

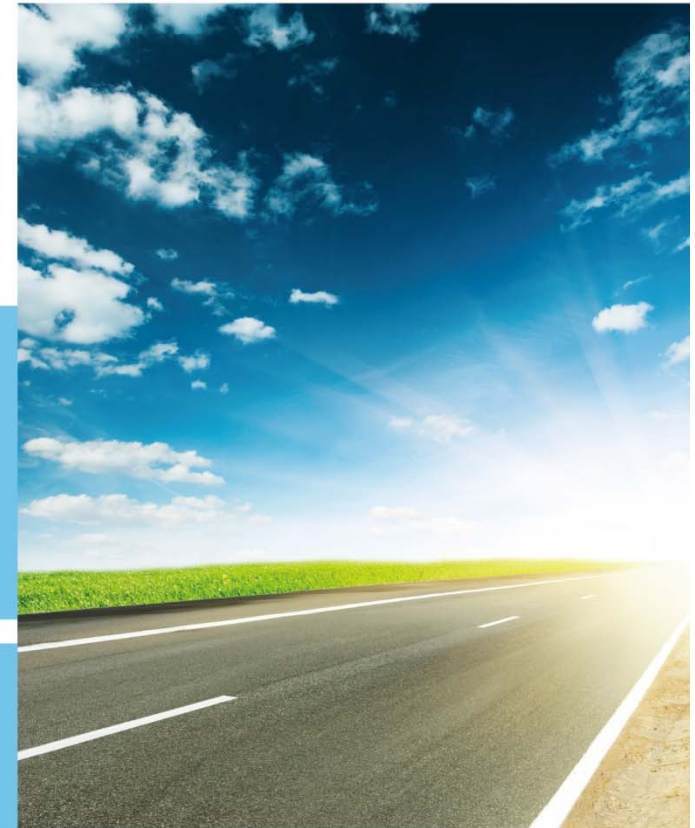


**SHENZHEN EXPRESSWAY COMPANY LIMITED**

Stock code: 00548(SEHK) 600548(SSE)

# 2013

## Third Quarterly Results Presentation



**29 October 2013**

- ➔ **The overall traffic volume and toll revenues of the highway projects maintained a stable growth.**
- ➔ **A revenue of RMB2.35 billion was recorded, representing a YOY increase of 2.6%.**
- ➔ **Cost of services represented a YOY increase of 6.2%, financial expenses represented a YOY decrease of 5.8%.**
- ➔ **Investment income represented a YOY increase of 35.5%.**
- ➔ **Net profit represented a YOY increase of 9.8%.**



Note: In this report, the total of breakdown and the total may not equal in mantissa due to rounding.

# Financial Highlights

2

	Jul-Sep 2013	Jul-Sep 2012	Change	Jan-Sep 2013	Jan-Sep 2012	Change
	<i>(RMB' million)</i>			<i>(RMB' million)</i>		
<b>Revenue</b>	<b>862</b>	730	+18.10%	<b>2,351</b>	2,290	+2.64%
Including: <b>Toll revenue</b>	<b>789</b>	682	+15.69%	<b>2,152</b>	2,065	+4.20%
<b>Net profit attributable to owners of the Company</b>	<b>250</b>	160	+56.28%	<b>635</b>	579	+9.79%
<b>Earnings per share (EPS)</b> <i>(RMB)</i>				<b>0.291</b>	0.265	+9.79%
<b>Return on equity (ROE)</b>				<b>6.52%</b>	6.20%	+0.32p.pt

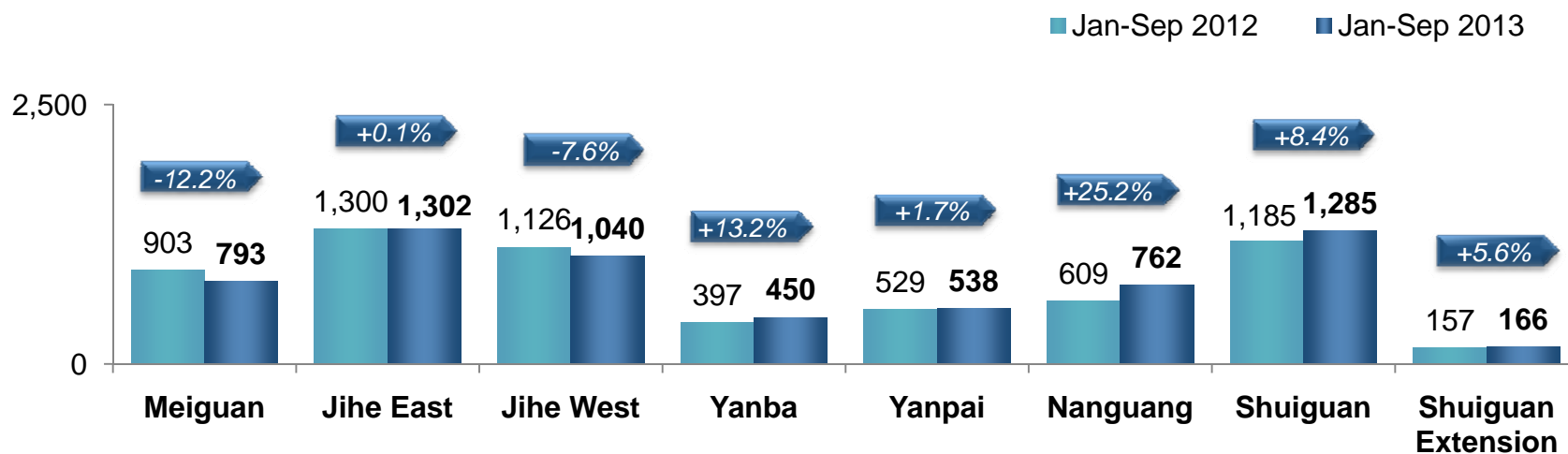
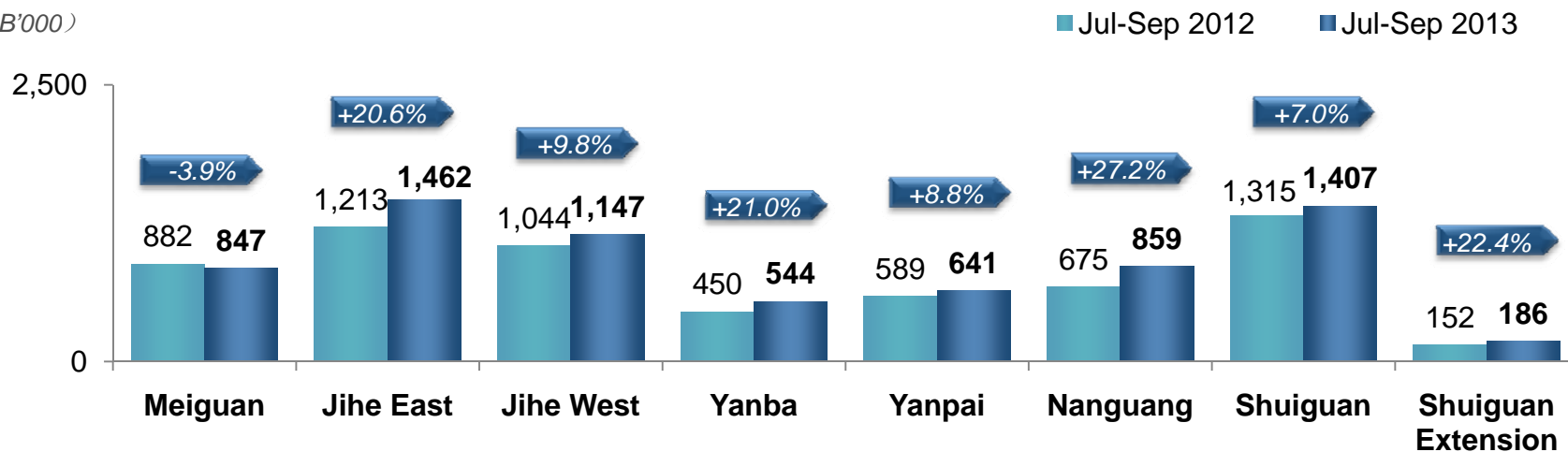
Note: The financial statements of the Company were prepared in accordance with China Accounting Standards for Business Enterprise, and also were complied with the disclosure requirements under the Hong Kong Companies Ordinance and the Listing Rules of HKEx.

# Operational Performance

## Shenzhen Region

### Average Daily Toll Revenue

(RMB'000)

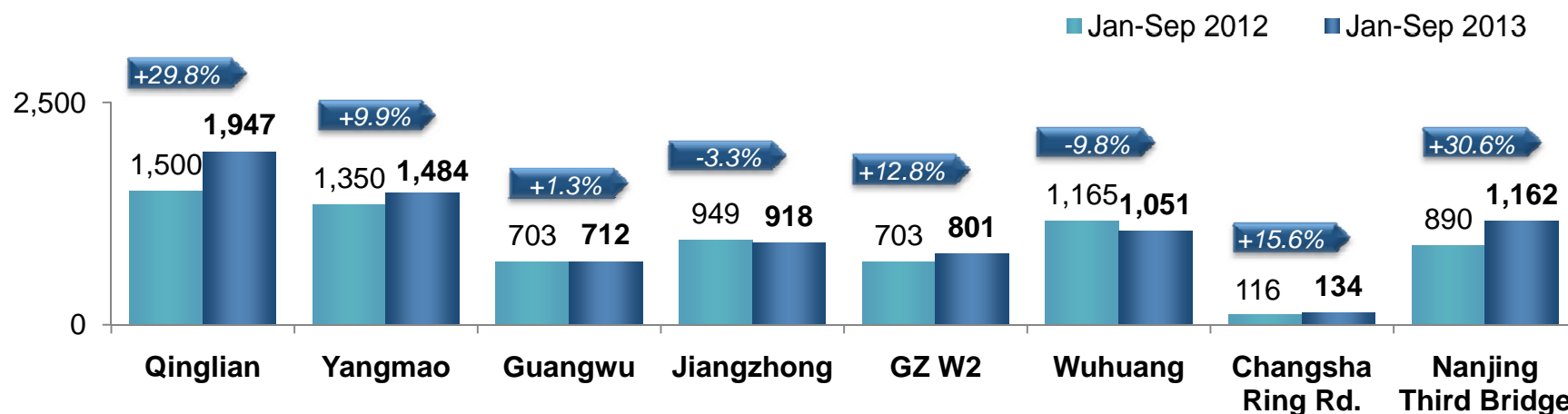
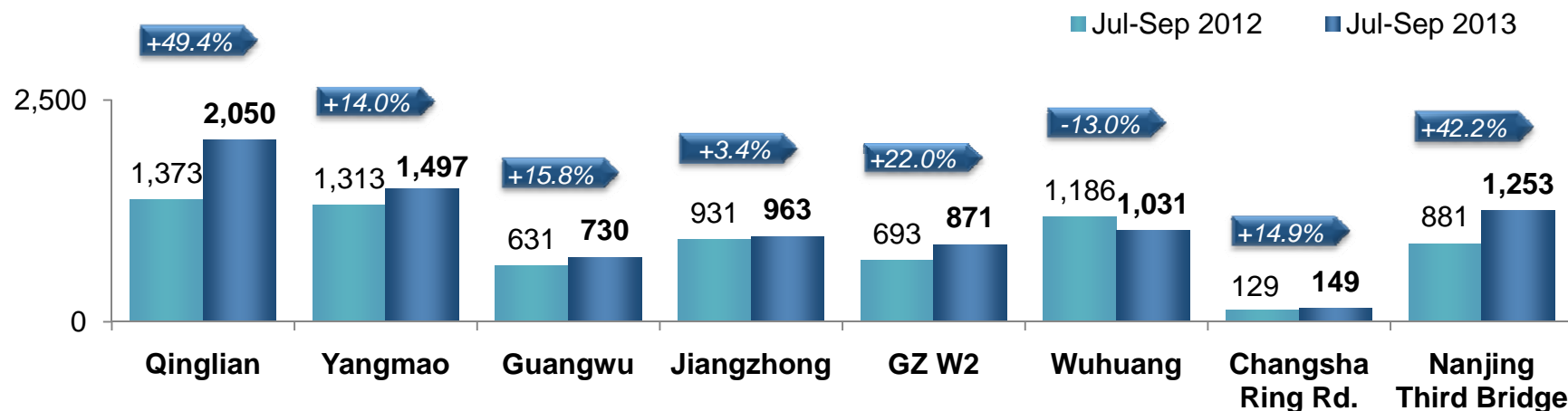


# Operational Performance

## Other Regions

### Average Daily Toll Revenue

(RMB'000)



➔ The overall traffic volume and toll revenues of the highway projects maintained a stable growth during the period from January to September 2013.

➔ During the period of implementation of Toll Free Scheme on Holidays, the traffic volume increased rapidly. However, both toll traffic volume and toll revenue decreased significantly.

Implementation of the Toll Free Scheme on Holidays during January-September 2013 accounted for 13 days (January-September 2012: 1 day), including which July-September 2013: Nil (July-September 2012: 1 day).

➔ The implementation of Standardization Scheme had great negative effects on the toll revenues of the projects in Guangdong Province. In the third quarter, related effects still exists. However, as the policy has been implemented since June 2012, the effect on YOY changes to the projects is gradually disappearing or mitigating.

**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.

**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.

- ➡ The expansion works for the North Section of Meiguan Expressway and the maintenance works for Jihe West negatively affected the traffic conditions and operational performance of the projects and the connected roads to a certain degree. The maintenance works for the road surface of Jihe East was in progress during the same period of last year, resulting in a relatively lower operational statistics. It represented a significant YOY increase in the toll revenue during the Reporting Period.
- ➡ Benefit from some sections of Nanping (Phase II) opening to traffic and the marketing campaign, Nanguang Expressway recorded a significant YOY increase in the toll revenue.
- ➡ A number of highways in Hunan Province opened to traffic and the implementation of traffic control measures adopted during the maintenance of surrounding road have positive effects on the growth of traffic volume in Qinglian Expressway.
- ➡ The negative effects brought from the commencement of operation of the parallel road and further implementation of traffic control measures in local area dragged down the operational performance of Wuhuang Expressway.
- ➡ The restrictions on certain vehicles accessing related sections have boosted the operating performance of Nanjing Third Bridge and GZ WZ Expressway.

# Business Analysis – Project Progress

- ➔ The expansion works for the North Section of Meiguan Expressway was continued as planned. Construction of the road surface and other auxiliary works were in progress and it is expected the works will be completed by the end of 2013 as scheduled.
- ➔ The early treatment for the damage of the Jihe West has basically completed. Based on the progress of the tender process for maintenance works, the project is scheduled to be completed at the first half of 2014.
- ➔ As at the reporting date, the related arrangements of Qinglian Class 2 Road and the hearing for the standards of the toll fees for Wuhuang Expressway are yet to be finalized.
- ➔ Taking into account of the growth of economy and transportation in peripheral regions, Shenzhen Municipal Government plans to repurchase the South Section of or the whole of Meiguan Expressway. No detailed plan has been formulated at present.



# Financial Analysis – Revenue

	Jul-Sep 2013	Jul-Sep 2012	Change	Jan-Sep 2013	Jan-Sep 2012	Change
	<i>(RMB' 000)</i>					
<b>Revenue</b>	<b>861,743</b>	729,642	+132,101	<b>2,350,787</b>	2,290,270	+60,517
<b>Toll revenue</b>	<b>789,463</b>	682,386	+107,077	<b>2,151,604</b>	2,064,841	+86,763
<b>Other income</b>	<b>72,280</b>	47,256	+25,024	<b>199,183</b>	225,429	-26,246

➔ During the period from January to September 2013, the increase in revenue of the Group was mainly attributable to the growth of toll revenue of the projects including Qinglian Expressway, Nanguang Expressway and Yanba Expressway. As the Standardization Scheme and the Toll Free Scheme on Holidays effective from the second half of 2012, the Group recorded an increase of revenue for the period from July to September 2013, which is significantly higher than that for the period from January to September 2013.

# Financial Analysis – Costs and Expenses

	Jul-Sep 2013	Jul-Sep 2012	Change	Jan-Sep 2013	Jan-Sep 2012	Change
	<i>(RMB' 000)</i>					
<b>Costs of services</b>	<b>387,399</b>	353,204	+34,195	<b>1,080,447</b>	1,017,827	+62,620
<b>Financial expenses</b>	<b>147,543</b>	156,288	-8,745	<b>441,215</b>	468,375	-27,160

- ➔ The main reasons for the changes of cost of services:
  - the cost of depreciation and amortization increased as a result of the growth of traffic volume.
  - the factors such as the increase in the salaries for the toll collection staff led to a YOY increase in the employee expenses.
  - the maintenance cost of the Group decreased as maintenance cost of Qinglian Class 2 Road recorded a decrease.
- ➔ Benefited from the decrease in average borrowing scale and the increase in exchange gains, financial expenses recorded a YOY decrease.



Capital expenditure during January-September 2013 (including capitalized interests): RMB531 million



Total borrowings at the end of 30 September 2013 (including loans and bonds payable): RMB10.826 billion (end of 31 December 2012: RMB10.564 billion). The increase mainly represented new borrowings during the Reporting Period for repayment of the bond of RMB1.5 billion due in early October.



Debt-to-asset ratio at the end of 30 September 2013: 54.06%  
(end of 31 December 2012: 55.09%)



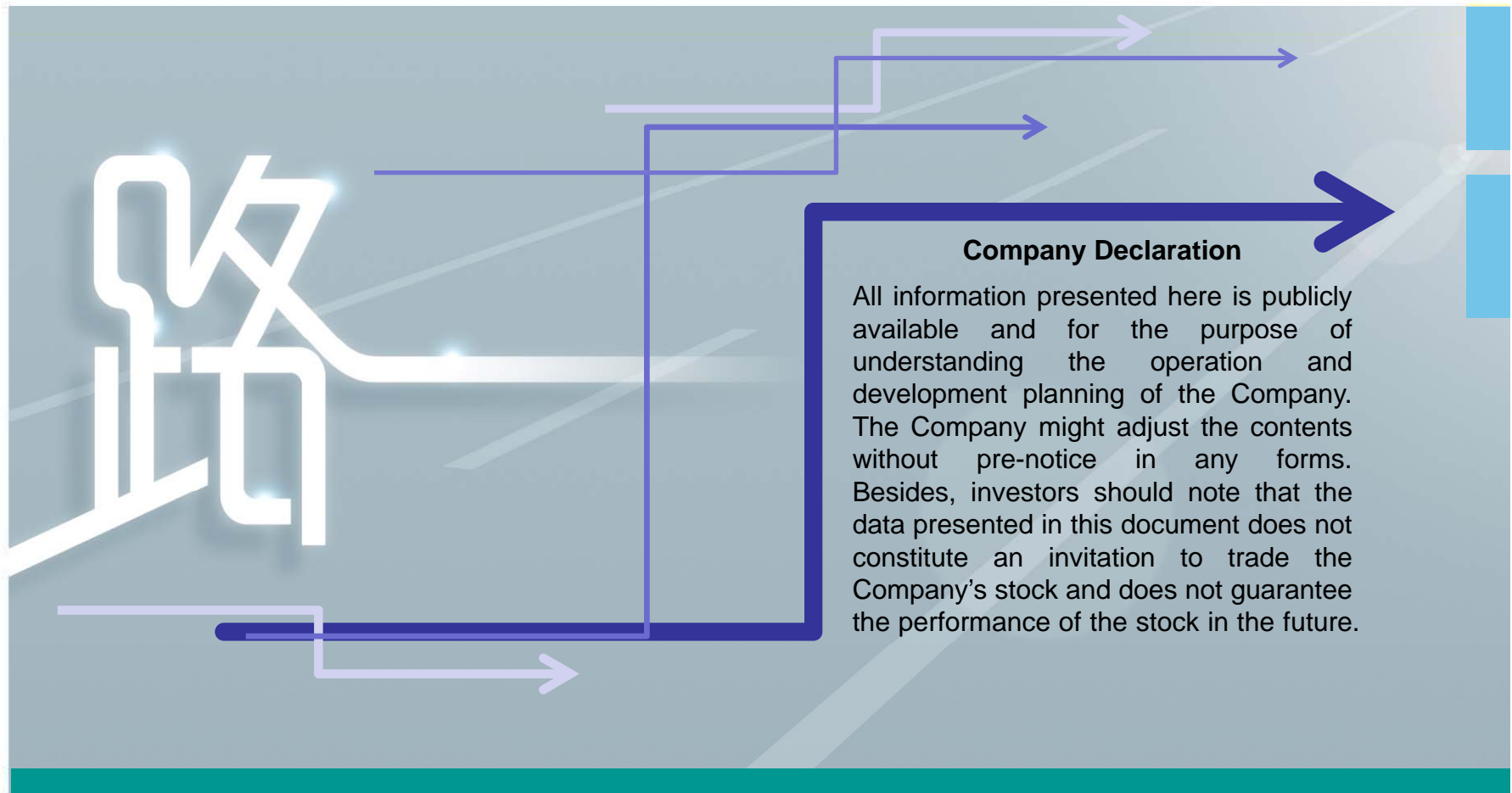
Composite borrowing costs during January-September 2013: 5.84%  
(January-September 2012: 5.73%)

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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.