

Hutchison Port Holdings Trust

2019 Financial Results Presentation

for the Quarter Ended 31 March 2019

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 March 2019 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 March 2019 throughput of HPH Trust's ports was 2% below last year. YICT's throughput was 5% above last year. Combined throughput of HIT, COSCO-HIT and ACT (collectively "HPHT Kwai Tsing") was 10% below last year
- Outbound cargoes to the US declined in the first quarter of 2019 by 5% and outbound cargoes to the EU grew slightly by 1% when compared to last year. YICT's throughput growth was mainly attributed to the growth in empty and transshipment cargoes. The drop in HPHT Kwai Tsing's throughput was mainly due to the decrease in transshipment cargoes
- YTD March 2019 operating profit was HK\$769.2 million, HK\$6.3 million or 1% above last year
- YTD March 2019 NPAT was HK\$377.6 million, HK\$43.7 million or 10% below last year. NPAT attributable to unitholders was HK\$96.9 million, HK\$48.5 million or 33% below last year

2 Outlook and Prospects

Outlook and Prospects

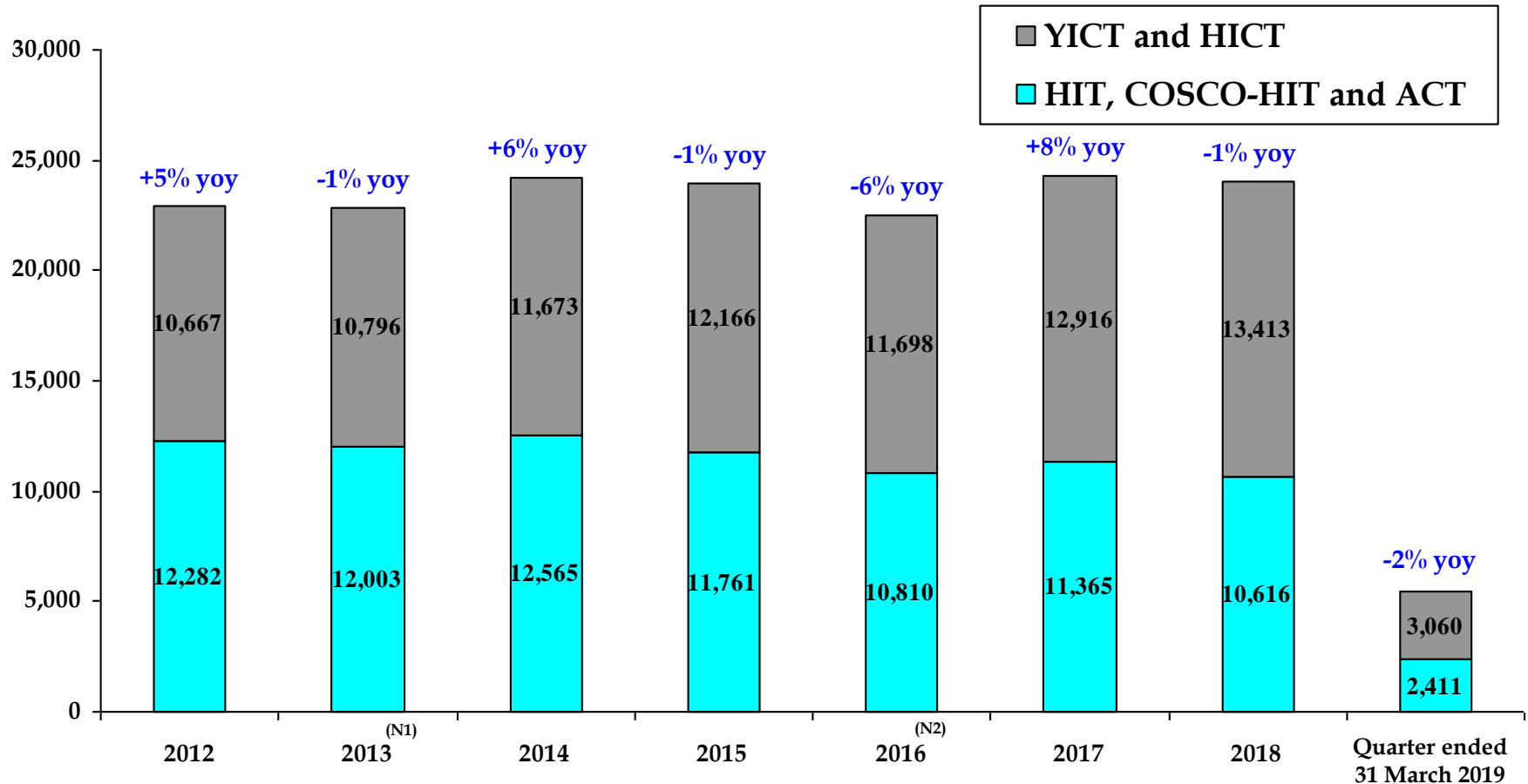
Overview

- In the first quarter of 2019, outbound cargoes to the US were weak, largely resulting from the front-loading of cargoes in the fourth quarter of 2018 in anticipation of the tariff increase by the US on Chinese exports originally scheduled to commence on 1 January 2019. The volume of outbound cargoes to the US is expected to be volatile in 2019 as the US/China trade dispute continues
- Although the threatened tariff increase has been postponed and both the US and China are in negotiation to resolve their trade dispute, management remains cautious on the expected cargo volume for 2019 as the global trade is still susceptible to the macro-economic and political uncertainties. These include the slowing Chinese and EU economies and the yet-to-be-resolved Brexit from the EU. Management will continue to focus on cost discipline and efficiency improvements to better serve its customers
- It is expected that the effects from the consolidation through mergers and acquisitions and global alliance restructuring in the shipping industry will start to stabilise. Further deployment of mega vessels will continue necessitating investment in port equipment and continuous processes improvements by deep water port operators
- Since the formation of the Hong Kong Seaport Alliance (“HKSPA”) in January 2019, HKSPA has finalised its berth and yard planning strategies to provide enhanced services to customers. The Joint Operating Agreement of HKSPA has been progressively implemented from 1 April 2019, bringing efficiency enhancements and cost synergy to shipping lines

3 Business Review for the Quarter Ended 31 March 2019

Key Business Update

Throughput Volume (TEU in thousand)



N1 Includes throughput volume of ACT after the acquisition in March 2013

N2 Includes throughput volume of HICT after the acquisition in December 2016

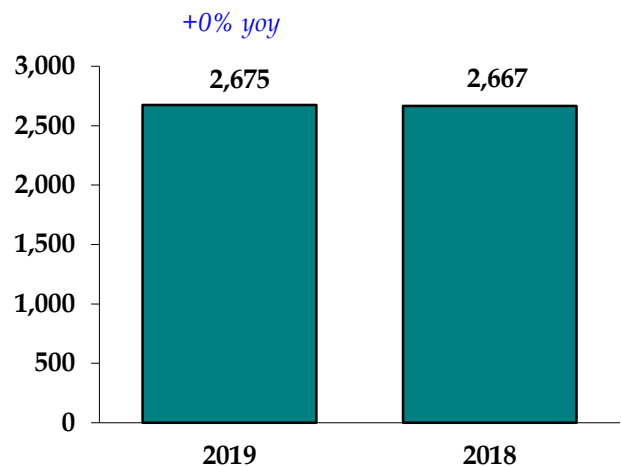
4 Key Financial Performance

Key Financial Performance

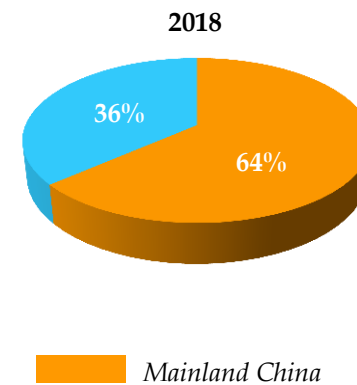
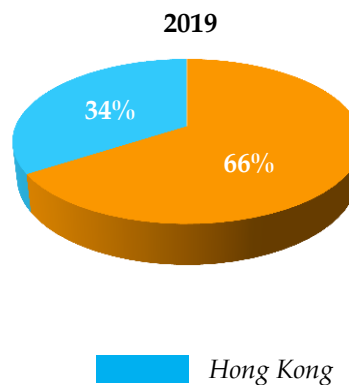
Revenue and other income

For the quarter ended 31 March 2019

(HK\$ Million)



Segment Information

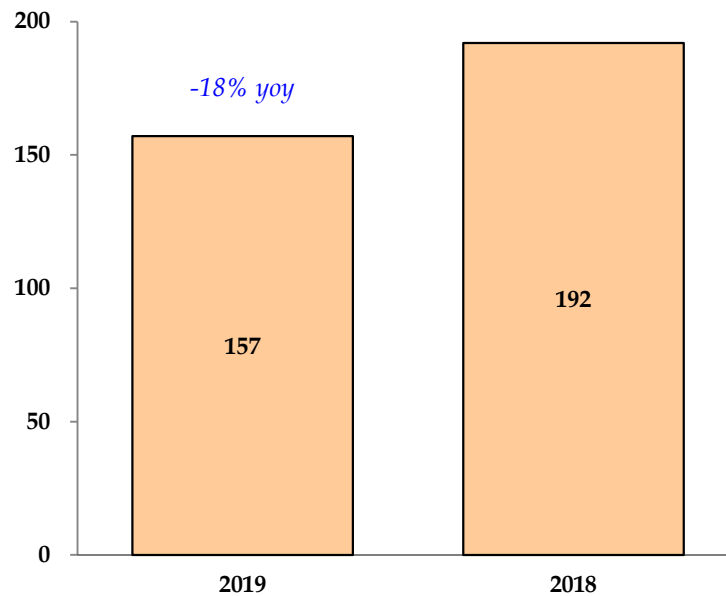


Key Financial Performance

Total Capex

For the quarter ended 31 March 2019

(HK\$'Million)



Key Financial Performance

Financial Position

At 31 March 2019
HK\$'Million

At 31 December 2018
HK\$'Million

Short Term Debt	\$6,143.4	\$2,519.1
Long Term Debt	\$25,545.5	\$29,170.4
Total Consolidated Debt	\$31,688.9	\$31,689.5
Total Consolidated Cash	\$7,044.4	\$6,566.4

HPH Trust's Unaudited Results

1st Quarter 2019 against Last Year

(HK\$'Million)	1 January to 31 March		
	2019 <u>Actual</u>	2018 <u>Actual</u>	% variance <u>Fav/(Unfav)</u>
Revenue and other income	2,675.2	2,667.3	-
Cost of services rendered	(948.2)	(992.2)	4%
Staff costs	(75.5)	(77.1)	2%
Depreciation and amortisation	(768.5)	(776.3)	1%
Other operating income	9.5	66.9	(86%)
Other operating expenses	(123.3)	(125.7)	2%
Total operating expenses	(1,906.0)	(1,904.4)	-
Operating profit	769.2	762.9	1%
Interest and other finance costs	(274.4)	(229.0)	(20%)
Share of profits/(losses) after tax of Associated Cos/JVs	(10.1)	(25.4)	60%
Profit before tax	484.7	508.5	(5%)
Taxation	(107.1)	(87.2)	(23%)
Profit after tax	377.6	421.3	(10%)
Profit after tax attributable to non-controlling interests	(280.7)	(275.9)	2%
Profit after tax attributable to unitholders of HPH Trust	96.9	145.4	(33%)

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

Statement of Financial Position as at 31 March 2019 and 31 December 2018

(HK\$'Million)	31 March 2019 <u>Unaudited</u>	31 December 2018 <u>Audited</u>
ASSETS		
Non-current assets		
Fixed assets	24,395.7	24,629.6
Projects under development	947.2	996.4
Leasehold land and land use rights	38,085.0	38,373.3
Railway usage rights	11.8	11.6
Customer relationships	5,752.4	5,836.0
Goodwill	11,270.0	11,270.0
Associated companies	949.5	945.3
Joint ventures	2,675.4	2,683.8
Other non-current assets	579.4	560.9
Deferred tax assets	18.8	18.5
Total non-current assets	<u>84,685.2</u>	<u>85,325.4</u>
Current assets		
Cash and bank balances	7,044.4	6,566.4
Trade and other receivables	2,769.7	3,060.9
Inventories	113.0	103.1
Total current assets	<u>9,927.1</u>	<u>9,730.4</u>

Statement of Financial Position as at 31 March 2019 and 31 December 2018 (cont'd)

(HK\$'Million)	31 March 2019 <u>Unaudited</u>	31 December 2018 <u>Unaudited</u>
Current liabilities		
Trade and other payables	6,063.1	5,928.2
Bank and other debts	6,094.9	2,517.5
Current tax liabilities	188.2	358.2
Total current liabilities	<u>12,346.2</u>	<u>8,803.9</u>
Net current (liabilities)/assets	<u>(2,419.1)</u>	<u>926.5</u>
Total assets less current liabilities	<u>82,266.1</u>	<u>86,251.9</u>
Non-current liabilities		
Bank and other debts	25,428.0	28,974.2
Pension obligations	60.0	56.6
Deferred tax liabilities	10,222.4	10,290.9
Other non-current liabilities	253.5	262.1
Total non-current liabilities	<u>35,963.9</u>	<u>39,583.8</u>
Net assets	<u>46,302.2</u>	<u>46,668.1</u>
EQUITY		
Units in issue	68,553.8	68,553.8
Reserves	(42,400.8)	(41,786.1)
Net assets attributable to unitholders of HPH Trust	26,153.0	26,767.7
Non-controlling interests	20,149.2	19,900.4
Total equity	<u>46,302.2</u>	<u>46,668.1</u>

Statement of Cash Flows

1st Quarter 2019 and 2018

(HK\$'Million)	<u>1 January to 31 March 2019</u>	<u>1 January to 31 March 2018</u>
Operating activities		
Cash generated from operations	1,997.5	1,561.5
Interest and other finance costs paid	(263.7)	(241.4)
Tax paid	(346.5)	(450.8)
Net cash from operating activities	<u>1,387.3</u>	<u>869.3</u>
Investing activities		
Purchase of fixed assets, projects under development, leasehold land and land use rights	(156.9)	(191.8)
Proceeds on disposal of fixed assets	0.3	0.8
Dividends received from associated companies and joint ventures	50.1	32.0
Interest received	30.7	21.5
Repayment of loan by a joint venture	-	100.0
Net cash used in investing activities	<u>(75.8)</u>	<u>(37.5)</u>
Financing activities		
New borrowings	-	3,870.8
Repayment of borrowings	(2.3)	(3,901.2)
Distributions to unitholders of HPH Trust	(738.7)	(966.9)
Dividends to non-controlling interests	(92.5)	-
Net cash used in financing activities	<u>(833.5)</u>	<u>(997.3)</u>
Net changes in cash and cash equivalents	478.0	(165.5)
Cash and cash equivalents at beginning of the quarter	6,524.4	6,726.1
Cash and cash equivalents at end of the quarter	<u>7,002.4</u>	<u>6,560.6</u>

THE WORLD'S LEADING PORT NETWORK