



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

2021 Interim Results Presentation



A member of CK Hutchison Holdings

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Agenda

○ Result Highlights

○ Business Review & Development

○ Financial Review

○ Sustainability@HTHKH

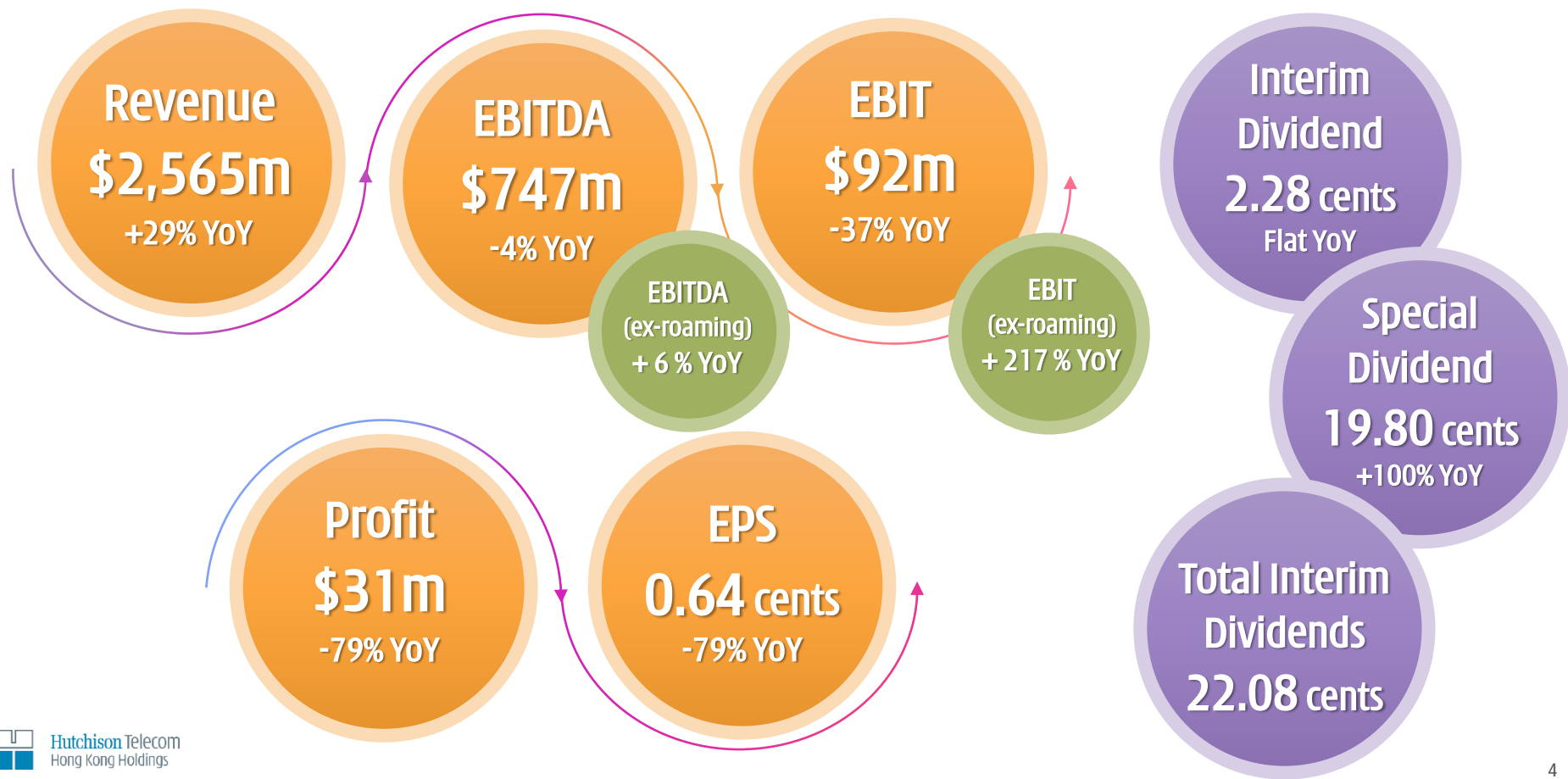
○ Outlook



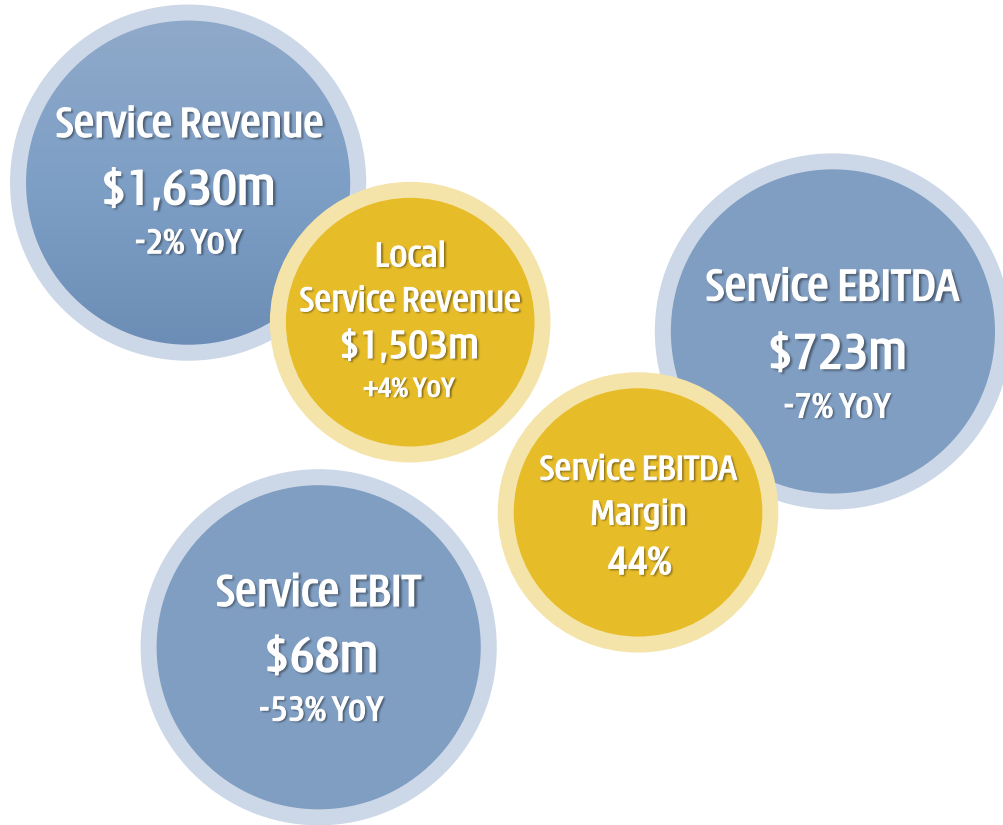
QR Code for the
Group's Financial Results

Result Highlights

Highlights : Financial Results



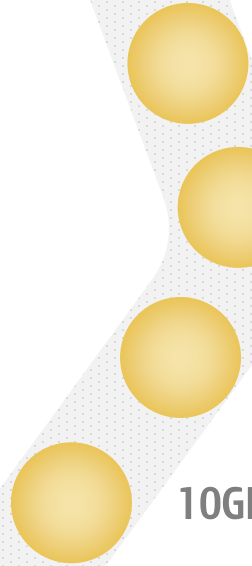
Service Performance : Steady Local Services Growth



- Local service revenue achieved 4% steady growth, in which corporate solutions revenue grew by 58%
- Roaming revenue slashed by 43% due to impact of travel restrictions
- Healthy Service EBITDA margin of 44% from improved cost structure
- Service EBIT decreased by 53% as the launch of 5G network in Apr-2020 resulted in higher depreciation & amortisation

Business Review & Development

An Ambient **Connectivity** for Smooth 5G Experience

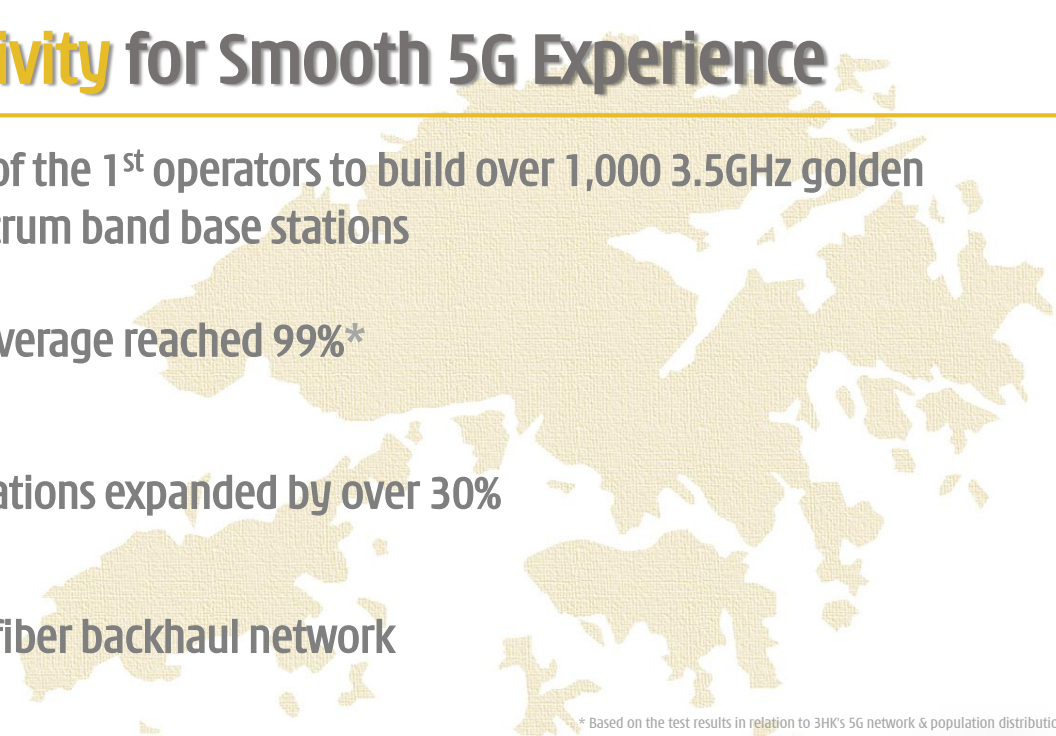


One of the 1st operators to build over 1,000 3.5GHz golden spectrum band base stations

5G coverage reached 99%*

Site locations expanded by over 30%

10GB optical fiber backhaul network



* Based on the test results in relation to 3HK's 5G network & population distribution of Hong Kong conducted in Jan-2021

Spectrum for auction by the end of 2021

600
MHZ

700
MHZ

850
MHZ

2.6
GHZ

4.9
GHZ

Data Usage : Strong Data Growth in HK

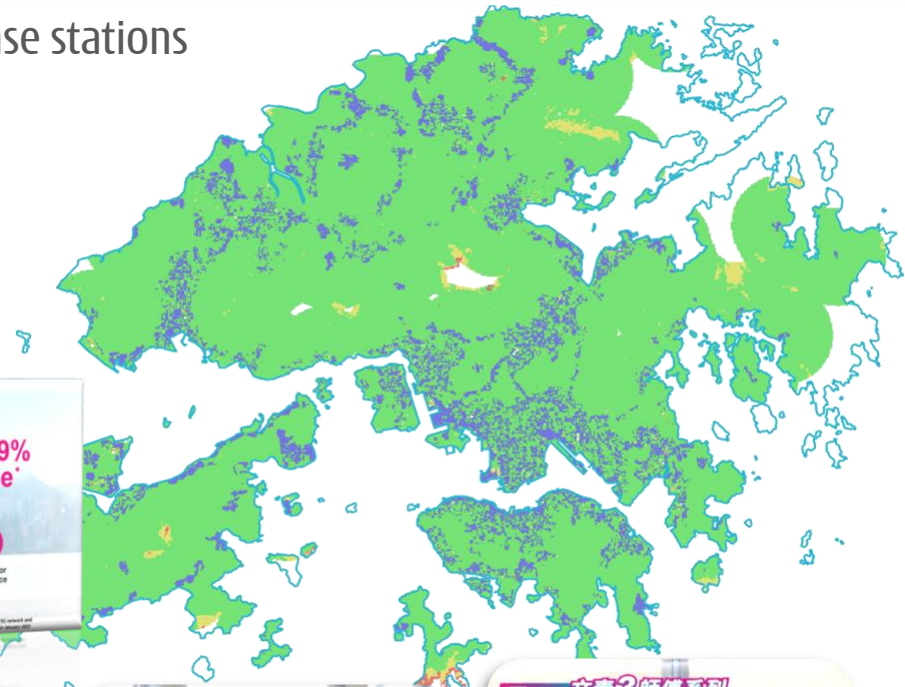


Our 5G Best Network in HK

One of the **1st Operator** to build **over 1,000** base stations for the 3.5GHz band golden spectrum



* Based on the test results in relation to 3HK's 5G network & population distribution of Hong Kong conducted in Jan-2021



Service Variety Relevancy to Daily Life



Chelsea Offer



Watsons Water Offer



HK-UK Plan



5G Mobile Broadband



Handset Voucher Offer



Staycation Offer

Strong **Distribution** to Enhance Customer Reach

Shop-in-Shop at Fortress & 3Trolley at ParknShop

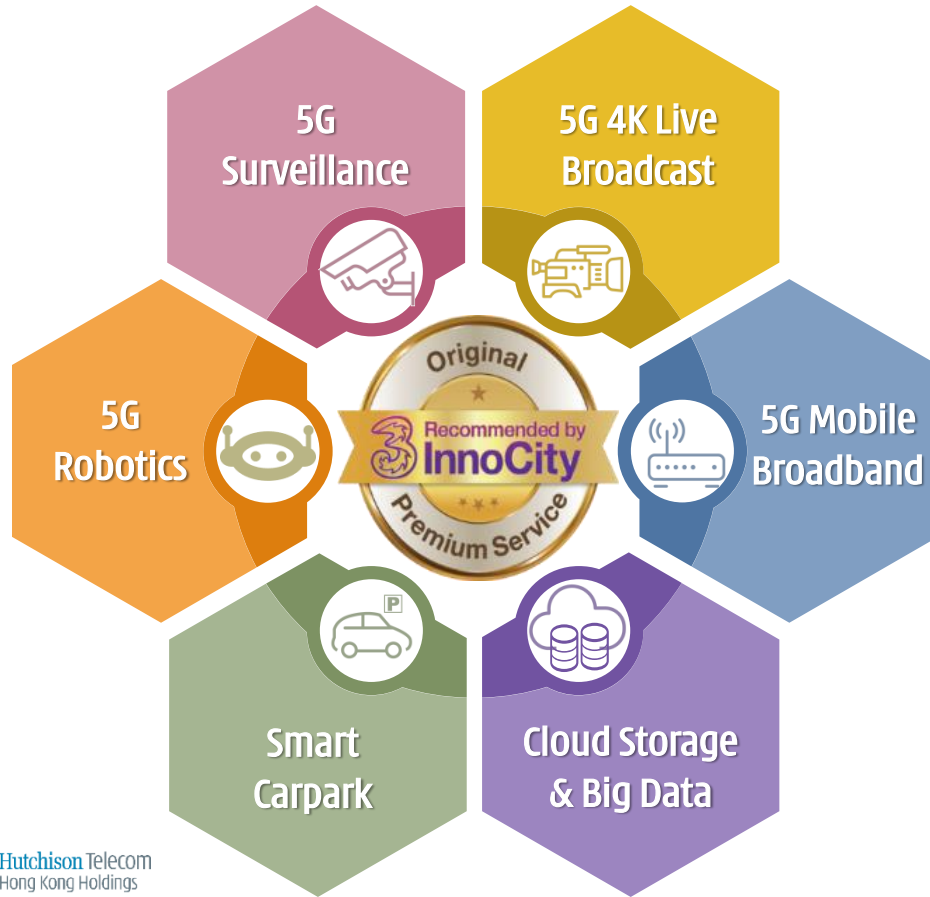


SoSIM - ParknShop & Watsons

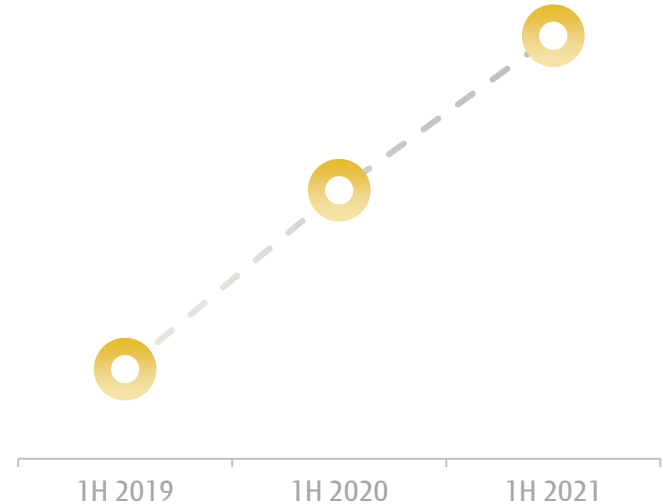
Total **over 420** distribution points



Transforming Smarter City through 5G Enterprise Solutions



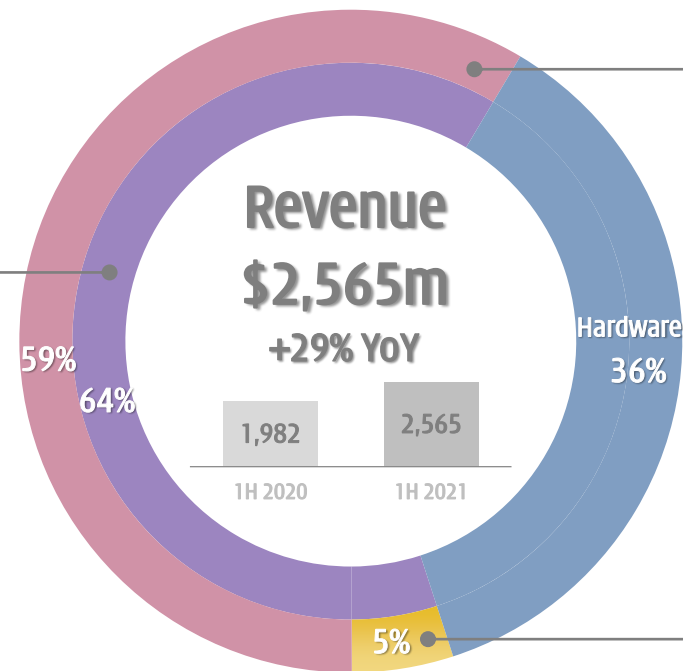
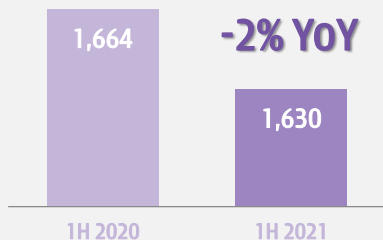
Corporate Solutions Revenue grew **over 370%** from 1H 2019



Financial Review

Revenue : Building Growth Momentum

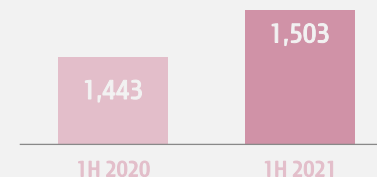
Service Revenue (\$m)



Local Service Revenue (\$m)

Represents **92%** of service revenue

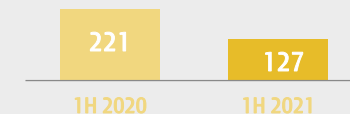
+4% YoY driven by 58% growth in revenue from Corporate Solutions



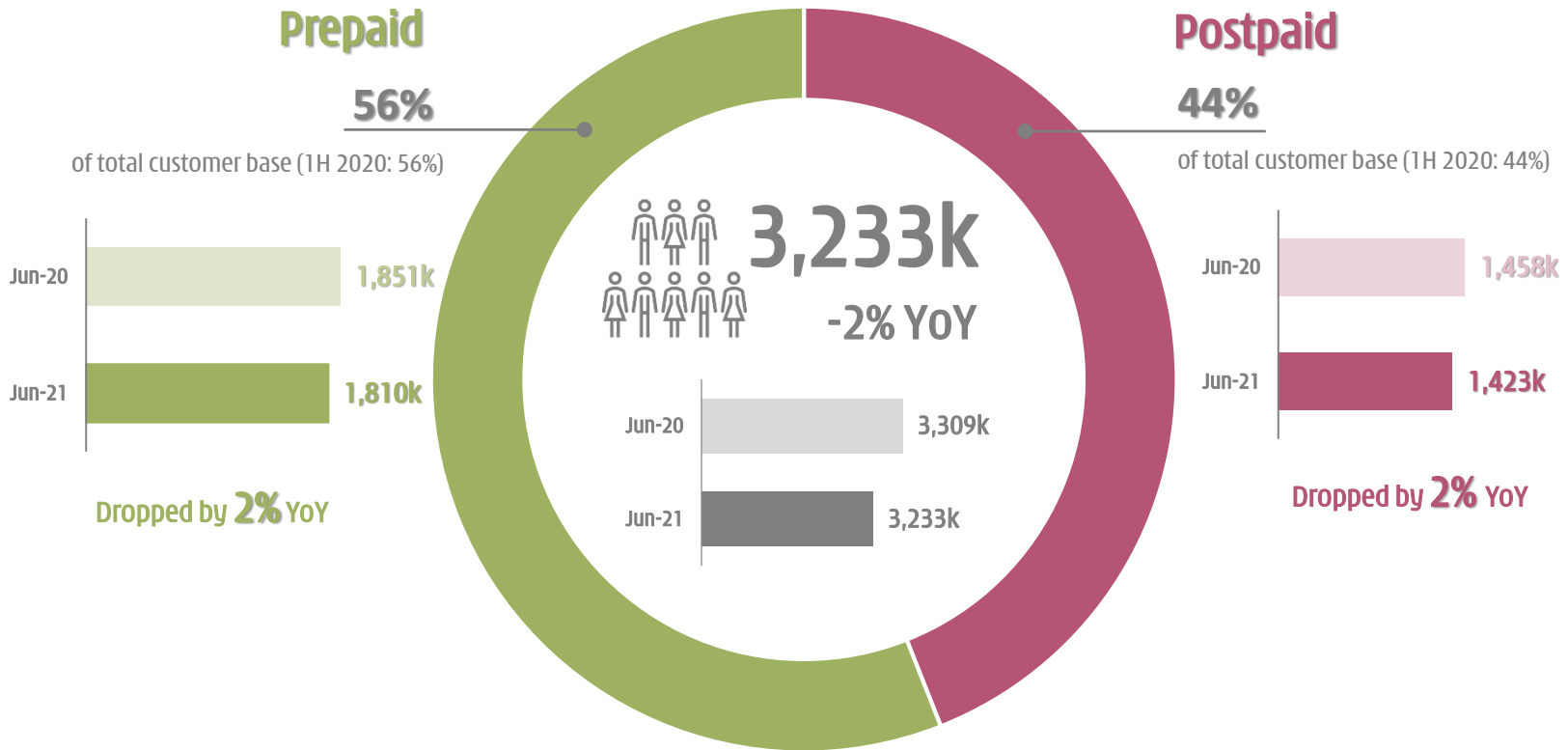
Roaming Service Revenue (\$m)

Represents **8%** of service revenue

-43% YoY due to impact of travel restrictions

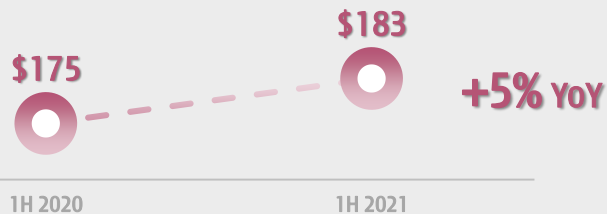


Customers : Solid Customer Base



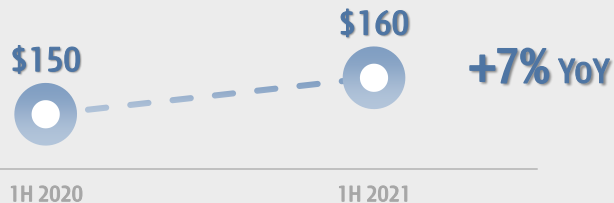
Postpaid ARPU & Churn : ARPU Growth along with Stable Churn

Local Gross ARPU



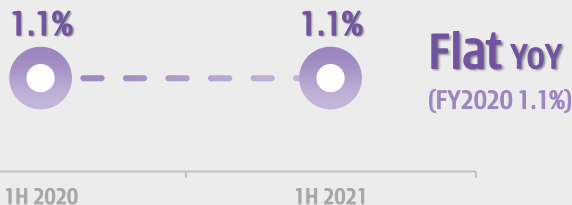
Gross ARPU = monthly average spending per postpaid user including handset contribution for bundled plan.

Local Net ARPU



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

Postpaid Churn Rate



Key Cost and Capex : Transitional Year Supported by Improved Cost Structure

Operating Costs

(incl. CACs, staff costs & other opex)

\$936m

(1H 2020: \$922m)

+2% YoY

Capex

(excl. spectrum licences)

\$324m +209% YoY

(1H 2020: \$105m)

EBITDA less Capex

(excl. spectrum licences)

\$423m

(1H 2020: \$673m)

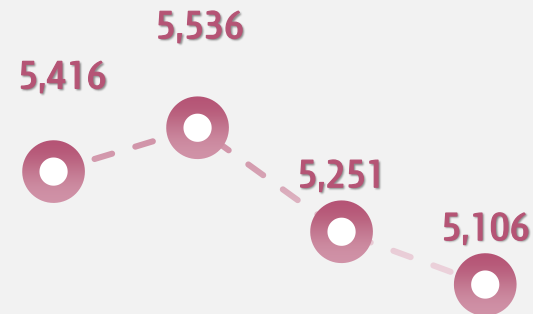
-37% YoY

Capex over Service Revenue

20%

(1H 2020: 6%)

Net Cash (\$m) : Healthy Cash Position



1 Jan 20 30 Jun 20 31 Dec 20 30 Jun 21

Sustainability@HTHKH

Sustainability: Create Long-lasting Value for our Stakeholders

Environmental

- **Take action on climate change**
- Promote a circular economy
- Protect natural resources

Social

- **Create great places to work**
- Invest in developing thriving and resilient communities
- **Take all steps to protect employees and support communities and other stakeholders through the pandemic**

Governance

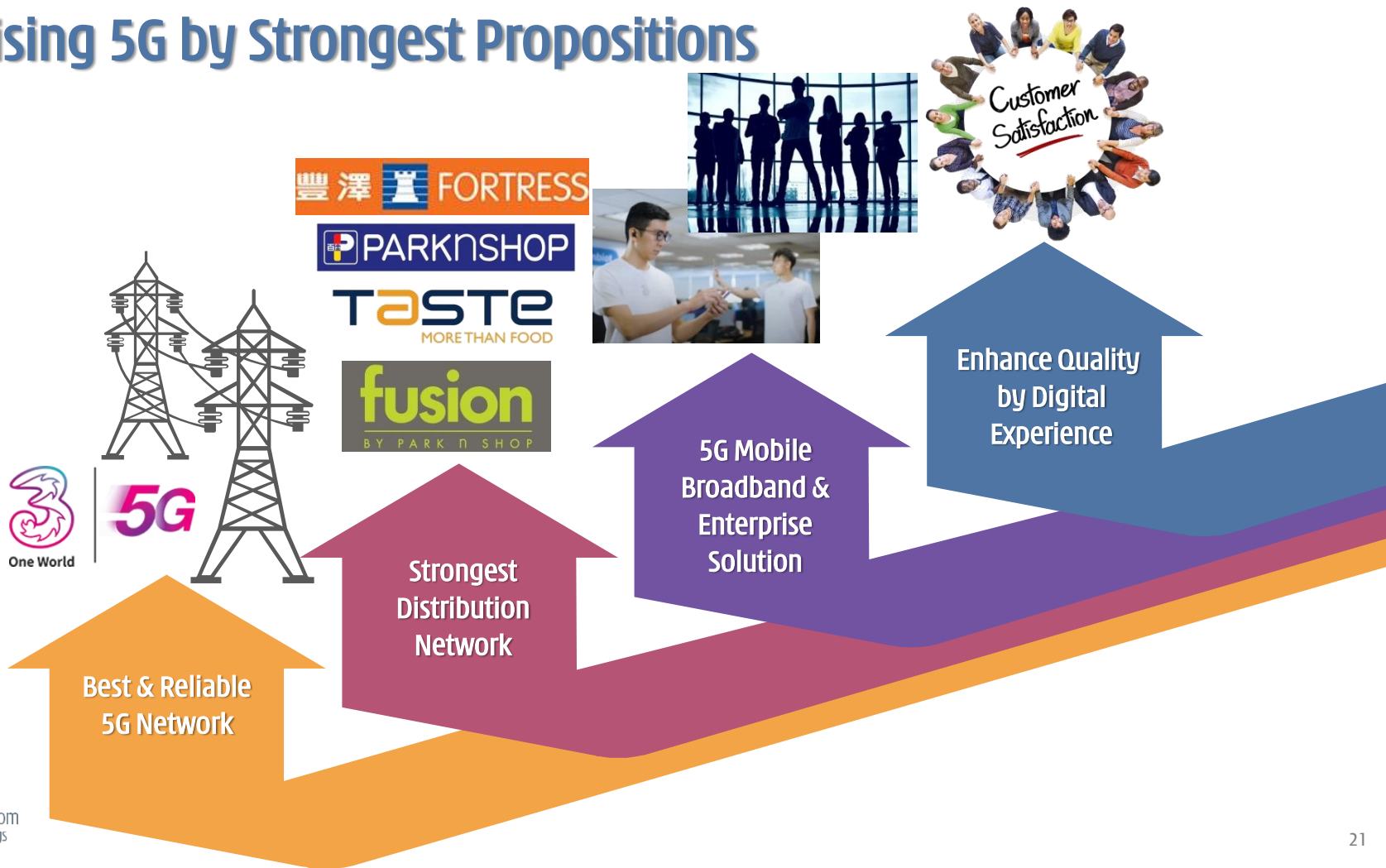
- Embed rigorous and effective governance
- Operate responsibly and with integrity

Sustainable Business Model & Innovation

- **Offer customers sustainable products and invest in and embrace innovation to achieve transformational impacts**

Outlook

Monetising 5G by Strongest Propositions



Outlook

- ❖ Continue to pursue the Group's journey in building the **best 5G network** in Hong Kong along with the deployment & enhancement of **mobile coverage**, as well as expanding **distribution network**
- ❖ Expect the operation will generate a **strong cash flow** from post-pandemic recovery along with the **return of roaming** business
- ❖ Target to deliver **dividend** similar to that of 2020 and **100% payout** going forward
- ❖ Despite challenges on higher networks costs for enhanced **network quality**, the Group undergoes a **transitional year** with enhanced operational efficiency
- ❖ Expect **capex spending** of around \$2 billion in coming 2 years, review **cash position** and may consider the payment of **special dividend** again next year

Thank You



Appendix

Financial Information

Appendix

HK\$ million	1H 2021	1H 2020	Change
Revenue	2,565	1,982	+29%
Net customer service revenue	1,630	1,664	-2%
• Local service revenue	1,503	1,443	+4%
• Roaming service revenue	127	221	-43%
Hardware revenue	935	318	+194%
• Bundled sales revenue	166	149	+11%
• Standalone handset sales revenue	769	169	+355%
Net customer service margin	1,413	1,462	-3%
<i>Net customer service margin %</i>	<i>87%</i>	<i>88%</i>	<i>-1% pt</i>
Standalone handset sales margin	24	3	+700%
Total margin	1,437	1,465	-2%

HK\$ million	1H 2021	1H 2020	Change
Total margin	1,437	1,465	-2%
CACs	(234)	(234)	-
Less: Bundled sales revenue	166	149	+11%
CACs (net of hardware revenue)	(68)	(85)	+20%
Operating expenses	(651)	(635)	-3%
<i>Opex as a % of net customer service margin</i>	<i>46%</i>	<i>43%</i>	<i>-3% pts</i>
Share of EBITDA of a joint venture	29	33	-12%
EBITDA	747	778	-4%
Service EBITDA	723	775	-7%
<i>Service EBITDA margin %</i>	<i>44%</i>	<i>47%</i>	<i>-3% pts</i>
CAPEX (excl. licences)	(324)	(105)	-209%
EBITDA less CAPEX	423	673	-37%

HK\$ million	1H 2021	1H 2020	Change
EBITDA	747	778	-4%
Depreciation and amortisation ^①	(655)	(631)	-4%
EBIT	92	147	-37%
Service EBIT	68	144	-53%
Net interest and other finance (costs) / income ^①	(15)	43	-135%
Profit before taxation	77	190	-59%
Taxation ^①	(46)	(44)	-5%
Profit attributable to shareholders	31	146	-79%

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