

SmarTone Telecommunications Holdings Limited

**FY25 Interim Results Presentation
For the six months ended 31 December 2024**

26 February 2025

SmarTone 5G Best Connectivity



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Year-on-Year Financial Achievements



Service Revenue

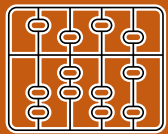
Steady

Roaming
revenue

+6%

Mobile Postpaid
ARPU\$222
5G ARPU 2x 4G5G
penetration

~40%

5G Home
BroadbandRevenue +18%
EBITDA +20%Enterprise
SolutionsProfit
contribution
+13%Service
EBITDA

+2%

Profit After
Tax

+4%

The Board declared an interim dividend of 14.5 cents per share, consistent with last year

Business review

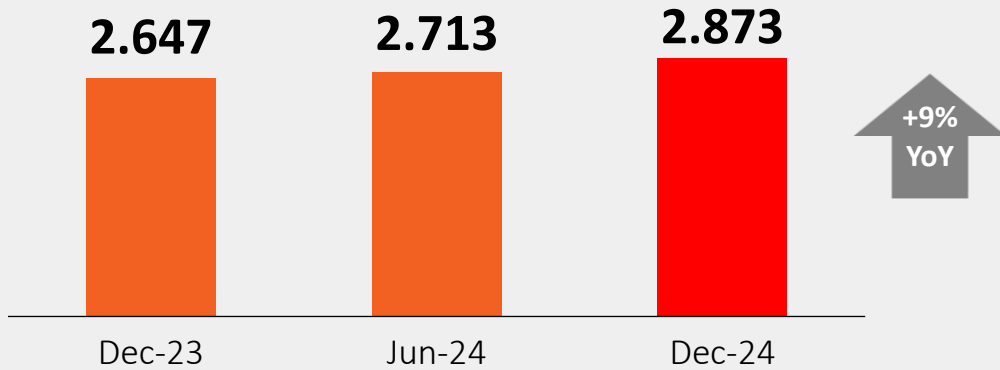
Fiona Lau

Chief Executive Officer

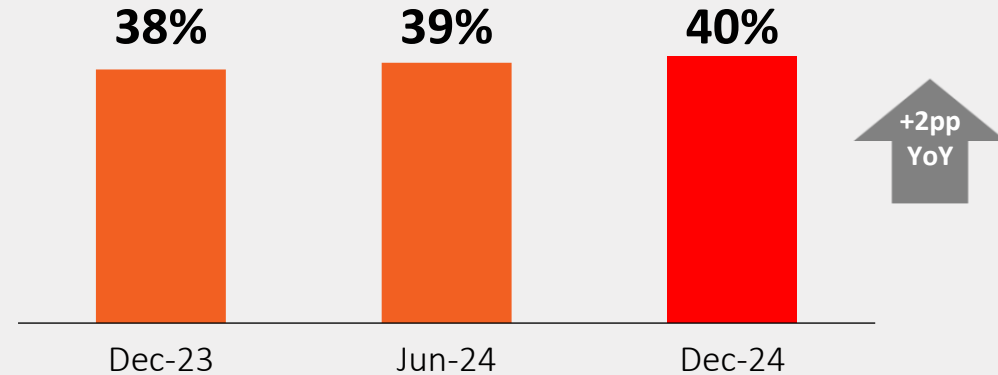
Stephen Chau

Chief Technology Officer

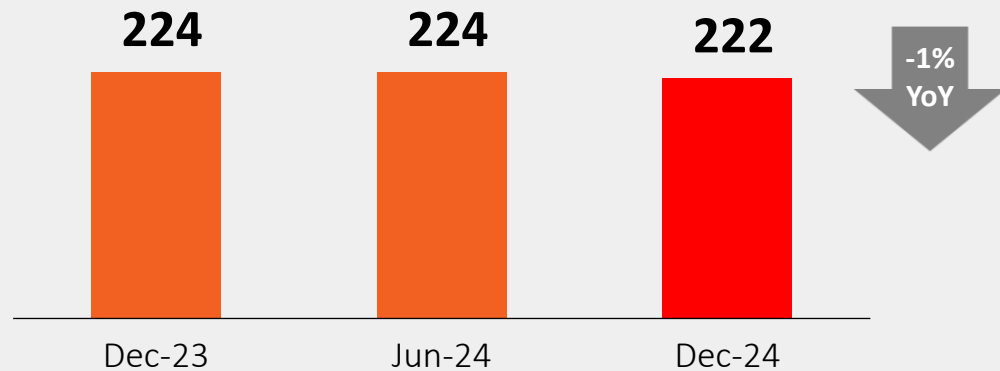
Customer number (m)



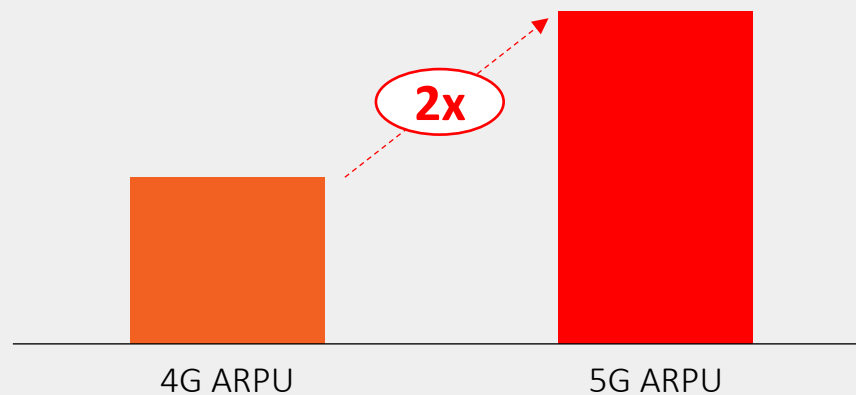
5G penetration rate (%)



Mobile Postpaid ARPU (\$)

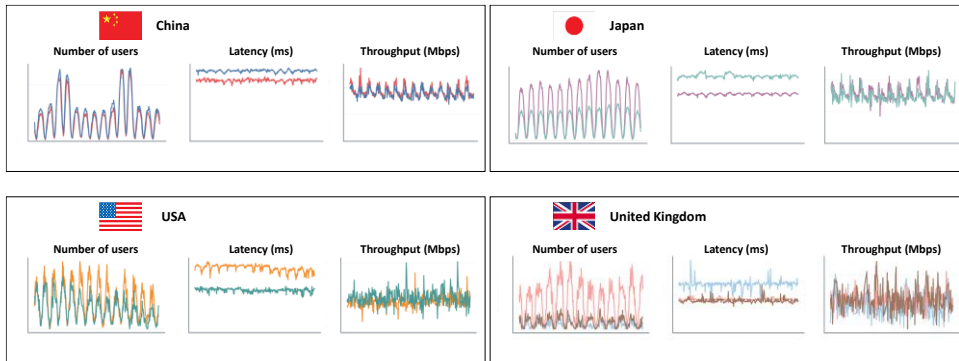


5G ARPU vs 4G ARPU



Monitor roaming partner network

- ✓ Real-time monitoring to deliver high-quality connectivity
- ✓ 24/7 customer feedback hotline provides peace-of-mind



Real-time roaming dashboard to monitor roaming partners' performance

Trusted roaming partner

- ✓ Guide customers on phone settings for roaming and take measures to protect customers from accidental overspend
- ✓ Enhance transparency in roaming charges



Roaming Academy provides information on billing

Flexibility through CARE app

- ✓ Elevate customer convenience and flexibility by empowering them to self-serve through CARE app



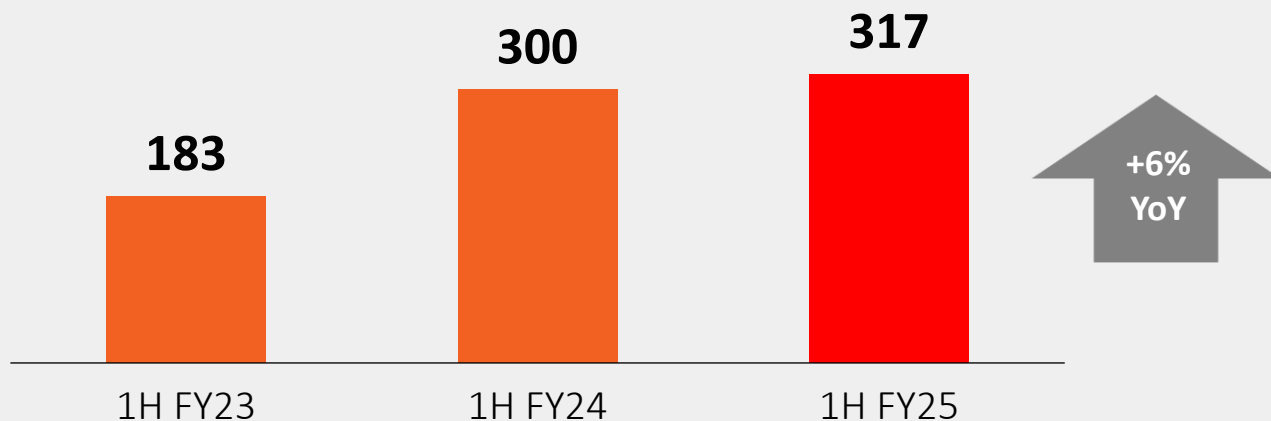
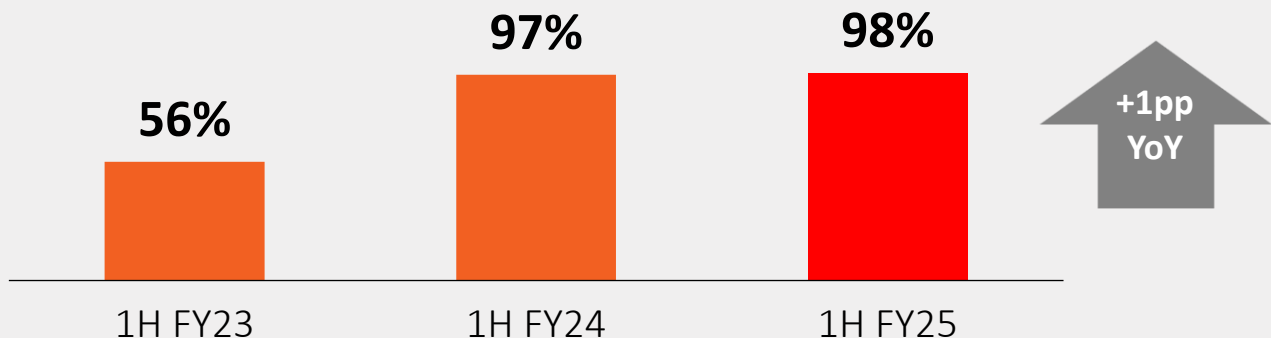
Customer experience focus

- ✓ Increase data bundle and simplify product offerings
- ✓ Proactive collection of customer feedback on roaming experience to identify areas for improvement



5-star survey on roaming experience

Roaming Revenue (\$m)

Recovery of outbound data roaming revenue (%) ⁽¹⁾

(1) Indexed to pre-pandemic level

- Drive revenue growth through high-performance products that deliver exceptional customer experience
- Proportion of customers utilizing SmarTone's roaming services has grown beyond 50%
- Consumer outbound data roaming recovery rate in-line with overall data roaming revenue rebound



SmarTone Home 5G

No.1 5G Home Broadband

- **Dominating** the 5G home broadband market (note)
- **Number 1** best preferred 5G home broadband provider in Hong Kong (note)
- Customer acquisition has increased by **27%** over the past six months through targeting diverse market segments and offering value-added services
- Particularly strong uptake by students, talent from Mainland China and tenants, and households seeking additional connectivity alongside fiber broadband



SmarTone Home 5G

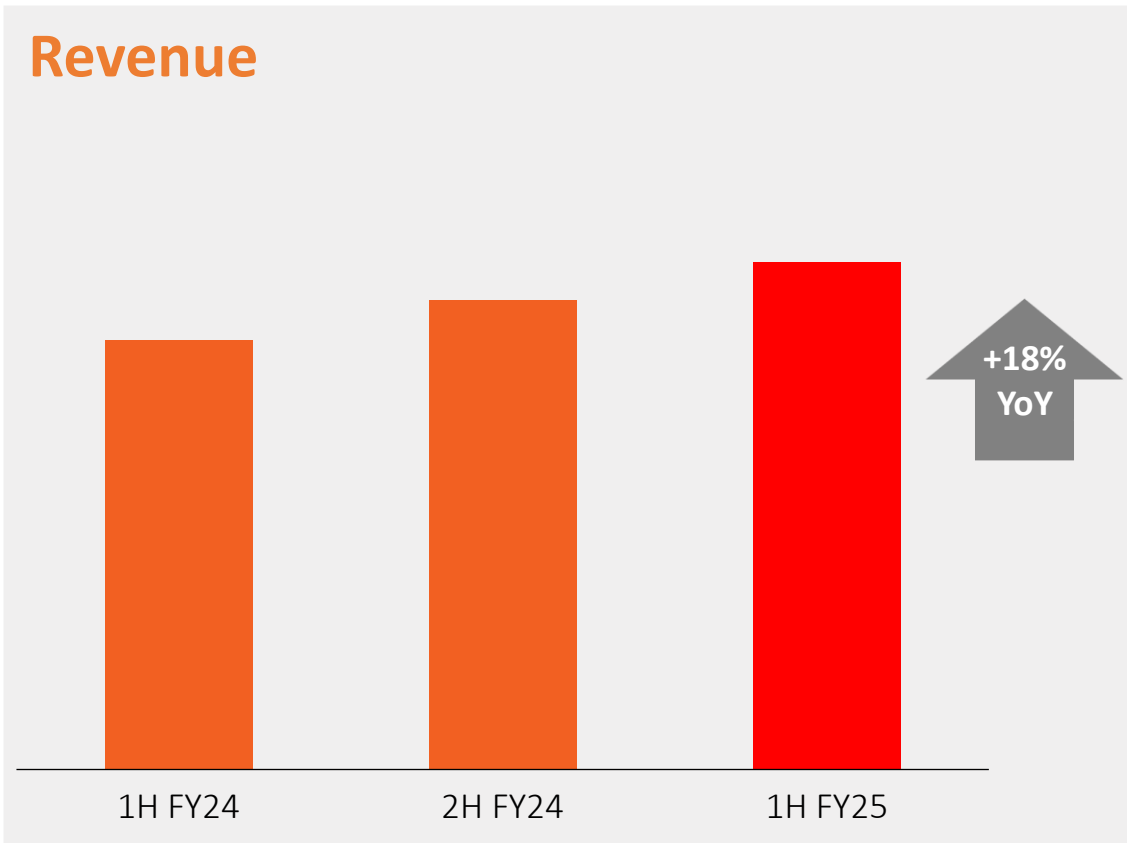
Broadband Multiverse

Ushering in a New Wi-Fi Era

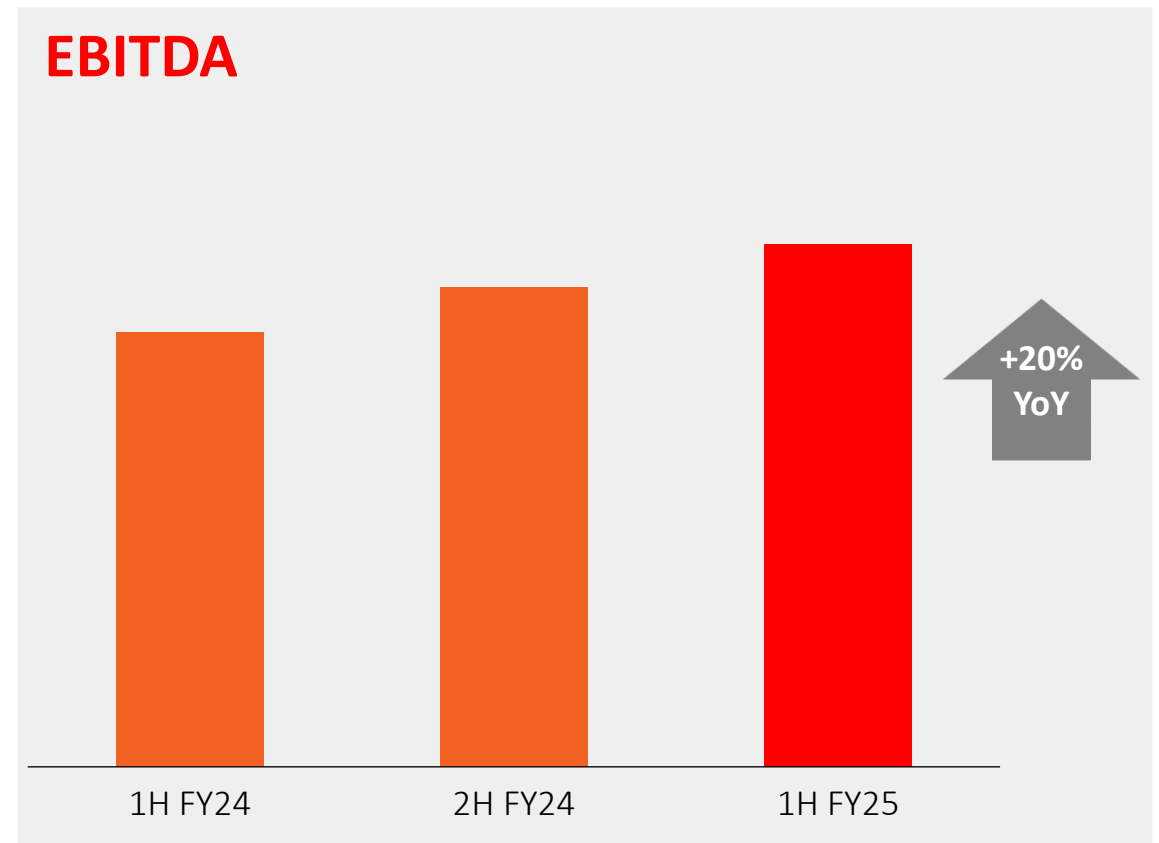
- The first to introduce **Wi-Fi 7 service**, delivering a superior whole-home Wi-Fi experience
- **“Mobile + Broadband”** package ensures total connectivity at home and during travel received encouraging demand and helped increased customer base by 17%
- Development of **dedicated app** to help customers optimize their broadband performance
- Customer support is accessible **24/7** through different channels

**Note: Top Market Share and Top Consumer Choice - A survey to existing HK-wide 5G Home Broadband users (n=1,050 respondents), aged 15-70, including both online and face-to-face interviews, was conducted by market research company, Nuance Tree, in May and June 2023 as commissioned by SmarTone.*

Revenue



EBITDA



- Key pillar of core business with significant growth potential and expanding scale
- Partnering with SHKP Group to accelerate growth

SmartHome

Build the desired automated living style



SmartMall

Footfall management and enhancing customer satisfaction



SmartHotel

Improved guest experience and digitalised hotel operation



Driving Innovation for a Smart & Connected City



SmartTransport

Improve passenger experience, safety and fleet management



Smart Property Management

Automated and sustainable property management



Smart Construction

AI-based solutions enhancing safety and site management

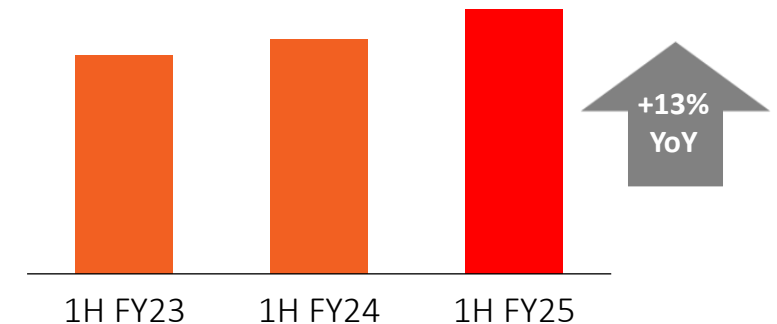


SmartHome

Significant growth and expansion beyond SHKP Group to serve broader market as Smart Living solutions become increasingly essential



Profit contribution



Unmatched coverage and performance at mega events

Leveraging SmarTone's super-fast, ultra-low latency 5G-Advanced Network to support mega events such as World Game Series 2024 Hong Kong held at Go Park :

- Real-time processing of Swiss Timing Scoring
- Video playback and live broadcast to 211 TV channels in 51 countries across 5 continents
- Ubiquitous 5G-Advanced coverage and exceptional speed to deliver seamless connectivity at sporting venue



Rank	NOC	Bib	Name	Run1
1	FRA	001	MENET - CHAO Paul, Roger, B	4.954
2	FRA	003	REIGNIER Lenny, Antony	4.865
3	FRA	004	DAYRIES Liam	DQ
4	IND	002	NANAL Jinesh Satyan	4.675
5	ESP	005	NIETO MERINO Alvaro	4.728
5	ESP	005	NIETO MERINO Alvaro	4.728

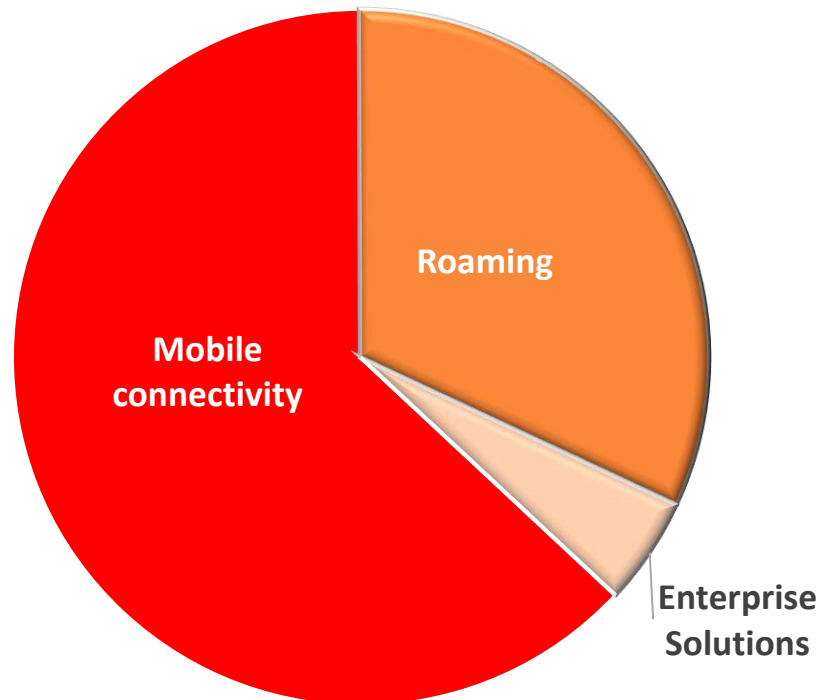


Transforming healthcare with 5G connectivity

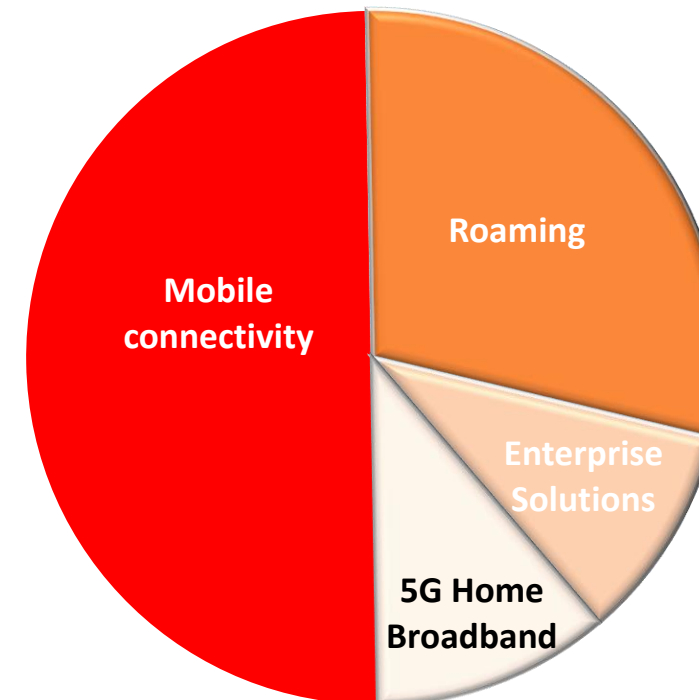
As the premium provider of cutting-edge connectivity solutions in the healthcare sector, SmarTone is collaborating with Prince Margaret Hospital and Gleneagles Hospital to build a 5G public-private hybrid network that will enable domain-specific applications



FY19



FY24



- With years of investment, the 5G Home Broadband and Enterprise Solutions businesses have become our growth engines, diversifying us from mobile connectivity and contributing significantly to our profit

**Based on profit contribution*

Exceptional performance with enhanced cost efficiency



Strategic investment and optimized base station deployment to **maximize network performance, efficiency, and value**

Dynamically reallocate resources to ensure seamless experience in high-traffic areas

Exclusive 850MHz and 6/7GHz spectrum



SmarTone successfully reacquired the exclusive 850MHz and acquired new 6/7GHz bands during the recent spectrum auction:

- **Sole operator to use the 850MHz spectrum**, known for extensive coverage and excellent signal penetration at 80% lower cost
- 6/7GHz spectrum lays a **strong foundation for evolution of 5G-Advanced and future 6G mobile networks**

Extensive 5G coverage

Go Park



Kai Tak Sports Park



MTR stations



Hong Kong International Airport



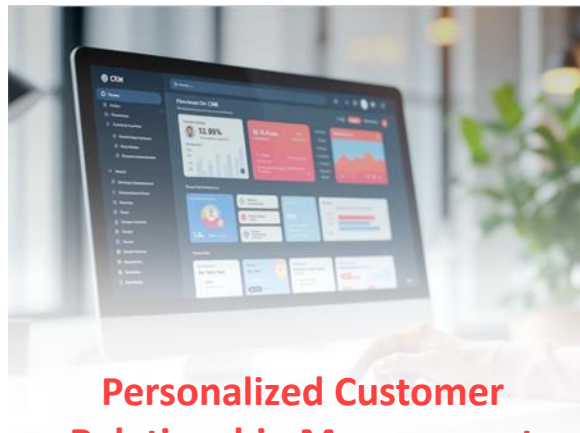
Deployment of 3.5GHz & 4.9GHz **"5G Golden Spectrum"** to deliver smooth and seamless network experience

SmarTone holds 600MHz in mmWave (28GHz) enabling an ultra-fast 5G-Advanced network

Highest spectrum per user in the industry delivering the best customer experience

Centralized Customer Data Platform

- **Unified Data Insights**
Leveraged our vast repository of customer data from all touchpoints to create a customer 360-degree view to elevate customer service quality and efficiency
- **AI-Powered Sentiment Analysis**
Decode customer sentiment and feedback, generate insights to enhance our products and services

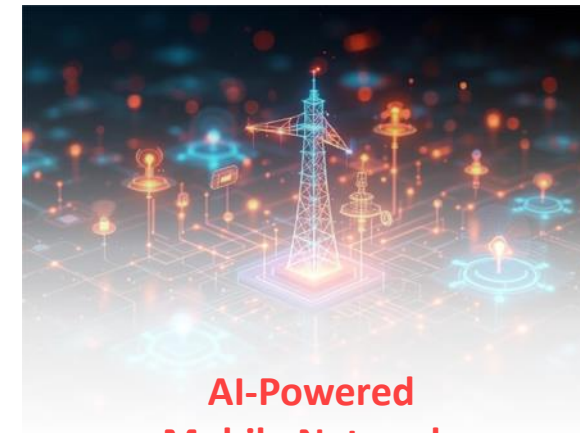


Personalized Customer Relationship Management

- **AI Offer Recommendation Engine**
Utilized extensive customer insights to create tailored offers to improve customer loyalty and retention rate
- **Personalized Marketing Automation**
Drive online conversion with personalized promotions and offers, improved conversion by 20%

AI-Assisted Application Development

- **Accelerated Development Lifecycle**
Utilize AI to accelerate application development lifecycle and improve development efficiency by 30%
- **Cybersecurity Protection**
Deployed AI-powered solutions to safeguard customers from digital threats, such as phishing websites and scam SMS



AI-Powered Mobile Network

- **Deployment of Latest Core Network technology**
Deployed most advance solution to support 5G NSA, 5G SA & 5G-Advanced
- **Resource optimization**
Leveraged AI to optimize network resources allocation to achieve cost efficiency with pilot results showing 10% improvement

Comprehensive cybersecurity solutions

First in Hong Kong to launch “**Staff Verification Code**” to help customers identify and authenticate SmarTone representatives over the phone



SmarTone’s “**Guardians of Network Security**” and network protection services safeguard customers from cyberthreats such as SMS fraud and phishing



Data Guard



Call Guard



Add-on
Numbers

Dedicated customer hotline

Customers can get expert guidance and assistance if they suspect their phone has been hacked or is targeted by scams



Risks of public Wi-Fi and unbranded SIM

Purchasing unbranded prepaid SIMs and accessing public Wi-Fi expose users to potential malware and data breaches



SmarTone-backed solutions provide secure, reliable and protected connectivity

Supporting local sport and community

- Supporting local sport events with 5G-Advanced network for seamless 5G connectivity
- Providing Hong Kong Team athletes with reliable data roaming services



Nurturing the younger generation

- Supporting youth programs to foster interest in technology and encourage personal development



Commitment to promote cybersecurity awareness

- Protecting customers against cyberthreats through "Staff Verification Code" and other tools and tips



Environmental protection

- Introduction of recycling program to protect the environment from electrical waste



Staff engagement and well-being

- Encouraging employee engagement and well-being through sports events and various programs to promote healthy work-life balance



Financial review & Outlook

Fiona Lau

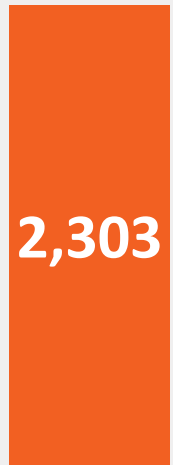
Chief Executive Officer

Danny Ho

Chief Financial Officer

(HK\$ million)	1H FY24	1H FY25	% Change
Revenue	3,390	3,492	+3%
Service revenue (Revenue excl. Handset sales)	2,303	2,303	Stable
Operating expenses	-840	-824	-2%
Service EBITDA	1,224	1,253	+2%
<i>Service EBITDA margin</i>	<i>53%</i>	<i>54%</i>	<i>+1pp</i>
EBITDA	1,241	1,279	+3%
<i>EBITDA margin</i>	<i>37%</i>	<i>37%</i>	<i>Stable</i>
Reported profit	246	257	+4%
<i>Underlying profit (exclude one-off items)</i>	246	256	+4%
Core CAPEX	191	122	-36%
Net cash	984	1,588	+61%
Interim dividend (cents per share)	14.5	14.5	

Service Revenue (\$m)



1H FY24

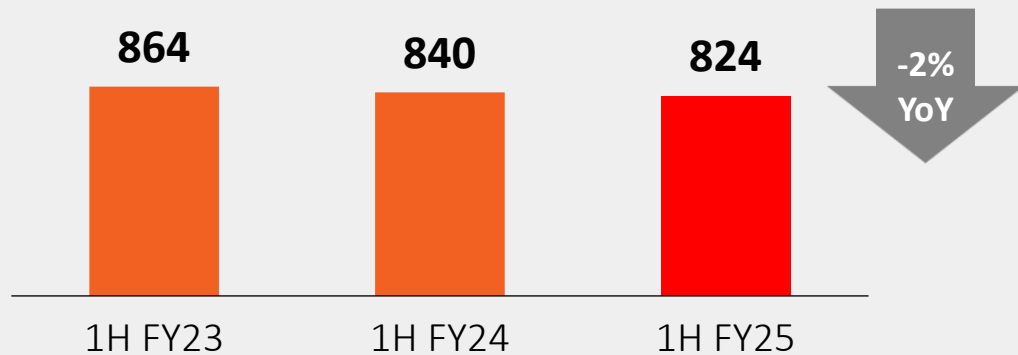


1H FY25

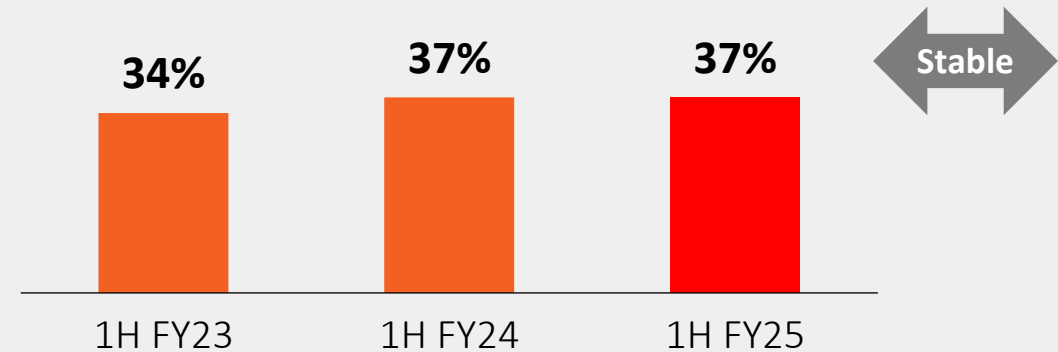


- While service revenue has remained stable, the composition of revenue contribution has shifted to the following growth areas
 - Roaming: Proportion of customers utilizing SmarTone's roaming services has grown beyond 50%
 - 5GHBB: 18% growth in revenue and 20% growth in EBITDA
 - Enterprise Solutions: Profit contribution increased 13% and expansion into Mega events and Healthcare sectors

Operating expenses (\$m)

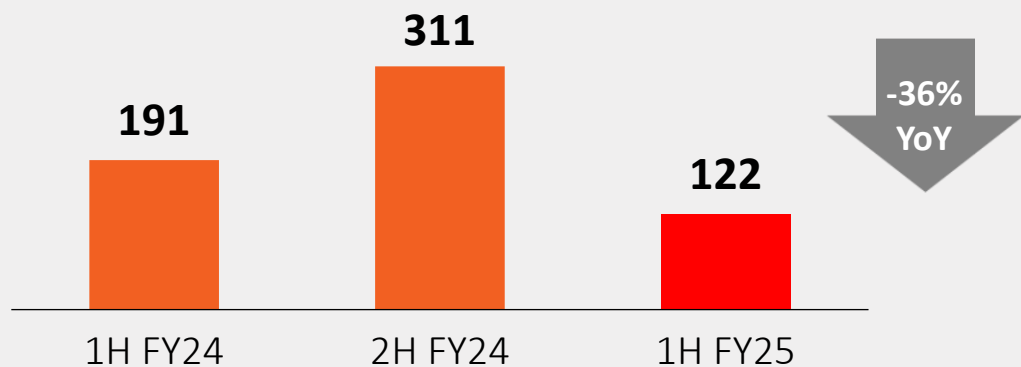


EBITDA margin

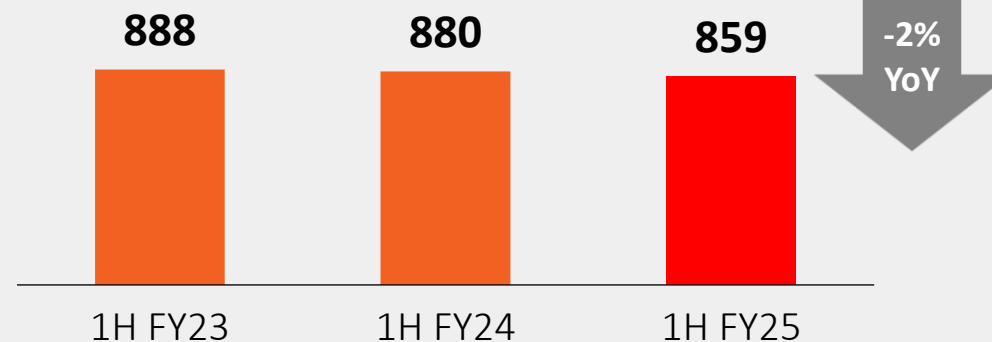


- Vigilant cost control and efficiency initiatives enabled reduction in operating expenses
- Prioritized resource allocation to key growth segments, including 5G Home Broadband and Enterprise Solutions
- Stable margin illustrates the resilience of core business amid intense competition

Core Capex (\$m)



Depreciation and amortization (\$m)



- Reduction of core capex by -36% YoY
 - Capex has stabilized following the rollout of 5G
 - Strategic and disciplined investment approach to enhance network performance while minimizing expenditure
 - More than \$200m invested to advance digital transformation and enhance customer experience over the past two years
- Lower depreciation and amortization reflect careful management of capex in recent years

- Persistent competitive landscape
- Expanding portfolio of products
- 5G Home Broadband, Roaming and Enterprise Solutions will continue to deliver growth
- Tightened cost control and further streamlining of operations
- A lower level of capex but continued investment into quality network and digital platform

Q&A

SmarTone