



# 2021

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# ANNUAL RESULTS

FOR THE YEAR ENDED  
DECEMBER 31, 2021

February 24, 2022 — Hong Kong



# Forward Looking Statements

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This presentation may contain “forward-looking statements” that are not historical in nature. These forward-looking statements, which include, without limitation, statements regarding PCCW'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 PCCW about the business, the industry and the markets in which PCCW operates. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond PCCW'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

# Overview

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BG Srinivas  
Group Managing Director

# Robust performance across all business lines



20%

PCCW Solutions  
revenue growth



37%

Viu  
revenue growth



152%

Free TV  
& Related Business  
revenue growth

Strategic focus on local & regional expansion

# Financial Review

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Susanna Hui  
Group Chief Financial Officer

# Financial Highlights

(US\$ million)	2020	2021	% change
<b>Revenue</b> (from continuing operations)	4,613	4,956	↑ 7%
<b>EBITDA</b> (from continuing operations)	1,495	1,578	↑ 6%
<b>Profit to Shareholders</b>	(131)	133	↑

Revenue (US\$ million)	2020	2021	% change
<b>HKT</b>	4,152	4,354	↑ 5%
<b>OTT</b>	152	190	↑ 25%
<b>Free TV</b>	41	103	↑ 152%
<b>Solutions</b>	524	627	↑ 20%

EBITDA (US\$ million)	2020	2021	% change
<b>HKT</b>	1,606	1,632	↑ 2%
<b>OTT</b>	(20)	(3)	↑ 85%
<b>Free TV</b>	(21)	12	↑ n/a
<b>Solutions</b>	64	84	↑ 31%

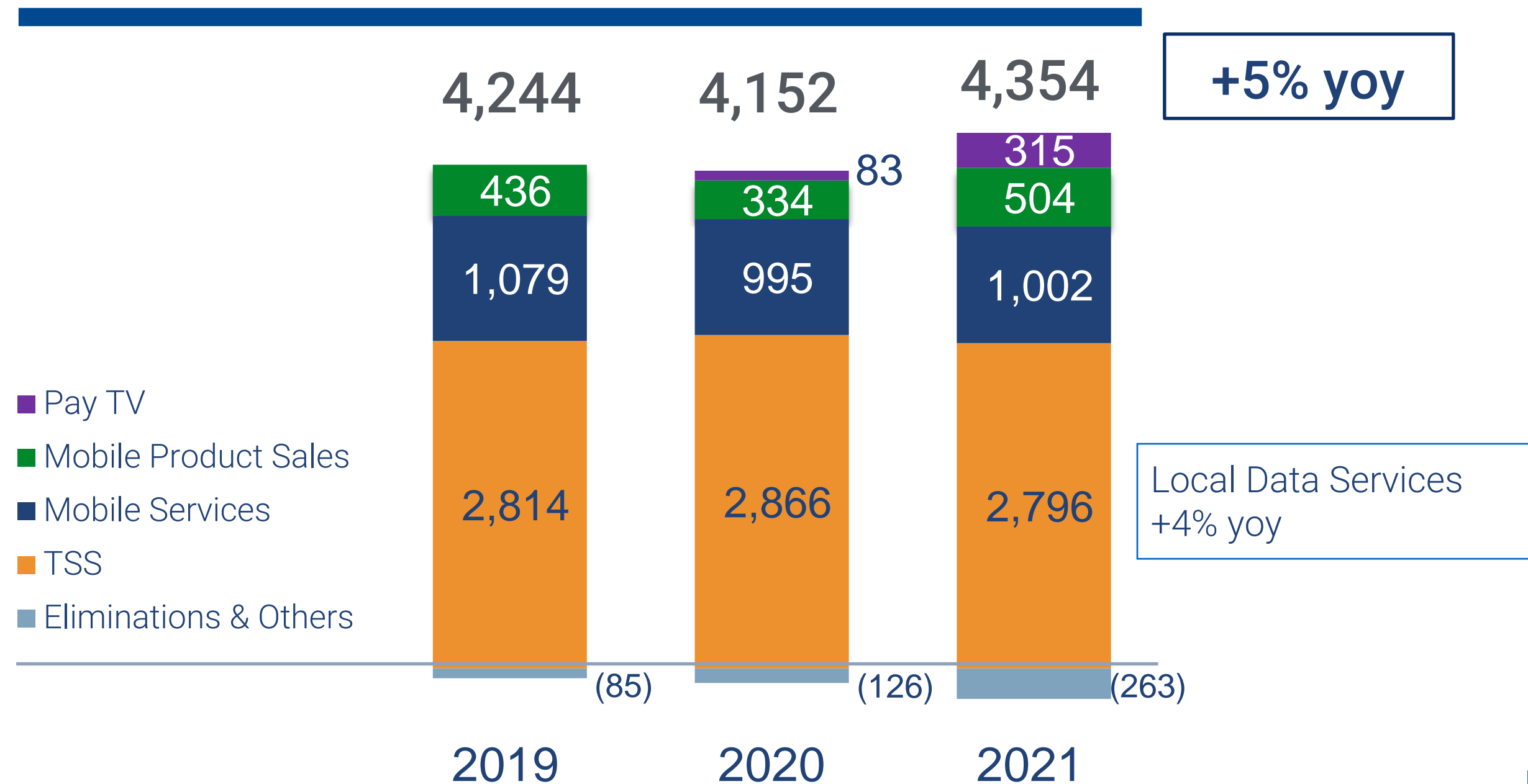
Note: revenue and EBITDA above reflect the continuing operations of the Company following the divestment of the Data Center Business and deconsolidation of PCPD

## Resilient Financial Performance

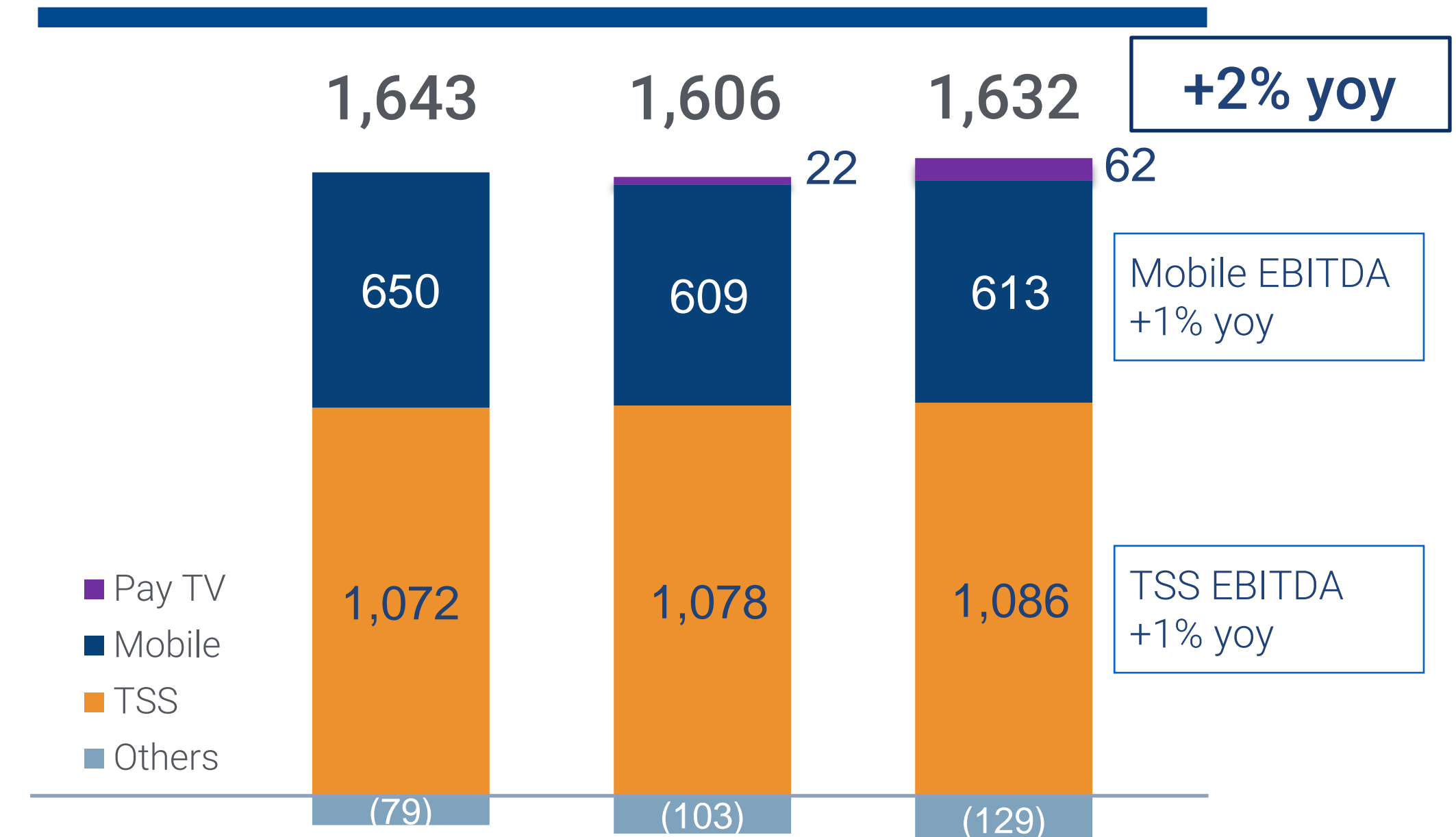
Adjusted Funds Flow grew to US\$707 million

PCCW to receive a total distribution of approx. US\$367 million from HKT for FY21

### HKT Revenue (US\$ million)



### HKT EBITDA (US\$ million)



- Strong demand for fixed broadband services, broader 5G adoption and robust handset sales drove revenue up by 5%
- Local data services business registered 4% growth
- First full year consolidation of Now TV

HKT EBITDA Margin	2019	2020	2021
Total	39%	39%	37%
Exclude Mobile Product Sales	43%	42%	42%

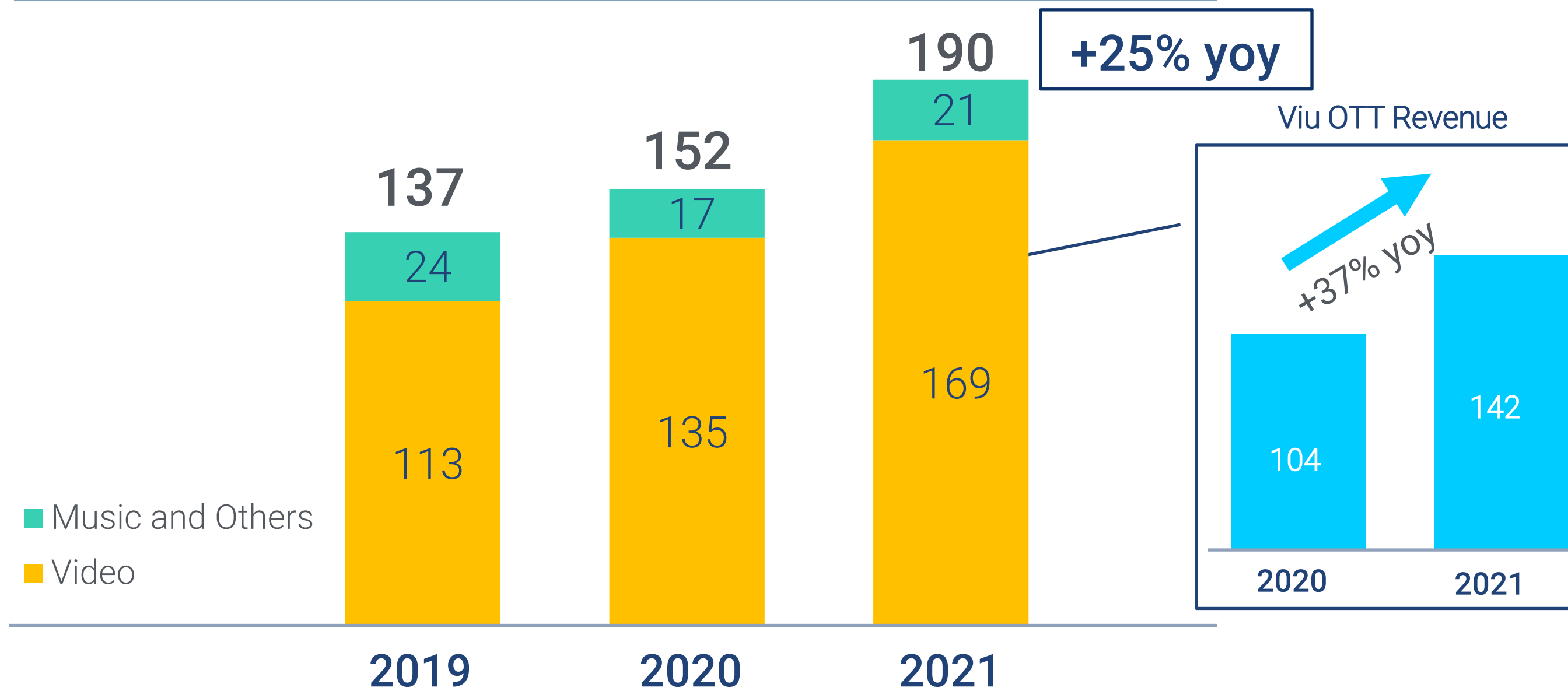
- EBITDA up by 2% and EBITDA margin excluding mobile product sales stable at 42%



# Accelerated Growth Trajectory

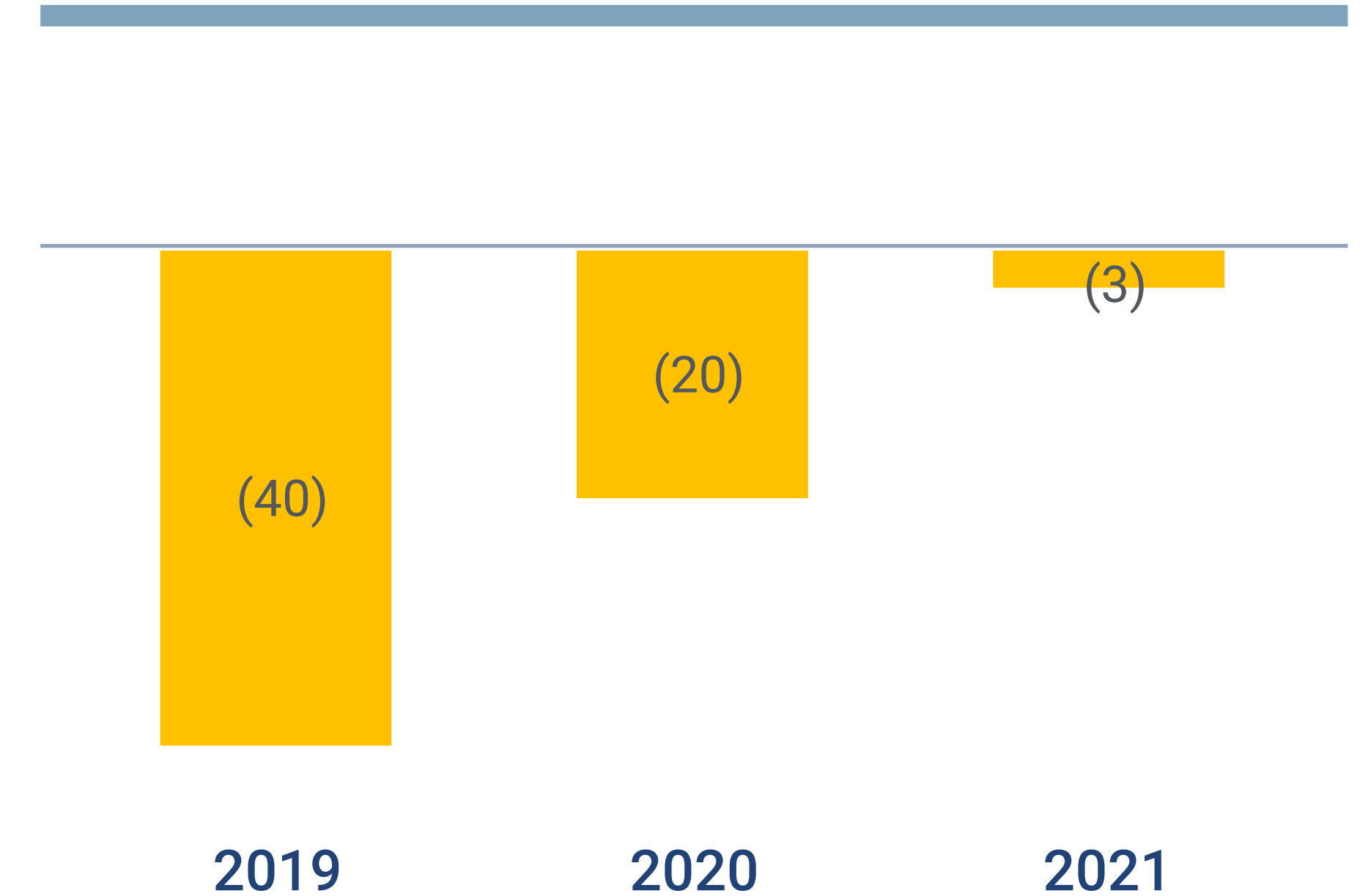
## OTT Revenue

(US\$ million)



## OTT EBITDA

(US\$ million)



- OTT revenue increased by 25% driven by strong growth in Viu revenue which jumped by 37%
- Viu's MAUs and paid subscribers grew by 30% and 58% respectively
- Strong growth continuing in largest markets of Thailand and Indonesia and notably also in the Philippines

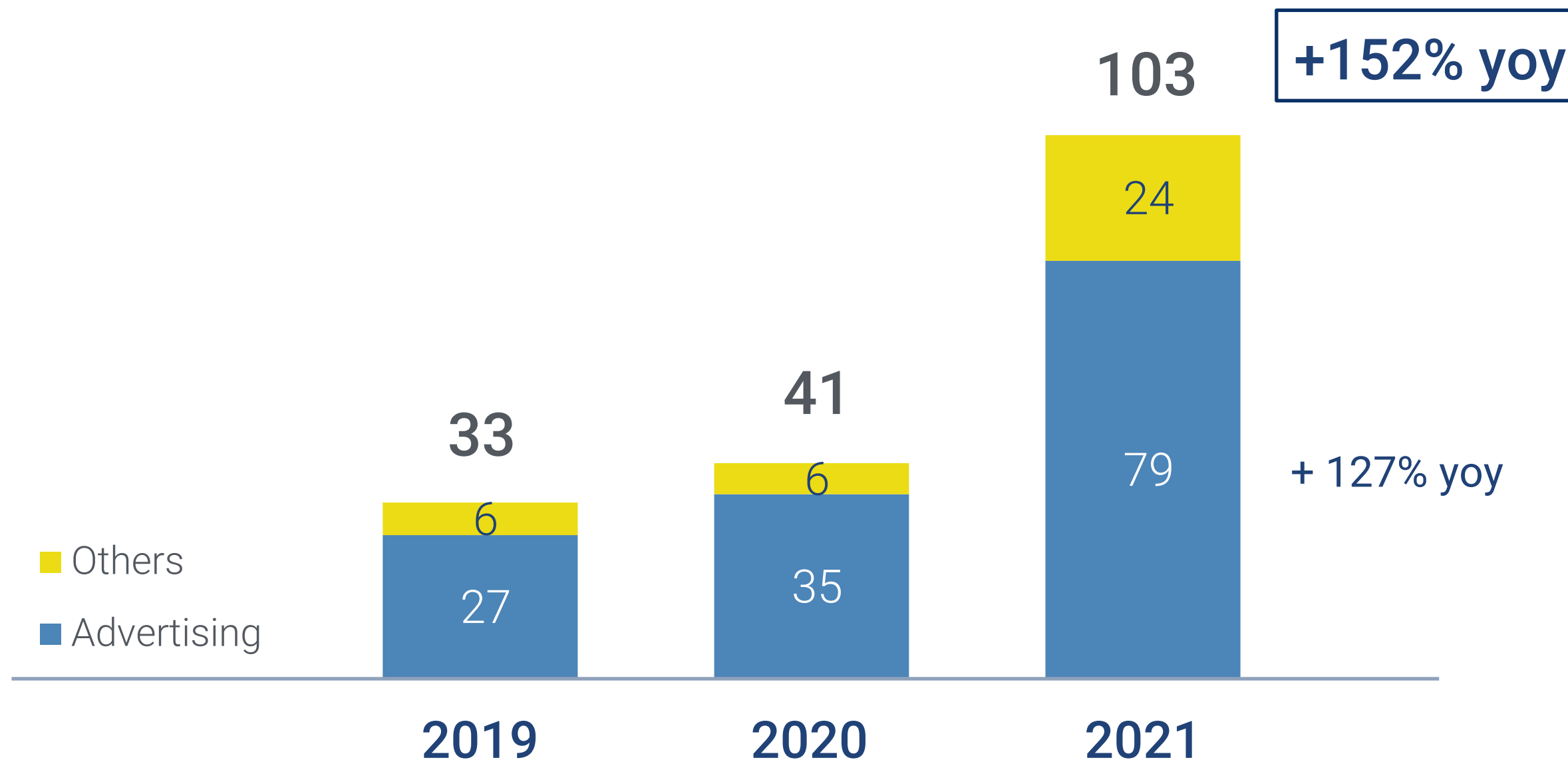
- Expanded revenue substantially reduced EBITDA loss
- Accelerated growth to achieve scale and EBITDA breakeven



# Landmark Year With Significant Growth in Advertising and Positive EBITDA Achieved

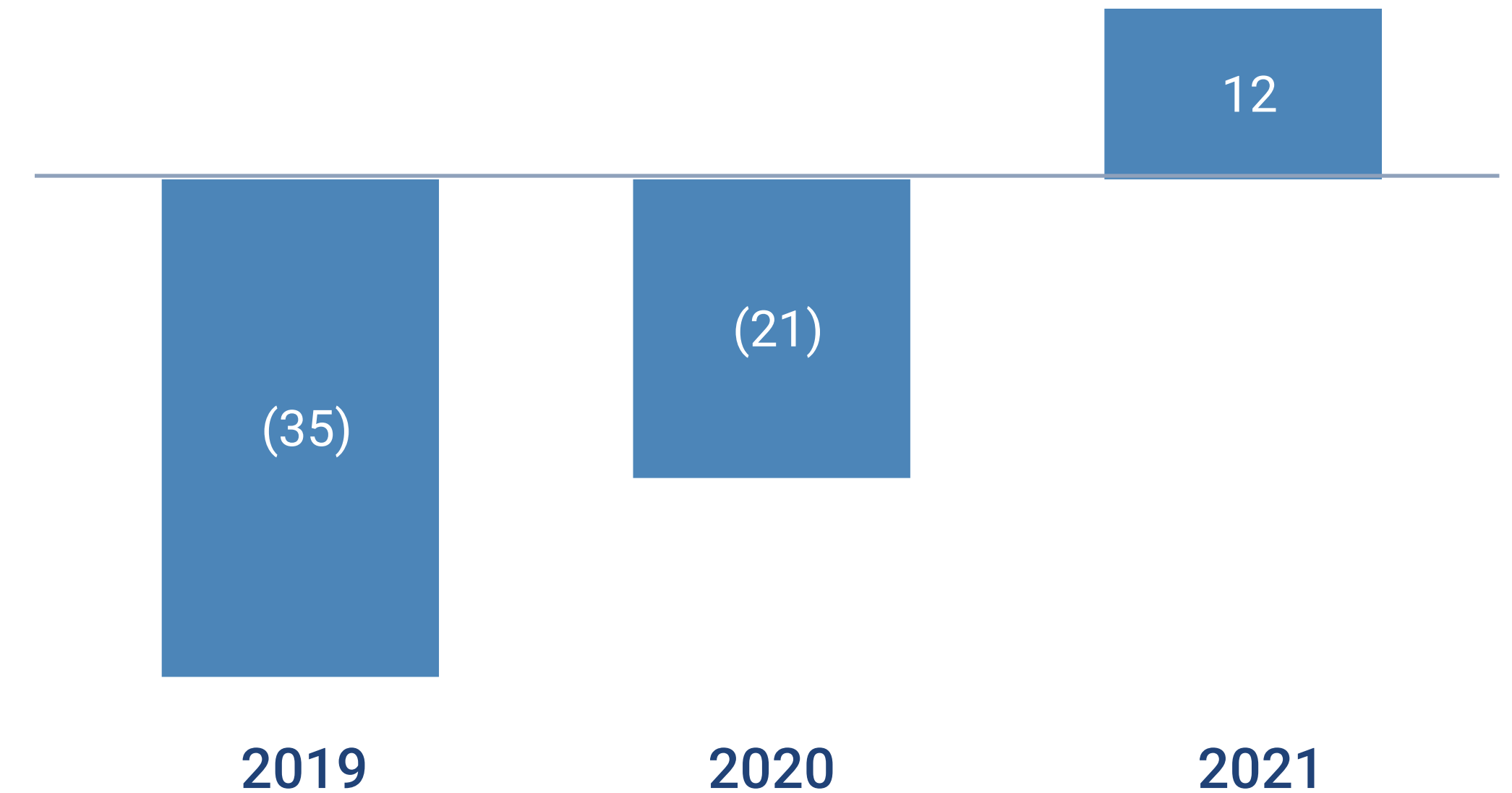
## ViuTV Revenue

(US\$ million)



## ViuTV EBITDA

(US\$ million)

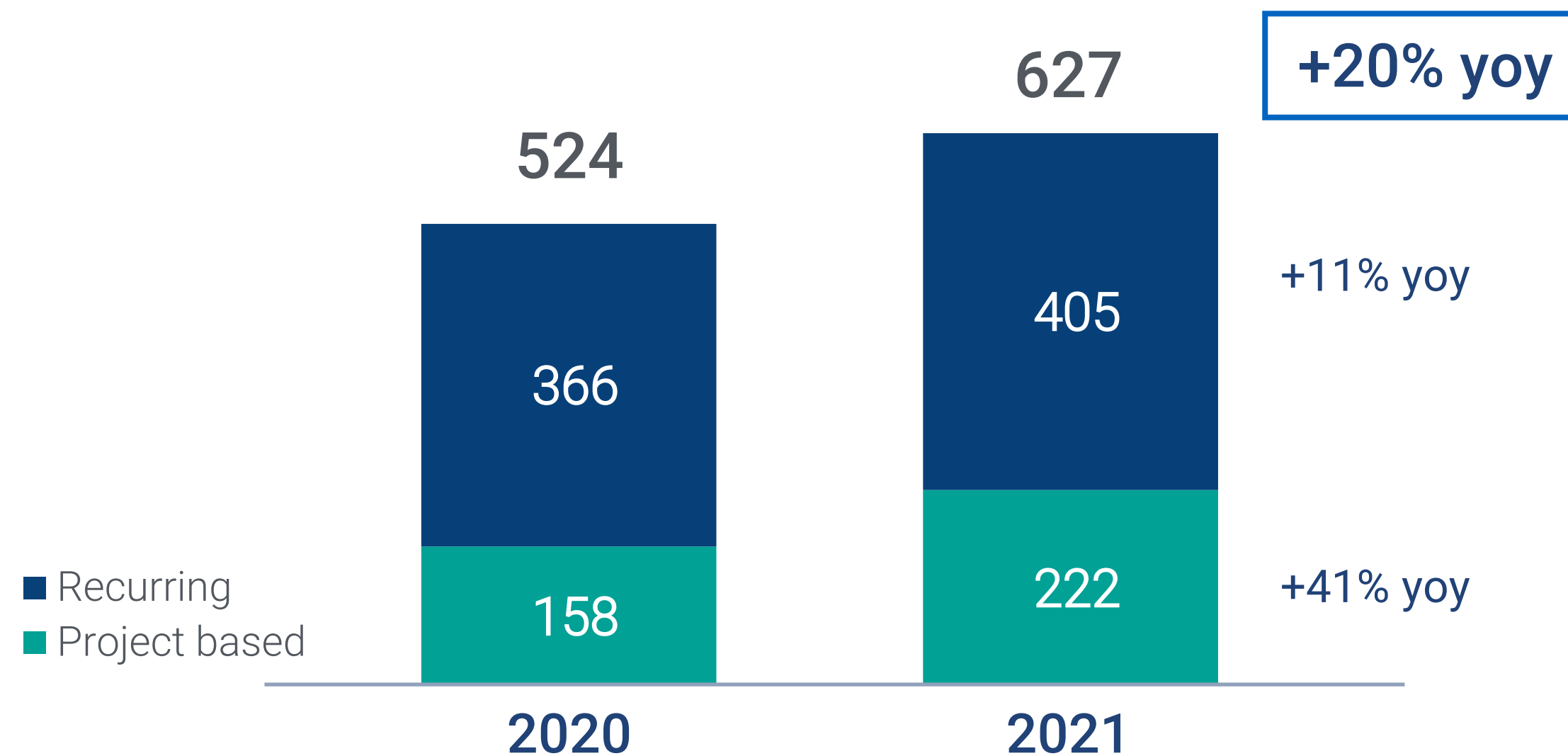


- Advertising revenue more than doubled owing to our relevant and appealing scripted dramas and reality shows
- Success of artiste management and event business riding on uncontested popularity of MIRROR and other artistes
- Invest in quality content and talent creation to sustain growth momentum

- Enlarged and diversified revenue base led to achievement of positive EBITDA

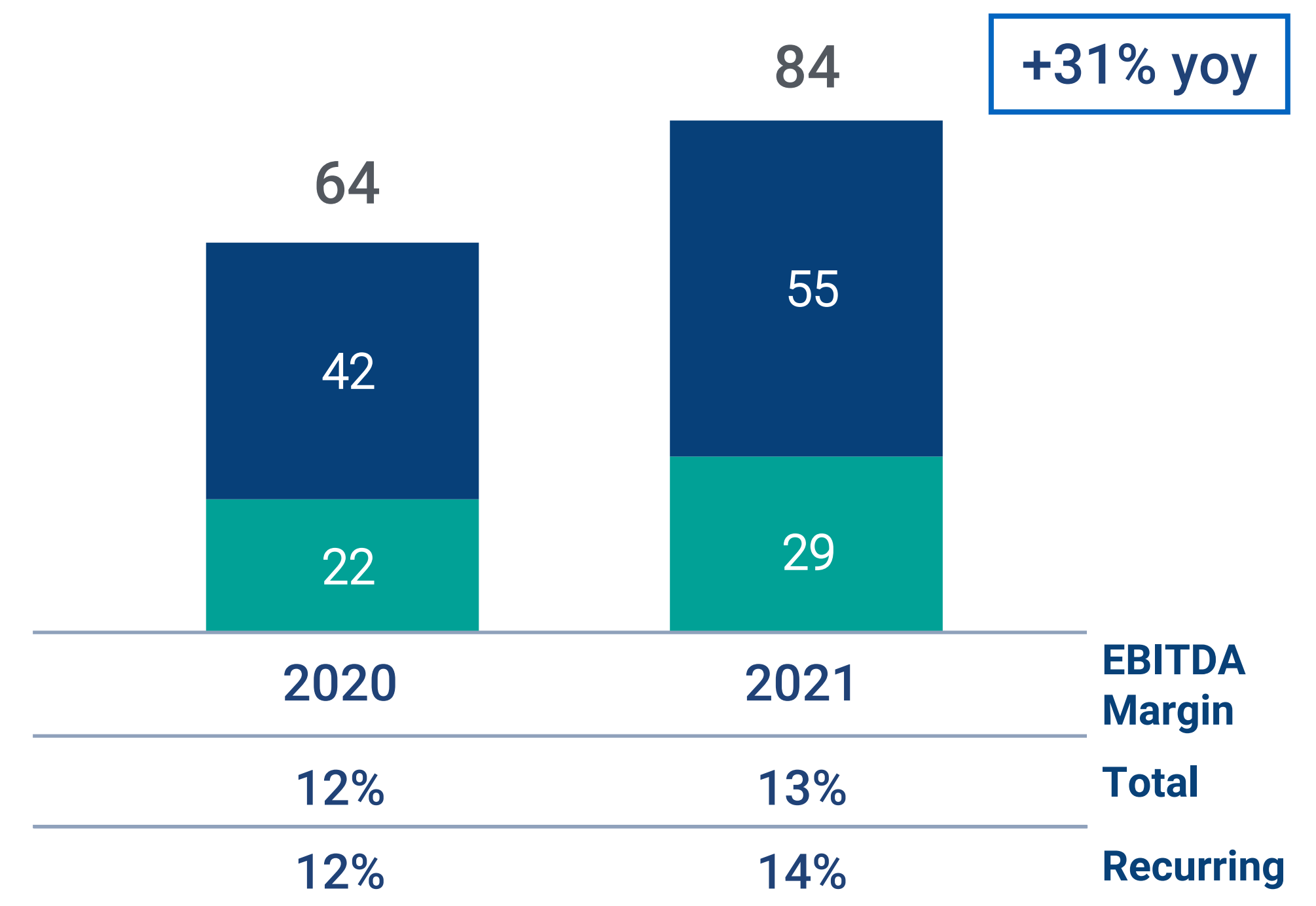
# Solid Foundation Ensures Sustainable Growth

Solutions Revenue (US\$ million)



- Completion of mission critical projects drove 20% growth in revenue
- Secured orders of US\$3.1 billion and strong pipeline to sustain growth going forward
- Continue to leverage developed IP to expand regionally
- Refined go-to-market strategy to focus on core industry verticals

Solutions EBITDA (US\$ million)

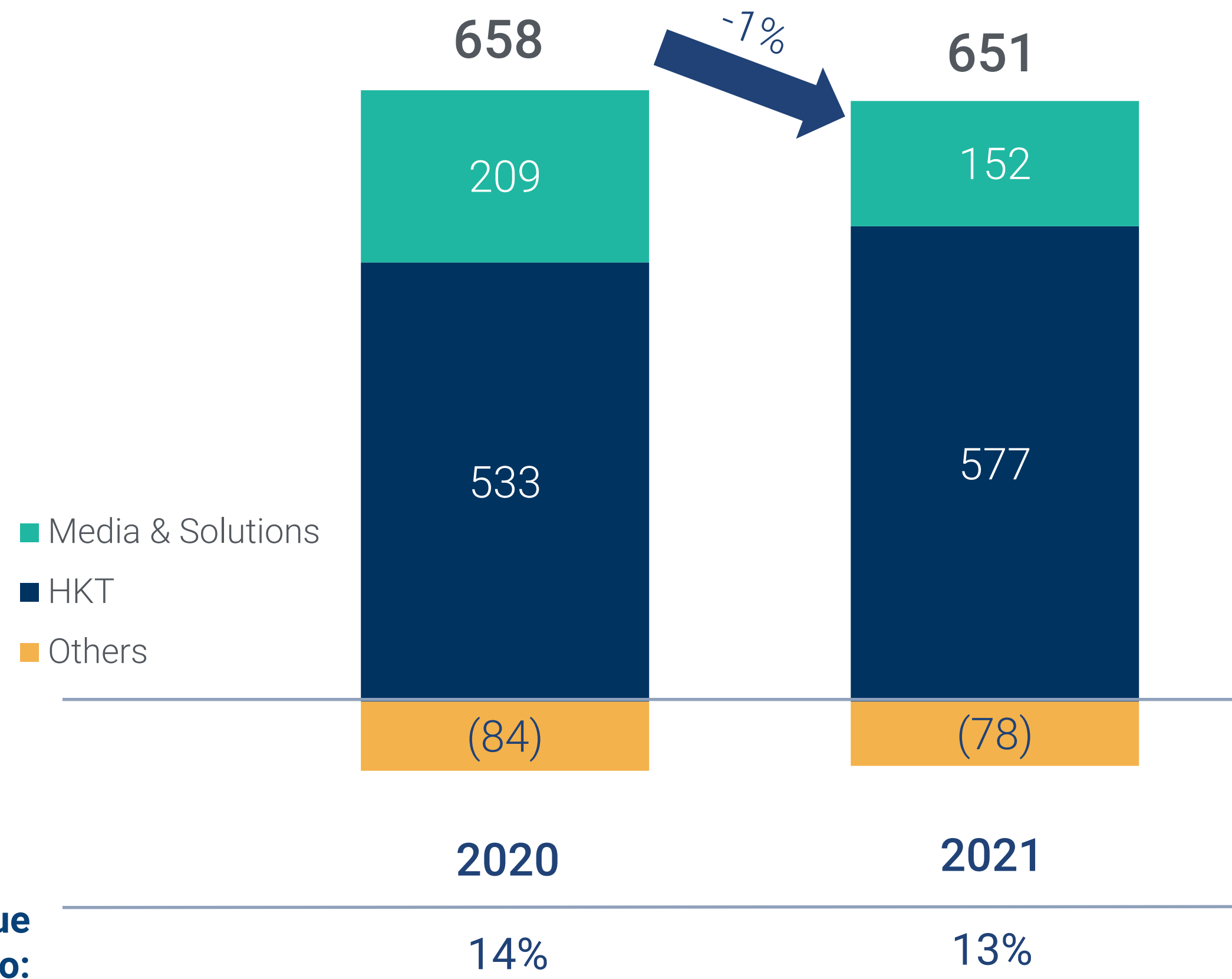


- Increased offshore delivery resources and local market presence to further enhance efficiencies
- EBITDA increased by 31% with the margin expanding to 13%



# Disciplined Spending

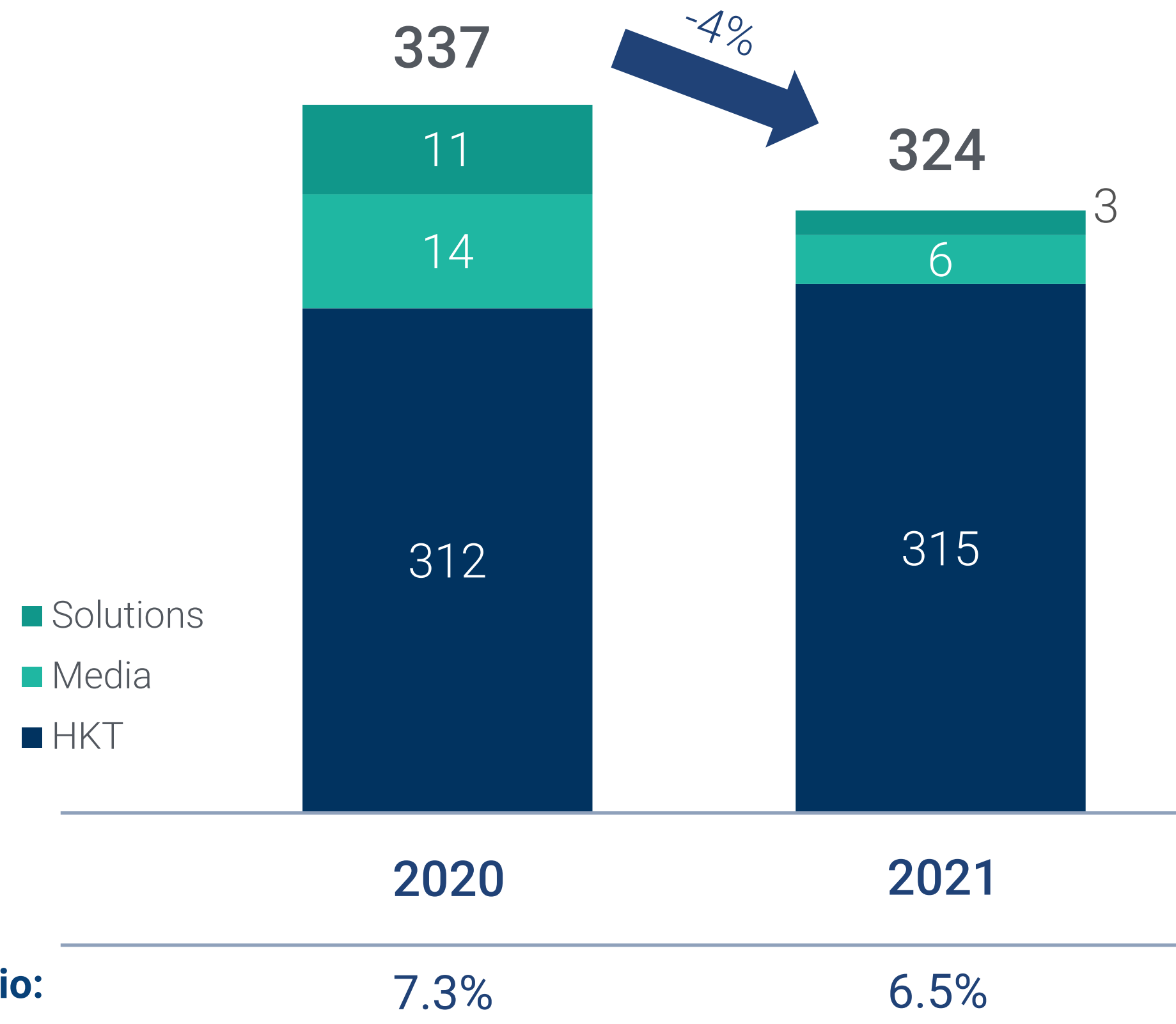
## Operating Expenses (US\$ million)



- Opex savings of 1% year-on-year
- Opex to revenue ratio declined to 13%
- Media opex impacted by transfer of now TV to HKT while Solutions opex benefited from higher staff utilization levels
- Continued to focus on operating efficiency through digitalizing business processes and cost control measures throughout the year

# Prudent Capex Investments

Capex (US\$ million)



- Capex to revenue ratio further declined to 6.5%
- Mobile capex was steady with spending focused on 5G network expansion and enrichment
- TSS capex dropped in line with the capex cycle of already extensive local fiber network and international cable systems
- OTT and Free TV & Related Business capex flat; decline in overall media capex due to transfer of Now TV to HKT
- Solutions capex decreased due to up-front investment in 2020 to support long term project



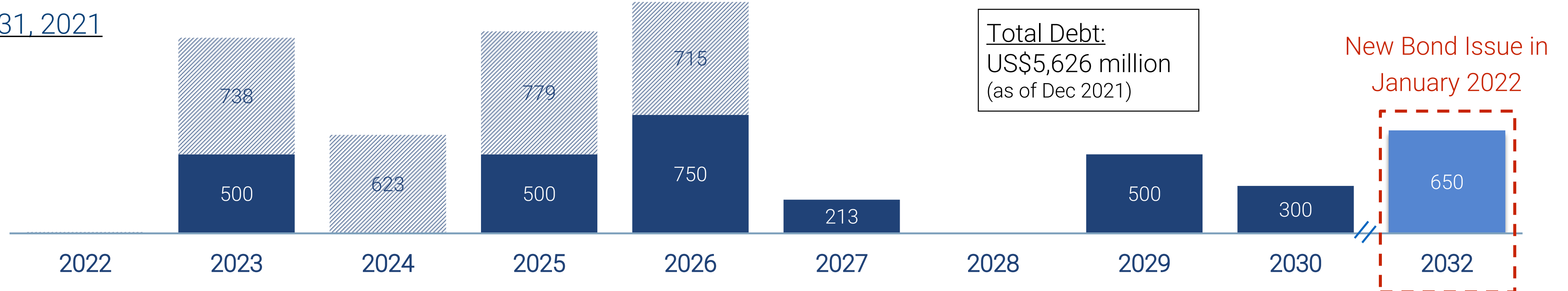
# Debt Maturity Profile

## HKT

(US\$ million)

As of December 31, 2021

▨ HKT Bank Loans  
■ HKT Bonds



## PCCW

As of December 31, 2021

■ PCCW Bonds



- Current mix of floating and fixed rate debt approximately 50:50
- Effective interest rate was approximately 2.6% in 2021
- Average debt maturity of approximately 3.8 years

# Healthy Liquidity

	As of Dec 2020			As of Dec 2021		
US\$ million	Gross Debt	Cash Balance <sup>(5)</sup>	Undrawn Facilities	Gross Debt	Cash Balance <sup>(5)</sup>	Undrawn Facilities
HKT	5,448	337	1,163	5,626	370	1,266
PCCW	867	101	1,001	400	276	1,366
<b>Total</b>	<b>6,315</b>	<b>438</b>	<b>2,164</b>	<b>6,026</b>	<b>646</b>	<b>2,632</b>
<b>Gross Debt <sup>(1)</sup> / EBITDA <sup>(3)</sup></b>	<b>4.12x</b>			<b>3.82x</b>		
<b>Net Debt <sup>(2)</sup> / EBITDA <sup>(4)</sup></b>	<b>3.84x</b>			<b>3.41x</b>		

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

(2) Net debt refers to the principal amount of short-term and long-term borrowings minus cash balance

(3) Based on gross debt as at period end divided by EBITDA for the 12-month period

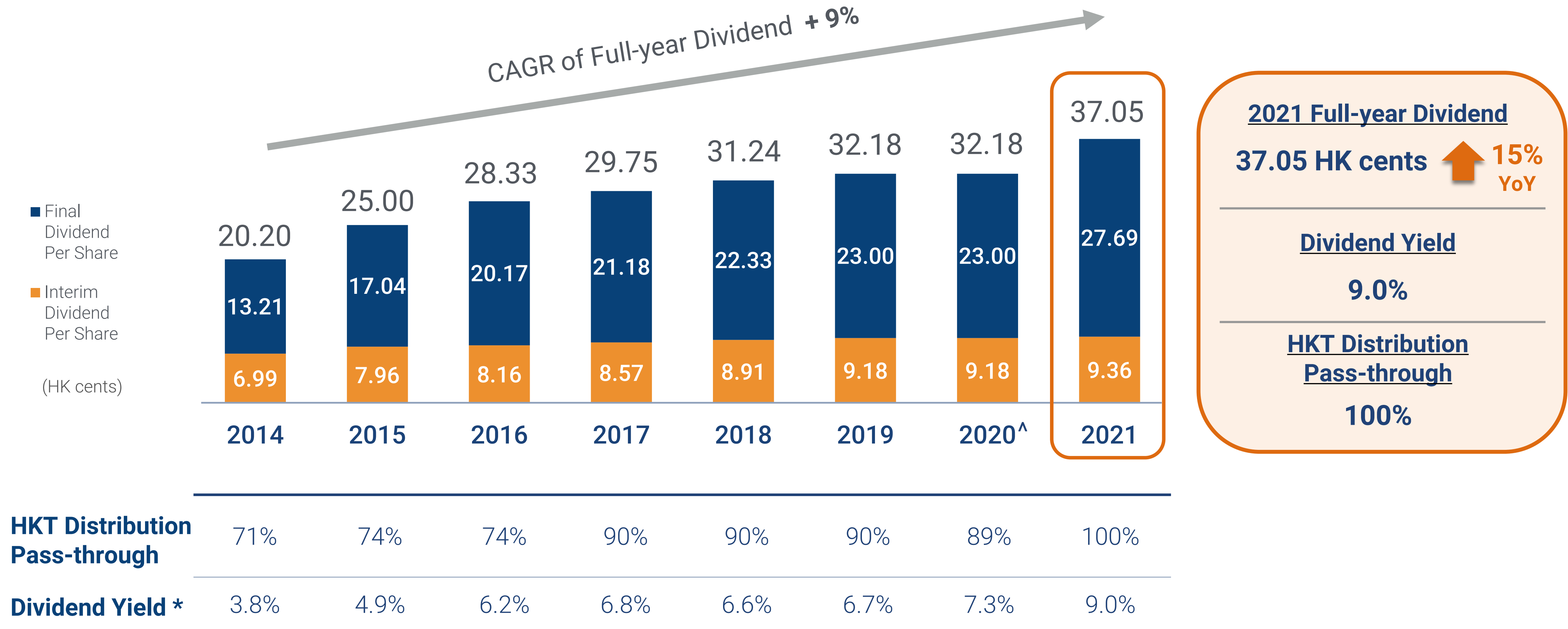
(4) Based on net debt as at period end divided by EBITDA for the 12-month period

(5) Includes short-term deposits

(6) US\$750 million perpetual capital securities are classified as equity



# Strong Dividend Growth Reflects Resilient Portfolio of Businesses



\* Based on PCCW closing price on the annual results announcement date for each respective year

<sup>^</sup> Excluding special interim dividend in the form of distribution in specie of PCPD shares

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# Media Business





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## OTT Business

# Continues Robust Growth & Maintains Leadership Position in SEA



Monthly  
Active User

## No.1

**For 8<sup>th</sup> consecutive quarter<sup>1</sup>**  
Amongst major video streaming  
platforms in SEA



Revenue  
CAGR

Viu's overall revenue grew at  
**36%**  
CAGR from 2018 to 2021



GSEA  
Revenue Growth

GSEA 2021 YoY growth<sup>2</sup>  
**+43%**  
Outpacing GSEA OTT market  
growth of 35%<sup>3</sup> in 2021

1. Based on MPA AMPD report; includes Singapore, Thailand, Indonesia and the Philippines; also covers Malaysia since Q1'21

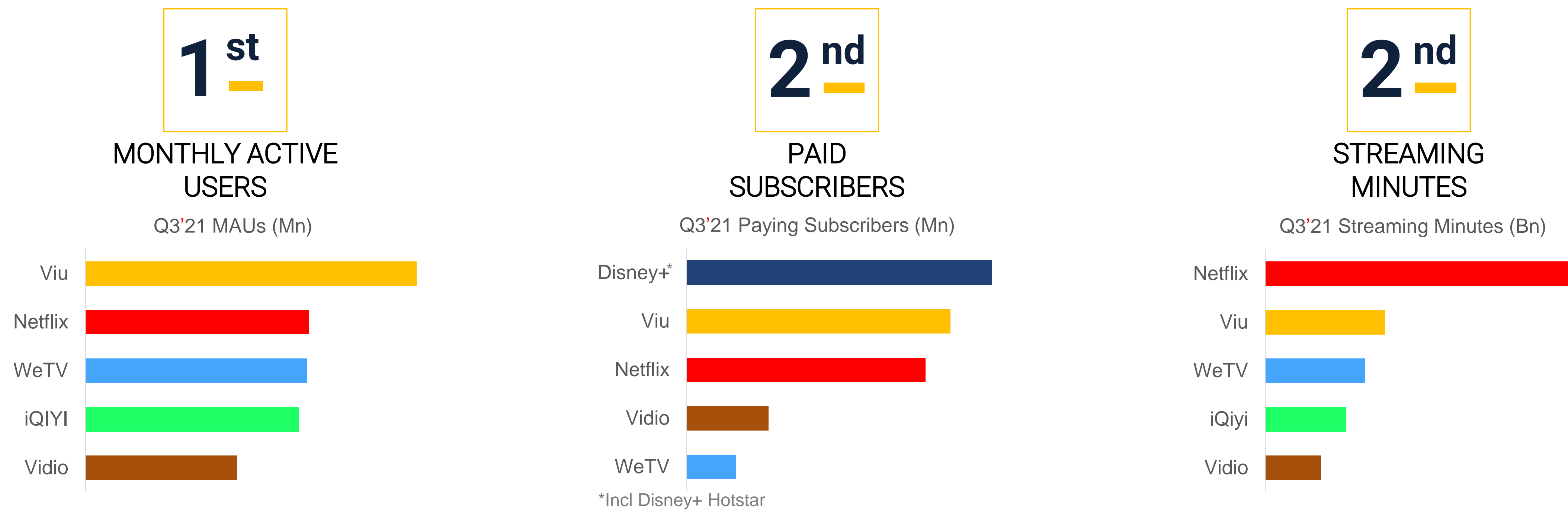
2. Viu's 2021 GSEA revenue growth excludes Myanmar, which is not covered by MPA

3. Based on MPA Asia Pacific Online Video & Broadband Distribution 2021. Values represent annual revenue of Hong Kong, Singapore, Thailand, Malaysia, Indonesia, and the Philippines.



# Leader in SEA OTT Video Entertainment

Viu consistently attained top rankings amongst major video streaming platforms in SEA (Thailand, Indonesia, Malaysia, the Philippines and Singapore)

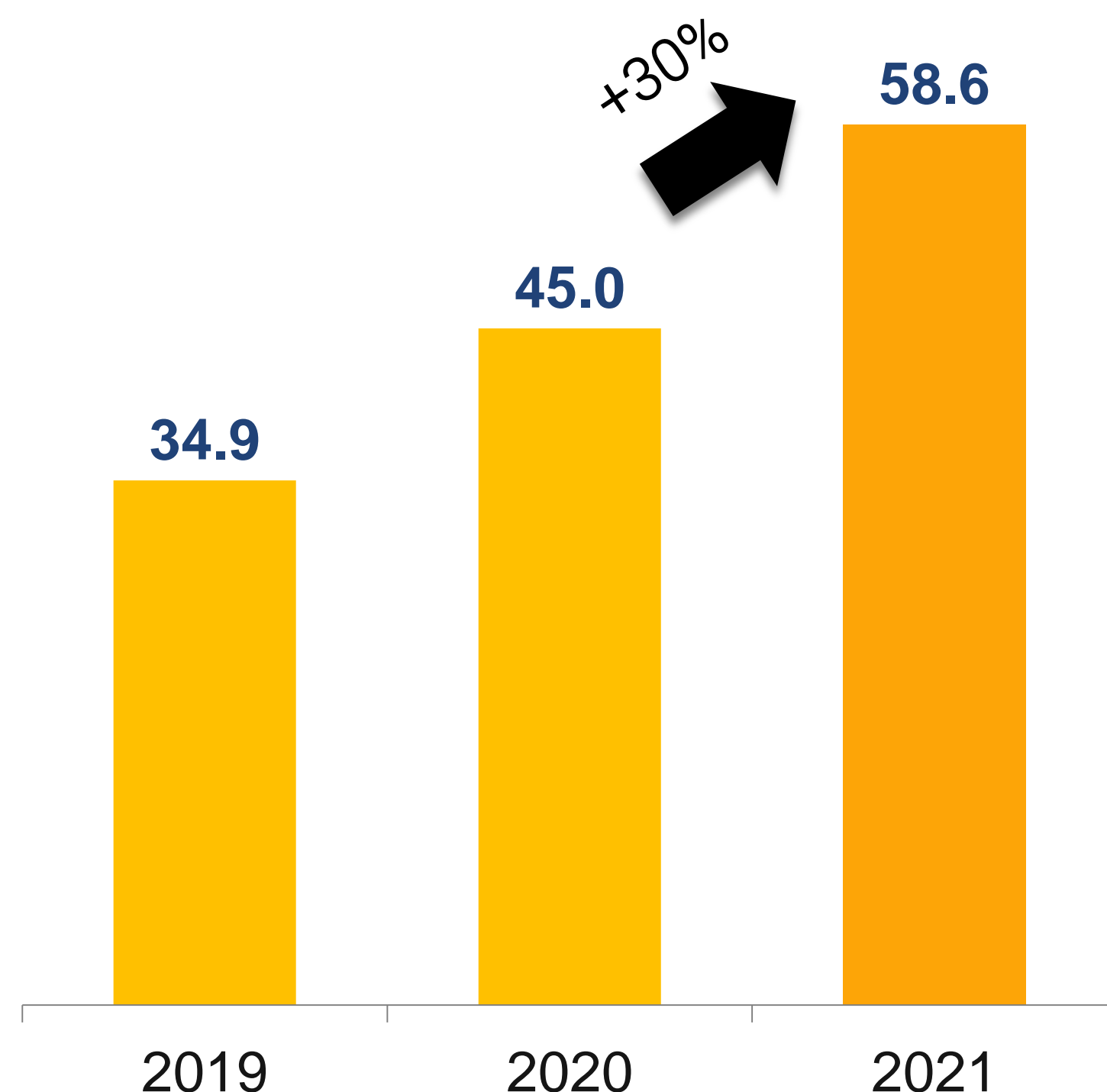


(All data and information provided and verified by Media Partners Asia)

Source: Media Partners Asia AMPD Online Video Consumer Insights Q3'21 (covers Indonesia, Malaysia, Thailand, the Philippines and Singapore)  
1. Amongst major video streaming platforms including Netflix, Disney+ Hotstar\*, iQIYI, Line TV, Vidio, WeTV, iflix, excluding YouTube and Tiktok; also excludes authenticated services and smaller platforms  
2. Research period for MAUs and paid subs: Jul – Sep 2021; sample size = 37,003. Research period for streaming minutes: Q3'21; sample size for passive measurement = 5,821

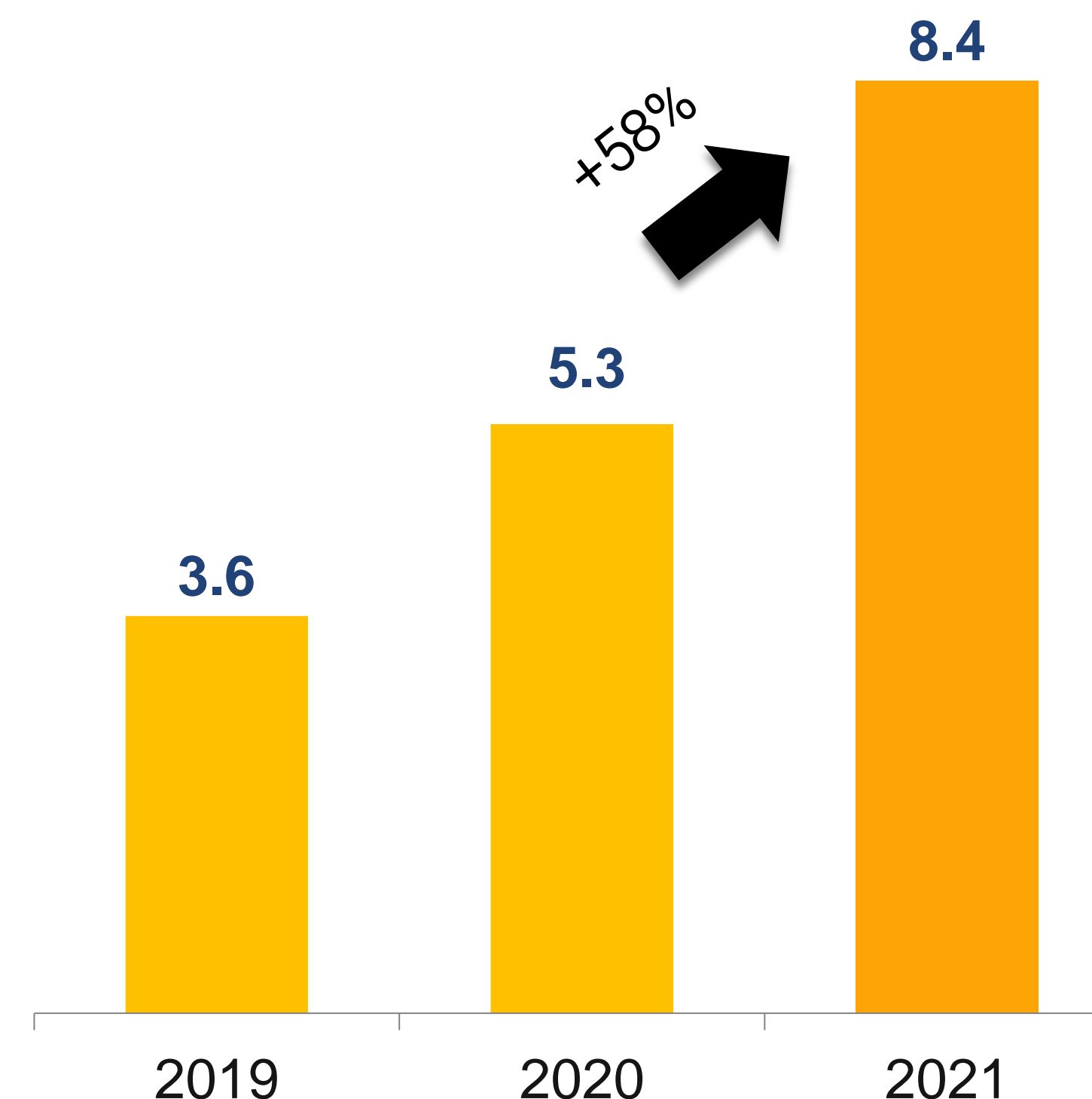
# Monthly Active Users & Paid Subscriber Base Growth Continues

## 58.6 Million Monthly Active Users



- Greater South East Asia & Middle East regions both achieved strong user growth including our biggest markets Thailand and Indonesia as well as high growth markets such as the Philippines

## 8.4 Million Paid Subscribers



- Strong sustained growth in paid subs
- Enhanced distribution partnerships e.g. telco
- Partnership deals & Viu Original continued to drive subscriber growth

\* MAU and paid subscribers are normalized for India exit



Viu Original strategy proven successful

↑ SUBSCRIBER DRIVE

↑ VIEWERSHIP

↑ PARTNERSHIP

## Top 10 Viu Original titles: 2021 vs 2020

Top ranked & popular among our users,  
Supplementing our wide-ranging Korean content

Korean Viu Original with  
Top Korean artistes



Now We Are Breaking Up  
Song Hye-kyo  
Jang Ko-yong



Lovers of the Red Sky  
Kim Yoo-jung  
Ahn Hyo-seop



Doom at Your Service  
Park Bo-young  
Seo In-guk

Video Views **+94%** | Video Minutes **+200%**

## Increasing recognition by industry professionals

National & international awards:

- Best Actor (Leading Role, Supporting Role)
- Best Actress (Leading Role, Supporting Role)
- Best Direction, Best Screenplay, etc.



Black (S2)



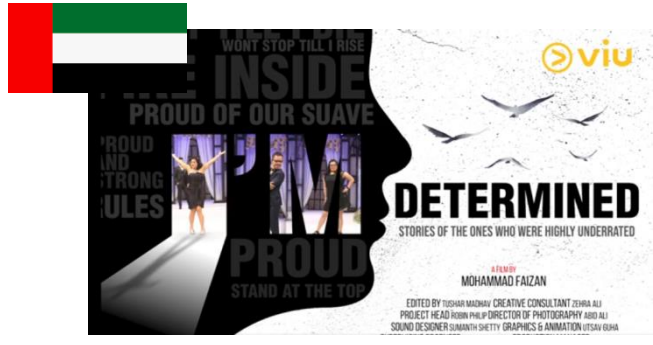
Star Stealer



Voice in the Rain



uBettina Wethu



I'm Determined



## VIU ORIGINAL

New monetization opportunities



Distributed to  
**20+ platforms**  
including OTT, pay TV & free TV

### NEW FOOTPRINT

in non-Viu territories  
e.g. the Americas  
& Europe

### NEW REVENUE

from syndication,  
product placement &  
sponsorship

## Manage production costs & seeking co-production partners

- Set up **Viu Original Studio** to increase production volume & IP assets
- Slated for release in 2022:

**30** Viu Original titles

**6** Languages  
Chinese, Thai, Bahasa Indonesia,  
Bahasa Melayu, Tagalog, Korean 21

\* Top 1 in Indonesia and Top 1 to 5 in Hong Kong, Malaysia, the Philippines, Thailand, Singapore for period 8th Nov '21 – 2nd Jan '22 based on weekly ranking





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Free TV & Related Business

# Advertising Business Doubles Driven by High Quality Content



## FY2021 - TV & Digital Viewership

- Average monthly audience reach: **Increased to 4.2M** (vs 4.0M in FY2020<sup>1</sup>)
- Average 4+ TVR during prime time: **Increased by 23% YoY<sup>2</sup>**
- Digital streamviews: **Increased by 110% YoY<sup>3</sup>**

### Quality scripted & non-scripted content for mass audience:



*King Maker S4*

TVR: **Increased by 213%** (vs S1<sup>4</sup>)

Live finale: **38.2M+ views** (accumulated globally<sup>5</sup>)



*Ink At Tai Ping*

Best Drama Series (Hong Kong)

2021 Asian Academy Creative Awards

## FY2021- Advertising

- Advertising revenue: **Increased by 127% YoY** (From US\$34.7M to US\$78.8M)
- Clients:
  - Accumulated: **680+**
  - New: **350+**
  - Spending exclusively on ViuTV<sup>6</sup>: **180+**

### Diverse range of industries & sectors:

BANKING & INVESTMENTS

RESTAURANTS

ELECTRICAL APPLIANCES

HOUSEHOLD

PHARM. & HEALTHCARE

TRAVEL & TOURISM

RETAIL

REAL ESTATE

1 Source: CSM Media Research HKTAM from 01 Jan – 31 Dec 2021 vs 01 Jan – 31 Dec 2020  
2 Source: CSM Media Research HKTAM from 01 Jan – 31 Dec 2021 vs 01 Jan – 31 Dec 2020; prime time from 18:55-24:05  
3 Source: Google Analytics and Internal Data (viu.tv + ViuTV apps) from 01 Jan – 31 Dec 2021 vs 01 Jan – 31 Dec 2020

4 Source: CSM Media Research HKTAM from 01 Nov – 25 Dec 2021 vs 15 Jul – 14 Oct 2018  
5 Source: Internal Data as of 25 Dec 2021  
6 Source: Admango from 01 Jan – 31 Dec 2021; among free TV platforms only



# Artiste Management & International Businesses Continue To Expand



## Artiste Management

- Artiste management contributes significantly to business growth
  - Artistes promoted 13 out of top 50 brands in Q3 2021<sup>1</sup>
  - Artiste-related advertising brands increased 3 times YoY to 240+ in FY2021
- COLLAR, latest all girl group debuted following the successful *King Maker S4*
- Continuous exposure through different media & platforms, including:

### FILM

- Featured in 2 films with more on the way
- Both ranked among Top 10 Domestic Film Box Office<sup>2</sup>:
- “The Way We Keep Dancing” ranked #6
  - “Showbiz Spy” ranked #8



### MUSIC STREAMING

- Moov: Ranked #2 Most Listened Group<sup>3</sup>
- Spotify: Over 106.0M streams<sup>4</sup> & ranked #1 Top Tracks of 2021 HK<sup>5</sup>



### MUSIC VIDEO

- Accumulated 225.7M views on YouTube<sup>7</sup>
- 5 music videos exceeding 10.0M views each<sup>7</sup>



## International

- Distributed over 3,100 hours to 29 markets across Asia & the Americas in FY2021
- Expanded global footprint with stronger presence in North America:
  - Premiered flagship talent show *King Maker S4* in Canada
  - Distributed *Ossan’s Love (HK)* with strong localized marketing promotions



1 Source: Hong Kong Adspend Report Q3 2021, Admango (accessed on 30 Nov 2021)

2 Source: 2021 Annual Report, HK Theatres Association (accessed on 10 Jan 2022)

3 Source: Internal Data (Moov) from 01 Jan – 31 Dec 2021

4 Source: MIRROR, ERROR, P1X3L and individual member’s Official Spotify Accounts (accessed on 10 Jan 2022)

5 Source: Top Domestic Tracks of 2021 (Hong Kong), Spotify (accessed on 10 Jan 2022)

6 Source: JOOX 2021年榜完整名單大公開！MIRROR歌曲雄霸過半席位 TVB僅靠一首劇集歌力撼，HK01 (accessed on 13 Jan 2022)

7 Source: MIRROR, ERROR and P1X3L’s Official YouTube Accounts (accessed on 14 Jan 2022)



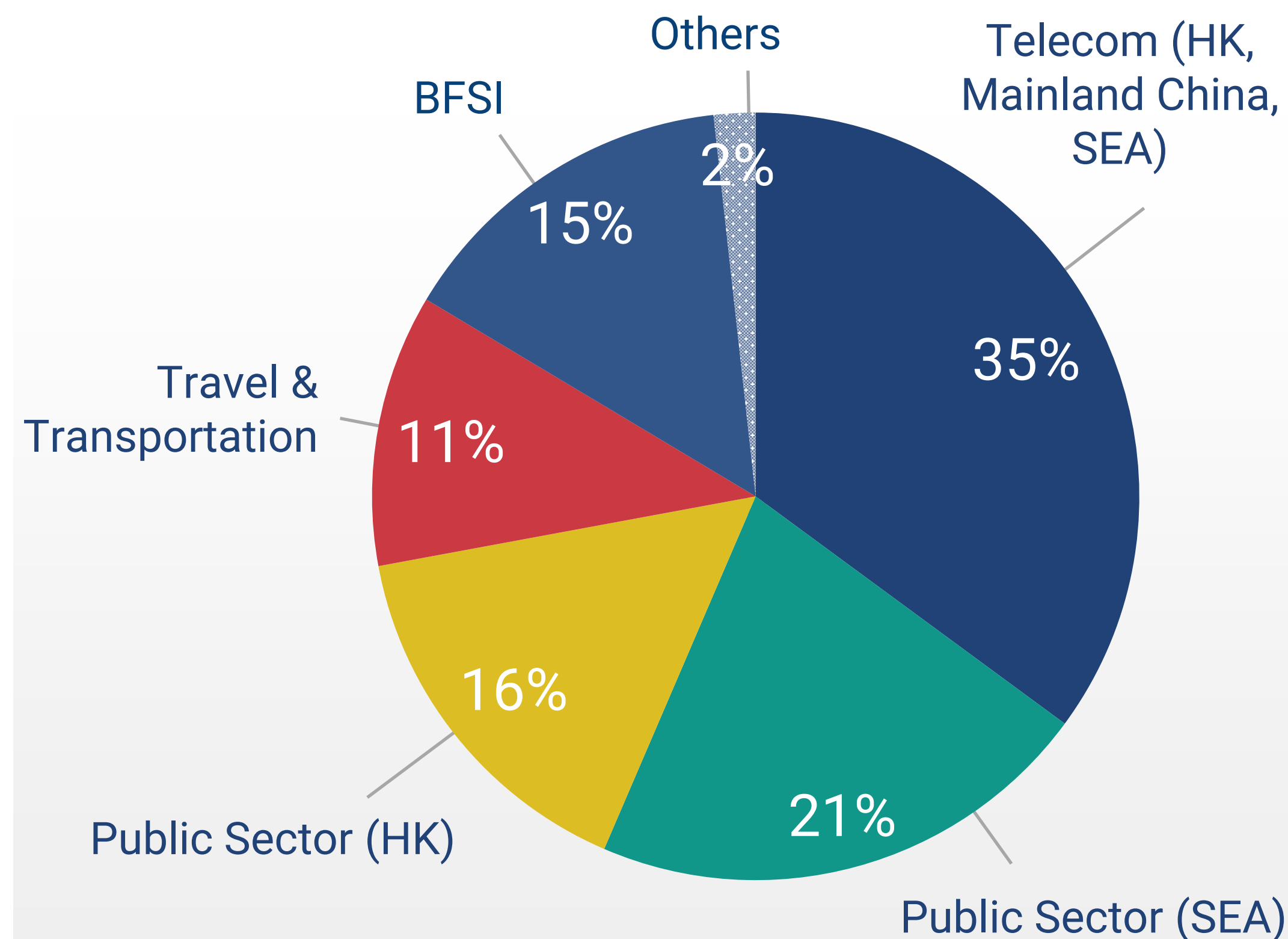
***PCCW* Solutions®**

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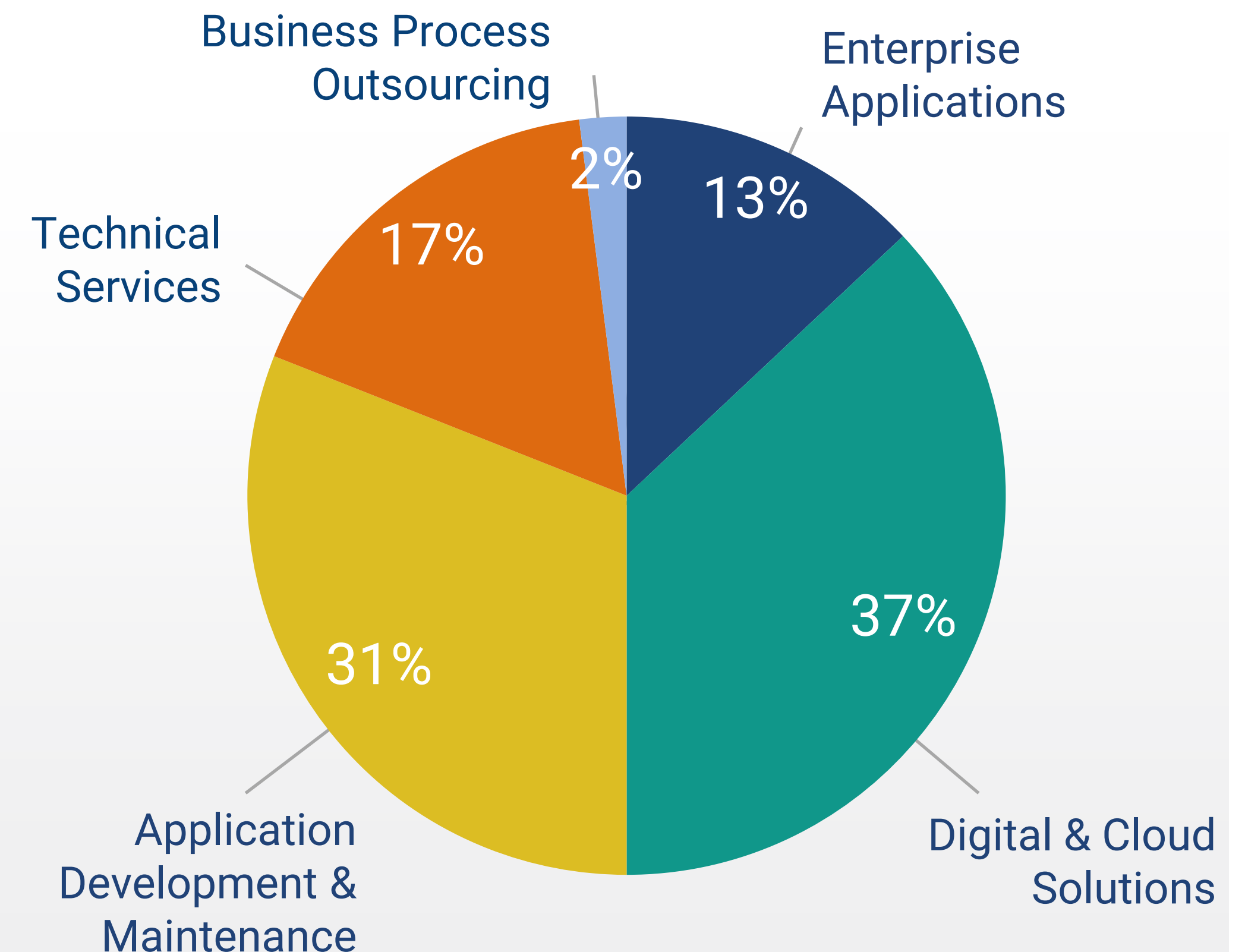
IT Solutions Business

# Revenue by Industry & Services

## 2021 Revenue\* by Industry



## 2021 Revenue\* by Services



Secured orders of US\$3.1 billion\* as of December 31, 2021

\* Normalized for divestment of data center business

# Strategic Focus



## Sharpen Client Engagement

- Integrate go-to-market capabilities for comprehensive client services
- Enrich account-based engagement and refine solution governance to amplify service excellence



## Bolster Digital Transformation Capabilities

- Strengthen collaboration with strategic technology partners
- Forge growth in cloud, artificial intelligence and data analytics offerings
- Scale delivery networks in Greater China and Southeast Asia



## Regional Expansion

- Proliferate proven solutions and exploit best practices to deepen market penetration in Southeast Asia
- Harness industry-specific expertise that appeal to clients in key sectors



## Talent Engine

- Stimulate technical training to drive skill advancement
- Reinvigorate collaboration with universities to nurture growing, thriving talent pool





# Enterprise Digital Transformation



- Enabled development of centralized platform for **financial regulator** to digitize all-round licensing processes. Orchestrated full launch promotion, assuring entire implementation from IT to digital marketing
- Empowered **PCCW Group** to go live with SAP SuccessFactors, replicating similar global HR transformation strategies across enterprises



- Successfully modernized the core insurance platform for a **leading insurance provider** to process new sales orders, extending the system to digitize the claims process and other policy administration to further enhance efficiency and customer engagement



- Extending Planning Management System solutions to encompass 12 additional provincial companies of **China Mobile**, upon successful pilot at headquarters to augment operational efficiency nationwide



# Industry Case Studies



Solutions

Value

Public Sector

**22 Government Agencies in Singapore**

- Providing Agency Tenant Facility Management Services to administer IT infrastructure, networks, operating centers and end-user computing devices

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- Attaining 90% coverage on device management automation
- Multiplying user productivity by 6 fold with notable decrease in number of support tickets
- ROI soaring by 40% in terms of cost savings from automation and improved asset management

Travel & Transportation

**SMRT Trains**

- Develop Track Access Management System (TAMS) to digitalize and automate track access allocation for the regular maintenance and planning of engineering works

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- Saving 30,000 manhours per year and enhance rail reliability
- Optimize maintenance efforts to boost productivity
- Maintain high safety standards for all stakeholders
- Embark on new phase of implementation to reap further productivity gains

Communications

**China Mobile Hunan Provincial Company**

- Build an integrated Smart Finance Middle Platform for centralized management of financial system and adopt various digital technologies such as RPA

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- Significantly improve operational efficiency and reduce manual tasks through digitalization
- Transform financial control with innovative applications
- Strengthen risk management with operational analytics



# Industry Case Studies



## Travel & Transportation

### Airport Authority Hong Kong

- Provision of cable and network infrastructure, public address and surveillance system for the automatic people mover and baggage handling system of the Third Runway project

- Facilitate travelers to move between the new Third Runway Concourse and the expanded Terminal 2 with efficient communications access
- Consistently deliver high-quality services with excellent project management

## Public Sector

### Housing Authority

- Design, implement and provide maintenance and related services to upgrade the Human Resources Management System (HRMS)

- Optimize upgrade strategy to simplify implementation and minimize business disruptions
- Harness the power of self-service reporting and analytics tool for seamless data migration
- Automate retroactive pay to eliminate the need for human intervention

## Hospitality

### SJM Holdings

- Provision of five-year technical services and maintenance support of the public address and background music systems for Grand Lisboa Palace Resort

- Demonstrate solid technical know-how to manage the systems for efficient operations
- Respond to service requests promptly and follow through flawlessly
- Fully committed to the Service Level Agreements



# Quality Certifications

PCCW Solutions has attained quality excellence across all our key delivery centers



ISO 9001

Quality  
Management  
System

Hong Kong, Mainland China,  
Singapore, **Malaysia** and the  
Philippines



ISO 20000

IT Service  
Management  
System

Hong Kong, Mainland China,  
**Malaysia** and the Philippines



ISO 22301

Business  
Continuity  
Management  
System

**Malaysia**



ISO 27001

Information  
Security  
Management  
System

Hong Kong and **Malaysia**



ISO 27701

Privacy  
Information  
Management  
System

**Hong Kong**

*\*Highlighted are newly acquired certifications in 2021*



# Summary



## HKT

HKT committed to delivering reliable telecom services as well as offering complementary digital services utilizing the latest technology including 5G to provide greater value to its customers, both consumer and enterprise

## Media

OTT to expand user and subscriber base through its Viu Original content and partnership with diverse range of distribution partners. Free TV to continue developing local talent and fresh content that appeals to viewers

## Solutions

Consistently deliver successful mission-critical projects for its customers, drive regional expansion and strengthen digital capabilities for competitive edge

The Group has executed well its strategies for regional expansion by launching new products and services. We shall continue to invest and innovate to capture market opportunities fueled by the digital lifestyle