



# COSCO Pacific

## 2015 Final Results

### Press Conference

29 March 2016



# A Note of Thanks!

Dear Shareholders,

COSCO Pacific has now seized the opportunity presented by the reorganisation of its parent, COSCO Group and China Shipping Group, to transform itself into a pure terminal operator, via the disposal of Florens Container Holdings Limited (“Florens”) and the acquisition of China Shipping Ports Development Co., Limited (“CSPD”).

The immediate benefits would be to unlock COSCO Pacific’s intrinsic value and to narrow the valuation gap between the Company and other public companies in the terminals industry as a result of conglomerate valuation discount. And as for long-term, to deliver sustainable shareholder returns with enhanced capacity and competitiveness.

The reorganisation proposal was passed overwhelmingly at a rate of 99.26% in a vote of the independent shareholders, reflecting its wide support among all shareholders, and has completed on 24 March 2016. The Conditional Special Cash Dividend of HK80 cents per share will be payable to shareholders whose names appear on the register of members of the Company on 15 April 2016, and the payment date will be 4 May 2016.

We would therefore like to extend our sincere gratitude for your trust and support.

Yours faithfully,  
Board of Directors and the Management

# 2015 Results Highlights

## ■ Profit attributable to equity holders up 30.4% YoY to US\$381.6m

➤ Terminals: +5.7% to US\$223.7m

➤ Container Leasing: -13.5% to US\$82.8m

➤ Write back of provision on disposal of CIMC: US\$79.2m

Recurring Earnings: up 3.3% to US\$302.5m

## ■ EPS up 29.5% to US 12.96 cents

Recurring EPS: up 2.6%% to US 10.27 cents

## ■ Final DPS: US 2.948 cents (HK 22.9 cents)

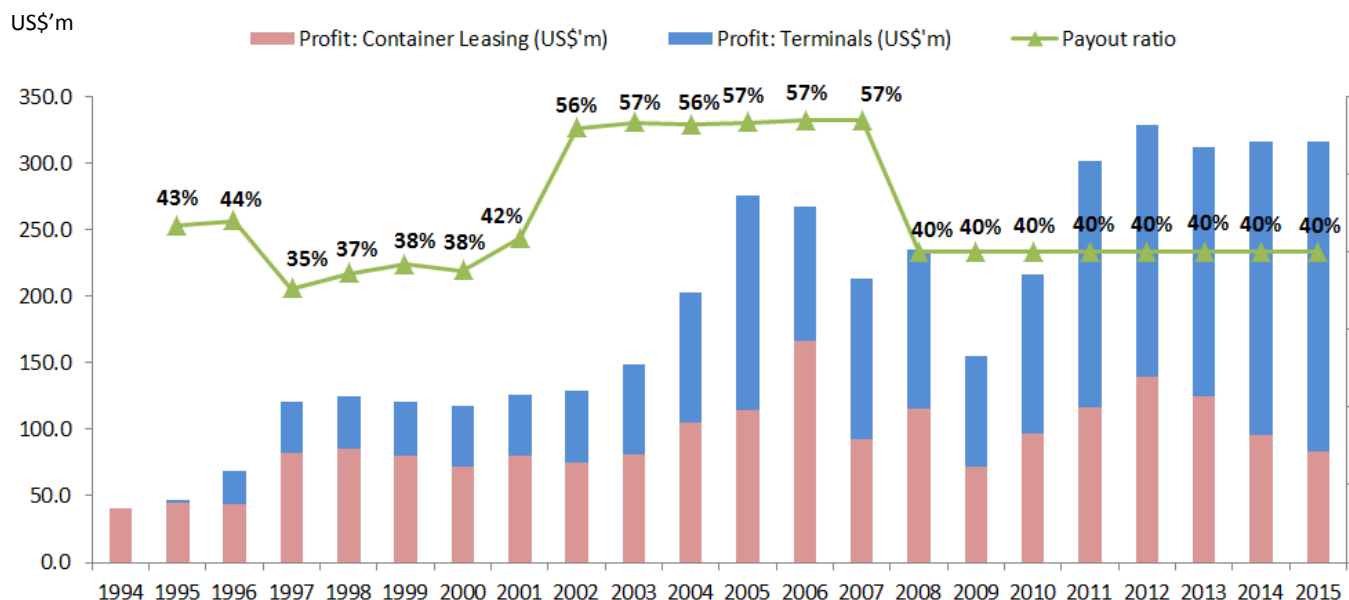
# Stable Dividend Payout to Ensure Shareholder Returns

## 2015 DPS +29.7% YoY to HK 40.2 cents

- The Board proposed a final dividend of HK 22.9 cents per share, up 48.7% YoY (2014: HK 15.4 cents)
- FY2015 DPS: HK 40.2 cents, up 29.7% YoY (2014: HK 31.0 cents)
- Payout ratio remains at 40.0%

## Stable Dividend Policy a Commitment to Shareholders

- Adherence to the dividend policy provides stable and predictable returns for shareholders and enhances investors' confidence over the long term
- Profits from Terminals business has been growing from US\$2.0m in 1995 to US\$223.7m in 2015, which sustains a ever growing dividend to shareholders



Note: The financial effect of put options associated with the CIMC share reform was excluded in the calculation of dividend payout ratio of the year 2006 and 2007.



# Terminals Business Review

- **Throughput & Profit: Slow growth, due to slowdown in global economy and negative growth of China's foreign trade**

- **Equity throughput: + 1.1% YoY to 19,262,210 TEU**

- **Revenue: -5.8% YoY to US\$486.8m, due to Euro and RMB depreciation vs USD**

- PCT: US\$156.1m, -12.5% (2014: US\$178.5m), in Euro, €140.6m, +4.2% YoY (2014: €134.9m)
- Xiamen: US\$48.8m, +24.6% (2014: US\$39.2 m)

- **Xiamen's turnaround profit and major terminals (Yantian & QQCT) led terminal profit growth**

- Xiamen: turnaround profit of US\$0.14m (2014: loss US\$6.9m)
- Yantian: US\$53.7m, +8.5% (2014: US\$49.4m)
- QQCT: US\$42.9m, +9.9% (2014: US\$39.0m)

- **Terminals profit undermined by the impact from Euro depreciation on PCT**

- PCT profit in USD: -0.5% to US\$28.8m (2014: US\$29.0m)
- PCT profit in Euro: +18.1% to €26.0m (2014: US\$22.0m)

Terminals division	2015	YoY	2014
Divisional revenue (US\$ m)	486.8	-5.8%	517.0
% of total revenue	61.0%	+1.6pp	59.4%
Divisional profit (US\$ m)	233.7	+5.7%	221.0
% of total recurring core profit	73.8%	+4pp	69.8%
Total throughput (TEU)	68,670,714	+2.0%	67,326,122
Equity throughput (TEU)	19,262,210	+1.1%	19,047,214
Annual handling capacity (TEU)	68,370,000	+4.0%	65,750,000
No. of operating container berths	113	+5	108

Note: Terminal revenue was mainly generated from PCT, Nansha, Quan Zhou, Yangzhou, Zhangjiagang, Jinjiang and Xiamen terminals.

# Container Leasing Business Review

- **Market competition remains fierce**
- **Container leasing businesses were affected by oversupply, falling containers prices and market lease rates**
  - New container market price down 20.0% to US\$1,719/TEU
  - Average market lease rates down 22.0% to US\$0.39/TEU
- **Revenue declined 11.6% to US\$315.7m**
  - Revenue from disposed containers dropped 62.1% YoY to US\$18.1m
    - fewer disposed boxes  
(-55.3% to 22,747 TEU, 2014: 50,860 TEU)
    - fall in average resale prices  
(-15.2% to US\$796/TEU, 2014: US\$939/TEU)
  - Revenue from leasing down 3.5% YoY
    - lower lease rates  
(Average market lease rates dropped by 22% to US\$0.39/TEU)

Container leasing division	2015	YoY	2014
Divisional revenue (US\$ m)	315.7	-11.6%	357.1
- Container leasing	285.5	-3.5%	295.8
- Disposal of returned containers	18.1	-62.1%	47.8
- Management income	4.6	-27.7%	6.4
- Others	7.5	+4.0%	7.1
% of total revenue	39.6%	-1.4pp	41.0%
Divisional profit (US\$ m)	82.8	-13.5%	95.8
Net profit margin	26.2%	-0.6pp	26.8%
% of total recurring core profit	26.2%	-4.0pp	30.2%
Overall average utilisation rate	95.0%	-0.3pp	95.3%
Fleet capacity (TEU)	1,944,654	+1.9%	1,907,778

# 2015 Capex

## ■ 2015 Capex: US\$689.4m, -0.6% YoY

### ➤ Terminals: US\$484.5m (70.3% of total Capex), +25.0% YoY

- New investment: Kumport (26% effective interest) at a consideration of US\$386.11 m, with 2.1m TEU operating capacity
- Existing: US\$98.35m of which US\$66.76m for PCT (mainly for construction project at the Western Part of Pier 3)

### ➤ Container Leasing: US\$204.8m (29.7% of total Capex), -33.0% YoY

- Of which US\$204.02m was used to purchase 120,414 TEU of new containers

# 2015 Awards

- **“Special Mention in the H-share Companies and Other Mainland Enterprises Category”** in the “2015 Best Corporate Governance Disclosure Awards” by the Hong Kong Institute of Certified Public Accountants;
- **“Gold Awards for Financial Performance, Corporate Governance, Environmental Responsibility and Investor Relations”** from The Asset magazine;
- **“Outstanding China Enterprise Award”** from Capital magazine;
- **“Best Investor Relations Company”** from Corporate Governance Asia magazine;
- **“Shipping In-House Team of the Year”** from Asian Legal Business, a well-recognised professional magazine;
- **“Best Managed Listed Companies”** award at the 5th China Securities Golden Bauhinia Awards;
- The 2014 Annual Report was recognised with **“Bronze in the Cover Design”** in shipping services category at 2015 ARC Awards;
- Piraeus Container Terminal S.A. was awarded **“Excellent Performance in Transport & Logistics Awards 2015”**, jointly organised by Supply Chain Institute of Southeastern & Central Europe Ltd and Boussia Communications in Greece.





# Outlook and Strategies



# Outlook and Strategies

**Continue to adhere to the four areas of strategic focus to enhance operational efficiency and profitability so as to increase shareholder value**

1

**Seize development opportunities**

- Expand global terminals network by focusing on seizing development opportunities in hub ports arising from the increasing demand of mega-vessels calling hub ports
- COSCO Pacific's global terminals network will benefit from the synergy with the backing of the global shipping network of parent's enlarged container shipping fleet

2

**Enhance brand value**

- Enhancing its operational efficiency and profitability by optimizing the operational model of its terminals subsidiaries

3

**Hub ports investment**

- Strengthening the profitability by capturing investment opportunities through equity investments in addition to investments with controlling stakes

4

**Global terminals portfolio**

- Developing a global terminals portfolio by capitalizing on the opportunities from the "One Belt, One Road" and the Yangtze River Economic Belt



# Q & A

