

## Press Release

### **CK Hutchison agrees to sell interests in European tower assets and businesses to Cellnex for €10 billion**

#### *Strategic and financial benefits for both CKHGT and CKHH*

- Unlocks the underlying value of CKHGT's tower assets and businesses.
- Realises significant capital gains and net cash proceeds for the Group.
- Forms a long-term strategic partnership for the Group's future passive infrastructure needs with Cellnex.
- Allows increased focus on developing best-in-class networks and innovative offerings, while accelerating the rollout of 5G across all of CKHGT's networks.

(Hong Kong, 12 November 2020) CK Hutchison Holdings ("CKHH") today announced an agreement for CK Hutchison Group Telecom ("CKHGT"), an indirect wholly-owned subsidiary of CKHH, to sell CK Hutchison Networks ("CKH Networks") indirect interests in tower assets and businesses to Cellnex Telecom ("Cellnex"). Cellnex is Europe's leading operator of wireless telecommunications and broadcasting infrastructures.

CKH Networks holds CKHGT's interests in the European telecom tower assets and businesses in Austria, Denmark, Ireland, Italy, Sweden and the United Kingdom. The total consideration for the sale is €10 billion, consisting of €1.4 billion in new shares equating to approximately 5%<sup>1</sup> stake in Cellnex on an enlarged share capital basis and the balance in cash. CKHGT's partner in Denmark and Sweden is expected to receive 5% of the total consideration as and when it is received by CKHGT.

The transaction unlocks the underlying value of the European telecommunication tower assets and businesses portfolio for CKHGT and CKHH while accelerating the rollout of 5G across CKHGT's networks. This helps partially unlock the value of CKHH's telecommunications division, which has not been fully reflected in its share price in recent years, in addition to realising significant capital gains and net cash proceeds, which will materially reduce CKHH's net financial indebtedness and strengthen its financial profile. Adjusted for this transaction, CKHH's reported net debt to net total capital ratio<sup>2</sup> as of 30 June 2020 would reduce from 25.1% to 14.9%<sup>3</sup>, further strengthening the financial capacity of CKHH and CKHGT to support future growth and potential M&A opportunities.

In addition, subject to the Board's decision at the time, a portion of the proceeds may be allocated to fund on-market share buyback programmes. Any such decision will be made taking into account all relevant circumstances and the best interests of CKHH and its shareholders at the time, including negating earnings per share dilution resulting from the transactions. Further announcements in this regard (if applicable) will be made as and when closing of a transaction occurs in 2020 and 2021.

The agreement is structured as six separate transactions – one for each country – with closing in each country whenever the relevant conditions for the transaction are met. The first transactions are expected to close by the end of December 2020 while others will occur in 2021. CKHGT will also enter into long-term service contracts with Cellnex in each relevant jurisdiction regarding the provision of passive telecommunications infrastructure services, as well as strategically partnering with Cellnex to roll out approximately 6,700 additional sites across the six countries. The contracts are for an initial period of 15 years which can be extended for an additional 15 years<sup>4,5</sup>.

“We are pleased to gain a long-term partner in Cellnex while unlocking value in our telecom assets for our shareholders,” said Mr Canning Fok, CKHH’s Group Co-managing Director. “This will improve our operational efficiency and accelerate 5G rollout, put us in a very good position if the right opportunities arise, and provide us an opportunity to enhance our shareholders’ returns.”

For details of the agreement, please refer to CKHH’s regulatory announcement published at <https://www.ckh.com.hk/en/ir/announcements.php>. An investor presentation is available at <https://www.ckh.com.hk/en/ir/presentation.php>.

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1. A price adjustment mechanism applies to the number of Cellnex shares to be issued, thereby setting a ceiling at a 6.17% stake and a floor at a 4.38% stake of Cellnex’s enlarged share capital.
2. Pre-IFRS 16 basis.
3. Assuming all cash consideration will be used for the reduction of net financial indebtedness.
4. Except for Austria, where the agreement provides for an indefinite term subject to termination rights as agreed.
5. All or nothing basis.

### **About CK Hutchison Holdings Limited**

Listed on The Stock Exchange of Hong Kong Limited, CK Hutchison Holdings Limited (CK Hutchison) is a renowned multinational conglomerate committed to innovation and technology with businesses spanning the globe. With operations in about 50 countries and over 300,000 employees worldwide, CK Hutchison has five core businesses - ports and related services, retail, infrastructure, energy and telecommunications.

CK Hutchison reported turnover of approximately HKD440 billion (USD56 billion) and HKD190 billion (USD24 billion) for the year ended 31 December 2019 and for the six months ended 30 June 2020 respectively.

For more information, please visit [www.ckh.com.hk](http://www.ckh.com.hk)

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