

# 2024 Interim Results

For the six months ended 30 June 2024

26 July 2024 – Hong Kong



## Forward Looking Statements

---

This presentation may contain “forward-looking statements” that are not historical in nature. These forward-looking statements, which include, without limitation, statements regarding PCCW's future results of operations, financial condition or business prospects, are based on the current beliefs, assumptions, expectations, estimates, and projections of the directors and management of PCCW about the business, the industry and the markets in which PCCW operates. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond PCCW's control and are difficult to predict. Actual results could differ materially from those expressed, implied or forecasted in these forward-looking statements for a variety of factors

# Business Overview

---

Susanna Hui

Acting Group Managing Director &  
Group Chief Financial Officer



# Leader In Technology, Media, and Telecommunications



## OTT Business

- Maintained leadership with 11.7 million paid subscribers across the region
- Engaging viewers across multiple markets with compelling content and live events
- Pursuing profitable growth strategically and optimising content investment to achieve cash flow breakeven



## Free TV & Related Business

- Showcasing captivating productions that have led to strengthened platform stickiness and potential value unlocking of viewers
- Enhancing viewership with 6% growth in digital membership
- Driving sustainable growth by broadening development for our 65 high-caliber artists through live events, movies, and international exposure

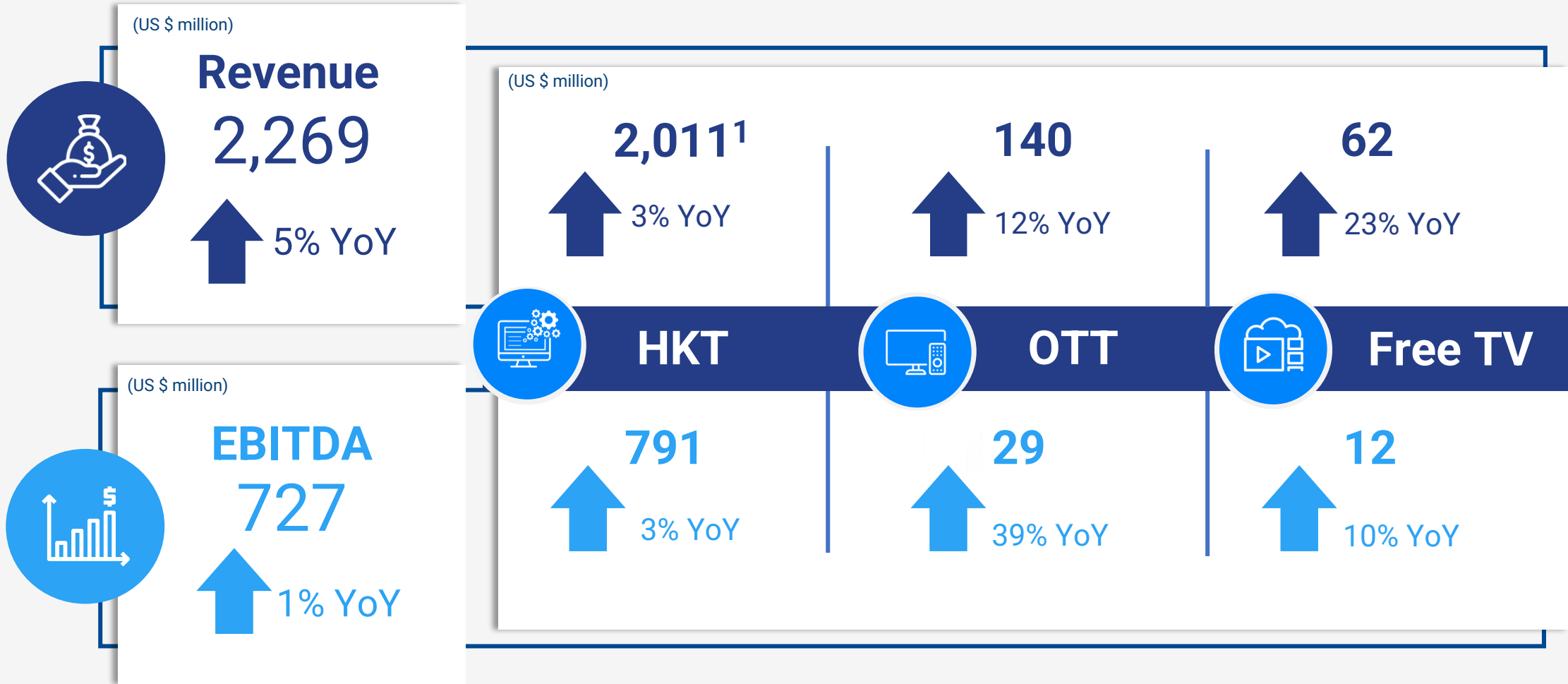


## HKT

- Building upon its solid foundation to transform from a telecom service provider to a technology solutions enabler
- Extending its services from connectivity to diverse range of innovative solutions for individuals, households and enterprise customers
- Harnessing the power of its unique integrated fiber and mobile network, alongside cutting-edge technology applications to drive growth

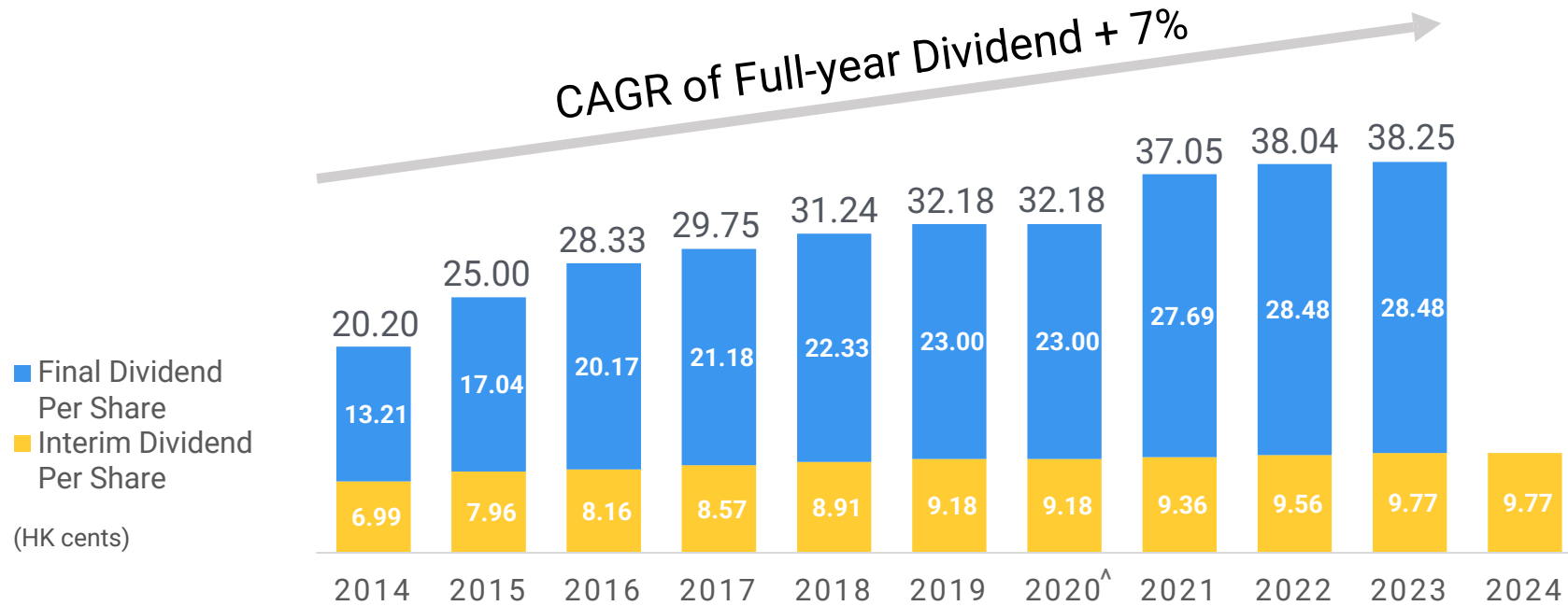


# 1H24 Financial Highlights



Note 1: HKT revenue excluding Mobile product sales

# Pursuing a Prudent Dividend Policy



2024 Interim  
Dividend per share:  
**9.77 HK cents**

**Prudent Dividend Policy:**  
Focus on strengthening the Group's financial position for sustainable growth while also striving to provide attractive returns for our shareholders

**HKT Distribution  
Pass-through**

**Dividend Yield \***

71%	74%	74%	90%	90%	90%	89%	100%	100%	97%
3.8%	4.9%	6.2%	6.8%	6.6%	6.7%	7.3%	9.0%	9.8%	9.2%

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

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



OTT Business



## AMPD Online Video Consumer Insights Q2 2024

Research Rankings amongst major streaming platforms in Southeast Asia  
(Indonesia, Malaysia, Thailand, the Philippines and Singapore)



### Monthly Active Users

1	Netflix
2	<b>Viu</b>
3	Vidio
4	WeTV
5	iQIYI



### Streaming Minutes

1	Netflix
2	<b>Viu</b>
3	WeTV
4	Vidio
5	iQIYI



### Paid Subscribers

1	Netflix
2	<b>Viu</b>
3	Disney+*
4	Vidio
5	WeTV

\* Includes Disney+ Hotstar

Source: Media Partners Asia AMPD Online Video Consumer Insights Q2 2024 (covers Indonesia, Malaysia, Thailand, the Philippines and Singapore)

1. Amongst major video streaming platforms including Netflix, Disney+ Hotstar\*, iQIYI, Vidio, WeTV, excluding YouTube and Tiktok; also excludes authenticated services and smaller platforms
2. Research period for MAU and paid subs: Apr – Jun 2024. For streaming minutes research period Jan – Jun 2024. Sample size for establishment survey and passive measurement are 16,422 and 13,162 respectively





## Enriching the content portfolio

by adding over 110 new titles to cater to Viu's wide range of audiences



## Providing online-offline experiences

Including fan meets in Singapore, Jakarta, and Kuala Lumpur with K-pop sensation Cha Eun Woo and "Hype Up" Tour in Jakarta with B.I, a Korean rapper, songwriter, record producer, and dancer



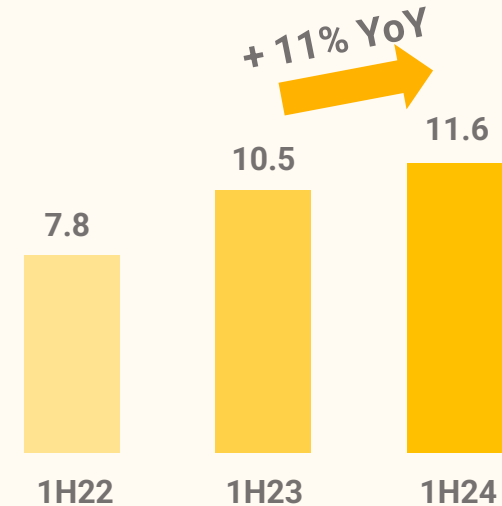
## Enhancing accessibility strategically

Through collaborations with Vision+ in Indonesia, Vivo and Grab in the Philippines, Mobily and du in the Middle East, and MTN in South Africa



## Paid Subscribers\*

Million



As of 30 June

Notable growth in Indonesia, Thailand and the Middle East

\* Note: Exclude Myanmar

# Optimising Content Portfolio to Achieve Cashflow Breakeven





**Korean Titles**

**#1 Performance**



**Lovely Runner**  
#1 in HK, SG, ID, MY\*

**Top 10**




**Top 10 in SG & MY\***




**The Midnight Romance in Hagwon**

Selective investment in new dramas focusing on cross-market appeal such as “Lovely Runner” featuring Byeon Woo Seok to optimise profitability




**Local Viu Originals**

**#1 Performance**




**Most Viewed Viu Original title in Indonesia\***  
#1 in MY and ID\*

**#1 Performance**




**#1 in Philippines;**  
**#1 in GCC\***




**The Outing**

Produced 7 new Viu Originals tailored to local audiences and achieved exceptional viewership in multiple markets across SEA




**Chinese Titles**

**#1 Performance**




**Imperfect Us**  
Critically Acclaimed Title Starring Ariel Lin, Tiffany Hsu, Mike He, and Kai Ko Achieves #1 in HK\*

**#1 Performance**



**My Boss**  
#1 in ID, MY, SG, PH\*

**Top 10**



**Everyone Loves One**  
Top 10 in ID, SG, MY

Expanded our collection to include 16 new dramas in response to the growing popularity of Chinese content in Southeast Asia



**Thai Titles**



**Beauty Newbie**



**Ploy's Yearbook**

Broadened our collection with 18 new dramas to cater to the increasing demand for Thai content in the region

\* By Video viewed and timeframe within the release of the first episode to the last episode of the title | (MY) Malaysia, (SG) Singapore, (ID) Indonesia, (PH) Philippines, (TH) Thailand, (HK) Hong Kong, GCC, (SA) South Africa, (MM) Myanmar | GCC includes UAE, Bahrain, Egypt, Jordan, Kuwait, Oman, Qatar, Saudi Arabia



Free TV & Related Business



## 1H Highlights



Number of unique viewers during key weeknight timeslot <sup>1</sup>

↑ 7%



ViuTV's digital membership reached **3.2 million** <sup>2</sup>

↑ 6%



Advertising revenue contribution from key sectors remain strong such as food & beverages and financial services



Top-rated Original Content



### Legal Affairs

Achieved 3.8 TVRs <sup>3</sup>



### Cha Chaan Teng

Achieved 3.3 TVRs <sup>4</sup>



### Warriors Within 2

Achieved 2.8 TVRs <sup>5</sup>

<sup>1</sup> Source: CSM Media Research HKTAM from Jan 1 - Jun 24, 2024; Jan 1 - Jun 24, 2023, Mon-Fri 21:25-24:05, Consecutive >5mins Reach

<sup>2</sup> Source: ViuTV membership system 2024 Jun 23 vs. 2023 Jun 23

<sup>3</sup> Source: Self produced content; CSM Media Research HKTAM from Jan 2 - 13, 2024

<sup>4</sup> Source: Self produced content; CSM Media Research HKTAM from Jan 20 - Mar 9, 2024

<sup>5</sup> Source: self produced content; CSM Media Research HKTAM from Apr 15 - May 10, 2024

## Strong Pipeline for 2H

Original and high-quality productions



### Chill Club x Thailand Music Fest

Launching Chill Club Thailand in Q4 with renowned pop singers from Hong Kong and Thailand aims to engage audiences from the region, promote cultural exchange, and foster cross-border collaboration.

### Beautiful Life Towards 40

A reality pageant that showcases talents and beauty of women aged 35 and above. Contestants will be evaluated based on their charisma, intelligence, and inspiration.



### Be an Acting Star

A new reality show where both amateur and experienced actors compete for the opportunity to become the lead in a drama series.

### My Lovely Liar

Third Hong Kong adaptation of a Korean drama series for ViuTV, My Lovely Liar. Cast includes fan-favorites such as Keung To, Stanley Yau, and YoYo.



# Maximising Our Value for Hong Kong Consumers and Extending Our Reach to Overseas

## Content



Received critical acclaim & achieved international reach:

- Released "WE 12 (12怪盜)" theatrically in 7 markets; #4 in HK film box office
- "Mad Fate (命案)" awarded 6 accolades and released in 11 markets and inflight services
- Licensed co-invested drama "Not A Murder Story (非殺人小說)" on regional platforms with top ranking



Flagship productions for ViuTV including "Margaret & David: Tie (瑪嘉烈與大衛系列之絲絲)" and "Warriors Within S2 (打天下2)"



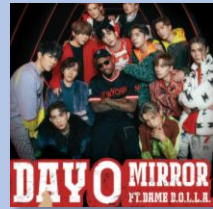
Wide content distribution across 11 international markets in Asia, Europe, America and Australia and inflight services

## Talent



Sustainable growth of our talent pool with an active music portfolio:

- Grew from 52 to 65 artists, including music groups such as MIRROR, ERROR, COLLAR, and P1X3L, as well as individual artists
- Building song repertoire with a range of Cantonese and English songs including MIRROR's "Day 0"
- Introduced and launched first song for new music band ROVER



Strengthening fanbase engagement with a series of virtual and in-person fan meets that drew over 14,000 attendees



Elevating global exposure

- MIRROR's inaugural world tour across North America, Europe and Asia
- First and only Asian boy group to be featured in Rolling Stone's "Future 25" list

## Live Events



Well received in-house artists' Hong Kong events



**SOLD OUT**



**SOLD OUT**



**SOLD OUT**



Targeted overseas venture, including new projects and diverse event ranging from J-pop concerts to Thai artist fan meets



Live streaming platform beyond Hong Kong:

- Seamlessly integrated 4 shows with MakeALive; garnered substantial overseas audience reach and covered a new market (Macau) in 1H 2024

# Financial Overview

---

Marco Wong

Head of Investor Relations



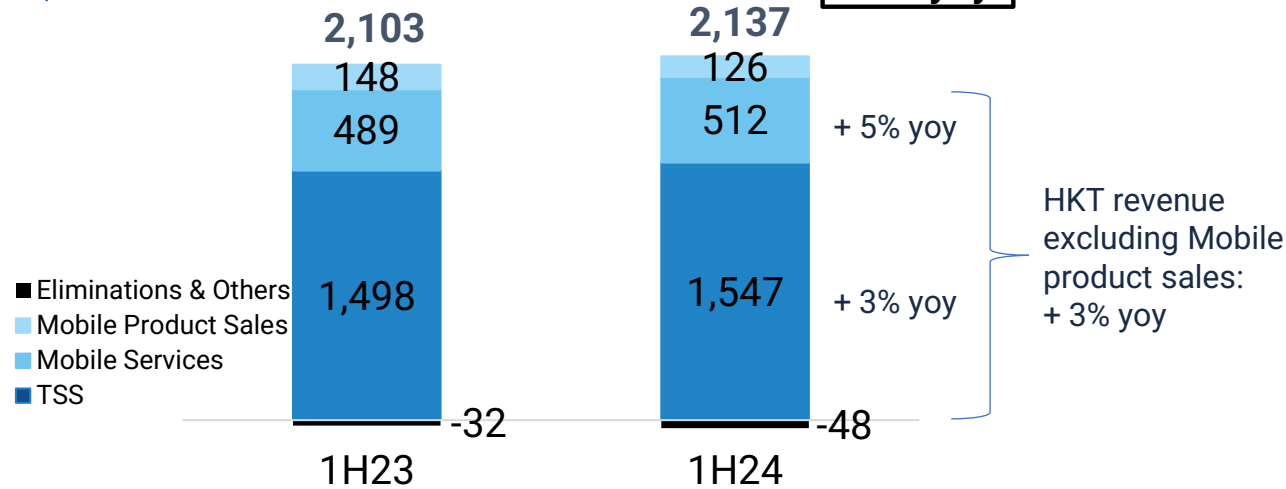
# Resilient Growth in AFF

Adjusted Funds Flow grew to US\$320 million. Interim Distribution of 32.92 HK cents per SSU

## HKT Revenue

US \$ Million

**+2% yoy**

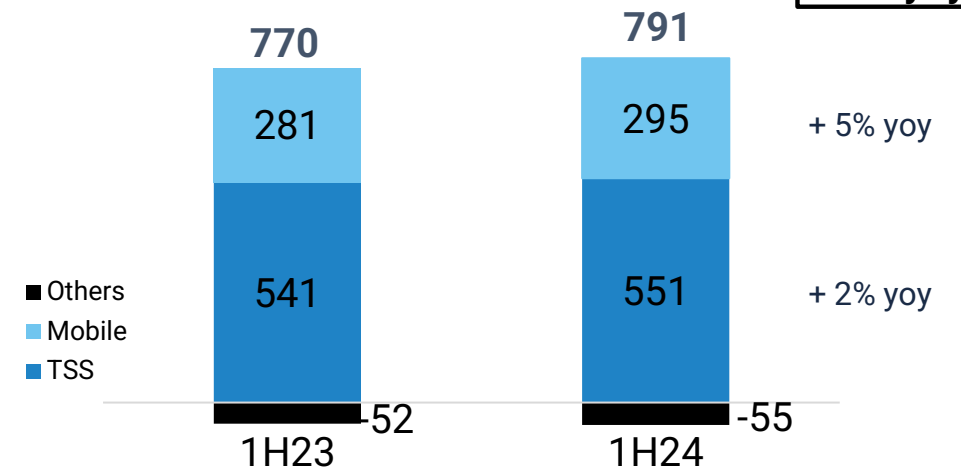


- HKT revenue excluding Mobile product sales grew by 3% reflecting:
  - Sustained demand for high speed and reliable broadband service
  - Full recovery of consumer outbound roaming
  - Significant growth in the enterprise segment driven by our solutions for digital transformation across a wide range of industries

## HKT EBITDA

US \$ Million

**+3% yoy**

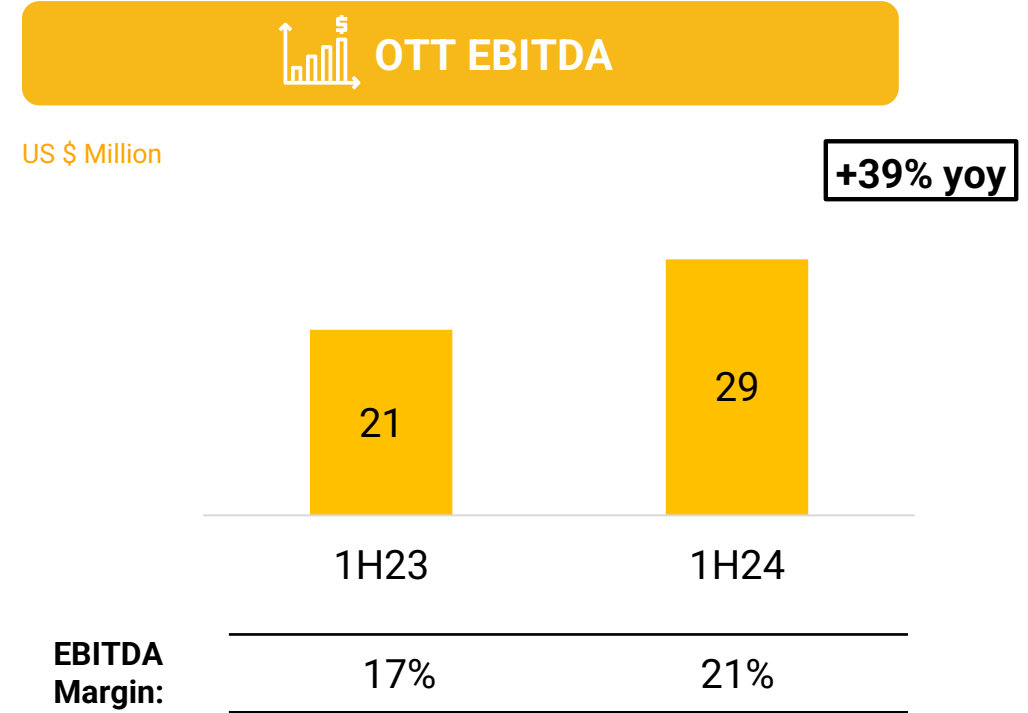
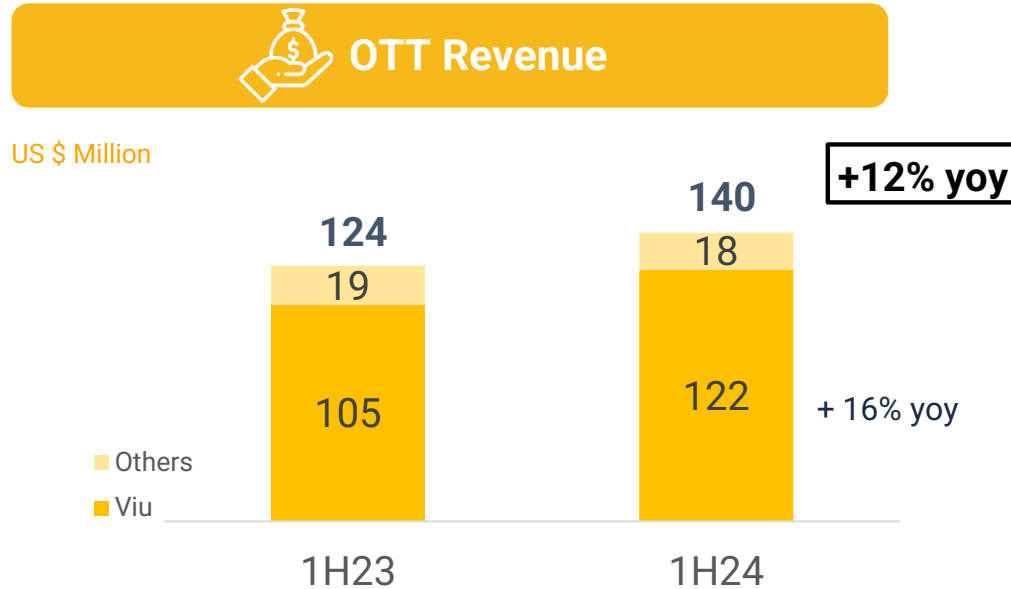


### HKT EBITDA Margin

	1H23	1H24
<b>Total</b>	37%	37%
<b>Excl. Mobile Product Sales</b>	39%	39%

- EBITDA increased by 3% with margin steady at 37% due to enhanced operating efficiencies

# Growing Scale and Margin To Achieve Cashflow Breakeven



- Revenue grew 12% with Viu growing by 16%
- Viu growth supported by robust subscription revenue and greater advertising, sponsorship and event related revenue
- Paid subscribers at 11.7 million; grew by 11%<sup>1</sup>
- Continue to focus on offering diversified portfolio of content, strong online-offline engagement with viewers and expanded partner ecosystem

- Achieved significant increase of 39% in EBITDA following an optimised content portfolio
- EBITDA margin increased to 21%

Note 1: Exclude Myanmar



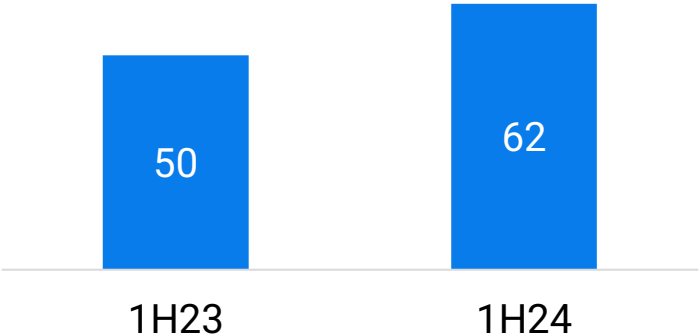
# Growing Talent Pool Driving Greater Viewer Engagement



## Viu TV Revenue

US \$ Million

**+23% yoy**

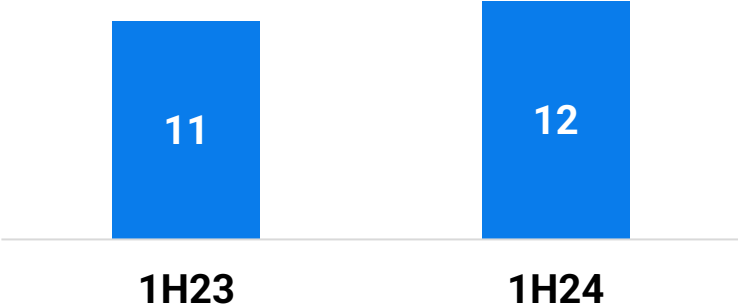


- Substantial 23% increase in revenue driven primarily by a strong performance in the artist and event management business segment
- 6% increase in digital membership and a 7% increase in unique viewers for the key weeknight timeslot
- Sustaining growth by broadening opportunities for our artists with live events and movies

## Viu TV EBITDA

US \$ Million

**+10% yoy**



EBITDA Margin:

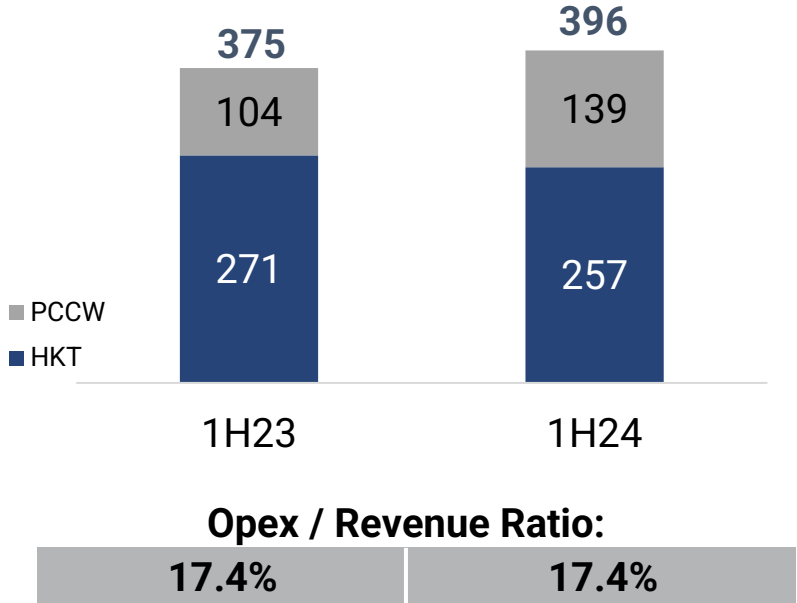
Period	EBITDA Margin (%)
1H23	21%
1H24	19%

- With the larger revenue base, EBITDA increased by 10%
- EBITDA margin at 19% reflecting the revenue mix shift during the period

# Opex Increase to Support Revenue Growth

## Operating Expenses

US \$ Million

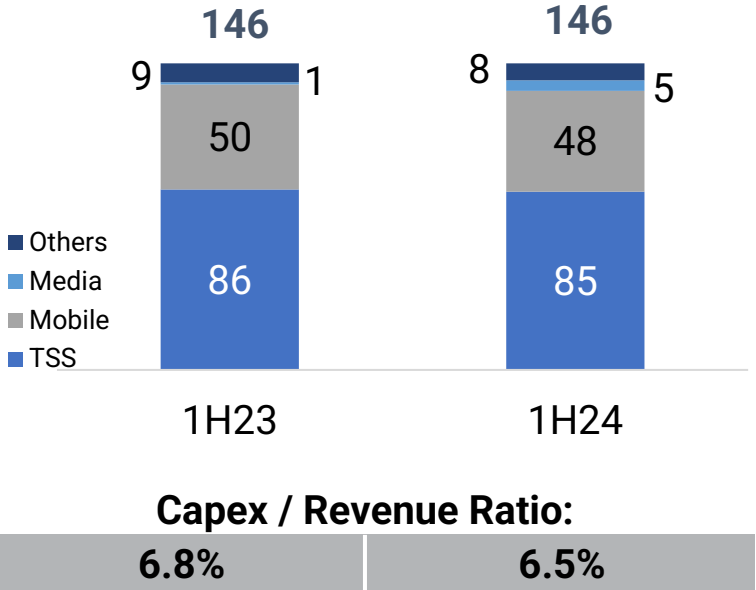


- Opex to revenue ratio stable at 17.4%
- Opex increased by 5% largely due to the increase in publicity and promotion costs in the OTT Business to drive market penetration and uptake in paid subscriptions across the region
- HKT opex decreased reflecting its continued focus on operating efficiency and cost optimisation initiatives
  - Enhancing business processes via the adoption of GenAI
  - Consolidation of business operations
  - Rationalisation of IT platforms

# Steady Capex Investments



US \$ Million



- Capex to revenue ratio improved to 6.5%
- Mobile capex declined by 5% reflecting the efficiency gains from capacity upgrades and network maintenance following the completion of its territory-wide 5G coverage
- TSS capex was slightly lower with investments largely to support growing demand for its integrated fixed-mobile solutions for enterprises
- Media capex increased mainly due to relocation, renovation and equipment setup for its new production studio facilities

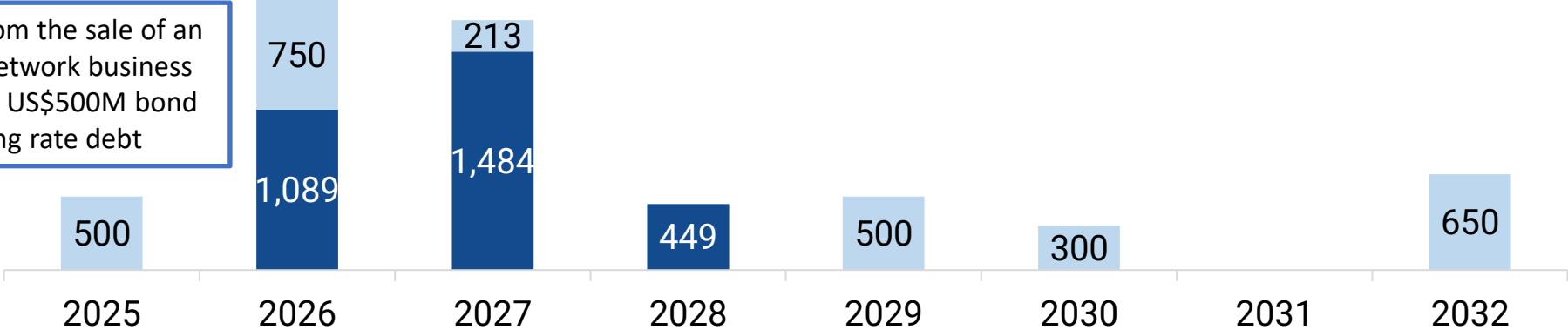
# Debt Maturity Profile

(US\$ million)  
As of 30 June 2024

**HKT**

Proceeds of US\$870M from the sale of an interest in the passive network business will be used to repay the US\$500M bond due 2025 and floating rate debt

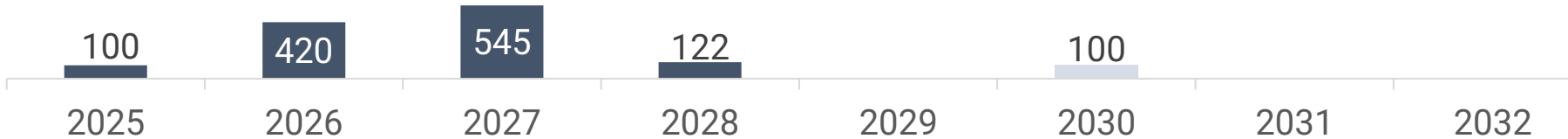
■ HKT Bonds  
■ HKT Bank Loans



(US\$ million)  
As of 30 June 2024

**PCCW**

■ PCCW Bonds  
■ PCCW Bank Loans



- Current mix of floating and fixed rate debt is approximately 50:50
- Effective interest rate was approximately 4.4%
- Average debt maturity of approximately 3.4 years

# Healthy Liquidity

US\$ million	As of Jun 2023			As of Jun 2024			Proforma <sup>(5)</sup>		
	Gross Debt <sup>(1)</sup>	Cash Balance <sup>(4)</sup>	Undrawn Facilities	Gross Debt <sup>(1)</sup>	Cash Balance <sup>(4)</sup>	Undrawn Facilities	Gross Debt <sup>(1)</sup>	Cash Balance <sup>(4)</sup>	Undrawn Facilities
<b>HKT</b>	5,784	244	1,387	5,942	214	1,537	5,072	214	1,907
<b>PCCW</b>	831	85	1,269	1,287	61	775	1,287	61	775
<b>Total</b>	<b>6,615</b>	<b>329</b>	<b>2,656</b>	<b>7,229</b>	<b>275</b>	<b>2,312</b>	<b>6,359</b>	<b>275</b>	<b>2,682</b>
<b>Net Debt<sup>(2)</sup> / EBITDA<sup>(3)</sup></b>	<b>3.92x</b>			<b>4.21x</b>			<b>3.69x</b>		

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

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

3. Based on net debt as at period end divided by EBITDA from continuing operations for the 12-month period

4. Includes short-term deposits

5. Assuming repayment of the USD500M bond due 2025 and floating rate debt from the proceeds of US\$870M from the sale of an interest in the passive network business

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