

Hutchison Port Holdings Trust

Your Preferred Port-of-Call

**2017 Financial Results Presentation
for the Period Ended 30 September 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 September 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 September 2017 throughput of HPH Trust's deep-water ports was 8% above last year. YICT's throughput was 8% above last year. Combined throughput of HIT, COSCO-HIT and ACT (collectively "HPHT Kwai Tsing") increased 7% yoy
- Outbound cargoes to the US and Europe maintained their growth momentum in the third quarter of 2017. YICT's throughput growth in the first nine months of 2017 was mainly attributed to the growth in the US, Europe, empty and transshipment cargoes. The increase in HPHT Kwai Tsing's throughput was largely due to stronger transshipment cargoes and additional throughput from a new customer
- Revenue and other income was HK\$8,694.2 million, HK\$260.6 million or 3% below last year. However, restated % variance^(N1) on revenue and other income was 1% above last year
- Excluding HIT's rent and rates refund in 2016, YTD September 2017 NPAT was HK\$1,616.1 million, HK\$263.5 million or 14% below last year. NPAT attributable to unitholders was HK\$706.4 million, HK\$264.4 million or 27% below last year
- Including HIT's rent and rates refund in 2016, YTD September 2017 NPAT was 28% below last year and NPAT attributable to unitholders was 47% 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 had been 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*

2 Outlook and Prospects

Outlook and Prospects

Overview

- The US economy has continued to grow steadily with solid fundamentals. Outbound cargoes to the US remained strong in the third quarter of 2017. However, political and policy developments in the US including future pace of monetary policy normalisation still pose uncertainties and downside risks to the overall global and US economic growth.
- The economic recovery in Europe has gathered pace, lending support to the growth of outbound cargoes to Europe in the third quarter of 2017. Sustainability on the improvement in labour market and consumer sentiment remain the key drivers for the overall recovery of the European economy.
- 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.
- Excess capacity continues to keep freight rates under pressure with shipping lines striving to improve competitive advantages by capacity optimisation, cost reductions and enhancing productivity through fleet rationalisation, deployment of mega-vessels and reformation of carrier alliances. Against this setting, with a strategic transshipment hub in Hong Kong and the unparalleled mega-vessel handling capabilities of Yantian, HPH Trust is well positioned to support the changing requirements of the shipping lines.

Outlook and Prospects (cont'd)

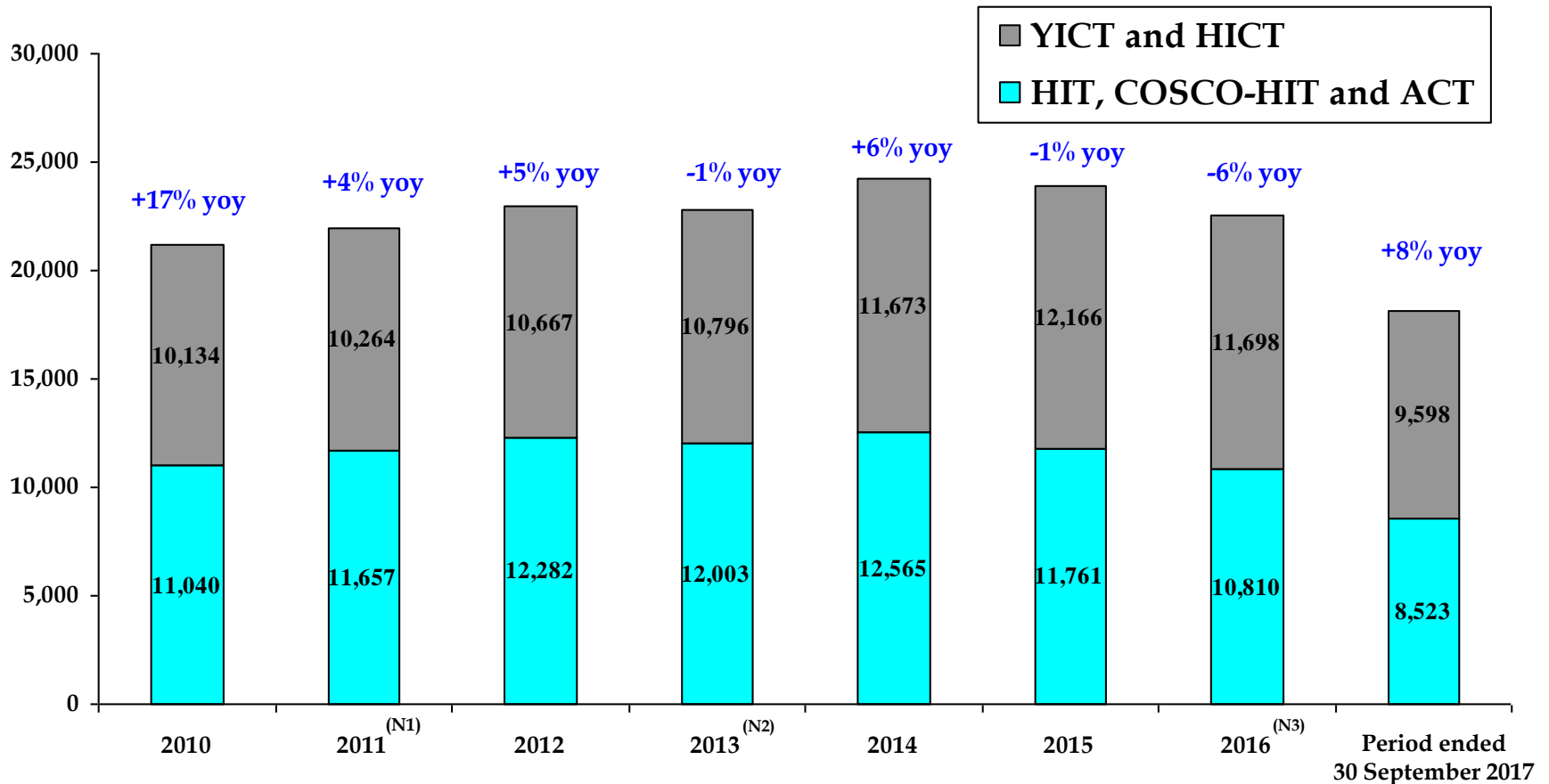
Overview

- 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 effect from the changing dynamics of the global shipping industry. HPH Trust is confident to deliver cost and operational synergies in 2017.
- 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 September 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

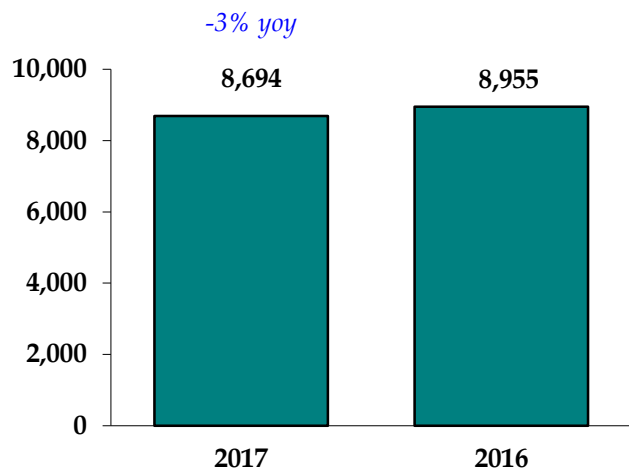
4 Key Financial Performance

Key Financial Performance

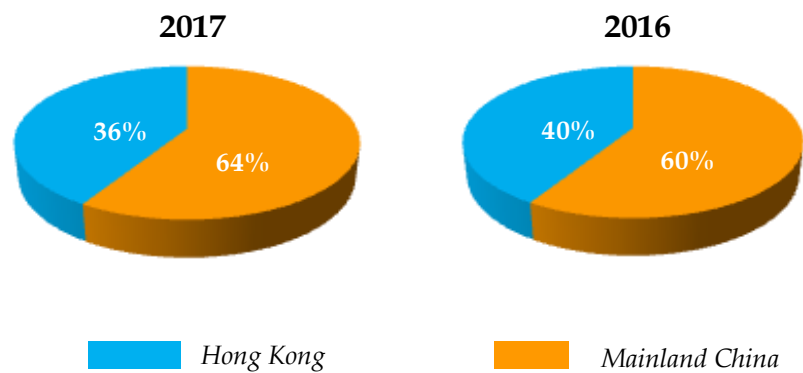
Revenue and other income

For the period ended 30 September 2017

(HK\$ Million)



Segment Information

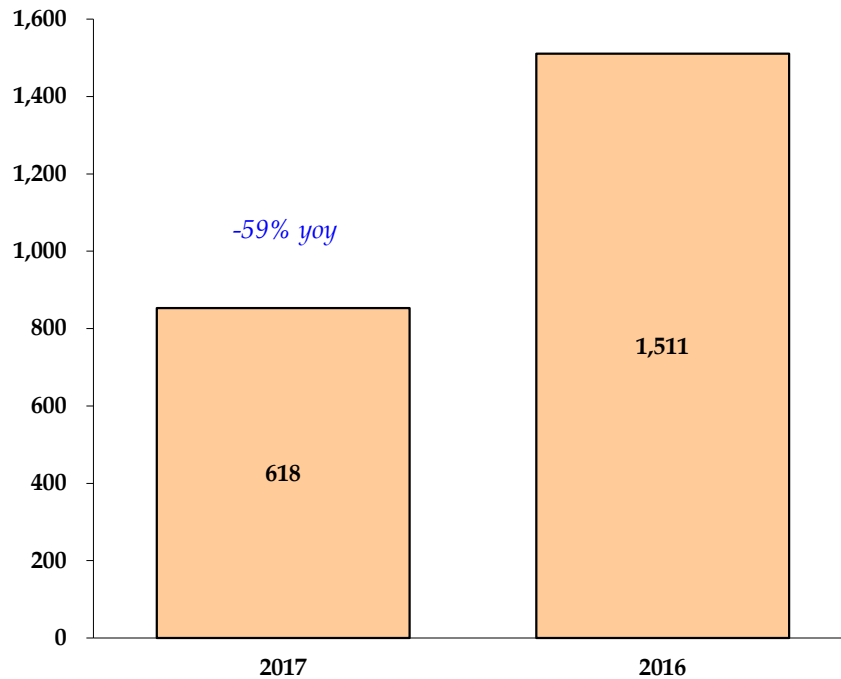


Key Financial Performance

Total Capex

For the period ended 30 September 2017

(HK\$ Million)



Key Financial Performance

Financial Position

At 30 September 2017
HK\$'Million

Short Term Debt	\$4,244.8
Long Term Debt	\$29,328.0
Total Consolidated Debt	\$33,572.8
Total Consolidated Cash	\$6,735.2

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

(HK\$'Million)	1 January to 30 September			Restated
	2017 <u>Actual</u>	2016 <u>Actual</u>	% variance <u>Fav/(Unfav)</u>	% variance <u>Fav/(Unfav) (N1)</u>
Revenue and other income	8,694.2	8,954.8	(3%)	1%
Cost of services rendered	(3,020.4)	(3,153.6)	4%	(3%)
Staff costs	(217.6)	(226.8)	4%	1%
Depreciation and amortisation	(2,233.8)	(2,184.4)	(2%)	
Other operating income	10.5	7.8	35%	
Other operating expenses	(414.5)	(577.5)	28%	14%
Total operating expenses	(5,875.8)	(6,134.5)	4%	
Operating profit	2,818.4	2,820.3	-	
Interest and other finance costs	(642.2)	(520.9)	(23%)	
Share of profits/(losses) after tax of Associated Cos/JVs	(21.3)	65.3	(133%)	
Profit before tax	2,154.9	2,364.7	(9%)	
Taxation	(538.8)	(485.1)	(11%)	
Profit after tax and normalisation (a)	1,616.1	1,879.6	(14%)	
HIT's rent and rates refund	-	357.0	(100%)	
Profit after tax (b)	1,616.1	2,236.6	(28%)	
Profit after tax attributable to non-controlling interests (c)	(909.7)	(908.8)	-	
Profit after tax attributable to unitholders of HPH Trust after normalisation (a) - (c)	706.4	970.8	(27%)	
Profit after tax attributable to unitholders of HPH Trust before normalisation (b) - (c)	706.4	1,327.8	(47%)	

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 had been 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 September 2017 against Last Year

(HK\$ Million)	1 July to 30 September			Restated
	2017	2016	% variance	% variance
	<u>Actual</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>	<u>Fav/(Unfav) (N1)</u>
Revenue and other income	3,221.9	3,265.2	(1%)	2%
Cost of services rendered	(1,101.7)	(1,076.2)	(2%)	(10%)
Staff costs	(70.3)	(72.4)	3%	1%
Depreciation and amortisation	(762.2)	(734.7)	(4%)	
Other operating income	3.5	1.6	119%	
Other operating expenses	(136.7)	(223.0)	39%	28%
Total operating expenses	(2,067.4)	(2,104.7)	2%	
Operating profit	1,154.5	1,160.5	(1%)	
Interest and other finance costs	(238.3)	(174.5)	(37%)	
Share of profits/(losses) after tax of Associated Cos/JVs	(6.0)	21.0	(129%)	
Profit before tax	910.2	1,007.0	(10%)	
Taxation	(231.7)	(195.0)	(19%)	
Profit after tax	678.5	812.0	(16%)	
Profit after tax attributable to non-controlling interests	(408.1)	(381.8)	7%	
Profit after tax attributable to unitholders of HPH Trust	270.4	430.2	(37%)	

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Statements of Financial Position as at 30 September 2017 and 31 December 2016

(HK\$'Million)	30 September 2017 <u>Unaudited</u>	31 December 2016 <u>Audited</u>
ASSETS		
Non-current assets		
Fixed assets	24,817.8	25,026.5
Projects under development	1,437.8	1,846.9
Leasehold land and land use rights	40,045.8	40,925.1
Railway usage rights	12.8	12.4
Customer relationships	6,253.7	6,504.4
Goodwill	22,629.0	22,629.0
Associated companies	767.5	842.5
Joint ventures	3,849.0	3,869.9
Other non-current assets	752.7	773.5
Deferred tax assets	12.8	12.5
Total non-current assets	<u>100,578.9</u>	<u>102,442.7</u>
Current assets		
Cash and bank balances	6,735.2	6,999.9
Trade and other receivables	3,686.5	3,818.2
Inventories	116.5	112.3
Total current assets	<u>10,538.2</u>	<u>10,930.4</u>

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

(HK\$'Million)	30 September 2017 <u>Unaudited</u>	31 December 2016 <u>Audited</u>
Current liabilities		
Trade and other payables	6,348.1	7,648.3
Bank and other debts	4,235.4	4,242.2
Current tax liabilities	547.6	259.1
Total current liabilities	<u>11,131.1</u>	<u>12,149.6</u>
Net current liabilities	<u>(592.9)</u>	<u>(1,219.2)</u>
Total assets less current liabilities	<u>99,986.0</u>	<u>101,223.5</u>
Non-current liabilities		
Bank and other debts	29,139.2	29,240.6
Pension obligations	294.4	279.1
Deferred tax liabilities	10,693.3	10,932.7
Other non-current liabilities	95.1	89.2
Total non-current liabilities	<u>40,222.0</u>	<u>40,541.6</u>
Net assets	<u>59,764.0</u>	<u>60,681.9</u>
EQUITY		
Units in issue	68,553.8	68,553.8
Reserves	(28,732.6)	(27,305.1)
Net assets attributable to unitholders of HPH Trust	<u>39,821.2</u>	<u>41,248.7</u>
Non-controlling interests	19,942.8	19,433.2
Total equity	<u>59,764.0</u>	<u>60,681.9</u>

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

(HK\$'Million)	<u>1 January to 30 September 2017</u>	<u>1 January to 30 September 2016</u>
Operating activities		
Cash generated from operations	5,376.2	5,144.6
Interest and other finance costs paid	(576.7)	(475.9)
Tax paid	(490.9)	(712.6)
Net cash from operating activities	<u>4,308.6</u>	<u>3,956.1</u>
Investing activities		
Purchase of an associated company	(672.8)	-
Loan to an associated company	(235.0)	-
Purchase of fixed assets, projects under development, leasehold land and land use rights	(618.2)	(1,510.6)
Proceeds on disposal of fixed assets	0.4	3.2
Dividends received from investments	8.2	22.6
Dividends received from associated companies and joint ventures	92.8	65.0
Interest received	47.7	31.5
Repayment of loan by a joint venture	-	1.0
Net cash used in investing activities	<u>(1,376.9)</u>	<u>(1,387.3)</u>
Financing activities		
New borrowings	11,736.8	7,881.2
Repayment of borrowings	(11,873.5)	(7,260.0)
Upfront debt transaction costs and facilities fees of borrowings	(29.3)	(59.5)
Distributions to unitholders of HPH Trust	(2,273.6)	(2,848.5)
Dividends to non-controlling interests	(756.8)	(793.2)
Net cash used in financing activities	<u>(3,196.4)</u>	<u>(3,080.0)</u>
Net changes in cash and cash equivalents	(264.7)	(511.2)
Cash and cash equivalents at beginning of the period	<u>6,957.9</u>	<u>6,840.8</u>
Cash and cash equivalents at end of the period	<u><u>6,693.2</u></u>	<u><u>6,329.6</u></u>

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

(HK\$'Million)	1 July to <u>30 September 2017</u>	1 July to <u>30 September 2016</u>
Operating activities		
Cash generated from operations	2,028.8	1,704.9
Interest and other finance costs paid	(198.0)	(161.9)
Tax paid	(125.0)	(239.8)
Net cash from operating activities	<u>1,705.8</u>	<u>1,303.2</u>
Investing activities		
Purchase of an associated company	(672.8)	-
Loan to an associated company	(235.0)	-
Purchase of fixed assets, projects under development, leasehold land and land use rights	(156.2)	(226.1)
Proceeds on disposal of fixed assets	0.3	1.8
Dividends received from investments	1.1	14.1
Dividends received from associated companies and joint ventures	39.8	15.0
Interest received	17.9	11.4
Net cash used in investing activities	<u>(1,004.9)</u>	<u>(183.8)</u>
Financing activities		
New borrowings	7,836.8	81.2
Repayment of borrowings	(7,801.2)	(82.3)
Distributions to unitholders of HPH Trust	(827.6)	(1,219.5)
Dividends to non-controlling interests	(756.8)	(793.2)
Net cash used in financing activities	<u>(1,548.8)</u>	<u>(2,013.8)</u>
Net changes in cash and cash equivalents	(847.9)	(894.4)
Cash and cash equivalents at beginning of the quarter	7,541.1	7,224.0
Cash and cash equivalents at end of the quarter	<u>6,693.2</u>	<u>6,329.6</u>

THE WORLD'S LEADING PORT NETWORK