

碧桂園控股有限公司

COUNTRY GARDEN HOLDINGS COMPANY LIMITED
(Ticker: 2007.hk)



Investor Presentation
12 May 2014



碧桂園控股有限公司
COUNTRY GARDEN HOLDINGS COMPANY LIMITED

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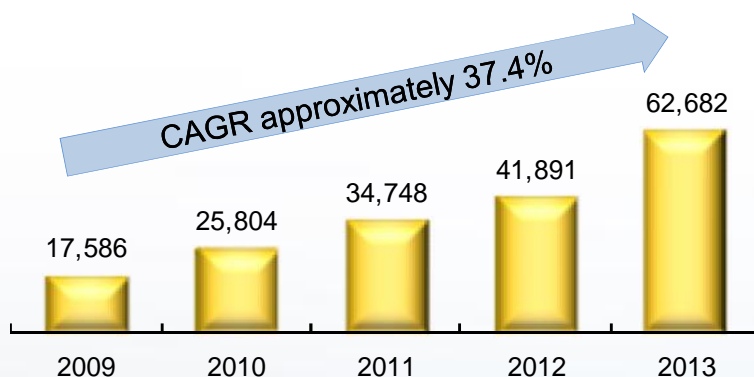
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Agenda

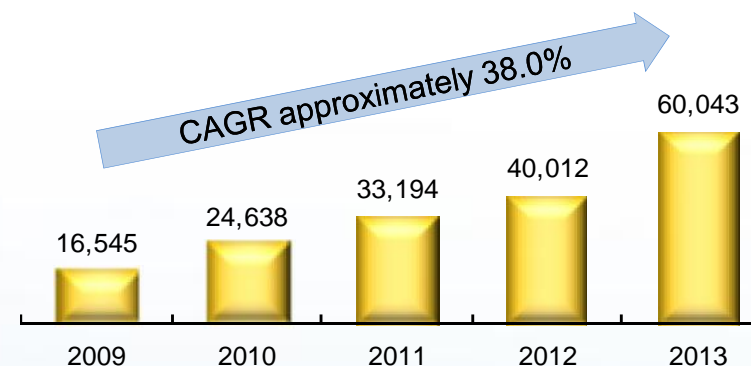


1 Financial Indicators - Growth of Scale

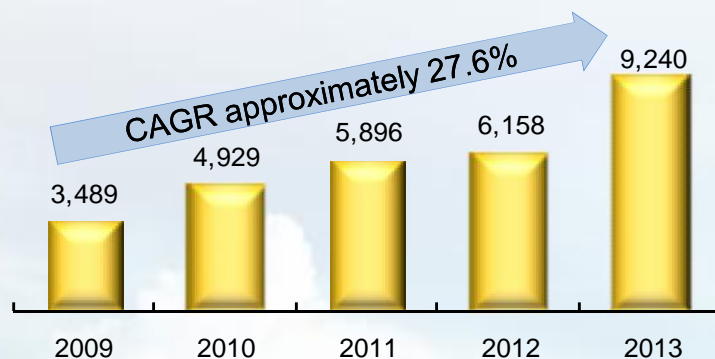
Revenue (RMB million)



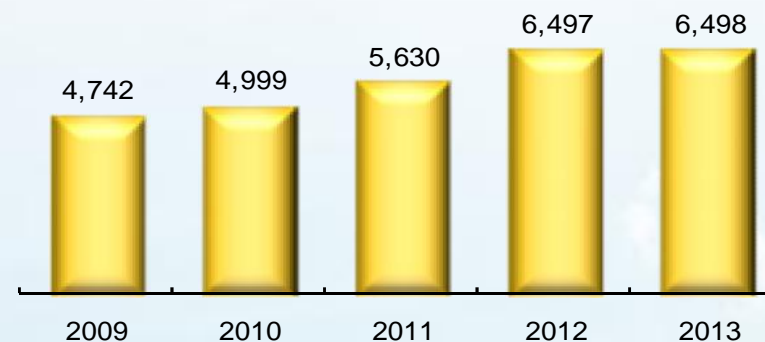
Revenue from Property Development (RMB million)



GFA delivered ('000 sq.m.)



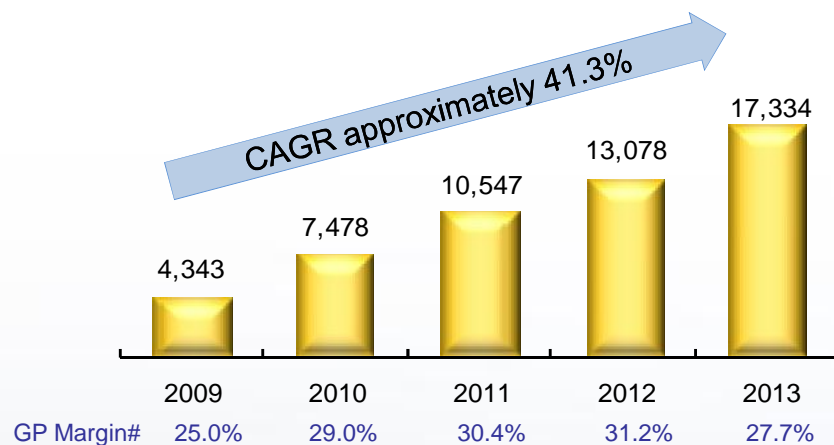
Recognized average selling price (RMB/ sq.m.)



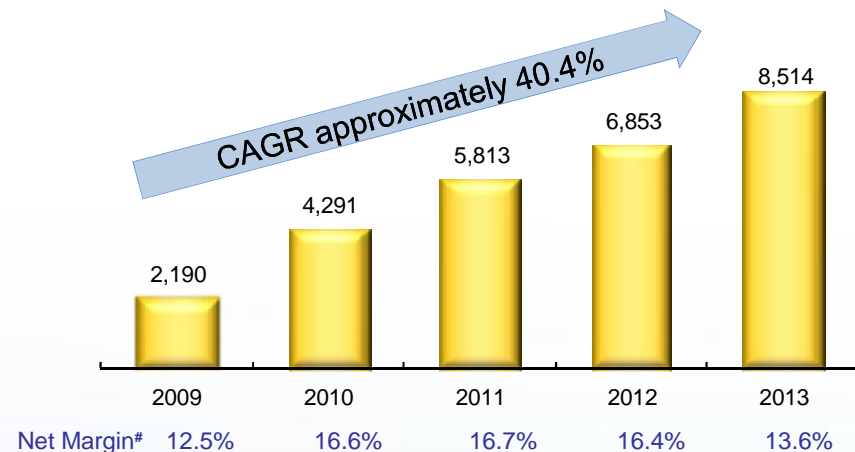
2009 figures are restated figures according to change in accounting policy

1 Financial Indicators - Profitability

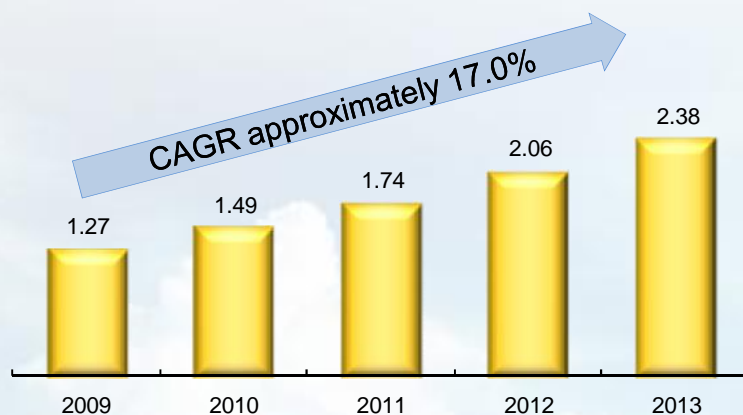
Post-LAT Gross profit (RMB million) #



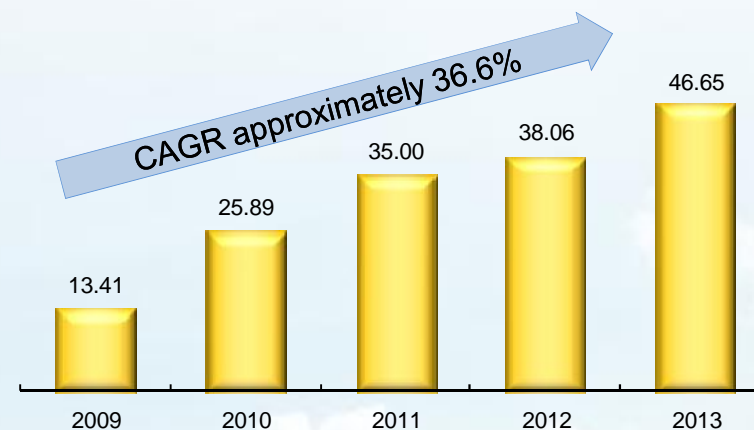
Net Profit Attributable to the Owners of the Company (RMB million) #



Book Value per Share (RMB) #



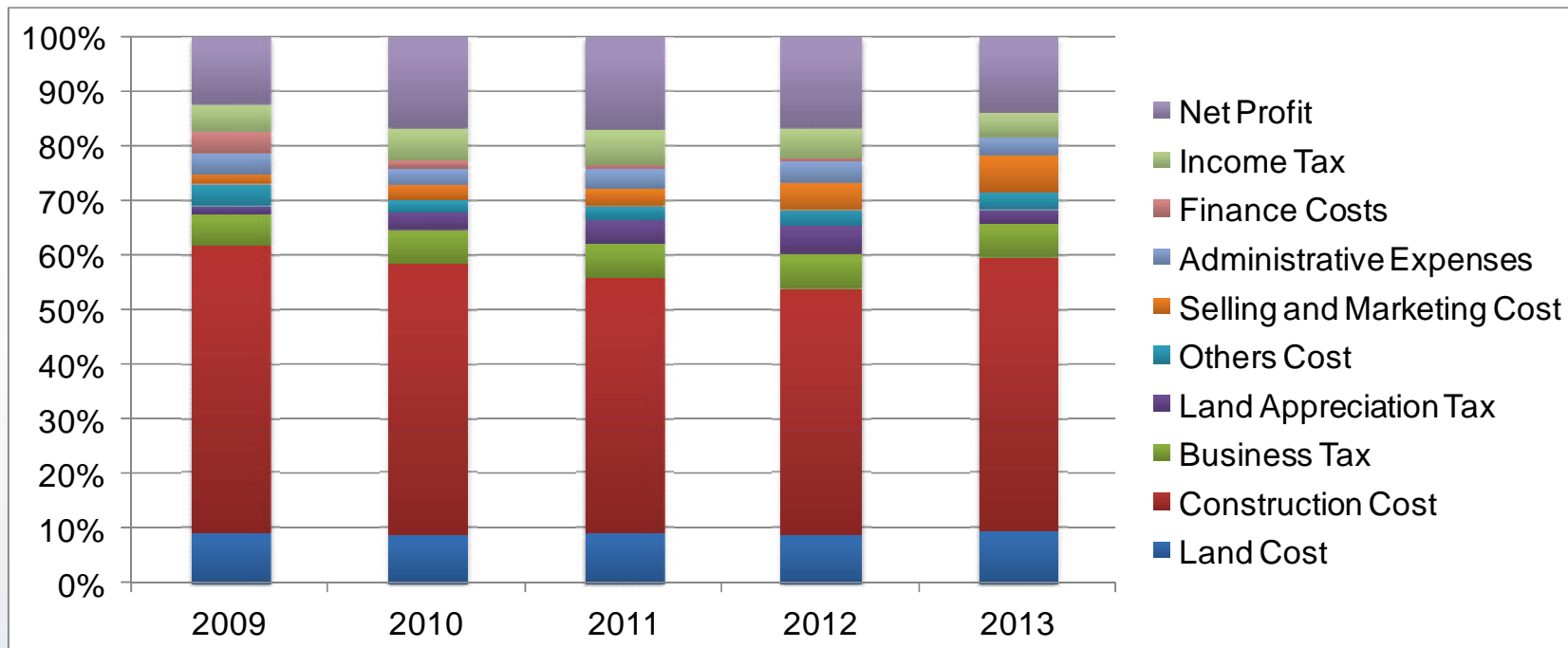
Earnings per Share (RMB cents) #



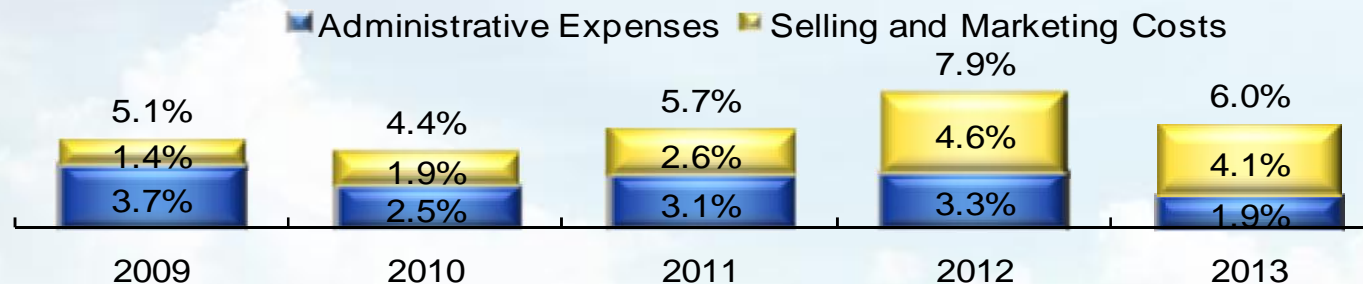
2009 figures are restated figures according to change in accounting policy

1 Financial Indicators - Cost Structure

Costs and Net Profit (as % of Revenue)[#]



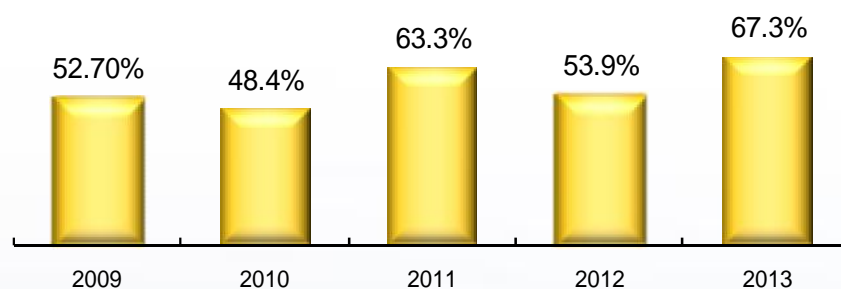
SG&A (as % of contracted sales)



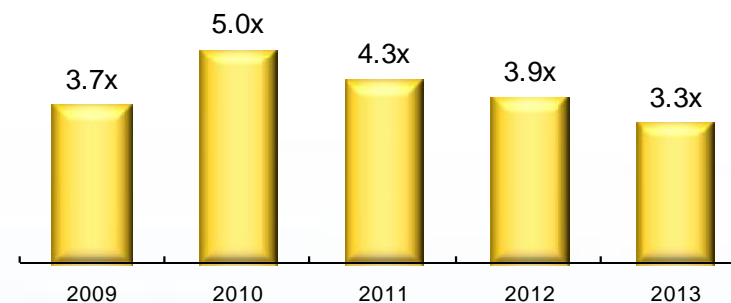
[#] 2009 figures are restated figures according to change in accounting policy

1 Financial Indicators - Capital Structure

Net debt¹/Shareholders' Equity² #



EBITDA³/Interest coverage[#]



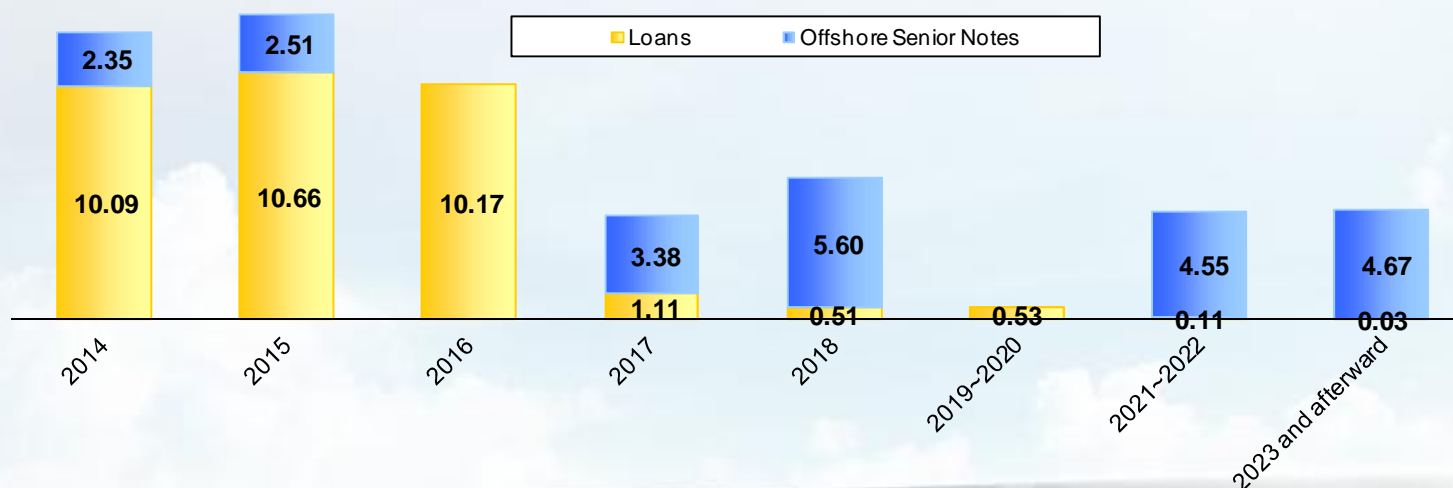
¹ Net debt = LT Debt + ST Debt – Cash & cash equivalents – restricted cash (excluding cash collateral)

² Shareholders' equity excludes minority interest

³ EBITDA defined as operating profit + interest income + PP&E depreciation + amortization of land use rights and intangibles, excluding foreign exchange gain or loss

2009 ratios are restated figures according to change in accounting policy

Debt maturity (RMB Bn) as of 31 December 2013



1 Financial Indicators - Hotels and Commercial Properties

- As of 31 Dec 2013, the Group owned 39 Hotels (37 five-star standard ⁽¹⁾ and 2 four-star), with a total of 11,387 guest rooms, and another 15 hotels were under construction.
- The total rental revenue of commercial properties was approximately RMB 42.85 million in 2013. The hotels and commercial properties are quality long-term assets and recurring income sources for the Group's non-residential project business.



1 Financial Indicators - Financial Highlights



Summary of results

(RMB Billion)	As of 31 Dec			2013
	2011	2012	2013	YoY
Total Asset	107.3	136.5	206.2	51%
Total Liability	77.2	97.6	160.2	64%
Total Debt	28.9	36.9	56.2	52%
Adjusted cash and cash equivalents ⁽¹⁾	10.6	16.6	26.7	61%
Net Debt ⁽¹⁾	18.3	20.3	29.6	46%
Shareholder's equity	29.0	37.6	44.0	17%
No. of projects	103	118	171	45%

(RMB Billion)	FY ended 31 Dec 2013			2013
	2011	2012	2013	YoY
Contracted Sales	43.2	47.6	106.0	123%
Contracted GFA (Million sqm)	6.9	7.6	15.9	109%
Revenue	34.7	41.9	62.7	50%
Gross Profit	12.0	15.3	19.0	24%
Post-LAT Gross Profit	10.5	13.1	17.3	32%
Total SG&A	2.4	3.8	6.3	69%
% of contracted sales	5.7%	7.9%	6.0%	
Profit Attributable to the Owners of the Company	5.8	6.9	8.5	24%
EPS (Cents)	35.00	38.06	46.65	23%
Dividend Payout	37.0%	36.4%	36.1%	
Dividend (Cents)	12.96	13.86	16.83	21%

Highlights for FY2013

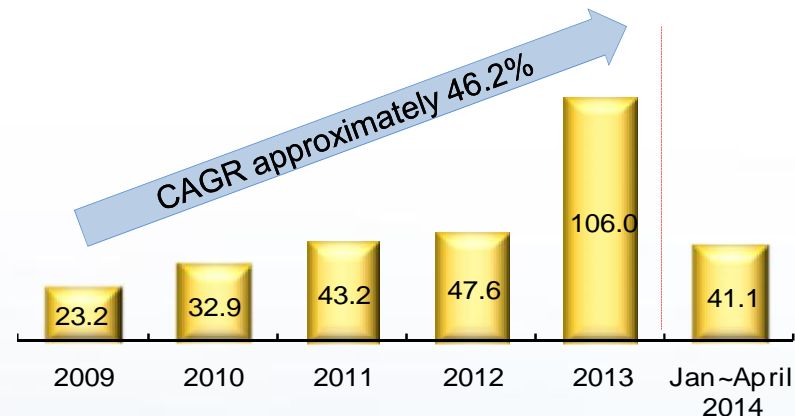
- ✓ Strong contracted sales performance which **exceeded RMB100bn, representing 123% y-o-y increase**
 - Success from Malaysia Danga Bay Project, our first overseas project launched - highest sales contributor with contracted sales of RMB 7bn in 2013
- ✓ Revenue of RMB 62.7bn, representing a **50% year-on-year increase**
- ✓ Lower net margin ratio, partly due to the significant increase in SG&A associated with the 123% increase in contracted sales
 - **SG&A as % of contracted sales decreased from 7.9% in 2012 to 6.0% in 2013**
- ✓ Contracted sales grew exponentially in 2013, while assets and liabilities also increased at a faster pace. However, net gearing ratio went up due to the lagging of recognized revenue and the relatively slower growth in owner's equity
- ✓ Robust liquidity with strong cash position of **with approx. RMB36.2bn undrawn bank facilities RMB26.7bn⁽¹⁾**
- ✓ YoY growth of earnings per share in 2013 was **approximately 24%, the dividend payout ratio accounted for approximately 40% of distributable profits since listing**

Note: (1) Adjusted cash and cash equivalents = cash and cash equivalents + Restricted Cash

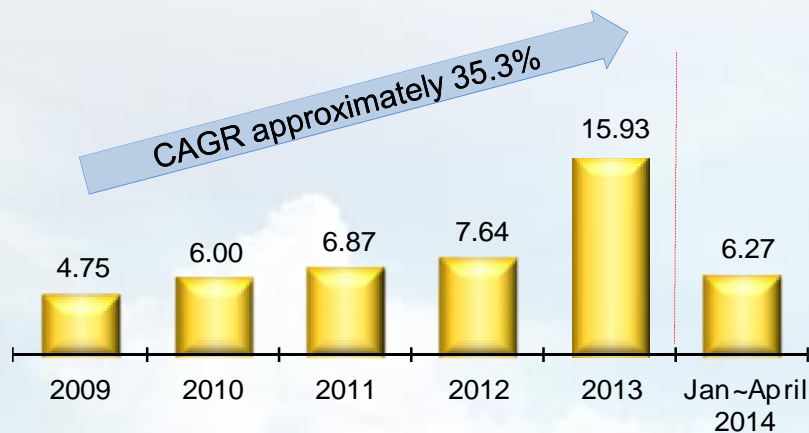
1 Financial Indicators - Contracted Sales

Jan- April 2014 Contracted Sales Increased by approximately 79% YoY

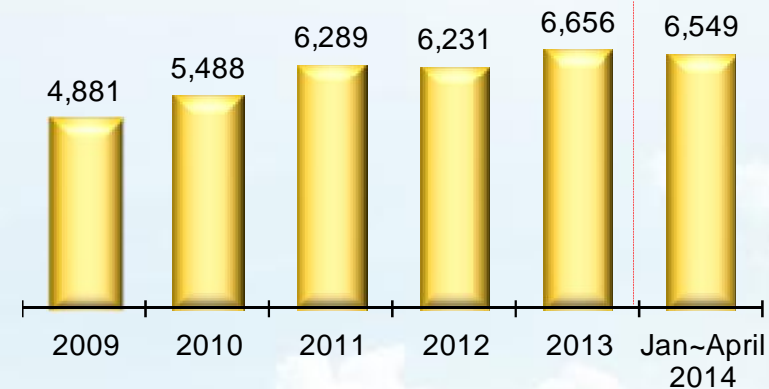
Contracted Sales (RMB'Bn)



Contracted Sales GFA ('M sq.m.)



Contracted Sales ASP (RMB/ sq.m.)



1 Financial Indicators - Contracted Sales (Cont'd)

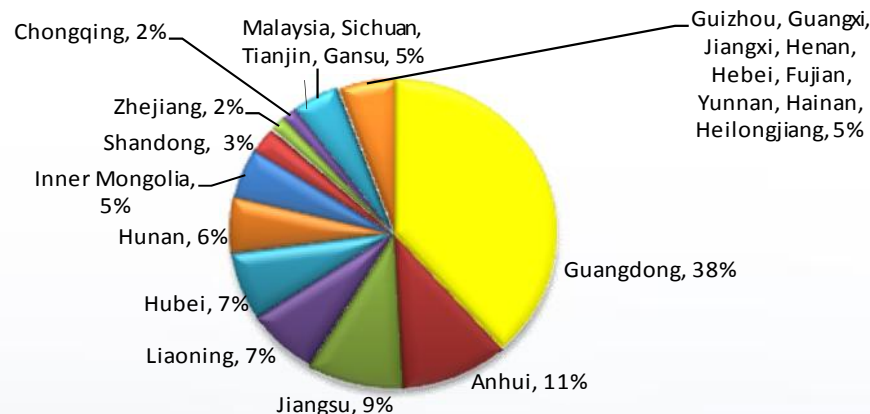


**8 new projects launched from Jan to April 2014;
18 new projects preliminarily planned to be launched in May and June 2014**

Project Name (Location)	Launched/ Tentative launch Schedule	Project Name (Location)	Launched/ Tentative launch Schedule
Nantong Country Garden (Jiangsu – Nantong Chengnan)	January (Launched)	Anyang Country Garden (Henan – Anyang Tangyin)	May
Zhuji Country Garden (Zhejiang – Shaoxing Zhuji)	January (Launched)	Dafeng Country Garden (Jiangsu – Yancheng Dafeng)	May
Tonglu Country Garden (Zhejiang – Hangzhou Tonglu)	January (Launched)	Qianán Country Garden (Hebei – Tangshan Qianán)	June
Luán Country Garden (Anhui – Luán Yuán)	January (Launched)	Changping Country Garden (Guangdong – Dongguan Changping)	June
Country Garden – Pearl on the River (Hubei – Yichang Yidu)	February (Launched)	Penglai Country Garden (Shandong – Yantai Penglai)	June
Sanming Country Garden (Fujian – Sanming Meilie)	March (Launched)	Luoyang Country Garden (Henan – Luoyang Yibin)	June
Zhoukou Country Garden (Henan – Zhoukou Dongxin)	April (Launched)	Zoucheng Country Garden (Shandong – Zoucheng Taiping)	June
Baoying Country Garden (Jiangsu – Yangzhou Baoying)	April (Launched)	Suqian Country Garden (Jiangsu – Suzhou Suqian)	June
Wendeng Country Garden (Shandong – Weihai Wendeng)	May (Launched)	Fengshun Country Garden (Guangdong – Meizhou Fengshun)	June
Pingxiang Country Garden (Jiangxi – Pingxiang Anyuan)	May (Launched)	Yizheng Country Garden (Jiangsu – Yangzhou Yizheng)	June
Dongtai Country Garden (Jiangsu – Yancheng Dongtao)	May (Launched)	Qujing Country Garden (Yunnan – Qujing Qilin)	June
Country Garden – Phoenix City (Jiangxi – Yichun Yuanzhou)	May	Haining Country Garden (Zhejiang – Jiaxing Haining)	June
Daye Country Garden (Hubei – Huangshi Daye)	May	Country Garden – Tianxi Bay (Jiangsu – Nantong Tongzhou)	June

1 Financial Indicators - Landbank

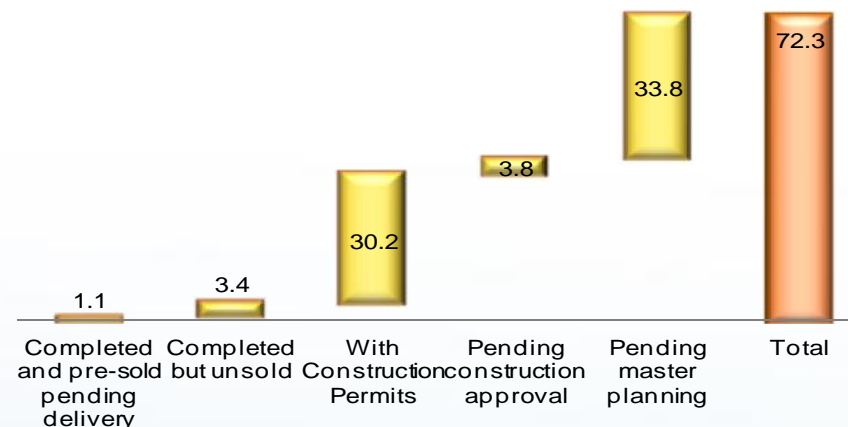
GFA breakdown by country / province¹



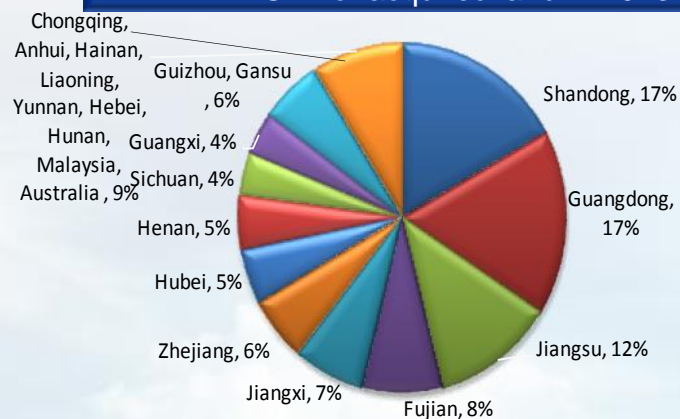
¹ Attributable GFA as of 31 December 2013

Total: 72.27 million sq.m.

GFA breakdown by development stage¹
(million sq.m.)

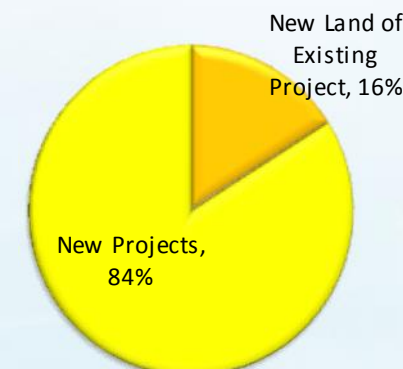


GFA breakdown by country / province for
GFA of acquired land in 2013



Total GFA: 33.29 million sq.m.
Total Consideration: RMB27.71 billion
Average Cost: RMB833/ sq.m.

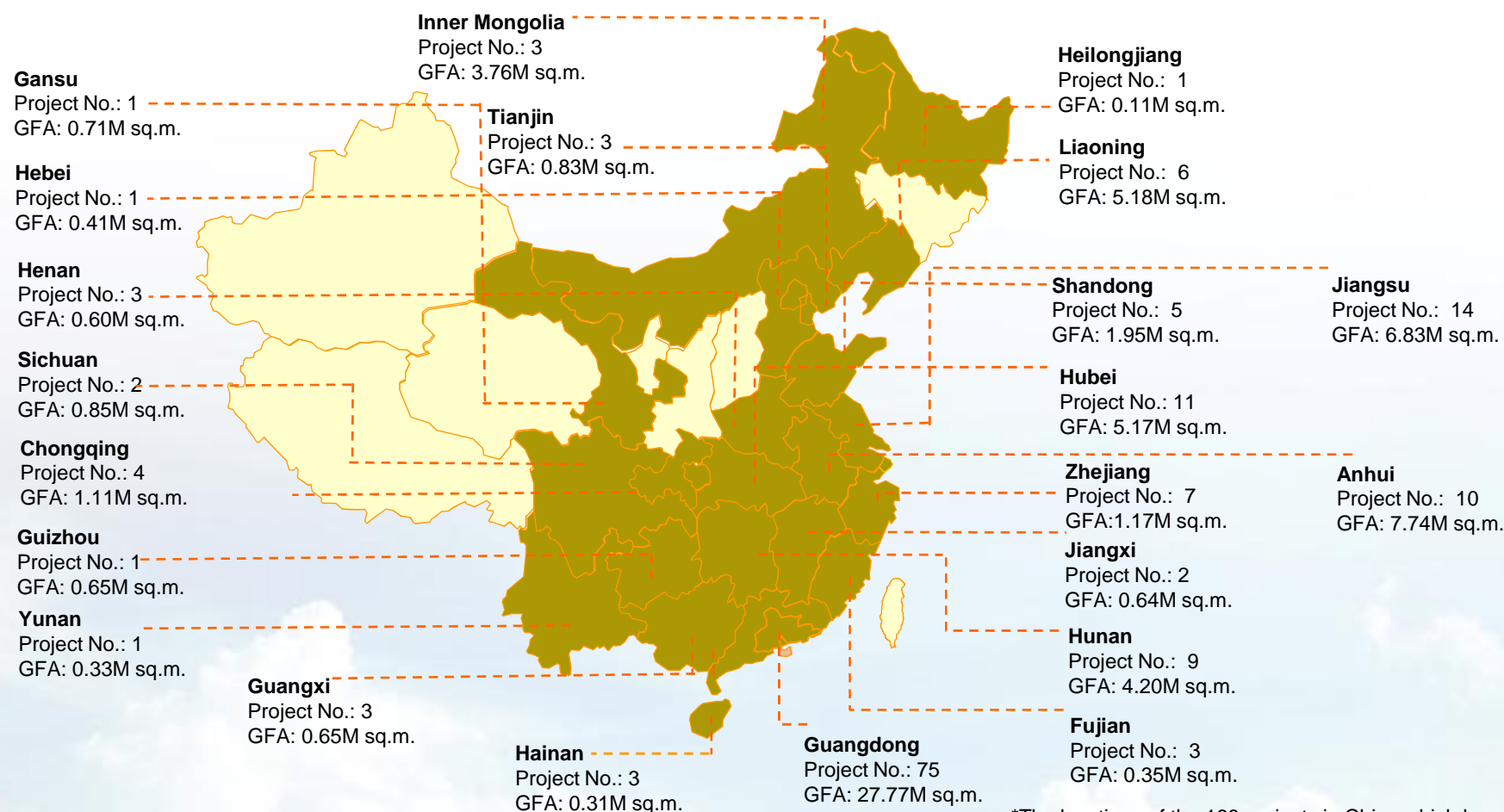
GFA breakdown by nature for
acquired land in 2013



Competitive land cost enhances Country Garden's pricing flexibility and reduces the impact of market fluctuations

1 Financial Indicators - Land Bank (Cont'd)

- As of 31 December 2013, 171 projects in total with land use right *, of which 168 in China (75 in Guangdong), 3 in Malaysia. The locations of projects in China is as follows:-

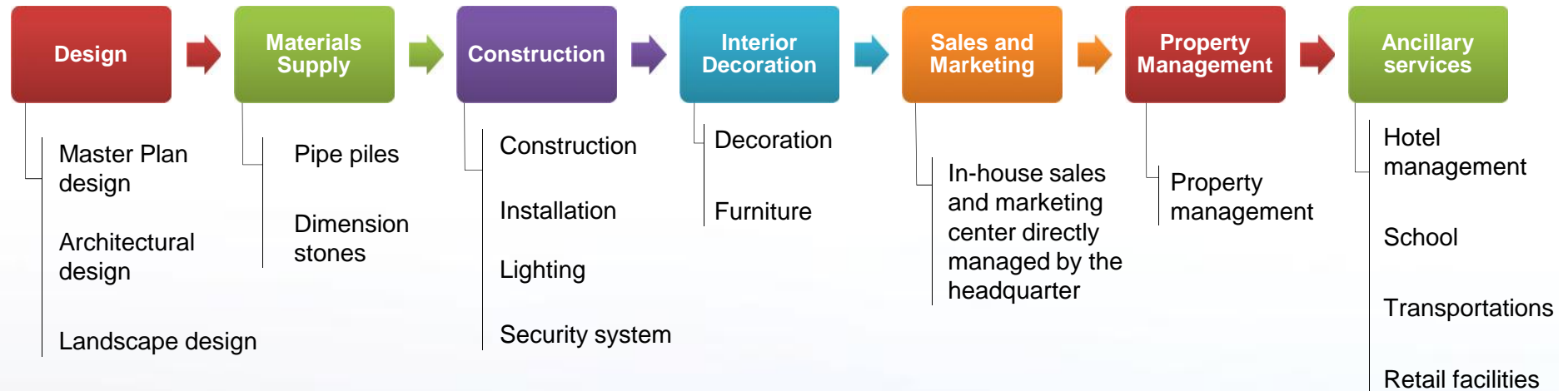


*The locations of the 168 projects in China which have land use right certificates or development and operation right (excluding minority interests) as of 31 December 2013

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2 Business Model - Integrated Value Chain



Country Garden subsidiaries or affiliated parties

Vertical Integration



Standardization

Investment analysis and decision making process is benefited from early participation of each project development stage

Design and planning completed before land acquisition to ensure a swift construction process

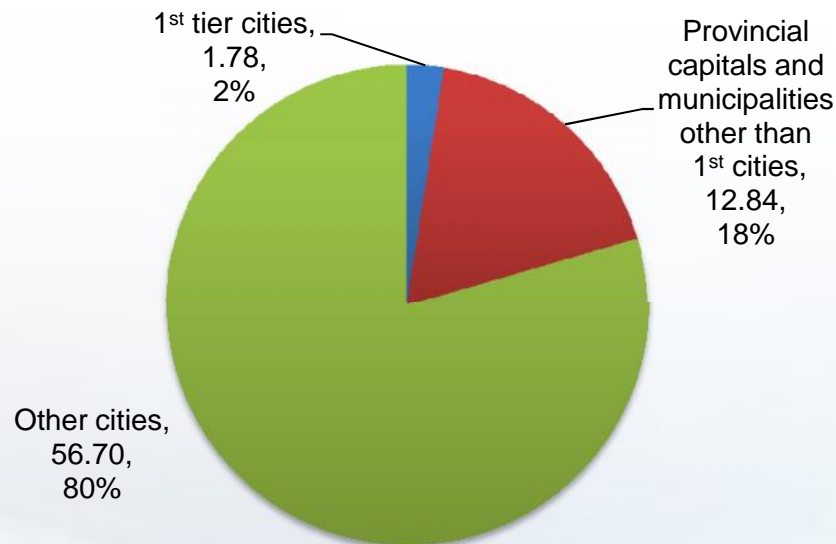
Collaboration across the entire value chain to ensure nimble deployment of resources

Strive to provide customers with a 5-star home experience through comprehensive ancillary services

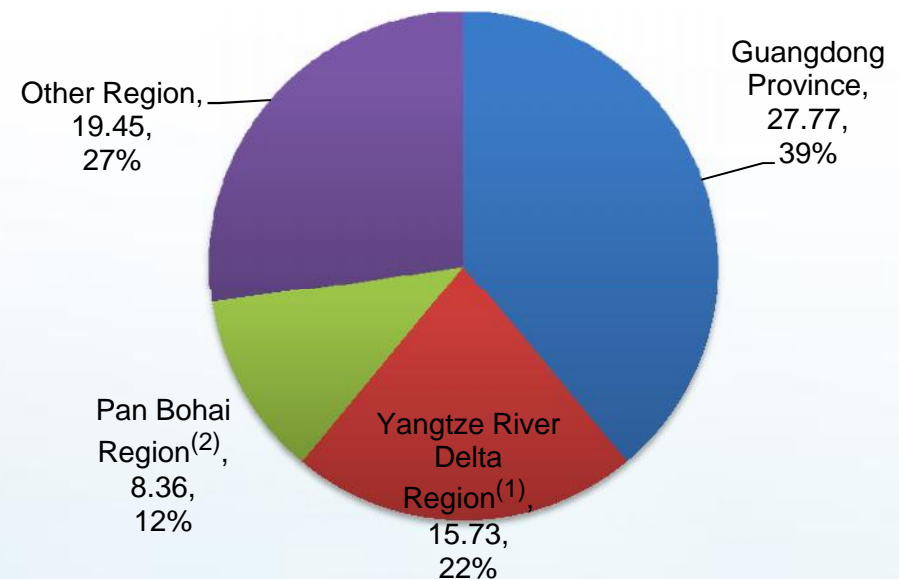
② Business Model - Strategic Planning

As at 31 December 2013, the Group had 168 projects with land use right certificates* in 80 cities of 22 provinces / autonomous regions / municipalities of China. The breakdown of the attributable gross floor area (GFA) (excluding minority interests) in terms of types of cities and regions is as follows:

**Attributable GFA in different types of cities in China
(million sq. m.)**



**Attributable GFA in different regions of China
(million sq. m.)**



The average land costs account for 10-15% of the average selling price. Low initial investment and flexible pricing

Most customers are end users, thus comprising a stable market

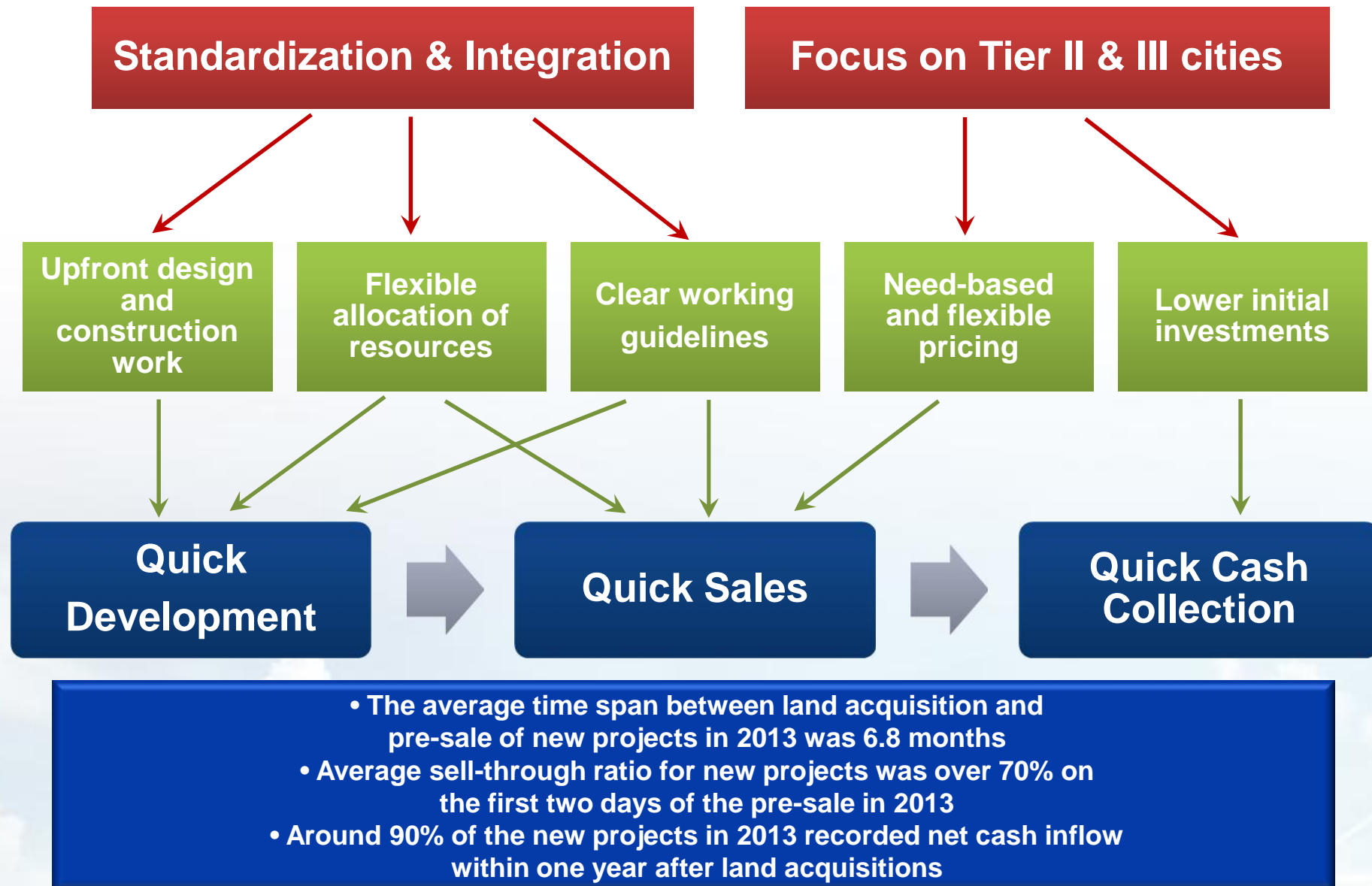
Almost no direct competition with other large developers. Strong competitiveness in local markets

Bright prospects under the government's new urbanization policy

Note: (1) Including Jiangsu, Zhejiang, and Anhui;
(2) Including Liaoning, Shandong, Tianjin, and Hebei.

*The locations of the 168 projects in China which have land use right certificates or development and operation right (excluding minority interests) as of 31 December 2013

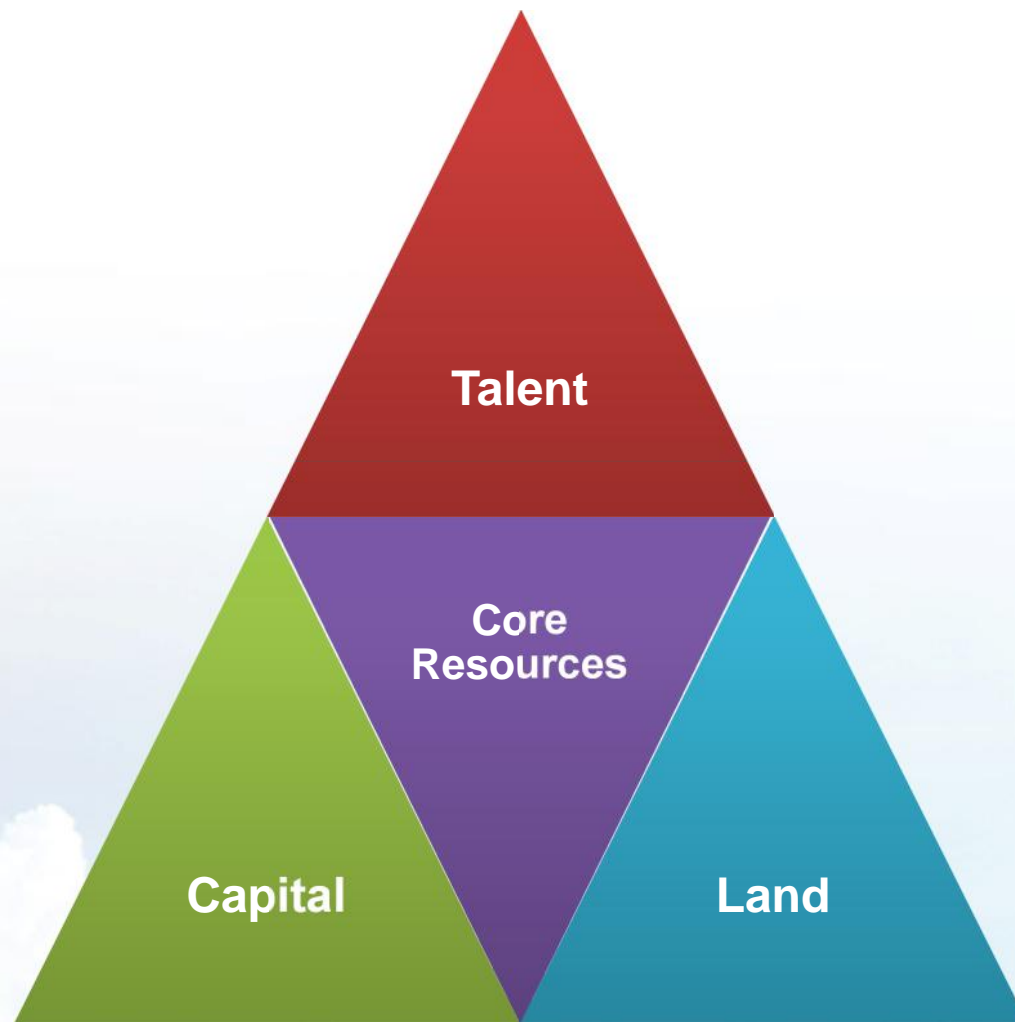
② Business Model - High Asset Turnover



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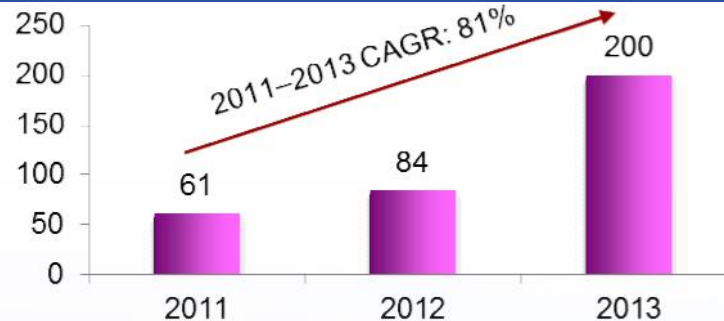
③ Management Methodology



3 Management Methodology - Mechanism that attracts and fosters talent

Obtaining the best talent for the middle and senior management

Number of staff recruited for the middle and senior management



“Country Garden has become a magnet for excellent real estate managers.”

- 《2013中国雇主风云榜》

Campus recruitment

Number of resumes and signed contracts from campus recruitment



As a prospective employer, the company is popular with graduates in the past few years, and the number of resumes received has been increasing. This reflects its firmly established brand and reputation.

Objective and competitive appraisal system motivates employees

Talents were rapidly fostered at all levels with comprehensive and stringent training system and guidelines

3 Management Methodology - Dynamic Cash Management

Strong internal capital reserves

- Healthy cash balance – available cash and bank balances of approximately RMB26.68 billion¹ as of 31 Dec 2013, accounting for 13% of the total assets and maintaining the Company's financial flexibility.
- Strong internally generated cash and liquidity as a result of quick asset-turnover model

Capital market financing

- Debt: Six successful issuances in the USD bond market since 2009
 - Well-known name in high yield market with ongoing dialogue with investors
- Equity: Raised US\$400 million in Feb 2012 – the Company's first equity offering since its IPO, which lowered net gearing and increased free float significantly to approximately 24%

Strong long term lending relationships

- Agricultural Bank of China, Bank of China, Industrial and Commercial Bank of China, China Construction Bank, HSBC, Guangdong Development Bank, China Minsheng Bank, as well as local commercial banks, etc



- As of 31 December 2013, Approximately RMB36.18 billion undrawn bank facilities from major Chinese banks

Note:¹ Including restricted cash

3 Management Methodology - Prudent Land Management



Considerations

Economy	Policy	Market	Project
<ul style="list-style-type: none"> Population structure GDP structure Disposable income per capita Primary sector of economy Living space per capita 	<ul style="list-style-type: none"> Construction reporting procedures and regulatory considerations Pre-sale conditions Tax regulations Financing conditions Policy incentives, etc. 	<ul style="list-style-type: none"> Past sales and reserve/ inventory Consumer group structure Consumption habits and psychology Main shopping district development Land transactions Market competition 	<ul style="list-style-type: none"> Land location, proximity to city center and direction of general urban development Traffic conditions Landscape and surrounding environment Infrastructure and ancillary facilities

Output

Project positioning, flat layout and master plan

Estimated returns on investment

Follow-up plan

Agenda



Country Garden is China's leading integrated property developer and operator Leading brand in urbanization



Large Scale

One of the **largest** Chinese property developers listed in Hong Kong, with **contracted sales of approximately RMB106 billion¹**, and 168 projects² under construction in 80 cities of China



Successful Operational Performance

Successful track record of over 20 years and consistent growth in contracted sales since the Company's listing in 2007



Influential Brand

Over 60 projects top the national or local sales charts in 2013³, with the brand of the company becoming a popular name across the country



Unique Business Model

Quick asset turnover model that minimizes risks in execution and operation

¹ Full Year of 2013

² As of 31 December 2013

³ Company Internal Data

Appendix 1 : Top 10 projects in terms of 2013 contracted sales amount



Project name (Location)	Contracted sales amount (approx.)	Contracted sales GFA (approx.)
Country Garden Danga Bay (Malaysia – Johor)	RMB6.81 Bn	0.396M sq.m.
Country Garden – Galaxy Palace (Liaoning – Shenyang Yuhong)	RMB5.08 Bn	0.772M sq.m.
Country Garden – Phoenix City (Jiangsu – Zhenjiang Jurong)	RMB3.27 Bn	0.513M sq.m.
Country Garden – Eco City (Hubei – Wuhan Hongshan)	RMB2.92 Bn	0.385M sq.m.
Country Garden – Ten Miles Beach (Guangdong – Huizhou Huidong)	RMB2.89 Bn	0.427M sq.m.
Country Garden Hill Lake Bay* (Guangdong – Guangzhou Nansha)	RMB2.75 Bn	0.274M sq.m.
Country Garden Phoenix City (Guangdong – Guangzhou Zengcheng)	RMB2.67 Bn	0.286M sq.m.
Country Garden Forest Hill Garden (Guangdong – Dongguan Tangxia)	RMB2.38 Bn	0.331M sq.m.
Country Garden – Grand Garden (Guangdong – Guangzhou Zengcheng)	RMB2.05 Bn	0.247M sq.m.
Country Garden Grand Garden** (Guangdong – Dongguan Tangxia)	RMB2.01 Bn	0.236M sq.m.

Note:
Including underground
area

* Also known as Country
Garden – Tianxi Bay

** Also known as
Guanlan Country Garden

Appendix 2 : Top 10 projects in terms of 2013 recognized sales amount



Project name (Location)	Contracted sales amount (approx.)	Contracted sales GFA (approx.)
Country Garden – Ten Miles Beach (Guangdong – Huizhou Huidong)	RMB5.66 Bn	0.749M sq.m.
Country Garden City Garden (Guangdong – Foshan Chancheng)	RMB2.32 Bn	0.221M sq.m.
Country Garden Phoenix City (Guangdong – Guangzhou Zengcheng)	RMB2.29 Bn	0.216M sq.m.
Country Garden – Phoenix City (Jiangsu – Zhenjiang Jurong)	RMB2.09 Bn	0.365M sq.m.
Country Garden – Galaxy Palace (Liaoning – Shenyang Yuhong)	RMB1.65 Bn	0.227M sq.m.
Heshan Country Garden (Guangdong – Jiangmen Heshan)	RMB1.45 Bn	0.169M sq.m.
Dalang Country Garden (Guangdong – Dongguan Dalang)	RMB1.40 Bn	0.235M sq.m.
Meijiang Country Garden (Guangdong – Meizhou Meijiang)	RMB1.36 Bn	0.264M sq.m.
Country Garden Spring City (Guangdong – Qingyuan Fogang)	RMB1.24 Bn	0.146M sq.m.
Yunfu Country Garden (Guangdong – Yunfu Jinshan)	RMB1.22 Bn	0.155M sq.m.

Note:
Including underground area



**Thank you for your confidence
and support in Country Garden!**

