

# **Hutchison Port Holdings Trust**

*Your Preferred Port-of-Call*

**2017 Financial Results Presentation  
for the Year Ended 31 December 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 year ended 31 December 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

- 2017 full year throughput of HPH Trust's deep-water ports was 8% above last year. YICT's throughput was 9% above last year. Combined throughput of HIT, COSCO-HIT and ACT (collectively "HPHT Kwai Tsing") increased 5% yoy
- The overall trend for outbound cargoes to the US and EU was positive in 2017 and continued to maintain their growth momentum in the fourth quarter of 2017. YICT's full year throughput growth was mainly attributed to the growth in the US and transshipment cargoes. The increase in HPHT Kwai Tsing's throughput was largely due to stronger transshipment cargoes
- Revenue and other income was HK\$11,551.0 million, HK\$361.3 million or 3% below last year. However, restated % variance<sup>N1</sup> on revenue and other income was 1% above last year
- Excluding HIT's rent and rates refund in 2016, 2017 full year NPAT was HK\$2,217.5 million, HK\$379.5 million or 15% below last year. NPAT attributable to unitholders was HK\$944.2 million, HK\$412.4 million or 30% below last year
- Including HIT's rent and rates refund in 2016, 2017 full year NPAT was 25% below last year and NPAT attributable to unitholders was 45% below last year
- 2017 full year Distribution Per Unit ("DPU") is 20.60 HK cents

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 global trade outlook remains positive in 2018 benefitting from the continued growth in economic activities in the US, Europe, China and India although this, by and large, is still susceptible to the uncertainties and downside risks arising from geopolitical tensions and the increasingly populist and nationalist tendencies in policy-settings and negotiations.
- Shipping lines will continue to deploy mega-vessels to attain capacity and fleet optimisation to derive further cost efficiencies. In addition, focus has shifted from port performance to supply chain performance to drive competitiveness and operational efficiencies. Furthermore, greater emphasis will be placed on security in the wake of growing cyber-attack threats on companies.
- Against these settings, with a strategic transshipment hub in Hong Kong, the exemplary mega-vessel handling capabilities of YICT and our strategic investment in state-of-the-art equipment and facilities, HPH Trust is well positioned to support the changing requirement of the container shipping industry and maintain its reputation as the preferred gateways to the vast Pearl River hinterland.

# Outlook and Prospects (cont'd)

## *Overview*

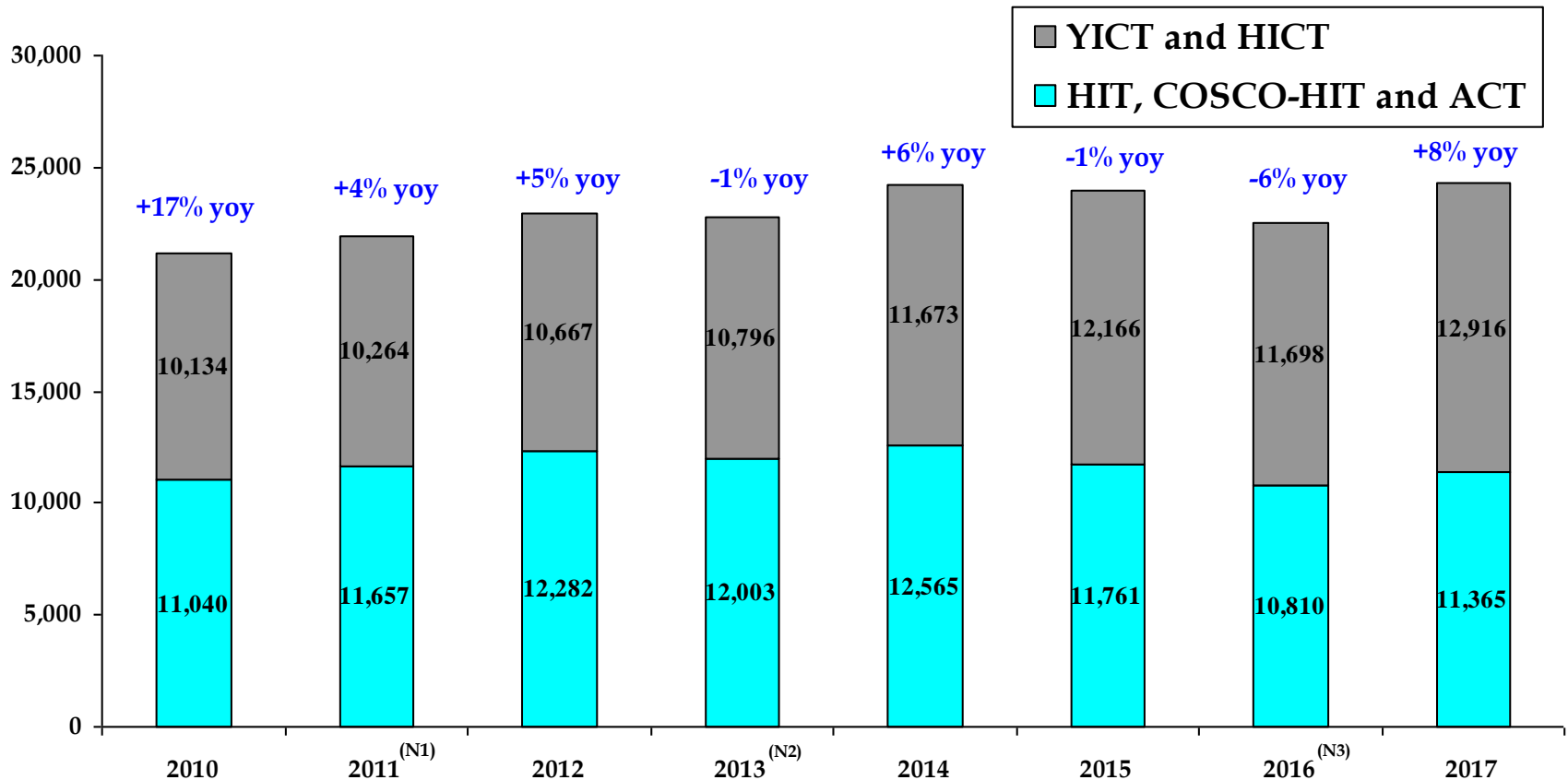
- The co-management arrangement made in December 2016 has raised both productivity and cost-efficiency of HPH Trust Kwai Tsing operations in 2017 and HPH Trust is confident that further operational synergies can be achieved in 2018 as it enters its second-year of operation.
- The Trustee-Manager remains cautiously optimistic about the expected cargo volume for 2018. Major liners have announced plans to continue to invest and build more mega-vessels of up to 22,000 TEU and this potential excess capacity will likely put pressure on freight rates, and as a result, keep port tariffs in check. HPH Trust will continue to build on its strengths whilst adhering to strict financial discipline, and with its modern facilities and efficient mega-vessel handling capabilities, the Trustee-Manager is confident that it is well-equipped to respond to external developments and challenges.



## 3 Business Review for the Year Ended 31 December 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

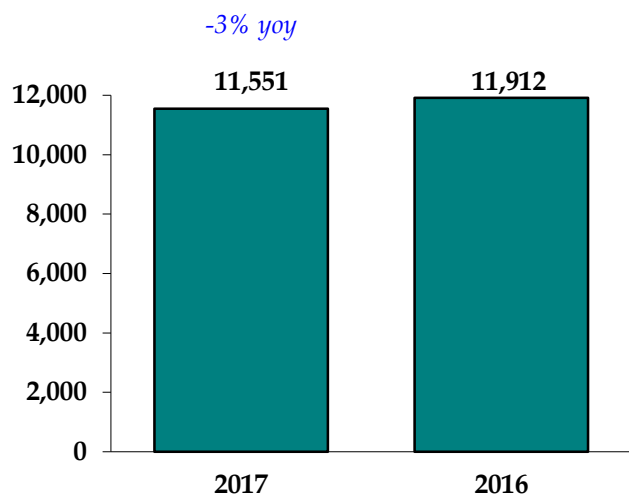
## 4 Key Financial Performance

# Key Financial Performance

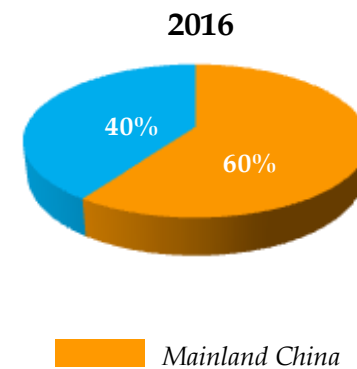
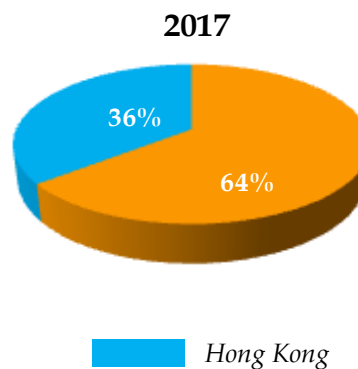
## Revenue and other income

For the Year Ended 31 December 2017

(HK\$'Million)



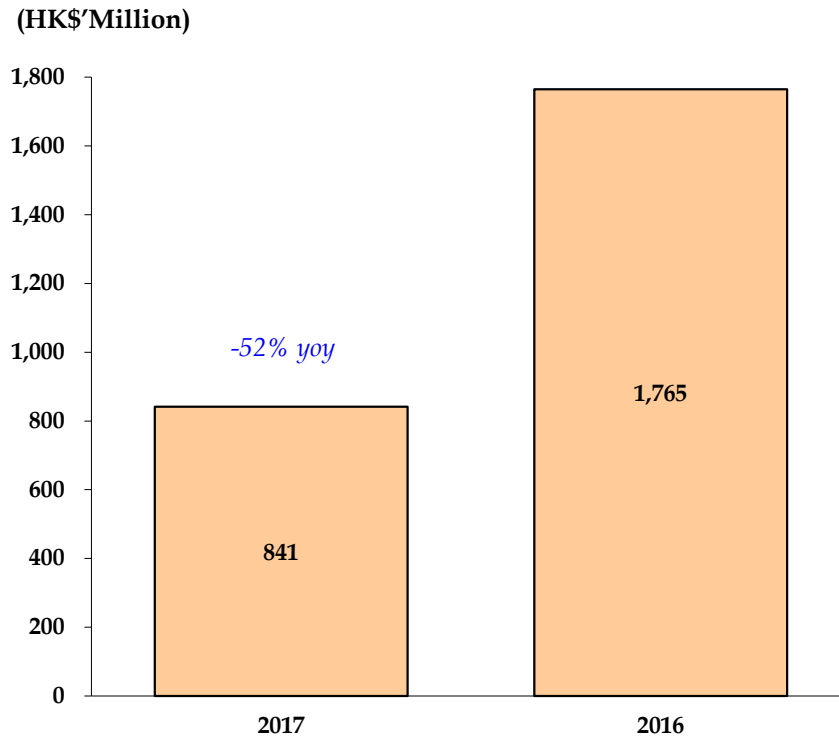
### Segment Information



# Key Financial Performance

## Total Capex

For the Year Ended 31 December 2017



# Key Financial Performance

## *Financial Position*

At 31 December 2017  
HK\$'Million

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Short Term Debt	\$4,247.1
Long Term Debt	\$28,452.4
Total Consolidated Debt	\$32,699.5
Total Consolidated Cash	\$6,768.1

# Key Financial Performance

## *Distribution*

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

**For the period from  
1 July 2017 to  
31 December 2017**

Distribution Amount

HK\$827.6 million

HK\$966.9 million

Distribution Per Unit (“DPU”)

9.50 HK cents

11.10 HK cents

DPU for the year ended 31 December 2017

**20.60 HK cents**

2017 distribution – yield (%)

6.4% (at US\$0.415 market price on 29 December 2017)

Ex-distribution date

9 February 2018

Books closure date

5:00p.m. 13 February 2018

Payment of distribution

29 March 2018

# HPH Trust's Results

## Full Year 2017 against Last Year

(HK\$ Million)	1 January to 31 December			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>11,551.0</b>	<b>11,912.3</b>	<b>(3%)</b>	<b>1%</b>
Cost of services rendered	(4,131.6)	(4,251.1)	3%	(4%)
Staff costs	(288.0)	(297.4)	3%	1%
Depreciation and amortisation	(3,003.3)	(2,916.5)	(3%)	
Other operating income	25.4	88.8	(71%)	
Other operating expenses	(552.0)	(742.0)	26%	13%
<b>Total operating expenses</b>	<b>(7,949.5)</b>	<b>(8,118.2)</b>	<b>2%</b>	
Operating profit	3,601.5	3,794.1	(5%)	(4%)
Interest and other finance costs	(856.9)	(701.2)	(22%)	
Share of profits/(losses) after tax of Associated Cos/JVs	(40.0)	76.9	(152%)	
<b>Profit before tax</b>	<b>2,704.6</b>	<b>3,169.8</b>	<b>(15%)</b>	
Taxation	(487.1)	(572.8)	15%	
<b>Profit after tax and normalisation (a)</b>	<b>2,217.5</b>	<b>2,597.0</b>	<b>(15%)</b>	
HIT's rent and rates refund	-	357.0	(100%)	
<b>Profit after tax (b)</b>	<b>2,217.5</b>	<b>2,954.0</b>	<b>(25%)</b>	
<b>Profit after tax attributable to non-controlling interests (c)</b>	<b>(1,273.3)</b>	<b>(1,240.4)</b>	<b>3%</b>	
<b>Profit after tax attributable to unitholders of HPH Trust after normalisation (a) - (c)</b>	<b>944.2</b>	<b>1,356.6</b>	<b>(30%)</b>	
<b>Profit after tax attributable to unitholders of HPH Trust before normalisation (b) - (c)</b>	<b>944.2</b>	<b>1,713.6</b>	<b>(45%)</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 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



# HPH Trust's Results

## 4th Quarter 2017 against Last Year

(HK\$'Million)	1 October to 31 December			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>2,856.8</b>	<b>2,957.5</b>	<b>(3%)</b>	-
Cost of services rendered	(1,111.2)	(1,097.5)	(1%)	(6%)
Staff costs	(70.4)	(70.6)	-	-
Depreciation and amortisation	(769.5)	(732.1)	(5%)	
Other operating income	14.9	81.0	(82%)	
Other operating expenses	(137.5)	(164.5)	16%	9%
<b>Total operating expenses</b>	<b>(2,073.7)</b>	<b>(1,983.7)</b>	<b>(5%)</b>	
Operating profit	783.1	973.8	(20%)	(16%)
Interest and other finance costs	(214.7)	(180.3)	(19%)	
Share of profits/(losses) after tax of Associated Cos/JVs	(18.7)	11.6	(261%)	
<b>Profit before tax</b>	<b>549.7</b>	<b>805.1</b>	<b>(32%)</b>	
Taxation	51.7	(87.7)	159%	
<b>Profit after tax</b>	<b>601.4</b>	<b>717.4</b>	<b>(16%)</b>	
<b>Profit after tax attributable to non-controlling interests</b>	<b>(363.6)</b>	<b>(331.6)</b>	<b>10%</b>	
<b>Profit after tax attributable to unitholders of HPH Trust</b>	<b>237.8</b>	<b>385.8</b>	<b>(38%)</b>	

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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 31 December 2017 and 31 December 2016

(HK\$ Million)	2017	2016
<b>ASSETS</b>		
<b>Non-current assets</b>		
Fixed assets	24,626.4	25,026.5
Projects under development	1,970.2	1,846.9
Leasehold land and land use rights	39,724.2	40,925.1
Railway usage rights	12.7	12.4
Customer relationships	6,170.2	6,504.4
Goodwill	22,629.0	22,629.0
Associated companies	754.2	842.5
Joint ventures	3,835.9	3,869.9
Other non-current assets	739.3	773.5
Deferred tax assets	22.7	12.5
<b>Total non-current assets</b>	<u>100,484.8</u>	<u>102,442.7</u>
<b>Current assets</b>		
Cash and bank balances	6,768.1	6,999.9
Trade and other receivables	3,446.2	3,818.2
Inventories	109.7	112.3
<b>Total current assets</b>	<u>10,324.0</u>	<u>10,930.4</u>

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

(HK\$'Million)	<u>2017</u>	<u>2016</u>
<b>Current liabilities</b>		
Trade and other payables	6,741.6	7,648.3
Bank and other debts	4,241.2	4,242.2
Current tax liabilities	409.6	259.1
<b>Total current liabilities</b>	<u>11,392.4</u>	<u>12,149.6</u>
<b>Net current liabilities</b>	<u>(1,068.4)</u>	<u>(1,219.2)</u>
<b>Total assets less current liabilities</b>	<u>99,416.4</u>	<u>101,223.5</u>
<b>Non-current liabilities</b>		
Bank and other debts	28,248.9	29,240.6
Pension obligations	80.6	279.1
Deferred tax liabilities	10,635.1	10,932.7
Other non-current liabilities	129.9	89.2
<b>Total non-current liabilities</b>	<u>39,094.5</u>	<u>40,541.6</u>
<b>Net assets</b>	<u>60,321.9</u>	<u>60,681.9</u>
<b>EQUITY</b>		
Units in issue	68,553.8	68,553.8
Reserves	<u>(28,260.3)</u>	<u>(27,305.1)</u>
<b>Net assets attributable to unitholders of HPH Trust</b>	40,293.5	41,248.7
Non-controlling interests	<u>20,028.4</u>	<u>19,433.2</u>
<b>Total equity</b>	<u>60,321.9</u>	<u>60,681.9</u>

# Statements of Cash Flows

## Full Year 2017 and 2016

(HK\$ Million)

### Operating activities

	<u>1 January to 31 December 2017</u>	<u>1 January to 31 December 2016</u>
Cash generated from operations	7,143.4	6,769.8
Interest and other finance costs paid	(757.9)	(638.0)
Tax paid	(645.5)	(967.8)
<b>Net cash from operating activities</b>	<u>5,740.0</u>	<u>5,164.0</u>

### Investing activities

Purchase of an associated company	(672.8)	-
Loan to an associated company	(315.4)	-
Purchase of fixed assets, projects under development, leasehold land and land use rights	(841.4)	(1,765.1)
Proceeds on disposal of fixed assets	2.2	31.8
Dividends received from investments	21.6	22.6
Dividends received from associated companies and joint ventures	130.8	83.0
Interest received	64.5	42.2
Repayment of loan by a joint venture	1.6	1.6
Restricted deposit	-	(42.0)
<b>Net cash used in investing activities</b>	<u>(1,608.9)</u>	<u>(1,625.9)</u>

### Financing activities

New borrowings	11,736.8	9,426.6
Repayment of borrowings	(12,746.7)	(8,926.5)
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	(1,050.1)	(1,013.1)
<b>Net cash used in financing activities</b>	<u>(4,362.9)</u>	<u>(3,421.0)</u>

### Net changes in cash and cash equivalents

Net changes in cash and cash equivalents	(231.8)	117.1
Cash and cash equivalents at beginning of the year	6,957.9	6,840.8
Cash and cash equivalents at end of the year	<u>6,726.1</u>	<u>6,957.9</u>

# Statements of Cash Flows

## 4th Quarter 2017 and 2016

(HK\$'Million)

### Operating activities

	<u>1 October to 31 December 2017</u>	<u>1 October to 31 December 2016</u>
Cash generated from operations	1,767.2	1,625.2
Interest and other finance costs paid	(181.2)	(162.1)
Tax paid	(154.6)	(255.2)
<b>Net cash from operating activities</b>	<u>1,431.4</u>	<u>1,207.9</u>

### Investing activities

Loan to an associated company	(80.4)	-
Purchase of fixed assets, projects under development, leasehold land and land use rights	(223.2)	(254.5)
Proceeds on disposal of fixed assets	1.8	28.6
Dividends received from investments	13.4	-
Dividends received from associated companies and joint ventures	38.0	18.0
Interest received	16.8	10.7
Repayment of loan by a joint venture	1.6	0.6
Restricted deposit	-	(42.0)
<b>Net cash used in investing activities</b>	<u>(232.0)</u>	<u>(238.6)</u>

### Financing activities

New borrowings	-	1,545.4
Repayment of borrowings	(873.2)	(1,666.5)
Dividends to non-controlling interests	(293.3)	(219.9)
<b>Net cash used in financing activities</b>	<u>(1,166.5)</u>	<u>(341.0)</u>

### Net changes in cash and cash equivalents

Cash and cash equivalents at beginning of the quarter	6,693.2	6,329.6
Cash and cash equivalents at end of the quarter	<u>6,726.1</u>	<u>6,957.9</u>

# THE WORLD'S LEADING PORT NETWORK