Operations Review

Hutchison Ports BEST installs over 1,800 solar panels that will generate 1.18 GWh of electricity in Spain.

1. Hutchison Ports LCT is strategically located at the west coast of Mexico, facing the most important Pacific trade routes.

2. Hutchison Ports and Terminal Investment Limited Sàrl announce the intention of a collaboration to develop a new container terminal in Europahaven, the Netherlands.

3. Hutchison Ports Port of Felixstowe becomes the largest UK port to deploy 5G technology and the Internet of Things.

4. Hutchison Ports Thailand's Terminal D is the first container terminal globally to successfully implement mixed traffic mode terminal operations with 15 autonomous trucks.

Ports and Related Services

This division is the world's leading port network, and has interests in 51 ports comprising 293 operational berths in 25 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 84.8 million twenty-foot equivalent units ("TEU") in 2022.

	2022 HK$ million	2021 HK$ million	Change	Local currencies change
Total Revenue (1)	**44,141**	42,285	+4%	+10%
EBITDA (1) (2)	**15,805**	15,157	+4%	+8%
EBIT (1) (2)	**11,426**	10,737	+6%	+10%
Throughput (million TEU)	**84.8**	88.0	-4%	
Number of berths (3)	**295**	291	+4 berths	

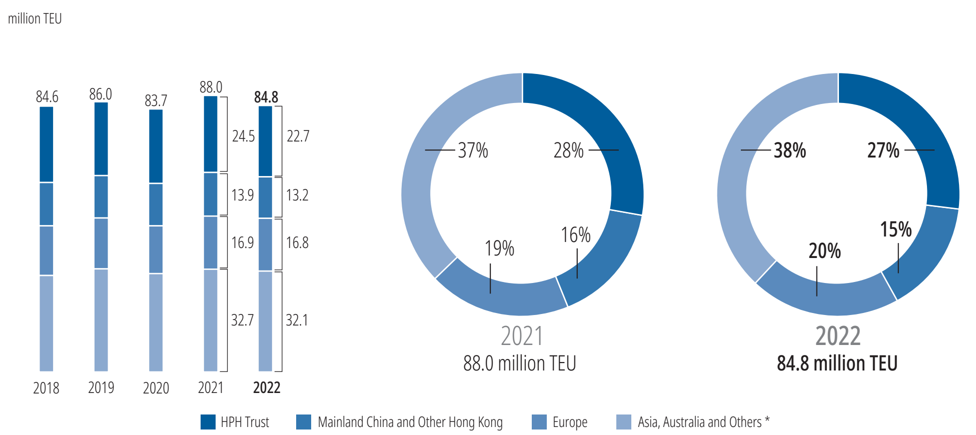
Note 1: Total revenue, EBITDA and EBIT have been adjusted to exclude non-controlling interests' share of results of HPH Trust.

Note 2: Under Post-IFRS 16 basis, EBITDA was HK$19,007 million (2021: HK$18,008 million); EBIT was HK$13,024 million (2021: HK$11,946 million).

Note 3: Included two berths in Tanzania where the concession ended on 31 December 2022.

Overall throughput decreased 4% to 84.8 million TEU in 2022, with 65% and 35% local and transhipment volume respectively (2021: 63% and 37% local and transhipment volume respectively), mainly due to volume reduction across all regions but primarily at HPH Trust, driven by a drop in US and Europe export cargoes and prolonged pandemic preventive measures, as well as global supply chain disruptions affecting mainly in the UK, Rotterdam in the Netherlands, Panama and certain Ports in Asia, partly offset by higher throughput in Mexico from new service lines and vessel diversions. The overall throughput in Europe was relatively stable as reduction in throughput of the aforementioned ports was mostly offset by higher volume contribution from the newly acquired Delta II terminal in the Netherlands.

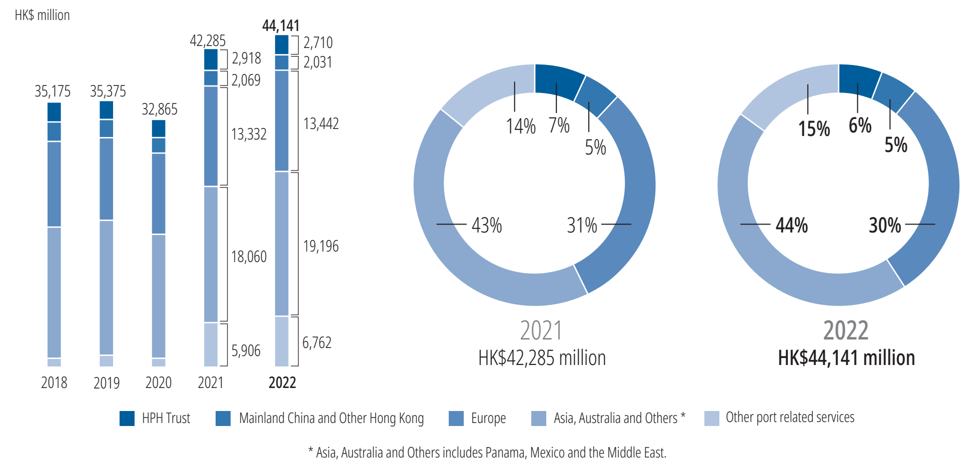
Total Container Throughput by Subdivision (-4%)



* Asia, Australia and Others includes Panama, Mexico and the Middle East.

Despite lower throughput, total reported revenue of HK$44,141 million increased 4% in reported currency and 10% in local currencies mainly due to strong performances in Mexico from higher throughput and higher storage income, as well as higher storage income primarily in Barcelona in Spain, Rotterdam in the Netherlands, Pakistan, Alexandria in Egypt, higher contribution from the newly acquired Delta II terminal in the Netherlands, and higher share of revenue from an associated company in the container shipping business which benefited from the hike in freight rates during the first half of 2022.

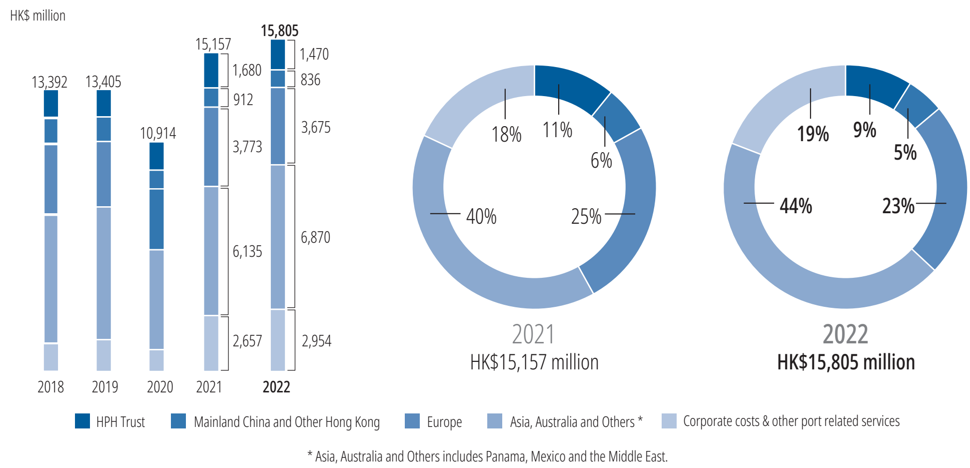
Total Revenue [4] by Subdivision
+4% (+10% in local currencies)



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

In reported currency, EBITDA increased 4% to HK$15,805 million and EBIT increased 6% to HK$11,426 million against 2021. In local currencies, EBITDA and EBIT increased 8% and 10% respectively, primarily from the Asia, Australia and Others region where Mexico has delivered exceptional performances as well as improved volume mix in Pakistan; the Europe region with the higher storage income mentioned above, as well as higher contribution from the associated company in the container shipping line business.

Total EBITDA [5] by Subdivision
+4% (+8% in local currencies)



Note 5: Total EBITDA has been adjusted to exclude non-controlling interests' share of EBITDA of HPH Trust.

As at 31 December 2022, the division had 295 operating berths [6], four berths more than 2021, with new berths in Huizhou, the Mainland China (+2 berths) and Jazan port in Saudi Arabia (+2 berths). In January 2023, the division's number of berths reduced by two berths due to the end of concession in Tanzania, while two additional berths are expected to be operational from last quarter in 2023 when the terminal at Abu Qir in Egypt commences operations.

Note 6: Based on 300 metres per berth and is computed by dividing the total berth length by 300 metres.

Segment Performance

HPH Trust

	2022 HK$ million	2021 HK$ million	Change
Total Revenue [7]	**2,710**	2,918	-7%
EBITDA [7]	**1,470**	1,680	-13%
EBIT [7]	**778**	975	-20%
Throughput (million TEU)	**22.7**	24.5	-7%
Number of berths	**52**	52	–

Note 7: Total revenue, EBITDA and EBIT have been adjusted to exclude non-controlling interests' share of results of HPH Trust.

HPH Trust's total revenue, EBITDA and EBIT decreased by 7%, 13% and 20% respectively mainly as a result of 7% drop in overall throughput. Weaker performance was mainly driven by the drop in export cargoes to US and Europe in Yantian as inventories were stocked up during pandemic restriction periods (particularly in the second half of 2022 where throughput decreased by 14% against second half of 2021), together with cross border traffic restrictions which were only lifted towards the end of Q4 2022, partly offset by higher empty cargoes in Yantian.

Mainland China and Other Hong Kong

	2022 HK$ million	2021 HK$ million	Change	Local currencies change
Total Revenue	**2,031**	2,069	-2%	+1%
EBITDA	**836**	912	-8%	-5%
EBIT	**606**	672	-10%	-6%
Throughput (million TEU)	**13.2**	13.9	-5%	
Number of berths	**44**	42	+2 berths	

The Mainland China and other Hong Kong segment's revenue, EBITDA and EBIT decline was mainly attributable to the 5% drop in throughput especially during Shanghai lockdowns in the first half of 2022, which affected factory productions and truck traffic across port terminals, together with higher costs associated with pandemic preventive measures, partly offset by higher storage income.

Europe

	2022 HK$ million	2021 HK$ million	Change	Local currencies change
Total Revenue	**13,442**	13,332	+1%	+12%
EBITDA	**3,675**	3,773	-3%	+8%
EBIT	**2,609**	2,623	-1%	+11%
Throughput (million TEU)	**16.8**	16.9	-1%	
Number of berths	**67**	67	–	

Europe segment's total revenue slightly increased by 1%, but EBITDA and EBIT dropped by 3% and 1% respectively mainly attributable to adverse foreign currency translation impact. In local currencies, total revenue, EBITDA and EBIT increased by 12%, 8% and 11% respectively primarily due to higher storage income in most European ports and full year volume contribution from the newly acquired Delta II terminal in the Netherlands in June 2021, partly offset by inflationary impact on energy and other costs.

Comparing second half of 2022 against first half of 2022, throughput, EBITDA and EBIT declined by 5%, 14% and 17% respectively, primarily from the UK and Barcelona due to lower throughput as a result of weak global demand, as well as rising energy cost and the high inflation environment which exacerbated during the second half.

Asia, Australia and Others

	2022 HK$ million	2021 HK$ million	Change	Local currencies change
Total Revenue	**19,196**	18,060	+6%	+10%
EBITDA	**6,870**	6,135	+12%	+14%
EBIT	**4,906**	4,135	+19%	+20%
Throughput (million TEU)	**32.1**	32.7	-2%	
Number of berths	**132**	130	+2 berths	

Asia, Australia and Others' total revenue, EBITDA and EBIT grew by 6%, 12% and 19% respectively in reported currency and in local currencies an increase of 10%, 14% and 20% respectively, mainly driven by better performances in Mexico, higher storage income from longer container dwelling time across most ports including Mexico, Alexandria in Egypt, Australia, Pakistan, Busan and Gwangyang in South Korea, together with improved volume mix in Pakistan from higher portion of laden container handling, as well as tariff increment in Panama.