



Shenzhen International
深國際

2012

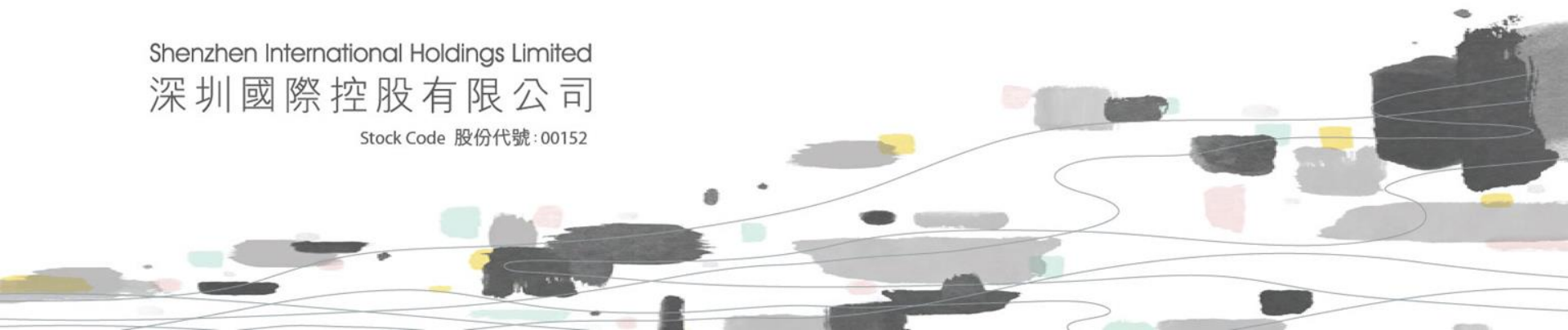
Annual Results

Investor Presentation

28 March 2013

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

Stock Code 股份代號: 00152

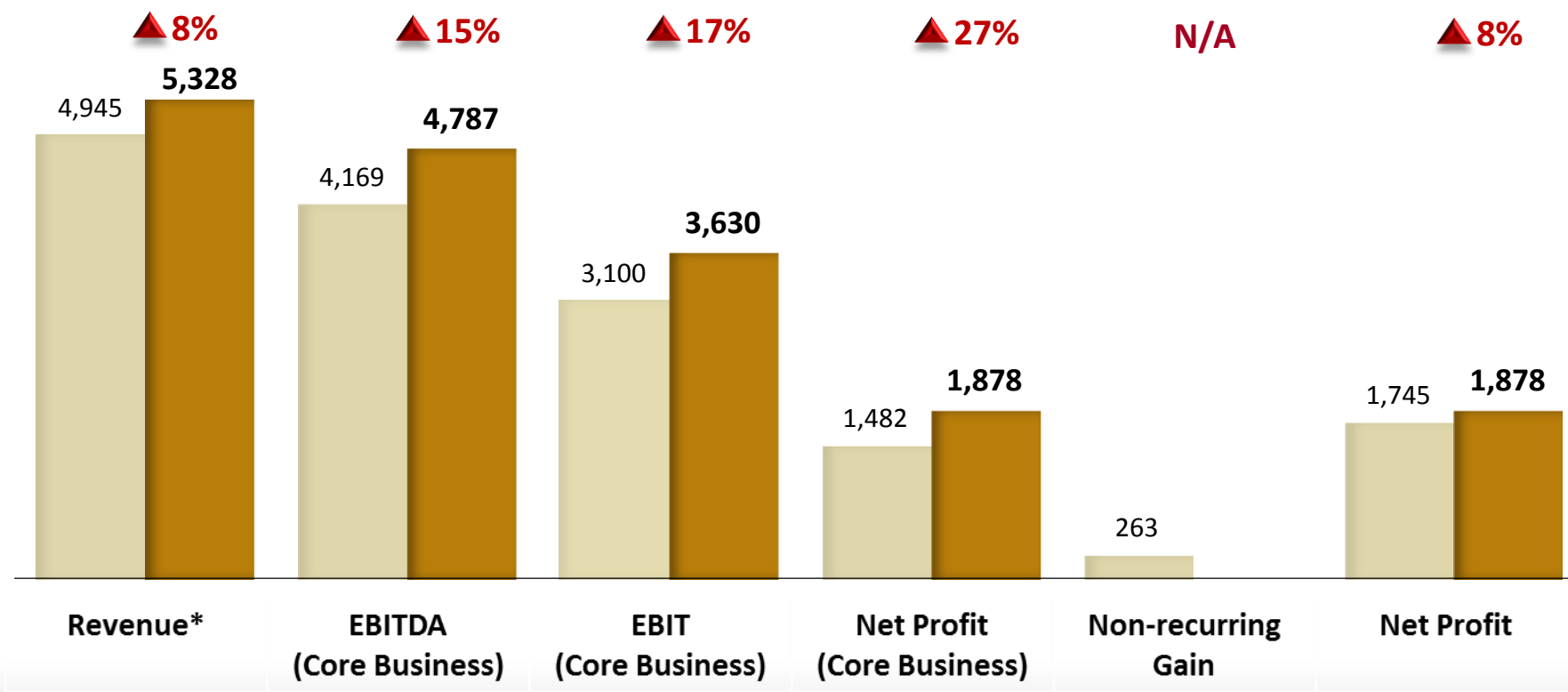


1. Results Highlights



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HK\$ Million



* Exclude construction service income from toll road business

■ 2011

■ 2012



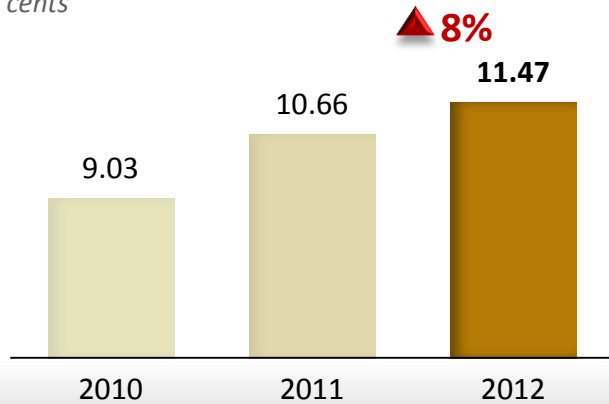
1. Results Highlights



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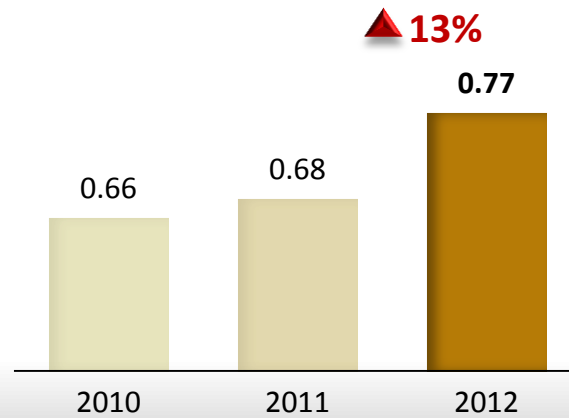
Earnings Per Share

HK cents



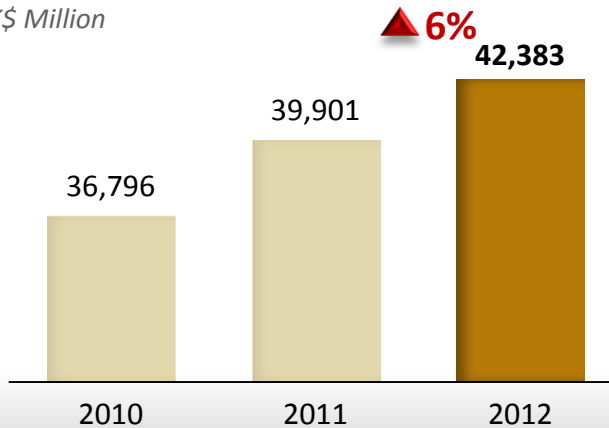
Shareholders' Value Per Share

HK\$



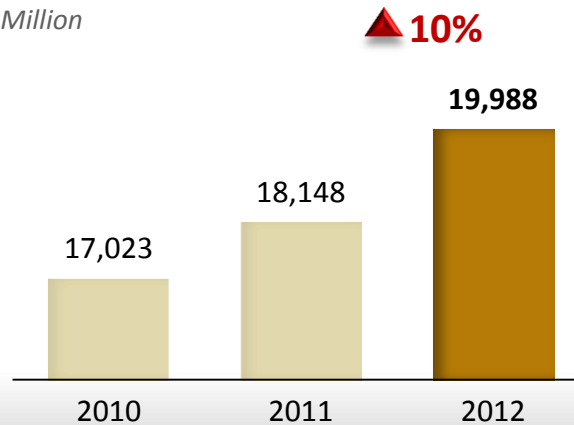
Total Assets

HK\$ Million



Total Equity

HK\$ Million



1. Results Highlights



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Operating Performance

- **Revenue** amounted to HK\$5,739M (2011: HK\$5,581M), ▲ 3%; exclude construction service income, revenue from core business was HK\$5,328M (2011: HK\$4,945M), ▲ 8%
- **Core business: EBITDA** HK\$4,787M, ▲ 15%; **EBIT** HK\$3,630M, ▲ 17%
- **Core earnings** HK\$1,878M (2011: HK\$1,482M), ▲ 27%
- No disposal of CSG A shares in 2012
- **Profit attributable to shareholders** was HK\$1,878M (2011: HK\$1,745M), ▲ 8%
- **Basic EPS** was HK cents 11.47 (2011: HK cents 10.66), ▲ 8%
- **Shareholders' value per share** was HK\$0.77 (2011: HK\$0.68), ▲ 13%

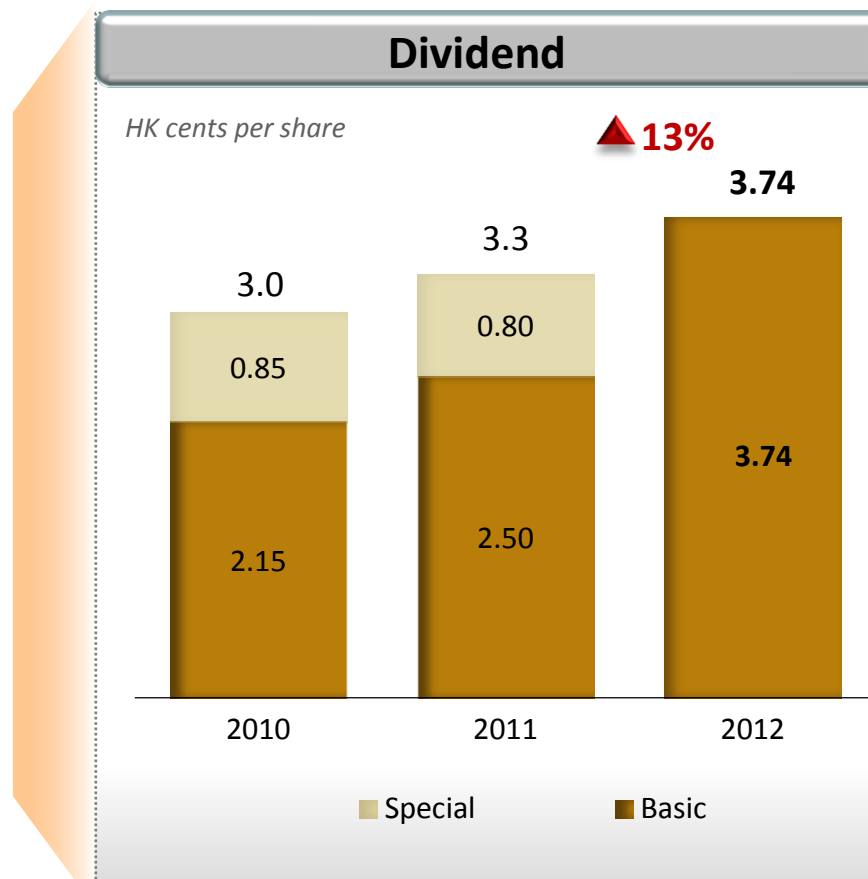


2. Dividend



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- **2012 Basic Dividend** HK cents 3.74 per share (2011: HK cents 3.3), total dividend HK\$612M (2011: HK\$540M), ▲13%
- Payout ratio was 33%
- Dividend be satisfied in the form of allotment of new shares; shareholders also have the rights to receive dividend wholly in cash in lieu of shares allotment, or partly in cash and partly in scrip shares
- Scrip share scheme offers shareholders the opportunity to make direct re-investment in the Company
- Continues to maintain a stable dividend policy



3. Business Review



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- Rated BBB and Baa3 investment grade credit ratings by Standard & Poor's and Moody's respectively
 - * Fitch Ratings also granted BBB investment grade credit rating in March 2013
- Issuance of a five-year USD300M senior note to widen financing channel
- Shenyang Project signed, implementing the “integrated logistic hub” business model of the Group's logistic business
- Continuous growth in domestic demand provided favorable operating environment for the Group's logistic infrastructure business; logistic park business maintained stable growth through segment restructuring and proactively attracting new customers, revenue and net profit ▲14% and ▲19% respectively
- Growth in toll income hindered mainly due to slowdown in macro economic growth and adjustments in toll policies
- Completed 24% acquisition in Shenzhen Airlines, equity interest increased from 25% to 49%; China's civil aviation industry continued its moderate growth, its synergy with controlling shareholder also took effect; Shenzhen Airlines contributed considerable profit to the Group

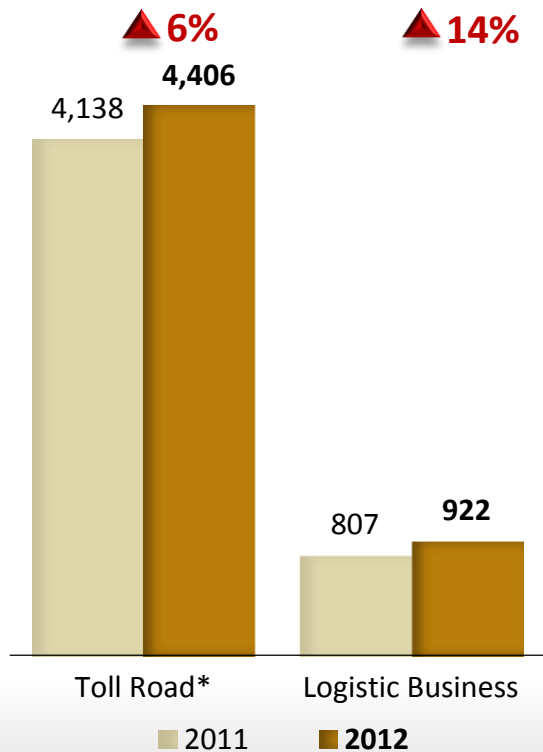
4. Core Business - Revenue ▲ 8%



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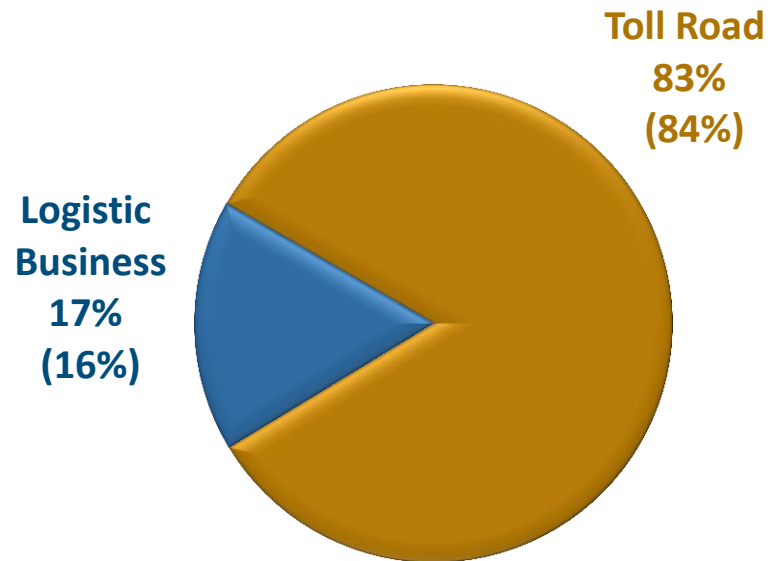
Revenue HK\$5,328M ▲ 8%

HK\$ Million



* Toll income only; exclude construction service income

2012 Revenue Contribution (2011)



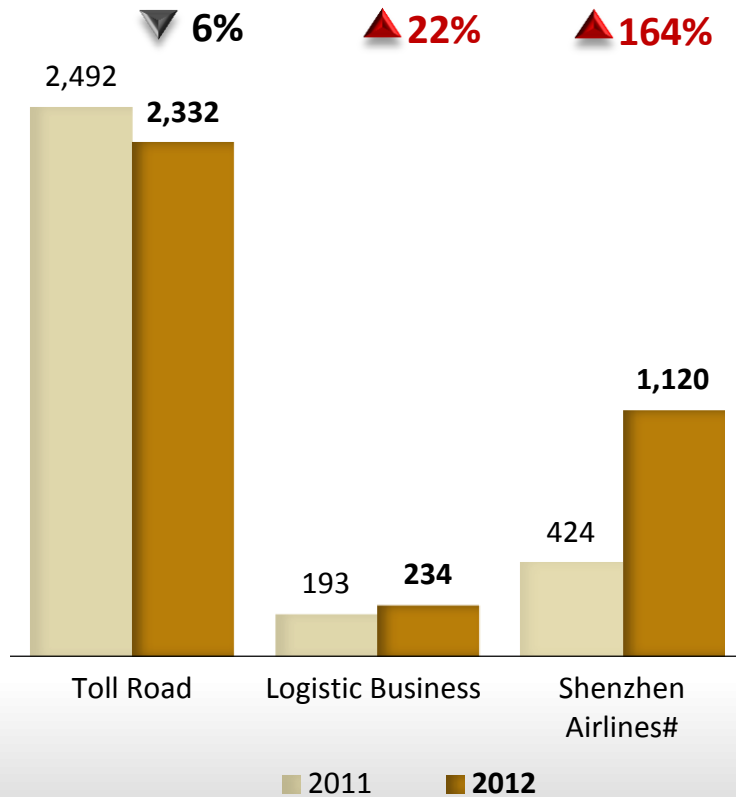
4. Core Business - EBIT ▲ 17%



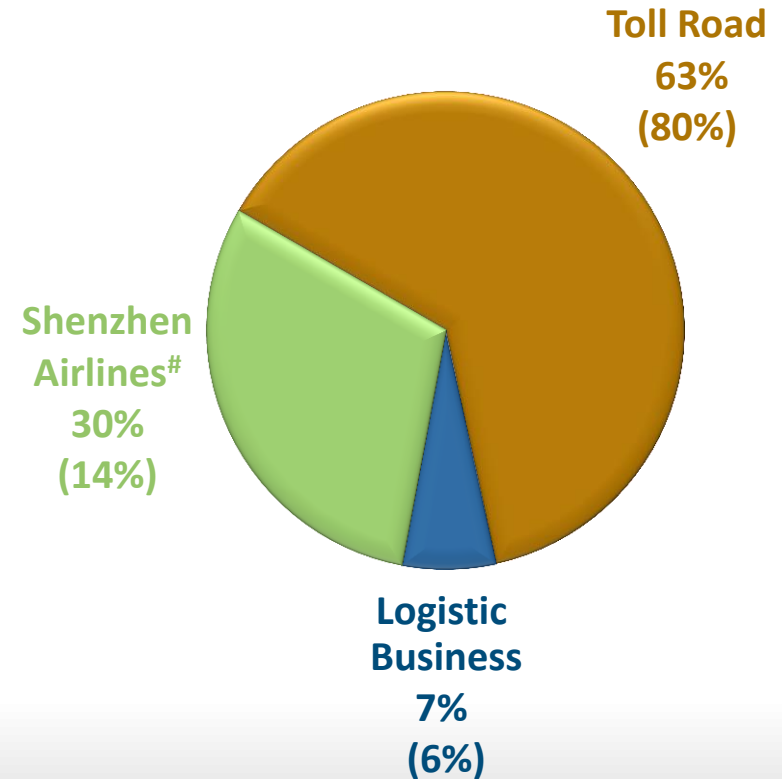
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EBIT HK\$3,630M ▲ 17%

HK\$ Million



EBIT Contribution 2012 (2011)



Shenzhen Airlines is a 49% associate; the Group's equity interest was 25% in 2011

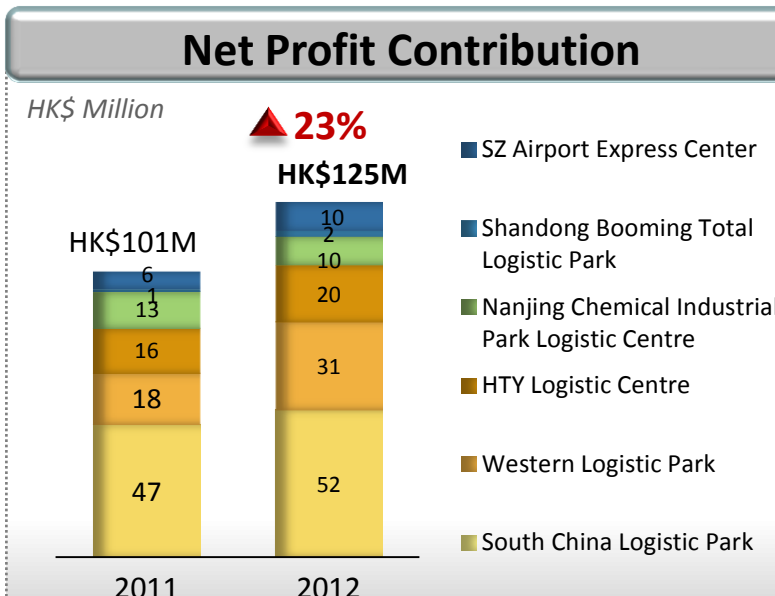
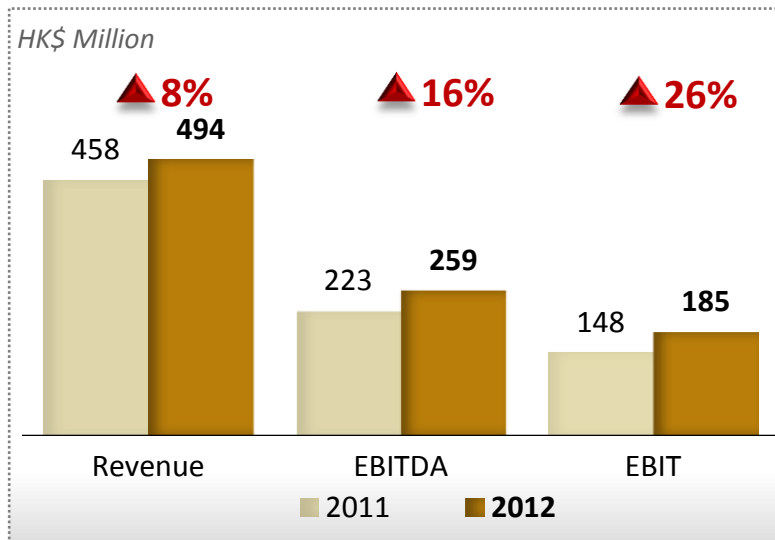


5. Logistic Business - Logistic Park



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- Logistic parks scale and operations became more mature, revenue and net profit ▲ 8% and ▲ 23%
- Overall average occupancy rate reached 96% (2011: 95%); average revenue per sqm increased 9% yoy
- HTY Logistic Centre (engages mainly in highway logistics transportation) recorded sound operating performance, average occupancy rate reached 99%, revenue ▲ 19% to HK\$100M (2011: HK\$87M)
- Construction of new logistic centres at South China Logistic Park progressed well, operating area of logistic parks ▲ 24% to 670K sqm

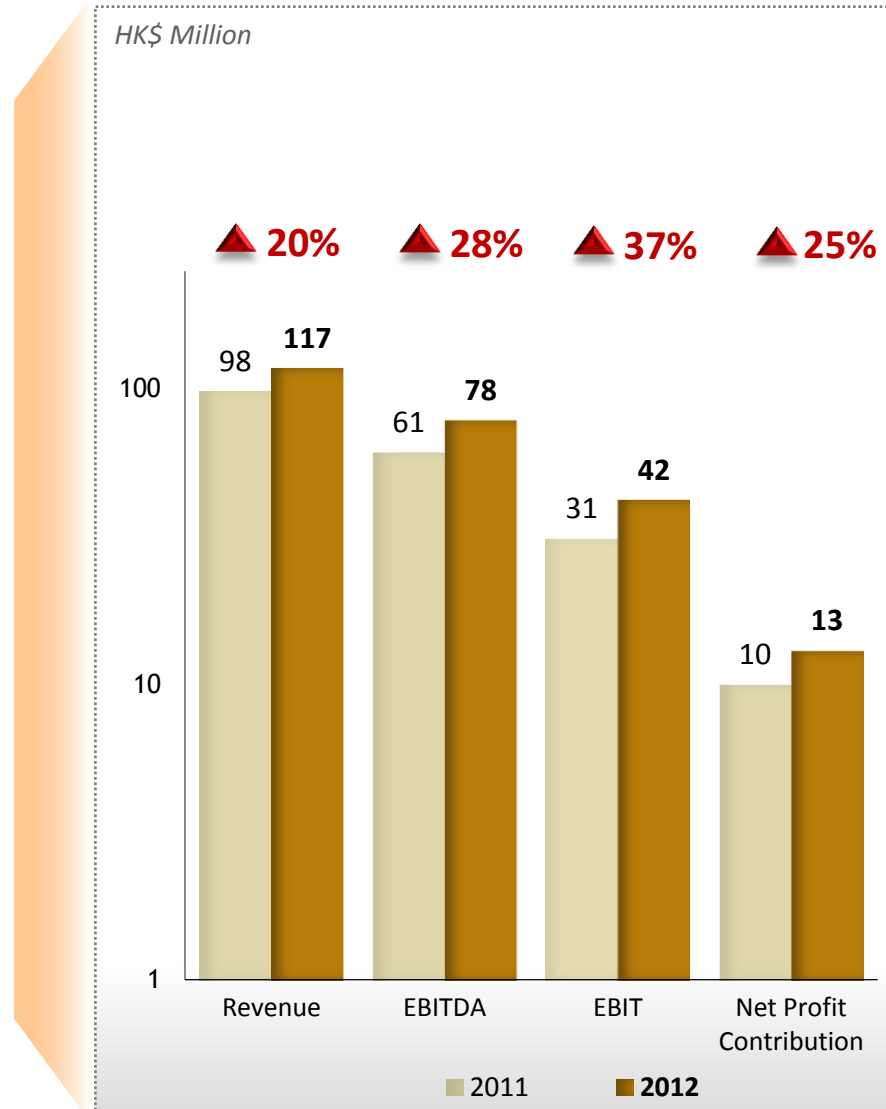


5. Logistic Business – Nanjing Xiba Port



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- 200 vessels berthed in 2012 with total throughput of 10.5M tons, similar to previous year
- Increase in vessel berthing capacity and cargo transit efficiency benefitted from berthing capacity increased from original 50k tons to 70k tons
- Obtained International vessels berthing permission; generated additional revenue of HK\$12.04M or 11% in 2012
- Phase 2 project including three 50K - 70K tons terminals under study



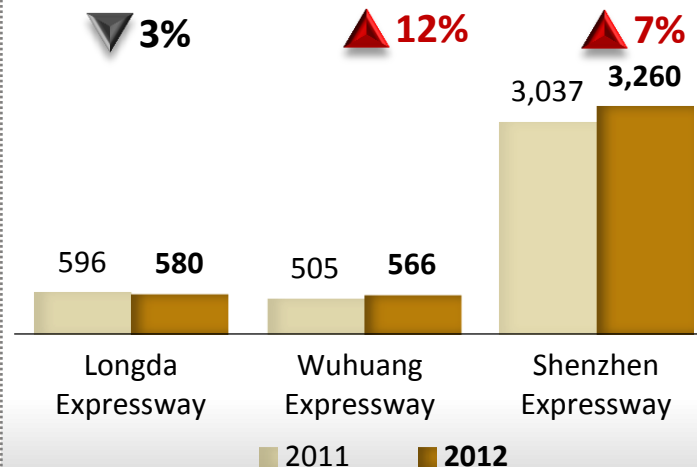
6. Toll Road



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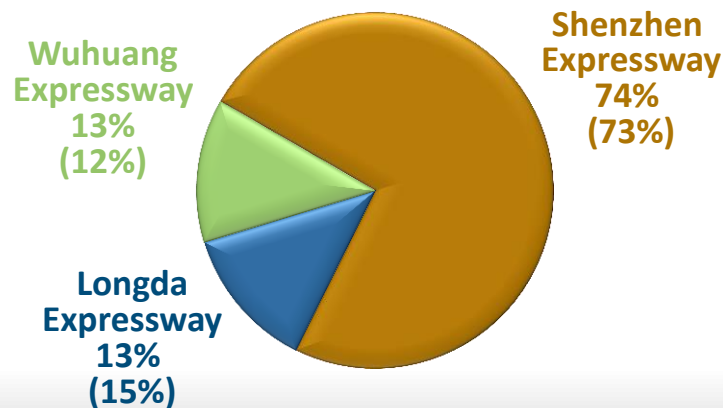
Toll Income: HK\$4,406M ▲ 6%

HK\$ Million



- Overall traffic volume growth hindered due to slowdown of macro economic growth, as well as expansion / maintenance work of individual toll roads
- Two major toll road policy adjustments in 2012 reduced the Group's total revenue for the year by 5%
- Qinglian Expy : DAR ▲ 16% to HK\$1.8M (2011: HK\$1.55M) ; construction work and truck access restriction in Guangqing Expy hampered growth in traffic volume
- Entrusted construction management services income contributed to the growth in overall toll income

Toll Income Contribution 2012 (2011)



6. Toll Road

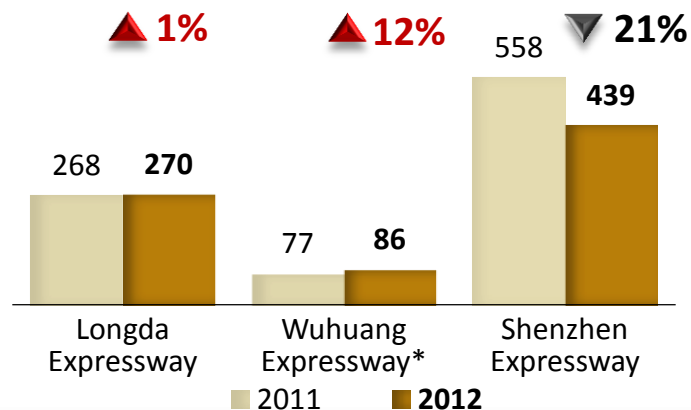
- Adjustments in toll road policies increased operating costs that resulted decline in operating profit margin
- Shenzhen Expressway: Decreased in profit was mainly due to an one-off gain from write-back of provision for road maintenance/ resurfacing obligations of HK\$200M in 2011
- Urbanisation and economic development will enhance toll road business, which may minimize the negative impact brought by the adjustments in toll road policies
- Toll road policies adjustments will have a full-year effect in 2013; revenue of the Group is estimated to reduce by 10% in 2013
 - Toll road business expects to resume steady growth in 2014 after correction year in 2013



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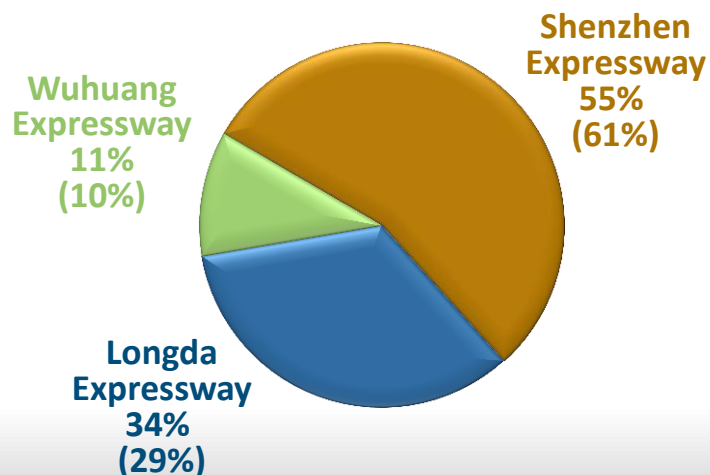
Net Profit: HK\$795M ▼ 13%

HK\$ Million



* Our direct 45% share only

Net Profit Contribution 2012 (2011)



7. Other Investment - Shenzhen Airlines



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- Revenue of the Year ▲ 7% to RMB22,225M (2011: RMB20,789M)
- Net profit reached RMB1,851M (2011: RMB1,559M), ▲ 19%; excluding one-off gain of approximately RMB800M from write-back of asset impairment, and the significant exchange gain recorded in 2011, net profit from operation decreased slightly as compared to previous year
- 49% profit attributable to the Group amounted to HK\$1,061M (2011: 25% profit attributable to the Group was HK\$424M), ▲ 150%
- Sound results mainly from:
 - ▶ China's civil aviation industry still in high demanding cycle, passenger ▲ 8% to 19.8M yoy
 - ▶ Synergy with Air China in areas of passenger transportation, fleets and centralised purchasing
- Shenzhen Airlines continues to focus in domestic route business and to enhance core competitiveness and profitability
- Shenzhen Airlines fully offset its accumulated loss and have declared dividend to its shareholders
 - ▶ The Group will receive a cash dividend of RMB110M (HK\$140M)

7. Other Investment – CSG A Shares



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- Due to a weak A share market, the Group did not dispose of any CSG A shares
- The Group owns 133M or 6.42% of CSG A shares, as at 31 December 2012, CSG A shares valued at market price of HK\$10.26 (RMB8.25), total value amounted to approximately RMB1,100M
- Continues to monitor the A share market condition, maintains the Group's divestment strategy in order to maximize the Group's and its shareholders' interest

8. Financial Position



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	Group			Excl. Shenzhen Expressway [#]		
	2012 HK\$ Million	2011 HK\$ Million	Increase/ (Decrease)	2012 HK\$ Million	2011 HK\$ Million	Increase/ (Decrease)
Total Assets	42,383	39,901	6%	18,538	15,562	19%
Total Equity	19,988	18,148	10%	12,577	11,041	14%
NAV attributable to shareholders	12,645	11,214	13%	12,685	11,165	14%
Shareholders' NAV Per Share (HK\$)	0.77	0.68	13%	0.77	0.68	13%
Cash and Cash Equivalents	4,868	3,733	30%	2,558	1,135	125%
Bank Borrowings	9,154	11,315	(19%)	2,520	3,269	(23%)
Notes & bonds	8,816	5,372	64%	2,316	-	N/A
Total Borrowings	17,970	16,687	8%	4,836	3,269	48%
Net Borrowings	13,102	12,954	1%	2,278	2,134	7%
Debt-asset Ratio (Total Liabilities/Total Assets)	53%	55%	(2%)*	32%	29%	3%*
Ratio of Total Borrowings to Total Assets	42%	42%	-	26%	21%	5%*
Ratio of Net Borrowings to Total Equity	66%	71%	(5%)*	18%	19%	(1%)*
Ratio of Total Borrowings to Total Equity	90%	92%	(2%)*	38%	30%	8%*

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

*Change in percentage point

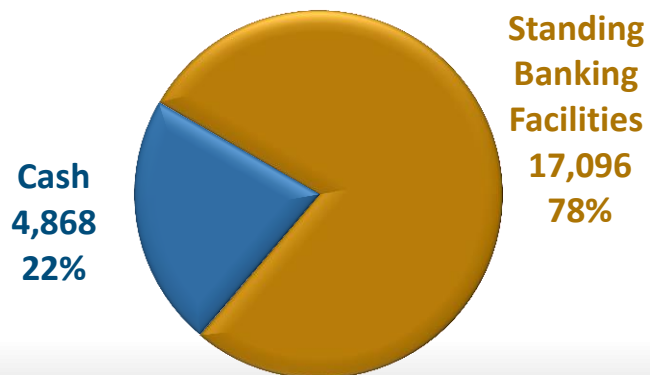
8. Financial Position



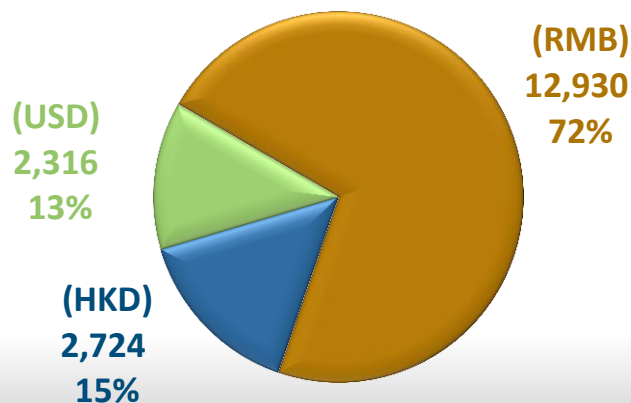
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The Group's Borrowing Profile As at 31 December 2012

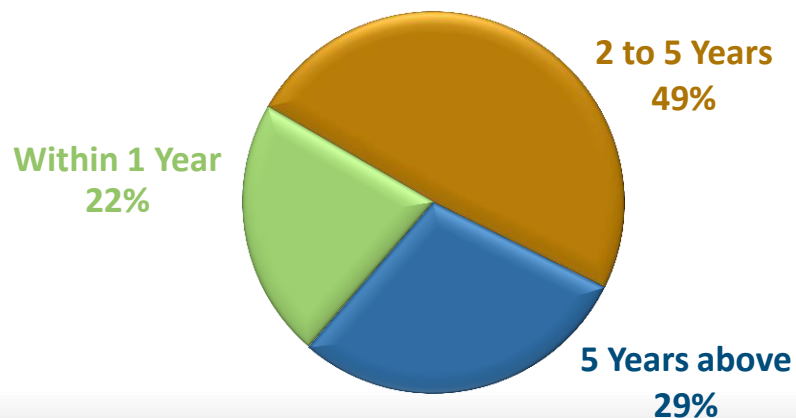
Cash & Banking Facilities (HK\$ Million)



Total Borrowings HK\$17,970M in Currency (HK\$ Million)



Total Borrowings HK\$17,970M - Repayment Period

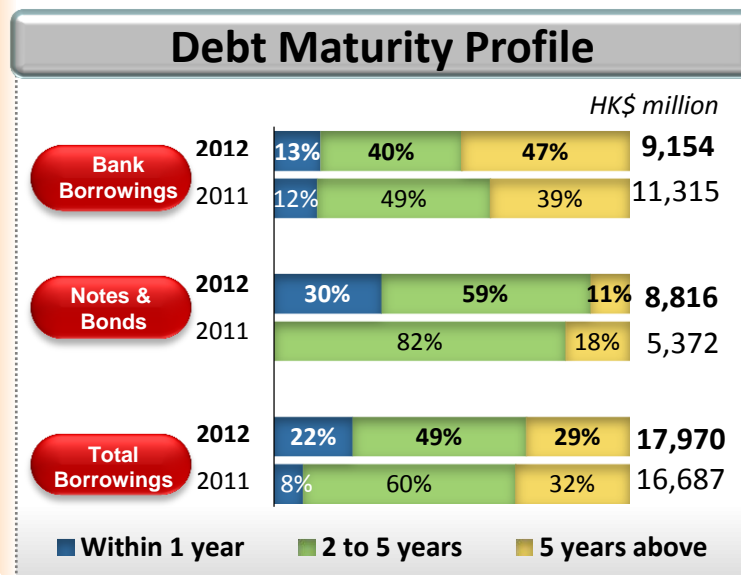
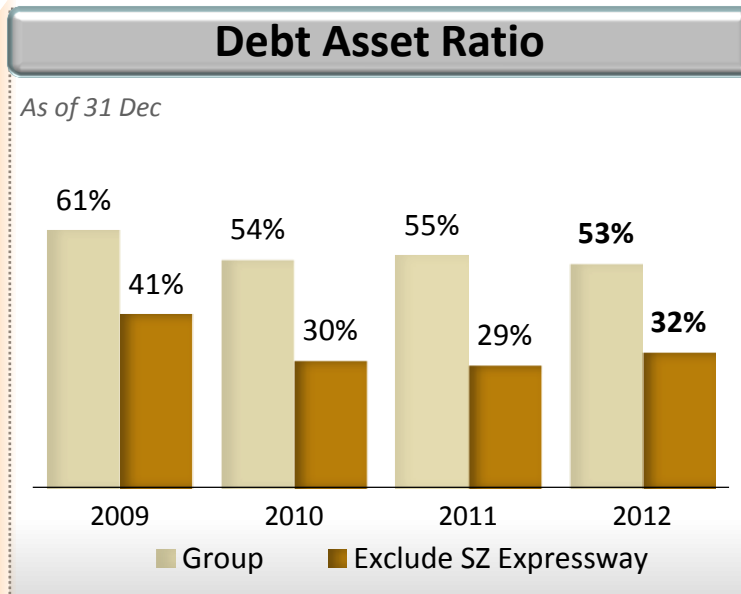


8. Financial Position



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- Debt Asset Ratio ▼ 2% to 53%
- Cash inflow generated from operations ▲ 14% to HK\$3,339M (2011: HK\$2,928M)
- Fixed vs floating rate borrowings at 56% vs 44% (2011: 48% vs 52%);
- Renminbi appreciation resulted in exchange gain of HK\$45.18M
- The US\$300M senior note issued in April 2012 not yet fully utilized; despite total borrowings increased by 8% yoy, net borrowings maintained at the same level as in 2011
- It is management's long-term objective to maintain the investment grade credit ratings
- Continues to maintain stable and healthy financial position, adequate cash flow and strong credit standing

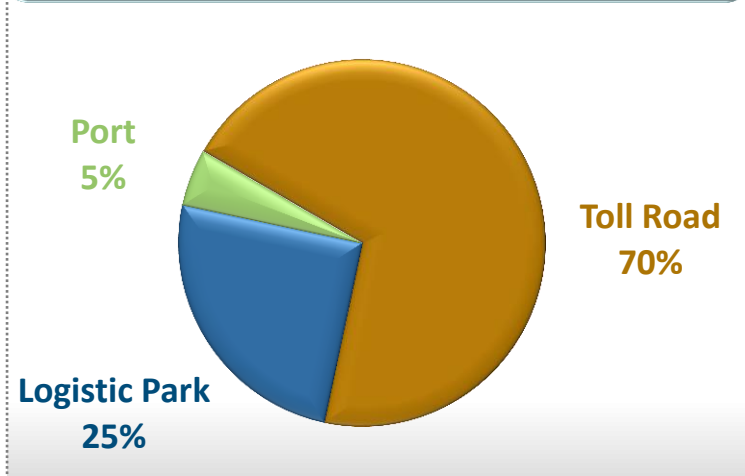


9. 2013 Capex Estimate – HK\$1,542M (RMB1,240M)

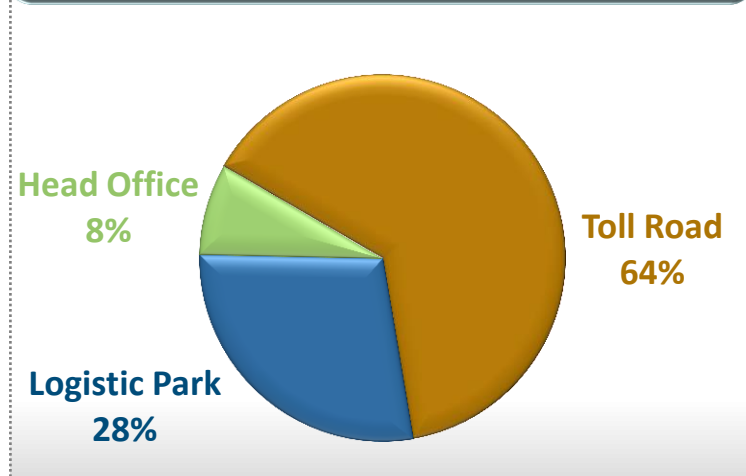


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2013 Capex Estimate
HK\$1,542M (RMB1,240M)



2012 Actual
HK\$1,166M (RMB938M)



Estimate major capex items in 2013:

- Logistic Park: Construction costs for new logistic centres and Shenyang project
- Toll Road: Remaining balance for Qinglian Project and expansion work in Meiguan
- Port: Phase 2 of Nanjing Xiba Port

Major capex items in 2012:

- Head office: Remaining balance of 24% acquisition in Shenzhen Airlines
- Logistic Park: Construction costs for new logistic centres
- Toll Road: Remaining balance for Qinglian Project and expansion work in Meiguan

10. Qianhai Development Plan



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- Qianhai area will be developed into a new international zone for financial services, modern logistic, information services and technology services
- The Group's land in Qianhai area has been included in the Shenzhen Qianhai HK/SZ Modern Service Industries Cooperation Zone
- With a series of policies being announced in 2nd half of 2012, development in Qianhai area is expected to speed up in 2013, and relevant policies and projects also expect to be confirmed gradually.
 - Finance: Overseas RMB funds flow-back channels, trial cross-border RMB-denominated loan policy
 - Taxation: Interim measures on income tax subsidies for overseas professional; qualified registered corporates to reduce corporate income tax as low as 15%
- Main targets of Qianhai Management Bureau in 2013:
 - To launch the first batch of land supply, mainly in commercial zone for financial industry, in 1st half 2013
 - To arrange approximately 25 development projects, estimated to launch 4M to 5M GFA
 - Land consolidation and preparation (land function transformation for existing land owners)
- The Group has repositioned its land according to Qianhai's policy and town planning
- Qianhai's new development plan not only leads to revaluation of the Group's land, but also provides opportunities to the Group and to create greater value to our shareholders along the gradual implementation of the project

11. 2013 Outlook and Major Plans:



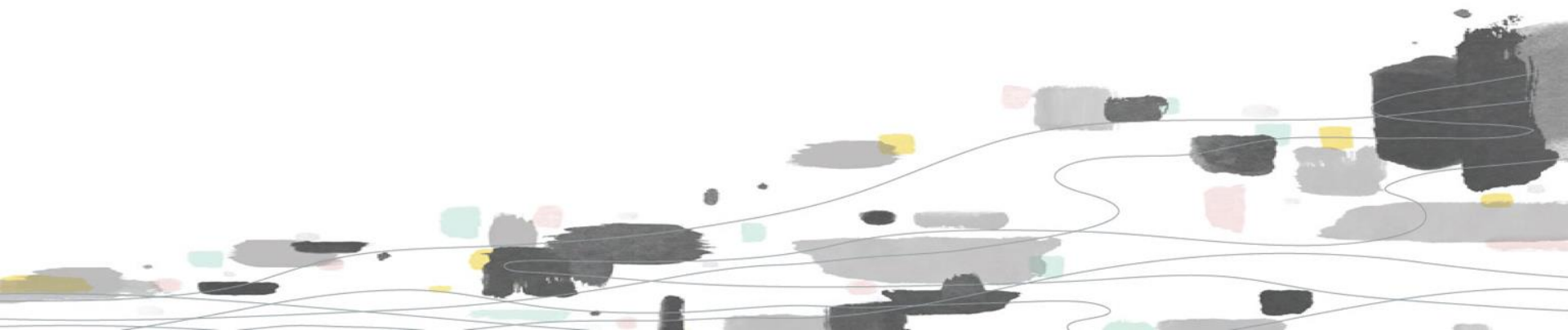
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- Stable growth in China economy provides favourable operating environment for the Group's core business
- Continues expansion in investment and development of the Group's logistic business; sustain stable development of toll road business
- Sound development of China's civil aviation industry will continue to provide favourable operating environment for Shenzhen Airlines
- Actively explore new investment opportunities in "integrated logistic hub" projects
- To optimize capital structure and to widen financing channels in order to support the Group's operation and expansion
- Qianhai development plan: strive to complete the process of land rezoning and land rights affirmation



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Appendix



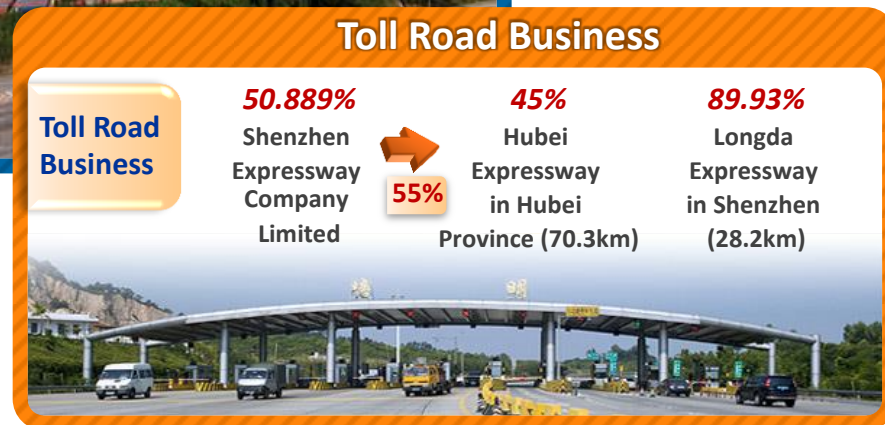
Appendix I – Corporate Chart



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



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Appendix II – Income Statement



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HK\$ Million	2012	2011	Change
Revenue	5,739	5,581	3%
Cost of sales	(3,101)	(2,839)	9%
Gross profit	2,638	2,742	(4%)
Other (losses)/gains – net	(3)	366	N/A
Other income	83	118	(29%)
Distribution costs	(43)	(35)	22%
Administrative expenses	(336)	(330)	2%
Operating Profit	2,339	2,861	(18%)
Share of profit of jointly controlled entities	15	3	347%
Share of profit of associates	1,276	583	119%
Profit before finance costs and tax	3,630	3,447	5%
Finance costs – net	(855)	(644)	33%
Profit before income tax	2,775	2,803	(1%)
Income tax expense	(480)	(540)	(11%)
Profit for the Year	2,295	2,263	1%
Non-controlling interests	417	518	(19%)
Net Profit attributable to Shareholder	1,878	1,745	8%
Basic EPS (HK Cents per Share)	11.47	10.66	8%

Appendix III – Segment Results



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HK\$ Million	Revenue		Operating profit		Share of results of associates & JVs		EBIT	
	2012	2011	2012	2011	2012	2011	2012	2011
Toll Road								
Toll Revenue	4,406	4,138	2,174	2,338	158	154	2,332	2,492
Construction service revenue	411	636	-	-	-	-	-	-
	4,817	4,774	2,174	2,338	158	154	2,332	2,492
Logistic Business								
Logistic Park	494	458	174	141	11	7	185	148
Logistic Service	311	251	5	13	2	1	7	14
Port	117	98	42	31	-	-	42	31
	5,739	5,581	2,395	2,523	171	162	2,566	2,685
Head office	-	-	(56)	338	1,120	424	1,064	762
	5,739	5,581	2,339	2,861	1,291	586	3,630	3,447
Finance income							73	35
Finance costs							(928)	(679)
Finance costs – net							(855)	(644)
Profit before income tax & NCI							2,775	2,803

Appendix IV – Financial Position

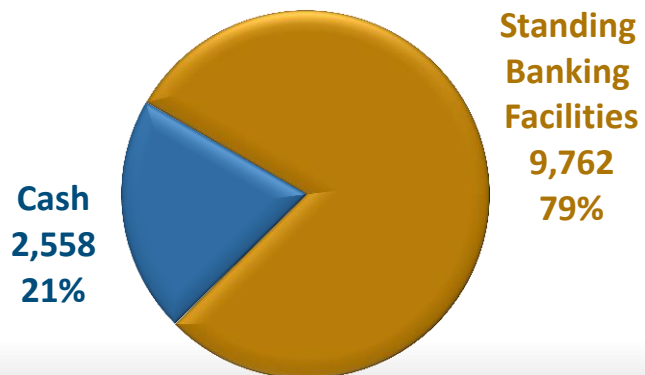
Borrowing Profile (Excl. Shenzhen Expressway)

As at 31 December 2012

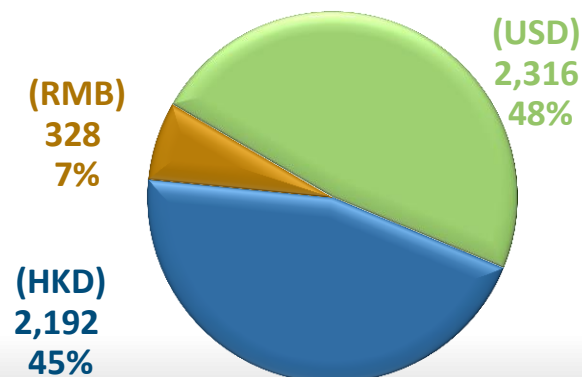


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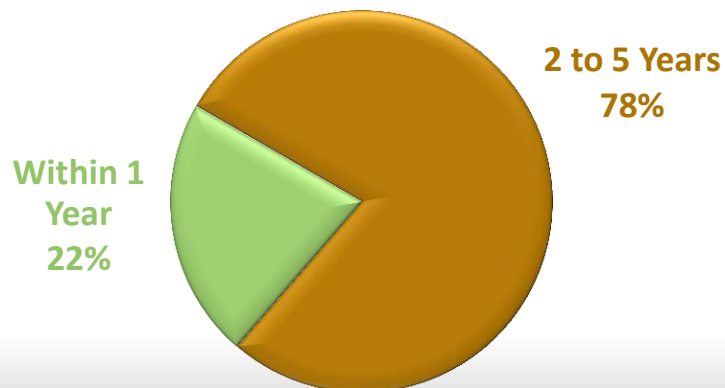
Cash & Banking Facilities (HK\$ Million)



Total Borrowings HK\$4,836M In Currency (HK\$ Million)



Total Borrowings HK\$4,836M Repayment Period



* All figures exclude Shenzhen Expressway

Appendix V – Logistic Park

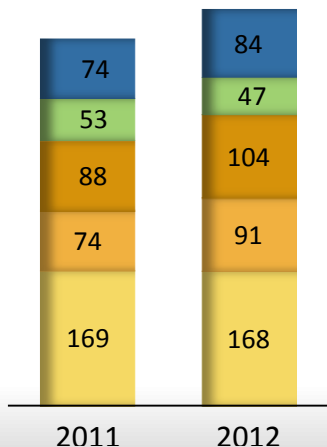


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- SZ Airport Express Center
- Shandong Booming Total Logistic Park
- Nanjing Chemical Industrial Park Logistic Centre
- HTY Logistic Centre
- Western Logistic Park
- South China Logistic Park

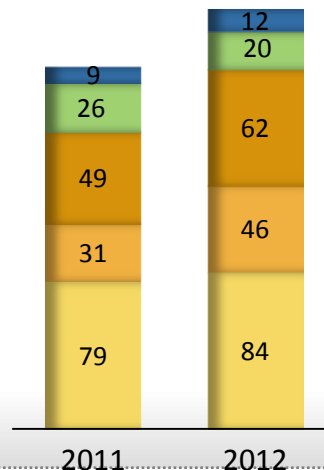
Revenue : HK\$494M ▲ 8%

HK\$ Million



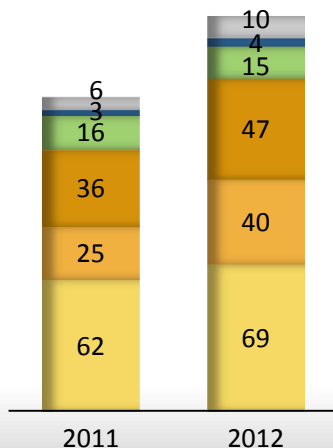
Gross Profit : HK\$224M ▲ 15%

HK\$ Million



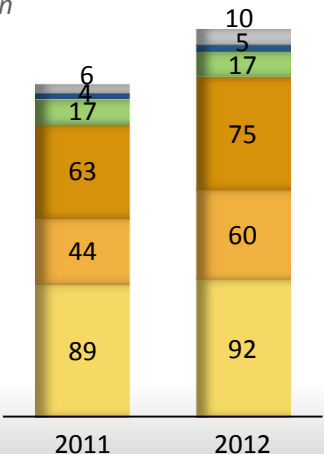
EBIT: HK\$185M ▲ 26%

HK\$ Million



EBITDA : HK\$259M ▲ 16%

HK\$ Million

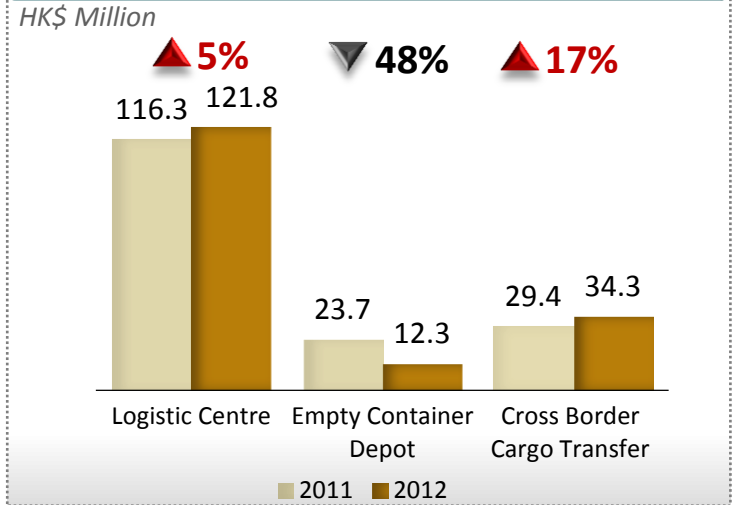


Appendix VI – Logistic Park – South China Logistic Park

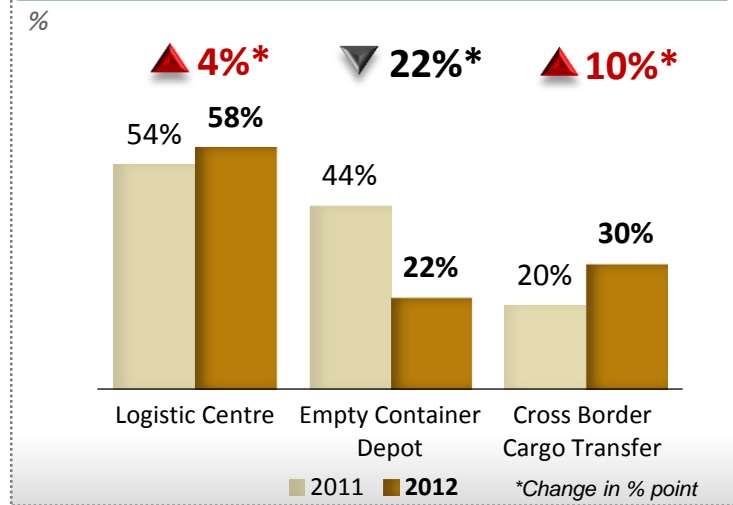


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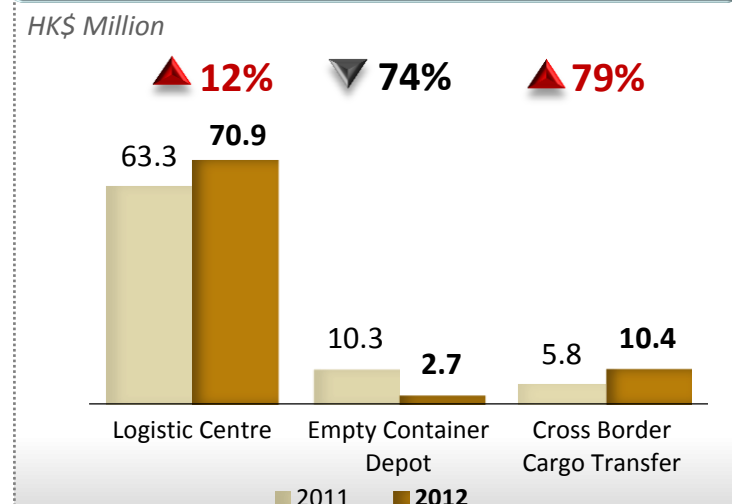
Revenue : HK\$168.4M ▼ 1%



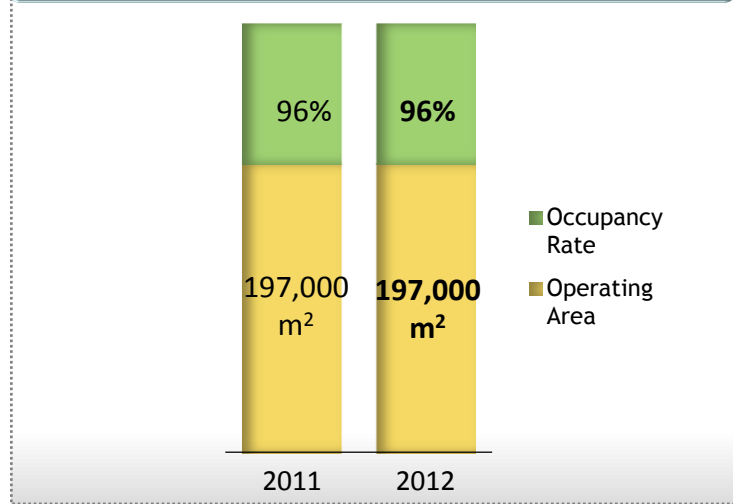
Gross Profit%: 50% ▲ 3%*



Gross Profit : HK\$84.03M ▲ 6%



Logistic Centre

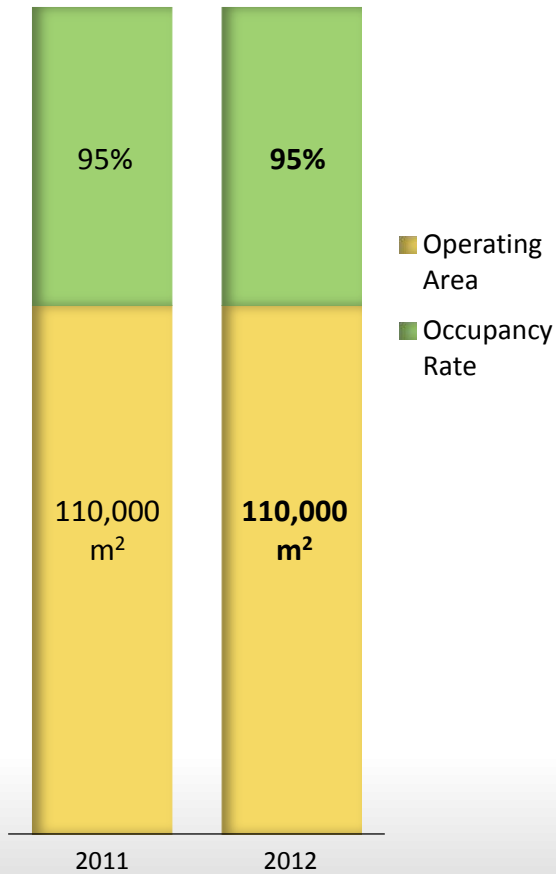


Appendix VII – Logistic Park – Western Logistic Park



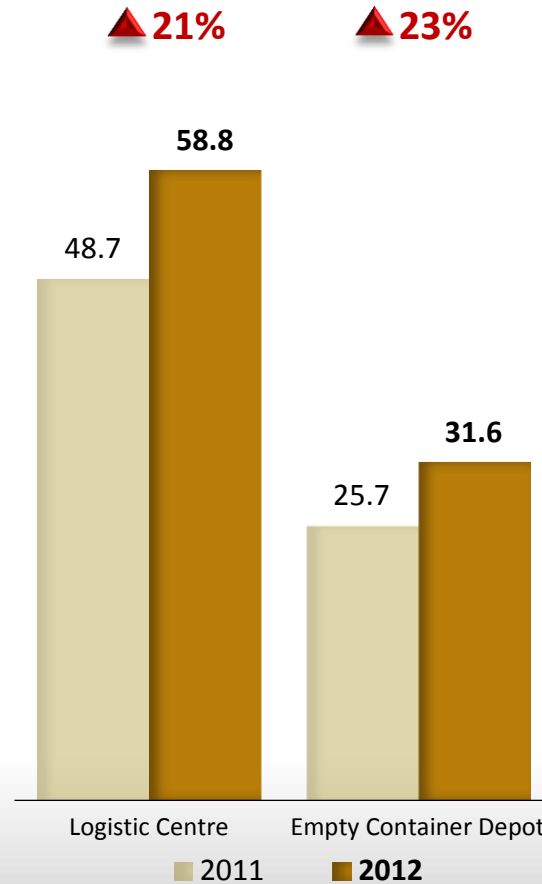
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Logistic Centre



Revenue : HK\$90.4M ▲ 22%

HK\$ Million

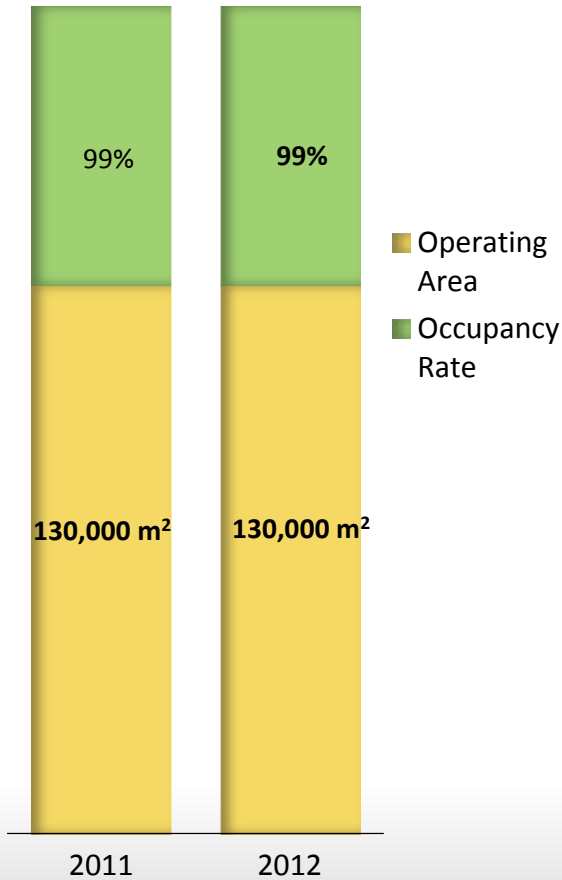


Appendix VIII – Logistic Park – HTY Logistic Centre

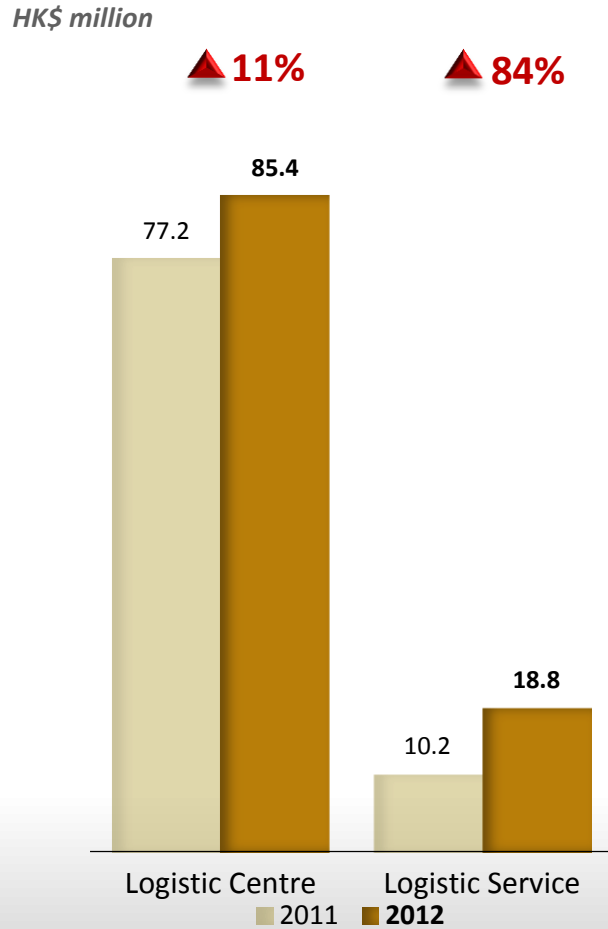


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Logistic Centre



Revenue : HK\$104.2M ▲ 19%

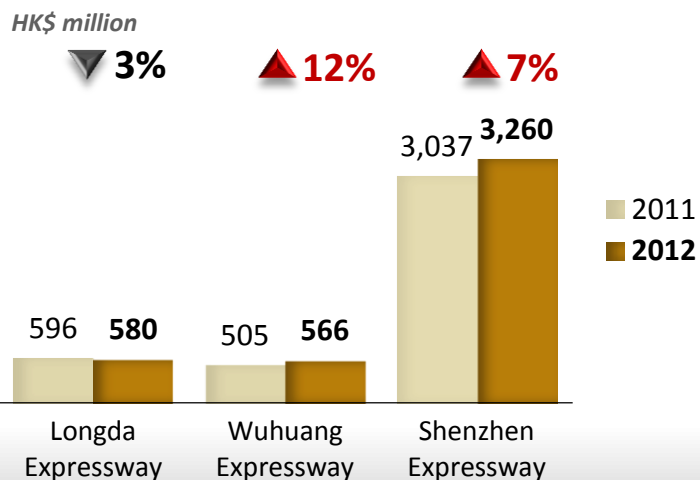


Appendix IX – Toll Road

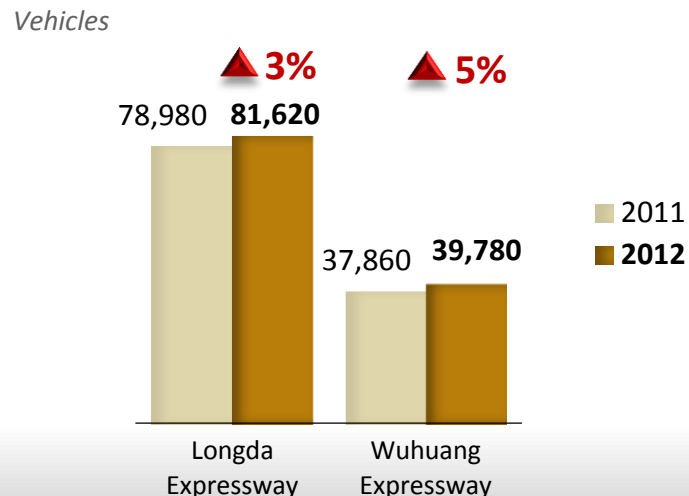


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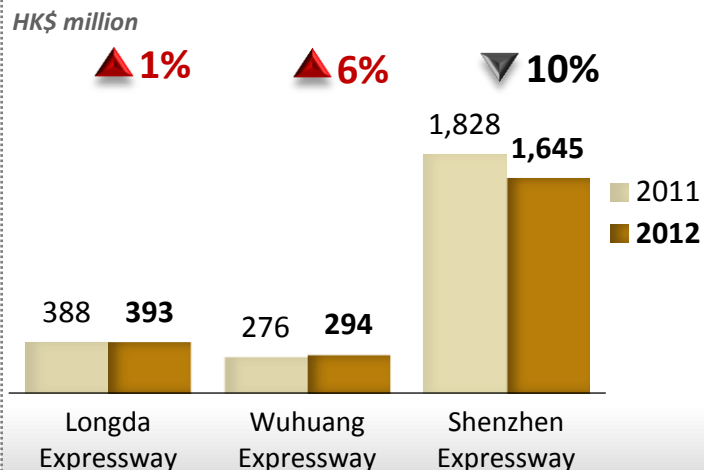
Toll Revenue: HK\$4,406M ▲ 6%



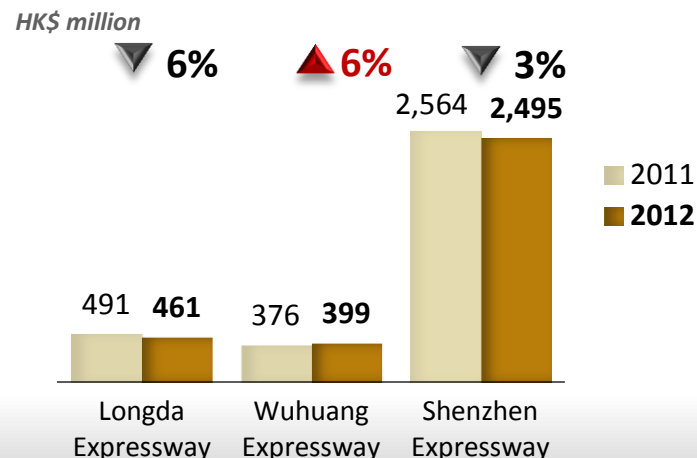
Daily Mix Traffic Volume



EBIT: HK\$2,332M ▼ 6%



EBITDA: HK\$3,355M ▼ 2%



Appendix X – Toll Road



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Longda Expressway

▲ 3%

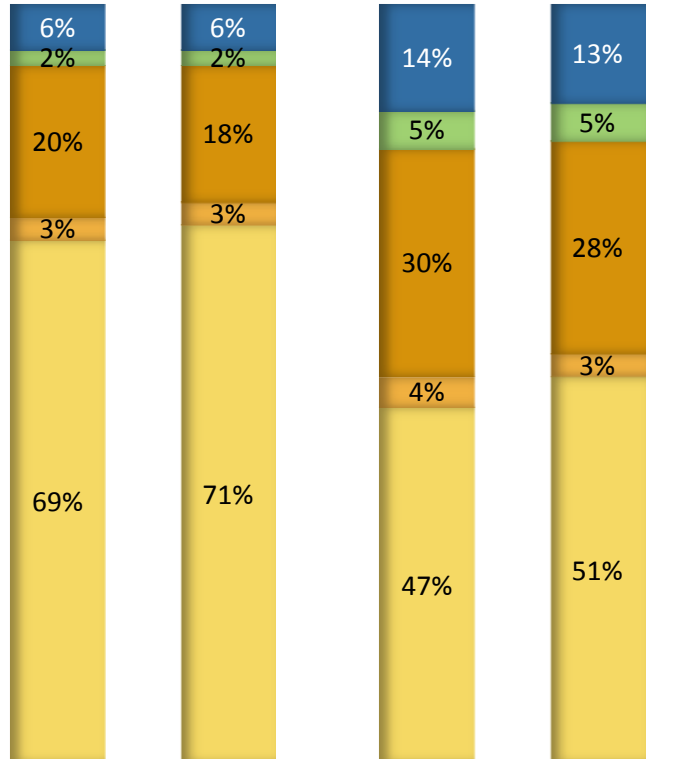
▼ 3%

78,980
vehicles

81,620
vehicles

HK\$1.63M

HK\$1.59M



DMTV
Distribution

DAR
Distribution

Wuhuang Expressway

▲ 5%

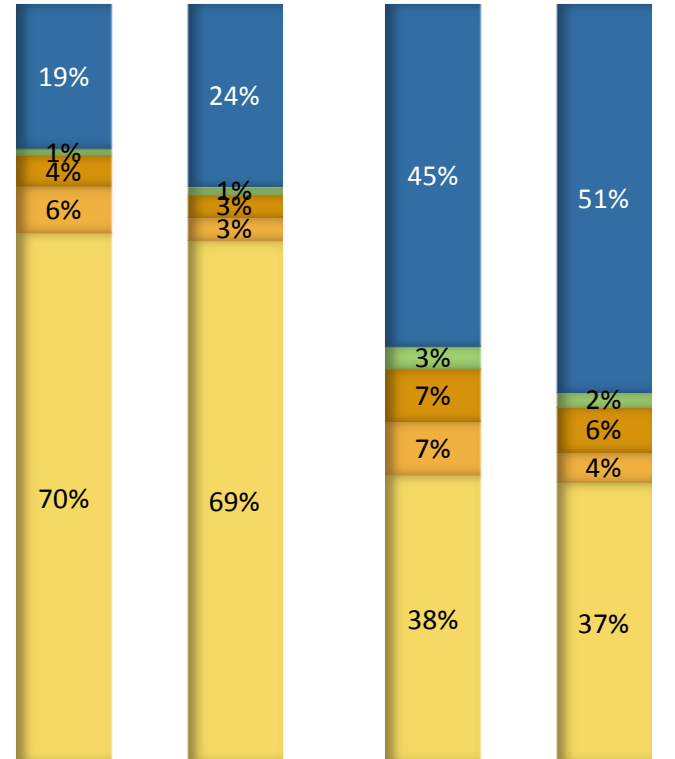
▲ 12%

37,860
vehicles

39,780
vehicles

HK\$1.38M

HK\$1.55M



DMTV
Distribution

DAR
Distribution

- Class 5
- Class 4
- Class 3
- Class 2
- Class 1

DMTV: Daily Mix
Traffic Volume

DAR: Daily
Average Revenue

Appendix XI – Other Investment – Shenzhen Airlines



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RMB Million	2012	2011	Increase / (Decrease)
Transportation #	21,597	19,914	8%
Of which: Passenger revenue	19,428	17,943	8%
Transportation costs #	17,942	16,284	10%
Passenger load factor	80.55%	81.88%	(1.33%)*
Number of flights	167,784	129,819	29%
Of which: Domestic	160,769	124,813	29%
Total no. of aircraft in service	116	104	12%

Extracted from audited financial statements of Shenzhen Airlines

* Change in % point

Disclaimer



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- This presentation is prepared in good faith, based on audited financial data, management information, publicly available information, and management's outlook as of 28 March 2013. Macroeconomic parameters could change unexpectedly. The Group'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.



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- END -

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