

# **Hutchison Port Holdings Trust**

## **2020 Financial Results Presentation**

### **for the Period Ended 30 June 2020**

# 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 2020 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 2020 throughput of HPH Trust's ports was 8% below 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 3% below last year
- The global trade was negatively impacted by the COVID-19. Outbound cargoes to the US and EU declined in the first six months of 2020 by 17% and 10% respectively when compared to last year. YICT's throughput drop was mainly attributed to the decrease in US, EU and empty cargoes. The drop in HPHT Kwai Tsing's throughput<sup>(N1)</sup> was mainly due to the reduction in intra-Asia, US and transshipment cargoes
- YTD June 2020 NPAT was HK\$679.0 million, HK\$141.4 million or 17% below last year. NPAT attributable to unitholders was HK\$212.4 million, HK\$21.0 million or 9% below last year
- 2020 interim Distribution Per Unit is 4.30 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*

- The COVID-19 outbreak early this year has spread rapidly worldwide. Precautionary and control measures such as border control, city and regional lockdowns and closure of businesses in many countries including the US and Europe have led to a sharp deceleration of economic activities. Manufacturing in China was at a standstill as factories completely suspended production after the Chinese New Year. Global supply chains and business activities have been disrupted, resulting in a slump in global cargo volume
- HPH Trust, with HPHT Kwai Tsing being a major transshipment hub in the region, and YICT being the premier gateway to China for foreign trade, was inevitably affected. Outbound cargoes to the US and Europe fell to register a double-digit year-on-year fall in the first half of 2020. The throughput decline in the first quarter was 4% at HPHT Kwai Tsing and 16% at YICT. However, in the second quarter, the decline was significantly less - 1% at HPHT Kwai Tsing and 8% at YICT with June in particular seeing encouraging improvement
- Based on the latest developments, manufacturing in China has mostly resumed and many overseas countries have loosened lockdown and border controls. It is expected that the negative impact of COVID-19 on our volume will gradually be reduced
- During this difficult business environment, HPH Trust has been exploring different initiatives to improve performance. HPH Trust remains vigilant about the situation and will continue to focus on operational efficiency and cost management, as evidenced by the formation of Hong Kong Seaport Alliance, to increase the competitiveness of our ports

# Outlook and Prospects

## *Overview*

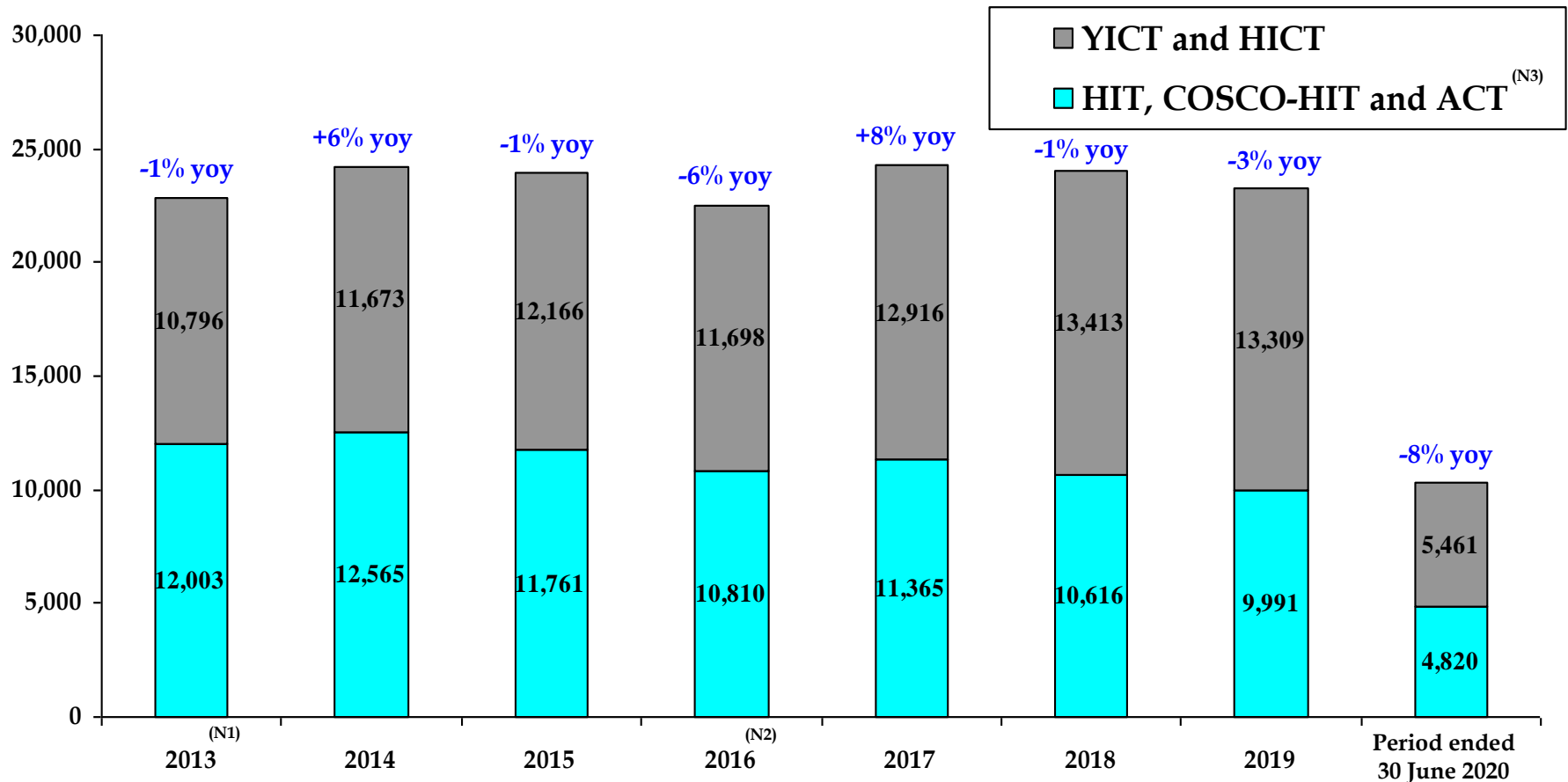
- To mitigate the sharp downturn in demand caused by COVID-19, shipping lines cut their capacity to maintain rates through an increase in blank sailings and service suspensions. Meanwhile, coordination among alliance members to optimise fleet and capacity continues – HMM joined THE Alliance effective 1 April 2020. Against this backdrop, HPH Trust will continue to build on its strengths and is committed to serving its customers, supporting and complementing this industry shift through its unparalleled mega-vessel handling capabilities and continuous process improvements



## 3 Business Review for the Period Ended 30 June 2020

# 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

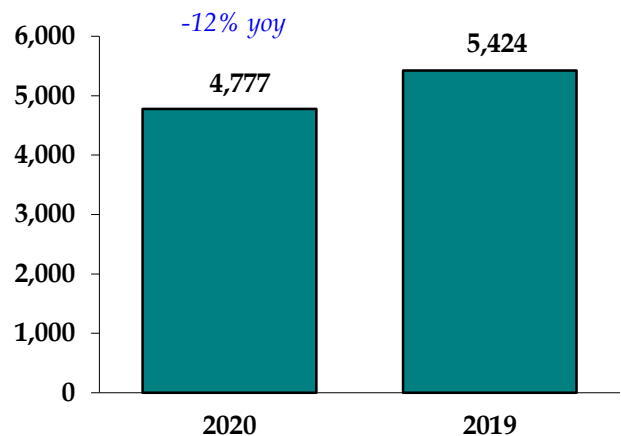
## 4 Key Financial Performance

# Key Financial Performance

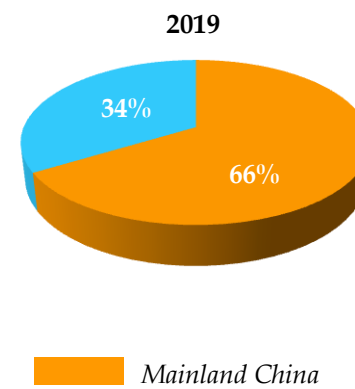
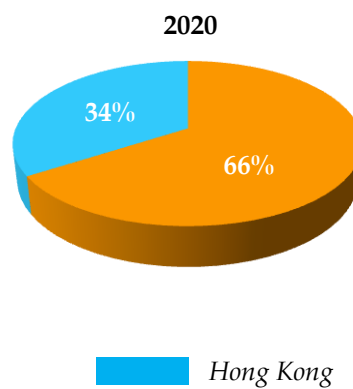
## Revenue and other income

For the period ended 30 June 2020

(HK\$ Million)



### Segment Information

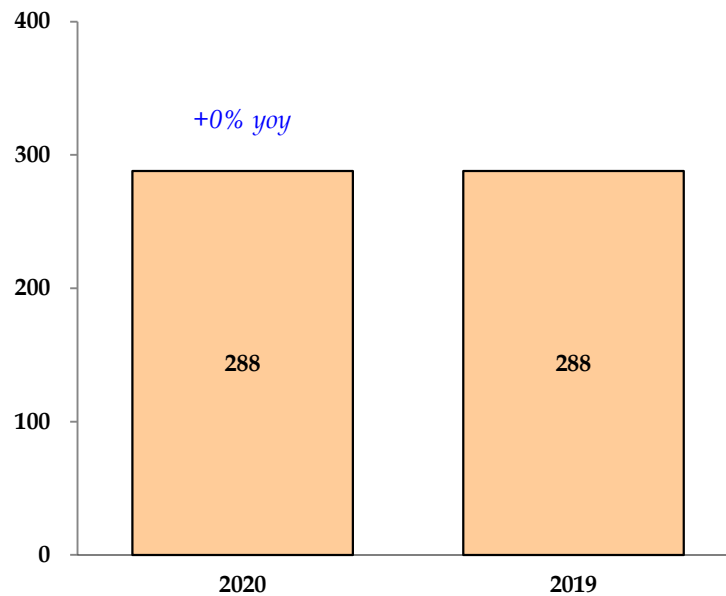


# Key Financial Performance

## Total Capex

For the period ended 30 June 2020

(HK\$'Million)



# Key Financial Performance

## *Financial Position*

At 30 June 2020  
HK\$'Million

At 31 December 2019  
HK\$'Million

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Short Term Debt	\$4,004.1	\$4,102.5
Long Term Debt	\$25,512.5	\$26,576.4
Total Consolidated Debt	\$29,516.6	\$30,678.9
Total Consolidated Cash	\$6,875.7	\$7,040.2

# Key Financial Performance

## *Distribution*

**For the period from  
1 January 2020 to  
30 June 2020**

Distribution Amount

HK\$374.6 million

Distribution Per Unit

4.30 HK cents

Ex-distribution date

4 August 2020

Record date

5:00p.m. 5 August 2020

Payment of distribution

25 September 2020

# HPH Trust's Unaudited Results Half Year 2020 against Last Year

(HK\$ Million)	1 January to 30 June		
	2020 <u>Actual</u>	2019 <u>Actual</u>	% variance <u>Fav/(Unfav)</u>
<b>Revenue and other income</b>	<b>4,776.7</b>	<b>5,423.8</b>	<b>(12%)</b>
Cost of services rendered	(1,567.4)	(1,900.7)	18%
Staff costs	(128.3)	(148.2)	13%
Depreciation and amortisation	(1,524.4)	(1,544.1)	1%
Other operating income	64.8	42.9	51%
Other operating expenses	(252.4)	(266.1)	5%
<b>Total operating expenses</b>	<b>(3,407.7)</b>	<b>(3,816.2)</b>	<b>11%</b>
Operating profit	1,369.0	1,607.6	(15%)
Interest and other finance costs	(428.2)	(545.5)	22%
Share of profits less losses after tax of Associated Cos/JVs	(21.9)	(25.6)	14%
<b>Profit before tax</b>	<b>918.9</b>	<b>1,036.5</b>	<b>(11%)</b>
Taxation	(239.9)	(216.1)	(11%)
<b>Profit after tax</b>	<b>679.0</b>	<b>820.4</b>	<b>(17%)</b>
<b>Profit after tax attributable to non-controlling interests</b>	<b>(466.6)</b>	<b>(587.0)</b>	<b>(21%)</b>
<b>Profit after tax attributable to unitholders of HPH Trust</b>	<b>212.4</b>	<b>233.4</b>	<b>(9%)</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 2020 and 31 December 2019

(HK\$'Million)	30 June 2020 <u>Unaudited</u>	31 December 2019 <u>Audited</u>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Fixed assets	23,254.5	23,789.5
Projects under development	440.4	648.1
Leasehold land and land use rights	36,390.0	37,047.0
Railway usage rights	10.5	10.8
Customer relationships	5,334.7	5,501.8
Goodwill	11,270.0	11,270.0
Associated companies	900.7	952.5
Joint ventures	2,612.6	2,656.7
Other non-current assets	536.0	560.7
Deferred tax assets	27.8	25.0
<b>Total non-current assets</b>	<u>80,777.2</u>	<u>82,462.1</u>
<b>Current assets</b>		
Cash and bank balances	6,875.7	7,040.2
Trade and other receivables	3,005.8	3,056.0
Inventories	117.3	102.4
<b>Total current assets</b>	<u>9,998.8</u>	<u>10,198.6</u>

# Statement of Financial Position as at 30 June 2020 and 31 December 2019 (cont'd)

(HK\$'Million)	30 June 2020 <u>Unaudited</u>	31 December 2019 <u>Audited</u>
<b>Current liabilities</b>		
Trade and other payables	6,156.8	5,783.1
Bank and other debts	3,999.6	4,097.3
Current tax liabilities	472.3	473.9
<b>Total current liabilities</b>	<u>10,628.7</u>	<u>10,354.3</u>
<b>Net current liabilities</b>	<u>(629.9)</u>	<u>(155.7)</u>
<b>Total assets less current liabilities</b>	<u>80,147.3</u>	<u>82,306.4</u>
<b>Non-current liabilities</b>		
Bank and other debts	25,393.5	26,459.1
Pension obligations	49.3	41.7
Deferred tax liabilities	9,690.2	9,918.2
Other non-current liabilities	441.4	324.1
<b>Total non-current liabilities</b>	<u>35,574.4</u>	<u>36,743.1</u>
<b>Net assets</b>	<u>44,572.9</u>	<u>45,563.3</u>
<b>EQUITY</b>		
Units in issue	68,553.8	68,553.8
Reserves	(43,157.9)	(42,702.9)
<b>Net assets attributable to unitholders of HPH Trust</b>	25,395.9	25,850.9
Non-controlling interests	19,177.0	19,712.4
<b>Total equity</b>	<u>44,572.9</u>	<u>45,563.3</u>

# Statement of Cash Flows

## Half Year 2020 and 2019

(HK\$'Million)	<u>1 January to 30 June 2020</u>	<u>1 January to 30 June 2019</u>
<b>Operating activities</b>		
Cash generated from operations	2,588.3	3,476.3
Interest and other finance costs paid	(417.8)	(557.8)
Tax paid	(468.2)	(355.9)
<b>Net cash from operating activities</b>	<u>1,702.3</u>	<u>2,562.6</u>
<b>Investing activities</b>		
Purchase of fixed assets and projects under development	(288.3)	(288.1)
Proceeds on disposal of fixed assets	6.1	0.3
Dividends received from investments	2.2	2.0
Dividends received from associated companies and joint ventures	65.0	50.1
Interest received	61.4	73.9
<b>Net cash used in investing activities</b>	<u>(153.6)</u>	<u>(161.8)</u>
<b>Financing activities</b>		
New borrowings	3,870.8	1,170.0
Repayment of borrowings	(5,059.6)	(2,078.6)
Upfront debt transaction costs and facilities fees of borrowings	-	(8.8)
Principal elements of lease payments	(2.5)	-
Distributions to unitholders of HPH Trust	(435.6)	(738.7)
Dividends to non-controlling interests	(86.3)	(92.5)
<b>Net cash used in financing activities</b>	<u>(1,713.2)</u>	<u>(1,748.6)</u>
<b>Net changes in cash and cash equivalents</b>	(164.5)	652.2
Cash and cash equivalents at beginning of the period	6,998.2	6,524.4
Cash and cash equivalents at end of the period	<u>6,833.7</u>	<u>7,176.6</u>

# THE WORLD'S LEADING PORT NETWORK