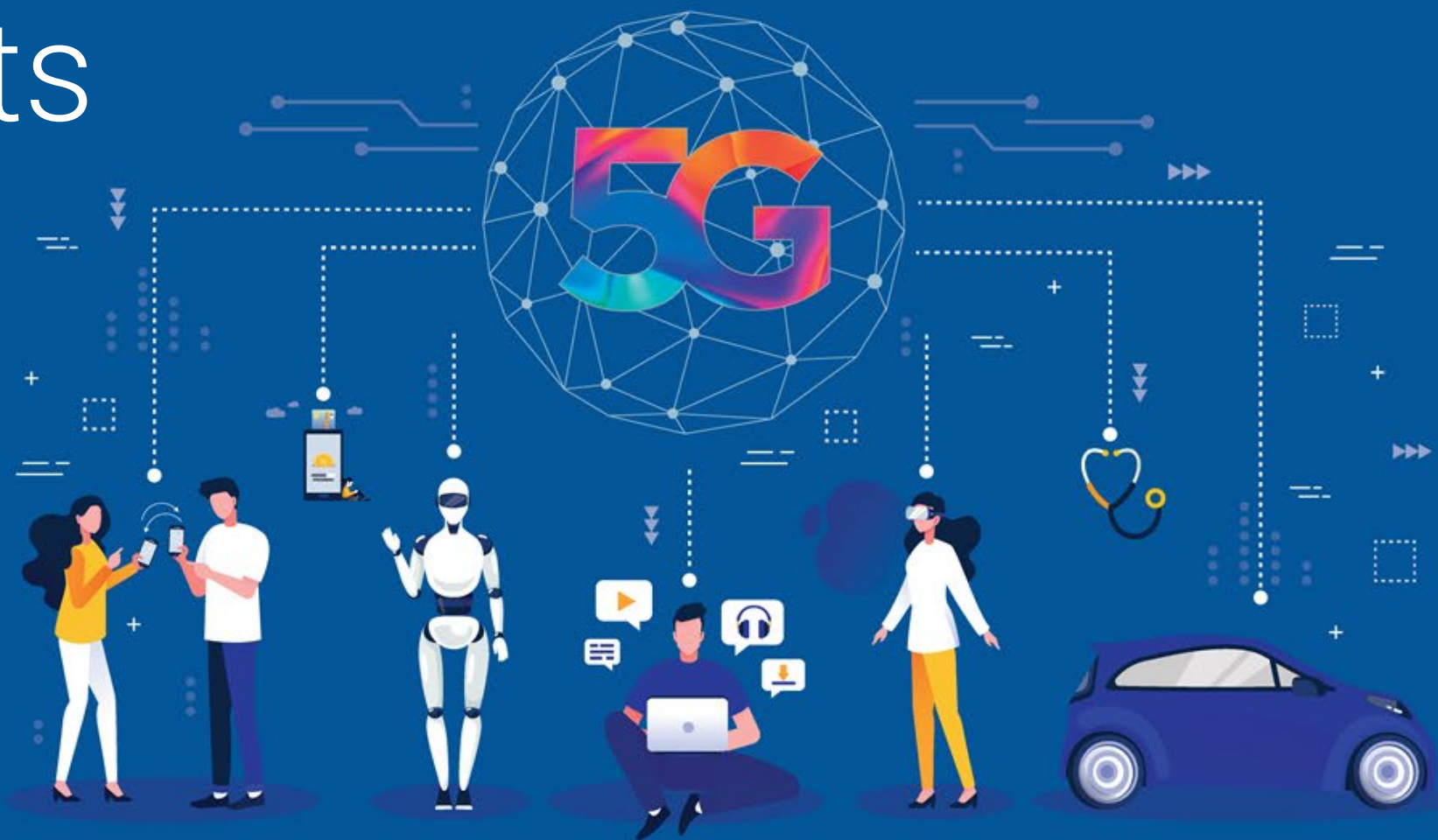


HKT[®]

2020 Interim Results

**For the six months ended
June 30, 2020**

August 5, 2020
Hong Kong



Forward Looking Statements

This presentation may contain "forward-looking statements" that are not historical in nature. These forward-looking statements, which include, without limitation, statements regarding HKT's future results of operations, financial condition or business prospects, are based on the current beliefs, assumptions, expectations, estimates, and projections of the directors and management of HKT about the business, the industry and the markets in which HKT operates. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond HKT's control and are difficult to predict. Actual results could differ materially from those expressed, implied or forecasted in these forward-looking statements for a variety of factors.

Business Review

Susanna Hui
Group Managing Director



HKT Actions in Response to COVID-19

Employees

- Implement work from home and flexible work-hour arrangements
- Frequent cleaning and disinfection of premises
- Prescribed precautionary measures for onsite visits of field staff
- Minimize face to face meetings and emphasize virtual meetings
- Suspend operations of some shops and shortened business hours



Customers

- Extra mobile data allowance and entertainment services
- Free smart business services and special offers to eligible corporate customers for remote offices
- Accelerate digital engagement with customers
- Deliver network quality and resilience in response to changing customer usage patterns



Communities

- Donations to communities and employee volunteering
- Support the Government with wireless broadband services at quarantine facilities
- Provide handsets and free mobile data to 160 elderly nursing homes of various NGOs
- Offer schools with free e-learning platforms to facilitate students for home-based learning



HKT is taking all necessary precautions to safeguard our employees and customers while ensuring business continuity

Impact of COVID-19

Areas		Impacts
Roaming revenue		<ul style="list-style-type: none"> • Significant reduction in inbound and outbound traffic
Handset and equipment sales		<ul style="list-style-type: none"> • Reduction in consumer handset and business equipment purchases
Broadband revenue		<ul style="list-style-type: none"> • Net gain in broadband customers reflecting the demand for resilient, high quality broadband and Home Wi-Fi solutions services in response to stay at home advice
Customer retention		<ul style="list-style-type: none"> • Churn improvement • Accelerated digital engagement with customers • Deepen customer engagement via loyalty programs • Focus on network quality and speed upgrades
Enterprise business		<ul style="list-style-type: none"> • Slowdown in ICT projects in the private sector • Reduction in business lines due to SME closures and downsizing
		<ul style="list-style-type: none"> • Ad-hoc and infrastructure projects for the government and public sectors • Demand for digital and business continuity solutions • Upsurge in bandwidth requirements following travel restrictions and WFH advice
Operating efficiency		<ul style="list-style-type: none"> • Digitalization of operation and marketing platforms • Sales channel efficiency enhancement through retail shop rationalization

HKT Well Protected by Diversified Business Delivered Resilient Financial Performance

Revenue

(excluding Mobile Product Sales)

H1'20

1,748

(US\$ million)

H1'19 -1%
1,765

EBITDA

H1'20

711

(US\$ million)

H1'19 -3%
735

Adjusted Funds Flow

H1'20

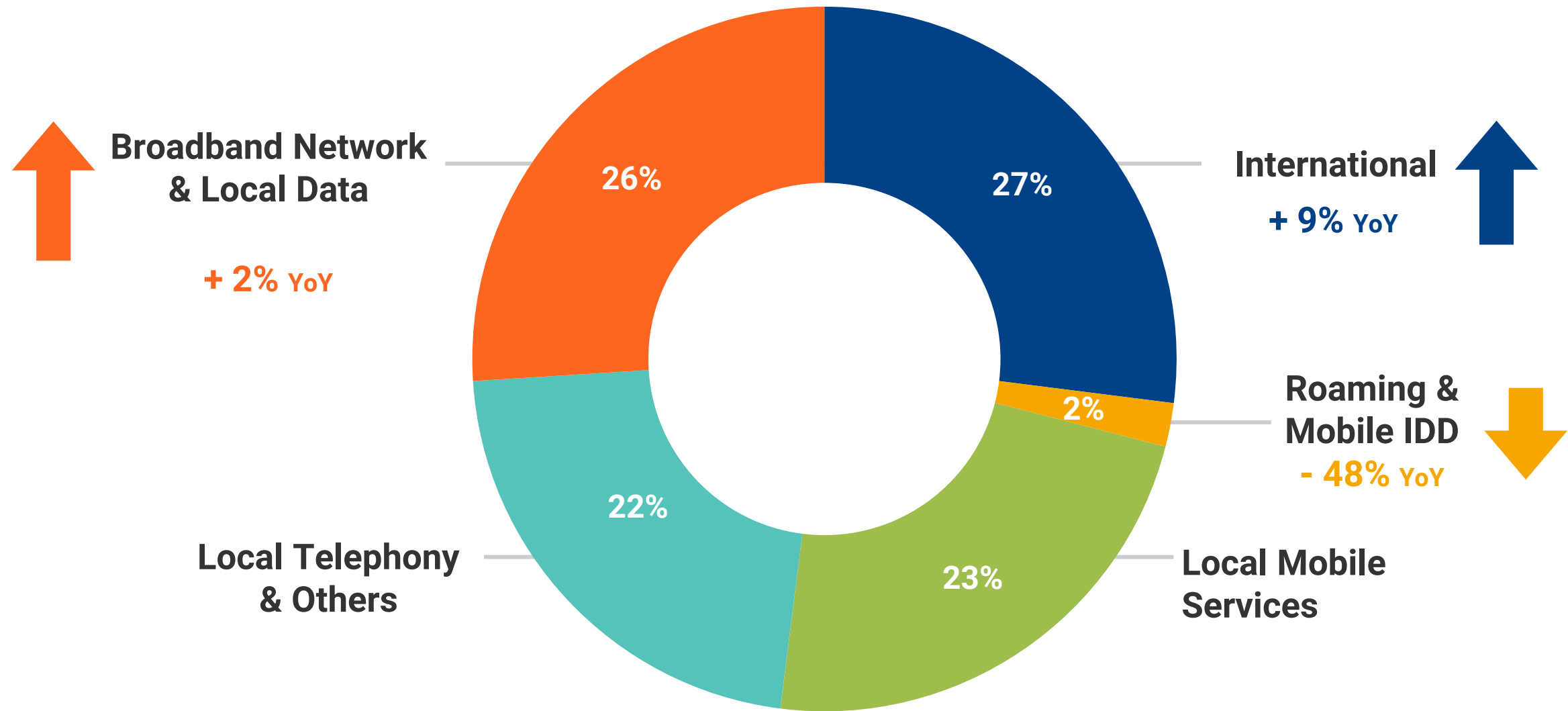
292

(US\$ million)

H1'19 Stable
291

Interim Distribution of 30.10 HK cents per Share Stapled Unit

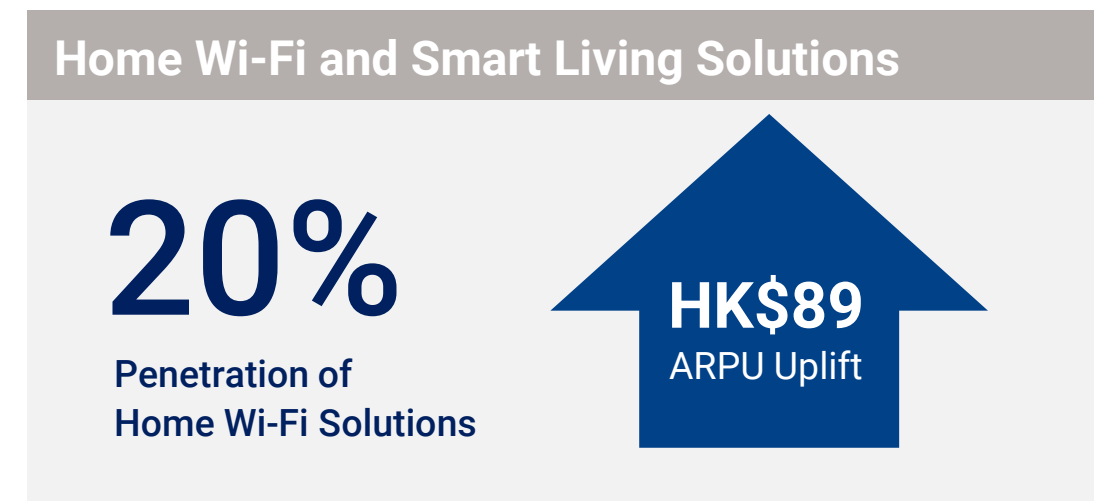
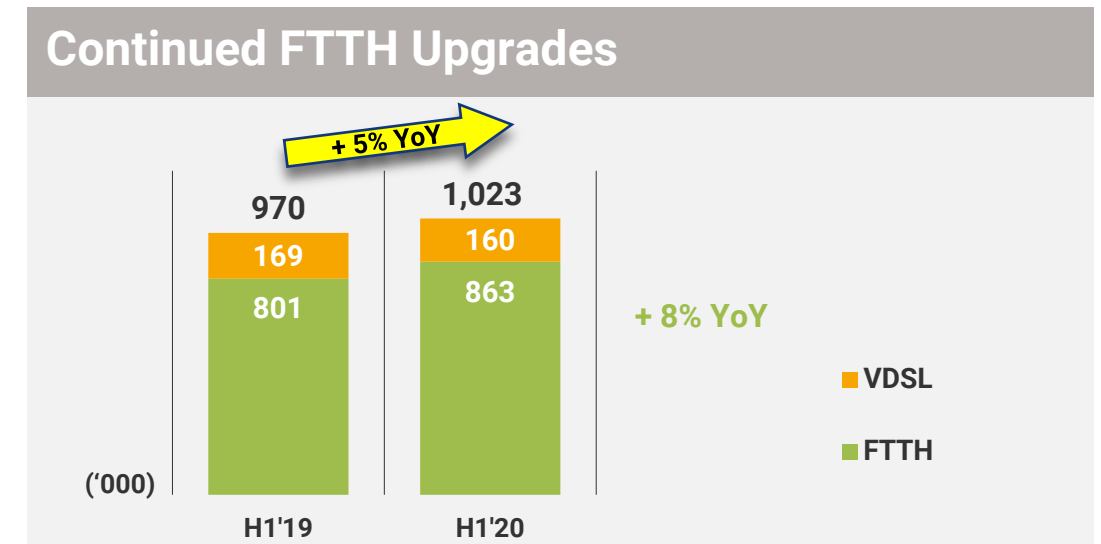
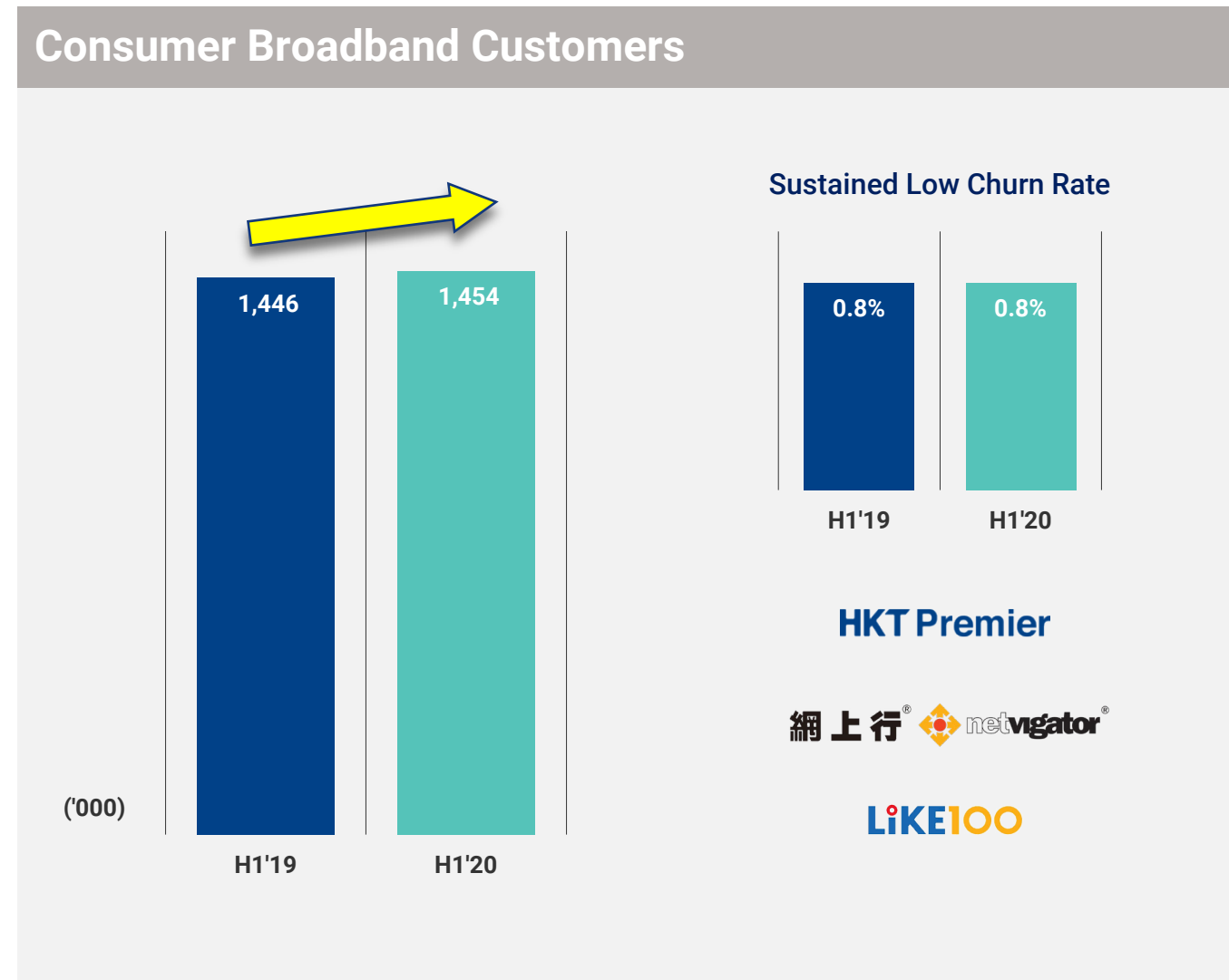
HKT Benefits from Business Scale and Diversity



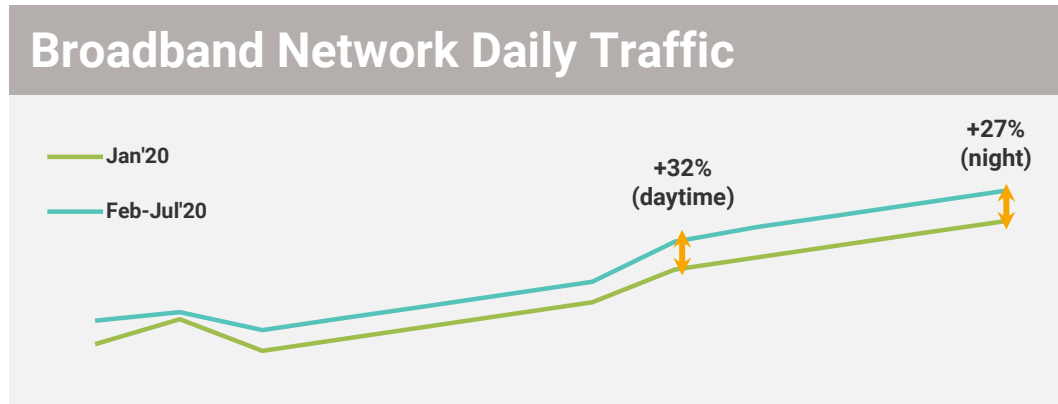
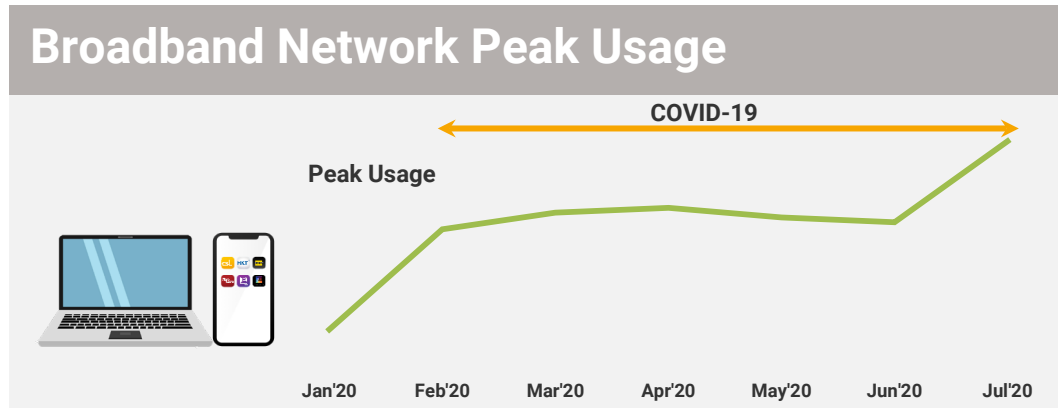
Note: Revenue mix based on Total Revenue excluding Mobile Product Sales and Eliminations

Boosted Demand for High Quality Broadband Services

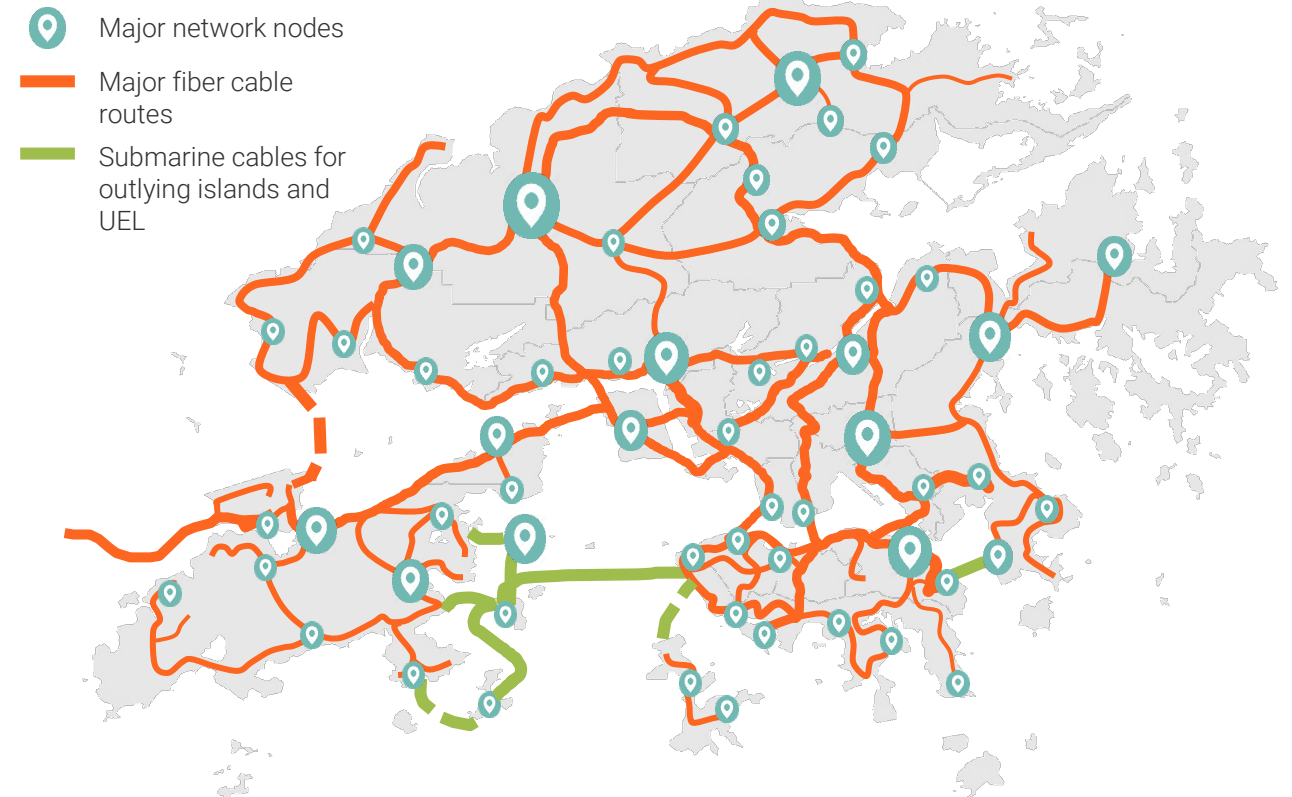
Our FTTH network and Home Wi-Fi and Smart Living solutions support all household members as they spend more time at home



Usage Surge Supported by Extensive Infrastructure



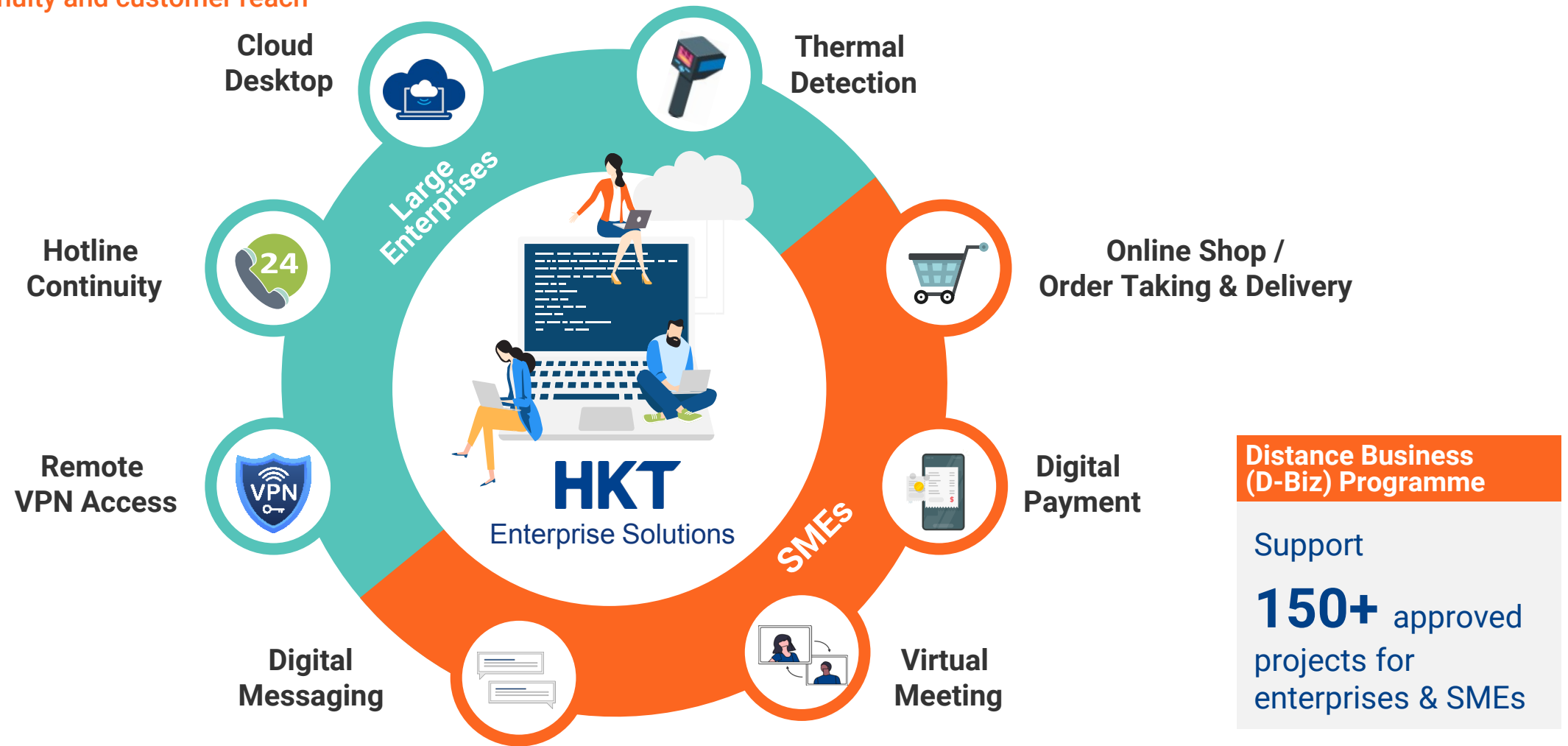
- Home broadband usage surged due to stay at home advice
- Peak usage noticeably increased during afternoon and evening times



- Extensive fiber coverage and network nodes provide resilience and high availability
- Network capacity is more than sufficient for peak usage

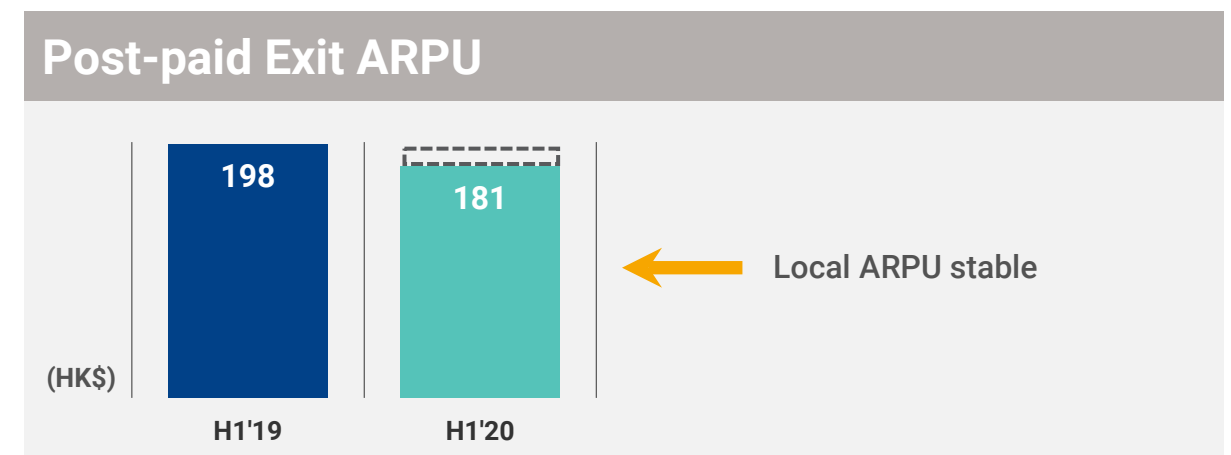
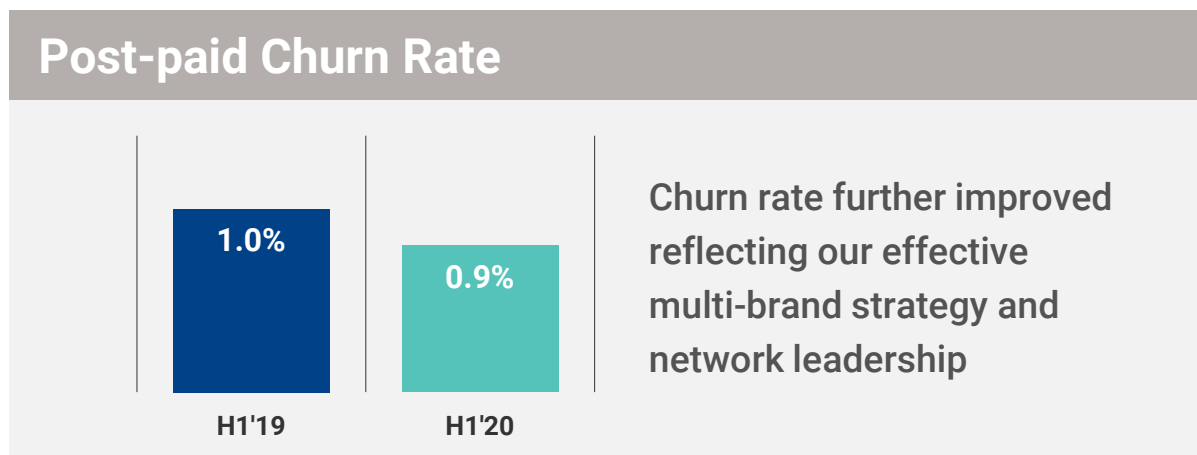
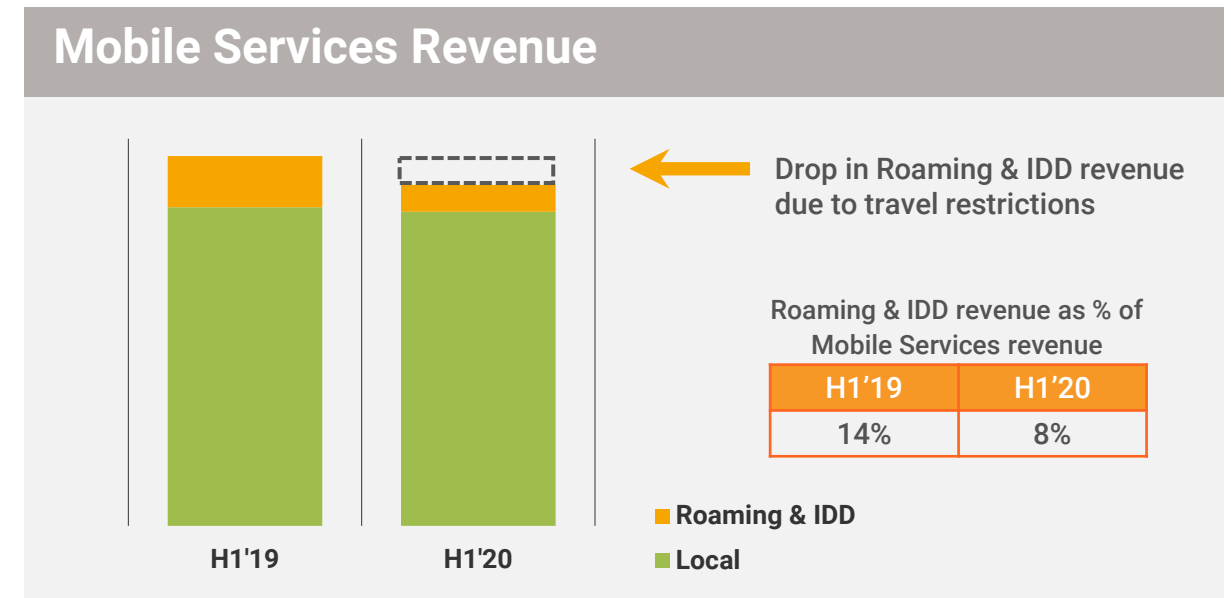
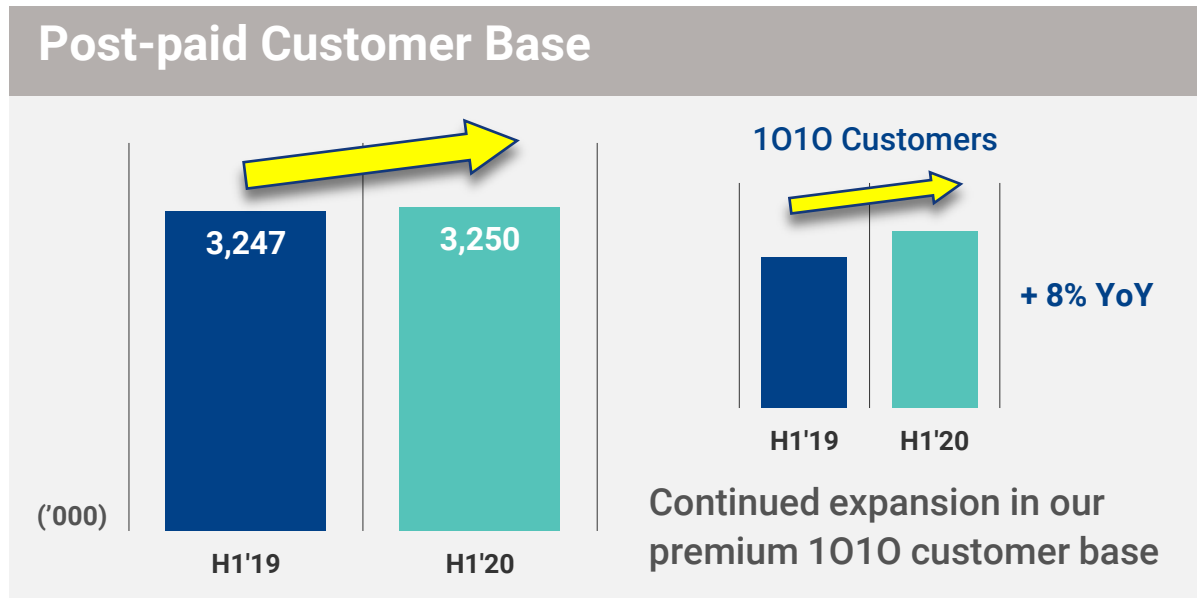
Empowering Enterprises in the Digital World

As consumers and employees spend more time at home, HKT has been offering a wide range of digital solutions to enterprises and SMEs to ensure business continuity and customer reach



Work Anywhere | Online Business | Service Continuity | Workplace Safety

Stable Mobile Customer Base and Local ARPU



Ushering in the 5G Era with Differentiated Applications

Entertainment



MOOV 24 bit Music Service



csl. 5G VR



Gaming



csl. 5G VR eSports

Augmented Reality (AR)



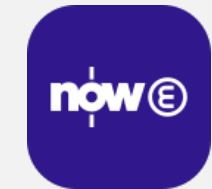
csl. 5G Lens



100k 5G Customers
(as of July 2020)

HK\$70
Service plan uplift

Sports & Fitness



Now E Premier League & LaLiga 2020/21 4K Season Pass

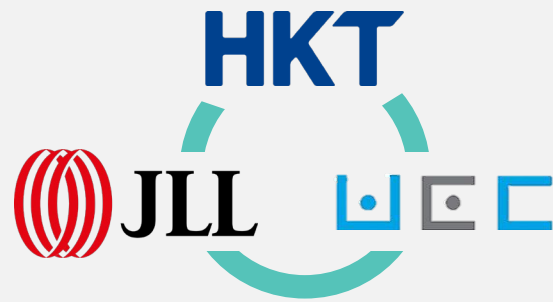
5G Enterprise Applications

Utilizing 5G Technology to Enable Industry Specific Applications

PropTech

Hong Kong's Largest IoT-powered PropTech Deployment

- Optimize operations and enhancing occupant experiences for more than 200 properties managed by JLL
- Install more than 4,000 IoT sensors for data capture, big data analysis and process re-engineering and automation



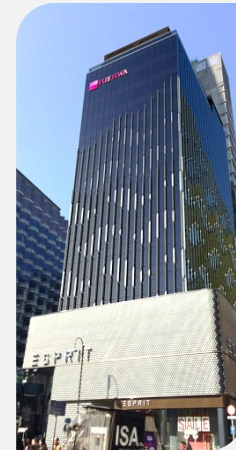
Green Building

Green Building Development and Sustainability

- Deliver end-to-end green solutions for green building infrastructure
- Improve energy performance and attain LEED green building certification
- New properties and retrofitted buildings



AIRSIDE by Nan Fung Group



Yue Hwa International Building

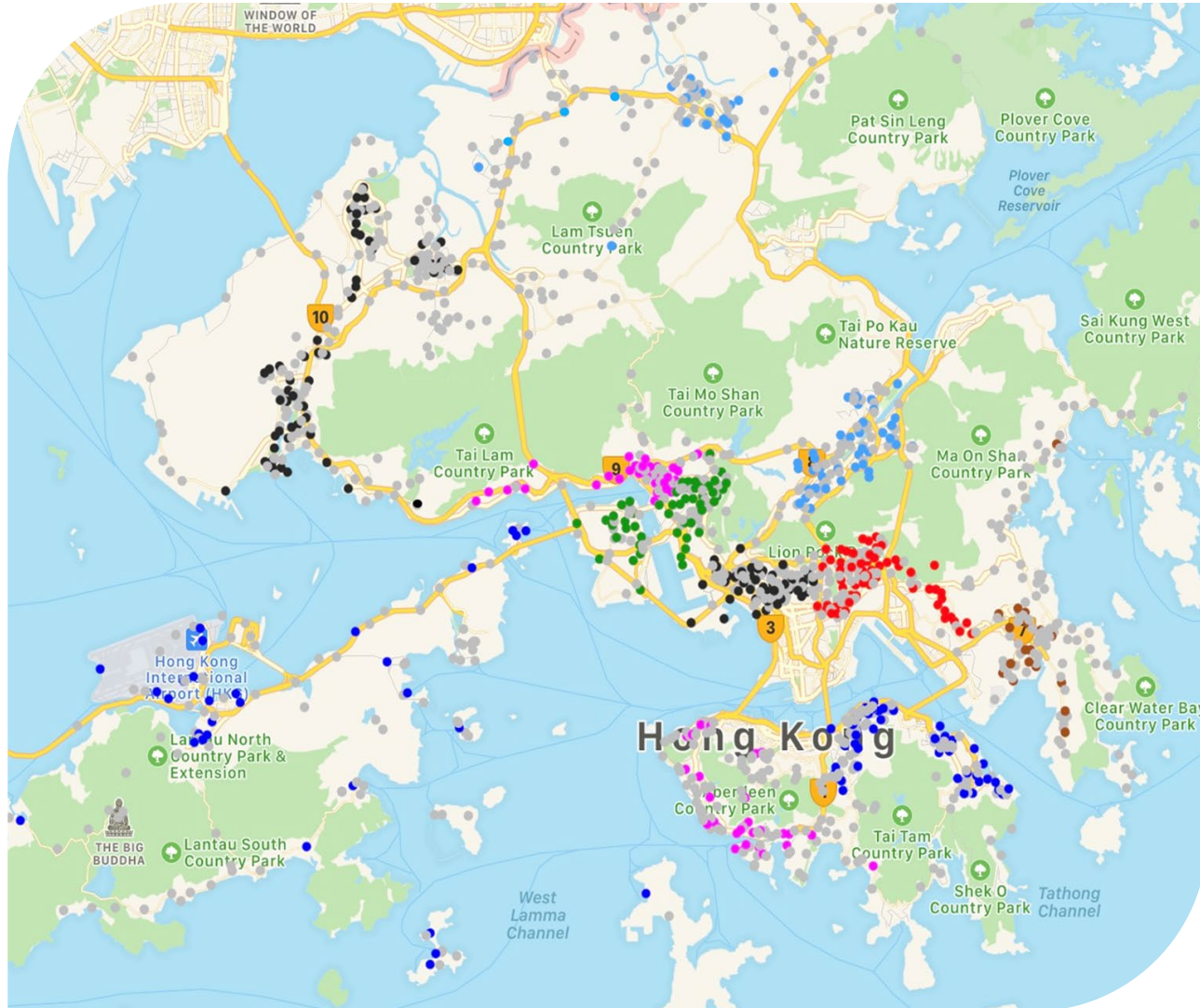
Smart Healthcare

5G-Connected Healthcare

- Remote consultation via 4K video collaboration – doctor-to-doctor, doctor-to-patient, connected ambulance
- Remote medical training through AR/VR assisted tools
- Internet of medical things – patient monitoring, healthcare asset management



Territory Wide 5G Coverage

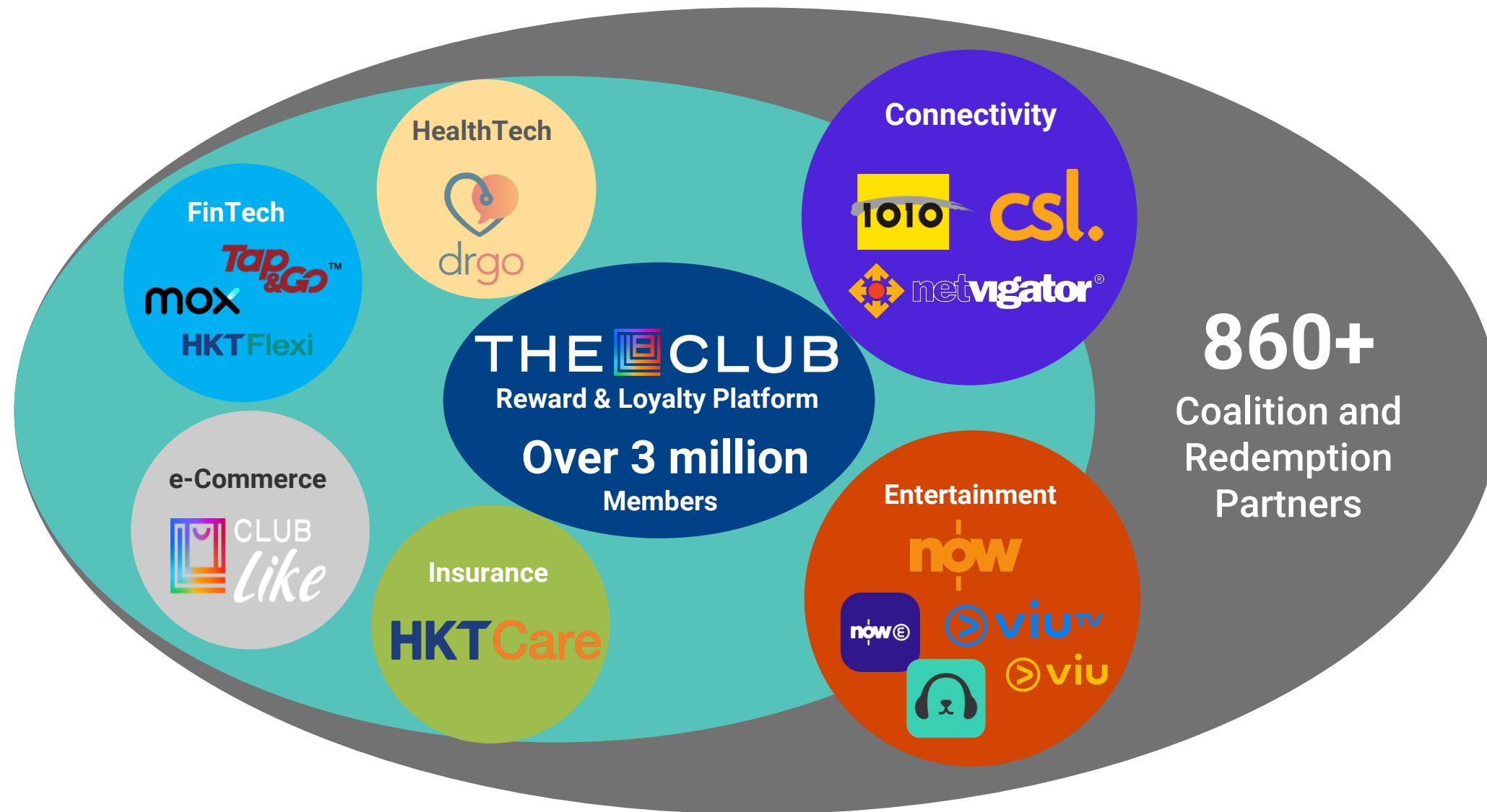


5G Coverage

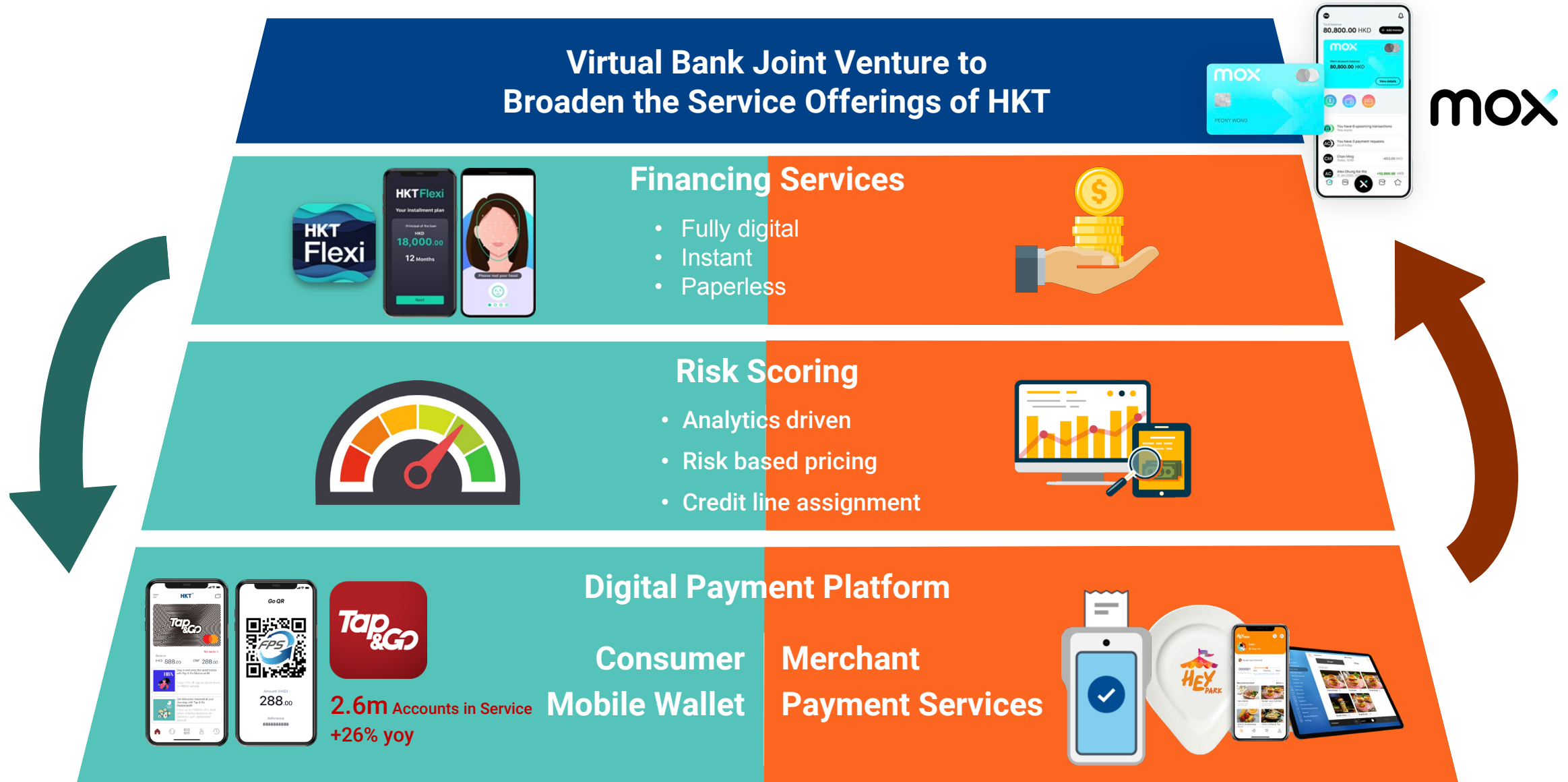
- 5G coverage to reach 90% of Hong Kong by Q3 of 2020 to coincide with the launch of more 5G handsets in Q4
- Coverage progressively expanded in key indoor locations such as transportation hubs and shopping malls



Expanding and Enriching HKT's Digital Ecosystem



HKT's FinTech Applications and Platform



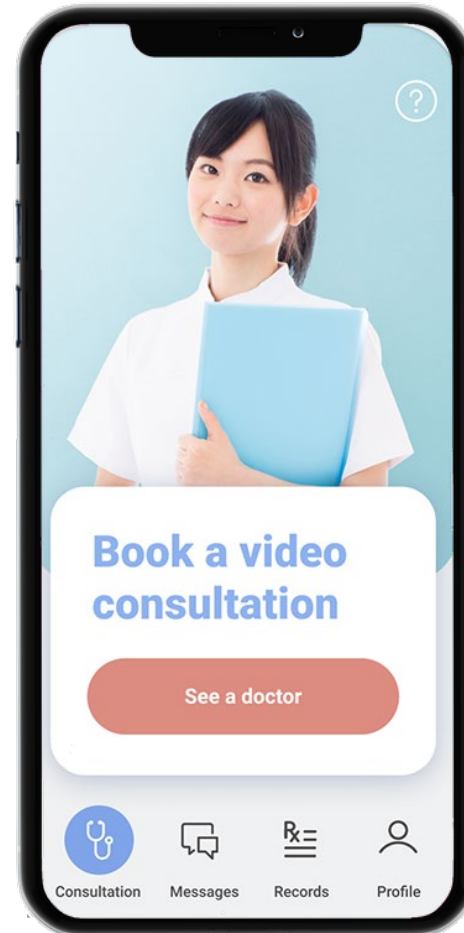
HealthTech as a New Digital Vertical

DrGo – the most comprehensive end-to-end telemedicine service in Hong Kong



B2C Opportunities

- Services can be extended to include chronic disease management and health risk assessment
- Expand patient access
 - Initial partnership with Gleneagles
 - Additional private hospitals and other medical networks
 - Potential inclusion of public hospitals



- DrGo is an app-based platform connecting users with registered doctors to provide medical consultation via video
- The most comprehensive end-to-end telemedicine platform that provides remote consultation services and prescription delivery to your door

B2B Opportunities

- Potential 5G applications with hospitals, clinics and universities to include remote mentoring and remote clinical training
- Leverage technology to facilitate interoperability across healthcare and insurance industries

Telemedicine serves a growing need in the community as it offers a sense of ease and convenience, and is particularly helpful during the current period

Highlights

1 Stability and resilience – benefiting from business scale and diversity, in particular across broadband and international businesses amidst challenging economic and operating environment due to COVID-19



2 Growth potential – encouraging initial 5G take-up with ARPU uplift; 5G adoption to accelerate with mature applications and prevalent handsets; deploy 5G technology to expand business solutions for enterprise customers



3 Value creation – expand into new digital verticals riding on The Club platform, with a focus in areas such as HealthTech and FinTech



Financial Review

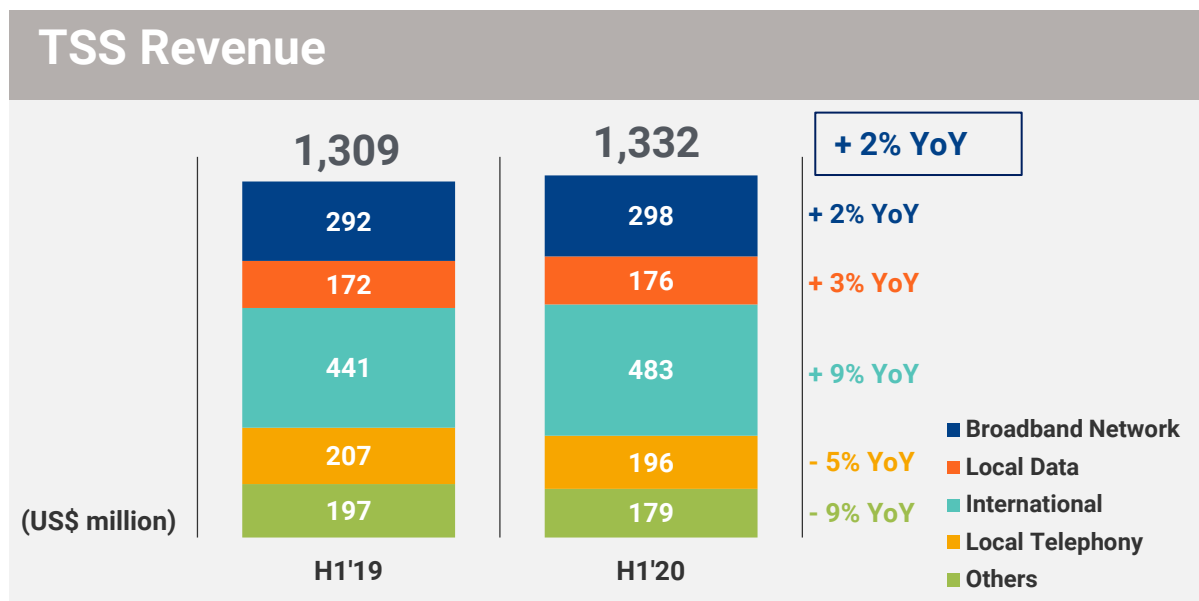
Evan Wong
Chief Financial Officer



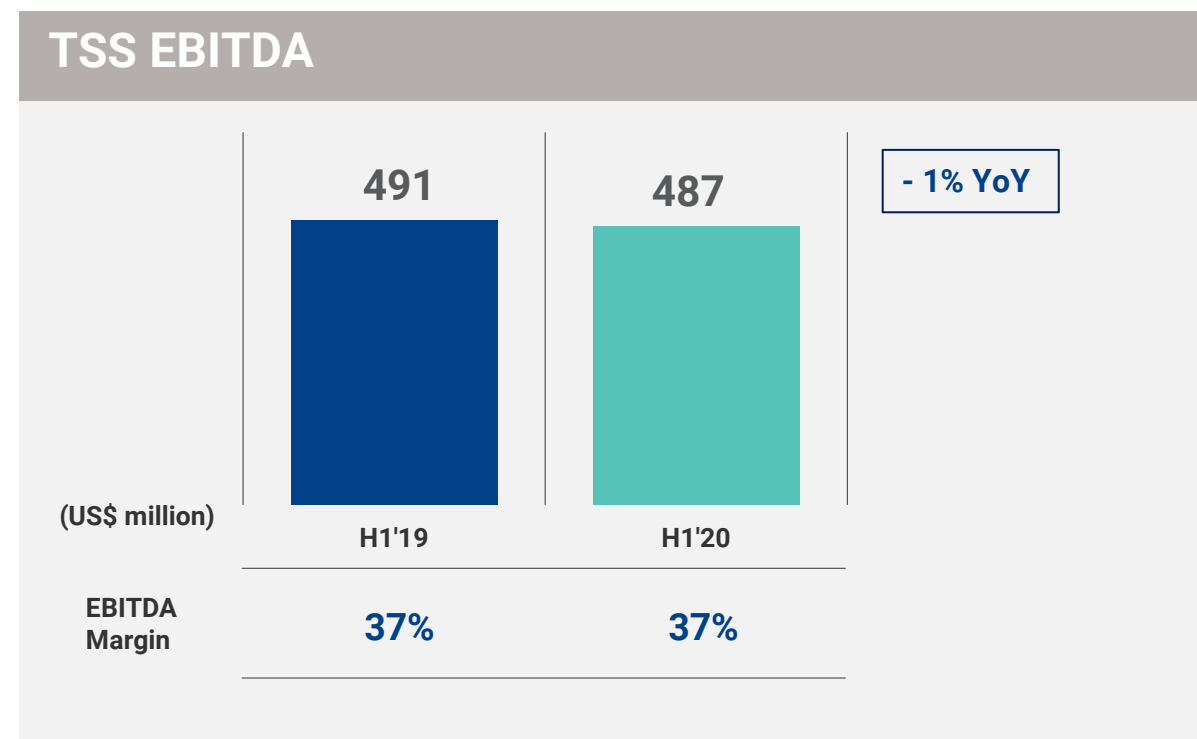
HKT Well Protected by Diversified Business Delivered Resilient Financial Performance

(US\$ million)	H1'19	H1'20	% Change
Adjusted Funds Flow	291	292	—
Revenue (excluding Mobile Product Sales)	1,765	1,748	(1)%
Revenue	1,937	1,872	(3)%
EBITDA	735	711	(3)%
<i>EBITDA Margin (excluding Mobile Product Sales)</i>	<i>42%</i>	<i>41%</i>	
<i>Overall EBITDA Margin</i>	<i>38%</i>	<i>38%</i>	
Profit			
Attributable to Holders of Share Stapled Units	277	243	(12)%

TSS Benefits from Business Resilience and Diversity

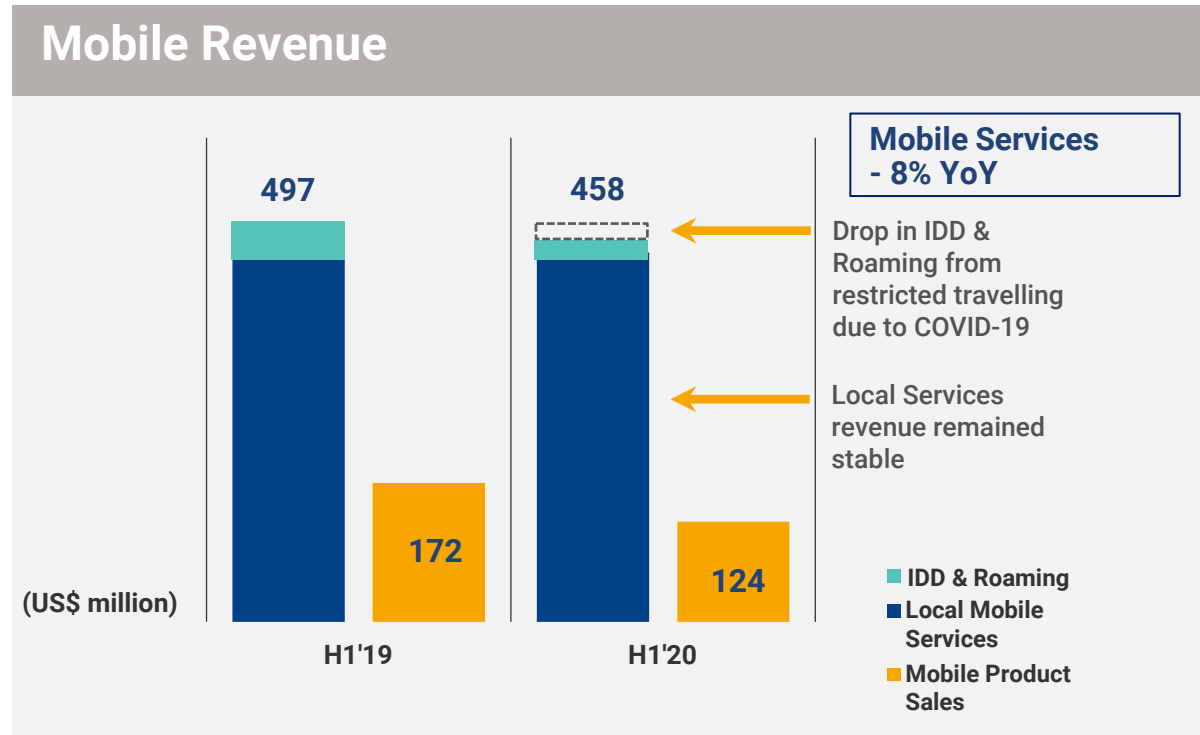


- **Broadband** – Sustained growth reflecting demand for high quality broadband services and Home Wi-Fi Solutions to accommodate work and entertainment needs at home
- **Local Data** – Benefiting from enterprise customer focus on operational continuity and upsurge in bandwidth requirements following travel restrictions and staff working from home
- **International** – Strong growth mainly attributable to higher revenue from international wholesale voice business and demand for international connectivity services brought on by the COVID-19 lockdowns globally
- **Local Telephony** – Compound impact of residential migration to broadband and mobile as well as reduction in business lines due to SME closures and downsizing

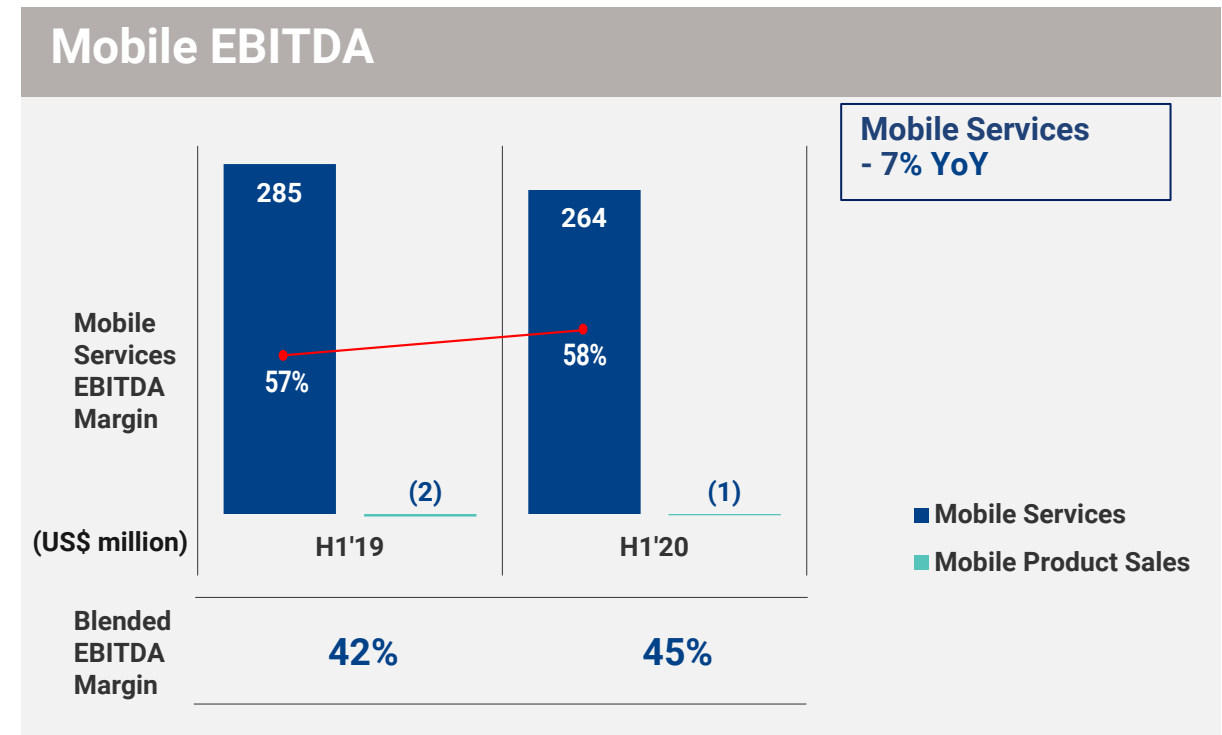


- Slight decline in EBITDA due to a shift in revenue mix, moderated by further operating efficiencies and stringent cost control measures
- EBITDA margin remained steady at 37%

Mobile Showing Initial Benefits of 5G

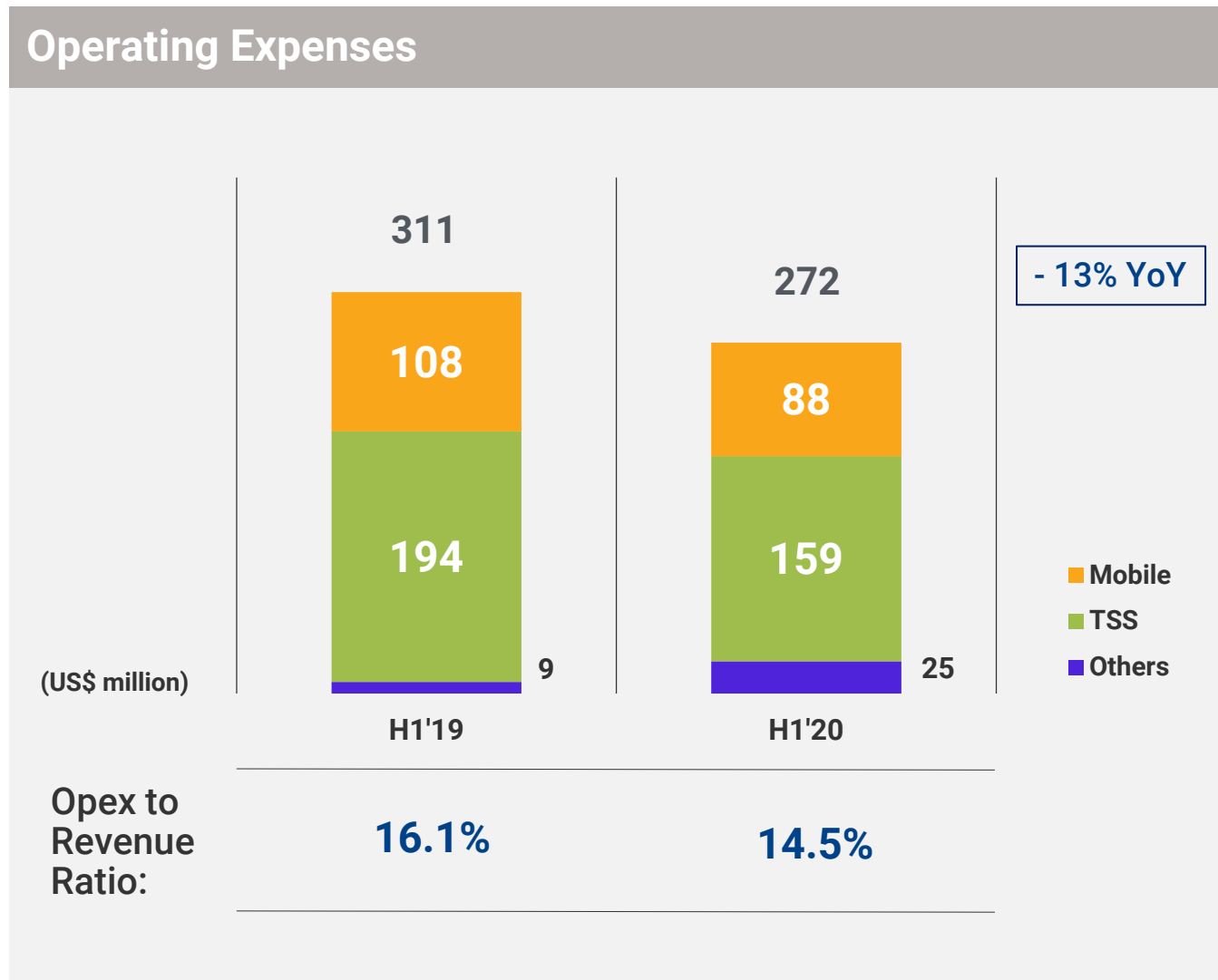


- Mobile Services revenue fell by 8% impacted by the material decline in roaming revenue due to the global travel restrictions
- Local revenue steady reflecting the initial benefits of ARPU uplift from 5G upgrades despite continued price competition in the low-end market and reduced corporate spending
- Overall post-paid exit ARPU dropped to HK\$181; local ARPU steady
- Lower Mobile product sales impacted by subdued consumer sentiment and limited handset availability



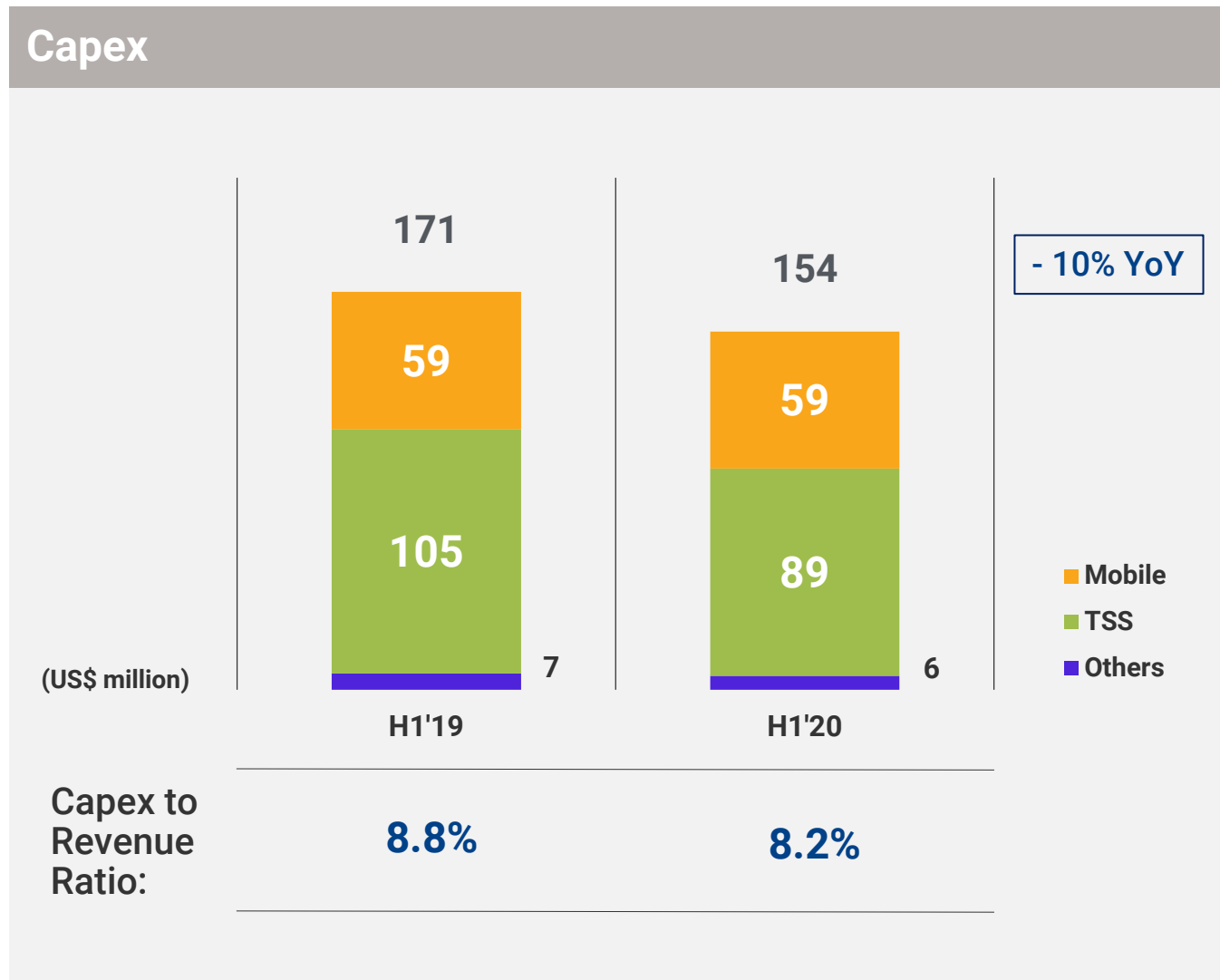
- Mobile Services EBITDA margin improved further to 58% benefiting from savings from retail shop rationalization and controls over opex spending
- Total EBITDA margin improved to 45% reflecting a lower contribution from Mobile product sales

Stringent Cost Control in Challenging Market Conditions



- Opex savings of 13% in H1'20, with opex to revenue ratio improving to 14.5%
- Continued focus on improving efficiencies for both TSS and Mobile businesses
- Key initiatives include digitalization of operation and marketing platforms, sales channel efficiency enhancement through retail shop rationalization as well as continuous cost control

Disciplined Capital Investments for Future Growth



- Disciplined capital investments with capex to revenue ratio of 8.2%, within stated guidance
- Mobile capex spend reflecting the continued investments in 5G network
- Requirement for TSS capex shrank benefiting from the mature fiber backbone investments made to support the 5G network spread out in past years

Adjusted Funds Flow

(US\$ million)	H1'19	H1'20	YoY Better/ (Worse)
EBITDA	735	711	(3)%
Less cash outflows in respect of capital expenditures, customer acquisition costs and licence fees:			
Capital expenditures	(166)	(150)	
Customer acquisition costs and licence fees	(51)	(53)	
Fulfillment costs	(35)	(37)	
Right-of-use assets	(109)	(98)	
Adjusted Funds Flow before tax paid, net finance costs paid and changes in working capital	374	373	—
Adjusted for:			
Net finance costs paid	(61)	(48)	
Tax payment	(24)	(19)	
Changes in working capital	2	(14)	
Adjusted Funds Flow for the period	291	292	—
Adjusted Funds Flow per Share Stapled Unit (HK cents)	30.01	30.10	
Interim Distribution per Share Stapled Unit (HK cents)	30.01	30.10	

Income Statement

(US\$ million)	H1'19	H1'20	YoY Better/(Worse)
Revenue	1,937	1,872	(3)%
Revenue (excluding Mobile Product Sales)	1,765	1,748	(1)%
Cost of sales	(891)	(889)	—
Opex	(311)	(272)	13%
EBITDA	735	711	(3)%
Depreciation & amortization expenses	(304)	(319)	
Net other losses	—	(7)	
Net finance costs	(85)	(84)	
Share of results of associates & JVs	(3)	(4)	
Profit before income tax	343	297	
Income tax	(65)	(53)	
<i>Effective tax rate</i>	19%	18%	
Profit for the period	278	244	
Attributable to:			
Holder of Share Stapled Units	277	243	(12)%
Non-controlling interests	1	1	

Solid Financial Position

Investment Grade Credit Ratings

(US\$ million)	As of Dec 2019	As of Jun 2020	BBB/Baa2 Investment Grade Rating
Gross Debt ⁽¹⁾	5,220	5,324	
Gross Debt to EBITDA ⁽²⁾	3.18x	3.29x	
Cash Balance ⁽³⁾	372	299	
Undrawn Facilities	1,178	1,087	
Total	1,550	1,386	

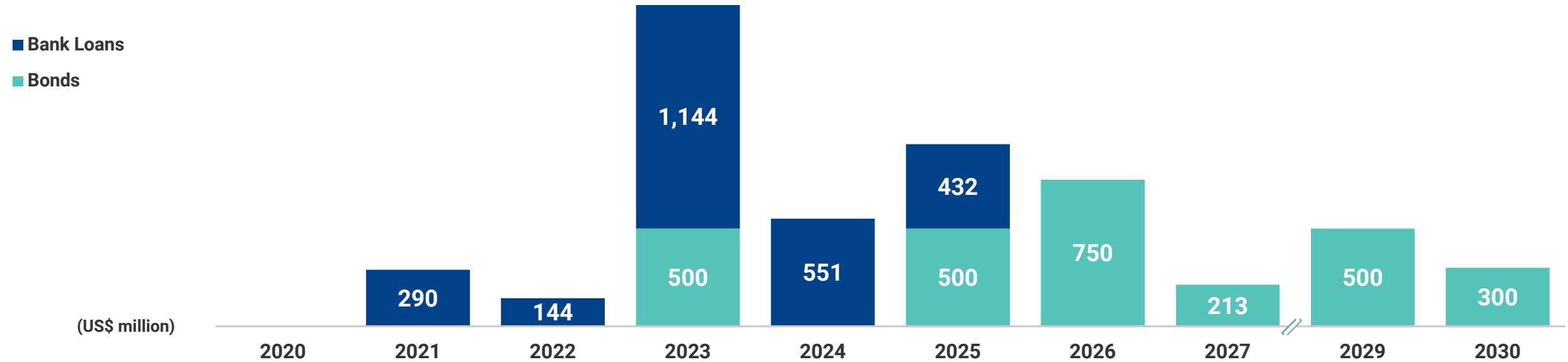
(1) Gross debt refers to the principal amount of short-term and long-term borrowings

(2) Based on gross debt as at period end divided by EBITDA for the 12-month period

(3) Including short-term deposits

Debt Maturity Profile

As of June 30, 2020



- Current mix of floating and fixed rate debt is approx. 35:65
- Effective interest rate was approx. 3.2% in H1 2020
- Average maturity was approx. 5 years

Highlights

1 Stability and resilience – benefiting from business scale and diversity, in particular across broadband and international businesses amidst challenging economic and operating environment due to COVID-19



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