

# 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 31 March 2020 of the Guarantor.

## CK Hutchison Group Telecom Finance S.A.

Edith Shih  
Director

4 May 2020

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

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RCS Luxembourg: B236170  
Share Capital: EUR 30,000



CK HUTCHISON GROUP TELECOM HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

# Trading Update

for the quarter ended 31 March 2020



# Disclaimer

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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.



# CK Hutchison Group Telecom

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

42.9mn

Y-o-Y ↓ 5%

Revenue

€2.5bn

Y-o-Y ↓ 4%

Total Margin

€1.8bn

Y-o-Y ↑ 1%

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

1.2%

Y-o-Y ↓ 0.1%-pts

Capex <sup>(4)</sup>

€0.3bn

Y-o-Y ↑ 21%

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

€7.3bn

Y-o-Y ↓ 12%

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

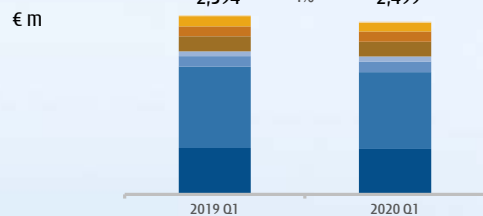
(2) An active customer is a mobile customer that generated revenue from an outgoing call, incoming call or data/content service in the preceding three months.

(3) Represents monthly average churn of contract customers.

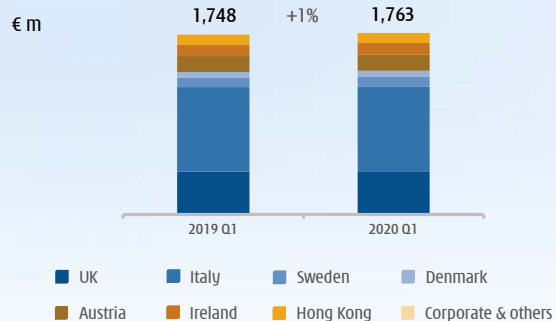
(4) Capex amount excludes licence costs.

(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.

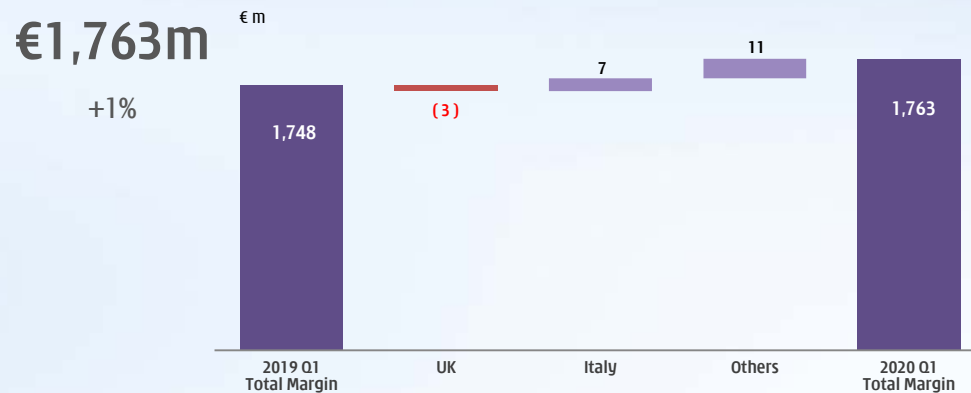
## Revenue



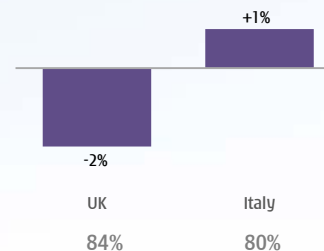
## Total Margin



## Total Margin



## Total Margin Change % (in local currencies)



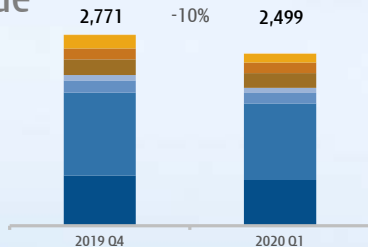
## Total Margin % <sup>(1)</sup>



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

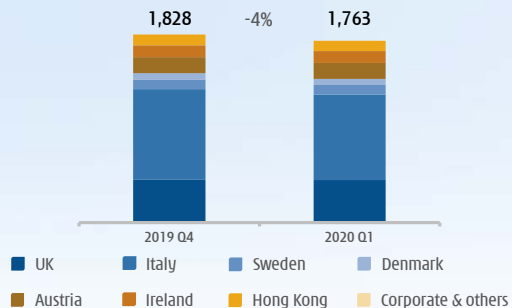
## Revenue

€ m



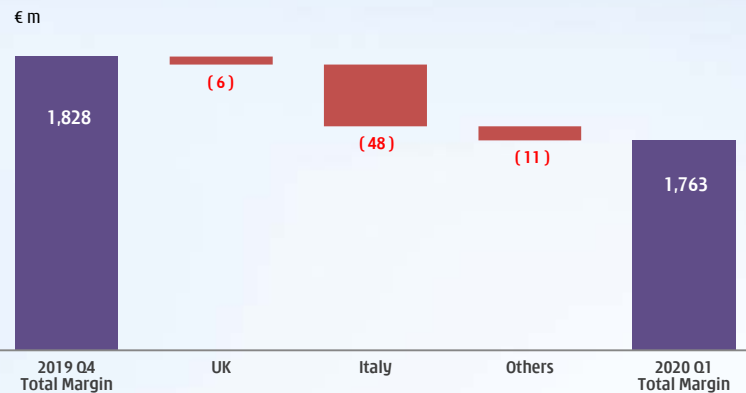
## Total Margin

€ m

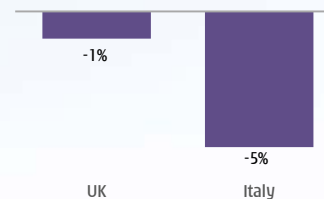


## Total Margin

€1,763m



Total Margin Change % (in local currencies)



Total Margin %

UK	84%
Italy	80%



£ m	2020 Q1	2019 Q1	% Variance	2019 Q4	% Variance
Total Revenue	570	585	-3%	625	-9%
Total Margin	356	362	-2%	359	-1%
Total Margin (%) <sup>(1)</sup>	84%	86%	-2%-pts	84%	-
Capex <sup>(2)</sup>	(98)	(62)	↑58%	(205)	↓52%
Net ARPU (£) <sup>(3)</sup>	12.60	13.51	-7%	12.73	-1%
Net AMPU (£) <sup>(4)</sup>	10.91	11.74	-7%	11.02	-1%
Active customer ('000) <sup>(5)</sup>	9,952	10,022	-1%	10,299	-3%
Active contract customer ('000)	7,243	6,952	+4%	7,153	+1%
Monthly average contract churn (%)	1.4%	1.2%		1.5%	

- Market landscape continues to be competitive in periods leading to the COVID-19 lockdown from 23 March 2020.
- Decline in revenue and margin against Q1 2019 mainly due to regulatory reduction in intra-EU calls and SMS chargeable rates since May 2019
- Decline in revenue against last quarter in 2019 mainly due to seasonal effects with higher mix of handset sales in Q4 2019 during Christmas seasons. Margin % maintained stable at 84%
- Increase in capex against Q1 2019 as 3UK progresses to complete IT transformation and accelerate 5G rollout plans in 2020
- Capex in Q4 2019 was higher as certain transformation milestones completed at the end of 2019
- Churn increased since Q3 2019 with regulatory change on out-of-contract notifications which eased mobile porting procedures for consumers, countered by strategically increasing proportion of active contract customers (Q1 2020: 73%; Q1 2019: 69%), providing stable margin contributions

(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.



€ m	2020 Q1	2019 Q1	% Variance	2019 Q4	% Variance
Total Revenue	1,110	1,177	-6%	1,199	-7%
Total Margin	827	820	+1%	875	-5%
Total Margin (%)	80%	77%	+3%-pts	80%	-
Capex	(136)	(115)	↑18%	(612)	↓78%
Net ARPU (€)	9.11	8.99	+1%	8.94	+2%
Net AMPU (€)	9.11	8.99	+1%	8.94	+2%
Active customer ('000)	20,652	23,505	-12%	21,526	-4%
Active contract customer ('000)	9,474	10,171	-7%	9,717	-3%
Monthly average contract churn (%)	1.3%	1.6%		1.5%	

- Aggressive competition from Iliad and MVNOs still remained high before the COVID-19 lockdown from 9 March 2019
- Margin improvement initiatives proving effective with total margin and margin percentage growth against Q1 2019 despite reduced revenue
- Decline in revenue and margin against last quarter of 2019 mainly due to seasonal effects on customer usage and handset sales. Margin % remained stable at 80%
- Network modernisation & consolidation completed in 2019
- 5G rollout commencing in 2020
- Positive AMPU trend as a result of customer value management initiatives and cost control
- Continuous increase in proportion of active contract customers (Q1 2020: 46%; Q1 2019: 43%) in a predominantly prepaid market
- Gradual stabilisation of churn rates since mid 2019
- Reduced churn in Q1 2020 partly due to COVID-19



## COVID-19

- Committed to focus on maintenance of the health and safety of our personnel and staff over profitability
- Telecommunication businesses in Europe are currently experiencing reduced churn and higher voice and data usage, but is partly offset by reduction in roaming contribution. Operations are focused on maintaining network quality and services for customers and at the same time keeping employees safe
- Certain countries' retail outlets are reopening after closures in March and April, in which sales are mostly diverted to online or mobile apps during those closures.
- Spectrum auctions scheduled for Q2 2020 in UK and Austria have been deferred until further notice due to COVID-19. Sweden plans to conduct spectrum auction in Nov-2020.

## 5G

- UK on progress with accelerated 5G network rollout during 2020
- Italy to focus 5G network development in Rome, Milan, Naples and Bologna in 2020
- Ireland to launch 5G services including FWA in 2020

## CKH Networks

- On target to complete reorganisation in June 2020
- CKH Networks operational and preliminary results / guidance from July 2020
- Pro-forma FY 2020 results available in March 2021