



CK HUTCHISON GROUP TELECOM HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

2019 Annual Results

Operations Analysis



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2019 Results Highlights



CK Hutchison Group Telecom

Revenue ⁽²⁾

\$93.5bn

(~ €10.8bn)

+ 8%

(+12% in local currencies)

Total Margin ⁽²⁾

\$63.8bn

(~ €7.4bn)

+ 12%

(+16% in local currencies)

EBITDA ^{(1) (2)}

\$35.3bn

(~ €4.1bn)

+ 16%

(+21% in local currencies)

EBIT ^{(1) (2)}

\$21.1bn

(~ €2.4bn)

+ 15%

(+19% in local currencies)

Active Customer

44.3mn

- 4%

EBITDA Margin

45%

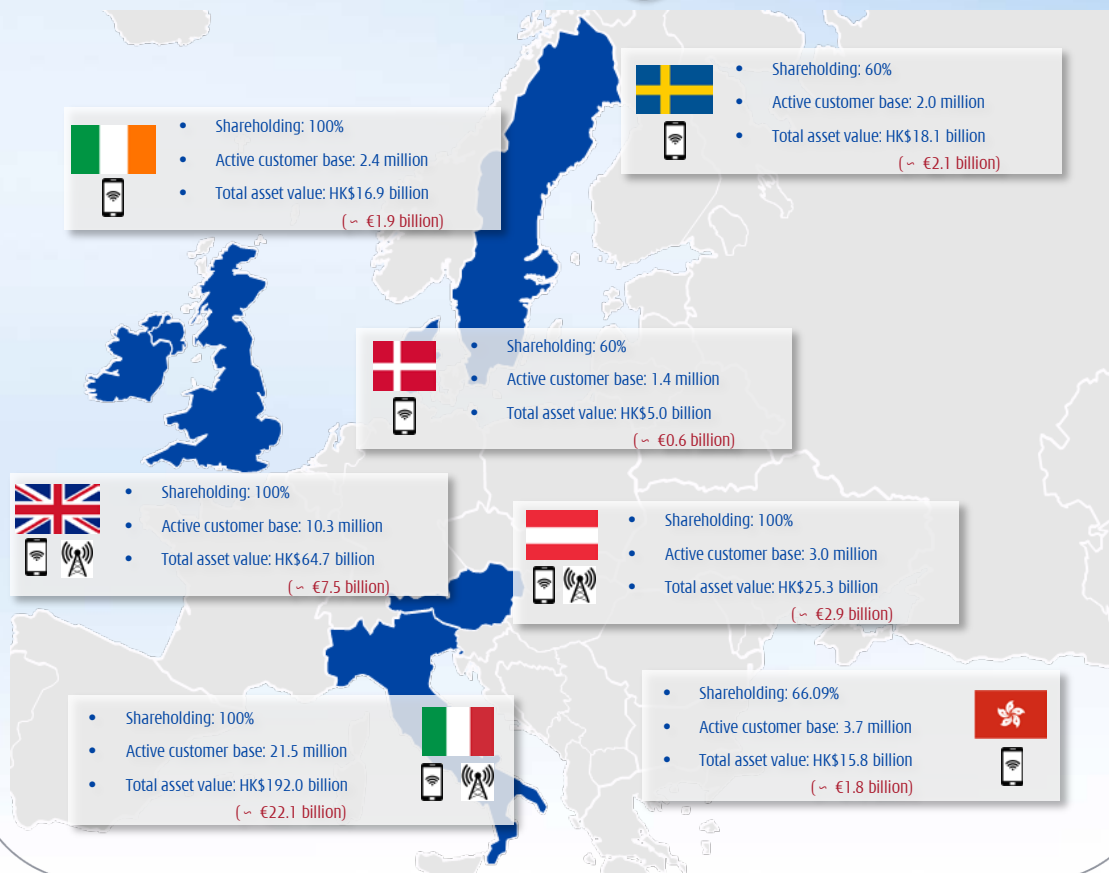
+ 4%-pts

(1) Under Post-IFRS 16 basis, EBITDA and EBIT were HK\$42,417 million and HK\$21,987 million respectively.

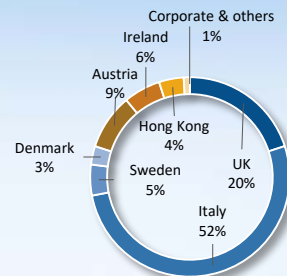
(2) The translation of HK\$ amounts into Euro is for illustrative purpose only and was made at the rate of HK\$8.67 to €1.



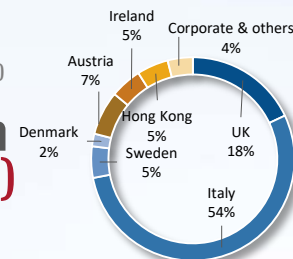
CK Hutchison Group Telecom



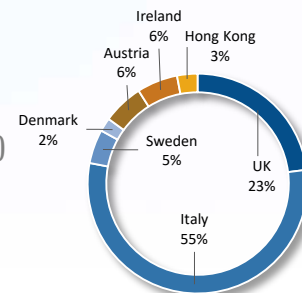
EBITDA ⁽²⁾⁽³⁾
\$35,341m
 (~ €4.1bn)



Total Assets ⁽³⁾
\$353,390m
 (~ €40.8bn)



Capex ⁽³⁾
 (excluding licences)
\$18,642m
 (~ €2.2bn)



(1) Active customer base as at 31 December 2019.

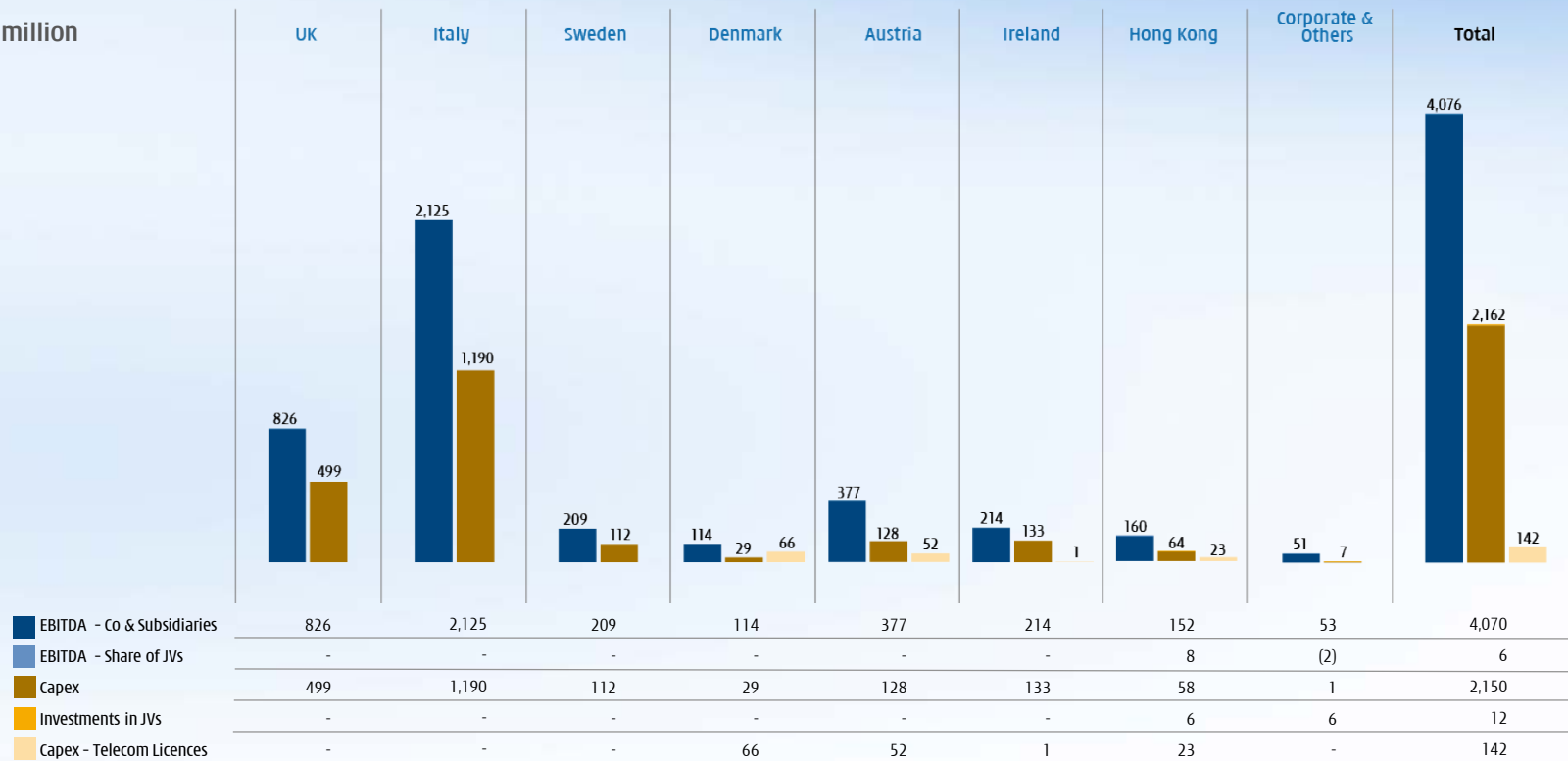
(2) Under Post-IFRS 16 basis, EBITDA was HK\$42,417 million.

(3) The translation of HK\$ amounts into Euro is for illustrative purpose only and was made at the rate of HK\$8.67 to €1.



Financial Profile - Operating FCF by division

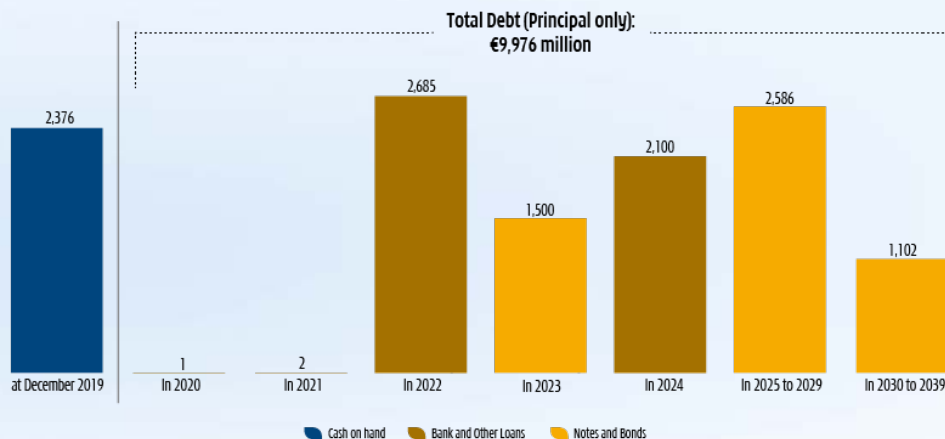
€ million



(1) Operating FCF (Operating Free Cash Flow) represents EBITDA (Pre-IFRS 16 basis) of Company & subsidiaries and dividends from JVs less capex of Company & subsidiaries (excluding Telecom licences and capex of assets classified as held for sale) and investment in JVs.

(2) The Euro amounts disclosed above is based on translation from HK\$ to € and is for illustrative purpose only and was made at the rate of HK\$8.67 to €1.

€ million



Net Debt

Net debt ⁽¹⁾ as at 31 December 2019 €7.6bn ↓ €0.6bn
 Net debt to net total capital ratio ⁽¹⁾ 24.1% ↓ 2.6%-pts

Credit Ratings

| | 31 Dec 2019 |
|---------|---------------|
| Moody's | Baa1 (Stable) |
| S & P | A- (Stable) |
| Fitch | BBB+ (Stable) |

Weighted Average Maturity

7.0 years ↑ 20 months

Average Cost of Debt

1.8% ↓ 0.8%-pts
 (Average Cost of Debt Post Refinancing: < 1%)

(1) Total bank and other debts are defined, for the purpose of "Net debt" calculation, as the total principal amount of bank and other debts. Net debt is defined as total bank and other debts less total cash and cash equivalents. As at 31 December 2019, net total capital is defined as total bank and other debts plus total equity (adjusted to exclude IFRS 16 effects) net of total cash and cash equivalents (for 2018, net total capital also includes amounts due to CKHH group entities). The consolidated net debt to net total capital ratio under IFRS 16 basis, after including IFRS 16 impact in total equity is 24.2%.

(2) The Euro amounts disclosed above is based on translation from HK\$ to € and is for illustrative purpose only and was made at the rate of HK\$8.67 to €1.



CKHGT - 3 Group Europe

| In million | UK GBP | | Italy ⁽¹⁾ EURO | | | Sweden SEK | | Denmark DKK | | Austria EURO | | Ireland EURO | | 3 Group Europe ⁽¹⁾⁽⁴⁾ EURO | |
|--|--------------|--------------|------------------------------|----------------------------|--------------------------------|----------------|----------------|----------------|--------------|-----------------|--------------|-----------------|--------------|--|----------------|
| | 2019 | 2018 | 2019 Wind Tre (100%) | 2018 Wind Tre (100%) | 2018 Wind Tre (50%/100%) | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Total Revenue | 2,384 | 2,439 | 4,854 | 4,926 | 3,271 | 6,757 | 7,113 | 2,182 | 2,186 | 867 | 881 | 603 | 591 | 10,094 | 9,044 |
| % change | -2% | | -1% | | | -5% | | - | | -2% | | +2% | | +12% | |
| Total margin | 1,441 | 1,491 | 3,548 | 3,654 | 2,416 | 3,909 | 4,091 | 1,720 | 1,700 | 622 | 619 | 454 | 440 | 6,947 | 6,166 |
| % change | -3% | | -3% | | | -4% | | +1% | | - | | +3% | | +13% | |
| TOTAL CACS | (882) | (840) | (464) | (341) | (227) | (2,563) | (2,745) | (244) | (285) | (136) | (141) | (87) | (90) | (1,990) | (1,824) |
| Less: Handset Revenue | 680 | 675 | 382 | 195 | 137 | 2,045 | 2,198 | 100 | 120 | 121 | 125 | 82 | 77 | 1,587 | 1,417 |
| Total CACS (net of handset revenue) | (202) | (165) | (82) | (146) | (90) | (518) | (547) | (144) | (165) | (15) | (16) | (5) | (13) | (403) | (407) |
| Operating Expenses | (526) | (574) | (1,366) | (1,500) | (954) | (1,212) | (1,263) | (732) | (807) | (234) | (228) | (238) | (227) | (2,679) | (2,442) |
| Opex as a % of total margin | 37% | 38% | 39% | 41% | 39% | 31% | 31% | 43% | 47% | 38% | 37% | 52% | 52% | 39% | 40% |
| EBITDA | 713 | 752 | 2,100 | 2,008 | 1,372 | 2,179 | 2,281 | 844 | 728 | 373 | 375 | 211 | 200 | 3,865 | 3,317 |
| % change | -5% | | +5% | | | -4% | | +16% | | -1% | | +6% | | +17% | |
| EBITDA margin % ⁽²⁾ | 42% | 43% | 47% | 42% | 44% | 46% | 46% | 41% | 35% | 50% | 50% | 40% | 39% | 45% | 43% |
| Depreciation & Amortisation | (334) | (311) | (743) | (729) | (472) | (962) | (843) | (373) | (318) | (140) | (146) | (122) | (105) | (1,545) | (1,280) |
| EBIT | 379 | 441 | 1,357 | 1,279 | 900 | 1,217 | 1,438 | 471 | 410 | 233 | 229 | 89 | 95 | 2,320 | 2,037 |
| % change | -14% | | +6% | | | -15% | | +15% | | +2% | | -6% | | +14% | |
| Capex (excluding licence) | (426) | (462) | (1,190) | (968) | | (1,170) | (1,254) | (215) | (225) | (129) | (123) | (133) | (118) | (2,091) | |
| EBITDA less Capex | 287 | 290 | 910 | 1,040 | | 1,009 | 1,027 | 629 | 503 | 244 | 252 | 78 | 82 | 1,774 | |
| Licence⁽³⁾ | - | (166) | - | (517) | | - | - | (485) | - | (52) | - | (1) | (1) | (118) | |

(1) CKHGT and 3 Group Europe 2019 include 100% share of Wind Tre's results, of which fixed line business revenue was €967 million and EBITDA was €320 million, while 2018 included 50% share of Wind Tre's results from January to August 2018 and 100% share from September to December 2018, of which fixed line business revenue was €675 million and EBITDA was €226 million. For comparability purposes in the Italy section above, 100% Wind Tre results in 2018 have also been presented and the % changes are calculated based on the 100% Wind Tre numbers.

(2) EBITDA margin % represents EBITDA as a % of total revenue excluding handset revenue.

(3) 2019 licence cost for Austria represents investment for 10x10 MHz of 3500 MHz spectrum acquired in March 2019, the licence cost for Denmark represents investment for 2x10 MHz of 700 MHz spectrum and 2x10MHz of 900MHz spectrum acquired in March 2019, and the licence cost for Hong Kong mainly represents investment for 30MHz of 3300MHz spectrum acquired in November 2019. 2018 licence cost for UK represents investment for 4x5 MHz of 3400 MHz spectrum acquired in April 2018 and the licence cost for Wind Tre represents investment for 20 MHz of 3600 - 3800 MHz and 200 MHz of 26.5 - 27.5 GHz spectrums in October 2018.

(4) The Euro equivalent for 3 Group Europe total and CKHGT total were translations of HK\$ amounts into Euro and is for illustrative purpose only and was made at the rate of HK\$8.67 to €1.

| In million | 3 Group Europe ⁽¹⁾ HK\$ | | HTHKH HK\$ | | Corporate and others HK\$ | | CKHGT ⁽¹⁾ HK\$ | | CKHGT ⁽⁴⁾ EUR | |
|--|---------------------------------------|-----------------|----------------|----------------|------------------------------|-------------|------------------------------|-----------------|-----------------------------|----------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Total Revenue | 87,516 | 78,411 | 5,582 | 7,912 | 419 | 410 | 93,517 | 86,733 | 10,786 | 10,004 |
| % change | +12% | | -29% | | +2% | | +8% | | +8% | |
| Local currencies growth % | +17% | | | | | | +12% | | | |
| Total margin | 60,229 | 53,461 | 3,551 | 3,654 | 64 | 24 | 63,844 | 57,139 | 7,364 | 6,590 |
| % change | +13% | | -3% | | +167% | | +12% | | +12% | |
| Local currencies growth % | +18% | | | | | | +16% | | | |
| TOTAL CACs | (17,257) | (15,813) | (797) | (959) | - | - | (18,054) | (16,772) | (2,082) | (1,935) |
| Less: Handset Revenue | 13,761 | 12,282 | 472 | 667 | - | - | 14,233 | 12,949 | 1,641 | 1,494 |
| Total CACs (net of handset revenue) | (3,496) | (3,531) | (325) | (292) | - | - | (3,821) | (3,823) | (441) | (441) |
| Operating Expenses | (23,222) | (21,169) | (1,837) | (1,991) | 377 | 201 | (24,682) | (22,959) | (2,847) | (2,648) |
| Opex as a % of total margin | 39% | 40% | 52% | 54% | NA | NA | 39% | 40% | 39% | 40% |
| EBITDA | 33,511 | 28,761 | 1,389 | 1,371 | 441 | 225 | 35,341 | 30,357 | 4,076 | 3,501 |
| % change | +17% | | +1% | | +96% | | +16% | | +16% | |
| Local currencies growth % | +21% | | | | | | +21% | | | |
| EBITDA margin % ⁽²⁾ | 45% | 43% | 27% | 19% | 105% | 55% | 45% | 41% | 45% | 41% |
| Depreciation & Amortisation | (13,399) | (11,098) | (808) | (818) | (3) | (32) | (14,210) | (11,948) | (1,639) | (1,378) |
| EBIT | 20,112 | 17,663 | 581 | 553 | 438 | 193 | 21,131 | 18,409 | 2,437 | 2,123 |
| % change | +14% | | +5% | | +127% | | +15% | | +15% | |
| Local currencies growth % | +18% | | | | | | +19% | | | |
| Capex (excluding licence) | (18,132) | | (503) | (513) | (7) | (1) | (18,642) | | (2,150) | |
| EBITDA less Capex | 15,379 | | 886 | 858 | 434 | 224 | 16,699 | | 1,926 | |
| Licence⁽³⁾ | (1,026) | | (203) | - | - | - | (1,229) | | (142) | |

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Total Revenue

\$87,516m

+12%
(+17% in local currencies)

KPI



Active mobile customers

40.6m -5%



12-month trailing Net AMPU

€11.04 -7%



Data Usage

4,054 pb/ yr +35%

5G capabilities



5G rollout in London in 2019 with accelerated roll-out in 2020



First operator to launch 5G offers in 2019



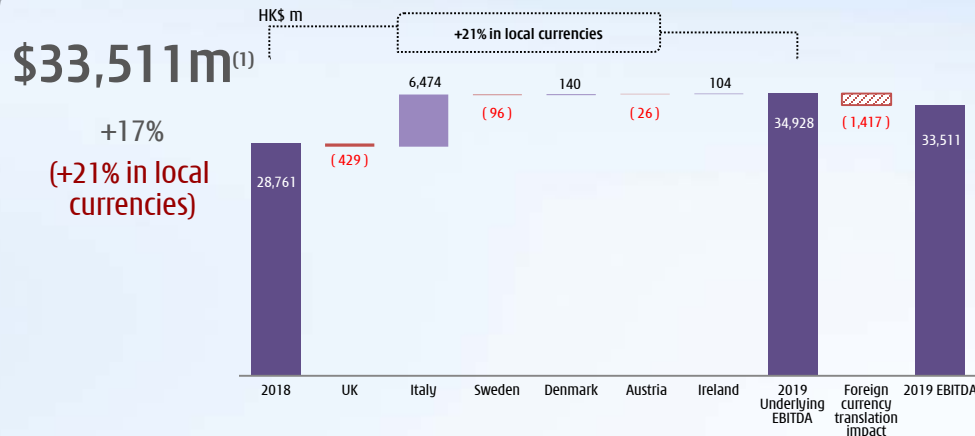
Italy's largest 5G handset-ready network



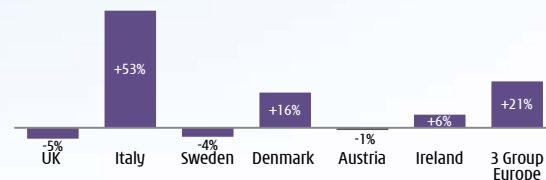
Go live with services offering including FWA and connected products utilising the broadest 5G spectrum from mid 2020

(1) Under Post-IFRS 16 basis, EBITDA was HK\$40,126 million

EBITDA



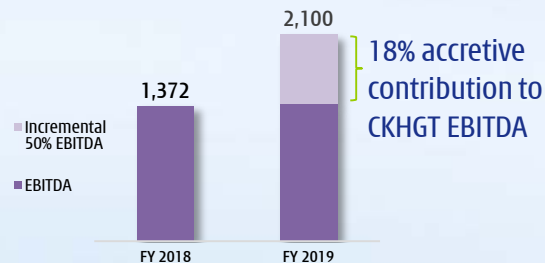
EBITDA Change % (in local currencies)



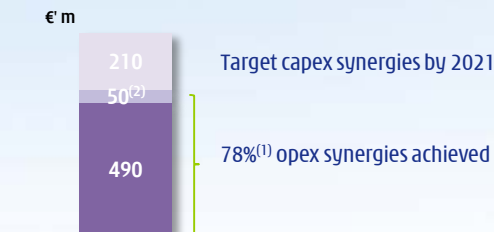
EBITDA Margin %

42% 47% 46% 41% 50% 40% 45%

EBITDA



Synergies - Opex & Capex



(1) Annual run rate as at 31 December 2019
 (2) Opex synergies target was revised with additional savings expected

Active contract customers

(as a % of active customers)



- Retaining higher margin customers amid fierce competition, with contract customers commanding a 2.8-pt higher AMPU than non-contract customers
- Protecting short to medium term margin stability

Network Rollout Plan

Network Consolidation

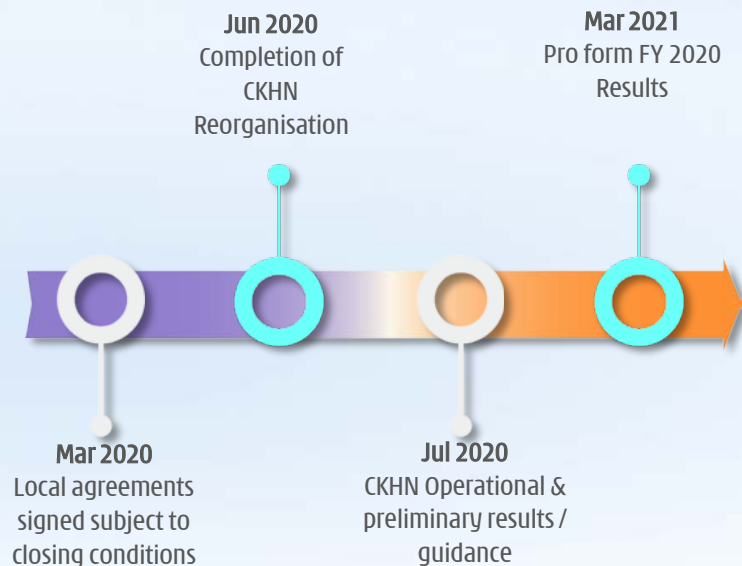
| 4G Consolidated Network | Jan 2019 | Present |
|-------------------------|----------|---------|
| % of Traffic | 54% | >99% |
| Population Coverage | 71% | >99% |

2020-2021 5G plan

| | |
|--|--------------|
| TDD | 500 sites |
| 5G HS-ready | 19,000 sites |
| Largest 5G Handset ready coverage in Italy | |



Project Timeline



Preliminary Metrics & Valuation

Towers
28,500

2020 EBITDA Guidance
~€300m

European Trading Comps Range⁽¹⁾
16X - 19X

Implied EV Range
€4.8bn - €5.7bn

(1) Source from Bloomberg as at March 2020

COVID-19

- Committed to focus on maintenance of the health and safety of our personnel and staff over profitability
- Telecommunication businesses in Europe are currently not affected as they are experiencing much reduced churn and much higher voice and data usage. Operations are focused on maintaining network quality and services for customers and at the same time keeping employees safe.
 - ❖ UK No closure requested by the government and stores continued to be opened. Operational plan in place and multi-channel coverage ensures customer product demands met in case of full closure. Adequate network capability and field network staff continued as normal to maintain network quality for customers
 - ❖ Italy Shops continued to operate and data & voice usage shown recent increase together with MNP reduced. Network field operations continue to maintain network quality. Daily crisis committee set up constantly monitoring the situation to ensure adequate and efficient measures to protect customers and employees carrying out essential activities
 - ❖ Austria Shops & network operations are still operating. Expected minimal impact as operations currently seems stable, churn expected to improve but acquisition activities expected to be lower. Crisis management policies in place and closely monitoring development
 - ❖ Sweden Stores & network operations are still operating. Store footfall reduced and expected to have lower gross adds. Slight upward trend in mobile traffic but nothing alarming yet
 - ❖ Denmark Limited financial impact expected. Focus on business continuity with critical functions such as network operations, customer services, credit checks are adequately staffed. Some slowness in acquisitions but situation is being closely monitored
 - ❖ Ireland Data & voice traffic above normal levels and sales increase in Broadband services with likely lower churn. Stores remain opened and additional contact center location and network capacity plans in place to cope with additional customers service demands. Daily executive review across departments



Q & A



2019 Annual Results

Appendix

| | 2018 (HK\$ m) | 2019 (HK\$ m) | 2018 (€ m) | 2019 (€ m) |
|----------------------|---------------|---------------|---------------|---------------|
| Revenue | | | | |
| UK | 25,525 | 23,876 | 2,944 | 2,754 |
| Italy | 30,109 | 42,581 | 3,473 | 4,911 |
| Sweden | 6,435 | 5,597 | 742 | 646 |
| Denmark | 2,717 | 2,563 | 313 | 296 |
| Austria | 8,157 | 7,608 | 941 | 877 |
| Ireland | 5,468 | 5,291 | 631 | 610 |
| HTHKH | 7,912 | 5,582 | 913 | 644 |
| Corporate & Others | 410 | 419 | 47 | 48 |
| Total Revenue | 86,733 | 93,517 | 10,004 | 10,786 |

| | | | | |
|---------------------|---------------|---------------|--------------|--------------|
| EBITDA | | | | |
| UK | 7,860 | 7,164 | 907 | 826 |
| Italy | 12,601 | 18,426 | 1,453 | 2,125 |
| Sweden | 2,066 | 1,806 | 238 | 209 |
| Denmark | 906 | 990 | 104 | 114 |
| Austria | 3,475 | 3,268 | 401 | 377 |
| Ireland | 1,853 | 1,857 | 214 | 214 |
| HTHKH | 1,371 | 1,389 | 158 | 160 |
| Corporate & Others | 225 | 441 | 26 | 51 |
| Total EBITDA | 30,357 | 35,341 | 3,501 | 4,076 |

| | 2018 (HK\$ m) | 2019 (HK\$ m) | 2018 (€ m) | 2019 (€ m) |
|--------------------|---------------|---------------|--------------|--------------|
| EBIT | | | | |
| UK | 4,594 | 3,815 | 530 | 440 |
| Italy | 8,246 | 11,914 | 951 | 1,374 |
| Sweden | 1,305 | 1,008 | 150 | 116 |
| Denmark | 511 | 552 | 59 | 64 |
| Austria | 2,125 | 2,043 | 245 | 236 |
| Ireland | 882 | 780 | 102 | 90 |
| HTHKH | 553 | 581 | 64 | 67 |
| Corporate & Others | 193 | 438 | 22 | 50 |
| Total EBIT | 18,409 | 21,131 | 2,123 | 2,437 |

| | | | | |
|---|---------------|---------------|--------------|--------------|
| Interest expenses and other finance costs | (4,622) | (3,484) | (533) | (401) |
| Profit before tax | 13,787 | 17,647 | 1,590 | 2,036 |
| Tax | | | | |
| Current tax credit / (charge) | 453 | (419) | 52 | (48) |
| Deferred tax credit / (charge) | 1,589 | (1,279) | 184 | (148) |
| Profit after tax | 15,829 | 15,949 | 1,826 | 1,840 |
| Non-controlling interests | (660) | (622) | (76) | (72) |
| Profit attributable to CKHH | 15,169 | 15,327 | 1,750 | 1,768 |



Balance Sheet & Cash Flow - CKHGT

2018 (HK\$ m) 2019 (HK\$ m) 2018 (€ m) 2019 (€ m)

2018 (HK\$ m) 2019 (HK\$ m) 2018 (€ m) 2019 (€ m)

Non-current assets

| | | | | |
|-----------------------------|----------------|----------------|---------------|---------------|
| Fixed assets | 53,657 | 59,659 | 6,189 | 6,881 |
| Telecommunications licences | 60,758 | 60,181 | 7,008 | 6,941 |
| Brand name and other rights | 35,006 | 34,907 | 4,038 | 4,026 |
| Goodwill | 126,750 | 123,019 | 14,619 | 14,189 |
| Other non-current assets | 23,967 | 24,381 | 2,764 | 2,812 |
| | 300,138 | 302,147 | 34,618 | 34,849 |

Current assets

| | | | | |
|--|---------------|---------------|--------------|--------------|
| Cash and cash equivalents | 22,941 | 20,603 | 2,646 | 2,376 |
| Inventories | 2,279 | 2,024 | 263 | 233 |
| Trade receivables and other current assets | 38,565 | 28,616 | 4,448 | 3,301 |
| | 63,785 | 51,243 | 7,357 | 5,910 |

Current liabilities

| | | | | |
|--|---------------|---------------|---------------|--------------|
| Bank and other debts | 1,557 | 11 | 180 | 1 |
| Trade payables and other current liabilities | 91,719 | 40,050 | 10,578 | 4,619 |
| | 93,276 | 40,061 | 10,758 | 4,620 |

Net current assets/(liabilities) (29,491) 11,182 (3,401) 1,290

Non-current liabilities

| | | | | |
|-------------------------------|----------------|----------------|---------------|---------------|
| Bank and other debts | 92,583 | 85,952 | 10,679 | 9,914 |
| Other non-current liabilities | 69,224 | 20,116 | 7,984 | 2,320 |
| | 161,807 | 106,068 | 18,663 | 12,234 |

Net assets 108,840 207,261 12,554 23,905

Cash generated from operating activities before interests, taxes and working capital changes

| | | | | |
|------------------------|---------|---------|-------|-------|
| Interests paid | (3,390) | (3,133) | (391) | (361) |
| Tax recoverable/(paid) | 259 | (971) | 30 | (112) |

Funds from operations 19,259 27,926 2,221 3,221

Changes in working capital 720 (4,440) 83 (512)

Net cash from operating activities 19,979 23,486 2,304 2,709

Capex (19,229) (19,871) (2,218) (2,292)

Purchase of subsidiaries (14,348) - (1,655) -

Other investing activities (5,422) (45) (625) (5)

Cash flows used in investing activities (38,999) (19,916) (4,498) (2,297)

Net cash inflow/(outflow) before financing activities

(19,020) 3,570 (2,194) 412

Net external debt repayments (2,276) (5,667) (263) (654)

Net loans from CKHH group entities 965 5,179 112 597

Issue of shares to CKHH group entities 27,136 - 3,130 -

Dividends paid to CKHH group entities ⁽¹⁾ (2,496) (3,560) (288) (411)

Dividends paid to non-controlling interests (323) (1,821) (37) (210)

Other financing activities - (39) - (4)

Cash flow from/(used in) financing activities

23,006 (5,908) 2,654 (682)

Increase/(decrease) in cash and cash equivalents

3,986 (2,338) 460 (270)

(1) Dividends paid prior to completion of the CKHGT reorganisation.

(2) The translation of HK\$ amounts into Euro is for illustrative purpose only and was made at the rate of HK\$8.67 to €1.



Revenue change -2%
EBITDA change -5%

United Kingdom

EBITDA and EBIT decreased by 5% and 14% in local currency compared to 2018 respectively mainly due to lower margin driven by regulatory changes in the UK and within EU in 2019, increased annual spectrum licence fee imposed by Ofcom, as well as increased network & IT transformation spend, partly offset by improvements in other margins from MVNOS and various initiatives as well as more stringent operating costs control.



Revenue change -1%
EBITDA change +5%

Italy

EBITDA and EBIT in local currency grew by 53% and 51% respectively over 2018, reflecting the full year accretive contribution from the acquisition of the additional 50% share in Wind Tre since September 2018.

On a comparable basis, Wind Tre's EBITDA and EBIT increased 5% and 6% respectively against last year mainly driven by disciplined cost control, further realisation of synergies, and more efficient network through consolidation and modernisation substantially completed in 2019. The decrease in operating expenses more than mitigates the margin shortfall due to intense competition.



Revenue change -5%
EBITDA change -4%

Sweden

Sweden, where the Group has a 60% interest, reported 4% and 15% decrease in EBITDA and EBIT in local currency respectively compared to last year, mainly due to lower total margin as VAT reclaim was not recognised from December 2018 onwards. Underlying EBITDA, without the VAT reclaim benefits would be 6% higher than last year primarily driven by higher customer base and lower operating costs from stringent cost control. Underlying EBIT would be 1% higher than last year primarily due to the higher depreciation and amortisation from an enlarged asset base, particularly the ongoing LTE network rollout since 2018.



Revenue change -
EBITDA change +16%

Denmark

The operation in Denmark, where the Group has a 60% interest, reported 16% and 15% growth in EBITDA and EBIT in local currency respectively compared to last year, mainly due to 1% growth in total margin and lower operating costs from good cost controls. The EBITDA growth was partly offset by higher depreciation and amortisation from an enlarged asset base.



Revenue change -2%
EBITDA change -1%

Austria

Austria reported a 1% decrease in EBITDA in local currency compared to 2018, mainly due to higher network and IT costs to cope with network capacity expansion. EBIT in local currency was 2% higher from last year primarily due to lower amortisation from capitalised customer value from Orange acquisition being fully amortised at the end of 2018, partly offset by higher depreciation from an enlarged asset base.



Revenue change +2%
EBITDA change +6%

Ireland

EBITDA in local currency increased by 6% compared to 2018 driven by improved margin of 3% from a higher customer base, as well as stringent control on total CACS, partly offset by higher operating cost due to inclusion of certain provision releases in 2018 which did not recur in 2019. EBIT in local currency decreased by 6% from last year due to higher depreciation and amortisation from an enlarged asset base. 3 Ireland continued to realise synergies during the year and have substantially achieved the operating expense synergy run rate of €103 million targeted at the time of the acquisition of O₂ Ireland in 2014.



Revenue change -29%
EBITDA change +1%

Hong Kong

HTHKH announced Post-IFRS 16 profit attributable to shareholders of HK\$429 million and earnings per share of 8.90 HK cents. HTHKH's revenue of HK\$5,582 million was 29% lower than 2018, primarily due to lower hardware revenue from softer demand for new smartphones. On a Pre-IFRS 16 basis, EBITDA was 1% higher as compared to last year mainly due to tight cost controls to improve operational efficiency. In addition to the improved EBITDA performance, lower amortisation of acquisition and retention costs from contract customers resulted in a 5% improvement in EBIT.