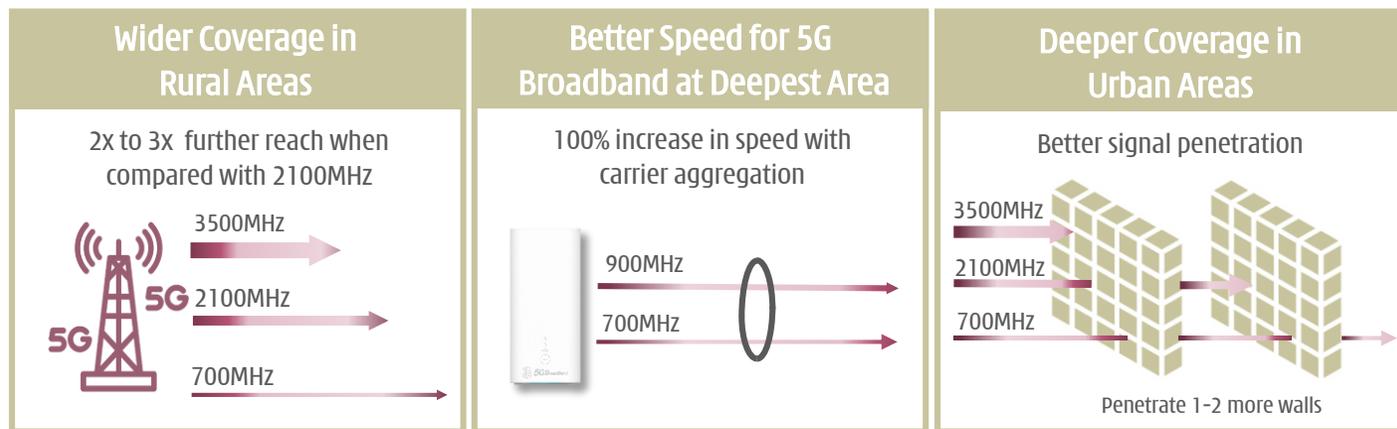
Building the Best 5G Network in Hong Kong



“Investments of more than **HK\$3 billion** in mobile network expansion and 5G network development since 2019”

- Extension of 5G coverage** to cover East Rail Line cross-harbour MTR link
- Commitment** to continuously improving the network quality and 5G coverage
- Encouraging benchmarking results** on mobile network availability
- Completion** of 2.1GHz 5G reform across all networks

Advantages of 700MHz for 5G



5G Home Broadband

Now You Have a New Choice for Affordable High-Speed Broadband



CPE

- Free CPE
- CPE Rental
- CPE Purchase

Variety of CP Packages

All-in-One

Lite Plan Bundle

700MHz for 5G

Wide Coverage

✓ No Speed Limit

✓ No Landlines

✓ Dual Locations

✓ No Installations

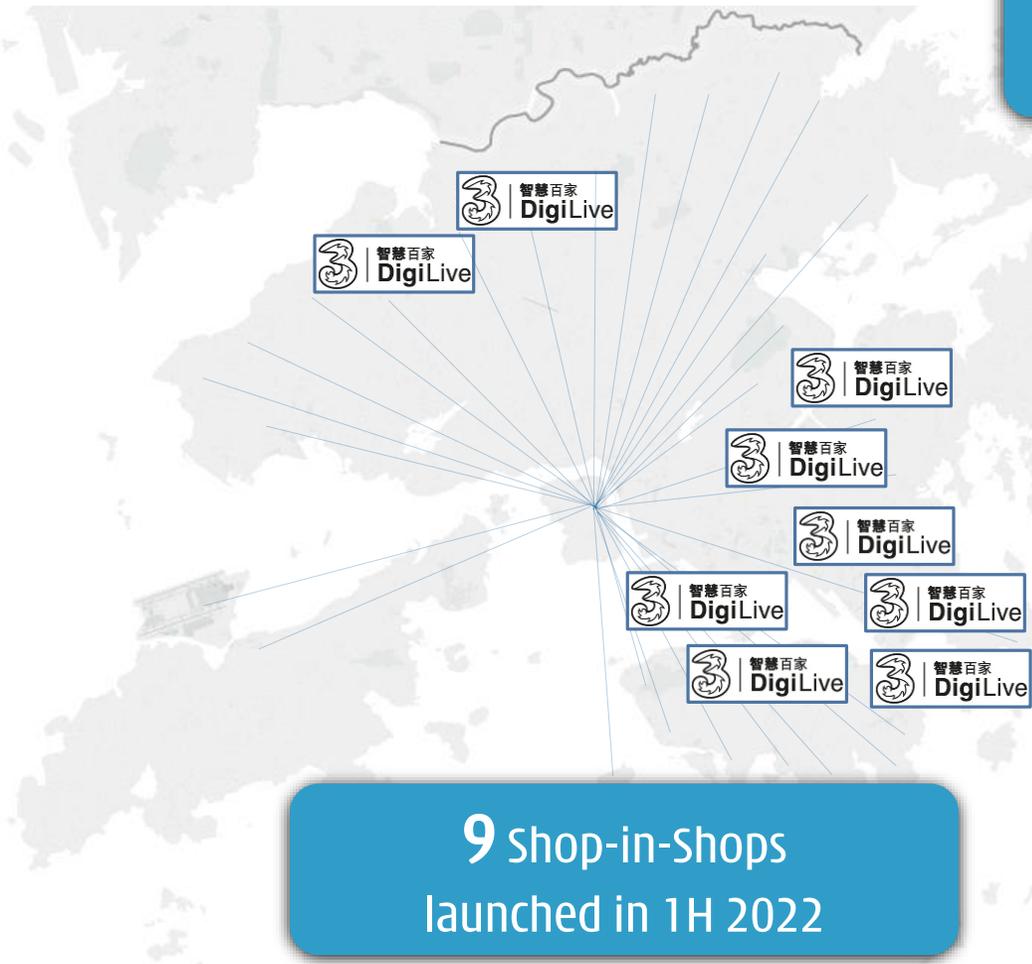
3 DigiLive



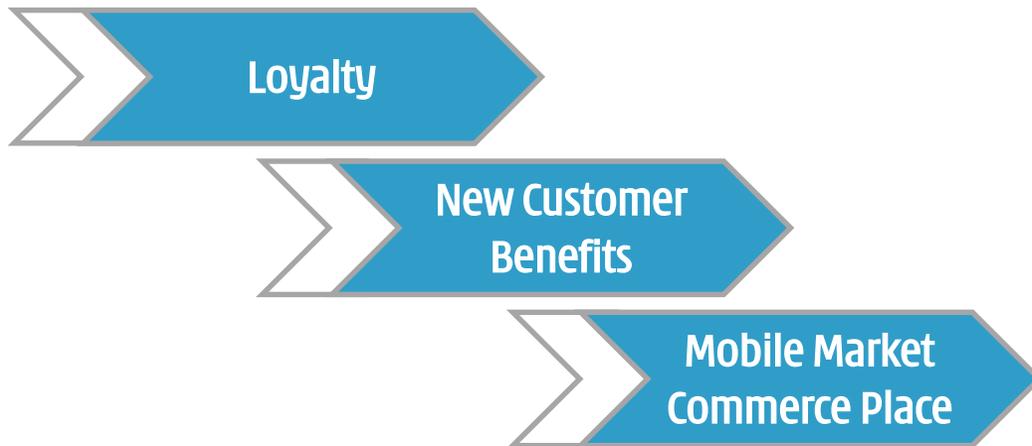
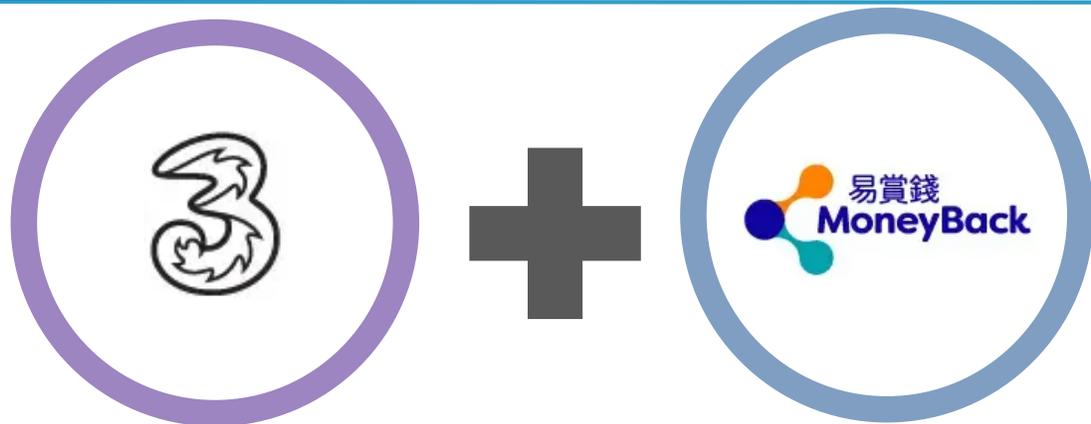
3 DigiLive further extends the retail network of 3 Hong Kong's digital life services, which helps customers in building their **smart homes** by integrating 5G broadband with diverse **smart appliances**



Targets to extend to 18 by the year end of 2022

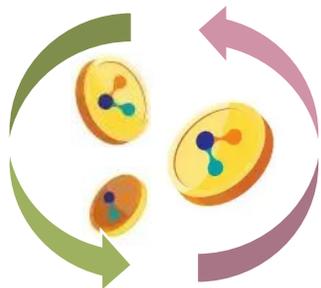


3 x MoneyBack



Earn

-  Link up My3App
-  Referrals
-  Service Subscriptions
-  Contract Renewal
-  Update Personal Info
-  Net You Own



Burn

- Bill settlement 
- Buy Accessories 
- Value-Added Services 
- Roaming Data 
- Buy Gadgets 
- Local Data 

易賞錢@3 獎賞計劃
2,000萬 易賞錢積分齊齊分
 立即綁定即賞你500易賞錢積分*
 完成任務,可獲「獎賞份額」,分到易賞錢積分!
 登記自動轉賬 | 更新電郵地址 | 購買手機及配件 | 續約或上台
 繳付月費 | 推薦朋友上台 | 到3銷售點打卡 | 參加「賞你提我」

Metaverse Web 3.0: Promoting Digital Experience

1st operator
to accept
cryptocurrency
payments in HK

Cryptocurrency



Digital Art Enablement Opportunities

NFT



Corporate Solutions

Goals



Monetise 5G Network Investments



3 Business = Innovation Branding

Key Tactics

Synergy & Implementation

watsons 屈臣氏

PARKSHOP

豐澤 FORTRESS

watsons water
堅持·突破



CK HUTCHISON



HARBOUR PLAZA
HOTELS & RESORTS



港燈
HK Electric

HUTCHISON PORTS
HIT

FORTUNE
置富產業信託 REIT

GODWELL 高衛物業管理有限公司
GOODWELL PROPERTY MANAGEMENT LIMITED
Member of Cheung Kong Property Group 東江實業地產成員

Build Showcases for Targeted Vertical Segment & Replication

Smart Retail



Smart Building



Smart Campus



Smart Port



Smart Hotel



Smart Utilities



Retail

Utilities

Education / NGO

Properties / Facilities
Management / Construction

Hospitality

Others

Go-to-market

3HK Value Proposition as
Technology & Digital transformation Enabler

Total Solution Managed
Service Provider

Core Network Products
(e.g. Private Network, Big Data,
Multi-Access Edge Computing)

Commercialisation Modelling

Strategic Partnership /
Acquire Potential Startups or Solution Partners

Unique Innovation /
Technology Pioneer in the Market

Sustainability



Sustainability: Focusing On What Matters To Stakeholders

Take Action on Climate Change

- ✓ ↓ 10% YoY Carbon Emission Intensity ⁽¹⁾
- ✓ Green Office and Eco-Healthy Workplace Awards Labelling Scheme



Promote Sustainable Ecosystem

- ✓ Recycling programmes for handsets, accessories as well as phone cases to encourage circular economy



Create Great Places to Work

- ✓ Average Training⁽²⁾ >25 hours
- ✓ Youth inclusion: management trainee and internship programmes
- ✓ Staff engagement: Veggielab on rooftop



Prioritise Health and Wellness

- ✓ Providing surgical masks, hand sanitisers and Rapid Antigen Tests to employees
- ✓ Continued support to the communities we serve
- ✓ Offering entertainment through digitised broadcasts for people in quarantine



Sustainability: Overcoming COVID-19 Together

全城抗疫
所有於社區隔離設施的3客戶

免費 100GB數據 + 任用 社交媒體數據

5G寬頻客戶
免費添加一個地點任用5G寬頻

你要你要
你要健康

出SIM，拎走抗疫關愛包

- Samsung Galaxy A22 5G
- 每月100GB 5G數據
- 社交媒體數據包
- 「視像會診+」服務
- 25,000 易賞錢積分，畀你換購口罩、消毒用品

5G 世界級·最可靠



5G 世界級·最可靠

**擔任牽頭電訊商
於兩大方艙鋪建共用網絡**

3hrs

**出機/續約
免費配送服務
3小時內送到**

輕鬆上網 :)

SoSIM

#感謝新世界集團
#感謝3香港

免費極速送貨服務

最快3小時到手

FREE express delivery service
Receive your goods as early as 3 hours



Outlook



Outlook



Enrich Network Quality

Advanced network optimisation by applying AI-powered technologies as well as utilising new spectrum to **deliver best services** to our customers and **uplift 5G penetration**



Embrace End-to-End Connectivity

Simplify, enhance and expand network capabilities to **accelerate innovation**, and deliver new enterprise solution services



Enrich Customer Experience

Continue to focus on **customer loyalty programme** riding on “MoneyBack@3” programme to **improve churn**



Leverage Sustainability for Business Growth

Enhance investment returns by better allocating capital for **long-term sustainable solutions**



Deliver Cost Efficiency Enhancement Initiatives

Continuous enhancement to the cost efficiency enhancement initiatives to deliver **operating efficiencies** and to achieve further **cost savings**

Thank You



Appendix



HK\$ million	1H 2022	1H 2021	Change
Revenue	2,298	2,565	-10%
Net customer service revenue	1,558	1,630	-4%
• Local service revenue	1,418	1,503	-6%
• Roaming service revenue	140	127	+10%
Hardware and other product revenue	740	935	-21%
• Bundled sales revenue	194	166	+17%
• Standalone sales revenue	546	769	-29%
Net customer service margin	1,373	1,413	-3%
<i>Net customer service margin %</i>	<i>88%</i>	<i>87%</i>	<i>+1% pt</i>
Standalone handset and other product sales margin	17	24	-29%
Total margin	1,390	1,437	-3%

Financial Information (cont'd)

HK\$ million	1H 2022	1H 2021	Change
Total margin	1,390	1,437	-3%
CACs	(259)	(234)	-11%
Less: Bundled sales revenue	194	166	+17%
CACs (net of hardware and other product revenue)	(65)	(68)	+4%
Operating expenses	(658)	(651)	-1%
<i>Opex as a % of net customer service margin</i>	<i>48%</i>	<i>46%</i>	<i>-2% pts</i>
Share of EBITDA of a joint venture	28	29	-3%
EBITDA	695	747	-7%
Service EBITDA	678	723	-6%
<i>Service EBITDA margin %</i>	<i>44%</i>	<i>44%</i>	<i>-</i>
CAPEX (excl. telecommunications licences)	(157)	(324)	+52%
EBITDA less CAPEX	538	423	+27%

HK\$ million	1H 2022	1H 2021	Change
EBITDA	695	747	-7%
Depreciation and amortisation ^①	(738)	(655)	-13%
(LBIT) / EBIT	(43)	92	-147%
Service (LBIT) / EBIT	(60)	68	-188%
Net interest and other finance costs ^①	(27)	(15)	-80%
(Loss) / profit before taxation	(70)	77	-191%
Taxation ^①	(26)	(46)	+43%
(Loss) / profit attributable to shareholders	(96)	31	-410%

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