



FY22 Interim Results Announcement

Presented by
William Yeung, Co-Owner & Executive Vice-chairman
NiQ Lai, Co-Owner & Group Chief Executive Officer



EMERGING
STRONGER
& TRANSFORMED

21 April 2022

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NiQ Lai

Co-Owner & Group Chief Executive Officer

Our Business Shows Resilience in Times of Adversity and Allows Us to Go Far and Beyond

- **Enterprise** – New initiatives & **partnerships** for “new normal” customer needs
- **Residential** – Beat competitors in price war with unique **bundle** offers & best-in-town **5G** offers
- **ESG** – **AA** in both MSCI Rating & HASE Corporate Sustainability Index

Resilient Performance with Steady Growth

Financials in HK\$m, unless otherwise stated

Revenue

\$6,803m

YoY **+9%**

HoH **+30%**

EBITDA*

\$1,320m

YoY **+1%**

HoH **+5%**

AFF

\$758m

YoY **+94%**

HoH **+2%**

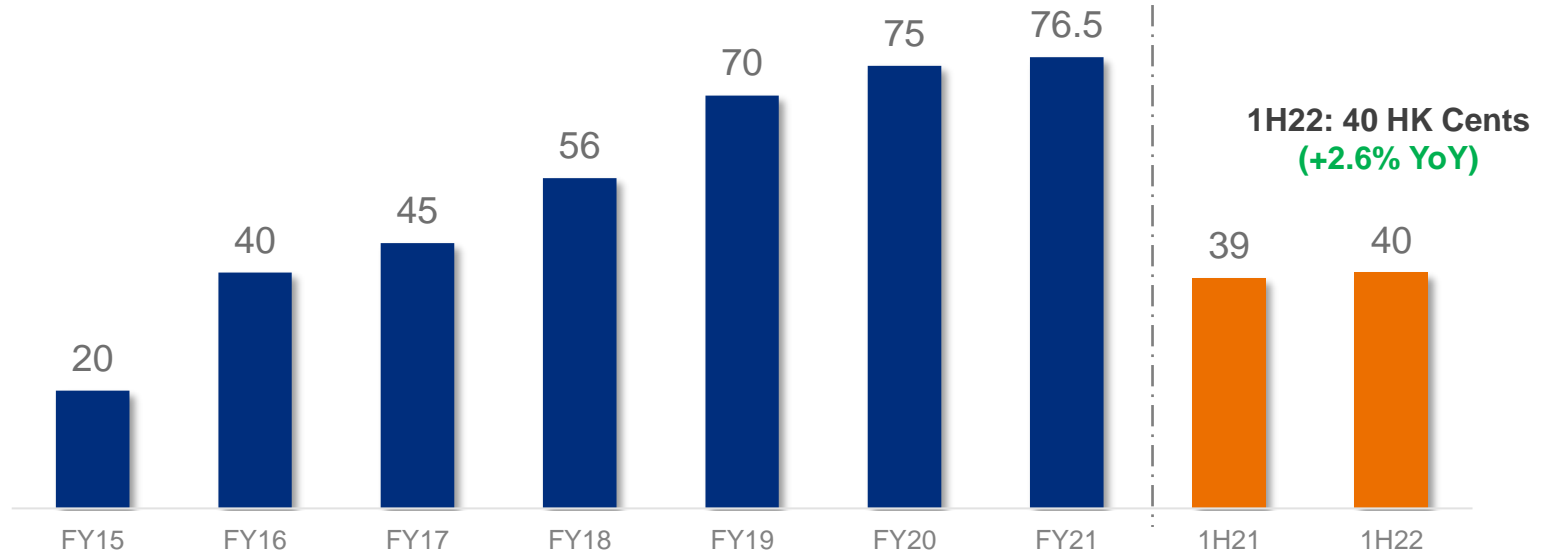
DPS: 40 HK Cents

YoY **+2.6%**

* Depreciation and amortization of the Disposal Group was not recognised on consolidation level from 1 September 2021 to 3 January 2022 in the consolidated financial statements. The \$15 million pro forma adjustment is to account for the depreciation and amortization of the Disposal Group in order to reflect the true business performance of the Disposal Group up to the date of disposal.

Consecutive Dividend Growth Since 2015 IPO

For >470 Co-Owners, This is our Families' AFF

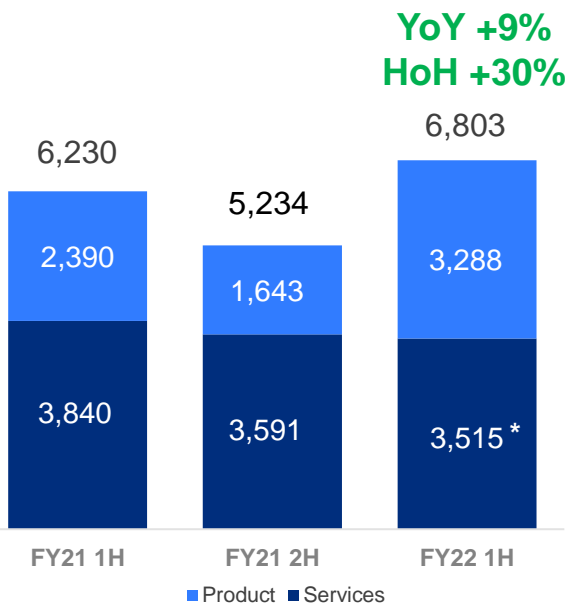


The dividend policy of the Company is to pay dividends in an amount of not less than 90% of the Adjusted Free Cash Flow with an intention to pay 100% of the Adjusted Free Cash Flow in respect of the relevant full year period, after adjusting for potential debt repayment, if required. FY19: For the shares of 1,005,666,666 existed immediately before the WTT Merger, the Company has recommended to pay 100% of the Adjusted Free Cash Flow for the full year dividend. The dividend on the 305,932,690 newly issued consideration shares and the amount payable to the vendor loan note shall be funded by cash and cash equivalent held by WTT as of completion date and the Adjusted Free Cash Flow contributed by WTT for FY19

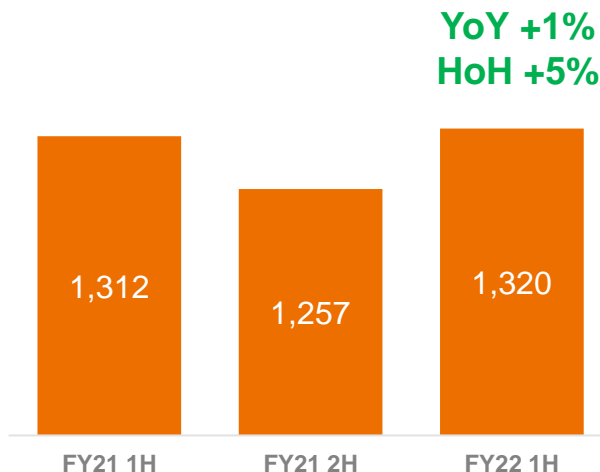
Sustaining Growth in EBITDA & AFF

Financials in HK\$mn, unless otherwise stated

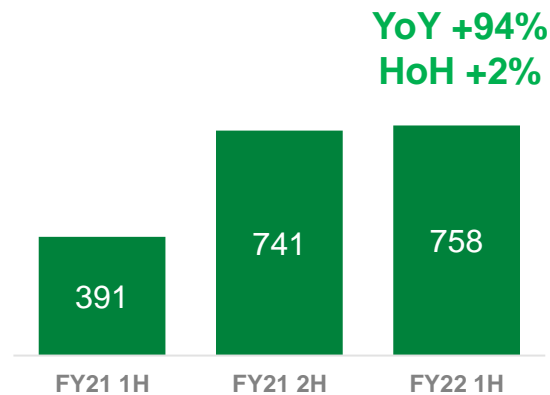
Revenue



EBITDA[#]



AFF



* After excluding the impact of JOS SG & MY disposal and Wholesale IDD, the service revenue YoY growth would be flat and HoH would be -2%.

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Business Resilience amid Challenging Market

Enterprise Solutions

7.9k

Commercial Buildings

YoY +7%

HoH +5%

106k

Enterprise Customers

YoY +1%

HoH -1%

\$2,905

Enterprise ARPU

YoY -4%

HoH -5%

Residential Solutions

2.5m

Homes Passed

YoY +2%

HoH +1%

889k

Broadband Subscriptions

YoY +3k

HoH +2k

\$187

Residential ARPU[#]

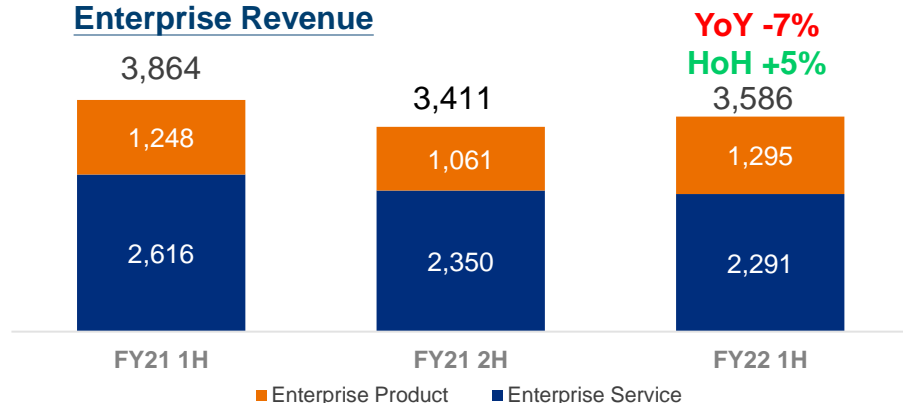
YoY -2%

HoH -2%

Flat Service Revenue with Product Revenue Growth

Financials in HK\$mn, unless otherwise stated

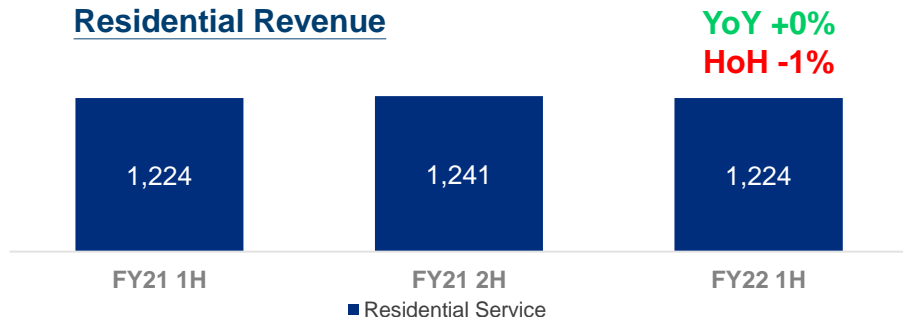
Enterprise Revenue



Enterprise

- Excluding the impact of disposal of JOS Singapore & Malaysia and wholesale IDD, core Enterprise revenue remained flat both HoH and YoY
- ES product revenue increased for our growth in SI business

Residential Revenue

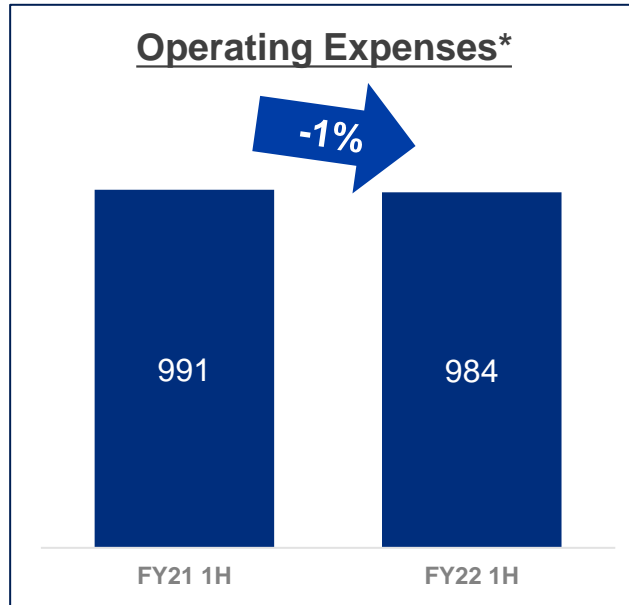


Residential

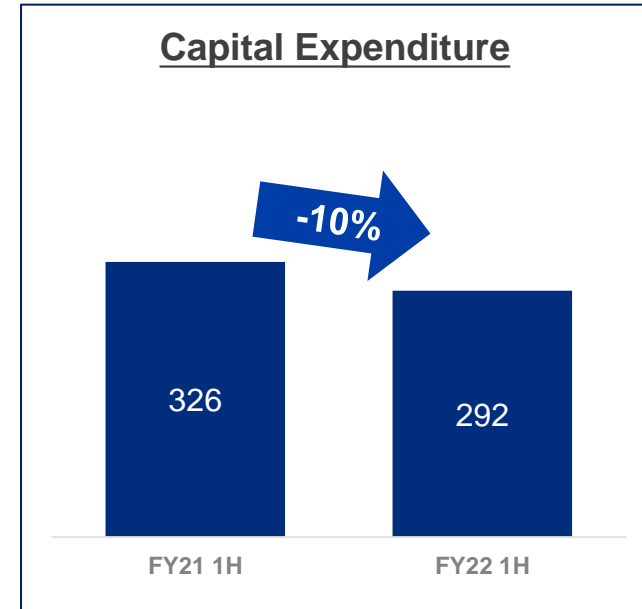
- Residential service revenue remains flat amid intense market competition

Fitter and Leaner for Growth

Financials in HK\$mn, unless otherwise stated



Opex to Revenue Ratio:	15.9%	14.5%
Headcount	5,683	4,700



Capex to Revenue Ratio:	5.2%	4.3%
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*Operating Expenses excluded Depreciation, Amortisation of intangible assets, Amortisation of customer acquisition and retention cost and Transactions costs in connection with business combination

Manageable Debt Profile

Net Leverage Ratio[#]

4.7x

Average Finance Cost

2.3%

- Successfully refinanced **~\$11 billion** of debt with improved terms and headroom
- Average remaining life decreased from 4.3 years as of Aug-21 to **3.8 years** as of Feb-22.

The Group has entered into facility agreements with various international banks for a term loan of \$5,500 million and \$5,500 million On 13 November 2020 and 31 March 2021, respectively. The Group's net debt to EBITDA ratio as computed in accordance with these facilities would be approximately 4.7x.

William Yeung

Co-Owner & Executive Vice-chairman

Strategic Partnerships – Strong Support from Allies



Unique Partnerships to Win Together



Enterprise Solutions

- ✓ **5G Promotions** – Extend to all Enterprise Customers
- ✓ **StarHub/JOS JV** – Contracted Revenue Growth
- ✓ **Microsoft W365** – One-stop Solutions with Broadband
- ✓ **Cisco Umbrella** – Exclusive Offer with HKBN
- ✓ **UiPath** – RPA Solutions Partner

Residential Solutions

Most Powerful Infinite-play in Town



Mobile



Best-in-town Fixed Broadband

Actual Offers at Street

	i-Cable	HKBN	HKT	HGC
Monthly Fee [#]	\$68	\$99	\$108	\$89
Speed	1000MB	1000MB	1000MB	1000MB

Listed Offers at Website

	i-Cable	HKBN	HKT	HGC
Monthly Fee [#]	\$149	\$99	\$132	\$99
Vs Actual Offers at Street	+\$81	-	+\$24	+\$10
Speed	1000MB	1000MB	1000MB	1000MB

Plan details from market intelligence as of Apr-22

[#] Public/HOS offers from operator's websites

HKT at Street



HKT at Website

1000M 光纖入屋寬頻計劃
(限時優惠-豁免一年月費)

平均月費 **HK\$132**

HK\$198/月
36個月承諾期



Best-in-town 5G Offers

	CMHK	HKBN	CSL	SmarTone
5G Mobile – Low Usage				
Monthly Fee	\$68 (MNP only)	\$68	\$78	\$88
Local Data	4.5G(42MB)/8GB	5G/10GB	4G(21MB)/5GB	4.5G(42MB)/8GB
Thereafter	128kbps unlimited data	5Mbps unlimited data	128kbps unlimited data	128kbps unlimited data
5G Mobile – High Usage				
Monthly Fee	\$149	\$149	\$318	\$298
Local Data	5G/100GB	5G/100GB	5G/110GB	5G/110GB

**HKBN Unique
Bundle with**



OTT

We Will WIN – Competitive Infinite-Play Bundle

New 5G Mobile offer
\$68 for 10GB / \$149 for 100GB



仲推貴5G、慢4G Plan?

指定寬頻客戶尊享

全新 高性價比 5G 流動通訊計劃

10GB 月費 **\$68***

5Mbps 任用數據



免\$18行政費

現有合約未完都可先登記 最多180日延遲生效日

兼享

- F-Secure 6個月 網絡安全防護及防毒軟件 HKBN SAFE (價值\$100)
- HOME PLUS \$100 電子現金券
- Disney+ 享6個月 月費回贈*

新客戶 **現有客戶**



香港寬頻

5G 流動通訊 \$124 30GB+任用數據

5G 流動通訊 \$68 10GB 任用數據

仲推貴5G、慢4G Plan?

指定寬頻客戶尊享

5G 流動通訊 100GB 月費 \$149 5Mbps 任用數據

免\$18行政費 (僅註冊客戶)

現有合約未完都可先登記 最多180日延遲生效日

兼享

- 6個月 網絡安全防護及防毒軟件 HKBN SAFE (價值\$100)
- HOME PLUS \$100 電子現金券
- Disney+ 享6個月 月費回贈*

加購

- 6個月 網絡安全防護及防毒軟件 HKBN SAFE (價值\$100)
- HOME PLUS \$100 電子現金券
- Disney+ 享6個月 月費回贈*

HKBN x HOME+
Spend \$1 get \$2



家家買 頻頻送 用\$1得\$2 一買即送一

用足一年，用至2023/1

免安裝費! 新客限定，一年內啟用都得!

買 \$2,400 電子現金券

HOME+, 400電子現金券 (共8張)

送 總值超過 \$2,400

1000M 家居寬頻 x 24個月

2 x 1G Broadband with
OTT/ WiFi 6/ HOME+



Bundle

2 x 1000Mbps Dual Broadband

Two independent lines

Add HK\$89/mth to upgrade 2 x 1000Mbps^a

No additional installation required, just plug and enjoy

Get offers valued up to \$2,200

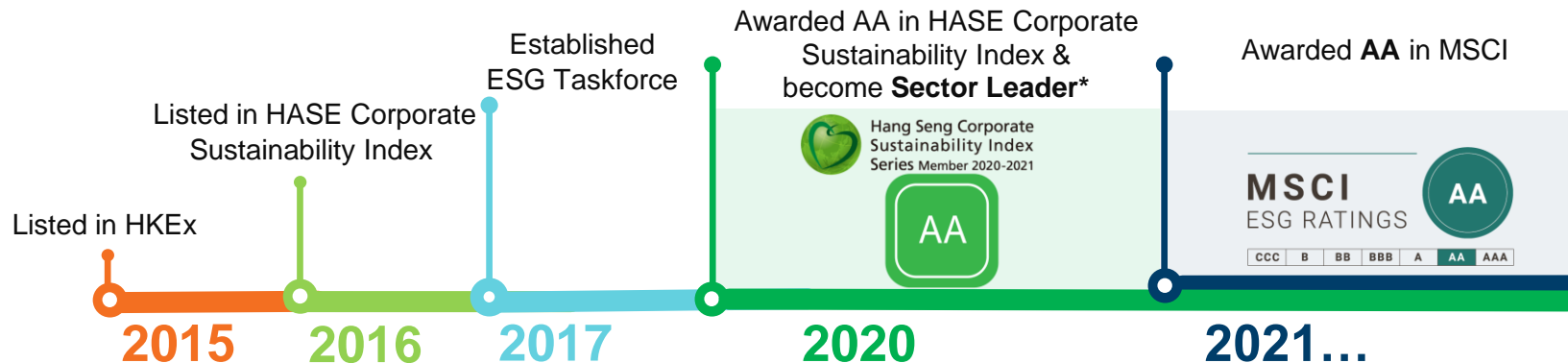
Free professional on-site installation

Supports 160MHz TP-Link Deco X50 or router (double pack) (SRP: HK\$1,798)

Get 24-month service fee rebate (value: \$1,752)

Disney+ \$2,200 HOME+ e-Cash coupon

In ESG, we're **LEADING** and **GROWING**!



*Since 2016, we have been a constituent of the Hang Seng (HASE) Corporate Sustainability Benchmark Index, which has recognised us with AA ratings for the past two consecutive years (2020 and 2021) – the highest in Hong Kong's telco industry!

Implementing peer-leading initiatives

- **Board ESG Committee**
- **Global ESG Reporting Standard**
- **40% CO₂e cut by FY25[#]**



#Remarks: Compare with industry peer, HKT reduces 34% of CO₂e by 2025

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Showcase in Trans Asia Centre: \$5.5M in Energy Savings with \$0 CAPEX

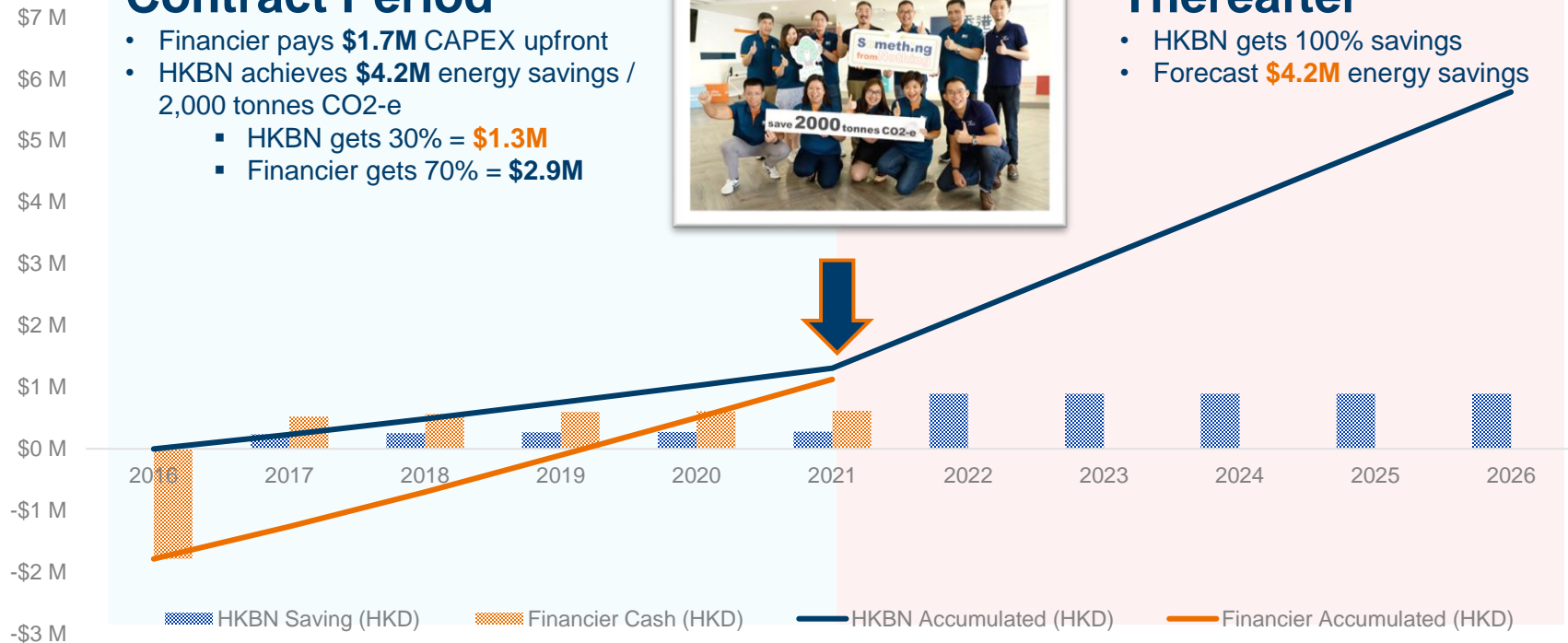
Contract Period

- Financier pays **\$1.7M** CAPEX upfront
- HKBN achieves **\$4.2M** energy savings / 2,000 tonnes CO₂-e
 - HKBN gets 30% = **\$1.3M**
 - Financier gets 70% = **\$2.9M**



Thereafter

- HKBN gets 100% savings
- Forecast **\$4.2M** energy savings



Pay for **today's** facility upgrade with **tomorrow's** energy savings

CO4 Roadmap – Full Speed to GROW

Co-Ownership 4 KPI 3-year cumulative HK\$2.70 to HK\$3.01 AFF/Share

FY22 1H HK\$0.40	FY23	FY24
Strategic Partnerships (StarHub/ Disney+/ Cisco/ Microsoft/ UiPath)	5G Offers (3HK) Co-Ownership	Bundling (HOME+) ESG

Appendix

Operational Highlights – Enterprise Solutions

	1H2021	2H2021	1H2022	YoY Changes	HoH Changes
Commercial building coverage	7,418	7,584	7,932	7%	5%
<u>Subscriptions ('000)</u>					
- Broadband	118	119	120	2%	1%
- Voice	434	423	421	-3%	0%
<u>Market share</u>					
- Broadband	36.7%	36.9%	37.1%	+0.4pp	+0.2pp
- Voice	25.1%	24.9%	24.3%	-0.8pp	-0.5pp
Enterprise customers ('000)	105	107	106	1%	-1%
Broadband churn rate	1.3%	1.5%	1.3%	+0.0pp	-0.2pp
Enterprise ARPU	\$3,028	\$3,058	\$2,905	-4%	-5%

Our market share in broadband or voice services in Hong Kong, for residential or enterprise business, is calculated by dividing the number of broadband or voice subscriptions we have at a given point in time by the total number of corresponding broadband or voice subscriptions recorded by the Office of the Communications Authority ("OFCA") at the same point in time. Based on the latest disclosure from OFCA for Dec-21 market data for broadband services and voice services respectively.

Operational Highlights – Residential Solutions

	1H2021	2H2021	1H2022	YoY Changes	HoH Changes
Residential homes passed ('000)	2,438	2,466	2,489	2%	1%
<u>Subscriptions ('000)</u>					
- Broadband	886	886	889	0%	0%
- Voice	485	474	458	-6%	-3%
<u>Market share</u>					
- Broadband	34.6%	34.2%	33.8%	-0.8pp	-0.3pp
- Voice	22.2%	22.1%	21.9%	-0.3pp	-0.1pp
Residential customers ('000)	1,011	997	983	-3%	-1%
Broadband churn rate	0.90%	0.90%	0.90%	+0.0pp	+0.0pp
Residential ARPU (without TTT*)	\$191	\$190	\$187	-2%	-2%
Residential ARPU (with TTT*)	\$189	\$189	\$187	-1%	-1%

Our market share in broadband or voice services in Hong Kong, for residential or enterprise business, is calculated by dividing the number of broadband or voice subscriptions we have at a given point in time by the total number of corresponding broadband or voice subscriptions recorded by the Office of the Communications Authority ("OFCA") at the same point in time. Based on the latest disclosure from OFCA for Dec-21 market data for broadband services and voice services respectively.

* "TTT" represents the campaign namely ToughTimesTogether in which the Group offered 1-month service fee waiver to its customers

Consolidated Income Statement

(HK\$ million, unless otherwise stated)	1H2021	2H2021	1H2022	YoY Changes	HoH Changes
Enterprise Solutions	2,616	2,350	2,291	-12%	-3%
Enterprise Solutions related Product	1,248	1,061	1,295	4%	22%
Residential Solutions	1,224	1,241	1,224	-0%	-1%
Other product	1,141	582	1,993	75%	>100%
Turnover	6,230	5,234	6,803	9%	30%
Other net income	5	18	37	>100%	>100%
Network costs and cost of services	-1,772	-1,489	-1,413	-20%	-5%
Costs of inventories	-2,154	-1,536	-3,087	43%	>100%
Advertising and marketing expenses	-173	-197	-172	-1%	-13%
Amortisation of customer acquisition and retention costs	-148	-148	-149	1%	1%
Talent costs included in other operation expenses	-517	-467	-510	-1%	9%
Other operating expenses	-1,055	-1,025	-1,019	-3%	-1%
Finance cost	-325	-156	-106	-67%	-32%
Profit before taxation	91	234	384	>100%	64%
Income tax	-42	-76	-80	90%	5%
Profit for the period	49	158	304	>100%	92%
Amortisation of intangible assets	241	216	209	-13%	-3%
Deferred tax arising from amortisation of intangible assets	-39	-35	-34	-13%	-2%
Loss on extinguishment of senior notes	145	-	-	n/a	n/a
Deferred tax recognized on unused tax losses	-12	33	-	n/a	n/a
Adjusted Net Profit	385	371	480	25%	29%

All financial figures are rounded to nearest HK\$ million

Consolidated Balance Sheet (Summary)

(HK\$ million, unless otherwise stated)	At 28 February 2021	At 31 August 2021	At 28 February 2022
Non-current assets	18,624	18,152	17,687
Current assets	3,346	3,616	3,321
Current liabilities	4,439	3,864	3,517
Total assets less current liabilities	17,531	17,904	17,490
Non-current liabilities	11,574	12,366	12,198
Net assets	5,957	5,538	5,293
Capital and Reserves	5,957	5,538	5,293

Additional Info:			
Goodwill and intangible assets	12,924	12,623	12,381
Property, plant and equipment	3,961	3,901	3,780
Cash and cash equivalents	1,232	1,421	1,154
Bank loans	11,301	11,313	11,271

All financial figures are rounded to nearest HK\$ million

Reconciliation of EBITDA and Adjusted Free Cash Flow

(HK\$ million, unless otherwise stated)	1H2021	2H2021	1H2022	YoY Changes	HoH Changes
Profit for the year	49	158	304	>100%	92%
Finance costs	325	156	106	-67%	-32%
Interest income	-1	-1	-2	21%	28%
Income tax charge/ (credit)	42	77	80	91%	4%
Depreciation [#]	508	504	471	-7%	-7%
Amortisation of intangible assets [#]	242	215	211	-13%	-2%
Amortisation of customer acquisition and retention costs	148	148	149	0%	1%
EBITDA[#]	1,312	1,257	1,320	1%	5%
Service EBITDA Margin	28.1%	30.8%	31.8%	+3.7pp	+1.0pp
Capital expenditure	-326	-264	-292	-10%	11%
Net interest paid	-219	-76	-98	-55%	29%
Bond redemption	-114	-	-	n/a	n/a
Other non-cash items	-4	-4	-4	2%	7%
Income tax paid	-223	-7	-150	-33%	>100%
Customer acquisition and retention costs	-133	-133	-126	-5%	-5%
Lease payment	-153	-121	-113	-26%	-7%
Changes in working capital	251	88	221	-12%	>100%
Adjusted Free Cash Flow	391	741	758	94%	2%
Dividend *	577	554	592	3%	7%
DPS (HK cents)	39	37.5	40	3%	7%

* Dividend amount included the distribution to vendor loan note holders, who are entitled to the same DPS on the equivalent number of shares based on the terms of the vendor loan notes.

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