

Hutchison Port Holdings Trust

2019 Full-Year Financial Results Presentation

AGM – 8 June 2020

1 Key Highlights

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- 2019 full year throughput of HPH Trust's ports was 3% below last year. YICT's throughput was 1% below last year. Combined throughput^(N1) of HIT, COSCO-HIT and ACT (collectively "HPHT Kwai Tsing") was 6% below last year
- The overall trend in outbound cargoes to the US was weak in 2019 and declined by 9% when compared to 2018. The drop was enlarged to 19% in the fourth quarter of 2019 due to a high base volume in 2018 caused by the frontloading of US cargoes prior to the expected tariffs hike in 2019. On the other hand, outbound cargoes to the EU was above 2018 by 4%
- Excluding the impairment impact in 2018, 2019 full year NPAT was HK\$1,821.7 million, HK\$221.3 million or 11% below last year and NPAT attributable to unitholders was HK\$528.2 million, HK\$209.5 million or 28% below last year
- 2019 full year Distribution Per Unit ("DPU") was 11.00 HK cents
- In 2019, HPH Trust formed the Hong Kong Seaport Alliance ("HKSPA") with Modern Terminals Limited ("MTL"), our key competitor in Hong Kong. HKSPA aims to increase the overall competitiveness of Hong Kong ports. With the berths of our ports in Kwai Tsing and MTL operate as one port, we could improve our operational efficiencies and increase our handling capabilities, also driving towards additional operational cost savings. Kwai Tsing ports had achieved savings of HK\$50 million from HKSPA in the nine months ended 31 December 2019

N1 Represents the allocated throughput from Hong Kong Seaport Joint Operating Alliance with effect from 1 April 2019

2 Outlook Overview

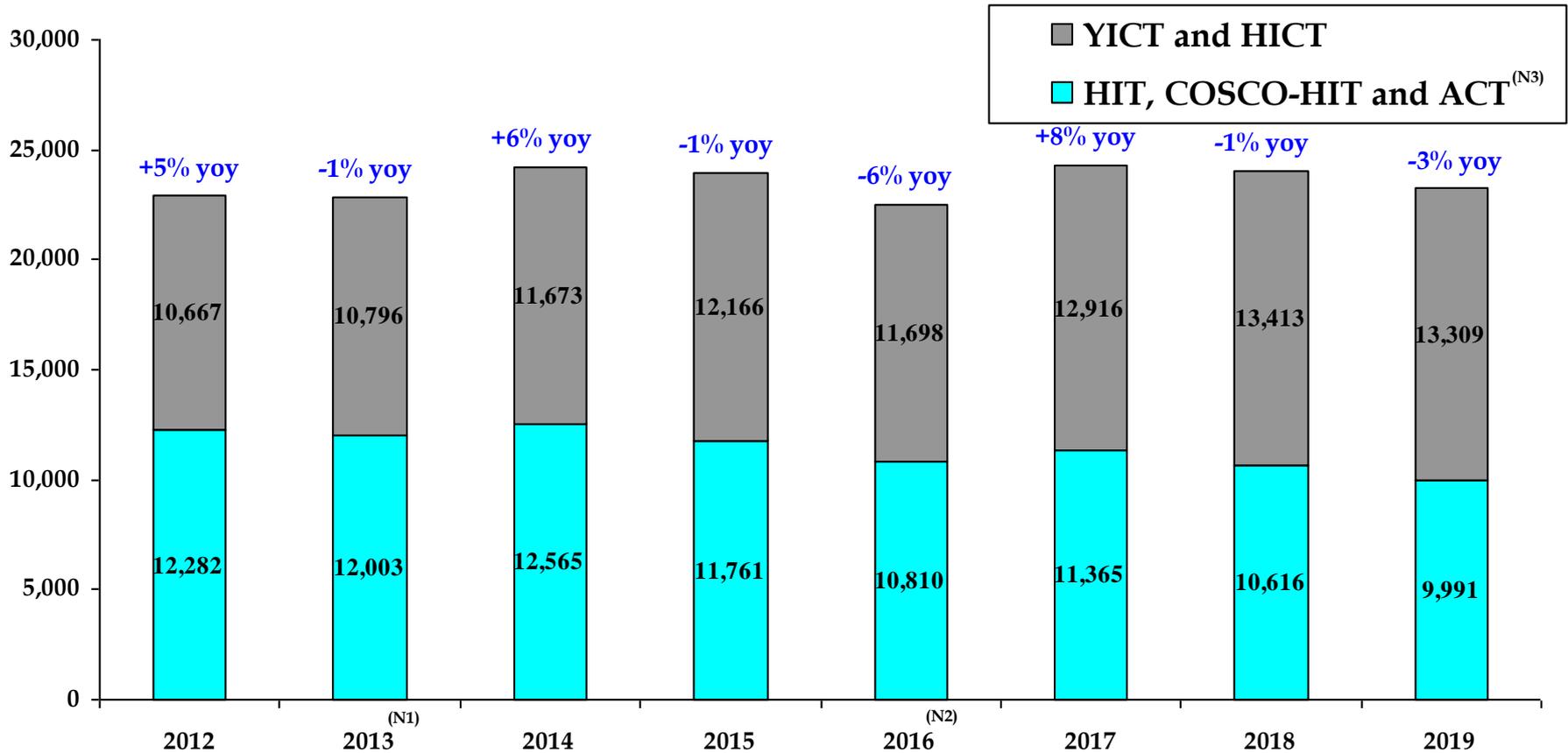
Outlook Overview

- The COVID-19 outbreak in early 2020 has spread rapidly worldwide. The global supply chains and business activities have been disrupted, resulting in a slump in global cargo volume
- HPH Trust, being a major transshipment hub in the region and the premier gateway to China for foreign trade, was inevitably affected: COVID-19 disrupted the manufacturing activities in China as factories completely suspended production after CNY. Although there were signs of easing in China starting from March, the COVID-19 outbreak was then spread rapidly worldwide and many countries including the US and Europe have been locked down
- Based on the latest development, manufacturing in China has mostly resumed and a lot of overseas countries have loosened the lockdown and border controls. It is expected that the negative impact of COVID-19 on our volume will gradually be reduced
- During this difficult business environment, HPH Trust has been exploring different initiatives to improve the performance. HPH Trust remains vigilant about the situation and will continue to focus on operational efficiency and cost management, as evidenced by the HKSPA, to increase the competitiveness of our ports

3 Key Financial Performance

Key Business Update

Throughput Volume (TEU in thousand)



N1 Includes throughput volume of ACT after the acquisition in March 2013

N2 Includes throughput volume of HICT after the acquisition in December 2016

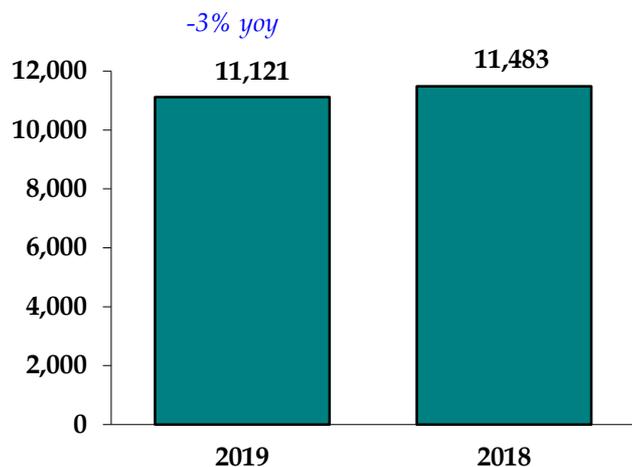
N3 Represents the allocated throughput from Hong Kong Seaport Joint Operating Alliance with effect from 1 April 2019

Key Financial Performance

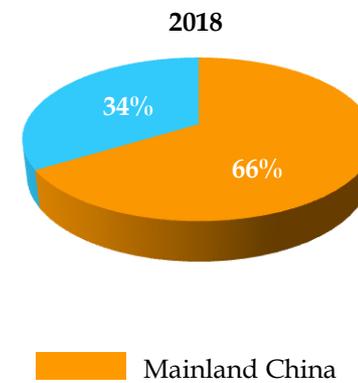
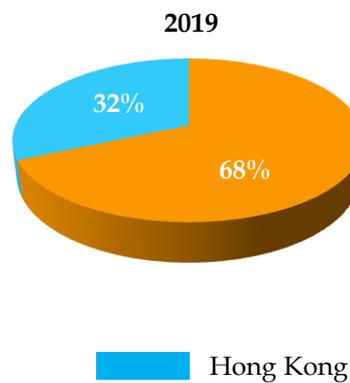
Revenue and other income

For the year ended 31 December 2019

(HK\$ Million)



Segment Information

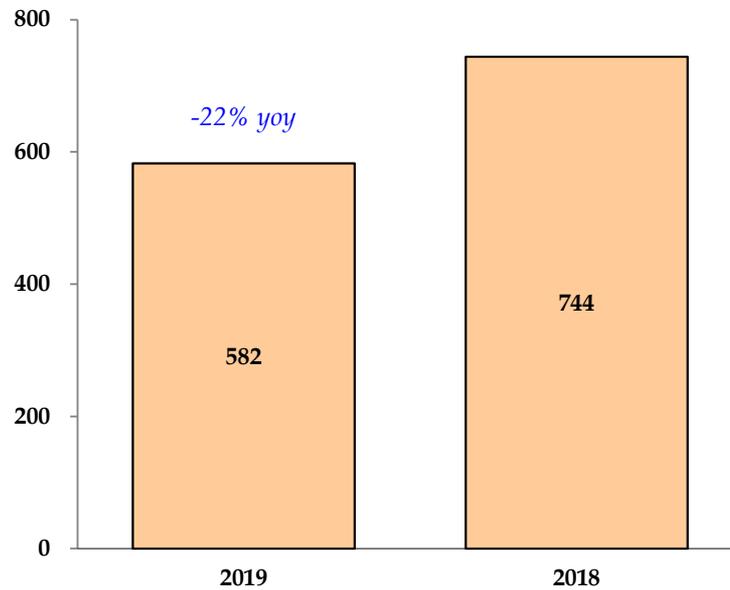


Key Financial Performance

Total Capex

For the year ended 31 December 2019

(HK\$'Million)



Key Financial Performance

Financial Position

	At 31 December 2019 HK\$'Million	At 31 December 2018 HK\$'Million
Short Term Debt	\$4,102.5	\$2,519.1
Long Term Debt	\$26,576.4	\$29,170.4
Total Consolidated Debt	\$30,678.9	\$31,689.5
Total Consolidated Cash	\$7,040.2	\$6,566.4

HPH Trust's Results

Full Year 2019 against Last Year

	1 January to 31 December		
(HK\$'Million)	2019	2018	% variance
	<u>Actual</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
Revenue and other income	11,120.9	11,482.6	(3%)
Cost of services rendered	(3,881.6)	(4,143.5)	6%
Staff costs	(288.0)	(286.5)	(1%)
Depreciation and amortisation	(3,079.7)	(3,076.0)	-
Other operating income	96.4	129.1	(25%)
Other operating expenses	(537.1)	(553.9)	3%
Total operating expenses	(7,690.0)	(7,930.8)	3%
Operating profit	3,430.9	3,551.8	(3%)
Interest and other finance costs	(1,075.2)	(1,021.8)	(5%)
Share of profits/(losses) after tax of Associated Cos/JVs	(54.0)	(52.6)	(3%)
Profit before tax	2,301.7	2,477.4	(7%)
Taxation	(480.0)	(434.4)	(10%)
Profit after tax before impairment losses (a)	1,821.7	2,043.0	(11%)
Impairment losses	-	(12,289.0)	100%
Profit/(loss) after tax (b)	1,821.7	(10,246.0)	118%
Profit after tax attributable to non-controlling interests (c)	(1,293.5)	(1,305.3)	(1%)
Profit after tax attributable to unitholders of			
HPH Trust before impairment losses (a) - (c)	528.2	737.7	(28%)
Profit/(loss) after tax attributable to unitholders of			
HPH Trust after impairment losses (b) - (c)	528.2	(11,551.3)	105%

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

Statement of Financial Position as at 31 December 2019 and 31 December 2018

(HK\$'Million)	2019	2018
ASSETS		
Non-current assets		
Fixed assets	23,789.5	24,629.6
Projects under development	648.1	996.4
Leasehold land and land use rights	37,047.0	38,373.3
Railway usage rights	10.8	11.6
Customer relationships	5,501.8	5,836.0
Goodwill	11,270.0	11,270.0
Associated companies	952.5	945.3
Joint ventures	2,656.7	2,683.8
Other non-current assets	560.7	560.9
Deferred tax assets	25.0	18.5
Total non-current assets	<u>82,462.1</u>	<u>85,325.4</u>
Current assets		
Cash and bank balances	7,040.2	6,566.4
Trade and other receivables	3,056.0	3,060.9
Inventories	102.4	103.1
Total current assets	<u>10,198.6</u>	<u>9,730.4</u>

Statement of Financial Position as at 31 December 2019 and 31 December 2018 (cont'd)

(HK\$'Million)	<u>2019</u>	<u>2018</u>
Current liabilities		
Trade and other payables	5,783.1	5,928.2
Bank and other debts	4,097.3	2,517.5
Current tax liabilities	473.9	358.2
Total current liabilities	<u>10,354.3</u>	<u>8,803.9</u>
Net current (liabilities)/assets	<u>(155.7)</u>	<u>926.5</u>
Total assets less current liabilities	<u>82,306.4</u>	<u>86,251.9</u>
Non-current liabilities		
Bank and other debts	26,459.1	28,974.2
Pension obligations	41.7	56.6
Deferred tax liabilities	9,918.2	10,290.9
Other non-current liabilities	324.1	262.1
Total non-current liabilities	<u>36,743.1</u>	<u>39,583.8</u>
Net assets	<u>45,563.3</u>	<u>46,668.1</u>
EQUITY		
Units in issue	68,553.8	68,553.8
Reserves	(42,702.9)	(41,786.1)
Net assets attributable to unitholders of HPH Trust	25,850.9	26,767.7
Non-controlling interests	19,712.4	19,900.4
Total equity	<u>45,563.3</u>	<u>46,668.1</u>

Statement of Cash Flows

Full Year 2019 and 2018

(HK\$'Million)

Operating activities

	<u>1 January to</u> <u>31 December 2019</u>	<u>1 January to</u> <u>31 December 2018</u>
Cash generated from operations	6,369.3	6,055.3
Interest and other finance costs paid	(999.5)	(984.7)
Tax paid	(735.2)	(825.5)
Net cash from operating activities	<u>4,634.6</u>	<u>4,245.1</u>

Investing activities

Loan to an associated company	(133.2)	(40.1)
Purchase of fixed assets and projects under development	(581.4)	(743.6)
Proceeds on disposal of fixed assets	15.8	22.1
Dividends received from investments	25.7	48.8
Dividends received from associated companies and joint ventures	102.5	78.5
Interest received	147.8	100.0
Repayment of loans by joint ventures	1.6	181.7
Net cash used in investing activities	<u>(421.2)</u>	<u>(352.6)</u>

Financing activities

New borrowings	6,210.0	5,040.8
Repayment of borrowings	(7,219.0)	(6,077.0)
Upfront debt transaction costs and facilities fees of borrowings	(40.8)	(8.8)
Principal elements of lease payments	(4.4)	-
Distributions to unitholders of HPH Trust	(1,261.4)	(1,709.1)
Dividends to non-controlling interests	(1,424.0)	(1,340.1)
Net cash used in financing activities	<u>(3,739.6)</u>	<u>(4,094.2)</u>

Net changes in cash and cash equivalents

Net changes in cash and cash equivalents	473.8	(201.7)
Cash and cash equivalents at beginning of the year	6,524.4	6,726.1
Cash and cash equivalents at end of the year	<u>6,998.2</u>	<u>6,524.4</u>

THE WORLD'S LEADING PORT NETWORK