



SHENZHEN EXPRESSWAY COMPANY LIMITED

Stock code: 00548(SEHK) 600548(SSE)

2013

**First Quarterly
Results Presentation**



25 April 2013

Overview of Operating Results of Jan-Mar 2013

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- ➔ **The overall traffic volume of the toll highway projects maintained a relatively strong momentum of growth.**
- ➔ **During the Reporting Period, affected by the combination of such factors of industry policies and changes in the road networks, toll revenue recorded a YOY decrease of 3.1%, and profits from the toll highways operated by the Group also recorded a slight decrease correspondingly.**
- ➔ **Cost of services represented a YOY increase of 3.5%, financial expenses recorded a YOY decrease of 4.1%, and investment income recorded a YOY increase of 10%.**
- ➔ **Affected by the YOY decrease of the profits of the entrusted construction management services and YOY decrease of the profits from the toll highways operated by the Group, net profit recorded a YOY decrease of 27.9%.**



All financial figures provide in this material is prepared in accordance with CAS.
In this report, the total of breakdown and the total may not equal in mantissa due to rounding.

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Financial Highlights

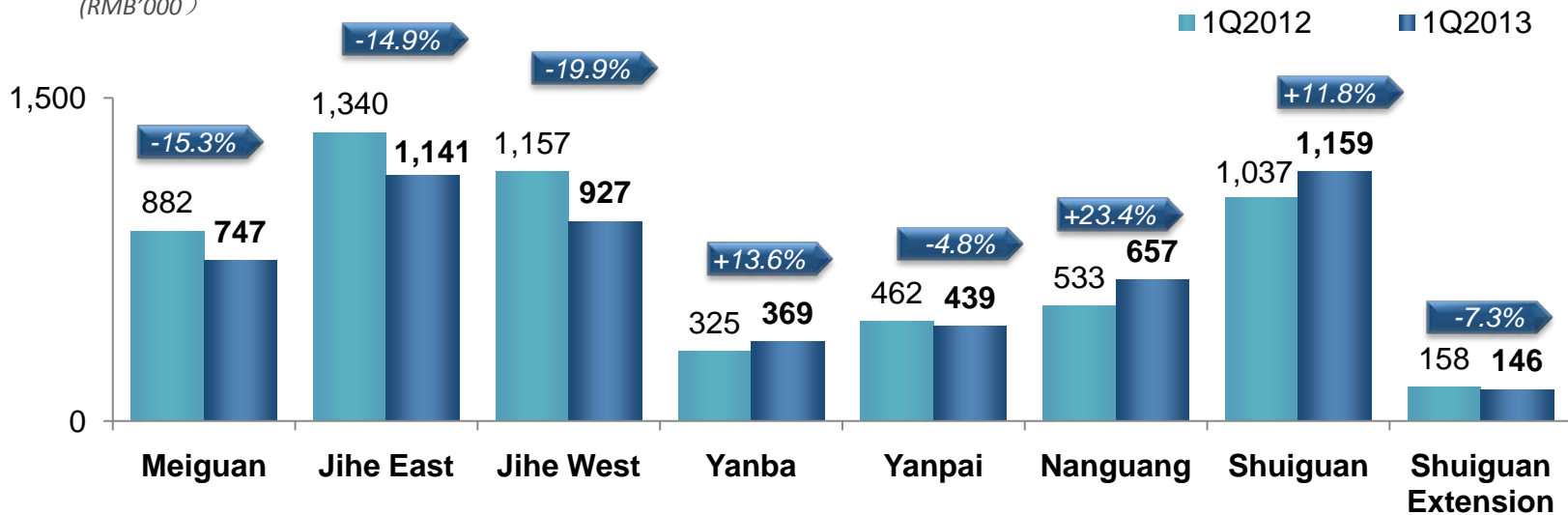
	1Q2013	1Q2012	Change YOY
	<i>(RMB 'million)</i>		
Revenue	738	835	-11.57%
Including: Toll revenue	675	697	-3.07%
Net profit attributable to owners of the Company	172	238	-27.89%
Earnings per share (EPS) (RMB)	0.079	0.109	-27.89%
Return on equity (ROE)	1.79%	2.56%	-0.77p.pt

Operational Performance

Shenzhen Region

Average Daily Toll Revenue

(RMB'000)



Standardisation Scheme: Starting from 1 June 2012, the toll fees of the expressways in Guangdong province had been standardised based on the unified toll rate, toll coefficient, calculating method for ramps and rounding principles. Subsequent adjustment was made for the increase of the toll fees as a result of the implementation of the above mentioned policy.

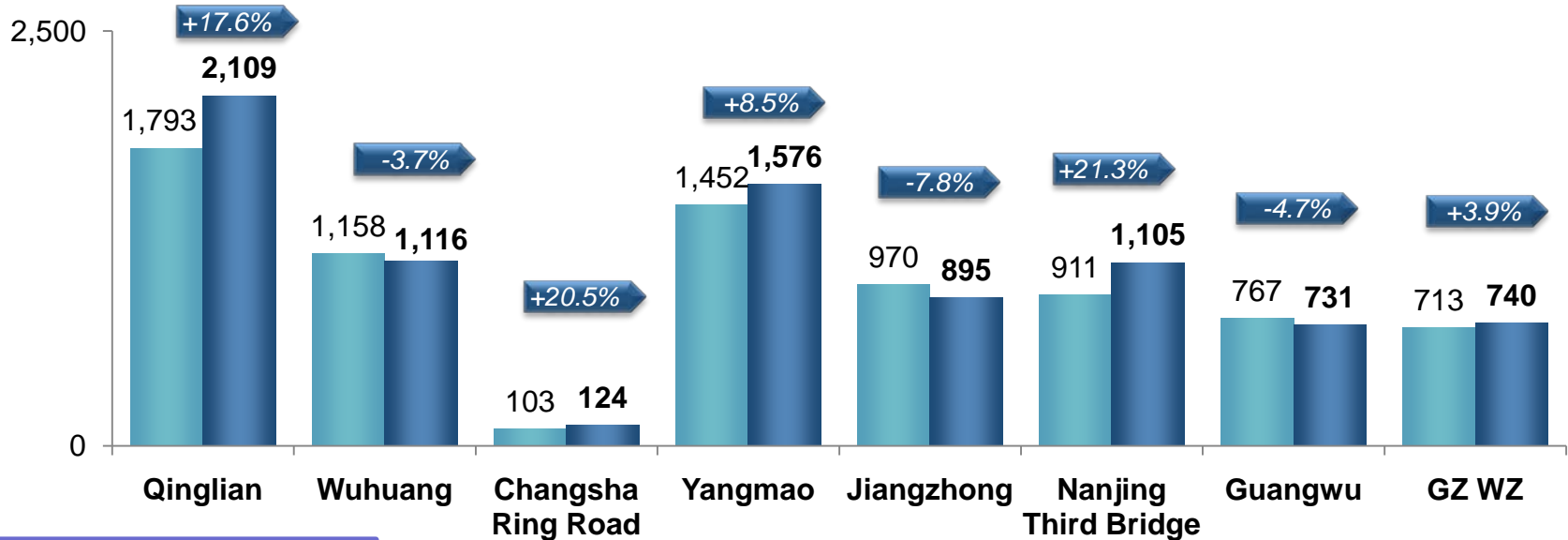
Operational Performance

Other Regions

Average Daily Toll Revenue

(RMB'000)

■ 1Q2012 ■ 1Q2013





Toll Free Scheme on Holidays: The State Council approved in the middle of 2012 that the toll fees for passenger cars with seven seats or less were waived during the periods of four national holidays.

Analysis of operational performance

- ➔ The overall traffic volume of the highway projects maintained a relatively strong growth with over half of the projects recorded a double-digit growth.
- ➔ Affected by industry policies and changes in the road networks etc., toll revenues of different projects differed :
 - Policies impacts:
 - The Standardisation Scheme implemented in Guangdong Province had certain negative impact on the operational performance of projects of Jihe, Meiguan, Shuiguan Extension, Yanpai, Jiangzhong, Guangwu and GZ W2, while the impact on other projects in Guangdong Province was relatively small.
 - For a period of seven days during the Spring Festival in 2013, the toll revenues from all projects significantly declined under the Toll Free Scheme on Holidays.
 - These two policies have been implemented since June 2012 and the second half of 2012 respectively, so the YOY changes of revenues from the affected projects in the first half of 2013 is expected to be higher than the second half.
 - Impacts from changes in road networks:
 - Benefit from some sections of Nanping (Phase II) opening to traffic and the marketing campaign which drove up the traffic volume, Nanguang Expressway recorded a significant YOY increase in the toll revenue.
 - A number of highways in Hunan Province opened to traffic. The continuous improvement of the connected road networks has positive effect on the growth of traffic volume in Qinglian Expressway.
 - Han'e Expressway has commenced operation by the end of 2012, which diverted some of the traffic flow from Wuhuang Expressway.
 - The restrictions on certain vehicles accessing related roads have boosted the operating performance of Nanjing Third Bridge and GZ WZ Expressway.

Financial Analysis – Revenue

	1Q2013	1Q2012	Change YOY	Change YOY
	<i>(RMB'000)</i>			
Revenue	738,104	834,677	-96,573	-11.57%
Toll Revenue	675,395	696,756	-21,361	-3.07%
Other income	62,709	137,921	-75,212	-54.53%

-  Toll revenue was affected by the combination of such factors as the implementation of policies and the changes in traffic distribution in road networks, of which the implementation of Standardisation Scheme and Toll Free Scheme on Holidays resulted in a decrease of toll revenue by approximately RMB129 million.
-  Main reason of the YOY decrease of other income : For the corresponding period in 2012, the Group recognized the income from entrusted construction management services of RMB95.54 million of Nanping (Phase I).

Financial Analysis – Costs and Expenses

	1Q2013	1Q2012	Change YOY	Change YOY
	<i>(RMB'000)</i>			
Costs of services	354,056	342,112	+11,944	+3.49%
Financial Expenses	149,839	156,192	-6,353	-4.07%

- ➡ The main reasons for changes of Cost of services :
- Cost of depreciation and amortisation increased by RMB33.79 million YOY due to the growth of traffic volume.
 - A slight YOY increase of such out-of-pocket cost as remunerations of the toll collection staff.
 - The recognition of the cost of RMB33.75 million for Nanping (Phase I) for the corresponding period in 2012, resulted in a YOY decrease of the cost of the entrusted construction management services.
- ➡ During the Reporting Period, benefited from a YOY decrease in borrowing scale, financial expenses recorded a YOY decrease.

Financial Analysis – Investment and Borrowings



Capital Expenditure (including capitalised interests): RMB259 million



Total Borrowings (including loans and bonds payable): RMB10.108 billion (end of 31 March, 2012 : RMB10.779 billion)



Debt-to-asset ratio: 53.22% (end of 31 March, 2012: 56.40%)



Composite borrowing costs: 5.86% (1Q 2012: 5.65%)

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Company Declaration

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