



**HPH  
TRUST**

*Your Preferred Port-of-Call*

**2013 Financial Results  
Presentation for the Year Ended  
31 December 2013**

# 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 year ended 31 December 2013 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.

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# 1 Key Highlights

## Key Highlights

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- 2013 full year throughput of HPH Trust's deep-water ports was 1% below last year. Combined throughput of HIT, COSCO-HIT and ACT was down by 2% yoy and YICT's throughput was up by 1% yoy
- US-bound trade sees a positive trend, while EU's cargo volume is picking up slightly. Throughput growth of YICT was mainly driven by transshipment cargoes but offset by lower empty volume. HIT's throughput drop was mainly due to weaker transshipment and US/EU cargoes
- Revenue and other income for the full year was about the same as last year. NPAT and NPAT attributable to unitholders for the full year was 15% and 25% below last year respectively after payments of 2012 performance fee and acquisition related costs of ACT
- 2013 full year Distribution Per Unit ("DPU") is 41.00 HK cents
- Revenue and other income for the 4<sup>th</sup> quarter was 1% below last year. NPAT and NPAT attributable to unitholders for the 4<sup>th</sup> quarter was 34% and 47% lower than last year respectively mainly due to a couple of one-off items :
  - One-off concession to shipping lines after industrial action in HIT
  - Write off of upfront fee after US\$3.6 billion bank loan refinancing
  - Exchange loss from the conversion of USD into HKD for bank loan repayment

## Key Highlights (cont'd)

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- The normalised NPAT (excluding 2012 performance fee and ACT's acquisition related costs) was 13% below last year due to lower profit in HIT but partially offset by higher profit from YICT. Normalised NPAT attributable to unitholders was 22% below last year as Trust has 100% interests in HIT but only has 52% to 56% interests in YICT
- Continued focus by HPH Trust on managing cash flow through appropriate financing arrangements, managing CAPEX spending, controlling working capital needs and optimising capital deployment with the objective of providing stable and growing annual distributions to unitholders consistent with the outlook for our business

## 2 Outlook and Prospects

# Outlook and Prospects

## *Overview*

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- Growth in the US and EU is a major factor in determining the total volume of containers handled by HPH Trust. Consensus outlook for both is favourable in 2014
- US GDP grew at 4.1% in the third quarter of 2013 and consumer sentiment rose to its strongest in five months in December 2013 as economy outlook and job prospects improved
- Eurozone market also looks encouraging as its manufacturing activities grew at the fastest rate in December 2013 since mid-2011. There was no debt related crisis in 2013 and the EU economy as a whole expanded mildly for a second successive quarter in September 2013
- US-bound trade sees a positive trend, while EU's cargo volume is picking up slightly. Transshipment and trade routes such as Far East, Africa, Central and South America and Oceania are expected to surpass those of the US and Europe
- China's economy outlook remains favourable as government pledges to maintain policy stability and support steady growth
- With our leading edge infrastructure, natural deep-water channels, long continuous berths and scale of operations, we are well positioned to pursue and benefit from large shipping lines forming ever closer alliances, deploying more mega-vessels into deep sea service, and centralising container handling at hub ports to achieve efficiency, cost containment and economies of scale



# Outlook and Prospects (cont'd)

## *Overview*

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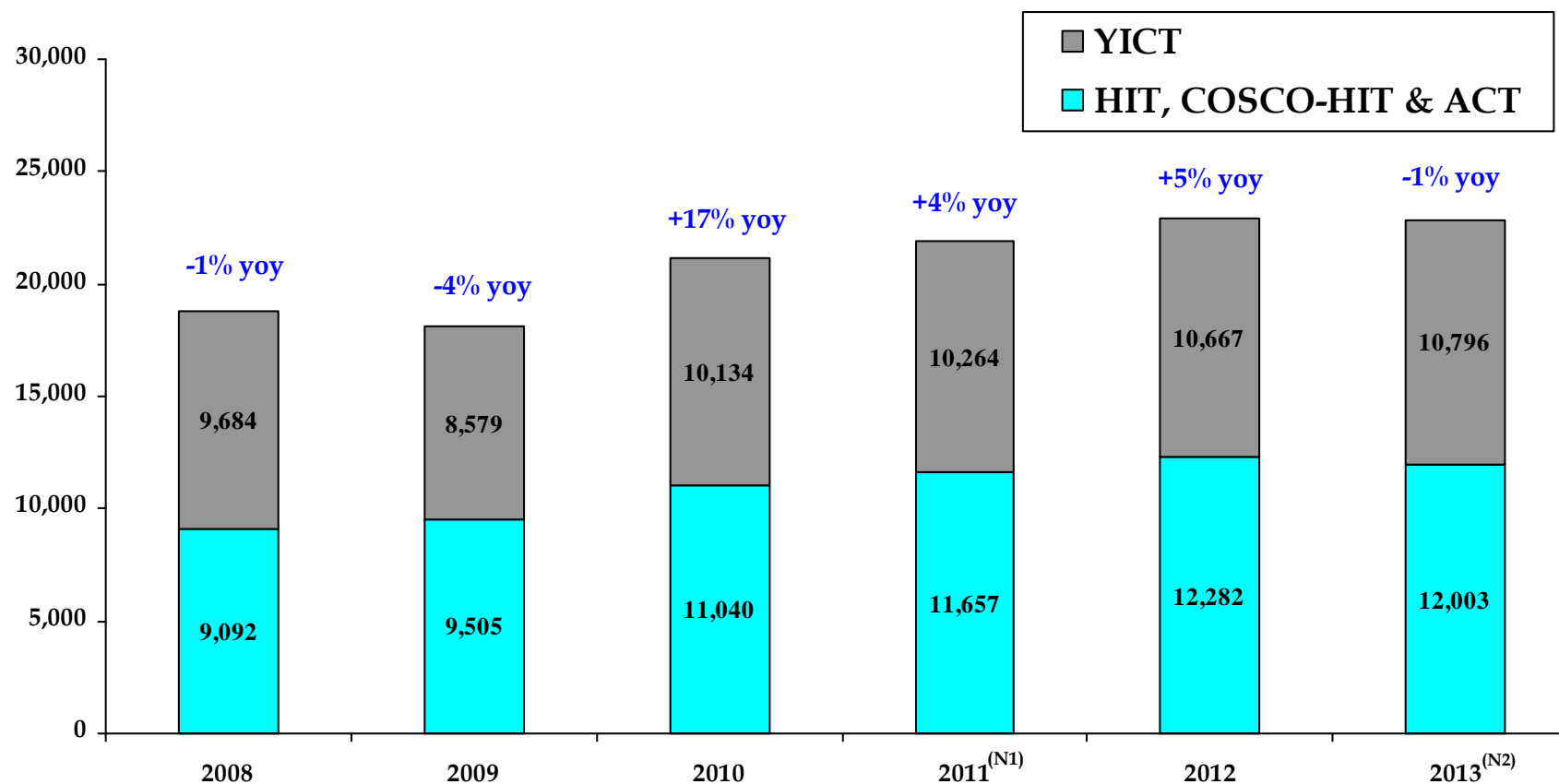
- The Trustee-Manager will ensure that HPH Trust will continue to manage cash flow with the objective to provide stable and growing annual distributions to unitholders consistent with the outlook for our business
- The Trustee-Manager is confident that HPH Trust will respond promptly and effectively to any challenges, given its strong fundamentals

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## Business Review for the Year Ended 31 December 2013

# 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

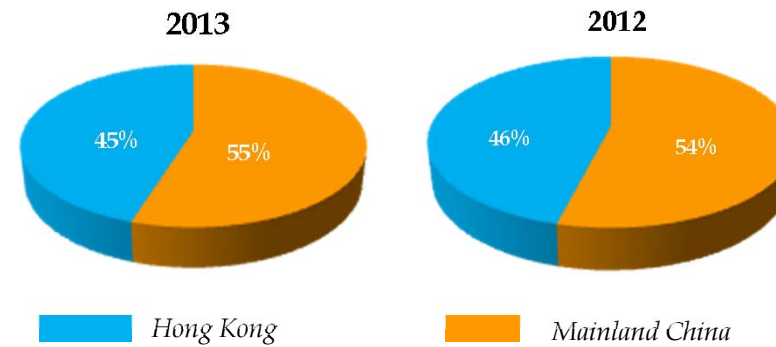
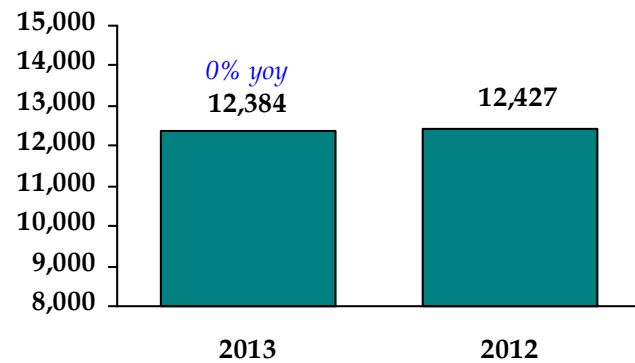
# Key Financial Performance

## Revenue and other income

For the year ended 31 December 2013

### Segment Information

(HK\$ Million)

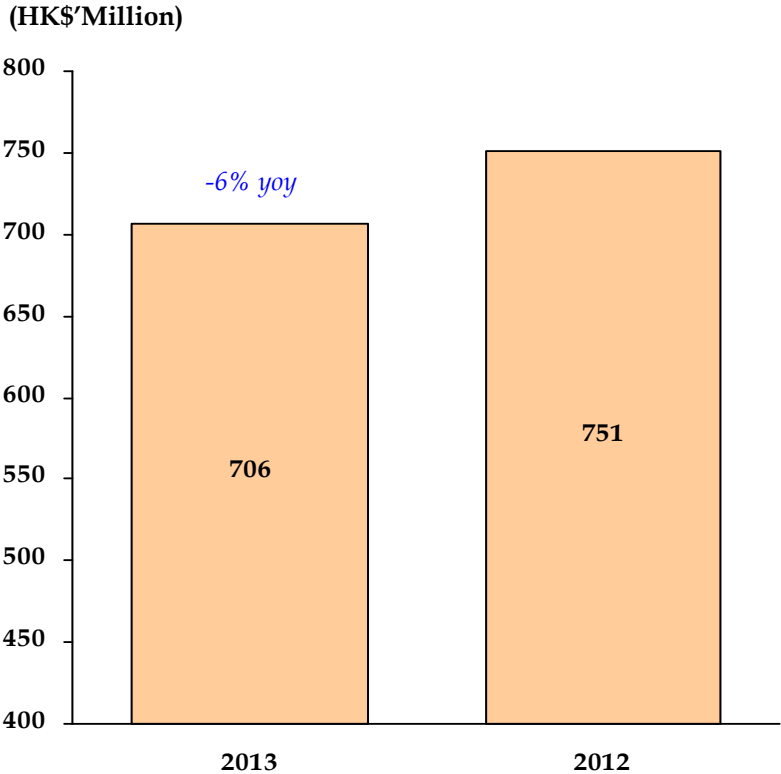


# Key Financial Performance



## Total Capex

For the year ended 31 December 2013



# Key Financial Performance

## *Financial Position*

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At 31 December 2013  
HK\$ Million

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|                         |            |
|-------------------------|------------|
| Short Term Debt         | \$10,832.8 |
| Long Term Debt          | \$23,097.5 |
| Total Consolidated Debt | \$33,930.3 |
| Total Consolidated Cash | \$5,818.7  |

# Key Financial Performance

## *Distribution*

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|   | For the period from<br>1 January 2013 to<br>30 June 2013 | For the period from<br>1 July 2013 to<br>31 December 2013 |
|---|--|---|
| Distribution Amount                     | HK\$1,629.0 million                                      | HK\$1,942.6 million                                       |
| Distribution Per Unit (“DPU”)           | 18.70 HK cents   | 22.30 HK cents  |
| DPU for the year ended 31 December 2013 | <b>41.00 HK cents</b>                                    |   |
| 2013 distribution – yield (%)           | 7.8% (at US\$0.675 market price on 15 January 2014)      |   |
| Ex-distribution date                    | 17 February 2014   |   |
| Books closure date                      | 5:00p.m. 19 February 2014                                |   |
| Payment of distribution                 | 28 March 2014  |   |



# Financial Results of HPH Trust for the Year Ended 31 December 2013 against Last Year



| (HK\$'Million)  | 1 January to 31 December              |                                       |                                  |
|---|---------------------------------------|---------------------------------------|----------------------------------|
|   | 2013<br><u>Actual</u> <sup>(N1)</sup> | 2012<br><u>Actual</u> <sup>(N2)</sup> | % variance<br><u>Fav/(Unfav)</u> |
| <b>Revenue and other income</b>                                   | <b>12,384.4</b>                       | <b>12,427.0</b>                       | -                                |
| Cost of services rendered   | (4,494.4)                             | (4,312.8)                             | (4%)                             |
| Staff costs   | (288.3)                               | (267.9)                               | (8%)                             |
| Depreciation and amortisation                                     | (2,853.5)                             | (2,752.5)                             | (4%)                             |
| Other operating income  | 82.4                                  | 83.3                                  | (1%)                             |
| Other operating expenses  | (898.8)                               | (830.6)                               | (8%)                             |
| <b>Total operating expenses</b>                                   | <b>(8,452.6)</b>                      | <b>(8,080.5)</b>                      | <b>(5%)</b>                      |
| Operating profit  | 3,931.8                               | 4,346.5                               | (10%)                            |
| Interest and other finance costs                                  | (641.4)                               | (598.4)                               | (7%)                             |
| Share of profits/(losses) after tax of Associated Cos/JV          | 120.7                                 | 161.5                                 | (25%)                            |
| <b>Profit before tax</b>  | <b>3,411.1</b>                        | <b>3,909.6</b>                        | <b>(13%)</b>                     |
| Taxation  | (409.1)                               | (376.5)                               | (9%)                             |
| <b>Profit after tax</b>   | <b>3,002.0</b>                        | <b>3,533.1</b>                        | <b>(15%)</b>                     |
| <b>Profit after tax attributable to non-controlling interests</b> | <b>(1,327.2)</b>                      | <b>(1,296.2)</b>                      | <b>2%</b>                        |
| <b>Profit after tax attributable to unitholders of HPH Trust</b>  | <b>1,674.8</b>                        | <b>2,236.9</b>                        | <b>(25%)</b>                     |

N1 The figures for the financial year ended 31 December 2013 are inclusive of the post-acquisition results of ACT after its acquisition on 7 March 2013

N2 The figures were restated as the Group has adopted HKAS 19 (2011) "Employee Benefits" with retrospective effect

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

# Financial Results of HPH Trust for the Quarter Ended 31 December 2013 against Last Year



| (HK\$'Million)  | 1 October to 31 December |                                       |                                  |
|---|--------------------------|---------------------------------------|----------------------------------|
|   | 2013<br><u>Actual</u>    | 2012<br><u>Actual</u> <sup>(N1)</sup> | % variance<br><u>Fav/(Unfav)</u> |
| <b>Revenue and other income</b>                                   | <b>3,122.0</b>           | <b>3,147.8</b>                        | <b>(1%)</b>                      |
| Cost of services rendered   | (1,184.3)                | (1,073.9)                             | (10%)                            |
| Staff costs   | (71.3)                   | (63.4)                                | (12%)                            |
| Depreciation and amortisation                                     | (715.5)                  | (684.8)                               | (4%)                             |
| Other operating income  | 19.2                     | 60.9                                  | (68%)                            |
| Other operating expenses  | (221.7)                  | (197.9)                               | (12%)                            |
| <b>Total operating expenses</b>                                   | <b>(2,173.6)</b>         | <b>(1,959.1)</b>                      | <b>(11%)</b>                     |
| Operating profit  | 948.4                    | 1,188.7                               | (20%)                            |
| Interest and other finance costs                                  | (178.5)                  | (147.8)                               | (21%)                            |
| Share of profits/(losses) after tax of Associated Cos/JV          | 17.8                     | 27.9                                  | (36%)                            |
| <b>Profit before tax</b>  | <b>787.7</b>             | <b>1,068.8</b>                        | <b>(26%)</b>                     |
| Taxation  | (143.3)                  | (89.1)                                | (61%)                            |
| <b>Profit after tax</b>   | <b>644.4</b>             | <b>979.7</b>                          | <b>(34%)</b>                     |
| <b>Profit after tax attributable to non-controlling interests</b> | <b>(309.6)</b>           | <b>(349.0)</b>                        | <b>(11%)</b>                     |
| <b>Profit after tax attributable to unitholders of HPH Trust</b>  | <b>334.8</b>             | <b>630.7</b>                          | <b>(47%)</b>                     |

N1 The figures were restated as the Group has adopted HKAS 19 (2011) "Employee Benefits" with retrospective effect

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 December 2013 and 31 December 2012



| (HK\$'Million)                     | <u>2013</u>      | <u>2012</u>      |
|------------------------------------|------------------|------------------|
| <b>ASSETS</b>                      |                  |                  |
| <b>Non-Current assets</b>          |                  |                  |
| Fixed assets                       | 28,123.2         | 26,247.9         |
| Projects under development         | 1,847.8          | 1,315.4          |
| Leasehold land and land use rights | 44,579.4         | 44,958.9         |
| Railway usage rights               | 15.9             | 16.0             |
| Customer relationships             | 7,507.0          | 7,841.2          |
| Goodwill                           | 42,500.4         | 41,629.0         |
| Associated companies               | 150.8            | 139.7            |
| Joint ventures                     | 2,515.9          | 2,548.8          |
| Investments                        | 832.0            | 820.4            |
| Deferred tax asset                 | 12.9             | 9.0              |
| <b>Total non-current assets</b>    | <u>128,085.3</u> | <u>125,526.3</u> |
| <b>Current assets</b>              |                  |                  |
| Cash and cash equivalents          | 5,818.7          | 6,168.8          |
| Trade and other receivables        | 3,101.4          | 3,022.6          |
| Inventories                        | 160.6            | 132.4            |
| <b>Total current assets</b>        | <u>9,080.7</u>   | <u>9,323.8</u>   |

# Statements of Financial Position as at 31 December 2013 and 31 December 2012 (cont'd)



| (HK\$'Million)                                | <u>2013</u>      | <u>2012</u>      |
|---|------------------|------------------|
| <b>Current liabilities</b>                    |                  |                  |
| Trade and other payables                      | 6,582.2          | 7,713.6          |
| Bank loans                                    | 10,799.2         | 32.7             |
| Current tax liabilities                       | 238.1            | 220.4            |
| <b>Total current liabilities</b>              | <u>17,619.5</u>  | <u>7,966.7</u>   |
| <b>Net current (liabilities)/assets</b>       | <u>(8,538.8)</u> | <u>1,357.1</u>   |
| <b>Total assets less current liabilities</b>  | <u>119,546.5</u> | <u>126,883.4</u> |
| <b>Non-current liabilities</b>                |                  |                  |
| Bank loans                                    | 22,999.4         | 29,108.7         |
| Pension obligations                           | 115.6            | 347.5            |
| Deferred tax liabilities                      | 12,179.4         | 11,900.6         |
| Other non-current liabilities                 | 20.4             | 19.5             |
| <b>Total non-current liabilities</b>          | <u>35,314.8</u>  | <u>41,376.3</u>  |
| <b>Net assets</b>                             | <u>84,231.7</u>  | <u>85,507.1</u>  |
| <b>EQUITY</b>                                 |                  |                  |
| Units in issue                                | 68,553.8         | 68,539.8         |
| Reserves                                      | (3,384.9)        | (1,383.8)        |
| <b>Net assets attributable to unitholders</b> | <u>65,168.9</u>  | <u>67,156.0</u>  |
| Non-controlling interests                     | 19,062.8         | 18,351.1         |
| <b>Total equity</b>                           | <u>84,231.7</u>  | <u>85,507.1</u>  |

# Cashflow Statements for the Year Ended 31 December 2013 and 31 December 2012



| (HK\$' Million)  | <u>1 January to<br/>31 December 2013</u> | <u>1 January to<br/>31 December 2012</u> |
|--|--|--|
| <b>Operating activities</b>  |  |  |
| Cash generated from operations                                       | 6,210.4                                  | 5,634.5                                  |
| Interest and other finance costs paid                                | (475.8)                                  | (478.7)                                  |
| Tax paid   | (580.0)                                  | (744.7)                                  |
| <b>Net cash from operating activities</b>                            | <u>5,154.6</u>                           | <u>4,411.1</u>                           |
| <b>Investing activities</b>  |  |  |
| Acquisition of subsidiary companies                                  | (3,868.1)                                | -  |
| Purchase of fixed assets and additions to projects under development | (705.8)                                  | (750.5)                                  |
| Proceeds on disposal of fixed assets and investment                  | 11.5                                     | 3.6                                      |
| Dividends received from investments                                  | 65.7                                     | 29.4                                     |
| Dividends received from associated companies and joint ventures      | 144.0                                    | 200.9                                    |
| Interest received  | 58.5                                     | 94.2                                     |
| <b>Net cash used in investing activities</b>                         | <u>(4,294.2)</u>                         | <u>(422.4)</u>                           |
| <b>Financing activities</b>  |  |  |
| Drawdown of bank loans   | 32,080.0                                 | -  |
| Repayment of bank loans  | (27,432.8)                               | (32.6)                                   |
| Upfront debt transaction costs and facilities fee of bank loans      | (148.4)                                  | -  |
| Capital contribution from non-controlling interests                  | 119.4                                    | -  |
| Repayment of loan by a joint venture                                 | 3.2                                      | 5.0                                      |
| Distributions to unitholders of HPH Trust                            | (3,996.9)                                | (4,132.4)                                |
| Dividends to non-controlling interests                               | (1,835.0)                                | (1,550.4)                                |
| <b>Net cash used in financing activities</b>                         | <u>(1,210.5)</u>                         | <u>(5,710.4)</u>                         |
| <b>Net changes in cash and cash equivalents</b>                      | (350.1)                                  | (1,721.7)                                |
| Cash and cash equivalents at beginning of the year                   | 6,168.8                                  | 7,890.5                                  |
| Cash and cash equivalents at end of the year                         | <u>5,818.7</u>                           | <u>6,168.8</u>                           |

# Cashflow Statements for the Quarter Ended 31 December 2013 and 31 December 2012



| (HK\$'Million)   | <u>1 October to<br/>31 December 2013</u> | <u>1 October to<br/>31 December 2012</u> |
|--|--|--|
| <b>Operating activities</b>  |  |  |
| Cash generated from operations                                       | 1,711.9                                  | 1,573.8                                  |
| Interest and other finance costs paid                                | (110.5)                                  | (119.9)                                  |
| Tax paid   | (145.3)                                  | (309.8)                                  |
| <b>Net cash from operating activities</b>                            | <u>1,456.1</u>                           | <u>1,144.1</u>                           |
| <b>Investing activities</b>  |  |  |
| Purchase of fixed assets and additions to projects under development | (121.6)                                  | (152.4)                                  |
| Proceeds on disposal of fixed assets and investment                  | 2.7                                      | 0.4                                      |
| Dividends received from investments                                  | 11.2                                     | 18.4                                     |
| Dividends received from associated companies and joint ventures      | 61.2                                     | 58.6                                     |
| Interest received  | 11.7                                     | 14.2                                     |
| <b>Net cash used in investing activities</b>                         | <u>(34.8)</u>                            | <u>(60.8)</u>                            |
| <b>Financing activities</b>  |  |  |
| Drawdown of bank loans   | 28,080.0                                 | -  |
| Repayment of bank loans  | (27,414.6)                               | (15.1)                                   |
| Upfront debt transaction costs and facilities fee of bank loans      | (140.4)                                  | -  |
| Capital contribution from non-controlling interests                  | 119.4                                    | -  |
| Repayment of loan by a joint venture                                 | 3.2                                      | 5.0                                      |
| <b>Net cash used in financing activities</b>                         | <u>647.6</u>                             | <u>(10.1)</u>                            |
| <b>Net changes in cash and cash equivalents</b>                      | 2,068.9                                  | 1,073.2                                  |
| Cash and cash equivalents at beginning of the quarter                | <u>3,749.8</u>                           | <u>5,095.6</u>                           |
| Cash and cash equivalents at end of the quarter                      | <u><u>5,818.7</u></u>                    | <u><u>6,168.8</u></u>                    |