



# COSCO SHIPPING Ports Limited

*3QFY17 Results*





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# Corporate Overview



# Strategical Transformation

## Single Product

### Year 1994-1995

Listed on the Stock Exchange of Hong Kong

Major Business: container leasing

- Diversification
- Stronger parental support

### Year 1996-2015

Florens Group changed its name to **COSCO Pacific Ltd.**

Major Business: terminal, container leasing, logistics and container manufacturing

- Restructuring
- Global Terminal Operator

### Year 2016

Changed company name to **COSCO SHIPPING Ports Ltd.** after a major corporate restructure

Major Business: Terminal

The only terminal platform under **COSCO Group**

- Gears up for bigger growth

### Year 2017 - now

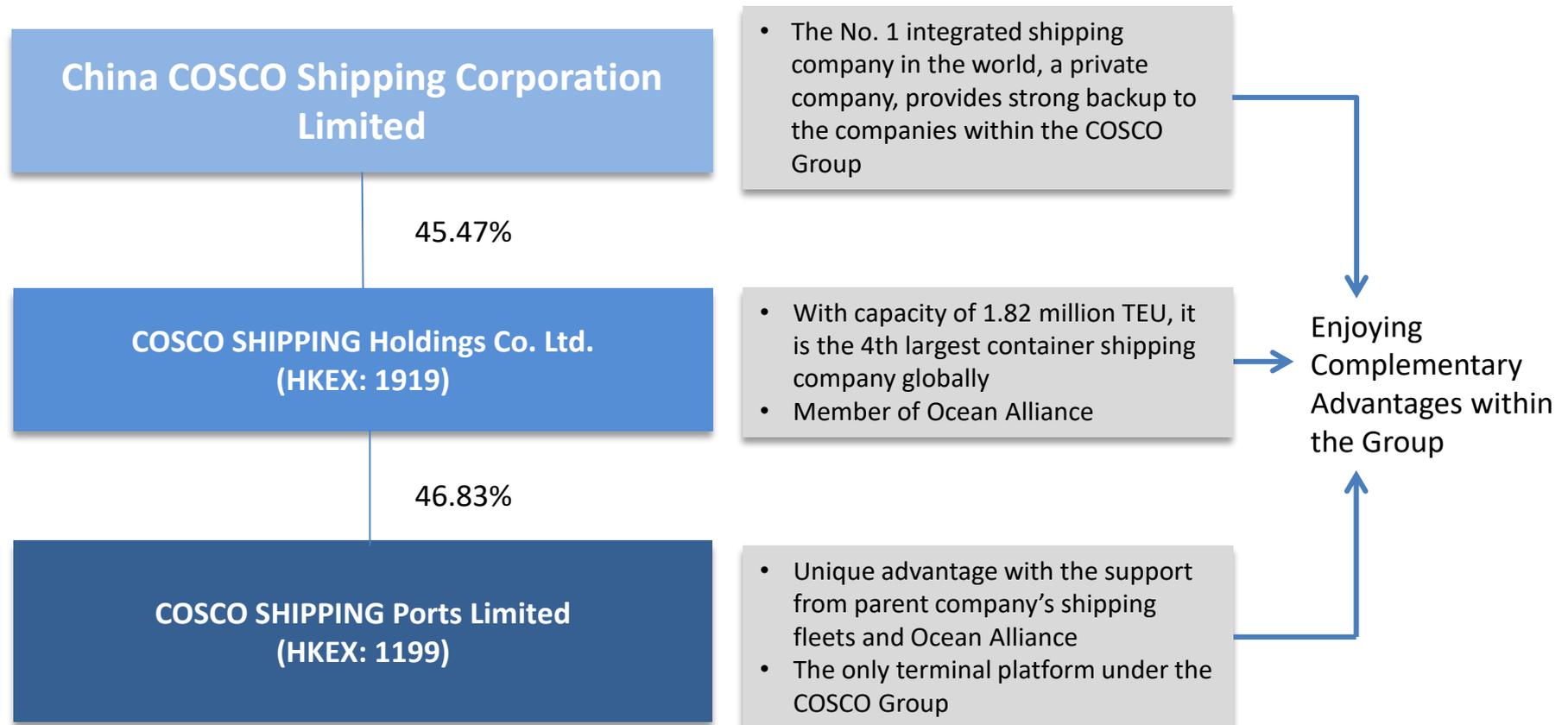
An extensive network of 188 berths (162 container berths, 23 bulk berths, 3 automobile berths) in China and rest of the world, as of 30 Sep 2017 \*

We ranked **no. 1** in terms of total throughput and **no. 5** in terms of equity throughput in 2016 \*\*

\* not included QPI

\*\* Source: Drewry Maritime Research Annual Report 2017

# Strong Synergies within the Group



# Vision – The Ports For All

## THE FIVE-YEAR PLAN

– By year 2021

- **TOTAL ASSET +50%**
- **EQUITY THROUGHPUT +60%**
- **NET PROFIT +100%**

- **Strengthens our leading position in the world**
- **Unlocks hidden enterprise value**
- **Brings better returns to shareholders**

M&A  
+  
Management Efficiency  
+  
Organic Growth

### GLOBALIZATION

- Establish global terminal network
- Build strategic focal point and hub ports with sufficient servicing capability

### SYNERGY

- Enhance synergies with parent company and Ocean Alliance to increase calls at terminals

### CONTROL

- Increase control rights
- Strengthen services at ports for shipping companies
- Enhance efficiency

# Gear up for Bigger Growth

**With an annual aggregate designed capacity of about 103 million TEU, we are ready to gear up for a bigger market share in the world**

Terminals	Annual designed capacity (TEU)	Shareholding	Equity capacity (TEU)
Piraeus Terminal	6,200,000	100%	6,200,000
Noatum Terminal	5,100,000	51%	2,601,000
Antwerp Terminal	3,500,000	20%	700,000
Euromax Terminal	3,200,000	35%	1,120,000
Kumport Terminal	3,000,000	26%	780,000
Vado Terminal	1,200,000	40%	480,000
Zeebrugge Terminal	1,000,000	100%	1,000,000
<b>Europe portfolio</b>	<b>23,200,000</b>		<b>12,881,000</b>
Suez Canal Terminal	5,100,000	20%	1,020,000
COSCO - PSA Terminal	3,000,000	49%	1,470,000
Khalifa Terminal Phase II	2,400,000	90%	2,160,000
Seattle Terminal	900,000	13%	119,970
<b>Other overseas terminal</b>	<b>11,400,000</b>		<b>4,769,970</b>
Pearl River Delta	27,025,000	27%	7,197,500
Yangtze River Delta	18,350,000	27%	4,983,850
Bohai Rim*	14,300,000	32%	4,611,000
Southwest Coast	1,200,000	40%	480,000
Southeast Coast and others	7,400,000	50%	3,728,200
<b>China portfolio</b>	<b>68,275,000</b>		<b>21,000,550</b>
<b>Annual aggregate designed capacity</b>	<b>102,875,000</b>		

\*Not included annual designed capacity of QPI

# Financial Performances



# Strong Operating Results in 3Q2017

US\$ mn

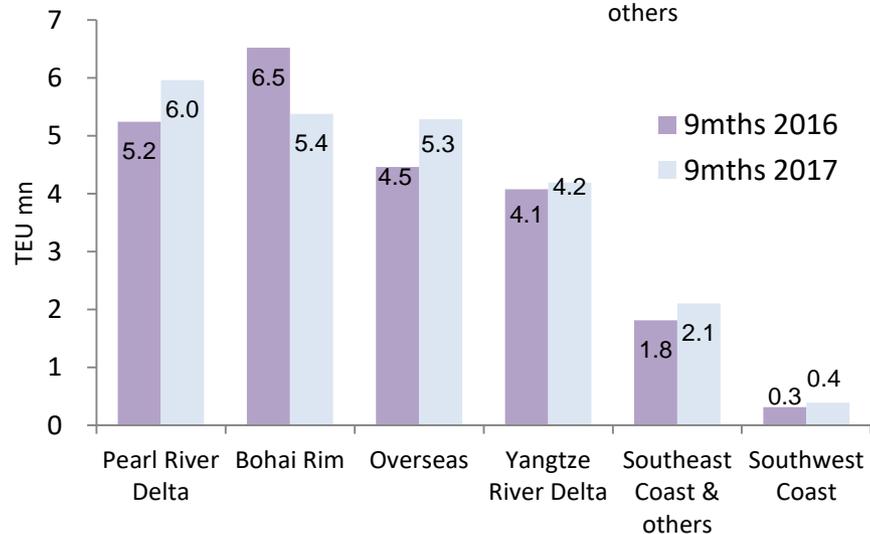
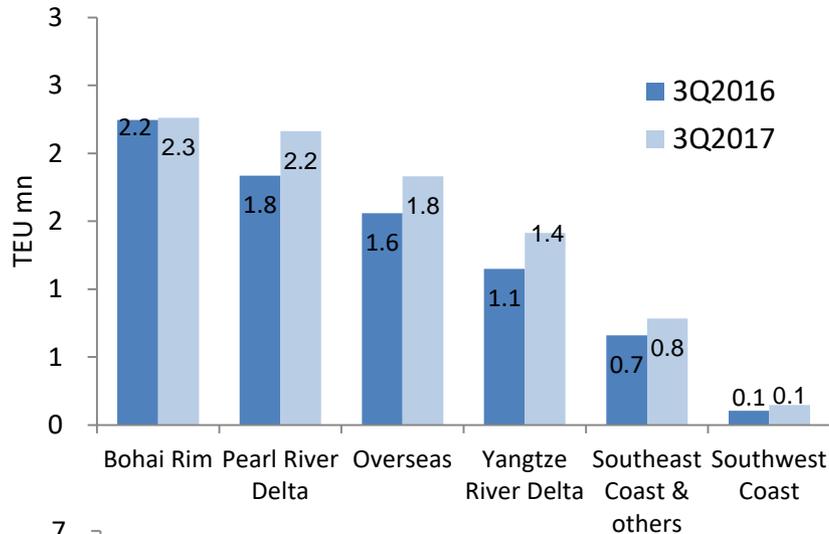
	3Q2017	YoY	3Q2016	
Total container throughput (TEU)*	27.7mn	+14.6%	24.2mn	<ul style="list-style-type: none"> <li>Driven by growth of international trade and increasing supports from Ocean Alliance and parent company</li> </ul>
Equity container throughput (TEU)*	8.6mn	+12.4%	7.7mn	
*Included QQCT's throughput in 3Q16 and QPI's throughput in 3Q17				
<b>Revenue</b>	<b>155.6</b>	<b>+8.0%</b>	144.1	<ul style="list-style-type: none"> <li>Mainly contributed by the increase of throughput, PCT made up 31% of the total revenue and Guangzhou South China Terminal made up 26%</li> </ul>
Cost of sales	98.8	+4.2%	94.9	
<b>Operating profit</b>	<b>36.0</b>	<b>+55.7%</b>	23.1	<ul style="list-style-type: none"> <li>A provision for impairment amounted to US\$10mn on available-for-sale financial assets was booked in Q32016</li> </ul>
Share of profits from JVs and associates	70.0	+43.4%	48.8	<ul style="list-style-type: none"> <li>Mainly due to the share of profit from QPI, share profits of QPI started from May 2017</li> </ul>
<b>Profit attributable to equity holders of the Company</b>	<b>67.2</b>	<b>+53.0%</b>	43.9	
Basic EPS (US cents)	2.20	+49.7%	1.47	

# 1-3Q2017 Results Highlights

US\$ mn

	1Q-3Q 2017	YoY	1Q-3Q 2016	
Total container throughput (TEU)*	72.6mn	+ 3.3%	70.2mn	<ul style="list-style-type: none"> <li>Driven by growth of international trade and increasing supports from Ocean Alliance and parent company</li> </ul>
Equity container throughput (TEU)*	23.3mn	+4.0%	22.4mn	
<i>*Included QQCT's 9-month throughput in 2016 and QPI's 5-month throughput in 2017</i>				
<b>Revenue</b>	<b>431.3</b>	<b>+2.9%</b>	419.1	
Cost of sales	276.1	+5.2%	262.5	
<b>Operating profit</b>	<b>421.6</b>	<b>+353.3%</b>	93.0	
Share of profits from JVs and associates	167.5	+14.0%	146.9	<ul style="list-style-type: none"> <li>Mainly due to the share of profit from QPI from May to Sep 2017</li> </ul>
<b>Profit attributable to equity holders of the Company</b>	<b>451.9</b>	<b>+109.4%</b>	215.8	<ul style="list-style-type: none"> <li>A one-off exceptional gain of US\$285mn was recorded resulted from disposal of 20% of QQCT and the subscription of 18.41% in QPI</li> </ul>
Basic EPS (US cents)	14.96	+105.8%	7.27	

# Equity Throughput picking up



TEU mn	3Q2017*	YoY %**	% of total
Bohai Rim	2.3	+0.7	26.3
Pearl River Delta	2.2	+17.9	25.1
Yangtze River Delta	1.4	+11.8	16.4
Southeast Coast and others	0.8	+18.9	9.1
Southwest Coast	0.1	+40.6	1.7
Europe	1.4	+28.8	16.6
Other overseas terminals	0.4	-8.1	4.8
<b>Total</b>	<b>8.6</b>	<b>+14.1</b>	

\*Included QQCT's throughput in 2016 and QPI's throughput in 2017

\*\*Throughput of Euromax and Vado were included since 2017

- Growth in 3Q2017 throughput of terminals was driven by the increased calls from shipping alliances and the recovery of international trade
- Strengthened synergies with Ocean Alliance and shipping fleets of our company especially in Xiamen, Nansha and PCT

# GP Margin improved

US\$ mn	3Q2017	YoY	3Q2016
Depreciation & amortization	24.0	-5.5%	25.4
Labour costs	40.0	+7.3%	37.3
Other costs of sales	34.9	+8.2%	32.2
<b>Total costs of sales</b>	<b>98.8</b>	<b>+4.2%</b>	<b>94.9</b>
Gross profit	56.7	+15.2%	49.2
Gross Profit margin	36.5%		34.2%

- D&A of PCT increased 27.1% yoy in as its phase one of western part of berth 3 commenced operation in Sept 2016; D&A of PCT made up of 23.4% of the total

- D&A of Guangzhou South China Terminal made up 26.7% of the total and dropped 32.5% yoy in 3Q 2017

- Labour costs of PCT made up 36.7% of the total, which increased 8.9% yoy in 3Q2017

- Guangzhou South China Terminal managed to cut its labour costs by 16.6% yoy and made up 21.9% of the total

- PCT increased its other costs of sales by 4.3% yoy and accounted for 45.3% of the total

- Guangzhou South China Terminal's other costs made up 15.0% of the total

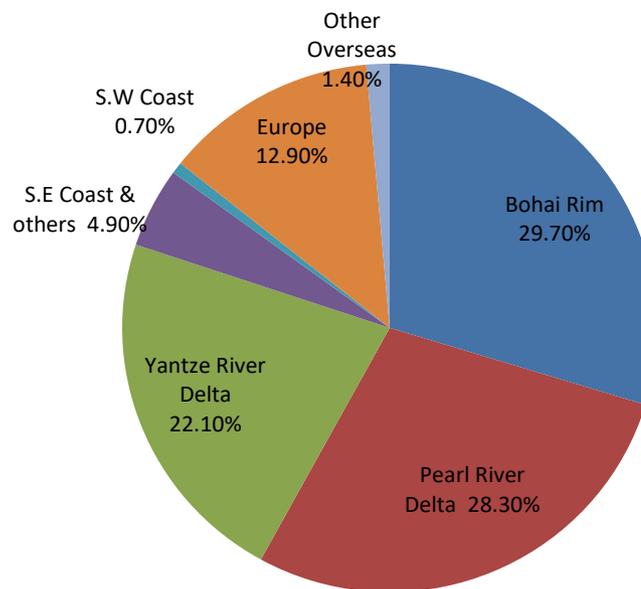
# Well-balanced Portfolio - Net profit analysis

US\$ mn	3Q2017	YoY%	3Q2016	1-3Q2017**	YoY%	1-3Q2016**
Net profit	67.2	53.0%	43.9	166.5	11.2%	149.8

Total terminal profits amounted to US\$87.8mn

Top 10 profit contributors	% of total Terminal profits
QPI	*
Yantian	17.6%
Shanghai Pudong	7.2%
PCT	6.9%
Shanghai Mingdong	6.4%
Kumport	5.7%
Guangzhou Nansha	5.1%
Hong Kong (COSCO-HIT & ACT)	4.1%
Ningbo Yuan Dong	2.8%
Xiamen Ocean Gate	2.4%
Lianyungang Terminal	2.2%
<b>Total of top 10</b>	<b>60.4% + QPI's %</b>

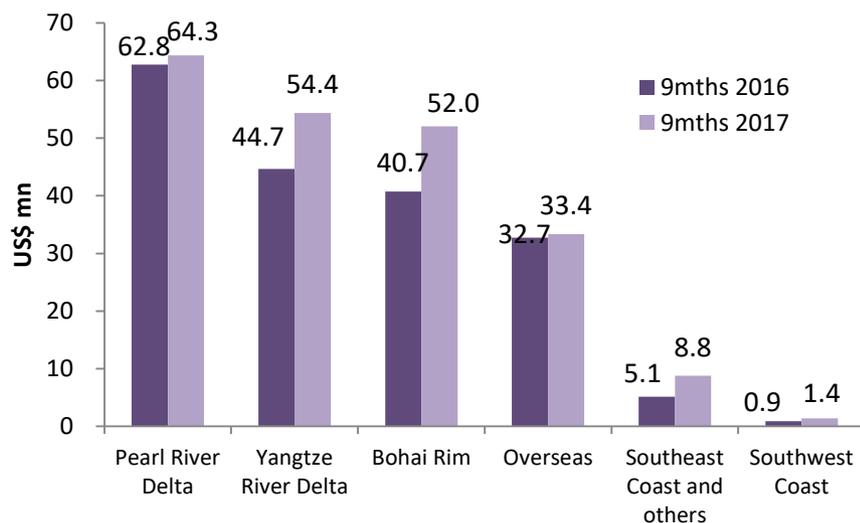
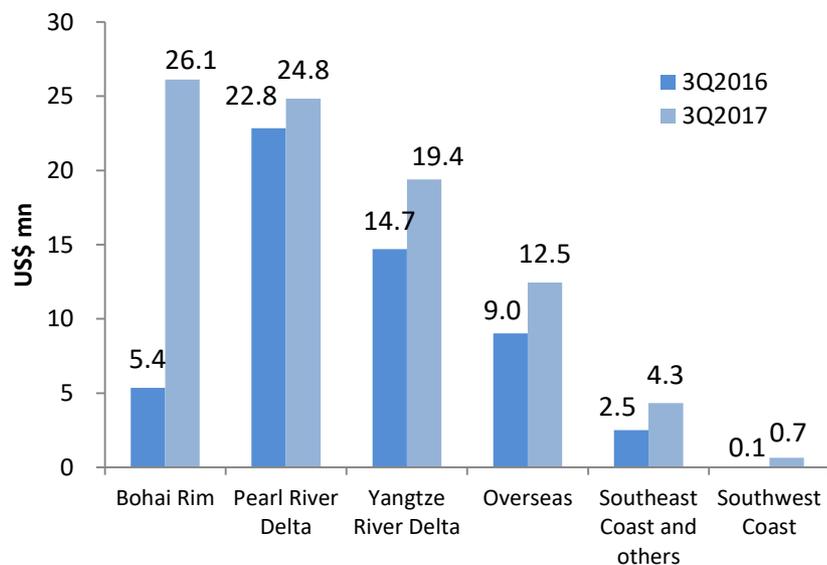
**Net profit by regions**



\* Since QPI didn't announce 3Q results, we agreed not disclose their results

\*\* adjusted net profit of excluding one-off disposal gain of QQCT in 1H17 and profits from discontinued business in 1H16

# Net Profits by Regions



US\$ mn	3Q2017	YoY %*	% of total
Bohai Rim**	26.1	+387.6	29.7
Pearl River Delta	24.8	+8.8	28.3
Yangtze River Delta	19.4	+31.9	22.1
Southeast Coast and others	4.3	+72.9	4.9
Southwest Coast	0.7	+968.9%	0.7
Europe	11.3	+52.9	12.9
Other overseas terminals	1.1	-26.0	1.4
<b>Total</b>	<b>87.8</b>	<b>61.6%</b>	

\* Net profit of Euromax and Vado were included since 2017

\*\* provision impairment amounted to US\$10mn on Qinghuangdao

- Profit from Bohai Rim region increased by 387.6% mainly due to contribution from QPI in 3Q17 and the provision of US\$10mn on Qinghuangdao available-for-sale assets in 3Q2016
- Profit from Pearl River Delta region increased 8.8% in 3Q2017 on higher contribution from Nansha mainly driven the increased calls from Ocean Alliance
- Yangtze River Delta region achieved 31.9% growth in 3Q2017 profits mainly contributed by Ningbo Yuan Dong and Shanghai Mingdong

# 3Q throughput growth outperformed the market

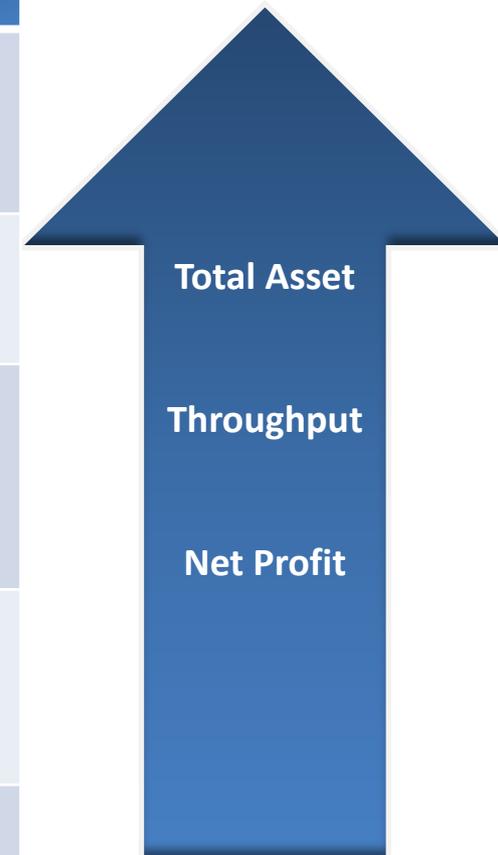
Total throughput 000' TEU	COSCO SHIPPING Ports			Total throughput of the region			COSCO SHIPPING Ports			Total throughput of the region		
	3Q 2017	YoY %	3Q 2016	3Q 2017	YoY %	3Q 2016	1-3Q 2017	YoY %	1-3Q 2016	1-3Q 2017	YoY %	1-3Q 2016
Bohai Rim	8,901	+5.3%	8,451	16,332	+5.0%	15,558	19,580	-20.3%	24,553	46,868	+4.1%	45,013
Yangtze River Delta	4,962	+9.2%	4,545	18,368	+9.1%	16,839	14,722	+6.3%	13,851	53,825	+9.6%	49,115
Southeast Coast and others	1,350	+12.8%	1,197	4,171	+10.7%	3,769	3,679	+11.1%	3,311	11,528	+9.9%	10,485
Pearl River Delta	7,478	+15.2%	6,491	13,715	+11.1%	12,347	20,049	+10.7%	18,114	37,716	+9.0%	34,591
Southwest Coast	366	+40.6%	260	1,237	+25.9%	983	977	+23.5%	791	3,441	+24.7%	2,759

Source: Chinese Port (中國港口網)

*\*Included only 5mths throughput of QPI in 2017 and 9mths throughput of QQCT in 2016*

# Stay Focused - What we've achieved in 1-3Q2017

PROJECTS	GLOBALIZATION	CONTROL	SYNERGY
<b>QPI</b> <ul style="list-style-type: none"> <li>Acquired 18.41% interests in QPI and disposal of 20% QQCT posted an increase of US\$700mn in asset size and a full participation of the entire port</li> </ul>		✓	✓
<b>Noatum Terminal</b> <ul style="list-style-type: none"> <li>Acquisition of 51% equity interest in Noatum will further strengthen assets values of the Group</li> </ul>	✓	✓	✓
<b>Zeebrugge Terminal</b> <ul style="list-style-type: none"> <li>Acquired remaining 76% equity interests in Sept 2017</li> <li>Will become a wholly owned subsidiary of the company upon completion by end of Nov</li> </ul>	✓	✓	✓
<b>Consolidation of Dalian Port Terminals</b> <ul style="list-style-type: none"> <li>After the consolidation, COSCO Shipping Ports owns 19% of the enlarged entity and will be well placed to enjoy the growth of the terminal</li> </ul>		✓	✓
<b>Acquisition of 51% equity interests in Nantong Tonghai Ports Company Limited</b> <ul style="list-style-type: none"> <li>Strengthens our presence in Yangtze River Delta</li> </ul>		✓	✓



# Capex Plan — Deploy Resources Prudently

- With the 5- year target set, the Group will deploy its resources carefully to bring better returns for shareholders
- The Group will continue to strengthen its leading position in the Greater China region, extend its global footprint and market share, optimize its terminal portfolio and operational efficiency, and enhance its overall profitability

## CAPEX budget for FY2017 : US\$2.6bn

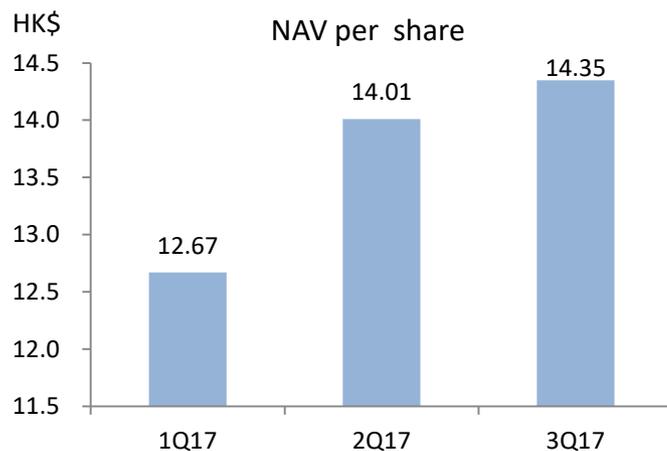
CAPEX spent in 1H2017		CAPEX spent in 3Q2017	
QPI	US\$844mn*	Acquisition of Nantong Tonghai Ports (including US\$15.9mn consideration & US\$45mn capital injection)	US\$61mn
Vado Holdings (including shareholder loan)	US\$34mn	Vado Holdings (shareholder loan)	US\$11mn
Expansion of berths and PP&E	US\$52mn	Expansion of berths and PP&E	US\$55mn
CAPEX spent in 1H2017	US\$930mn	CAPEX spent in 3Q2017	US\$127mn

## Total CAPEX spent for 9 months 2017: US\$1,057mn

\* Total consideration for the transaction was US\$844mn, of which approximately US\$465mn was settled by disposal of 20% equity interest in QQCT, the remaining balance of around US\$378mn was settled by cash

# Financial Position remains healthy

US\$mn	As of 30 Sept 2017	YoY %	As of 31 Dec 2016	
Total debt	1,953	+29.9%	1,503	
Average cost of debt %	3.19%		3.37%	<ul style="list-style-type: none"> <li>Decrease in average cost of bank borrowings</li> </ul>
Cash on hand	801	-4.3%	837	
Net debt to equity	20.7%		14.0%	<ul style="list-style-type: none"> <li>Gearing remained healthy after US\$1,057mn CAPEX was spent in 1-3Q2017</li> </ul>
Total assets	8,193	+20.7%	6,786	



- NAV per share is on the rise

# Appendix: Equity throughput by region

000 TEU	3Q2016	% of total	3Q2017	% of total	YoY
<b>Bohai Rim</b>	<b>2,246</b>	<b>29.3%</b>	<b>2,262</b>	<b>26.3%</b>	<b>0.7%</b>
QPI	NA	NA	854	9.9%	NA
QQCT	881	11.5%	NA	NA	NA
Dalian Port	160	2.1%	180	2.1%	12.3%
Dalian International	367	4.8%	378	4.4%	2.9%
Dalian Dagang	2	0.0%	2	0.0%	4.4%
Tianjin Port Euroasia	155	2.0%	203	2.4%	31.1%
Tianjin Five Continents	192	2.5%	199	2.3%	3.7%
Yingkou Container Terminals	197	2.6%	189	2.2%	-4.1%
Yingkou New Century	189	2.5%	141	1.6%	-25.4%
*Jinzhou New Age	64	0.8%	69	0.8%	7.4%
Qinhuangdao Port New Harbour	39	0.5%	47	0.5%	21.2%
<b>Yangtze River Delta</b>	<b>1,265</b>	<b>16.5%</b>	<b>1,414</b>	<b>16.4%</b>	<b>11.8%</b>
Shanghai Pudong	198	2.6%	203	2.4%	2.7%
Shanghai Mingdong	308	4.0%	326	3.8%	5.9%
Ningbo Yuan Dong	129	1.7%	147	1.7%	14.3%
*Lianyungang New Oriental	324	4.2%	396	4.6%	22.4%
*Zhangjiagang Win Hanverky	86	1.1%	100	1.2%	16.6%
*Yangzhou Yuanyang	60	0.8%	69	0.8%	14.8%
Nanjing Port Longtan	117	1.5%	120	1.4%	2.8%
Taicang International	44	0.6%	52	0.6%	17.4%
<b>Southeast Coast and others</b>	<b>660</b>	<b>8.6%</b>	<b>785</b>	<b>9.1%</b>	<b>18.9%</b>
*Xiamen Ocean Gate	204	2.7%	290	3.4%	42.0%
*Quan Zhou Pacific	283	3.7%	297	3.4%	5.0%
*Jinjiang Pacific Ports	81	1.1%	110	1.3%	36.1%
Kao Ming Container Terminal	92	1.2%	87	1.0%	-5.0%
<b>Pearl River Delta</b>	<b>1,835</b>	<b>23.9%</b>	<b>2,164</b>	<b>25.1%</b>	<b>17.9%</b>
Yantian International	479	6.2%	544	6.3%	13.8%
Nansha Stevedoring	568	7.4%	604	7.0%	6.4%
*GZ South China Oceangate	465	6.1%	512	5.9%	10.1%
COSCO-HIT	175	2.3%	254	2.9%	44.8%
Asia Container Terminal	148	1.9%	249	2.9%	67.8%
<b>Southwest Coast</b>	<b>104</b>	<b>1.4%</b>	<b>146</b>	<b>1.7%</b>	<b>40.6%</b>
Qinzhou International	104	1.4%	366	4.2%	251.4%
<b>Overseas</b>	<b>1,559</b>	<b>20.3%</b>	<b>1,846</b>	<b>21.4%</b>	<b>18.4%</b>
*Piraeus Container Terminal	957	12.5%	951	11.0%	-0.6%
Suez Canal Container Terminal	130	1.7%	111	1.3%	-14.5%
Kumport Liman	39	0.5%	88	1.0%	124.5%
Antwerp Gateway	95	1.2%	116	1.3%	22.4%
AMP Terminal Zeebrugge	14	0.2%	22	0.3%	57.6%
COSCO-PSA	223	2.9%	250	2.9%	12.2%
CJ Korea Express Busan	95	1.2%	49	0.6%	-48.4%
SSA Terminal (Seattle)	6	0.1%	7	0.1%	15.1%
Euromax	NA	NA	246	2.9%	NA
Reefer Terminal S.p.A.	NA	NA	5	0.1%	NA
Greater China	6,111	79.7%	6,772	78.6%	10.8%
<b>Total</b>	<b>7,670</b>		<b>8,618</b>		<b>12.4%</b>

# Disclaimer

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Thank you