



2021 Annual Results

Operations Analysis

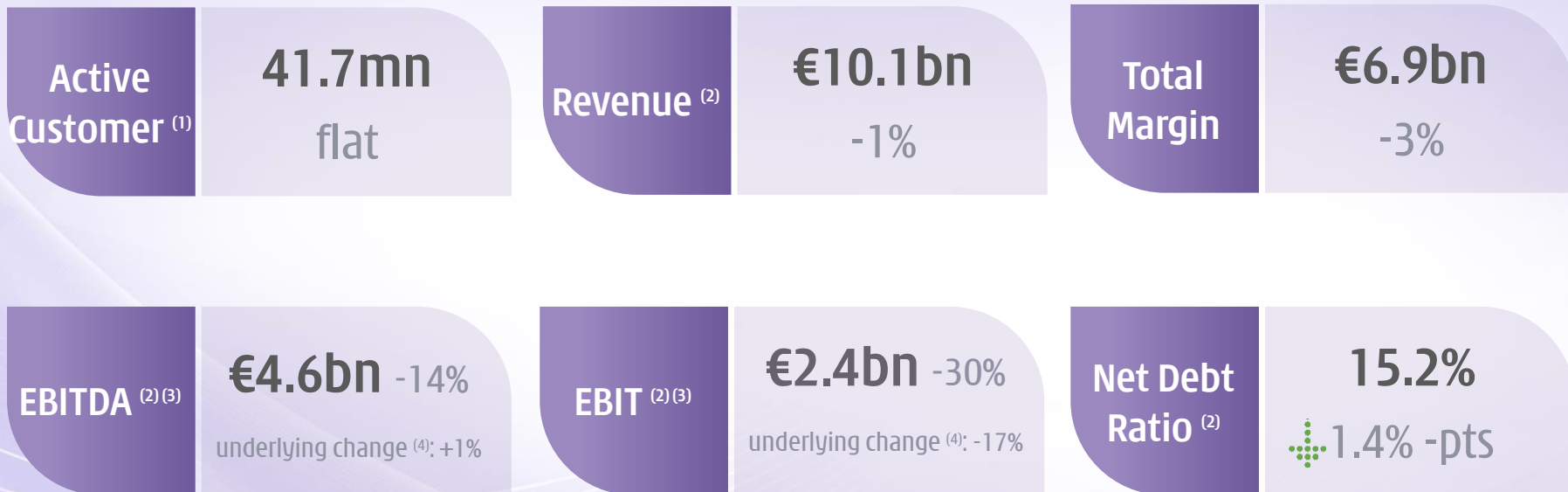


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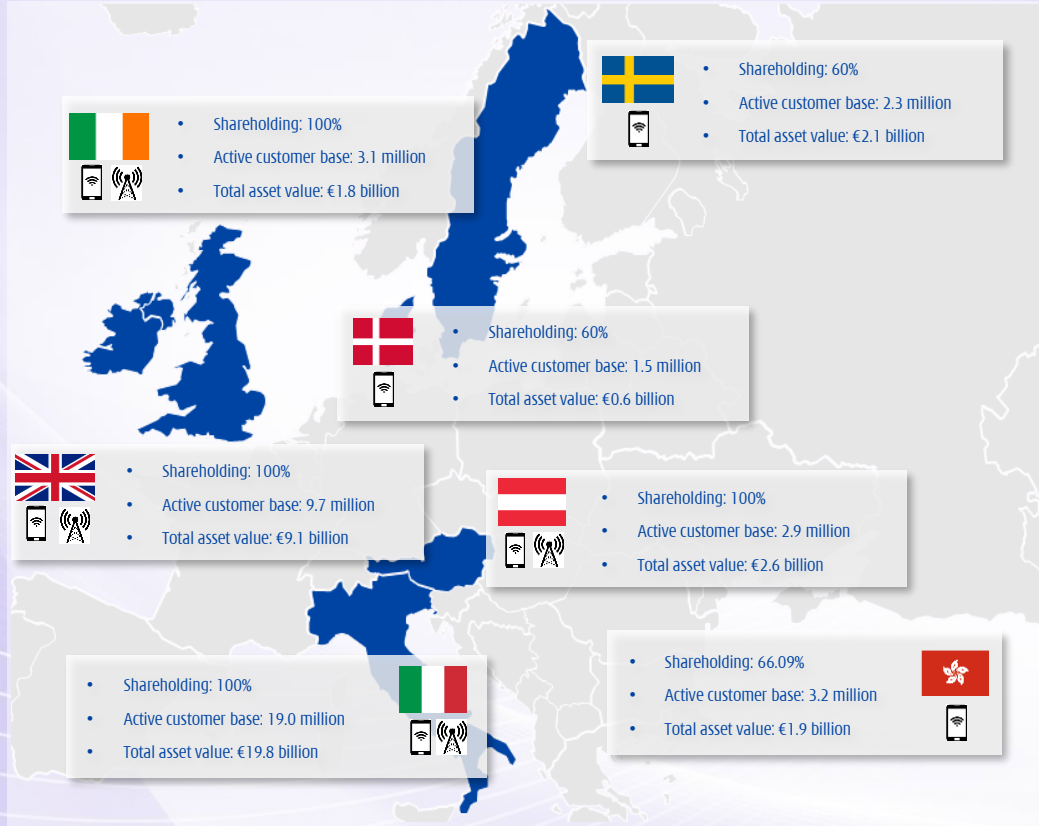


(1) An active customer is one that generated revenue from an outgoing call, incoming call or data/content service in the preceding three months.

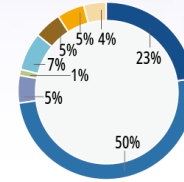
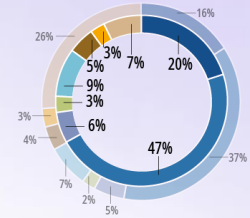
(2) Under Post-IFRS 16 basis, Revenue, EBITDA, EBIT and net debt ratio were €10.1 billion, €5.4 billion, €2.6 billion and 14.9% respectively.

(3) 2021 EBITDA and EBIT include gain on disposal of tower assets completed in 2021 of €2.6 billion and non-cash impairment of goodwill of the Group's Italian telecommunication business of €1.7 billion. 2020 EBITDA and EBIT included gain on disposal of tower assets completed in 2020 of €1.7 billion.

(4) Underlying change excludes the items mentioned in note (3) above.

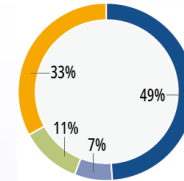
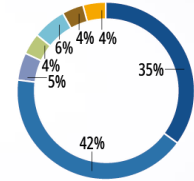


EBITDA ⁽²⁾⁽⁴⁾
€4,581m



Total Assets ⁽⁵⁾
€39,650m

Capex
(excluding licences)
€2,623m

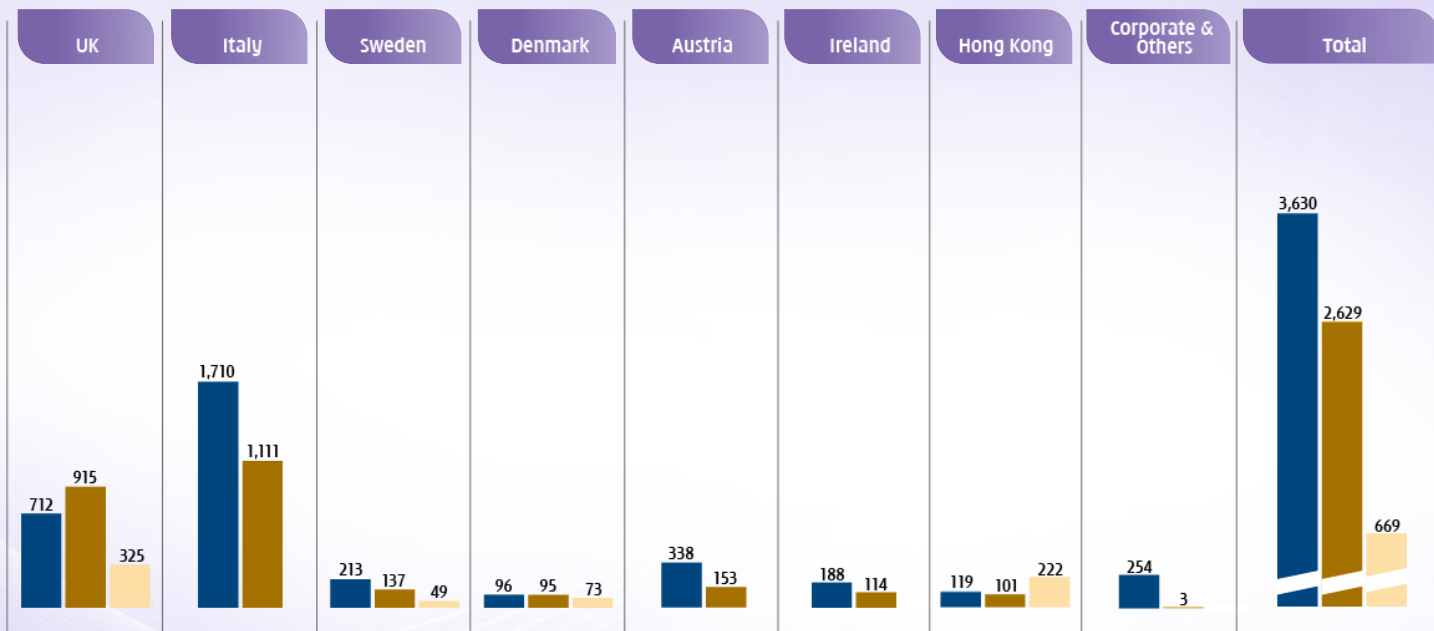


Licence
€669m



(1) Active customer base as at 31 December 2021.
(2) Reported EBITDA includes one-off gain on disposal of tower assets completed in 2021 of €2.6 billion and non-cash impairment of goodwill of the Group's Italian telecommunication business of €1.7 billion.
(3) The outer pie chart represents EBITDA %-mix on a reported basis. The inner pie chart represents underlying EBITDA %-mix, which excludes the items mentioned in note (2) above.
(4) Under Post-IFRS 16 basis, EBITDA was €5,432 million.
(5) Under Post-IFRS 16 basis, total asset value was €41,633 million.

€ million



EBITDA - Co & Subsidiaries⁽²⁾

EBITDA - Share of JVs

Capex

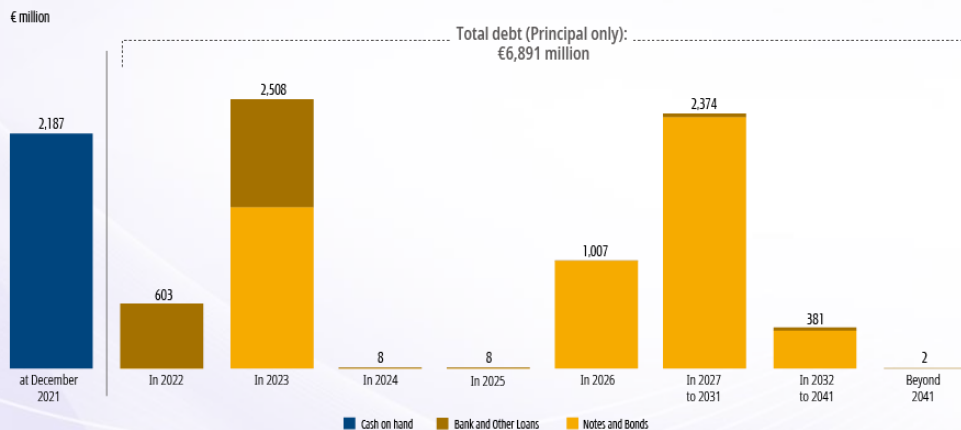
Investments in JVs

Capex - Telecom Licences

(1) Operating FCF (Operating Free Cash Flow) represents EBITDA (Pre-IFRS 16 basis) of Company & subsidiaries and dividends from JVs less capex of Company & subsidiaries (excluding Telecom licences) and investments in JVs.

(2) EBITDA - Co & subsidiaries excludes gain on disposal of tower assets completed in 2021 of €2.6 billion and non-cash impairment of goodwill of the Group's Italian telecommunication business of €1.7 billion.

Debt Maturity Profile



Net Debt

	Dec 2021	Dec 2020
Net debt ⁽¹⁾	€4.7bn	€5.2bn
Net debt to net total capital ratio ⁽¹⁾	15.2%	16.6%

Credit Ratings

	31 Dec 2021	31 Dec 2020
Moody's	Baa1 (Stable)	Baa1 (Stable)
S & P	A- (Stable)	A- (Stable)
Fitch	A- (Stable) ✓	BBB+ (Stable)

Average Cost of Debt

0.99% 0.03%-pts

(1) Total bank and other debts are defined, for the purpose of "Net debt" calculation, as the total principal amount of bank and other debts. Net debt is defined as total bank and other debts less total cash and cash equivalents. Net total capital is defined as total bank and other debts plus total equity (adjusted to exclude IFRS 16 effects) net of total cash and cash equivalents. The consolidated net debt to net total capital ratio under IFRS 16 basis, after including IFRS 16 impact in total equity is 14.9%.

In million	UK		Italy ⁽¹⁾		Sweden ⁽¹⁾		Denmark ⁽¹⁾		Austria ⁽¹⁾		Ireland ⁽¹⁾		3 Group Europe before one-off ⁽¹⁾⁽²⁾			
	GBP		EURO		SEK		DKK		EURO		EURO		EURO			
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020		
														Normalised ⁽¹⁾	Tower assets	Reported
Total Revenue	2,444	2,355	4,193	4,654	6,902	6,734	2,272	2,254	866	850	579	593	9,471	9,683	2	9,685
% change	+4%		-10%		+2%		+1%		+2%		-2%		-2%			
Total margin	1,445	1,436	3,187	3,522	4,351	4,076	1,764	1,737	638	618	445	448	6,616	6,820	2	6,822
% change	+1%		-10%		+7%		+2%		+3%		-1%		-3%			
TOTAL CACS	(968)	(891)	(290)	(348)	(1,233)	(2,422)	(227)	(245)	(115)	(116)	(77)	(89)	(1,761)	(1,816)	-	(1,816)
Less: Handset Revenue	772	682	203	268	769	1,954	93	106	101	104	76	87	1,368	1,423	-	1,423
Total CACS (net of handset revenue)	(196)	(209)	(87)	(80)	(464)	(468)	(134)	(139)	(14)	(12)	(1)	(2)	(393)	(393)	-	(393)
Operating Expenses	(640)	(674)	(1,390)	(1,501)	(1,724)	(1,647)	(920)	(893)	(286)	(267)	(256)	(250)	(2,966)	(3,050)	160	(2,890)
Opex as a % of total margin	44%	47%	44%	43%	40%	40%	52%	51%	45%	43%	58%	56%	45%	45%	42%	42%
EBITDA	609	553	1,710	1,941	2,163	1,961	710	705	338	339	188	196	3,257	3,377	162	3,539
% change	+10%		-12%		+10%		+1%		0%		-4%		-4%			
EBITDA margin % ⁽³⁾	36%	33%	43%	44%	35%	41%	33%	33%	44%	45%	37%	39%	40%	41%		43%
Depreciation & Amortisation	(448)	(358)	(1,049)	(856)	(1,272)	(1,084)	(464)	(394)	(145)	(145)	(125)	(122)	(2,031)	(1,681)	(20)	(1,701)
EBIT	161	195	661	1,085	891	877	246	311	193	194	63	74	1,226	1,696	142	1,838
% change	-17%		-39%		+2%		-21%		-1%		-15%		-28%			
Reported EBITDA less Capex	(175)	(211)	599	1,010	769	1,137	5	612	185	250	74	85	732	1,307		
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020		
EBITDA per above	609	553	1,710	1,941	2,163	1,961	710	705	338	339	188	196	3,257	3,377		
Proforma contribution from Tower assets	-	-	-	59	-	288	-	116	-	39	-	21	-	162		
Reported EBITDA	609	553	1,710	2,000	2,163	2,249	710	821	338	378	188	217	3,257	3,539		
EBIT per above	161	195	661	1,085	891	877	246	311	193	194	63	74	1,226	1,696		
Proforma contribution from Tower assets	-	-	-	53	-	249	-	104	-	32	-	19	-	142		
Reported EBIT	161	195	661	1,138	891	1,126	246	415	193	226	63	93	1,226	1,838		

- (1) As the disposals of tower assets in Denmark, Austria and Ireland were completed in December 2020 and in Sweden was completed in January 2021, the 2020 results were normalised, which exclude the proforma contribution from the tower assets for full year 2020 for comparability purpose. Similarly, as the tower assets disposal in Italy was completed in June 2021, the 2020 Italy results exclude the proforma contribution from the tower assets for July to December 2020. The % changes in EBITDA and EBIT are compared against the normalised 2020 numbers.
- (2) 3 Group Europe results do not include one-off items in 2021 and 2020, which represented gain on disposal of tower assets completed in 2021 of €2.6 billion (2020: €1.7 billion) and non-cash impairment of goodwill of the Group's Italian telecommunication business of €1.7 billion (2020: nil).
- (3) EBITDA margin % represents EBITDA as a % of total revenue excluding handset revenue.

In million	3 Group Europe before one-off ⁽¹⁾⁽²⁾				HTHKH		Corporate and others		CKHGT	
	EURO				HK\$		HK\$		EURO	
	2021	2020			2021	2020	2021	2020	2021	2020
		Normalised ⁽¹⁾	Tower assets	Reported						
Total Revenue	9,471	9,683	2	9,685	5,385	4,545	218	319	10,083	10,231
% change	-2%				+18%		-32%		-1%	
Total margin	6,616	6,820	2	6,822	2,974	3,151	38	41	6,946	7,182
% change	-3%				-6%		-7%		-3%	
TOTAL CACS	(1,761)	(1,816)	-	(1,816)	(562)	(526)	-	-	(1,823)	(1,875)
Less: Handset Revenue	1,368	1,423	-	1,423	395	345	-	-	1,411	1,462
Total CACS (net of handset revenue)	(393)	(393)	-	(393)	(167)	(181)	-	-	(412)	(413)
Operating Expenses	(2,966)	(3,050)	160	(2,890)	(1,714)	(1,629)	2,242	(803)	(2,904)	(3,162)
Opex as a % of total margin	45%	45%		42%	58%	52%	NA	NA	42%	44%
Gain from disposal of tower assets	-	-	-	-	-	-	25,259	16,583	2,620	1,702
Impairment of goodwill	-	-	-	-	-	-	(15,472)	-	(1,669)	-
EBITDA	3,257	3,377	162	3,539	1,093	1,341	12,067	15,821	4,581	5,309
% change	-4%				-18%		-24%		-14%	
EBITDA margin % ⁽³⁾	40%	41%		43%	22%	32%	NA	NA	53%	61%
Depreciation & Amortisation	(2,031)	(1,681)	(20)	(1,701)	(951)	(845)	(6)	(6)	(2,135)	(1,797)
EBIT	1,226	1,696	142	1,838	142	496	12,061	15,815	2,446	3,512
% change	-28%				-71%		-24%		-30%	
Reported EBITDA less Capex	732	1,307			219	748	12,047	15,806	1,958	3,013
	2021	2020								
EBITDA per above	3,257	3,377								
Proforma contribution from Tower assets	-	162								
Reported EBITDA	3,257	3,539								
EBIT per above	1,226	1,696								
Proforma contribution from Tower assets	-	142								
Reported EBIT	1,226	1,838								

(1) As the disposals of tower assets in Denmark, Austria and Ireland were completed in December 2020 and in Sweden was completed in January 2021, the 2020 results were normalised, which exclude the proforma contribution from the tower assets for full year 2020 for comparability purpose. Similarly, as the tower assets disposal in Italy was completed in June 2021, the 2020 Italy results exclude the proforma contribution from the tower assets for July to December 2020. The % changes in 3 Group Europe's EBITDA and EBIT are compared against the normalised 2020 numbers.

(2) 3 Group Europe results do not include one-off items in 2021 and 2020, which represented gain on disposal of tower assets completed in 2021 of €2.6 billion (2020: €1.7 billion) and non-cash impairment of goodwill of the Group's Italian telecommunication business of €1.7 billion (2020: nil).

(3) EBITDA margin % represents EBITDA as a % of total revenue excluding handset revenue.

Total Revenue

€9,471m

-2%

KPI



Active mobile customers

38.5m flat



Net AMPU⁽¹⁾

€11.53 +2%



Data Usage

7,014 pb/yr +28%

Sufficient 5G spectrum

No longer constraint by network quality as sufficient 5G spectrum acquired & continue to enhance indoor coverage with continue network & site rollouts across all operations

ITA Over 95% population FDD coverage and over 50% TDD coverage

SE Launched 5G in three major cities, with full Gothenburg coverage in 2021

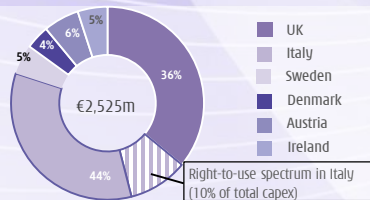
UK Recognition as **UK's fastest 5G network** with enhanced customer experience

IRE Recognised as **Ireland's fastest 5G network** with 79% population coverage

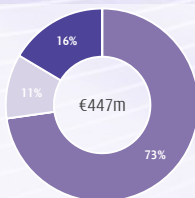
DK Achieved >90% population coverage in 2021 and target for over 99% population coverage by end of 2022

AT Started the country's first 5G standalone trial and received **Austria's fastest 5G network award**

Capex



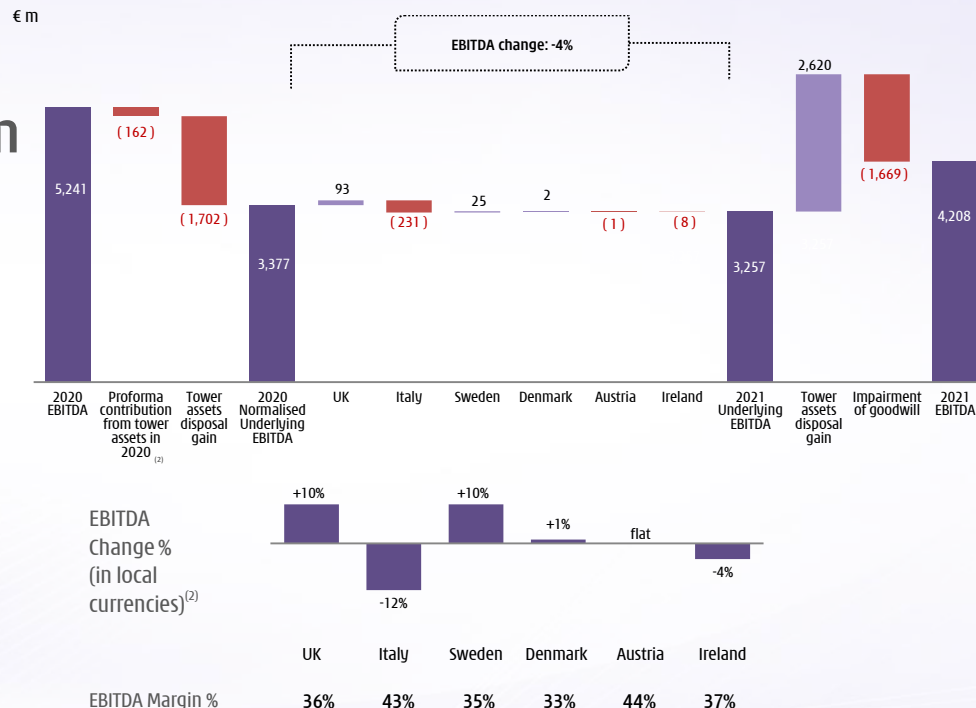
Licence



EBITDA ⁽¹⁾

€4,208m

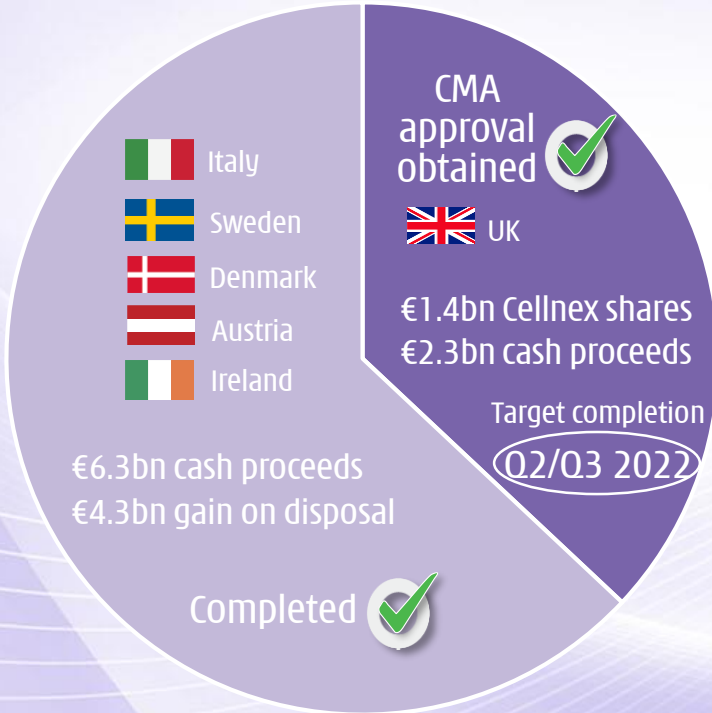
-20%



(1) Under Post-IFRS 16 basis, EBITDA was €5,014 million.

(2) As the disposals of tower assets in Denmark, Austria and Ireland were completed in December 2020 and in Sweden was completed in January 2021, comparison was made against 2020 results which exclude the proforma contribution from the tower assets for full year 2020 for comparability purpose. Similarly, as the tower assets disposal in Italy was completed in June 2021, the 2020 Italy results exclude the proforma contribution from the tower assets for July to December 2020.

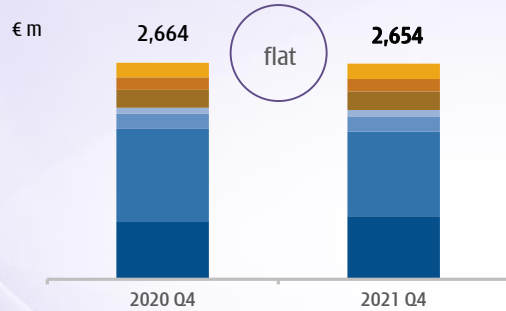
€10 billion proceeds



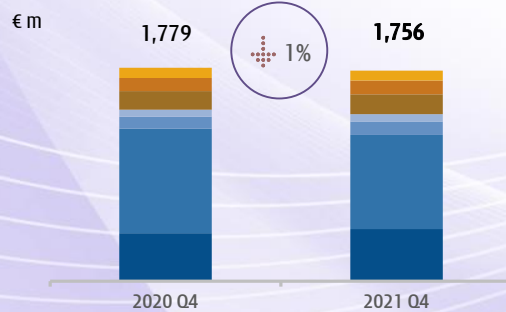
Use of proceeds

- **€4.3bn** debt reduction at CKHGT
 - ✓ CKHGT net debt ratio: **15.2%** **1.4%-pts**
 - ✓ Interest savings: **€20mn** in 2021
- **US\$1.5bn** notes reduction at CKHH
- **HK\$1.2bn (€135mn)** on-market CKHH share buyback program during 2021
- Accelerate payment where appropriate, such as voluntary licence prepayment in Italy, which yields accretive benefits to the Group

Revenue



Total Margin

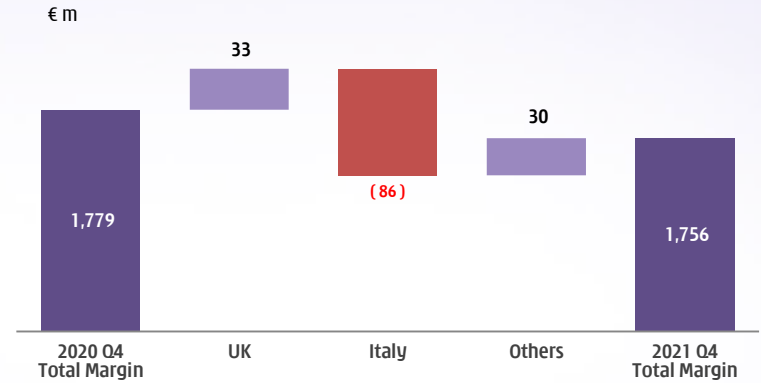


■ UK
 ■ Italy
 ■ Sweden
 ■ Denmark
■ Austria
 ■ Ireland
 ■ Hong Kong
 ■ Corporate & others

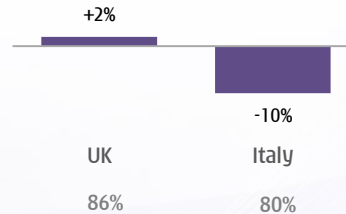
Total Margin

€1,756m

-1%



Total Margin
Change %
(in local currencies)

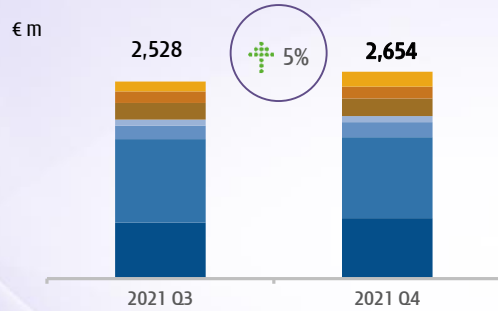


Total Margin %⁽¹⁾

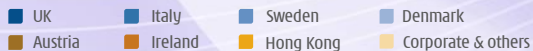
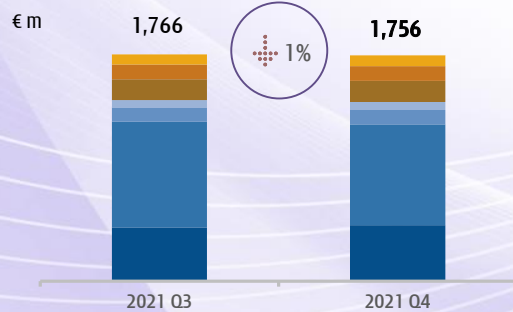
UK: 86% Italy: 80%

(1) Total margin % represents total margin as a % of total revenue excluding handset revenue.

Revenue



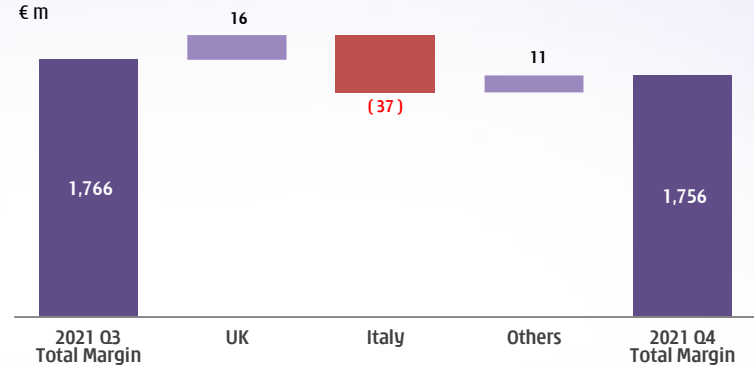
Total Margin



Total Margin

€1,756m

-1%



Total Margin
Change %
(in local currencies)

+3%

-5%

Total Margin %

UK

86%

Italy

80%

(1) Total margin % represents total margin as a % of total revenue excluding handset revenue.

Key Financials

£ m	2021 Q4	2020 Q4	% Variance	2021 Q3	% Variance
Total Revenue	654	636	+3%	614	+7%
Total Margin	368	362	+2%	358	+3%
Total Margin (%) ⁽¹⁾	86%	87%	-1%-pts	84%	+2%-pts
Capex ⁽²⁾	(286)	(369)	⬆️ 22%	(191)	⬆️ 50%
Net ARPU (£) ⁽³⁾	13.00	12.69	+2%	12.89	+1%
Net AMPU (£) ⁽⁴⁾	11.53	11.12	+4%	11.40	+1%
Active customer ('000) ⁽⁵⁾	9,690	9,706	-	9,621	+1%
Active contract customer ('000)	8,076	7,515	+7%	7,951	+2%
Monthly average contract churn (%)	1.4%	1.6%		1.2%	

(1) Total margin % represents total margin as a % of total revenue excluding handset revenue.

(2) Capex amount excludes licence costs.

(3) Net ARPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in contract bundled plans, divided by the average number of active customers during the year.

(4) Net AMPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in contract bundled plans, less direct variable costs (including interconnection charges and roaming costs) (i.e. net customer service margin), divided by the average number of active customers during the year.

(5) An active customer is one that generated revenue from an outgoing call, incoming call or data/content service in the preceding three months.

Results Highlights

- Revenue and Margin have closed out strongly in 2021 for both year-on-year and quarter-on-quarter, driven by various growth initiatives despite competitive market landscape
- Total margin % varied slightly across the periods, mainly due to different revenue mix, but remained at healthy levels
- Active contract customer base has increased compared with 2021 Q3 and year-on-year, which fully offset the non-contract churn from MVNO competition, resulting in a stable active customer base in 2021. The proportion of active contract customers remains at high level (Q4 2021: 83%; Q4: 2020: 77%; Q3 2021: 83%), providing stable margin contributions
- Churn rates slightly increase after the lifting of social restrictions but lower than Q4 2020 from strong retention initiatives in 2021
- Effort on network investments throughout 2020 and 2021 has been rewarded with recognition as UK's fastest 5G network, enhancing customer experience and satisfaction

Key Financials

€ m	2021 Q4	2020 Q4	% Variance	2021 Q3	% Variance
Total Revenue	1,038	1,143	-9%	1,070	-3%
Total Margin	785	871	-10%	822	-5%
Total Margin (%)	80%	81%	-1%pt	80%	-
Capex	(341)	(448)	⬆️ 24%	(152)	⬆️ 124%
Net ARPU (£)	10.81	11.05	-2%	10.89	-1%
Net AMPU (£)	9.36	9.40	-	9.42	-1%
Active customer ('000)	19,037	19,638	-3%	19,201	-1%
Active contract customer ('000)	9,359	9,697	-3%	9,442	-1%
Monthly average contract churn (%)	1.4%	1.5%		1.3%	

Results Highlights

- Active base decline has relatively stabilised despite continuous intense competition, particularly since Wind Tre launched second brand Very Mobile to compete in the prepaid segment
- Revenue declined year-on-year as a result of competition, as well as reduced wholesale revenue, but Margin % remained strong at approximately 80%
- Net AMPU also remained stable as a result of customer value management initiatives, as well as increased focus on higher margin B2B segment, providing a strong platform to drive margin growth in 2022
- Churn % improvement year-on-year and maintained at a stable level during 2021, partly driven by enhanced customer experience through network quality
- 5G rollout continued during 2021, improving network speed and capacity, including several awards for the fastest network in Italy based on independent surveys
- Strategically maintaining a high proportion of active contract customers at approximately 50%, in a predominantly prepaid market



Sustainability

Building sustainable, inclusive and digitally-enabled societies

Create a thriving digital economy

Help to create a thriving digital economy which benefits everyone

- Accelerated 5G deployment with awards for **fastest network** across a number of markets
- Provided IoT connectivity to **drive efficiencies** across utilities, ports, airport, and buildings
- Expanded range of **positive impact** products and services

Take action on climate change

Understand and manage our climate impacts, risks and opportunities

- Set short-term **science based targets** for GHG emissions
- Developed **net-zero commitment** and will seek validation by the Science Based Target Initiative

Promote a circular economy

Promote sustainable use of resources across our products and networks

- Maintained **device take-back** and **recycling schemes** across multiple markets
- Trialed **refurbished device program** in 3 Austria
- Launched **sustainable accessories** brands and the 'eco-SIM'

Create great places to work

Create workplaces which attract and retain diverse talent

- New strategies launched to **drive diversity and inclusion**, including inclusive leadership training, and expanded employee resource groups
- **3** Ireland awarded the "**gold accreditation**" by Investors in Diversity
- Launched ESG **target-linked compensation** plan in Wind Tre

Operate responsibly and with integrity

Implement effective ESG governance, management arrangements and disclosures

- New head of sustainability hired
- CKHGT **sustainability steering committee** established
- **Climate Action Working Group** continues to drive climate action

Accelerating action on climate change

Progress during 2021:

- Hired new head of sustainability for CKHGT to drive its sustainability strategy (covering E, S and G) and set up new cross-group governance functions.
- Worked with the Carbon Trust to develop the CKHGT baseline and set science-based targets aligned with a 1.5 °C pathway:
 - Reduce absolute scope 1&2 emissions by 50% by 2030 from a 2020 base year.
 - Reduce absolute total scope 3 emissions by 42% by 2030 from a 2020 base year.
- Set a target to achieve net-zero in own operations by 2040 and commit to setting a long-term net-zero target validated by the Science Based Target Initiative.

