



Ports and Related Services

Terminal D at Laem Chabang Port is the latest facility at Hutchison Ports Thailand, which is fully equipped with remote control technology for all of its quay cranes and yard side rubber-tired gantry cranes.



1. The expansion of West Port Berths 4 to 6 at Hutchison Ports Yantian is equipped with shore power supply for container vessels.
2. Hutchison Ports Dammam achieves new milestone, having handled over 23 million TEU since operation.
3. Two new remote-controlled quay cranes and six automated rubber-tyred gantry cranes arrive at Hutchison Ports Sohar to boost operational efficiency.
4. Hutchison Ports BEST is the first semi-automated terminal in the Hutchison Ports Group and the biggest on-dock railway terminal of any port in the Mediterranean, connecting traffic to Southern Europe.
5. Hutchison Ports HIT continues to upgrade its facilities to cope with the mega vessels' needs.

Operations Review – Ports and Related Services

This division is the world's leading port network, and has interests in 52 ports comprising 290 operational berths in 27 countries.

Group Performance

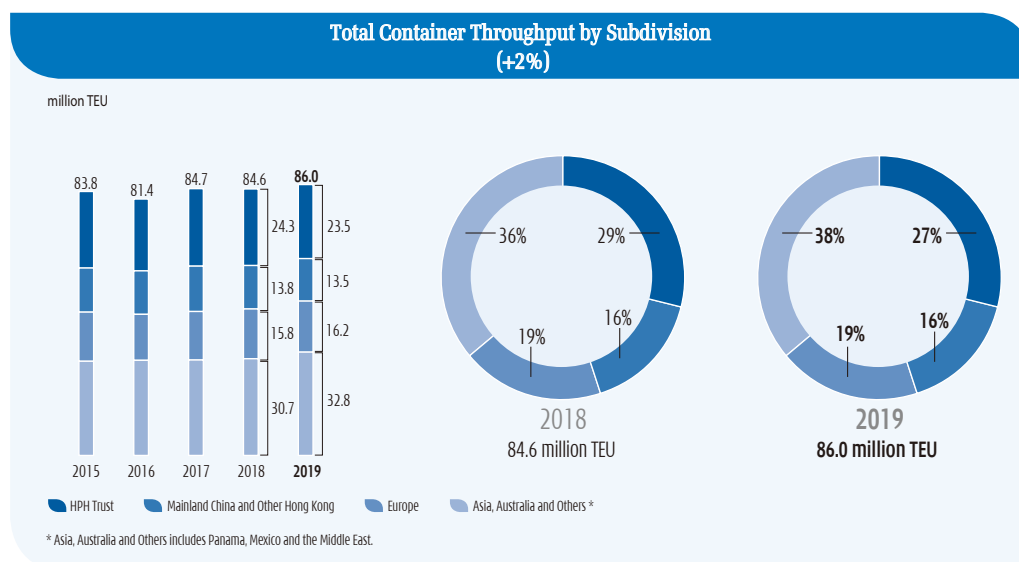
The Group operates container terminals in six of the 10 busiest container ports in the world. The division comprises the Group's 80% interest in the Hutchison Ports group of companies and its 30.07% interest in the HPH Trust, which together handled a total of 86.0 million twenty-foot equivalent units ("TEU") in 2019.

	2019 HK\$ million	2018 HK\$ million	Change	Local currencies change
Total Revenue ⁽¹⁾	35,375	35,175	+1%	+5%
EBITDA ^{(1) (2)}	13,405	13,392	+0.1%	+3%
EBIT ^{(1) (2)}	9,061	8,726	+4%	+7%
Throughput (million TEU)	86.0	84.6	+2%	
Number of berths	290	288	+2 berths	

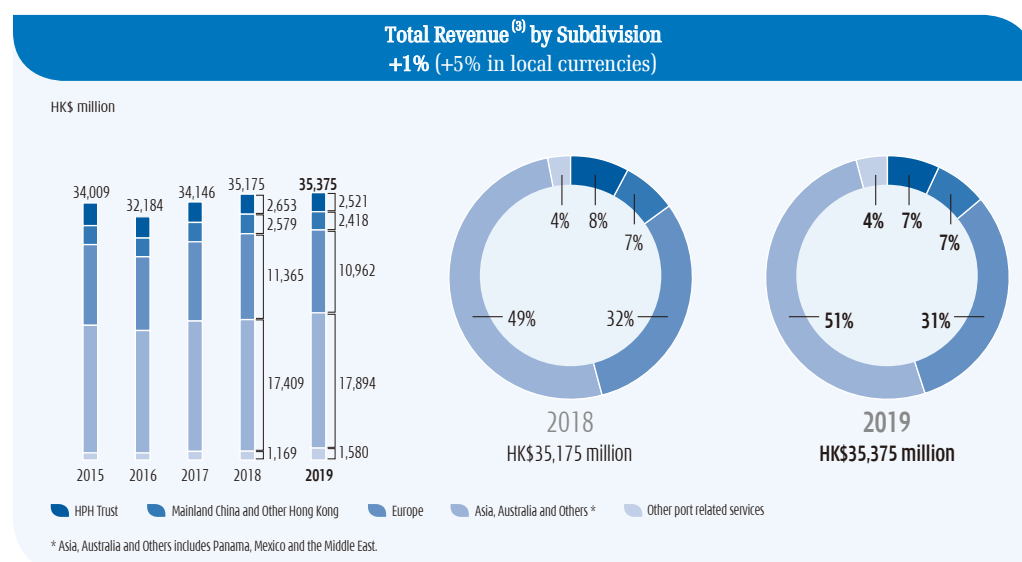
Note 1: Total revenue, EBITDA and EBIT have been adjusted to exclude non-controlling interests' share of results of HPH Trust.

Note 2: Under Post-IFRS 16 basis, EBITDA was HK\$16,092 million; EBIT was HK\$10,216 million.

Overall throughput increased 2% to 86.0 million TEU in 2019, with growth in Europe (mainly Rotterdam in the Netherlands) and Asia, Australia and others (mainly Klang in Malaysia, Laem Chabang in Thailand, Dammam in Saudi Arabia and resumption of trade volumes at Freeport in Bahamas, partly offset by Panama's intense competition), being partly offset by lower throughput in the Mainland (mainly due to disposal of Shantou International Container Terminals at the end of 2018) and in HPH Trust which has been affected by the decrease in outbound cargoes to the US, partly offset by growth in outbound European cargoes.

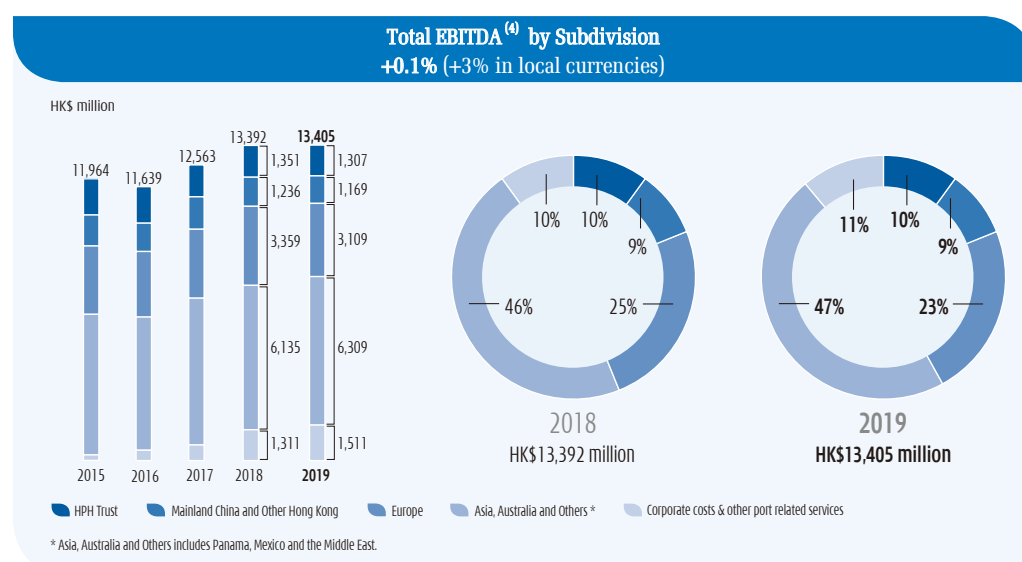


Total reported revenue increased 1% to HK\$35,375 million in 2019 driven primarily by throughput growth in Thailand and Dammam and better performances in Pakistan and Mexico, partly offset by weaker performances in Shanghai from keen competition and Ajman from adverse product mix driven by local demand, reduced throughput in Panama and Kwai Tsing of HPH Trust as mentioned earlier and loss of contribution from Shantou International Container Terminals.



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

In reported currency, EBITDA increased 0.1% to HK\$13,405 million and EBIT increased 4% to HK\$9,061 million against 2018, mainly due to higher revenue, disciplined cost controls across all business units and lower depreciation due to a concession extension as well as higher income from certain strategic investments. These improvements were partly offset by adverse foreign currency translation impacts. 2018 results also included a pre-tax gain of approximately HK\$914 million from the division's disposal of its 70% interest in Shantou International Container Terminals.



Note 4: Total EBITDA has been adjusted to exclude non-controlling interests' share of EBITDA of HPH Trust.

As at 31 December 2019, the division had 290 operating berths⁽⁵⁾, two berths more than 2018, with new berths commencing operations in Laem Chabang.

Note 5: Based on 300 metres per berth and is computed by dividing the total berth length by 300 metres.

Segment Performance

HPH Trust

	2019 HK\$ million	2018 HK\$ million	Change
Total Revenue ⁽⁶⁾	2,521	2,653	-5%
EBITDA ⁽⁶⁾	1,307	1,351	-3%
EBIT ⁽⁶⁾	589	627	-6%
Throughput (million TEU)	23.5	24.3	-3%
Number of berths	52	52	—

Note 6: Total revenue, EBITDA and EBIT have been adjusted to exclude non-controlling interests' share of results of HPH Trust.

Overall throughput decreased 3% and total revenue of the ports operated by HPH Trust decreased 5%. This was mainly attributable to lower intra-Asia cargoes and transshipment volume in Hong Kong together with decrease in US cargoes as a result of trade tensions, partly offset by growth in empty and transshipment cargoes at Yantian. The Group's share of EBITDA and EBIT were 3% and 6% lower respectively due to the decrease in revenue, partly offset by the impact of cost control initiatives and synergies arising from the Hong Kong Seaport Joint Operating Alliance arrangement implemented in 2019.

Mainland China and Other Hong Kong

	2019 HK\$ million	2018 HK\$ million	Change	Local currencies change
Total Revenue	2,418	2,579	-6%	-3%
EBITDA	1,169	1,236	-5%	-2%
EBIT	908	966	-6%	-2%
Throughput (million TEU)	13.5	13.8	-2%	
Number of berths	42	42	—	

The Mainland China and other Hong Kong segment's revenue, EBITDA and EBIT decline was mainly attributable to the loss of throughput from Shantou International Container Terminals and weaker performance in Shanghai from intense competition with higher margin cargoes diverted to neighbouring terminals.

Europe

	2019 HK\$ million	2018 HK\$ million	Change	Local currencies change
Total Revenue	10,962	11,365	-4%	+2%
EBITDA	3,109	3,359	-7%	-3%
EBIT	2,098	2,319	-10%	-5%
Throughput (million TEU)	16.2	15.8	+2%	
Number of berths	61	61	—	

Adverse exchange rate movements resulted in a decline in the contribution from the European segment during 2019. In local currencies, total revenue increased by 2% primarily due to the higher throughput in the region. EBITDA and EBIT decreased by 3% and 5% respectively in local currencies mainly due to higher mix of low margin throughput and higher depreciation charge from ongoing capital investments, partly offset by better performance in Rotterdam from organic growth and in the UK from improved operational efficiency.

Asia, Australia and Others

	2019 HK\$ million	2018 HK\$ million	Change	Local currencies change
Total Revenue	17,894	17,409	+3%	+7%
EBITDA	6,309	6,135	+3%	+6%
EBIT	4,117	3,714	+11%	+15%
Throughput (million TEU)	32.8	30.7	+7%	
Number of berths	135	133	+2 berths	

The growth in total revenue, EBITDA and EBIT was mainly driven by throughput growth in Dammam and Mexico, recovery of handling capacity from hurricane damage at the Bahamas, improved performances in Pakistan and Alexandria and lower depreciation from a concession extension. This is partly offset by fierce competition in Panama and Ajman and adverse foreign exchange impacts.