



**SHENZHEN EXPRESSWAY COMPANY LIMITED**

Stock code: 00548(SEHK) 600548(SSE)

# 2013

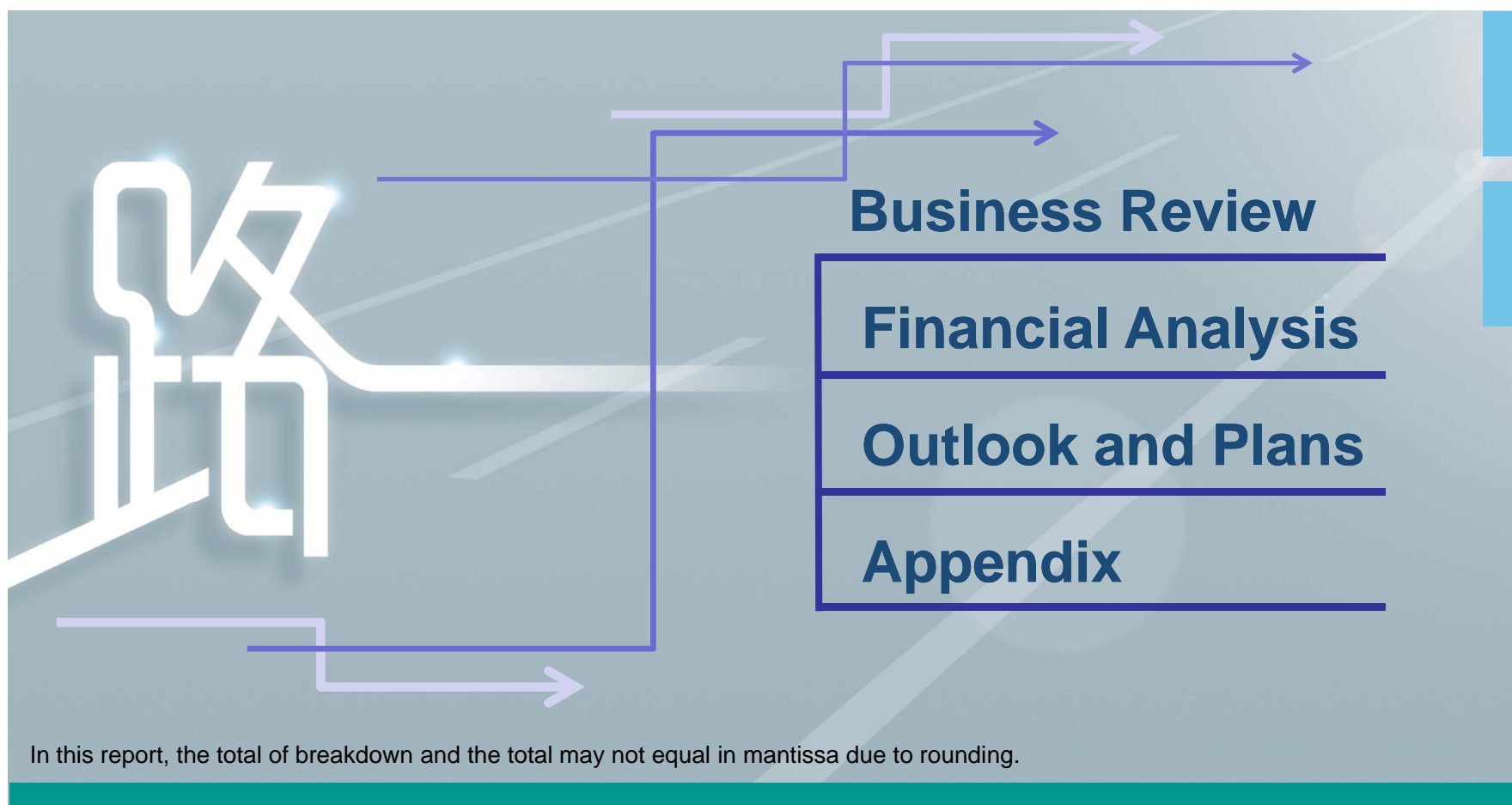
## Interim Results Presentation

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19 Aug 2013

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# Financial Highlights

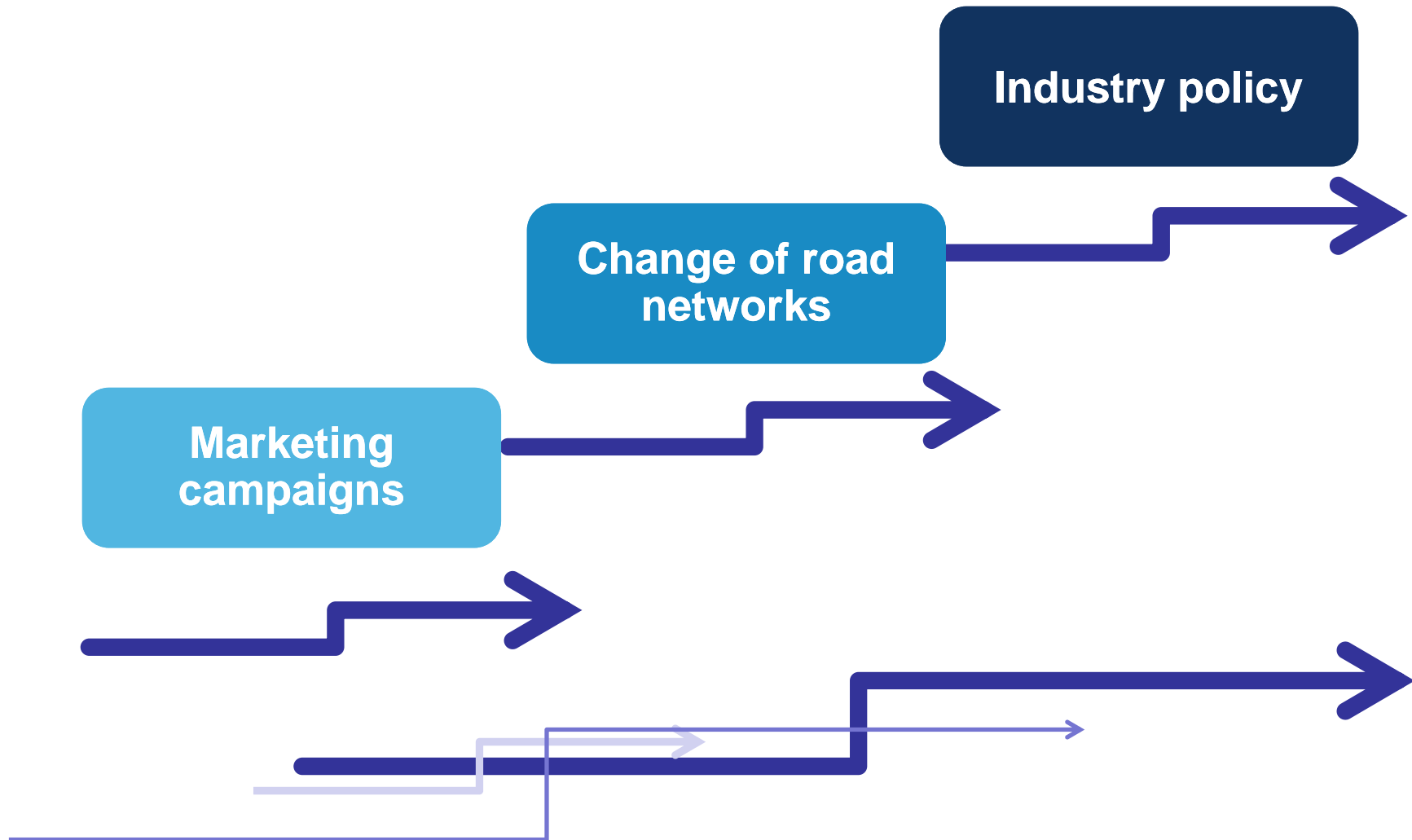
	<b>1H2013</b> <i>(RMB 'million)</i>	<b>1H2012</b> <i>(RMB 'million)</i>	<b>Change</b>
<b>Revenue</b>	<b>1,489</b>	1,561	-4.59%
<b>of which: Toll revenue</b>	<b>1,362</b>	1,382	-1.47%
<b>Net profit attributable to owners of the Company</b>	<b>386</b>	419	-7.95%
<b>Earnings per share (EPS) (RMB)</b>	<b>0.177</b>	0.192	-7.95%
<b>Return on equity (ROE)</b>	<b>3.98%</b>	4.48%	-0.5p.pt
	<b>30 Jun 2013</b> <i>(RMB 'million)</i>	<b>31 Dec 2012</b> <i>(RMB 'million)</i>	<b>Change</b>
<b>Total assets</b>	<b>23,417</b>	24,209	-3.27%
<b>Total liabilities</b>	<b>12,502</b>	13,336	-6.25%
<b>of which: Total borrowings</b>	<b>9,975</b>	10,564	-5.57%
<b>Total equity attributable to owners of the Company</b>	<b>9,641</b>	9,536	+1.09%
<b>Net assets per share (RMB)</b>	<b>4.42</b>	4.37	+1.09%

Note: The financial statements of the Company were prepared in accordance with China Accounting Standards for Business Enterprise, and also were complied with the disclosure requirements under the Hong Kong Companies Ordinance and the Listing Rules of HKEx.

# Business Review



# Impact Factors



# The influence of Industry Policy

## Standardization Scheme

Starting from 1 June 2012, the toll fees of the expressways in Guangdong province had been standardized 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.

High-influenced Projects

- Jihe Expressway
- Meiguan Expressway
- Shuiguan Extension
- Yanpai Expressway
- Jiangzhong Project
- Guangwu Project
- GZ W2

## 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 public holidays, Spring Festival, Tomb Sweeping Day, Labor Day and National Day, and their consecutive days off.

Toll revenue dropped significantly during the period

## Green Passage Toll Free Policy

Since December 2010, Green Passage Toll Free Policy has been implemented in all highway projects in PRC to waive the toll fees for the vehicles used for legal transportation of fresh agricultural products.

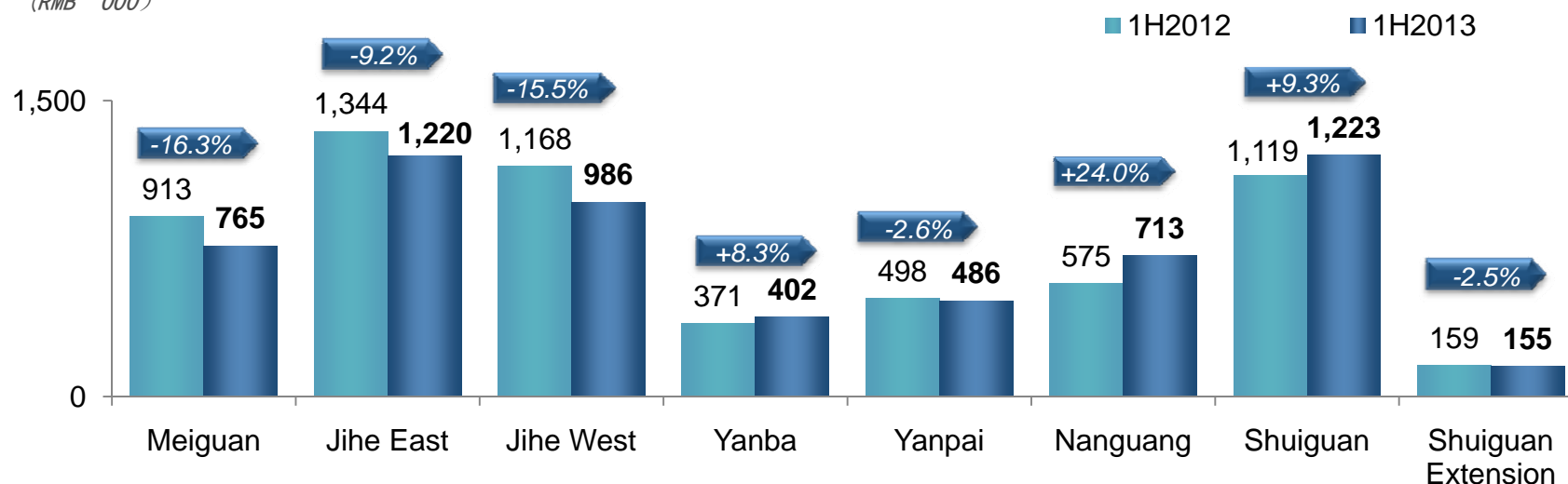
Persistently affected

# Operational Performance

## Shenzhen Region

(RMB '000)

### Average Daily Toll Revenue

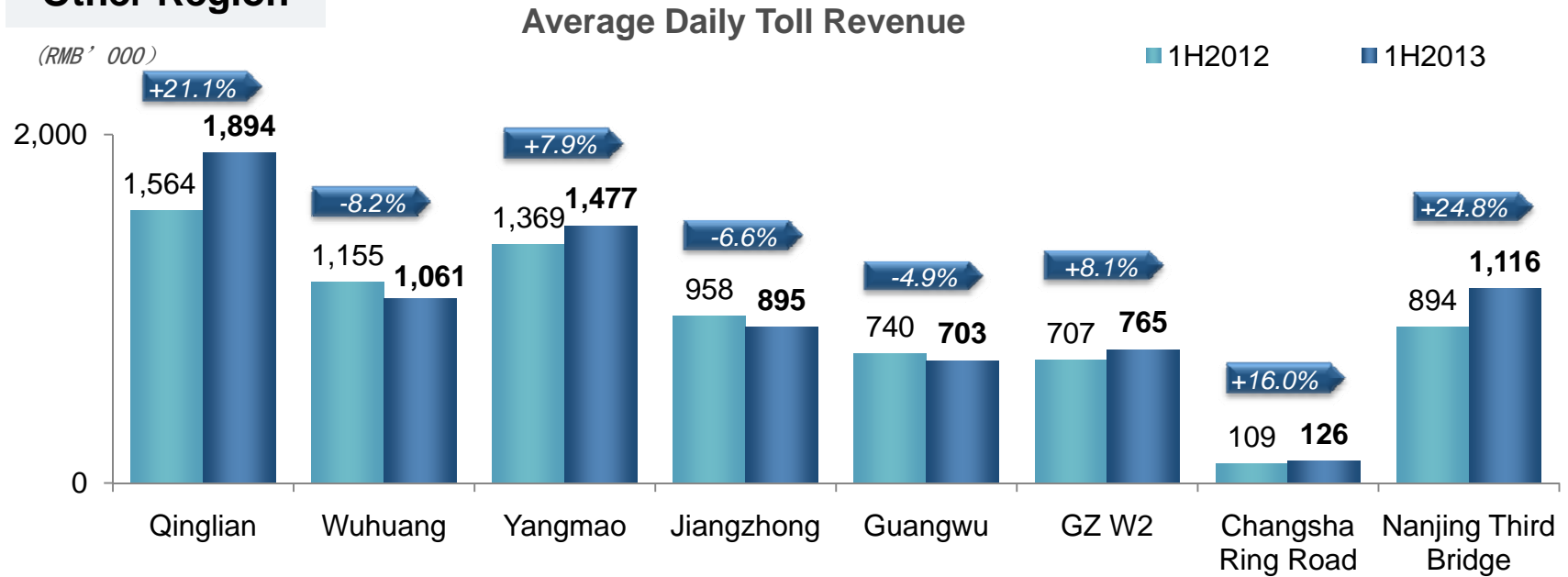


### Factors other than the policy:

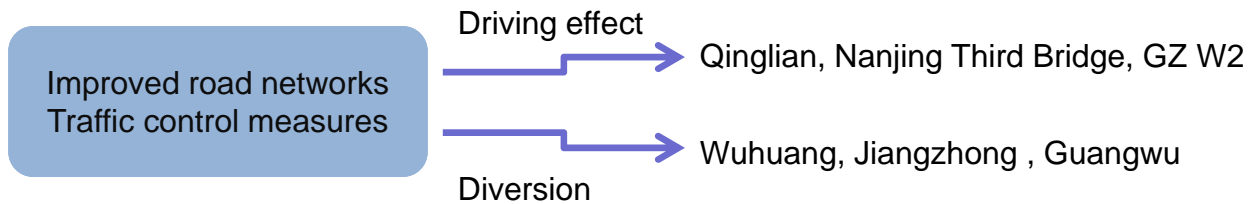
- ➔ Benefited from improved road networks in the related areas and proactive marketing campaigns implemented by the Group, the toll revenue of Nanguang Expressway recorded a rapid growth.
- ➔ Expansion works for Meiguan Expressway and the maintenance works for the road surface of Jihe West negatively affected to the traffic conditions and operational performance of the projects and the connected roads.

# Operational Performance

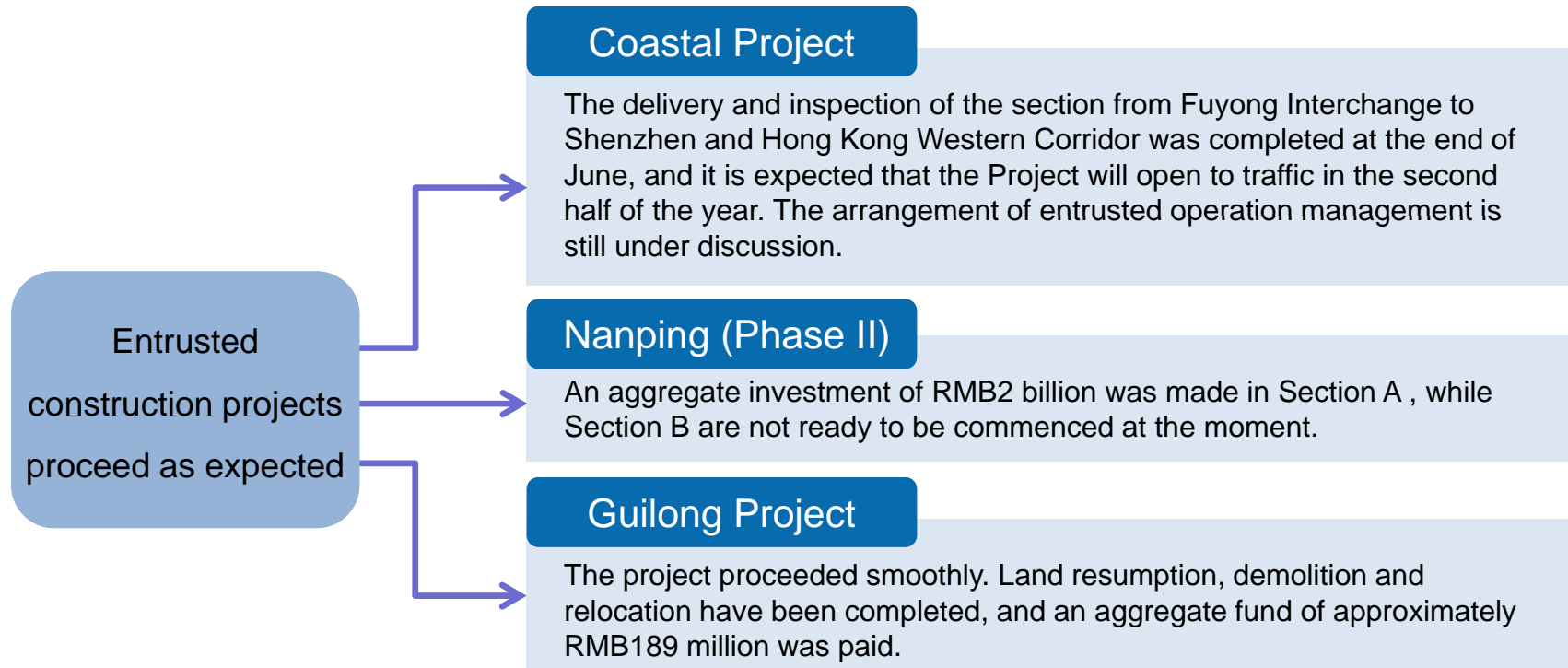
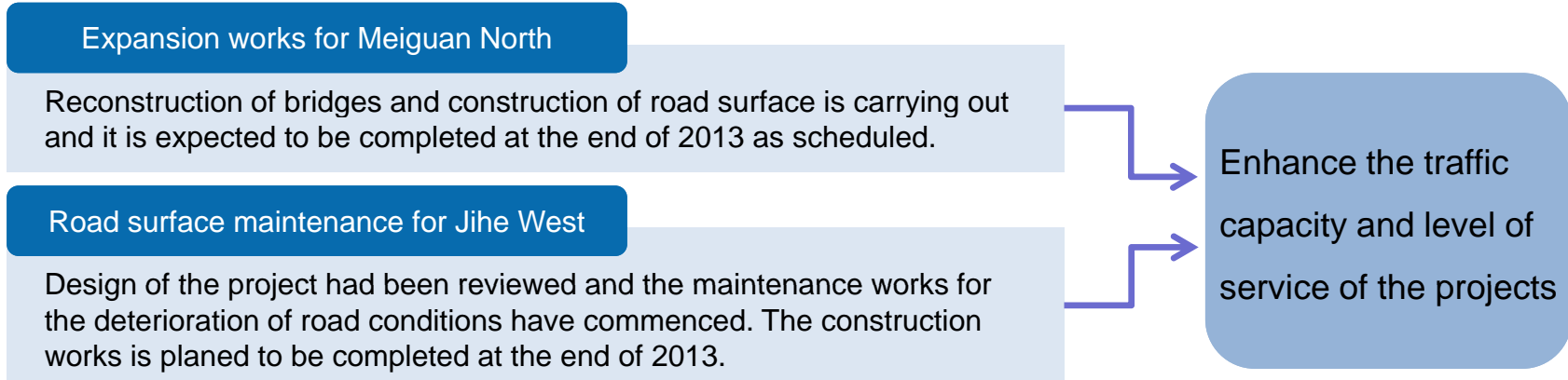
## Other Region



### Factors other than the policy:







# Financial Analysis



# Financial Analysis - Revenue

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	<b>1H2013</b> <i>(RMB 'million)</i>	<b>1H2012</b> <i>(RMB 'million)</i>	<b>Change in Amount</b> <i>(RMB 'million)</i>
<b>REVENUE</b>	<b>1,489</b>	<b>1,561</b>	<b>-72</b>
<b>Toll revenue</b>	<b>1,362</b>	<b>1,382</b>	<b>-20</b>
<b>Other revenue</b>	<b>127</b>	<b>179</b>	<b>-52</b>
	<b>1H2013</b> <i>(RMB '000)</i>	<b>1H2012</b> <i>(RMB '000)</i>	<b>Change in Amount</b> <i>(RMB '000)</i>
<b>Toll revenue -- by project</b>			
<b>Qinglian</b>	<b>342,725</b>	<b>285,956</b>	<b>+56,769</b>
<b>Jihe East</b>	<b>220,858</b>	<b>244,680</b>	<b>-23,822</b>
<b>Wuhuang</b>	<b>191,997</b>	<b>210,221</b>	<b>-18,224</b>
<b>Jihe West</b>	<b>178,501</b>	<b>212,521</b>	<b>-34,020</b>
<b>Meiguan</b>	<b>138,404</b>	<b>166,211</b>	<b>-27,807</b>
<b>Nanguang</b>	<b>129,092</b>	<b>104,644</b>	<b>+24,448</b>
<b>Yanpai</b>	<b>87,891</b>	<b>90,697</b>	<b>-2,806</b>
<b>Yanba</b>	<b>72,673</b>	<b>67,526</b>	<b>+5,147</b>
<b>TOTAL</b>	<b>1,362,141</b>	<b>1,382,456</b>	<b>-20,315</b>

→ The implementation of Standardization Scheme and Toll Free Scheme on Holidays resulted in a decrease by approximately RMB271 million of toll revenues of the Group in 1H2013.

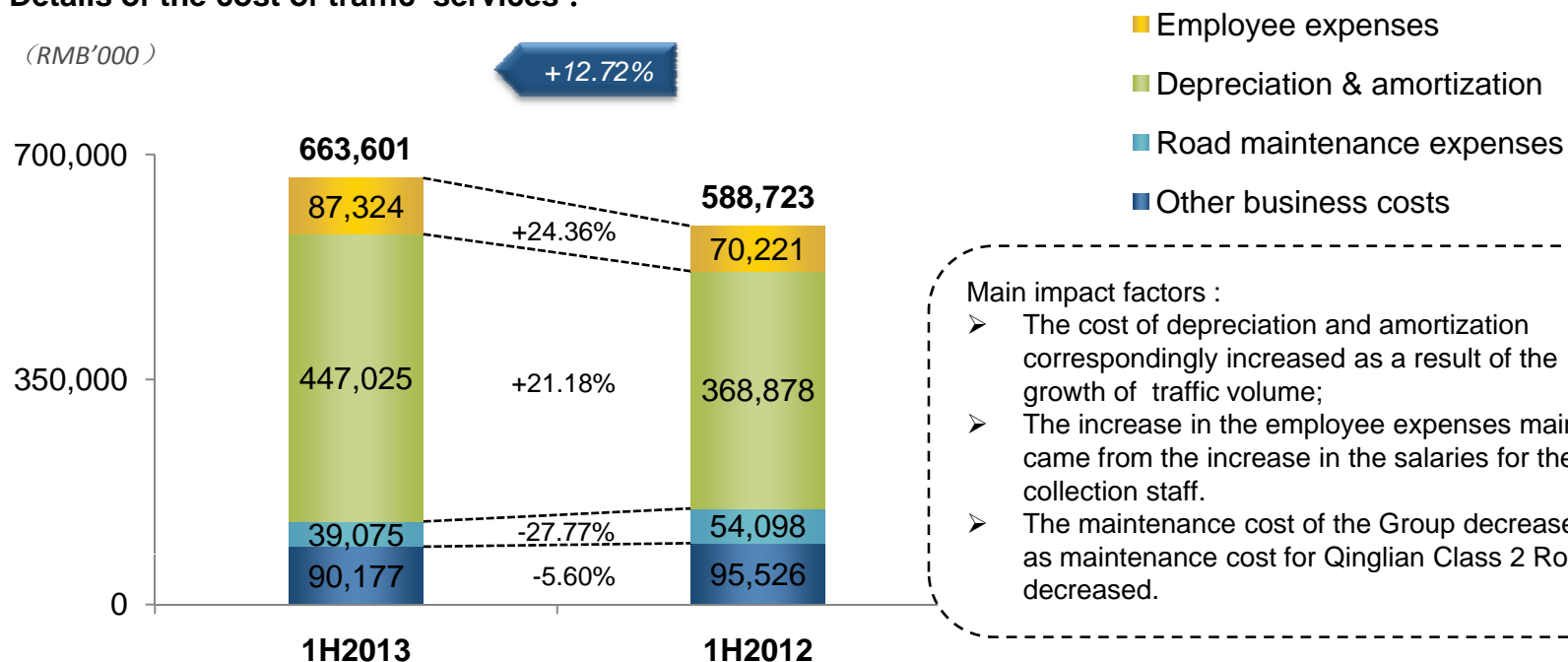
# Financial Analysis – Cost & Expenses

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	1H2013 (RMB 'million)	1H2012 (RMB 'million)	Change in Amount (RMB 'million)
<b>COST OF SERVICES</b>	<b>693</b>	665	+28
Cost of traffic services	<b>664</b>	589	+75
Cost of other businesses	<b>29</b>	76	-47
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	<b>25</b>	25	0

## Details of the cost of traffic services :

(RMB'000)



### Main impact factors :

- The cost of depreciation and amortization correspondingly increased as a result of the growth of traffic volume;
- The increase in the employee expenses mainly came from the increase in the salaries for the toll collection staff.
- The maintenance cost of the Group decreased as maintenance cost for Qinglian Class 2 Road decreased.

# Financial Analysis – Toll Highway Profit

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	Cost of traffic services		Profit before interests, tax and general and administrative expenses	
	1H2013 (RMB '000)	Change in Amount (RMB '000)	1H2013 (RMB '000)	Change in Amount (RMB '000)
<b>TOLL HIGHWAY</b>				
<b>Jihe West</b>	<b>39,479</b>	+2,131	<b>133,004</b>	-35,103
<b>Qinglian</b>	<b>208,691</b>	+33,325	<b>122,076</b>	+21,374
<b>Jihe East</b>	<b>121,680</b>	+18,524	<b>92,365</b>	-41,056
<b>Wuhuang</b>	<b>101,625</b>	-4,579	<b>85,596</b>	-11,315
<b>Meiguan</b>	<b>48,306</b>	+5,777	<b>85,445</b>	-32,675
<b>Nanguang</b>	<b>62,720</b>	+12,559	<b>62,689</b>	+11,043
<b>Yanpai</b>	<b>37,550</b>	+1,881	<b>47,663</b>	-11,434
<b>Yanba</b>	<b>43,550</b>	+5,260	<b>27,734</b>	+294
<b>TOTAL</b>	<b>663,601</b>	+74,878	<b>656,573</b>	-98,872

# Financial Analysis - Investment Income

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	1H2013 Toll revenue (RMB '000)	1H2013 Cost of services (RMB '000)	Investment income of the Group (RMB '000)	
			1H2013	Change in Amount
<b>TOLL HIGHWAY</b>				
<b>Joint Venture:</b>				
Changsha Ring Road	22,788	14,619	3,266	+1,072
<b>Associate:</b>				
Shuiguan	221,272	76,467	29,523	+4,261
Shuiguan Extension	28,127	21,690	(1,992)	-521
Yangmao	267,758	81,800	31,041	+10,061
Guangwu	127,319	52,566	11,319	-1,718
Jiangzhong	161,980	101,733	3,077	+231
GZ W2	138,419	61,571	3,728	+2,315
Nanjing Third Bridge	204,111	74,612	7,818	+4,990
<b>TOTAL</b>			<b>87,780<sup>note</sup></b>	<b>+20,691</b>

Note: Investment income of RMB1,538,000 (1H2012: RMB1,360,000) from Consulting Company were not included in the figures of investment income of the Group for the Reporting Period.

→ During the Reporting Period, the toll revenues of joint venture and associate recorded an overall YOY growth, and gross margin of Shuiguan Expressway, Yangmao Expressway and Nanjing Third Bridge increased, led to a YOY increase of investment income of the Group.

# Financial Analysis - Financial Expenses

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	1H2013 (RMB '000)	1H2012 (RMB '000)	Change in Amount (RMB '000)
<b>ITEM</b>			
<b>Interest expenses</b>	306,256	313,230	-6,974
Less: <b>Interest capitalized</b>	- 8,597	- 4,320	+4,277
<b>Interest income</b>	15,173	18,799	-3,626
<b>Exchange gain/loss and others</b>	1,985	(4,989)	+6,974
Add: <b>Time value of Maintenance Provisions</b>	+ 13,171	+ 16,987	-3,816
<b>Financial Expense</b>	<b>293,672</b>	<b>312,087</b>	<b>-18,415</b>

→ The financial expenses for 1H2013 decreased YOY, which was mainly attributable to the decrease in the Group's average borrowing scale and the increase in exchange gains.

# Financial Analysis - Debt Ratio & Repayment 15

	30 June 2013	31 December 2012
<b>Debt-to-asset ratio</b> (Total liabilities / Total assets)	<b>53.39%</b>	55.09%
<b>Net borrowings-to-equity ratio</b> (Total borrowings - cash and cash equivalents) / Total equity)	<b>78.55%</b>	79.18%
	1H2013	1H2012
<b>Interest covered multiple</b> (Earnings before interests and tax / interest expenses)	<b>2.58</b>	2.72
<b>EBITDA interest multiple</b> (Earnings before interests, tax, depreciation and amortization / interest expenses)	<b>4.04</b>	3.89



# Financial Analysis - Capital Expenditure



In 1H2013, the capital expenditures mainly comprised the remaining construction investments and settlements of projects such as Qinglian Project and Nanguang Expressway, and the reconstruction and expansion of Meiguan Expressway, totaling approximately RMB399 million.



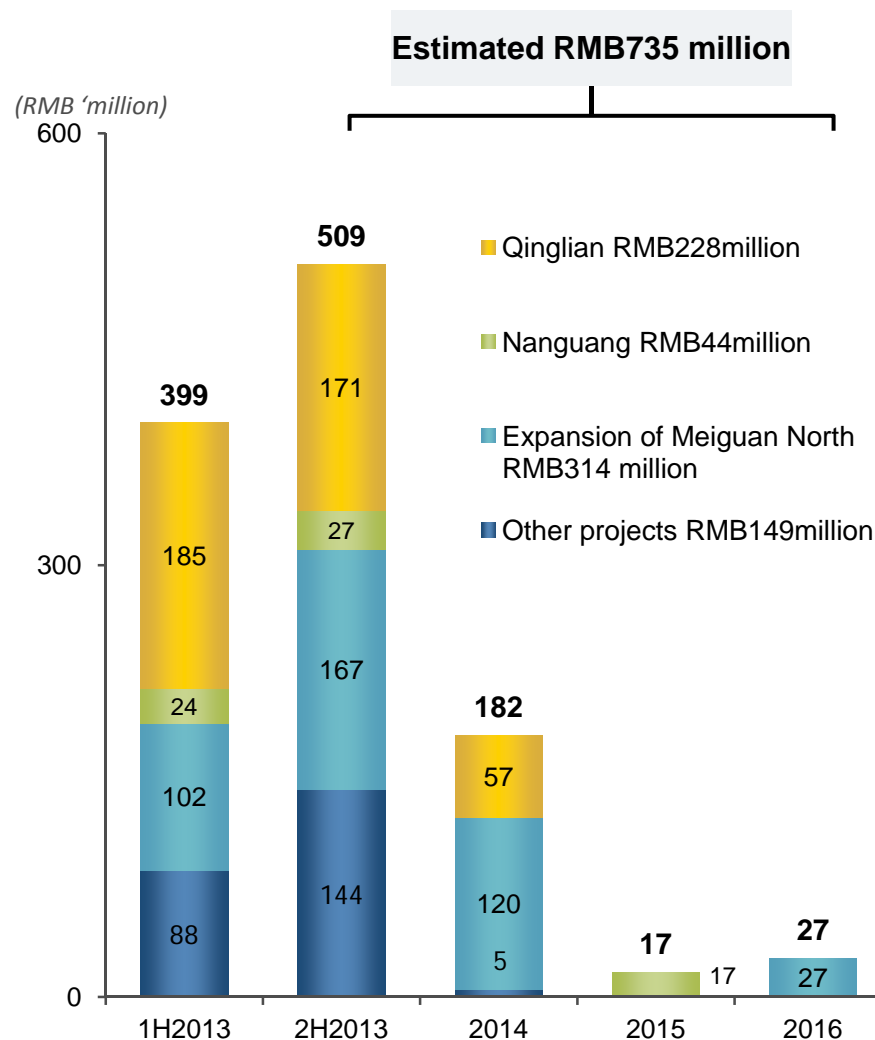
In 1H2013, the Group's net cash inflows from operating activities and cash return on investments totaled RMB834 million (1H2012: RMB848 million), a slight YOY decrease by 1.70%.



As at the end of the Reporting Period, cash and cash equivalents amounted to RMB1.4 billion.



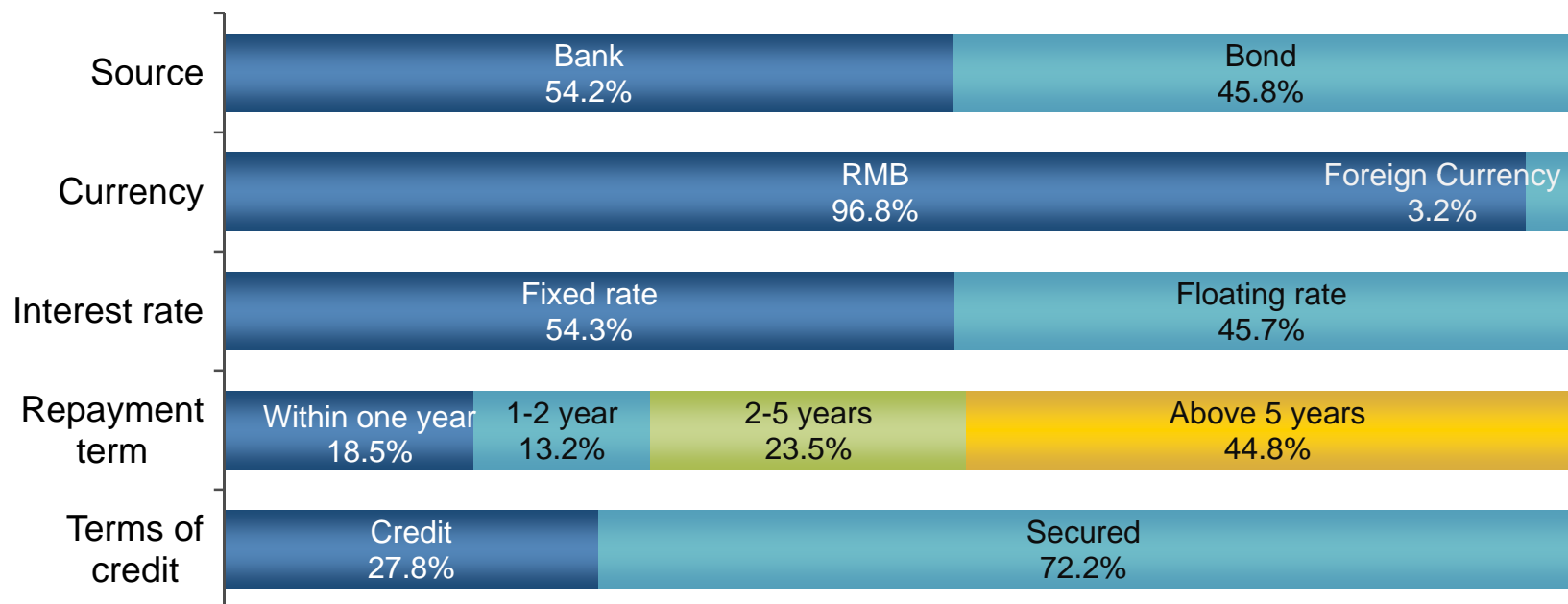
As at the end of the Reporting Period, unutilised banking facilities available amounted to RMB6.1 billion.



# Financial Analysis - Borrowing Structure

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## Borrowing Structure (as at 30 June 2013)



→ The Group's average borrowing cost in 1H2013 is 5.86%(Year of 2012:5.75%)

# Outlook and Plans



# Major Tasks in 2H2013

## Operation Management



- Strengthen promotional campaign and traffic guiding for the road network to enhance toll traffic volume and toll revenue.
- Closely monitor the effect of the changes of industry policies and road network on the project and carry out effective measures accordingly.

## Highway Management



- Improve traffic organization plan in construction projects to ensure the traffic efficiency and capacity.
- Complete the maintenance works with high quality and control the cost of projects strictly.

## Construction Management



- Enhance the refined and standardized the management of the construction projects and achieve all management objectives.
- Strengthen entrusted construction project management and timely recover entrusted construction revenue.

## Business development



- Conduct the research and negotiation for the proposals in respect of specific projects.
- Deepen studies as to direction and scope of business development, and keep attention on and control the risks.

## Financial management



- Repay the Bonds upon maturity. Make a further improvement on the debt structure.
- Make a good plan and overall arrangement for funds, and strengthen dividends management of investee companies.



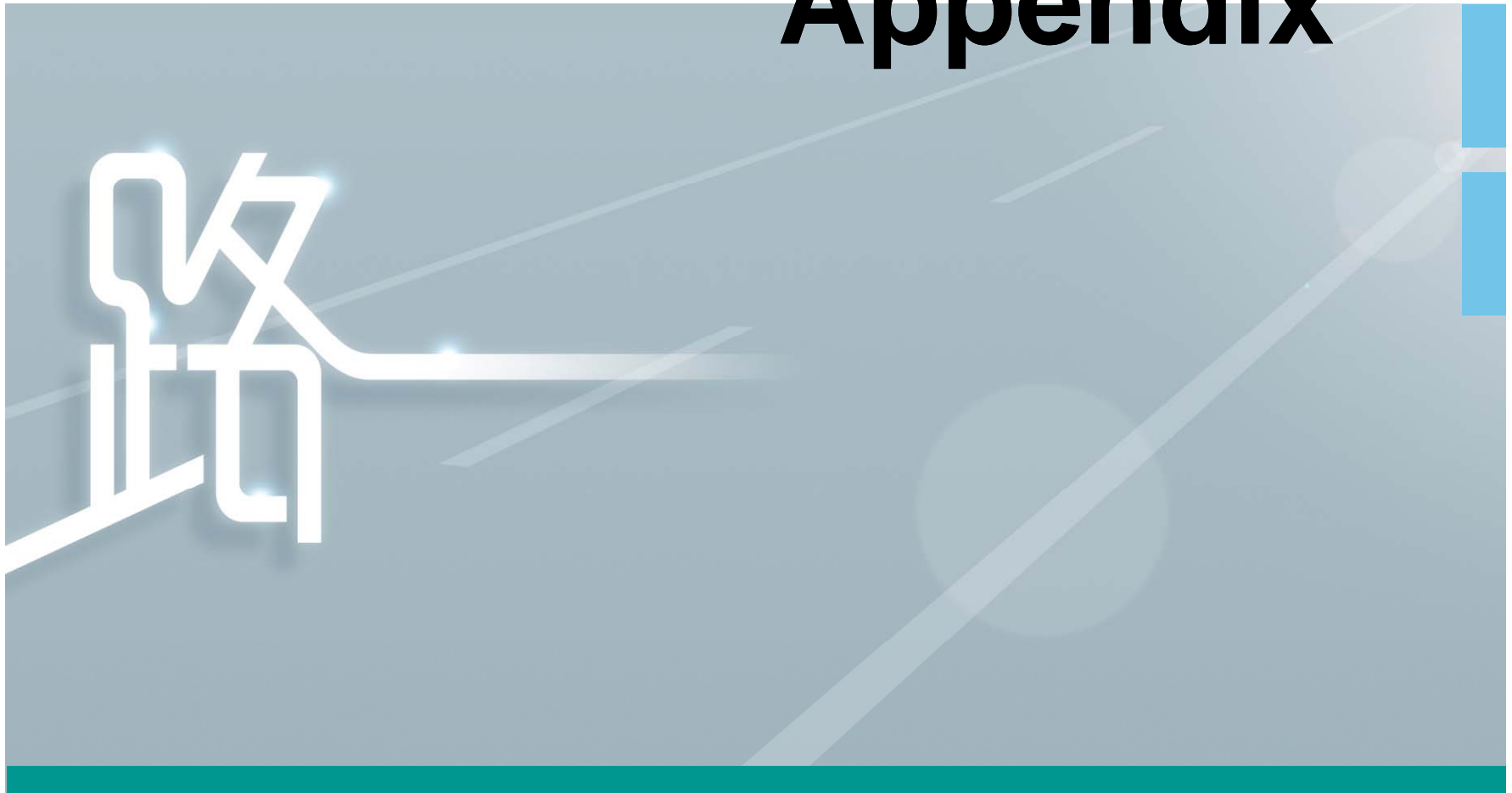
# Operation and development Strategies

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- ➔ Relying on the core business of toll highway for further development, attempt to enter into the businesses related to the Company' s core business capability.
- ➔ Enhance the overall return on existing projects.
- ➔ Pay close attention to and capture the market opportunities of entrusted management business.
- ➔ Pay close attention to and study the market opportunities during the process of New Urbanization.

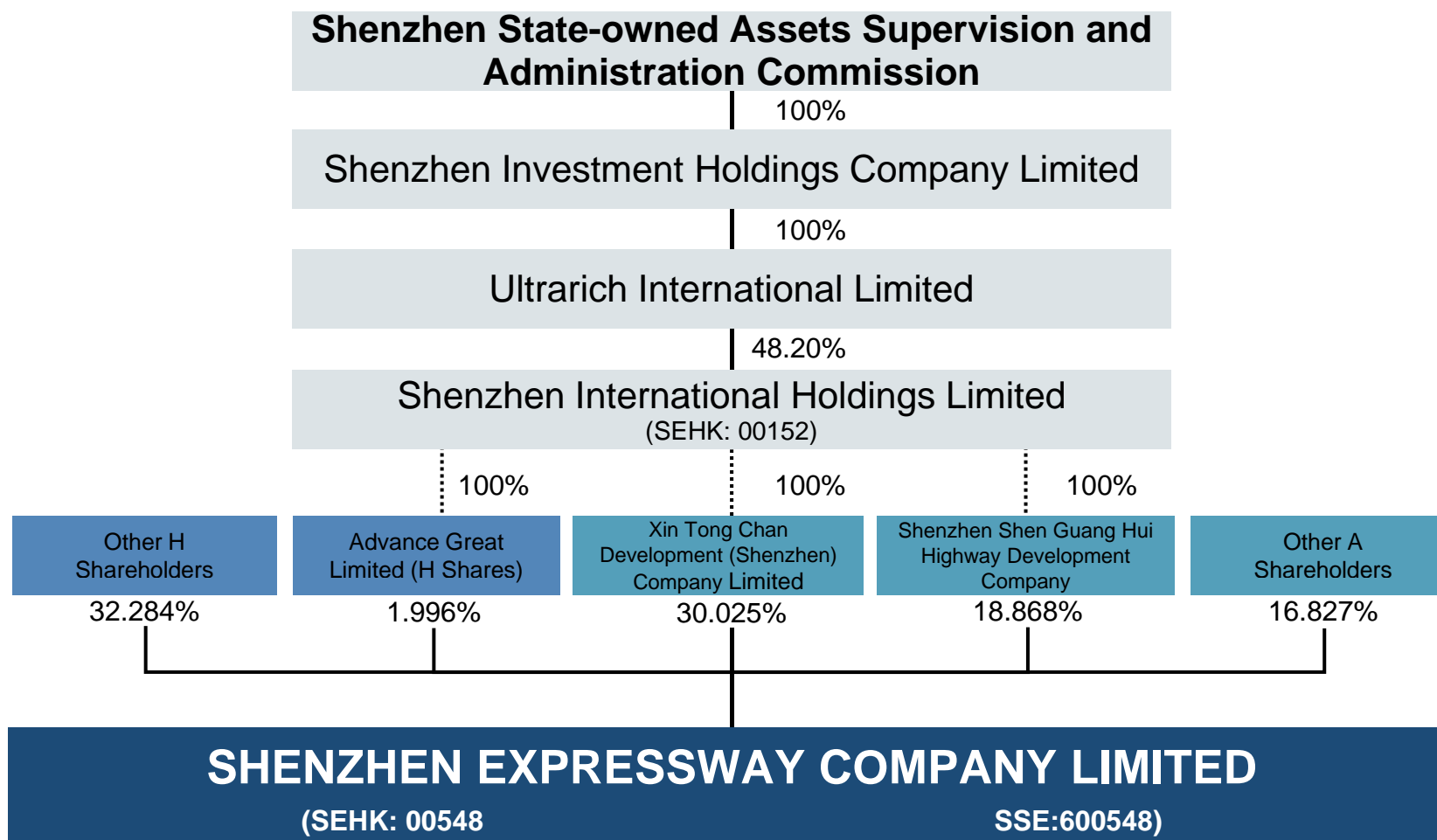


# Appendix

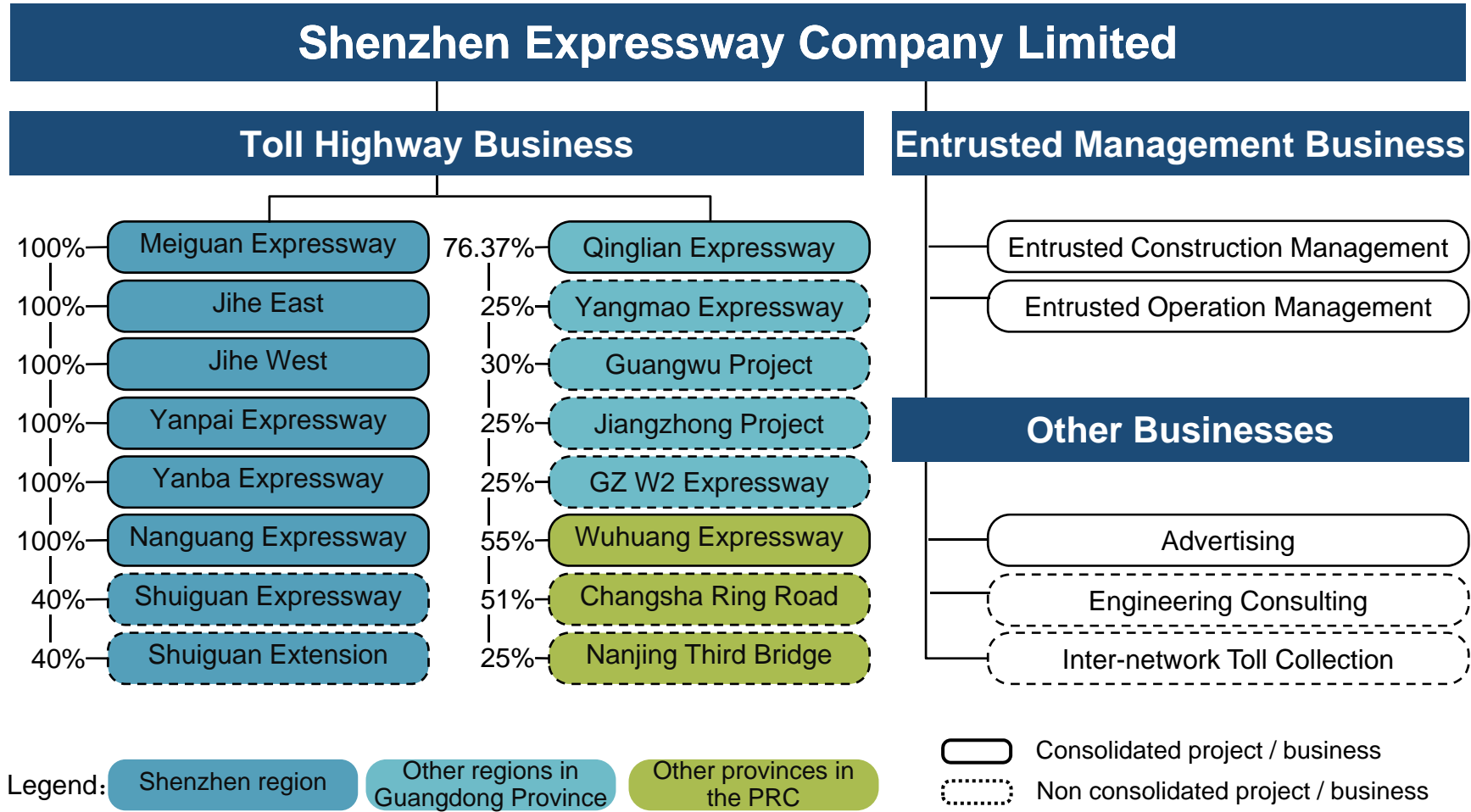


# Shareholding Structure

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The total share capital of the Company is 2,180,770,326, of which H shares are 747,500,000, accounting for 34.28% and domestic shares are 1,433,270,326, accounting for 65.72%.





# Toll Highway Projects Summary

Toll Highway	Interest held by the Company	Location	Toll mileage (km)	No. of lanes	Status	Maturity
Meiguan Expressway	100%	Shenzhen	19.2	6/8	Under operation/ expansion	2027.03
Jihe East	100%	Shenzhen	23.7	6	Under operation	2027.03
Jihe West	100%	Shenzhen	21.8	6	Under operation	2027.03
Yanba Expressway	100%	Shenzhen	29.1	6	Under operation	Applying for approval
Shuiguan Expressway	40%	Shenzhen	20.0	10	Under operation	2025.12
Shuiguan Extension	40%	Shenzhen	6.3	6	Under operation	2025.12
Yanpai Expressway	100%	Shenzhen	15.6	6	Under operation	2027.03
Nanguang Expressway	100%	Shenzhen	31.0	6	Under operation	2033.01
Yangmao Expressway	25%	Guangdong	79.8	4	Under operation	2027.07
Guangwu Project	30%	Guangdong	37.9	4	Under operation	2027.11
Jiangzhong Project	25%	Guangdong	39.6	4	Under operation	2027.08
GZ W2 Expressway	25%	Guangdong	40.2	6	Under operation	2030.12
Qinglian Expressway	76.37%	Guangdong	216	4	Under operation	2034.07
Wuhuang Expressway	55%	Hubei	70.3	4	Under operation	2022.09
Changsha Ring Road	51%	Hunan	34.7	4	Under operation	2029.10
Nanjing Third Bridge	25%	Jiangsu	15.6	6	Under operation	2030.10

# Average Daily Mixed Traffic Volume

<i>(Number of vehicles)</i>	2008	2009	2010	2011	2012	1H2013
<b>Shenzhen Region</b>						
<b>Meiguan Expressway</b>	92,744	98,318	117,244	118,976	124,921	123,362
<b>Jihe East</b>	90,991	93,019	111,530	118,215	128,414	136,357
<b>Jihe West</b>	67,661	72,800	91,111	99,390	106,564	114,987
<b>Yanba Expressway</b>	13,879	16,509	24,313	27,610	28,563	27,960
<b>Yanpai Expressway</b>	31,898	33,763	39,734	38,501	41,473	44,548
<b>Nanguang Expressway</b>	16,336	32,212	50,612	55,995	58,715	67,744
<b>Shuiguan Expressway</b>	106,241	118,064	134,561	124,714	138,285	145,744
<b>Shuiguan Extension</b>	28,181	32,294	40,485	31,941	29,331	32,698
<b>Other Regions in Guangdong Province</b>						
<b>Qinglian Expressway</b>	N/A	16,011	18,292	21,445	22,827	27,300
<b>Yangmao Expressway</b>	18,119	17,795	20,066	23,477	26,978	31,078
<b>Guangwu Project</b>	9,806	11,190	17,475	23,089	25,339	25,679
<b>Jiangzhong Project</b>	45,344	50,899	68,476	90,270	91,559	84,573
<b>GZ W2 Expressway</b>	9,574	14,883	28,768	33,493	34,796	38,982
<b>Other Provinces in the PRC</b>						
<b>Wuhuang Expressway</b>	29,140	32,412	38,034	37,856	39,669	38,850
<b>Changsha Ring Road</b>	6,020	7,342	8,558	9,516	13,206	13,389
<b>Nanjing Third Bridge</b>	18,334	20,029	22,057	23,293	24,882	29,658

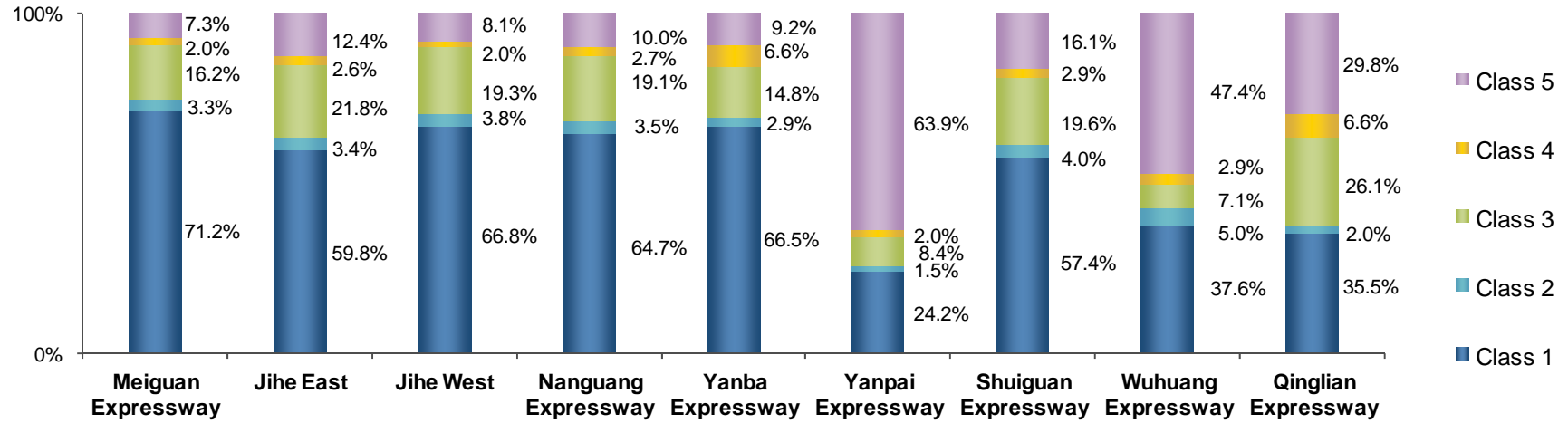
# Average Daily Toll Revenue

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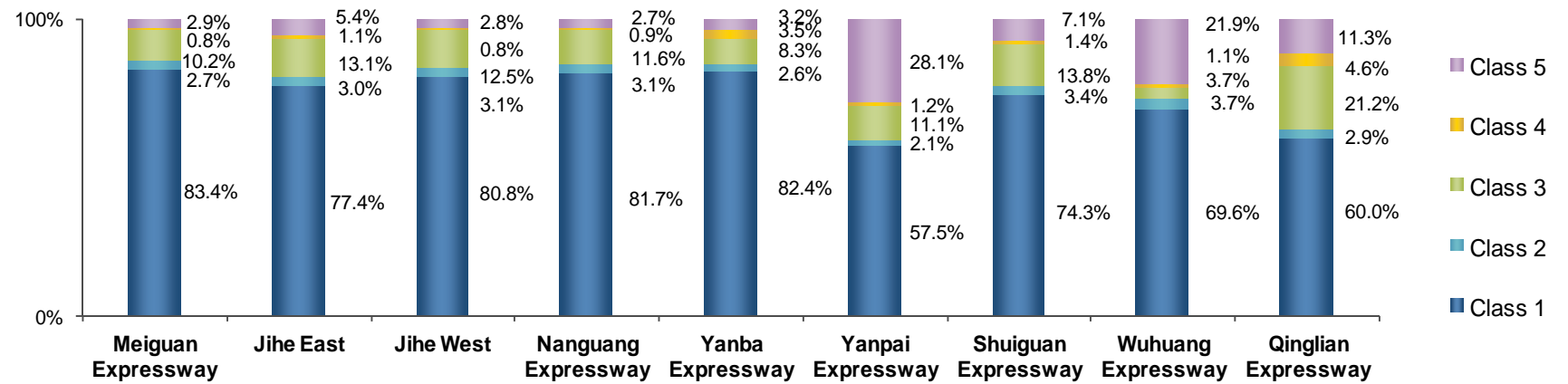
(RMB'000)	2008	2009	2010	2011	2012	1H2013
<b>Shenzhen Region</b>						
<b>Meiguan Expressway</b>	791.8	814.0	951.4	943.2	875.6	764.7
<b>Jihe East</b>	1,227.3	1,242.0	1,414.7	1,407.1	1,239.9	1,220.2
<b>Jihe West</b>	937.3	951.4	1,169.2	1,229.9	1,079.8	986.2
<b>Yanba Expressway</b>	195.6	213.4	335.4	369.3	387.4	401.9
<b>Yanpai Expressway</b>	407.0	382.6	428.6	463.8	514.0	485.6
<b>Nanguang Expressway</b>	176.0	302.9	523.5	589.0	628.8	713.2
<b>Shuiguan Expressway</b>	1,006.0	1,072.4	1,229.9	1,122.0	1,204.5	1,222.5
<b>Shuiguan Extension</b>	178.9	202.5	250.6	196.7	155.5	155.4
<b>Other Regions in Guangdong Province</b>						
<b>Qinglian Expressway</b>	N/A	829.9	1,036.8	1,280.4	1,460.6	1,894.0
<b>Yangmao Expressway</b>	902.3	967.5	1,094.9	1,209.4	1,326.2	1,477.0
<b>Guangwu Project</b>	265.0	305.7	471.9	644.4	681.3	703.4
<b>Jiangzhong Project</b>	651.8	707.2	870.2	972.4	931.6	894.9
<b>GZ W2 Expressway</b>	301.5	471.0	672.3	740.0	713.0	764.7
<b>Other Provinces in the PRC</b>						
<b>Wuhuang Expressway</b>	1,017.1	1,090.0	1,268.3	1,146.2	1,170.4	1,060.8
<b>Changsha Ring Road</b>	60.5	63.6	72.8	86.3	119.4	125.9
<b>Nanjing Third Bridge</b>	640.1	672.1	782.9	828.6	894.7	1,116.3

# Vehicle Category of Major Highways

## By Revenue



## By Traffic Volume

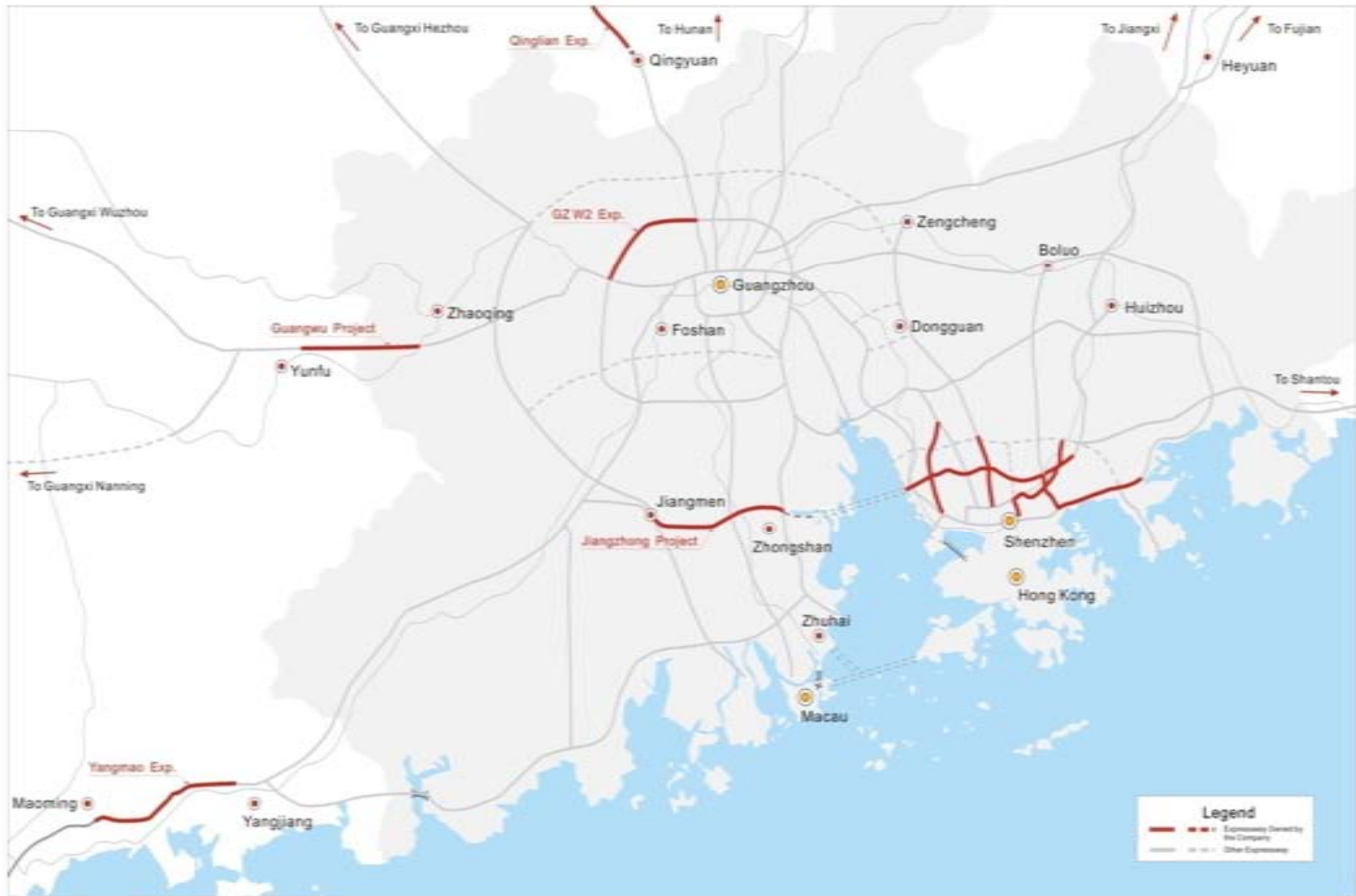


# Road Network of Shenzhen





# Road Network of Pearl River Delta



### Road Network of Qinglian Expressway



### Road Network of Wuhuang Expressway



### Road Network of Nanjing Third Bridge



### Road Network of Changsha Ring Road

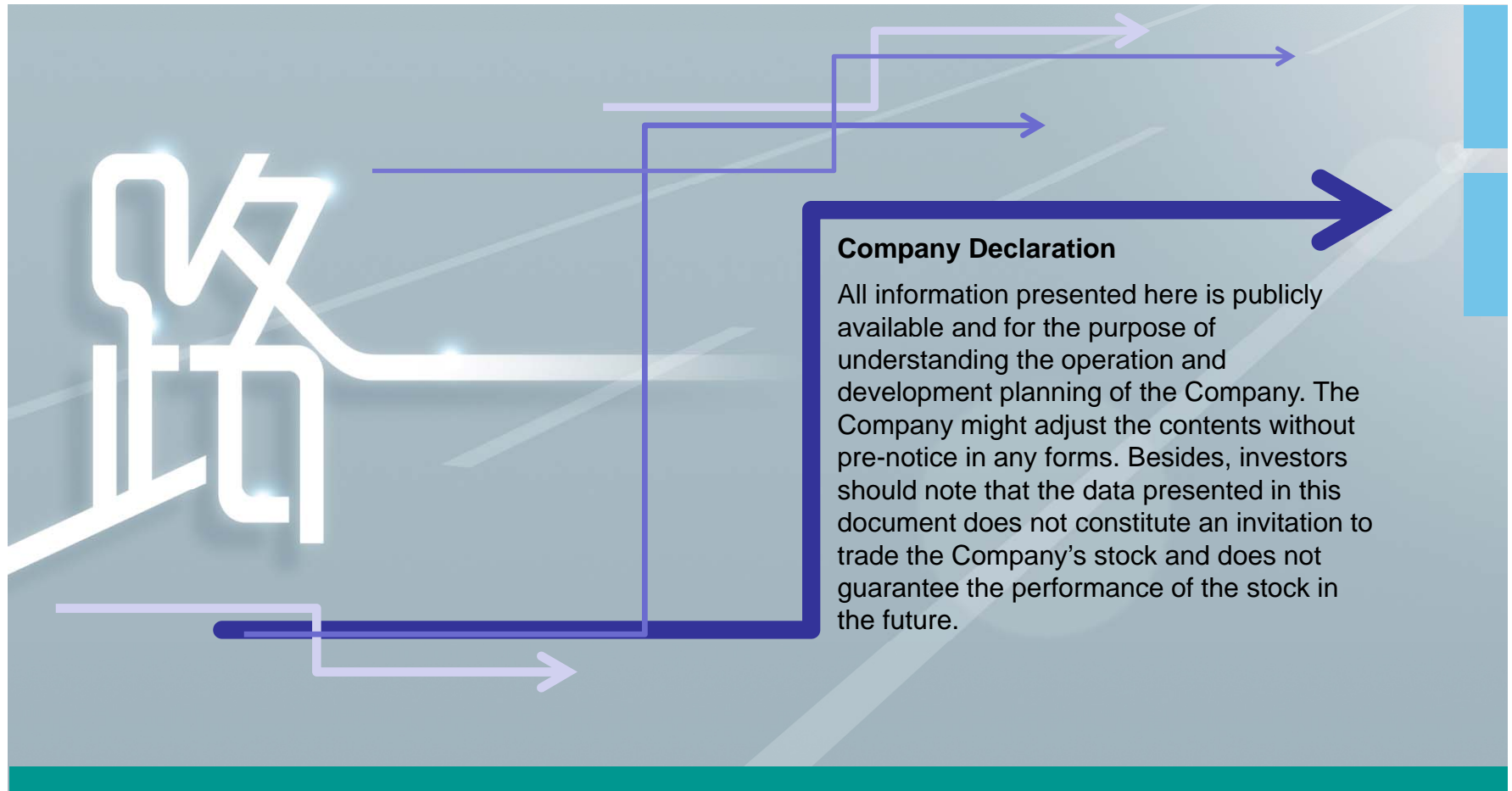


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### **Company Declaration**

All information presented here is publicly available and for the purpose of understanding the operation and development planning of the Company. The Company might adjust the contents without pre-notice in any forms. Besides, investors should note that the data presented in this document does not constitute an invitation to trade the Company's stock and does not guarantee the performance of the stock in the future.



**Thank You**

