

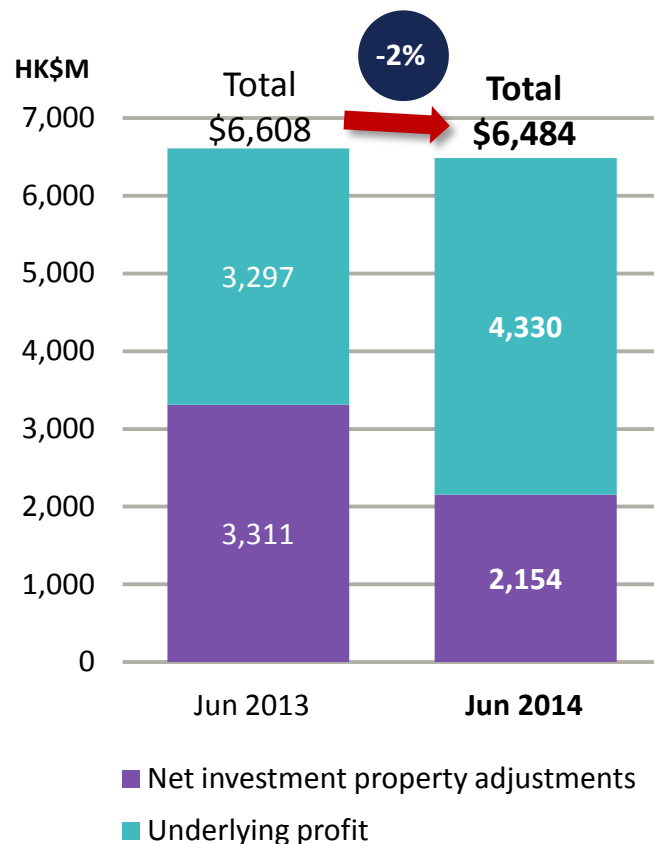


2014 Interim Results Analyst Briefing

14th August 2014 | Hong Kong

Financial Summary

Attributable Profit



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

Turnover

Jun 2013: HK\$23,776m

+27%

Jun 2014: HK\$30,111m

Underlying Profit

Jun 2013: HK\$3,297m

+31%

Jun 2014: HK\$4,330m

Dividends Per Share

Jun 2013:
HK\$1.00 per 'A' share
HK\$0.20 per 'B' share

+10%

Jun 2014:
HK\$1.10 per 'A' share
HK\$0.22 per 'B' share

Cash Generated from Operations

Jun 2013: HK\$6,572m

+17%

Jun 2014: HK\$7,698m

Net Debt

Dec 2013: HK\$50,505m

+15%

Jun 2014: HK\$58,226m

Gearing Ratio

Dec 2013: 19.2%

+2.8% pts

Jun 2014: 22.0%

Equity Attributable to the Company's Shareholders

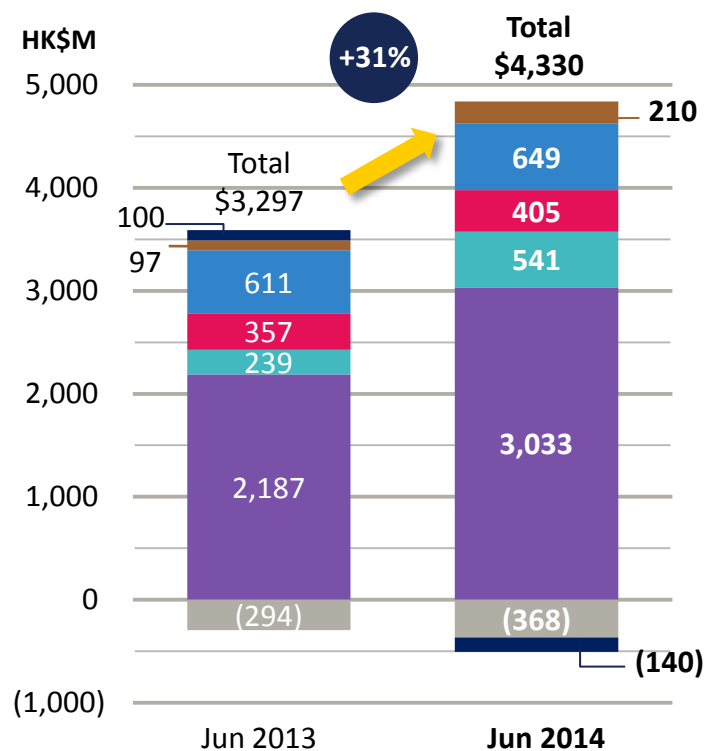
Dec 2013: HK\$220,297m

+1%

Jun 2014: HK\$221,703m

Financial Summary

Underlying Profit



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

For the period ended 30th June 2014	Underlying Profit HK\$M	Capital Profits less Impairments HK\$M	Adjusted Underlying Profit HK\$M
Property	3,058	(25)	3,033
Aviation	357	184	541
Beverages	403	2	405
Marine Services	658	(9)	649
Trading & Industrial	212	(2)	210
Head Office	(358)	(10)	(368)
Total	4,330	140	4,470

Financial Summary

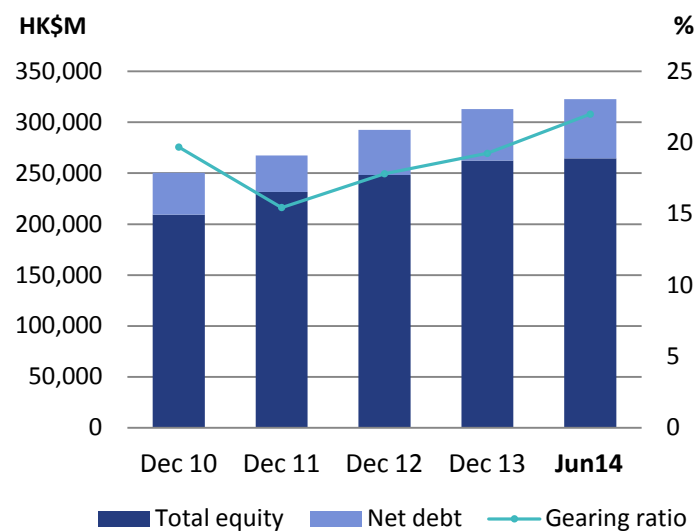
Financing

	Dec 10	Dec 11	Dec 12	Dec 13	Jun 14
Net debt (HK\$M)	41,221	35,768	44,254	50,505	58,226
Gearing (%)	19.7%	15.4%	17.8%	19.2%	22.0%
Interest cover (underlying) – times	10.3	10.4	6.7	5.5	6.1
Cash interest cover (underlying) – times	8.3	8.4	5.4	4.5	4.9

Net Debt Reconciliation

	HK\$Bn
Net debt at 1st January 2014	50.5
Cash from operations	(7.7)
Net dividend paid	3.8
Capex and investments less proceeds	10.1
Net interest paid	1.1
Tax paid	0.4
Net debt at 30th June 2014	58.2

Gearing Ratio



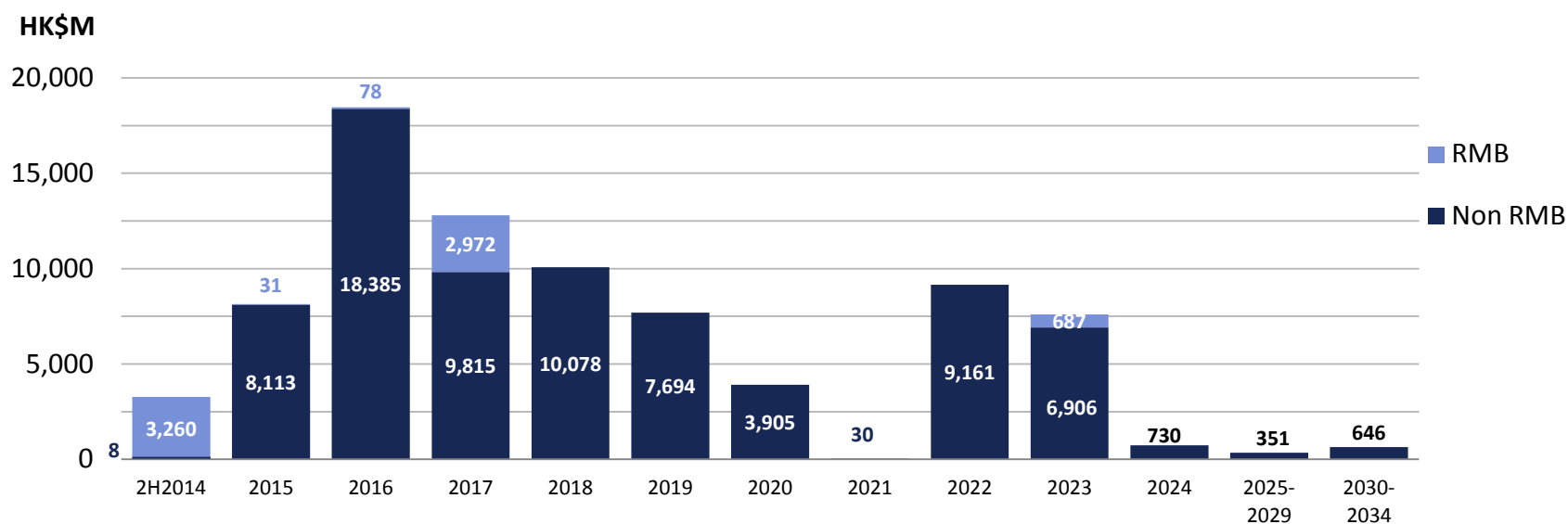
Financial Summary

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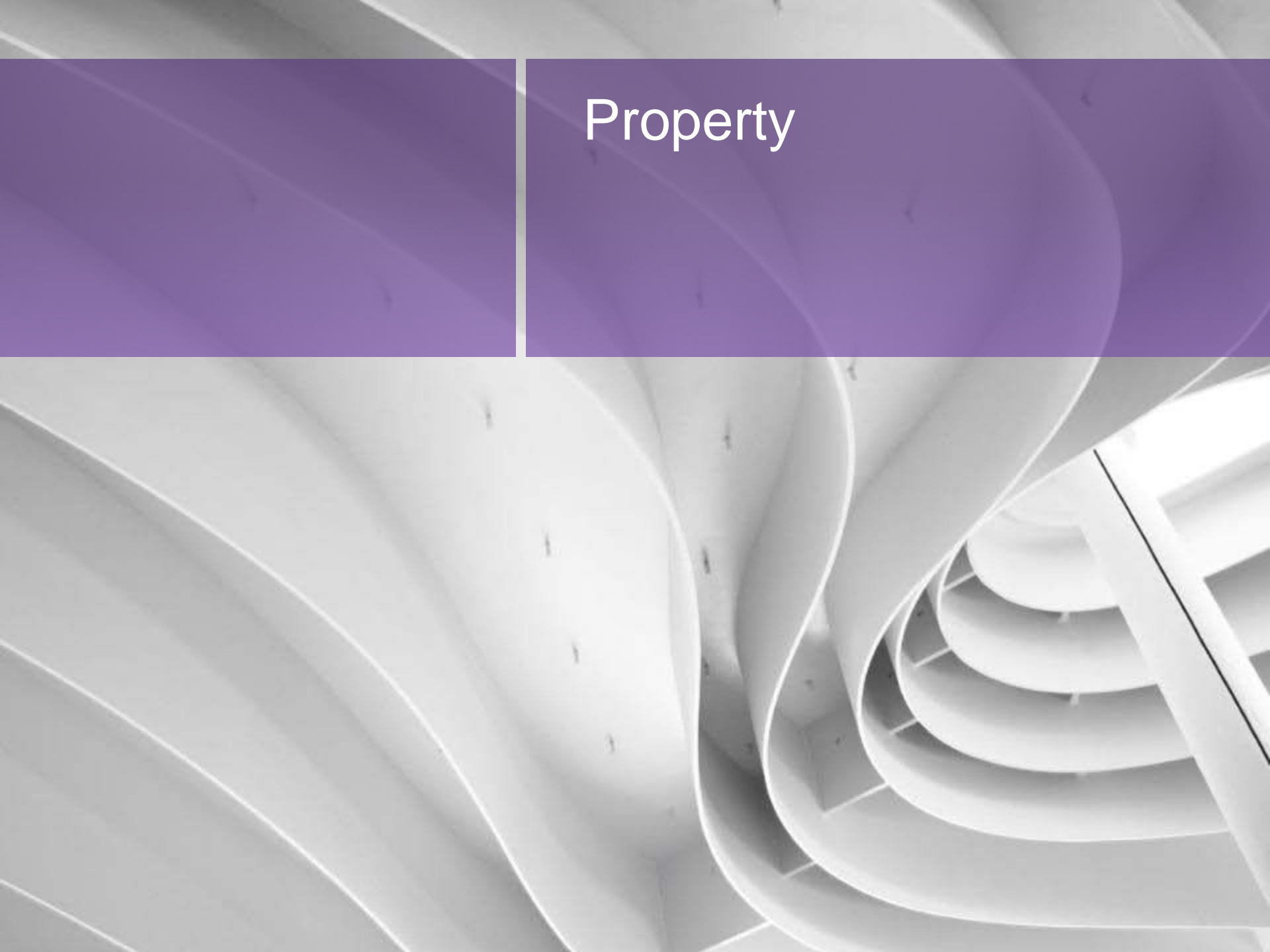
Liquidity

	Dec 13 HK\$M	Jun 14 HK\$M	Change %
Bank balances and short-term deposits	11,288	11,026	-2%
Total undrawn facilities			
- Committed	19,518	14,783	-24%
- Uncommitted	8,848	9,423	+6%

Refinancing Profile at 30th June 2014



Property



Results Highlights

HK\$M (Swire Properties - 100% basis)	Jun 13	Jun 14	Change %
Attributable profit	6,952	6,461	-7%
Underlying profit	2,812	3,775	+34%
Valuation gains on investment properties	4,068	2,357	-42%

HK\$M (Swire Pacific's share)	Jun 13	Jun 14	Change %
Attributable profit	5,656	5,286	-7%
Underlying profit	2,190	3,058	+40%

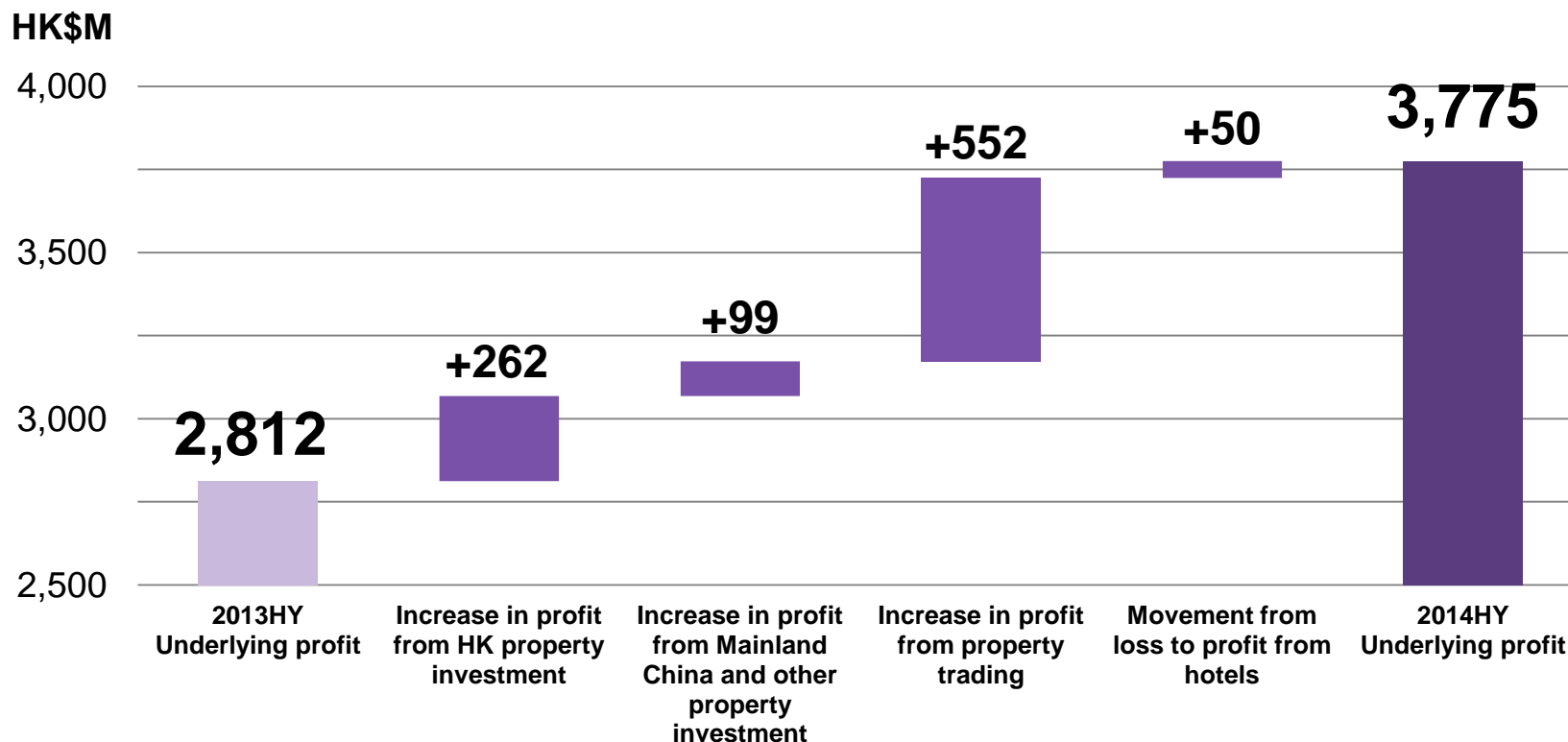
Key Highlights

- Underlying attributable profit increased by HK\$868m to HK\$3,058m.
- Positive rental reversions at the office and retail properties in Hong Kong.
- Positive rental reversions and higher retail sales at TaiKoo Hui in Guangzhou and Taikoo Li Sanlitun in Beijing.
- Increase in profit from property trading principally reflects sales of units at the ARGENTA, MOUNT PARKER RESIDENCES and DUNBAR PLACE residential developments in Hong Kong.
- Performance at the hotel portfolio improved, in particular in Mainland China.



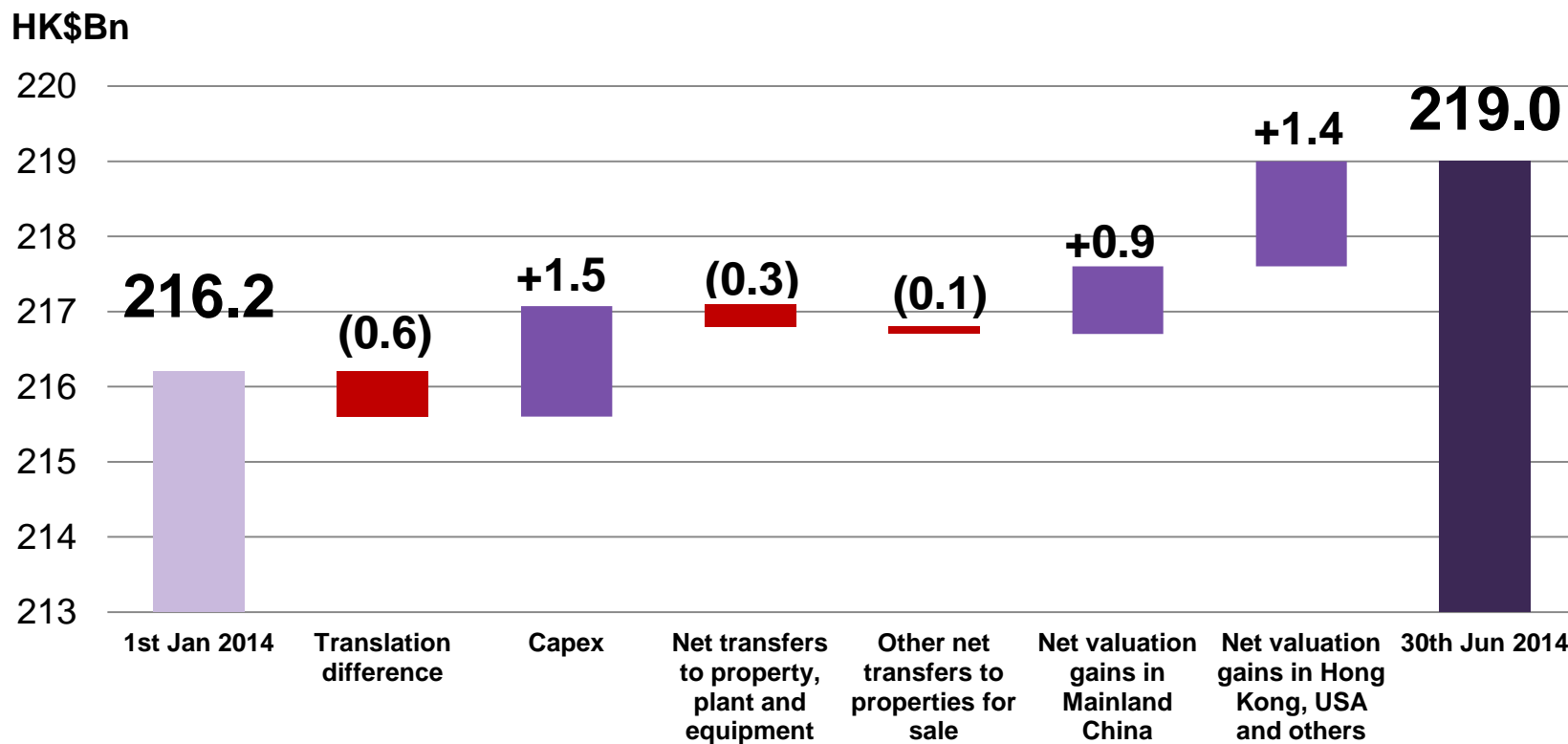
Movement in Underlying Profit (Swire Properties - 100% basis)

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Movement in Investment Properties

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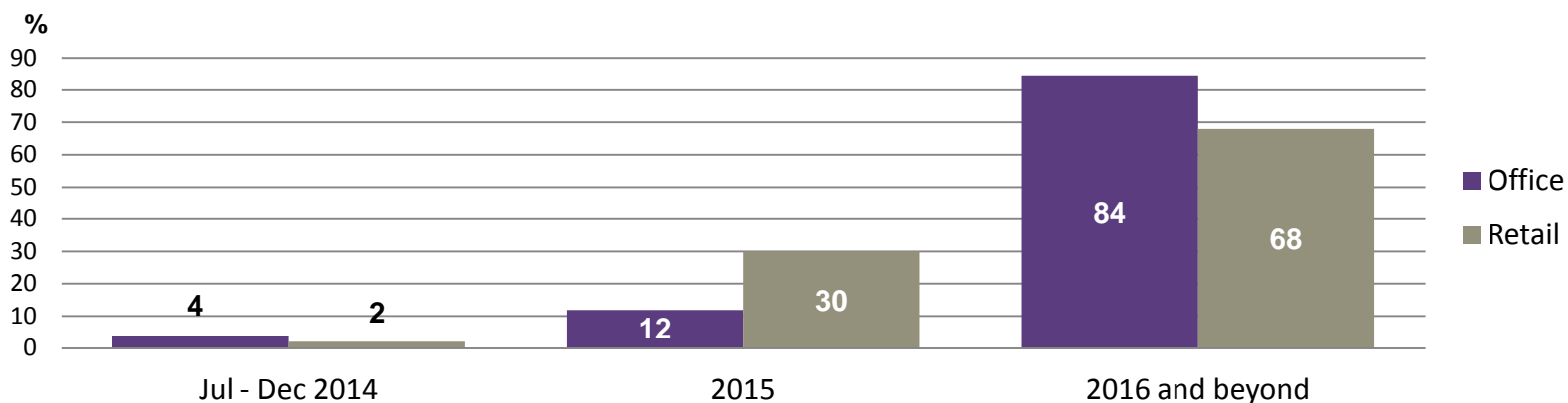


- Revaluation gains of HK\$2.3Bn in the first half of 2014 (excluding the Group's share of revaluation movements of joint venture and associated companies).
- The increase in the valuation of the investment property portfolio principally reflects improved rental rates for the Hong Kong and Mainland China portfolio.

Operating Statistics

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Hong Kong Lease Expiry Profile* - at 30th June 2014



* Based on percentage of the total rental income attributable to the division for the month ended 30th June 2014.

Latest Rentals

	HK\$ per sq. ft.
One & Two Pacific Place	95-110
Three Pacific Place	90-95
Island East	Low 40s to high 40s
Techno-centres ⁽¹⁾	Mid 20s
One Island East	Mid 50s to high 60s

Occupancies at 30th June 2014

	Occupancy rate ⁽²⁾
Office and techno-centres ^{(1),(3)}	97%
TaiKoo Hui office	99%
ONE INDIGO	96%
Taikoo Li Sanlitun	97%
INDIGO Mall	95%

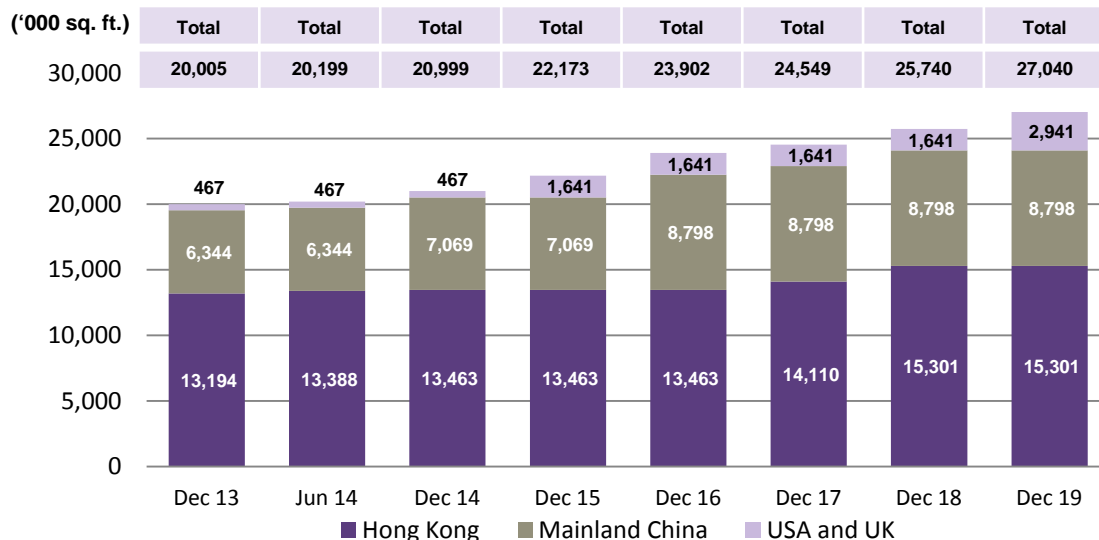
⁽¹⁾ Excluding Somerset House

⁽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 division's attributable share of space held by joint venture and associated companies.

Projects	Expected completion date
Hong Kong	
TAIKOO PLACE APARTMENTS (formerly known as 23 Tong Chong Street)	2014
Kowloon Bay Commercial Site	2017
Tung Chung Town Lot No.11	2017
Somerset House (Redevelopment)	2018
8-10 Wong Chuk Hang Road	2018
Mainland China	
Daci Temple, Chengdu	2014
Dazhongli, Shanghai	2016
USA	
Brickell City Centre	2015 / 2019

Profile of Capital Commitments — for Investment Properties and Hotels at 30th June 2014

(HK\$M)	Expenditure	Forecast period of expenditure					Commitments
	Six months ended 30th Jun 2014	Six months ending 31st Dec 2014	2015	2016	2017 & beyond		at 30th Jun 2014
Property Project							
Hong Kong projects	3,151	811	1,740	3,215	12,089		17,855
Mainland China projects	1,016	1,346	2,018	1,461	390		5,215
USA and other projects	1,014	318	1,633	8	-		1,959
Total	5,181	2,475	5,391	4,684	12,479		25,029 *

*Including the division's share of the capex and capital commitments of its joint venture companies.

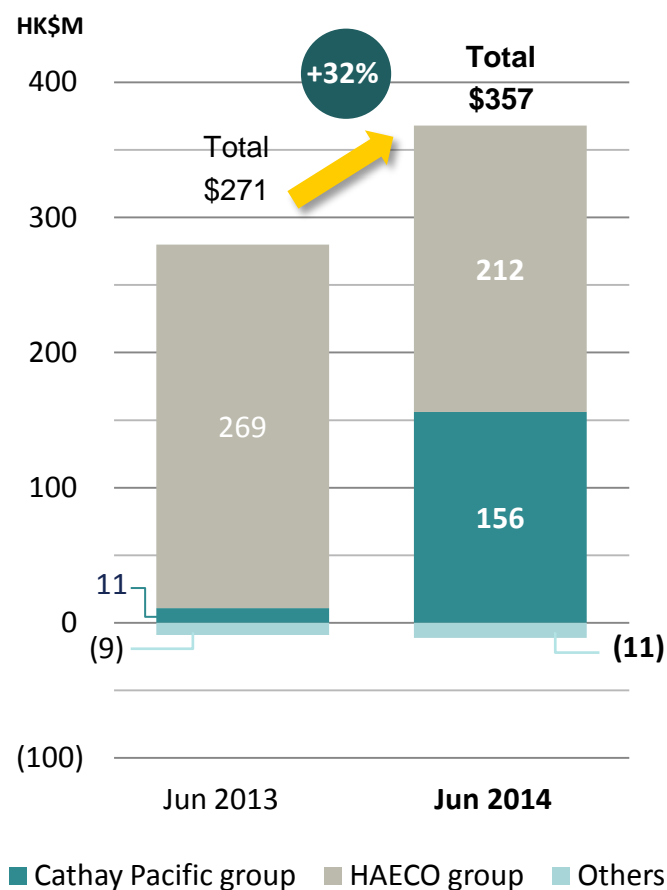
Aviation



Results Highlights

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Attributable Profit



Key Financial Data

	Jun 2014 HK\$M	Change %
HAECO group		
Turnover	5,337	+66% ↑
Operating profit	258	+48% ↑
Attributable profit	212	-21% ↓
Share of post-tax profits from an associated company		
Cathay Pacific group	156	+1,318% ↑



Cathay Pacific Group Highlights

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Key Highlights

- The Cathay Pacific group reported profit on a 100% basis of HK\$347m compared with a profit of HK\$24m in 1H 2013.
- Cathay Pacific's core business was affected by the continued high price of jet fuel, lower passenger yields and continued weak air cargo demand.
- Demand for passenger services was robust but strong competition put pressure on yield, which fell by 4%.
- Air cargo markets continued to be weak. Tonnage carried increased but yield fell by 7%.
- A loss was recorded for Cathay Pacific's associated company, Air China (whose results are taken 3 months in arrears).



Key Financial Data

CX group (100% basis)

	Jun 2014 HK\$M	Change %
Total turnover	50,840	+5%
Passenger services	36,520	+4%
Cargo services	11,663	+3%
Others	2,657	+14%
Attributable profit	347	+1,346%

Key Operating Statistics

	Jun 2014	Change %
Available tonne kilometres (ATK) ('M)	13,545	+8%
Revenue passengers carried ('000)	15,437	+7%
Passenger yield (HK\$)	66.6	-4%
Cargo and mail carried (Tonnes '000)	804	+9%
Cargo and mail yield (HK\$)	2.17	-7%

HAECO Group Highlights

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Key Highlights

- In February 2014, the HAECO group acquired TIMCO Aviation Services, Inc. This business based in the USA sold 1.73 million manhours in 1H 2014.
- HAECO continued to suffer from labour shortages in Hong Kong and airframe maintenance capacity was low.
- TAECO sold more manhours but results were affected by higher staff costs.
- HAESL's profit, including that derived from its interest in SAESL, decreased due to fewer engines overhauled. TEXL performed well.

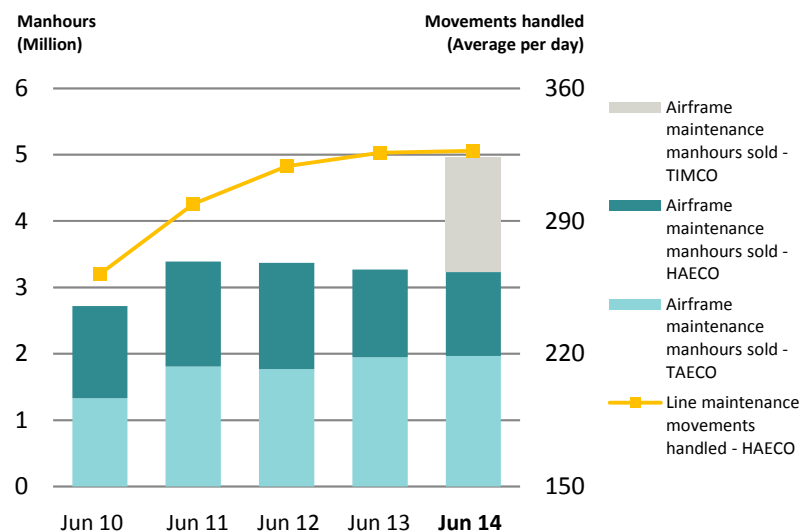


Key Financial Data

Attributable Profit/(Loss) (100% basis)

	Jun 2014 HK\$M	Change %
HAECO	42	-5%
HAECO USA	(3)	N/A
TAECO	51	-18%
TEXL	68	+623%
HAESL and SAESL	136	-47%
Others	(11)	-200%
Total	283	-21%

Key Operating Statistics



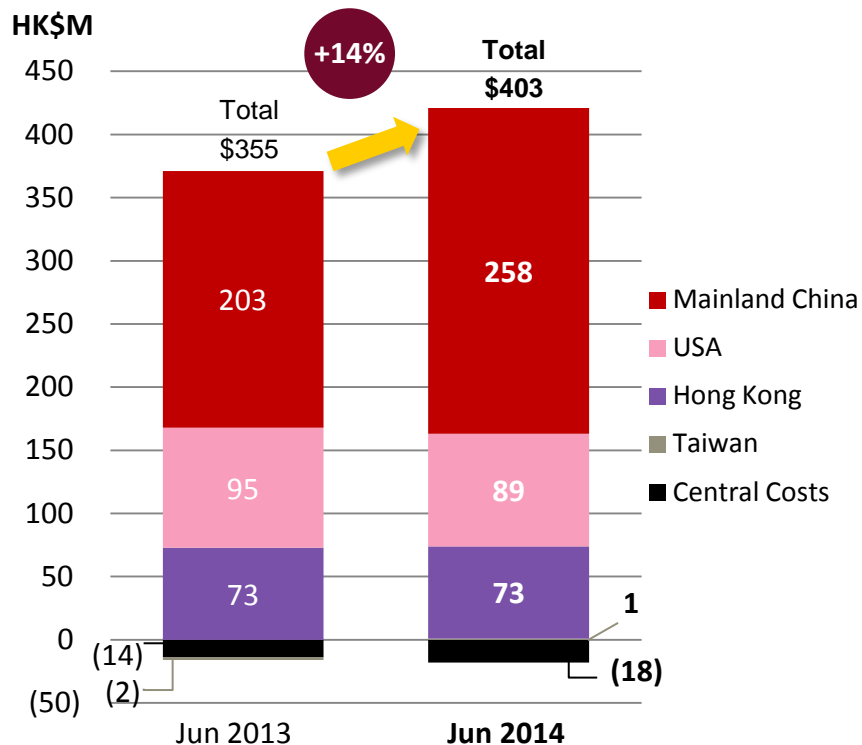
Beverages



Results Highlights

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Attributable Profit



Key Financial Data

	Jun 2014 HK\$M	Change %
Operating profit	480	+29% ↑
Share of post-tax profits from joint venture and associated companies	182	-10% ↓
Attributable profit	403	+14% ↑

Key Highlights

- The Beverages Division attributable profit increased by 14% to HK\$403m.
- Excluding a non-recurring profit in 1H 2013, attributable profit increased by 41%.
- Mainland China benefitted from higher sales volume and lower raw material prices.
- Hong Kong's results were similar to last year.
- The Taiwan operations remained weak.
- The USA business assumed new franchise territories in Denver and Colorado Springs in May 2014.

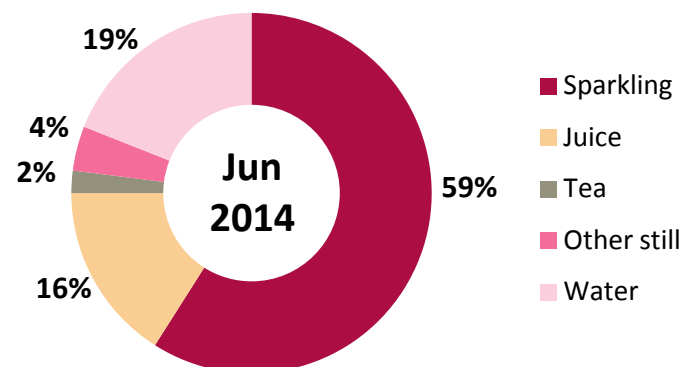
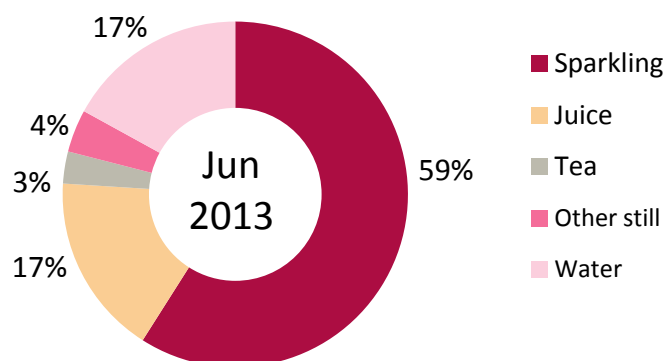


Volume Analysis

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- Overall sales volume grew by 6% to 505 million unit cases.

Volume by Category



Segment Information

Mainland China			Hong Kong		
Turnover *	Attributable Profit	Sales Volume*	Turnover	Attributable Profit	Sales Volume
↑ HK\$8,595m	↑ HK\$258m	↑ 407m u/c	↓ HK\$976m	— HK\$73m	↓ 29.3m u/c
Taiwan			USA		
Turnover	Attributable Profit	Sales Volume	Turnover	Attributable Profit	Sales Volume
↓ HK\$649m	↑ HK\$1m	↓ 24.8m u/c	↑ HK\$2,039m	↓ HK\$89m	↑ 43.6m u/c

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

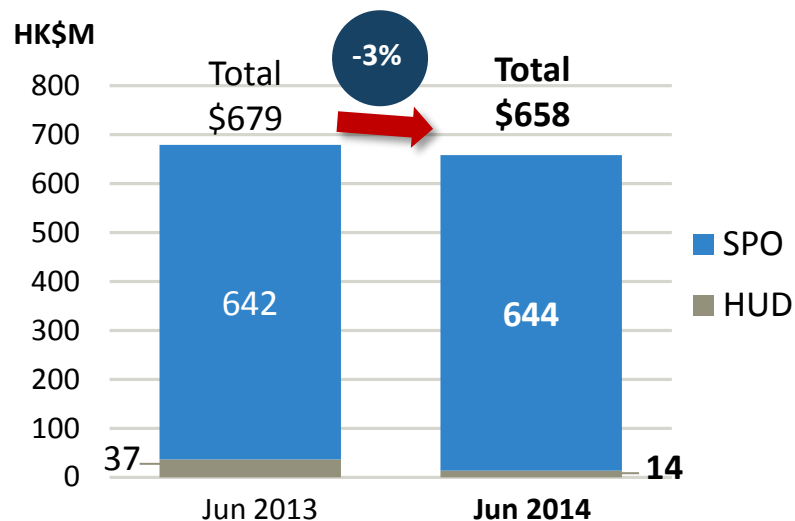
Marine Services



Results Highlights

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Attributable Profit



Key Financial Data

Swire Pacific Offshore group

	Jun 2014 HK\$M	Change %
Revenue	3,510	+22% ↑
Operating profit	808	+14% ↑
Attributable profit	644	+0.3% ↑

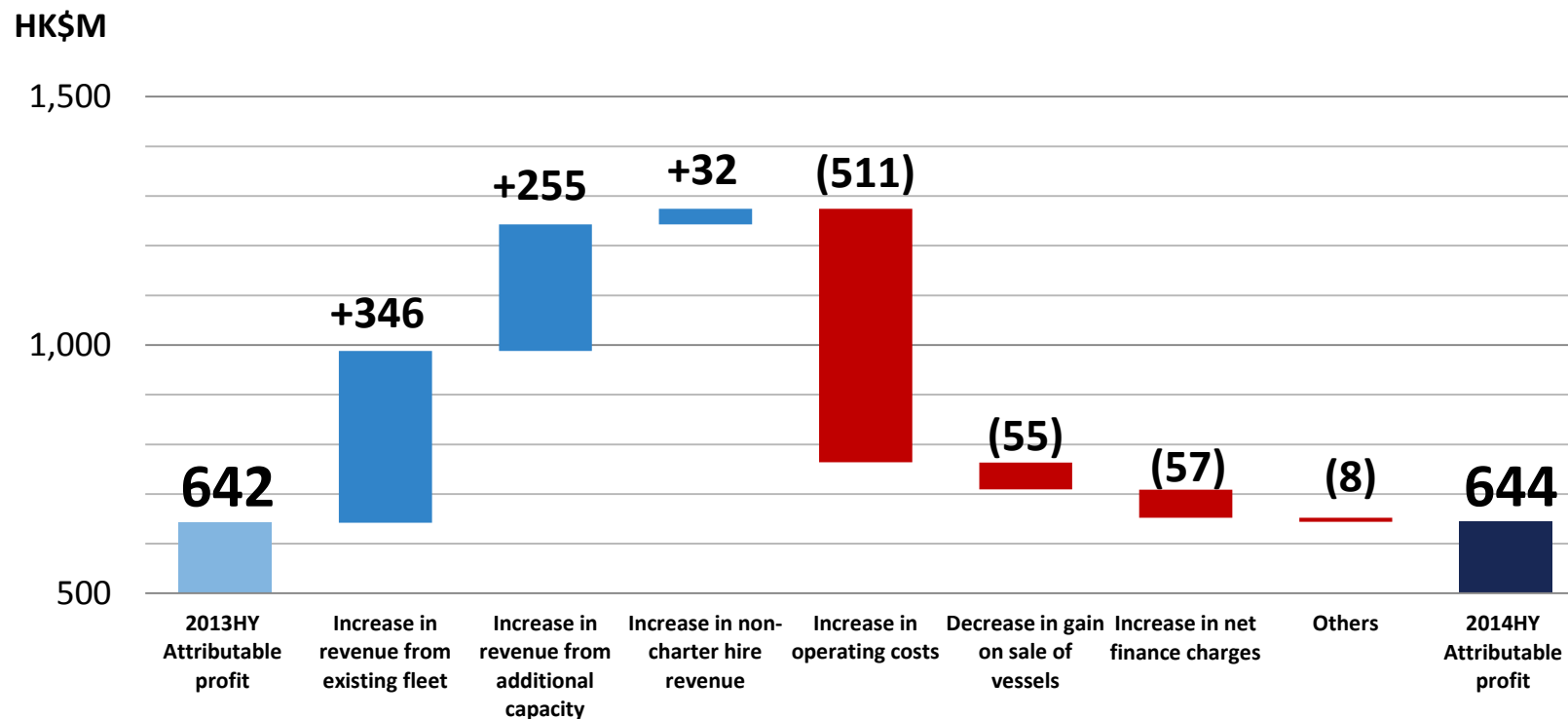
Key Highlights

- SPO's results were similar to 1H 2013. Excluding non-recurring profits on sales of vessels, attributable profits increased by 10%.
- SPO benefitted from the additional contribution from new vessels and the higher utilisation rates achieved by its fleet of construction and specialist vessels.
- SPO's overall average fleet utilisation rate rose by 2.5% pts to 89% while average charter hire rates increased by 16% to US\$29,100 per day.



SPO – Movement in Attributable Profit

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SPO Outlook

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SPO Fleet Growth

Vessel class	2013	Additions	Disposals	Half-year	Vessels expected to be received in			
		30th June 2014			2014	2015	2016	2017
Anchor Handling Tug Supply Vessels	43	-	1	42	-	-	-	-
Large Anchor Handling Tug Supply Vessels	18	4	-	22	2	-	-	-
Platform Supply Vessels	8	-	-	8	2	4	1	3
Large Platform Supply Vessels	4	1	-	5	2	2	3	-
Construction and Specialist Vessels	9	-	-	9	-	-	-	-
Total	82	5	1	86	6	6	4	3

Note: SPO's fleet includes one PSV and one CSV chartered from external parties.

Profile of Capital Commitments – at 30th June 2014

(HK\$M)	Expenditure	Forecast period of expenditure				Commitments
	Six months ended 30th Jun 2014	Six months ending 31st Dec 2014	2015	2016	2017	at 30th Jun 2014
Anchor Handling Tug Supply Vessels and Platform Supply Vessels	1,827	1,685	2,892	1,155	640	6,372
Other fixed assets	51	52	67	12	-	131
Total	1,878	1,737	2,959	1,167	640	6,503

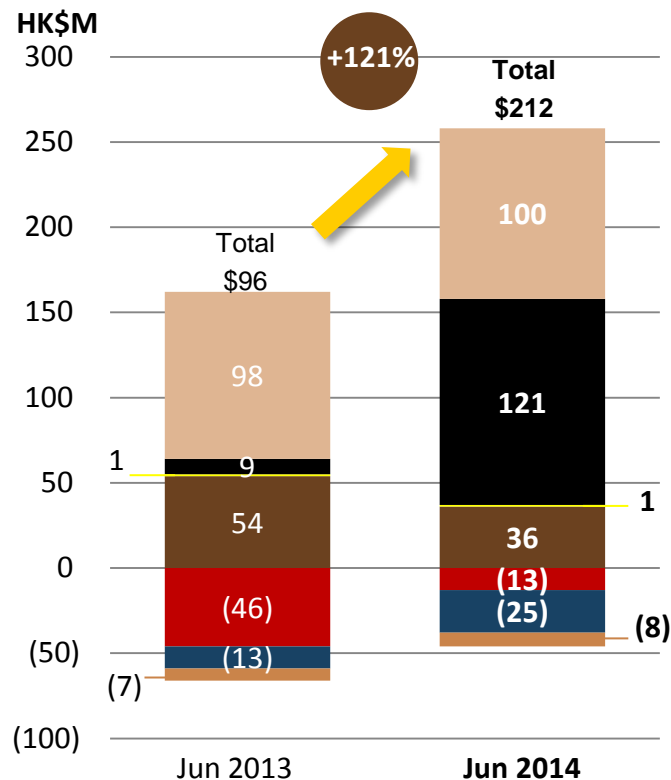
Trading & Industrial



Results Highlights

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Attributable Profit



- Swire Retail group
- Swire Foods group
- Taikoo Motors group
- Akzo Nobel Swire Paints
- Campbell Swire
- Swire Pacific Cold Storage group
- Other activities

Key Highlights

Taikoo Motors group

- Higher attributable profit of HK\$121m principally reflected an increase in the number of vehicles sold.

Akzo Nobel Swire Paints

- Similar attributable profit to 1H 13 reflected increased sales volume partly offset by higher operating costs.

Swire Foods group

- Swire Foods entered into conditional agreements in June to acquire Chongqing New Qinyuan Bakery Co. Ltd, a leading bakery chain in southwest China.

Swire Retail group

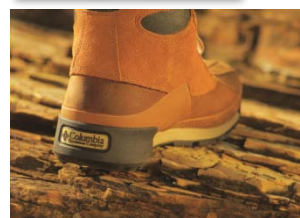
- Lower attributable profit of HK\$36m reflecting the replacement of the Columbia China distributorship with an associate from 1st January 2014.

Campbell Swire

- Reduced losses of HK\$13m following the restructuring of the business during the year.

Swire Pacific Cold Storage group

- Attributable loss of HK\$25m reflecting start-up costs of the business.



Prospects

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Property	<u>Positive Factors</u>	<u>Negative Factors</u>
Aviation	<ul style="list-style-type: none"> Additional demand for office space in Central and continued firm rental levels at Island East. 	<ul style="list-style-type: none"> Retail sales have fallen in Hong Kong and retailers are becoming more cautious.
Beverages	<ul style="list-style-type: none"> Retail properties in Hong Kong remain fully let. Retail sales in the Group's malls in Mainland China are expected to record continued strong growth. 	<ul style="list-style-type: none"> Higher levels of stamp duties remain in place in Hong Kong.
Marine Services	<ul style="list-style-type: none"> Property trading profits are expected from the sales of units in completed residential developments. 	
Trading & Industrial	<ul style="list-style-type: none"> Demand for luxury residential properties is expected to continue to improve. 	

Prospects

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Property		
Aviation	<u>Positive Factors</u> <ul style="list-style-type: none"> ▪ The financial position of the Cathay Pacific group remains strong. ▪ The passenger business has seen strong demand in all classes of travel. ▪ Cathay Pacific will take delivery of 11 aircraft in 2H 2014. ▪ Demand for TEXL's engine overhaul services is expected to be good. 	<u>Negative Factors</u> <ul style="list-style-type: none"> ▪ Cathay Pacific continues to operate in a challenging environment of high fuel prices, low passenger yields and weak cargo demand. ▪ HAECO's airframe maintenance capacity is expected to remain flat in 2H 2014. ▪ TAEKO and TIMCO are expecting lower demand for airframe maintenance services in 2H 2014. ▪ HAESL is expected to be affected by a reduction in demand for engine overhaul services.
Beverages		
Marine Services		
Trading & Industrial		

Prospects

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Property		
Aviation		
Beverages	<u>Positive Factors</u> <ul style="list-style-type: none"> Profits in 2H 2014 will reflect the fact that consumption of soft drinks peaks in the summer months. Raw material prices are expected to remain low in all territories. Mainland China is expected to benefit from moderate sales volume growth. Hong Kong is expected to maintain its strong market position. Territory grant in the Western USA will contribute to results in 2H 2014. 	<u>Negative Factors</u> <ul style="list-style-type: none"> Staff costs are expected to put pressure on margins in Mainland China. Capacity constraints and labour shortages in Hong Kong are an issue in the summer months. Weak economic environment remains in Taiwan.
Marine Services		
Trading & Industrial		

Prospects

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Property

Aviation

Beverages

**Marine
Services**Trading &
Industrial

Positive Factors

- The oil price remains high.
- Demand for vessels capable of operating in deeper waters is expected to increase.
- SPO is well-placed to meet this demand as a result of its fleet expansion.

Negative Factors

- Potential oversupply of vessels in the market.
- Downward pressure on costs from oil and gas companies.

Prospects

Property

Aviation

Beverages

Marine
Services

Trading &
Industrial

Positive Factors

- Sales of vehicles at Taikoo Motors are expected to remain strong.
- Akzo Nobel Swire Paints expects to continue to expand its distribution network.

Negative Factors

- Swire Retail's results will continue to be affected by the replacement of the Columbia China distributorship by an associate in 2H 2014.



Appendix





Appendix - Corporate Structure

At 30th June 2014

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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\$6,484m  -2%	Underlying Profit: HK\$4,330m  +31%	Earnings per ‘A’ share : HK\$4.31  -2%	Equity attributable to the Company’s shareholders per ‘A’ share: HK\$147.35  +4%
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Property	Aviation		Beverages	Marine Services	T&I
82% Swire Properties (Stock code: 01972)	45% Cathay Pacific Airways (Stock code: 00293)	75% HAECO (Stock code: 00044)	87.5% - 100% Swire Beverages	100% Swire Pacific Offshore	100% Swire Retail group
<i>To be a leading developer, owner and operator of mixed-use commercial properties in Hong Kong and Mainland China.</i>	<i>To develop and strengthen Hong Kong as a hub for aviation services, including passenger, cargo and aircraft engineering services.</i>		<i>To build a world-class bottling system which is recognised as a first class employer, a first class entity with which to do business and a first class corporate citizen in all territories where it does business.</i>	50% HUD	100% Taikoo Motors group
				<i>To maintain and strengthen SPO’s position as a leader in the offshore energy supply industry.</i>	100% Swire Pacific Cold Storage group
					100% Swire Foods group
					50% Swire Waste Management
					40% Campbell Swire
					40% (HKG) / 30%-36% (PRC) Akzo Nobel Swire Paints
					<i>To develop and strengthen the trading and industrial businesses which it operates.</i>
Publicly Quoted	Strategic objective				

Appendix - Corporate Structure

At 30th June 2014

Swire Pacific Limited

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Property	Aviation	Beverages	Marine Services	T&I
Investment Properties <u>Hong Kong</u> <ul style="list-style-type: none"> ▪ Pacific Place ▪ TaiKoo Place ▪ Citygate <u>Mainland China</u> <ul style="list-style-type: none"> ▪ Taikoo Li Sanlitun ▪ INDIGO ▪ TaiKoo Hui Future Developments <u>Hong Kong</u> <ul style="list-style-type: none"> ▪ Kowloon Bay Commercial Site <u>Mainland China</u> <ul style="list-style-type: none"> ▪ Daci Temple project ▪ Dazhongli project <u>USA</u> <ul style="list-style-type: none"> ▪ Brickell City Centre Hotels <u>Hong Kong</u> <ul style="list-style-type: none"> ▪ The Upper House ▪ EAST Hong Kong <u>Mainland China</u> <ul style="list-style-type: none"> ▪ The Opposite House ▪ EAST, Beijing ▪ The Mandarin Oriental, Guangzhou <u>USA</u> <ul style="list-style-type: none"> ▪ Mandarin Oriental, Miami <u>UK</u> <ul style="list-style-type: none"> ▪ Brighton, Bristol, Cheltenham and Exeter Property Trading <u>Hong Kong</u> <ul style="list-style-type: none"> ▪ AZURA ▪ ARGENTA ▪ DUNBAR PLACE ▪ MOUNT PARKER RESIDENCES 	Cathay Pacific group <u>Airlines</u> <ul style="list-style-type: none"> ▪ Cathay Pacific ▪ Dragonair ▪ Air Hong Kong (60%) ▪ Air China (20%) <u>Cargo Terminal</u> <ul style="list-style-type: none"> ▪ Cathay Pacific Services <u>Other Operations</u> <ul style="list-style-type: none"> ▪ Cathay Pacific Catering Services ▪ Hong Kong Airport Services No. of Aircraft: 193 HAECO group  <ul style="list-style-type: none"> ▪ HAECO ▪ TIMCO ▪ TAECO (58.6%) ▪ TEXL (80.9%) ▪ HAESL and SAESL (45% and 9%) 	Swire Beverages Has the right to manufacture, market and distribute the products of The Coca-Cola Company  <u>Hong Kong</u> No. of Bottling Plants: 1 <u>Mainland China</u> No. of Bottling Plants: 11 <u>Taiwan</u> No. of Bottling Plants: 2 <u>USA</u> No. of Bottling Plants: 2	Swire Pacific Offshore Operates a fleet of offshore support vessels servicing the energy industry in every major offshore production and exploration region outside North America No. of Vessels: 86 No. of Vessels on Order: 19  HUD group Ship repair and harbour towage services in Hong Kong No. of Vessels: 20 	Trading Swire Retail group <ul style="list-style-type: none"> ▪ Swire Resources group Distribution and retailing of sports and casual footwear, apparel and related accessories in Hong Kong and Mainland China ▪ Swire Brands group Investment in Columbia China and other brand-owning companies Taikoo Motors group Distribution and retailing of motor vehicles in Taiwan, Hong Kong, Mainland China and Malaysia
				Industrial Swire Pacific Cold Storage group Provision of cold storage and warehousing services in Mainland China Swire Foods: <ul style="list-style-type: none"> ▪ Taikoo Sugar Packaging and selling sugar and other products in Hong Kong and Mainland China ▪ Campbell Swire A joint venture with The Campbell Soup Company. Distributes soup and broth products in Mainland China Akzo Nobel Swire Paints Manufacture and distribution of paint in Hong Kong and Mainland China Swire Waste Management Provision of waste management services in Hong Kong



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