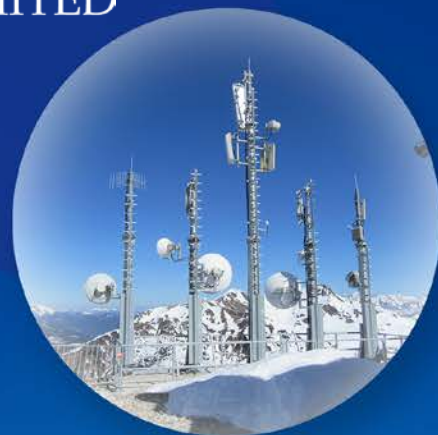


# CK HUTCHISON GROUP TELECOM HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)



## 2020 Interim Results

### Operations Analysis



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# CK HUTCHISON GROUP TELECOM HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)



## 2020 Results Highlights

**Revenue**
**€5.0bn**

- 4%

**Total  
Margin**
**€3.6bn**

flat

**EBITDA <sup>(1)</sup>**
**€1.8bn**

- 11%

**EBITDA  
Margin <sup>(2)</sup>**
**40%**

- 5%-pt

**EBIT <sup>(1)</sup>**
**€0.9bn**

- 25%

**Active  
Customer <sup>(3)</sup>**
**42.0mn**

 - 7%-pt  
Y-o-Y

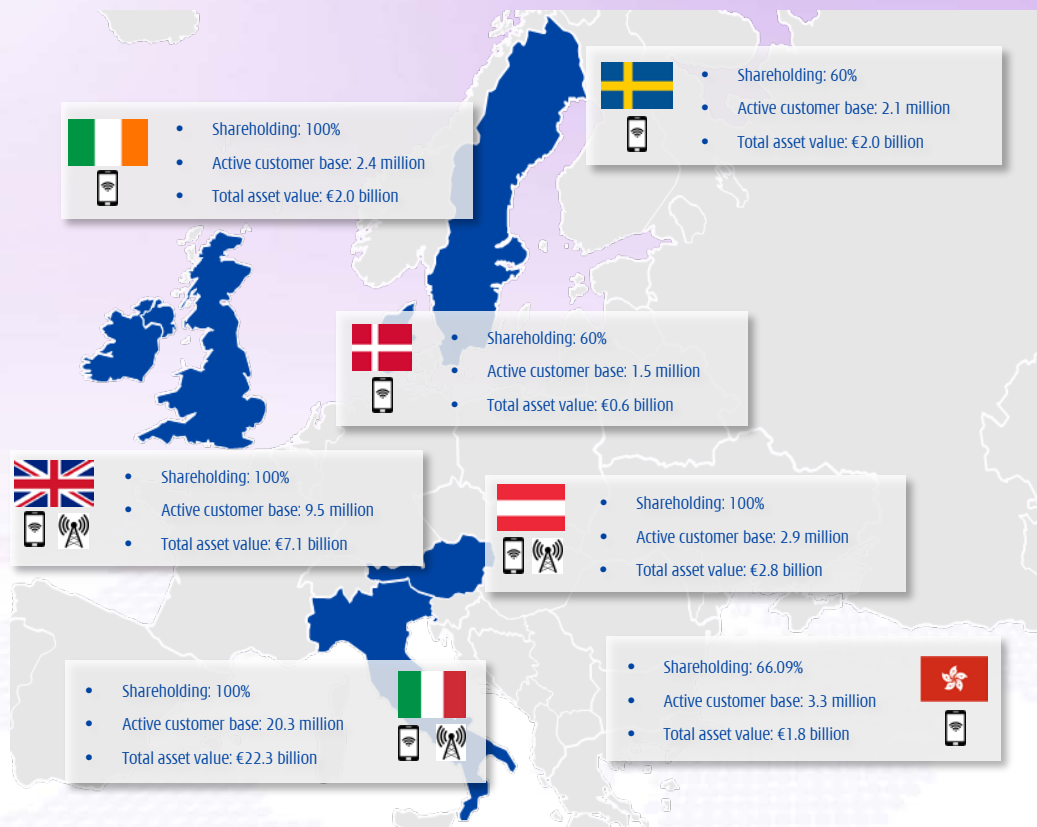
**Net  
Debt  
Ratio**
**23.1%**
**3.1%-pt**  
Y-o-Y


**1.0%-pt**  
vs Dec 2019

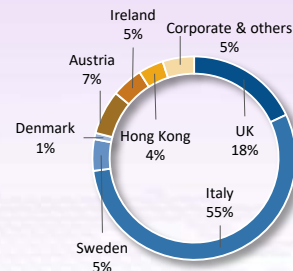
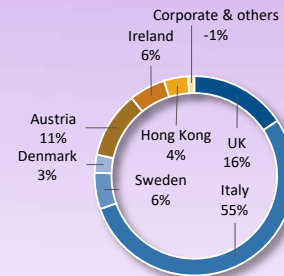
(1) Under Post-IFRS 16 basis, EBITDA and EBIT were €2.2 billion (1H 2019: €2.4 billion) and €0.9 billion (1H 2019: €1.3 billion) respectively.

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

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

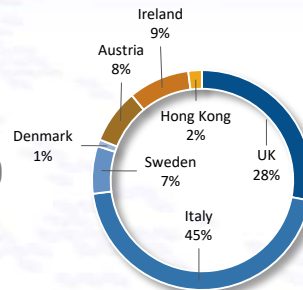


EBITDA <sup>(2)</sup>  
**€1,753m**



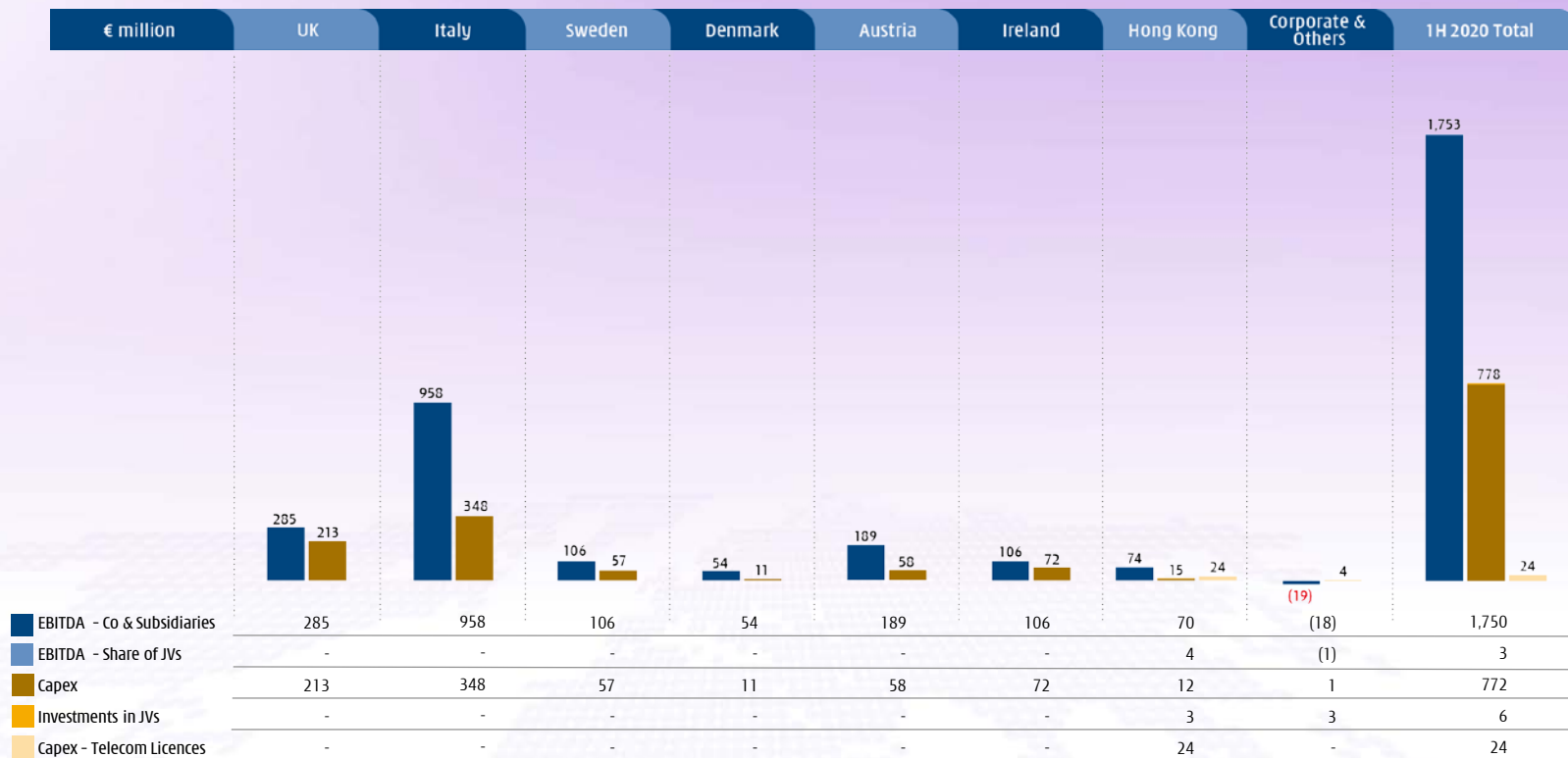
Total Assets  
**€40,524m**

Capex  
(excluding licences)  
**€772m**



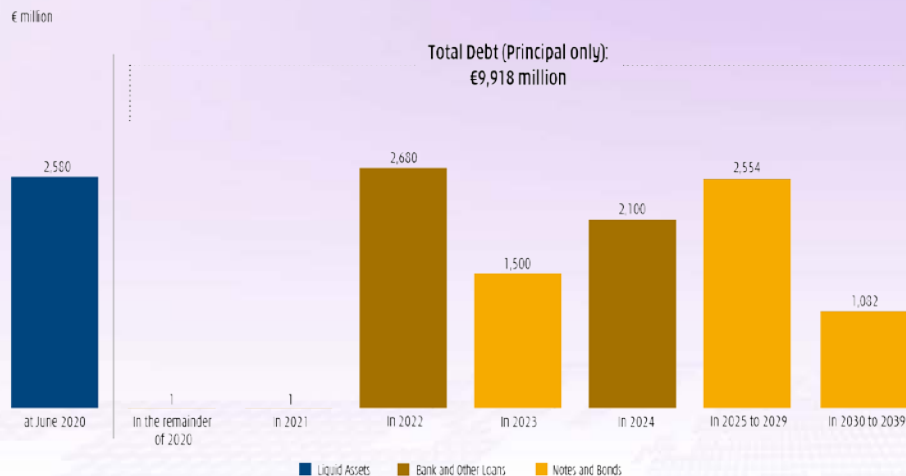
(1) Active customer base as at 30 June 2020.

(2) Under Post-IFRS 16 basis, EBITDA was €2,193 million (1H 2019: €2,373 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 investments in JVs.

## Debt Maturity Profile



## Net Debt

	Jun 2020	Dec 2019	Jun 2019
Net debt <sup>(1)</sup>	<b>€7.3bn</b>	€7.6bn	€8.0bn
Net debt to net total capital ratio <sup>(1)</sup>	<b>23.1%</b>	24.1%	26.2%

## Credit Ratings

	30 Jun 2020	31 Dec 2019
Moody's	<b>Baa1 (Stable)</b>	Baa1 (Stable)
S & P	<b>A- (Stable)</b>	A- (Stable)
Fitch	<b>BBB+ (Stable)</b>	BBB+ (Stable)

## Average Cost of Debt

**0.96%**  
(1H 2019: 1.90%)

(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. 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 June 2019, 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 23.2%.



In million	UK GBP		Italy EURO		Sweden SEK		Denmark DKK		Austria EURO		Ireland EURO		3 Group Europe 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
<b>Total Revenue</b>	<b>1,116</b>	1,167	<b>2,324</b>	2,398	<b>3,249</b>	3,238	<b>1,127</b>	1,054	<b>417</b>	425	<b>294</b>	296	<b>4,765</b>	4,902
% change	-4%		-3%		-		+7%		-2%		-1%		-3%	
<b>Total margin</b>	<b>713</b>	721	<b>1,740</b>	1,718	<b>2,019</b>	1,935	<b>880</b>	837	<b>309</b>	308	<b>229</b>	224	<b>3,399</b>	3,368
% change	-1%		+1%		+4%		+5%		-		+2%		+1%	
TOTAL CACS	(391)	(408)	(176)	(230)	(1,105)	(1,166)	(123)	(124)	(50)	(60)	(39)	(42)	(830)	(925)
Less: Handset Revenue	280	323	141	201	877	913	49	49	45	53	35	39	629	756
<b>Total CACS (net of handset revenue)</b>	<b>(111)</b>	(85)	<b>(35)</b>	(29)	<b>(228)</b>	(253)	<b>(74)</b>	(75)	<b>(5)</b>	(7)	<b>(4)</b>	(3)	<b>(201)</b>	(169)
<b>Operating Expenses</b>	<b>(351)</b>	(302)	<b>(747)</b>	(664)	<b>(665)</b>	(617)	<b>(403)</b>	(373)	<b>(115)</b>	(121)	<b>(119)</b>	(123)	<b>(1,500)</b>	(1,362)
Opex as a % of total margin	49%	42%	43%	39%	33%	32%	46%	45%	37%	39%	52%	55%	44%	40%
EBITDA - Underlying	251	334	958	910	1,126	1,065	403	389	189	180	106	98	1,698	1,722
% change	-25%		+5%		+6%		+4%		+5%		+8%		-1%	
One-time income	-	-	-	115	-	-	-	-	-	-	-	-	-	115
<b>EBITDA</b>	<b>251</b>	<b>334</b>	<b>958</b>	<b>1,025</b>	<b>1,126</b>	<b>1,065</b>	<b>403</b>	<b>389</b>	<b>189</b>	<b>180</b>	<b>106</b>	<b>98</b>	<b>1,698</b>	<b>1,837</b>
% change	-25%		-7%		+6%		+4%		+5%		+8%		-8%	
EBITDA margin % <sup>(1)</sup>	30%	40%	44%	47%	47%	46%	37%	39%	51%	48%	41%	38%	41%	44%
<b>Depreciation &amp; Amortisation</b>	<b>(165)</b>	(163)	<b>(386)</b>	(333)	<b>(559)</b>	(469)	<b>(206)</b>	(180)	<b>(75)</b>	(67)	<b>(61)</b>	(59)	<b>(791)</b>	(713)
EBIT - Underlying	86	171	572	577	567	596	197	209	114	113	45	39	907	1,009
% change	-50%		-1%		-5%		-6%		+1%		+15%		-10%	
One-time income	-	-	-	115	-	-	-	-	-	-	-	-	-	115
<b>EBIT</b>	<b>86</b>	<b>171</b>	<b>572</b>	<b>692</b>	<b>567</b>	<b>596</b>	<b>197</b>	<b>209</b>	<b>114</b>	<b>113</b>	<b>45</b>	<b>39</b>	<b>907</b>	<b>1,124</b>
% change	-50%		-17%		-5%		-6%		+1%		+15%		-19%	
<b>Capex (excluding licence)</b>	<b>(192)</b>	(155)	<b>(348)</b>	(352)	<b>(606)</b>	(549)	<b>(82)</b>	(80)	<b>(58)</b>	(68)	<b>(72)</b>	(56)	<b>(759)</b>	(712)
<b>EBITDA less Capex</b>	<b>59</b>	179	<b>610</b>	673	<b>520</b>	516	<b>321</b>	309	<b>131</b>	112	<b>34</b>	42	<b>939</b>	1,125
<b>Licence<sup>(2)</sup></b>	<b>-</b>	-	<b>-</b>	-	<b>-</b>	-	<b>-</b>	(488)	<b>-</b>	(52)	<b>-</b>	-	<b>-</b>	(117)

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

(2) 1H 2020 licence cost for Hong Kong represents investment for 40MHz of 3500MHz spectrum acquired in October 2019 for 15 years from 2020. 1H 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.



In million	3 Group Europe EURO		HTHKH HK\$		Corporate and others HK\$		CKHGT EURO	
	1H 2020	1H 2019	1H 2020	1H 2019	1H 2020	1H 2019	1H 2020	1H 2019
<b>Total Revenue</b>	<b>4,765</b>	4,902	<b>1,982</b>	2,515	<b>196</b>	220	<b>5,021</b>	5,209
% change	-3%		-21%		-11%		-4%	
<b>Total margin</b>	<b>3,399</b>	3,368	<b>1,570</b>	1,770	<b>25</b>	31	<b>3,586</b>	3,570
% change	+1%		-11%		-19%		-	
TOTAL CACS	(830)	(925)	(258)	(371)	-	-	(860)	(967)
Less: Handset Revenue	629	756	149	213	-	-	646	780
<b>Total CACS (net of handset revenue)</b>	<b>(201)</b>	(169)	<b>(109)</b>	(158)	-	-	<b>(214)</b>	(187)
<b>Operating Expenses</b>	<b>(1,500)</b>	(1,362)	<b>(830)</b>	(949)	<b>(184)</b>	518	<b>(1,619)</b>	(1,412)
Opex as a % of total margin	44%	40%	53%	54%	NA	NA	45%	40%
<b>EBITDA - Underlying</b>	<b>1,698</b>	1,722	<b>631</b>	663	<b>(159)</b>	549	<b>1,753</b>	1,856
% change	-1%		-5%		-129%		-6%	
One-time income	-	115	-	-	-	-	-	115
<b>EBITDA</b>	<b>1,698</b>	<b>1,837</b>	<b>631</b>	<b>663</b>	<b>(159)</b>	<b>549</b>	<b>1,753</b>	<b>1,971</b>
% change	-8%		-5%		-129%		-11%	
EBITDA margin % <sup>(1)</sup>	41%	44%	34%	29%	-81%	250%	40%	45%
<b>Depreciation &amp; Amortisation</b>	<b>(791)</b>	(713)	<b>(415)</b>	(403)	<b>(2)</b>	-	<b>(840)</b>	(758)
EBIT - Underlying	<b>907</b>	1,009			(161)	549	<b>913</b>	1,098
% change	-10%		-17%		-129%		-17%	
One-time income	-	115	-	-	-	-	-	115
<b>EBIT</b>	<b>907</b>	<b>1,124</b>	<b>216</b>	<b>260</b>	<b>(161)</b>	<b>549</b>	<b>913</b>	<b>1,213</b>
% change	-19%		-17%		-129%		-25%	
<b>Capex (excluding licence)</b>	<b>(759)</b>	(712)	<b>(105)</b>	(154)	<b>(7)</b>	(2)	<b>(772)</b>	(729)
<b>EBITDA less Capex</b>	<b>939</b>	1,125	<b>526</b>	509	<b>(166)</b>	547	<b>981</b>	1,242
<b>Licence<sup>(2)</sup></b>	<b>-</b>	(117)	<b>(202)</b>	-	<b>-</b>	-	<b>(24)</b>	(117)

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

(2) 1H 2020 licence cost for Hong Kong represents investment for 40MHz of 3500MHz spectrum acquired in October 2019 for 15 years from 2020. 1H 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.

## Total Revenue

€4,765m

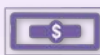
-3%

## KPI



Active mobile customers

38.7m -7%



12-month trailing Net AMPU

€11.24 +1%



Data Usage

2,560 pb/ half yr +39%

## 5G capabilities



5G rollout continues with leading spectrum portfolio



Launched largest 5G Network on 2100 MHz covering six cities



Best network based on independent survey to complement 5G roll-out



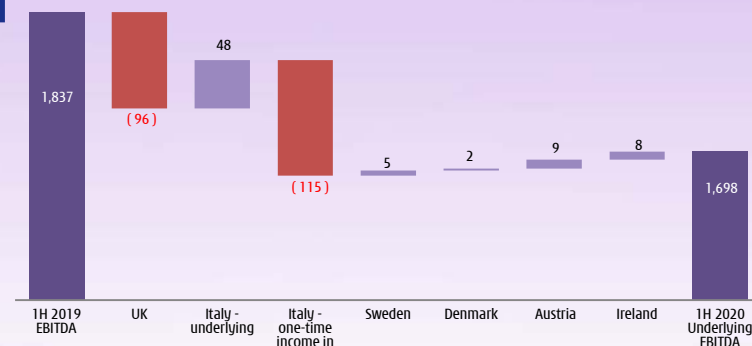
Go live with services offering including FWA and connected products utilising the broadest 5G spectrum from Q4 2020

## EBITDA

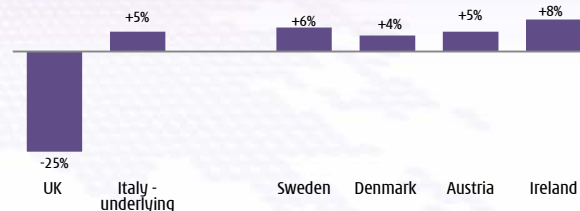
€1,698m

-8%

€ m



## EBITDA Change %



## EBITDA Margin %

UK	Italy - underlying	Sweden	Denmark	Austria	Ireland
30%	44%	47%	37%	51%	41%

(1) Under Post-IFRS 16 basis, EBITDA was €2,113 million (1H 2019: €2,212 million).

## Project Timeline



## Key Highlights

Towers  
**29,100**

Tenancy Ratio  
**1.2x**

### Geographical Presence



Pro Forma FY 2020 EBITDA <sup>(1)</sup>  
**~€300m**

(1) Assumes set-up of CKH Networks completed on 1 January 2020



Roaming  
Margin  
-90%

Gross  
Additions  
-22%

Retail Store  
Footfall  
-42%

Net AMPU  
+1%

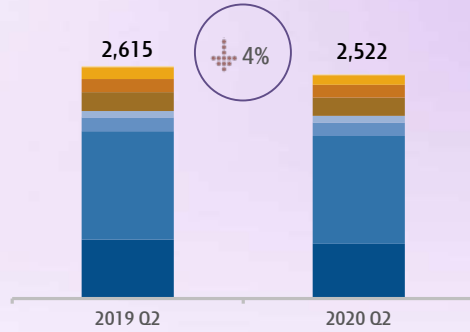
Contract  
Churn <sup>(1)</sup>  
+0.1%-pt

Data Usage  
per Active  
Customer  
+49%

(1) Represents monthly average churn of contract customers.

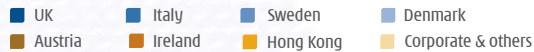
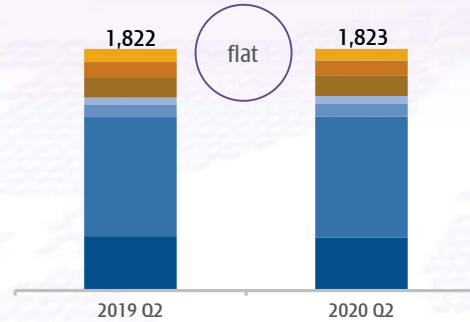
## Revenue

€ m



## Total Margin

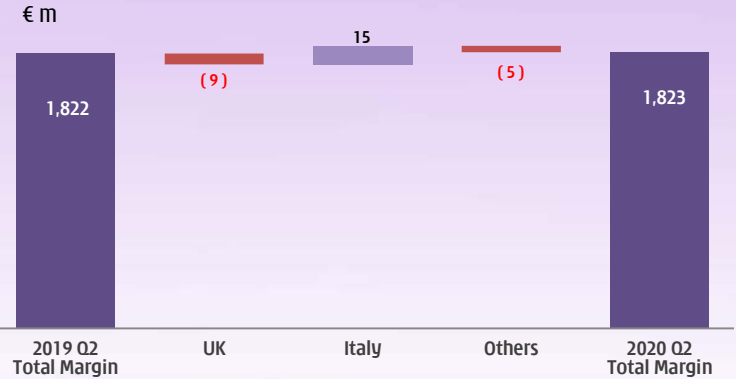
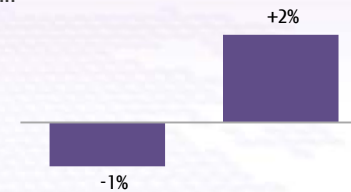
€ m



## Total Margin

€1,823m

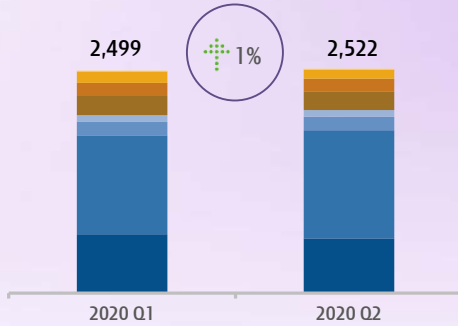
flat


 Total Margin Change %  
(in local currencies)

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


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

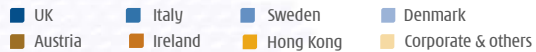
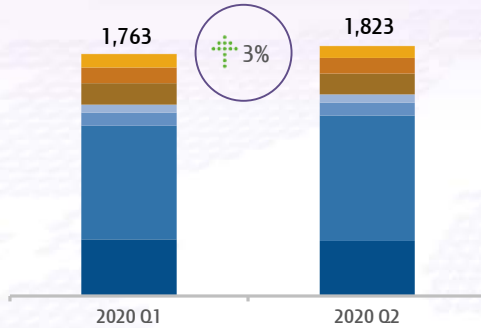
## Revenue

€ m



## Total Margin

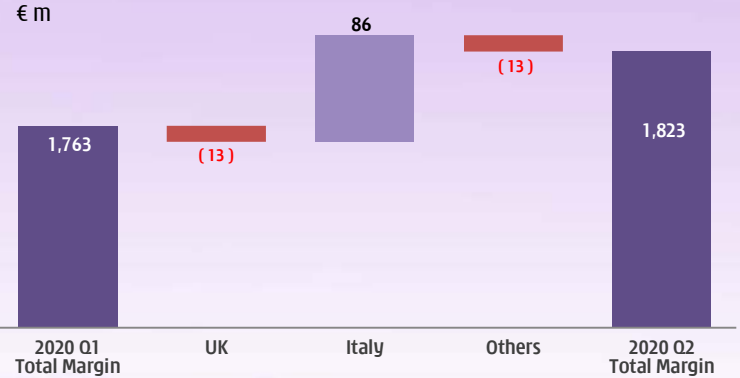
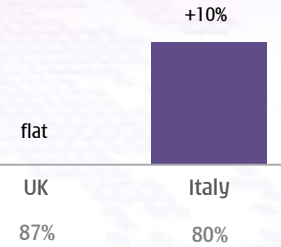
€ m



## Total Margin

**€1,823m**

+3%


 Total Margin  
Change %  
(in local currencies)


Total Margin %

## Key Financials

## Results Highlights

£ m	2020 Q2	2019 Q2	% Variance	2020 Q1	% Variance
Total Revenue	546	582	-6%	570	-4%
Total Margin	357	359	-1%	356	-
Total Margin (%)	87%	85%		84%	
Capex <sup>(1)</sup>	(94)	(93)	+1%	(98)	+4%
Net ARPU (£) <sup>(2)</sup>	12.62	13.38	-6%	12.60	-
Net AMPU (£) <sup>(3)</sup>	10.96	11.63	-6%	10.91	-
Active customer ('000) <sup>(4)</sup>	9,562	10,234	-7%	9,952	-4%
Active contract customer ('000)	7,259	7,004	+4%	7,243	-
Monthly average contract churn (%)	1.2%	1.2%		1.4%	

- Market landscape continues to be challenging during Q2 2020 as lockdown measures continued for majority of period
- Encouragingly, total margin has been relatively stable year-on-year as well as quarter on quarter
- Total margin % remains strong through retention of higher value customers
- The proportion of active contract customers continues to increase (Q2 2020: 76%; Q2 2019: 68%; Q1 2020: 73%), providing stable margin contributions
- Churn % demonstrated an increasing trend since Q3 2019 regulatory change on out-of-contract notifications which eased mobile porting procedures for consumers. This negative effect was mostly offset by lockdown measures during Q2 2020
- Capex was relatively stable as 3UK progresses to complete IT transformation and 5G rollout plans

(1) Capex amount excludes licence costs.

(2) Net ARPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in contract bundled plans, divided by the average number of active customers during the year.

(3) Net AMPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in contract bundled plans, less direct variable costs (including interconnection charges and roaming costs) (i.e. net customer service margin), divided by the average number of active customers during the year.

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

## Key Financials

€ m	2020 Q2	2019 Q2	% Variance	2020 Q1	% Variance
Total Revenue	1,214	1,221	-1%	1,110	+9%
Total Margin	913	898	+2%	827	+10%
Total Margin (%)	80%	79%		80%	
Capex	(212)	(237)	↓ 11%	(136)	↑ 56%
Net ARPU (£)	11.00	10.86	+1%	10.83	+2%
Net AMPU (£)	9.26	8.84	+5%	9.11	+2%
Active customer ('000)	20,326	22,858	-11%	20,652	-2%
Active contract customer ('000)	9,683	10,001	-3%	9,474	+2%
Monthly average contract churn (%)	1.2%	1.4%		1.3%	

## Results Highlights

- Aggressive competition from Iliad and MVNOs remained high before and during the COVID-19 lockdown
- Revenue and Margin improved both against last year and last quarter through effective customer value management
- Margin % remained at a healthy level of approximately 80% throughout the periods
- Positive AMPU trend as a result of customer value management initiatives and cost control
- Continuous increase in proportion of active contract customers (Q2 2020: 48%; Q2 2019: 44%; Q1 2020: 46%) in a predominantly prepaid market
- Churn rates gradually stabilised since mid 2019, with reduced churn in Q2 2020 due to lockdown
- Best network with fastest upload and download speed based on independent survey, a solid platform upon which to commence 5G rollout during 2020
- Increased capex compared to Q1 2020 mainly due to timing of network spending