



The Ports for ALL

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

FY2022 Results Presentation

*Expanding Global Presence and Implementing Lean Operations
Accelerating High-Quality Development by Increasing Efficiency*

March 2023



AGENDA

1. Key Highlights
2. Financial Performance
3. Operational Review
4. Strategy & Outlook
5. Q&A
6. Appendix



中遠海運港口有限公司
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1. Key Highlights

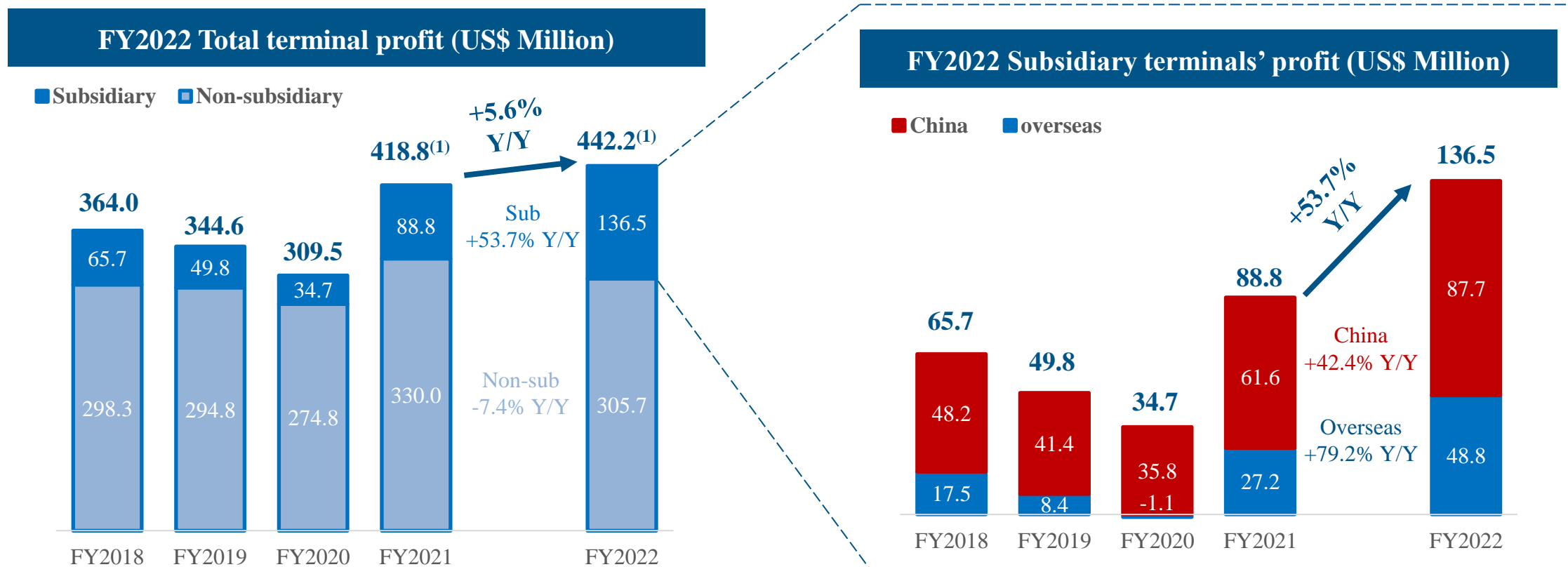
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for ALL*



FY2022 Subsidiary Terminals' Profitability

Strong Terminal Profit Contributed from Subsidiary Terminals

- Subsidiary terminals' profit in 2022 rose **53.7% YoY to USD 136.5M**, which is **more than double than the pre-covid subsidiary terminals' profit** in 2018. The surge was mainly driven by the contribution from TCT and successful lean operations management to boost revenue and reduce cost
- Excluding TCT's terminal profit contribution of USD 11.1M in 2022, overall subsidiary terminals' profit rose 40.7% YoY to USD 125.4M



(1) Stripping out CB fair value gain of USD 8.52M in FY2021 and CB fair value loss of USD 2.60M in FY2022 at Beibu Gulf Port, hence the total amount of USD 11.12M for net fair value change of CB was excluded.

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2. Financial Performance

Global Terminal Network



FY2022 Financial Highlights

Top-Line Growth and Margin Expansion

(US\$ Million, unless stated otherwise)	FY2021	FY2022	Y/Y
Revenue	1,208.3	1,441.3	+19.3%
Cost	(883.1)	(1,011.6)	+14.5%
Gross profit	325.2	429.7	+32.1%
Gross profit margin	26.9%	29.8%	+2.9pps
Share of profits less losses of JV and Associates	329.4	308.0	-6.5%
Profit attributable to equity holders	354.7	305.2	-14.0%
Profit attributable to equity holders (Excl. one-off)	324.0	307.8	-5.0%
Dividend per share (US cents)	4.280	3.632	-15.1%
Payout ratio	40%	40%	-

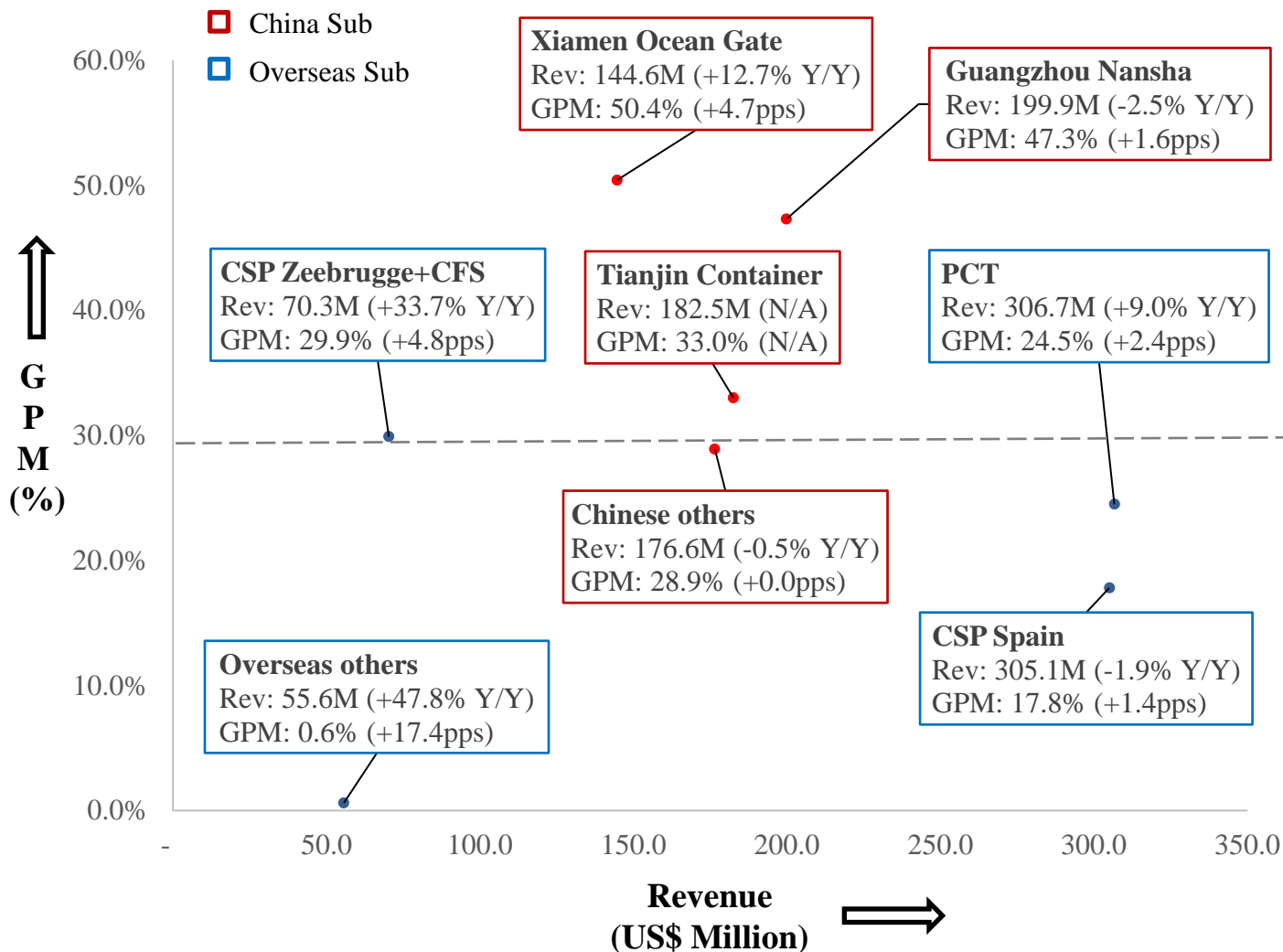
- Revenue in 2022 was up 19.3% YoY, gross profit grew by 32.1% YoY and gross profit margin increased 2.9pps
- Profit attributable to equity holders dropped by 14.0% YoY. Stripping out the 3 one-off items, adjusted profit attributable to equity holders decreased 5.0% YoY

(US\$ Million, unless stated otherwise)	FY2021	FY2022	Y/Y
Profit attributable to equity holders	354.7	305.2	-14.0%
After-tax disposal gain from Tianjin Euroasia	(11.5)	-	N/A
Gain on re-measurement of 16.01% in TCT	(10.7)	-	N/A
Net fair value change of Beibu Gulf Port's CB	(8.5)	2.6	N/A
Profit attributable to equity holders (Excl. one-off)	324.0	307.8	-5.0%

FY2022 Revenue and Gross Profit Margin

Most Subsidiaries Recorded Margin Expansion

FY2022 Subsidiaries' revenue (US\$ Million) and GPM (%)



Strong earnings contributors:

- GPM in China remained at a relatively high level at 39.6% in 2022 with a stable and decent growth prospect
- GPM in overseas region increased 2.9pps to 20.5% in 2022 given revenue surge and margin expansion at CSP Zeebrugge as well as further improvement at PCT

Growth potential players: Increasing the utilization rate and efficiency will improve the overall margin

	Revenue (US\$ Million)	GPM (%)
China Sub:	703.6 (+33.9% Y/Y)	39.6% (+0.5pps)
Overseas Sub:	737.7 (+8.1% Y/Y)	20.5% (+2.9pps)
Total Sub:	1,441.3 (+19.3% Y/Y)	29.8% (+2.9pps)

FY2022 Terminal Profit

Subsidiaries to Drive Our Profitability

➤ Terminal profit by regions:

- Terminal profit in the Bohai Rim, S.E. Coast and overseas regions recorded a strong growth due to the contribution from TCT and higher profitability of our subsidiaries in 2022
- Given global economic slowdown and COVID resurgence in 2022, terminals in the YRD region experienced declining throughput and profit growth. The terminals in the PRD region also experienced weakening demand due to inventory destocking in the U.S. and Europe during 2022

➤ Terminal profit by Subsidiaries: Increasing operational scale of subsidiaries and successful lean operations management increased overall profitability

FY2022 Terminal profit by regions (US\$ Million) ⁽¹⁾

	Total: US\$ 442.2M (+5.6% Y/Y)	% of total
Bohai Rim	+10.3% Y/Y	35.1% (+1.5pps)
Yangtze River Delta	-17.1% Y/Y	8.0% (-2.2pps)
S.E. Coast & Others	+19.5% Y/Y	9.5% (+1.2pps)
Pearl River Delta	-14.4% Y/Y	23.5% (-5.5pps)
S.W. Coast	-3.6% Y/Y	4.8% (-0.5pps)
Overseas	+48.5% Y/Y	19.2% (+5.6pps)

Subsidiary:	USD 136.5M (+53.7% Y/Y)	30.9% (+9.7pps)
Non-subsidiary:	USD 305.7M (-7.4% Y/Y)	69.1% (-9.7pps)

Top 15 terminal profit contributors (% of total) ⁽¹⁾

Terminals (Subsidiaries in bold*)	FY2021	Terminals (Subsidiaries in bold*)	FY2022
QPI	28.8%	QPI	29.0%
Yantian	16.6%	Yantian	12.8%
*PCT	7.7%	*PCT	9.5%
*Xiamen Ocean Gate	6.7%	*Xiamen Ocean Gate	8.4%
*Guangzhou Nansha	5.4%	*Guangzhou Nansha	5.9%
Shanghai Pudong	4.2%	Kumport	4.3%
Beibu Gulf Port	3.5%	Shanghai Pudong	3.6%
COSCO-HIT	2.9%	Beibu Gulf Port	3.1%
Kumport	2.9%	*Tianjin Container Terminal	2.5%
Shanghai Mingdong	2.5%	*CSP Spain	2.4%
COSCO-PSA	2.4%	COSCO-PSA	2.2%
Ningbo Yuan Dong	2.1%	*CSP Zeebrugge+CFS	2.0%
Asia Container Terminal	2.0%	COSCO-HIT	2.0%
*CSP Spain	1.8%	Beibu Gulf Terminal	1.7%
Beibu Gulf Terminal	1.8%	*Lianyungang Terminal	1.6%
Total: 91.2%		Total: 90.9%	

(1) Stripping out CB fair value gain of USD 8.52M in FY2021 and CB fair value loss of USD 2.60M in FY2022 at Beibu Gulf Port, hence the total amount of USD 11.12M for net fair value change of CB was excluded.

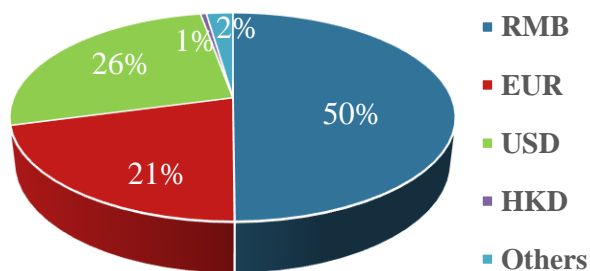
Financial Position

Well Positioned to Capture M&A Opportunities for Sustainable Growth

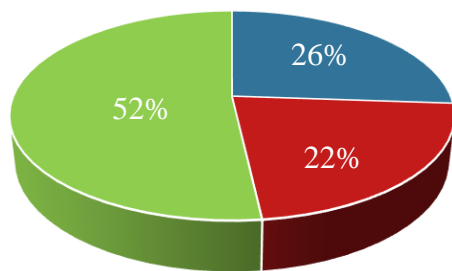
- Strong cash and cash bank balance, healthy net gearing ratio and low borrowing rate enable us to continue to capture potential M&A opportunities for sustainable development
- Total CAPEX budget in 2023 is approximately USD 1.4B, with investment and PP&E accounting for about 40% and 60%, respectively

(US\$ Million)	As of 31 Dec 2021	As of 31 Dec 2022
Total assets	12,033.3	11,310.8
Total liabilities	5,092.7	4,687.2
Equity attributable to shareholders	5,818.0	5,518.4
Cash and bank balance	1,226.8	1,069.3
Total debt	3,219.6	2,908.6

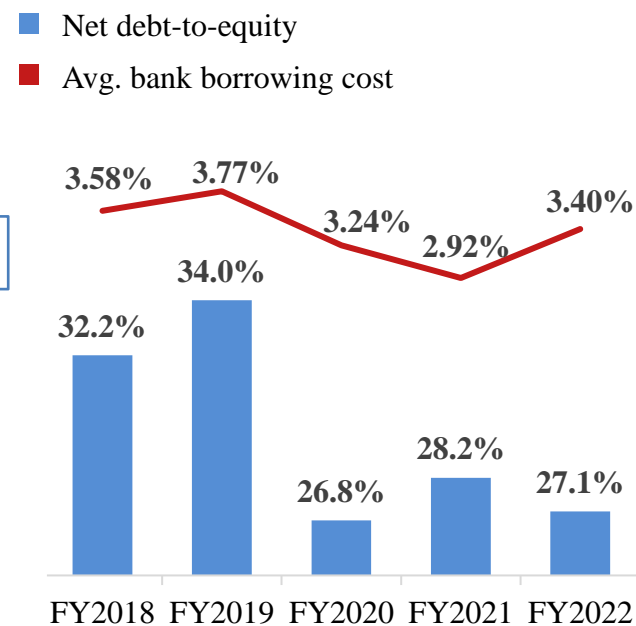
FY2022 Cash and bank balance



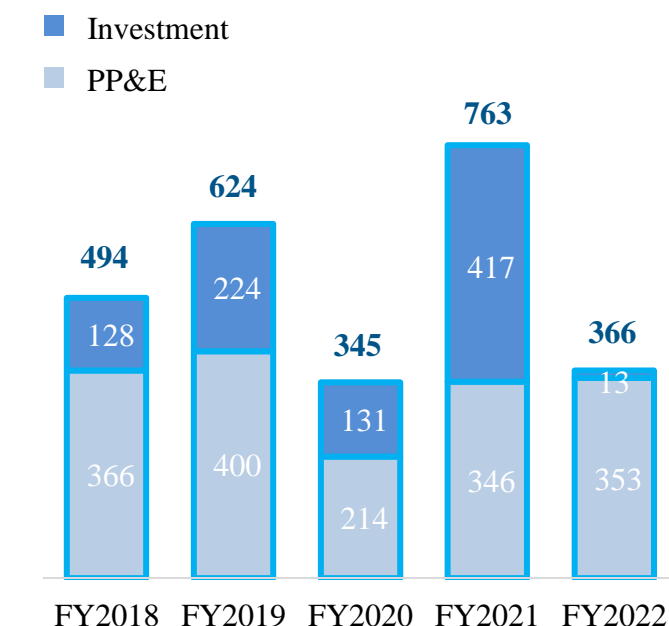
FY2022 Total debt structure



Net debt-to-equity & average bank borrowing cost



Capex (US\$ Million)



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3. Operational Review

*Group's
Dual Brand*



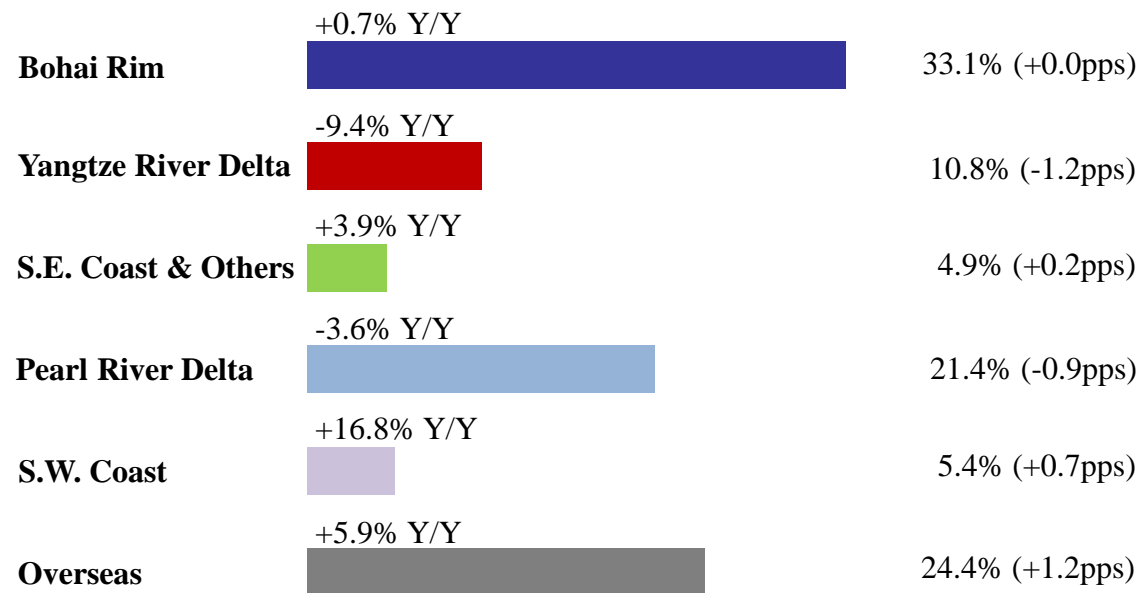
FY2022 Throughput

Equity throughput was up 5.5%

- 45% of equity throughput was from our controlling subsidiaries, up 8.0pps YoY
- Equity throughput in Bohai Rim increased by 26.5% YoY, mainly due to the contribution from newly acquired TCT project

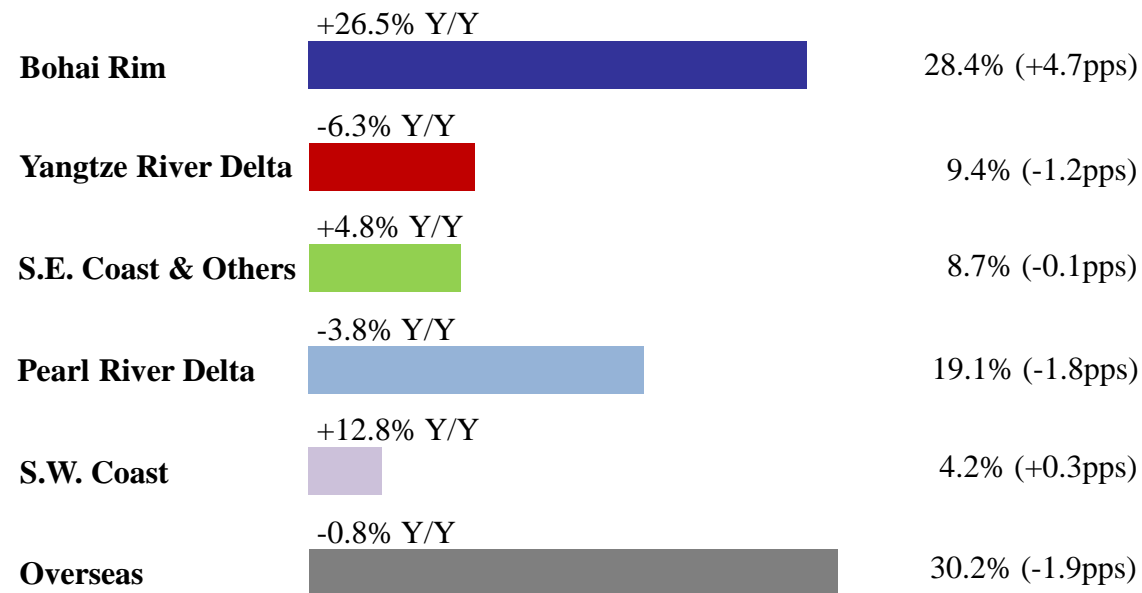
FY2022 Total throughput (Million TEU)

Total: 130.11M TEU (+0.6% Y/Y)



FY2022 Equity throughput (Million TEU)

Total: 42.07M TEU (+5.5% Y/Y)



Subsidiary: 31.63M TEU (+35.3% Y/Y) 24.3% (+6.2pps)

Non-subsidiary: 98.48M TEU (-7.0% Y/Y) 75.7% (-6.2pps)

Subsidiary: 18.87M TEU (+28.5% Y/Y) 44.9% (+8.0pps)

Non-subsidiary: 23.20M TEU (-7.9% Y/Y) 55.1% (-8.0pps)

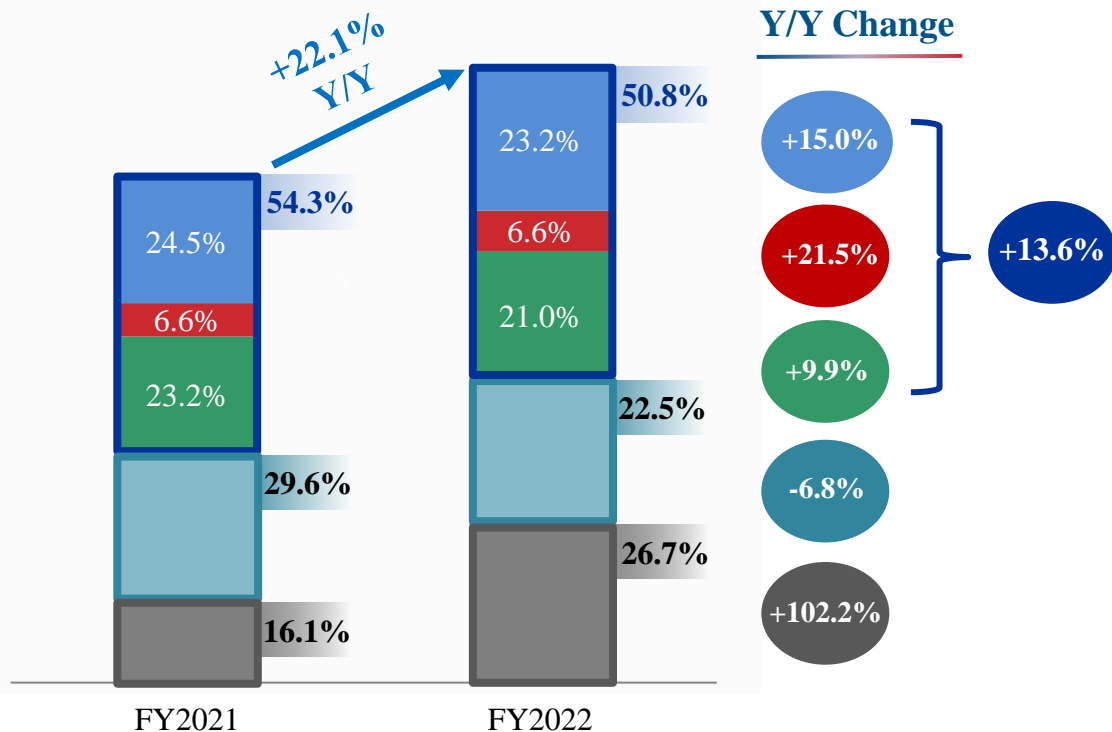
FY2022 Market Development

Further Optimizing Customer Portfolio & Continuing to Increase ASP

- Optimizing our customers portfolio by further exploring the market of non-shipping alliance members during 2022
- Continuing to make positive progress of introducing new shipping lines and increasing ASP

FY2022 Customers as a percentage of total throughput ⁽¹⁾

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



Maintaining 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 **19 new shipping services with about 973,000 TEU** during 2022

In local currency terms, average ASP of Chinese subsidiary terminals grew by 2.4% YoY; average ASP of European subsidiary terminals increased about 23.0% YoY during 2022 ⁽²⁾

During 2022, our company's main subsidiary terminals have already experienced a significant rise in ASP. We will continue to maintain high awareness of changes in the market and take advantage of opportunities to increase rates. Going forward, we will strive to increase ASP and improve efficiency

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

(2) Subsidiary terminals in operation including Jinzhou, Lianyungang, Nantong, Xiamen, Quanzhou, Jinjiang, Guangzhou Nansha, PCT, CSP Zeebrugge and CSP Spain terminals on a comparable basis, excluding newly acquired projects of Tianjin Container Terminal, CSP Abu Dhabi, Wuhan, Guinea and Peru Chancay terminals.



CSP Abu Dhabi Terminal



Xiamen Ocean Gate Terminal



Tianjin Container Terminal

- Expanding the implementation of **5G smart ports**, deploying autonomous container truck systems at Xiamen Terminal and CSP Abu Dhabi Terminal
- Completing the project of **automation upgrade** at TCT
- Promoting and implementing the experience of **5G smart ports** construction at Wuhan Terminal



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

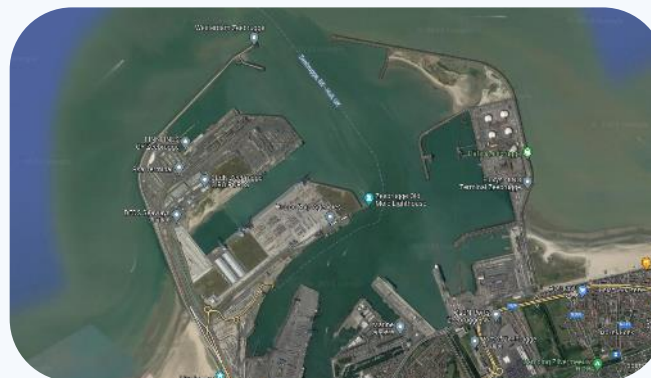
- Launching CSP Portal for GSBN at 8 subsidiary terminals, promoting an innovative alternative to the traditional workflow of the industry

- Enhancing the construction of **EAM system**, in order to effectively manage equipment procurement and maintenance costs. The EAM system was launched and put into operation in all domestic subsidiary terminals and CSP Abu Dhabi Terminal
- Achieving progress in upgrading ports with digital transformation proceeding apace. The **MIS system** has connected the TOS data and SAP data of all subsidiary terminals to improve operation management

Supply chain projects



CSP Abu Dhabi CFS Phase 1



CSP Zeebrugge CFS

	Total area (sqm)	Warehouse area (sqm)	Capex (Million)	Commissioning timeline
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 Haicang CFS	23,800	20,000	135 RMB	2023 Expected

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

EV Business



- In 2022, China's exports of electric vehicles surged 131.8% YoY. High-tech, value-added products and products driving green transformation have become new engines for China's export growth. Our subsidiaries such as CSP Zeebrugge, Xiamen Ocean Gate and CSP Abu Dhabi CFS captured the opportunities of EV export, generating new sources of revenue and profit growth

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4. Strategy & Outlook

5G Smart Ports



Capitalizing on global economic growth to optimize terminal portfolio

- Continuing to develop a global terminals portfolio by identifying potential projects in emerging markets and port resources consolidation in China
- Diversifying a balanced network between strategic subsidiaries and highly-profitable non-subsidiaries as well as green-field and brown-field projects
- Disposing terminals with lower strategic value to enhance enterprise value



Further implementing lean operations management to boost quality and efficiency

- 3 keys to success in lean operations management:
 - Revenue expansion – capitalizing on global network and switching from single terminal service to network marketing to provide shipping companies with cost-effective and efficient services 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 team to closely monitor, enhance and evaluate port operations and management efficiency

Pledge to Reach Carbon Neutrality at Subsidiary Level

Enhancing Energy Use Efficiency to Reduce Emissions and Combat Climate Change



GHG Emissions

Long-term commitment:

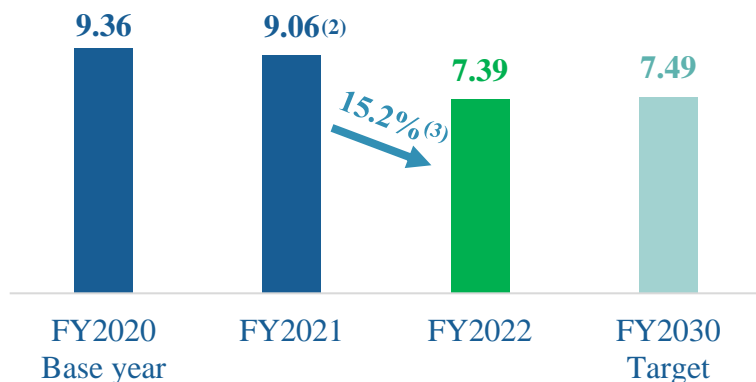
- To achieve carbon neutrality no later than 2060

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 ⁽¹⁾:

(kg of CO₂e per TEU)



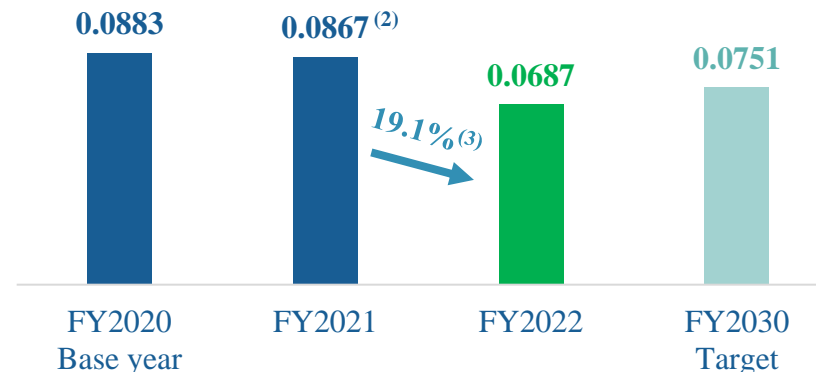
Energy Consumption

Short-term target:

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

Subsidiaries' energy consumption intensity ⁽¹⁾:

(GJ per TEU)



(1) Among the existing 15 Subsidiaries of the Company, Chancay Terminal in Peru is under construction and the acquisition of Tianjin Container Terminal was completed in December 2021, therefore their environmental performance was not included in the Subsidiaries' performance for 2020 and 2021. Tianjin Container Terminal became the Company's subsidiary since December 2021; therefore its environmental performance was included in the Subsidiaries' performance for 2022.

(2) Figures were restated after data review.

(3) 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 Ecological and Environmental Protection



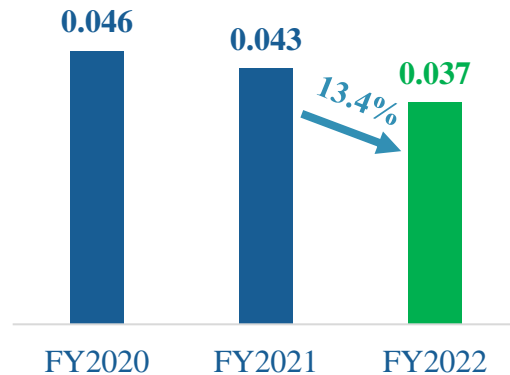
Water Consumption

Target:

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

Subsidiaries' water consumption intensity ⁽¹⁾:

(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

FY2022 Subsidiaries' hazardous waste treatment ⁽¹⁾:

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

(1) Among the existing 15 Subsidiaries of the Company, Chancay Terminal in Peru is under construction and the acquisition of Tianjin Container Terminal was completed in December 2021, therefore their environmental performance was not included in the Subsidiaries' performance for 2020 and 2021. Tianjin Container Terminal became the Company's subsidiary since December 2021; therefore its environmental performance was included in the Subsidiaries' performance for 2022.

Challenges

- Weakening global economic growth with ongoing destocking
- Increasing risks of geopolitical conflict
- Further interest rate hike and continued USD appreciation

Opportunities

- RCEP and emerging markets opportunities
- Growth driven by ‘Dual Circulation’ in China with both growing exports and an emphasis on expanded domestic demand
- Long term opportunities for overseas terminals development as well as for domestic ports consolidation



- Further strengthening the performance of our strategic subsidiary terminals and continuing to enhance the global ports network and to optimize our terminal portfolio, especially increasing the exposure of Southeast Asia, the Middle East, Africa and South America
- Strong relationships and bargaining power with shipping companies on the back of our successful sales and marketing management
- Good prospect on the back of our successful lean operations management to improve asset quality and profitability of subsidiary terminals



Expecting our equity throughput volume growth will be in line with the industry average in 2023



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5. Q&A

Global Supply Chain Network



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6. Appendix

ESG & Sustainability



Terminal Profits					
US\$' 000	FY2021	% of total	FY2022	% of total	YoY
Bohai Rim	140,708	33.6%	155,231	35.1%	10.3%
QPI	120,505	28.8%	128,191	29.0%	6.4%
Dalian Container Terminal	5,694	1.4%	5,791	1.3%	1.7%
Dalian Dagang Terminal	61	0.0%	86	0.0%	41.0%
Tianjin Port Euroasia Terminal	866	0.2%	0	0.0%	N/A
*Tianjin Container Terminal (Subsidiary from Dec 2021)	(295)	-0.1%	11,140	2.5%	N/A
Tianjin Container Terminal (Associate from Jan to Nov 2021)	1,471	0.4%	0	0.0%	N/A
Yingkou Terminal	5,121	1.2%	3,029	0.7%	-40.9%
Yingkou New Century Terminal	4,096	1.0%	2,396	0.5%	-41.5%
*Jinzhou New Age Terminal	4,818	1.2%	4,355	1.0%	-9.6%
Qinhuangdao Terminal	72	0.0%	68	0.0%	-5.6%
Dalian Automobile Terminal	1,605	0.4%	1,646	0.4%	2.6%
Dongjiakou Ore Terminal	(3,441)	-0.8%	(1,826)	-0.4%	N/A
Qinhuangdao Port	438	0.1%	371	0.1%	-15.3%
Related business	(303)	-0.1%	(16)	0.0%	N/A
Yangtze River Delta	42,722	10.2%	35,402	8.0%	-17.1%
Shanghai Pudong Terminal	17,516	4.2%	15,709	3.6%	-10.3%
Shanghai Mingdong Terminal	10,410	2.5%	4,813	1.1%	-53.8%
Ningbo Yuan Dong Terminal	8,736	2.1%	7,142	1.6%	-18.2%
Ningbo Meishan Terminal	402	0.1%	121	0.0%	-69.9%
*Lianyungang Terminal	5,806	1.4%	6,974	1.6%	20.1%
Taicang Terminal	1,217	0.3%	1,497	0.3%	23.0%
Shanghai Terminal	795	0.2%	1,031	0.2%	29.7%
*Nantong Terminal	395	0.1%	1,431	0.3%	262.3%
*Wuhan Terminal	(2,922)	-0.7%	(3,566)	-0.8%	N/A
Related business	367	0.1%	250	0.1%	-31.9%
Southeast Coast and others	34,966	8.3%	41,800	9.5%	19.5%
*Xiamen Ocean Gate Terminal	27,947	6.7%	37,297	8.4%	33.5%
*Quanzhou Pacific Terminal	3,147	0.8%	3,842	0.9%	22.1%
*Jinjiang Pacific Terminal	14	0.0%	26	0.0%	85.7%
Kao Ming Container Terminal	3,792	0.9%	643	0.1%	-83.0%
Related business	66	0.0%	(8)	0.0%	N/A

Terminal Profit (Continued)

Pearl River Delta	121,262	29.0%	103,747	23.5%	-14.4%
Yantian International Terminal	69,372	16.6%	56,658	12.8%	-18.3%
Nansha Stevedoring Terminal	6,652	1.6%	5,731	1.3%	-13.8%
*Guangzhou Oceangate Terminal	22,706	5.4%	26,249	5.9%	15.6%
COSCO-HIT Terminal	12,701	3.0%	9,244	2.1%	-27.2%
ACT Terminal	8,556	2.0%	4,341	1.0%	-49.3%
Guangzhou Port	1,643	0.4%	2,089	0.5%	27.1%
Related business	(368)	-0.1%	(565)	-0.1%	N/A
Southwest Coast	22,060	5.3%	21,266	4.8%	-3.6%
Beibu Gulf Terminal	7,469	1.8%	7,485	1.7%	0.2%
Beibu Gulf Port ⁽¹⁾	14,771	3.5%	13,899	3.1%	-5.9%
Related business	(180)	0.0%	(118)	0.0%	N/A
Overseas	57,097	13.6%	84,772	19.2%	48.5%
*PCT	31,762	7.6%	41,580	9.4%	30.9%
Suez Canal Terminal	2,469	0.6%	4,377	1.0%	77.3%
Euromax Terminal	6,988	1.7%	4,719	1.1%	-32.5%
Kumport Terminal	12,068	2.9%	18,803	4.3%	55.8%
Antwerp Terminal	2,731	0.7%	3,607	0.8%	32.1%
*CSP Zeebrugge Terminal (including CFS)	4,324	1.0%	8,678	2.0%	100.7%
COSCO-PSA Terminal	9,870	2.4%	9,633	2.2%	-2.4%
RSGT	(98)	0.0%	(1,383)	-0.3%	N/A
*Guinea	(1,097)	-0.3%	128	0.0%	N/A
Vado Terminal	(4,490)	-1.1%	(6,023)	-1.4%	N/A
*Chancay Terminal	(3,300)	-0.8%	1,338	0.3%	N/A
*CSP Abu Dhabi Terminal (including CFS)	(12,093)	-2.9%	(13,258)	-3.0%	N/A
*CSP Spain Group (excluding related business Conte Rail)	7,623	1.8%	10,305	2.3%	35.2%
Seattle Terminal	0	0.0%	1,598	0.4%	N/A
Related business	340	0.1%	670	0.2%	97.1%
Terminals & related business	418,815	100.0%	442,218	100.0%	5.6%
- subsidiaries*	88,835	21.2%	136,519	30.9%	53.7%
- non-subsidiaries	329,980	78.8%	305,699	69.1%	-7.4%

(1) Stripping out CB fair value gain of USD 8.52M in FY2021 and CB fair value loss of USD 2.60M in FY2022 at Beibu Gulf Port, hence the total amount of USD 11.12M for net fair value change of CB was excluded.

SDGs of Our Major Concern

Aligning with the Sustainable Development Goals of the United Nations

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



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

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 3: Green Development

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

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, promoting inclusive development, and creating long term value for stakeholders

This presentation contains certain forward-looking statements with respect to the financial condition, results of operations and business of COSCO SHIPPING Ports Limited (“COSCO SHIPPING Ports”) and certain plans and prospects of the management of COSCO SHIPPING Ports.

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