



**中国交通建设股份有限公司**  
CHINA COMMUNICATIONS CONSTRUCTION COMPANY LIMITED

01800.HK

## 2017 Interim Results Presentation



# Disclaimer

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# Financial Summary

RMB million (except per share data)	1H 2017 (Unaudited)	1H 2016 (Unaudited)	Change
Revenue	189,280	182,313	↑ 3.8%
Gross Profit	25,348	22,034	↑ 15.0%
EBITDA <sup>1</sup>	19,442	17,749	↑ 9.5%
Operating Profit	14,650	13,246	↑ 10.6%
Profit before income tax	10,870	9,685	↑ 12.2%
Profit attributable to owners of the parent	7,868	7,258	↑ 8.4%
EPS <sup>2</sup>	0.43	0.40	↑ 7.5%

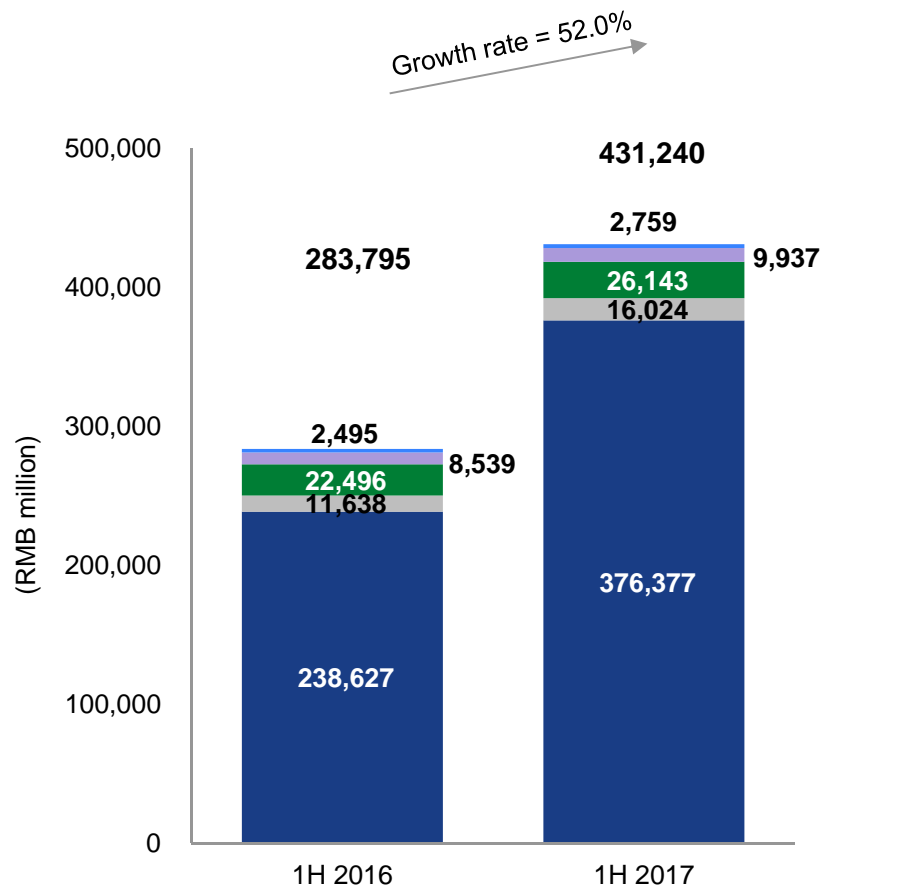
Notes:

1 EBITDA is calculated by adding back depreciation and amortisation to the operating profit

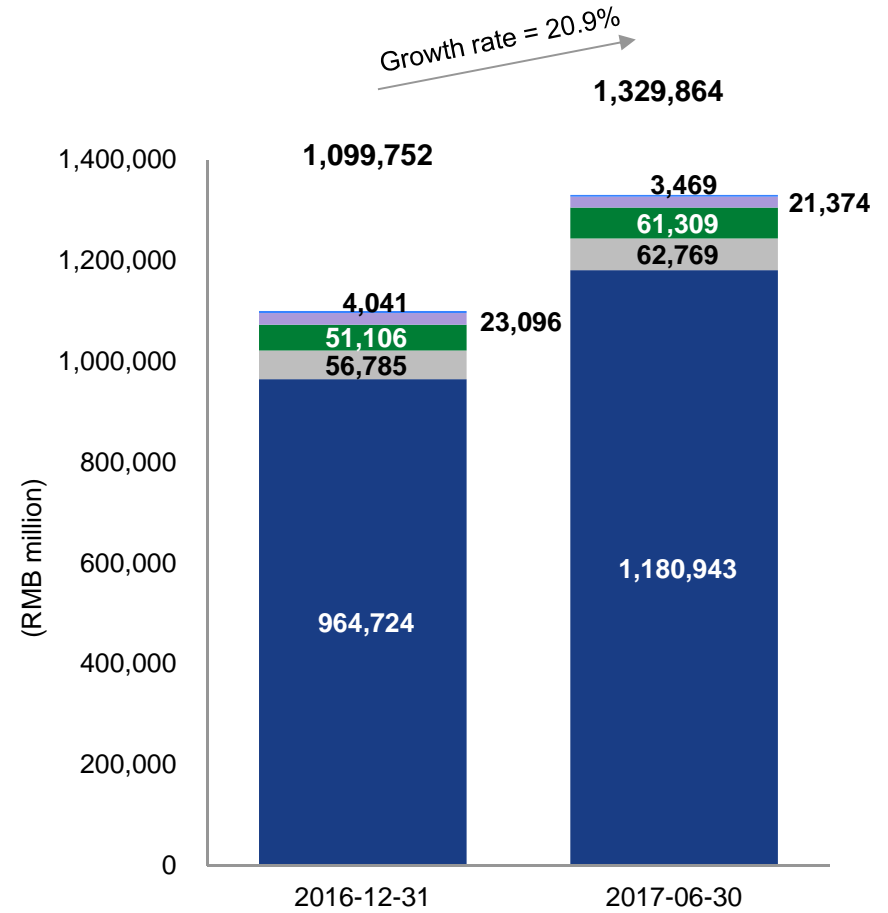
2 The interests of the medium term notes (issued by the Company on 18 December 2014) have been generated but not yet declared, and the preference shares (issued by the Company in September and October 2015) were classified as equity instruments with deferrable and non-cumulative dividend distribution and payment. As a result, a total interest/dividend of RMB868 million should be deducted from earnings when calculated the EPS during the six months ended 30 June 2017

# New Contracts and Backlog by Business Segments

## New Contracts



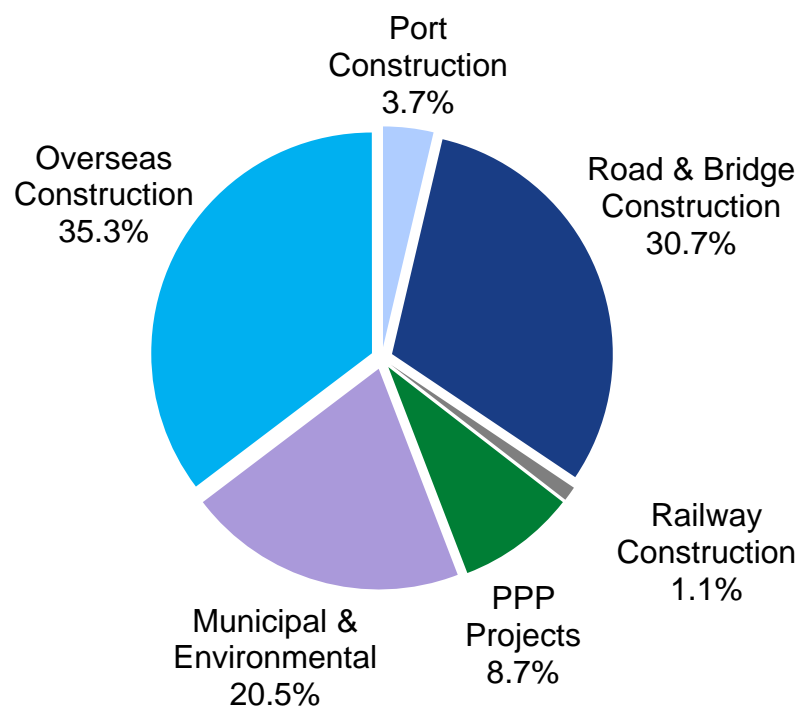
## Backlog



- Infrastructure Construction
- Dredging
- Others
- Infrastructure Design
- Heavy Machinery Manufacturing

# New Contracts of Infrastructure Construction Business

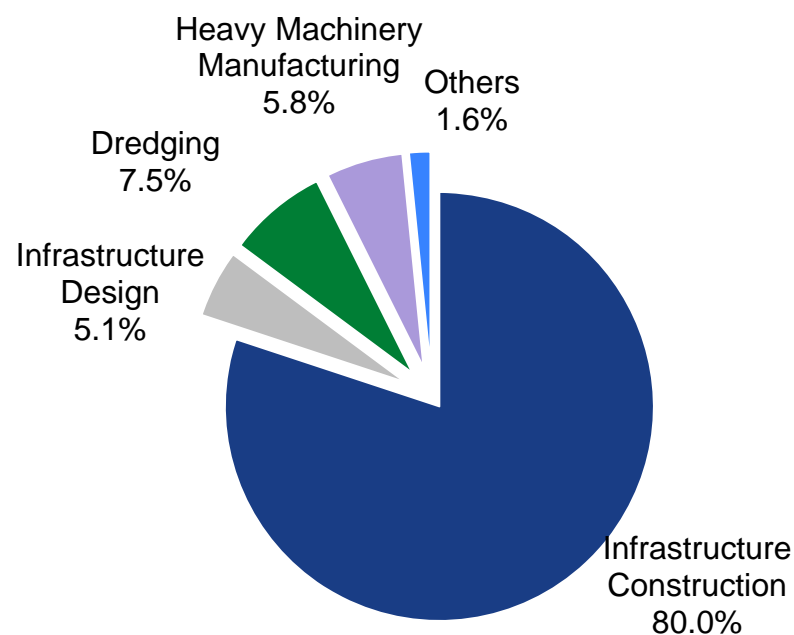
## New Contracts of Infrastructure Construction Business (1H 2017)



	1H 2017		1H 2016		Change	
	RMB million	% of total	RMB million	% of total	RMB million	Growth
<b>Domestic Construction</b>	<b>243,574</b>	<b>64.7%</b>	<b>155,306</b>	<b>65.1%</b>	<b>88,268</b>	<b>56.8%</b>
Port Construction	13,813	3.7%	13,300	5.6%	513	3.9%
Road & Bridge Construction	115,594	30.7%	63,975	26.8%	51,619	80.7%
Railway Construction	4,376	1.1%	13,660	5.7%	(9,284)	(68.0)%
PPP Projects	32,698	8.7%	41,505	17.4%	(8,807)	(21.2)%
Municipal & Environmental	77,093	20.5%	22,866	9.6%	54,227	237.2%
<b>Overseas Construction</b>	<b>132,803</b>	<b>35.3%</b>	<b>83,321</b>	<b>34.9%</b>	<b>49,482</b>	<b>59.4%</b>
<b>Total</b>	<b>376,377</b>	<b>100.0%</b>	<b>238,627</b>	<b>100.0%</b>	<b>137,750</b>	<b>57.7%</b>

# Contribution by Business Segments — Revenue

## Revenue (1H 2017) <sup>1</sup>



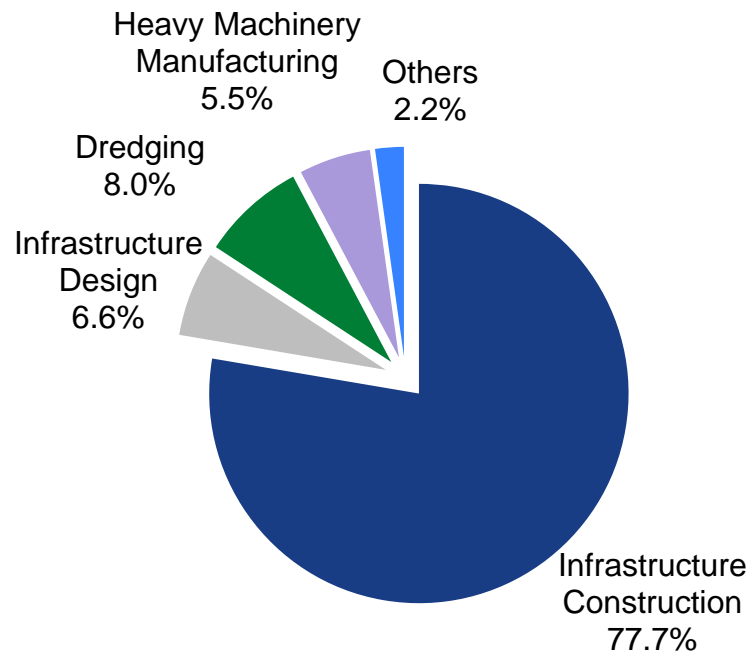
Business	1H 2017		1H 2016		Change	
	RMB million	% of total	RMB million	% of total	RMB million	Growth
Infrastructure Construction	158,158	80.0%	152,283	80.6%	5,875	3.9%
Infrastructure Design	10,040	5.1%	9,973	5.3%	67	0.7%
Dredging	14,740	7.5%	12,393	6.6%	2,347	18.9%
Heavy Machinery	11,429	5.8%	11,938	6.3%	(509)	(4.3)%
Others	3,331	1.6%	2,449	1.2%	882	36.0%
<b>Total (before elimination)</b>	<b>197,698</b>	<b>100.0%</b>	<b>189,036</b>	<b>100.0%</b>	<b>8,662</b>	<b>4.6%</b>

Notes:

<sup>1</sup> All figures are before elimination of inter-segment transactions and unallocated costs

# Contribution by Business Segments — Segment Result

## Segment Result (1H 2017) <sup>1</sup>



Business	1H 2017		1H 2016		Change	
	RMB million	% of total	RMB million	% of total	RMB million	Growth
Infrastructure Construction	11,562	77.7%	10,679	77.0%	883	8.3%
Infrastructure Design	975	6.6%	1,097	7.9%	(122)	(11.1)%
Dredging	1,195	8.0%	1,275	9.2%	(80)	(6.3)%
Heavy Machinery	824	5.5%	769	5.5%	55	7.2%
Others	329	2.2%	53	0.4%	276	520.8%
<b>Total (before elimination)</b>	<b>14,885</b>	<b>100.0%</b>	<b>13,873</b>	<b>100.0%</b>	<b>1,012</b>	<b>7.3%</b>

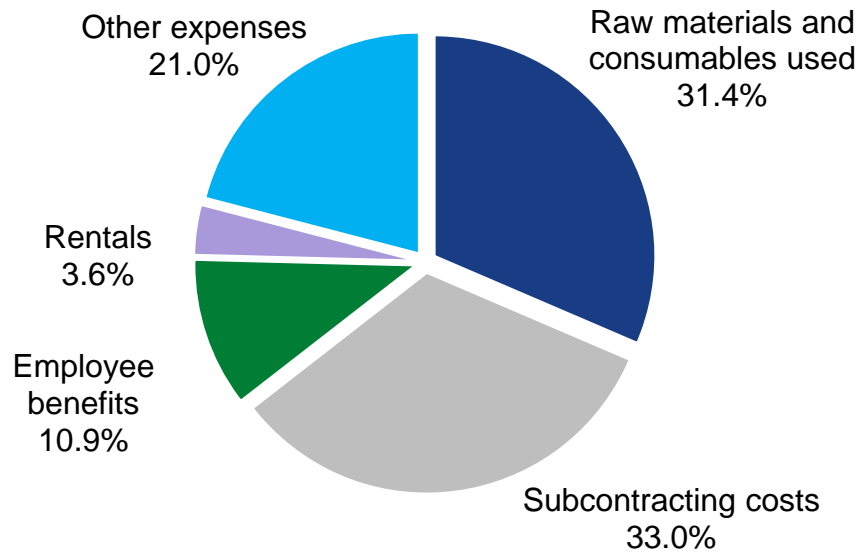
Notes:

<sup>1</sup> All figures are before elimination of inter-segment transactions and unallocated costs

# Operating Cost Structure

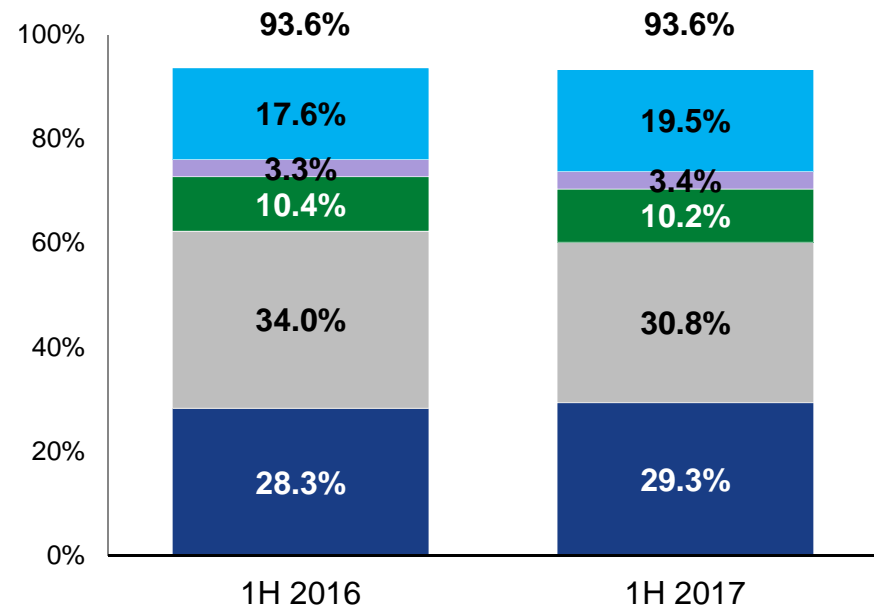
## Cost Breakdown (1H 2017)

As % of operating costs<sup>1</sup>



## Cost Structure (1H 2017)

As % of sales



- Raw materials and consumable used
- Employee benefits
- Subcontracting costs
- Rentals
- Others

Note:

<sup>1</sup> Operating costs = cost of sales + selling and marketing expenses + administrative expenses



# Infrastructure Construction — Business Performance

Completed projects with RMB158,158 million of contract value

Key Projects

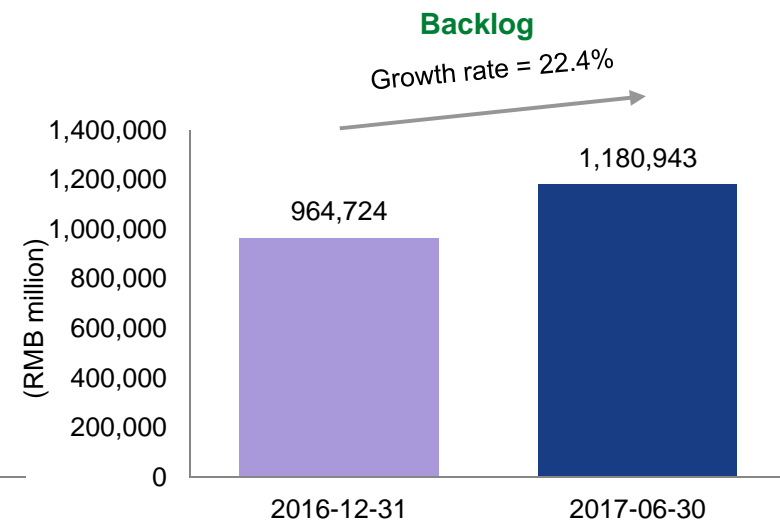
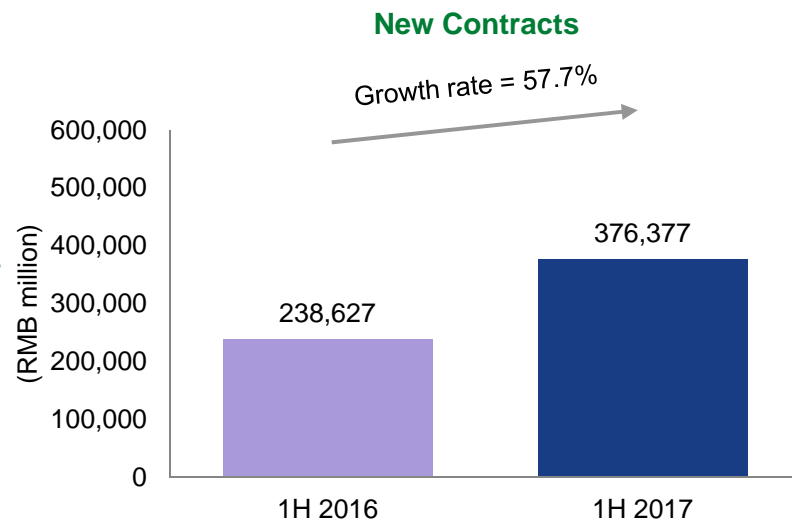


Kenya Mombasa-Nairobi Railway is open in traffic



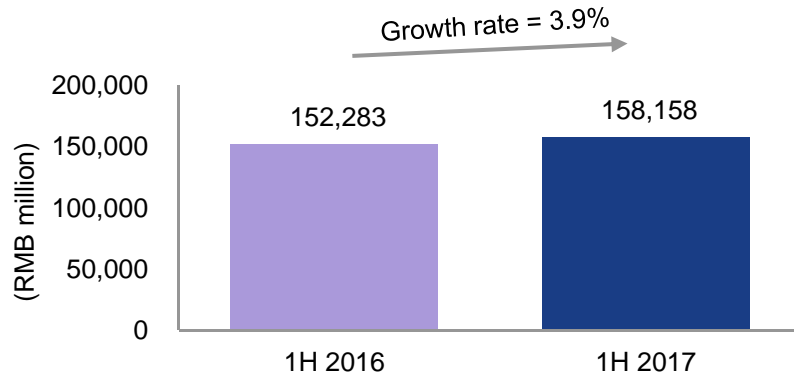
Gonghe-Yushu Highway-the first highway that crossing plateau permafrost area

New Contracts and Backlog

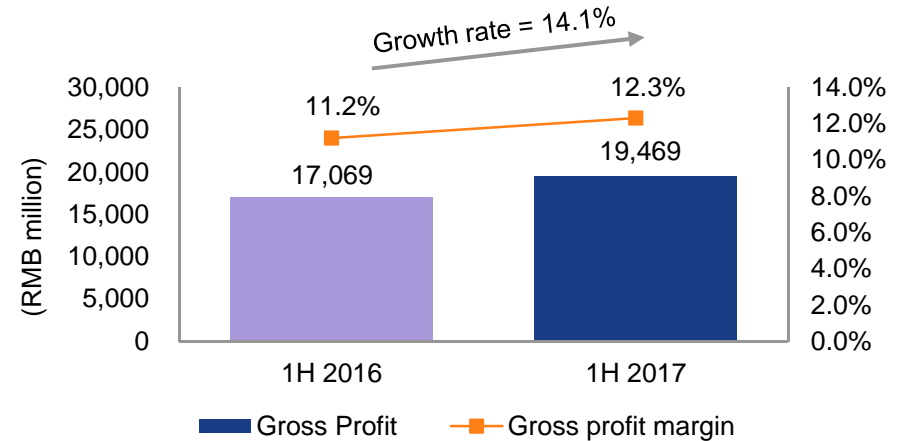


# Infrastructure Construction — Financial Performance

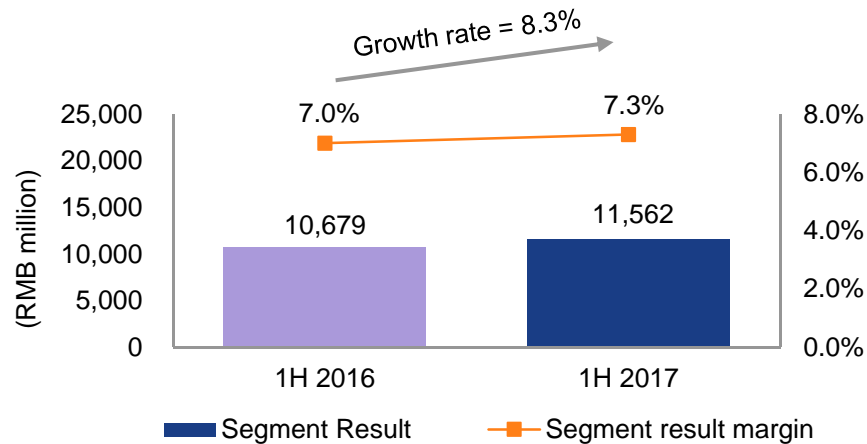
## Revenue<sup>1</sup>



## Gross Profit<sup>1</sup>



## Segment Result<sup>1,2</sup>



## REMARKS

- ◆ The revenue slightly increased by 3.9% was mainly due to that certain overseas projects and investment projects have not entered into the peak period of construction and thus have not made more contribution to revenue
- ◆ Gross profit margin increased from 11.2% to 12.3%, which was primarily attributable to the revenue generated from certain overseas projects and investment projects that has relatively higher gross profit margin as well as the impact of the replacement of business tax with value-added tax

Notes:

1 All figures are before elimination of inter-segment transactions and unallocated costs

2 Segment result = revenue – cost of sales – selling and marketing expenses – administrative expenses + other income/ (expenses), net

# Infrastructure Design — Business Performance

Completed projects with RMB 10,040 million of contract value

Key Projects



Kribi deepwater harbor in Cameroon

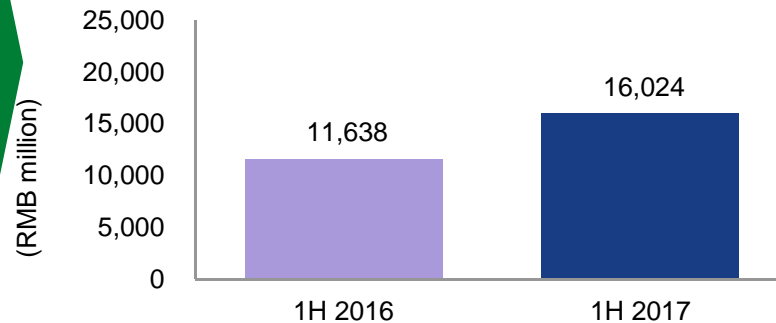


Guiyang-Qianxi highway in Guizhou province

New Contracts and Backlog

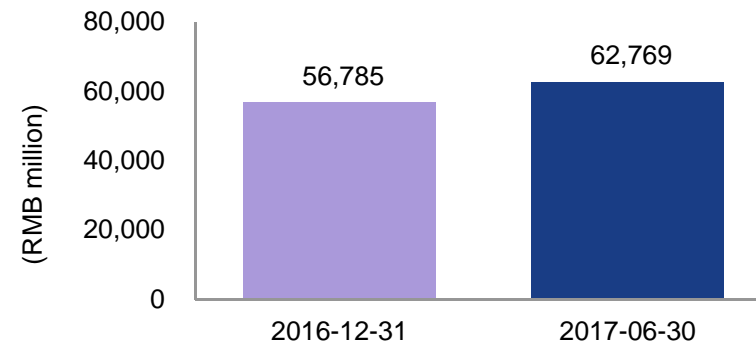
New Contracts

Growth rate = 37.7%



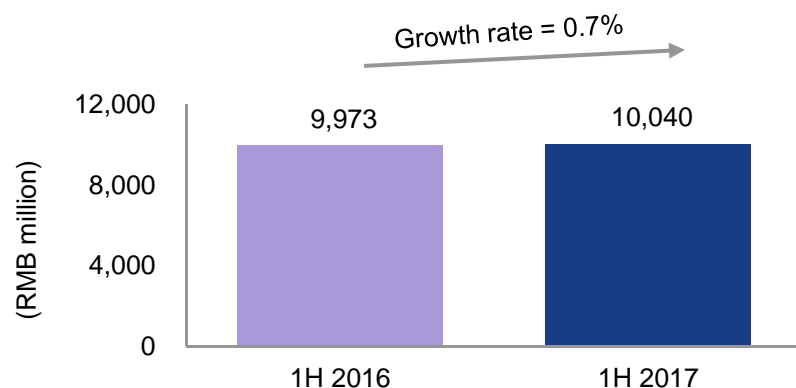
Backlog

Growth rate = 10.5%

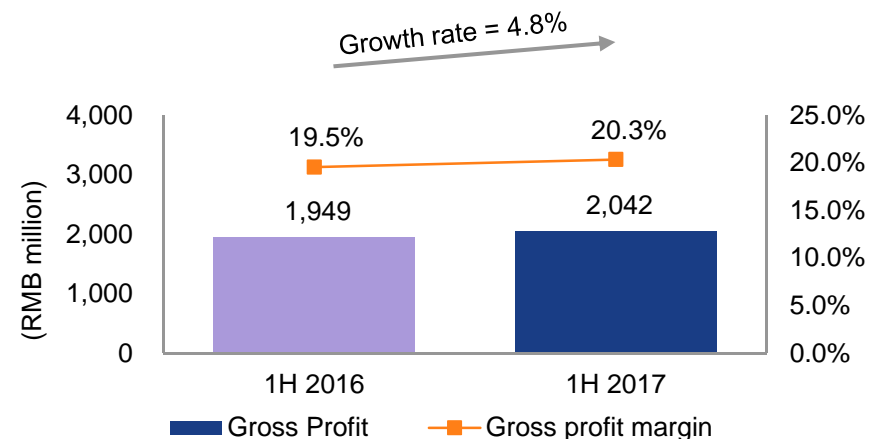


# Infrastructure Design — Financial Performance

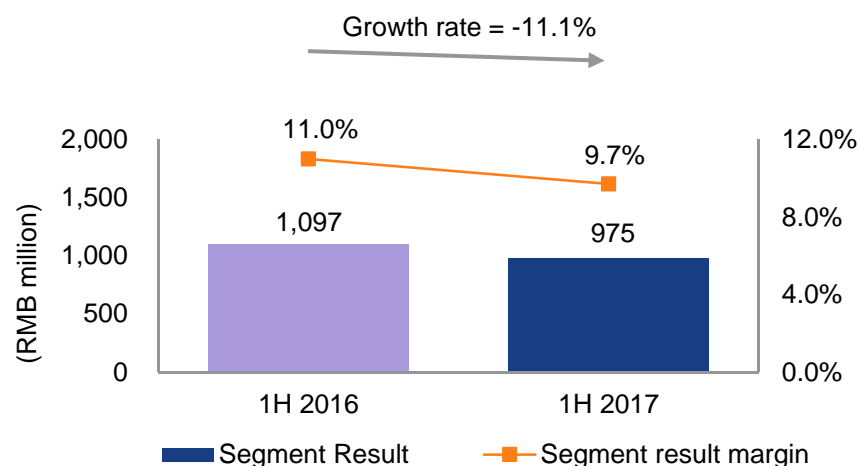
## Revenue<sup>1</sup>



## Gross Profit<sup>1</sup>



## Segment Result<sup>1,2</sup>



## REMARKS

- ◆ The increase in gross profit margin from 19.5% to 20.3% was mainly attributable to the increased proportion of revenue generated from PPP projects, which have higher gross profit margin
- ◆ Segment result margin decreased from 11.0% to 9.7%, which was mainly due to the increase in cost of research and development

Notes:

1 All figures are before elimination of inter-segment transactions and unallocated costs

2 Segment result = revenue – cost of sales – selling and marketing expenses – administrative expenses + other income/ (expenses), net

# Dredging — Business Performance

Completed projects with RMB 14,740 million of contract value

Key Projects

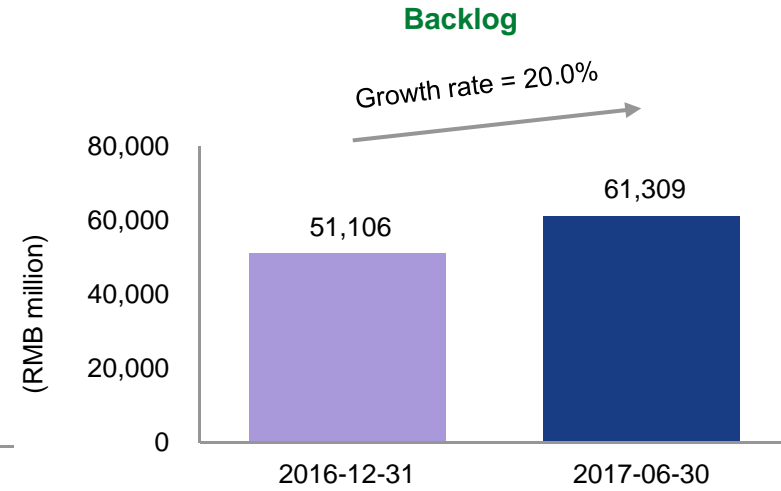
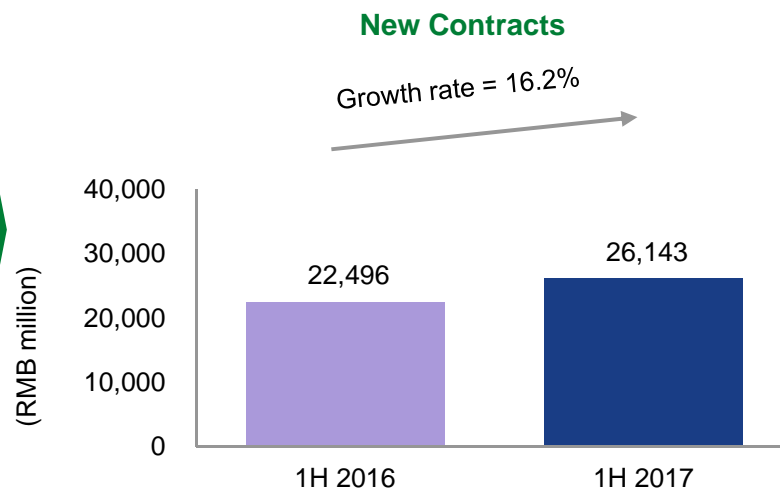


Environmental dredging for the Dian Lake in Yunnan province



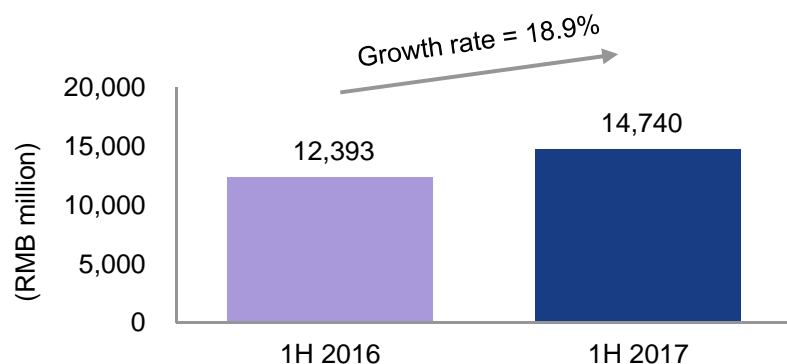
Reclamation dredging for West artificial island of Hong Kong-Zhuhai-Macau Bridge

New Contracts and Backlog

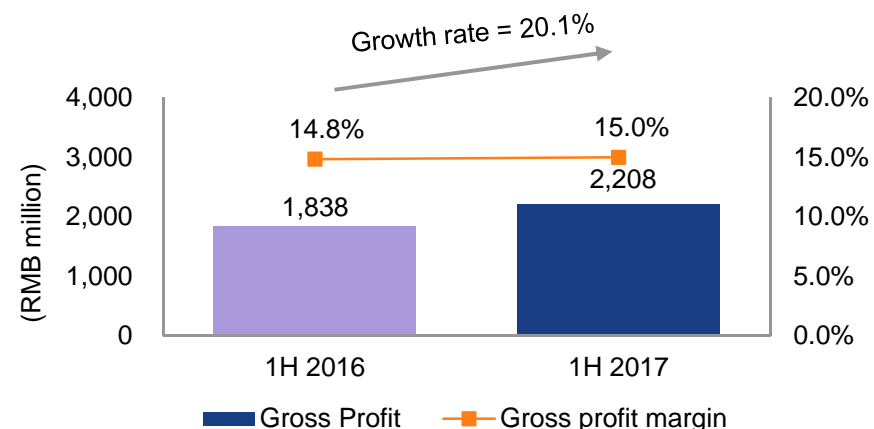


# Dredging — Financial Performance

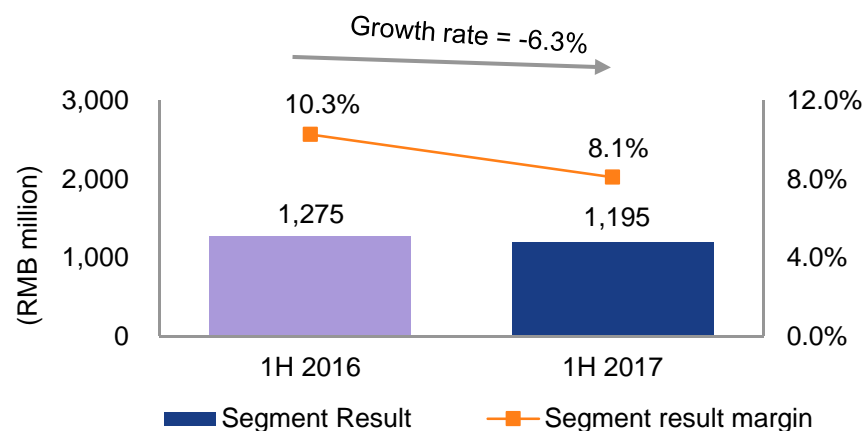
## Revenue<sup>1</sup>



## Gross Profit<sup>1</sup>



## Segment Result<sup>1,2</sup>



## REMARKS

- ◆ The increase in revenue was primarily attributable to increasing dredging activities associated with certain projects
- ◆ Segment result margin decreased from 10.3% to 8.1%, which was mainly due to the increase in cost of research and development

Notes:

1 All figures are before elimination of inter-segment transactions and unallocated costs

2 Segment result = revenue – cost of sales – selling and marketing expenses – administrative expenses + other income/ (expenses), net

# Heavy Machinery Manufacturing — Business Performance

Completed projects with RMB 11,429 million of contract value

Key Projects



12000t self-propelled revolving floating crane is on work

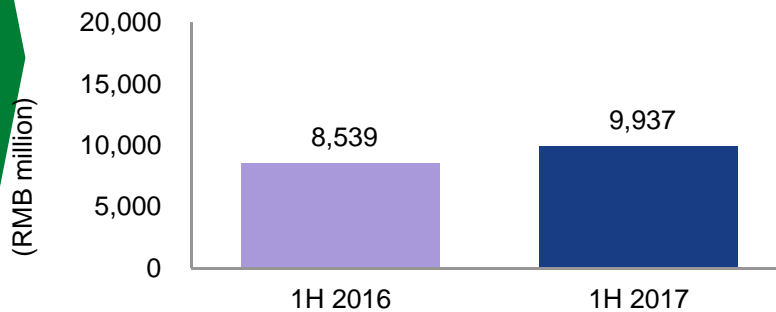


Tunnel Boring Machine manufactured by CCC

New Contracts and Backlog

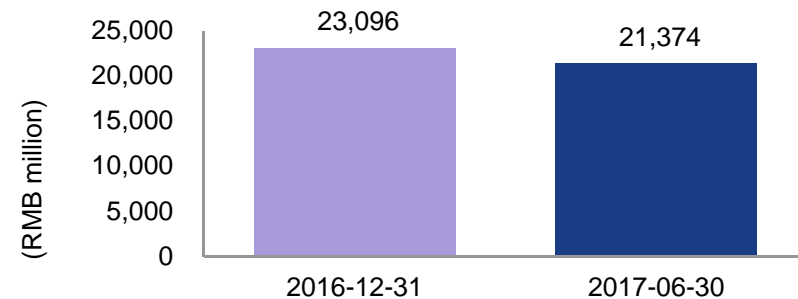
New Contracts

Growth rate = 16.4%



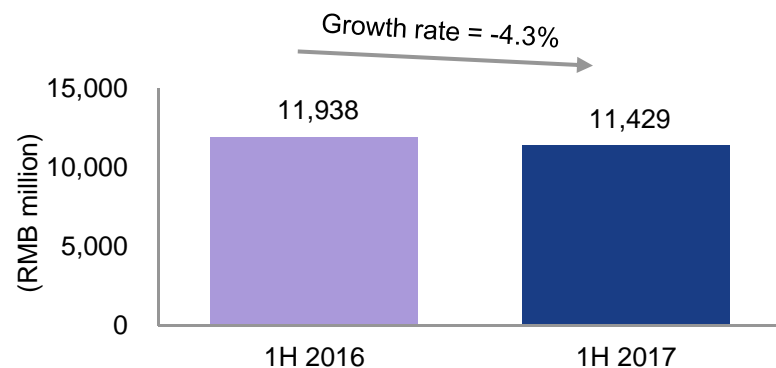
Backlog

Growth rate = -7.5%

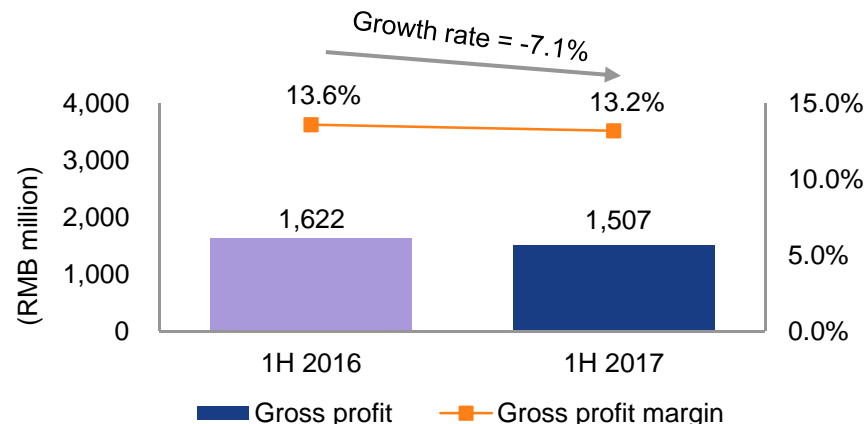


# Heavy Machinery Manufacturing — Financial Performance

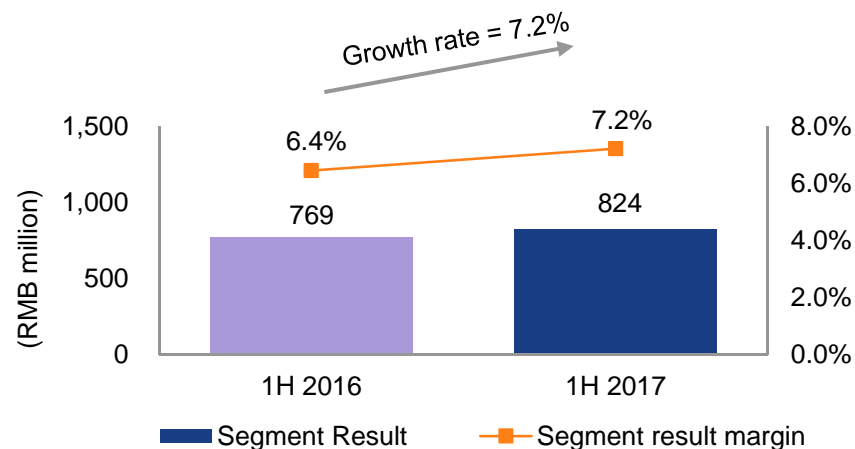
## Revenue<sup>1</sup>



## Gross Profit<sup>1</sup>



## Segment Result<sup>1,2</sup>



## REMARKS

- ◆ The decrease in revenue was primarily due to less projects from traditional market entered in previous years
- ◆ Segment result margin increased from 6.4% to 7.2%, which was mainly due to the increase in other income led by the loss of material impact for one of the associates and consequently the gain from a change of accounting treatment from equity accounting to available-for-sale securities accounting

### Notes:

1 All figures are before elimination of inter-segment transactions and unallocated costs

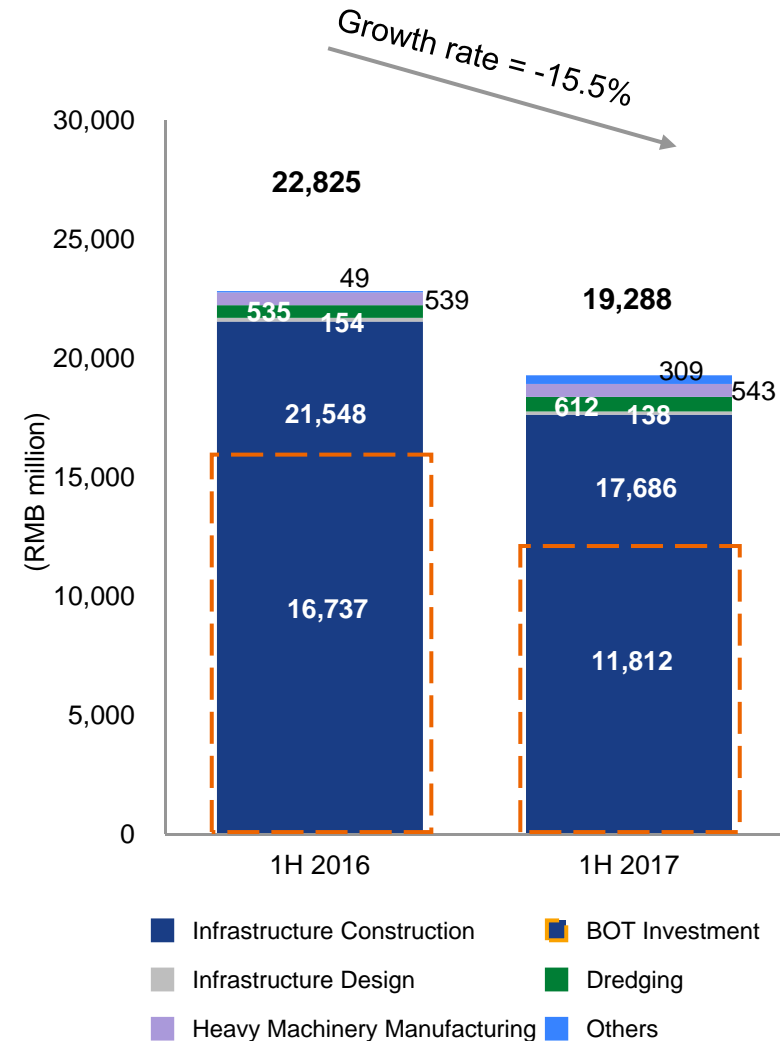
2 Segment result = revenue – cost of sales – selling and marketing expenses – administrative expenses + other income/ (expenses), net



# Capital Expenditure

<b>Infrastructure Construction Business</b>	<ul style="list-style-type: none"> <li>◆ Mainly used in investments in BOT projects, purchases of machinery, equipment and vessels</li> </ul>
<b>Infrastructure Design Business</b>	<ul style="list-style-type: none"> <li>◆ Mainly used in the purchase of equipment</li> </ul>
<b>Dredging Business</b>	<ul style="list-style-type: none"> <li>◆ Mainly used in the purchase of new dredgers and upgrade of existing dredgers</li> </ul>
<b>Heavy Machinery Manufacturing Business</b>	<ul style="list-style-type: none"> <li>◆ Mainly used in the completion of the existing building of plants</li> </ul>

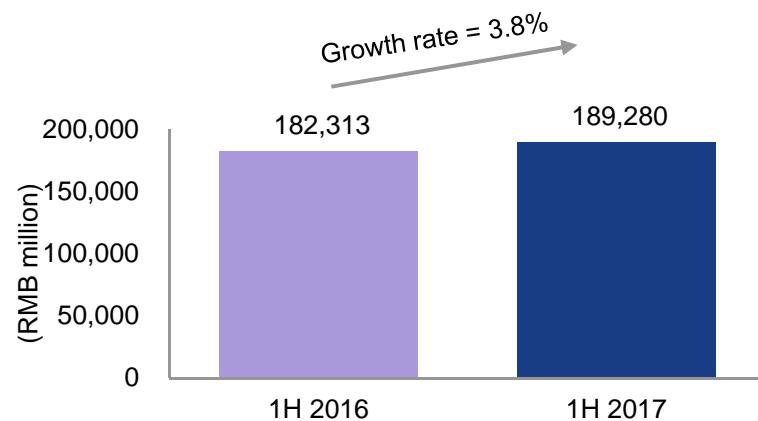
## Capital expenditure



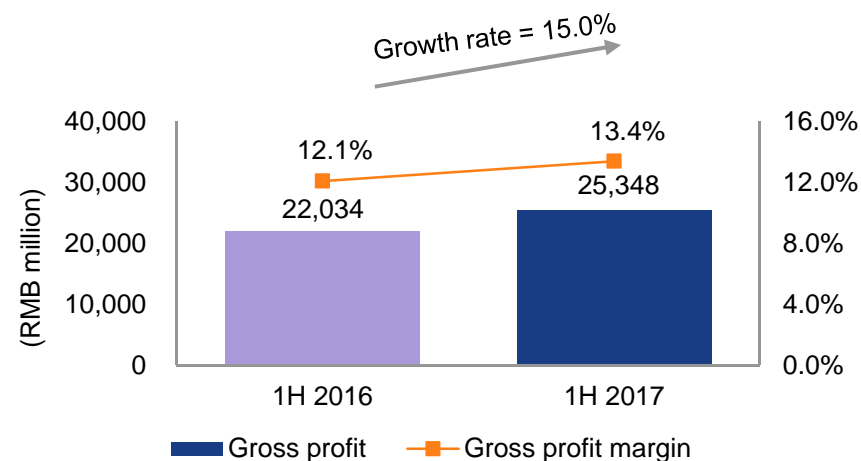
Note: Capital expenditure is implemented by means of both cash purchase and financial lease

# Summary Income Statement Data

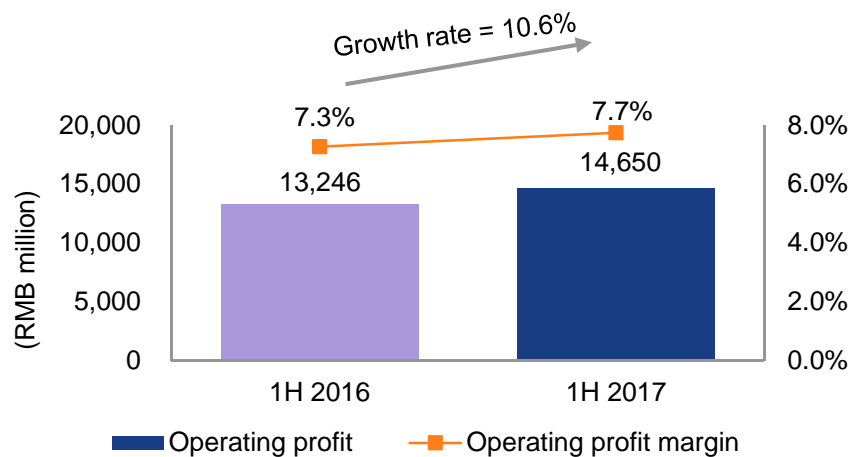
## Revenue



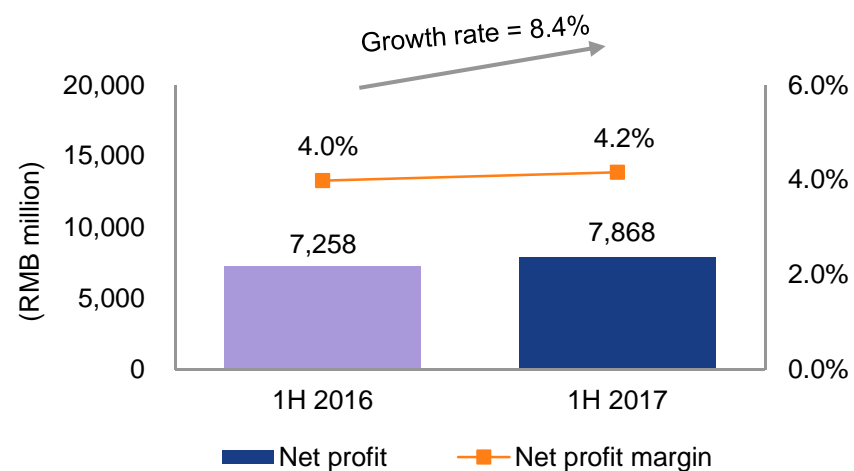
## Gross Profit



## Operating Profit



## Profit attributable to Owners of the parent

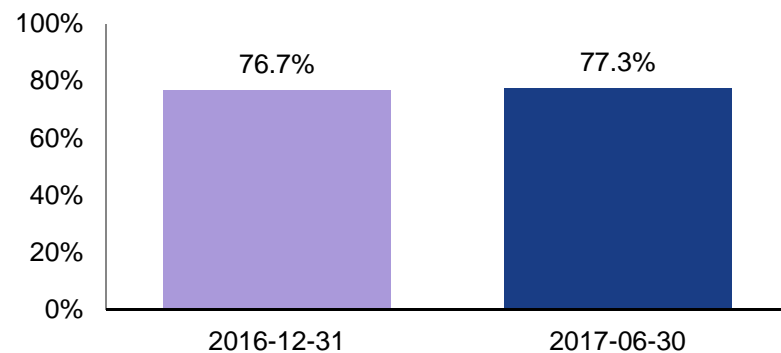


# Summary Balance Sheet Data

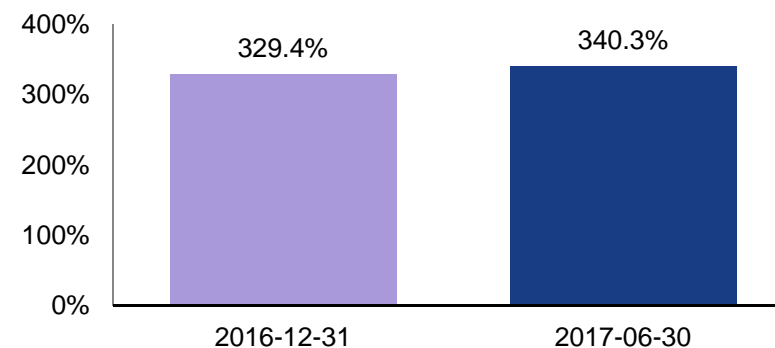
<i>RMB Million</i>	As at 2016-12-31	As at 2017-06-30	Change
<b>Non-current assets</b>	<b>363,936</b>	<b>387,877</b>	<b>6.6%</b>
Property, plant and equipment	66,775	67,412	1.0%
Intangible assets	143,380	155,322	8.3%
Available-for-sale financial assets	21,679	26,260	21.1%
Trade and other receivables	95,558	100,609	5.3%
<b>Current assets</b>	<b>437,146</b>	<b>469,724</b>	<b>7.5%</b>
Inventories	45,554	48,698	6.9%
Trade and other receivables	190,485	202,192	6.1%
Amounts due from customers for contract work	85,973	109,252	27.1%
Cash and cash equivalents	108,720	100,608	-7.5%
<b>Total Asset</b>	<b>801,082</b>	<b>857,601</b>	<b>7.1%</b>
<b>Non-current liabilities</b>	<b>190,558</b>	<b>204,095</b>	<b>7.1%</b>
Borrowings	173,996	185,814	6.8%
<b>Current liabilities</b>	<b>423,954</b>	<b>458,734</b>	<b>8.2%</b>
Trade and other payables	292,990	324,659	10.8%
Borrowings	99,484	106,363	6.9%
<b>Total liabilities</b>	<b>614,512</b>	<b>662,829</b>	<b>7.9%</b>
<b>Total equity</b>	<b>186,570</b>	<b>194,772</b>	<b>4.4%</b>
	<b>As at 2016-12-31</b>	<b>As at 2017-06-30</b>	<b>Change</b>
<b>Net debt / Total Capital<sup>1</sup></b>	<b>46.9%</b>	<b>49.6%</b>	<b>2.7%</b>
<b>Total Liabilities / Total Assets</b>	<b>76.7%</b>	<b>77.3%</b>	<b>0.6%</b>

# Summary Balance Sheet Data

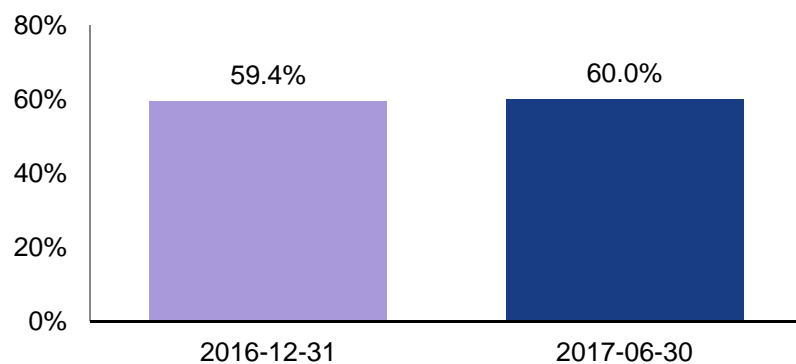
## Total Liabilities/Total Assets



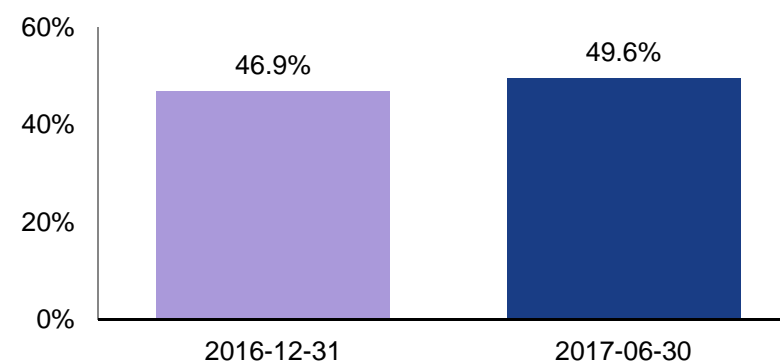
## Total Liabilities/Net Assets



## Total Debt/Total Capitalization<sup>1</sup>



## Net Debt/Total Capital<sup>2</sup>



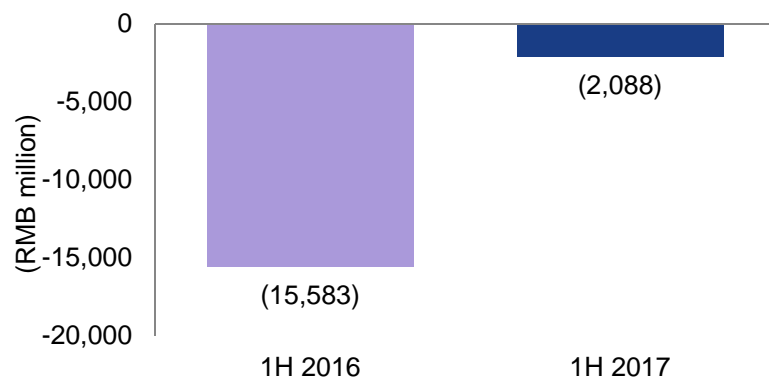
Note:

1 Total capitalization is total equity plus total debt

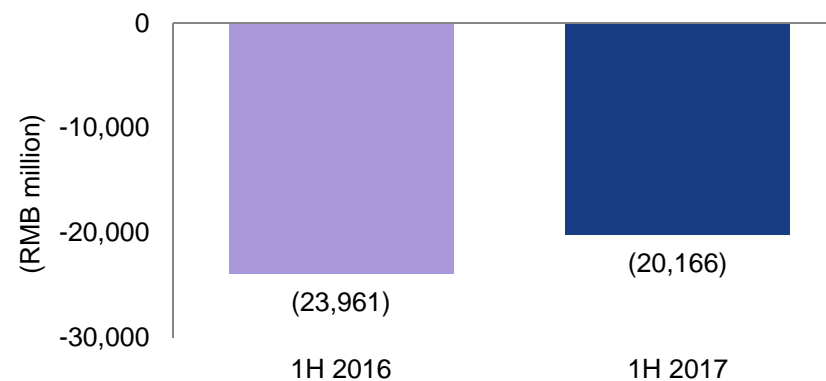
2 Net debt is total borrowings less cash and cash equivalents. Total capital is total equity plus net debt.

# Summary Cash Flow Statement Data

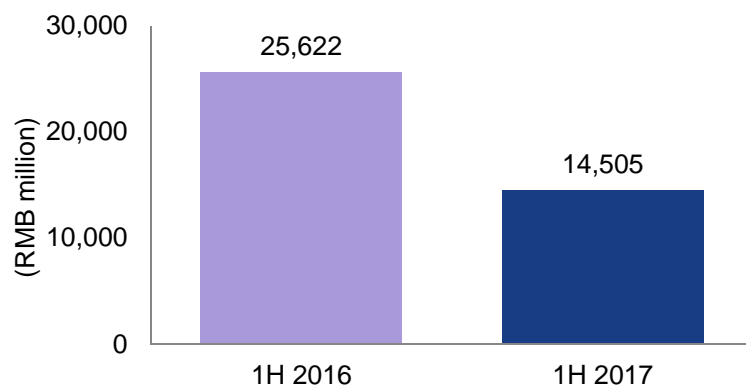
## Cash Flow from Operating Activities



## Cash Flow from Investing Activities



## Cash Flow from Financing Activities



### REMARKS

- ◆ Net cash used in operating activities dropped to RMB2,088 million from RMB15,583 million in the corresponding period of 2016, which was primarily attributable to the advance payment of certain large projects.
- ◆ The slight decrease in net cash used in investing activities was primarily attributable to the decrease in purchases of intangible assets, which was partially offset by the increase of purchase of PPE and wealth management products
- ◆ Net cash generated from financing activities decreased to RMB14,505 million, primarily due to reduced net borrowing activities

**Thank You**

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