

# CK Hutchison Group Telecom Finance S.A.

## CK HUTCHISON GROUP TELECOM FINANCE S.A.

*(incorporated with limited liability under the laws of the Grand Duchy of Luxembourg)*

7, rue du Marché-aux-Herbes

L-1728 Luxembourg

RCS Luxembourg: B236170

**(the “Issuer”)**

**€1,500,000,000 0.375% Guaranteed Notes due 2023  
(ISIN XS2056572154/Common Code 205657215)**

**€1,000,000,000 0.750% Guaranteed Notes due 2026  
(ISIN XS2057069093/Common Code 205706909)**

**€1,000,000,000 1.125% Guaranteed Notes due 2028  
(ISIN XS2057069762/Common Code 205706976)**

**€750,000,000 1.500% Guaranteed Notes due 2031  
(ISIN XS2057070182/Common Code 205707018)**

**£500,000,000 2.000% Guaranteed Notes due 2027  
(ISIN XS2057072121/Common Code 205707212)**

**and**

**£300,000,000 2.625% Guaranteed Notes due 2034  
(ISIN XS2057072477/Common Code 205707247)**

**in each case**

**unconditionally and irrevocably guaranteed by**

## CK HUTCHISON GROUP TELECOM HOLDINGS LIMITED

*(incorporated in the Cayman Islands with limited liability)*

**(the “Guarantor”)**

In accordance with Regulation (EU) No. 596/2014 on market abuse and the law of 11 January 2008 on transparency requirements, as amended, the Issuer is filing with the *Commission de Surveillance du Secteur Financier* and storing with the Officially Appointed Mechanism the attached trading update for the quarter ended 30 September 2020 of the Guarantor.

## CK Hutchison Group Telecom Finance S.A.

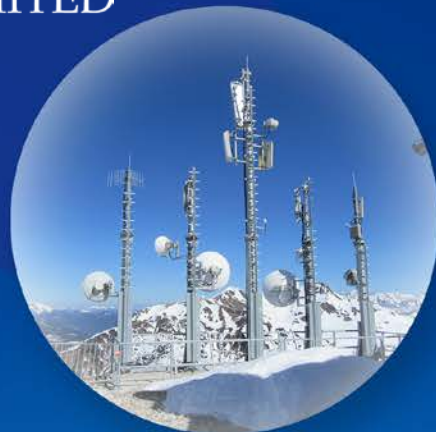
Edith Shih  
Director

4 November 2020

CK Hutchison Group Telecom Finance S.A.  
*Société Anonyme*

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Grand Duchy of Luxembourg  
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www.ckh.com.hk

RCS Luxembourg: B236170  
Share Capital: EUR 30,000



# Trading update

for the quarter ended 30 September 2020





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 Company (the "Potential Investors and Shareholders") are reminded that information contained in this Presentation and subsequent discussion comprises extracts of operational data and financial information of the Group for the nine-month period ended 30 September 2020. 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.

The performance data and the results of operations of the Group contained in this Presentation and 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 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 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.

Active  
Customer <sup>(2)</sup>

42.1 mn

Y-o-Y ↓ 5%

Contract  
Churn <sup>(3)</sup>

1.2%

Y-o-Y ↓ 0.1%-pts

Revenue

€7.6bn

Y-o-Y ↓ 4%

Capex <sup>(4)</sup>

€1.3bn

Y-o-Y ↑ 12%

Total  
Margin

€5.4bn

Y-o-Y ↓ 1%

Net Debt <sup>(5)</sup>

€7.0bn

Y-o-Y ↓ 9%

(1) Unless otherwise specified, the discussion of the Group's operating results in this presentation is on a Pre-IFRS 16 basis.

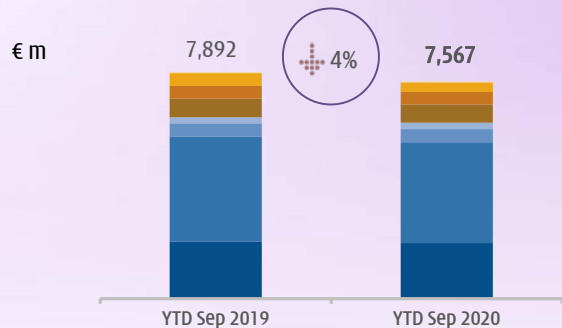
(2) An active customer is a mobile customer that generated revenue from an outgoing call, incoming call or data/content service in the preceding three months.

(3) Represents monthly average churn of contract customers.

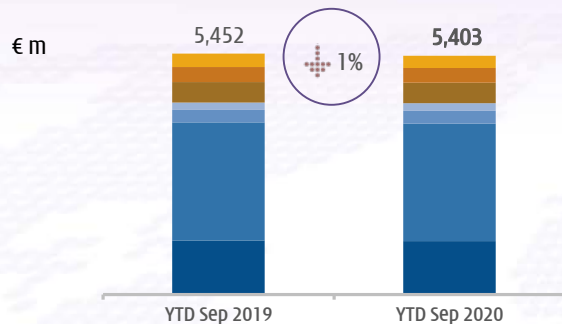
(4) Capex amount excludes licence costs.

(5) Total bank and other debts are defined, for the purpose of "Net debt" calculation, as the total principal amount of bank and other debts. Net debt is defined as total bank and other debts less total cash and cash equivalents.

## Revenue



## Total Margin



■ UK   
 ■ Italy   
 ■ Sweden   
 ■ Denmark  
■ Austria   
 ■ Ireland   
 ■ Hong Kong   
 ■ Corporate & others

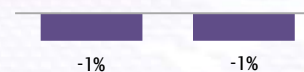
## Total Margin

€5,403m

-1%



Total Margin  
Change %  
(in local currencies)



Total Margin %<sup>(1)</sup>



(1) Total margin % represents total margin as a % of total revenue excluding handset revenue.

## Key Financials

## Results Highlights

£ m	YTD Sep 2020	YTD Sep 2019	% Variance
Total Revenue	1,719	1,759	-2%
Total Margin	1,074	1,082	-1%
Total Margin (%) <sup>(1)</sup>	85%	85%	
Capex <sup>(2)</sup>	(395)	(221)	+79%
Net ARPU (£) <sup>(3)</sup>	12.66	13.12	-4%
Net AMPU (£) <sup>(4)</sup>	11.07	11.39	-3%
Active customer ('000) <sup>(5)</sup>	9,909	10,346	-4%
Active contract customer ('000)	7,386	7,078	+4%
Monthly average contract churn (%)	1.4%	1.2%	

- Market landscape remained challenging for most of 2020 with consumer sentiments impacted by the pandemic
- Encouragingly, total margin has been relatively stable year-on-year
- Total margin % remains strong through retention of higher value customers
- The proportion of active contract customers continues to increase (2020: 75%; 2019: 68%), providing stable margin contributions
- Churn % trend increased since Q3 2019 with regulatory change on out-of-contract notifications, which eased mobile porting procedures for consumers.
- Capex increase as 3UK progresses to complete IT transformation and planned acceleration of 5G rollout

(1) Total margin % represents total margin as a % of total revenue excluding handset revenue.

(2) Capex amount excludes licence costs.

(3) Net ARPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in contract bundled plans, divided by the average number of active customers during the year.

(4) Net AMPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in contract bundled plans, less direct variable costs (including interconnection charges and roaming costs) (i.e. net customer service margin), divided by the average number of active customers during the year.

(5) An active customer is one that generated revenue from an outgoing call, incoming call or data/content service in the preceding three months.

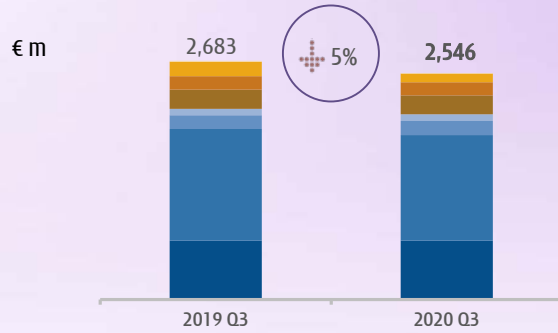
## Key Financials

€ m	YTD Sep 2020	YTD Sep 2019	% Variance
Total Revenue	3,513	3,656	-4%
Total Margin	2,653	2,673	-1%
Total Margin (%)	80%	79%	
Capex	(542)	(578)	+6%
Net ARPU (€)	11.01	10.75	+2%
Net AMPU (€)	9.33	8.87	+5%
Active customer ('000)	19,897	22,239	-11%
Active contract customer ('000)	9,775	9,779	-
Monthly average contract churn (%)	1.3%	1.5%	

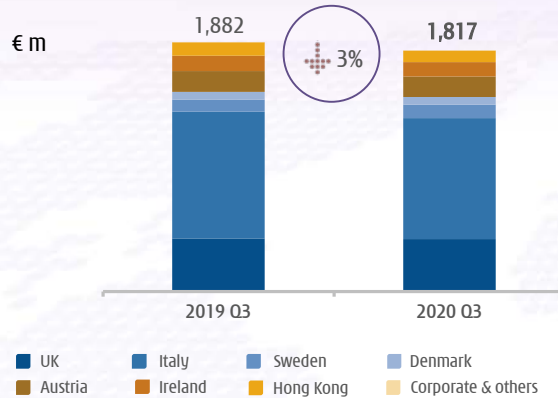
## Results Highlights

- Aggressive competition from Iliad and other MVNOs remained high throughout 2020, with a slight reprieve during the lockdown periods
- Revenue declined as a result, but Margin remained relatively stable through effective customer value management
- Margin % remained at a healthy level of approximately 80%
- Positive AMPU trend as a result of customer value management initiatives
- Continuous increase in proportion of active contract customers (2020: 49%; 2019: 44%) in a predominantly prepaid market
- Churn rates gradually stabilised since mid 2019, with reduced churn in 2020 due to long periods of lockdown
- Best network with fastest upload and download speed based on independent surveys, enhancing customer experience and satisfaction
- Reduced capex compared to 2019 as part of cash flow management

## Revenue



## Total Margin



## Total Margin

€1,817m

-3%



Total Margin  
Change %  
(in local currencies)

flat

-4%

UK

Italy

Total Margin %

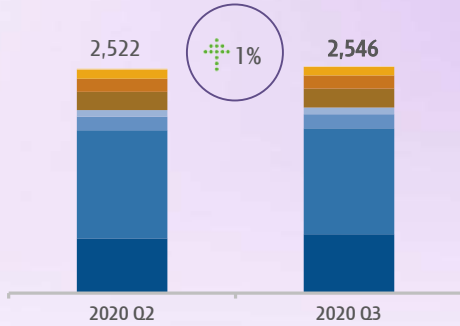
85%

81%



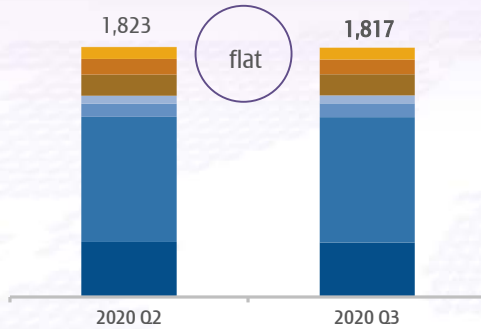
## Revenue

€ m



## Total Margin

€ m



■ UK   
 ■ Italy   
 ■ Sweden   
 ■ Denmark  
■ Austria   
 ■ Ireland   
 ■ Hong Kong   
 ■ Corporate & others

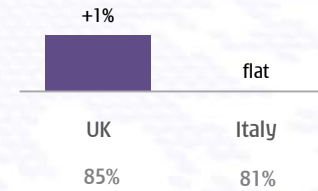
## Total Margin

**€1,817m**

flat



Total Margin  
Change %  
(in local currencies)



Total Margin %

Region	Total Margin %
UK	85%
Italy	81%

## Key Financials

£ m	2020 Q3	2019 Q3	% Variance	2020 Q2	% Variance
Total Revenue	603	592	+2%	546	+10%
Total Margin	361	361	-	357	+1%
Total Margin (%)	85%	84%		87%	
Capex	(203)	(66)	† 208%	(94)	† 116%
Net ARPU (£)	12.66	13.12	-4%	12.62	
Net AMPU (£)	11.07	11.39	-3%	10.96	+1%
Active customer ('000)	9,909	10,346	-4%	9,562	+4%
Active contract customer ('000)	7,386	7,078	+4%	7,259	+2%
Monthly average contract churn (%)	1.6%	1.4%		1.2%	

## Results Highlights

- Volatile market landscape with resurgence of the pandemic towards the end of Q3 2020
- Encouragingly, total margin has been relatively stable year-on-year as well as quarter on quarter
- Total margin % remains strong through retention of higher value customers
- The proportion of active contract customers has improved in 2020, and remained relatively stable despite market competitiveness (Q3 2020: 75%; Q3 2019: 68%; Q2 2020: 76%), providing stable margin contributions
- Churn % demonstrated an increasing trend since Q3 2019 regulatory change on out-of-contract notifications which eased mobile porting procedures for consumers. This negative effect was mostly offset during lockdown in Q2 2020
- Increased capex was relatively stable as 3UK progresses to complete IT transformation and planned acceleration of 5G rollout

## Key Financials

€ m	2020 Q3	2019 Q3	% Variance	2020 Q2	% Variance
Total Revenue	1,189	1,258	-5%	1,214	-2%
Total Margin	913	955	-4%	913	
Total Margin (%)	81%	81%		80%	
Capex	(194)	(226)	↓ 14%	(212)	↓ 8%
Net ARPU (€)	11.01	10.75	+2%	11.00	
Net AMPU (€)	9.33	8.87	+5%	9.26	+1%
Active customer ('000)	19,897	22,239	-11%	20,326	-2%
Active contract customer ('000)	9,775	9,779	-	9,684	+1%
Monthly average contract churn (%)	1.5%	1.5%		1.2%	

## Results Highlights

- Aggressive competition from Iliad and other MVNOs remained high, with a slight reprieve during the lockdown periods
- Revenue and Margin have been impacted by the pandemic against last year but have stabilised during Q3 2020 against the last quarter
- Margin % remained at a healthy level of approximately 80% throughout the periods
- Positive AMPU trend as a result of customer value management initiatives
- Continuous increase in proportion of active contract customers (Q3 2020: 49%; Q3 2019: 44%; Q2 2020: 48%) in a predominantly prepaid market
- Churn rates gradually stabilised since mid 2019 at approximately 1.5%, with the exception of Q2 2020, where churn decreased due to lockdown
- Best network with fastest upload and download speed based on independent survey, a solid platform upon which to commence 5G rollout during 2020 and 2021
- Decreased capex compared to Q2 2020 mainly due to timing of network spending