



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

2023 Interim Results Presentation



A member of CK Hutchison Holdings

DISCLAIMER

The information, statements and opinions contained in this Presentation and subsequent discussion do not constitute an offer to sell or solicitation of any offer to subscribe for or purchase any securities or other financial instruments or any advice or recommendation in respect of such securities or other financial instruments.

Potential investors and shareholders of the Hutchison Telecommunications Hong Kong Holdings Limited (“the Company”) (the “Potential Investors and Shareholders”) are reminded that information contained in this Presentation and any subsequent discussion comprises extracts of operational data and financial information of the Company and its subsidiaries (“the Group”) for the six months period ended 30 June 2023. The information included in this Presentation and subsequent discussion, which does not purport to be comprehensive nor render any form of financial or other advice, has been provided by the Group for general information purposes only and certain information has not been independently verified. No representations or warranties, expressed or implied, are made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information, statements or opinions presented or contained in this Presentation and any subsequent discussions or any data which such information generates. Potential Investors and Shareholders should refer to the 2023 Interim Report for the unaudited results of the Group which are published in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The performance data and the results of operations of the Group contained in this Presentation and any subsequent discussion are historical in nature, and past performance is no guarantee of the future results of the Group. Any forward-looking statements and opinions contained in this Presentation and subsequent discussion are based on current plans, beliefs, expectations, estimates and projections at the date the statements and opinions are made, and therefore involve risks and uncertainties. There can be no assurance that any of the matters set out in such forward-looking statements are attainable, will actually occur or will be realised or are complete or accurate. Actual results may differ materially from those stated, implied and/or reflected in such forward-looking statements and opinions. The Group, the Directors, officers, employees and agents of the Group assume (a) no obligation to correct, update or supplement the forward-looking statements or opinions contained in this Presentation and any subsequent discussion; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.

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

Agenda

Executive Summary

Financial Review

Business Review & Development

Sustainability

Outlook



Executive Summary



Executive Summary

Lifting of travel restrictions around the world and market stabilisation drove higher revenue from roaming services and corporate solutions as well as a 10% YoY increase in total margin. June 2023 witnessed a turnaround in profitability.

YoY KEY achievements



- Strong growth in 5G HBB which was driven by the increasing adoption of 5G
- Boosting high-tier customers and establishing a strong foundation for future growth
- Corporate Solution as additional revenue growth driver
- Strong uptake of roamer penetration rate
- Expanding channels to reach travellers in transit to increase prepaid revenue

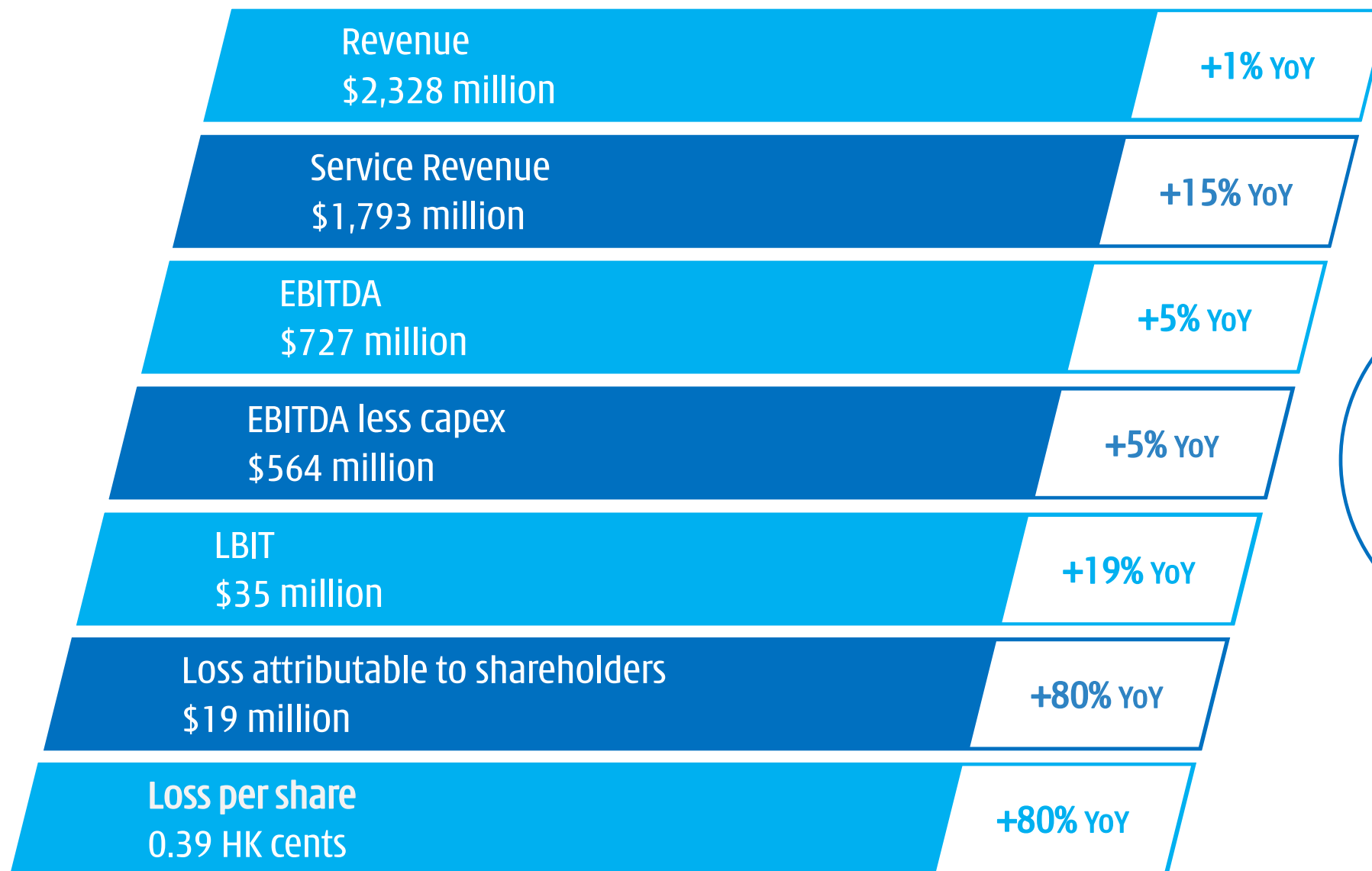
Note 1: 5G penetration = number of 5G customers to postpaid customer base in Hong Kong



Financial Review



Result Highlights: Improving Financial Performance

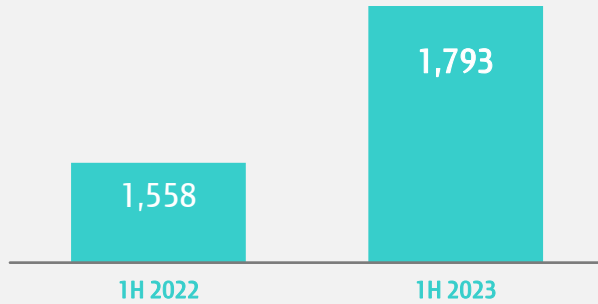


Interim dividend
2.28 HK cents
Flat YoY

Revenue: Benefitting from Post-pandemic Tourism Recovery

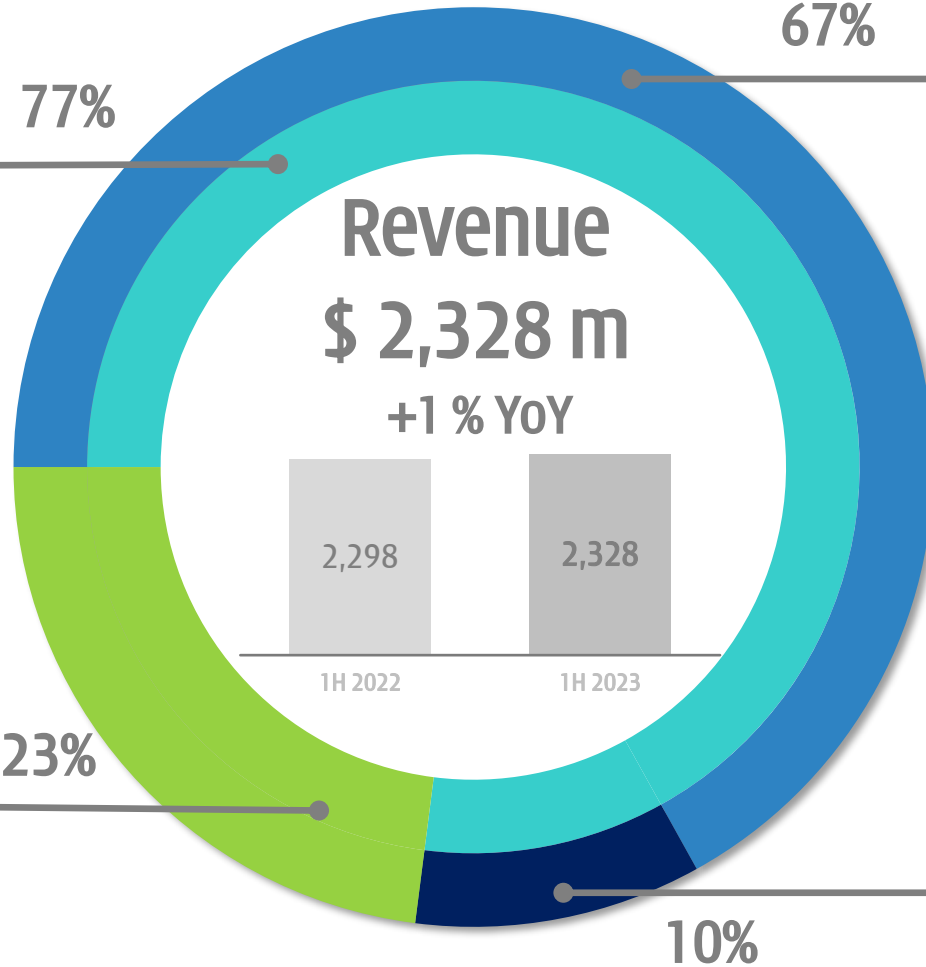
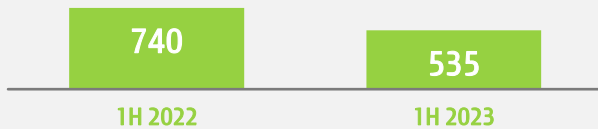
Service Revenue (\$m)

+15% YoY as Roaming & Local Service Revenue Increased



Hardware & Other Product Revenue (\$m)

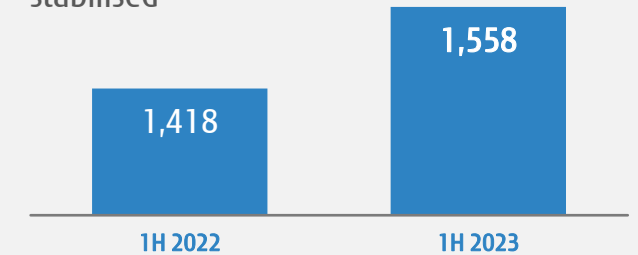
-28% YoY due to softened demand, yet the margin impact was low



Local Service Revenue (\$m)

Represents **87%** of service revenue

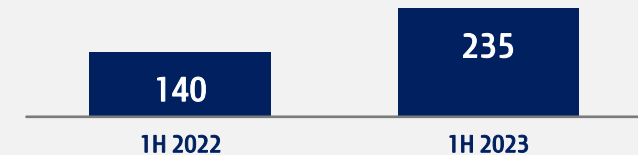
+10% YoY as market competition stabilised



Roaming Service Revenue (\$m)

Represents **13%** of service revenue

+68% YoY benefitted from the lifting of travel restrictions around the world



Customers: Expanding Customer Base

Prepaid

57%

of total customer base (1H 2022: 51%)

Postpaid

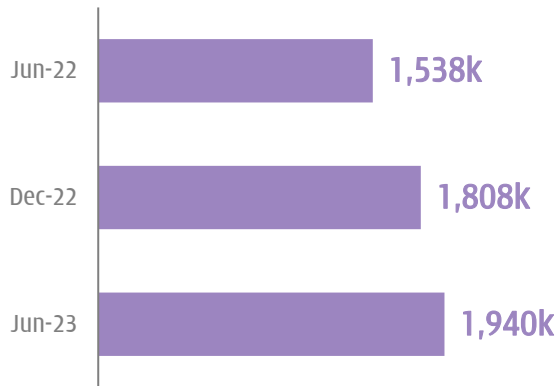
43%

of total customer base (1H 2022: 49%)



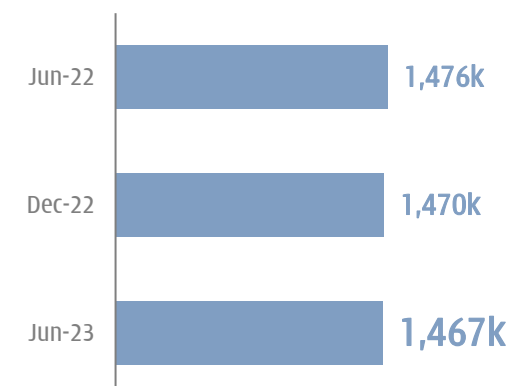
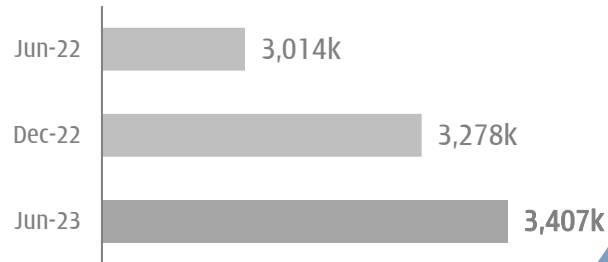
3,407k

+13% YoY



Increased by **26%** YoY

Driven by tourism recovery



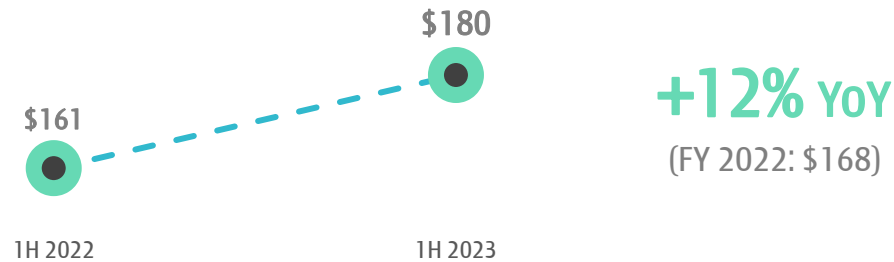
Roughly stable, largely in line vs 1H 2022

Notable growth in 5G postpaid subscription

Customers: Encouraging 5G Development

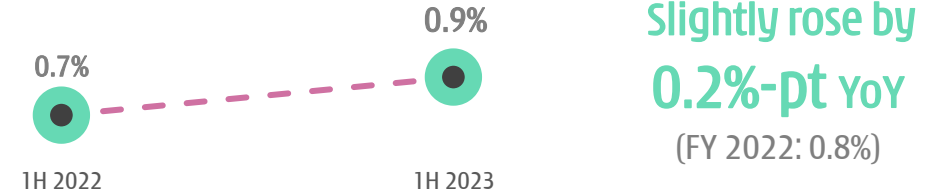
ARPU ⁽¹⁾

- Stabilised market competition
- Corporate solutions and roaming segments gained momentum



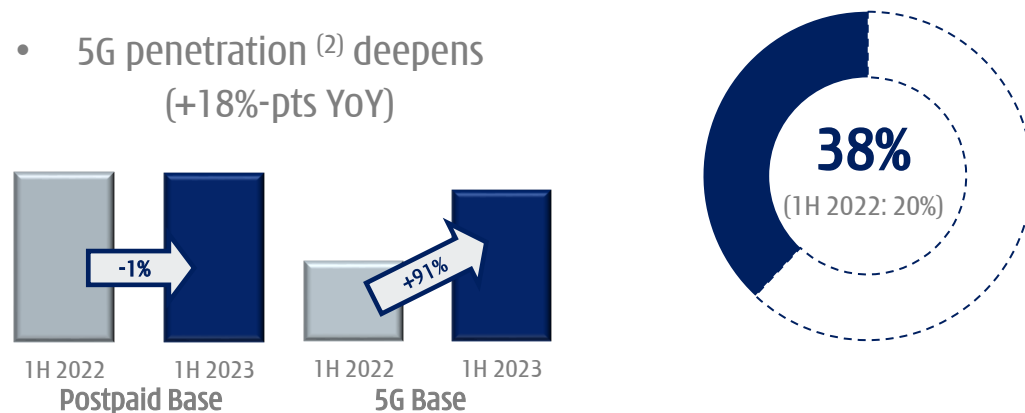
Postpaid Churn

- Post-pandemic reduction in work-from-home arrangements from corporate customers, with a limited impact on the Group's related income
- Overall, the Group's customer value management initiatives proved effective in enhancing customer engagement & loyalty



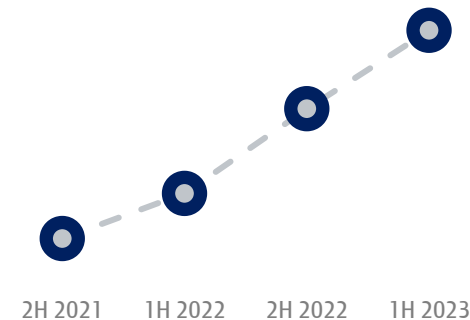
5G Customer Base

- 5G penetration ⁽²⁾ deepens (+18%-pts YoY)



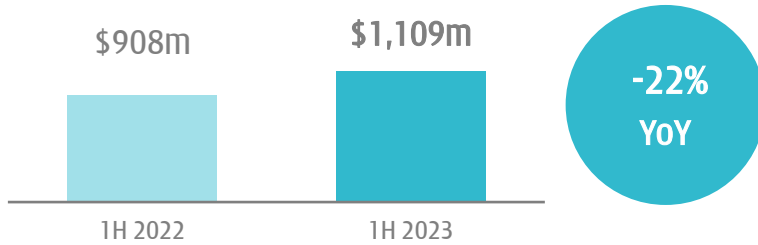
5G Broadband

- Gaining momentum



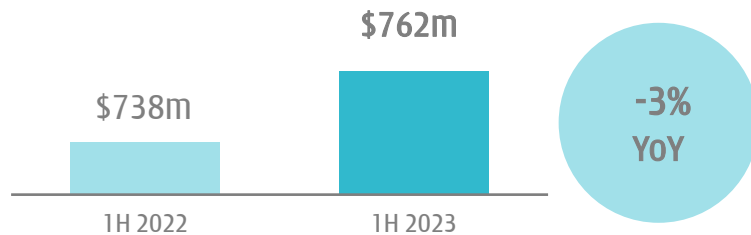
Operating Costs

(incl. CACs, staff costs & other opex)



- Increased network operating costs to support network expansion & enhancements

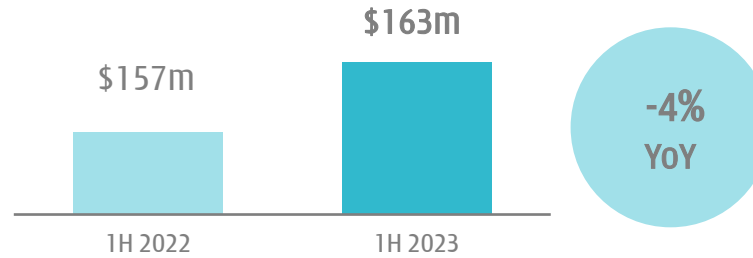
Depreciation & Amortisation



- Spectrum activated in Jun 2022
- Higher amortisation from capitalised CACs
- Higher depreciation from 5G network enhancement

Capital Expenditure

(excl. telecommunications licences)



EBITDA less Capex

\$564 million

(1H 2022: \$538m)

+5% YoY

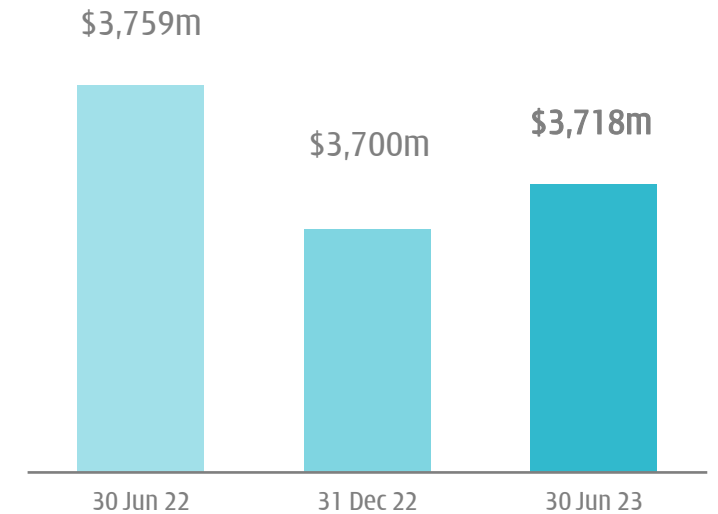
Capex over Service Revenue

9% (1H 2022: 10%)

-1%-pt YoY

Net Cash ⁽¹⁾

Healthy Cash Position



Note 1: Cash and bank balances as at 30 Jun 2023 include short-term bank deposits with original maturity beyond three months of \$2,904m (31 Dec 2022: \$613m).

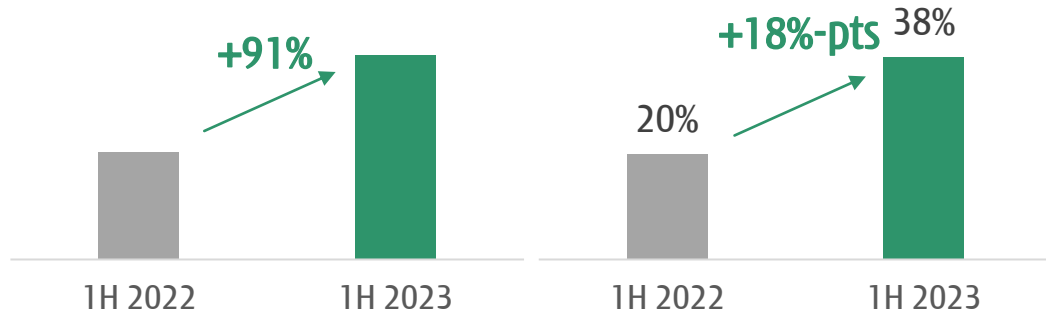
Business Review & Development



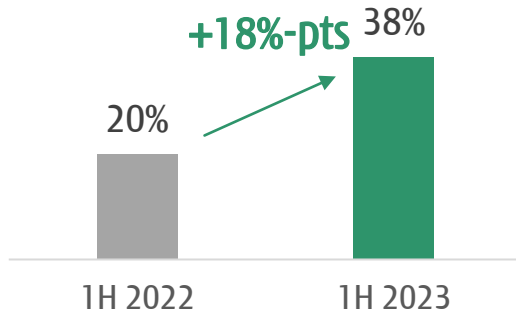
5G Adoption

Our 5G customer base almost **doubled** over the past year

5G Base



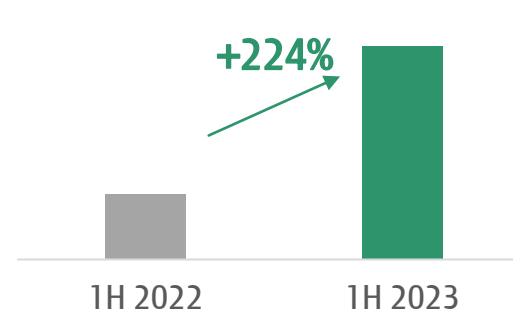
5G Penetration



- Expanded continuously with strong customer growth driven by outstanding network performance & successful initiatives



5G Broadband Base



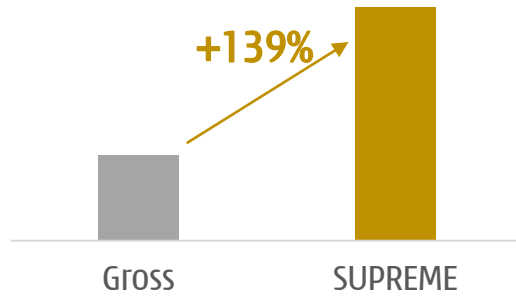
- Launched New Plan in May 2023, Revenue per New Sales +8% ⁽¹⁾



SUPREME

New premium brand SUPREME in March 2023

ARPU ⁽¹⁾



SUPREME enhances the Group's competitiveness in the upscale consumer market:

- Providing cutting-edge 5G network services
- Wide range of lifestyle privileges
- Delivering dedicated personalised services to reinforce customer loyalty & engagement



Joe Hisaishi in Concert



Hacken Lee x HK Phil Concert



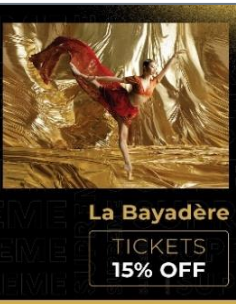
Art Basel HK 2023



Grand Launch Party & City As Studio Private Viewing



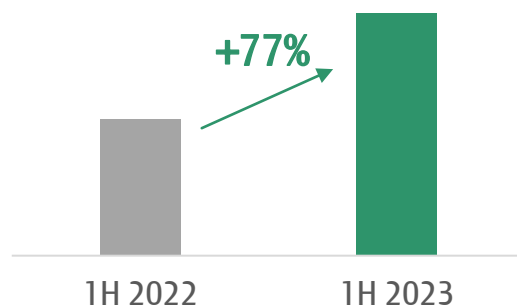
La Bayadere Performance by Hong Kong Ballet



Roaming

Solid recovery in roaming business via world-class coverage

Roaming Revenue ⁽³⁾



- Widest 5G network roaming coverage leading the industry ⁽¹⁾
- 1st in Hong Kong Operator connecting to all three major roaming operators in Mainland China ⁽²⁾, providing seamless roaming services to our customers



All-round roaming products covered Leisure Travellers & Frequent Travellers



GETAWAY Service



5G Greater Bay Monthly Plan



Daily Pass



1-Card-Multi-Number

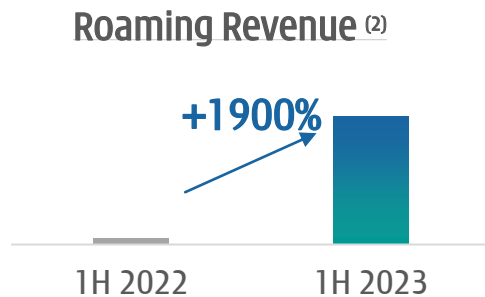
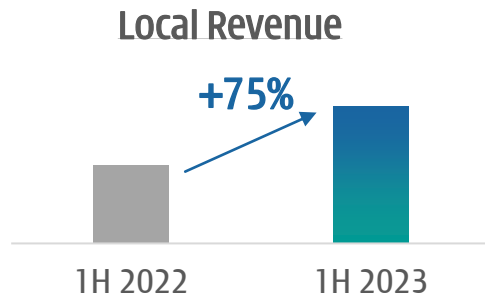
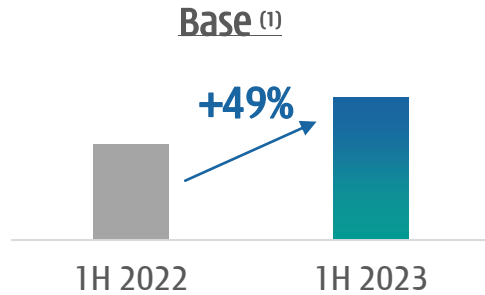
Note 1: The data was retrieved from the official websites of local mobile operators. As of 30 June 2023, SUPREME'S 5G data roaming coverage covers a total of 98 countries/destinations.

Please visit <https://www.supreme.vip/home/roaming/coverage/index.html> for details. Terms and conditions apply.

Note 2: The information was retrieved from the official websites of local mobile operators as of 30 June 2023.

Note 3: Total outbound roaming revenue.

Continue to diversify SoSIM business



Local

- New launch product :
 - VPN, speed booster, etc.
- Enhanced existing product package
- Encourage recharge by reward programmes

Outbound Roaming

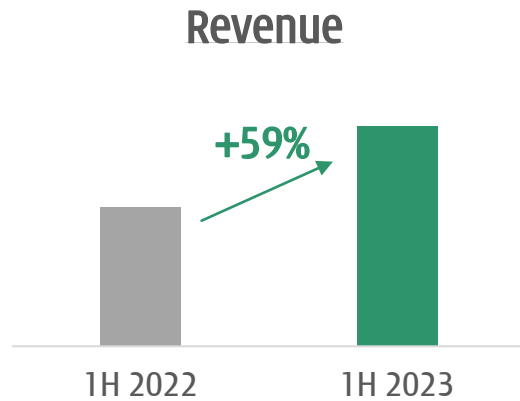
- New joiner travel SIM transformation offer
- Existing users subscribe flexible roaming package to enjoy all services under the same mobile number

For Inbound Travellers

- Continuous promotion to inbound China travellers through social media
- Expand distribution across PARKnSHOP, Watsons Hong Kong and new partners such as Hung Fook Tong in transit areas

Corporate Solutions

Accomplish endless possibilities by innovative 5G solutions



Hong Kong 1st Container Terminals to Implement 5G

- Remote-control Rubber-tyred Gantry Cranes (rRTGCs) via 5G
- HD real-time video streaming for monitoring the operation
- Enables the use of advanced solutions such as autonomous vehicles



Hutchison Port Holdings Trust

- Low Latency
- Improve Safety
- Fast & Reliable
- Enhance Efficiency

Hong Kong 1st 5G Live Broadcast on Cruise in Harbour

- First voyage in resumption of normalcy



Sustainability



Sustainability: Focusing On What Matters To Stakeholders

Promoting Sustainable Habits / Engagements

- ✓ Mask collection programme to minimise production of waste
- ✓ Engaged employees with internal e-posters to increase awareness
- ✓ Issued a new ESG Newsletter for external stakeholders to promote our sustainability-related initiatives



Digital Upskilling and Data Privacy

- ✓ Microsoft 365 functions training for employees
- ✓ Cybersecurity Awareness Month to raise employees' awareness
- ✓ Supported a Capstone Project from HKU for exploring potential business & customer insights on AI and Machine Learning



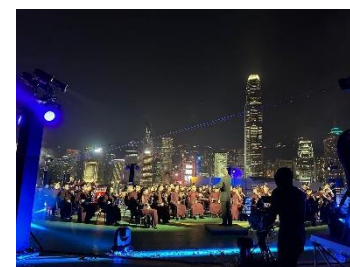
Creating Great Places to Work / Talent Development

- ✓ Employee benefits enhancement including annual leave enrichment
- ✓ JoMeh, our internal communication channel, provided special offers and activities to employees
- ✓ 5 Retail Sales employees have won the 55th "Distinguished Salesperson Award Programme" by HKMA



Sustainable Business Model and Innovation

- ✓ Support students' art exhibition by providing AR and VR devices in art exhibition
- ✓ Collaborated with Hong Kong Chinese Orchestra and Resorts World One on 5G live broadcast concert at sea



Outlook



Outlook



Roaming

Strong recovery to roaming revenue benefitting from the full resumption of normal travel across the world.



Corporate Solutions

IoT, 5G and AI will continue to be revenue drivers for data monetisation, synergy with CKHH business will deliver innovation.



Capturing Inbound Travellers

Leveraging various channels led by SoSIM, particularly in broader crossing regions, to increase local revenue.

SUPREME

Revamping Supreme Elevating

The service level for high-end customers by providing exclusive and comprehensive services and lifestyle privileges. Customer-centric approach to drive revenue growth from high ARPU customer segments.



Expanding Mobile and Fixed Network Services (FMC)

Offering diversified Fixed-and-Mobile Convergence (FMC) and Information and Communications Technology (ICT) integration needs of both consumers and enterprise segments.

Thank You



Appendix



HK\$ million	1H 2023	1H 2022	Change
Revenue	2,328	2,298	+1%
Net customer service revenue	1,793	1,558	+15%
Hardware and other product revenue	535	740	-28%
Net customer service margin	1,516	1,373	+10%
<i>Net customer service margin %</i>	<i>85%</i>	<i>88%</i>	<i>-3% pts</i>
Standalone hardware and other product sales margin	12	17	-29%
Total margin	1,528	1,390	+10%
CACs	(221)	(259)	+15%
Less: Bundled sales revenue	138	194	-29%
CACs (net of hardware and other product revenue)	(83)	(65)	-28%
Operating expenses	(749)	(658)	-14%
<i>Opex as a % of net customer service margin</i>	<i>49%</i>	<i>48%</i>	<i>-1% pt</i>
Share of EBITDA of a joint venture	31	28	+11%

HK\$ million	1H 2023	1H 2022	Change
EBITDA	727	695	+5%
Service EBITDA	715	678	+5%
<i>Service EBITDA margin %</i>	<i>40%</i>	<i>44%</i>	<i>-4% pts</i>
CAPEX (excl. telecommunications licences)	(163)	(157)	-4%
EBITDA less CAPEX	564	538	+5%
Depreciation and amortisation ^①	(762)	(738)	-3%
LBIT	(35)	(43)	+19%
Service LBIT	(47)	(60)	+22%
Net interest and other finance income/(costs) ^①	46	(27)	+270%
Profit/(loss) before taxation	11	(70)	+116%
Taxation ^①	(30)	(26)	-15%
Loss attributable to shareholders	(19)	(96)	+80%

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