中遠海運港口有限公司
COSCO SHIPPING Ports Limited

1Q2020 Results Presentation

With strong financial position and sustainable cash flow, we are well prepared to capture the visible demand once the market recovered

27 April 2020

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1. Assurances
2. Financial Highlights
3. Operational Review
4. Appendix

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Company Assurance – Strong Financial Sustainability to Maintain Dividend Policy

Strong dividend outlook in 2020

- **Strong cashflow including cashflow received from disposal help to maintain dividend policy**

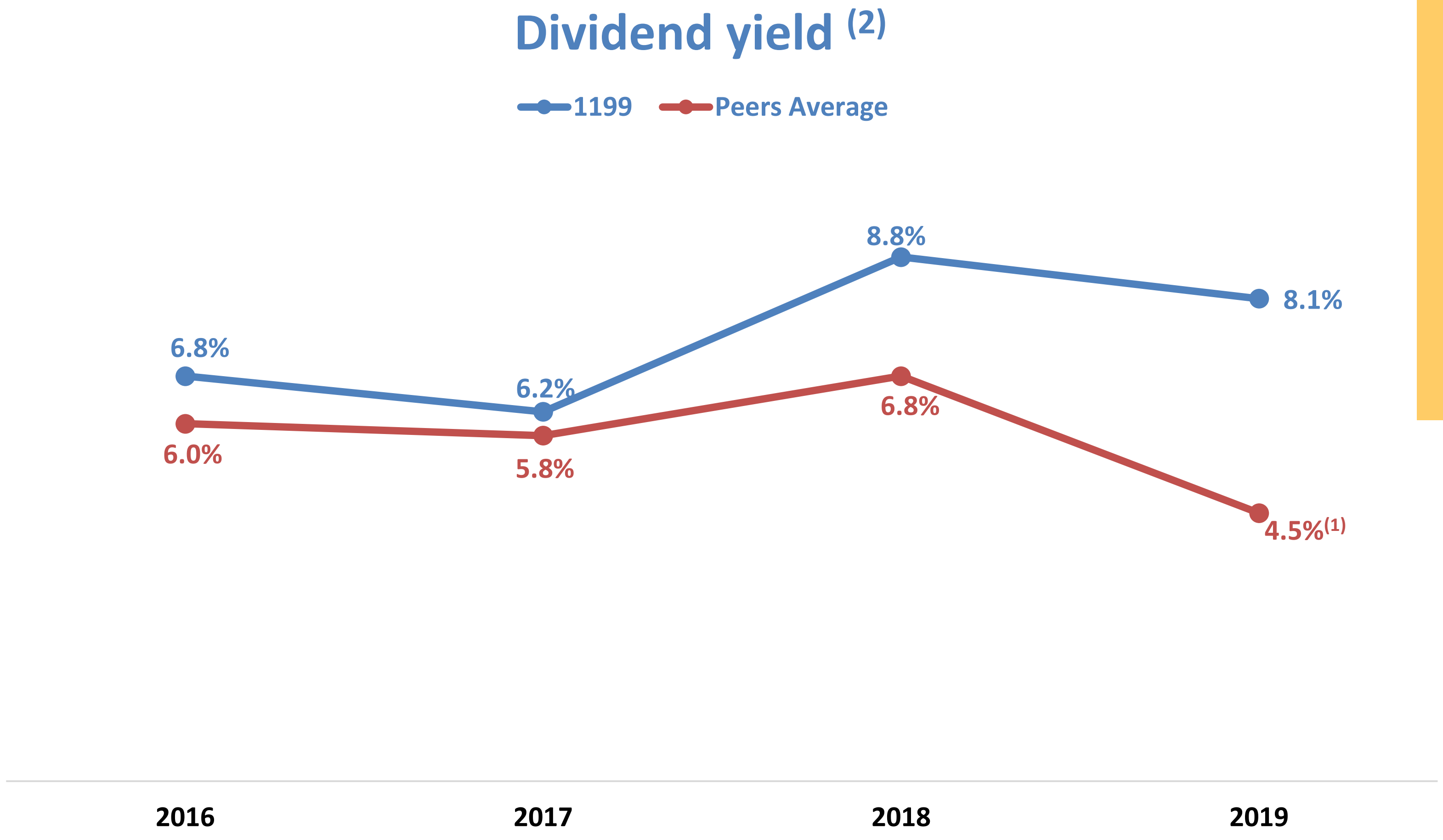
- **We completed disposal of interest in Yangzhou Terminal and Zhangjiagang Terminal at consideration of US$251 million in Feb 2020[(1)],of which about US$131 million was received in February and the rest of amount is expected to be received in the second quarter. In April 2020, we entered into an agreement related to disposal of interest in Jiangsu Yangtze Petrochemical Terminal at a consideration of approximately RMB250 million. Potential disposal of interest in Taicang Terminal is expected in 2020**

- **Total cash and cash equivalents of USD$832M at the end of 1Q2020**

- **We are confident to maintain 40% payout ratio of our dividend policy**

Notes:
(1) The after-tax disposal gain was approximately USD$61.5M to be recorded in 2020.

Deeply Undervalued – High Dividend Yield



- ***Our dividend yield has always been higher than the peers average since the year of 2016.***
- ***In 2019, our dividend yield was 8.1%, which further outperformed the peers average with 4.5% in the same year.***

Notes:

(1) Source: Peers' Dividend of 2019 from Bloomberg

(2) COSCO SHIPPING Ports' dividend yield is calculated by historical dividend divided by its closing price as at 16/4/2020. And peers (China Merchants Ports, Qingdao Port, Tianjin Port, Xiamen Port and Dalian Port) average is calculated by dividend of each company divided by its closing price as at 16/4/2020 and then taken by the average of 5 companies .

Industry Assurance – Well Prepared to Capture the Pent-up Demand

We see signs of quick recovery

- From 1 Apr to 14 Apr 2020, Our subsidiaries' throughput in China only dropped by 2.4% YoY
- Leverage our synergy with OCEAN Alliance and other Shipping Alliances
- Benefit more from the pent-up demand
- Increase the visibility of our throughput recovery

Resumption of work in China to capture the pent-up demand

- Coronavirus epidemic in China has been under control and factories have gradually resumed operation
- Overseas regions are still negatively affected due to the coronavirus outbreak

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Financial Highlights – Q1 Profit Growth Driven by Disposal Gain

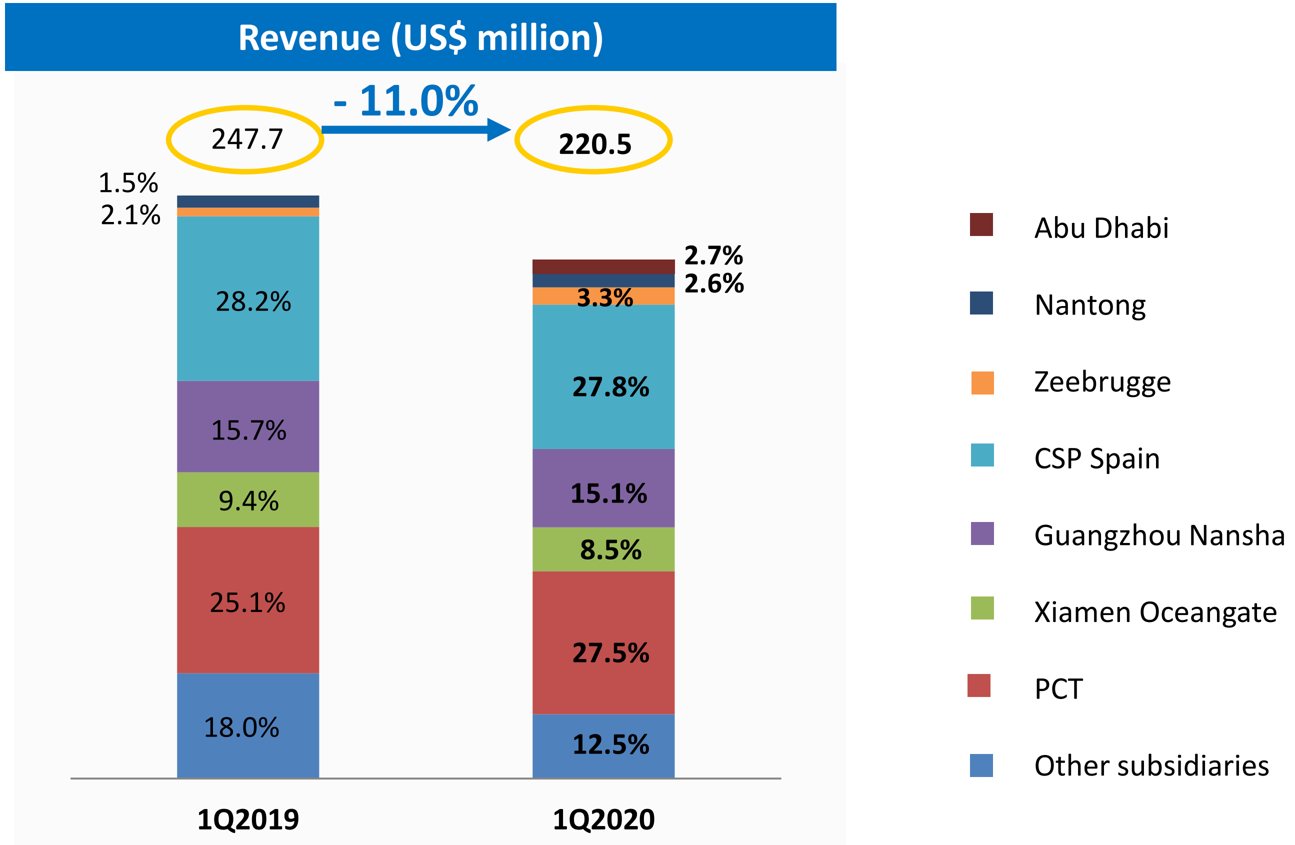
(US$ million, unless stated otherwise)	1Q2020	1Q2019	YoY Change
Revenue [1]	**220.5**	247.7	-11.0%
Cost of sales	**174.9**	177.6	-1.5%
Gross profit	**45.6**	70.1	-34.9%
Share of profits from Joint Ventures & Associates	**52.3**	61.9	-15.5%
EBITDA	**183.4**	147.5	+24.3%
Net profit attributable to shareholders	**91.9**	49.9	+84.1%
EPS (US cents)	**2.91**	1.60	+81.9%
Adjusted net profit attributable to shareholders	**30.4**[2]	49.9	-39.1%
Adjusted EPS (US cents)	**0.96**[2]	1.60	-40.0%

Notes:

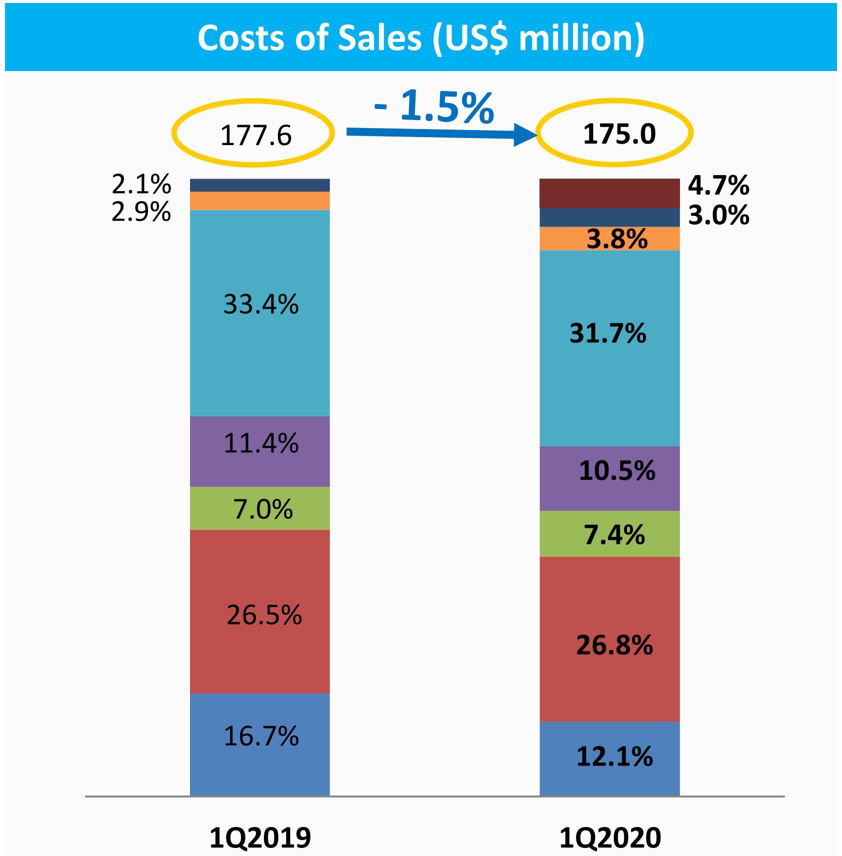
(1) Excluding the disposal of assets in Yangzhou Terminal and Zhangjiagang Terminal, our revenue decreased by 6.1% yoy in 1Q2020

(2) Excluding after-tax gain of USD$61.5M on disposal of interest in Yangzhou Terminal and Zhangjiagang Terminal in 1Q2020

Revenue & Costs – Revenue Decreased in Greater China Region



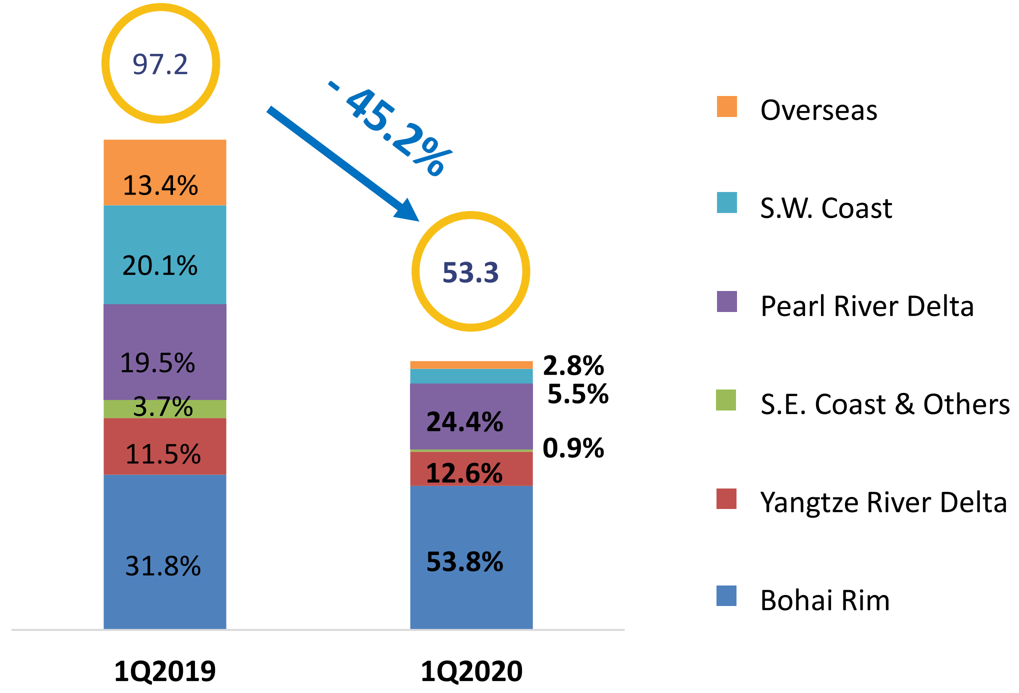
(US$ million)	1Q2019	%	1Q2020	%	YoY
Greater China	112.1	45%	**84.9**	**39%**	*-24.3%*
Overseas	135.6	55%	**135.7**	**61%**	*0.0%*
Total	247.7	100%	**220.5**	**100%**	*-11.0%*



(US$ million)	1Q2019	%	1Q2020	%	YoY
Greater China	66.0	37%	**57.4**	**33%**	*-13.0%*
Overseas	111.6	63%	**117.6**	**67%**	*+5.3%*
Total	177.6	100%	**175.0**	**100%**	*-1.5%*

Terminal Profits – Mainly Impacted by Coronavirus

Terminal Profits by Regions (US$ million)



Top 10 Terminal Contributors

	1Q2019		1Q2020
QPI	23.2%	QPI	43.8%
Beibu Gulf	19.5%	Yantian	14.5%
Yantian	11.6%	**PCT**	**10.6%**
PCT	**8.3%**	Shanghai Pudong	6.9%
Shanghai Pudong	4.1%	**Guangzhou Nansha**	**5.7%**
Guangzhou Nansha	**3.9%**	Shanghai Mingdong	5.2%
Xiamen Ocean Gate	**3.8%**	Beibu Gulf	5.1%
Kumport	3.5%	Kumport	4.7%
COSCO-PSA	2.7%	COSCO-PSA	3.7%
Shanghai Mingdong	2.3%	Ningbo Yuan Dong	2.8%
Total:	**82.8%**	**Total:**	**103.0%**

(US$ million) [2]	1Q2019	1Q2020	YoY
Terminal Profit	97.2	**53.3**	-45.2%
- Other expenses/cost	(47.2)	**(22.8)**	-51.6%
= Adjusted net profit attributable to shareholders [1]	49.9	**30.4**	-39.1%

Notes:

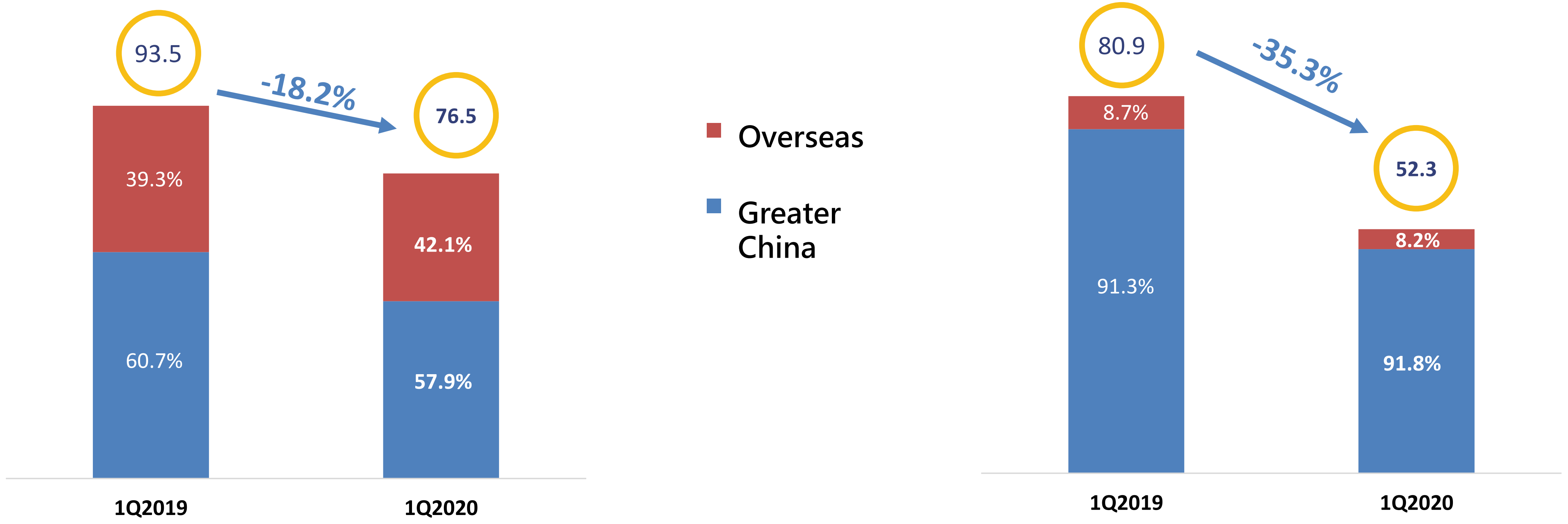
(1) Excluding after-tax gain of USD$61.5M on disposal of interest in Yangzhou and Zhangjiagang in 1Q2020

(2) Terminal profit – Other expenses/cost = Adjusted net profit attributable to shareholders

Terminals Profitability – Mainly Impacted by Coronavirus

Subsidiaries EBITDA (in millions USD) (1)

Share of profits from non-subsidiaries (in millions USD)



Note:
(1) Subsidiaries EBITDA is calculated by the figures of individual terminals level as well as excluding EBITDA from Yangzhou and Zhangjiagang Terminals

Financial Position – Stable Balance Sheet and Ample Borrowing Capacity

We are more prudent to the cash management amid challenging and uncertain environment in 2020

- ***Cash and cash equivalents of USD$832M at the end of 1Q20, up 47.8% yoy***
- ***Net gearing ratio of 33.9% at the end of 1Q20, which was 1.7 percentage points slightly higher than that at the end of 1Q19***

(US million, unless stated otherwise)	As at 31 March 2020	As at 31 March 2019
Total assets	**10,179**	9,775
Net asset	**5,686**	5,865
Total debt	**2,791**	2,526
Cash and cash equivalents	**832**	563
Net debt to equity	**33.9%**	32.2%
Book value per share (HK$)	**13.9**	14.8
Average bank borrowing cost	**3.6%**	3.5%

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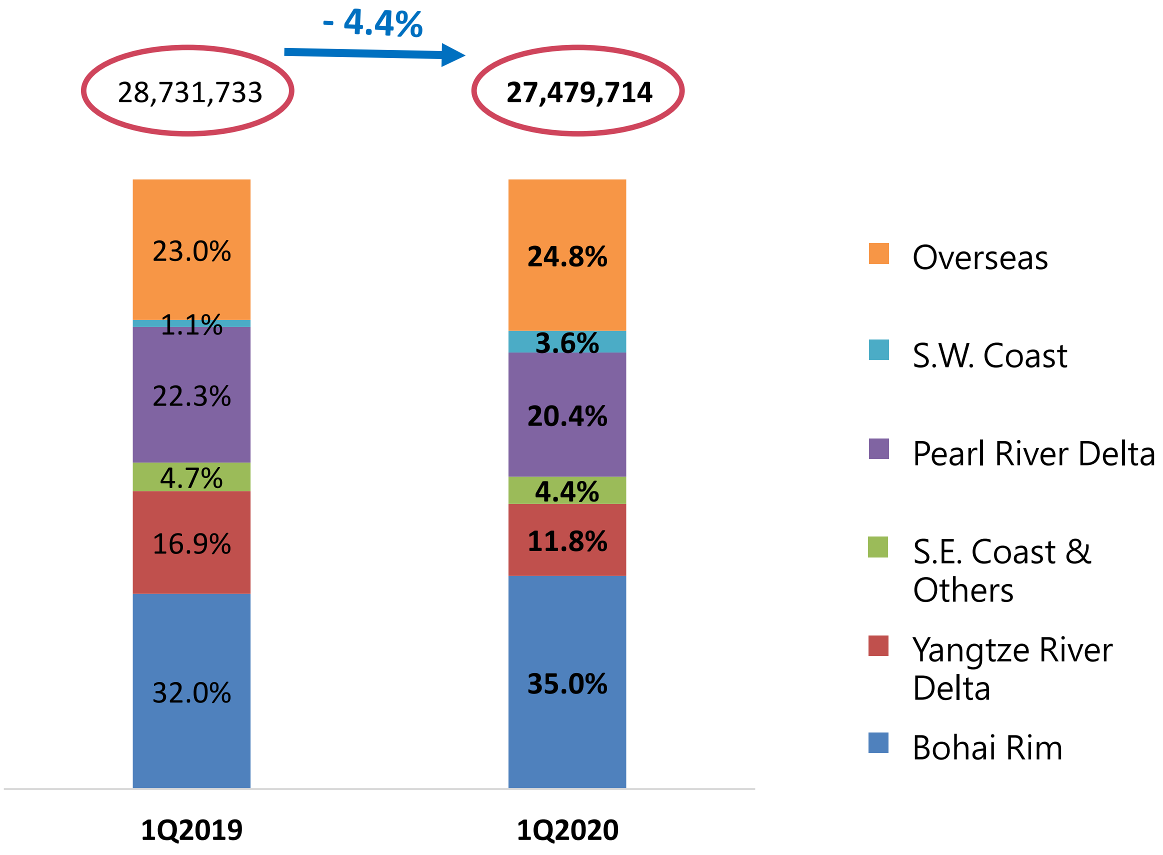
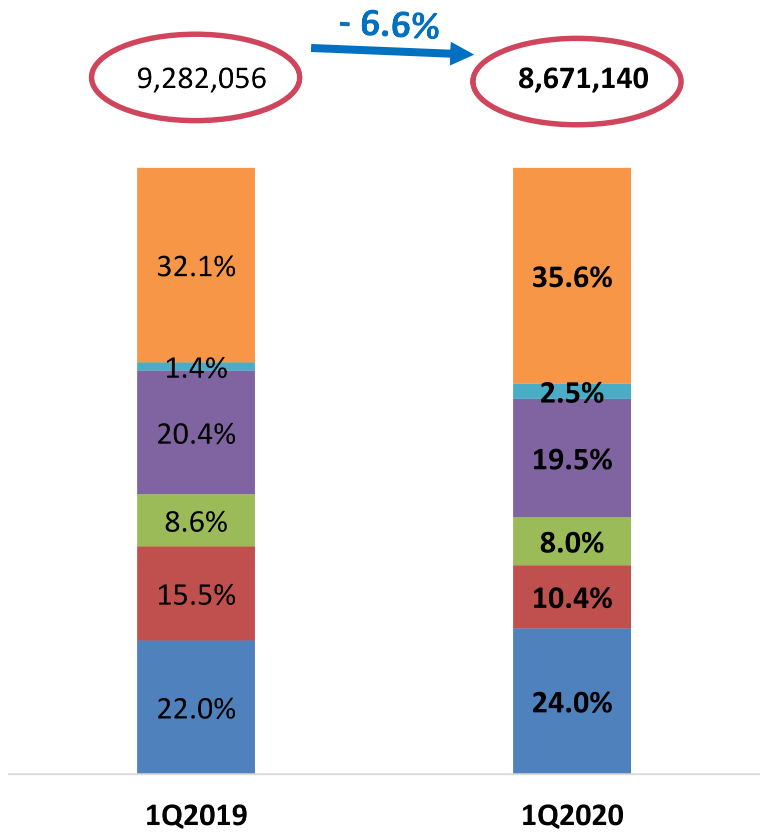
Operational Results – Throughput Declined due to Coronavirus

Total Throughput (TEU)	1Q2019	1Q2020	YoY
Total throughput	28,731,733	**27,479,714**	-4.4%
- Subsidiaries	5,943,433	**5,097,361**	-14.2%
- Non-subsidiaries	22,778,300	**22,382,353**	-1.8%

Equity Throughput (TEU)	1Q2019	1Q2020	YoY
Equity throughput	9,282,056	**8,671,140**	-6.6%
- Subsidiaries	3,753,652	**3,340,017**	-11.0%
- Non-subsidiaries	5,528,404	**5,331,123**	-3.6%





Effective Growth Strategies

3 Core Strategies

Globalisation

- Building a global terminal network with controlling stake

Equity throughput from overseas (CAGR 21.9%)
20.3% (1Q16) → 35.6% (1Q20)

Synergy

- Leveraging the synergies with Shipping Alliances

Total throughput from Shipping Alliances [1]
79.7% (FY17)[2] → 83.1% (1Q20)

Control

- Strengthening control and management of the ports and terminals business
- Increasing the value of these investments through building controlling stake
- Adopting a unified management and information system to integrate terminal operation

Equity throughput from subsidiaries (CAGR 9.1%)
34.2% (1Q16) → 38.5% (1Q20)

Earnings Growth Drivers

M&A
- Globalisation
- Control

Existing terminals efficiency improvement
- Synergy
- Navis N4

Natural growth
- Global economy

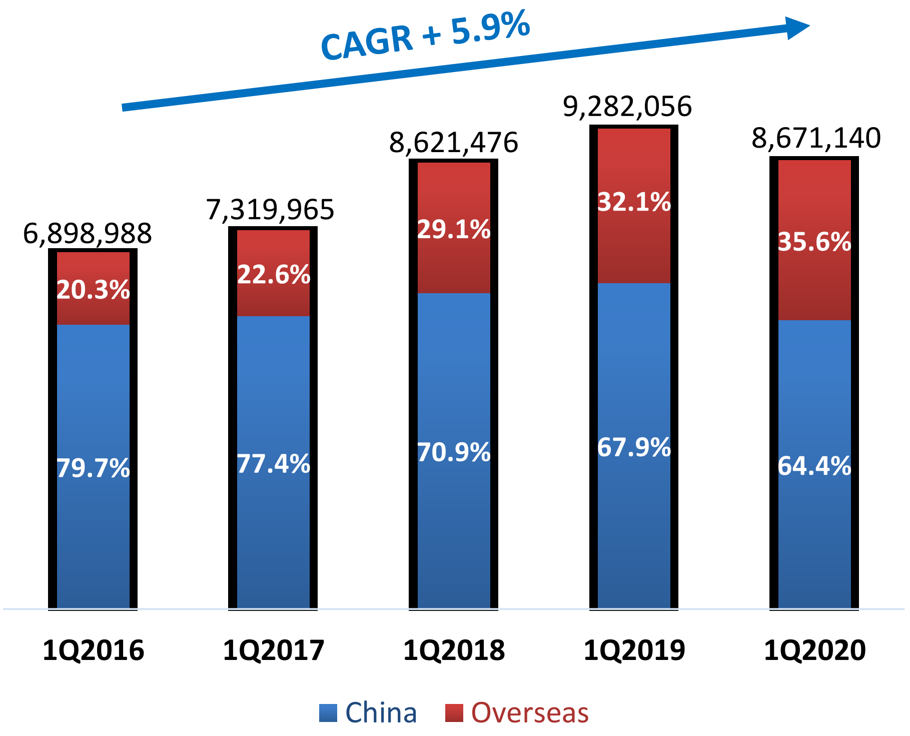
Note:

(1) *7 major subsidiaries at which 3 major Shipping Alliances calling*
(2) *OCEAN Alliance was formed in April 2017*

Globalisation – Managing Portfolio to Improve Quality

- Strategically pursue investment opportunities to create value to our shareholders
- To target Hurdle rate at least ***low double-digit equity IRR***
- Potential divestment of under-performing assets for ***capital recycling***

Equity Throughput in TEU (by geographic location)



Asset Investments

2016

CAPEX:
Investments – US$147m
PP&E – US$487m

Example:
- Euromax

2017

CAPEX:
Investments – US$1,267m
PP&E – US$205m

Examples:
- QPI
- Nantong Tonghai
- CSP Spain Group
- CSP Zeebrugge
- CSP Wuhan

2018

CAPEX:
Investments – US$128m
PP&E – US$366m

Examples:
- COSCO-PSA (one new berth)
- CSP Abu Dhabi

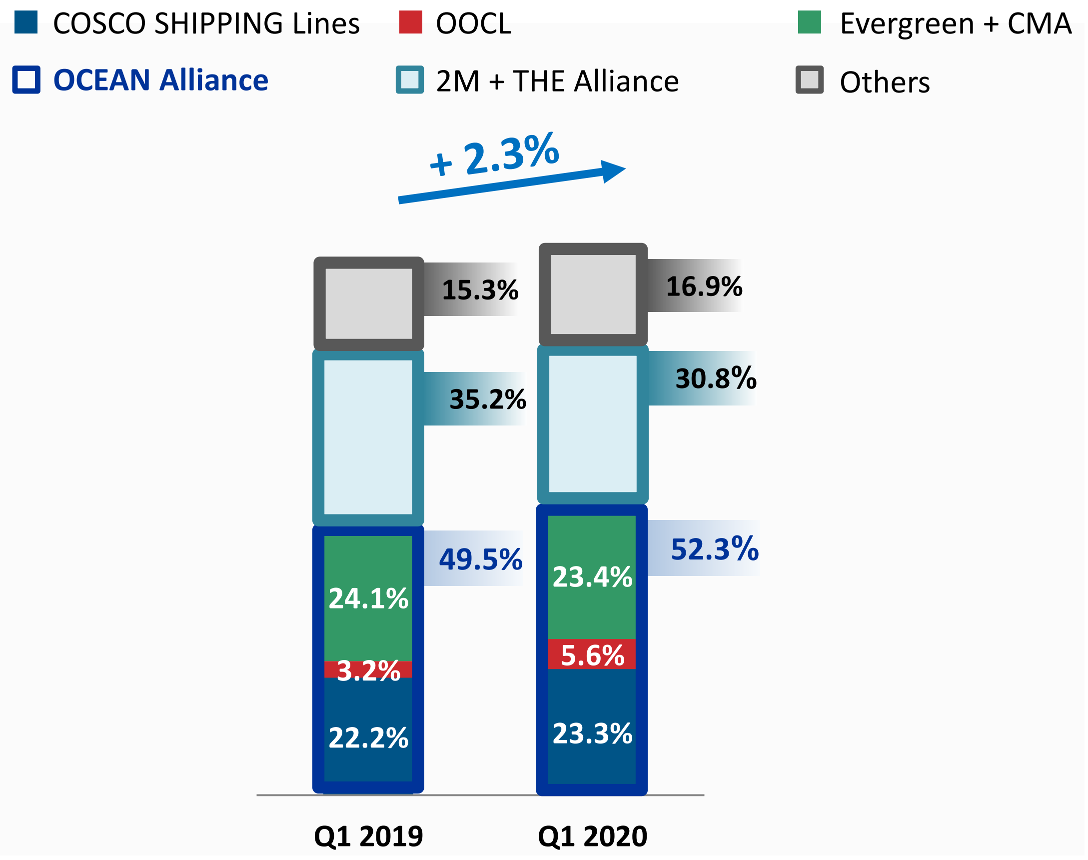
2019

CAPEX:
Investments – US$224m
PP&E – US$400m

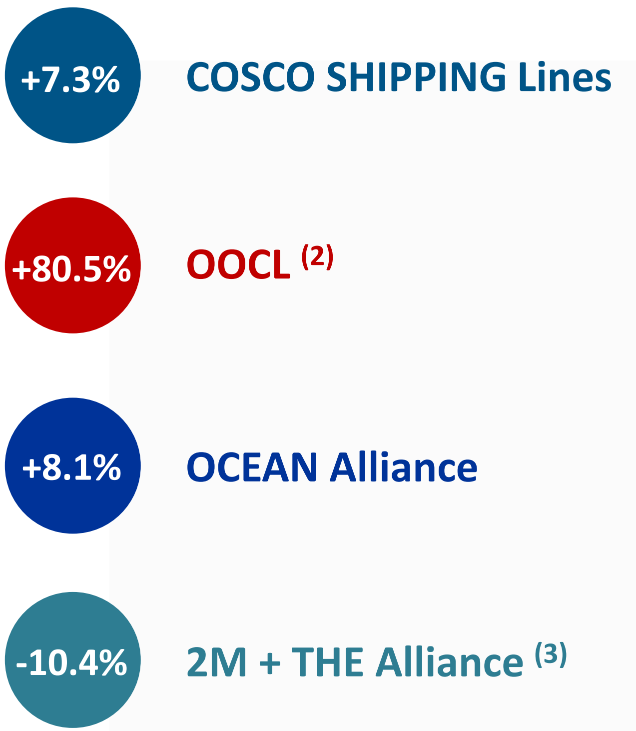
Examples:
- QPI (Added equity interest)
- Beibu Gulf Port (Added equity interest)
- 2 warehouses in CSP Zeebrugge terminal

Synergy – Secured Demand with Shipping Alliances (4)

Throughput from COSCO SHIPPING Lines, OOCL, Evergreen + CMA, 2M+THE Alliance and others as % of total throughput (1)



Growth in Throughput (1) (Q1 2019 vs Q1 2020)



Notes:

(1) Total throughput of 7 major subsidiary terminals at which 3 major Shipping Alliances call.

(2) Throughput from OOCL at Zeebrugge and Abu Dhabi increased significantly between Q1 2019 and Q1 2020.

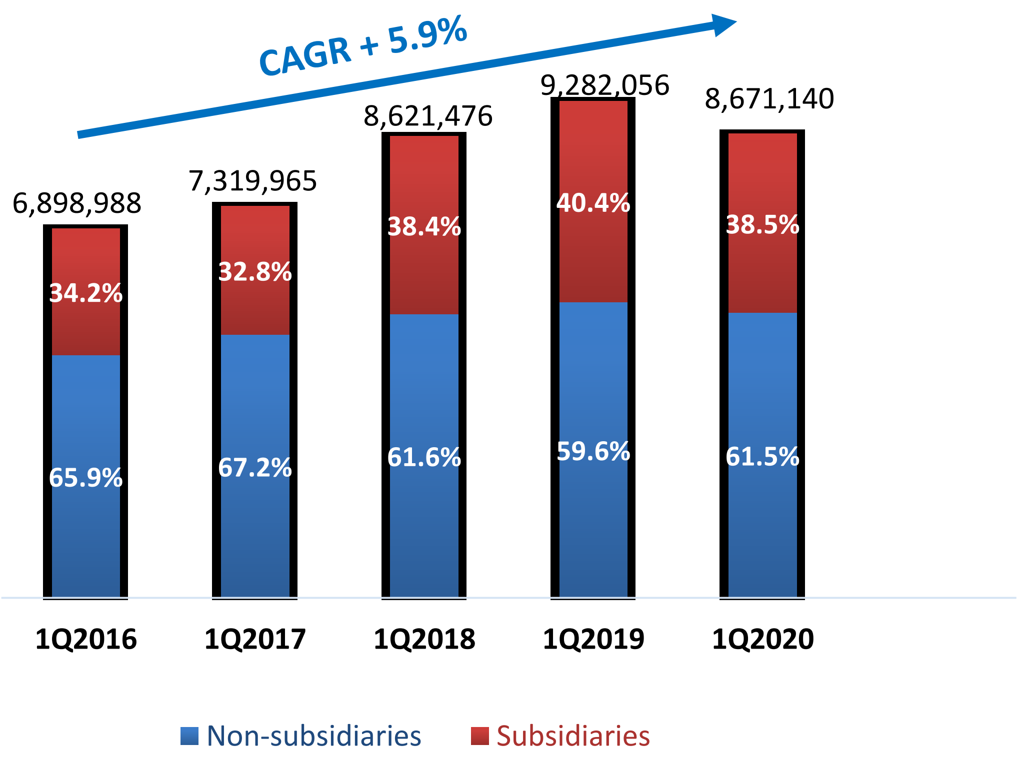
(3) Throughput from 2M and THE Alliance at CSP Spain and Zeebrugge terminals decreased between Q1 2019 and Q1 2020.

(4) Based on Alphaliner figures as at 20/4/2020, our major customers OCEAN Alliance, 2M and THE Alliance together were accounted for about 81% of global container fleet market shares.

Control – Efficiency Improvement and Cost Reduction by Adopting Technology

Improving efficiency and reducing cost through the application of Navis N4 system to subsidiaries in the coming 3-4 years

Equity Throughput TEU (in terms of terminals)



2019

Zeebrugge Terminal and Lianyungang Terminal launched Navis N4 system in July 2019 and December 2019, respectively.

2020

CSP Spain Terminal, Quan Zhou Pacific Terminal & Jinjiang Pacific Terminal will launch Navis N4 system to further strengthen the efficiency of the terminal operation in 2020.

Assets Divestment for Capital Recycling to improve portfolio quality

We disposed of the interest in Nanjing Longtan Terminal in 2019. The disposal gain after tax was USD$27.4M.

The disposal of the interest in Yangzhou Yuanyang Terminal and Zhangjiagang Terminal were completed on 10 Feb 2020. The disposal gain after tax was approximately USD$61M.

The PB ratio of these 3 terminals was at about 1.7 times. CSPL has now traded at around 0.4 times, we believe that CSPL is deeply undervalued and the transactions are also value enhancing to our shareholders.

In April 2020, we entered into an agreement related to disposal of interest in Jiangsu Yangtze Petrochemical at a consideration of approximately RMB250 million.

The PB ratio of this transaction is estimated to be 1.5 times. Our management strongly believes that the disposal is also value-accretive to our shareholders.

It is expected that we will sell its interest in Taicang Terminal in 2020.

We will continue strengthening our portfolio in the YRD region, including development of Nantong Tonghai Terminal and CSP Wuhan Terminal.

2020 Full-year Throughput Outlook

Challenges	Opportunities
• Coronavirus epidemic in China has been under control and factories have gradually resumed operation • However, overseas regions are still negatively affected.	• We expect a strong rebound when the outbreak is over, and the company is ready to grasp opportunities in the market • Low interest-rate environment promoting consumption and investment • More M&A opportunities

Overall, we expect throughput growth from newly acquired projects and existing terminals leveraging synergy with Shipping Alliances as well as improving efficiency by applying Navis N4 system could enhance our resilience amid challenging environments

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Q&A

Thank you!

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Upgrading with Professionalism for Quality Enhancement

Upgrading with Professionalism

1. Senior management team > an average of 20 years of experiences in shipping and port industry
2. Effective strategies: Globalization, Synergy and Control
3. Terminal extension business, e.g. terminal extended business to Guangzhou, Abu Dhabi, Nantong, Xiamen, Wuhan and other regions

Quality Enhancement

1. Strong capability and professionalism, e.g. PCT and Xiamen
2. Improving portfolio quality by adding good projects but disposing of under-performing assets strategically

On Track to Achieve Our 5-Year Target

2016
Restructuring

- As a pure port operator
- 3 core strategies

	2016 Base Year	Change	2021 Target
Equity throughput	29.5 mn TEU	**+60%**	**47.2 mn TEU**
Total assets	US$6,786.5 mn	**+50%**	**US$10,179.8 mn**
Net profit	US$180.9 mn[1]	**+100%**	**US$361.8 mn**

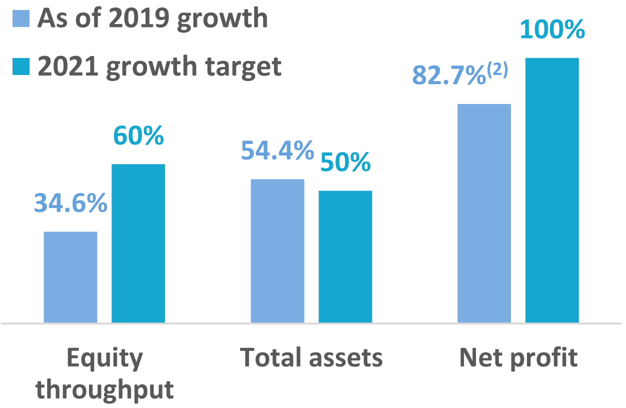
Notes:

(1) Excluding one-off gain from disposal of Florens.

(2) Excluding one-off dilution effect on equity interests in QPI of US$22.6M

2019
Where we were

- No. of subsidiaries increased to 16 (FY2016: 10)
- Industry leader in terms of total container throughput



2021
Vision

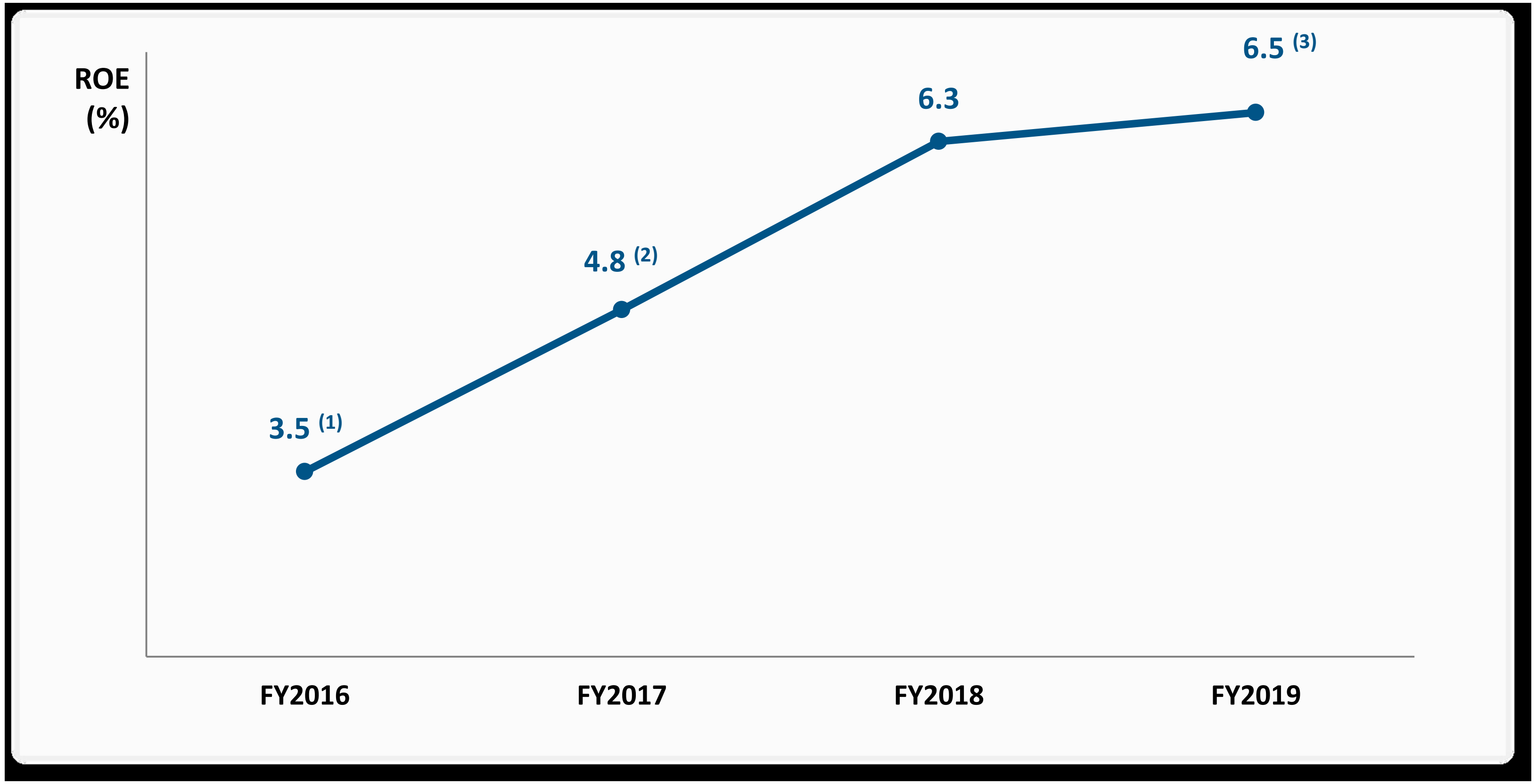
Operations:

- Global terminal network
- Linkage effects in costs, services and synergies
- Increasing subsidiaries

Financials:

- Higher return from existing portfolio
- Further improved asset quality after M&A and divestment
- Strong free cash flow and healthy balance sheet

Return On Equity (ROE) Improvement – Newly Acquired Terminals to Catch Up



Note:

(1) Excluding one-off gain of FCHL transaction of US$59.0 m and three months of share profits of FCHL of US$7.1 m
(2) Excluding one-off gain of QPI transaction of US$285.4 m
(3) Excluding one-off loss of QPI dilution effect of US$22.6 m

Incentive Scheme – Aligning Shareholders' Interests

- A total of about 53 million share options were granted to around 238 eligible employees under the share option scheme on 19 June 2018.
- Exercising criteria are in line with shareholders' interests.

Batch No. of Share Options Vested	Percentage of Options Vested	Exercise Period	Return on Net Assets [3]	Growth Rate of Revenue [3]	EVA Indicator
1st batch	33.3%	Commencing on the first trading day after the expiration of the Restriction Period [1] and ending on the last trading day of 60 months from the Grant Date [2]	≥ 6.0% [4]	≥ 15.0% [5]	Must reach assessment target [6]
2nd batch	33.3%	Commencing on the first trading day after the expiration of the 36 months from the Grant Date and ending on the last trading day of 60 months from the Grant Date [2]	≥ 6.5% [4]	≥ 25.0% [5]	Must reach assessment target [6] and EVA > 0
3rd batch	33.4%	Commencing on the first trading day after the expiration of the 48 months from the Grant Date and ending on the last trading day of 60 months from the Grant Date [2]	≥ 7.0% [4]	≥ 40.0% [5]	Must reach assessment target [6] and EVA > 0

Notes:

1. *Restriction Period refers to Share Options cannot be exercised during the two-year period commencing from the Grant Date*
2. *Grant Date is 19 June 2018*
3. *The figure shall not be lower than the average of the selected peer benchmark enterprises*
4. *Return on net assets (after extraordinary gains and losses) in the financial year immediately preceding the vesting of the Share Options*
5. *Growth rate of revenue in the financial year immediately preceding the vesting of the Share Options as compared to that in the financial year immediately preceding the Grant Date*
6. *The EVA indicator accomplished for the financial year immediately preceding the vesting of the Share Options*

Sustainability Framework

- Providing a healthy and safe working environment
- Building an inclusive, diversified and sustainable workforce

- Ensuring operational compliance
- Promoting inclusive development

- Transitioning to "Green Ports"
- Managing energy consumptions and emission to respond to climate change

- Enhancing supply chain management
- Fostering fair operating practices

- Harnessing the power of technology
- Strengthening our global terminal network

Aligning Global Principles

We support the Sustainable Development Goals (SDGs) of the United Nations and identify how these global sustainability challenges relate to our business and integrate them into our daily operations:

SUSTAINABLE DEVELOPMENT GOALS

4 QUALITY EDUCATION

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

13 CLIMATE ACTION

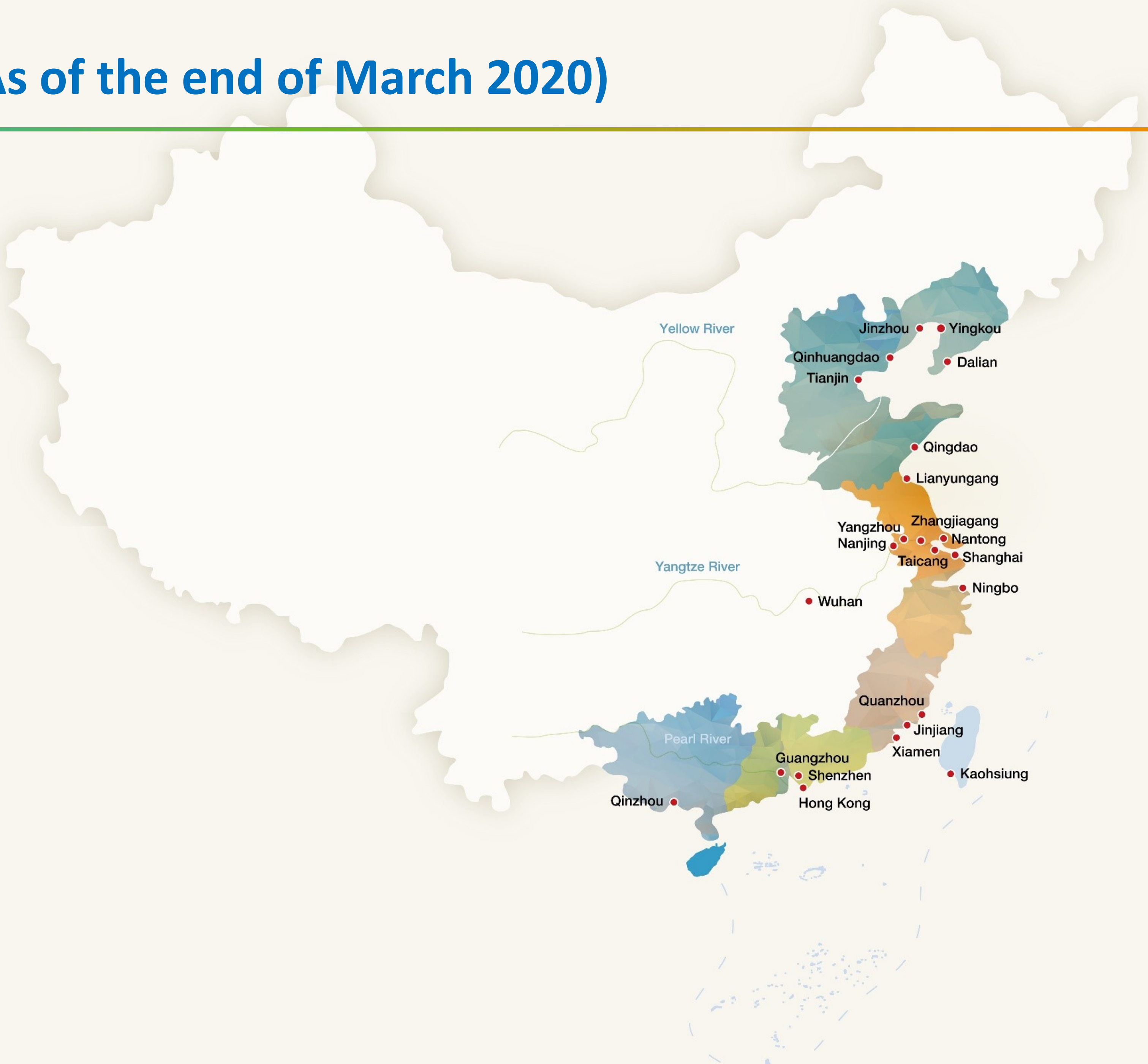
17 PARTNERSHIPS FOR THE GOALS

Global Recognition and Advocacy:

CDP™

DISCLOSURE INSIGHT ACTION

Greater China Portfolio (As of the end of March 2020)



Region	Annual Designed Capacity (TEU)
Bohai Rim	31,450,000
Yangtze River Delta	15,520,000
S.E. Coast & others	9,000,000
Pearl River Delta	25,600,000
S.W. Coast	12,000,000
Total	93,570,000

Overseas Portfolio (As of the end of March 2020)

Terminal	Annual Designed Capacity (TEU)	Shareholding
Piraeus	6,200,000	100%
CSP Spain Group	5,100,000	51%
Antwerp	3,700,000	20%
Euromax	3,200,000	35%
Kumport	2,100,000	26%
Vado Reefer	250,000	40%
CSP Zeebrugge	1,300,000	85%
Suez Canal	5,000,000	20%
COSCO-PSA	4,850,000	49%
CSP Abu Dhabi	2,500,000	90%
Chancay	1,000,000	60%
Seattle	400,000	13.33%
Busan Port	4,000,000	4.89%
Total	39,600,000	

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