

Operations Review

Consolidated Operating Results

The Group's operations comprise six core business divisions – ports and related services, property and hotels, retail, infrastructure, energy, and telecommunications.

Audited Results for the year ended 31 December 2011 Highlights

| | 2011 HK\$ millions | 2010 Restated ⁽¹⁾ HK\$ millions | Change |
|---|-----------------------|--|--------|
| Total revenue ^{(2) (3)} | 387,717 | 319,096 | +22% |
| EBITDA ^{(2) (3)} | 80,352 | 61,012 | +32% |
| EBIT ^{(2) (3)} | 51,370 | 38,648 | +33% |
| Profit attributable to ordinary shareholders, before property revaluation and profits on disposal of investments and others | 22,561 | 16,614 | +36% |
| Property revaluation after tax | 590 | 3,565 | -83% |
| Profit attributable to ordinary shareholders, before profits on disposal of investments and others | 23,151 | 20,179 | +15% |
| Profits on disposal of investments and others after tax | 32,868 | – | |
| Profit attributable to ordinary shareholders | 56,019 | 20,179 | +178% |
| Earnings per share | HK\$13.14 | HK\$4.73 | +178% |
| Recurring earnings per share ⁽⁴⁾ | HK\$5.29 | HK\$3.90 | +36% |
| Final dividend per share | HK\$1.53 | HK\$1.41 | +8.5% |
| Full year dividend per share | HK\$2.08 | HK\$1.92 | +8.3% |

The Group reported total revenue, including the Group's share of associated companies' and jointly controlled entities' revenue, of HK\$387,717 million, an increase of 22% compared to 2010. Adjusted to exclude non-comparable items in both years, revenue on a comparable basis rose 22%. EBITDA and EBIT, before property revaluation gains and profits on disposal of investments and others, were HK\$80,352 million and HK\$51,370 million respectively, 32% and 33% respectively higher than in 2010.

The Group's results also include profit on investment properties revaluation after tax of HK\$590 million (2010 – HK\$3,565 million) as well as profits on disposal of investments and others after tax of HK\$32,868 million (2010 – nil). The profits on disposal of investments and others after tax comprises of a gain on Initial Public Offering ("IPO") of Hutchison Port Holdings Trust ("HPH Trust") of HK\$44,290 million, partly offset by impairment charges on certain port assets of HK\$7,110 million and on Vietnam telecommunications assets of HK\$2,997 million, and a write-off of fixed assets of HK\$1,315 million by 3 UK.

Total profit attributable to ordinary shareholders for the year was HK\$56,019 million, a 178% increase compared to last year's restated profit of HK\$20,179 million. Excluding the profits on investment properties revaluation and on disposal of investments and others, profit attributable to ordinary shareholders totalled HK\$22,561 million in 2011, 36% higher than the HK\$16,614 million for 2010 as restated.

Note 1: 2010 results have been restated to reflect the Group's early adoption of amendments to HKAS 12. See note 1 to the accounts.

Note 2: Total revenue, earnings before interest expenses and other finance costs, tax, depreciation and amortisation ("EBITDA") and earnings before interest expenses and other finance costs and tax ("EBIT") include the Group's share of associated companies' and jointly controlled entities' revenue, EBITDA and EBIT respectively and adjusted to reflect the Group's effective interest in HPH Trust / HPH Trust operations in the two years.

Note 3: To enable a better comparison of underlying performance, comparable revenue, EBITDA and EBIT for 2010 only reflect the Group's share of results based on the effective shareholdings in HPH Trust / HPH Trust operations during 2011 so that the year-on-year changes can be calculated on a like-for-like basis. The reconciliation item in 2010 represents the Group's actual effective share in excess of the Group's share of the respective item based on the effective shareholdings in HPH Trust / HPH Trust operations during 2011 as calculated above.

Note 4: Recurring earnings per share is calculated based on profits attributable to ordinary shareholders excluding the profits on investment property revaluation after tax of HK\$590 million and disposal of investments and others after tax of HK\$32,868 million.

Note 5: Represents information including the Company, its subsidiary companies and its proportionate share of associated companies' and jointly controlled entities' respective items.

Financial Performance Summary

| | 2011 | | 2010 | | Change |
|--|----------------|-------------|--|-------------|--------------|
| | HK\$ millions | % | Restated ⁽¹⁾ HK\$ millions | % | |
| Total revenue ⁽²⁾⁽³⁾ | | | | | |
| Ports and related services | 32,518 | 8% | 29,118 | 9% | +12% |
| <i>Hutchison Ports Group other than HPH Trust operations</i> | 29,194 | 7% | 26,150 | 8% | +12% |
| <i>HPH Trust / HPH Trust operations</i> | 3,324 | 1% | 2,968 | 1% | +12% |
| Property and hotels | 17,226 | 4% | 16,159 | 5% | +7% |
| Retail | 143,564 | 37% | 123,177 | 38% | +17% |
| Cheung Kong Infrastructure | 30,427 | 8% | 18,265 | 6% | +67% |
| Husky Energy | 63,027 | 16% | 44,640 | 14% | +41% |
| Hutchison Telecommunications Hong Kong Holdings | 13,407 | 4% | 9,880 | 3% | +36% |
| Hutchison Asia Telecommunications | 2,332 | 1% | 2,486 | 1% | -6% |
| 3 Group | 74,288 | 19% | 64,205 | 20% | +16% |
| Finance & Investments and others | 10,928 | 3% | 8,809 | 3% | +24% |
| Total comparable revenue | 387,717 | 100% | 316,739 | 99% | +22% |
| Reconciliation item ⁽³⁾ | – | – | 2,357 | 1% | N/A |
| Total Reported Revenue | 387,717 | 100% | 319,096 | 100% | +22% |
| EBITDA ⁽²⁾⁽³⁾ | | | | | |
| Ports and related services | 11,745 | 14% | 10,285 | 17% | +14% |
| <i>Hutchison Ports Group other than HPH Trust operations</i> | 9,874 | 12% | 8,634 | 14% | +14% |
| <i>HPH Trust / HPH Trust operations</i> | 1,871 | 2% | 1,651 | 3% | +13% |
| Property and hotels | 9,903 | 12% | 9,279 | 15% | +7% |
| Retail | 11,724 | 15% | 10,081 | 16% | +16% |
| Cheung Kong Infrastructure | 17,242 | 22% | 11,007 | 18% | +57% |
| Husky Energy | 16,053 | 20% | 8,987 | 15% | +79% |
| Hutchison Telecommunications Hong Kong Holdings | 2,616 | 3% | 2,171 | 4% | +20% |
| Hutchison Asia Telecommunications | (142) | – | (1,893) | -3% | +92% |
| 3 Group | 10,524 | 13% | 8,718 | 14% | +21% |
| Finance & Investments and others | 687 | 1% | 1,067 | 2% | -36% |
| Comparable EBITDA before profits on disposal of investments & others and property revaluation | 80,352 | 100% | 59,702 | 98% | +35% |
| Reconciliation item ⁽³⁾ | – | – | 1,310 | 2% | N/A |
| Reported EBITDA before profits on disposal of investments & others and property revaluation | 80,352 | 100% | 61,012 | 100% | +32% |
| EBIT ⁽²⁾⁽³⁾ | | | | | |
| Ports and related services | 8,226 | 16% | 7,207 | 18% | +14% |
| <i>Hutchison Ports Group other than HPH Trust operations</i> | 6,937 | 13% | 5,877 | 15% | +18% |
| <i>HPH Trust / HPH Trust operations</i> | 1,289 | 3% | 1,330 | 3% | -3% |
| Property and hotels | 9,517 | 18% | 8,847 | 23% | +8% |
| Retail | 9,330 | 18% | 7,866 | 20% | +19% |
| Cheung Kong Infrastructure | 13,478 | 26% | 8,454 | 22% | +59% |
| Husky Energy | 8,614 | 17% | 3,073 | 8% | +180% |
| Hutchison Telecommunications Hong Kong Holdings | 1,435 | 3% | 1,090 | 3% | +32% |
| Hutchison Asia Telecommunications | (1,181) | -2% | (2,688) | -7% | +56% |
| 3 Group | 1,481 | 3% | 2,931 | 8% | -49% |
| Finance & Investments and others | 470 | 1% | 810 | 2% | -42% |
| Comparable EBIT before profits on disposal of investments & others and property revaluation | 51,370 | 100% | 37,590 | 97% | +37% |
| Reconciliation item ⁽³⁾ | – | – | 1,058 | 3% | N/A |
| Reported EBIT before profits on disposal of investments & others and property revaluation | 51,370 | 100% | 38,648 | 100% | +33% |
| Change in fair value of investment properties | 780 | | 4,198 | | -81% |
| Total EBIT | 52,150 | | 42,846 | | +22% |
| Interest expenses and finance costs ⁽⁵⁾ | (14,804) | | (12,306) | | -20% |
| Profit before tax | | | | | |
| Tax ⁽⁵⁾ | 37,346 | | 30,540 | | +22% |
| Current tax | (7,284) | | (5,508) | | -32% |
| Deferred tax | 44 | | (2,653) | | +102% |
| Profit after tax | 30,106 | | 22,379 | | +35% |
| Non-controlling interests and perpetual capital securities holders interests | (6,955) | | (2,200) | | -216% |
| Profit attributable to ordinary shareholders before profits on disposal of investments and others | 23,151 | | 20,179 | | +15% |
| Profits on disposal of investments and others attributable to ordinary shareholders | 32,868 | | – | | |
| Profit attributable to ordinary shareholders | 56,019 | | 20,179 | | +178% |