

# **Hutchison Port Holdings Trust**

## **2023 Financial Results Presentation**

### **for the Period Ended 30 June 2023**

# 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 30 June 2023 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 2023 throughput of HPH Trust's ports was 15% lower than last year. YICT's throughput was 12% below last year. Combined throughput<sup>(N1)</sup> of HIT, COSCO-HIT and ACT (collectively "HPHT Kwai Tsing") was 18% lower than last year
- Outbound cargoes to the US and EU dropped by 18% and 6% yoy in the first six months of 2023
- YTD June 2023 NPAT was HK\$675.5 million, HK\$838.7 million or 55% below last year. NPAT attributable to unitholders was HK\$94.9 million, HK\$621.4 million or 87% below last year
- 2023 interim Distribution Per Unit is 5.50 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*

- China exports to the US and EU has been weak in the first half of the year. However, we are seeing some easing off in volume drop in recent months. For instance in YICT, export to EU dropped by around 11% yoy in the first 3 months of 2023, but the yearly reduction has now narrowed to approximately 9% by May and 6% by June. An increase in the number of empty containers coupled with a decrease in laden containers in our yard in recent months may also indicate the market is preparing for a pick-up in export orders in the second half of the year
- In Hong Kong, despite the relaxation of COVID precautionary measures and cross-border controls, cargo volume has not seen substantial recovery in 1H 2023
- Interest rates rose significantly by over 500 basis points in the past 2 years. Interest expense increased by over HK\$110 million yoy in 1H 2023. As at 30 June 2023, 63% of HPH Trust's long term debt are on fixed interest rate, which help to reduce our exposure to further interest rate hikes. For every 50 basis point increase, the monthly interest expense would increase by HK\$4.3 million based on the latest loan profile

# Outlook and Prospects (cont'd)

## *Overview (cont'd)*

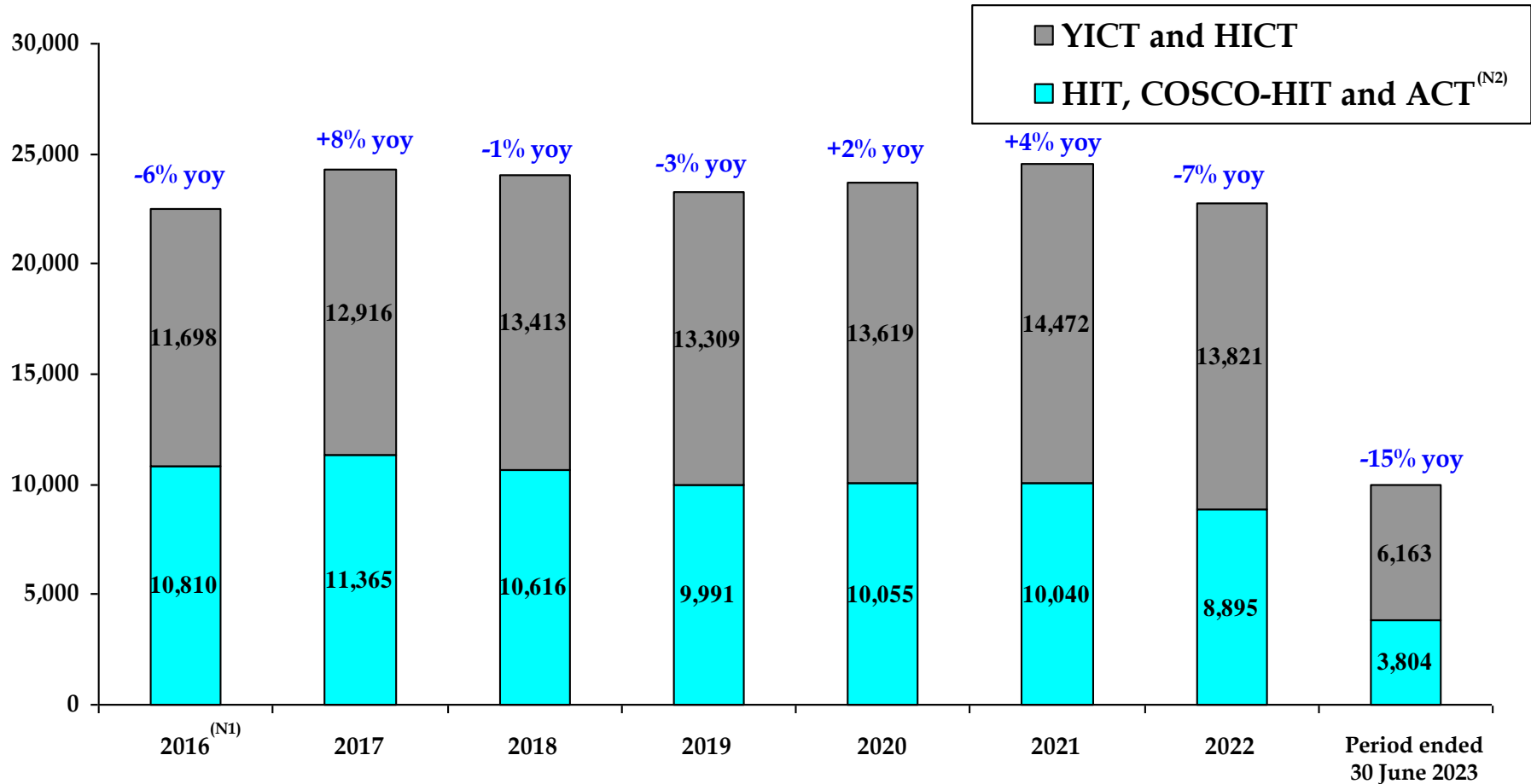
- HPH Trust embarked on a debt repayment programme since 2017. In the first six months of 2023, HPH Trust continued reducing debts by HK\$1.1 billion to further deleverage its balance sheet and manage its interest rate exposure. This improved position will allow HPH Trust to weather volatility during challenging market conditions
- HPH Trust has committed to reduce overall emissions intensity by 5% between 2021 and 2026. We are pleased to report that we have achieved and exceeded the target. To continue our effort in the sustainability front, Management proposes to aim at reducing emissions intensity by 30% between 2021 and 2030



## 3 Business Review for the Period Ended 30 June 2023

# 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

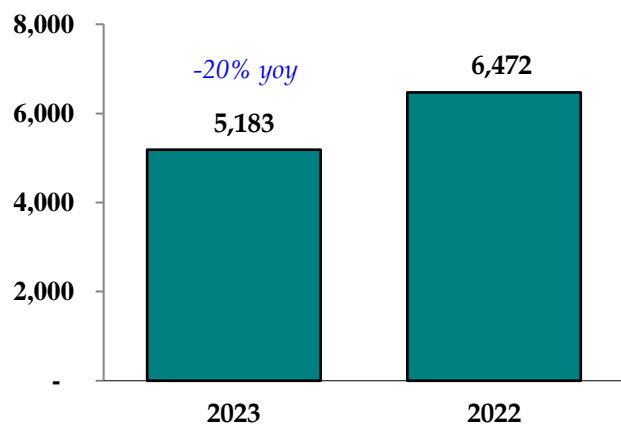
## 4 Key Financial Performance

# Key Financial Performance

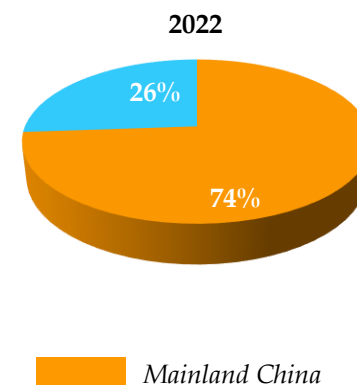
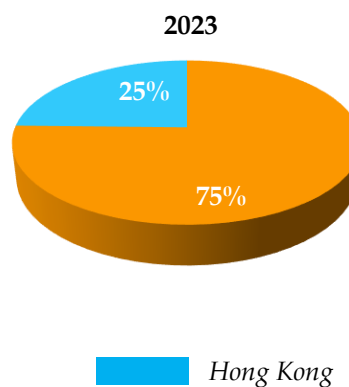
## Revenue and other income

For the period ended 30 June 2023

(HK\$'Million)



### Segment Information

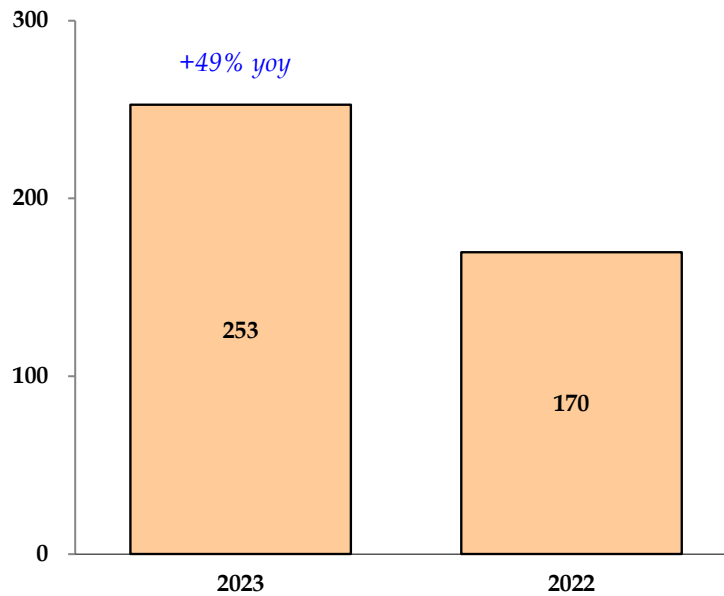


# Key Financial Performance

## Total Capex

For the period ended 30 June 2023

(HK\$ Million)



# Key Financial Performance

## *Financial Position*

	At 30 June 2023 HK\$'Million	At 31 December 2022 HK\$'Million
Short Term Debt	\$1,170.0	\$5,070.0
Long Term Debt	\$24,855.0	\$22,070.0
Total Consolidated Debt	\$26,025.0	\$27,140.0
Total Consolidated Cash	\$7,149.7	\$10,395.2
Net Attributable Debt	\$20,272.0	\$20,112.3

# Key Financial Performance

## *Distribution*

**For the period from  
1 January 2023 to  
30 June 2023**

Distribution Amount

HK\$479.1 million

Distribution Per Unit

5.50 HK cents

Ex-distribution date

1 August 2023

Record date

5:00p.m. 2 August 2023

Payment of distribution

22 September 2023

# HPH Trust's Unaudited Results Half Year 2023 against Last Year

(HK\$'Million)	1 January to 30 June		
	2023	2022	% variance
	<u>Actual</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
<b>Revenue and other income</b>	<b>5,183.1</b>	<b>6,471.5</b>	<b>(20%)</b>
Cost of services rendered	(1,734.1)	(2,163.0)	20%
Staff costs	(132.0)	(133.0)	1%
Depreciation and amortisation	(1,463.7)	(1,514.1)	3%
Other operating income	45.7	67.8	(33%)
Other operating expenses	(323.0)	(279.8)	(15%)
<b>Total operating expenses</b>	<b>(3,607.1)</b>	<b>(4,022.1)</b>	<b>10%</b>
Operating profit	1,576.0	2,449.4	(36%)
Interest and other finance costs	(421.7)	(307.8)	(37%)
Share of profits less losses after tax of Associated Cos/JVs	(53.9)	5.1	(1,157%)
<b>Profit before tax</b>	<b>1,100.4</b>	<b>2,146.7</b>	<b>(49%)</b>
Taxation	(424.9)	(632.5)	33%
<b>Profit after tax</b>	<b>675.5</b>	<b>1,514.2</b>	<b>(55%)</b>
<b>Profit after tax attributable to non-controlling interests</b>	<b>(580.6)</b>	<b>(797.9)</b>	<b>(27%)</b>
<b>Profit after tax attributable to unitholders of HPH Trust</b>	<b>94.9</b>	<b>716.3</b>	<b>(87%)</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 2023 and 31 December 2022

(HK\$'Million)	30 June 2023 <u>Unaudited</u>	31 December 2022 <u>Audited</u>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Fixed assets	20,021.2	20,357.8
Projects under development	536.7	762.9
Leasehold land and land use rights	32,503.2	33,179.0
Railway usage rights	8.9	9.4
Customer relationships	4,332.1	4,499.1
Goodwill	11,270.0	11,270.0
Associated companies	748.3	204.0
Joint ventures	3,872.8	3,957.6
Other non-current assets	583.3	685.0
Pension assets	115.3	123.2
Deferred tax assets	1.6	5.1
<b>Total non-current assets</b>	<u>73,993.4</u>	<u>75,053.1</u>
<b>Current assets</b>		
Cash and bank balances	7,149.7	10,395.2
Trade and other receivables	2,631.9	3,118.2
Inventories	79.5	79.6
<b>Total current assets</b>	<u>9,861.1</u>	<u>13,593.0</u>

# Statement of Financial Position as at 30 June 2023 and 31 December 2022 (cont'd)

(HK\$'Million)	30 June 2023	31 December 2022
	<u>Unaudited</u>	<u>Audited</u>
<b>Current liabilities</b>		
Trade and other payables	5,830.8	6,014.8
Bank and other debts	1,168.7	5,067.7
Current tax liabilities	337.4	308.0
<b>Total current liabilities</b>	<u>7,336.9</u>	<u>11,390.5</u>
<b>Net current assets</b>	<u>2,524.2</u>	<u>2,202.5</u>
<b>Total assets less current liabilities</b>	<u>76,517.6</u>	<u>77,255.6</u>
<b>Non-current liabilities</b>		
Bank and other debts	24,746.6	21,971.9
Deferred tax liabilities	8,539.4	8,883.5
Other non-current liabilities	111.6	123.5
<b>Total non-current liabilities</b>	<u>33,397.6</u>	<u>30,978.9</u>
<b>Net assets</b>	<u>43,120.0</u>	<u>46,276.7</u>
<b>EQUITY</b>		
Units in issue	68,553.8	68,553.8
Reserves	(42,491.8)	(41,746.8)
<b>Net assets attributable to unitholders of HPH Trust</b>	<u>26,062.0</u>	<u>26,807.0</u>
Non-controlling interests	17,058.0	19,469.7
<b>Total equity</b>	<u>43,120.0</u>	<u>46,276.7</u>

# Statement of Cash Flows

## Half Year 2023 and 2022

(HK\$'Million)	<u>1 January to 30 June 2023</u>	<u>1 January to 30 June 2022</u>
<b>Operating activities</b>		
Cash generated from operations	2,588.3	3,827.2
Interest and other finance costs paid	(391.9)	(286.3)
Tax paid	(735.7)	(695.0)
<b>Net cash from operating activities</b>	<u>1,460.7</u>	<u>2,845.9</u>
<b>Investing activities</b>		
Loan to an associated company	(904.5)	(159.9)
Purchase of fixed assets and projects under development	(252.7)	(169.7)
(Payment)/proceeds on disposal of fixed assets	(4.0)	0.3
Dividends received from investments	2.5	2.2
Dividends received from joint ventures	33.6	55.5
Interest received	205.3	31.5
Repayment of loans by an associated company and a joint venture	1,011.2	272.8
<b>Net cash from investing activities</b>	<u>91.4</u>	<u>32.7</u>

# Statement of Cash Flows

## Half Year 2023 and 2022 (cont'd)

(HK\$'Million)

### Financing activities

	<u>1 January to 30 June 2023</u>	<u>1 January to 30 June 2022</u>
New borrowings	3,925.0	-
Repayment of borrowings	(5,095.0)	(1,700.0)
Principal elements of lease payments	(6.4)	(6.5)
Distributions to unitholders of HPH Trust	(696.9)	(696.9)
Dividends to non-controlling interests	(2,924.3)	(86.3)
<b>Net cash used in financing activities</b>	<u>(4,797.6)</u>	<u>(2,489.7)</u>
<b>Net changes in cash and cash equivalents</b>	(3,245.5)	388.9
Cash and cash equivalents at beginning of the period	10,395.2	11,048.0
Cash and cash equivalents at end of the period	<u><u>7,149.7</u></u>	<u><u>11,436.9</u></u>

# THE WORLD'S LEADING PORT NETWORK