



**HPH
TRUST**

Your Preferred Port-of-Call

**2014 Financial Results
Presentation for the Period Ended
30 September 2014**

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 September 2014 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.

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1 Key Highlights

Key Highlights

- YTD September 2014 throughput of HPH Trust's deep-water ports was 7% above last year. Combined throughput of HIT, COSCO-HIT and ACT grew by 6% yoy mainly due to the acquisition of ACT did not take place until 7 March 2013 and the 3% yoy throughput growth of HIT. YICT's throughput grew by 8% yoy.
- Outbound cargoes to the US showed an upward trend while that to the EU has slowed down. Throughput growth of YICT was mainly driven by transshipment and US cargoes. HIT's throughput growth was mainly due to higher transshipment volume but was offset by weaker intra-Asia cargoes
- Revenue and other income was 2% above last year. NPAT was 3% below last year due to substantial increase in taxation and NPAT attributable to unitholders was 6% above last year

2 Outlook and Prospects

Outlook and Prospects

Overview



- Growth in the US and Europe is a major factor in determining the total volume of containers handled by HPH Trust. Consensus outlook for both is favourable in 2014
- The US economy shows greater strength as its GDP expanded by 4.6% in the second quarter of 2014. Unemployment rate in September 2014 fell to 5.9%, the lowest since July 2008. Manufacturing activities and consumer sentiment also look promising and it is expected that the US economic outlook will remain positive
- Eurozone's business activities are slowing down due to the decline in demand and new orders. Although the European Central Bank has launched a series of policies to shore up the flagging economy, the Eurozone economy is likely to maintain a low growth rate in the near future
- Outbound cargoes to the US accelerated in the third quarter of 2014 and continue to display an upward trend. On the other hand, outbound cargoes to the EU have begun to slow down. Cargo volume for transshipment and the niche trade routes of Far East, Africa, Central and South America and Oceania is projected to increase moderately

Outlook and Prospects (cont'd)

Overview

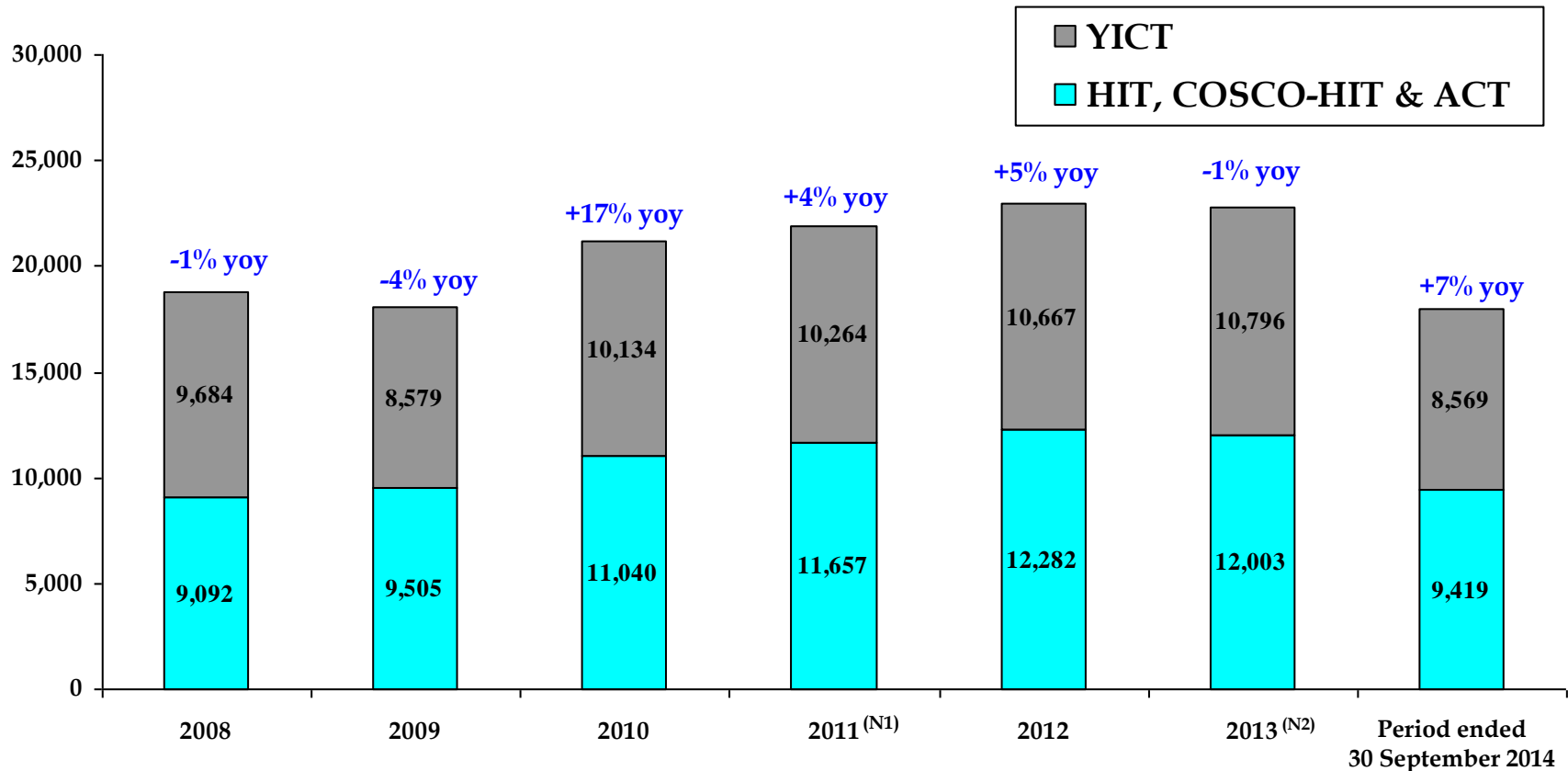


- The Chinese government has rolled out further stimulus measures including the reduction in mortgage rates and down payment levels for some home buyers, although officials have indicated they would be willing to tolerate slightly slower growth as long as the jobs market continues to hold up. The HSBC China Manufacturing Purchasing Managers' Index™ maintained at 50.2 in September 2014 with new export orders rising to its highest level since March 2010. Manufacturing activities keep on expanding albeit at a slower pace
- In view of overcapacity and moderate demand, leading liners continue to deploy mega-vessels to promote economies of scale, form carrier alliances such as 2M (Maersk and MSC) and Ocean 3 (China Shipping, CMA and UASC) to control costs, boost efficiency, expand the coverage of vessel-sharing schemes to strengthen competitiveness. With our leading edge infrastructure, natural deep-water channels, long continuous berths, mega-vessel handling capabilities and scale of operations, HPH Trust is well positioned to pursue and benefit from these development and from servicing these large shipping alliances
- The “Occupy Central” event in Hong Kong has no negative impact to HPH Trust’s Hong Kong operations as we continue to serve as the region’s transshipment hub
- The Trustee-Manager is confident that HPH Trust will respond promptly and effectively to challenges such as labour wages and taxation increase, given its strong and improving fundamentals

3 Business Review for the Period Ended 30 September 2014

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 from 7 March 2013, the date of acquisition

4 Key Financial Performance

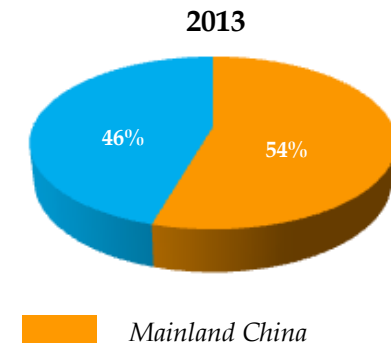
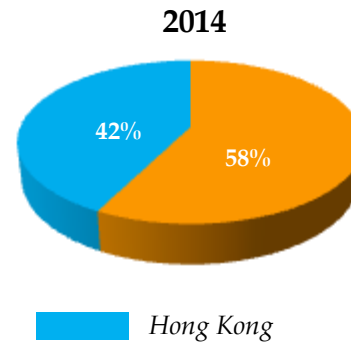
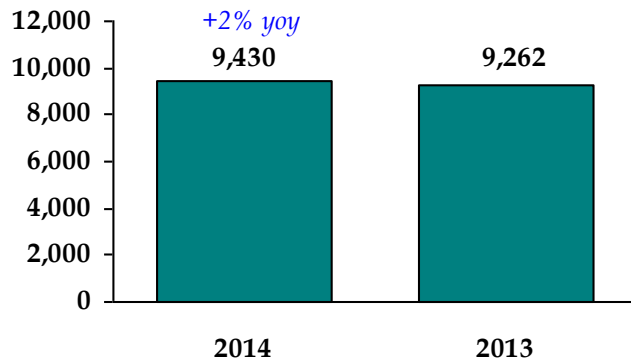
Key Financial Performance

Revenue and other income

For the period ended 30 September 2014

Segment Information

(HK\$ Million)

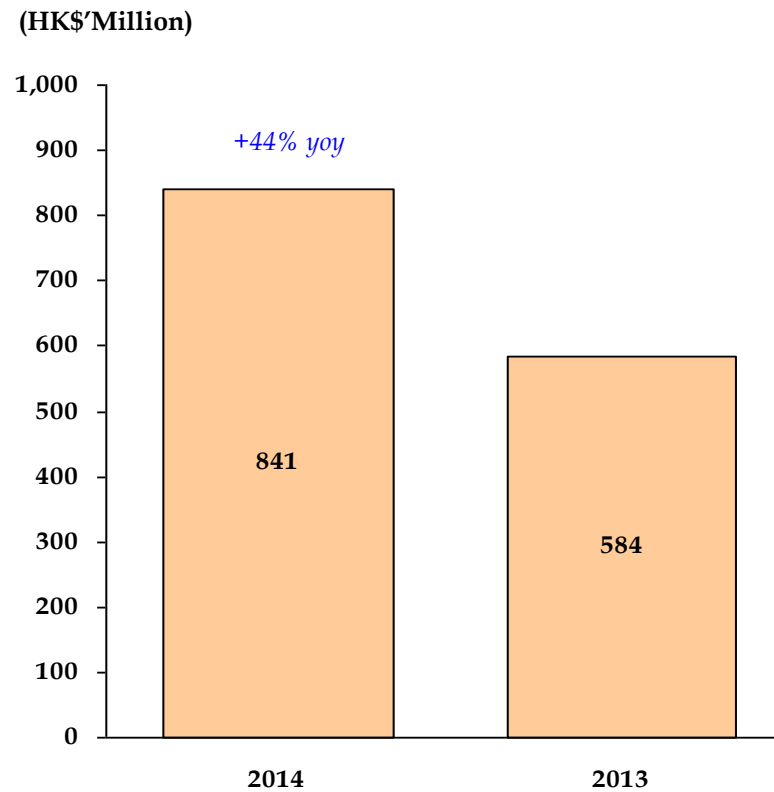


Key Financial Performance



Total Capex

For the period ended 30 September 2014



Key Financial Performance

Financial Position



At 30 September 2014
HK\$'Million

Short Term Debt	\$8,197.5
Long Term Debt	\$25,693.0
Total Consolidated Debt	\$33,890.5
Total Consolidated Cash	\$6,445.9

Unaudited Financial Results of HPH Trust for the Period Ended 30 September 2014 against Last Year



(HK\$'Million)	1 January to 30 September		
	2014 <u>Actual</u> ^(N1)	2013 <u>Actual</u> ^(N2)	% variance <u>Fav/(Unfav)</u>
Revenue and other income	9,430.4	9,262.4	2%
Cost of services rendered	(3,590.8)	(3,310.1)	(8%)
Staff costs	(229.2)	(217.0)	(6%)
Depreciation and amortisation	(2,101.1)	(2,138.0)	2%
Other operating income	273.6	63.2	333%
Other operating expenses	(649.9)	(677.1)	4%
Total operating expenses	(6,297.4)	(6,279.0)	-
Operating profit	3,133.0	2,983.4	5%
Interest and other finance costs	(438.7)	(462.9)	5%
Share of profits/(losses) after tax of Associated Cos/JVs	113.0	102.9	10%
Profit before tax	2,807.3	2,623.4	7%
Taxation	(524.9)	(265.8)	(97%)
Profit after tax	2,282.4	2,357.6	(3%)
Profit after tax attributable to non-controlling interests	(864.4)	(1,017.6)	(15%)
Profit after tax attributable to unitholders of HPH Trust	1,418.0	1,340.0	6%

N1 On 13 March 2014, the Group entered into a strategic partnership with COSCO Pacific Limited and China Shipping Terminal Development (Hong Kong) Company Limited through their investment of 40% and 20% respectively, of effective equity and loan interests in ACT. Subsequent to the transaction, ACT has changed from being a wholly-owned subsidiary to a joint venture with 40% effective interest of HPH Trust. Accordingly, its results are reported under "Share of profits/(losses) after tax of Associated Cos/JVs", instead of being consolidated into each line item of HPH Trust's consolidated income statement as previously recorded

N2 The figures for the financial period ended 30 September 2014 included the post-acquisition results of ACT after its acquisition on 7 March 2013 as a wholly-owned subsidiary

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

Unaudited Financial Results of HPH Trust for the Quarter Ended 30 September 2014 against Last Year



(HK\$'Million)	1 July to 30 September		
	2014 <u>Actual</u>	2013 <u>Actual</u>	% variance <u>Fav/(Unfav)</u>
Revenue and other income	3,422.0	3,363.8	2%
Cost of services rendered	(1,262.7)	(1,200.1)	(5%)
Staff costs	(77.1)	(72.6)	(6%)
Depreciation and amortisation	(698.7)	(719.7)	3%
Other operating income	22.0	31.3	(30%)
Other operating expenses	(168.5)	(207.9)	19%
Total operating expenses	(2,185.0)	(2,169.0)	(1%)
Operating profit	1,237.0	1,194.8	4%
Interest and other finance costs	(157.0)	(157.2)	-
Share of profits/(losses) after tax of Associated Cos/JVs	40.7	31.3	30%
Profit before tax	1,120.7	1,068.9	5%
Taxation	(237.1)	(102.6)	(131%)
Profit after tax	883.6	966.3	(9%)
Profit after tax attributable to non-controlling interests	(392.9)	(427.1)	(8%)
Profit after tax attributable to unitholders of HPH Trust	490.7	539.2	(9%)

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 September 2014 and 31 December 2013



(HK\$'Million)	30 September 2014 <u>Unaudited</u>	31 December 2013 <u>Audited</u>
ASSETS		
Non-Current assets		
Fixed assets	25,111.8	28,123.2
Projects under development	1,666.1	1,847.8
Leasehold land and land use rights	42,875.2	44,579.4
Railway usage rights	15.3	15.9
Customer relationships	7,256.4	7,507.0
Goodwill	41,629.0	42,500.4
Associated companies	160.4	150.8
Joint ventures	4,164.7	2,515.9
Investments	829.3	832.0
Deferred tax asset	16.4	12.9
Total non-current assets	123,724.6	128,085.3
Current assets		
Cash and cash equivalents	6,445.9	5,818.7
Trade and other receivables	3,479.4	3,101.4
Inventories	143.9	160.6
Total current assets	10,069.2	9,080.7

Statements of Financial Position as at 30 September 2014 and 31 December 2013 (cont'd)



(HK\$'Million)	30 September 2014 <u>Unaudited</u>	31 December 2013 <u>Audited</u>
Current liabilities		
Trade and other payables	6,246.1	6,582.2
Bank loans	8,190.6	10,799.2
Current tax liabilities	350.9	238.1
Total current liabilities	<u>14,787.6</u>	<u>17,619.5</u>
Net current liabilities	<u>(4,718.4)</u>	<u>(8,538.8)</u>
Total assets less current liabilities	<u>119,006.2</u>	<u>119,546.5</u>
Non-current liabilities		
Bank loans	25,617.4	22,999.4
Pension obligations	125.4	115.6
Deferred tax liabilities	11,481.4	12,179.4
Other non-current liabilities	19.4	20.4
Total non-current liabilities	<u>37,243.6</u>	<u>35,314.8</u>
Net assets	<u>81,762.6</u>	<u>84,231.7</u>
EQUITY		
Units in issue	68,553.8	68,553.8
Reserves	(5,569.7)	(3,384.9)
Net assets attributable to unitholders of HPH Trust	<u>62,984.1</u>	<u>65,168.9</u>
Non-controlling interests	18,778.5	19,062.8
Total equity	<u>81,762.6</u>	<u>84,231.7</u>

Statements of Cash Flows for the Period Ended 30 September 2014 and 30 September 2013



(HK\$'Million)	<u>1 January to 30 September 2014</u>	<u>1 January to 30 September 2013</u>
Operating activities		
Cash generated from operations	4,772.2	4,498.5
Interest and other finance costs paid	(371.2)	(365.3)
Tax paid	(656.1)	(434.7)
Net cash from operating activities	<u>3,744.9</u>	<u>3,698.5</u>
Investing activities		
Acquisition of subsidiary companies	-	(3,868.1)
Purchase of fixed assets and additions to projects under development	(840.6)	(584.2)
Proceeds on disposal of fixed assets and investment	3.0	8.8
Dividends received from investments	16.8	54.5
Dividends received from associated companies and joint ventures	99.0	82.8
Interest received	72.4	46.8
Proceeds on disposal of subsidiary companies	2,411.3	-
Net cash from/(used in) investing activities	<u>1,761.9</u>	<u>(4,259.4)</u>
Financing activities		
Drawdown of bank loans	10,800.0	4,000.0
Repayment of bank loans	(10,837.6)	(18.2)
Upfront debt transaction costs and facilities fees of bank loans	(7.8)	(8.0)
Repayment of loan by a joint venture	1.0	-
Distributions to unitholders of HPH Trust	(3,571.6)	(3,996.9)
Dividends to non-controlling interests	(1,263.6)	(1,835.0)
Net cash used in financing activities	<u>(4,879.6)</u>	<u>(1,858.1)</u>
Net changes in cash and cash equivalents	627.2	(2,419.0)
Cash and cash equivalents at beginning of the period	5,818.7	6,168.8
Cash and cash equivalents at end of the period	<u>6,445.9</u>	<u>3,749.8</u>

Statements of Cash Flows for the Quarter Ended 30 September 2014 and 30 September 2013



(HK\$'Million)	<u>1 July to 30 September 2014</u>	<u>1 July to 30 September 2013</u>
Operating activities		
Cash generated from operations	1,870.4	1,713.2
Interest and other finance costs paid	(138.3)	(126.8)
Tax paid	(254.8)	(144.0)
Net cash from operating activities	<u>1,477.3</u>	<u>1,442.4</u>
Investing activities		
Purchase of fixed assets and additions to projects under development	(197.6)	(192.1)
Proceeds on disposal of fixed assets and investment	2.7	1.9
Dividends received from investments	14.7	1.3
Dividends received from associated companies and joint ventures	35.0	-
Interest received	25.2	16.9
Net cash used in investing activities	<u>(120.0)</u>	<u>(172.0)</u>
Financing activities		
Drawdown of bank loans	7,800.0	-
Repayment of bank loans	(7,801.3)	(1.3)
Upfront debt transaction costs and facilities fees of bank loans	(7.8)	-
Distributions to unitholders of HPH Trust	(1,629.0)	(1,629.0)
Dividends to non-controlling interests	(1,263.6)	(741.9)
Net cash used in financing activities	<u>(2,901.7)</u>	<u>(2,372.2)</u>
Net changes in cash and cash equivalents	<u>(1,544.4)</u>	<u>(1,101.8)</u>
Cash and cash equivalents at beginning of the quarter	<u>7,990.3</u>	<u>4,851.6</u>
Cash and cash equivalents at end of the quarter	<u>6,445.9</u>	<u>3,749.8</u>