



招商局港口

CHINA MERCHANTS PORT

2018 Interim Results Press Conference

31st August, 2018

Contents:

1. Performance Highlights
2. Business Analysis
3. Operation Overview
4. Outlook
5. Q&A





Performance Highlights - P&L and Dividend Payout

Items	1H 2018	1H 2017	Y-o-Y Change
Container throughput (million TEUs)	53.81	50.16	7.3%
Bulk cargo throughput (million Tonnes)	250	249	0.6%
	HK\$'million	HK\$'million	
Revenue ¹	16,549	24,288	-31.9%
Revenue derived from ports operation	13,375	12,161	10.0%
EBITDA ²	7,357	7,509	-2.0%
EBITDA derived from ports operation	6,545	5,891	11.1%
Profit attributable to equity holders of the Company	5,448	3,148	73.1%
Derived from ports operation	5,923	2,453	141.5%
Recurrent profit	2,171	2,269	-4.3%
Derived from ports operation	2,787	2,452	13.7%
Basic EPS (HK cents)	166.22	100.62	65.2%
Interim dividend per ordinary share (HK cents)	22.00	22.00	--
Special dividend celebrating the 25 th listing anniversary per share (HK cents)	--	135.00	--

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

2. EBITDA = Earnings before net interest expenses, taxation, depreciation and amortisation but excluding unallocated income less expenses and profit attributable to non-controlling interests ("Defined Earnings") of the Company, its subsidiaries and its share of Defined Earnings of associates and joint ventures, gain on disposal of subsidiaries.



Performance Highlights – Financial Position

- Total assets increased by 9.2% due to consolidation of Brasil TCP in 1H 2018
- Net gearing ratio increased by 13.9 ppts, still maintain in a healthy and reasonable range

Items	30 Jun 2018	31 Dec 2017	Y-o-Y Change
	HK\$'million	HK\$'million	
Total assets	144,129	131,951	9.2%
Net assets attributable to equity holders of the company	75,873	73,447	3.3%
NAV per share (HK\$)	23.15	22.41	3.3%
Interest-bearing debts ¹	39,994	28,560	40.0%
Cash and bank balances	8,532	9,247	-7.7%
Net interest-bearing debts	31,462	19,313	62.9%
Net gearing ratio ²	35.4%	21.5%	Up 13.9 ppts

Notes: 1. Interest-bearing debts include bank loans, listed notes and loans from China Merchants Group

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

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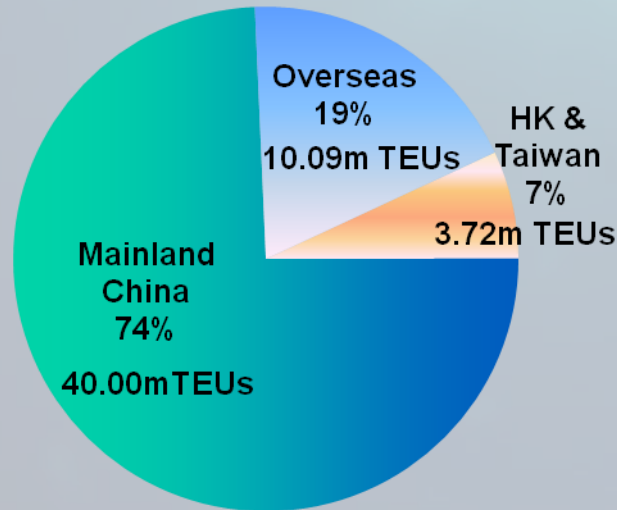


Business Analysis – Container Operation

- Container throughput rose by 7.3% to 53.81million TEUs in 1H 2018
- CMPort's business in Mainland China outperformed China's Ports with 5.6% growth YoY
- Overseas container business grew 18.2%, expanded by 2 ppts

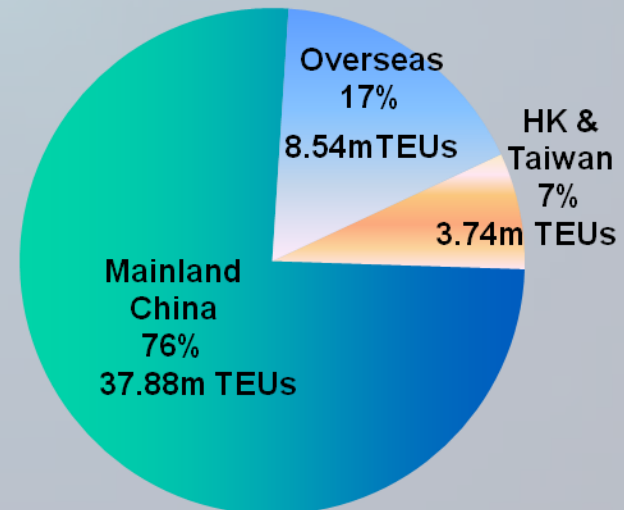
1H 2018 Container Throughput

53.81m TEUs (+7.3%)



1H 2017 Container Throughput

50.16m TEUs



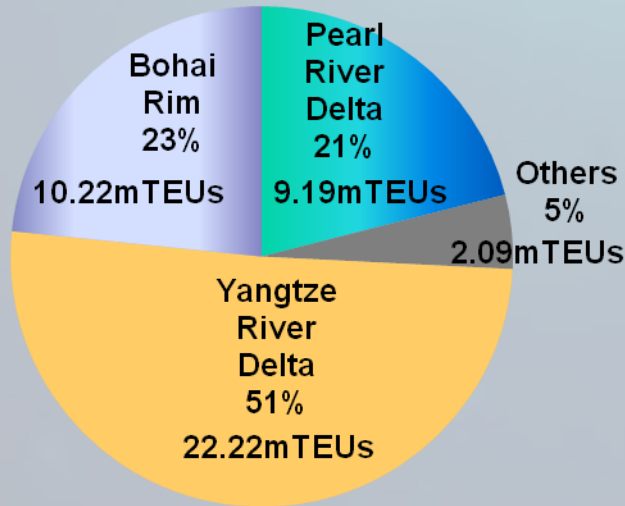


Business Analysis – Greater China

- Container Throughput in Greater China (Mainland, HK & Taiwan) rose by 5.1% in 1H 2018
- Similar proportion as of 1H 2017 among regions

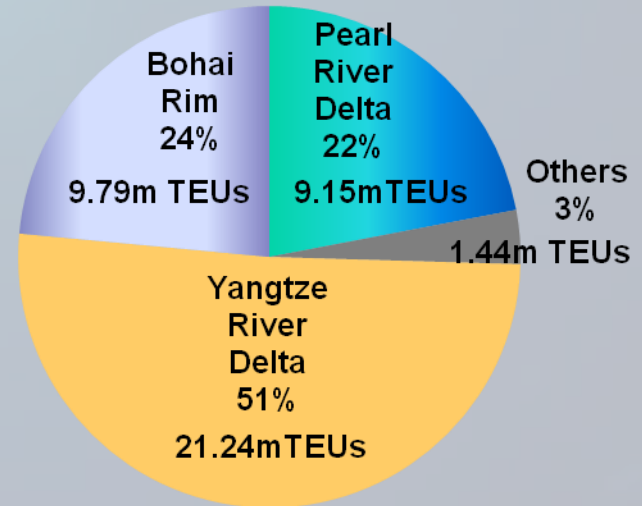
1H 2018 Container Throughput – Greater China

43.72m TEUs (+5.1%)



1H 2017 Container Throughput – Greater China

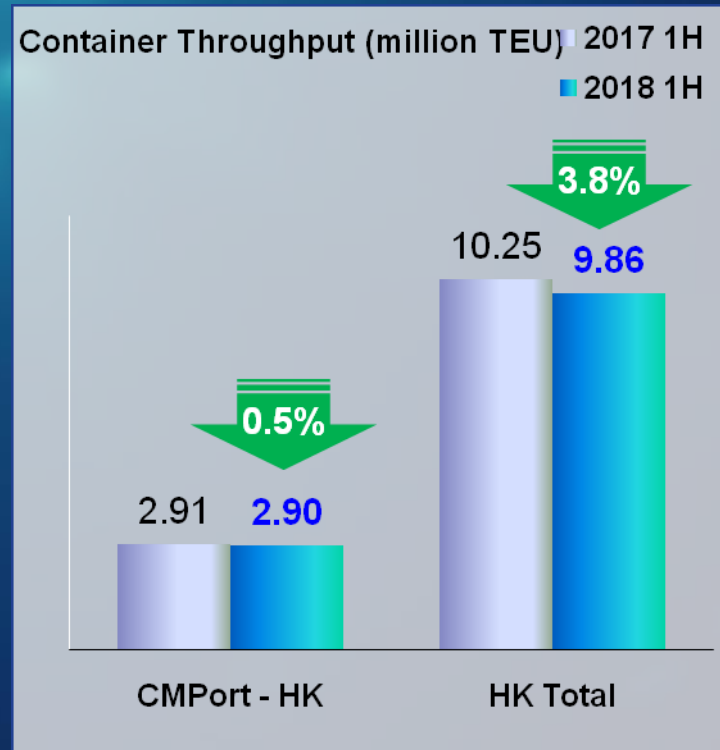
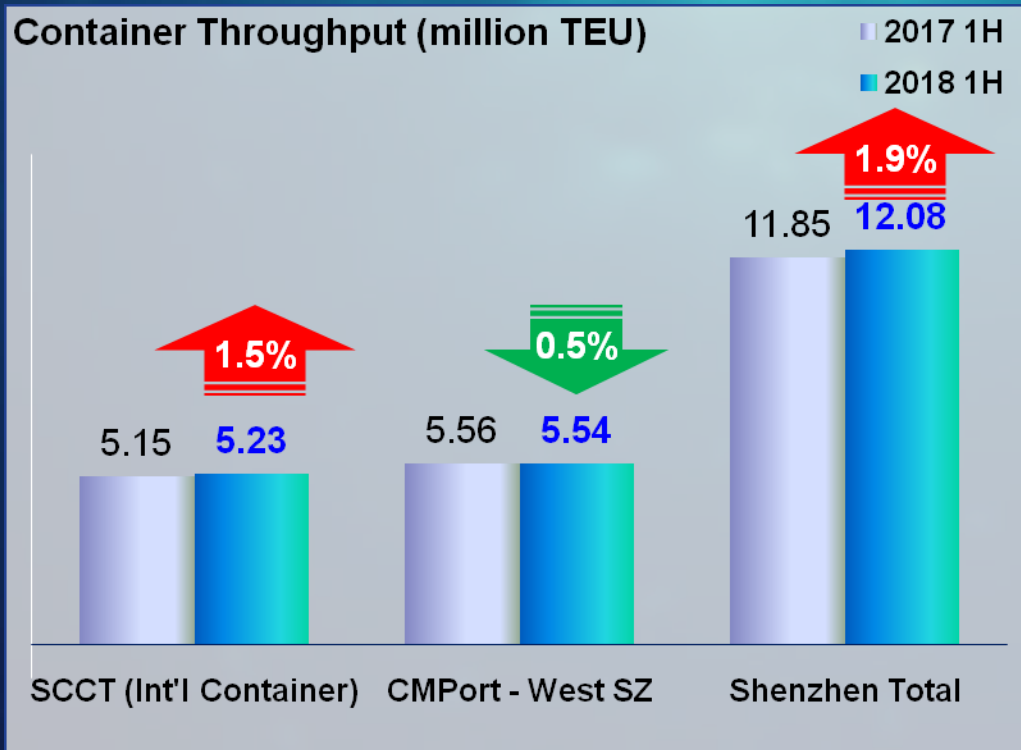
41.62m TEUs





Business Analysis – Pearl River Delta

- West SZ international container business rose by 1.5%
- CMPort West SZ dropped by 0.5% due to Haixing port restructuring
- CMPort HK outperformed overall HK port market

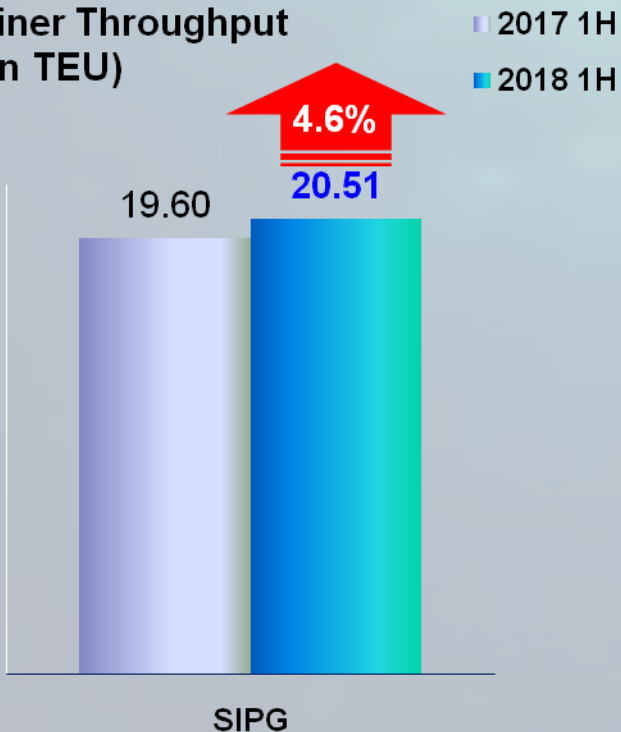




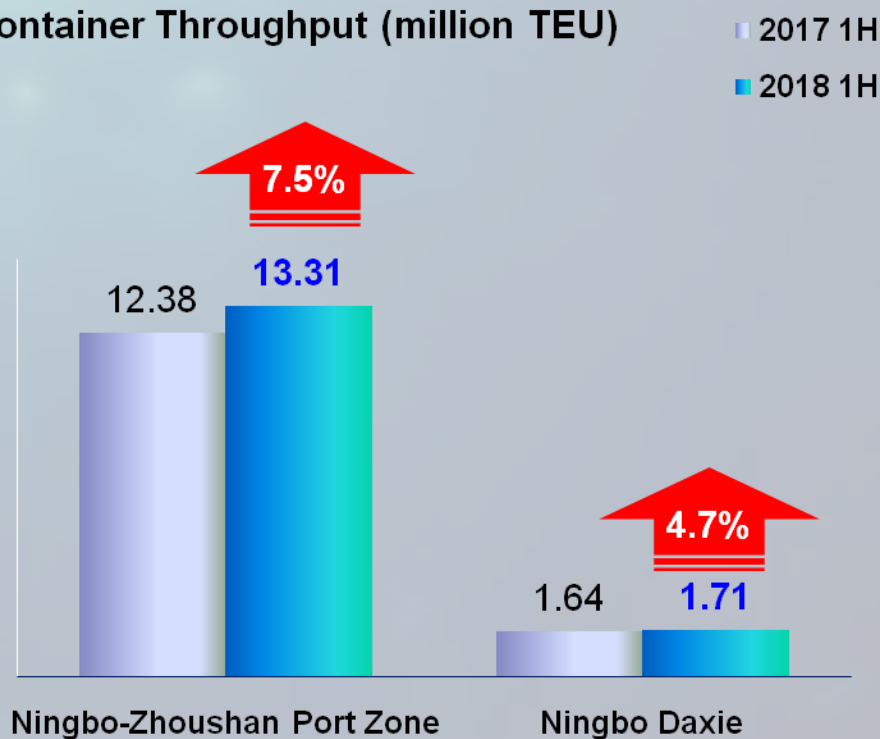
Business Analysis – Yangtze River Delta

- Continued to be the World's No. 1 Port , SIPG surpassed 20million TEUs in 1H 2018
- Ningbo Zhoushan became China's 2nd largest port zone with 7.5% growth YoY

Container Throughput
(million TEU)



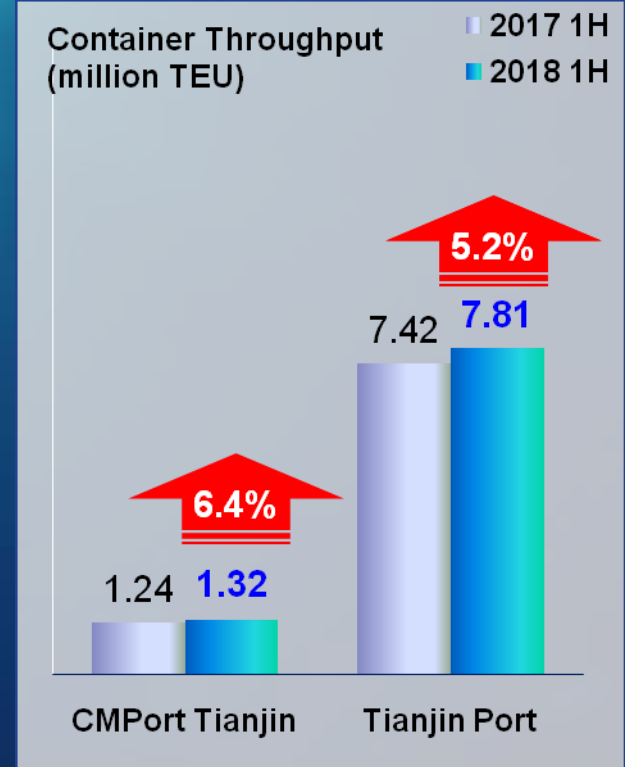
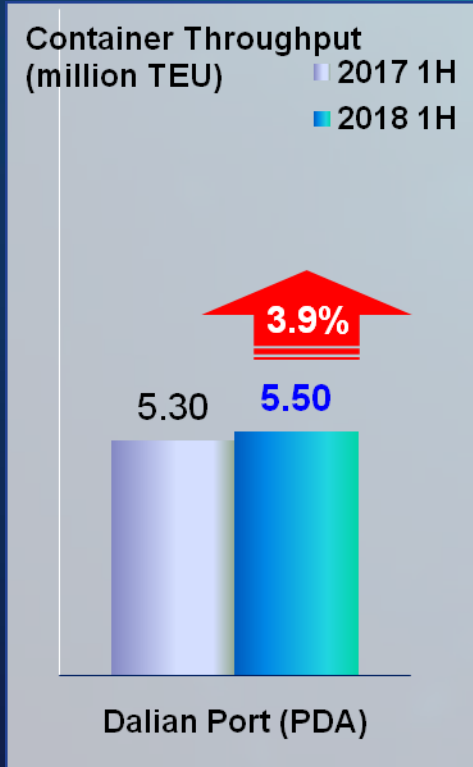
Container Throughput (million TEU)





Business Analysis – Bohai Rim

- CMPort's business in Bohai Rim well performed with 4.5% growth YoY
- Container throughput of Dalian Port (PDA) rose by 3.9% in 1H 2018
- CMPort invested terminals in Qingdao and Tianjin outperformed their own port zone respectively



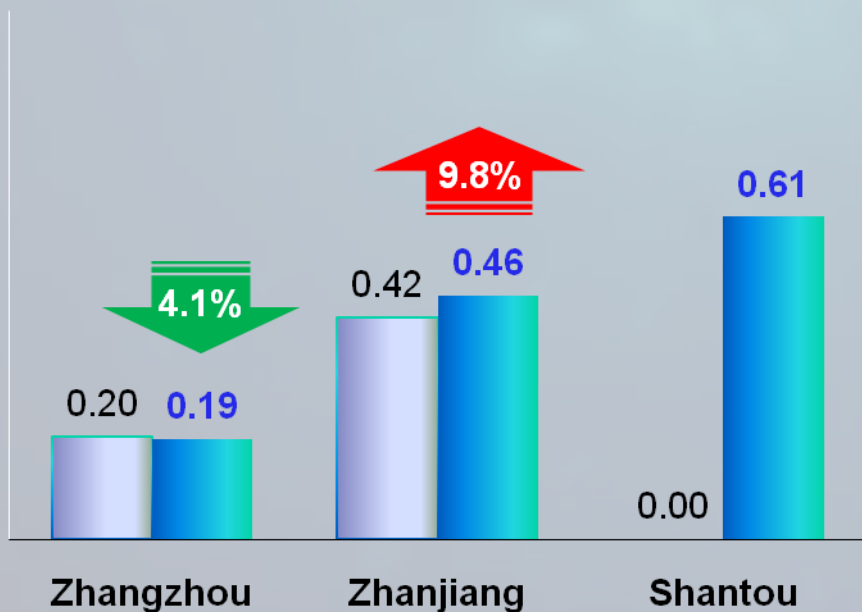


Business Analysis – Mainland Others & Taiwan

- Shantou port contributed 0.61 million TEUs in 1H 2018
- Zhanjiang port rose by 9.8%, Zhangzhou dropped by 4.1% due to insufficient local demand
- Taiwan KMCT recorded similar performance as of the same period last year

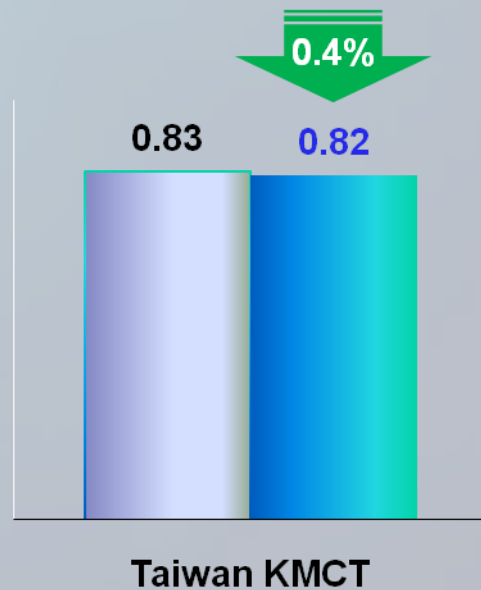
Container Throughput
(million TEU)

2017 1H
2018 1H



Container Throughput
(million TEU)

2017 1H
2018 1H

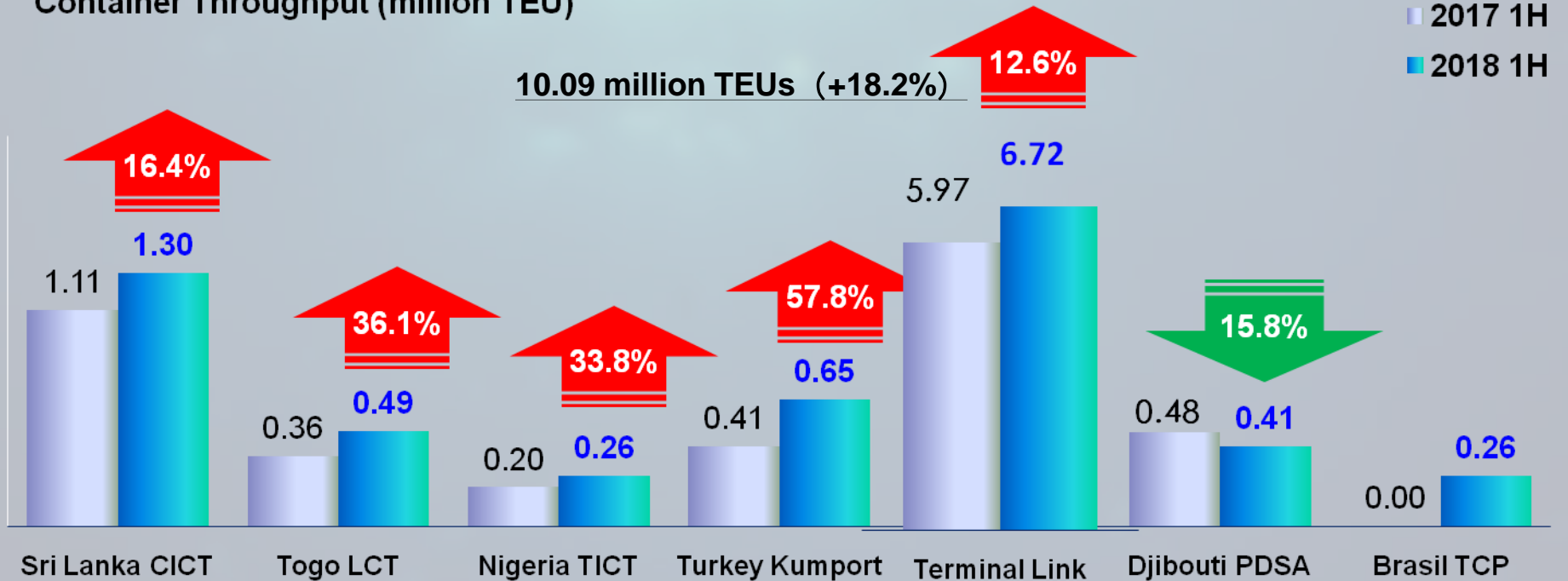




Business Analysis – Overseas

- Overseas projects reached 10mn TEUs(+18.2%) in 1H with double digit growth in most projects
- Brasil TCP contributed 0.26million TEUs from March to June 2018
- Djibouti dropped by 15.8% due to the decrease in transshipment box to Ethiopia

Container Throughput (million TEU)



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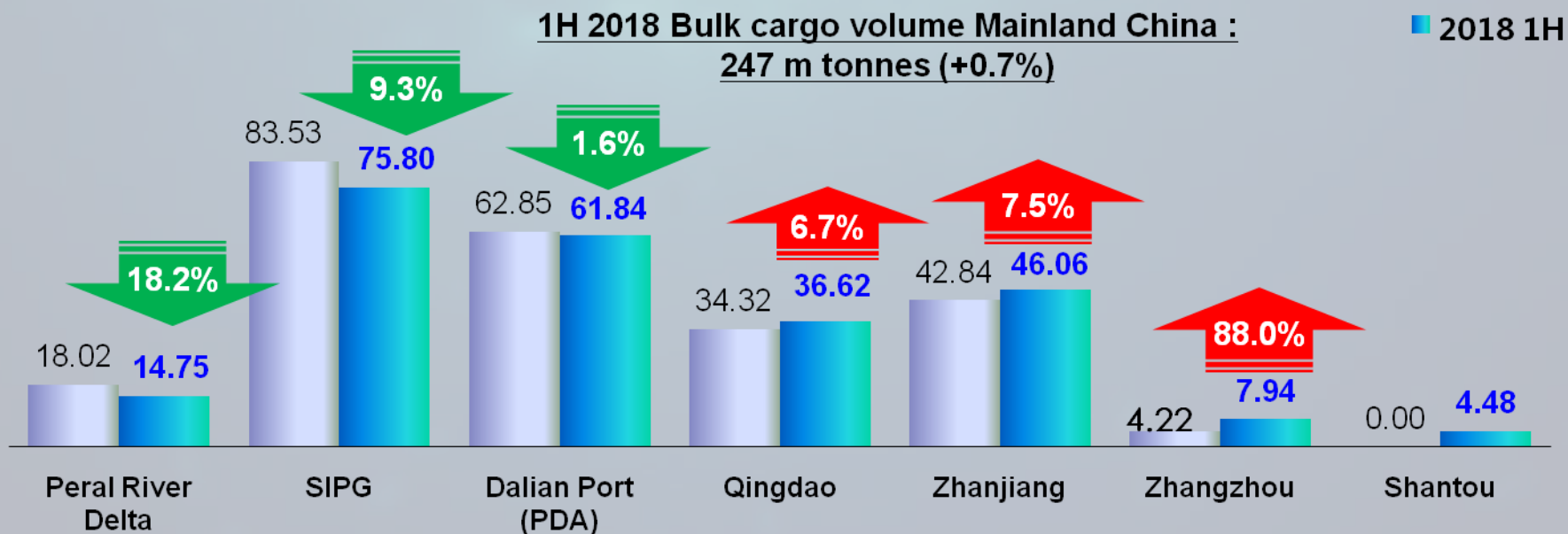




Business Analysis – Bulk Cargo Operation in Mainland China

- CMPort handled 250million tonnes bulk cargo in 1H 2018, mostly from Mainland China
- PRD recorded a decline after it reached its peak season in 2017
- SIPG dropped 9.3% due to environmental issue the decrease in import iron ore demand
- Due to the recovery of timber processing and iron ore businesses in its hinterland, Zhangzhou's bulk business rose by 88%

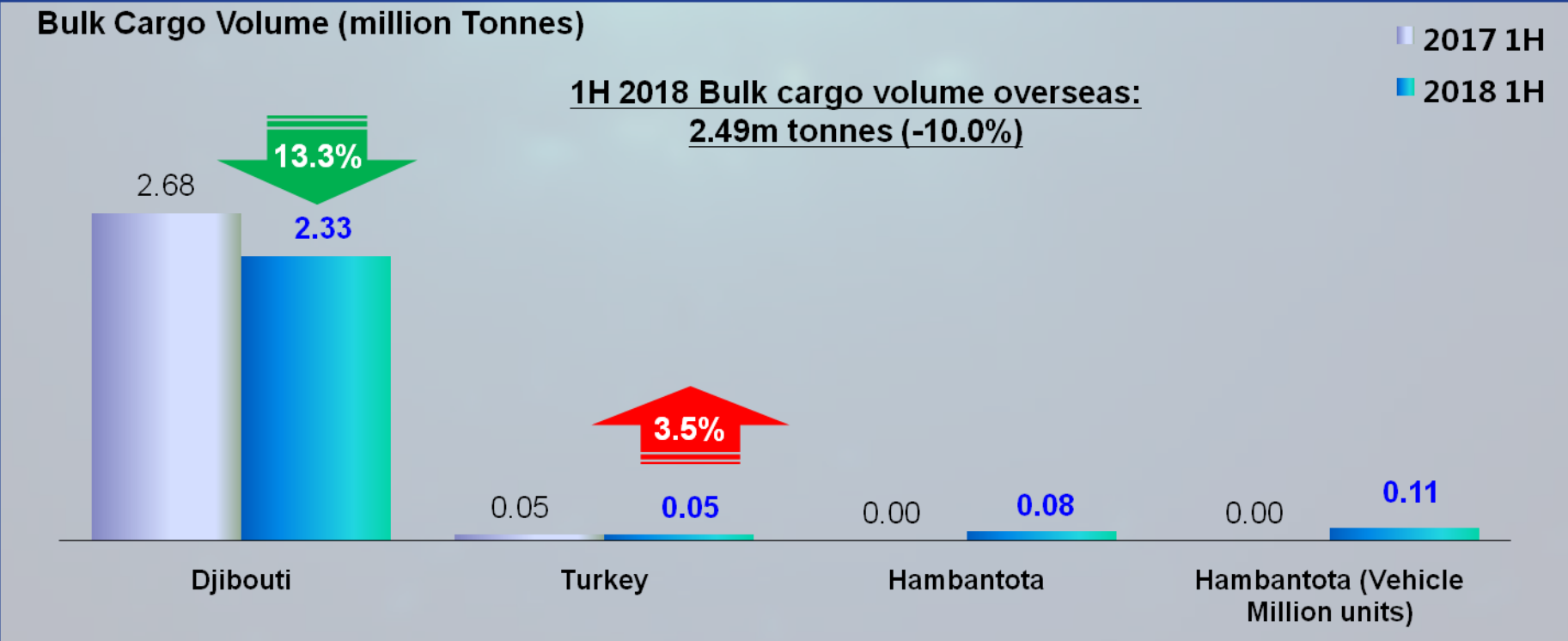
Bulk Cargo Volume (million Tonnes)





Business Analysis – Bulk Cargo Operation in Overseas

- Due to the unstable political situation in Ethiopia, bulk business in Djibouti dropped by 13.3%
- Hambantota port handled bulk business 80,000 tonnes and ro-ro 106 thousand units in 1H 2018



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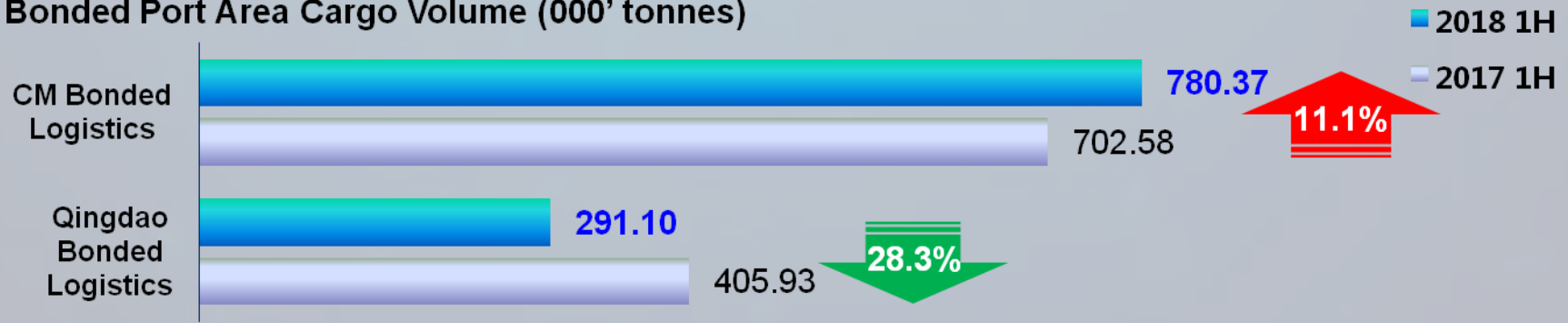
Business Analysis – Bonded Logistics

- With more marketing efforts to enhance utilisation, CM bonded logistics almost fully utilised
- Cargo volume within Qingdao bonded logistics dropped by 28.3% due to customer change of business

Warehouse Utilization Rate



Bonded Port Area Cargo Volume (000' tonnes)



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Operations Overview – Homebase Port Development

Enhance Competitiveness

- “Container Storage Yard Operation Safety System”
- “RTG Storage Capacity Control”
- “Comprehensive Service Platform”

Development of “Smart Port”

- “E-Port” 2nd Phase
- Global intelligent container project
- LBS, Internet of Things, big data

Homebase Port Development

Upgrade of “Hardware”

- Restructuring of Haixing Port
- Tonggu Channel dredging and widening project underway



Operations Overview – Overseas Expansion

6th Feb–Announced the acquisition of Port of Newcastle in Australia

25thFeb–Completion of the acquisition of the 2nd Largest container terminal TCP in Brasil

16th Mar–Hambantota Port in Sri Lanka welcomes its first Bulk Cargo Ship



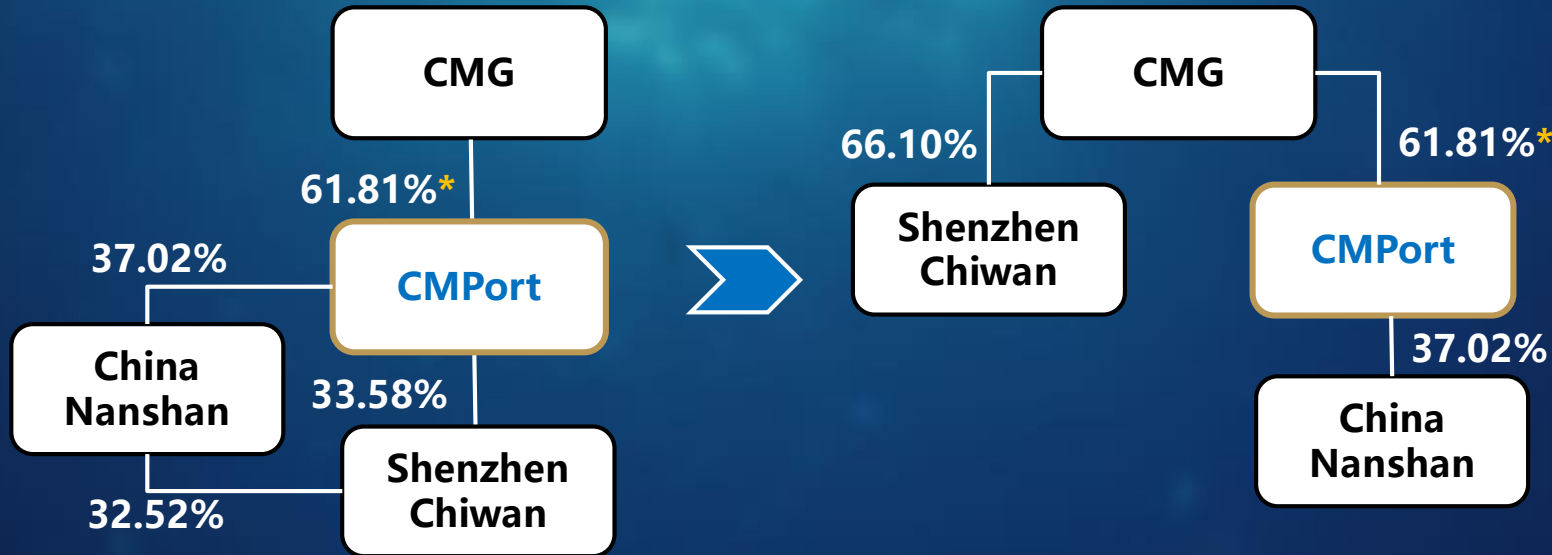
14thJun–Completion of the acquisition of Port of Newcastle in Australia

5th Jul–The opening of Djibouti International Free Trade Zone



Operations Overview – Domestic Port Consolidation

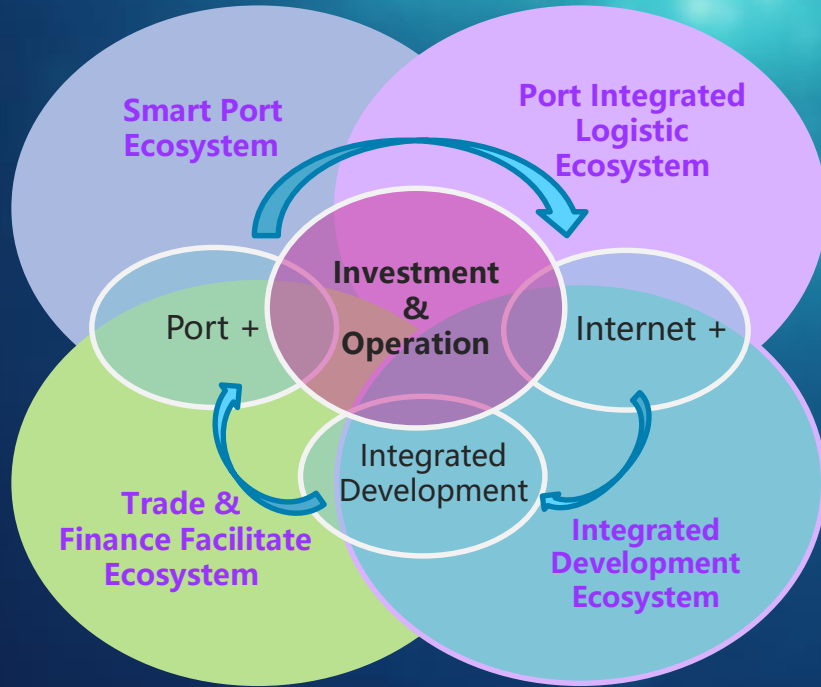
- Completion of the disposal of Shenzhen Chiwan in 1H 2018
- Actively participated in the significant asset restructuring of Shenzhen Chiwan with CMG



*Direct and indirect voting rights of issued share capital



Operations Overview – Innovative Development



- **“E-Port” one stop service platform: integration of custom, port and trade**
- **The launching of the global intelligent container project**
- **The establishment of an innovative port development and investment platform in China**
- **Further facilitated the replication and promotion of the success in “Port+” model**
- **Deeply explore cooperation opportunities within “Smart Port” zone**

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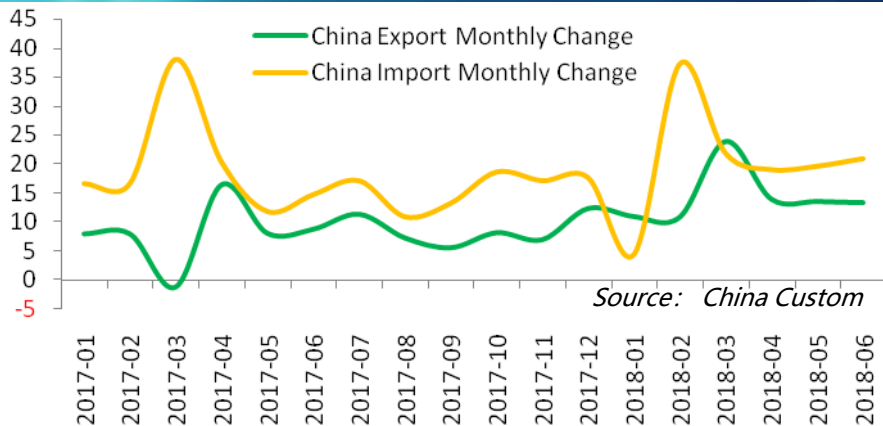
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Outlook – Global Economic Environment

- ◆ Continuous Recovery in Global Economy
- ◆ Mild Rebound in International Trade
- ◆ Steady Growth in China Economy
- ◆ Uncertainties in Global Shipping



IMF World Economic Outlook (2018 July)

Country/Region	Actual Economic Growth	Forecast Economic Growth		2018 vs 2017
	2017	2018	2019	Change
Global	3.7	3.9	3.9	0.2
Developed Countries	2.4	2.4	2.2	持平
USA	2.3	2.9	2.2	0.6
Euro Zone	2.4	2.2	1.9	(0.2)
Japan	1.7	1.0	0.9	(0.7)
UK	1.7	1.4	1.5	(0.3)
Developing Countries	4.7	4.9	5.1	0.2
ASEAN	5.3	5.3	5.3	持平
China	6.9	6.6	6.4	(0.3)
India	6.7	7.3	7.5	0.6
Brazil	1.0	1.8	2.5	0.8
Russia	1.5	1.7	1.5	0.2
Int'l Trade Volume	5.1	4.8	4.5	(0.3)

Alphaliner Global Container Throughput





Outlook – International Strategy

- Achieve balanced development to expand different potentials in different regions
- Vigorously promote the “Port-Park-City” development model and consolidate resources to explore comprehensive regional development and construction with core ports operation

PORT



PARK



CITY





Outlook – Domestic Strategy

■ Homebase Port Development

- Enhance the overall competitiveness of our homebase port by further improving its service products in relation to cargo collection and distribution.
- Enhance the attractiveness of our homebase port for cargo from the Pearl River Delta region as well as reinforcing and strengthening the overall servicing capability of Shenzhen homebase port.



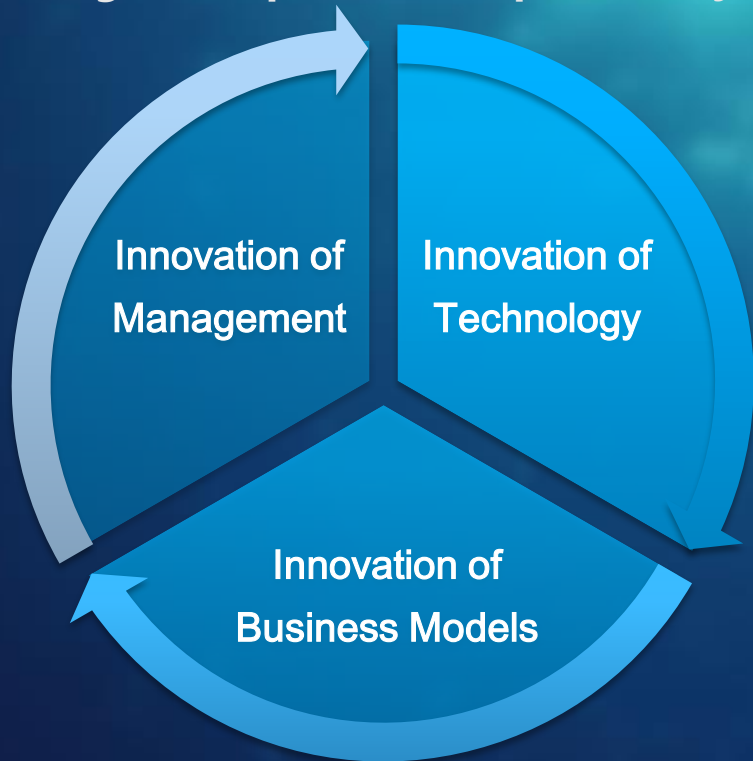
■ China Ports Business Consolidation

- Continue to capture the opportunities arising from the ports consolidation and the coordinated development of ports and cities in China.
- Accelerate the consolidation of existing domestic ports business by taking advantage of the favourable national policies.



Outlook – Innovation Strategy

➤ Adhere to pursue innovation and transformation, expand towards the upstream and downstream of industrial chain and value chain, and continue to exert great efforts in building a comprehensive port ecosystem



CHINA MERCHANTS PORT GLOBAL NETWORK



• 6 Continents
• 18 Countries and Regions



招商局港口
CHINA MERCHANTS PORT

WE CONNECT THE WORLD

To be a World's Leading Comprehensive Port Service Provider