



SWIRE PACIFIC

2006 Final Results



8 March 2007

HONG KONG



SWIRE PACIFIC

2006 Summary

- Attributable earnings of HK\$22.6bn including net property revaluations of HK\$13.9bn and HK\$1.3bn profit on restructuring of aviation interests
- Property investment income grew 21%, compensating for reduced profits from provision write-backs and asset disposals
- Significant pick up in Capex and commitments entering 2007
- Record turnover for key aviation interests tempered by high fuel costs
- Modest growth from other divisions



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Financial Summary

HK\$ Million	2005	2006	% Change
Attributable profit	18,757	22,566	+20.3%
Underlying profit	8,742	8,716	-0.3%
Cash generated from operations	5,158	5,748	+11.4%
HK\$ per 'A' share			
Final dividend	\$1.46	\$2.20	
Total dividend	\$2.06	\$2.83	+37.4%
Equity attributable to the Company's shareholders	94,843	114,481	+20.7%
Consolidated net debt	5,448	11,930	+119.0%



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Dividends

	HK\$ 2005	HK\$ 2006	Change
Total			
A shares	2.06	2.83	37%
B shares	0.41	0.57	

Policy

To pay out half of the sustainable earnings over the economic cycle.

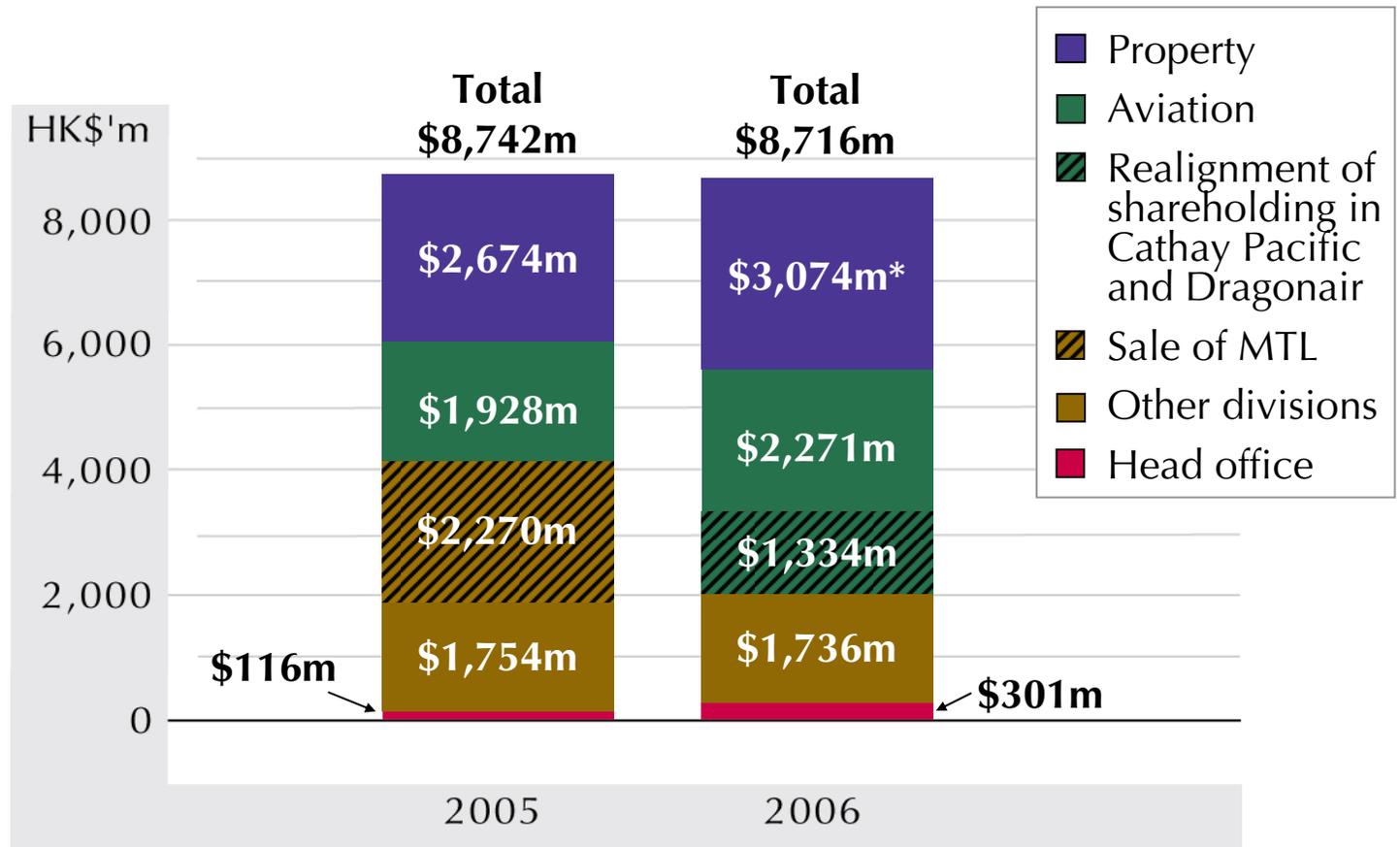
Implications

1. Unrealised property Valuation gains are not eligible for distribution
2. Payout may be more or less than half earnings by reference to the sustainability of any one year's earnings, the current level of net debt and opportunities to deploy significant new capital

**SWIRE PACIFIC****Earnings Analysis**

HK\$ Million	2005	2006
Attributable profit	18,757	22,566
Net investment property revaluations	(10,015)	(13,850)
Underlying profit	8,742	8,716
Other significant items:		
Interest on Taikoo Shing land premium	130	-
Ocean shores property provision write back	-	(132)
Profits from asset realisations:		
Share realignment of Dragonair and Cathay Pacific	-	(1,334)
CITIC Square	-	(155)
Investment properties	(444)	(297)
Modern Terminals Limited	(2,270)	-
Vessels (2005: production rig)	(78)	(79)
Investment property rent free period	(136)	-
	5,944	6,719

Underlying Profit Summary by Division

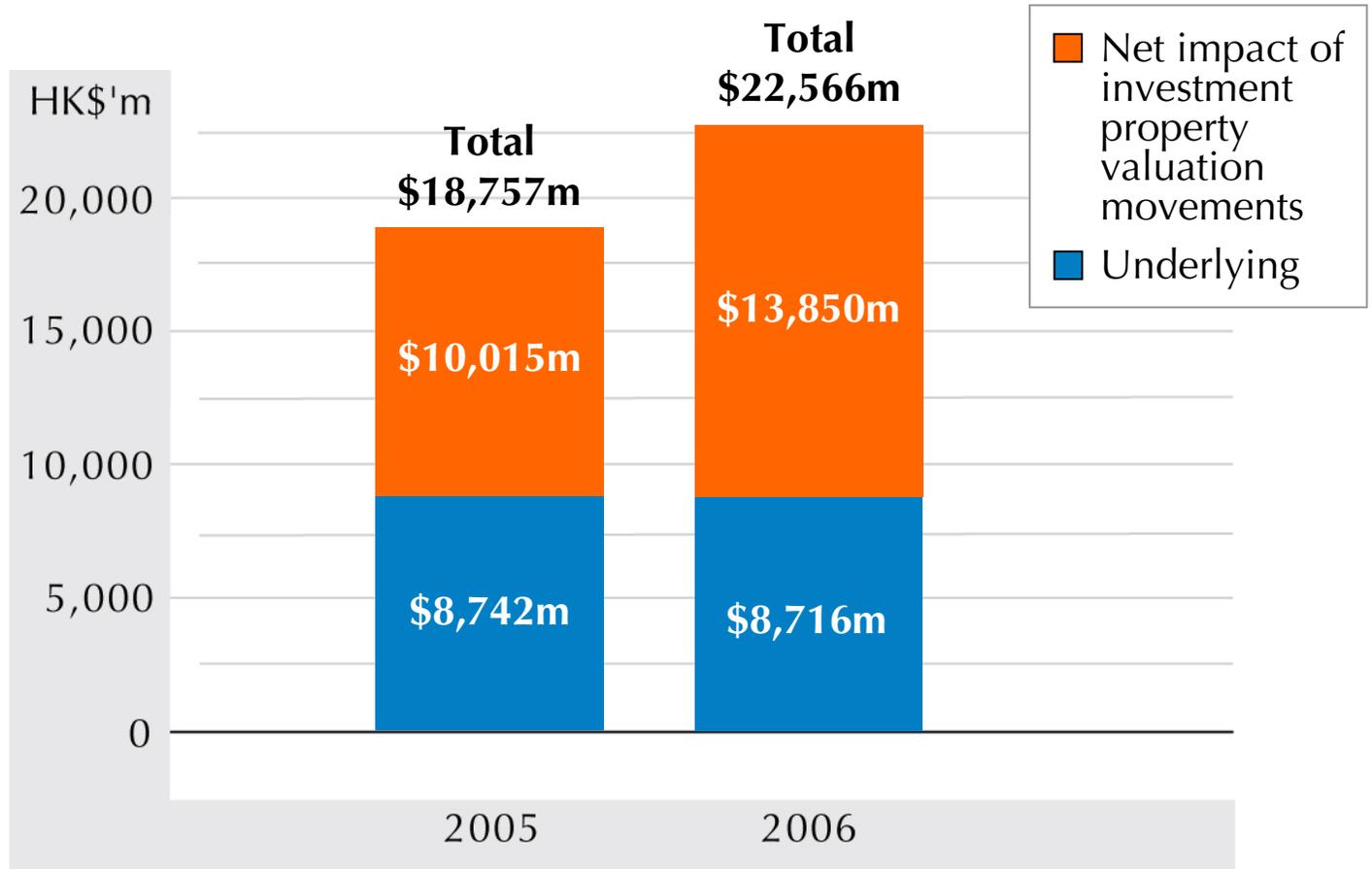


Underlying profit principally adjusts for the impact of adopting HKAS 40 and HKAS-Int 21 on investment properties and deferred tax respectively



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Attributable Profit

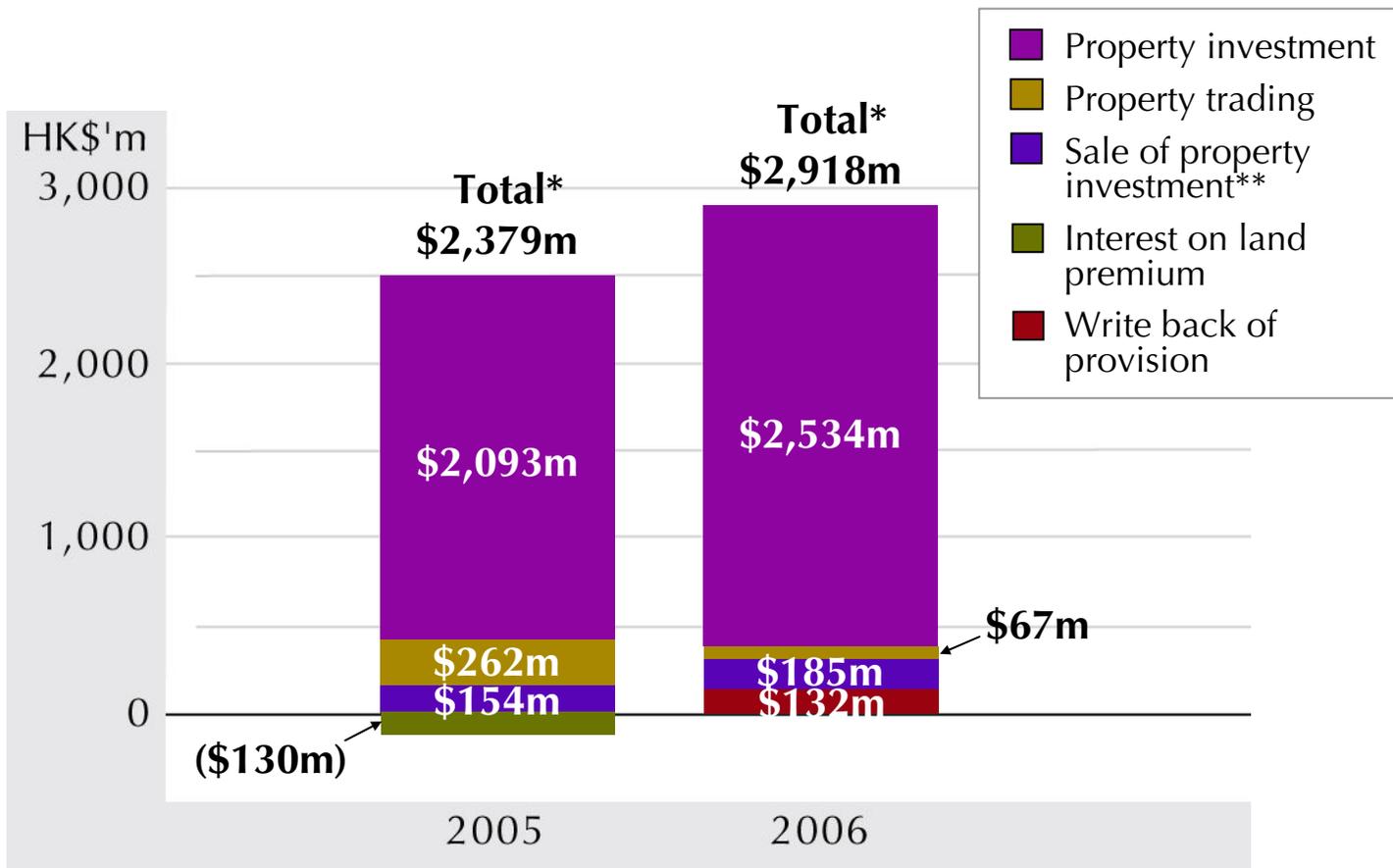




Highlights | Property Division

- Gross rental income growth of 11.5% to HK\$4.8bn (recurrent growth of 15.2%)
- Office occupancy level at the year end of 97%
- Core profitability much improved with overall profits consistent with prior year in spite of reduction in profits from asset disposals and provision write backs
- Currently have capital commitments for investment property of HK\$11.8 billion with property portfolio set to grow to over 22 million square feet in 2010

Attributable Profit | Property Division



* Excluding net investment property revaluation gains

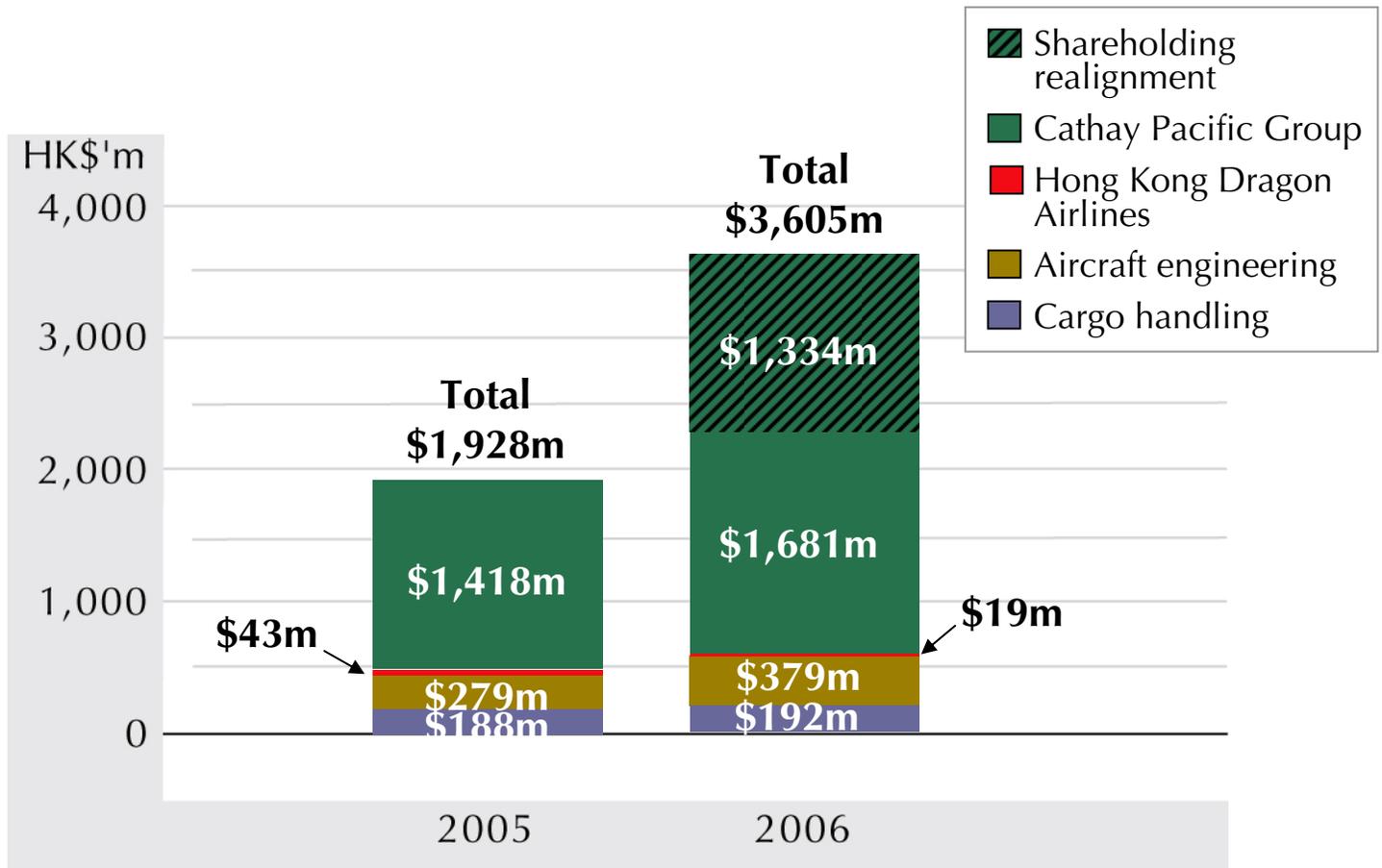
** Including sale of CITIC Square

Highlights | Aviation Division

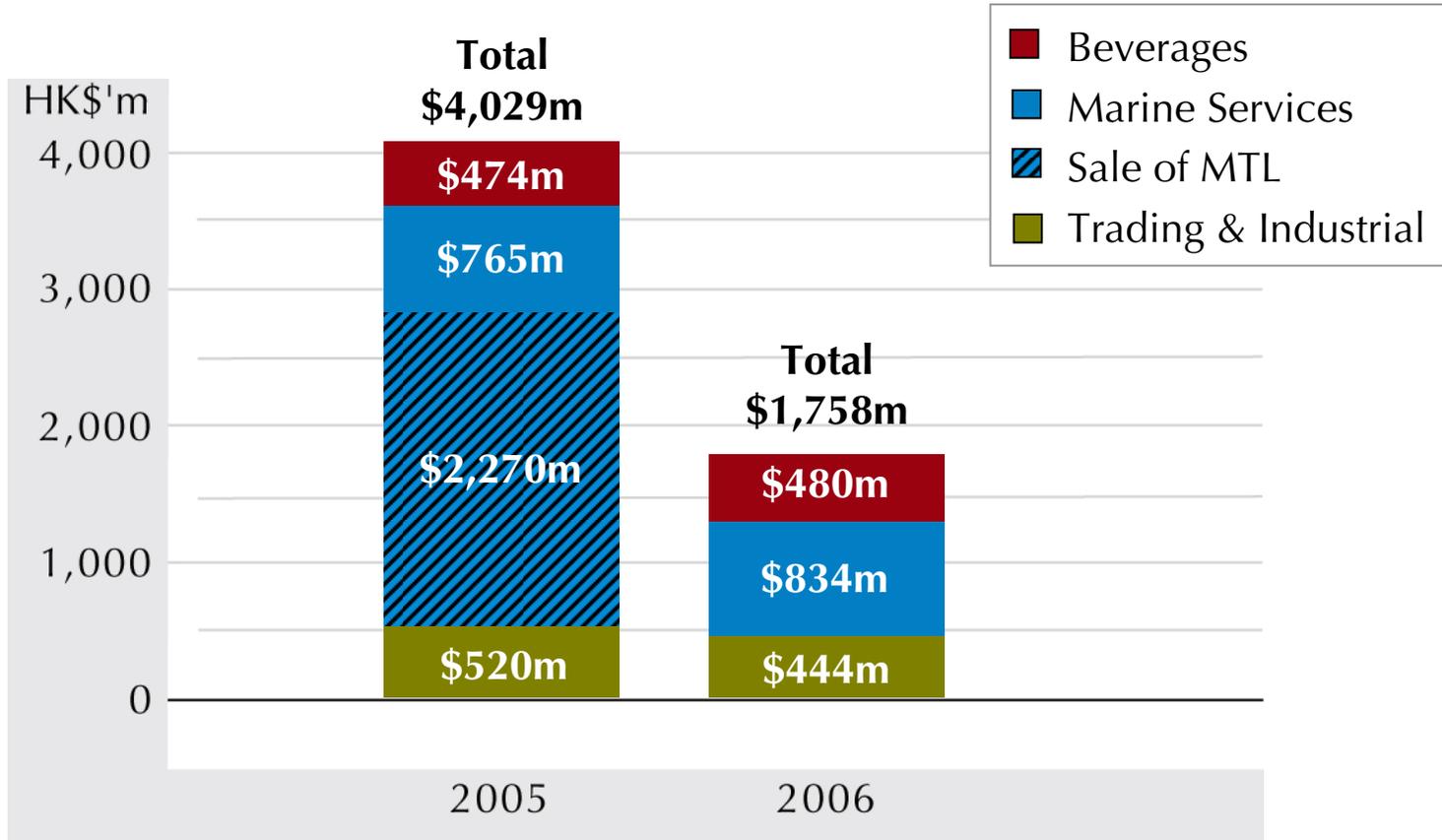
- Turnover growth and good control over other costs enabled Cathay Pacific to grow profits in spite of 11% increase in fuel costs
- Cost per ATK up 0.9% to HK\$2.21
- Cost per ATK without fuel down 1.3% to HK\$1.53
- Excellent profit growth in the HAECO group on strong demand for heavy maintenance and engine overhaul services
- HACTL volume growth of 5.3% with small rise in attributable profit



Attributable Profit | Aviation Division



Attributable Profit | Other Divisions





Highlights | Beverages Division

- Earnings essentially flat in spite of strong volume growth in key markets
- Sales volumes increased 13.7%, overall exceeding 590 million unit cases
- Sales volume growth in Mainland China of 19% and further reduction in unit fixed costs were unable to compensate for an 6.2% increase in unit material and power costs
- Fujian franchise is now a subsidiary interest
- Good growth in profit for USA and Hong Kong operations offsets declining profits in Taiwan
- Price competition remains intense in all markets

Highlights | Marine Services Division

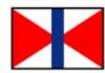
- Swire Pacific Offshore's profit up 50.1% to HK\$701m on rising charter rates and improved utilisation
- Swire Pacific Offshore now operates 62 vessels with a further eight on order and has over 60% of its capacity fixed for the year at improved charter rates
- Agreement had been reached at the year end for the disposal of the group's interest in Shekou Container Terminals. A profit of HK\$1.0 billion will be recognised in 2007





Highlights | Trading & Industrial Division

- Profit fell to HK\$444m, primarily as a result of weaker car sales in Taiwan and the effect of higher material prices at Crown Beverage Cans
- Swire Resources continues to enjoy strong sales growth although rising occupancy costs are severely restricting profit growth
- Other units performed in line with prior year



SWIRE PACIFIC | Outlook

- Office and retail occupancies are expected to remain high whilst rental reversions will continue to be strongly positive. Prospects for the long term remain good with 8.9 million square feet of investment property now under or pending development
- Demand for airline services remains strong and with planned additional capacity and improved integration with Dragonair, prospects for Cathay Pacific continues to be good
- Contributions from other divisions are expected to grow strongly in 2007 led by a buoyant offshore oil market

Appendix

Financial Highlights | Balance Sheet

HK\$ Billion	2005	2006
Shareholders' funds and minority interests	100.8	115.1
Net borrowings	5.5	11.9
Gearing ratio	5%	10%

Financial Highlights | Liquidity

HK\$ Billion	2005	2006
Net cash flow before financing	6.7	(3.2)
Undrawn facilities		
- Committed	4.0	4.8
- Uncommitted	3.5	3.5
	7.5	8.3
Interest cover (underlying)	12.8	13.4
Cash interest cover (underlying)	11.6	9.6

Financial Highlights | Cashflow

HK\$ Million	2005	2006
Cash generated from operations before Taikoo Shing land premium payment	5,158	5,748
Taikoo Shing land premium payment	(1,531)	-
Net interest paid	(466)	(712)
Tax paid	(319)	(660)
Dividends received	2,152	2,448
Net cash (out)/inflow from investing activities	1,699	(9,988)
Net cash inflow before financing	6,693	(3,164)

Attributable Profit | Aviation Division

HK\$ Million	2005	2006	% Change
Cathay Pacific Group	1,418	1,681	18.5%
Hong Kong Dragon Airlines	43	19	-55.8%
Aircraft engineering	279	379	35.8%
Cargo handling	188	192	2.1%
Operating contribution	1,928	2,271	17.8%
Profit on shareholding realignment of Cathay Pacific and Dragonair	-	1,334	
Total	1,928	3,605	

Attributable Profit | Beverages Division

HK\$ Million	2005	2006	% Change
Hong Kong	121	126	4.1%
Taiwan	52	34	-34.6%
USA	203	239	17.7%
Mainland	127	109	-14.2%
Central costs	(29)	(28)	-3.4%
Total	474	480	1.3%

Attributable Profit | Marine Services Division

HK\$ Million	2005	2006	% Change
Ship owning & operating	467	701	50.1%
Container handling*	268	82	-69.4%
Ship repair, engineering & towage	30	51	70.0%
Operating contribution	765	834	9.0%
Sale of Modern Terminals Limited	2,270	-	
Total	3,035	834	

*Included contribution of HK\$156 million from Modern Terminals in 2005

Attributable Profit | Trading & Industrial Division

HK\$ Million	2005	2006	% Change
Car distribution	182	135	-25.8%
Shoe and apparel distribution	106	108	1.9%
Waste services	83	82	-1.2%
Beverage can supply	67	26	-61.2%
Paint supply	75	64	-14.7%
Other*	7	29	314.3%
Total	520	444	-14.6%

* Other includes property valuation gains of \$22 million in 2006 (2005: \$6 million)



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