

Hutchison Port Holdings Trust

2023 Full-Year Financial Results

Presentation

AGM – 23 April 2024

1 Key Highlights

Key Highlights

- 2023 full year throughput of HPH Trust's ports was 6% lower than last year. YICT's throughput was 1% below last year. Combined throughput^(N1) of HIT, COSCO-HIT and ACT (collectively "HPHT Kwai Tsing") was 15% lower than last year
- Outbound cargoes to the US dropped by 2% but cargoes to EU has increased by 6% in 2023
- 2023 full year NPAT was HK\$1,481.5 million, HK\$1,038.2 million or 41% below last year. NPAT attributable to unitholders was HK\$233.5 million, HK\$865.5 million or 79% below last year
- 2023 full year Distribution Per Unit was 13.20 HK cents

N1 Represents the allocated throughput from Hong Kong Seaport Joint Operating Alliance with effect from 1 April 2019

2 Outlook Overview

Outlook Overview

- Chinese exports to the US and EU continue the upward trend in Q1 2024. Consumer spending forecast in the US for 2024 is regaining some momentum as contributed by ongoing spending sentiment and ability to tap into a relatively high level of savings. For EU, the consumer spending is also picking up in Q1 2024 as reflected by the consumer confidence indicators
- The ship attacks at the Red Sea persist in Q1 2024, bringing disruption to global trade and erratic shipping schedules as ships re-routed from the Suez Canal, taking on a longer journey around the Africa continent or in some cases resulting in cancellation of services. The disruption may also lead to pressure on Chinese exporters who could face an imbalance and shortage of empty containers. HPH Trust is monitoring the ongoing situation, staying agile in customers' needs and focusing on operational efficiency
- In Hong Kong, cargo volume remains stagnant in Q1 2024 due to the change in shippers' preference to direct shipment in China instead of vessel-to-vessel transshipment via Hong Kong driven by cost consideration. Some of the competitors in the Greater Bay Area continue to receive government incentives, hence are able to offer attractive lower price option to shipping lines

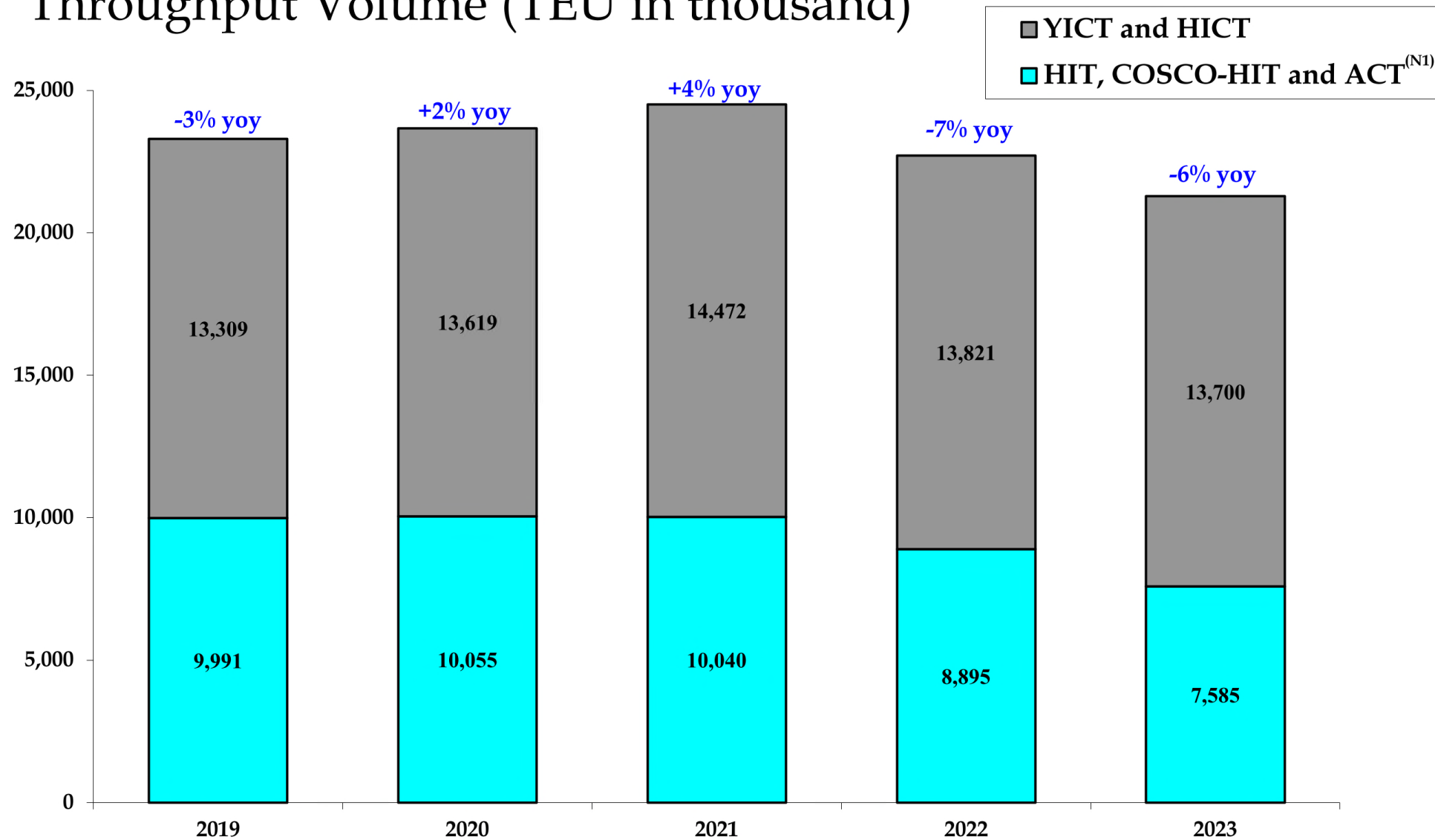
Outlook Overview (cont'd)

- As at 31 December 2023, 63% of HPH Trust's debts are on fixed interest rate, which helps reduce our exposure to high interest rate. Most financial market participants are projecting a decrease in interest rate in 2H 2024. For every 50 basis point decrease, the monthly interest expense would decrease by HK\$4.3 million based on the debt profile as at 31 December 2023. However, when HPH Trust refinances its debts with approximately HK\$7.8 billion coming due in November 2024 and March 2025, it is most likely that the market interest rate will be higher than the very favourable fixed rates HPH Trust currently enjoys from the drawdown 4-5 years ago when the market rate was significantly lower
- HPH Trust is committed to reduce overall emissions intensity by 30% between 2021 and 2030. Our relentless effort in reducing the impact to the environment is continuing. We are working with external parties on setting and verifying net zero target, as well as improvement in sustainability disclosure

3 Key Financial Performance

Key Business Update

Throughput Volume (TEU in thousand)



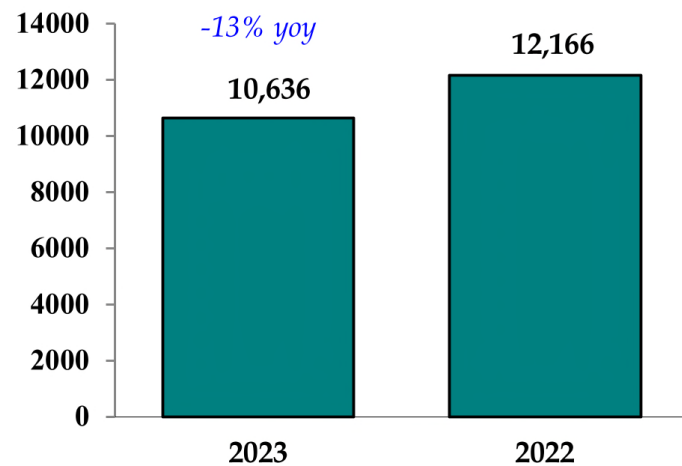
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Key Financial Performance

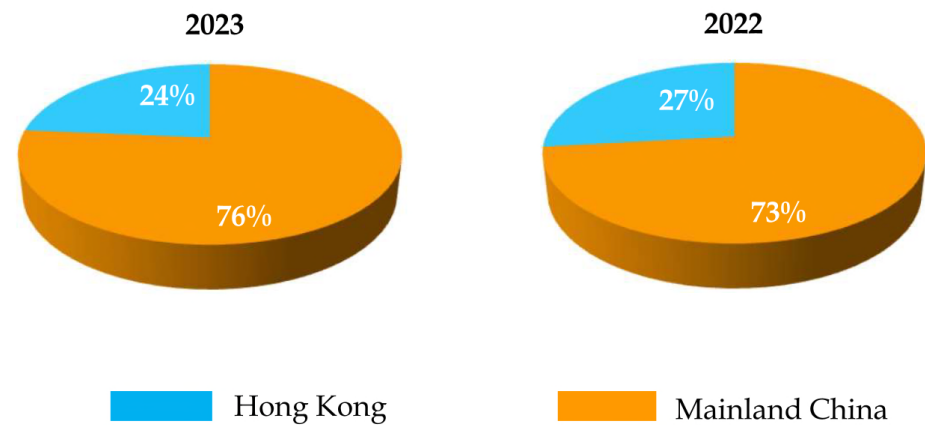
Revenue and other income

For the year ended 31 December 2023

(HK\$ Million)



Segment Information

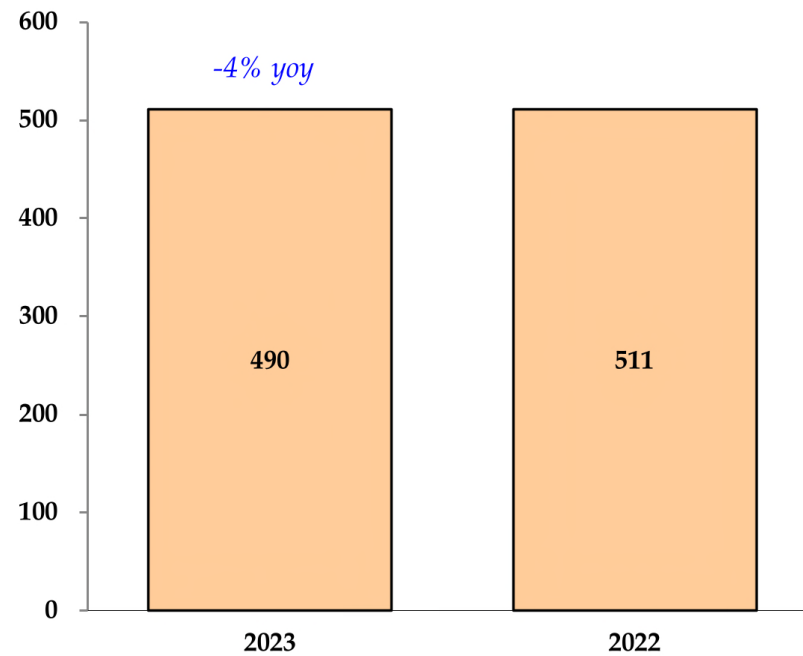


Key Financial Performance

Total Capex

For the year ended 31 December 2023

(HK\$ Million)



Key Financial Performance

Financial Position

	At 31 December 2023 HK\$'Million	At 31 December 2022 HK\$'Million
Short Term Debt	\$4,780.5	\$5,070.0
Long Term Debt	\$20,955.0	\$22,070.0
Total Consolidated Debt	\$25,735.5	\$27,140.0
Total Consolidated Cash	\$8,194.9	\$10,395.2
Net Attributable Debt	\$19,795.6	\$20,112.3

Key Financial Performance

Distribution

	For the period from 1 January 2023 to 30 June 2023	For the period from 1 July 2023 to 31 December 2023
Distribution Amount	HK\$479.1 million	HK\$670.8 million
Distribution Per Unit (“DPU”)	5.50 HK cents	7.70 HK cents
DPU for the year ended 31 December 2023	13.2 HK cents	
2023 distribution – yield (%)	11.4% (at US\$0.148 market price on 31 December 2023)	
Ex-distribution date	15 February 2024	
Record date	5:00 p.m. 16 February 2024	
Payment of distribution	27 March 2024	

HPH Trust's Results

Full Year 2023 against Last Year

1 January to 31 December

(HK\$'Million)

	2023	2022	% variance
	<u>Actual</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
Revenue and other income	10,635.5	12,166.2	(13%)
Cost of services rendered	(3,624.8)	(4,174.5)	13%
Staff costs	(258.4)	(265.7)	3%
Depreciation and amortisation	(2,894.8)	(3,004.0)	4%
Other operating income	67.4	146.2	(54%)
Other operating expenses	(604.8)	(587.3)	(3%)
Total operating expenses	(7,315.4)	(7,885.3)	7%
Operating profit	3,320.1	4,280.9	(22%)
Interest and other finance costs	(872.0)	(673.3)	(30%)
Share of profits less losses after tax of Associated Cos/JVs	(120.0)	(6.7)	N/A
Profit before tax	2,328.1	3,600.9	(35%)
Taxation	(846.6)	(1,081.2)	22%
Profit after tax	1,481.5	2,519.7	(41%)
Profit after tax attributable to non-controlling interests	(1,248.0)	(1,420.7)	(12%)
Profit after tax attributable to unitholders of HPH Trust	233.5	1,099.0	(79%)

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 31 December 2023 and 31 December 2022

(HK\$'Million)	2023	2022
ASSETS		
Non-current assets		
Fixed assets	19,622.0	20,357.8
Projects under development	664.2	762.9
Leasehold land and land use rights	31,858.3	33,179.0
Railway usage rights	8.7	9.4
Customer relationships	4,164.9	4,499.1
Goodwill	11,270.0	11,270.0
Associated companies	778.8	204.0
Joint ventures	3,808.2	3,957.6
Other non-current assets	466.9	685.0
Pension assets	131.9	123.2
Deferred tax assets	14.7	5.1
Total non-current assets	72,788.6	75,053.1
Current assets		
Cash and bank balances	8,194.9	10,395.2
Trade and other receivables	3,021.2	3,118.2
Inventories	75.9	79.6
Total current assets	11,292.0	13,593.0

Statement of Financial Position as at 31 December 2023 and 31 December 2022 (cont'd)

(HK\$'Million)	2023	2022
Current liabilities		
Trade and other payables	6,276.0	6,014.8
Bank and other debts	4,774.8	5,067.7
Current tax liabilities	286.6	308.0
Total current liabilities	<u>11,337.4</u>	<u>11,390.5</u>
Net current (liabilities)/assets	<u>(45.4)</u>	<u>2,202.5</u>
Total assets less current liabilities	<u>72,743.2</u>	<u>77,255.6</u>
Non-current liabilities		
Bank and other debts	20,870.4	21,971.9
Deferred tax liabilities	8,410.6	8,883.5
Other non-current liabilities	107.2	123.5
Total non-current liabilities	<u>29,388.2</u>	<u>30,978.9</u>
Net assets	<u>43,355.0</u>	<u>46,276.7</u>
EQUITY		
Units in issue	68,553.8	68,553.8
Reserves	(42,924.6)	(41,746.8)
Net assets attributable to unitholders of HPH Trust	<u>25,629.2</u>	<u>26,807.0</u>
Non-controlling interests	17,725.8	19,469.7
Total equity	<u>43,355.0</u>	<u>46,276.7</u>

Statement of Cash Flows

Full Year 2023 and 2022

(HK\$'Million)

	<u>1 January to</u> <u>31 December 2023</u>	<u>1 January to</u> <u>31 December 2022</u>
Operating activities		
Cash generated from operations	6,050.0	8,067.5
Interest and other finance costs paid	(840.7)	(645.0)
Tax paid	(1,349.8)	(1,572.7)
Net cash from operating activities	<u>3,859.5</u>	<u>5,849.8</u>
Investing activities		
Investment in a joint venture	-	(1,170.9)
Loans to an associated company	(1,471.0)	(407.4)
Purchase of fixed assets and projects under development	(489.9)	(511.3)
(Payment)/proceeds on disposal of fixed assets	(4.1)	1.0
Dividends received from investments	21.9	19.0
Dividends received from an associated company and joint ventures	77.8	114.4
Interest received	365.4	136.8
Repayment of loans by an associated company and a joint venture	1,011.2	524.8
Net cash used in investing activities	<u>(488.7)</u>	<u>(1,293.6)</u>
Financing activities		
New borrowings	4,415.5	5,273.5
Repayment of borrowings	(5,875.0)	(7,198.0)
Principal elements of lease payments	(11.3)	(14.4)
Distributions to unitholders of HPH Trust	(1,176.0)	(1,263.1)
Dividends to non-controlling interests	(2,924.3)	(2,007.0)
Net cash used in financing activities	<u>(5,571.1)</u>	<u>(5,209.0)</u>
Net changes in cash and cash equivalents	(2,200.3)	(652.8)
Cash and cash equivalents at beginning of the year	10,395.2	11,048.0
Cash and cash equivalents at end of the year	<u>8,194.9</u>	<u>10,395.2</u>

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