

2023 Annual 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.



Active Customer⁽¹⁾

+3%



43.0mn 44.2mn

Revenue

+1%



€10.1bn €10.2bn

Total Margin

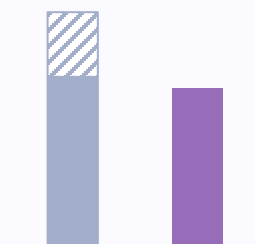
+3%



€7.0bn €7.3bn

EBITDA (pre-IFRS 16)⁽²⁾

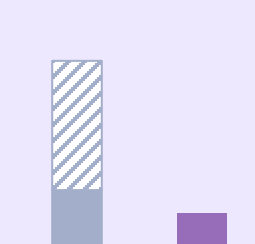
-9%
-33%



€4.0bn €2.7bn

EBIT (pre-IFRS 16)⁽²⁾

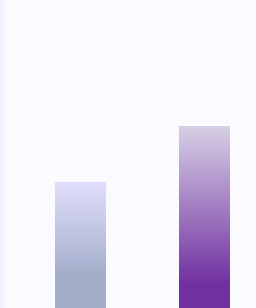
-49%
-81%



€1.6bn €0.3bn

Net Debt Ratio (pre-IFRS 16)⁽²⁾


+0.4-point



6.9% 7.3%

 Represents one-off items

 Underlying Change Reported Currency

 Change in Reported Currency

(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 €3.5 billion, €0.4 billion and 6.9% respectively.

(3) Underlying EBITDA and EBIT for 2022 exclude gain on disposal of tower assets completed in 2022 of €2.4 billion and non-cash impairment of goodwill of the Group's Italian telecommunication business of €1.3 billion.



SWE



- Shareholding: 60%
- Active customer base: 2.6 million
- Total asset value: €2.2 billion



UK



- Shareholding: 100%
- Active customer base: 10.6 million
- Total asset value: €9.4 billion



DEN



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



IRE



- Shareholding: 100%
- Active customer base: 4.5 million
- Total asset value: €1.9 billion



AUT



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



ITA



- Shareholding: 100%
- Active customer base: 18.1 million
- Total asset value: €17.6 billion

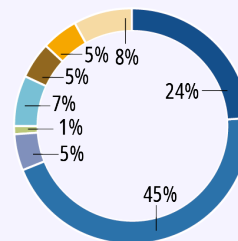


HK

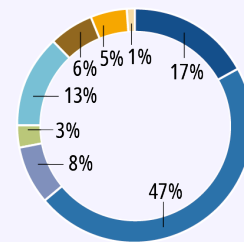
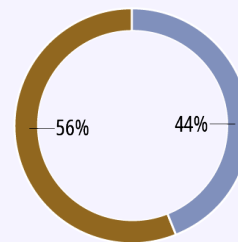


- Shareholding: 66.09%
- Active customer base: 4.0 million
- Total asset value: €1.8 billion

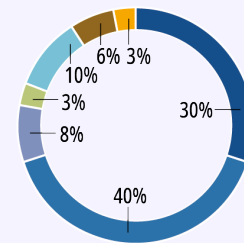
EBITDA ⁽²⁾
€2,668m



Capex
(excluding licences)
€1,712m



Total Assets ⁽³⁾
€39,156m



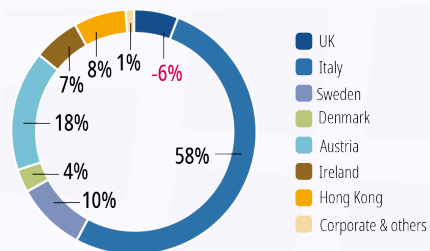
Licences
€231m



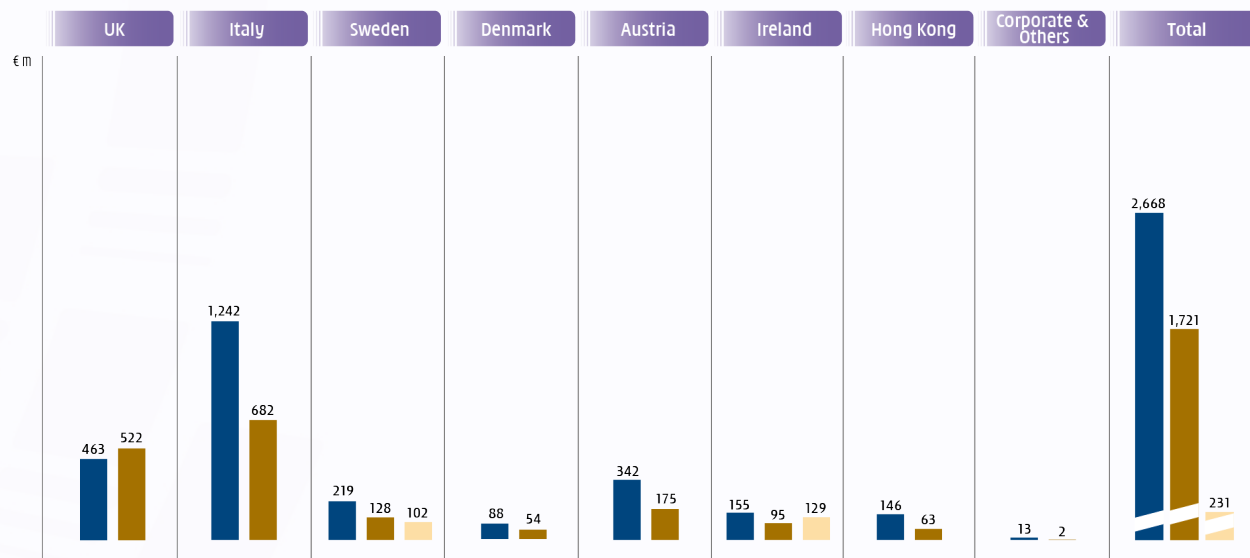
(1) Active customer base as at 31 December 2023.
 (2) Under Post-IFRS 16 basis, EBITDA was €3,459 million.
 (3) Under Post-IFRS 16 basis, total asset value was €40,783 million.



Operating FCF by Core Business



Operating FCF by division



Operating FCF (pre-IFRS 16) ⁽¹⁾

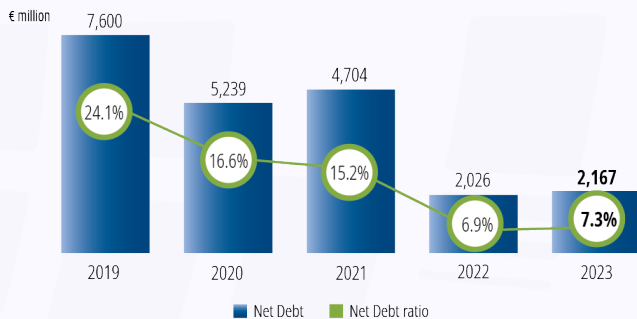


	UK	Italy	Sweden	Denmark	Austria	Ireland	Hong Kong	Corporate & Others	Total
EBITDA-Co & Subsidiaries	463	1,208	219	88	342	155	137	14	2,626
EBITDA-Share of Asso. & JVs	-	34	-	-	-	-	9	(1)	42
Capex	522	682	128	54	175	95	56	-	1,721
Investments in Asso. & JVs	-	-	-	-	-	-	7	2	9
Capex-Telecom Licences	-	-	102	-	-	129	-	-	231

(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.



Net Debt Improvement

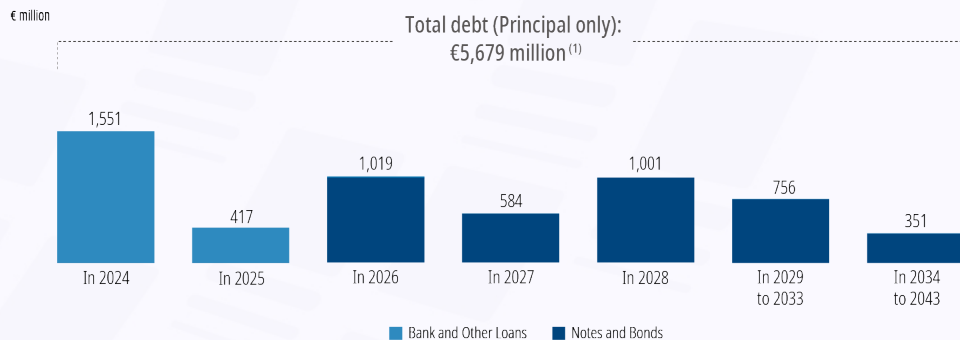


1.65%
Avg. Cost of Debt
(Dec 2022: 1.04%)

€3.5bn
Liquid Assets
(sufficient to cover
all debt maturing
before 2027 and 90%
debt due 2027)

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

Debt Maturity Profile



(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 6.9%.



In million	UK ⁽¹⁾ GBP		Italy EURO		Sweden SEK		Denmark DKK		Austria EURO		Ireland EURO		3 Group Europe before one-off ⁽¹⁾⁽²⁾ EURO			
	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022		
														Normalised ⁽¹⁾	Tower assets	Reported
Total Revenue	2,588	2,520	3,838	3,947	7,984	7,586	2,438	2,375	976	885	615	620	9,425	9,435	-	9,435
% change	+3%		-3%		+5%		+3%		+10%		-1%		-			
Total margin	1,671	1,529	2,958	3,030	5,213	4,753	1,990	1,864	704	669	462	460	6,769	6,648	-	6,648
% change	+9%		-2%		+10%		+7%		+5%		-		+2%			
TOTAL CACS	(964)	(953)	(279)	(276)	(945)	(1,003)	(257)	(229)	(168)	(113)	(88)	(103)	(1,758)	(1,733)	-	(1,733)
Less: Handset Revenue	715	759	190	167	538	555	80	78	151	100	83	99	1,304	1,316	-	1,316
Total CACS (net of handset revenue)	(249)	(194)	(89)	(109)	(407)	(448)	(177)	(151)	(17)	(13)	(5)	(4)	(354)	(417)	-	(417)
Operating Expenses	(1,020)	(828)	(1,627)	(1,578)	(2,305)	(1,957)	(1,160)	(1,036)	(345)	(306)	(302)	(281)	(3,806)	(3,460)	124	(3,336)
Opex as a % of total margin	61%	54%	55%	52%	44%	41%	58%	56%	49%	46%	65%	61%	56%	52%		50%
EBITDA	402	507	1,242	1,343	2,501	2,348	653	677	342	350	155	175	2,509	2,771	124	2,895
% change	-21%		-8%		+7%		-4%		-2%		-17%		-9%			
EBITDA margin % ⁽³⁾	21%	29%	34%	36%	34%	33%	28%	29%	41%	45%	29%	34%	31%	34%		36%
Depreciation & Amortisation	(519)	(430)	(1,100)	(1,155)	(1,620)	(1,728)	(657)	(551)	(166)	(154)	(134)	(124)	(2,229)	(2,172)	(42)	(2,214)
EBIT	(117)	77	142	188	881	620	(4)	126	176	196	21	51	280	599	82	681
% change	-252%		-24%		+42%		-103%		-10%		-59%		-53%			
	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022		
EBITDA per above	402	507	1,242	1,343	2,501	2,348	653	677	342	350	155	175	2,509	2,771		
Proforma contribution from Tower assets	-	105	-	-	-	-	-	-	-	-	-	-	-	124		
Reported EBITDA	402	612	1,242	1,343	2,501	2,348	653	677	342	350	155	175	2,509	2,895		
EBIT per above	(117)	77	142	188	881	620	(4)	126	176	196	21	51	280	599		
Proforma contribution from Tower assets	-	70	-	-	-	-	-	-	-	-	-	-	-	82		
Reported EBIT	(117)	147	142	188	881	620	(4)	126	176	196	21	51	280	681		
Capex	(454)	(743)	(682)	(849)	(1,455)	(1,498)	(395)	(792)	(175)	(168)	(95)	(101)	(1,656)	(2,236)		
Comparable depreciation & amortisation ⁽⁴⁾	(448)	(407)	(827)	(950)	(873)	(1,066)	(523)	(421)	(115)	(102)	(93)	(79)	(1,699)	(1,764)		
Comparable D&A less Capex ⁽⁴⁾	(6)	(336)	145	101	(582)	(432)	128	(371)	(60)	(66)	(2)	(22)	43	(472)		
Reported EBITDA less Capex	(52)	(131)	560	494	1,046	850	258	(115)	167	182	60	74	853	659		

(1) 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 October 2022 for comparability purpose.

(2) 3 Group Europe results do not include one-off items in 2022, which represented gain on disposal of tower assets of €2.4 billion and non-cash impairment of goodwill of the Group's Italian telecommunication business of €1.3 billion.

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

(4) Comparable depreciation & amortisation excludes Wind Tre's share of JV's D&A, amortisation of customer relationship intangibles, amortisation of licences and amortisation of capitalised CACS. The comparatives were restated to conform with the 2023 definition.



In million	3 Group Europe before one-off ⁽¹⁾⁽²⁾			HTHKH		Corporate and others		CKHGT		
	EURO			HK\$		HK\$		EURO		
	FY 2023	FY 2022		FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022	
		Normalised ⁽¹⁾	Tower assets	Reported						
Total Revenue	9,425	9,435	-	9,435	4,896	4,882	1,687	482	10,199	10,084
% change	-				-		+250%		+1%	
Total margin	6,769	6,648	-	6,648	3,339	3,001	904	190	7,267	7,037
% change	+2%				+11%		+376%		+3%	
TOTAL CACS	(1,758)	(1,733)	-	(1,733)	(512)	(547)	-	-	(1,818)	(1,799)
Less: Handset Revenue	1,304	1,316	-	1,316	312	376	-	-	1,340	1,361
Total CACS (net of handset revenue)	(454)	(417)	-	(417)	(200)	(171)	-	-	(478)	(438)
Operating Expenses	(3,806)	(3,460)	124	(3,336)	(1,896)	(1,772)	(1,154)	(838)	(4,121)	(3,654)
Opex as a % of total margin	56%	52%	-	50%	57%	59%	NA	NA	57%	52%
Gain from disposal of tower assets	-	-	-	-	-	-	-	18,957	-	2,371
Impairment of goodwill	-	-	-	-	-	-	-	(11,039)	-	(1,330)
EBITDA	2,509	2,771	124	2,895	1,243	1,058	(250)	7,270	2,668	3,986
% change	-9%				+17%		-103%		-33%	
EBITDA margin % ⁽³⁾	31%	34%	-	36%	27%	23%	NA	NA	30%	46%
Depreciation & Amortisation	(2,229)	(2,172)	(42)	(2,214)	(1,127)	(1,088)	(1)	(1)	(2,361)	(2,346)
EBIT	280	599	82	681	116	(30)	(251)	7,269	307	1,640
% change	-53%				+487%		-103%		-81%	

	FY 2023	FY 2022
EBITDA per above	2,509	2,771
Proforma contribution from Tower assets	-	124
Reported EBITDA	2,509	2,895
EBIT per above	280	599
Proforma contribution from Tower assets	-	82
Reported EBIT	280	681

	FY 2023	FY 2022
Capex	(1,656)	(2,236)
Comparable depreciation & amortisation ⁽⁴⁾	(1,699)	(1,764)
Comparable D&A less Capex ⁽⁴⁾	43	(472)
Reported EBITDA less Capex	853	659

	FY 2023	FY 2022
Capex	(481)	(496)
Comparable depreciation & amortisation ⁽⁴⁾	(517)	(503)
Comparable D&A less Capex ⁽⁴⁾	36	7
Reported EBITDA less Capex	762	562

	FY 2023	FY 2022
Capex	(2)	(3)
Comparable depreciation & amortisation ⁽⁴⁾	(1)	(1)
Comparable D&A less Capex ⁽⁴⁾	(1)	(2)
Reported EBITDA less Capex	(252)	7,267

	FY 2023	FY 2022
Capex	(1,712)	(2,297)
Comparable depreciation & amortisation ⁽⁴⁾	(1,760)	(1,826)
Comparable D&A less Capex ⁽⁴⁾	48	(471)
Reported EBITDA less Capex	956	1,689

(1) 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 October 2022 for comparability purpose.

(2) 3 Group Europe results do not include one-off items in 2022, which represented gain on disposal of tower assets of €2.4 billion and non-cash impairment of goodwill of the Group's Italian telecommunication business of €1.3 billion.

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

(4) Comparable depreciation & amortisation excludes Wind Tre's share of JV's D&A, amortisation of customer relationship intangibles, amortisation of licences and amortisation of capitalised CACS. The comparatives were restated to conform with the 2023 definition.

Total Revenue

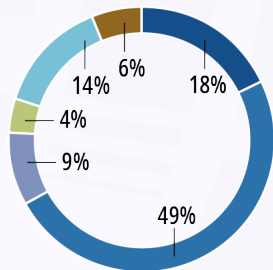
€9,425m flat

EBITDA ⁽¹⁾

€2,509m

-36%

(Underlying ⁽²⁾⁽³⁾ : -9%)

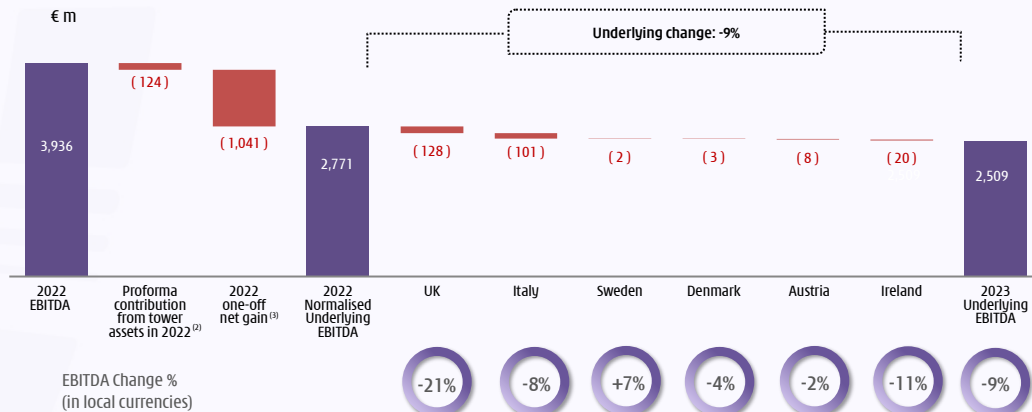


■ UK ■ Italy ■ Sweden
■ Denmark ■ Austria ■ Ireland

- (1) Under Post-IFRS 16 basis, EBITDA was €3,251 million.
- (2) As the disposal of tower assets in UK was completed in November 2022, the 2022 UK results were normalised, which exclude the proforma contribution from tower assets for January to October 2022 for comparability purpose.
- (3) 2022 one-time net gain include gain on disposal of tower assets completed in 2022 of €2.4 billion, partly offset by non-cash impairment of goodwill of the Group's Italian telecommunication business of €1.3 billion.

EBITDA ⁽¹⁾

€ m



Outlook



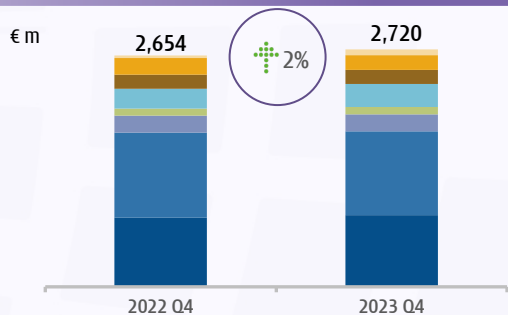
With inflation ebbing, expected to deliver performance improvement from continuing revenue initiatives, cost discipline and stabilising depreciation from decrease in capital spending



Satisfactory progress on UK merger which entered Phase 1 review by competition authorities. Continue to facilitate review process towards completion



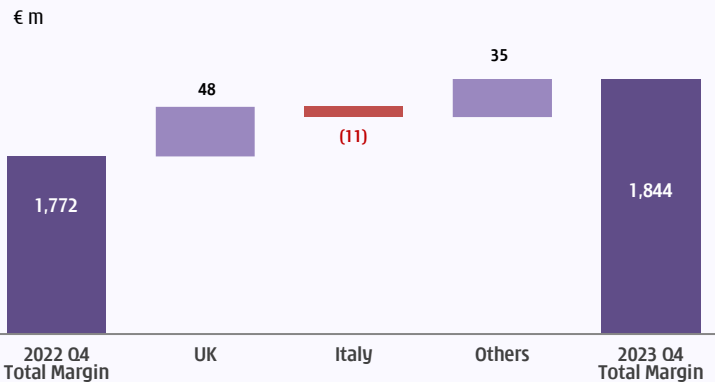
Revenue



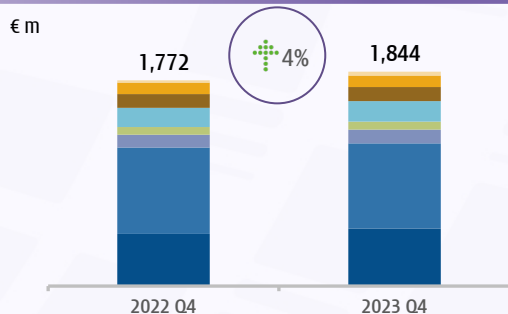
Total Margin

€1,844m

+4%

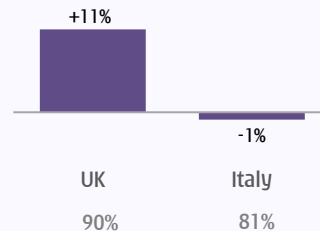


Total Margin



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

Total Margin Change % (in local currencies)



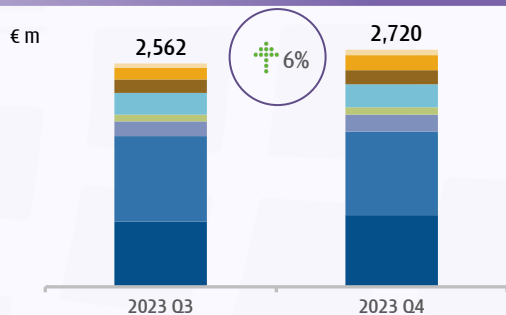
Total Margin %⁽¹⁾

Country	Total Margin %
UK	90%
Italy	81%

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



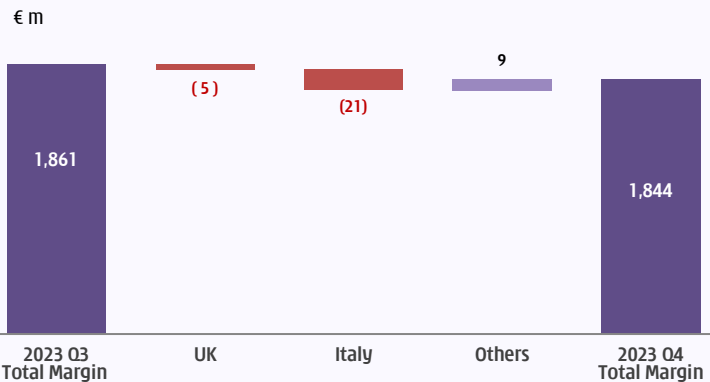
Revenue



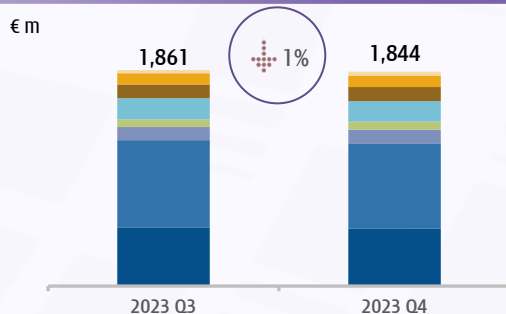
Total Margin

€1,844m

-1%

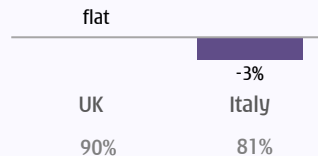


Total Margin



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

Total Margin Change % (in local currencies)



Total Margin %⁽¹⁾

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

Key Financials

£ m	2023 Q4	2022 Q4	% Variance	2023 Q3	% Variance
Total Revenue	717	689	+4%	644	+11%
Total Margin	432	390	+11%	431	-
Total Margin (%) ⁽¹⁾	90%	87%	+3-pts	89%	+1-pt
Capex ⁽²⁾	(104)	(165)	↓ 37%	(75)	↑ 39%
Net ARPU (£) ⁽³⁾	13.37	13.02	+3%	13.21	+1%
Net AMPU (£) ⁽⁴⁾	12.05	11.66	+3%	11.87	+2%
Active customer ('000) ⁽⁵⁾	10,614	10,304	+3%	10,735	-1%
Active contract customer ('000)	9,058	8,481	+7%	8,928	+1%
Monthly average contract churn (%)	1.5%	1.5%		1.4%	

(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.

Results Highlights

- Market landscape remained challenging in 2023 with high inflationary pressure impacting customer purchasing behaviour together with intense market competition
- Revenue and margin saw year-on-year and quarter-on-quarter growth driven by the increase in certain customer segments and an increased contribution from wholesale
- Total margin % remains relatively stable across the periods
- Year-on-year growth in active contract customer base, driven by certain segments with SMARTY reaching 1 million customers, offsetting the continuing decline in traditional lines of business. The proportion of active contract customers increased to 85% (Q3 2023: 83%; Q4 2022:82%)
- Various recognition for the UK 5G network as highest 5G coverage (Ofcom), most 5G data traffic (Enders) and fastest 5G network (Ookla)

Key Financials

€ m	2023 Q4	2022 Q4	% Variance	2023 Q3	% Variance
Total Revenue	960	976	-2%	980	-2%
Total Margin	734	745	-1%	755	-3%
Total Margin (%)	81%	80%	+1%pt	81%	-
Capex	(262)	(308)	+15%	(136)	+93%
Net ARPU (€)	10.78	10.48	+3%	10.69	+1%
Net AMPU (€)	9.89	9.33	+6%	9.74	+2%
Active customer ('000)	18,105	18,817	-4%	18,260	-1%
Active contract customer ('000)	9,151	9,257	-1%	9,165	-
Monthly average contract churn (%)	1.3%	1.4%		1.2%	

Results Highlights

- Active base decreased year-on-year amidst continuous intense competition, but has been relatively stable quarter-on-quarter, particularly for the active contract base
- Revenue and margin declined as a result of reduced wholesale revenue, while net customer service gross margin has remained relatively stable over the past two years
- Net AMPU increased along with the revenue initiatives and strategically retaining higher lifetime value customers
- Churn % remained relatively stable throughout the past few quarters
- Increased capex quarter-on-quarter driven by seasonality. Investment reduced against 2022 Q4 as a result of lower spending from the initial intensive phase of 5G investment



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

Sustainability strategy priorities



Taking Action on Climate Change

- **UK, Italy, Sweden, Denmark, Austria & Ireland:** Deploying / developing RAN and AI-driven optimisation features
- **Austria:** On-site solar of more than 2,000m² on HQ building; and undertaking trials of solar PV and free cooling on sites
- **Ireland:** 100% powered by renewable electricity; and extended use of solar PV across selected sites



Creating a thriving digital economy

- **UK:** As part of its investment in the UK's Shared Rural Network, completed the construction of 100 sites, providing new 4G connectivity to over 37,000 premises, with coverage spanning 2,800km²
- **HK:** Launched 5G Flood Detection Solution for Smart Car Parks; and launched Anti-Scam service to protect customer's mobile security.
- **Italy:** Signed 18 new cooperation agreements with Italian cities under the Smart Cities program, to support them in the digital and sustainable transition



Promoting a Circular Economic

- **Sweden:** Launched 3Leasing 'Device-as-a-Service' circular devices solution
- **Austria, Denmark, Ireland, Italy, Sweden and UK:** Device-take back programme, reducing end-of-life environmental impact of devices
- **Austria:** Set up new partnership offering refurbished devices along with e-sim only subscription



Creating Great Places to Work

- **Italy:** Two times recipient of EQUAL-SALARY certification
- **UK:** Top 50 Employers for Gender Equality from Times



Operating Responsibly and with Integrity

- **CKHGT:** Recognised as 'top-rated' (ranked 4th from 233 telecommunications businesses) in the Sustainalytics' 2024 'Top-Rated' ESG Companies List
- **Ireland & UK:** Partnered with EcoVadis and deployed D&B ESG Insights, over 44% & 91% of supplier spends covered by an ESG supplier assessment by 2023

* Target validated by the SBTi; emissions validated by KPMG. ** Commitment to receive validation by the SBTi.