



SHENZHEN EXPRESSWAY COMPANY LIMITED

Stock code: 00548(SEHK) 600548(SSE)

2016 Third Quarterly Results Presentation



28 October 2016



July - September 2016

- The traffic volume and toll revenues of most of the toll highway projects maintained growth.
- Revenue amounted to RMB1,117 million with a YOY increase of 18.96%.
- Net profit amounted to RMB332 million with a YOY increase of 5.70%.

January - September 2016

- The traffic volume and toll revenues of most of the toll highway projects maintained growth.
- Revenue amounted to RMB3,180 million with a YOY increase of 30.41%.
- Net profit amounted to RMB947 million with a YOY increase of 11.00%.

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 1

	Jul-Sep 2016	Jul-Sep 2015	Change YOY
Revenue (RMB 'million)	1,116	939	+18.96%
Net profit attributable to owners of the Company (RMB 'million)	332	314	+5.70%
Earnings per share (EPS) (RMB)	0.152	0.144	+5.70%



Financial Highlights 2

	Jan-Sep 2016	Jan-Sep 2015	Change YOY
Revenue (RMB 'million)	3,180	2,438	+30.41%
Net profit attributable to owners of the Company (RMB 'million)	947	853	+11.00%
Earnings per share (EPS) (RMB)	0.434	0.391	+11.00%
Return on equity – weighted average (ROE) (%)	7.57%	7.24%	+0.33p.pt



Financial Analysis – Revenue & Investment Income

	Jul-Sep 2016	Jul-Sep 2015	Change in Amount	Change YOY	Jan-Sep 2016	Jan-Sep 2015	Change in Amount	Change YOY
	<i>(RMB '000)</i>				<i>(RMB '000)</i>			
Revenue	1,116,681	938,664	+178,017	+18.96%	3,179,810	2,438,282	+741,528	+30.41%
Toll revenue	978,631	792,646	+185,985	+23.46%	2,744,333	2,187,843	+556,490	+25.44%
Other income	138,050	146,018	-7,968	-5.46%	435,477	250,439	+185,038	+73.89%
Investment income	106,937	91,817	+15,120	+16.47%	334,292	228,437	+105,855	+46.34%

- Main reasons of the YOY increase in revenue from January to September: the consolidation of Consulting Company and Qinglong Company into the Group's financial statements since 1 July 2015 and 30 October 2015 respectively. Save for the effect, revenue recorded a YOY increase of 5.54%.
- Main reasons of the YOY increase in toll revenue from January to September:
 - the consolidation of Qinglong Company into the Group's financial statements since 30 October 2015;
 - the organic growth of traffic volume of Jihe West and Qinglian Expressway.
- The YOY increase in investment income from January to September was mainly due to the income from transfer of equity interest in subsidiaries and recognition of investment income from Bank of Guizhou.



Financial Analysis – Cost & Expenses

	Jul-Sep 2016	Jul-Sep 2015	Change in Amount	Change YOY	Jan-Sep 2016	Jan-Sep 2015	Change in Amount	Change YOY
	<i>(RMB '000)</i>				<i>(RMB '000)</i>			
Cost of services	576,619	436,941	+139,678	+31.97%	1,643,658	1,119,808	+523,850	+46.78%
General and administrative expenses	27,259	33,053	-5,794	-17.53%	68,583	62,831	+5,712	+9.15%
Financial expenses	148,700	98,199	+50,501	+51.43%	419,456	260,788	+158,668	+60.84%
Income tax expenses	87,790	81,392	+6,397	+7.86%	258,380	221,420	+36,960	+16.69%

- Main reasons of the YOY increase in cost of services from January to September:
 - the increase in costs of services of RMB206,813,000 and RMB310,174,000 respectively resulting from the consolidation of Consulting Company and Qinglong Company into the Group's financial statements;
 - the recognition of the cost of construction management service of Section A of Outer Ring;
 - the increase in depreciation and amortization costs.
- The YOY increase in financial expenses from January to September was mainly due to the YOY increase in the amount of interest-bearing debts.



Financial Analysis – Investment & Borrowings

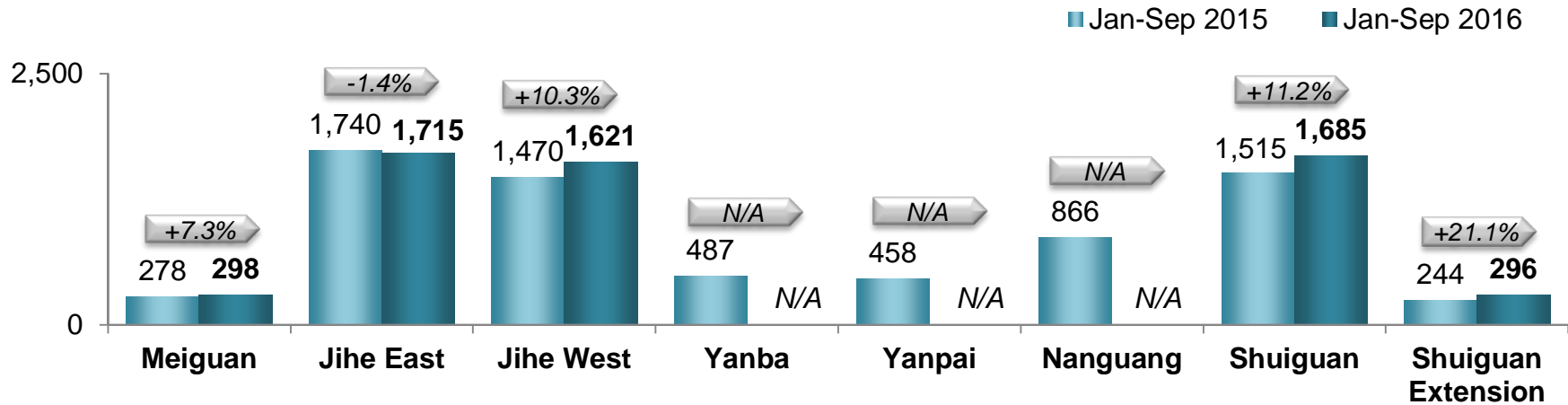
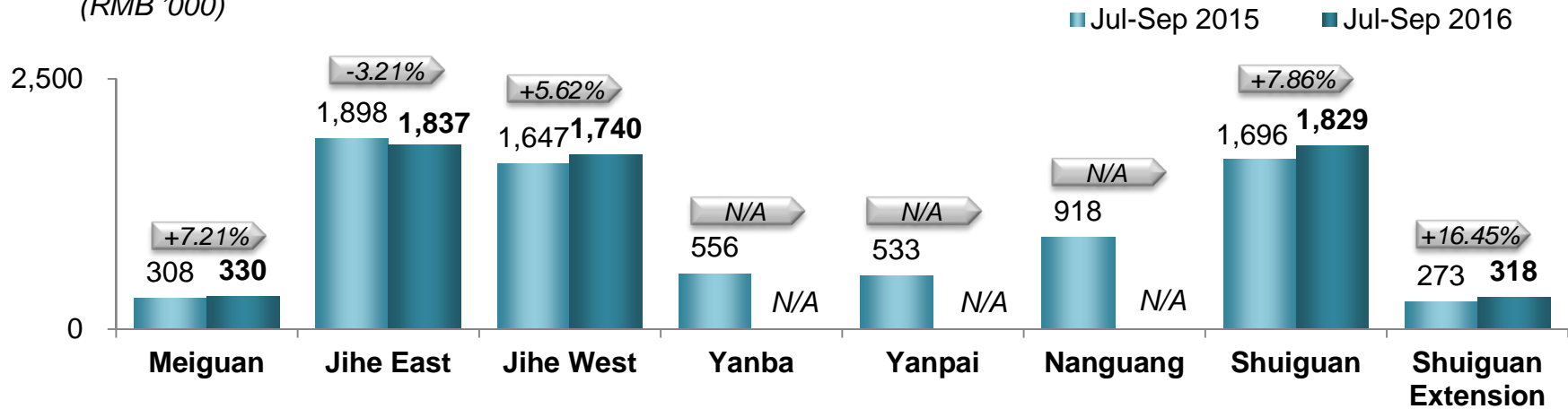
- Capital expenditure from January to September 2016: RMB2.09 billion.
- Total outstanding interest-bearing debts at the end of 30 September 2016: RMB12.96 billion (including the compensation amount of RMB6.39 billion for the Three Projects) (as at 30 September 2015: RMB8.06 billion and 31 December 2015: RMB13.28 billion).
- Debt-to-asset ratio at the end of 30 September 2016: 52.47% (end of 31 December 2015: 52.76%).



Operational Performance – Average Daily Toll Revenue

Shenzhen Region

(RMB '000)



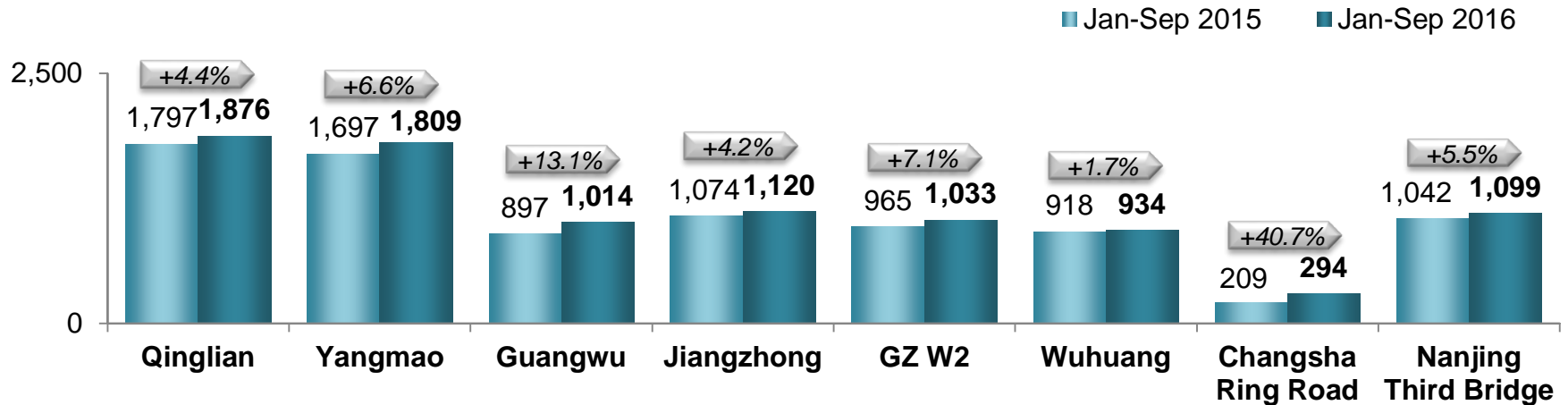
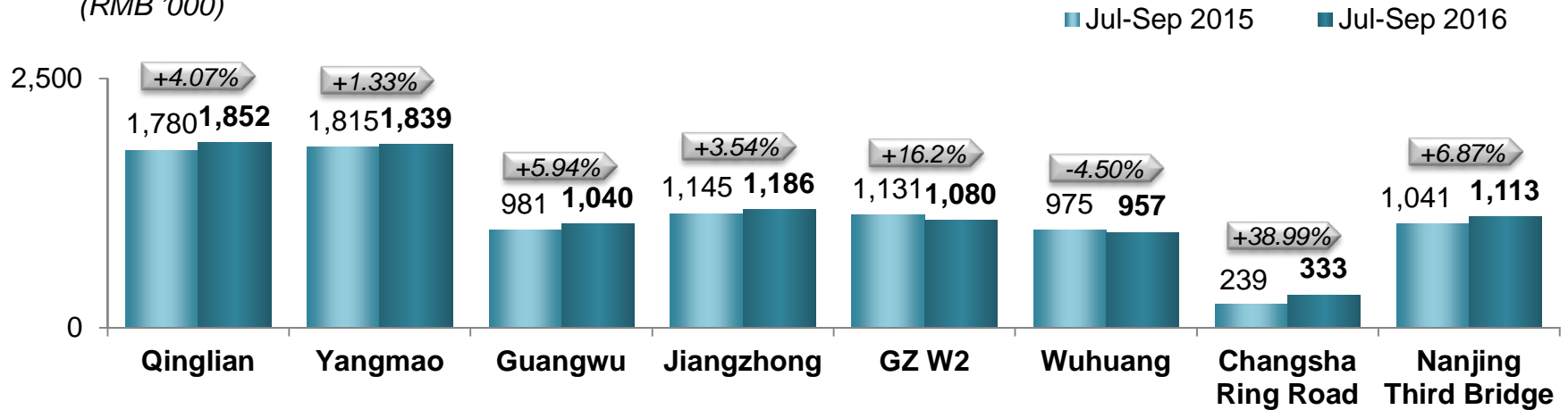
Note: According to the agreements signed between the Company and the Shenzhen Transport Commission, Nanguang Expressway, Yanpai Expressway and Yanba Expressway (the “Three Projects”) were toll free from 00:00 on 7 February 2016. The Company calculated and determined the revenue of the Three Projects according to the method stipulated in the agreements. The Company no longer discloses data for the Three Projects.



Operational Performance – Average Daily Toll Revenue

Other Regions

(RMB '000)





Operational Performance – Average Daily Mixed Traffic Volume

	Jul-Sep 2016	Jul-Sep 2015	Change YOY	Jan-Sep 2016	Jan-Sep 2015	Change YOY
Shenzhen region	<i>(Number of vehicles in thousands)</i>			<i>(Number of vehicles in thousands)</i>		
Meiguan	90	81	+10.9%	82	74	+11.1%
Jihe East	268	239	+11.9%	247	216	+14.7%
Jihe West	221	190	+16.3%	200	173	+15.2%
Yanba ^{Note}	N/A	47	N/A	N/A	38	N/A
Yanpai ^{Note}	N/A	68	N/A	N/A	57	N/A
Nanguang ^{Note}	N/A	102	N/A	N/A	95	N/A
Shuiguan	247	210	+17.9%	230	188	+22.5%
Shuiguan Extension	108	82	+31.2%	97	72	+34.1%

Note: According to the agreements signed between the Company and the Shenzhen Transport Commission, the Three Projects were toll free from 00:00 on 7 February 2016. The Company no longer discloses data for the Three Projects.



Operational Performance – Average Daily Mixed Traffic Volume

	Jul-Sep 2016	Jul-Sep 2015	Change YOY	Jan-Sep 2016	Jan-Sep 2015	Change YOY
Other regions	<i>(Number of vehicles in thousands)</i>			<i>(Number of vehicles in thousands)</i>		
Qinglian	38	34	+13.2%	37	34	+9.7%
Yangmao	53	46	+13.8%	47	41	+14.4%
Guangwu	44	36	+20.8%	40	35	+15.1%
Jiangzhong	130	116	+12.5%	118	108	+9.8%
GZ W2	62	56	+11.7%	57	49	+16.6%
Wuhuang	46	43	+8.7%	44	41	+7.8%
Changsha Ring Road	27	22	+25.4%	25	19	+30.7%
Nanjing Third Bridge	28	27	+2.7%	28	28	+0.4%



Operational Performance – Brief Description

- Since the toll adjustment proposals of the Three Projects were implemented in February 2016, the traffic volumes in toll free sections had increased, driving the growth of traffic volumes of the connected Jihe Expressway and Shuiguan Expressway.
- The Group performed maintenance and reinforcement of Pinghu Marshalling Yard Bridge of Jihe East from mid-May to mid-July in 2016, during which some of the traffic that would have travelled along that section changed their routes to Shuiguan Expressway and Shuiguan Extension to drive the growth of traffic volumes of Shuiguan Expressway and Shuiguan Extension, while it reduced the traffic volume of Jihe East itself. The works were completed on 16 July 2016 and the related impacts gradually eliminated.
- Benefited from the more accessible road network of Yunwu Expressway, Guangwu Project achieved a continued growth in traffic volume.
- Benefited from the rapid growth of the traffic volume in passenger car, the traffic volumes of GZ W2, Changsha Ring Road, Yangmao Expressway continued to grow.
- The diversion raised from Guangle Expressway and Erguang Expressway Guangdong Section on Qinglian Expressway still exists. With the active promotion and implementation of multi-level marketing strategy on Qinglian Expressway, the diversion has stabilized.



Significant Matters

11 Shenzhen Expressway

- As the 5-year 2011 corporate bonds (“11 Shenzhen Expressway”) issued by the Company on 27 July 2011 matured and was delisted on 27 July 2016.

USD Bonds

- The Company issued overseas debenture of US\$300 million at fixed interest rate with a maturity of 5 years in early July. Its nominal interest rate is 2.875%. The Company has arranged to lock in the foreign exchange rate of the bond to hedge exchange rate fluctuation risk.

RMB-denominated short-term corporate wealth management product

- The Company purchased RMB-denominated short-term corporate wealth management product with guaranteed principal from cooperative banks since 28 March 2016 on the condition that both safety and liquidity of capital reserve can be ensured. The yield rates ranged from 2.50% to 3.50%. The balance of wealth management products amounted to RMB750 million as at the end of the Reporting Period without any overdue principal or income. For the first nine months of 2016, the Company recorded income of RMB8,919,900 (tax inclusive), of which RMB5,532,800 (tax inclusive) was for the third quarter of 2016.

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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