

# **Hutchison Port Holdings Trust**

## **2022 Full-Year Financial Results**

### **Presentation**

**AGM - 25 April 2023**

# 1 Key Highlights

# Key Highlights

- 2022 full year throughput of HPH Trust's ports was 7% below last year. YICT's throughput was 4% below last year. Combined throughput<sup>(N1)</sup> of HIT, COSCO-HIT and ACT (collectively "HPHT Kwai Tsing") was 11% lower than last year
- Outbound cargoes to the US and EU for 2022 were lower than 2021 volume by 12% and 13%, respectively. YICT's full year throughput decrease was mainly attributed to the lower US, EU and transshipment cargoes, but partially offset by higher empties. The drop in HPHT Kwai Tsing's throughput was mainly due to lower local and transshipment cargoes
- 2022 full year NPAT was HK\$2,519.7 million, HK\$1,007.5 million or 29% below last year. NPAT attributable to unitholders was HK\$1,099.0 million, HK\$648.2 million or 37% below last year
- 2022 full year Distribution Per Unit was 14.50 HK cents

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

## 2 Outlook Overview

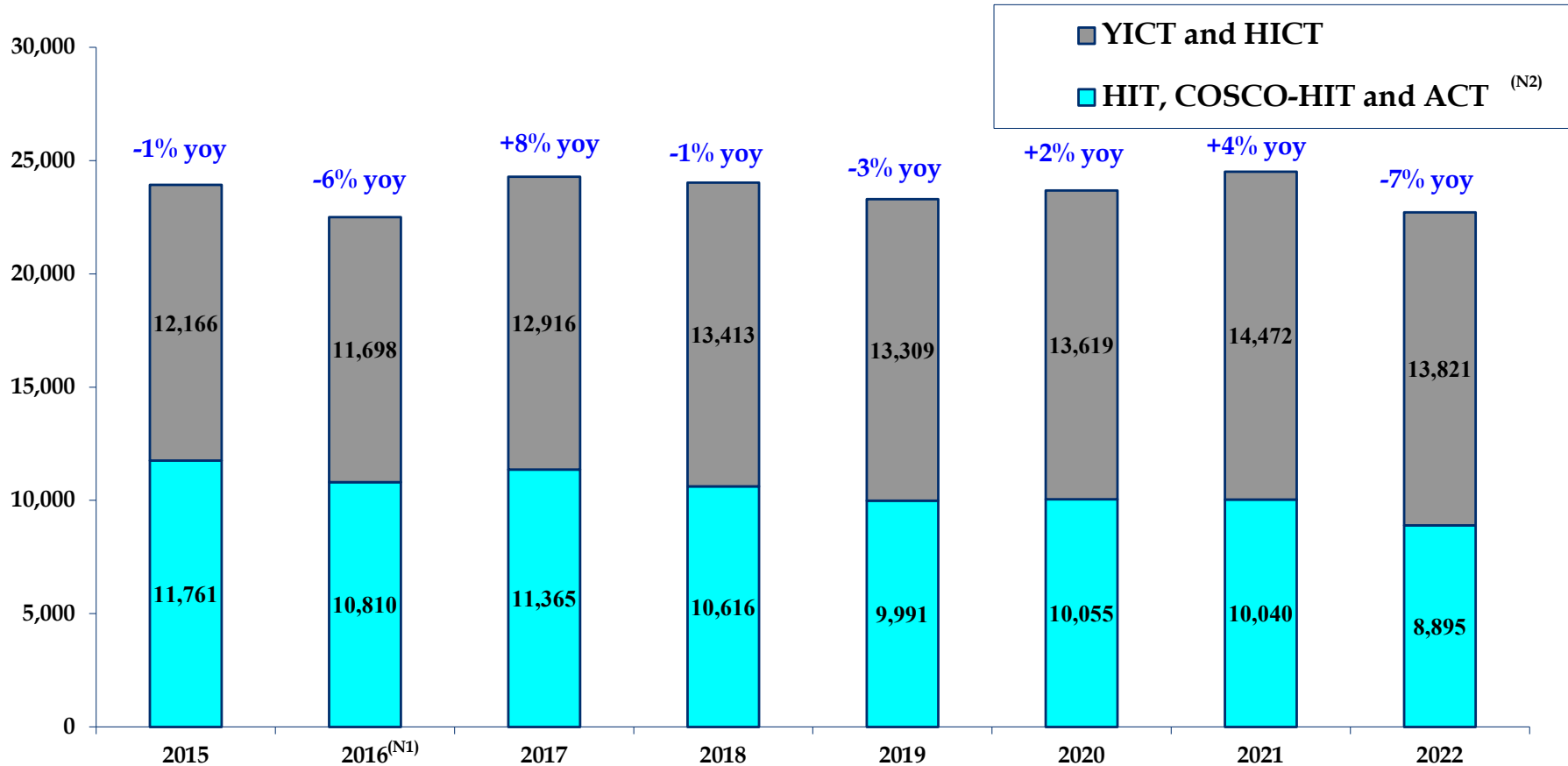
# Outlook Overview

- The Chinese Government relaxed its COVID-19 and cross-border traffic controls in late 2022. HPH Trust discontinued the closed loop arrangements at Yantian during Q1 2023, which is expected to allow HPH Trust to save operating costs
- Exports to the US and Europe remained weak in Q1 2023 as a result of high inventory level and high inflationary environment in the US and Europe. In Kwai Tsing, despite the relaxation of COVID-19 and cross-border controls, cargo volume has not seen substantial recovery. Market in general shows optimism for volume in 2H 2023 with the currently high inventory level expected to drop
- Interest rates are expected to rise further in 2023. HPH Trust's exposure to interest rate rises has been hedged as approximately 70% of HPH Trust's debt has fixed interest rate at 31 December 2022
- Management is focused on dealing with the short term challenges and managing initiatives for long term success including a 5% reduction in CO<sub>2</sub> emission intensity by 2026. Proof-of-concept tests for autonomous electric trucks will commence in 2023 and a programme to convert RTGC to electric-powered is also continuing

## 3 Key Financial Performance

# Key Business Update

## Throughput Volume (TEU in thousand)



N1 Includes throughput volume of HICT after the acquisition in December 2016

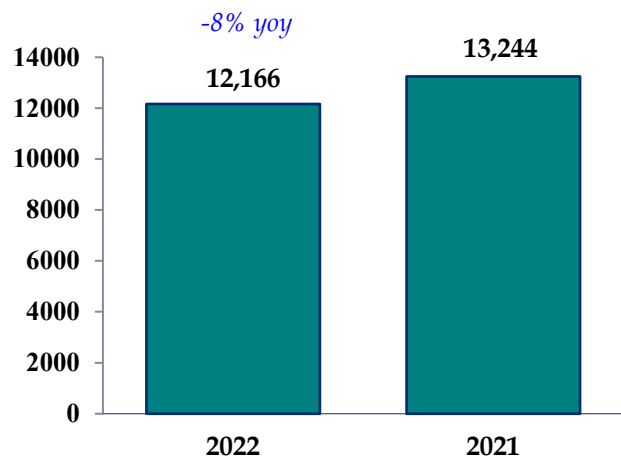
N2 Represents the allocated throughput from Hong Kong Seaport Joint Operating Alliance with effect from 1 April 2019

# Key Financial Performance

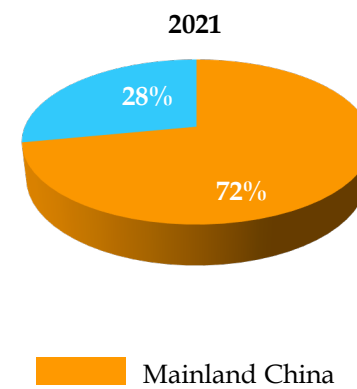
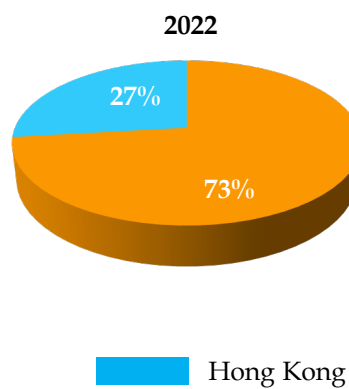
## Revenue and other income

For the year ended 31 December 2022

(HK\$'Million)



### Segment Information



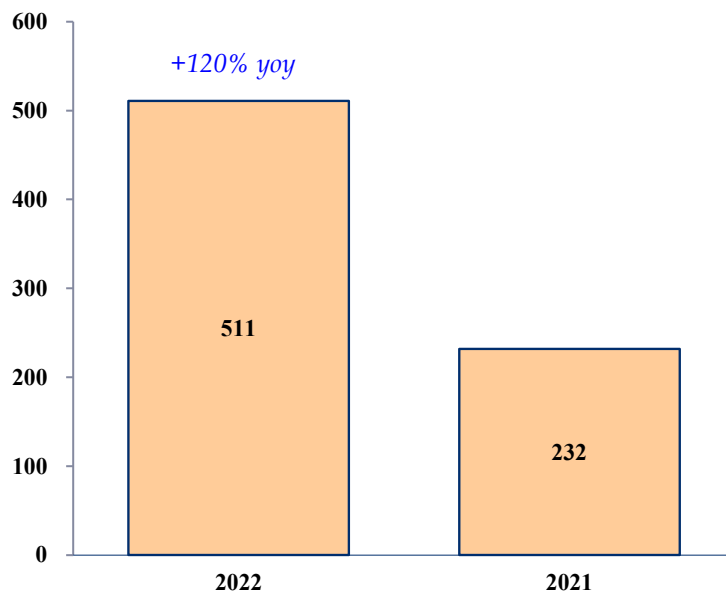


# Key Financial Performance

## Total Capex

For the year ended 31 December 2022

(HK\$ Million)



# Key Financial Performance

## *Financial Position*

	At 31 December 2022 HK\$'Million	At 31 December 2021 HK\$'Million
Short Term Debt	\$5,070.0	\$7,198.0
Long Term Debt	\$22,070.0	\$21,840.0
Total Consolidated Debt	\$27,140.0	\$29,038.0
Total Consolidated Cash	\$10,395.2	\$11,048.0

# HPH Trust's Results

## Full Year 2022 against Last Year

	1 January to 31 December		
(HK\$'Million)	2022	2021	% variance
	<u>Actual</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
<b>Revenue and other income</b>	<b>12,166.2</b>	<b>13,244.1</b>	<b>(8%)</b>
Cost of services rendered	(4,174.5)	(4,474.7)	7%
Staff costs	(265.7)	(257.2)	(3%)
Depreciation and amortisation	(3,004.0)	(3,050.9)	2%
Other operating income	146.2	417.9	(65%)
Other operating expenses	(587.3)	(500.4)	(17%)
<b>Total operating expenses</b>	<b>(7,885.3)</b>	<b>(7,865.3)</b>	<b>0%</b>
Operating profit	4,280.9	5,378.8	(20%)
Interest and other finance costs	(673.3)	(616.5)	(9%)
Share of profits less losses after tax of Associated Cos/JVs	(6.7)	34.1	(120%)
<b>Profit before tax</b>	<b>3,600.9</b>	<b>4,796.4</b>	<b>(25%)</b>
Taxation	(1,081.2)	(1,269.2)	15%
<b>Profit after tax</b>	<b>2,519.7</b>	<b>3,527.2</b>	<b>(29%)</b>
<b>Profit after tax attributable to non-controlling interests</b>	<b>(1,420.7)</b>	<b>(1,780.0)</b>	<b>(20%)</b>
<b>Profit after tax attributable to unitholders of HPH Trust</b>	<b>1,099.0</b>	<b>1,747.2</b>	<b>(37%)</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 31 December 2022 and 31 December 2021

(HK\$'Million)	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Fixed assets	20,357.8	21,646.9
Projects under development	762.9	654.5
Leasehold land and land use rights	33,179.0	34,579.4
Railway usage rights	9.4	10.8
Customer relationships	4,499.1	4,833.4
Goodwill	11,270.0	11,270.0
Associated companies	204.0	957.5
Joint ventures	3,957.6	3,018.1
Other non-current assets	685.0	509.7
Pension assets	123.2	303.8
Deferred tax assets	5.1	12.0
<b>Total non-current assets</b>	<u>75,053.1</u>	<u>77,796.1</u>
<b>Current assets</b>		
Cash and bank balances	10,395.2	11,048.0
Trade and other receivables	3,118.2	4,033.0
Inventories	79.6	86.6
<b>Total current assets</b>	<u>13,593.0</u>	<u>15,167.6</u>

# Statement of Financial Position as at 31 December 2022 and 31 December 2021 (cont'd)

(HK\$'Million)	<u>2022</u>	<u>2021</u>
<b>Current liabilities</b>		
Trade and other payables	6,014.8	6,713.1
Bank and other debts	5,067.7	7,190.3
Current tax liabilities	308.0	422.0
<b>Total current liabilities</b>	<u>11,390.5</u>	<u>14,325.4</u>
<b>Net current assets</b>	<u>2,202.5</u>	<u>842.2</u>
<b>Total assets less current liabilities</b>	<u>77,255.6</u>	<u>78,638.3</u>
<b>Non-current liabilities</b>		
Bank and other debts	21,971.9	21,730.0
Deferred tax liabilities	8,883.5	9,268.2
Other non-current liabilities	123.5	241.0
<b>Total non-current liabilities</b>	<u>30,978.9</u>	<u>31,239.2</u>
<b>Net assets</b>	<u>46,276.7</u>	<u>47,399.1</u>
<b>EQUITY</b>		
Units in issue	68,553.8	68,553.8
Reserves	(41,746.8)	(41,447.0)
<b>Net assets attributable to unitholders of HPH Trust</b>	26,807.0	27,106.8
Non-controlling interests	19,469.7	20,292.3
<b>Total equity</b>	<u>46,276.7</u>	<u>47,399.1</u>

# Statement of Cash Flows

## Full Year 2022 and 2021

(HK\$'Million)

	<u>1 January to 31 December 2022</u>	<u>1 January to 31 December 2021</u>
<b>Operating activities</b>		
Cash generated from operations	8,067.5	8,624.0
Interest and other finance costs paid	(645.0)	(500.5)
Tax paid	(1,572.7)	(1,388.7)
<b>Net cash from operating activities</b>	<u>5,849.8</u>	<u>6,734.8</u>
<b>Investing activities</b>		
Investment in a joint venture	(1,170.9)	(422.7)
Loan to an associated company	(407.4)	(408.3)
Purchase of fixed assets and projects under development	(511.3)	(232.3)
Proceeds on disposal of fixed assets	1.0	13.5
Dividends received from investments	19.0	28.9
Dividends received from associated companies and joint ventures	114.4	147.2
Interest received	136.8	59.0
Repayment of loans by an associated company and a joint venture	524.8	276.7
<b>Net cash used in investing activities</b>	<u>(1,293.6)</u>	<u>(538.0)</u>

# Statement of Cash Flows

## Full Year 2022 and 2021 (cont'd)

(HK\$'Million)	<u>1 January to 31 December 2022</u>	<u>1 January to 31 December 2021</u>
<b>Financing activities</b>		
New borrowings	5,273.5	7,800.0
Repayment of borrowings	(7,198.0)	(8,182.0)
Upfront debt transaction costs and facilities fees of borrowings	-	(64.4)
Principal elements of lease payments	(14.4)	(12.7)
Repayment of loan to non-controlling interests	-	(10.5)
Distributions to unitholders of HPH Trust	(1,263.1)	(1,237.0)
Dividends to non-controlling interests	(2,007.0)	(1,208.8)
<b>Net cash used in financing activities</b>	<u>(5,209.0)</u>	<u>(2,915.4)</u>
<b>Net changes in cash and cash equivalents</b>	(652.8)	3,281.4
Cash and cash equivalents at beginning of the year	<u>11,048.0</u>	<u>7,766.6</u>
Cash and cash equivalents at end of the year	<u><u>10,395.2</u></u>	<u><u>11,048.0</u></u>

# THE WORLD'S LEADING PORT NETWORK