

Hutchison Port Holdings Trust

Your Preferred Port-of-Call

2017 Full-Year Financial Results Presentation

AGM – 13 April, 2018

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. 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
- Average revenue per TEU for Hong Kong and China were below last year mainly attributed to greater volume of concessions offered to certain liners, as well as, certain revisions on tariffs following the mergers and acquisitions of some liners
- After taking into consideration the co-management arrangement in Hong Kong, restated % variance^{N1} 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

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

Key Highlights (cont'd)

- As announced in the first quarter of 2016, HPH Trust started to reduce overall indebtedness in 2017 by repaying HK\$1 billion of debt annually for 5 years, with a target to improve our metrics over the 5-year period from 2017 to 2021
- 2017 full year Distribution Per Unit (“DPU”) is 20.60 HK cents

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.
- 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.

Outlook and Prospects (cont'd)

Overview

- On February 1, 2018, NDRC (National Development and Reform Commission) announced a tariff reduction to listed tariff for ports in Shekou, Chiwan (China Merchant Ports), Dalian and Yantian. This followed a similar announcement made by NDRC in November 2017 which impacted the Ports of Shanghai, Tanjin, Ning-bo/ Zhoushan

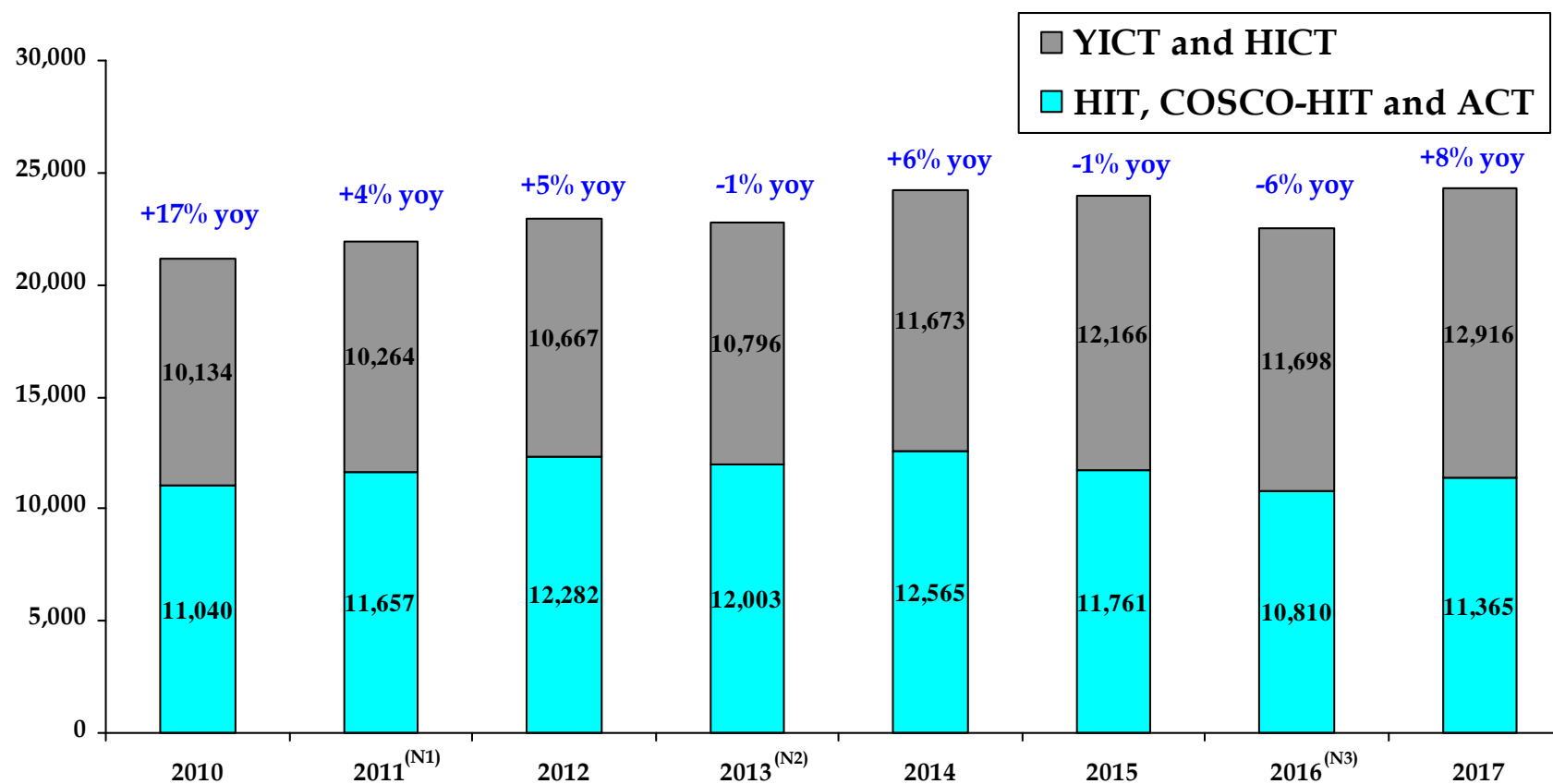
The entire NDRC initiative is to reduce China's cost of export which covers different service providers in the logistics chain.

- In March 2018, US President Trump proposed various sanctions, potentially totaling US\$160 billion, on Chinese exports. These sanctions mainly impact steel, aluminum and high-technology products. For our ports in South China, exports consist mainly of fast-moving consumable items such as furniture, toys, garments, electronic appliances/electronics. Our internal estimate, based on the list released by the US government so far, indicates that the impact is not significant even if we assume all these related volumes moved away.

3 Key Financial Performance

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

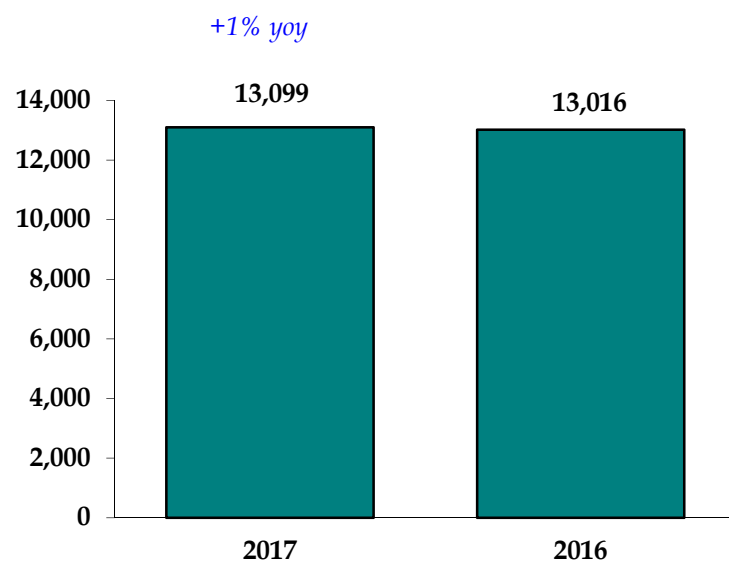
N3 Includes throughput volume of HICT after the acquisition in December 2016

Key Financial Performance

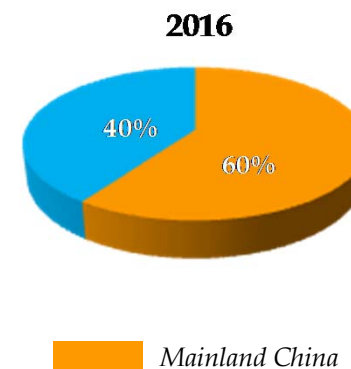
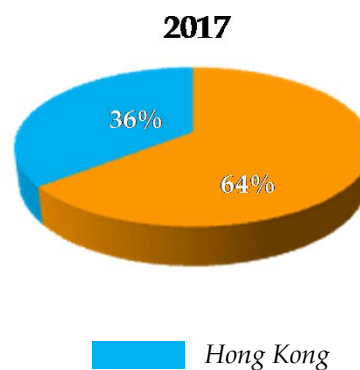
Revenue and other income

For the Year Ended 31 December 2017 (restated basis)

(HK\$'Million)



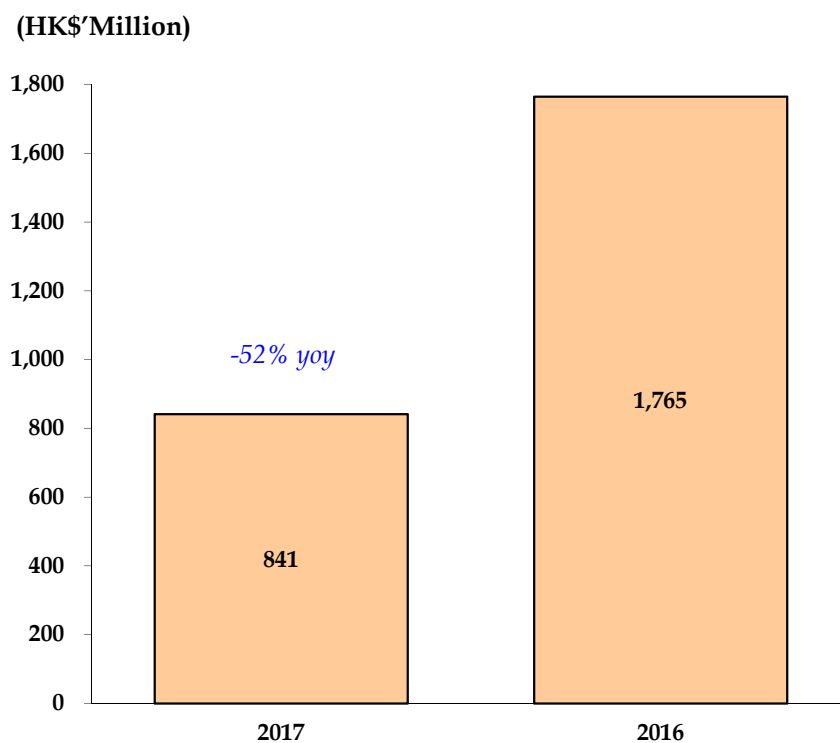
Segment Information



Key Financial Performance

Total Capex

For the Year Ended 31 December 2017



Key Financial Performance

Financial Position

At 31 December 2017
HK\$'Million

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

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>
Revenue and other income	11,551.0	11,912.3	(3%)	1%
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%
Total operating expenses	(7,949.5)	(8,118.2)	2%	(3%)
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%)	
Profit before tax	2,704.6	3,169.8	(15%)	
Taxation	(487.1)	(572.8)	15%	
Profit after tax and normalisation (a)	2,217.5	2,597.0	(15%)	
HIT's rent and rates refund	-	357.0	(100%)	
Profit after tax (b)	2,217.5	2,954.0	(25%)	
Profit after tax attributable to non-controlling interests (c)	(1,273.3)	(1,240.4)	3%	
Profit after tax attributable to unitholders of HPH Trust after normalisation (a) - (c)	944.2	1,356.6	(30%)	
Profit after tax attributable to unitholders of HPH Trust before normalisation (b) - (c)	944.2	1,713.6	(45%)	

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

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

(HK\$'Million)	2017	2016
ASSETS		
Non-current assets		
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
Total non-current assets	100,484.8	102,442.7
Current assets		
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
Total current assets	10,324.0	10,930.4

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

(HK\$'Million)	2017	2016
Current liabilities		
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
Total current liabilities	11,392.4	12,149.6
Net current liabilities	(1,068.4)	(1,219.2)
Total assets less current liabilities	99,416.4	101,223.5
Non-current liabilities		
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
Total non-current liabilities	39,094.5	40,541.6
Net assets	60,321.9	60,681.9
EQUITY		
Units in issue	68,553.8	68,553.8
Reserves	(28,260.3)	(27,305.1)
Net assets attributable to unitholders of HPH Trust	40,293.5	41,248.7
Non-controlling interests	20,028.4	19,433.2
Total equity	60,321.9	60,681.9

Statements of Cash Flows

Full Year 2017 and 2016

(HK\$'Million)

Operating activities

Cash generated from operations
Interest and other finance costs paid
Tax paid

Net cash from operating activities

Investing activities

Purchase of an associated company
Loan to an associated company
Purchase of fixed assets, projects under development,
leasehold land and land use rights
Proceeds on disposal of fixed assets
Dividends received from investments
Dividends received from associated companies and
joint ventures
Interest received
Repayment of loan by a joint venture
Restricted deposit

Net cash used in investing activities

Financing activities

New borrowings
Repayment of borrowings
Upfront debt transaction costs and facilities fees of borrowings
Distributions to unitholders of HPH Trust
Dividends to non-controlling interests

Net cash used in financing activities

Net changes in cash and cash equivalents

Cash and cash equivalents at beginning of the year
Cash and cash equivalents at end of the year

	1 January to 31 December 2017	1 January to 31 December 2016
	7,143.4	6,769.8
	(757.9)	(638.0)
	(645.5)	(967.8)
	<u>5,740.0</u>	<u>5,164.0</u>
	(672.8)	-
	(315.4)	-
	(841.4)	(1,765.1)
	2.2	31.8
	21.6	22.6
	130.8	83.0
	64.5	42.2
	1.6	1.6
	-	(42.0)
	<u>(1,608.9)</u>	<u>(1,625.9)</u>
	11,736.8	9,426.6
	(12,746.7)	(8,926.5)
	(29.3)	(59.5)
	(2,273.6)	(2,848.5)
	(1,050.1)	(1,013.1)
	<u>(4,362.9)</u>	<u>(3,421.0)</u>
	(231.8)	117.1
	<u>6,957.9</u>	<u>6,840.8</u>
	<u>6,726.1</u>	<u>6,957.9</u>

Summary

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.