

# Operations Review

## Results Highlights for the year ended 31 December 2019

	Post-IFRS 16 <sup>(1)</sup> Basis			
	2019 HK\$ million	2018 HK\$ million	Local currencies change	Reported currency change
Total Revenue <sup>(2)</sup>	<b>439,856</b>	453,230	+1%	-3%
Total EBITDA <sup>(2)</sup>	<b>136,049</b>	113,580	+24%	+20%
Total EBIT <sup>(2)</sup>	<b>75,344</b>	72,885	+7%	+3%
Profit attributable to ordinary shareholders	<b>39,830</b>	39,000	+6%	+2%
Earnings per share <sup>(3)</sup>	<b>HK\$10.33</b>	HK\$10.11		+2%
Final dividend per share	<b>HK\$2.30</b>	HK\$2.30		—
Full year dividend per share	<b>HK\$3.17</b>	HK\$3.17		—

  

	Pre-IFRS 16 <sup>(1)</sup> Basis			
	2019 HK\$ million	2018 HK\$ million	Local currencies change	Reported currency change
Total Revenue <sup>(2)</sup>	<b>439,856</b>	453,230	+1%	-3%
Total EBITDA <sup>(2)</sup>	<b>112,068</b>	113,580	+2%	-1%
Total EBIT <sup>(2)</sup>	<b>71,108</b>	72,885	+1%	-2%
Profit attributable to ordinary shareholders	<b>39,888</b>	39,000	+6%	+2%

Note 1: As Hong Kong Financial Reporting Standards are fully converged with International Financial Reporting Standards in the accounting for leases, for ease of reference, International Financial Reporting Standard 16 "Leases" ("IFRS 16") and the precedent lease accounting standard International Accounting Standard 17 "Leases" ("IAS 17") are referred to in this Annual Report interchangeably with Hong Kong Financial Reporting Standard 16 "Leases" ("HKFRS 16") and Hong Kong Accounting Standard 17 "Leases" ("HKAS 17"), respectively. Following the adoption of IFRS 16 on 1 January 2019, the Group's statutory results for year ended 31 December 2019 are on a IFRS 16 basis, whereas the statutory results for the corresponding year ended 31 December 2018 are on a IAS 17 basis ("Pre-IFRS 16 basis") as previously reported. Hence, any comparison between the two bases of reporting would not be meaningful. The Group believes that the IAS 17 basis metrics, which are not intended to be a substitute for, or superior to, the reported metrics on a IFRS 16 basis ("Post-IFRS 16 basis"), allows a like-with-like comparison with the prior year results, and better reflects management's view of the Group's underlying operational performance. As a result, the Group has provided an alternative presentation of the Group's EBITDA, EBIT and profit attributable to ordinary shareholders prepared under the Pre-IFRS 16 basis relating to the accounting for leases for the year ended 31 December 2019. Unless otherwise specified, the discussion of the Group's operating results in this Annual Report is on a Pre-IFRS 16 basis as mentioned above.

Note 2: Total revenue, EBITDA and EBIT include the Group's proportionate share of associated companies and joint ventures' respective items, as well as reflecting the Group's share of results on the remaining 10% direct interest in the co-owned infrastructure investments with CK Infrastructure Holdings Limited ("CKI") after the divestment of 90% of the direct economic benefits in October 2018.

Note 3: Earnings per share for the years ended 31 December 2019 and 2018 is calculated based on profit attributable to ordinary shareholders and CKHH's weighted average number of shares outstanding during the years of 3,856,240,500 and 3,857,216,697 respectively.

## Financial Performance Summary

	Pre-IFRS 16 <sup>(1)</sup> 2019		2018		Change		Local currencies change
	HK\$ million	%	HK\$ million	%	%	%	%
<b>Revenue<sup>(2)</sup></b>							
Ports and Related Services <sup>(2)</sup>	35,375	8%	35,175	8%	1%		5%
Retail	169,225	38%	168,991	37%	—		4%
Infrastructure <sup>(3)</sup>	51,191	12%	64,724	14%	-21%		-17%
<i>CK Infrastructure</i>	<i>49,818</i>	<i>11%</i>	<i>53,274</i>	<i>12%</i>	<i>-6%</i>		<i>-2%</i>
<i>Co-owned infrastructure investments<sup>(3)</sup></i>	<i>1,373</i>	<i>1%</i>	<i>11,450</i>	<i>2%</i>	<i>-88%</i>		<i>-87%</i>
Husky Energy	47,618	11%	54,251	12%	-12%		-10%
CKH Group Telecom <sup>(5)</sup>	93,517	21%	86,733	19%	8%		12%
Hutchison Asia Telecommunications	8,984	2%	8,220	2%	9%		9%
Finance & Investments and Others <sup>(5)</sup>	33,946	8%	35,136	8%	-3%		1%
<b>Total Revenue</b>	<b>439,856</b>	<b>100%</b>	<b>453,230</b>	<b>100%</b>	<b>-3%</b>		<b>1%</b>
<b>EBITDA<sup>(2)</sup></b>							
Ports and Related Services <sup>(2)</sup>	13,405	12%	13,392	12%	—		3%
Retail	16,891	15%	16,164	14%	4%		8%
Infrastructure <sup>(3)</sup>	28,488	25%	35,422	31%	-20%		-15%
<i>CK Infrastructure</i>	<i>27,855</i>	<i>25%</i>	<i>29,406</i>	<i>26%</i>	<i>-5%</i>		<i>—</i>
<i>Co-owned infrastructure investments<sup>(3)</sup></i>	<i>633</i>	<i>—</i>	<i>6,016</i>	<i>5%</i>	<i>-89%</i>		<i>-89%</i>
Husky Energy	3,139	3%	12,106	11%	-74%		-72%
<i>Underlying</i>	<i>9,122</i>	<i>8%</i>	<i>12,106</i>	<i>11%</i>	<i>-25%</i>		<i>-23%</i>
<i>One-off impairment and other charges<sup>(4)</sup></i>	<i>(5,983)</i>	<i>-5%</i>	<i>—</i>	<i>—</i>	<i>—</i>		<i>—</i>
CKH Group Telecom <sup>(5)</sup>	35,341	32%	30,357	27%	16%		21%
Hutchison Asia Telecommunications	2,167	2%	1,028	1%	111%		108%
Finance & Investments and Others <sup>(5)</sup>	12,637	11%	5,111	4%	147%		152%
<b>Total EBITDA</b>	<b>112,068</b>	<b>100%</b>	<b>113,580</b>	<b>100%</b>	<b>-1%</b>		<b>2%</b>
<b>EBIT<sup>(2)</sup></b>							
Ports and Related Services <sup>(2)</sup>	9,061	13%	8,726	12%	4%		7%
Retail	13,671	19%	13,078	18%	5%		8%
Infrastructure <sup>(3)</sup>	19,220	27%	24,038	33%	-20%		-16%
<i>CK Infrastructure</i>	<i>18,829</i>	<i>26%</i>	<i>20,076</i>	<i>28%</i>	<i>-6%</i>		<i>-1%</i>
<i>Co-owned infrastructure investments<sup>(3)</sup></i>	<i>391</i>	<i>1%</i>	<i>3,962</i>	<i>5%</i>	<i>-90%</i>		<i>-90%</i>
Husky Energy	(3,004)	-4%	5,742	8%	-152%		-151%
<i>Underlying</i>	<i>2,979</i>	<i>4%</i>	<i>5,742</i>	<i>8%</i>	<i>-48%</i>		<i>-47%</i>
<i>One-off impairment and other charges<sup>(4)</sup></i>	<i>(5,983)</i>	<i>-8%</i>	<i>—</i>	<i>—</i>	<i>—</i>		<i>—</i>
CKH Group Telecom <sup>(5)</sup>	21,131	30%	18,409	25%	15%		19%
Hutchison Asia Telecommunications	1,055	1%	321	—	229%		218%
Finance & Investments and Others <sup>(5)</sup>	9,974	14%	2,571	4%	288%		289%
<b>Total EBIT</b>	<b>71,108</b>	<b>100%</b>	<b>72,885</b>	<b>100%</b>	<b>-2%</b>		<b>1%</b>
Interest expenses and other finance costs <sup>(2)</sup>	(15,657)		(18,025)		13%		
Profit Before Tax	55,451		54,860		1%		
Tax <sup>(2)</sup>							
Current tax	(7,814)		(7,795)		—		
Deferred tax	113		(283)		140%		
	(7,701)		(8,078)		5%		
Profit after tax	47,750		46,782		2%		
Non-controlling interests and perpetual capital securities holders' interests	(7,862)		(7,782)		-1%		
<b>PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS</b>	<b>39,888</b>		<b>39,000</b>		<b>2%</b>		<b>6%</b>

Note 1: As Hong Kong Financial Reporting Standards are fully converged with International Financial Reporting Standards in the accounting for leases, for ease of reference, International Financial Reporting Standard 16 "Leases" ("IFRS 16") and the precedent lease accounting standard International Accounting Standard 17 "Leases" ("IAS 17") are referred to in this Annual Report interchangeably with Hong Kong Financial Reporting Standard 16 "Leases" ("HKFRS 16") and Hong Kong Accounting Standard 17 "Leases" ("HKAS 17"), respectively. Following the adoption of IFRS 16 on 1 January 2019, the Group's statutory results for the year ended 31 December 2019 are on a IFRS 16 basis, whereas the statutory results for the corresponding year ended 31 December 2018 are on a IAS 17 basis ("Pre-IFRS 16 basis") as previously reported. Hence, any comparison between the two bases of reporting would not be meaningful. The Group believes that the IAS 17 basis metrics, which are not intended to be a substitute for, or superior to, the reported metrics on a IFRS 16 basis ("Post-IFRS 16 basis"), allows a like-with-like comparison with the prior period results, and better reflects management's view of the Group's underlying operational performance. As a result, the Group has provided an alternative presentation of the Group's EBITDA, EBIT, interest expenses and other finance costs, tax, non-controlling interests and perpetual capital securities holders' interests and profit attributable to ordinary shareholders prepared under the Pre-IFRS 16 basis relating to the accounting for leases for the year ended 31 December 2019. Unless otherwise specified, the discussion of the Group's operating results in this Annual Report is on a Pre-IFRS 16 basis as mentioned above.

Note 2: Total revenue, EBITDA, EBIT, interest expenses and other finance costs and tax include the Group's proportionate share of associated companies and joint ventures' respective items. Total revenue, EBITDA and EBIT were adjusted to exclude non-controlling interests' share of results of HPH Trust.

Note 3: Co-owned infrastructure investments with CKI P&L figures for the year ended 31 December 2019 represent the Group's share of results on the remaining 10% direct interest in these investments. The P&L figures for year ended 31 December 2018 represent 10 months of the Group's direct interest in these investments and remaining 10% direct interest in these investments from November 2018 onwards.

Note 4: Represents the Group's share of Husky's impairment and other charges after consolidation adjustments.

Note 5: Revenue of HK\$410 million, EBITDA of HK\$225 million and EBIT of HK\$193 million in 2018 were reclassified from Finance & Investments and Others segment to CKH Group Telecom segment to conform with the 2019 presentation.

	Post-IFRS 16 <sup>(1)</sup> 2019		2018		Change		Local currencies change	
	HK\$ million	%	HK\$ million	%	%	%	%	
<b>Revenue<sup>(2)</sup></b>								
Ports and Related Services <sup>(2)</sup>	35,375	8%	35,175	8%	1%		5%	
Retail	169,225	38%	168,991	37%	—		4%	
Infrastructure <sup>(3)</sup>	51,191	12%	64,724	14%	-21%		-17%	
<i>CK Infrastructure</i>	49,818	11%	53,274	12%	-6%		-2%	
<i>Co-owned infrastructure investments<sup>(3)</sup></i>	1,373	1%	11,450	2%	-88%		-87%	
Husky Energy	47,618	11%	54,251	12%	-12%		-10%	
CKH Group Telecom <sup>(5)</sup>	93,517	21%	86,733	19%	8%		12%	
Hutchison Asia Telecommunications	8,984	2%	8,220	2%	9%		9%	
Finance & Investments and Others <sup>(5)</sup>	33,946	8%	35,136	8%	-3%		1%	
<b>Total Revenue</b>	<b>439,856</b>	<b>100%</b>	<b>453,230</b>	<b>100%</b>	<b>-3%</b>		<b>1%</b>	
<b>EBITDA<sup>(2)</sup></b>								
Ports and Related Services <sup>(2)</sup>	16,092	12%	13,392	12%	20%		23%	
Retail	27,023	20%	16,164	14%	67%		71%	
Infrastructure <sup>(3)</sup>	28,751	21%	35,422	31%	-19%		-15%	
<i>CK Infrastructure</i>	28,118	21%	29,406	26%	-4%		1%	
<i>Co-owned infrastructure investments<sup>(3)</sup></i>	633	—	6,016	5%	-89%		-89%	
Husky Energy	3,480	3%	12,106	11%	-71%		-69%	
<i>Underlying</i>	9,463	7%	12,106	11%	-22%		-20%	
<i>One-off impairment and other charges<sup>(4)</sup></i>	(5,983)	-4%	—	—	—		—	
CKH Group Telecom <sup>(5)</sup>	42,417	31%	30,357	27%	40%		44%	
Hutchison Asia Telecommunications	4,328	3%	1,028	1%	321%		318%	
Finance & Investments and Others <sup>(5)</sup>	13,958	10%	5,111	4%	173%		177%	
<b>Total EBITDA</b>	<b>136,049</b>	<b>100%</b>	<b>113,580</b>	<b>100%</b>	<b>20%</b>		<b>24%</b>	
<b>EBIT<sup>(2)</sup></b>								
Ports and Related Services <sup>(2)</sup>	10,216	14%	8,726	12%	17%		20%	
Retail	14,705	19%	13,078	18%	12%		16%	
Infrastructure <sup>(3)</sup>	19,259	26%	24,038	33%	-20%		-16%	
<i>CK Infrastructure</i>	18,868	25%	20,076	28%	-6%		-1%	
<i>Co-owned infrastructure investments<sup>(3)</sup></i>	391	1%	3,962	5%	-90%		-90%	
Husky Energy	(2,974)	-4%	5,742	8%	-152%		-150%	
<i>Underlying</i>	3,009	4%	5,742	8%	-48%		-46%	
<i>One-off impairment and other charges<sup>(4)</sup></i>	(5,983)	-8%	—	—	—		—	
CKH Group Telecom <sup>(5)</sup>	21,987	29%	18,409	25%	19%		24%	
Hutchison Asia Telecommunications	2,032	3%	321	—	533%		522%	
Finance & Investments and Others <sup>(5)</sup>	10,119	13%	2,571	4%	294%		295%	
<b>Total EBIT</b>	<b>75,344</b>	<b>100%</b>	<b>72,885</b>	<b>100%</b>	<b>3%</b>		<b>7%</b>	
Interest expenses and other finance costs <sup>(2)</sup>	(20,117)		(18,025)		-12%			
Profit Before Tax	55,227		54,860		1%			
Tax <sup>(2)</sup>								
Current tax	(7,834)		(7,795)		-1%			
Deferred tax	215		(283)		176%			
	(7,619)		(8,078)		6%			
Profit after tax	47,608		46,782		2%			
Non-controlling interests and perpetual capital securities holders' interests	(7,778)		(7,782)		—			
<b>PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS</b>	<b>39,830</b>		<b>39,000</b>		<b>2%</b>		<b>6%</b>	

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