

Operations Review

Consolidated Operating Results

The Group's operations comprise six core business divisions – ports and related services, property and hotels, retail, infrastructure, energy, and telecommunications.

Audited Results for the year ended 31 December 2011 Highlights

	2011 HK\$ millions	2010 Restated ⁽¹⁾ HK\$ millions	Change
Total revenue ^{(2) (3)}	387,717	319,096	+22%
EBITDA ^{(2) (3)}	80,352	61,012	+32%
EBIT ^{(2) (3)}	51,370	38,648	+33%
Profit attributable to ordinary shareholders, before property revaluation and profits on disposal of investments and others	22,561	16,614	+36%
Property revaluation after tax	590	3,565	-83%
Profit attributable to ordinary shareholders, before profits on disposal of investments and others	23,151	20,179	+15%
Profits on disposal of investments and others after tax	32,868	—	
Profit attributable to ordinary shareholders	56,019	20,179	+178%
Earnings per share	HK\$13.14	HK\$4.73	+178%
Recurring earnings per share ⁽⁴⁾	HK\$5.29	HK\$3.90	+36%
Final dividend per share	HK\$1.53	HK\$1.41	+8.5%
Full year dividend per share	HK\$2.08	HK\$1.92	+8.3%

The Group reported total revenue, including the Group's share of associated companies' and jointly controlled entities' revenue, of HK\$387,717 million, an increase of 22% compared to 2010. Adjusted to exclude non-comparable items in both years, revenue on a comparable basis rose 22%. EBITDA and EBIT, before property revaluation gains and profits on disposal of investments and others, were HK\$80,352 million and HK\$51,370 million respectively, 32% and 33% respectively higher than in 2010.

The Group's results also include profit on investment properties revaluation after tax of HK\$590 million (2010 – HK\$3,565 million) as well as profits on disposal of investments and others after tax of HK\$32,868 million (2010 – nil). The profits on disposal of investments and others after tax comprises of a gain on Initial Public Offering ("IPO") of Hutchison Port Holdings Trust ("HPH Trust") of HK\$44,290 million, partly offset by impairment charges on certain port assets of HK\$7,110 million and on Vietnam telecommunications assets of HK\$2,997 million, and a write-off of fixed assets of HK\$1,315 million by 3 UK.

Total profit attributable to ordinary shareholders for the year was HK\$56,019 million, a 178% increase compared to last year's restated profit of HK\$20,179 million. Excluding the profits on investment properties revaluation and on disposal of investments and others, profit attributable to ordinary shareholders totalled HK\$22,561 million in 2011, 36% higher than the HK\$16,614 million for 2010 as restated.

Note 1: 2010 results have been restated to reflect the Group's early adoption of amendments to HKAS 12. See note 1 to the accounts.

Note 2: Total revenue, earnings before interest expenses and other finance costs, tax, depreciation and amortisation ("EBITDA") and earnings before interest expenses and other finance costs and tax ("EBIT") include the Group's share of associated companies' and jointly controlled entities' revenue, EBITDA and EBIT respectively and adjusted to reflect the Group's effective interest in HPH Trust / HPH Trust operations in the two years.

Note 3: To enable a better comparison of underlying performance, comparable revenue, EBITDA and EBIT for 2010 only reflect the Group's share of results based on the effective shareholdings in HPH Trust / HPH Trust operations during 2011 so that the year-on-year changes can be calculated on a like-for-like basis. The reconciliation item in 2010 represents the Group's actual effective share in excess of the Group's share of the respective item based on the effective shareholdings in HPH Trust / HPH Trust operations during 2011 as calculated above.

Note 4: Recurring earnings per share is calculated based on profits attributable to ordinary shareholders excluding the profits on investment property revaluation after tax of HK\$590 million and disposal of investments and others after tax of HK\$32,868 million.

Note 5: Represents information including the Company, its subsidiary companies and its proportionate share of associated companies' and jointly controlled entities' respective items.

Financial Performance Summary

	2011 HK\$ millions	%	2010 Restated ⁽¹⁾ HK\$ millions	%	Change
Total revenue ^{(2) (3)}					
Ports and related services	32,518	8%	29,118	9%	+12%
<i>Hutchison Ports Group other than HPH Trust operations</i>	29,194	7%	26,150	8%	+12%
<i>HPH Trust / HPH Trust operations</i>	3,324	1%	2,968	1%	+12%
Property and hotels	17,226	4%	16,159	5%	+7%
Retail	143,564	37%	123,177	38%	+17%
Cheung Kong Infrastructure	30,427	8%	18,265	6%	+67%
Husky Energy	63,027	16%	44,640	14%	+41%
Hutchison Telecommunications Hong Kong Holdings	13,407	4%	9,880	3%	+36%
Hutchison Asia Telecommunications	2,332	1%	2,486	1%	-6%
3 Group	74,288	19%	64,205	20%	+16%
Finance & Investments and others	10,928	3%	8,809	3%	+24%
Total comparable revenue	387,717	100%	316,739	99%	+22%
Reconciliation item ⁽³⁾	—	—	2,357	1%	N/A
Total Reported Revenue	387,717	100%	319,096	100%	+22%
EBITDA ^{(2) (3)}					
Ports and related services	11,745	14%	10,285	17%	+14%
<i>Hutchison Ports Group other than HPH Trust operations</i>	9,874	12%	8,634	14%	+14%
<i>HPH Trust / HPH Trust operations</i>	1,871	2%	1,651	3%	+13%
Property and hotels	9,903	12%	9,279	15%	+7%
Retail	11,724	15%	10,081	16%	+16%
Cheung Kong Infrastructure	17,242	22%	11,007	18%	+57%
Husky Energy	16,053	20%	8,987	15%	+79%
Hutchison Telecommunications Hong Kong Holdings	2,616	3%	2,171	4%	+20%
Hutchison Asia Telecommunications	(142)	—	(1,893)	-3%	+92%
3 Group	10,524	13%	8,718	14%	+21%
Finance & Investments and others	687	1%	1,067	2%	-36%
Comparable EBITDA before profits on disposal of investments & others and property revaluation	80,352	100%	59,702	98%	+35%
Reconciliation item ⁽³⁾	—	—	1,310	2%	N/A
Reported EBITDA before profits on disposal of investments & others and property revaluation	80,352	100%	61,012	100%	+32%
EBIT ^{(2) (3)}					
Ports and related services	8,226	16%	7,207	18%	+14%
<i>Hutchison Ports Group other than HPH Trust operations</i>	6,937	13%	5,877	15%	+18%
<i>HPH Trust / HPH Trust operations</i>	1,289	3%	1,330	3%	-3%
Property and hotels	9,517	18%	8,847	23%	+8%
Retail	9,330	18%	7,866	20%	+19%
Cheung Kong Infrastructure	13,478	26%	8,454	22%	+59%
Husky Energy	8,614	17%	3,073	8%	+180%
Hutchison Telecommunications Hong Kong Holdings	1,435	3%	1,090	3%	+32%
Hutchison Asia Telecommunications	(1,181)	-2%	(2,688)	-7%	+56%
3 Group	1,481	3%	2,931	8%	-49%
Finance & Investments and others	470	1%	810	2%	-42%
Comparable EBIT before profits on disposal of investments & others and property revaluation	51,370	100%	37,590	97%	+37%
Reconciliation item ⁽³⁾	—	—	1,058	3%	N/A
Reported EBIT before profits on disposal of investments & others and property revaluation	51,370	100%	38,648	100%	+33%
Change in fair value of investment properties	780		4,198		-81%
Total EBIT	52,150		42,846		+22%
Interest expenses and finance costs ⁽⁵⁾	(14,804)		(12,306)		-20%
Profit before tax	37,346		30,540		+22%
Tax ⁽⁵⁾					
Current tax	(7,284)		(5,508)		-32%
Deferred tax	44		(2,653)		+102%
Profit after tax	30,106		22,379		+35%
Non-controlling interests and perpetual capital securities holders interests	(6,955)		(2,200)		-216%
Profit attributable to ordinary shareholders before profits on disposal of investments and others	23,151		20,179		+15%
Profits on disposal of investments and others attributable to ordinary shareholders	32,868		—		
Profit attributable to ordinary shareholders	56,019		20,179		+178%