

Hutchison Port Holdings Trust

Your Preferred Port-of-Call

**2016 Financial Results Presentation
for the Period Ended 30 September 2016**

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 September 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

- 1 Key Highlights
- 2 Outlook and Prospects
- 3 Business Review for the Period Ended 30 September 2016
- 4 Key Financial Performance

1 Key Highlights

Key Highlights

- YTD September 2016 throughput of HPH Trust's deep-water ports was 7% below last year. YICT's throughput was 4% below last year. Combined throughput of HIT, COSCO-HIT and ACT dropped 11% yoy
- Outbound cargoes to US and EU showed an upward trend in the first nine months of 2016. US trade rebounded in the third quarter when compared to the second quarter but EU trade recovery slowed down in the third quarter of 2016. YICT's throughput recorded a drop in the first nine months of 2016 as it was adversely impacted by the decrease in empty and transshipment cargoes. The drop in HIT's throughput was mainly due to weaker intra-Asia and transshipment cargoes
- Revenue and other income was HK\$8,954.8 million, representing HK\$623.3 million or 7% below last year
- YTD September 2016 NPAT was HK\$2,236.6 million, representing HK\$52.6 million or 2% above last year. NPAT attributable to unitholders was HK\$1,327.8 million, representing HK\$116.2 million or 10% above last year
- Without HIT's rent and rates refund in 2016 and additional depreciation due to the change of an accounting estimate in 2015, YTD September 2016 NPAT would be 12% below last year. NPAT attributable to unitholders would be 17% below last year

2 Outlook and Prospects

Outlook and Prospects

Overview

- Outbound cargoes to US showed a mild rebound in the third quarter of 2016 after a weak performance in the second quarter. US economy is regaining its growth momentum and economic activity has increased at a faster pace
- On the other hand, the growth in outbound cargoes to Europe slowed down in the third quarter of 2016. Weak consumer sentiment, high unemployment rate and the knock-on effects from Brexit continue to affect its economic recovery and the pickup of the European trade
- Other than the economic performance of the US and Europe, HPH Trust's performance is also affected by the outcomes of structural changes occurring in the container shipping industry. The service rationalisation of various global shipping alliances has negatively impacted the transshipment volume of both HIT and YICT over the past few quarters
- Shipping lines continue to deploy mega-vessels to promote economies of scale, reform their carrier alliances - such as Ocean Alliance (China COSCO, CMA CGM, Evergreen and OOCL) and THE Alliance (Hapag-Lloyd, Kline, MOL, NYK, and Yang Ming), to improve efficiency, control costs and expand the coverage of vessel-sharing schemes to 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

Outlook and Prospects

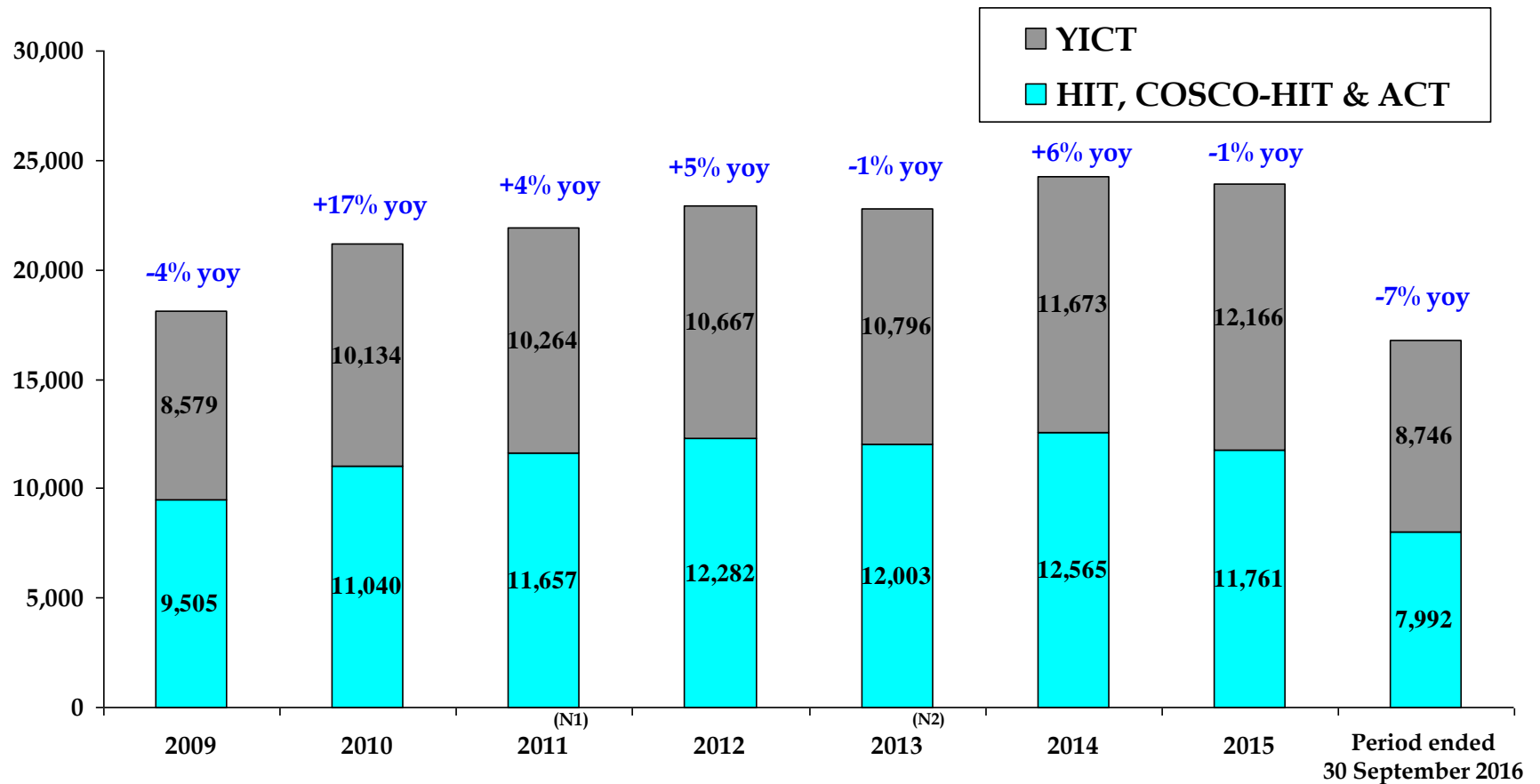
Overview

- Hanjin Shipping filed for receivership at Seoul District Court on 31 August 2016. Management is taking appropriate action to manage the exposure and does not expect it to have material negative impact to HPH Trust
- Given the soft global trade outlook, management remains cautious on the expected cargo volume for 2016 and will continue to focus on improvements to costs
- 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 Period Ended 30 September 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

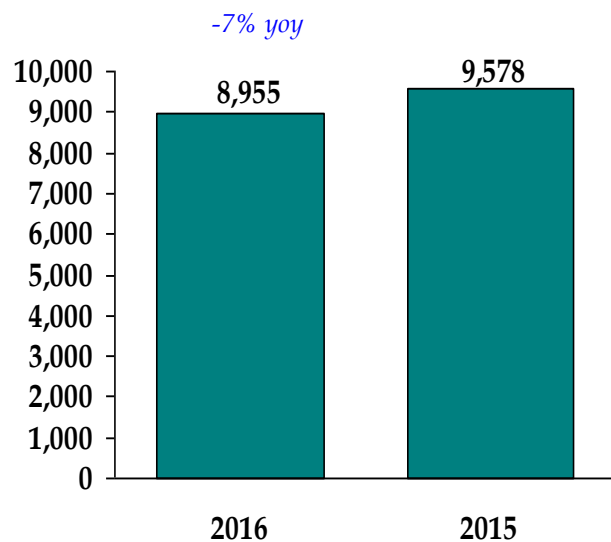
4 Key Financial Performance

Key Financial Performance

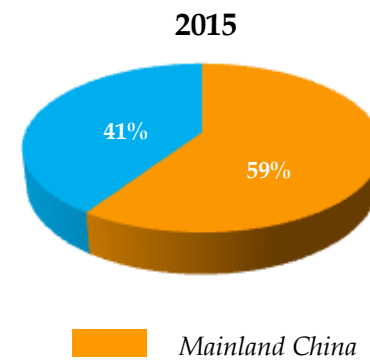
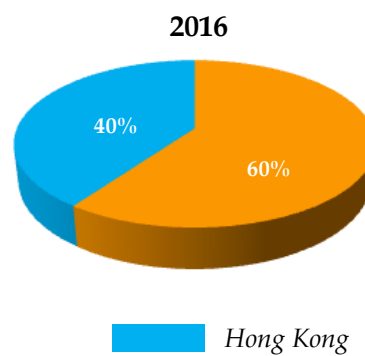
Revenue and other income

For the period ended 30 September 2016

(HK\$ Million)



Segment Information

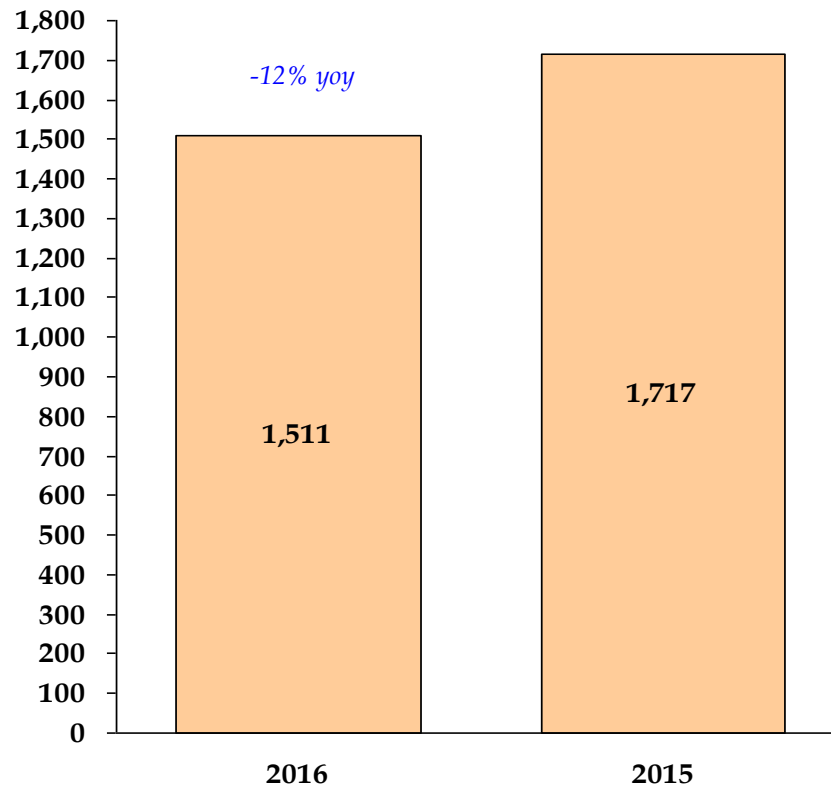


Key Financial Performance

Total Capex

For the period ended 30 September 2016

(HK\$'Million)



Key Financial Performance

Financial Position

At 30 September 2016
HK\$'Million

Short Term Debt	\$5,690.0
Long Term Debt	\$28,075.4
Total Consolidated Debt	\$33,765.4
Total Consolidated Cash	\$6,329.6

Unaudited Financial Results of HPH Trust for the Period Ended 30 September 2016 against Last Year

(HK\$'Million)	1 January to 30 September 2016		
	2016 <u>Actual</u>	2015 <u>Actual</u>	% variance <u>Fav/(Unfav)</u>
Revenue and other income	8,954.8	9,578.1	(7%)
Cost of services rendered	(3,153.6)	(3,525.6)	11%
Staff costs	(226.8)	(232.0)	2%
Depreciation and amortisation	(2,127.3)	(2,092.0)	(2%)
Other operating income	7.8	28.4	(73%)
Other operating expenses	(577.5)	(586.8)	2%
Total operating expenses	(6,077.4)	(6,408.0)	5%
Operating profit	2,877.4	3,170.1	(9%)
Interest and other finance costs	(520.9)	(467.4)	(11%)
Share of profits/(losses) after tax of Associated Cos/JVs	65.3	107.8	(39%)
Profit before tax	2,421.8	2,810.5	(14%)
Taxation	(495.7)	(616.3)	20%
Profit after tax and normalisation (a)	1,926.1	2,194.2	(12%)
HIT's rent and rates refund	357.0	-	N/A
Additional depreciation due to the change of an accounting estimate	(46.5)	(10.2)	(356%)
Profit after tax (b)	2,236.6	2,184.0	2%
Profit after tax attributable to non-controlling interests after normalisation (c)	(918.6)	(974.4)	(6%)
Profit after tax attributable to non-controlling interests before normalisation (d)	(908.8)	(972.4)	(7%)
Profit after tax attributable to unitholders of HPH Trust after normalisation (a) - (c)	1,007.5	1,219.8	(17%)
Profit after tax attributable to unitholders of HPH Trust before normalisation (b) - (d)	1,327.8	1,211.6	10%

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

Unaudited Financial Results of HPH Trust for the Quarter Ended 30 September 2016 against Last Year

1 July to 30 September 2016

(HK\$'Million)	<u>2016</u> <u>Actual</u>	<u>2015</u> <u>Actual</u>	<u>% variance</u> <u>Fav/(Unfav)</u>
Revenue and other income	3,265.2	3,501.7	(7%)
Cost of services rendered	(1,076.2)	(1,211.1)	11%
Staff costs	(72.4)	(75.8)	4%
Depreciation and amortisation	(715.7)	(694.7)	(3%)
Other operating income	1.6	8.1	(80%)
Other operating expenses	(223.0)	(186.4)	(20%)
Total operating expenses	(2,085.7)	(2,159.9)	3%
Operating profit	1,179.5	1,341.8	(12%)
Interest and other finance costs	(174.5)	(152.9)	(14%)
Share of profits/(losses) after tax of Associated Cos/JVs	21.0	34.8	(40%)
Profit before tax	1,026.0	1,223.7	(16%)
Taxation	(198.5)	(265.0)	25%
Profit after tax and normalisation (a)	827.5	958.7	(14%)
Additional depreciation due to the change of an accounting estimate	(15.5)	(10.2)	(52%)
Profit after tax (b)	812.0	948.5	(14%)
Profit after tax attributable to non-controlling interests after normalisation (c)	(385.1)	(424.6)	(9%)
Profit after tax attributable to non-controlling interests before normalisation (d)	(381.8)	(422.6)	(10%)
Profit after tax attributable to unitholders of HPH Trust after normalisation (a) - (c)	442.4	534.1	(17%)
Profit after tax attributable to unitholders of HPH Trust before normalisation (b) - (d)	430.2	525.9	(18%)

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 30 September 2016 and 31 December 2015

(HK\$'Million)	30 September 2016 <u>Unaudited</u>	31 December 2015 <u>Audited</u>
ASSETS		
Non-current assets		
Fixed assets	25,093.3	24,480.8
Projects under development	1,639.1	2,966.2
Leasehold land and land use rights	41,295.7	41,269.8
Railway usage rights	13.0	13.9
Customer relationships	6,587.9	6,838.6
Goodwill	22,629.0	22,629.0
Associated companies	172.0	161.3
Joint ventures	3,881.5	3,898.5
Other non-current assets	734.6	1,272.1
Deferred tax assets	11.7	12.7
Total non-current assets	<u>102,057.8</u>	<u>103,542.9</u>
Current assets		
Cash and cash equivalents	6,329.6	6,840.8
Trade and other receivables	3,504.4	3,723.4
Inventories	127.7	123.5
Total current assets	<u>9,961.7</u>	<u>10,687.7</u>

Statements of Financial Position as at 30 September 2016 and 31 December 2015 (cont'd)

(HK\$' Million)	30 September 2016 <u>Unaudited</u>	31 December 2015 <u>Audited</u>
Current liabilities		
Trade and other payables	6,100.3	7,295.0
Bank and other debts	5,686.2	8,911.2
Current tax liabilities	359.0	312.7
Total current liabilities	<u>12,145.5</u>	<u>16,518.9</u>
Net current liabilities	<u>(2,183.8)</u>	<u>(5,831.2)</u>
Total assets less current liabilities	<u>99,874.0</u>	<u>97,711.7</u>
Non-current liabilities		
Bank and other debts	28,011.3	24,082.3
Pension obligations	213.2	200.3
Deferred tax liabilities	10,999.8	11,204.7
Other non-current liabilities	29.1	56.8
Total non-current liabilities	<u>39,253.4</u>	<u>35,544.1</u>
Net assets	<u>60,620.6</u>	<u>62,167.6</u>
EQUITY		
Units in issue	68,553.8	68,553.8
Reserves	(27,555.2)	(25,953.7)
Net assets attributable to unitholders of HPH Trust	<u>40,998.6</u>	<u>42,600.1</u>
Non-controlling interests	19,622.0	19,567.5
Total equity	<u>60,620.6</u>	<u>62,167.6</u>

Statements of Cash Flows for the Period Ended 30 September 2016 and 30 September 2015

(HK\$'Million)	<u>1 January to 30 September 2016</u>	<u>1 January to 30 September 2015</u>
Operating activities		
Cash generated from operations	5,144.6	4,962.0
Interest and other finance costs paid	(475.9)	(429.0)
Tax paid	(712.6)	(888.1)
Net cash from operating activities	<u>3,956.1</u>	<u>3,644.9</u>
Investing activities		
Purchase of fixed assets, projects under development, leasehold land & land use rights	(1,510.6)	(1,717.0)
Proceeds on disposal of fixed assets	3.2	11.8
Dividends received from investments	22.6	35.6
Dividends received from a joint venture	65.0	93.0
Interest received	31.5	63.9
Repayment of loan by a joint venture	1.0	241.0
Net cash used in investing activities	<u>(1,387.3)</u>	<u>(1,271.7)</u>
Financing activities		
New borrowings	7,881.2	14,013.3
Repayment of borrowings	(7,260.0)	(14,496.4)
Upfront debt transaction costs and facilities fees of borrowings	(59.5)	(69.0)
Capital contribution from non-controlling interests	-	345.3
Distributions to unitholders of HPH Trust	(2,848.5)	(3,310.2)
Dividends to non-controlling interests	(793.2)	(876.4)
Net cash used in financing activities	<u>(3,080.0)</u>	<u>(4,393.4)</u>
Net changes in cash and cash equivalents	(511.2)	(2,020.2)
Cash and cash equivalents at beginning of the period	6,840.8	7,798.8
Cash and cash equivalents at end of the period	<u>6,329.6</u>	<u>5,778.6</u>

Statements of Cash Flows for the Quarter Ended 30 September 2016 and 30 September 2015

(HK\$'Million)	<u>1 July to 30 September 2016</u>	<u>1 July to 30 September 2015</u>
Operating activities		
Cash generated from operations	1,704.9	1,677.9
Interest and other finance costs paid	(161.9)	(166.5)
Tax paid	(239.8)	(239.8)
Net cash from operating activities	<u>1,303.2</u>	<u>1,271.6</u>
Investing activities		
Purchase of fixed assets, projects under development, leasehold land and land use rights	(226.1)	(838.0)
Proceeds on disposal of fixed assets	1.8	3.2
Dividends received from investments	14.1	1.2
Dividends received from a joint venture	15.0	31.0
Interest received	11.4	19.0
Repayment of loan by a joint venture	-	240.0
Net cash used in investing activities	<u>(183.8)</u>	<u>(543.6)</u>
Financing activities		
New borrowings	81.2	-
Repayment of borrowings	(82.3)	-
Distributions to unitholders of HPH Trust	(1,219.5)	(1,367.6)
Dividends to non-controlling interests	(793.2)	(876.4)
Net cash used in financing activities	<u>(2,013.8)</u>	<u>(2,244.0)</u>
Net changes in cash and cash equivalents	(894.4)	(1,516.0)
Cash and cash equivalents at beginning of the quarter	7,224.0	7,294.6
Cash and cash equivalents at end of the quarter	<u>6,329.6</u>	<u>5,778.6</u>

THE WORLD'S LEADING PORT NETWORK