

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 2013 Highlights

	2013 HK\$ millions	2012 Restated ⁽¹⁾ HK\$ millions	Change
Total Revenue ⁽²⁾	412,933	397,911	+4%
EBITDA ⁽²⁾	95,647	87,336	+10%
EBIT ⁽²⁾	64,597	58,019	+11%
Profit attributable to ordinary shareholders, before property revaluation and profits on disposal of investments and others	31,028	26,587	+17%
Property revaluation after tax	32	1,113	-97%
Profits on disposal of investments and others after tax	52	(1,803)	+103%
Profit attributable to ordinary shareholders	31,112	25,897	+20%
Earnings per share	HK\$7.30	HK\$6.07	+20%
Recurring earnings per share ⁽³⁾	HK\$7.28	HK\$6.23	+17%
Final dividend per share	HK\$1.70	HK\$1.53	+11.1%
Full year dividend per share	HK\$2.30	HK\$2.08	+10.6%

The Group reported total revenue, including the Group's share of associated companies' and joint ventures' revenue, of HK\$412,933 million, an increase of 4% compared to 2012. EBITDA and EBIT, before property revaluation and profits on disposal of investments and others, were HK\$95,647 million and HK\$64,597 million respectively, an increase of 10% and 11% compared to 2012.

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\$31,028 million, a 17% increase compared to last year's profit of HK\$26,587 million.

The Group also reported profit on investment properties revaluation after tax of HK\$32 million (2012: HK\$1,113 million). Profits on disposal of investments and others after tax in 2013 of HK\$52 million includes the gain arising from the Initial Public Offering ("IPO") of Westports in Malaysia of HK\$1,056 million, the one-time net gain recognised on the completion of the Orange Austria acquisition transaction, net of certain restructuring provision, of HK\$958 million, partly offset by Hutchison Telecommunications (Australia) ("HTAL")'s 50% share of Vodafone Hutchison Australia ("VHA") operating losses of HK\$1,458 million and the Group's share of Husky Energy ("Husky")'s impairment charge of HK\$504 million on certain natural gas assets in Western Canada. This compares to a charge of HK\$1,803 million in 2012, comprising HTAL's 50% share of VHA's operating losses and restructuring charges in the second half of that year.

Profit attributable to ordinary shareholders reported for the year was HK\$31,112 million as compared to HK\$25,897 million in 2012.

Note 1: The comparatives have been restated to reflect the effect of adoption of new and revised accounting policies in 2013. See Note 1 to the accounts. Total revenue in 2012 has been reduced by HK\$480 million due to reclassification adjustment made by Husky Energy to its 2012 reported revenue and cost of sales.

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"), interest expenses and other finance costs and tax include the Group's proportionate share of associated companies' and joint ventures' respective items. Total revenue, EBITDA and EBIT have been adjusted to exclude the non-controlling interests' share of results of HPH Trust. See Note 5 to the accounts on the details of the adjustments.

Note 3: 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 4: To enable a better comparison of underlying performance, the comparable revenue, EBITDA and EBIT excludes the reconciliation item below:
The reconciliation item represents the results of HTAL and its share of results of VHA for the first half of 2012. VHA's operating losses in 2013 and the second half of 2012 and restructuring charges in the second half of 2012 are included as a charge under "profits on disposal of investments & others, after tax".

Note 5: Pursuant to the strategic review of the retail division which is still ongoing, results of the Marionnaud business are included in the Finance & Investments and Others segment and the 2012 results have been reclassified for comparative purposes.

Financial Performance Summary

	2013 HK\$ millions	%	2012 Restated ⁽¹⁾ HK\$ millions	%	Change
Total Revenue ⁽²⁾					
Ports and related services	34,119	8%	32,941	8%	+4%
<i>Hutchison Ports Group other than HPH Trust</i>	31,360	7%	30,208	7%	+4%
<i>HPH Trust ⁽²⁾</i>	2,759	1%	2,733	1%	+1%
Property and hotels	24,264	6%	19,970	5%	+22%
Retail ⁽⁵⁾	149,147	36%	138,519	35%	+8%
Cheung Kong Infrastructure	42,460	10%	39,693	10%	+7%
Husky Energy	59,481	14%	58,744	15%	+1%
3 Group Europe	61,976	15%	58,708	15%	+6%
Hutchison Telecommunications Hong Kong Holdings	12,777	3%	15,536	4%	-18%
Hutchison Asia Telecommunications	6,295	2%	4,452	1%	+41%
Finance & Investments and Others ⁽⁵⁾	22,414	6%	21,700	5%	+3%
<i>Finance & Investments</i>	2,321	1%	2,388	-	-3%
<i>Others</i>	20,093	5%	19,312	5%	+4%
Total Comparable Revenue ⁽⁴⁾	412,933	100%	390,263	98%	+6%
Reconciliation item ⁽⁴⁾	-	-	7,648	2%	-100%
Total Reported Revenue	412,933	100%	397,911	100%	+4%
EBITDA ⁽²⁾					
Ports and related services	11,447	12%	11,343	13%	+1%
<i>Hutchison Ports Group other than HPH Trust</i>	10,060	11%	9,893	11%	+2%
<i>HPH Trust ⁽²⁾</i>	1,387	1%	1,450	2%	-4%
Property and hotels	13,995	15%	10,887	12%	+29%
Retail ⁽⁵⁾	14,158	15%	12,779	15%	+11%
Cheung Kong Infrastructure	22,841	24%	21,405	25%	+7%
Husky Energy	14,779	15%	14,889	17%	-1%
3 Group Europe	12,671	13%	9,213	11%	+38%
Hutchison Telecommunications Hong Kong Holdings	2,758	3%	3,050	3%	-10%
Hutchison Asia Telecommunications	819	1%	423	-	+94%
Finance & Investments and Others ⁽⁵⁾	2,179	2%	2,479	3%	-12%
<i>Finance & Investments</i>	2,808	3%	3,004	4%	-7%
<i>Others</i>	(629)	-1%	(525)	-1%	-20%
Comparable EBITDA before profits on disposal of investments & others and property revaluation ⁽⁴⁾	95,647	100%	86,468	99%	+11%
Reconciliation item ⁽⁴⁾	-	-	868	1%	-100%
Reported EBITDA before profits on disposal of investments & others and property revaluation	95,647	100%	87,336	100%	+10%
EBIT ⁽²⁾					
Ports and related services	7,358	12%	7,681	13%	-4%
<i>Hutchison Ports Group other than HPH Trust</i>	6,573	11%	6,806	12%	-3%
<i>HPH Trust ⁽²⁾</i>	785	1%	875	1%	-10%
Property and hotels	13,659	21%	10,521	18%	+30%
Retail ⁽⁵⁾	11,771	18%	10,357	18%	+14%
Cheung Kong Infrastructure	17,528	27%	16,643	29%	+5%
Husky Energy	7,208	11%	7,427	13%	-3%
3 Group Europe	4,856	8%	3,145	5%	+54%
Hutchison Telecommunications Hong Kong Holdings	1,367	2%	1,744	3%	-22%
Hutchison Asia Telecommunications	(409)	-1%	(846)	-1%	+52%
Finance & Investments and Others ⁽⁵⁾	1,259	2%	1,914	3%	-34%
<i>Finance & Investments</i>	2,808	4%	3,004	5%	-7%
<i>Others</i>	(1,549)	-2%	(1,090)	-2%	-42%
Comparable EBIT before profits on disposal of investments & others and property revaluation ⁽⁴⁾	64,597	100%	58,586	101%	+10%
Reconciliation item ⁽⁴⁾	-	-	(567)	-1%	+100%
Reported EBIT before profits on disposal of investments & others and property revaluation	64,597	100%	58,019	100%	+11%
Interest expenses and other finance costs ⁽²⁾	(14,159)		(16,359)		+13%
Profit before tax	50,438		41,660		+21%
Tax ⁽²⁾					
Current tax	(10,972)		(8,643)		-27%
Deferred tax	(770)		(1)		-76,900%
Profit after tax	38,696		33,016		+17%
Non-controlling interests and perpetual capital securities holders' interests	(7,668)		(6,429)		-19%
Profit attributable to ordinary shareholders before profits on disposal of investments & others and property revaluation	31,028		26,587		+17%
Property revaluation, after tax	32		1,113		-97%
Profits on disposal of investments & others, after tax	52		(1,803)		+103%
Profit attributable to ordinary shareholders	31,112		25,897		+20%