Financial Review

CLP's strategic focus on decarbonisation and digitalisation guides the Group's operations and investments.

CLP Group's Financial Results and Position at a Glance

Strategy for Becoming Utility of the Future

CLP continues to deliver secure, affordable and sustainable energy in the region, creating long-term value for our shareholders. Hong Kong remains our core market and strategic focus. Our priority in Australia is to deliver on the expectations of our customers under challenging market and regulatory conditions.

We continue our transformation into a Utility of the Future by decarbonising our portfolio, investing in new technologies and digitising our operations and customer services. As part of our renewed Climate Vision 2050, we have pledged not to invest in any additional coal-fired generation capacity and to progressively phase out all remaining coal assets by 2050.

How Well We Execute Our Strategy

Hong Kong electricity business remains dependable despite its 13.0% reduction in earnings, reflecting the full-year impact of the lower permitted rate of return. Overseas businesses had a challenging year with new price regulations and operational difficulties in Australia. We also saw the end of Paguthan's power purchase agreement in India.

In 2019, we have advanced projects in line with our strategy with good progress on two 550MW CCGT units and an offshore LNG terminal in Hong Kong. Other smaller scale initiatives (e.g. installation of smart meters) have also progressed steadily. Investments in renewables and transmission assets continue to grow our business outside Hong Kong.

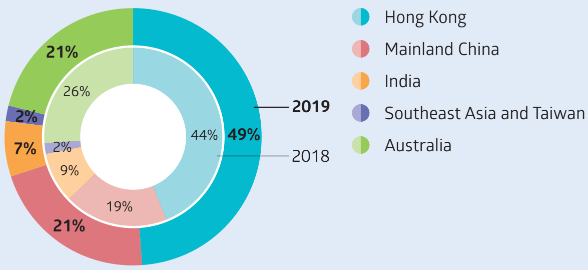
Last Year's Statement of Financial Position

	2018 HK$M
Working capital	
Trade and other receivables	15,917
Trade payables and other liabilities	(19,061)
Cash and cash equivalents	7,365
Others	3,180
	7,401
Non-current assets	
Fixed assets, leasehold land and land use rights and investment property	147,945
Interests in joint ventures and associates	17,420
Goodwill and other intangible assets and others	29,649
	195,014
Debts and other non-current liabilities	
Bank loans and other borrowings *	(55,298)
Others	(22,185)
	(77,483)
Net assets	124,932
Equity	
Share capital and reserves	17,742
Retained profits	91,311
Non-controlling interests and perpetual capital securities	15,879
	124,932

* Including current and non-current portions

Closing exchange rate	
A$ / HK$	5.5171
INR / HK$	0.1120
RMB / HK$	1.1380

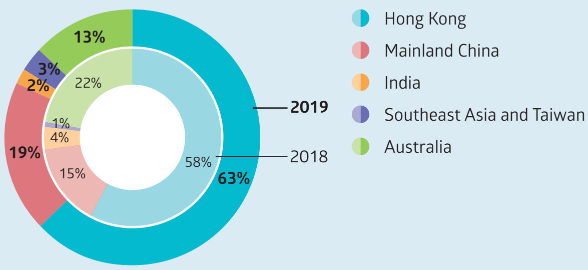
2-Year Net Assets by Region



Statement of Profit or Loss

	2019 HK$M	2018 HK$M	Increase / (Decrease) %
Revenue	**85,689**	91,425	(6.3)
EBITDAF of the Group	**15,943**	26,235	
Share of results of joint ventures and associates, net of tax	**2,713**	2,336	
Consolidated EBITDAF	**18,656**	28,571	(34.7)
Depreciation and amortisation	**(8,118)**	(8,005)	
Fair value adjustments	**(176)**	(68)	158.8
Net finance costs	**(1,821)**	(1,857)	(1.9)
Income tax expense	**(2,787)**	(4,014)	(30.6)
Attributable to non-controlling interests and perpetual capital securities holders	**(1,097)**	(1,077)	
Earnings attributable to shareholders	**4,657**	13,550	(65.6)
Excluding: Items affecting comparability	**6,464**	432	
Operating earnings	**11,121**	13,982	(20.5)
Average exchange rate			
A$ / HK$	**5.4475**	5.8376	(6.7)
INR / HK$	**0.1113**	0.1146	(2.9)
RMB / HK$	**1.1344**	1.1825	(4.1)

2-Year Operating Earnings (Before Group Expenses) by Region



Retained profits (HK$M)	
Balance at 31.12.2018	91,311
Earnings attributable to shareholders	4,657
Dividends paid	(7,782)
Other movements	(106)
Balance at 31.12.2019	**88,080**
Fourth interim dividend declared for 2019, HK$ / share	**1.19**

Adequate Resources to Support Our Strategy

Free cash flow represents the cash that can be extracted from a company without causing issues to its operations. It can be used for distribution to equity and debt holders, and to grow the business.

The challenging market and regulatory changes in Australia resulted in a reduction of our free cash flow in 2019. SoC operating cash inflows and collection of remaining proceeds from the partial sale of interest in CLP India supported the various capital investments and higher dividend payment during the year. Detailed cash flow analysis and five-year summary are available in the Cash Flow Analysis (page 36) and the Broader Perspective (page 37), respectively.

Where We Stand

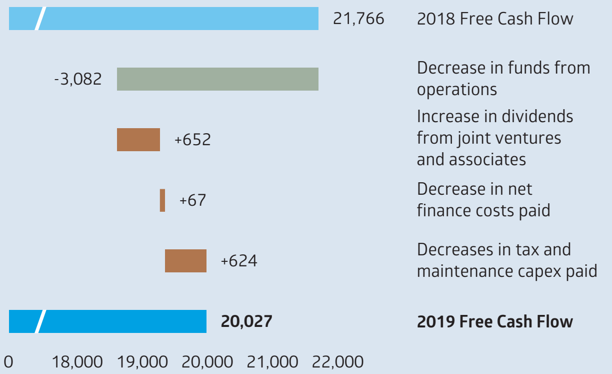
- Good progress on delivery of the Development Plan in Hong Kong with major investments in energy transition and customer-centric products
- Focus on new product and service offerings and assets reliability in Australia
- Partnership with CDPQ to accelerate low carbon investments along the energy supply chain
- Contributions from the non-carbon emitting portfolio increased to HK$2,943 million and represented 26.5% of Group operating earnings
- Strong investment grade credit ratings maintained
- Dividend growth of 2.0% backed with a solid financial position

Statement of Cash Flows

	2019 HK$M
EBITDAF of the Group	15,943
SoC related movements	1,057
Working capital movements	(368)
Non-cash items	6,870
Funds from operations	23,502
Tax paid and interest received	(2,157)
Cash inflow from operating activities	21,345
Cash outflow from investing activities	(5,824)
Cash outflow from financing activities	(14,944)
Net increase in cash and cash equivalents	577
Cash and cash equivalents at 31.12.2018	7,365
Effect of exchange rate changes	(61)
Cash and cash equivalents at 31.12.2019	7,881
Free Cash Flow	
Funds from operations	23,502
Less: tax paid	(2,322)
Less: net finance costs paid ^	(2,176)
Less: maintenance capital expenditure	(1,083)
Add: dividends from joint ventures and associates	2,106
	20,027

^ Includes distributions paid to perpetual capital securities holders

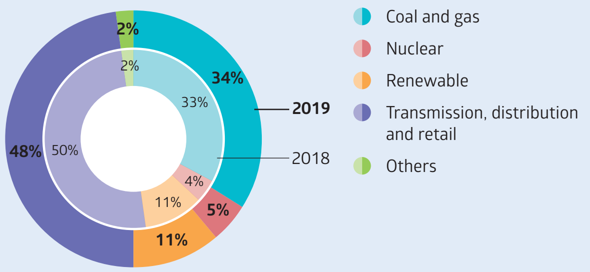
Movements in Free Cash Flow (HK$M)



This Year's Statement of Financial Position

	2019 HK$M
Working capital	
Trade and other receivables	12,986
Trade payables and other liabilities	(17,586)
Cash and cash equivalents	7,881
Others	(1,366)
	1,915
Non-current assets	
Fixed assets, right-of-use assets and investment property	150,786
Interests in joint ventures and associates	18,707
Goodwill and other intangible assets and others	23,304
	192,797
Debts and other non-current liabilities	
Bank loans and other borrowings *	(52,349)
Others	(23,034)
	(75,383)
Net assets	119,329
Equity	
Share capital and reserves	17,375
Retained profits	88,080
Non-controlling interests and perpetual capital securities	13,874
	119,329
Closing exchange rate	
A$ / HK$	5.4487
INR / HK$	0.1092
RMB / HK$	1.1151

Capital Assets # by Asset Type

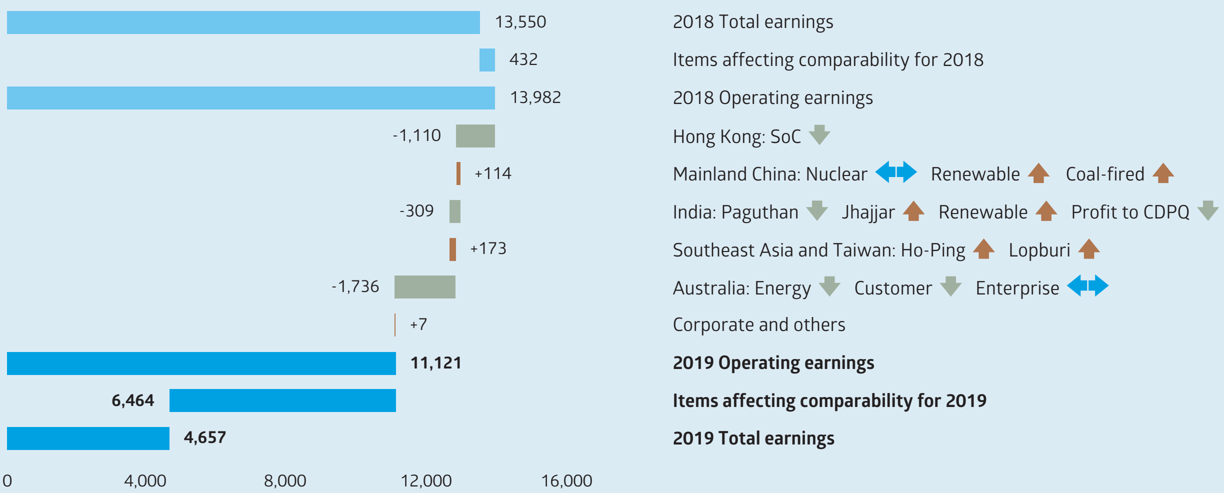


Capital assets represent the year end balances of fixed assets, right-of-use assets, investment property, goodwill and other intangible assets, and interests in joint ventures and associates

Analysis on Financial Results

Total Earnings (2019: HK$4,657 million; 2018: HK$13,550 million; ↓ 65.6%)
Operating Earnings (2019: HK$11,121 million; 2018: HK$13,982 million; ↓ 20.5%)

Earnings for the Year (HK$M)

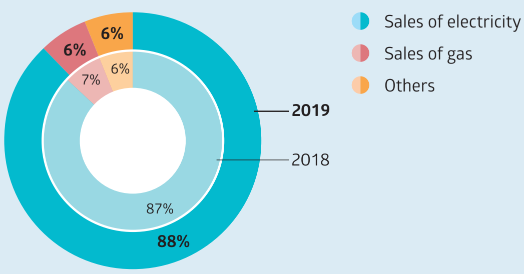


The performance of individual business is analysed on "Business Performance and Outlook" on pages 40 to 69.

Revenue (2019: HK$85,689 million; 2018: HK$91,425 million; ↓ 6.3%)

	2019	2018	Increase / (Decrease)	
	HK$M	HK$M	**HK$M**	**%**
Hong Kong	**40,588**	41,623	(1,035)	(2.5)
Australia	**38,752**	43,013	(4,261)	(9.9)
India	**4,651**	5,269	(618)	(11.7)
Mainland China and others	**1,698**	1,520	178	11.7
	85,689	91,425	(5,736)	

Revenues by Nature



- Hong Kong: Full year impact of the reduction in the average basic tariff of HK¢3.5 per unit

	2019	2018
Electricity sales (GWh)		
Local sales	**34,284**	33,662
Total sales	**34,284**	34,218
Average basic tariff (HK cents per unit)		
January to September	**91.0**	94.5
October to December	**91.0**	91.0

- India: Minimal sales of electricity for Paguthan after the expiry of the power purchase agreement in December 2018 and lower generation (despite higher capacity charges from higher availability) at Jhajjar, partially offset by delayed payment charge revenue from wind projects and additional solar revenue brought in by Gale and Tornado acquisitions since November 2018

- Mainland China: Higher revenue from solar projects as a result of increased number of operating projects (e.g. newly acquired Meizhou Solar in January 2019) and higher solar resources, and higher hydro revenue from more rainfall at Huaiji, slightly offset by lower wind resource

- Australia: Impact from lower AUD average exchange rate; lower retail revenue mainly due to more discounts under keen market competition, the impact from the implementation of the Default Market Offer (DMO) and the Victorian Default Offer (VDO) and lower mass market accounts and usage; and lower generation from Mount Piper caused by coal supply issues

	2019		2018	
	Electricity	**Gas**	Electricity	Gas
Customers	**TWh**	**PJ**	TWh	PJ
Mass Market	**9.9**	**32.5**	10.4	33.3
Commercial & Industrial	**8.5**	**12.5**	8.7	10.2
Energy	**Yallourn**	**Mount Piper**	Yallourn	Mount Piper
Generations (GWh)	**8,954**	**4,355**	9,371	8,193
Average pool prices (A$ / MWh) *	**109.2**	**84.9**	90.5	82.3

* Represented the 12-month average pool price published by Australian Energy Market Operator (AEMO) applicable to Victoria (Yallourn) and New South Wales (Mount Piper)

Items Affecting Comparability (2019: HK$6,464 million; 2018: HK$432 million)

Items affecting comparability includes the impairment of EnergyAustralia's retail goodwill of HK$6,381 million and the revaluation loss of an investment property of HK$83 million (2018: gain of HK$18 million) in Hong Kong. In 2018, a provision for a legal dispute in India (HK$450 million) was recognised.

The DMO and VDO were released in Australia during the first half of 2019. The new retail tariffs apply to customers on "standing offers" resulted in a reduction in their tariffs from 1 July 2019. In parallel, EnergyAustralia promotes new low cost energy plans to existing customers on "market offers". These changes led to a decrease in earnings in EnergyAustralia's retail segment which will likely sustain into the future. Therefore, an impairment assessment was performed and a non-cash impairment loss on the retail goodwill of HK$6,381 million was recognised as other charge in profit or loss in 2019.

Consolidated EBITDAF * (2019: HK$25,120 million; 2018: HK$29,003 million; ↓ 13.4%)

	2019 HK$M	2018 HK$M	**Increase / (Decrease) HK$M**	**%**
Hong Kong *	**15,808**	17,541	(1,733)	(9.9)
Mainland China	**3,791**	3,563	228	6.4
India *	**1,657**	1,993	(336)	(16.9)
Southeast Asia & Taiwan	**335**	161	174	108.1
Australia *	**4,231**	6,566	(2,335)	(35.6)
Corporate and others	**(702)**	(821)	119	14.5
	25,120	29,003	(3,883)	

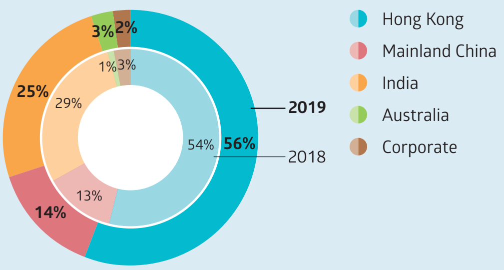
* Excluding the items affecting comparability

- Hong Kong: Reflecting lower permitted rate of return since October 2018 partially compensated by higher permitted return on higher average net fixed assets
- Mainland China: Daya Bay and Yangjiang Nuclear continued to operate stably and contributed with around half of the results; higher contributions from renewable projects mainly due to more rainfall in Huaiji and new solar projects acquired or commissioned, partly offset by lower wind resource; increased contributions from coal-fired projects benefitting from higher sent-out in Fangchenggang (due to higher demand and lower hydro competition) and lower coal prices
- India: Expiry of Paguthan's power purchase agreement (2018: contribution of HK$247 million) partially offset by higher capacity charges on Jhajjar's higher availability, receipt of delayed payment charges from wind projects and contributions from new solar projects
- Southeast Asia & Taiwan: Higher share of result from Ho-Ping due to higher energy tariff (reflecting last year's higher coal prices) and lower coal prices in 2019; higher solar irradiance at Lopburi as well as the recovery of development expenses in Vietnam
- Australia: Lower gross margin from the energy (wholesale) segment mainly due to lower generation from Mount Piper (coal supply issues), partly offset by higher margins from Ecogen (mainly higher generation) and Yallourn (higher realised prices); reduced gross margin from customer (retail) segment mostly caused by the resultant impacts from price re-regulation, higher discounts and lower retail sales volumes
- Corporate: Realised exchange gains in the first quarter of 2019 for capital investments in Mainland China as opposed to unrealised exchange losses from Renminbi-denominated deposits in 2018

Net Finance Costs (2019: HK$1,821 million; 2018: HK$1,857 million; ↓ 1.9%)

Lower finance costs were mainly attributable to lower average total borrowings despite largely offset by higher market interest rates.

Net Finance Costs by Region



Fair Value Adjustments (2019: HK$176 million; 2018: HK$68 million; ↑ 158.8%)

The increase in the unfavourable fair value movement was mostly due to the impact of higher forward energy prices on our derivative contracts (net sell position) in Victoria.

Income Tax Expense (2019: HK$2,787 million; 2018: HK$4,014 million; ↓ 30.6%)

- Hong Kong: In line with the lower permitted return
- Mainland China: Higher withholding tax on stronger results
- India: Reduced tax on lower operating results partially offset by the write-off of net deferred tax benefits (HK$87 million) upon adoption of a lower tax rate effective April 2019
- Australia: Given the impairment of the retail goodwill was not tax deductible, lower tax reflecting declined underlying financial performance

Non-controlling Interests (2019: HK$885 million; 2018: HK$827 million; ↑ 7.0%)

- Hong Kong: Lower CAPCO's SoC return shared by CSG
- India: Profit of HK$156 million attributed to CDPQ for the first year

Analysis on Financial Position

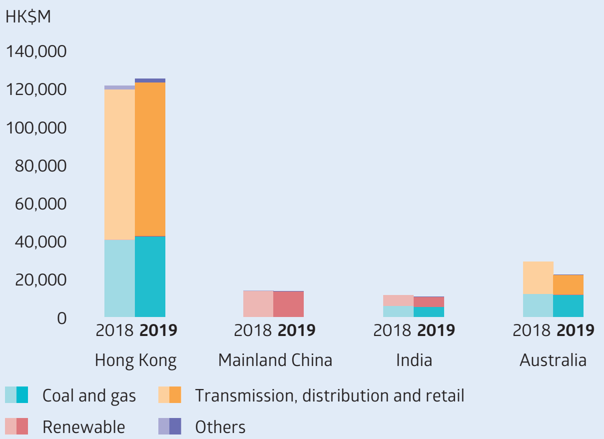
Fixed Assets, Right-of-Use Assets and Investment Property (2019: HK$150,786 million; 2018: HK$147,945 million; ▲1.9%) Goodwill and Other Intangible Assets (2019: HK$20,111 million; 2018: HK$26,910 million; ▼25.3%)

	Fixed Assets, Right-of-Use Assets and Investment Property HK$M	Goodwill and Other Intangible Assets HK$M	Total HK$M	Breakdown: SoC Assets HK$M	Breakdown: Non-SoC Assets HK$M
Balance at 1.1.2019	147,945	26,910	174,855	113,295	61,560
Impact on adoption of HKFRS 16	155	–	155	–	155
Acquisition of Meizhou Solar	340	–	340	–	340
Additions	10,615	775	11,390	8,982	2,408
Depreciation and amortisation	(7,110)	(1,008)	(8,118)	(4,753)	(3,365)
Impairment charge	(7)	(6,381)	(6,388)	–	(6,388)
Translation difference and others *	(1,152)	(185)	(1,337)	(482)	(855)
Balance at 31.12.2019	**150,786**	**20,111**	**170,897**	**117,042**	**53,855**

* Mainly depreciation of Australian dollar, Indian rupee and Renminbi and disposal of fixed assets

- Upon the adoption of HKFRS 16 Leases, operating lease commitments of office buildings and plant and machinery were recognised as right-of-use assets on 1 January 2019. Details of the impact on adoption of HKFRS 16 can be found in Note 3 of Significant Accounting Policies to the financial statements on pages 227 to 228.
- Major capital additions for the year including:
  - SoC: Enhancement of transmission and distribution networks (including smart meters) and generation facilities (such as upgrade of gas turbines, construction of Combined Cycle Gas Turbine, offshore LNG terminal and landfill gas-fired power generators)
  - Non-SoC: Construction of renewable projects in Mainland China of HK$345 million; turbine upgrade at Mount Piper, generation capacity addition at Hallett, enhancement works at Yallourn and enterprise transformation and digitalisation programmes in Australia totalling HK$1,894 million

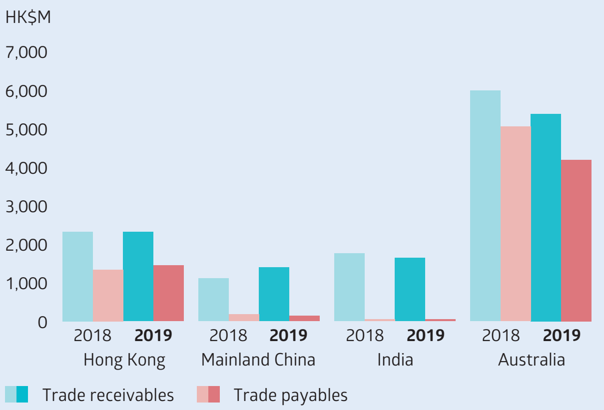
Analysis of Total Balances at Year Ends



Trade and Other Receivables (2019: HK$12,986 million; 2018: HK$15,917 million; ▼18.4%) Trade Payables and Other Liabilities (2019: HK$17,586 million; 2018: HK$19,061 million; ▼7.7%)

- Hong Kong: Stable trade debtors and capex creditors
- Mainland China: Higher accrued national subsidies for renewable projects; lower other receivables upon receipt of last year dividend from GNPJVC; lower payables due to continuous settlement of construction costs and the balance payment for the Yangjiang Nuclear acquisition
- India: Lower receivables mainly due to lower generation from Jhajjar and the collection of the remaining consideration for the partial sale down of CLP India, partly offset by higher renewable energy debtors; lower payables due to lower accrual for coal purchases and interest
- Australia: Reduction in sales volume, higher discounts and drop in pool prices at year end resulted in lower electricity debtors and lower accrued pool purchases, distribution costs payable and green liabilities

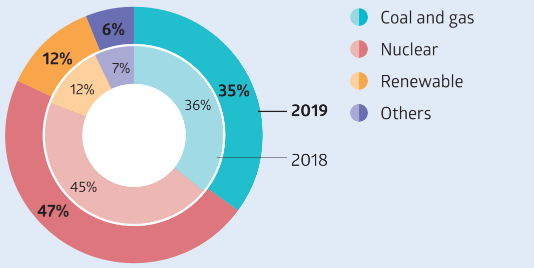
2-Year Trade Receivables / Payables by Region



Interests in Joint Ventures and Associates (2019: HK$18,707 million; 2018: HK$17,420 million; ⬆7.4%)

- Increased contributions from joint ventures, in particular Fangchenggang, and stable operations from nuclear associates
- Investments in Hong Kong LNG Terminal and other new business development such as Echo Group in Australia
- Repayment of shareholder's loan by ShenGang Pipeline as scheduled
- Translation loss on our investments in Mainland China due to Renminbi depreciation

Interests in Joint Ventures and Associates by Asset Type



Derivative Financial Instruments
Assets: 2019: HK$2,424 million; 2018: HK$1,799 million; ⬆34.7%
Liabilities: 2019: HK$2,298 million; 2018: HK$2,809 million; ⬇18.2%

Derivative financial instruments are mainly used to hedge foreign exchange, interest rate and energy price risks. As at 31 December 2019, the fair value of these derivative instruments was a net surplus of HK$126 million, representing the net amount receivable if these contracts were closed out at year end. However, the changes in fair value of derivatives has no impact on cash flows until settlement.

The change from net derivative liabilities to assets was mainly attributable to favourable mark-to-market movements on energy contracts in Australia (due to recognition of gains upon commencement of several renewable offtake contracts and the close-out of an out-of-money legacy energy contract) and reduction in fair value losses from cross currency interest rate swaps under fair value hedges for Hong Kong electricity business (due to decrease in HKD floating swap rates and weakening of HKD against USD in forward market).

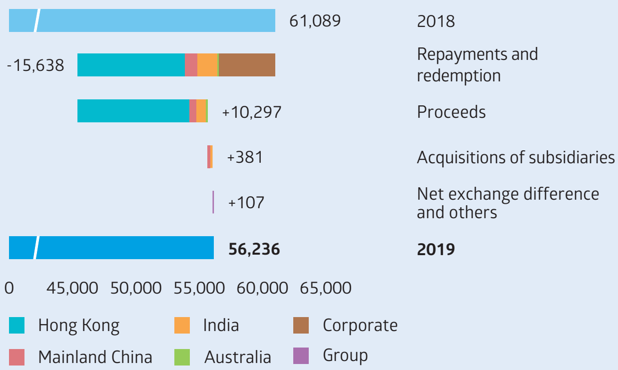
	Notional Amount		Derivative Assets/(Liabilities)	
	2019 HK$M	2018 HK$M	**2019 HK$M**	2018 HK$M
Forward foreign exchange contracts and foreign exchange options	**26,492**	26,898	**178**	267
Interest rate swaps and cross currency interest rate swaps	**31,105**	32,922	**(735)**	(1,056)
Energy contracts *	**N/A**	N/A	**683**	(221)
			126	(1,010)

* Derivative financial instruments are used in the normal course of business in order to hedge exposure to fluctuations in energy prices. The aggregate notional volumes of the outstanding energy derivatives at 31 December 2019 were 175,097GWh (2018: 146,641GWh) and 6.3 million barrels (2018: 5.3 million barrels) for electricity and oil, respectively.

Bank Loans and Other Borrowings
(2019: HK$52,349 million; 2018: HK$55,298 million; ⬇5.3%)
Perpetual Capital Securities (2019: HK$3,887 million; 2018: HK$5,791 million; ⬇32.9%)

- Major financing activities during the year including:
  - Hong Kong: CLP Power Hong Kong redeemed US$750 million perpetual capital securities using the proceeds from a new issuance of US$500 million and the application of internal resources; CAPCO issued a HK$170 million 25-year green bond to fund the construction of the landfill gas project
  - Mainland China: New project loans arranged in 2019 for financing the acquisition and construction of renewable projects
  - India: Scheduled repayments and arranged facilities to support the new transmission and renewable projects
  - Corporate: Loans for financing Yangjiang Nuclear acquisition fully repaid in November

Movements in Bank Loans and Other Borrowings, and Perpetual Capital Securities (HK$M)



- The net debt to total capital ratio increased from 25.5% to 26.7% mainly caused by a lower level of capital after the impairment of EnergyAustralia's retail goodwill
- In June, both Standard & Poor's and Moody's kept the credit ratings of CLP Holdings unchanged after the announcement of retail goodwill impairment. All credit ratings of CLP Power Hong Kong, CAPCO and EnergyAustralia were also affirmed.

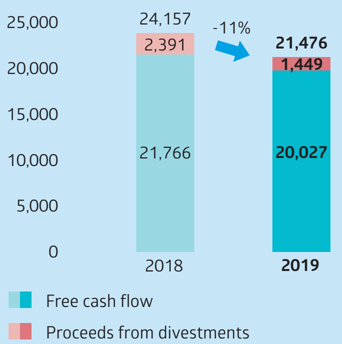
More details can be found on "Financial Capital" on page 75.

Cash Flow Analysis

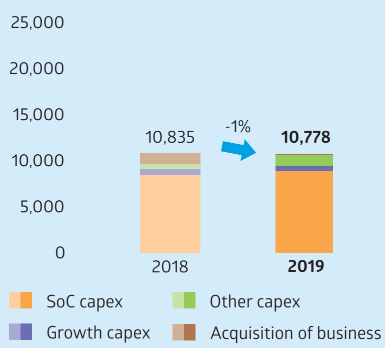
Free Cash Flow (2019: HK$20,027 million; 2018: HK$21,766 million; ↓ 8.0%)

- Free cash flow decreased HK$1,739 million because of:
  - Australia: Significant drop in cash inflows driven by lower EBITDAF, unfavourable working capital movements (such as more settlements for energy derivative contracts) and higher income tax paid, partly offset by
  - Hong Kong: Higher inflow from operating activities mainly due to deferral of tax payments to January 2020 and higher fuel cost recovery from customers despite reduction in permitted return
- Proceeds from divestments represented the considerations from the partial sale down of CLP India received in June 2019 (50%) and in December 2018 (50%), and the sale of CGN Wind in 2018 of HK$958 million
- Capital investments include additions to fixed assets, right-of-use assets and intangible assets, investments in and advances to joint ventures and associates, and acquisition of business. Major items include:
  - HK$8.8 billion of SoC capital expenditure (SoC capex) to enhance transmission and distribution networks and construction of lower carbon-emitting generation facilities in Hong Kong
  - HK$617 million of growth capital expenditure (growth capex) related to our renewable projects in Mainland China and expansion of generation capacity in Mount Piper and Hallett
  - Acquisition of business and other capex mainly related to the acquisitions of Meizhou Solar in Mainland China, and a transmission project and remaining interests in two solar projects in India (2018: Ecogen and Jinchang Solar) and balance payment for the acquisition of Yangjiang Nuclear

Cash Inflows

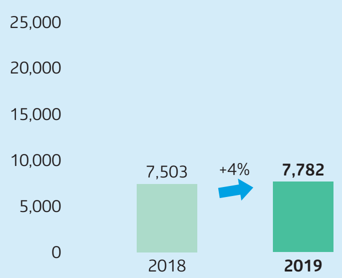


Capital Investments *



* Excluding maintenance capex as deducted from free cash flow

Dividends Paid



Financial Obligations at a Glance

The consolidated financial statements only show the financial obligations of CLP Holdings and its subsidiaries (category 1). In order to have a full picture of the financial risks of the Group associated with unconsolidated financial obligations, the borrowings of equity accounted entities (category 2) and off-balance sheet contingent liabilities (category 3) are also included. The full financial obligations of the Group are presented below:

CLP

Category 1 – Consolidated

Debts and Borrowings of CLP Holdings and Subsidiaries

2019: HK$52,349 million | 2018: HK$55,298 million

Borrowings of subsidiaries are non-recourse to CLP Holdings.

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Category 2 – Equity Accounted

Share of Debts of Joint Ventures and Associates

2019: HK$16,551 million | 2018: HK$17,270 million

These debts are non-recourse to CLP Holdings and its subsidiaries. The share of debts is calculated by reference to the Group's shareholdings in the relevant joint ventures and associates.

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Category 3 – Off-balance Sheet

Contingent Liabilities

2019: HK$6,208 million | 2018: HK$6,263 million

Details of the contingent liabilities are set out in Note 33 to the Financial Statements.

Broader Perspective

	2019	2018	2017	2016	2015
Performance Indicators					
EBITDAF [1], HK$M	**18,656**	28,571	27,662	25,355	31,267
ACOI [2], HK$M	**17,002**	20,998	19,925	18,128	17,929
Operating earnings, HK$M	**11,121**	13,982	13,307	12,334	11,519
Total earnings, HK$M	**4,657**	13,550	14,249	12,711	15,656
Return on equity, %	**4.3**	12.4	13.8	13.3	17.3
Operating return on equity [3], %	**10.4**	12.8	12.9	12.9	12.7
Financial Health Indicators					
Undrawn facilities, HK$M	**18,854**	24,059	25,924	23,986	29,685
Total borrowings, HK$M	**52,349**	55,298	57,341	51,646	55,483
Fixed rate borrowings to total borrowings, %	**54**	53	52	57	57
FFO interest cover, times	**11.9**	13.4	14.6	14.0	9.2
FFO to debt [4], %	**43.7**	47.2	48.6	47.3	34.2
Net debt to total capital, %	**26.7**	25.5	27.8	29.5	32.4
Debt / Capitalisation [5], %	**25.3**	24.7	28.4	28.7	33.3
Shareholders' Return Indicators					
Dividends per share, HK$	**3.08**	3.02	2.91	2.80	2.70
Dividend yield, %	**3.8**	3.4	3.6	3.9	4.1
Dividend cover [6], times	**1.4**	1.8	1.8	1.7	1.7
Total returns to shareholders [7], %	**8.7**	9.6	8.4	6.4	8.4

Readers can refer to "Shareholder Value" on pages 23 to 27 for more analysis on shareholders' return.

	2019	2018	2017	2016	2015
Cash Flows and Capital Investments					
FFO, HK$M	**23,502**	26,584	26,506	25,353	20,994
Free cash flow [8], HK$M	**20,027**	21,766	22,867	22,485	17,290
Capital investments, HK$M	**11,861**	12,045	15,270	10,866	11,967

Notes:

1 EBITDAF = Earnings before interest, taxes, depreciation and amortisation, and fair value adjustments. For this purpose, fair value adjustments include fair value gains or losses on derivative financial instruments relating to transactions not qualifying as hedges and ineffectiveness of cash flow hedges.

2 ACOI (Adjusted Current Operating Income) represents operating earnings before net finance costs, income tax, other non-controlling interests, distribution to perpetual capital securities holders and net fair value gain / loss on derivatives relating to transactions not qualified as hedges and ineffectiveness of cash flow hedges.

3 Operating return on equity = Operating earnings / Average shareholders' funds

4 FFO to debt = FFO / Average debt; debt = bank loans and other borrowings

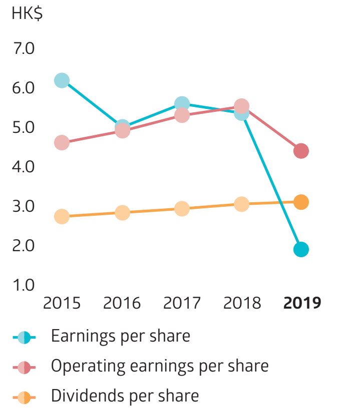
5 Capitalisation = Closing share price on the last trading day of the year x number of issued shares at the end of the year

6 Dividend cover = Operating earnings per share / Dividend per share

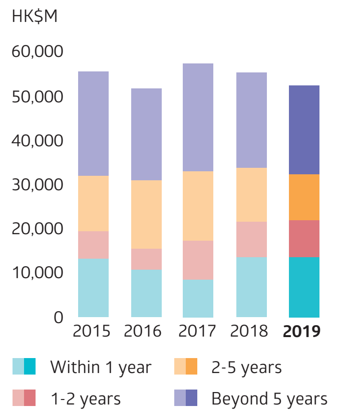
7 Total returns to shareholders represents the 10-year annualised rate of return from the combination of share price appreciation and dividend payments.

8 Free cash flow = FFO – income tax paid + interest received – interest and other finance costs paid – maintenance capital expenditure paid + dividends received from joint ventures and associates

Earnings and Dividends Per Share



Loan Balance – Maturity



Note: The maturities of revolving loans are in accordance with maturity dates of the respective facilities instead of the loan drawdown tenor

Capital Investments