



SHENZHEN EXPRESSWAY COMPANY LIMITED

Stock code: 00548(SEHK) 600548(SSE)

2015 Third Quarterly Results Presentation

28 October 2015





July – September 2015

- The traffic volume and toll revenues of most of the toll highway projects maintained a growth.
- Revenue amounted to RMB939 million with a YOY increase of 8.11%.
- Net profit amounted to RMB314 million with a YOY increase of 2.05%

The financial statements of the Company were prepared in accordance with China Accounting Standards for Business Enterprise. In this material, the total of breakdown and the total may not equal in mantissa due to rounding.



Financial Highlights

	Jul-Sep 2015	Jul-Sep 2014	Change YOY
Revenue (RMB 'million)	939	868	+8.11%
Net profit attributable to owners of the Company (RMB 'million)	314	308	+2.05%
Earnings per share (EPS) (RMB)	0.144	0.141	+2.05%



Financial Highlights

	Jan-Sep 2015	Jan-Sep 2014	Change YOY
Revenue (RMB 'million)	2,438	2,796	-12.8%
Net profit attributable to owners of the Company (RMB 'million)	853	2,005	-57.46%
Earnings per share (EPS) (RMB)	0.391	0.919	-57.46%
Return on equity – weighted average (ROE) (%)	7.24%	18.54%	-11.30p.pt
Deducting Gains on Disposal of Meiguan Assets ^{Note}			
Net profit attributable to owners of the Company (RMB 'million)	853	888	-3.91%
Earnings per share (EPS) (RMB)	0.391	0.407	-3.91%

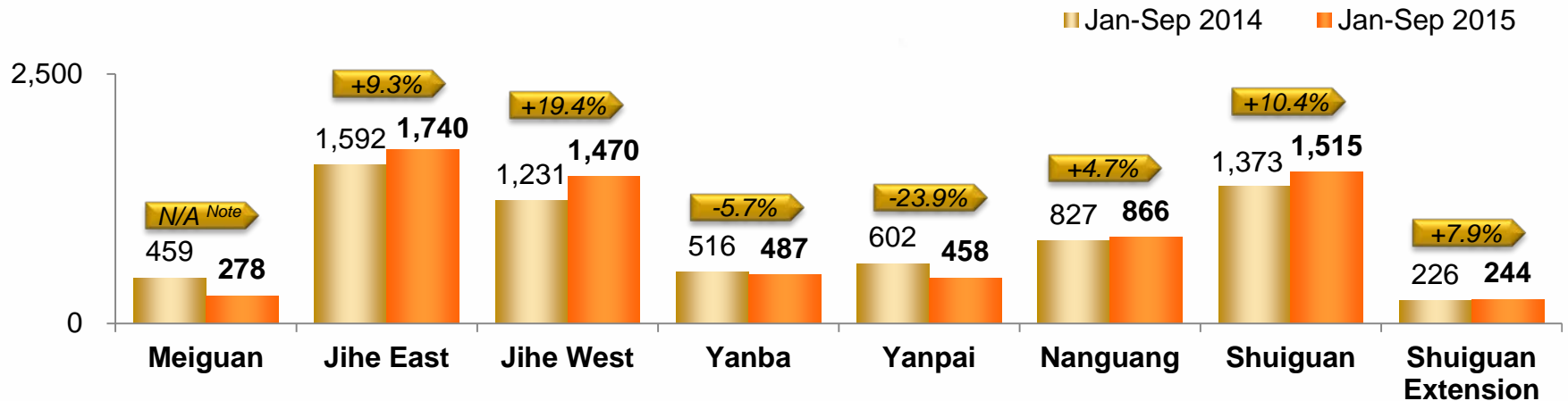
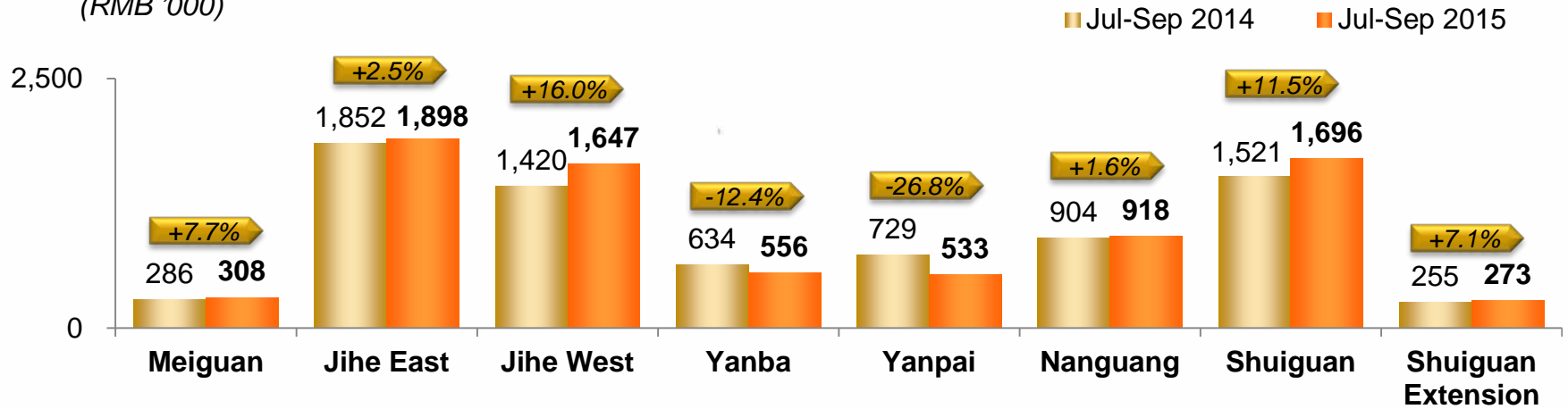
Note: The Group recognized Gains on Disposal of Meiguan Assets of approximately RMB1,117 million in the second quarter of 2014.



Operational Performance - Average Daily Toll Revenue

Shenzhen Region

(RMB '000)

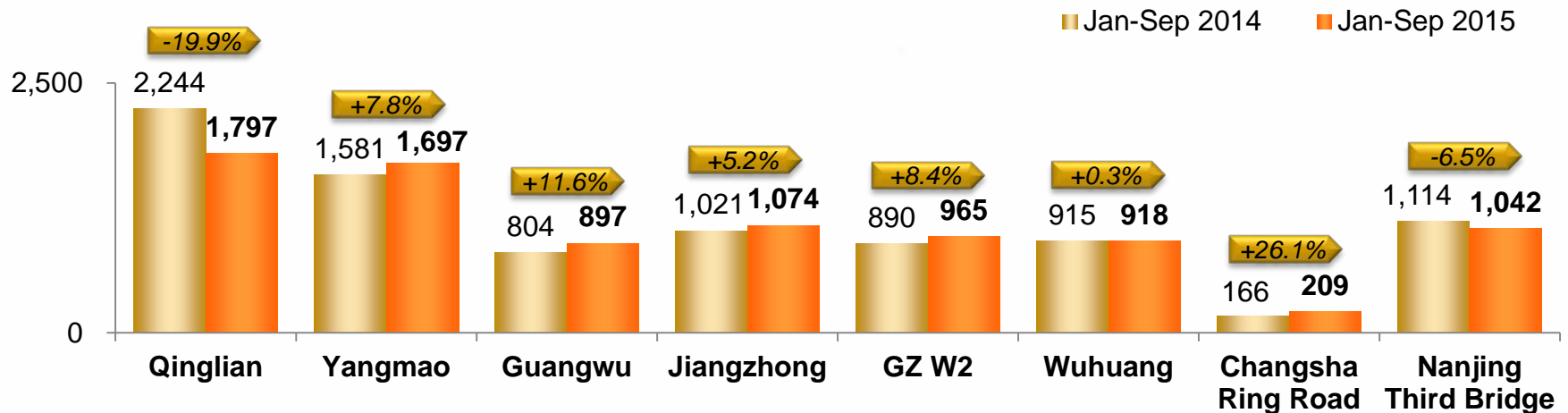
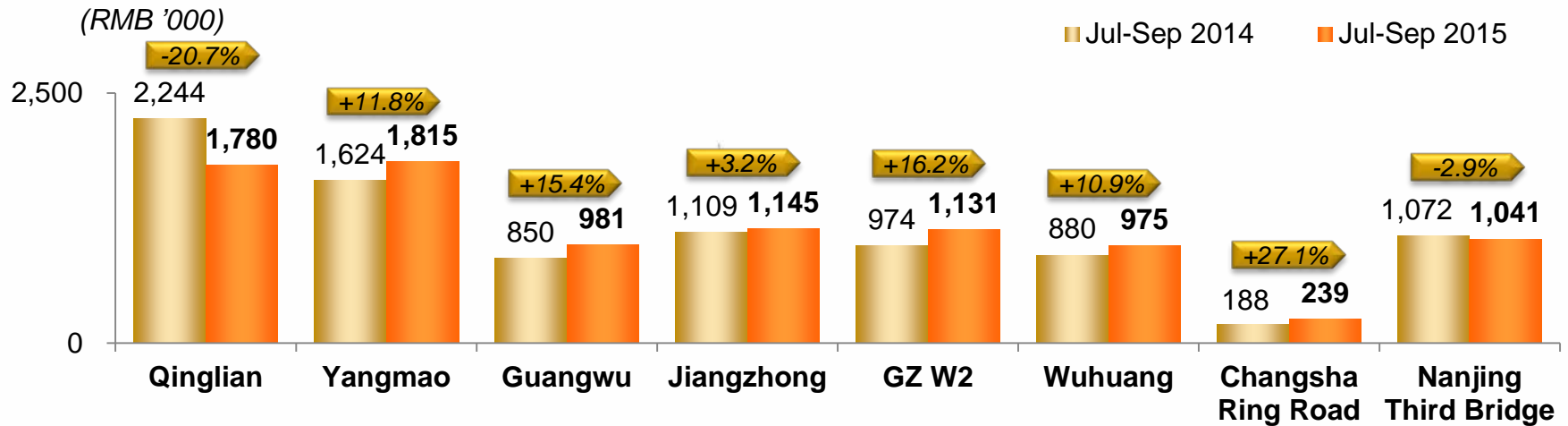


Note: Since 1 April 2014, the toll adjustment proposal of Meiguan Expressway has been implemented. As there is a relatively great change on the toll mileage, no YOY change data was provided.



Operational Performance - Average Daily Toll Revenue

Other Regions





Operational Performance - Average Daily Mixed Traffic Volume

	Jul-Sep 2015	Jul-Sep 2014	Change YOY	Jan-Sep 2015	Jan-Sep 2014	Change YOY
Shenzhen region	<i>(Number of vehicles in thousands)</i>			<i>(Number of vehicles in thousands)</i>		
Meiguan	81	74	+9.5%	74	89	N/A Note
Jihe East	239	215	+11.5%	216	185	+16.8%
Jihe West	190	170	+11.9%	173	146	+18.9%
Yanba	47	49	-3.7%	38	37	+1.8%
Yanpai	68	70	-2.0%	57	59	-2.1%
Nanguang	102	94	+8.0%	95	85	+11.7%
Shuiguan	210	182	+14.9%	188	166	+12.9%
Shuiguan Extension	82	67	+22.5%	72	59	+21.5%

Note: Since 1 April 2014, the toll adjustment proposal of Meiguan Expressway was implemented. As there is a relatively great change on the toll mileage, no YOY change data has been provided.



Operational Performance - Average Daily Mixed Traffic Volume

	Jul-Sep 2015	Jul-Sep 2014	Change YOY	Jan-Sep 2015	Jan-Sep 2014	Change YOY
Other regions	<i>(Number of vehicles in thousands)</i>			<i>(Number of vehicles in thousands)</i>		
Qinglian	34	35	-2.6%	34	34	+0.3%
Yangmao	46	40	+15.8%	41	36	+14.5%
Guangwu	36	32	+13.4%	35	33	+7.9%
Jiangzhong	116	110	+4.8%	108	101	+6.6%
GZ W2	56	48	+15.4%	49	46	+6.8%
Wuhuang	43	40	+7.8%	41	40	+3.6%
Changsha Ring Road	22	18	+17.9%	19	17	+16.0%
Nanjing Third Bridge	27	27	+0.4%	28	29	-3.0%



Operational Performance - Brief Description

- After the implementation of the toll adjustment proposal of Meiguan Expressway, the traffic volume for Toll Free Section increased rapidly. It did not only stimulate the traffic volume of Toll Section, but also enhanced the performance of Jihe Expressway.
- The opening of the second phase of Qingping Expressway has been creating a positive effect on the operational performance of neighboring Jihe East and Shuiguan Extension.
- The toll collection of Shenzhen Yantian'ao Tunnel has been cancelled with effect from February 2015, among which the traffic volumes of lorries on Yanpai Expressway and Yanba Expressway experienced greater diversion while a slightly negative effect was brought on Jihe Expressway.
- Guangle Expressway and Erguang Expressway Lianzhou to Huaiji section (in Guangdong), whose layouts are similar to that of Qinglian Expressway, were respectively commenced operation in September 2014 and December 2014, and construction of the link between Erguang Expressway and Qinglian Expressway is under way, a certain diversion on Qinglian Expressway were resulted at this stage.
- The diversion impact of Wuhuang Expressway has gradually stabilized.



Business Development

Business combinations

- With the purpose of capitalizing the Group's core competences in the construction management service area, the Company has exercised control over Shenzhen Expressway Engineering Consulting Company Limited ("Consulting Company") with effect from 1 July 2015. Since 1 July 2015, Consulting Company has been converted from an associated company to a subsidiary of the Company and accordingly, consolidated into the Group, resulting in a slight increase in assets, liabilities, revenue and scale of cost of the Group but not any material impact on the overall financial position and operating performance.
- The Consulting Company is engaging in preliminary consultancy, survey design, tendering agency, construction costs consultancy, engineering supervision, project test and inspection and maintenance consultancy, and has the qualification of, and service competence in undertaking the consultancy service of the entire process of project investment and construction.
- As at 30 September 2015, the total assets and liabilities of Consulting Company were RMB269,614,000 and RMB153,173,000 respectively. During the period from July to September 2015, the Consulting Company recorded a revenue and net profit of RMB113,800,000 and RMB14,112,000 respectively.



Financial Analysis - Revenue & Investment Income

	Jul-Sept 2015	Jul-Sept 2014	Change in Amount	Change YOY	Jan-Sep 2015	Jan-Sep 2014	Change in Amount	Change YOY
	<i>(RMB '000)</i>				<i>(RMB '000)</i>			
Revenue	938,664	868,234	+70,430	+8.11%	2,438,282	2,796,280	-357,998	-12.80%
Toll revenue	792,646	823,280	-30,634	-3.72%	2,187,843	2,289,103	-101,260	-4.42%
Other income	146,018	44,954	+101,064	+224.82%	250,439	507,177	-256,738	-50.62%
Investment income	91,817	63,321	+28,496	+45.00%	228,437	171,622	+56,815	+33.11%

- Main reasons of the YOY decrease in toll revenue from January to September:
 - 13.8km of Meiguan Expressway started to be toll-free on 1 April 2014.
 - Qinglian Expressway, Yanpai Expressway and Yanba Expressway were affected by road network diversion.
- Main reasons of the YOY decrease in other income from January to September: revenue from entrusted construction management services from January to June 2015 had a significant YOY decrease.
- The YOY increase of investment income was mainly due to the increase in the investment income attributable to joint ventures and associates such as Qinglong Company and Yangmao Company.



Financial Analysis - Cost & Expenses

	Jul-Sept 2015	Jul-Sept 2014	Change in Amount	Change YOY	Jan-Sept 2015	Jan-Sept 2014	Change in Amount	Change YOY
	<i>(RMB '000)</i>				<i>(RMB '000)</i>			
Cost of services	436,941	393,204	+43,737	+11.12%	1,119,808	1,309,435	-189,627	-14.48%
General and administrative expenses	33,053	15,939	+17,114	+107.38%	62,831	45,378	+17,453	+38.46%
Financial expenses	98,199	90,425	+7,774	+8.60%	260,788	330,324	-69,536	-21.05%
Income tax expenses	81,392	83,153	-1,761	-2.12%	221,420	606,460	-385,040	-63.49%

- Main reasons of the YOY decrease in cost of services from January to September:
 - adjustment and recognition of the relevant cost of services according to the settlement of actual progress of Coastal Phase I during the first half of 2014.
 - a YOY decrease in the depreciation and amortization expenses of the ancillary toll highways as well as the special maintenance expenses.
- The accounts of the consulting company have been consolidated into the Group, resulting in an increase in the Group's general and administrative expenses.
- Main reasons of the YOY decrease in financial expenses from January to September:
 - the YOY decrease in average borrowing scale.
 - the recognition of interest income in respect of the compensation receivables as agreed in the toll adjustment of Meiguan Expressway.
- The decrease of income tax expenses from January to September was due to the recognition of Gains on Disposal of Assets of Meiguan Expressway in the second quarter of 2014.



Financial Analysis - Investment & Borrowings

- Capital expenditure from January to September 2015: RMB609 million.
- Total borrowings at the end of 30 September 2015 (including loans and bonds payable): RMB8,057 million (31 December 2014: RMB8,049 million; 30 June 2015: RMB8,825 million).
- Debt-to-asset ratio at the end of 30 September 2015: 44.82%
(end of 31 December 2014: 46.07%)

Note: As at the end of September 2015, the Group received the third instalment of compensation of RMB1,200 million for toll adjustment of Meiguan Expressway and early repaid a bank loan of RMB600 million in October. It will help further reduce the Group's borrowing scale.

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.

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