

Operations Review

3 UK's 5G is currently available across 4,000 sites covering more than 60% of the population and more than 588 locations.



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1. 3 Austria has been crowned the fastest 5G mobile network in Austria for the second consecutive year.

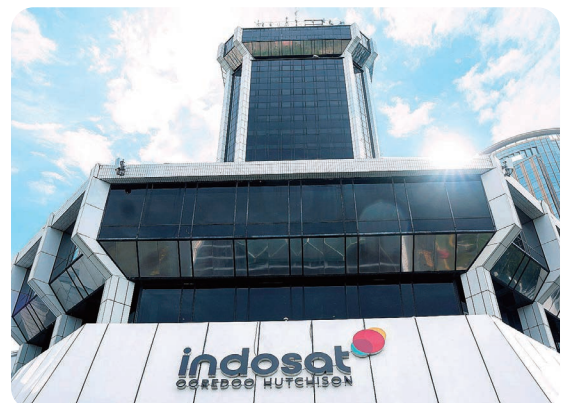
2. 3 Denmark's 5G coverage reaches over 65% population.

3. 3 Ireland has been named Ireland's fastest 5G operator.

4. Wind Tre's 5G network covers over 95% of Italy's population.

5. Indosat Ooredoo Hutchison reaches the milestone of 100 million customers in 2022.

Telecommunications



Operations Review – Telecommunications

The Group's telecommunications division consists of CK Hutchison Group Telecom ("CKHGT") which consolidates the 3 Group businesses in Europe ("3 Group Europe") and a 66.09% interest in Hutchison Telecommunications Hong Kong Holdings ("HTHKH"), which is listed on the SEHK, as well as Hutchison Asia Telecommunications ("HAT"). 3 Group Europe operates in six countries across Europe. HTHKH holds the Group's interests in mobile operations in Hong Kong and Macau. HAT holds the Group's interests in the mobile operations in Indonesia, Vietnam and Sri Lanka.

CK Hutchison Group Telecom

CKHGT completed the disposal of tower assets in the UK in November 2022 and recognised a disposal gain before tax of HK\$18,957 million, as compared to HK\$25,259 million recognised in 2021 on the sale of tower assets in Sweden and Italy where the transactions were completed in January and June 2021 respectively. Apart from the disposal gain, CKHGT recognised a non-cash impairment of goodwill on the Group's Italian telecommunication business of HK\$11,039 million and HK\$15,472 million in 2022 and 2021 respectively.

In million	2022 HK\$	2021 HK\$	Change	Local currencies change	2022 EURO	2021 EURO
Total Revenue	83,289	92,575	-10%	–	10,084	10,083
Total Margin	58,124	63,789	-9%	+1%	7,037	6,946
Total CACs	(14,852)	(16,725)	+11%		(1,799)	(1,823)
Less: Handset revenue	11,228	12,944	-13%		1,361	1,411
Total CACs (net of handset revenue)	(3,624)	(3,781)	+4%		(438)	(412)
Operating Expenses	(30,226)	(26,743)	-13%		(3,654)	(2,904)
Gain from disposal of tower assets	18,957	25,259	-25%		2,371	2,620
Impairment of goodwill	(11,039)	(15,472)	+29%		(1,330)	(1,669)
EBITDA ⁽¹⁾	32,192	43,052	-25%	-19%	3,986	4,581
Depreciation & Amortisation	(19,389)	(19,590)	+1%		(2,346)	(2,135)
EBIT ⁽¹⁾	12,803	23,462	-45%	-42%	1,640	2,446

Note 1: Under Post-IFRS 16 basis, EBITDA was HK\$39,002 million (2021: HK\$50,892 million); EBIT was HK\$14,216 million (2021: HK\$24,530 million).

3 Group Europe⁽²⁾

In million	2022 HK\$	2021 ⁽³⁾ HK\$	Change	Local currencies change
Total Revenue	77,925	86,972	-10%	–
Total Margin	54,933	60,777	-10%	+1%
Total CACs	(14,305)	(16,163)	+11%	
Less: Handset revenue	10,852	12,549	-14%	
Total CACs (net of handset revenue)	(3,453)	(3,614)	+4%	
Operating Expenses	(27,616)	(27,999)	+1%	
<i>Opex as a % of total margin</i>	50%	46%		
EBITDA	23,864	29,164	-18%	-9%
<i>EBITDA Margin %⁽⁴⁾</i>	36%	39%		
Depreciation & Amortisation	(18,300)	(18,520)	+1%	
EBIT	5,564	10,644	-48%	-41%
EBITDA per above	23,864	29,164	-18%	-9%
Proforma contribution from tower assets	–	728		
Reported EBITDA⁽⁵⁾	23,864	29,892	-20%	-11%
EBIT per above	5,564	10,644	-48%	-41%
Proforma contribution from tower assets	–	615		
Reported EBIT⁽⁵⁾	5,564	11,259	-51%	-44%

Note 2: 3 Group Europe result above is before one-off items in 2022 and 2021, which represented gain on disposal of tower assets (before tax) of HK\$19.0 billion (2021: HK\$25.3 billion) and non-cash impairment of goodwill of the Group's Italian telecommunication business of HK\$11.0 billion (2021: HK\$15.5 billion).

Note 3: Due to the completion of disposals of tower assets in 2022 and 2021 as mentioned, the 2021 results were normalised, which exclude the proforma contribution from the tower assets in the UK for November to December 2021 and in Italy for first half of 2021 for comparability purpose. The % changes in EBITDA and EBIT are compared against the normalised 2021 numbers.

Note 4: EBITDA margin % represents EBITDA as a percentage of total revenue (excluding handset revenue).

Note 5: Under Post-IFRS 16 basis, EBITDA was HK\$30,144 million (2021: HK\$37,267 million); EBIT was HK\$6,859 million (2021: HK\$12,256 million).

3 Group Europe's total revenue of HK\$77,925 million is flat against last year in local currencies, whereas total margin of HK\$54,933 million was 1% higher, primarily driven by growth in net customer service margin due to an increase in the customer base coupled with higher roaming income across all operations following travel resumption in Europe, partly offset by lower wholesale contribution in Italy. Active customer base as at 31 December 2022 of 39.7 million is 3% higher against 2021, mainly due to the UK, where the total active customer base increased 6% year-on-year, with better or relatively stable active customer base reported by all the other operations. Average monthly customer churn rate of the contract customer base remained stable at 1.2% for the year (2021: 1.2%).

3 Group Europe's net ARPU and net AMPU decreased by 2% and 1% to €12.87 and €11.47 respectively as compared to 2021, primarily due to tariff mix in Italy, resulted from an increased contribution from second brand customers which have a lower net ARPU and net AMPU.

All of 3 Group Europe's operations reported growth in net customer service margin, with the UK, Sweden and Ireland increasing their total active customer base through various initiatives including focus on business segment, network enhancement and attractive bundle propositions. On the other hand, Denmark and Austria improved margin through second brand and pricing adjustments respectively. Italy delivered a modest growth in net customer service margin despite market competition via customer value management. Other margin decreased year-on-year driven by Italy's wholesale margin decline, which was partly offset by wholesale margin growth across the remaining countries, as the operations look to extend their revenue streams besides traditional customer service. Overall, these led to the aforementioned 1% increment in total margin.

3 Group Europe's 2022 results were impacted by the full year incremental tower service fees of around HK\$0.6 billion in Italy and the two months impact of over HK\$0.1 billion in the UK after completion of the UK tower asset disposal in early November 2022. On a normalised basis⁽⁵⁾, EBITDA and EBIT were still 9% and 41% lower year-on-year respectively in local currencies, as the improvements in overall total margin mentioned above was more than offset by increased operating expenses due to higher energy and other inflationary impact, certain dispute settlement proceeds recognised by Italy in 2021 that did not recur this year, as well as higher network costs and depreciation and amortisation compared to last year from the continued investments in network expansion, 5G rollout and digitalisation.

In response to the rising energy cost, all of the operations have introduced various energy saving initiatives, including deployment of smart network "sleeping mode" and energy efficient equipment, retirement of legacy technologies, reduction of redundant assets through consolidation or active sharing, as well as thermal management. Majority of the operations have inflation-linked pricing or annual price increment embedded in customer contracts, which is expected to partly mitigate the inflationary impact on energy cost and operating expenses in the coming year.

Operations Review – Telecommunications

CKHGT - Results by operations

In million	UK ⁽⁷⁾ GBP		Italy ⁽⁶⁾⁽⁷⁾ EURO		Sweden SEK		Denmark DKK		Austria EURO	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Total Revenue	2,520	2,444	3,947	4,193	7,586	6,902	2,375	2,272	885	866
% change	+3%		-6%		+10%		+5%		+2%	
Total margin	1,529	1,445	3,030	3,187	4,753	4,351	1,864	1,764	669	638
% change	+6%		-5%		+9%		+6%		+5%	
Total CACs	(953)	(968)	(276)	(290)	(1,003)	(1,233)	(229)	(227)	(113)	(115)
Less: Handset Revenue	759	772	167	203	555	769	78	93	100	101
Total CACs (net of handset revenue)	(194)	(196)	(109)	(87)	(448)	(464)	(151)	(134)	(13)	(14)
Operating Expenses	(723)	(655)	(1,578)	(1,451)	(1,957)	(1,724)	(1,036)	(920)	(306)	(286)
Opex as a % of total margin	47%	45%	52%	46%	41%	40%	56%	52%	46%	45%
Gain on disposal of tower assets	–	–	–	–	–	–	–	–	–	–
Impairment of goodwill	–	–	–	–	–	–	–	–	–	–
EBITDA	612	594	1,343	1,649	2,348	2,163	677	710	350	338
% change	+3%		-19%		+9%		-5%		+4%	
EBITDA margin % ⁽⁹⁾	35%	36%	36%	41%	33%	35%	29%	33%	45%	44%
Depreciation & Amortisation	(465)	(442)	(1,155)	(1,044)	(1,728)	(1,272)	(551)	(464)	(154)	(145)
EBIT	147	152	188	605	620	891	126	246	196	193
% change	-3%		-69%		-30%		-49%		+2%	
EBITDA per above	612	594	1,343	1,649	2,348	2,163	677	710	350	338
Proforma contribution from tower assets	–	15	–	61	–	–	–	–	–	–
Reported EBITDA	612	609	1,343	1,710	2,348	2,163	677	710	350	338
% change	–		-21%		+9%		-5%		+4%	
EBIT per above	147	152	188	605	620	891	126	246	196	193
Proforma contribution from tower assets	–	9	–	56	–	–	–	–	–	–
Reported EBIT	147	161	188	661	620	891	126	246	196	193
% change	-9%		-72%		-30%		-49%		+2%	
Capex (excluding licence)	(743)	(784)	(849)	(1,111)	(1,498)	(1,394)	(792)	(705)	(168)	(153)
Reported Depreciation & Amortisation ⁽¹⁰⁾	407	400	922	792	1,066	671	421	294	106	97
Reported Depreciation & Amortisation ⁽¹⁰⁾ less Capex	(336)	(384)	73	(319)	(432)	(723)	(371)	(411)	(62)	(56)
Reported EBITDA less Capex	(131)	(175)	494	599	850	769	(115)	5	182	185
Licence ⁽¹¹⁾	–	(280)	–	–	–	(492)	–	(544)	–	–
HK dollar equivalents of Reported EBITDA and EBIT are summarised as follows:										
EBITDA-pre IFRS 16 basis (HK\$)	5,868	6,504	11,087	15,729	1,822	1,957	752	877	2,894	3,106
EBITDA-post IFRS 16 basis (HK\$)	6,840	7,615	15,586	21,117	2,035	2,214	858	986	3,100	3,323
EBIT-pre IFRS 16 basis (HK\$)	1,356	1,712	1,534	6,087	488	809	140	307	1,625	1,767
EBIT-post IFRS 16 basis (HK\$)	1,523	1,899	2,519	6,763	507	831	148	314	1,668	1,813

	UK		Italy ⁽¹²⁾		Sweden		Denmark		Austria	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Total registered customer base (million)	13.1	13.1	20.1	20.7	2.5	2.4	1.5	1.5	3.2	3.3
Total active customer base (million)	10.3	9.7	18.8	19.0	2.4	2.3	1.5	1.5	2.9	2.9
Contract customers as a % of the total registered customer base	66%	62%	48%	48%	69%	69%	56%	57%	77%	75%
Average monthly churn rate of the total contract registered customer base (%)	1.4%	1.3%	1.3%	1.4%	1.3%	1.2%	1.8%	1.6%	0.4%	0.2%
Active contract customers as a % of the total contract registered customer base	98%	99%	96%	95%	100%	100%	100%	100%	100%	100%
Active customers as a % of the total registered customer base	79%	74%	93%	92%	100%	98%	100%	100%	90%	87%
LTE coverage by population (%)	96%	94%	100%	100%	97%	95%	100%	100%	97%	97%
Full year data usage per active customer (Gigabyte)										

Note 6: Wind Tre's results include fixed line business revenue of €959 million (2021: €973 million) and EBITDA of €177 million (2021: €211 million).

Note 7: As the disposals of tower assets in Italy was completed in June 2021, the 2021 Italy results were normalised, which exclude the proforma contribution from the tower assets for January to June 2021 for comparability purpose. Similarly, as the tower assets disposal in the UK was completed in November 2022, the 2021 UK results exclude the proforma contribution from the tower assets for November to December 2021. The % changes in EBITDA and EBIT are compared against the normalised 2021 numbers.

Note 8: 3 Group Europe results do not include one-off items in 2022 and 2021, which represented gain on disposal of tower assets of HK\$19.0 billion (2021: HK\$25.3 billion) and non-cash impairment of goodwill of the Group's Italian telecommunication business of HK\$11.0 billion (2021: HK\$15.5 billion).

Note 9: EBITDA margin % represents EBITDA as a percentage of total revenue (excluding handset revenue).

Ireland EURO		3 Group Europe before one-off ^{(7) (8)} HK\$				HTHKH HK\$		Corporate and Others and one-off ⁽⁸⁾ HK\$		CKHGT HK\$		CKHGT EURO	
2022	2021	2022	2021			2022	2021	2022	2021	2022	2021	2022	2021
			Normalised	Tower Assets	Reported								
620	579	77,925	86,972	–	86,972	4,882	5,385	482	218	83,289	92,575	10,084	10,083
+7%		-10%				-9%		+121%		-10%		–	
Local currencies change %		–								–			
460	445	54,933	60,777	–	60,777	3,001	2,974	190	38	58,124	63,789	7,037	6,946
+3%		-10%				+1%		+400%		-9%		+1%	
Local currencies change %		+1%								+1%			
(103)	(77)	(14,305)	(16,163)	–	(16,163)	(547)	(562)	–	–	(14,852)	(16,725)	(1,799)	(1,823)
99	76	10,852	12,549	–	12,549	376	395	–	–	11,228	12,944	1,361	1,411
(4)	(1)	(3,453)	(3,614)	–	(3,614)	(171)	(167)	–	–	(3,624)	(3,781)	(438)	(412)
(281)	(256)	(27,616)	(27,999)	728	(27,271)	(1,772)	(1,714)	(838)	2,242	(30,226)	(26,743)	(3,654)	(2,904)
61%	58%	50%	46%		45%	59%	58%	N/A	N/A	52%	42%	52%	42%
–	–	–	–	–	–	–	–	18,957	25,259	18,957	25,259	2,371	2,620
–	–	–	–	–	–	–	–	(11,039)	(15,472)	(11,039)	(15,472)	(1,330)	(1,669)
175	188	23,864	29,164	728	29,892	1,058	1,093	7,270	12,067	32,192	43,052	3,986	4,581
-7%		-18%				-3%		-40%		-25%		-13%	
Local currencies change %		-9%								-19%			
34%	37%	36%	39%		40%	23%	22%			45%	54%	46%	53%
(124)	(125)	(18,300)	(18,520)	(113)	(18,633)	(1,088)	(951)	(1)	(6)	(19,389)	(19,590)	(2,346)	(2,135)
51	63	5,564	10,644	615	11,259	(30)	142	7,269	12,061	12,803	23,462	1,640	2,446
-19%		-48%				-121%		-40%		-45%		-33%	
Local currencies change %		-41%								-42%			
175	188	23,864	29,164										
–	–	–	728										
175	188	23,864	29,892										
-7%		-20%											
Local currencies change %		-11%											
51	63	5,564	10,644										
–	–	–	615										
51	63	5,564	11,259										
-19%		-51%											
Local currencies change %		-44%											
(101)	(114)	(18,432)	(23,118)			(496)	(874)	(3)	(20)	(18,931)	(24,012)	(2,297)	(2,623)
90	87	14,475	14,206			515	447	1	6	14,991	14,659	1,814	1,598
(11)	(27)	(3,957)	(8,912)			19	(427)	(2)	(14)	(3,940)	(9,353)	(483)	(1,025)
74	74	5,432	6,774			562	219	7,267	12,047	13,261	19,040	1,689	1,958
–	–	–	(4,237)			(138)	(2,040)	–	–	(138)	(6,277)	(17)	(669)
1,441	1,719	23,864	29,892			1,058	1,093	7,270	12,067	32,192	43,052	€3,986	€4,581
1,725	2,012	30,144	37,267			1,485	1,501	7,373	12,124	39,002	50,892	€4,808	€5,432
421	577	5,564	11,259			(30)	142	7,269	12,061	12,803	23,462	€1,640	€2,446
494	636	6,859	12,256			(15)	156	7,372	12,118	14,216	24,530	€1,812	€2,562

Ireland		3 Group Europe		HTHKH	
2022	2021	2022	2021	2022	2021
3.8	3.1	44.2	44.1	3.8	4.0
3.8	3.1	39.7	38.5	3.3	3.2
77%	73%	59%	57%	39%	36%
0.5%	0.7%	1.2%	1.2%	0.8%	1.2%
100%	100%	98%	98%	100%	100%
100%	100%	90%	87%	86%	80%
99%	99%	–	–	99%	90%
		235.0	192.7	119.9	85.7

Note 10: Reported Depreciation & Amortisation excludes amortisation of licences and amortisation of capitalised CACs.

Note 11: 2021 licence cost for UK represents investment for 20 MHz of 700 MHz spectrum acquired in May 2021, the licence cost for Sweden represents 100 MHz of 3500 MHz spectrum acquired in January 2021, the licence cost for Denmark represents 2x20 MHz of 2100 MHz spectrum, 120 MHz in 3500 MHz spectrum and 1000 MHz in 26 GHz spectrum acquired in April 2021, and the licence cost for Hong Kong represents investment for 10 MHz of 900 MHz spectrum renewed for 15 years from January 2021 and investment for 30 MHz of 1800 MHz spectrum renewed for 15 years from September 2021. 2022 licence cost for for Hong Kong represents investment for 20 MHz of 700 MHz spectrum acquired for 15 years from June 2022.

Note 12: Wind Tre's 2022 KBI included an adjustment for aligning the definition of active customer base to that of CKHGT as part of a system integration. Consequently, there is a corresponding and opposite effect on Wind Tre's net ARPU and net AMPU. The conformity of KBI definitions does not impact Wind Tre's total revenue and total margin.

Operations Review – Telecommunications

Key Business Indicators

	Registered Customer Base								
	Registered Customers at 31 December 2022 ('000)			Registered Customer Growth (%) from 30 June 2022 to 31 December 2022			Registered Customer Growth (%) from 31 December 2021 to 31 December 2022		
	Non-contract	Contract	Total	Non-contract	Contract	Total	Non-contract	Contract	Total
United Kingdom	4,460	8,623	13,083	-13%	+3%	-3%	-10%	+5%	–
Italy ⁽¹³⁾	10,484	9,676	20,160	-2%	–	-1%	-3%	-2%	-2%
Sweden	760	1,704	2,464	+4%	+4%	+4%	+4%	+6%	+5%
Denmark	673	867	1,540	+3%	–	+1%	+4%	+2%	+3%
Austria	723	2,446	3,169	-4%	-1%	-2%	-11%	-2%	-4%
Ireland	860	2,926	3,786	+1%	+13%	+10%	+3%	+27%	+20%
3 Group Europe Total	17,960	26,242	44,202	-5%	+3%	–	-4%	+4%	–
HTHKH	2,341	1,470	3,811	+11%	–	+7%	-8%	+2%	-4%

	Active ⁽¹⁴⁾ Customer Base								
	Active Customers at 31 December 2022 ('000)			Active Customer Growth (%) from 30 June 2022 to 31 December 2022			Active Customer Growth (%) from 31 December 2021 to 31 December 2022		
	Non-contract	Contract	Total	Non-contract	Contract	Total	Non-contract	Contract	Total
United Kingdom	1,823	8,481	10,304	+10%	+3%	+4%	+13%	+5%	+6%
Italy ^{(13) (15)}	9,560	9,257	18,817	-3%	–	-2%	-1%	-1%	-1%
Sweden	750	1,704	2,454	+4%	+4%	+4%	+10%	+6%	+7%
Denmark	669	867	1,536	+3%	–	+1%	+4%	+2%	+3%
Austria	403	2,437	2,840	+4%	-1%	–	+8%	-2%	-1%
Ireland	860	2,926	3,786	+1%	+13%	+10%	+3%	+27%	+20%
3 Group Europe Total	14,065	25,672	39,737	-1%	+3%	+1%	+2%	+4%	+3%
HTHKH	1,808	1,470	3,278	+18%	–	+9%	+3%	+2%	+2%

Note 13: In addition to the above, Wind Tre has 2.9 million fixed line customers.

Note 14: An active customer is one that generated revenue from an outgoing call, incoming call or data/content service in the preceding three months.

Note 15: Wind Tre's 2022 KBI included an adjustment for aligning the definition of active customer base to that of CKHGT as part of a system integration. Consequently, there is a corresponding and opposite effect on Wind Tre's net ARPU and net AMPU. The conformity of KBI definitions does not impact Wind Tre's total revenue and total margin.

**12-month Trailing Average Revenue per Active User ⁽¹⁶⁾ ("ARPU")
to 31 December 2022**

	Non-Contract	Contract	Blended Total	% Variance compared to 31 December 2021
United Kingdom	£6.15	£21.46	£18.83	+1%
Italy ⁽¹⁹⁾	€9.80	€12.19	€10.97	-4%
Sweden	SEK114.92	SEK265.85	SEK219.77	-11%
Denmark	DKK92.46	DKK146.43	DKK123.15	+1%
Austria	€10.13	€23.09	€21.32	–
Ireland	€14.63	€11.62	€12.36	-16%
3 Group Europe Average	€9.96	€18.56	€15.47	-3%
HTHKH	HK\$11.15	HK\$185.10	HK\$94.21	+3%

**12-month Trailing Net Average Revenue per Active User ⁽¹⁷⁾ ("Net ARPU")
to 31 December 2022**

	Non-Contract	Contract	Blended Total	% Variance compared to 31 December 2021
United Kingdom	£6.15	£14.45	£13.02	–
Italy ⁽¹⁹⁾	€9.80	€11.19	€10.48	-3%
Sweden	SEK114.92	SEK211.02	SEK181.68	–
Denmark	DKK92.46	DKK137.24	DKK117.92	+2%
Austria	€10.13	€19.85	€18.52	+2%
Ireland	€14.63	€8.93	€10.33	-16%
3 Group Europe Average	€9.96	€14.51	€12.87	-2%
HTHKH	HK\$11.15	HK\$167.57	HK\$85.85	+5%

**12-month Trailing Net Average Margin per Active User ⁽¹⁸⁾ ("Net AMPU")
to 31 December 2022**

	Non-Contract	Contract	Blended Total	% Variance compared to 31 December 2021
United Kingdom	£5.63	£12.91	£11.66	+1%
Italy ⁽¹⁹⁾	€8.73	€9.97	€9.33	–
Sweden	SEK97.92	SEK185.58	SEK158.82	–
Denmark	DKK78.13	DKK112.91	DKK97.91	+2%
Austria	€9.04	€17.98	€16.75	+4%
Ireland	€13.49	€8.17	€9.48	-17%
3 Group Europe Average	€8.87	€12.93	€11.47	-1%
HTHKH	HK\$8.32	HK\$145.46	HK\$73.81	+4%

Note 16: ARPU equals total monthly revenue, including incoming mobile termination revenue and contributions for a handset/device in contract bundled plans, divided by the average number of active customers during the year.

Note 17: Net ARPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in contract bundled plans, divided by the average number of active customers during the year.

Note 18: Net AMPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in contract bundled plans, less direct variable costs (including interconnection charges and roaming costs) (i.e. net customer service margin), divided by the average number of active customers during the year.

Note 19: Wind Tre's 2022 KBI included an adjustment for aligning the definition of active customer base to that of CKHGT as part of a system integration. Consequently, there is a corresponding and opposite effect on Wind Tre's net ARPU and net AMPU. The conformity of KBI definitions does not impact Wind Tre's total revenue and total margin.

Operations Review – Telecommunications

United Kingdom

On a normalised basis⁽²⁰⁾ and in local currency, UK's EBITDA increased by 3% compared to last year mainly driven by strong growth in net customer service margin from 6% increase in customer base, partly offset by higher network spending from increased 5G coverage and increase in annual licence fee. However, EBIT decreased by 3% in local currency compared to last year, mainly due to increased depreciation from higher asset base driven by IT investments and accelerated 5G network rollout. As a result of the network investments, 3 UK was awarded the fastest 5G network in UK by various independent surveys during the year.

Italy

On a normalised basis⁽²⁰⁾ and in local currency, Italy's EBITDA decreased by 19%, mainly due to decline in wholesale volume which led to 6% reduction in revenue, higher operating costs from network development and approximately 13% energy cost inflation, as well as certain dispute settlement proceeds in 2021. Wind Tre has implemented strategic transitions with progressive improvements in net customer service margin for each of the last four half-years since the beginning of 2021. Furthermore, the decline in wholesale margin has narrowed through extending the scope of existing wholesale arrangements. EBIT decreased by 69% due to higher depreciation and amortisation from an enlarged asset base as 5G rollout continues. Such investments have seen Wind Tre reach over 95% and 65% FDD and TDD coverage respectively, with various research awarding Wind Tre's network as the highest 5G speed and coverage for consecutive periods.

In January 2023, Wind Tre entered into a joint venture arrangement to rollout network in rural areas, which will create synergies and reduce the costs of developing and maintaining the network assets in these regions.

Sweden

Sweden, where the Group has 60% interest, reported EBITDA growth of 9% in local currency compared to last year, primarily driven by 9% increase in total margin from 7% increase in active customer base, partly offset by higher operating costs incurred from enlarged network base and increased handset receivables sales costs. During the second half of 2022, the operation recognised accelerated depreciation charges from the ongoing network asset swap, resulting in 30% lower EBIT compared to last year. Sweden's 5G network now covers nine of the country's largest cities with full TDD coverage.

Denmark

The Denmark operation, where the Group has 60% interest, reported decrease in EBITDA by 5% in local currency mainly driven by higher operating costs from the enlarged network base and increase in energy cost by over 180% mainly due to inflation, which more than offsets the total margin growth of 6%. As the network assets swap continued and more than half of the swap was carried out in 2022, Denmark's EBIT decreased by 49% when compared to last year. Denmark has reached over 65% 5G coverage and aims to achieve over 60% TDD coverage in 2023.

Austria

Austria's EBITDA and EBIT in local currency increased by 4% and 2% respectively compared to 2021, primarily driven by 5% total margin growth from 4% increase in net AMPU and strong MVNO performance, partly offset by higher operating costs from increased data traffic and enlarged network base, as well as 28% energy cost inflation. During 2022, Austria was ranked the fastest 5G network and has launched the country's first 5G standalone Fixed Wireless Access products.

Ireland

EBITDA and EBIT in local currency decreased by 7% and 19% respectively compared to 2021 driven by higher operating expenses due to network expansion, 46% energy cost inflation and increased marketing and sponsorship following the ease of lockdown restrictions. The adverse impact is partly offset by 3% higher total margin mainly due to the base growth, which more than offsets the lower net AMPU from the dilutive impact of higher mix of low value Internet of Things (IoT) customers. In 2022, Ireland was awarded the fastest 5G network with 90% population coverage.

Hutchison Telecommunications Hong Kong Holdings

Total revenue of HK\$4,882 million was 9% lower compared to last year, primarily driven by lower hardware sales as a result of supply chain constraints. EBITDA of HK\$1,058 million was 3% lower compared to last year, mainly due to lower margin from lower hardware sales as well as higher network costs driven by the investments in 5G technology and network infrastructure expansion, partly offset by the improved net customer service margin driven by the rebound in roaming service revenue. EBIT of HK\$30 million for 2022 compared to an EBIT of HK\$142 million reported last year, mainly due to higher depreciation and amortisation from the full year impact of the renewal of spectrum in 2021, the activation of new spectrum in 2022 and the enlarged asset base from 5G network infrastructure expansion.

Note 20: Due to the completion of disposals of tower assets in 2022 and 2021 as mentioned, the 2021 results were normalised, which exclude the proforma contribution from the tower assets in the UK for November to December 2021 and in Italy for first half of 2021 for comparability purpose. The % changes in EBITDA and EBIT are compared against the normalised 2021 numbers.

Hutchison Asia Telecommunications

	2022 HK\$ million	2021 HK\$ million	Change	Local currencies change
Total Revenue	11,628	8,786	+32%	+38%
EBITDA ⁽²¹⁾	9,420	2,036	+363%	+373%
EBIT ⁽²¹⁾	6,745	209	+3127%	+3189%
Total active customer base (million)	123.1	56.2	+119%	
- Indonesia	102.2	39.1	+162%	
- Vietnam	16.9	13.2	+27%	
- Sri Lanka	4.0	3.9	+3%	

Note 21: Under Post-IFRS 16 basis, EBITDA was HK\$12,478 million (2021: HK\$4,232 million); EBIT was HK\$8,582 million (2021: HK\$979 million).

In January 2022, the merger transaction between the Group's Indonesia telecommunication business, Hutchison 3 Indonesia ("H3I") and PT Indosat Tbk ("Indosat") was completed. The newly merged company, Indosat Ooredoo Hutchison ("IOH"), remains listed on the Indonesia Stock Exchange and becomes the second largest telecommunication operator in Indonesia. As of 31 December 2022, Hutchison Asia Telecommunications ("HAT") had approximately 123.1 million active customer accounts, whereby Indonesia represented 83% of the total following the merger.

HAT's results at EBITDA and EBIT levels in 2022 included a gain of HK\$6,100 million from the completion of the merger of the Indonesian telecommunication business, partly offset by a non-cash impairment in the telecommunication business in Sri Lanka of HK\$962 million amidst the challenging market condition following the outbreak of the political and economic crisis in the country in the first half.

Excluding the above one-off items, EBITDA and EBIT in 2022 of HK\$4,282 million and HK\$1,607 million increased by 110% and 669% respectively due to the increased contribution from the Group's share of IOH's results since the merger. IOH's solid performance in 2022 reflected the continued good growth momentum with the enlarged customer base following the merger, which has resulted in a strong data traffic growth. In addition, IOH's network size has also increased with 4G base transceiver stations rising to above 137,000, enabling it to handle the strong increase in traffic. In September 2022, IOH distributed a dividend of IDR2 trillion (approximately US\$133 million) to its shareholders, the first dividend received from the Indonesian telecommunication operation since the Group entered into the market.