



The Ports for ALL

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

FY2018 Results Investor Presentation

28 March 2019

Table of Content



1 FY2018 Financials

2 Operation Reviews – Growth driven by volume

3 On Track to achieve Five-year Target

4 FY2019 Outlook

Appendix – Terminal Profit Breakdown

Table of Content



1 FY2018 Financials

2 Operation Reviews – Growth driven by volume

3 On Track to achieve Five-year Target

4 FY2019 Outlook

Appendix – Terminal Profit Breakdown

Financial Highlights

US\$'mn	Reported			Like-for-like (Exclude newly acquired projects and projects under construction etc.)		
	FY2018	FY2017	Change %	FY2018	FY2017	Change %
Revenue	1,000.4	634.7	+57.6	689.5 ⁽¹⁾	588.8 ⁽¹⁾	+17.1
Cost of sales	706.7	425.4	+66.1	447.5 ⁽¹⁾	388.6 ⁽¹⁾	+15.2
Gross Profit	293.7	209.3	+40.3	242.0 ⁽¹⁾	200.2 ⁽¹⁾	+20.9
GP margin	29.4%	33.0%		35.1%	34.0%	
Share of profits from JV & Associates	292.5	236.6	+23.6	196.7 ⁽²⁾	183.0 ⁽²⁾	+7.5
Adjusted EBITDA	652.8	473.6 ⁽⁵⁾	+37.8	503.6 ⁽³⁾	414.9 ⁽³⁾	+21.4
Adjusted EBITDA margin	65.3%	74.6%		73.0%	70.5%	
Net Profit attributable to equity holders	324.6	512.5	-36.7	240.5 ⁽⁴⁾	176.5 ⁽⁴⁾	+36.2
NP margin	32.4%	80.7%		34.9%	30.0%	
EPS (US cents)	10.58	16.93	-37.5	7.84 ⁽⁴⁾	5.83 ⁽⁴⁾	+34.5
Adjusted Net Profit attributable to equity holders	324.6	227.1 ⁽⁶⁾	+42.9			
Adjusted NP margin	32.4%	35.8%				
Adjusted EPS (US cents)	10.58	7.50 ⁽⁶⁾	+41.1			
Total Dividend per share (US cents)	4.232	3.000	+41.1			
- Interim	2.212	1.316	+68.1			
- Final	2.020	1.684	+20.0			
Payout ratio ⁽⁶⁾	40%	40%				

(1) Exclude CSP Spain Group, Zeebrugge, Abu Dhabi, Nantong and Wuhan

(2) Exclude QPI

(3) Exclude one-off item from QPI transaction before tax, QPI, CSP Spain Group, Zeebrugge, Abu Dhabi, Nantong and Wuhan

(4) Exclude one-off item from QPI transaction after tax, QPI, CSP Spain Group, Zeebrugge, Abu Dhabi, Nantong and Wuhan

(5) Exclude one-off item from QPI transaction before tax

(6) Exclude one-off item from QPI transaction after tax

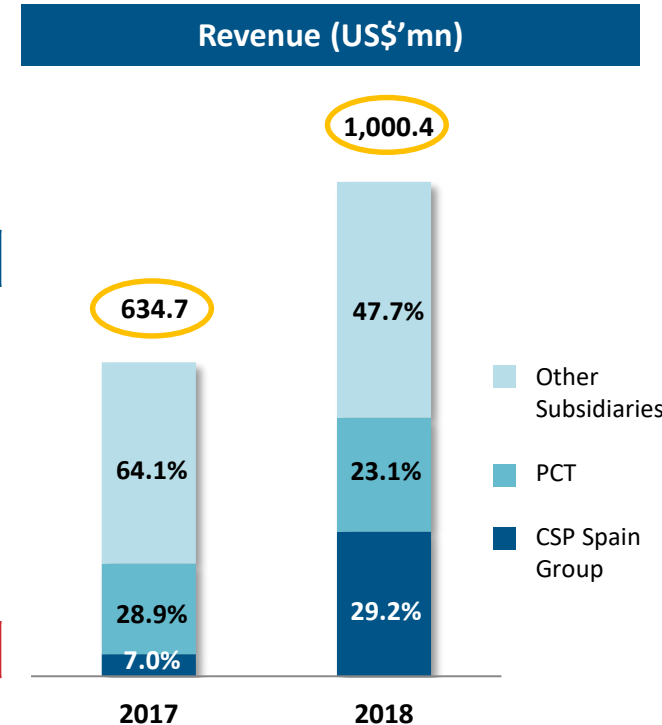
Revenue Growth Remained Strong in FY2018

Total Throughput (TEU)	FY2018	FY2017	yoy%
Total throughput	117,365,360	100,202,185	+17.1
- Subsidiaries	22,507,686	17,353,422	+29.7
- Non-subsidiaries	94,857,674	82,848,763	+14.5
Total throughput (organic)	94,158,905 *	87,378,157 *	+7.8

* Exclude CSP Spain Group, Nantong and QPI

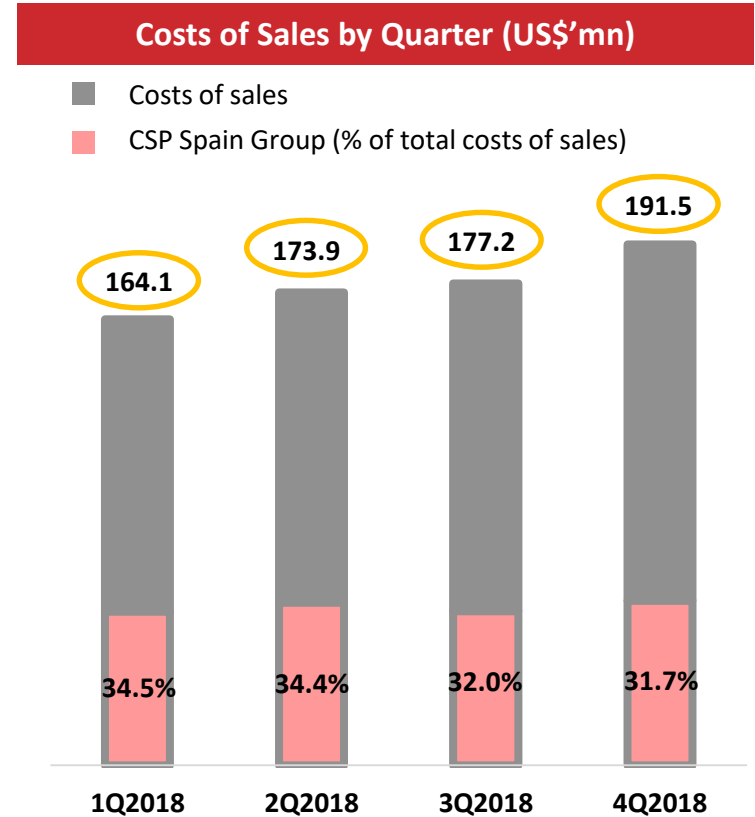
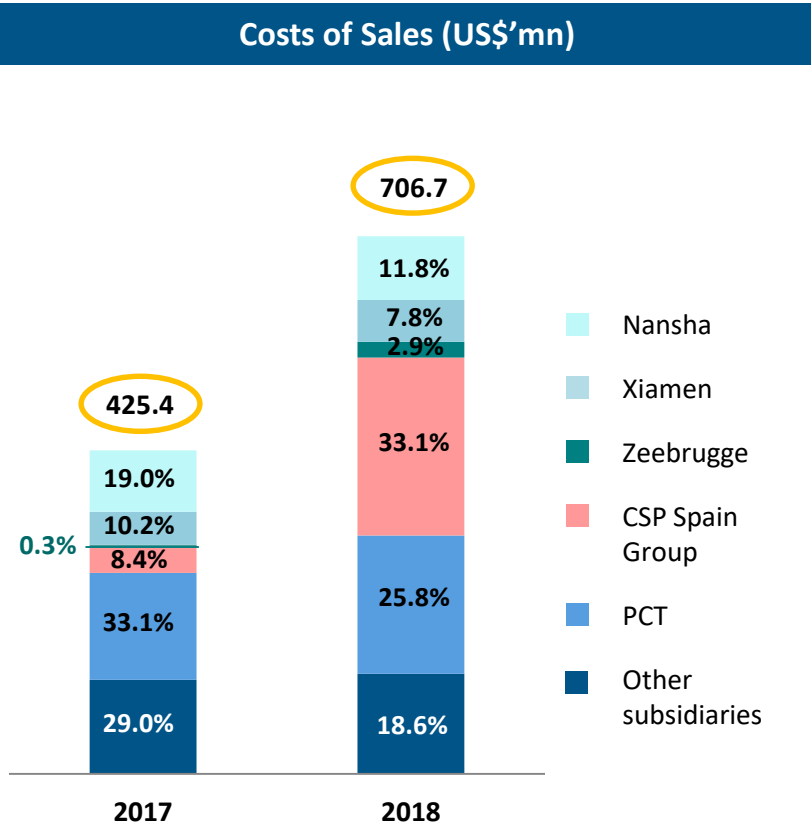
Equity Throughput (TEU)	FY2018	FY2017	yoy%
Equity throughput	37,062,172	31,999,491	+15.8
- Subsidiaries	14,230,256	11,053,112	+28.7
- Non-subsidiaries	22,831,916	20,946,379	+9.0
Equity throughput (organic)	31,274,896 *	29,381,203 *	+6.4

* Exclude CSP Spain Group, Nantong, QPI and Zeebrugge



Strong growth of subsidiaries was driven by continuous support from OCEAN Alliance and parent company

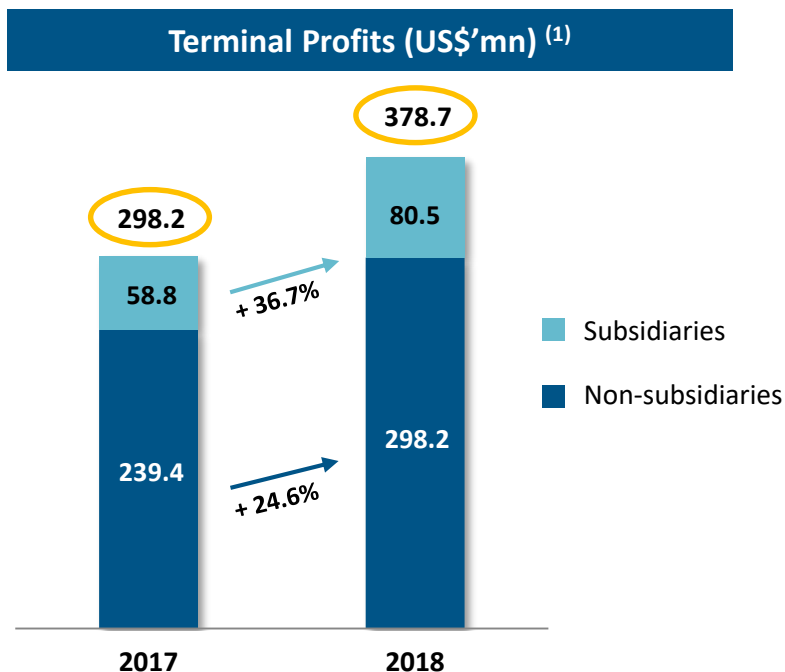
Newly acquired added costs – Costs of Sales



Excluding CSP Spain Group, Zeebrugge, Wuhan and Nantong costs of sales only increased by 15.2%

Note: Acquisitions of CSP Spain Group (51%) and Zeebrugge (additional 76%) completed in Oct and Nov 2017 respectively

Growth in profits mainly from subsidiaries



(1) Excluding Zeebrugge due to one-off tax adjustment:

- Terminal profits of subsidiaries **+ 36.7% yoy**
- Terminal profits of non-subsidiaries **+ 24.6% yoy**
- Total terminal profits **+ 27.0% yoy**

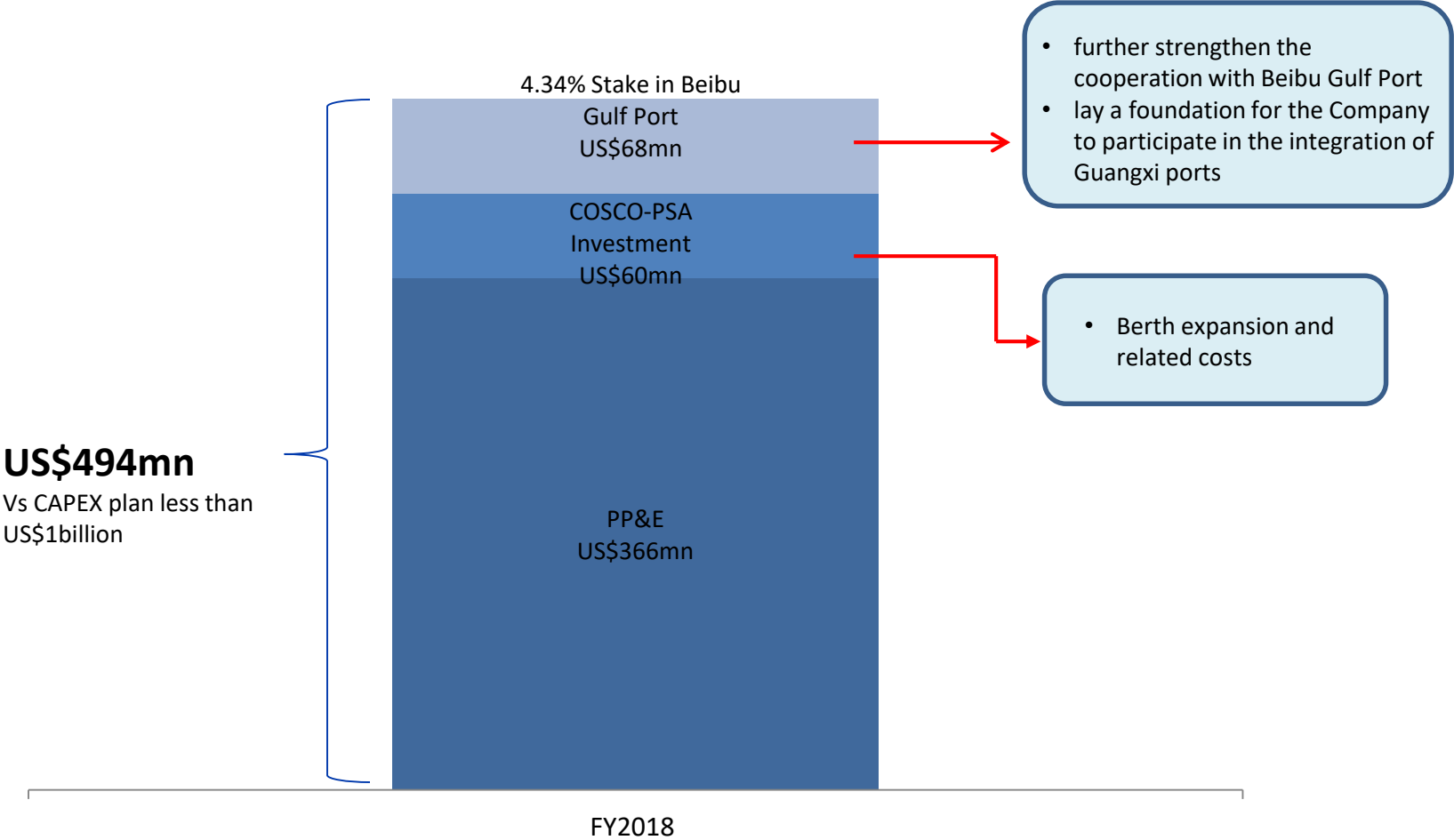
Top 10 Terminal Contributors

	FY2018	FY2017
QPI	26.3%	QPI 18.1%
Yantian	14.3%	Yantian 17.4%
PCT	6.5%	Shanghai Pudong 7.8%
Shanghai Pudong	5.9%	Shanghai Mingdong 7.0%
Kumport	5.1%	PCT 6.8%
Shanghai Mingdong	5.0%	Guangzhou Nansha 5.2%
Guangzhou Nansha	3.9%	Kumport 4.3%
Quanzhou	3.7%	COSCO-HIT 3.1%
Xiamen Oceagate	3.3%	Ningbo Yuan Dong 3.0%
CSP Spain Group	2.8%	Quanzhou 2.7%
Total:	76.8%	Total: 75.4%

US\$'mn	FY2018	FY2017	Change
Adjusted Net Profit	324.6	227.1 ⁽²⁾	42.9%
Terminal Profits	364.0	295.3	23.3%

(2) Exclude one-off item from QPI transaction after tax

CAPEX Spent in FY2018



Financial Position Remains Healthy

US\$mn	At 31 Dec 2018	At 31 Dec 2017
Total Debt	2,479.9	2,334.3
Average cost of debt	3.58%	3.22%
Cash on hand (included restricted cash)	606.7	566.4
Net debt to equity	32.2%	30.2%
Interest coverage	6.6x	7.4x ⁽¹⁾
Net debt to EBITDA	2.87x	3.73x ⁽¹⁾
Net asset	5,819.7	5,845.4
Total assets	9,045.5	8,954.1

(1) Exclude one-off item from QPI transaction

Table of Content



1 FY2018 Financials

2 **Operation Reviews – Growth driven by volume**

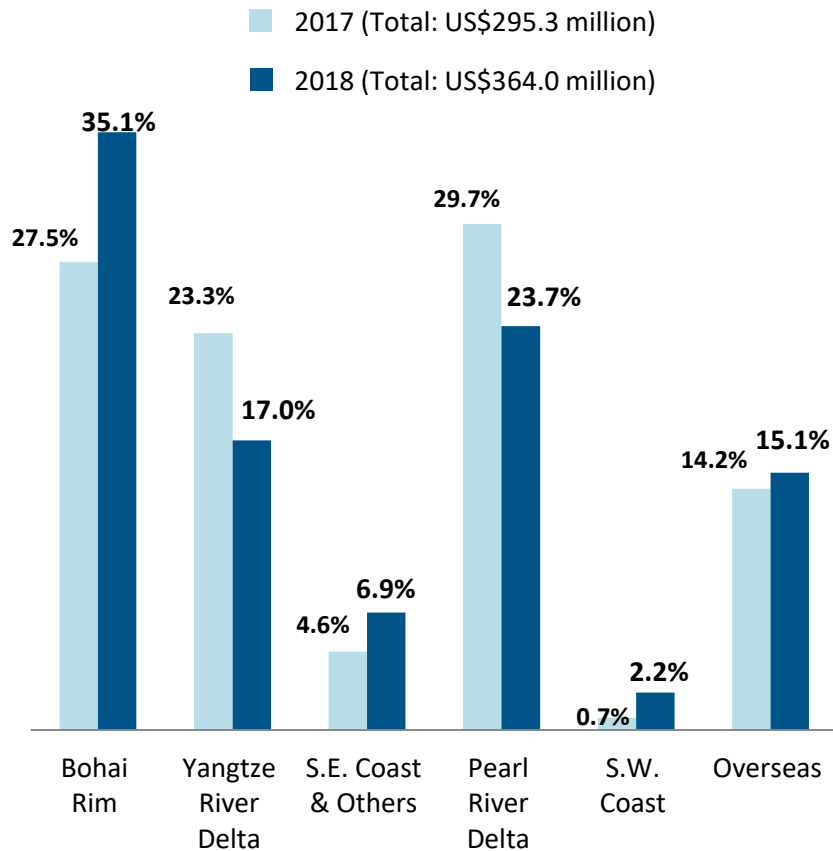
3 On Track to achieve Five-year Target

4 FY2019 Outlook

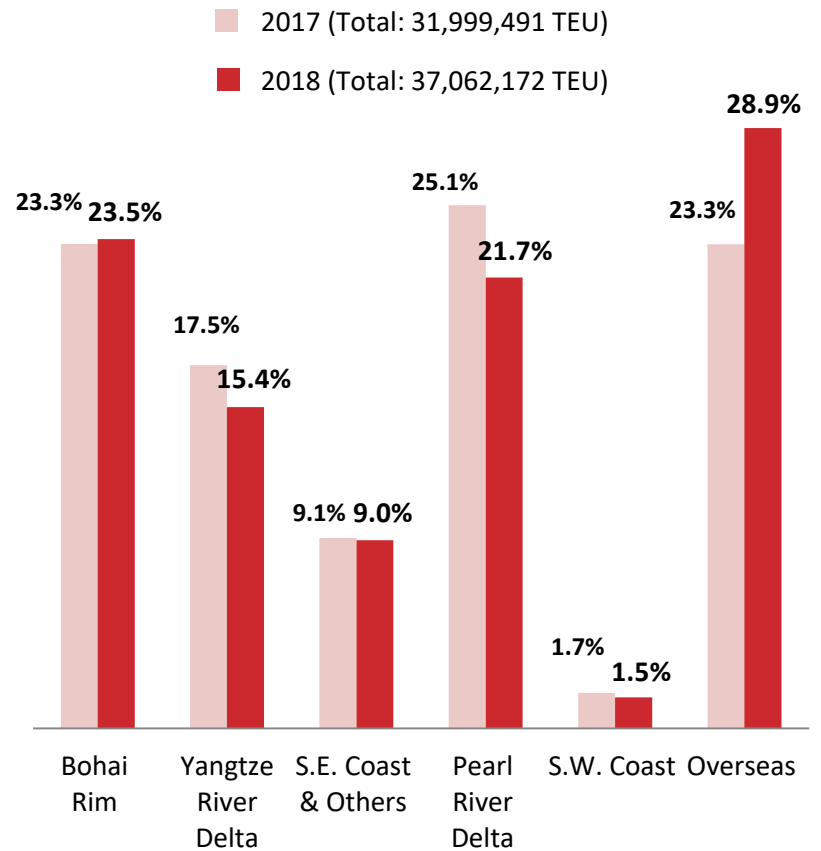
Appendix – Terminal Profit Breakdown

Geographical Analysis

Terminal Profits

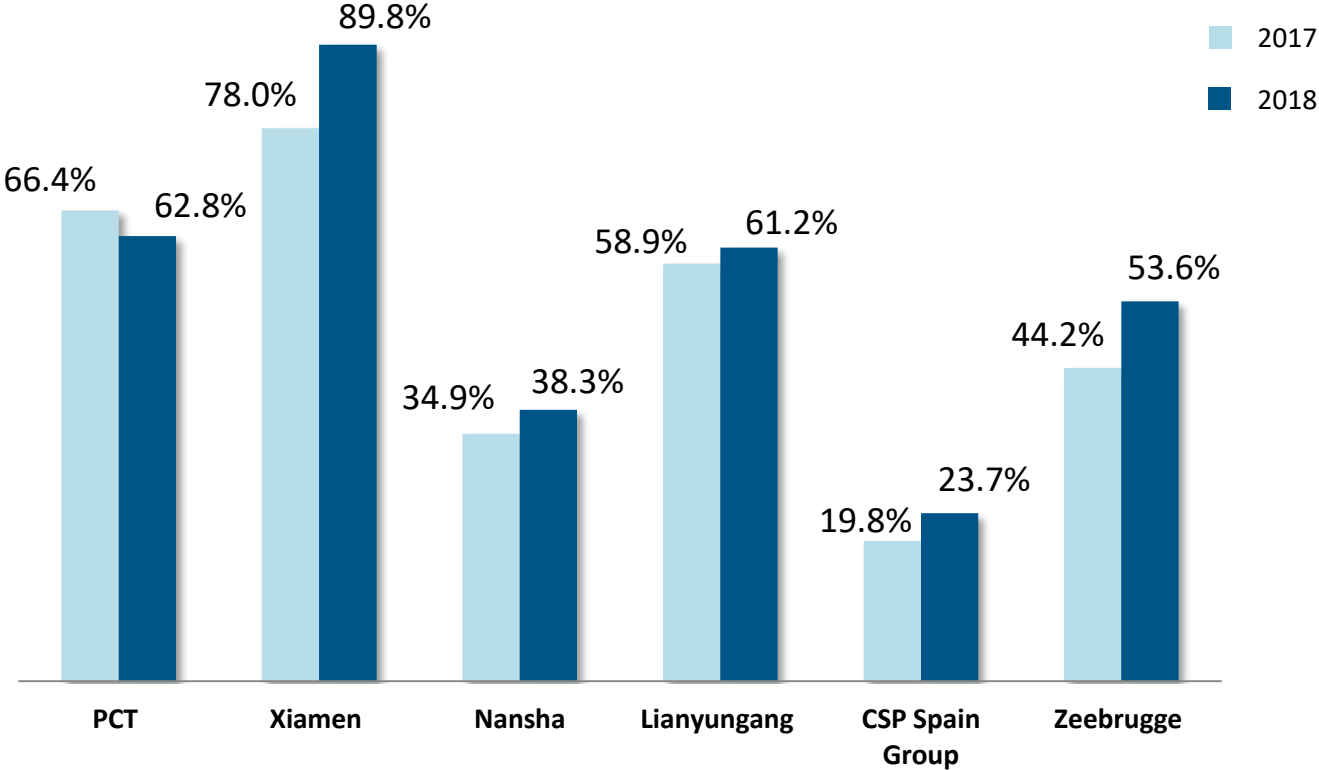


Equity Throughput



Strong Synergies with OCEAN Alliance

Throughput from OCEAN Alliance as % of total throughput (6 Subsidiaries⁽¹⁾)



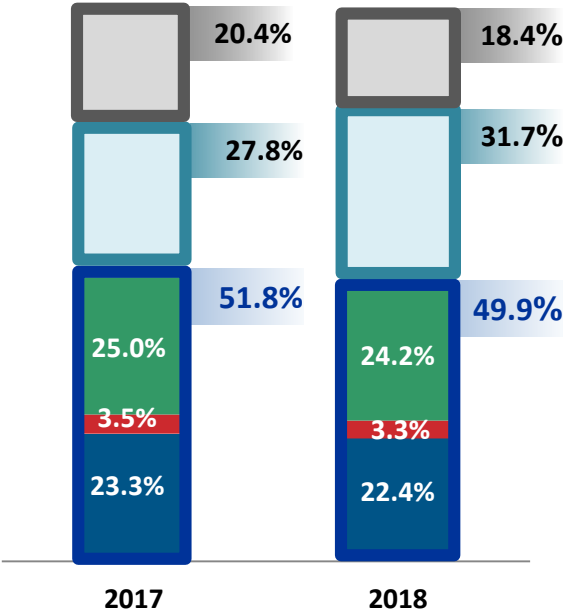
Note:

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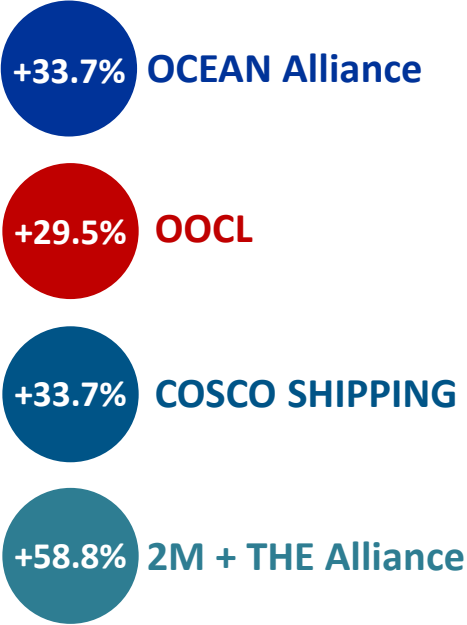
Strong Synergies with Ocean Alliance (cont'd)

Throughput from COSCO SHIPPING, OOCL and Evergreen + CMA as % of total throughput ⁽¹⁾

- COSCO SHIPPING ■ OOCL ■ Evergreen + CMA
- OCEAN Alliance ■ 2M + THE Alliance ■ Others



Growth in Volume Contributions (2018 vs 2017)



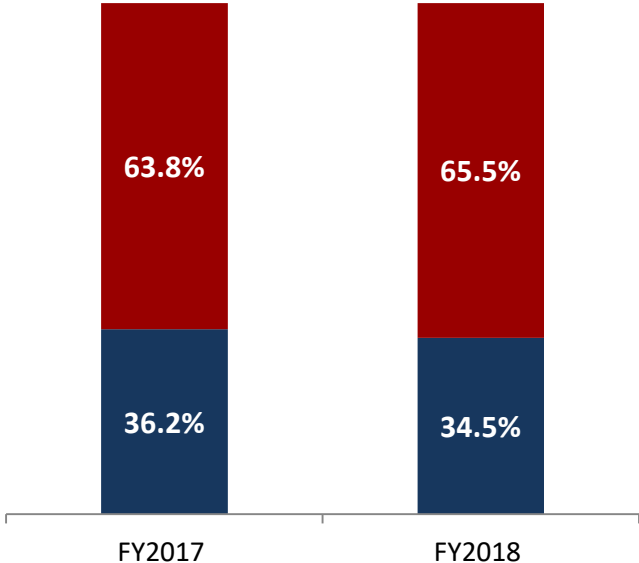
Note:

(1) Total throughput of 6 major subsidiary terminals which OCEAN Alliance calling in 2018

Volume breakdown – subsidiaries

Overseas Subsidiaries

- Transshipment
- O&D



China Subsidiaries

- Transshipment
- O&D

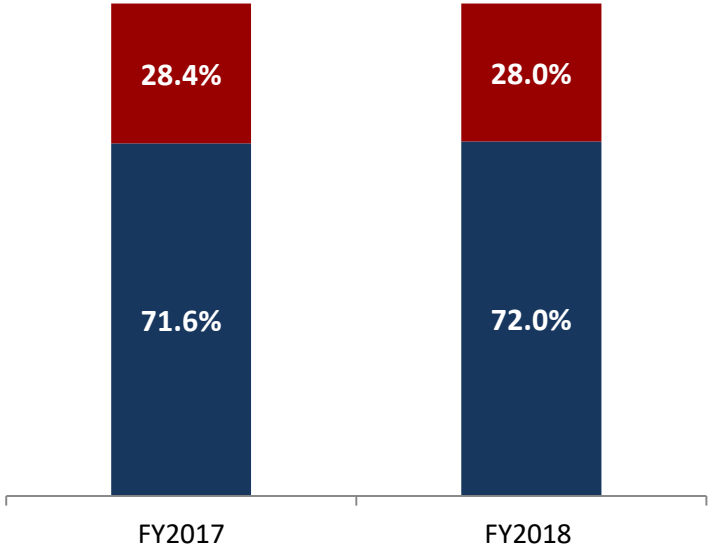


Table of Content



1 FY2018 Financials

2 Operation Reviews – Growth driven by volume

3 **On Track to achieve Five-year Target**

4 FY2019 Outlook

Appendix – Terminal Profit Breakdown

On Track to achieve Five-year Target

The 5-year Target				
	By 2021	FY2018	Change	FY2016 (Base Year)
Equity Throughput	+ 60%	37.1mn TEU	+25.7%	29.5mn TEU
Total Assets	+ 50%	US\$9,045.5mn	+33.3%	US\$6,786.5mn
Net Profits	+ 100%	US\$324.6mn	+79.4%	US\$180.9mn*

**excluding one-off gain from disposal of FCHL and share of profits from FCHL, amounted to US\$66.1mn*

Table of Content



1 FY2018 Financials

2 Operation Reviews – Growth driven by volume

3 On Track to achieve Five-year Target

4 **FY2019 Outlook**

Appendix – Terminal Profit Breakdown

2019 Full-year Guidance – Volume

Throughput

Low double digit growth for FY2019

1. Increasing volume contributions from OCEAN Alliance, 2M and THE Alliance
 - Jan-Feb 2019 vs Jan-Feb 2018
 - 2M+THE Alliance: + 19.6%
 - OCEAN Alliance: + 2.5%
2. Add volume from CSP Abu Dhabi terminal
 - 2 shipments from OCEAN Alliance scheduled to call at Abu Dhabi in April, vessel size is 20,000 TEU and 14,000 TEU respectively
3. Trend of mega vessels
 - Shipments to CSP Spain Group will be replaced by mega vessels of 14,000 TEU in 2019
4. Capacity at COSCO-PSA increased from 3mn TEU to about 5mn TEU since Jan 2019

CAPEX Budgeted for FY2019

Operation/ Development Plans for FY2019

- China port group investments
- Step up development of terminal extended logistics & logistic park
- Divestment of non-performing assets

FY2019 CAPEX about US\$1.7 billion

	US\$ million
PP&E (including terminal extended logistics developments)	About US\$872 million
Equity Investments (Including investment in China port groups)	About US\$830 million
	About US\$1702 million

2019 Outlook

Headwinds in FY2019

- Impact of HKFRS 16 : target to keep the impact lower than \$20mn (non-cash impact)
- D&A of Abu Dhabi

1. HKFRS 16 is non-cash impact, fundamentals of the operation won't be impacted
2. Subsidiaries continue to grow to offset the negative impacts of the headwinds
 - subsidiaries in overseas is expect to have higher growth such as PCT
 - Higher volume of Zeebrugge will enable a higher contribution
 - Costs of CSP Spain Group will continue to come down
 - CSP Abu Dhabi will gradually ramping up until official commencement in 3Q2019 to avoid costs burden, and profits generate by then can offset some costs
3. Upon completion of China port group investments can have immediate contributions

Table of Content



1 FY2018 Financials

2 Operation Reviews – Growth driven by volume

3 On Track to achieve Five-year Target

4 FY2019 Outlook

Appendix – Terminal Profit Breakdown

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Terminal Profits of Port Companies					
US\$' 000	2018	% of total terminal profit	2017	% of total terminal profit	YoY
Bohai Rim	127,925	35.1%	81,073	27.5%	57.8%
QPI	95,747	26.3%	53,524	18.1%	78.9%
Dalian Port	8,256	2.3%	5,504	1.9%	50.0%
Dongjiakou Ore Terminal	4,342	1.2%	3,353	1.1%	29.5%
Yingkou Container Terminals	4,131	1.1%	3,246	1.1%	27.3%
*Jinzhou New Age	3,863	1.1%	2,547	0.9%	51.7%
Yingkou New Century	3,310	0.9%	2,887	1.0%	14.7%
Tianjin Five Continents	3,124	0.9%	4,339	1.5%	-28.0%
Tianjin Port Euroasia	2,601	0.7%	3,390	1.1%	-23.3%
Dalian Automobile Terminal	1,425	0.4%	1,242	0.4%	14.7%
Qingdao Qianwan Terminal	479	0.1%	481	0.2%	-0.4%
Qinhuangdao Port Co., Ltd (0.9%)	429	0.1%	336	0.1%	27.7%
Dalian Dagang	163	0.0%	179	0.1%	-8.9%
Qinhuangdao Terminal	55	0.0%	45	0.0%	22.2%
Yangtze River Delta	61,482	16.9%	68,652	23.2%	-10.4%
Shanghai Pudong	21,645	5.9%	22,949	7.8%	-5.7%
Shanghai Mingdong	18,376	5.0%	20,812	7.0%	-11.7%
Ningbo Yuan Dong	8,017	2.2%	9,001	3.0%	-10.9%
*Lianyungang New Oriental	7,323	2.0%	5,445	1.8%	34.5%
*Zhangjiagang	5,160	1.4%	4,281	1.4%	20.5%
Taicang International	3,860	1.1%	3,653	1.2%	5.7%
Nanjing Port Longtan	2,515	0.7%	2,108	0.7%	19.3%
Shanghai Terminal	920	0.3%	697	0.2%	32.0%
Ningbo Meishan Terminal	456	0.1%	413	0.1%	10.4%
Jiangsu Yangtze Terminal	134	0.0%	131	0.0%	2.3%
*Yangzhou Yuanyang	(1,602)	-	(464)	-	N/A
*Nantong ¹	(1,994)	-	(374)	-	N/A
*Wuhan	(3,328)	-	0	0.0%	N/A
Southeast Coast and others	25,024	6.9%	13,380	4.5%	87.0%
*Quan Zhou Pacific	13,622	3.7%	8,037	2.7%	69.5%
*Xiamen Ocean Gate	12,047	3.3%	4,214	1.4%	185.9%
Kao Ming Container Terminal	480	0.1%	1,113	0.4%	-56.9%
*Jinjiang Pacific Ports	(1,125)	-	16	0.0%	N/A

Appendix – Terminal Profit Breakdown (cont'd)

Pearl River Delta	84,898	23.3%	87,226	29.5%	-2.7%
Yantian International	52,086	14.3%	51,315	17.4%	1.5%
*Guangzhou Oceangate Terminal	14,228	3.9%	15,210	5.2%	-6.5%
HK Terminal ²	12,743	3.5%	15,133	5.1%	-15.8%
Nansha Stevedoring	5,841	1.6%	5,568	1.9%	4.9%
Southwest Coast	7,980	2.2%	2,102	0.7%	279.6%
Beibu Gulf Port (4.34%)	4,283	1.2%	0	0.0%	N/A
Qinzhou International	3,697	1.0%	2,102	0.7%	75.9%
Overseas	54,801	15.1%	41,800	14.2%	31.1%
*Piraeus Container Terminal	23,829	6.5%	20,000	6.8%	19.1%
Kumport Liman	18,594	5.1%	12,673	4.3%	46.7%
*CSP Spain Group	10,333	2.8%	753	0.3%	1273.0%
Euromax	9,034	2.5%	2,752	0.9%	228.3%
COSCO-PSA	5,456	1.5%	3,431	1.2%	59.0%
Antwerp Gateway	2,279	0.6%	2,812	1.0%	-19.0%
Vado Reefer Terminal	1,416	0.4%	(1,555)	-0.5%	N/A
Suez Canal Container Terminal	514	0.1%	4,300	1.5%	-88.0%
Busan ³	0	0.0%	0	0.0%	N/A
SSA Terminal (Seattle) ³	0	0.0%	0	0.0%	N/A
*Abu Dhabi	(1,867)	-0.5%	(422)	-0.1%	N/A
*CSP Zeebrugge	(14,787)	-4.1%	(2,944)	-1.0%	N/A
Greater China	307,308	84.4%	252,433	85.5%	21.7%
Greater China and overseas terminals	362,109	99.5%	294,233	99.6%	23.1%
Related businesses	1,849	0.5%	1,059	0.4%	74.6%
Terminals & related businesses	363,958		295,292		23.3%
- subsidiaries*	65,701	18.1%	58,037	19.7%	13.2%
- non-subsidiaries	298,257	81.9%	237,255	80.3%	25.7%

*Subsidiaries

Note 1: Nantong started trial operations since June 2018

Note 2: Terminal profits of COSCO-HIT and Asia Container Terminal were combined within HK Terminal profits

Note 3: Busan and Seattle had no profit contributions for both FY2017 and FY2018

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Thank you!

