

Hutchison Port Holdings Trust

2023 Financial Results Presentation

for the Year Ended 31 December 2023

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 year ended 31 December 2023 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 (incorporated in the Republic of Singapore with limited liability), a trustee-manager of HPH Trust, of future events.

Table of Contents

- 1 Key Highlights
- 2 Outlook and Prospects
- 3 Business Review for the Year Ended 31 December 2023
- 4 Key Financial Performance

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 and EU dropped by 2% and increased by 6% respectively 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 is 13.20 HK cents

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

2 Outlook and Prospects

Outlook and Prospects

Overview

- China exports to the US and EU start to improve in 2H 2023. Partly contributed by the low base effect in prior year, exports to the US and EU in 2H 2023 grew by 17% and 18% yoy, respectively
- Despite the headwinds of inflation and elevated interest rates, consumer spending recorded a year-on-year growth in Q4 2023 as reflected from the holiday sales figures in the US. The momentum is expected to continue but at a slower pace. For EU, as inflation continues to decline, retail sales is expected to grow moderately in 2024
- In January 2024, Maersk and Hapag-Lloyd signed an agreement to form a long-term operational partnership named “Gemini Cooperation”, scheduled to launch in February 2025 immediately after the conclusion of the 2M Alliance between Maersk and MSC. Gemini Cooperation’s scope of services cover 7 trades, including Asia/US and Asia/European trades but excludes Intra-Asia trades. As a major export hub for the US and European export markets, Yantian has been selected by the Gemini Cooperation as a main port of call in South China. Meanwhile, for Kwai Tsing Terminals, it is anticipated that some of Maersk’s and Hapag-Lloyd’s throughput currently handled in Hong Kong may shift to Yantian when the operation starts. HPH Trust will work closely with Gemini Cooperation to identify any new opportunities which the new cooperation may bring

Outlook and Prospects (cont'd)

Overview (cont'd)

- The ship attacks at the Red Sea could bring disruption to global trade and erratic shipping schedules due to the two-week delay of vessels arrival time by re-routing away from the Suez Canal or even cancellation of some vessel calls, which may bring a negative impact to HPH Trust's throughput volume in Q1 2024. The disruption may also lead to pressure on Chinese exporters who could face an imbalance and shortage of empty containers. Market in general expects the Red Sea impact shall be short-term, and port operators will unlikely benefit from the high storage income earned during the pandemic. HPH Trust will monitor the ongoing situation, stay agile in customers needs and focus on operational efficiency
- In Hong Kong, despite the easing of cross-border controls from late 2022, cargo volume has remained stagnant in 2023 due to the structural change in shippers' preference to direct shipment in China instead of vessel-to-vessel transshipment via Hong Kong. Some of the competitions in Greater Bay Area continue to receive government incentives, hence able to offer attractive lower price option to shipping lines

Outlook and Prospects (cont'd)

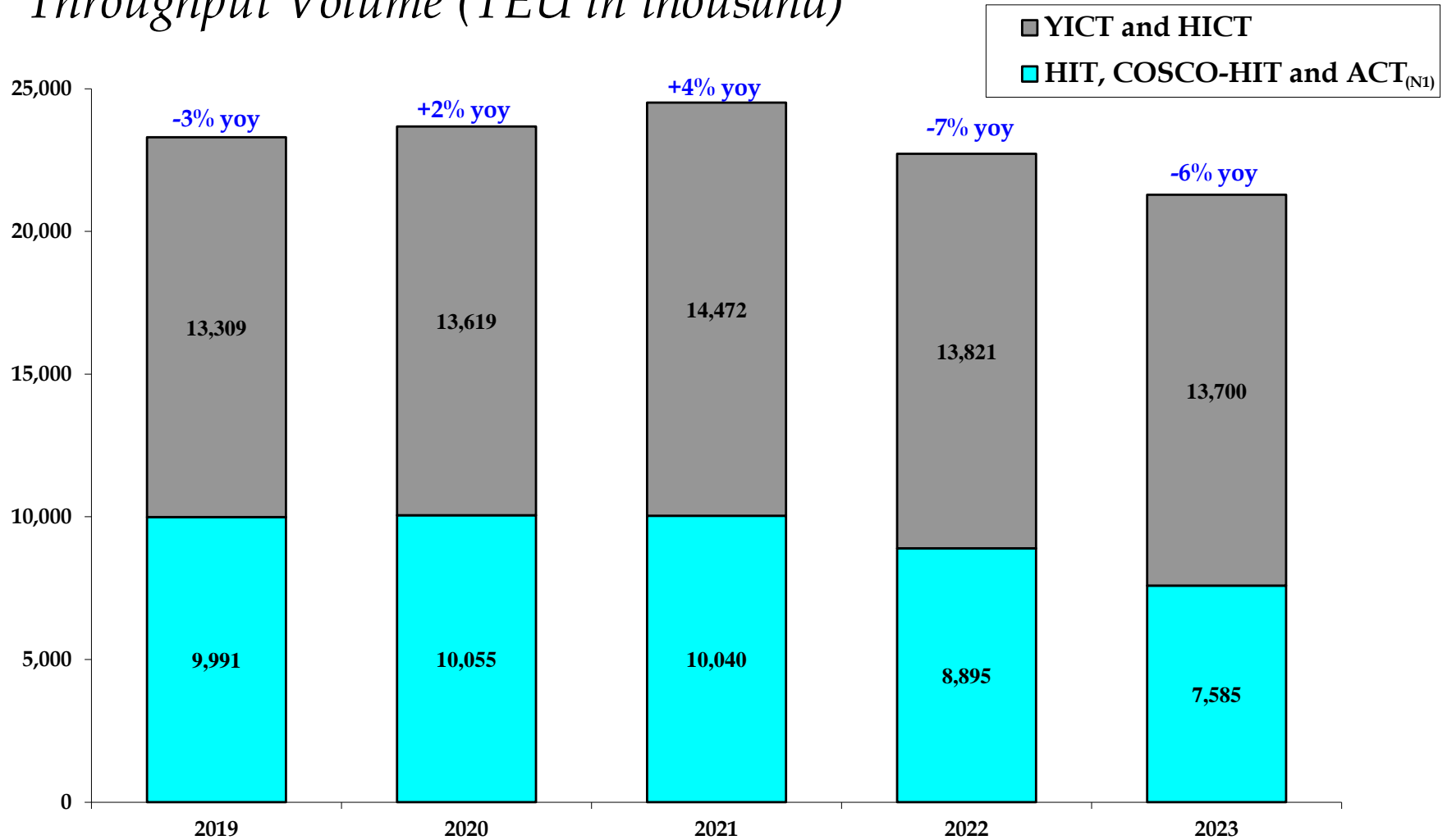
Overview (cont'd)

- Interest rates rose significantly by over 500 basis points in the past 2 years. Interest expense increased by HK\$199 million yoy in 2023 after a HK\$56.8 million yoy increase in 2022. 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. Financial market is now projecting a decrease in interest during 2024. For every 50 basis point decrease, the monthly interest expense would decrease by HK\$4.3 million based on the latest debt profile
- 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 Business Review for the Year Ended 31 December 2023

Key Business Update

Throughput Volume (TEU in thousand)



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

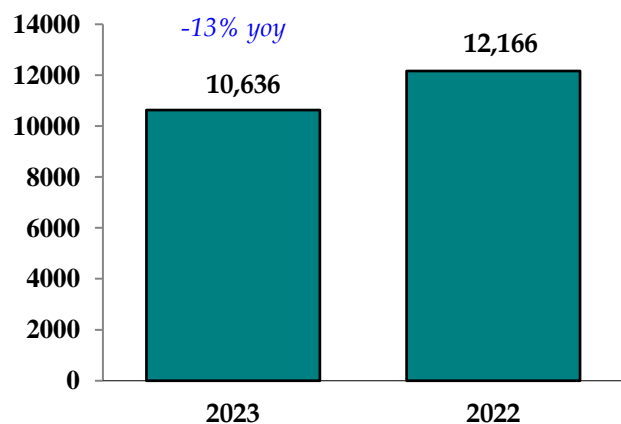
4 Key Financial Performance

Key Financial Performance

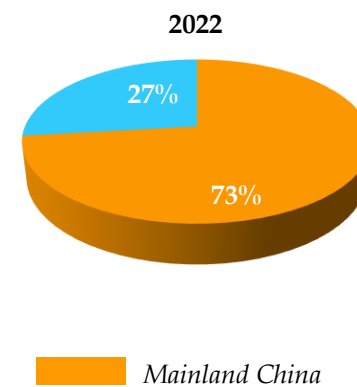
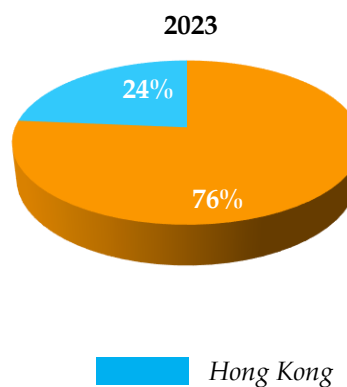
Revenue and other income

For the year ended 31 December 2023

(HK\$'Million)



Segment Information

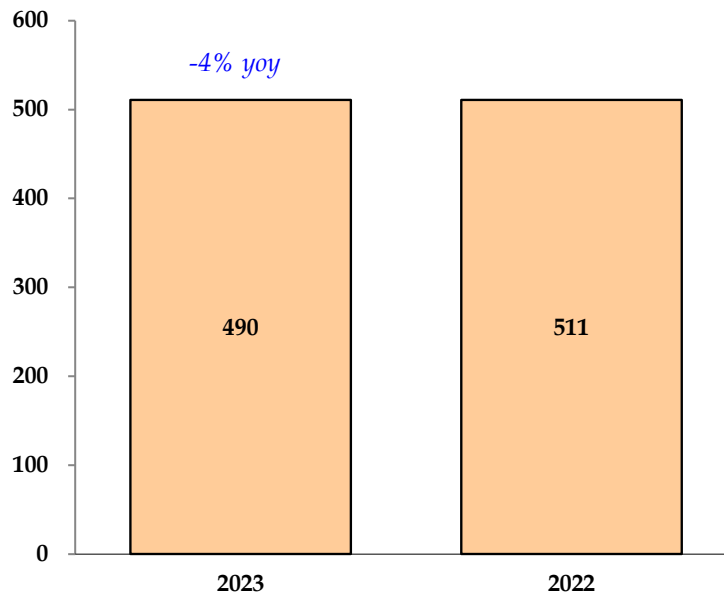


Key Financial Performance

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

5:00p.m. 16 February 2024

Payment of distribution

27 March 2024

HPH Trust's Results

Full Year 2023 against Last Year

(HK\$'Million)	1 January to 31 December		
	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)	<u>2023</u>	<u>2022</u>
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	<u>72,788.6</u>	<u>75,053.1</u>
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	<u>11,292.0</u>	<u>13,593.0</u>

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

(HK\$'Million)	<u>2023</u>	<u>2022</u>
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>

THE WORLD'S LEADING PORT NETWORK