



SHENZHEN EXPRESSWAY COMPANY LIMITED

Stock code: 00548(SEHK) 600548(SSE)

2017 Third Quarterly Results Presentation



26 October

- The overall traffic volume and toll revenues

Financial Highlights 1

	Jul-Sep 2017	Jul-Sep 2016	Change YOY
Revenue (RMB 'million)	1,262	1,116	+13.04%
Net profit attributable to owners of the Company (RMB 'million)	469	332	+41.39%
Earnings per share (EPS) (RMB)	0.215	0.152	+41.39%

Financial Highlights 2

	Jan-Sep 2017	Jan-Sep 2016	Change YOY
Revenue (RMB 'million)	3,371	3,180	+6.00%
Net profit attributable to owners of the Company (RMB 'million)	1,211	947	+27.91%
Earnings per share (EPS) (RMB)	0.555	0.434	+27.91%
Return on equity – weighted average (ROE) (%)	9.27%	7.57%	+1.70 p.pt

Financial Analysis – Revenue & Investment Income

	Jul-Sep 2017	Jul-Sep 2016	Change YOY	Jan-Sep 2017	Jan-Sep 2016	Change YOY
	<i>(RMB '000)</i>			<i>(RMB '000)</i>		
Revenue	1,262,258	1,116,681	+13.04%	3,370,643	3,179,810	+6.00%
Toll revenue	1,220,096	978,631	+24.67%	3,176,974	2,744,333	+15.76%
Other income	42,162	138,050	-69.46%	193,669	435,477	-55.53%
Investment income	158,899	106,937	+48.59%	405,490	334,292	+21.30%

- The growth of revenue was mainly due to the increase in toll revenue .
- The YOY increase in toll revenue from January to September was mainly due to :
 - the aggregate toll revenue contributed from the consolidation of Changsha Ring Road and Yichang Expressway amounted to approximately 200 million .
 - the organic growth of traffic volume of Jihe Expressway and Qinglian Expressway droved toll revenue growth
- The YOY increase in investment income from January to September was mainly due to the income from the addition of investment income from Derun Environment.

Financial Analysis – Cost & Expenses

	Jul-Sep 2017	Jul-Sep 2016	Change YOY	Jan-Sep 2017	Jan-Sep 2016	Change YOY
	<i>(RMB '000)</i>			<i>(RMB '000)</i>		
Cost of services	569,935	576,619	-1.16%	1,591,240	1,643,658	-3.19%
General and administrative expenses	37,928	27,259	+39.14%	78,444	68,583	+14.38%
Financial expenses	138,930	148,700	-6.57%	373,144	419,456	-11.04%
Income tax expenses	112,114	87,790	+27.71%	314,125	258,380	+21.57%

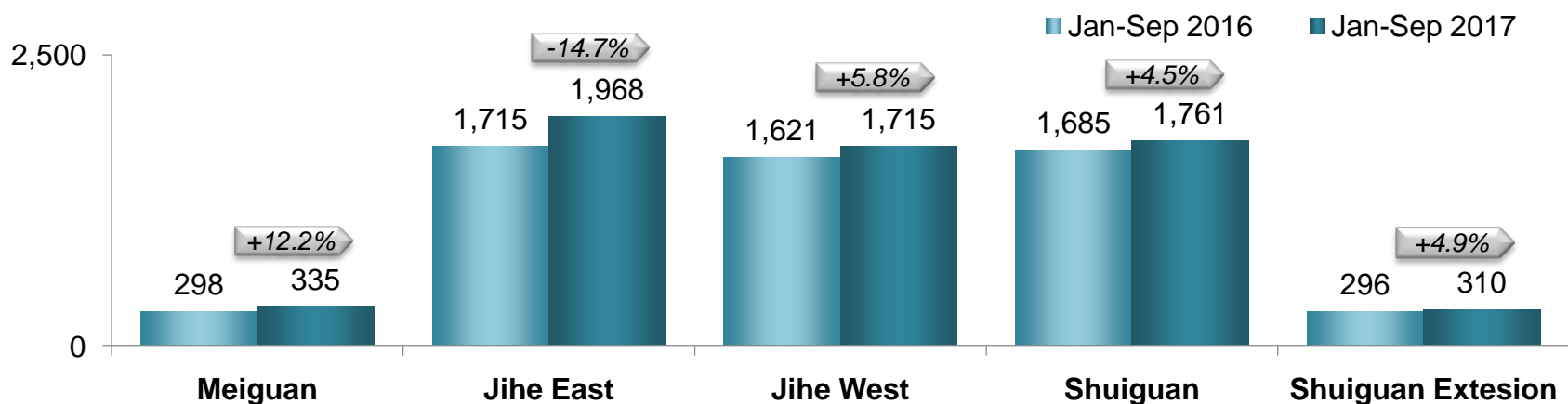
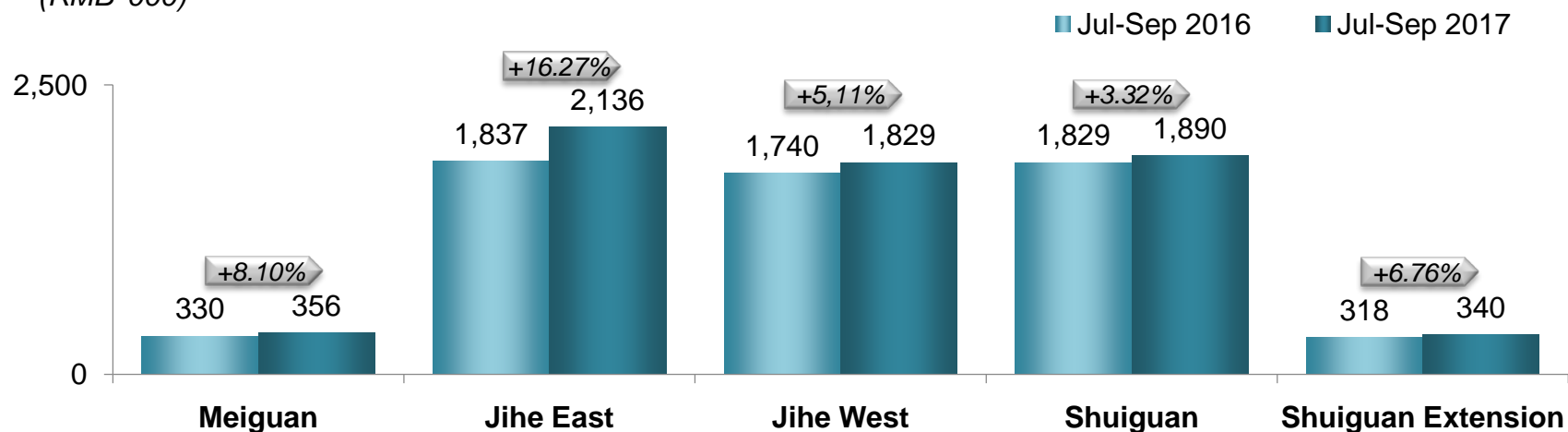
Financial Analysis – Investment & Borrowings

- Capital expenditure from January to September 2017: RMB 6.2billion.
- Total outstanding interest-bearing debts at the end of 30 September 2017: RMB16.18billion (as at 30 September 2016: RMB12.96 billion and 31 December 2016: RMB12.94 billion).
- Debt-to-asset ratio at the end of 30 September 2017: 57.09% (end of 30 June 2017: 58.43%).

Operational Performance – Average Daily Toll Revenue

Shenzhen Region

(RMB '000)

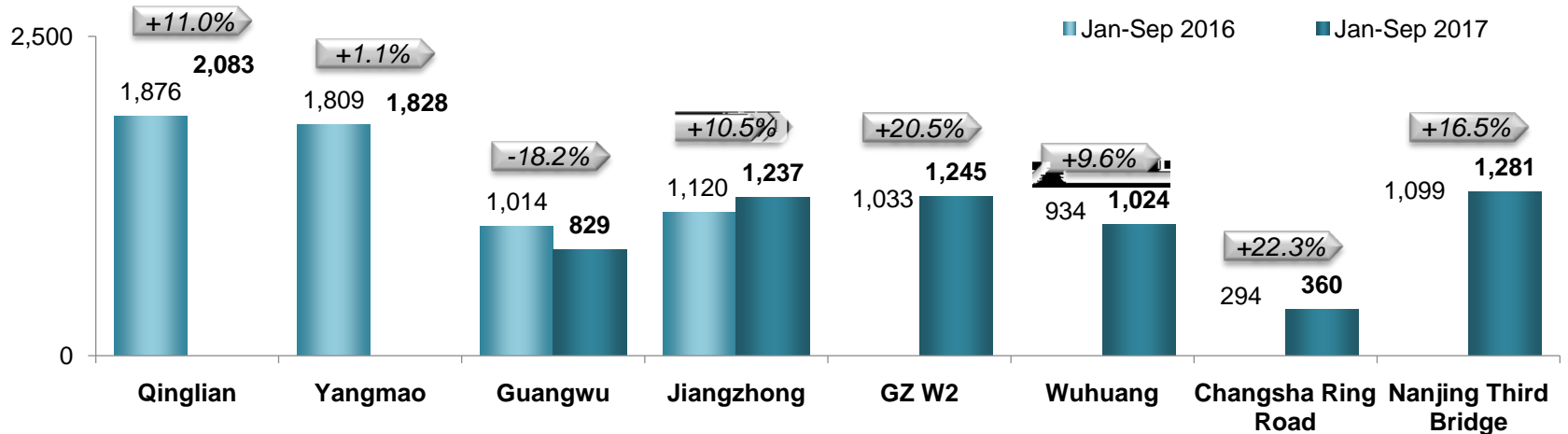
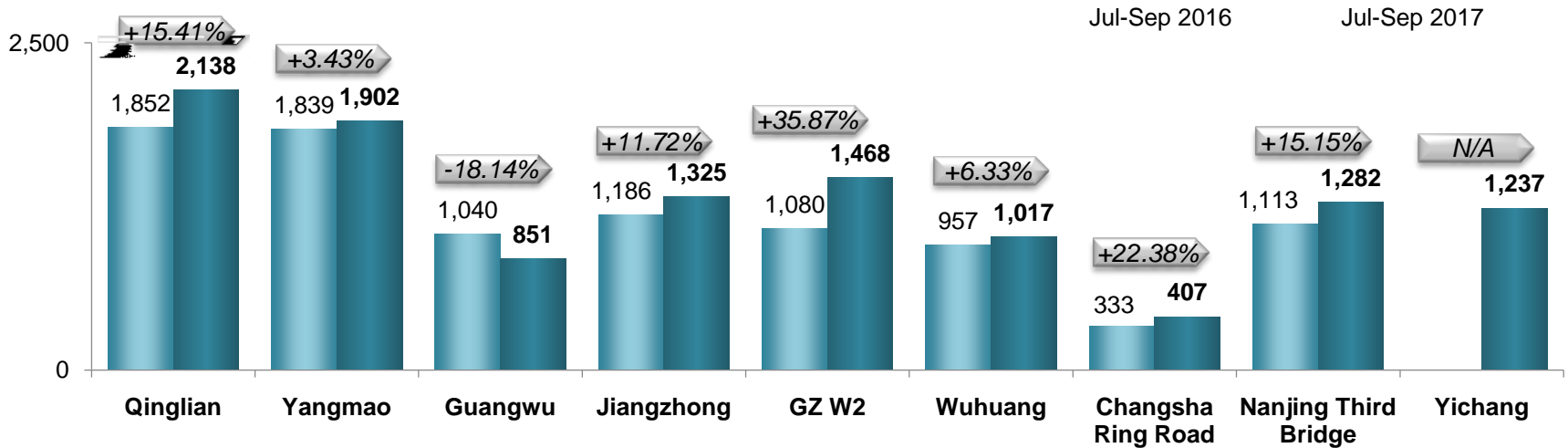


Note: According to the agreements signed between the Company and the Shenzhen Transport Commission, Nanguang Expressway, Yanpai Expressway and Yanba Expressway (the “Three Projects”) were toll free from 00:00 on 7 February 2016. The Company calculated and determined the revenue of the Three Projects 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 2017	Jul-Sep 2016	Change YOY	Jan-Sep 2017	Jan-Sep 2016	Change YOY
Shenzhen region	<i>(Number of vehicles in thousands)</i>			<i>(Number of vehicles in thousands)</i>		
Meiguan	100	90	+11.2%	92	82	+12.2%
Jihe East	295	268	+10.4%	270	247	+14.7%
Jihe West	231	221	+4.7%	215	200	+5.8%
Shuiguan	248	247	+0.3%	229	230	+4.5%
Shuiguan Extension	114	108	+5.2%	104	97	+4.9%

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 2017	Jul-Sep 2016	Change YOY	Jan-Sep 2017	Jan-Sep 2016	Change YOY
Other regions	<i>(Number of vehicles in thousands)</i>			<i>(Number of vehicles in thousands)</i>		
Qinglian	43	38	+12.2%	42	37	+13.3%
Yangmao	57	53	+8.4%	51	47	+8.4%
Guangwu	36	44	-18.9%	36	40	-11.3%
Jiangzhong	152	130	+16.6%	142	118	+20.3%
GZ W2	77	62	+23.6%	69	57	+21.1%
Wuhuang	54	46	+16.2%	51	44	+15.5%
Changsha Ring Road	34	27	+25.4%	31	25	+22.7%
Nanjing Third Bridge	33	28	+17.7%	33	28	+17.9%
Yichang	51	N/A	N/A	N/A	N/A	N/A

Operational Performance – Brief Description

- Benefited from the continuous improvement of the regional transportation network and the regional economic growth, the overall traffic volume and toll revenue of the toll highway projects invested by Company maintained growth.
- Since the toll adjustment proposals of Meiguan Expressway and the Three Projects were implemented, the traffic volumes in toll free sections had increased, driving the growth of traffic volumes of the connected Jihe Expressway and Shuiguan Expressway.
- The continuous implementation of the policy of overloading governance has a negative impact on the freight volume of trucks of Jihe Expressway, Shuiguan Expressway and Yangmao Expressway.
- Jiangluo Expressway (Jiangmen – Luoding) Phase II commenced operation on 28 December 2016, as it is basically parallel to Guangwu Project, a great diversion impact has been brought to Guangwu Project.

Meilin Checkpoint Renewal Project

- The open tender for the entrusted construction management of the project had been completed, and China Vanke Co., Ltd. was the successful bidder, while other work has been pushed forward orderly.

The Establishment of Investment and Acquisition Fund

- The Group planned to contribute no more than RMB1.2 billion to initiate the establishment of investment and acquisition fund.
- It is conducive to broaden the financing model and channels for Group's business development. In addition, the investment and acquisition fund can also provide a platform for the Group's incubation program, helping the Group to gain more investment opportunities in the transportation infrastructure industry and the environmental protection industry.

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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