



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

1Q2022

Results Presentation



*Improve Quality and Efficiency
to Enhance Development*

Lean Operation Achieves Results

April 29, 2022



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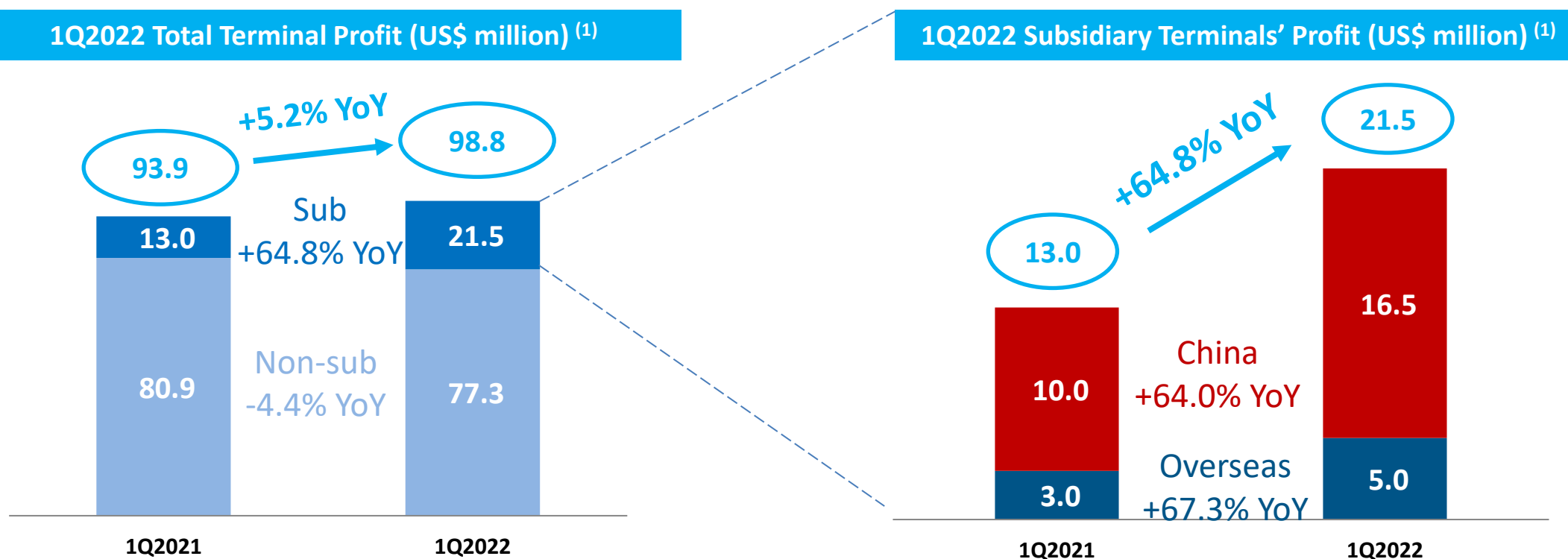
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Terminal Profit Growth Momentum Remains in 1Q2022

- 1Q2022 total terminal profit increased by 5.2% YoY to USD 98.8 M
- 1Q2022 subsidiary terminals' profit rose 64.8% YoY to USD 21.5 M on the back of macro environment improvement, our lean operations management and contribution from acquisition of TCT ⁽¹⁾.
- We increased TCT stakes from 16.01% to 51% in Dec 2021 and it became our subsidiary since then, terminal profit contribution from TCT during 1Q2022 was USD 2.87M. On a comparable basis, excluding TCT, our subsidiary terminals' profit during 1Q2022 rose 42.8% YoY and that for Greater China region increased 35.5% YoY



Note:

(1) Tianjin Container Terminal (TCT) was a non-subsidiary (16.01% stake) from January to November 2021 and became our subsidiary (added 34.99% stake to 51% stake) starting from December 2021. TCT's terminal profit contribution during 1Q2021 as a non-subsidiary was USD 0.98 million and TCT's terminal profit contribution during 1Q2022 as a subsidiary was USD 2.87 million.

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1Q2022 Financial Highlights — Continuing ASP Expansion with 6.8% YoY Increase ⁽¹⁾

(US\$ million, unless stated otherwise)	Reported			On a comparable basis, excluding contribution from TCT which was not our subsidiary terminal during 1Q2021		
	1Q2021	1Q2022	YoY Change	1Q2021	1Q2022	YoY Change
Consolidated throughput from Subsidiaries (in '000 TEU)	5,365.5	7,487.4	+39.5%	5,365.5	5,551.9	+3.5%
Revenue	265.3	329.7	+24.2%	265.3	285.0	+7.4%
Cost of sales	203.4	248.8	+22.3%	203.4	218.1	+7.2%
Gross profit	61.9	80.9	+30.5%	61.9	66.9	+8.0%
Gross profit margin	23.4%	24.5%	+1.1pps	23.4%	23.5%	+0.1pps
Share of profits from Joint Ventures & Associates	81.0	82.5	+1.9%	80.0	82.5	+3.2%
Net profit attributable to shareholders	73.0	74.9	+2.6%			
EPS (US cents)	2.20	2.26	+2.7%			

Note:

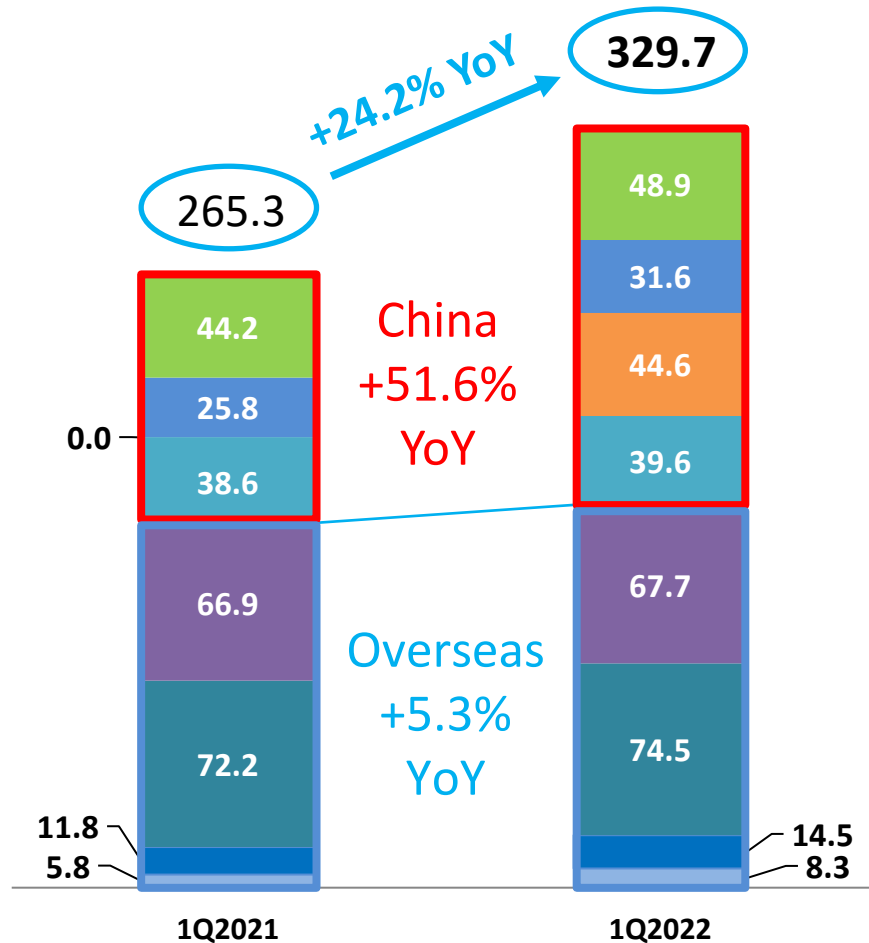
(1) On a comparable basis, excluding ASP of Tianjin Container Terminal in 1Q2022.

Meanwhile, as for ASP, it excludes currency exchange rate fluctuations and other factors such as port authority charges during 1Q2021 and 1Q2022.

Solid 1Q2022 Revenue & Gross Profit Growth

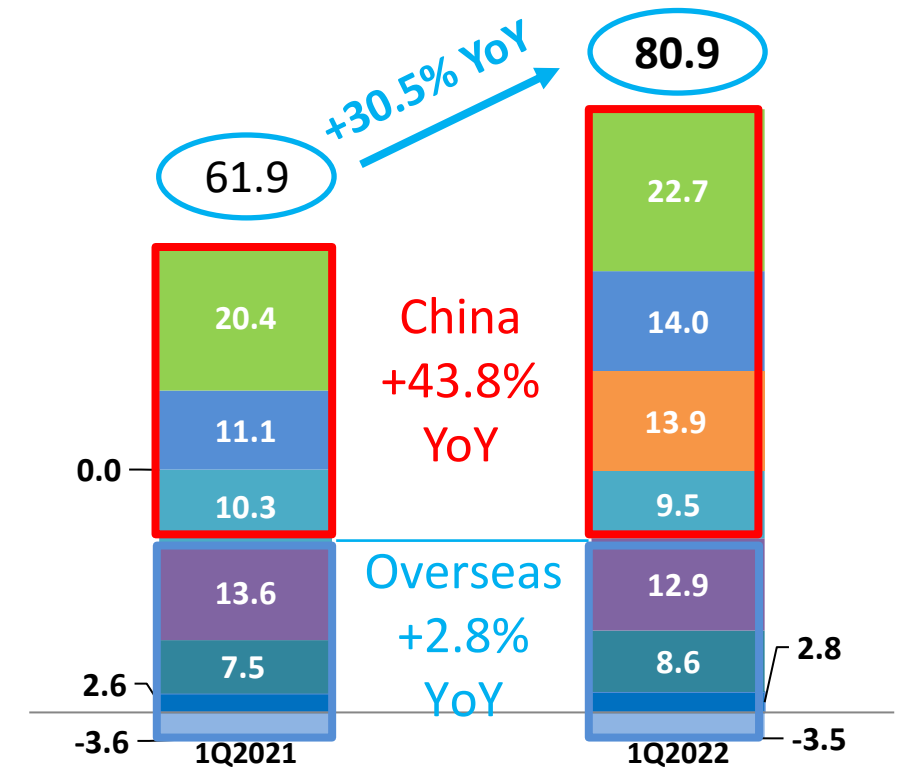
➤ Revenue growth accelerated in 1Q2022 driven by our effective sales and marketing strategy to raise ASP as well as the acquisition of TCT project

1Q2022 Revenue (US\$ million)



- Guangzhou Nansha
- Xiamen Oceangate
- Tianjin Container Terminal
- Other subsidiaries in the Greater China region
- PCT
- CSP Spain
- CSP Zeebrugge & CFS
- Other subsidiaries in overseas region

1Q2022 Gross Profit (US\$ million)

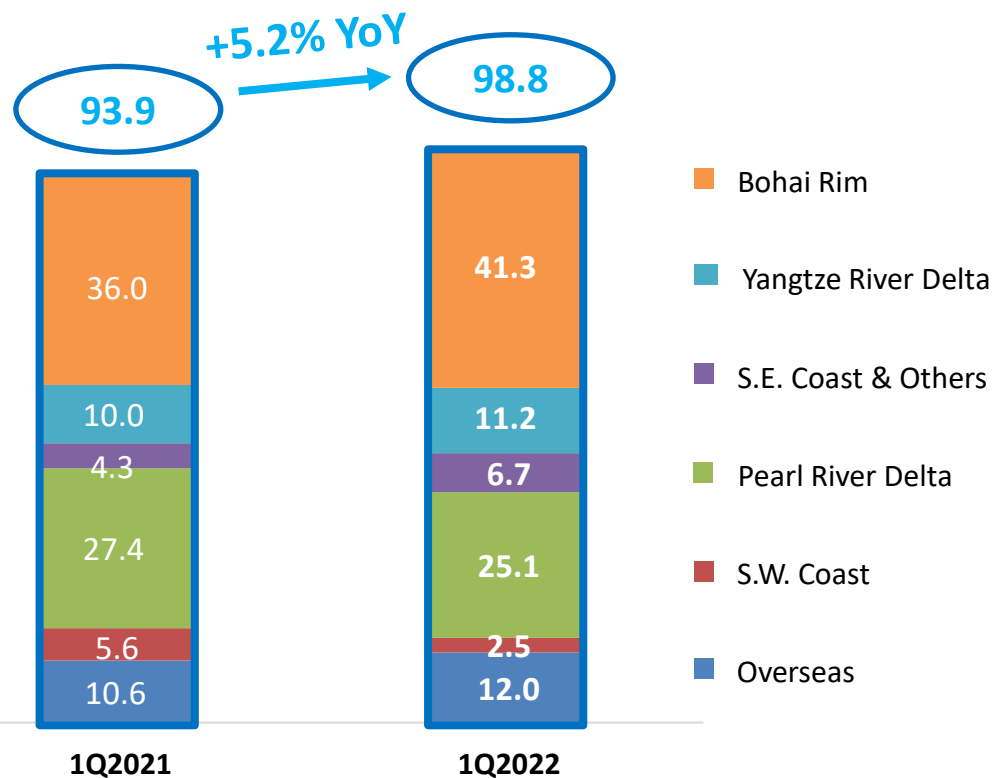


Gross profit margin	1Q2021	1Q2022
Greater China region	38.5%	36.5%
Overseas region	12.9%	12.6%
Total	23.4%	24.5%

Continuing Terminal Profitability Enhancement

- Benefiting from strong relationships with shipping companies to increase pricing power as well as the contribution of TCT project, terminal profit in 1Q2022 rose 5.2% YoY

1Q2022 Terminal Profit by Regions (US\$ million) ⁽¹⁾



Top 10 Terminal Contributors

	1Q2021		1Q2022
QPI	32.8%	QPI	34.9%
Yantian	18.9%	Yantian	15.3%
PCT	6.9%	PCT	6.2%
Guangzhou Nansha	5.1%	Xiamen Ocean gate	6.2%
Xiamen Ocean gate	4.6%	Guangzhou Nansha	5.6%
Shanghai Pudong	4.5%	Shanghai Pudong	5.0%
Beibu Gulf Port	4.1%	Kumport	4.3%
Kumport	3.9%	Shanghai Mingdong	3.0%
COSCO-PSA	3.2%	Tianjin Container Terminal	2.9%
Shanghai Mingdong	2.7%	COSCO-HIT	2.4%
Total:	86.7%	Total:	85.8%

Note:

1Q2021

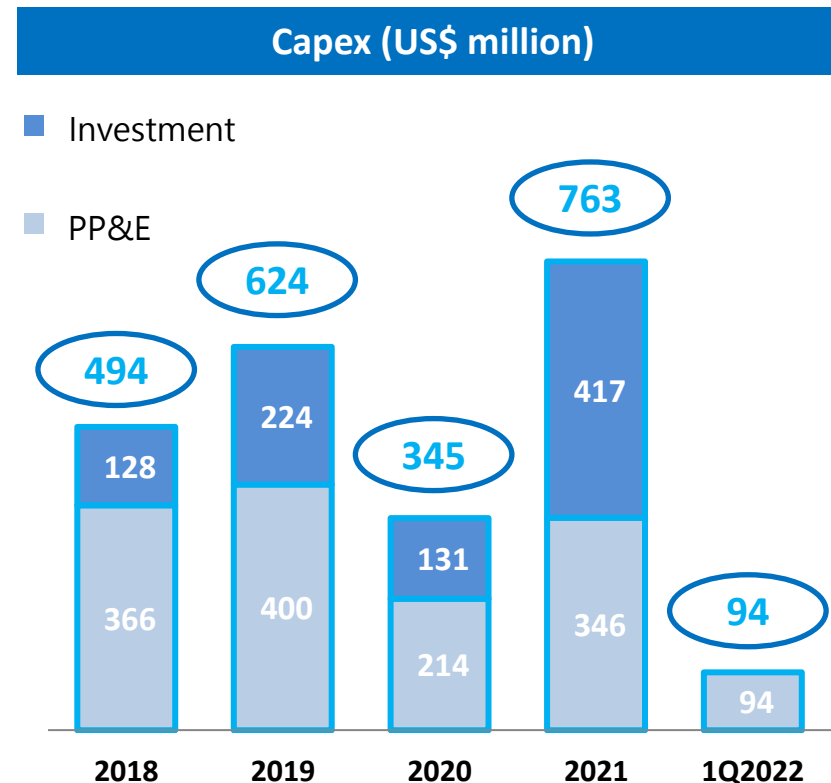
1Q2022

(1) Tianjin Container Terminal (TCT) was a non-subsidiary (16.01% stake) from January to November 2021 and became our subsidiary (added 34.99% stake to 51% stake) starting from December 2021. TCT's terminal profit contribution during 1Q2021 was USD 0.98 million and TCT's terminal profit contribution during 1Q2022 was USD 2.87 million.

Solid Financial Position to Support Further M&A Projects

- As of 31 March 2022, our cash position maintained strong with cash and cash equivalents of USD 1.24 billion
- Net gearing ratio remained at a healthy level of 28.4%
- Expected Capex in 2022 will be USD 1.23 billion, of which approximately 30% is investment and the remaining 70% is PP&E; actual Capex during 1Q2022 was USD 94 million

(US\$ million, unless stated otherwise)	As at 31 Dec 2021	As at 31 Mar 2022
Total assets	12,033	12,151
Total liabilities	5,093	5,207
Total equity	6,941	6,944
Total debt	3,220	3,248
Cash and cash equivalents	1,227	1,238
Net debt to equity	28.2%	28.4%



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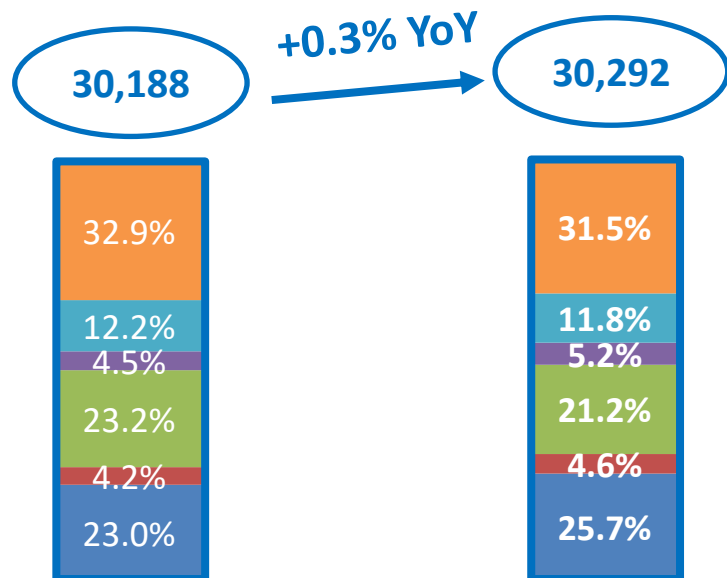
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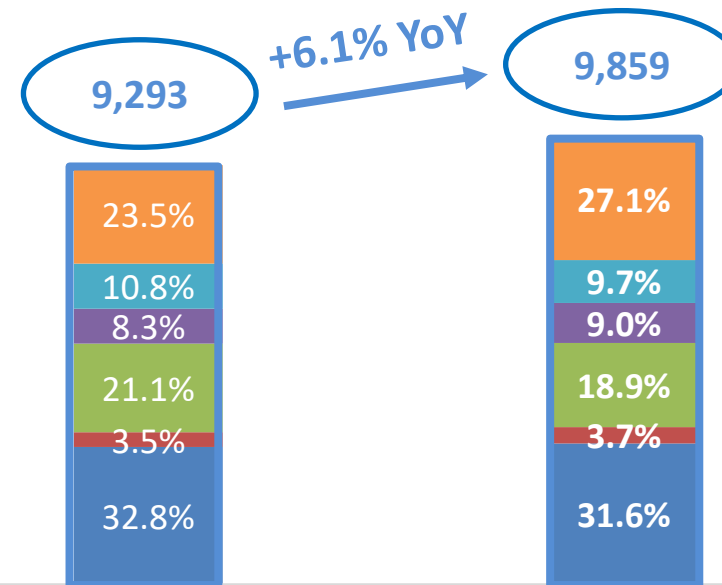
Equity Throughput Continued to Grow

➤ Proportion of equity throughput from controlling stake increased from 36.6% to 45.6% in 1Q22 after TCT acquisition. We have strengthened our terminal network through building more controlling stake for better implementation of lean operations management

1Q2022 Total Throughput ('000 TEU)



1Q2022 Equity Throughput ('000 TEU)



- Bohai Rim
- Yangtze River Delta
- S.E. Coast & Others
- Pearl River Delta
- S.W. Coast
- Overseas

	1Q2021	1Q2022	YoY Change
Total Throughput ('000 TEU)	30,188	30,292	+0.3%
- Subsidiaries	5,366	7,487	+39.5%
- Subsidiaries as % of total	17.8%	24.7%	+6.9pps
- Non-subsidiaries	24,822	22,804	-8.1%

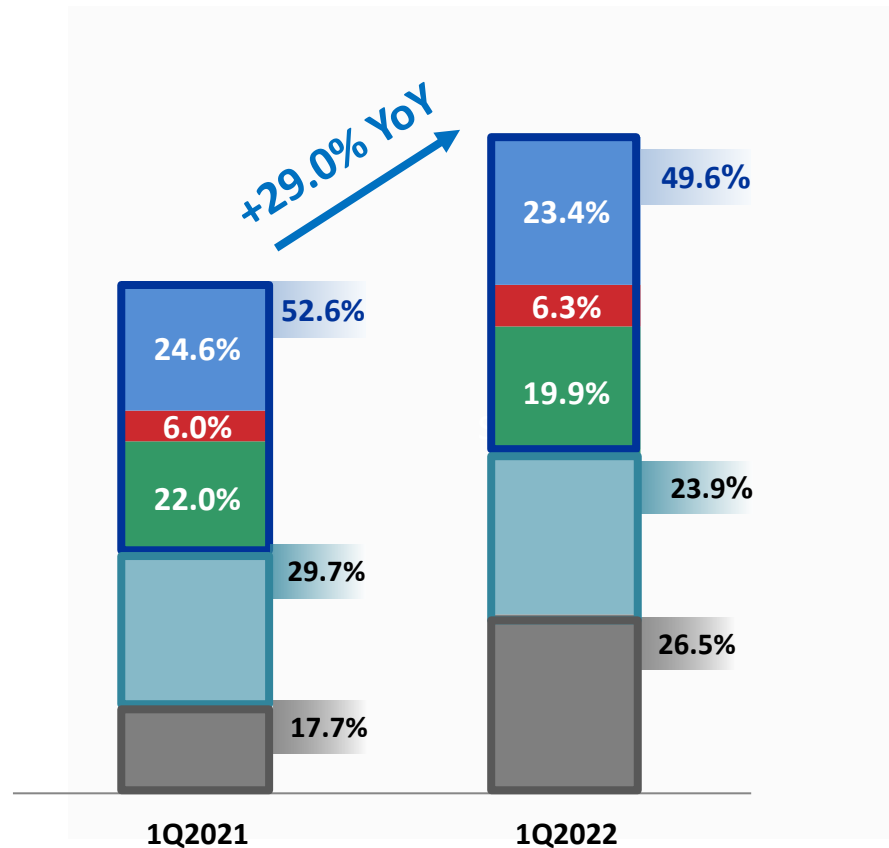
	1Q2021	1Q2022	YoY Change
Equity Throughput ('000 TEU)	9,293	9,859	+6.1%
- Subsidiaries	3,403	4,496	+32.1%
- Subsidiaries as % of total	36.6%	45.6%	+9.0pps
- Non-subsidiaries	5,890	5,363	-8.9%

Note: Total throughput

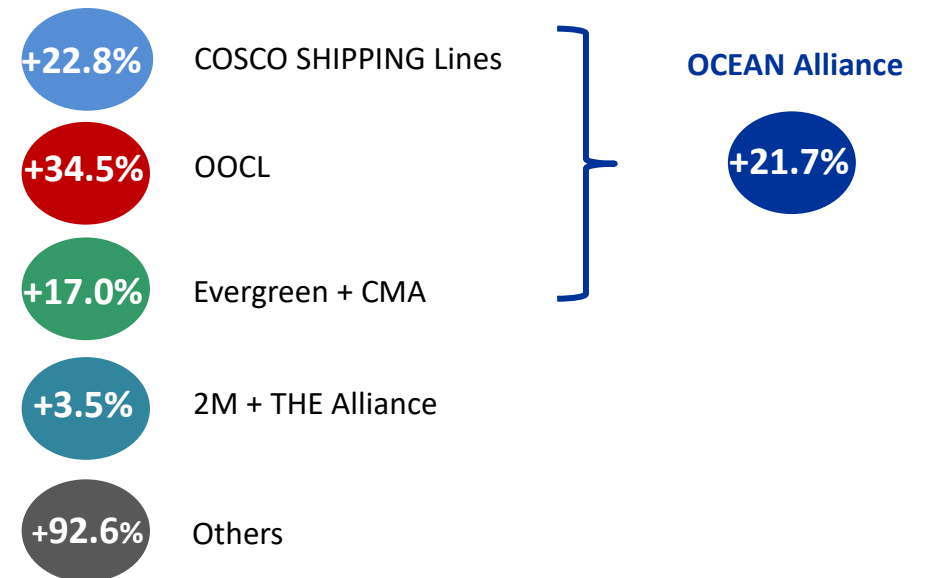
(1) Tianjin Container Terminal (TCT) was a non-subsidiary from January to November 2021 and became a subsidiary starting from December 2021. Therefore, total throughput for 1,927.6K TEU of TCT during 1Q2021 was included in non-subsidiary terminal and that for 1,935.6K TEU was included as a subsidiary terminal during 1Q2022, and equity throughput for 308.6K TEU of TCT during 1Q2021 was included in non-subsidiary terminal and that for 987.1K TEU was included as a subsidiary terminal during 1Q2022.

Further Enhancing Synergy with All Customers

1Q2022 Customers as A Percentage of Total Throughput ⁽¹⁾



1Q2022 YoY Change



Note:

(1) Total throughput from 8 major subsidiary terminals at which all shipping companies call, including terminals at TCT, Guangzhou Nansha, Xiamen, Lianyungang, PCT, CSP Spain, CSP Zeebrugge and CSP Abu Dhabi.

Optimizing Terminal Assets Portfolio

- Future M&A opportunities in the regions of Southeast Asia, the Middle East, Africa and South America
- To target Hurdle rate at least low double-digit equity IRR
- Strategically pursue investment opportunities to create value to our shareholders

Recent Acquisitions

- **Tianjin Container Terminal (Completed in December 2021)**
 - ranks 1st in terms of volume in the Port of Tianjin, reached 8.64 million TEU in 2021, accounted for approximately 40% of the total throughput of the Port of Tianjin
 - became our first subsidiary terminal in the Chinese hub ports, further strengthen our industrial layout in the northern China, this project is of great strategic importance to CSPL
- **RSGT (Completed in July 2021)**
 - has a wide coverage of container market in the Middle East and East Africa, bringing growth momentum
- **Container Terminal Tollerort GmbH**
 - further optimizes our global ports portfolio and providing high-quality supply chain services to all shipping companies

Recent Disposals

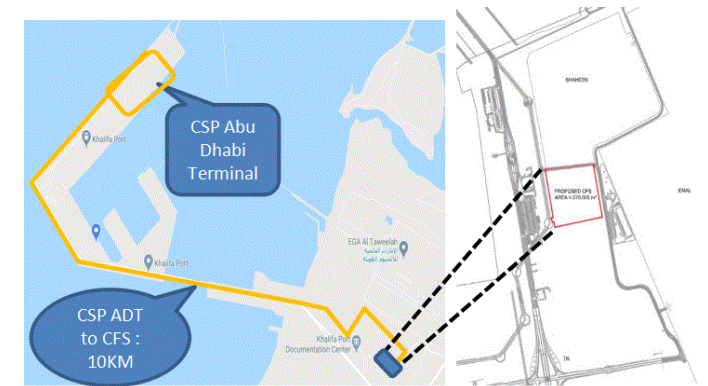
- **Yangzhou Yuanyang Terminal, Zhangjiagang Terminal and Jiangsu Petrochemical Terminal**
 - divestment of non-strategic assets in order to add value to the Company and improve portfolio quality
 - continue to strengthen our portfolio in the YRD region, including development of Nantong Tonghai Terminal and CSP Wuhan Terminal

Accelerating Development of Value-Added Projects to Create New Sources of Growth

Accelerate supply chain business to create new sources of profit growth

- Develop the supply chain business and accelerate the construction of the extended supply chain platform
- Build up logistics network with the supply chain platform as a link and expand service categories, better attract and retain customers, bringing new sources of profit growth

CSP Abu Dhabi CFS Phase 1



CSP Zeebrugge CFS



	Total Area (sqm)	Warehouse Area (sqm)	Capex (Million)	Commencement date
CSP Abu Dhabi CFS Phase 1 ⁽¹⁾	273,970	50,666	64 USD	Now operating
CSP Zeebrugge CFS	77,869	41,580	13 EUR	Now operating
Xiamen CFS	23,800	20,000	135 RMB	2023 Expected

Note:

(1) The total warehouse area and estimated capex of phase 1 and 2 is about 105,225 sqm and approximately USD\$ 138 million.

Technology Development to Facilitate Lean Operations



- Actively advocate 5G smart ports
- Demonstration port for 5G smart application, Xiamen Ocean Gate Terminal is actively carrying out research and development of driverless container truck system
- Rapidly enhance the construction of EAM system, in order to effectively manage equipment procurement and maintenance cost
- Develop MIS system, provide auxiliary decision-making for the transparency of production and operation management through unified data standards and process

navis
N4

2022

Coming 3-4 years

Nantong Terminal and Wuhan Terminal implemented Navis N4 system during 2022

Application of Navis N4 system to most of our subsidiaries in the coming 3-4 years



Further enhance terminals' IT infrastructure through the participation of GSBN and application of blockchain technology

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Global Terminal Network and Lean Operations

*Capitalize on
global economic growth
optimize terminal portfolio*

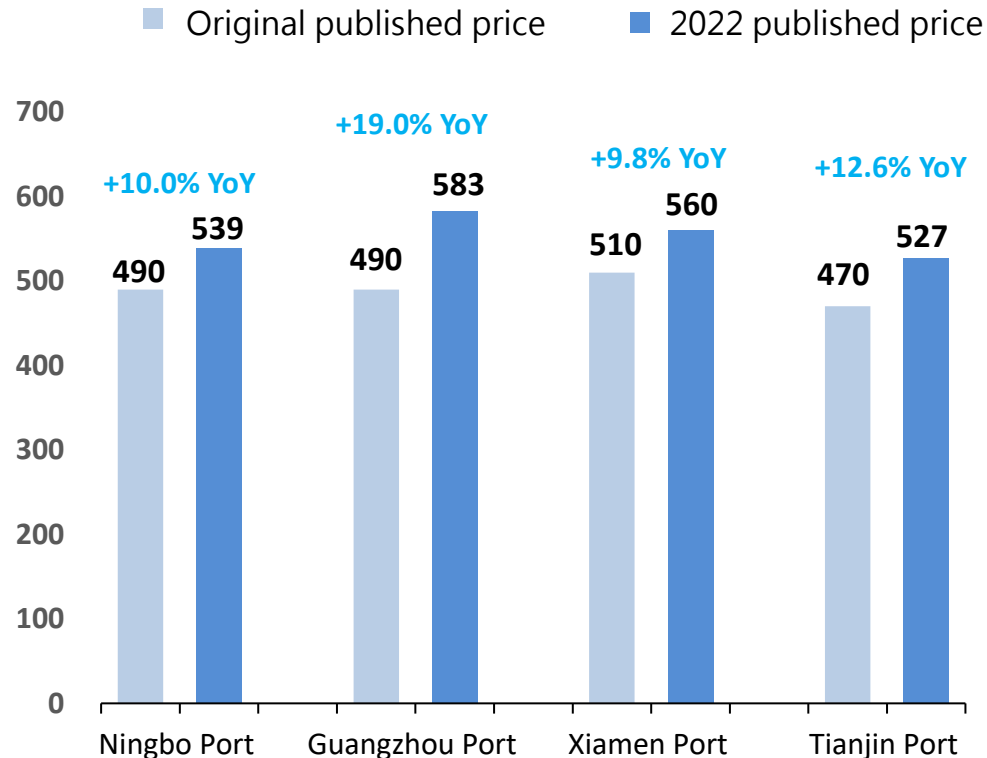
- Identifying potential projects and tapping into the markets such as Southeast Asia, the Middle East and Africa, particularly in strategic subsidiaries and highly-profitable non-subsidiaries amid global economic growth to enhance balanced global network
- Restructuring terminals through port resources consolidation to increase efficiency
- Disposing terminals without strategic value to enhance global portfolio and increase total assets

*Further implement
lean operations to boost
quality and efficiency*

- Continuing “lean operations” in 3 ways to enhance portfolio and raise efficiency:
 - Revenue boost – capitalizing on global network and switching from single terminal service to network marketing to provide shipping companies with budget and efficient service in order to increase our bargaining power. Actively collaborating with other ports operators to raise throughput and improve overall efficiency
 - Cost reduction – focusing on financial control and featuring “cost per TEU” to enhance terminal operations and management
 - Headquarters’ empowerment – setting up COE (Center of Excellence) team to enhance port operations and management

Lean Operations — Enhance Revenue

Published price change of TEU in Chinese port authorities ⁽¹⁾



Note:

(1) Regular 20-foot equivalent unit (TEU) laden container handling charges.

(2) As for average ASP, it excludes currency exchange rate fluctuations and other factors such as port authority charges during 1Q2021 and 1Q2022.

- Terminals maintain good relationships with shipping companies. Apart from maximizing synergy with parent company and OOCL, we also cooperate with different shipping companies to optimize our client portfolio. Our Subsidiaries have made positive progress of new shipping lines and introduced 5 new shipping services during 1Q2022
- Given the improving global economy and our effective lean operations strategy, we have stronger bargaining power to increase ASP; average ASP from our subsidiaries (excluding TCT) during 1Q2022 rose by 6.8% YoY ⁽²⁾
- We will seize the opportunities of tariff hike in major Chinese ports and strengthen negotiation strategies to further increase contract price

Outlook

Challenges

- Global economic uncertainties due to continued COVID-19
- Rising inflation
- Increasing geopolitical conflict

Opportunities

- Long term opportunities for overseas terminals development as well as for domestic ports consolidation
- Good prospect on the back of our effective lean operations strategy
- RCEP opportunities

- We will actively enhance the gateway ports network and further strengthen supply chain to build terminal network in Middle East, Africa, Southeast Asia and South America
- Seize the opportunities of tariff increase in Chinese major ports, strong relationships with shipping companies, stronger bargaining power to raise ASP on the back of the strong demand in the value chain
- Effective lean operations strategy to increase revenue and control cost, leading to higher profit margin in our portfolio

Expect our equity throughput volume growth will be in line with the average of industry

Strong revenue growth and effective cost control could drive better and sustainable profitability

Pledge to Reach Carbon Neutrality at Subsidiary Level

Enhancing Energy Use Efficiency to Reduce Emissions and Combat Climate Change



GHG Emissions

Long-term Commitment:

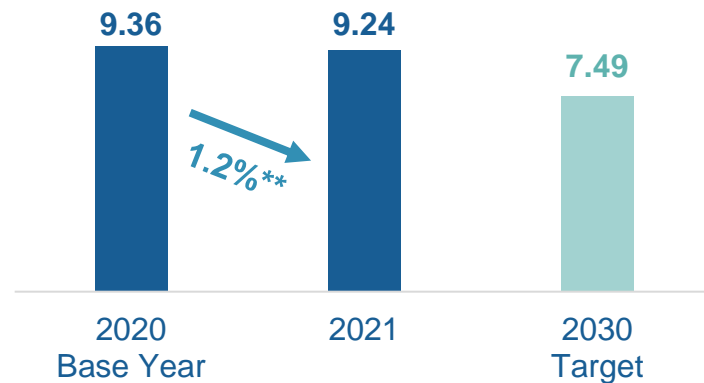
- To achieve carbon neutrality no later than 2060

Short-term Target:

- To reduce greenhouse gas (scope 1 and scope 2) emission intensity of our Subsidiaries by 20% in 2030, as compared with 2020

Subsidiaries' GHG Emission Intensity in 2021*:

(kg of CO₂e per TEU)



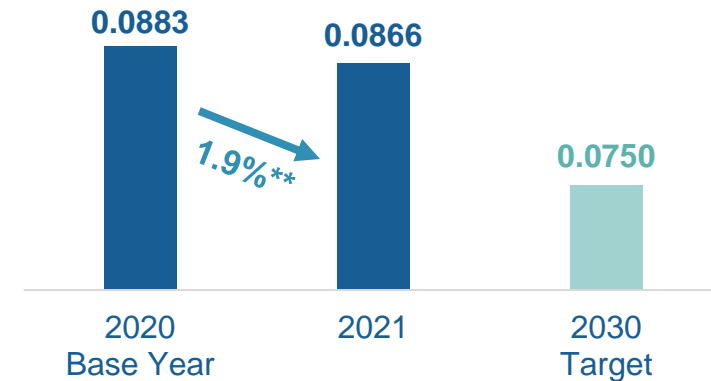
Energy Consumption

Short-term Target:

- To reduce energy consumption intensity of our Subsidiaries by 15% in 2030, as compared with 2020

Subsidiaries' Energy Consumption Intensity in 2021*:

(GJ per TEU)



* Among the existing 15 Subsidiaries of the Company, Chancay Terminal in Peru is still under construction and the acquisition of Tianjin Container Terminal was completed in December 2021. Their environmental performance was not included in the Subsidiaries' Performance for 2020 and 2021.

** The environmental performance data shown in the graph are rounded off, while the corresponding percentage changes are derived from unrounded figures.

Enhancing Water and Waste Management at Subsidiary Level

Contributing to Biological and Environmental Protection

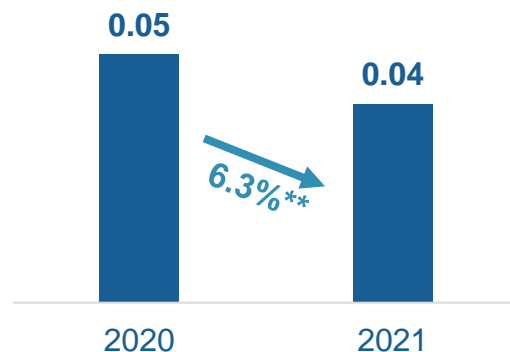


Water Consumption

Target:

- To enhance the management of water resources and improve water use efficiency

Subsidiaries' Water Consumption Intensity in 2021*: (m³ per TEU)



Waste

Target for Hazardous Waste:

- To maintain 100% hazard-free disposal of waste

Target for Non-hazardous Waste:

- To reduce domestic waste by terminals and, in the long term, achieve the goal of zero waste sent to the landfill

Subsidiaries' Hazardous Waste Treatment in 2021*:

- 100% of hazardous waste was handled by recycling companies or material suppliers with professional qualifications

* Among the existing 15 Subsidiaries of the Company, Chancay Terminal in Peru is still under construction and the acquisition of Tianjin Container Terminal was completed in December 2021. Their environmental performance was not included in the Subsidiaries' Performance for 2020 and 2021.

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Q & A Session
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Global Footprint and Future M&A Opportunities



Key Overseas Terminals	Annual Designed Capacity (TEU)
------------------------	--------------------------------

PCT ⁽¹⁾	6,200,000
CSP Spain Group ⁽¹⁾	5,100,000
CSP Abu Dhabi ⁽¹⁾	2,500,000
CSP Zeebrugge ⁽¹⁾	1,300,000
Chancay ⁽¹⁾	1,000,000
RSGT	5,200,000
Suez Canal	5,000,000
COSCO-PSA	4,850,000
Antwerp	3,700,000
Euromax	3,200,000
Kumport	2,100,000

Note:
 (1) Overseas subsidiaries

Lean Operations — Cost Control

Four measures to improve lean operations and cost control capabilities

- ✓ Innovatively set up ports operations management COE Team
- ✓ Establish cost control incentive system
- Formulate four-stage cost control and supervision system, including 1) terminals; 2) Operations Center and COE Team; 3) Audit & Supervision Department supervise the work; 4) In terms of long-term problem which can not be effectively solved regarding cost control, introduce personnel change and disciplinary inspection when necessary
- ✓ Set up centralized procurement system based on the principle of making as many necessary purchases as possible from the same supplier

A series of cost control measures

- ✓ Actively promote and enhance automation in the terminal to improve efficiency and lower outsourcing cost
- ✓ Evaluate the allocation of human resources and maximize human resources by one job post with multi-functions or change of job to lower labor cost
- ✓ Improve the working efficiency of cranes to reduce equipment electricity and fuel cost
- ✓ Increase durability of equipment by in-house maintenance to lower maintenance expense

- Our Terminals highly value the cost control system, focusing on cost per TEU. Hence, we incorporated the “cost per TEU” concept into KPI and established operating cost control goals for subsidiaries in order to effectively implement cost control measures within the operational system

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
1 st 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
2 nd 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
3 rd 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.*

SDGs of our Major Concern

We align our major initiatives with the Sustainable Development Goals (SDGs) of the United Nations. By identifying five goals as the most important and most relevant to our operations, we have integrated them into five key areas of sustainable development.



SDG 4 Quality Education

We provide quality training and education to our staff to cultivate talents and ensure professionalism for our sustained growth.



SDG 8 Decent Work and Economic Growth

We encourage sustained and inclusive economic growth that can provide economic opportunities.



SDG 9 Industry, Innovation and Infrastructure

We facilitate 5G development to improve operational efficiency and offer quality services.



SDG 13 Climate Action

We invest in building “Green Ports” to combat climate change and its impacts.



SDG 17 Partnerships for the Goals

We commit to mutual development and strive to fulfil our social responsibilities as a responsible corporate citizen.

Our Sustainability Approaches



Approach 1: Caring for Our People

Providing a healthy, safe, inclusive and diverse work environment to attract and cultivate talents for our sustained growth

Approach 2: Customers First

Investing in building “green ports”, minimising the environmental impacts of our operations, and encouraging environmentally friendly behaviour among employees, suppliers and the public to promote green and low-carbon development

Approach 3: Green Development

Improving operational efficiency, offering high-quality customer services, and building our global terminal network and our brand to deliver the greatest value to our customers

Approach 4: Win-win Cooperation

Incorporating sustainability criteria into our supplier selection and management, and deepening our strategic partnership with suppliers to enable value chain enhancement

Approach 5: Investing in Communities

Applying ethics to our business practice, ensuring operational compliance, and promoting inclusive development

Sustaining High Standard of Governance

Balanced and Diverse Board Composition

- ✓ High level of independent representation on the Board
- ✓ Diversified skills, expertise and professional experience
- ✓ Gender diversity in the Boardroom
- ✓ Sufficient time commitment

ESG Committee in Place

- ✓ Led by an Independent Non-executive Director, and comprised the Chairman of the Company and another Independent Non-executive Director
- ✓ Further enhance the Board's leading role in ESG aspects and issues
- ✓ Monitor emerging ESG trends, review the Company's ESG strategies and performance and provide recommendations to the Board

The Company aims to ensure that the highest standards of corporate conduct are in place and attaches great importance to ESG issues, in order to drive corporate sustainability and better protect stakeholders' interests.

Key and Ongoing Initiatives under our Sustainability Approaches

Approach 1 Caring for Our People	Approach 2 Customers First	Approach 3 Green Development	Approach 4 Win-win Cooperation	Approach 5 Investing in Communities
1. Elevating diversity and inclusion at workplace	1. Building 5G smart ports to deliver more reliable and efficient services; and transitioning towards green ports by facilitating crane electrification, shore power and LED lighting installation to reduce emissions and save energy with an aim to deepening partnerships along the industry chain			1. Helping local communities fight against COVID-19
2. Building resilience amid the COVID-19 pandemic by strengthening occupational health and safety for our staff, terminal workers and customers.		2. Gearing up for climate change by developing resilience and identifying risks	2. Adopting a fair and stringent procurement and tendering mechanism	2. Alleviating poverty by making donations and sponsoring charitable events
3. Adhering to principles of fair recruitment and career development and trainings, and strictly prohibiting any kind of discrimination	3. Improving operating systems, for example, applying the Navis N4 system	3. Planting trees to offset carbon emission	3. Conducting regular assessment of suppliers to ensure cost competitiveness, business innovation and quality control	3. Promoting literacy by sharing knowledge and experience in the industry
4. Encouraging internal communications and putting in place whistle-blowing policy	4. Organising customer events to promote the synergies of global terminal network	4. Raising environmental awareness of staff and terminal workers	4. Inviting and evaluating tenders online to prevent the pandemic from affecting project execution	4. Encouraging volunteer activities in local societies

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Thank you!

