



2017 Interim Results Analyst Briefing

17th August 2017 | Hong Kong

Agenda

- Welcoming Remarks and Highlights

John Slosar, Chairman

- Financial Performance & Business Review
- Capital Allocation Strategy

Martin Cubbon, Corporate Development & Finance Director

Patrick Healy, Managing Director – Swire Beverages (Beverages Section)

- Outlook

John Slosar, Chairman

- Q&A



Welcoming Remarks and Highlights

John Slosar, Chairman

2017 Business Environment

Recovery of Hong Kong retail market underway



Demand for offshore oil supply services remains weak with low oil prices although there are signs of the market bottoming out



Strong competition for passenger travel continues. Cargo market continues to improve



Performance Highlights

HK\$3,880m

Underlying Profit
(v. Jun 16)

+9%

HK\$1.00

Dividend per 'A' share
(v. Jun 16)

0%

HK\$157.12

**Equity attributable to the
Company's shareholders
per 'A' share**
(v. Dec 16)

+5%

How our Businesses Performed in First Half of 2017

Continuing investment in Hong Kong property, restructuring in aviation and major investment in beverages, all to reposition the Group for the future



Underlying profit increased, with higher profits from property trading and property investment.



Realignment transactions in Mainland China yielded one-off profits and significant expansion of franchise territories. USA and Taiwan delivered higher profits.



Improved performance from HAECO Hong Kong and Xiamen's airframe and line services businesses. Resolute action taken by new management at CX to turn business round and return to profitability in the future. As its committed long term principal shareholder, Swire Pacific fully supports CX's transformation programme.



HK\$64m positive operating cashflow generated in 1H, demonstrating effective cost control measures. SPO is now better positioned for current operating environment and seeing improved demand in specialist market segments.



Very competitive markets for sports apparel and cold storage. Better performance from Taikoo Motors and good results at Akzo Nobel.



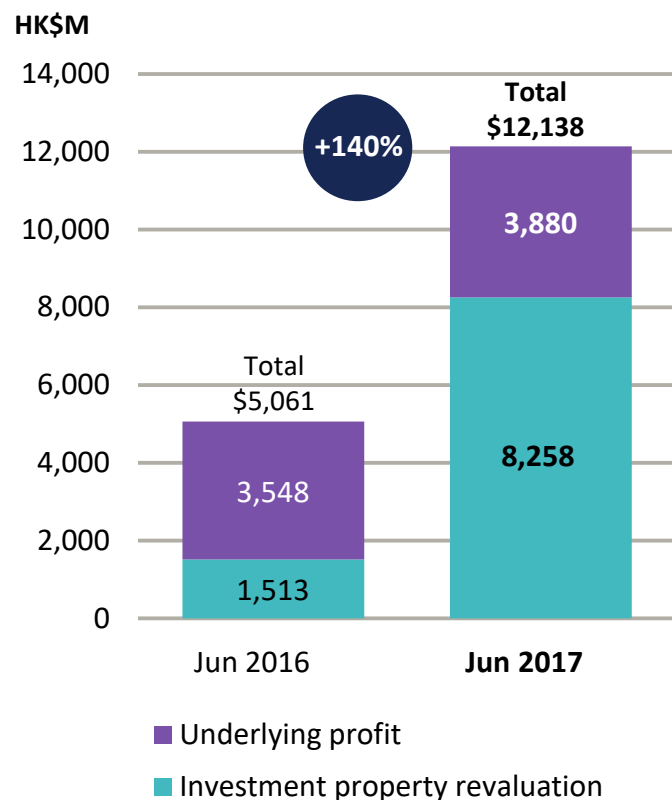
Financial Performance & Business Review

Martin Cubbon,
Corporate Development & Finance Director

Patrick Healy, Managing Director – Swire Beverages
(Beverages Section)

Financial Summary

Attributable Profit



Note : Underlying profit principally adjusts for changes in the valuation of investment properties.

Revenue

Jun 2016: HK\$30,075m

+34%

Jun 2017: HK\$40,211m

Underlying Profit

Jun 2016: HK\$3,548m

+9%

Jun 2017: HK\$3,880m

Dividends Per Share

Jun 2016:
HK\$1.00 per 'A' share
HK\$0.20 per 'B' share

0%

Jun 2017:
HK\$1.00 per 'A' share
HK\$0.20 per 'B' share

Cash Generated from Operations

Jun 2016: HK\$5,601m

+69%

Jun 2017: HK\$9,459m

Net Debt

Dec 2016: HK\$64,046m

+8%

Jun 2017: HK\$69,099m

Gearing Ratio

Dec 2016: 23.5%

+0.6% pts

Jun 2017: 24.1%

Equity Attributable to the Company's Shareholders

Dec 2016: HK\$224,879m

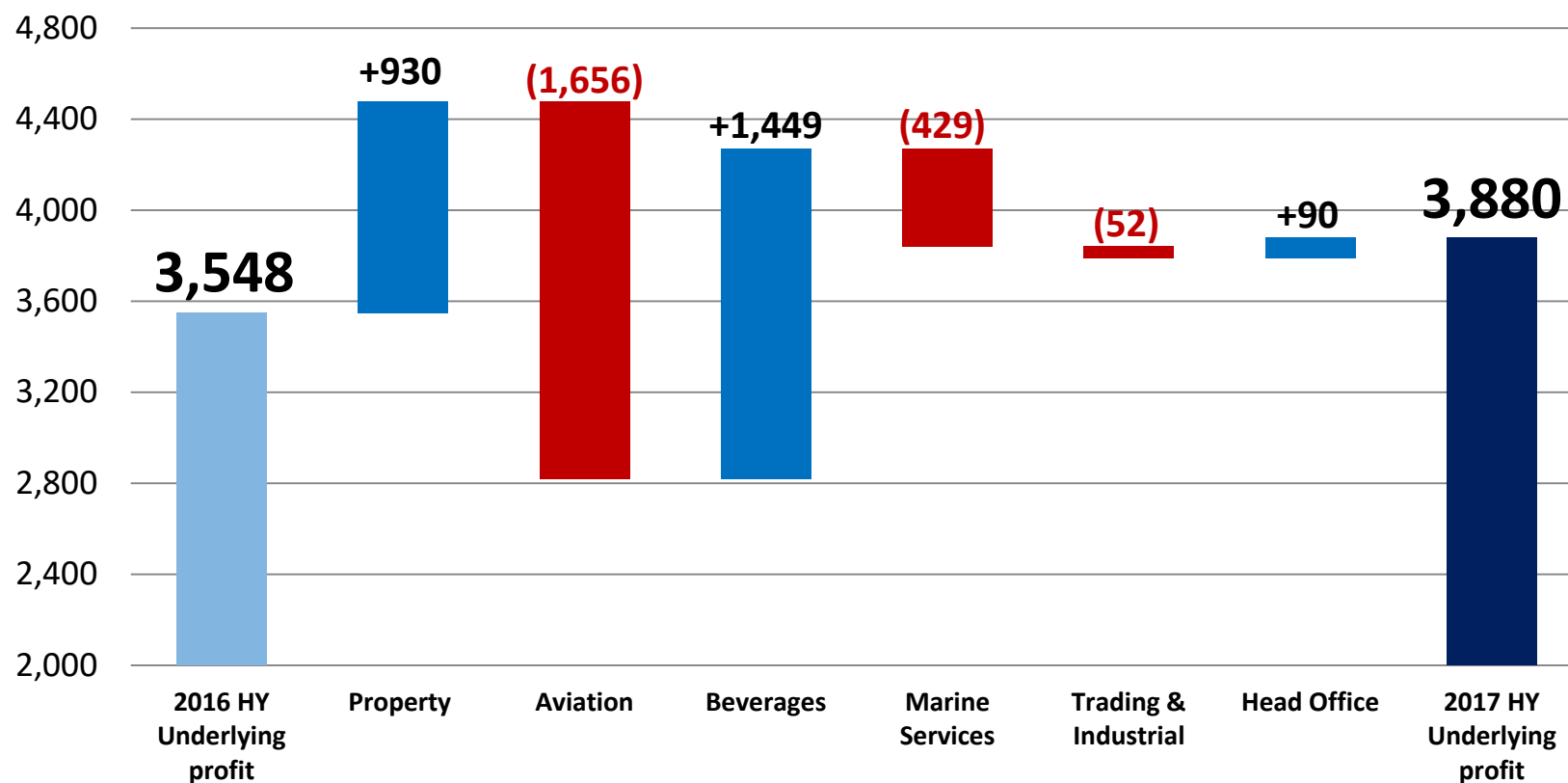
+5%

Jun 2017: HK\$236,156m

Financial Summary

Movement in Underlying Profit

HK\$M



Financial Summary

Financing

	Dec 13	Dec 14	Dec 15	Dec 16	Jun 17
Net debt (HK\$M)	50,505	58,624	59,584	64,046	69,099
Gearing (%)	19.2%	22.4%	22.6%	23.5%	24.1%
Interest cover (underlying)* – times	5.5	6.1	5.4	3.0	7.0
Cash interest cover (underlying)** – times	4.5	4.9	4.6	2.6	6.0
Liquidity – Committed funds & cash available (HK\$M)	30,806	23,876	31,125	30,141	28,493

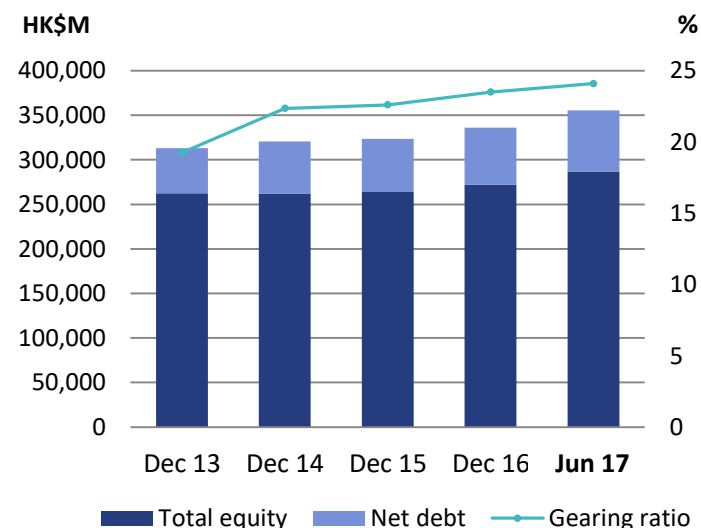
Net Debt Reconciliation

	HK\$Bn
Net debt at 1st January 2017	64.0
Cash from operations	(9.5)
Net dividend paid	2.1
Capex and net investments	10.6
Net interest paid	1.2
Tax paid	0.7
Net debt at 30th June 2017	69.1

* Underlying operating profit divided by net finance charges

** Underlying operating profit divided by total of net finance charges and capitalised interest

Gearing Ratio

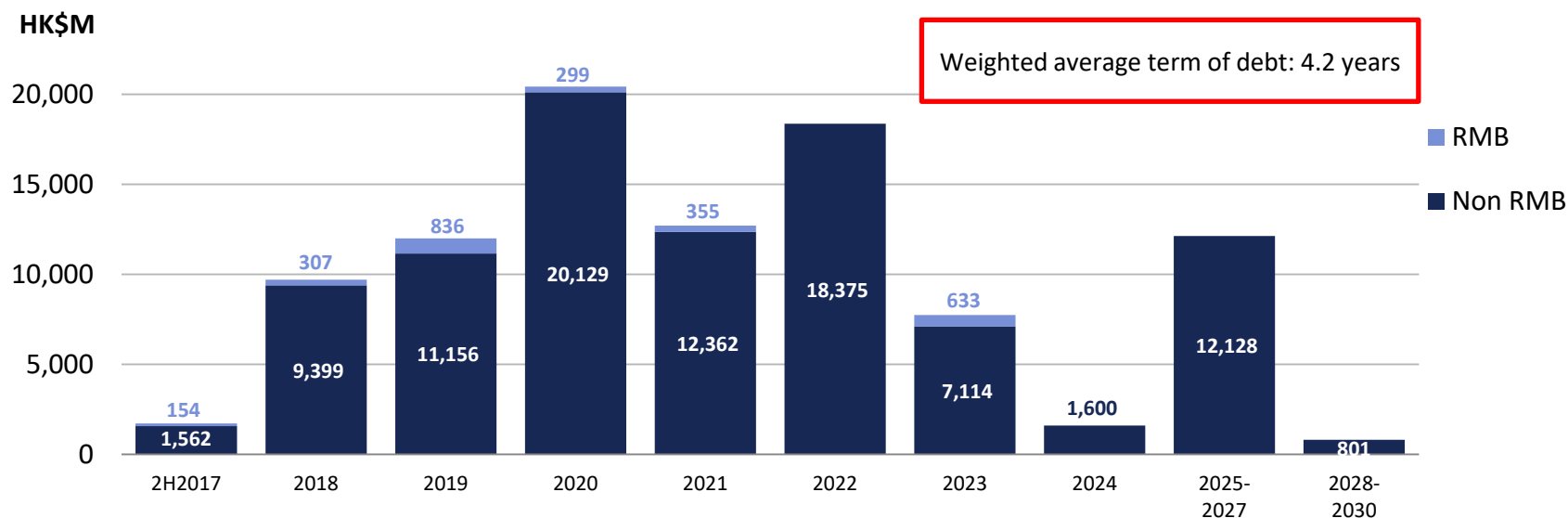


Financial Summary

Liquidity

	Dec 16 HK\$M	Jun 17 HK\$M	Change %
Bank balances and short-term deposits	6,477	6,307	-3%
Total undrawn facilities			
- Committed	23,664	22,186	-6%
Group committed liquidity	30,141	28,493	-5%
- Uncommitted	9,027	11,140	+23%
Group total liquidity	39,168	39,633	+1%

Refinancing Profile at 30th June 2017



Property



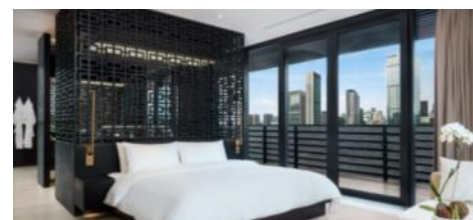
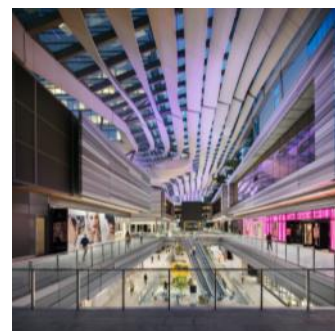
Results Highlights

HK\$M (100% basis)	Jun 16	Jun 17	Change %
Attributable profit	5,338	14,698	+175%
Underlying profit	3,493	4,627	+32%
Valuation gains on investment properties	2,315	9,884	+327%

HK\$M (82% share)	Jun 16	Jun 17	Change %
Attributable profit	4,377	12,052	+175%
Underlying profit	2,864	3,794	+32%

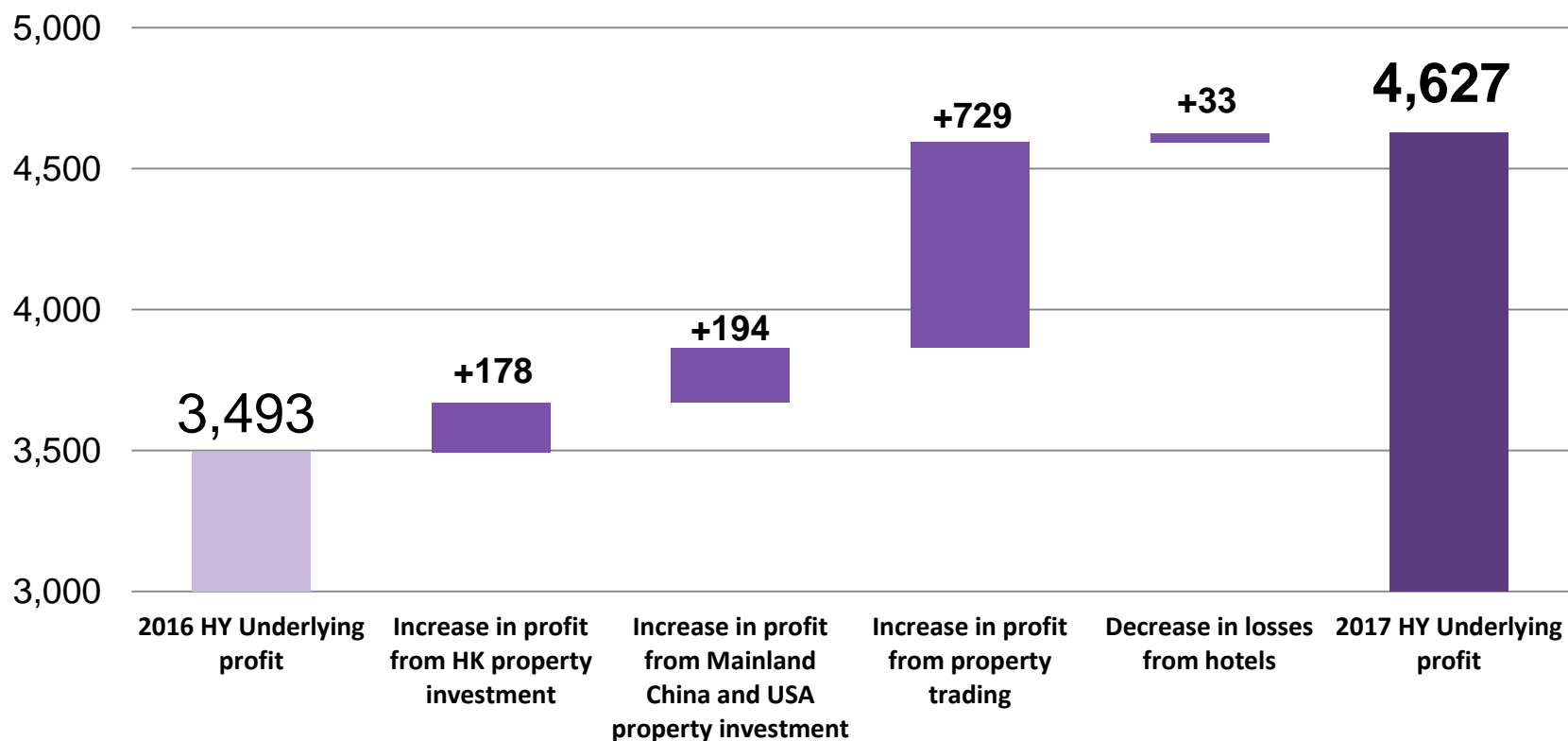
Key Highlights

- Underlying profit increased by HK\$930m, principally reflecting higher profit from property trading.
- Higher profit from property trading, reflecting the handover of 197 pre-sold units at ALASSIO and sale of five units at WHITESANDS in Hong Kong, and 21 units at Reach and Rise in Miami, USA.
- Stable rental income from office and retail properties in Hong Kong, higher rental income from USA and from retail properties in Mainland China.
- Positive rental reversions and higher retail sales in Mainland China.
- Losses from hotels were lower than the first half of 2016, with better results from EAST, Miami since its opening.
- Valuation gains principally on Hong Kong office properties.



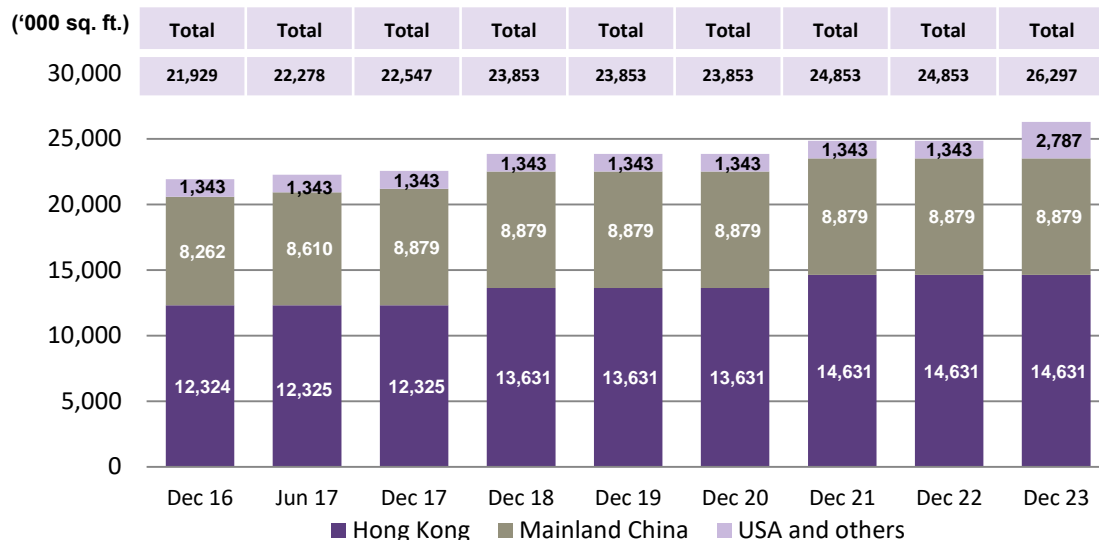
Movement in Underlying Profit (100% basis)

HK\$M



Future Developments

Completed Principal Property Investment Portfolio*



* 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	
Tung Chung Town Lot No.11	2018
Taikoo Place Redevelopment (One Taikoo Place)	2018
8-10 Wong Chuk Hang Road	2018
Taikoo Place Redevelopment (Two Taikoo Place)	2021 / 2022
Mainland China	
HKRI Taikoo Hui, Shanghai	2017
USA	
Brickell City Centre (Phase II)	2023

Profile of Capital Commitments – for Investment Properties and Hotels at 30th June 2017

(HK\$M)	Expenditure	Forecast period of expenditure				Commitments
	Six months ended 30th Jun 2017	Six months ending 31st December 2017	2018	2019	2020 & beyond	at 30th Jun 2017
Hong Kong	2,060	2,978	3,558	1,700	5,889	14,125
Mainland China	331	658	960	36	-	1,654
USA and others	725	139	182	67	134	522
Total	3,116	3,775	4,700	1,803	6,023	16,301 *

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

Prospects

Property

Aviation

Beverages

Marine
Services

Trading &
Industrial

Opportunities

- High occupancy of office space in Hong Kong is likely to continue to underpin rents, despite increased supply in Kowloon East.
- Retail rentals are expected to continue to grow in Mainland China.
- Trading profits are expected to be recognised upon sales of units at WHITESANDS in Hong Kong, and sales of units at Reach and Rise in Miami, USA. Hong Kong market remains resilient despite the general expectation of gradual increases in interest rates.

Challenges

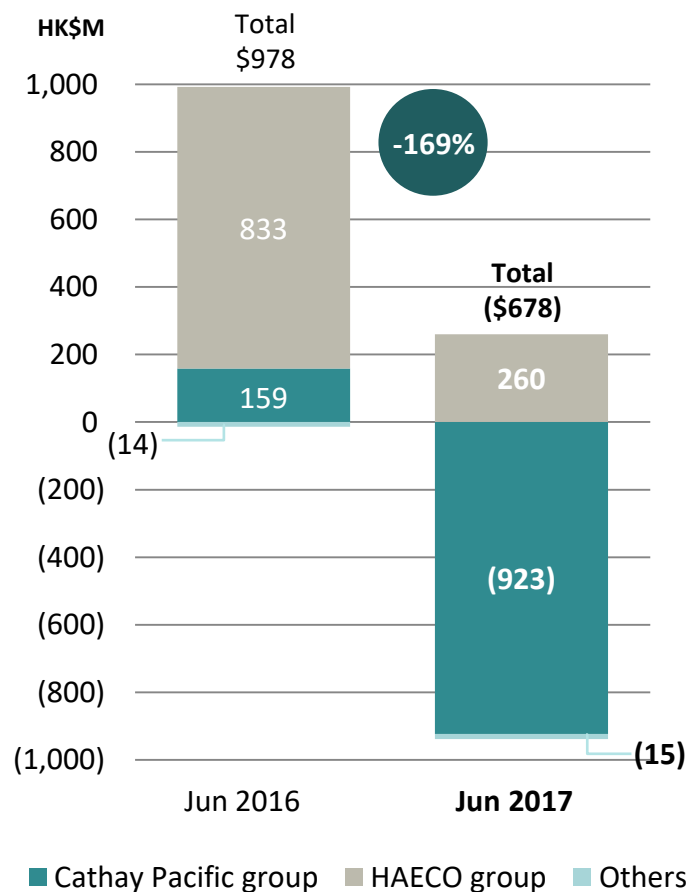
- Retail rental income in Hong Kong to be affected by adjustments to the tenant mix designed to attract more shoppers.
- Trading conditions for our hotels are expected to be stable in the second half of 2017.
- Expectations of a rise in interest rates and the strength of USD could further impact demand for residential sales in Miami, USA.

Aviation



Results Highlights

Attributable Profit/(Loss)



Key Financial Data

	Jun 2017 HK\$M	Change %
HAECO group		
Revenue	7,405	+4%
Operating profit	466	+44%
Attributable profit	260	-69%
Share of post-tax losses from associated companies		
Cathay Pacific group	(923)	-681%



Cathay Pacific Group Highlights

Key Highlights

- A number of significant items affecting 2017 first half results:
 - a) EC fine of HK\$498m was recognised
 - b) A gain of HK\$244m was recognised on the deemed partial disposal of Air China shares, diluting the CX shareholding from 20.13% to 18.13%
 - c) A profit of HK\$586m arose on disposal of the entire interest in Travelsky Technology Limited
 - d) Redundancy costs of HK\$224m were recognised as part of the 3-year transformation programme
- Competing capacity from the Middle East, Mainland China as well as low cost carriers in the region continued to put intense downward pressure on passenger yield.
- The air cargo market improved, especially in Mainland China, Europe and Asia. Fuel surcharges on cargo from Hong Kong were resumed from April.
- Fuel costs increased reflecting a 32% increase in average fuel prices and 2% increase in consumption. Hedging losses were lower than in the first half of 2016.
- Contribution from subsidiaries and associated companies was satisfactory.

Key Financial Data

CX group (100% basis)

	Jun 2017 HK\$M	Change %
Revenue	45,858	0%
Passenger services	32,105	-4%
Cargo services	10,515	+12%
Others	3,238	+13%
Net fuel cost	14,937	+13%
Share of profits from subsidiaries and associates	714	-37%
Attributable loss	(2,051)	-681%

Key Operating Statistics

	Jun 2017	Change %
Available tonne kilometres (ATK) ('M)	15,190	+2%
Revenue passengers carried ('000)	17,163	-0.5%
Passenger yield (HK¢)	51.5	-5%
Cargo and mail carried (Tonnes '000)	966	+12%
Cargo and mail yield (HK\$)	1.66	+4%



Cathay Pacific Group - Repositioning for Success – Corporate Transformation

Decisive steps taken to:

- Reposition business to adapt to changing industry landscape.
- Establish the platform for future success while maintaining our high standards of excellence.
- Emerge as a leaner, more agile and profitable, flagship airline.
- Achieve long-term sustainable recovery in revenue and future financial performance.

Core targets of Transformation Programme:

- Target to achieve ROCE above WACC by 2019
- Reducing unit costs (ex-fuel) over the 3 year plan
- ASK and DLATK to grow by 4% over next 3 years
- 30% reduction in HQ management costs

HAECO Group Highlights

Key Highlights

- Disregarding a net gain of HK\$783m realised on sale of HAESL's interest in SAESL in Jun 2016, profit in HAECO increased in the first half of 2017.
- Better performance from airframe services in Hong Kong and Xiamen, offset by poorer results in the USA.

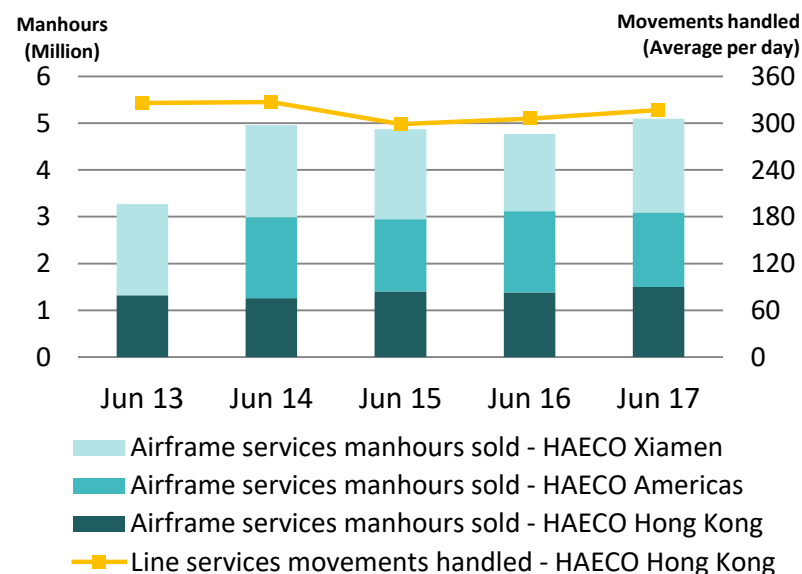


Key Financial Data

Attributable Profit/(Loss) (100% basis)

	Jun 2017 HK\$M	Change %
HAECO Hong Kong	139	+34%
HAECO Americas	(208)	-253%
HAECO Xiamen	104	+121%
TEXL	112	+9%
HAESL and SAESL	136	-85%
Others	65	+364%
Total	348	-69%

Key Operating Statistics



Prospects

	Opportunities	Challenges
Property		<ul style="list-style-type: none"> ▪ CX expects its business to continue to face challenges posed by strong competition.
Aviation	<ul style="list-style-type: none"> ▪ CX deployment of additional fuel efficient A350 aircraft will allow new revenue generating routes to open. ▪ Improved cargo business from Mainland China and Europe. ▪ Corporate transformation underway at CX with the intent of generating returns above the cost of capital and reducing unit costs, excluding fuel. 	<ul style="list-style-type: none"> ▪ Further fuel hedging losses are expected at CX in 2017, albeit lower than 2016.
Beverages		<ul style="list-style-type: none"> ▪ Demand for HAECO Americas' airframe services is expected to decrease due to the loss of significant work from a major customer.
Marine Services		
Trading & Industrial		<ul style="list-style-type: none"> ▪ Seasonal decline in airframe maintenance work in Hong Kong and Xiamen but demand for HAECO Hong Kong's line services is expected to be stable.

Beverages

Coca-Cola

Coca-Cola

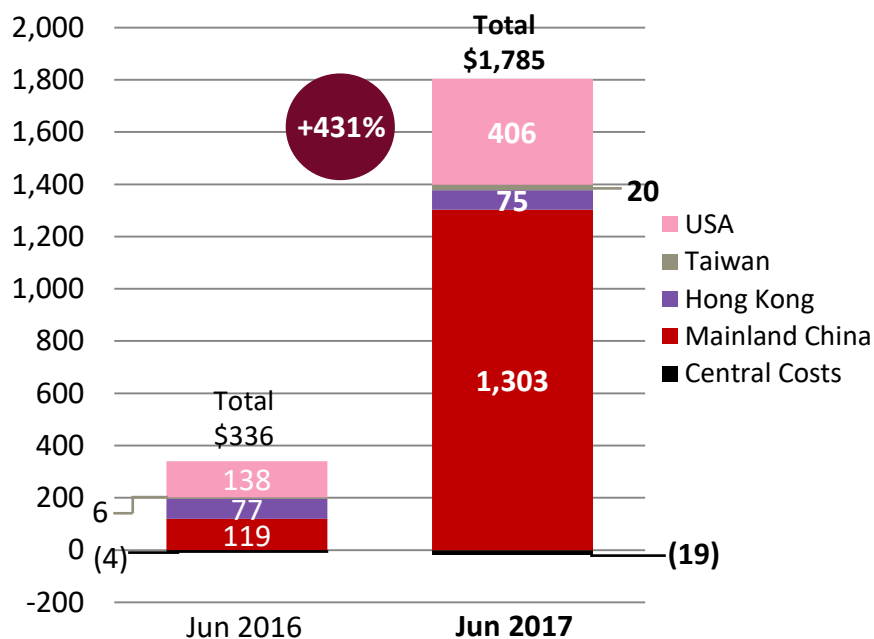
Coca-Cola

Coca-Cola

Results Highlights

Attributable Profit

HK\$M



Key Financial Data

	Jun 2017 HK\$M	Change %
Operating profit	2,253	+418%
Share of post-tax profits from joint venture and associated companies	49	-35%
Attributable profit	1,785	+431%

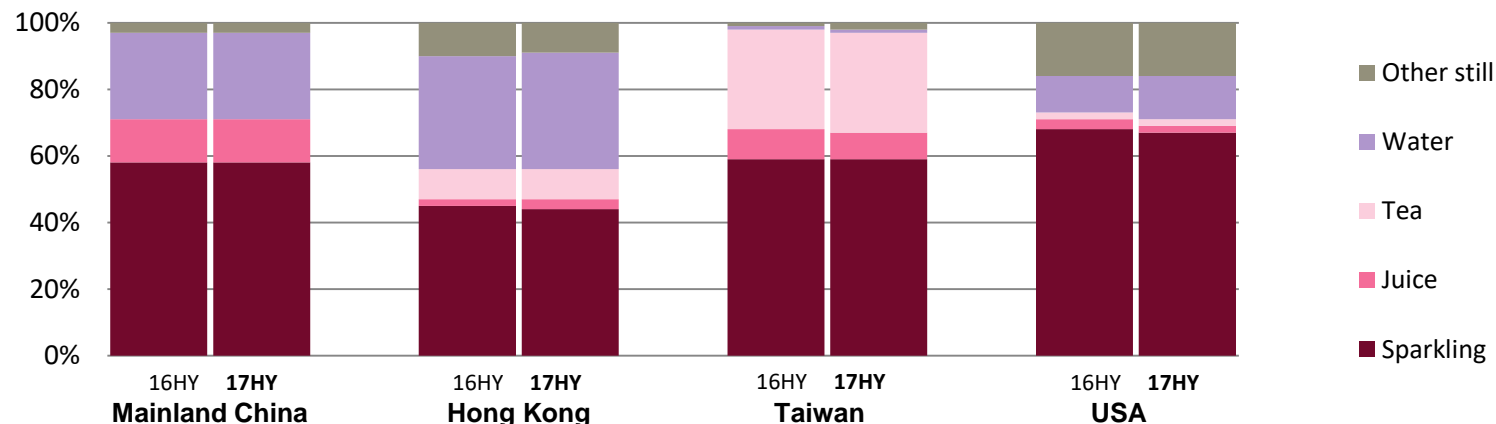
Key Highlights

- Beverages results were significantly impacted by one-off gains from the realignment of the bottling system in Mainland China and the acquisition of franchise territories in the USA:
 - Gain on disposal of Shaanxi plant (HK\$254m)
 - Remeasurement gain arising on the change from joint venture interests to subsidiary interests (HK\$975m)
 - Gain on changes to franchise terms in the USA (HK\$194m)
- Existing businesses in Mainland China stable.
- Overall sales volume grew by 26%, mainly on account of additional franchised territories in Mainland China and the USA.
- USA benefited from the inclusion of sales in Arizona and New Mexico from Aug 2016, Washington from March, and Oregon from May.
- Mainland China benefited from the inclusion of sales from additional franchised territories which now span 11 provinces and serve over 600 million people.
- Hong Kong results were little changed. Profits from Taiwan were higher due to a favourable sales mix and cost savings.

Volume Analysis

- Overall sales volume increased by 26% to 644 million unit cases.

Volume Analysis by Franchise Territory



Segment Information

Mainland China			Hong Kong		
Revenue*	Attributable Profit	Sales Volume*	Revenue	Attributable Profit	Sales Volume
(+15%) HK\$7,969m	(+995%) HK\$1,303m	(+17%) 459.4m u/c	(+1%) HK\$1,021m	(-3%) HK\$75m	(0%) 29.6m u/c
Taiwan			USA		
Revenue	Attributable Profit	Sales Volume	Revenue	Attributable Profit	Sales Volume
(+6%) HK\$645m	(+233%) HK\$20m	(-2%) 24.7m u/c	(+111%) HK\$6,572m	(+194%) HK\$406m	(+104%) 130.1m u/c

*Reflects consolidated revenue for subsidiaries adjusted to include Jan to Mar 2017 revenue and volume for subsidiaries previously held as JVs.



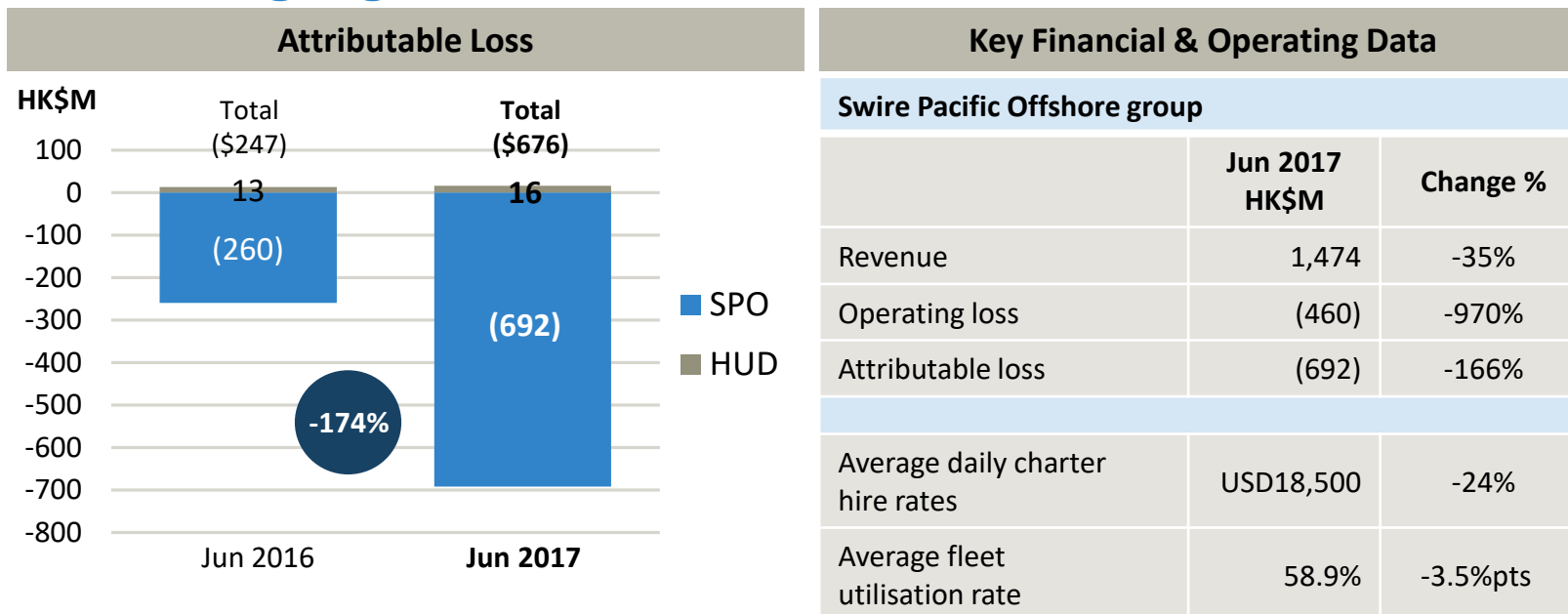
Prospects

	Opportunities	Challenges
Property		
Aviation		
Beverages	<ul style="list-style-type: none"> ▪ In the USA, the beverages market is expected to grow moderately in the second half of 2017. Sales of energy drinks and water are expected to continue to grow. ▪ Additional profits will be earned from the newly acquired territories in the USA. ▪ In April and July 2017, Swire Beverages completed the acquisition from TCCC and China Foods of additional territory rights in Mainland China. This translates to an increase in franchised population from 420 million to over 660 million. 	<ul style="list-style-type: none"> ▪ A better sales mix, new product launches and improved market execution should offset cost increases in Mainland China. ▪ The retail market in Taiwan is expected to remain weak. ▪ Closure of the Kaohsiung plant will save costs in the long term but the associated one-off costs will adversely affect the second half results.
Marine Services		
Trading & Industrial		

Marine Services



Results Highlights



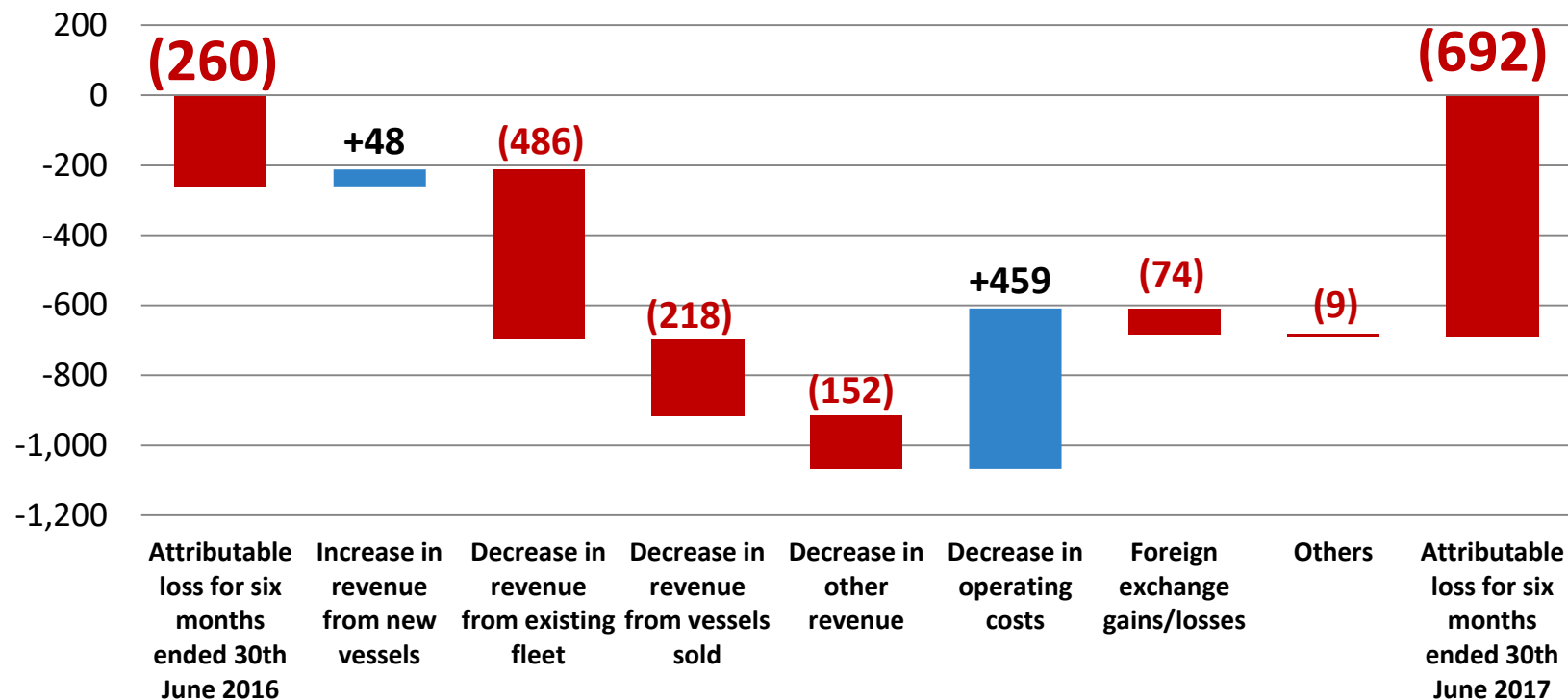
Key Highlights

- Despite recent increases in the oil price, exploration and production activity remains weak. The consequent oversupply of vessels continues to put pressure on utilisation and day rates.
- Despite the difficult operating environment, SPO operating cash flow remained positive (HK\$64m) in the first half of 2017.
- Cost control measures continue to be implemented; SPO disposed of four older vessels and one vessel was re-delivered to its owner in the first half of 2017 and eight vessels were in cold stack at 30th June 2017.
- New vessels scheduled for delivery in 2016 & 2017 have been deferred to 2017 & 2018, respectively. One was delivered in the first half of 2017, two are expected to be delivered in the second half of 2017 and three in 2018.



SPO – Movement in Attributable Loss

HK\$M



SPO Capital Expenditure

SPO Fleet Size

Vessel class	2016	Additions	Disposals	Half-year	Vessels on order to be received in:	
		30th June 2017			2017	2018
Anchor Handling Tug Supply Vessels	34	-	3	31	-	-
Large Anchor Handling Tug Supply Vessels	19	-	-	19	-	-
Platform Supply Vessels	9	1	1	9	2	3
Large Platform Supply Vessels	8	-	-	8	-	-
Construction and Specialist Vessels	11	-	1	10	-	-
Total	81	1	5	77	2	3

Note: SPO's fleet as at 31 December 2016 included one CSV chartered from an external party. The CSV was redelivered to its owner during the first half of the year and is included as a disposal above.

Profile of Capital Commitments – at 30th June 2017

(HK\$M)	Expenditure	Forecast period of expenditure			Commitments
	Six months ended 30th Jun 2017	Six months ending 31st December 2017	2018	2019	at 30th Jun 2017
Anchor Handling Tug Supply Vessels and Platform Supply Vessels	319	465	888	246	1,599
Construction and Specialist Vessels	35	72	49	87	208
Other fixed assets	27	13	7	45	65
Total	381	550	944	378	1,872

Prospects

	Opportunities	Challenges
Property		
Aviation		
Beverages		
Marine Services	<ul style="list-style-type: none">▪ Subsea installation, maintenance and repair and offshore wind markets experiencing improved demand.	<ul style="list-style-type: none">▪ Market recovery is expected to take longer than previously expected. The over-supply of vessels will take time to correct. This will continue to affect SPO's results adversely. However, there are signs that the market is bottoming out.
Trading & Industrial		

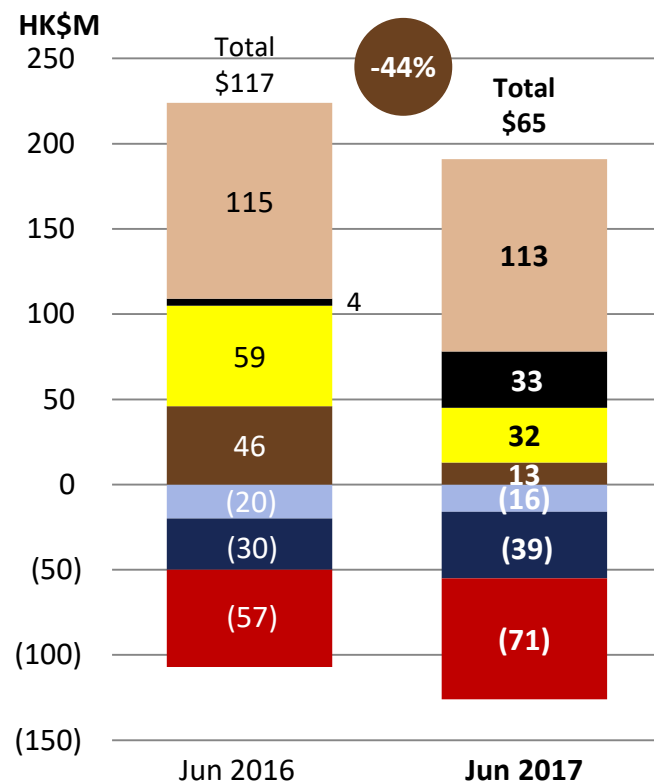
Trading & Industrial

太古taikoo

太古taikoo

Results Highlights

Attributable Profit



Akzo Nobel Swire Paints

Taikoo Motors group

Swire Retail group

Swire Foods group

Swire Pacific Cold Storage group

Swire Environmental Services group

Other activities

Key Highlights

Akzo Nobel Swire Paints

- Results were little changed, higher sales volume offset by higher raw material costs and an unfavourable product mix.

Taikoo Motors group

- Profit improved with 13% more vehicles sold. 24% revenue increase partially offset by lower margins.

Swire Retail group

- 46% decrease in profit due to intense competition and deep discounting and promotion. Closure of loss making stores in Mainland China continues.

Swire Foods group

- Revenue from the Qinyuan bakery business increased by 17%. Store number increased by 9% from December 2016 to 600.
- Excluding non-recurring items in 2016, QY Bakery profits in the first half of 2017 were in line with 2016 after spending more on store expansion and marketing.
- A 34% owned sugar refinery in Guangdong will start commercial production shortly.

Swire Pacific Cold Storage group

- Have now established seven facilities in eastern China. Start-up losses were incurred.



Prospects

	Opportunities	Challenges
Property		
Aviation		
Beverages		
Marine Services		
Trading & Industrial	<ul style="list-style-type: none"> ▪ The Qinyuan Bakery business is expected to benefit from opening new stores and upgrading existing stores and products. ▪ Akzo Nobel Swire Paints expects to continue to expand and strengthen its distribution network in Mainland China. ▪ Taikoo Motors will open a new Mercedes dealership in Malaysia in August. ▪ Taikoo Sugar has increased retail prices to offset the effect of cost increases. 	<ul style="list-style-type: none"> ▪ The retail market in Hong Kong is expected to remain highly competitive. More discounting and higher staff costs are expected to put pressure on profit margins at Swire Resources. ▪ The cold storage business will continue to incur start-up losses while it develops its customer base.



Capital Allocation Strategy

Implementing our Capital Allocation Strategy - period of very active restructuring

Property



- *Redevelopment of Taikoo Place well advanced. Phase I due to be completed in 2018 and phase II in 2021/2022.*
- *Sale of Kowloon Bay by 2018.*

Aviation (excl. CX)



- *Fifth hangar in Greensboro, USA expected to be operational in 2018.*
- *Investment in HAECO Component Overhaul in Xiamen.*

Beverages



- *Acquisition of production assets in Arizona and Colorado expected to complete in 2H 2017.*
- *Under the realignment of the Coca-Cola bottling system in Mainland China, the acquisitions of 54% interest in Shanghai Shen-Mei and 12.5% interest in SBL were completed on 1st July 2017.*

Implementing our Capital Allocation Strategy - period of very active restructuring

Marine Services



- *Four older vessels disposed of and one re-delivered to owner in the first half of 2017 reducing fleet size from 81 to 77.*
- *One PSV was delivered in the first half of 2017, two are due in the second half of 2017 and three in 2018.*

Trading & Industrial



- *New cold storage facility opened in March (Xiamen) and August (Chengdu). Remaining capital committed HK\$640 million.*
- *Additional 50 bakery stores opened in 1H2017, with a target to double the size over next three years.*
- *New sugar refinery JV in Guangdong to commence commercial production shortly.*

Forward Capital Allocation Snapshot

Capital Commitments (including JVs)	Property HK\$M	Aviation HK\$M	Beverages HK\$M	Marine Services HK\$M	Trading & Industrial HK\$M	Total HK\$M
At 1st January 2017	18,328	1,595	9,229	2,364	876	32,392
New commitments	37	326	1,678	11	25	2,077
Expenditure (commitments fulfilled)	(2,152)	(420)	(8,277)	(401)	(121)	(11,371)
Cancelled commitments & other movements	88	(46)	9	(17)	(46)	(12)
At 30th June 2017	16,301	1,455	2,639	1,957	734	23,086
% of total (excludes CX)	71%	6%	11%	9%	3%	



Outlook

John Slosar, Chairman

Outlook – Business stronger placed to capture future growth opportunities



High occupancy at investment properties and new developments in the USA, Mainland China and Hong Kong will contribute to higher gross rental income.



The Cathay Pacific group expects the operating environment to continue to be affected by strong competition and over-capacity in the passenger market. Cargo business seeing robust demand.

Decisive steps taken by new leadership to reposition business to adapt to changing industry landscape, and emerge as a leaner, more agile and profitable flagship airline.



We remain confident of good growth from this business with the significant expansion of territory in the USA and Mainland China.



Trading conditions for SPO are expected to remain weak in the short term, with an oversupply in support vessels taking time to correct.

Restructuring has reduced the fleet age and achieved a leaner, more competitive cost structure. Signs of market bottoming.



Stringent cost controls and focus on core businesses expected to improve future performance.



Q&A



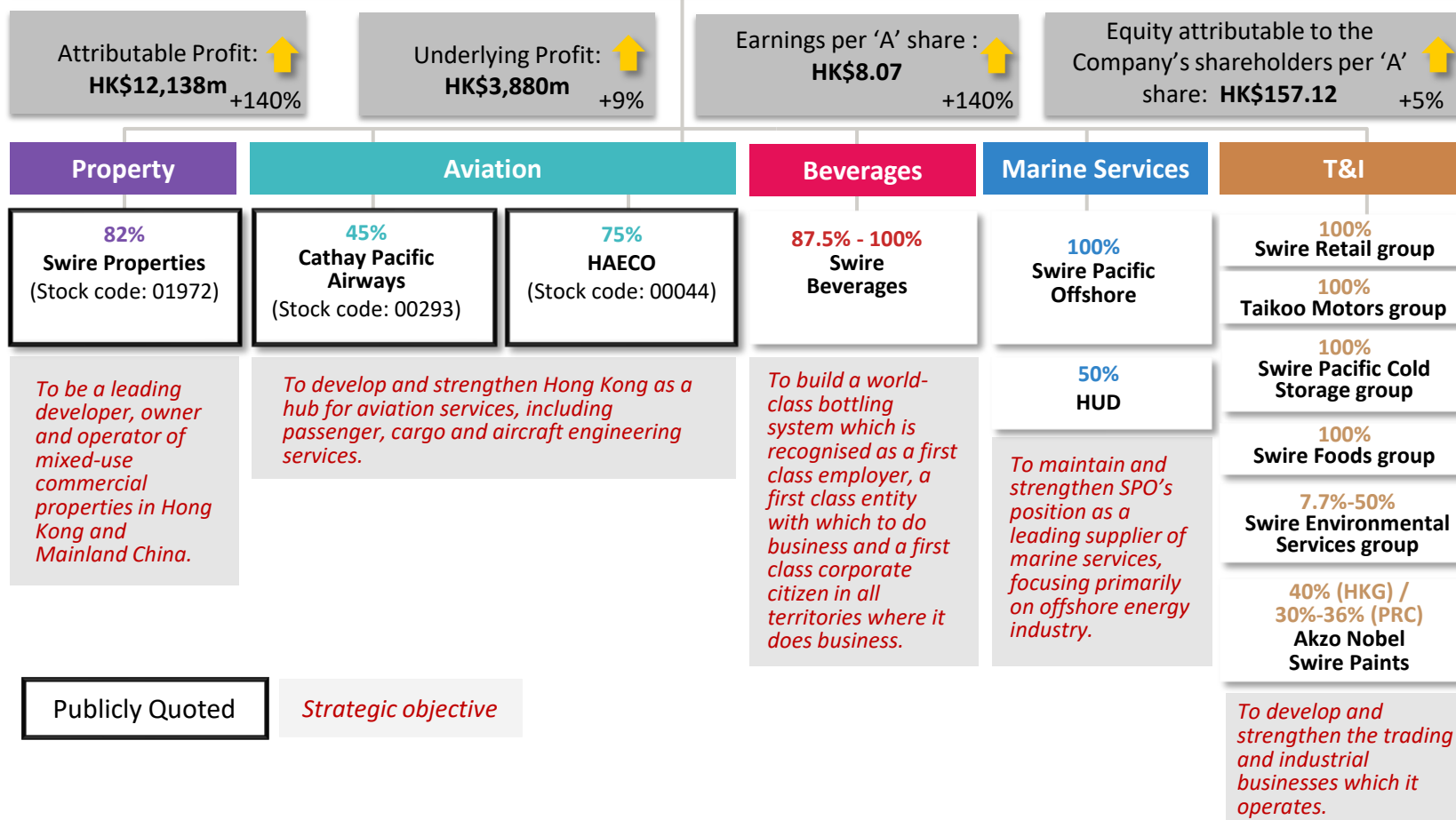
Appendix

At 30th June 2017

Swire Pacific Limited

('A' shares: 00019; 'B' shares: 00087)

Sustainable growth in shareholder value over the long term



At 30th June 2017

Corporate Structure

Swire Pacific Limited

Property

Investment Properties

Hong Kong

- Pacific Place
- Taikoo Place
- Cityplaza
- Citygate
- Mainland China
- Taikoo Li Sanlitun
- INDIGO
- TaiKoo Hui
- Sino-Ocean Taikoo Li Chengdu

Future Developments

Hong Kong

- Kowloon Bay Commercial Site*
- Tung Chung Town Lot No.11
- 8-10 Wong Chuk Hang Road
- Mainland China
- HKRI Taikoo Hui
- USA
- Brickell City Centre

Hotels

Hong Kong

- The Upper House
- EAST, Hong Kong
- Mainland China
- The Opposite House
- EAST, Beijing
- The Temple House
- USA
- EAST, Miami

Property Trading

Hong Kong

- WHITESANDS
- USA - Miami
- Reach & Rise

Aviation

Cathay Pacific group

Airlines

- Cathay Pacific
- Cathay Dragon
- Air Hong Kong (60%)**
- Air China (18.13%)

Cargo Terminal

- Cathay Pacific Services

Other Operations

- Cathay Pacific Catering Services
- Hong Kong Airport Services

No. of Aircraft: 203

HAECO group



- HAECO Hong Kong
- HAECO Americas
- HAECO Xiamen (58.6%)
- HAESL (50%)
- TEXTL (72.86%)

* The company owning this uncompleted investment property has conditionally been agreed to be sold. Completion is expected by Dec 2018.

** In July 2017, Cathay Pacific announced its intention to acquire the remaining 40% interest in Air Hong Kong.

Beverages

Swire Beverages

Has the right to manufacture, market and distribute products of The Coca-Cola Company



Hong Kong

No. of Bottling Plant: 1

Mainland China

No. of Bottling Plants: 18

Taiwan

No. of Bottling Plants: 2

USA

No. of Bottling Plants: 4

Marine Services

Swire Pacific Offshore

Operates a fleet of offshore support vessels servicing the energy industry in every major offshore production and exploration region outside the USA

No. of Vessels: 77

No. of Vessels on Order: 5



HUD group

Ship repair and harbour towage services in Hong Kong

No. of Vessels: 19



T&I

Trading

Swire Retail group:

- Swire Resources group
- Distribution and retailing of footwear, apparel and related accessories in Hong Kong, Macau and Mainland China
- Swire Brands group
- Investments in brand-owning companies

Taikoo Motors group

Distribution and retailing of motor vehicles primarily in Taiwan and Malaysia

Industrial

Swire Foods group:

- Taikoo Sugar
- Packaging and selling sugar and other products in Hong Kong and Mainland China
- Swire Foods
- Qinyuan Bakery – bakery chain in southwest China

Swire Pacific Cold Storage group

Provision of cold storage and warehousing services in Mainland China

Akzo Nobel Swire Paints

Manufacture and distribution of paint in Hong Kong, Macau and Mainland China

Swire Environmental Services group:

- Swire Waste Management
- Provision of waste management services in Hong Kong
- Swire sustainability fund
- Investment in early-stage companies developing technologies

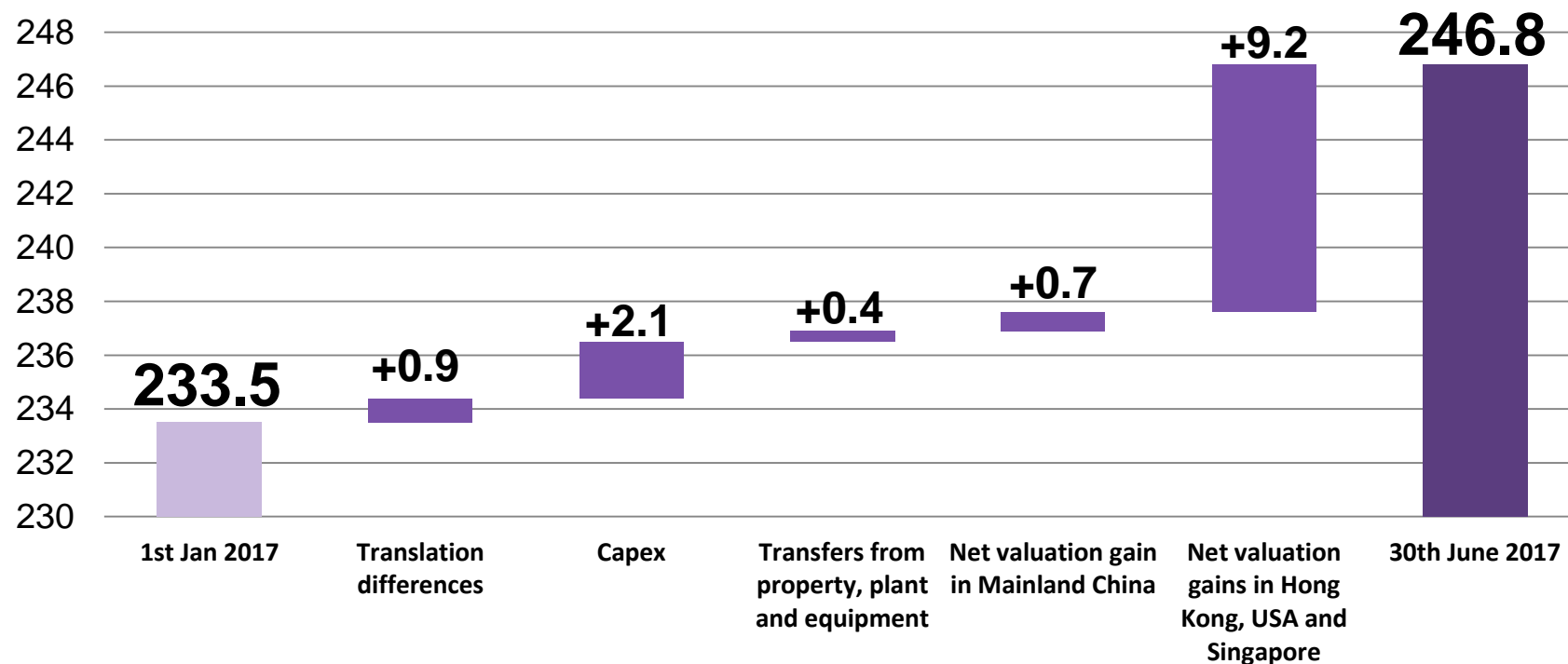
Financial Summary

Profit Bridge

	Jun 16 HK\$M	Jun 17 HK\$M	
Attributable profit	5,061	12,138	
Less: adjustments in respect of investment properties	(1,513)	(8,258)	
Underlying profit attributable to the Company's shareholders	3,548	3,880	Gain on disposal of HAESL's interest in SAESL.
Other significant items:			
Profit on disposal of HAESL's interest in SAESL	(587)	-	Remeasurement to fair value of interests in three joint venture franchise businesses when they became interests in subsidiary companies.
Gain on remeasurement of previously held interests in joint venture companies	-	(975)	
Profit on sale of property, plant and equipment and other investments	(31)	(293)	Gain on sales of shares in Travelsky (HK\$264m); Dilution gain on deemed disposal of shares at Air China (HK\$110m).
Profit on sales of investment properties	(42)	(2)	
Profit on disposal of a subsidiary company	-	(254)	
Gain on changes to Beverages franchise terms in the USA	-	(194)	
Net impairment of property, plant and equipment, leasehold land and intangible assets	(3)	2	Disposal of the Shaanxi franchise business.
Adjusted underlying profit	2,885	2,164	

Movement in Investment Properties

HK\$Bn



- Revaluation gains of HK\$9.9Bn in first half of 2017 (excluding the Group's share of revaluation movements of joint ventures).
- The increase in the valuation of the investment property portfolio is mainly due to an increase in the valuation of the offices in Hong Kong.



2017 Interim Results Analyst Briefing

17th August 2017 | Hong Kong