



中信國際電訊集團有限公司

CITIC TELECOM INTERNATIONAL HOLDINGS LIMITED

(Stock Code: 01883)



# 2022 Annual Results Announcement

16 March 2023

# **1 ➤ Results Summary**

**2 ➤ Financial Performance**

**3 ➤ Operational Performance**

# 2022 Results Summary

- Total revenue for the year grew by **6.6%** to **HK\$10,111 million**. Revenue from telecommunications services increased by **11.7%** to **HK\$8,831 million** when compared with last year
- Profit attributable to equity shareholders of the Company amounted to **HK\$1,191 million**, an increase of **10.7%** when compared with last year
- Basic earnings per share was up **10.2%** from last year to **HK32.3 cents**
- Final dividend of **HK 18.5 cents** per share, including interim dividend of **HK 6.0 cents** per share, full year dividends totaled **HK 24.5 cents** per share (2021: HK22.5 cents per share), a year-on-year increase of **8.9%**
- Stable operating cash flow achieved with net debt further down by **HK\$1,119 million** when compared with the end of 2021. Net gearing ratio dropped to **20%** (31 December 2021: 27%)

Total revenue

+ 6.6%

Profit attributable to equity shareholders

+ 10.7%

Basic earnings per share

+ 10.2%

Full year dividends

+ 8.9%

Net gearing ratio

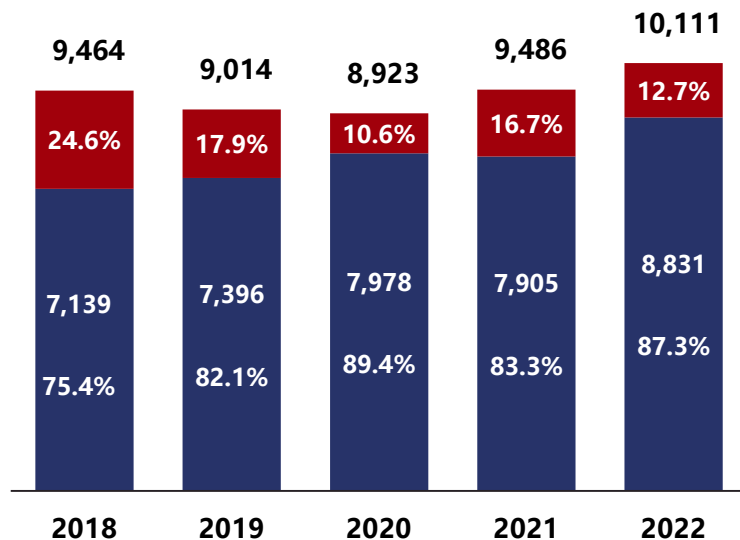
Reduced to 20%

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# Financial Results Overview

## Total revenue

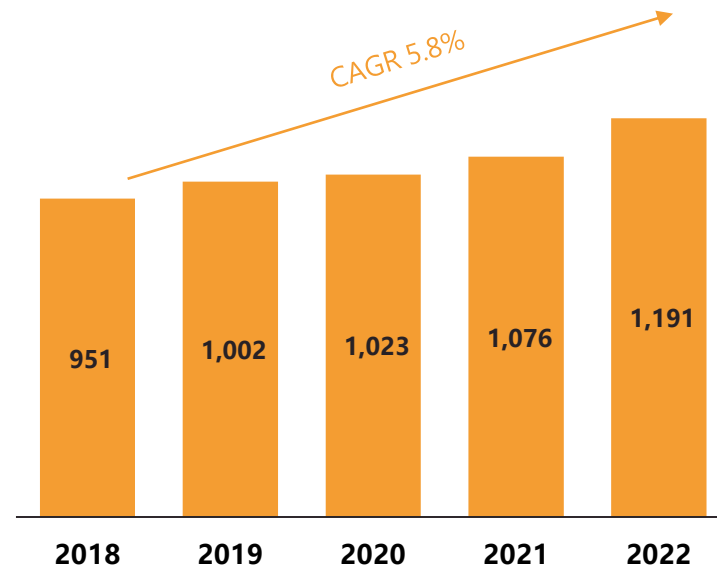
HK\$ Million



- Sales of mobile handsets and equipment
- Revenue from telecommunications services

## Profit attributable to equity shareholders

HK\$ Million



- Profit attributable to equity shareholders

# EBITDA, Capital Expenditure & Liquidity

	2021	2022
HK\$ Million	Year ended 31 December	
<b>EBITDA*</b>	<b>2,509</b>	<b>2,657</b>
<b>Capital expenditure</b>	<b>491</b>	<b>325</b>

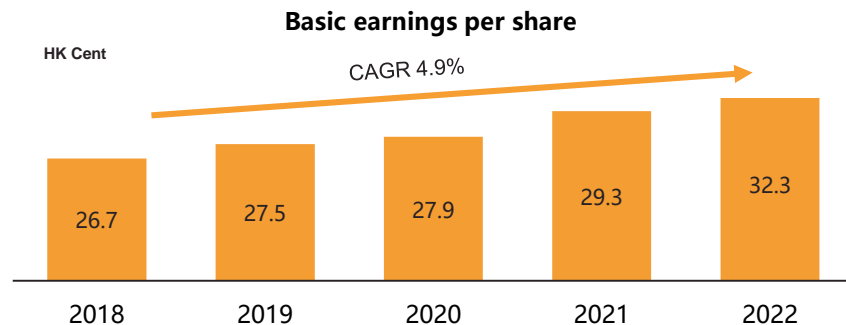
HK\$ Million	As at 31 December	
<b>Cash and deposits</b>	<b>1,793</b>	<b>1,986</b>
<b>Total debt@</b>	<b>5,446</b>	<b>4,520</b>
<b>Net Debt</b>	<b>3,653</b>	<b>2,534</b>
<b>Net gearing ratio#</b>	<b>27%</b>	<b>20%</b>

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

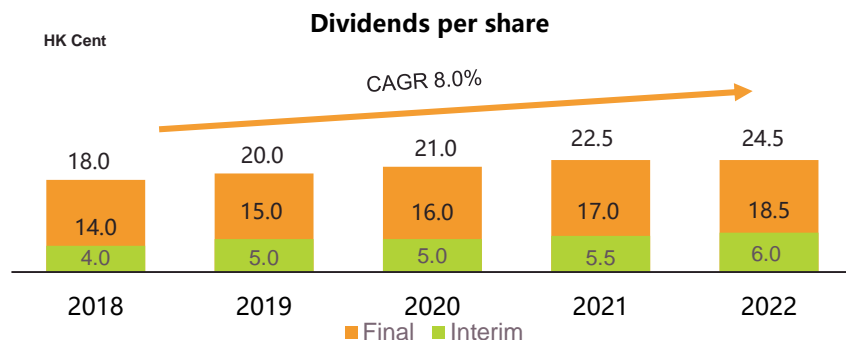
@ Includes current and non-current bank and other borrowings

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

# Earnings and Dividends per share



- Sustained growth in basic EPS through successful measures in overcoming the challenges brought by the pandemic



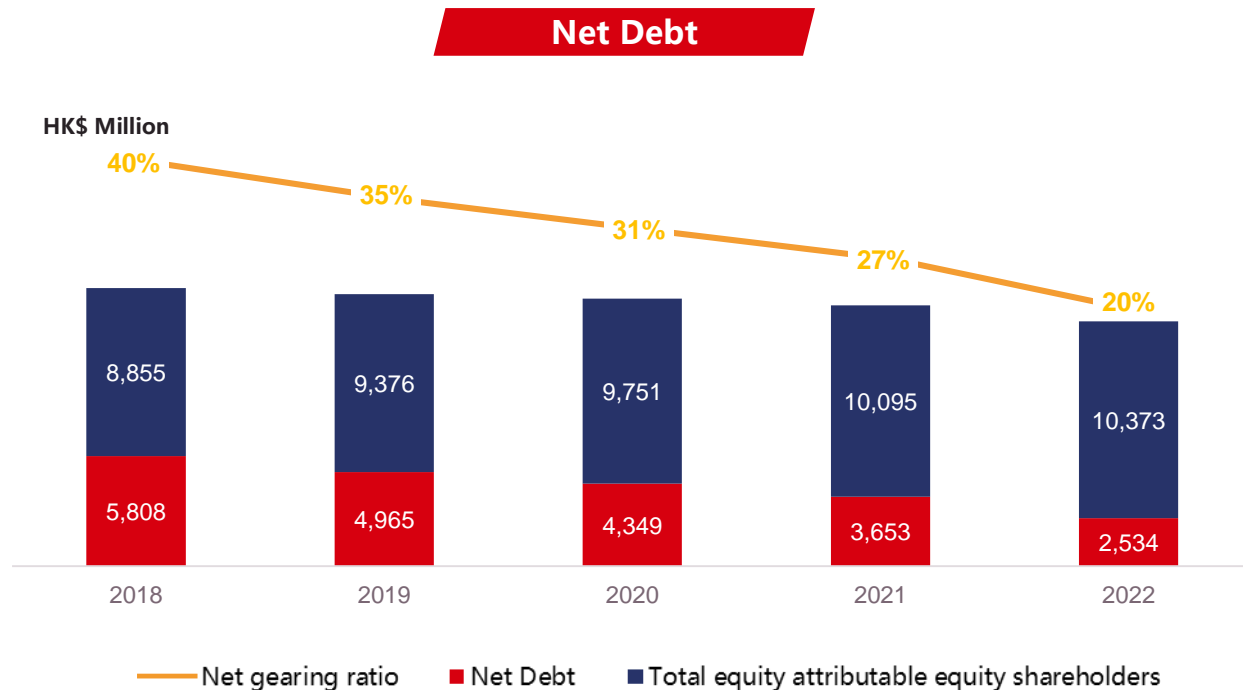
- Committed to sharing the Group's operating results with shareholders, maintained stable dividend growth since listing



# Gearing and Debt Levels

Achieved stable operating cash flow position which has led to further reduction in debts and optimisation of net gearing ratio

- Net gearing ratio has dropped to 20% as at 31 December 2022





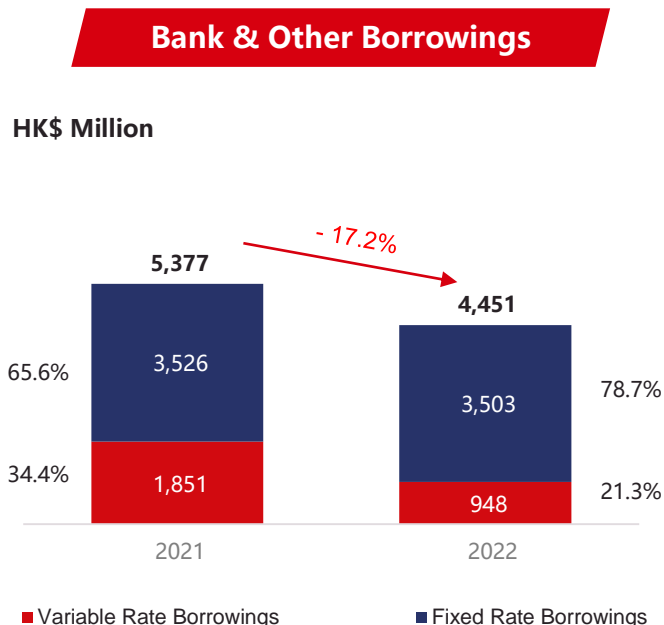
# Interest Rate Risk and Currency Risk Exposures

## Effective management of interest rate risk exposure through debt refinancing and loan structures optimisation

- As at 31 December 2022, around 78.7% (31 December 2021: 65.6%) of total borrowings are at fixed rates, which is a reflection of the Group continuous efforts in reducing the Group's interest rate risk exposure
- During the year, variable rate borrowings declined by HK\$903 million or 48.8% to HK\$948 million

## Currency risk exposure limited by effective management

- The Group's entities mainly transact in Hong Kong dollars, US dollars and Macau Patacas (MOP)
- The Hong Kong dollar is pegged to the US dollar, and the MOP is pegged to the Hong Kong dollar, hence there is no significant foreign currency risk between Hong Kong dollar, US dollar and MOP
- Closely monitor circumstances that may affect the exposure to exchange rate risks, will enter into hedging arrangements where necessary



Note: The above balances exclude interest payable

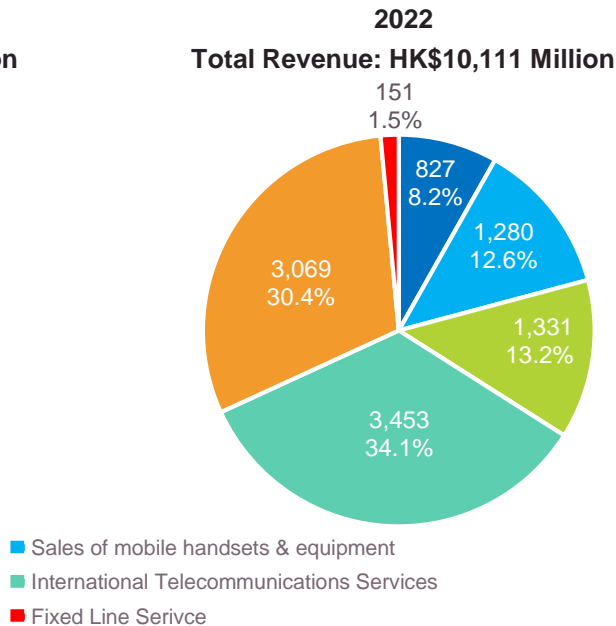
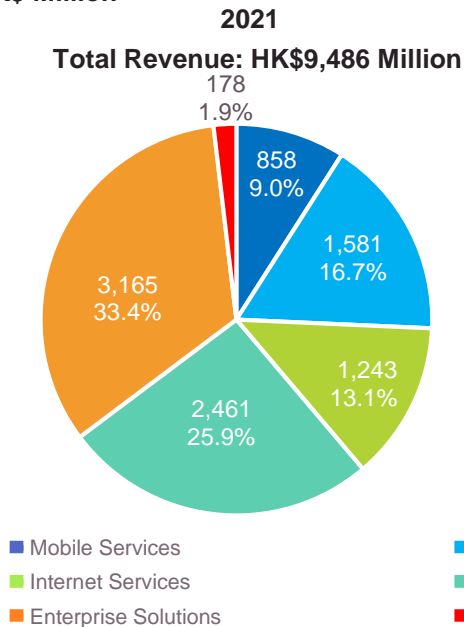
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# Continuous Growth in Revenue

Total revenue was up 6.6% year-on-year to HK\$10,111 million; revenue from telecommunications services increased by 11.7% year-on-year to HK\$8,831 million

## Revenue By Sales & Services

HK\$ Million



- Overcame multiple challenges such as the tremendous impact of the pandemic and the severe and complex international economic situation
- Revenue from telecommunications services (sales of mobile handsets and equipment excluded) increased **11.7%** from 2021 to **HK\$8,831 million**
- Revenue from international telecommunications services surged **40.3%** from 2021 to **HK\$3,453 million**
- Revenue from internet services increased by **7.1%** from 2021 to **HK\$1,331 million**

# Internet Services (1)

Internet services revenue increased by 7.1% year-on-year, driven by new demand for internet services and active promotion of fiber broadband

- Revenue from internet services increased by **7.1%** from last year to **HK\$1,331 million**, mainly due to the increase in revenue from internet services to corporate customers, data centre business and fibre broadband in Macau.
- Sustained a leading share of the Macau broadband market. As at the end of 2022, Companhia de Telecomunicações de Macau, S.A.R.L. ( "CTM" ) maintained its top-ranking in broadband services in Macau with a **97.1%** market share. It also reported a residential fiber broadband penetration rate of **99.1%** thanks to its efforts to vigorously promote broadband service fiberisation. CTM assisted Macau to achieve the fastest broadband downloading speed in the world as indicated in the annual global broadband speed survey report published by an international website cable.co.uk in September 2022. Macau leapfrogged from the 7<sup>th</sup> in 2021 to the top in the world in terms of average broadband downloading speed at the rate of **262.74Mbps**
- Continued to expand in the new digital content service market. CTM actively promoted the development of content services and launched the new HomeMedia TV box that combines home audio-visual entertainment and e-commerce services. This has helped it develop and expand in the new personal and home digital content service market in Macau and utilise CTM's integrated network advantages to facilitate the development of a smart lifestyle.



**97.1%**

Group's internet market share in Macau

**Same as the end of 2021**



**99.1%**

Residential fibre broadband penetration rate

**+1.5 pp from the end of 2021**



**~100%**

FTTB coverage

# Internet Services (2)

Internet services revenue increased by 7.1% year-on-year, driven by new demand for internet services and active promotion of fiber broadband

- Improved data centre layout and stable revenue growth recorded from the data centre business. CITIC Telecom Tower Data Centre Phase III (B) has achieved solid sales, and successfully attracted a financial institution joining with a potential reservation of additional spaces in the new data hall.
- CITIC Telecom International CPC Limited ( "CPC" ), the Group's subsidiary has paid close attention to market needs and further upgraded its internet service platforms in Beijing, Shanghai, Guangzhou and overseas to continuously boost its business revenue.

# Enterprise Solutions (1)

Actively empower cloud network security products, expand network coverage and improve service capabilities

- The Group worked hard to overcome the adverse impact of the continuous outbreak and resurgence of COVID-19 in certain regions, which severely limited economic activities. Revenue from enterprise solutions decreased by **3.0%** to **HK\$3,069 million** when compared with 2021.
- CPC though its cloud network service team had improved the design, implementation and service capabilities of its cloud network. Currently, its technology service capability (SOW) covered more than **170** areas including network, virtualisation and application.
- Strengthened competitiveness in the cloud market by offering SmartCLOUD™ Container Services to empower enterprises with application development capability.
- Expanded network coverage and enhanced business capabilities. CPC continued to extend the network coverage of TrueCONNECT™, its virtual private network service, total over **160** PoPs spanning across near **160** countries or regions globally.
- CPC vigorously advanced the SD-WAN business and its gateway coverage. As at the end of 2022, **60** SD-WAN gateway nodes were deployed worldwide, including **43** in Greater China covering major commercial regions and the Greater Bay Area, and another **7** gateway nodes covering major ASEAN countries.



**160+**

Global PoPs



**21**

Cloud Services Centres



**60**

SD-WAN Gateways

# Enterprise Solutions (2)

Actively empower cloud network security products, expand network coverage and improve service capabilities

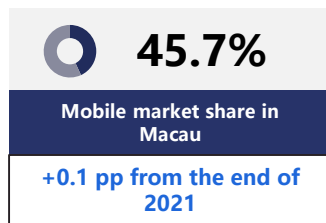
- CPC caters to the needs of enterprises and has launched 11 sets of cloud computing solutions to complement the 21 cloud computing service centres and two security operation centers in Greater China, Singapore, Japan, Europe and South Africa to form a cross-regional cloud computing service operation network and professional service system assisting customers 24 hours a day in managing information systems, ensuring information security, and realising digital transformation.
- In 2022, due to the pandemic related disruptions, project revenues from resorts and other enterprises, as well as the leased lines revenue in Macau decreased.
- CTM further enriched its smart application products to contribute to Macau's digital economic development. Combining advanced technologies such as AI and big data, it has also developed a number of one-stop innovative smart applications, including the metaverse smart conference and exhibition platform, the smart monitoring centre for historical relics and buildings, 5G IoT management platform and AR game performance by smart travel drones. During the year, CTM's cloud services and cyber security services achieved double-digit growth.
- The Group focused on expanding new businesses in Southeast Asia. It secured a ICT facility construction service project in Malaysia and a disaster recovery cloud service project with the governmental authorities of Singapore. The Group delivered an innovative private cloud infrastructure facility compliant with regulatory requirements to a well-known financial institution in Singapore. It also developed an AI-based new production model that combines online AI technologies, AI video analysis and automated drone service platform to assist a large regional paint manufacturer and mechanical engineering company in automated painting.



# Mobile Services (1)

Debuted 5G in Macau, maintained leading position in Macau's mobile market, actively expanded new businesses and achieved new breakthroughs in IPX business

- The Group strived to overcome the adverse impact of the continuous outbreak and resurgence of COVID-19 in certain regions, which severely limited economic activities. Revenue from mobile services decreased by **3.6%** year-on-year to **HK\$827 million** due to the decline in roaming-related services as a result of COVID-19.
- Continued to maintain its leading position in Macau, with a **45.7%** share of the Macau mobile market (vs the end of 2021: **+0.1 pp**) and had approximately 554,000 mobile users (5G users: approximately 62,000) as at 31 December 2022.
- Obtained the Macau 5G license and achieved the first commercial launch of 5G in Macau. The Group was granted the 5G license in Macau on 7 November 2022 and officially launched 5G services on 14 November 2022. The number of 5G users exceeded **10,000** on the first day of commercialisation and **50,000** in the first month. At present (by 15 March 2023), CTM's 5G users have exceeded **150,000**, ranking first in the Macau market. CTM also achieved strong growth in its mobile IoT business in Macau.



# Mobile Services (2)

Debuted 5G in Macau, maintained leading position in Macau's mobile market, actively expanded new businesses and achieved new breakthroughs in IPX business

- CTM continued to expand its international roaming market. It cooperated with **385** overseas network carriers to activate bilateral 4G roaming services in **218** countries and regions, and activated VoLTE roaming services in **8** countries and regions. At the same time, it accelerated the expansion of overseas 5G network coverage. As of the end of December 2022, CTM has launched bilateral 5G roaming with **80** overseas network operators and unilateral outbound 5G roaming with **3** overseas network carriers, covering **78** countries and regions.
- Leveraging on network advantages to explore new application areas for the industry. Following the introduction of the eSIM service in Year 2021, CTM realised its technological advantage as a carrier and extended the eSIM service to wearable devices in Year 2022, making it the **only** carrier in Macau to offer such a service. CTM won the **first prize** for its "5G Cloud Live Broadcasting Car Racing Application" at the Special International Invitational Track of the 5<sup>th</sup> "Bloom Cup" 5G Application Competition, underscoring its excellent 5G application capabilities. CTM also deepened its 5G ecosystem cooperation and signed the 5G Application Collaboration Intention Agreement with the Macau Live Broadcast Association, aiming to create an advantageous network platform for the live broadcasting industry, nurture economic ecology for live broadcasting in Macau and add various elements to the moderate diversification of the Macau economy.
- The Group continued to enhance its product capabilities and strengthen strategic collaboration with partner carriers. It teamed with a major mobile carrier in Asia to launch a high-quality IPX connection service platform in a joint effort to explore the global 5G international roaming service market.

# International Telecommunications Services

Continued growth in messaging services revenue drives 40.3% year-on-year revenue growth

- Revenue from international telecommunications services amounted to **HK\$3,453 million**, up **40.3%** from 2021.
- Continued to maintain its position as a leading provider of enterprise messaging services in the region. It seized the opportunities from the increase in demand for messaging services, continued to vigorously expand the enterprise messaging services market, consistently enhanced its service platform capabilities and coverage, and thus recorded a growth in both business volume and revenue. As a result, messaging services revenue grew by **52.4%** year-on-year to **HK\$2,558 million**.
- Supported telecoms operator partners in implementing the new two-way VoLTE roaming function between Chinese mainland and Hong Kong and the P2A function for SIMN users. The Group has made great efforts to vigorously expand the new IoTs market, upgrade the global mobile data trading platform "DataMall自由行", and support IoTs enterprises to flexibly deploy and freely choose to use more overseas mobile network traffic resources. As a result, the number of enterprise users and activations of IoT services on the DataMall global traffic trading platform has grown significantly.
- Continued to strengthen the scale and quality of its international voice business to provide stable and reliable voice services to customers around the world. Revenue from the international voice business rose by **15.7%** to **HK\$868 million**.



+ 52.4%

Revenue from messaging services



+ 15.7%

Revenue from voice services



DataMall  
自由行

eSIM/IoT

DataMall 自由行

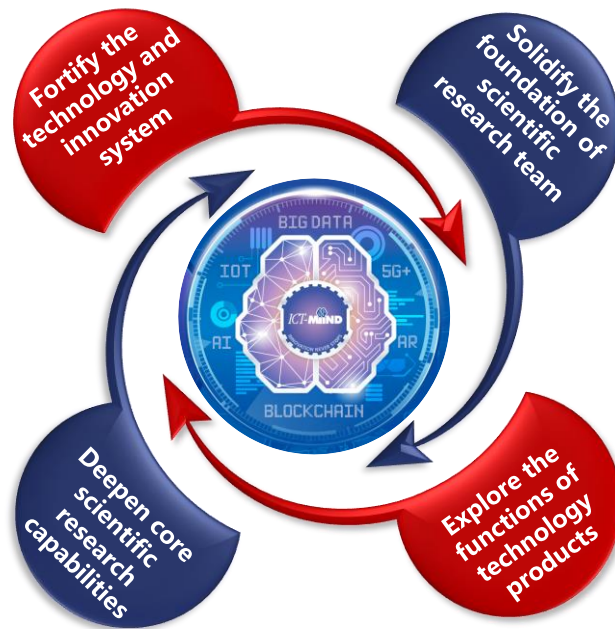
# Fixed Line Services

Decrease in subscriber numbers and revenue, in line with global trend

- The Group strives to maintain the customer volume and business scale of fixed line services in Macau. Fixed line services revenue decreased by **15.2%** to **HK\$151 million**, mainly due to the decline in both residential and business fixed lines.

# Technological Innovation

- Build on the positioning of the Guangdong-Hong Kong-Macau Greater Bay Area as a "talent hub and centre for innovation"
- Build technology and innovation systems in Guangzhou, Hong Kong and Zhuhai (Macau)
- Focus on the application of cutting-edge technologies such as artificial intelligence and computer vision
- Obtained an invention patent for "SD-WAN Analysis System and its operating method" from the Hong Kong Intellectual Property Department in 2022
- Filed 8 new patent applications and 3 software copyright applications, and 4 copyrights were secured



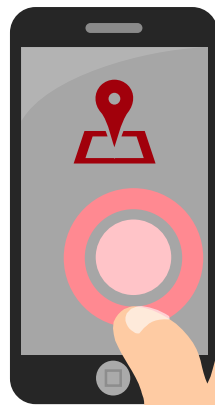
- Steady growth in the Group's technology and innovation team, with a total of 334 members as at the end of 2022, representing an increase of 17%
- A total of 33 scientific research projects were completed during the year
- Realised cloud-based product and service platforms
- Developed big data and artificial intelligence applications

# Innovative Solutions

## Big data + AR tourism

Provided comprehensive information on travelers' preferences for the "Macau Tourism Data Plus" platform of the Macau Government Tourist Office

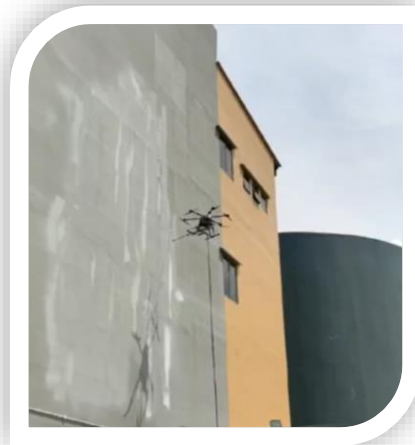
Conducted a proof-of-concept for the Macau Economic and Technological Development Bureau on "analysis on crowd flow and evaluation of result of activities", and developed a big data-based "promotional solution" targeting Macau visitors for corporations



## AI+Artificial Intelligence Industrial Production

Acclivis's AI video analysis and autonomous drone service platform

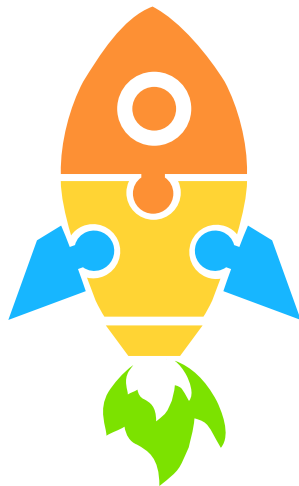
Created a new production model powered by artificial intelligence to help a large regional paint manufacturer and mechanical engineering company in automated painting



# Contributing to Digital Macau



Promote industrial cooperation with technological innovation and network advantages



## 5G+ Conventions and Exhibitions

Metaverse intelligent convention and exhibition platform



## 5G+ Culture and Tourism

Macao World Heritage Monitoring Centre



## 5G+ Living

Intelligent elderly care for care homes



## 5G+ Transportation

Intelligent monitoring system on coastal areas for Macau Customs



## 5G+ Entertainment

Cloud game

Build "three networks, four centres and one platform" with cloud-network convergence as the core theme, and become a **smart city service provider**  
**Three networks:** 5G Network, Fiber Network, and Wi-Fi Network; **four centres:** Network Management Centre, Data Centre, Information Security Centre, and Software Development Centre; **one platform:** Cloud platform



# Corporate Social Responsibility

Working in accordance with the Macau SAR Government's digital economy development direction of "benefiting the society and increasing speed at reduced tariffs"

Distributed more than 140 million and 120 million messages on pandemic prevention to citizens of Hong Kong and Macau, respectively

## Fully Supported Pandemic Prevention and Control

Safeguarded the onsite operation in Shanghai and other cities 24x7 to ensure smooth communications over the network



## Actively participated in international organisations and large-scale events

CTM, on behalf of the Group, was invited to become a Senior Member of the World Internet Conference and attended the inauguration ceremony

On 9 November 2022, the "2022 World Internet Conference Wuzhen Summit" was held. CTM co-organized the "Sub-Forum on Internet Development in Chinese mainland, Taiwan, Hong Kong and Macau" and delivered a speech, which attracted the attention of the industry

# International Awards

- "Asia Communication Awards 2022 – Cyber Security Award and AI Innovation Award" — *Total Telecom, a UK-based professional communications media*
- "Asia Pacific Enterprise Awards 2022" — *Enterprise Asia*
- "IDC Future Enterprise Awards 2022 (Hong Kong) – Best in Future of Operations" — *International Data Corporation (IDC)*
- "CC-Global Awards 2022 – Best Innovative Valued Added Service Provider" — *Carrier Community*
- The 5th "Blooming Cup" 5G Application Pitch Competition First Prize — *Ministry of Industry and Information Technology of the People's Republic of China*
- "SD-WAN Ready 2.0" certificate — *Beijing Main Laboratory of Cloud Computing Standards and Testing Verification and the Standards Promotion Committee of the China Communications Standards Association of China Academy of Information of Communications Technology*
- "Quamnet Outstanding Enterprise Awards 2021" — *Quamnet*
- "Championship of Material Demand Forecast Award - the 5th China Industrial Internet Data Innovation and Application Contest" — *The China Academy of Information and Communications Technology (CAICT)*
- "Caring Company" — *The Hong Kong Council of Social Service*
- "Equal Opportunity Employer for Family Status Equality" — *Hong Kong Equal Opportunities Commission 2022*
- "Happy Company 2022" — *Hong Kong Promoting Happiness Index Foundation*
- "'Macau Excellent Corporate Volunteer' Award" — *Macau Volunteer Association*



# Thank you!

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**Q&A**

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