

Hutchison Port Holdings Trust

Your Preferred Port-of-Call

**2018 Financial Results Presentation
for the Period Ended 30 June 2018**

Disclaimer

This presentation should be read in conjunction with, and figures herein are based on, the results of Hutchison Port Holdings Trust (“HPH Trust”) for the period ended 30 June 2018 in the SGXNET announcement.

This presentation may contain forward-looking statements that involve risks and uncertainties. Such forward-looking statements and financial information involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements expressed or implied by such forward-looking statements and financial information. Such forward-looking statements and financial information are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. As these statements and financial information reflect our current views concerning future events, these statements and financial information necessarily involve risks, uncertainties and assumptions. Actual future performance could differ materially from these forward-looking statements and financial information. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of Hutchison Port Holdings Management Pte. Limited, a trustee-manager of HPH Trust, of future events.

Table of Contents

- 1 Key Highlights
- 2 Outlook and Prospects
- 3 Business Review for the Period Ended 30 June 2018
- 4 Key Financial Performance

1 Key Highlights

Key Highlights

- YTD June 2018 throughput of HPH Trust's ports was 1% below last year. YICT's throughput was 2% above last year. Combined throughput of HIT, COSCO-HIT and ACT (collectively "HPHT Kwai Tsing") was 3% below last year
- Although outbound cargoes to the US continued to grow in the second quarter of 2018 by 3%, the outbound cargoes to the EU declined 3% when compared to last year. YICT's throughput growth in the first six months of 2018 was mainly attributed to growth in the US and transshipment cargoes, but was partially offset by the decrease in empty cargoes. The drop in HPHT Kwai Tsing's throughput was mainly due to reduction in transshipment cargoes
- YTD June 2018 NPAT was HK\$894.2 million, HK\$43.4 million or 5% below last year. NPAT attributable to unitholders was HK\$315.4 million, HK\$120.6 million or 28% below last year
- 2018 interim Distribution Per Unit is 8.52 HK cents

2 Outlook and Prospects

Outlook and Prospects

Overview

- The prospects for global trade for 2018 face an almost unprecedented level of uncertainty, particularly in consequence of increasing trade tensions and disputes between the United States and both China and the European Union.
- The level of uncertainty in political and economic relations as it pertains to trade has increased significantly over the course of the year to date and shows little sign of abating. The impact of measures which may arise out of the trade disputes, especially those between the United States and China, on the performance of HPH Trust for the remainder of the year cannot readily be quantified given the level of uncertainty that currently prevails as to both the specific nature; extent; and timing of such measures and the consequent precise impact they may have on local and global trade flows and, as such, HPH Trust's business.
- From an industrial standpoint, and as noted before, consolidation of ownership within the shipping industry continues and with it the deployment of mega vessels intended to promote fleet and capacity optimisation and drive cost efficiencies. A further significant industry trend will be increasing emphasis placed on security in the light of cyber attacks and threats of cyber attacks on companies generally.
- Against this background, the Trustee-Manager remains both vigilant and cautious about expected cargo volume for 2018, particularly in the light of the trade and geopolitical tensions referred to above and will continue to adhere to strict financial discipline.

Outlook and Prospects

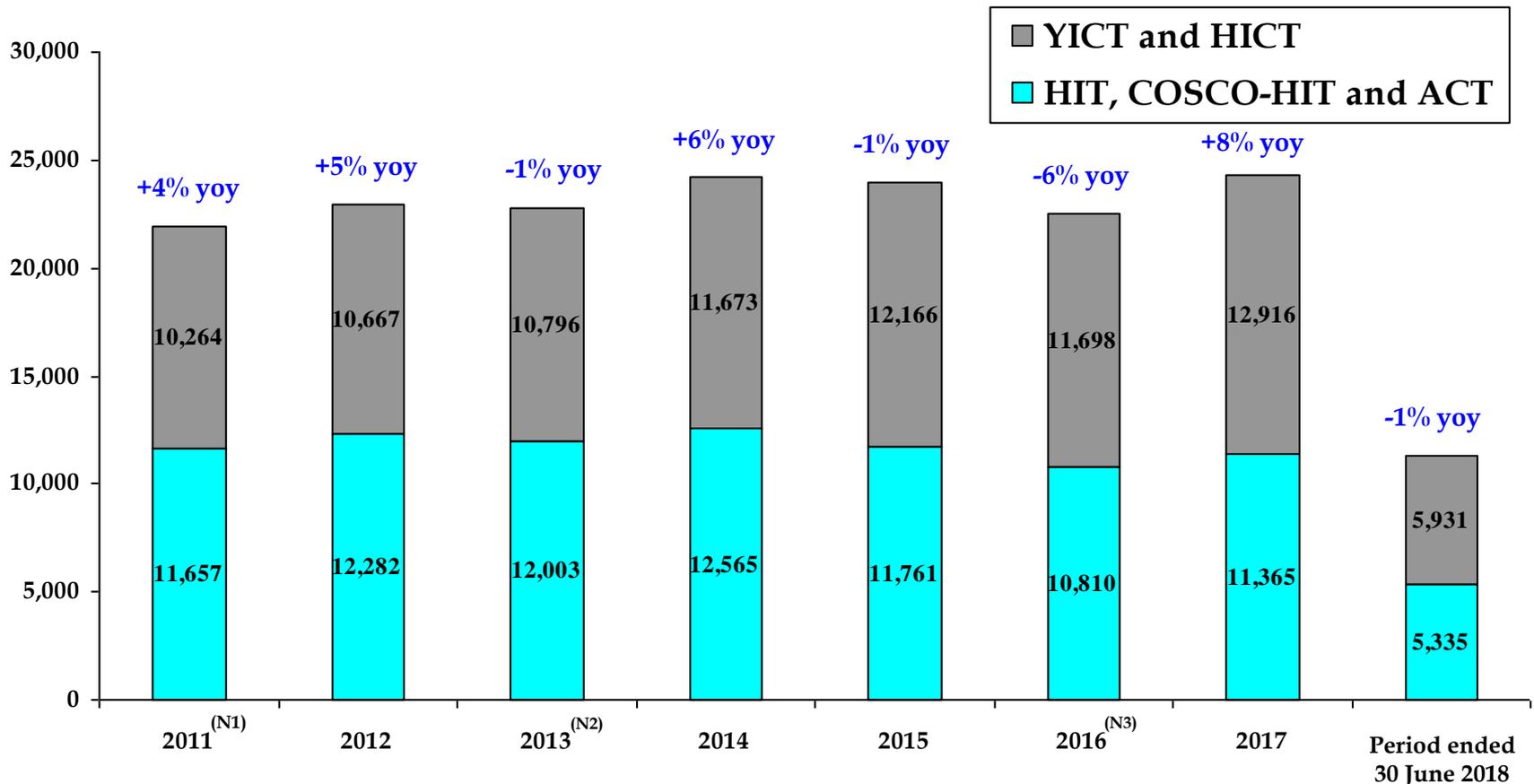
Overview

- That said, HPH Trust has continued to position its business to support and complement the changing structural requirements of the container shipping industry through its exemplary mega vessel handling capabilities at YICT, its ongoing investment in state-of-the-art equipment and facilities and its possession of a strategic transshipment hub in Hong Kong.

3 Business Review for the Period Ended 30 June 2018

Key Business Update

Throughput Volume (TEU in thousand)



N1 2011 throughput volume is on full year basis (i.e. include the throughput volume before listing) for comparison purpose

N2 Includes throughput volume of ACT after the acquisition in March 2013

N3 Includes throughput volume of HICT after the acquisition in December 2016

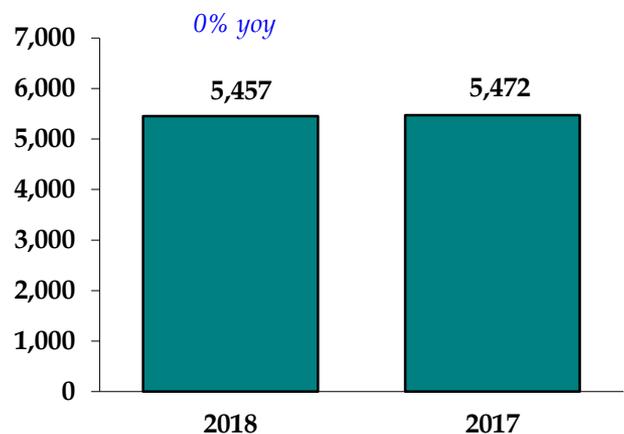
4 Key Financial Performance

Key Financial Performance

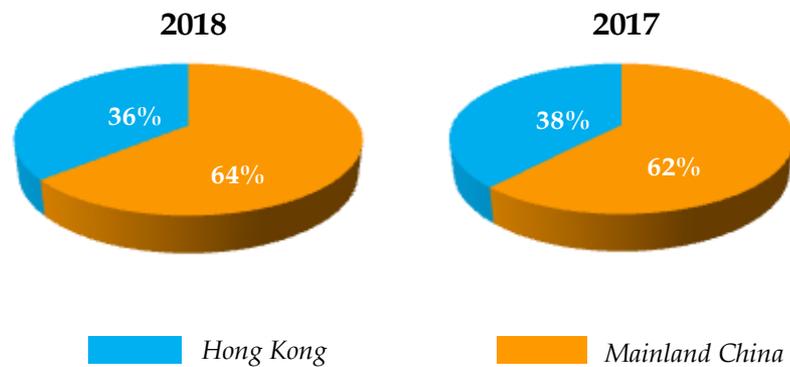
Revenue and other income

For the period ended 30 June 2018

(HK\$'Million)



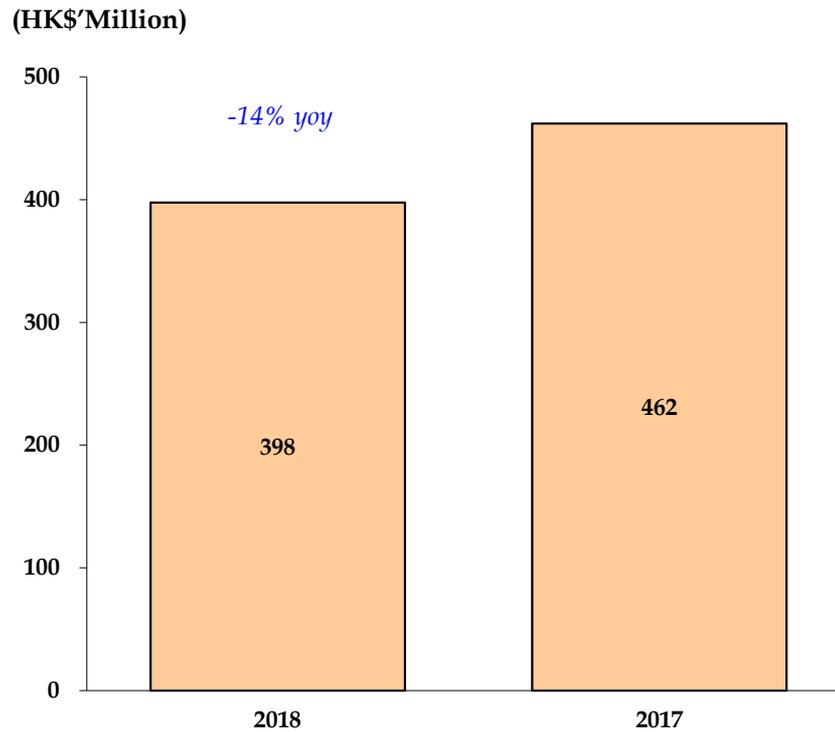
Segment Information



Key Financial Performance

Total Capex

For the period ended 30 June 2018



Key Financial Performance

Financial Position

At 30 June 2018
HK\$'Million

Short Term Debt	\$3,809.7
Long Term Debt	\$28,058.7
Total Consolidated Debt	\$31,868.4
Total Consolidated Cash	\$6,532.8

Key Financial Performance

Distribution

**For the period from
1 January 2018 to
30 June 2018**

Distribution Amount

HK\$742.2 million

Distribution Per Unit

8.52 HK cents

Ex-distribution date

27 July 2018

Books closure date

5:00p.m. 31 July 2018

Payment of distribution

20 September 2018

HPH Trust's Unaudited Results Half Year 2018 against Last Year

(HK\$'Million)	1 January to 30 June		
	2018	2017	% variance
	<u>Actual</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
Revenue and other income	5,456.6	5,472.3	-
Cost of services rendered	(1,998.6)	(1,918.7)	(4%)
Staff costs	(150.0)	(147.3)	(2%)
Depreciation and amortisation	(1,543.6)	(1,471.6)	(5%)
Other operating income	104.0	7.0	1,386%
Other operating expenses	(268.8)	(277.8)	3%
Total operating expenses	(3,857.0)	(3,808.4)	(1%)
Operating profit	1,599.6	1,663.9	(4%)
Interest and other finance costs	(481.0)	(403.9)	(19%)
Share of profits/(losses) after tax of Associated Cos/JVs	(35.4)	(15.3)	(131%)
Profit before tax	1,083.2	1,244.7	(13%)
Taxation	(189.0)	(307.1)	38%
Profit after tax	894.2	937.6	(5%)
Profit after tax attributable to non-controlling interests	(578.8)	(501.6)	15%
Profit after tax attributable to unitholders of HPH Trust	315.4	436.0	(28%)

There are no material differences between HKFRSs and IFRSs and no material adjustments are required to restate the financial statements of HPH Trust in accordance with IFRSs

HPH Trust's Unaudited Results

2nd Quarter 2018 against Last Year

	1 April to 30 June		
(HK\$'Million)	2018	2017	% variance
	<u>Actual</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
Revenue and other income	2,789.3	2,894.3	(4%)
Cost of services rendered	(1,006.4)	(1,000.2)	(1%)
Staff costs	(72.9)	(72.3)	(1%)
Depreciation and amortisation	(767.3)	(735.7)	(4%)
Other operating income	50.1	4.5	1,013%
Other operating expenses	(156.1)	(135.7)	(15%)
Total operating expenses	(1,952.6)	(1,939.4)	(1%)
Operating profit	836.7	954.9	(12%)
Interest and other finance costs	(252.0)	(209.8)	(20%)
Share of profits/(losses) after tax of Associated Cos/JVs	(10.0)	(3.1)	(223%)
Profit before tax	574.7	742.0	(23%)
Taxation	(101.8)	(180.3)	44%
Profit after tax	472.9	561.7	(16%)
Profit after tax attributable to non-controlling interests	(302.9)	(292.6)	4%
Profit after tax attributable to unitholders of HPH Trust	170.0	269.1	(37%)

There are no material differences between HKFRSs and IFRSs and no material adjustments are required to restate the financial statements of HPH Trust in accordance with IFRSs

Statements of Financial Position as at 30 June 2018 and 31 December 2017

(HK\$'Million)	30 June 2018 <u>Unaudited</u>	31 December 2017 <u>Audited</u>
ASSETS		
Non-current assets		
Fixed assets	24,932.2	24,626.4
Projects under development	1,096.1	1,970.2
Leasehold land and land use rights	39,102.2	39,724.2
Railway usage rights	12.6	12.7
Customer relationships	6,003.1	6,170.2
Goodwill	22,629.0	22,629.0
Associated companies	711.0	754.2
Joint ventures	3,694.3	3,835.9
Other non-current assets	715.4	739.3
Deferred tax assets	19.2	22.7
Total non-current assets	<u>98,915.1</u>	<u>100,484.8</u>
Current assets		
Cash and bank balances	6,532.8	6,768.1
Trade and other receivables	3,781.7	3,446.2
Inventories	126.7	109.7
Total current assets	<u>10,441.2</u>	<u>10,324.0</u>

Statements of Financial Position as at 30 June 2018 and 31 December 2017 (cont'd)

(HK\$'Million)	30 June 2018 <u>Unaudited</u>	31 December 2017 <u>Audited</u>
Current liabilities		
Trade and other payables	7,466.9	6,741.6
Bank and other debts	3,805.1	4,241.2
Current tax liabilities	229.4	409.6
Total current liabilities	<u>11,501.4</u>	<u>11,392.4</u>
Net current liabilities	<u>(1,060.2)</u>	<u>(1,068.4)</u>
Total assets less current liabilities	<u>97,854.9</u>	<u>99,416.4</u>
Non-current liabilities		
Bank and other debts	27,823.9	28,248.9
Pension obligations	88.2	80.6
Deferred tax liabilities	10,411.0	10,635.1
Other non-current liabilities	155.8	129.9
Total non-current liabilities	<u>38,478.9</u>	<u>39,094.5</u>
Net assets	<u>59,376.0</u>	<u>60,321.9</u>
EQUITY		
Units in issue	68,553.8	68,553.8
Reserves	(28,855.4)	(28,260.3)
Net assets attributable to unitholders of HPH Trust	<u>39,698.4</u>	<u>40,293.5</u>
Non-controlling interests	19,677.6	20,028.4
Total equity	<u>59,376.0</u>	<u>60,321.9</u>

Statements of Cash Flows

Half Year 2018 and 2017

(HK\$'Million)	<u>1 January to 30 June 2018</u>	<u>1 January to 30 June 2017</u>
Operating activities		
Cash generated from operations	2,871.2	3,347.4
Interest and other finance costs paid	(476.5)	(378.7)
Tax paid	(590.9)	(365.9)
Net cash from operating activities	<u>1,803.8</u>	<u>2,602.8</u>
Investing activities		
Purchase of fixed assets, projects under development, leasehold land and land use rights	(397.8)	(462.0)
Proceeds on disposal of fixed assets	1.1	0.1
Dividends received from investments	2.1	7.1
Dividends received from associated companies and joint ventures	32.0	53.0
Interest received	52.1	29.8
Repayment of loan by a joint venture	100.0	-
Net cash used in investing activities	<u>(210.5)</u>	<u>(372.0)</u>
Financing activities		
New borrowings	3,870.8	3,900.0
Repayment of borrowings	(4,732.5)	(4,072.3)
Upfront debt transaction costs and facilities fees of borrowings	-	(29.3)
Distributions to unitholders of HPH Trust	(966.9)	(1,446.0)
Net cash used in financing activities	<u>(1,828.6)</u>	<u>(1,647.6)</u>
Net changes in cash and cash equivalents	(235.3)	583.2
Cash and cash equivalents at beginning of the period	6,726.1	6,957.9
Cash and cash equivalents at end of the period	<u>6,490.8</u>	<u>7,541.1</u>

Statements of Cash Flows

2nd Quarter 2018 and 2017

(HK\$'Million)	1 April to 30 June 2018	1 April to 30 June 2017
Operating activities		
Cash generated from operations	1,309.7	1,834.3
Interest and other finance costs paid	(235.1)	(200.3)
Tax paid	(140.1)	(236.4)
Net cash from operating activities	<u>934.5</u>	<u>1,397.6</u>
Investing activities		
Purchase of fixed assets, projects under development, leasehold land and land use rights	(206.0)	(191.6)
Proceeds on disposal of fixed assets	0.3	-
Dividends received from investments	2.1	2.1
Dividends received from associated companies and joint ventures	-	27.0
Interest received	30.6	15.5
Net cash used in investing activities	<u>(173.0)</u>	<u>(147.0)</u>
Financing activities		
New borrowings	-	3,900.0
Repayment of borrowings	(831.3)	(4,071.2)
Upfront debt transaction costs and facilities fees of borrowings	-	(29.3)
Net cash used in financing activities	<u>(831.3)</u>	<u>(200.5)</u>
Net changes in cash and cash equivalents	<u>(69.8)</u>	<u>1,050.1</u>
Cash and cash equivalents at beginning of the quarter	6,560.6	6,491.0
Cash and cash equivalents at end of the quarter	<u>6,490.8</u>	<u>7,541.1</u>

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