

# 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 2012 Highlights

	2012 HK\$ millions	2011 (Restated) HK\$ millions	Change
Total Revenue <sup>(1)(2)</sup>	<b>398,391</b>	383,793	<b>+4%</b>
EBITDA <sup>(1)</sup>	<b>87,607</b>	80,352	<b>+9%</b>
EBIT <sup>(1)</sup>	<b>58,290</b>	51,370	<b>+13%</b>
Profit attributable to ordinary shareholders, before property revaluation and profits on disposal of investments and others	<b>26,818</b>	22,561	<b>+19%</b>
Property revaluation, after tax	<b>1,113</b>	590	<b>+89%</b>
Profit attributable to ordinary shareholders, before profits on disposal of investments and others	<b>27,931</b>	23,151	<b>+21%</b>
Profits on disposal of investments and others, after tax <sup>(3)</sup>	<b>(1,803)</b>	32,868	
Profit attributable to ordinary shareholders	<b>26,128</b>	56,019	<b>-53%</b>
Earnings per share	<b>HK\$6.13</b>	HK\$13.14	<b>-53%</b>
Recurring earnings per share <sup>(4)</sup>	<b>HK\$6.29</b>	HK\$5.29	<b>+19%</b>
Final dividend per share	<b>HK\$1.53</b>	HK\$1.53	—
Full year dividend per share	<b>HK\$2.08</b>	HK\$2.08	—

The Group reported total revenue, including the Group's share of associated companies' and jointly controlled entities' revenue, of HK\$398,391 million, an increase of 4% compared to 2011. EBITDA and EBIT, before property revaluation and profits on disposal of investments and others, were HK\$87,607 million and HK\$58,290 million respectively, 9% and 13% respectively higher than in 2011.

Total recurring profit attributable to ordinary shareholders, before property revaluation and profits on disposal of investments and others, after tax for the year were HK\$26,818 million, a 19% increase compared to last year's profit of HK\$22,561 million.

The Group also reported profit on investment properties revaluation, after tax of HK\$1,113 million (2011: HK\$590 million). Profits on disposal of investments and others, after tax in 2012 were a charge of HK\$1,803 million and represent Hutchison Telecommunications (Australia)'s ("HTAL") 50% share of Vodafone Hutchison Australia's ("VHA") operating losses and its share of certain network closure cost and restructuring costs in the second half. Profits on disposal of investments and others, after tax in 2011 were HK\$32,868 million, primarily due to the initial public offering ("IPO") of HPH Trust partly offset by certain impairment charges.

Profit attributable to ordinary shareholders reported for the year was HK\$26,128 million as compared to HK\$56,019 million in 2011.

Note 1: Total revenue, earnings before interest expenses and other finance costs, tax, depreciation and amortisation ("EBITDA"), earnings before interest expenses and other finance costs and tax ("EBIT"), interest expenses and other finance costs and tax include the Group's share of associated companies' and jointly controlled entities' respective items. Total revenue, EBITDA and EBIT were adjusted to reflect the Group's effective interest in HPH Trust in the two years. See Note 5 of the accounts on the details of the adjustments.

Note 2: Revenue reduced by HK\$3,924 million for the year ended 31 December 2011 due to reclassification adjustments made by Husky Energy to its 2011 reported revenue and cost of sales following a change in presentation adopted by Husky Energy in 2012.

Note 3: The profits on disposal of investments and others, after tax in 2012 reflect the Group's share of operating losses of VHA and its share of certain network closure cost and restructuring costs from July to December 2012. From the second half of 2012, VHA is undergoing a shareholder-sponsored restructuring under the leadership of Vodafone under the applicable terms of our shareholders' agreement, therefore the Group believes that it is more appropriate to reclassify its share of VHA's operating losses from the Group's recurring earnings profile during this phase. 2011 comparatives comprise a gain on IPO of HPH Trust of HK\$44,290 million, partially 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.

Note 4: Recurring earnings per share is calculated based on profits attributable to ordinary shareholders before property revaluation, after tax and profits on disposal of investments and others, after tax.

Note 5: To enable a better comparison of underlying performance, comparable revenue, EBITDA and EBIT only reflect the Group's attributable share of results based on the effective shareholdings in HPH Trust during 2012 and exclude HTAL's share of VHA's results for the first half of 2012 and full year 2011. 2011 EBIT includes the depreciation in 2012 on marking HPH Trust's assets to fair value on IPO so that the year-on-year changes can be calculated on a like-for-like basis.

## Financial Performance Summary

	2012		2011		Change
	HK\$ millions	%	(Restated) HK\$ millions	%	
<b>Total Revenue<sup>(1)</sup></b>					
Ports and related services	32,941	8%	31,829	8%	+3%
<i>Hutchison Ports Group other than HPH Trust operations</i>	30,208	7%	29,194	7%	+3%
<i>HPH Trust / HPH Trust operations<sup>(5)</sup></i>	2,733	1%	2,635	1%	+4%
Property and hotels	19,970	5%	17,226	4%	+16%
Retail	148,626	37%	143,564	37%	+4%
Cheung Kong Infrastructure	39,693	10%	30,427	8%	+30%
Husky Energy <sup>(2)</sup>	59,224	15%	59,103	15%	—
Hutchison Telecommunications Hong Kong Holdings	15,536	4%	13,407	4%	+16%
Hutchison Asia Telecommunications	4,452	1%	2,332	1%	+91%
3 Group Europe	58,708	15%	56,877	15%	+3%
Finance & Investments and Others	11,593	3%	10,928	3%	+6%
<b>Total Comparable Revenue<sup>(5)</sup></b>	<b>390,743</b>	<b>98%</b>	<b>365,693</b>	<b>95%</b>	<b>+7%</b>
Reconciliation item <sup>(6)</sup>	7,648	2%	18,100	5%	-58%
<b>Total Reported Revenue</b>	<b>398,391</b>	<b>100%</b>	<b>383,793</b>	<b>100%</b>	<b>+4%</b>
<b>EBITDA<sup>(1)</sup></b>					
Ports and related services	11,453	13%	11,360	14%	+1%
<i>Hutchison Ports Group other than HPH Trust operations</i>	9,989	11%	9,874	12%	+1%
<i>HPH Trust / HPH Trust operations<sup>(5)</sup></i>	1,464	2%	1,486	2%	-1%
Property and hotels	10,919	13%	9,903	12%	+10%
Retail	12,725	15%	11,724	15%	+9%
Cheung Kong Infrastructure	21,405	24%	17,242	21%	+24%
Husky Energy	14,889	17%	16,053	20%	-7%
Hutchison Telecommunications Hong Kong Holdings	3,062	3%	2,616	3%	+17%
Hutchison Asia Telecommunications	423	—	(142)	—	+398%
3 Group Europe	9,213	11%	8,031	10%	+15%
Finance & Investments and Others	2,650	3%	687	1%	+286%
<b>Comparable EBITDA before profits on disposal of investments &amp; others and property revaluation<sup>(5)</sup></b>	<b>86,739</b>	<b>99%</b>	<b>77,474</b>	<b>96%</b>	<b>+12%</b>
Reconciliation item <sup>(6)</sup>	868	1%	2,878	4%	-70%
<b>Reported EBITDA before profits on disposal of investments &amp; others and property revaluation</b>	<b>87,607</b>	<b>100%</b>	<b>80,352</b>	<b>100%</b>	<b>+9%</b>
<b>EBIT<sup>(1)</sup></b>					
Ports and related services	7,791	13%	7,848	15%	-1%
<i>Hutchison Ports Group other than HPH Trust operations</i>	6,902	12%	6,937	13%	-1%
<i>HPH Trust / HPH Trust operations<sup>(5)</sup></i>	889	1%	911	2%	-2%
Property and hotels	10,553	18%	9,517	18%	+11%
Retail	10,048	17%	9,330	18%	+8%
Cheung Kong Infrastructure	16,643	29%	13,478	26%	+23%
Husky Energy	7,427	13%	8,614	17%	-14%
Hutchison Telecommunications Hong Kong Holdings	1,756	3%	1,435	3%	+22%
Hutchison Asia Telecommunications	(846)	-1%	(1,181)	-2%	+28%
3 Group Europe	3,145	5%	1,567	3%	+101%
Finance & Investments and Others	2,340	4%	470	1%	+398%
<b>Comparable EBIT before profits on disposal of investments &amp; others and property revaluation<sup>(5)</sup></b>	<b>58,857</b>	<b>101%</b>	<b>51,078</b>	<b>99%</b>	<b>+15%</b>
Reconciliation item <sup>(6)</sup>	(567)	-1%	292	1%	-294%
<b>Reported EBIT before profits on disposal of investments &amp; others and property revaluation</b>	<b>58,290</b>	<b>100%</b>	<b>51,370</b>	<b>100%</b>	<b>+13%</b>
Interest expenses and finance costs <sup>(1)</sup>	(16,359)		(14,804)		-11%
Profit before tax	41,931		36,566		+15%
Tax <sup>(1)</sup>					
Current tax	(8,661)		(7,284)		-19%
Deferred tax	(1)		234		-100%
Profit after tax	33,269		29,516		+13%
Non-controlling interests and perpetual capital securities holders' interests	(6,451)		(6,955)		+7%
<b>Profit attributable to ordinary shareholders before profits on disposal of investments &amp; others and property revaluation</b>	<b>26,818</b>		<b>22,561</b>		<b>+19%</b>
Property revaluation, after tax	1,113		590		+89%
Profits on disposal of investments & others, after tax <sup>(3)</sup>	(1,803)		32,868		-105%
<b>Profit attributable to ordinary shareholders</b>	<b>26,128</b>		<b>56,019</b>		<b>-53%</b>

Note 6: The reconciliation items comprise revenue, EBITDA and EBIT adjustments as summarised below.

HTAL - The reconciliation items represent the results of HTAL and its share of results of VHA for the first half of 2012 and full year 2011. VHA's operating losses and certain network closure cost and restructuring costs in the second half of 2012 are included as a charge under "profits on disposal of investments & others, after tax".

2012 revenue: HK\$7,648 million (2011: HK\$17,411 million); 2012 EBITDA: HK\$868 million (2011: HK\$2,493 million); and 2012 EBIT: HK\$(567) million (2011: HK\$(86) million).

HPH Trust/HPH Trust operations: The reconciliation items in 2011 represent the Group's actual effective share in excess of the Group's share of the revenue, EBITDA and EBIT based on the effective shareholding in HPH Trust in 2012. In addition, the reconciliation item in 2011 EBIT includes the additional depreciation of 2012 on marking HPH Trust's assets to fair value on IPO.

2011 revenue: HK\$689 million; 2011 EBITDA: HK\$385 million; and 2011 EBIT: HK\$378 million.