



中信國際電訊集團有限公司
CITIC TELECOM INTERNATIONAL HOLDINGS LIMITED

(Stock Code: 01883)

2022
Interim Results
Announcement
17 August 2022



1 ➤ Results Summary

2 ➤ Financial Performance

3 ➤ Operational Performance



2022 Interim Results Summary

- Revenue from telecommunications services surged **10.0%** to **HK\$4,393 million** and with total revenue up **3.8%** to **HK\$4,977 million** when compared to the first half of 2021
- Profit attributable to equity shareholders of the Company amounted to **HK\$572 million**, an increase of **7.1%** when compared to the first half of 2021
- Basic earnings per share was up **6.9%** from first half of 2021 to **HK15.5 cents**
- Interim dividend of **HK6.0 cents per share** (2021 interim dividend: HK5.5 cents per share), up **9.1%** from first half of 2021
- Stable operating cash flow sustained with net debt further down by **HK\$249 million**, when compared to year end of 2021. Net gearing ratio dropped to **25%** (31 Dec 2021: 27%)

Revenue from telecommunications services	+10.0%
Profit attributable to equity shareholders	+ 7.1%
Basic earnings per share	+ 6.9%
Interim dividend per share	+ 9.1%
Net gearing ratio	Reduced to 25%



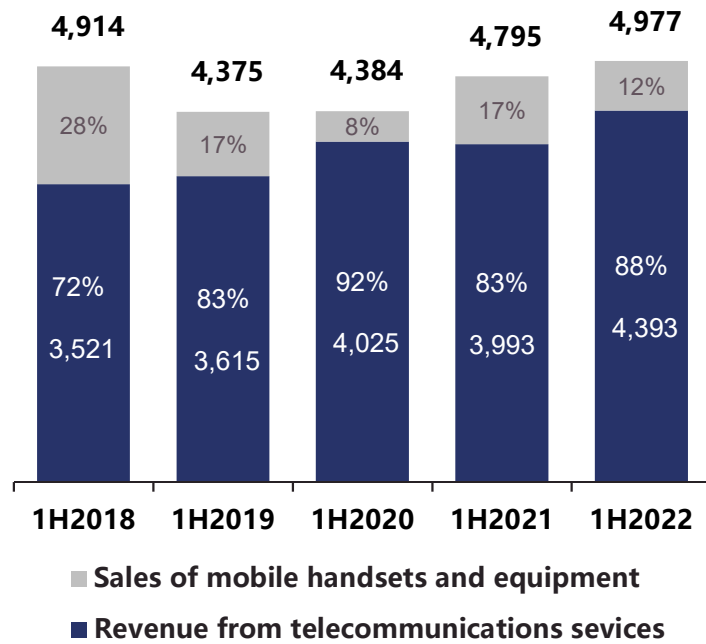
- 1 ➤ Results Summary
- 2 ➤ **Financial Performance**
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Financial results overview

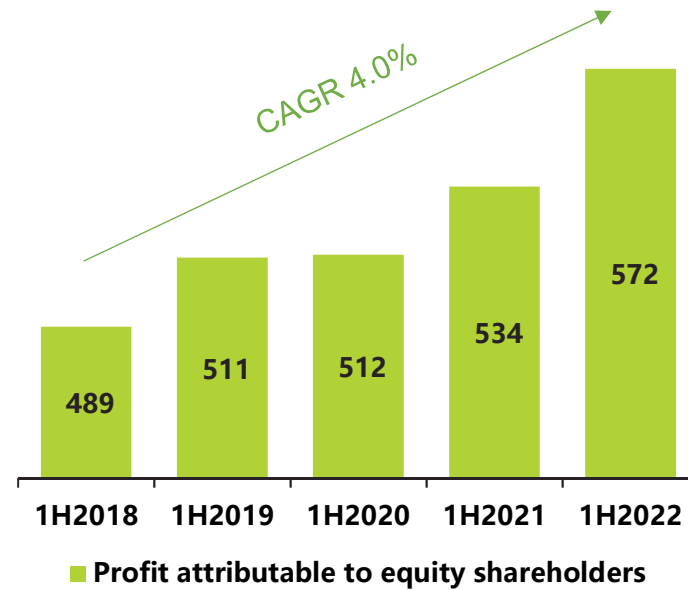
Total revenue

HK\$ Million



Profit attributable to equity shareholders

HK\$ Million



EBITDA, Capital Expenditure & Liquidity

	2021	2022
HK\$ Million	For the six months ended 30 June	
EBITDA*	1,254	1,324
Capital expenditure	236	141
HK\$ Million	As at 31 December	As at 30 June
Cash and deposits	1,793	1,721
Total debt @	5,446	5,125
Net debt	3,653	3,404
Net gearing ratio#	27%	25%

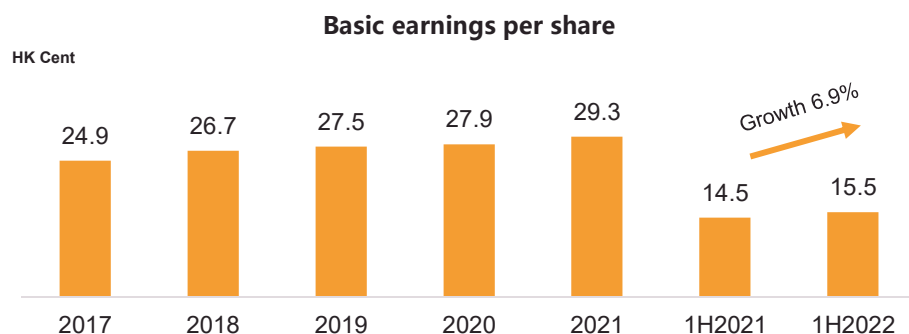
* EBITDA represents earnings before interest, taxes, depreciation and amortisation

@ Includes current and non-current bank and other borrowings

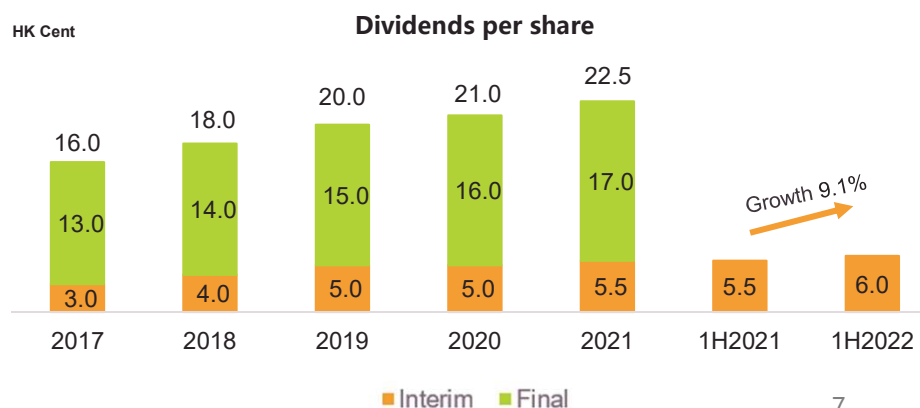
Net gearing ratio = Net debt / (Total equity attributable to equity shareholders + net debt) X 100%



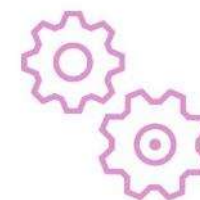
Earnings and Dividends per share



- Successful measures to overcoming the various challenges. Basic EPS up 6.9% year-on-year



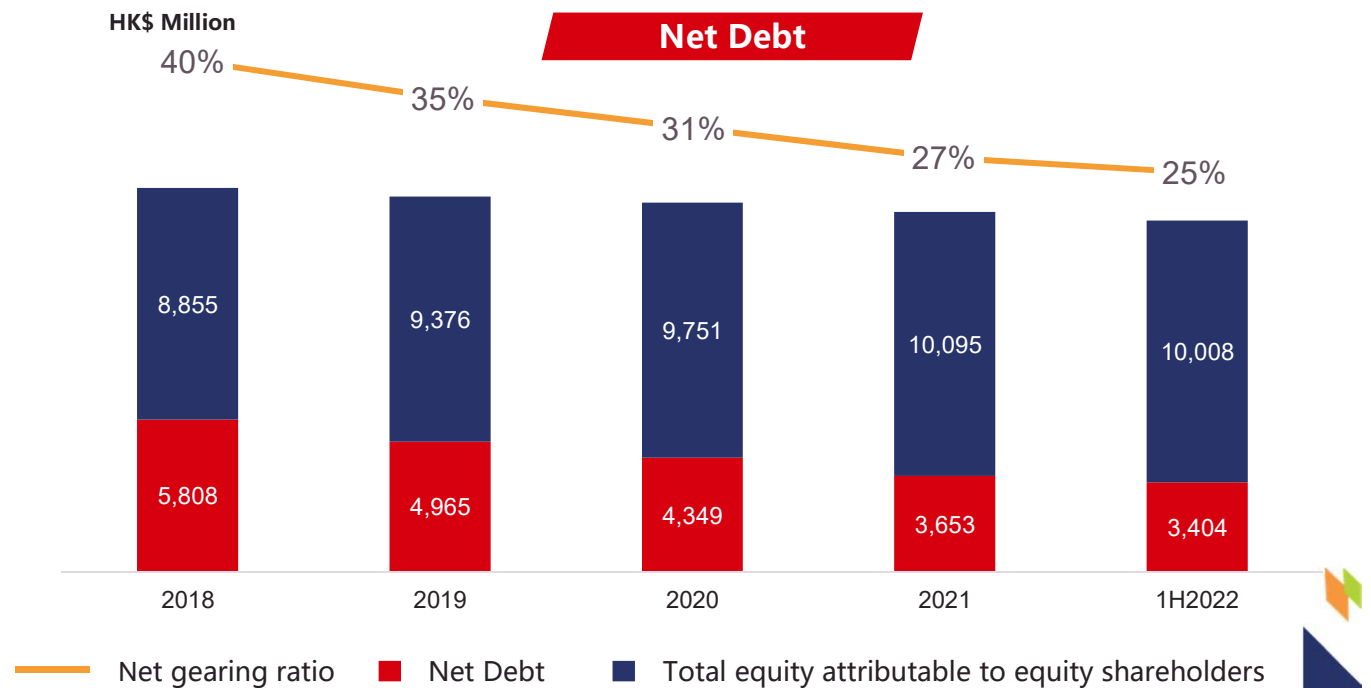
- Committed to sharing the Group's operating result with our shareholders, maintained stable dividend growth since listing



Gearing and Debt Levels

Sustained stable operating cash flow position has led to reduction in debts and optimisation in net gearing ratio

- The Group has continuously made use of stable operating cash flows to repay loans early and reduce interest costs, and to maintain a healthy financial position
- Net gearing ratio has continued to drop to 25% as at 30 June 2022



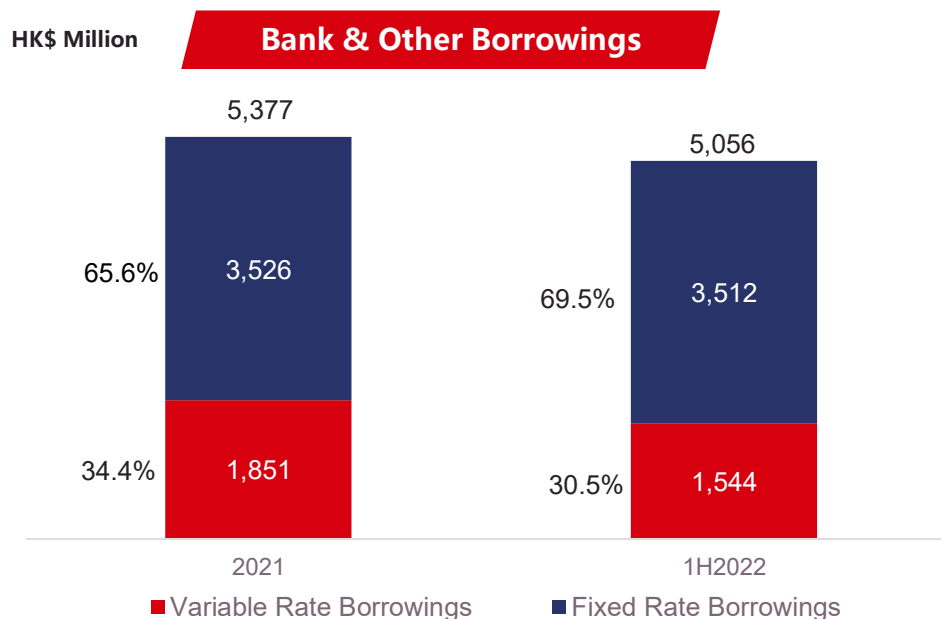
Interest rate risk and Currency risk exposure

Effective control over interest rate risk exposures through debt reduction and loan structures optimisation

- As at 30 June 2022, around 69.5% (31 December 2021: 65.6%) of total borrowings are at fixed rate. Reflecting the Group's continuous reduction in interest rate risk exposures
- During the period, the Group had reduced HK\$307 million of its variable rate borrowings

Currency risk exposure limited by effective management

- The Group's entities mainly trade in Hong Kong dollars, Macau Patacas (MOP) and U.S. dollars
- Hong Kong dollar is pegged to the US dollar, and Macau Pataca (MOP) is pegged to the Hong Kong dollar, hence there is no significant foreign currency risk between Hong Kong dollar, US dollar and MOP
- Some of the revenue and sales of the Group are also denominated in RMB, Singapore dollars, Euros, etc. The Group tries to hedge currency risk with debts in the same currency. The Group will continue to closely monitor all circumstances that may affect exchange rate risk and enter into hedging arrangements where necessary to reduce the risk of any significant exchange rate fluctuations



Note: The above balance exclude interest payable

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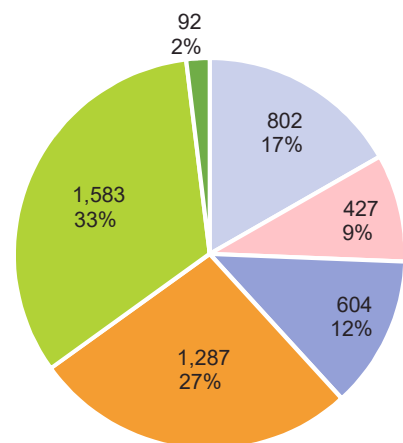


Driven by internet services and international telecommunications services, revenue of telecommunications services up by 10%

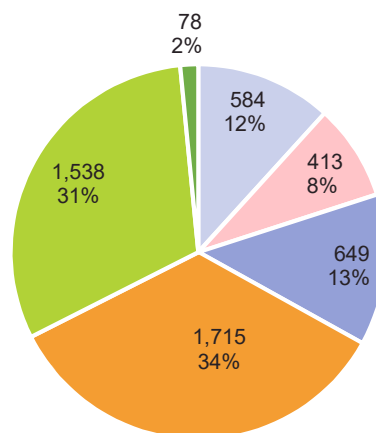
Revenue By Sales & Services

HK\$ Million

1H2021
Total Revenue: HK\$4,795 Million



1H2022
Total Revenue: HK\$4,977 Million



■ Sales of mobile handsets & equipment
 ■ Mobile services
 ■ Internet services
■ International telecommunications services
 ■ Enterprise solutions
 ■ Fixed line services

- Revenue from **internet services** surged **7.5%** from first half of 2021 to HK\$649 million
- Revenue from **international telecommunications services** surged **33.3%** from first half of 2021 to HK\$1,715 million



Internet Services

Chartered new horizons for the internet business on the back of strong efforts to enhance customer satisfaction in response to their demands

- Revenue from internet services increased by **7.5%** to **HK\$649 million** as compared to the first half of 2021 mainly due to development of a digital economy increased business internet requirements as well as drive of digital transformation under pandemic
- The Group grasped the digital development of the market, and the opportunity in rapidly promoting the demand for internet business and data centers. Cooperated with SD-WAN, SASE and other cloud network security one-stop solutions to drive internet business expansion and data centre sales. In the first half of 2022, the revenue of the internet services for corporate customers in mainland China of the Group and the number of data center racks rentals both recorded sound increase, which effectively promoted the development of internet services of the Group
- The total number of broadband subscribers of CTM, a subsidiary of the Group, in Macau increased by around **2.1%** from June 2021 to over 200,600 users and internet market share in Macau was around **97.2%**. The penetration rate of fiber-optic broadband continued to grow, with high residential fibre broadband penetration rate of **98.2%**
- **“Benefiting the society and increasing speed at reduced tariffs”, undertake responsibility and commitment:** CTM launched the Price Reduction and Speed Enhancement offer covering home fiber broadband, ordinary business broadband and Dedicated Internet Access (DIA) services, average reduction up to 48%, to facilitate the smart transformation of SMEs
- At the end of June 2022, CTM completed the co-operation of the construction of a new high-speed transmission system with a Chinese operator, which provided additional bandwidth capacity of up to 100Gbps between Macau and Hong Kong to fulfill the future demand of Macau. This system was put into service in early July 2022

 **97.2%**

**Internet market share
in Macau**

+0.1pp from Dec 2021



~100%

FTTB coverage



98.2%

**Residential fibre broadband
penetration rate**

+0.6pp from Dec 2021



Enterprise Solutions

Continued to drive digital and intelligent development of corporations and is one of the most trusted partners of leading multinational and business enterprises in the Asia-Pacific region

- **Enhanced competitiveness in the cloud computing market.** Commenced public cloud MSP business and launched the SmartCLOUD™ Container Services, boasts 10 cloud computing solutions, plus 19 cloud computing service centres forming a cross-regional and global cloud computing service operation network
- **Built a safe and stable global network.** Added new PoPs in Wuhu and Zhaoqing, the Group currently operating more than 160 PoPs in our global network and deploying around 60 SD-WAN central gateway service nodes, with services covering more than 150 countries and regions
- **Engaged in a full effort to explore new markets in Southeast Asia.** Secured an ISP license in Indonesia and successfully secured a new contract for the construction of ICT facilities in Malaysia
- **Strengthen capability in security products.** Improvements have been made to the performance and servicing coverage of our TrueCONNECT™ SASE secure access service edge solution to enhance our ability in cloud and network security protection
- Revenue decreased by **2.8%** to **HK\$1,538 million** when compared with first half of 2021 mainly due to the COVID-19 outbreak, as the pandemic remains volatile in some regions which restricted the development of economic activities

 **160+**

Global PoPs

 **19**

Cloud Services Centres

 **~ 60**

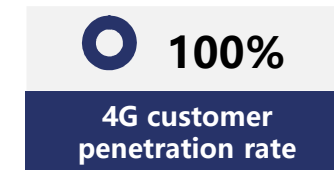
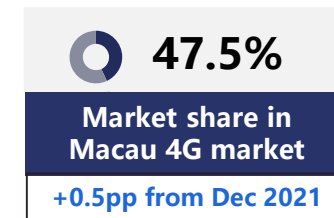
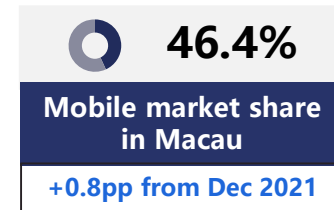
SD-WAN Gateways



Mobile Services

Constructed premium networks and enhanced customer experience on the back of advanced technology, and has attracted users and enlarged its market share

- Maintained leading position with **46.4%** mobile market share (vs. 31 Dec 2021: **+0.8pp**) and **47.5%** 4G market share (vs. 31 Dec 2021: **+0.5pp**) in Macau, and with around 569,000 mobile subscribers
- **Stable progress has been made in 5G development.** On 30 June 2022, The Macau SAR Government published the 5G tender announcement. CTM will support the SAR Government with full force and vigorously participate in the 5G tender to ensure the instantaneous launch of 5G commercial services, continue to optimise and improve the 5G network and supporting systems to ensure that 5G services can be launched immediately after obtaining the license
- To kick start the 5G market and ecology and encourage commercial use, actively partnered with The Association of Chinese Enterprises in Macao to co-organise the "Smart City Construction Forum" - "Integration of Cloud and Internet · Digital Transformation" seminar, as it completed 5G roaming tests with 68 overseas network carriers in full preparation for the launch of 5G service
- **Upgraded capabilities in cross-border mobile communication servicing platform** to support our business partners to launch the new two-way VoLTE roaming service between the Mainland and Hong Kong
- Revenue from mobile services decreased by **3.3%** to **HK\$413 million** as compared to first half of 2021, mainly due to the decline in roaming related services as a result of COVID-19



International Telecommunications Services

Enhanced platform capability, broadened scope of service

- Revenue from international telecommunications services increased by **33.3%** when compared with the corresponding period of 2021 to **HK\$1,715 million** driven by continued growth in corporate messaging demand
- **Coverage of our products and services has been expanded.** Developed new functions out of our platform services and upgraded the SIMN and eSIM platform to support the innovative development of CTM's mobile business and enhanced the competitiveness of cross-regional businesses and products in GBA
- **Platform applications have been diversified.** The volume of Internet of Things services activated has seen substantial growth on the DataMall platform during the period

 + 44.3%

Revenue from
Messaging services

 + 14.8%

Revenue from
voice services



Fixed Line Services

Subscribers & revenue drop, echoing global trend

- Fixed line services revenue dropped **15.2%** to **HK\$78 million**, mainly due to drop in number of domestic fixed line users in Macau, which is in line with global industry trend



Continues to step up technological innovation to support long-term quality development



Fulfill Corporate Social Responsibility, fight the pandemic with citizens

Hong Kong

After the CNY, the fifth wave of COVID-19 broke out and worsened quickly in HK, with number of new cases climbing and the situation extremely grim. The Group actively assists the government to carry out pandemic prevention work to help prevent and control the pandemic.

- ❑ Strengthened 7x24 network monitoring to ensure stable and smooth communication services
- ❑ Ensured timely receipt of vaccination and PRC tests messages for HK citizens, between January and June in 2022, **over 93 million** such messages were transmitted in the city

Macau

On 19 June 2022, COVID-19 broke out in Macau, on the same day, the SAR government announced that the city was in "immediate prevention state" and launched rounds of PCR testing. CTM fully supported the SAR government and the community in the fight against the pandemic, and implemented employee preventive measures.

- ❑ Within 12 hours, CTM provided emergency installation and connection services for PCR testing facilities, mobile cabin hospitals and other facilities
- ❑ Supported government in launching venue code and health code, and deployed the health code application system in Macau
- ❑ Waived Internet service fees for residents and merchants in red code zone for the month, and provided free-access to an additional 30GB mobile data to Macau students undergoing quarantine in hospitals or hotels
- ❑ Launched AI health code application "行政AI" (Administration AI), to help companies "smart manage" employee health information
- ❑ **Over 100 million** free anti-pandemic messages in all were sent to Macau citizens



Mainland China

In early May 2022, the pandemic was rampant in Shanghai, and the pandemic fight was in the critical stage of keeping up prevention and control or risk setback. CEC and the citizens of Shanghai worked together in braving the challenges from COVID-19 and won the battle.

- ❑ CEC quickly set up a network security team to safeguard operation of the computer room 7x24 to ensure uninterrupted communication over the network and protect the safety of "Shanghai"



Industry Recognitions

- [CC-Global Awards 2022--Best Innovative Value Added Service Provider] — *Carrier Community*
- [2021 IBM Innovation Award] — *IBM*
- [SD-WAN Ready 2.0 Certificate (SD-WAN fundamental service and SD-WAN value-added service)] —— China Communications Standards Association
- [2021 Digital Innovation Award in Greater China] — *Frost & Sullivan*
- [2021 Sustainable Value Innovation Award in ICT Market (China)] — *Frost & Sullivan*
- [2021 Grand Stevie Award of the China nation] & [Gold Stevie Award for Innovation in Technology Development] — *Asia-Pacific Stevie® Awards 2021*
- [Datacloud Global Awards 2021] — *BroadGroup*
- [EDIGEST Best SME Award 2020 – Best SME Partners (Cloud Network Convergence Solution Provider)] — *Economic Digest*
- [SD-WAN Ready Certificate] — *SNAI Industry Alliance*
- [2021 Network & Resources Cooperation Award] — *China Unicom*
- [SME Partner Awards of Excellence 2021 – The Distinguished Cloud – Network Convergence Solution Service Provider] — *Hong Kong Economic Journal*
- [Caring Company] — *Hong Kong Council of Social Service*
- [Equal Opportunity Employer for Family Status Equality] — *Equal Opportunities Commission Hong Kong 2021*



Thanks!

CITIC Telecom International Holdings Limited
 25/F, CITIC Telecom Tower, 93 Kwai Fuk Rd, Hong Kong
 E-mail: contact@citictel.com






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