

Hutchison Port Holdings Trust

2019 Financial Results Presentation

for the Period Ended 30 June 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 period ended 30 June 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 June 2019 throughput of HPH Trust's ports was 1% below last year. YICT's throughput was 5% above last year. Combined throughput^(N1) of HIT, COSCO-HIT and ACT (collectively "HPHT Kwai Tsing") was 7% below last year
- Although outbound cargoes to the US continued to decline in the second quarter of 2019 by 5%, the outbound cargoes to the EU grew by 7% when compared to last year. YICT's throughput growth in the first six months of 2019 was mainly attributed to the growth in empty and transshipment cargoes, but partially offset by the decrease in US cargoes. The drop in HPHT Kwai Tsing's throughput^(N1) was mainly due to the decrease in intra-Asia and transshipment cargoes
- YTD June 2019 operating profit was HK\$1,607.6 million, HK\$8.0 million or 1% above last year
- YTD June 2019 NPAT was HK\$820.4 million, HK\$73.8 million or 8% below last year. NPAT attributable to unitholders was HK\$233.4 million, HK\$82.0 million or 26% below last year
- 2019 interim Distribution Per Unit is 6.00 HK cents

N1 Represents the allocated throughput from Hong Kong Seaport Joint Operating Alliance with effect from 1 April 2019

2 Outlook and Prospects

Outlook and Prospects

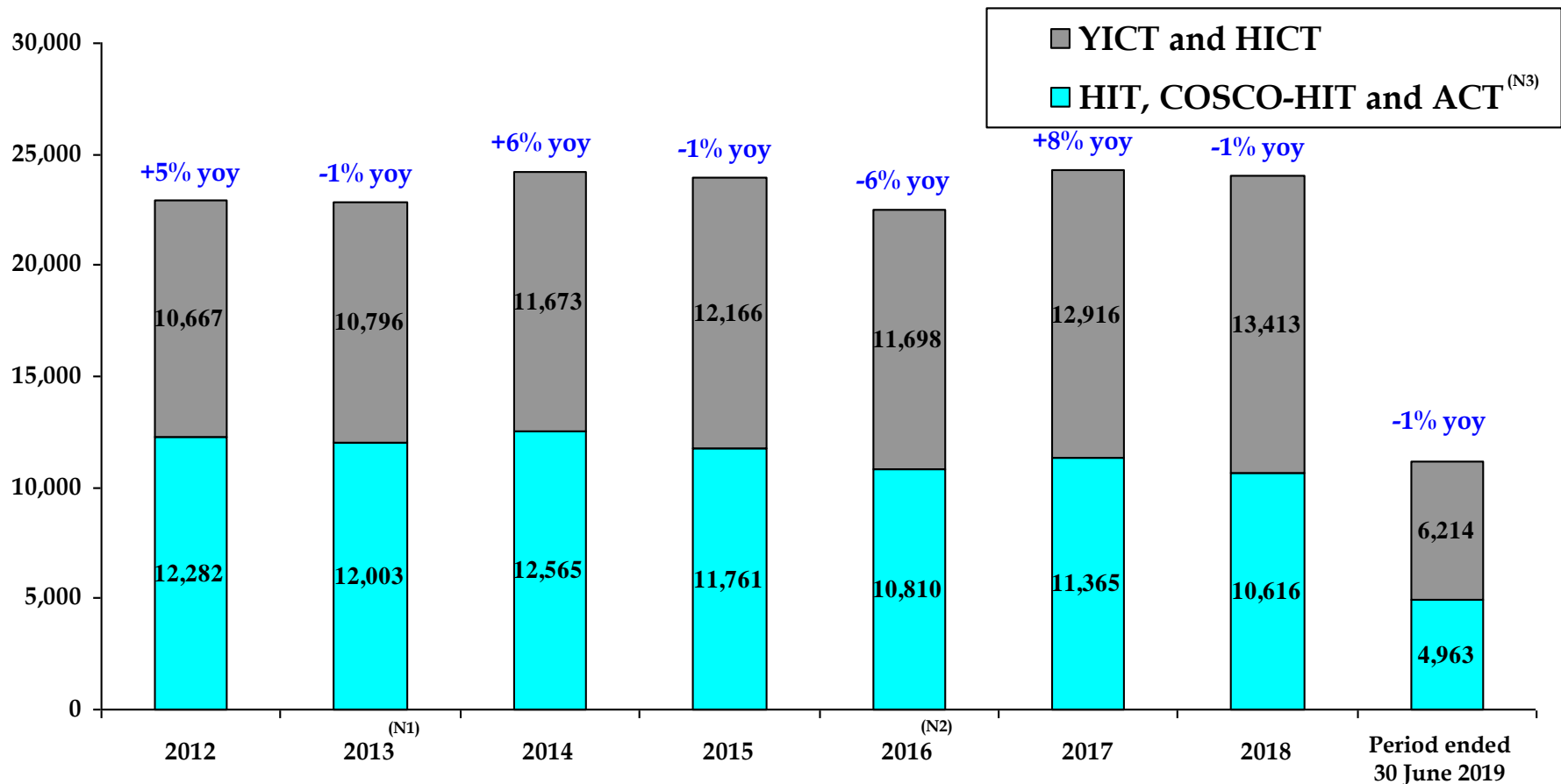
Overview

- Global external environment continues to be challenging. Trade tensions between US and China have heightened in recent months with new tit-for-tat tariffs imposed in the second quarter of 2019. Trade protectionism, macro-economic and political uncertainties, including the slowing Chinese and EU economies and the yet-to-be-resolved Brexit from the EU, threaten the recovery of global trade
- Outbound cargoes to the US remained weak in the second quarter of 2019 and it is expected to be volatile in the second half of 2019 as the US/China trade dispute continues. Given the uncertainties in the global trade outlook, HPH Trust management remains cautious about future cargo trends and will continue to adhere to cost discipline and efficiency improvements in order to face the challenges ahead
- The financial performance of major shipping lines was mixed in the first quarter of 2019 with some still operating at a loss. Coupled with the uncertainties in the global trade outlook and the expected increase in the fuel cost from using low-sulphur fuel with effect from 1 January 2020 as required by the International Maritime Organisation, it is anticipated that shipping lines will continue to drive cost efficiencies and promote fleet and capacity optimization. The continued deployment of mega vessels will necessitate investment in port facilities and continuous process improvements by deep water port operators

3 Business Review for the Period Ended 30 June 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

N3 Represents the allocated throughput from Hong Kong Seaport Joint Operating Alliance with effect from 1 April 2019

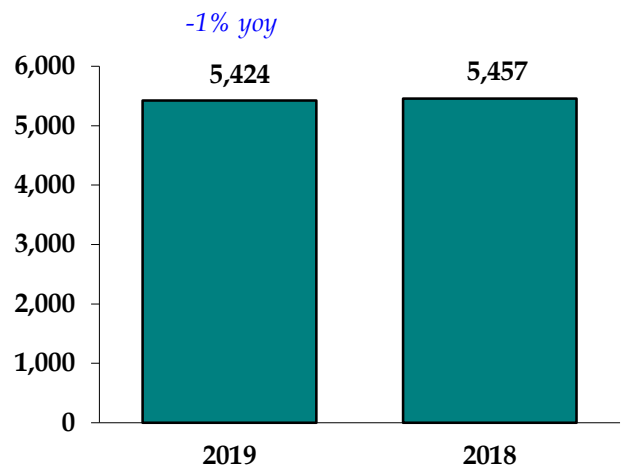
4 Key Financial Performance

Key Financial Performance

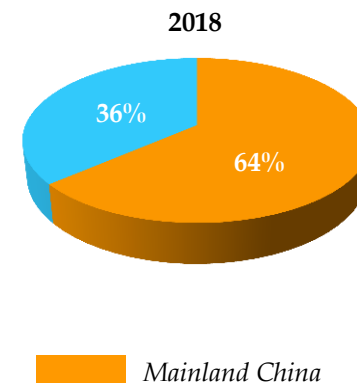
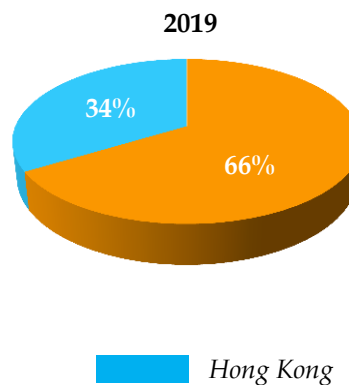
Revenue and other income

For the period ended 30 June 2019

(HK\$ Million)



Segment Information

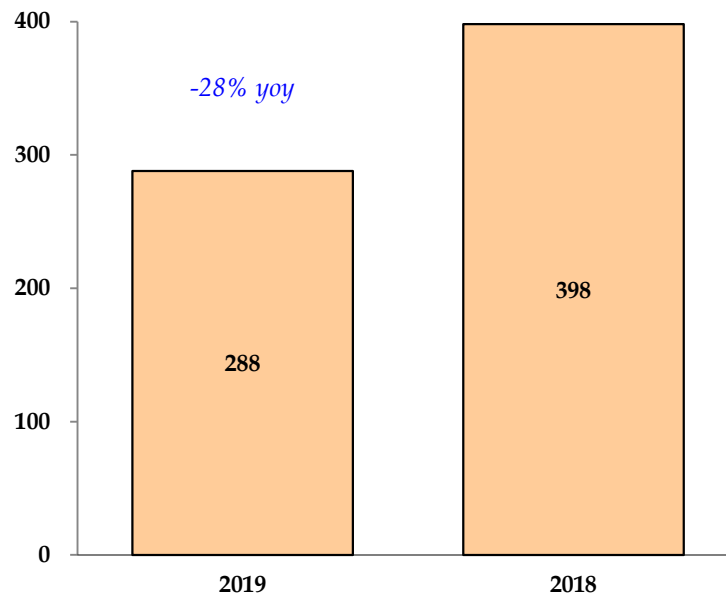


Key Financial Performance

Total Capex

For the period ended 30 June 2019

(HK\$'Million)



Key Financial Performance

Financial Position

At 30 June 2019
HK\$'Million

At 31 December 2018
HK\$'Million

Short Term Debt	\$4,101.1	\$2,519.1
Long Term Debt	\$26,679.7	\$29,170.4
Total Consolidated Debt	\$30,780.8	\$31,689.5
Total Consolidated Cash	\$7,218.6	\$6,566.4

Key Financial Performance

Distribution

**For the period from
1 January 2019 to
30 June 2019**

Distribution Amount

HK\$522.7 million

Distribution Per Unit

6.00 HK cents

Ex-distribution date

31 July 2019

Books closure date

5:00p.m. 1 August 2019

Payment of distribution

20 September 2019

HPH Trust's Unaudited Results Half Year 2019 against Last Year

(HK\$'Million)	1 January to 30 June		
	2019 <u>Actual</u>	2018 <u>Actual</u>	% variance <u>Fav/(Unfav)</u>
Revenue and other income	5,423.8	5,456.6	(1%)
Cost of services rendered	(1,900.7)	(1,998.6)	5%
Staff costs	(148.2)	(150.0)	1%
Depreciation and amortisation	(1,544.1)	(1,543.6)	-
Other operating income	42.9	104.0	(59%)
Other operating expenses	(266.1)	(268.8)	1%
Total operating expenses	(3,816.2)	(3,857.0)	1%
Operating profit	1,607.6	1,599.6	1%
Interest and other finance costs	(545.5)	(481.0)	(13%)
Share of profits/(losses) after tax of Associated Cos/JVs	(25.6)	(35.4)	28%
Profit before tax	1,036.5	1,083.2	(4%)
Taxation	(216.1)	(189.0)	(14%)
Profit after tax	820.4	894.2	(8%)
Profit after tax attributable to non-controlling interests	(587.0)	(578.8)	1%
Profit after tax attributable to unitholders of HPH Trust	233.4	315.4	(26%)

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

2nd Quarter 2019 against Last Year

(HK\$'Million)	1 April to 30 June		
	2019	2018	% variance
	<u>Actual</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
Revenue and other income	2,748.6	2,789.3	(1%)
Cost of services rendered	(952.5)	(1,006.4)	5%
Staff costs	(72.7)	(72.9)	-
Depreciation and amortisation	(775.6)	(767.3)	(1%)
Other operating income	33.4	50.1	(33%)
Other operating expenses	(142.8)	(156.1)	9%
Total operating expenses	(1,910.2)	(1,952.6)	2%
Operating profit	838.4	836.7	-
Interest and other finance costs	(271.1)	(252.0)	(8%)
Share of profits/(losses) after tax of Associated Cos/JVs	(15.5)	(10.0)	(55%)
Profit before tax	551.8	574.7	(4%)
Taxation	(109.0)	(101.8)	(7%)
Profit after tax	442.8	472.9	(6%)
Profit after tax attributable to non-controlling interests	(306.3)	(302.9)	1%
Profit after tax attributable to unitholders of HPH Trust	136.5	170.0	(20%)

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 30 June 2019 and 31 December 2018

(HK\$'Million)	30 June 2019 <u>Unaudited</u>	31 December 2018 <u>Audited</u>
ASSETS		
Non-current assets		
Fixed assets	24,173.6	24,629.6
Projects under development	745.7	996.4
Leasehold land and land use rights	37,727.2	38,373.3
Railway usage rights	11.4	11.6
Customer relationships	5,668.9	5,836.0
Goodwill	11,270.0	11,270.0
Associated companies	899.3	945.3
Joint ventures	2,664.6	2,683.8
Other non-current assets	593.7	560.9
Deferred tax assets	19.0	18.5
Total non-current assets	<u>83,773.4</u>	<u>85,325.4</u>
Current assets		
Cash and bank balances	7,218.6	6,566.4
Trade and other receivables	2,949.0	3,060.9
Inventories	118.2	103.1
Total current assets	<u>10,285.8</u>	<u>9,730.4</u>

Statement of Financial Position as at 30 June 2019 and 31 December 2018 (cont'd)

(HK\$'Million)	30 June 2019 <u>Unaudited</u>	31 December 2018 <u>Unaudited</u>
Current liabilities		
Trade and other payables	5,953.0	5,928.2
Bank and other debts	4,076.4	2,517.5
Current tax liabilities	347.3	358.2
Total current liabilities	<u>10,376.7</u>	<u>8,803.9</u>
Net current (liabilities)/assets	<u>(90.9)</u>	<u>926.5</u>
Total assets less current liabilities	<u>83,682.5</u>	<u>86,251.9</u>
Non-current liabilities		
Bank and other debts	26,563.1	28,974.2
Pension obligations	63.8	56.6
Deferred tax liabilities	10,155.9	10,290.9
Other non-current liabilities	336.1	262.1
Total non-current liabilities	<u>37,118.9</u>	<u>39,583.8</u>
Net assets	<u>46,563.6</u>	<u>46,668.1</u>
EQUITY		
Units in issue	68,553.8	68,553.8
Reserves	(42,383.0)	(41,786.1)
Net assets attributable to unitholders of HPH Trust	<u>26,170.8</u>	<u>26,767.7</u>
Non-controlling interests	20,392.8	19,900.4
Total equity	<u>46,563.6</u>	<u>46,668.1</u>

Statement of Cash Flows

Half Year 2019 and 2018

(HK\$'Million)

	<u>1 January to 30 June 2019</u>	<u>1 January to 30 June 2018</u>
Operating activities		
Cash generated from operations	3,476.3	2,871.2
Interest and other finance costs paid	(557.8)	(476.5)
Tax paid	(355.9)	(590.9)
Net cash from operating activities	<u>2,562.6</u>	<u>1,803.8</u>
Investing activities		
Purchase of fixed assets, projects under development, leasehold land and land use rights	(288.1)	(397.8)
Proceeds on disposal of fixed assets	0.3	1.1
Dividends received from investments	2.0	2.1
Dividends received from associated companies and joint ventures	50.1	32.0
Interest received	73.9	52.1
Repayment of loan by a joint venture	-	100.0
Net cash used in investing activities	<u>(161.8)</u>	<u>(210.5)</u>
Financing activities		
New borrowings	1,170.0	3,870.8
Repayment of borrowings	(2,078.6)	(4,732.5)
Upfront debt transaction costs and facilities fees of borrowings	(8.8)	-
Distributions to unitholders of HPH Trust	(738.7)	(966.9)
Dividends to non-controlling interests	(92.5)	-
Net cash used in financing activities	<u>(1,748.6)</u>	<u>(1,828.6)</u>
Net changes in cash and cash equivalents	652.2	(235.3)
Cash and cash equivalents at beginning of the period	6,524.4	6,726.1
Cash and cash equivalents at end of the period	<u>7,176.6</u>	<u>6,490.8</u>

Statement of Cash Flows

2nd Quarter 2019 and 2018

(HK\$'Million)	<u>1 April to 30 June 2019</u>	<u>1 April to 30 June 2018</u>
Operating activities		
Cash generated from operations	1,478.8	1,309.7
Interest and other finance costs paid	(294.1)	(235.1)
Tax paid	(9.4)	(140.1)
Net cash from operating activities	<u>1,175.3</u>	<u>934.5</u>
Investing activities		
Purchase of fixed assets, projects under development, leasehold land and land use rights	(131.2)	(206.0)
Proceeds on disposal of fixed assets	-	0.3
Dividends received from investments	2.0	2.1
Interest received	43.2	30.6
Net cash used in investing activities	<u>(86.0)</u>	<u>(173.0)</u>
Financing activities		
New borrowings	1,170.0	-
Repayment of borrowings	(2,076.3)	(831.3)
Upfront debt transaction costs and facilities fees of borrowings	(8.8)	-
Net cash used in financing activities	<u>(915.1)</u>	<u>(831.3)</u>
Net changes in cash and cash equivalents	174.2	(69.8)
Cash and cash equivalents at beginning of the quarter	7,002.4	6,560.6
Cash and cash equivalents at end of the quarter	<u>7,176.6</u>	<u>6,490.8</u>

THE WORLD'S LEADING PORT NETWORK