



*Your Preferred Port-of-Call*

**2016 Financial Results  
Presentation for the Quarter Ended  
31 March 2016**

## Disclaimer

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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 quarter ended 31 March 2016 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.

# Table of Contents

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1 Key Highlights

2 Outlook and Prospects

3 Business Review for the Quarter Ended 31 March 2016

4 Key Financial Performance

# 1 Key Highlights

## Key Highlights

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- During the first quarter of 2016, HIT received a government rent and rates refund of HK\$430.0 million, after reaching agreement on the final rateable value of certain leased properties for the past years
- YTD March 2016 throughput of HPH Trust's deep-water ports was 8% below last year. YICT's throughput was 1% below last year. Combined throughput of HIT, COSCO-HIT and ACT dropped 13% yoy
- Outbound cargoes to the US and EU showed an upward trend in the first quarter of 2016. YICT's throughput drop was mainly due to weaker transshipment and empty cargoes but were partially offset by growth in US and Europe cargoes. The drop in HIT's throughput was mainly due to weaker intra-Asia and transshipment cargoes
- Revenue and other income was HK\$2,751.8 million, representing HK\$196.7 million or 7% below last year
- YTD March 2016 NPAT was HK\$794.2 million, representing HK\$253.7 million or 47% above last year. Attributable NPAT to unitholders was HK\$554.9 million, representing HK\$269.1 million or 94% above last year
- Without HIT's rent and rates refund in 2016 and additional depreciation due to change of an accounting estimate in 2015, YTD March 2016 NPAT was 16% below last year. NPAT attributable to unitholders was 26% below last year

## 2 Outlook and Prospects

# Outlook and Prospects



## *Overview*

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- The volume of containers handled by HPH Trust is affected materially by the economic performance of the US and Europe
- US economy continues to expand albeit at a rather slow pace. We anticipate US economic outlook for 2016 will be stable. Outbound cargoes to US posted minimal growth in the first quarter of 2016 and it is expected that the full year volume will result in a slight increase
- Outbound cargoes to Europe showed improvement and displayed a slight upward trend in the first quarter of 2016. However, weak consumer sentiment and high unemployment rate remain a drag on its economic recovery. We expect volume towards Europe will likely to be flat in 2016
- As the gateway serving imports and exports of China, YICT's volume is largely dependent on the economic performance of the US and Europe
- HPH Trust's performance is also dependent on the outcomes of structural changes occurring in the container shipping industry. HIT, as a regional transshipment hub, has been negatively affected by the rationalisation and restructuring of various global shipping alliances over the past few quarters and is expected to be under volume pressure in the near term

# Outlook and Prospects



## *Overview*

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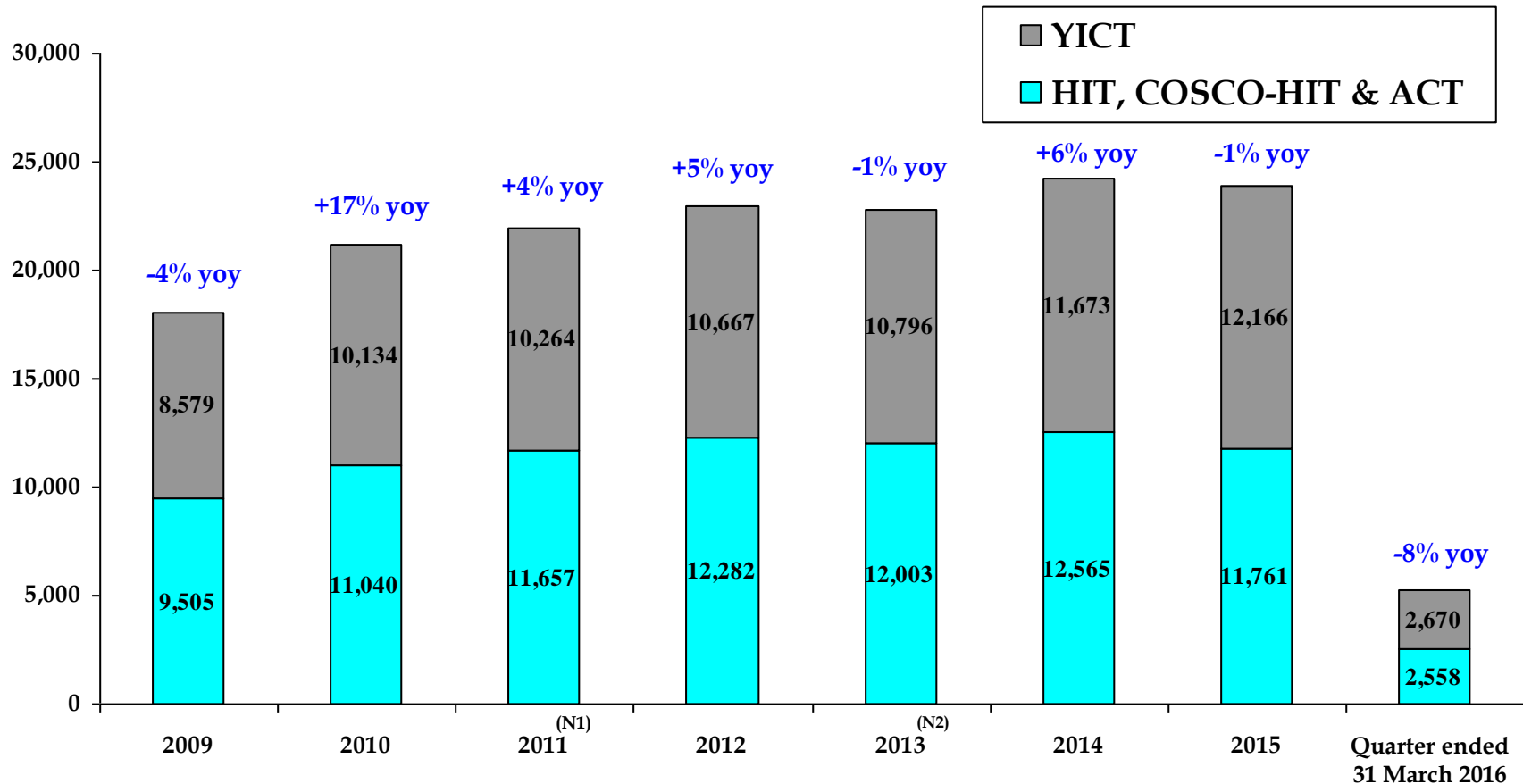
- Shipping lines continue to build up their mega-vessel fleets, form carrier alliances and expand the coverage of vessel sharing schemes to achieve economies of scale, enhance efficiency and strengthen competitiveness. HPH Trust's natural deep-water channels and unparalleled mega-vessel handling capabilities position it to be the preferred port of call for mega-vessels and HPH Trust is expected to benefit from these developments
- Given the soft global trade outlook, management remains cautious on expected cargo volume for 2016 and will continue to focus on improvements to tariffs and costs. US Federal Open Market Committee assesses regularly the timing of the interest rate hike and it is expected that interest rate normalisation will continue in the near future. In order to prudently manage its consolidated financial position and ensure continued access to financial markets with an investment grade rating, HPH Trust will target improving its core debt metrics over the 5 year period from 2017 to 2021. At the end of this period, HPH Trust expects Consolidated Debt to Consolidated Total Capital not be greater than 30%, Consolidated Gross Debt to EBITDA not greater than 4x, and Consolidated EBITDA to Consolidated Total Interest Coverage of not less than 5x. This entails repaying a minimum of HK\$1 billion of debt annually beginning in 2017 and we will consider to repay additional amounts as performance of HPH Trust improves. Management believes that active management of debt level is the most prudent approach in protecting unitholders' long-term interests
- The Trustee-Manager is confident that HPH Trust will respond promptly and effectively to any challenges, given its strong fundamentals



## 3 Business Review for the Quarter Ended 31 March 2016

# Key Business Update

## Throughput Volume (TEU in thousand)



N1 2011 throughput volume is on full year basis (i.e. include the throughput volume before listing) for comparison purpose

N2 Includes throughput volume of ACT from 7 March 2013, the date of acquisition

## 4 Key Financial Performance

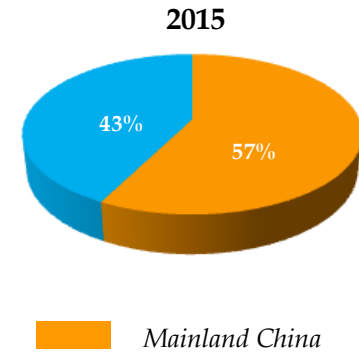
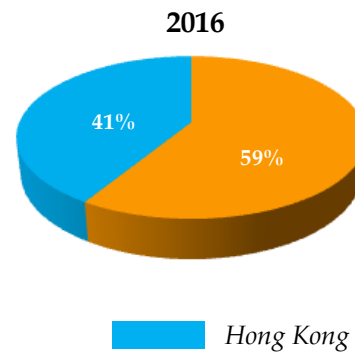
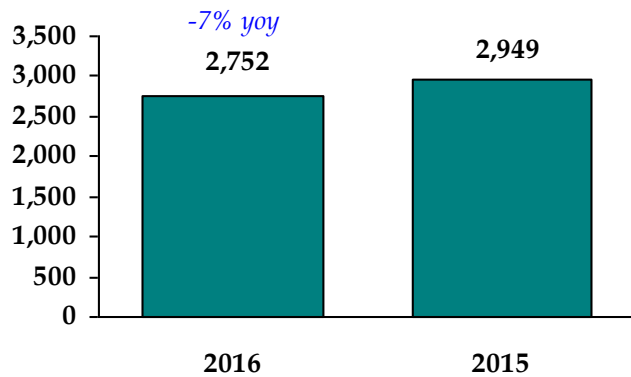
# Key Financial Performance

## Revenue and other income

For the quarter ended 31 March 2016

### Segment Information

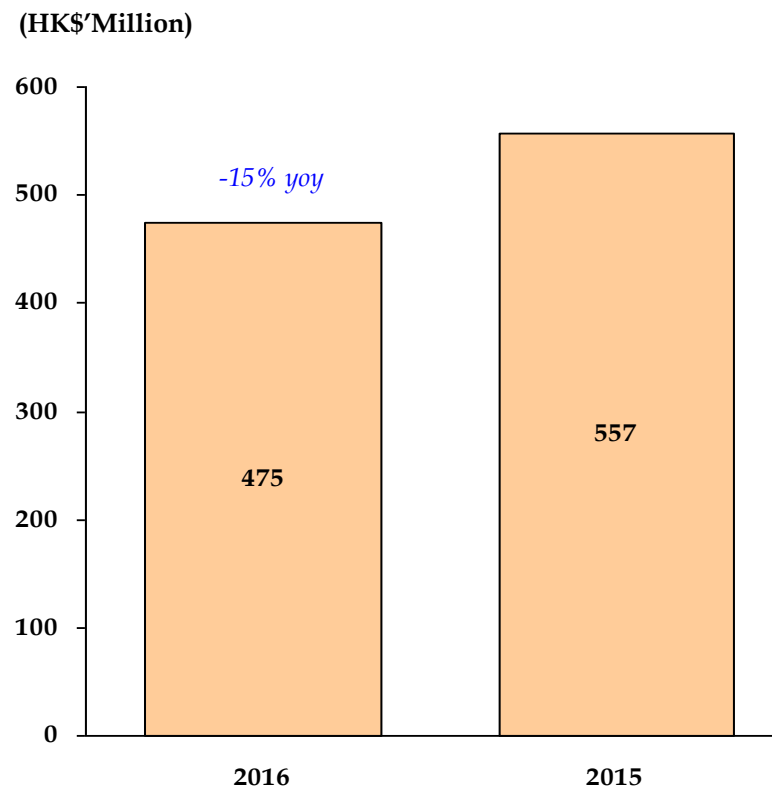
(HK\$ Million)



# Key Financial Performance

## Total Capex

For the quarter ended 31 March 2016



# Key Financial Performance

## *Financial Position*

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At 31 March 2016  
HK\$'Million

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Short Term Debt	\$8,914.4
Long Term Debt	\$24,220.0
Total Consolidated Debt	\$33,134.4
Total Consolidated Cash	\$5,995.6

# Unaudited Financial Results of HPH Trust for the Quarter Ended 31 March 2016 against Last Year



(HK\$ Million)	1 January to 31 March		
	2016 <u>Actual</u>	2015 <u>Actual</u>	% variance <u>Fav/(Unfav)</u>
<b>Revenue and other income</b>	<b>2,751.8</b>	<b>2,948.5</b>	<b>(7%)</b>
Cost of services rendered	(1,040.8)	(1,157.4)	10%
Staff costs	(79.7)	(80.4)	1%
Depreciation and amortisation	(703.4)	(698.7)	(1%)
Other operating income	2.0	8.9	(78%)
Other operating expenses	(187.7)	(197.4)	5%
<b>Total operating expenses</b>	<b>(2,009.6)</b>	<b>(2,125.0)</b>	<b>5%</b>
Operating profit	742.2	823.5	(10%)
Interest and other finance costs	(168.7)	(155.1)	(9%)
Share of profits/(losses) after tax of Associated Cos/JVs	17.1	31.2	(45%)
<b>Profit before tax</b>	<b>590.6</b>	<b>699.6</b>	<b>(16%)</b>
Taxation	(137.9)	(159.1)	13%
<b>Profit after tax and normalisation (a)</b>	<b>452.7</b>	<b>540.5</b>	<b>(16%)</b>
HIT's rent and rates refund	357.0	-	N/A
Additional depreciation due to change of an accounting estimate	(15.5)	-	N/A
<b>Profit after tax (b)</b>	<b>794.2</b>	<b>540.5</b>	<b>47%</b>
<b>Profit after tax attributable to non-controlling interests after normalisation (c)</b>	<b>(242.6)</b>	<b>(254.7)</b>	<b>(5%)</b>
<b>Profit after tax attributable to non-controlling interests before normalisation (d)</b>	<b>(239.3)</b>	<b>(254.7)</b>	<b>(6%)</b>
<b>Profit after tax attributable to unitholders of HPH Trust after normalisation (a) - (c)</b>	<b>210.1</b>	<b>285.8</b>	<b>(26%)</b>
<b>Profit after tax attributable to unitholders of HPH Trust before normalisation (b) - (d)</b>	<b>554.9</b>	<b>285.8</b>	<b>94%</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*

# Statements of Financial Position as at 31 March 2016 and 31 December 2015



(HK\$'Million)	31 March 2016	31 December 2015
	<u>Unaudited</u>	<u>Audited</u>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Fixed assets	25,413.1	24,480.8
Projects under development	1,847.9	2,966.2
Leasehold land and land use rights	41,976.0	41,269.8
Railway usage rights	13.6	13.9
Customer relationships	6,755.0	6,838.6
Goodwill	22,629.0	22,629.0
Associated companies	164.9	161.3
Joint ventures	3,885.7	3,898.5
Other non-current assets	751.4	1,272.1
Deferred tax assets	12.7	12.7
<b>Total non-current assets</b>	<u>103,449.3</u>	<u>103,542.9</u>
<b>Current assets</b>		
Cash and cash equivalents	5,995.6	6,840.8
Trade and other receivables	3,429.8	3,723.4
Inventories	126.4	123.5
<b>Total current assets</b>	<u>9,551.8</u>	<u>10,687.7</u>



# Statements of Financial Position as at 31 March 2016 and 31 December 2015 (cont'd)



(HK\$ Million)	31 March 2016	31 December 2015
	<u>Unaudited</u>	<u>Audited</u>
<b>Current liabilities</b>		
Trade and other payables	6,927.7	7,295.0
Bank and other debts	8,903.8	8,911.2
Current tax liabilities	285.6	312.7
<b>Total current liabilities</b>	<u>16,117.1</u>	<u>16,518.9</u>
<b>Net current liabilities</b>	<u>(6,565.3)</u>	<u>(5,831.2)</u>
<b>Total assets less current liabilities</b>	<u>96,884.0</u>	<u>97,711.7</u>
<b>Non-current liabilities</b>		
Bank and other debts	24,202.7	24,082.3
Pension obligations	204.5	200.3
Deferred tax liabilities	11,161.6	11,204.7
Other non-current liabilities	17.6	56.8
<b>Total non-current liabilities</b>	<u>35,586.4</u>	<u>35,544.1</u>
<b>Net assets</b>	<u>61,297.6</u>	<u>62,167.6</u>
<b>EQUITY</b>		
Units in issue	68,553.8	68,553.8
Reserves	(27,048.1)	(25,953.7)
<b>Net assets attributable to unitholders of HPH Trust</b>	<u>41,505.7</u>	<u>42,600.1</u>
Non-controlling interests	19,791.9	19,567.5
<b>Total equity</b>	<u>61,297.6</u>	<u>62,167.6</u>

# Statements of Cash Flows for the Quarter Ended 31 March 2016 and 31 March 2015



(HK\$'Million)	1 January to <u>31 March 2016</u>	1 January to <u>31 March 2015</u>
<b>Operating activities</b>		
Cash generated from operations	1,663.3	1,861.6
Interest and other finance costs paid	(154.1)	(134.2)
Tax paid	(273.3)	(497.9)
<b>Net cash from operating activities</b>	<u>1,235.9</u>	<u>1,229.5</u>
<b>Investing activities</b>		
Purchase of fixed assets and additions to projects under development	(475.3)	(556.7)
Proceeds on disposal of fixed assets	0.1	0.6
Dividends received from investments	-	31.5
Dividends received from associated companies and joint ventures	25.0	31.0
Interest received	9.9	19.9
<b>Net cash used in investing activities</b>	<u>(440.3)</u>	<u>(473.7)</u>
<b>Financing activities</b>		
New borrowings	-	7,773.3
Repayment of borrowings	(11.8)	(7,801.3)
Upfront debt transaction costs and facilities fees of borrowings	-	(33.8)
Capital contribution from non-controlling interests	-	345.3
Distributions to unitholders of HPH Trust	(1,629.0)	(1,942.6)
<b>Net cash used in financing activities</b>	<u>(1,640.8)</u>	<u>(1,659.1)</u>
<b>Net changes in cash and cash equivalents</b>	(845.2)	(903.3)
Cash and cash equivalents at beginning of the quarter	6,840.8	7,798.8
Cash and cash equivalents at end of the quarter	<u>5,995.6</u>	<u>6,895.5</u>