



2013 Annual Results Analyst Briefing

13th March 2014 | Hong Kong

Financial Summary

Attributable Profit



Turnover

Dec 2012: HK\$49,040m

+5%

Dec 2013: HK\$51,437m

Underlying Profit

Dec 2012: HK\$8,270m

+2%

Dec 2013: HK\$8,471m

Dividends Per Share

Dec 2012:
HK\$3.50 per 'A' share
HK\$0.70 per 'B' share

0%

**Dec 2013:
HK\$3.50 per 'A' share
HK\$0.70 per 'B' share**

Cash Generated from Operations

Dec 2012: HK\$10,829m

+32%

Dec 2013: HK\$14,301m

Net Debt

Dec 2012: HK\$44,254m

+14%

Dec 2013: HK\$50,505m

Gearing Ratio

Dec 2012: 17.8%

+1.4% pts

Dec 2013: 19.2%

Equity Attributable to the Company's Shareholders

Dec 2012: HK\$208,467m

+6%

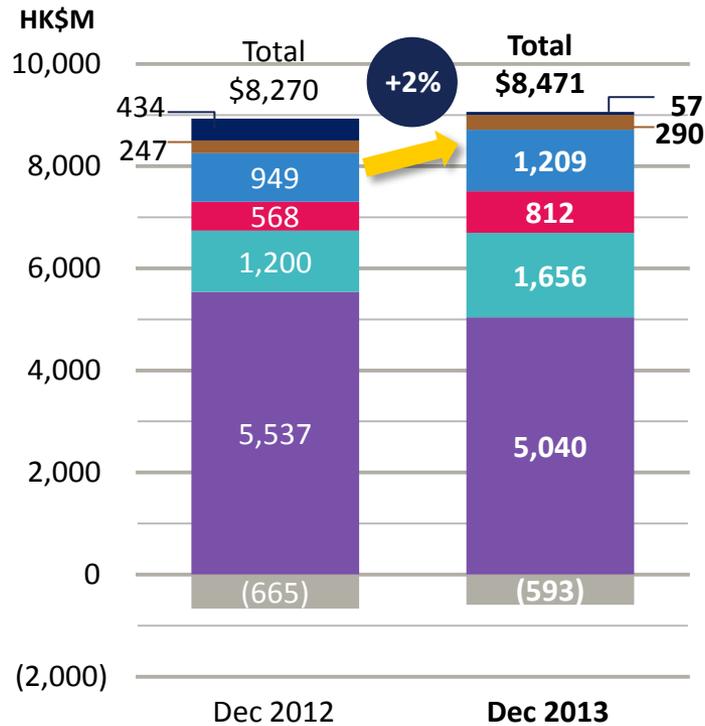
Dec 2013: HK\$220,297m

Notes:

- (a) Underlying profit principally adjusts for changes in the valuation of investment properties.
- (b) The comparative figures have been restated as a result of the adoption of HKFRS 11 "Joint Arrangements" and amendment to HKAS 19 "Employee Benefits".

Financial Summary

Underlying Profit



- Property
- Aviation
- Beverages
- Marine Services
- Trading & Industrial
- Head Office
- Capital profits less impairments

For the year ended 31st Dec 2013	Underlying Profit HK\$M	Capital Profits less Impairments HK\$M	Adjusted Underlying Profit HK\$M
Property	5,091	(51)	5,040
Aviation	1,627	29	1,656
Beverages	802	10	812
Marine Services	1,307	(98)	1,209
Trading & Industrial	237	53	290
Head Office	(593)	-	(593)
Total	8,471	(57)	8,414

Financial Summary

Profit Bridge

	Dec 12 HK\$M	Dec 13 HK\$M
Attributable profit	17,410	13,291
Less: adjustments in respect of investment properties	(9,140)	(4,820)
Underlying profit attributable to the Company's shareholders	8,270	8,471
Other significant items:		
Profit on sales of investment properties	(651)	(21)
Loss / (profit) on sales of property, plant and equipment and other investments	135	(197)
Net impairment of property, plant and equipment, leasehold land and intangible assets	82	161
Adjusted underlying profit	7,836	8,414

Primarily on sale of two units at OPUS HONG KONG.

Cathay Pacific recorded a loss of HK\$152m in 2012 and a profit of HK\$188m in 2013 on sale of aircraft.

SPO sold four vessels in 2012 and four vessels in 2013.

Financial Summary

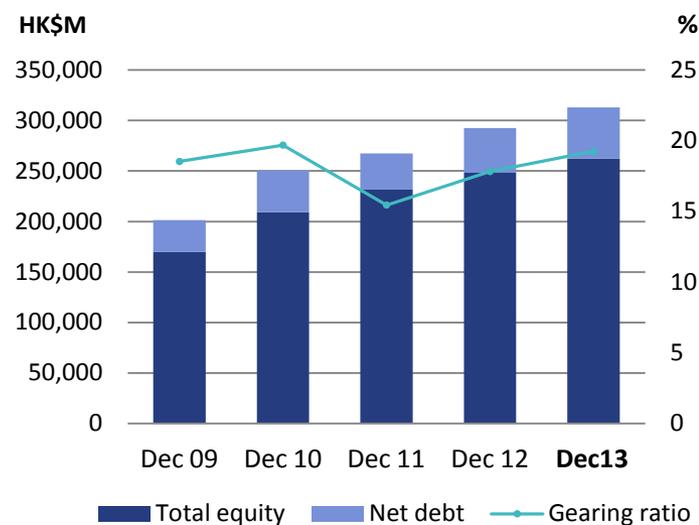
Financing

	Dec 09	Dec 10	Dec 11	Dec 12	Dec 13
Net debt (HK\$M)	31,464	41,221	35,768	44,254	50,505
Gearing (%)	18.5%	19.7%	15.4%	17.8%	19.2%
Interest cover (underlying) – times	8.3	10.3	10.4	6.7	5.5
Cash interest cover (underlying) – times	6.4	8.3	8.4	5.4	4.5

Net Debt Reconciliation

	HK\$Bn
Net debt at 1st January 2013	44.3
Cash from operations	(14.3)
Net dividend paid	4.8
Capex and investments less proceeds	11.9
Net interest paid	2.0
Tax paid	1.8
Net debt at 31st December 2013	50.5

Gearing Ratio

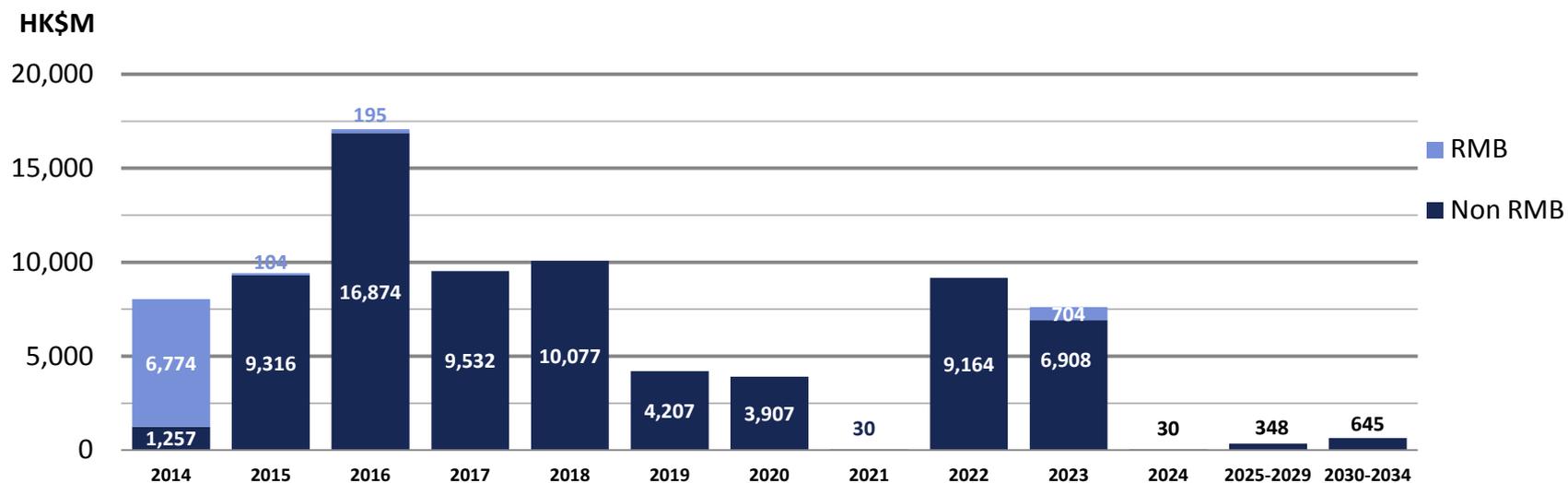


Financial Summary

Liquidity

	Dec 12 HK\$M	Dec 13 HK\$M	Change %
Bank balances and short-term deposits	6,091	11,288	+85%
Total undrawn facilities			
- Committed	16,361	19,518	+19%
- Uncommitted	7,701	8,848	+15%

Refinancing Profile at 31st December 2013



Property



Results Highlights

HK\$M (Swire Properties – 100% basis)	Dec 12	Dec 13	Change %
Attributable profit	18,753	12,525	-33%
Underlying profit	6,935	6,348	-8%
Valuation gains on investment properties	12,273	6,211	-49%

HK\$M (Swire Pacific's share)	Dec 12	Dec 13	Change %
Attributable profit	15,282	10,207	-33%
Underlying profit	5,543	5,091	-8%

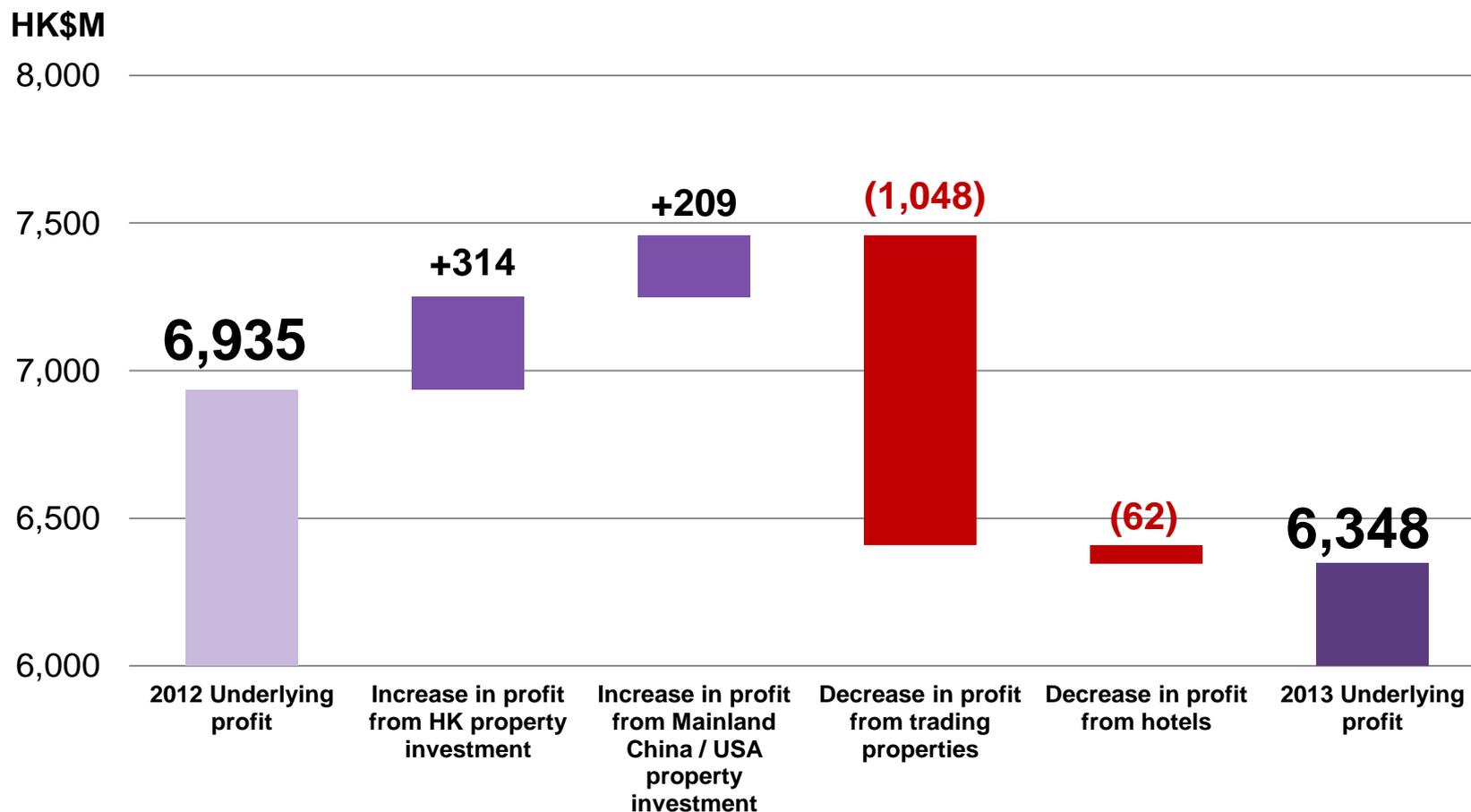
Key Highlights

- Underlying attributable profit decreased by HK\$452m to HK\$5,091m.
- Lower profits from property trading due to fewer sales of residential units in Hong Kong.
- Higher profit from property investment due to positive rental reversions in Hong Kong and higher overall rental income in Mainland China.
- Weaker performance from the hotels in Mainland China.



Movement in Underlying Profit (Swire Properties - 100% basis)

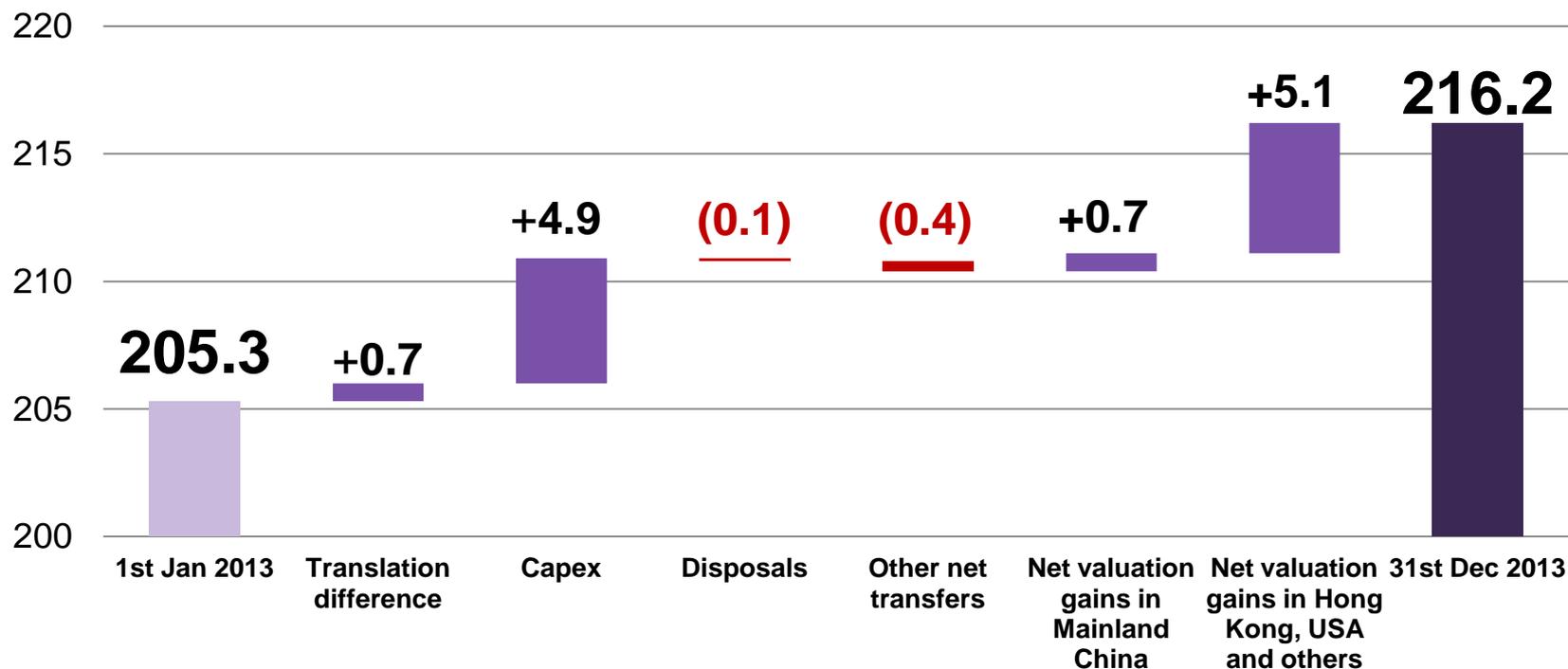
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Movement in Investment Properties

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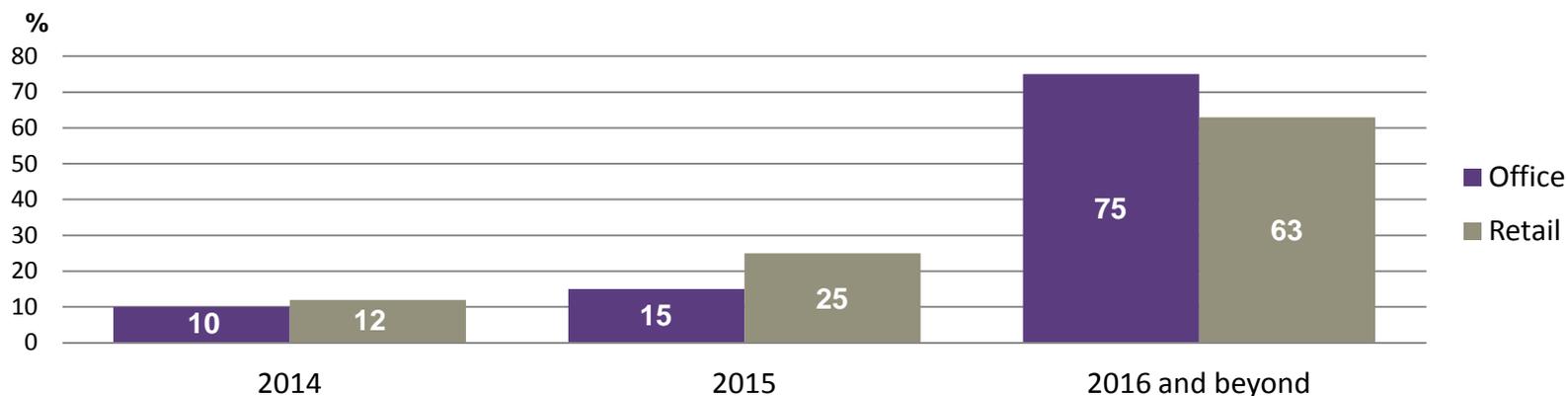
HK\$Bn



- Revaluation gains of HK\$5.8bn in 2013 (excluding the Group's share of revaluation movements of joint venture and associated companies).
- The increase in the valuation of the investment property portfolio principally reflects improved rental rates for the Hong Kong portfolio and the acquisition of property in Hong Kong.

Operating Statistics

Hong Kong Lease Expiry Profile* – at 31st Dec 2013



* Based on percentage of the total rental income attributable to the division for the month ended 31st December 2013.

Latest Rentals	
	HK\$ per sq. ft.
One & Two Pacific Place	95-110
Three Pacific Place	90-95
Island East	Low to mid 40s
Techno-centres ⁽¹⁾	Low to mid 20s
One Island East	Mid 50s to high 60s

Occupancies at 31st Dec 2013	
	Occupancy rate ⁽²⁾
Office and techno-centres ^{(1),(3)}	96%
TaiKoo Hui office	89%
ONE INDIGO	97%
Taikoo Li Sanlitun	94%
INDIGO Mall	96%

⁽¹⁾ Excluding Somerset House, which will start to be redeveloped into a Grade A office tower in 2014

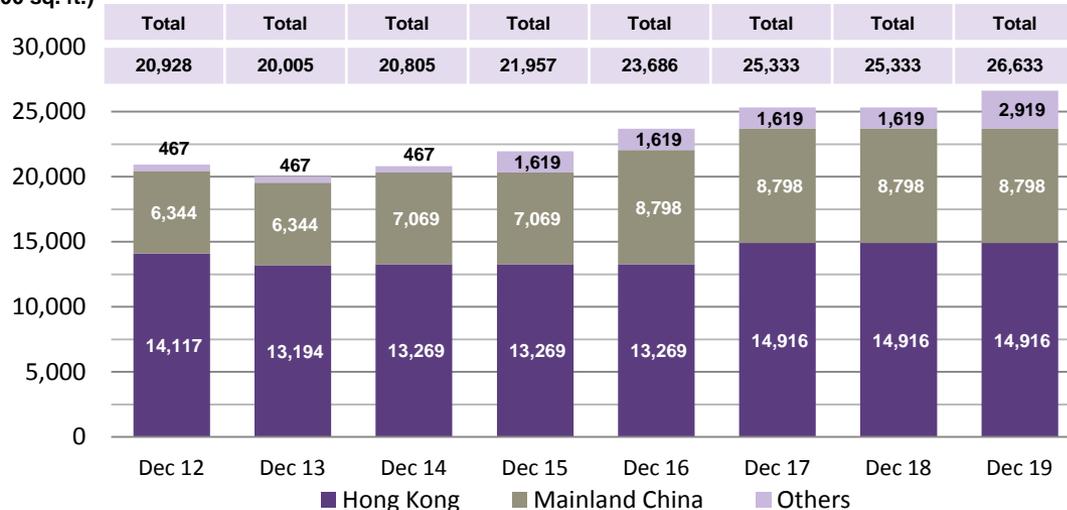
⁽²⁾ Based on lettable area ⁽³⁾ Wholly-owned properties

Future Developments

12

Completed Principal Property Investment Portfolio*

('000 sq. ft.)



* Gross floor area represents 100% of space owned by Group companies and the division's attributable share of space held by joint venture and associated companies.

Projects	Expected completion date
Hong Kong	
23 Tong Chong Street	2014
Somerset House (Redevelopment)	2017
Kowloon Bay Commercial Site	2017
Tung Chung Town Lot No.11	2017
Mainland China	
Daci Temple, Chengdu	2014
Dazhongli, Shanghai	2016
USA	
Brickell City Centre	2015 / 2019

Profile of Capital Commitments — for Investment Properties and Hotels at 31st December 2013

(HK\$M)	Expenditure	Forecast year of expenditure				Commitments
		2013	2014	2015	2016	
Property Project	2013					2013
Hong Kong	4,359	3,852	2,520	2,721	11,198	20,291
Mainland China	1,500	3,080	1,664	999	570	6,313
USA and others	1,237	1,539	1,303	8	-	2,850
Total	7,096	8,471	5,487	3,728	11,768	29,454 *

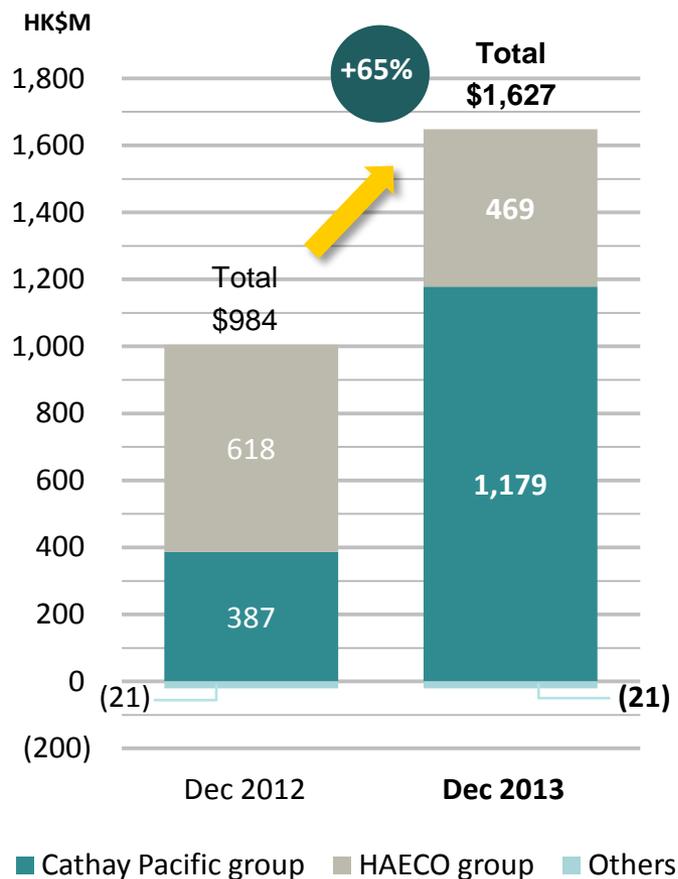
*Including the division's share of the capex and capital commitments of its joint venture companies.

Aviation



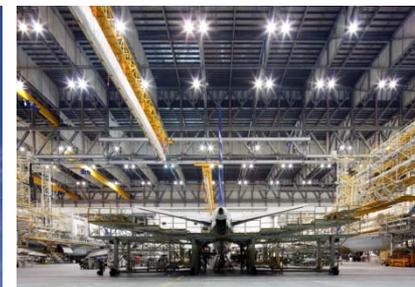
Results Highlights

Attributable Profit



Key Financial Data

	Dec 2013 HK\$M	Change %
HAECO group		
Turnover	7,387	+27% ↑
Operating profit	266	-39% ↓
Attributable profit	469	-24% ↓
Share of post-tax profits from an associated company		
Cathay Pacific group	1,179	+205% ↑



Cathay Pacific Group Highlights

Key Highlights

- The Cathay Pacific group reported profit on a 100% basis of HK\$2,620m compared with a profit of HK\$862m in 2012.
- The passenger business performed well. Demand was strong on long-haul routes in all classes of travel.
- Air cargo markets continued to be weak. There was a 2% reduction in tonnage carried.
- As a result of measures announced in 2012, certain operating costs were lower.
- The business continued to be affected by the high price of jet fuel.



Key Financial Data

CX group (100% basis)		
	Dec 2013 HK\$M	Change %
Total turnover	100,484	+1%
Passenger services	71,826	+2%
Cargo services	23,663	-4%
Others	4,995	+1%
Attributable profit	2,620	+204%

Key Operating Statistics

	Dec 2013	Change %
Available tonne kilometres (ATK) ('M)	26,259	-
Revenue passengers carried ('000)	29,920	+3%
Passenger yield (HK¢)	68.5	+2%
Cargo and mail carried (Tonnes '000)	1,539	-2%
Cargo and mail yield (HK\$)	2.32	-4%

HAECO Group Highlights

Key Highlights

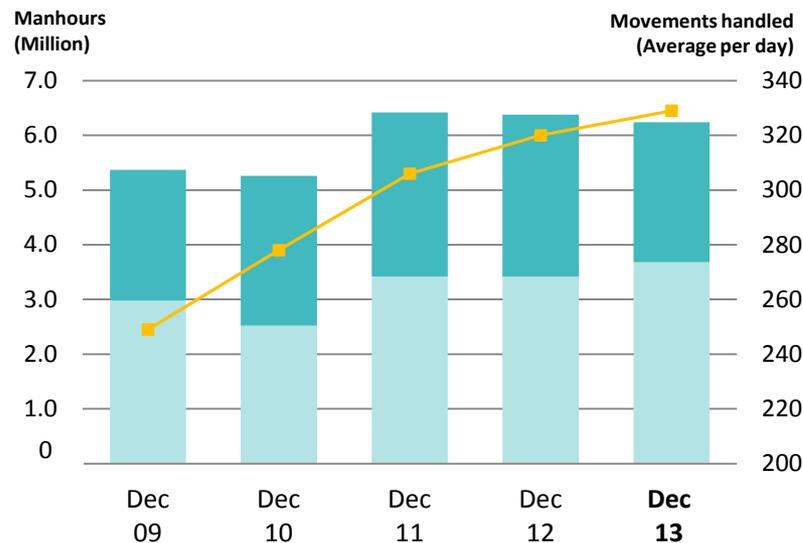
- A shortage of skilled and semi-skilled labour resulted in a significant reduction in HAECO's airframe maintenance capacity during the year.
- Results from TAECO improved, with higher demand for its airframe maintenance services.
- HAESL's profit, including that derived from its interest in SAESL, was affected by the early retirement of 747-400 aircraft by its customers.
- In February 2014, HAECO acquired TIMCO Aviation Services, Inc., a USA based provider of aircraft maintenance, repair and overhaul services.

Key Financial Data

Attributable Profit (100% basis)

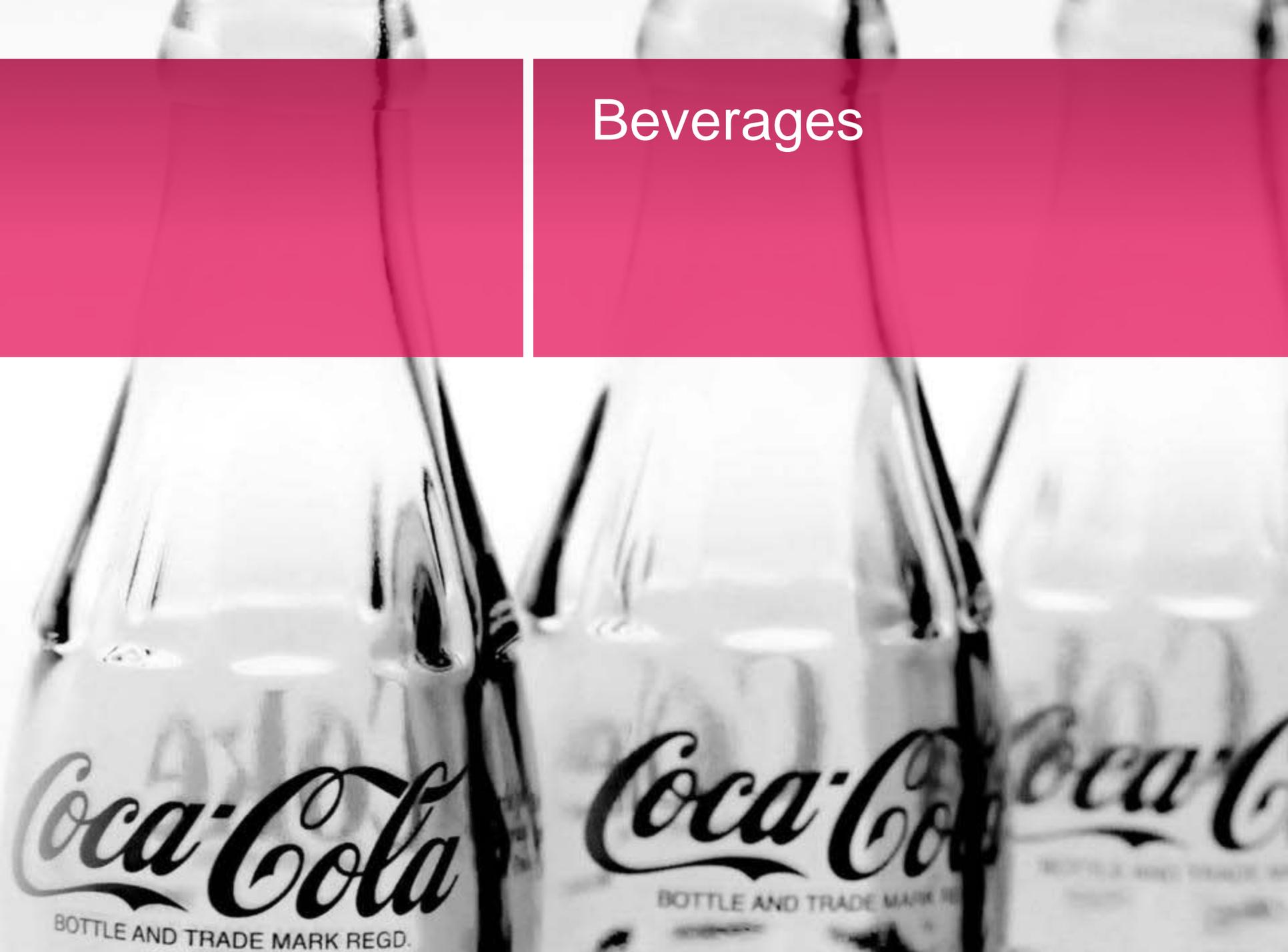
	Dec 2013 HK\$M	Change %
HAECO	60	-78%
TAECO	90	+29%
HAESL and SAESL	465	-12%
Others	10	+119%
Total	625	-24%

Key Operating Statistics

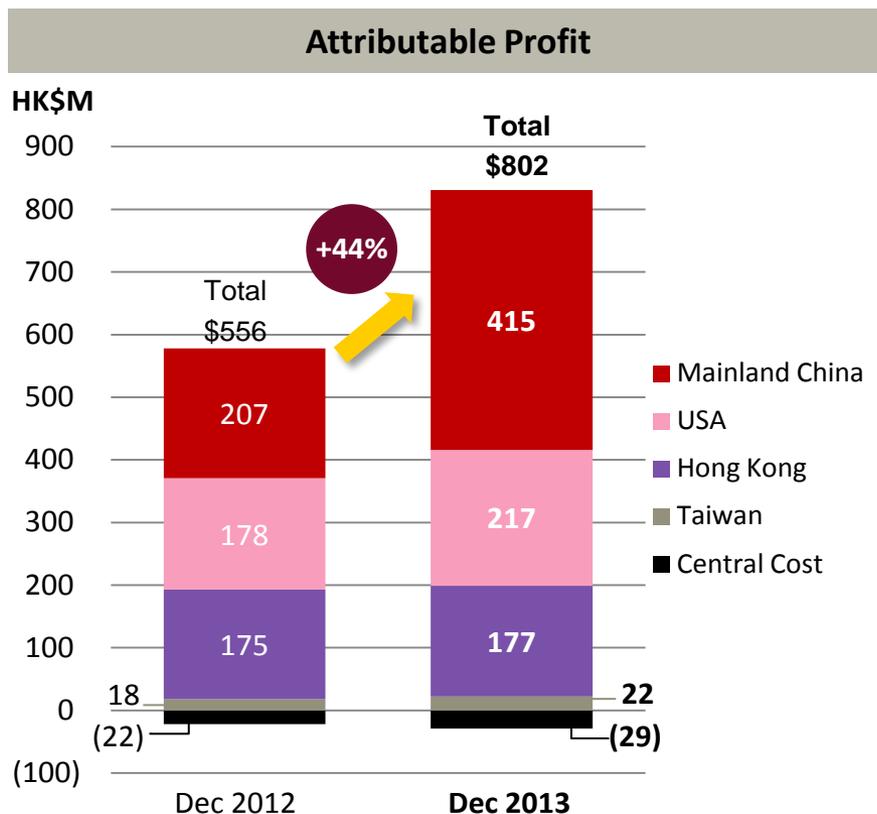


■ Airframe maintenance manhours sold - TAECO
■ Airframe maintenance manhours sold - HAECO
—■ Line maintenance movements handled - HAECO

Beverages



Results Highlights



Key Financial Data

	Dec 2013 HK\$M	Change %
Operating profit	864	+13% ↑
Share of post-tax profits from joint venture and associated companies	397	+95% ↑
Attributable profit	802	+44% ↑

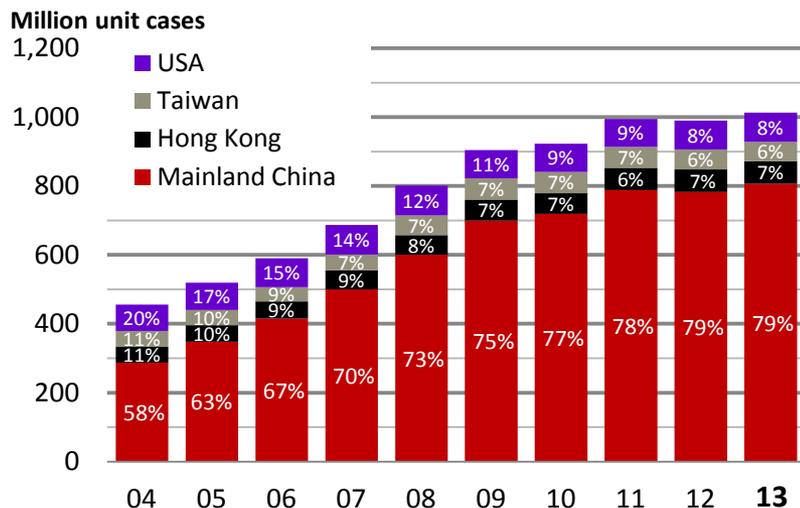
- ### Key Highlights
- The Beverages Division's attributable profit increased by 44% to HK\$802m.
 - Excluding a non-recurring profit in Mainland China, attributable profit increased by 32%.
 - Mainland China performed well. Sales volume grew and the sales mix improved.
 - Hong Kong benefited from price increases and a better sales mix.
 - Sales volume grew in the USA, but pricing was weaker.
 - All territories benefited from lower raw material costs.



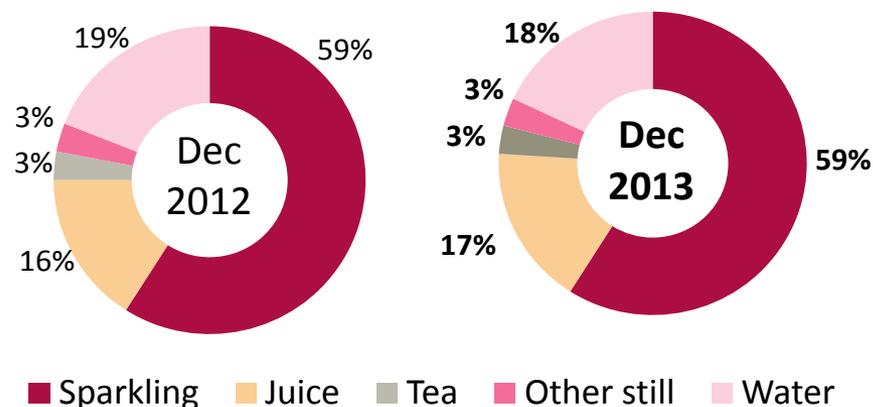
Volume Analysis

- Overall sales volume increased by 2% to 1,013 million unit cases, compared with a reduction of 0.5% in 2012.

Volume Progression



Volume by Category



Segment Information

Mainland China			Hong Kong		
Turnover*	Attributable Profit	Sales Volume*	Turnover	Attributable Profit	Sales Volume
↑ HK\$16,939m	↑ HK\$415m	↑ 807m u/c	↑ HK\$2,145m	↑ HK\$177m	— 65m u/c
Taiwan			USA		
Turnover	Attributable Profit	Sales Volume	Turnover	Attributable Profit	Sales Volume
↓ HK\$1,418m	↑ HK\$22m	↓ 56m u/c	↑ HK\$3,877m	↑ HK\$217m	↑ 85m u/c

*Attributable to the Beverages Division's seven Coca-Cola franchises in Mainland China.

Marine Services



Results Highlights

Attributable Profit



Key Financial Data

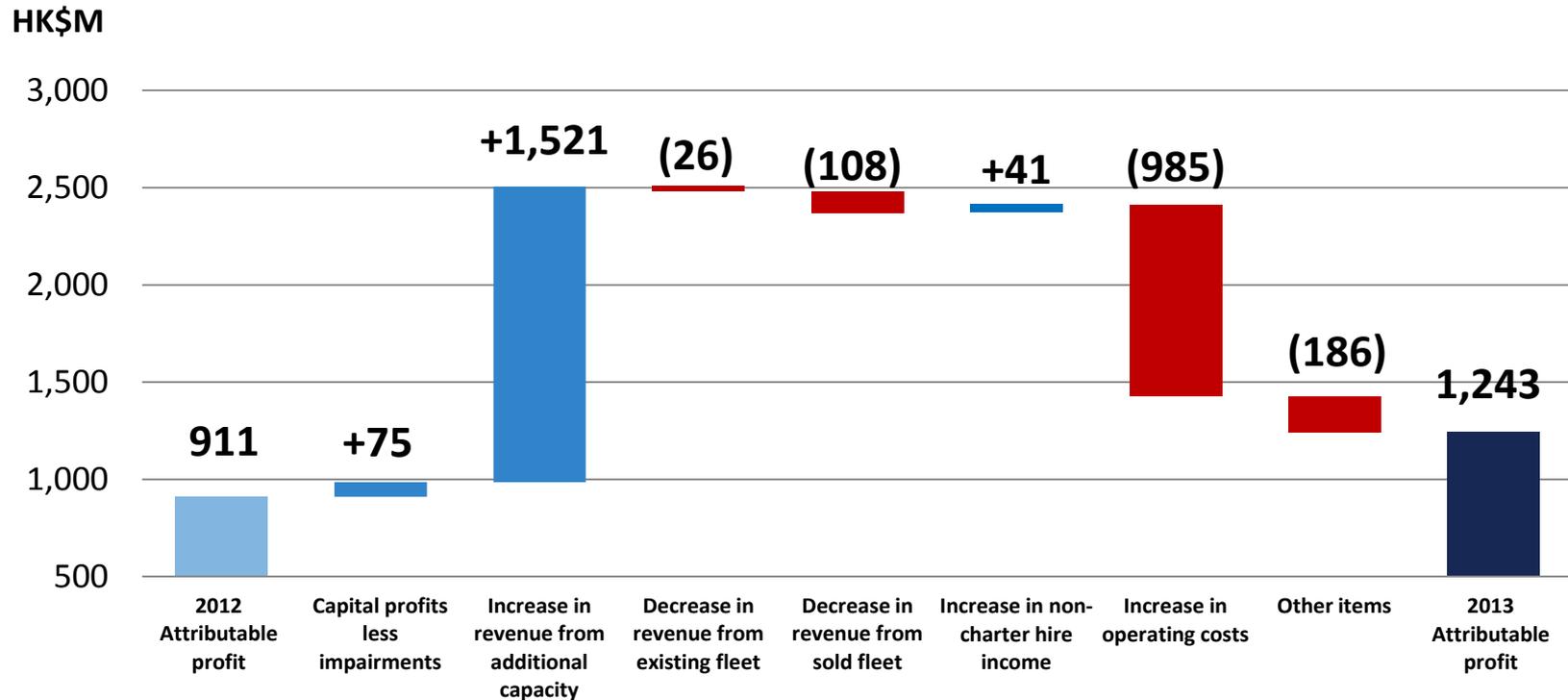
Swire Pacific Offshore group		
	Dec 2013 HK\$M	Change %
Charter hire revenue	5,257	+36% ↑
Non-charter hire revenue	1,035	+4% ↑
Charter hire related operating profit	1,121	+69% ↑
Non-charter hire related operating profit	383	+20% ↑
Attributable profit	1,243	+36% ↑

Key Highlights

- SPO reported an attributable profit of HK\$1,243m, a 36% increase from 2012.
- SPO benefited from the additional contribution from new vessels and a full year's contribution from vessels delivered in 2012, which included the Wind Farm Installation Vessels.
- SPO's overall average fleet utilisation fell by 1% pt to 89% while average charter hire rates increased by 7% for the core fleet and 80% for the fleet of construction and specialist vessels.



SPO – Movement in Attributable Profit



SPO Outlook

SPO Fleet Growth

Vessel class	2012	Additions	Disposals	Year-end	Vessels expected to be received in		
					2013	2014	2015
Anchor Handling Tug Supply Vessels	47	-	4	43	-	-	-
Large Anchor Handling Tug Supply Vessels	15	3	-	18	6	-	-
Platform Supply Vessels	8	-	-	8	2	4	-
Large Platform Supply Vessels	3	1	-	4	3	3	2
Construction and Specialist Vessels	7	2	-	9	-	-	-
Total	80	6	4	82	11	7	2

Note: SPO's fleet includes one PSV and one CSV chartered from external parties.

Profile of Capital Commitments – at 31st December 2013

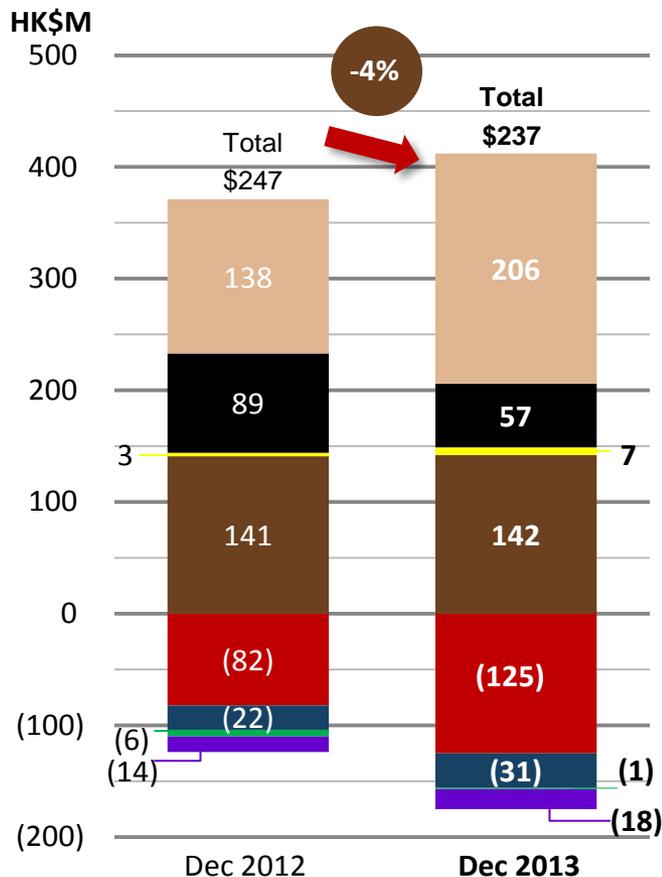
(HK\$M)	Expenditure	Forecast period of expenditure			Commitments
	2013	2014	2015	2016	at 31st Dec 2013
Anchor Handling Tug Supply Vessels and Platform Supply Vessels	3,496	4,458	2,303	211	6,972
Construction and Specialist Vessels	699	129	-	-	129
Other fixed assets	164	64	21	12	97
Total	4,359	4,651	2,324	223	7,198

Trading & Industrial



Results Highlights

Attributable Profit



- Swire Resources group
- Taikoo Motors group
- Campbell Swire
- Swire Waste Management
- Swire Foods group
- Akzo Nobel Swire Paints
- Swire Pacific Cold Storage group
- Other activities

Key Highlights

- Akzo Nobel Swire Paints**
 - A favourable product mix and lower raw material costs resulted in significantly higher profits of HK\$206m.
- Taikoo Motors group**
 - Profits from Taikoo Motors decreased by HK\$32m reflecting fewer vehicles sold and the cost of developing new dealership businesses.
- Swire Resources group**
 - Swire Resources' results were similar to 2012. Operating cost increases in Mainland China offset better results in the multibrand business in Hong Kong.
- Campbell Swire**
 - Campbell Swire recorded a loss of HK\$125m. Sales volume remained low. The increased loss was due to an impairment provision on production facilities.
- Swire Pacific Cold Storage group**
 - Attributable loss of HK\$31m reflects the cost of business development.



Prospects

Property	<u>Positive Factors</u>	<u>Negative Factors</u>
Aviation	<ul style="list-style-type: none">▪ Pacific Place has no major leases expiring in 2014 and rents are expected to remain resilient at Island East owing to high occupancy.	<ul style="list-style-type: none">▪ Demand for office space in Hong Kong, particularly from the financial sector, is likely to remain weak.
Beverages	<ul style="list-style-type: none">▪ Demand for retail space at prime locations and well-managed malls in Hong Kong is expected to continue to increase.	<ul style="list-style-type: none">▪ In Guangzhou, demand for new space from luxury retailers has weakened.
Marine Services	<ul style="list-style-type: none">▪ In Beijing, international brands are continuing to look for space in prime locations and well-managed malls.	<ul style="list-style-type: none">▪ Stamp duty increases have reduced the number of transactions in the luxury residential market in Hong Kong.
Trading & Industrial	<ul style="list-style-type: none">▪ Higher property trading profits are expected in 2014 from sales of completed units at the DUNBAR PLACE and MOUNT PARKER RESIDENCES developments and of remaining units at the AZURA and ARGENTA developments.	

Prospects

Property	<div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <p style="text-align: center;"><u>Positive Factors</u></p> <ul style="list-style-type: none"> ▪ The financial position of the Cathay Pacific group remains strong. ▪ The passenger business will benefit from further expansion of long-haul frequencies. ▪ Cathay Pacific will take delivery of 16 new aircraft in 2014. ▪ The acquisition of TIMCO Aviation Services will expand the range of services provided by the HAECO group ▪ Demand for TAECO’s airframe maintenance is expected to remain stable. </div> <div style="width: 48%;"> <p style="text-align: center;"><u>Negative Factors</u></p> <ul style="list-style-type: none"> ▪ Cathay Pacific continues to operate in a challenging environment of high fuel prices and weak cargo demand. ▪ HAECO’s airframe maintenance capacity will continue to be affected by shortages of skilled and semi-skilled labour. ▪ HAESL is expected to continue to be affected by a reduction in demand for engine overhaul services. </div> </div>	
Aviation		
Beverages		
Marine Services		
Trading & Industrial		

Prospects

Property

Aviation

Beverages

Marine
Services

Trading &
Industrial

Positive Factors

- The outlook for Mainland China is positive, with growth in consumer spending expected to exceed economic growth.
- The outlook for Hong Kong is fair and Swire Beverages will use its strong market position to grow its business.
- The USA business will benefit from a territory grant in Colorado from TCCC.

Negative Factors

- Rising costs in Mainland China, in particular staff costs, will put pressure on margins.
- Capacity constraints at the plant at Shatin in Hong Kong and labour shortages are a concern.

Prospects

Property

Aviation

Beverages

**Marine
Services**

Trading &
Industrial

Positive Factors

- The oil price remains high and exploration activity is expected to increase accordingly.
- Demand for larger and more sophisticated vessels is expected to continue to improve, which should benefit SPO.

Negative Factors

- The rising cost of production may affect demand for offshore services.
- A shortage of qualified seafarers is a problem for the industry.

Prospects

Property

Aviation

Beverages

Marine
Services

Trading &
Industrial

Positive Factors

- Akzo Nobel Swire Paints expects to continue to expand and strengthen its distribution network and sales channels in Mainland China.
- Two of Swire Pacific Cold Storage's facilities will open in 2014.
- Swire Foods has formed a joint venture with Mövenpick to distribute premium coffee products in Mainland China.

Negative Factors

- The replacement of the Columbia China distributorship by a joint venture will adversely affect the results of Swire Resources.
- Taikoo Motors will cease to be the importer of Volkswagen and Skoda cars in Taiwan by the end of 2014.
- Campbell Swire's business remains challenging.



Appendix

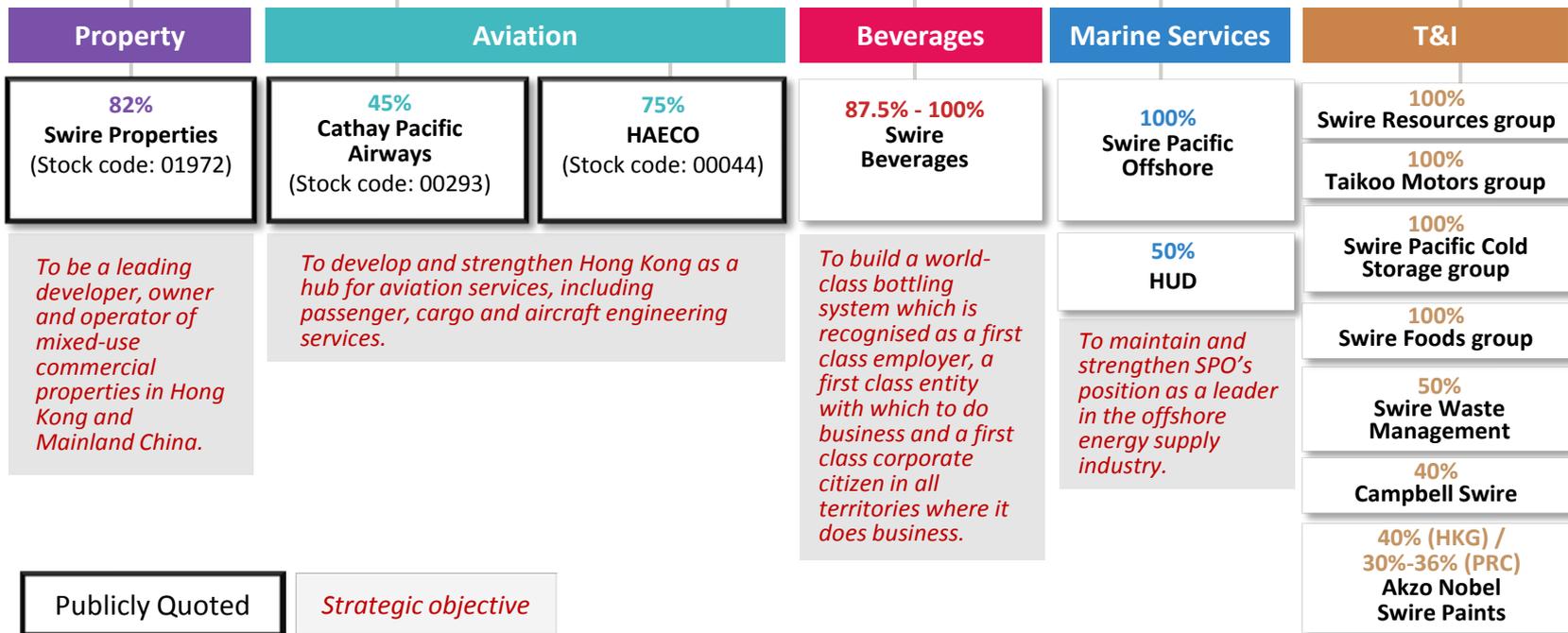
Appendix - Corporate Structure

As at 31st December 2013

Swire Pacific Limited
(‘A’ shares: 00019; ‘B’ shares: 00087)

Sustainable growth in shareholder value over the long term

Attributable Profit: HK\$13,291m ↓ -24%	Underlying Profit: HK\$8,471m ↑ +2%	Earnings per ‘A’ share : HK\$8.83 ↓ -24%	Equity attributable to the Company’s shareholders per ‘A’ share: HK\$146.41 ↑ +6%
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To develop and strengthen the trading and industrial businesses which it operates.

Appendix - Corporate Structure

Swire Pacific Limited

Property	Aviation	Beverages	Marine Services	T&I
<p>Investment Properties <u>Hong Kong</u> ▪ Pacific Place ▪ TaiKoo Place ▪ Citygate <u>Mainland China</u> ▪ Taikoo Li Sanlitun ▪ INDIGO ▪ TaiKoo Hui</p> <p>Future Developments <u>Hong Kong</u> ▪ Kowloon Bay Commercial Site <u>Mainland China</u> ▪ Daci Temple project ▪ Dazhongli project <u>USA</u> ▪ Brickell City Centre</p> <p>Hotels <u>Hong Kong</u> ▪ The Upper House ▪ EAST Hong Kong <u>Mainland China</u> ▪ The Opposite House ▪ EAST, Beijing ▪ The Mandarin Oriental, Guangzhou <u>USA</u> ▪ Mandarin Oriental, Miami <u>UK</u> ▪ Brighton, Bristol, Cheltenham and Exeter</p> <p>Property Trading <u>Hong Kong</u> ▪ AZURA ▪ ARGENTA ▪ DUNBAR PLACE ▪ MOUNT PARKER RESIDENCES <u>USA - Miami</u> ▪ ASIA</p>	<p>Cathay Pacific group <u>Airlines</u> ▪ Cathay Pacific ▪ Dragonair ▪ Air Hong Kong (60%) ▪ Air China (20%)</p> <p><u>Cargo Terminal</u> ▪ Cathay Pacific Services</p> <p><u>Other Operations</u> ▪ Cathay Pacific Catering Services ▪ Hong Kong Airport Services</p> <p>No. of Aircraft: 192</p> <p>HAECO group  ▪ HAECO ▪ TAECO (58.6%) ▪ HAESL and SAESL (45% and 9%)</p>	<p>Swire Beverages Has the right to manufacture, market and distribute the products of The Coca-Cola Company</p>  <p><u>Hong Kong</u> No. of Bottling Plants: 1</p> <p><u>Mainland China</u> No. of Bottling Plants: 11</p> <p><u>Taiwan</u> No. of Bottling Plants: 2</p> <p><u>USA</u> No. of Bottling Plants: 2</p>	<p>Swire Pacific Offshore Operates a fleet of offshore support vessels servicing the energy industry in every major offshore production and exploration region outside North America</p> <p>No. of Vessels: 82</p> <p>No. of Vessels on Order: 20</p>  <p>HUD group Ship repair and harbour towage services in Hong Kong</p> <p>No. of Vessels: 20</p> 	<p>Trading Swire Resources group Distribution and retailing of sports and casual footwear, apparel and related accessories in Hong Kong and Mainland China</p> <p>Taikoo Motors group Distribution and retailing of motor vehicles in Taiwan, Hong Kong, Mainland China and Malaysia</p> <p>Industrial Swire Pacific Cold Storage group Provision of cold storage and warehousing services in Mainland China</p> <p>Swire Foods: ▪ Taikoo Sugar Packaging and selling sugar and other products in Hong Kong and Mainland China</p> <p>▪ Campbell Swire A joint venture with The Campbell Soup Company. Distributes soup and broth products in Mainland China</p> <p>Akzo Nobel Swire Paints Manufacture and distribution of paint in Hong Kong and Mainland China</p> <p>Swire Waste Management Provision of waste management services in Hong Kong</p>



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13th March 2014 | Hong Kong