



# 2024 Interim Results

## Operations Analysis

## Disclaimer

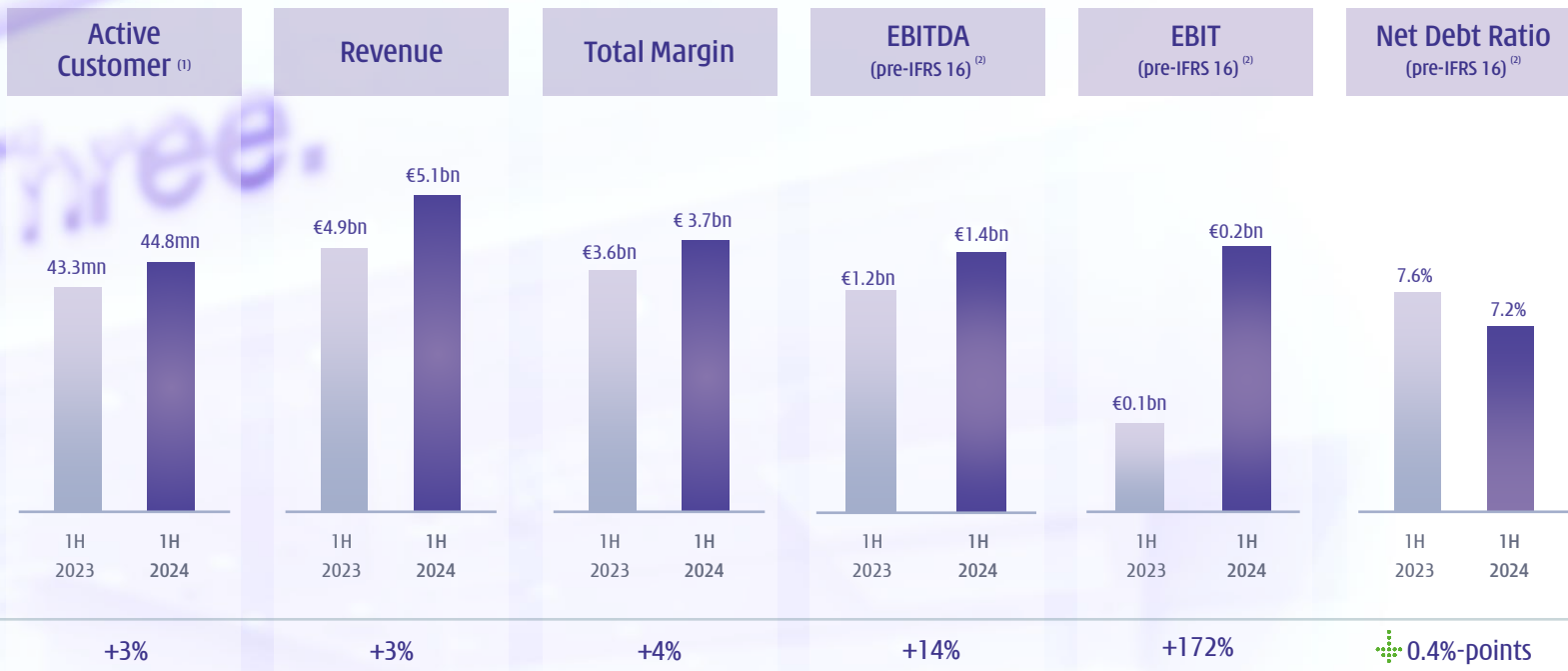
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# CK Hutchison Group Telecom



(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 €1.8 billion, €0.3 billion and 6.8% respectively.

# CK Hutchison Group Telecom

**United Kingdom**

Shareholding: 100%  
Active customer base: 10.9 million  
Total asset value: €9.7 billion

**Sweden**

Shareholding: 60%  
Active customer base: 2.7 million  
Total asset value: €2.1 billion

**Denmark**

Shareholding: 60%  
Active customer base: 1.6 million  
Total asset value: €0.5 billion

**Ireland**

Shareholding: 100%  
Active customer base: 4.7 million  
Total asset value: €1.9 billion

**Austria**

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

**Italy**

Shareholding: 100%  
Active customer base: 17.9 million  
Total asset value: €17.3 billion

**Hong Kong**

Shareholding: 66.09%  
Active customer base: 4.3 million  
Total asset value: €1.9 billion

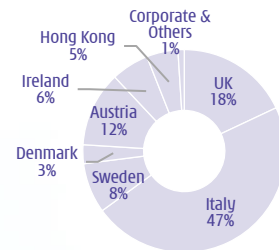
(1) Active customer base as at 30 June 2024.

(2) Under Post-IFRS 16 basis, EBITDA was €1,788 million.

(3) Under Post-IFRS 16 basis, total asset value was €41,250 million.

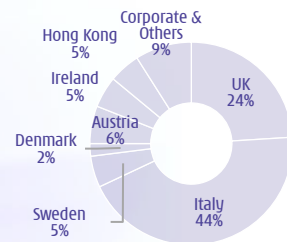
## EBITDA (2)

€1,387m  
+14%



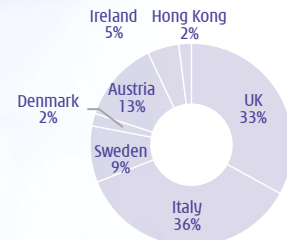
## Total Assets (3)

€39,707m  
+1% vs Dec-23



## CAPEX (excluding licences)

€839m  
+1%



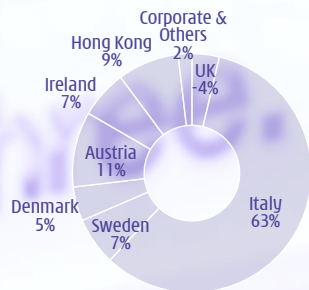
# Operating FCF

OpFCF  
(pre-IFRS 16)<sup>(1)</sup>

€516mn

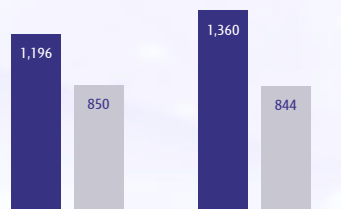
+49%

## OpFCF by Core Business



## OpFCF (pre-IFRS 16)<sup>(1)</sup>

€ m

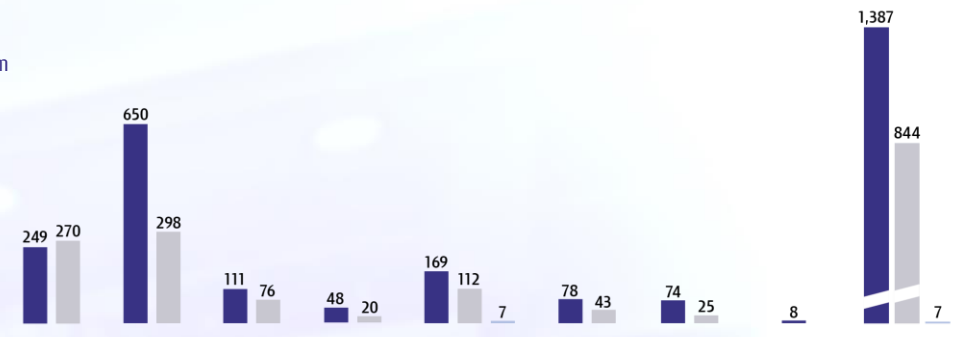


1H 2023  
€0.3bn

1H 2024  
€0.5bn

## OpFCF by Division

€ m



	UK	Italy	Sweden	Denmark	Austria	Ireland	Hong Kong	Corporate & Others	Total
EBITDA-Co & Subsidiaries	249	625	111	48	169	78	70	10	1,360
EBITDA-Share of Asso. & JVs	-	25	-	-	-	-	4	(2)	27
Capex	270	298	76	20	112	43	20	-	839
Investments in Asso. & JVs	-	-	-	-	-	-	5	-	5
Capex-Telecom Licences	-	-	-	-	7	-	-	-	7

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

# Financial Profile

€4.0bn

## Liquid Assets

(sufficient to cover all debt maturing in 2024 to 2026)

2.6%

## Average Cost of Debt

(Dec 2023: 1.7%)  
(Jun 2023: 1.3%)

Moody's

S&P

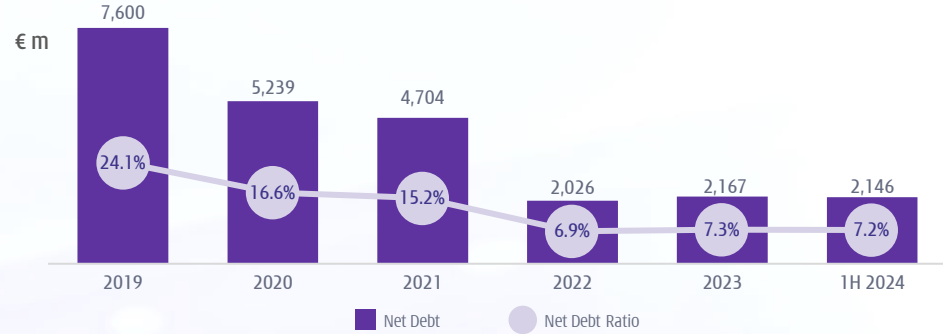
Fitch

Baa1

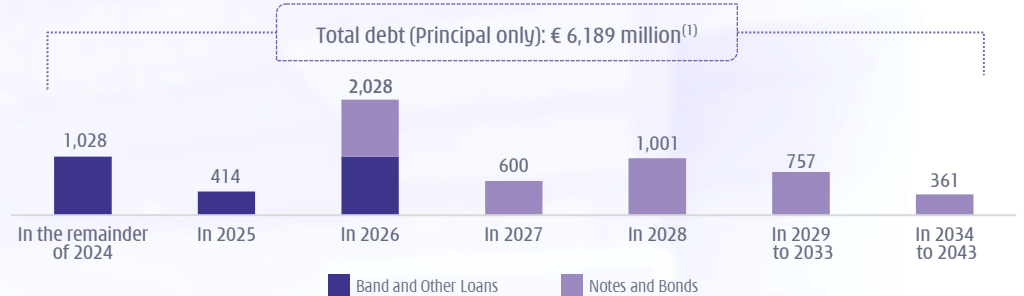
A-

A-

## Net Debt Improvement



## 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 and unamortised fair value adjustments arising from drawdowns. Net debt is defined as total bank and other debts less total cash, liquid funds and other listed investments. Net total capital is defined as total bank and other debts plus total equity (adjusted to exclude IFRS 16 effects) and loans from non-controlling shareholders net of total cash, liquid funds and other listed investments. The consolidated net debt to net total capital ratio under IFRS 16 basis, after including IFRS 16 impact in total equity is 6.8%.

In million	UK		Italy		Sweden		Denmark		Austria		Ireland		3 Group Europe	
	GBP		EURO		SEK		DKK		EURO		EURO		EURO	
	1H 2024	1H 2023	1H 2024	1H 2023	1H 2024	1H 2023	1H 2024	1H 2023	1H 2024	1H 2023	1H 2024	1H 2023	1H 2024	1H 2023
Total Revenue	1,335	1,227	1,853	1,898	3,980	3,777	1,217	1,213	478	466	309	298	4,716	4,563
% change	+9%		-2%		+5%		-		+3%		+4%		+3%	
Total margin	879	808	1,438	1,469	2,685	2,545	1,032	977	361	343	238	228	3,441	3,320
% change	+9%		-2%		+6%		+6%		+5%		+4%		+4%	
TOTAL CACS	(474)	(447)	(156)	(133)	(393)	(458)	(129)	(154)	(69)	(74)	(42)	(40)	(871)	(820)
Less: Handset Revenue	356	323	110	90	195	261	37	60	60	67	41	37	647	594
Total CACS (net of handset revenue)	(118)	(124)	(46)	(43)	(198)	(197)	(92)	(94)	(9)	(7)	(1)	(3)	(224)	(226)
Operating Expenses	(548)	(521)	(742)	(778)	(1,226)	(1,165)	(583)	(589)	(183)	(176)	(159)	(155)	(1,912)	(1,886)
Opex as a % of total margin	62%	64%	52%	53%	46%	46%	56%	60%	51%	51%	67%	68%	56%	57%
EBITDA	213	163	650	648	1,261	1,183	357	294	169	160	78	70	1,305	1,208
% change	+31%		-		+7%		+21%		+6%		+11%		+8%	
EBITDA margin % <sup>(1)</sup>	22%	18%	37%	36%	33%	34%	30%	25%	40%	40%	29%	27%	32%	30%
Depreciation & Amortisation	(243)	(239)	(552)	(542)	(900)	(876)	(281)	(242)	(85)	(81)	(67)	(67)	(1,105)	(1,073)
EBIT	(30)	(76)	98	106	361	307	76	52	84	79	11	3	200	135
% change	+61%		-8%		+18%		+46%		+6%		+267%		+48%	
Capex	(230)	(275)	(298)	(284)	(873)	(796)	(152)	(196)	(112)	(84)	(43)	(47)	(819)	(827)
Comparable depreciation & amortisation <sup>(2)</sup>	(202)	(206)	(407)	(411)	(551)	(516)	(211)	(175)	(59)	(56)	(49)	(45)	(828)	(817)
Comparable D&A less Capex <sup>(2)</sup>	(28)	(69)	109	127	(322)	(280)	59	(21)	(53)	(28)	6	(2)	9	(10)
Reported EBITDA less Capex	(17)	(112)	352	364	388	387	205	98	57	76	35	23	486	381

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

2) Comparable Depreciation & Amortisation excludes amortisation of licences, amortisation of capitalised CACS, amortisation of customer relationship intangibles, as well as share of joint venture's depreciation of Wind Tre and HTHKH. The comparatives were restated to conform with the 2024 definition.

In million	3 Group Europe EURO		HTHKH HK\$		Corporate and others HK\$		CKHGT EURO	
	1H 2024	1H 2023	1H 2024	1H 2023	1H 2024	1H 2023	1H 2024	1H 2023
Total Revenue	4,716	4,563	2,058	2,328	941	682	5,071	4,917
% change	+3%		-12%		+38%		+3%	
Total margin	3,441	3,320	1,653	1,655	466	398	3,692	3,562
% change	+4%		-		+17%		+4%	
TOTAL CACS	(871)	(820)	(226)	(235)	-	-	(898)	(848)
Less: Handset Revenue	647	594	117	139	-	-	661	611
Total CACS (net of handset revenue)	(224)	(226)	(109)	(96)	-	-	(237)	(237)
Operating Expenses	(1,912)	(1,886)	(925)	(945)	(396)	(1,253)	(2,068)	(2,107)
Opex as a % of total margin	56%	57%	56%	57%	NA	NA	56%	59%
EBITDA	1,305	1,208	619	614	70	(855)	1,387	1,218
% change	+8%		+1%		+108%		+14%	
EBITDA margin % <sup>(1)</sup>	32%	30%	32%	28%	NA	NA	31%	28%
Depreciation & Amortisation	(1,105)	(1,073)	(559)	(565)	(1)	(2)	(1,172)	(1,139)
EBIT	200	135	60	49	69	(857)	215	79
% change	+48%		+22%		+108%		+172%	
Capex	(819)	(827)	(166)	(163)	-	(1)	(839)	(846)
Comparable depreciation & amortisation <sup>(2)</sup>	(828)	(817)	(266)	(260)	(1)	(2)	(860)	(847)
Comparable D&A less Capex <sup>(2)</sup>	9	(10)	100	97	1	1	21	1
Reported EBITDA less Capex	486	381	453	451	70	(856)	548	372

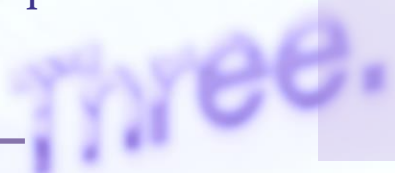
(1) EBITDA margin % represents EBITDA as a % of total revenue excluding handset revenue.

(2) Comparable Depreciation & Amortisation excludes amortisation of licences, amortisation of capitalised CACS, amortisation of customer relationship intangibles, as well as share of joint venture's depreciation of Wind Tre and HTHKH. The comparatives were restated to conform with the 2024 definition.



# Telecommunications

## 3 Group Europe



Total Revenue

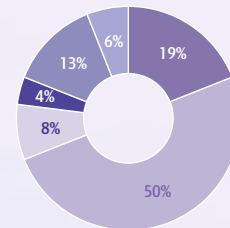
€4,716m

+3%

EBITDA <sup>(1)</sup>

€1,305m

+8%



- UK
- Italy
- Sweden
- Denmark
- Austria
- Ireland

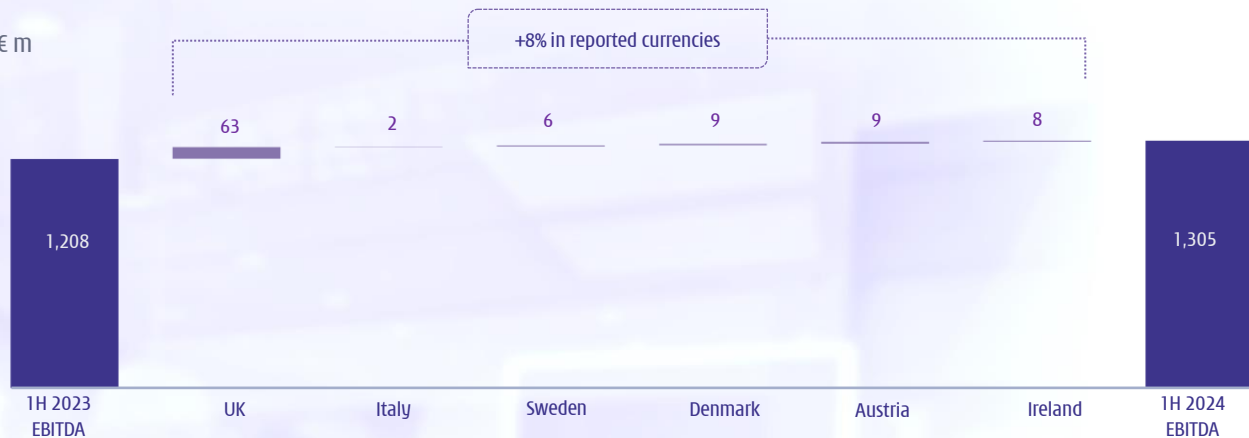
(1) Under Post-IFRS 16 basis, EBITDA was €1,682 million.

### Outlook

- Performance improvements expected to continue through on-going revenue initiatives, disciplined cost management and stable depreciation from measured capital spending
- Completion of acquisition of a wholesale FWA provider in Italy increases spectrum holdings to deliver network capacity enhancement
- Continue to facilitate review process by competition authorities regarding UK merger

### EBITDA

€ m



EBITDA Change %  
(in local currencies)

+31%

flat

+7%

+21%

+6%

+11%

+8%

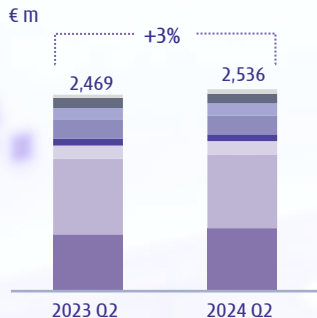
# CKHGT

2024 Q2 vs 2023 Q2

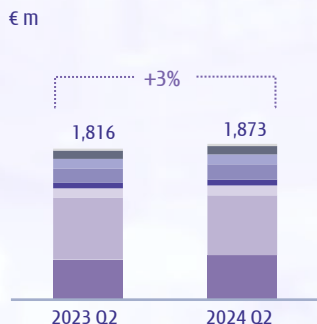
Revenue  
**€2,536m**  
 +3%

Total Margin  
**€1,873m**  
 +3%

## Revenue



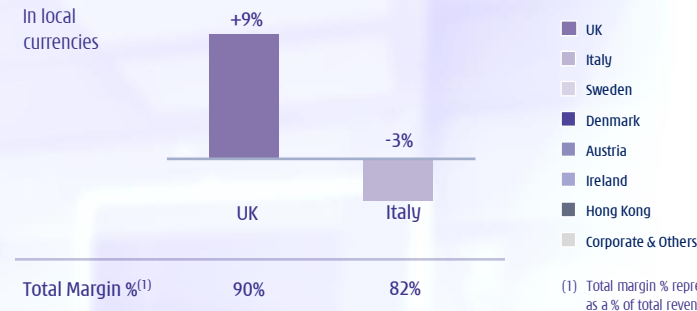
## Total Margin



## Total Margin Change



## Total Margin Change Percentage



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

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

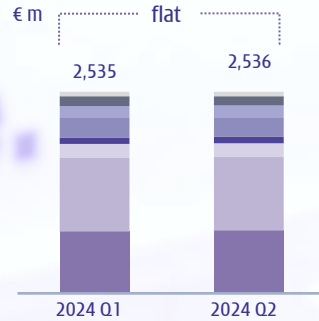
# CKHGT

2024 Q2 vs 2024 Q1

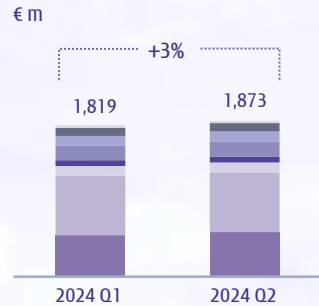
Revenue  
€2,536m  
flat

Total Margin  
€1,873m  
+3%

## Revenue



## Total Margin

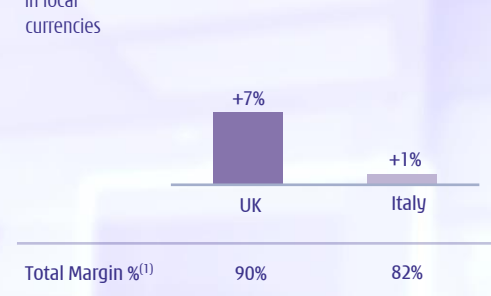


## Total Margin Change



## Total Margin Change Percentage

In local currencies



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

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

## Results Highlights

- Active customer base increased year-on-year driven by growth in Smarty, Business and Home segments mitigating the continued decline in the core business areas of contract and prepay voice, hence driving revenue and total margin growth
- Market competition putting pressure on churn rate
- Reduced capex spending after network investment and IT transformation projects in previous years
- Challenging economic conditions remain a determining factor for telecommunications customer spending. Despite year-on-year growth in revenue and margin, the operation continued to be impacted by inflationary cost pressures, whilst EBITDA less capex and free cash flow both remained negative, driven by network investments coupled with an increasing cost base

## Key Financials

£ m	2024 Q2	2023 Q2	% Variance	2024 Q1	% Variance
Total Revenue	671	617	+9%	664	+1%
Total Margin	455	419	+9%	424	+7%
Total Margin (%) <sup>(1)</sup>	90%	89%	+1-pt	90%	-
Capex <sup>(2)</sup>	(100)	(135)	+26%	(130)	+23%
Net ARPU (£) <sup>(3)</sup>	13.49	13.17	+2%	13.44	-
Net AMPU (£) <sup>(4)</sup>	12.20	11.83	+3%	12.12	+1%
Active customer ('000) <sup>(5)</sup>	10,897	10,545	+3%	10,648	+2%
Active contract customer ('000)	9,222	8,751	+5%	9,140	+1%
Monthly average contract churn (%)	1.6%	1.3%		1.5%	

(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

- Active base decreased year-on-year primarily driven by a focus in retaining customers with higher lifetime value, as reflected by the stable active contract base
- Net AMPU increment year-on-year mainly driven by aforementioned customer lifetime value management and revenue initiatives
- Revenue and margin declined year-on-year as a result of reduced wholesale revenue, while net customer service gross margin has remained relatively stable over the past two years
- Contract customer churn % remained relatively stable throughout the past few quarters
- Increased capex quarter-on-quarter driven by seasonality. Investment stabilised after the initial intensive phase of 5G investment
- In July 2024, acquired OpNet which increased spectrum holdings to enhance network capacity

## Key Financials

€ m	2024 Q2	2023 Q2	% Variance	2024 Q1	% Variance
Total Revenue	928	957	-3%	925	-
Total Margin	721	745	-3%	717	+1%
Total Margin (%)	82%	82%	-	83%	-1-pt
Capex	(166)	(166)	-	(132)	-26%
Net ARPU (€)	10.68	10.59	+1%	10.75	-1%
Net AMPU (€)	9.92	9.59	+3%	9.91	-
Active customer ('000)	17,850	18,336	-3%	17,917	-
Active contract customer ('000)	9,120	9,153	-	9,135	-
Monthly average contract churn (%)	1.3%	1.4%		1.3%	

# Sustainability

## Reporting & Targets



Undertaking climate scenario analysis; preparing for reporting in line with EU Taxonomy and the Corporate Sustainability Reporting Directive.



Reduce scope 1 and 2 emissions by 50% by 2030 vs. 2020\*. Commitment to setting long-term net zero target\*\*.

- \* Target validated by the SBTi; scope 1 and 2 emissions third-party assured
- \*\* Long-term target to receive validation by the SBTi.

## Climate Action Plan



Renewable energy procurement



On-site solar



Energy efficiency upgrades



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



### Renewable Energy Procurement

- **Austria & Ireland:** Over 90% of Renewable Energy (RE) usage maintained and on-site solar facilities were installed.
- **Denmark:** Maintained 100% RE use and aimed for 100% use of RE by 2025.
- **Italy:** Increased to 41% of RE usage and aiming for carbon neutrality by 2030.



### Energy Efficiency (Network and Data Centres)

- **CKHGT:** Virtualised core networks to run software in the cloud, increasing energy efficiency.
- **CKHGT:** Utilisation smart sleeping modes and AI-based tools for network optimization and energy efficiency.
- **CKHGT:** Upgrade to more efficient equipment, and decommissioning 3G capacity to improve network energy efficiency.
- **Ireland & UK:** 3 Ireland achieved 50% of power reduction and 3 UK also achieved 12.5% cooling energy savings across four data centres using AI-enabled EkkoSense.



### Fleet Replacement with Electric Vehicles

- **Austria, Ireland and Sweden:** 3 Austria targets to operate with a full electric fleet by 2027; 3 Ireland converted 30% fleet to electric, and 3 Sweden operated with a 76% electric/hybrid vehicle fleet.
- **Italy:** Electric/hybrid fleet usage rate was increased to 26% and installed 41 charging points.



### Supplier Engagement

- **CKHGT:** Though supplier research and engagement, device lifecycle assessment data coverage reached 47% by May 2024
- **Austria:** Supplier Code of Conduct was updated to prioritise suppliers with science-based targets and a greenhouse gas reduction plan.
- **Ireland and UK:** EcoVadis services were utilised for supplier sustainability assessments, as 3 UK achieved over 90% assessment coverage.
- **Italy:** 59% of suppliers have achieved Cribis Synesgy ESG risk assessment.

The background features a light purple-to-white gradient. On the left, there are several concentric purple circles. At the bottom, there is a faint, purple-tinted image of the Earth's globe.

# Q & A