



2021 Annual Results

For the year ended December 31, 2021

February 24, 2022 – Hong Kong

a **PCCW** Group member

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



Growth Resumed Despite Volatile Local Pandemic Situation

Total Revenue

FY 21

4,354 + 5% YoY

(US\$ million)

(FY 20: - 2% YoY)

Total EBITDA

FY 21

1,632 + 2% YoY
+ 5% YoY,
adjusted for ESS

(US\$ million)

(FY 20: - 2% YoY)

Adjusted Funds Flow

FY 21

707 + 2.4% YoY

(US\$ million)

(FY 20: + 1% YoY)

HK cents	FY 21
Interim Distribution	30.70
Final Distribution	42.07
Total Distribution	72.77

Total Distribution per SSU

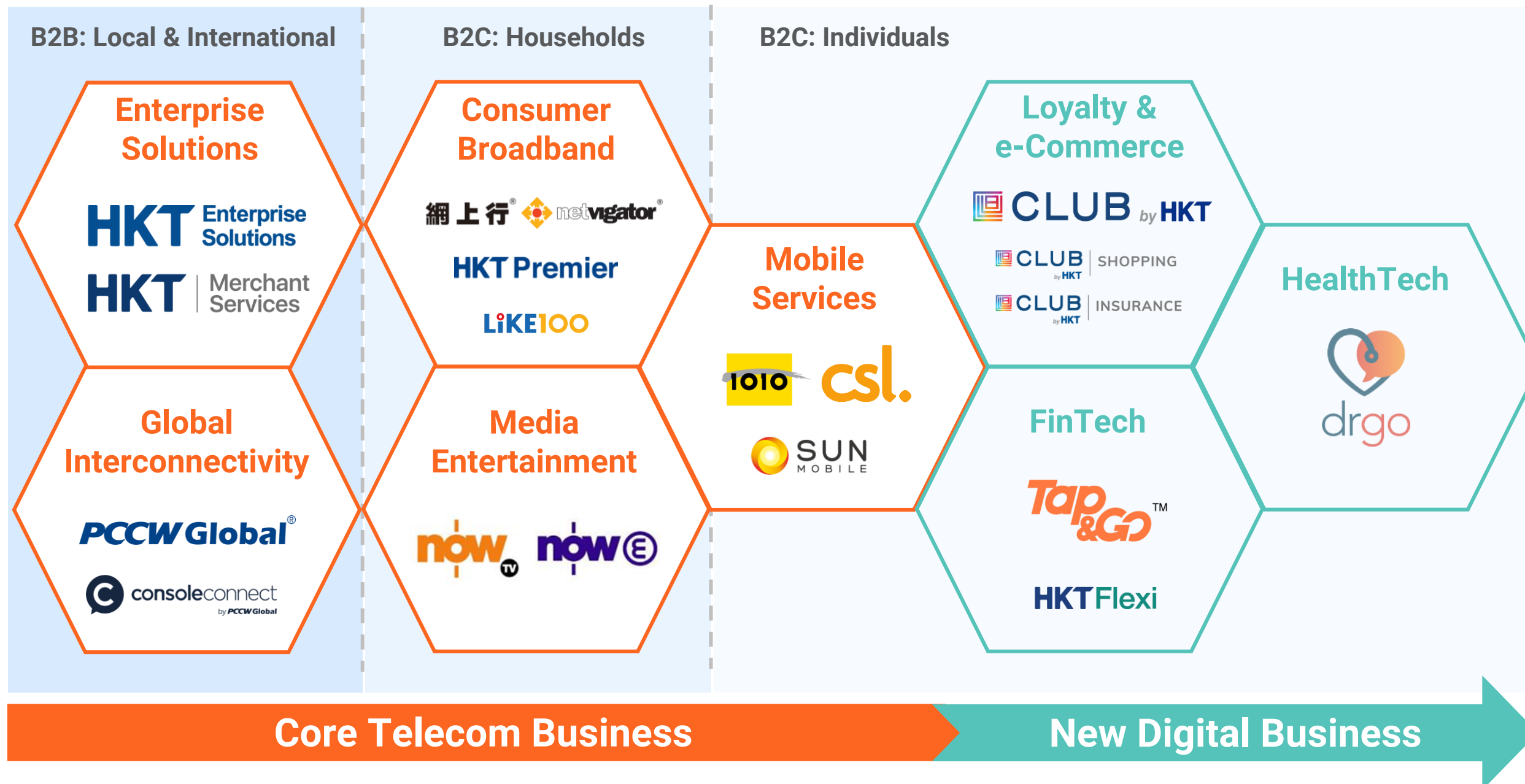
72.77 HK cents

+ 2.4% YoY

Dividend Yield

6.76%*

New Digital Platforms Augment Our Core Business



Leverage Group Assets to Bolster Our Market-leading Businesses

B2B: Local & International

B2C: Households

B2C: Individuals

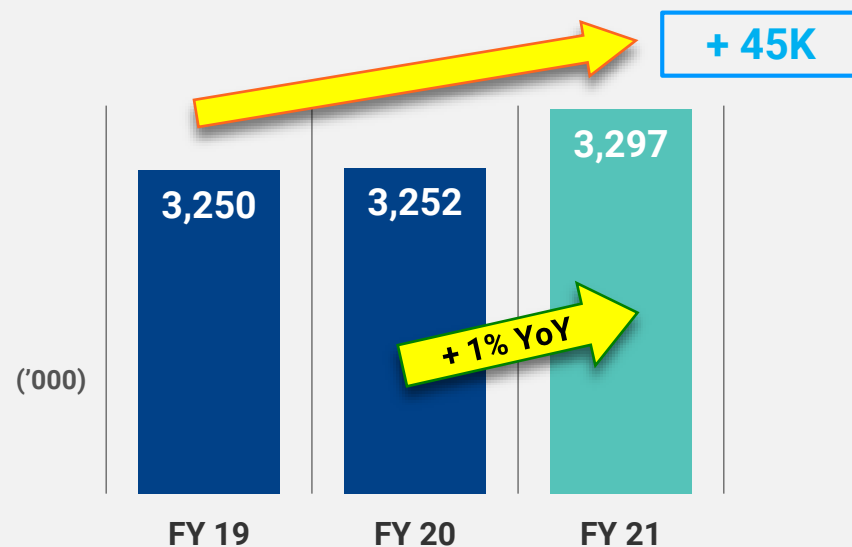


Core Telecom Business

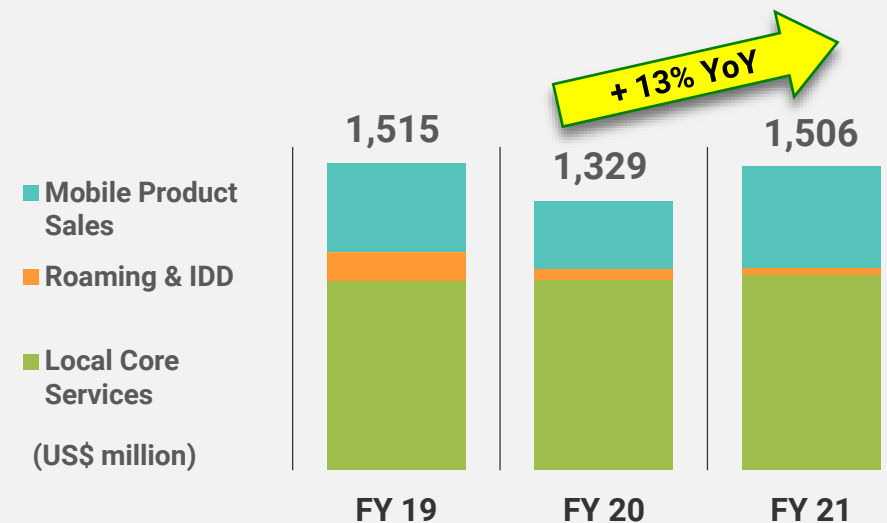
New Digital Business

Enlarged Mobile Customer Base with Higher ARPU

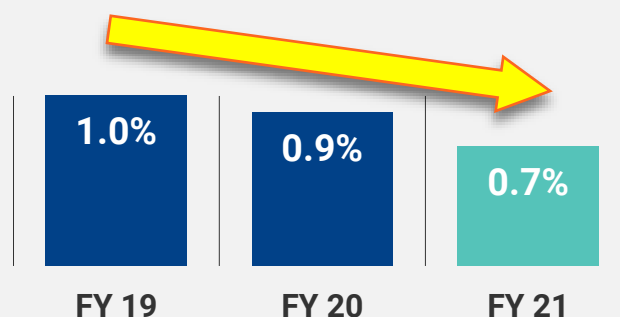
Expanding Post-paid Customer Base



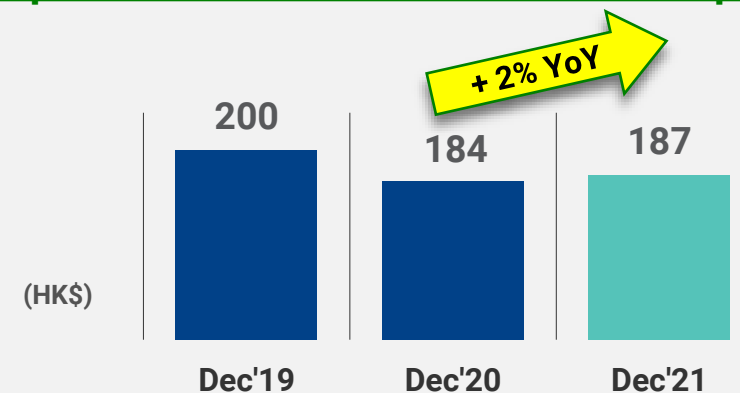
Strong Mobile Revenue Growth driven by Higher 5G Adoption Evident in Service Revenue and Handset Sales



Post-paid Churn Rate at All-time Low Increased Customer Loyalty and Engagement

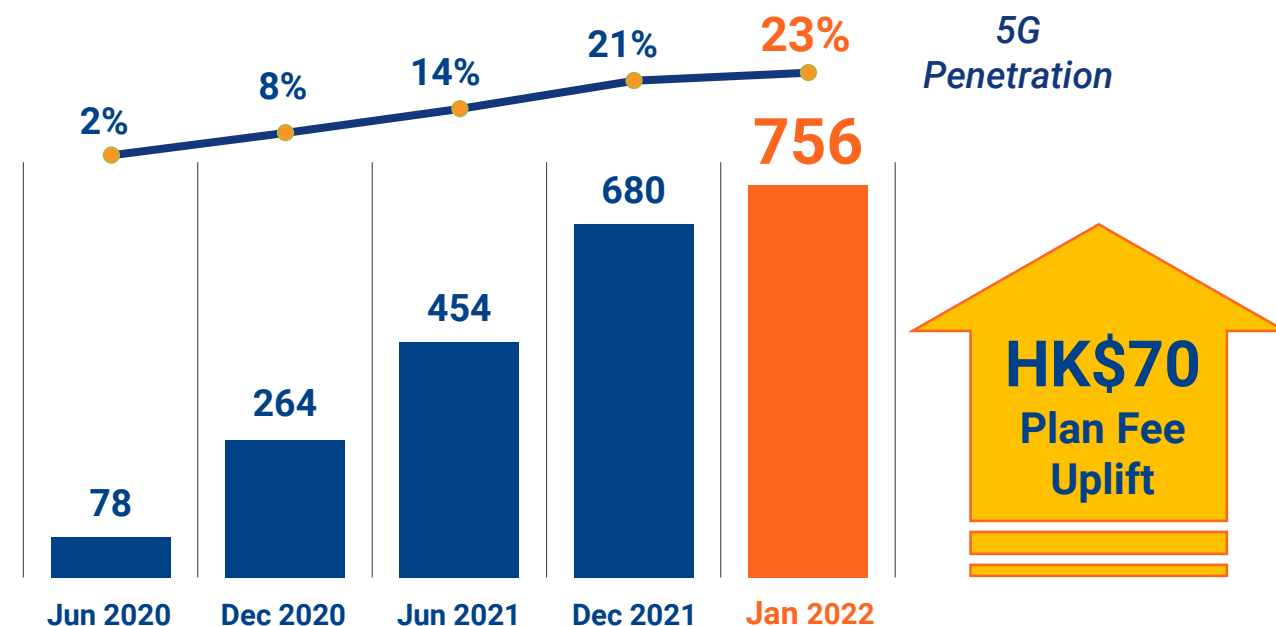


Post-paid Exit ARPU Rebounds with 5G Upgrades



Growing 5G Adoption

First to market with 5G Celebrity Plans – influencer led marketing campaign targeting different market segments and driving 5G subscriptions



cs|. 5G Lens

“Experiencing the World Differently” with Immersive 5G Technology

- 236k Registered Users
- 1.5 million Accumulated Coupons
- 400+ Merchant Partners



Superior 5G Experience with HKT Network

Continuous Uplifting of 5G Network for Supreme Experience

- Territory-wide coverage at 99% including full MTR lines using **dedicated spectrum** for 5G
- **Continuous coverage expansion** to address the needs of different customer segments
- **Capacity enrichment with speed uplift** through large-scale deployment of **M-MIMO** for C-band and **4x4 MIMO** for low band

Committed to the Future through Expansion of Spectrum Holdings

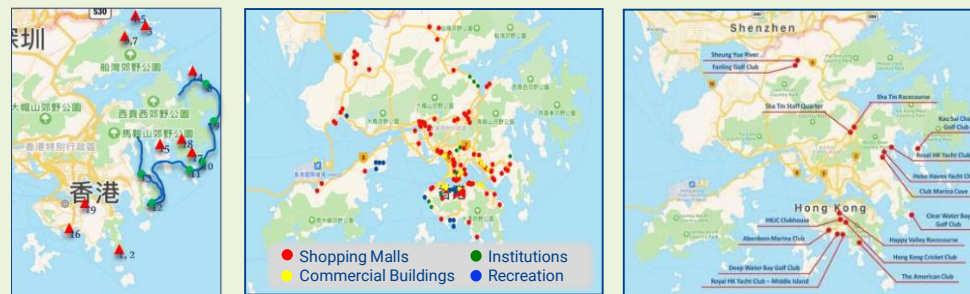
- Acquired 20 MHz and 50 MHz of 5G spectrum in the 700 MHz and 2600 MHz bands respectively
- Holds **most low band spectrum**, including the largest amount of spectrum in 2600 MHz band
- Rollout 700 MHz to **deepen indoor penetration** and **improve rural coverage** (*)

(A) Comprehensive Outdoor and Indoor 5G coverage



Lok Ma Chau Loop

Popular Hiking Trails and Remote Scenic Spots



Major Sea Routes

Prominent Indoor Locations

Recreation Clubs

(B) Dedicated Spectrum for 5G services everywhere, including MTR

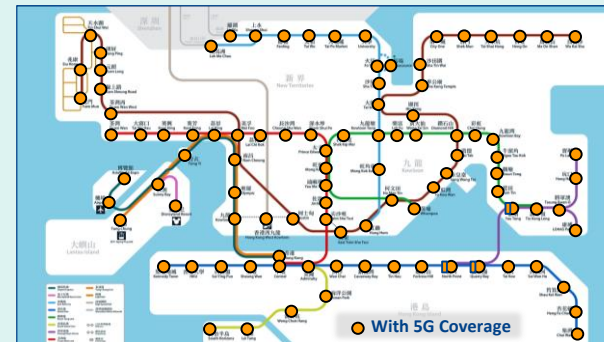
5G

Dedicated 2100MHz (HKT)

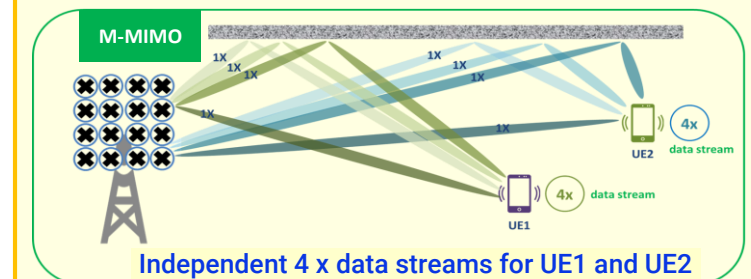
4G

5G

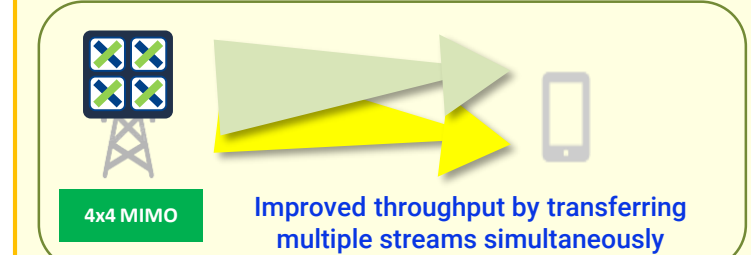
4G/5G Share 2100MHz by DSS
(Other MNOs)



(C) Highest Performance with New Technologies



- Most M-MIMO in C-band, with widest coverage, among MNOs in HK (over 500 site locations)



- First to deploy, and, the most 4x4 MIMO in Low Band (900MHz today and 700MHz in 2022)

Capturing 5G B2B Opportunities

Re-defined 5G as “The New Standard” for Smart Healthcare, Properties & Construction



Smart Construction

- 10+ managed 5G / Wi-Fi / 5G surveillance projects
- Won 5G project at *Lok Ma Chau Development Node construction site* where *Hong Kong-Shenzhen Innovation and Technology Park* will be built, supporting **Building Information Modelling (BIM)** and other digitalized smart construction applications



Smart Properties

- 35+ 5G smart property projects, infrastructure, and 5G applications
 - Shopping malls, commercial buildings, industrial buildings, residential developments, government / utility / logistics centers
- Wong Chuk Hang, Wan Chai, Quarry Bay, Stanley, Kwun Tong, Kowloon Bay, Kai Tak, Tai Kok Tsui, Sham Shui Po, Mong Kok, Tuen Mun
 - Smart apps, smart washrooms, robotics, IoT, GeoAR



Smart Healthcare

- 10 x 5G infrastructure hospitals (existing & new re-developing hospitals with 1st full 5G active lampsites supporting data-driven smart applications)
- 5 hospitals x remote consultations
- 8 hospitals x IoMT & IoT
- 3 hospitals x holomedicine
- 2 hospitals x patrolling robots
- 1 hospital x smart apps
- 1st cross-border remote consultation solution for collaboration between HK and HKU Shenzhen Hospital

Digital Solutions to Serve Diverse Range of Industries

Continued Successes in Enterprise Solutions with Digital Transformation (DT) Projects and Core Strengths

| Integrated DT Solutions | Unparalleled Service Reliability & Quality | Full-range of Enterprise Managed Services |



Banking & Finance Sector

- Design and build secure private clouds for application modernization and critical application hosting
- Expand core services market share by winning branch network of a retail bank from competitor through superb network resilience, quality and service support



Insurance Sector

- Leverage Low Code Application Platform (LCAP), design and build mobile apps to digitalize daily operations and improve operational efficiency
- Provide cybersecurity and application performance management solutions to tighten cyber threat protection and monitor app performance



Retail Sector

- Design and provide cross-border SD-WAN and Managed Wi-Fi solution for retail chains to support cloud-based DT applications
- Enhance value for clients by Enterprise Managed Services with store operations support, single service helpdesk and tailored SLA to offload enterprise IT resource challenges



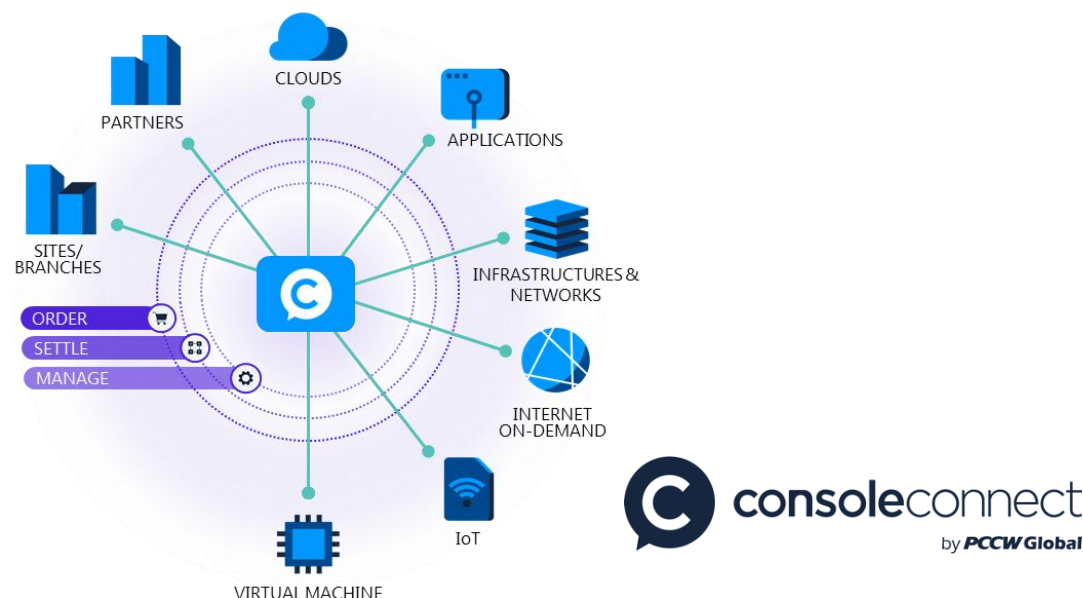
Public Sector

- Modernize IT infrastructure and provision mobile devices to support digital operations, real-time monitoring and workforce mobilization
- Provide managed IT helpdesk and onsite IT support for a public transport company for 5 years

Transforming from Global Carrier to Tech-led Service Leader

Providing Software Defined Cloud Interconnectivity Platform

Console Connect is Software Defined Cloud Interconnection platform powered by a globally managed super network, making connectivity between data centers, clouds and applications simple, predictable and secure

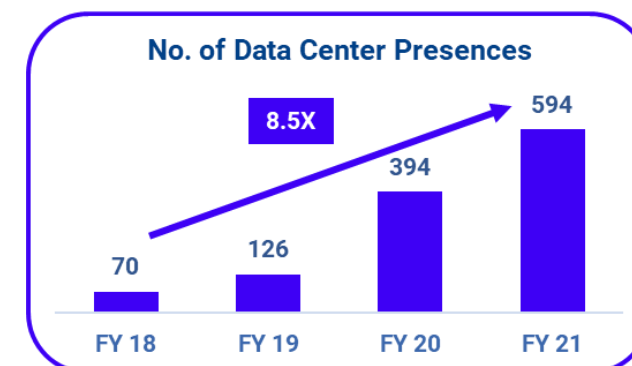
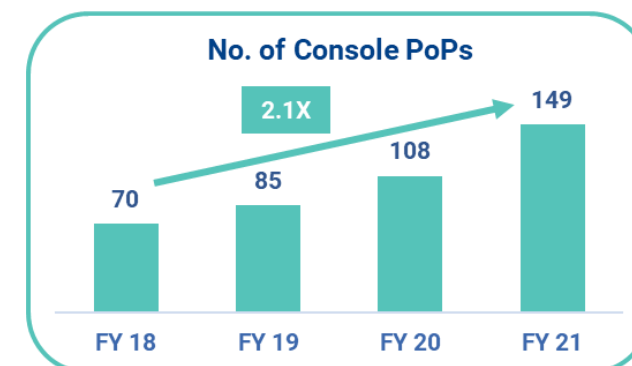
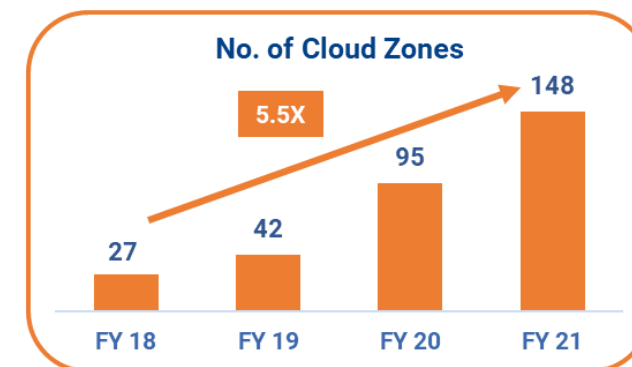


Managed Super Network

Data Network - Layer 2 and 3	131 PoPs	>20 Tbps Global Capacity	18% of all Internet Routes
Optical Network - Layer 1	139 PoPs	58 Tbps Bandwidth Capacity	70 Diverse International Cable Systems

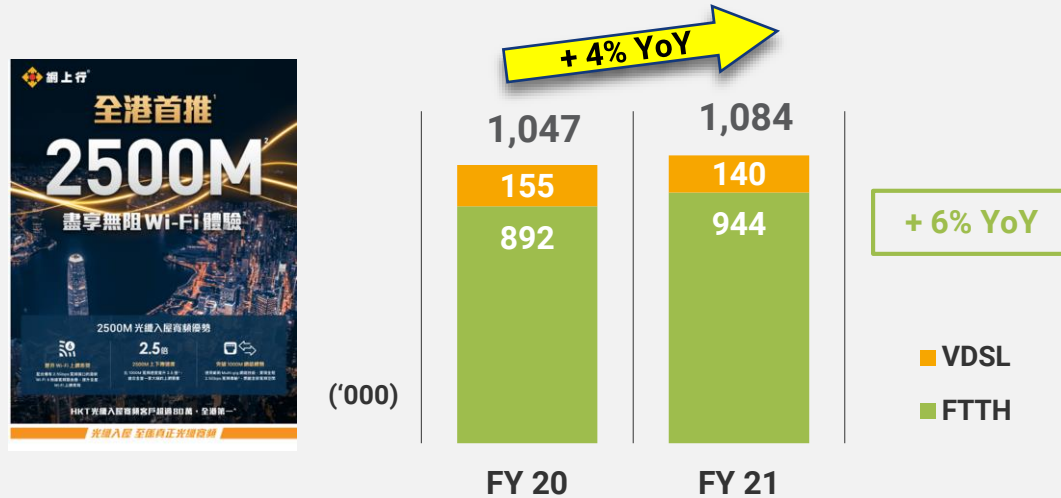
PCCWGlobal®

Console Connect has demonstrated strong organic growth in key metrics:

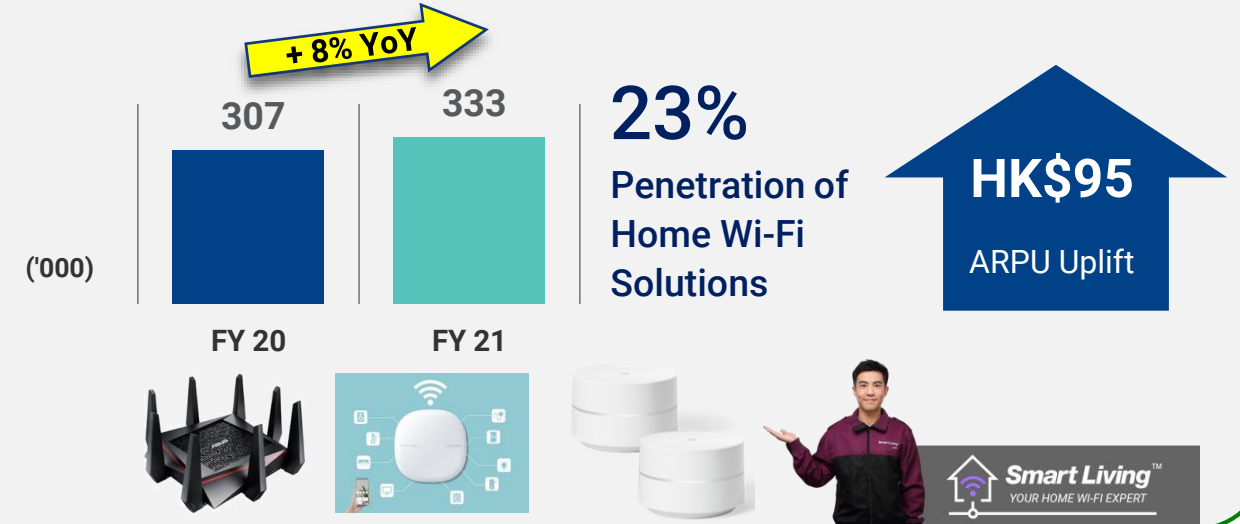


Work-from-home as New Normal Driving Upgrade Demand for HKT's Superior Network Reliability

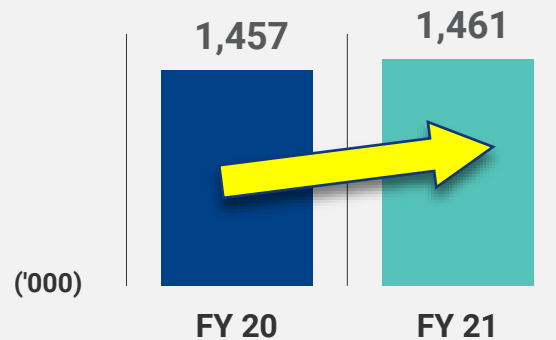
Continued Upgrades to FTTH Service



B2C: Expanding Uptake of Home Wi-Fi Service



Continued Increase in Consumer Broadband Customers Despite Competition and Emigration



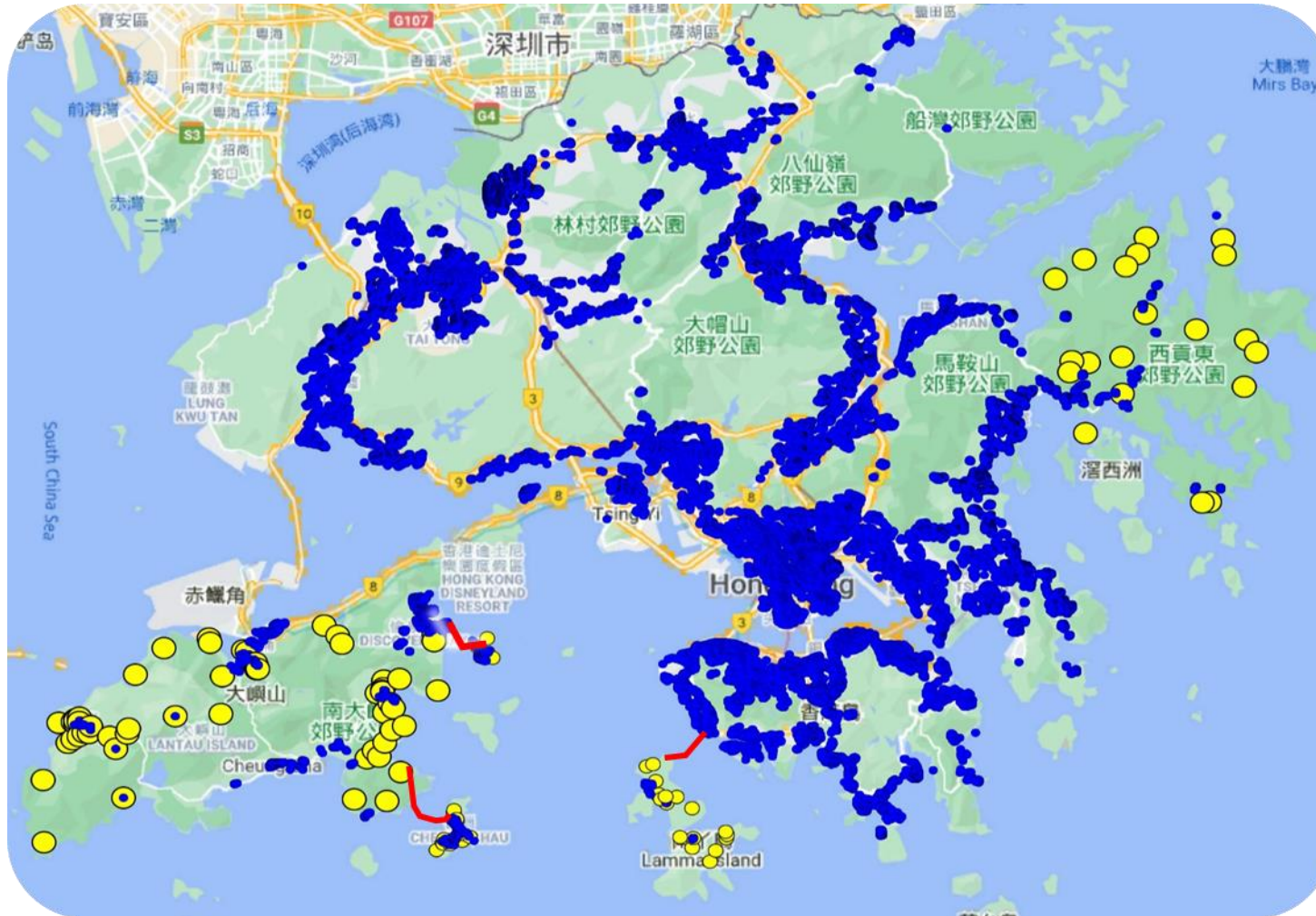
B2B: Developer Differentiation Through Smart Living Homes

- Pre-installing Smart Living solutions in new residential properties
- Secured over 170 residential projects with 74 property developers



Unrivaled Fiber Connectivity

- **FTTH** network coverage, with **10G fiber capacity**, together with 5G WTTN technology, now already **reached 98%**
- Extend fiber coverage to villages and outlying islands, supporting both FTTH service and 5G mobile backhaul



● **FTTH & High Speed Broadband Coverage**

● **Fiber Coverage to Remote Area (2022-2024)**

— **Submarine Fiber Route to Outlying Islands**

● FTTH to Villages & Remote Areas

- ✓ Rollout 10G FTTH, 5G backhaul in remote areas
- ✓ Leverage village FTTH for **bayside 5G coverage**



— Submarine Cable to Outlying Islands

- ✓ Enable stable 10G FTTH to **Lamma Island, Cheung Chau & Peng Chau**



* Submarine cable to outlying islands to be completed within 2022

Long Term Broadcast Partnership with Premier League



Home of Sports



Chinese and Western Movies



Asian Entertainment



News

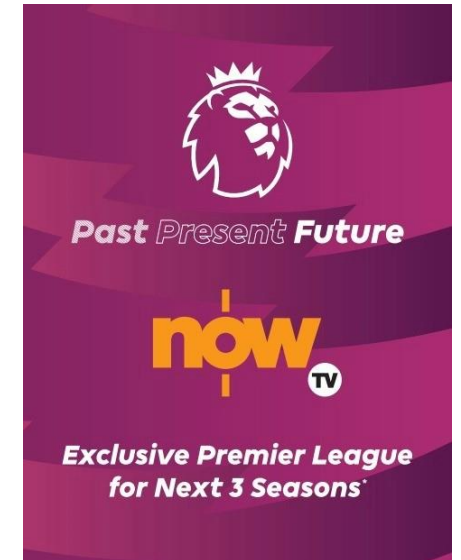


Documentaries and Lifestyle Entertainment



Home of Sports

- Secured the **exclusive broadcast rights to Premier League** for another 3 seasons from 22/23 to 24/25, making it the city's Premier League broadcaster for **12 consecutive years**
- Continue to deliver live coverage of all 380 matches per season with enhanced features including **4K, Multi-Angle and Watch Party** on selected matches
- Only platform in Hong Kong** offering Premier League, UEFA Champions League, Europa League, La Liga, Serie A and Ligue 1 with over **1,800 live matches** per season
- Acquired F1, UFC, Tennis Grand Slams and Moto GP** as replacement content for Fox Sports exit (*Australian Open/French Open via beIn Sports, Wimbledon/US Open/MotoGP via SpoTV)
- Successful broadcast of Tokyo Olympics** attracted substantial number of new viewers across platforms, providing an untapped base for upselling



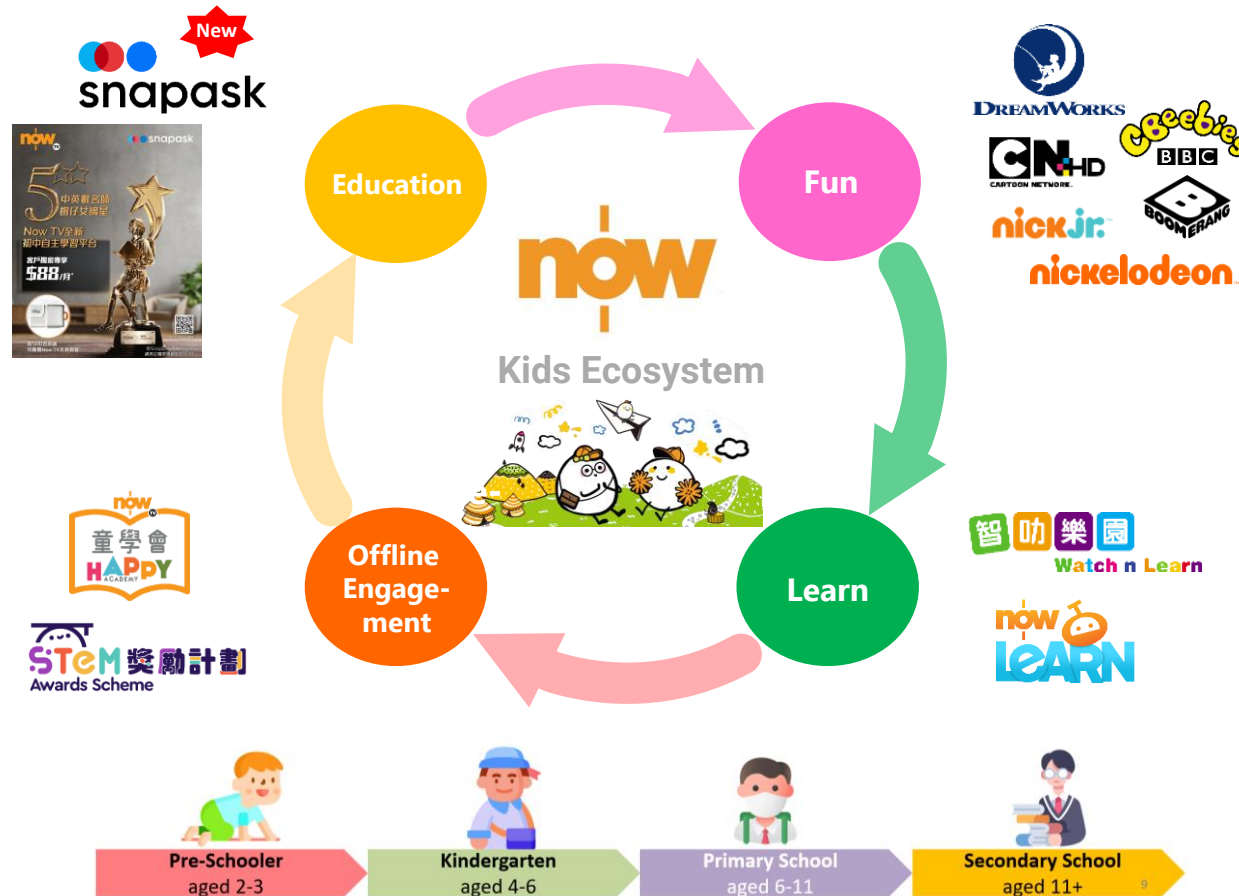
Unparalleled Content Genres

- 130+ Linear Channels and 30,000 hrs VOD Contents** covering wide range of content genres - Sports, Chinese and Western Movies, Asian and Western Dramas, News, Documentaries, Variety Shows and Lifestyle Entertainment, Kids Content and Foreign Languages

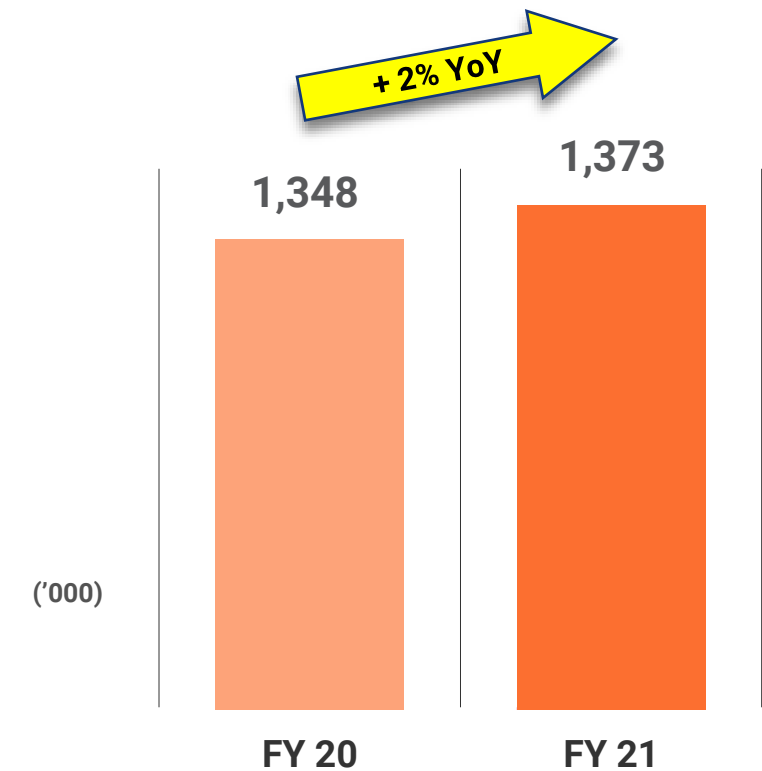
Differentiate Our Offering in Education Segment



Evolve **Now Kids Ecosystem** into a multi-dimensional brand with **kids entertainment, membership and offline events as well as education platform** to build stickiness with parents through engaging their kids throughout different life stages



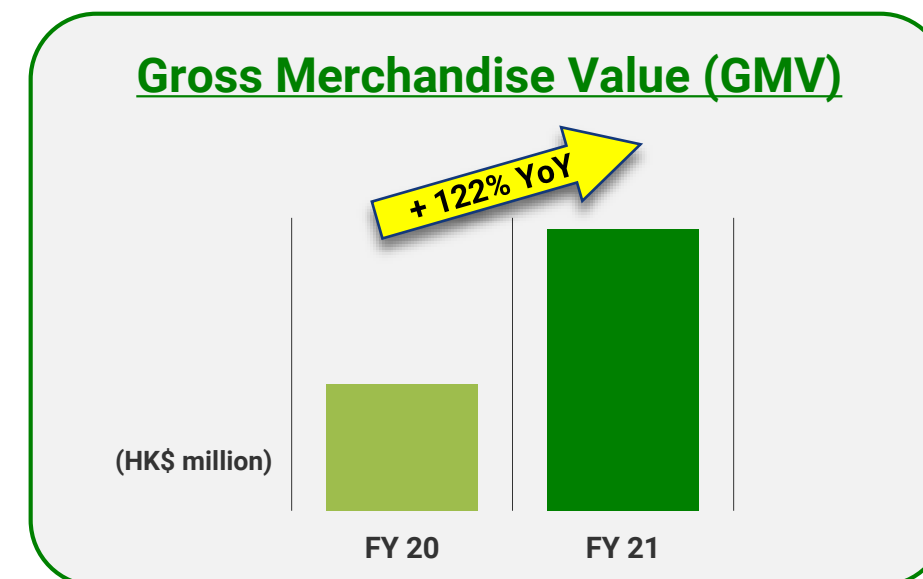
Growing Now TV Customer Base



The Club – Convergence of Loyalty and e-Commerce



- Club Shopping connects members and merchants through points earned, driving increased loyalty and spending
- Provides digital platform for existing products such as handsets and electronic goods as well as unique offerings from merchants
- Our “Redeem and Shop” offerings have proven effective in building customer loyalty and stickiness



Fostering Adoption of Mobile Payments as Digital Economy Expands

Significant Growth of Customer Base and Transaction Volume for both B2B & B2C

Merchants

HKT | Merchant Services

Comprehensive e-payment solutions for diverse business needs





- **4,800** subscriptions to our Smart POS as of Dec 2021, representing an increase of **182% YoY**
- Transaction of Smart POS **increased significantly by 300% YoY**

Consumers



Growing customer base with a focus on the **young & tech-savvy segment**



- Leverage the extensive Mastercard  and UnionPay  networks, enabling swift payment both online and at retail outlets around the world
- **3.6M** accounts as of Dec 2021, an increase of **31% YoY**
- Customer spending increased substantially by **140% YoY**
- Enriched **HKTFlexi** with instant **Buy-Now-Pay-Later** features

Virtual Bank Joint Venture Broadens the Service Offerings of HKT



mox

HKT Pioneers Telemedicine in HK with DrGo



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

The advertisement for DrGo Health Store features a light green background with the DrGo logo and the text "drgo HEALTH STORE". Below this, it says "DrGo is your pandemic buddy" and "Safeguard your health with pandemic set". A banner indicates the estimated shipment date is Feb 26, with a limited quantity. The ad displays three main product sets: 1. "Antigen Rapid Test HK \$98 /set" featuring a box of "Deep Blue SARS-CoV-2 (COVID-19) Antigen Rapid Test 1 box" with an SRP of HK\$98/box. 2. "Pandemic starter set HK \$405 /set" featuring a box of "Banitore® COVID-19 Antigen Rapid Test Kit 1 box" (SRP: HK\$108/box) and a box of "Raze® 3ply Antibacterial Masks 30 pcs 3 boxes" (SRP: HK\$99/box). 3. "Pandemic family set HK \$626 /set" featuring a box of "Banitore® COVID-19 Antigen Rapid Test Kit 2 box" (SRP: HK\$108/box), a box of "Raze® 3ply Antibacterial Masks 30 pcs 3 boxes" (SRP: HK\$99/box), and a box of "Redoxon® Vitamin C+D+Zinc Triple Action Effervescent 30s 1 box" (SRP: HK\$113/box). At the bottom, there are illustrations of five people wearing masks. A disclaimer at the bottom right states: "Images are for reference only. Products are available while stocks last. This offer cannot be used in conjunction with other promotions as well as promotion codes (unless otherwise specified). Subject to terms and conditions."

- 276K registered users as of Dec 2021, an increase of 214% YoY
- Usage of DrGo telemedicine services experienced an upsurge following onset of 5th COVID wave
- 78 doctors / professionals on DrGo platform to provide telemedicine services
- Partnership to drive consultations:
 - Expanded medical consultation services partners to 9, with 5 new partners on board in 2021:
 - Matilda Medical Centre
 - Medical Concierge Limited
 - Mental Health Association of Hong Kong
 - Fu Heng Medical Centre
 - Pop Point Medical Centre
 - Insurance telemedicine partners:
 - Incorporating DrGo telemedicine service into selected insurance plans of partners to drive usage
- DrGo healthstore platform fully launched in September 2021, expanding from medical services into product categories of supplements, skincare and hair care

Corporate Social Responsibility

FIGHTING COVID-19 TOGETHER

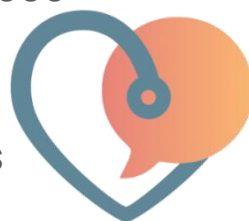


Connecting with the elderly

Smartphones, free data plan & training for elderly in need to stay connected

DrGo services

HK\$200 subsidy each for 100,000 users of telemedicine service; healthcare & anti-pandemic measures for over 450 seniors



Hotline support

Sponsored 3,000 phone lines for Department of Health

Free broadband service for 800 low-income families

GIVING BACK

Donation – Over \$20M in monetary donations & in-kind sponsorships for charitable causes

Club Hope – Top 10 donors invited to rehearsal of MIRROR “ONE & ALL” Live 2021



Volunteering – Near 4,000 hours volunteered to help the vulnerable & underprivileged

A SUSTAINABLE FUTURE

Environmental targets

Reduction targets set for electricity consumption, GHG emissions, water consumption & general waste



Renewable energy – Solar panels installed at Tin Shui Wai & Junk Bay Exchanges



Sustainability-linked loan

~USD1 billion raised via sustainability-linked loan facilities since 2020

Plastic-free

Plastic straws & cutlery no longer provided at staff canteens

Highlights

- 1 Leverage Platform** – continue to maximize the synergy of our quad-play platform and leverage the group assets of PCCW to establish new competitive edges to bolster our market-leading fiber broadband, mobile and pay TV businesses



- 2 Enterprise Transformation** – HKT is committed to helping enterprises and public bodies navigate their digital transformation journeys harnessing our leading fixed-mobile network and the latest technologies



- 3 Digital Ecosystem** – continue to nurture our digital ecosystem integrating its loyalty program and a host of online services meeting customers' health, financial services and other needs



- 4 Resilient Core** – with our strong and diversified set of core businesses HKT is well positioned to thrive once COVID situation stabilizes



Financial Review

Evan Wong
Chief Financial Officer

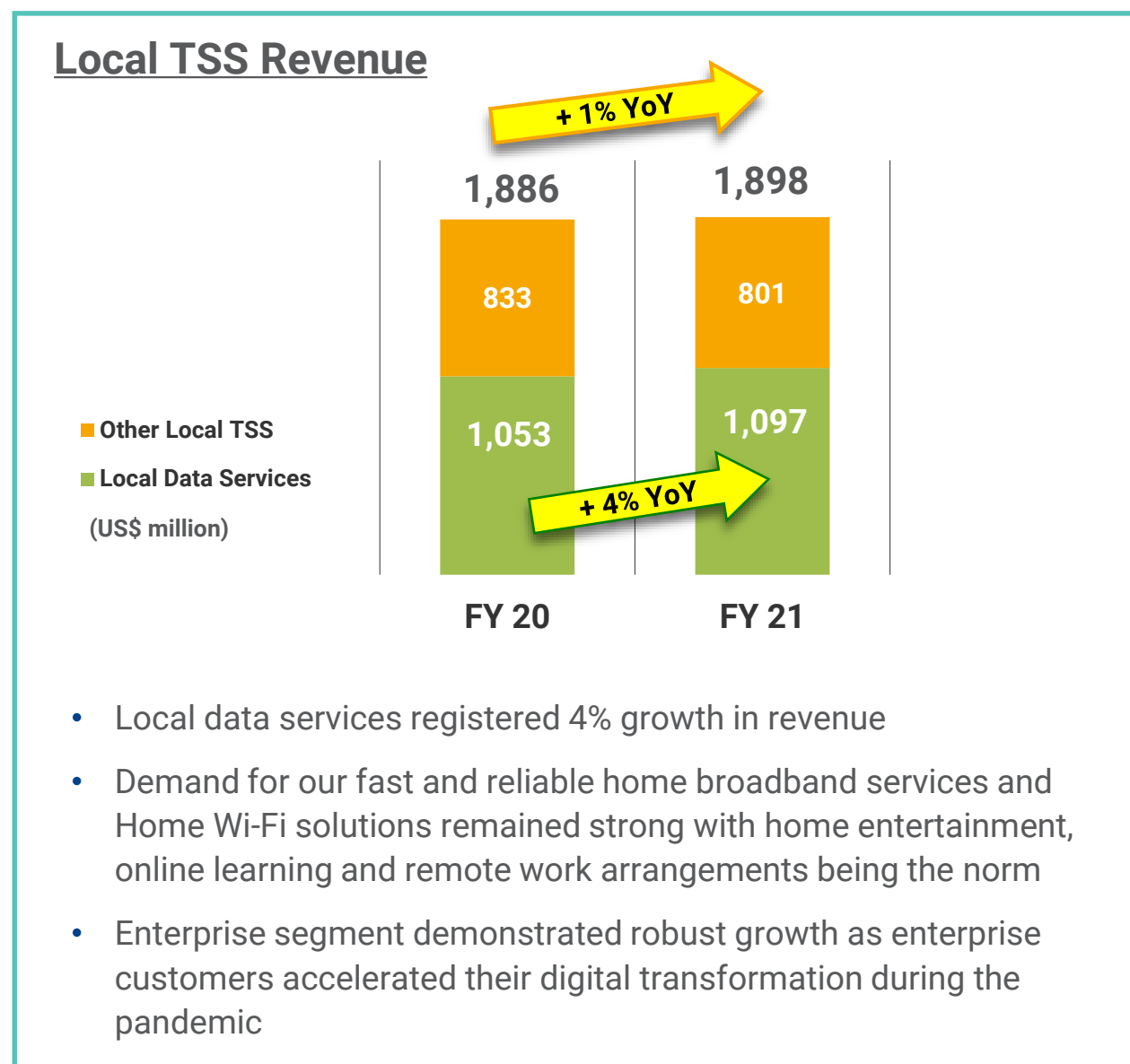
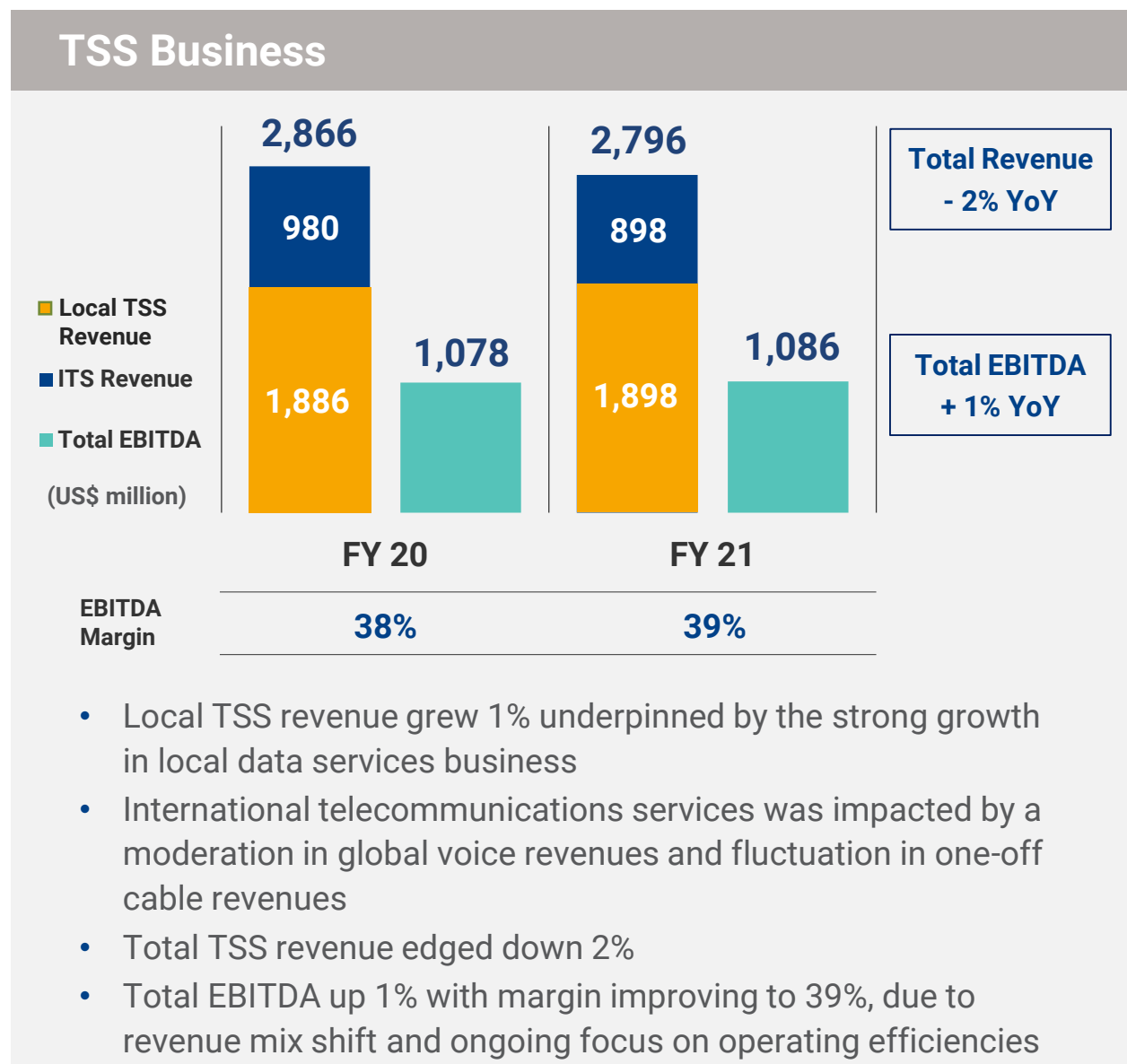


HKT Delivered Solid Financial Performance Underpinned by Local Broadband and 5G Services

(US\$ million)	FY 20	FY 21	% Change
Adjusted Funds Flow	690	707	+ 2.4%
Revenue	4,152	4,354	+ 5%
Revenue (excluding Mobile Product Sales)	3,818	3,850	+ 1%
EBITDA	1,606	1,632	+ 2%
<i>EBITDA Margin</i> (excluding Mobile Product Sales)	42%	42%	+ 5% <i>adjusted for ESS</i>
<i>Overall EBITDA Margin</i>	39%	37%	
Profit before Income Tax *	745	747	Stable
Profit *	634	617	- 3%
Attributable to Holders of Share Stapled Units			

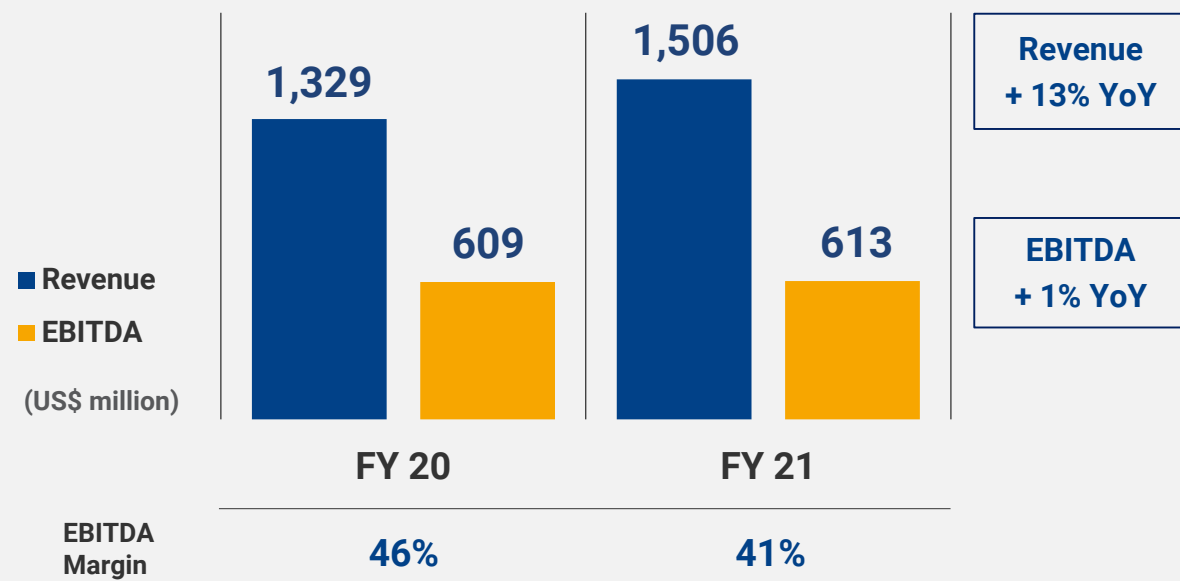
* Excluding net other gains/(losses) for FY 20 and FY 21

TSS Continued to Demonstrate Business Strength and Resilience



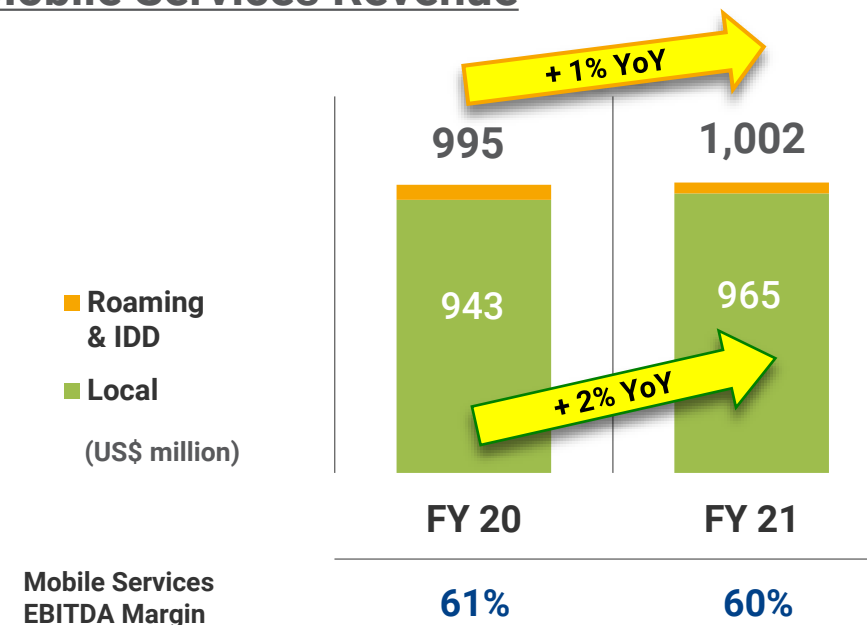
Mobile Delivering Market-leading 5G Service

Mobile Business



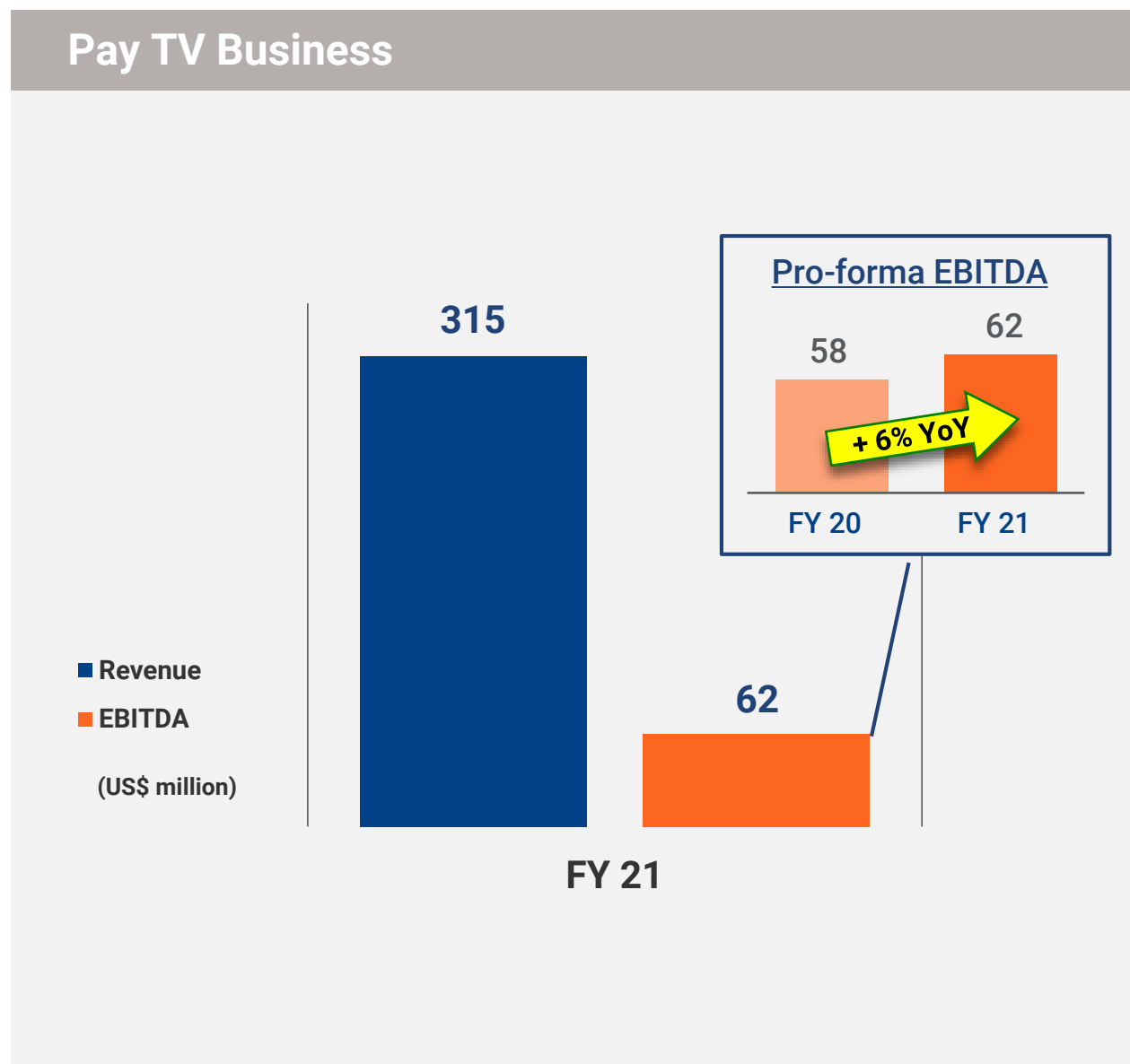
- Mobile business registered 13% growth in revenue driven by higher 5G adoption reflected in both local Mobile services revenue and Mobile product sales as well as an enlarged customer base; partially offset by the prolonged softness in roaming revenue
- 5G customer base reached 680,000 as at end of Dec 2021, representing 21% of post-paid base

Mobile Services Revenue



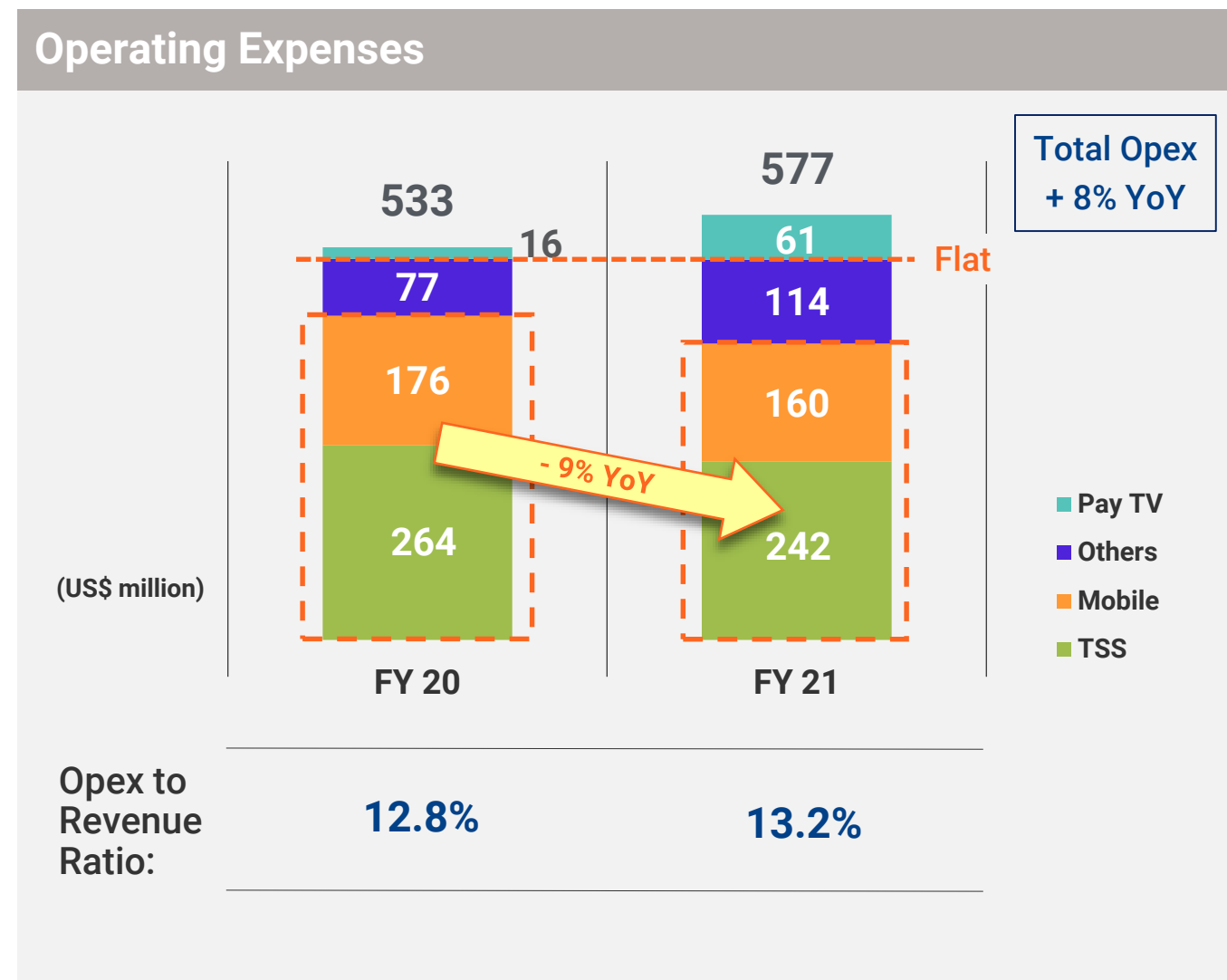
- Local core revenue up 2% yoy driven by the growth in 5G adoption, more than offset the overhang from roaming and IDD revenue
- Post-paid exit ARPU grew 2% to HK\$187, benefiting from the 5G service plan uplift
- Mobile services EBITDA and margin remained steady during the year

Pay TV Benefiting from Operational Synergies



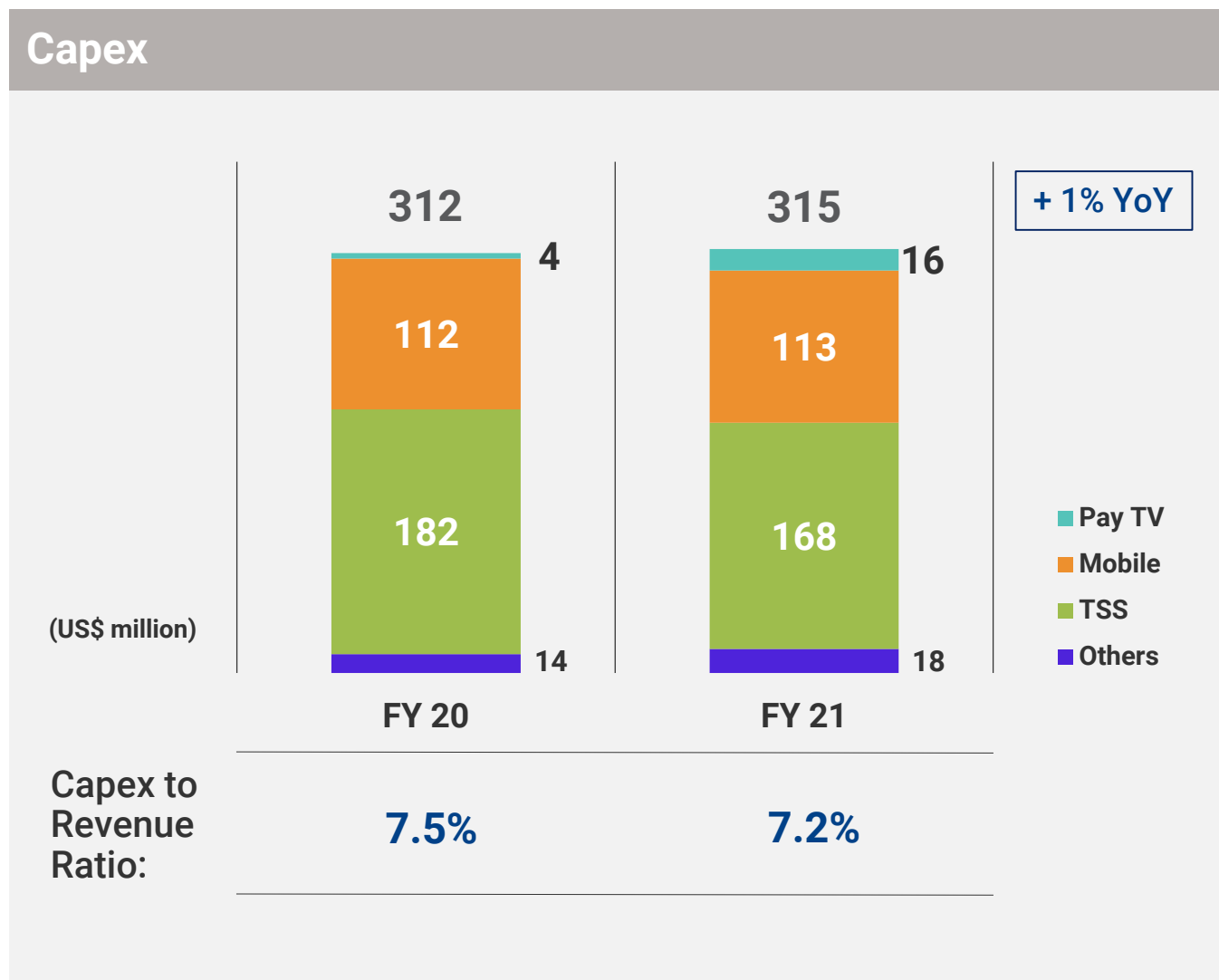
- Pay TV business, which included the full-year contribution from Now TV, recorded revenue of US\$315 million in FY 21
- Resilient performance reflected significant increase of 56% in revenue from Now E streaming service and growth of 17% in advertising revenue
- Installed base expanded to 1.373 million as at December 2021, driven by our strong content offerings
- EBITDA for the year rose 6% to US\$62 million, yielding a margin of 20%, aided by continued efforts to rationalize content costs and quadplay synergies

Optimizing Opex with Improving Business Efficiency



- Opex for TSS and Mobile businesses dropped 9% on the back of accelerated digitalization as well as optimizing O2O sales channels and retail footprint
- Opex savings reinvested to nurture digital services including The Club, Tap & Go and DrGo for value creation
- Overall opex excluding Pay TV remained flat
- With full-year impact of consolidation of Now TV business, total opex increased by 8% in FY 21

Disciplined Capital Investments for Future Growth



- Disciplined capital investments with capex to revenue ratio of 7.2%, within stated guidance
- Lower TSS capex in line with the capex cycle of our extensive local fiber network and international cable systems
- Mobile capex on track to expand and enrich our 5G network for further monetization
- Overall capex spend contained and capex efficiency improved despite full-year impact of integration of Now TV business

Adjusted Funds Flow

(US\$ million)	FY 20	FY 21	YoY Better/ (Worse)
EBITDA	1,606	1,632	2%
Less cash outflows in respect of capital expenditures, customer acquisition costs and licence fees:			
Capital expenditures	(305)	(305)	
Customer acquisition costs and licence fees	(171)	(218)	
Fulfillment costs	(66)	(62)	
Right-of-use ("ROU") assets	(204)	(208)	
Adjusted Funds Flow before tax paid, net finance costs paid and changes in working capital	860	839	(2)%
Adjusted for:			
Net finance costs paid	(96)	(77)	
Tax payment	(66)	(48)	
Changes in working capital	(8)	(7)	
Adjusted Funds Flow for the year	690	707	2.4%
Adjusted Funds Flow per Share Stapled Unit (HK cents)	71.07	72.77	
Interim Distribution (HK cents)	30.10	30.70	
Final Distribution (HK cents)	40.97	42.07	
Total Distribution for the year per Share Stapled Unit (HK cents)	71.07	72.77	2.4%

Income Statement

(US\$ million)	FY 20	FY 21	YoY Better/(Worse)
Revenue	4,152	4,354	5%
Revenue (excluding Mobile Product Sales)	3,818	3,850	1%
Cost of sales	(2,013)	(2,145)	(7)%
Opex	(533)	(577)	(8)%
EBITDA	1,606	1,632	2%
Depreciation & amortization expenses	(685)	(724)	(6)%
Gain on disposal of fixed assets and ROU assets	—	3	
Net other gains/(losses)	46	(1)	
Net finance costs	(166)	(147)	
Share of results of associates & JVs	(10)	(17)	
Profit before income tax	791	746	(6)%
Profit before income tax excluding net other gains/(losses)	745	747	—
Income tax	(109)	(128)	
<i>Effective tax rate</i>	13.8%	17.1%	
Profit for the year	682	618	
Attributable to:			
Holders of Share Stapled Units	680	616	(9)%
Non-controlling interests	2	2	
Profit attributable to Holders of Share Stapled Units excluding net other gains/(losses)	634	617	(3)%

Solid Financial Position

Investment Grade Credit Ratings

(US\$ million)	As of Dec 2020	As of Dec 2021	BBB/Baa2 Investment Grade Rating
Gross Debt ⁽¹⁾	5,448	5,626	
Net Debt ⁽²⁾	5,111	5,256	
Net Debt to EBITDA ⁽³⁾	3.2x	3.2x	
Cash Balance ⁽⁴⁾	337	370	
Undrawn Facilities	1,163	1,266	
Total	1,500	1,636	

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

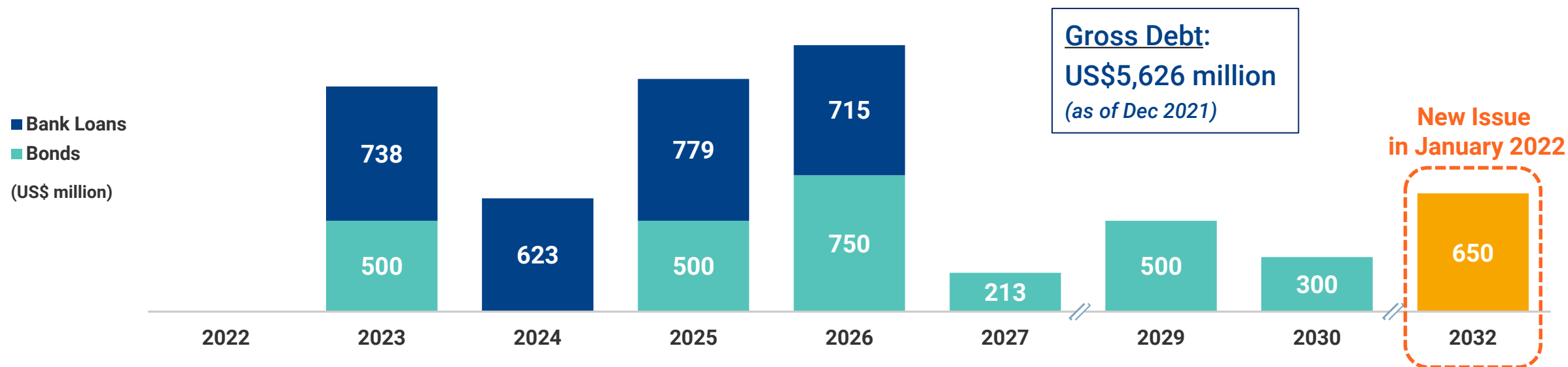
(2) Net debt refers to the principal amount of short-term and long-term borrowings minus cash balance

(3) Based on net debt as at year end divided by EBITDA for the year

(4) Including short-term deposits

Debt Maturity Profile

As of December 31, 2021



- Effective interest rate was approx. 2.4% in FY 2021
- Mix of floating and fixed rate debt was approx. 50:50 as of Dec 31, 2021
- Raised US\$650 million 10-year bonds at a coupon rate of 3% during a favorable market window in January 2022, extending average maturity to approx. 5 years