長江和記實業有限公司
CK HUTCHISON HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock code: 1

2019 Annual Results

Operations Analysis

Disclaimer

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Potential Investors and Shareholders should exercise caution when investing in or dealing in the securities of the Company.

2019 Results Highlights

Healthy Earnings Growth

Stable Cash Flow

Geographic Diversity

Solid Financial Profile

Resilience

Broad Revenue Base

Innovative Technologies

Strong Financial Fundamentals

2019 Financial Highlights

Revenue [1]	EBITDA [1]	EBIT [1]
$439.9bn	$112.1bn	$71.1bn
-3%	-1%	-2%
(+1% in local currencies)	(+2% in local currencies)	(+1% in local currencies)

Net Earnings [1][2]	EPS [2] (Post-IFRS 16)	DPS
$39.9bn	$10.33	$3.17
+2%	+2%	-
(+6% in local currencies)		

(1) Following the adoption of IFRS 16 on 1 January 2019, the Group's statutory results for the year ended 31 December 2019 are on a IFRS 16 basis, whereas the statutory results for the corresponding year ended 31 December 2018 are on a IAS 17 basis ("Pre-IFRS 16 basis") as previously reported. Hence, any comparison between the two bases of reporting would not be meaningful. The Group believes that the IAS 17 basis metrics, which are not intended to be a substitute for, or superior to, the reported metrics on a IFRS 16 basis ("Post-IFRS 16 basis"), allows a like-with-like comparison with the prior period results, and better reflect management's view of the Group's underlying operational performance. As a result, the Group has provided an alternative presentation of the Group's EBITDA, EBIT and profit attributable to ordinary shareholders prepared under the Pre-IFRS 16 basis relating to the accounting for leases for the year ended 2019. Unless otherwise specified, the discussion of the Group's operating results in this presentation is on a Pre-IFRS 16 basis as mentioned above. **Under Post-IFRS 16 basis, Revenue, EBITDA, EBIT and Net Earnings were HK$439.9bn, HK$136.0bn, HK$75.3bn and HK$39.8bn respectively.**

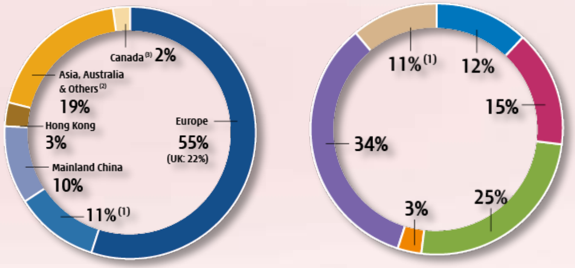
(2) Net earnings represent profit attributable to ordinary shareholders. 2019 EPS is calculated based on profit attributable to ordinary shareholders and CKHH's weighted average number of shares outstanding during the year of 3,856,240,500.

EBITDA

$112.1bn

-1%

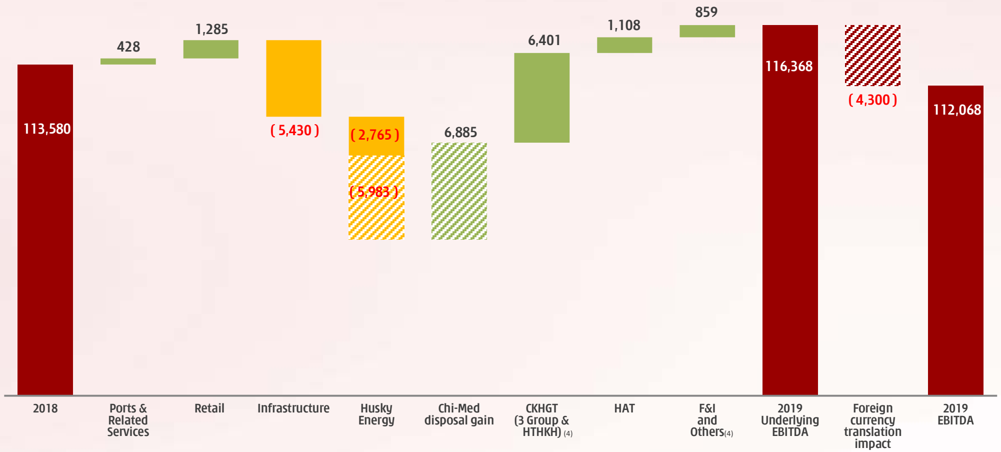
(+2% in local currencies)



Port & Related Services | Retail | Infrastructure
Energy | Telecommunications | Finance and Investments & Others

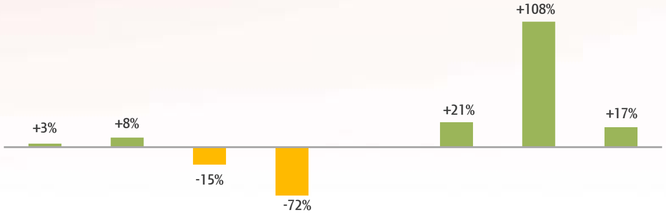
EBITDA Change by Division

HK$ m



Represents Husky – impairment & other charges

EBITDA Change % (in local currencies)



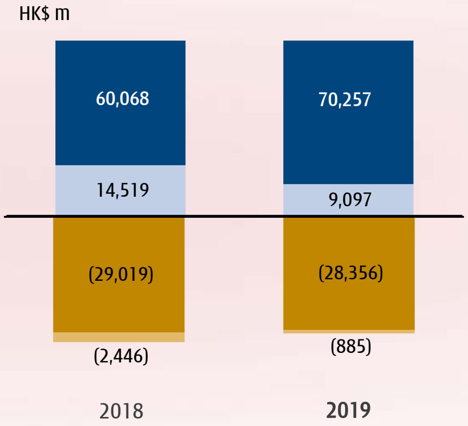
(1) Represents contributions from Finance & Investments and Others.
(2) Asia, Australia & Others includes Panama, Mexico and the Middle East.
(3) Canada includes contribution from the USA for Husky Energy.
(4) EBITDA of HK$225 million in 2018 were reclassified from Finance & Investments and Others segment to CKH Group Telecom segment to conform with the 2019 presentation.

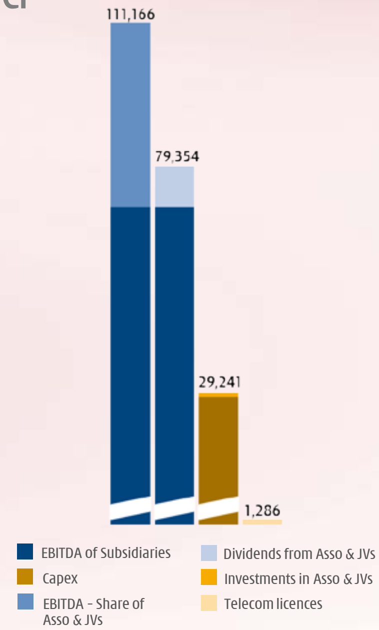
Operating FCF

Operating FCF

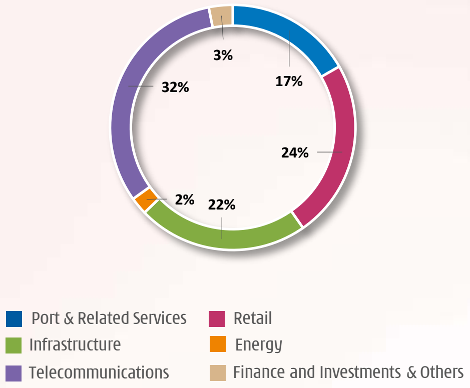
$50.1bn

+ 16%





Operating FCF by Core Business

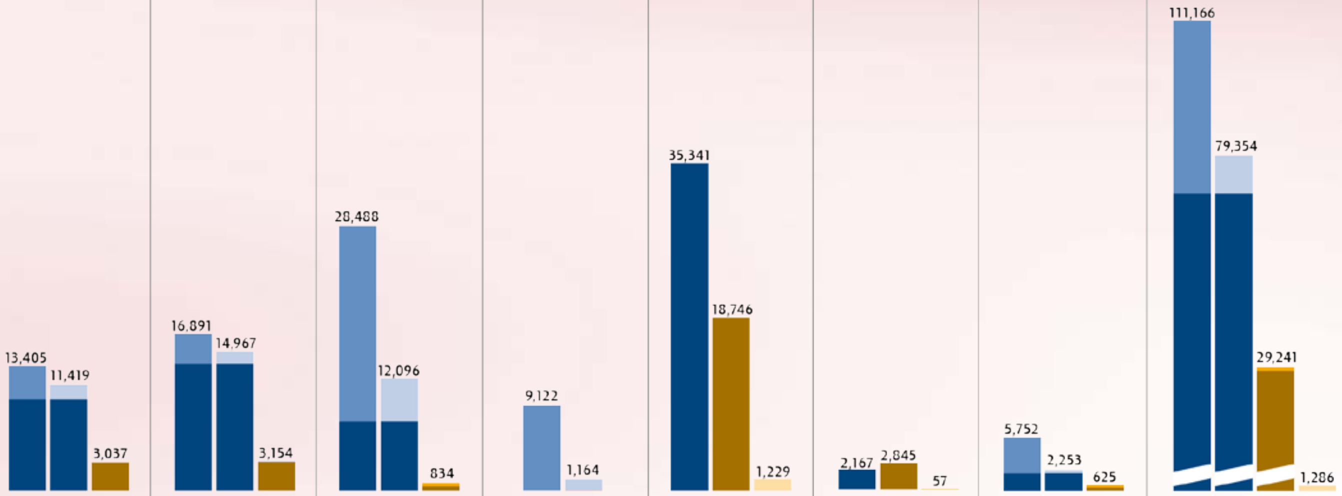


(1) Since the 6 co-owned infrastructure assets have been classified as assets held for sale from 31 December 2018, the 2019 Operating FCF (Operating Free Cash Flow) reflects the Group's effective retained interests in these assets for EBITDA of Company & subsidiaries and dividends from Asso. & Jvs and excludes their capex and investments.

(2) The Operating FCF represents EBITDA of Company & subsidiaries (Pre-IFRS 16 basis) and dividends from Asso. & JVs less capex of Company & subsidiaries (excluding Telecom licences) and investments in Asso. & JVs.

(3) Operating FCF in 2019 excludes one-off disposal gain of approximately 10% interest in Hutchison China MediTech Limited of HK$6.9bn. Operating FCF in 2018 excludes investment in additional 50% interest in Wind Tre (net of cash acquired) of HK$14.3bn, proceeds from disposal of co-owned infrastructure assets (excluding proceeds from CKI) of HK$14.3bn and non-cash accounting movements (one-off re-measurement gain arising from the acquisition of the remaining 50% interest in Wind Tre, loss on divesture of an aggregated 90% economic benefits in its six co-owned infrastructure investments and the Group's share of HPH Trust's one-off impairment of goodwill and certain non-performing assets).

Financial Profile - Operating FCF by division

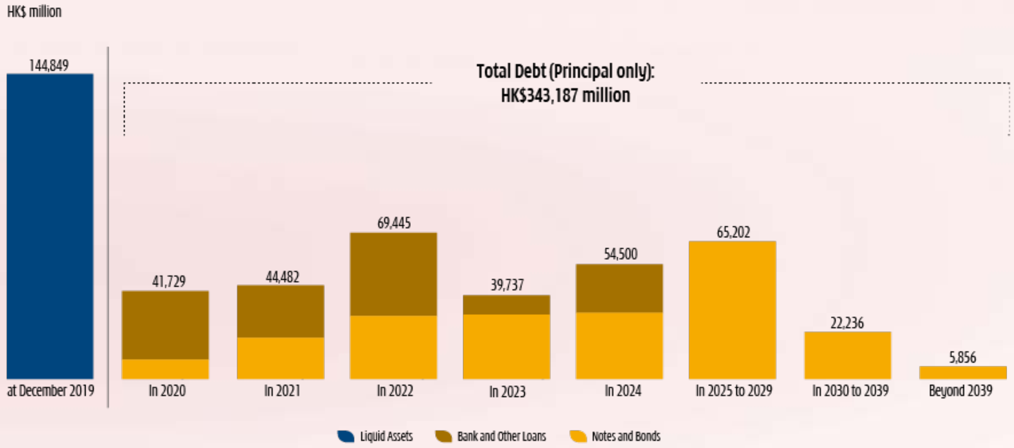


HK$ mn	Ports	Retail	Infrastructure	Energy	CKHGT	HAT	F&I and Others	Total
EBITDA - Co & Subsidiaries	9,806	13,676	7,437	-	35,288	2,167	1,883	70,257
EBITDA - Share of Asso. & JVs	3,599	3,215	21,051	9,122	53	-	3,869	40,909
Dividends from Asso. & JVs	1,613	1,291	4,659	1,164	-	-	370	9,097
Capex	3,037	3,072	438	-	18,642	2,845	322	28,356
Investments in Asso. & JVs	-	82	396	-	104	-	303	885
Capex - Telecom Licences	-	-	-	-	1,229	57	-	1,286

(1) Operating FCF (Operating Free Cash Flow) represents EBITDA (Pre-IFRS 16 basis) of Company & subsidiaries and dividends from Asso. & JVs less capex of Company & subsidiaries (excluding Telecom licences and capex of assets classified as held for sale) and investment in Asso. & JVs.

(2) EBITDA - Co & Subsidiaries of F&I and others excludes one-off disposal gain of approximately 10% interest in Hutchison China MediTech Limited of HK$6.9bn. EBITDA - Share of Asso. & JVs of Energy excludes impairment and other charge of HK$6.0bn.

Debt Maturity Profile



Net Debt

Net debt [(1)] as at 31 December 2019	HK$202.9bn	↓ HK$5.1bn
Net debt to net total capital ratio [(1)]	24.8%	↓ 1.2%-pts

Credit Ratings

	31 Dec 2019	31 Dec 2018
Moody's	**A2 (Stable)**	A2 (Stable)
S & P	**A (Stable)**	A (Stable)
Fitch	**A- (Stable)**	A- (Stable)

Weighted Average Maturity

4.9 years

Average Cost of Debt

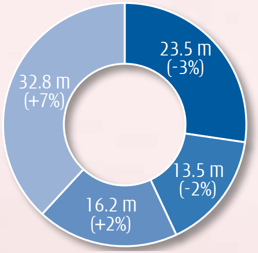
2.1% ↓ 0.3%-pts

(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 and unamortised fair value adjustments arising from acquisitions. Net debt is defined as total bank and other debts less total cash, liquid funds and other listed investments. Net total capital is defined as total bank and other debts plus total equity (adjusted to exclude IFRS 16 effects) and loans from non-controlling shareholders net of total cash, liquid funds and other listed investments. The consolidated net debt to net total capital ratio under IFRS 16 basis, after including IFRS 16 impact in total equity is 25.3%.

Ports & Related Services

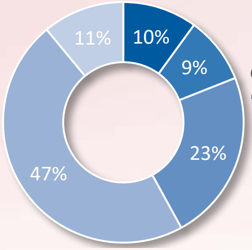
- **Assets:** US$12.2bn
- 290 Berths
  52 Ports
  27 Countries
- 86.0m TEUs handled in 2019

TEUs



86.0m
+2%

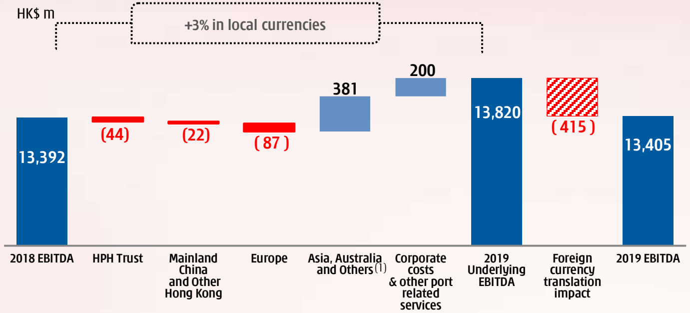
EBITDA (2)



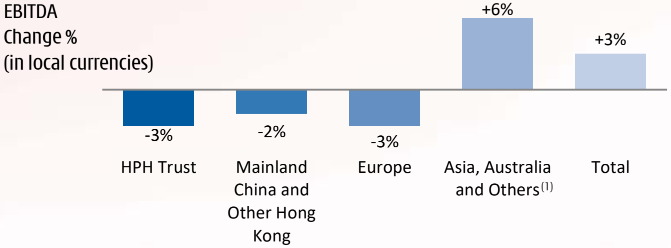
$13,405m
+0.1%
(+3% in local currencies)

HPH Trust
Mainland China and Other Hong Kong
Europe
Asia, Australia and Others (1)
Corporate costs & other port related services

EBITDA Growth



EBITDA Change

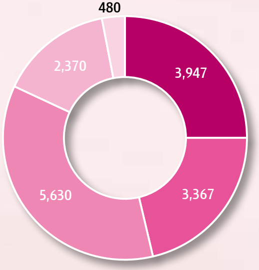


(1) Asia, Australia and Others includes Panama, Mexico and the Middle East.
(2) Under Post-IFRS 16 basis, EBITDA was HK$16,092 million.

Retail

- Assets: US$27.6bn
- World's largest international H&B retailer
- Operating in 25 markets with 12 retail brands
- 138m loyalty members worldwide; 34% exclusive sales participation

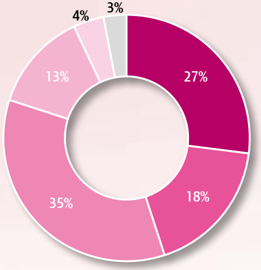
Store number



15,794

+5%

EBITDA (2)

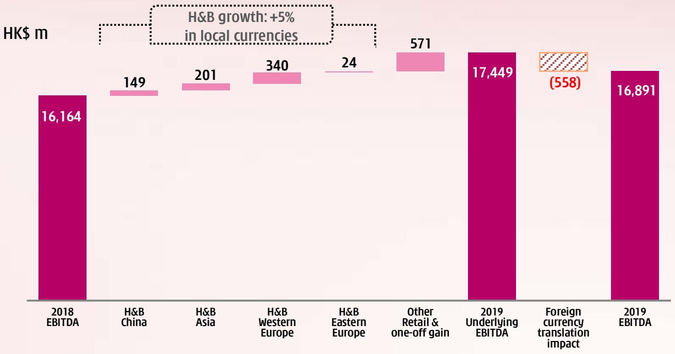


$16,891m

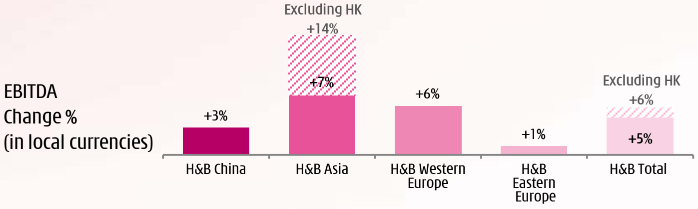
+4%

(+8% in local currencies)

EBITDA Growth



H&B EBITDA Change

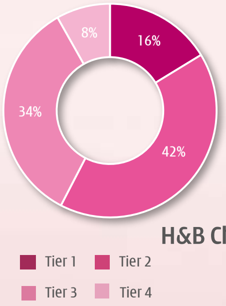


EBITDA Margin %	H&B China	H&B Asia	H&B Western Europe	H&B Eastern Europe	H&B Total
	18%	10%	9%	13%	11%

(1) During the first half of 2019, ASW formed a joint venture with Yonghui and Tencent and recognised a one-off gain of approximately HK$633 million, with its interest in China supermarket business reduced to 40%.

(2) Under Post-IFRS 16 basis, EBITDA was HK$27,023 million.

H&B China - Store Number



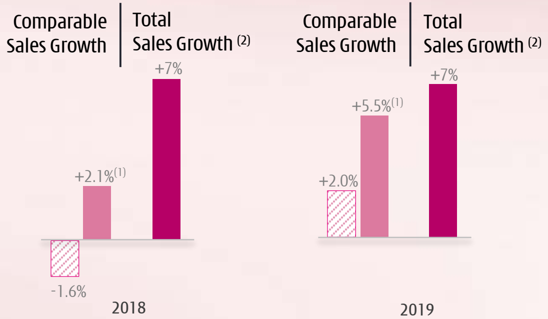
3,947

+ 9%

H&B China has presence in

483 cities

H&B China - Sales Growth



(1) Adjusted to include loyalty members' sales recovered to proximate new stores

(2) Total sales growth % and comparable store sales growth % are based on local currency

Loyalty Members & Exclusives

Loyalty members

65 million

80%

sales participation

Exclusives sales

48%

of total sales

H&B China - EBITDA

$4,509m

-1%

(+3% in local currency)

EBITDA Margin % **18%**

COVID-19 impact & recovery

Feb 2020 Peak Impact

64% Store closed

90% Store traffic reduction

80% Sales reduction

Mar 2020 Strong Recovery

<5% Store closed

50% Store traffic reduction

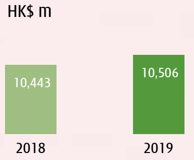
25% Sales reduction

Enablers of Accelerated Recovery : 25% of sales from O+O

- **MyStore** (WeChat Enterprise app) enabling over 22k Beauty Advisors to connect to regular customers
- **Click & Deliver**, with stock picked from nearest store, delivered within 60 minutes
- **Pure Online**, growing over + 80%

- Assets: US$29.5bn
- Largest publicly listed infrastructure company on SEHK
- Diversified operations in 32 countries

CKI's reported NPAT (1)



$10,506m

+1%

(+6% without negative foreign exchange translation impact)

CKI's Net Debt Ratio

13.5%

3%-pts from Dec 2018

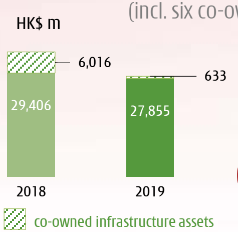
S&P Credit Rating

A/Stable

EBITDA (2)

Infrastructure Division

(incl. six co-owned assets)

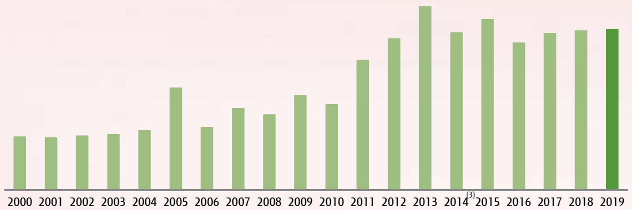


$28,488m

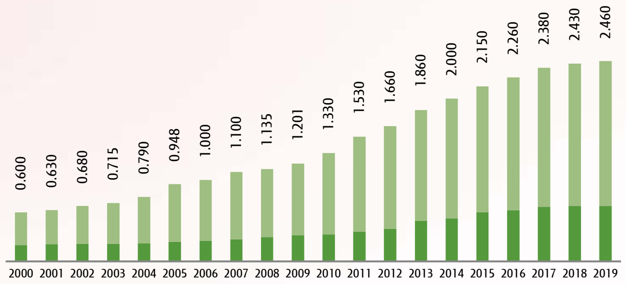
-20%

(-15% in local currencies)

Stable Earnings & Dividend Growth



Earnings Per Share (HK$)



Dividends Per Share (HK$)

(1) Post-IFRS16 basis.

(2) Under Post-IFRS 16 basis, EBITDA was HK$28,751 million.

(3) Excludes share of one-off gains arising from the spin-off of HKE by PAH and privatisation of Envestra.

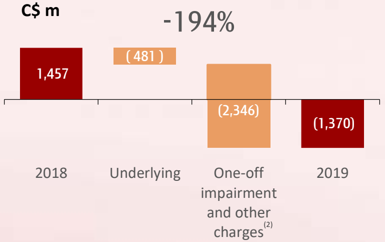
Energy

- Assets: US$7.9bn
- Listed on the Toronto Stock Exchange
- Integrated Corridor - Canada & US Upstream and Downstream businesses
- Offshore - production in Atlantic and Asia Pacific

Net Loss (1)

C$(1,370)m

-194%

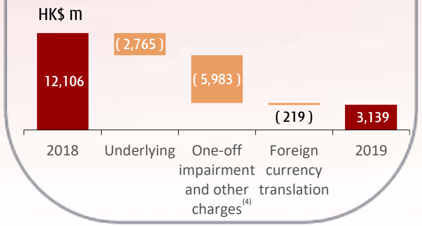


Attributable EBITDA to CKHH (3)

HK$3,139m

-74%

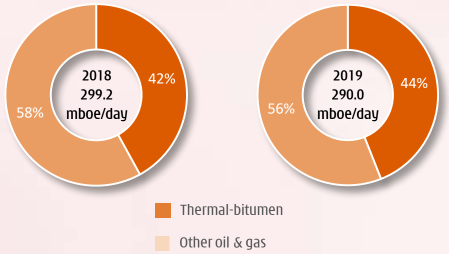
(-72% in local currency)

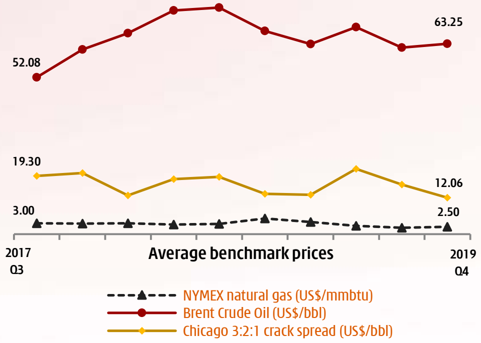


Production

290.0 mboe/day

-3%





Husky's Outlook on 2020 Oil Price collapse

Strong Balance Sheet & Liquidity

- Current debt to capital of 27%
- No debt maturities until 2022
- Liquidity availability of C$4.9 billion comprised:
  - Cash of C$1.4 billion
  - Unused credit facilities of C$3.5 billion (with debt to capital threshold of 65%)

Capital Program Reduction of C$900 million

- Represents 33% of upstream spending
- Reduction or shut-in cash negative production
- Halt investment in resource plays and conventional heavy oil projects in Western Canada
- Deferral of certain Lloydminster thermal projects and Asia Pacific oil and gas fields development
- 2020 Upstream production guidance: 275 – 300 mboe/day

Cost savings of C$100 million

- Reduction in uneconomic production well servicing activities
- Halt in exploration activity

(1) Represents Husky's Post-IFRS 16 net loss for the year ended 31 December 2019.
(2) Represents Husky's one-time non-cash impairment and other charges (after-tax) in Q4 2019.
(3) Under Post-IFRS 16 basis, the Group's share of EBITDA was HK$3,480 million.
(4) Represents the Group's share of the one-time non-cash impairment and other charges (before-tax) in Q4 2019, after consolidation adjustments.

Telecommunications - 3 Group Europe

Total Revenue

$87,516m

+12%
(+17% in local currencies)

KPI

Active mobile customers
40.6m -5%

12-month trailing Net AMPU
€11.04 -7%

Data Usage
4,054 pb/ yr +35%

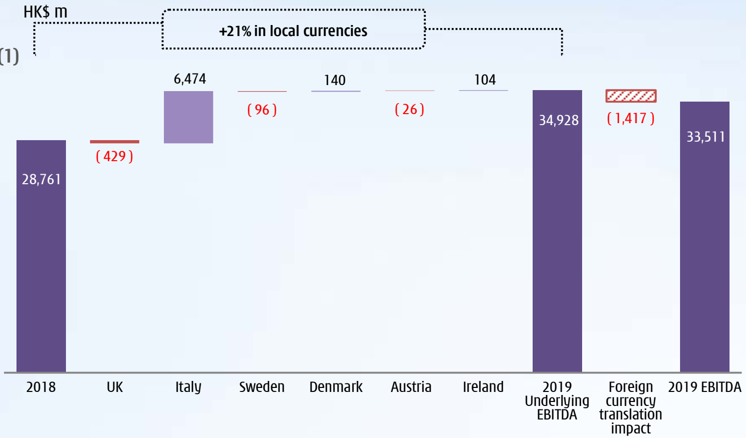
5G capabilities

- 5G rollout in London in 2019 with accelerated roll-out in 2020
- First operator to launch 5G offers in 2019
- Italy's largest 5G handset-ready network
- Go live with services offering including FWA and connected products utilising the broadest 5G spectrum from mid 2020

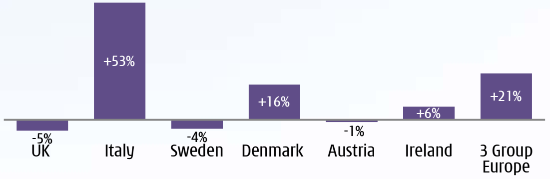
EBITDA

$33,511m[(1)]

+17%
(+21% in local currencies)



EBITDA Change % (in local currencies)



	UK	Italy	Sweden	Denmark	Austria	Ireland	3 Group Europe
EBITDA Margin %	42%	47%	46%	41%	50%	40%	45%

(1) Under Post-IFRS 16 basis, EBITDA was HK$40,126 million

Telecommunications – 3 Group Europe

In million	UK GBP 2019	UK GBP 2018	Italy[1] EURO 2019 Wind Tre (100%)	Italy[1] EURO 2018 Wind Tre (100%)	Italy[1] EURO 2018 Wind Tre (50%/100%)	Sweden SEK 2019	Sweden SEK 2018	Denmark DKK 2019	Denmark DKK 2018	Austria EURO 2019	Austria EURO 2018	Ireland EURO 2019	Ireland EURO 2018	3 Group Europe[1] HK$ 2019	3 Group Europe[1] HK$ 2018
Total Revenue	**2,384**	2,439	**4,854**	4,926	3,271	**6,757**	7,113	**2,182**	2,186	**867**	881	**603**	591	**87,516**	78,411
% change	*-2%*		*-1%*			*-5%*		-		*-2%*		*+2%*		*+12%*	
													Local currencies growth %	*+17%*	
Total margin	**1,441**	1,491	**3,548**	3,654	2,416	**3,909**	4,091	**1,720**	1,700	**622**	619	**454**	440	**60,229**	53,461
% change	*-3%*		*-3%*			*-4%*		*+1%*		-		*+3%*		*+13%*	
													Local currencies growth %	*+18%*	
TOTAL CACs	(882)	(840)	(464)	(341)	(227)	(2,563)	(2,745)	(244)	(285)	(136)	(141)	(87)	(90)	(17,257)	(15,813)
Less: Handset Revenue	680	675	382	195	137	2,045	2,198	100	120	121	125	82	77	13,761	12,282
Total CACs (net of handset revenue)	**(202)**	(165)	**(82)**	(146)	(90)	**(518)**	(547)	**(144)**	(165)	**(15)**	(16)	**(5)**	(13)	**(3,496)**	(3,531)
Operating Expenses	**(526)**	(574)	**(1,366)**	(1,500)	(954)	**(1,212)**	(1,263)	**(732)**	(807)	**(234)**	(228)	**(238)**	(227)	**(23,222)**	(21,169)
Opex as a % of total margin	37%	38%	39%	41%	39%	31%	31%	43%	47%	38%	37%	52%	52%	39%	40%
EBITDA	**713**	752	**2,100**	2,008	1,372	**2,179**	2,281	**844**	728	**373**	375	**211**	200	**33,511**	28,761
% change	*-5%*		*+5%*			*-4%*		*+16%*		*-1%*		*+6%*		*+17%*	
													Local currencies growth %	*+21%*	
EBITDA margin %[2]	42%	43%	47%	42%	44%	46%	46%	41%	35%	50%	50%	40%	39%	45%	43%
Depreciation & Amortisation	**(334)**	(311)	**(743)**	(729)	(472)	**(962)**	(843)	**(373)**	(318)	**(140)**	(146)	**(122)**	(105)	**(13,399)**	(11,098)
EBIT	**379**	441	**1,357**	1,279	900	**1,217**	1,438	**471**	410	**233**	229	**89**	95	**20,112**	17,663
% change	*-14%*		*+6%*			*-15%*		*+15%*		*+2%*		*-6%*		*+14%*	
													Local currencies growth %	*+18%*	
Capex (excluding licence)	**(426)**	(462)	**(1,190)**	(968)		**(1,170)**	(1,254)	**(215)**	(225)	**(129)**	(123)	**(133)**	(118)	**(18,132)**	
EBITDA less Capex	**287**	290	**910**	1,040		**1,009**	1,027	**629**	503	**244**	252	**78**	82	**15,379**	
Licence[3]	**-**	(166)	**-**	(517)		**-**	-	**(485)**	-	**(52)**	-	**(1)**	(1)	**(1,026)**	

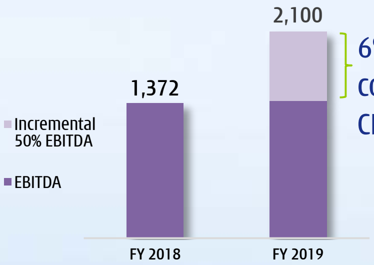
(1) CKHGT and 3 Group Europe 2019 include 100% share of Wind Tre's results, of which fixed line business revenue was €967 million and EBITDA was €320 million, while 2018 included 50% share of Wind Tre's results from January to August 2018 and 100% share from September to December 2018, of which fixed line business revenue was €675 million and EBITDA was €226 million. For comparability purposes in the Italy section above, 100% Wind Tre results in 2018 have also been presented and the % changes are calculated based on the 100% Wind Tre numbers.

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

(3) 2019 licence cost for Austria represents investment for 10x10 MHz of 3500 MHz spectrum acquired in March 2019, the licence cost for Denmark represents investment for 2x10 MHz of 700 MHz spectrum and 2x10MHz of 900MHz spectrum acquired in March 2019, and the licence cost for Hong Kong mainly represents investment for 30MHz of 3300MHz spectrum acquired in November 2019. 2018 licence cost for UK represents investment for 4x5 MHz of 3400 MHz spectrum acquired in April 2018 and the licence cost for Wind Tre represents investment for 20 MHz of 3600 – 3800 MHz and 200 MHz of 26.5 – 27.5 GHz spectrums in October 2018.

Telecommunications - WIND TRE

EBITDA



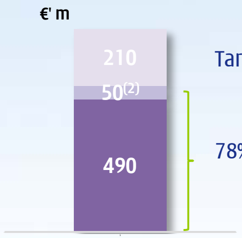
6% accretive contribution to CKHH EBITDA

Active contract customers

(as a % of active customers)

- Retaining higher margin customers amid fierce competition, with contract customers commanding a 2.8%-pt higher AMPU than non-contract customers
- Protecting short to medium term margin stability

Synergies - Opex & Capex



Target capex synergies by 2021

78%[1] opex synergies achieved

Network Rollout Plan

Network Consolidation

4G Consolidated Network	Jan 2019	**Present**
% of Traffic	54%	**>99%**
Population Coverage	71%	**>99%**

2020-2021 5G plan

TDD	500 sites
5G HS-ready	19,000 sites

Largest 5G Handset ready coverage in Italy

(1) Annual run rate as at 31 December 2019

(2) Opex synergies target was revised with additional savings expected

Telecommunications - CKH Networks

Project Timeline

Mar 2020
Local agreements signed subject to closing conditions

Jun 2020
Completion of CKHN Reorganisation

Jul 2020
CKHN Operational & preliminary results / guidance

Mar 2021
Pro form FY 2020 Results

Preliminary Metrics & Valuation

Towers
28,500

2020 EBITDA Guidance
~€300m

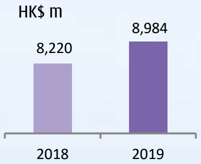
European Trading Comps Range[1]
16x - 19x

Implied EV Range
€4.8bn - €5.7bn

(1) Source from Bloomberg as at March 2020

Telecommunications - HAT

Total Revenue



$8,984m

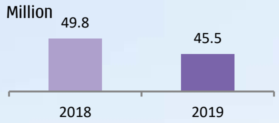
+ 9%

(+9% in local currencies)

KPI

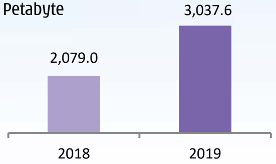
Active mobile customer account

45.5m -9%



Data Usage

3,037.6 pb/ yr +46%

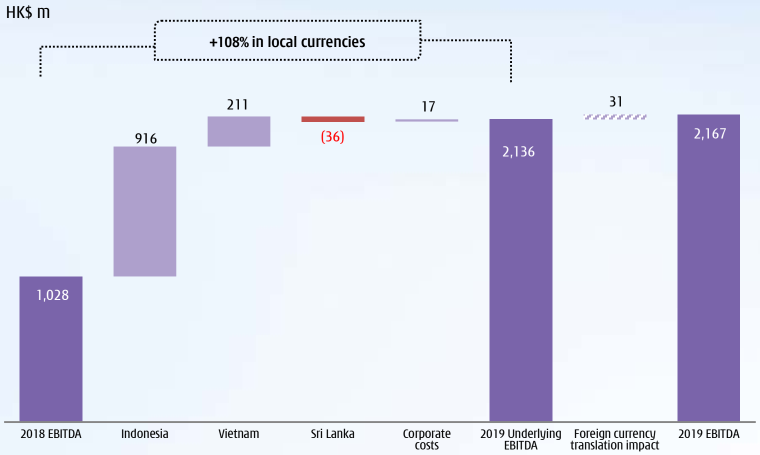


EBITDA

$2,167m(1)

+111%

(+108% in local currencies)

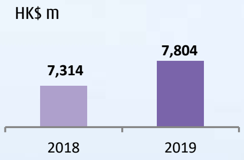


EBITDA
Change %
(in local currencies)

(1) Under Post-IFRS 16 basis, EBITDA was HK$4,328 million.

Telecommunications - HAT Indonesia

Total Revenue



$7,804m

+7%

(+6% in local currency)

KPI

Active mobile customer account

30.5m -5% (1)

RGS ARPU

US$3.45 +31%

Data Usage

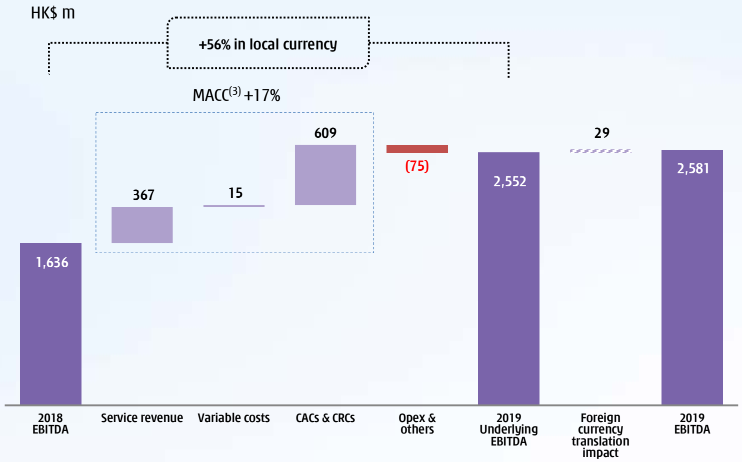
2,636.9 pb/ yr +41%

EBITDA

$2,581m (2)

+58%

(+56% in local currency)



(1) Reduction primarily from Indonesia (due to the subscriber registration process imposed by the Government of Indonesia since May 2018).

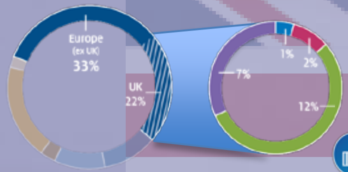
(2) Under Post-IFRS 16 basis, EBITDA was HK$4,606 million.

(3) MACC (Margin after CACs & CRCs) is defined as revenue less variable costs (i.e. net customer service margin) net of CACs & CRCs.

2019 Overview

Brexit and GBP/EUR weakening

CKHH EBITDA



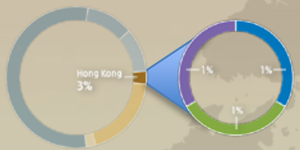
- Approximately 22% EBITDA contribution from the UK
- Over 50% from regulated infrastructure businesses, with the rest providing mass market essential goods and services

£	10%	€
2%	EBITDA[1]	3%
2%	NPAT[1]	3%
1%	Net Debt	8%
0.3%-pt	Net Debt Ratio	1.3%-pt

(1) Impact on 2019 Group results

Hong Kong focus

CKHH EBITDA



- Approximately 3% EBITDA contribution from Hong Kong (NPAT contribution 2019: 0.1%; 2018: 1%)
- Hong Kong retail operations represent only 0.4% of CKHH EBITDA
- HTHKH maintained a stable performance in the 2H 2019 & Kwai Tsing ports continue to realise benefits from cost savings initiatives to combat slow down in throughput

Trade tension

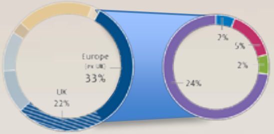
- Less than 1% of 2019 throughput volume were impacted by US/China trade tension
- Less than 0.1% of EBITDA[2] derived from volume affected
- Impact mitigated by the shift of volumes to neighbouring Asian ports

(2) Based on FY 2019 EBITDA

2020 Overview

COVID-19

- Committed to focus on maintenance of the health and safety of our personnel and staff over profitability
- Main impact to the Group expected to be the retail operations in the Mainland and Europe in 2020.
  - In Mainland, we are very well placed to manage and deliver a strong bounce-back in performance when the COVID-19 situation normalises. Our 3,900+ stores are already re-opened with only less than 5% closed. Market footfall reduction improved from 90% to 50% and Watsons sales reduction is significantly better than market at -25% due to our early years investment in digital capabilities to serve customers via click & deliver within one hour across our 3,900+ distribution points.
  - In Europe, COVID-19 has thus far not disrupted our operations. In the past few weeks, our major operations experienced double-digit sales growth in the Netherlands, Poland, Germany and the UK as we are in "mass essential" business selling high demand products, such as hand sanitisers, personal wash, vitamins and other health lines and also household cleaning. As our stores are in the pharmacy and drugstore format, our stores in our main markets will remain open.
- Telecommunications businesses in Europe are currently not affected as they are experiencing much reduced churn and much higher voice and data usage. Operations are focused on maintaining network quality and services for customers and at the same time keeping employees safe.
- Infrastructure has minimal impact
- Ports will experience some slowness in throughput due to factory closure in the Mainland, which is now gradually resuming production in early March 2020 with only 7% decline in throughput for year to date 2020.



CKHH EBITDA

Financial Market Turmoil

- Prudential approach
- Prioritise financial strength over investment and growth
- Capital allocation to investment and spending heavily scrutinised to ensure only those with near term returns will be approved and deployed
- Cash and cash equivalents sufficient to cover 84% of the maturities due in 2022

Oil Market Turmoil

- Prudential approach
- Prioritise financial strength and protection of shareholder value over investment and growth
- Husky Communicated a C$1 billion cut in spending to protect its financial strength and liquidity in 2020

長江和記實業有限公司
CK HUTCHISON HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock code: 1

ESG

ESG

Group ESG Key Mission

"CKHH Group is committed to adhere to strategic development that will create sustainable long-term value for all stakeholders and communities"

Group ESG Key Mandates

Understand and implement ESG strategies and frameworks which are coherent, fact based, science based, sector and country specific and adaptive to changing scenario risk analyses

Mandated our divisions to develop ESG templates based on the developing reference and regulatory frameworks currently in place, and how this applies to their industries

Adding a bi-annual ESG self assessment risk analysis for each division and at Group level, which follows our Group's principal tool for managing enterprise, operation and process risk, anti bribery and corruption and tax policy compliance introduced since 2003 :

- to compare actual achievements against the developed templates
- target and goal setting appropriate to each division's sector, market and geography based on guidance from Group

Introduce review procedures on the targets, achievement and goals jointly by Group Legal, Finance, Treasury and Corporate Communications as well as partnering with ESG consultants. Self assessments as to risk and achievements against targets and goals will be subject to audit both by our internal audit teams and our external auditors. Where appropriate we will involve specialist external audit resources

Proactive engagements with key ESG rating providers in a manner similar to our Group has with credit and governance rating agencies to ensure a broader publication of views of our Group's ESG standards

ESG

Group ESG Sustainability priorities

❖ Our Employees	o Retain and motivate talent with appropriate training o Promote a diverse culture o Improve work place safety and well-being across the Group
❖ Our Customers	o Global sourcing to integrate ESG objectives in procurement o Encourage use of digital tools to augment customer experience
❖ Our Partner Management	o Fair and transparent tendering processes o Streamline processes, knowledge sharing and increase monitoring through digital tools o Global sourcing to integrate ESG objectives in procurement
❖ Our Business Ethics	o Assigned two directors of the Board to oversee ESG processes o Continue and enhance group-wide compliance with Anti-Bribery and Corruption, Foreign Corrupt Practices Act, Tax Compliance Policies, Data Privacy and Cyber Security
❖ Our Environment	o Increase training across the Group o Source more sustainable options for consumers o Decrease environmental impact across all businesses through reduction in carbon and single use plastics projects and initiatives.
❖ Our Society	o Educate and recruit young talent o Charitable programs and digital inclusion for the underprivileged
❖ Corporate Governance	o Increase transparency on existing policies and procedures

Divisional ESG Initiatives

Core businesses	Key ESG Achievements in 2019	Key ESG Initiatives in 2020
	• Formed ESG Committee of senior management and a Group Environmental committee • Shore Power initiative at Yantian covering 16 berths • Yantian was honored Best Green Container Terminal by AFLAS Award • Hutchison Ports UK implements zero-waste to landfill policy • Hutchison Ports HIT-RTGC 100% electric or hybrid.	• Roll-out a digital ESG reporting system across the division • Establish a sustainable strategy with plan to move higher emission ports to lower emissions in coming 5 years • Hutchison Ports Gwangyang in Korea to start trial of electric yard tractor • Increase RTGCs with hybrid or electric power.
	• ESG team of 300+ for global & local CSR committees • 8% reduction in greenhouse gas emissions and electricity consumption • 1st retailer to ban sales of rinse-off personal care/cosmetic products containing microplastics • First Beverage company in HK to introduce reverse vending for collection of empty plastic water bottles • Collection of empty containers of personal care/ cosmetics products in 4 markets	• In 2020, 100% of H&B Benelux and H&B UK using 100% renewable energy • By 2030, achieve 30% reduction in electricity intensity kwH per m2 (against 2015) • Expand to at least 2 more markets to collect empty containers of personal care/cosmetic products • In 2020, 100% of all dry paper own-brand products sourced exclusively from traceable sustainable sources
	• Dutch Enviro CO2 capture plant commenced operation • Dutch Enviro completed separation plant for plastics and drink cartons from residual waste • Hydrogen projects for clean energy • UKPN had over 6GW of renewable energies connected to its networks	• Improve energy efficiency • Reduce wastage • Explore use of technology to assist in monitoring • Invest in business to improve consumer experience • UKPN to build out more energy infrastructure to support electric vehicle charging and smart meter projects
	• ESG team more than 60 for ESG and regulatory compliance • Reduced 45% methane emissions since 2014 • 62000 tonnes of Co2 captured in 2019 • 542,640 trees planted post asset retirement • 55% increase in indigenous procurement since 2016	• Work towards "Top Q in 2020"(Top quartile based on global benchmarks) • Establish carbon-related targets
	• Formed an ESG committee for CKHGT • Communicated CDP disclosure commitment for CKHGT	• To publish first CDP report on climate issues • Set emissions target that is consistent with the methodology and ambition of the mobile sector pathway in alignment with the GSMA • Review energy mix

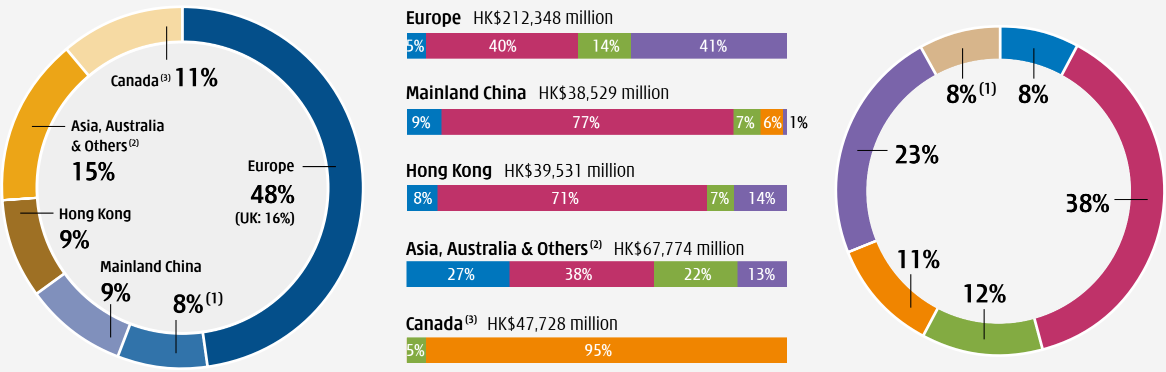
Q & A

2019 Annual Results

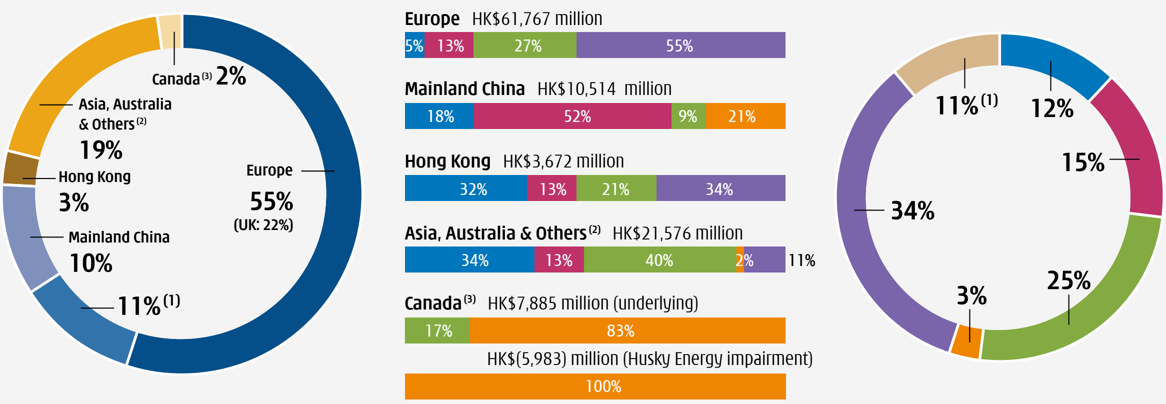
Appendix

Analyses of Core Business Segments by Geographical Location

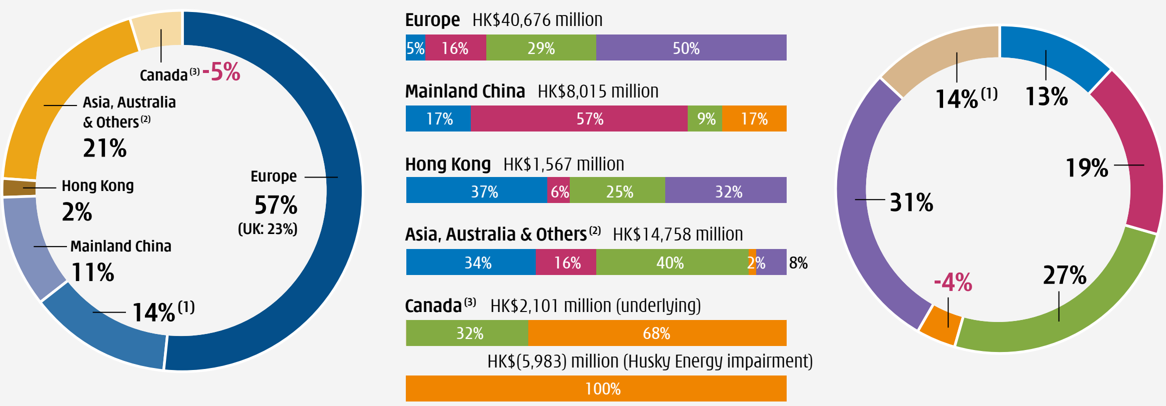
2019 Total Revenue HK$439,856 million



2019 Total EBITDA[4] HK$112,068 million



2019 Total EBIT[4] HK$71,108 million



Ports & Related Services Retail Infrastructure Energy Telecommunications Finance & Investments and Others

(1) Represents contributions from Finance & Investments and Others
(2) Includes Panama, Mexico and the Middle East
(3) Includes contribution from the USA for Husky Energy, and separated into contributions from underlying businesses and Husky Energy's one-off impairment and other charges of HK$(5,983) million under the Group's EBITDA and EBIT results
(4) Prepared under Pre-IFRS 16 basis

This division is the world's leading port network, and has interests in 52 ports comprising 290 operational berths in 27 countries.

Group Performance

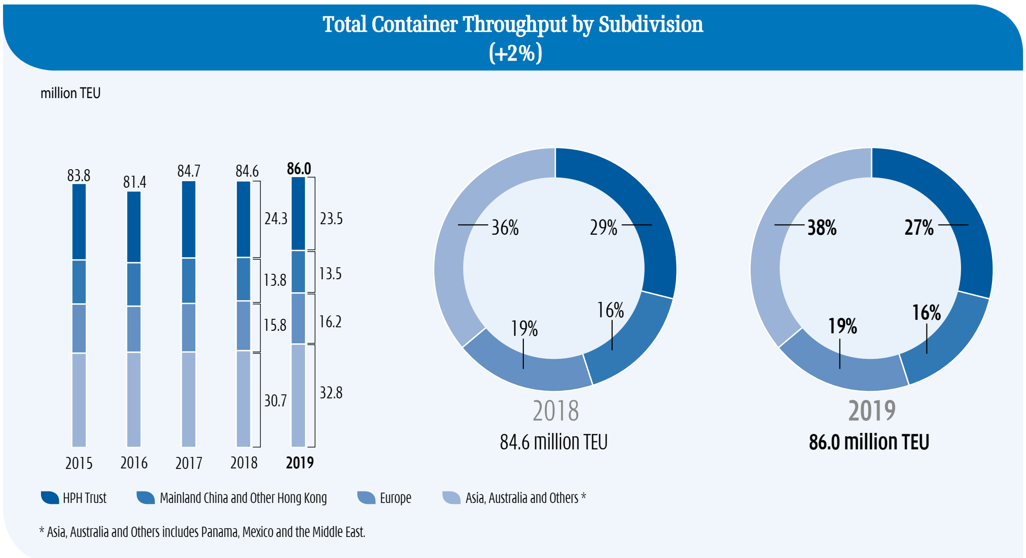
The Group operates container terminals in six of the 10 busiest container ports in the world. The division comprises the Group's 80% interest in the Hutchison Ports group of companies and its 30.07% interest in the HPH Trust, which together handled a total of 86.0 million twenty-foot equivalent units ("TEU") in 2019.

	2019 HK$ million	2018 HK$ million	Change	Local currencies change
Total Revenue [1]	**35,375**	35,175	+1%	+5%
EBITDA [1] [2]	**13,405**	13,392	+0.1%	+3%
EBIT [1] [2]	**9,061**	8,726	+4%	+7%
Throughput (million TEU)	**86.0**	84.6	+2%	
Number of berths	**290**	288	+2 berths	

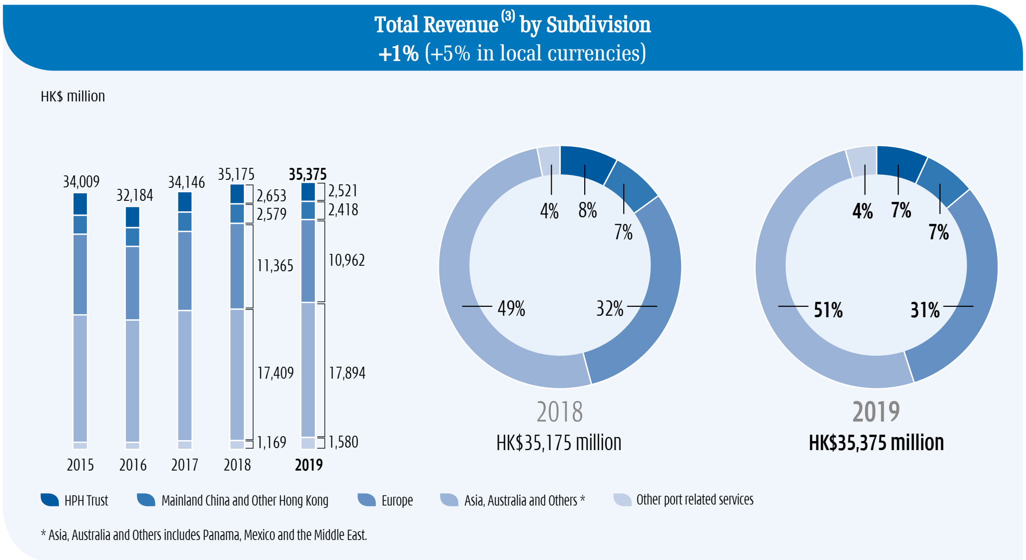
Note 1: Total revenue, EBITDA and EBIT have been adjusted to exclude non-controlling interests' share of results of HPH Trust.

Note 2: Under Post-IFRS 16 basis, EBITDA was HK$16,092 million; EBIT was HK$10,216 million.

Overall throughput increased 2% to 86.0 million TEU in 2019, with growth in Europe (mainly Rotterdam in the Netherlands) and Asia, Australia and others (mainly Klang in Malaysia, Laem Chabang in Thailand, Dammam in Saudi Arabia and resumption of trade volumes at Freeport in Bahamas, partly offset by Panama's intense competition), being partly offset by lower throughput in the Mainland (mainly due to disposal of Shantou International Container Terminals at the end of 2018) and in HPH Trust which has been affected by the decrease in outbound cargoes to the US, partly offset by growth in outbound European cargoes.

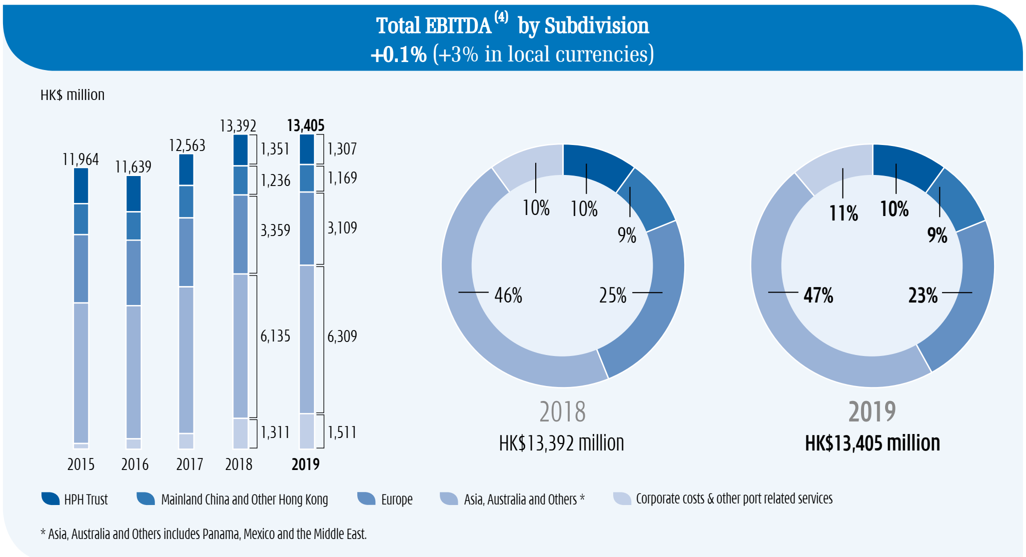


Total reported revenue increased 1% to HK$35,375 million in 2019 driven primarily by throughput growth in Thailand and Dammam and better performances in Pakistan and Mexico, partly offset by weaker performances in Shanghai from keen competition and Ajman from adverse product mix driven by local demand, reduced throughput in Panama and Kwai Tsing of HPH Trust as mentioned earlier and loss of contribution from Shantou International Container Terminals.



Note 3: Total revenue has been adjusted to exclude non-controlling interests' share of revenue of HPH Trust.

In reported currency, EBITDA increased 0.1% to HK$13,405 million and EBIT increased 4% to HK$9,061 million against 2018, mainly due to higher revenue, disciplined cost controls across all business units and lower depreciation due to a concession extension as well as higher income from certain strategic investments. These improvements were partly offset by adverse foreign currency translation impacts. 2018 results also included a pre-tax gain of approximately HK$914 million from the division's disposal of its 70% interest in Shantou International Container Terminals.



Note 4: Total EBITDA has been adjusted to exclude non-controlling interests' share of EBITDA of HPH Trust.

As at 31 December 2019, the division had 290 operating berths [5], two berths more than 2018, with new berths commencing operations in Laem Chabang.

Note 5: Based on 300 metres per berth and is computed by dividing the total berth length by 300 metres.

Segment Performance

HPH Trust

	2019 HK$ million	2018 HK$ million	Change
Total Revenue [(6)]	**2,521**	2,653	-5%
EBITDA [(6)]	**1,307**	1,351	-3%
EBIT [(6)]	**589**	627	-6%
Throughput (million TEU)	**23.5**	24.3	-3%
Number of berths	**52**	52	–

Note 6: Total revenue, EBITDA and EBIT have been adjusted to exclude non-controlling interests' share of results of HPH Trust.

Overall throughput decreased 3% and total revenue of the ports operated by HPH Trust decreased 5%. This was mainly attributable to lower intra-Asia cargoes and transhipment volume in Hong Kong together with decrease in US cargoes as a result of trade tensions, partly offset by growth in empty and transhipment cargoes at Yantian. The Group's share of EBITDA and EBIT were 3% and 6% lower respectively due to the decrease in revenue, partly offset by the impact of cost control initiatives and synergies arising from the Hong Kong Seaport Joint Operating Alliance arrangement implemented in 2019.

Mainland China and Other Hong Kong

	2019 HK$ million	2018 HK$ million	Change	Local currencies change
Total Revenue	**2,418**	2,579	-6%	-3%
EBITDA	**1,169**	1,236	-5%	-2%
EBIT	**908**	966	-6%	-2%
Throughput (million TEU)	**13.5**	13.8	-2%	
Number of berths	**42**	42	–	

The Mainland China and other Hong Kong segment's revenue, EBITDA and EBIT decline was mainly attributable to the loss of throughput from Shantou International Container Terminals and weaker performance in Shanghai from intense competition with higher margin cargoes diverted to neighbouring terminals.

Europe

	2019 HK$ million	2018 HK$ million	Change	Local currencies change
Total Revenue	**10,962**	11,365	-4%	+2%
EBITDA	**3,109**	3,359	-7%	-3%
EBIT	**2,098**	2,319	-10%	-5%
Throughput (million TEU)	**16.2**	15.8	+2%	
Number of berths	**61**	61	–	

Adverse exchange rate movements resulted in a decline in the contribution from the European segment during 2019. In local currencies, total revenue increased by 2% primarily due to the higher throughput in the region. EBITDA and EBIT decreased by 3% and 5% respectively in local currencies mainly due to higher mix of low margin throughput and higher depreciation charge from ongoing capital investments, partly offset by better performance in Rotterdam from organic growth and in the UK from improved operational efficiency.

Asia, Australia and Others

	2019 HK$ million	2018 HK$ million	Change	Local currencies change
Total Revenue	**17,894**	17,409	+3%	+7%
EBITDA	**6,309**	6,135	+3%	+6%
EBIT	**4,117**	3,714	+11%	+15%
Throughput (million TEU)	**32.8**	30.7	+7%	
Number of berths	**135**	133	+2 berths	

The growth in total revenue, EBITDA and EBIT was mainly driven by throughput growth in Dammam and Mexico, recovery of handling capacity from hurricane damage at the Bahamas, improved performances in Pakistan and Alexandria and lower depreciation from a concession extension. This is partly offset by fierce competition in Panama and Ajman and adverse foreign exchange impacts.

The Retail division consists of the A.S. Watson ("ASW") group of companies, the world's largest international Health and Beauty retailer with a 138 million loyalty member base.

Group Performance

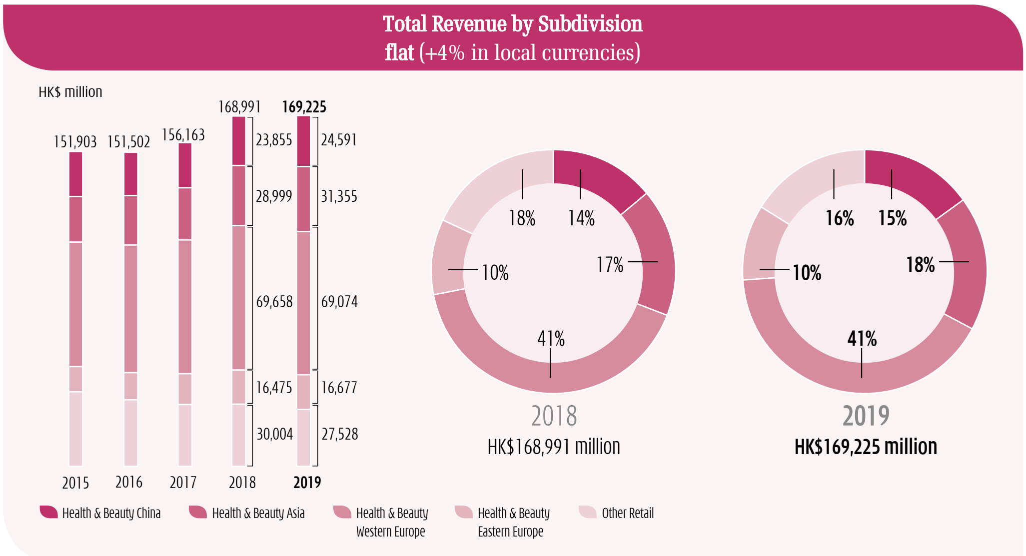
ASW operated 12 retail brands with 15,794 stores in 25 markets worldwide in 2019, providing high quality personal care, health and beauty products; food and fine wines; as well as consumer electronics and electrical appliances. ASW also manufactures and distributes bottled water and other beverages in Hong Kong and the Mainland.

	2019 HK$ million	2018 HK$ million	Change	Local currencies change
Total Revenue	**169,225**	168,991	–	+4%
EBITDA [1]	**16,891**	16,164	+4%	+8%
EBIT [1]	**13,671**	13,078	+5%	+8%
Store Numbers	**15,794**	14,976	+5%	

Note 1: Under Post-IFRS 16 basis, EBITDA was HK$27,023 million; EBIT was HK$14,705 million.

Total reported revenue was flat against last year, mainly due to a 5% increase in store numbers, primarily in Health and Beauty China and Asia, as well as an overall 1.2% comparable stores sales growth, offset by the challenging trading environment in Hong Kong in the second half of 2019, and the adverse foreign currency translation impacts. In local currencies, total revenue increased by 4% against last year.

Health & Beauty Loyalty members' participation & Exclusives sales contribution	**2019**	2018
Total loyalty members in Health & Beauty division (million)	**137**	132
Loyalty members' sale participation (%)	**62%**	62%
Exclusives sales contribution to total H&B sales (%)	**35%**	34%



The Health and Beauty subdivision currently has 137 million loyalty members with 62% of total revenue being generated by these loyalty members during 2019. Higher margin own brand and exclusives sales contributed 35% of total Health and Beauty sales (2018: 34%).

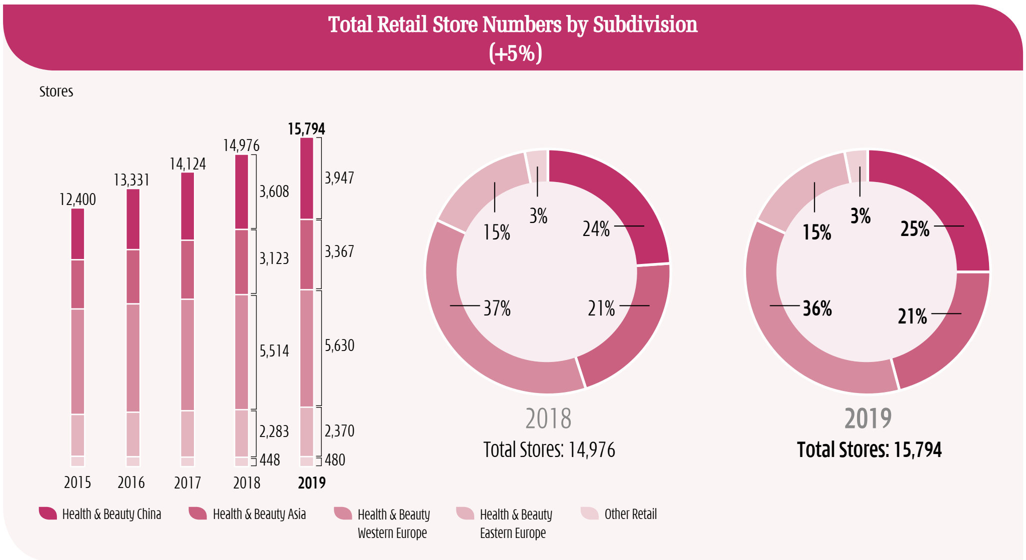
Total Revenue	**2019 HK$ million**	2018 HK$ million	Change	Local currencies change
Health & Beauty China	**24,591**	23,855	+3%	+7%
Health & Beauty Asia	**31,355**	28,999	+8%	+9%
Health & Beauty China & Asia Subtotal	**55,946**	52,854	+6%	+8%
Health & Beauty Western Europe	**69,074**	69,658	-1%	+4%
Health & Beauty Eastern Europe	**16,677**	16,475	+1%	+7%
Health & Beauty Europe Subtotal	**85,751**	86,133	–	+5%
Health & Beauty Subtotal	**141,697**	138,987	+2%	+6%
Other Retail [(2)]	**27,528**	30,004	-8%	-8%
Total Retail	**169,225**	168,991	–	+4%

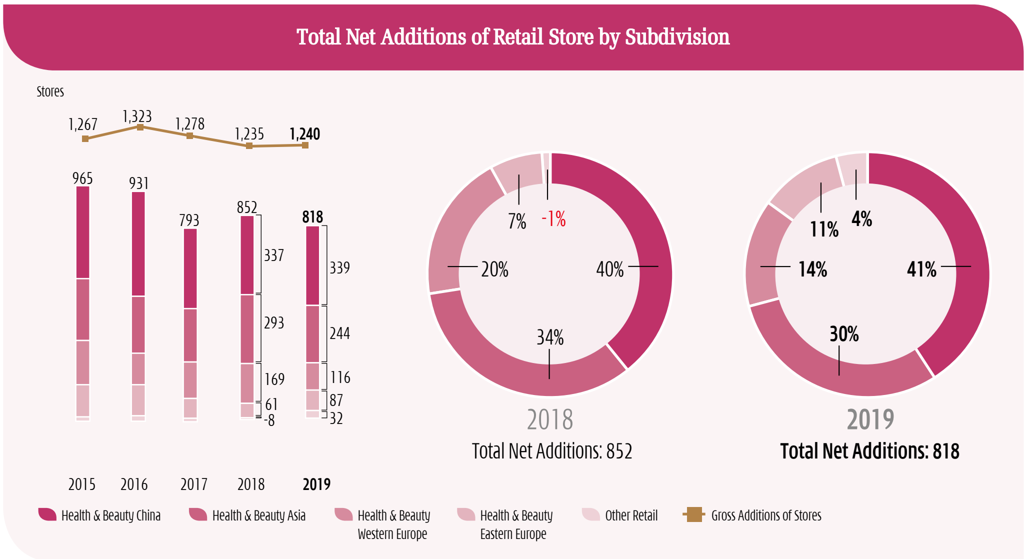
Comparable Stores Sales Growth (%) [(3)]	**2019**	2018
Health & Beauty China	**+2.0%**	-1.6%
Health & Beauty China (adjusted to include loyalty members' sales recovered in proximate new stores)	**+5.5%**	+2.1%
Health & Beauty Asia	**+4.0%**	+7.1%
Health & Beauty China & Asia Subtotal	**+3.1%**	+3.1%
Health & Beauty Western Europe	**+1.9%**	+1.3%
Health & Beauty Eastern Europe	**+2.9%**	+2.9%
Health & Beauty Europe Subtotal	**+2.1%**	+1.6%
Health & Beauty Subtotal	**+2.4%**	+2.1%
Other Retail [(2)]	**-6.7%**	+1.4%
Total Retail	**+1.2%**	+2.0%

Note 2: Other Retail includes PARKnSHOP, PARKnSHOP Yonghui, Fortress, Watson's Wine and manufacturing operations for water and beverage businesses.

Note 3: Comparable stores sales growth represents the percentage change in revenue contributed by stores which, as at the first day of the relevant financial year (a) have been operating for over 12 months and (b) have not undergone major resizing within the previous 12 months.

Group Performance (continued)



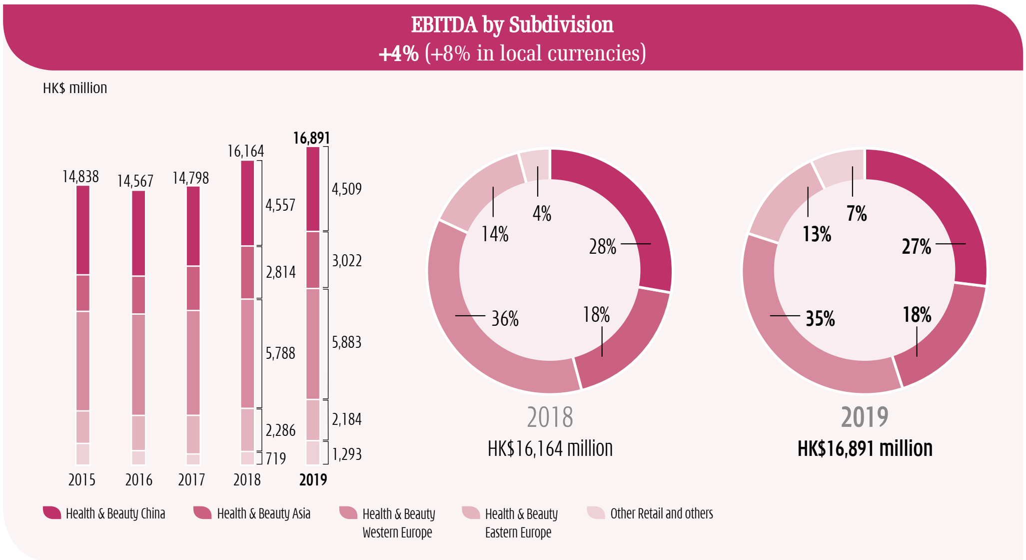


Store Numbers	2019	2018	Change
Health & Beauty China	**3,947**	3,608	+9%
Health & Beauty Asia	**3,367**	3,123	+8%
Health & Beauty China & Asia Subtotal	**7,314**	6,731	+9%
Health & Beauty Western Europe	**5,630**	5,514	+2%
Health & Beauty Eastern Europe	**2,370**	2,283	+4%
Health & Beauty Europe Subtotal	**8,000**	7,797	+3%
Health & Beauty Subtotal	**15,314**	14,528	+5%
Other Retail [(4)]	**480**	448	+7%
Total Retail	**15,794**	14,976	+5%

Note 4: Other Retail includes PARKnSHOP, PARKnSHOP Yonghui, Fortress, Watson's Wine and manufacturing operations for water and beverage businesses.

The Retail division's EBITDA and EBIT increased by 4% and 5% respectively in reported currency against 2018 due to a one-off gain of approximately HK$633 million arising from the formation of the joint venture with Yonghui and Tencent for the division's China supermarket business, partly offset by the challenging trading environment in Hong Kong in the second half of 2019, as well as the adverse foreign currency translation impacts. Excluding the one-off gain, EBITDA and EBIT increased by 4% and 3% respectively in local currencies, primarily reflecting steady growth in the Health and Beauty subdivision.

Although the second half of 2019 was particularly challenging for operations in Hong Kong, these only represented 2.6% of the Retail division's EBITDA in 2019. Excluding the Hong Kong contribution and the aforementioned one-off gain, the underlying EBITDA and EBIT performance of the division in local currencies were 6% and 5% higher than last year.



EBITDA	2019 HK$ million	2018 HK$ million	Change	Local currencies change
Health & Beauty China	**4,509**	4,557	-1%	+3%
Health & Beauty Asia	**3,022**	2,814	+7%	+7%
Health & Beauty China & Asia Subtotal	**7,531**	7,371	+2%	+5%
Health & Beauty Western Europe	**5,883**	5,788	+2%	+6%
Health & Beauty Eastern Europe	**2,184**	2,286	-4%	+1%
Health & Beauty Europe Subtotal	**8,067**	8,074	–	+5%
Health & Beauty Subtotal	**15,598**	15,445	+1%	+5%
Other Retail [5] and others	**1,293**	719	+80%	+79%
Total Retail	**16,891**	16,164	+4%	+8%

Note 5: Other Retail includes PARKnSHOP, PARKnSHOP Yonghui, Fortress, Watson's Wine and manufacturing operations for water and beverage businesses.

The Health and Beauty subdivision, which represented 84% and 92% of the division's revenue and EBITDA respectively, grew revenue and EBITDA by 6% and 5% respectively in local currencies. The Health and Beauty subdivision continued to expand its portfolio with 786 net addition of stores. The quality of new store openings remains high with an average new store cash payback period within 13 months. The average capex per new store for the Health and Beauty subdivision was HK$1.0 million (2018: HK$0.9 million). The division opened its first flagship store in Ho Chi Minh City, Vietnam, in January 2019 which is the 25th operating market of the division.

Segment Performance

Health and Beauty China

	2019 HK$ million	2018 HK$ million	Change	Local currency change
Total Revenue	**24,591**	23,855	+3%	+7%
EBITDA	**4,509**	4,557	-1%	+3%
EBITDA Margin %	*18%*	*19%*		
EBIT	**3,736**	3,846	-3%	+1%
EBIT Margin %	*15%*	*16%*		
Store Numbers	**3,947**	3,608	+9%	
Comparable Stores Sales Growth (%)	**+2.0%**	-1.6%		
Comparable Stores Sales Growth (%) (adjusted to include loyalty members' sales recovered in proximate new stores) [6]	**+5.5%**	+2.1%		

Note 6: Recovery of sales is measured by tracking the operation's extensive CRM customer base sales performances.

The Watsons business continued to be the leading health and beauty retail chain in the Mainland. Total revenue increased by 7% in local currency arising from a 9% increase in store numbers, as well as the turnaround of comparable stores sales in mature stores from a decline of negative 1.6% for 2018 to a positive growth of 2.0% for 2019, following the on-going integration of the online and offline platforms and enhanced operational strategies. Taking into account the CRM sales recovery of new stores opened in the proximity of mature stores, the comparable stores sales was a positive growth of 5.5% for 2019.

EBITDA and EBIT increased by 3% and 1% in local currency respectively in 2019. The growth was primarily driven by favourable revenue performances partly offset by higher overall store operating cost base from inflation. EBITDA margin remained strong at 18%.

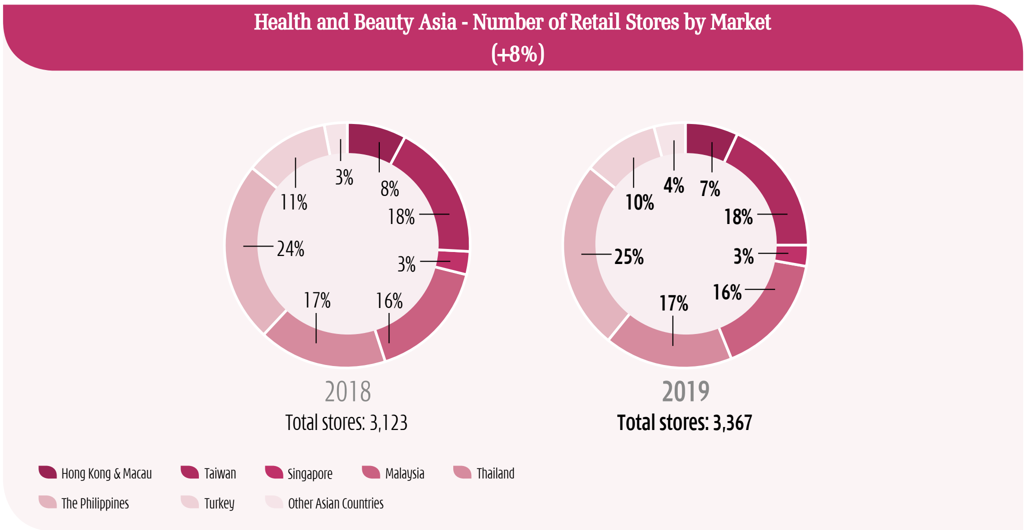
Health and Beauty China increased its total net number of stores by 339 during the year and had more than 3,900 stores operating in 483 cities in the Mainland as at year end.

Health and Beauty Asia

	2019 HK$ million	2018 HK$ million	Change	Local currencies change
Total Revenue	**31,355**	28,999	+8%	+9%
EBITDA	**3,022**	2,814	+7%	+7%
EBITDA Margin %	*10%*	*10%*		
EBIT	**2,505**	2,364	+6%	+6%
EBIT Margin %	*8%*	*8%*		
Store Numbers	**3,367**	3,123	+8%	
Comparable Stores Sales Growth (%)	**+4.0%**	+7.1%		

Watsons is the leading health and beauty retail chain in Asia with strong brand name recognition and extensive geographical coverage. The majority of its businesses in this region reported strong performances in 2019 with EBITDA and EBIT increased by 7% and 6% in local currencies respectively. Excluding the adverse year-on-year performance of Watsons Hong Kong, which is included in this segment, EBITDA and EBIT both increased by 14% in local currencies arising from an 8% increase in store numbers and a comparable stores sales uplift of 8.8%, primarily in Malaysia, Philippines and Thailand.

Health and Beauty Asia increased its total net number of stores by 244 during the year. The segment had more than 3,300 stores operating in 10 markets in 2019.

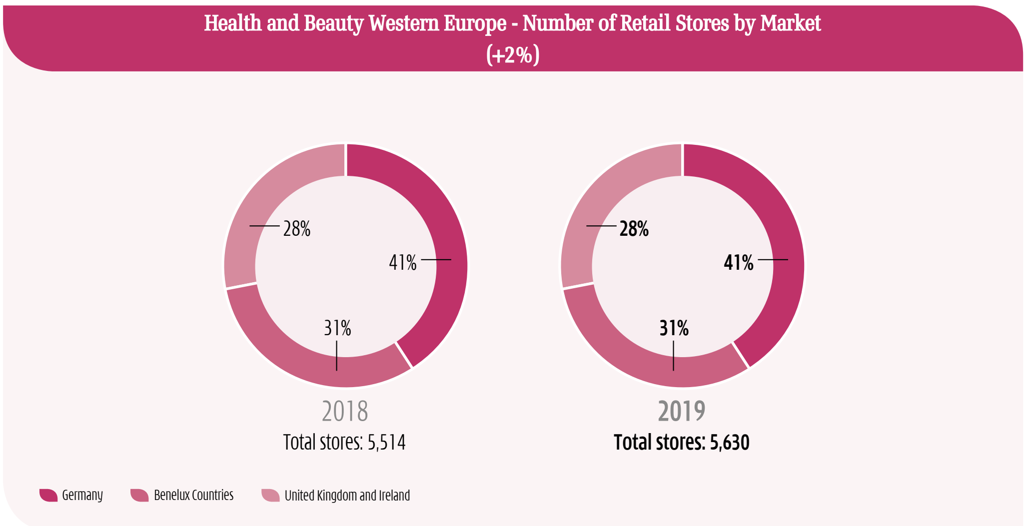


Health and Beauty Western Europe

	2019 HK$ million	2018 HK$ million	Change	Local currencies change
Total Revenue	**69,074**	69,658	-1%	+4%
EBITDA	**5,883**	5,788	+2%	+6%
EBITDA Margin %	*9%*	*8%*		
EBIT	**4,685**	4,634	+1%	+5%
EBIT Margin %	*7%*	*7%*		
Store Numbers	**5,630**	5,514	+2%	
Comparable Stores Sales Growth (%)	**+1.9%**	+1.3%		

Despite generally weaker consumer sentiment, Health and Beauty Western Europe reported a strong EBITDA and EBIT growth of 6% and 5% in local currencies respectively during the year, arising from a 2% increase in store numbers and a robust comparable stores sales growth rate of 1.9%, primarily in Germany, as well as improved margin from higher own brand and exclusives sales participation in the UK.

Health and Beauty Western Europe added net 116 stores and operated more than 5,600 stores in 2019.



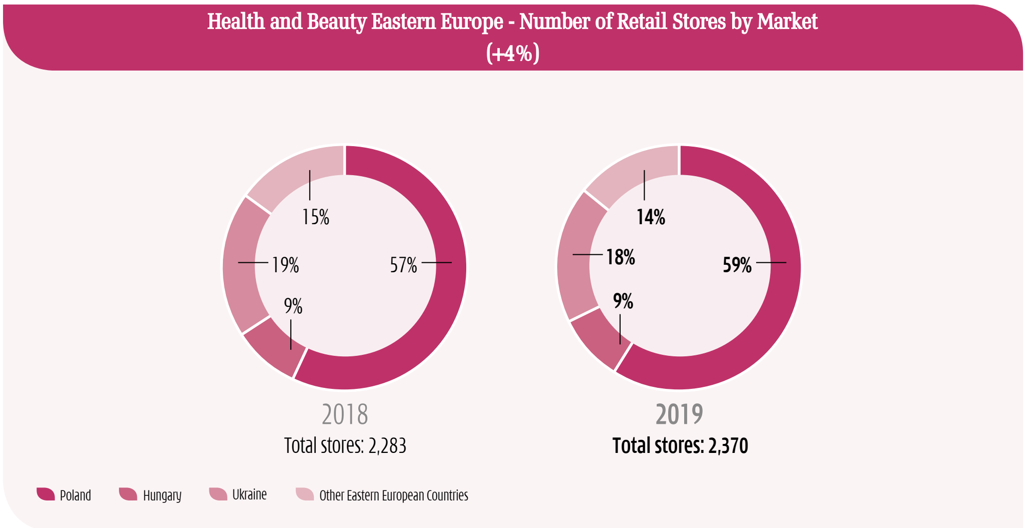
Segment Performance (continued)

Health and Beauty Eastern Europe

	2019 HK$ million	2018 HK$ million	Change	Local currencies change
Total Revenue	**16,677**	16,475	+1%	+7%
EBITDA	**2,184**	2,286	-4%	+1%
EBITDA Margin %	*13%*	*14%*		
EBIT	**1,886**	1,968	-4%	+1%
EBIT Margin %	*11%*	*12%*		
Store Numbers	**2,370**	2,283	+4%	
Comparable Stores Sales Growth (%)	**+2.9%**	+2.9%		

Excluding the adverse foreign currency translation impacts, Health and Beauty Eastern Europe continued to report steady growth during the year. The growth in both EBITDA and EBIT was mainly attributable to strong sales, partly offset by reduced margin from active promotion strategy to maintain the competitive position of the Rossmann joint venture in Poland.

Health and Beauty Eastern Europe added net 87 stores and operated more than 2,300 stores in 7 markets in 2019.



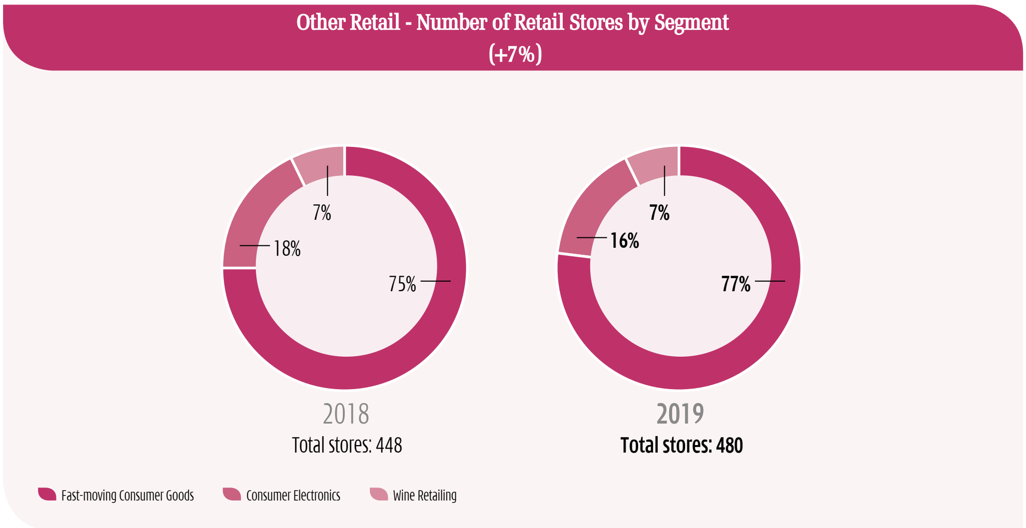
Other Retail

	2019 HK$ million	2018 HK$ million	Change	Local currencies change
Total Revenue	**27,528**	30,004	-8%	-8%
EBITDA	**1,293**	719	+80%	+79%
EBITDA Margin %	***5%***	*2%*		
EBIT	**859**	266	+223%	+221%
EBIT Margin %	***3%***	*1%*		
Store Numbers	**480**	448	+7%	
Comparable Stores Sales Growth (%)	**-6.7%**	+1.4%		

During the year, ASW's China supermarket business completed a joint venture with Yonghui and Tencent to create the largest grocery retail business in Guangdong, China, in which ASW holds a 40% interest. The joint venture has combined the PARKnSHOP China supermarket asset with Yonghui's portfolio in Guangdong, operating over 90 stores by the end of 2019. The Other Retail subdivision's EBITDA and EBIT in 2019 include a one-off gain of approximately HK$633 million as a result of the formation of the joint venture.

Excluding the one-off gain, Other Retail subdivision reported a decline in total revenue, EBITDA and EBIT of (8)%, (8)% and (15)% respectively, mainly due to the challenging trading environment in Hong Kong in the second half of 2019.

Other Retail operated 480 retail stores in 3 markets in 2019, as well as manufactures and distributes bottled water and other beverages in Hong Kong and the Mainland.



The infrastructure division comprises the Group's 75.67% [1] interest in CK Infrastructure Holdings Limited ("CKI") and 10% of the economic benefits deriving from the Group's direct holdings in six co-owned infrastructure investments with CKI.

	2019 HK$ million	2018 HK$ million	Change	Local currencies change
Total Revenue [2]	**51,191**	64,724	-21%	-17%
- CKI	**49,818**	53,274	-6%	-2%
- Co-owned infrastructure investments	**1,373**	11,450	-88%	-87%
EBITDA [2][3]	**28,488**	35,422	-20%	-15%
- CKI	**27,855**	29,406	-5%	-
- Co-owned infrastructure investments	**633**	6,016	-89%	-89%
EBIT [2][3]	**19,220**	24,038	-20%	-16%
- CKI	**18,829**	20,076	-6%	-1%
- Co-owned infrastructure investments	**391**	3,962	-90%	-90%
CKI Reported Net Profit (under Post-IFRS 16 basis)	**10,506**	10,443	+1%	

Note 1: In January 2015, CKI completed a share placement and share subscription transaction that resulted in the Group's interest in CKI reducing from 78.16% to 75.67%. On 1 March 2016, CKI issued new shares in connection with an issue of perpetual capital securities. Subsequent to this transaction, the Group holds a 71.93% interest. As these new shares are disregarded for the purpose of determining the number of shares held by the public, the Group's profit sharing in CKI continues to be 75.67%.

Note 2: Total revenue, EBITDA and EBIT reflect the Group's share of results on the remaining 10% direct interest in the co-owned infrastructure investments with CKI after the divestment of 90% of the direct economic benefits in October 2018.

Note 3: Under Post-IFRS 16 basis, EBITDA for CKI was HK$28,118 million and co-owned infrastructure investments was HK$633 million; EBIT for CKI was HK$18,868 million and co-owned infrastructure investments was HK$391 million.

CKI

CKI is the largest publicly listed infrastructure company on the SEHK, with diversified investments in energy, transportation and water infrastructure, waste management, waste-to-energy, household infrastructure and infrastructure-related businesses. CKI operates in Hong Kong, the Mainland, the UK, Continental Europe, Australia, New Zealand and Canada.

CKI announced net profit attributable to shareholders under Post-IFRS 16 basis of HK$10,506 million, an increase of 1% from last year. If exchange currency movements on translation are removed, net profit attributable to shareholders increased 6%. The Group's share of CKI's EBITDA and EBIT of HK$27,855 million and HK$18,829 million respectively were 5% and 6% lower than last year in reported currency, reflecting adverse foreign currency translation impact, the loss on partial disposal of 2.05% interest in Power Assets ("PAH") in January 2019 of HK$302 million and lower contribution from UK Power Networks due to a change in revenue recognition which had no impact on cash earnings or distributions.

As the Group rebased PAH's assets to their fair values in the 2015 Reorganisation, after consolidation adjustment, the disposal gain recognised by CKI resulted in a loss on disposal in the Group's reported results.

Profit contribution from PAH, a company listed on the SEHK and in which CKI holds a 35.96% interest as of 31 December 2019, was HK$2,566 million as compared to HK$2,903 million in 2018, mainly from adverse foreign currency translation impact, the lower share of PAH from the partial disposal, lower contribution from UK Power Networks and the reduced allowed returns to HK Electric under the new Scheme of Control effective from January 2019. Although the new Scheme of Control allows a lower rate of return than in prior years, this framework provides predictable and steady returns on investment as well as asset-based growth opportunities during the regulatory period.

A number of CKI's regulated businesses will go through tariff resets during the period between 2020 and 2023, including Northumbrian Water in the UK and SA Power Networks in Australia, which are scheduled to enter new regulatory regime from April and July 2020 respectively. Lower allowable returns given the current low interest rate environment and the stringent stance taken by regulators are expected to pose challenges to CKI's businesses and will inevitably result in lower revenues. The priority of CKI is to continue to preserve an optimal balance between continued earnings growth and a comfortable gearing position with strict investments discipline.

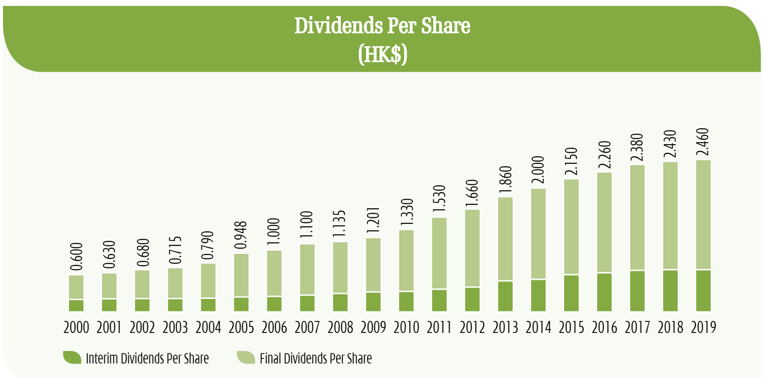
CKI has always been committed to prudent financial management and the risk management approach is conservative with the underlying financial position closely monitored. CKI's financial strength continues to be robust, with over HK$12 billion cash on hand and a net debt to net total capital ratio of 13.5% as at 31 December 2019, a 3%-point improvement against 31 December 2018. Following the credit rating upgrade by Standard & Poor's from "A-/Positive" to "A/ Stable" in September 2018, CKI's "A/ Stable" rating was reaffirmed during 2019.

Co-owned infrastructure investments

The Group's direct interests in six co-owned infrastructure investments include Northumbrian Water, Park'N Fly, Australian Gas Networks, Dutch Enviro Energy, Wales & West Utilities and UK Rails and have contributed revenue, EBITDA and EBIT of HK$1,373 million, HK$633 million and HK$391 million respectively in the year. The lower contribution from the co-owned infrastructure investments reflected the full year impact of the divesture of 90% of the Group's economic benefits from its interest in the six co-owned infrastructure investments under the Economic Benefits Agreements entered with CK Asset Holdings Limited ("CKAH"), CKI and PAH in October 2018.

The Group completed supplemental arrangements with CKAH, CKI and PAH during the year to effectively transfer to the respective parties their proportionate voting rights in relation to the co-owned infrastructure investments in Europe and Canada. Accordingly, the co-owned subsidiaries ceased to be consolidated by the Group by the end of 2019 with no gain or loss recognised on deconsolidation.

Note 4: Excludes share of one-off gains arising from the spin-off of HK Electric by PAH and privatisation of Envestra.



The energy division comprises the Group's 40.19% interest in Husky Energy ("Husky"), an integrated energy company listed on the Toronto Stock Exchange.

	2019 HK$ million	2018 HK$ million	Change	Local currency change
Total Revenue	**47,618**	54,251	-12%	-10%
EBITDA [1]	**3,139**	12,106	-74%	-72%
- Underlying	**9,122**	12,106	-25%	-23%
- One-off impairment and other charges [2]	**(5,983)**	–		
EBIT [1]	**(3,004)**	5,742	-152%	-151%
- Underlying	**2,979**	5,742	-48%	-47%
- One-off impairment and other charges [2]	**(5,983)**	–		
Production (mboe/day)	**290.0**	299.2	-3%	
	C$ million	C$ million		
Husky's reported net earnings [3]	**(1,370)**	1,457	-194%	
- Underlying	**976**	1,457	-33%	
- One-off impairment and other charges [4]	**(2,346)**	–		

Note 1: Under Post-IFRS 16 basis and before the Group's share of impairment and other charges after consolidation adjustments, the Group's share of EBITDA was HK$9,463 million; EBIT was HK$3,009 million.

Note 2: Represents the Group's share of one-time non-cash impairment and other charges (before-tax) after consolidation adjustments.

Note 3: Net earnings for the year ended 31 December 2019 are under Post-IFRS 16 basis, whereas net earnings for the year ended 31 December 2018 are under Pre-IFRS 16 basis.

Note 4: Represents one-time non-cash impairment and other charges (after-tax) recognised in Q4 2019.

Husky Post-IFRS 16 net losses of C$1,370 million in 2019, which included recognition of one-time non-cash asset impairment and other charges (after-tax) in Q4 2019 of C$2,346 million. Net earnings excluding this one-off item was C$976 million, 33% below net earnings of C$1,457 million in 2018, primarily due to:

- Lower Upstream earnings due to tightening location differentials between Canada and the US despite the higher crude and natural gas liquids ("NGL") realised prices,
- Lower realised Upgrading margins,
- Lower Canadian Refining operation earnings due to planned turnaround in 2019 and lower commodity prices, and
- Lower US Refining operation earnings due to extended shutdown of the Lima Refinery to implement a crude oil flexibility project in the fourth quarter of 2019, as well as planned turnaround in Toledo Refinery.

In Q4 2019, Husky recognised C$3.1 billion (before-tax) or C$2.3 billion (after-tax) of non-cash asset impairment and other charges, primarily related to Husky's upstream assets in North America which was largely due to lower long-term commodity price assumptions and reductions in planned future capital spending. Other charges included exploration-related write-downs and asset derecognition at the Lima Refinery due to the crude oil flexibility project mentioned above. As the Group rebased certain of these assets to their fair values in the 2015 Reorganisation, the Group's share of these charges, after consolidation adjustments, was HK$5,983 million and was included under the Group's EBITDA and EBIT results.

Excluding the one-off item, after translation into Hong Kong dollars and including consolidation adjustments based on Pre-IFRS 16, the Group's share of EBITDA and EBIT were HK$9,122 million and HK$2,979 million respectively, decreased by 25% and 48% respectively, reflecting the aforementioned adverse underlying performance during 2019.

Cash flow from operating activities was C$2,971 million for the year ended 31 December 2019, 28% lower than C$4,134 million in 2018, primarily attributed to the same factors noted above for the net earnings.

Production and Reserves

Husky reported a 3% decrease of average production in 2019, from 299,200 barrels of oil equivalent per day ("boe/day") in 2018 to 290,000 boe/day in 2019.

Crude oil and NGL production

Crude oil and NGL production decreased by 8.2 thousand barrels per day ("mbbls/day"), or 4%, in 2019 compared to 2018. The decrease was primarily due to a reduction of heavy crude oil production as a result of government-mandated production curtailments in Alberta and natural declines, combined with lower production from Atlantic due to the suspension of production from the White Rose field. The decreases were partially offset by increased bitumen production from Husky's thermal projects in Saskatchewan.

Natural gas production

Natural gas production decreased by 6.1 million cubic feet per day ("mmcf/day"), or 1%, in 2019 compared to 2018, primarily due to lower production from Liwan Gas Project. The decrease was partially offset by the higher production at the Rainbow Lake development in Western Canada.

Oil and Gas Reserves

At 31 December 2019, Husky's proved oil and gas reserves were 1,431 million barrels of oil equivalent ("mmboe"), compared to 1,471 mmboe at the end of 2018. Probable reserves were 674 mmboe compared to 1,070 mmboe at the end of 2018. The overall proved and probable reserves of 2,105 mmboe at the end of 2019 were 17% below 2,541 mmboe at the end of 2018, reflecting the reduced future capital spending expected at the Sunrise Energy Project and the Ansell natural gas resource play in Western Canada in Husky's current long term plan.

Husky's 2019 reserves replacement ratio was 67% excluding economic revisions (62% including economic revisions).

Operation milestones

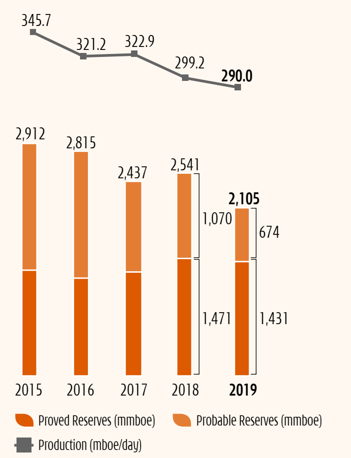
Integrated corridor (Integrated Canada-US Upstream and Downstream Corridor)

- Annual average production from Lloydminster thermal bitumen projects, Sunrise and Tucker of 128,800 barrels per day ("bbls/day") (Husky's working interest), compared to annual average production of 124,200 bbls/day in 2018 (Husky's working interest); takes into account impacts from the government-mandated production quotas in Alberta
- Successful startup of the 10,000 barrel-per-day Dee Valley thermal bitumen project ahead of schedule
- Advanced construction of the 10,000 barrel-per-day Spruce Lake Central and Spruce Lake North thermal bitumen projects towards first production in 2020; continued construction progress on three additional 10,000 bbls/day projects
- Commenced Superior Refinery rebuild project; full operations expected to resume in 2021
- Safe and orderly execution of the Lima Refinery crude oil flexibility project
- Completed the sale of the Prince George Refinery for C$215 million in cash plus a closing adjustment of approximately C$53.5 million in November 2019

Offshore (Atlantic and Asia Pacific)

- Average gross natural gas and liquids production at the Liwan Gas Project of 73,200 boe/day (35,900 boe/day Husky working interest)
- Total average oil production of 16,400 bbls/day (Husky working interest) in the Atlantic region
- Advanced construction of the Liuhua 29-1 field at the Liwan Gas Project; first gas expected by the end of 2020
- Completed fourth quadrant of concrete gravity base at the West White Rose Project ahead of schedule, with first oil planned for around the end of 2022

Proved and Probable Reserves & Production



The Group's telecommunications division consists of CK Hutchison Group Telecom ("CKH Group Telecom" or "CKHGT") which consolidates the **3** Group businesses in Europe ("**3** Group Europe") and 66.09% interest in Hutchison Telecommunications Hong Kong Holdings ("HTHKH"), which is listed on the SEHK. This division also includes Hutchison Asia Telecommunications ("HAT"). **3** Group Europe is a pioneer of mobile data communication technologies and an operator and innovator of converged telecommunication and digital services with businesses in six countries across Europe. HTHKH holds the Group's interests in mobile operations in Hong Kong and Macau. HAT holds the Group's interests in the mobile operations in Indonesia, Vietnam and Sri Lanka.

CKH Group Telecom

In July 2019, the Group formed CKH Group Telecom, providing a diversified telecommunication asset platform across eight geographical locations. In August 2019, the investment grade-rated CKH Group Telecom refinanced all external debt of Wind Tre of approximately €10 billion, which is expected to generate significant interest cost savings from 2020 onwards. EBITDA and EBIT of CKH Group Telecom of HK$35,341 million and HK$21,131 million respectively were 16% and 15% higher than 2018 respectively in reported currency, and were 21% and 19% higher respectively in local currencies, driven by the higher contribution from **3** Group Europe in 2019 and stable performance of HTHKH.

In million	**2019 HK$**	2018 HK$	Change	Local currencies change	**2019 [3] EURO**	2018 [3] EURO
Total Revenue	**93,517**	86,733	+8%	+12%	**10,786**	10,004
Total Margin	**63,844**	57,139	+12%	+16%	**7,364**	6,590
Total CACs	**(18,054)**	(16,772)	-8%		**(2,082)**	(1,935)
Less: Handset revenue	**14,233**	12,949	+10%		**1,641**	1,494
Total CACs (net of handset revenue)	**(3,821)**	(3,823)	-		**(441)**	(441)
Operating Expenses	**(24,682)**	(22,959)	-8%		**(2,847)**	(2,648)
Opex as a % of total margin	***39%***	*40%*			***39%***	*40%*
EBITDA [2]	**35,341**	30,357	+16%	+21%	**4,076**	3,501
EBITDA Margin % [1]	***45%***	*41%*			***45%***	*41%*
Depreciation & Amortisation	**(14,210)**	(11,948)	-19%		**(1,639)**	(1,378)
EBIT [2]	**21,131**	18,409	+15%	+19%	**2,437**	2,123

Note 1: EBITDA margin % represents EBITDA as a percentage of total revenue (excluding handset revenue).

Note 2: Under Post-IFRS 16 basis, EBITDA was HK$42,417 million; EBIT was HK$21,987 million.

Note 3: The translation of HK$ into Euro is for illustrative purpose only and was made at the rate of HK$8.67 to €1.

3 Group Europe

In million	2019 HK$	2018 HK$	Change	Local currencies change
Total Revenue	**87,516**	78,411	+12%	+17%
Total Margin	**60,229**	53,461	+13%	+18%
Total CACs	**(17,257)**	(15,813)	-9%	
Less: Handset revenue	**13,761**	12,282	+12%	
Total CACs (net of handset revenue)	**(3,496)**	(3,531)	+1%	
Operating Expenses	**(23,222)**	(21,169)	-10%	
Opex as a % of total margin	***39%***	*40%*		
EBITDA [5]	**33,511**	28,761	+17%	+21%
EBITDA Margin % [4]	***45%***	*43%*		
Depreciation & Amortisation	**(13,399)**	(11,098)	-21%	
EBIT [5]	**20,112**	17,663	+14%	+18%

Note 4: EBITDA margin % represents EBITDA as a percentage of total revenue (excluding handset revenue).

Note 5: Under Post-IFRS 16 basis, EBITDA was HK$40,126 million; EBIT was HK$20,952 million.

Total revenue and total margin in local currencies for **3** Group Europe increased by 17% and 18% respectively compared to last year, primarily reflecting the full year impact of the additional 50% share in Wind Tre which reported solid results in the second half of 2019. Wind Tre completed its network consolidation and modernisation in the second half of 2019, and is already benefiting from higher than planned synergy realisations, churn reduction and stabilising ARPU. Active customer base as at 31 December 2019 of 40.6 million is 5% lower against 2018 mainly from a lower Wind Tre base impacted by the aggressive competition in Italy, partly offset by net additions in other operations in Europe. Management continues to focus on managing churn and the average monthly customer churn rate of the contract customer base improved from 1.4% in 2018 to 1.3% for the year.

3 Group Europe's net ARPU and net AMPU decreased by 8% and 7% to €12.94 and €11.04 respectively compared to 2018, primarily due to the increased proportion of Wind Tre customers which have a lower net ARPU and net AMPU, as well as keen competition in all markets and certain EU regulatory adverse impacts on intra-EU calls and SMS chargeable rates.

Total data usage increased 35% compared to last year to approximately 4,054 petabytes in 2019. Data usage per active customer was approximately 102.3 gigabytes per user in 2019 compared to 71.9 gigabytes per user in 2018.

Total CACs, net of handset revenue in contract bundled plans, of HK$3,496 million in 2019 are 1% lower than 2018 from disciplined cost control in most operations to cope with the keen competition, while operating expenses increased 10% to HK$23,222 million primarily due to the additional 50% share in Wind Tre.

The EBITDA and EBIT growth primarily reflects the full year impact of the additional 50% share of Wind Tre, as well as disciplined spending on customer acquisition costs. **3** Group Europe continued to report a healthy EBITDA margin of 45%, a 2%-point growth compared to 2018. Higher depreciation and amortisation against last year is driven by the enlarged asset base, resulting in lower EBIT growth year on year.

Except for Sweden and Denmark, all the **3** Group Europe operations have sufficient 5G spectrum, with the operation in the UK progressively rolling out 5G in London and 65 other locations starting from 2019, and the operations in Austria and Ireland launching 5G / fixed wireless access offers in 2019 and 2020 respectively.

The structural separation to form a new telecommunication infrastructure company, CK Hutchison Networks, which will group the 28,500 tower asset interests [6] into a separately managed wholly-owned subsidiary of CKH Group Telecom is progressing well and expected to be completed by mid-2020. CK Hutchison Networks will start with an expected tenancy ratio of 1.2x across the six European markets with a projected EBITDA of approximately €300 million on a full year extrapolated basis.

Note 6: CK Hutchison Networks site count includes European sites only (includes shared sites of joint venture interests in the UK and Sweden), with an option to include a further 9,300 sites in Asia.

CKHGT - Results by operations

In million	UK GBP 2019	UK GBP 2018	Italy (7) EURO 2019 Wind Tre (100%)	Italy (7) EURO 2018 Wind Tre (100%)	Italy (7) EURO 2018 Wind Tre (50%/100%)	Sweden SEK 2019	Sweden SEK 2018	Denmark DKK 2019	Denmark DKK 2018
Total Revenue	**2,384**	2,439	**4,854**	4,926	3,271	**6,757**	7,113	**2,182**	2,186
% change	***-2%***		***-1%***			***-5%***		**–**	
Total margin	**1,441**	1,491	**3,548**	3,654	2,416	**3,909**	4,091	**1,720**	1,700
% change	***-3%***		***-3%***			***-4%***		***+1%***	
TOTAL CACs	**(882)**	(840)	**(464)**	(341)	(227)	**(2,563)**	(2,745)	**(244)**	(285)
Less: Handset Revenue	**680**	675	**382**	195	137	**2,045**	2,198	**100**	120
Total CACs (net of handset revenue)	**(202)**	(165)	**(82)**	(146)	(90)	**(518)**	(547)	**(144)**	(165)
Operating Expenses	**(526)**	(574)	**(1,366)**	(1,500)	(954)	**(1,212)**	(1,263)	**(732)**	(807)
Opex as a % of total margin	***37%***	*38%*	***39%***	*41%*	*39%*	***31%***	*31%*	***43%***	*47%*
EBITDA	**713**	752	**2,100**	2,008	1,372	**2,179**	2,281	**844**	728
% change	***-5%***		***+5%***			***-4%***		***+16%***	
EBITDA margin % (8)	***42%***	*43%*	***47%***	*42%*	*44%*	***46%***	*46%*	***41%***	*35%*
Depreciation & Amortisation	**(334)**	(311)	**(743)**	(729)	(472)	**(962)**	(843)	**(373)**	(318)
EBIT	**379**	441	**1,357**	1,279	900	**1,217**	1,438	**471**	410
% change	***-14%***		***+6%***			***-15%***		***+15%***	
Capex (excluding licence)	**(426)**	(462)	**(1,190)**	(968)		**(1,170)**	(1,254)	**(215)**	(225)
EBITDA less Capex	**287**	290	**910**	1,040		**1,009**	1,027	**629**	503
Licence (9)	**–**	(166)	**–**	(517)		**–**	–	**(485)**	–
HK dollar equivalents of EBITDA and EBIT are summarised as follows:									
EBITDA-pre IFRS 16 basis (HK$)	***7,164***	*7,860*	***18,426***	*18,575*	*12,601*	***1,806***	*2,066*	***990***	*906*
EBITDA-post IFRS 16 basis in 2019 (HK$)	***7,984***	*7,860*	***22,994***	*18,575*	*12,601*	***2,083***	*2,066*	***1,165***	*906*
EBIT-pre IFRS 16 basis (HK$)	***3,815***	*4,594*	***11,914***	*11,812*	*8,246*	***1,008***	*1,305*	***552***	*511*
EBIT-post IFRS 16 basis in 2019 (HK$)	***3,988***	*4,594*	***12,349***	*11,812*	*8,246*	***1,040***	*1,305*	***577***	*511*

In million	Austria EURO 2019	Austria EURO 2018	Ireland EURO 2019	Ireland EURO 2018	3 Group Europe (7) HK$ 2019	3 Group Europe (7) HK$ 2018	HTHKH HK$ 2019	HTHKH HK$ 2018	Corporate and Others HK$ 2019	Corporate and Others HK$ 2018	CKHGT (7) HK$ 2019	CKHGT (7) HK$ 2018	CKHGT (10) EURO 2019	CKHGT (10) EURO 2018
Total Revenue	**867**	881	**603**	591	**87,516**	78,411	**5,582**	7,912	**419**	410	**93,517**	86,733	**10,786**	10,004
% change	***-2%***		***+2%***		***+12%***		***-29%***		***+2%***		***+8%***		***+8%***	
Local currencies growth %					***+17%***						***+12%***			
Total margin	**622**	619	**454**	440	**60,229**	53,461	**3,551**	3,654	**64**	24	**63,844**	57,139	**7,364**	6,590
% change	**–**		***+3%***		***+13%***		***-3%***		***+167%***		***+12%***		***+12%***	
Local currencies growth %					***+18%***						***+16%***			
TOTAL CACs	**(136)**	(141)	**(87)**	(90)	**(17,257)**	(15,813)	**(797)**	(959)	**–**	–	**(18,054)**	(16,772)	**(2,082)**	(1,935)
Less: Handset Revenue	**121**	125	**82**	77	**13,761**	12,282	**472**	667	**–**	–	**14,233**	12,949	**1,641**	1,494
Total CACs (net of handset revenue)	**(15)**	(16)	**(5)**	(13)	**(3,496)**	(3,531)	**(325)**	(292)	**–**	–	**(3,821)**	(3,823)	**(441)**	(441)
Operating Expenses	**(234)**	(228)	**(238)**	(227)	**(23,222)**	(21,169)	**(1,837)**	(1,991)	**377**	201	**(24,682)**	(22,959)	**(2,847)**	(2,648)
Opex as a % of total margin	***38%***	*37%*	***52%***	*52%*	***39%***	*40%*	***52%***	*54%*	***N/A***	*N/A*	***39%***	*40%*	***39%***	*40%*
EBITDA	**373**	375	**211**	200	**33,511**	28,761	**1,389**	1,371	**441**	225	**35,341**	30,357	**4,076**	3,501
% change	***-1%***		***+6%***		***+17%***		***+1%***		***+96%***		***+16%***		***+16%***	
Local currencies growth %					***+21%***						***+21%***			
EBITDA margin % (8)	***50%***	*50%*	***40%***	*39%*	***45%***	*43%*	***27%***	*19%*	***105%***	*55%*	***45%***	*41%*	***45%***	*41%*
Depreciation & Amortisation	**(140)**	(146)	**(122)**	(105)	**(13,399)**	(11,098)	**(808)**	(818)	**(3)**	(32)	**(14,210)**	(11,948)	**(1,639)**	(1,378)
EBIT	**233**	229	**89**	95	**20,112**	17,663	**581**	553	**438**	193	**21,131**	18,409	**2,437**	2,123
% change	***+2%***		***-6%***		***+14%***		***+5%***		***+127%***		***+15%***		***+15%***	
Local currencies growth %					***+18%***						***+19%***			
Capex (excluding licence)	**(129)**	(123)	**(133)**	(118)	**(18,132)**		**(503)**	(513)	**(7)**	(1)	**(18,642)**		**(2,150)**	
EBITDA less Capex	**244**	252	**78**	82	**15,379**		**886**	858	**434**	224	**16,699**		**1,926**	
Licence (9)	**(52)**	–	**(1)**	(1)	**(1,026)**		**(203)**	–	**–**	–	**(1,229)**		**(142)**	
HK dollar equivalents of EBITDA and EBIT are summarised as follows:														
EBITDA-pre IFRS 16 basis (HK$)	***3,268***	*3,475*	***1,857***	*1,853*	***33,511***	*28,761*	***1,389***	*1,371*	***441***	*225*	***35,341***	*30,357*	***€4,076***	*€3,501*
EBITDA-post IFRS 16 basis in 2019 (HK$)	***3,698***	*3,475*	***2,202***	*1,853*	***40,126***	*28,761*	***1,850***	*1,371*	***441***	*225*	***42,417***	*30,357*	***€4,892***	*€3,501*
EBIT-pre IFRS 16 basis (HK$)	***2,043***	*2,125*	***780***	*882*	***20,112***	*17,663*	***581***	*553*	***438***	*193*	***21,131***	*18,409*	***€2,437***	*€2,123*
EBIT-post IFRS 16 basis in 2019 (HK$)	***2,123***	*2,125*	***875***	*882*	***20,952***	*17,663*	***597***	*553*	***438***	*193*	***21,987***	*18,409*	***€2,536***	*€2,123*

Note 7: CKHGT and **3** Group Europe 2019 includes 100% share of Wind Tre's results, of which fixed line business revenue was €967 million and EBITDA was €320 million, while 2018 included 50% share of Wind Tre's results from January to August 2018 and 100% share from September to December 2018, of which fixed line business revenue was €675 million and EBITDA was €226 million. For comparability purposes in the Italy section above, 100% Wind Tre results in 2018 have also been presented and the % changes are calculated based on the 100% Wind Tre numbers.

Note 8: EBITDA margin % represents EBITDA as a percentage of total revenue (excluding handset revenue).

Note 9: 2019 licence cost for Austria represents investment for 10x10 MHz of 3500 MHz spectrum acquired in March 2019, the licence cost for Denmark represents investment for 2x10 MHz of 700 MHz spectrum and 2x10 MHz of 900MHz spectrum acquired in March 2019, and the licence cost for Hong Kong mainly represents investment for 30 MHz of 3300 MHz spectrum acquired in November 2019. 2018 licence cost for UK represents investment for 4x5 MHz of 3400 MHz spectrum acquired in April 2018 and the licence cost for Wind Tre represents investment for 20 MHz of 3600 - 3800 MHz and 200 MHz of 26.5 - 27.5 GHz spectrums in October 2018.

Note 10: The translation of HK$ into Euro is for illustrative purpose only and was made at the rate of HK$8.67 to €1.

	UK 2019	UK 2018	Italy (11) 2019	Italy (11) 2018	Sweden 2019	Sweden 2018	Denmark 2019	Denmark 2018	Austria 2019	Austria 2018	Ireland 2019	Ireland 2018	3 Group Europe 2019	3 Group Europe 2018	HTHKH 2019	HTHKH 2018
Total registered customer base (million)	**13.7**	13.2	**23.8**	27.1	**2.1**	2.0	**1.5**	1.4	**3.7**	3.7	**3.9**	3.6	**48.7**	51.0	**4.3**	3.5
Total active customer base (million)	**10.3**	10.0	**21.5**	24.5	**2.0**	2.0	**1.4**	1.3	**3.0**	2.9	**2.4**	2.2	**40.6**	42.9	**3.7**	3.3
Contract customers as a % of the total registered customer base	**53%**	53%	**44%**	27%	**70%**	75%	**58%**	60%	**71%**	69%	**38%**	38%	**50%**	40%	**35%**	43%
Average monthly churn rate of the total contract registered customer base (%)	**1.3%**	1.2%	**1.5%**	2.0%	**1.6%**	1.8%	**1.8%**	1.9%	**0.2%**	0.2%	**1.0%**	1.1%	**1.3%**	1.4%	**1.2%**	1.3%
Active contract customers as a % of the total contract registered customer base	**98%**	98%	**93%**	92%	**100%**	100%	**100%**	100%	**100%**	100%	**99%**	98%	**96%**	97%	**100%**	100%
Active customers as a % of the total registered customer base	**75%**	76%	**90%**	90%	**97%**	96%	**97%**	97%	**80%**	80%	**60%**	62%	**83%**	84%	**86%**	95%
LTE coverage by population (%)	**94%**	94%	**100%**	97%	**88%**	86%	**100%**	98%	**98%**	98% (12)	**98%**	98%	**–**	–	**90%**	90%
Full year data usage per active customer (Gigabyte)													**102.3**	71.9	**4.9**	3.3

Note 11: Italy KBIs were calculated based on 100% of Wind Tre's figures. The contract customer base of Wind and corresponding KBIs have been adjusted in 2019 to conform with the definition of **3**, the comparative KBIs have not been restated due to limitations of the data tracking system.

Note 12: 2018 LTE coverage by population for Austria is restated to conform with current year presentation.

Key Business Indicators

Registered Customer Base

	Registered Customers at 31 December 2019 ('000)			Registered Customer Growth (%) from 30 June 2019 to 31 December 2019			Registered Customer Growth (%) from 31 December 2018 to 31 December 2019		
	Non-contract	Contract	**Total**	Non-contract	Contract	**Total**	Non-contract	Contract	**Total**
United Kingdom	6,428	7,267	**13,695**	+3%	+2%	**+3%**	+3%	+4%	**+3%**
Italy [14]	13,348	10,467	**23,815**	-10%	-3%	**-7%**	-33%	+44%	**-12%**
Sweden	620	1,470	**2,090**	+8%	–	**+2%**	+19%	-3%	**+3%**
Denmark	615	853	**1,468**	+5%	+1%	**+3%**	+12%	+4%	**+7%**
Austria	1,089	2,608	**3,697**	-2%	+2%	**+1%**	-3%	+2%	**+1%**
Ireland	2,431	1,492	**3,923**	+4%	+5%	**+5%**	+9%	+11%	**+10%**
3 Group Europe Total	24,531	24,157	**48,688**	-5%	–	**-2%**	-19%	+18%	**-4%**
HTHKH	2,795	1,475	**4,270**	+24%	-1%	**+14%**	+42%	-2%	**+23%**

Active [13] Customer Base

	Active Customers at 31 December 2019 ('000)			Active Customer Growth (%) from 30 June 2019 to 31 December 2019			Active Customer Growth (%) from 31 December 2018 to 31 December 2019		
	Non-contract	Contract	**Total**	Non-contract	Contract	**Total**	Non-contract	Contract	**Total**
United Kingdom	3,146	7,153	**10,299**	-3%	+2%	**+1%**	+1%	+4%	**+3%**
Italy [14]	11,815	9,711	**21,526**	-8%	-3%	**-6%**	-33%	+45%	**-12%**
Sweden	550	1,470	**2,020**	+9%	–	**+2%**	+26%	-3%	**+3%**
Denmark	570	853	**1,423**	+5%	+1%	**+3%**	+12%	+4%	**+7%**
Austria	356	2,603	**2,959**	-3%	+2%	**+1%**	-8%	+2%	**+1%**
Ireland	870	1,481	**2,351**	-1%	+6%	**+3%**	-1%	+12%	**+7%**
3 Group Europe Total	17,307	23,271	**40,578**	-6%	–	**-3%**	-25%	+18%	**-5%**
HTHKH	2,180	1,475	**3,655**	+19%	-1%	**+10%**	+23%	-2%	**+12%**

Note 13: An active customer is one that generated revenue from an outgoing call, incoming call or data/content service in the preceding three months.

Note 14: Italy's KBIs were calculated based on 100% Wind Tre's figures. In addition to the above, Wind Tre's has 2.7 million fixed line customers. The contract customer base of Wind and corresponding KBIs have been adjusted in 2019 to conform with the definition of **3**, the comparative KBIs have not been restated due to limitations of the data tracking system.

12-month Trailing Average Revenue per Active User [15] ("ARPU") to 31 December 2019	Non-Contract	Contract	**Blended Total**	% Variance compared to 31 December 2018
United Kingdom	£4.77	£23.73	**£17.79**	-2%
Italy	€9.90	€11.78	**€10.72**	-6%
Sweden	SEK117.54	SEK339.52	**SEK283.22**	-6%
Denmark	DKK88.01	DKK147.95	**DKK124.43**	-3%
Austria	€10.86	€22.05	**€20.62**	-2%
Ireland	€15.16	€21.88	**€19.28**	-4%
3 Group Europe Average [18]	€9.49	€19.72	**€15.19**	-8%
HTHKH	HK$13.66	HK$205.43	**HK$100.17**	-3%

12-month Trailing Net Average Revenue per Active User [16] ("Net ARPU") to 31 December 2019	Non-Contract	Contract	**Blended Total**	% Variance compared to 31 December 2018
United Kingdom	£4.77	£16.36	**£12.73**	-6%
Italy	€9.90	€11.78	**€10.72**	-6%
Sweden	SEK117.54	SEK213.86	**SEK189.43**	-7%
Denmark	DKK88.01	DKK137.22	**DKK117.91**	-2%
Austria	€10.86	€18.14	**€17.21**	-2%
Ireland	€15.16	€17.35	**€16.51**	-5%
3 Group Europe Average [18]	€9.49	€15.67	**€12.94**	-8%
HTHKH	HK$13.66	HK$176.07	**HK$86.93**	-1%

12-month Trailing Net Average Margin per Active User [17] ("Net AMPU") to 31 December 2019	Non-Contract	Contract	**Blended Total**	% Variance compared to 31 December 2018
United Kingdom	£4.12	£14.17	**£11.02**	-7%
Italy	€8.13	€10.00	**€8.94**	-4%
Sweden	SEK93.80	SEK181.86	**SEK159.52**	-7%
Denmark	DKK74.70	DKK116.20	**DKK99.91**	–
Austria	€9.51	€16.27	**€15.41**	–
Ireland	€13.83	€15.24	**€14.70**	-4%
3 Group Europe Average [18]	€7.92	€13.53	**€11.04**	-7%
HTHKH	HK$10.80	HK$160.69	**HK$78.42**	-1%

Note 15: ARPU equals total monthly revenue, including incoming mobile termination revenue and contributions for a handset/device in contract bundled plans, divided by the average number of active customers during the year.

Note 16: 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.

Note 17: 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.

Note 18: **3** Group Europe ARPU, Net ARPU and Net AMPU in 2019 were calculated based on 100% contribution from Wind Tre, whereas 2018 were calculated based on 50% contribution from Wind Tre from January to August 2018 and 100% contribution from September 2018 onwards.

United Kingdom

EBITDA and EBIT decreased by 5% and 14% in local currency compared to 2018 respectively mainly due to lower margin driven by regulatory changes in the UK and within EU in 2019, increased annual spectrum licence fee imposed by Ofcom, as well as increased network & IT transformation spend, partly offset by improvements in other margins from MVNOs and various initiatives as well as more stringent operating costs control.

Italy

EBITDA and EBIT in local currency grew by 53% and 51% respectively over 2018, reflecting the full year accretive contribution from the acquisition of the additional 50% share in Wind Tre since September 2018.

On a comparable basis, Wind Tre's EBITDA and EBIT increased 5% and 6% respectively against last year mainly driven by disciplined cost control, further realisation of synergies, and more efficient network through consolidation and modernisation substantially completed in 2019. The decrease in operating expenses more than mitigates the margin shortfall due to intense competition.

Sweden

Sweden, where the Group has a 60% interest, reported 4% and 15% decrease in EBITDA and EBIT in local currency respectively compared to last year, mainly due to lower total margin as VAT reclaim was not recognised from December 2018 onwards. Underlying EBITDA, without the VAT reclaim benefits would be 6% higher than last year primarily driven by higher customer base and lower operating costs from stringent cost control. Underlying EBIT would be 1% higher than last year primarily due to the higher depreciation and amortisation from an enlarged asset base, particularly the ongoing LTE network rollout since 2018.

Denmark

The operation in Denmark, where the Group has a 60% interest, reported 16% and 15% growth in EBITDA and EBIT in local currency respectively compared to last year, mainly due to 1% growth in total margin and lower operating costs from good cost controls. The EBITDA growth was partly offset by higher depreciation and amortisation from an enlarged asset base.

Austria

Austria reported a 1% decrease in EBITDA in local currency compared to 2018, mainly due to higher network and IT costs to cope with network capacity expansion. EBIT in local currency was 2% higher from last year primarily due to lower amortisation from capitalised customer value from Orange acquisition being fully amortised at the end of 2018, partly offset by higher depreciation from an enlarged asset base.

Ireland

EBITDA in local currency increased by 6% compared to 2018 driven by improved margin of 3% from a higher customer base, as well as stringent control on total CACs, partly offset by higher operating cost due to inclusion of certain provision releases in 2018 which did not recur in 2019. EBIT in local currency decreased by 6% from last year due to higher depreciation and amortisation from an enlarged asset base. **3** Ireland continued to realise synergies during the year and have substantially achieved the operating expense synergy run rate of €103 million targeted at the time of the acquisition of O_2 Ireland in 2014.

Hutchison Telecommunications Hong Kong Holdings

HTHKH announced its 2019 Post-IFRS 16 profit attributable to shareholders of HK$429 million. On Pre-IFRS 16 basis, EBITDA was 1% higher as compared to last year mainly due to tight cost controls to improve operational efficiency. In addition to the improved EBITDA performance, lower amortisation of acquisition and retention costs from contract customers resulted in a 5% improvement in EBIT.

Hutchison Asia Telecommunications

	2019 HK$ million	2018 HK$ million	Change	Change in Local Currencies
Total Revenue	**8,984**	8,220	+9%	+9%
- Indonesia	**7,804**	7,314	+7%	+6%
- Vietnam	**690**	561	+23%	+24%
- Sri Lanka	**490**	345	+42%	+57%
EBITDA (19)	**2,167**	1,028	+111%	+108%
- Indonesia	**2,581**	1,636	+58%	+56%
- Vietnam	**(282)**	(494)	+43%	+43%
- Sri Lanka	**1**	36	-97%	-100%
- Corporate costs	**(133)**	(150)	+11%	+11%
EBIT (19)	**1,055**	321	+229%	+218%
- Indonesia	**1,800**	1,067	+69%	+66%
- Vietnam	**(511)**	(613)	+17%	+17%
- Sri Lanka	**(101)**	18	-661%	-717%
- Corporate costs	**(133)**	(151)	+12%	+12%
Total active customer base ('000)	**45,527**	49,827	-9%	

Note 19: Under Post-IFRS 16 basis, EBITDA was HK$4,328 million; EBIT was HK$2,032 million.

HAT had an active customer accounts of approximately 45.5 million at the end of 2019, representing 9% decrease compared to last year. Indonesia and Vietnam represent 67% and 23% of the total active customer account numbers respectively.

Despite reporting a 5% full year decline in active customer accounts due to the government imposed subscriber registration requirements since May 2018, the Indonesian operation turnaround the declining trend and reported a 2% growth in active customer accounts in the second half of 2019. This was achieved through acceleration of network expansion to new areas and targeted network enhancement to improve customer satisfaction. As at 31 December 2019, the Indonesian operation had a 4G network of 24,170 base transceiver stations ("BTS") covering over 33,000 villages. The Indonesian operation reported a full year EBITDA and EBIT growth of 56% and 66% respectively in local currency, primarily reflecting revenue and margin growth from improvement of distribution structures and strategies during the year. In 2020, the operation plans to continue its network expansion rollout and network enhancement strategies, providing coverage to an additional 4,500 villages.

The Vietnamese operation reported 12% decline in active customer accounts compared to last year, reflecting the strategic churn of lower value customers during 2019. Despite reporting LBITDA and LBIT for 2019, the results represent 43% and 17% improvement respectively in local currency when compared to 2018. The operation reported solid margin growth during the year, and is expected to continue in 2020.

In Sri Lanka, the operation faced challenges in stabilising its customer base during the year following the Easter terrorist's attacks and ongoing network integration, which resulted in increased customer churn rates. Consequently, active customer accounts decreased 22% compared to 2018. Through realisation of cost synergies after the acquisition of Etisalat Lanka in late 2018 and focus on gradually completing network integration and 4G network rollout, the Sri Lankan operation reported EBITDA positive in the second half of 2019. The growth momentum is expected to continue in 2020.

The finance & investments and others segment includes returns earned on the Group's holdings of cash and liquid investments, Hutchison Whampoa (China) Limited ("HWCL"), listed associate TOM Group ("TOM"), the Marionnaud businesses, listed associate CK Life Sciences Group ("CKLS") and listed subsidiary, HTAL, which has a 50% interest in VHA.

	2019 HK$ million	2018 [1] HK$ million	Change	Local currencies change
Total Revenue	**33,946**	35,136	-3%	+1%
EBITDA [2]	**12,637**	5,111	+147%	+152%
EBIT [2]	**9,974**	2,571	+288%	+289%

Note 1: Revenue of HK$410 million, EBITDA of HK$225 million and EBIT of HK$193 million in 2018 were reclassified from finance & investments and others segment to CKH Group Telecom segment to conform with the 2019 presentation.

Note 2: Under Post-IFRS 16 basis, EBITDA was HK$13,958 million; EBIT was HK$10,119 million.

Finance and Investments

Finance and investments mainly represents returns earned on the Group's holdings of cash and liquid investments, which totalled HK$144,849 million at 31 December 2019. Further information on the Group's treasury function can be found in the "Group Capital Resources and Liquidity" section of the 2019 annual results announcement.

During 2019, the Group partially disposed of its interest in Hutchison China MediTech Limited ("Chi-Med") for cash proceeds totalling US$310 million (approximately HK$2,400 million), reducing the Group's shareholding from 60.15% to 49.86%. This resulted in a one-off disposal gain of approximately HK$6,885 million recognised within this segment arising from the derecognition of Chi-Med as a subsidiary to an associated company. Chi-Med raised additional equity through an offering of ADS in early 2020. Correspondingly, the Group's shareholding was further diluted to 48.15%.

Other Operations

Hutchison Whampoa (China) Limited

HWCL operates various manufacturing, service and distribution joint ventures in the Mainland, Hong Kong and the United Kingdom, and also has 48.15% interest in Chi-Med, which is dual-listed on the AIM market of the London Stock Exchange in the UK and the Nasdaq Global Select Market ("Nasdaq") in the US. Chi-Med is an innovative biopharmaceutical company committed to the discovery and global development of targeted therapies and immunotherapies for the treatment of cancer and immunological diseases, as well as manufactures and sells pharmaceuticals and healthcare products.

TOM Group

TOM, a 36.1% associate, is a technology and media company listed on SEHK. TOM has technology operations in e-commerce, social network and mobile internet, and investments in fintech and advanced data analytics sectors. In addition, its media businesses cover both publishing and advertising segments.

Marionnaud

Marionnaud operated approximately 900 stores in 11 European markets in 2019, providing luxury perfumery and cosmetic products.

CK Life Sciences Group

The Group has an approximate 45.32% interest in CKLS, a company listed on SEHK. CKLS is engaged in the business of research and development, manufacturing, commercialisation, marketing, sale of, and investment in, products and assets which are nutraceuticals, pharmaceuticals and agriculture-related.

HTAL, share of VHA

HTAL, an 87.87% owned subsidiary listed on the Australian Securities Exchange, has 50% interest of VHA, a mobile telecommunication joint venture with Vodafone Group Plc in Australia. VHA's active customer base decreased 4.6% to approximately 5.7 million (including MVNOs) at 31 December 2019 due to intense competition in the market. VHA's EBITDA [3] decreased 5.9% to A$1,036.6 million for the year and its loss attributable to shareholders [3] increased from A$124.4 million in 2018 to A$231.3 million in 2019 due to decline in revenue and higher depreciation and amortisation charges from an enlarged asset base, partly mitigated by continued focus on managing costs.

In August 2018, VHA entered into an agreement with TPG Telecom Limited ("TPG") for a proposed merger of equals to establish a fully integrated telecommunications operator in Australia (the "Merged Group"). In February 2020, the Australian Federal Court has ruled to approve the merger and rejected the opposition from the Australian Competition and Consumer Commission ("ACCC"). The ACCC has not appealed the court's decision and the merger is now expected to complete in mid-2020, subject to the remaining regulatory approvals. Following completion, VHA shareholders will own 50.1% of the equity of the Merged Group and TPG shareholders will own the remaining 49.9%. In addition, VHA and TPG have signed a separate joint venture agreement, whereby the joint venture has acquired 60 MHz of 3600 MHz spectrum for a total of A$263 million in December 2018.

Interest Expense, Finance Costs and Tax

The Group's consolidated interest expenses and other finance costs for the year, including its share of associated companies' and joint ventures' interest expenses, amortisation of finance costs and after deducting interest capitalised on assets under development, amounted to HK$15,657 million, decreased by 13% when compared to last year. The Group's weighted average cost of debt for 2019 was 2.1%, decreased from 2.4% in 2018, mainly due to the deconsolidation of the co-owned infrastructure subsidiaries, the refinancing of Wind Tre external debt with CKH Group Telecom debt in August 2019, as well as interest costs savings from loan refinancing at lower interest rates.

The Group recorded current and deferred tax charges of HK$7,701 million in 2019, a decrease of 5% compared to 2018.

Note 3: Under Post-IFRS 16 basis, EBITDA was A$1,178.7 million; net loss attributable to shareholders was A$279.3 million.