

# **Hutchison Port Holdings Trust**

*Your Preferred Port-of-Call*

**2017 Financial Results Presentation  
for the Period Ended 30 June 2017**

# 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 2017 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 June 2017 throughput of HPH Trust's deep-water ports was 5% above last year. YICT's throughput was 4% above last year. Combined throughput of HIT, COSCO-HIT and ACT (collectively "HPHT Kwai Tsing") increased 4% yoy
- Outbound cargoes to the US and EU grew at a faster rate in the second quarter of 2017. YICT's throughput growth in the first six months of 2017 was mainly attributed to the growth in US, EU and empty cargoes. The increase in HPHT Kwai Tsing's throughput was largely due to stronger transshipment cargoes
- Revenue and other income was HK\$5,472.3 million, HK\$217.3 million or 4% below last year. However, restated % variance<sup>(N1)</sup> on revenue and other income was comparable to last year
- Excluding HIT's rent and rates refund in 2016, YTD June 2017 NPAT was HK\$937.6 million, HK\$130.0 million or 12% below last year. NPAT attributable to unitholders was HK\$436.0 million, HK\$104.6 million or 19% below last year

N1 *In order to allow a more meaningful comparison under co-management arrangement which was effective 1 January 2017, the restated % variance has been calculated assuming i) the co-management arrangement was effective as at 1 January 2016, and ii) including 100% of the revenue and other income of COSCO-HIT and ACT into HPH Trust consolidated results*

# Key Highlights

- Including HIT's rent and rates refund in 2016, YTD June 2017 NPAT was 34% below last year and NPAT attributable to unitholders was 51% below last year
- 2017 interim Distribution Per Unit is 9.5 HK cents

## 2 Outlook and Prospects

# Outlook and Prospects

## *Overview*

- Riding on the back of solid economic activity and strengthening labour market in the US, outbound cargoes to the US extended its growth to the second quarter of 2017. However, prolonged uncertainties surrounding policy and political development in the US present downside risks to the overall global and US economic growth in 2017
- The European economy continues to show improvements which supported the uplift of outbound cargoes to Europe in the second quarter of 2017. Although the labour market and consumer sentiment have picked up, their sustainability will be the key for Europe's economic recovery
- In addition to the economic performances of the US and Europe, HPH Trust's performance is also impacted by the outcomes of the structural consolidation within the container shipping industry and the consequent rationalisation of services



# Outlook and Prospects (cont'd)

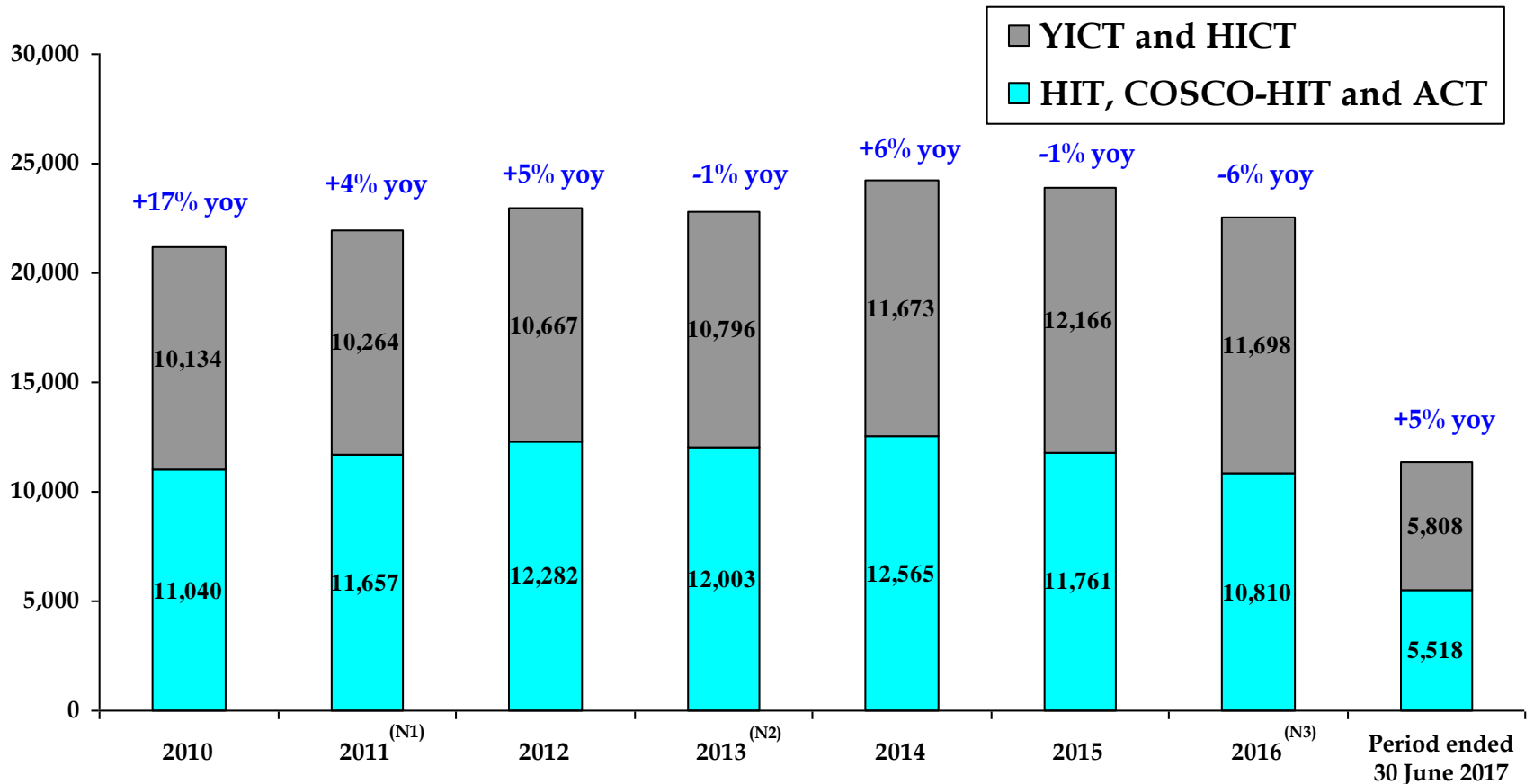
## *Overview*

- Freight rates remain weak and shipping lines will continue to seek ways to drive down costs and improve efficiency through fleet rationalisation, deployment of mega-vessels and reformation of carrier alliances. Against this setting, HPH Trust is well positioned to be the preferred port of call given its natural deep-water channels and unparalleled mega-vessel handling capabilities
- The roll-out of the co-management arrangement signed in December 2016 is progressing well and has enabled more efficient use of the facilities and manpower resources, allowing HPH Trust to better manage the changing dynamics of the global shipping industry. HPH Trust is confident to deliver cost and operational synergies in 2017
- Although growth in the volume of global trade is expected to rebound in 2017, but due to uncertainties in near-term economic and policy developments combined with the continuance of structural changes in shipping line alliances, management remains cautious and will maintain its rigorous cost control disciplines
- Given its strong fundamentals, the Trustee-Manager is confident that HPH Trust is well-equipped to respond to external developments and challenges

## 3 Business Review for the Period Ended 30 June 2017

# 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

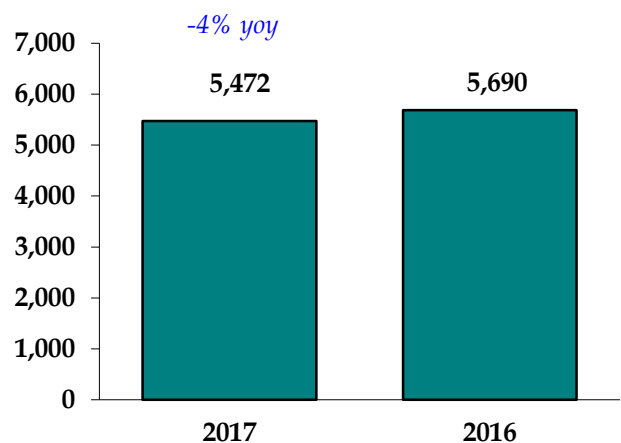
## 4 Key Financial Performance

# Key Financial Performance

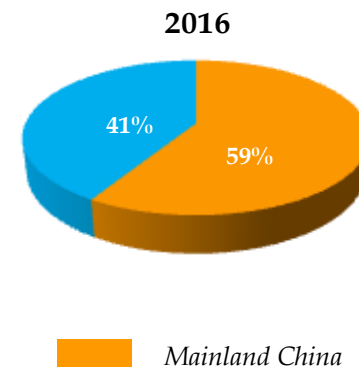
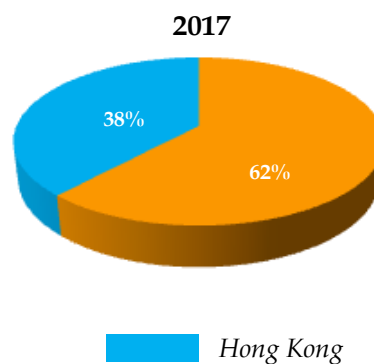
## Revenue and other income

For the period ended 30 June 2017

(HK\$'Million)



### Segment Information

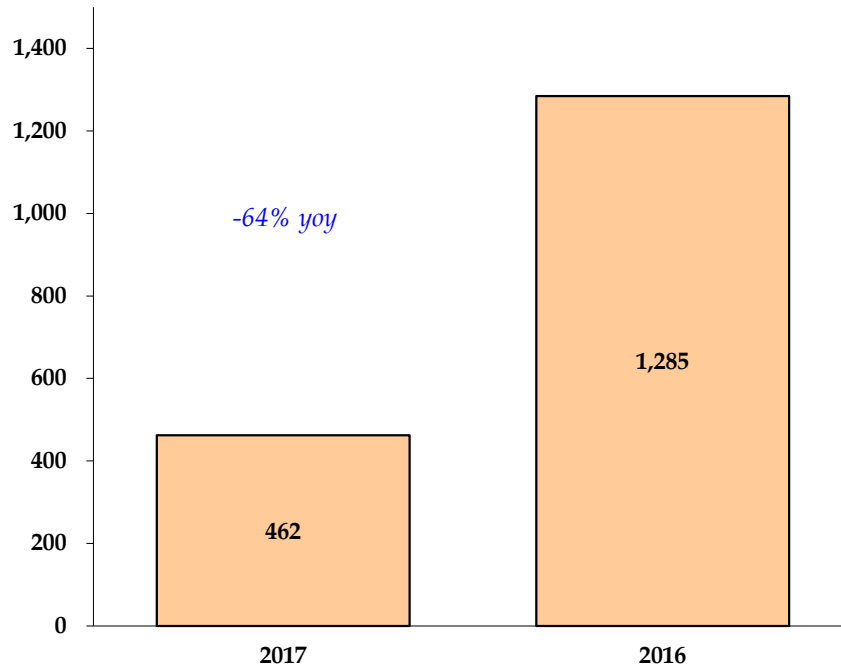


# Key Financial Performance

## Total Capex

For the period ended 30 June 2017

(HK\$ Million)



# Key Financial Performance

## *Financial Position*

At 30 June 2017  
HK\$'Million

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Short Term Debt	\$4,244.5
Long Term Debt	\$29,226.1
Total Consolidated Debt	\$33,470.6
Total Consolidated Cash	\$7,583.1

# Key Financial Performance

## *Distribution*

**For the period from  
1 January 2017 to  
30 June 2017**

Distribution Amount

HK\$827.6 million

Distribution Per Unit

9.50 HK cents

Ex-distribution date

25 July 2017

Books closure date

5:00p.m. 27 July 2017

Payment of distribution

14 September 2017



# Unaudited Financial Results of HPH Trust for the Period Ended 30 June 2017 against Last Year

(HK\$'Million)	1 January to 30 June			Restated
	2017 <u>Actual</u>	2016 <u>Actual</u>	% variance <u>Fav/(Unfav)</u>	% variance <u>Fav/(Unfav) (N1)</u>
<b>Revenue and other income</b>	<b>5,472.3</b>	<b>5,689.6</b>	<b>(4%)</b>	<b>0%</b>
Cost of services rendered	(1,918.7)	(2,077.4)	8%	0%
Staff costs	(147.3)	(154.4)	5%	2%
Depreciation and amortisation	(1,471.6)	(1,449.7)	(2%)	
Other operating income	7.0	6.2	13%	
Other operating expenses	(277.8)	(354.5)	22%	5%
<b>Total operating expenses</b>	<b>(3,808.4)</b>	<b>(4,029.8)</b>	<b>5%</b>	
Operating profit	1,663.9	1,659.8	-	
Interest and other finance costs	(403.9)	(346.4)	(17%)	
Share of profits/(losses) after tax of Associated Cos/JVs	(15.3)	44.3	(135%)	
<b>Profit before tax</b>	<b>1,244.7</b>	<b>1,357.7</b>	<b>(8%)</b>	
Taxation	(307.1)	(290.1)	(6%)	
<b>Profit after tax and normalisation (a)</b>	<b>937.6</b>	<b>1,067.6</b>	<b>(12%)</b>	
HIT's rent and rates refund	-	357.0	(100%)	
<b>Profit after tax (b)</b>	<b>937.6</b>	<b>1,424.6</b>	<b>(34%)</b>	
<b>Profit after tax attributable to non-controlling interests (c)</b>	<b>(501.6)</b>	<b>(527.0)</b>	<b>(5%)</b>	
<b>Profit after tax attributable to unitholders of HPH Trust after normalisation (a) - (c)</b>	<b>436.0</b>	<b>540.6</b>	<b>(19%)</b>	
<b>Profit after tax attributable to unitholders of HPH Trust before normalisation (b) - (c)</b>	<b>436.0</b>	<b>897.6</b>	<b>(51%)</b>	

N1 In order to allow a more meaningful comparison of certain key operating profit and loss lines under co-management arrangement which was effective 1 January 2017, the restated % variance has been calculated assuming i) the co-management arrangement was effective as at 1 January 2016, and ii) including 100% of the corresponding operating profit and loss lines of COSCO-HIT and ACT into HPH Trust consolidated results

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 June 2017 against Last Year

(HK\$'Million)	1 April to 30 June			Restated
	2017 <u>Actual</u>	2016 <u>Actual</u>	% variance <u>Fav/(Unfav)</u>	% variance <u>Fav/(Unfav) (N1)</u>
<b>Revenue and other income</b>	<b>2,894.3</b>	<b>2,937.8</b>	<b>(1%)</b>	<b>2%</b>
Cost of services rendered	(1,000.2)	(1,036.6)	4%	(4%)
Staff costs	(72.3)	(74.7)	3%	1%
Depreciation and amortisation	(735.7)	(727.3)	(1%)	
Other operating income	4.5	4.2	7%	
Other operating expenses	(135.7)	(166.8)	19%	1%
<b>Total operating expenses</b>	<b>(1,939.4)</b>	<b>(2,001.2)</b>	<b>3%</b>	
Operating profit	954.9	936.6	2%	
Interest and other finance costs	(209.8)	(177.7)	(18%)	
Share of profits/(losses) after tax of Associated Cos/JVs	(3.1)	27.2	(111%)	
<b>Profit before tax</b>	<b>742.0</b>	<b>786.1</b>	<b>(6%)</b>	
Taxation	(180.3)	(155.7)	(16%)	
<b>Profit after tax</b>	<b>561.7</b>	<b>630.4</b>	<b>(11%)</b>	
<b>Profit after tax attributable to non-controlling interests</b>	<b>(292.6)</b>	<b>(287.7)</b>	<b>2%</b>	
<b>Profit after tax attributable to unitholders of HPH Trust</b>	<b>269.1</b>	<b>342.7</b>	<b>(21%)</b>	

N1 In order to allow a more meaningful comparison of certain key operating profit and loss lines under co-management arrangement which was effective 1 January 2017, the restated % variance has been calculated assuming i) the co-management arrangement was effective as at 1 January 2016, and ii) including 100% of the corresponding operating profit and loss lines of COSCO-HIT and ACT into HPH Trust consolidated results

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 2017 and 31 December 2016

(HK\$'Million)	30 June 2017 <b>Unaudited</b>	31 December 2016 <b>Audited</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Fixed assets	24,608.1	25,026.5
Projects under development	1,790.9	1,846.9
Leasehold land and land use rights	40,306.8	40,925.1
Railway usage rights	12.4	12.4
Customer relationships	6,337.3	6,504.4
Goodwill	22,629.0	22,629.0
Associated companies	792.9	842.5
Joint ventures	3,856.3	3,869.9
Other non-current assets	761.9	773.5
Deferred tax assets	11.9	12.5
<b>Total non-current assets</b>	<u>101,107.5</u>	<u>102,442.7</u>
<b>Current assets</b>		
Cash and bank balances	7,583.1	6,999.9
Trade and other receivables	3,362.7	3,818.2
Inventories	122.5	112.3
<b>Total current assets</b>	<u>11,068.3</u>	<u>10,930.4</u>

# Statements of Financial Position as at 30 June 2017 and 31 December 2016 (cont'd)

(HK\$'Million)	30 June 2017 <u>Unaudited</u>	31 December 2016 <u>Audited</u>
<b>Current liabilities</b>		
Trade and other payables	7,640.5	7,648.3
Bank and other debts	4,230.9	4,242.2
Current tax liabilities	384.0	259.1
<b>Total current liabilities</b>	<u>12,255.4</u>	<u>12,149.6</u>
<b>Net current liabilities</b>	<u>(1,187.1)</u>	<u>(1,219.2)</u>
<b>Total assets less current liabilities</b>	<u>99,920.4</u>	<u>101,223.5</u>
<b>Non-current liabilities</b>		
Bank and other debts	29,087.3	29,240.6
Pension obligations	289.0	279.1
Deferred tax liabilities	10,748.7	10,932.7
Other non-current liabilities	69.7	89.2
<b>Total non-current liabilities</b>	<u>40,194.7</u>	<u>40,541.6</u>
<b>Net assets</b>	<u>59,725.7</u>	<u>60,681.9</u>
<b>EQUITY</b>		
Units in issue	68,553.8	68,553.8
Reserves	(28,277.1)	(27,305.1)
<b>Net assets attributable to unitholders of HPH Trust</b>	<u>40,276.7</u>	<u>41,248.7</u>
Non-controlling interests	19,449.0	19,433.2
<b>Total equity</b>	<u>59,725.7</u>	<u>60,681.9</u>

# Statements of Cash Flows for the Period Ended 30 June 2017 and 30 June 2016

(HK\$'Million)	<u>1 January to 30 June 2017</u>	<u>1 January to 30 June 2016</u>
<b>Operating activities</b>		
Cash generated from operations	3,347.4	3,439.7
Interest and other finance costs paid	(378.7)	(314.0)
Tax paid	(365.9)	(472.8)
<b>Net cash from operating activities</b>	<u>2,602.8</u>	<u>2,652.9</u>
<b>Investing activities</b>		
Purchase of fixed assets, projects under development, leasehold land & land use rights	(462.0)	(1,284.5)
Proceeds on disposal of fixed assets	0.1	1.4
Dividends received from investments	7.1	8.5
Dividends received from joint ventures	53.0	50.0
Interest received	29.8	20.1
Repayment of loan by a joint venture	-	1.0
<b>Net cash used in investing activities</b>	<u>(372.0)</u>	<u>(1,203.5)</u>
<b>Financing activities</b>		
New borrowings	3,900.0	7,800.0
Repayment of borrowings	(4,072.3)	(7,177.7)
Upfront debt transaction costs and facilities fees of borrowings	(29.3)	(59.5)
Distributions to unitholders of HPH Trust	(1,446.0)	(1,629.0)
<b>Net cash used in financing activities</b>	<u>(1,647.6)</u>	<u>(1,066.2)</u>
<b>Net changes in cash and cash equivalents</b>	583.2	383.2
Cash and cash equivalents at beginning of the period	6,957.9	6,840.8
Cash and cash equivalents at end of the period	<u>7,541.1</u>	<u>7,224.0</u>

# Statements of Cash Flows for the Quarter Ended 30 June 2017 and 30 June 2016

(HK\$'Million)	<u>1 April to 30 June 2017</u>	<u>1 April to 30 June 2016</u>
<b>Operating activities</b>		
Cash generated from operations	1,834.3	1,776.4
Interest and other finance costs paid	(200.3)	(159.9)
Tax paid	(236.4)	(199.5)
<b>Net cash from operating activities</b>	<u>1,397.6</u>	<u>1,417.0</u>
<b>Investing activities</b>		
Purchase of fixed assets, projects under development, leasehold land and land use rights	(191.6)	(809.2)
Proceeds on disposal of fixed assets	-	1.3
Dividends received from investments	2.1	8.5
Dividends received from joint ventures	27.0	25.0
Interest received	15.5	10.2
Repayment of loan by a joint venture	-	1.0
<b>Net cash used in investing activities</b>	<u>(147.0)</u>	<u>(763.2)</u>
<b>Financing activities</b>		
New borrowings	3,900.0	7,800.0
Repayment of borrowings	(4,071.2)	(7,165.9)
Upfront debt transaction costs and facilities fees of borrowings	(29.3)	(59.5)
<b>Net cash (used in)/from financing activities</b>	<u>(200.5)</u>	<u>574.6</u>
<b>Net changes in cash and cash equivalents</b>	1,050.1	1,228.4
Cash and cash equivalents at beginning of the quarter	<u>6,491.0</u>	<u>5,995.6</u>
Cash and cash equivalents at end of the quarter	<u>7,541.1</u>	<u>7,224.0</u>

# THE WORLD'S LEADING PORT NETWORK