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WORLD

CMHI

# 2015 Annual Results Presentation

31 March 2016



招商局國際有限公司  
CHINA MERCHANTS HOLDINGS (INTERNATIONAL) CO., LTD.

**Performance Highlights**

**Business Analysis**

**Operations Review**

**Outlook**

**Q & A**

# Performance Highlights

## Profit & Loss and Dividend Payout

- ◆ Attributable profit continued to grow
- ◆ The core position of ports operation was further solidified

Items	FY2015	FY2014	Y-o-Y Change
Container throughput (million TEUs)	83.66	80.83	3.5%
Bulk cargo throughput (million Tonnes)	353	363	-2.8%
	HK\$'million	HK\$'million	
Revenue <sup>1</sup>	43,525	47,414	-8.2%
<b>Revenue derived from ports operation</b>	<b>21,488</b>	<b>21,120</b>	<b>1.7%</b>
EBITDA <sup>2</sup>	13,662	13,607	0.4%
<b>EBITDA derived from ports operation</b>	<b>10,610</b>	<b>10,815</b>	<b>-1.9%</b>
<b>Profit attributable to equity holders of the Company</b>	<b>4,808</b>	<b>4,526</b>	<b>6.2%</b>
<b>Derived from ports operation</b>	<b>4,462</b>	<b>4,330</b>	<b>3.1%</b>
Recurrent profit	4,462	4,599	-3.0%
Basic EPS (HK cents) <sup>3</sup>	155.07	159.41	-2.7%
Interim dividend per ordinary share (HK cents)	22.00	22.00	Flat
Final dividend per ordinary share (HK cents)	55.00	55.00	Flat
Total dividend per ordinary share (HK cents)	77.00	77.00	Flat
Payout Ratio	41.6%	43.5%	-1.9ppt

Notes: 1. Revenue = Revenue of the Company and its subsidiaries + share of revenue of its associates and joint ventures

2. EBITDA = EBITDA of the Company and its subsidiaries + share of EBITDA of its associates and joint ventures + cash dividend from other companies

3. Number of shares as at 31 Dec 2015 has included the 505,400,882 units of MCS which will be ultimately converted into ordinary shares

# Performance Highlights

## Financial Position

◆ Scale of assets was mostly stable, capital structure remained healthy

Items	31 Dec 2015	31 Dec 2014	Y-o-Y Change
	HK\$'million	HK\$'million	
Total assets	102,349	102,436	Flat
Net assets attributable to equity holders of the company	68,828	67,430	2.1%
NAV per share (HK\$) <sup>1</sup>	22.2	22.0	0.9%
Interest-bearing debts <sup>2</sup>	19,145	19,971	-4.1%
Cash and bank balances	10,293	9,501	8.3%
Net interest-bearing debts	8,852	10,470	-15.5%
Net gearing ratio <sup>3</sup>	11.5%	13.9%	-2.4 ppt

Notes: 1.. Number of shares as at 31 Dec 2015 has included the 505,400,882 units of MCS which will be ultimately converted into ordinary shares

2. Interest-bearing debts include bank loans, listed notes and loans from China Merchants Group.

3. Net gearing ratio is calculated as period-end net debt divided by period-end net assets

# Performance Highlights

## Business Analysis

- Ports Operation
  - Container Handling Operation
  - Bulk Cargo Handling Operation
- Logistics Operation
- Port-related Manufacturing Operation

## Operations Review

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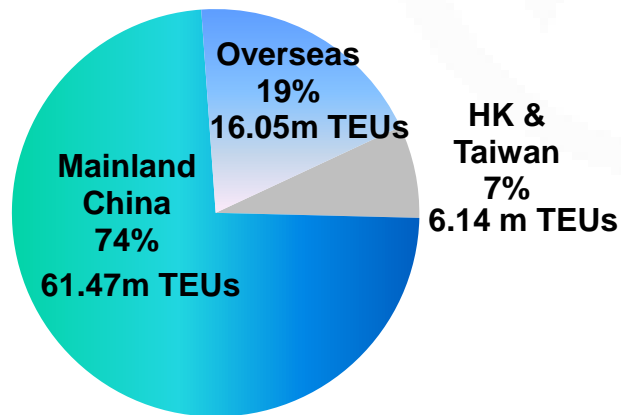
# Business Analysis

## Ports - Container Handling Operation

- ◆ Container throughput reached all-time high, amounting to 83.66 million TEUs in 2015, up by 3.5% year-on-year
- ◆ CMHI's terminals in Mainland China showed steady growth, while overseas business grew significantly
- ◆ Proportion of throughput derived from CMHI's overseas terminals to Group's total reached 19%

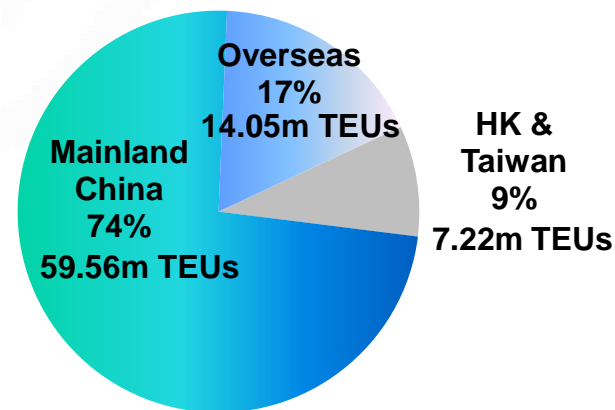
2015 Container Throughput

83.66m TEUs (+3.5%)



2014 Container Throughput

80.83m TEUs



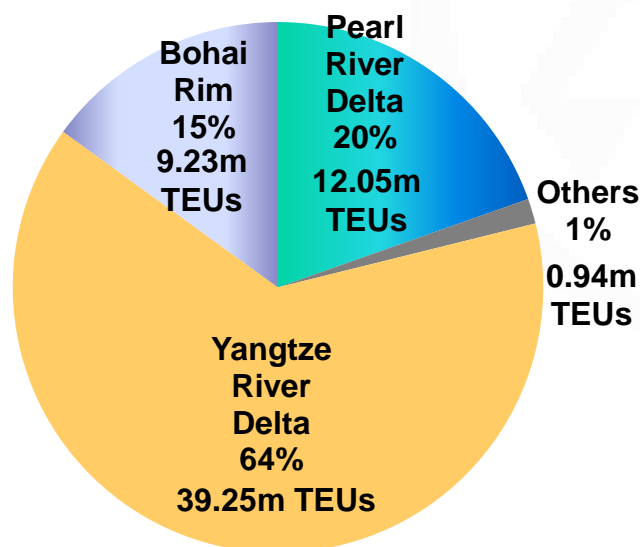
# Business Analysis

## Container Throughput by Region – Mainland China

- ◆ CMHI's ports in Mainland China delivered stable growth, registering container throughput of 61.47 million TEUs

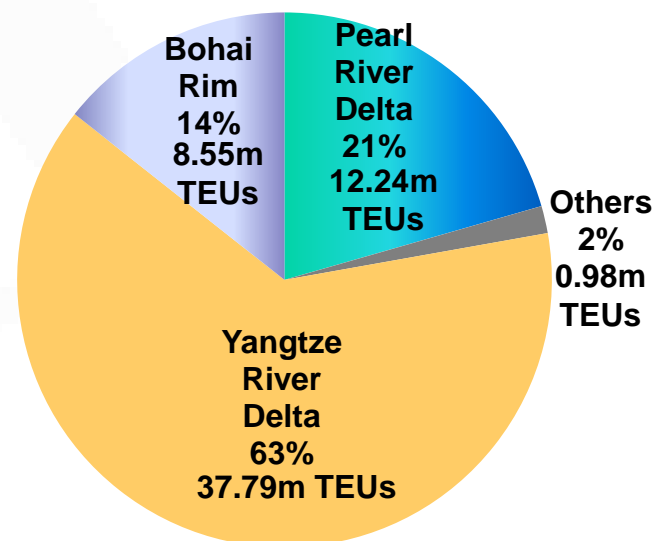
2015 Container Throughput  
– Mainland China

61.47m TEUs (+3.2%)



2014 Container Throughput  
– Mainland China

59.56m TEUs



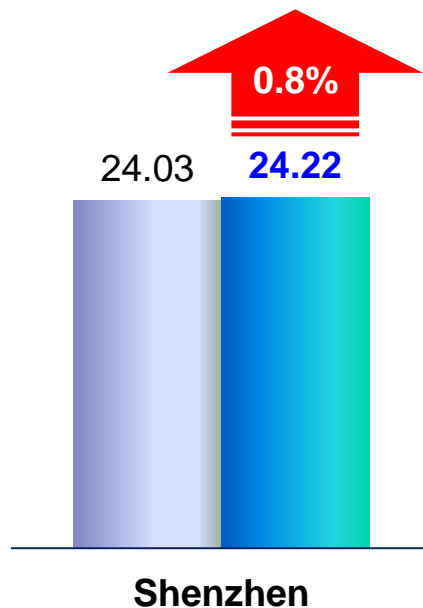
# Business Analysis

## Container Handling Operation – Pearl River Delta

- ◆ Efforts towards improving container box mix led to the decline in domestic volume
- ◆ International volume was largely flat

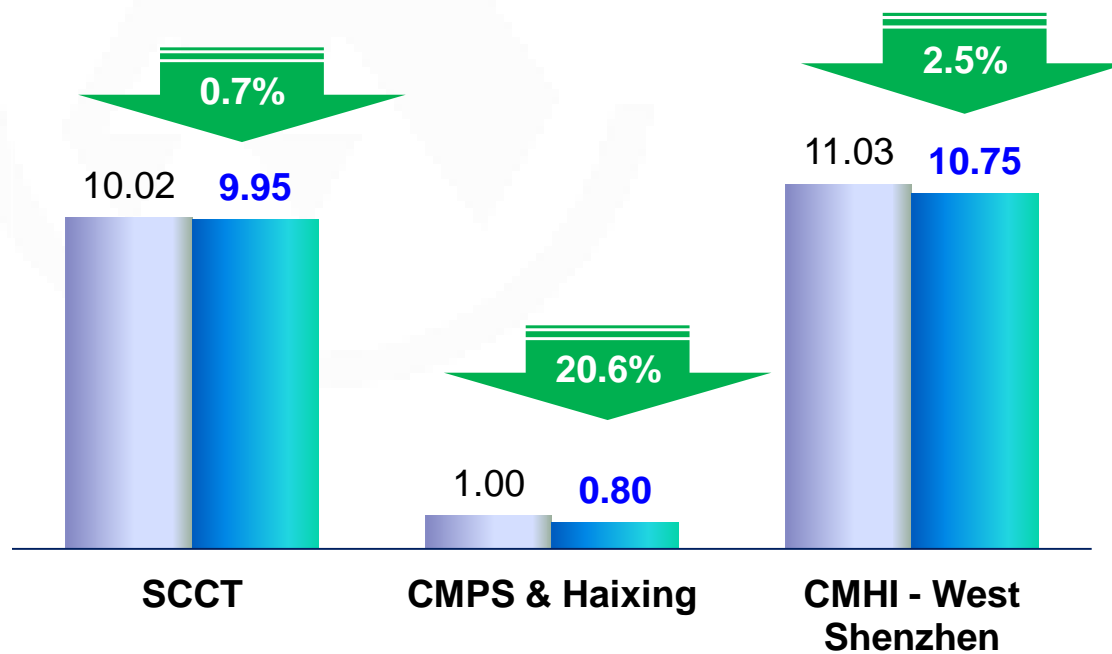
Container Throughput  
(million TEU)

■ 2014 ■ 2015



Container Throughput (million TEU)

■ 2014 ■ 2015



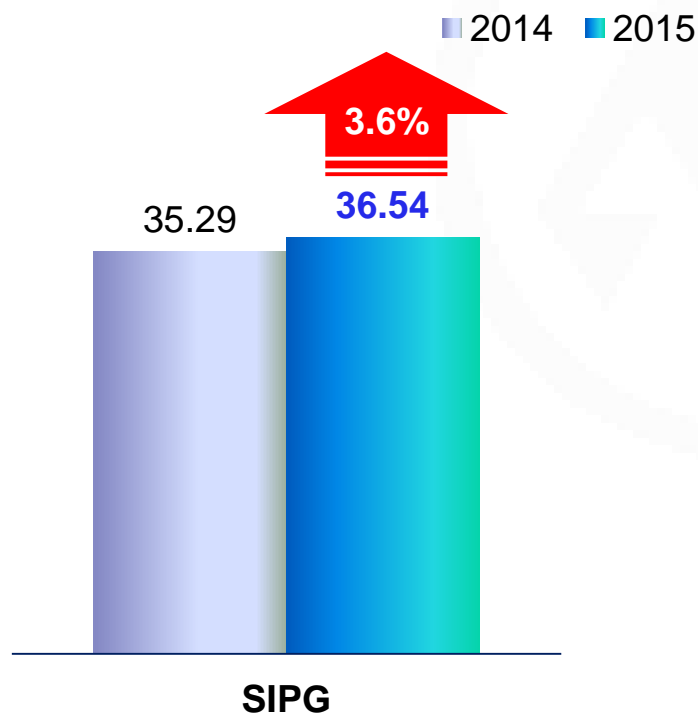


# Business Analysis

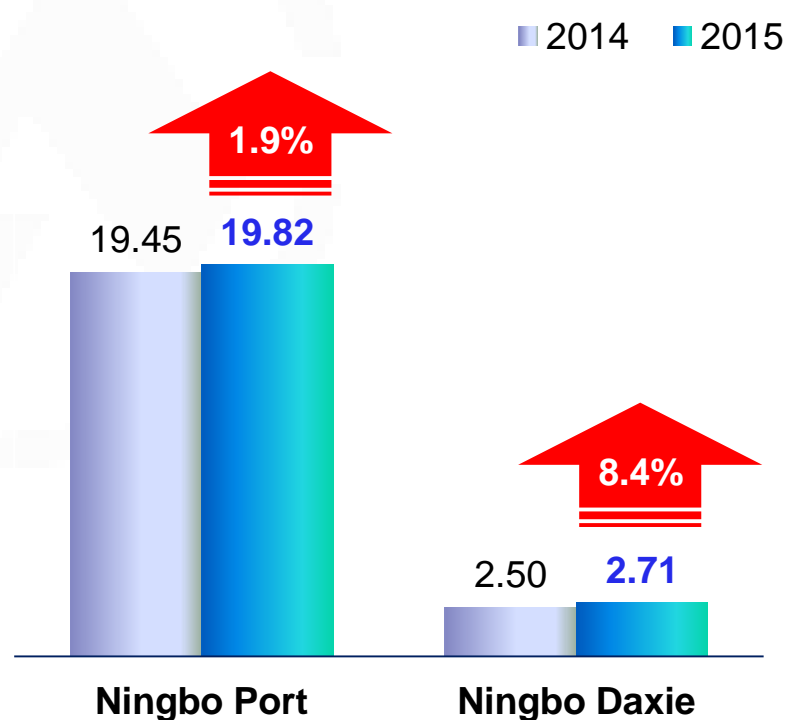
## Container Throughput by Region – Yangtze River Delta

- ◆ SIPG continued to be the largest port among global container terminals in throughput terms
- ◆ Ningbo Daxie's volume was growing at a pace faster than the region's

Container Throughput (million TEU)



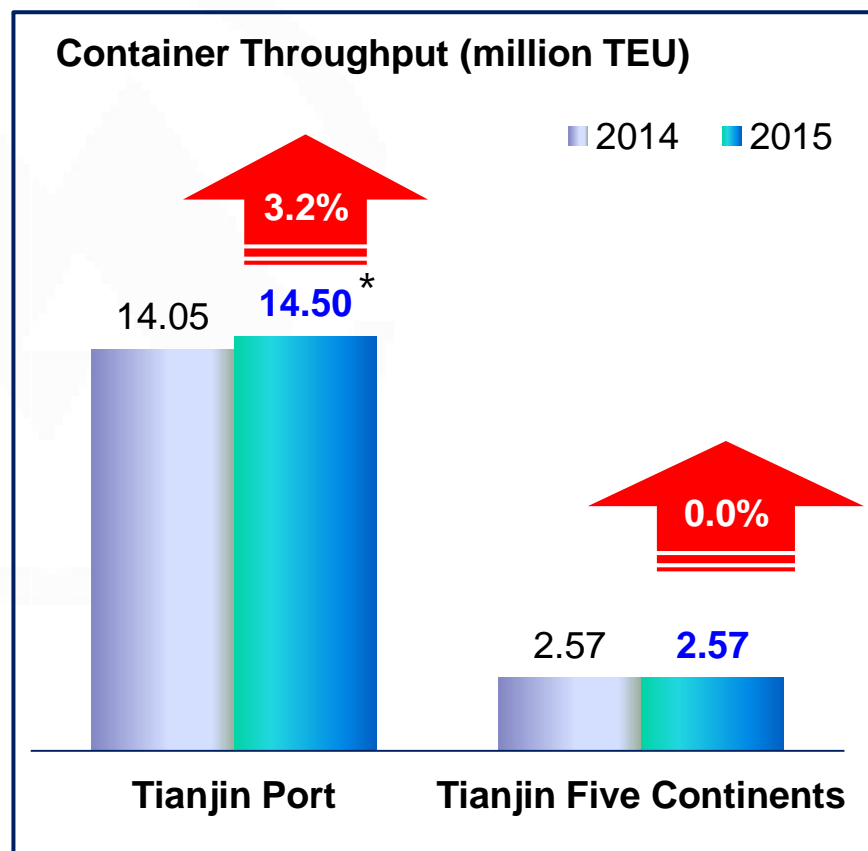
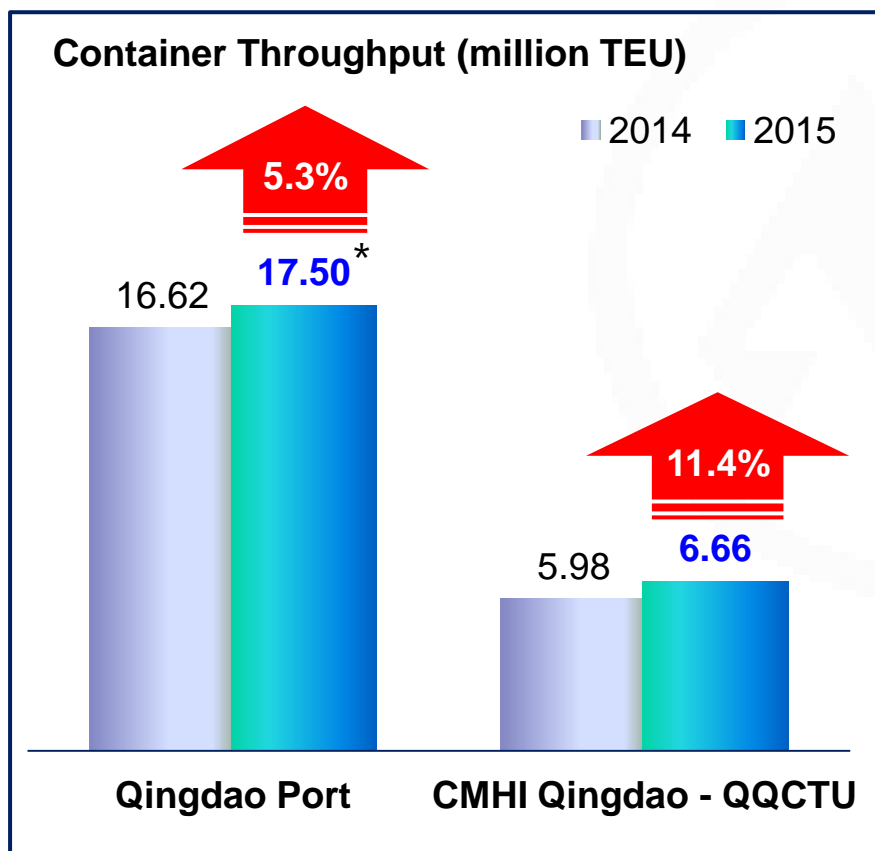
Container Throughput (million TEU)



# Business Analysis

## Container Throughput by Region – Bohai Rim

- ◆ Qingdao project's continued to show rapid growth in its container throughput
- ◆ Container throughput from Tianjin Five Continents was mostly flat



Note : Figures denoted in \* are estimated figure

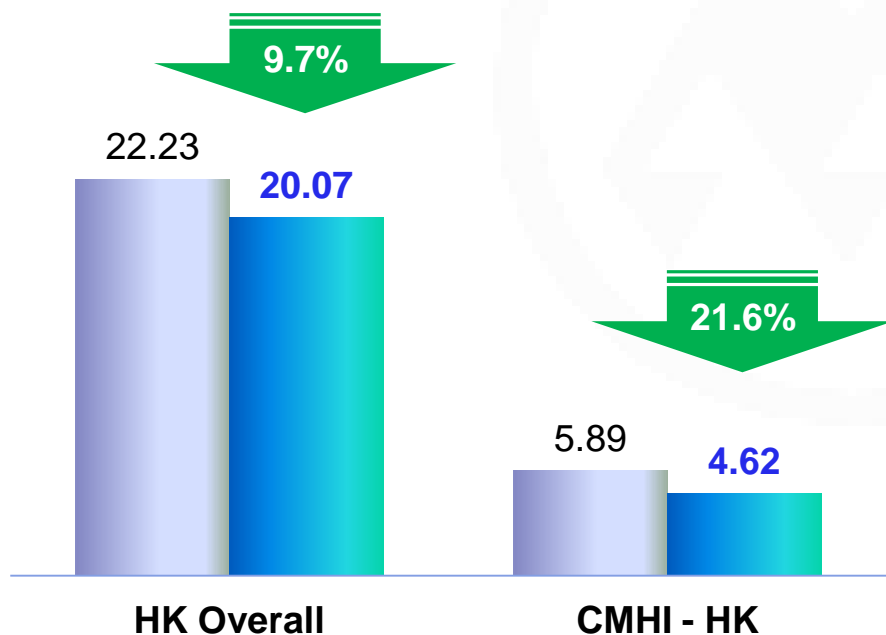
# Business Analysis

## Container Throughput by Region – Hong Kong and Taiwan

- ◆ Hong Kong, as a region, and CMHI's ports in Hong Kong saw decline in business volume
- ◆ Throughput in CMHI's port in Taiwan continued its swift growth

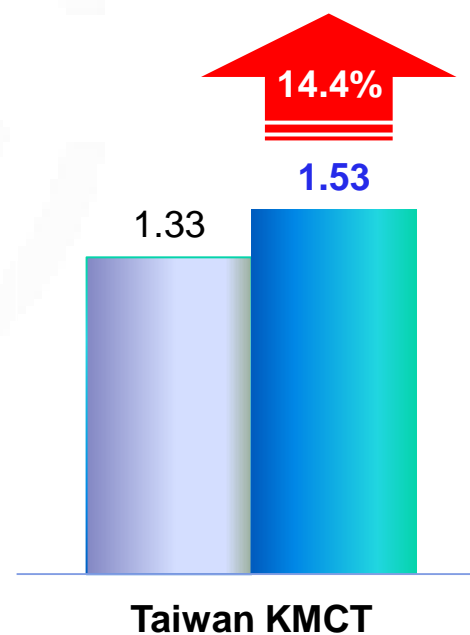
Container Throughput (million TEU)

■ 2014 ■ 2015



Container Throughput (million TEU)

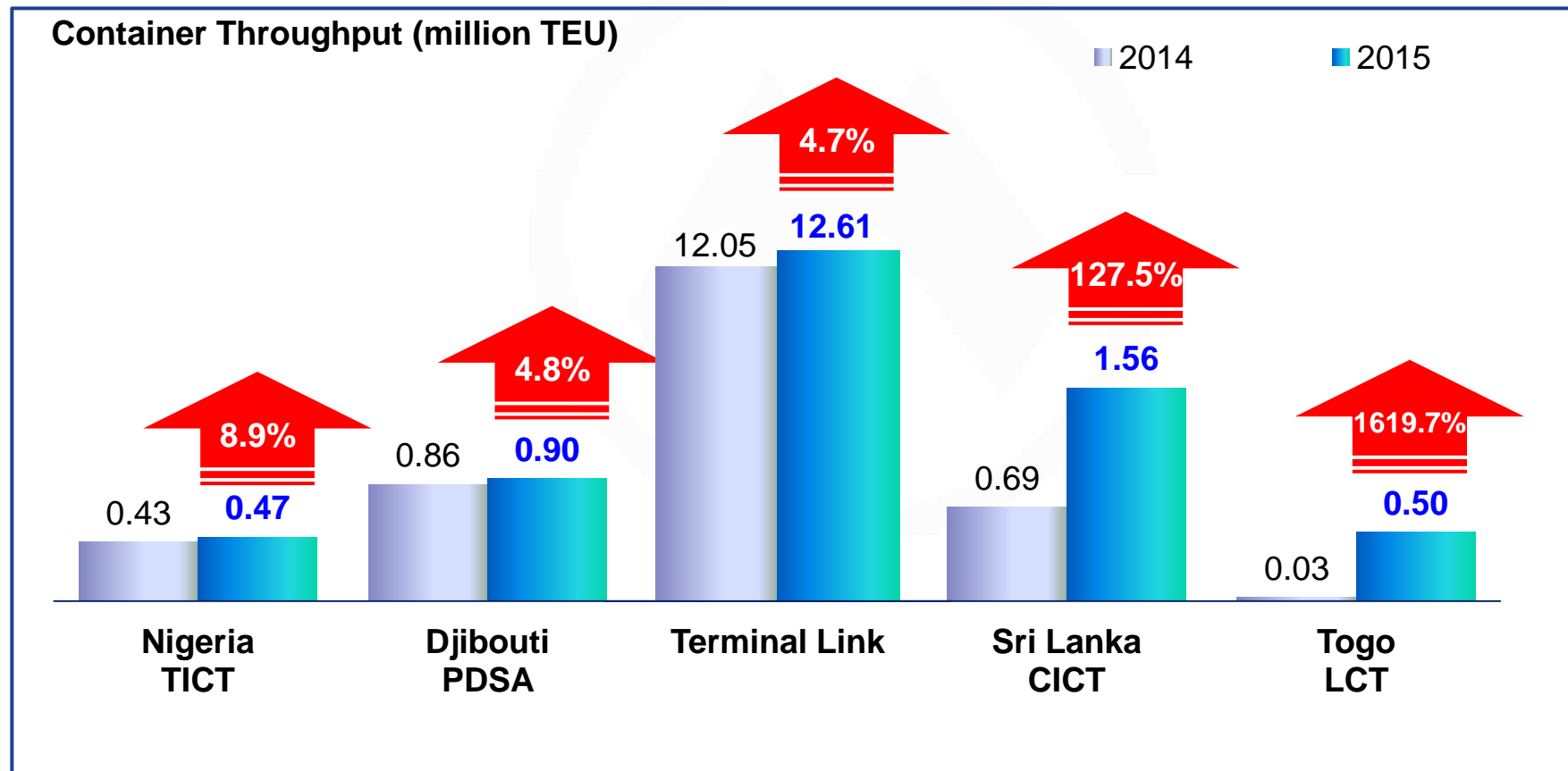
■ 2014 ■ 2015



# Business Analysis

## Container Throughput by Region – Overseas

- ◆ Aggregate throughput handled by the Group's overseas projects was 16.05 million TEUs, up 14.2% year-on-year



# Performance Highlights

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# Business Analysis

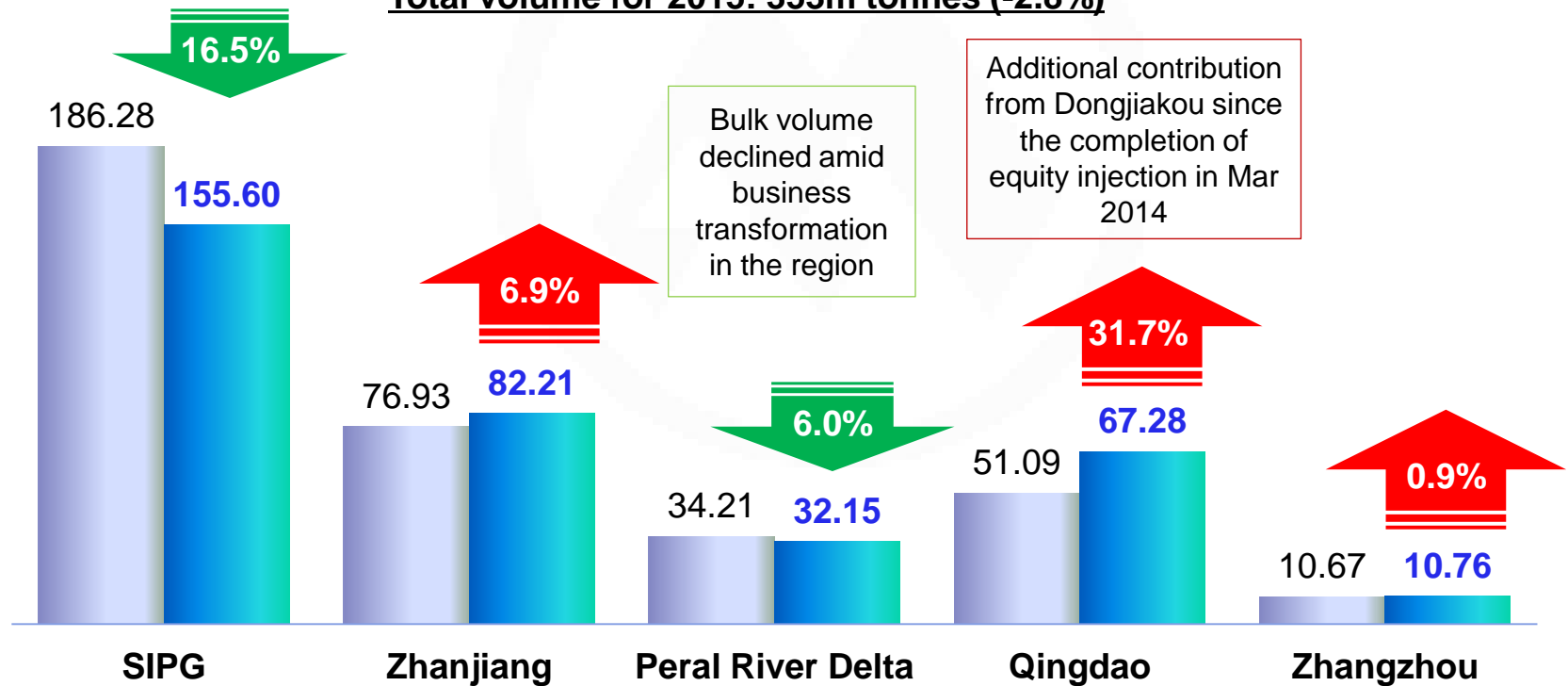
## Ports - Bulk Cargo Operation

◆ Performance of bulk cargo operations varied across different regions

Bulk Cargo Volume (Million Tonnes)

■ 2014 ■ 2015

Total volume for 2015: 353m tonnes (-2.8%)



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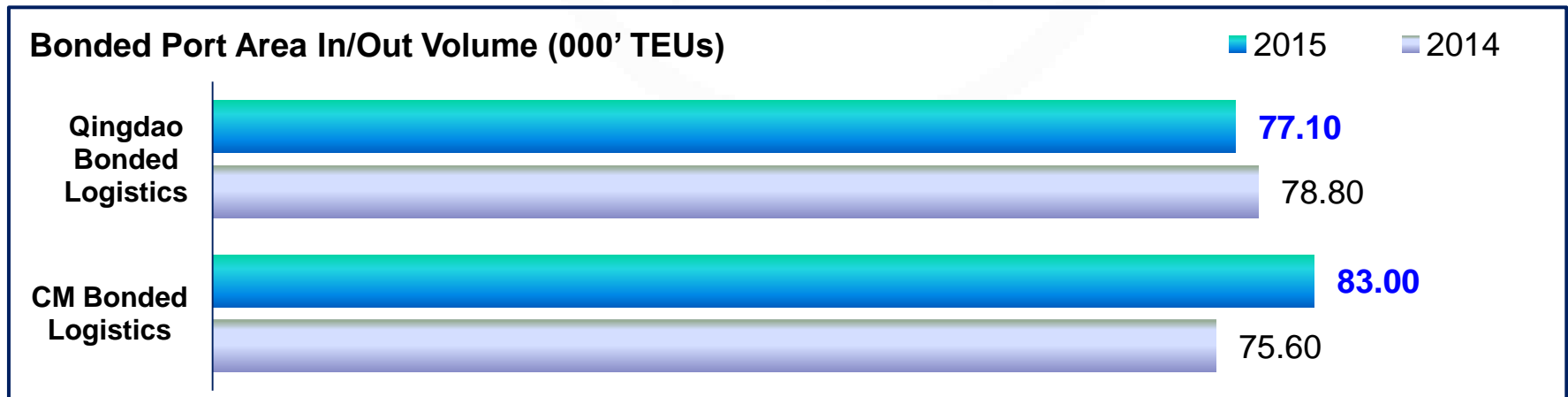
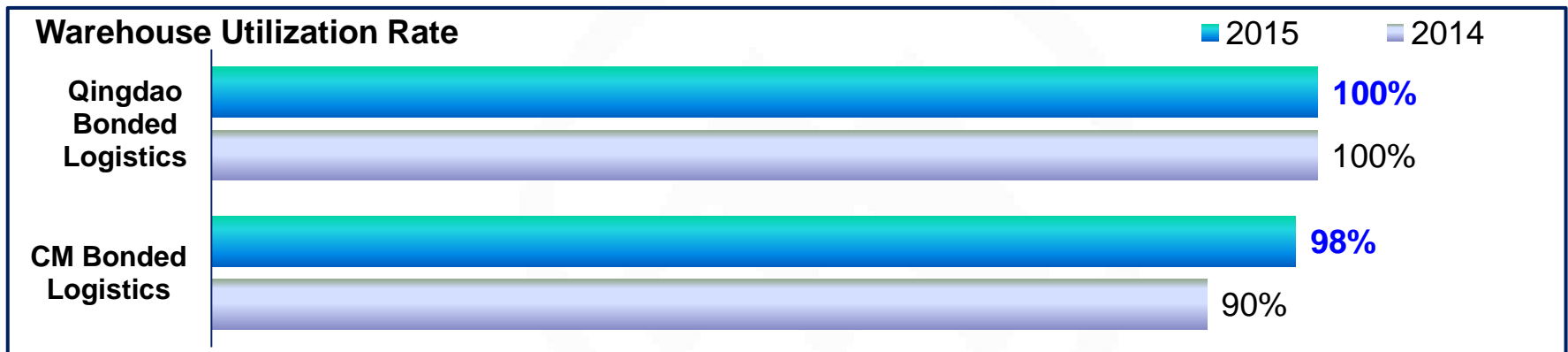
## Outlook

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# Business Analysis

## Logistics Operation

- ◆ Warehouse utilization rate for bonded warehouses maintained at a relatively high level, while rapid growth seen in the consolidation/deconsolidation operations of China Merchants Bonded Logistic





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# Business Analysis

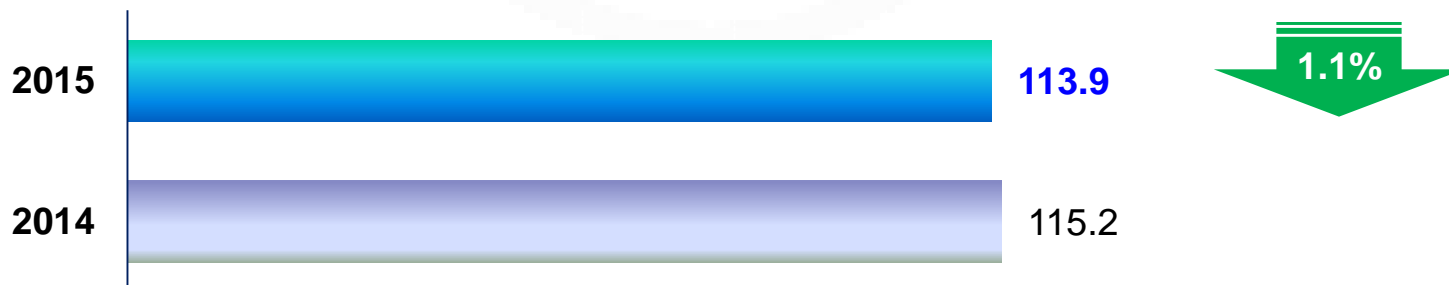
## Port-related Manufacturing Operation

- ◆ Port-related manufacturing operation saw decline in its business volume

Container Sales Volume (million TEUs)



Road Transportation Vehicles Sales Volume (000' Sets)



**Performance Highlights**

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# Operations Review

## Business Expansion

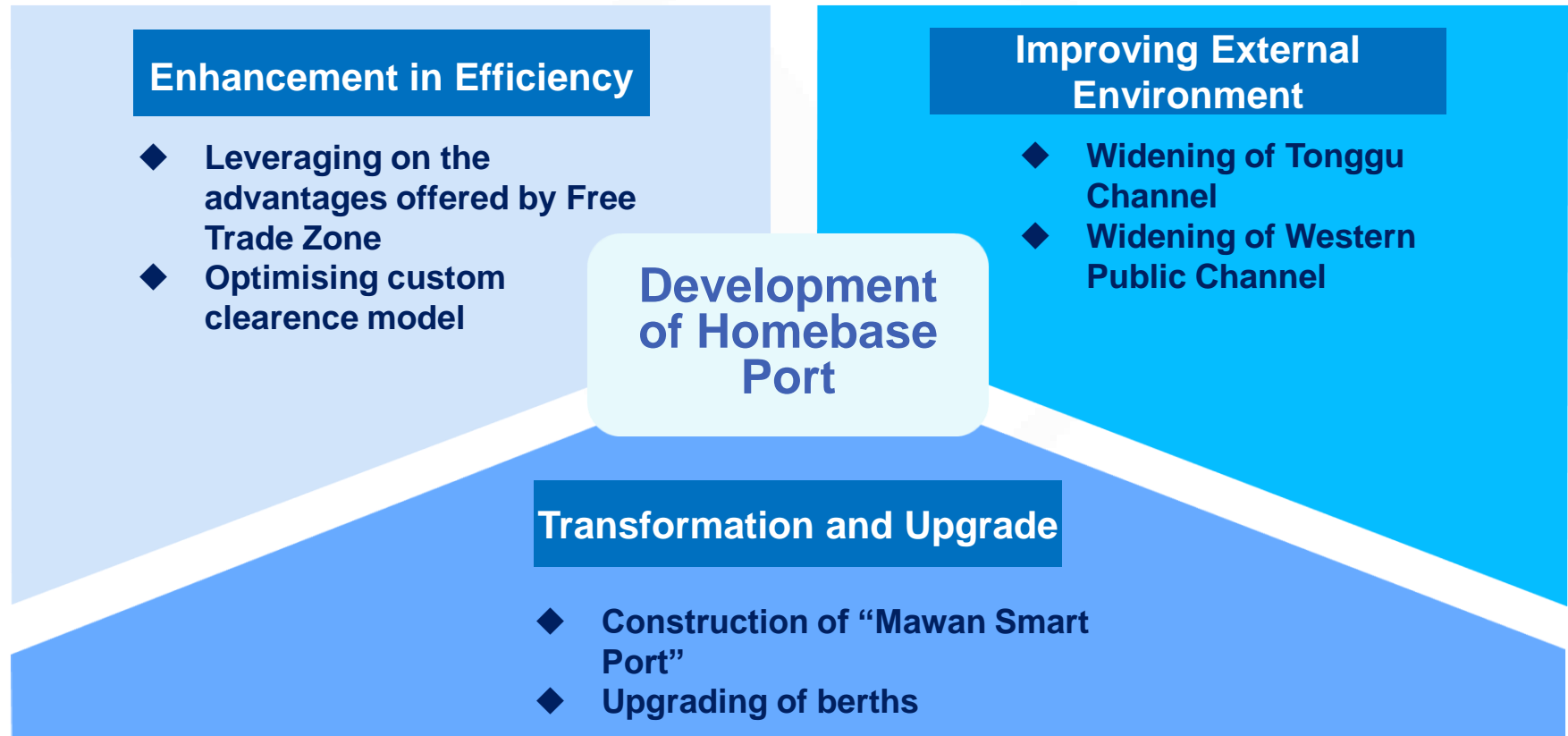
- ◆ Feb 15: CMHI signed a strategic co-operation agreement with Dalian Port Group
- ◆ Jul 15: CMHI signed a strategic framework agreement with CMA CGM
- ◆ Sep 15: A CMHI-Involved tripartite consortium agreed to acquire 65% equity interests in Kumport Terminal in Turkey
- ◆ Jan 16: CMHI agreed to subscribe 21% equity interest of Dalian Port



# Operations Review

## Homebase Port Development

- ◆ Elevating both the hard and soft power to enhance the competitive edges
- ◆ Enhance profitability through facilitating transformation and upgrade of ports and adjustment in business structure



# Operations Review

## Innovation Development

### ◆ Creating new business drivers by encouraging innovation and development

#### 1. Business Model Innovation

- Explore on the building of an integrated cross-border trade service platform that is integrated with the concept of “Internet+”
- Promote O2O cross border e-commerce business
- Establish e-trading and integrated service platform through co-operating with other corporations

#### 2. Operational Model Innovation

- Optimise custom clearance model
- Increase transparency of the customs inspection processes

#### 3. Management Innovation

- Extend the application of refined management information platform
- Improve its capability in terms of safety management through technological means

**Performance Highlights**

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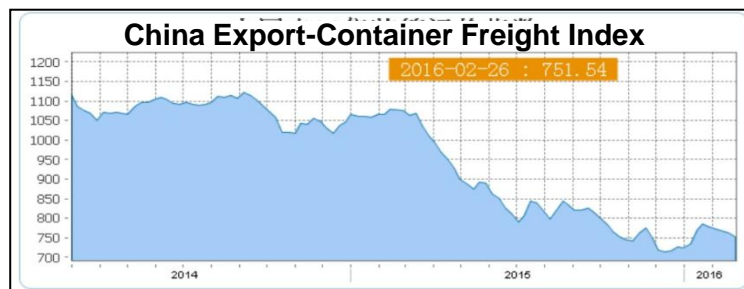
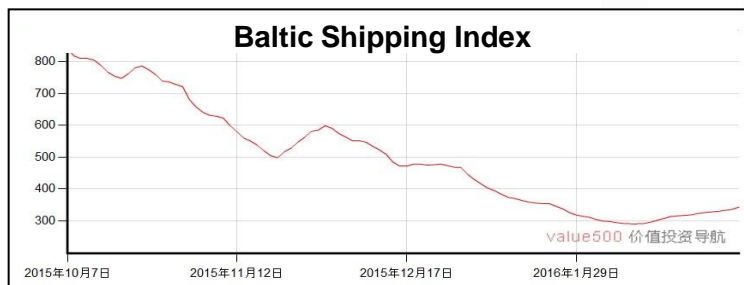
**Outlook**

**Q & A**

# Outlook

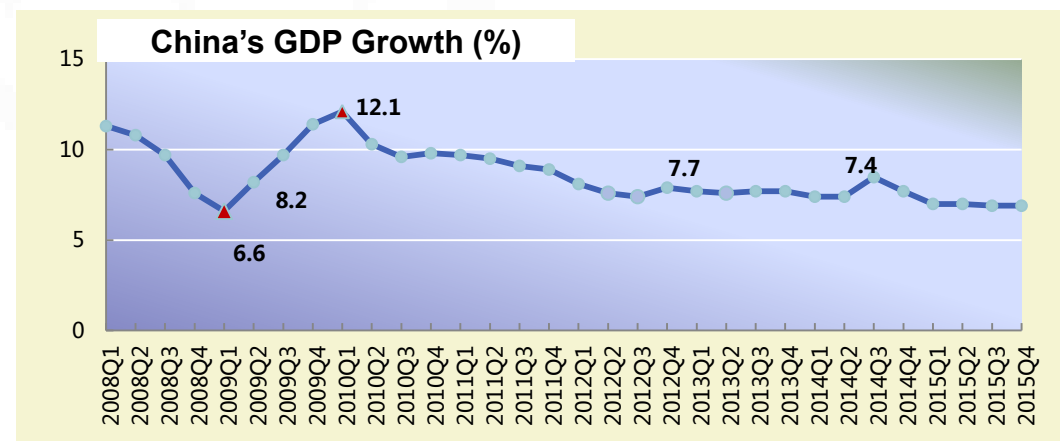
## Global Economic Environment

- ◆ Modest growth in global economy
- ◆ Decelerating International trade velocity
- ◆ Adjustments in China economic structure
- ◆ Intensified competition within international maritime industry



IMF World Economic Outlook Update (19 Jan 2016)

Country/Region	Actual Economic Growth		Forecast Economic Growth		2015 vs 2014
	2014	2015	2016	2017	Change
<b>Global</b>	3.4	3.1	3.4	3.6	0.3
<b>Developed Countries</b>	1.8	1.9	2.1	2.1	0.2
USA	2.4	2.5	2.6	2.6	0.1
Euro Zone	0.9	1.5	1.7	1.7	0.2
Japan	-	0.6	1.0	0.3	0.4
UK	2.9	2.2	2.2	2.2	-
<b>Developing Countries</b>	4.6	4.0	4.3	4.7	0.3
ASEAN	4.6	4.7	4.8	5.1	0.1
China	7.3	6.9	6.3	6.2	(0.6)
India	7.3	7.3	7.5	7.5	0.2
Brazil	0.1	(3.8)	(3.5)	0.0	0.3
Russia	0.6	(3.7)	(1.0)	1.0	2.7
<b>Int'l Trade Volume</b>	3.4	2.6	3.4	4.1	0.8





# Outlook

## Opportunities Offer by “One Belt, One Road”

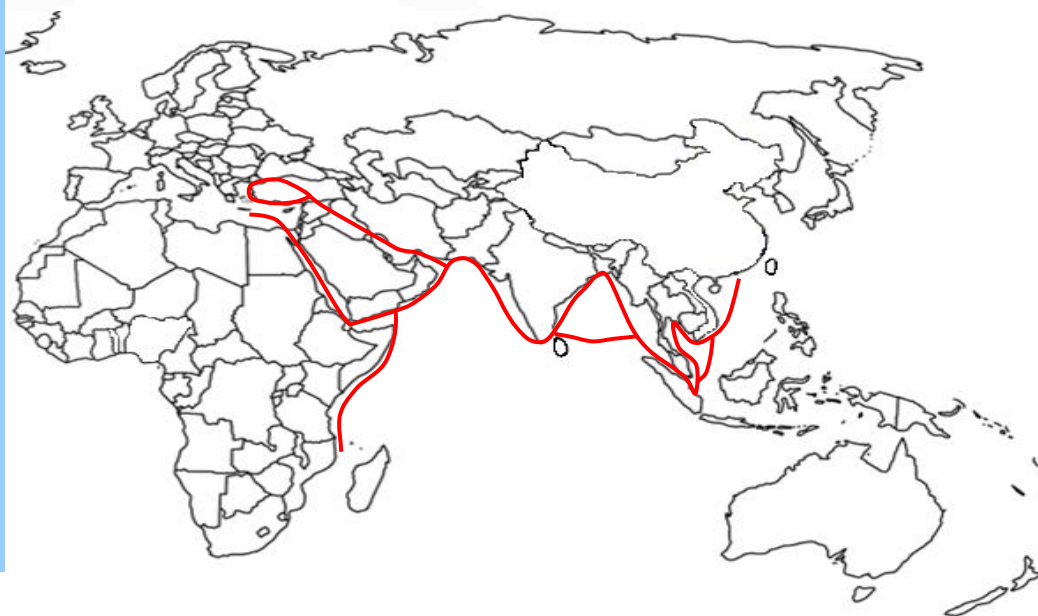
- ◆ “One Belt, One Road” will bring enormous opportunities to CMHI’s overseas strategy

### Opportunities associated with “One Belt, One Road”

- ◆ Opportunities for potential investment and development
- ◆ Facilitates construction of an overseas homebase port
- ◆ Benefits development of an integrated port development model



**Further widen and deepen scope of CMHI’s overseas expansion**



*... “One Belt, One Road” refers to the silk road economic belt and the 21st century maritime silk road that covers certain regions in Asia, Europe and Africa, and is a development concept and initiation proposed by China ...*

# Outlook

## Establishment of Guangdong Free Trade Zone

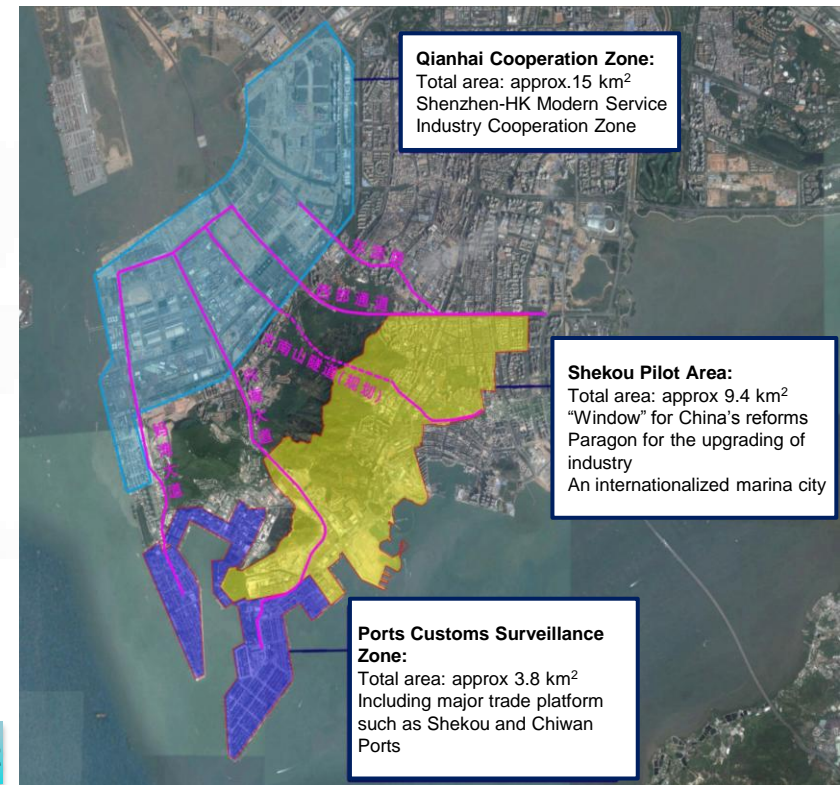
- ◆ Seek to capitalize on the advantages offered by the establishment of Guangdong Free Trade Zone
- ◆ Further develop the homebase port and promote innovation development

...*“Guangdong Free Trade Zone”*, with a total area of 116 km<sup>2</sup>, covers Qianhai and Shekou in Shenzhen, Nansha in Guangzhou and Hengqin in Zhuhai, within which Shenzhen, where CMHI's homebase port situates, has a total area of 28.2 km<sup>2</sup> ...

### Opportunities associated with the establishment of Free Trade Zone

- ◆ Favorable in developing innovative business model
- ◆ Beneficial in enhancing the efficiency of the customs process
- ◆ Turning Shenzhen homebase port into a gateway and a key hub along the Maritime Silk Road, that complements the “One Belt, One Road” initiatives

**Building unique competitive edges of the homebase port**



# Outlook

## State-Owned Enterprises Reform

- ◆ Seek to identify the cooperation opportunities with ports in China
- ◆ Leverage on the available opportunities offer by the policy to extend the ports network in China

... “State-Owned Enterprises Reform” was a policy initiated by China, to enhance the competitiveness of Stated-Owned Enterprises through implementing in-depth reforms in different aspects ...

### Mixed Ownership

- ◆ Explore opportunities in working with ports in China

### Consolidation of assets

- ◆ Capture the opportunities to consistently consolidate assets
- ◆ Enhance the value of existing assets



Optimise port network layout

Enhance market power in China

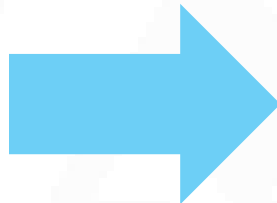
Enlarge scale of operation

# Outlook

## Change of Company Name

- ◆ Proposition of name change is to align the Company with the positioning of its core business

招商局國際有限公司  
China Merchants  
Holdings (International)  
Company Limited



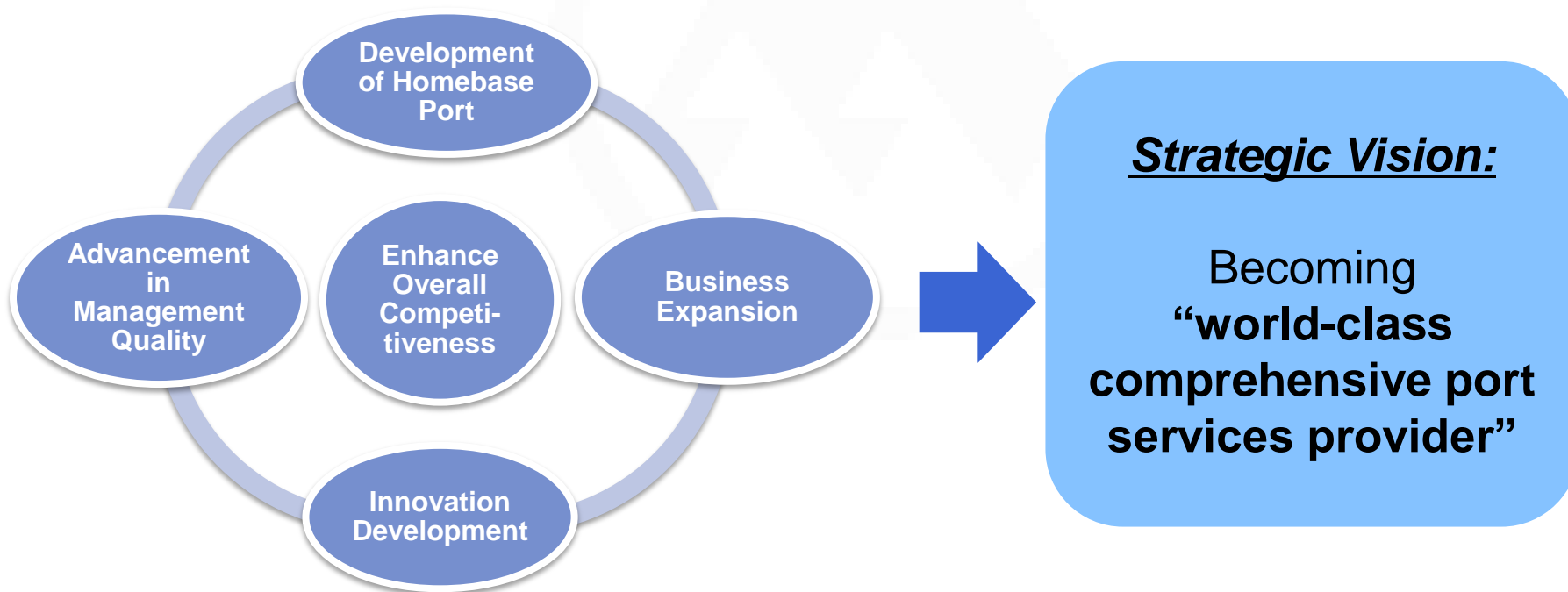
招商局港口控股有限公司  
China Merchants Port  
Holdings Company  
Limited

- ◆ The Group has been focusing in ports and ports-related businesses
- ◆ The proposed name could define the positioning of the Company by more accurately reflect the core businesses and the future development strategy of the Company

# Outlook

## Strategic Objective & Major Tasks

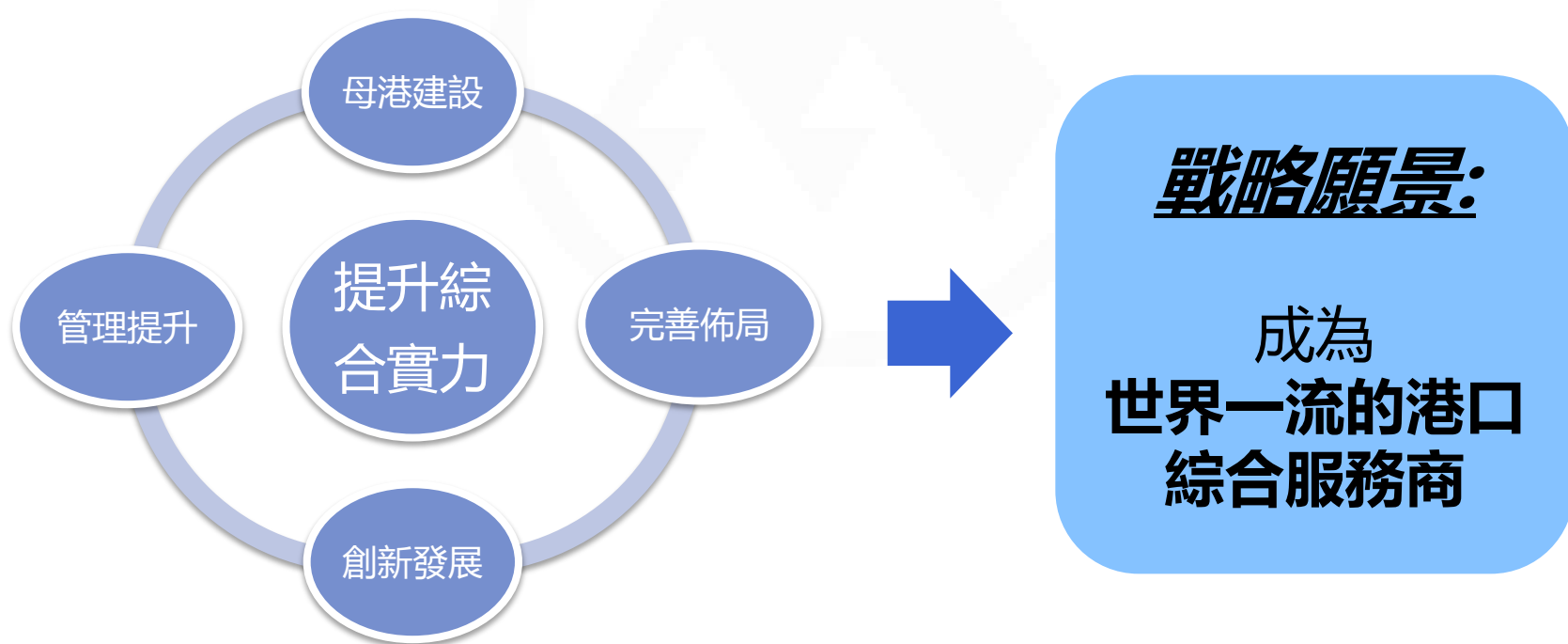
- ◆ Conducting tasks that adhere to the strategic objectives of becoming a “world-class comprehensive port services provider”
- ◆ Expand the ports network while facilitate further development of homebase port
- ◆ Seek to capture the opportunities offered by the implementation of various policies, while encourage innovative business model in various aspects
- ◆ With an aim of securing sustainable growth in core operations and financial performance, and in turn CMHI’s overall competitiveness



# 前景展望

## 戰略目標及重點工作

- ◆ 圍繞成為「世界一流的港口綜合服務商」的戰略目標開展工作
- ◆ 拓展港口網絡，深化母港建設
- ◆ 並且把握政策機遇，同時多層次推進創新發展
- ◆ 務求提昇綜合實力，保持核心業務和公司業績的穩定增長



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