

CMHI

2011

Annual Results

Announcement



March 2012

# Contents



**1**



**Financial Performance**

**2**



**Operations Analysis**

**3**



**Business Review**

**4**



**Outlook**

**5**



**Q & A**

# Financial Highlights



- Port operations growth in line with expectations. Due to the increase in taxation, Profit Attributable to Shareholders declined slightly.

	2011	2010	Change
Container throughput (million TEU)	57.29	52.28	9.6%
Revenue (HK\$ million)	40,973	30,597	33.9%
Revenue (Port operations)	15,006	13,221	13.5%
<b>EBITDA (HK\$ million)</b>	<b>11,857</b>	<b>10,240</b>	<b>15.8%</b>
<b>EBITDA (Port operations)</b>	<b>8,316</b>	<b>7,532</b>	<b>10.4%</b>
<b>Taxation</b>	<b>1,015</b>	<b>558</b>	<b>81.9%</b>
<b>Profit Attributable to Shareholders (HK\$ million)</b>	<b>5,569</b>	<b>5,876</b>	<b>-5.2%</b>
EPS* (HK cent)	225.12	239.13	-5.9%
Final dividends (HK cents)	68	78	-12.8%
Payout ratio	43.5%	43.0%	+ 0.5 percentage point

\* Diluted EPS was 224.56 HK cents (2010: 238.52 HK cents)

Notes: Revenue include revenue of the Company, its subsidiaries and share of revenue of its associates and jointly-controlled entities

EBITDA define as Earnings before net interest expenses, taxation, depreciation and amortization, unallocated income less expenses and non-controlling interest, ("Defined Earnings") for the Company and its subsidiaries, and its share of Defined Earnings of associates and jointly-controlled entities.

# Financial Highlights



- Significant rise in NAV per share
- Debts are maintained at a prudent and acceptable level

HK\$ million	31 Dec 2011	31 Dec 2010	Change
Total Assets	87,086	78,351	11.1%
Net Assets	43,405	39,042	11.2%
NAV per share (HK\$)	17.5	15.9	10.1%
Interest-bearing debts*	24,698	22,244	11.0%
Cash and cash-equivalents	6,811	6,352	7.2%
Net debts	17,887	15,892	12.6%
<b>Net gearing ratio**</b>	<b>41.2%</b>	<b>40.7%</b>	<b>+0.5 percentage points</b>

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

\*\* Net Gearing Ratio is calculated by net debt divided by net assets attributable to the equity holders of the Company

# Contents



1  **Financial Performance**



2  **Operations Analysis**

3  **Business Review**

4  **Outlook**

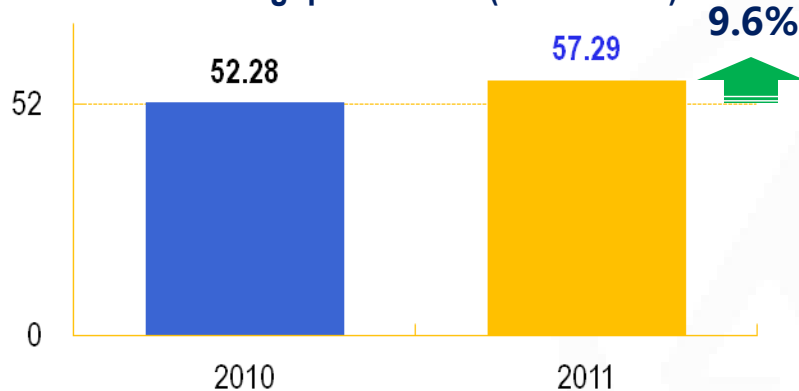
5  **Q & A**

# Operations Analysis – Port Operations

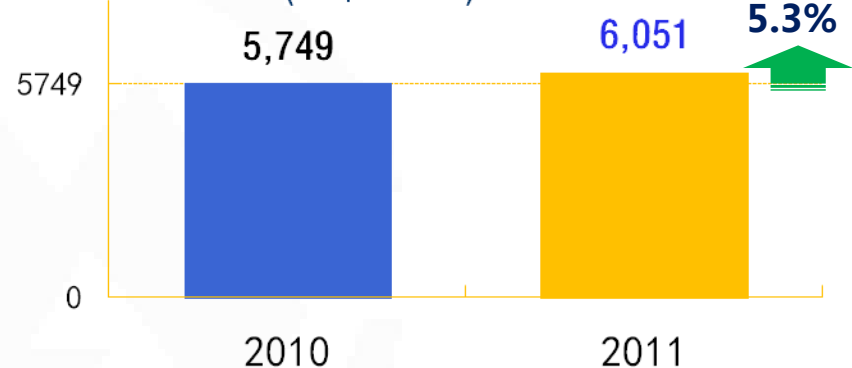


- Both container and bulk & general cargo throughput handled saw record-high
- EBIT of Port operations increased steadily

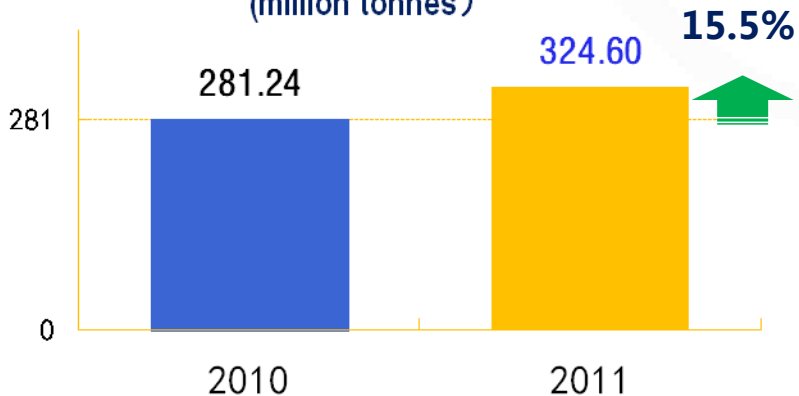
Container throughput handled (million TEU)



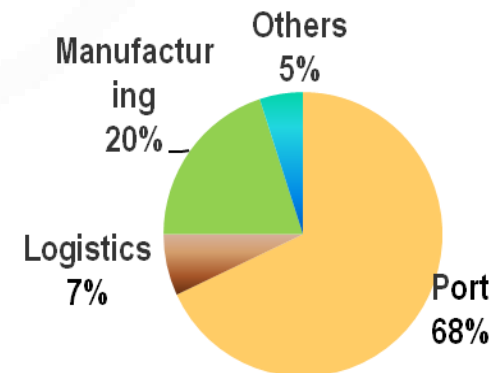
EBIT of Port operations (HK\$ million)



Bulk & general cargo throughput handled (million tonnes)



The proportion of EBIT in 2011



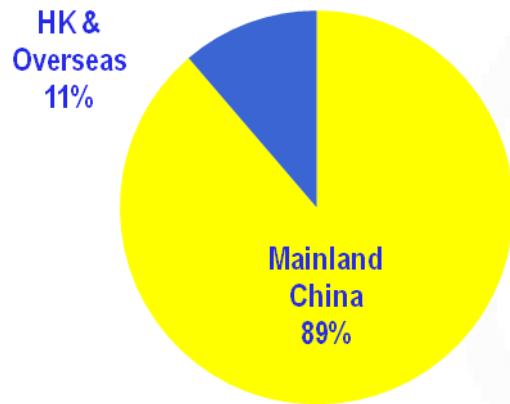
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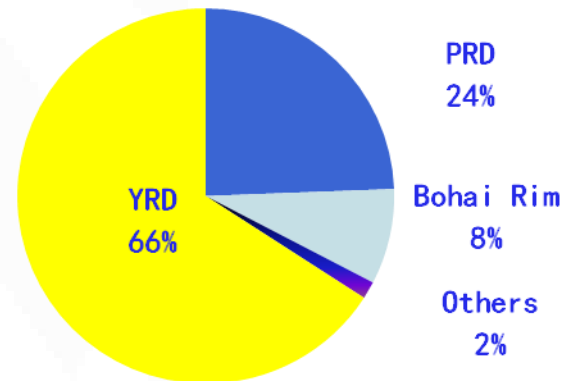
# Operations Analysis – Container Port Operations

- Container throughput increased by 10.3% in mainland China
- Container throughput in Bohai Rim rose by 38%. It's proportion increased one percentage.

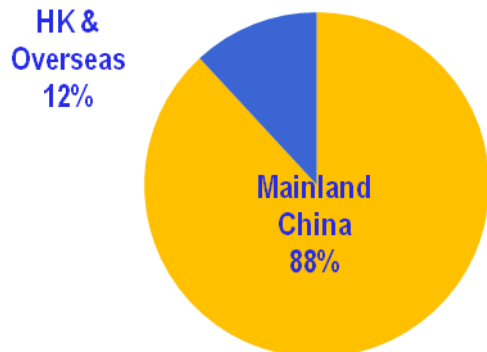
Geography distribution of container throughput in 2011



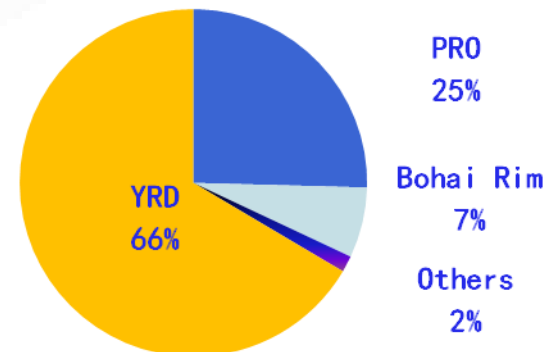
Geography distribution of container throughput in mainland China in 2011



Geography distribution of container throughput in 2010



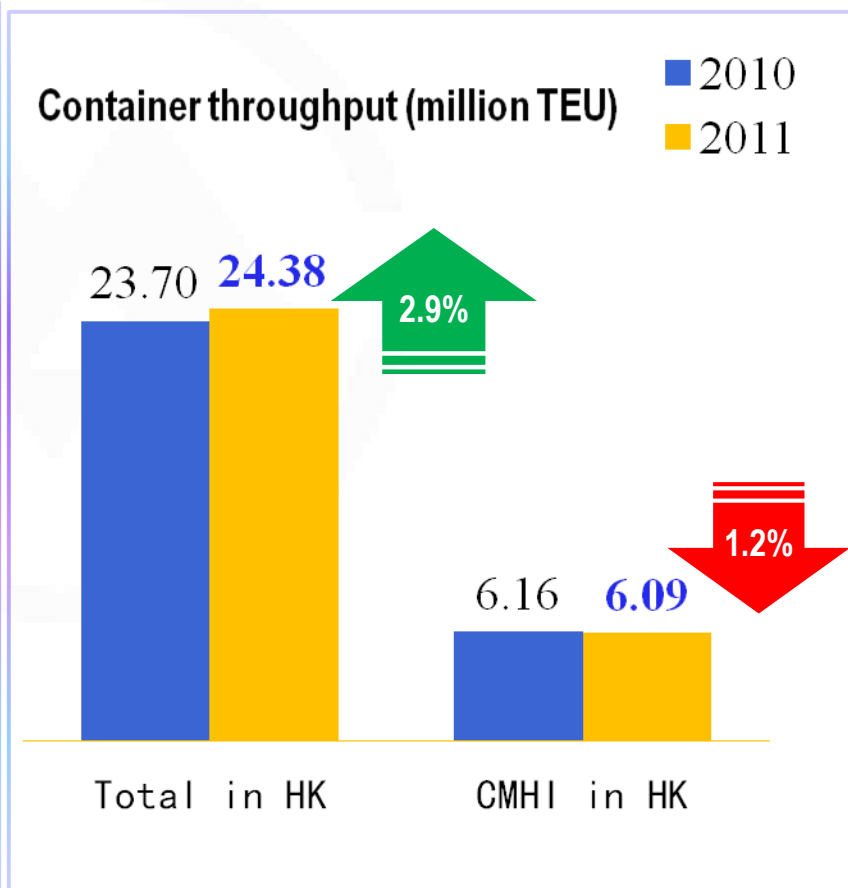
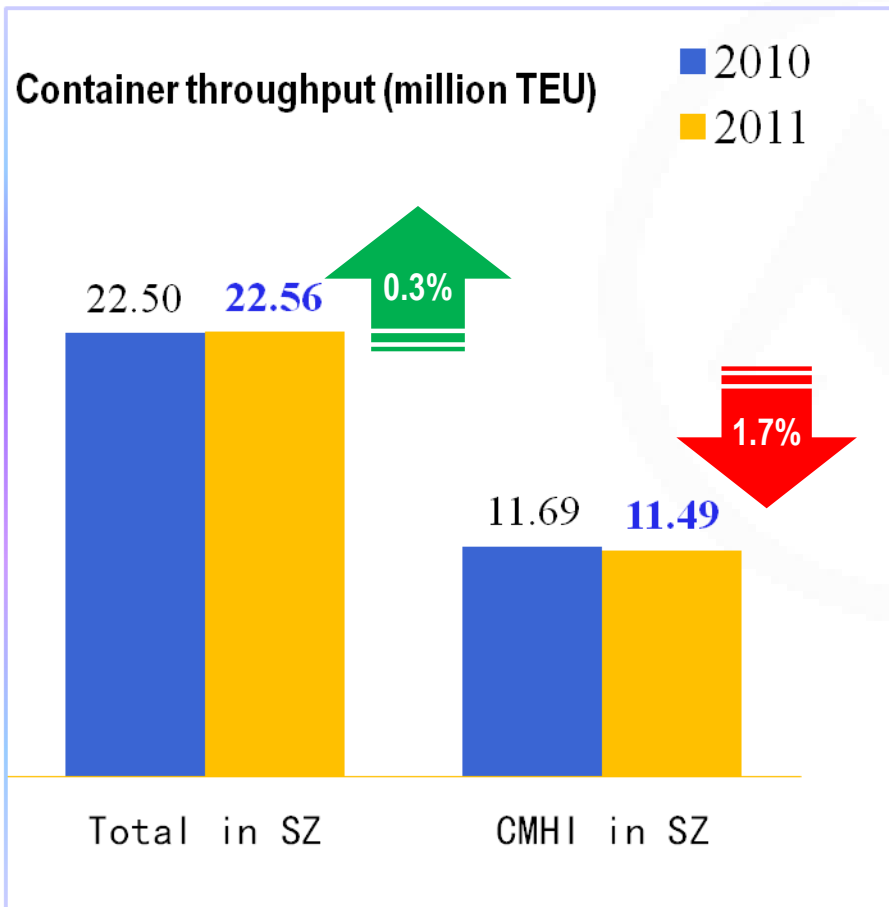
Geography distribution of container throughput in mainland China in 2010



# Operations Analysis – Container Port Operations (PRD)



- External demand slowdown led to the Pearl River Delta throughput rate of increase decreased. Shenzhen Western Port throughput decreased slightly due to the reduction of empty containers.





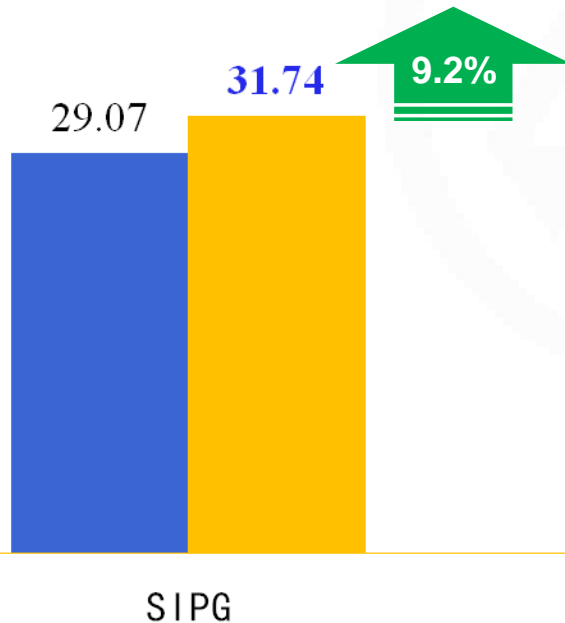
# Operations Analysis —Container Port Operations (YRD)



- Shanghai Port 's container throughput ranked first in the world again. The leading edge has been strengthened.
- The container throughput growth rate of Ningbo Daxie was faster than the overall level of Ningbo Port

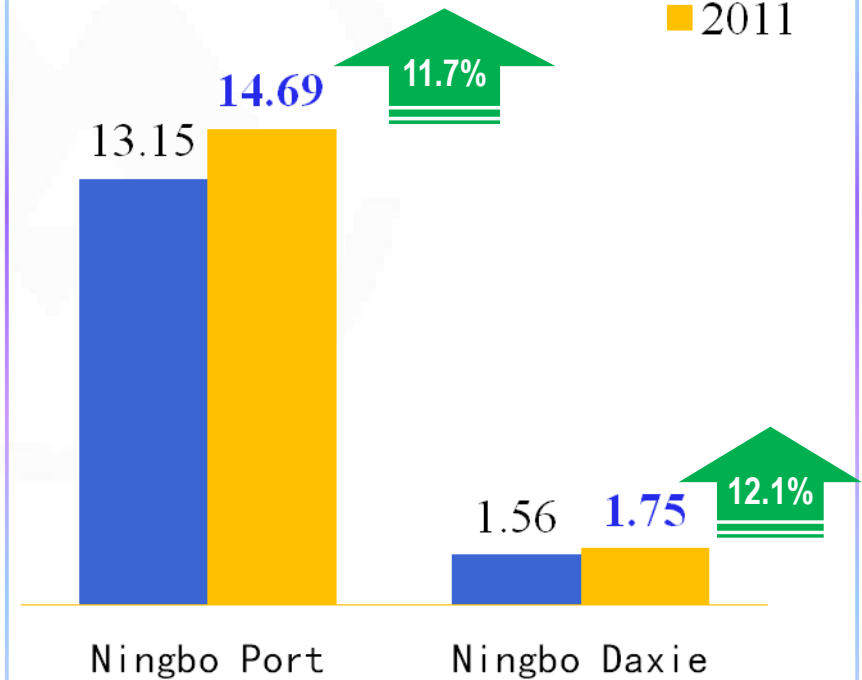
Container throughput (million TEU)

■ 2010  
■ 2011



Container throughput (million TEU)

■ 2010  
■ 2011

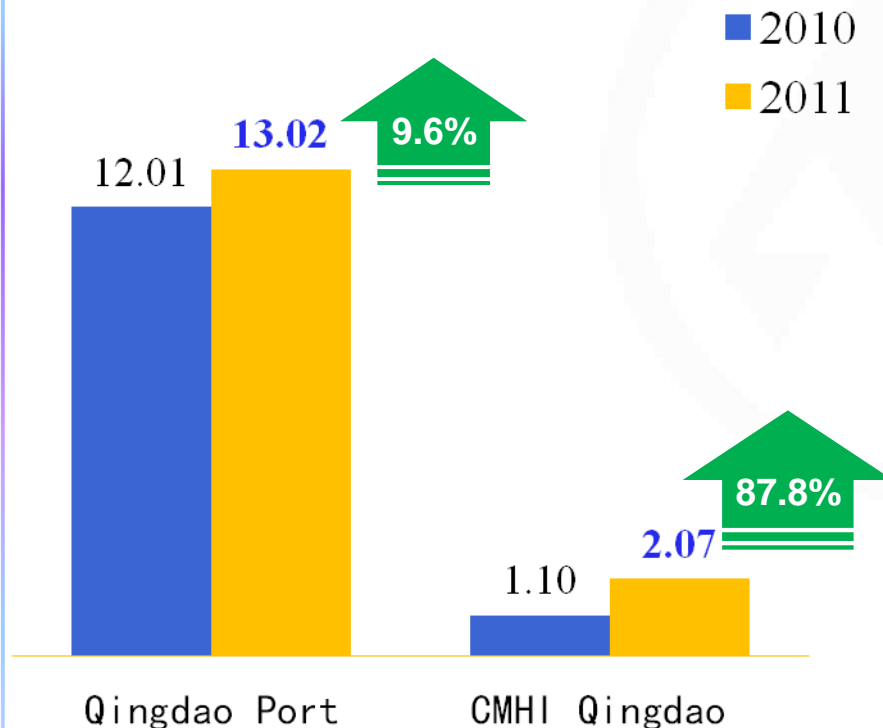


# Operations Analysis – Container Port Operations (Bohai Rim)

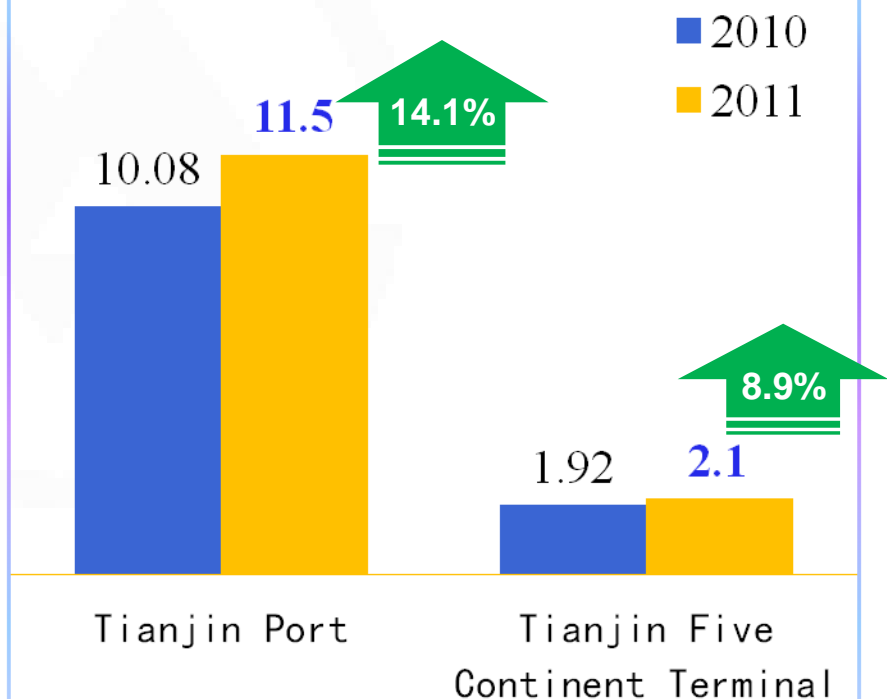


- CMHI Qingdao's volume soared 87.8% to 2.07 million TEU
- Tianjin Five Continent Terminal's volume remained stable

Container throughput (million TEU)



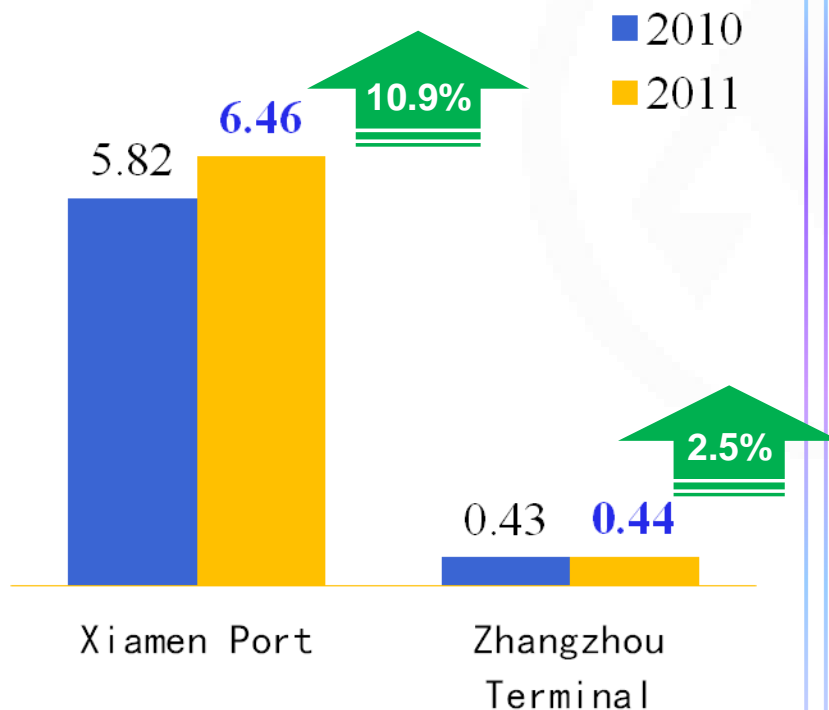
Container throughput (million TEU)



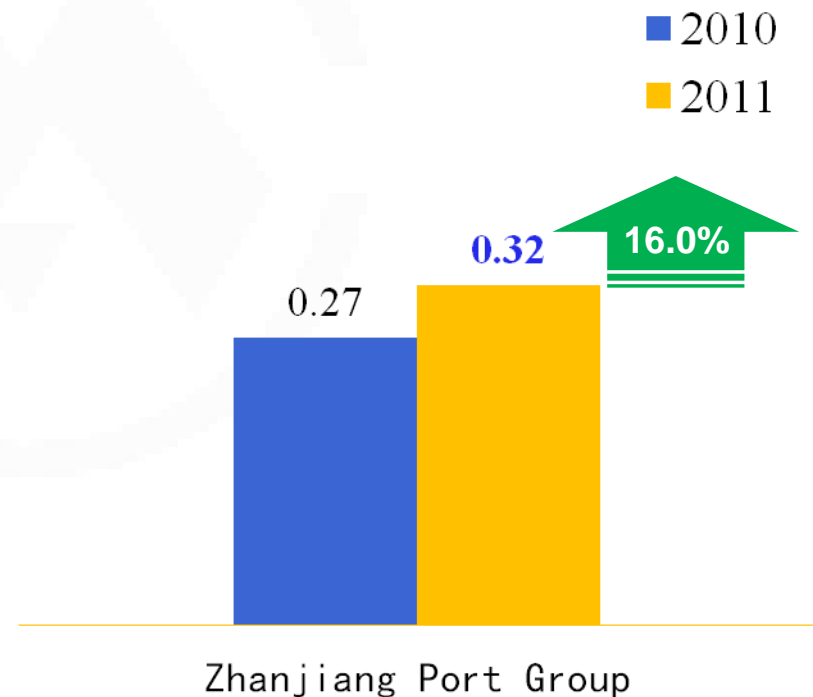


- Zhangzhou Terminal optimized its cargo structure with a slight increase in container throughput
- Zhanjiang Port Group's container business maintained a rapid growth

Container throughput (million TEU)



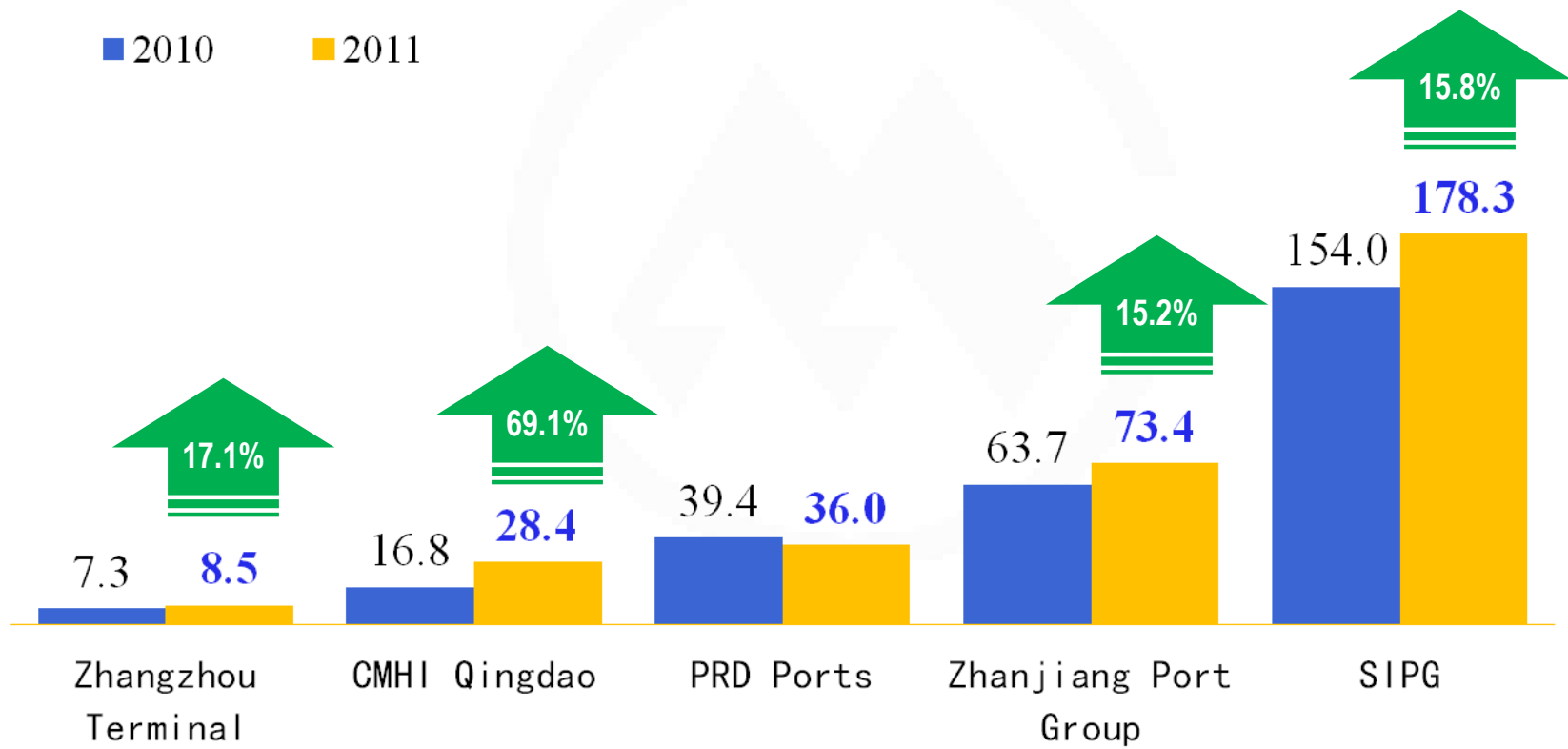
Container throughput (million TEU)





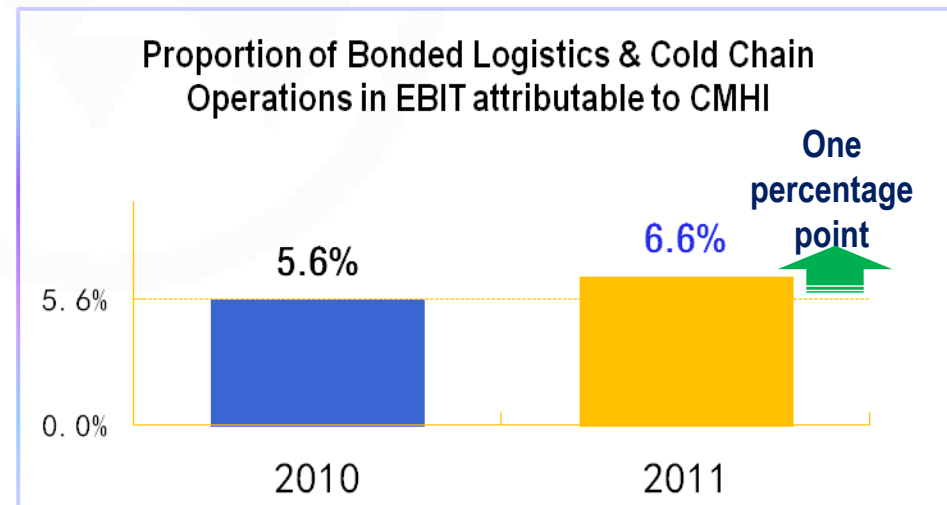
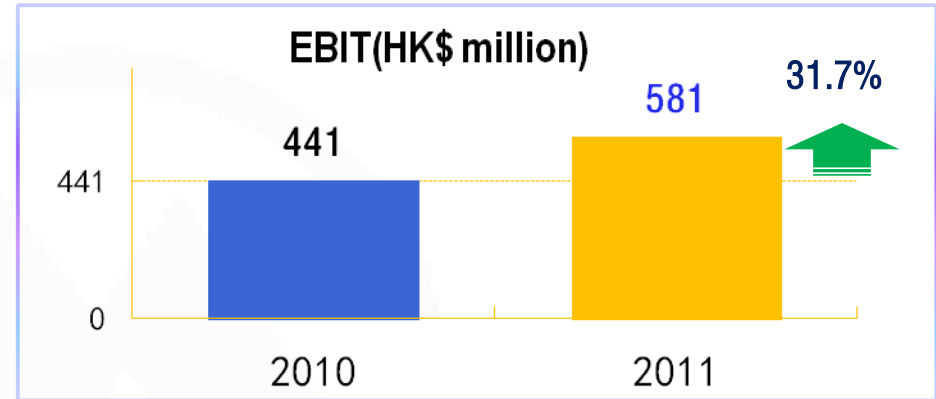
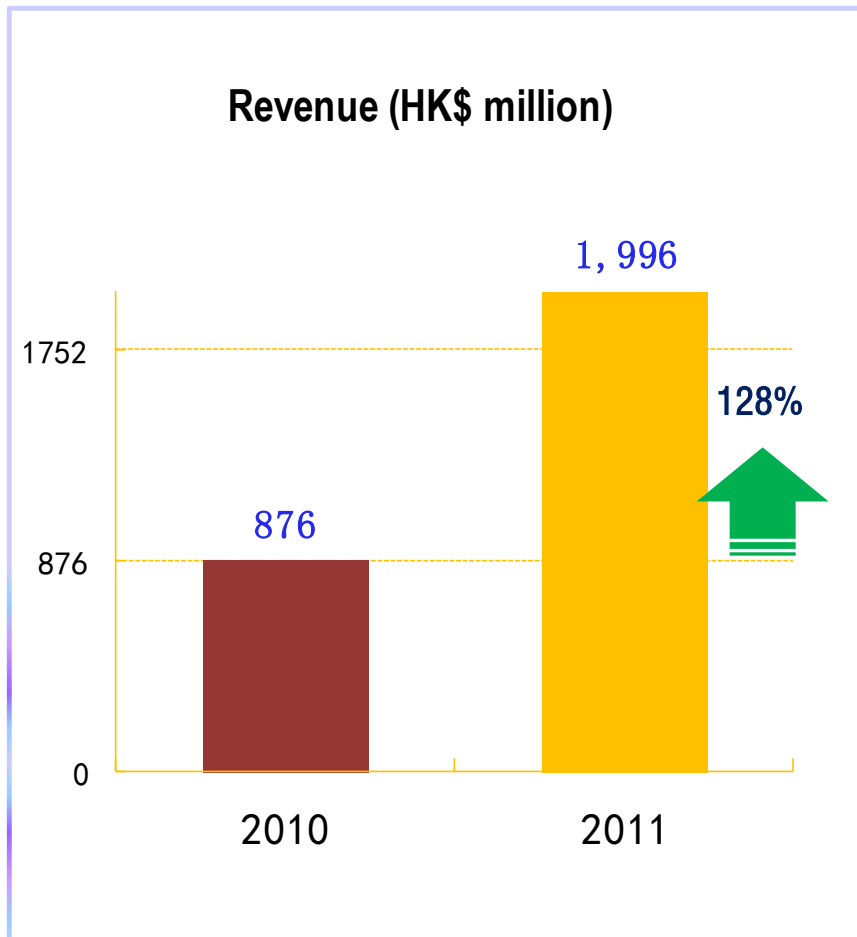
- Throughput of bulk & general cargo increased by 15.5%, which was higher than the average level of mainland China

Throughput of bulk & general cargo handled by CMHI terminals (million tonnes)





- Substantial growth of revenue and EBIT



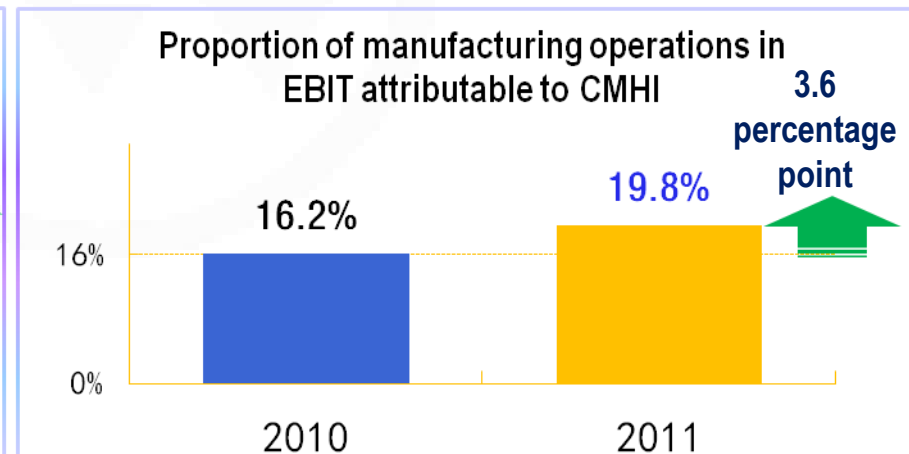
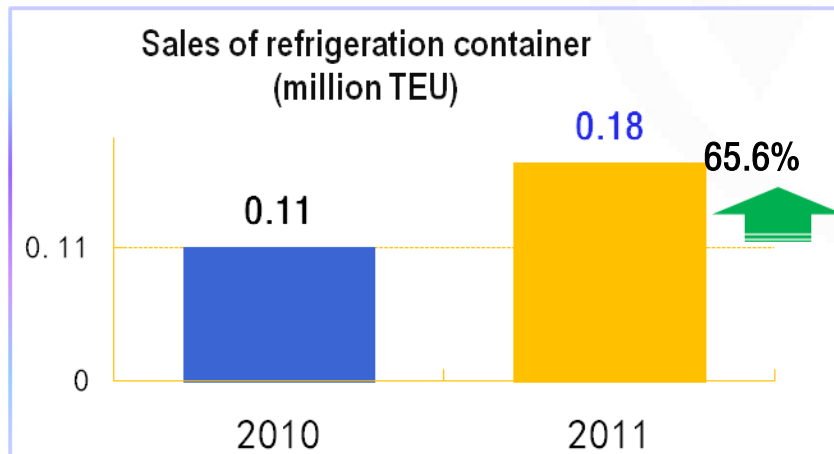
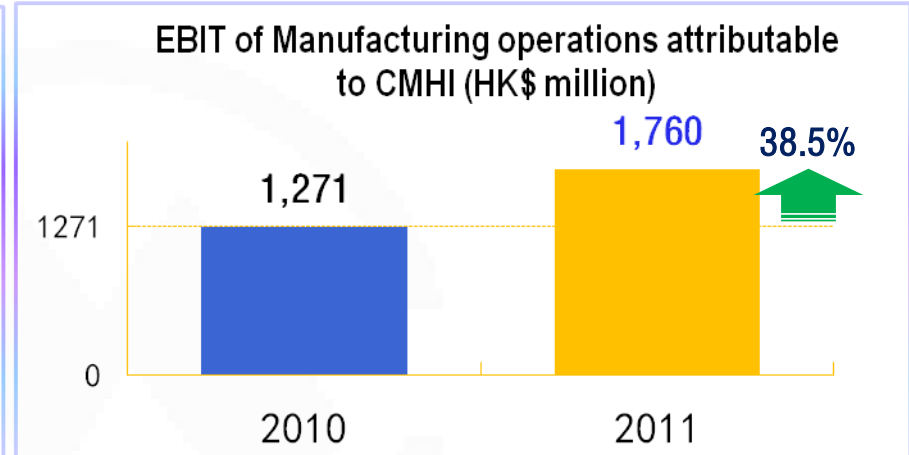
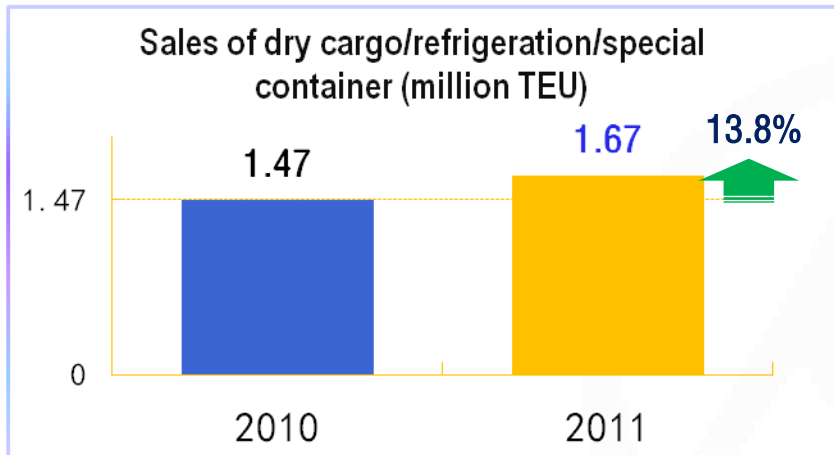
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# Operations Analysis – Manufacturing Operations

- Sales of containers rose by 13.8%, of which refrigeration box sales climbed 65.6%



Note: EBIT define as Earnings before net interest expenses, taxation, unallocated income less expenses and non-controlling interest , (“Adjusted Earnings”) for the Company and its subsidiaries, and its share of Adjusted Earnings of associates and jointly-controlled entities.

# Contents



**1**  **Financial Performance**

**2**  **Operations Analysis**

 **3**  **Business Review**

**4**  **Outlook**

**5**  **Q & A**

# Business Review – Market Development



- Sri Lanka's greenfield project is under construction, which was a breakthrough of overseas market development
- The rapid growth of Nigeria's TICT business volume and operating results
- The synergy benefits of acquiring 20% stake in Chu Kong River Trade Terminal



Locations of CKRTT's river terminals





Jointly hosted a symposium with Port of Oakland

## TPM 2011 conference



- “Transport Logistics Fair” Munich, Germany
- Conducted a workshop jointly with Eurogate

Gave keynote speech at the “Investment and Construction of International Infrastructure” summit



March

May

July

August

- MOU of Nansha Phase III

October

December

MOU of Dongjiakou iron ore terminal

BOT agreement for the South Container Terminal, Port of Colombo, Sri Lanka

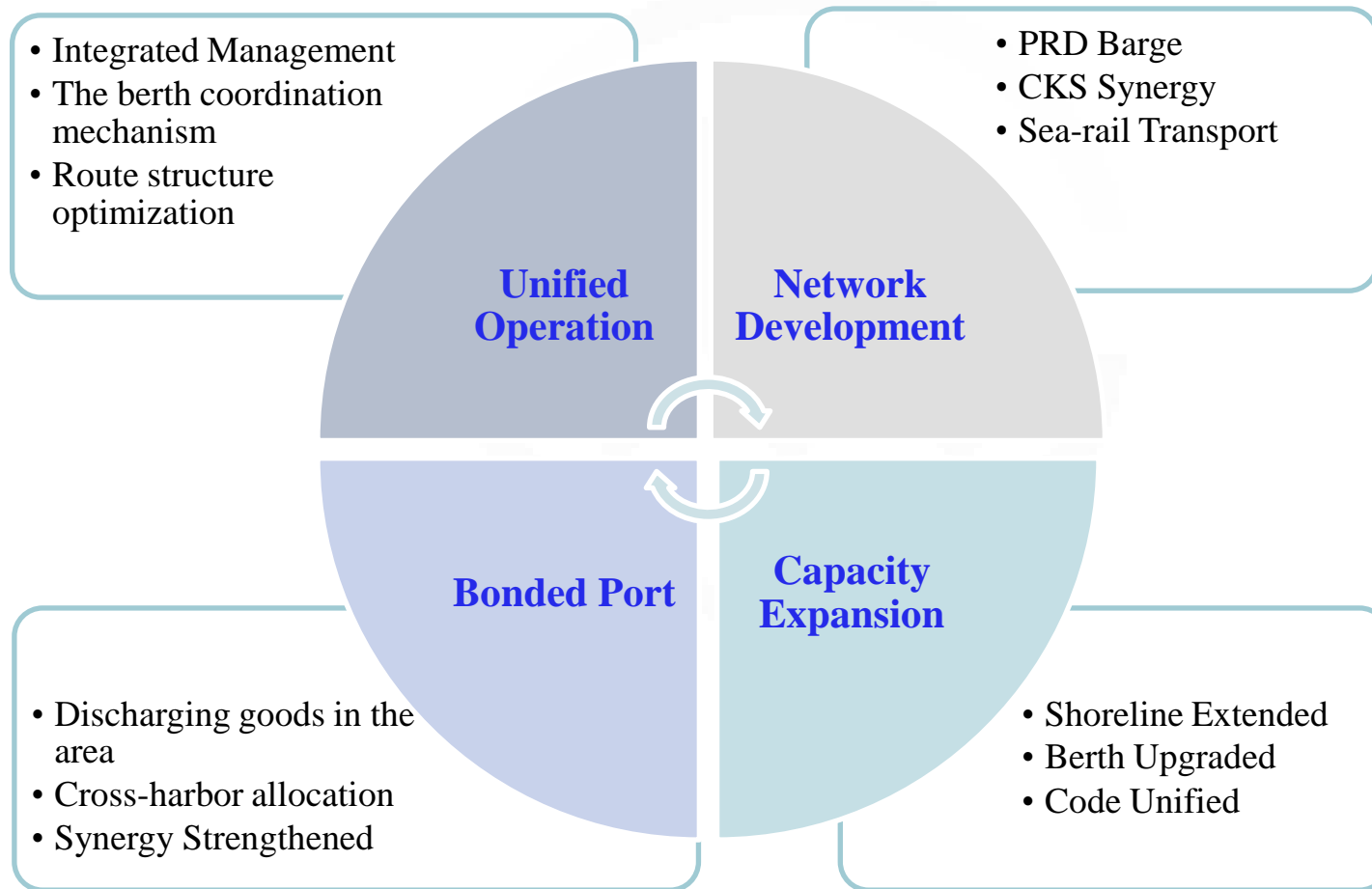
TPM Asia

The groundbreaking ceremony for the commencement of the construction for the Colombo South Container Terminal project





- Established the South China operations center to co-ordinate the resources of the Western Shenzhen terminals. Bonded Park further enhanced the efficiency, zone-port interaction effects are more obvious.





- Bonded logistics service and development model have become the benchmark in mainland China
- Cargo handling, customs clearance efficiency and business innovation in China the forefront
- The benefits and interaction with ports significantly improved



Leading public cold chain service provider in China



Perfect Layout

Excellent Service

Brand Name Advantage

- Initially set up the domestic cold-chain logistics network in 2011
- China Merchants AmeriCold's market reputation and brand name gradually improved



- Strategic alliance with SZAP in August
- Strategic partnership with YUM! in December
- One of China's top ten cold chain event in 2011



## Standardized Management System and Tools

- The introduction of well-known consulting firm to carry out the standardization system development. Set up 306 standardized operational metrics
- The establishment of business management, budget management, EAM asset management, a single vessel analysis system



## Technical Innovation and Process Innovation

- Implementation of 78 items of technical innovation and process innovation, 36 of container operations, 42 of bulk and general cargo operations



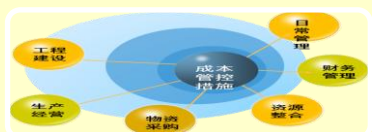
## Green Port Initiatives

- Average annual saving of 32,000 tons of standard coal and reducing carbon emissions by 60,000 tonnes
- One of the four national “Low-Carbon Green Demonstration Port”



## Risk Management & Control

- The preparation of internal control manual with 146 different levels of headquarters business process



## Management Expertise to Deliver

- The implementation of more than 400 items of cost control measures in Zhanjiang Port Group
- Greatly benefited Nigeria's TICT

# Contents



**1**  **Financial Performance**

**2**  **Operations Analysis**

**3**  **Business Review**

 **4**  **Outlook**

**5**  **Q & A**



## 2012

- U.S. economic low-speed hovering
- Negative growth in the euro-zone economy
- Japan presents low-speed recovery growth
- Developing economies' growth is slowing down

- Affected by European debt crisis, world economic growth showing a large uncertainty
- Global economic and trade growth expected to fall further

- China's economic growth in 2012 forecasted by Chinese government is **7.5%**.
- The industrial upgrading process will be accelerated.

## IMF Forecast, 24 January 2012

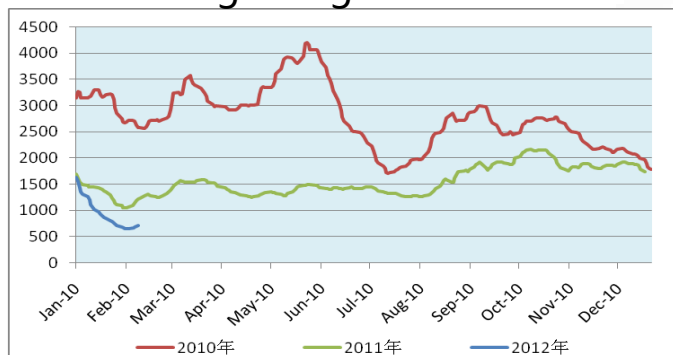
Economies	2010	2011	2012	2013
U.S.	3.0%	1.8%	1.8%	2.2%
Euro Zone	1.9%	1.6%	-0.5%	0.8%
Japan	4.4%	-0.9%	1.7%	1.6%
China	10.3%	9.2%	8.2%	8.8%
ASEAN	6.9%	4.8%	5.2%	5.6%

Economies	2010	2011	2012	2013
World Trade Volume (goods and services)	12.7%	6.9%	3.8%	5.4%
<b>Imports</b>				
Advanced Economies	11.5%	4.8%	2.0%	3.9%
Emerging & Developing Economies	15.0%	11.3%	7.1%	7.7%
<b>Exports</b>				
Advanced Economies	12.2%	5.5%	2.4%	4.7%
Emerging & Developing Economies	13.8%	9.0%	6.1%	7.0%



- Declining growth rate of international trade and shipping volume
- Overcapacity
- Whether tariff adjustment is in place remains to be seen

Downturn Trend of BDI in the Beginning of the Year



CCFI rose from bottom. Persistence remains to be seen

中国出口集装箱运价指数



2012 International Shipping Volume Forecast

Area	Goldman Sachs	Drewry	Clarkson
Global	4.5%	5.9%	8.3%
Pacific Rim	2.6%	5.2%	5.7%
Asia & Europe	3.6%	3.6%	5.5%

Supply & Demand Forecast of Container Capacity

	Capacity Growth	Demand Growth	Supply-Demand
2012E	3.4%	4.5%	-1.1%
2013E	10.1%	8.7%	1.4%





- Standardization
- Performance management
- Incentive system

- Container
- Bulk & general cargo
- River terminal

- CICT
- New projects
- International Communication

- Cold chain

**Refined management  
implementation**

**Domestic  
networks  
Optimization**

**Overseas  
market  
development**

**Accelerating the  
development of  
new business**

**A Leading Global Public Port  
Operator**



# Contents



**1**  **Financial Performance**

**2**  **Operations Analysis**

**3**  **Business Review**

**4**  **Outlook**



**5**  **Q & A**

