



CK HUTCHISON GROUP TELECOM HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)



2023 Interim Results

Operations Analysis

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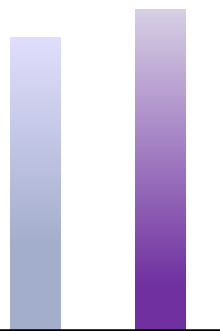
Potential Investors and Shareholders should exercise caution when investing in or dealing in the securities of the Company.

CK Hutchison Group Telecom



Active Customer⁽¹⁾

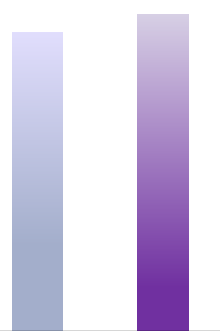
+3%



1H 2022 1H 2023
42.2mn 43.3mn

Revenue

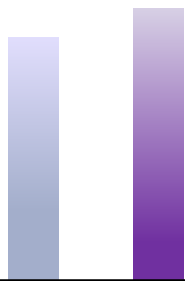
+1%



1H 2022 1H 2023
€4.9bn €4.9bn

Total Margin

+3%



1H 2022 1H 2023
€3.5bn €3.6bn

EBITDA⁽²⁾ (pre-IFRS 16)

-17%



1H 2022 1H 2023
€1.5bn €1.2bn

EBIT⁽²⁾ (pre-IFRS 16)

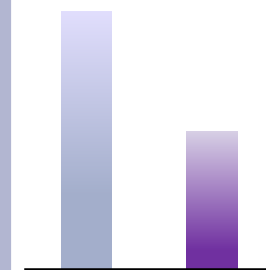
-73%



1H 2022 1H 2023
€0.3bn €0.1bn

Net Debt Ratio⁽²⁾ (pre-IFRS 16)

+6.6%-points



1H 2022 1H 2023
14.2% 7.6%

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

(2) Under Post-IFRS 16 basis, EBITDA, EBIT and net debt ratio were €1.6 billion, €0.1 billion and 7.2% respectively.

CK Hutchison Group Telecom



UK



- Shareholding: 100%
- Active customer base: 10.6 million
- Total asset value: €9.5 billion



IRE



- Shareholding: 100%
- Active customer base: 4.1 million
- Total asset value: €1.9 billion



ITA



- Shareholding: 100%
- Active customer base: 18.3 million
- Total asset value: €17.6 billion



DEN



- Shareholding: 60%
- Active customer base: 1.6 million
- Total asset value: €0.6 billion



AUT



- Shareholding: 100%
- Active customer base: 2.8 million
- Total asset value: €2.6 billion



SWE



- Shareholding: 60%
- Active customer base: 2.5 million
- Total asset value: €1.9 billion



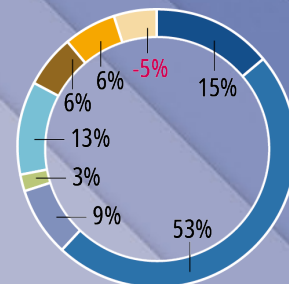
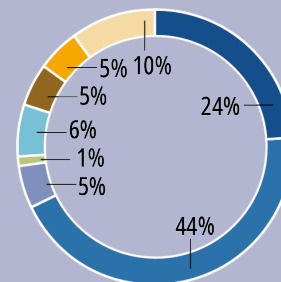
HK



- Shareholding: 66.09%
- Active customer base: 3.4 million
- Total asset value: €1.9 billion

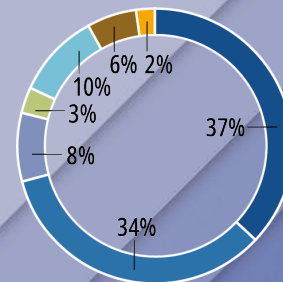
EBITDA ⁽²⁾

€1,218m



Total Assets ⁽³⁾

€39,849m



Capex
(excluding licences)

€846m



(1) Active customer base as at 30 June 2023.

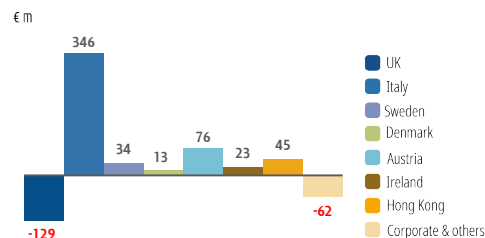
(2) Under Post-IFRS 16 basis, EBITDA was €1,611 million.

(3) Under Post-IFRS 16 basis, total asset value was €41,630 million.

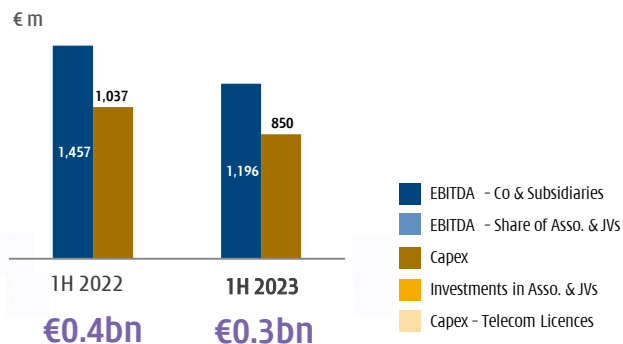
Operating FCF



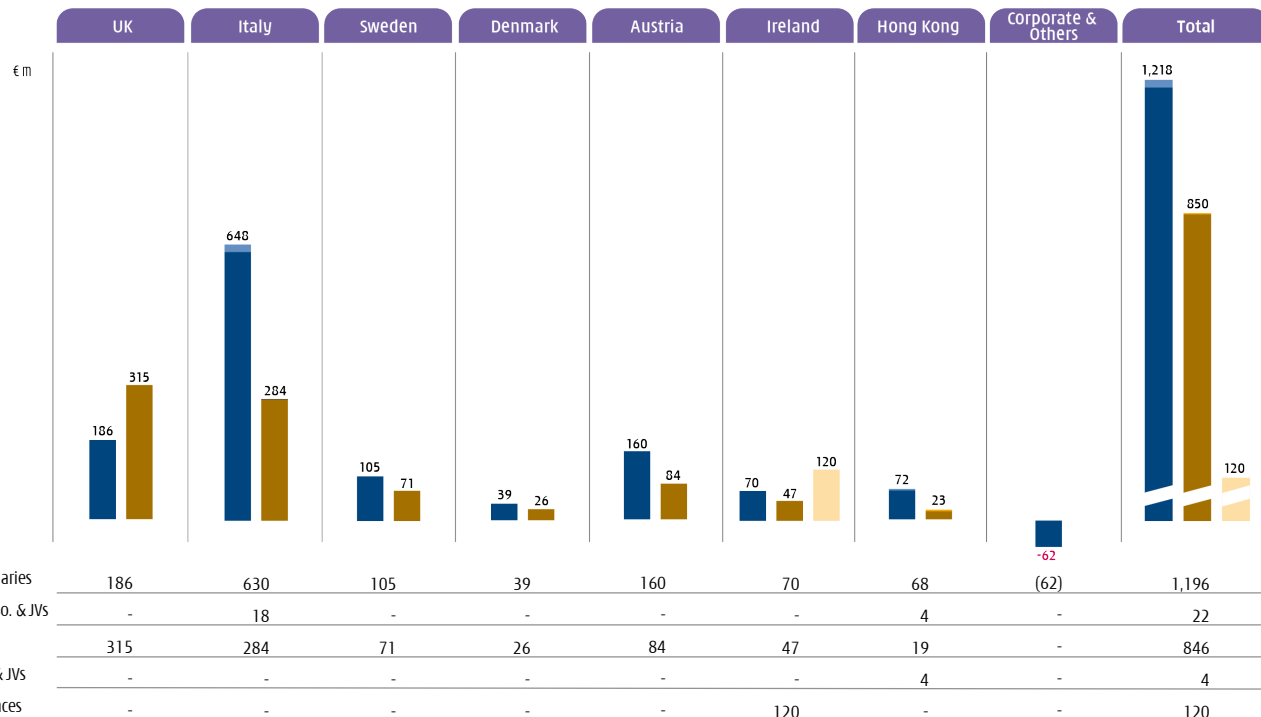
Operating FCF by Core Business



Operating FCF (pre-IFRS 16) ⁽¹⁾



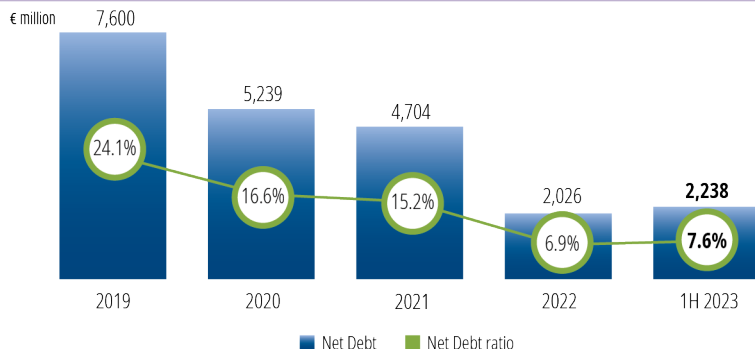
Operating FCF by division



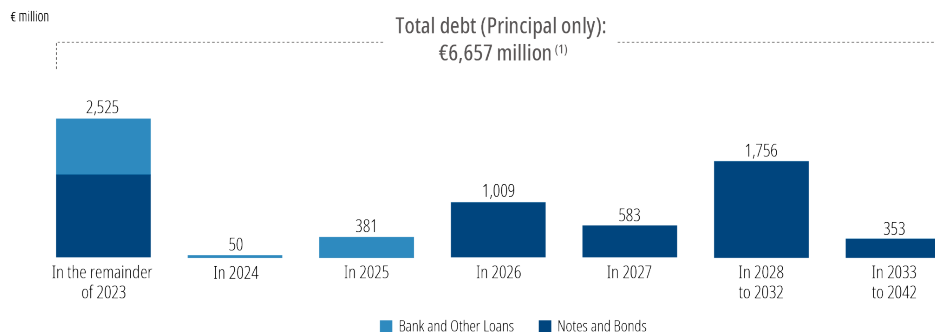
(1) Operating FCF (Operating Free Cash Flow) represents EBITDA (Pre-IFRS 16 basis) of Company & subsidiaries less capex of Company & subsidiaries (excluding Telecom licences) and investments in Asso. And JVs.

Financial Profile

Net Debt Improvement



Debt Maturity Profile



1.3%
Avg. Cost of Debt
(Jun 2022: 1.0%)

€4.4bn
Liquid Assets
(sufficient to cover
all debt maturing
prior to
Q4 2027)

Moody's Baa1
S&P A-
Fitch A-

(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 listed investments. Net total capital is defined as total bank and other debts plus total equity (adjusted to exclude IFRS 16 effects) and loan from non-controlling shareholders net of total cash and listed investments. The consolidated net debt to net total capital ratio under IFRS 16 basis, after including IFRS 16 impact in total equity is 7.2%.

CKHGT - 3 Group Europe



	UK ⁽¹⁾ GBP		Italy EURO		Sweden SEK		Denmark DKK		Austria EURO		Ireland EURO		3 Group Europe ⁽¹⁾ EURO			
In million	1H 2023	1H 2022	1H 2023	1H 2022	1H 2023	1H 2022	1H 2023	1H 2022	1H 2023	1H 2022	1H 2023	1H 2022	1H 2023	1H 2022		
													Normalised ⁽¹⁾	Tower assets	Reported	
Total Revenue	1,227	1,175	1,898	1,958	3,777	3,531	1,213	1,166	466	436	298	301	4,563	4,585	-	4,585
% change	+4%		-3%		+7%		+4%		+7%		-1%		-			
Total margin	808	743	1,469	1,500	2,545	2,319	977	913	343	332	228	227	3,320	3,287	-	3,287
% change	+9%		-2%		+10%		+7%		+3%		-		+1%			
TOTAL CACS	(447)	(430)	(133)	(138)	(458)	(464)	(154)	(123)	(74)	(55)	(40)	(47)	(820)	(811)	-	(811)
Less: Handset Revenue	323	325	90	82	261	244	60	48	67	48	37	45	594	590	-	590
Total CACS (net of handset revenue)	(124)	(105)	(43)	(56)	(197)	(220)	(94)	(75)	(7)	(7)	(3)	(2)	(226)	(221)	-	(221)
Operating Expenses	(521)	(437)	(778)	(802)	(1,165)	(959)	(589)	(504)	(176)	(153)	(155)	(142)	(1,886)	(1,776)	71	(1,705)
Opex as a % of total margin	64%	59%	53%	53%	46%	41%	60%	55%	51%	46%	68%	63%	57%	54%		52%
EBITDA	163	201	648	642	1,183	1,140	294	334	160	172	70	83	1,208	1,290	71	1,361
% change	-19%		+1%		+4%		-12%		-7%		-16%		-6%			
EBITDA margin % ⁽²⁾	18%	24%	36%	34%	34%	35%	25%	30%	40%	44%	27%	32%	30%	32%		34%
Depreciation & Amortisation	(239)	(216)	(542)	(577)	(876)	(717)	(242)	(303)	(81)	(75)	(67)	(64)	(1,073)	(1,083)	(23)	(1,106)
EBIT	(76)	(15)	106	65	307	423	52	31	79	97	3	19	135	207	48	255
% change	-407%		+63%		-27%		+68%		-19%		-84%		-35%			
Capex	(275)	(334)	(284)	(342)	(796)	(715)	(196)	(545)	(84)	(84)	(47)	(53)	(827)	(1,016)		
Reported depreciation & amortisation ⁽³⁾	206	208	430	455	516	399	175	239	56	52	48	46	839	870		
Reported D&A less Capex ⁽³⁾	(69)	(126)	146	113	(280)	(316)	(21)	(306)	(28)	(32)	1	(7)	12	(146)		
Reported EBITDA less Capex	(112)	(73)	364	300	387	425	98	(211)	76	88	23	30	381	345		
	1H 2023	1H 2022	1H 2023	1H 2022	1H 2023	1H 2022	1H 2023	1H 2022	1H 2023	1H 2022	1H 2023	1H 2022	1H 2023	1H 2022		
EBITDA per above	163	201	648	642	1,183	1,140	294	334	160	172	70	83	1,208	1,290		
Proforma contribution from Tower assets	-	60	-	-	-	-	-	-	-	-	-	-	-	71		
Reported EBITDA	163	261	648	642	1,183	1,140	294	334	160	172	70	83	1,208	1,361		
EBIT per above	(76)	(15)	106	65	307	423	52	31	79	97	3	19	135	207		
Proforma contribution from Tower assets	-	40	-	-	-	-	-	-	-	-	-	-	-	48		
Reported EBIT	(76)	25	106	65	307	423	52	31	79	97	3	19	135	255		

(1) As the disposal of tower assets in the UK was completed in November 2022, the 1H 2022 UK results were normalised, which exclude the proforma contribution from tower assets for January to June 2022 for comparability purpose.

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

(3) Reported depreciation & amortisation excludes amortisation of licences and amortisation of capitalised CACS.

In million	3 Group Europe ⁽¹⁾				HTHGH		Corporate and others ⁽⁴⁾		CKHGT	
	EURO				HK\$		HK\$		EURO	
	1H 2023	1H 2022			1H 2023	1H 2022	1H 2023	1H 2022	1H 2023	1H 2022
		Normalised ⁽¹⁾	Tower assets	Reported						
Total Revenue	4,563	4,585	-	4,585	2,328	2,298	682	112	4,917	4,861
% change	-				+1%		+509%		+1%	
Total margin	3,320	3,287	-	3,287	1,655	1,441	398	13	3,562	3,457
% change	+1%				+15%		+2962%		+3%	
TOTAL CACS	(820)	(811)	-	(811)	(235)	(275)	-	-	(848)	(843)
Less: Handset Revenue	594	590	-	590	139	194	-	-	611	613
Total CACS (net of handset revenue)	(226)	(221)	-	(221)	(96)	(81)	-	-	(237)	(230)
Operating Expenses	(1,886)	(1,776)	71	(1,705)	(945)	(864)	(1,253)	314	(2,107)	(1,768)
Opex as a % of total margin	57%	54%		52%	57%	60%	NA	NA	59%	51%
EBITDA	1,208	1,290	71	1,361	614	496	(855)	327	1,218	1,459
% change	-6%				+24%		-361%		-17%	
EBITDA margin % ⁽²⁾	30%	32%		34%	28%	24%	NA	NA	28%	34%
Depreciation & Amortisation	(1,073)	(1,083)	(23)	(1,106)	(565)	(532)	(2)	(5)	(1,139)	(1,169)
EBIT	135	207	48	255	49	(36)	(857)	322	79	290
% change	-35%				+236%		-366%		-73%	
Capex	(827)	(1,016)			(163)	(157)	(1)	(2)	(846)	
Reported depreciation & amortisation ⁽³⁾	839	870			266	251	2	5	870	
Reported D&A less Capex ⁽³⁾	12	(146)			103	94	1	3	24	
Reported EBITDA less Capex	381	345			451	339	(856)	325	372	
	1H 2023	1H 2022								
EBITDA per above	1,208	1,290								
Proforma contribution from Tower assets	-	71								
Reported EBITDA	1,208	1,361								
EBIT per above	135	207								
Proforma contribution from Tower assets	-	48								
Reported EBIT	135	255								

(1) As the disposal of tower assets in the UK was completed in November 2022, the 1H 2022 UK results were normalised, which exclude the proforma contribution from tower assets for January to June 2022 for comparability purpose.

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

(3) Reported depreciation & amortisation excludes amortisation of licences and amortisation of capitalised CACS.

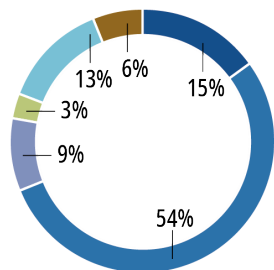
(4) 1H 2023 results include an exchange reserve charge of HK\$0.3 billion recycled to the income statement upon partial disposal of a subsidiary which became a joint venture in the Hong Kong Dollar books. As CKHGT's presentation currency is in EURO, the exchange reserve recycling is reversed.

Telecommunications - 3 Group Europe

Total Revenue

€4,563m flat

EBITDA ⁽¹⁾



€1,208m

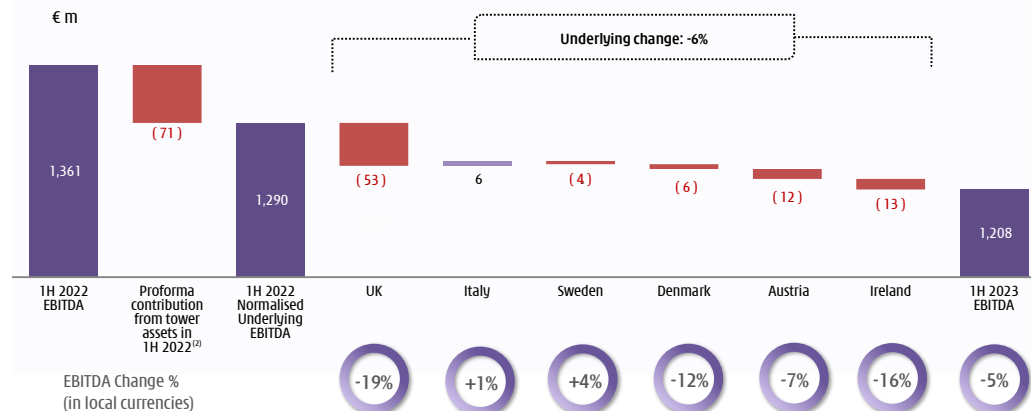
-11%

UK Italy Sweden
Denmark Austria Ireland

(1) Under Post-IFRS 16 basis, EBITDA was €1,577 million.

(2) As the disposal of tower assets in the UK was completed in November 2022, the 2022 UK results were normalised, which exclude the proforma contribution from tower assets for January to June 2022 for comparability purpose.

EBITDA ⁽¹⁾



Outlook



Various repricing initiatives to mitigate cost inflationary pressure



Work towards completion of Wind Tre's NetCo transaction and 3UK merger

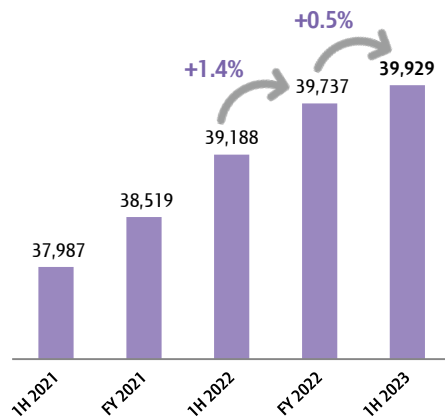


Explore in-market consolidation and implement asset-light strategy within the existing footprint

Active Customer Base ('000)

+0.5% vs Dec-2022

+1.9% vs Jun-2022



Pricing Initiatives



UK

Inflation-linked in-contract increment applied in April 2023



ITA

Repricing executed across 1H 2023
CPI-linked pricing embedded in new contracts



SWE

Price increment on hardware and customer subscriptions in 1H 2023



DEN

Price increment throughout 1H 2023



AUT

CPI-linked in-contract pricing increment effective from April 2023



IRE

CPI-linked pricing embedded in new contracts from January 2023
CPI-linked in-contract pricing adjustment and annual pricing adjustment both implemented in April 2023

5G Coverage



UK

60%+ 5G coverage
Progressively increasing rural area coverage



ITA

95%+ FDD coverage
Approximately 70% TDD coverage
Highest scores in independent surveys for network speed and 5G coverage



SWE

5G coverage increased by more than 50% in 1H 2023, providing extensive coverage in ten of the largest cities with full TDD coverage



DEN

Approximately 80% 5G coverage, with TDD coverage exceeded 50% of overall population



AUT

75% 5G coverage
15%-point increase in 1H 2023

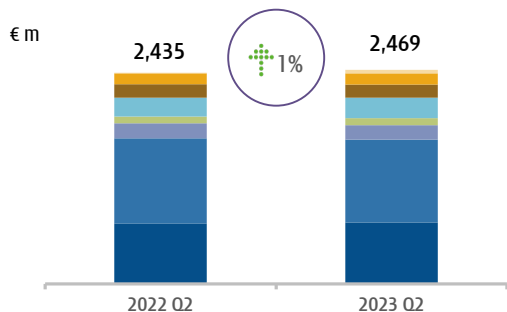


IRE

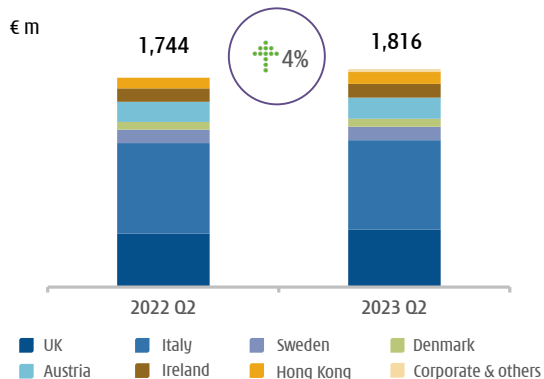
Recognised as Ireland's fastest 5G network with 90% population coverage

CKHGT - 2023 Q2 vs 2022 Q2

Revenue



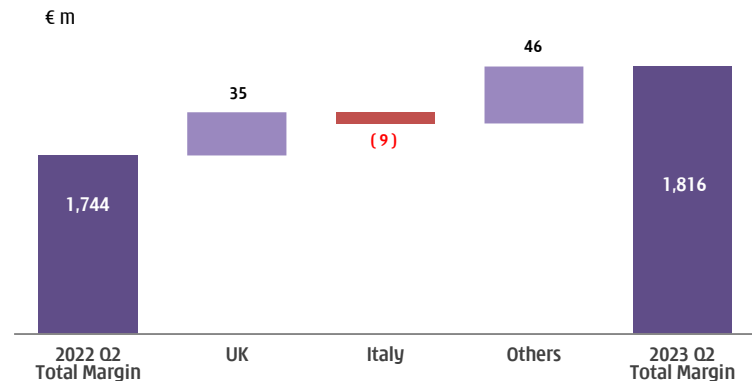
Total Margin



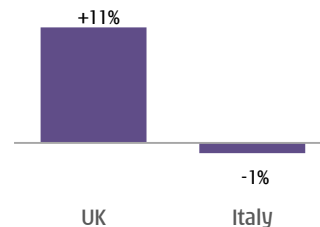
Total Margin

€1,816m

+4%



Total Margin
Change %
(in local currencies)



Total Margin %⁽¹⁾

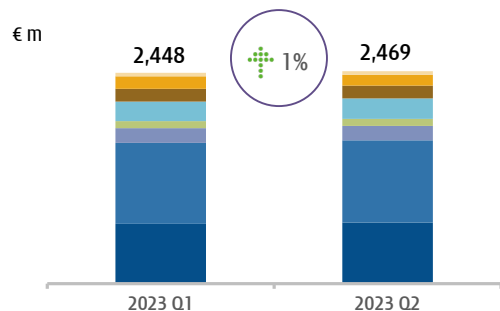
UK	89%
Italy	82%

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

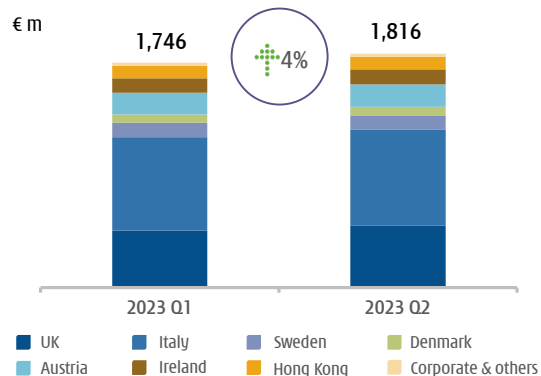
CKHGT - 2023 Q2 vs 2023 Q1



Revenue



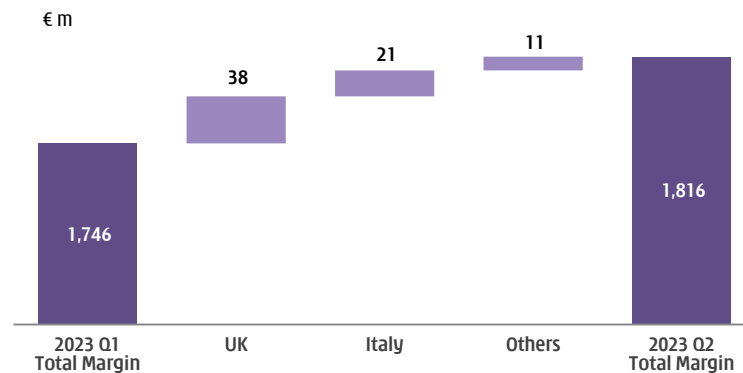
Total Margin



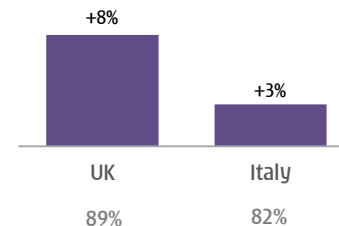
Total Margin

€1,816m

+4%



Total Margin
Change %
(in local currencies)



Total Margin %

UK: 89%
Italy: 82%

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

Key Financials

£ m	2023 Q2	2022 Q2	% Variance	2023 Q1	% Variance
Total Revenue	617	593	+4%	610	+1%
Total Margin	419	379	+11%	389	+8%
Total Margin (%) ⁽¹⁾	89%	88%	+1%pt	90%	-1%pt
Capex ⁽²⁾	(135)	(172)	22%	(140)	4%
Net ARPU (£) ⁽³⁾	13.17	12.96	+2%	13.05	+1%
Net AMPU (£) ⁽⁴⁾	11.83	11.55	+2%	11.71	+1%
Active customer ('000) ⁽⁵⁾	10,545	9,884	+7%	10,312	+2%
Active contract customer ('000)	8,751	8,224	+6%	8,593	+2%
Monthly average contract churn (%)	1.3%	1.3%		1.4%	

Results Highlights

- Revenue and margin grew strongly at the end of second quarter 2023 for both year-on-year and quarter on-quarter driven by growth in customer base and favourable performance from MVNOs
- Total margin % remained relatively stable across the periods from contribution of different revenue mix and remained at healthy levels
- Active contract customer base maintained a solid growth year-on-year and compared with Q1 2023, driven by B2B. The proportion of active contract customers remains at high level of 83% across periods, driving stable margin contribution
- Contract churn % remained stable despite challenging economic conditions and is more than offset by growth in gross additions
- In June 2023, the Group reached an agreement to combine 3UK with Vodafone UK, which is expected to be earnings and cashflow accretive to the Group's recurring performance. The completion of the merger is subject to regulatory and other approvals

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

(2) Capex amount excludes licence costs.

(3) 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.

(4) 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.

(5) 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	2023 Q2	2022 Q2	% Variance	2023 Q1	% Variance
Total Revenue	957	981	-2%	941	+2%
Total Margin	745	754	-1%	724	+3%
Total Margin (%)	82%	80%	+2%-pt	81%	+1%-pt
Capex	(166)	(203)	+18%	(118)	+41%
Net ARPU (€) ⁽¹⁾	10.59	10.70	-1%	10.51	+1%
Net AMPU (€) ⁽¹⁾	9.59	9.40	+2%	9.44	+2%
Active customer ('000) ⁽¹⁾	18,336	19,123	-4%	18,452	-1%
Active contract customer ('000) ⁽¹⁾	9,153	9,245	-1%	9,176	-
Monthly average contract churn (%)	1.4%	1.3%		1.6%	

Results Highlights

- Active base declined year-on-year amidst intense competition, but has relatively stabilised quarter-on-quarter, particularly for active contract base
- Revenue and margin declined year-on-year as a result of continued reduction in wholesale revenue. Encouragingly, net customer service gross margin is stable compared to Q1 2023 and moderately improved against Q2 2022
- Net AMPU increased year-on-year and quarter-on-quarter with repricing initiatives implemented across 2023
- Churn % in 2023 increased compared to Q2 2022 as Wind Tre strategically allowed lower value customers to churn, while focusing on acquiring quality new customer and migrating non-contract customers with contract offers
- Increased capex quarter-on-quarter driven by seasonality. Investment reduced against last year as 5G investment cycle contacts from the 2022 peak
- In May 2023, the Group entered into an agreement to establish a joint venture to provide wholesale mobile and fixed communications services business in Italy, which will be 40% owned by the Group upon completion. The transaction reflects the Group's asset-light strategy to create synergies and is expected to be earnings and cash flow accretive. The completion of the transaction is subject to regulatory and other approvals

(1) The 2022 Q2 KBIs included an adjustment for aligning the definition of Wind Tre's active customer base to that of CKHGT as part of a system integration. Consequently, there is a corresponding and opposite impact on the 2022 Q2 net ARPU and net AMPU. The conformity of definitions does not impact Wind Tre's P&L.



Sustainability

Reporting & Targets



Released first Sustainability Report for CKHGT

Reduce scope 1 and 2 emissions by 50% by 2030 vs. 2020*. Net-zero in operations by 2040**.

Climate Action Plan



Renewable energy procurement



On-site solar



Energy efficient radio equipment



Optimisation of networks for data traffic



Virtualisation of core networks and network services



Decommissioning legacy networks and equipment



AI-driven data centre optimisation tools



Fleet replacement with electric vehicles



Supplier engagement

Key Initiatives



UK

- Decommissioning of legacy data centres.
- Deploying new core transmission network equipment across 19 data centres, requiring 50% less space with approximately 4X more capacity
- Ekkosense - AI-driven , award-winning, data centre optimisation across four legacy data centre sites delivered a 12.5% cooling energy reduction in 10 week



ITA

- Targeting carbon neutral by 2030 with close to 100% renewable energy. Actively exploring PPAs; increased GOOs to 30%
- Post merger efficiencies and decommissioning now completed
- Deploying RAN optimisation features
- Developing new AI-driven network optimisation features



SWE

- Target to be 100% renewable by 2025. Currently at 79% and will procure GOOs for landlord sites
- Modernising networks with more energy efficient equipment
- Deploying RAN optimisation features



DEN

- Target to reduce the total CO2 emissions for scope 1 and 2 by 95%
- Achieved 100% renewable in 2022
- Modernising networks with more energy efficient equipment
- Deploying RAN optimisation features.
- Early decommissioning of 3G - reducing 4-5% power consumption



AUT

- Target to achieve net zero scope 1 and 2 emissions by 2028, 42% reduction in scope 3 and net zero by 2040
- Deployed 5G standalone
- Deploying RAN optimisation features.
- On-site solar
- Renewing data centre cooling
- AI-driven data centre power optimisation



IRE

- Deploying RAN optimisation features
- Trialing on-site solar



HK

- Decommissioning older equipment e.g. switching centres
- Deploying RAN features