

# **Hutchison Port Holdings Trust**

*Your Preferred Port-of-Call*

**2018 Financial Results Presentation  
for the Period Ended 30 September 2018**

# 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 2018 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.

# Table of Contents

- 1 Key Highlights
- 2 Outlook and Prospects
- 3 Business Review for the Period Ended 30 September 2018
- 4 Key Financial Performance

# 1 Key Highlights

## Key Highlights

- YTD September 2018 throughput of HPH Trust's ports was 3% below last year. YICT's throughput was 1% above last year. Combined throughput of HIT, COSCO-HIT and ACT (collectively "HPHT Kwai Tsing") was 8% below last year
- Despite the continued growth in outbound cargoes to the US in the third quarter of 2018 at 4%, the third quarter outbound cargoes to the EU declined 3% when compared to last year. YICT's throughput growth in the first nine months of 2018 was mainly attributed to growth in transshipment cargoes, but was partially offset by the decrease in empty cargoes. The drop in HPHT Kwai Tsing's throughput was mainly due to reduction in transshipment cargoes
- YTD September 2018 NPAT was HK\$1,534.6 million, HK\$81.5 million or 5% below last year. NPAT attributable to unitholders was HK\$554.9 million, HK\$151.5 million or 21% below last year

## 2 Outlook and Prospects

# Outlook and Prospects

## *Overview*

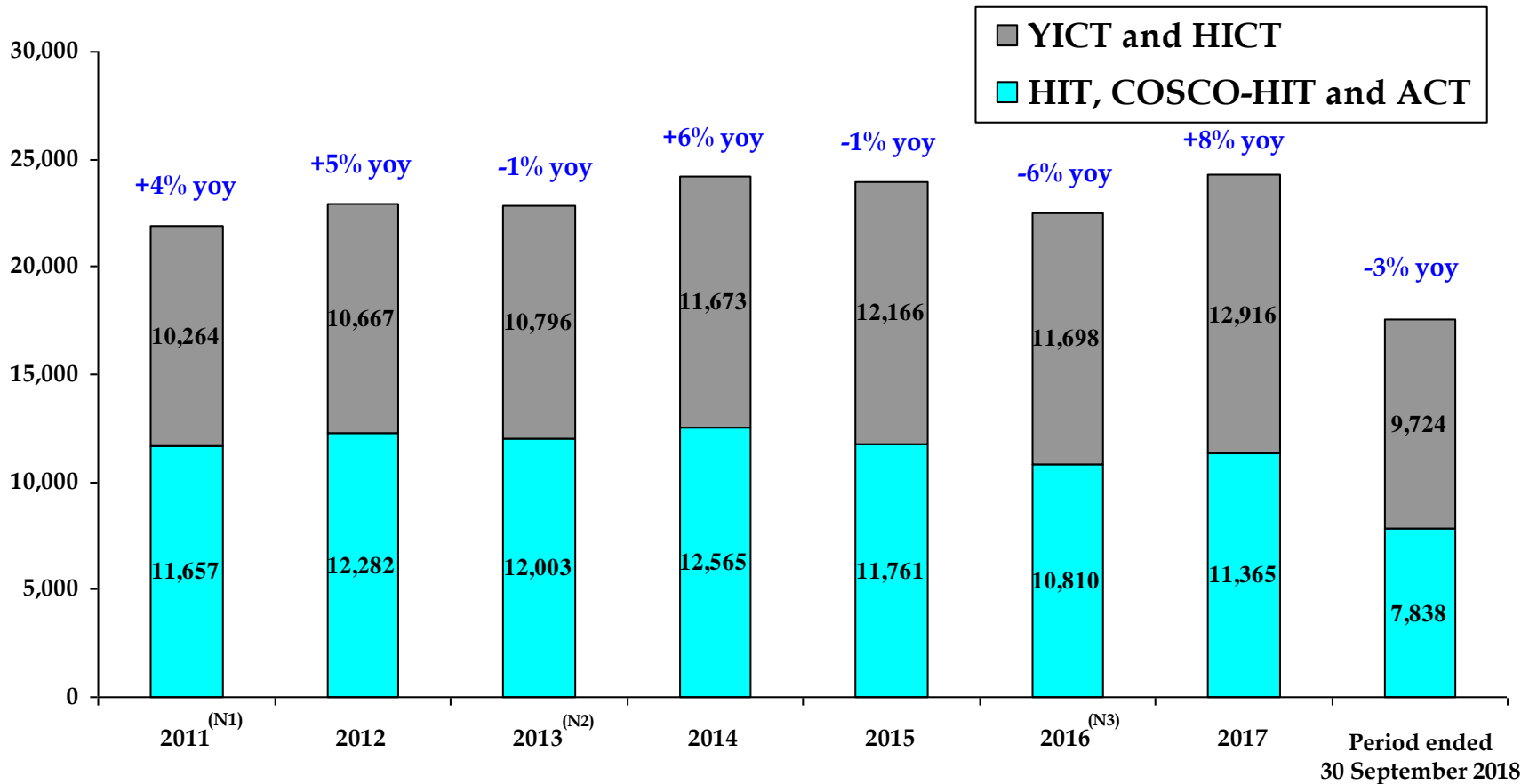
- Global trade prospects for 2018 and beyond face mounting uncertainty, particularly in consequence of escalating trade tensions and disputes between the United States and both China and the European Union and uncertainty over economic and interest policies that fuel global market volatilities
- Whilst it is expected that the current trade disputes, especially that between the United States and China and the consequential measures arising out of it, will adversely impact the overall performance of HPH Trust, the severity and timing of the impact on HPH Trust's business in the near term cannot be readily quantified except as these events unfold
- From an industrial standpoint, the effects from consolidation of ownership within the shipping industry should start to stabilise but the deployment of mega vessels intended to promote fleet and capacity optimisation to drive cost efficiencies will continue; and greater focus will be placed on security in light of recent cyber attacks and threats of cyber attacks on companies generally
- Against this backdrop, the Trustee-Manager has adopted a more conservative outlook regarding expected cargo volume for the fourth quarter of 2018 and prospectively for 2019, particularly in light of the geopolitical headwinds and evolving trade policies, and will continue to adhere to strict financial discipline to safeguard the assets of HPH Trust
- That said, HPH Trust has continued to position its business to support and complement the changing structural requirements of the container shipping industry through its exemplary mega vessel handling capabilities at YICT, its ongoing investment in modernising its equipment and facilities and its possession of a strategic transshipment hub in Hong Kong

## 3 Business Review for the Period Ended 30 September 2018



# 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

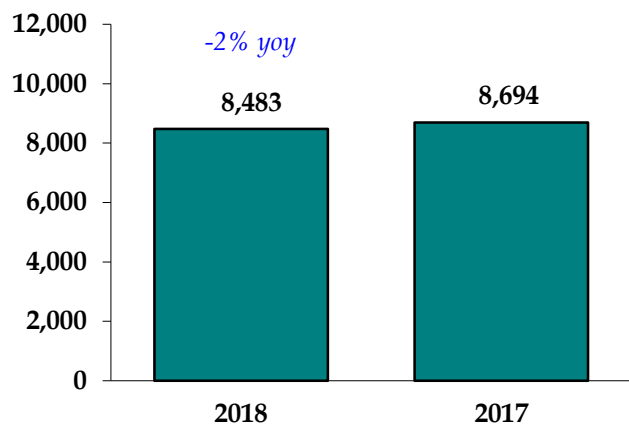
## 4 Key Financial Performance

# Key Financial Performance

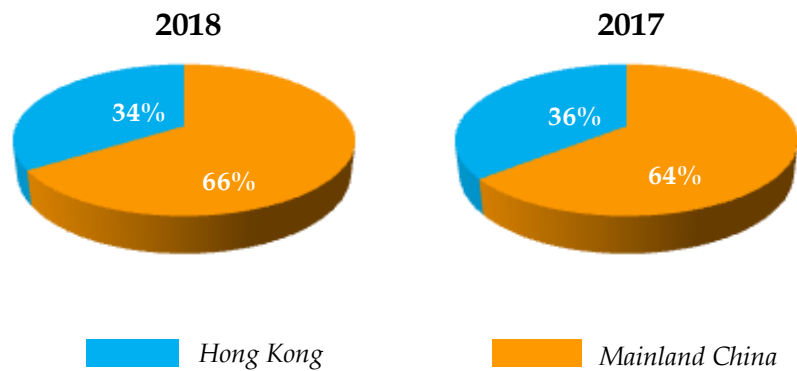
## Revenue and other income

For the period ended 30 September 2018

(HK\$'Million)



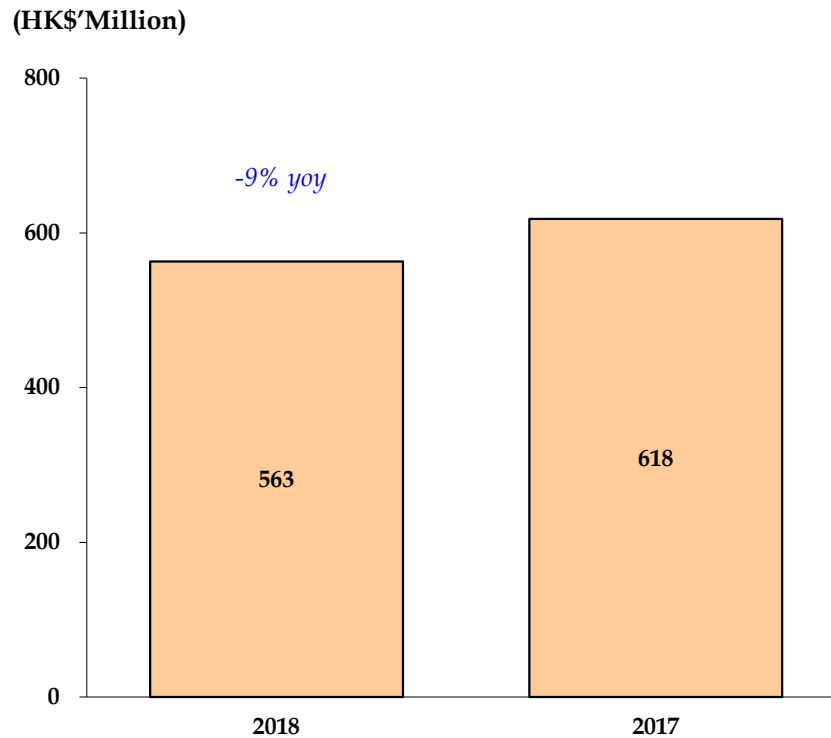
### Segment Information



# Key Financial Performance

## Total Capex

For the period ended 30 September 2018



# Key Financial Performance

## *Financial Position*

At 30 September 2018  
HK\$'Million

---

Short Term Debt	\$3,809.1
Long Term Debt	\$28,052.6
Total Consolidated Debt	\$31,861.7
Total Consolidated Cash	\$5,241.4

# HPH Trust's Unaudited Results

## YTD-September 2018 against Last Year

(HK\$'Million)	1 January to 30 September		
	2018	2017	% variance
	<u>Actual</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
<b>Revenue and other income</b>	<b>8,483.2</b>	<b>8,694.2</b>	<b>(2%)</b>
Cost of services rendered	(3,015.5)	(3,020.4)	-
Staff costs	(221.3)	(217.6)	(2%)
Depreciation and amortisation	(2,307.5)	(2,233.8)	(3%)
Other operating income	121.5	10.5	1,057%
Other operating expenses	(408.5)	(414.5)	1%
<b>Total operating expenses</b>	<b>(5,831.3)</b>	<b>(5,875.8)</b>	<b>1%</b>
Operating profit	2,651.9	2,818.4	(6%)
Interest and other finance costs	(751.4)	(642.2)	(17%)
Share of profits/(losses) after tax of Associated Cos/JVs	(49.0)	(21.3)	(130%)
<b>Profit before tax</b>	<b>1,851.5</b>	<b>2,154.9</b>	<b>(14%)</b>
Taxation	(316.9)	(538.8)	41%
<b>Profit after tax</b>	<b>1,534.6</b>	<b>1,616.1</b>	<b>(5%)</b>
<b>Profit after tax attributable to non-controlling interests</b>	<b>(979.7)</b>	<b>(909.7)</b>	<b>8%</b>
<b>Profit after tax attributable to unitholders of HPH Trust</b>	<b>554.9</b>	<b>706.4</b>	<b>(21%)</b>

*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 Unaudited Results

## 3rd Quarter 2018 against Last Year

	1 July to 30 September		
(HK\$'Million)	2018	2017	% variance
	<u>Actual</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
<b>Revenue and other income</b>	<b>3,026.6</b>	<b>3,221.9</b>	<b>(6%)</b>
Cost of services rendered	(1,016.9)	(1,101.7)	8%
Staff costs	(71.3)	(70.3)	(1%)
Depreciation and amortisation	(763.9)	(762.2)	-
Other operating income	17.5	3.5	400%
Other operating expenses	(139.7)	(136.7)	(2%)
<b>Total operating expenses</b>	<b>(1,974.3)</b>	<b>(2,067.4)</b>	<b>5%</b>
Operating profit	1,052.3	1,154.5	(9%)
Interest and other finance costs	(270.4)	(238.3)	(13%)
Share of profits/(losses) after tax of Associated Cos/JVs	(13.6)	(6.0)	(127%)
<b>Profit before tax</b>	<b>768.3</b>	<b>910.2</b>	<b>(16%)</b>
Taxation	(127.9)	(231.7)	45%
<b>Profit after tax</b>	<b>640.4</b>	<b>678.5</b>	<b>(6%)</b>
<b>Profit after tax attributable to non-controlling interests</b>	<b>(400.9)</b>	<b>(408.1)</b>	<b>(2%)</b>
<b>Profit after tax attributable to unitholders of HPH Trust</b>	<b>239.5</b>	<b>270.4</b>	<b>(11%)</b>

*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 2018 and 31 December 2017

(HK\$'Million)	30 September 2018 <u>Unaudited</u>	31 December 2017 <u>Audited</u>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Fixed assets	24,784.5	24,626.4
Projects under development	725.2	1,970.2
Leasehold land and land use rights	38,696.4	39,724.2
Railway usage rights	11.7	12.7
Customer relationships	5,919.5	6,170.2
Goodwill	22,629.0	22,629.0
Associated companies	989.9	754.2
Joint ventures	3,700.2	3,835.9
Other non-current assets	713.9	739.3
Deferred tax assets	19.2	22.7
<b>Total non-current assets</b>	<u>98,189.5</u>	<u>100,484.8</u>
<b>Current assets</b>		
Cash and bank balances	5,241.4	6,768.1
Trade and other receivables	2,952.0	3,446.2
Inventories	120.5	109.7
<b>Total current assets</b>	<u>8,313.9</u>	<u>10,324.0</u>



# Statements of Financial Position as at 30 September 2018 and 31 December 2017 (cont'd)

(HK\$'Million)	30 September 2018 <u>Unaudited</u>	31 December 2017 <u>Audited</u>
<b>Current liabilities</b>		
Trade and other payables	5,402.4	6,741.6
Bank and other debts	3,806.0	4,241.2
Current tax liabilities	230.1	409.6
<b>Total current liabilities</b>	<u>9,438.5</u>	<u>11,392.4</u>
<b>Net current liabilities</b>	<u>(1,124.6)</u>	<u>(1,068.4)</u>
<b>Total assets less current liabilities</b>	<u>97,064.9</u>	<u>99,416.4</u>
<b>Non-current liabilities</b>		
Bank and other debts	27,833.0	28,248.9
Pension obligations	92.2	80.6
Deferred tax liabilities	10,354.9	10,635.1
Other non-current liabilities	168.3	129.9
<b>Total non-current liabilities</b>	<u>38,448.4</u>	<u>39,094.5</u>
<b>Net assets</b>	<u>58,616.5</u>	<u>60,321.9</u>
<b>EQUITY</b>		
Units in issue	68,553.8	68,553.8
Reserves	(29,512.2)	(28,260.3)
<b>Net assets attributable to unitholders of HPH Trust</b>	<u>39,041.6</u>	<u>40,293.5</u>
Non-controlling interests	19,574.9	20,028.4
<b>Total equity</b>	<u>58,616.5</u>	<u>60,321.9</u>

# Statements of Cash Flows

## YTD-September 2018 and 2017

(HK\$'Million)	<u>1 January to 30 September 2018</u>	<u>1 January to 30 September 2017</u>
<b>Operating activities</b>		
Cash generated from operations	4,230.5	5,376.2
Interest and other finance costs paid	(727.3)	(576.7)
Tax paid	(772.9)	(490.9)
<b>Net cash from operating activities</b>	<u>2,730.3</u>	<u>4,308.6</u>
<b>Investing activities</b>		
Purchase of an associated company	-	(672.8)
Loan to an associated company	(40.1)	(235.0)
Purchase of fixed assets, projects under development, leasehold land and land use rights	(563.3)	(618.2)
Proceeds on disposal of fixed assets	15.0	0.4
Dividends received from investments	7.8	8.2
Dividends received from associated companies and joint ventures	64.0	92.8
Interest received	72.7	47.7
Repayment of loan by a joint venture	100.0	-
<b>Net cash used in investing activities</b>	<u>(343.9)</u>	<u>(1,376.9)</u>
<b>Financing activities</b>		
New borrowings	3,870.8	11,736.8
Repayment of borrowings	(4,734.7)	(11,873.5)
Upfront debt transaction costs and facilities fees of borrowings	-	(29.3)
Distributions to unitholders of HPH Trust	(1,709.1)	(2,273.6)
Dividends to non-controlling interests	(1,340.1)	(756.8)
<b>Net cash used in financing activities</b>	<u>(3,913.1)</u>	<u>(3,196.4)</u>
<b>Net changes in cash and cash equivalents</b>	(1,526.7)	(264.7)
Cash and cash equivalents at beginning of the period	6,726.1	6,957.9
Cash and cash equivalents at end of the period	<u>5,199.4</u>	<u>6,693.2</u>

# Statements of Cash Flows

## 3rd Quarter 2018 and 2017

(HK\$'Million)

### Operating activities

	<u>1 July to</u> <u>30 September 2018</u>	<u>1 July to</u> <u>30 September 2017</u>
Cash generated from operations	1,359.3	2,028.8
Interest and other finance costs paid	(250.8)	(198.0)
Tax paid	(182.0)	(125.0)
<b>Net cash from operating activities</b>	<u>926.5</u>	<u>1,705.8</u>

### Investing activities

Purchase of an associated company	-	(672.8)
Loan to an associated company	(40.1)	(235.0)
Purchase of fixed assets, projects under development, leasehold land and land use rights	(165.5)	(156.2)
Proceeds on disposal of fixed assets	13.9	0.3
Dividends received from investments	5.7	1.1
Dividends received from associated companies and joint ventures	32.0	39.8
Interest received	20.6	17.9
<b>Net cash used in investing activities</b>	<u>(133.4)</u>	<u>(1,004.9)</u>

### Financing activities

New borrowings	-	7,836.8
Repayment of borrowings	(2.2)	(7,801.2)
Distributions to unitholders of HPH Trust	(742.2)	(827.6)
Dividends to non-controlling interests	(1,340.1)	(756.8)
<b>Net cash used in financing activities</b>	<u>(2,084.5)</u>	<u>(1,548.8)</u>
<b>Net changes in cash and cash equivalents</b>	(1,291.4)	(847.9)
Cash and cash equivalents at beginning of the quarter	6,490.8	7,541.1
Cash and cash equivalents at end of the quarter	<u>5,199.4</u>	<u>6,693.2</u>

# THE WORLD'S LEADING PORT NETWORK