



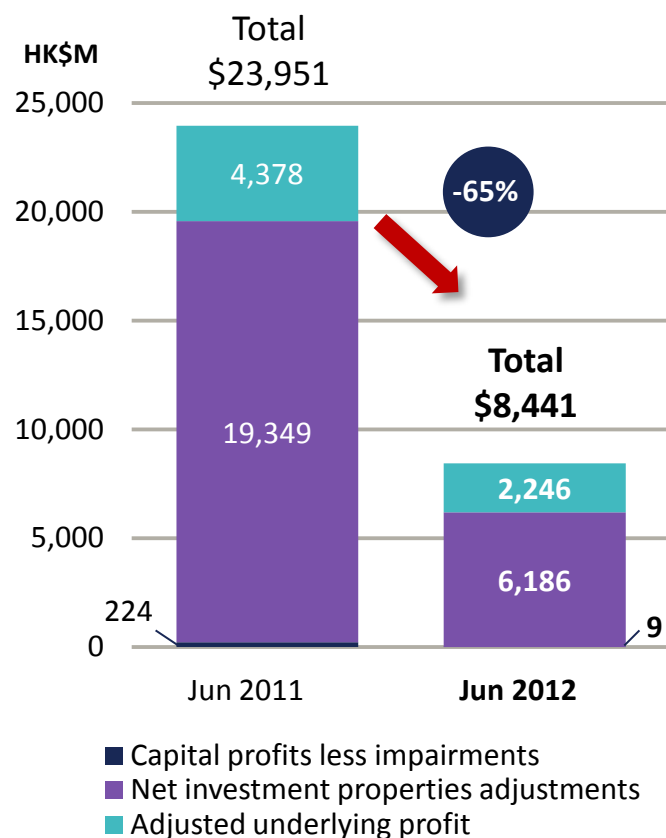
SWIRE PACIFIC

2012 Interim Results Analyst Briefing

10th August 2012 | Hong Kong

Financial Summary

Attributable Profit



Turnover

Jun 2011: HK\$17,082m

+14%

Jun 2012: HK\$19,389m

Underlying Profit

Jun 2011: HK\$4,602m

-51%

Jun 2012: HK\$2,255m

Dividends Per Share

Jun 2011:
HK\$1.15 per 'A' share
HK\$0.23 per 'B' share

-13%

Jun 2012:
HK\$1.00 per 'A' share
HK\$0.20 per 'B' share

Cash Generated from Operations

Jun 2011: HK\$4,402m

-54%

Jun 2012: HK\$2,043m

Net Debt

Dec 2011: HK\$35,679m

+24%

Jun 2012: HK\$44,121m

Gearing Ratio

Dec 2011: 15.4%

+3.1% pts

Jun 2012: 18.5%

Equity Attributable to the Company's Shareholders

Dec 2011: HK\$227,559m

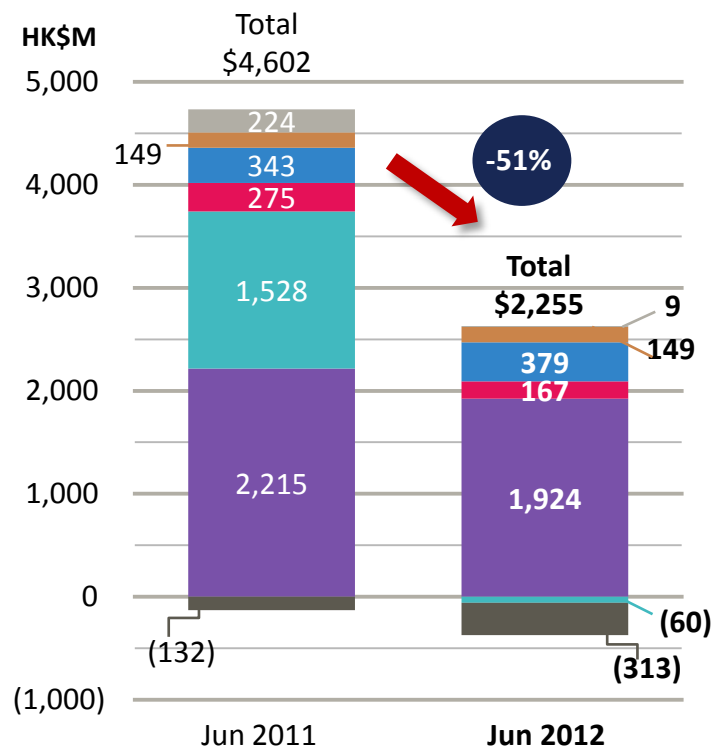
-12%

Jun 2012: HK\$200,562m

Note: Underlying profit principally adjusts for changes in the valuation of investment properties.

Financial Summary

Underlying Profit



- Property
- Aviation
- Beverages
- Marine Services
- Trading & Industrial
- Head Office
- Capital profits less impairments

For the period ended 30th June 2012	Underlying Profit HK\$M	Capital Profits less Impairments HK\$M	Adjusted Underlying Profit HK\$M
Property	1,918	6	1,924
Aviation	(70)	10	(60)
Beverages	165	2	167
Marine Services	396	(17)	379
Trading & Industrial	150	(1)	149
Head Office	(304)	(9)	(313)
Total	2,255	(9)	2,246

Financial Summary

Profit Bridge

	Jun 11 HK\$M	Jun 12 HK\$M
Attributable profit	23,951	8,441
Less: adjustments re investment properties	(19,349)	(6,186)
Underlying profit attributable to the Company's shareholders	4,602	2,255
Other significant items:		
Profit on sale of property, plant and equipment and other investments	(76)	(19)
Profit on sale of investment properties	-	(9)
Net impairment of property, plant and equipment, leasehold land and intangible assets	-	19
Profit on sale of interest in PUMA	(148)	-
Adjusted underlying profit	4,378	2,246

SPO recorded a profit of HK\$14m on disposal of three vessels in 1H 2012 and a profit of HK\$69m on disposal of five vessels in 1H 2011.

The Group sold a few small investment properties in Hong Kong.

In January 2011, the Group disposed of its 49% interest in PUMA for a total cash consideration of HK\$413m.

Financial Summary

Earnings and Dividends Analysis

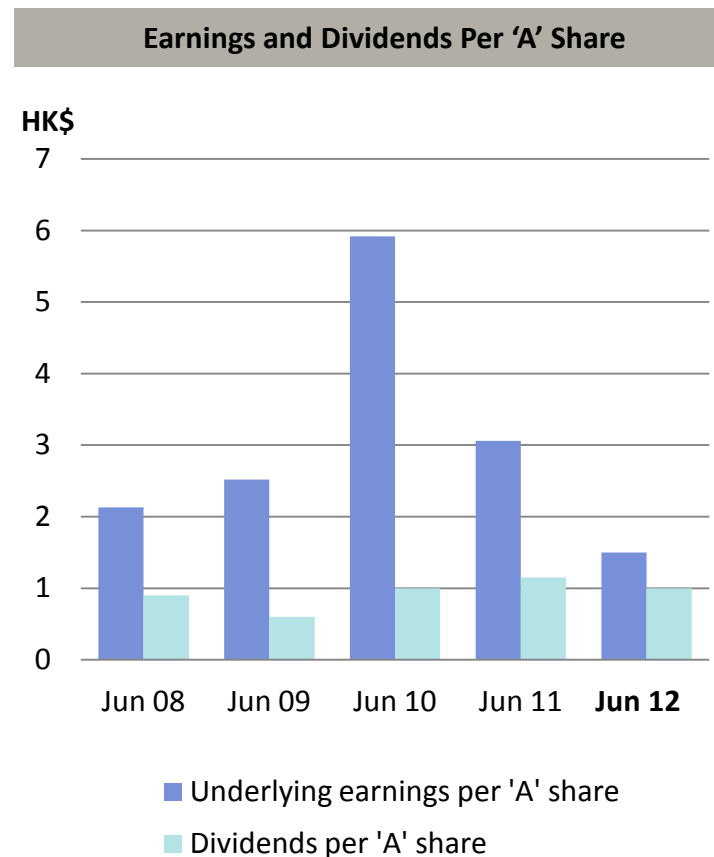
Dividends					
	08 HK\$	09 HK\$	10 HK\$	11 HK\$	12 HK\$
First interim dividend					
Per 'A' share	0.90	0.60	1.00	1.15	1.00
Per 'B' share	0.18	0.12	0.20	0.23	0.20
Full year dividend					
Per 'A' share	2.38	2.80	3.50	6.50	
Per 'B' share	0.48	0.56	0.70	1.30	

Policy

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

Implications

1. Non-cash 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.



Financial Summary

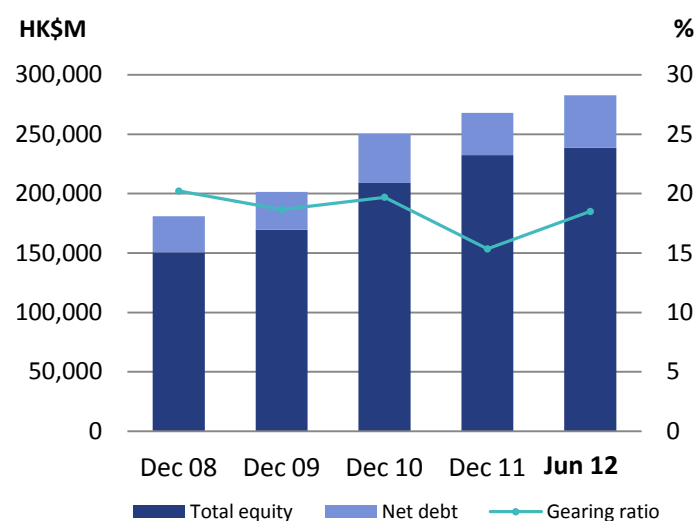
Financing

	Dec 08	Dec 09	Dec 10	Dec 11	Jun 12
Net debt (HK\$M)	30,446	31,681	41,181	35,679	44,121
Gearing (%)	20.2%	18.7%	19.7%	15.4%	18.5%
Interest cover (underlying) – times	9.9	8.0	10.2	10.4	4.8
Cash interest cover (underlying) – times	6.7	6.3	8.3	8.3	3.9
Cash interest cover (adjusted underlying) – times			4.7	4.0	3.9

Net Debt Reconciliation

	HK\$Bn
Net debt at 1st January 2012	35.7
Translation differences	0.2
Cash from operations	(2.0)
Net dividend paid	3.1
Capex and investments less proceeds	5.8
Net interest paid	0.9
Tax paid	0.4
Net debt at 30th June 2012	44.1

Gearing Ratio



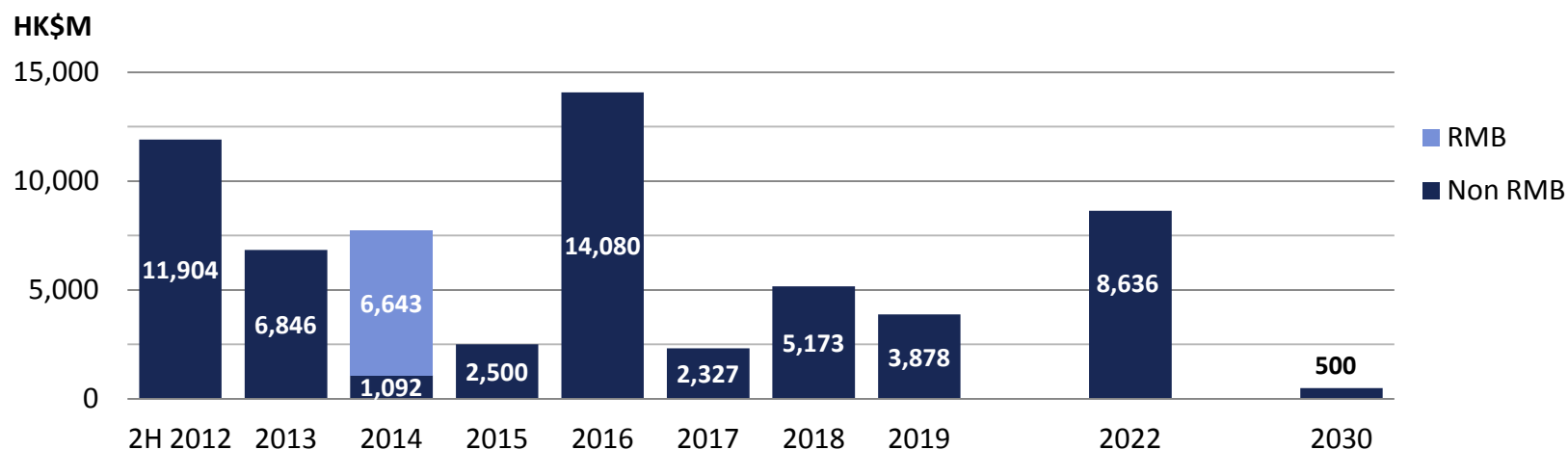
Financial Summary

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Liquidity

	Dec 2011 HK\$M	Jun 12 HK\$M	Change %
Bank balances and short-term deposits	3,880	9,158	+136%
Total undrawn facilities			
- Committed	16,459	12,543	-24%
- Uncommitted	6,373	6,289	-1%

Refinancing Profile at 30th June 2012





Property

To be a leading developer, owner and operator of mixed-use commercial properties in Hong Kong and Mainland China.

Results Highlights

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Key Highlights

- Reduction in attributable underlying profit reflects the reduction in Swire Pacific's interest in Swire Properties from 100% to 82% as a result of the listing of Swire Properties.
- If 100% of the results had been taken into account, the Property Division would have recorded an increase of HK\$125m in underlying profit.
- Investment property revaluation gains of HK\$7,846m were recorded compared to HK\$18,083m in the first half of 2011.

Key Financial Data

HK\$M	Jun 2012	Change %
Turnover	4,907	+5% ↑
Operating profit	10,301	-50% ↓
Attributable profit	8,038	-60% ↓
Underlying profit	1,918	-13% ↓



Results Highlights (100% basis)

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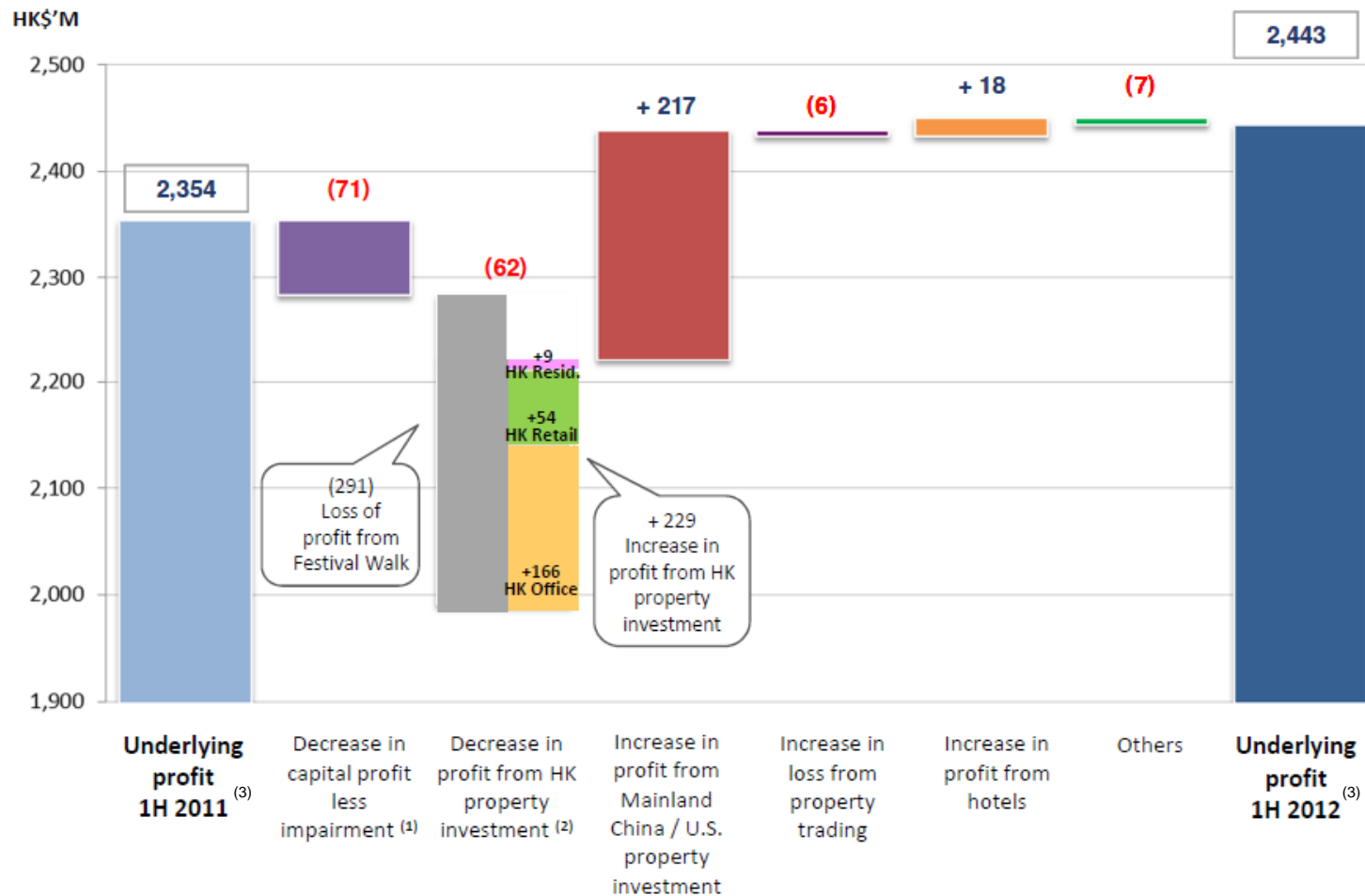
HK\$M	1H 2011	(excl. FW)	1H 2012	Change	(excl. FW)
Turnover	4,665	4,159	4,907	+5.2%	+18.0%
Valuation gains on investment properties	17,553	16,455	7,103	-59.5%	-56.8%
Operating profit	20,686	19,183	10,364	-49.9%	-46.0%
Attributable profit	20,023	18,634	9,862	-50.7%	-47.1%
Underlying profit	2,354	2,063	2,443	+3.8%	+18.4%
Adjusted underlying profit	2,283	1,992	2,443	+7.0%	+22.6%
Earnings per share (HK\$ per share)	3.52	-	1.69	-52.0%	-
Underlying earnings per share (HK\$ per share)	0.41	-	0.42	+2.4%	-
First interim dividend per share ⁽¹⁾ (HK\$ per share)	-	-	0.22	n.m.	-
HK\$M	Dec 2011		Jun 2012	Change	
NAV attributable to the Company's shareholders ⁽²⁾	176,043	-	184,640	+4.9%	-
Net debt	27,700	-	30,535	+10.2%	-
Gearing ratio	15.7%	-	16.5%	n.m.	-
NAV per share ⁽²⁾ (HK\$ per share)	30.09	-	31.56	+4.9%	-

(1) First interim dividend for 2012 was declared on 10th Aug 2012 and is payable on 4th Oct 2012. For reference, an interim dividend (in lieu of a final dividend) of HK\$0.18 per share for the full year 2011 was declared on 15th March 2012 and paid on 3rd May 2012.

(2) NAV refers to total equity attributable to the Company's shareholders.

(3) Gross rental income of Festival Walk for 1H 2011 was HK\$ 506 million.

Movement in Underlying Profit (100% basis)



1H 2012
Underlying Profit
HK\$ 2,443 m
+ 3.8%

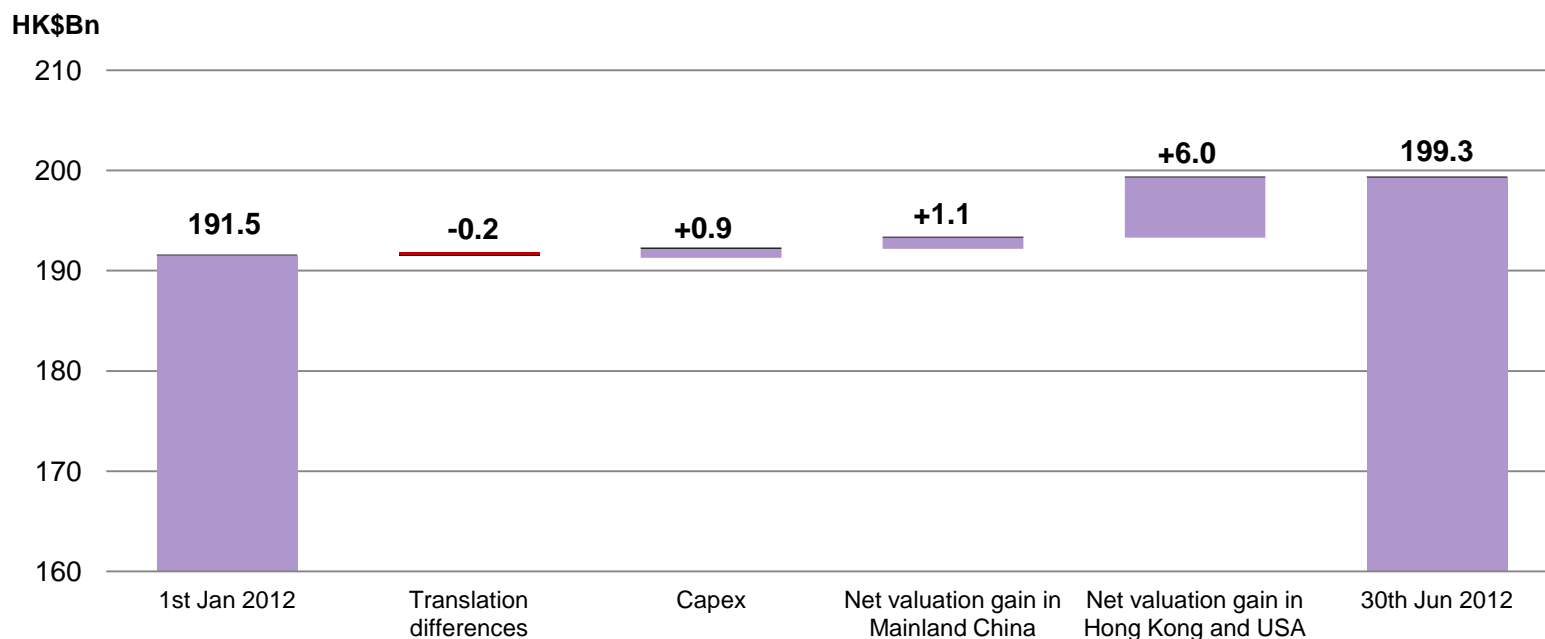
- (1) Reduction in capital profit less impairment reflects reversal of a previously recorded impairment made for a property held for future development in 1H 2011.
- (2) Decrease in profit from HK property investment was mainly due to the loss of rental income from Festival Walk. The net rental income for Festival Walk was HK\$416 million in 1H 2011.
- (3) Underlying profit adjusted for the fair value movement in respect of a put option in favour of the owner of a non-controlling interest in Sanlitun Village.

Results Analysis

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Investment Properties

Movements in Investment Properties

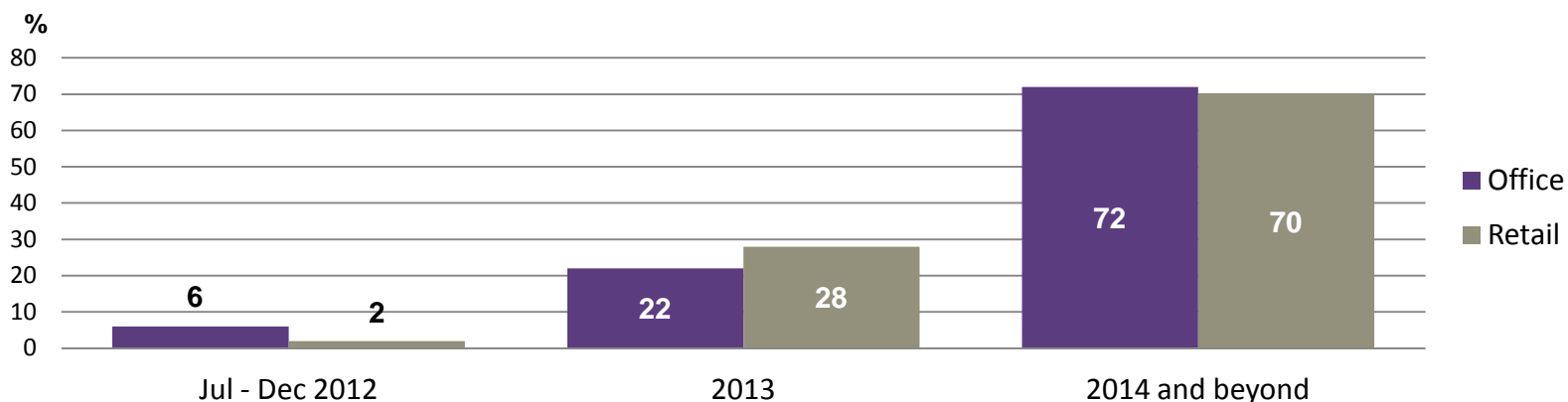


- Revaluation gains of HK\$7.1Bn or 4% in the first half of 2012 (excluding the Group's share of revaluation movements of jointly controlled and associated companies).
- The increase in the valuation of the investment property portfolio principally reflects improved rental rates for the Hong Kong portfolio.

Operating Statistics

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Hong Kong Lease Expiry Profile* - at 30th June 2012



* Based on percentage of the total rental income attributable to the Group for the month ended 30th June 2012.

Latest Rentals	
	HK\$ per sq. ft.
One & Two Pacific Place	110-120
Three Pacific Place	95-100
Island East	High 30s to mid 40s
Techno-centres ⁽¹⁾	Low to mid 20s
One Island East	Mid 50s to high 60s

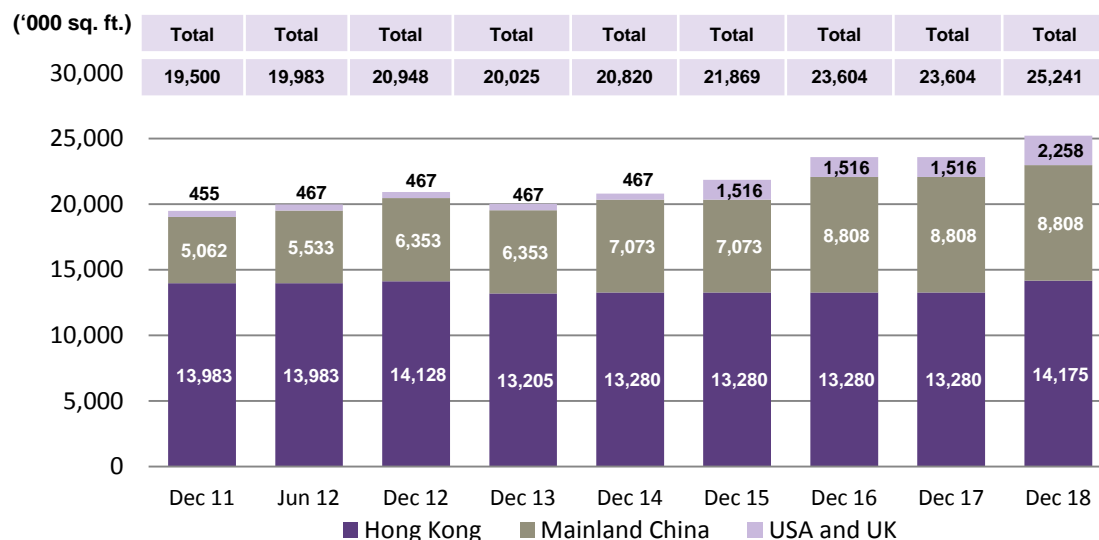
Vacancies at 30th June 2012		
	Vacancy (sq. ft.) ⁽²⁾	
Office and techno-centres	156,493 ⁽³⁾	1.8%
TaiKoo Hui office	454,101	25.9%
INDIGO office	76,144	27.3%
Retail (principally Sanlitun Village and INDIGO)	125,185	3.6%

⁽¹⁾ Excluding Somerset House ⁽²⁾ Based on lettable area ⁽³⁾ Wholly-owned properties

Future Developments

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Completed Principal Property Investment Portfolio*



* Gross floor area represents 100% of space owned by Group companies and the Group's attributable share of space held by jointly controlled and associated companies.

Projects	Expected completion date
Hong Kong	
28 Hennessy Road	Q3 2012
8 Queen's Road East	Q2 2013
23 Tong Chong Street	Q4 2014
Somerset House (Redevelopment)	2018 (2013)
Mainland China	
EAST, Beijing	Q3 2012
Daci Temple, Chengdu	2014
Dazhongli, Shanghai	2016
USA	
Brickell CitiCentre	Q4 2015 / 2018

Profile of Capital Commitments — for Investment Properties and Hotels at 30th June 2012

(HK\$M)	Expenditure	Forecast period of expenditure					Commitments
	Six months ended 30th Jun 2012	Six months ending 31st Dec 2012	2013	2014	2015 & beyond		at 30th Jun 2012
Property Project							
Hong Kong projects	939	663	593	663	4,408		6,327
Mainland China projects	1,144	1,500	2,862	2,123	1,405		7,890
USA projects	32	396	828	1,100	107		2,431
UK hotels	27	-	-	-	-		-
Total	2,142	2,559	4,283	3,886	5,920		16,648*

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

An aerial photograph of a Cathay Pacific A350-900 aircraft on a runway. The aircraft is white with a dark grey nose and tail. The words "CATHAY PACIFIC" and "Asia's world city" are visible on the fuselage. The aircraft is positioned diagonally across the frame, with its nose pointing towards the bottom right. A teal-colored rectangular overlay covers the top left portion of the image, containing the title "Aviation" and a paragraph of text. The background shows the runway and taxiway markings.

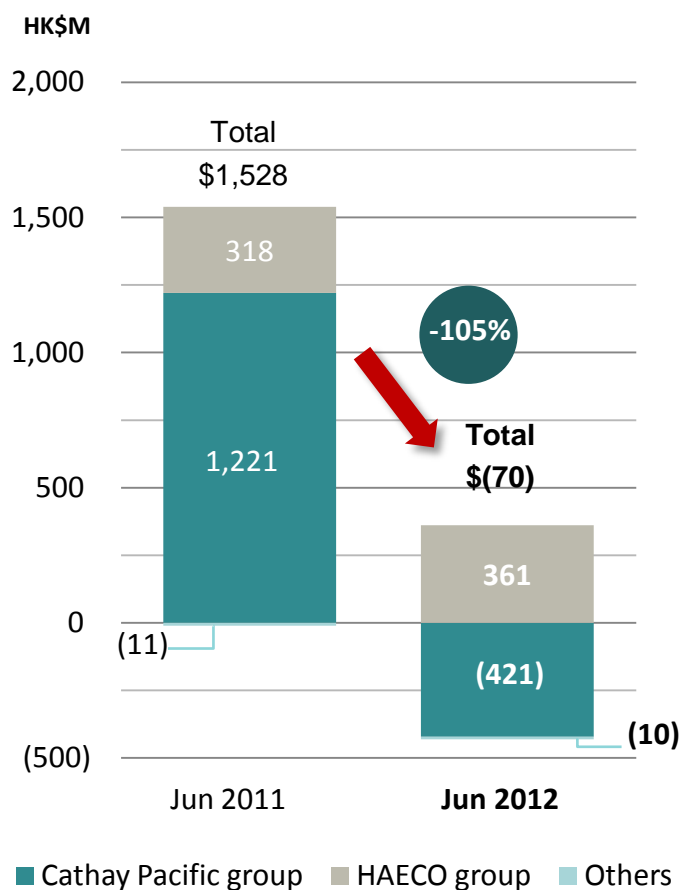
Aviation

To develop and strengthen Hong Kong as a hub for aviation services, including passenger, cargo and aircraft engineering services.

Results Highlights

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Attributable Profit



Key Financial Data

HK\$M	Jun 2012	Change %
HAECO group		
Turnover	2,899	+14% ↑
Operating profit	316	-8% ↓
Attributable profit	361	+14% ↑
Share of post-tax loss from an associated company		
Cathay Pacific group	(421)	-134% ↓



Cathay Pacific Group Highlights

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Key Highlights

- The Cathay Pacific group reported an attributable loss of HK\$935m compared to a profit of HK\$2,808m in 1H 2011.
- The core business was significantly affected by the persistently high price of jet fuel, pressure on passenger yields and weak air cargo demand.
- Passenger revenue for the period increased by 9%, ahead of the 7% increase in capacity. However, pressure on economy class yields continued and there was a reduction in premium class demand.
- Air cargo markets continued to be weak. There was a 10% reduction in the tonnage carried and an 8% decrease in cargo revenue.
- Cathay Pacific's associated company, Air China, also showed a marked decline.



Key Financial Data

CX group (100% basis)		
	Jun 2012 HK\$M	Change %
Turnover	48,861	+4%
Attributable loss	(935)	-133%

Key Operating Statistics

		Jun 2012	Change %
Available tonne kilometres (ATK)	Million	12,944	+1%
Revenue passengers carried	'000	14,312	+9%
Passenger yield	HK¢	66.1	+1%
Cargo and mail carried	Tonnes	754,000	-10%
Cargo and mail yield	HK\$	2.41	-0%

HAECO Group Highlights

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Key Highlights

- The HAECO business in Hong Kong experienced firm demand for its airframe maintenance services in 1H 2012 and its line maintenance business benefited from an increase in aircraft movements at HKIA.
- Results from TAECO were adversely affected by lower demand for its airframe maintenance services and increases in wage and other operating costs.
- HAESL performed well. The joint ventures in Mainland China remained under-utilised despite higher output.

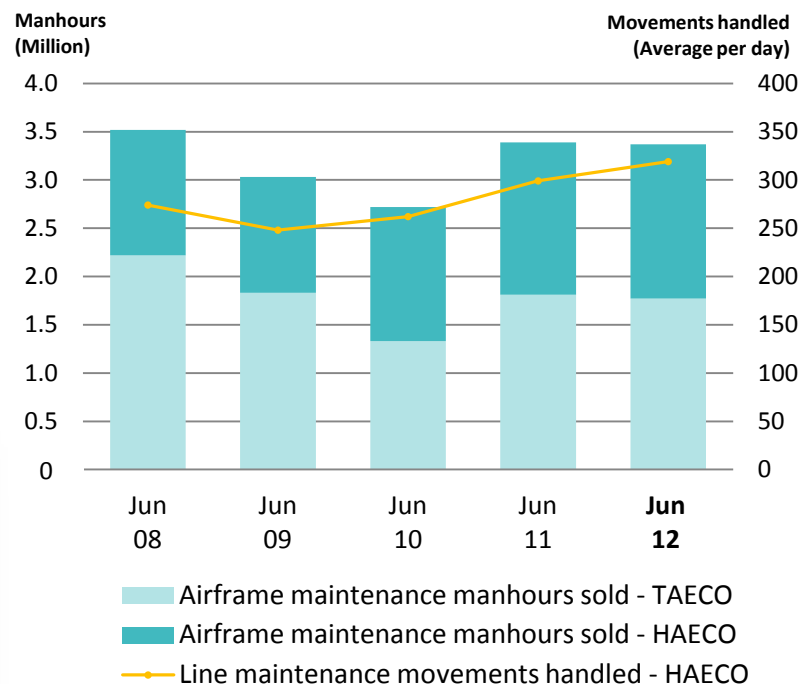
Key Financial Data

Turnover breakdown

	Jun 2012 HK\$M	Change %
HAECO	1,765	+8%
TAECO	815	-1%
Others	319	+314%
Total	2,899	+14%



Key Operating Statistics





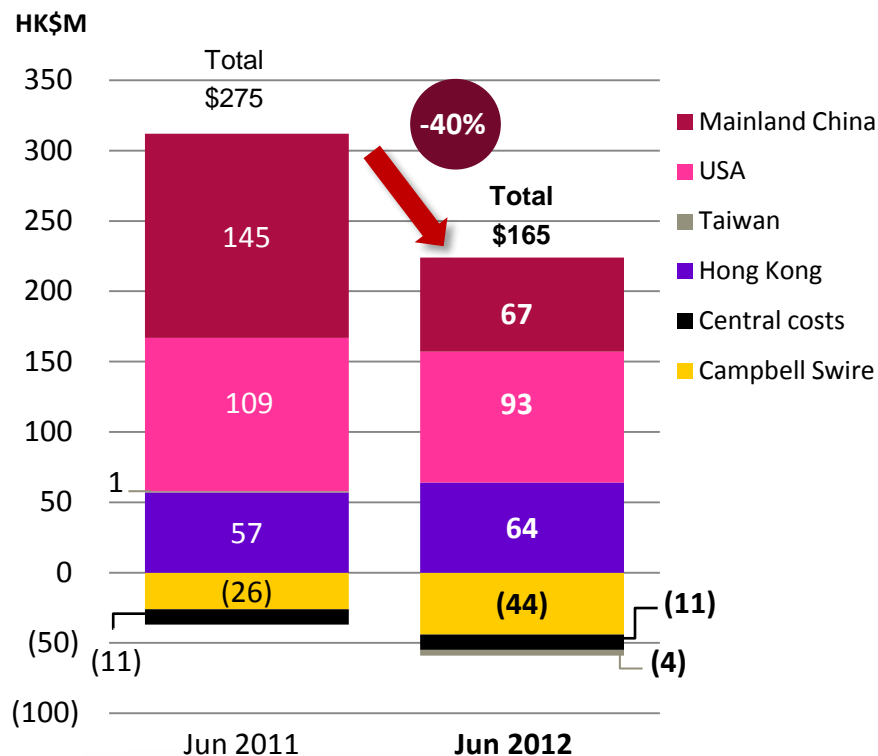
Beverages

To be a first class supplier of non-alcoholic beverages in its developed and emerging markets.

Results Highlights

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Attributable Profit



Key Financial Data

	Jun 2012 HK\$M	Change %
Turnover	4,381	+2% ↑
Operating profit	195	-18% ↓
Share of post-tax profits from jointly controlled and associated companies	83	-49% ↓
Attributable profit	165	-40% ↓

Key Highlights

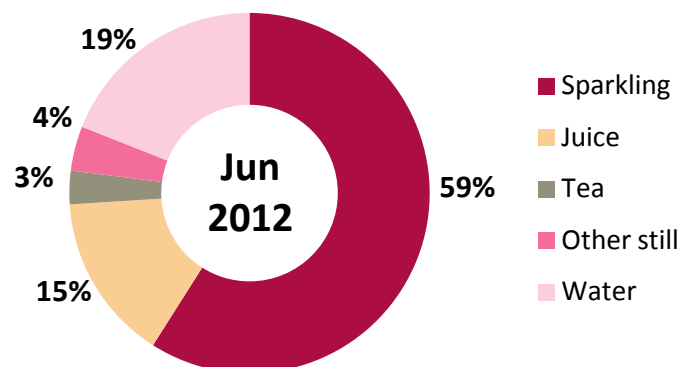
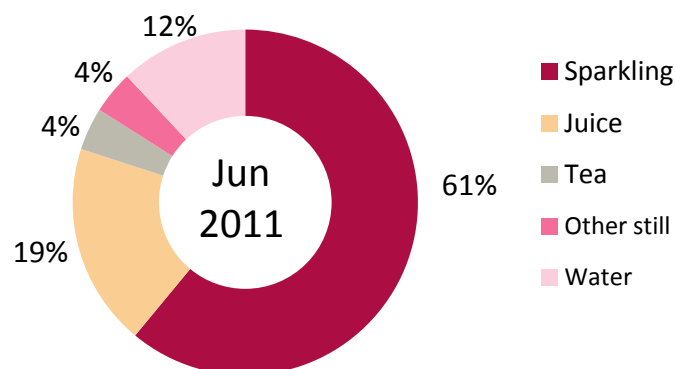
- The attributable profit of Swire Beverages fell by 31% to HK\$209m. The remainder of the reduction in attributable profit reflects an increase in attributable loss from the Campbell Swire JV.
- Taiwan had a weak first half, with declining sales volumes and profit.
- Hong Kong recorded an increase in sales volumes and profit.
- Sales volumes in Mainland China and the USA were also better but higher operating costs led to decreases in profits.

Volume Analysis

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- Overall sales volume grew by 1% to 472 million unit cases, compared with growth of 10% in 1H 2011.

Volume by Category



Segment Information

Mainland China*			Hong Kong		
Turnover	Attributable Profit	Sales Volume	Turnover	Attributable Profit	Sales Volume
↑ HK\$7,869m	↓ HK\$67m	↑ 374m u/c	↑ HK\$973m	↑ HK\$64m	↑ 30m u/c
Taiwan			USA		
Turnover	Attributable Loss	Sales Volume	Turnover	Attributable Profit	Sales Volume
↓ HK\$715m	↓ HK\$(4)m	↓ 28m u/c	↑ HK\$1,885m	↓ HK\$93m	↑ 40m u/c

*Attributable to the Beverages Division's seven Coca-Cola franchises in Mainland China.



Marine Services

To maintain and strengthen:

- Swire Pacific Offshore's position as a leader in the offshore energy supply industry
- HUD's strong position in ship repair and harbour towage services in Hong Kong

PACIFIC ROVER

Results Highlights

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Attributable Profit



Key Financial Data

Swire Pacific Offshore group

	Jun 2012 HK\$M	Change %
Turnover	2,252	+42% ↑
Operating profit	398	+5% ↑
Attributable profit	369	-1% ↓

Share of post-tax profits from jointly controlled companies

HUD group	27	-34% ↓
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Key Highlights

- Excluding the profit of HK\$69m on disposal of five SPO vessels in 1H 2011 and the profit of HK\$14m on disposal of three SPO vessels in the 1H 2012, the Marine Services Division reported an 11% increase in profit in 1H 2012.
- SPO's overall average fleet utilisation and daily charter hire rates increased by 6% pts and 18% respectively.
- Total operating costs increased by 45%.

Key Operating Statistics

SPO – 1H 2012

Average fleet utilisation rate:

+6% pts

Average daily charter hire rates:

+18%

Operating costs:

+45%

SPO Outlook

SPO Fleet Growth

Vessel class		Vessels in operation	Vessels on order to be received in				
		30th Jun 2012	2012	2013	2014	2015	
	BHP						
Survey	5,000-7,720	2	-	-	-	-	
AHTS	2,600-5,440	29	-	-	-	-	
AHTS	6,000-12,240	33	-	-	-	-	
AHTS	16,310	1	-	1	-	-	
AHTS	17,860-18,250	-	-	5	3	-	
	Deadweight tonnage						
PSV	3,250-4,700	7	1	1	8	6	
Ice-breaking vessels*	4,480	3	-	-	-	-	
Accommodation barges	7,800	-	2	-	-	-	
	Crane capacity						
Wind farm installation vessels**	1,200 tonnes, 31 metres	-	2	-	-	-	
Inspection, maintenance and repair vessels*	100 tonnes, 8 metres	2	-	-	-	-	
Total		77	5	7	11	6	

*Includes one E-class vessel and one Z-class vessel chartered from external parties.

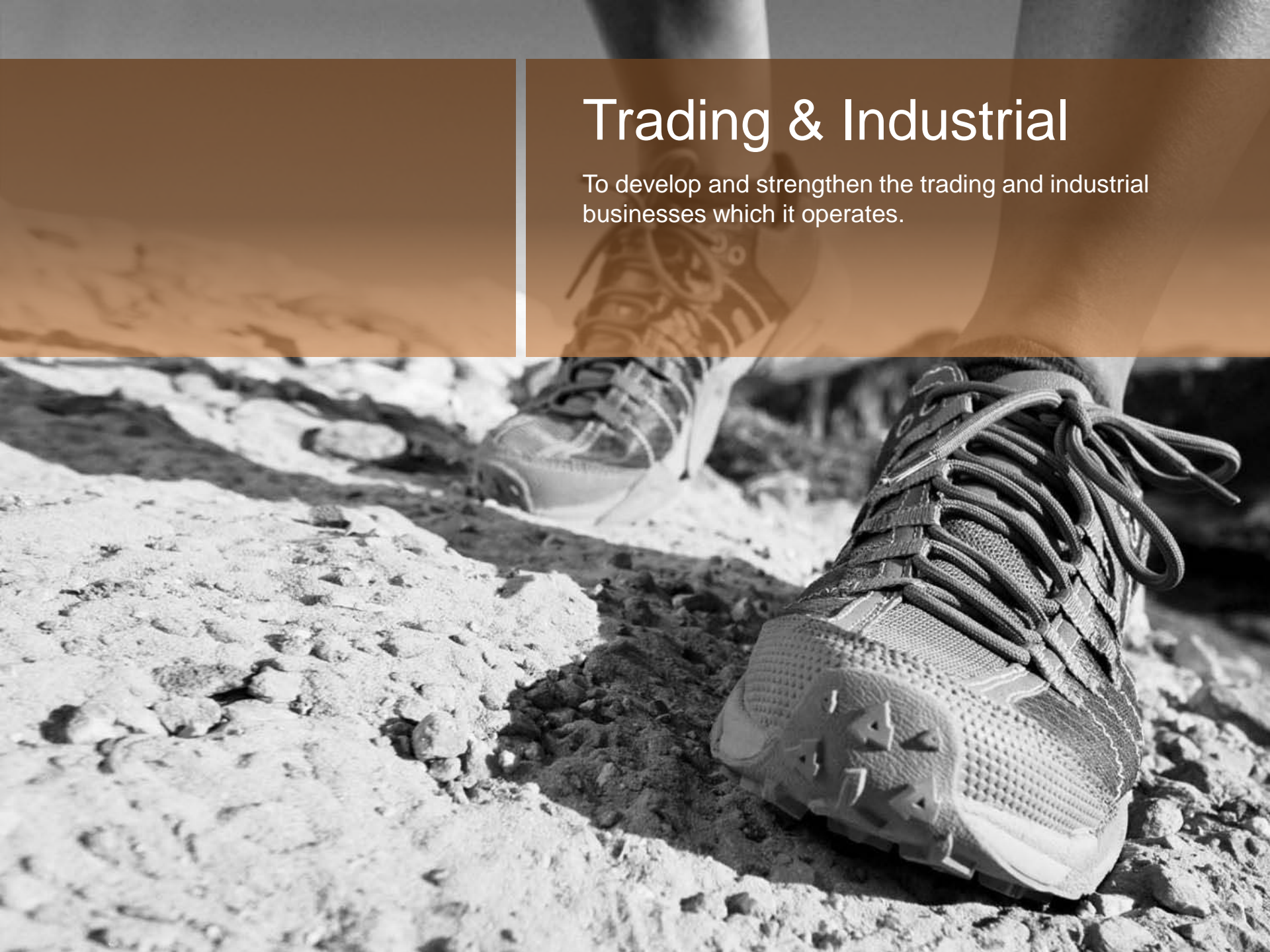
**SPO took delivery of the first of two O-class wind farm installation vessels in July 2012.

Profile of Capital Commitments – at 30th June 2012

(HK\$M)	Expenditure	Forecast period of expenditure					Commitments
	Six months ended 30th Jun 2012	Six months ending 31st Dec 2012	2013	2014	2015		at 30th Jun 2012
Vessels	2,646	3,220	4,266	2,964	1,414		11,864
Other fixed assets	26	22	2	1	-		25
Total	2,672	3,242	4,268	2,965	1,414		11,889

Trading & Industrial

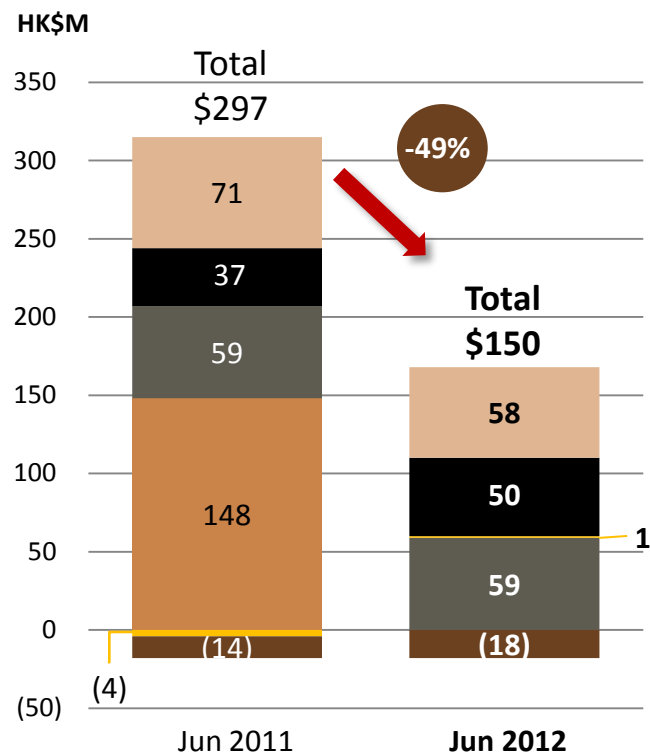
To develop and strengthen the trading and industrial businesses which it operates.



Results Highlights

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Attributable Profit



- Sale of interest in PUMA
- Akzo Nobel Swire Paints
- Taikoo Sugar
- Taikoo Motors group
- Swire Resources group
- Other activities

Key Highlights

Swire Resources group

- Excluding the gain on disposal of PUMA in 1H 2011, attributable profit decreased by 18% in 1H 2012 to HK\$58m.

Taikoo Motors group

- The 35% increase in profit to HK\$50m principally reflected an increase in the number of vehicles sold.

Taikoo Sugar

- Margins benefited from increased selling prices, but sugar costs remained high.

Akzo Nobel Swire Paints

- Attributable profit was in line with 1H 2011. An increase in profit in Mainland China was offset by a decrease in profit from the Hong Kong business.



Prospects

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Property	<u>Positive Factors</u>	<u>Negative Factors</u>
Aviation	<ul style="list-style-type: none"> Office rentals at Pacific Place and Island East are expected to be relatively resilient due to high occupancy and limited new supply. 	<ul style="list-style-type: none"> Demand for office space in Hong Kong is expected to be affected by uncertain market conditions.
Beverages	<ul style="list-style-type: none"> Tenants are expected to continue to relocate to Island East in order to reduce costs. 	<ul style="list-style-type: none"> Trading conditions for the division's hotels are expected to be more challenging.
Marine Services	<ul style="list-style-type: none"> The Hong Kong retail market is expected to benefit from low unemployment in Hong Kong and from tourism from Mainland China. 	
Trading & Industrial	<ul style="list-style-type: none"> Profits from property trading are expected to be significant. 	

Prospects

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Property	<div> <div> <u>Positive Factors</u> <ul style="list-style-type: none"> ▪ The Cathay Pacific group's financial position remains strong and it is in a good position to manage short-term difficulties while remaining committed to its long-term strategy. ▪ The group will continue to invest in new aircraft, new products and services and with the building of its own cargo terminal at HKIA. ▪ The recent reduction in oil price will, if sustained, provide welcome relief. </div> <div> <u>Negative Factors</u> <ul style="list-style-type: none"> ▪ The Cathay Pacific group will continue to be affected by factors beyond its control, such as economic fluctuations and fuel prices. ▪ A challenging 2H 2012 is expected for the HAECO group due to increasing economic uncertainty. </div> </div>
Aviation	
Beverages	
Marine Services	
Trading & Industrial	

Prospects

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Property

Aviation

BeveragesMarine
ServicesTrading &
Industrial

Positive Factors

- Profits in 2H 2012 will reflect the fact that consumption of soft drinks peaks in the summer months.
- In Mainland China, smaller packaging is being introduced which is intended to increase the range of prices at which these products are available. The smaller sizes should be attractive to consumers concerned about affordability.

Negative Factors

- Challenging trading conditions will continue in Mainland China.
- Pressure on margins will continue in Mainland China as a result of competitive pressure on prices and increasing staff and tax costs.

Prospects

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Property

Aviation

Beverages

**Marine
Services**

Trading &
Industrial

Positive Factors

- Conditions in the offshore energy industry are expected to be positive in 2H 2012 and beyond.
- Demand for SPO's specialist vessels is expected to increase as exploration and production in deeper waters further offshore continues to grow.
- SPO's charter hire and utilisation rates are expected to improve.

Negative Factors

Prospects

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Property

Aviation

Beverages

Marine
Services

Trading &
Industrial

Positive Factors

- The outlook for Swire Resources and Taikoo Sugar is stable despite the economic uncertainty.
- The Akzo Nobel Swire Paints business is expected to perform steadily for the remainder of the year, reflecting conditions in residential property markets in Mainland China and Hong Kong.

Negative Factors

- Taikoo Motors is cautious about the prospects for 2H 2012, as economic uncertainty will put pressure on vehicle sales.



Appendix

Appendix - Corporate Structure

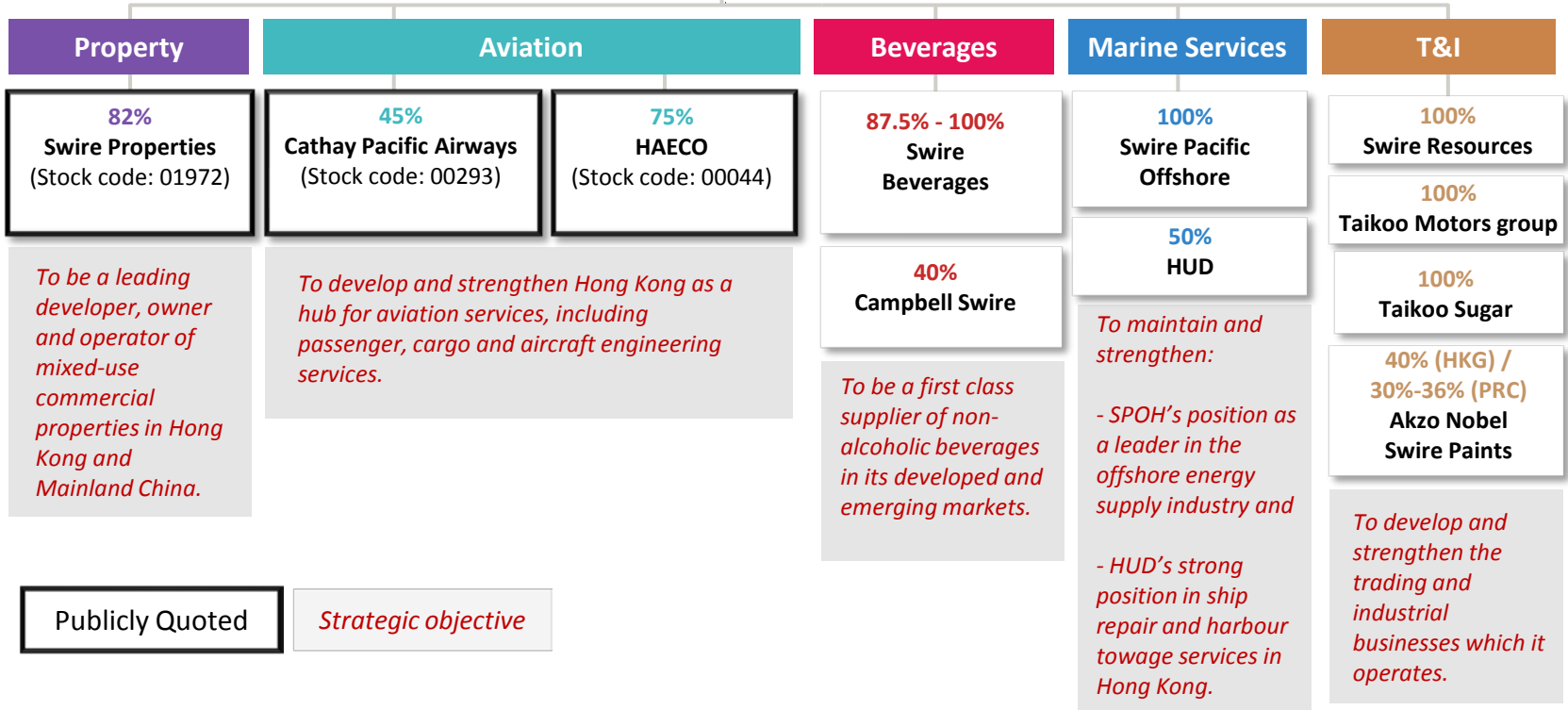
As at 30th June 2012

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Swire Pacific Limited
(‘A’ shares: 00019; ‘B’ shares: 00087)

Sustainable growth in shareholder value over the long term

Attributable Profit: HK\$8,441m ↓ -65%	Underlying Profit: HK\$2,255m ↓ -51%	Earnings per ‘A’ share : HK\$5.61 ↓ -65%	Equity attributable to the Company’s shareholders per ‘A’ share: HK\$133.30 ↓ -11%
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Appendix - Corporate Structure

As at 30th June 2012

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Swire Pacific Limited

Property

Investment Properties

Hong Kong
 ■ Pacific Place
 ■ Island East
 ■ Citygate
Mainland China - Beijing
 ■ Sanlitun Village
 ■ INDIGO
Mainland China - Guangzhou
 ■ TaiKoo Hui

Future Developments

Mainland China - Chengdu
 ■ Daci Temple
Mainland China - Shanghai
 ■ Dazhongli
USA - Miami
 ■ Brickell CitiCentre

Hotels

Hong Kong
 ■ The Upper House
 ■ EAST Hong Kong
Mainland China - Beijing
 ■ The Opposite House
USA - Miami
 ■ Mandarin Oriental
UK
 ■ Brighton, Bristol, Cheltenham and Exeter

Property Trading

Hong Kong
 ■ AZURA
 ■ ARGENTA
USA - Miami
 ■ ASIA

Aviation

Cathay Pacific group

Airlines

■ Cathay Pacific
 ■ Dragonair
 ■ Air Hong Kong (60%)
 ■ Air China (19.53%)

Cargo Terminal

■ Cathay Pacific Cargo Services

Other Operations

■ Cathay Pacific Catering Services
 ■ Hong Kong Airport Services

No. of Aircraft: 181

HAECO group



■ HAECO
 ■ TAECO (58.55%)
 ■ HAESL and SAESL (45% and 9%)

Beverages

Swire Beverages

Has the right to manufacture, market and distribute the products of the Coca-Cola Company



Hong Kong

No. of Bottling Plants: 1

Mainland China

No. of Bottling Plants: 10

Taiwan

No. of Bottling Plants: 2

USA

No. of Bottling Plants: 2

Campbell Swire

A joint venture with The Campbell Soup Company. Manufacture, sell and distribute soup and broth products in Mainland China

Marine Services

Swire Pacific Offshore

Operates a fleet of specialist vessels supporting the offshore energy industry in every major offshore production and exploration region outside North America

No. of Vessels: 77



HUD group

Ship repair and harbour towage services in Hong Kong

No. of Vessels: 21



T&I

Trading

Swire Resources group

Distribution and retailing of sports and casual footwear and apparel in Hong Kong and Mainland China

GigaSports

CATALOG 

Taikoo Motors group

Distribution and retailing of motor vehicles in Taiwan and Hong Kong



Industrial

Taikoo Sugar

Packaging and selling sugar products in Hong Kong and Mainland China

Akzo Nobel Swire Paints

Manufacture and distribution of paint in Hong Kong and Mainland China





SWIRE PACIFIC

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