

FY24 Annual Results Announcement

PERFORMANCE DELIVERED

William Yeung

Co-Owner, Executive Vice-chairman & Group CEO

Derek Yue

Co-Owner & CFO

31 October 2024



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Overview

William Yeung

Co-Owner, Executive Vice-chairman &
Group CEO



Solid Performance



Revenue

H2YoY flat*
YoY -1%*



EBITDA

H2YoY +12%
YoY +6%



AFF

H2YoY +27%
YoY -12%



*H2YoY revenue at -3% if including handsets.
YoY revenue at -9% if including handsets.

Excluding handsets



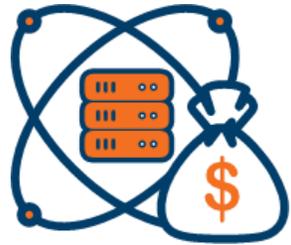
Full Year DPS: 31.5 HK Cents

Enterprise Solutions



**PERFORMANCE
DELIVERED**

Strong and Sustainable Growth



Enterprise Solutions
Revenue*

\$3,757m
YoY +1%



Revenue
Backlog

YoY +15%



Order
Booking

YoY +9%



Enterprise
Customers

98k
HoH +1%
vs Market 5% drop Note

Harvesting our ICT Strategy



Tailored ICT solutions

- Cybersecurity
- Next Gen Infrastructure
- **Cloud**
- AI

Hybrid and multi-cloud managed solution

HKBNES cloud platform

FY24 cloud business sales

YoY +22%



Connectivity X ICT bundle

Bundle ARPU

+20%

Customers

~30k

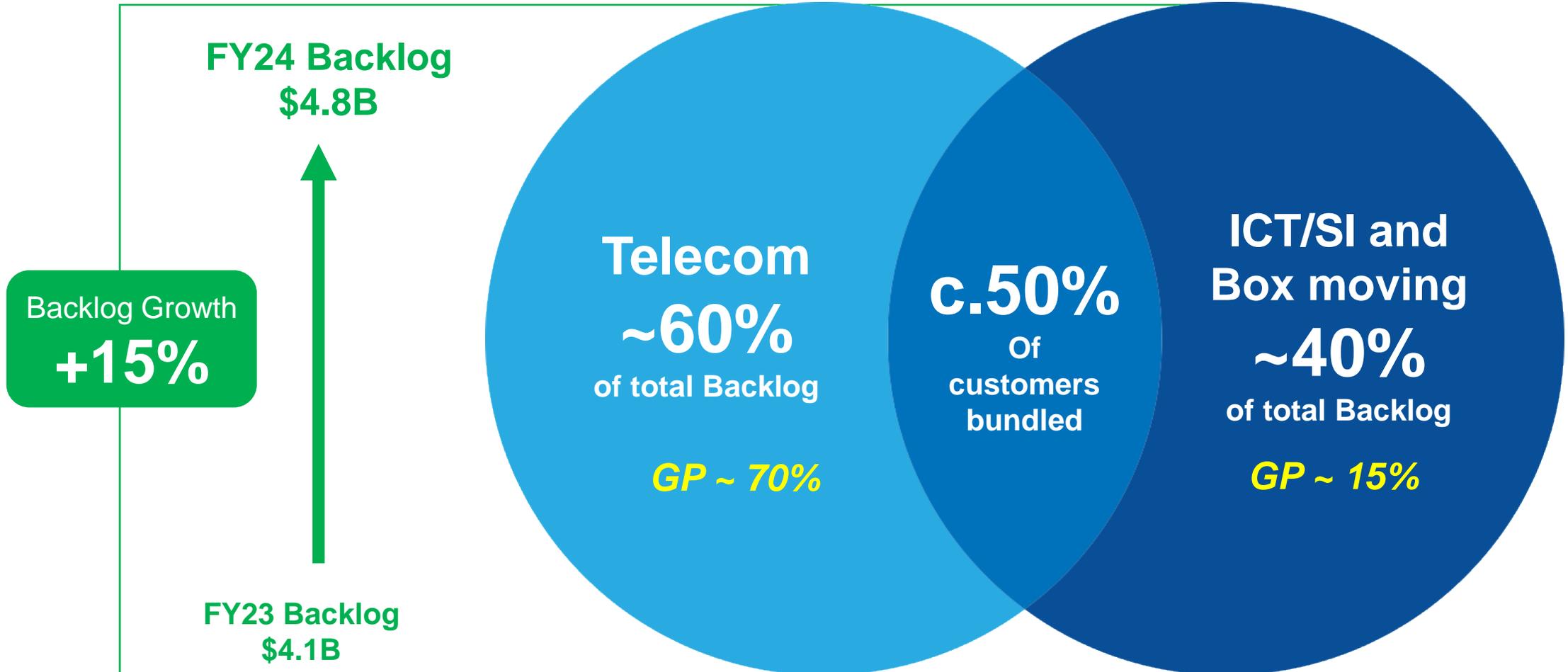
(~1/3 of total customer)

Sold 40k hours

of ITaaS token in FY24

Lenovo Device as a Service *Coming Soon*

Backlog Profitability Significantly Improved



Residential Solutions



**PERFORMANCE
DELIVERED**

Solid and Sustainable Performance



**Residential Solutions
Revenue**

\$2,344m
YoY -2%



**Residential
ARPU**

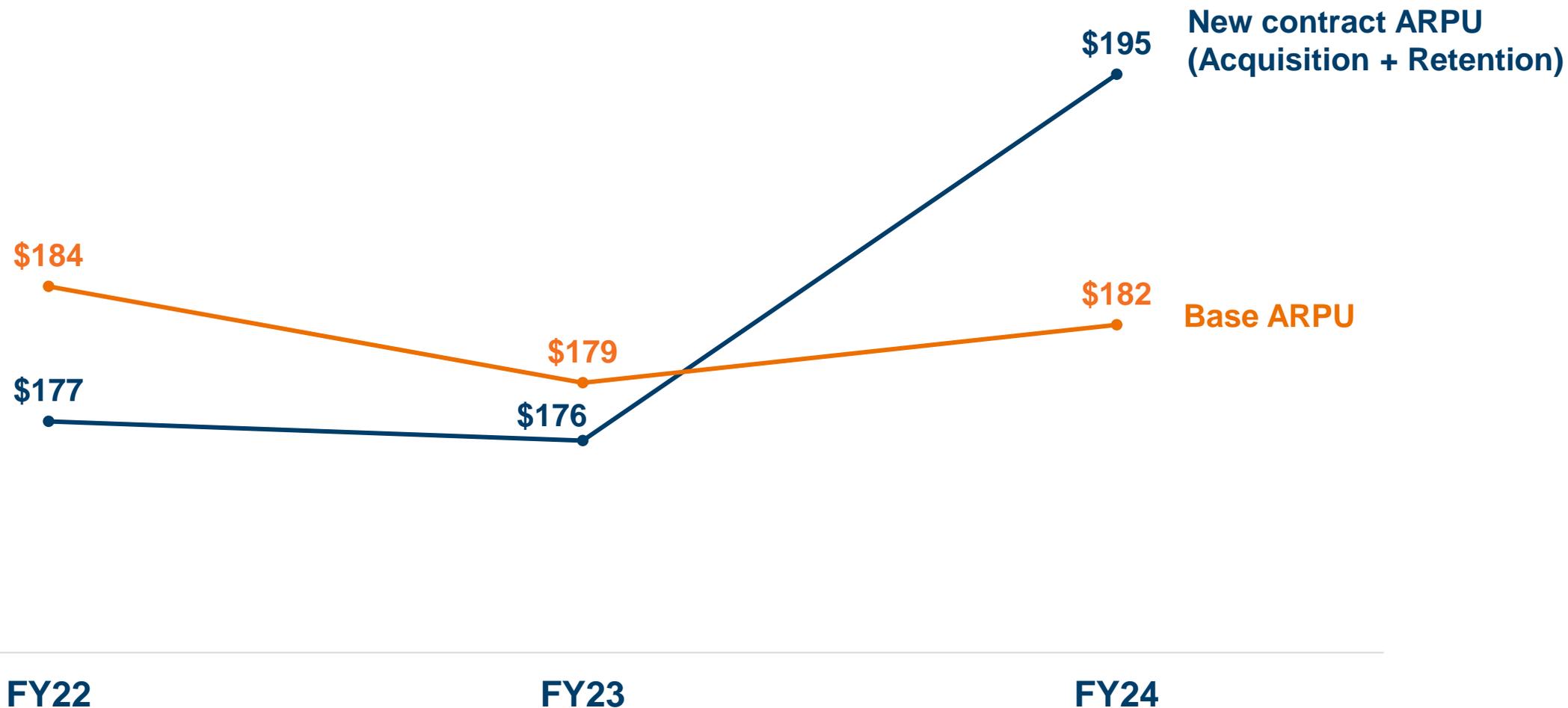
\$182
YoY +2%



**Broadband
Subscriptions**

907k
HoH +1%

Powering Profitability: Ongoing Strategy to Elevate ARPU



Increasing ARPH* with Stronger Infinite-Play

Roaming Services



160,000

Global SIMs sold in FY24

ONE rate

Starting at \$168/month

- ✓ 5G Local
- ✓ Global Travel Data



Insurance & Medical Services



Home insurance



HKBN x Bowtie
Four-In-One Healthcare
Service Plan

New OTT Coming



More Value-added Services to Come



Home care
services



Medical
tests



Monthly rate
PC

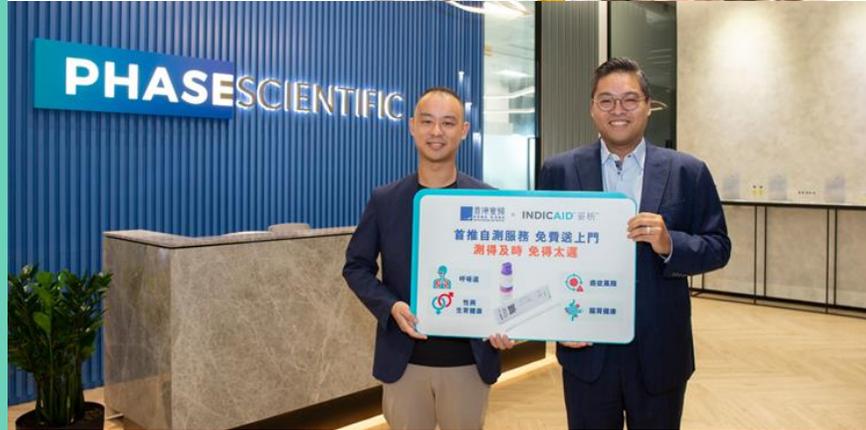
New Service Bundle Partnership



香港寬頻 x INDICAID
測得及時 免得太遲

每月低至\$48就可以時刻檢測，守護您及家人健康！
檢測試劑免費送到府上，方便又輕鬆，立即登記！

立即登記！



\$48/month

Rapid test kit with free home delivery



香港寬頻 x Evercare 居家護理服務計劃
連繫生活 照顧所需

每月低至\$399就可享貼心的居家護理服務，
讓你和家人的生活變得更輕鬆！

立即登記！



\$399up/month

Professional home care services

Network Enhancement



Market Leading Innovation

2005

World's first
1Gbps broadband
service

2023

World's first
Dual Guarantee



2024

HK's first
25Gbps
Available now



*HKBN is the first telecommunications provider in the world to offer compensation in Hong Kong dollars for the "Fibre Broadband Dual Guarantee", and the only telecommunications provider in Hong Kong to offer guaranteed speeds for designated 100M to 2.5Gbps fibre broadband services. (Update as of 25th April 2024)

Significant Market Potential in Broadband Speed Upgrade

Table 1: Statistics on Access Lines of Internet Service Subscriptions in Hong Kong (Notes 1 and 2)

Estimated no. of registered broadband Internet access lines (Notes 3 and 4)							
Residential			Residential Total	Business			Business Total
Downstream Speed (Note 5)				Downstream Speed (Note 5)			
Equal to or greater than 1Mbps and less than 100Mbps	Equal to or greater than 100Mbps and less than 1Gbps	Equal to or greater than 1Gbps		Equal to or greater than 1Mbps and less than 100Mbps	Equal to or greater than 100Mbps and less than 1Gbps	Equal to or greater than 1Gbps	
		1,867,506	2,673,691			44,041	294,885
		1,840,762	2,656,322			42,431	294,757
		1,827,250	2,655,754			41,785	296,042
		1,819,763	2,658,294			41,032	297,116
209,363	637,521	1,810,560	2,657,444	86,268	171,484	40,472	298,224
213,295	643,863	1,806,090	2,663,248	87,283	172,871	40,049	300,203

>1Gbps penetration 69.8%

>1Gbps penetration 14.9%

*Source: [Table 1: Statistics on Access Lines of Internet Service Subscriptions in Hong Kong \(Notes 1 and 2\) \(ofca.gov.hk\)](#) (Office of Communications Authority, 2024)

Rising Demand for 1Gbps+ Bandwidth

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194,527	611,658	1,867,506	2,673,691	82,756	168,088	44,041	294,885
197,897	617,663	1,840,769	2,656,322	83,374	168,952	42,431	294,757
203,879	624,625	1,827,250	2,655,754	84,429	169,828	41,785	296,042
207,266	631,265	1,819,763	2,658,294	85,154	170,930	41,032	297,116
200,000	625,000	1,810,560	2,657,444	86,000	171,000	40,472	298,224
210,000	630,000	1,800,000	2,663,248	87,000	172,000	39,049	300,203
210,000	630,000	1,796,580	2,666,181	88,000	173,000	39,545	302,277
223,563	658,162	1,765,220	2,646,945	88,923	175,270	39,055	303,248
227,734	664,927	1,756,827	2,649,488	90,046	176,162	42,493	308,701
231,877	673,016	1,751,579	2,656,472	90,913	176,686	42,078	309,677
235,919	683,873	1,744,480	2,664,272	92,782	175,320	41,703	309,805
239,415	696,161	1,734,886	2,670,462	94,333	175,338	41,088	310,759

Increased by 8%

Increased by 7%

High-speed Offerings Market Landscape

		HXT	HXC	iCxble	CXHK
1Gbps & below	✓	✓	✓	✓	✓
2Gbps	✓	✓	✓	✓	✓
<div style="background-color: #f4a460; padding: 5px;"> <p>pre-sell orders</p> <p>4500</p> <p>average monthly fee</p> <p>\$350+</p> <p>REVENUE SECURED</p> </div> 2.5Gbps	✓	✓	✓		
10Gbps	✓	✓			
25Gbps	✓				

Financials

Derek Yue

Co-Owner & Chief Financial Officer



Delivered Strong Financial Performance in H2

HK\$m	Full Year		H2	
	FY24	YoY	H2'24	YoY
Revenue	10,651	-9%	4,842	-3%
- Enterprise Solutions	4,828	0%	2,518	2%
- Enterprise Solutions related product	1,846	-5%	894	0%
- Residential Solutions	2,344	-2%	1,163	-3%
- Handset and other product	1,632	-36%	267	-36%
Profit for the year	10	>100%	9	>100%
Adjusted Net Profit	191	-2%	105	14%
EBITDA (% of rev)	2,365 (22%)	+3%	1,214 (25%)	+11%
EBITDA (% of rev) {handset excluded}	2,364 (26%)	+6%	1,219 (27%)	+12%
Adjusted Free Cash Flow	620	-19%	496	+25%

H2'24

- Overall strong performance
- **EBITDA** strong record of % of revenue and YoY performance
- **Profit** restored profitable position
- **AFF** grew despite high-interest rate environment

FY24

- **Handset** challenging global macro-environment
- **ES product** PRC market remained soft helped by Solutions performance
- Core business performance sustained

Gain Momentum on ES Transformation & RS Direct Sub.

Enterprise Solutions

- **FTNS** resilient performance with strong booking and backlog
- **ICT/SI** maintained strong growth momentum in both HK and PRC markets

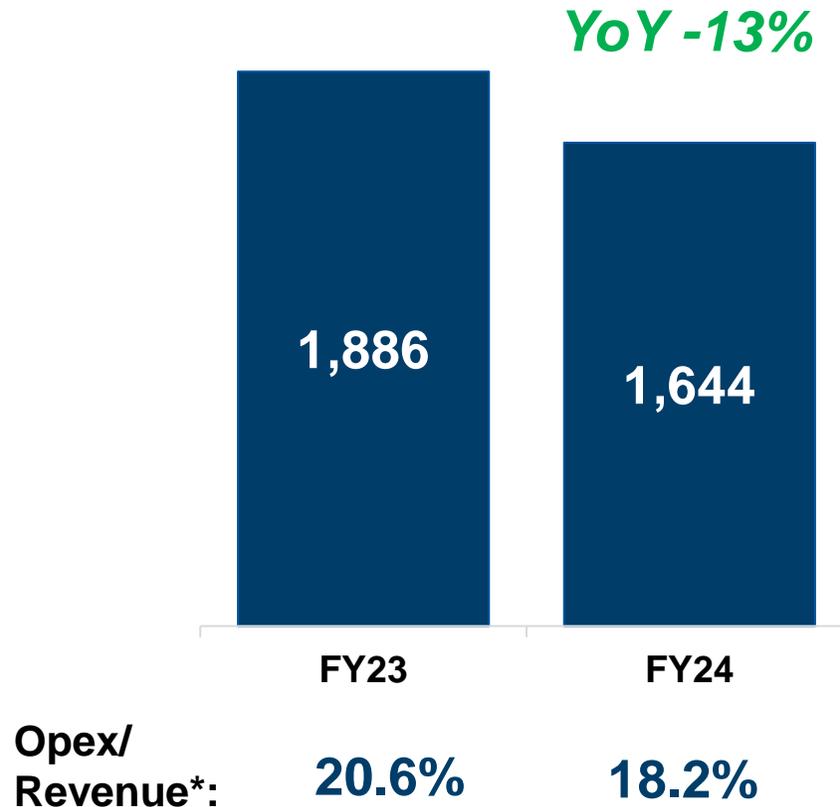
Residential Solutions

- **OTT** Infinite Play bundling strategy gained strong growth momentum
- Focus on direct subscriptions while deliberately decelerating the resell business

Sustainable Uplift of Productivity

Financials in HK\$m, unless otherwise stated

Operating Expenses ^{Note}



Digital Transformation

Operations automation and digitalisation

Optimised Delivery

Disciplined recognition of backlog to maximise resources utilisation

Focused Sales

Prioritise winning high margin ICT and connectivity projects

* Revenue excluded Handsets

Strong Cash Creation Ongoing Commitment To Deleverage

Financials in HK\$m, unless otherwise stated

Cash From Operation

YoY +2%



FY23

FY24

CFO/
EBITDA: **97%**

96%

Cash & Equivalents

YoY +20%



FY23

FY24

Cash/
Share# **77.5c**

92.8c

Net Leverage

Ratio[^]

4.93x

(FY24 H1: 5.33x

FY23: 5.12x)

Solid Performance



Cashflow

cash from operation YoY +2%
cash equiv YoY +20%



Deleveraging

NLR 4.93X



EBITDA

YoY +6%
excluding handsets

ESG Updates & Business Outlook

William Yeung

Co-Owner, Executive Vice-chairman &
Group CEO



ESG Performance

Newly validated in Sep



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Highest AAA rating
for 3 consecutive years
Top 14% among Telcos worldwide*

MSCI
ESG RATINGS



CCC B BB BBB A AA **AAA**

No.1 among HK Telcos
for 5 consecutive years



Hang Seng Corporate
Sustainability Index
Series Member 2024-2025

AA+

*As of receiving the AAA rating this year.

Sustainable Outlook

Growing demand for higher bandwidth

Recession resistant

Offers bundles at best value for money

Worry-free competition

Our Strong Leadership



Dr. Denis Yip

President & Group Chief Operating Officer

Dr. Yip has 30+ years of worldwide leadership experience:

- **CEO of the Hong Kong Applied Science and Technology Research Institute (ASTRI)**
- **Global Vice President, General Manager of the Asia Pacific Storage Division in IBM**
- **President of Greater China of EMC Corporation**
- **Global Senior Vice President of DELL**
- **Commissioner for Belt and Road of the Commerce and Economic Development Bureau**

Sustainable Growth!

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