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WORLD

CMHI



2014 Interim Results Presentation

28 August 2014



招商局國際有限公司

CHINA MERCHANTS HOLDINGS (INTERNATIONAL) CO., LTD.



Performance Highlights

Profit & Loss and Dividend Payout

- ◆ Performance for core ports operation enhanced with additional contributions from newly acquired overseas projects, resulting in a 11.1% growth to the Group's interim profit

Items	1H2014	1H2013	Y-o-Y Change
Container throughput (million TEUs)	38.52	32.63	18.1%
Bulk cargo throughput (million Tonnes)	181	177	2.6%
	HK\$'million	HK\$'million	
Revenue ¹	21,776	20,131	8.2%
Revenue derived from ports operation	10,268	9,571	7.3%
EBITDA ²	6,434	5,998	7.3%
Derived from ports operation	5,221	4,776	9.3%
Profit attributable to equity holders of the Company	2,149	1,935	11.1%
Derived from ports operation	2,185	1,906	14.6%
Basic EPS (HK cents)	83.46	77.67	7.5%
Interim dividend per share (HK cents)	22	22	
Payout Ratio	26.1%	28.7%	-2.6 ppts

Notes: 1. Revenue = Revenue of the Company and its subsidiaries + share of revenue of its associates and joint ventures

2. EBITDA = EBITDA of the Company and its subsidiaries + share of EBITDA of its associates and joint ventures + cash dividend from other companies

Performance Highlights

Financial Position

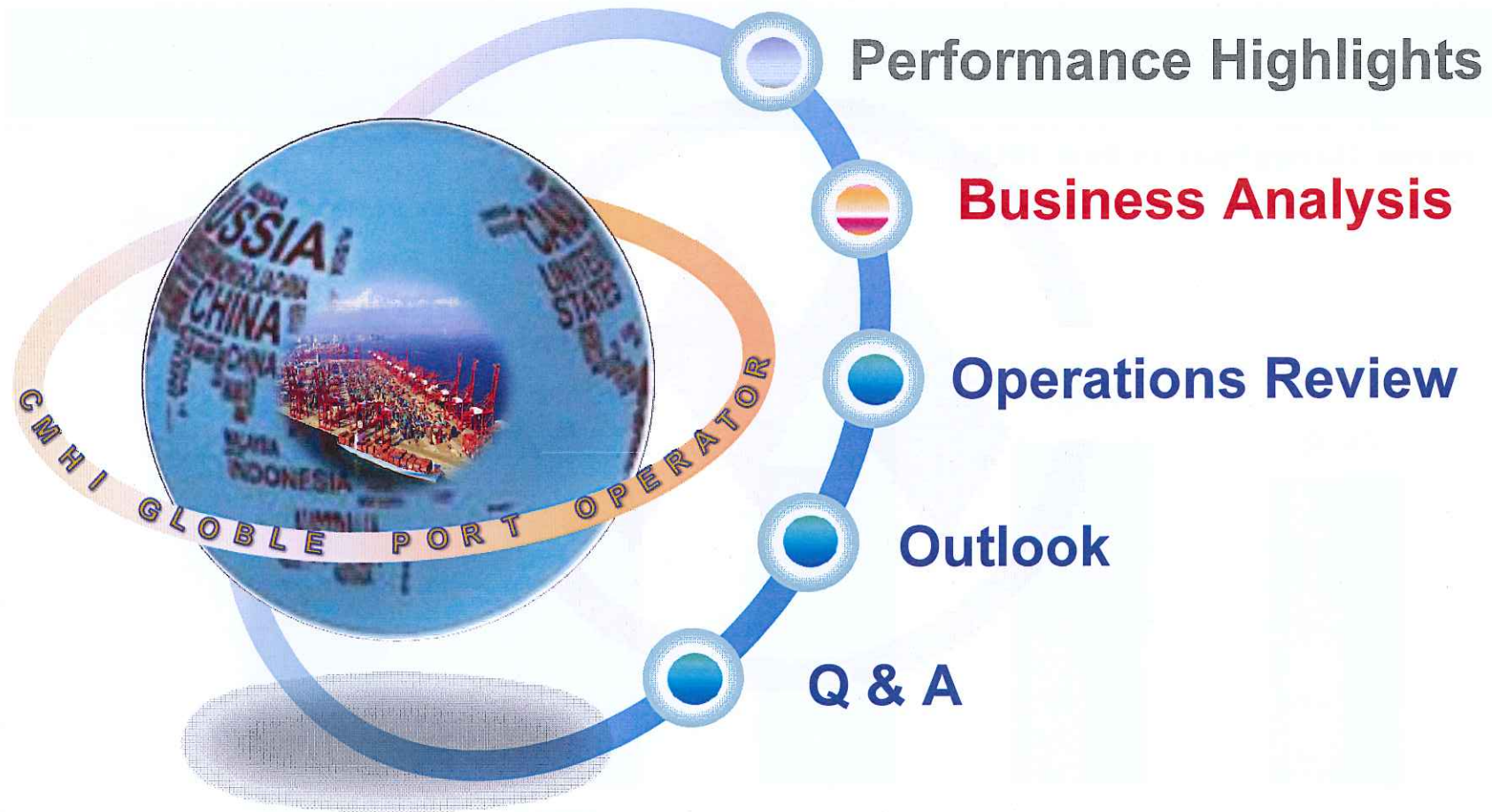
◆ Significant increase in net assets, resulting in a healthier capital structure

HK\$'Million	Jun 2014	Dec 2013	Y-o-Y Change
Total assets	104,209	89,191	16.8%
Net assets attributable to equity holders of the company	64,069	48,599	31.8%
NAV per share (HK\$) ¹	21.1	19.2	9.9%
Interest-bearing debts ²	24,451	26,958	-9.3%
Cash and bank balances	15,673	3,205	389.0%
Net interest-bearing debts	8,778	23,753	-63.0%
Net gearing ratio³	12.2%	42.1%	Down 29.9 percentage points

Notes: 1.. Number of shares as at 30 Jun 2014 has included the 505,400,822 units of MCS which will be ultimately converted into ordinary shares

2. Interest-bearing debts include bank loans, listed notes and loans from China Merchants Group.

3. Net gearing ratio is calculated as period-end net debt divided by period-end net assets

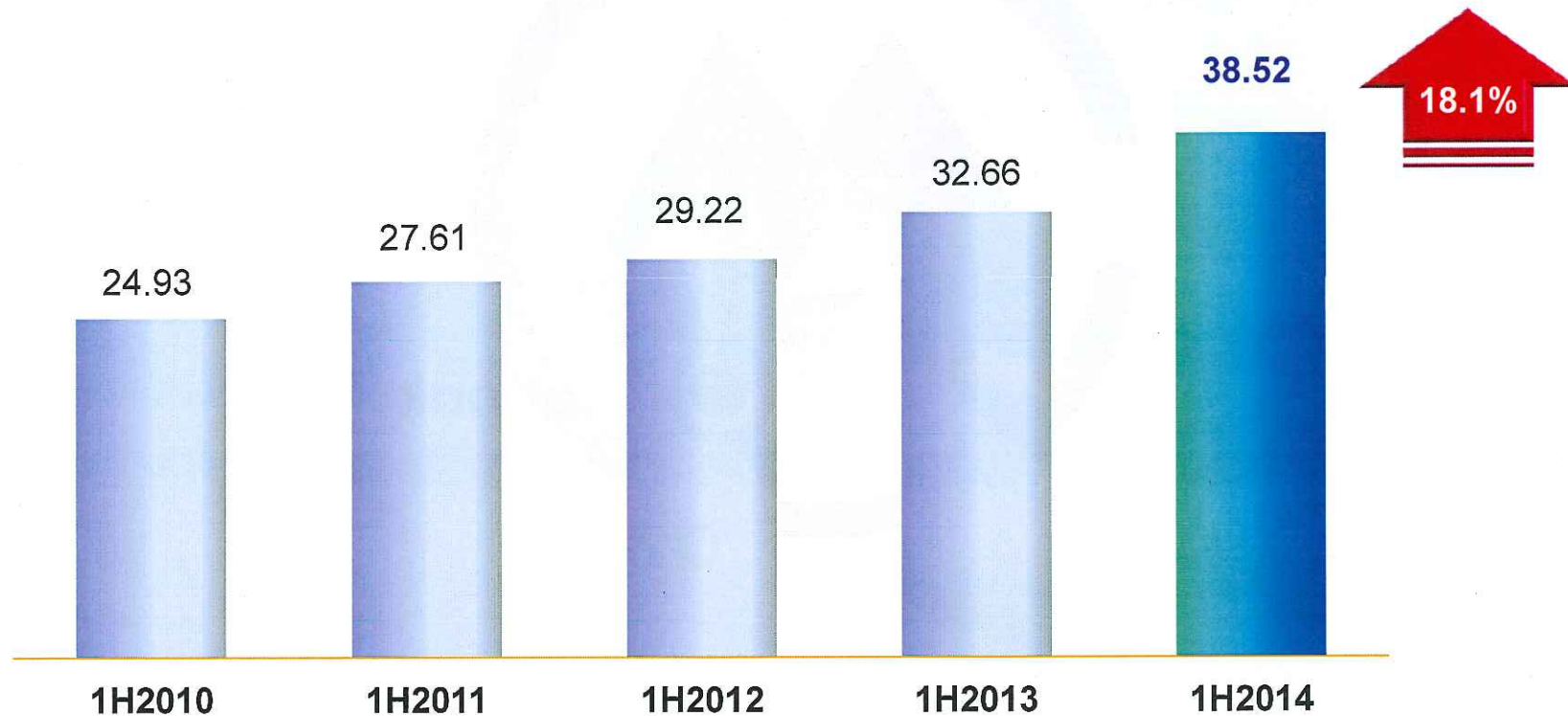


Business Analysis

Container Volume

- ◆ Driven by contributions from overseas projects, CMHI's ports showed steady growth and recorded a total container throughput of 38.52 million TEUs

Container Throughput (million TEUs)

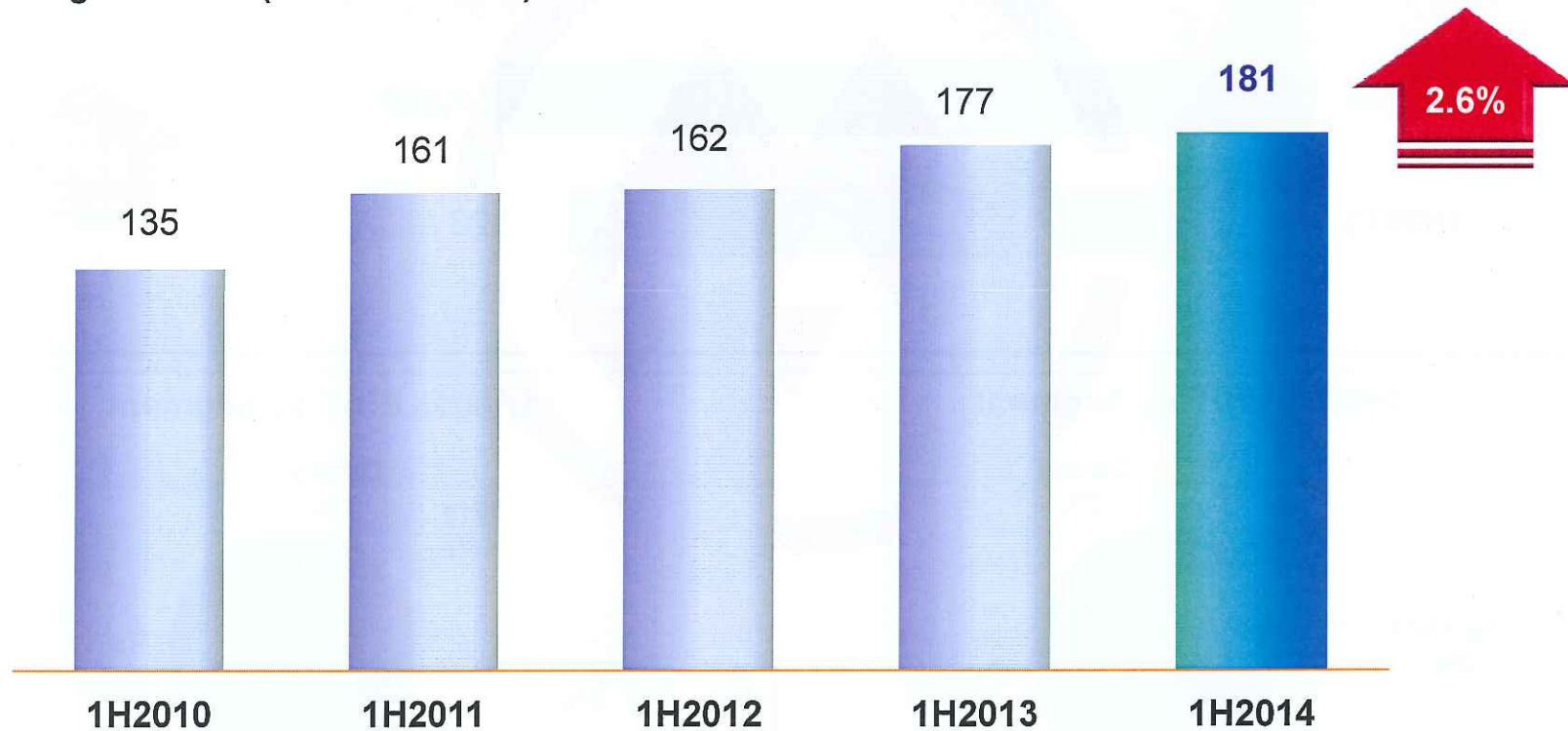


Business Analysis

Bulk Cargo Volume

◆ Bulk cargo operations maintained stable growth

Bulk Cargo Volume (million Tonnes)

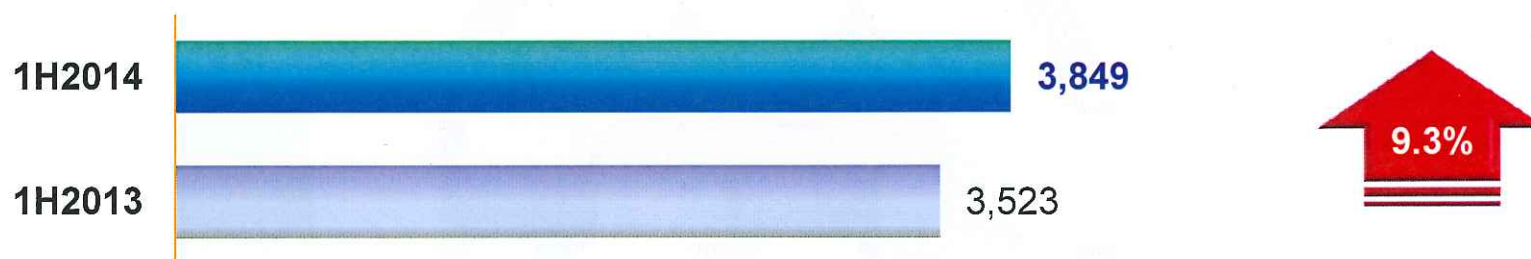


Business Analysis

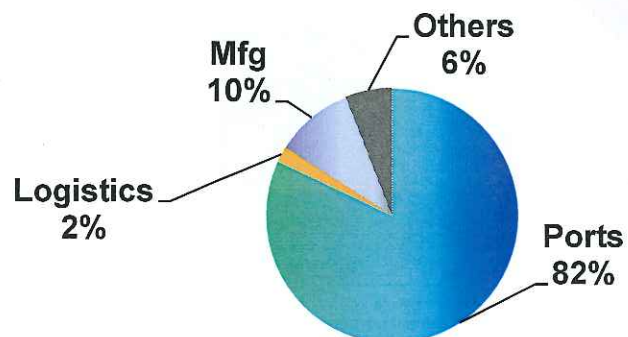
Ports EBIT

- ◆ Proportion of EBIT generated by ports operation to Group's total increased by 1.7 percentage points

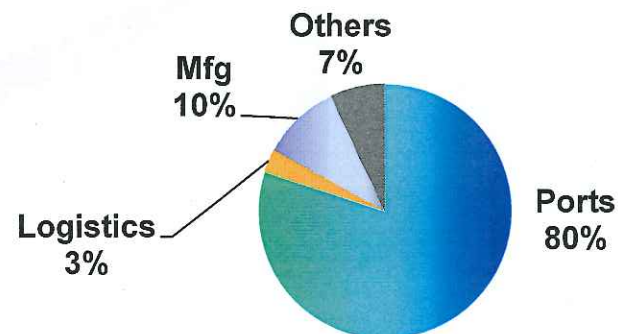
Ports EBIT (HK\$'million)



1H2014 EBIT by Segment



1H2013 EBIT by Segment



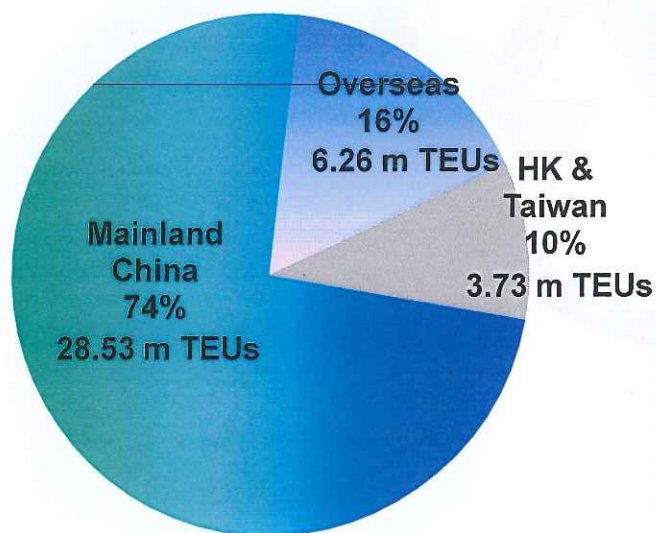
Note: EBIT = EBIT of the Company and its subsidiaries + share of EBIT of its associates and joint ventures + cash dividend from other companies

Business Analysis

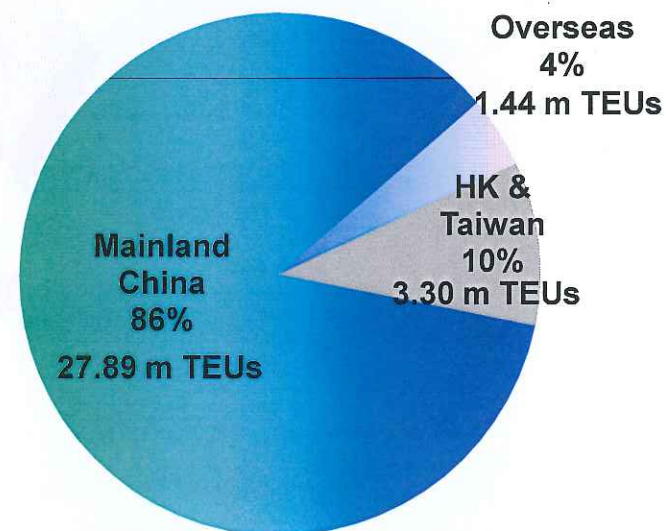
Ports Operation by Region

- ◆ Throughput handled by CMHI's terminals in Mainland China grew by 2.3%
- ◆ Driven by contribution from Djibouti and Terminal Link, both acquired in 2013, and the commencement of operation of the Sri Lanka projects in July 2013, proportion of EBIT contribution derived from CMHI's overseas terminals expanded by 12 percentage points

1H2014 Ports Opt'n by Region



1H2013 Ports Opt'n by Region

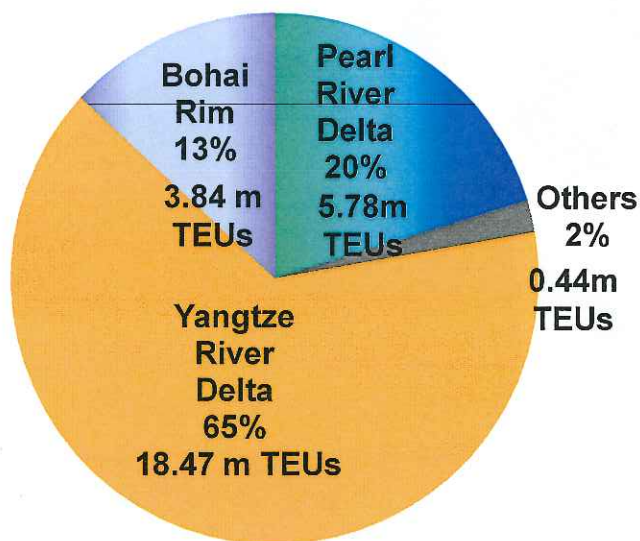


Business Analysis

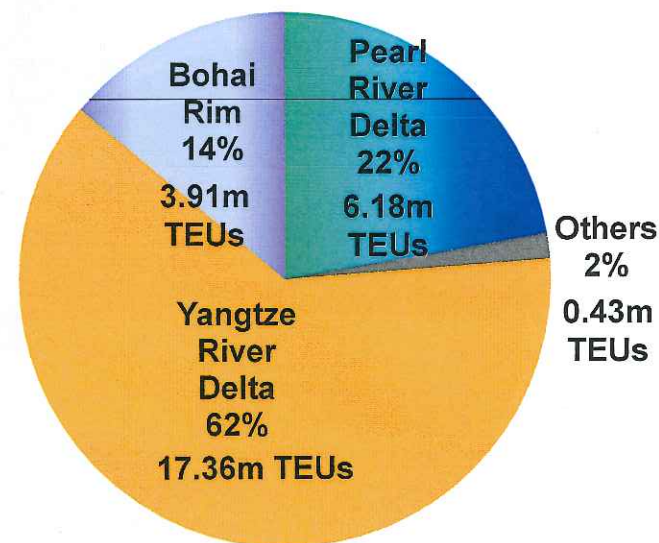
Ports Operation by Region – Mainland China

- ◆ Ports in Yangtze River Delta exhibited stable growth, leading to an increase of 3 percentage points in its contribution to the Group's total container volume
- ◆ Throughput contributed from the Pearl River Delta and Bohai Rim region slightly declined, due primarily to the adjustment of container box mix

1H2014 Ports Opt'n by Region – Mainland China



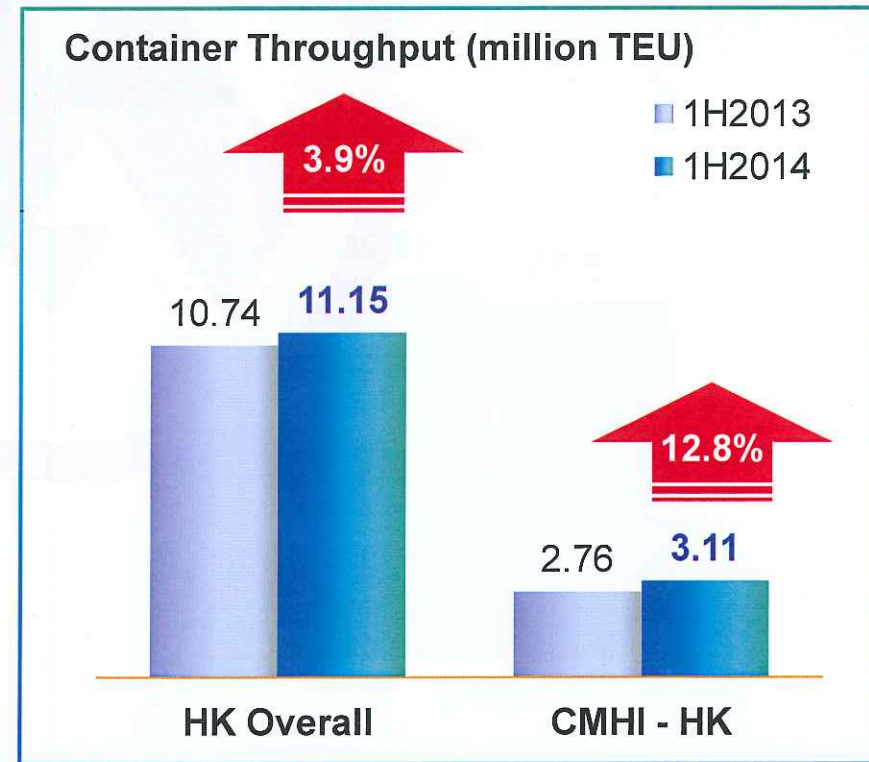
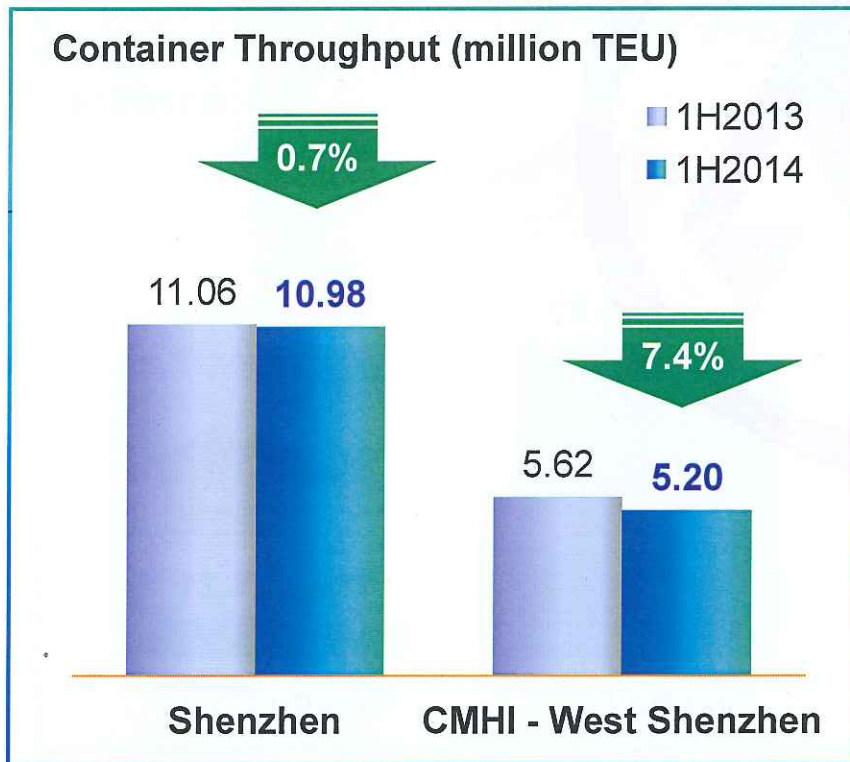
1H2013 Ports Opt'n by Region – Mainland China



Business Analysis

Ports Operation by Region – Pearl River Delta

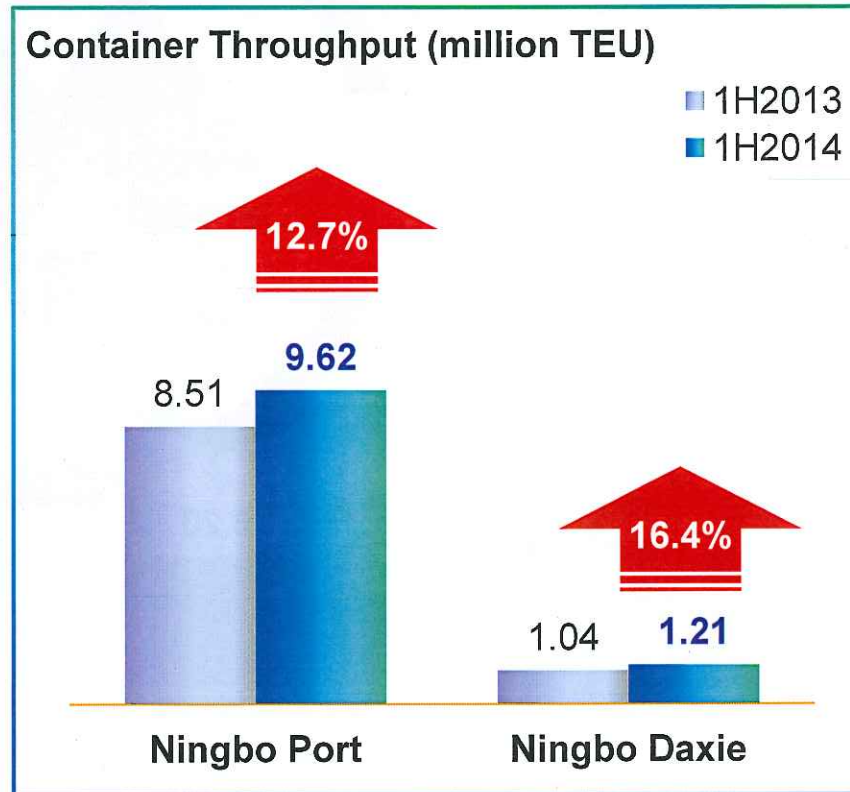
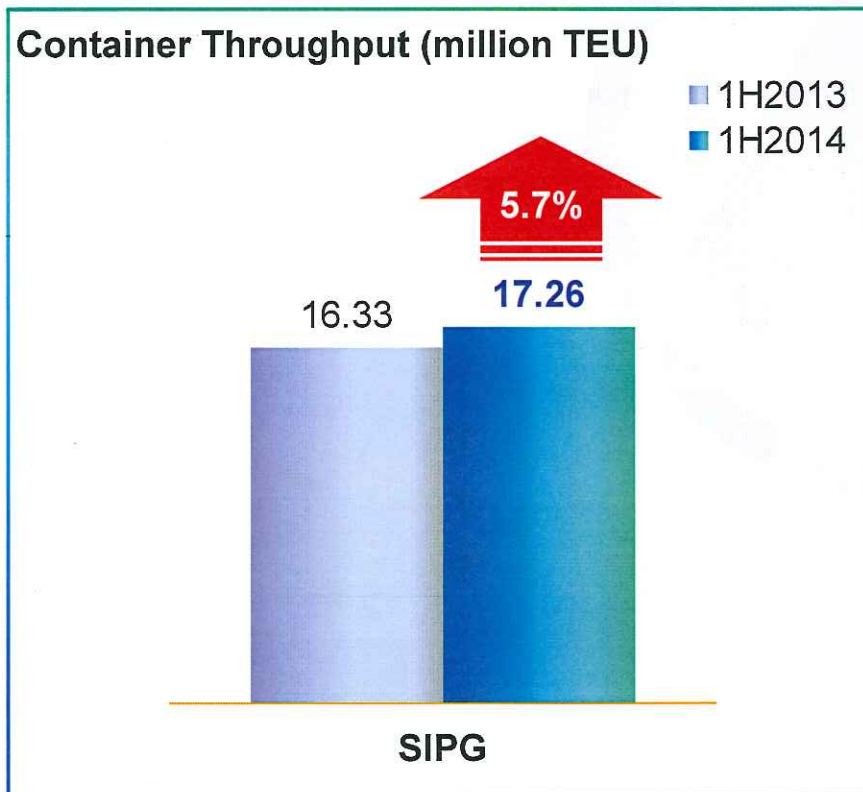
- ◆ Improvement efforts towards quality container box mix and restructuring of shipping industry has led to a decline in throughput of CMHI's ports in West SZ
- ◆ CMHI-interested ports in Hong Kong demonstrated consistent growth, growing at a faster rate than that of the region



Business Analysis

Ports Operation by Region – Yangtze River Delta

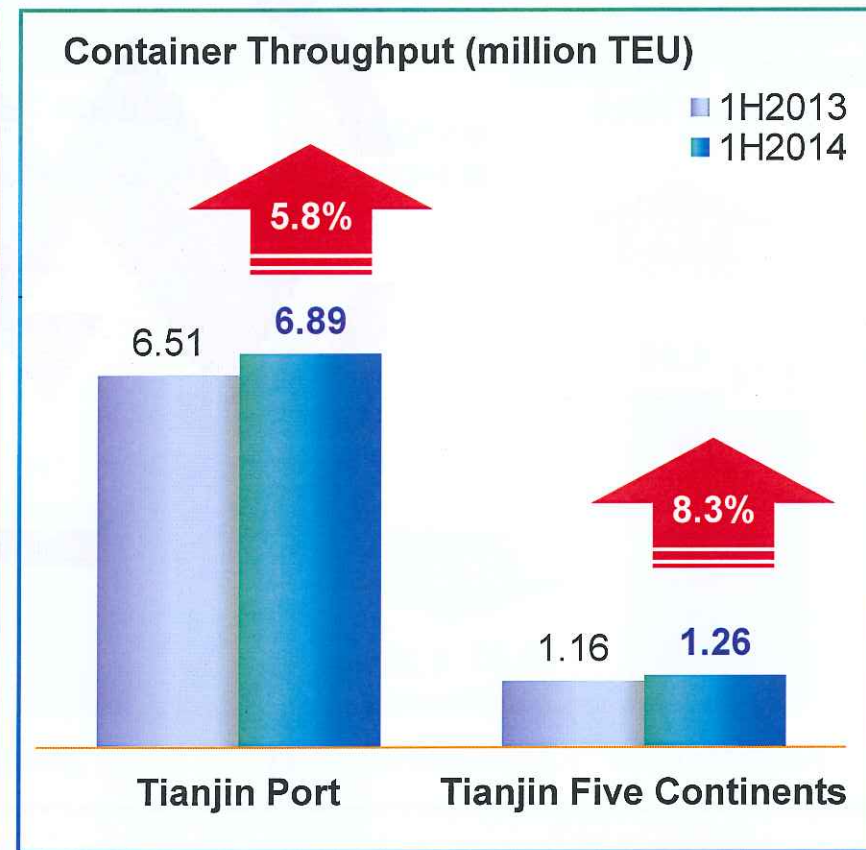
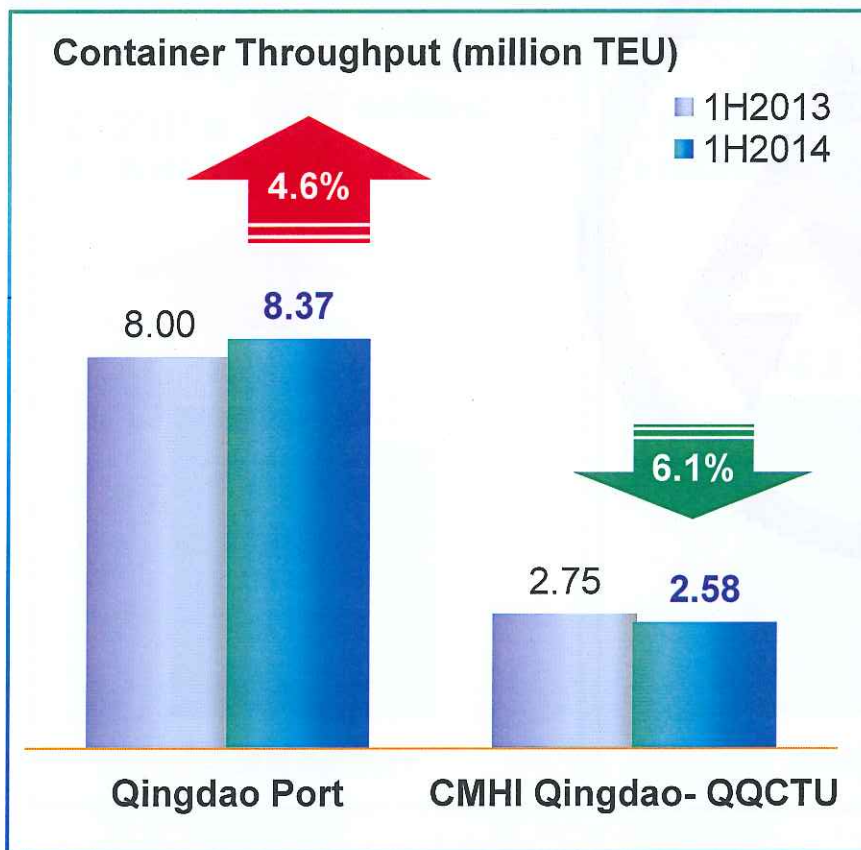
- ◆ SIPG continued to be the largest port among global container terminals in throughput terms
- ◆ Ningbo Daxie's volume was growing at a pace faster than the overall Ningbo region



Business Analysis

Ports Operation by Region – Bohai Rim

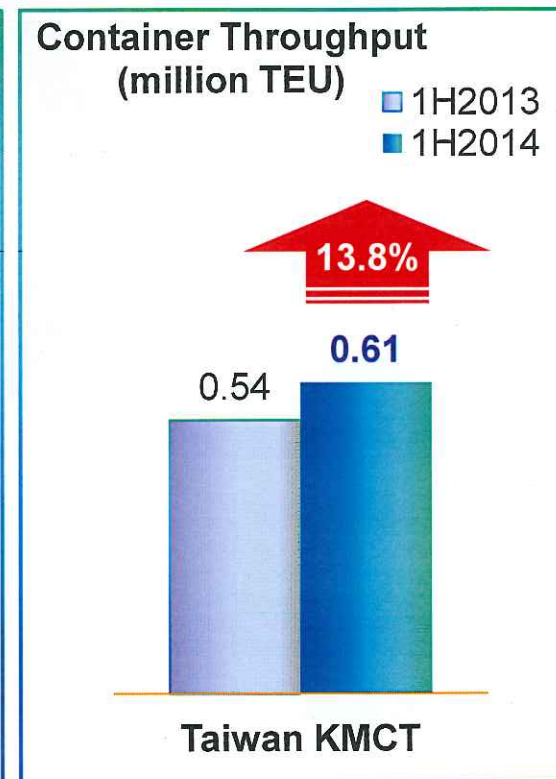
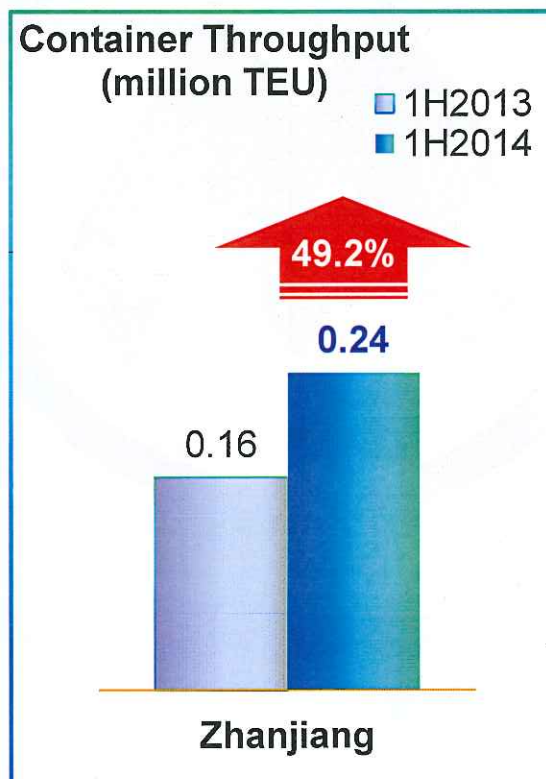
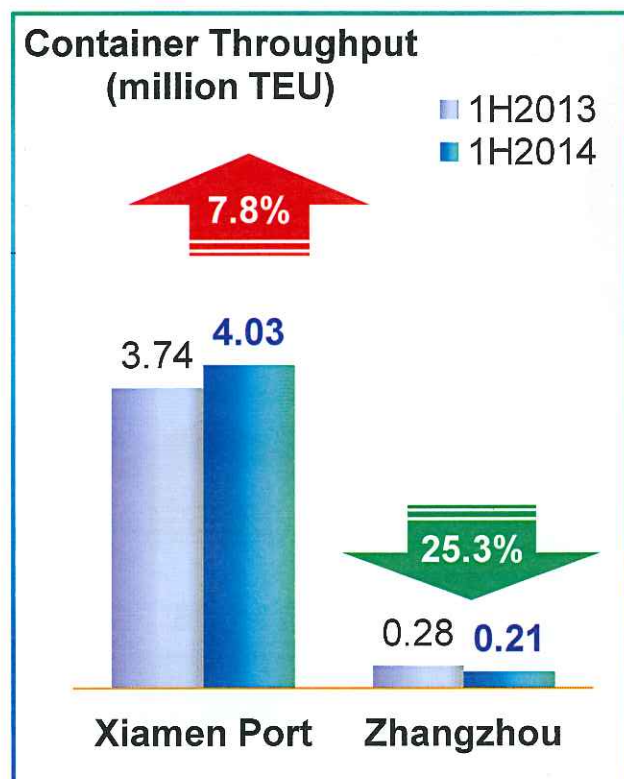
- ◆ Enhancement in Qingdao project's results notwithstanding a decline in throughput, due to improvement in shipping route and container box mix
- ◆ Rapid growth seen in Tianjin Five Continents



Business Analysis

Ports Operation by Region – Others

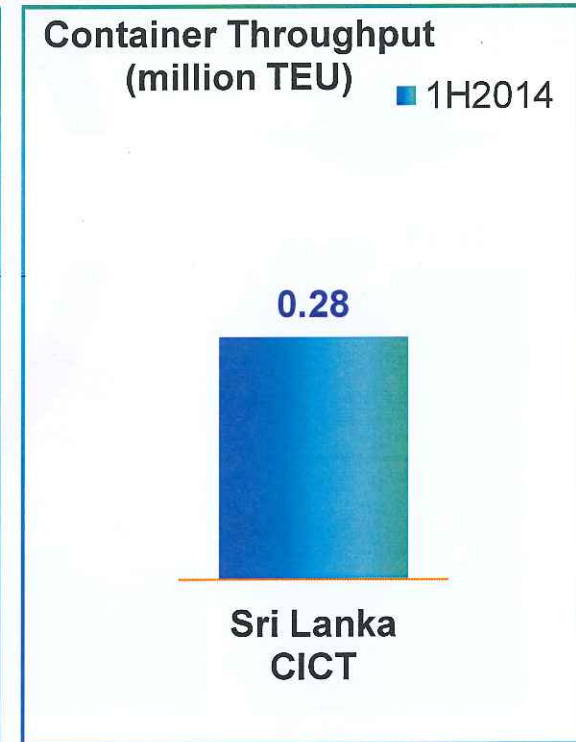
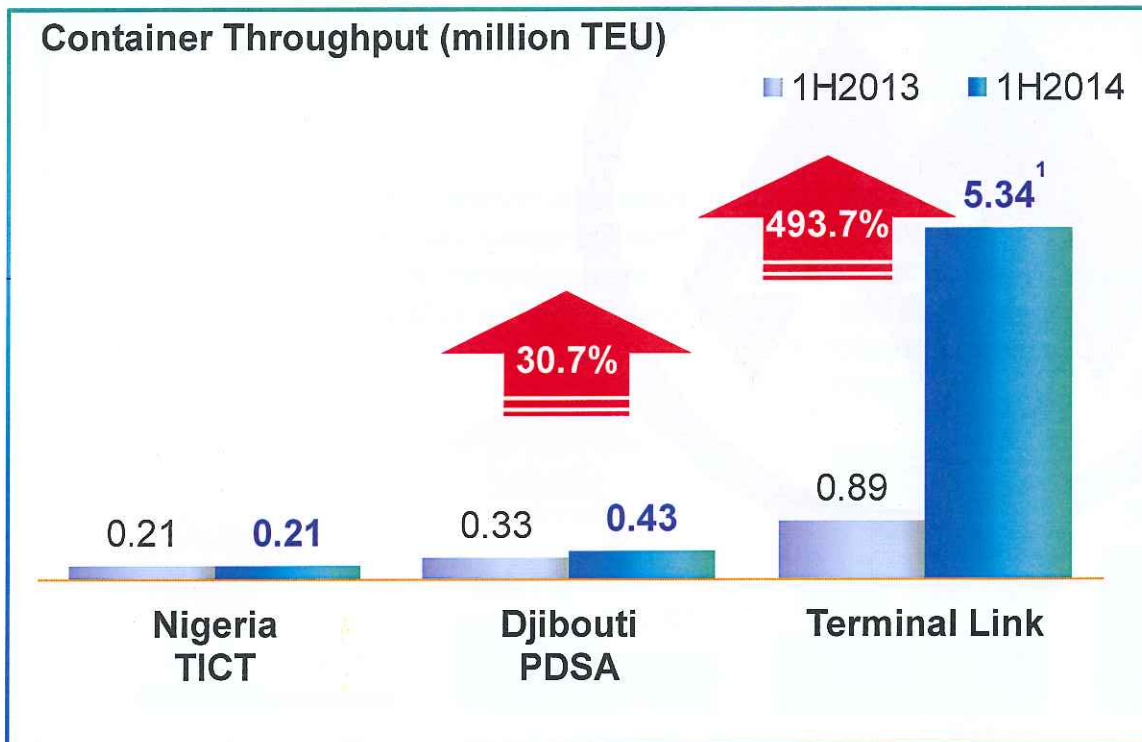
- ◆ Zhangzhou's container throughput not performing as good as its other operations (e.g. bulk cargo), due primarily to adjustment in cargo source
- ◆ Throughput contributed by Zhanjiang and Taiwan grew at a rapid pace



Business Analysis

Ports Operation by Region – Overseas

- ◆ With the acquisition of the Djibouti project and Terminal Link in 2013, and the commencement of operations of CICT in Sri Lanka in July 2013, throughput handled by the Group's overseas projects more than tripled to 6.26 million TEU

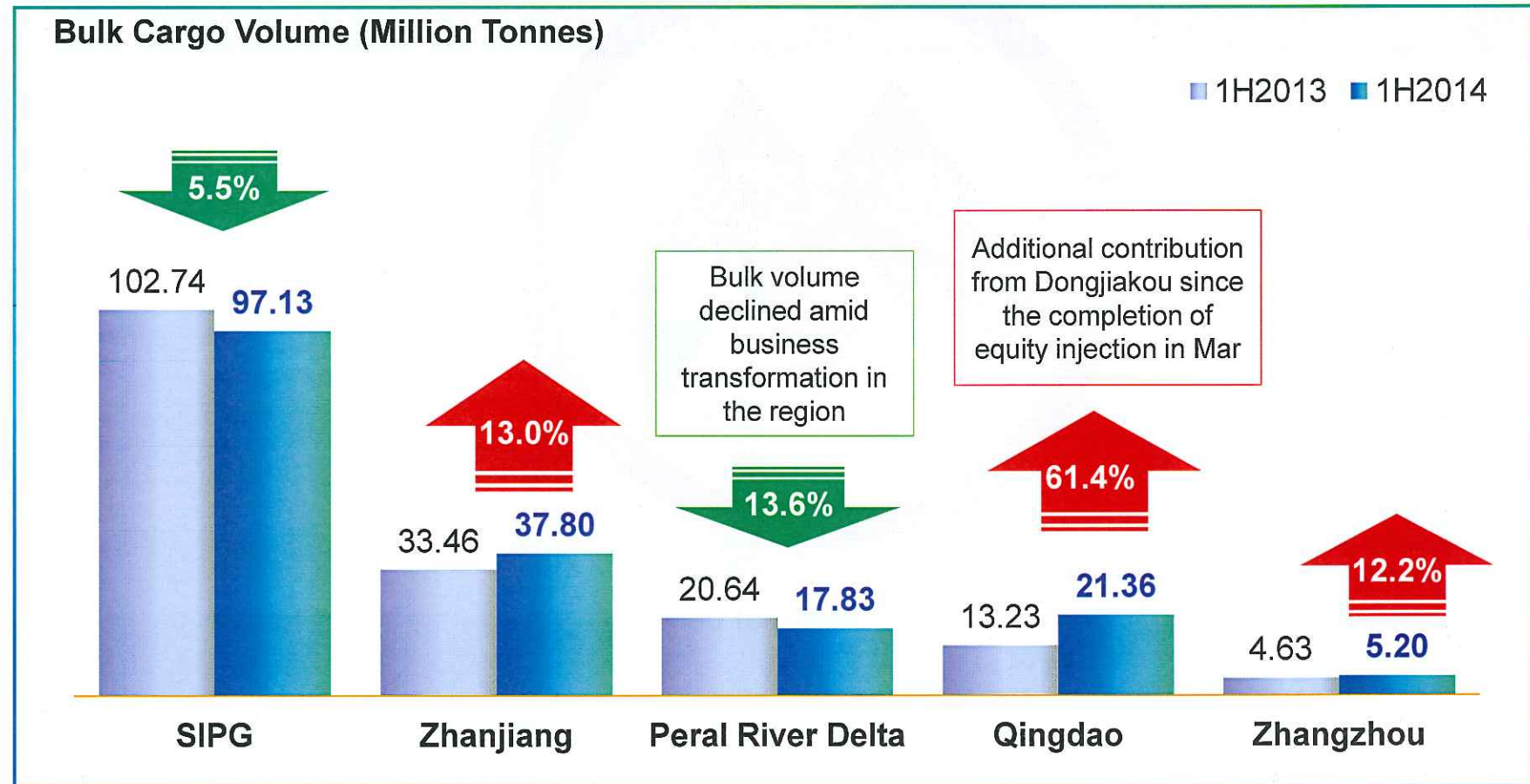


Note 1. Throughput for Terminal Link in 1H2014 is a preliminary figure

Business Analysis

Bulk Cargo Operation

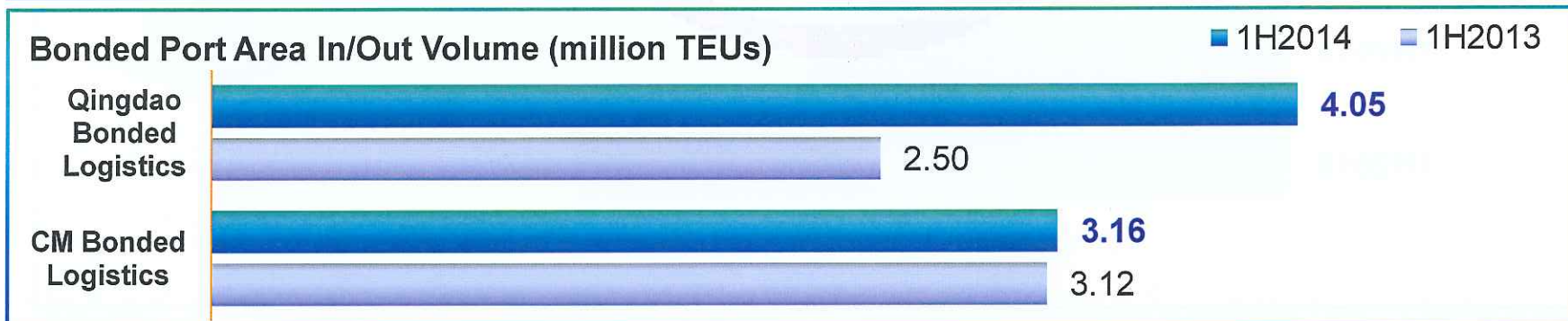
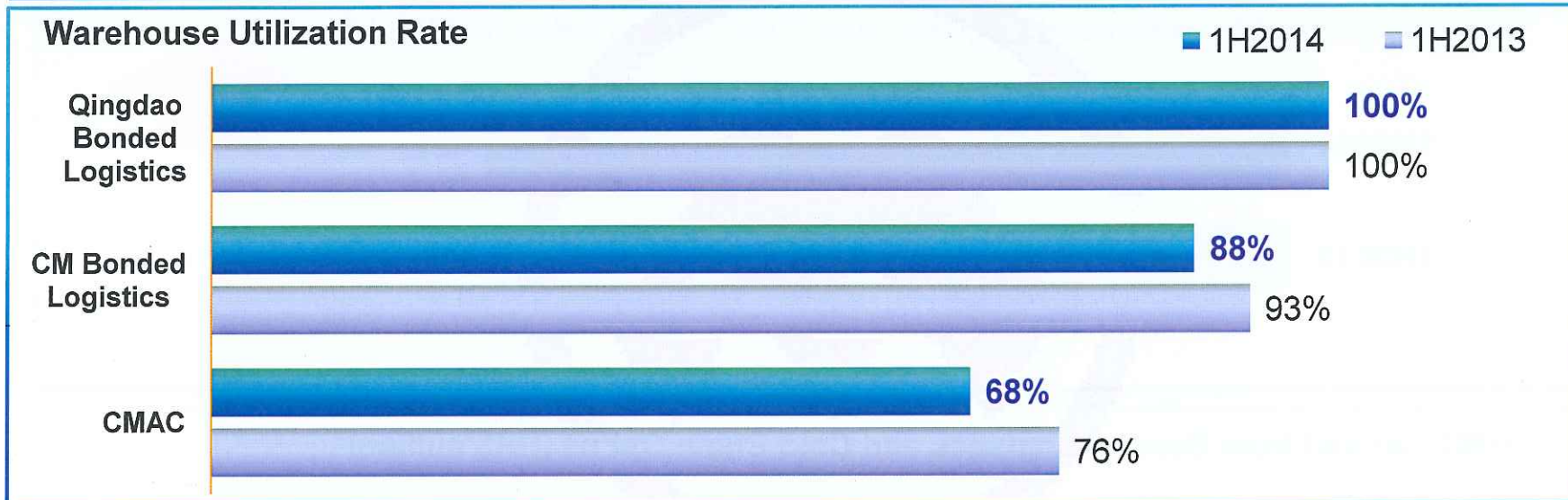
◆ Performance of bulk cargo port operations varied among regions



Business Analysis

Bonded Logistics and Cold Chain Operations

- ◆ Warehouse utilization rate remained at a relatively high level, while the consolidation and deconsolidation business for Qingdao grew rapidly

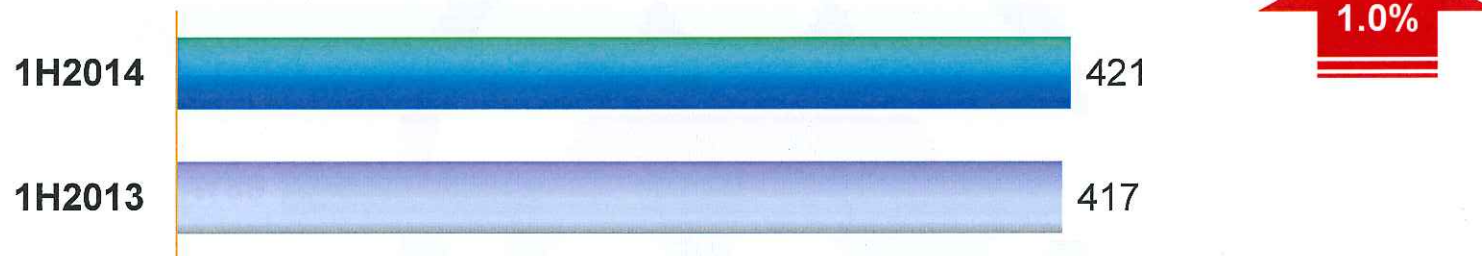


Business Analysis

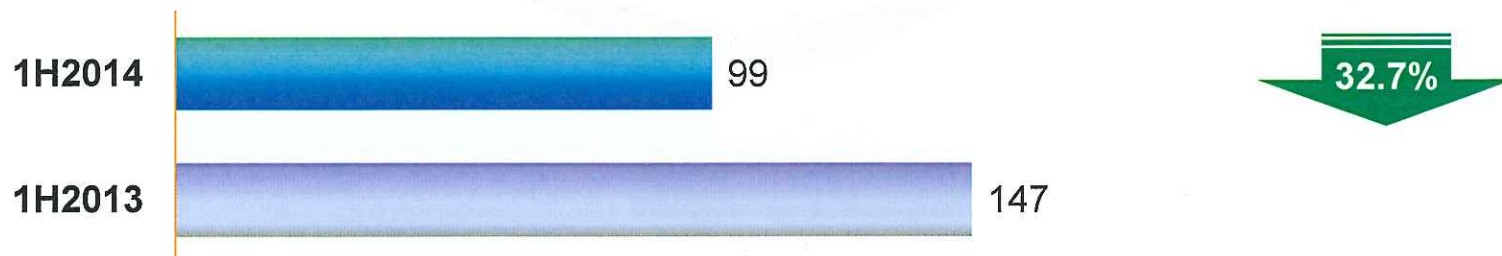
Bonded Logistics and Cold Chain – Revenue and EBIT

◆ Revenue from bonded logistics and cold chain operations was stable

Revenue Derived from Bonded Logistics and Cold Chain Opt'ns (HK\$'million)



EBIT Derived from Bonded Logistics and Cold Chain Opt'ns (HK\$'million)



Business Analysis

Port-related Manufacturing Operation

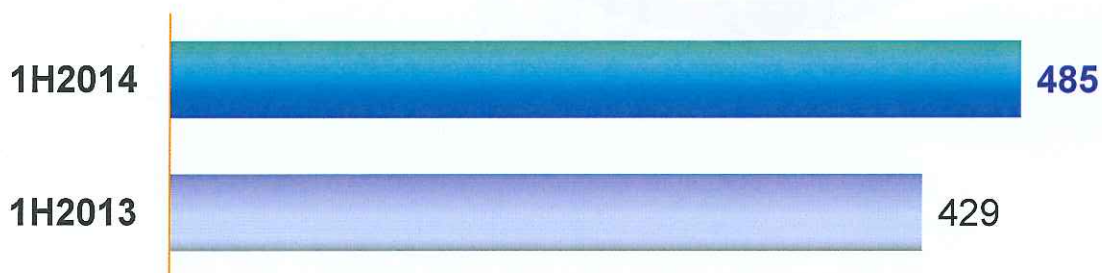
- ◆ Sales volume for containers increased slightly, while special purpose vehicle sales demonstrated stable growth

Container Sales Volume (million TEUs)



0.8%

EBIT from Port-related Manufacturing Operation



13.1%



Operations Review

Business Expansion Within and Outside of China

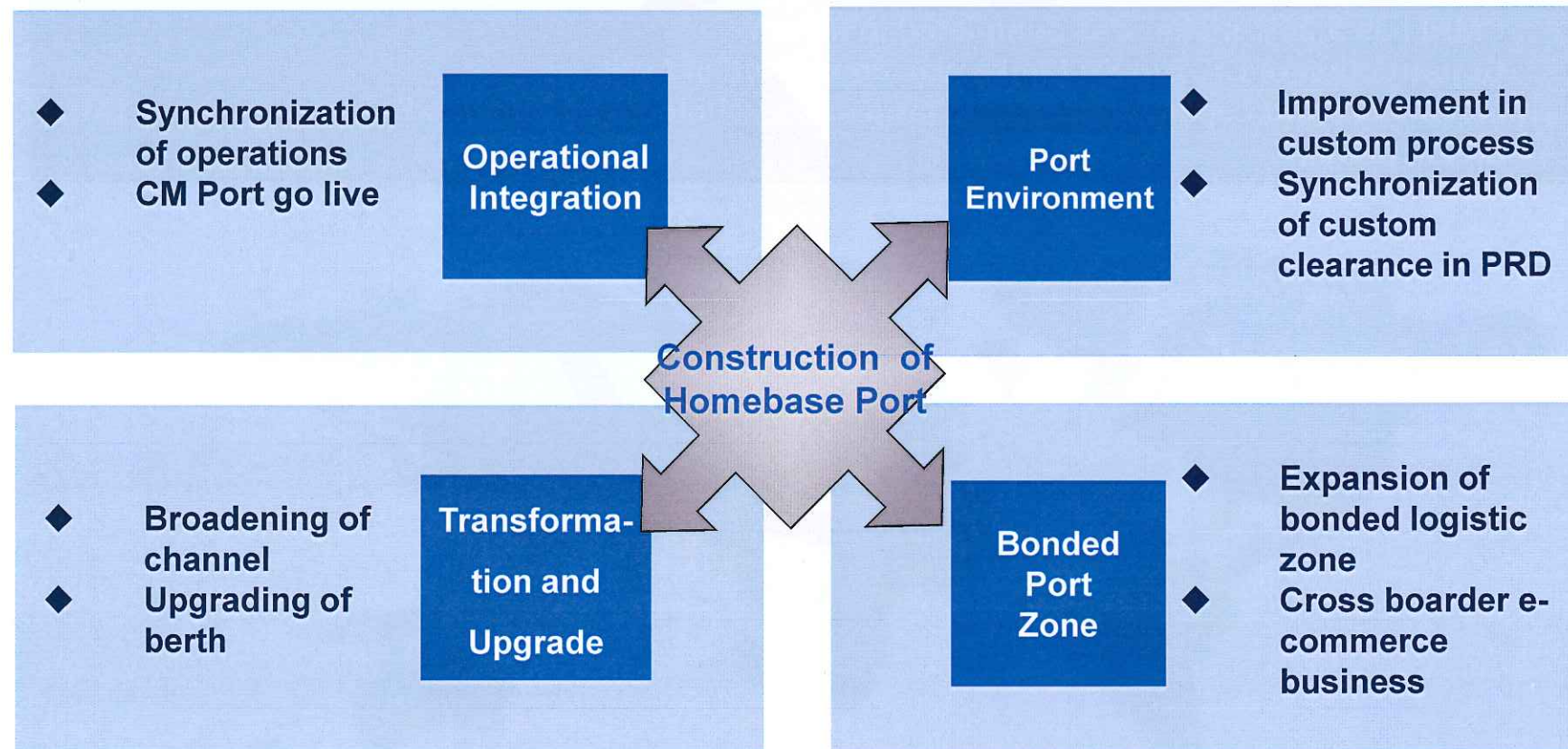
- ◆ An implementation agreement was signed with the Gov't of the United Republic of Tanzania regarding the Bagamoyo Project in January
- ◆ The formation of and capital injection into Qingdao Port Dongjiakou Ore Terminal, in which CMHI has a 25% stake, was completed in March
- ◆ Construction of CICT in Sri Lanka was completed in April
- ◆ Invested in and became the second largest shareholders of Qingdao Port International Co., Ltd. In June



Operations Review

Construction of Homebase Port

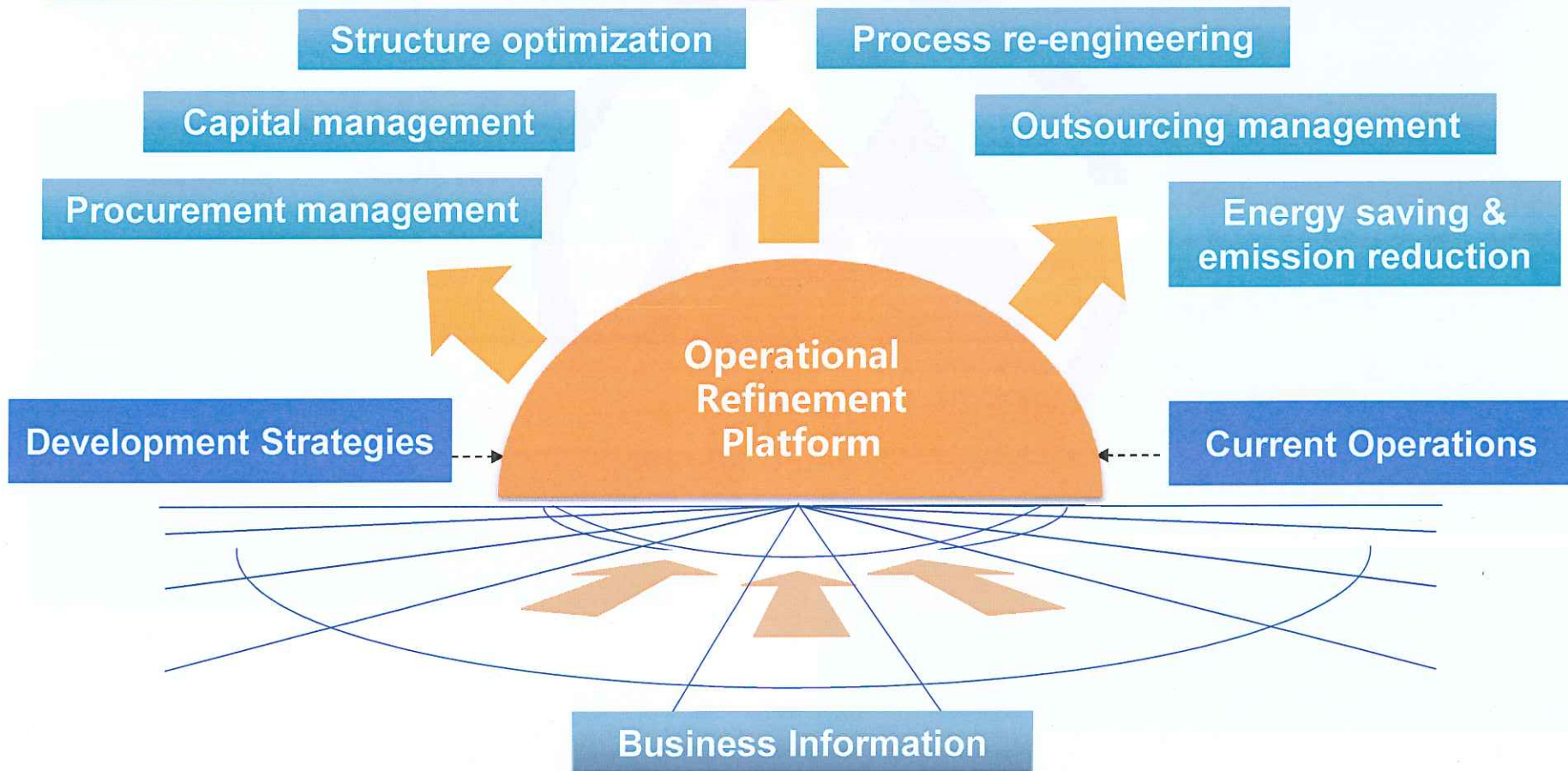
- ◆ Facilitation of homebase port construction was on track, contributing to the optimization of resources allocation and enhancement of asset efficiency



Operations Review

Refining Operational Management

- ◆ The operational refinement platform went live during first half, further elevating the quality of operational management



Operations Review

Innovation Development

◆ Creation of new business drivers by encouraging innovation and development

1. Technical & Technological Innovation

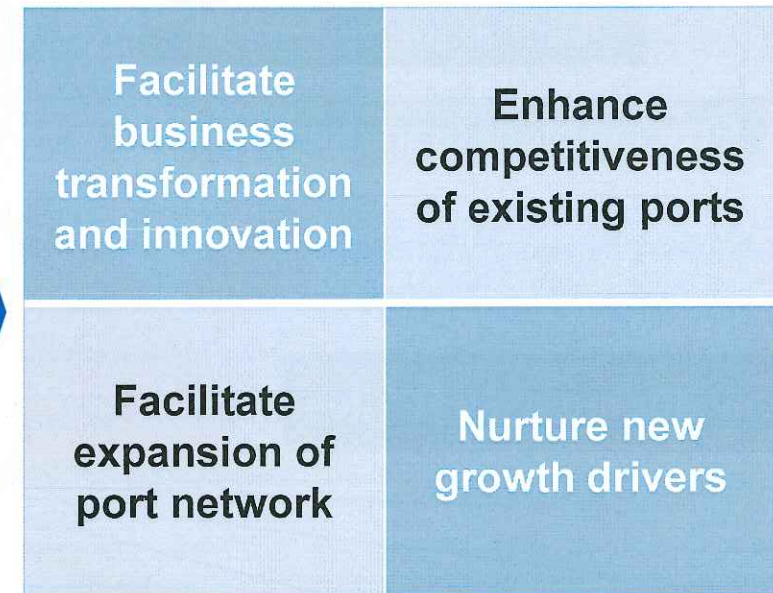
- ◆ Construct modern port by applying intelligent port system
- ◆ Develop new operation technologies to enhance efficiency

2. Business Model Innovation

- ◆ Bonded logistics model innovation
- ◆ Inter-modal connectivity innovation
- ◆ Port-extended service innovation

3. Management Innovation

- ◆ Promotion and application of refinement management platform



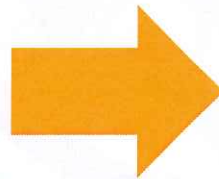
Operations Review

Enhancement in Capital Structure

- ◆ Size of issue was \$15.3 billion
- ◆ MCS issue completed in June, with China Merchants Union (BVI) Limited, 50% owned by the Company's ultimate holding company, China Merchants Group Limited, fully underwriting the issue

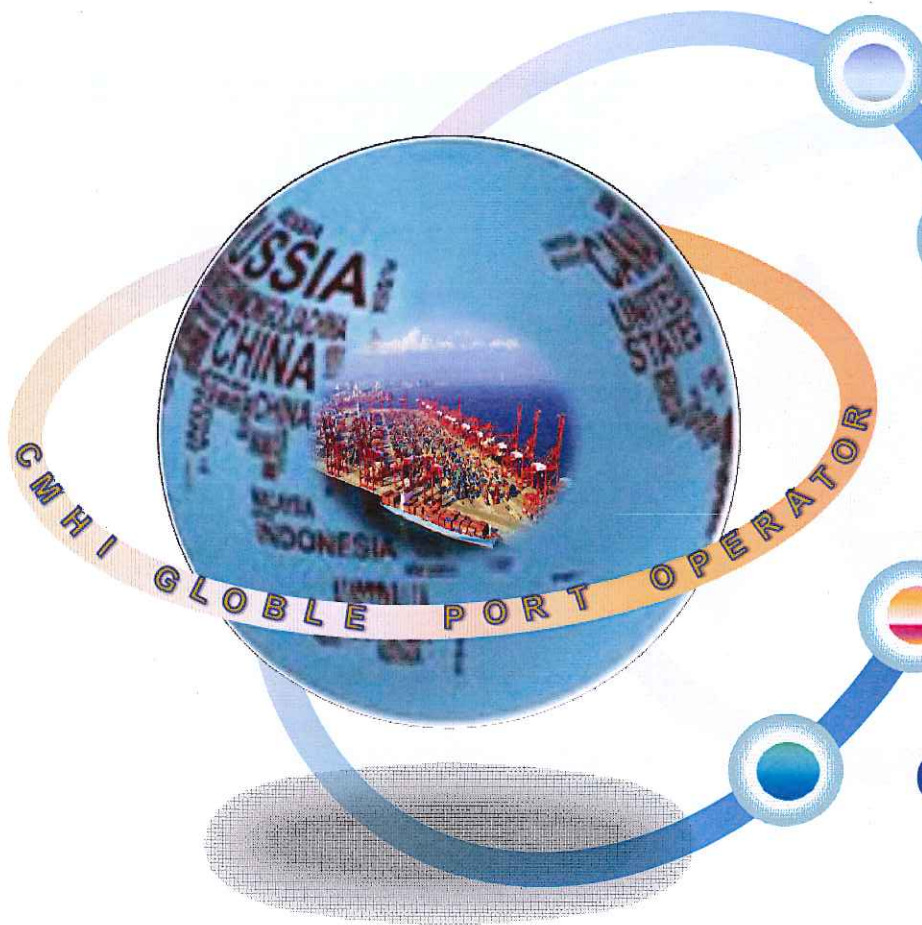


Issuance of mandatory convertible securities



Impacts to CMHI:

1. Improving the capital structure
 - ◆ Net gearing ratio declined significantly
2. Increasing the capital adequacy
 - ◆ Improved credit profile and raised credit rating
 - ◆ Increased borrowing capabilities
3. Supporting future business expansion



Performance Highlights

Business Analysis

Operations Review

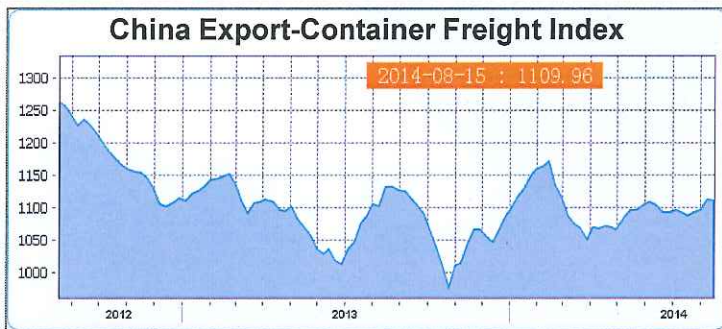
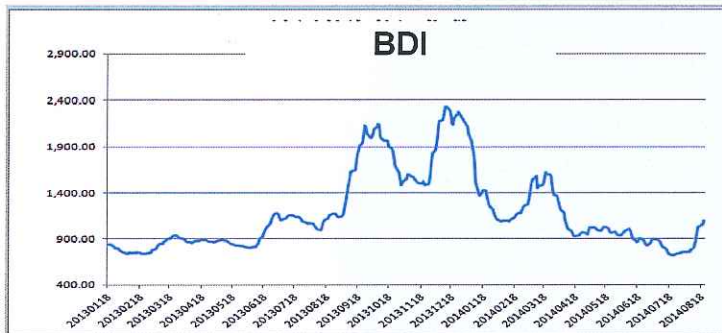
 Outlook

Q & A

Outlook

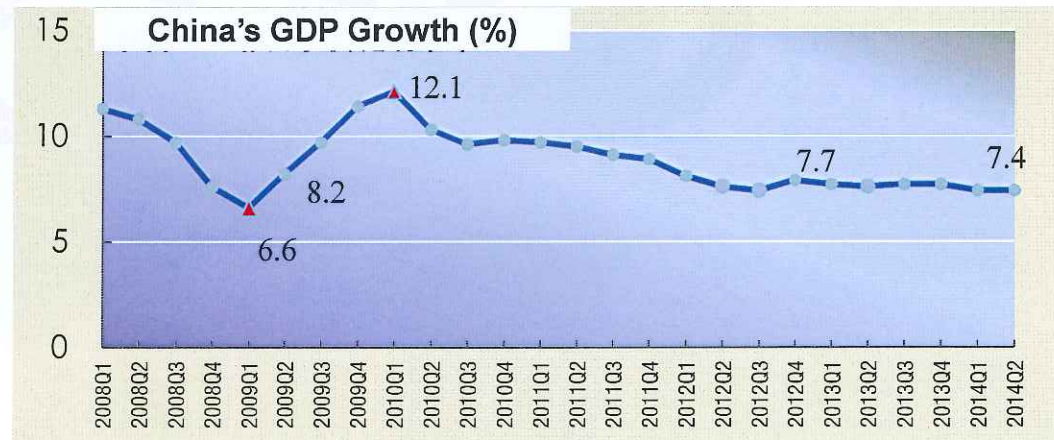
Global Economic Environment

- ◆ Moderate global economic recovery
- ◆ International trade recovering
- ◆ Upgrade in China economic structure
- ◆ Intensified integration of international maritime industry



IMF World Economic Outlook Update (24 Jul 2014)

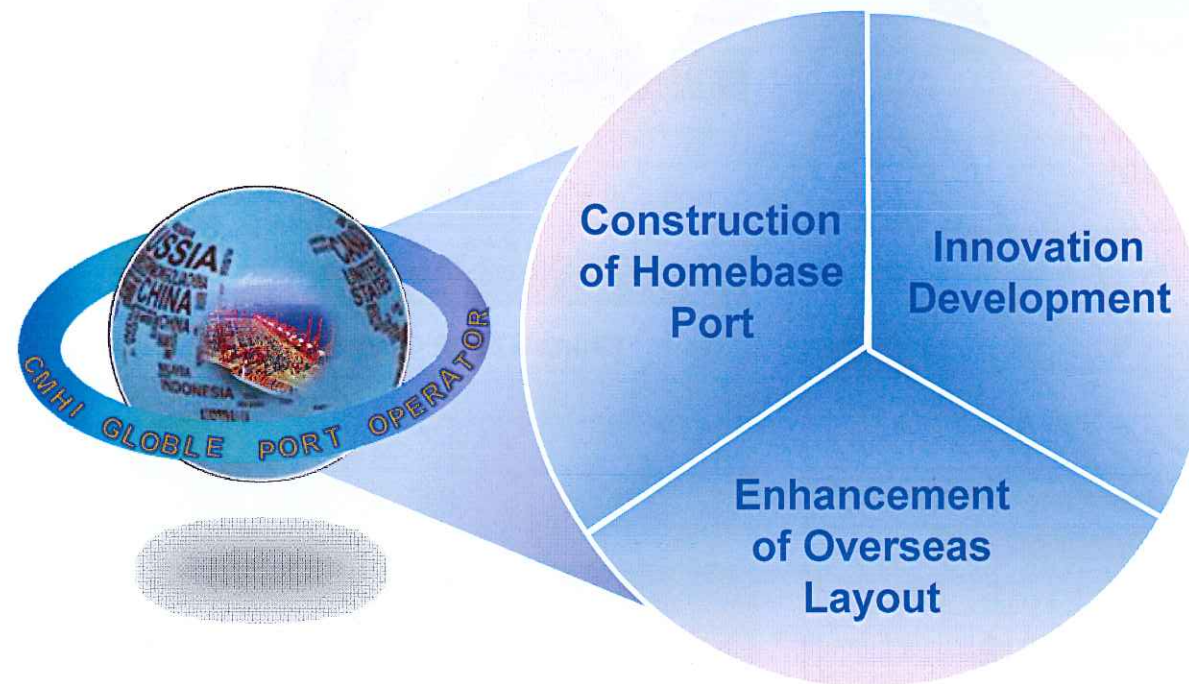
Country/Region	Actual Economic Growth		Forecast Economic Growth		2014 vs 2013
	2012	2013	2014	2015	Change
Global	3.5	3.2	3.4	4.0	0.2
Developed Countries	1.4	1.3	1.8	2.4	0.5
USA	2.8	1.9	1.7	3.0	(0.2)
Euro Zone	(0.7)	(0.4)	1.1	1.5	1.5
Japan	1.4	1.5	1.6	1.1	0.1
UK	0.3	1.7	3.2	2.7	1.5
Developing Countries	5.1	4.7	4.6	5.2	(0.1)
ASEAN	6.2	5.2	4.6	5.6	(0.6)
China	7.7	7.7	7.4	7.1	(0.3)
India	4.7	5.0	5.4	6.4	0.4
Brazil	1.0	2.5	1.3	2.0	(1.2)
Russia	3.4	1.3	0.2	1.0	(1.1)
Int'l Trade Volume	2.8	3.1	4.0	5.3	0.9

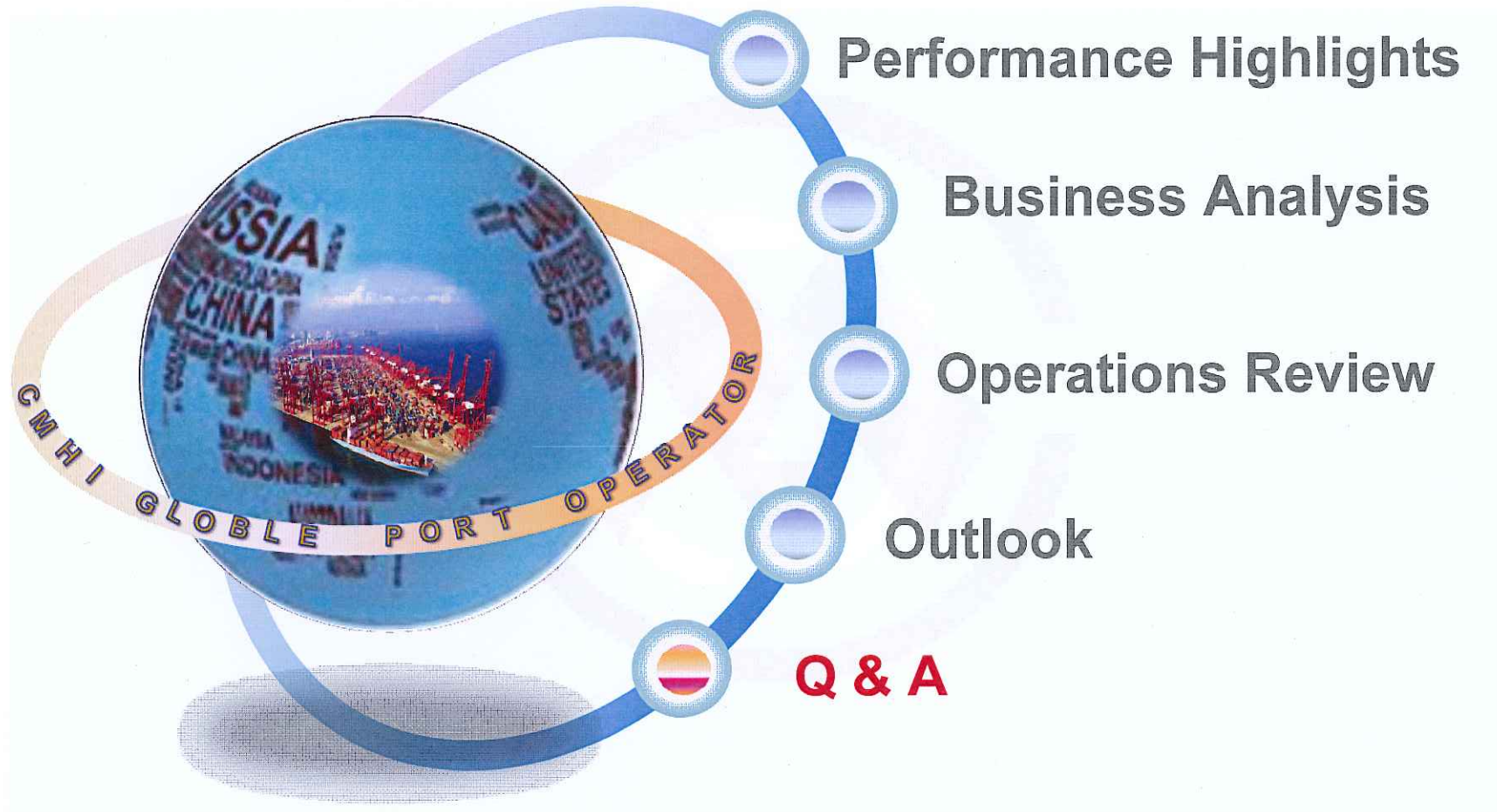


Outlook

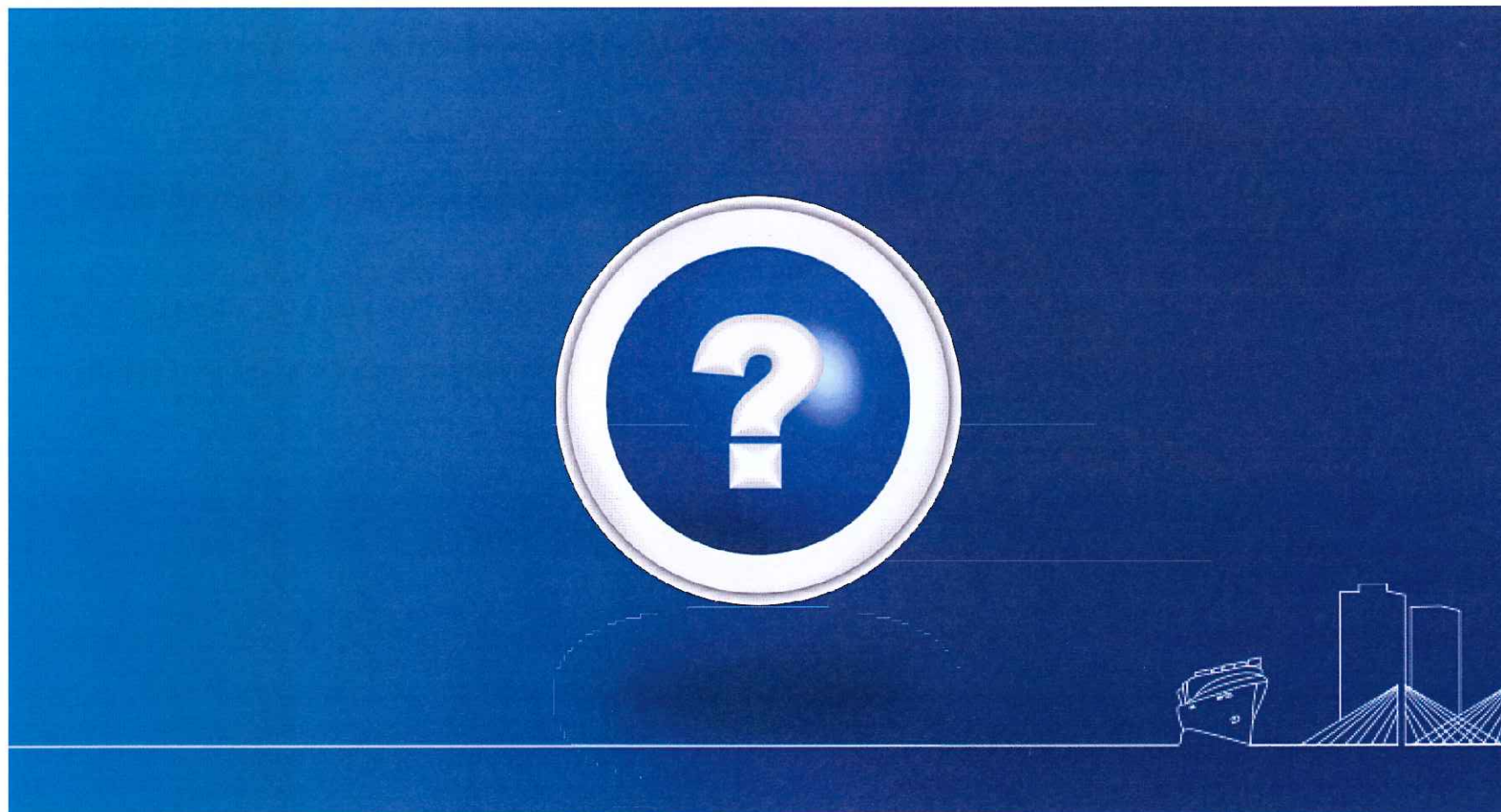
Major Tasks for 2H 2014

- ◆ Focusing on overseas expansion, homebase port enhancement, and innovation development
- ◆ With an aim of securing sustainable growth in core ports operation, and in turn CMHI's overall performance





Q&A



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