



2009 Final Results

Analyst Briefing

11th March 2010 Hong Kong



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2009 Highlights

- Underlying profit in the Property Division benefited from positive rental reversions and high occupancy in the Hong Kong office portfolio. Hotel results were adversely affected by a combination of pre-operating expenses written off and impairment charges. Trading profits were lower
- The Upper House hotel opened in October. The Village North at Sanlitun began a phased opening in October. Steady progress on other Hong Kong and Mainland China property projects
- Valuation gain of HK\$14.5bn at year-end reflects improvement in property market fundamentals towards the end of 2009
- Improved results at Cathay Pacific group, reflecting fuel hedging gains, measures to reduce capacity and operating costs and an improvement in passenger and cargo demand in the latter part of the year



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2009 Highlights (Continued)

- HAECO group's operations were severely affected by the downturn in the aviation industry
- Acquisition of additional 2% interest in Cathay Pacific and 12.45% interest in HAECO for HK\$1.0bn and HK\$1.9bn respectively
- Charter hire rates and utilisation rates for SPO fell as demand for exploration activities declined. No vessels were sold in the year
- Strong volume growth for Beverages in Mainland China and savings in raw material costs
- HK\$1.9bn sales proceeds on Swire SITA were received in the second-half. Mixed results for T&I businesses
- HK\$9.0bn of financing raised during 2009



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Financial Summary

	2008 HK\$M	2009 HK\$M	Change
Attributable profit	5,853	19,917	+240.3%
Underlying profit	5,238	8,475	+61.8%
Cash generated from operations	7,580	8,740	+15.3%
HK\$ per 'A' share			
Final dividend	\$1.48	\$2.20	+48.6%
Total dividend	\$2.38	\$2.80	+17.6%
Equity attributable to the Company's shareholders	134,741	152,503	+13.2%
Net debt	30,446	31,681	+4.1%
Gearing ratio	22.4%	20.7%	-1.7%pt

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Earnings Analysis

	2008 HK\$M	2009 HK\$M
Attributable profit	5,853	19,917
Net investment property adjustments	334	(11,442)
Deferred tax written back on b/f valuation gains	(949)	-
Underlying profit	5,238	8,475
Other significant items:		
- Capital profits:		
Swire SITA	(1,721)	-
Other investments	(53)	(46)
Vessels	(94)	-
Investment properties	-	(53)
Properties previously occupied by the Group	-	(110)
- Impairment of land and stand-alone hotels	77	90
	(1,791)	(119)
Adjusted profit	3,447	8,356



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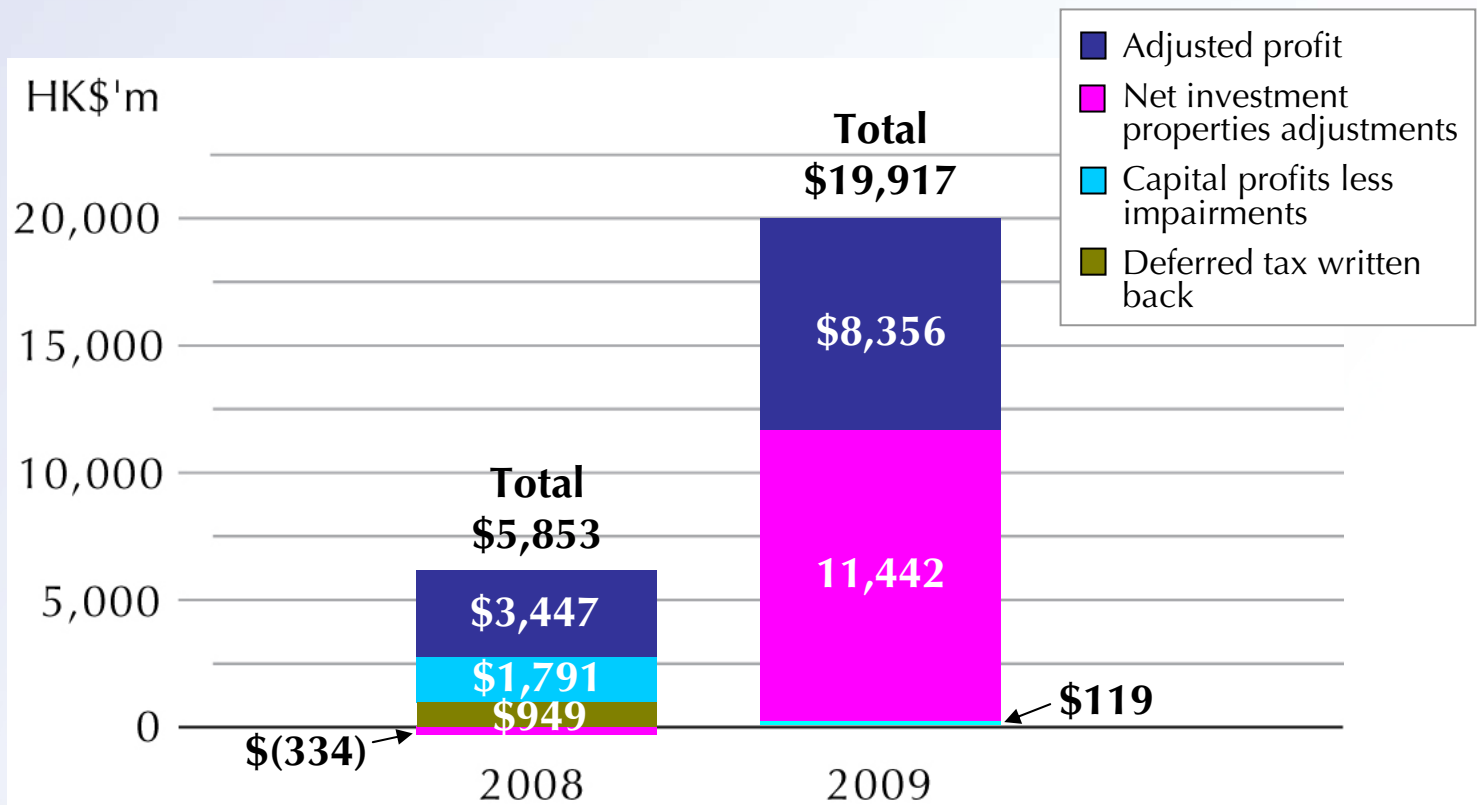
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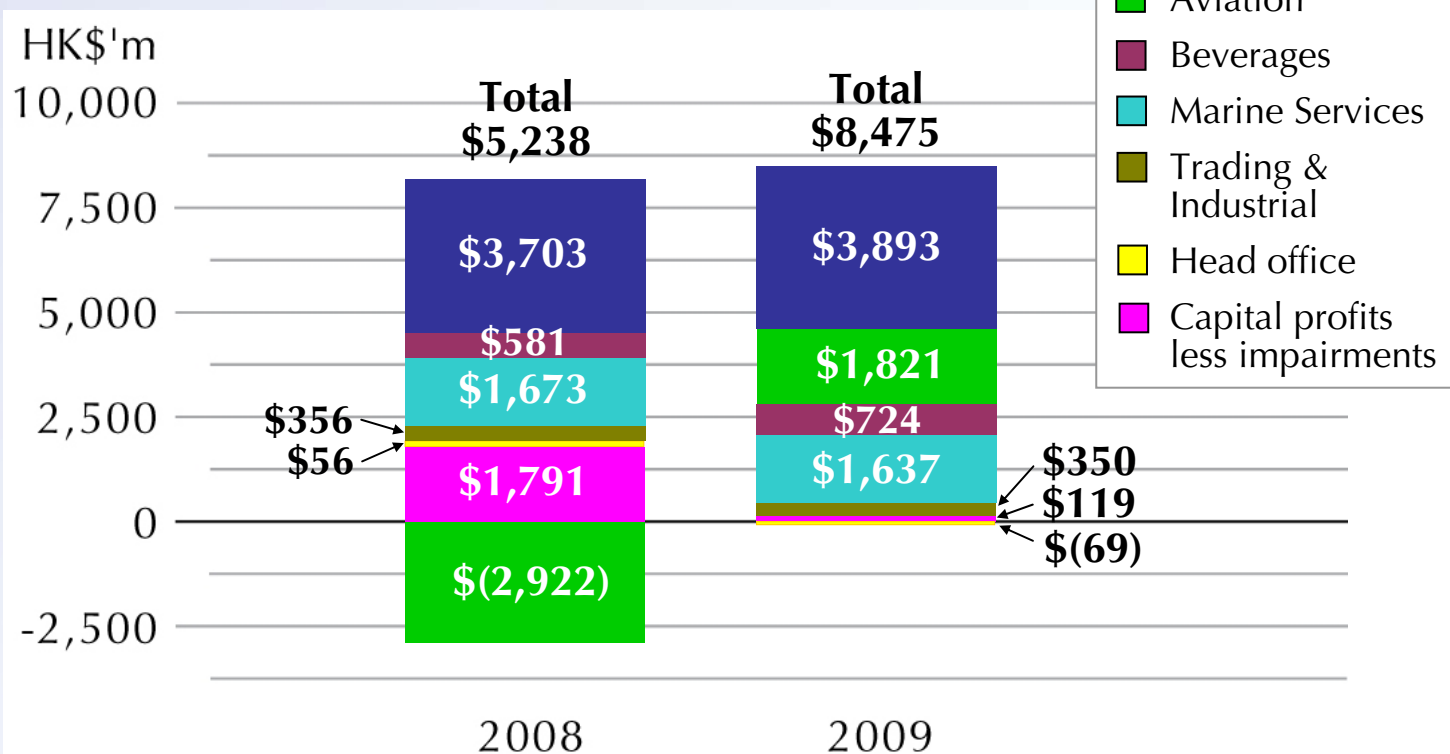
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Attributable Profit

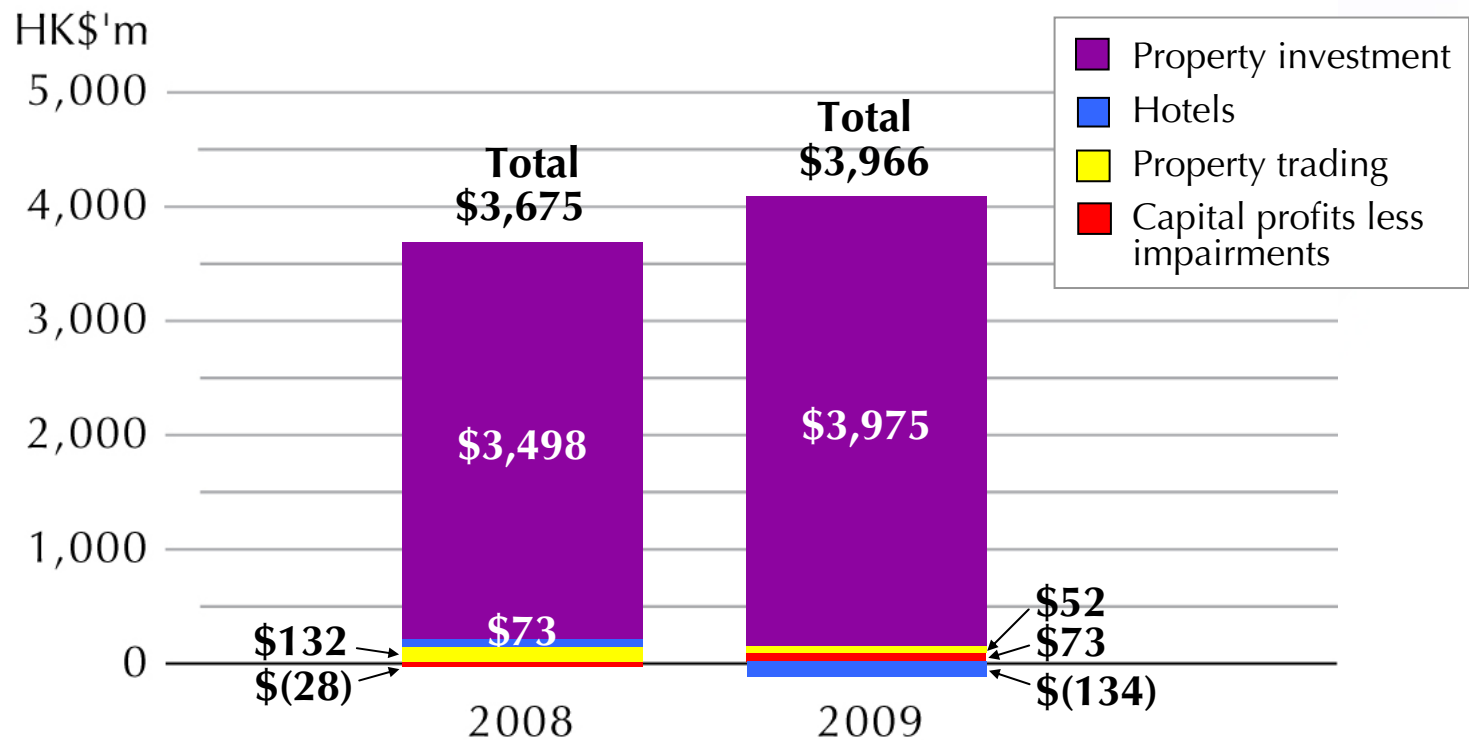


Underlying Profit



Underlying attributable profit principally adjusts for the impact of HKAS 40 and HKAS-Int 21 on investment properties and deferred tax respectively

Results - Property Division



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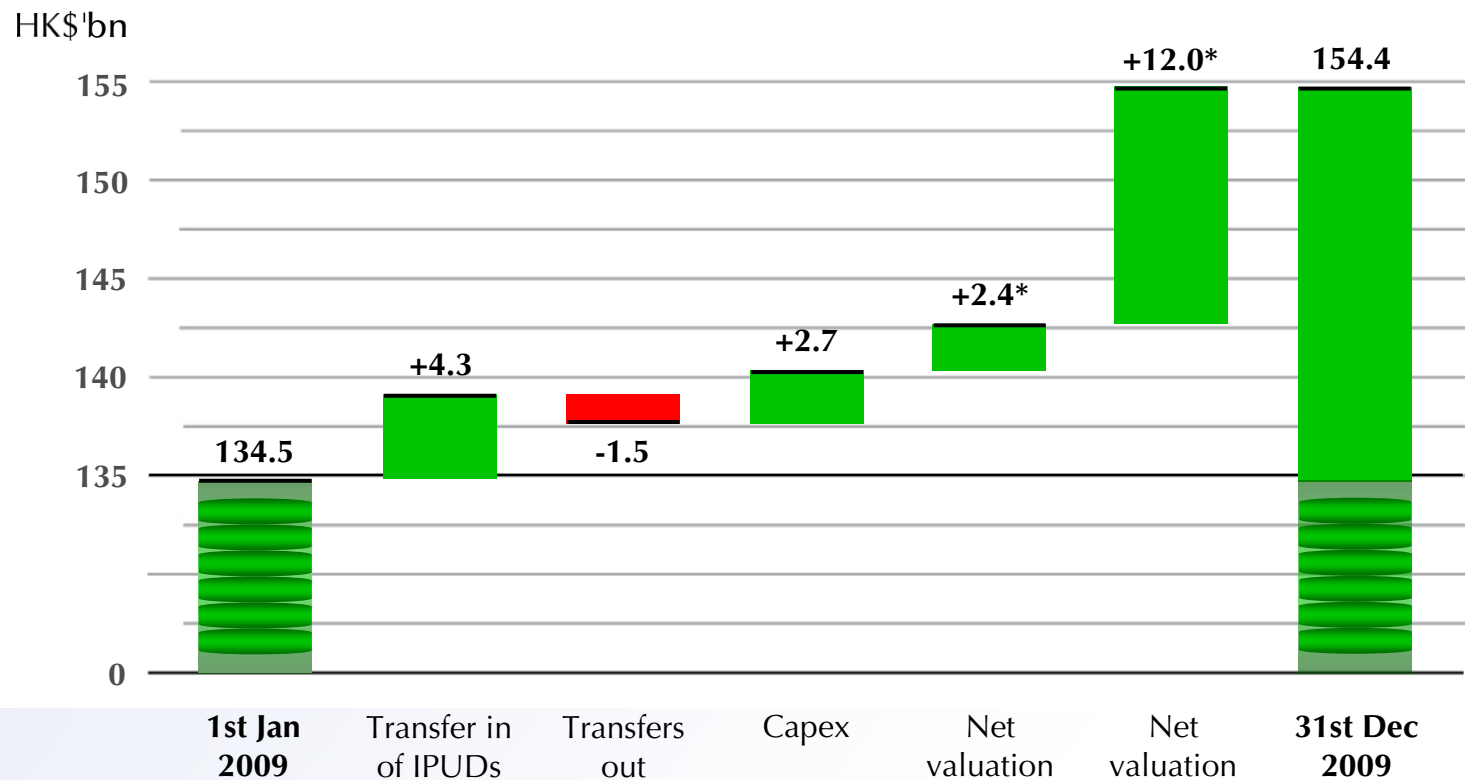
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Highlights - Property Division

- Gross rental income grew by 9% to HK\$7,443m. Underlying profit increased by 8% to HK\$3,966m
- Demand for office space in Hong Kong weakened in the first-half but recovered in the second-half as the economy improved. Office rental reversions remained generally positive and occupancy was high throughout the year
- Occupancy of the Group's malls in Hong Kong was almost 100% throughout 2009. Retail sales in the Group's malls fell marginally overall
- Property values fell in early 2009 but then increased as the outlook for the property markets improved. Overall valuation gains benefited from an uplift on investment properties under development resulting from new accounting treatment (previously held at cost)
- The Upper House hotel opened in October 2009. EAST opened in January 2010. Steady progress on Mainland China projects
- Trading profit of HK\$52m as closings at Island Lodge more than offset losses in the USA

Movement in Investment Property



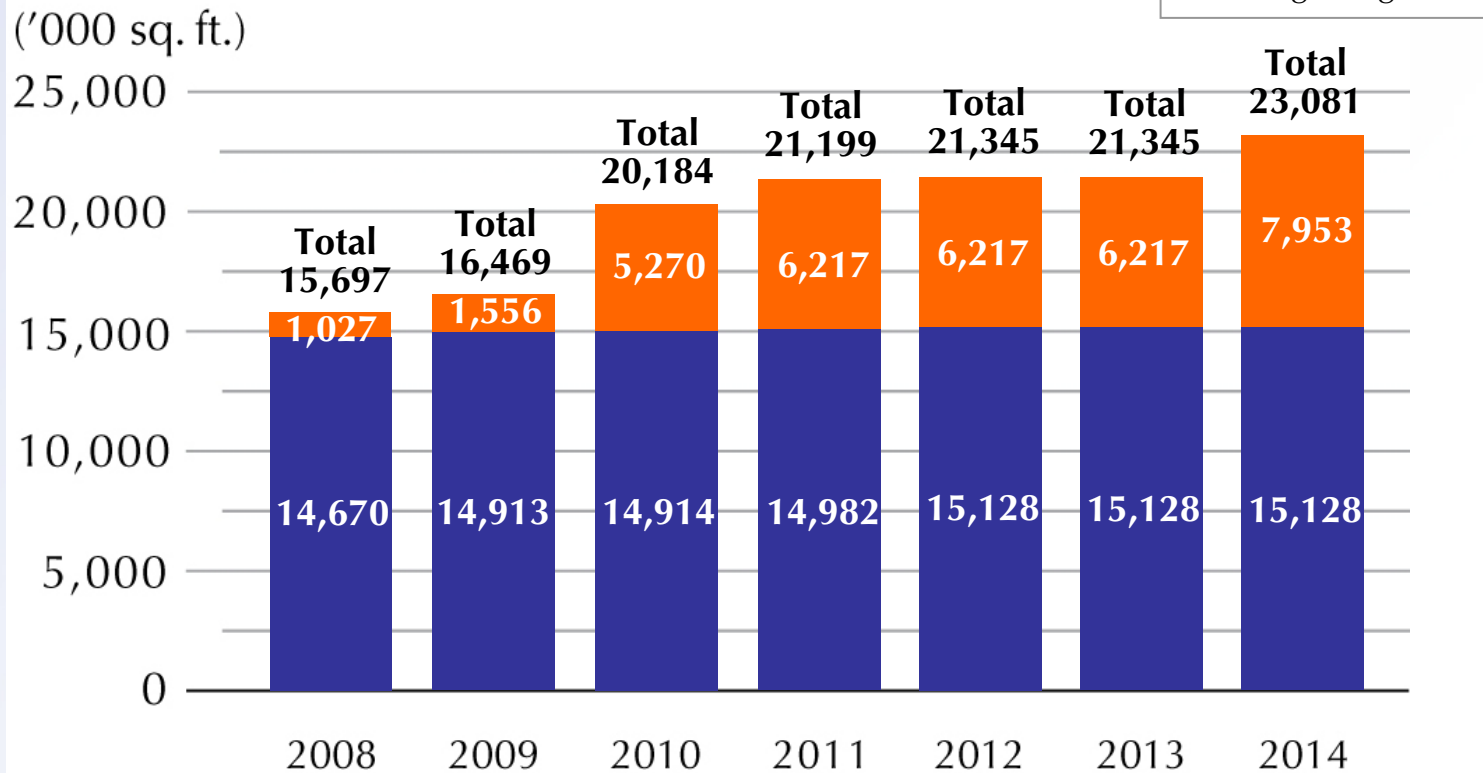
* Gain of HK\$14.4bn (as shown in income statement)

Profile of Capital Commitments for Investment Properties and Hotels - at 31st December 2009

(HK\$M)	<u>Spend</u>	<u>Forecast period of spend</u>				<u>Commitments</u>
	2009	2010	2011	2012	2013 & beyond	at 31st Dec 2009
Property project						
Hong Kong projects	1,964	878	1,010	354	24	2,266
Mainland China projects	3,724	4,019	2,541	1,699	572	8,831
UK hotels	32	216	12	-	-	228
USA hotels	21	45	-	-	-	45
Total	5,741	5,158	3,563	2,053	596	11,370*

* Including the Group's share of the capex and capital commitments of jointly controlled companies.

Completed Property Investment Portfolio in Hong Kong and Mainland China





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Swire Properties Update

Vacancies at 31st December 2009

Vacancy (sq. ft.)*

Office and techno-centres

249,356** 3.0%

Retail (principally The Village South)

57,245 2.2%

Latest rentals

HK\$ per sq. ft.

One & Two Pacific Place

low 80s

Three Pacific Place

mid 70s

Island East

30

Techno-centres

20

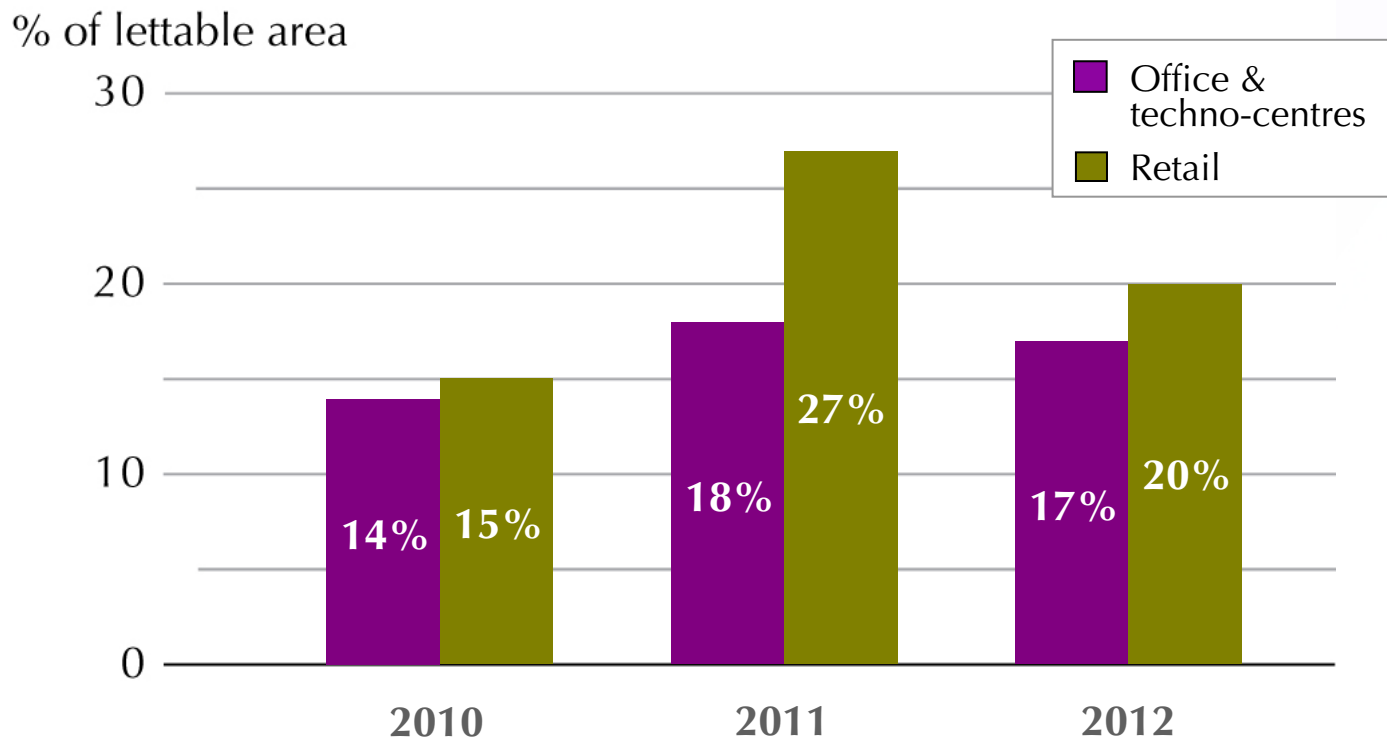
One Island East

40

* Based on lettable area. Retail excludes The Village North

** Wholly-owned properties

Hong Kong Lease Expiry Profile - at 31st December 2009



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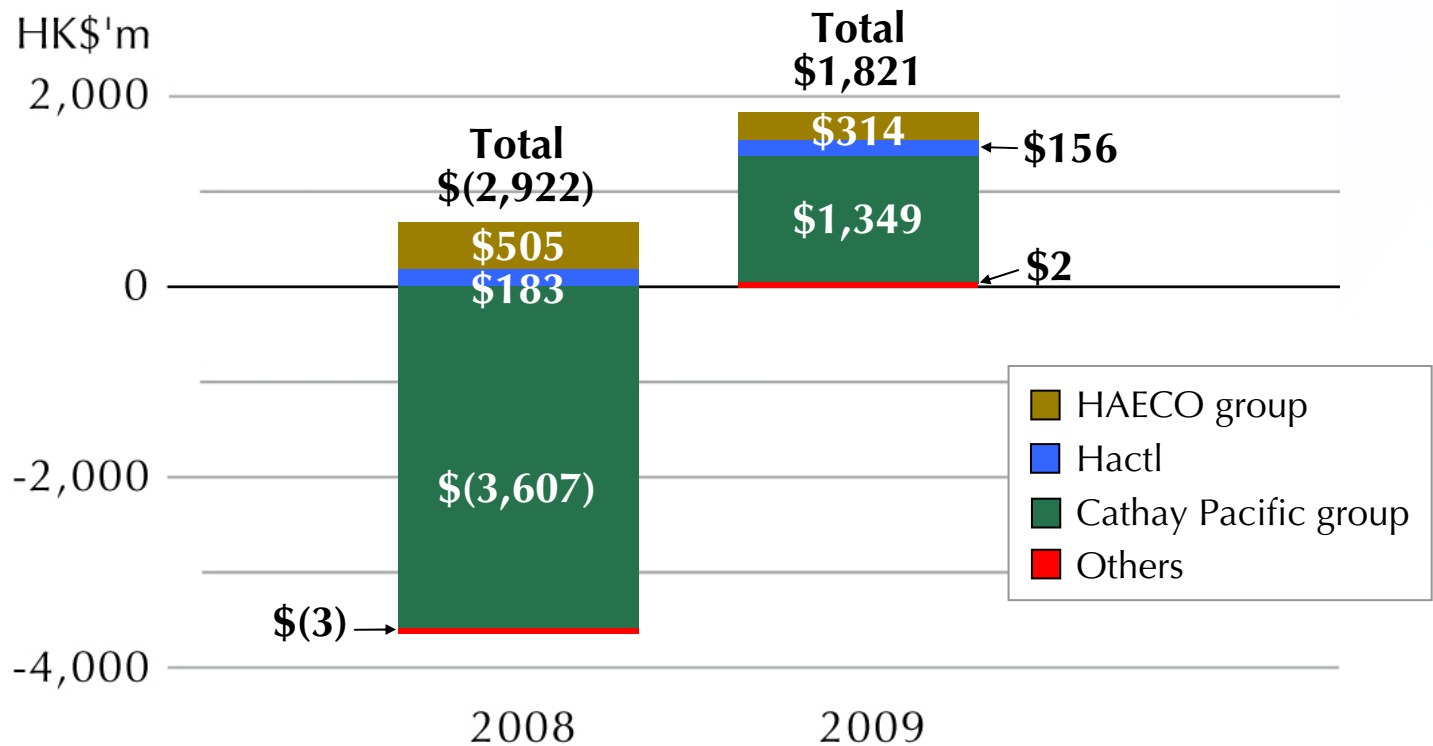
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Results - Aviation Division





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Highlights - Aviation Division

- Attributable profit of HK\$1,821m, compared to a loss of HK\$2,922m in 2008
- Improved results from Cathay Pacific group, principally reflecting rise in fuel prices from mid-2009 which resulted in fuel hedging gains
- Substantial reductions in premium traffic and economy class yields. The cargo business was exceptionally weak in the first-half but picked up in the latter part of the year
- Cost-saving measures taken by the airlines included a reduction in capacity and capex, the introduction of an unpaid leave scheme and parking a number of aircraft
- Contribution from HAECO group profit fell by 38% as airlines reduced maintenance expenditure and grounded aircraft
- Hactl registered an 8% decline in cargo throughput

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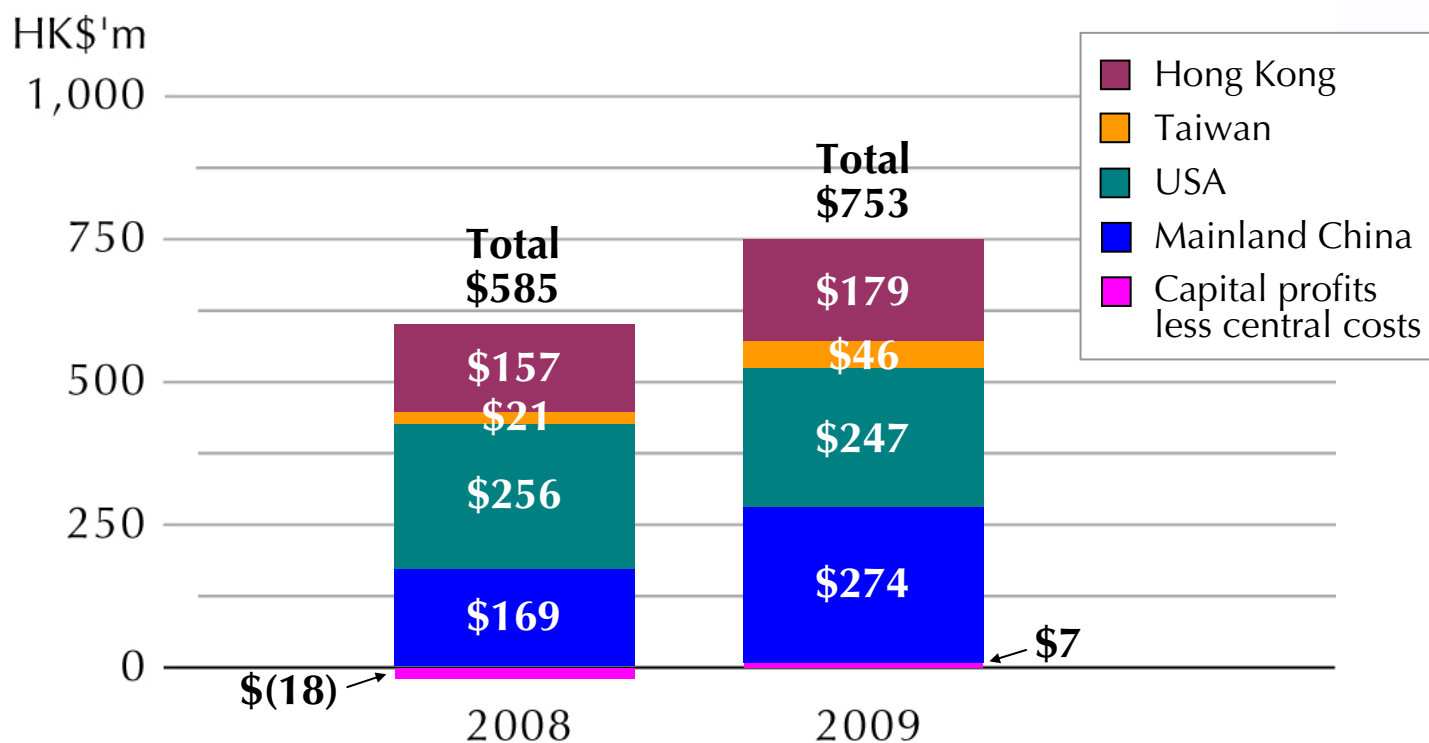
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Results - Beverages Division





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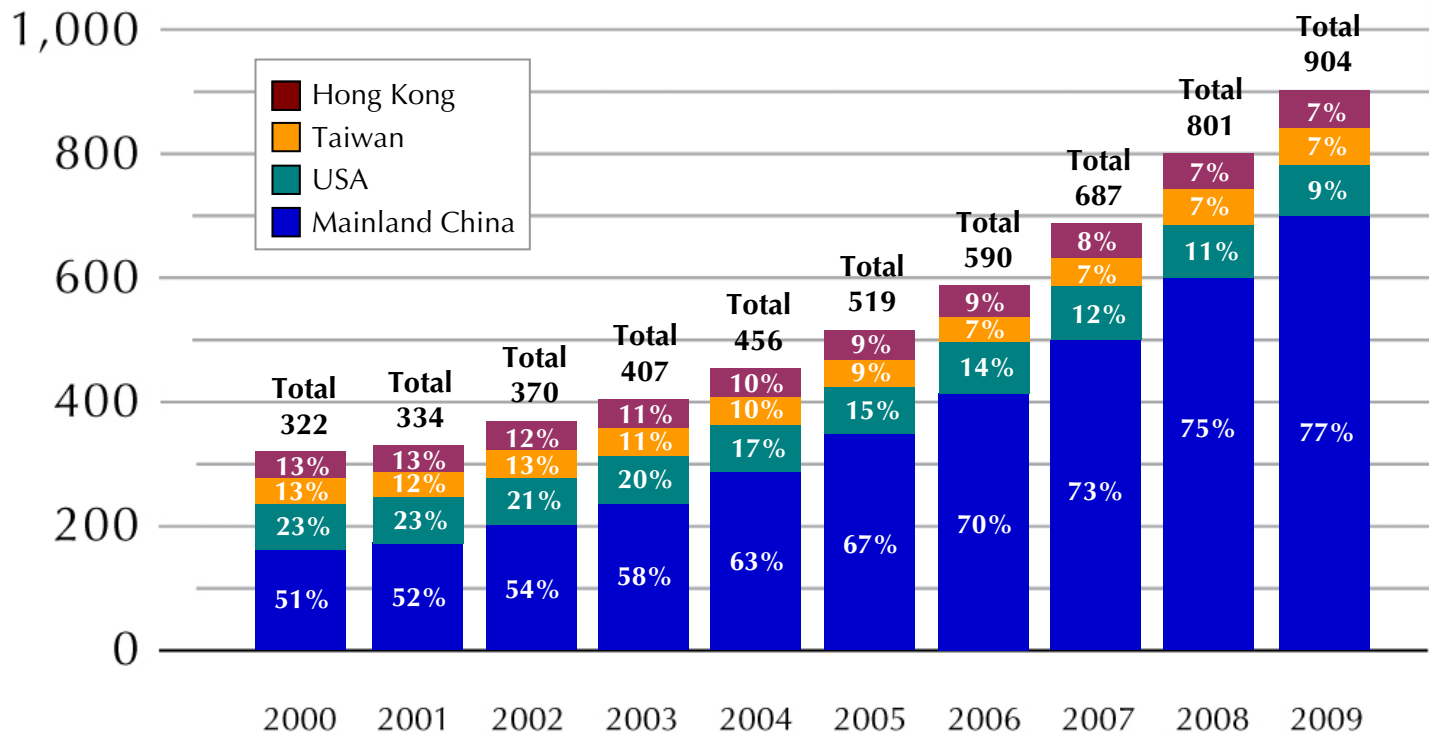
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Highlights - Beverages Division

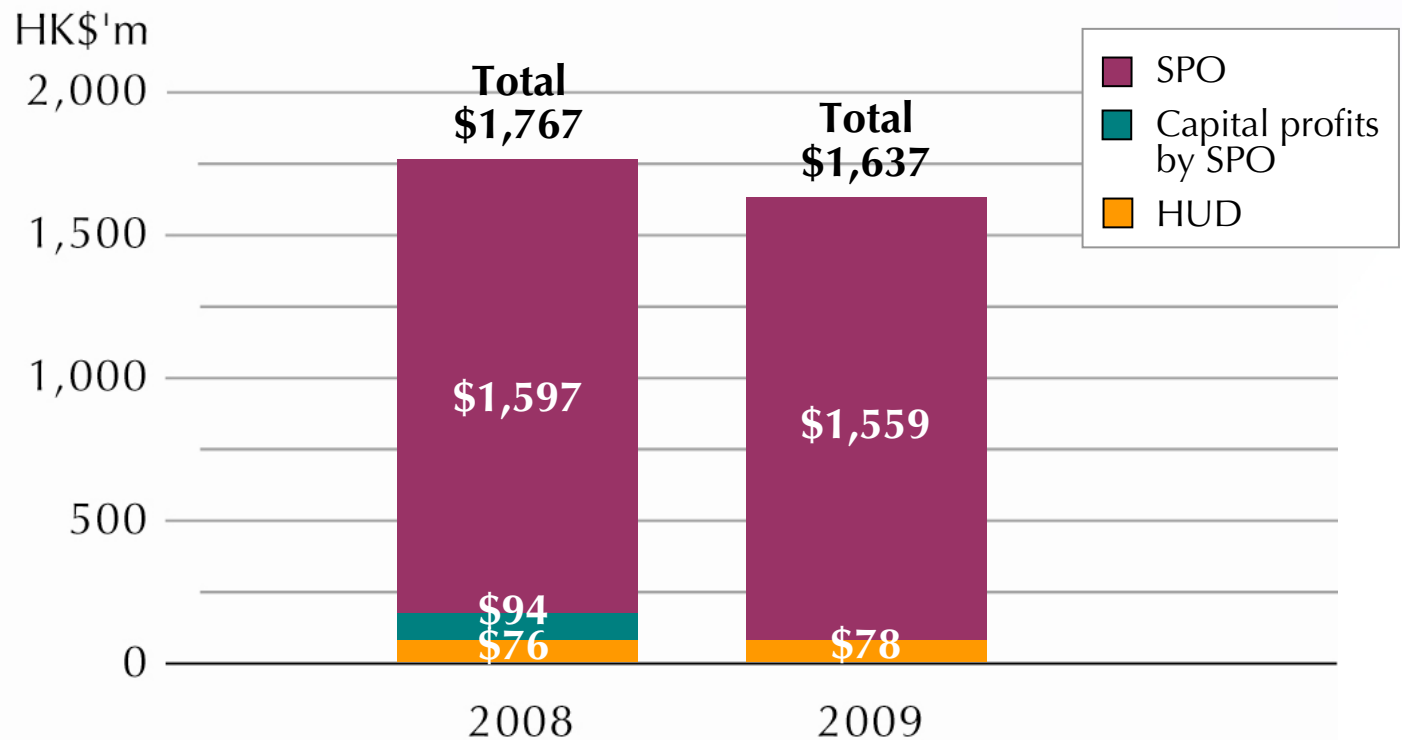
- Attributable profit rose by 29% to HK\$753m
- Overall sales volume grew by 13% to 904 million unit cases
- Volume grew by 17% in Mainland China to 700 million unit cases, representing a compound annual growth rate of 17% since 2000. Sales of Minute Maid grew by 36%
- Volumes in Hong Kong and Taiwan grew by 7% and 5% respectively, reflecting flavour extensions to Minute Maid
- Volume in the USA fell by 5%, as sales were adversely affected by economic conditions
- Margins improved principally due to a reduction in raw material costs

Swire Beverages - Volume Progression

'm unit cases



Results - Marine Services Division



Highlights - Marine Services Division

- SPO's attributable profit fell by 2% to HK\$1,559m, excluding the effect of vessel sales in 2008
- The second half of 2009 saw a reduction in offshore exploration activity and an increase in new vessels entering the market. Average utilisation rates and charter hire rates in 2009 both fell marginally
- SPO's results were also affected by the absence of profits on vessels sales and a reduction in non-charter hire income
- Net increase in SPO's fleet size of 1 vessel during 2009. 18 new vessels are on order with 9 vessels expected to be delivered in 2010. Capital commitments at year-end totalled HK\$2,711m

SPO - Fleet Growth

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		Vessels in operation	Vessels on order to be received in:		
Vessel class	BHP	31st Dec 2009	2010	2011	2012
Survey	2,500-6,500	3	-	1	-
AHTS	2,500-5,500	27	4	4	-
AHTS	6,000-12,250	33	3	-	-
AHTS	18,250	-	-	2	2
PSV	6,300	5	-	-	-
Ice-breaking	23,200	2	-	-	-
Accommodation barge		-	2	-	-
		70	9	7	2

SPO Global Footprint with Extensive Local Retail Network

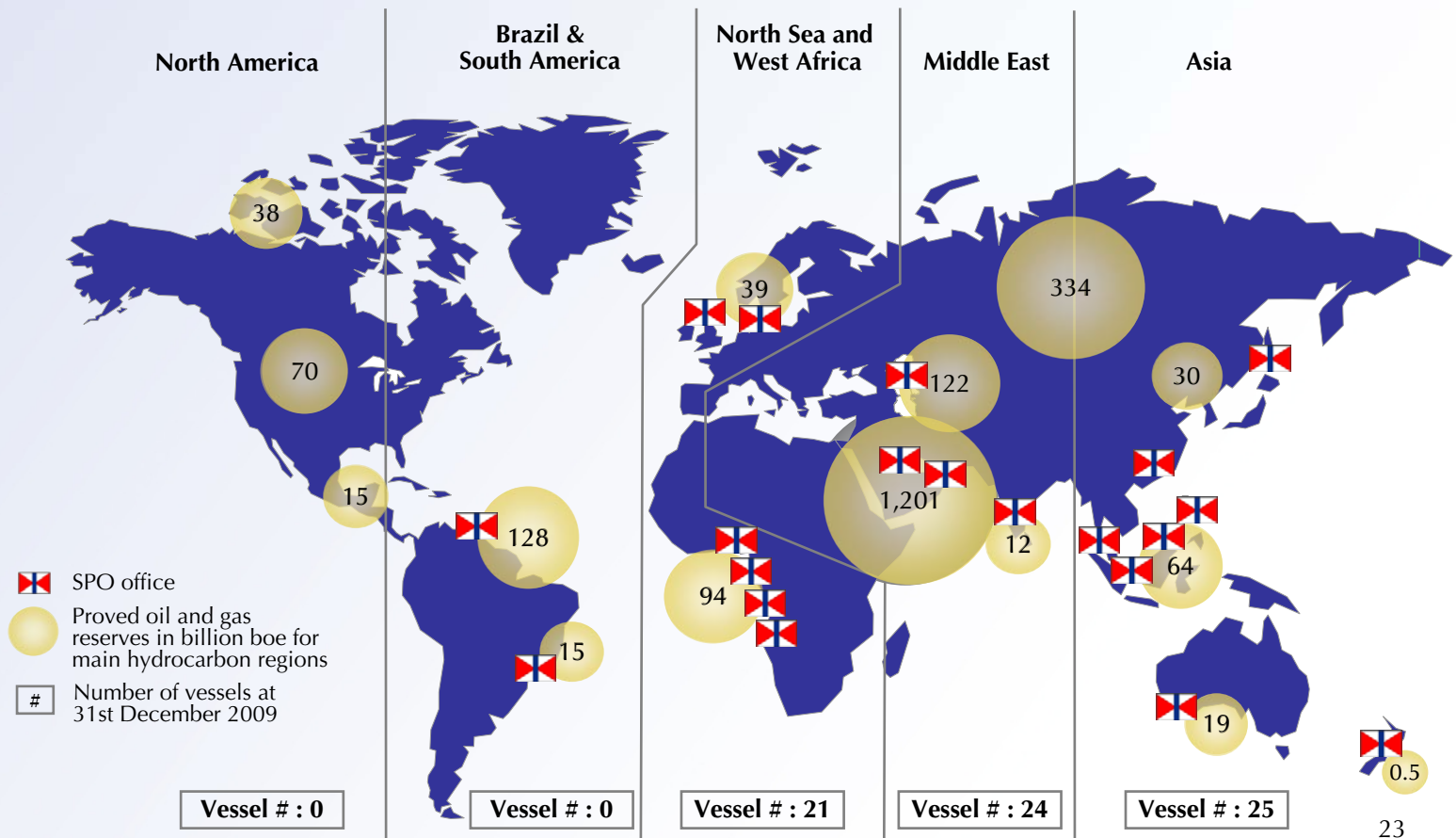
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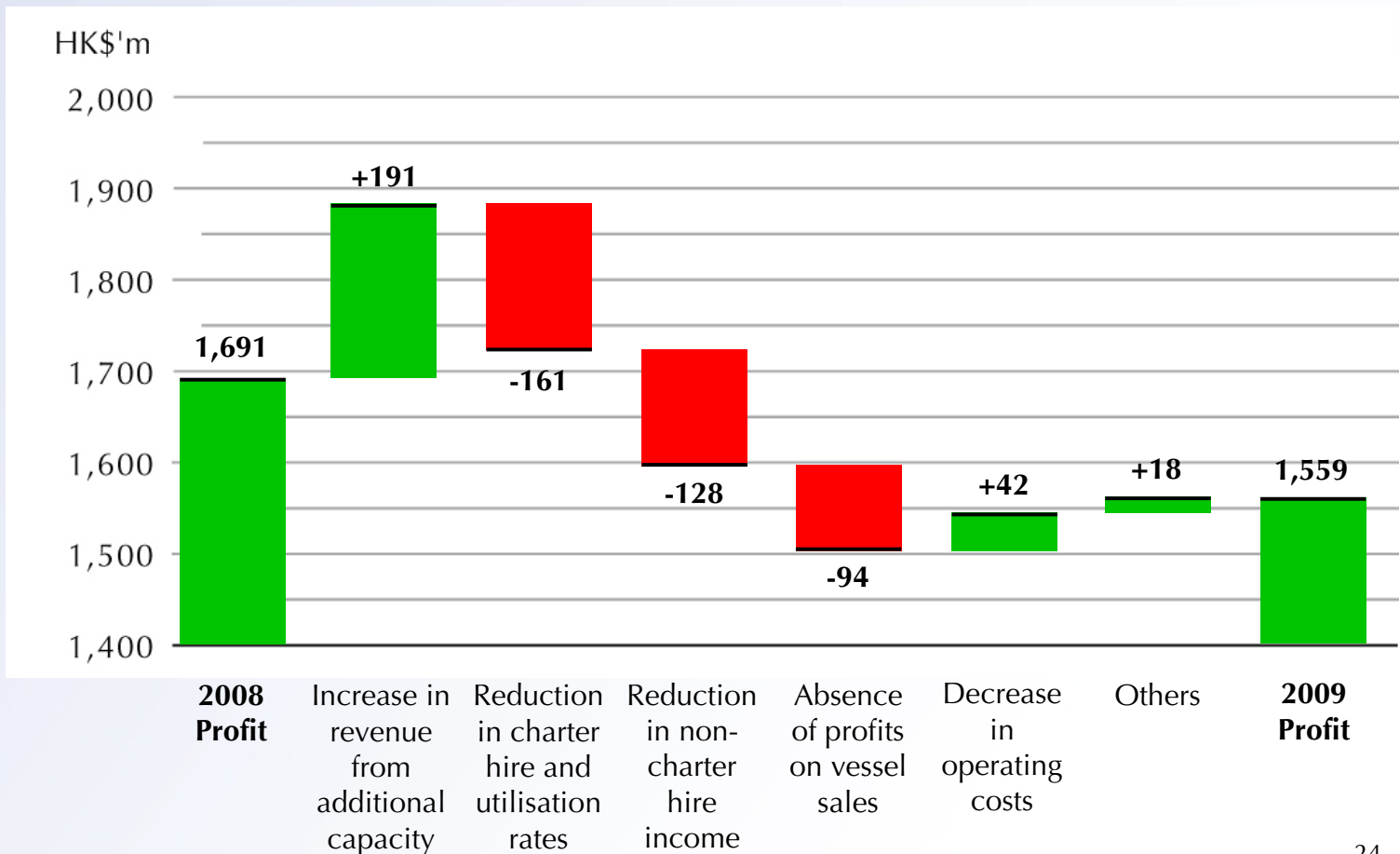
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SPO - Movement in Attributable Profit



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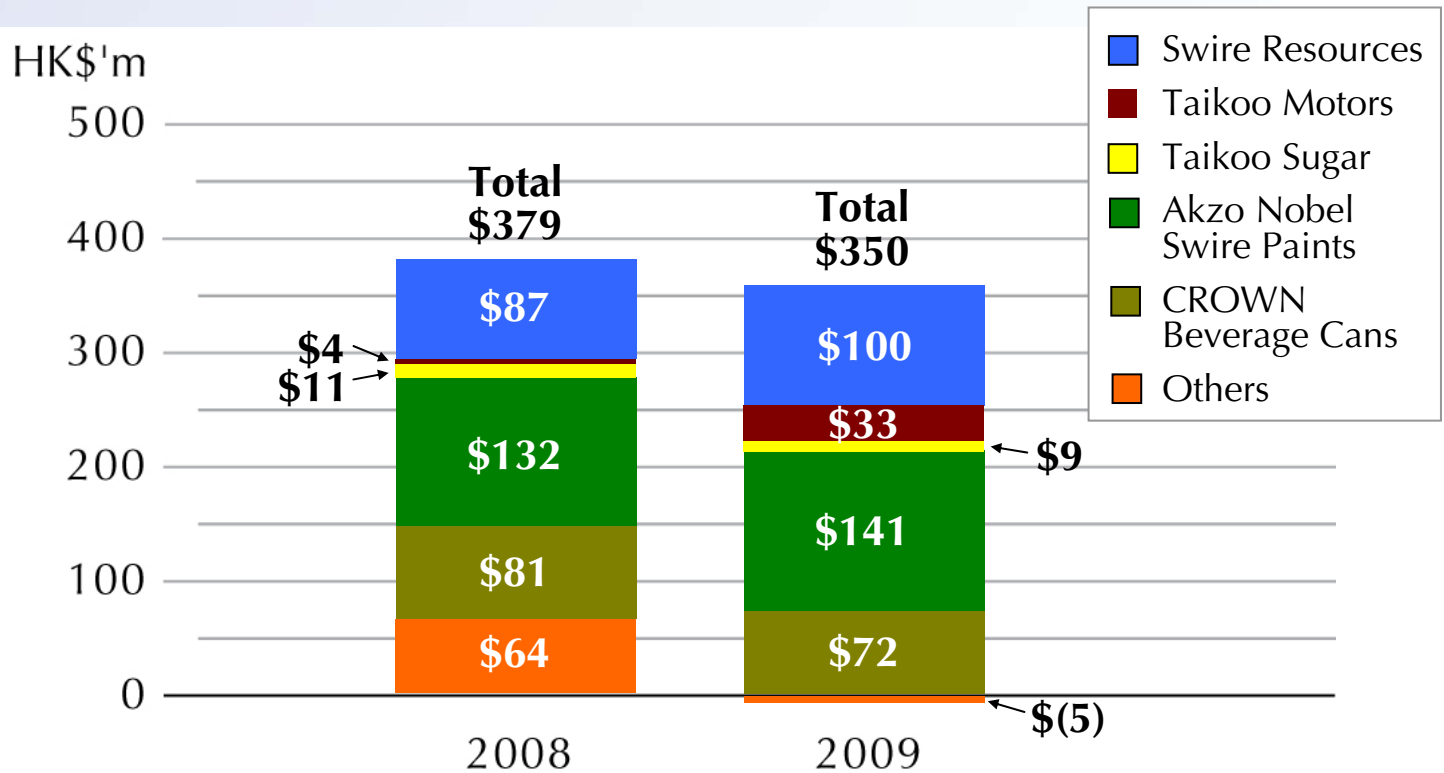
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Results - Trading & Industrial Division





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Highlights - Trading & Industrial Division

- Attributable profit was HK\$350m, compared to HK\$379m in 2008 (excluding the profit on disposal of Swire SITA)
- Swire Resources' profit increased by 15%, reflecting the exit from loss-making stores in 2008
- Taikoo Motors sold 1% fewer cars. The effect of the expiry of the Audi and KIA distributorships was partly offset by growth in sales of VW cars. Profit increased as a result of lower operating costs
- Contribution from Akzo Nobel Swire Paints rose by 7%, reflecting higher volume and margins in Mainland China
- Contribution from CROWN Beverage Cans fell by 11% on lower sales volume and higher operating costs in Mainland China

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Financial Highlights - Liquidity

	31st Dec 2008	31st Dec 2009
	HK\$Bn	HK\$Bn
Bank balances and short-term deposits	4.2	2.4
Undrawn facilities		
- Committed	6.4	12.5*
- Uncommitted	3.9	4.4**
	10.3	16.9
	2008	2009
Interest cover (underlying)	9.9	8.0
Cash interest cover (underlying)	6.7	6.3

* of which HK\$10.2bn is available at Head Office level

** of which HK\$1.5bn is available at Head Office level

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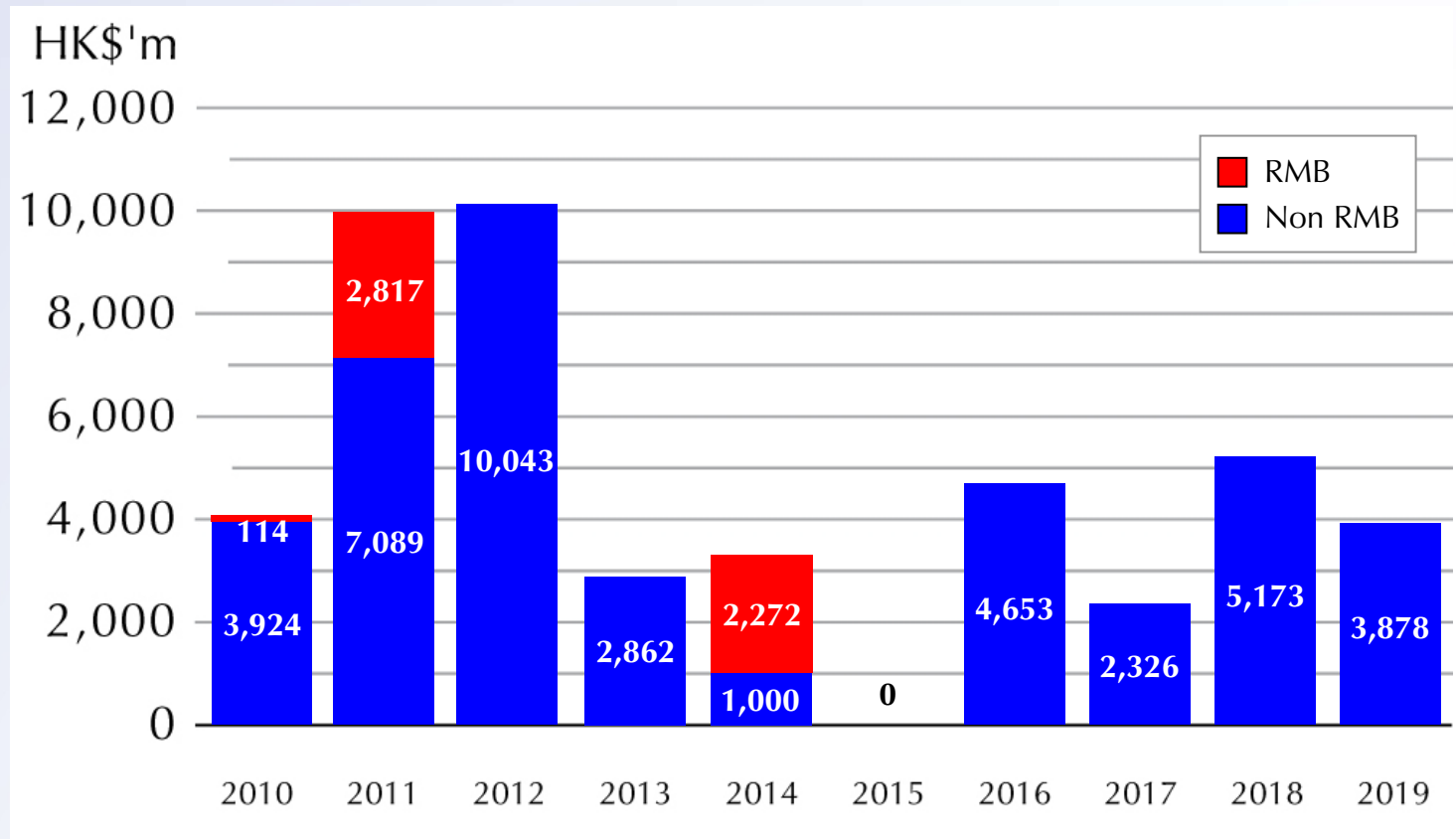
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Maturity Profile at 31st December 2009



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Net Debt Reconciliation

	HK\$Bn
Net debt at 1st January 2009	30.4
Cash from operations	(8.7)
Net dividend paid	2.4
Capex and investments less proceeds	5.6
Net interest paid	1.4
Tax paid	0.6
Net debt at 31st December 2009	31.7



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Prospects

- The Group's completed office and retail portfolio in Hong Kong is almost fully let. TaiKoo Hui is expected to begin a phased opening in late 2010
- The Cathay Pacific group remains cautious about prospects for 2010. Revenues and yields remain below pre-recession levels, but are improving
- The HAECO group expects 2010 to be challenging, with results affected by start-up losses at the Mainland China JVs
- The Beverages Division will continue to expand its product portfolio and distribution network in Mainland China. Market conditions are expected to continue to improve in Hong Kong and Taiwan, but conditions in the USA are expected to continue to be difficult
- Charter hire and utilisation rates for SPO are expected to be under pressure as additional capacity enters a weak offshore market
- The Trading & Industrial Division expects continued growth for Swire Resources and Akzo Nobel Swire Paints, as well as improved conditions in the Taiwan car market

Dividends

	2008 HK¢	2009 HK¢	Change
'A' shares	238.0	280.0	+17.6%
'B' shares	47.6	56.0	

Policy

To pay out half of the sustainable earnings over the economic cycle

Implications

1. Unrealised property revaluation gains are not eligible for distribution
2. Payout may be more or less than half of earnings by reference to the sustainability of any one year's earnings, the current level of net debt and opportunities to deploy significant new capital



2009 Final Results Analyst Briefing Q & A Section

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