HKT delivers resilient interim results for 2020

HKT (SEHK: 6823) – HONG KONG, August 5, 2020 – The directors of HKT Management Limited (the “Trustee-Manager”, in its capacity as the trustee-manager of the HKT Trust) and HKT Limited (the “Company” or “HKT”) are pleased to announce the unaudited consolidated results of the HKT Trust and of the Company together with the Company’s subsidiaries (collectively the “Group”) for the six months ended June 30, 2020. Some key figures are as follows:

- Total revenue excluding Mobile product sales decreased by 1% to HK$13,636 million, reflecting the decline in roaming revenue due to the travel restrictions that were in place throughout much of the first six months of the year; total revenue decreased by 3% to HK$14,606 million

- Accordingly total EBITDA decreased by 3% to HK$5,546 million

- Adjusted funds flow remained steady at HK$2,280 million due to the clear reduction in discretionary spending; adjusted funds flow per Share Stapled Unit was 30.10 HK cents

- Interim distribution per Share Stapled Unit of 30.10 HK cents

- Profit attributable to holders of Share Stapled Units decreased by 12% to HK$1,898 million; basic earnings per Share Stapled Unit was 25.06 HK cents

HKT delivered a resilient set of financial results for the six months ended June 30, 2020, amidst the most challenging economic and operating environment due to COVID-19.

During the period, consumers and businesses in Hong Kong and globally were subject to extensive social distancing measures as well as travel restrictions as a result of COVID-19. HKT saw a noticeable drop in foot traffic to its retail outlets, reduction in consumer handset and business equipment purchases, a sharp decline in mobile roaming revenue and a slowdown in Information and Communications Technology (“ICT”) projects in the private sector.

Despite this, the overall softness in the Mobile segment was cushioned by the scale and resilience of the Telecommunications Services (“TSS”) segment. Revenue from TSS increased by 2% to HK$10,386 million reflecting the boost in demand for high quality, high speed home broadband services to accommodate work and entertainment needs arising from the stay home advice during the period. EBITDA was relatively stable at HK$3,801 million as a result of continued cost efficiency improvements to counter the impact of downsizings and closures in hard-hit segments such as retail and hospitality as well as across small and medium-sized enterprises (“SMEs”).

The material decline in roaming inevitably led to a drop in Mobile services revenue which fell by 8% to HK$3,573 million. However, the core local revenue was kept steady reflecting the initial benefits of the average revenue per user (“ARPU”) uplift from 5G upgrades which offset the continued price competition in the low-end segment of the market and reduced corporate spending. Subdued consumer sentiment drove down Mobile product sales to HK$970 million. EBITDA from the Mobile segment declined by 7% to HK$2,050 million, with the overall margin increasing to 45%.

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As a result of the above, total EBITDA for the period was HK$5,546 million, a decrease of 3% over the same period in 2019. Profit attributable to holders of the share stapled units of the HKT Trust and HKT (“Share Stapled Units”) was HK$1,898 million, a decrease of 12% over the same period in 2019. Basic earnings per Share Stapled Unit was 25.06 HK cents.

Adjusted funds flow for the six months ended June 30, 2020 was upheld at HK$2,280 million due to the clear reduction in discretionary spending and savings in rentals. The adjusted funds flow per Share Stapled Unit was 30.10 HK cents.

The board of directors of the Trustee-Manager has resolved an interim distribution of 30.10 HK cents per Share Stapled Unit for the six months ended June 30, 2020.

HKT's Group Managing Director, Ms. Susanna Hui, said, “As a leading innovator and the premier ICT service provider in Hong Kong, HKT is ideally positioned to support the adoption of 5G by consumers and enterprises. As the 5G handset ecosystem continues to evolve in the second half of 2020, 5G adoption will likely accelerate provided the economic condition does not deteriorate further.”

HKT is also actively exploring with the public sector and various industries the deployment of 5G and other emerging technologies to improve efficiencies and business insights, as well as helping to propel Hong Kong’s continued development into a smart city.

Riding on its massive loyal customer base, the Group will continue to prudently grow revenue sources for the medium and longer term in the new verticals such as healthcare, where there is a growing demand in the community. As the Group enlarges its role as a lifestyle enhancer in the digital era, the Group is also stepping up its digital engagement to embrace the new norm in services.

Ms. Hui said, “While the full extent of COVID-19 related disruption cannot be predicted with any certainty, the local economic and market environments will remain highly challenging for the remainder of the year. A spike of infection cases in July has cast new uncertainties to the pace of economic recovery. There is no room for complacency, but HKT is confident that the Group will prevail given its robust foundation and diversified business portfolio. To this end, the Group must also exercise stringent cost controls. HKT’s primary objective continues to be the delivery of a stable return for unitholders.”

For further details of the 2020 interim results, please refer to the announcement that has been filed with The Stock Exchange of Hong Kong Limited.

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HKT Group Managing Director Ms. Susanna Hui and HKT Chief Financial Officer Mr. Evan Wong present HKT’s 2020 interim results.

About HKT

HKT (SEHK: 6823) is Hong Kong’s premier telecommunications service provider and leading operator in fixed-line, broadband and mobile communication services. It meets the needs of the Hong Kong public and local and international businesses with a wide range of services including local telephony, local data and broadband, international telecommunications, mobile, enterprise solutions, and other telecommunications businesses such as customer premises equipment sales, outsourcing, consulting, and contact centers.

HKT offers a unique quadruple-play experience in Hong Kong delivering media content on its fixed-line, broadband Internet access and mobile platforms jointly with its parent company, PCCW Limited.

HKT also provides a range of innovative and smart living services beyond connectivity to make the daily lives of customers smarter, whether they are at home, in the workplace, or on the go. Consumers and merchants alike may also enjoy HKT’s financial-related services such as mobile payment, smart mobile point-of-sale solutions, and insurance.

For enterprises, HKT delivers end-to-end integrated solutions employing emerging technologies such as cloud computing, Internet of Things (IoT) and Artificial Intelligence (AI) to accelerate their digital transformation, contributing to Hong Kong’s development into a smart city.

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The Club is HKT’s loyalty program and one of the largest of its kind in Hong Kong, not only offering a variety of privileges and benefits to enrich the lifestyle of members, but also increasingly amalgamating merchants and becoming an integral part of a new digital ecosystem connecting consumers and merchants.

For more information, please visit www.hkt.com.

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