

# China Merchants Holdings (International) Company Limited

## 2009 Interim Results Announcement

10 September 2009



# 2009 Interim Results Announcement

1. **Financial Information**
2. Operations Analyses
3. Business Outlook
4. Q&A

# Key Financial Indicators 1

HK\$ million	1H2009	1H2008	Change
Revenue*	8,046	15,838	-49.2%
Revenue* (Ports Operations)	5,377	6,344	-15.2%
EBITDA**	3,196	3,964	-19.4%
EBITDA** (Ports Operations)	2,637	3,242	-18.7%
<b>Profit attributable to shareholders</b>	<b>1,728</b>	<b>2,019</b>	<b>-14.4%</b>
Earnings per share (HK cents)	71.30	83.89	-15.0%
Earnings per share - Fully diluted (HK cents)	71.27	83.44	-14.6%
Interim dividend (HK cents) / Payout ratio	25 / 35.1%	28 / 33.4%	-10.7%

\*Including revenue of company and its subsidiaries and share of revenue of associates and jointly controlled entities.

\*\*Earnings before net interest, tax, depreciation, amortization, unallocated income less expenses, and minority interest (“Adjusted Earnings”) for the Company and its subsidiaries, and its share of Adjusted Earnings of associates and jointly controlled entities.

# Key Financial Indicators 2

HK\$ million	2009.6.30	2008.12.31	Change
Total assets	51,347	50,493	+1.7%
Net assets	31,564	30,280	+4.2%
NAV per share (HK\$)	13.02	12.49	+4.2%
Interest-bearing debts*	14,206	14,070	+1.0%
Cash & cash-equivalents	4,251	2,806	+51.5%
Net debts	9,955	11,264	-11.6%
Net gearing ratio**	31.5%	37.2%	-5.7 percent points

\* Interest-bearing debts include bank loans, listed notes and China Merchants Group loans.

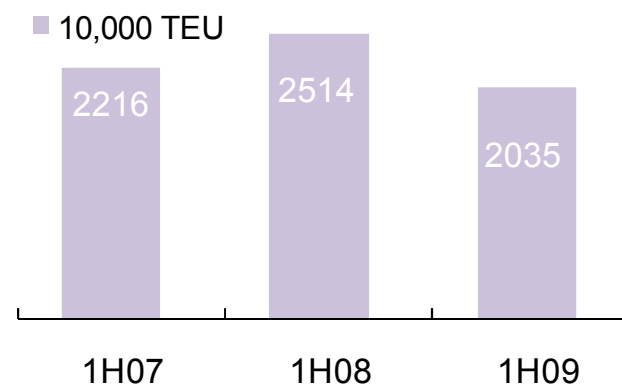
\*\* Net gearing ratio is calculated by net debts divided by net assets attributable to the Company's shareholders.

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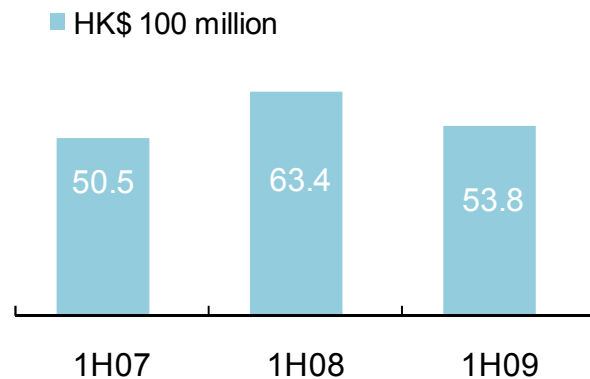
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- ➔ Total container throughput dropped 19.1% to 20.35 million TEUs.
- ➔ Bulk and general cargo throughput decreased by 5.5% to 108 million tons.
- ➔ Revenue from ports operations dropped 15.2% to HK\$5,377 million.
- ➔ EBITDA from ports operations decreased by 18.7% to HK\$ 2,637 million.

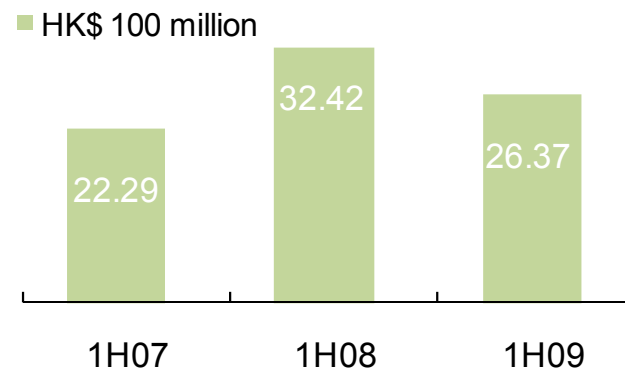
CMHI's Total Container Throughput



Revenue from Ports Operations



EBITDA from Ports Operations



# Container Ports Operations

## —Mainland & Hong Kong

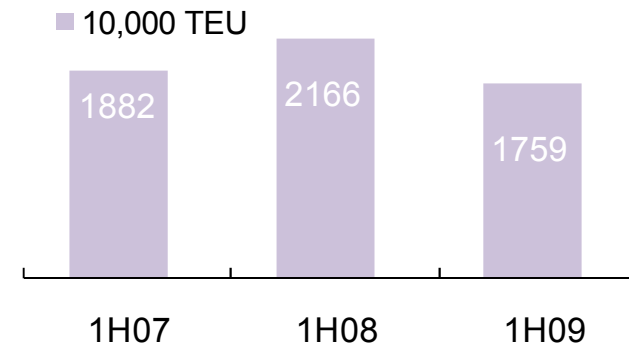


招商局國際有限公司

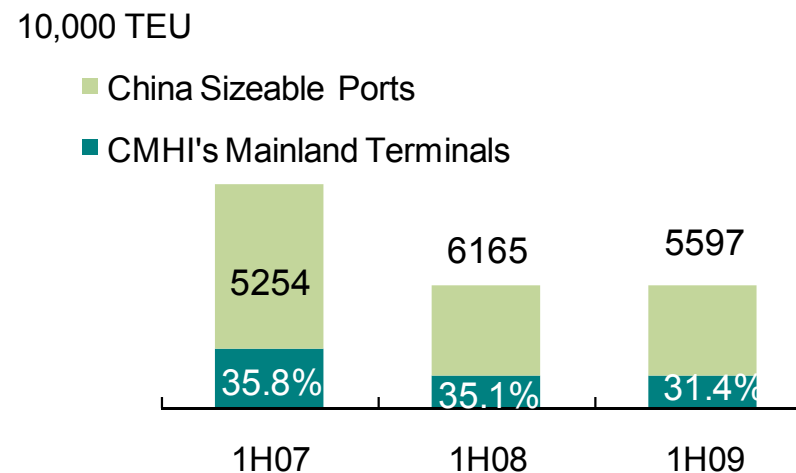
CHINA MERCHANTS HOLDINGS (INTERNATIONAL) COMPANY LIMITED

- ➔ Container throughput by CMHI's mainland terminals dropped 18.8% to 17.59 million TEUs.
- ➔ Container throughput by CMHI's mainland terminals accounted for 31.4% of China's sizeable ports of throughput.
- ➔ HK terminals decreased by 20.9% to 2.75 million TEUs year-on-year.

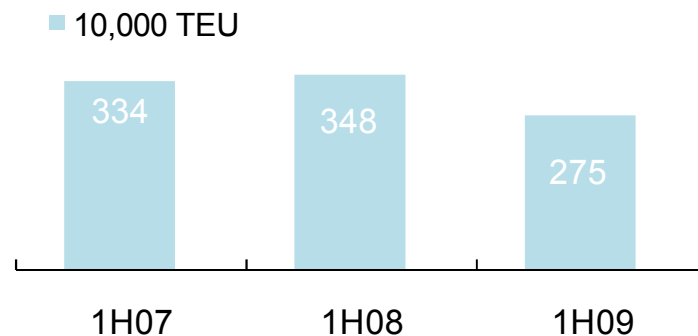
Container Throughput by CMHI's Mainland Terminals



CMHI's Mainland Terminals VS China's Sizeable Ports



Container Throughput by CMHI's HK Terminals

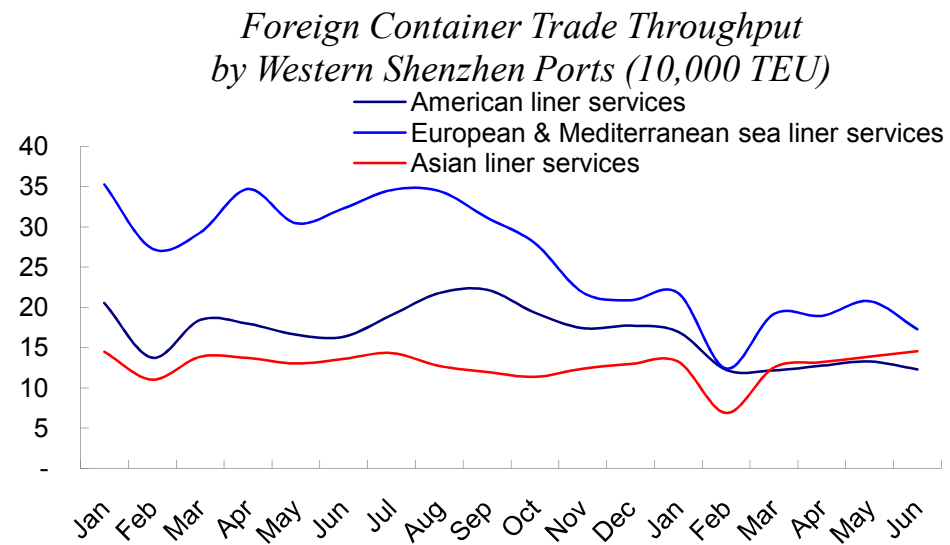
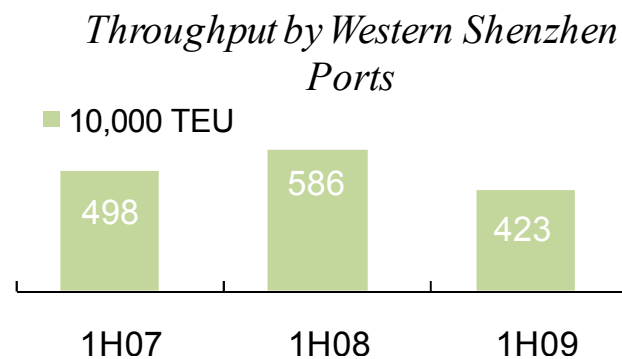


2009 Interim Results

# Container Ports Operations

## —Pearl River Delta

- CMHI's Western Shenzhen ports handled 4.23 million TEUs in 1H09, dropped 27.9% year-on-year, which accounted for 52.3% of the market share of Shenzhen port.
- Throughputs of European and Mediterranean Sea liner services represented a higher proportion of the total throughput. In 1H08, the throughputs of European and Mediterranean Sea liner services were still at high levels and the throughputs slumped in 2H08 making the drop obvious.
- The handling fee rate and the throughput composition in Western Shenzhen ports remained stable.



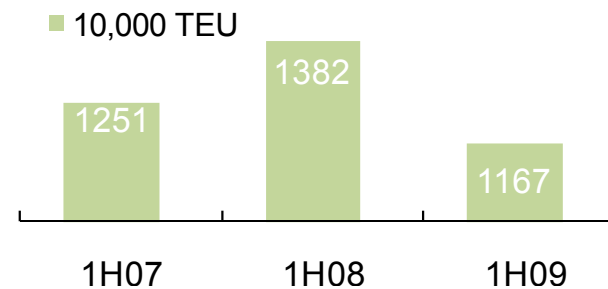


# Container Ports Operations

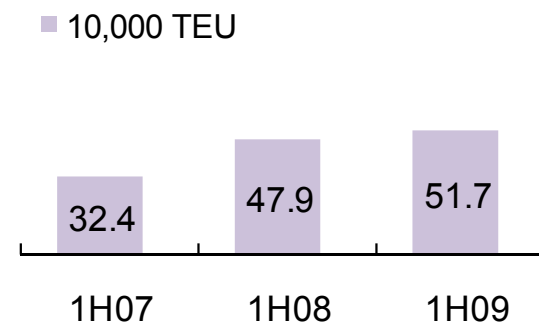
## —Yangtze River Delta

- ➔ In 1H09, SIPG handled 11.67 million TEUs, dropped 15.5% year-on-year. The weakening of world trade and contracting trade volume affected the growth of SIPG's throughput.
- ➔ Despite the impact of the market situation, Ningbo Daxie Terminal (CMICT) added Asian and American liner services plus a dramatic increase in domestic container trade throughput, which boosted the growth of throughput for nearly 8%.
- ➔ CMICT marked up the rate of handling fee for international container trade.

Container Throughput by SIPG



Container Throughput by CMICT

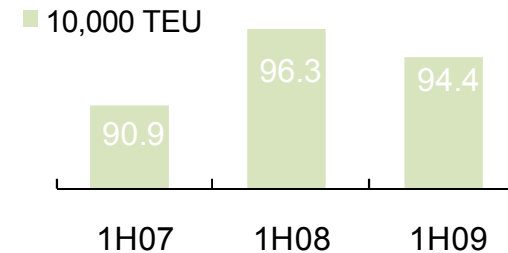


# Container Ports Operations

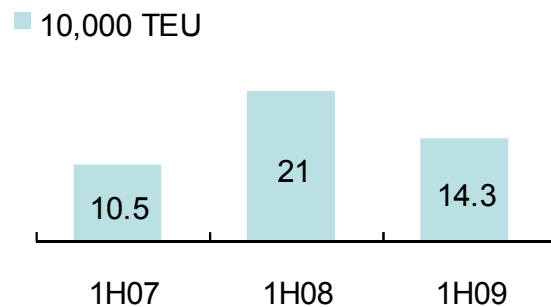
## —Others

- ➔ Bohai Economic Rim: Tianjin Five Continents' throughput decreased by 2% to 944,000 TEUs. China Merchants International Container Terminal (Qingdao) registered a throughput of 8,100 TEUs due to the adverse impact of the regional operational environment.
- ➔ Southeast coastal region: Zhangzhou China Merchants Port's throughput dropped 31.9% to 143,000 TEUs.
- ➔ Southwest coastal region: Zhanjiang Port Group's dropped 35.5% to 84,000 TEUs.

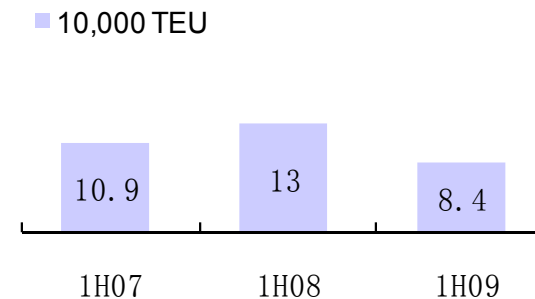
Container Throughput by Tianjin Five Continents



Container Throughput by Zhangzhou China Merchants Port



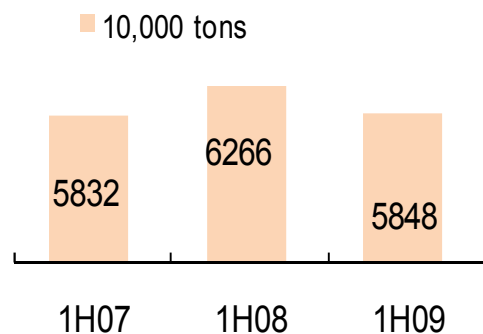
Container Throughput by Zhanjiang Port Group



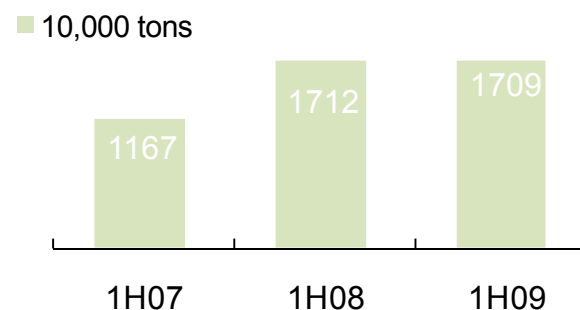


- ➔ The total bulk and general cargo business by CMHI's terminals reached 108 million tons, dropped 5.2%.
- ➔ SIPG handled 58.48 million tons, dropped 6.7%; Western Shenzhen Ports handled 17.09 million tons, similar to last year; Zhanjiang Port handled 29.05 million tons, fell 7.2%; and Zhangzhou China Merchants Port handled 3.37 million tons, increased 6.7% year-on-year.

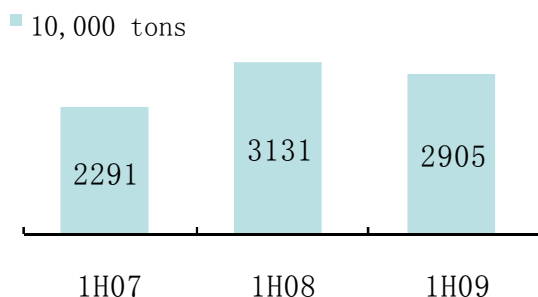
*Throughput by SIPG*



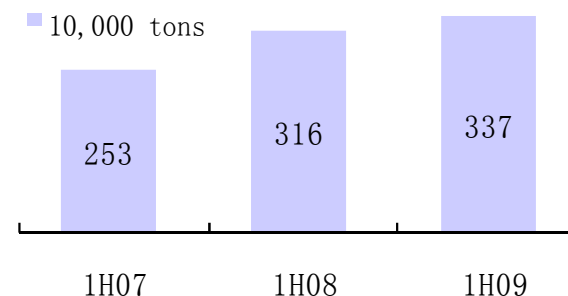
*Throughput by Western Shenzhen Ports*



*Throughput by Zhanjiang Port Group*

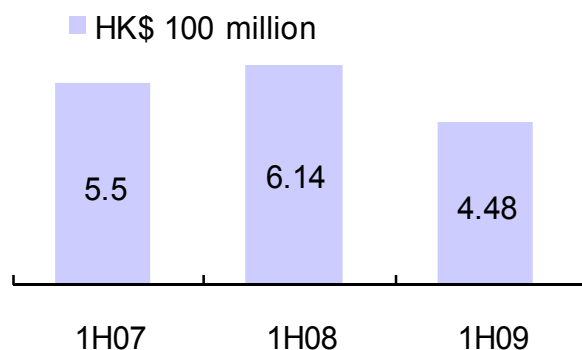


*Throughput by Zhangzhou China Merchants Port*

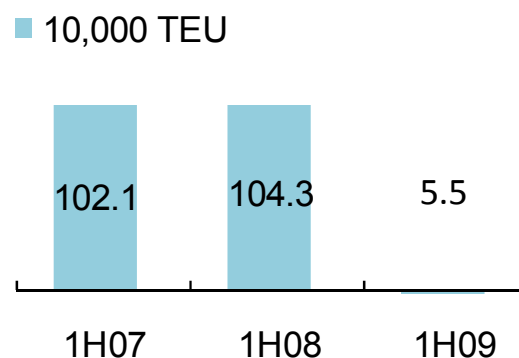


- The sale of shares in Hempel-Hai Hong was completed early this year.
- EBITDA of ports-related operation reached HK\$448 million, fell 27%. If deducted the contribution of Hempel-Hai Hong, EBITDA of ports-related operation (with CIMC only) fell 2.1%.
- Influenced by the financial crisis and the slowdown of international trade, CIMC sold a total of 55,000 TEUs of containers and 45,000 transportation vehicles.

*EBITDA from Ports-related Operation*



*Sales of Containers by CIMC*



## 1、Measures

- ⇒ Incentive scheme
- ⇒ Budget control
- ⇒ Technological innovations
- ⇒ Streamline operation flow

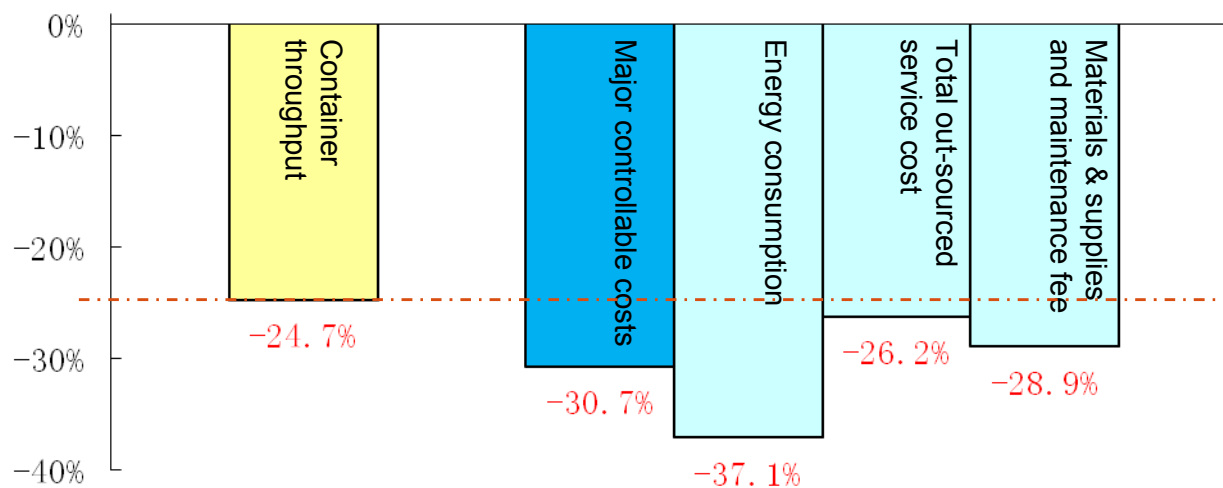


- ⇒ Set up cost control incentive scheme based on 'Cost paid by cash' concept
- ⇒ Set up cost control incentive scheme in the subsidiaries
- ⇒ Implement budget control on cost
- ⇒ Set up cost analysis model
- ⇒ Promote cost-saving and technical improvement
- ⇒ Improve production flow and enhance efficiency
- ⇒ Improve operation flow and lower management cost
- ⇒ Reinforce out-sourced service management
- ⇒ Promote centralized procurement
- ⇒ Release cost control report and findings with recommended best practice

## 2、Results

- ➔ The extent of decrease in the major controllable costs of container operations outweighed that of the container throughput, in which CMHI slashed the energy consumption by nearly 40%.
- ➔ Approved and subsidized by the Chinese government, CMHI has put intensifying efforts in promoting the green port philosophy and upgrading RTGs at container depots from consuming diesel to electricity which ultimately lowered power consumption and operational costs.

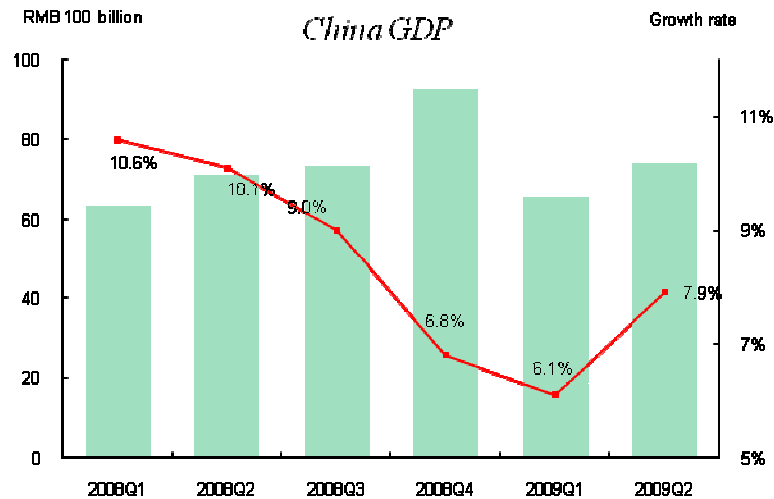
*The Extent of Decrease in the Major Controllable Costs of Container Operations*



Notes: Container operations include SCT, CCT, MCT, China Merchants Port Services (Shenzhen), Mawan0#, China Merchants Container Services and CMICT

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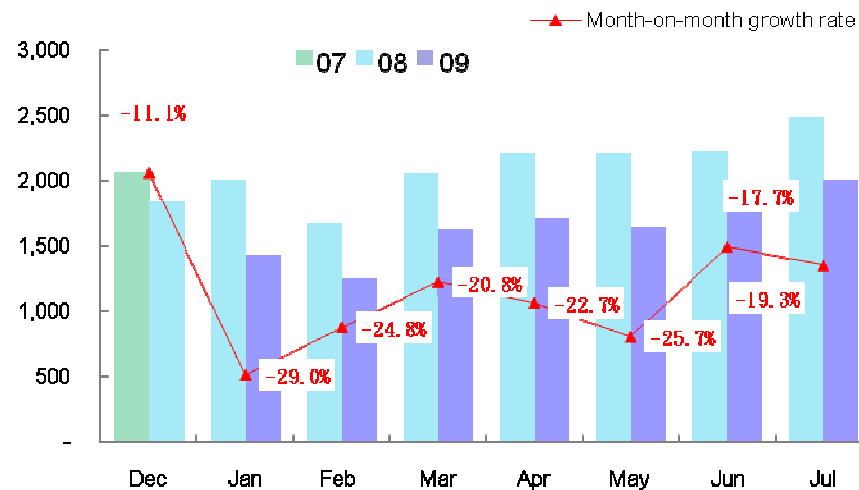
- From January to July, it registered a sustainable decrease in the total foreign trade volume in PRC year-on-year where a fluctuating month-on-month growth rate was recorded.
- From January to July, the total trade volume with EU, the US, Japan & Korea, and ASEAN decreased 21%, 16%, 25% and 22% accordingly.
- In 2H09, China's export trade will depend on the economic development of advanced economies in Europe and the US.

➤ Despite the indications of economic recovery found in Europe and America, there are still lots of uncertainties.

➤ The growth rate of China's GDP has bottomed out, the economic growth in 1H09 primarily relied on investment stimulation.

➤ It is anticipated that China economy will continue to recover but still be confined to the decline in export.

Import and Export Value (US\$ 100 million)

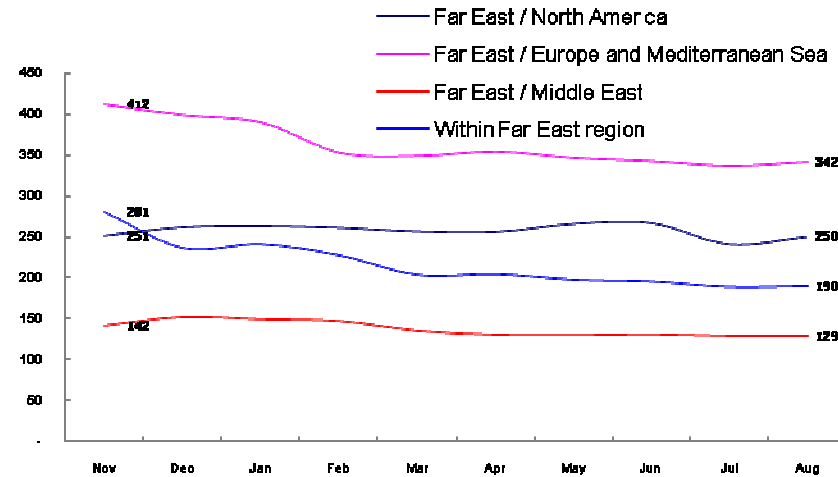




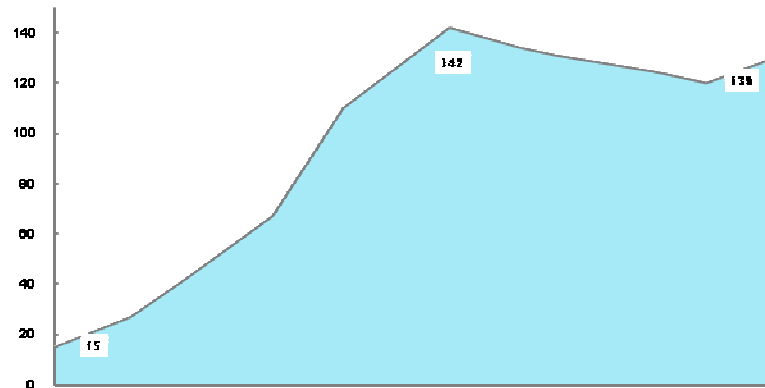
- This year the capacity deployed on the major liner services of within Far East region and to / from Far East has continued to decrease.
- The capacity deployed on the liner services of Far East / Europe & Mediterranean Sea and within Far East region has been decreasing.

Notes: Far East refers to East Asia, North East Asia and South East Asia, excluding South Asia region

Capacity Deployed on Liner Services  
1 Nov 08 – 1 Aug 09 (10,000 TEU)



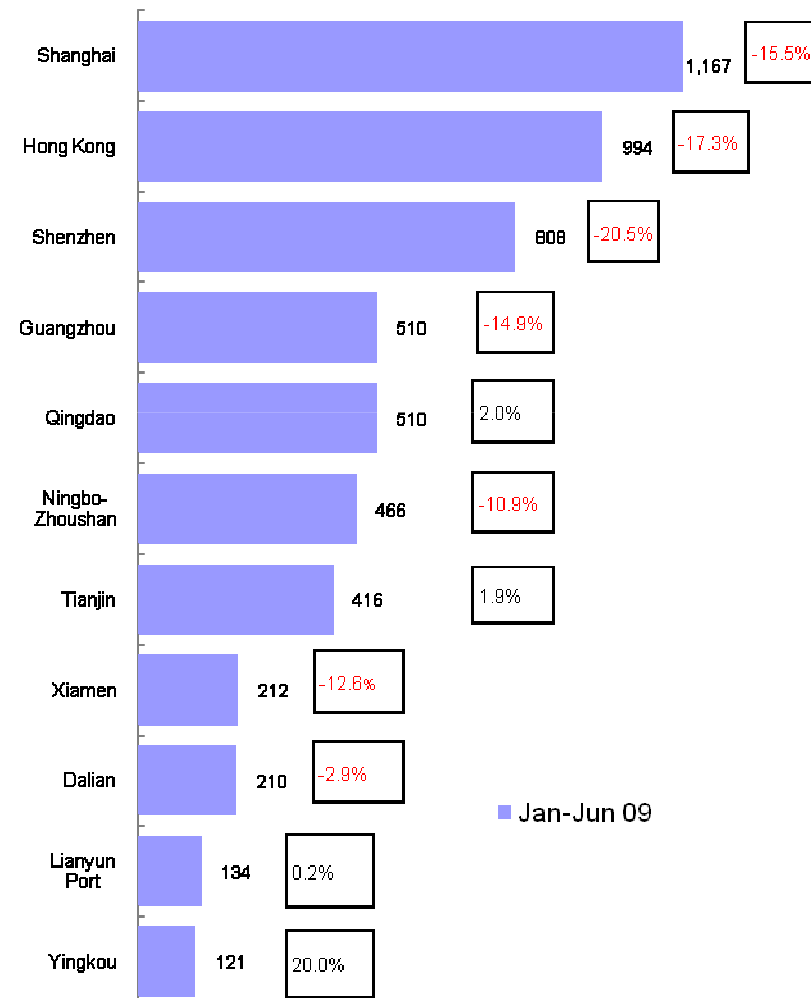
The Idle Capacity  
Oct 08 – Jul 09 (10,000 TEU)



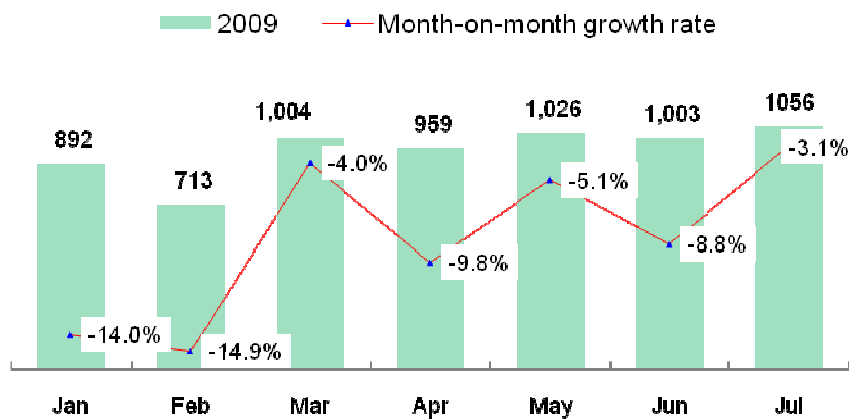
- The number of container fleets laid up in the world has increased rapidly since the end of last year. By the end of July, the total capacity in lay up still totaled 1.3 million TEUs.
- It is possible that the total capacity in lay up of container fleets in the future will increase, hence, the container shipping market will be under intense pressure.

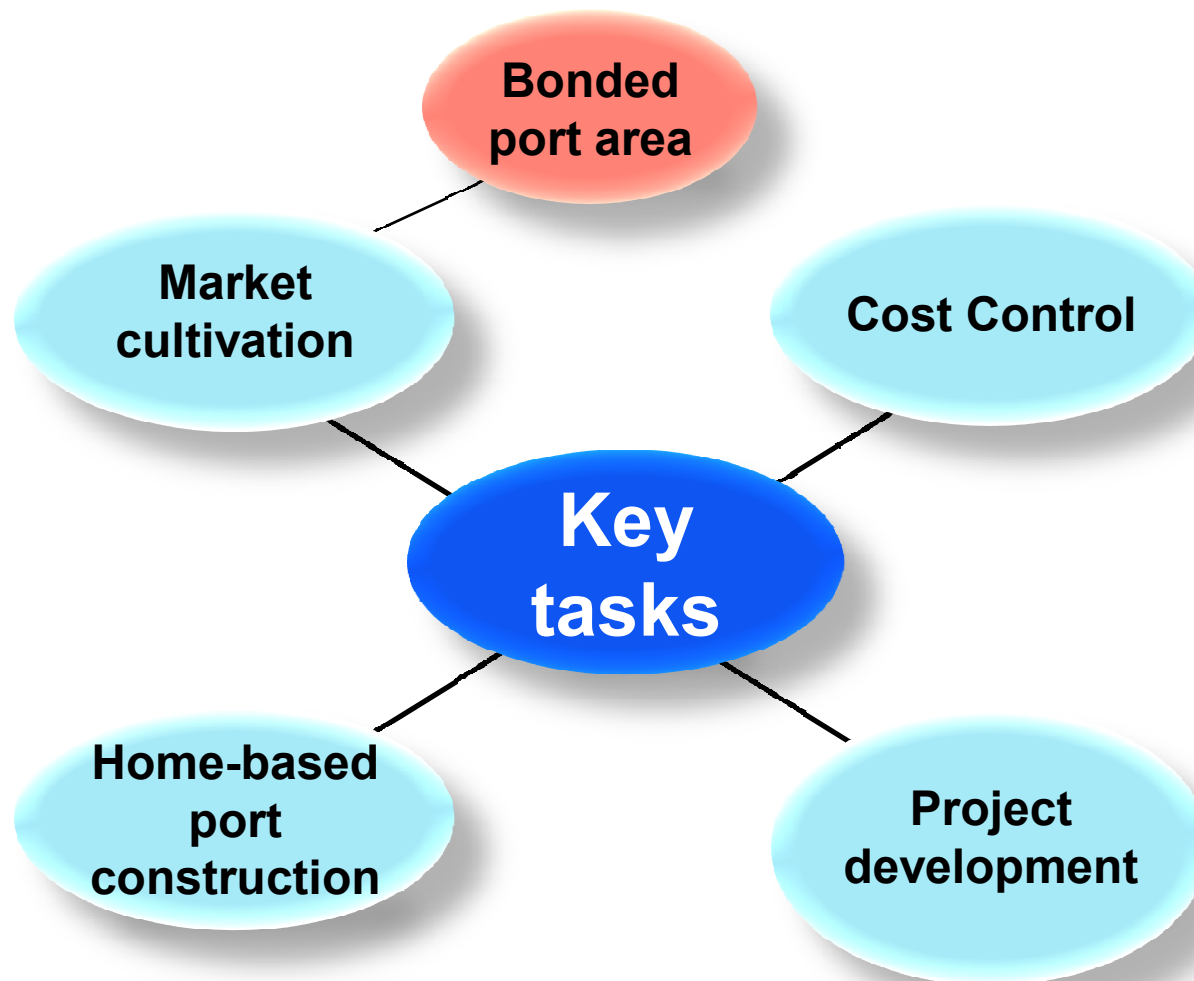
- In 1H09, the container throughputs by mainland sizable ports dropped 11%. Most of the throughputs by the ports along the coastal regions decreased more significantly.
- There has been fluctuations in mainland sizable ports container throughput month-on-month during the period under review.
- Container throughput in the future will depend on the foreign trade of PRC.

Container Throughputs of Major Container Ports in China (10,000 TEU)



Sizable Ports Container Throughput (10,000 TEU)







- Occupying a land area of 3.71 square kilometers, Qianhaiwan Bonded Port Area (“QBPA”) obtained the official approval from the State Council on 18 Oct 2008.
- The 1.176-square-kilometer Phase I of QBPA was passed inspection by a panel of Central government officials dated 10 July 2009 and commenced operation.
- Acquired regional advantage, geographical advantage and preferential policies, the establishment of QBPA is favorable for consolidating Western Shenzhen port’s position.



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# Q & A



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Thank you !

