

# CMPort

## 2016 Interim Results Press Conference

31 August, 2016



**招商局港口控股有限公司**

CHINA MERCHANTS PORT HOLDINGS COMPANY LIMITED



**Performance Highlights**

**Business Analysis**

**Operations Review**

**Outlook**

**Q & A**





# Performance Highlights

## Profit & Loss and Dividend Payout

- ◆ Revenue from ports operation surged, as driven by incremental contribution from newly-acquired projects

Items	1H2016	1H2015	Y-o-Y Change
Container throughput (million TEUs)	46.07	41.47	11.1%
Bulk cargo throughput (million Tonnes)	218	174	24.9%
	HK\$'million	HK\$'million	
Revenue <sup>1</sup>	21,212	22,353	-5.1%
Revenue derived from ports operation	12,043	10,746	12.1%
EBITDA <sup>2</sup>	6,398	6,801	-5.9%
EBITDA derived from ports operation	5,397	5,420	-0.4%
Profit attributable to equity holders of the Company	1,690	2,781	-39.2%
Profit derived from ports operation	2,067	2,413	-14.3%
Recurrent profit	1,655	2,466	-32.9%
Recurrent profit derived from ports operation	2,032	2,201	-7.7%
Basic EPS (HK cents) <sup>3</sup>	54.49	90.54	-39.8%
Interim dividend per ordinary share (HK cents)	22.00	22.00	
Payout ratio	34.0%	20.5%	Up 13.5 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 2016 has included the 503,322,727 units of MCS which will be ultimately converted into ordinary shares



# Performance Highlights

## Financial Position

- ◆ Total assets remained at above HK\$100 billion
- ◆ Debt level increased, yet still sitting on a reasonable level

Items	30 Jun 2016	31 Dec 2015	Y-o-Y Change
	HK\$'million	HK\$'million	
Total assets	104,937	102,349	2.5%
Net assets attributable to equity holders of the company	66,199	68,828	-3.8%
NAV per share (HK\$) <sup>1</sup>	21.3	22.2	-4.1%
Interest-bearing debts <sup>2</sup>	22,543	19,145	17.7%
Cash and bank balances	5,263	10,293	-48.9%
Net interest-bearing debts	17,280	8,852	95.2%
Net gearing ratio <sup>3</sup>	23.3%	11.5%	Up 11.8 ppt

Notes: 1. Number of shares as at 30 Jun 2016 has included the 503,322,727 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





# Performance Highlights

## Business Analysis

- Ports Operation
  - Container Handling Operation
  - Bulk Cargo Handling Operation
- Logistics Operation
- Port-related Manufacturing Operation

## Operations Review

## Outlook

## Q & A





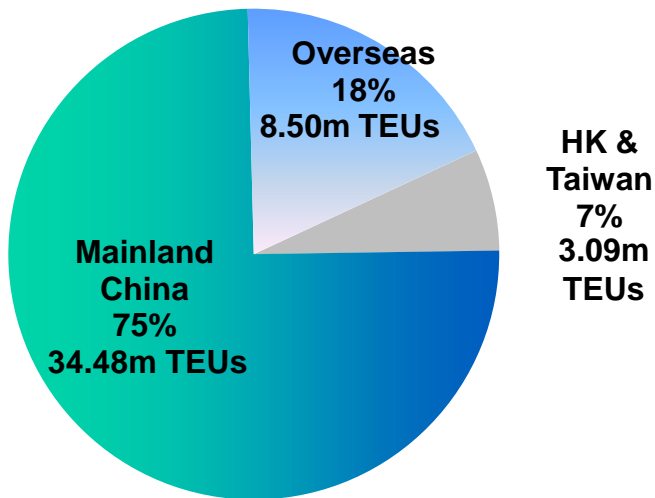
# Business Analysis

## Ports - Container Handling Operation

- ◆ Port business in general continued to grow in 1H, handling total container throughput of 46.07 million TEUs, up by 11.1% year-on-year
- ◆ Volume from Mainland China was growing at a faster pace; whereas volume from Overseas, HK & Taiwan were mostly stable

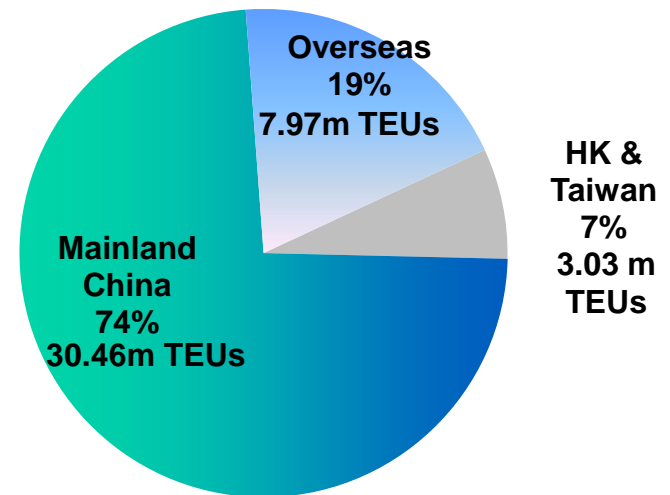
1H2016 Container Throughput

46.07m TEUs (+11.1%)



1H2015 Container Throughput

41.47m TEUs





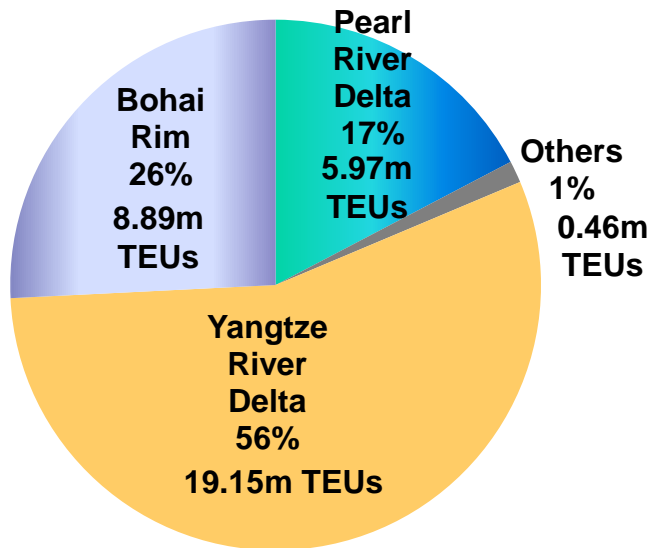
# Business Analysis

## Container Throughput by Region – Mainland China

- ◆ Container throughput in Mainland China grew by 13.2% year-on-year
- ◆ Benefited from the contributions of the newly-acquired Dalian project, container throughput generated from Bohai Rim was almost doubled

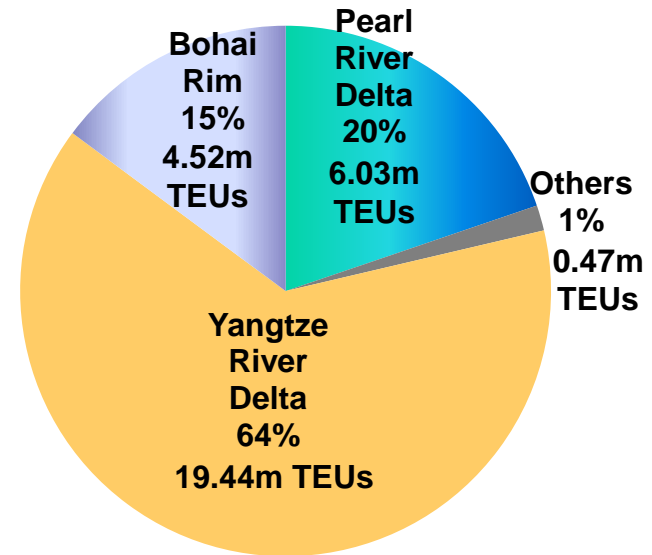
1H2016 Container Throughput  
– Mainland China

34.48m TEUs (+13.2%)



1H2015 Container Throughput  
– Mainland China

30.46m TEUs



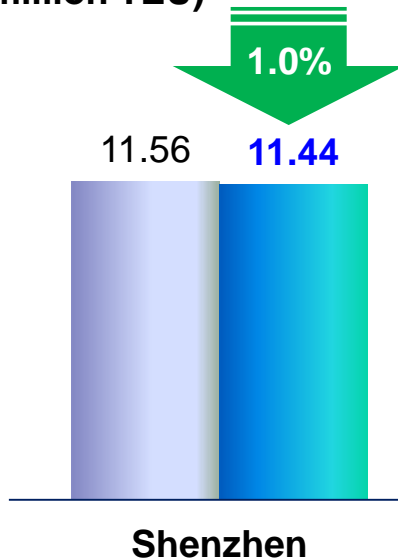


# Business Analysis

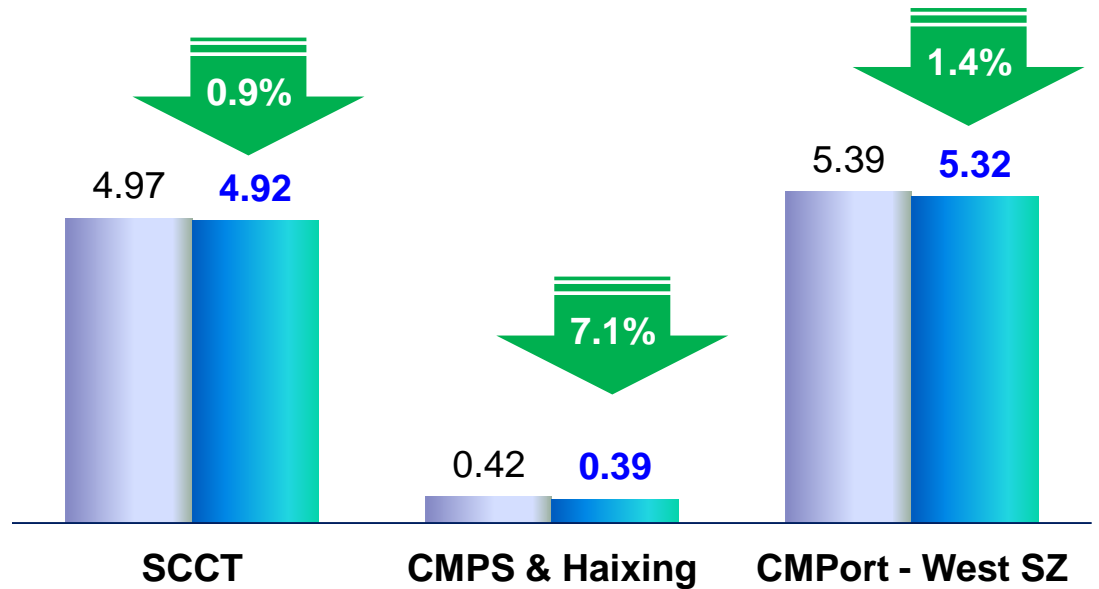
## Container Handling Operation – Pearl River Delta

- ◆ West Shenzhen homebase port was actively seeking to transform its business, thereby resulting in prolonged decline in domestic volume within the region; whereas international volume was seeing flattish growth

Container Throughput (million TEU)



Container Throughput (million TEU)



■ 1H 2015 ■ 1H 2016





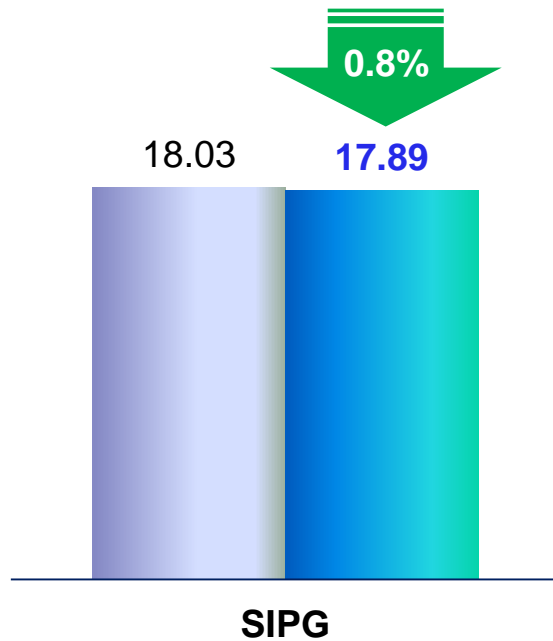


# Business Analysis

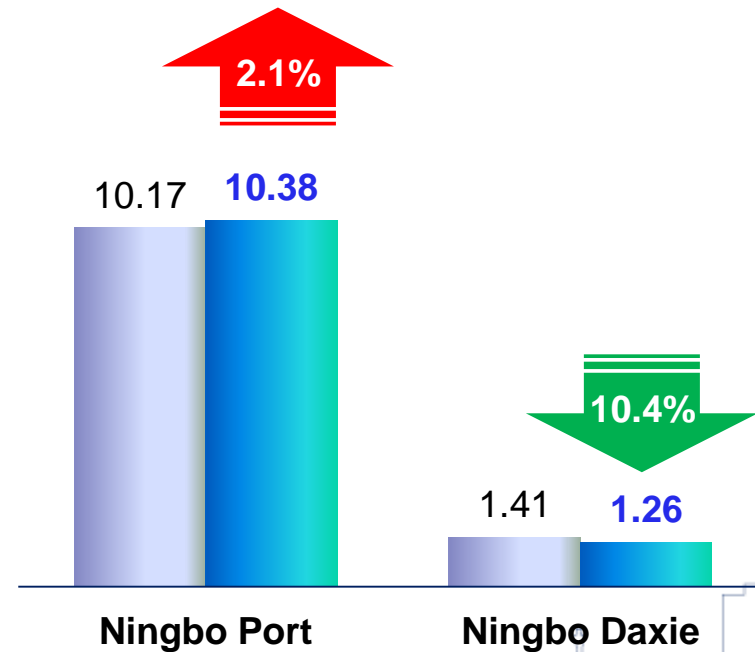
## Container Throughput by Region – Yangtze River Delta

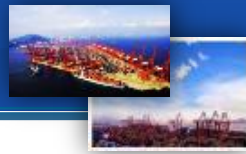
- ◆ SIPG continued to be the largest port among global container terminals in throughput terms
- ◆ Overall performance was stable in a regional perspective

Container Throughput (million TEU)



Container Throughput (million TEU)



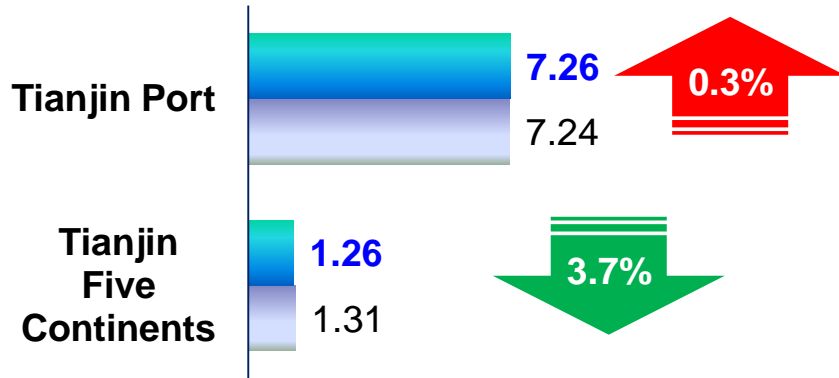


# Business Analysis

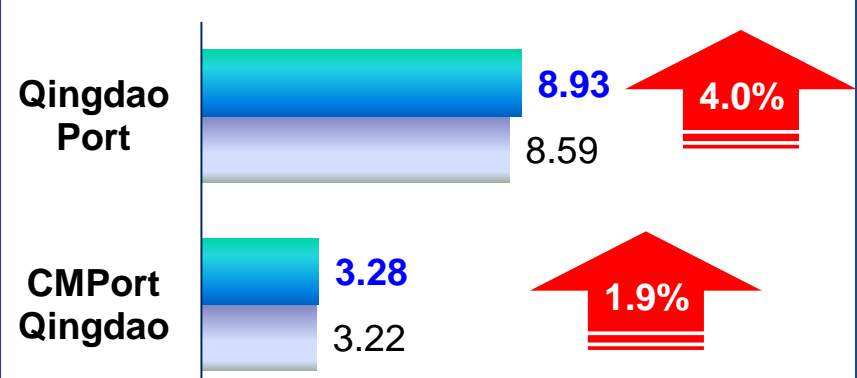
## Container Throughput by Region – Bohai Rim

◆ Driven by the newly-acquired Dalian port project, container throughput derived from Bohai Rim was almost doubled

Container Throughput (million TEU)



Container Throughput (million TEU)



Container Throughput (million TEU)



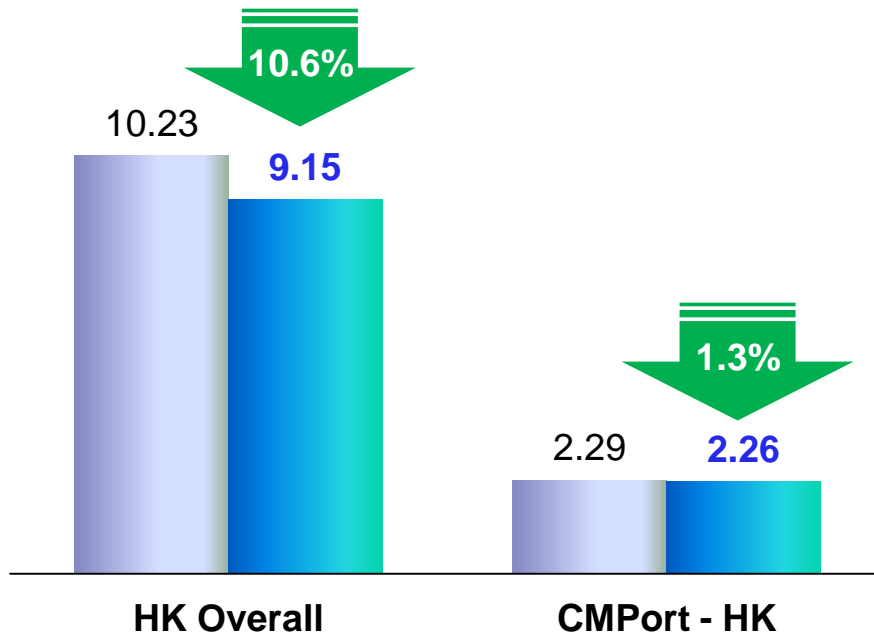


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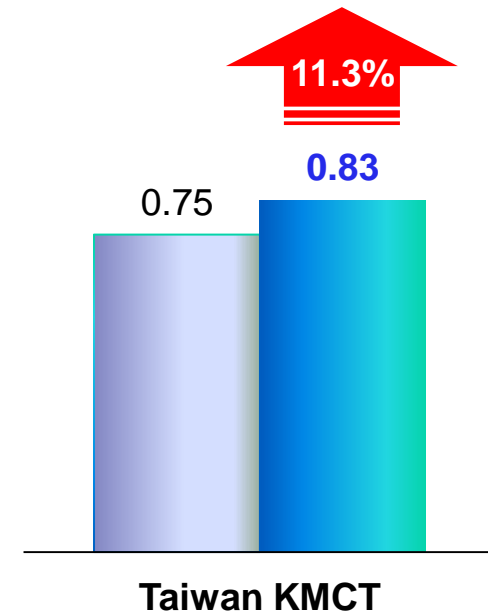
## Container Throughput by Region – Hong Kong and Taiwan

- ◆ CMPort-invested Hong Kong ports's performance was relatively more stable than that of overall HK Ports
- ◆ CMPort's projects in Taiwan continued its rapid growth in business volume

Container Throughput (million TEU)



Container Throughput (million TEU)



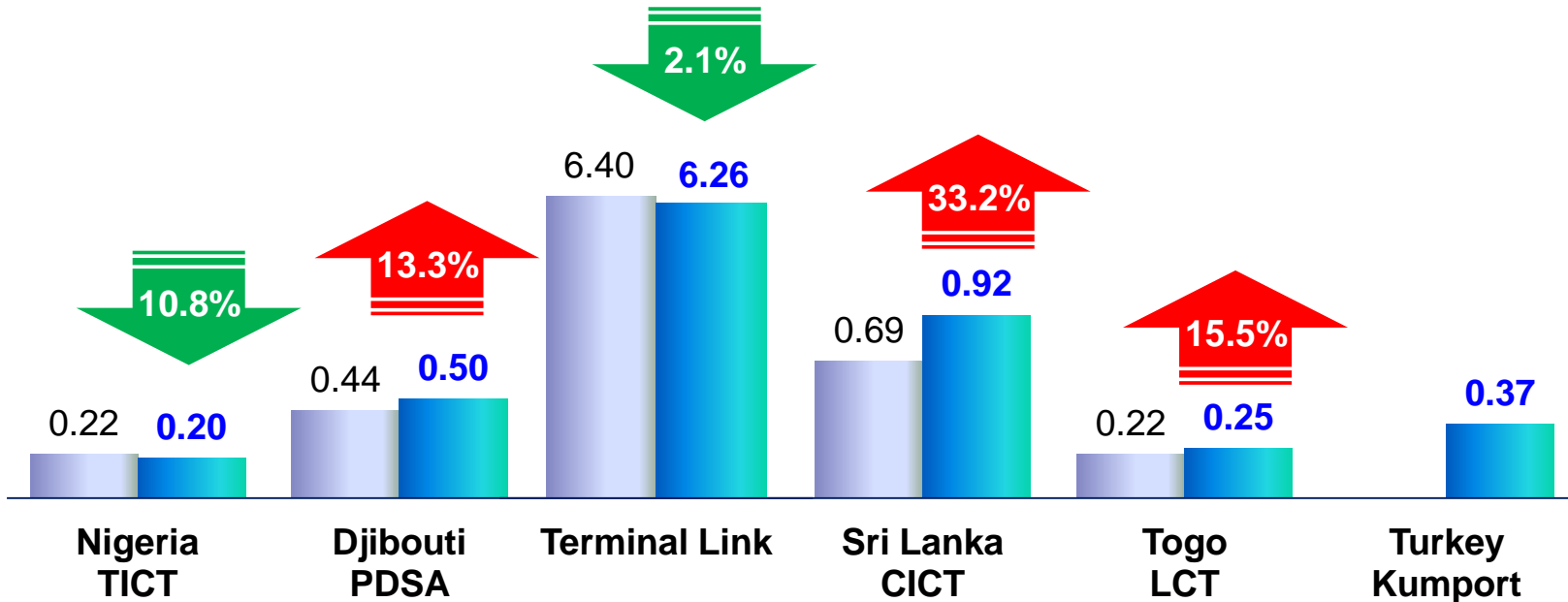


# Business Analysis

## Container Throughput by Region – Overseas

- ◆ Container throughput handled by overseas projects totaled 8.50million TEUs, or a growth of 6.6% year-on-year
- ◆ Rapid growth was seen in aggregate business volume handled by greenfield projects

Container Throughput (million TEU)





# Performance Highlights

## Business Analysis

- **Ports Operation**
  - Container Handling Operation
  - **Bulk Cargo Handling Operation**
- Logistics Operation
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## Operations Review

## Outlook

## Q & A





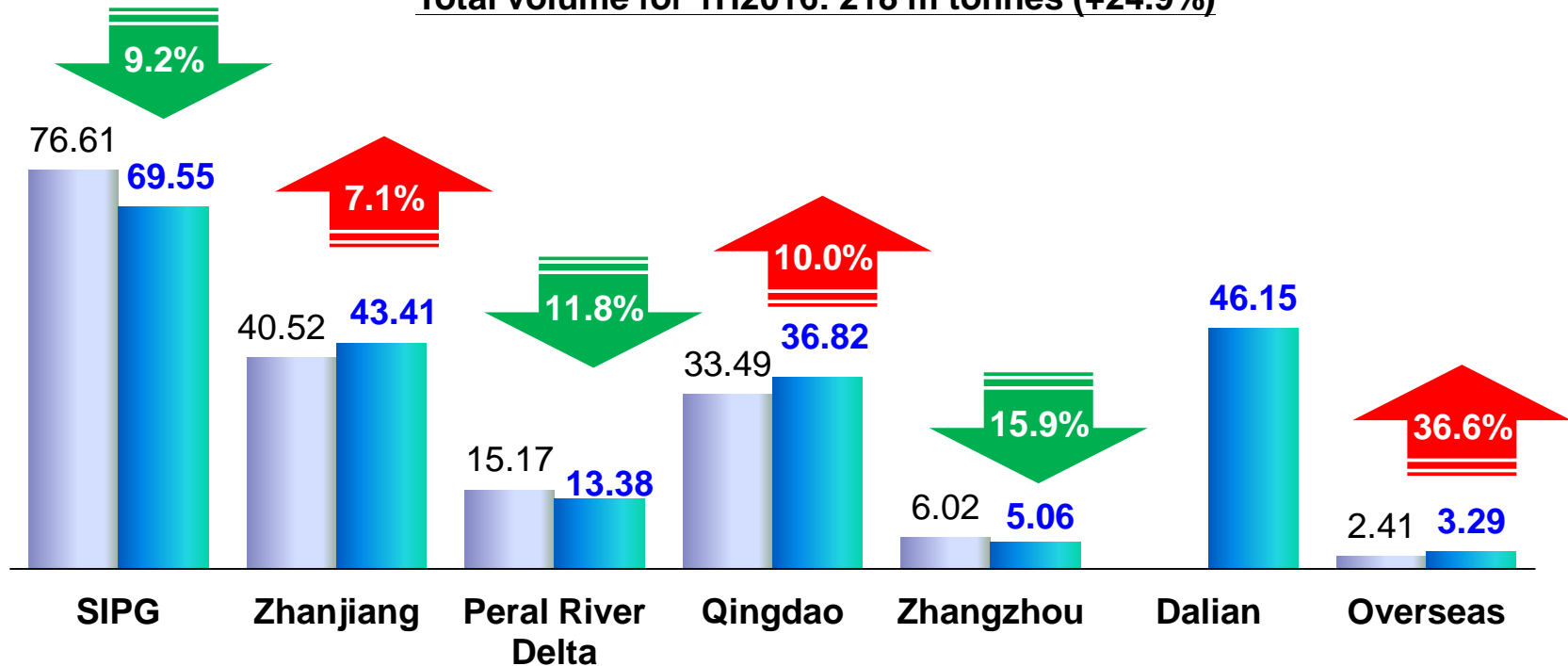
# Business Analysis

## Ports - Bulk Cargo Operation

- ◆ Growth of bulk cargo throughput was driven by incremental contribution from newly-acquired projects

Bulk Cargo Volume (Million Tonnes)

Total volume for 1H2016: 218 m tonnes (+24.9%)





# Performance Highlights

## Business Analysis

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- **Logistics Operation**
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# Business Analysis

## Logistics Operation

### ◆ Bonded warehouses were mostly utilized

#### Warehouse Utilization Rate



#### Bonded Port Area In/Out Volume (000' TEUs)



■ 1H 2015   ■ 1H 2016





## Performance Highlights

### **Business Analysis**

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# Business Analysis

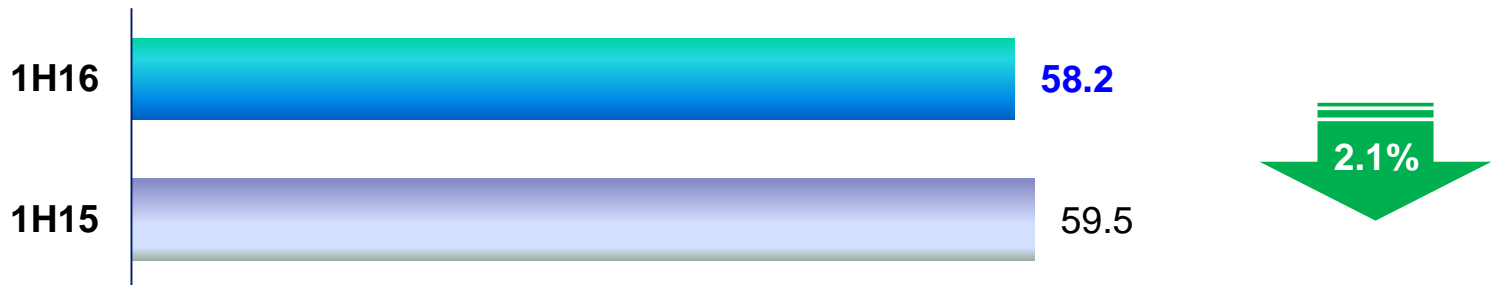
## Port-related Manufacturing Operation

- ◆ Continuous downturn of shipping market has affected the sales of containers
- ◆ Sales volume for road transportation vehicles was relatively stable

Dry Cargo Container and Reefers Sales Volume (million TEUs)



Road Transportation Vehicles Sales Volume (000' Sets)





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# Operations Review

## Homebase Port Development

- ◆ Facilitate the construction and upgrade in our domestic homebase port to enhance the “Hard Power” on an ongoing basis
- ◆ Improve operational efficiency to strengthen the “Soft Power”

### Improve Operational Efficiency

- ◆ Operational integration
- ◆ Finalise the plan and design for “E-Port”

### Sharpen the Competitive Edges of Homebase Port

- ◆ Leverage on the advantages offered by Free Trade Zone
- ◆ Facilitate simplification of the custom clearance process
- ◆ Construct and optimise cargo collection-distribution system

### Development of Homebase Port

### Construction and Upgrade of Homebase Port

- ◆ Widening of Tonggu Channel
- ◆ Construction of “Mawan Smart Port”
- ◆ Upgrading of berths



# Operations Review

## Business Development

### ◆ Facilitate in-depth development in domestic and overseas ports layout

#### Improve domestic network

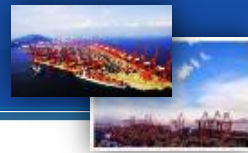
- ◆ In Feb 16, CMPort completed the acquisition of 21% stake in Dalian Port
- ◆ Closely communicate with regional Port Groups on a continuous basis, to deepen mutual cooperation



#### Enhance International layout

- ◆ Capitalise opportunities derived from “One Belt, One Road” to further expand the ports network
- ◆ Promote the application of comprehensive development model in the overseas





# Operations Review

## Innovation and development

### ◆ Create new business drivers by encouraging innovation and development

#### Operational Model Innovation

- ◆ Explore on the construction of an integrated port ecosystem
- ◆ Stem from core ports operation, to further improve port-related value-added businesses
- ◆ Promote the development of a more comprehensive business model
- ◆ Enhance overall business value

#### Business Innovation

- ◆ Integrate with the “Internet +” concept, to:
  - ◆ promote E-commerce business
  - ◆ joint forces with other companies to build online trading platform and integrated services
  - ◆ facilitate the construction of application on “E-Port”, a port information service platform
- ◆ Facilitate the design and construction of “Checkpoints along Silk Road ”

#### Integrate business with finance elements

- ◆ Enhance cost efficiency to improve the return on assets
- ◆ Maximise return on existing assets
- ◆ Explore on the optimisation of the business structure



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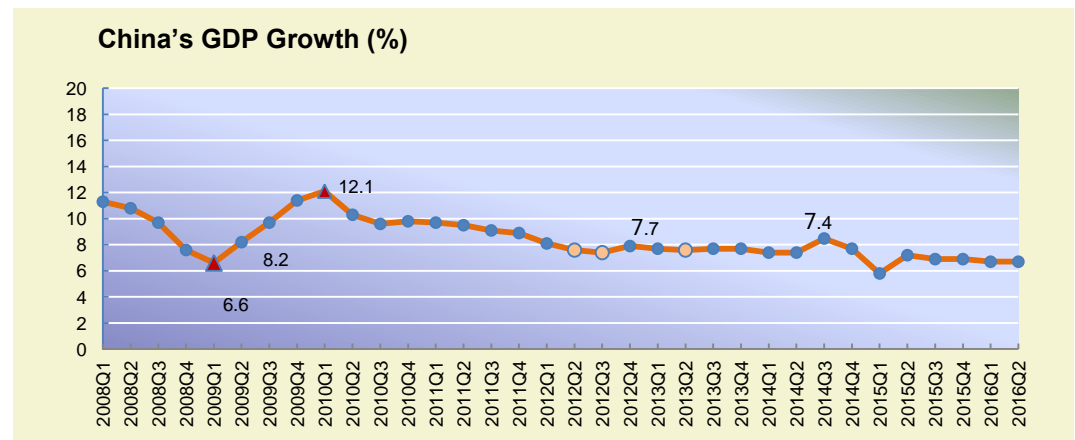
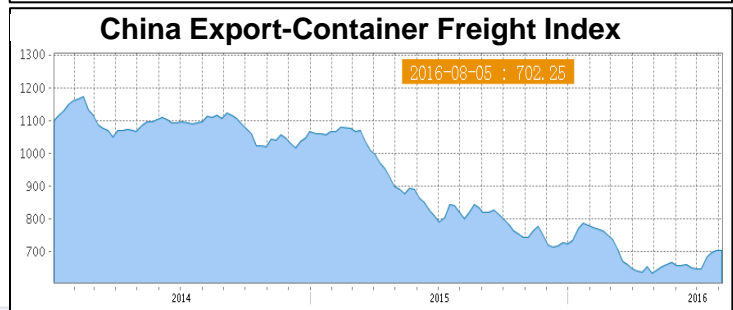
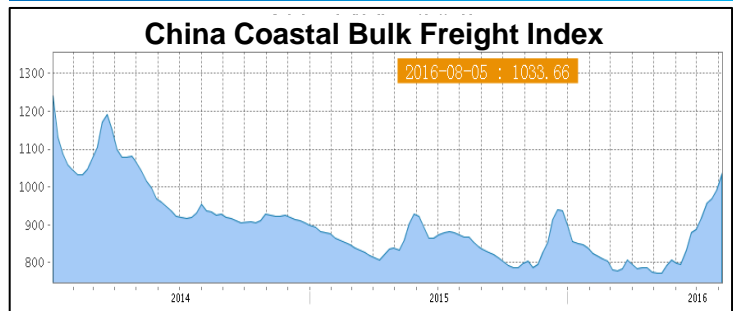
# Outlook

## Global Economic Environment

- ◆ Global economy is undergoing profound adjustments
- ◆ International trade is presented with greater challenges
- ◆ China's economy is expected to be stable
- ◆ Shipping industry continues to consolidate

IMF World Economic Outlook Update (19 July 2016)

Country/Region	Actual Economic Growth		Forecast Economic Growth		2016 vs 2015
	2014	2015	2016	2017	Change
<b>Global</b>	3.4	3.1	3.1	3.4	0.0
<b>Developed Countries</b>	1.9	1.9	1.8	1.8	-0.1
USA	2.4	2.4	2.2	2.5	-0.2
Euro Zone	0.9	1.7	1.6	1.4	-0.1
Japan	0.0	0.5	0.3	0.1	-0.2
UK	3.1	2.2	1.7	1.3	-0.5
<b>Developing Countries</b>	4.6	4.0	4.1	4.6	0.1
ASEAN	4.6	4.8	4.8	5.1	0.0
China	7.3	6.9	6.6	6.2	-0.3
India	7.2	7.6	7.4	7.4	-0.2
Brazil	0.1	-3.8	-3.3	0.5	0.5
Russia	0.7	-3.7	-1.2	1.0	2.5
<b>Int'l Trade Volume</b>	3.7	2.6	2.7	3.9	0.1



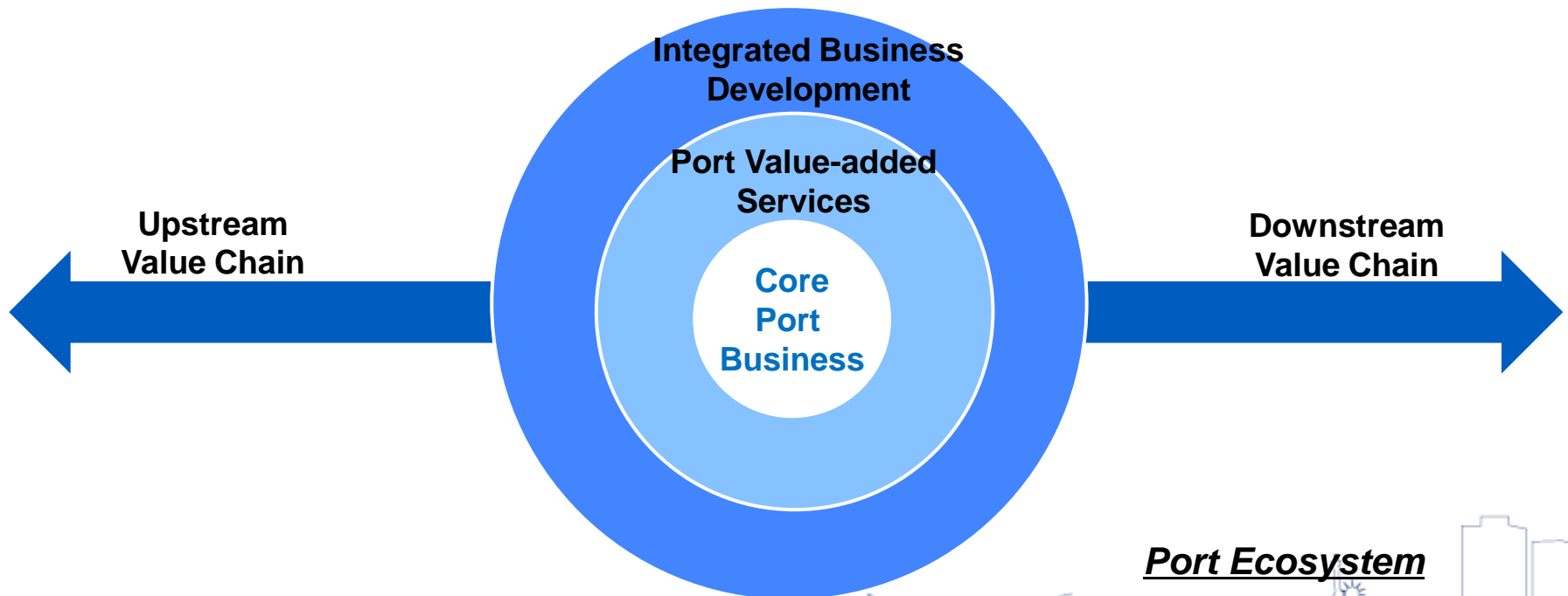


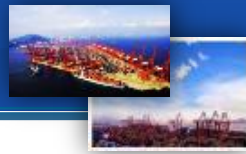


# Outlook

## Port Ecosystem

- ◆ Stem from core ports operation, and expand gradually to other related business with an aim to nurture a port ecosystem
- ◆ Penetrate along the upstream and downstream value chain to create and share benefits with different industries





# Outlook

## Business Expansion

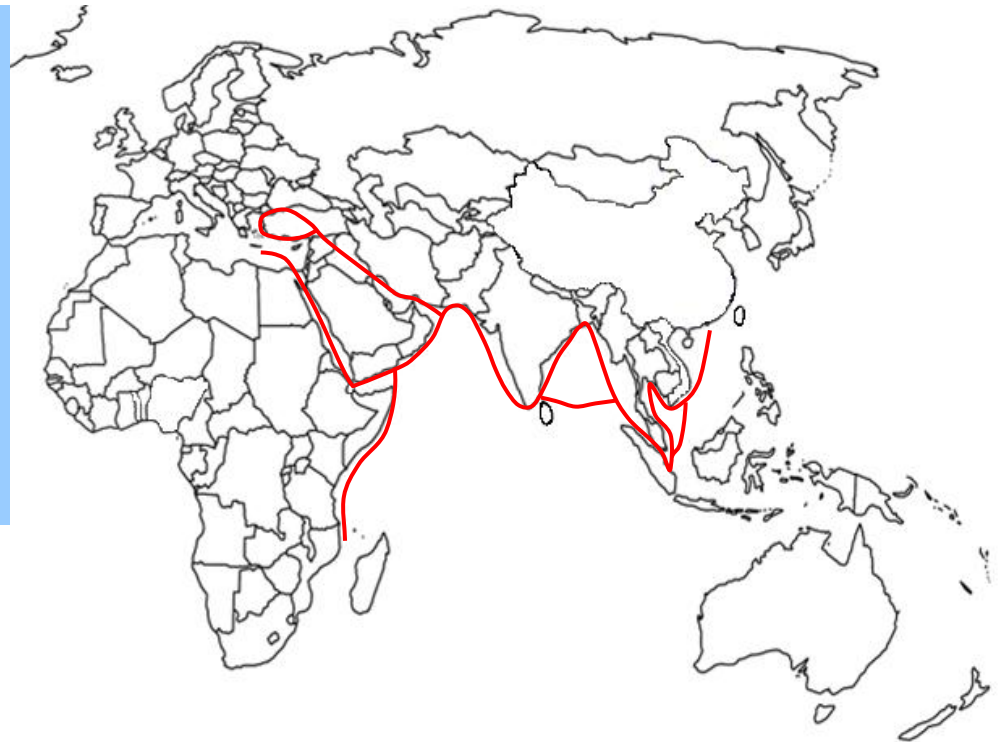
- ◆ Capitalise on the opportunities derive from “One Belt, One Road” to “Solidify ports layout in Asia, improve ports network in Africa, expand footprint in Europe, and acquire new exposure in Americas”
- ◆ Actively seek to seize the opportunities arise from the consolidation of domestic coastal ports

### 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 the scope of CMPort’s domestic and overseas expansion**





# Outlook

## Strategic Objective & Major Tasks

- ◆ Conduct tasks by adhere to the strategic objectives of becoming a “world-class comprehensive port services provider”
- ◆ Promote the upgrade of homebase port, business development, business model innovation, improvement in management efficiency and effectiveness
- ◆ With an aim to secure sustainable growth in core operations and financial performance, and in turns CMPort’s overall competitiveness



### Strategic Vision:

Becoming  
“world-class  
comprehensive  
port services  
provider”





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