



Hutchison Telecom  
Hong Kong Holdings

# 2023 Annual Results Presentation

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# Agenda



QR Code for the  
Group's Financial Results

- Executive Summary
- Result Highlights
- Business Review & Development
- Financial Review
- Sustainability
- Outlook



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# Executive Summary

*Kenny Koo*

*Executive Director and CEO*

# Executive Summary

Net service revenue<sup>(1)</sup> +8% YoY, driven by strong roaming recovery and good growth in premium segments and prepaid business

## Key Achievements

Outbound Roaming Revenue<sup>(1)</sup>

**+83%** YoY

- Strong recovery in outbound roaming

5G Base Penetration<sup>(2)</sup>

**46%**

vs 30% in 2022

5G Home Broadband Base

**+93%** YoY

- Continued growth in 5G base with acceleration in 5G HBB

SUPREME ARPU

**+257%**

vs Non-SUPREME Gross ARPU<sup>(3)</sup> in 2023

- Improving services for high-tier customers to ensure sustained growth

Prepaid SoSIM Revenue

**+99%** YoY

- Robust sales growth driven by expanded distribution channels



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Note 1: Including Hong Kong & Macau

Note 2: 5G penetration = number of 5G customers to postpaid customer base in Hong Kong

Note 3: Gross ARPU of SUPREME vs Gross ARPU of Non-SUPREME in Hong Kong in 2023 exclude all add-on SIM and Enterprise segment



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# Result Highlights

*Kenny Koo*

*Executive Director and CEO*

# Result Highlights

Roaming service revenue continued to gain momentum, resilient local service revenue

Service Revenue **\$3,531m**  
+8% YoY

Local Service Revenue **\$3,005m**  
+1% YoY

Roaming Service Revenue **\$526m**  
+77% YoY

Further deepened 5G uptake

5G Penetration **46%**  
+16%-point

Encouraging recovery in Hong Kong business with promising outlook

EBITDA<sup>(1)</sup> **\$1,457m** +3% YoY  
LBIT<sup>(2)</sup> **\$69m** +15% YoY

Net Loss & LPS<sup>(4)</sup> **\$52m** +67% YoY  
**\$1.08** +67% YoY

Growing customer base

Customer Base **4.0m**  
+21% YoY

Healthy cash<sup>(1)</sup> position

Cash<sup>(4)</sup> **\$3,684m**

Dividend

Final Dividend 5.21 HK cents per share  
Full Year Dividend 7.49 HK cents per share



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Notes:

(1) Earnings before net interest and other finance income/(costs), taxation, depreciation and amortization, adjusted to include the Group's proportionate share of joint venture's EBITDA

(2) Losses before net interest and other finance income/(costs), taxation, adjusted to include the Group's proportionate share of joint venture's EBIT

(3) LPS represents Loss per Share.

(4) Cash represents cash and bank balances as at 31 December 2023 including short-term bank deposits with original maturity beyond three months of \$1,774m (31 December 2022 \$613m).



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# Business Review & Development

*Kenny Koo*

*Executive Director and CEO*

# Network Development

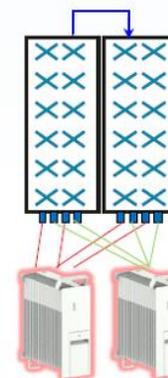
Taking the lead to upgrade network coverage in multiple hotspots in Hong Kong seas

Sea

Land

Air

- Created an "eight transmitting antennas and eight receiving antennas" (8T8R)<sup>(1)</sup> Multiple-Input Multiple-Output (MIMO) antenna configuration, significantly increasing the transmission speed and stability of 5G sea coverage.
- Addressed the challenge of signal interference at sea by adopting the innovative e-MIMO Pro technology that reduces interference by software, further enhancing communication quality at sea.

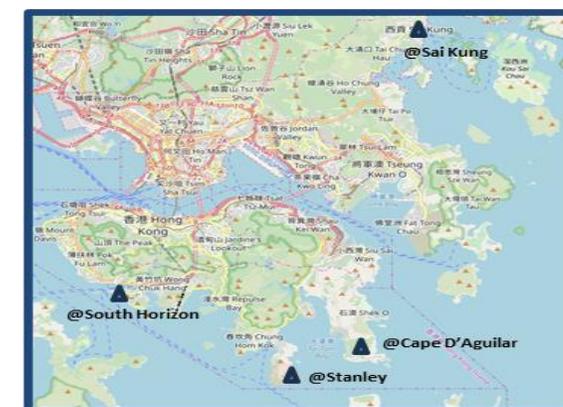
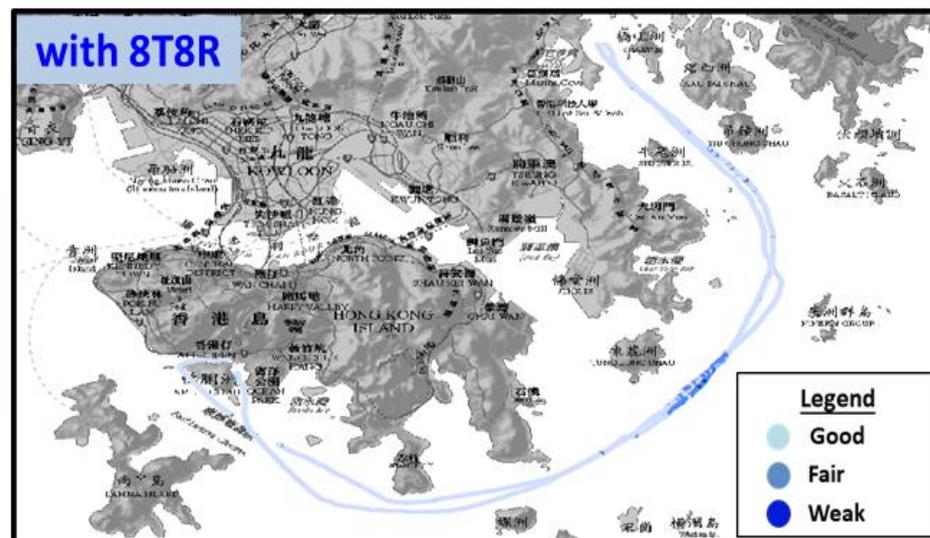


Antenna X 2

4T4R RRU X 2

Upload speed  
**+450%**

Download speed  
**+60%**



Network upgrade mainly focused on the seas near Sai Kung, Ap Lei Chau, Stanley and Cape D'Aguiar

Note 1: Combined the configuration of two sets of "four transmitting antennas and four receiving antennas" (4T4R)

# Network Development

## Completion of network expansion across MTR lines

Sea

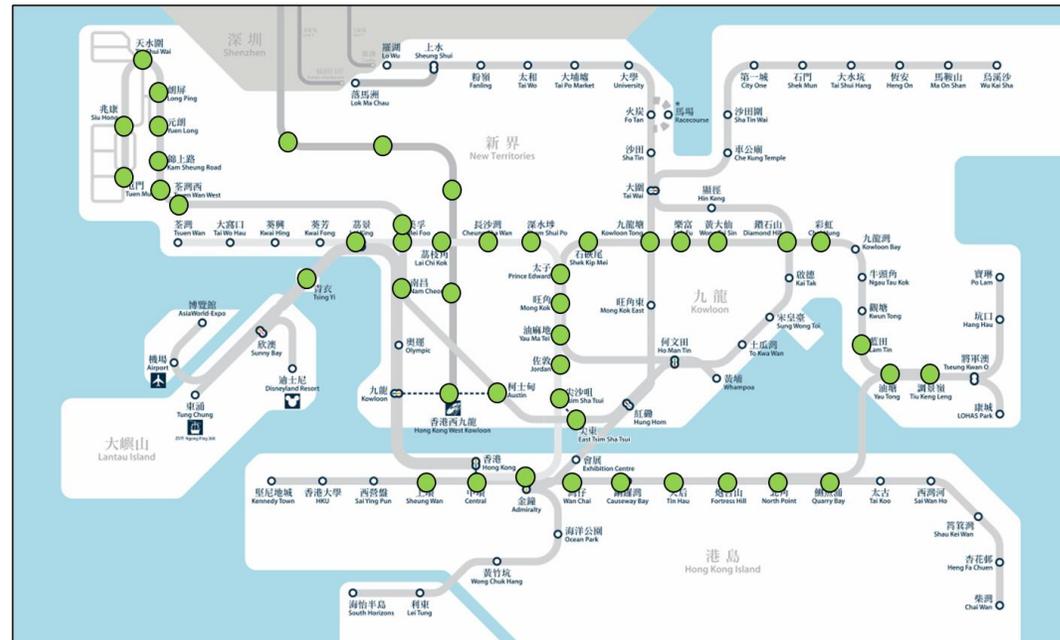
Land

Air

- Initiated **network expansion project across MTR lines<sup>(1)</sup>**.
- The project **covers both stations and tunnel tubes** with usage significantly increased after resumption of normalcy.
- **Increased network capacity** and achieved a more **effective resource allocation** by allocating **more spectrum inside MTR stations** and implementing **network offloading strategy**.

Traffic volume  
**+15%**

End user  
data speed  
**+30%**



● Capacity expansion in  
900, 1800, 2300 & 2600MHz  
bands



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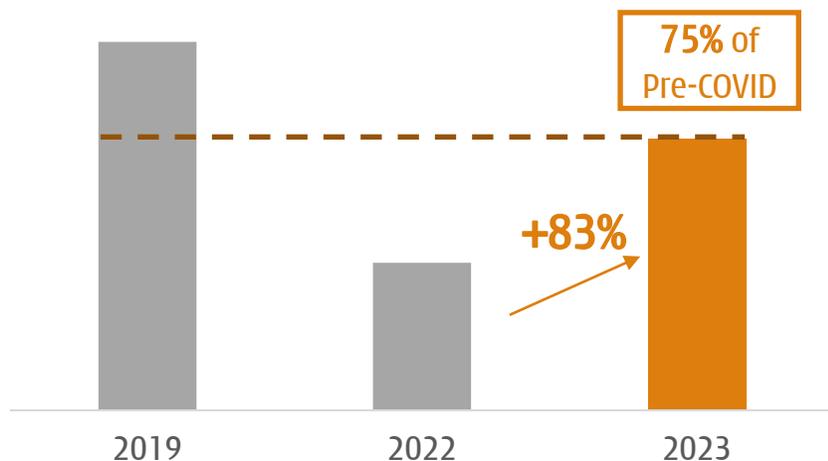
Note 1: Including Island Line, Tsuen Wan Line, Kwun Tong Line, Tseung Kwan O Line, Tung Chung Line, Tuen Ma Line, East Rail Line and High Speed Rail (Hong Kong Section)

# Roaming

Solid recovery in roaming business via world-class coverage



Roaming Revenue<sup>(1)</sup>



- **Hong Kong's first operator** to support “**Cross-network Roaming**”<sup>(2)</sup> in popular travel destinations.
- **Best 5G roaming coverage** in Hong Kong, reaching many countries and regions spanning the globe<sup>(3)</sup>.
- Access to more than **200 5G roaming networks**, providing customers with impeccable roaming services.



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Note 1: Total outbound roaming revenue.

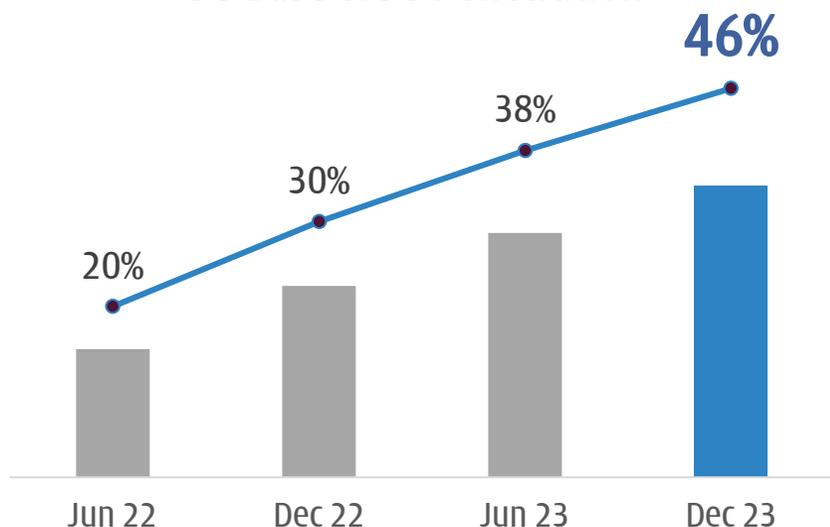
Note 2: The data was retrieved from the official websites of local mobile operators as of 10 October 2023.

Note 3: The data was retrieved from the official websites of local mobile operators. As of 30 June 2023, SUPREME's 5G data roaming coverage covered a total of 98 countries/destinations. Please visit <https://www.supreme.vip/home/roaming/coverage/index.html> for details. Terms and conditions apply.

# 5G Adoption

Strong growth driven by outstanding network performance & competitive packages

5G Base & 5G Penetration



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

Competitive packages



Flagship handsets

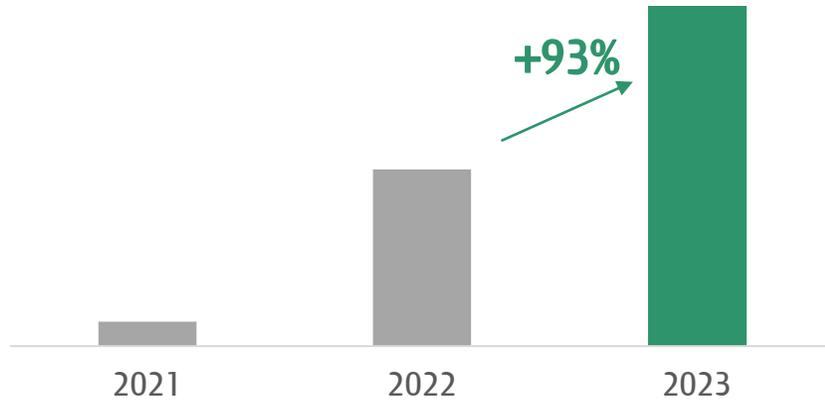
VAS bundles



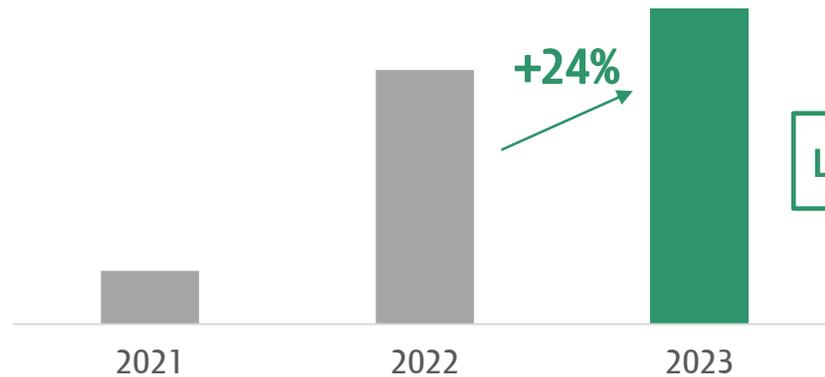
# Home Broadband

Establishing a clear growth pathway for 5G home broadband to enhance smart home capabilities and speeding up 5G adoption

### 5G Broadband Base



### 5G Broadband New Sales Revenue



Launched new plan in May 2023

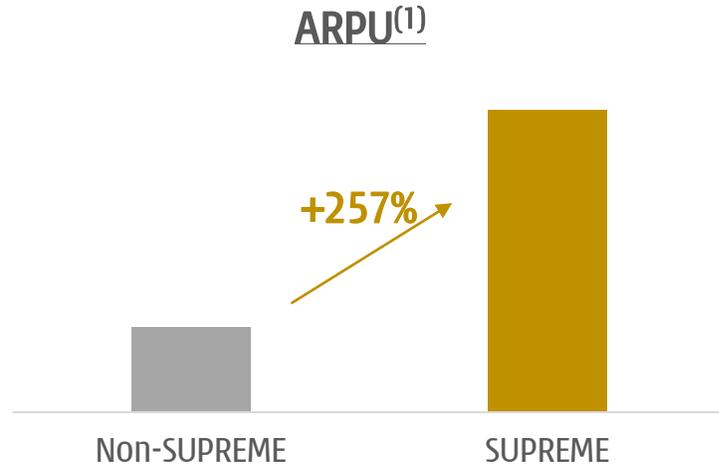
- All-in-One
- No Landline, Plug & Play
- No Location Limitation
- Ultra Strong Penetration



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# SUPREME

## Unveiled premium brand SUPREME in March 2023



- Part of the multi-brand strategy targeting esteemed customers.
- Top-notch customer service team, world-class network and innovative services.
- An exceptional digital lifestyle and unique life experiences to high-spending customers.



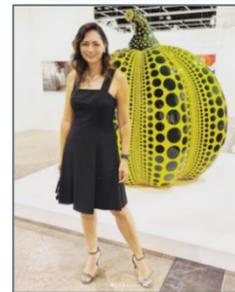
Joe Hisaishi in Concert



Hacken Lee x HK Phil Concert



S20 Songkran Music Festival



Art Basel HK 2023



Grand Launch Party & City As Studio Private Viewing



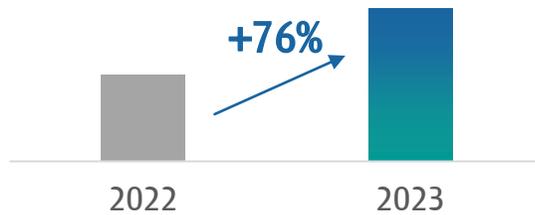
Premiere of "The Goldfinger"



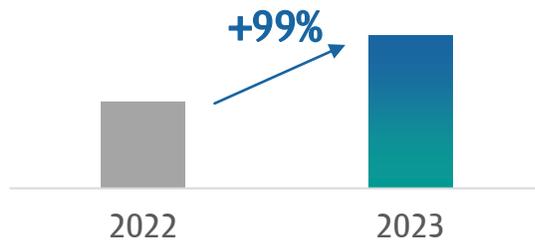
A video installation by Korakrit Arunanondchai & K11 Night private dinner

## Continuing to diversify SoSIM business

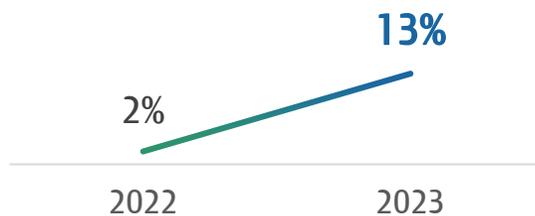
Base<sup>(1)</sup>



Revenue

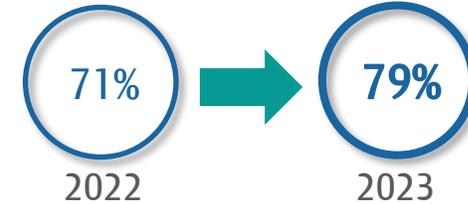


Roaming Revenue to SoSIM<sup>(2)</sup>



- **New launch product**
  - VPN, Speed Booster, Live Broadcast Booster, etc.
- Encourage recharge by **reward programmes**.
- Continuous promotion to **inbound mainland China travellers** on social media.
- **Expand distribution** across PARKnSHOP, Watsons Hong Kong and new partners such as Hung Fook Tong in transit areas.
- **New renewal offers launched in March 2023.**
- New joiner **travel SIM transformation offer**.
- Existing users subscribing to **flexible roaming packages** to enjoy all services under the same mobile number.

Recharge Ratio<sup>(3)</sup>



ARPU<sup>(4)</sup>

+\$4



# Corporate Solutions

Accomplishing endless possibilities by innovative 5G solutions

- Launched 5G solutions hub **DIGI3OX** in December 2023.
- Showcases over 40 innovative 5G application solutions involving integration of cutting-edge technologies such as **artificial intelligence, blockchain, cloud computing, big data and edge computing.**
- Aims to provide a platform for various industries to explore and adopt advanced 5G solutions.



Smart City



Smart Care



Smart Port



Smart Restaurant



Smart Retail



Smart Education



AI & Future



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# Corporate Solutions

Accomplishing endless possibilities by innovative 5G solutions

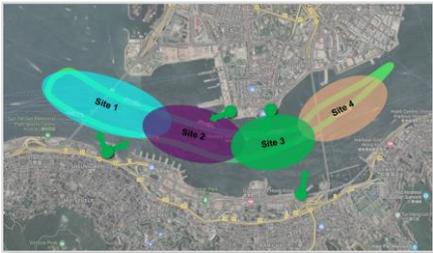
## Hong Kong 1<sup>st</sup> Container Terminals to Implement 5G Technology

- Remote-control Rubber-tyred Gantry Cranes (rRTGCs) via **5G technology**.
- **4K real-time video streaming** for monitoring the operations.
- Enables the use of autonomous vehicles and drones.



## Hong Kong 1<sup>st</sup> 5G Live Broadcast on Cruise at sea

- First voyage in resumption of normalcy.



## 5G Broadband Solutions

- Enhance **operational efficiency, business competitiveness and development potential**.
- Seamless electronic payments, merchants to connect cash registers, CCTV cameras and other devices on a **robust 5G network**.



3Business fully supports the "Night Vibes Hong Kong" campaign

## 5G Flood Detection Solution for Smart Car Parks

- **Tailored** to specific features of each car park to cope with severe weather.
- Enables property management companies to **act immediately to minimise flood risks**.





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# Financial Review

*Marcus Ng*

*CFO*

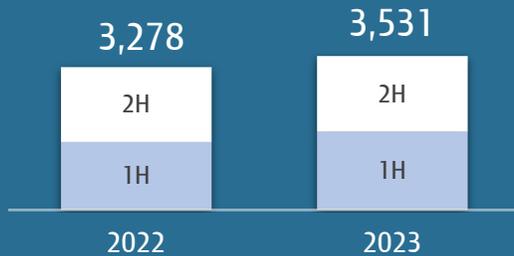
# Revenue : Roaming Revenue Served as the Key Revenue Growth Driver

## Service

Revenue (\$m)

**+8%** YoY

due to rebound in roaming service revenue

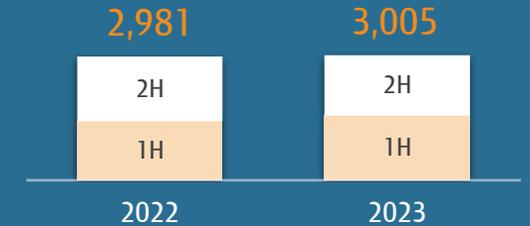


Local Service Revenue (\$m)

**+1%** YoY

driven by stabilising market conditions

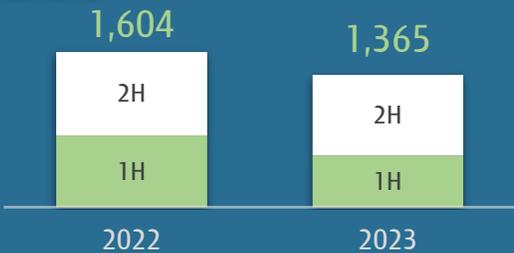
Represents 85% of service revenue



Hardware & Other Product Revenue (\$m)

**-15%** YoY

due to weaker demand and prudent market sentiment

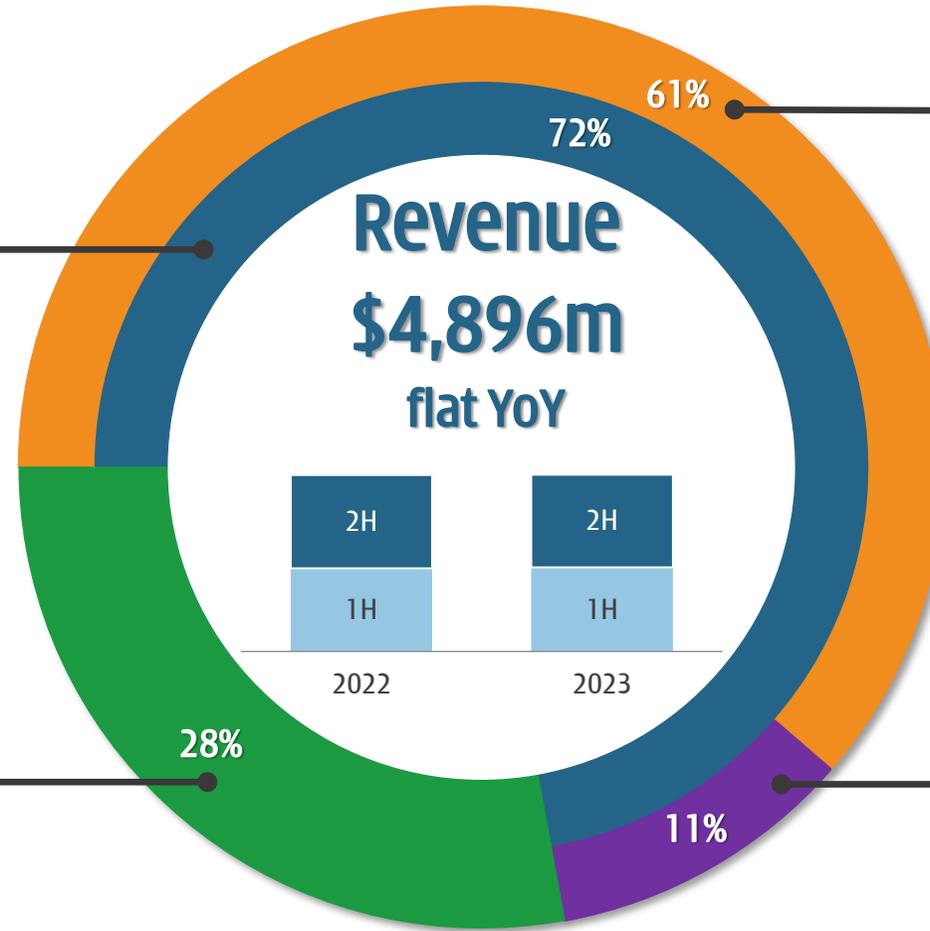
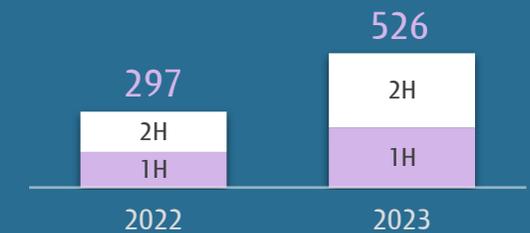


Roaming Service Revenue (\$m)

**+77%** YoY

due to lift of travel restrictions

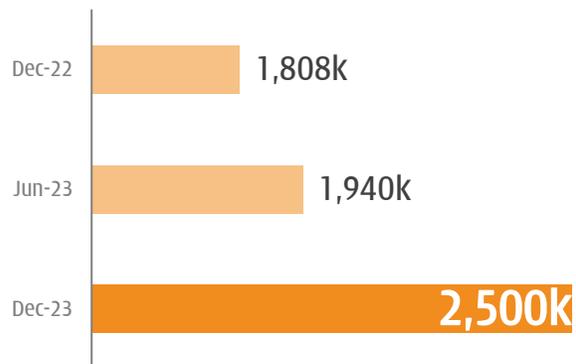
Represents 15% of service revenue



# Customers : Expanding, Driven by Fast Growing Prepaid Base

**Prepaid**  
**63%**

of total customer base (2022: 55%)  
**+38% YoY**

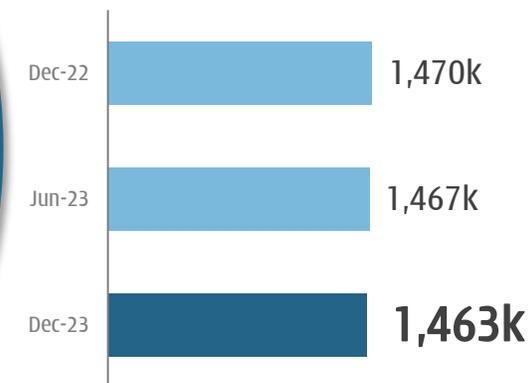


**Increased by 38% YoY**

Resumption of global travel and promising growth in SoSIM

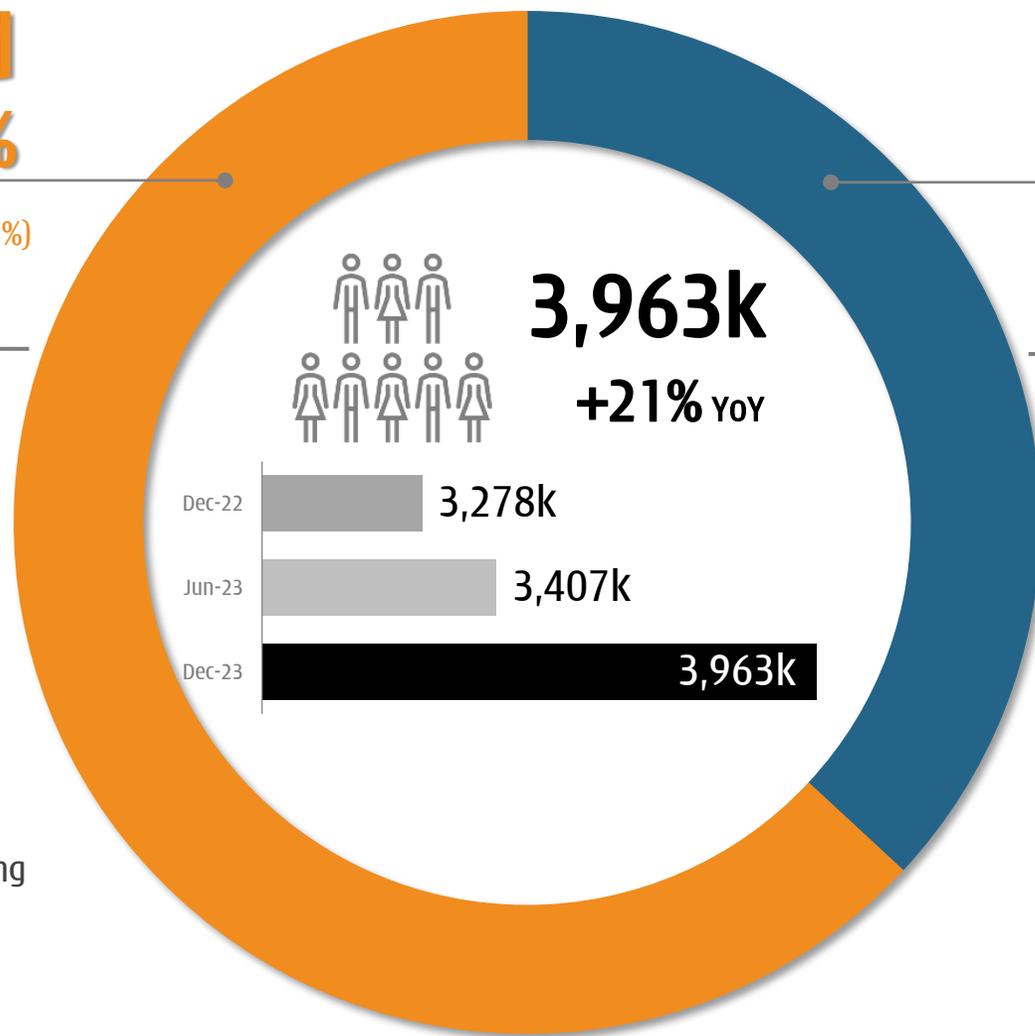
**Postpaid**  
**37%**

of total customer base (2022: 45%)  
**Flat YoY**



**Flat YoY**

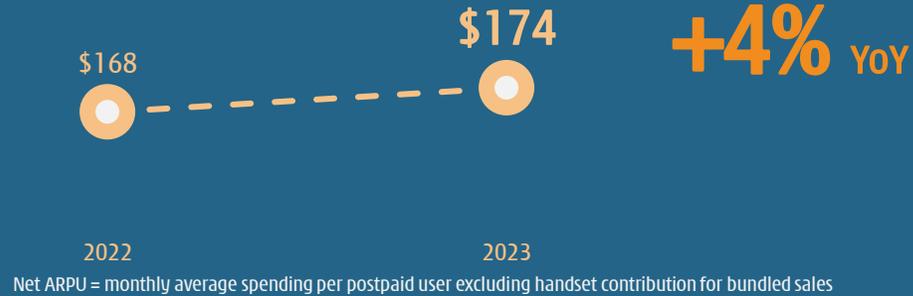
Continuously encouraging growth in 5G subscriptions



# Customers: Encouraging Trend in 5G Uptake

## Net ARPU

- Growth in roaming revenue



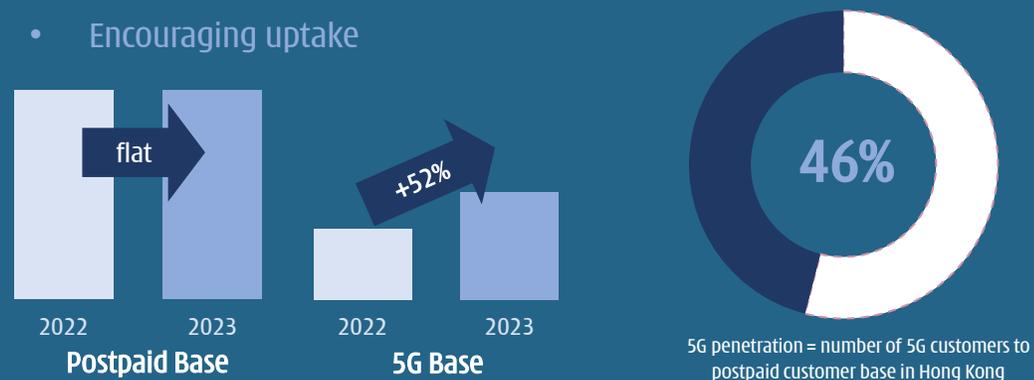
## Postpaid Churn

- Post-pandemic reduction in work-from-home arrangements from corporate customers, which had only a minimal impact on the Group's profitability
- On the back of customer value management initiatives and retention programmes



## 5G Customer Base

- Encouraging uptake



## 5G Home Broadband Base

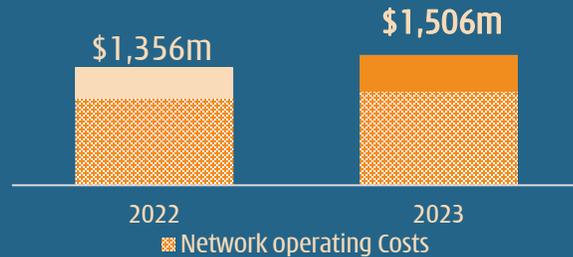
- Continued growth



# Vigilant about Spending and Healthy Cash Position

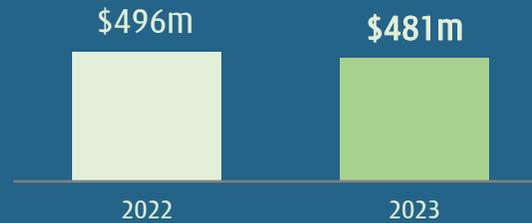
## Operating Expenses **-11% YoY**

- Higher network operating costs for network expansion and enhancement

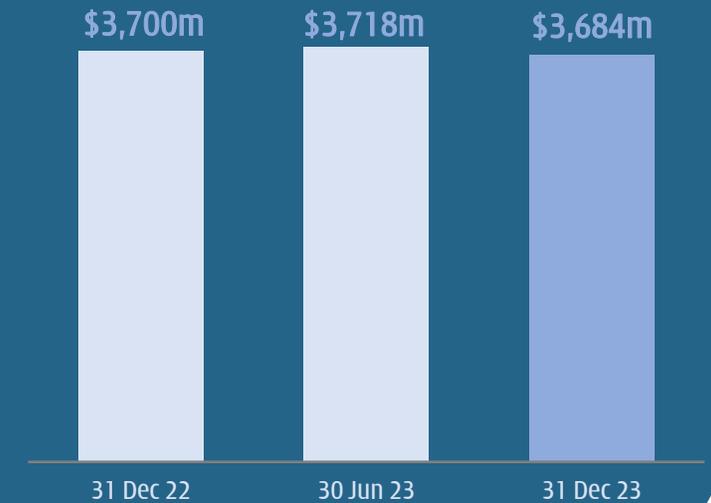


## Capital Expenditure **+3% YoY** (excl. telecommunications licences)

- Gradually dropped in capex after the peak of 5G network infrastructure development

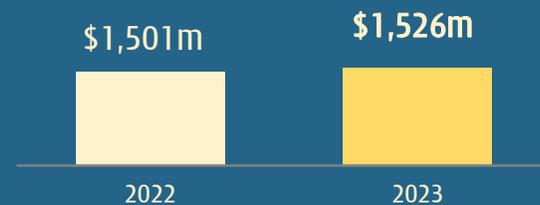


## Healthy Cash<sup>(1)</sup> Position



## Depreciation & Amortisation **-2% YoY**

- Higher amortisation expenses from capitalised CAC
- Higher depreciation expenses incurred in network expansion



EBITDA less Capex **\$976m** **+6% YoY**  
(2022: \$924m)

CAPEX over Service Revenue **14%** **+1%-pt YoY**  
(2022: 15%)



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# Sustainability

*Marcus Ng*

*CFO*



# Sustainability: Focusing on What Matters to Stakeholders

## Governance



Employees received trainings in anti-corruption/ethics and integrity



0 legal cases regarding corrupt practices



## Sustainable Business Model & Innovation



New climate resilience solutions



Digital Inclusion Initiatives



## Environment



Medium and long-term targets

**-70%**

Carbon intensity by 2025 and 90% by 2030 vs 2022

**On Track**



Develop climate-related risks and Opportunities



## Social



Training hours

**22**



Average training hours per employee<sup>(1)</sup>



Community investments



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Note 1: Aligned with CKHH calculation method which includes active employees and leavers instead of solely active employees.



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# Outlook

*Kenny Koo*

*Executive Director and CEO*

# Outlook

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## Roaming

Amplifying roaming uptake, deepening market penetration and enhancing user experience.

## SUPREME

## Driving Growth in SUPREME Segment

Focusing on elevating top-tier offerings with premium services to drive segment growth.



## Digital

Strengthening online sales channels to effectively attract younger segments and enhancing our appeal to customers.



## Attracting Inbound Travellers

Utilising border re-openings and leveraging various channels led by SoSIM to meet traveller needs.



## Corporate Solutions

Leveraging advanced technologies to enhance corporate offerings and deliver superior connectivity services.



## Mobile and Fixed Network Services

Dedicated to broadening mobile and fixed network services to meet increasing demands of both consumers and enterprise segments.





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# Q & A



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# Thank You



# Appendix

HK\$ million	2023	2022	Change
<b>Revenue</b>	<b>4,896</b>	<b>4,882</b>	<b>-</b>
Net customer service revenue	3,531	3,278	+8%
Hardware and other product revenue	1,365	1,604	-15%
Net customer service margin	3,046	2,827	+8%
<i>Net customer service margin %</i>	<i>86%</i>	<i>86%</i>	<i>-</i>
Standalone hardware and other product sales margin	25	33	-24%
<b>Total margin</b>	<b>3,071</b>	<b>2,860</b>	<b>+7%</b>
CACs	(482)	(518)	+7%
Less: Bundled sales revenue	312	376	-17%
CACs (net of hardware and other product revenue)	(170)	(142)	-20%
Operating expenses	(1,506)	(1,356)	-11%
<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	62	58	+7%

HK\$ million	2023	2022	Change
<b>EBITDA</b>	<b>1,457</b>	<b>1,420</b>	<b>+3%</b>
Service EBITDA	1,432	1,387	+3%
<i>Service EBITDA margin %</i>	<i>41%</i>	<i>42%</i>	<i>-1% pt</i>
CAPEX (excl. telecommunications licences)	(481)	(496)	+3%
EBITDA less CAPEX	976	924	+6%
Depreciation and amortisation <sup>①</sup>	(1,526)	(1,501)	-2%
<b>LBIT</b>	<b>(69)</b>	<b>(81)</b>	<b>+15%</b>
Service LBIT	(94)	(114)	+18%
Net interest and other finance income/(costs) <sup>①</sup>	101	(22)	+559%
<b>Profit/(loss) before taxation</b>	<b>32</b>	<b>(103)</b>	<b>+131%</b>
Taxation <sup>①</sup>	(84)	(55)	-53%
<b>Loss attributable to shareholders</b>	<b>(52)</b>	<b>(158)</b>	<b>+67%</b>

