



**HPH  
TRUST**

*Your Preferred Port-of-Call*

**2014 Financial Results  
Presentation for the Year Ended  
31 December 2014**

# 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 2014 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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- 2014 full year throughput of HPH Trust's deep-water ports was 6% above last year. Combined throughput of HIT, COSCO-HIT and ACT grew by 5% yoy. YICT's throughput grew by 8% yoy.
- Outbound cargoes to the US showed an upward trend while that to the EU remained soft. Throughput growth of YICT was mainly driven by transshipment, US and empty cargoes. HIT's throughput growth was mainly due to higher transshipment volume but was offset by weaker intra-Asia cargoes
- An impairment assessment on goodwill was performed during the period and a one-off, non-cash goodwill impairment loss of HK\$19.0 billion was recognised against goodwill allocated to a cash-generating unit in Hong Kong as it is adversely impacted by the uncertainties in the global economy and demand, the continuing challenging trading environment faced by the Hong Kong operations and challenging labour cost pressure
- Revenue and other income for the full year was 2% above last year. Loss for the year and loss attributable to unitholders were HK\$16,018.3 million and HK\$17,192.0 million respectively, mainly due to a one-off, non-cash goodwill impairment
- Excluding the goodwill impairment impact, NPAT was HK\$2,981.7 million, representing HK\$20.3 million or 1% below last year due to substantial increase in taxation. NPAT attributable to unitholders was HK\$1,808.0 million, representing HK\$133.2 million or 8% above last year
- 2014 full year Distribution Per Unit ("DPU") is 41.00 HK cents

## 2 Outlook and Prospects

# Outlook and Prospects

## *Overview*

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- Growth in the US and Europe is a major factor in determining the total volume of containers handled by HPH Trust
- The US economy sustains growth momentum with its GDP rising by 2.6% in the fourth quarter of 2014. Unemployment continues its downward trend with unemployment rate falling to 5.6% in December 2014. Consumer spending has also been positive, in response to the strengthening of the US economy. US economic outlook for 2015 is expected to be favourable
- Eurozone's business activities remain sluggish. The European Central Bank has implemented more aggressive policy stimulus to boost the economy
- Outbound cargoes to the US continue to display an upward trend, while the outbound cargoes to the EU remain soft. Cargo volume for transshipment and the niche trade routes of Far East, Africa, Central and South America and Oceania is projected to increase moderately

# Outlook and Prospects (cont'd)

## *Overview*

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- The HSBC China Manufacturing Purchasing Managers' Index™ slipped from 50.0 in November 2014 to 49.6 in December 2014 which was below the growth indication level of 50.0. The contraction was mainly caused by the softer domestic demand, but new export orders increased. The central bank unexpectedly cut interest rates in November 2014 for the first time in more than two years to spur growth and keep borrowing costs down. The economic outlook for China in 2015 remains positive as the Chinese government is committed to sustaining reasonable growth
- It is the current trend for leading liners to build up their mega-vessel fleet, such as China Shipping's CSCL Globe — the world's largest container vessel with a capacity of 19,100 TEU, form carrier alliances and expand the coverage of vessel-sharing schemes. This does not only promote economies of scale and enhance efficiency, but also strengthens their overall competitiveness. With the well-built infrastructures, natural deep-water channels and mega-vessel handling capabilities, HPH Trust is definitely able to benefit from these shifts and from servicing these large shipping alliances

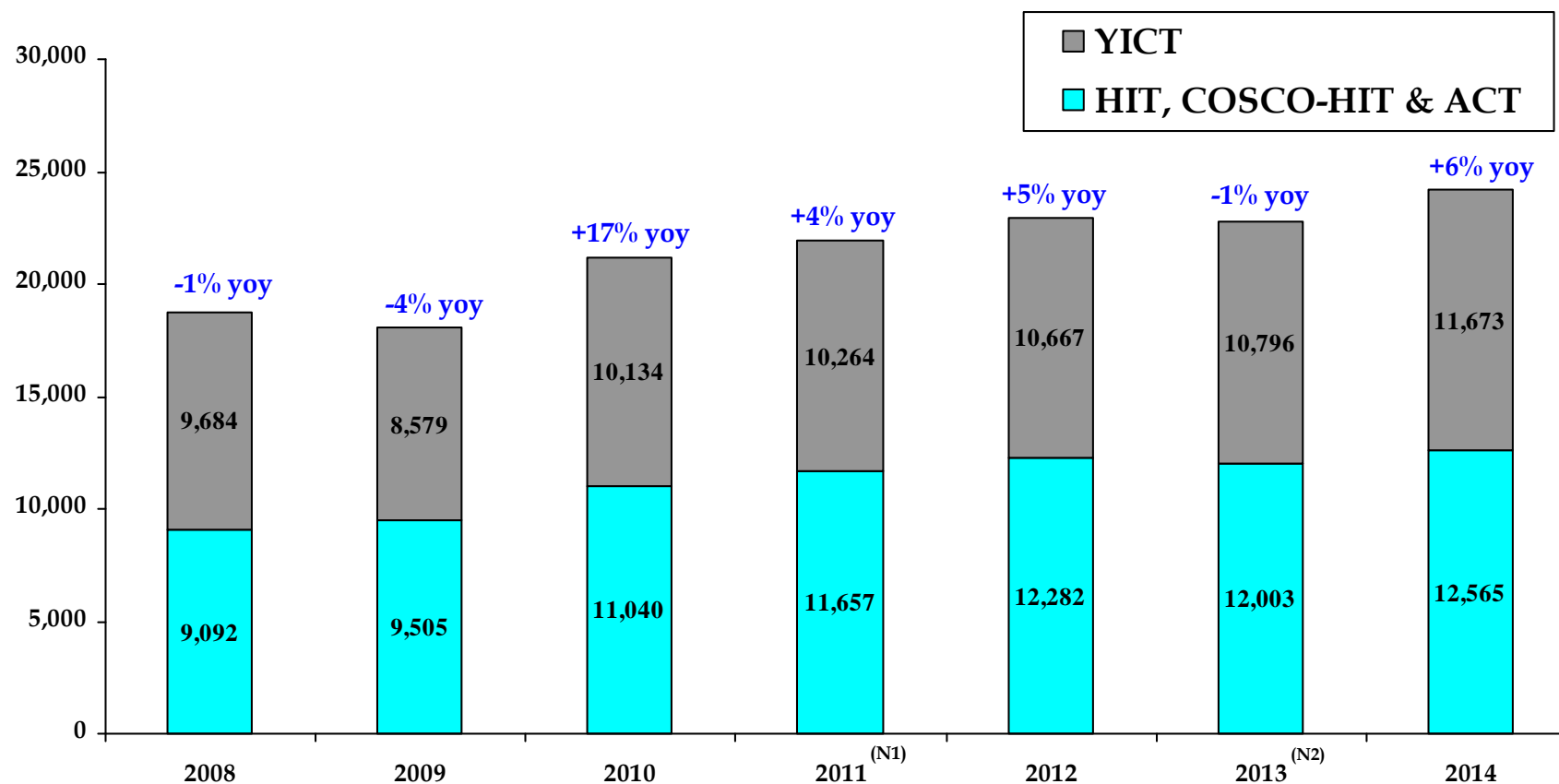


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## Business Review for the Year Ended 31 December 2014

# 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

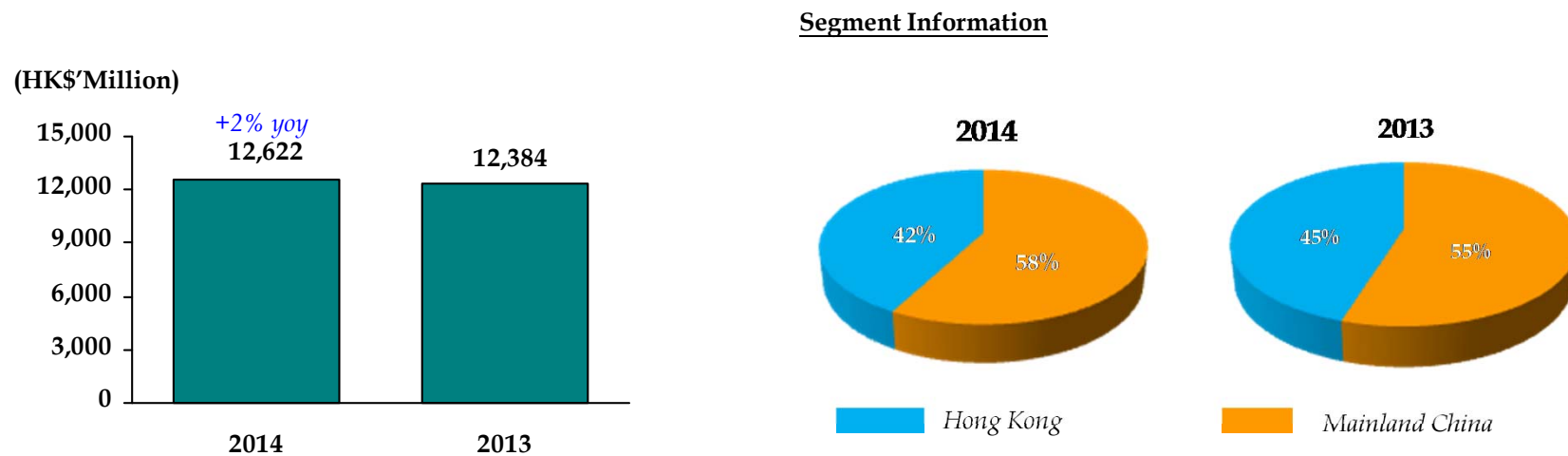
N2 Includes throughput volume of ACT from 7 March 2013, the date of acquisition

## 4 Key Financial Performance

# Key Financial Performance

## Revenue and other income

For the year ended 31 December 2014

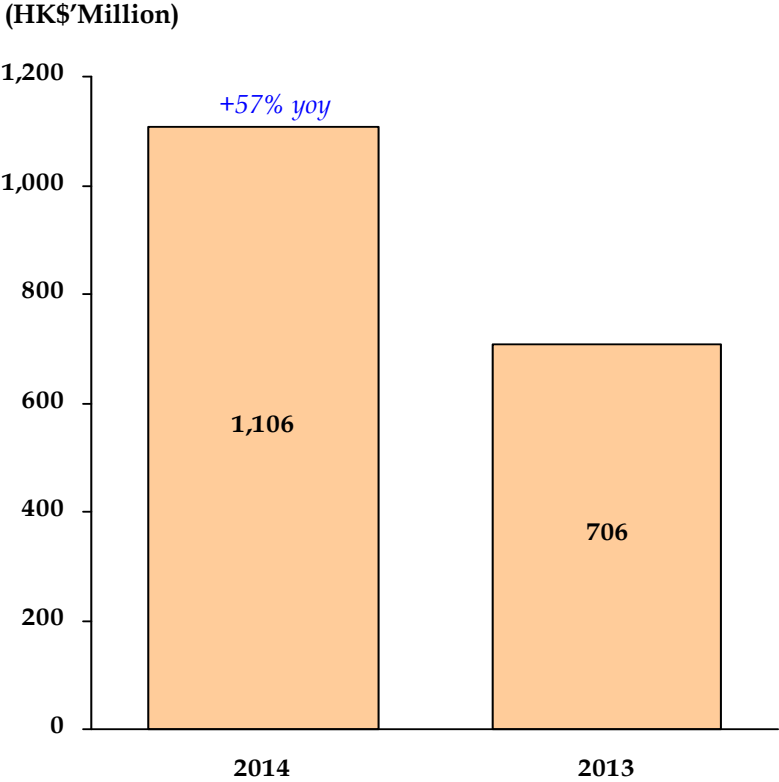


# Key Financial Performance



## Total Capex

For the year ended 31 December 2014



# Key Financial Performance

## *Financial Position*

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At 31 December 2014  
HK\$ Million

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Short Term Debt	\$8,195.2
Long Term Debt	\$25,559.2
Total Consolidated Debt	\$33,754.4
Total Consolidated Cash	\$7,798.8

# Key Financial Performance

## *Distribution*

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	For the period from 1 January 2014 to 30 June 2014	For the period from 1 July 2014 to 31 December 2014
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 2014	<b>41.00 HK cents</b>	
2014 distribution – yield (%)	7.6% (at US\$0.695 market price on 16 January 2014)	
Ex-distribution date	12 February 2015	
Books closure date	5:00p.m. 16 February 2015	
Payment of distribution	27 March 2015	

# Financial Results of HPH Trust for the Year Ended 31 December 2014 against Last Year



(HK\$'Million)	1 January to 31 December		
	2014 Actual <sup>(N1)</sup>	2013 Actual <sup>(N2)</sup>	% variance Fav/(Unfav)
<b>Revenue and other income</b>	<b>12,622.2</b>	<b>12,384.4</b>	<b>2%</b>
Cost of services rendered	(4,814.2)	(4,494.4)	(7%)
Staff costs	(305.2)	(288.3)	(6%)
Depreciation and amortisation	(2,805.3)	(2,853.5)	2%
Other operating income	322.1	82.4	291%
Other operating expenses	(859.4)	(898.8)	4%
<b>Total operating expenses</b>	<b>(8,462.0)</b>	<b>(8,452.6)</b>	<b>-</b>
Operating profit	4,160.2	3,931.8	6%
Interest and other finance costs	(586.2)	(641.4)	9%
Share of profits/(losses) after tax of Associated Cos/JVs	138.6	120.7	15%
<b>Profit before tax</b>	<b>3,712.6</b>	<b>3,411.1</b>	<b>9%</b>
Taxation	(730.9)	(409.1)	(79%)
<b>Profit after tax before impairment of goodwill (a)</b>	<b>2,981.7</b>	<b>3,002.0</b>	<b>(1%)</b>
Impairment of goodwill (N3)	(19,000.0)	-	N/A
<b>(Loss)/profit after tax (b)</b>	<b>(16,018.3)</b>	<b>3,002.0</b>	<b>(634%)</b>
<b>Profit after tax attributable to non-controlling interests (c)</b>	<b>(1,173.7)</b>	<b>(1,327.2)</b>	<b>(12%)</b>
<b>Profit after tax attributable to unitholders of HPH Trust before impairment of goodwill (a) - (c)</b>	<b>1,808.0</b>	<b>1,674.8</b>	<b>8%</b>
<b>(Loss)/profit after tax attributable to unitholders of HPH Trust after impairment of goodwill (b) - (c)</b>	<b>(17,192.0)</b>	<b>1,674.8</b>	<b>(1,127%)</b>

N1 On 13 March 2014, the Group entered into a strategic partnership with COSCO Pacific Limited and China Shipping Terminal Development (Hong Kong) Company Limited through their investment of 40% and 20% respectively, of effective equity and loan interests in ACT. Subsequent to the transaction, ACT has changed from being a wholly-owned subsidiary to a joint venture with 40% effective interest of HPH Trust. Accordingly, its results are reported under "Share of profits/(losses) after tax of Associated Cos/JVs", instead of being consolidated into each line item of HPH Trust's consolidated income statement as previously recorded

N2 The figures for the financial year ended 31 December 2013 included the post-acquisition results of ACT after its acquisition on 7 March 2013 as a wholly-owned subsidiary

N3 An impairment assessment on goodwill was performed in the year and a one-off, non-cash goodwill impairment loss of HK\$19.0 billion was recognised

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 2014 against Last Year



(HK\$'Million)	1 October to 31 December		
	2014 Actual	2013 Actual	% variance Fav/(Unfav)
<b>Revenue and other income</b>	<b>3,191.8</b>	<b>3,122.0</b>	<b>2%</b>
Cost of services rendered	(1,223.4)	(1,184.3)	(3%)
Staff costs	(76.0)	(71.3)	(7%)
Depreciation and amortisation	(704.2)	(715.5)	2%
Other operating income	48.5	19.2	153%
Other operating expenses	(209.5)	(221.7)	6%
<b>Total operating expenses</b>	<b>(2,164.6)</b>	<b>(2,173.6)</b>	<b>-</b>
Operating profit	1,027.2	948.4	8%
Interest and other finance costs	(147.5)	(178.5)	17%
Share of profits/(losses) after tax of Associated Cos/JVs	25.6	17.8	44%
<b>Profit before tax</b>	<b>905.3</b>	<b>787.7</b>	<b>15%</b>
Taxation	(206.0)	(143.3)	(44%)
<b>Profit after tax before impairment of goodwill (a)</b>	<b>699.3</b>	<b>644.4</b>	<b>9%</b>
Impairment of goodwill (N1)	(19,000.0)	-	N/A
<b>(Loss)/profit after tax (b)</b>	<b>(18,300.7)</b>	<b>644.4</b>	<b>(2,940%)</b>
<b>Profit after tax attributable to non-controlling interests (c)</b>	<b>(309.3)</b>	<b>(309.6)</b>	<b>-</b>
<b>Profit after tax attributable to unitholders of HPH Trust before impairment of goodwill (a) - (c)</b>	<b>390.0</b>	<b>334.8</b>	<b>16%</b>
<b>(Loss)/profit after tax attributable to unitholders of HPH Trust after impairment of goodwill (b) - (c)</b>	<b>(18,610.0)</b>	<b>334.8</b>	<b>(5,659%)</b>

N1 An impairment assessment on goodwill was performed in the quarter and a one-off, non-cash goodwill impairment loss of HK\$19.0 billion was recognised

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 2014 and 31 December 2013



(HK\$'Million)	2014	2013
<b>ASSETS</b>		
<b>Non-Current assets</b>		
Fixed assets	25,040.0	28,123.2
Projects under development	2,332.0	1,847.8
Leasehold land and land use rights	42,554.8	44,579.4
Railway usage rights	15.0	15.9
Customer relationships	7,172.8	7,507.0
Goodwill	22,629.0	42,500.4
Associated companies	154.4	150.8
Joint ventures	4,150.3	2,515.9
Investments	798.4	832.0
Deferred tax asset	12.9	12.9
<b>Total non-current assets</b>	<b>104,859.6</b>	<b>128,085.3</b>
<b>Current assets</b>		
Cash and cash equivalents	7,798.8	5,818.7
Trade and other receivables	3,318.2	3,101.4
Inventories	133.8	160.6
<b>Total current assets</b>	<b>11,250.8</b>	<b>9,080.7</b>

# Statements of Financial Position as at 31 December 2014 and 31 December 2013 (cont'd)



(HK\$'Million)	2014	2013
<b>Current liabilities</b>		
Trade and other payables	6,941.0	6,582.2
Bank loans	8,190.2	10,799.2
Current tax liabilities	487.1	238.1
<b>Total current liabilities</b>	<b>15,618.3</b>	<b>17,619.5</b>
<b>Net current liabilities</b>	<b>(4,367.5)</b>	<b>(8,538.8)</b>
<b>Total assets less current liabilities</b>	<b>100,492.1</b>	<b>119,546.5</b>
<b>Non-current liabilities</b>		
Bank loans	25,491.2	22,999.4
Pension obligations	144.1	115.6
Deferred tax liabilities	11,442.9	12,179.4
Other non-current liabilities	19.7	20.4
<b>Total non-current liabilities</b>	<b>37,097.9</b>	<b>35,314.8</b>
<b>Net assets</b>	<b>63,394.2</b>	<b>84,231.7</b>
<b>EQUITY</b>		
Units in issue	68,553.8	68,553.8
Reserves	(24,237.4)	(3,384.9)
<b>Net assets attributable to unitholders of HPH Trust</b>	<b>44,316.4</b>	<b>65,168.9</b>
Non-controlling interests	19,077.8	19,062.8
<b>Total equity</b>	<b>63,394.2</b>	<b>84,231.7</b>

# Statements of Cash Flows for the Year Ended 31 December 2014 and 31 December 2013



(HK\$ Million)	<u>1 January to 31 December 2014</u>	<u>1 January to 31 December 2013</u>
<b>Operating activities</b>		
Cash generated from operations	6,668.9	6,210.4
Interest and other finance costs paid	(511.0)	(475.8)
Tax paid	(760.8)	(580.0)
<b>Net cash from operating activities</b>	<u>5,397.1</u>	<u>5,154.6</u>
<b>Investing activities</b>		
Acquisition of subsidiary companies	-	(3,868.1)
Purchase of fixed assets and additions to projects under development	(1,106.0)	(705.8)
Proceeds on disposal of fixed assets and investment	6.1	11.5
Dividends received from investments	56.7	65.7
Dividends received from associated companies and joint ventures	141.7	144.0
Interest received	85.7	58.5
Proceeds on disposal of subsidiary companies	2,411.3	-
<b>Net cash from/(used in) investing activities</b>	<u>1,595.5</u>	<u>(4,294.2)</u>
<b>Financing activities</b>		
Drawdown of bank loans	10,800.0	32,080.0
Repayment of bank loans	(10,972.7)	(27,432.8)
Upfront debt transaction costs and facilities fees of bank loans	(7.8)	(148.4)
Capital contribution from non-controlling interests	-	119.4
Repayment of loan by a joint venture	3.2	3.2
Distributions to unitholders of HPH Trust	(3,571.6)	(3,996.9)
Dividends to non-controlling interests	(1,263.6)	(1,835.0)
<b>Net cash used in financing activities</b>	<u>(5,012.5)</u>	<u>(1,210.5)</u>
<b>Net changes in cash and cash equivalents</b>	1,980.1	(350.1)
Cash and cash equivalents at beginning of the year	5,818.7	6,168.8
Cash and cash equivalents at end of the year	<u>7,798.8</u>	<u>5,818.7</u>

# Statements of Cash Flows for the Quarter Ended 31 December 2014 and 31 December 2013



(HK\$'Million)	<u>1 October to 31 December 2014</u>	<u>1 October to 31 December 2013</u>
<b>Operating activities</b>		
Cash generated from operations	1,896.7	1,711.9
Interest and other finance costs paid	(139.8)	(110.5)
Tax paid	(104.7)	(145.3)
<b>Net cash from operating activities</b>	<u>1,652.2</u>	<u>1,456.1</u>
<b>Investing activities</b>		
Purchase of fixed assets and additions to projects under development	(265.4)	(121.6)
Proceeds on disposal of fixed assets and investment	3.1	2.7
Dividends received from investments	39.9	11.2
Dividends received from associated companies and joint ventures	42.7	61.2
Interest received	13.3	11.7
<b>Net cash used in investing activities</b>	<u>(166.4)</u>	<u>(34.8)</u>
<b>Financing activities</b>		
Drawdown of bank loans	-	28,080.0
Repayment of bank loans	(135.1)	(27,414.6)
Upfront debt transaction costs and facilities fees of bank loans	-	(140.4)
Capital contribution from non-controlling interests	-	119.4
Repayment of loan by a joint venture	2.2	3.2
<b>Net cash (used in)/from financing activities</b>	<u>(132.9)</u>	<u>647.6</u>
<b>Net changes in cash and cash equivalents</b>	1,352.9	2,068.9
Cash and cash equivalents at beginning of the quarter	6,445.9	3,749.8
Cash and cash equivalents at end of the quarter	<u>7,798.8</u>	<u>5,818.7</u>