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WORLD

CMHI

**2015 Interim Results
Press Conference**

31 August, 2015



招商局國際有限公司
CHINA MERCHANTS HOLDINGS (INTERNATIONAL) CO., LTD.

Performance Highlights

Business Analysis

Operations Review

Outlook

Q & A

Performance Highlights

Profit & Loss and Dividend Payout

- ◆ Performance for core ports operation enhanced on better-than-expected results delivered from overseas projects and notable recovery from other business segments, thereby resulting in a 17.1% increase in the Group's recurrent profit

Items	1H2015	1H2014	Y-o-Y Change
Container throughput (million TEUs)	41.35	39.25	5.3%
Bulk cargo throughput (million Tonnes)	174	181	-3.9%
	HK\$'million	HK\$'million	
Revenue ¹	22,353	21,776	2.6%
Revenue derived from ports operation	10,746	10,268	4.7%
EBITDA ²	6,801	6,434	5.7%
EBITDA derived from ports operation	5,420	5,221	3.8%
Profit attributable to equity holders of the Company	2,781	2,149	29.4%
Derived from ports operation	2,413	2,185	10.4%
Recurrent profit	2,466	2,106	17.1%
Basic EPS (HK cents) ³	90.54	83.46	8.5%
Interim dividend per ordinary share (HK cents)	22.00	22.00	Flat
Payout ratio	20.5%	26.1%	down 5.6 ppt

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

3. Number of shares as at 30 Jun 2015 has included the 504,435,345 units of MCS which will be ultimately converted into ordinary shares

Performance Highlights

Financial Position

- ◆ Total assets remained at above HK\$100 billion with a significant decline in debt level

Items	30 Jun 2015 HK\$'million	31 Dec 2014 HK\$'million	Y-o-Y Change
Total assets	102,764	102,436	0.3 %
Net assets attributable to equity holders of the company	71,071	67,430	5.4 %
NAV per share (HK\$) ¹	23.2	22.0	5.5%
Interest-bearing debts ²	15,817	19,971	-20.8%
Cash and bank balances	7,672	9,501	-19.3%
Net interest-bearing debts	8,145	10,470	-22.2%
Net gearing ratio ³	10.3%	13.9%	down 3.6 ppt

Notes: 1. Number of shares as at 30 Jun 2015 has included the 504,435,345 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

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Business Analysis

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 - Container Handling Operation
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Operations Review

Outlook

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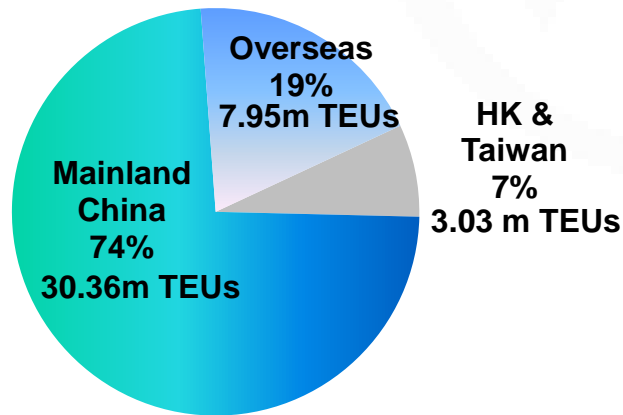
Business Analysis

Ports - Container Handling Operation

- ◆ Container throughput handled in 1H surpassed 40 million TEUs for the first time, up by 5.3% year-on-year
- ◆ CMHI's terminals in Mainland China showed steady business growth, while greenfield projects delivered remarkable performance
- ◆ Throughput derived from CMHI's overseas terminals continued to grow, with a year-on-year increase of over 20%

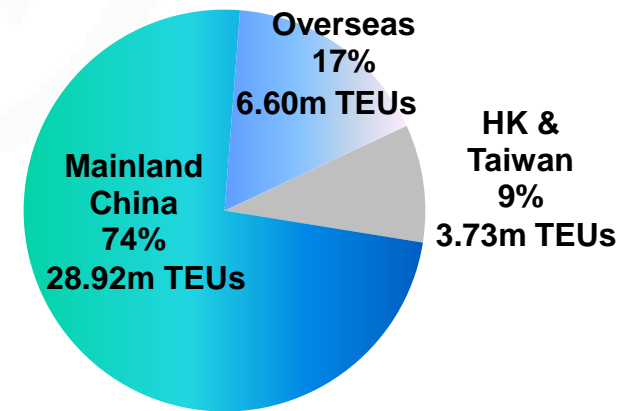
1H2015 Container Throughput

41.35m TEUs (+5.3%)



1H2014 Container Throughput

39.25m TEUs



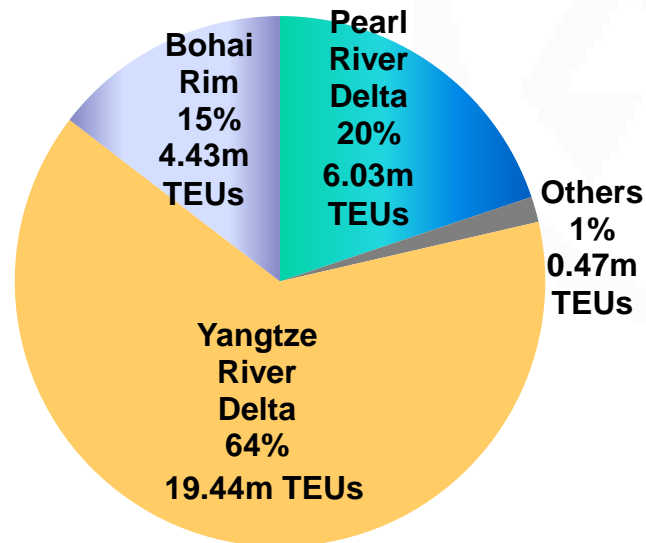
Business Analysis

Container Throughput by Region – Mainland China

- ◆ CMHI's ports in Mainland China delivered stable growth, registering container throughput of 30.36 million TEUs

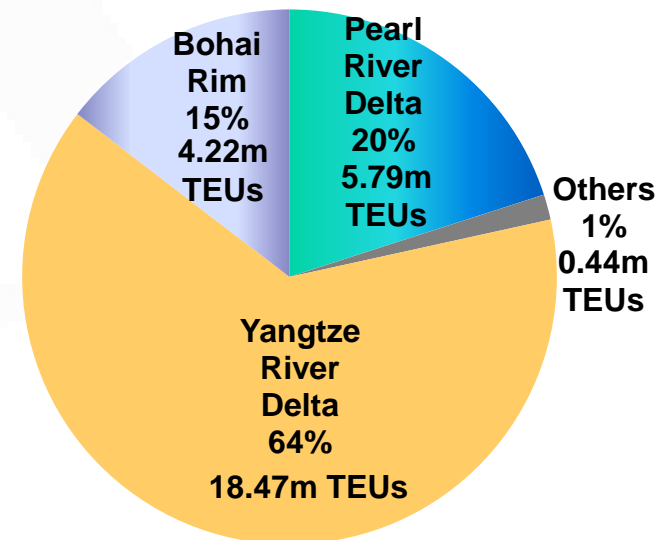
1H2015 Container Throughput – Mainland China

30.36m TEUs (+5.0%)



1H2014 Container Throughput – Mainland China

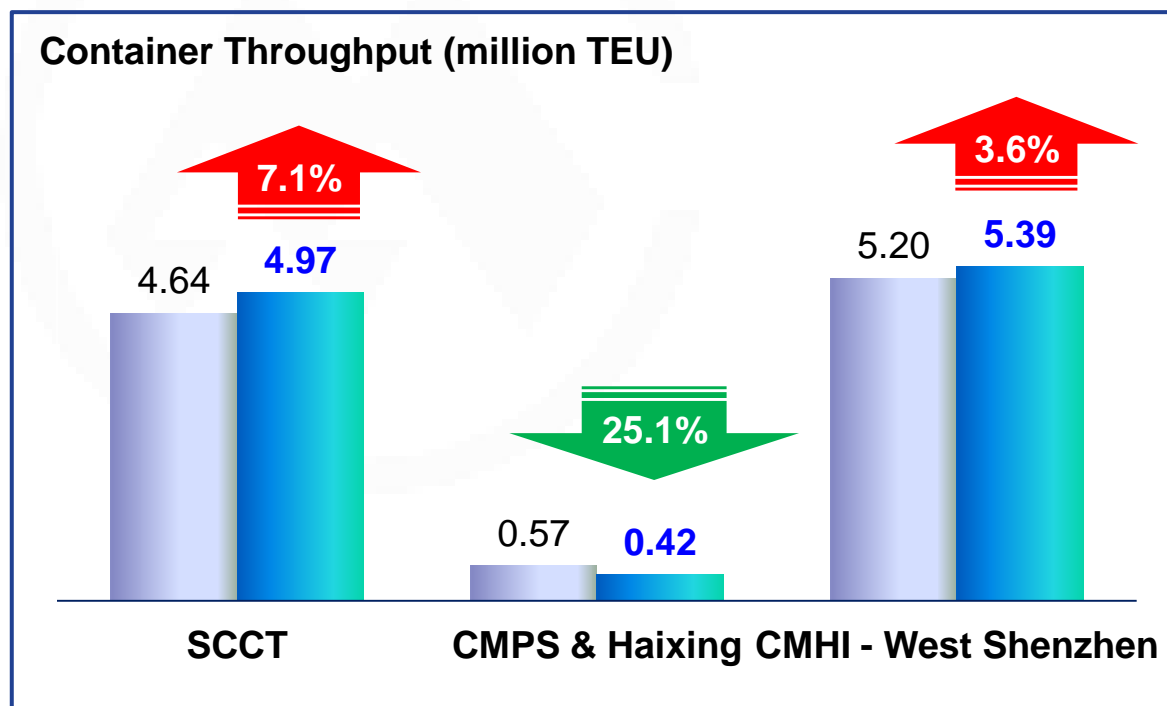
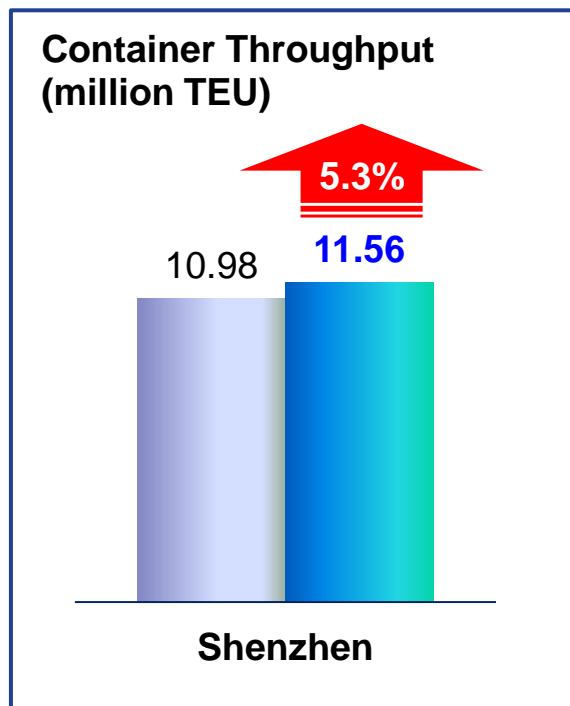
28.92m TEUs



Business Analysis

Container Handling Operation – Pearl River Delta

- ◆ Decline in domestic volume was attributed to the upgrading work undergone in the region's domestic terminals, however international volume handled by CMHI's West Shenzhen ports was still growing at a pace faster than Shenzhen overall



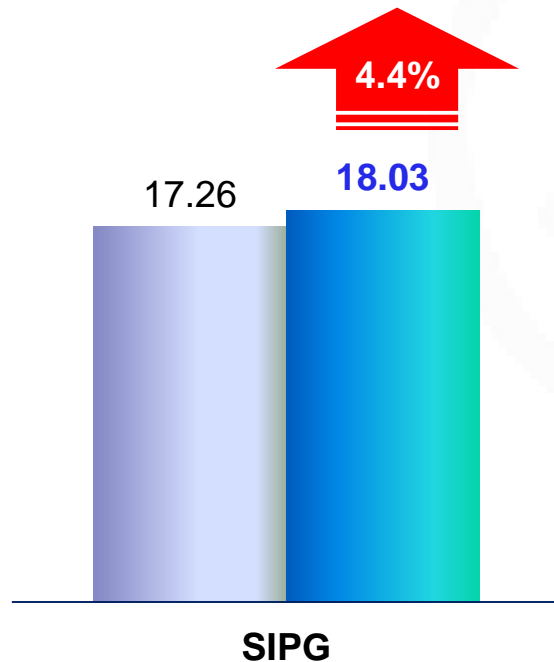
■ 1H 2014 ■ 1H 2015

Business Analysis

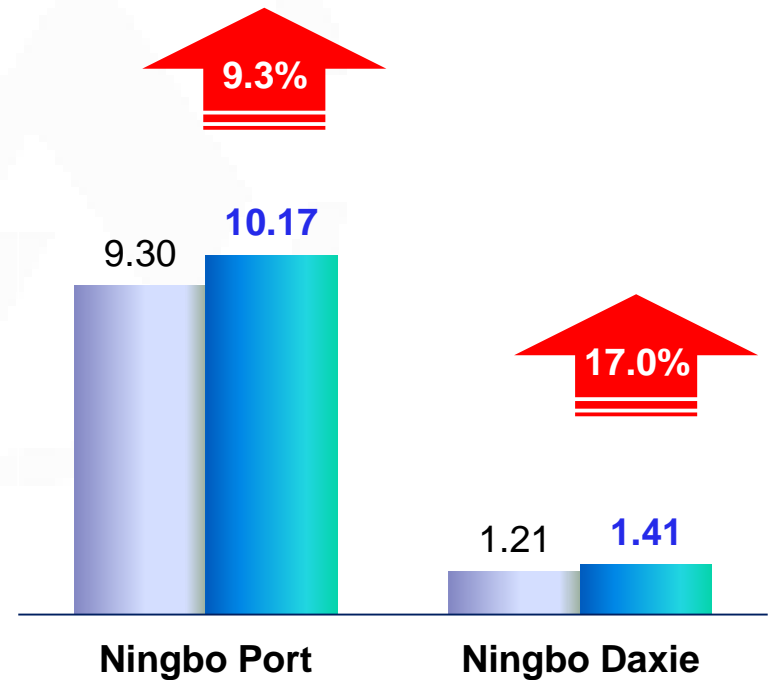
Container Throughput by Region – Yangtze River Delta

- ◆ 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 region's

Container Throughput (million TEU)



Container Throughput (million TEU)

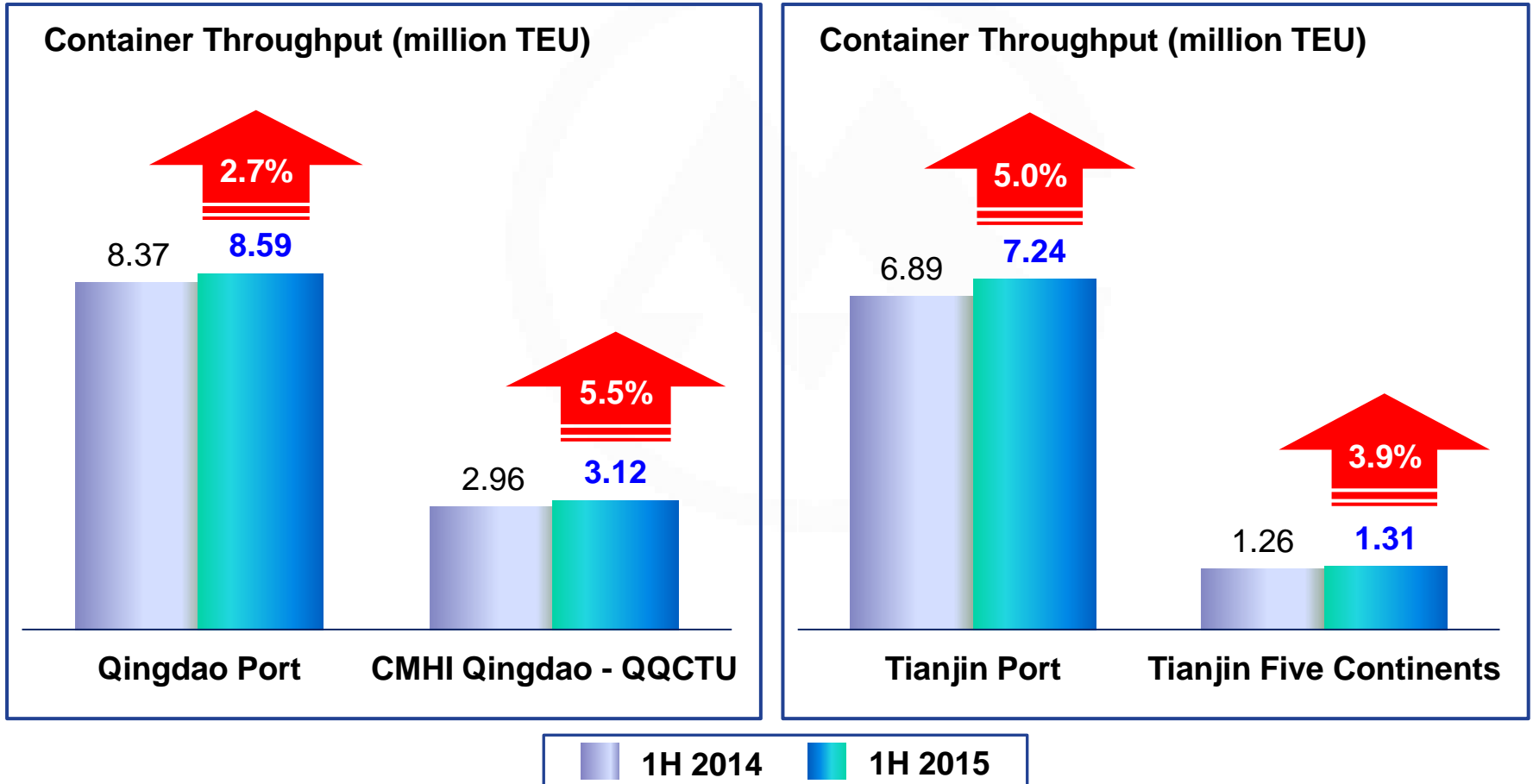


1H 2014 1H 2015

Business Analysis

Container Throughput by Region – Bohai Rim

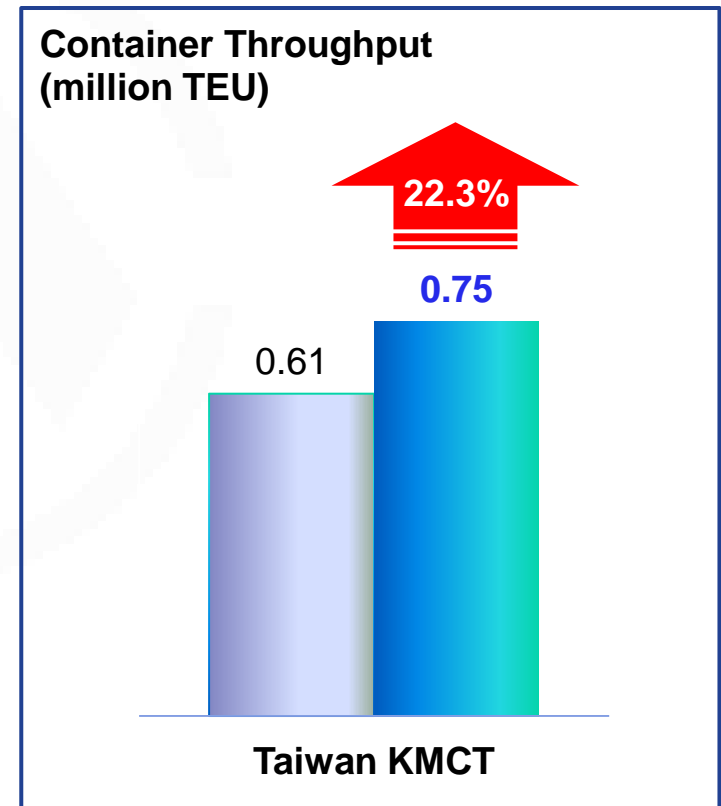
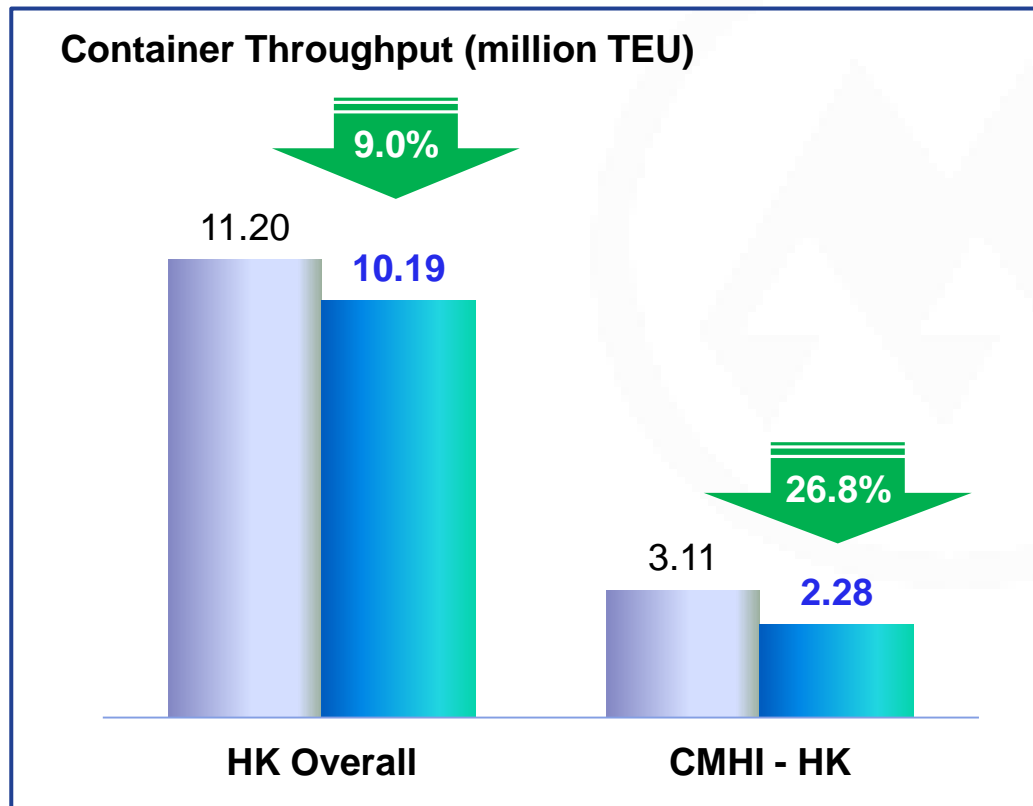
- ◆ Qingdao project's and Tianjin Five Continent's results and throughput handled were growing stably



Business Analysis

Container Throughput by Region – Hong Kong and Taiwan

- ◆ Hong Kong overall and CMHI's ports in Hong Kong saw decline in container throughput
- ◆ Throughput in CMHI's port in Taiwan continued its rapid growth



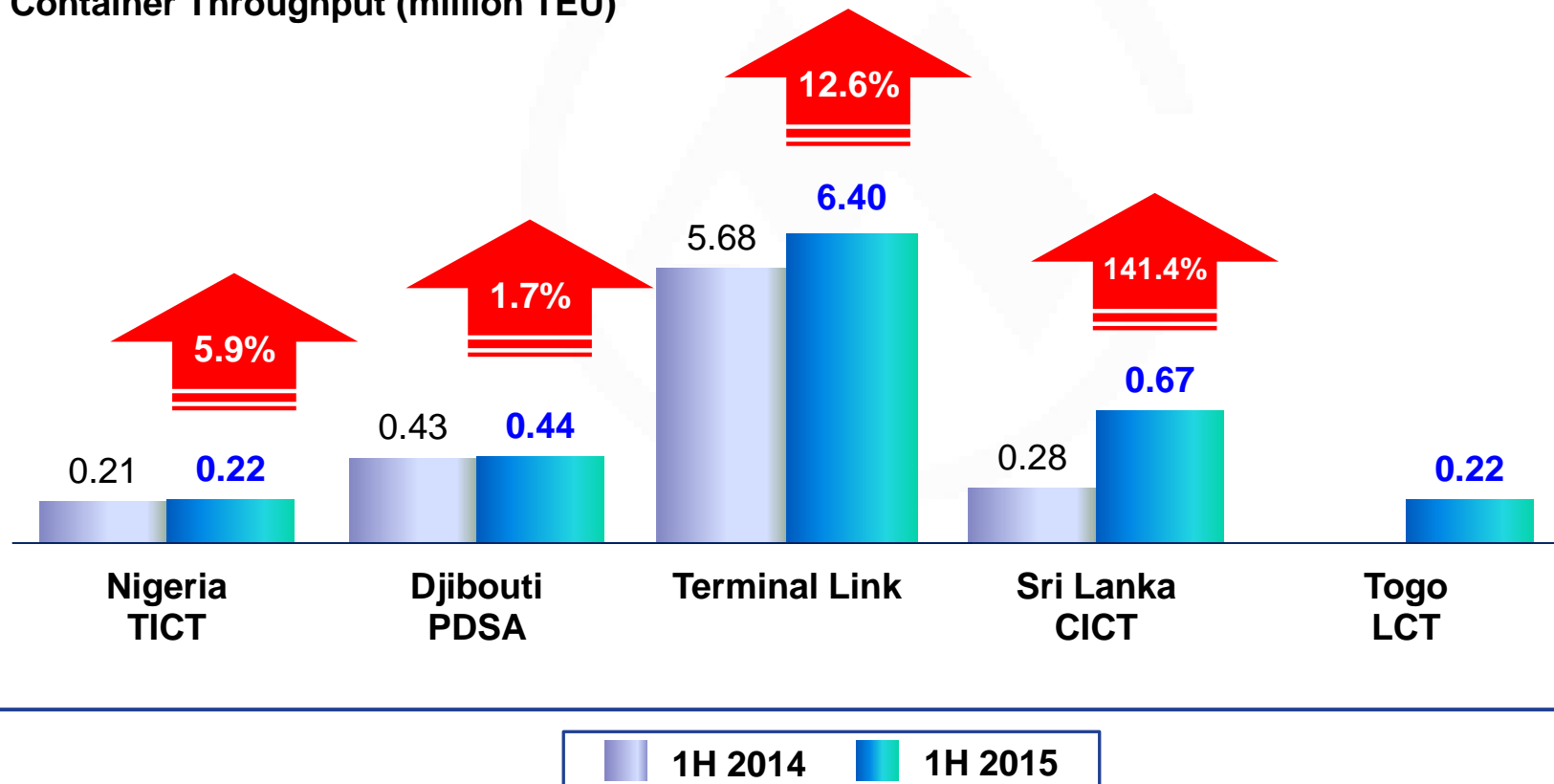
■ 1H 2014 ■ 1H 2015

Business Analysis

Container Throughput by Region – Overseas

- ◆ Aggregate throughput handled by the Group's overseas ports grew over 20% year-on-year, reaching 7.95 million TEUs
- ◆ Throughput handled by CICT in Sri Lanka rose significantly by 1.4 times

Container Throughput (million TEU)



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Outlook

Q & A

Business Analysis

Ports - Bulk Cargo Operation

- ◆ Bulk cargo operation maintained steady in general, with varied performance across regions

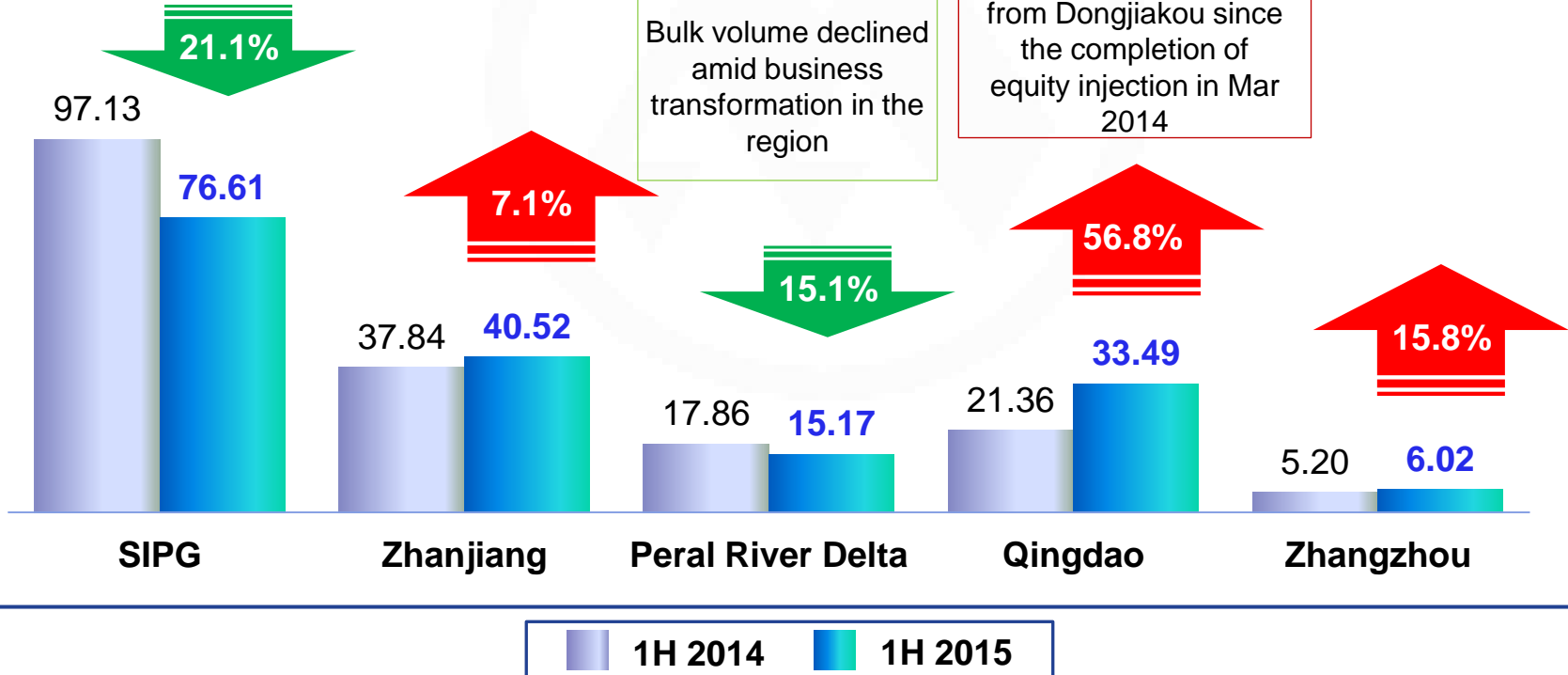
Bulk Cargo Volume (Million Tonnes)

Coal and ore volume declined amid business transformation in the region

Total volume for 1H2015: 174m tonnes (-3.9%)

Bulk volume declined amid business transformation in the region

Additional contribution from Dongjiakou since the completion of equity injection in Mar 2014



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Operations Review

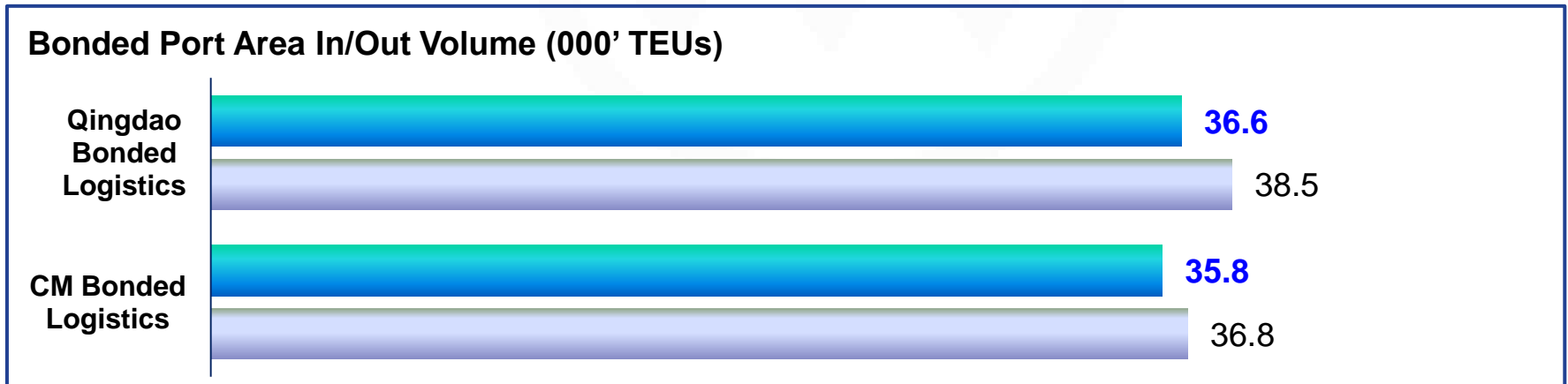
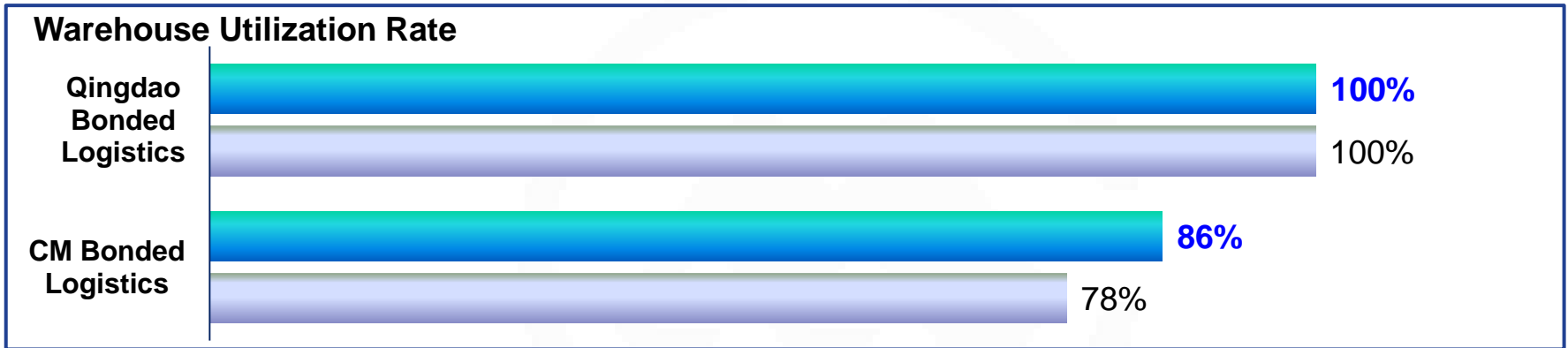
Outlook

Q & A

Business Analysis

Logistics Operation

- ◆ Warehouse utilization rate for bonded warehouses maintained at a relatively high level



■ 1H 2014 ■ 1H 2015

Performance Highlights

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- Logistics Operation
- **Port-related Manufacturing Operation**

Operations Review

Outlook

Q & A

Business Analysis

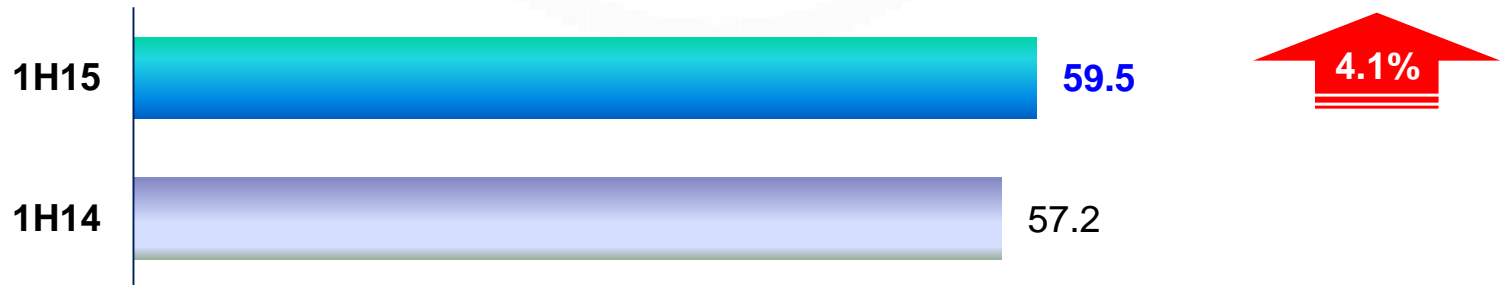
Port-related Manufacturing Operation

- ◆ Sales volume for containers increased rapidly
- ◆ Sales volume for road transportation vehicles grew steadily

Dry Cargo Container and Reefers Sales Volume (million TEUs)



Road Transportation Vehicles Sales Volume (000' Sets)



Performance Highlights

Business Analysis

Operations Review

Outlook

Q & A

Operations Review

Business Expansion

- ◆ Feb: CMHI signed a strategic co-operation agreement with Dalian Port Group
- ◆ Jul: CMHI signed a strategic framework agreement with CMA CGM



Operations Review

Homebase Port Development

- ◆ Continuously facilitate the construction and upgrade of domestic homebase port, so as to enhance its overall capabilities
- ◆ Establishing an international homebase port to further internationalize the operations

Domestic Homebase Port Development

- ◆ Widening of Tonggu Channel
- ◆ Leveraging on the advantages offered by Free Trade Zone
- ◆ Seeking to unify custom zones

International Homebase Port Development

- ◆ Further internationalization of its operations
- ◆ Development of a knowledge and talent base for overseas projects

Development of Homebase Port

Transformation and Upgrade

- ◆ Construction of “Mawan Smart Port”
- ◆ Upgrading of berths

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

- Integrating technologies with traditional business model, as to further develop the O2O cross border e-commerce business
- Establish e-trading and integrated service platform through co-operating with other corporations

3. Management Innovation

- Application of refined management platform

Performance Highlights

Business Analysis

Operations Review

Outlook

Q & A

Outlook

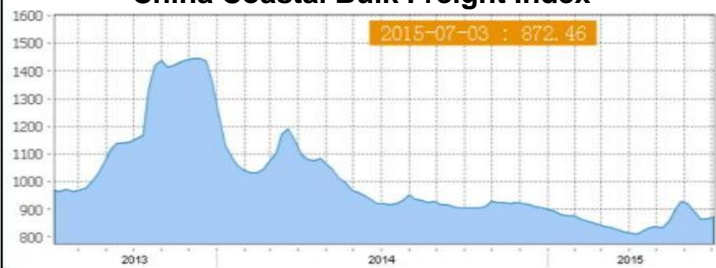
Global Economic Environment

- ◆ Modest growth in global economy
- ◆ Decelerating International trade velocity
- ◆ Adjustments in China economic structure
- ◆ Intensified competition within international maritime industry

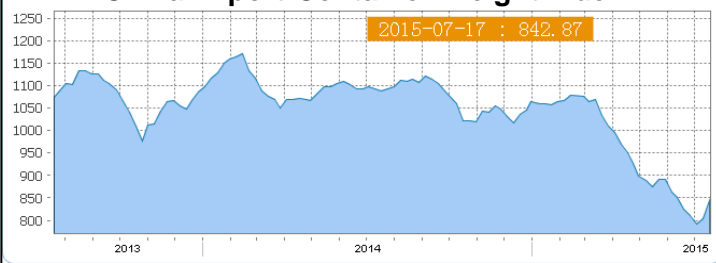
IMF World Economic Outlook Update (9 July 2015)

Country/Region	Actual Economic Growth		Forecast Economic Growth		2015 vs 2014
	2013	2014	2015	2016	Change
Global	3.4	3.4	3.3	3.8	-0.1
Developed Countries	1.4	1.8	2.1	2.4	0.3
USA	2.2	2.4	2.5	3.0	0.1
Euro Zone	-0.4	0.8	1.5	1.7	0.7
Japan	1.6	-0.1	0.8	1.2	0.9
UK	1.7	2.9	2.4	2.2	-0.5
Developing Countries	5.0	4.6	4.2	4.7	-0.4
ASEAN	5.1	4.6	4.7	5.1	0.1
China	7.7	7.4	6.8	6.3	-0.6
India	6.9	7.3	7.5	7.5	0.2
Brazil	2.7	0.1	-1.5	0.7	-1.6
Russia	1.3	0.6	-3.4	0.2	-4.0
Int'l Trade Volume	3.3	3.2	4.1	4.4	0.9

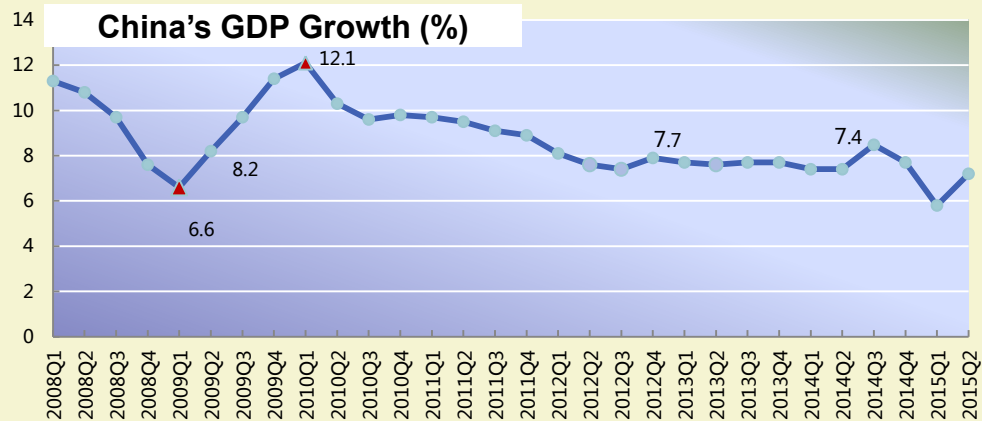
China Coastal Bulk Freight Index



China Export-Container Freight Index



China's GDP Growth (%)



Outlook

Opportunities Offer by “One Belt, One Road”

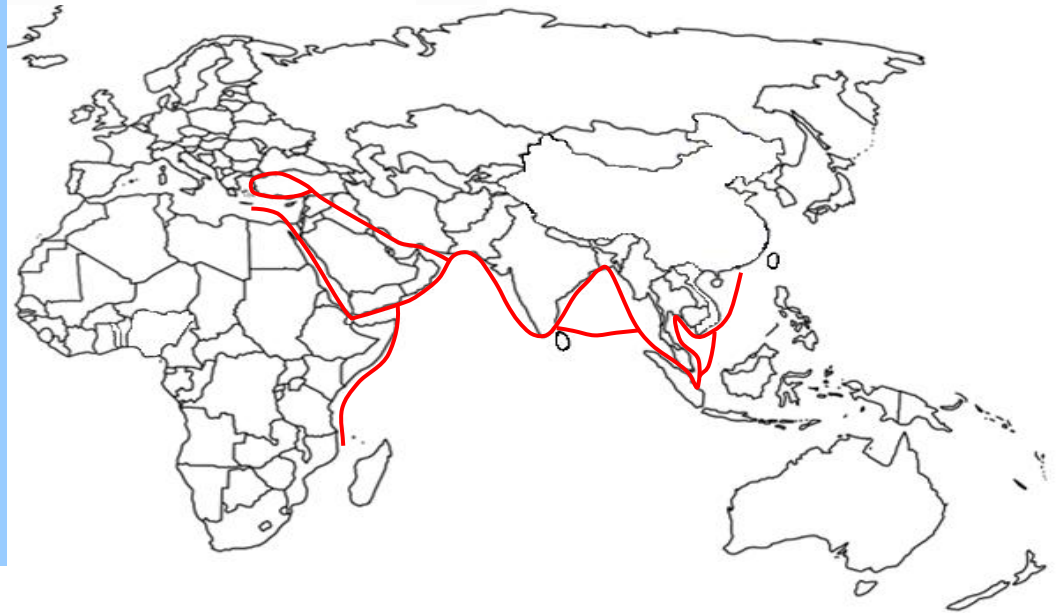
- ◆ “One Belt, One Road” will bring enormous opportunities to CMHI’s overseas strategy

Opportunities associated with “One Belt, One Road”

- ◆ Opportunities for potential investment and development
- ◆ Facilitates construction of an overseas homebase port
- ◆ Benefits development of an integrated port development model



Further widen and deepen scope of CMHI’s overseas expansion



...”One Belt, One Road” refers to the silk road economic belt and the 21st century maritime silk road that covers certain regions in Asia, Europe and Africa, and is a development concept and initiation proposed by China ...

Outlook

Establishment of Guangdong Free Trade Zone

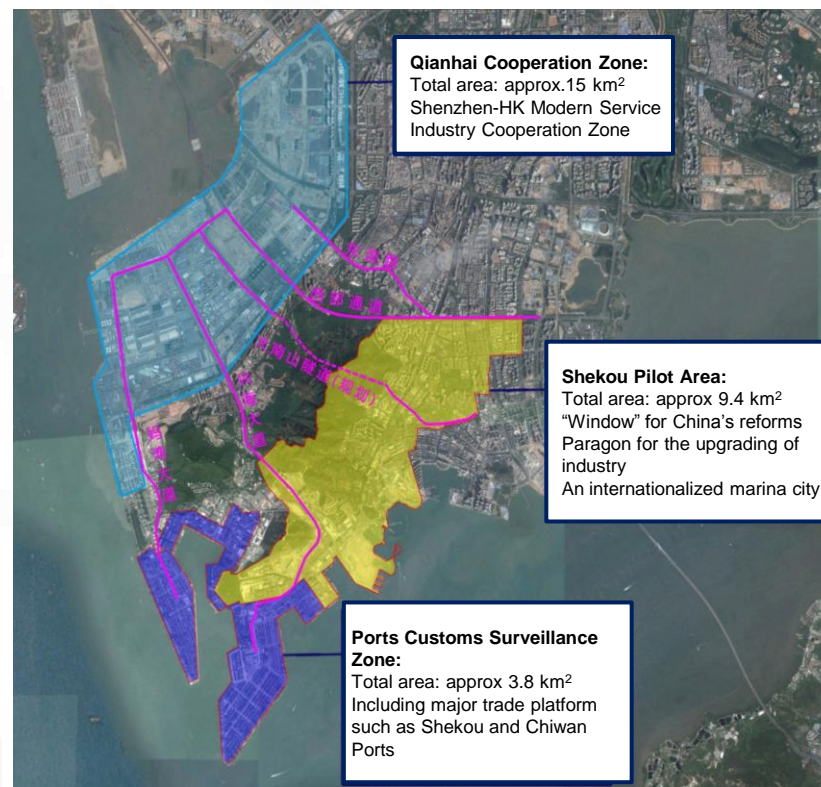
- ◆ Guangdong Free Trade Zone was launched in Apr 2015
- ◆ Seek to capitalize on the advantages offered by the establishment of Guangdong Free Trade Zone to further develop the homebase port and promote innovation development

... "Guangdong Free Trade Zone", with a total area of 116 km², covers Qianhai and Shekou in Shenzhen, Nansha in Guangzhou and Hengqin in Zhuhai, within which Shenzhen, where CMHI's homebase port situates, has a total area of 28.2 km² ...

Opportunities associated with the establishment of Free Trade Zone

- ◆ Favorable in developing innovative business model
- ◆ Beneficial in enhancing the efficiency of the customs process
- ◆ Turning Shenzhen homebase port into a gateway and a key hub along the Maritime Silk Road, that complements the "One Belt, One Road" initiatives

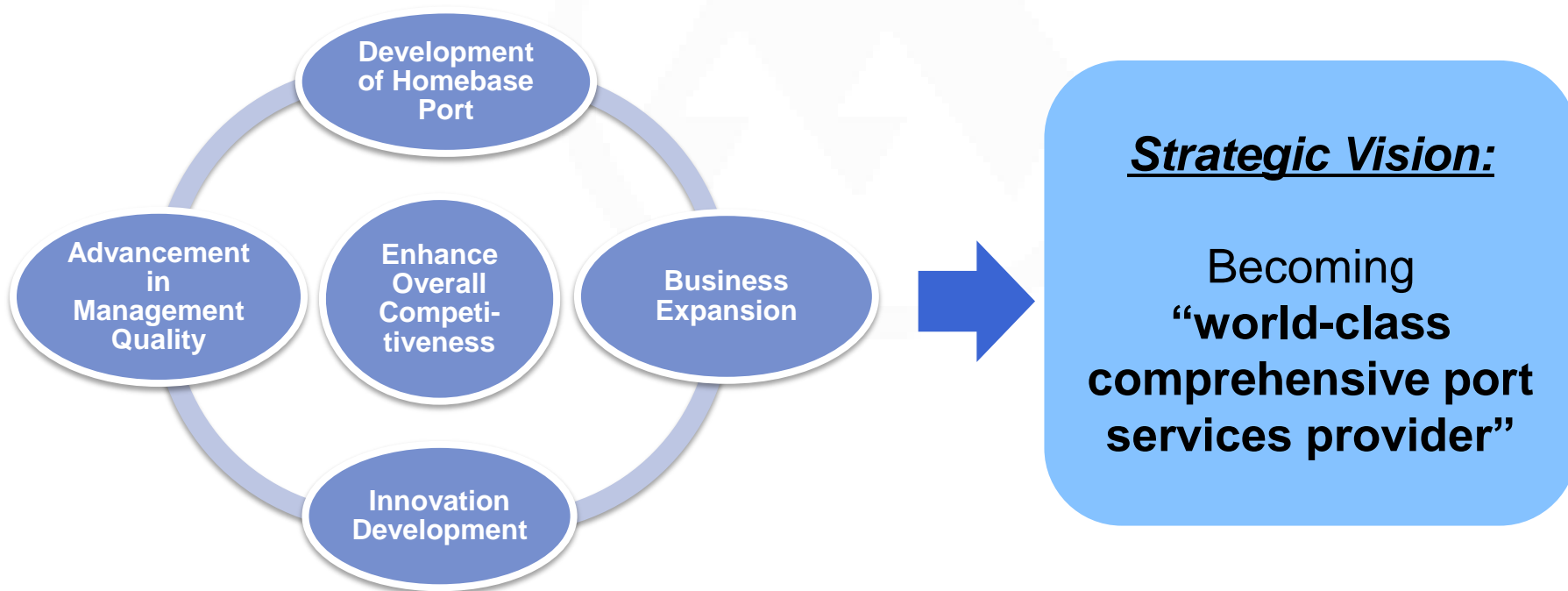
Building unique competitive edges of the homebase port



Outlook

Strategic Objective & Major Tasks

- ◆ Conducting tasks that adhere to the strategic objectives of becoming a “world-class comprehensive port services provider”
- ◆ Seek to capture the opportunities offered by the policies, while encourage innovative business model through the integration of business operations with internet technologies, and taking into consideration the Group’s assets and capital base
- ◆ With an aim of securing sustainable growth in core operations and financial performance, and in turn CMHI’s overall competitiveness



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