

# **Hutchison Port Holdings Trust**

## **2022 Financial Results Presentation**

### **for the Year Ended 31 December 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 year ended 31 December 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

- 2022 full year throughput of HPH Trust's ports was 7% below last year. YICT's throughput was 4% below last year. Combined throughput<sup>(N1)</sup> of HIT, COSCO-HIT and ACT (collectively "HPHT Kwai Tsing") was 11% lower than last year
- Outbound cargoes to the US and EU for 2022 were lower than 2021 volume by 12% and 13%, respectively. YICT's full year throughput decrease was mainly attributed to the lower US, EU and transshipment cargoes, but partially offset by higher empties. The drop in HPHT Kwai Tsing's throughput was mainly due to lower local and transshipment cargoes
- 2022 full year NPAT was HK\$2,519.7 million, HK\$1,007.5 million or 29% below last year. NPAT attributable to unitholders was HK\$1,099.0 million, HK\$648.2 million or 37% below last year
- 2022 full year Distribution Per Unit is 14.50 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*

- In the second half of 2022, HPH Trust experienced challenging business conditions. There was a commencement of a significant decline in containers shipped from China to Europe and North America and a decline in China imports. The closed loop COVID-19 control arrangements at Yantian continued to pressure operating costs and cross border restrictions on trucking operations had an adverse effect on shipments through Hong Kong. Shipping lines have been adjusting services to reflect the changed conditions which has resulted in a reduction in service flexibility for the HPH Trust ports
- The commencement of 2023 has seen some encouraging developments. The Chinese Government has relaxed its COVID-19 controls and the border with Hong Kong has reopened. Apart from expected gradual improvements in international trade during the year, HPH Trust will benefit from the elimination of the closed loop arrangements at Yantian and an anticipated return of containers to Hong Kong as cross border trucking recovers
- Interest rates are expected to continue to rise in 2023. HPH Trust's exposure to interest rate rises has been hedged on approximately 71% of its long term debt at 31 December 2022

# Outlook and Prospects (cont'd)

## *Overview (cont'd)*

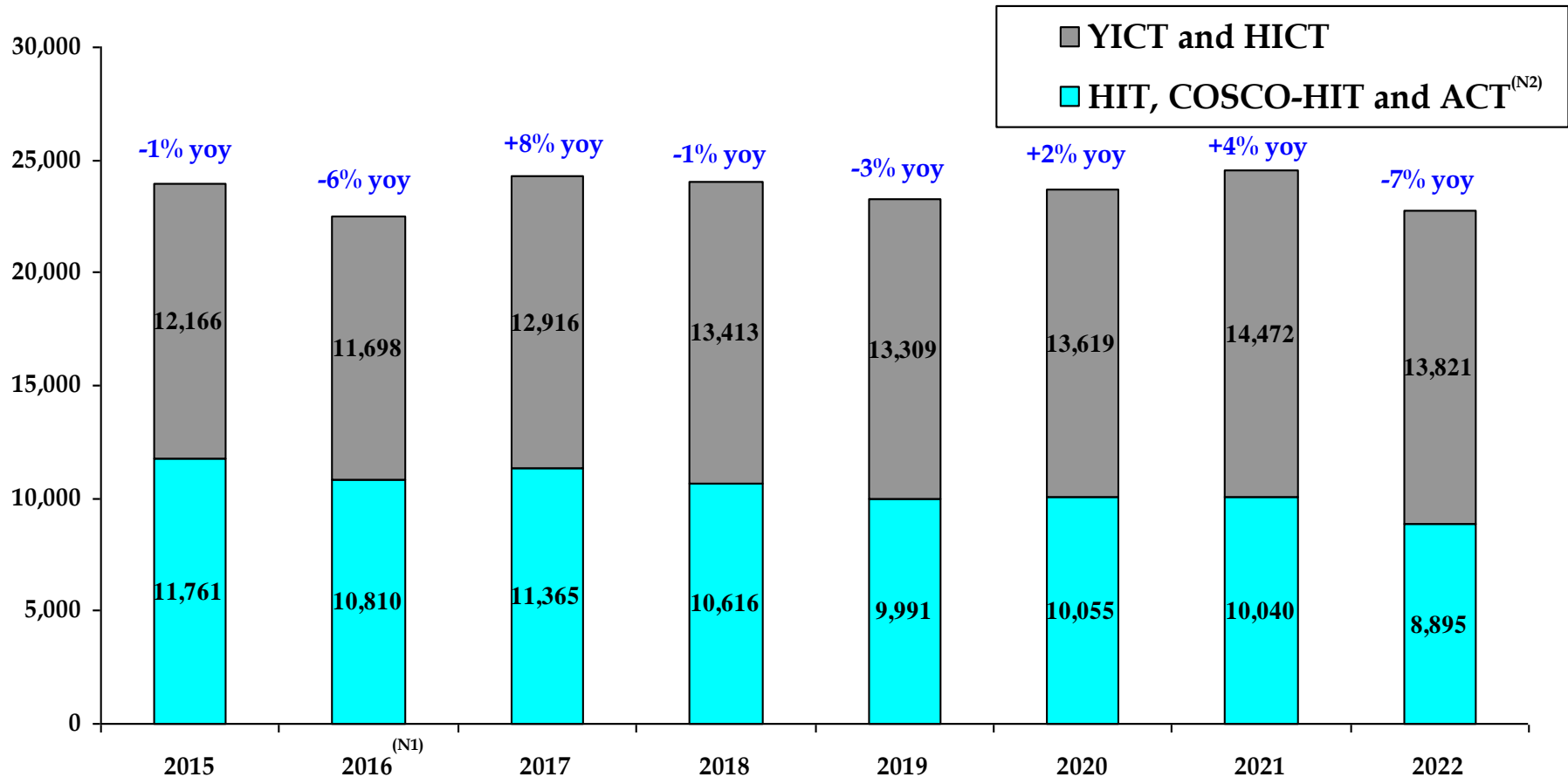
- The current decline in international trade and possible recessions in Europe and the USA, when considered in conjunction with the more positive elimination of COVID-19 controls in China, are factors creating a difficult forecasting environment for HPH Trust's business in 2023. Management is focused on dealing with the short term challenges for the business and at the same time managing initiatives for long term success including human resource development, infrastructure improvements and a 5% reduction in emissions at the ports by the end of 2026. Proof-of-concept tests for autonomous electric trucks will commence in 2023 and a program to convert RTGC to electrical power will continue



## 3 Business Review for the Year Ended 31 December 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

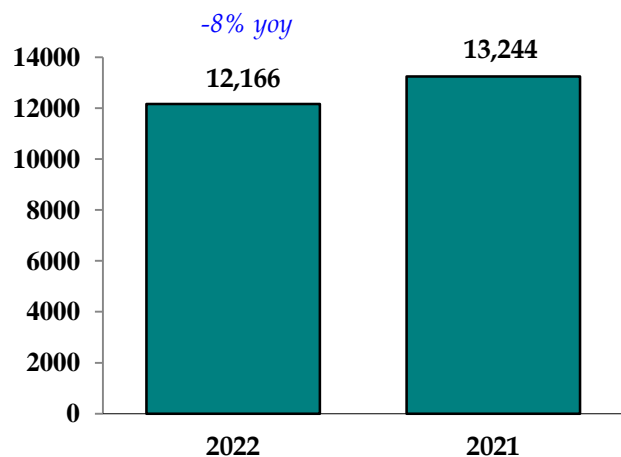
## 4 Key Financial Performance

# Key Financial Performance

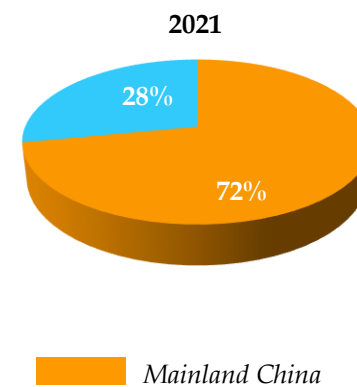
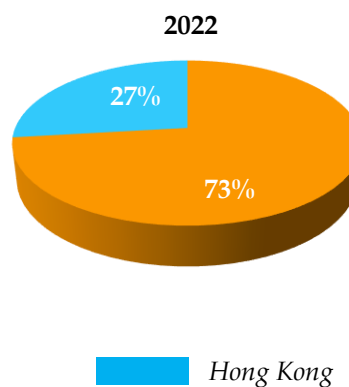
## Revenue and other income

For the year ended 31 December 2022

(HK\$ Million)



### Segment Information

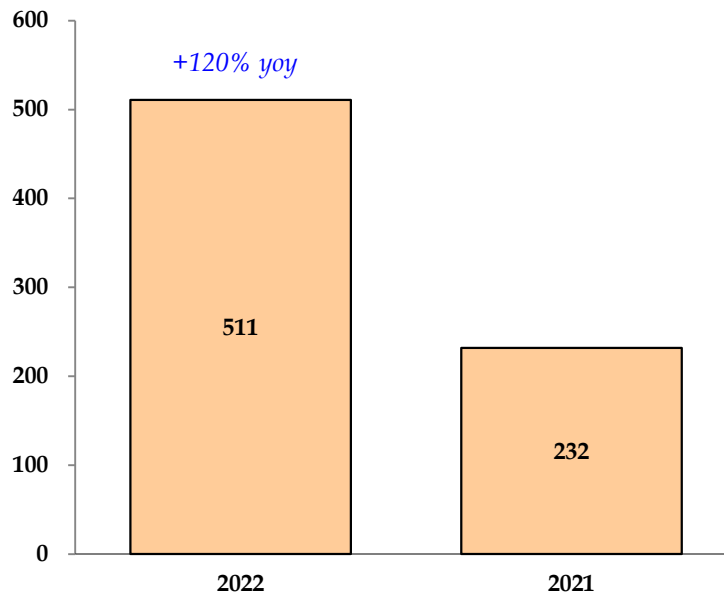


# Key Financial Performance

## Total Capex

For the year ended 31 December 2022

(HK\$ Million)



# Key Financial Performance

## *Financial Position*

	At 31 December 2022 HK\$'Million	At 31 December 2021 HK\$'Million
Short Term Debt	\$5,070.0	\$7,198.0
Long Term Debt	\$22,070.0	\$21,840.0
Total Consolidated Debt	\$27,140.0	\$29,038.0
Total Consolidated Cash	\$10,395.2	\$11,048.0

# Key Financial Performance

## *Distribution*

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

**For the period from  
1 July 2022 to  
31 December 2022**

Distribution Amount

HK\$566.2 million

HK\$696.9 million

Distribution Per Unit (“DPU”)

6.50 HK cents

8.00 HK cents

DPU for the year ended 31 December 2022

**14.50 HK cents**

2022 distribution – yield (%)

9.6% (at US\$0.194 market price on 31 December 2022)

Ex-distribution date

14 February 2023

Record date

5:00p.m. 15 February 2023

Payment of distribution

24 March 2023

# HPH Trust's Results

## Full Year 2022 against Last Year

	1 January to 31 December		
	2022 <u>Actual</u>	2021 <u>Actual</u>	% variance <u>Fav/(Unfav)</u>
(HK\$'Million)			
<b>Revenue and other income</b>	<b>12,166.2</b>	<b>13,244.1</b>	<b>(8%)</b>
Cost of services rendered	(4,174.5)	(4,474.7)	7%
Staff costs	(265.7)	(257.2)	(3%)
Depreciation and amortisation	(3,004.0)	(3,050.9)	2%
Other operating income	146.2	417.9	(65%)
Other operating expenses	(587.3)	(500.4)	(17%)
<b>Total operating expenses</b>	<b>(7,885.3)</b>	<b>(7,865.3)</b>	<b>0%</b>
Operating profit	4,280.9	5,378.8	(20%)
Interest and other finance costs	(673.3)	(616.5)	(9%)
Share of profits less losses after tax of Associated Cos/JVs	(6.7)	34.1	(120%)
<b>Profit before tax</b>	<b>3,600.9</b>	<b>4,796.4</b>	<b>(25%)</b>
Taxation	(1,081.2)	(1,269.2)	15%
<b>Profit after tax</b>	<b>2,519.7</b>	<b>3,527.2</b>	<b>(29%)</b>
<b>Profit after tax attributable to non-controlling interests</b>	<b>(1,420.7)</b>	<b>(1,780.0)</b>	<b>(20%)</b>
<b>Profit after tax attributable to unitholders of HPH Trust</b>	<b>1,099.0</b>	<b>1,747.2</b>	<b>(37%)</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 31 December 2022 and 31 December 2021

(HK\$ Million)	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Fixed assets	20,357.8	21,646.9
Projects under development	762.9	654.5
Leasehold land and land use rights	33,179.0	34,579.4
Railway usage rights	9.4	10.8
Customer relationships	4,499.1	4,833.4
Goodwill	11,270.0	11,270.0
Associated companies	204.0	957.5
Joint ventures	3,957.6	3,018.1
Other non-current assets	685.0	509.7
Pension assets	123.2	303.8
Deferred tax assets	5.1	12.0
<b>Total non-current assets</b>	<u>75,053.1</u>	<u>77,796.1</u>
<b>Current assets</b>		
Cash and bank balances	10,395.2	11,048.0
Trade and other receivables	3,118.2	4,033.0
Inventories	79.6	86.6
<b>Total current assets</b>	<u>13,593.0</u>	<u>15,167.6</u>

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

(HK\$'Million)	<u>2022</u>	<u>2021</u>
<b>Current liabilities</b>		
Trade and other payables	6,014.8	6,713.1
Bank and other debts	5,067.7	7,190.3
Current tax liabilities	308.0	422.0
<b>Total current liabilities</b>	<u>11,390.5</u>	<u>14,325.4</u>
<b>Net current assets</b>	<u>2,202.5</u>	<u>842.2</u>
<b>Total assets less current liabilities</b>	<u>77,255.6</u>	<u>78,638.3</u>
<b>Non-current liabilities</b>		
Bank and other debts	21,971.9	21,730.0
Deferred tax liabilities	8,883.5	9,268.2
Other non-current liabilities	123.5	241.0
<b>Total non-current liabilities</b>	<u>30,978.9</u>	<u>31,239.2</u>
<b>Net assets</b>	<u>46,276.7</u>	<u>47,399.1</u>
<b>EQUITY</b>		
Units in issue	68,553.8	68,553.8
Reserves	(41,746.8)	(41,447.0)
<b>Net assets attributable to unitholders of HPH Trust</b>	<u>26,807.0</u>	<u>27,106.8</u>
Non-controlling interests	19,469.7	20,292.3
<b>Total equity</b>	<u>46,276.7</u>	<u>47,399.1</u>

# Statement of Cash Flows

## Full Year 2022 and 2021

(HK\$'Million)

	<u>1 January to 31 December 2022</u>	<u>1 January to 31 December 2021</u>
<b>Operating activities</b>		
Cash generated from operations	8,067.5	8,624.0
Interest and other finance costs paid	(645.0)	(500.5)
Tax paid	(1,572.7)	(1,388.7)
<b>Net cash from operating activities</b>	<u>5,849.8</u>	<u>6,734.8</u>
<b>Investing activities</b>		
Investment in a joint venture	(1,170.9)	(422.7)
Loan to an associated company	(407.4)	(408.3)
Purchase of fixed assets and projects under development	(511.3)	(232.3)
Proceeds on disposal of fixed assets	1.0	13.5
Dividends received from investments	19.0	28.9
Dividends received from associated companies and joint ventures	114.4	147.2
Interest received	136.8	59.0
Repayment of loans by an associated company and a joint venture	524.8	276.7
<b>Net cash used in investing activities</b>	<u>(1,293.6)</u>	<u>(538.0)</u>

# Statement of Cash Flows

## Full Year 2022 and 2021 (cont'd)

(HK\$'Million)	<u>1 January to 31 December 2022</u>	<u>1 January to 31 December 2021</u>
<b>Financing activities</b>		
New borrowings	5,273.5	7,800.0
Repayment of borrowings	(7,198.0)	(8,182.0)
Upfront debt transaction costs and facilities fees of borrowings	-	(64.4)
Principal elements of lease payments	(14.4)	(12.7)
Repayment of loan to non-controlling interests	-	(10.5)
Distributions to unitholders of HPH Trust	(1,263.1)	(1,237.0)
Dividends to non-controlling interests	(2,007.0)	(1,208.8)
<b>Net cash used in financing activities</b>	<u>(5,209.0)</u>	<u>(2,915.4)</u>
<b>Net changes in cash and cash equivalents</b>	(652.8)	3,281.4
Cash and cash equivalents at beginning of the year	<u>11,048.0</u>	<u>7,766.6</u>
Cash and cash equivalents at end of the year	<u><u>10,395.2</u></u>	<u><u>11,048.0</u></u>

# THE WORLD'S LEADING PORT NETWORK