CK HUTCHISON GROUP TELECOM HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

Highlights

	Post-IFRS 16 [1] Basis		
	For the six months ended 30 June 2020 EUR million	For the six months ended 30 June 2019 EUR million	Reported currency change
Total Revenue [2]	**5,021**	5,209	-4%
Total EBITDA [2]	**2,193**	2,373	-8%
Total EBIT [2]	**934**	1,267	-26%
Profit attributable to ordinary shareholders	**803**	850	-6%

	Pre-IFRS 16 [1] Basis			
	For the six months ended 30 June 2020 EUR million	For the six months ended 30 June 2019 EUR million	Local currencies change	Reported currency change
Total Revenue [2]	**5,021**	5,209	-4%	-4%
Total EBITDA [2]	**1,753**	1,971	-11%	-11%
Total EBIT [2]	**913**	1,213	-25%	-25%
Profit attributable to ordinary shareholders	**834**	853	-3%	-2%

Note 1: The Group believes that the precedent lease accounting standard International Accounting Standard 17 "Leases" ("IAS 17") basis ("Pre-IFRS 16 basis") metrics, which are not intended to be a substitute for, or superior to, the reported metrics on a International Financial Reporting Standard 16 "Leases" basis ("Post-IFRS 16 basis"), better reflects management's view of the Group's underlying operational performance. IAS 17 basis metrics financial information is regularly reviewed by management and used for resource allocation, performance assessment and internal decision-making. 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 six months ended 30 June 2019 and 2020. Unless otherwise specified, the discussion of the Group's operating results in this results announcement is on a Pre-IFRS 16 basis as mentioned above.

Note 2: Total revenue, EBITDA and EBIT include the Group's proportionate share of joint ventures' respective items.

CKH Group Telecom

In million	30 June 2020 EUR	30 June 2019 EUR	Change	Local currencies change
Total Revenue	**5,021**	5,209	-4%	-4%
Total Margin	**3,586**	3,570	–	–
Total CACs	**(860)**	(967)	+11%	
Less: Handset revenue	**646**	780	-17%	
Total CACs (net of handset revenue)	**(214)**	(187)	-14%	
Operating Expenses	**(1,619)**	(1,412)	-15%	
Opex as a % of total margin	***45%***	*40%*		
EBITDA (2)	**1,753**	1,971	-11%	-11%
EBITDA Margin % (1)	***40%***	*45%*		
Depreciation & Amortisation	**(840)**	(758)	-11%	
EBIT (2)	**913**	1,213	-25%	-25%

Note 1: EBITDA margin % represents EBITDA as a percentage of total revenue (excluding handset revenue).

Note 2: Under Post-IFRS 16 basis, EBITDA was €2,193 million (30 June 2019: €2,373 million); EBIT was €934 million (30 June 2019: €1,267 million).

On a Pre-IFRS 16 basis, Revenue, EBITDA and EBIT of CKH Group Telecom of €5,021 million, €1,753 million and €913 million respectively were 4%, 11% and 25% lower than the same period last year respectively, primarily driven by higher operating expenses and total CACs, partly offset by slight improvement in total margin.

On a Pre-IFRS 16 basis, profit attributable to ordinary shareholders for the six months ended 30 June 2020 of €834 million was a decrease of 2% compared to same period in 2019, primarily reflecting aforementioned lower EBIT contribution, largely offset by lower interest cost subsequent to the refinancing of Wind Tre's external debt of approximately €10 billion at the Group level completed in August 2019, as well as lower taxation from the recognition of a deferred tax credit by **3** UK in the first half of 2020 as a result of the revision of the UK corporate tax rate glide path from 17% to 19% of £106 million.

On a Post-IFRS 16 basis and in reported currency, EBITDA, EBIT and profit attributable to ordinary shareholders decreased by 8%, 26% and 6% when compared to the first half of 2019.

3 Group Europe

In million	**30 June 2020 EUR**	30 June 2019 EUR	Change	Local currencies change
Total Revenue	**4,765**	4,902	-3%	-3%
Total Margin	**3,399**	3,368	+1%	+1%
Total CACs	**(830)**	(925)	+10%	
Less: Handset revenue	**629**	756	-17%	
Total CACs (net of handset revenue)	**(201)**	(169)	-19%	
Operating Expenses	**(1,500)**	(1,362)	-10%	
Opex as a % of total margin	*44%*	*40%*		
EBITDA [(4)]	**1,698**	1,837	-8%	-7%
EBITDA Margin % [(3)]	*41%*	*44%*		
Depreciation & Amortisation	**(791)**	(713)	-11%	
EBIT [(4)]	**907**	1,124	-19%	-19%

Note 3: EBITDA margin % represents EBITDA as a percentage of total revenue (excluding handset revenue).

Note 4: Under Post-IFRS 16 basis, EBITDA was €2,113 million (30 June 2019: €2,212 million); EBIT was €928 million (30 June 2019: €1,177 million).

For the first half of 2020, **3** Group Europe's Revenue of €4,765 million was 3% lower against the same period last year, while total margin of €3,399 million was 1% higher than the same period last year in local currencies, primarily driven by growth in total margin from an increased proportion of higher margin customers, mostly offset by lower roaming revenues and certain regulatory impacts introduced since mid-2019. Except for the UK, which was adversely impacted by the full six-month impact of regulatory changes in both the UK and EU, all other operations reported a growth in total margin.

3 Group Europe's active customer base stands at 38.7 million as at 30 June 2020, 7% lower against the same period last year mainly from lower customer bases in Wind Tre and UK, partly offset by net additions in other operations.

Operating expenses increased 10% to €1,500 million, primarily due to the one-time income of around €110 million recognised by Wind Tre in the first half of 2019 and continued IT transformation spend in the UK operation. Senior management in the UK operation has been replaced during the year and meaningful improvements have been seen.

Compared to same period last year and in local currencies, EBITDA of €1,698 million was 7% lower primarily reflecting the reasons stated above. EBIT was further impacted and decreased 19% to €907 million, reflecting the increase in depreciation and amortisation from a higher asset base due to the continued investments in IT and network enhancements and expansion. Underlying EBIT performances of **3** Group Europe, ex. UK, was in line with the first half of 2019.

CKHGT - Results by operations

In million	UK		Italy [5]		Sweden		Denmark		Austria		Ireland		3 Group Europe		HTHKH		Corporate and Others		CKHGT	
	GBP		EURO		SEK		DKK		EURO		EURO		EURO		HK$		HK$		EURO	
	1H 2020	1H 2019	1H 2020	1H 2019	1H 2020	1H 2019	1H 2020	1H 2019	1H 2020	1H 2019	1H 2020	1H 2019	1H 2020	1H 2019	1H 2020	1H 2019	1H 2020	1H 2019	1H 2020	1H 2019
Total Revenue	**1,116**	1,167	**2,324**	2,398	**3,249**	3,238	**1,127**	1,054	**417**	425	**294**	296	**4,765**	4,902	**1,982**	2,515	**196**	220	**5,021**	5,209
% change	***-4%***		***-3%***		**–**		***+7%***		***-2%***		***-1%***		***-3%***		***-21%***		***-11%***		***-4%***	
Total margin	**713**	721	**1,740**	1,718	**2,019**	1,935	**880**	837	**309**	308	**229**	224	**3,399**	3,368	**1,570**	1,770	**25**	31	**3,586**	3,570
% change	***-1%***		***+1%***		***+4%***		***+5%***		**–**		***+2%***		***+1%***		***-11%***		***-19%***		**–**	
TOTAL CACs	**(391)**	(408)	**(176)**	(230)	**(1,105)**	(1,166)	**(123)**	(124)	**(50)**	(60)	**(39)**	(42)	**(830)**	(925)	**(258)**	(371)	**–**	–	**(860)**	(967)
Less: Handset Revenue	**280**	323	**141**	201	**877**	913	**49**	49	**45**	53	**35**	39	**629**	756	**149**	213	**–**	–	**646**	780
Total CACs (net of handset revenue)	**(111)**	(85)	**(35)**	(29)	**(228)**	(253)	**(74)**	(75)	**(5)**	(7)	**(4)**	(3)	**(201)**	(169)	**(109)**	(158)	**–**	–	**(214)**	(187)
Operating Expenses	**(351)**	(302)	**(747)**	(664)	**(665)**	(617)	**(403)**	(373)	**(115)**	(121)	**(119)**	(123)	**(1,500)**	(1,362)	**(830)**	(949)	**(184)**	518	**(1,619)**	(1,412)
Opex as a % of total margin	***49%***	*42%*	***43%***	*39%*	***33%***	*32%*	***46%***	*45%*	***37%***	*39%*	***52%***	*55%*	***44%***	*40%*	***53%***	*54%*	***N/A***	*N/A*	***45%***	*40%*
EBITDA - Underlying	**251**	334	**958**	910	**1,126**	1,065	**403**	389	**189**	180	**106**	98	**1,698**	1,722	**631**	663	**(159)**	549	**1,753**	1,856
% change	***-25%***		***+5%***		***+6%***		***+4%***		***+5%***		***+8%***		***-1%***		***-5%***		***-129%***		***-6%***	
One-time income	**–**	–	**–**	115	**–**	–	**–**	–	**–**	–	**–**	–	**–**	115	**–**	–	**–**	–	**–**	115
EBITDA	**251**	334	**958**	1,025	**1,126**	1,065	**403**	389	**189**	180	**106**	98	**1,698**	1,837	**631**	663	**(159)**	549	**1,753**	1,971
% change	***-25%***		***-7%***		***+6%***		***+4%***		***+5%***		***+8%***		***-8%***		***-5%***		***-129%***		***-11%***	
EBITDA margin % [6]	***30%***	*40%*	***44%***	*47%*	***47%***	*46%*	***37%***	*39%*	***51%***	*48%*	***41%***	*38%*	***41%***	*44%*	***34%***	*29%*	***-81%***	*250%*	***40%***	*45%*
Depreciation & Amortisation	**(165)**	(163)	**(386)**	(333)	**(559)**	(469)	**(206)**	(180)	**(75)**	(67)	**(61)**	(59)	**(791)**	(713)	**(415)**	(403)	**(2)**	–	**(840)**	(758)
EBIT - Underlying	**86**	171	**572**	577	**567**	596	**197**	209	**114**	113	**45**	39	**907**	1,009	**216**	260	**(161)**	549	**913**	1,098
% change	***-50%***		***-1%***		***-5%***		***-6%***		***+1%***		***+15%***		***-10%***		***-17%***		***-129%***		***-17%***	
One-time income	**–**	–	**–**	115	**–**	–	**–**	–	**–**	–	**–**	–	**–**	115	**–**	–	**–**	–	**–**	115
EBIT	**86**	171	**572**	692	**567**	596	**197**	209	**114**	113	**45**	39	**907**	1,124	**216**	260	**(161)**	549	**913**	1,213
% change	***-50%***		***-17%***		***-5%***		***-6%***		***+1%***		***+15%***		***-19%***		***-17%***		***-129%***		***-25%***	
Capex (excluding licence)	**(192)**	(155)	**(348)**	(352)	**(606)**	(549)	**(82)**	(80)	**(58)**	(68)	**(72)**	(56)	**(759)**	(712)	**(105)**	(154)	**(7)**	(2)	**(772)**	(729)
EBITDA less Capex	**59**	179	**610**	673	**520**	516	**321**	309	**131**	112	**34**	42	**939**	1,125	**526**	509	**(166)**	547	**981**	1,242
Licence [7]	**–**	–	**–**	–	**–**	–	**–**	(488)	**–**	(52)	**–**	–	**–**	(117)	**(202)**	–	**–**	–	**(24)**	(117)
EURO equivalents of EBITDA and EBIT are summarised as follows:																				
EBITDA-pre IFRS 16 basis (EURO)	***285***	*381*	***958***	*1,025*	***106***	*101*	***54***	*52*	***189***	*180*	***106***	*98*	***1,698***	*1,837*	***74***	*74*	***(19)***	*60*	***1,753***	*1,971*
EBITDA-post IFRS 16 basis (EURO)	***345***	*426*	***1,241***	*1,288*	***122***	*117*	***64***	*62*	***214***	*204*	***127***	*115*	***2,113***	*2,212*	***99***	*101*	***(19)***	*60*	***2,193***	*2,373*
EBIT-pre IFRS 16 basis (EURO)	***97***	*195*	***572***	*692*	***53***	*57*	***26***	*28*	***114***	*113*	***45***	*39*	***907***	*1,124*	***25***	*29*	***(19)***	*60*	***913***	*1,213*
EBIT-post IFRS 16 basis (EURO)	***109***	*204*	***569***	*724*	***55***	*58*	***27***	*29*	***119***	*118*	***49***	*44*	***928***	*1,177*	***25***	*30*	***(19)***	*60*	***934***	*1,267*

Note 5: Wind Tre's results include fixed line business revenue of €504 million (1H 2019: €552 million) and EBITDA of €123 million (1H 2019: €168 million).

Note 6: EBITDA margin % represents EBITDA as a percentage of total revenue (excluding handset revenue).

Note 7: 1H 2019 licence cost for Austria represents investment for 10x10 MHz of 3500 MHz spectrum acquired in March 2019 and the licence cost for Denmark represents investment for 2x10 MHz of 700 MHz spectrum and 2x10 MHz of 900MHz spectrum acquired in March 2019. 1H 2020 licence cost for Hong Kong mainly represents investment for 40 MHz of 3500 MHz spectrum acquired in October 2019 for 15 years from 2020.

	UK		Italy		Sweden		Denmark		Austria		Ireland [8]		3 Group Europe [8]		HTHKH	
	1H 2020	1H 2019	1H 2020	1H 2019	1H 2020	1H 2019	1H 2020	1H 2019	1H 2020	1H 2019	1H 2020	1H 2019	1H 2020	1H 2019	1H 2020	1H 2019
Total registered customer base (million)	**13.3**	13.3	**22.5**	25.7	**2.1**	2.0	**1.5**	1.4	**3.6**	3.7	**2.4**	2.3	**45.4**	48.4	**3.9**	3.8
Total active customer base (million)	**9.5**	10.2	**20.3**	22.9	**2.1**	2.0	**1.5**	1.4	**2.9**	2.9	**2.4**	2.3	**38.7**	41.7	**3.3**	3.3
Contract customers as a % of the total registered customer base	**56%**	53%	**45%**	42%	**69%**	72%	**59%**	59%	**72%**	70%	**67%**	61%	**53%**	50%	**37%**	40%
Average monthly churn rate of the total contract registered customer base (%)	**1.3%**	1.2%	**1.3%**	1.5%	**1.5%**	1.6%	**1.7%**	1.8%	**0.2%**	0.2%	**0.9%**	1.0%	**1.2%**	1.3%	**1.1%**	1.1%
Active contract customers as a % of the total contract registered customer base	**98%**	99%	**95%**	93%	**100%**	100%	**100%**	100%	**100%**	100%	**100%**	100%	**97%**	96%	**100%**	100%
Active customers as a % of the total registered customer base	**72%**	77%	**90%**	89%	**97%**	97%	**100%**	97%	**81%**	80%	**100%**	100%	**85%**	86%	**85%**	89%
LTE coverage by population (%)	**94%**	94%	**100%**	99%	**91%**	87%	**100%**	99%	**98%**	98%	**99%**	98%	**–**	–	**90%**	90%
Six month data usage per active customer (Gigabyte)													**68.6**	46.0	**35.2**	25.8

Note 8: **3** Ireland's closing registered customer base as at 30 June 2020 represented the closing active base as the new system will not identify registered base separately from the active base following the completion of system integration and migration in first half of 2020. The comparative registered base and the corresponding KBIs of **3** Ireland and **3** Group Europe have been restated to enable a like-for-like comparison.

Key Business Indicators

Registered Customer Base

	Registered Customers at 30 June 2020 ('000)			Registered Customer Growth (%) from 31 December 2019 to 30 June 2020			Registered Customer Growth (%) from 30 June 2019 to 30 June 2020		
	Non-contract	Contract	**Total**	Non-contract	Contract	**Total**	Non-contract	Contract	**Total**
United Kingdom	5,915	7,384	**13,299**	-8%	+2%	**-3%**	-5%	+4%	**–**
Italy [9]	12,285	10,185	**22,470**	-8%	-3%	**-6%**	-17%	-6%	**-12%**
Sweden	656	1,481	**2,137**	+6%	+1%	**+2%**	+14%	+1%	**+4%**
Denmark	600	855	**1,455**	-2%	–	**-1%**	+2%	+1%	**+2%**
Austria	1,008	2,609	**3,617**	-7%	–	**-2%**	-9%	+2%	**-2%**
Ireland [11]	788	1,587	**2,375**	-9%	+7%	**+1%**	-11%	+13%	**+4%**
3 Group Europe Total [11]	21,252	24,101	**45,353**	-7%	–	**-4%**	-12%	–	**-6%**
HTHKH	2,435	1,458	**3,893**	-13%	-1%	**-9%**	+8%	-2%	**+4%**

Active [10] Customer Base

	Active Customers at 30 June 2020 ('000)			Active Customer Growth (%) from 31 December 2019 to 30 June 2020			Active Customer Growth (%) from 30 June 2019 to 30 June 2020		
	Non-contract	Contract	**Total**	Non-contract	Contract	**Total**	Non-contract	Contract	**Total**
United Kingdom	2,303	7,259	**9,562**	-27%	+1%	**-7%**	-29%	+4%	**-7%**
Italy [9]	10,643	9,683	**20,326**	-10%	–	**-6%**	-17%	-3%	**-11%**
Sweden	589	1,481	**2,070**	+7%	+1%	**+2%**	+17%	+1%	**+5%**
Denmark	595	855	**1,450**	+4%	–	**+2%**	+9%	+1%	**+5%**
Austria	330	2,602	**2,932**	-7%	–	**-1%**	-10%	+2%	**–**
Ireland	788	1,587	**2,375**	-9%	+7%	**+1%**	-11%	+13%	**+4%**
3 Group Europe Total	15,248	23,467	**38,715**	-12%	+1%	**-5%**	-17%	+1%	**-7%**
HTHKH	1,851	1,458	**3,309**	-15%	-1%	**-9%**	+1%	-2%	**-1%**

Note 9: In addition to the above, Wind Tre has 2.8 million fixed line customers.

Note 10: An active customer is one that generated revenue from an outgoing call, incoming call or data/content service in the preceding three months.

Note 11: **3** Ireland's closing registered customer base as at 30 June 2020 represented the closing active base as the new system will not identify registered base separately from the active base following the completion of system integration and migration in the first half of 2020. The comparative registered base and the corresponding KBIs of **3** Ireland and **3** Group Europe have been restated to enable a like-for-like comparison.

	12-month Trailing Average Revenue per Active User ("ARPU") [12] to 30 June 2020			
	Non-contract	Contract	**Blended Total**	% Variance compared to 30 June 2019
United Kingdom	£4.53	£23.21	**£17.77**	-3%
Italy	€10.57	€11.53	**€11.00**	+1%
Sweden	SEK117.46	SEK335.73	**SEK276.22**	-5%
Denmark	DKK89.05	DKK149.34	**DKK125.16**	–
Austria	€11.15	€21.87	**€20.56**	-2%
Ireland	€15.31	€20.60	**€18.66**	-5%
3 Group Europe Average [15]	€9.95	€19.44	**€15.42**	–
HTHKH	HK$8.44	HK$196.12	**HK$87.55**	-13%

	12-month Trailing Net Average Revenue per Active User ("Net ARPU") [13] to 30 June 2020			
	Non-contract	Contract	**Blended Total**	% Variance compared to 30 June 2019
United Kingdom	£4.53	£15.94	**£12.62**	-6%
Italy	€10.57	€11.53	**€11.00**	+1%
Sweden	SEK117.46	SEK214.79	**SEK188.26**	-3%
Denmark	DKK89.05	DKK138.99	**DKK118.96**	+1%
Austria	€11.15	€17.94	**€17.11**	-2%
Ireland	€15.31	€16.29	**€15.93**	-5%
3 Group Europe Average [15]	€9.95	€15.40	**€13.09**	-1%
HTHKH	HK$8.44	HK$170.40	**HK$76.71**	-11%

	12-month Trailing Net Average Margin per Active User ("Net AMPU") [14] to 30 June 2020			
	Non-contract	Contract	**Blended Total**	% Variance compared to 30 June 2019
United Kingdom	£3.89	£13.87	**£10.96**	-6%
Italy	€8.91	€9.69	**€9.26**	+5%
Sweden	SEK96.61	SEK183.83	**SEK160.05**	-3%
Denmark	DKK74.70	DKK116.03	**DKK99.45**	–
Austria	€9.79	€16.11	**€15.33**	-1%
Ireland	€14.05	€14.45	**€14.30**	-4%
3 Group Europe Average [15]	€8.46	€13.29	**€11.24**	+1%
HTHKH	HK$6.37	HK$150.72	**HK$67.22**	-14%

Note 12: ARPU equals total monthly revenue, including incoming mobile termination revenue and contributions for a handset/device in contract bundled plans, divided by the average number of active customers during the period.

Note 13: 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 period.

Note 14: 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 period.

Note 15: **3** Group Europe 12-month trailing ARPU, Net ARPU and Net AMPU in the first half of 2019 were calculated based on 50% contribution from Wind Tre from June to August 2018 and 100% contribution from September 2018 onwards.

United Kingdom

EBITDA and EBIT decreased by 25% and 50% in local currency respectively compared to the same period last year, mainly due to lower margin driven by regulatory changes in the UK and within EU since 2019, increased annual spectrum licence fee imposed by Ofcom, as well as increased network and IT transformation spend and higher commissions, partly offset by improvements in other margins from MVNOS and various initiatives.

Italy

Wind Tre's EBITDA and EBIT decreased by 7% and 17% respectively, as the 2019 results included a one-time income of around €110 million, excluding which, the underlying EBITDA of Wind Tre increased by 5% through realisation of cost synergies while underlying EBIT decreased by 1%. Encouragingly, despite fierce market competition, Wind Tre's total margin increased by 1% driven by higher net AMPU from better network quality and improved other margins.

Sweden

Sweden, where the Group has a 60% interest, reported 6% growth in EBITDA in local currency compared to the same period last year, mainly due to 4% growth in total margin driven by higher customer base as well as stringent contol on total CACs, partly offset by higher operating costs incurred from enlarged network. EBIT in local currency decreased by 5% from the same period last year due to higher depreciation and amortisation from enlarged asset base, particularly the ongoing LTE network rollout.

Denmark

The operation in Denmark, where the Group has a 60% interest, reported 4% growth in EBITDA in local currency compared to the same period last year, mainly due to 5% growth in total margin driven by higher customer base. EBIT in local currency decreased by 6% from the same period last year as the EBITDA growth was more than offset by higher depreciation and amortisation from enlarged asset base.

Austria

EBITDA and EBIT grew by 5% and 1% in local currency respectively compared to the same period last year, mainly driven by stringent control on total CACs and operating cost. The EBITDA growth was partly offset by higher depreciation and amortisation from an enlarged asset base.

Ireland

EBITDA and EBIT in local currency increased by 8% and 15% respectively compared to the same period last year driven by 2% higher total margin mainly from improved MVNO margin, as well as stringent control on total CACs and operating cost. EBIT also reflected slightly higher depreciation and amortisation from an enlarged asset base.

Hutchison Telecommunications Hong Kong Holdings

Total revenue of HK$1,982 million was 21% lower as compared to the same period last year, primarily driven by the decrease in roaming service revenue and sales of low margin hardware in the first half of 2020. EBITDA and EBIT of HK$631 million and HK$216 million were 5% and 17% lower respectively as compared to the same period last year, mainly due to lower interest income following the distribution of special dividend and the cash settlement for the acquisition of 24.1% interest in the mobile business in May 2019, together with lower net customer service margin from less roaming revenue following restriction in travelling affected by the pandemic, partly offset by stringent control on operating costs.

Capital Expenditure and Licences

EUR million	1H 2020 Fixed assets	Telecommunications licences	Brand names and other rights	Total
United Kingdom	213	–	–	213
Italy	264	–	84	348
Sweden	57	–	–	57
Denmark	11	–	–	11
Austria	58	–	–	58
Ireland	72	–	–	72
Hong Kong	12	24	–	36
Corporate and others	–	–	1	1
Total	**687**	**24**	**85**	**796**

EUR million	1H 2019 Fixed assets	Telecommunications licences	Brand names and other rights	Total
United Kingdom	173	–	–	173
Italy	278	–	74	352
Sweden	52	–	–	52
Denmark	11	65	–	76
Austria	68	52	–	120
Ireland	56	–	–	56
Hong Kong	17	–	–	17
Corporate and others	–	–	–	–
Total	**655**	**117**	**74**	**846**

Summary

The world has experienced many unexpected shocks in first half of 2020. However, recent developments in June and July suggest some signs of moderate stabilisation with various markets in Europe gradually relaxing the restrictive measures. Should these trends continue, the second half could provide a more constructive operating environment for the Group's telecommunication businesses, which are relatively sheltered as they are considered essential services.

The forward trajectory of the pandemic – its spread, morbidity, longer term health impacts, geographic and demographic distribution, and duration – remains uncertain at this time. In addition, geopolitical and trade stresses have increased materially since 2019, as have strained central bank and government balance sheets globally. As a result, it is impossible at the present time to predict the vectors for recovery in any economic sector or, indeed, in the global economy as a whole. While the gradual re-opening of economic activities in Europe offer a level of encouragement, the global economy remains challenging. It is premature to draw any clear conclusion as to the outlook for 2020.

Under these exceptional circumstances, operationally, the Group will continue to focus on enhancing its revenue base, maintaining stringent but flexible cost, capital expenditure and investment controls, as well as accelerating digital solutions and access capabilities. Financially, the Group will maintain strong and resilient financial fundamentals through prudent management of debt levels and liquidity.

The Group's telecommunications networks are instrumental in keeping people connected during lockdowns and restriction measures imposed in various countries. Ensuring health and safety of our personnel and staff, as well as our customers around the world, remains a priority and in particular, the Group is taking great care of the employees who have to work to provide these essential services, and continue to improve the hygiene and work policies to reflect the latest information and guidelines. The Group will take all available precautionary steps available to us to achieve these objectives.

CK Hutchison Group Telecom Financial Performance Summary

	Pre-IFRS 16 [1] Unaudited Results for the six months ended 30 June 2020 EUR million	Pre-IFRS 16 [1] Unaudited Results for the six months ended 30 June 2019 EUR million	Change %	Local currencies change %
Total Revenue [2]				
3 Group Europe	**4,765**	4,902	-3%	-3%
- UK	**1,274**	1,334	-4%	-4%
- Italy	**2,324**	2,398	-3%	-3%
- Sweden	**304**	308	-1%	–
- Denmark	**152**	141	8%	7%
- Austria	**417**	425	-2%	-2%
- Ireland	**294**	296	-1%	-1%
Hong Kong	**234**	283	-17%	-21%
Corporate and others	**22**	24	-8%	-11%
Total Revenue	**5,021**	5,209	-4%	-4%
EBITDA [2]				
3 Group Europe	**1,698**	1,837	-8%	-7%
- UK	**285**	381	-25%	-25%
- Italy	**958**	1,025	-7%	-7%
- Sweden	**106**	101	5%	6%
- Denmark	**54**	52	4%	4%
- Austria	**189**	180	5%	5%
- Ireland	**106**	98	8%	8%
Hong Kong	**74**	74	–	-5%
Corporate and others	**(19)**	60	-132%	-129%
Total EBITDA	**1,753**	1,971	-11%	-11%
EBIT [2]				
3 Group Europe	**907**	1,124	-19%	-19%
- UK	**97**	195	-50%	-50%
- Italy	**572**	692	-17%	-17%
- Sweden	**53**	57	-7%	-5%
- Denmark	**26**	28	-7%	-6%
- Austria	**114**	113	1%	1%
- Ireland	**45**	39	15%	15%
Hong Kong	**25**	29	-14%	-17%
Corporate and others	**(19)**	60	-132%	-129%
Total EBIT	**913**	1,213	-25%	-25%
Interest expenses and other finance costs [2]	**(67)**	(241)	72%	
Profit Before Tax	**846**	972	-13%	
Tax [2]				
Current tax	**(16)**	(27)	41%	
Deferred tax	**33**	(60)	155%	
	17	(87)	120%	
Profit after tax	**863**	885	-2%	
Non-controlling interests	**(29)**	(32)	9%	
Profit attributable to ordinary shareholders ("NPAT")	**834**	853	-2%	-3%

Note 1: The Group believes that the precedent lease accounting standard International Accounting Standard 17 "Leases" ("IAS 17") basis ("Pre-IFRS 16 basis") metrics, which are not intended to be a substitute for, or superior to, the reported metrics on a International Financial Reporting Standard 16 "Leases" basis ("Post-IFRS 16 basis"), better reflects management's view of the Group's underlying operational performance. IAS 17 basis metrics financial information is regularly reviewed by management and used for resource allocation, performance assessment and internal decision-making. 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 profit attributable to ordinary shareholders prepared under the Pre-IFRS 16 basis relating to the accounting for leases for the six months ended 30 June 2019 and 2020. Unless otherwise specified, the discussion of the Group's operating results in this results announcement 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 joint ventures' respective items.

CK Hutchison Group Telecom
Financial Performance Summary

	Post-IFRS 16 Unaudited Results for the six months ended 30 June 2020 EUR million	Post-IFRS 16 Unaudited Results for the six months ended 30 June 2019 EUR million	Change %
Total Revenue [1]			
3 Group Europe	**4,765**	4,902	-3%
- UK	**1,274**	1,334	-4%
- Italy	**2,324**	2,398	-3%
- Sweden	**304**	308	-1%
- Denmark	**152**	141	8%
- Austria	**417**	425	-2%
- Ireland	**294**	296	-1%
Hong Kong	**234**	283	-17%
Corporate and others	**22**	24	-8%
Total Revenue	**5,021**	5,209	-4%
EBITDA [1]			
3 Group Europe	**2,113**	2,212	-4%
- UK	**345**	426	-19%
- Italy	**1,241**	1,288	-4%
- Sweden	**122**	117	4%
- Denmark	**64**	62	3%
- Austria	**214**	204	5%
- Ireland	**127**	115	10%
Hong Kong	**99**	101	-2%
Corporate and others	**(19)**	60	-132%
Total EBITDA	**2,193**	2,373	-8%
EBIT [1]			
3 Group Europe	**928**	1,177	-21%
- UK	**109**	204	-47%
- Italy	**569**	724	-21%
- Sweden	**55**	58	-5%
- Denmark	**27**	29	-7%
- Austria	**119**	118	1%
- Ireland	**49**	44	11%
Hong Kong	**25**	30	-17%
Corporate and others	**(19)**	60	-132%
Total EBIT	**934**	1,267	-26%
Interest expenses and other finance costs [1]	**(121)**	(298)	59%
Profit Before Tax	**813**	969	-16%
Tax [1]			
Current tax	**(14)**	(27)	48%
Deferred tax	**33**	(60)	155%
	19	(87)	122%
Profit after tax	**832**	882	-6%
Non-controlling interests	**(29)**	(32)	9%
Profit attributable to ordinary shareholders ("NPAT")	**803**	850	-6%

Note 1: Total revenue, EBITDA, EBIT, interest expenses and other finance costs and tax include the Group's proportionate share of joint ventures' respective items.

Report on Review of Interim Financial Statements

TO THE BOARD OF DIRECTORS OF
CK HUTCHISON GROUP TELECOM HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial statements set out on pages 13 to 48, which comprises the condensed consolidated statement of financial position of CK Hutchison Group Telecom Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2020 and the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The directors of the Company are responsible for the preparation and presentation of these interim financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim financial statements based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements of the Group are not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 6 August 2020

CK Hutchison Group Telecom Holdings Limited
Condensed Consolidated Income Statement
for the six months ended 30 June 2020

		Unaudited	
			As restated Note 3
	Note	**2020 EUR million**	2019 EUR million
Revenue	4, 5	**5,013**	5,200
Cost of inventories sold		**(51)**	(92)
Expensed customer acquisition and retention costs		**(835)**	(939)
Staff costs		**(352)**	(366)
Depreciation and amortisation	5	**(1,256)**	(1,103)
Other operating expenses	6	**(1,585)**	(1,434)
Share of profits less losses of joint ventures		**(1)**	-
		933	1,266
Interest expenses and other finance costs	7	**(120)**	(297)
Profit before tax		**813**	969
Current tax	8	**(14)**	(27)
Deferred tax credit (charge)	8	**33**	(60)
Profit after tax		**832**	882
Profit attributable to non-controlling interests		**(29)**	(32)
Profit attributable to owners of the Company		**803**	850

CK Hutchison Group Telecom Holdings Limited
Condensed Consolidated Statement of Comprehensive Income
for the six months ended 30 June 2020

	Unaudited	
		As restated Note 3
	2020 EUR million	2019 EUR million
Profit after tax	**832**	882
Other comprehensive income (losses)		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit obligations recognised directly in reserves	**-**	(1)
Items that have been reclassified or may be subsequently reclassified to profit or loss:		
Gains (losses) on cash flow hedges recognised directly in reserves	**2**	(1)
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	**(340)**	(25)
Tax relating to items that have been reclassified or may be subsequently reclassified to profit or loss	**-**	(1)
	(338)	(27)
Other comprehensive income (losses), net of tax	**(338)**	(28)
Total comprehensive income	**494**	854
Total comprehensive income attributable to non-controlling interests	**(19)**	(21)
Total comprehensive income attributable to owners of the Company	**475**	833

CK Hutchison Group Telecom Holdings Limited
Condensed Consolidated Statement of Financial Position
at 30 June 2020

	Note	**Unaudited** **30 June 2020** **EUR million**	As restated Note 3 31 December 2019 EUR million
Non-current assets			
Fixed assets	9	**6,869**	6,867
Right-of-use assets	10	**2,695**	2,947
Telecommunications licences		**6,799**	6,941
Brand names and other rights		**3,912**	4,026
Goodwill	11	**14,144**	14,189
Interests in joint ventures		**41**	43
Deferred tax assets	12	**2,028**	2,042
Other non-current assets	13	**797**	778
		37,285	37,833
Current assets			
Cash and cash equivalents	14	**2,580**	2,376
Inventories		**222**	233
Trade receivables and other current assets	15	**2,976**	3,207
		5,778	5,816
Assets classified as held for sale	16	**10**	17
		5,788	5,833
Current liabilities			
Current tax liabilities		**5**	9
Lease liabilities		**715**	758
Trade payables and other current liabilities	17	**3,978**	4,448
		4,698	5,215
Net current assets		**1,090**	618
Total assets less current liabilities		**38,375**	38,451
Non-current liabilities			
Bank and other debts	18	**9,859**	9,911
Lease liabilities		**2,159**	2,447
Deferred tax liabilities	12	**40**	24
Pension obligations		**75**	77
Other non-current liabilities	19	**2,014**	2,219
		14,147	14,678
Net assets		**24,228**	23,773

CK Hutchison Group Telecom Holdings Limited
Condensed Consolidated Statement of Financial Position
at 30 June 2020

		Unaudited	
			As restated
			Note 3
		30 June	31 December
		2020	2019
	Note	**EUR million**	EUR million
Capital and reserves			
Share capital	20	**-**	-
Share premium	20	**20,917**	20,917
Reserves	21	**2,066**	1,591
Equity attributable to owners of the Company		**22,983**	22,508
Non-controlling interests		**1,245**	1,265
Total equity		**24,228**	23,773

CK Hutchison Group Telecom Holdings Limited
Condensed Consolidated Statement of Changes in Equity
for the six months ended 30 June 2020

	Attributable to Owners of the Company				
	Share capital and share premium [(a)] EUR million	Reserves [(b)] EUR million	Subtotal EUR million	Non-controlling interests EUR million	Unaudited Total equity EUR million
At 31 December 2019, as restated, and 1 January 2020	**20,917**	**1,591**	**22,508**	**1,265**	**23,773**
Profit for the period	**-**	**803**	**803**	**29**	**832**
Other comprehensive income (losses)					
Gains on cash flow hedges recognised directly in reserves	**-**	**2**	**2**	**-**	**2**
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	**-**	**(330)**	**(330)**	**(10)**	**(340)**
Other comprehensive income (losses), net of tax	**-**	**(328)**	**(328)**	**(10)**	**(338)**
Total comprehensive income	**-**	**475**	**475**	**19**	**494**
Dividends paid to non-controlling interests	**-**	**-**	**-**	**(39)**	**(39)**
At 30 June 2020	**20,917**	**2,066**	**22,983**	**1,245**	**24,228**
At 1 January 2019, as restated	-	10,631	10,631	1,421	12,052
Profit for the period, as restated	-	850	850	32	882
Other comprehensive income (losses), as restated					
Remeasurement of defined benefit obligations recognised directly in reserves	-	(1)	(1)	-	(1)
Losses on cash flow hedges recognised directly in reserves	-	(1)	(1)	-	(1)
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	-	(14)	(14)	(11)	(25)
Tax relating to components of other comprehensive income (losses)	-	(1)	(1)	-	(1)
Other comprehensive income (losses), net of tax, as restated	-	(17)	(17)	(11)	(28)
Total comprehensive income, as restated	-	833	833	21	854
Dividends paid to CKHH group entities prior to the Reorganisation [(c)], as restated	-	(381)	(381)	-	(381)
Dividends paid to non-controlling interests, as restated	-	-	-	(199)	(199)
Relating to purchase of non-controlling interests, as restated	-	(22)	(22)	(31)	(53)
	-	(403)	(403)	(230)	(633)
At 30 June 2019, as restated	-	11,061	11,061	1,212	12,273

(a) See note 20.

(b) See note 21.

(c) During the six months ended 30 June 2020, no dividend has been paid or declared by the Company. Dividends during the comparative six months ended 30 June 2019 represented dividends declared by the companies now comprising the Group to the then owners of the companies, after eliminating intra-group dividends. The rates of dividends and the number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of these financial statements.

CK Hutchison Group Telecom Holdings Limited
Condensed Consolidated Statement of Cash Flows
for the six months ended 30 June 2020

	Note	Unaudited 2020 EUR million	As restated Note 3 2019 EUR million
Operating activities			
Cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital	22 (a)	**2,008**	2,186
Interest expenses and other finance costs paid (net of capitalisation)		**(108)**	(286)
Tax paid		**(100)**	(40)
Funds from operations (before payment of lease liabilities)		**1,800**	1,860
Changes in working capital	22 (b)	**(324)**	(740)
Net cash from operating activities		**1,476**	1,120
Investing activities			
Purchase of fixed assets		**(687)**	(655)
Additions to telecommunications licences		**(24)**	(117)
Additions to brand names and other rights		**(85)**	(74)
Purchase of and advances to joint ventures		**(6)**	(3)
Proceeds from disposal of fixed assets		**49**	3
Cash flows used in investing activities		**(753)**	(846)
Net cash inflow before financing activities		**723**	274
Financing activities			
New borrowings	22 (c)	**-**	633
Repayment of borrowings	22 (c)	**-**	(1,530)
Payment of lease liabilities	22 (c)	**(480)**	(341)
Net loans from CKHH group entities	22 (c)	**-**	586
Payments to acquire additional interests in subsidiary companies		**-**	(53)
Dividends paid to CKHH group entities prior to the Reorganisation		**-**	(381)
Dividends paid to non-controlling interests		**(39)**	(199)
Cash flows used in financing activities		**(519)**	(1,285)
Increase (decrease) in cash and cash equivalents		**204**	(1,011)
Cash and cash equivalents at 1 January		**2,376**	2,563
Cash and cash equivalents at 30 June		**2,580**	1,552
Cash and cash equivalents, as above		**2,580**	1,552
Total principal amount of bank and other debts	18	**9,914**	9,593
Net debt		**7,334**	8,041

CK Hutchison Group Telecom Holdings Limited
Notes to the Interim Financial Statements

1 General information

CK Hutchison Group Telecom Holdings Limited (the "Company") is a limited liability company incorporated in the Cayman Islands and is an indirect wholly owned subsidiary of CK Hutchison Holdings Limited ("CKHH"), which is a limited company incorporated in the Cayman Islands and whose shares are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). Pursuant to an internal reorganisation exercise implemented by CKHH, which was completed on 30 July 2019 (the "Reorganisation"), the telecommunications businesses of CKHH and its subsidiaries in Europe, Hong Kong and Macau have been reorganised under the Company.

The interim condensed consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") as at and for the six months ended 30 June 2020 (the "Interim Financial Statements") were authorised for issue by the Company's board of directors on 6 August 2020.

The Management Discussion and Analysis issued as part of the Group's First Half 2020 Results Announcement includes a discussion and analysis of the performance of the Group's businesses for the current period and other important events occurred since the end of the 2019 financial year.

2 Use of judgements, assumptions and estimates

The preparation of the financial statements under International Financial Reporting Standards ("IFRSs") requires entities to make judgements, estimates and assumptions about the reported amounts and the accompanying disclosures.

In preparing the Interim Financial Statements, the Group has made accounting related estimates based on assumptions about current and, for some estimates, future economic and market conditions and in particular has assumed that the current market conditions as a result of Coronavirus Disease 2019 ("COVID-19") pandemic is not a long-term norm. Although our estimates and assumptions contemplate current and, as applicable, expected future conditions that the Group considers are relevant and reasonable, including but not limited to the potential impacts to our operations arising from the COVID-19 pandemic and different monetary, fiscal and government policy responses aimed at reviving the economies, it is reasonably possible that actual conditions could differ from our expectations. In particular, a number of estimates have been and will continue to be affected by the ongoing COVID-19 outbreak. The severity, magnitude and duration, as well as the economic consequences of the COVID-19 pandemic, are uncertain, rapidly changing and it is currently impossible to predict. As a result, our accounting estimates and assumptions may change over time in response to how market conditions develop. In addition, actual results could differ significantly from those estimates and assumptions.

Uncertainty about these judgements, assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected and the amount and timing of results of operations, cash flows and disclosures in future periods.

Note 28 sets out further information on our significant accounting judgements, estimates and assumptions applied in preparing the Interim Financial Statements.

3 Basis of preparation

The ultimate impact of the COVID-19 pandemic on the Group is uncertain at the date on which the Interim Financial Statements were authorised for issue. Management has assessed the potential cash generation of the Group, the liquidity of the Group, existing funding available to the Group and mitigating actions which have been and may be taken to reduce discretionary spend and other operating cash outflows, and non-essential and non-committed capital expenditures. On the basis of these assessments, we have determined that, at the date on which the Interim Financial Statements were authorised for issue, the use of the going concern basis of accounting to prepare the Interim Financial Statements is appropriate.

The Interim Financial Statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", issued by the International Accounting Standards Board ("IASB"). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRSs. They should be read in conjunction with the Company's annual consolidated financial statements as at and for the year ended 31 December 2019 (the "2019 Annual Financial Statements"), which have been prepared in accordance with IFRSs. The accompanying financial statements and notes are unaudited. The results reported in the Interim Financial Statements should not be regarded as necessarily indicative of results that may be expected for the entire year.

Our significant accounting policies are described in note 35 to the 2019 Annual Financial Statements. We include certain updates to those policies in note 27. In addition to the adoption of these updates, the Group has changed the currency in which it presents its consolidated financial statements from Hong Kong dollars to Euro, in order to better reflect the underlying performance of the Group.

A change in presentation currency is a change in accounting policy which is accounted for retrospectively. Financial information included in the Group's financial statements for the year ended 31 December 2019 and for the six months ended 30 June 2019 previously reported in Hong Kong dollars has been restated into Euro using the procedures outlined below, as if Euro had always been the Group's presentational currency:

- assets and liabilities denominated in non-Euro currencies were translated into Euro at the closing rates of exchange on the relevant balance sheet date;
- non-Euro income and expenditure were translated at the average rates of exchange prevailing for the relevant period;
- share capital, share premium and the other reserves were translated at the historic rates prevailing on the date of each transaction; and
- all exchange rates were extracted from the Group's underlying financial records.

4 Revenue

(a) An analysis of revenue of the Company and subsidiary companies is as follows:

	Six months ended 30 June	
	2020	2019
	EUR million	EUR million
Sale of goods	**685**	886
Revenue from services	**4,317**	4,299
Interest	**11**	15
	5,013	5,200

4 Revenue (continued)

(b) Further details are set out below in respect of revenue of the Company and subsidiary companies, including the disaggregation of revenue from contracts with customers within the scope of IFRS 15 *:

	Six months ended 30 June 2020				
	Revenue from contracts with customers			**Revenue from other sources**	
	recognised at a point in time EUR million	**recognised over time EUR million**	**Subtotal EUR million**	**EUR million**	**Total EUR million**
3 Group Europe	**648**	**4,116**	**4,764**	**-**	**4,764**
UK	***322***	***952***	***1,274***	**-**	***1,274***
Italy	***142***	***2,182***	***2,324***	**-**	***2,324***
Sweden	***86***	***218***	***304***	**-**	***304***
Denmark	***10***	***141***	***151***	**-**	***151***
Austria	***52***	***365***	***417***	**-**	***417***
Ireland	***36***	***258***	***294***	**-**	***294***
Hutchison Telecommunications Hong Kong Holdings	**37**	**197**	**234**	**-**	**234**
Corporate and Others	**-**	**4**	**4**	**11**	**15**
	685	**4,317**	**5,002**	**11**	**5,013**

	Six months ended 30 June 2019				
	Revenue from contracts with customers			Revenue from other sources	
	recognised at a point in time EUR million	recognised over time EUR million	Subtotal EUR million	EUR million	Total EUR million
3 Group Europe	803	4,098	4,901	-	4,901
UK	*380*	*954*	*1,334*	-	*1,334*
Italy	*201*	*2,197*	*2,398*	-	*2,398*
Sweden	*90*	*218*	*308*	-	*308*
Denmark	*12*	*128*	*140*	-	*140*
Austria	*80*	*345*	*425*	-	*425*
Ireland	*40*	*256*	*296*	-	*296*
Hutchison Telecommunications Hong Kong Holdings	83	200	283	-	283
Corporate and Others	-	1	1	15	16
	886	4,299	5,185	15	5,200

* See note 5(a) for basis of, and changes adopted for the six months ended 30 June 2019 for, presentation of segmental information. These amendments and reclassifications have no impact on the revenue and profit for the six months ended 30 June 2020 and 30 June 2019 nor on the assets and liabilities of the Group as at 30 June 2020 and 31 December 2019.

(c) Contract balances related to contracts with customers within the scope of IFRS 15

Under IFRS 15, a contract asset or a contract liability is generated when either party to the contract performs, depending on the relationship between the entity's performance and the customer's payment. When an entity satisfies a performance obligation by transferring a promised goods or service, the entity has earned a right to consideration from the customer and, therefore, has a contract asset. When the customer performs first, for example, by prepaying its promised consideration, the entity has a contract liability. Generally, contract assets may represent conditional or unconditional rights to consideration. The right would be conditional, for example, when an entity is required first to satisfy another performance obligation in the contract before it is entitled to payment from the customer. If an entity has an unconditional right to receive consideration from the customer, the contract asset is classified as and accounted for as a receivable and presented separately from other contract assets. A right is unconditional if nothing other than the passage of time is required before payment of that consideration is due.

4 Revenue (continued)

(c) Contract balances related to contracts with customers within the scope of IFRS 15 (continued)

The following table provides information about trade receivables, contract assets and contract liabilities from contracts with customers within the scope of IFRS 15.

	30 June 2020 EUR million	31 December 2019 EUR million
Trade receivables (see note 15)	**1,269**	1,265
Contract assets (see notes 13 and 15)	**743**	852
Contract liabilities (see note 17)	**(350)**	(378)

Contract assets primarily relate to the Group's rights to consideration for delivered services and devices but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer. Contract liabilities primarily relate to the Group's unfulfilled performance obligations for which consideration has been received at the reporting date. On fulfilment of its obligations, the contract liability is recognised in revenue in the period when the performance obligations are fulfilled.

5 Operating segment information

(a) Description of segments and principal activities

The Group is a worldwide operator of mobile telecommunications networks, with operations spanning six European countries and Hong Kong and Macau. The Group's telecom's operations in Europe ("**3** Group Europe") launched commercial operations in 2003 and comprise mobile telecommunications businesses in the UK, Sweden, Denmark, Austria and Ireland, offering mobile telecommunications services under the brand name "Three" or "**3**", and in Italy through its subsidiary Wind Tre S.p.A. ("Wind Tre"). Wind Tre offers mobile telecommunications services under the "Three" or "**3**" and "Wind" brand names, and fixed-line services under the "Infostrada" brand name. The Group's telecom's operations in Hong Kong has operated telecom networks for over 30 years and comprise an approximately 66.09% interest in Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH"), which is listed on the Stock Exchange. HTHKH is a mobile telecommunications operator that provides services in Hong Kong and Macau under the "**3**" Brand.

The Group manages its businesses by divisions, which are organised by geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management and board of directors for the purposes of making decisions about resource allocation and performance assessment, the Group presents its operating segment information based on its telecom's operations in Europe (with separate sub-totals for the telecom's operation in each of the six European countries mentioned above) and in Hong Kong. Accordingly, no separate analysis by geographical location is provided in this note. Comparative information for the six months ended 30 June 2019 have been amended accordingly to conform with this change in presentation adopted in the 2019 Annual Financial Statements. These presentation changes have no impact on the profit for the six months ended 30 June 2020 and 30 June 2019 nor on the assets and liabilities of the Group as at 30 June 2020 and 31 December 2019.

Corporate and Others is presented to reconcile to the totals included in the Group's income statement and statement of financial position, which covers the activities of other areas of the Group that are not presented separately, and includes centralised procurement, corporate head office operations and the returns earned on the Group's holdings of cash and cash equivalents.

Saved as disclosed in the notes below, the column headed as Company and Subsidiaries refers to the holding company of the Group and subsidiary companies' respective items and the column headed as JV refers to the Group's share of joint ventures' respective items.

(b) Segment results, assets and liabilities

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments.

The Group uses two measures of segment results, EBITDA (see note 5(b)(viii) and EBIT (see note 5(b)(ix)).

In 2019, the Group has adopted the IFRS 16 accounting standard (which relates to accounting for leases) for its statutory reporting, but its management reporting has remained on the precedent lease accounting standard International Accounting Standard 17 "Leases" ("IAS 17"). 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"), better reflect management's view of the Group's underlying operational performances. IAS 17 basis metrics financial information is regularly reviewed by management and used for resource allocation, performance assessment and internal decision-making. Accordingly, segmental information is presented on a IAS 17 basis ("Pre-IFRS 16 basis"), except where indicated otherwise. As additional information, reconciliations from Pre-IFRS 16 basis metrics to Post-IFRS 16 basis metrics are included in section (c) of this note.

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(i) An analysis of revenue by segments

	Revenue							
	Six months ended 30 June 2020				Six months ended 30 June 2019			
	Company and Subsidiaries EUR million	**JV EUR million**	**Total EUR million**	**%**	Company and Subsidiaries EUR million	JV EUR million	Total EUR million	%
3 Group Europe	**4,764**	**1**	**4,765**	**95%**	4,901	1	4,902	95%
UK	***1,274***	**-**	***1,274***	***26%***	*1,334*	-	*1,334*	*26%*
Italy	***2,324***	**-**	***2,324***	***46%***	*2,398*	-	*2,398*	*46%*
Sweden	***304***	**-**	***304***	***6%***	*308*	-	*308*	*6%*
Denmark	***151***	***1***	***152***	***3%***	*140*	*1*	*141*	*3%*
Austria	***417***	**-**	***417***	***8%***	*425*	-	*425*	*8%*
Ireland	***294***	**-**	***294***	***6%***	*296*	-	*296*	*6%*
Hutchison Telecommunications Hong Kong Holdings	**234**	**-**	**234**	**5%**	283	-	283	5%
Corporate and Others	**15**	**7**	**22**	**-**	16	8	24	-
	5,013	**8**	**5,021**	**100%**	5,200	9	5,209	100%
IFRS 16 impact	**-**	**-**	**-**		-	-	-	
	5,013	**8**	**5,021**		5,200	9	5,209	

(ii) An analysis of EBITDA by segments

	EBITDA (LBITDA) (viii)							
	Six months ended 30 June 2020				Six months ended 30 June 2019			
	Company and Subsidiaries EUR million	**JV EUR million**	**Total EUR million**	**%**	Company and Subsidiaries EUR million	JV EUR million	Total EUR million	%
3 Group Europe	**1,698**	**-**	**1,698**	**97%**	1,837	-	1,837	93%
UK	***285***	**-**	***285***	***16%***	*381*	-	*381*	*19%*
Italy (xi)	***958***	**-**	***958***	***55%***	*1,025*	-	*1,025*	*52%*
Sweden	***106***	**-**	***106***	***6%***	*101*	-	*101*	*5%*
Denmark	***54***	**-**	***54***	***3%***	*52*	-	*52*	*3%*
Austria	***189***	**-**	***189***	***11%***	*180*	-	*180*	*9%*
Ireland	***106***	**-**	***106***	***6%***	*98*	-	*98*	*5%*
Hutchison Telecommunications Hong Kong Holdings	**70**	**4**	**74**	**4%**	70	4	74	4%
Corporate and Others	**(18)**	**(1)**	**(19)**	**-1%**	60	-	60	3%
EBITDA	**1,750** ^	**3** ^	**1,753** ^	**100%**	1,967 ^	4 ^	1,971 ^	100%
Depreciation and amortisation	**(837)**	**(3)**	**(840)**		(755)	(3)	(758)	
Interest expenses and other finance costs	**(66)**	**(1)**	**(67)**		(240)	(1)	(241)	
Current tax charge	**(16)**	**-**	**(16)**		(27)	-	(27)	
Deferred tax credit (charge)	**33**	**-**	**33**		(60)	-	(60)	
Non-controlling interests	**(29)**	**-**	**(29)**		(32)	-	(32)	
	835	**(1)**	**834**		853	-	853	
IFRS 16 impact								
EBITDA	**440** ^	**-** ^	**440** ^		402 ^	- ^	402 ^	
Depreciation and amortisation	**(419)**	**-**	**(419)**		(348)	-	(348)	
Interest expenses and other finance costs	**(54)**	**-**	**(54)**		(57)	-	(57)	
Current tax	**2**	**-**	**2**		-	-	-	
	804	**(1)**	**803**		850	-	850	

^ Reconciliation to Post-IFRS 16 basis EBITDA:

Pre-IFRS 16 basis EBITDA per above	**1,750**	**3**	**1,753**	1,967	4	1,971
IFRS 16 impact per above	**440**	**-**	**440**	402	-	402
Post-IFRS 16 basis EBITDA *(see note 22(a)(i))*	**2,190**	**3**	**2,193**	2,369	4	2,373

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(iii) An analysis of EBIT by segments

	EBIT (LBIT) (ix)							
	Six months ended 30 June 2020				Six months ended 30 June 2019			
	Company and Subsidiaries EUR million	**JV EUR million**	**Total EUR million**	**%**	Company and Subsidiaries EUR million	JV EUR million	Total EUR million	%
3 Group Europe								
EBITDA before the following non-cash items:	**1,698**	**-**	**1,698**		1,837	-	1,837	
Depreciation	**(491)**	**-**	**(491)**		(486)	-	(486)	
Amortisation of licence fees, other rights, customer acquisition and retention costs	**(300)**	**-**	**(300)**		(227)	-	(227)	
EBIT - **3** Group Europe	**907**	**-**	**907**	**99%**	1,124	-	1,124	92%
UK	***97***	**-**	***97***	***10%***	*195*	-	*195*	*16%*
Italy (xi)	***572***	**-**	***572***	***63%***	*692*	-	*692*	*57%*
Sweden	***53***	**-**	***53***	***6%***	*57*	-	*57*	*5%*
Denmark	***26***	**-**	***26***	***3%***	*28*	-	*28*	*2%*
Austria	***114***	**-**	***114***	***12%***	*113*	-	*113*	*9%*
Ireland	***45***	**-**	***45***	***5%***	*39*	-	*39*	*3%*
Hutchison Telecommunications Hong Kong Holdings	**24**	**1**	**25**	**3%**	28	1	29	3%
Corporate and Others	**(18)**	**(1)**	**(19)**	**-2%**	60	-	60	5%
EBIT	**913** ^	**-** ^	**913** ^	**100%**	1,212 ^	1 ^	1,213 ^	100%
Interest expenses and other finance costs	**(66)**	**(1)**	**(67)**		(240)	(1)	(241)	
Current tax charge	**(16)**	**-**	**(16)**		(27)	-	(27)	
Deferred tax credit (charge)	**33**	**-**	**33**		(60)	-	(60)	
Non-controlling interests	**(29)**	**-**	**(29)**		(32)	-	(32)	
	835	**(1)**	**834**		853	-	853	
IFRS 16 impact								
EBIT	**21** ^	**-** ^	**21** ^		54 ^	- ^	54 ^	
Interest expenses and other finance costs	**(54)**	**-**	**(54)**		(57)	-	(57)	
Current tax	**2**	**-**	**2**		-	-	-	
	804	**(1)**	**803**		850	-	850	

^ Reconciliation to Post-IFRS 16 basis EBIT:

Pre-IFRS 16 basis EBIT per above	**913**	**-**	**913**	1,212	1	1,213
IFRS 16 impact per above	**21**	**-**	**21**	54	-	54
Post-IFRS 16 basis EBIT	**934**	**-**	**934**	1,266	1	1,267

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(iv) An analysis of depreciation and amortisation expenses by segments

	Depreciation and amortisation					
	Six months ended 30 June 2020			Six months ended 30 June 2019		
	Company and Subsidiaries EUR million	**JV EUR million**	**Total EUR million**	Company and Subsidiaries EUR million	JV EUR million	Total EUR million
3 Group Europe	**791**	**-**	**791**	713	-	713
UK	***188***	***-***	***188***	*186*	*-*	*186*
Italy	***386***	***-***	***386***	*333*	*-*	*333*
Sweden	***53***	***-***	***53***	*44*	*-*	*44*
Denmark	***28***	***-***	***28***	*24*	*-*	*24*
Austria	***75***	***-***	***75***	*67*	*-*	*67*
Ireland	***61***	***-***	***61***	*59*	*-*	*59*
Hutchison Telecommunications Hong Kong Holdings	**46**	**3**	**49**	42	3	45
	837	**3**	**840**	755	3	758
IFRS 16 impact	**419**	**-**	**419**	348	-	348
	1,256	**3**	**1,259**	1,103	3	1,106

(v) An analysis of capital expenditure by segments

	Capital expenditure [xiv]							
	Six months ended 30 June 2020				Six months ended 30 June 2019			
	Fixed assets EUR million	**Telecom-munications licences EUR million**	**Brand names and other rights EUR million**	**Total EUR million**	Fixed assets EUR million	Telecom-munications licences EUR million	Brand names and other rights EUR million	Total EUR million
3 Group Europe	**675**	**-**	**84**	**759**	638	117	74	829
UK	***213***	***-***	***-***	***213***	*173*	*-*	*-*	*173*
Italy	***264***	***-***	***84***	***348***	*278*	*-*	*74*	*352*
Sweden	***57***	***-***	***-***	***57***	*52*	*-*	*-*	*52*
Denmark	***11***	***-***	***-***	***11***	*11*	*65*	*-*	*76*
Austria	***58***	***-***	***-***	***58***	*68*	*52*	*-*	*120*
Ireland	***72***	***-***	***-***	***72***	*56*	*-*	*-*	*56*
Hutchison Telecommunications Hong Kong Holdings	**12**	**24**	**-**	**36**	17	-	-	17
Corporate and Others	**-**	**-**	**1**	**1**	-	-	-	-
	687	**24**	**85**	**796**	655	117	74	846
IFRS 16 impact	**-**	**-**	**-**	**-**	-	-	-	-
	687	**24**	**85**	**796**	655	117	74	846

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(vi) An analysis of total assets by segments

	30 June 2020 EUR million	31 December 2019 EUR million
Segment assets [xii]		
3 Group Europe	**34,720**	35,121
UK	***5,935***	*6,332*
Italy	***22,242***	*22,133*
Sweden	***1,901***	*1,945*
Denmark	***497***	*486*
Austria	***2,328***	*2,416*
Ireland	***1,817***	*1,809*
Hutchison Telecommunications Hong Kong Holdings	**1,781**	1,770
Corporate and Others	**1,965**	1,789
	38,466	38,680
IFRS 16 impact on segment assets	**2,528**	2,884
Interests in joint ventures	**41**	43
Deferred tax assets	**2,028**	2,042
Assets classified as held for sale [xiii]	**10**	17
Total assets	**43,073**	43,666

(vii) An analysis of total liabilities by segments

	30 June 2020 EUR million	31 December 2019 EUR million
Segment liabilities [xii]		
3 Group Europe	**3,959**	4,432
UK	***768***	*903*
Italy	***2,483***	*2,717*
Sweden	***106***	*122*
Denmark	***131***	*142*
Austria	***229***	*286*
Ireland	***242***	*262*
Hutchison Telecommunications Hong Kong Holdings	**192**	179
Corporate and Others	**61**	76
	4,212	4,687
IFRS 16 impact on segment liabilities	**2,715**	3,043
Non-current borrowings and other non-current liabilities	**11,873**	12,130
Current and deferred tax liabilities	**45**	33
Total liabilities	**18,845**	19,893

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(viii) EBITDA (LBITDA) represents the EBITDA (LBITDA) of the Company and subsidiary companies as well as the Group's share of the EBITDA (LBITDA) of joint ventures. EBITDA (LBITDA) is defined as earnings (losses) before interest expenses and other finance costs, tax, depreciation and amortisation. Information concerning EBITDA (LBITDA) has been included in the Group's financial information and consolidated financial statements and is used by many industries and investors as one measure of gross cash flow generation. The Group considers EBITDA (LBITDA) to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBITDA (LBITDA) is therefore presented as a measure of segment results in accordance with IFRS 8. EBITDA (LBITDA) is not a measure of cash liquidity or financial performance under IFRS and the EBITDA (LBITDA) measures used by the Group may not be comparable to other similarly titled measures of other companies. EBITDA (LBITDA) should not necessarily be construed as an alternative to cash flows or results from operations as determined in accordance with IFRS.

(ix) EBIT (LBIT) represents the EBIT (LBIT) of the Company and subsidiary companies as well as the Group's share of the EBIT (LBIT) of joint ventures. EBIT (LBIT) is defined as earnings (losses) before interest expenses and other finance costs and tax. Information concerning EBIT (LBIT) has been included in the Group's financial information and consolidated financial statements and is used by many industries and investors as one measure of results from operations. The Group considers EBIT (LBIT) to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBIT (LBIT) is therefore presented as a measure of segment results in accordance with IFRS 8. EBIT (LBIT) is not a measure of financial performance under IFRS and the EBIT (LBIT) measures used by the Group may not be comparable to other similarly titled measures of other companies. EBIT (LBIT) should not necessarily be construed as an alternative to results from operations as determined in accordance with IFRS.

(x) The Company is a limited company incorporated in the Cayman Islands. The Group does not have any revenue and non-current assets (other than financial instruments, deferred tax assets and post-employment benefit assets) attributable to the Cayman Islands. The geographical location of customers is based on the location at which the services were provided or goods delivered.

(xi) Included in the EBITDA and EBIT of Italy for the comparative period was a one-time income of approximately EUR110 million recognised by Wind Tre in the first half of 2019. This credit was included in "Other operating expenses" in the consolidated income statement for the comparative period.

(xii) Segment assets and segment liabilities are measured in the same way as in the financial statements.

Segment assets are assets other than deferred tax assets, assets classified as held for sale and interests in joint ventures.

Segment liabilities are liabilities other than bank and other debts, tax liabilities (including deferred tax liabilities) and other non-current liabilities.

The geographical location of the specified non-current assets is based on the physical location of the asset (for property, plant and equipment and other operating assets), the location of the operation in which they are allocated (for assets classified as held for sale, intangible assets and goodwill), and the location of operations (for interests in joint ventures). The specified non-current assets are non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets.

Geographical analysis of the Group's non-current assets (based on Post-IFRS 16 basis) other than financial instruments, deferred tax assets and post-employment benefit assets is as follows:

	30 June 2020 EUR million	31 December 2019 EUR million
Hong Kong and Macau	**1,106**	1,107
UK	**5,776**	6,131
Italy	**21,823**	21,965
Sweden	**1,892**	1,917
Denmark	**441**	420
Austria	**2,304**	2,327
Ireland	**1,904**	1,915
Others	**7**	5
	35,253	35,787

(xiii) See note 16.

(xiv) For the purpose of segmental information analysis, expenditures incurred for leases are not regarded as capital expenditures.

5 Operating segment information (continued)

(c) Reconciliation from Pre-IFRS 16 basis metrics to Post-IFRS 16 basis metrics

(i) Consolidated income statement

	Six months ended 30 June 2020			Six months ended 30 June 2019		
	Pre-IFRS 16 basis EUR million	**Effect on adoption of IFRS 16 EUR million**	**Post-IFRS 16 basis EUR million**	Pre-IFRS 16 basis EUR million	Effect on adoption of IFRS 16 EUR million	Post-IFRS 16 basis EUR million
Revenue	**5,013**	**-**	**5,013**	5,200	-	5,200
Cost of inventories sold	**(51)**	**-**	**(51)**	(92)	-	(92)
Expensed customer acquisition and retention costs	**(860)**	**25**	**(835)**	(967)	28	(939)
Staff costs	**(352)**	**-**	**(352)**	(366)	-	(366)
Depreciation and amortisation	**(837)**	**(419)**	**(1,256)**	(755)	(348)	(1,103)
Other operating expenses	**(2,000)**	**415**	**(1,585)**	(1,808)	374	(1,434)
Share of profits less losses of joint ventures	**(1)**	**-**	**(1)**	-	-	-
	912	**21**	**933**	1,212	54	1,266
Interest expenses and other finance costs	**(66)**	**(54)**	**(120)**	(240)	(57)	(297)
Profit before tax	**846**	**(33)**	**813**	972	(3)	969
Current tax	**(16)**	**2**	**(14)**	(27)	-	(27)
Deferred tax credit (charge)	**33**	**-**	**33**	(60)	-	(60)
Profit after tax	**863**	**(31)**	**832**	885	(3)	882
Profit attributable to non-controlling interests	**(29)**	**-**	**(29)**	(32)	-	(32)
Profit attributable to owners of the Company	**834**	**(31)**	**803**	853	(3)	850

5 Operating segment information (continued)

(c) Reconciliation from Pre-IFRS 16 basis metrics to Post-IFRS 16 basis metrics (continued)

(ii) Consolidated statement of comprehensive income

	Six months ended 30 June 2020			Six months ended 30 June 2019		
	Pre-IFRS 16 basis EUR million	**Effect on adoption of IFRS 16 EUR million**	**Post-IFRS 16 basis EUR million**	Pre-IFRS 16 basis EUR million	Effect on adoption of IFRS 16 EUR million	Post-IFRS 16 basis EUR million
Profit after tax	**863**	**(31)**	**832**	885	(3)	882
Other comprehensive income (losses)						
Items that will not be reclassified to profit or loss:						
Remeasurement of defined benefit obligations recognised directly in reserves	**-**	**-**	**-**	(1)	-	(1)
Items that have been reclassified or may be subsequently reclassified to profit or loss:						
Gain (losses) on cash flow hedges recognised directly in reserves	**2**	**-**	**2**	(1)	-	(1)
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	**(342)**	**2**	**(340)**	(25)	-	(25)
Tax relating to items that have been reclassified or may be subsequently reclassified to profit or loss	**-**	**-**	**-**	(1)	-	(1)
	(340)	**2**	**(338)**	(27)	-	(27)
Other comprehensive income (losses), net of tax	**(340)**	**2**	**(338)**	(28)	-	(28)
Total comprehensive income	**523**	**(29)**	**494**	857	(3)	854
Total comprehensive income attributable to non-controlling interests	**(19)**	**-**	**(19)**	(21)	-	(21)
Total comprehensive income attributable to owners of the Company	**504**	**(29)**	**475**	836	(3)	833

5 Operating segment information (continued)

(c) Reconciliation from Pre-IFRS 16 basis metrics to Post-IFRS 16 basis metrics (continued)

(iii) Consolidated statement of financial position

	30 June 2020			31 December 2019		
	Pre-IFRS 16 basis EUR million	**Effect on adoption of IFRS 16 EUR million**	**Post-IFRS 16 basis EUR million**	Pre-IFRS 16 basis EUR million	Effect on adoption of IFRS 16 EUR million	Post-IFRS 16 basis EUR million
Non-current assets						
Fixed assets	**6,883**	**(14)**	**6,869**	6,882	(15)	6,867
Right-of-use assets	**-**	**2,695**	**2,695**	-	2,947	2,947
Telecommunications licences	**6,799**	**-**	**6,799**	6,941	-	6,941
Brand names and other rights	**3,942**	**(30)**	**3,912**	4,026	-	4,026
Goodwill	**14,144**	**-**	**14,144**	14,189	-	14,189
Interests in joint ventures	**41**	**-**	**41**	43	-	43
Deferred tax assets	**2,007**	**21**	**2,028**	2,020	22	2,042
Other non-current assets	**769**	**28**	**797**	750	28	778
	34,585	**2,700**	**37,285**	34,851	2,982	37,833
Current assets						
Cash and cash equivalents	**2,580**	**-**	**2,580**	2,376	-	2,376
Inventories	**222**	**-**	**222**	233	-	233
Trade receivables and other current assets	**3,127**	**(151)**	**2,976**	3,283	(76)	3,207
	5,929	**(151)**	**5,778**	5,892	(76)	5,816
Assets classified as held for sale	**10**	**-**	**10**	17	-	17
	5,939	**(151)**	**5,788**	5,909	(76)	5,833
Current liabilities						
Bank and other debts	**1**	**(1)**	**-**	1	(1)	-
Current tax liabilities	**6**	**(1)**	**5**	9	-	9
Lease liabilities	**-**	**715**	**715**	-	758	758
Trade payables and other current liabilities	**4,137**	**(159)**	**3,978**	4,610	(162)	4,448
	4,144	**554**	**4,698**	4,620	595	5,215
Net current assets	**1,795**	**(705)**	**1,090**	1,289	(671)	618
Total assets less current liabilities	**36,380**	**1,995**	**38,375**	36,140	2,311	38,451
Non-current liabilities						
Bank and other debts	**9,862**	**(3)**	**9,859**	9,914	(3)	9,911
Lease liabilities	**-**	**2,159**	**2,159**	-	2,447	2,447
Deferred tax liabilities	**40**	**-**	**40**	24	-	24
Pension obligations	**75**	**-**	**75**	77	-	77
Other non-current liabilities	**2,013**	**1**	**2,014**	2,219	-	2,219
	11,990	**2,157**	**14,147**	12,234	2,444	14,678
Net assets	**24,390**	**(162)**	**24,228**	23,906	(133)	23,773
Capital and reserves						
Share capital	**-**	**-**	**-**	-	-	-
Share premium	**20,917**	**-**	**20,917**	20,917	-	20,917
Reserves	**2,226**	**(160)**	**2,066**	1,722	(131)	1,591
Equity attributable to owners of the Company	**23,143**	**(160)**	**22,983**	22,639	(131)	22,508
Non-controlling interests	**1,247**	**(2)**	**1,245**	1,267	(2)	1,265
Total equity	**24,390**	**(162)**	**24,228**	23,906	(133)	23,773

5 Operating segment information (continued)

(c) Reconciliation from Pre-IFRS 16 basis metrics to Post-IFRS 16 basis metrics (continued)

(iv) Consolidated statement of cash flows

	Six months ended 30 June 2020			Six months ended 30 June 2019		
	Pre-IFRS 16 basis EUR million	**Effect on adoption of IFRS 16 EUR million**	**Post-IFRS 16 basis EUR million**	Pre-IFRS 16 basis EUR million	Effect on adoption of IFRS 16 EUR million	Post-IFRS 16 basis EUR million
	(A)		(B)	(A)		(B)
Operating activities						
Cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital	**1,570**	**438**	**2,008**	1,784	402	2,186
Interest expenses and other finance costs paid (net of capitalisation)	**(54)**	**(54)**	**(108)**	(229)	(57)	(286)
Tax paid	**(100)**	**-**	**(100)**	(40)	-	(40)
Funds from operations (Funds from operations under (B) is before payment of lease liabilities)	**1,416**	**384**	**1,800**	1,515	345	1,860
Changes in working capital	**(419)**	**95**	**(324)**	(736)	(4)	(740)
Net cash from operating activities	**997**	**479**	**1,476**	779	341	1,120
Investing activities						
Purchase of fixed assets	**(687)**	**-**	**(687)**	(655)	-	(655)
Additions to telecommunications licences	**(24)**	**-**	**(24)**	(117)	-	(117)
Additions to brand names and other rights	**(85)**	**-**	**(85)**	(74)	-	(74)
Purchase of and advances to joint ventures	**(6)**	**-**	**(6)**	(3)	-	(3)
Proceeds from disposal of fixed assets	**49**	**-**	**49**	3	-	3
Cash flows used in investing activities	**(753)**	**-**	**(753)**	(846)	-	(846)
Net cash inflow before financing activities	**244**	**479**	**723**	(67)	341	274
Financing activities						
New borrowings	**-**	**-**	**-**	633	-	633
Repayment of borrowings	**(1)**	**1**	**-**	(1,530)	-	(1,530)
Payment of lease liabilities	**-**	**(480)**	**(480)**	-	(341)	(341)
Net loans from CKHH group entities	**-**	**-**	**-**	586	-	586
Payments to acquire additional interests in subsidiary companies	**-**	**-**	**-**	(53)	-	(53)
Dividends paid to CKHH group entities prior to the Reorganisation	**-**	**-**	**-**	(381)	-	(381)
Dividends paid to non-controlling interests	**(39)**	**-**	**(39)**	(199)	-	(199)
Cash flows used in financing activities	**(40)**	**(479)**	**(519)**	(944)	(341)	(1,285)
Increase (decrease) in cash and cash equivalents	**204**	**-**	**204**	(1,011)	-	(1,011)
Cash and cash equivalents at 1 January	**2,376**	**-**	**2,376**	2,563	-	2,563
Cash and cash equivalents at 30 June	**2,580**	**-**	**2,580**	1,552	-	1,552
Cash and cash equivalents	**2,580**	**-**	**2,580**	1,552	-	1,552
Total principal amount of bank and other debts	**9,918**	**(4)**	**9,914**	9,594	(1)	9,593
Net debt	**7,338**	**(4)**	**7,334**	8,042	(1)	8,041

6 Other operating expenses and cost of goods sold

(a) Other operating expenses

	Six months ended 30 June 2020 EUR million	2019 EUR million
Cost of providing services	**1,009**	976
Office and general administrative expenses	**196**	180
Advertising and promotion expenses	**98**	104
Expenses for short term, low value leases and payment for variable rent	**66**	97
Legal and professional fees	**31**	8
One-time income (See note 5(b)(xi))	**-**	(115)
Wage, salary and other subsidies (i)	**(12)**	-
Others	**197**	184
	1,585	1,434

(i) Benefits received from governments and other authorities under COVID-19 related employment support schemes.

(b) Cost of goods sold

	Six months ended 30 June 2020 EUR million	2019 EUR million
Cost of goods sold		
included in "cost of inventories sold"	**51**	92
included in "expensed customer acquisition and retention costs"	**509**	622
	560	714

7 Interest expenses and other finance costs

	Six months ended 30 June 2020 EUR million	2019 EUR million
Interest on borrowings	**48**	125
Interest bearing loans from CKHH group entities	**-**	133
Other finance costs (income) (a)	**6**	(29)
	54	229
Amortisation of loan facilities fees and premiums or discounts relating to borrowings	**5**	-
Unwinding of discount	**7**	11
	66	240
Interest on lease liabilities	**54**	57
	120	297

(a) Include fair value gain of EUR38 million on derivatives financial instruments used to manage interest rate exposure for the comparative six months ended 30 June 2019.

8 Tax

	Six months ended 30 June 2020 EUR million	2019 EUR million
Current tax charge		
Europe	**14**	26
Outside Europe	**-**	1
	14	27
Deferred tax charge (credit)		
Europe	**(38)**	56
Outside Europe	**5**	4
	(33)	60
	(19)	87

Tax has been provided for at the applicable rates on the estimated assessable profits less estimated available tax losses.

9 Fixed assets

During the six months ended 30 June 2020, the Group acquired fixed assets with a cost of EUR687 million (30 June 2019 - EUR655 million). Fixed assets with a net book value of EUR44 million (30 June 2019 - EUR2 million) were disposed of during the period, resulting in a gain of EUR5 million (30 June 2019 - EUR1 million).

10 Right-of-use assets

During the six months ended 30 June 2020 and 30 June 2019, the Group entered into new lease agreements. For these new leases, the Group is required to make fixed monthly payments. On leases that commenced during the six months ended 30 June 2020, the Group has recognised EUR258 million (30 June 2019 - EUR226 million) of right-of-use assets, and EUR258 million (30 June 2019 - EUR226 million) of lease liabilities.

11 Goodwill

Goodwill arises from the acquisitions of the telecommunications businesses in Austria of approximately EUR767 million (31 December 2019 - EUR767 million), Hong Kong of approximately EUR451 million (31 December 2019 - EUR456 million), Ireland of approximately EUR655 million (31 December 2019 - EUR655 million), Italy of approximately EUR10,712 million (31 December 2019 - EUR10,712 million), Denmark and Sweden of approximately EUR1,053 million (31 December 2019 - EUR1,063 million) and the UK of approximately EUR506 million (31 December 2019 - EUR536 million).

In the first half of 2020, the world suffered widespread disruptions in social and economic activities arising from the rapid and continued spread of COVID-19. Impacts vary from business to business and country to country reflecting different degrees of severity of the pandemic and different monetary, fiscal and government policy responses. Our telecommunication businesses have been relatively less impacted. Revenue of EUR5,013 million decreased 3.6% as compared to same period last year. Profit attributable to owners of the Company of EUR803 million was 5.5% lower than the same period last year, primarily driven by higher operating expenses, which are in turn largely due to the one-time income of around EUR110 million recognised by Wind Tre in the first half of 2019 and continued IT transformation spend in the UK operation, partly offset by slight improvement in total margin. The Management Discussion and Analysis issued as part of the Group's First Half 2020 Results Announcement includes further discussion and analysis of the performance of the Group's businesses for the current period. Recent developments in June and July suggest some signs of moderate stabilisation with various markets in Europe gradually relaxing the restrictive measures. While the second half could provide a more constructive operating environment for the Group's telecommunication businesses as the pandemic is contained and its impact recede, our telecommunication businesses will continue to operate in an unpredictable environment for the rest of this year given the uncertainty on the success in containment of the pandemic and depending on the easing of the lockdown restrictions.

In order to better capture the impairment risks inherent in this uncertain environment, we have reviewed and, given (i) the current market conditions as a result of COVID-19 pandemic is not expected to be a long-term norm, (ii) the COVID-19 impact so far has not had a material adverse impact to our financial performance, (iii) the COVID-19 impact is not expected to materially affect the final year of the 5-year approved budget period, a key driver of the valuation, and (iv) the magnitude of the headroom observed at the 2019 goodwill impairment testing of each core operation, there is no reasonable scenario in which impairment would be required at 30 June 2020.

Please refer to note 28(b)(i) for significant accounting judgements applied, estimates and assumptions made in assessing whether goodwill has suffered any impairment.

12 Deferred tax

	30 June 2020 EUR million	31 December 2019 EUR million
Deferred tax assets	**2,028**	2,042
Deferred tax liabilities	**40**	24
Net deferred tax assets	**1,988**	2,018

Analysis of net deferred tax assets (liabilities):

	30 June 2020 EUR million	31 December 2019 EUR million
Tax losses	**1,766**	1,774
Accelerated depreciation allowances	**(148)**	(145)
Fair value adjustments arising from acquisitions	**113**	121
Revaluation of other investments	**3**	3
Other temporary differences	**254**	265
	1,988	2,018

The deferred tax assets and liabilities are offset when there is a legally enforceable right to set off and when the deferred income taxes relate to the same fiscal authority. The amounts shown in the condensed consolidated statement of financial position are determined after appropriate offset.

Unutilised tax losses, tax credits and other deductible temporary differences for which the Group has not recognised deferred tax assets totalling EUR8,251 million (31 December 2019 - EUR8,276 million). Their potential tax effect amounted to EUR1,947 million at 30 June 2020 (31 December 2019 - EUR1,967 million).

13 Other non-current assets

	30 June 2020 EUR million	31 December 2019 EUR million
Customer acquisition and retention costs [a]	**389**	344
Contract assets	**375**	402
Unlisted investments		
Financial assets at fair value through other comprehensive income (“FVOCI”) - equity securities	**2**	2
Pension assets	**1**	2
Derivative financial instruments		
Cash flow hedges - other contracts	**1**	-
Others (mainly lease receivables)	**29**	28
	797	778

(a) Customer acquisition and retention costs primarily relate to incremental commission costs incurred to obtain telecommunications contracts with customers. The amount of amortisation charged to the income statement for the six months ended 30 June 2020 was EUR136 million (30 June 2019 - EUR78 million) and there was no impairment loss in relation to the cost capitalised. The Group applies the practical expedient in paragraph 94 of IFRS 15, and recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the costs that the Group otherwise would have recognised is one year or less.

14 Cash and cash equivalents

	30 June 2020 EUR million	31 December 2019 EUR million
Cash at bank and in hand	**971**	1,019
Short term bank deposits	**1,609**	1,357
	2,580	2,376

The carrying amounts of cash and cash equivalents approximate their fair values.

15 Trade receivables and other current assets

	30 June 2020 EUR million	31 December 2019 EUR million
Trade receivables [(a)]	**1,482**	1,441
Less: loss allowance provision	**(213)**	(176)
	1,269	1,265
Amounts due from CKHH group entities [(b)]	**1**	-
Other current assets		
Contract assets	**368**	450
Prepayments	**1,014**	1,025
Other receivables	**299**	467
Current tax receivables	**25**	-
	2,976	3,207

(a) Trade receivables are stated at the expected recoverable amount, net of any provision for estimated impairment losses where it is deemed that a receivable may not be fully recoverable. The carrying amounts of these assets approximate their fair values.

At the end of the period / year, the ageing analysis of the trade receivables presented based on the invoice date, is as follows:

	30 June 2020 EUR million	31 December 2019 EUR million
Less than 31 days	**898**	699
Within 31 to 60 days	**62**	115
Within 61 to 90 days	**41**	39
Over 90 days	**481**	588
	1,482	1,441

(b) At 30 June 2020, the amounts due from CKHH group entities are trading in nature, unsecured, interest free and have no fixed terms of repayment.

16 Assets classified as held for sale

	30 June 2020 EUR million	31 December 2019 EUR million
Non-current assets held for sale	**10**	17

Wind Tre has a pre-existing commitment to sell certain telecommunications assets, including sites and frequencies to an external third party. The current period balance above represents the carrying amount at 30 June 2020 of the remaining sites to be transferred to the external third party which is expected to be completed by end of 2020. The balances as at 30 June 2020 and 31 December 2019 represented fixed assets.

17 Trade payables and other current liabilities

	30 June 2020 EUR million	31 December 2019 EUR million
Trade payables [(a)]	**1,120**	1,414
Amounts due to CKHH group entities [(b)]	**-**	19
Other current liabilities		
Derivative financial instruments		
Cash flow hedges - other contracts	**6**	6
Contract liabilities	**350**	378
Provisions	**151**	166
Other payables and accruals	**2,351**	2,465
	3,978	4,448

(a) At the end of the period / year, the ageing analysis of the trade payables is as follows:

	30 June 2020 EUR million	31 December 2019 EUR million
Less than 31 days	**895**	1,204
Within 31 to 60 days	**62**	47
Within 61 to 90 days	**6**	1
Over 90 days	**157**	162
	1,120	1,414

(b) At 31 December 2019, the amounts due to CKHH group entities are trading in nature, unsecured, interest free and have no fixed terms of repayment.

18 Bank and other debts

	30 June 2020 EUR million	31 December 2019 EUR million
Principal amounts		
Bank loans	**4,778**	4,784
Notes and bonds	**5,136**	5,188
	9,914	9,972
Unamortised loan facilities fees and premiums or discounts related to debts	**(55)**	(61)
	9,859	9,911

Bank and other debts at principal amount are scheduled for repayment by calendar year as follows:

	30 June 2020		
	Bank loans EUR million	**Notes and bonds EUR million**	**Total EUR million**
2022	**2,678**	**-**	**2,678**
2023	**-**	**1,500**	**1,500**
2024	**2,100**	**-**	**2,100**
2025 to 2029	**-**	**2,554**	**2,554**
2030 to 2039	**-**	**1,082**	**1,082**
	4,778	**5,136**	**9,914**

	31 December 2019		
	Bank loans EUR million	Notes and bonds EUR million	Total EUR million
2022	2,684	-	2,684
2023	-	1,500	1,500
2024	2,100	-	2,100
2025 to 2029	-	2,586	2,586
2030 to 2039	-	1,102	1,102
	4,784	5,188	9,972

19 Other non-current liabilities

	30 June 2020 EUR million	31 December 2019 EUR million
Obligations for telecommunications licences and other rights	**632**	810
Other non-current liabilities	**342**	351
Provisions	**1,040**	1,058
	2,014	2,219

20 Share capital and share premium

	Number of shares	Share capital EUR	Share premium EUR	Total EUR
Authorised:				
Ordinary shares of EUR1 each	**40,000**	**40,000**	**-**	**40,000**

	Number of shares	Share capital EUR million	Share premium EUR million	Total EUR million
Issued and fully paid:				
Ordinary shares				
At 31 December 2019, 1 January and 30 June 2020	**64**	**-**	**20,917**	**20,917**

21 Reserves

	Six months ended 30 June 2020					
	Attributable to owners of the Company					
	Retained profit EUR million	**Exchange reserve EUR million**	**Hedging reserve EUR million**	**Merger reserve [(a)] EUR million**	**Other capital reserve [(b)] EUR million**	**Total EUR million**
At 1 January 2020	**3,912**	**820**	**(4)**	**(3,028)**	**(109)**	**1,591**
Profit for the period	**803**	**-**	**-**	**-**	**-**	**803**
Other comprehensive income (losses)						
Gains on cash flow hedges recognised directly in reserves	**-**	**-**	**2**	**-**	**-**	**2**
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	**-**	**(330)**	**-**	**-**	**-**	**(330)**
Other comprehensive income (losses), net of tax	**-**	**(330)**	**2**	**-**	**-**	**(328)**
At 30 June 2020	**4,715**	**490**	**(2)**	**(3,028)**	**(109)**	**2,066**

	Six months ended 30 June 2019					
	Attributable to owners of the Company					
	Retained profit EUR million	Exchange reserve EUR million	Hedging reserve EUR million	Merger reserve [(a)] EUR million	Other capital reserve [(b)] EUR million	Total EUR million
At 1 January 2019	2,583	578	10	7,547	(87)	10,631
Profit for the period	850	-	-	-	-	850
Other comprehensive income (losses)						
Remeasurement of defined benefit obligations recognised directly in reserves	(1)	-	-	-	-	(1)
Losses on cash flow hedges recognised directly in reserves	-	-	(1)	-	-	(1)
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	-	(14)	-	-	-	(14)
Tax relating to components of other comprehensive income (losses)	-	-	(1)	-	-	(1)
Other comprehensive income (losses), net of tax	(1)	(14)	(2)	-	-	(17)
Dividends paid to CKHH group entities prior to the Reorganisation	(381)	-	-	-	-	(381)
Relating to purchase of non-controlling interests	-	-	-	-	(22)	(22)
At 30 June 2019	3,051	564	8	7,547	(109)	11,061

(a) Merger reserve represents the difference between the capital contributions from CKHH group entities to the companies now comprising the Group before the Reorganisation and the consideration paid by the Group for acquisition of the CKHH Group's telecommunication businesses in Europe and Hong Kong.

(b) Relating to transactions with non-controlling interests.

22 Notes to condensed consolidated statement of cash flows

(a) Reconciliation of profit after tax to cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital

	Six months ended 30 June 2020 EUR million	Six months ended 30 June 2019 EUR million
Profit after tax	**832**	882
Less: share of profits less losses of joint ventures	**1**	-
	833	882
Adjustments for:		
Current tax charge	**14**	27
Deferred tax charge (credit)	**(33)**	60
Interest expenses and other finance costs	**120**	297
Depreciation and amortisation	**1,256**	1,103
EBITDA of Company and subsidiaries (i)	**2,190**	2,369
Profits on disposal of fixed assets	**(5)**	(1)
Customer acquisition and retention costs capitalised in the period	**(182)**	(162)
Other non-cash items	**5**	(20)
	2,008	2,186

(i) Reconciliation of EBITDA:	Six months ended 30 June 2020 EUR million	Six months ended 30 June 2019 EUR million
EBITDA of Company and subsidiaries	**2,190**	2,369
Share of EBITDA of joint ventures		
Share of profits less losses of joint ventures	**(1)**	-
Adjustments for:		
Depreciation and amortisation	**3**	3
Interest expenses and other finance costs	**1**	1
	3	4
EBITDA (see notes 5(b)(ii) and 5(b)(viii))	**2,193**	2,373

(b) Changes in working capital

	Six months ended 30 June 2020 EUR million	Six months ended 30 June 2019 EUR million
Decrease in inventories	**3**	10
Decrease (increase) in trade receivables and other current assets	**108**	(41)
Decrease in trade payables and other current liabilities	**(567)**	(886)
Other non-cash items	**132**	177
	(324)	(740)

22 Notes to condensed consolidated statement of cash flows (continued)

(c) Reconciliation of liabilities arising from financing activities

The following table sets out an analysis of the cash flows and non-cash flows changes in liabilities arising from financing activities:

	Bank and other debts EUR million	Lease liabilities EUR million	Amounts due to CKHH group entities EUR million	Total EUR million
At 1 January 2020	**9,911**	**3,205**	**-**	**13,116**
Financing cash flows				
Capital element of lease liabilities paid	**-**	**(480)**	**-**	**(480)**
Other changes				
Amortisation of loan facilities fees and premiums or discounts relating to borrowings (see note 7)	**5**	**-**	**-**	**5**
Remeasurement of lease liabilities	**-**	**(86)**	**-**	**(86)**
Increase in lease liabilities from entering into new leases during the period (see note 10)	**-**	**258**	**-**	**258**
Interest on lease liabilities (see note 7)	**-**	**54**	**-**	**54**
Interest element of lease liabilities paid (included in "net cash from operating activities")	**-**	**(55)**	**-**	**(55)**
Exchange translation differences	**(57)**	**(22)**	**-**	**(79)**
At 30 June 2020	**9,859**	**2,874**	**-**	**12,733**
At 1 January 2019	10,517	2,920	9,650	23,087
Financing cash flows				
New borrowings	633	-	-	633
Repayment of borrowings	(1,530)	-	-	(1,530)
Capital element of lease liabilities paid	-	(341)	-	(341)
Net loans from CKHH group entities	-	-	586	586
Other changes				
Increase in lease liabilities from entering into new leases during the period (see note 10)	-	226	-	226
Interest on lease liabilities (see note 7)	-	57	-	57
Interest element of lease liabilities paid (included in "net cash from operating activities")	-	(54)	-	(54)
Exchange translation differences	(28)	1	58	31
At 30 June 2019	9,592	2,809	10,294	22,695

23 Contingent liabilities and guarantees

At 30 June 2020, the Group had provided performance and other guarantees of EUR462 million (31 December 2019 - EUR26 million).

24 Commitments

There have been no material changes in the total amount of capital commitments since 31 December 2019 except for the amounts taken up during the period in the normal course of business.

25 Related parties transactions

There have been no material changes in the total amount of outstanding balances with joint ventures since 31 December 2019.

Transactions between the Company and its subsidiaries have been eliminated on consolidation. Saved as disclosed elsewhere in the Interim Financial Statements, transactions between the Group and other related parties during the period are not significant to the Group. The remuneration for the directors of the Company (being the key management personnel) for the current and comparative periods are borne by CKHH group entities.

26 Legal proceedings

At 30 June 2020, the Group is not engaged in any material litigation or arbitration proceedings, and no material litigation or claim is known by the Group to be pending or threatened against it.

27 Significant accounting policies

Our significant accounting policies are described in note 35 to 2019 Annual Financial Statements. We include certain updates to those policies below. Other than the adoption of these updates, the accounting policies and methods of computation used in the preparation of the Interim Financial Statements are consistent with those used in the 2019 Annual Financial Statements.

(a) Revised Conceptual Framework for Financial Reporting

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. It is mandatory and applies prospectively for the Group's financial statements for annual periods beginning on or after 1 January 2020.

(b) Amendments to IFRS 3: Definition of a Business

The amendments clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, the amendments clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations. The amendments are mandatory for the Group's financial statements for, and apply to businesses acquired in, annual periods beginning on or after 1 January 2020.

(c) Amendments to IAS 1 and IAS 8: Definition of Material

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group. The amendments are mandatory and apply prospectively for the Group's financial statements for annual periods beginning on or after 1 January 2020.

27 Significant accounting policies (continued)

(d) Amendment to IFRS 16: COVID-19-Related Rent Concessions

The amendment permits lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The amendment does not affect lessors. The Group has early adopted Amendment to IFRS 16: COVID-19-Related Rent Concessions ahead of its effective date and applied the practical expedient to all its COVID-19-related rent concessions from 1 January 2020. This amendment had no significant impact on the consolidated financial statements of the Group.

(e) Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform

Benchmark interest rates such as the London Interbank Offered Rate ("LIBOR") are a core component of global financial markets. Retail and commercial loans, corporate debt, derivatives markets and many other financial markets, and bilateral contracts, all rely on these benchmark interest rates for pricing contracts and for hedging interest rate and other risks. However, reform works are underway in multiple jurisdictions to transition from benchmark interest rates to alternative risk free rates. Regulatory authorities and public and private sector working groups in several jurisdictions, including the International Swaps and Derivatives Association ("ISDA"), have been discussing alternative benchmark rates to replace the interbank offered rates ("IBORs"). These reforms are expected to cause at least some interest rate benchmarks to perform differently to the way that they do currently or to disappear. As a result, there is uncertainty as to when and how replacement may occur with respect to the relevant hedged item and hedging instrument and such uncertainty may impact the hedging relationship. These amendments had no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships. The amendments are mandatory and apply for the Group's financial statements for annual periods beginning on or after 1 January 2020.

(f) Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted. With the exception of Amendment to IFRS 16: COVID-19-Related Rent Concessions, i.e. item (d) above, the Group has not early adopted the forthcoming new or amended standards in preparing the Interim Financial Statements, which include:

(i) A package of narrow-scope amendments to IFRS. The package includes amendments to three standards as well as the Annual Improvements, which are changes that clarify the wording or correct minor consequences, oversights or conflicts between requirements in the standards. The adoption of these amendments is not expected to have material impacts to the Group's financial statements. These amendments are effective 1 January 2022 and include:

- Amendments to IFRS 3 Business Combinations update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- Amendments to IAS 16 Property, Plant and Equipment prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets specify which costs a company includes when assessing whether a contract will be loss-making.
- Annual Improvements make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.

(ii) Amendment to IAS 1: Classification of Liabilities as Current or Non-current

The amendments clarify that (i) the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability, and (ii) classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The amendments also make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. These amendments are effective 1 January 2023. The adoption of these amendments is not expected to have material impacts to the Group's financial statements.

28 Significant accounting judgements, estimates and assumptions

Our significant accounting judgements, estimates and assumptions applied in preparing the Interim Financial Statements are consistent with those set out in note 37 to 2019 Annual Financial Statements. For ease of reference we set out below an updated description of the significant accounting judgements, estimates and assumptions.

In applying the Group's accounting policies, which are described in note 27, the directors are required to make judgements that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and reasonable. Although our current estimates contemplate current and, as applicable, expected future conditions, it is reasonably possible that actual conditions could differ from our expectations. Uncertainty about these judgements, assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected and the amount and timing of results of operations, cash flows and disclosures in future periods.

(a) Significant judgements in applying the Group's accounting policies

The following are the significant judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

(i) Basis of consolidation and classification of investee entities

The determination of the Group's level of control over another entity will require exercise of judgement under certain circumstances. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group also considers, in particular, whether it obtains benefits, including non-financial benefits, from its power to control the entity. As such, the classification of the entity as a subsidiary, a joint venture, a joint operation, an associate or a cost investment might require the application of judgement through the analysis of various indicators, such as the percentage of ownership interest held in the entity, the representation on the entity's board of directors and various other factors including, if relevant, the existence of agreement with other shareholders, applicable statutes and regulations and their requirements, the practical ability to exercise control.

(ii) Allocation of revenue for bundled telecommunications transactions with customers

The Group has bundled transactions under contract with customers including sales of both services and hardware (for example handsets). Revenue is allocated to the respective element in an amount that reflects the consideration to which the Group expects to be entitled in exchange for the services and device. Device revenue is recognised at the inception of the contract upon delivery to the customer and services revenue is recognised throughout the contract period as the services are provided. Significant judgement is required in assessing fair values of both of these elements by considering inter alia, standalone selling price, the consideration to which the Group expects to be entitled in exchange for transferring the services and hardware to the customer, and other relevant observable market data. Changes in the allocation may cause the revenue recognised for sales of services and hardware to change individually but not the total bundled revenue from a specific customer throughout its contract term. The Group periodically re-assesses the allocation of the elements as a result of changes in market conditions.

(iii) Determination of lease term

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

28 Significant accounting judgements, estimates and assumptions (continued)

(a) Significant judgements in applying the Group's accounting policies (continued)

(iv) Allocation of purchase consideration for business combinations

As disclosed in note 35(y) to 2019 Annual Financial Statements, the Group applies the provisions of IFRS 3 to transactions and other events that meet the definition of a business combination within the scope of IFRS 3. When the Group completes a business combination, the identifiable assets acquired and the liabilities assumed, including intangible assets, contingent liabilities and commitments, are recognised at their fair value. Judgement is required to determine the fair values of the assets acquired, the liabilities assumed, and the purchase consideration, and on the allocation of the purchase consideration to the identifiable assets and liabilities. If the purchase consideration exceeds the fair value of the net assets acquired then the incremental amount paid is recognised as goodwill. If the purchase price consideration is lower than the fair value of the net assets acquired then the difference is recorded as a gain in the income statement. Allocation of the purchase consideration between finite lived assets and indefinite lived assets such as goodwill affects the subsequent results of the Group as finite lived intangible assets are amortised, whereas indefinite lived intangible assets, including goodwill, are not amortised.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Revisions to accounting estimates and assumptions are recognised prospectively and could impact fair value and carrying amounts of assets and liabilities, amount and timing of results of operations and cash flows in future periods.

(i) Impairment of goodwill and long-lived assets

Goodwill and assets with indefinite useful lives (telecommunication licences and brand names) are tested for impairment annually and when there is indication that they may be impaired. Assets that are subject to depreciation and amortisation are reviewed for impairment to determine whether there is any indication that the carrying value of these assets may not be recoverable and have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

In assessing whether these assets have suffered any impairment, the carrying value of the respective business unit is compared with its recoverable amount, which is the higher of the fair value less costs to dispose and value in use. Fair value is derived, when available and appropriate, from historically completed transactions of comparable businesses or metrics of publicly traded companies or market observable pricing multiples of similar businesses and possible control premiums. The value in use calculation is based on a discounted cash flow ("DCF") model. The cash flows are based on the latest approved financial budgets for the next five years. The Group prepared the financial budgets reflecting current and prior year performances, market development expectations, including the expected market share and growth momentum, and where available and relevant, observable market data. There are a number of assumptions and estimates involved for the preparation of the budget, the cash flow projections for the period covered by the approved budget and the estimated terminal value at the end of the budget period. Key assumptions, where applicable, include the expected growth in revenues and gross margin, and operating costs, timing of future capital expenditures, growth rates and selection of discount rates. The value in use amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Estimating the recoverable amount of the respective business unit requires the use of significant judgments that are based on a number of factors including actual operating results, internal forecasts, market observable pricing multiples of similar businesses and comparable transactions, possible control premiums, determining the appropriate discount rate, long-term growth rate and the estimated terminal value assumptions. It is reasonably possible that the judgments and estimates described above could change in future periods.

28 Significant accounting judgements, estimates and assumptions (continued)

(b) Key sources of estimation uncertainty (continued)

(ii) Pension costs and estimation of defined benefit pension obligation

The Group operates several defined benefit plans. Pension costs for defined benefit plans are assessed using the projected unit credit method in accordance with IAS 19, "Employee Benefits". Under this method, the cost of providing pensions is charged to the income statement so as to spread the regular cost over the future service lives of employees in accordance with the advice of the actuaries who carry out a full valuation of the plans. The liability or asset recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets. The present value of the defined benefit obligation is measured by discounting the estimated future cash outflows using interest rates determined by reference to market yields at the end of the reporting period based on government agency or high quality corporate bonds with currency and term similar to the estimated term of benefit obligations. Remeasurements arising from defined benefit plans are recognised in other comprehensive income in the period in which they occur and reflected immediately in retained profit. Remeasurements comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability (asset)).

Management appoints actuaries to carry out full valuations of these pension plans to determine the pension obligations that are required to be disclosed and accounted for in the financial statements in accordance with the IFRS requirements.

The actuaries use assumptions and estimates in determining the fair value of the defined benefit plans and evaluate and update these assumptions on an annual basis. Judgement is required to determine the principal actuarial assumptions to determine the present value of defined benefit obligations and service costs. Changes to the principal actuarial assumptions can significantly affect the present value of plan obligations and service costs in future periods.

(iii) Provisions for commitments, onerous contracts and other guarantees

The Group has entered into a number of procurement, supply and other contracts related to specific assets in the ordinary course of its business. Where the unavoidable costs of meeting the obligations under these procurement and supply contracts exceed the associated, expected future net benefits, an onerous contract provision is recognised. The calculation of these provisions will involve the use of estimates and assumptions. These onerous provisions are calculated by taking the unavoidable costs that will be incurred under the contract and deducting any estimate revenues or predicted income to be derived from the assets, or by taking the unavoidable costs that will be incurred under the guarantee and deducting any estimated recoverable value.

(iv) Provision for income tax and recognition of deferred tax asset

The Group is subject to income taxes in numerous jurisdictions. Significant judgement and estimate are required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were previously recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which the deductible temporary differences and the carry forward of unused tax losses and tax credits can be utilised, based on all available evidence. Recognition primarily involves judgement regarding the future financial performance of the particular legal entity or tax group. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred tax assets will ultimately be realised, such as the existence of taxable temporary differences, group relief, tax planning strategies and the periods in which estimated tax losses can be utilised.

The ultimate realisation of deferred tax assets recognised for certain of the Group's businesses depends principally on these businesses maintaining profitability and generating sufficient taxable profits to utilise the underlying unused tax losses. It may be necessary for some or all of the deferred tax assets recognised to be reduced and charged to the income statement if there is a significant adverse change in the projected performance and resulting projected taxable profits of these businesses. Judgement is required to determine key assumptions adopted in the taxable profit and loss projections and changes to key assumptions used and estimates made can significantly affect these taxable profit and loss projections.

28 Significant accounting judgements, estimates and assumptions (continued)

(b) Key sources of estimation uncertainty (continued)

(v) Estimation of useful life: Fixed assets

Depreciation of operating assets constitutes a substantial operating cost for the Group. The cost of fixed assets is charged as depreciation expense over the estimated useful lives of the respective assets using the straight-line method. The Group periodically reviews changes in technology and industry conditions, asset retirement activity and residual values to determine adjustments to estimated remaining useful lives and depreciation rates. Actual economic lives may differ from estimated useful lives. Periodic reviews could result in a change in depreciable lives and therefore depreciation expense in future periods.

(vi) Estimation of useful life: Telecommunications licences, other licences, brand names, trademarks and other rights

Telecommunications licences, other licences, brand names, trademarks and other rights with a finite useful life are carried at cost less accumulated amortisation and are reviewed for impairment annually. Telecommunications licences, other licences, brand names, trademarks and other rights that are considered to have an indefinite useful life are not amortised and are tested for impairment annually and when there is indication that they may be impaired. Certain brand names are considered to have an indefinite useful life as there is no foreseeable limit to the period over which they are expected to generate net cash inflows.

Judgement is required to estimate the useful lives of the telecommunications licences, other licences, brand names, trademarks and other rights. The actual economic lives of these assets may differ from the current contracted or expected usage periods, which could impact the amount of amortisation expense charged to the income statement. In addition, governments from time to time revise the terms of licences to change, amongst other terms, the contracted or expected licence period, which could also impact the amount of amortisation expense charged to the income statement.

(vii) Estimation of the amortisation period: Customer acquisition and retention costs

In accordance with IFRS 15, customer acquisition and retention costs, which comprise the net costs to acquire and retain customers, are expensed and recognised in the income statement in the period in which they are incurred, where (i) the costs are incurred; (ii) the costs are incremental of obtaining a contract and they are expected to be recovered; and (iii) the costs relate directly to the contract, generate resources used in satisfying the contract and are expected to be recovered, then they are capitalised and amortised over the customer contract period. Appropriate allowances are recognised if the carrying amounts of the capitalised costs exceed the remaining amount that the Group expects to receive less any directly related costs that have not been recognised as expenses.

Judgement is required to determine the amount of the provision and the amortisation period. The actual amount to be received from the customer and customer period may differ from the expected amount and the contract periods, which could impact the amount of expense charged to the income statement.

29 Fair value measurement

(a) Carrying amounts and fair values of financial assets and financial liabilities

The fair values of financial assets and financial liabilities, together with the carrying amounts in the consolidated statement of financial position, are as follows:

	Note	Classification under IFRS 9	**30 June 2020** Carrying amounts EUR million	**30 June 2020** Fair values EUR million	31 December 2019 Carrying amounts EUR million	31 December 2019 Fair values EUR million
Financial assets						
Unlisted investments						
Unlisted equity securities	13	FVOCI	**2**	**2**	2	2
Derivative financial instruments						
Cash flow hedges - Other contracts	13	Fair value - hedges	**1**	**1**	-	-
Cash and cash equivalents	14	Amortised cost	**2,580**	**2,580**	2,376	2,376
Trade receivables	15	Amortised cost	**1,269**	**1,269**	1,265	1,265
Other receivables	15	Amortised cost	**299**	**299**	467	467
Amounts due from CKHH group entities	15	Amortised cost	**1**	**1**	-	-
			4,152	**4,152**	4,110	4,110
Financial liabilities						
Trade payables	17	Amortised cost	**1,120**	**1,120**	1,414	1,414
Bank and other debts (i)	18	Amortised cost	**9,859**	**9,860**	9,911	9,931
Derivative financial instruments						
Cash flow hedges - Other contracts	17	Fair value - hedges	**6**	**6**	6	6
Other payables and accruals	17	Amortised cost	**2,351**	**2,351**	2,465	2,465
Lease liabilities		Amortised cost	**2,874**	**2,874**	3,205	3,205
Obligations for telecommunications licences and other rights	19	Amortised cost	**632**	**632**	810	810
Amounts due to CKHH group entities	17	Amortised cost	**-**	**-**	19	19
			16,842	**16,843**	17,830	17,850
Representing:						
Financial assets measured at						
Amortised cost			**4,149**	**4,149**	4,108	4,108
FVOCI			**2**	**2**	2	2
Fair value - hedges			**1**	**1**	-	-
			4,152	**4,152**	4,110	4,110
Financial liabilities measured at						
Amortised cost			**16,836**	**16,837**	17,824	17,844
Fair value - hedges			**6**	**6**	6	6
			16,842	**16,843**	17,830	17,850

(i) The fair values of the bank and other debts are based on market quotes or estimated using discounted cash flow calculations based upon the Group's current incremental borrowing rates for similar types of borrowings with maturities consistent with those remaining for the debt being valued.

29 Fair value measurements (continued)

(b) Financial assets and financial liabilities measured at fair value

Fair value hierarchy

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3: Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs).

		30 June 2020				31 December 2019			
		Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
	Note	**EUR million**	**EUR million**	**EUR million**	**EUR million**	EUR million	EUR million	EUR million	EUR million
Financial assets									
Unlisted investments									
Unlisted equity securities	13	**-**	**-**	**2**	**2**	-	-	2	2
Derivative financial instruments									
Cash flow hedges - Other contracts	13	**-**	**1**	**-**	**1**	-	-	-	-
		-	**1**	**2**	**3**	-	-	2	2
Financial liabilities									
Derivative financial instruments									
Cash flow hedges - Other contracts	17	**-**	**6**	**-**	**6**	-	6	-	6

The fair value of financial assets and financial liabilities that are not traded in active market is determined by using valuation techniques. Specific valuation techniques used to value financial assets and financial liabilities include discounted cash flow analysis, are used to determine fair value for the financial assets and financial liabilities.

During the six months ended 30 June 2020 and 2019, there were no transfers between the Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 from or to Level 1 or Level 2 fair value measurements.

Level 3 fair values

The movements of the balance of financial assets and financial liabilities measured at fair value based on Level 3 are as follows:

	Six months ended 30 June	
	2020	2019
	EUR million	EUR million
At 1 January and 30 June	**2**	2

The fair value of financial assets and financial liabilities that are grouped under Level 3 is determined by using valuation techniques including discounted cash flow analysis. In determining fair value, specific valuation techniques are used with reference to inputs such as dividend stream and other specific input relevant to those particular financial assets and financial liabilities.

Changing unobservable inputs used in Level 3 valuation to reasonable alternative assumptions would not have significant impact on the Group's profit or loss.