



Shenzhen International  
深國際

# 2012

## Interim Results Investor Presentation

21 August 2012

Shenzhen International Holdings Limited  
深圳國際控股有限公司

Stock Code: 00152 (HK)

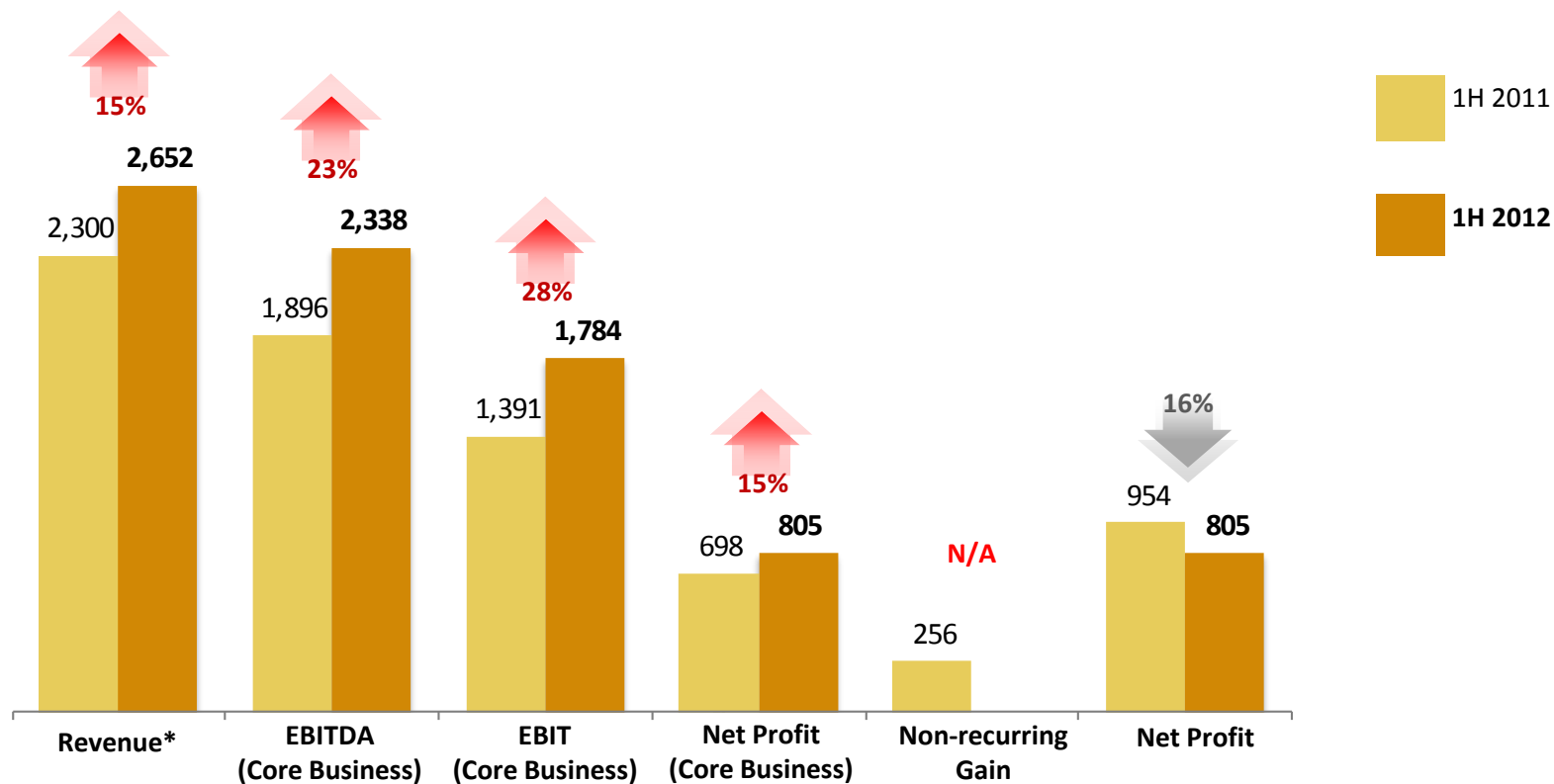


# 1. Results Highlights



Shenzhen International  
深國際

(HK\$ Million)



\*Exclude construction service income from toll road business

# 1. Results Highlights



Shenzhen International  
深國際

## Operating performance :

➔ **Group's revenue** amounted to HK\$2,857M (2011: HK\$2,742M), ▲ 4%; Exclude construction service income, revenue was HK\$2,652M (2011: HK\$2,300M), ▲ 15%

➔ **Core business: EBITDA** HK\$2,338M, ▲ 23%; **EBIT** HK\$1,784M, ▲ 28%

➔ **Core earnings** HK\$805M (2011: HK\$698M), ▲ 15%

➔ No disposals of CSG A Shares in 1H 2012  
(2011: Disposal Gain HK\$256M)

➔ **Profit attributable to shareholders** was HK\$805M  
(2011: HK\$954M), ▼ 16%

➔ **Basic EPS** was HK cents 4.91 (2011: HK cents 5.83), ▼ 16%

➔ **Shareholders' value per share** HK\$0.70 (31/12/2011: HK\$0.68), ▲ 3%



## 2. Business Overview



Shenzhen International  
深國際

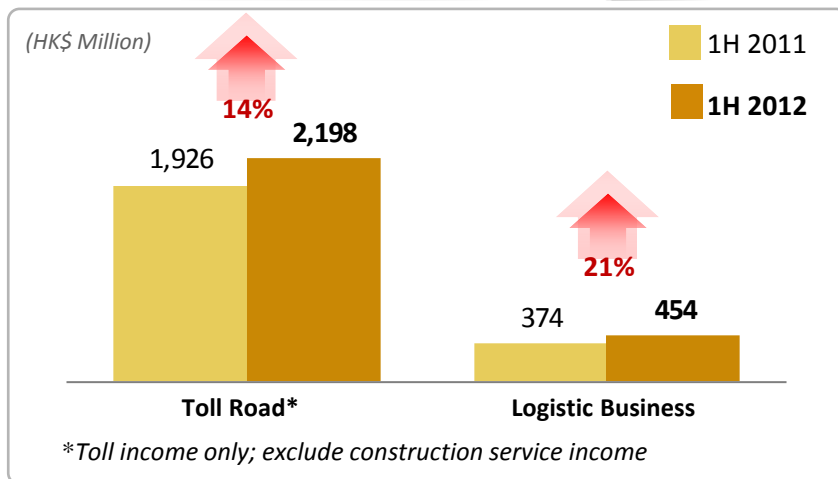
- ➔ Obtained Investment Grade Credit Rating of BBB and Baa3 from S&P and Moody's in 2012
- ➔ Successfully issued USD 300M 5-year senior note in April 2012
- ➔ Despite a weak economy and unfavorable government policy, core business performance was able to remain steady with a slight growth
- ➔ Core business and assets continued to generate strong cashflow and showed high level of resilience to market downturn
- ➔ Satisfactory logistic business performance with revenue ▲ **21%** and net profit ▲ **18%**
- ➔ Toll road business growth eased due to slow China economy growth
- ➔ Ongoing domestic demand in passenger traffic benefited Shenzhen Airlines performance
- ➔ No disposals of CSG A shares in 1H 2012 due to a weak China stock market

### 3. Core Business – Revenue ▲15%; EBIT ▲28%

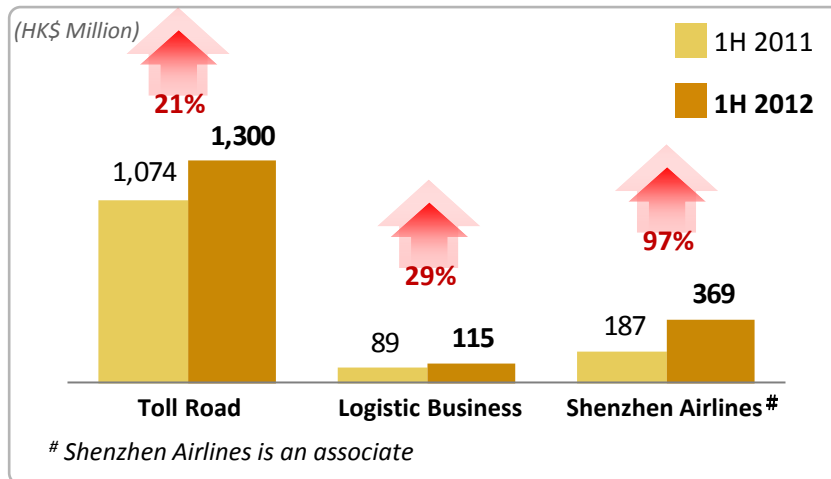


Shenzhen International  
深國際

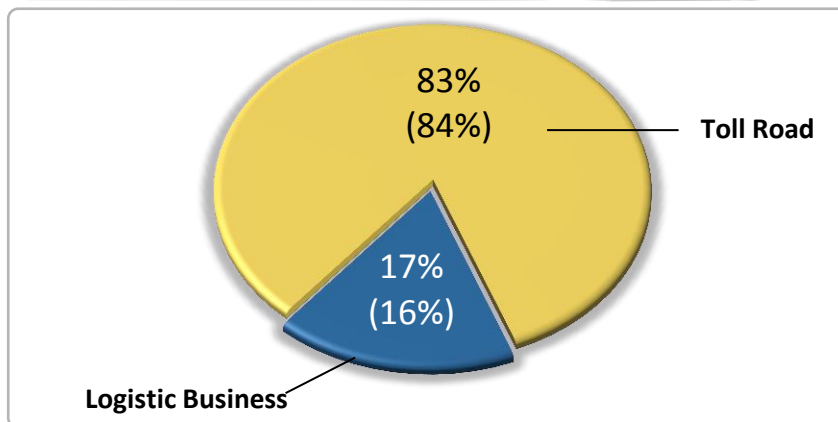
#### Revenue HK\$2,652M, ▲ 15%



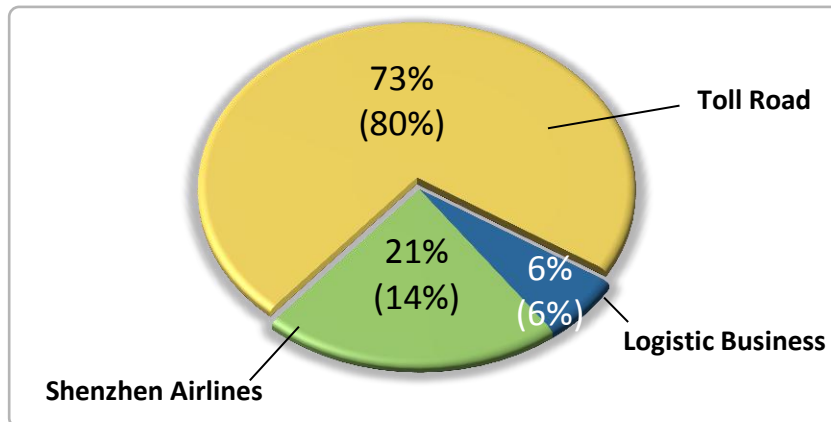
#### EBIT HK\$1,784M, ▲ 28%



#### Revenue Contribution 1H 2012 (1H 2011)



#### EBIT Contribution 1H 2012 (1H 2011)



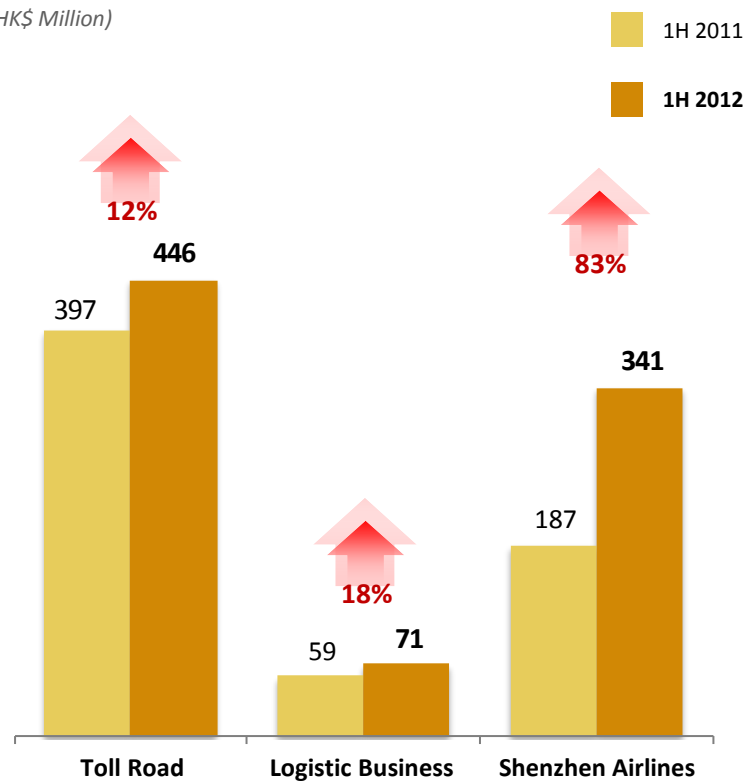
### 3. Core Business – Net Profit ▲15%



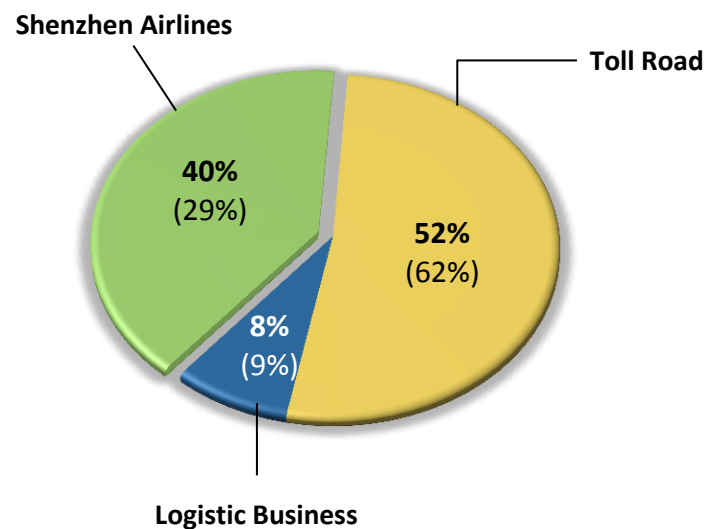
Shenzhen International  
深國際

**Net Profit HK\$805M, ▲ 15%**

(HK\$ Million)



**Net Profit Contribution 1H 2012  
(1H 2011)**



## 4. Toll Road



Shenzhen International  
深國際

### ● Longda Expressway:

- Decrease in traffic volume of container trucks reduced growth in toll revenue

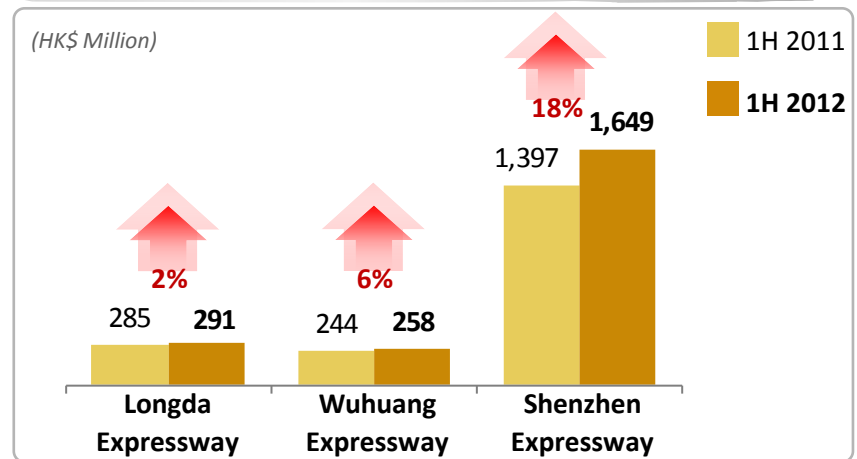
### ● Wuhuang Expressway:

- Resumed traffic volume and revenue growth as a result of improved road network

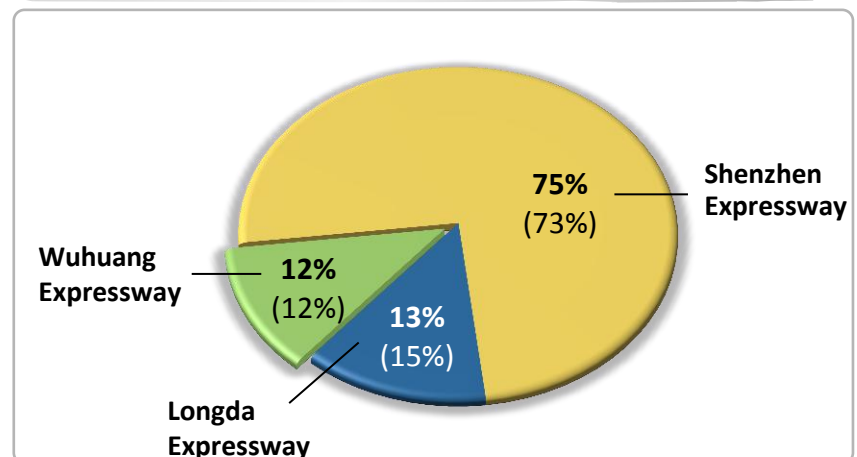
### ● Shenzhen Expressway:

- Opening of Yilian Expressway in Sept 2011 enhanced surrounding road network, Qinglian Expressway revenue ▲28% to DAR HK\$1.9M
- Traffic volume and toll revenue growth slowed down resulted from uncertain economic condition and weak export growth

**Toll Income: HK\$2,198M ▲ 14%**



**Toll Income Contribution 1H 2012 (1H 2011)**



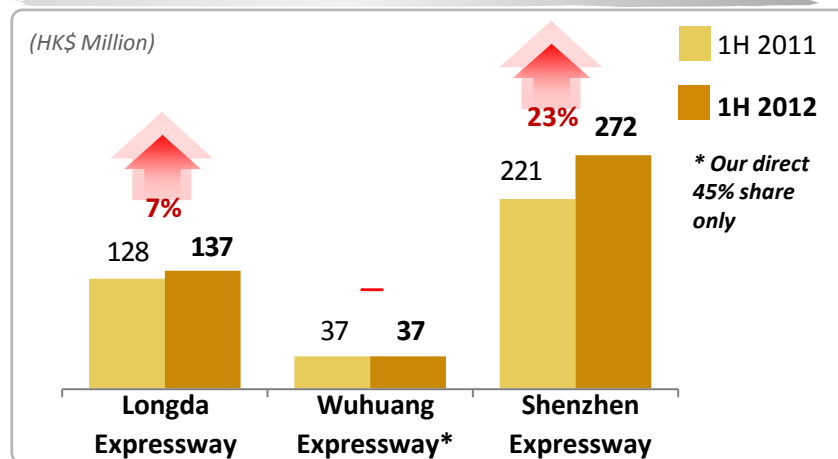
## 4. Toll Road



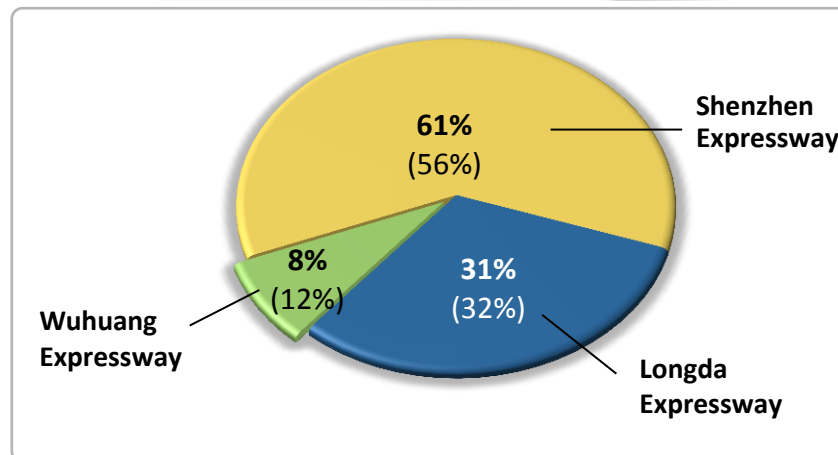
Shenzhen International  
深國際

- Despite a combination of negative factors, toll road business still generated stable profit and cashflow in 1H 2012
- Policies change had been a major subject of the industry
  - Guangdong Province toll rate unification from 1 Jun 2012
  - Toll free for passenger cars in key holiday periods to effect from National Holiday in Oct 2012
  - We expect to lose 4.5% of Group revenue in 2012
- Investment period for toll road business has passed and we expect capex to reduce significantly

**Net Profit: HK\$446M ▲ 12%**



**Net Profit Contribution 1H 2012 (1H 2011)**



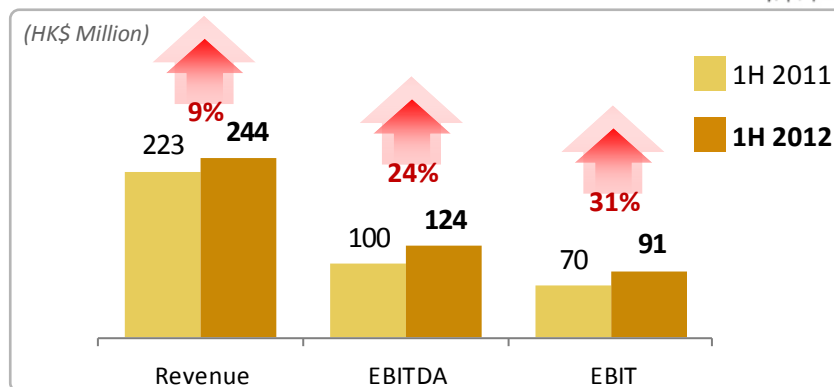


# 5. Logistic Park

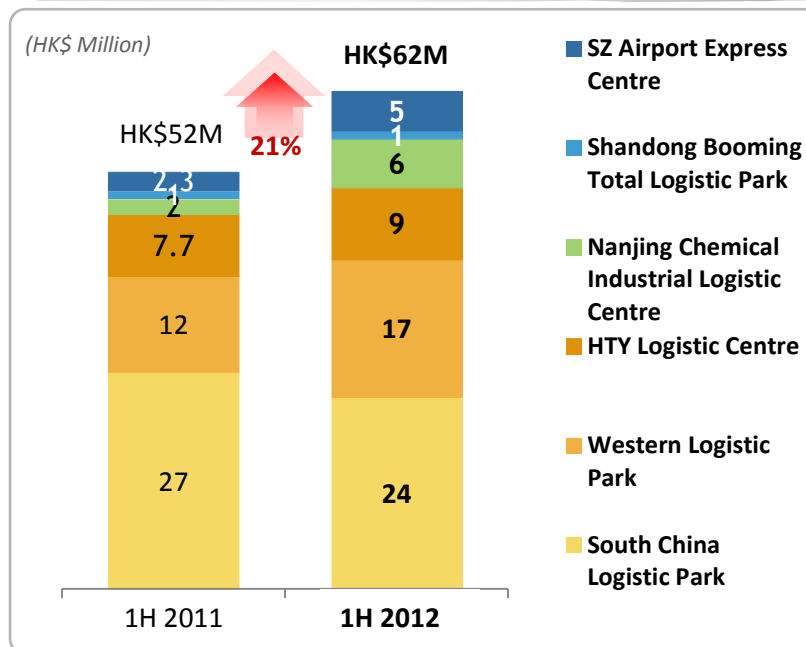


Shenzhen International  
深國際

- Logistic park business progressed well with continued improvement in operating efficiency and enhancement of economy of scale
- Operating area same as 2011 at 530,000m<sup>2</sup> and overall average occupancy rate maintained at 95%
- Operating area to increase 130,000m<sup>2</sup> to 660,000m<sup>2</sup> (▲ 24%) by early 2013
- We have further enhanced our business model in “Integrated Logistic Port” which combines highway transport, logistic information, storage, distribution as well as delivery services
- We expect there will be new investments in Integrated Logistic Port projects in key logistic gateway cities in China in 2H 2012



## Net Profit Contribution

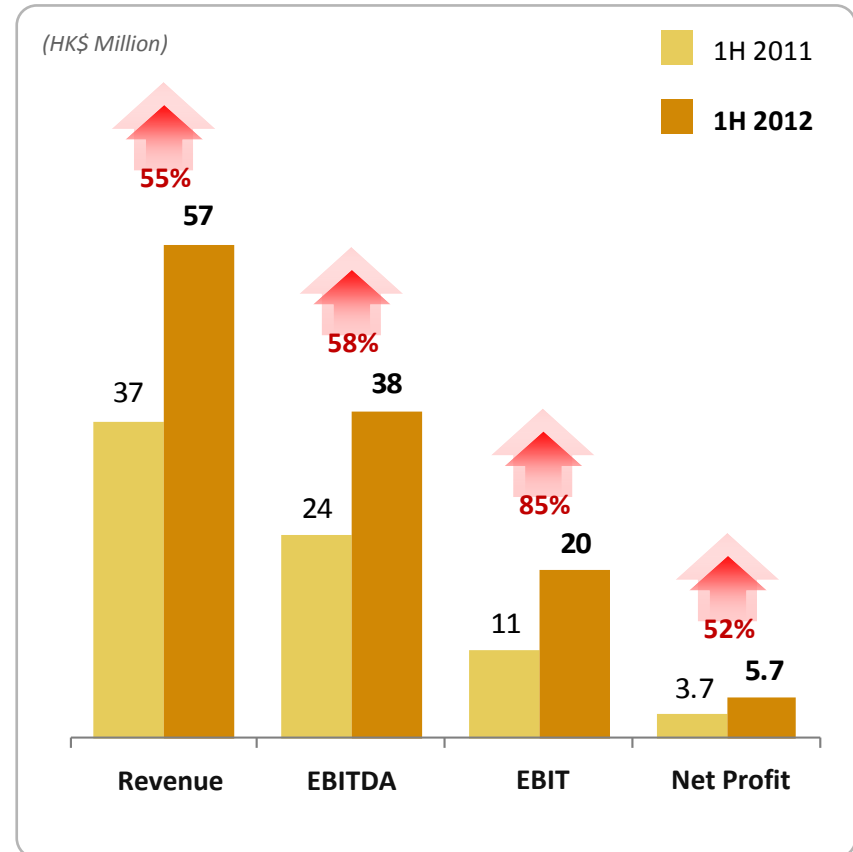


## 6. Port – Nanjing Xiba Port



Shenzhen International  
深國際

- **1H throughput reached 5.28M tons, ▲ 35%**
- **Further improve competitiveness through:**
  - Berthing capacity of the 2 bulk terminals expanded from 50,000 tons to 70,000 tons in May
  - Granted berthing permission for international vessels in June
- **Operation efficiency further improved in this 2<sup>nd</sup> full year operation**



## 7. Other Business – Shenzhen Airlines



Shenzhen International  
深國際

- **Group's equity interest increased 24% to 49% from January 2012 (Air China: 51%)**
  
- **Sound business performance benefited from:**
  - Ongoing domestic demand in passenger traffic
  - Synergy with controlling shareholder further reduced operating costs
  - Increased in operating scale: 110 aircrafts operating 136 routings (31/12/2011: 104 aircrafts in 126 routes)
  
- **Revenue increased 12% to RMB10.6B (2011: RMB9,458M); Transportation Revenue increased 13% to RMB9,638M (2011: RMB8,529M)**
  
- **Net profit was RMB580M (2011: RMB625M), ▼ 7% due to higher operating costs and currency depreciation**
  
- **Group's profit share amounted to HK\$341M (2011: HK\$187M), ▲ 83%**
  
- **Accumulated loss been fully offset; 2H earnings will be available for dividend distribution**

## 8. Financial Position



Shenzhen International  
深國際

	Group			Excl. Shenzhen Expressway #		
	30 June 2012 HK \$ million	31 Dec 2011 HK \$ million	Increase / (Decrease)	30 June 2012 HK \$ million	31 Dec 2011 HK \$ million	Increase / (Decrease)
Total Assets	41,308	39,901	4%	17,619	15,562	13%
Total Equity	18,389	18,148	1%	11,324	11,041	3%
NAV attributable to shareholders	11,418	11,214	2%	11,450	11,165	3%
Shareholders' NAV Per Share (HK\$)	0.70	0.68	3%	0.70	0.68	3%
Cash and Cash Equivalents	4,917	3,733	32%	2,748	1,135	142%
Bank and other Borrowings	10,491	11,362	(8%)	2,918	3,316	(12%)
Debt Instruments – Notes & bonds	7,688	5,372	43%	2,314	-	-
Total Borrowings	18,179	16,734	9%	5,232	3,316	58%
Net Borrowings	13,262	13,001	2%	2,484	2,181	14%
Debt Asset Ratio (Total Liabilities / Total Assets)	55%	55%	-	36%	29%	7%*
Total Borrowings / Total Assets	44%	42%	2%*	30%	21%	9%*
Ratio of Net Borrowings to Total Equity	72%	72%	-	22%	20%	2%*
Ratio of Total Borrowings to Total Equity	99%	92%	7%*	46%	30%	16%*

\* Change in percentage point

# Excluded consolidation of SZ Expressway & use equity accounting. Figures are unaudited and for reference only.

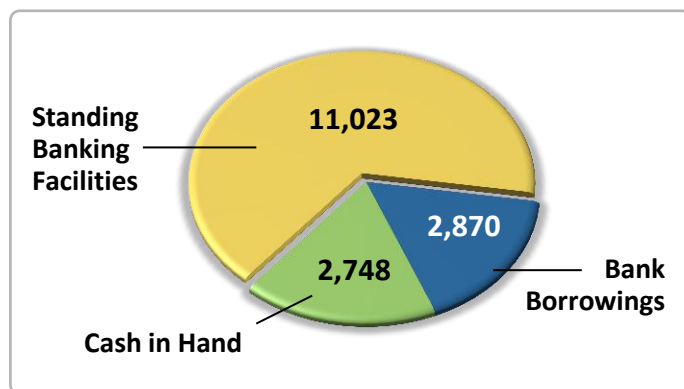
## 8. Financial Position



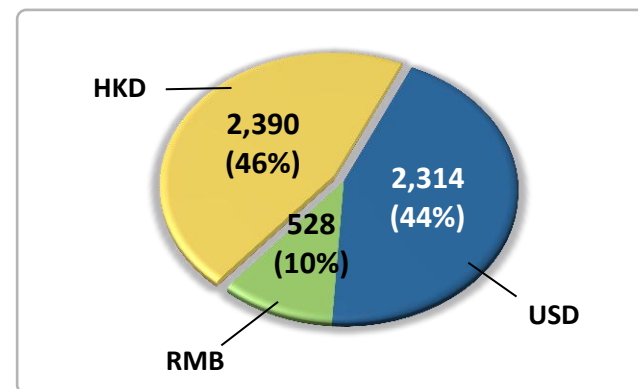
Shenzhen International  
深國際

### Borrowing Profile (Excl. Shenzhen Expressway) as at 30 June 2012

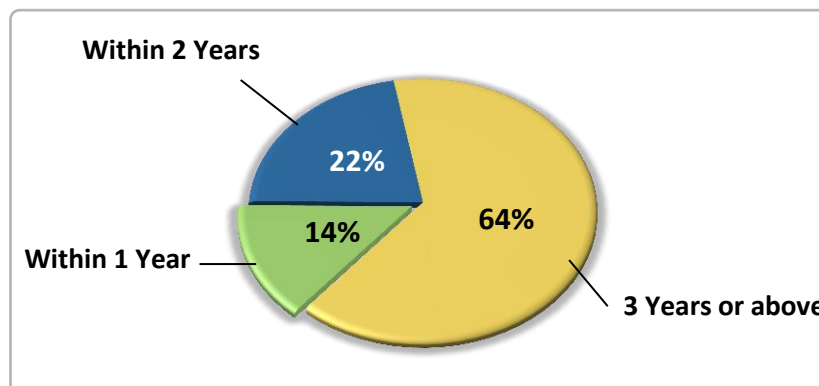
#### Cash & Banking Facilities (HK\$ Million)



#### Total Borrowings HK\$5,232M in currency (HK\$ Million)



#### Total Borrowings HK\$5,232M Repayment Period



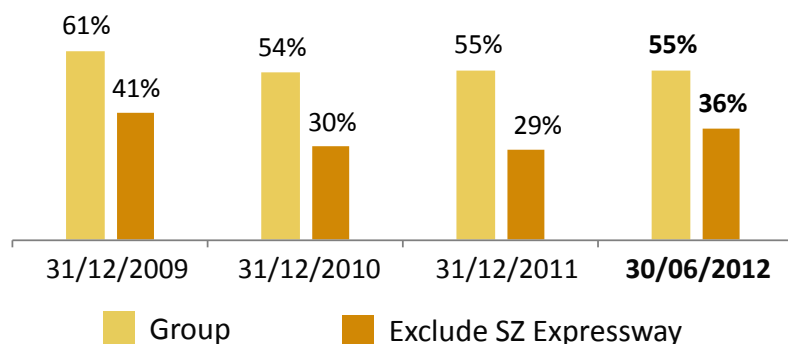
\* All figures exclude Shenzhen Expressway

## 8. Financial Position

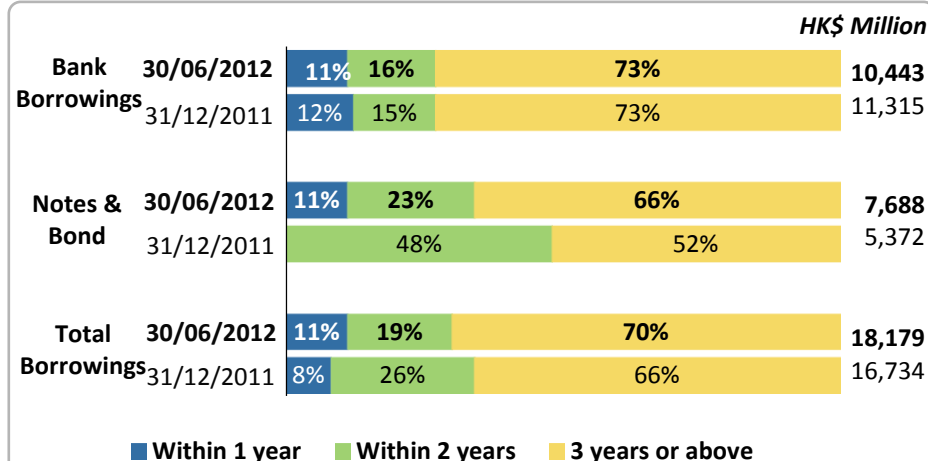


Shenzhen International  
深國際

### Debt Asset Ratio



### Debt Maturity Profile



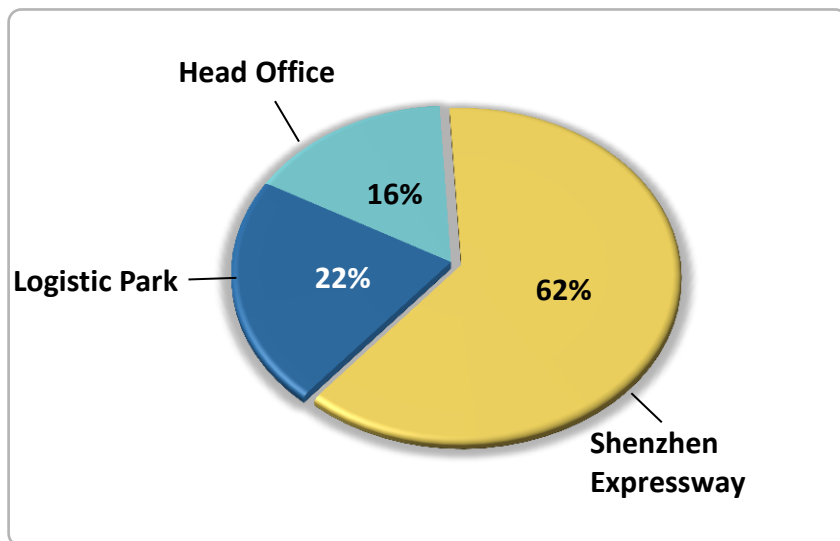
- Group Debt Asset Ratio maintained at 55%; Operating cashflow ▲ 11% to HK\$1,868M
- Fixed vs floating rate borrowings at 54% vs 46% (2011: 48% vs 52%)
- Expect to reduce finance costs by HK\$20M in 2H 2012 from lower benchmark interest rates on RMB loans
- 1H 2012 exchange loss of HK\$27M (2011: exchange gain of HK\$76M)
- Issued US\$300M 5-year senior note at coupon rate 4.375% in April 2012, use of proceeds included refinancing short term bank borrowings, core business capex and general working capital
- New financing channel explored which further strengthened our financial position

## 9. 2012 Capex – Revised to HK\$2,026M (RMB1,656M)

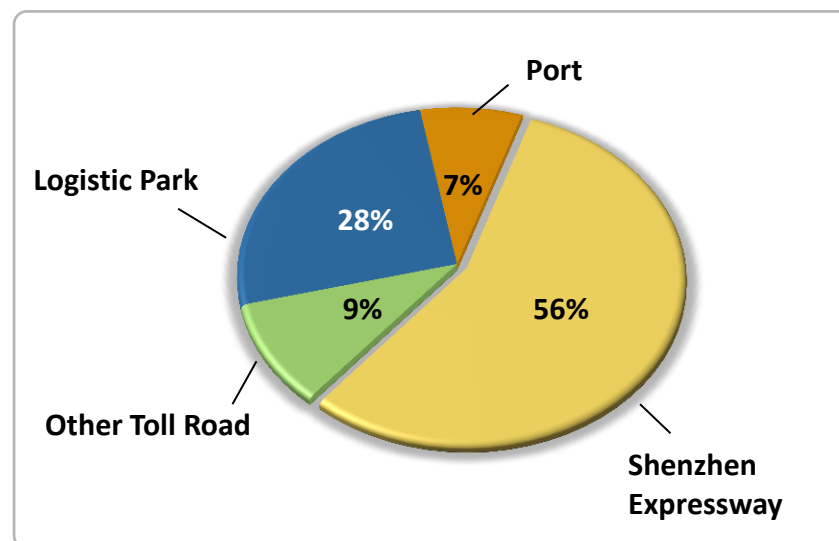


Shenzhen International  
深國際

### 2012 1H Actual HK\$619M (RMB506M)



### 2012 2H Estimate HK\$1,407M (RMB1,150M)



#### Major capex items:

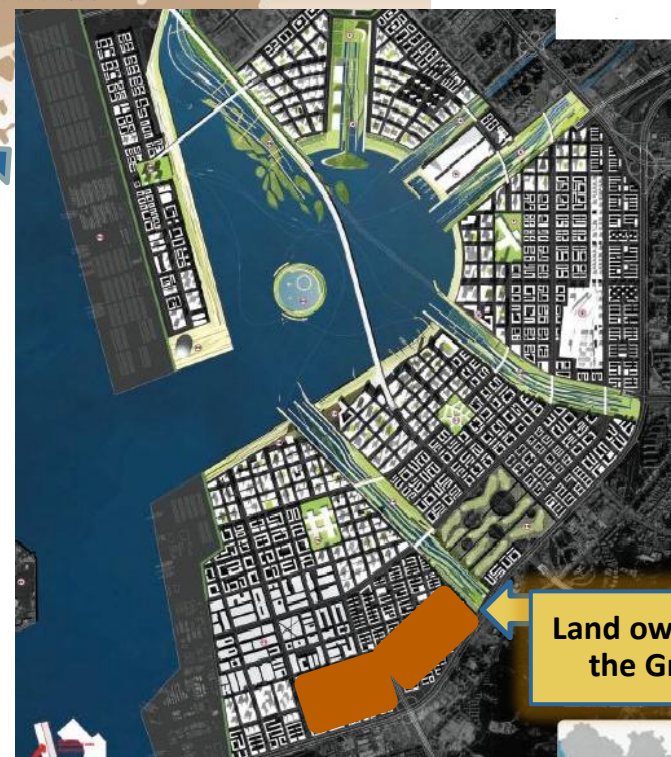
- **Head office:** final payment of 24% acquisition in Shenzhen Airlines
- **Logistic Park:** construction costs for new logistic centre
- **Shenzhen Expressway:** outstanding construction payment for Qinglian Expressway and expansion work of Meiguan Expressway

# 10. 2012 2H Outlook – Qianhai Development Plan



Shenzhen International  
深國際

- In 1H 2012, the “Consolidated Plan on HK/SZ Co-operation on Modern Service Industries in Qianhai Area”, together with a series of policies in relation to finance, taxation & regulations were launched
- Qianhai Area will be developed into a new international modern service industries zone for financial services, modern logistics, information services and technology services
- The development of the modern logistics industry in Qianhai Area is in line with the Group’s business development direction
- The Group's land has been included in the Shenzhen Qianhai HK/SZ Modern Service Industries Cooperation Zone
- The Group are actively re-positioning the development plan of the land in Qianhai Area according to Qianhai's new policy and town planning in 2012
- With the new development plan of Qianhai Area, the Group will strengthen the communication with the respective government departments, and strive to obtain more land rights in the transformation process of the function of land. Through the transformation and enhancement of the existing logistic business, the economic value of the Group’s land is expected to be further enhanced.
- In 2H 2012, the Group will closely monitor the progress of the implementation of Qianhai's policies and measures, and will continue to interact closely with the Qianhai Management Bureau and relevant government departments to facilitate our work on the planning, design, business development and operation of the project



Land owned by  
the Group



## 11. 2012 2H Outlook



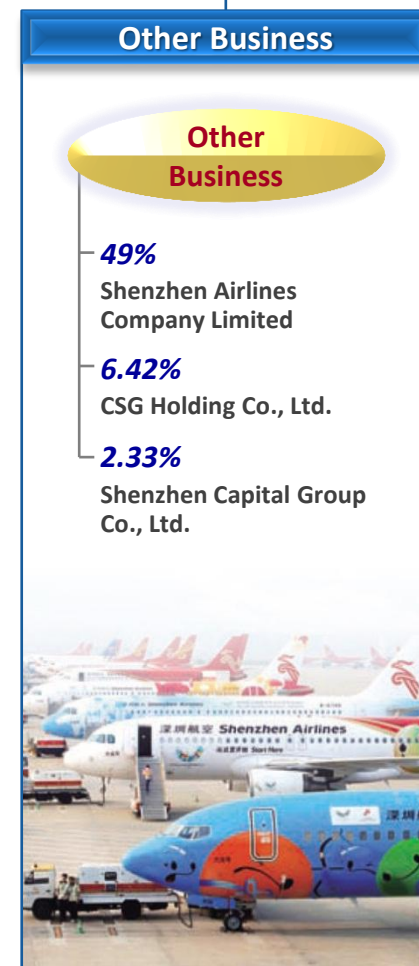
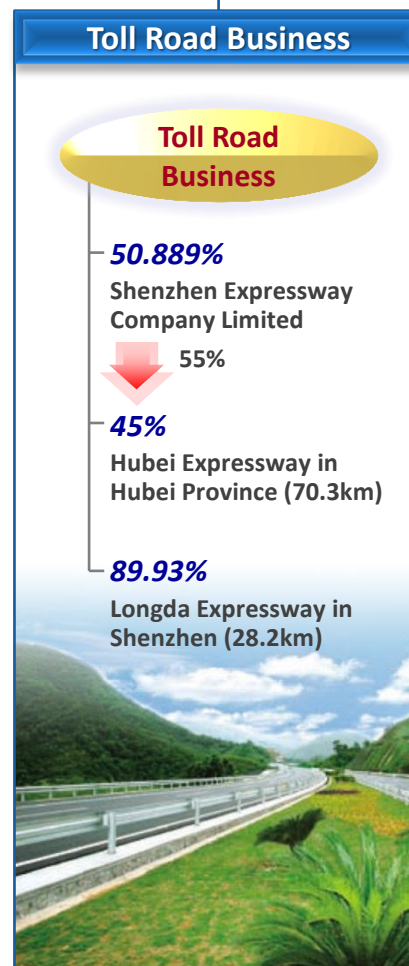
Shenzhen International  
深國際

- **Global economy environment remains challenging**
- **Logistic infrastructure enterprises face uncertainties with the slow down of China economy growth**
- **Continue to expand logistic business via expansion in existing logistic park and investment in new “Integrated Logistic Port” projects**
- **Strive to commence Phase 2 of Nanjing Xiba Port project**
- **Closely monitor the impacts brought by the change in toll road policies and formulate strategies and plans to cope and minimize these impacts**
- **Wait for opportunity for divestment of our holdings in CSG A shares (133M (6.42%))**



Shenzhen International  
深國際

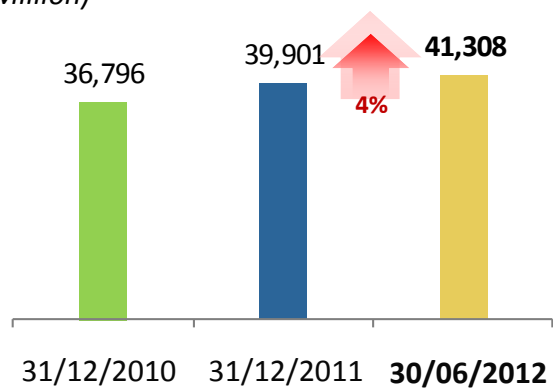
# Appendix





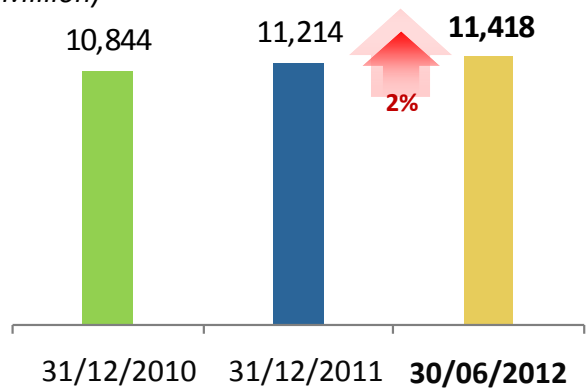
## Total Asset

(HK\$ Million)



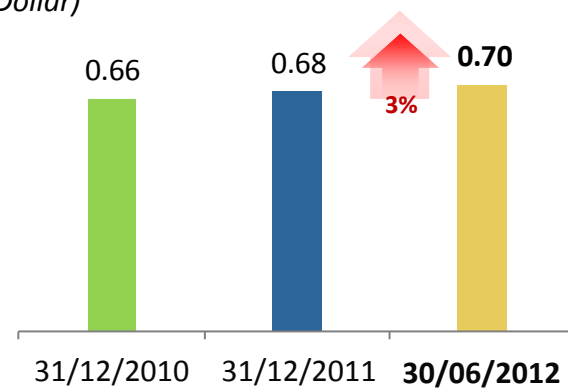
## Shareholders' Value

(HK\$ Million)



## Shareholders' Value Per Share

(HK Dollar)



# Appendix III – Income Statement




Shenzhen International  
深國際

	HK\$ Million		
	Six months ended 30 June		
	2012	2011	Change
<b>Revenue</b>	<b>2,857</b>	2,742	<b>4%</b>
Cost of sales	(1,436)	(1,610)	(11%)
<b>Gross profit</b>	<b>1,421</b>	1,132	<b>25%</b>
Other gains – net	8	368	(98%)
Other income	53	81	(34%)
Distribution costs	(19)	(15)	21%
Administrative expenses	(137)	(125)	10%
<b>Operating profit</b>	<b>1,326</b>	1,441	<b>(8%)</b>
Share of profit of jointly controlled entities	7	2	414%
Share of profit of associates	451	287	57%
<b>Profit before finance costs and tax</b>	<b>1,784</b>	1,730	<b>3%</b>
Finance costs – net	(473)	(286)	66%
<b>Profit before income tax</b>	<b>1,311</b>	1,444	<b>(9%)</b>
Income tax expense	(248)	(287)	(14%)
<b>Profit for the Period</b>	<b>1,063</b>	1,157	<b>(8%)</b>
Non-controlling interests	(258)	(203)	27%
<b>Net profit attributable to Shareholder</b>	<b>805</b>	954	<b>(16%)</b>
<b>Basic EPS (HK cents per share)</b>	<b>4.91</b>	5.83	<b>(16%)</b>

# Appendix IV – Segment Results

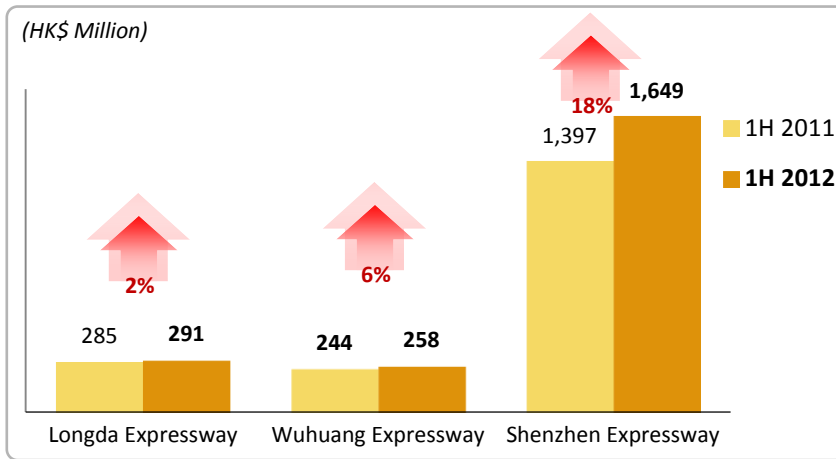


Shenzhen International  
深國際

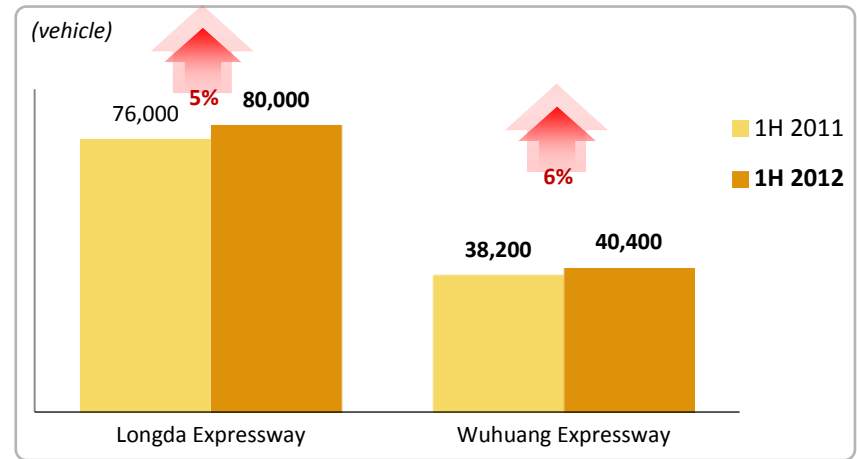
 (HK\$ million) Six months ended 30 June	Revenue		Operating profit		Share of results of associates & JVs		EBIT	
	2012	2011	2012	2011	2012	2011	2012	2011
<b>Toll Road</b>								
Toll income	<b>2,198</b>	1,926	<b>1,216</b>	976	<b>84</b>	98	<b>1,300</b>	1,074
Construction service income	<b>205</b>	442	-	-	-	-	-	-
	<b>2,403</b>	2,368	<b>1,216</b>	976	<b>84</b>	98	<b>1,300</b>	1,074
<b>Logistic Business</b>								
Logistic Park	<b>244</b>	223	<b>86</b>	66	<b>5</b>	4	<b>91</b>	70
Logistic Service	<b>153</b>	114	<b>4</b>	8	-	-	<b>4</b>	8
Port	<b>57</b>	37	<b>20</b>	11	-	-	<b>20</b>	11
	<b>2,857</b>	2,742	<b>1,326</b>	1,061	<b>89</b>	102	<b>1,415</b>	1,163
<b>Head office</b>	-	-	-	380	<b>369</b>	187	<b>369</b>	567
	<b>2,857</b>	2,742	<b>1,326</b>	1,441	<b>458</b>	289	<b>1,784</b>	1,730
Finance income							<b>35</b>	14
Finance costs							<b>(508)</b>	(300)
Finance costs – net							<b>(473)</b>	(286)
<b>Profit before income tax &amp; NCI</b>							<b>1,311</b>	1,444



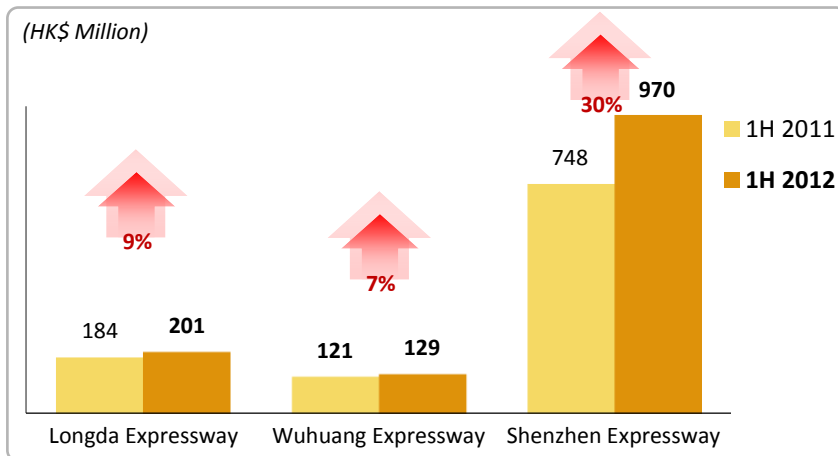
## Toll Income: HK\$2,198M ▲ 14%



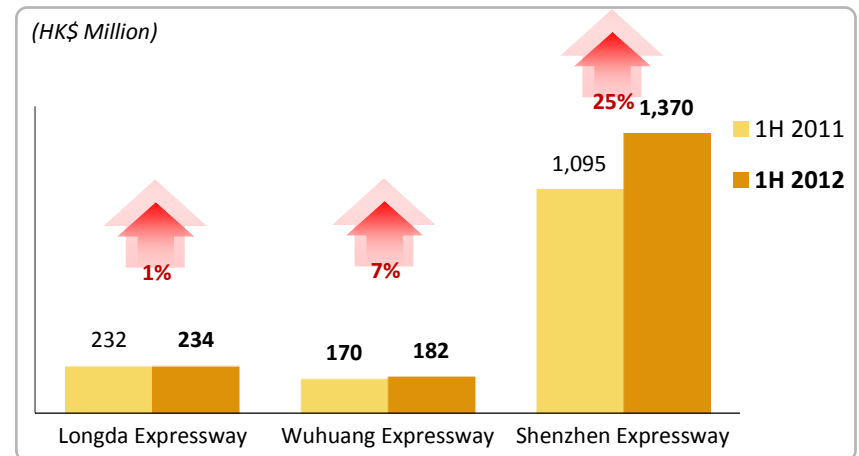
## Daily Mixed Traffic Volume



## EBIT: HK\$1,300M ▲ 21%



## EBITDA: HK\$1,786M ▲ 18%



# Appendix VI – Toll Road



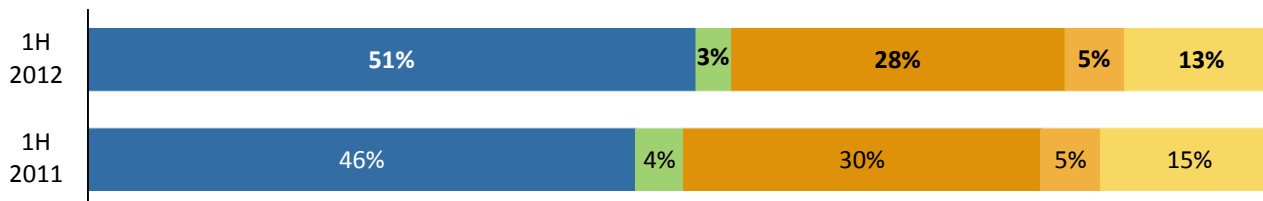
Shenzhen International  
深國際

## Longda Expressway

**DMTV**  
Distribution



**DAR**  
Distribution



DMTV: Daily Mix Traffic Volume

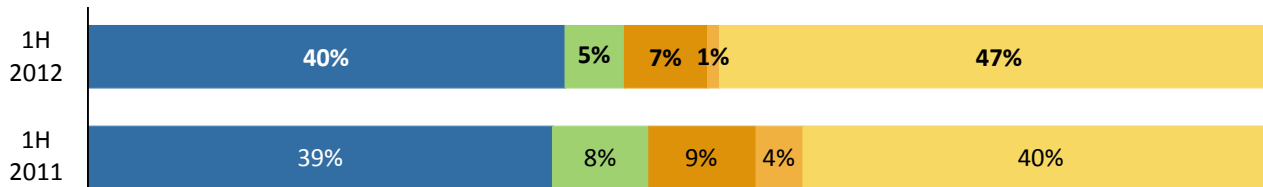
DAR: Daily Average Revenue

## Wuhuang Expressway

**DMTV**  
Distribution



**DAR**  
Distribution



■ Class 1      ■ Class 2      ■ Class 3      ■ Class 4      ■ Class 5



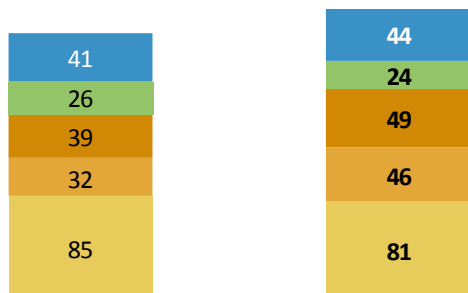
# Appendix VII – Logistic Park



Shenzhen International  
深國際

**Revenue HK\$244M, ▲ 9%**

(HK\$ Million)

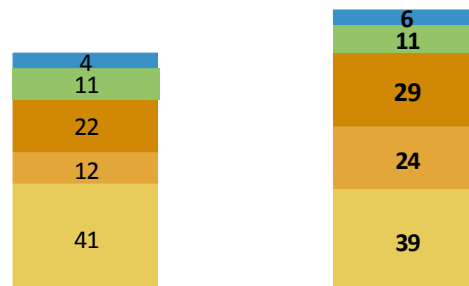


1H 2011

1H 2012

**Gross Profit HK\$109M, ▲ 21%**

(HK\$ Million)

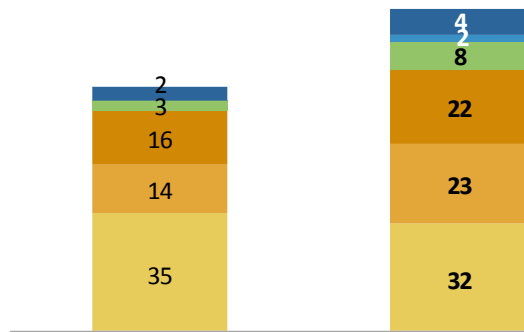


1H 2011

1H 2012

**EBIT HK\$91M, ▲ 31%**

(HK\$ Million)

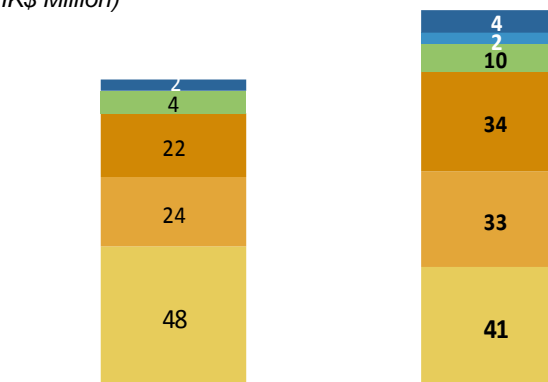


1H 2011

1H 2012

**EBITDA HK\$124M, ▲ 24%**

(HK\$ Million)



1H 2011

1H 2012

South China Logistic Park

Western Logistic Park

HTY Logistic Centre

Nanjing Chemical Industrial Logistic Centre

Shandong Booming Total Logistic Park

SZ Airport Express Centre

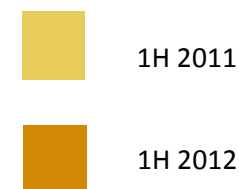
# Appendix VIII (a) – Logistic Park – South China Logistic Park



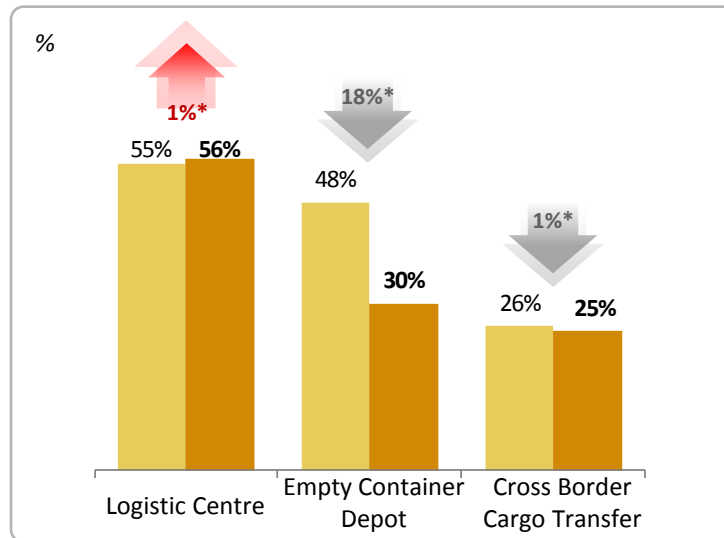
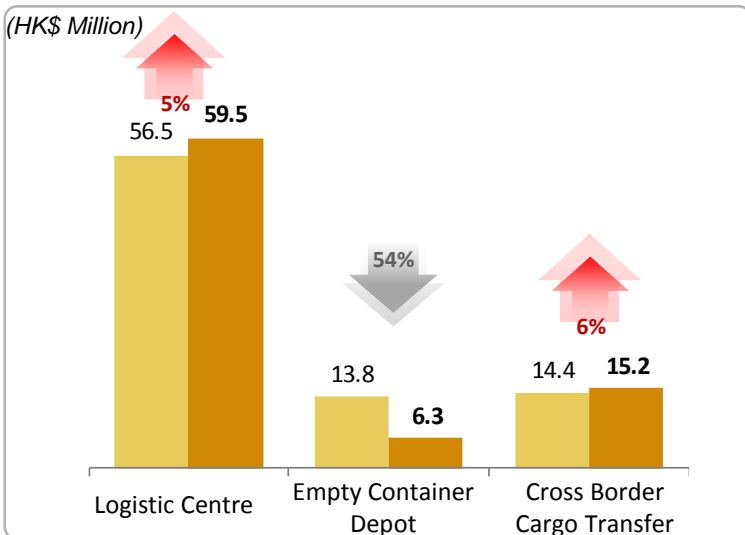
Shenzhen International  
深國際

## Revenue HK\$81M, ▼4%

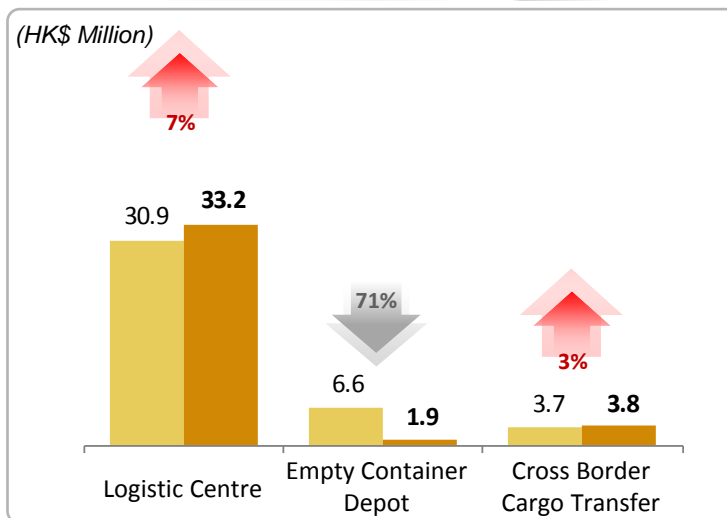
## Gross Profit % 48%, ▼1%\*



\* Change in percentage point



## Gross Profit HK\$38.9M, ▼6%

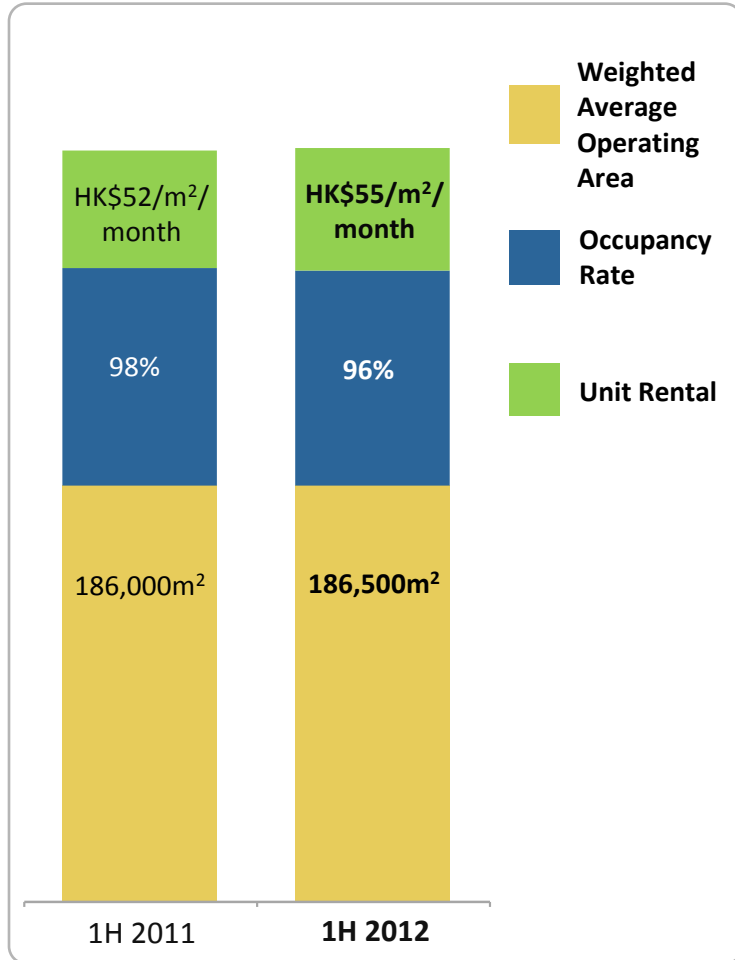


# Appendix VIII (b) – Logistic Park – South China Logistic Park

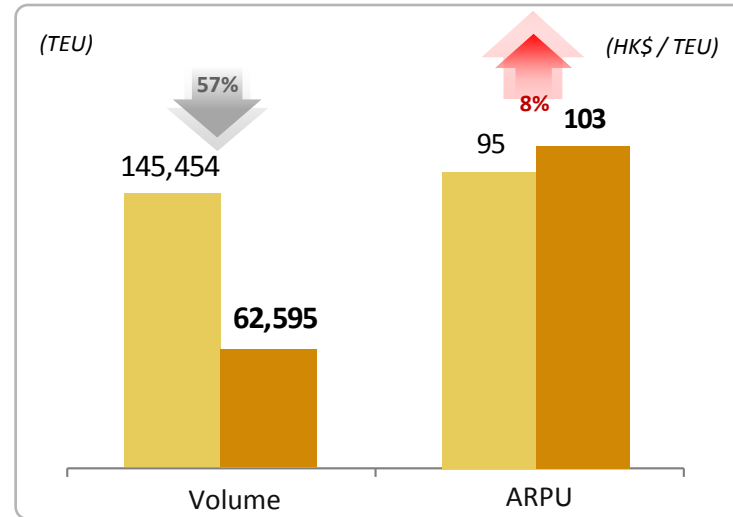


Shenzhen International  
深國際

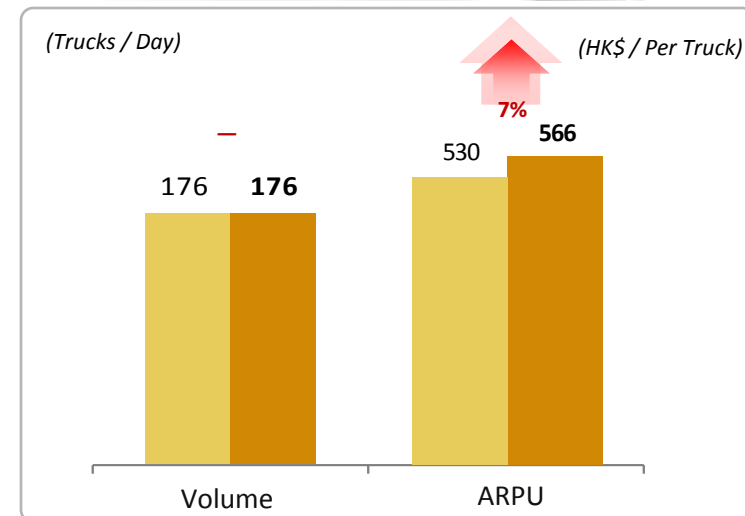
## Logistic Centre



## Empty Container Depot

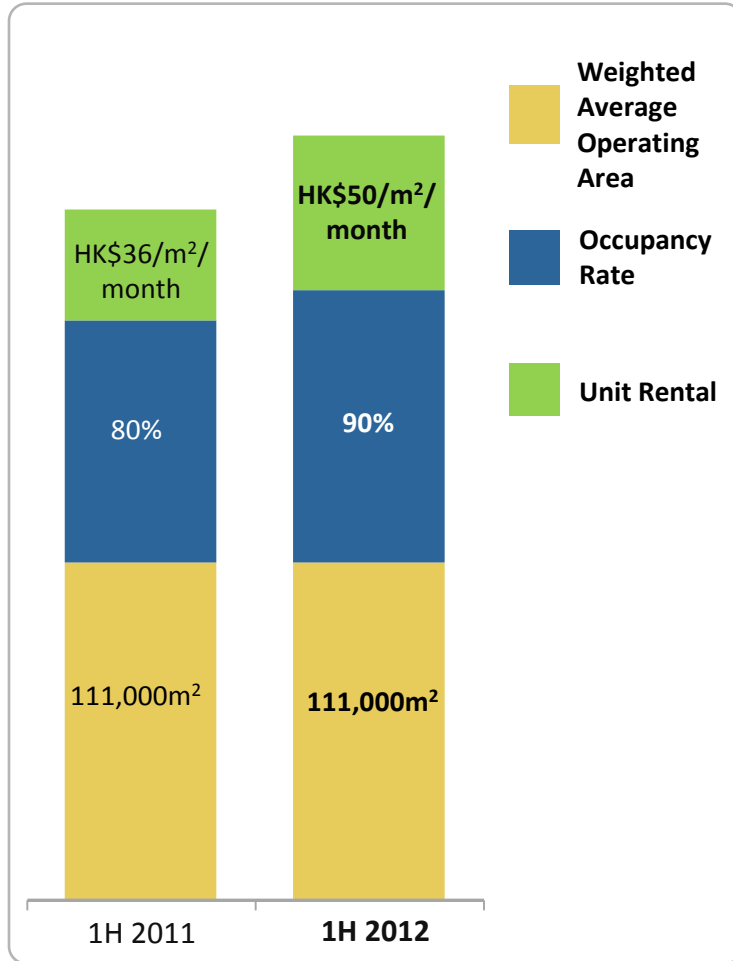


## Cross Border Cargo Transfer

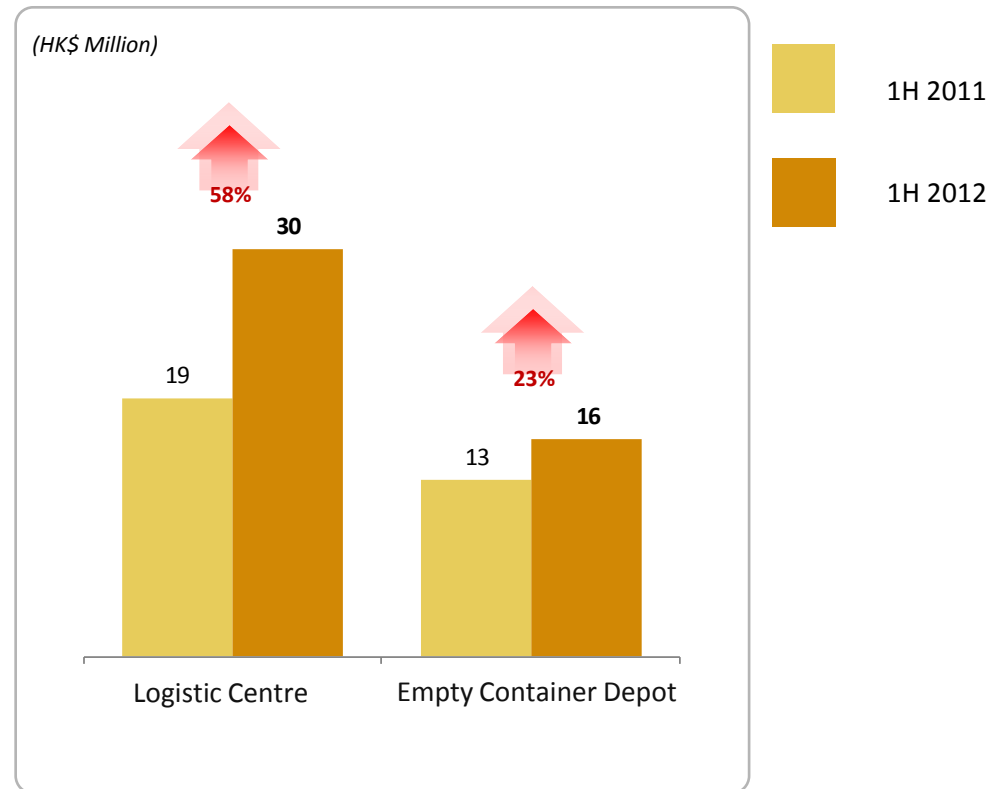




## Logistic Centre



## Revenue HK\$46M, ▲ 46%

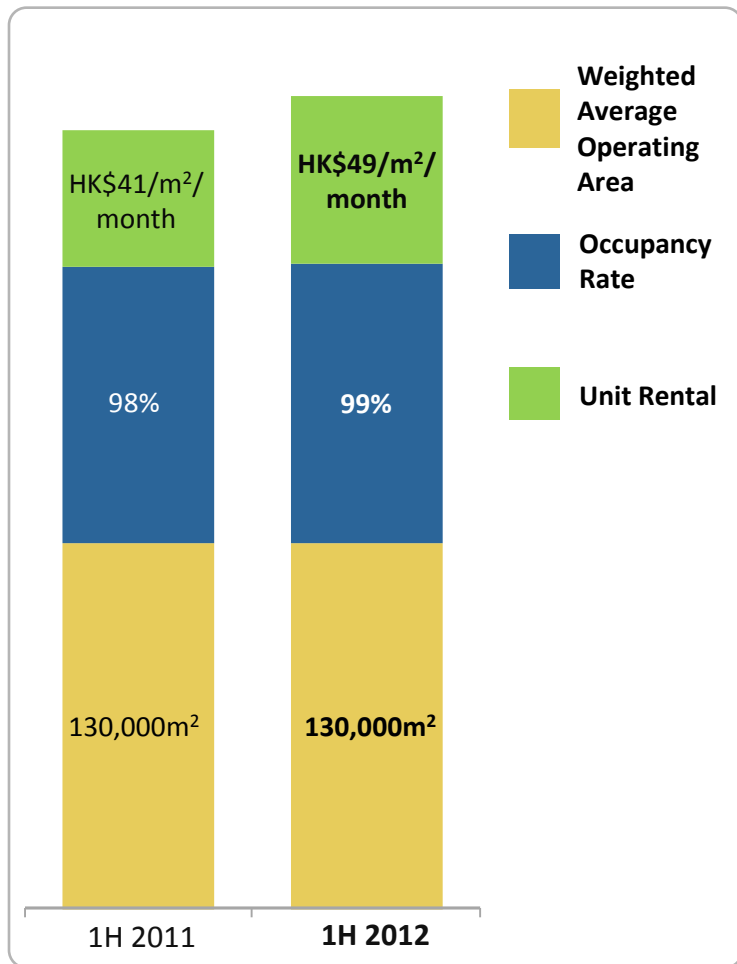


# Appendix X – Logistic Park – HTY Logistic Centre



Shenzhen International  
深國際

## Logistic Centre



## Revenue HK\$49.2M, ▲ 24%



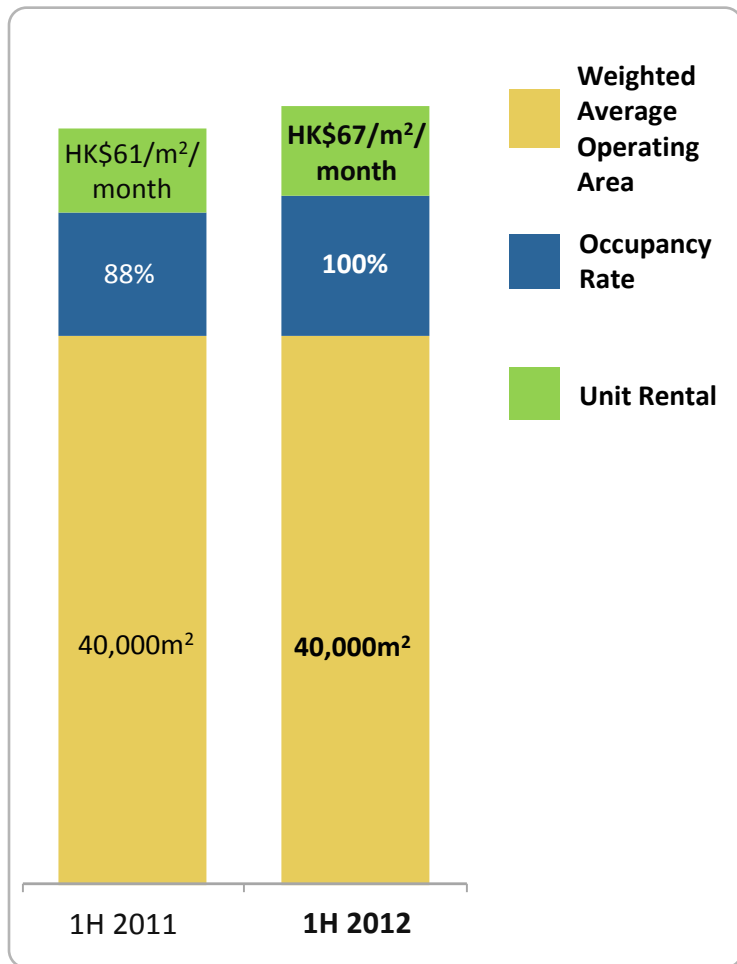
# Appendix XI – Logistic Park

## – Nanjing Chemical Industrial Park Logistic Centre

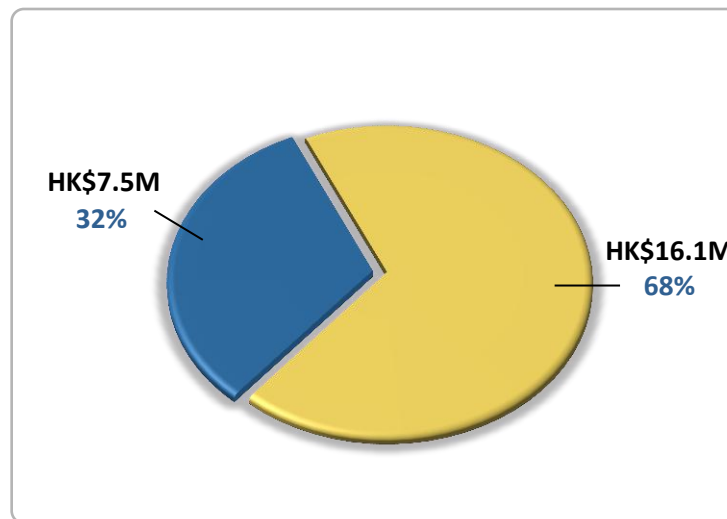


Shenzhen International  
深國際

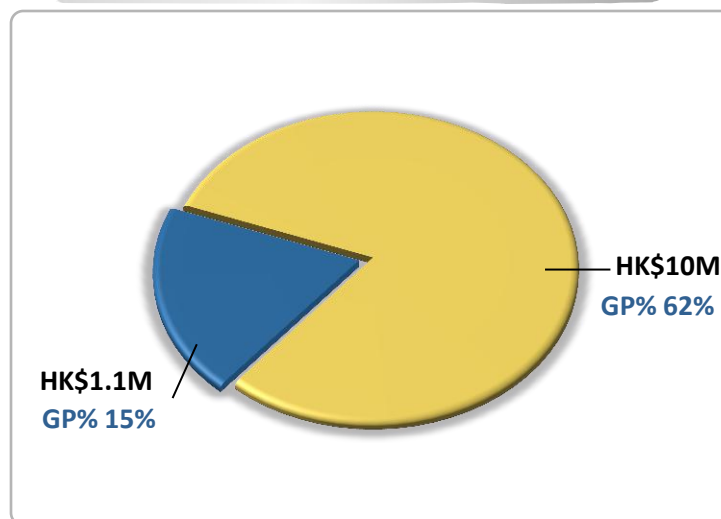
### Logistic Centre



Revenue **HK\$23.6M, ▼ 10%**



Gross Profit **HK\$11.1M, ▲ 3%**



## Appendix XII(a) – Other Business – Shenzhen Airlines



Shenzhen International  
深國際

<i>(RMB' Million)</i>	<b>1H 2012</b>	<b>1H 2011</b>	<b>Increase/ (Decrease)</b>
<b>Transportation Revenue</b>	<b>9,638</b>	<b>8,529</b>	<b>13%</b>
Passenger Revenue (excl. fuel)	<b>8,138</b>	<b>7,365</b>	<b>10%</b>
Revenue from fuel	<b>1,182</b>	<b>819</b>	<b>44%</b>
Cargo Revenue	<b>318</b>	<b>345</b>	<b>(8%)</b>
<b>Transportation Costs</b>	<b>9,333</b>	<b>7,763</b>	<b>20%</b>
<b>Transportation Profit</b>	<b>305</b>	<b>766</b>	<b>(60%)</b>
<b>Operating Profit</b>	<b>719</b>	<b>859</b>	<b>(16%)</b>
<b>Yield Per Revenue Passenger Kilometres (“RPK”) – excl. fuel (RMB)</b>	<b>0.4722</b>	<b>0.4799</b>	<b>(2%)</b>
<b>Yield Per RPK – incl. fuel (RMB)</b>	<b>0.5408</b>	<b>0.5332</b>	<b>1%</b>
<b>Cost per RPK (RMB)</b>	<b>0.5415</b>	<b>0.5058</b>	<b>7%</b>

## Appendix XII(b) – Other Business – Shenzhen Airlines



Shenzhen International  
深國際

		1H 2012	1H 2011	Increase/ (Decrease)
<b>Passenger</b>				
Capacity – Available Seat Kilometres	<i>Million</i>	<b>17,233</b>	15,349	<b>12%</b>
Passenger Turnover Kilometres	<i>Million</i>	<b>13,933</b>	12,522	<b>11%</b>
Passenger load factor	%	<b>80.85</b>	81.58	<b>(0.73%)*</b>
Passenger yield	<i>RMB'M</i>	<b>9,319</b>	8,184	<b>14%</b>
Yield Per RPK	<i>RMB</i>	<b>0.5408</b>	0.5332	<b>1%</b>
Average ticket fare				<b>3%</b>
<b>Cargo</b>				
Capacity – Available Freight Tonne Kilometres	<i>Million</i>	<b>250</b>	243	<b>3%</b>
Freight Turnover Tonne Kilometres	<i>Million</i>	<b>190</b>	187	<b>2%</b>
Cargo & Mail load factor	%	<b>75.83</b>	77.27	<b>(1.44%)*</b>
Cargo yield	<i>RMB'M</i>	<b>317.9</b>	345.3	<b>(8%)</b>
Yield Per Revenue Freight Tonne Kilometres	<i>RMB</i>	<b>1.27</b>	1.42	<b>(11%)</b>

\* Change in percentage point



## Appendix XII(c) – Other Business – Shenzhen Airlines



Shenzhen International  
深國際

		1H 2012	1H 2011	Increase/ (Decrease)
<b>Passenger carried</b>	<i>Thousand</i>	<b>9,530</b>	8,638	<b>10%</b>
<b>Cargo &amp; Mail carried</b>	<i>Tonnes</i>	<b>120,372</b>	119,769	<b>1%</b>
<b>Kilometers flown</b>	<i>Million</i>	<b>108</b>	98	<b>10%</b>
<b>Block hours</b>	<i>Thousand</i>	<b>175</b>	158	<b>11%</b>
<b>Number of flights</b>		<b>80,788</b>	74,265	<b>9%</b>
Domestic		<b>77,219</b>	71,826	<b>8%</b>
International		<b>3,569</b>	2,439	<b>46%</b>
<b>Fleet</b>				
Total no. of aircraft in service		<b>110</b>	102	<b>8%</b>
Aircraft utilisation	<i>Block hours per day</i>	<b>9.26</b>	9.35	<b>(0.09 hr)</b>



- **This presentation is prepared in good faith, based on unaudited financial data, management information, publicly available information, and management's outlook as of 21 August 2012. Macroeconomic parameters could change unexpectedly. The Company's operating environment and thus strategies could change as a result and without notice.**
- **This presentation does not constitute an invitation to trade this or any other stock. Stock price can go down as well as up. Historical performance is no guarantee for the future.**



Shenzhen International  
深國際

**-End-**

**Tel: (852) 2366 0268 / (86-755) 8307 9999**  
**Fax: (852) 2739 5123 / (86-755) 8307 9988**  
**Email: [ir@szihl.com](mailto:ir@szihl.com)**  
**<http://www.szihl.com>**