



PCCW reports steady interim results for 2020

PCCW (SEHK:0008) – HONG KONG, August 6, 2020 – The directors (“Directors”) of PCCW Limited (“PCCW” or the “Company”) today announced the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended June 30, 2020. Some key figures are as follows:

- Consolidated revenue increased by 8% to HK\$18,281 million
 - Excluding Mobile product sales, consolidated revenue up 12% to HK\$17,311 million
- Consolidated EBITDA increased by 2% to HK\$5,416 million
- HKT total revenue excluding Mobile product sales stable at HK\$13,636 million
- Media business revenue stable at HK\$1,902 million
 - Now TV revenue down 6% to HK\$1,270 million
 - OTT revenue up 14% to HK\$502 million; and
 - Free TV revenue up 2% to HK\$130 million
- Solutions business revenue increased by 11% to HK\$1,907 million
- PCPD revenue jumped to HK\$1,602 million
- Consolidated loss attributable to equity holders of the Company for the period was HK\$584 million. Excluding other gains/losses, net, it was HK\$547 million, compared to HK\$263 million as reported in the same period last year
- Interim cash dividend of 9.18 HK cents per share
- Special interim dividend of 85 PCPD shares for every 1,000 PCCW held; potentially to be increased to 108 shares for every 1,000 PCCW shares held

PCCW recorded a steady performance for the six months ended June 30, 2020 amid severe disruptions to social and economic activities due to COVID-19. Our business continuity measures enabled the Group to maintain effective operations and continue to deliver reliable services to customers in Hong Kong and in the region.

Despite a material decline in roaming revenue because of travel restrictions, HKT Limited’s (“HKT”) total revenue excluding Mobile product sales held steady at HK\$13,636 million due to the scale and resilience of the Telecommunications Services (“TSS”) segment. HKT’s total revenue decreased by 3% to HK\$14,606 million, reflecting softer Mobile product sales due to the subdued consumer sentiment. Total EBITDA of HKT decreased by 3% to HK\$5,546 million with margin held stable.

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Despite the challenging conditions, revenue from the Media business was stable at HK\$1,902 million, reflecting the benefits of the diversified platforms. Revenue at Now TV decreased by 6% to HK\$1,270 million, primarily due to the suspension of major sporting events around the world and reduced sales activity, but this was offset by continued growth in our Free TV and over-the-top (“OTT”) businesses which recorded revenue expansions of 2% and 14% respectively from a year ago. Free TV viewership and advertising revenue continued to increase, while the OTT business improved engagement and monetization of its growing user base.

EBITDA from Now TV dropped slightly by 3% to HK\$198 million with an enhanced margin year on year driven by streamlining of content costs and stringent cost controls. Meanwhile, the Free TV and OTT businesses narrowed their EBITDA losses by 34% and 66% respectively from a year ago. As a result, the Media business demonstrated significant improvement generating a positive EBITDA overall.

Revenue from the Solutions business increased by 11% to HK\$1,907 million driven by significant project wins in Southeast Asia and strong data center demand. However, the Solutions business EBITDA suffered a setback and dropped to HK\$225 million as government lockdowns led to a halt in the delivery of projects, low staff utilization rate and certain bad debts.

Pacific Century Premium Developments Limited (“PCPD”) recorded a jump in revenue to HK\$1,602 million as the first half saw the completion and handover of the Park Hyatt Niseko Hanazono Residences (“Branded Residences”), the opening of Park Hyatt Niseko, Hanazono as well as an increase in gross rental income from Pacific Century Place, Jakarta (“PCP Jakarta”). PCPD recorded positive EBITDA of HK\$20 million during the period.

On a consolidated basis, revenue excluding Mobile product sales increased by 12% to HK\$17,311 million and total EBITDA increased by 2% to HK\$5,416 million.

Consolidated loss attributable to equity holders of the Company for the period was HK\$584 million as a result of increased investments and financing costs to support the growth of the Free TV and OTT businesses, as well as the recognition of expenses associated with the Park Hyatt Niseko, Hanazono upon the hotel’s opening. Excluding other gains/losses, net, consolidated loss attributable to equity holders of the Company was HK\$547 million, compared to HK\$263 million as reported in same period last year.

The board of Directors (the “Board”) has resolved to declare an interim cash dividend of 9.18 HK cents per share for the six months ended June 30, 2020.

The Board has also resolved to declare a special interim dividend in the form of a distribution in specie of PCPD shares on the basis of 85 PCPD shares for every 1,000 shares held by Qualifying Shareholders, which may be increased to 108 PCPD shares for every 1000 shares held.

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Commenting on the outlook, PCCW's Group Managing Director, Mr. BG Srinivas, said, "The attempt to gradually resume normal international sports leagues and tournaments is expected to improve subscriptions for Now TV. ViuTV will continue to produce quality programming to sustain a stable growth of local viewership. Regionally, Viu will strive to increase market penetration and engagement through its successful content strategy and partnership with telco partners in different markets."

PCCW Solutions will focus on driving IP-based solutions adoption and providing end-to-end outsourcing and managed services to assist large enterprises and public sector organizations to accelerate digital transformation and achieve cost efficiency and business agility.

HKT will actively drive 5G adoption by consumers and enterprises, while developing new revenue streams in digital and smart lifestyle services to complement its core telecommunications business.

Mr. Srinivas said, "As the COVID-19 situation remains severe in many countries, and Hong Kong also saw a raft of new cases recently, the battle seems to be far from being over. Following a serious contraction in the first half of the year, Hong Kong's economy is faced with new uncertainties due to sanctions taken by the United States administration."

"At PCCW, we are confident that our resilient, diversified business portfolio and prudent financial and risk management will enable us to withstand these challenges. As always, we shall remain vigilant to changes in the external environment and make timely and appropriate responses as and when necessary," he said.

For further details of the 2020 interim results, please refer to the [announcement](#) that has been filed with the Stock Exchange of Hong Kong.

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Note:

Media business includes the Group's Now TV, OTT and Free TV businesses.

Qualifying Shareholders are defined in the announcement.

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PCCW Group Managing Director Mr. BG Srinivas and PCCW Group Chief Financial Officer Ms. Susanna Hui present PCCW's 2020 interim results.

About PCCW Limited

PCCW Limited (SEHK: 0008) is a global company headquartered in Hong Kong which holds interests in telecommunications, media, IT solutions, property development and investment, and other businesses.

The Company holds a majority interest in the HKT Trust and HKT Limited, Hong Kong's premier telecommunications service provider and leading operator in fixed-line, broadband and mobile communication services. HKT 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, and other telecommunications businesses such as customer premises equipment sale, outsourcing, consulting, and contact centers.

PCCW also owns a fully integrated multimedia and entertainment group in Hong Kong, PCCW Media. PCCW Media operates the largest local pay-TV operation, Now TV, and is engaged in the provision of OTT (over-the-top) video service under the Viu brand in Hong Kong and other places in the region.

Through HK Television Entertainment Company Limited, PCCW also operates a domestic free television service in Hong Kong.

Also wholly-owned by the Group, PCCW Solutions is a leading information technology outsourcing and business process outsourcing provider in Hong Kong and mainland China.

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In addition, PCCW holds a majority interest in Pacific Century Premium Developments Limited, and other overseas investments. To learn more about PCCW, please visit www.pccw.com.

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