



SWIRE PACIFIC

2007 Final Results



6th March 2008

HONG KONG



SWIRE PACIFIC | 2007 Summary

- Attributable earnings of HK\$26.3bn including net property revaluations of HK\$16.0bn
- Property investment income grew by 16.2%
- Record earnings for key aviation interests
- Outstanding year for Swire Pacific Offshore, with higher charter rates and strong demand

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Financial Summary

HK\$ Million	2006	2007	% Change
Attributable profit	22,566	26,260	+16.4%
Underlying profit	8,716	10,283	+18.0%
Cash generated from operations	5,748	5,880	+2.3%
HK\$ per 'A' share			
Final dividend	\$2.20	\$2.33	
Total dividend	\$2.83	\$3.23	+14.1%
Equity attributable to the Company's shareholders	114,414	135,517	+18.4%
Consolidated net debt	11,930	22,492	+88.5%



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Dividends

HK\$	2006	2007	% Change
'A' shares	2.83	3.23	14.1%
'B' shares	0.57	0.65	

Policy

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

Implications

1. Unrealised property revaluation gains are not eligible for distribution
2. Payout may be more or less than half of 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

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Earnings Analysis

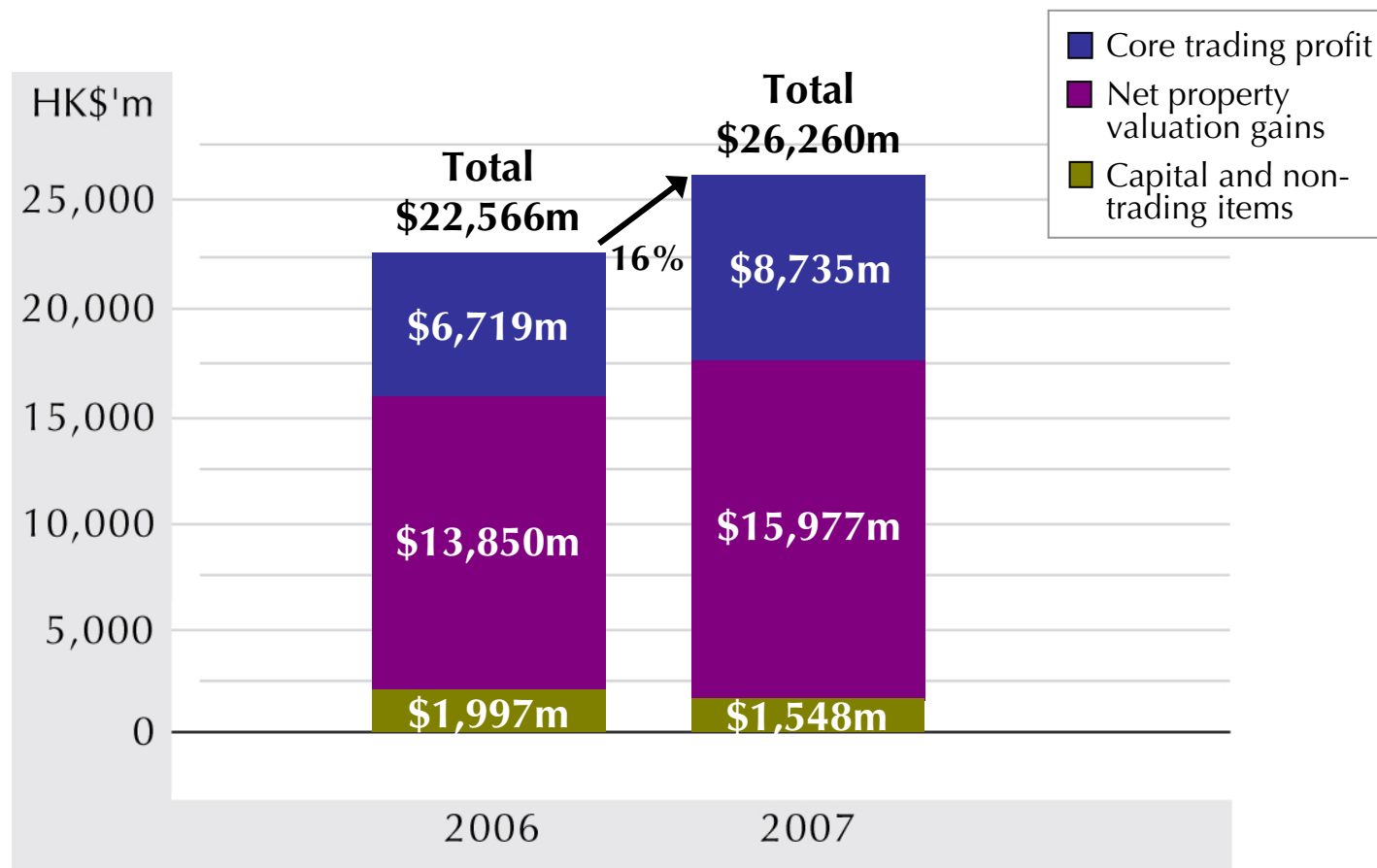
HK\$ Million	2006	2007	% Change
Attributable profit	22,566	26,260	+16.4%
Net investment property revaluations	(13,850)	(15,977)	+15.4%
Underlying profit	8,716	10,283	+18.0%
Other significant items:			
Profits from asset realisations:			
Share realignment of Cathay Pacific & Dragonair	(1,334)	-	
Shekou Container Terminals (SCT)	-	(1,078)	
Ocean Marine Services	-	(44)	
CITIC Square	(155)	-	
Investment properties	(297)	(211)	
Vessels	(79)	(215)	
Ocean Shores property provision write back	(132)	-	
	(1,997)	(1,548)	-22.5%
Core profit	6,719	8,735	+30.0%

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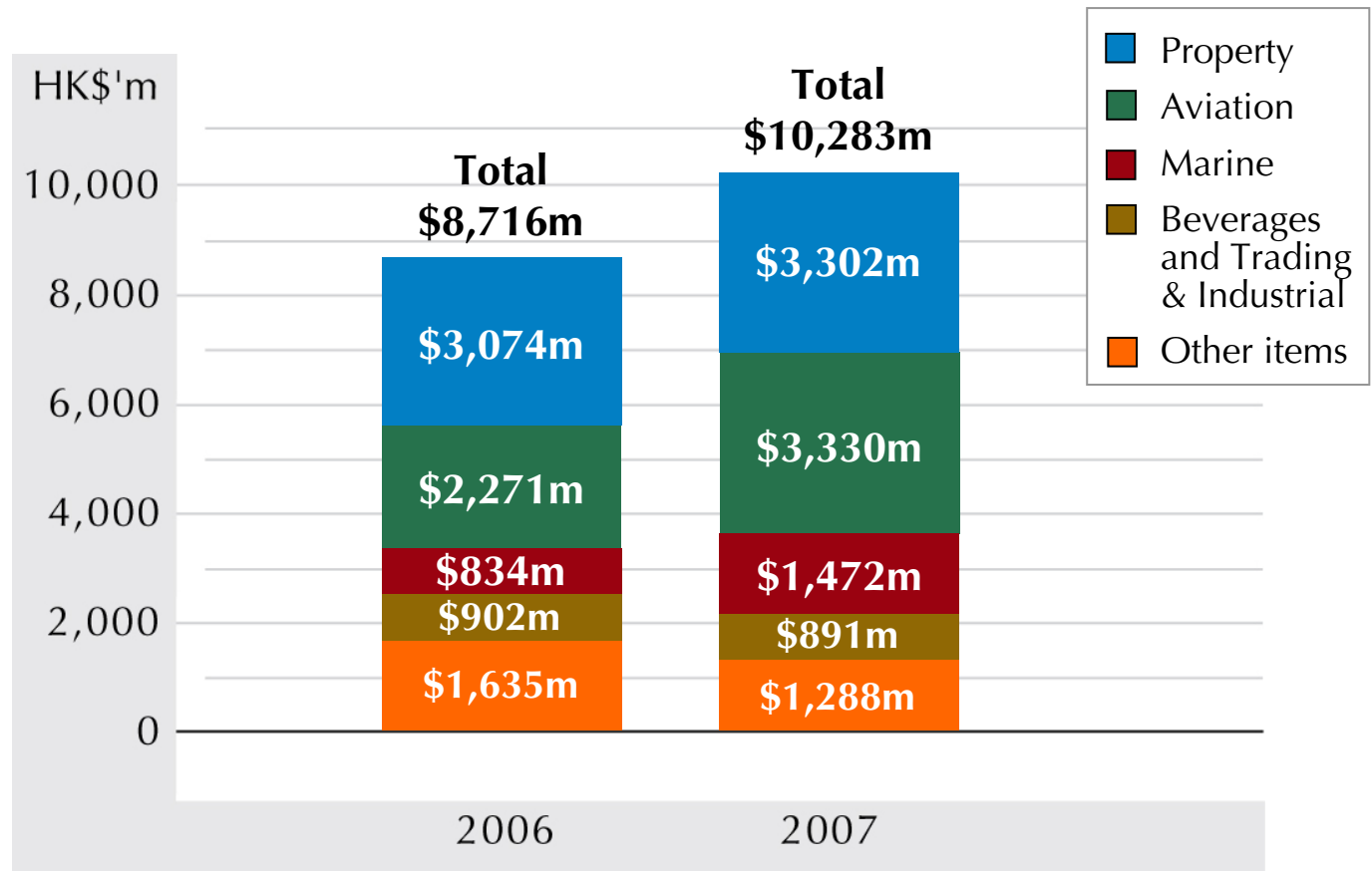
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Attributable Profit



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Underlying Profit | Summary by Division



Underlying attributable profit adjusts for the impact of HKAS 40 and HKAS-Int 21 on investment property and deferred tax respectively

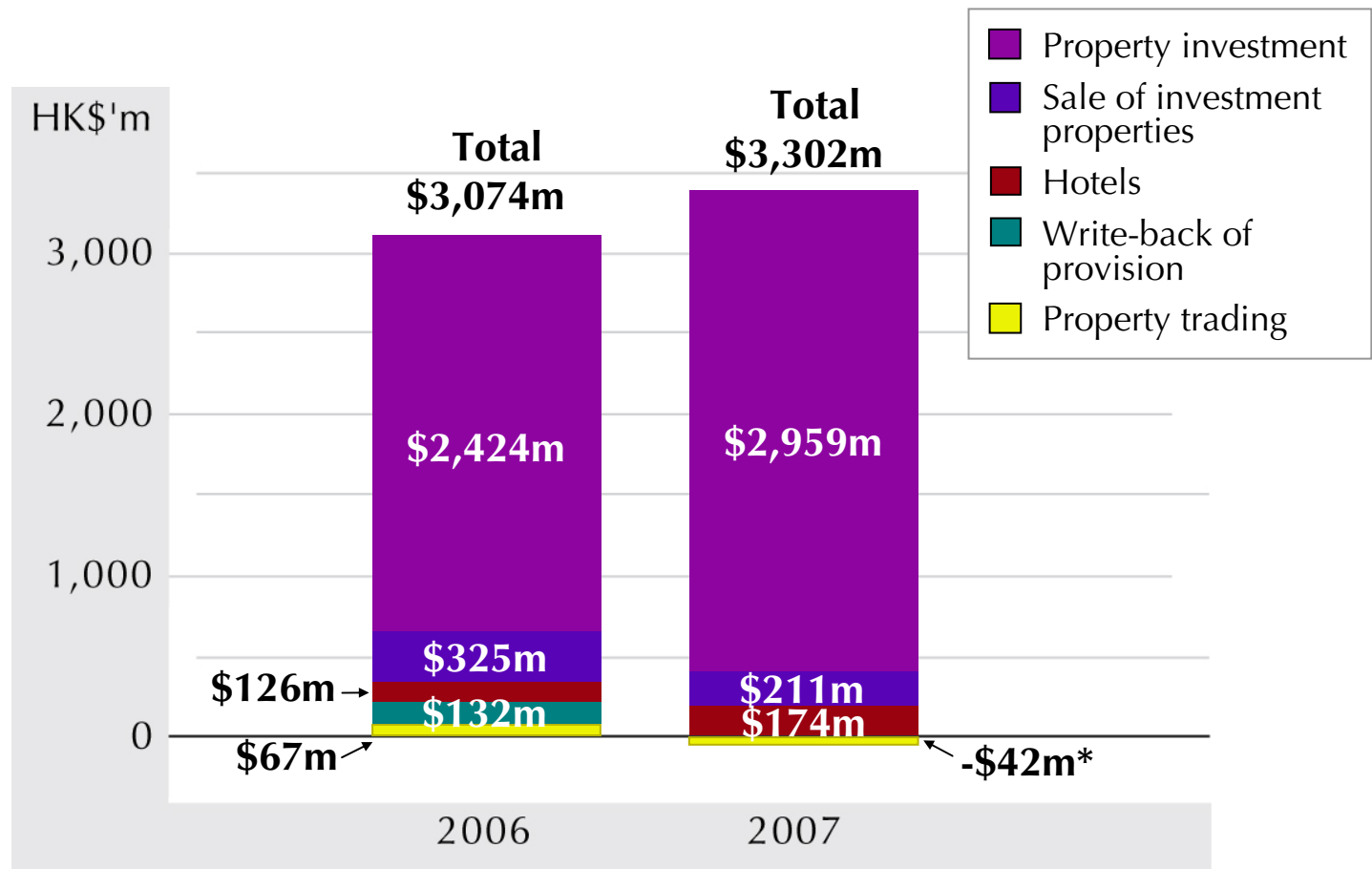


Highlights | Property Division

- Gross rental income growth of 16.2% to HK\$5.7bn
- Completed portfolio fully let at year end
- Underlying profit growth of 7.4%
- One Island East 86% pre-leased at 6th March 2008
- Mainland China portfolio under development now 7.9m sq. ft.
- Current capital commitments for investment property and hotels of HK\$17.0bn* with property portfolio set to grow to over 23m sq. ft. in 2012 from 13.6m at 31st December 2007

* Includes HK\$2.1bn which has been committed since the start of the year

Underlying Profit | Property Division



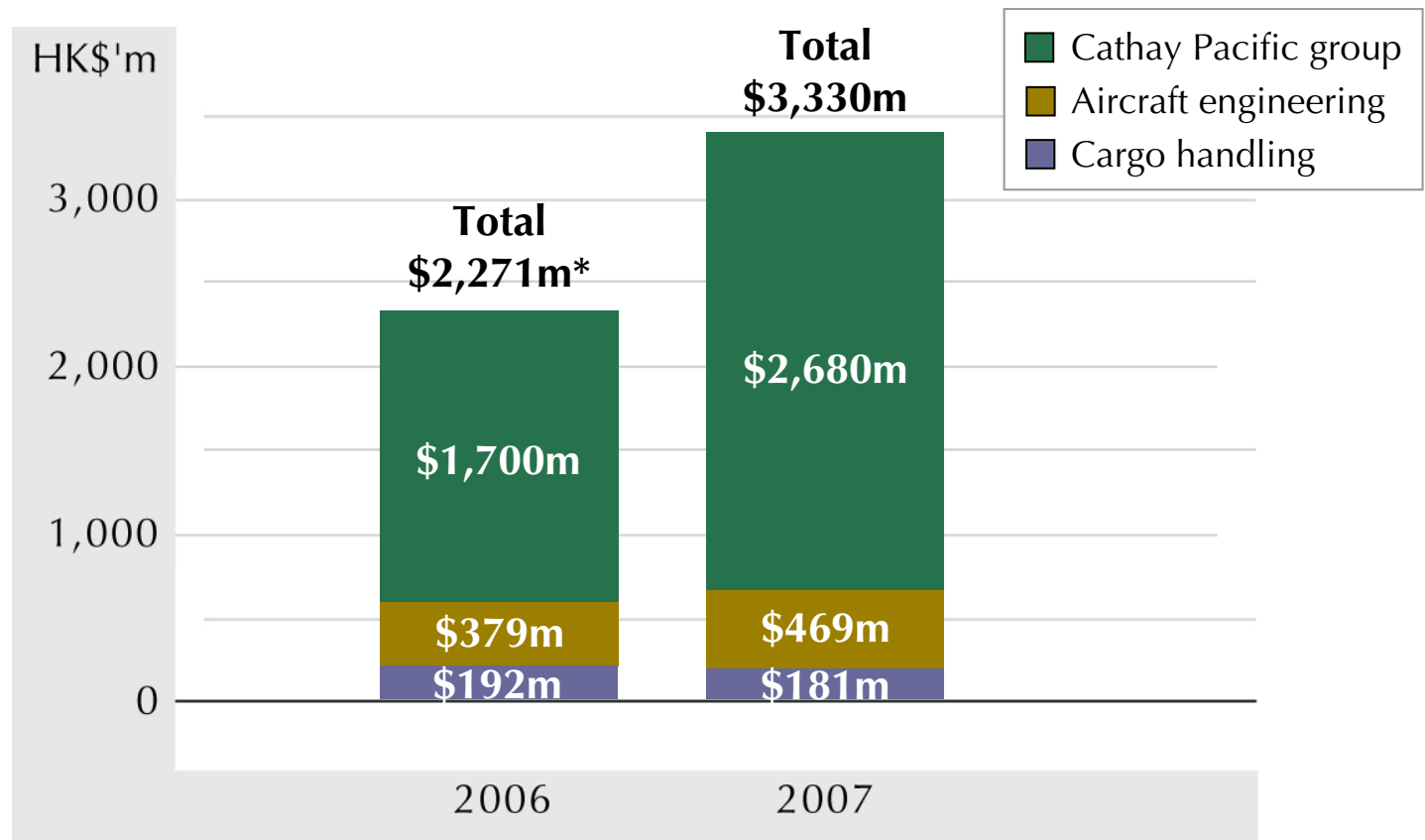
* Loss in 2007 due to release of deferred tax asset

Highlights | Aviation Division

- Record turnover and realisation of synergies from Dragonair acquisition drove a 57.6% increase in contribution from Cathay Pacific group
- High fuel costs and weaker than expected cargo market
- Cost per ATK up 4.0% to HK\$2.32
- 23.7% increase in share of profits from HAECO group resulting from strong demand and capacity expansion in Hong Kong and Xiamen
- Hactl volume growth of 2.7%

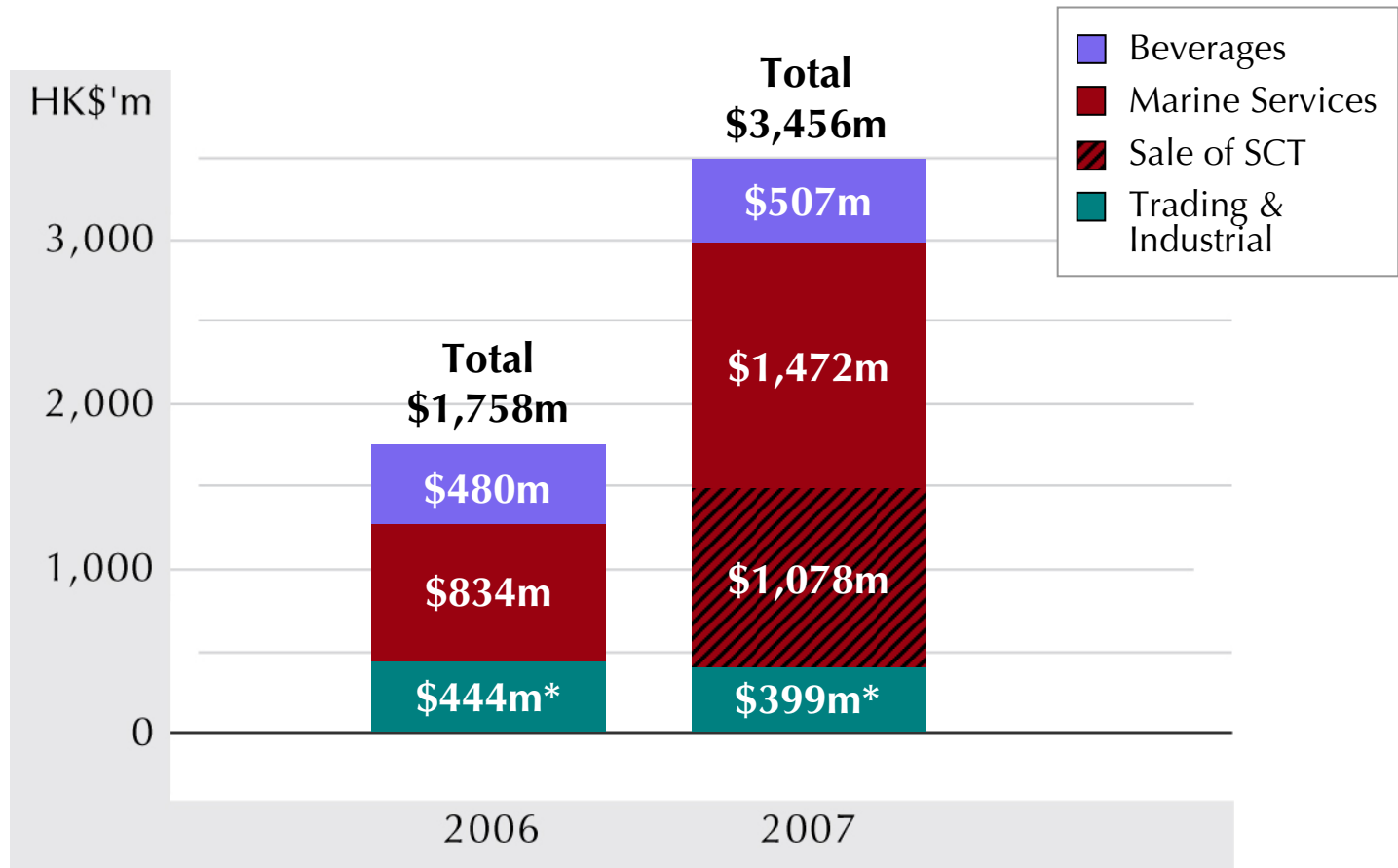


Attributable Profit | Aviation Division



* Attributable profit in 2006 excludes HK\$1,334m profit on share realignment of Cathay Pacific and Dragonair

Attributable Profit | Other Divisions



* Attributable profit in 2007 includes net revaluation gains on investment properties of HK\$15m (2006: HK\$22m)



Highlights | Beverages Division

- Overall volume growth of 16% driven by continued expansion of the distribution network in Mainland China and successful launch of Coke Zero in Hong Kong and the USA
- Volume growth in Mainland China of 20% but high raw material costs continue to depress margins
- Good growth in profit for USA and Hong Kong operations but small decline in profit in Taiwan



Highlights | Marine Services Division

- 100% increase in Swire Pacific Offshore's attributable profit to HK\$1,405m on record charter rates and HK\$259m of capital gains
- SPO operated 63 vessels at year-end with a further 24 on order, of which eight will be delivered in 2008. Year-end commitments totalled HK\$3.3bn
- 66% of fleet capacity fixed for 2008
- Expansion of seismic exploration business through acquisition of Salvin Far East in August
- Gain of HK\$1.1bn recognised on disposal of the Group's interest in Shekou Container Terminals



Highlights | Trading & Industrial Division

- Attributable profit fell to HK\$399m, largely due to weak sales at Taikoo Motors in difficult Taiwan car market
- Strong sales growth at Swire Resources, especially in Mainland China, but margins under pressure from high rentals and rising labour costs
- ICI Swire Paints achieved profits of HK\$95m attributable to the Group, a 48.4% increase on 2006
- Small rise in profit at Swire SITA
- Increased profit at Crown Beverage Cans on market price increases and currency gains



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Outlook

- Very strong recurrent revenue base on which to build expanded property portfolio in both Hong Kong and Mainland China
- Cathay Pacific is committed to further capacity expansion, with 51 aircraft currently on order. Margins remain sensitive to further fuel price rises
- HAECO's prospects are good on core capacity expansion and new projects
- Beverages expecting strong growth in an Olympic year, although high raw material and labour costs remain a concern
- With eight new deliveries in 2008, SPO is well placed to benefit from continued strong demand for offshore oilfield services
- Trading & Industrial expects strong performances from ICI Swire Paints and Crown Beverage Cans in 2008

Appendix

Financial Highlights | Balance Sheet

HK\$ Billion	2006	2007
Shareholders' funds and minority interests	115.0	136.7
Net borrowings	11.9	22.5
Gearing ratio	10.4%	16.5%

Financial Highlights | Liquidity

HK\$ Billion	2006	2007
Net cash outflow before financing	(3.2)	(4.9)
Undrawn facilities		
- Committed	4.8	8.7
- Uncommitted	3.5	3.4
	8.3	12.1
Interest cover (underlying)	13.4	14.7
Cash interest cover (underlying)	9.6	8.0

Financial Highlights | Cashflow

HK\$ Million	2006	2007
Cash generated from operations	5,748	5,880
Net interest paid	(712)	(847)
Tax paid	(660)	(428)
Dividends received	2,448	1,991
Net cash used in investing activities	(9,988)	(11,520)
Net cash outflow before financing	(3,164)	(4,924)



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Commitments

At 31st December 2007 the Group had commitments for capital expenditure and investment of:

HK\$ Billion

Properties

- Mainland China investments*	10.4
- Hong Kong investments	3.9
- UK hotels	0.6
	<hr/>
	14.9

Swire Pacific Offshore

- Vessels contracted	2.5
- Vessels uncontracted	0.8
	<hr/>
	3.3

Others	0.1
	<hr/>
	18.3

* A further HK\$2.1bn has been committed since the start of the year

Attributable Profit | Aviation Division

HK\$ Million	2006	2007	% Change
Cathay Pacific group	1,700	2,680	57.6%
Aircraft engineering	379	469	23.7%
Cargo handling	192	181	-5.7%
Operating contribution	2,271	3,330	46.6%
Profit on shareholding realignment of Cathay Pacific and Dragonair	1,334	-	
Total	3,605	3,330	

Attributable Profit | Beverages Division

HK\$ Million	2006	2007	% Change
Hong Kong	126	134	6.3%
Taiwan	34	27	-20.6%
USA	239	272	13.8%
Mainland China	109	113	3.7%
Central costs	(28)	(39)	39.3%
Total	480	507	5.6%

Attributable Profit | Marine Services Division

HK\$ Million	2006	2007	% Change
Ship owning & operating	701	1,405	100.4%
Ship repair, engineering & towage	51	59	15.7%
Container terminal operations	82	8	-90.2%
Operating contribution	834	1,472	76.5%
Sale of Shekou Container Terminals	-	1,078	
Total	834	2,550	

Attributable Profit | Trading & Industrial Division

HK\$ Million	2006	2007	% Change
Car distribution	135	97	-28.1%
Shoe and apparel distribution	108	90	-16.7%
Waste services	82	84	2.4%
Beverage can supply	26	38	46.2%
Paint supply	64	95	48.4%
Other*	29	(5)	-117.2%
Total	444	399	-10.1%

* Other includes property valuation gains of \$15m in 2007 (2006: \$22m)



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