

An aerial view of Hong Kong is centered within a circular frame, surrounded by a blue, cloud-like background. Various icons representing technology and infrastructure are floating around the frame, including '1010', '5G', 'Wi-Fi', 'IoT', 'AI', 'Cloud', 'Data', 'Security', 'Network', 'Mobile', 'Tablet', 'Smartphone', 'Laptop', 'Server', 'Data Center', 'Cloud Storage', 'Network Switch', 'Router', 'Firewall', 'VPN', 'VPN Client', 'VPN Server', 'VPN Gateway', 'VPN Tunnel', 'VPN Connection', 'VPN Session', 'VPN User', 'VPN Device', 'VPN Network', 'VPN Service', 'VPN Provider', 'VPN Client', 'VPN Server', 'VPN Gateway', 'VPN Tunnel', 'VPN Connection', 'VPN Session', 'VPN User', 'VPN Device', 'VPN Network', 'VPN Service', 'VPN Provider'.

# 2023 Annual Results

For the year ended 31 December 2023

22 February 2024 – Hong Kong

# HKT

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**



# Resilient Amidst Still Challenging Market Conditions



HK cents	FY 23
Interim Distribution	32.05
Final Distribution	44.44
Total Distribution	76.49

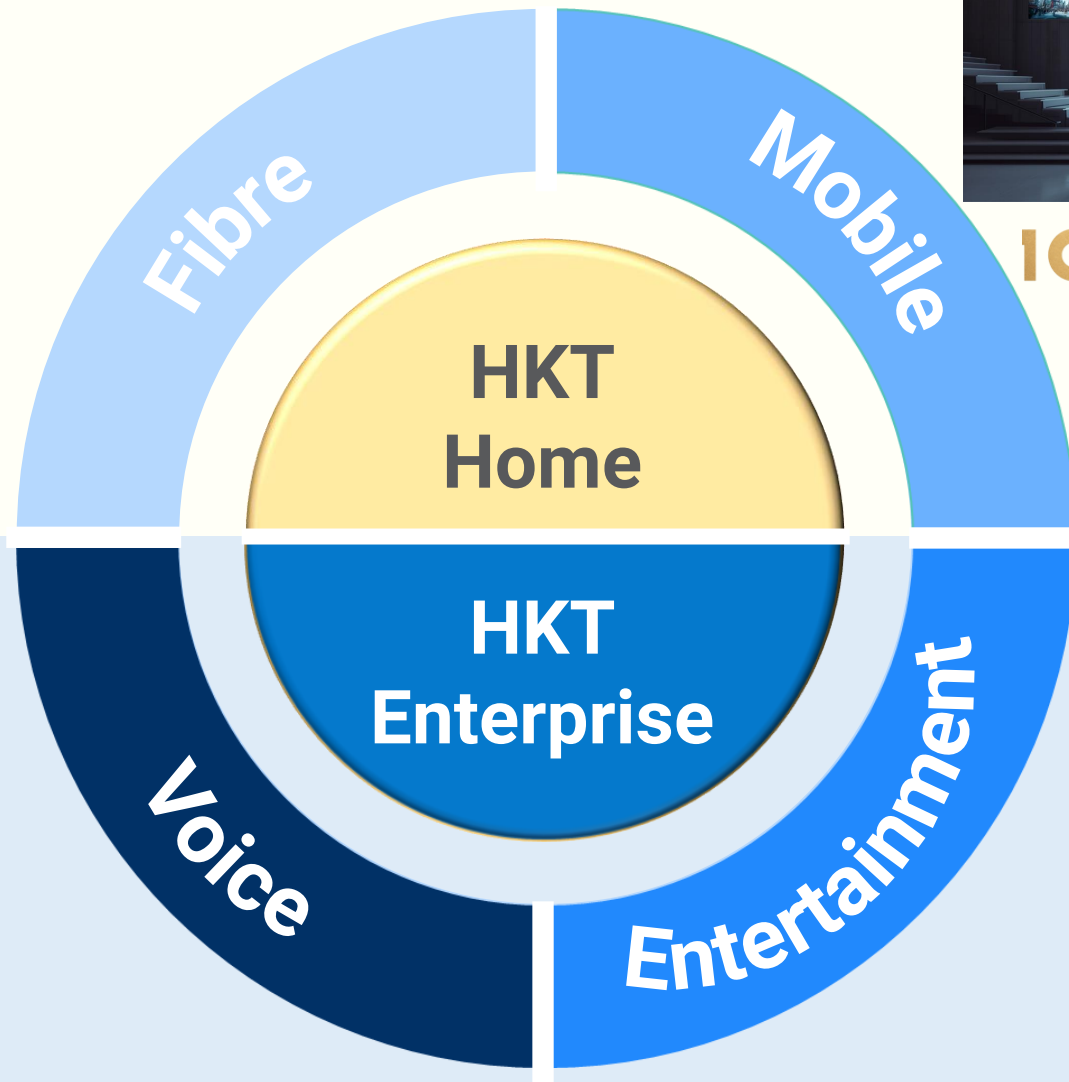


**HKT**

\* Based on HKT SSU closing price on 21 February 2024

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# Driving Future Growth for HKT



1010

HOME



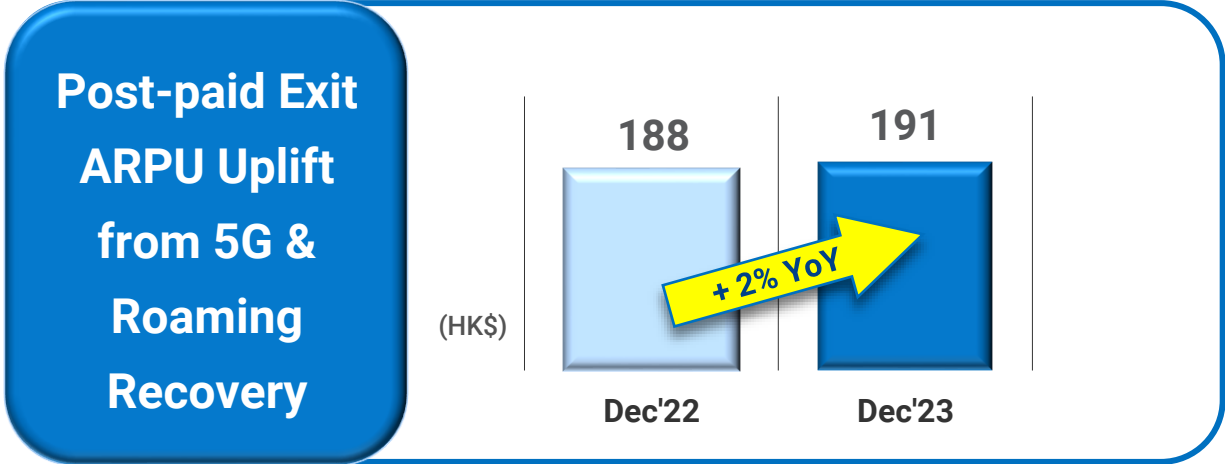
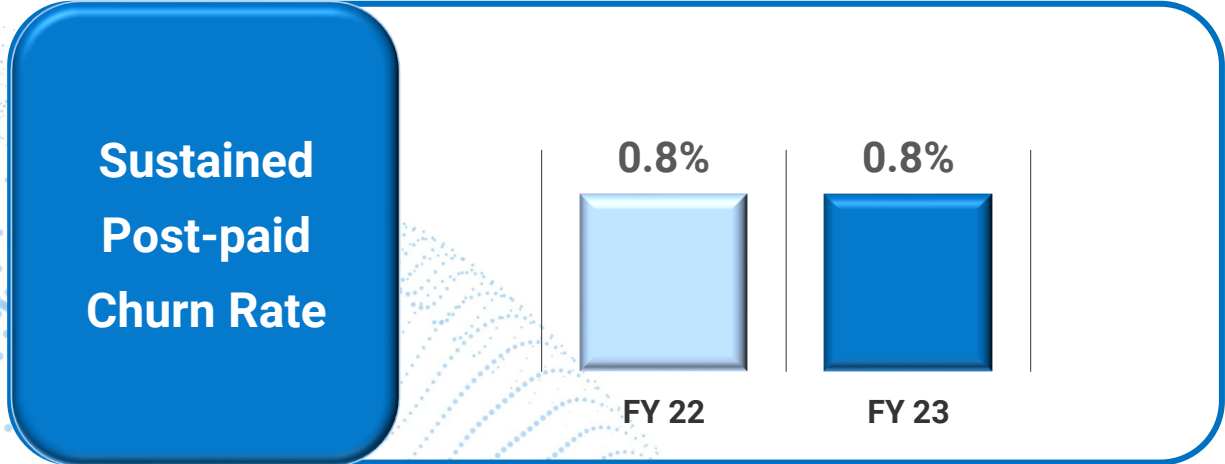
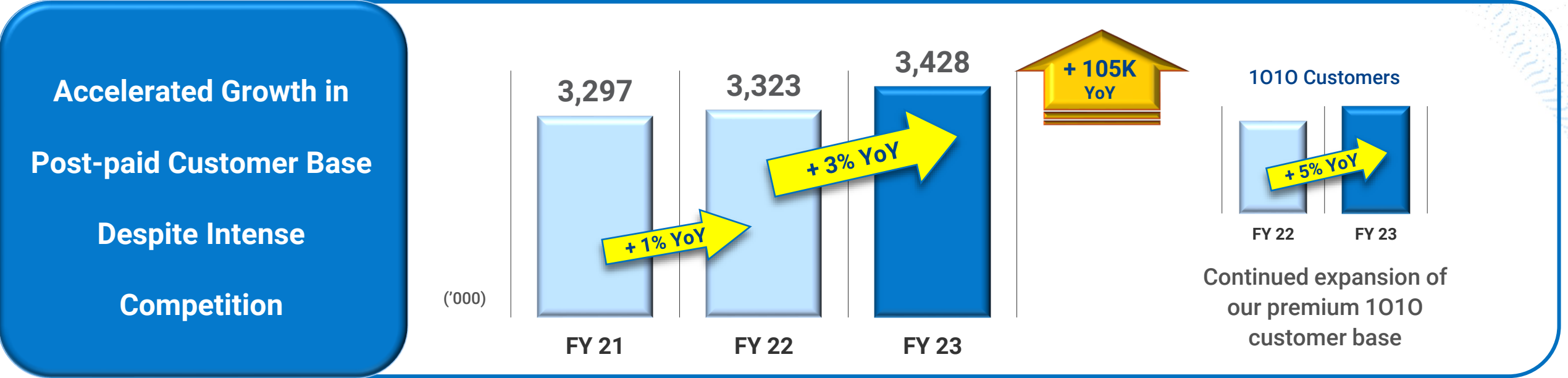
## Cross Selling Across Entire Customer Base

- Cross selling our growing portfolio of services ranging from fibre broadband, mobile, voice and entertainment to online financial services and healthcare to enhance the customer experience and drive increased spending

## Partner of Choice for Enterprises

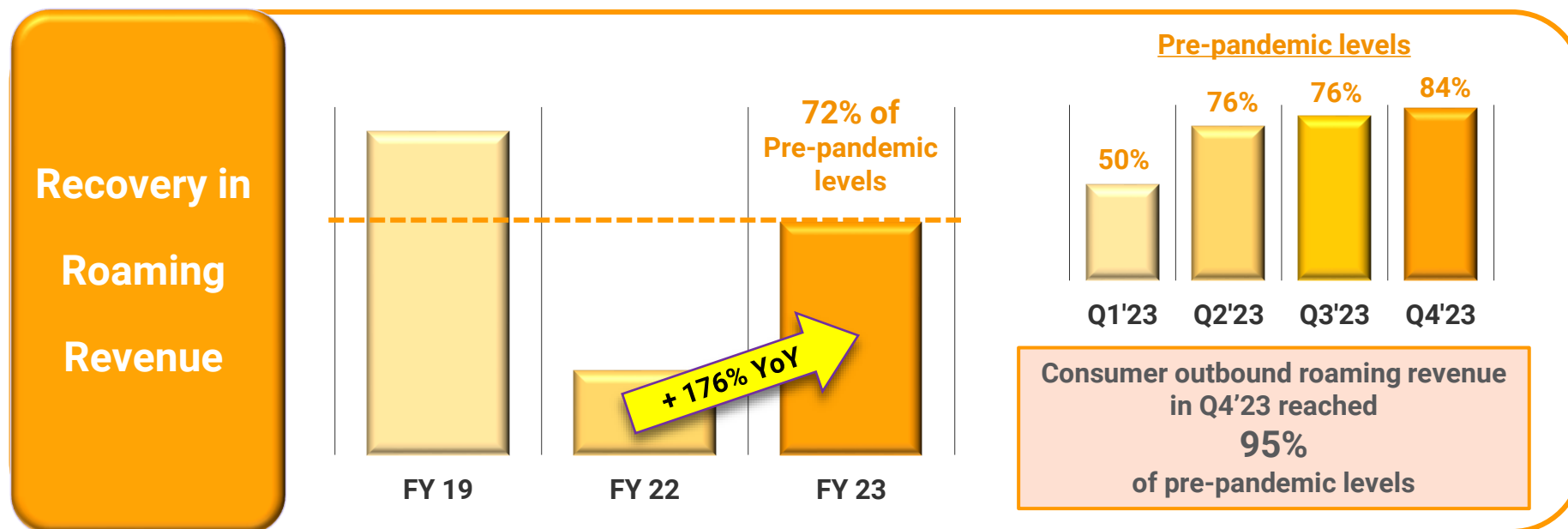
- Providing holistic solutions ranging from cybersecurity, cloud, IoT and private networks incorporating the latest 5G infrastructure and applications
- Embracing new technologies including AI features into the digital solutions deployed for enterprises and government bodies to help them serve their own customers better and more efficiently

# Loyal Mobile Customer Base that Values Quality Service





# Roaming Revenue Rebounds Following Full Reopening

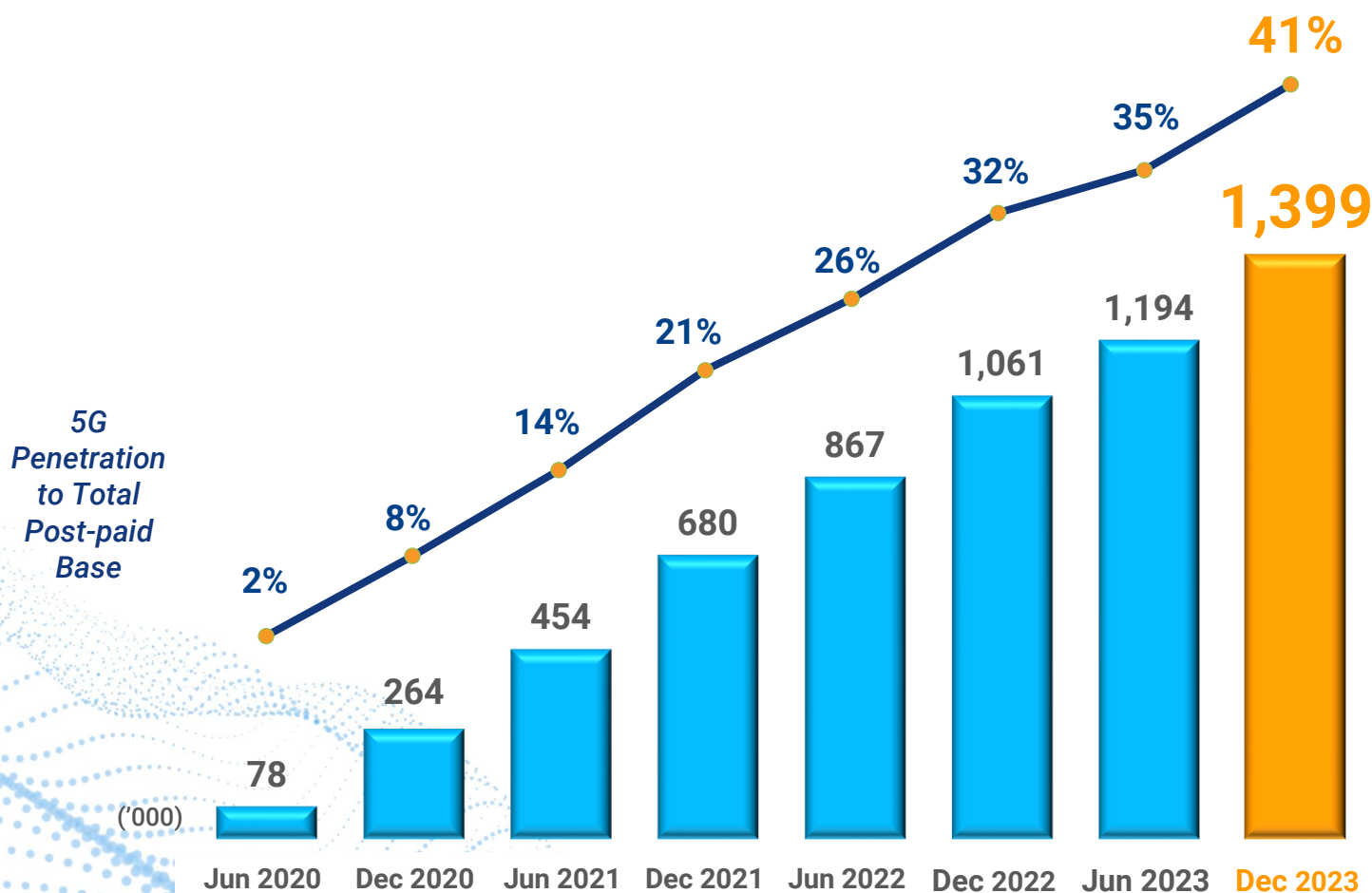


- Steady recovery of roaming in FY 23 with revenue more than doubling from FY 22 and reaching 72% of pre-pandemic levels; consumer outbound roaming revenue in Q4'23 reached 95% of pre-pandemic levels
- December saw consumer outbound roaming revenue surpassing 2019 levels, while number of active CSL roamers almost doubled
- As a result, total roaming revenue in December reached almost 90% of pre-pandemic boding well for further recovery in 2024



# Broader 5G Adoption

5G customers approaching 1.4 million,  
representing 41% penetration of our post-paid base in  
December 2023



csL / 1010  
5G Penetration  
**>50%**

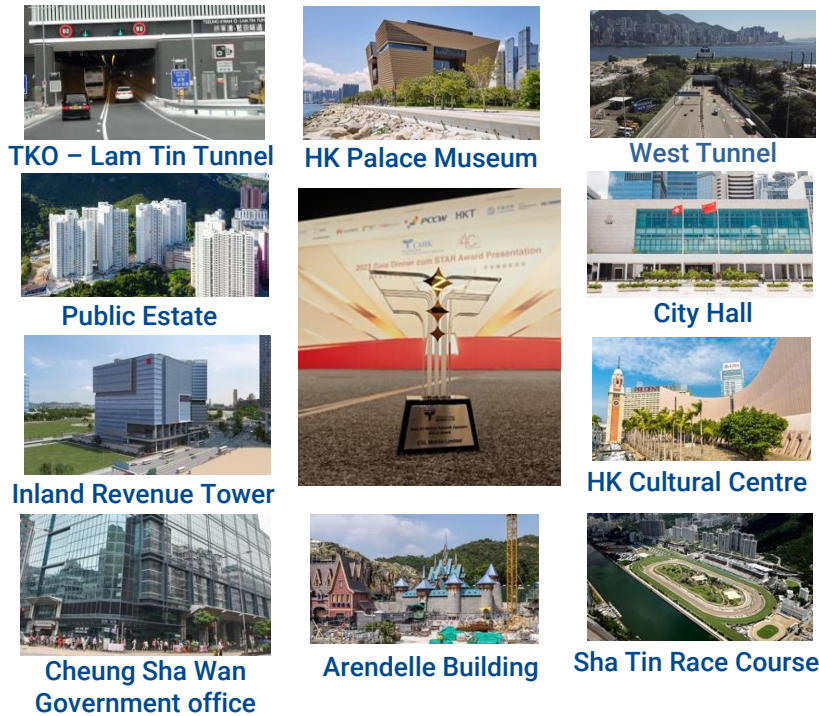


CAHK Best 5G Mobile Network Operator  
Gold Award 2023



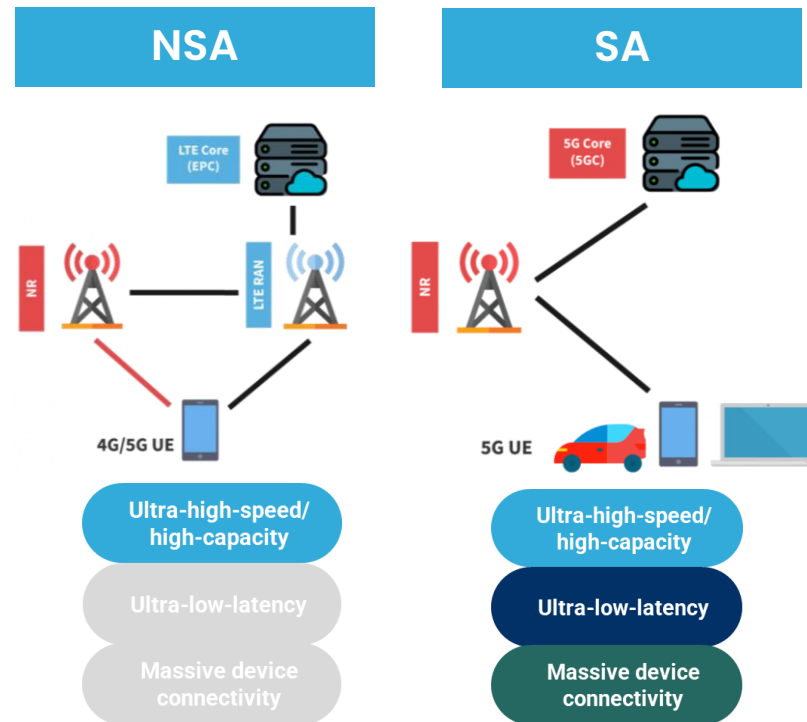
# Key Mobile Network Achievements

## Territory-wide 5G Coverage



- Completed territory-wide 5G coverage
- Indoor coverage enhanced at key landmarks and prominent locations for capacity and performance improvement
- Added on with 700MHz to boost data speed and enhance deep indoor and rural coverage, further improve customer experience

## 5G SA Network Ready



- 5G standalone (“SA”) network ready
- Will be able to support new 5G SA handsets coming to market in 4Q’24
- Combined with latest 5.5G capabilities network will yield higher speeds, lower latency and improved reliability

## High Band mmWave



- First in world to use mmWave and 5G SA technology for real-time broadcasting via drones
- Represents successful commercial application of 5.5G capability

# Deployed XGSPON to Power Fibre Network into the Future



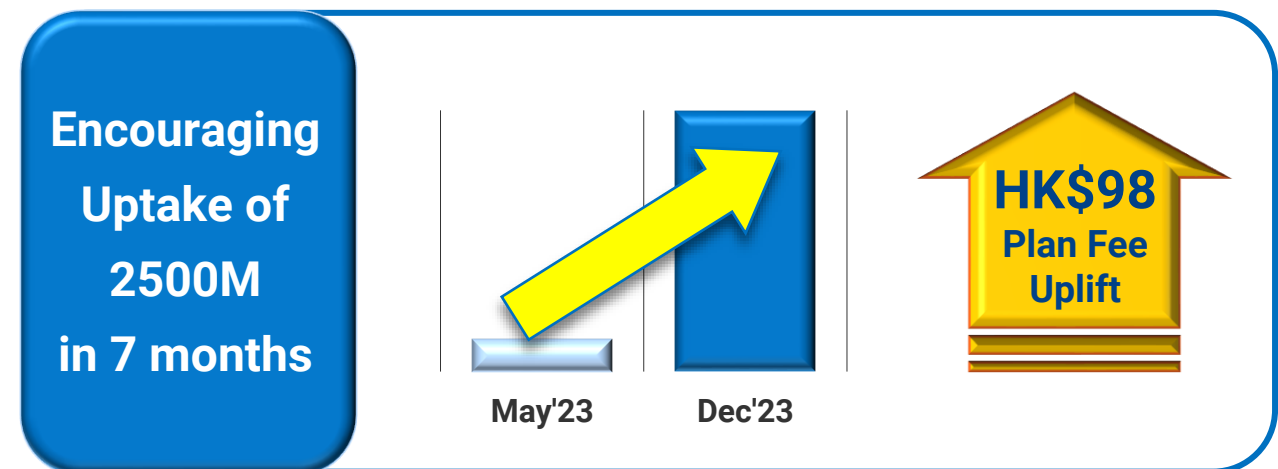
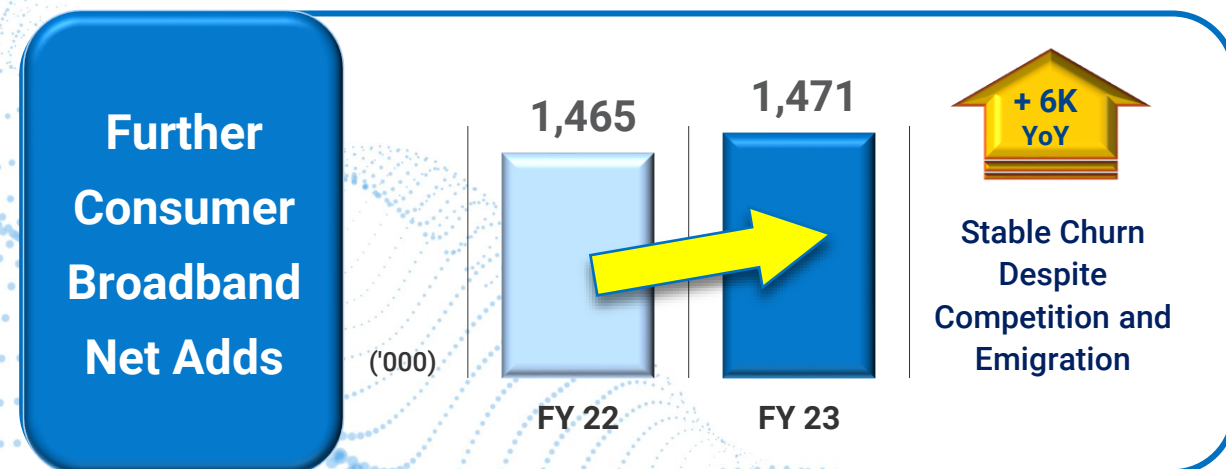
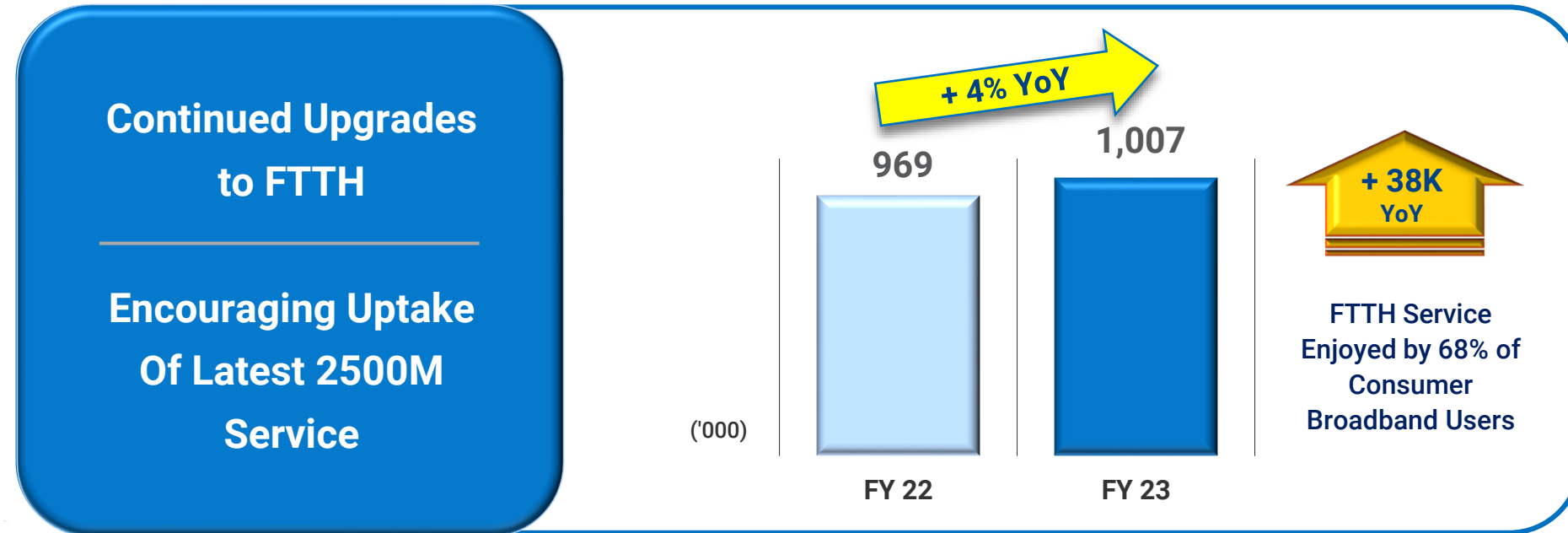
	GPON	XGSPON
Services Supported	2 X 1Gbps; 2Gbps <b>asymmetric</b>	2.5Gbps; 5Gbps; 10Gbps <b>symmetric</b>
Maximum Download Speed	2.5Gbps	10Gbps
Maximum Upload Speed	1.25Gbps	10Gbps

- HKT has a territory-wide and robust fibre network infrastructure with a total length exceeding 2.5 million kilometres, more than enough to circle the Earth over 60 times
- With the deployment of the latest XGSPON technology, HKT can now offer plans with speeds ranging from symmetric 2.5/5/10Gbps and support multiple home users via Wi-Fi 7 routers for best possible performance
- Only operator that provides extensive XGSPON coverage to over 50,000 buildings and 2.4 million households in Hong Kong



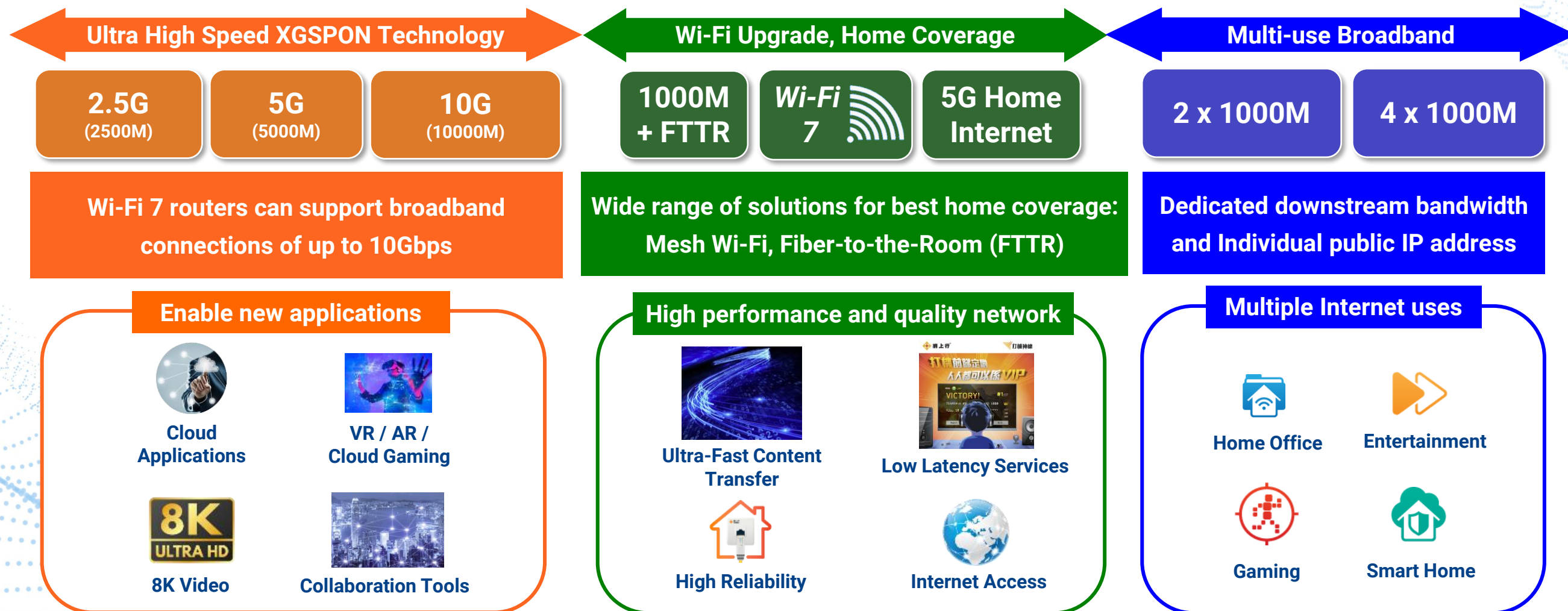
# Robust Demand Continued for High-Speed, Reliable Home Broadband Services

Broadband Business Recorded Revenue Growth for the 16<sup>th</sup> Consecutive Year



# Enhancing Customer Experience with Latest Wi-Fi 7 Routers

Multiple home users can enjoy the latest technologies and applications with HKT's 2.5/5/10Gbps broadband plans and Wi-Fi 7 routers





# Now Video Streaming Service to Expand into Mobile Customer Base



## New Video Streaming Service to Fuel Further Growth

- New video streaming service to offer access to Now TV's top class and comprehensive linear channels and VOD content
- Customers can subscribe with instant activation
- Compatible with all smart devices including handsets, tablets and TVs, the new video streaming service empowers easy cross selling into our mobile customer base

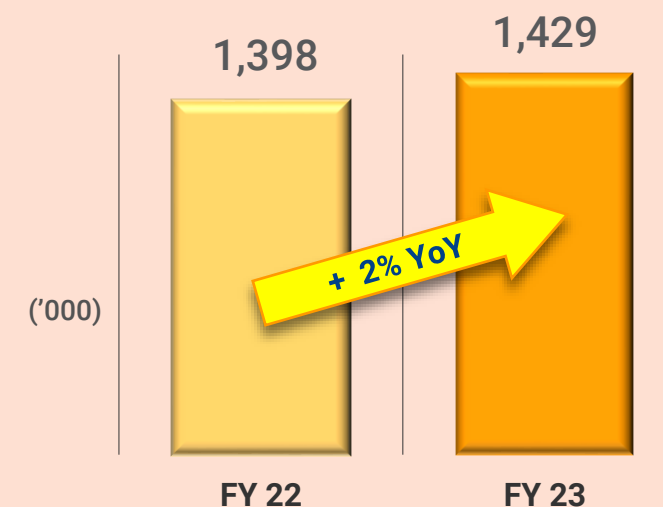


Latest Chinese, Asian and Hollywood Blockbuster Movies, High Quality Drama Series, Award-Winning Variety Entertainment, Fun and Learn Kids Programmes, and Strongest Sports Content



## Enlarged Customer Base

- Captured new customer base from market consolidation, particularly in the commercial segment
- Further penetration into top-tier hotels with tourism recovering
  - 98% in 5 stars hotels
  - 80% in 4 stars hotels



# Now TV Reinforces its Status as the Home of Sports



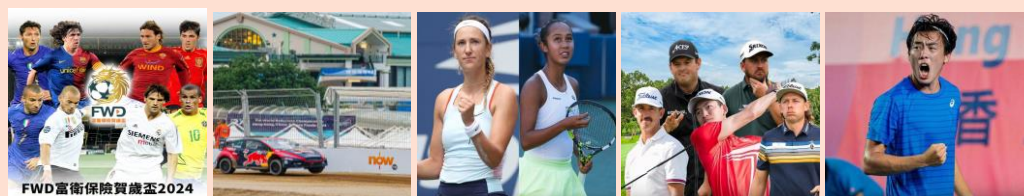
## Ultimate Choice for Sports Fans

- Continue to enrich our unrivalled sports portfolio in 2023 with NBA, Bundesliga, RSL Saudi League, FIFA Club World Cup, FIFA Women's World Cup, UEFA U-21 European Championship, Rugby World Cup and Formula 1 in 4K, on top of the fan favourites including English Premier League, La Liga and Wimbledon



## Full Support on Hong Kong "M" Mark Sports Events

- Host broadcaster with local production support for Lunar New Year Cup, HK Tennis Open (ATP / WTA) and Hong Kong, China Football Representative Team (Home Match)
- Live coverage of first Rallycross Championship in Hong Kong, HK Cyclothon, HK Golf Open and World City Golf Championship
- Watch party in shopping mall with Premier League live match broadcast to support Night Vibes Hong Kong campaign



## UEFA EURO 2024

- Secured the broadcasting right to UEFA EURO 2024 in Germany from 14 Jun to 14 Jul 2024 (Europe time)
- Comprehensive coverage of 51 live matches, highlights and magazine programs and selected live matches on ViuTV
- Favorable prime-time kick-off (i.e. 9pm) for Hong Kong football fans
- Maximising cross-selling opportunities via PCCW / HKT group's ecosystem on subscription, advertising and partnership

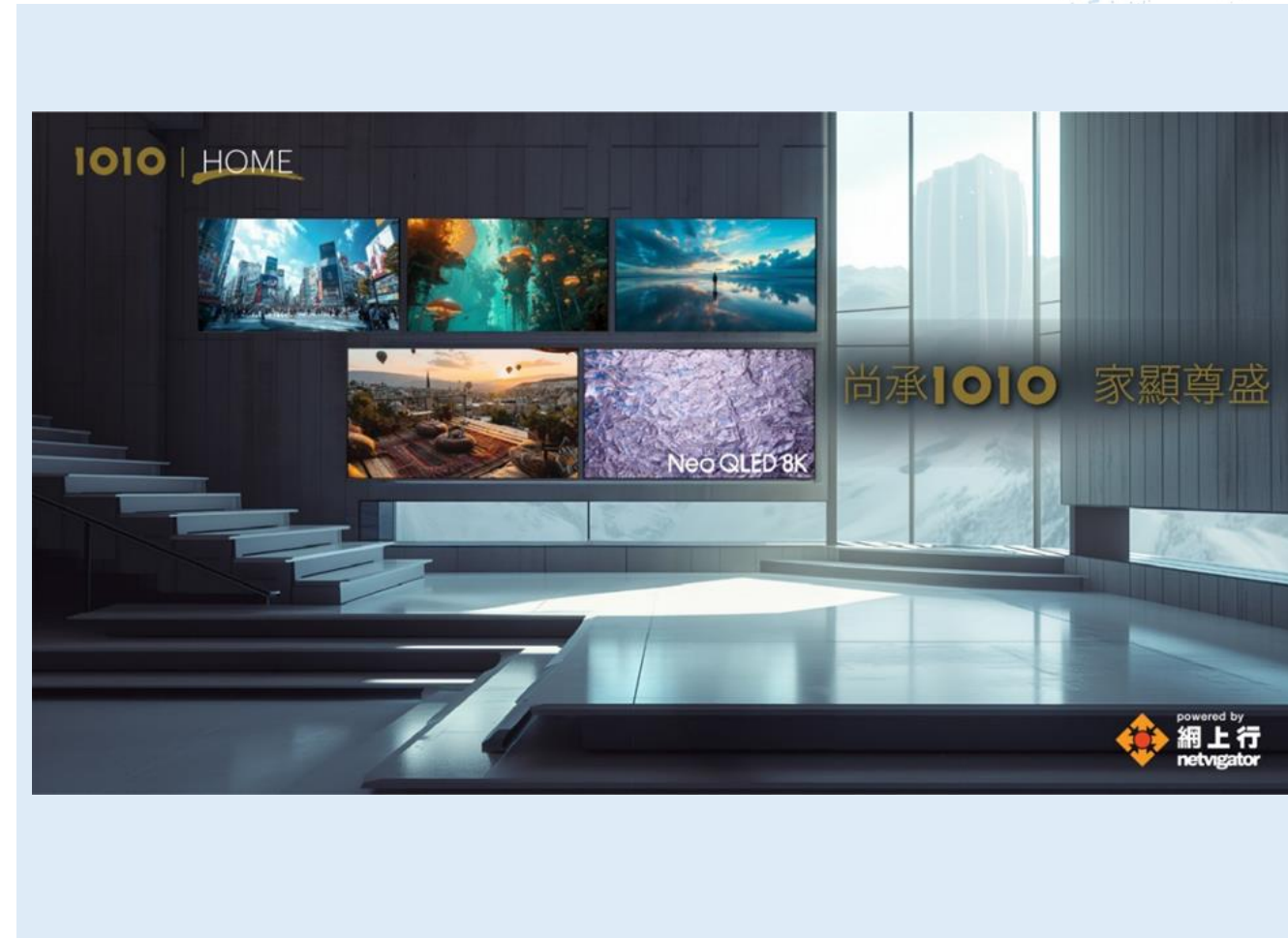




# 1010 HOME Offers Premium Customer Experience



- Recently launched 1010 HOME to integrate HKT service offering in mobile with broadband, entertainment and lifestyle services to deliver a one-stop Smart Living solution for a premium customer experience
- Leveraging HKT's fibre and 5G network infrastructure, wide range of smart living appliances, 7 x 24 priority hotline service, express onsite technical support and exciting lifestyle offers to deliver an all-round premium customer experience
- Taps our unique edge as Hong Kong's only provider of quad-play services and encourages increased customer spending and appreciation

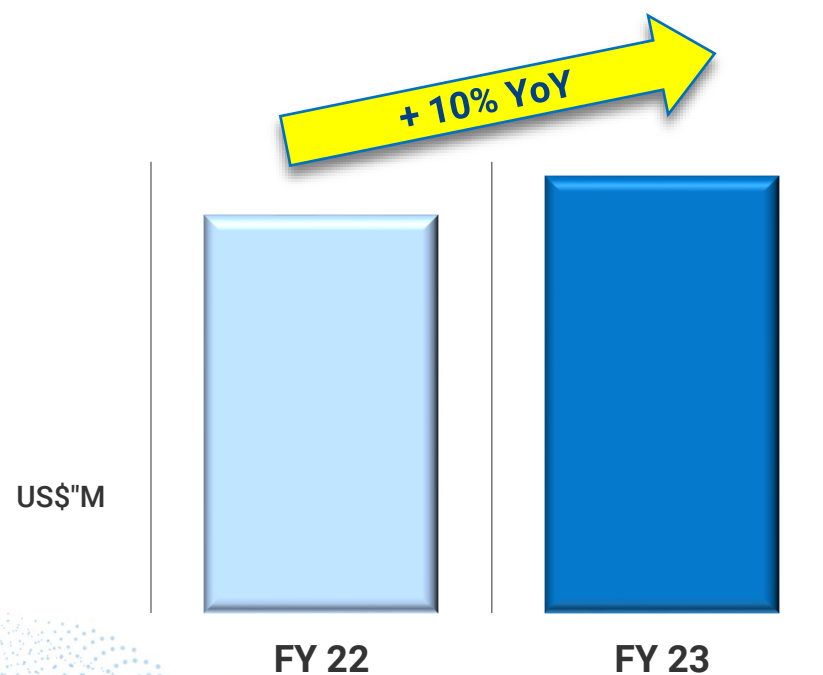


**HKT**

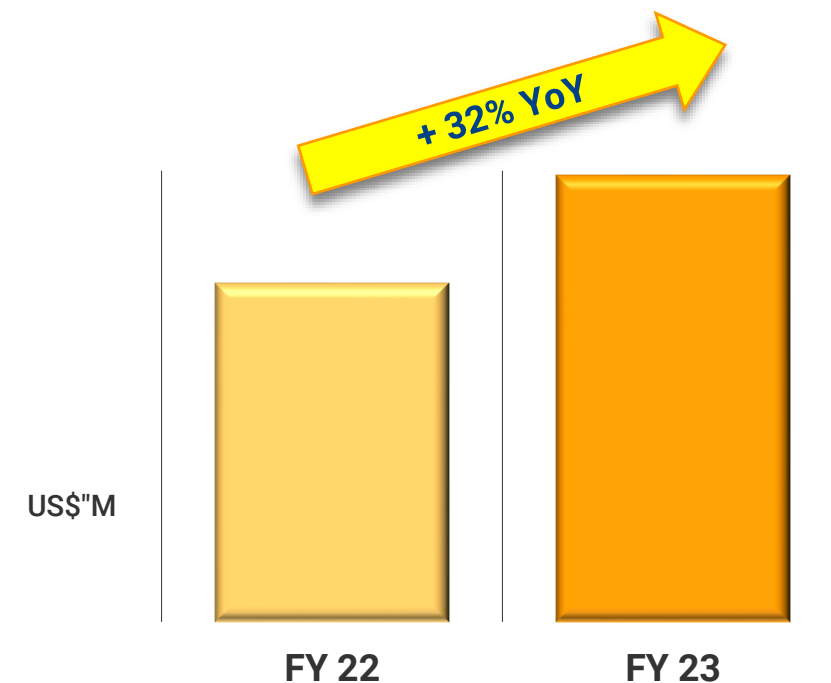
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# HKT Enterprise Business Recorded Robust Revenue Growth

## Robust Growth in Enterprise Revenue



## Significant Growth in China Business Revenue



Secured new project wins with a Total Contract Value of over HK\$4 billion in 2023



# Delivering Deep Industry Focused Solutions

## 5G + IT infrastructure + Smart Healthcare Solutions *from In-hospital to Outreach Care Services*



- **16 Public & Private Hospitals** with 5G Infrastructure and Healthcare Technology Applications
- **HK's First 5G Private Network for Healthcare Organisation**



**Received the Best HealthTech - Gold Award at 2023 CAHK STAR Award**



5G with Integrated Communications Solutions



5G Operating Theatre With Remote Consultations



IoMT & IoT



5G Remote Training



Smart App for In-hospital Collaboration



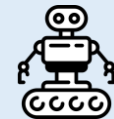
One Bed One iPad



Real-Time Location Tracking for Patient and Medical Devices



Holomedicine



Patrolling Robots



- **Supply of Vital Signs Monitoring Solutions for Smart Clinics**
- **The First platform** integrated with the public hospital's Clinical Management System (CMS)
- **Self-Help eHealth Stations** for hospitals and clinics
- Outreach solution for **Community-Based Care On-the-Go**



# Advancing Hong Kong into an Innovation and Technology Hub

Driving Smart City Development with Digital Solutions to Enhance Overall Productivity & Operations

## Smart City Project Highlights

### Smart Building & Campus

**Reimagine** tenant experience by integrating multiple building systems into a mobile app, resulting in convenience, seamless communications and heightened efficiency for tenants and facility management

- 5G + Fiber connectivity
- IoT sensors
- Mobile App



### Exhibition & Convention

**Revolutionise** visitor experience to become more interactive and engaging at two of the most prominent exhibition venues in Hong Kong

- Digital Signage
- Connected LED wall
- Way-finding System



### Living Compartment & Hostel

**Swiftly** design and deploy Smart Campus Solutions at a construction worker dormitory to facilitate communications, improve worker safety and enhance operational efficiency

- 10Gbps Fiber Internet & Wi-Fi
- Security & Access Control
- Carpark Management System
- Integrated Operations Centre





# Integrating AI Features for Digital Transformation

Empowers Enterprises Across Industries to Enhance Services and Products at Speed and Scale

## Modern Workplace



**Partnering with Microsoft** – the only MS 365 Copilot Licensed Service Provider in HK to early adopt the service and to empower enterprises to embrace GenAI via Copilot Experience Programme and customised managed services

- Consultation and Technical Assessment
- Initial User Adoption Plan
- User Experience Workshop

## Customer Services



**AI Contact Centre** – enhance Productivity & Quality of Customer Service in Omnichannel Contact Centre with the support of GenAI:

- Resolving Enquiries Faster
- Generate Prompt Insights
- Enhance Self-Service Capabilities
- Provide Better User Experience

## Cyber Security



**Cyber Security** – transform corporate cyber security capabilities and strengthen defence to provide best protection with accelerated response via multi-dimensional AI-driven Technologies:

- Managed Security Service
- Security Orchestration
- End Point Security

## Super Computing



**AI Supercomputing Centre Infrastructure** – provide core infrastructure to support high performance computing power in Higher Education Institution to:

- Strengthen local R&D capabilities
- Accelerate the development of AI industries in HK



Property Developer



Banking



Hospitality



Utilities



Retail



Government



Automobile



Healthcare



University

# Enabling Enterprises to Expand into China and Regionally with Digital Solutions

## China Business Highlights

**China Business revenue expanded by 32% in 2023, on track to achieve revenue of HK\$1 billion**

- Leverage HKT's geographical edge and international network coverage
- Empower business expansion of Chinese companies to expand into ASEAN countries
- Serve as a springboard for HK & global enterprises entering China, including GBA

**Comprehensive digital solutions to cater for fast expansion needs**

### Automobile



#### Leading provider of powertrain

- High-quality virtual meetings
- Network facilities management
- Reliable internet access

### Electronics



#### Global provider of audio-visual electronics solutions

- Operations across 6 cities in mainland China and HK

### Global Logistics



#### Trusted provider of supply chain solutions

- Connectivity across China, ASEAN and the United States

### Lifestyle Brand



#### Renowned international sportswear brand

- Interconnecting HK, Macau, mainland China & Singapore

### Regional Comprehensive Economic Partnership



**Connectivity Solutions**



**Cyber Security**



**Digital ICT**



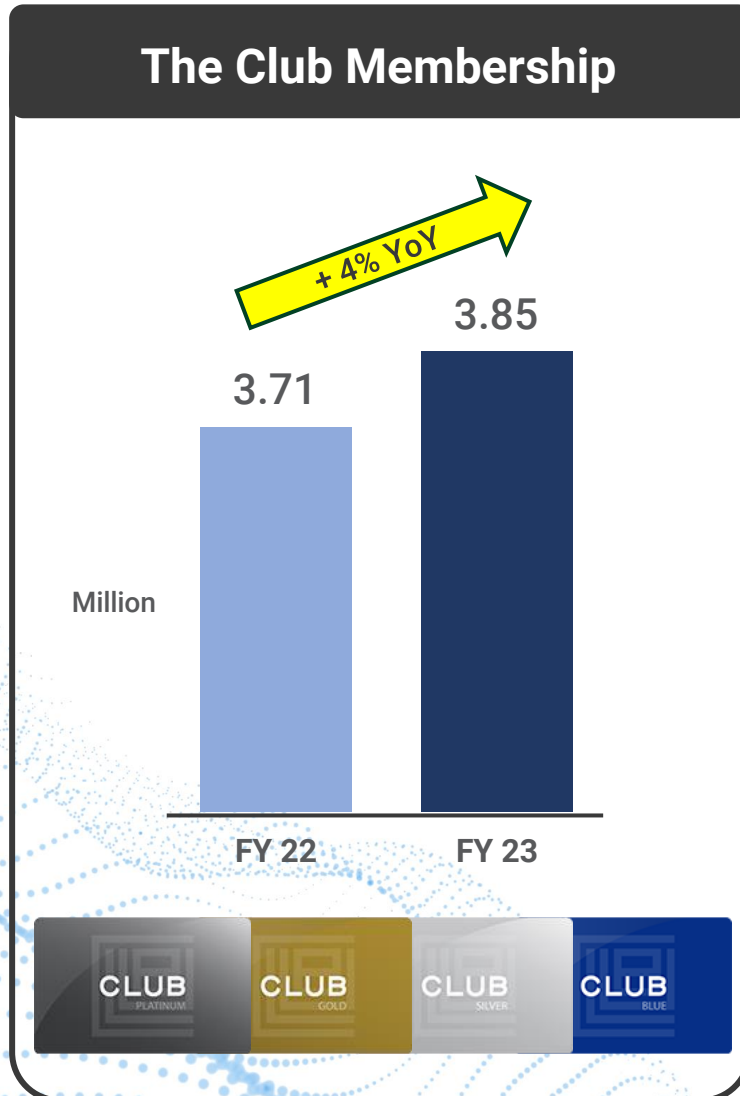
**Enterprise Managed Services**



# GenAI Enriching User Journey for Club Members

From Engagement to Spending together with Ecosystem of Strategic Partners

CLUB



Mass Market Segment

Youth Segment

CLUB



Tap & Go

I am your AI lifestyle assistant, Clubie!



CLUB | SHOPPING

CLUB | CARE

CLUB | TRAVEL

mox

MoneyHero

Flexi

FWD

HKT

a PCCW Group member

# Scaling for Web 2.0, Ready for Web 3.0

## Our B2B and B2C FinTech Platform Continued to Strengthen Value Proposition for SME and Younger Consumers



## Comprehensive e-payment solution targeting local SMEs

# Consumers



## Growing transactions with a solid base of young & tech-savvy users





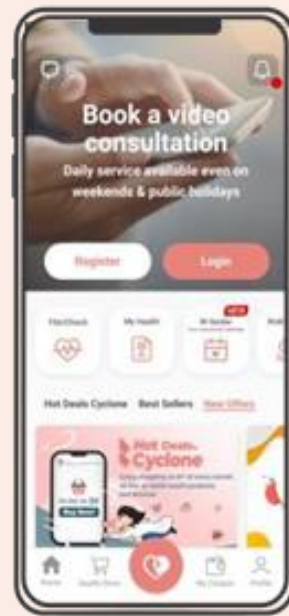
# Leading and Innovative MedTech Platform



- All-in-one platform with telemedicine and e-shop to digitise the wellness and healthcare journey
- Offering comprehensive in-app features to monitor and record vital body metrics

## Increasing consultations as telemedicine gains acceptance

- 386K registered users as at Dec 2023, an increase of 10% YoY
- 50% YoY growth in the number of completed video consultations
- Currently have 140+ doctors and healthcare professionals from 20 medical consultation service partners available; 4 new medical partners onboarded since Aug 2023



## Launch of the innovative DrGo Me+ personalised supplement packs

- Handy ready-to-go packets tailor made to address individual daily nutritional needs
- Backed by nutritionists and HK Pharmaceutical Care Foundation
- Recurring subscription model that sustains engagement



# Contributing to a Sustainable Future

## Recognition

- Recognised as a selected member of The S&P Global Sustainability Yearbook (China Edition) 2023

## Community Impact

- **Strive and Rise Programme (共創明Teen)** – Continuously support development and upward mobility of underprivileged youth through corporate volunteering and activities, including the National Day Fireworks Display



- **HKT Unlock the Wonder of Christmas** – gave out thousands of game prizes for engaging the public and fundraising, in support of a community engagement event
- **Volunteering hours in full year 2023** – over 4,400 hours

## Climate Change Resilience

- **Sustainability-linked loans:** Committed over US\$3 billion
- **Renewable energy adoption** – completed installation of the 4<sup>th</sup> solar panel systems at our exchange buildings

## Smart City Transformation

- **5G Weather Meter Education Programme** – develop green and smart campus in collaboration with schools to raise students' awareness on climate change through innovative technology



- **Corporate Collaboration** – leveraging our expertise in telecom, healthcare and education to empower residents as part of the contribution to Hong Kong's first "Smart Community" within transitional housing projects

**HKT**

a **PCCW** Group member



# Highlights

- 1 Cross Selling** – cross selling to our large scale and high quality customer base a growing portfolio of services ranging from connectivity, entertainment to online financial services and healthcare
- 2 Partner with Enterprises** – with our industry focused digital solutions we are partnering with enterprises to support their expansion beyond Hong Kong into the mainland China and the broader Asian markets
- 3 Embracing AI** – rapidly embracing AI applications to enhance our business operations, customer experience and support as well as incorporating AI features into the digital solutions deployed for our enterprise and government customers
- 4 Drive AFF Growth** – drive AFF expansion through cross selling across our consumer base, scaling up of our enterprise business and a relentless focus on productivity improvements and cost efficiencies
- 5 Sustainable Future** – committed to prioritising environmental, social, and governance considerations crucial to long-term value creation and stakeholder well-being

# Financial Review

**Patrick Poon**  
**Chief Financial Officer**

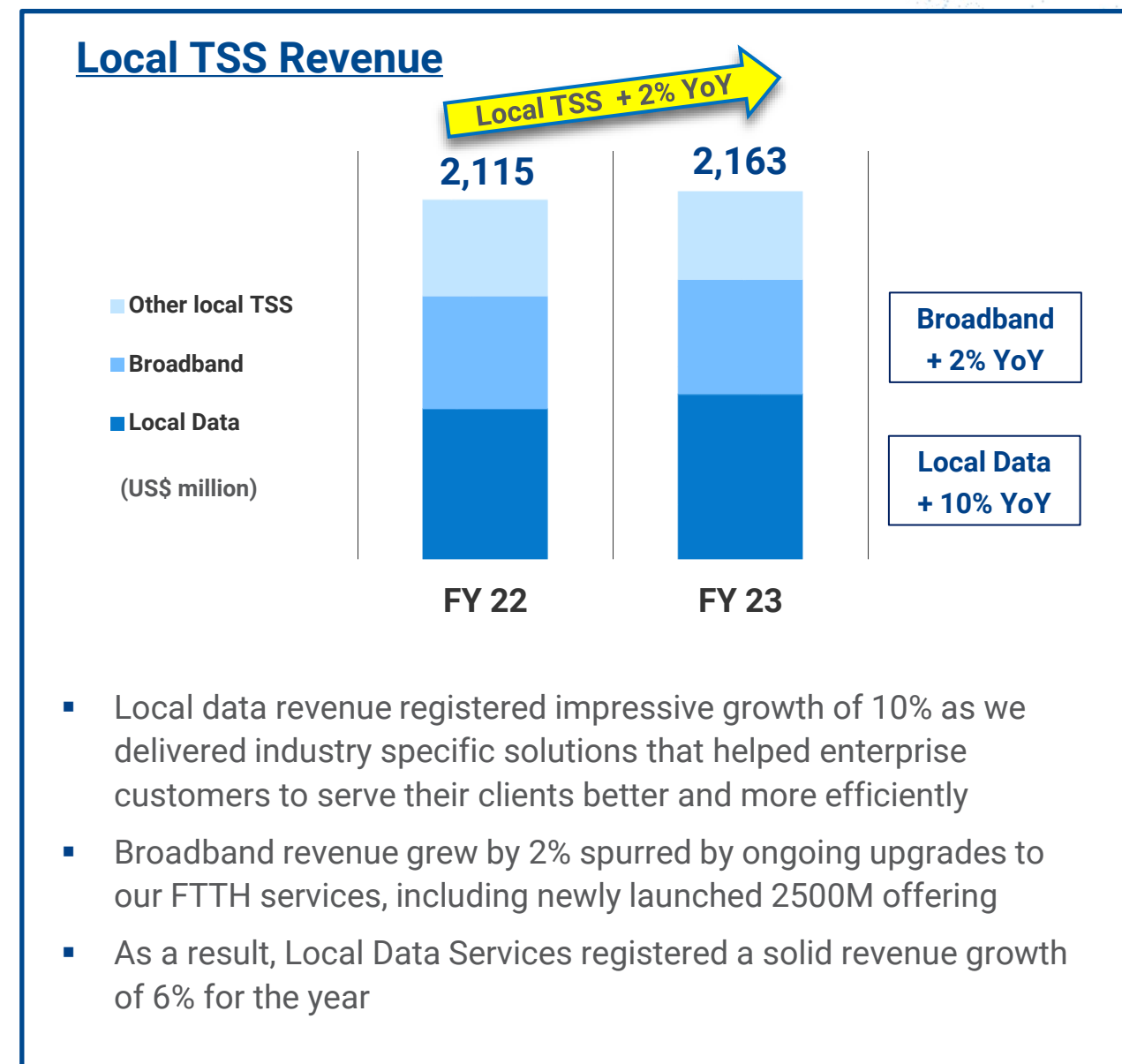
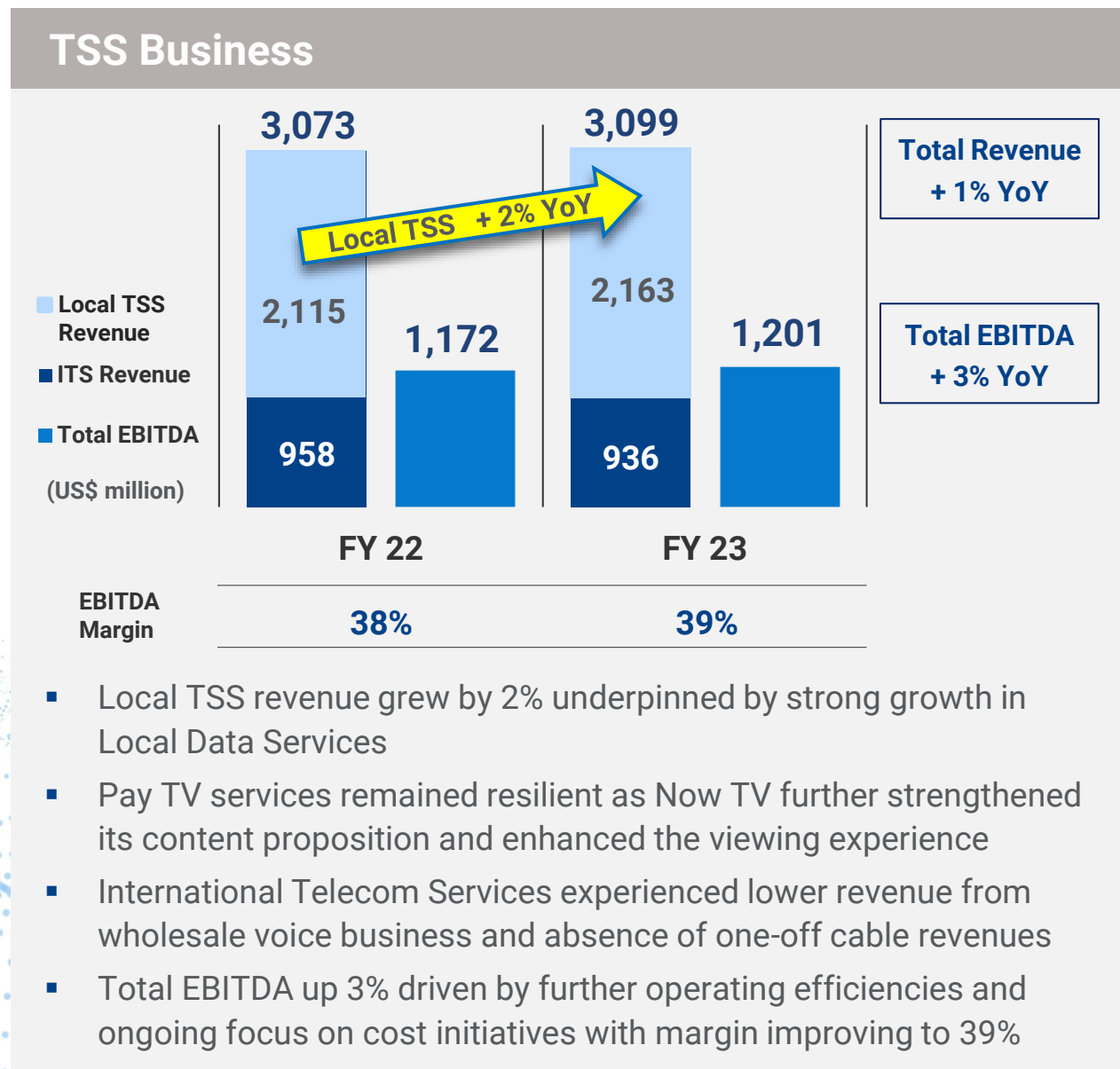




# Resilient Financial Performance

(US\$ million)	FY 22	FY 23	% Change
<b>Adjusted Funds Flow</b>	<b>724</b>	<b>743</b>	<b>+ 3%</b>
<b>Revenue</b>	<b>4,375</b>	<b>4,401</b>	<b>+ 1%</b>
<b>Revenue</b> (excluding Mobile Product Sales)	<b>3,910</b>	<b>4,022</b>	<b>+ 3%</b>
<b>EBITDA</b>	<b>1,675</b>	<b>1,718</b>	<b>+ 3%</b>
<i>EBITDA Margin</i> (excluding Mobile Product Sales)	43%	43%	
<i>Overall EBITDA Margin</i>	38%	39%	
<b>Profit</b>	<b>628</b>	<b>640</b>	<b>+ 2%</b>
Attributable to Holders of Share Stapled Units			

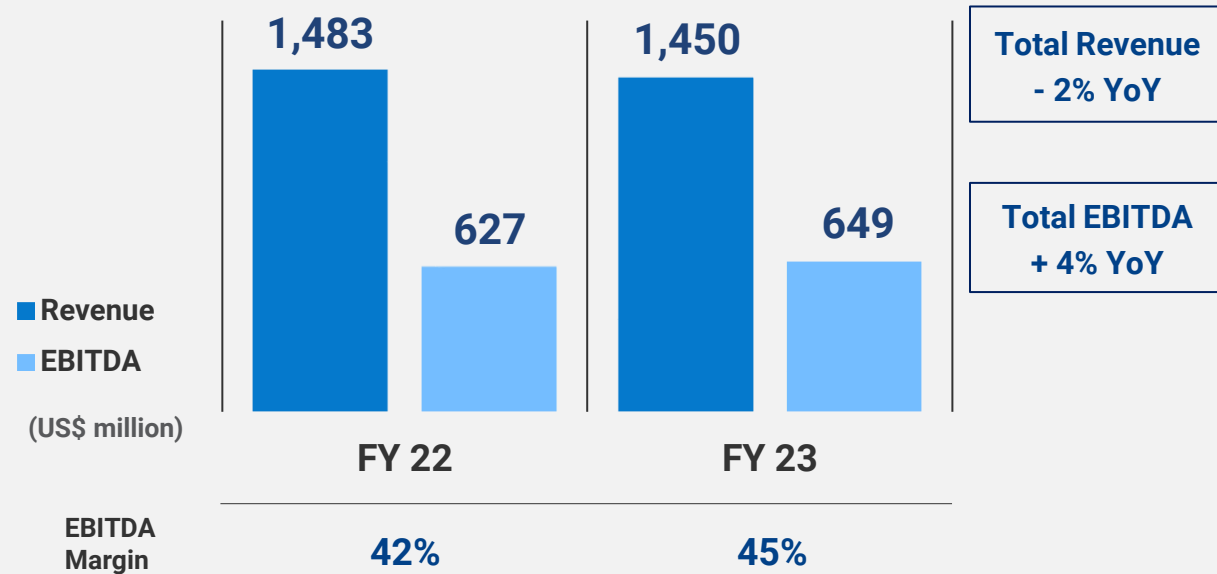
# TSS Continued to Demonstrate Business Strength and Resilience





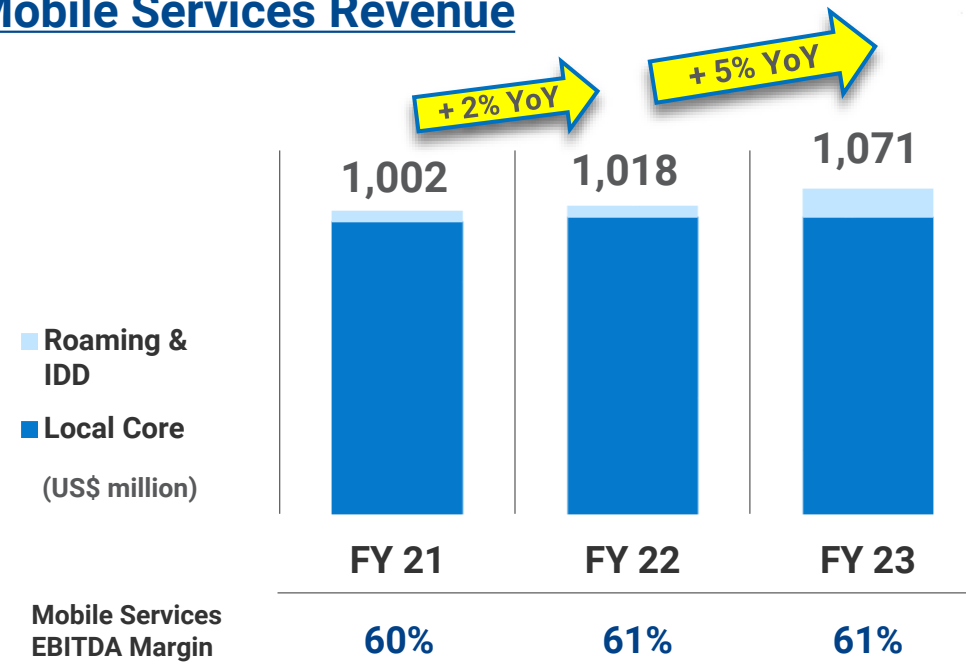
# Mobile Benefiting from Roaming Recovery and Broader 5G Adoption

## Mobile Business



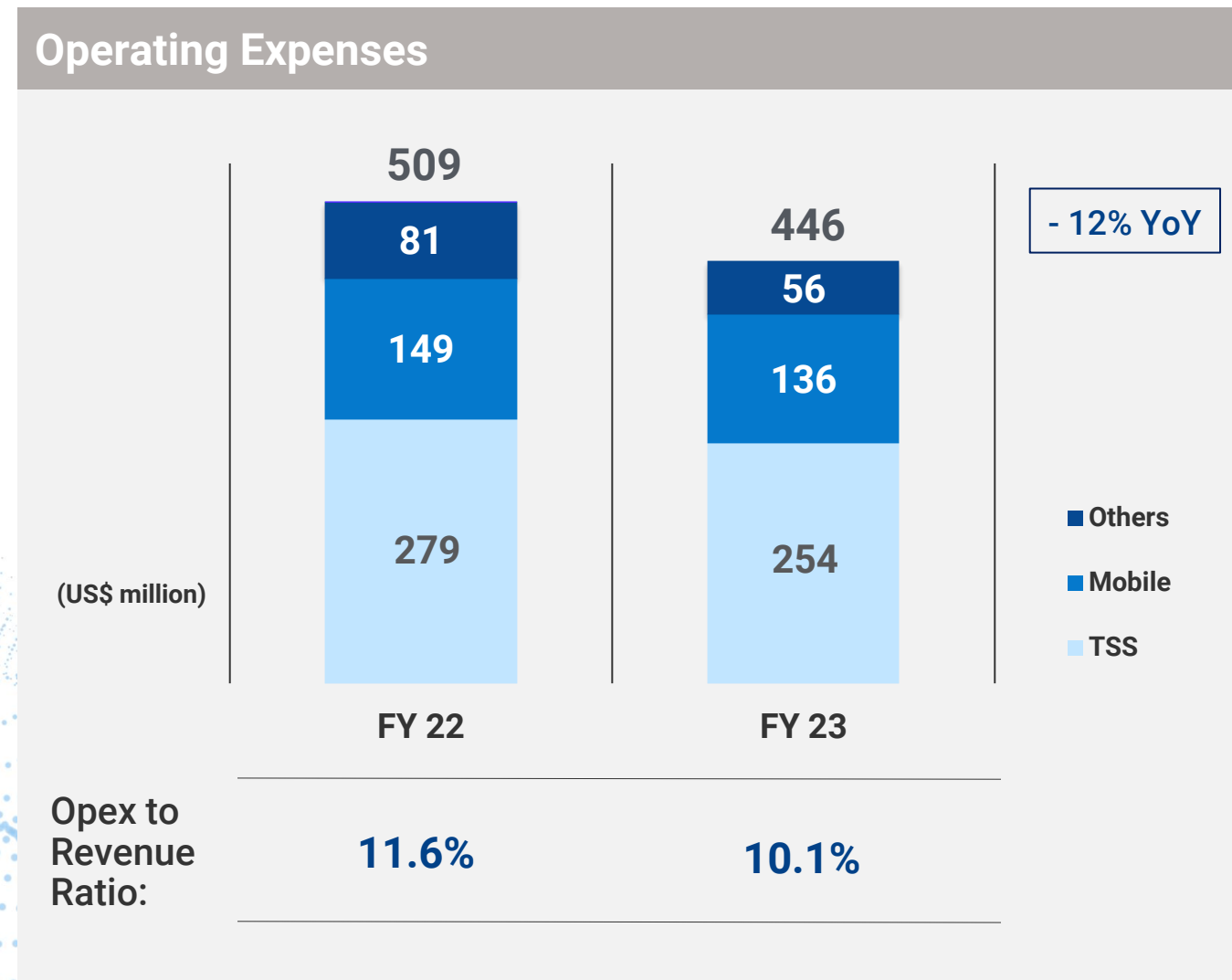
- Mobile business recorded accelerated growth of 5% in services revenue to US\$1,071 million
- Post-paid customer base further expanded to 3.428 million, a record net gain of 105,000 or 3% growth year-on-year
- 5G customer base approached 1.4 million as at end of Dec 2023, representing 41% of total post-paid base
- Mobile product sales were softer as consumers delayed the replacement of handsets due to weak overall sentiment and lack of new features to entice upgrades

## Mobile Services Revenue



- Mobile services revenue grew 5% in FY 23, reflecting the rapid recovery in roaming revenue, further momentum of 5G adoption and strong growth in our post-paid base
- Roaming revenue soared by 176% year-on-year as international travel fully resumed
- Post-paid exit ARPU rose by 2% to HK\$191
- Mobile services EBITDA also rose 5% to US\$649 million with a margin of 61%

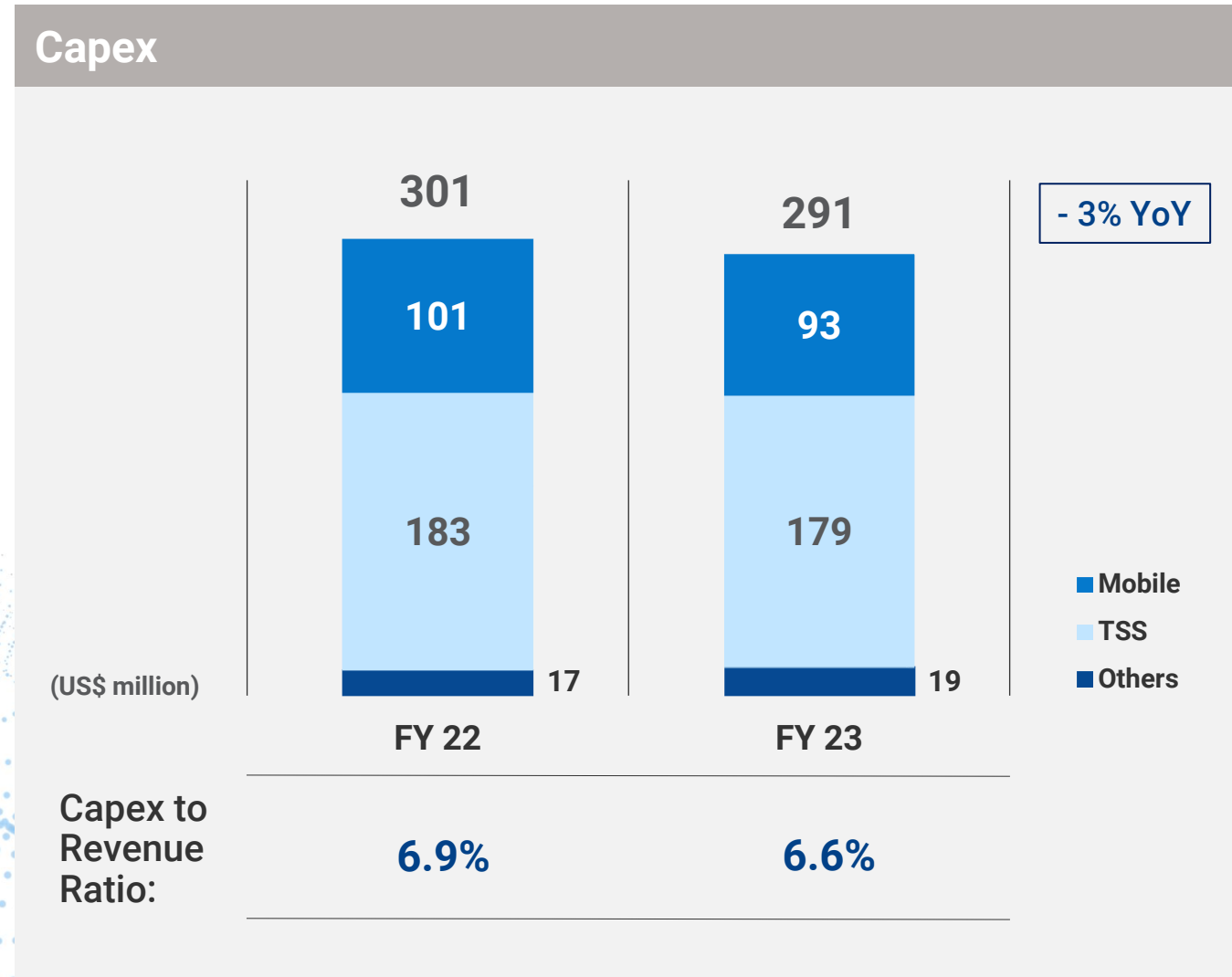
# Continued Focus on Driving Operating Efficiencies



- Opex savings of 12% in FY 23, with opex to revenue ratio further improving to 10.1%
- Continued focus on operating efficiencies and cost optimisation initiatives across each of the business lines
- Initiatives include workforce optimisation and digitalising business processes via the adoption of GenAI, consolidation of business operations and rationalisation of IT platforms



# Disciplined Capital Investments to Support Business Growth



- Disciplined capital investments with capex to revenue ratio improving to 6.6%, well within stated guidance
- Lower Mobile capex reflecting the completion of our territory-wide 5G coverage rollout in 2022, with investments focused on capacity upgrades and indoor coverage enhancement
- TSS capex dropped slightly, with focus on investments to support growing demand for our unique integrated fixed-mobile solutions including smart city solutions for enterprises

# Adjusted Funds Flow

(US\$ million)	FY 22	FY 23	YoY Better/ (Worse)
<b>EBITDA</b>	<b>1,675</b>	<b>1,718</b>	<b>3%</b>
Less cash outflows in respect of capital expenditures, customer acquisition costs and licence fees, and changes in working capital:			
Capital expenditures	(289)	(274)	
Customer acquisition costs and licence fees	(201)	(222)	
Fulfilment costs	(72)	(84)	
Right-of-use ("ROU") assets	(178)	(183)	
Changes in working capital	(87)	27	
<b>Adjusted Funds Flow before tax paid and net finance costs paid</b>	<b>848</b>	<b>982</b>	<b>16%</b>
Adjusted for:			
Net finance costs paid	(113)	(200)	
Tax payment	(11)	(39)	
<b>Adjusted Funds Flow for the year</b>	<b>724</b>	<b>743</b>	<b>3%</b>
<b>Adjusted Funds Flow per Share Stapled Unit (HK cents)</b>	<b>74.51</b>	<b>76.49</b>	
Interim Distribution (HK cents)	31.36	32.05	
Final Distribution (HK cents)	43.15	44.44	
<b>Total Distribution for the year per Share Stapled Unit (HK cents)</b>	<b>74.51</b>	<b>76.49</b>	<b>3%</b>



# Income Statement

(US\$ million)	FY 22	FY 23	YoY Better/(Worse)
<b>Revenue</b>	<b>4,375</b>	<b>4,401</b>	<b>1%</b>
<b>Revenue (excluding Mobile Product Sales)</b>	<b>3,910</b>	<b>4,022</b>	<b>3%</b>
<b>Cost of sales</b>	<b>(2,191)</b>	<b>(2,237)</b>	<b>(2)%</b>
<b>Opex</b>	<b>(509)</b>	<b>(446)</b>	<b>12%</b>
<b>EBITDA</b>	<b>1,675</b>	<b>1,718</b>	<b>3%</b>
Depreciation & amortisation expenses	(745)	(725)	
Net other (losses)/gains	(1)	1	
Net finance costs	(204)	(273)	<b>(34)%</b>
Share of results of associates & JVs	(12)	(15)	
<b>Profit before income tax</b>	<b>713</b>	<b>706</b>	
Income tax	(82)	(63)	
<i>Effective tax rate</i>	11.5%	9.0%	
<b>Profit for the year</b>	<b>631</b>	<b>643</b>	<b>2%</b>
Attributable to:			
<b>Holders of Share Stapled Units</b>	<b>628</b>	<b>640</b>	<b>2%</b>
<b>Non-controlling interests</b>	<b>3</b>	<b>3</b>	

# Solid Financial Position

## Investment Grade Credit Ratings

(US\$ million)	As of Dec 2022	As of Dec 2023
<b>Gross Debt <sup>(1)</sup></b>	<b>5,664</b>	<b>5,744</b>
<b>Gross Debt to EBITDA <sup>(2)</sup></b>	<b>3.38x</b>	<b>3.34x</b>
<b>Cash Balance <sup>(3)</sup></b>	<b>271</b>	<b>219</b>
<b>Undrawn Facilities</b>	<b>1,854</b>	<b>1,632</b>
<b>Total</b>	<b>2,125</b>	<b>1,851</b>

**BBB/Baa2  
Investment  
Grade Rating**

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

(2) Based on gross debt as at year end divided by EBITDA for the year

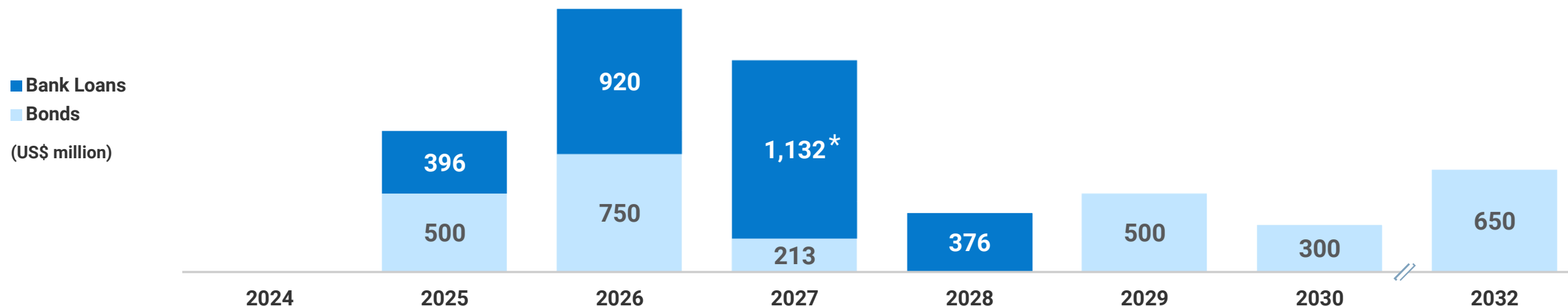
(3) Including short-term deposits



# Debt Maturity Profile

## Impact of Interest Rate Rises Cushioned by Healthy Mix of Fixed & Floating Rate Debt

As of 31 December 2023



- Current mix of fixed and floating rate debt approx. 55:45
- Effective interest rate approx. 4.05% in FY 2023
- Average maturity was approx. 4 years

\* Include refinancing bank loans that will take out the 2024 maturities

**HKT**

a PCCW Group member

# Highlights

- 1 Cross Selling** – cross selling to our large scale and high quality customer base a growing portfolio of services ranging from connectivity, entertainment to online financial services and healthcare
- 2 Partner with Enterprises** – with our industry focused digital solutions we are partnering with enterprises to support their expansion beyond Hong Kong into the mainland China and the broader Asian markets
- 3 Embracing AI** – rapidly embracing AI applications to enhance our business operations, customer experience and support as well as incorporating AI features into the digital solutions deployed for our enterprise and government customers
- 4 Drive AFF Growth** – drive AFF expansion through cross selling across our consumer base, scaling up of our enterprise business and a relentless focus on productivity improvements and cost efficiencies
- 5 Sustainable Future** – committed to prioritising environmental, social, and governance considerations crucial to long-term value creation and stakeholder well-being