

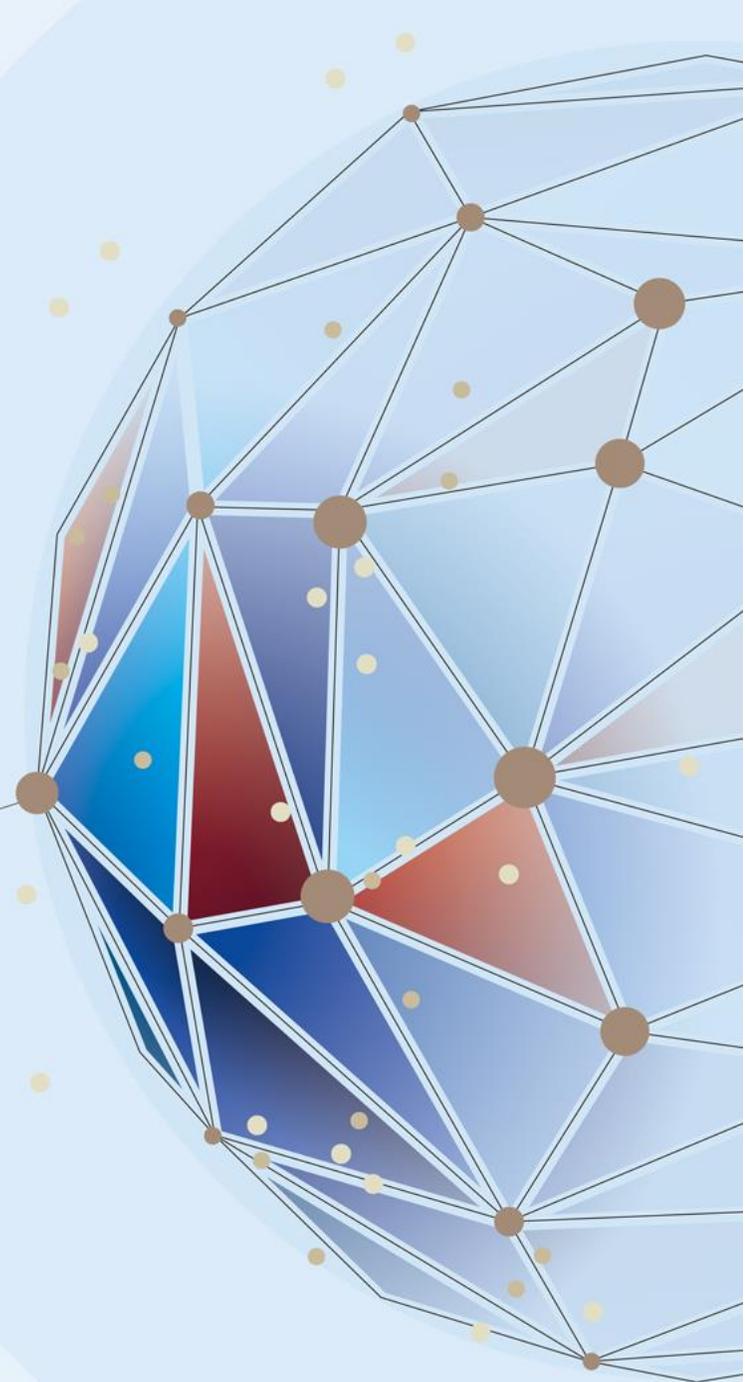


中遠海運港口有限公司
COSCO SHIPPING Ports Limited

The Ports for *ALL*

3Q2019 Results

Strengthening Global Footprint



29 October 2019

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3Q2019 Financial Highlights – Sound Fundamentals amid External Turbulence

<i>(US\$ million, unless stated otherwise)</i>	3Q2019	3Q2018	YoY Change
Revenue	254.7	253.0	+0.7%
Cost of sales	188.1	177.2	+6.1%
Gross profit	66.6	75.8	-12.1%
Share of profits from Joint Ventures & Associates	71.3	69.4	+2.7%
EBITDA	166.0	157.0	+5.8%
Net profit attributable to shareholders	71.8	75.1	-4.4%
Adjusted net profit attributable to shareholders ⁽¹⁾	80.9	75.1	+7.8%
Adjusted EPS (US cents) ⁽¹⁾	2.57	2.46	+4.5%

Notes:

(1) Excluding loss of HKFRS 16 of US\$9.1M

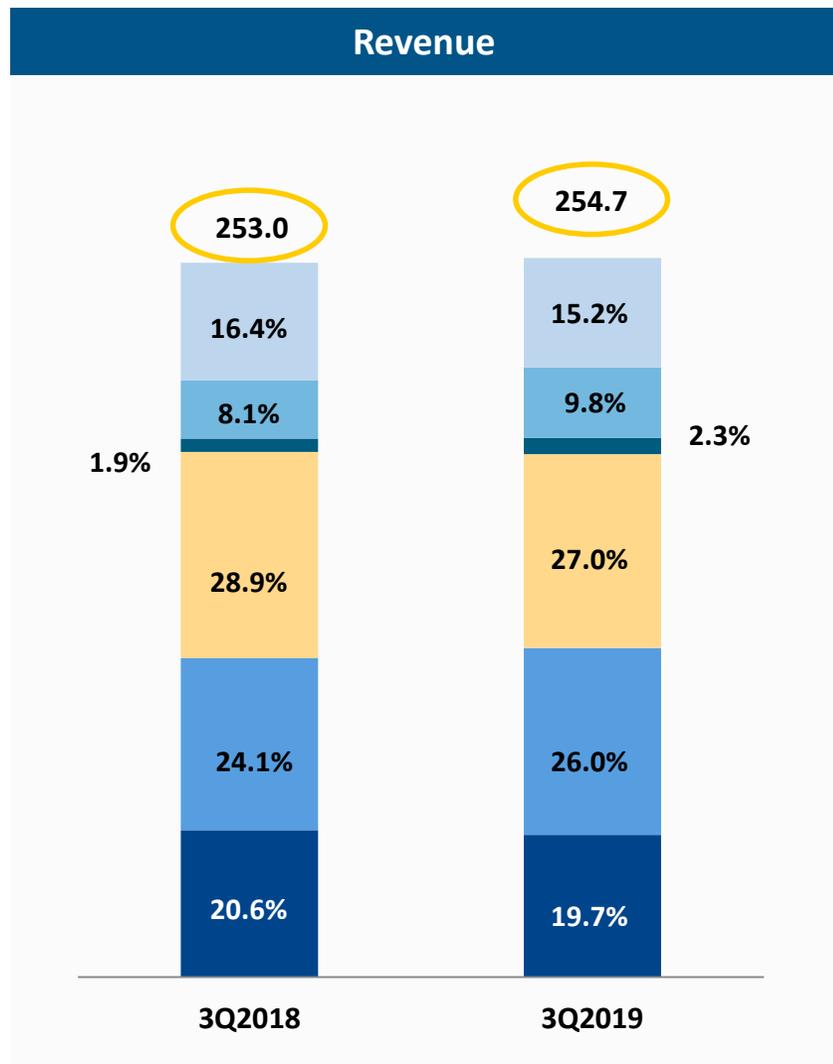
9-month Financial Highlights – Sound Fundamentals amid External Turbulence

<i>(US\$ million, unless stated otherwise)</i>	9 months 2019	9 months 2018	YoY Change
Revenue	772.6	748.4	+3.2%
Cost of sales	552.6	515.2	+7.3%
Gross profit	220.0	233.2	-5.7%
Share of profits from Joint Ventures & Associates	215.9	221.4	-2.5%
EBITDA	504.9	496.8	+1.6%
Net profit attributable to shareholders	219.6	244.1	-10.0%
Adjusted net profit attributable to shareholders ⁽¹⁾	257.3	244.1	+5.4%
Adjusted EPS (US cents) ⁽¹⁾	8.24	7.98	+3.3%

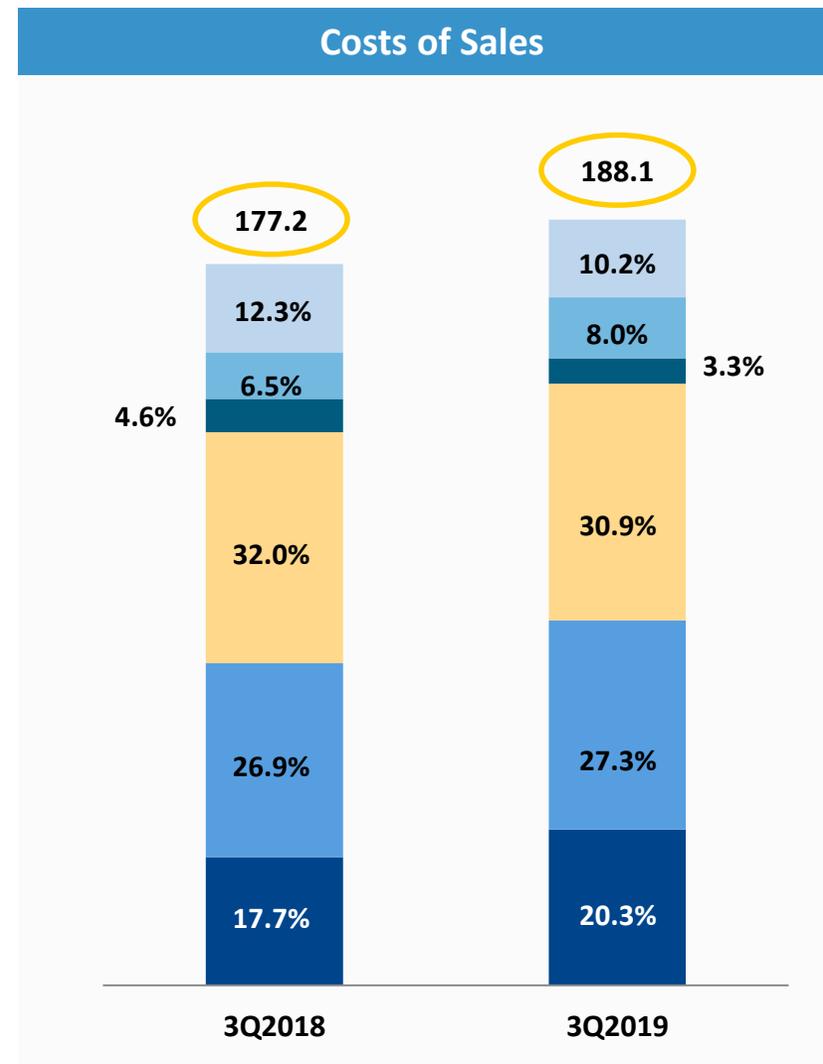
Notes:

(1) Excluding one-off loss of shares dilution effect from QPI of US\$22.6M and loss of HKFRS 16 of US\$15.1M

3Q2019 Breakdown of Revenue & Costs of Sales

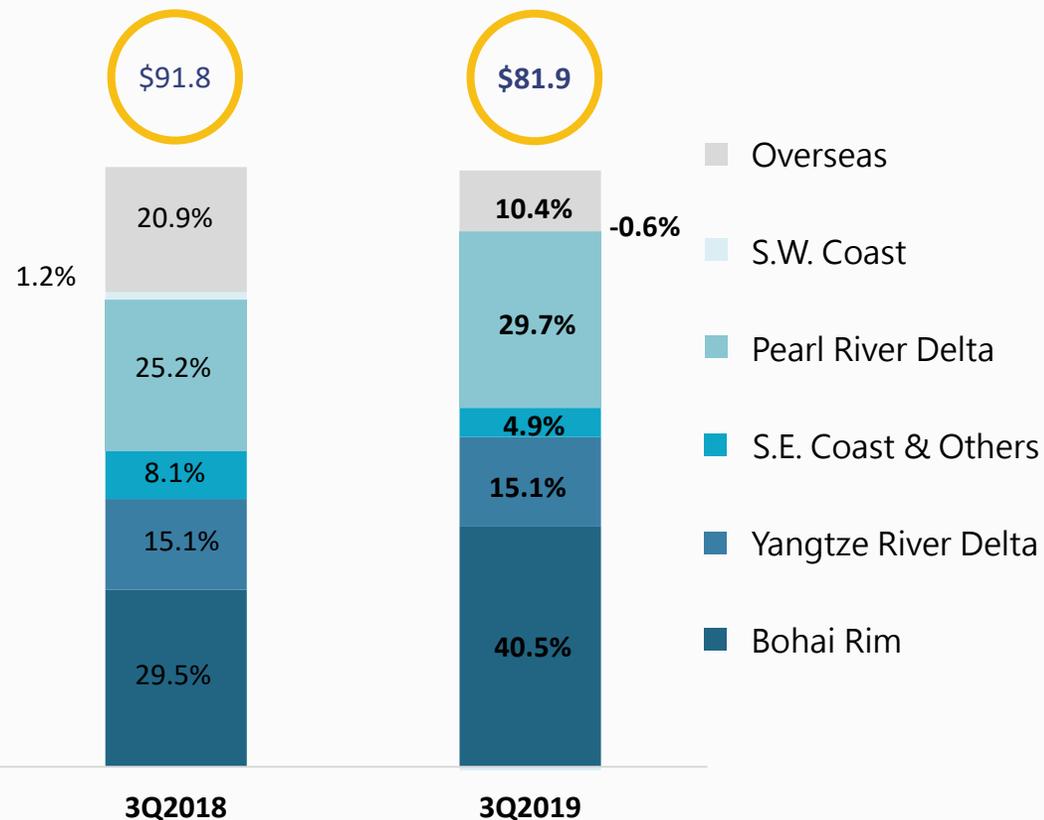


- Guangzhou Nansha
- Xiamen Oceangate
- Zeebrugge
- CSP Spain
- PCT
- Other subsidiaries



3Q2019 Terminal Profits – Diversified Exposure

Terminal Profits by Regions (US\$ million)



Top 10 Terminal Contributors

	3Q2019	3Q2018
QPI	30.0%	20.9%
Yantian	19.6%	17.2%
PCT	8.5%	7.6%
Shanghai Pudong	6.6%	6.1%
Guangzhou Nansha	5.1%	5.7%
Shanghai Mingdong	4.7%	Quanzhou 4.3%
Kumport	4.3%	Guangzhou Nansha 3.9%
Xiamen Ocean Gate	3.9%	Xiamen Ocean Gate 3.7%
COSCO-PSA	2.9%	CSP Spain 3.6%
Dalian Container	2.9%	Shanghai Mingdong 3.5%
Total:	88.5%	Total: 76.5%



Financial Position – Healthy Balance Sheet and Low Borrowing Cost

<i>(US million, unless stated otherwise)</i>	As at 30 September 2019	As at 30 September 2018
Total assets	10,369	8,900
Net asset	5,616	5,726
Total debt	2,928	2,368
Cash on hand (including restricted cash)	1,181	678
Net debt to equity	31.1%	29.5%
Book value per share (HK\$)	13.9	14.6
Average bank borrowing cost	3.59%	3.38%



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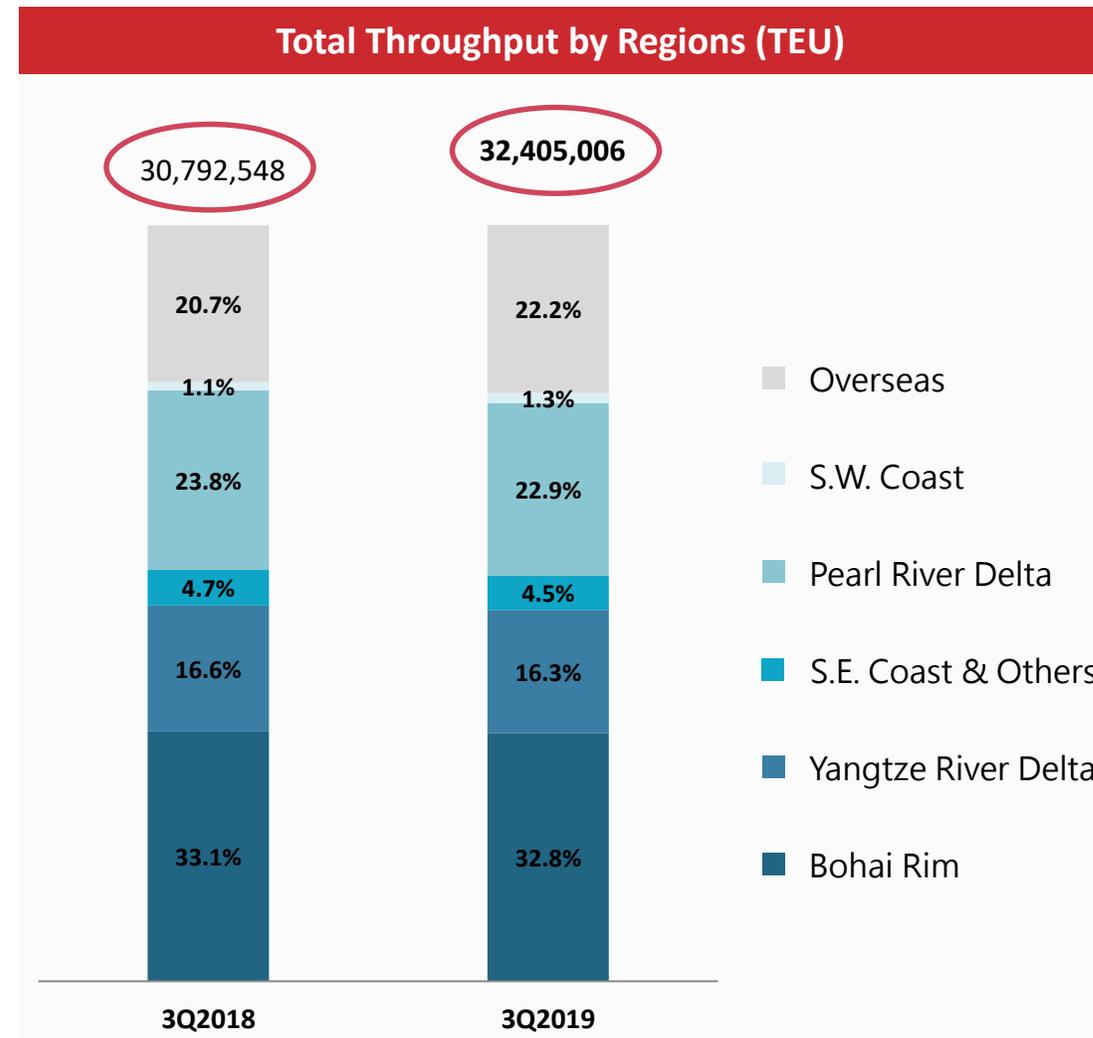
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3Q2019 Operational – Increasing Contribution from Subsidiaries & Balanced Portfolio

Total Throughput (TEU)	3Q2019	3Q2018	YoY Change
Total throughput	32,405,006	30,792,548	+5.2%
- Subsidiaries	6,565,154	5,806,549	+13.1%
- Non-subsidiaries	25,839,852	24,985,999	+3.4%

Equity Throughput (TEU)	3Q2019	3Q2018	YoY Change
Equity throughput	10,344,892	9,595,774	+7.8%
- Subsidiaries	4,209,080	3,665,074	+14.8%
- Non-subsidiaries	6,135,812	5,930,700	+3.5%



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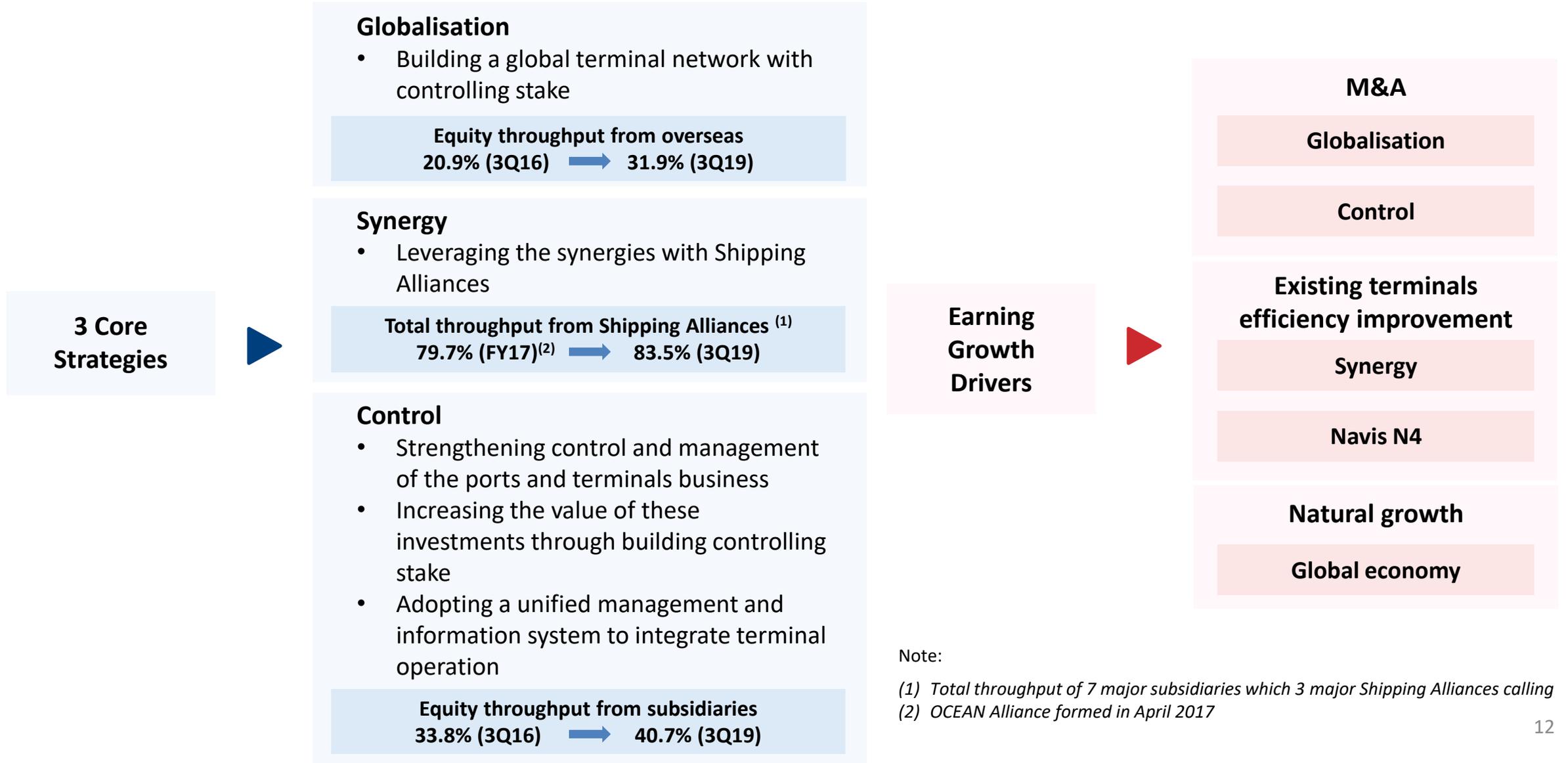
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Effective Growth Strategies



Globalisation – Growing Good Quality Asset Base

Asset Investments

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

Example:
• Euromax

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

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



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

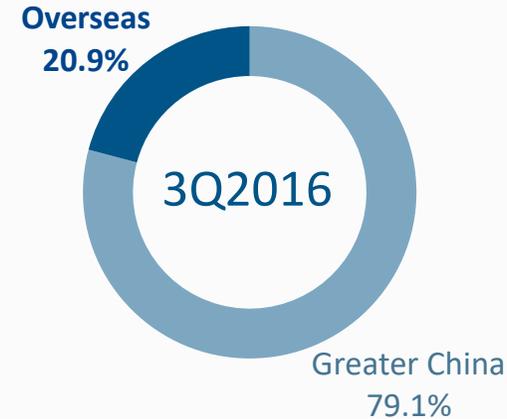
Examples:
• QPI
• Nantong Tonghai
• CSP Spain Group
• CSP Zeebrugge
• CSP Wuhan

CAPEX (budget):
Investments – US\$830m
(including investment in
China port groups)

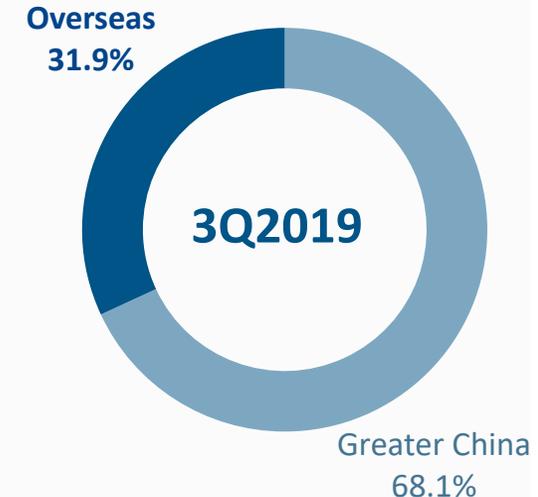
PP&E – US\$872m
(including terminal
extended logistics
developments)

Equity Throughput (in terms of geographic locations)

3Q2016
Equity Throughput
7,469,053 TEU



3Q2019
Equity Throughput
10,344,892 TEU

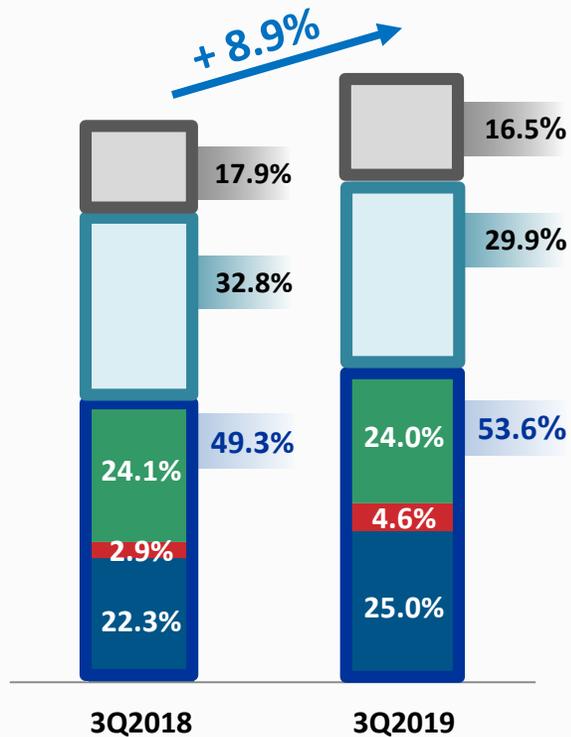


- Strategically pursue investment opportunities to create value to shareholders
- Balanced portfolio of *brownfield and greenfield*
- Hurdle rate *at least low double-digit equity IRR*
- Potential divestment of non-performing assets for capital recycling

Synergy – Strong Linkage Effects with Shipping Alliances

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

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



Growth in Volume Contributions ⁽¹⁾
(3Q2018 vs 3Q2019)



Note:

(1) Total throughput of 7 major subsidiary terminals which 3 major Shipping Alliances calling in 3Q2019.

(2) Throughput growth from Zeebrugge and Abu Dhabi in which OOCL called at significantly increased in 3Q2019.

Control – Increasing Contributions from Subsidiaries

Equity Throughput (in terms of terminals)

3Q2016
Equity Throughput

7,469,053 TEU

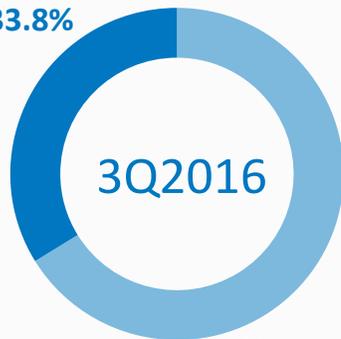
10 Subsidiaries

3Q2019
Equity Throughput

10,344,892 TEU

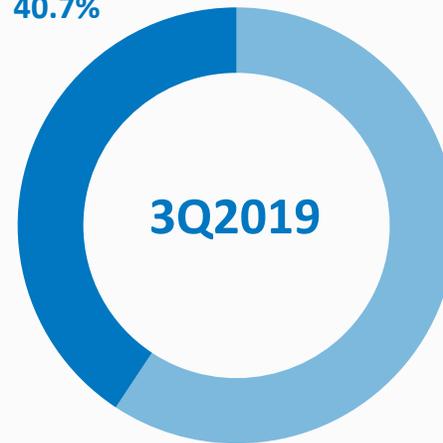
16 Subsidiaries

Subsidiaries
33.8%

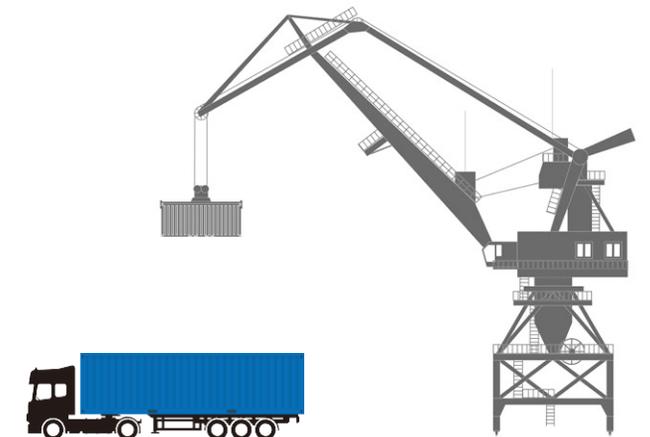


Non-subsidiaries
66.2%

Subsidiaries
40.7%



Non-subsidiaries
59.3%



Control – Efficiency Improvement and Cost Reduction by Adopting Technology



CSP Zeebrugge Terminal
launched Navis N4 system in
July 2019.

Lianyungang New Oriental
International Terminal will
launch Navis N4 system to
further strengthen the
efficiency of the terminal
operation in 2H2019.

Full transition to Navis N4 in
all subsidiaries in the coming
3-4 years.

Improving efficiency and reducing cost through the application of Navis N4 system to our subsidiaries terminals

Assets Divestment for Capital Recycling



Strategic plan to dispose interests in terminals which have comparatively small profit contribution

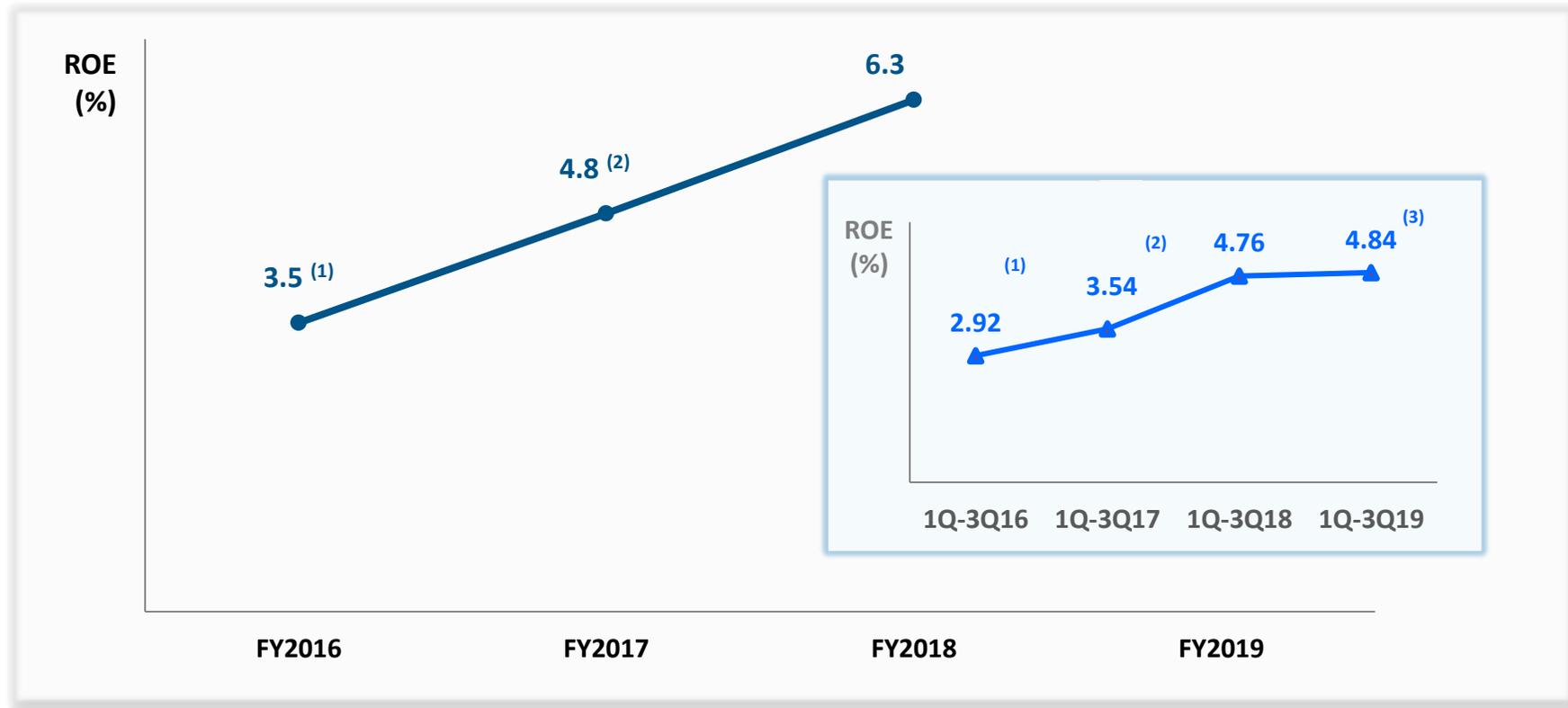
The Company announced disposal of interests Nanjing Longtan Terminal, Yangzhou Yuanyang Terminal and Zhangjiagang Terminal. The total annual contribution profit of the interest in 3 terminals in 2018 was around RMB 40 million.



Strategic goal of the divestment

The Company also intends to dispose interests in Taicang Terminal and Jiangsu Petrochemical Terminal. The Company will continue to optimize the terminal portfolio in Yangtze Delta, strengthen the development of Nantong Tonghai Terminal and CSP Wuhan Terminal and continue to develop hub port in the Yangtze Delta region.

Achievement on Strategy Implementation – 5-Year Plan on Track



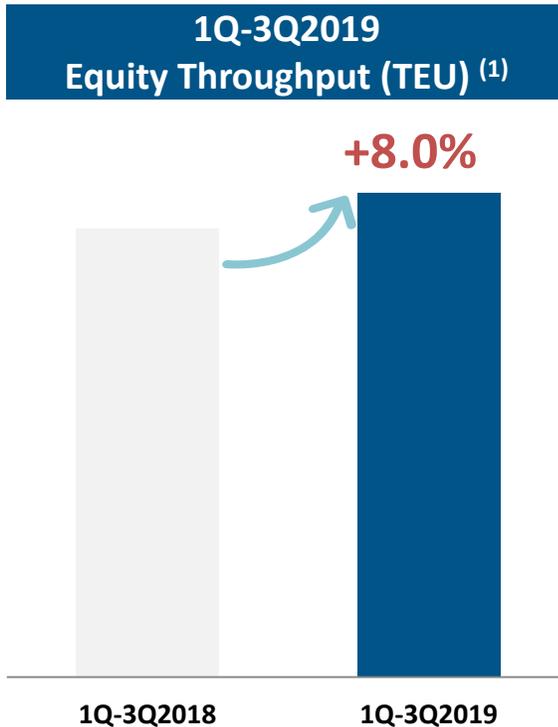
Note:

- (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

2019 Full-year Outlook

**We Expect FY2019
Equity Throughput**

High single-digit growth⁽¹⁾



Challenge

Sino-US trade dispute

Opportunities

- Depreciation of RMB
- Low interest rate environment

Cautiously Optimistic

Note:

(1) Excluding throughput from QPI

Sustainability Framework

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



- ◆ Ensuring operational compliance
- ◆ Promoting inclusive development

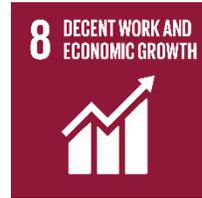
- ◆ Transitioning to “Green Ports”
- ◆ Managing energy consumptions and emission to respond to climate change

- ◆ 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:



Local and Global Recognition and Advocacy:



Hang Seng Corporate
Sustainability Index
Series Member 2018-2019





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COSCO SHIPPING Ports Limited

Q&A

Thank you!



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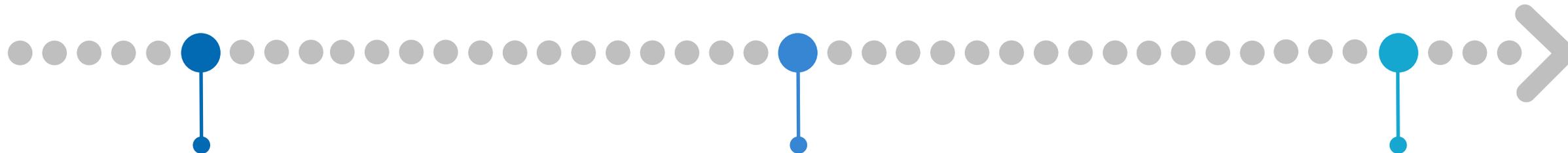
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On Track to Achieve Our 5-Year Target



2016

Restructuring

- ◆ As a pure port operator
- ◆ 3 core strategies

2018

Where we were

- ◆ No. of subsidiaries increased to 15 (FY2016: 10)
- ◆ Industry leader in terms of total container throughput

2021

Vision

Operations:

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

Financials:

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

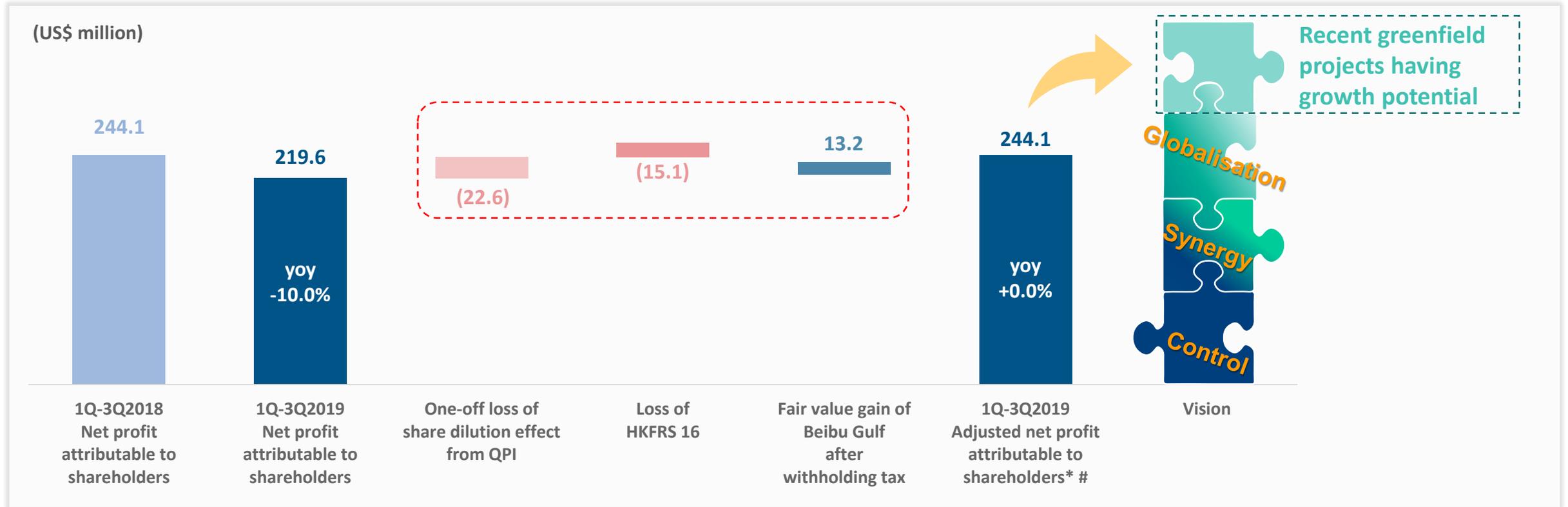
	2016 Base Year	Change	2021 Target
Equity throughput	29.5 mn TEU	+60%	47.2 mn TEU
Total assets	US\$6,786.5 mn	+50%	US\$10,179.8 mn
Net profit	US\$180.9 mn ⁽¹⁾	+100%	US\$361.8 mn



Notes:

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

Gearing Up for Growth



* Excluding the one-off loss of share dilution from QPI of US\$22.6 mn, loss of HKFRS 16 of US\$15.1 mn and fair value gain of Beibu Gulf (AFS) after withholding tax of US\$13.2 mn

Greenfield projects for the nine months ended 30 Sept 2019 recorded a loss of US\$9.4 mn but are expected to turnaround when utilizations pick up

Note: Greenfield projects include Nantong, CSP Abu Dhabi, CSP Abu Dhabi CFS, Chancay and Wuhan

Expect to boost the profitability once new terminals running at high utilization with synergy from shipping alliances

- ◆ Nantong terminal's throughput reached 1,087,671 TEU since commercial commencement to Sep 2019
- ◆ Expect CSP Abu Dhabi terminal's throughput to reach 400,000 TEU by the end of 2019

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:

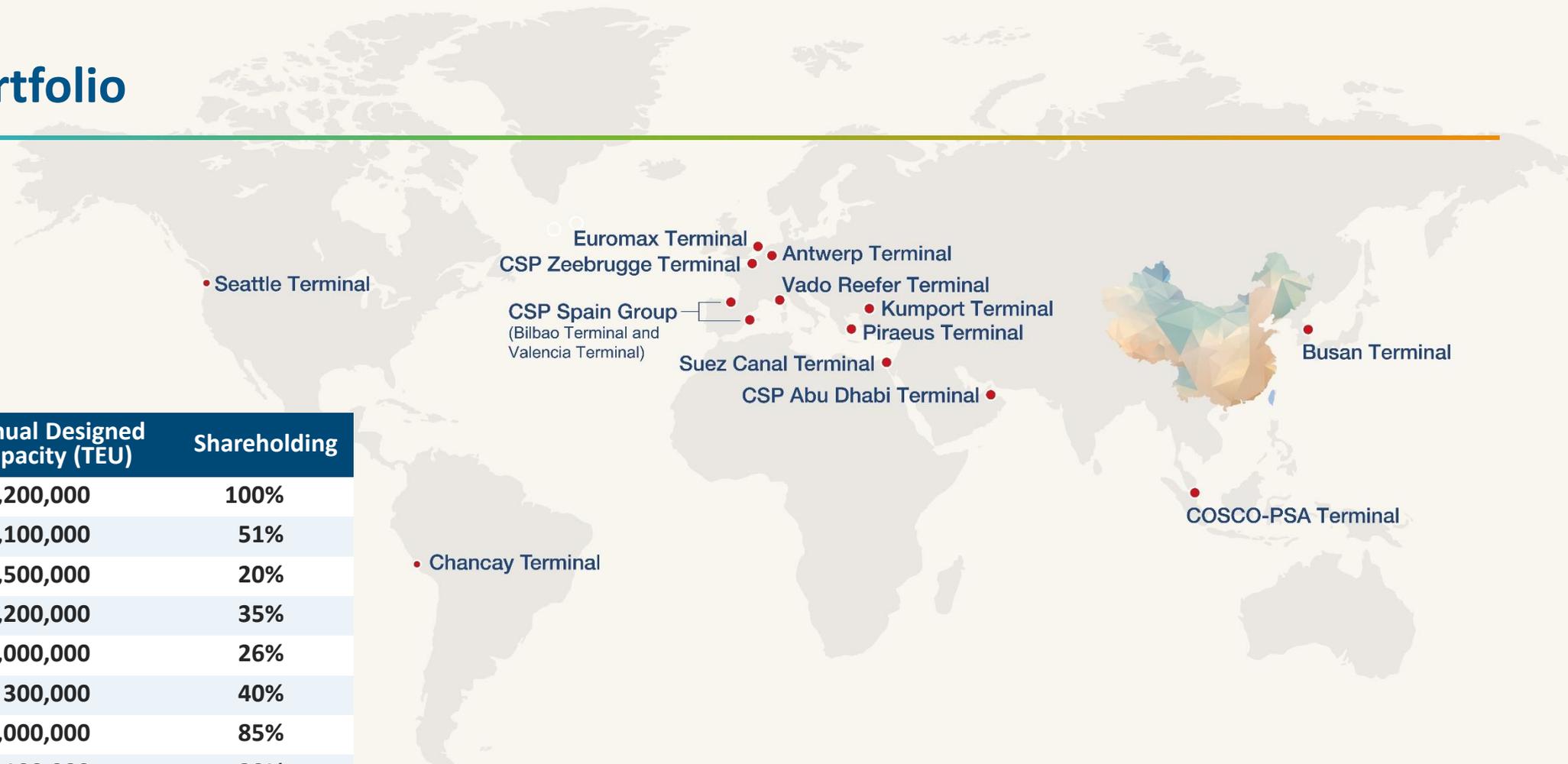
- 1. Restriction Period refers to Share Options cannot be exercised during the two-year period commencing from the Grant Date*
- 2. Grant Date is 19 June 2018*
- 3. The figure shall not be lower than the average of the selected peer benchmark enterprises*
- 4. Return on net assets (after extraordinary 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*

Greater China Portfolio

Region	Annual Designed Capacity (TEU)
Bohai Rim	31,100,000
Yangtze River Delta	20,320,000
S.E. Coast & others	7,400,000
Pearl River Delta	25,600,000
S.W. Coast	1,200,000
Total	85,620,000



Overseas Portfolio



Terminal	Annual Designed Capacity (TEU)	Shareholding
Piraeus	6,200,000	100%
CSP Spain Group	5,100,000	51%
Antwerp	3,500,000	20%
Euromax	3,200,000	35%
Kumport	3,000,000	26%
Vado	300,000	40%
CSP Zeebrugge	1,000,000	85%
Suez Canal	5,100,000	20%
COSCO-PSA	5,000,000	49%
CSP Abu Dhabi	2,500,000	90%
Chancay	1,000,000	60%
Seattle	900,000	13.33%
Busan Port	4,000,000	4.89%
Total	40,800,000	

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