

# **Hutchison Port Holdings Trust**

## **2022 Financial Results Presentation**

### **for the Period Ended 30 June 2022**

# 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 2022 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 June 2022 throughput of HPH Trust's ports was comparable to last year. YICT's throughput was 7% above last year. Combined throughput<sup>(N1)</sup> of HIT, COSCO-HIT and ACT (collectively "HPHT Kwai Tsing") was 7 % lower than last year
- Outbound cargoes to the US grew by 3% in the first six months of 2022 whereas volume to the EU dropped by 1%. YICT's throughput increase was mainly attributed to the increase in the US and empty cargoes. The drop in HPHT Kwai Tsing's throughput was mainly due to lower local and transshipment cargoes
- YTD June 2022 NPAT was HK\$1,514.2 million, HK\$119.5 million or 7% below last year. NPAT attributable to unitholders was HK\$716.3 million, HK\$52.0 million or 7% below last year
- 2022 interim Distribution Per Unit is 6.50 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*

- Volume of import/export cargos handled in Hong Kong has declined in recent months leading to pressure on profitability. This also negatively affects shipping lines' preference to use Hong Kong as one of their hubs for transshipment as the flexibility in service rotation reduces
- The number of skipped calls remained high in Q2 2022 despite showing some decrease compared with Q1 2022. Port congestion around the world and unstable vessel schedules may have shown some improvement but are still at relatively high levels compared with historical averages
- The increase in COVID cases in Mainland China started in mid-March and has continued into Q2 2022. Shanghai went through a month-long lock down from April. Operations in Shanghai port, the largest port in the world, were significantly affected which in turn further disrupted global marine shipping schedules
- The continuing Russia/Ukraine conflict has caused significant increases in global commodities prices. High oil price exerts pressure on HPH Trust's operating costs. The increase in prices of other commodities, for instance wheat, has also fuelled inflation worldwide, which in turn may affect consumers' sentiment and resulting international trade volume

# Outlook and Prospects (cont'd)

## *Overview*

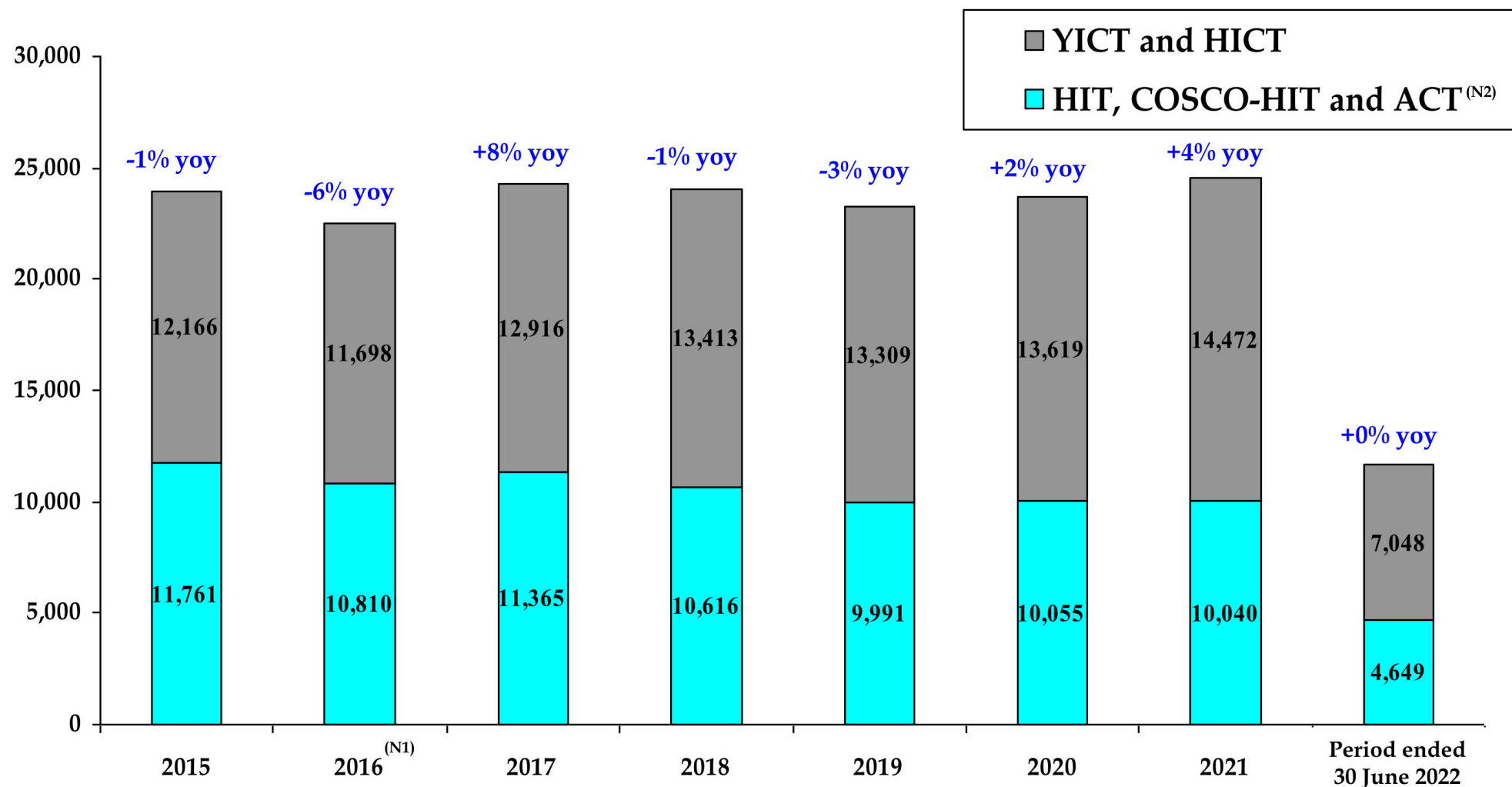
- A high inflationary environment will lead to reduction in orders from purchasing managers in the West. The market is expecting export volume from China to Europe/US to continuously come under pressure in the remainder of 2022
- Reacting to inflationary pressure in the United States, Federal Open Market Committee increased the Federal Funds Rate by an aggregate 1.25% in its recent meetings. Market expects the Federal Funds Rate to increase further in 2H 2022. However, impact for the increase in Federal Funds Rate on the borrowing cost of HPH Trust is expected to be relatively small as over 86% of its debt has fixed interest rate



## 3 Business Review for the Period Ended 30 June 2022

# Key Business Update

## Throughput Volume (TEU in thousand)



N1 Includes throughput volume of HICT after the acquisition in December 2016

N2 Represents the allocated throughput from Hong Kong Seaport Joint Operating Alliance with effect from 1 April 2019

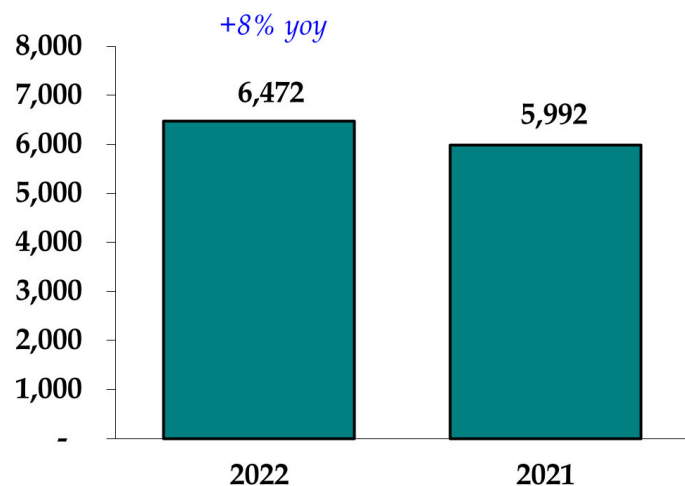
## 4 Key Financial Performance

# Key Financial Performance

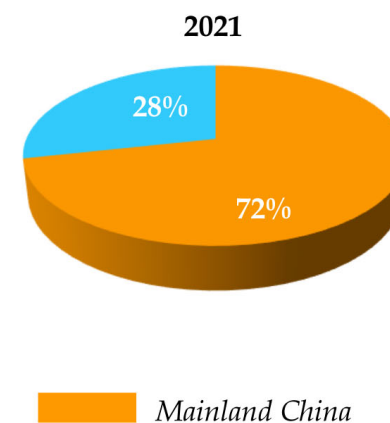
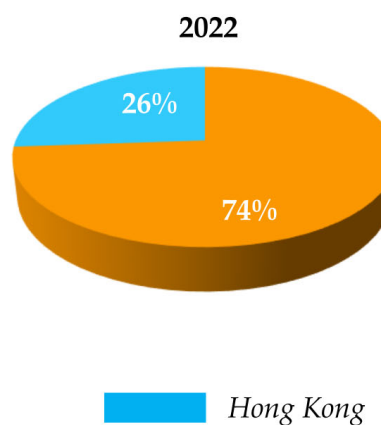
## Revenue and other income

For the period ended 30 June 2022

(HK\$'Million)



### Segment Information

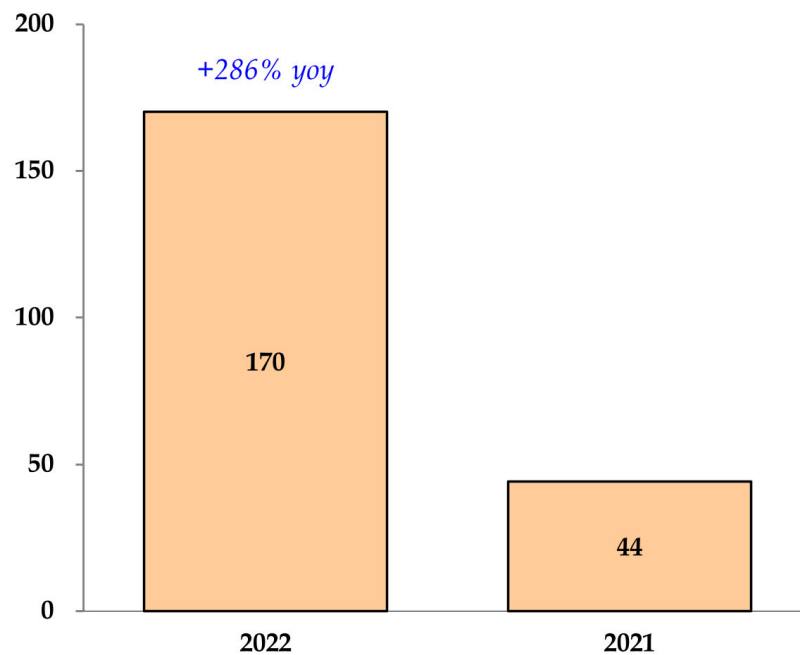


# Key Financial Performance

## Total Capex

For the period ended 30 June 2022

(HK\$'Million)



# Key Financial Performance

## *Financial Position*

	At 30 June 2022 HK\$'Million	At 31 December 2021 HK\$'Million
Short Term Debt	\$9,398.0	\$7,198.0
Long Term Debt	\$17,940.0	\$21,840.0
Total Consolidated Debt	\$27,338.0	\$29,038.0
Total Consolidated Cash	\$11,436.9	\$11,048.0

# Key Financial Performance

## *Distribution*

**For the period from  
1 January 2022 to  
30 June 2022**

Distribution Amount

HK\$566.2 million

Distribution Per Unit

6.50 HK cents

Ex-distribution date

2 August 2022

Record date

5:00p.m. 3 August 2022

Payment of distribution

23 September 2022

# HPH Trust's Unaudited Results Half Year 2022 against Last Year

(HK\$'Million)

## Revenue and other income

Cost of services rendered

Staff costs

Depreciation and amortisation

Other operating income

Other operating expenses

## Total operating expenses

Operating profit

Interest and other finance costs

Share of profits less losses after tax of Associated Cos/JVs

## Profit before tax

Taxation

## Profit after tax

Profit after tax attributable to non-controlling interests

Profit after tax attributable to unitholders of HPH Trust

1 January to 30 June		
2022	2021	% variance
<u>Actual</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
<b>6,471.5</b>	<b>5,992.2</b>	<b>8%</b>
(2,163.0)	(1,936.9)	(12%)
(133.0)	(124.8)	(7%)
(1,514.1)	(1,526.0)	1%
67.8	390.7	(83%)
(279.8)	(234.5)	(19%)
<b>(4,022.1)</b>	<b>(3,431.5)</b>	<b>(17%)</b>
2,449.4	2,560.7	(4%)
(307.8)	(310.9)	1%
5.1	(6.5)	178%
<b>2,146.7</b>	<b>2,243.3</b>	<b>(4%)</b>
(632.5)	(609.6)	(4%)
<b>1,514.2</b>	<b>1,633.7</b>	<b>(7%)</b>
<b>(797.9)</b>	<b>(865.4)</b>	<b>(8%)</b>
<b>716.3</b>	<b>768.3</b>	<b>(7%)</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*



# Statement of Financial Position as at 30 June 2022 and 31 December 2021

(HK\$'Million)	30 June 2022 <u>Unaudited</u>	31 December 2021 <u>Audited</u>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Fixed assets	20,958.2	21,646.9
Projects under development	569.6	654.5
Leasehold land and land use rights	33,879.4	34,579.4
Railway usage rights	10.1	10.8
Customer relationships	4,666.2	4,833.4
Goodwill	11,270.0	11,270.0
Associated companies	873.8	957.5
Joint ventures	2,886.0	3,018.1
Other non-current assets	607.7	509.7
Pension assets	286.9	303.8
Deferred tax assets	12.5	12.0
<b>Total non-current assets</b>	<u>76,020.4</u>	<u>77,796.1</u>
<b>Current assets</b>		
Cash and bank balances	11,436.9	11,048.0
Trade and other receivables	4,245.6	4,033.0
Inventories	84.6	86.6
<b>Total current assets</b>	<u>15,767.1</u>	<u>15,167.6</u>

# Statement of Financial Position as at 30 June 2022 and 31 December 2021 (cont'd)

(HK\$'Million)	30 June 2022 Unaudited	31 December 2021 Audited
<b>Current liabilities</b>		
Trade and other payables	6,690.8	6,713.1
Bank and other debts	9,392.4	7,190.3
Current tax liabilities	477.5	422.0
<b>Total current liabilities</b>	<u>16,560.7</u>	<u>14,325.4</u>
<b>Net current (liabilities)/assets</b>	<u>(793.6)</u>	<u>842.2</u>
<b>Total assets less current liabilities</b>	<u>75,226.8</u>	<u>78,638.3</u>
<b>Non-current liabilities</b>		
Bank and other debts	17,851.0	21,730.0
Deferred tax liabilities	9,151.7	9,268.2
Other non-current liabilities	112.9	241.0
<b>Total non-current liabilities</b>	<u>27,115.6</u>	<u>31,239.2</u>
<b>Net assets</b>	<u>48,111.2</u>	<u>47,399.1</u>
<b>EQUITY</b>		
Units in issue	68,553.8	68,553.8
Reserves	<u>(41,322.4)</u>	<u>(41,447.0)</u>
<b>Net assets attributable to unitholders of HPH Trust</b>	27,231.4	27,106.8
Non-controlling interests	<u>20,879.8</u>	<u>20,292.3</u>
<b>Total equity</b>	<u>48,111.2</u>	<u>47,399.1</u>

# Statement of Cash Flows

## Half Year 2022 and 2021

(HK\$'Million)

### Operating activities

	1 January to 30 June 2022	1 January to 30 June 2021
Cash generated from operations	3,827.2	4,624.1
Interest and other finance costs paid	(286.3)	(274.5)
Tax paid	(695.0)	(599.9)
<b>Net cash from operating activities</b>	<b>2,845.9</b>	<b>3,749.7</b>

### Investing activities

Loan to an associated company	(159.9)	(24.0)
Purchase of fixed assets and projects under development	(169.7)	(44.4)
Proceeds on disposal of fixed assets	0.3	11.9
Dividends received from investments	2.2	2.4
Dividends received from associated companies and joint ventures	55.5	55.4
Interest received	31.5	27.1
Repayment of loans by an associated company and a joint venture	272.8	-
<b>Net cash from investing activities</b>	<b>32.7</b>	<b>28.4</b>

### Financing activities

New borrowings	-	3,900.0
Repayment of borrowings	(1,700.0)	(4,282.0)
Upfront debt transaction costs and facilities fees of borrowings	-	(23.6)
Principal elements of lease payments	(6.5)	(6.1)
Distributions to unitholders of HPH Trust	(696.9)	(670.8)
Dividends to non-controlling interests	(86.3)	(86.3)
<b>Net cash used in financing activities</b>	<b>(2,489.7)</b>	<b>(1,168.8)</b>
<b>Net changes in cash and cash equivalents</b>	<b>388.9</b>	<b>2,609.3</b>
Cash and cash equivalents at beginning of the period	11,048.0	7,766.6
Cash and cash equivalents at end of the period	11,436.9	10,375.9

# THE WORLD'S LEADING PORT NETWORK