

Hutchison Port Holdings Trust

2019 Financial Results Presentation

for the Period Ended 30 September 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 September 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 (incorporated in the Republic of Singapore with limited liability), a trustee-manager of HPH Trust, of future events.

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1 Key Highlights

Key Highlights

- YTD September 2019 throughput of HPH Trust's ports was 1% below last year. YICT's throughput was 3% above last year. Combined throughput^(N1) of HIT, COSCO-HIT and ACT (collectively "HPHT Kwai Tsing") was 5% below last year
- Despite the outbound cargoes to the US continued to decline in the third quarter of 2019 by 8%, the outbound cargoes to the EU grew by 6% when compared to last year. YICT's throughput growth in the first nine 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 September 2019 operating profit was HK\$2,680.2 million, HK\$28.3 million or 1% above last year
- YTD September 2019 NPAT was HK\$1,460.7 million, HK\$73.9 million or 5% below last year. NPAT attributable to unitholders was HK\$465.9 million, HK\$89.0 million or 16% below last year

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

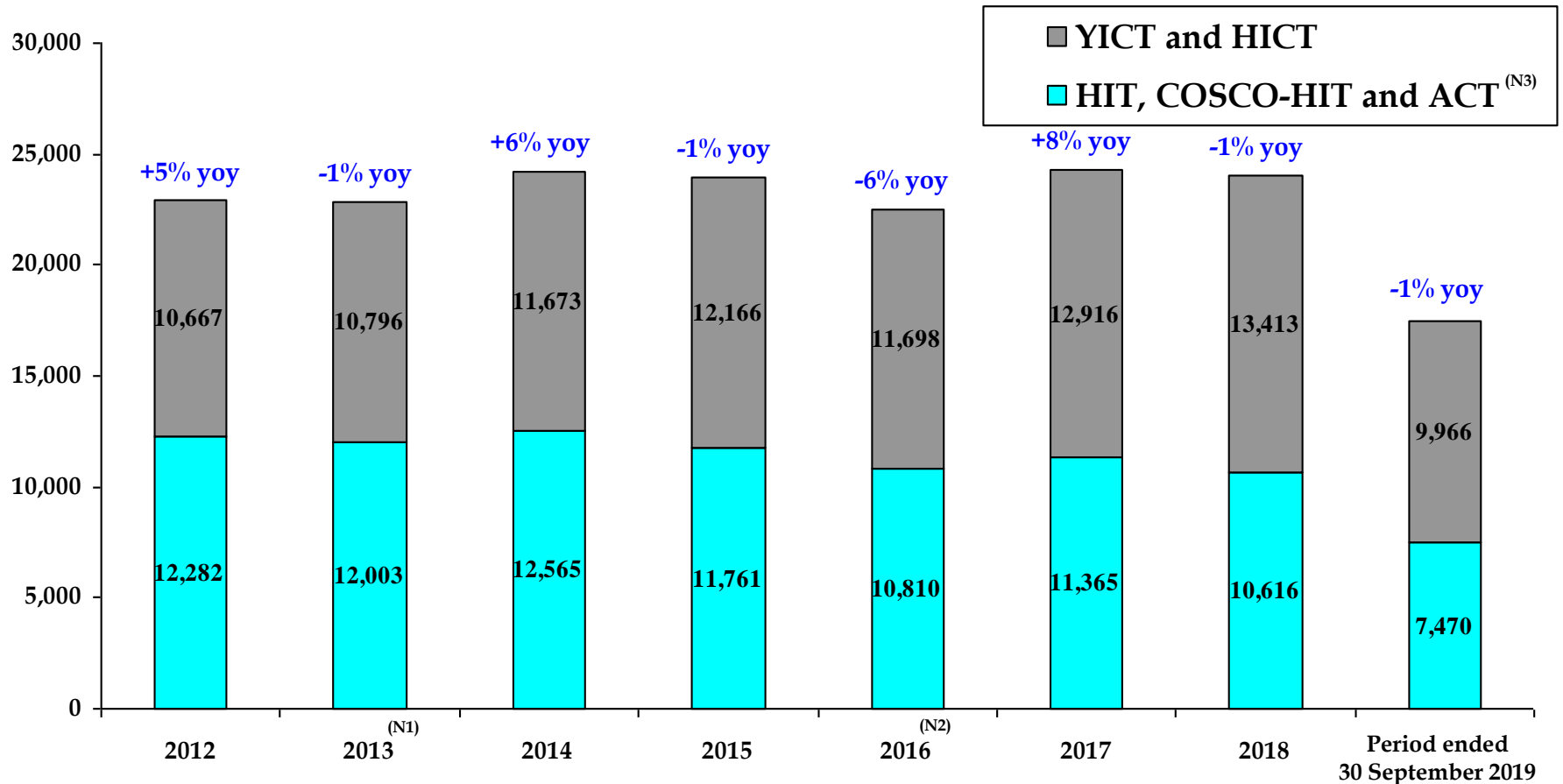
Overview

- Global trade remains sluggish due to intensifying trade tensions and slowing manufacturing and business activities. Elevated geopolitical and economic risks and uncertainties, including the no-deal Brexit and potential for the escalation of tension in the Middle East stymie the global economic growth
- Outbound cargoes to the US remained weak and slipped in the third quarter of 2019 amid trade dispute between the US and China. Whilst the bilateral trade talk between the US and China resumed, it is not expected the trade dispute can be fully resolved shortly and will continue to weigh on HPH Trust's performance. 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
- In view of the uncertainties in the global trade outlook and the expected increase in operational costs due to the new low-sulphur fuel regulation from the International Maritime Organisation with effect from 1 January 2020, 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. HPH Trust is committed to serving its customers, supporting and complementing this industry shift through its unparalleled mega-vessel handling capabilities

3 Business Review for the Period Ended 30 September 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

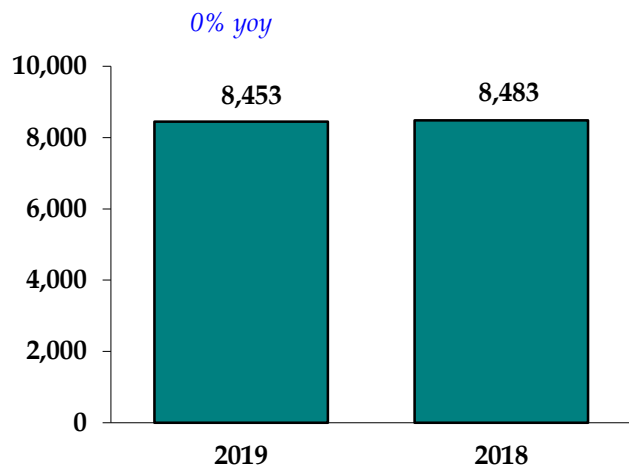
4 Key Financial Performance

Key Financial Performance

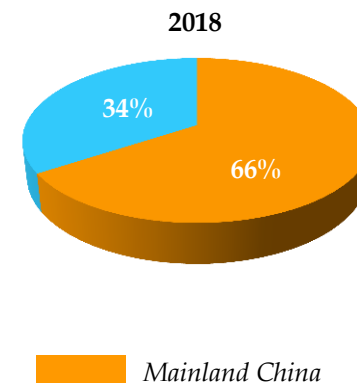
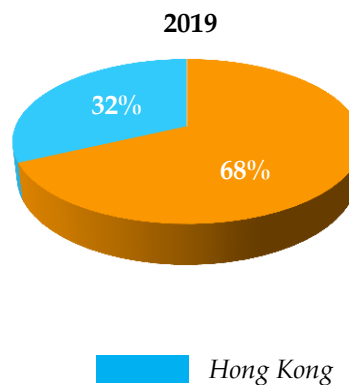
Revenue and other income

For the period ended 30 September 2019

(HK\$ Million)



Segment Information

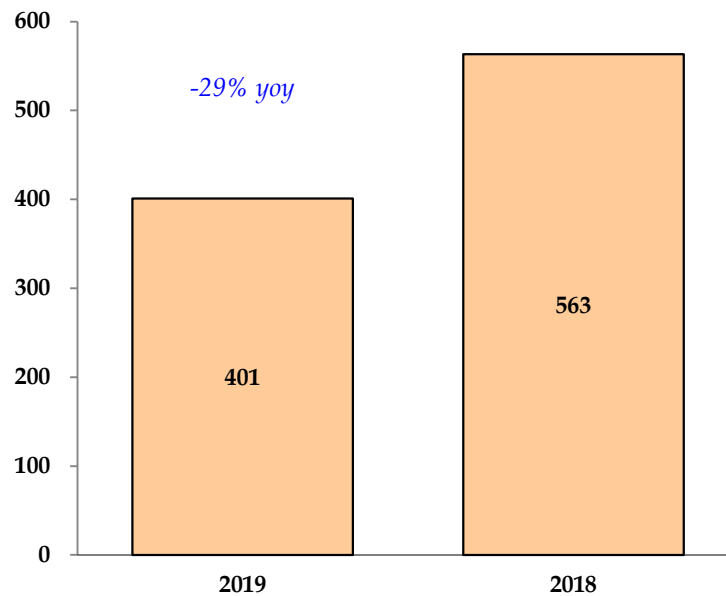


Key Financial Performance

Total Capex

For the period ended 30 September 2019

(HK\$ Million)



Key Financial Performance

Financial Position

	At 30 September 2019 HK\$'Million	At 31 December 2018 HK\$'Million
Short Term Debt	\$4,101.6	\$2,519.1
Long Term Debt	\$26,663.0	\$29,170.4
Total Consolidated Debt	\$30,764.6	\$31,689.5
Total Consolidated Cash	\$6,208.1	\$6,566.4

HPH Trust's Unaudited Results

YTD-September 2019 against Last Year

(HK\$'Million)	1 January to 30 September		
	2019 <u>Actual</u>	2018 <u>Actual</u>	% variance <u>Fav/(Unfav)</u>
Revenue and other income	8,452.8	8,483.2	-
Cost of services rendered	(2,922.3)	(3,015.5)	3%
Staff costs	(217.3)	(221.3)	2%
Depreciation and amortisation	(2,312.5)	(2,307.5)	-
Other operating income	79.0	121.5	(35%)
Other operating expenses	(399.5)	(408.5)	2%
Total operating expenses	(5,772.6)	(5,831.3)	1%
Operating profit	2,680.2	2,651.9	1%
Interest and other finance costs	(808.9)	(751.4)	(8%)
Share of profits/(losses) after tax of Associated Cos/JVs	(39.7)	(49.0)	19%
Profit before tax	1,831.6	1,851.5	(1%)
Taxation	(370.9)	(316.9)	(17%)
Profit after tax	1,460.7	1,534.6	(5%)
Profit after tax attributable to non-controlling interests	(994.8)	(979.7)	2%
Profit after tax attributable to unitholders of HPH Trust	465.9	554.9	(16%)

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 2019 against Last Year

(HK\$'Million)	1 July to 30 September		
	2019	2018	% variance
	<u>Actual</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
Revenue and other income	3,029.0	3,026.6	-
Cost of services rendered	(1,021.6)	(1,016.9)	-
Staff costs	(69.1)	(71.3)	3%
Depreciation and amortisation	(768.4)	(763.9)	(1%)
Other operating income	36.1	17.5	106%
Other operating expenses	(133.4)	(139.7)	5%
Total operating expenses	(1,956.4)	(1,974.3)	1%
Operating profit	1,072.6	1,052.3	2%
Interest and other finance costs	(263.4)	(270.4)	3%
Share of profits/(losses) after tax of Associated Cos/JVs	(14.1)	(13.6)	(4%)
Profit before tax	795.1	768.3	3%
Taxation	(154.8)	(127.9)	(21%)
Profit after tax	640.3	640.4	-
Profit after tax attributable to non-controlling interests	(407.8)	(400.9)	2%
Profit after tax attributable to unitholders of HPH Trust	232.5	239.5	(3%)

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 September 2019 and 31 December 2018

(HK\$'Million)	30 September 2019 <u>Unaudited</u>	31 December 2018 <u>Audited</u>
ASSETS		
Non-current assets		
Fixed assets	23,806.3	24,629.6
Projects under development	699.3	996.4
Leasehold land and land use rights	37,358.4	38,373.3
Railway usage rights	10.8	11.6
Customer relationships	5,585.3	5,836.0
Goodwill	11,270.0	11,270.0
Associated companies	844.1	945.3
Joint ventures	2,672.6	2,683.8
Other non-current assets	579.1	560.9
Deferred tax assets	19.1	18.5
Total non-current assets	<u>82,845.0</u>	<u>85,325.4</u>
Current assets		
Cash and bank balances	6,208.1	6,566.4
Trade and other receivables	3,153.9	3,060.9
Inventories	118.5	103.1
Total current assets	<u>9,480.5</u>	<u>9,730.4</u>

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

(HK\$'Million)	30 September 2019 <u>Unaudited</u>	31 December 2018 <u>Audited</u>
Current liabilities		
Trade and other payables	5,699.3	5,928.2
Bank and other debts	4,086.7	2,517.5
Current tax liabilities	411.6	358.2
Total current liabilities	<u>10,197.6</u>	<u>8,803.9</u>
Net current (liabilities)/assets	<u>(717.1)</u>	<u>926.5</u>
Total assets less current liabilities	<u>82,127.9</u>	<u>86,251.9</u>
Non-current liabilities		
Bank and other debts	26,556.1	28,974.2
Pension obligations	67.3	56.6
Deferred tax liabilities	9,994.1	10,290.9
Other non-current liabilities	340.7	262.1
Total non-current liabilities	<u>36,958.2</u>	<u>39,583.8</u>
Net assets	<u>45,169.7</u>	<u>46,668.1</u>
EQUITY		
Units in issue	68,553.8	68,553.8
Reserves	(42,773.4)	(41,786.1)
Net assets attributable to unitholders of HPH Trust	<u>25,780.4</u>	<u>26,767.7</u>
Non-controlling interests	19,389.3	19,900.4
Total equity	<u>45,169.7</u>	<u>46,668.1</u>

Statement of Cash Flows

YTD-September 2019 and 2018

(HK\$'Million)	<u>1 January to 30 September 2019</u>	<u>1 January to 30 September 2018</u>
Operating activities		
Cash generated from operations	4,849.8	4,230.5
Interest and other finance costs paid	(764.5)	(727.3)
Tax paid	(607.4)	(772.9)
Net cash from operating activities	<u>3,477.9</u>	<u>2,730.3</u>
Investing activities		
Loan to an associated company	-	(40.1)
Purchase of fixed assets, projects under development, leasehold land and land use rights	(400.8)	(563.3)
Proceeds on disposal of fixed assets	4.2	15.0
Dividends received from investments	3.1	7.8
Dividends received from associated companies and joint ventures	70.1	64.0
Interest received	104.2	72.7
Repayment of loan by a joint venture	-	100.0
Net cash used in investing activities	<u>(219.2)</u>	<u>(343.9)</u>
Financing activities		
New borrowings	1,170.0	3,870.8
Repayment of borrowings	(2,092.8)	(4,734.7)
Upfront debt transaction costs and facilities fees of borrowings	(8.8)	-
Distributions to unitholders of HPH Trust	(1,261.4)	(1,709.1)
Dividends to non-controlling interests	(1,424.0)	(1,340.1)
Net cash used in financing activities	<u>(3,617.0)</u>	<u>(3,913.1)</u>
Net changes in cash and cash equivalents	(358.3)	(1,526.7)
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>6,166.1</u>	<u>5,199.4</u>

Statement of Cash Flows

3rd Quarter 2019 and 2018

(HK\$'Million)

	<u>1 July to</u> <u>30 September 2019</u>	<u>1 July to</u> <u>30 September 2018</u>
Operating activities		
Cash generated from operations	1,373.5	1,359.3
Interest and other finance costs paid	(206.7)	(250.8)
Tax paid	(251.5)	(182.0)
Net cash from operating activities	<u>915.3</u>	<u>926.5</u>
Investing activities		
Loan to an associated company	-	(40.1)
Purchase of fixed assets, projects under development, leasehold land and land use rights	(112.7)	(165.5)
Proceeds on disposal of fixed assets	3.9	13.9
Dividends received from investments	1.1	5.7
Dividends received from associated companies and joint ventures	20.0	32.0
Interest received	30.3	20.6
Net cash used in investing activities	<u>(57.4)</u>	<u>(133.4)</u>
Financing activities		
Repayment of borrowings	(14.2)	(2.2)
Distributions to unitholders of HPH Trust	(522.7)	(742.2)
Dividends to non-controlling interests	(1,331.5)	(1,340.1)
Net cash used in financing activities	<u>(1,868.4)</u>	<u>(2,084.5)</u>
Net changes in cash and cash equivalents	(1,010.5)	(1,291.4)
Cash and cash equivalents at beginning of the quarter	7,176.6	6,490.8
Cash and cash equivalents at end of the quarter	<u>6,166.1</u>	<u>5,199.4</u>

THE WORLD'S LEADING PORT NETWORK