

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 2014 Highlights

	2014 HK\$ millions	2013 HK\$ millions	Change
Total Revenue ⁽¹⁾	421,472	412,933	+2%
EBITDA ⁽¹⁾	98,873	95,647	+3%
EBIT ⁽¹⁾	65,713	64,597	+2%
Profit attributable to ordinary shareholders, before property revaluation and profits on disposal of investments and others	32,008	31,028	+3%
Property revaluation, after tax	25,100	32	+78,338%
Profits on disposal of investments and others, after tax ⁽²⁾	10,048	52	+19,223%
Profit attributable to ordinary shareholders	67,156	31,112	+116%
Earnings per share	HK\$15.75	HK\$7.30	+116%
Recurring earnings per share ⁽³⁾	HK\$7.51	HK\$7.28	+3%
Second interim / Final dividend per share	HK\$1.755	HK\$1.700	+3.2%
Full year dividend per share ⁽⁴⁾	HK\$2.415	HK\$2.300	+5.0%
Special dividend per share	HK\$7.000	–	N/A

The Group reported total revenue, including the Group's share of associated companies' and joint ventures' revenue, of HK\$421,472 million, an increase of 2% compared to 2013. EBITDA and EBIT, before property revaluation and profits on disposal of investments and others, were HK\$98,873 million and HK\$65,713 million, increases of 3% and 2% respectively compared to 2013.

Total recurring profit attributable to ordinary shareholders, before property revaluation and profits on disposal of investments and others, after tax for the year was HK\$32,008 million, a 3% increase compared to last year's profit of HK\$31,028 million.

Profits on disposal of investments and others, after tax in 2014 of HK\$10,048 million comprise the Group's share of the gain arising from Power Assets Holdings Limited ("Power Assets")'s separate listing of its Hong Kong electricity business of HK\$16,066 million, as well as the marked-to-market gain of HK\$1,748 million on Cheung Kong Infrastructure Holdings Limited ("CKI")'s investment in Australian Gas Networks Limited ("AGN") (formerly known as Envestra Limited) realised upon the disposal of its interest in AGN to a joint venture with Cheung Kong (Holdings) Limited ("Cheung Kong") and Power Assets on the AGN acquisition. These profits were partly offset by:

- provisions relating to the restructuring of 3 Ireland on acquisition of O₂ Ireland amounting to HK\$3,388 million;
- Hutchison Telecommunications (Australia) ("HTAL")'s 50% share of Vodafone Hutchison Australia ("VHA") operating losses of HK\$1,732 million;
- the Group's share of Husky Energy's impairment charge on certain crude oil and natural gas assets of HK\$1,413 million;
- provisions of HK\$652 million on the impairment of goodwill and store closure of the Marionnaud businesses to exit Poland and downsize operations in Portugal and Spain; and
- impairment charges on certain ports assets and related provisions of HK\$581 million.

This compares to a reported profits on disposal of investments and others, after tax of HK\$52 million in 2013.

Investment property revaluation after tax for the year was HK\$25,100 million as compared to HK\$32 million for 2013.

Profit attributable to ordinary shareholders reported for the year was HK\$67,156 million as compared to HK\$31,112 million in 2013, after the property revaluation and one-time items mentioned above.

Note 1: 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 proportionate share of associated companies' and joint ventures' respective items. Total revenue, EBITDA and EBIT were 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 2: See Note 6 to the accounts on the details of the profits on disposal of investments and others, after tax for 2014 and 2013.

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: Exclude special dividend per share of HK\$7.00 in 2014.

Financial Performance Summary

	2014 HK\$ millions	%	2013 HK\$ millions	%	Change
Total Revenue⁽¹⁾					
Ports and related services	35,624	8%	34,119	8%	+4%
<i>Hutchison Ports Group other than HPH Trust</i>	32,841	8%	31,360	7%	+5%
<i>HPH Trust⁽¹⁾</i>	2,783	—	2,759	1%	+1%
Property and hotels	16,069	4%	24,264	6%	-34%
Retail	157,397	37%	149,147	36%	+6%
Cheung Kong Infrastructure	45,419	11%	42,460	10%	+7%
Husky Energy	57,368	14%	59,481	14%	-4%
3 Group Europe	65,623	16%	61,976	15%	+6%
Hutchison Telecommunications Hong Kong Holdings	16,296	4%	12,777	3%	+28%
Hutchison Asia Telecommunications	5,757	1%	6,295	2%	-9%
Finance & Investments and Others	21,919	5%	22,414	6%	-2%
<i>Finance & Investments</i>	2,366	—	2,321	1%	+2%
<i>Others</i>	19,553	5%	20,093	5%	-3%
Total Reported Revenue	421,472	100%	412,933	100%	+2%
EBITDA⁽¹⁾					
Ports and related services	12,133	12%	11,447	12%	+6%
<i>Hutchison Ports Group other than HPH Trust</i>	10,722	11%	10,060	11%	+7%
<i>HPH Trust⁽¹⁾</i>	1,411	1%	1,387	1%	+2%
Property and hotels	9,998	10%	13,995	15%	-29%
Retail	15,549	16%	14,158	15%	+10%
Cheung Kong Infrastructure	24,483	25%	22,841	24%	+7%
Husky Energy	14,410	14%	14,779	15%	-2%
3 Group Europe	15,598	16%	12,671	13%	+23%
Hutchison Telecommunications Hong Kong Holdings	2,780	3%	2,758	3%	+1%
Hutchison Asia Telecommunications	(278)	—	819	1%	-134%
Finance & Investments and Others	4,200	4%	2,179	2%	+93%
<i>Finance & Investments</i>	3,691	4%	2,808	3%	+31%
<i>Others</i>	509	—	(629)	-1%	+181%
Reported EBITDA before profits on disposal of investments & others and property revaluation	98,873	100%	95,647	100%	+3%
EBIT⁽¹⁾					
Ports and related services	7,944	12%	7,358	12%	+8%
<i>Hutchison Ports Group other than HPH Trust</i>	7,132	11%	6,573	11%	+9%
<i>HPH Trust⁽¹⁾</i>	812	1%	785	1%	+3%
Property and hotels	9,661	15%	13,659	21%	-29%
Retail	13,023	20%	11,771	18%	+11%
Cheung Kong Infrastructure	18,215	28%	17,528	27%	+4%
Husky Energy	6,324	10%	7,208	11%	-12%
3 Group Europe	6,892	10%	4,856	8%	+42%
Hutchison Telecommunications Hong Kong Holdings	1,380	2%	1,367	2%	+1%
Hutchison Asia Telecommunications	(1,465)	-2%	(409)	-1%	-258%
Finance & Investments and Others	3,739	5%	1,259	2%	+197%
<i>Finance & Investments</i>	3,691	5%	2,808	4%	+31%
<i>Others</i>	48	—	(1,549)	-2%	+103%
Reported EBIT before profits on disposal of investments & others and property revaluation	65,713	100%	64,597	100%	+2%
Interest expenses and other finance costs ⁽¹⁾	(14,324)		(14,159)		-1%
Profit before tax	51,389		50,438		+2%
Tax ⁽¹⁾					
Current tax	(10,932)		(10,972)		—
Deferred tax	1,422		(770)		+285%
	(9,510)		(11,742)		+19%
Profit after tax	41,879		38,696		+8%
Non-controlling interests and perpetual capital securities holders' interests	(9,871)		(7,668)		-29%
Profit attributable to ordinary shareholders, before profits on disposal of investments & others and property revaluation	32,008		31,028		+3%
Property revaluation, after tax	25,100		32		+78,338%
Profits on disposal of investments & others, after tax ⁽²⁾	10,048		52		+19,223%
Profit attributable to ordinary shareholders	67,156		31,112		+116%