

2019

Interim Results Operations Analysis

共同创造 共享价值
Building Value, Sharing Future



Shenzhen International
深國際

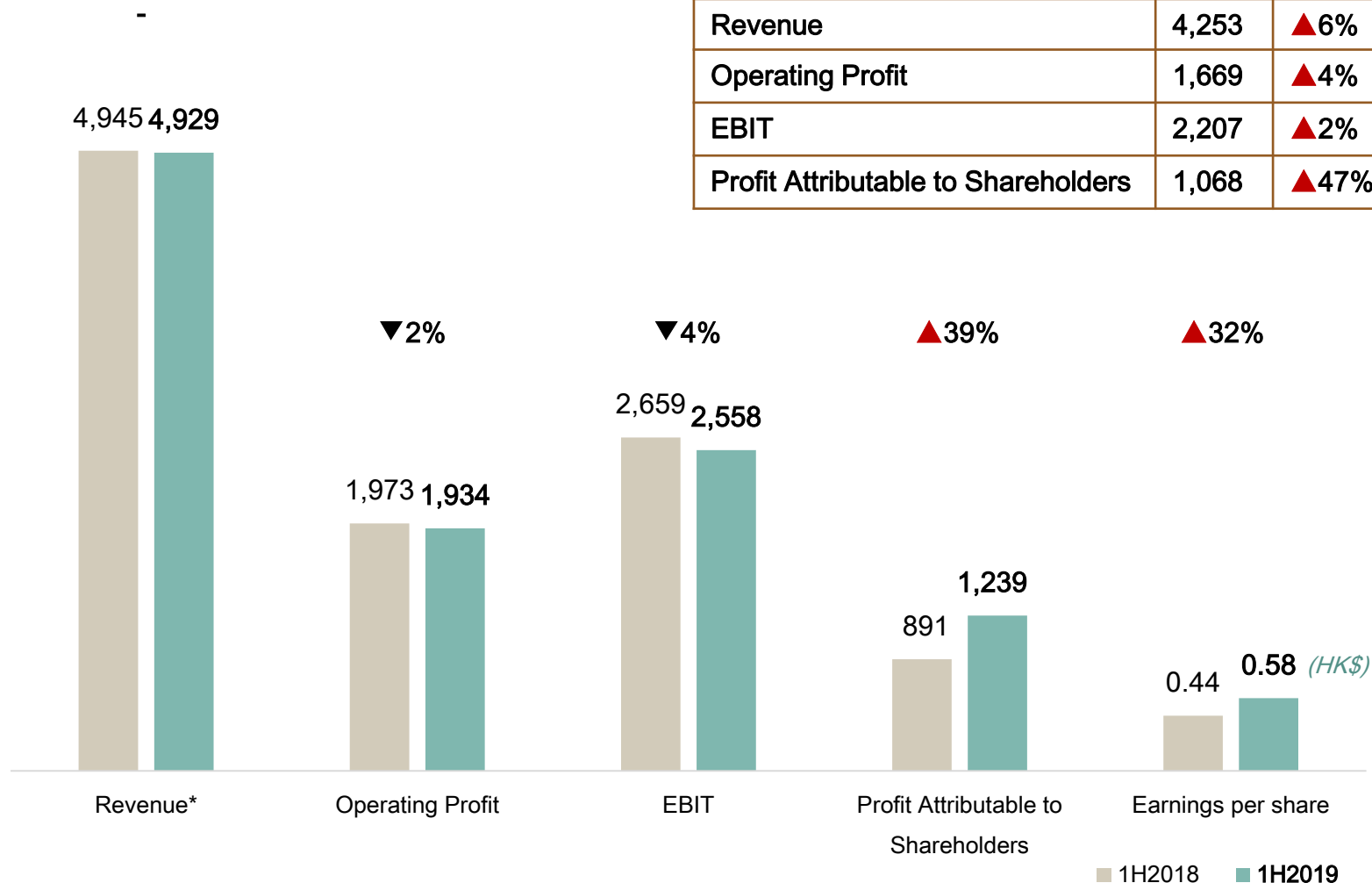
Stock code : 00152

- Potential investors and shareholders of the Company (the “Potential Investors and Shareholders”) are reminded that information contained in this Presentation comprises extracts of operational data and financial information of the Group for the half year ended 30 June 2019. The information included is solely for the use in this Presentation and certain information has not been independently verified. No representations or warranties, expressed or implied, are made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions presented or contained in this Presentation. Potential Investors and Shareholders should refer to the 2019 Interim Report for the unaudited results of the Company which are published in accordance with the Listing Rules of the Stock Exchange of Hong Kong Limited.

1. Results Highlights

HK\$ Million

2019 Interim Results Highlights in RMB Million		
Revenue	4,253	▲6%
Operating Profit	1,669	▲4%
EBIT	2,207	▲2%
Profit Attributable to Shareholders	1,068	▲47%



*Exclude construction service income from toll road business

- In 1H2019, although global operating environment was complicated, the Group steadily drove business expansion and achieved stable business development

- **Logistic Business**
 - Logistic Business operation and scale continued to grow
 - 「Integrated Logistics Hub」 is established in 24 logistics gateway cities, 13 projects commenced operation, revenue ▲163% with satisfactory overall occupancy rate at 86%
 - Driven by the continuous growth in port business volume and revenue contribution from new integrated logistics hub projects, revenue of logistic business ▲29%

- **Toll Road**
 - Toll road business operating results beyond expectation, more solid in core business
 - In 1H2019, acquired 51% equity interests in Nanjing Wind Power, further expanded the Group's environmental protection business

- **Meilin Checkpoint Urban Renewal Project: Started full construction**
 - Presale of Phase 1 Project was satisfactory, expect to contribute one off revenue and profit to the Group this year

3. Integrated Logistics Hub

- Presence in 24 logistics gateway cities with total planned site area of 6.54M sqm
 - Added 4 new projects in Zhanjiang, Tianjin, Jiangyin and Nantong in 1H2019, with total planned site area of 545,000 sqm
 - Actively driving the acquisition of Zhongshan Torch which located in the Guangdong-Hong Kong-Macao Greater Bay area, and Shanghai Qingpu projects
 - In addition to the existing logistic park projects in Shenzhen, Zhongshan Torch project will further broaden the Group's presence in the Guangdong-Hong Kong-Macao Greater Bay area

- 13 projects in operation with total operating area approximately 1.05M sqm and overall occupancy rate at 86%
 - Contributed revenue of HK\$221M and profits attributable to shareholders of HK\$25.07M to the Group's logistic business

- Construction work of Hefei, Guizhou and Wuxi Phase 2 and Kunming projects in progress, expect to complete construction and commence operation in 2H2019

4. Transformation and Upgrading of Logistic Parks

■ Qianhai Project

- Signed the Group's 380,000 sqm land consolidation and preparation supplemental agreement in 2017, under the new land arrangement the Group is entitled to land compensation amounted to RMB8,370M
 - Obtained 38,800 sqm Phase 1 Project land parcel and recognized profit before tax of RMB2,440M in 2017
 - The remaining land compensation will be received based on Government's overall planning , strive to realize partial land value of the remaining land this year
- **Phase 1 Project:**
 - In 1H2019, signed capital injection agreement with CSIP & CCID on the 35,000 sqm GFA office area, officially started the jointly construction and operation of 「One Belt One Road」 information port
 - Jointly develop the 51,400 sqm GFA Residential Project with leading Chinese property developer Shum Yip and expect to start presale in 2H2019

■ Meilin Checkpoint Urban Renewal Project

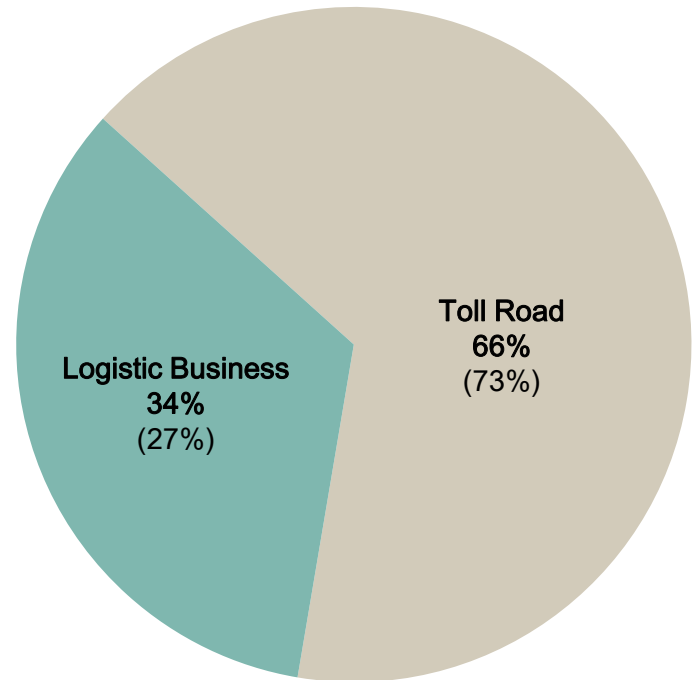
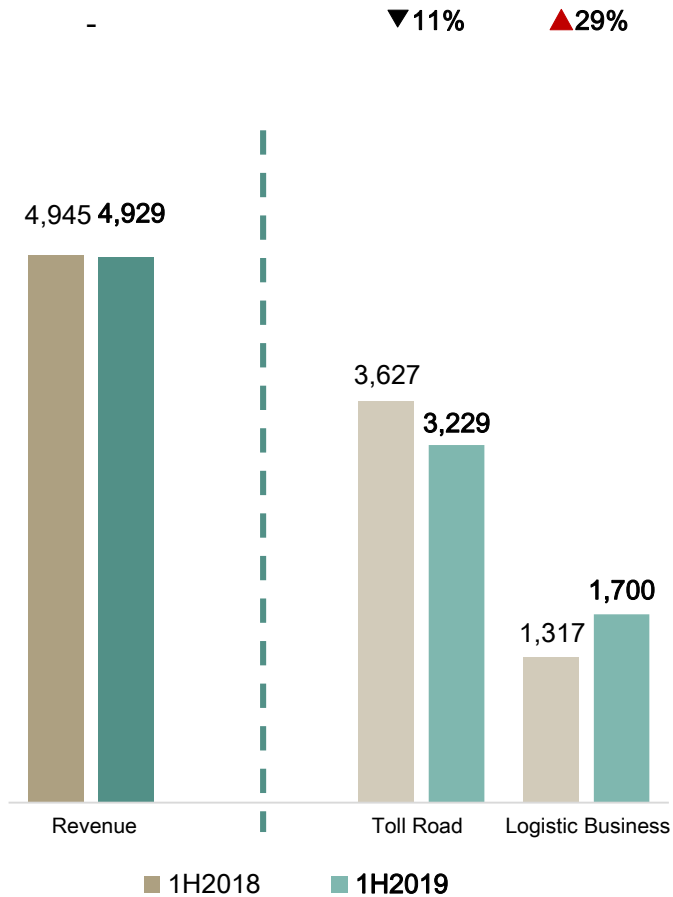
- Relevant land parcel to be transformed and upgraded into a comprehensive development project with 486,000 sqm GFA
 - Comprising properties for residential ,commercial, office, business apartment etc.
- Introduced China Vanke to hold 30% shares of the project company through capital injection of RMB2,900M last year
 - Presale of Phase 1 Project (saleable area of approximately 75,000 sqm) was satisfactory and expect to contribute one off revenue and profit to the Group in 2H2019
 - Phase 2 Project (saleable area of approximately 68,000 sqm) expect to start presale in 2H2019

5. Revenue Contribution*

Revenue HK\$4,929M

1H2019 (2018) Revenue Contribution

HK\$ Million



*Exclude construction service income from toll road business

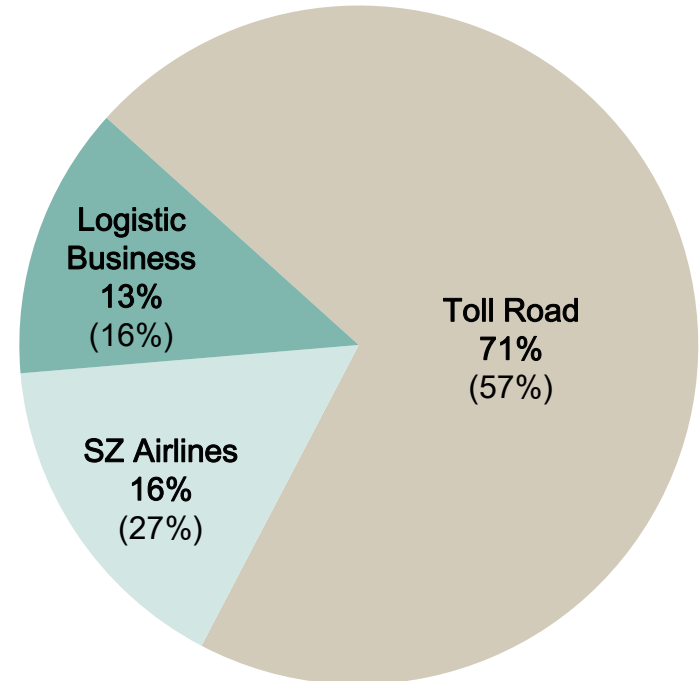
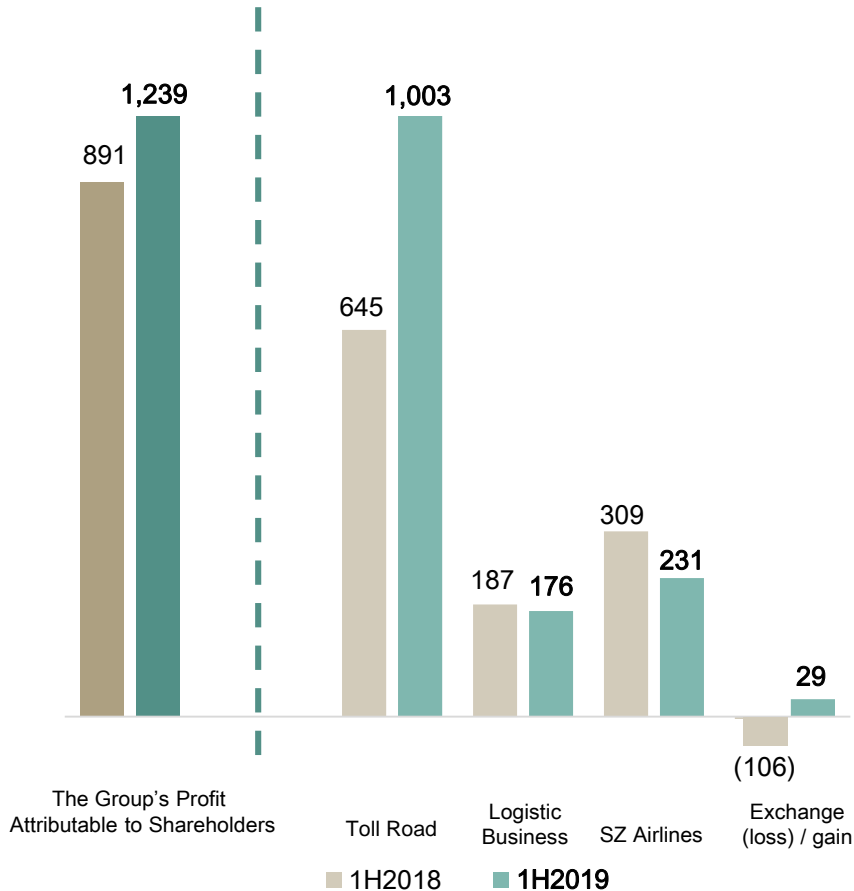
6. Profit Attributable to Shareholders Contribution

Profit Attributable to Shareholders
HK\$1,239M ▲39%

1H2019 (2018) Core Business Profit Attributable to Shareholders Contribution

HK\$ Million

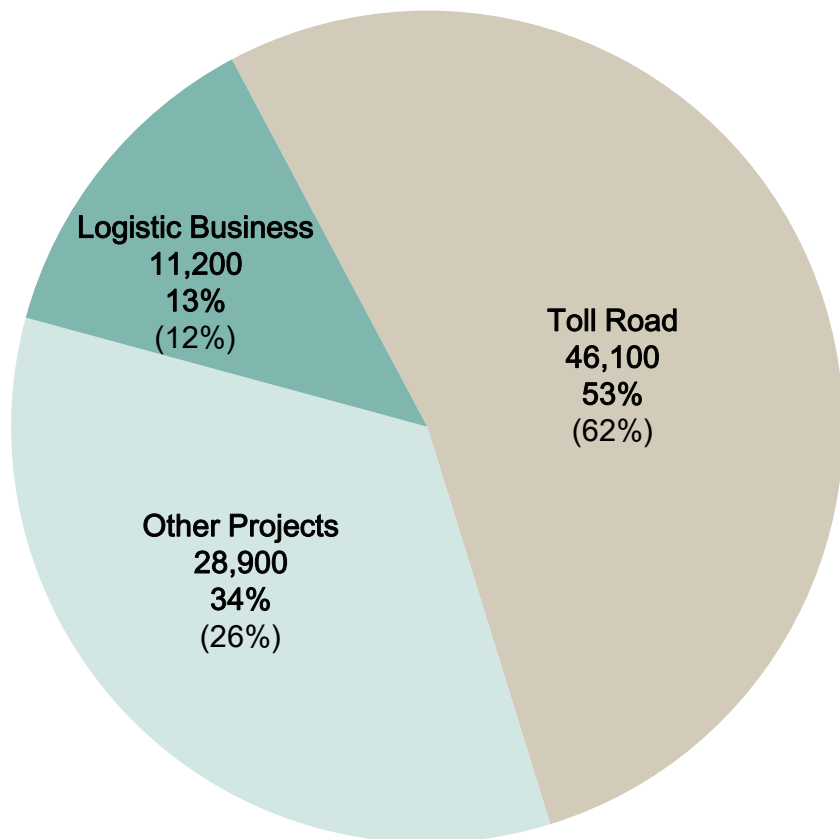
▲39% ▲56% ▼6% ▼25% N/A



7. Asset Contribution – Total Asset

1H2019 (2018) Total Asset Contribution

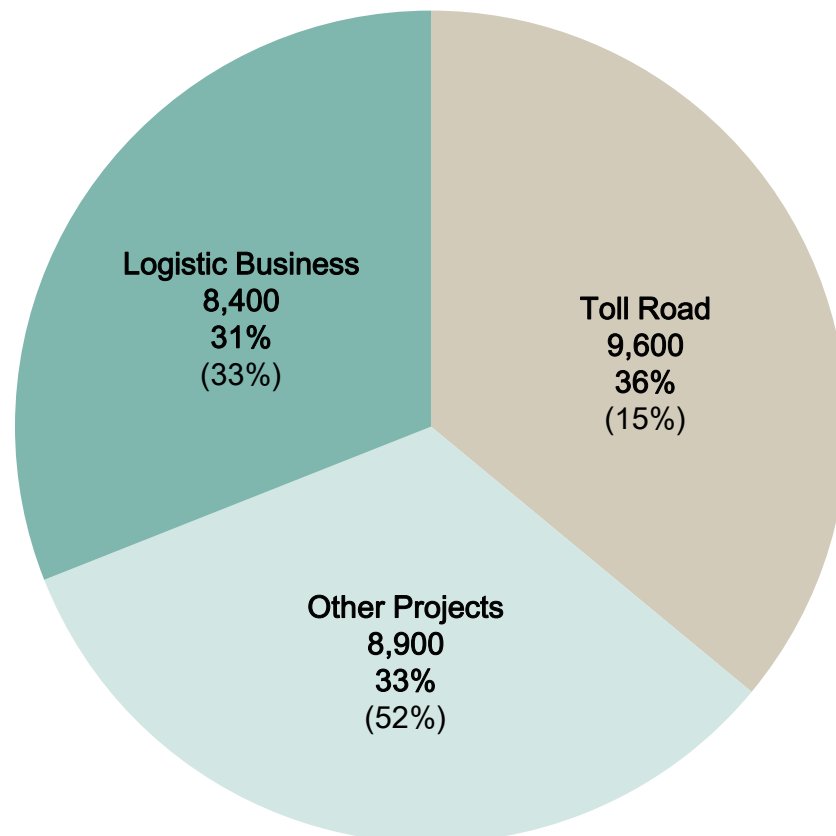
HK\$ Million



Total Asset HK\$86,200M

1H2019 (2018) NAV Attributable to Shareholders Contribution

HK\$ Million

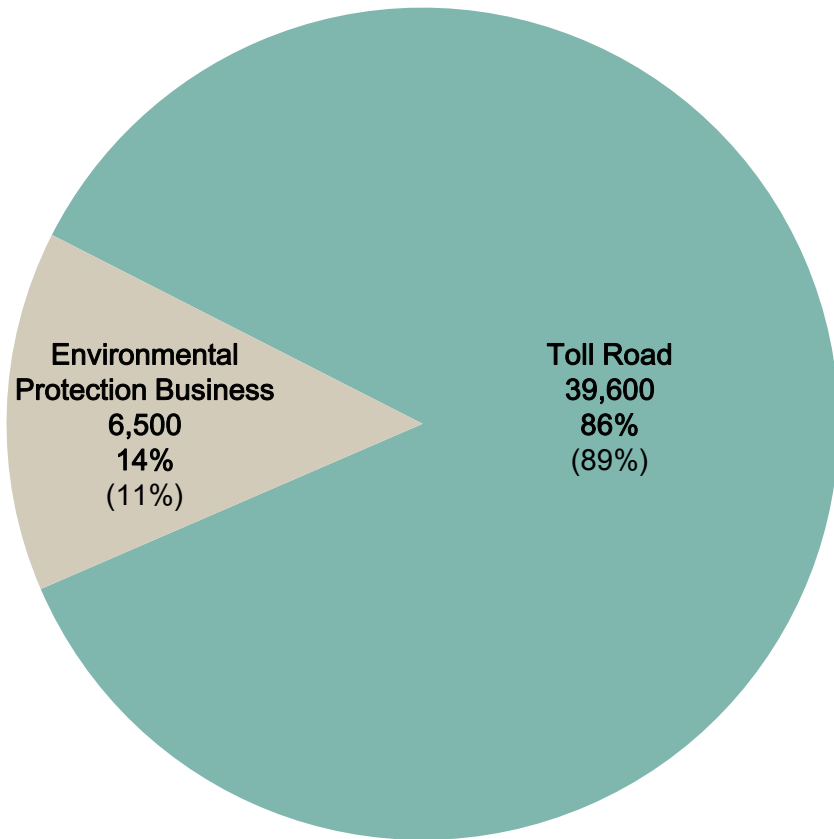


NAV Attributable to Shareholders
HK\$26,900M

7. Asset Contribution – Toll Road Segment

1H2019 (2018) Total Asset Contribution

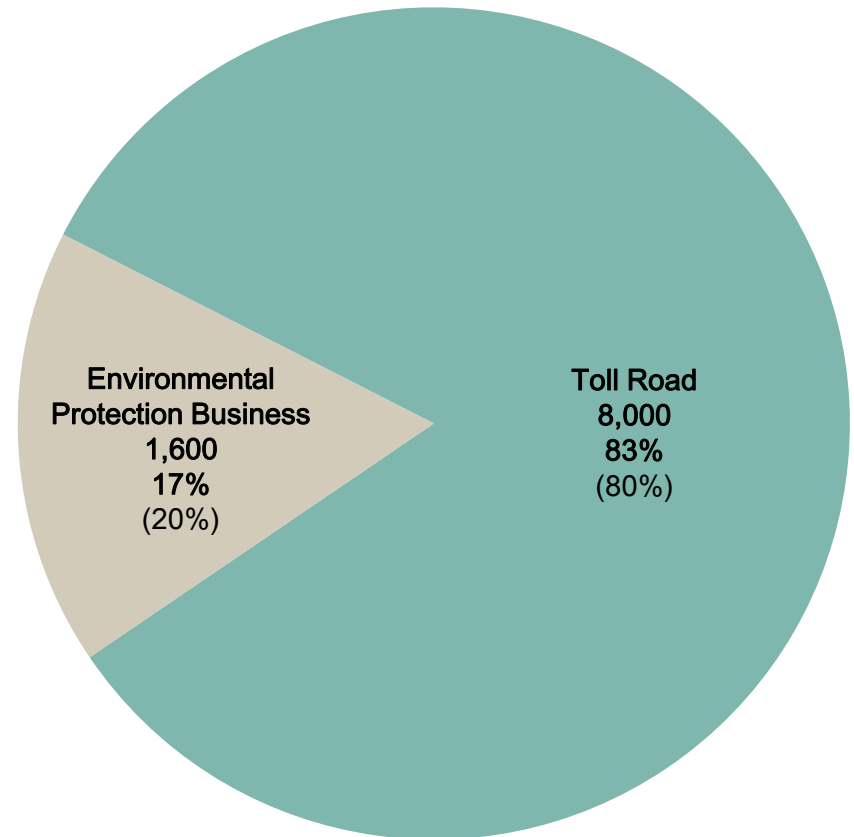
HK\$ Million



Total Asset of Toll Road Segment HK\$46,100M

1H2019 (2018) NAV Attributable to Shareholders Contribution

HK\$ Million

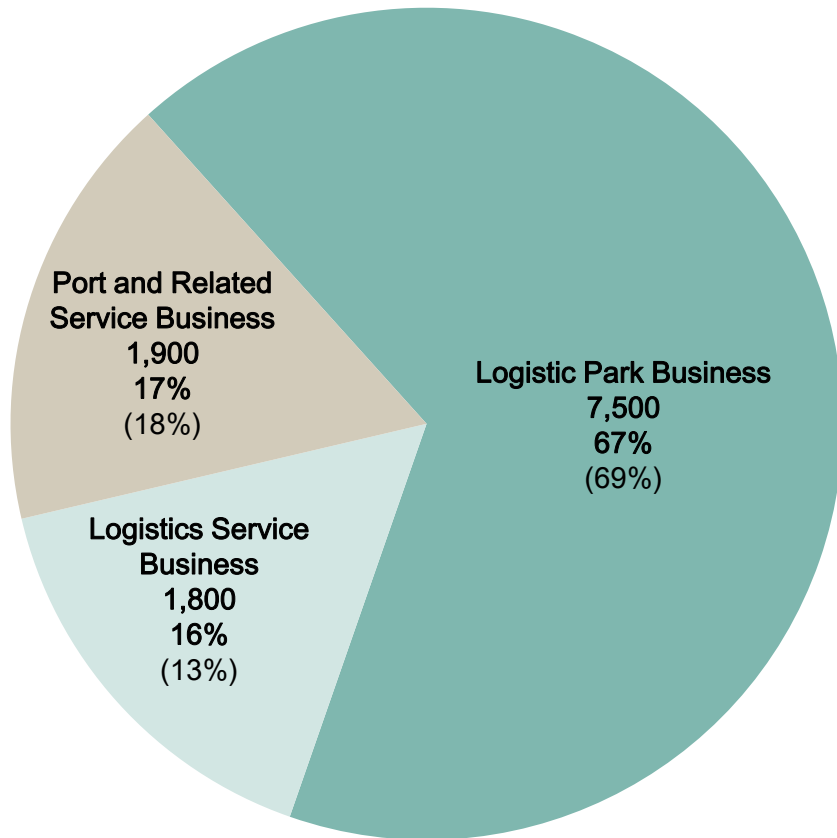


NAV Attributable to Shareholders of Toll Road Segment HK\$9,600M

7. Asset Contribution – Logistic Segment

1H2019 (2018) Total Asset Contribution

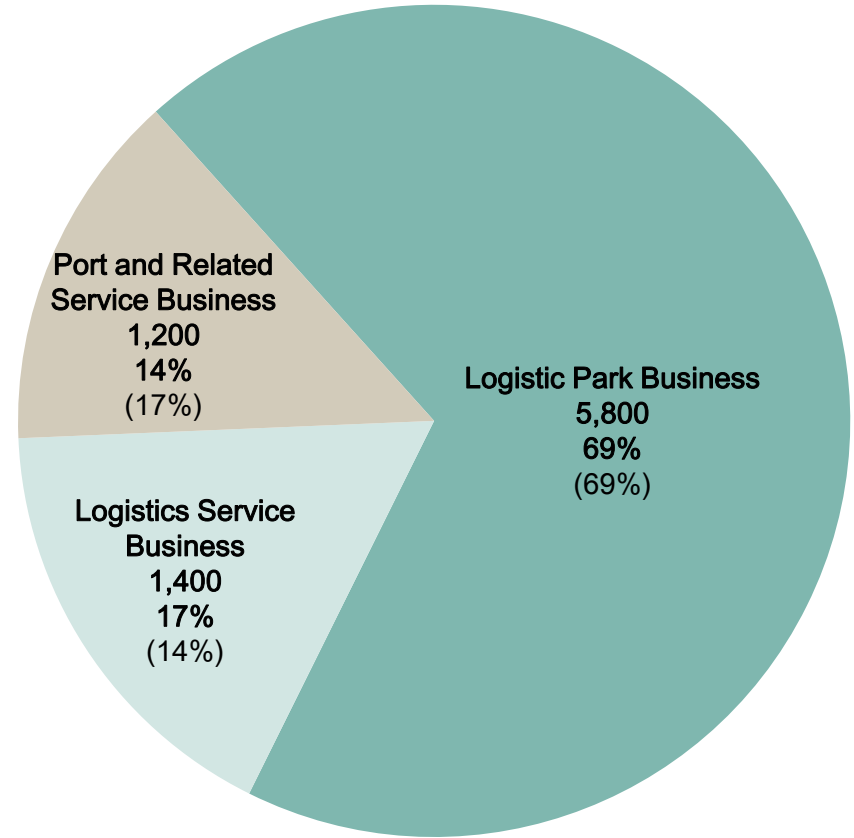
HK\$ Million



Total Asset of Logistic Segment HK\$11,200M

1H2019 (2018) NAV Attributable to Shareholders Contribution

HK\$ Million

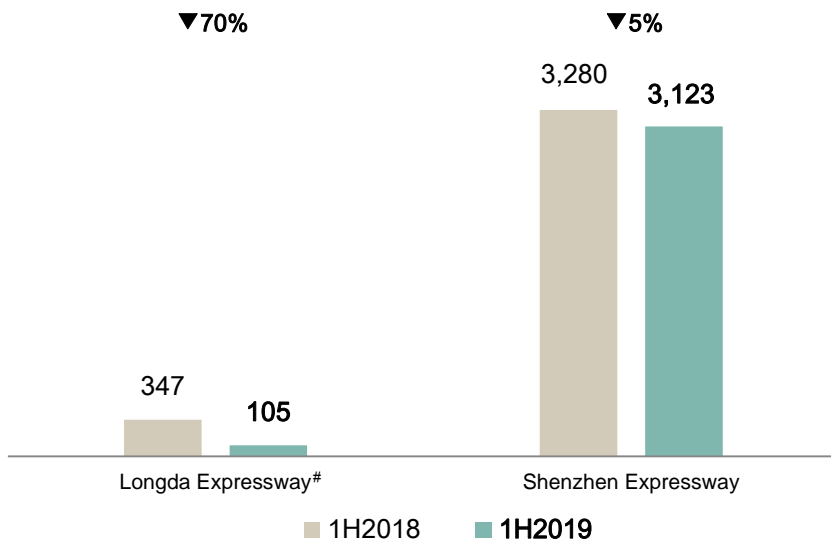


NAV Attributable to Shareholders of Logistic Segment HK\$8,400M

8. Toll Road

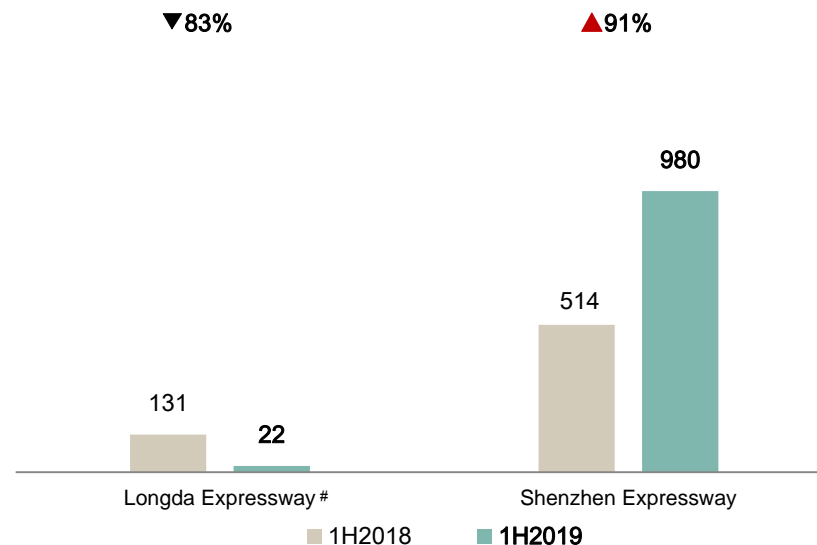
Revenue*: HK\$3,229M ▼ 11%

HK\$ Million



Profit Attributable to Shareholders
HK\$1,003M ▲ 56%

HK\$ Million



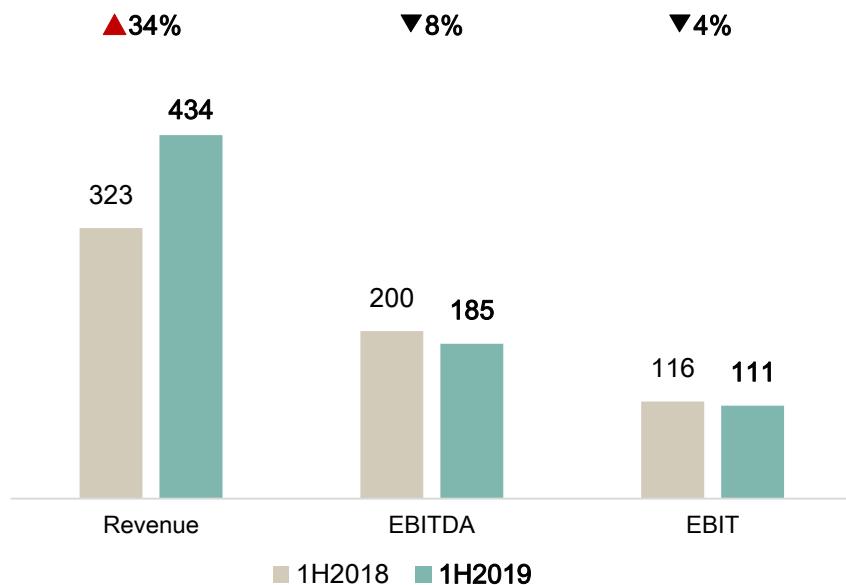
- Exclude the impact of government buyback of the 4 toll roads last year
 - Most toll road projects recorded steady growth in traffic volume and toll revenue during the period , segment operating results beyond expectation
- **Shenzhen Expressway:**
 - Exclude the impact of government buyback last year, toll revenue ▲4%
 - Profit attributable to shareholders ▲91% to HK\$980M, benefitted from satisfactory growth in investment gains and the recognition of related assets from debt restructuring
 - **Environmental Protection business:** Steadily drive business development and acquired 51% equity interest in Nanjing Wind Power in 1H2019
 - Profit contribution started to grow, Derun Environment contributed profit of RMB97.10M (2018: RMB92.45M), ▲5%

*Exclude construction service income from toll road
#1H2019 figures are operating figures of the remaining 4.4 km toll section after the Government buyback last year. If stated in RMB, the comparable toll revenue is similar compared with the corresponding period of the previous year

9. Logistic Business (1)

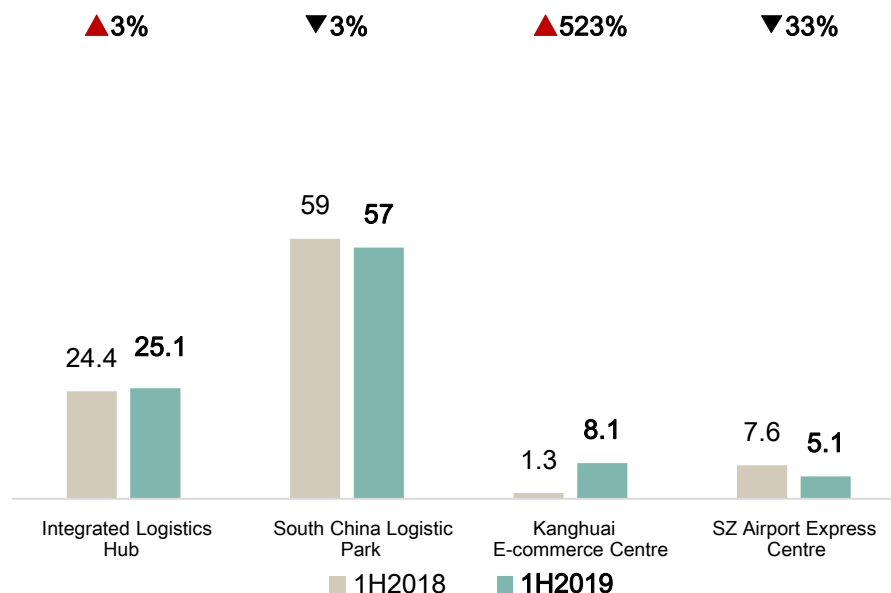
Logistic Park Business

HK\$ Million



Logistics Park Business Profit Attributable to Shareholders HK\$95.60M ▼3%

HK\$ Million



■ Revenue ▲34%

- Benefitted from the new operation of integrated logistics hub projects and Kanghuai E-commerce Centre

■ Profit attributable to shareholders slightly decreased due to certain integrated logistics hub projects are still in the incubation period and the impact of policy adjustment on western logistic park business

■ **South China Logistic Park:** construction of Phase 2 Project in progress, plan to construct an integrated high-end modern logistic service hub

■ **Kanghuai E-commerce Centre:** the Group's first asset-light project with operating area of 138,000 sqm GFA in steady operation

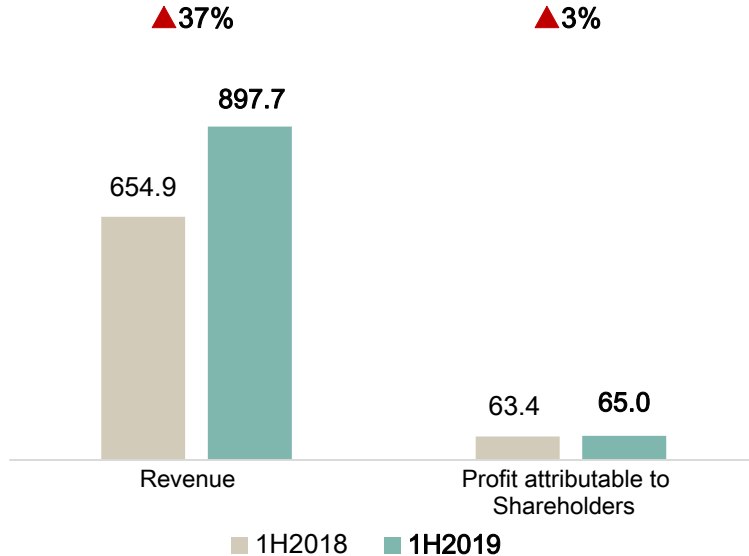
- Contributed revenue and profit attributable to shareholders of HK\$45.93M and HK\$8.07M respectively

Note : Top right graphic includes profit attributable to shareholders of main logistic parks of the Group

9. Logistic Business (2)

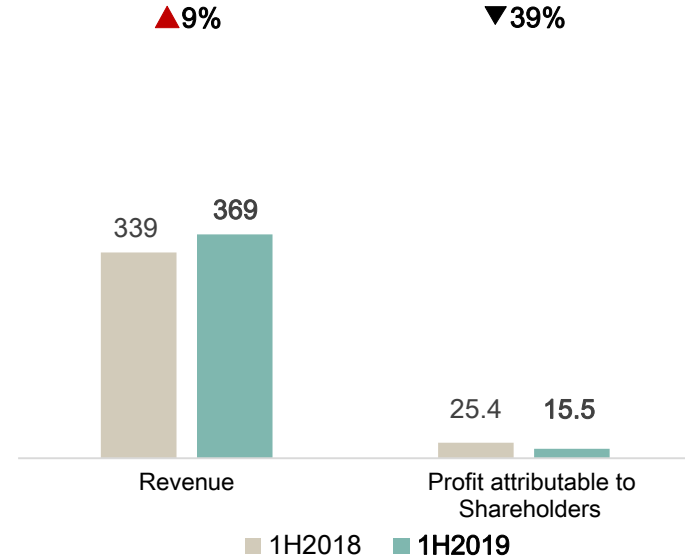
Port and Related Service Business

HK\$ Million



Logistic Service Business

HK\$ Million



■ Port and Related Service Business

- 395 seagoing vessels berthed and total throughput reached 22.47M tons, ▲4.9%, benefitted from
 - Business volume driven by continuously improving customer structure
- Signed compensation agreement in August, pursuant to which, the Nanjing Municipal Government will expropriate partial assets of Phase 2 Project with RMB1,500M to support the regional development
 - Limited impact on the current operation since Phase 1 Project was not involved
 - Expect to contribute total one-off gain of approximately RMB 700M after expropriation completes

■ Logistic Service Business

- Actively Introduced new projects
 - Revenue ▲9%
 - Profit attributable to shareholders decreased due to increasing cost and new projects still in incubation period

10. Other Investments – Shenzhen Airlines

- Passenger transport volume growth continued
 - Passenger traffic and passenger carried ▲7% and ▲6% respectively
 - Total of 209 passenger aircrafts
 - Total of 280 routes including 251 domestic routes
- Revenue was RMB15,610M (2018: RMB15,053M), ▲4%
- Due to expansion of the fleets, although fuel price slight decreased during the period, the fuel cost of Shenzhen Airlines increased by 6% compared to the corresponding period of the previous year
 - Operating profit ▼5% to RMB1,313M (2018: RMB1,377M)
- In 1H2019, Shenzhen Airlines recorded foreign exchange gain of RMB8.03M (2018: foreign exchange loss of RMB196M)
- Net profit of Shenzhen Airlines amounted to RMB463M (2018: RMB559M), ▼17%
- 49% profit attributable to the Group amounted to HK\$231M (2018: HK\$309M), ▼25%



11. Financial Position (1)

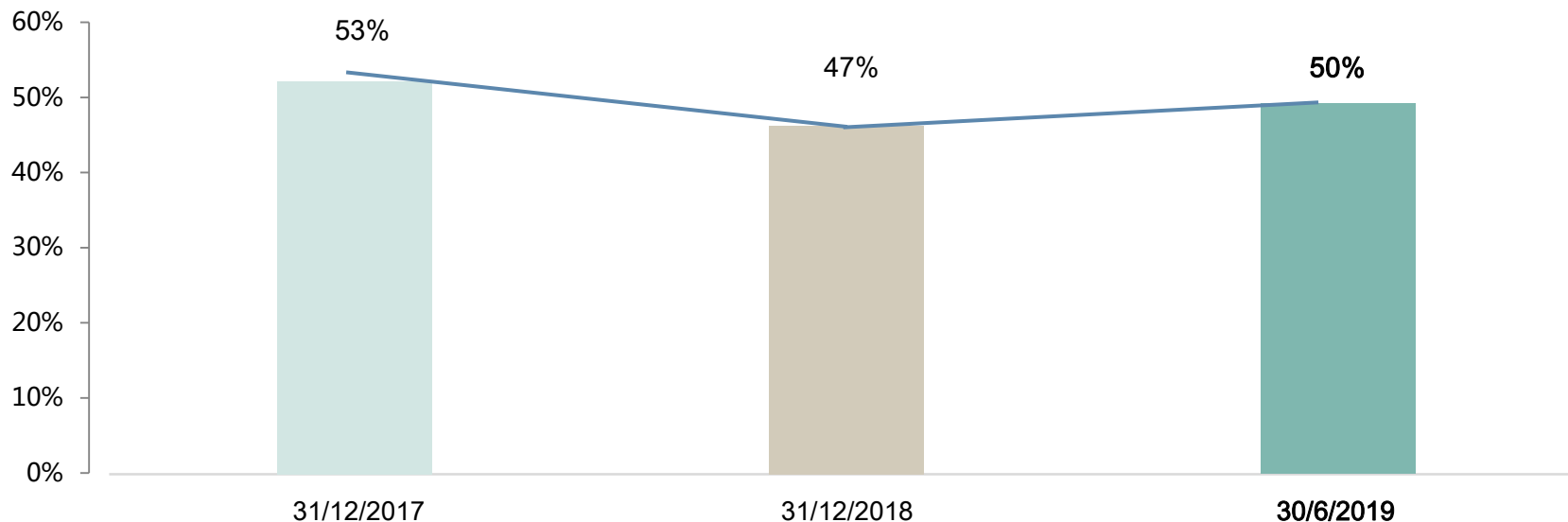
	The Group		
	30/6/2019	31/12/2018	Increase/ (Decrease)
<i>HK\$ Million</i>			
Total Assets	86,188	84,365	2%
Total Equity	43,520	44,360	(2%)
NAV Attributable to Shareholders	26,872	27,998	(4%)
Shareholders' NAV Per Share (HK\$)	12.5	13.2	(5%)
Cash	16,610	16,627	-
Bank Borrowings	14,986	14,848	1%
Notes & Bonds	11,728	11,764	-
Total Borrowings	26,714	26,612	-
Net Borrowings	10,104	9,985	1%
Debt-asset Ratio (Total Liabilities / Total Assets)	50%	47%	3*
Ratio of Total Borrowings to Total Assets	31%	32%	(1)*
Ratio of Net Borrowings to Total Equity	23%	23%	-
Ratio of Total Borrowings to Total Equity	61%	60%	1*

*Change in percentage point

11. Financial Position (2)

Debt-Asset Ratio

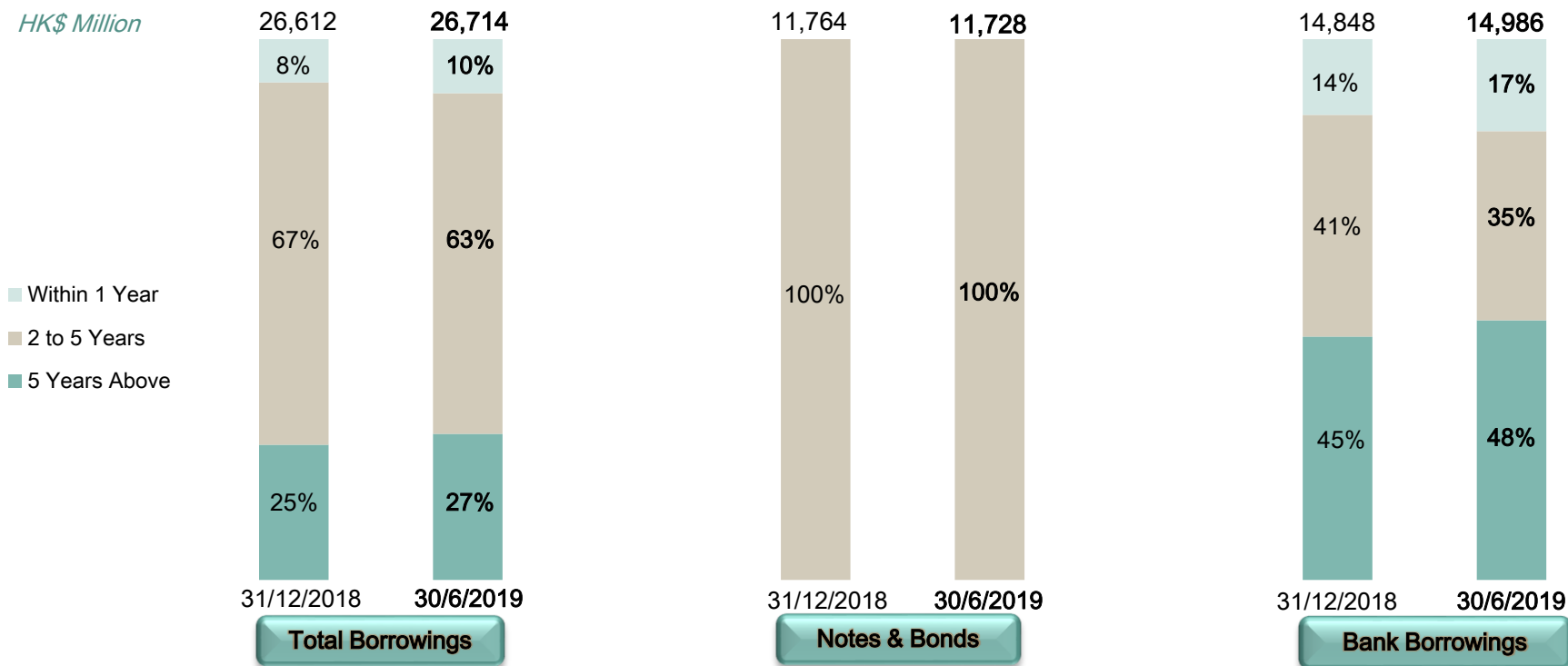
As of 30 June



- Maintained healthy financial position
 - Total assets amounted to HK\$86,200 M, ▲ 2%
 - Cash amounted to HK\$16,600M, providing sufficient capital reserve to support business development
- Fitch upgraded rating from BBB- to BBB during the period
 - Domestic credit rating agencies assigned the highest “AAA” credit rating
 - 3 major international credit rating agencies maintained investment grade credit ratings

11. Financial Position (3)

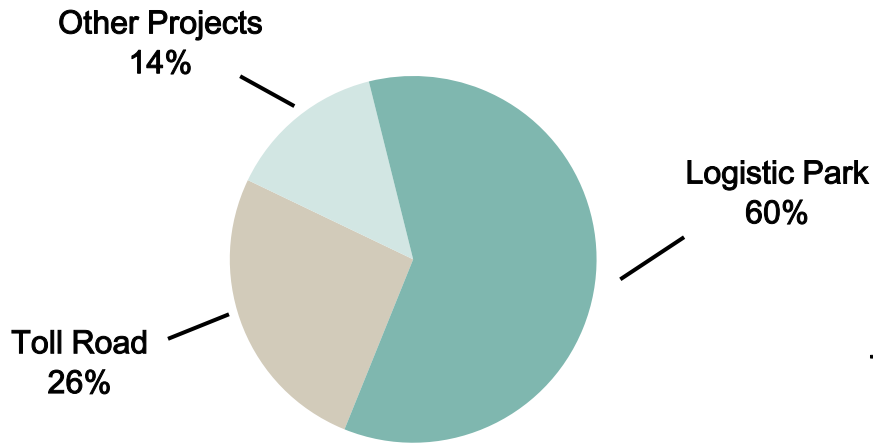
Debt Maturity Profile



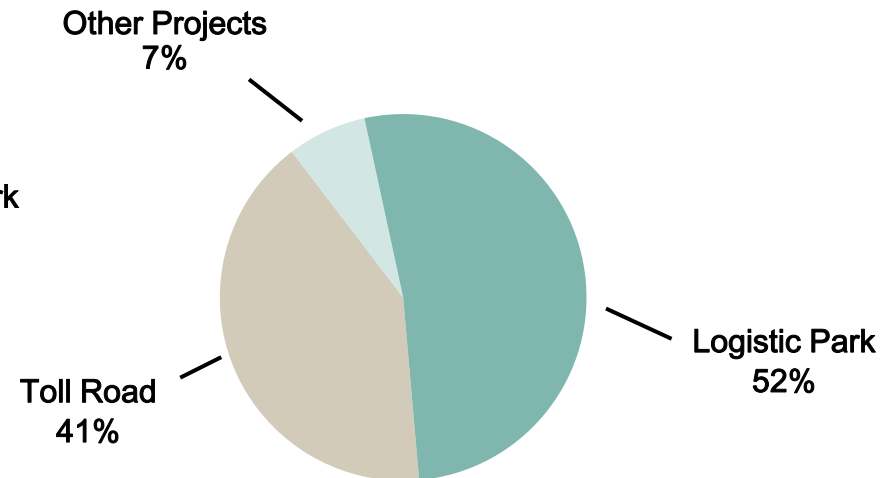
- Recorded foreign exchange gain of HK\$29.04M (2018: foreign exchange loss of HK\$106M)
 - The Group continues to study the effect of RMB exchange rate fluctuation on profit
 - Continue to minimize the impact of RMB exchange rate fluctuation through appropriate hedging tools and optimizing debt currency structure
 - As of June 30 2019, the Group's RMB borrowings to foreign currency borrowings ratio approximately 80% : 20%
 - Medium/long term debt to short term debt ratio was 90% : 10%

12. 2019 Capex Estimate – HK\$7,250M (RMB6,390M)

2H2019 Estimate
HK\$5,100M (RMB4,500M)



1H2019 Actual
HK\$2,150M (RMB1,890M)



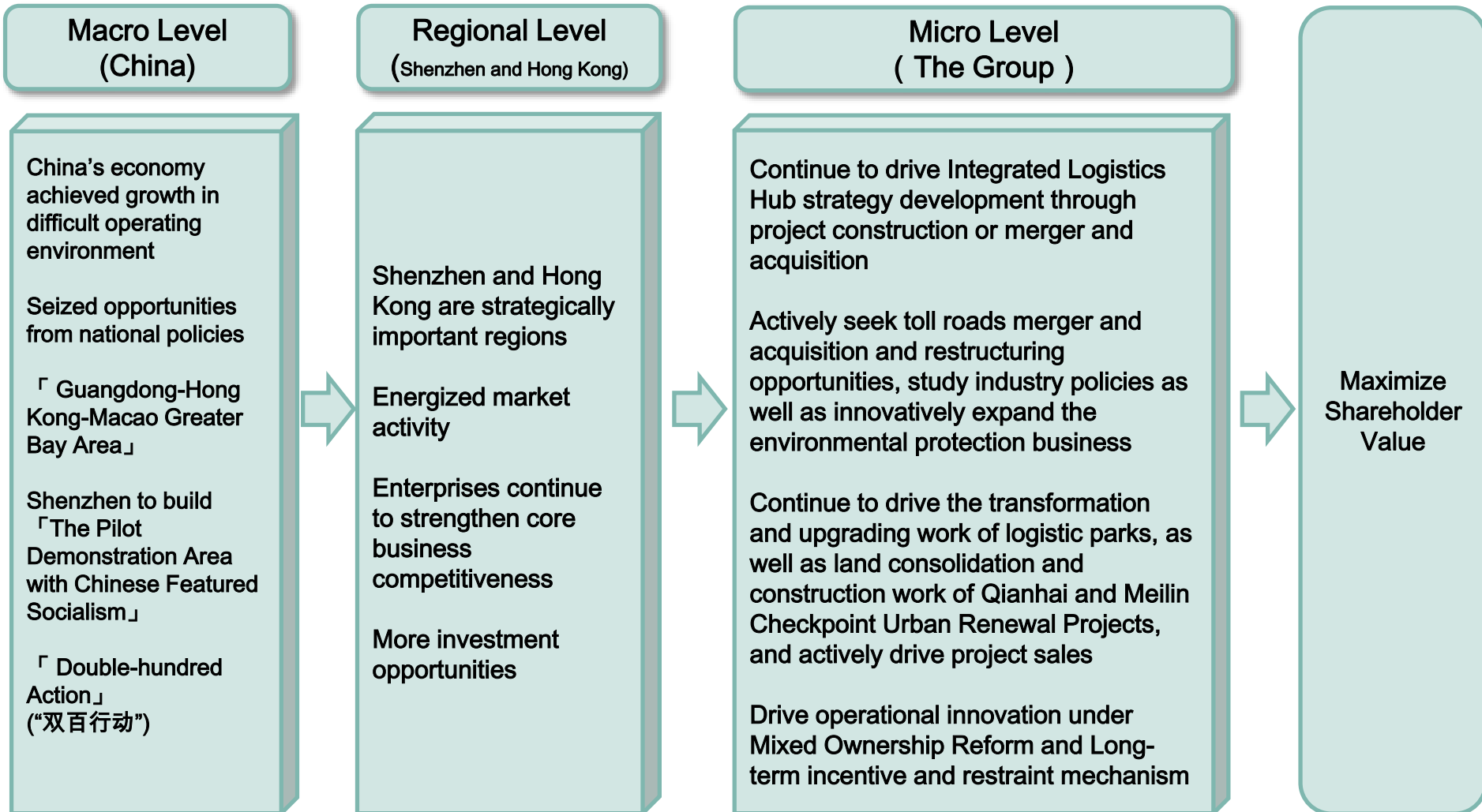
2H2019 Estimate Major Capex Items:

- Integrated Logistics Hub and Liguang Projects RMB2,700M
- Projects related to Shenzhen Expressway RMB1,170M
- Qianhai and Meilin Checkpoint Urban Renewal Projects RMB610M

1H2019 Major Capex Items:

- Integrated Logistics Hub and Liguang Projects RMB980M
- Outer Ring Expressway RMB660M

13. 2H2019 Outlook



Appendix

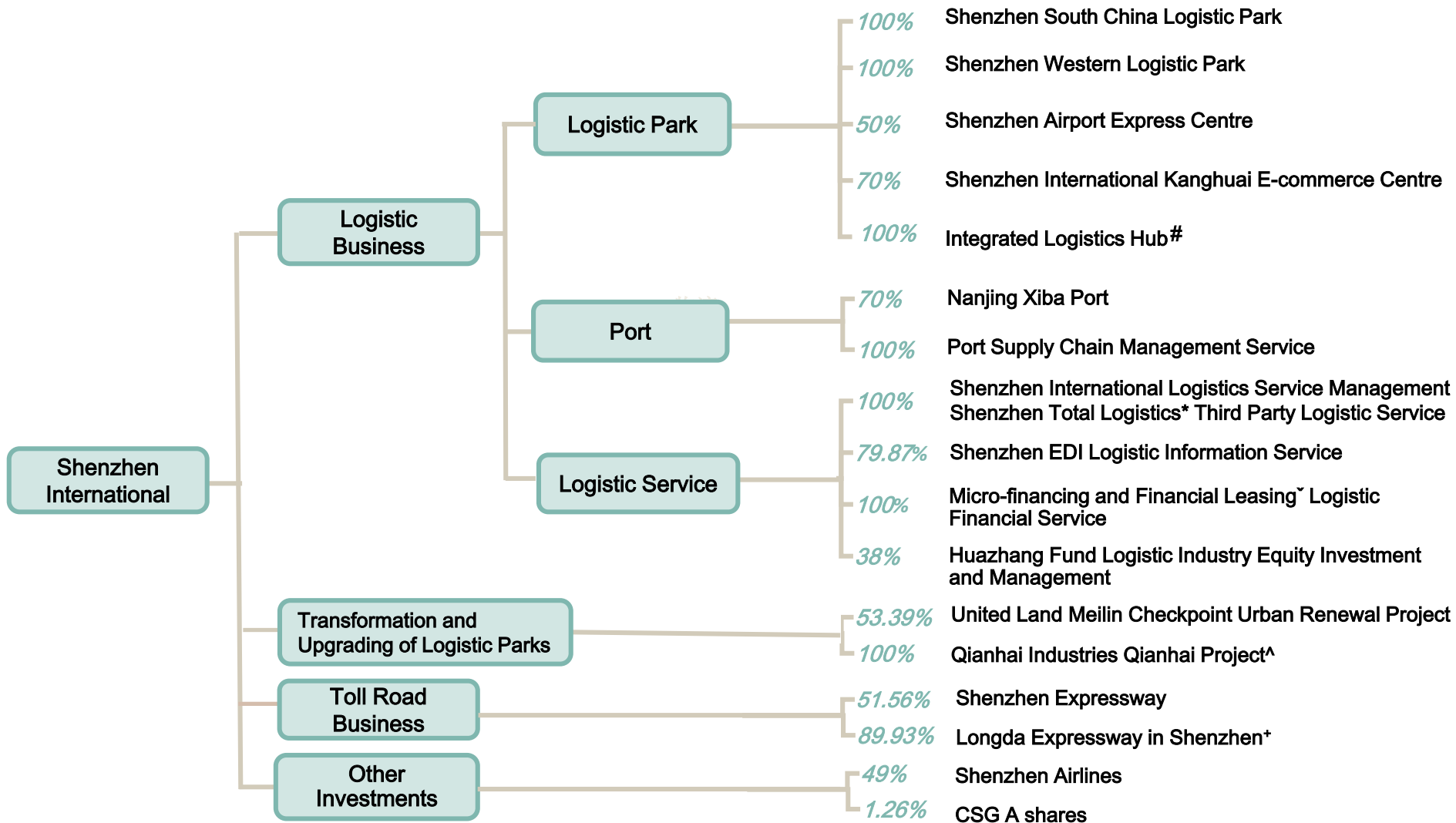
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Appendix 1 – Corporate Chart



Total 27 projects, of which Shenyang, Hefei, Shijiazhuang projects and Shandong Booming Total Logistic Park are not 100% but with controlling stake projects. Shandong Booming Total Logistic Park was included in Integrated Logistic Hub projects from 2018

~ A 48% stake Joint venture

* A 51% stake subsidiary

^ Exclude phase 1 residential project

+ From 1 January 2019, the Group owns 4.4km toll road of Longda Expressway

Appendix 2 – Income Statements

<i>HK\$ Million</i> <i>For the 6 months ended</i> <i>at 30 June</i>	2019	2018	Increase/(Decrease)
Revenue	5,712	5,346	7% ¹
Cost of sales	(3,825)	(3,078)	24%
Gross profit	1,886	2,268	(17%)
Other gain - net	342	(106)	N/A
Other income	48	26	85%
Distribution costs	(53)	(34)	56%
Administrative expenses	(289)	(181)	60%
Operating profit	1,934	1,973	(2%)
Share of profit of joint ventures	6	8	(25%)
Share of profit of associates	618	678	(9%)
Profit before finance costs and tax	2,558	2,659	(4%)
Finance costs - net	(333)	(730)	(54%) ²
Profit before income tax	2,225	1,929	15%
Income tax expense	138	(381)	N/A
Profit for the Year	2,363	1,548	53% ³
Non-controlling interests	(1,077)	(610)	77%
Perpetual securities	(47)	(47)	N/A
Profit attributable to shareholders	1,239	891	39%
Basic EPS (HK dollar per share)	0.58	0.44	32%

1. Revenue of logistic business increased due to the continuous growth in the port business volume and new integrated logistic hubs commenced operation, which offsets the impact of the 4 toll roads buyback last year

2. The Group recorded foreign exchange gain of HK\$29.04M (2018: foreign exchange loss of HK\$106M)

3. Except for the above reasons, Coastal Company recorded a decline in finance costs after debt restructuring and recognized deferred tax assets of HK\$593M

Appendix 3 – Segment Results

	Revenue		Operating Profit		Share of Results of Associates & JVs		EBIT	
	2019	2018	2019	2018	2019	2018	2019	2018
<i>HK\$ Million</i>								
<i>For the 6 months ended at 30 June</i>								
Toll Road								
Revenue	3,229	3,627	1,806	1,929	360	349	2,165	2,278
Construction service revenue	782	402	-	-	-	-	-	-
Toll road subtotal	4,011	4,029	1,806	1,929	360	349	2,165	2,278
Logistic Business								
Logistic park	434	323	105	108	6	8	111	116
Logistic service	369	339	19	30	-	1	19	31
Port and related services	898	655	113	104	-	-	113	104
Logistic business sub-total	1,701	1,317	237	242	6	9	243	251
Head Office	-	-	(109)	(198)	258	328	150	130
	5,712	5,346	1,934	1,973	624	686	2,558	2,659
Finance income							113	59
Finance cost							(446)	(789)
Finance cost - net							(333)	(730)
Profit before income tax & NCI							2,225	1,929

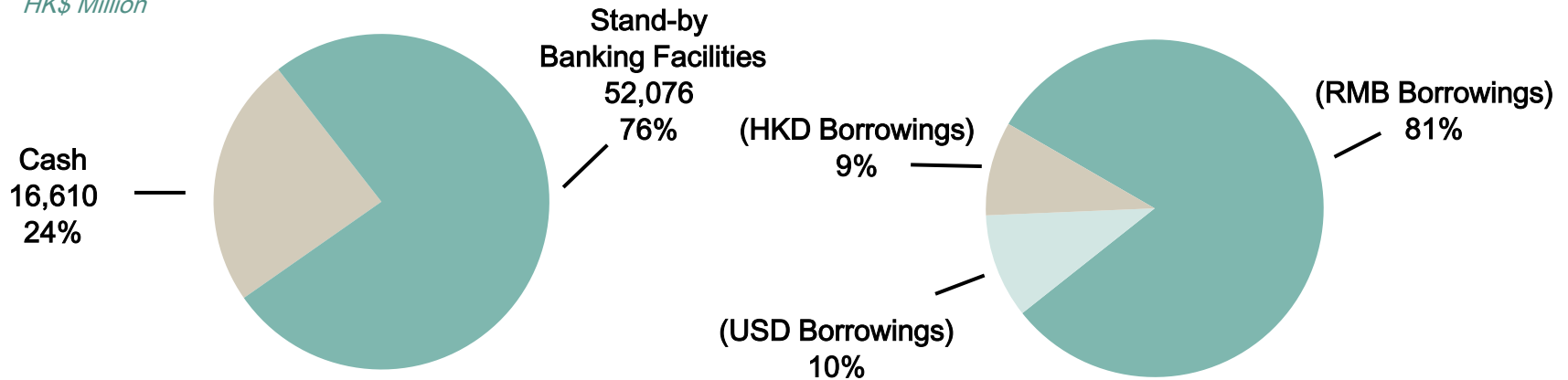
Appendix 4 – Financial Position (1)

The Group's Borrowing Profile
As at 30 June 2019

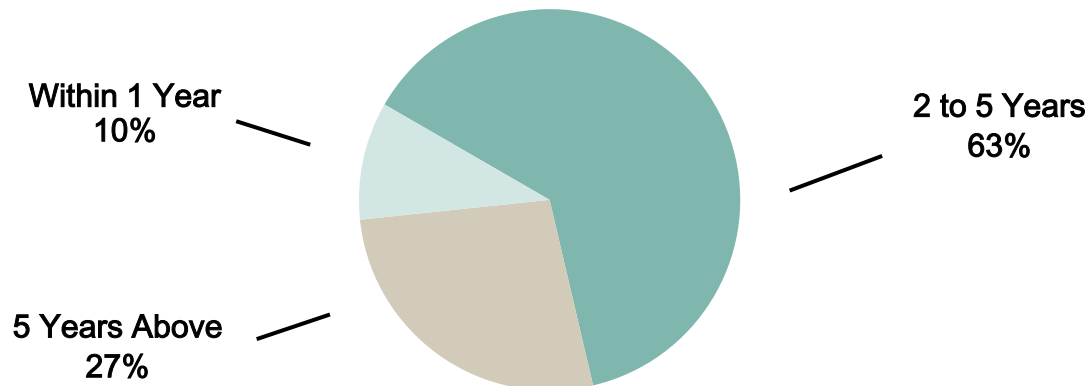
Cash & Banking Facilities

Total Borrowings: HK\$26,714M – In Currency

HK\$ Million



Total Borrowings: HK\$26,714M – Repayment Period



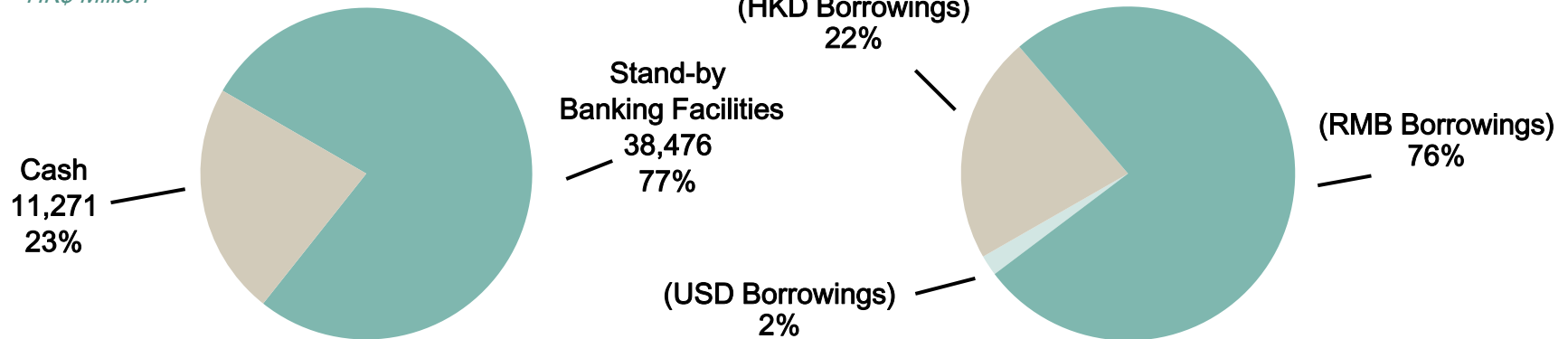
Appendix 4 – Financial Position (2)

The Group's Borrowing Profile
(Excl. Shenzhen Expressway)
As at 30 June 2019

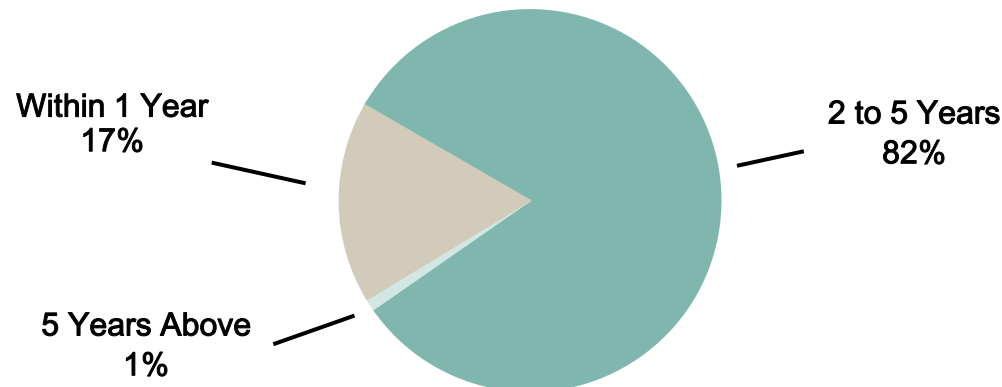
Cash & Banking Facilities

Total Borrowings: HK\$11,078M – In Currency

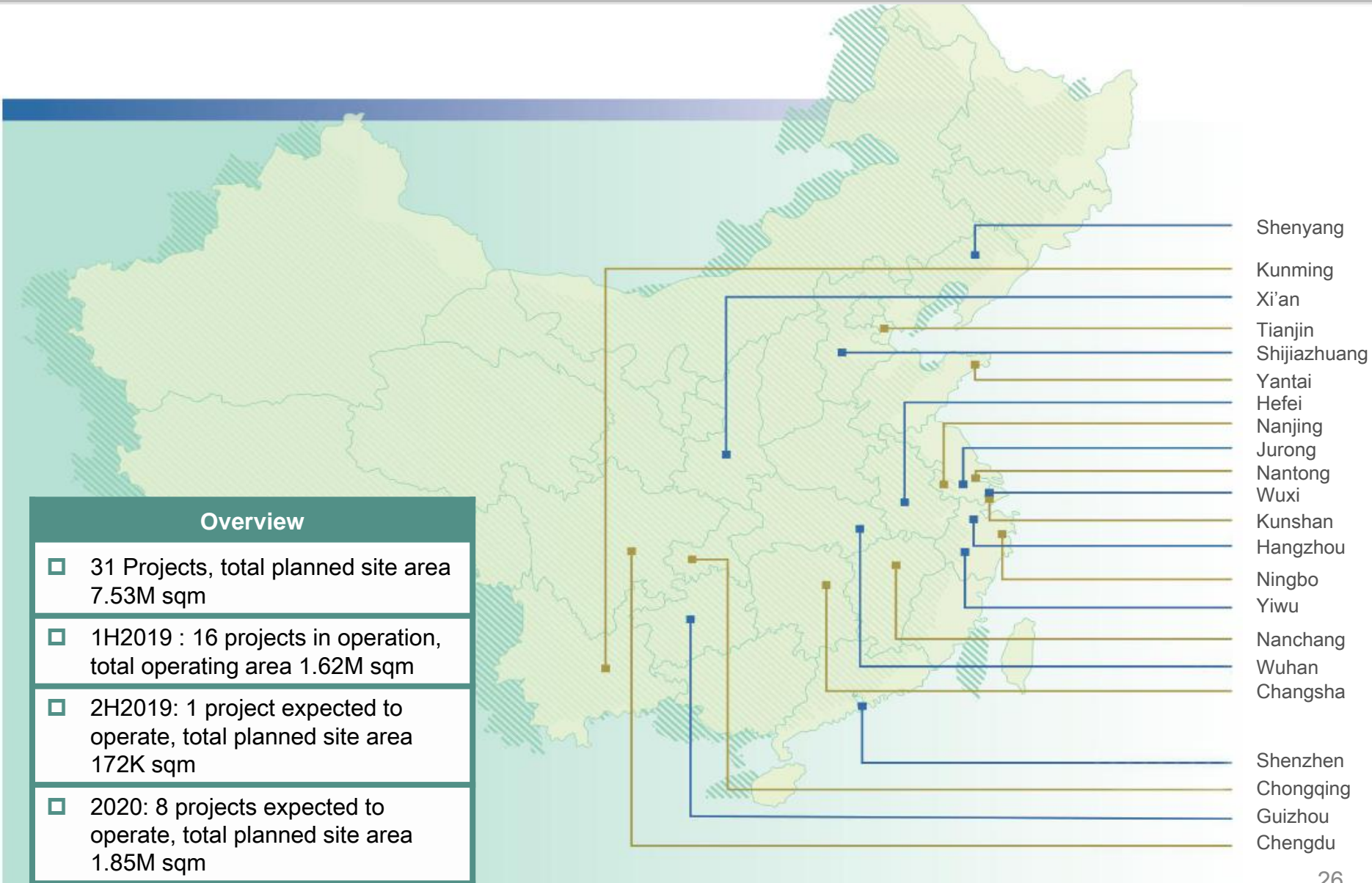
HK\$ Million



Total Borrowings: HK\$11,078M – Repayment Period



Appendix 5 – Locations Of Logistic Projects



Appendix 6 – Logistic Projects Overview (1)

Projects in operation		
Logistic parks in Shenzhen (Greater Bay Area)	South China Logistic Park	❑ Planned site area: 611K sqm; Operating Area: 322K sqm
	Western Logistic Park	❑ Planned site area: 336K sqm; Operating Area: 111K sqm
	Kanghuai E-commerce Centre	❑ Operating Area: 138K sqm
Integrated Logistic Hubs	Shenyang Project	❑ Planned site area: 700K sqm; Operating Area: 241K sqm
	Kunshan Project	❑ Planned site area: 117K sqm; Operating Area: 85K sqm
	Wuhan Dongxihu Project	❑ Planned site area: 126K sqm; Operating Area: 67K sqm
	Hefei Project	❑ Planned site area: 138K sqm; Operating Area: 60K sqm
	Nanchang Project	❑ Planned site area: 267K sqm; Operating Area: 91K sqm
	Shijiazhuang Project	❑ Planned site area: 467K sqm; Operating Area: 64K sqm
	Wuxi Project	❑ Planned site area: 347K sqm; Operating Area: 27K sqm
	Hangzhou Project	❑ Planned site area: 427K sqm; Operating Area: 147K sqm
	Guizhou Project	❑ Planned site area: 348K sqm; Operating Area: 51K sqm
	Ningbo Project	❑ Planned site area: 194K sqm; Operating Area: 60K sqm
	Changsha Project	❑ Planned site area: 347K sqm; Operating Area: 85K sqm
	Tianjin Zhonglong Project	❑ Planned site area: 60K sqm; Operating Area: 32K sqm
	Shandong Booming Total Logistic Park *	❑ Planned site area: 70K sqm; Operating Area: 37K sqm#

*Shandong Booming Total Logistic Park was included in Integrated Logistic Hub projects from 2018

#Including a site in area of approximately 10K sqm operated through leasing

Appendix 6 – Logistic Projects Overview (2)

	Project	Planned site area	Expected operation time*
Integrated Logistic Hubs	Kunming Project	□ 172K sqm	2019
	Jurong Project	□ 400K sqm	2020
	Chongqing Project	□ 157K sqm	2020
	Xi'an Project	□ 120K sqm	2020
	Yiwu Project	□ 440K sqm	2020
	Wuhan Caidian Project	□ 267K sqm	2020
	Jinan Zhangqiu Project	□ 180K sqm	2020
	Jiangsu Nantong Project	□ 152K sqm	2020
	Chengdu Qingbaijiang Project	□ 129K sqm	2020
	Chengdu Xinjin Project	□ 173K sqm	2021
	Zhengzhou Project	□ 267K sqm	2021
	Xuzhou Project	□ 140K sqm	2021
	Jiangyin Project	□ 133K sqm	2021
Zhanjiang Project	□ 200K sqm	2021	
Logistic parks in Shenzhen (Greater Bay Area)	Liguang Project	□ 45K sqm	2022

* Expected operation time is estimated, will be updated according to schedule

Appendix 7 – 「Integrated Logistics Hub」 (1) – Illustration



Appendix 7 – 「Integrated Logistics Hub」 (2)



Appendix 8 – Kanghuai E-commerce Centre

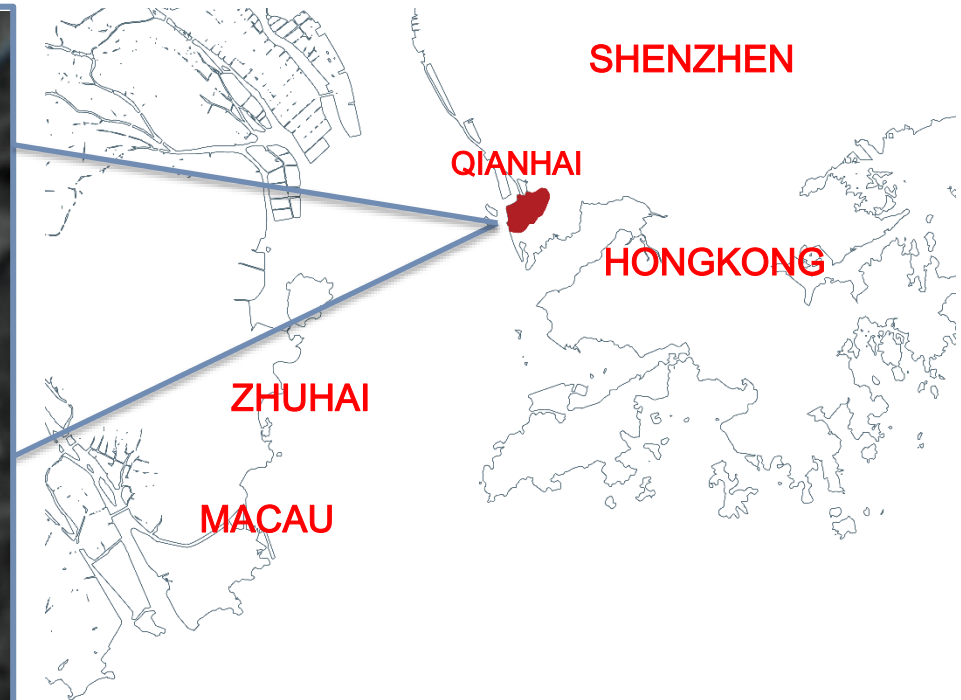


Appendix 9 – South China Logistic Park



Note: Illustrations above are phase 2 project

Appendix 10 – Qianhai Project – Geographical Location



Area in Orange—Shenzhen International Western Logistic Park (380K sqm)

Area in Blue—Qianhai Phase 1 Project (38.8K sqm)

Appendix 10 – Qianhai Project

Qianhai (Global) Cross-border
E-commerce Industrial Park



Shenzhen International Qianhai
Intelligence Hub



Appendix 10 – Qianhai Project – Phase 1 Project Illustration



Appendix 11 – Meilin Checkpoint Urban Renewal Project



Note: Picture above is a project illustration

Appendix 12 – Nanjing Xiba Port



Thank you

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