



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

2019 Interim Results Presentation

30 July 2019



A member of CK Hutchison Holdings



Digitalisation
Transformation

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1H 2019 Financial Highlights

Post-IFRS 16 Basis			Pre-IFRS 16 Basis		
<u>Service Revenue</u> HK\$1,782m -3%	<u>Service EBITDA</u> HK\$778m +34%	<u>Service EBIT</u> HK\$151m -13%	<u>Service Revenue</u> HK\$1,782m -3%	<u>Service EBITDA</u> HK\$545m -6%	<u>Service EBIT</u> HK\$142m -18%
<u>Key cost items</u> HK\$1,039m -20%	<u>Profit</u> HK\$188m -5%	<u>Interim Dividend</u> 2.93 HK cents	<u>Key cost items</u> HK\$1,272m -2%	<u>Profit</u> HK\$187m -6%	

Note: Following the adoption of IFRS 16 on 1 Jan 2019, the Group's statutory results for 1H 2019 are on an IFRS 16 basis ("Post-IFRS 16 basis"), whereas the statutory results for the corresponding 1H 2018 are on an IAS 17 basis ("Pre-IFRS 16 basis") as previously reported.

Financial Review



Service revenue (HK\$'m)



Roaming service revenue (HK\$'m)

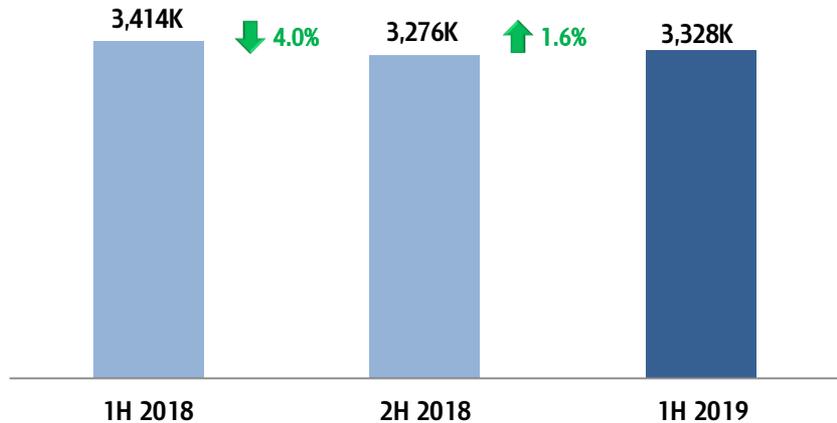


- Service revenue is challenging

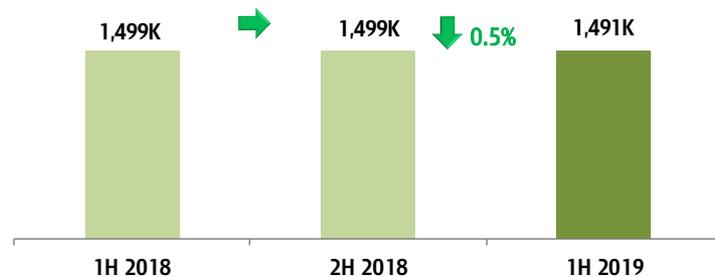
- Introduction of innovative roaming products and packages for frequent and leisure travellers

Customers

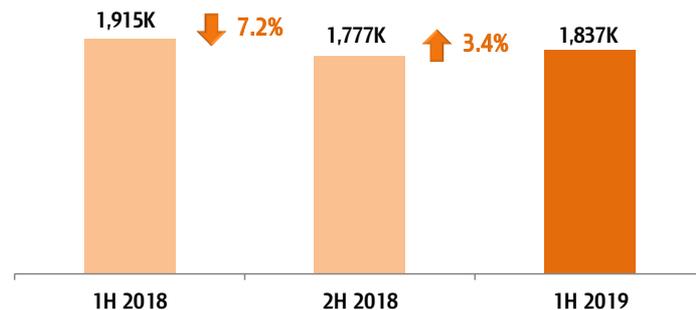
Total



Postpaid

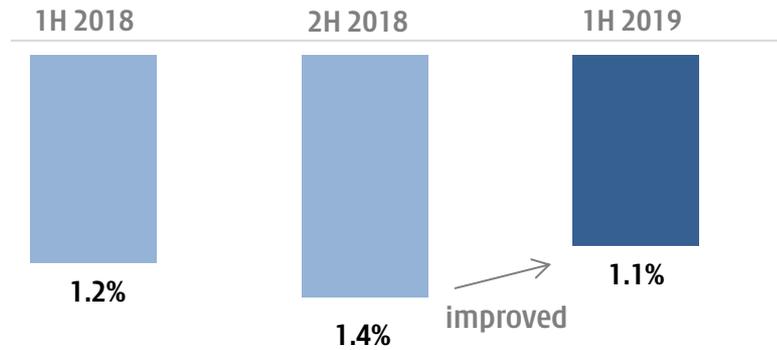


Prepaid

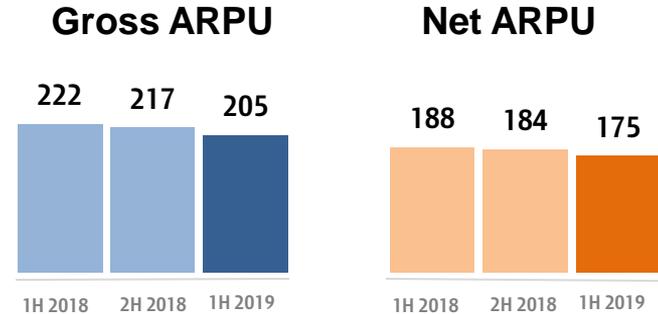


Churn and ARPU

Postpaid Churn



Blended postpaid gross ARPU⁽¹⁾ and net ARPU⁽¹⁾

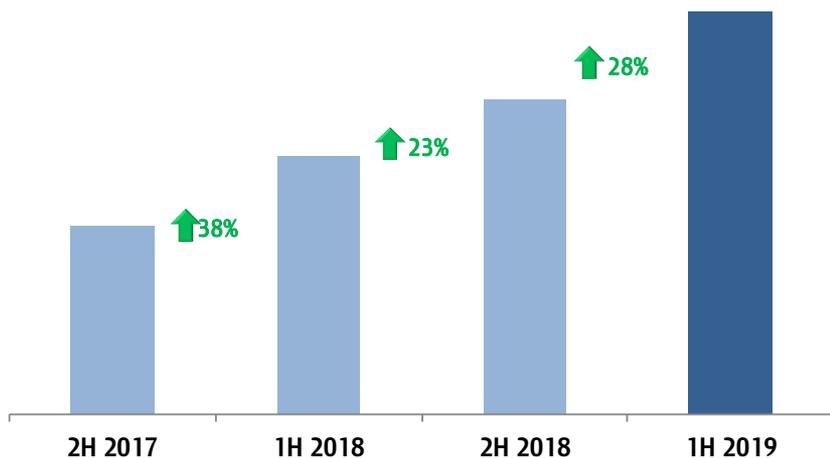


Note 1

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

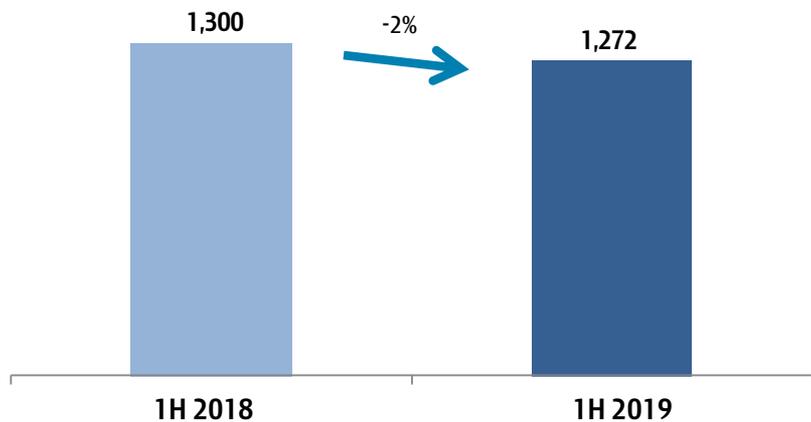
Postpaid Net ARPU = monthly average spending per postpaid user excluding handset contribution for bundled plan.

4G Network data usage

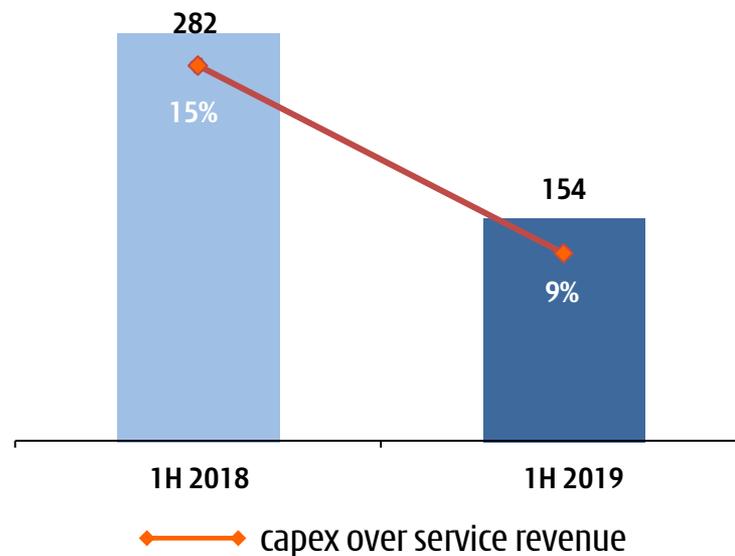


- Growing data demand
- Innovative data product and package offerings
- Up 57% YoY

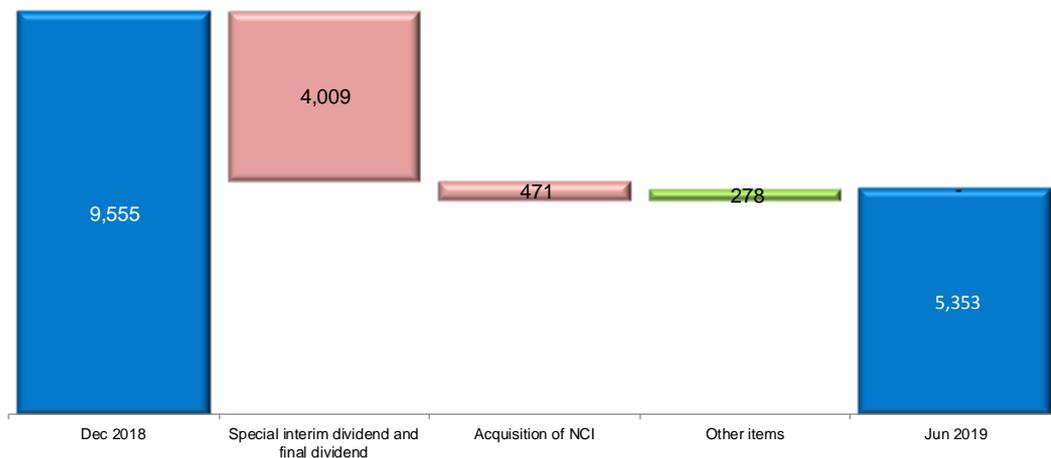
Key Costs (Pre-IFRS 16 basis) (HK\$m)



Capex (HK\$m)



Net Cash (HK\$'m)



- After the settlement of special interim dividend and final dividend as well as the consideration of acquiring non-controlling interests
- Cater for future network enhancement and 5G needs
- Strong position for future operational needs

Business Review and Developments



3 · OneWorld Strategy



極優網絡

極快

極廣

極順暢

Comprehensive Roaming Products



Frequently

Occasionally

Irregularly

Prepaid

Getaway

Roam-In-Command

Day Pass

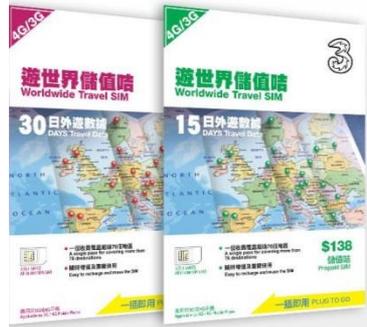
Prepaid



Heavy Usage



Light Usage



Greater China Travel Proposition

Postpaid plan

全新SIM計劃
所有數據 中·港澳通用

12GB

兼任用 WhatsApp 數據 2.4GB

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

Top-up Choice

中港澳數據包(3個月)
只需 \$178 / 3GB
(原價 \$188)

3個月自由跨月使用

玩盡大灣區

內地副號服務
只需 \$19/月

    世界為一

Prepaid Card

4G

中港澳
China/Hong Kong/Macau

8GB/365日漫遊數據
DAYS Roaming Data



4G

中港澳
China/Hong Kong/Macau

 1合1 SIM卡
All in one SIM card
網上增值送漫遊數據*
Roaming Data Bonus for Online Recharge

適用於3G或4G手機
Applicable to 3G / 4G Mobile Phone

4G

中港澳
China/Hong Kong/Macau

2GB/30日漫遊數據
DAYS Roaming Data



 1合1 SIM卡
All in one SIM card
網上增值送漫遊數據*
Roaming Data Bonus for Online Recharge

\$98
儲值咭
Prepaid SIM

適用於3G或4G手機
Applicable to 3G / 4G Mobile Phone

一插即用 PLUG&GO

Getaway (Global Travel) Proposition

More varieties on Getaway services

Getaway Service

One World

New GETAWAY Travel Service

No hassling with SIM or WiFi eggs • Covers 110 destinations • \$78 /month

- Surf freely
- Chat freely
- Extra SIM for sharing

Getaway all-in

3 Supreme

優越選優越 一咕繫全球

月費 \$428 禮享:

- 外遊盡情上網¹
- 本地數據任用²
- 中·港澳5GB³ 任用
- 中·港澳5GB數據⁴

極優網絡
極快、極廣、極穩定

優越待遇
上尊即日禮遇 3Supreme會員客戶

Getaway Deluxe

3 Supreme

全新「世界更優越」服務

Worldwide Connection × World-Class Concierge

世界為一

禮遇110個國家/地區，免換SIM先用WiFi蛋，尊享

專人為你度身規劃非凡旅程，安排購買一票難得的各界盛事等

iPhone Xs Max 256GB 連 AirPods

Samsung Galaxy S10 128GB 連 Galaxy Buds

自動預身為 3Supreme 尊貴客戶，盡享多項優越禮遇¹

NEW!

Getaway Handset

3 Supreme

優越選優越 旗艦手機 + 原廠耳機 + 環球數據

機價折扣 高達\$6,400

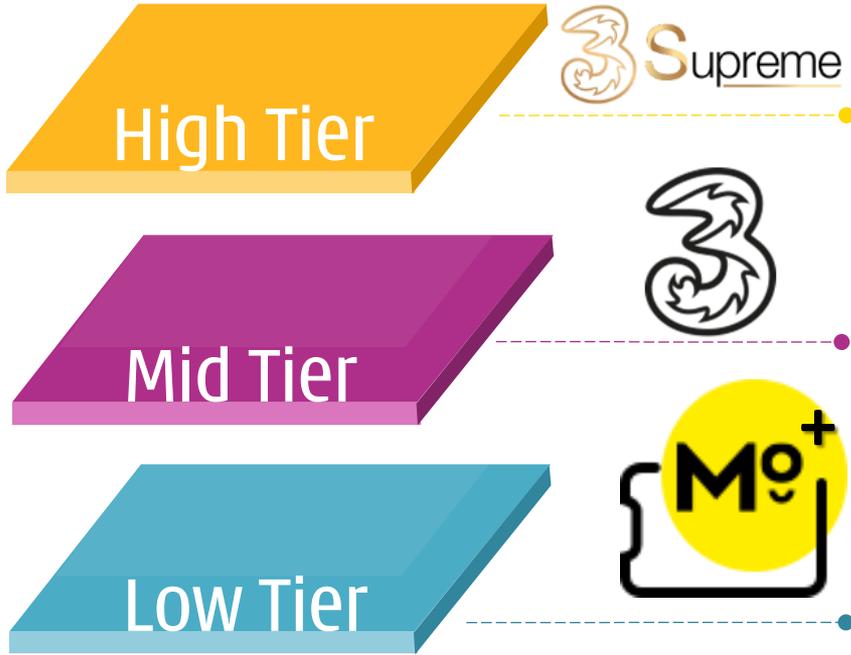
一個月費盡享:

- 外遊盡情上網¹
- 本地數據任用²
- 中·港澳5GB數據³ 及任用

極優網絡
極快、極廣、極穩定

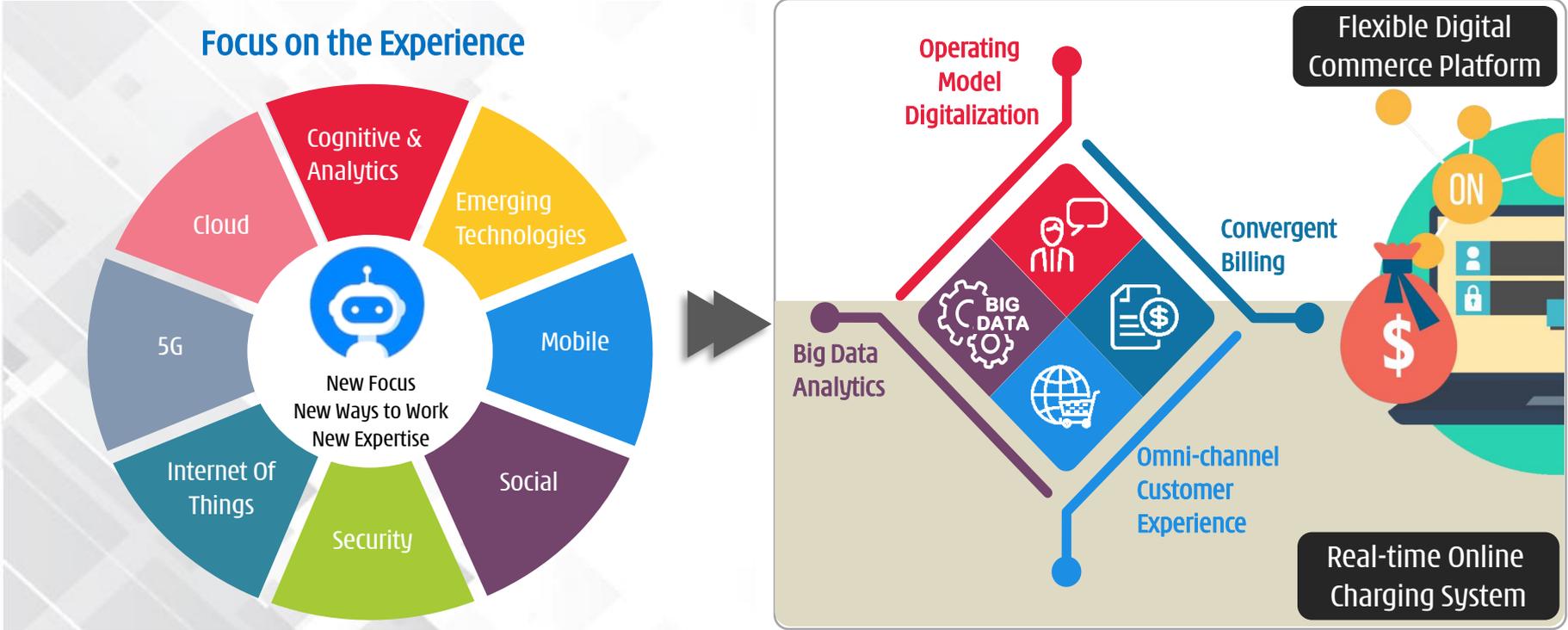
優越待遇
上尊即日禮遇 3Supreme會員客戶

Segmentation Strategy



Technology - Digital Transformation

Fully leverage Digital Technologies to improve customer engagement and operational efficiency



Outlook



Grow New Revenue by Corporate Solutions

e-Payment Solutions



Smart Parking



Advanced SMS

Manager



Smart Monitoring

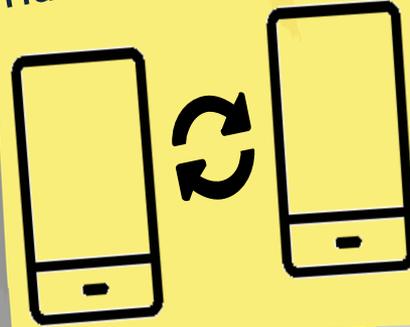


3Care - Proposition for Handset Plans Boost

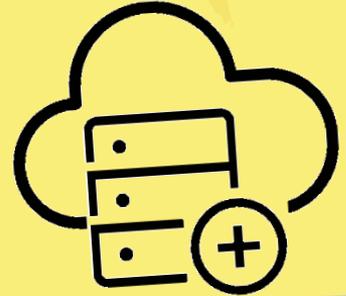
Flexi for Flagship Handset



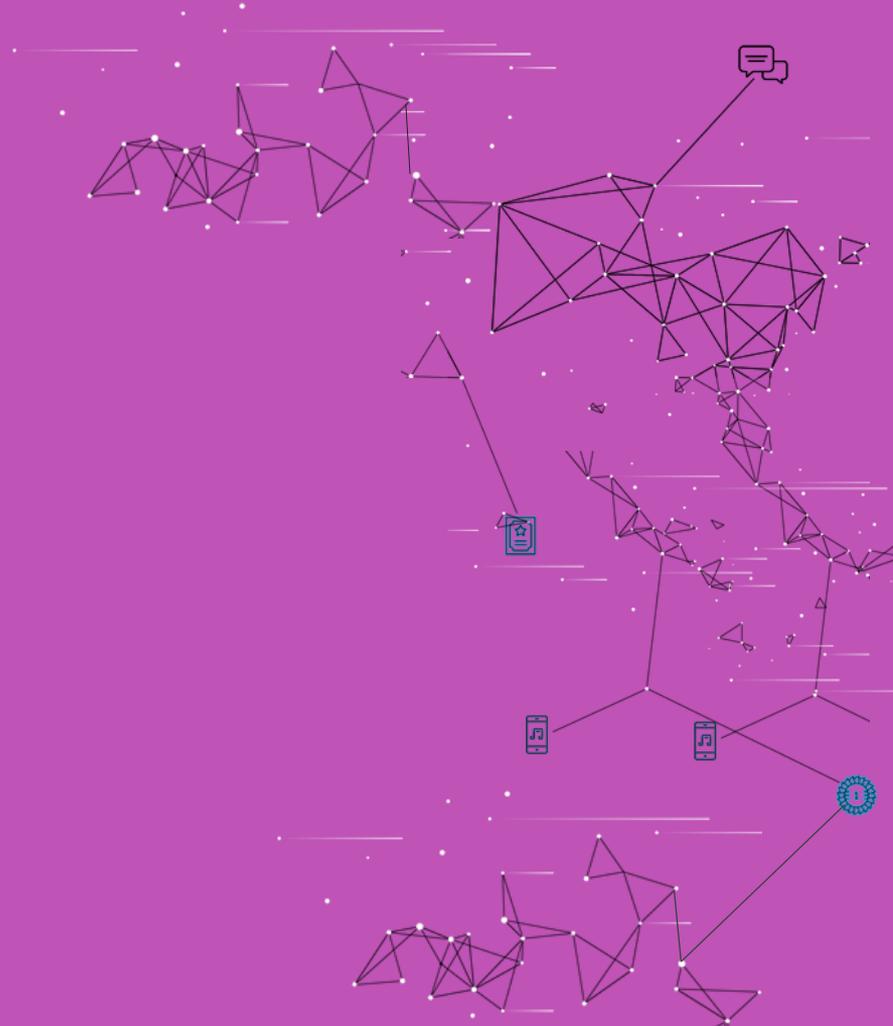
Handset Switch Service



cloud Storage



Appendix



Financial Summary

	1H 2019	1H 2018	Favourable/ (unfavourable) Change
	HK\$ million	HK\$ million	
Revenue	2,515	4,021	-37%
- Net customer service revenue	1,782	1,843	-3%
• Local service revenue	1,424	1,494	-5%
• Roaming service revenue	358	349	+3%
- Data	246	211	+17%
- Non-data	112	138	-19%
- Hardware revenue	733	2,178	-66%
• Bundled sales revenue	213	339	-37%
• Standalone handset sales revenue	520	1,839	-72%
Net customer service margin	1,617	1,681	-4%
<i>Net customer service margin %</i>	<i>91%</i>	<i>91%</i>	-
Standalone handset sales margin	9	22	-59%
CACs (before net of handset revenue)	(308)	(412)	+25%
Less: Bundled sales revenue	213	339	-37%
CACs	(95)	(73)	-30%
Operating expenses and staff costs ^(Note)	(779)	(1,065)	+27%
<i>Operating expenses and staff costs as a % of net customer service margin</i>	<i>48%</i>	<i>63%</i>	<i>+15% points</i>

Note: Operating expenses and staff costs (Pre-IFRS 16 basis) for the first six months of 2019 was HK\$1,012 million, representing 63% of net customer service margin.

Financial Summary

	1H 2019 HK\$ million	1H 2018 HK\$ million	Favourable/ (unfavourable) Change
Post-IFRS 16 basis			
EBITDA	787	601	+31%
Service EBITDA	778	579	+34%
<i>Service EBITDA margin %</i>	<i>44%</i>	<i>31%</i>	<i>+13% points</i>
Depreciation and amortisation	(603)	(381)	-58%
EBIT	160	195	-18%
Service EBIT	151	173	-13%
Pre-IFRS 16 basis			
EBITDA	554	601	-8%
Service EBITDA	545	579	-6%
<i>Service EBITDA margin %</i>	<i>31%</i>	<i>31%</i>	-
Depreciation and amortisation	(379)	(381)	+1%
EBIT	151	195	-23%
Service EBIT	142	173	-18%
CAPEX (excluding spectrum licences)	(154)	(282)	+45%
EBITDA (Post-IFRS 16 basis) less CAPEX	633	319	+98%
EBITDA (Pre-IFRS 16 basis) less CAPEX	400	319	+25%



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

Thank you



A member of CK Hutchison Holdings