



CK HUTCHISON GROUP TELECOM HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

2020 Annual Results

Operations Analysis





The information, statements and opinions contained in this Presentation and subsequent discussion do not constitute an offer to sell or solicitation of any offer to subscribe for or purchase any securities or other financial instruments or any advice or recommendation in respect of such securities or other financial instruments.

Potential investors and shareholders of the Company (the "Potential Investors and Shareholders") are reminded that information contained in this Presentation and subsequent discussion comprises extracts of operational data and financial information of the Group for the year ended 31 December 2020. The information included in this Presentation and subsequent discussion, which does not purport to be comprehensive nor render any form of financial or other advice, has been provided by the Group for general information purposes only and certain information has not been independently verified. No representations or warranties, expressed or implied, are made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information, statements or opinions presented or contained in this Presentation and any subsequent discussions or any data which such information generates.

The performance data and the results of operations of the Group contained in this Presentation and subsequent discussion are historical in nature, and past performance is no guarantee of the future results of the Group. Any forward-looking statements and opinions contained in this Presentation and subsequent discussion are based on current plans, beliefs, expectations, estimates and projections at the date the statements are made, and therefore involve risks and uncertainties. There can be no assurance that any of the matters set out in such forward-looking statements are attainable, will actually occur or will be realised or are complete or accurate. Actual results may differ materially from those stated, implied and/or reflected in such forward-looking statements and opinions. The Group, the Directors, officers, employees and agents of the Group assume (a) no obligation to correct, update or supplement the forward-looking statements or opinions contained in this Presentation and subsequent discussion; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.

Potential Investors and Shareholders should exercise caution when investing in or dealing in the securities of the Company.

Revenue
€10.2bn
- 4%

EBITDA ⁽¹⁾⁽³⁾
€5.3bn
+ 32%

EBIT ⁽¹⁾⁽³⁾
€3.5bn
+ 46%

Total Margin
€7.2bn
- 1%

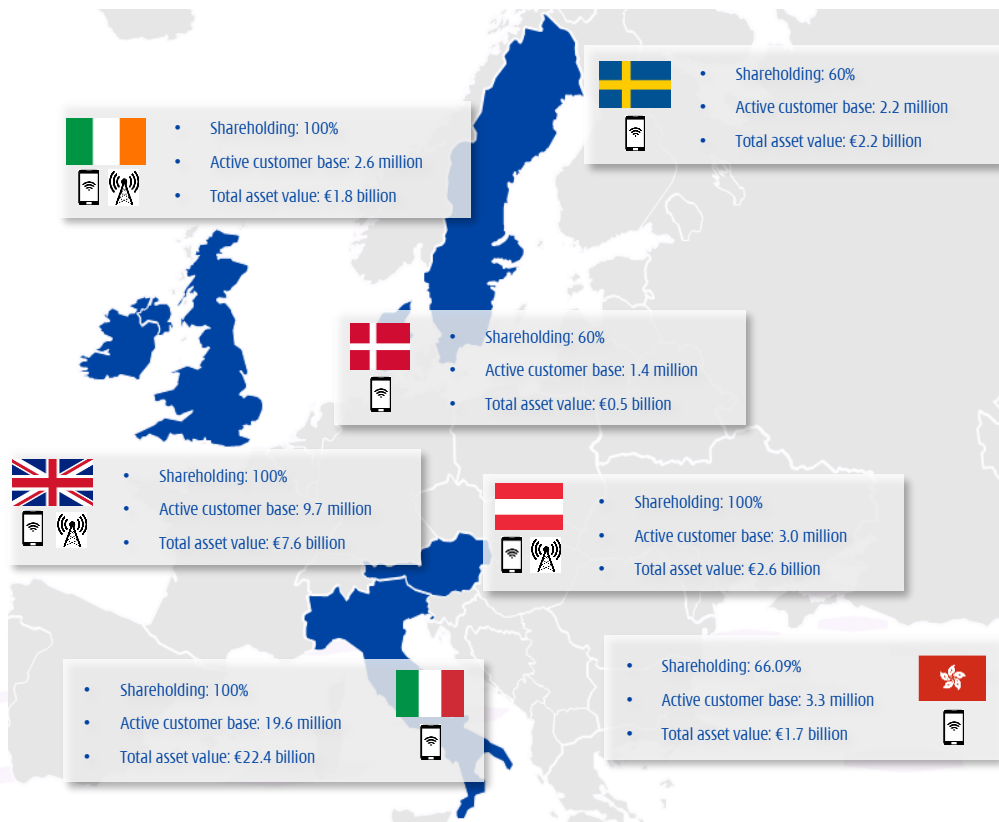
Active Customer ⁽²⁾
41.8mn
- 5%

Net Debt Ratio
16.6%
↓ 7.5% -pt

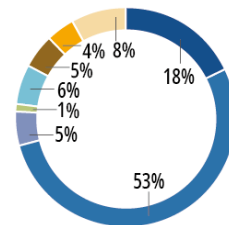
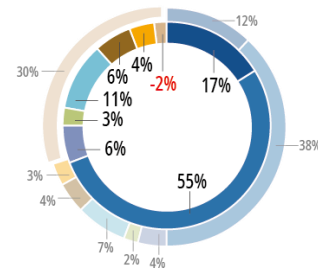
(1) Under Post-IFRS 16 basis, EBITDA and EBIT were €6.2 billion and €3.6 billion respectively.

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

(3) EBITDA and EBIT includes gain on disposal of tower assets completed in 2020 of €1.7 billion.

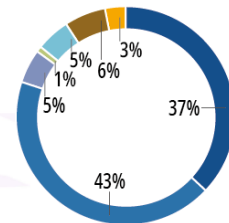


EBITDA ⁽²⁾
€5,309m

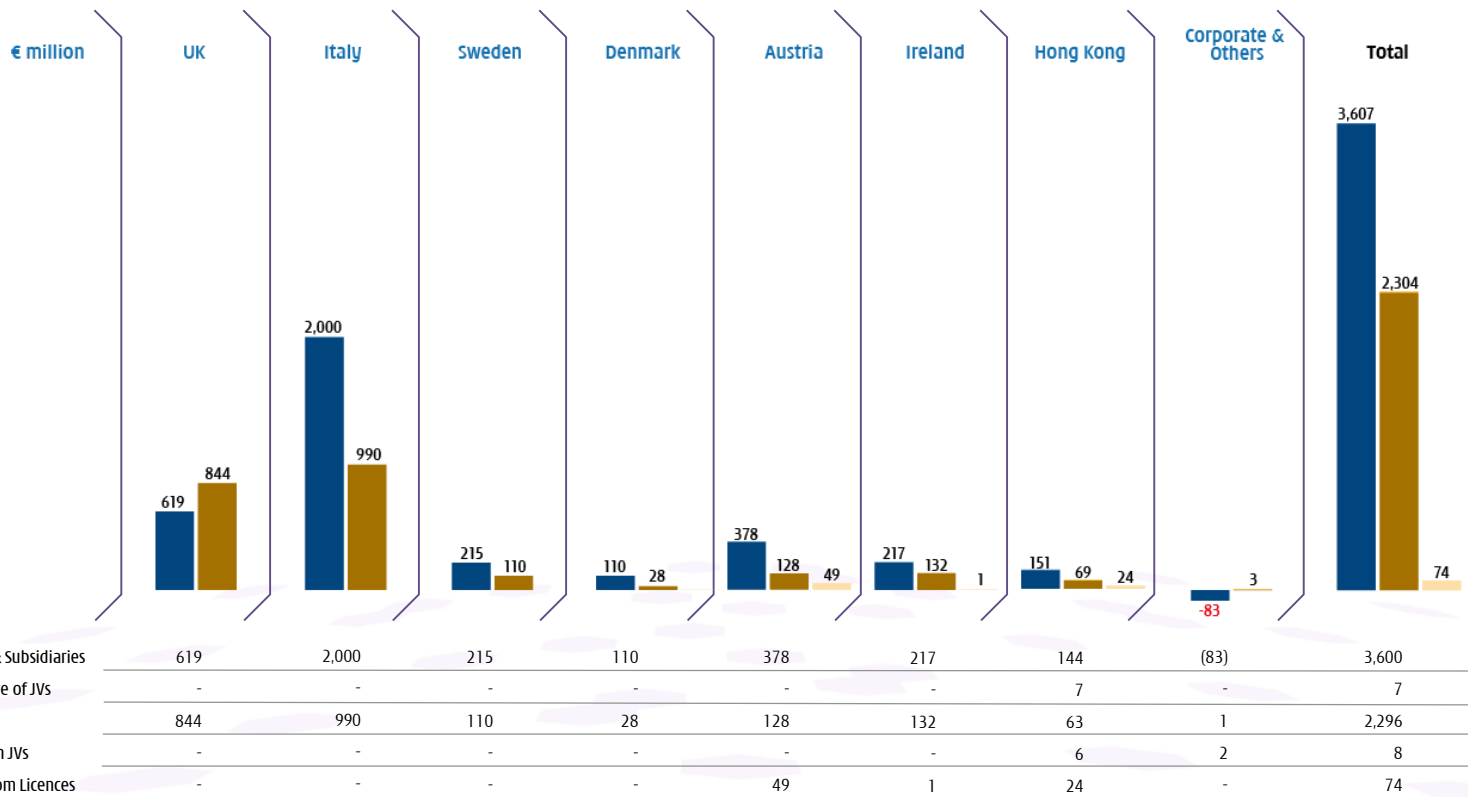


Total Assets ⁽³⁾
€42,018m

Capex
(excluding licences)
€2,296m



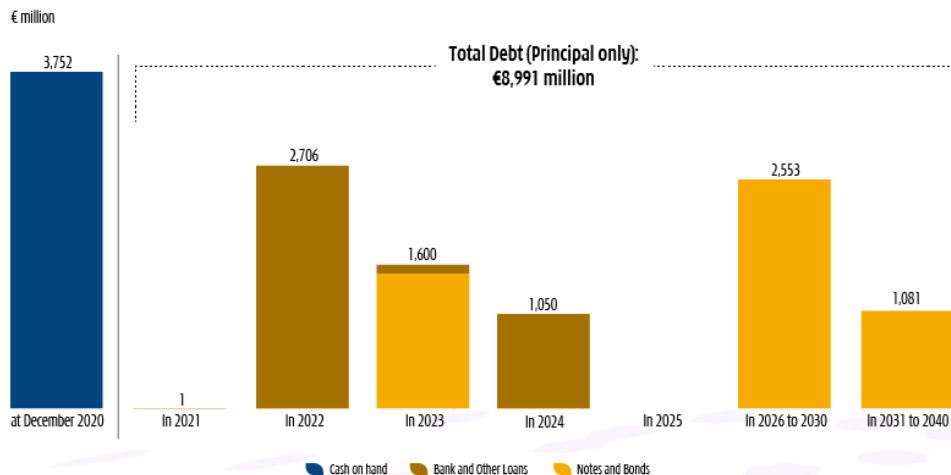
(1) Active customer base as at 31 December 2020.
 (2) Under Post-IFRS 16 basis, EBITDA was €6,229 million.
 (3) Under Post-IFRS 16 basis, total asset value was €44,431 million.



(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.

(2) EBITDA - Co & subsidiaries excludes gain on disposal of tower assets completed in 2020 of €1.7 billion.

Debt Maturity Profile



Net Debt

	Dec 2020	Jun 2020	Dec 2019
Net debt ⁽¹⁾	€5.2bn	€7.3bn	€7.6bn
Net debt to net total capital ratio ⁽¹⁾	16.6%	23.1%	24.1%

Credit Ratings

	31 Dec 2020	31 Dec 2019
Moody's	Baa1 (Stable)	Baa1 (Stable)
S & P	A- (Stable)	A- (Stable)
Fitch	BBB+ (Stable)	BBB+ (Stable)

Average Cost of Debt

0.96% 0.82%-pts

(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. The consolidated net debt to net total capital ratio under IFRS 16 basis, after including IFRS 16 impact in total equity is 16.7%.

In million	UK GBP		Italy EURO		Sweden SEK		Denmark DKK		Austria EURO		Ireland EURO		3 Group Europe EURO	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Total Revenue	2,355	2,384	4,656	4,854	6,734	6,757	2,254	2,182	850	867	593	603	9,685	9,977
% change	-1%		-4%		-		+3%		-2%		-2%		-3%	
Total margin	1,436	1,441	3,524	3,548	4,076	3,909	1,737	1,720	618	622	448	454	6,822	6,867
% change	-		-1%		+4%		+1%		-1%		-1%		-	
TOTAL CACS	(891)	(882)	(348)	(464)	(2,422)	(2,563)	(245)	(244)	(116)	(136)	(89)	(87)	(1,816)	(1,968)
Less: Handset Revenue	682	680	268	382	1,954	2,045	106	100	104	121	87	82	1,423	1,569
Total CACS (net of handset revenue)	(209)	(202)	(80)	(82)	(468)	(518)	(139)	(144)	(12)	(15)	(2)	(5)	(393)	(399)
Operating Expenses	(674)	(526)	(1,444)	(1,366)	(1,359)	(1,212)	(777)	(732)	(228)	(234)	(229)	(238)	(2,890)	(2,647)
Opex as a % of total margin	47%	37%	41%	39%	33%	31%	45%	43%	37%	38%	51%	52%	42%	39%
Gain from disposal of tower assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EBITDA	553	713	2,000	2,100	2,249	2,179	821	844	378	373	217	211	3,539	3,821
% change	-22%		-5%		+3%		-3%		+1%		+3%		-7%	
EBITDA margin % ⁽¹⁾	33%	42%	46%	47%	47%	46%	38%	41%	51%	50%	43%	40%	43%	45%
Depreciation & Amortisation	(358)	(334)	(862)	(743)	(1,123)	(962)	(406)	(373)	(152)	(140)	(124)	(122)	(1,701)	(1,528)
EBIT	195	379	1,138	1,357	1,126	1,217	415	471	226	233	93	89	1,838	2,293
% change	-49%		-16%		-7%		-12%		-3%		+4%		-20%	
Capex (excluding licence)	(764)	(426)	(990)	(1,190)	(1,112)	(1,170)	(209)	(215)	(128)	(129)	(132)	(133)	(2,232)	(2,091)
EBITDA less Capex	(211)	287	1,010	910	1,137	1,009	612	629	250	244	85	78	1,307	1,730
Licence⁽²⁾	-	-	-	-	-	-	-	(485)	(49)	(52)	(1)	(1)	(50)	(118)

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

(2) 2020 licence cost for Austria represents investment for 20 MHz of 700 MHz spectrum, 30 MHz of 1500 MHz spectrum and 40 MHz of 2100 MHz spectrum acquired in October 2020, and the licence cost for Hong Kong represents investment for 40 MHz of 3500 MHz spectrum acquired in October 2019 for 15 years from 2020. 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 2x10 MHz of 900MHz spectrum acquired in March 2019, and the licence cost for Hong Kong represents investment for 30 MHz of 3300 MHz spectrum acquired in November 2019.

In million	3 Group Europe EURO		HTHKH HK\$		Corporate and others HK\$		CKHGT EURO	
	2020	2019	2020	2019	2020	2019	2020	2019
Total Revenue	9,685	9,977	4,545	5,582	319	419	10,231	10,663
% change	-3%		-19%		-24%		-4%	
Total margin	6,822	6,867	3,151	3,551	41	64	7,182	7,280
% change	-		-11%		-36%		-1%	
TOTAL CACs	(1,816)	(1,968)	(526)	(797)	-	-	(1,875)	(2,059)
Less: Handset Revenue	1,423	1,569	345	472	-	-	1,462	1,623
Total CACs (net of handset revenue)	(393)	(399)	(181)	(325)	-	-	(413)	(436)
Operating Expenses	(2,890)	(2,647)	(1,629)	(1,837)	(803)	377	(3,162)	(2,816)
Opex as a % of total margin	42%	39%	52%	52%	NA	NA	44%	39%
Gain from disposal of tower assets	-	-	-	-	16,583	-	1,702	-
EBITDA	3,539	3,821	1,341	1,389	15,821	441	5,309	4,028
% change	-7%		-3%		+3,488%		+32%	
EBITDA margin % ⁽¹⁾	43%	45%	32%	27%			61%	45%
Depreciation & Amortisation	(1,701)	(1,528)	(845)	(808)	(6)	(3)	(1,797)	(1,620)
EBIT	1,838	2,293	496	581	15,815	438	3,512	2,408
% change	-20%		-15%		+3,511%		+46%	
Capex (excluding licence)	(2,232)	(2,091)	(593)	(503)	(15)	(7)	(2,296)	(2,150)
EBITDA less Capex	1,307	1,730	748	886	15,806	434	3,013	1,878
Licence⁽²⁾	(50)	(118)	(202)	(203)	-	-	(74)	(141)

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

(2) 2020 licence cost for Austria represents investment for 20 MHz of 700 MHz spectrum, 30 MHz of 1500 MHz spectrum and 40 MHz of 2100 MHz spectrum acquired in October 2020, and the licence cost for Hong Kong represents investment for 40 MHz of 3500 MHz spectrum acquired in October 2019 for 15 years from 2020. 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 2x10 MHz of 900MHz spectrum acquired in March 2019, and the licence cost for Hong Kong represents investment for 30 MHz of 3300 MHz spectrum acquired in November 2019.

Total Revenue

€9,685m

-3%

KPI



Active mobile customers

38.5m -5%



12-month trailing Net AMPU

€11.29 +2%



Data Usage

5,485 pb/ yr +35%

5G capabilities



5G roll-out commenced in 2020, supported by best network based on independent survey



5G rollout continues with leading spectrum portfolio. Auction for 700MHz and 3.6-3.8 GHz spectrum to take place in March 2021



A live 5G cluster outside Copenhagen was launched in December 2020



Launched largest 5G Network on 2100 MHz covering six cities



5G services went live for handset and FWA along with connected products utilising the broadest 5G spectrum

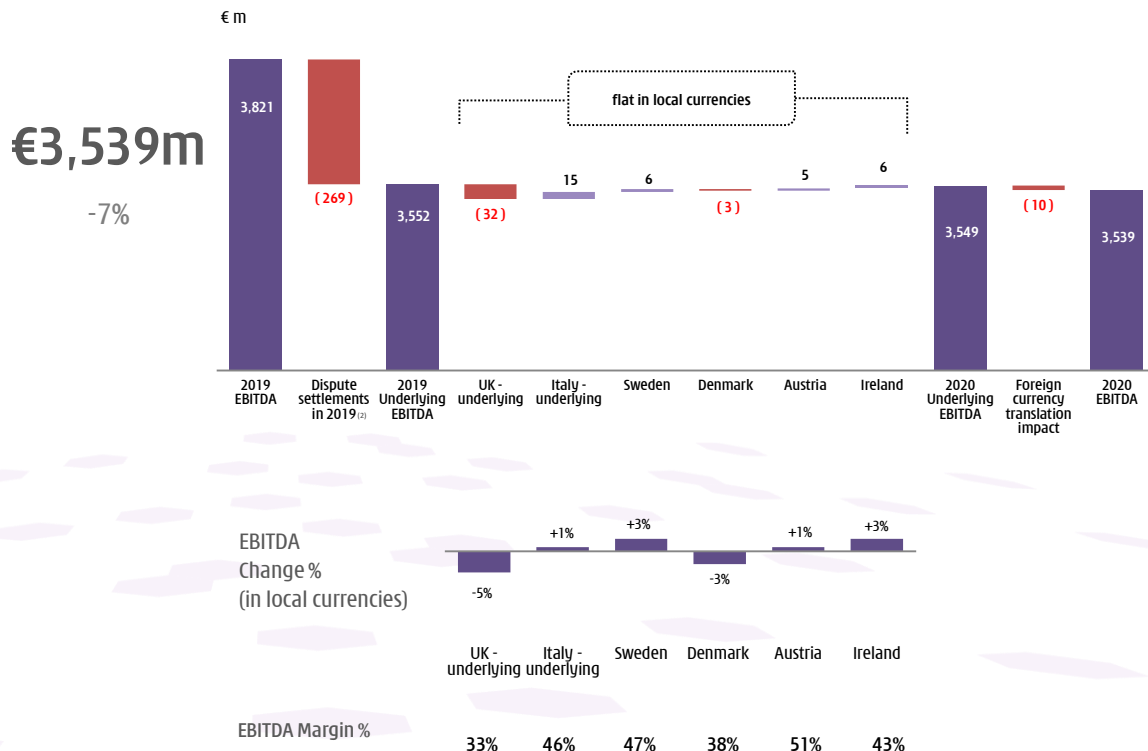


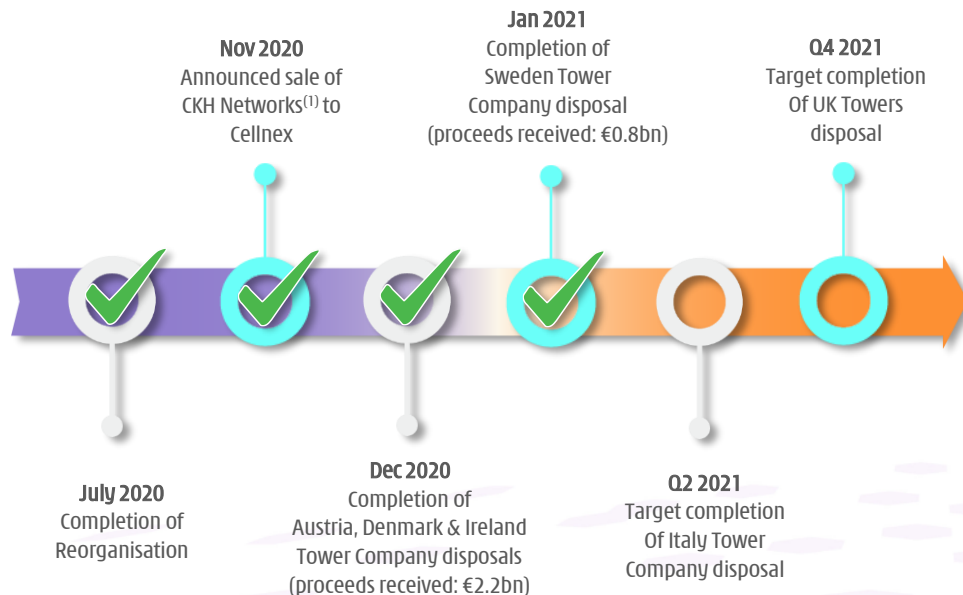
First operator to launch 5G offers in Austria

(1) Under Post-IFRS 16 basis, EBITDA was HK\$38,929 million.

(2) Dispute settlements in the UK and Italy in 2019 which did not recur in 2020.

EBITDA ⁽¹⁾





Total Consideration

€10bn⁽²⁾

- €8.6 billion cash and €1.4 billion Cellnex shares⁽³⁾
- 15 years MSA, extendable for additional 15 years at Telco's option⁽⁴⁾
- Strategic partnership includes a new build-to-suit program comprising approximately 6.7k new sites⁽⁵⁾
- Estimated full year net impact to EBITDA of approximately €330 million⁽⁶⁾
- Approximately €1bn reduction in capex over next 5 years⁽⁶⁾

Use of Cash Proceeds

- Optimise capital structure and returns to shareholders through:
 - Reduce indebtedness
 - Consider on-market share buyback programmes
- General corporate purposes

(1) Tower companies holding interests in approximately 25k sites in Austria, Denmark, Ireland, Italy, Sweden and the United Kingdom.

(2) €9.5bn attributable to CKHGT.

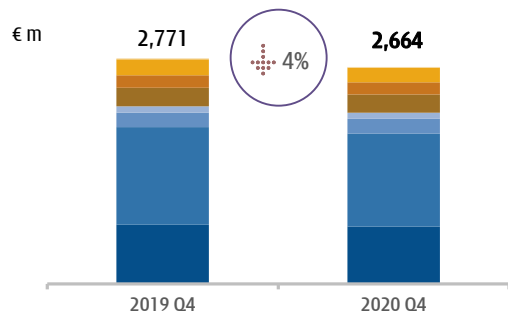
(3) New Cellnex shares equating to approximately 5% pro forma stake.

(4) "All or nothing" renewal at the discretion of our European mobile operation in each jurisdiction (except for Austria, where the Master Services Agreement provides for an indefinite term subject to termination rights as agreed).

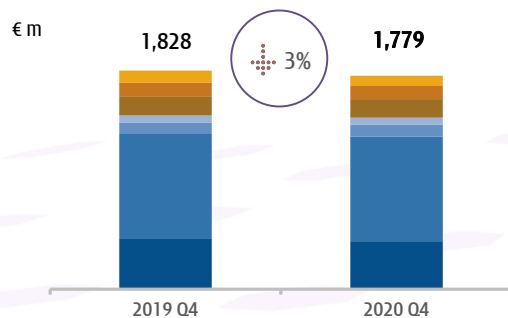
(5) Estimated new sites rollout over the relevant period of the BTS program.

(6) Estimates presented as if CKH Networks had been established on 1 January 2020 and by translating the UK, Sweden and Denmark operations into EUR equivalent for illustrative purposes.

Revenue

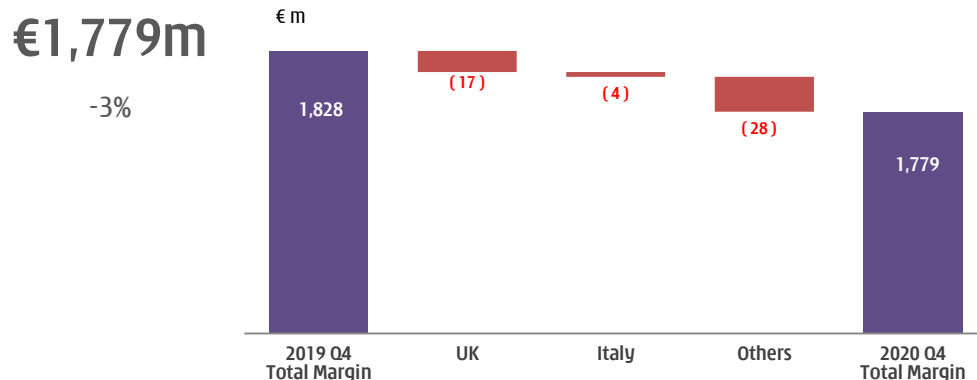


Total Margin

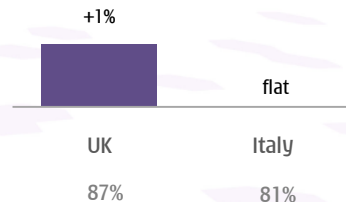


■ UK ■ Italy ■ Sweden ■ Denmark
 ■ Austria ■ Ireland ■ Hong Kong ■ Corporate & others

Total Margin



Total Margin
Change %
(in local currencies)

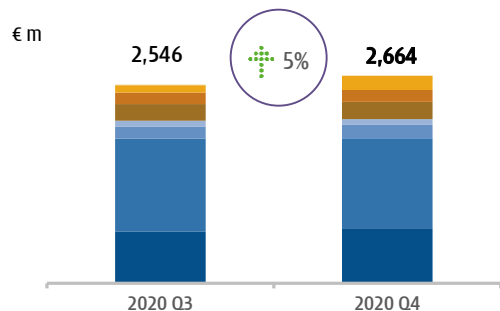


Total Margin %⁽¹⁾

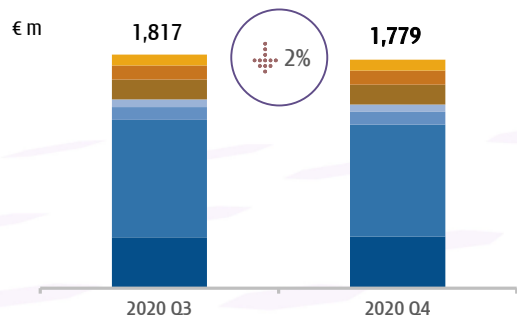
UK	87%
Italy	81%

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

Revenue



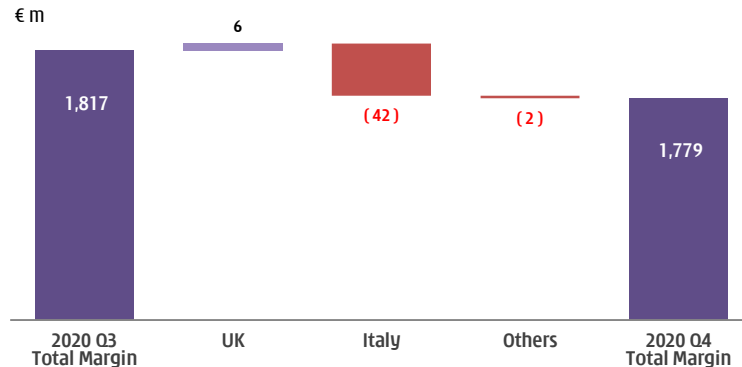
Total Margin



■ UK ■ Italy ■ Sweden ■ Denmark
 ■ Austria ■ Ireland ■ Hong Kong ■ Corporate & others

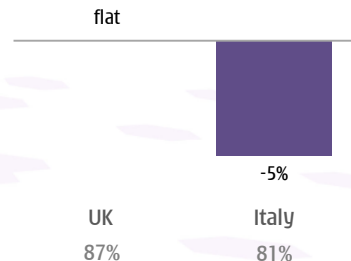
Total Margin

€1,779m
-2%



Total Margin
Change %
(in local currencies)

Total Margin %



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

Key Financials

£ m	2020 Q4	2019 Q4	% Variance	2020 Q3	% Variance
Total Revenue	636	625	+2%	603	+5%
Total Margin	362	359	+1%	361	-
Total Margin (%)	87%	84%	+3%-pts	85%	+2%-pts
Capex	(369)	(205)	+80%	(203)	+82%
Net ARPU (£)	12.69	12.73	-	12.66	-
Net AMPU (£)	11.12	11.02	+1%	11.07	-
Active customer ('000)	9,706	10,299	-6%	9,909	-2%
Active contract customer ('000)	7,515	7,153	+5%	7,386	+2%
Monthly average contract churn (%)	1.6%	1.5%		1.6%	

Results Highlights

- Volatile market landscape with resurgence of the pandemic towards the end of Q3 2020
- Encouragingly, total margin has been relatively stable year-on-year as well as quarter on quarter
- Total margin % remains strong through disciplined cost management and retention of higher value customers
- Capex increased as 3UK progresses to complete IT transformation and 5G rollout plans
- Lower active customer base mainly due to non-contract churn from MVNO competition, encouragingly, the proportion of active contract customers continues to increase (Q4 2020: 77%; Q4 2019: 69%; Q3 2020: 75%), providing stable margin contributions
- Contract churn % had seen an increasing trend since Q3 2019 as regulatory change on out-of-contract notifications which eased mobile porting procedures for consumers.

Key Financials

€ m	2020 Q4	2019 Q4	% Variance	2020 Q3	% Variance
Total Revenue	1,143	1,198	-5%	1,189	-4%
Total Margin	871	875	-	913	-5%
Total Margin (%)	81%	80%	+1%-pts	81%	-
Capex	(448)	(612)	+27%	(194)	+131%
Net ARPU (£)	11.05	10.72	+3%	11.01	-
Net AMPU (£)	9.40	8.94	+5%	9.33	+1%
Active customer ('000)	19,638	21,526	-9%	19,897	-1%
Active contract customer ('000)	9,697	9,711	-	9,775	-1%
Monthly average contract churn (%)	1.5%	1.5%		1.5%	

Results Highlights

- Aggressive competition from Iliad and MVNOs remained high
- Revenue declined as a result but margin remained strong through effective customer value management
- Margin % remained at a healthy level of approximately 80% throughout the periods
- Best network with fastest upload and download speed based on independent survey, a solid platform upon which to commence 5G rollout during 2020
- Positive AMPU trend as a result of customer value management initiatives and cost control
- Intense competition has seen active customer base decline, in particular for non-contract customers. The trend has relatively stabilised since Wind Tre launched second brand "Very" Mobile in 2020 to compete in the prepaid segment
- Continuous increase in proportion of active contract customers (Q4 2020: 49%; Q4 2019: 45%; Q3 2020: 49%) in a predominantly prepaid market
- Churn rates gradually stabilised since mid 2019



Q & A