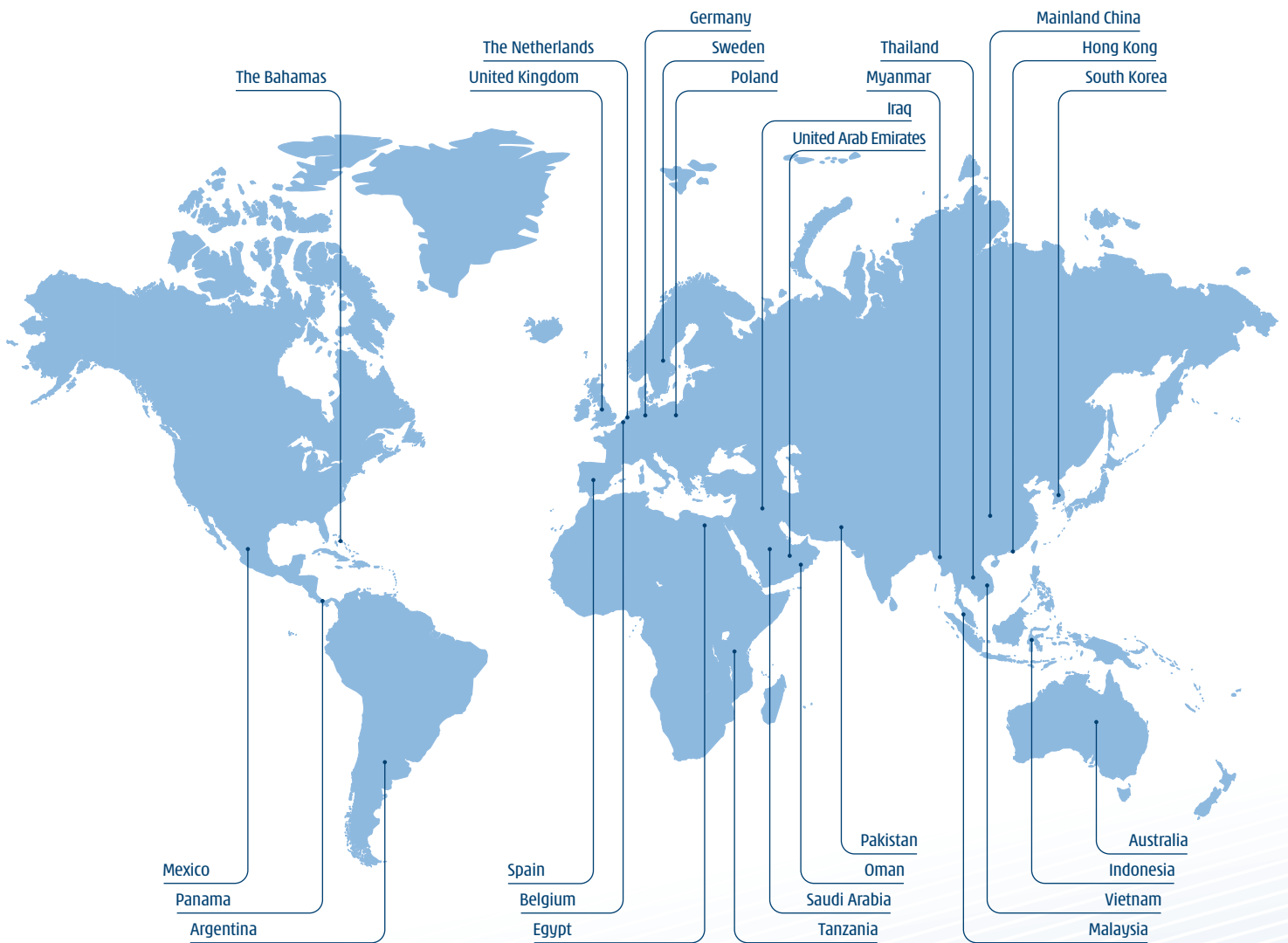


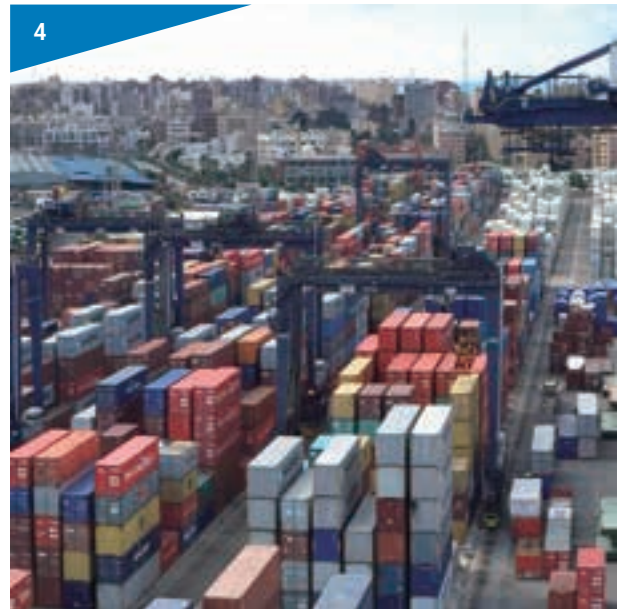
# Operations Review



The Port of Felixstowe celebrates its 50 years of operations.

# Ports and Related Services





1. Hutchison Ports ECT Euromax is designed for the fast, safe and efficient handling of the ultra-large container vessels.
2. The new Berth 16 in Hutchison Ports Yantian – 886 metres in length with a water depth of 17.6 metres – contains eight cranes, four of which can handle 150,000-ton ultra-large container vessels.
3. Hutchison Ports LCT has excellent intermodal connections to the Mexico's hinterland and cities.



4. The two ports operated by Hutchison Ports in Egypt are located by the Mediterranean Sea and support both local and international trade activities in the region.
5. Container Terminal 9 North is the first container terminal in Hong Kong where all yard cranes are operated remotely and the stacking of containers is fully automated.

## Operations Review – Ports and Related Services

This division is one of the world's leading port investors, developers and operators, and has interests in 52 ports comprising 287 operational berths in 26 countries.

### Group Performance

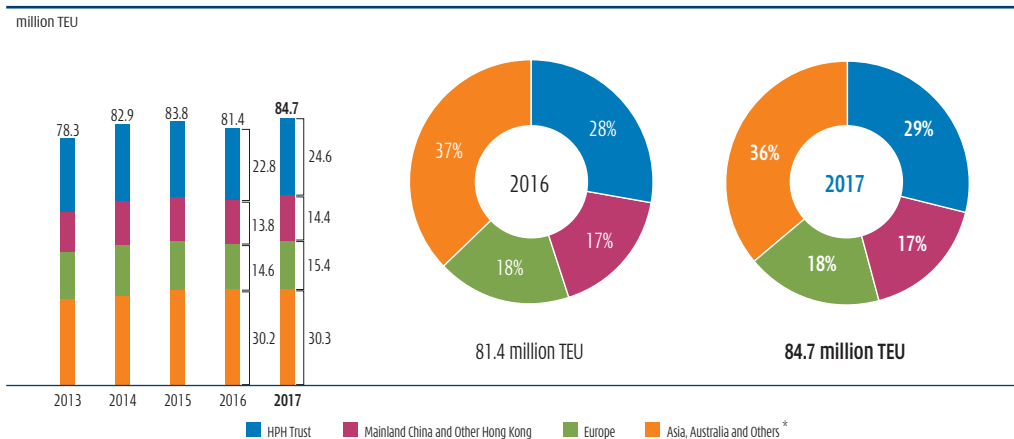
The Group operates container terminals in five of the 10 busiest container ports in the world. The division comprises the Group's 80% interest in the Hutchison Ports group of companies and its 30.07% interest in the HPH Trust, which together handled a total of 84.7 million twenty-foot equivalent units ("TEU") in 2017.

	2017 HK\$ million	2016 HK\$ million	Change	Change in Local Currency
Total Revenue <sup>(1)</sup>	<b>34,146</b>	32,184	+6%	+6%
EBITDA <sup>(1)</sup>	<b>12,563</b>	11,639	+8%	+8%
EBIT <sup>(1)</sup>	<b>8,219</b>	7,567	+9%	+9%
Throughput (million TEU)	<b>84.7</b>	81.4	+4%	

Note 1: Total revenue, EBITDA and EBIT have been adjusted to exclude non-controlling interests' share of results of HPH Trust.

Overall throughput increased 4% to 84.7 million TEU in 2017, mainly due to steady volume pick up in Mainland China and Hong Kong, Barcelona in Spain, Panama as well as contribution from the new deep water port in Karachi, Pakistan, partly offset by volume reduction in Klang in Malaysia, Jakarta in Indonesia, Dammam in Saudi Arabia and Freeport in the Bahamas.

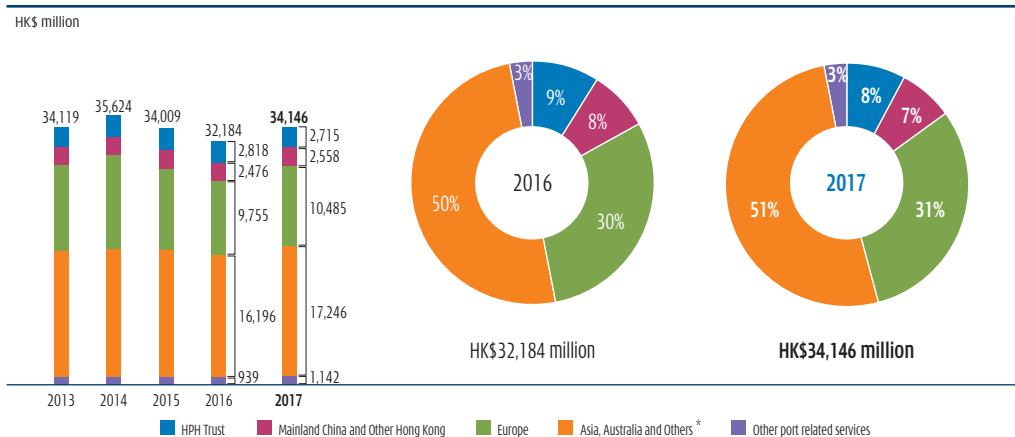
#### Total Container Throughput (+4%) by Subdivision



\* Asia, Australia and Others includes Panama, Mexico and the Middle East.

Total revenue increased 6% to HK\$34,146 million in 2017 driven primarily by higher throughput in the Mainland and the European divisions, Laem Chabang in Thailand, Sohar in Oman and Panama, as well as the commencement of operation of the new Pakistan port, partly offset by lower throughput in Klang, Jakarta, Dammam and Freeport.

### Total Revenue<sup>(2)</sup> (+6%) by Subdivision

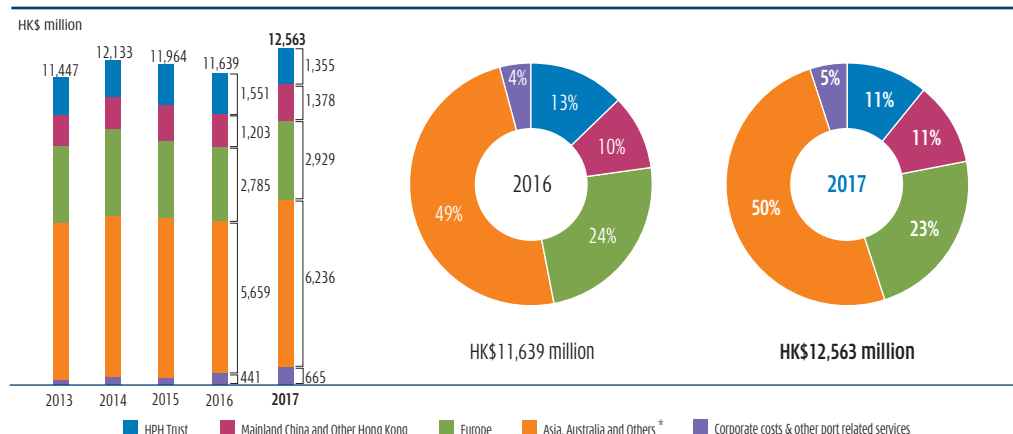


\* Asia, Australia and Others includes Panama, Mexico and the Middle East.

Note 2: Total revenue has been adjusted to exclude non-controlling interests' share of revenue of HPH Trust.

EBITDA and EBIT increased 8% and 9% to HK\$12,563 million and HK\$8,219 million respectively, mainly due to higher revenue mentioned above, as well as continued focus on better cost management through improvements in productivity and efficiency with improved performances primarily in Barcelona, Alexandria in Egypt, Sohar and Panama. The improvements were partly offset by lower profitability of HPH Trust, Jakarta and Dammam.

### Total EBITDA<sup>(3)</sup> (+8%) by Subdivision



\* Asia, Australia and Others includes Panama, Mexico and the Middle East.

Note 3: Total EBITDA has been adjusted to exclude non-controlling interests' share of EBITDA of HPH Trust.

The division had 287 operating berths<sup>(4)</sup> as at 31 December 2017, representing an increase of 12 berths during the year in Amsterdam in the Netherlands, Basra in Iraq, Klang, Karachi, Ras Al Khaimah and Umm Al Quwain in United Arab Emirates.

Note 4: Based on 300 metres per berth and is computed by dividing the total berth length by 300 metres.

## Segment Performance

### HPH Trust

	2017 HK\$ million	2016 HK\$ million	Change
Total Revenue <sup>(5)</sup>	2,715	2,818	-4%
EBITDA <sup>(5)</sup>	1,355	1,551	-13%
EBIT <sup>(5)</sup>	648	873	-26%
Throughput (million TEU)	24.6	22.8	+8%

Note 5: Total revenue, EBITDA and EBIT have been adjusted to exclude non-controlling interests' share of results of HPH Trust.

Total revenue of the ports operated by HPH Trust decreased 4%, mainly due to the change in revenue contribution of Hong Kong under the co-management arrangement commencing in 2017 and lower average tariffs. The Group's share of EBITDA and EBIT were 13% and 26% lower respectively due to the decrease in revenue, the inclusion of a rent and rates refund in Hong Kong in 2016 as well as cost inflation, partly offset by cost savings synergies from the co-management arrangement.

### Mainland China and Other Hong Kong

	2017 HK\$ million	2016 HK\$ million	Change	Change in Local Currency
Total Revenue	2,558	2,476	+3%	+4%
EBITDA	1,378	1,203	+15%	+16%
EBIT	1,122	902	+24%	+26%
Throughput (million TEU)	14.4	13.8	+4%	

The Mainland China and other Hong Kong segment's revenue, EBITDA and EBIT growth was mainly contributed by the increase in throughput in Shanghai ports as well as business interruption compensation in Ningbo.

## Europe

	2017 HK\$ million	2016 HK\$ million	Change	Change in Local Currency
Total Revenue	<b>10,485</b>	9,755	+7%	+6%
EBITDA	<b>2,929</b>	2,785	+5%	+5%
EBIT	<b>1,947</b>	1,828	+7%	+6%
Throughput (million TEU)	<b>15.4</b>	14.6	+5%	

The improvement in performance in the Europe segment during the year was mainly due to higher contributions from the ports in the UK and Barcelona, while ECT Rotterdam partly compensated lower revenue year on year through cost control measures.

## Asia, Australia and Others

	2017 HK\$ million	2016 HK\$ million	Change	Change in Local Currency
Total Revenue	<b>17,246</b>	16,196	+6%	+6%
EBITDA	<b>6,236</b>	5,659	+10%	+10%
EBIT	<b>4,085</b>	3,774	+8%	+8%
Throughput (million TEU)	<b>30.3</b>	30.2	—	

The growth in total revenue, EBITDA and EBIT was mainly driven by the new port in Karachi and improved performances in Alexandria and Panama, partly offset by the continued intense competition in the Jakarta and Damman ports.