



# TravelSky Technology Limited

Stock Code: 00696.HK

H shares listed on 7 Feb 2001

## 2017 ANNUAL RESULTS

*Mar. 2018*



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# Company Highlights

The dominant provider of information technology solutions for China's aviation and travel industry

- With three decades of tenacious development, we have developed a wide range of leading information technology products and services along the value chain of the industry



- Services tailored to the needs of extensive clientele



Airlines



Airports



Travel Product Providers



Travel Agencies

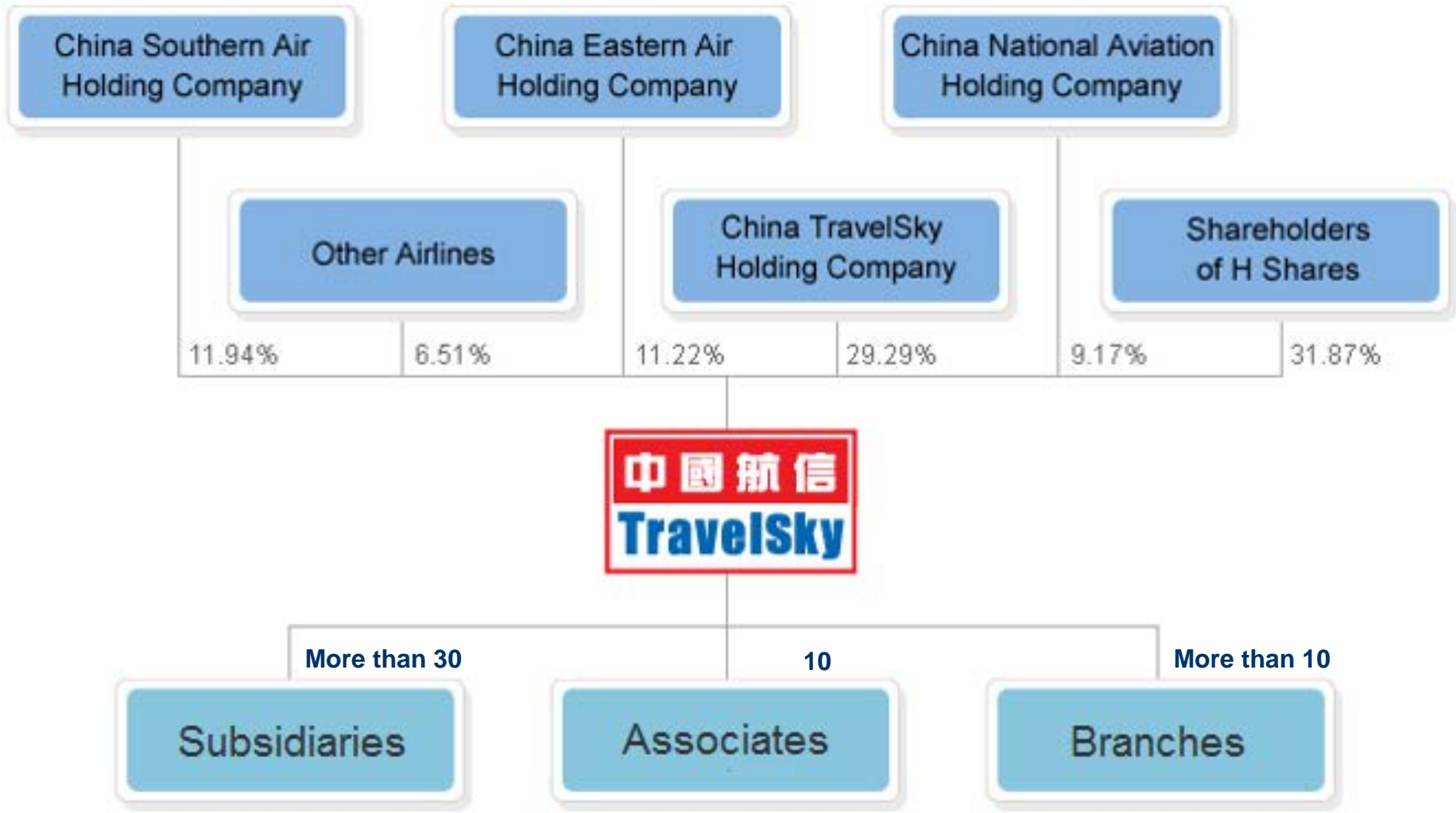


Air Travel Consumers



Cargo Shippers

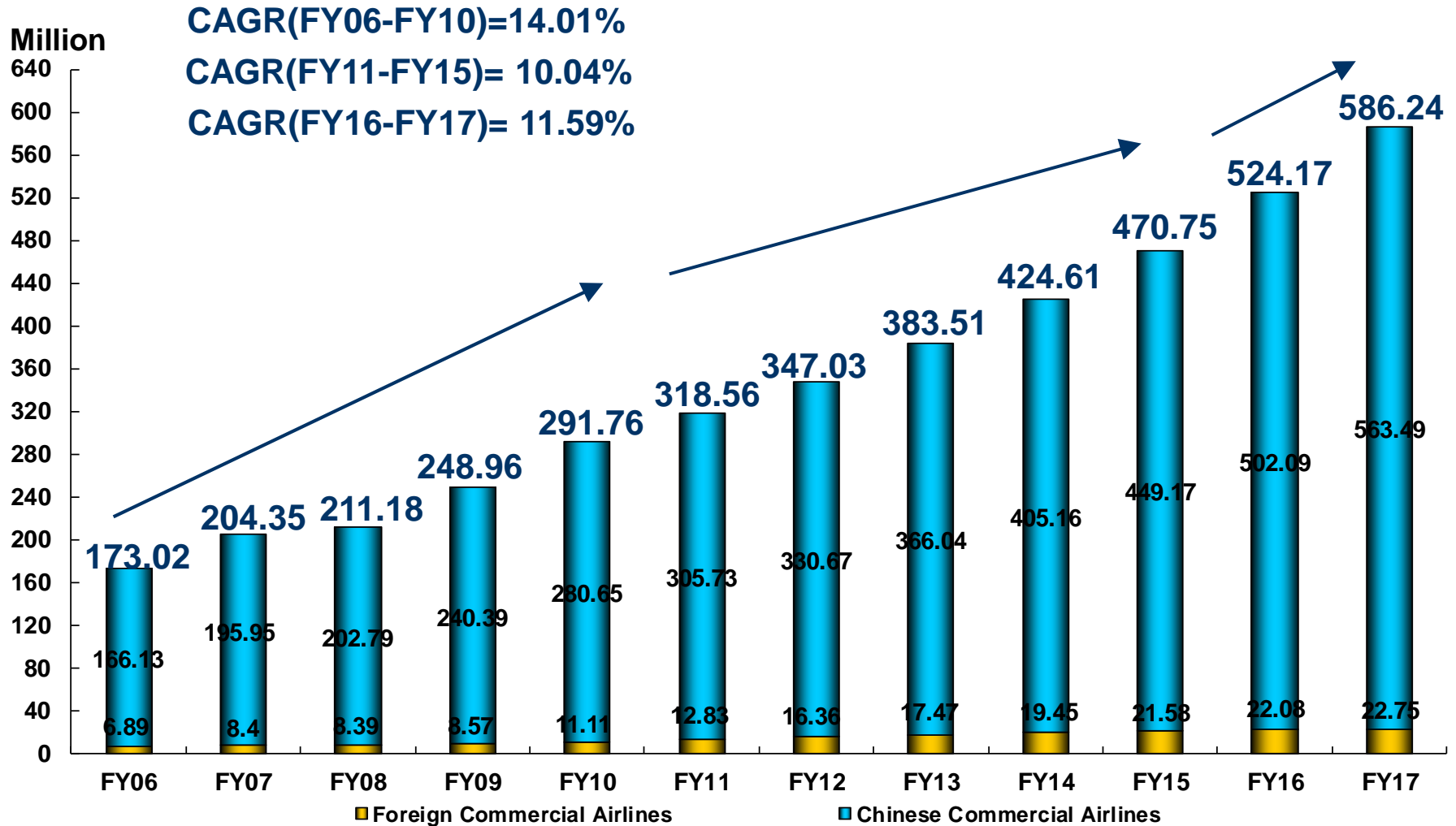
# Shareholders Structure



# Operating Overview

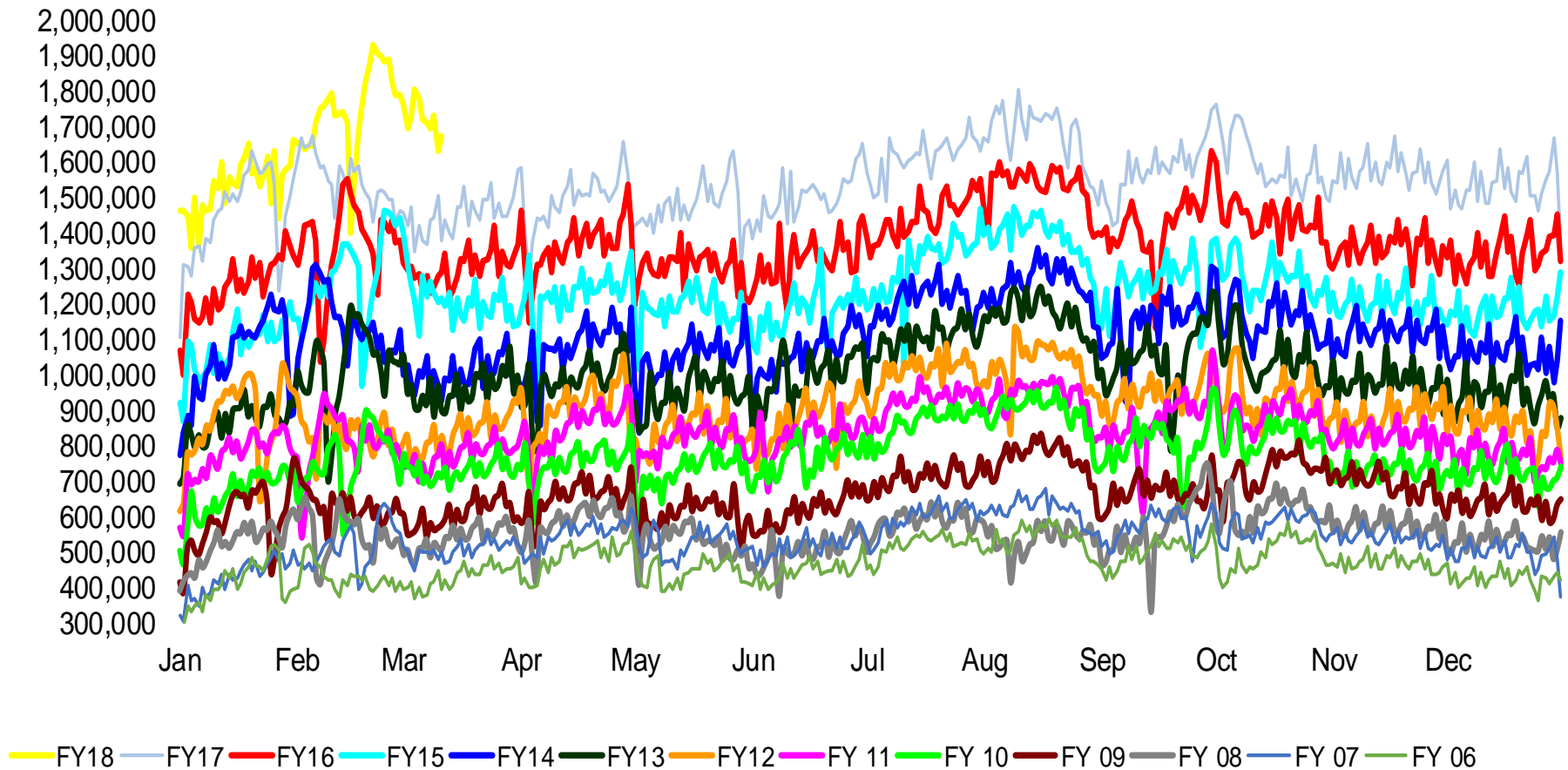
(Million)	2017	2016	YOY Change
<b>System Processed Volume</b>	<b>586.24</b>	<b>524.17</b>	<b>11.8</b>
<b>Chinese Commercial Airline</b>	<b>563.49</b>	<b>502.09</b>	<b>12.2</b>
<b>Foreign Commercial Airline</b>	<b>22.75</b>	<b>22.08</b>	<b>3.0</b>
<b>CUSS, online, mobile &amp; SMS self check-in service processed passenger departures</b>	<b>232.5</b>	<b>176.8</b>	<b>31.5</b>
<b>BSP Tickets ( Processed By ACCA )</b>	<b>358.8</b>	<b>303.9</b>	<b>18.1</b>
<b>Airway Bills</b>	<b>17.3</b>	<b>16.9</b>	<b>2.4</b>

# System Processed Volume



# Seasonal Fluctuation

## Daily System Processed Volume of Chinese Commercial Airlines



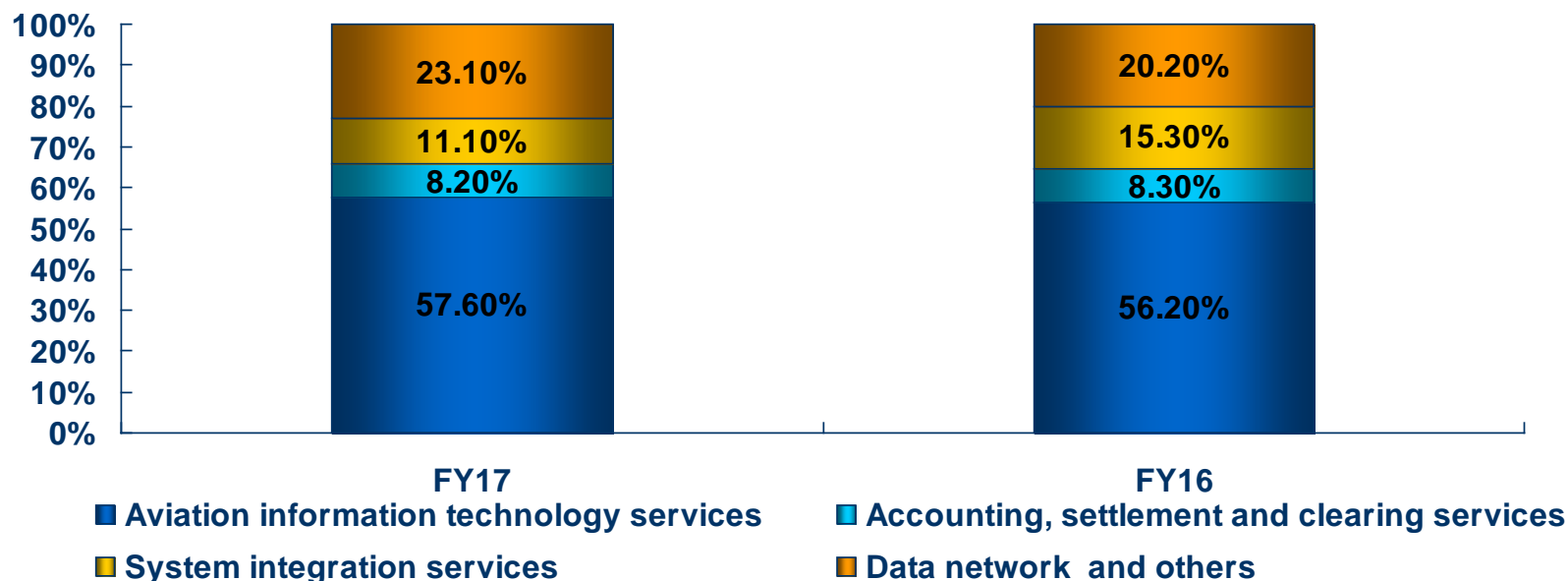
# Financial Highlights

	2017	2016	YOY Change
<b>Total Revenues(RMB Million)</b>	<b>6,734.2</b>	<b>6,223.3</b>	<b>8.2%</b>
<b>Operating Profit (RMB Million)</b>	<b>2,473.4</b>	<b>2,177.0</b>	<b>13.6%</b>
<b>Profit Attributable To Equity Holders (RMB Million)</b>	<b>2,248.7</b>	<b>2,421.1</b>	<b>-7.1%</b>
<b>Basic &amp; Diluted Earnings Per Share (RMB)</b>	<b>3,082.2</b>	<b>3,216.8</b>	<b>-4.2%</b>
<b>Final Cash Dividend Per Share (RMB)</b>	<b>0.77</b>	<b>0.83</b>	<b>-7.2%</b>
<b>Operating Margin</b>	<b>36.7%</b>	<b>35.0%</b>	<b>1.7pts</b>
<b>Gearing Ratio</b>	<b>23.0%</b>	<b>21.9%</b>	<b>1.1pts</b>

Note: In 2016, government grant amounting to RMB500 million were awarded to the Company respectively by the local government agencies as incentive to encourage and support the Company in operation of information technology services business in Beijing Shunyi District.

# Revenue Analysis

	2017	2016	YOY Change
<b>Total Revenues ( RMB Million )</b>	<b>6,734.2</b>	<b>6,223.3</b>	<b>8.2%</b>
Aviation information technology services	3,878.5	3,496.4	10.9%
Accounting, settlement and clearing services	555.2	517.7	7.2%
System integration services	744.3	950.3	-21.7%
Data network and others	1,556.2	1,258.8	23.6%



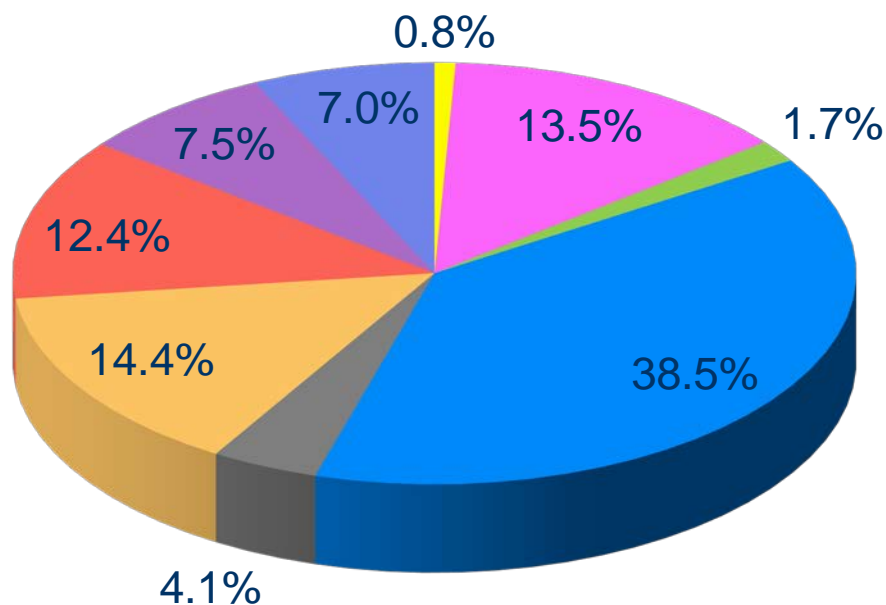


# Operating Expense Analysis

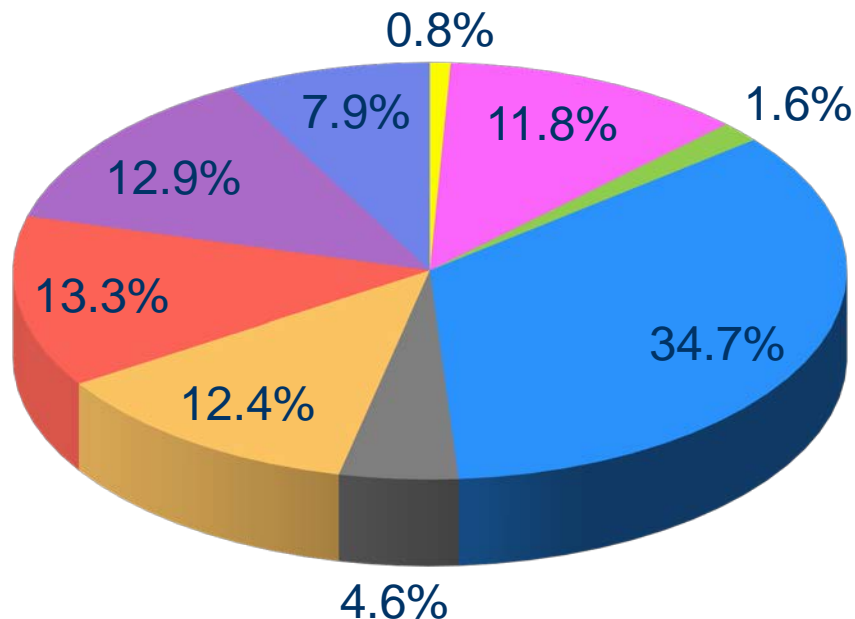
	2017	2016	YOY Change
<b>Total operating expenses (RMB Million)</b>	<b>4,260.9</b>	<b>4,046.3</b>	<b>5.3%</b>
Business taxes & other surcharges	35.8	33.0	8.7%
Depreciation & amortization	577.0	479.3	20.4%
Network usage fees	71.2	65.4	8.9%
Personnel expenses	1,640.6	1,403.9	16.9%
Operating lease payments	174.7	184.5	-5.3%
Technical support & maintenance fees	613.8	501.5	22.4%
Commission & promotion expenses	527.6	537.7	-1.9%
Cost of software & hardware sold	319.8	521.2	-38.6%
Other operating expenses	300.3	319.8	-6.1%

# Operating Expense Analysis

FY17



FY16



- Business taxes and other surcharges
- Network usage fees
- Operating lease payments
- Commission and promotion expenses
- Other operating expenses

- Depreciation and amortisation
- Personnel expenses
- Technical support and maintenance fees
- Cost of software and hardware sold

# Capital Expenditure

	Actual			Planned
	2017	2016	2015	2018
<b>Total Capital Expenditure (RMB Million)</b>	<b>1,319.8</b>	<b>1,160.2</b>	<b>1,046.2</b>	<b>2,790.0</b>
Construction of new operating centre in Beijing	410.7	530.1	896.2	903.0
Update & MA of the existing system	36.2	189.4	32.9	1,108.8
Development of new generation system	26.6	69.9	37.8	0
Others	846.3	370.8	79.3	778.2

Note : From 2011 to 2017, the Phase I work of the new operating centre in Beijing has accumulated an expenditure of approximately **RMB2,680 million**, representing **73.4%** of the construction budget plan of the Phase I work. And the construction budget plan of the Phase I work in 2018 is **RMB 631 million**.

# Construction of Beijing New Operating Centre

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## ◆ Proposed construction in phases and investment

- Construction work is divided into two phases
- Investment amount of Phase 1 work : RMB3.655 billion(subject to upward/downward adjustment of not more than 10%).

## ◆ Construction area and purposes

- Total area : 533,000 sq. m., with 376,000sq.m. above ground and 157,000sq.m. underground, including office area, production area, supporting facilities area and multipurpose area comprising 18 buildings in total;
- Phase 1 area: 368,000sq. m., with 244,000sq.m. above ground and 124,000sq.m. underground, including an engine building, a machinery building, a power and energy building, a headquarters office building, research and development centre buildings, settlement centre buildings, an operating centre building, a cultural and sports centre and dormitory buildings comprising 13 buildings in total.

# Construction of Beijing New Operating Centre

## ◆ Phase 1 work

	Construction	Gross Floor Area
Production Area	Server Building A	Approximately 117,000 sq.m.
	Power Building	
	Operating Centre	
Office Area	Headquarters Building	Approximately 170,000 sq.m.
	Research and Development Centre	
	Settlement Centre	
Ancillary Area	Energy Building	Approximately 81,000 sq.m.
	Cultural and sports Centre	
	Shift Dormitory	



# Prospects for the 2018

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## ◆ Opportunity

- Remaining solid market base
- Evolving to a country with dominating power in civil aviation
- Standing gradually up to a level close to the major tourism countries worldwide
- The national cyber development strategy, the Internet Plus Action Plan, and the national big data strategy
- Requirements in informatization level and network information security in civil aviation industry

## ◆ Challenge

- Deep-going integration and alliance of the aviation industry
- Increasing emergence of technical products and business models
- Augmenting concentration in channels
- Continuously penetrating the domestic market from overseas competitors
- Needs of various types of customers for information technology solutions and higher standards of service

# Prospects for the 2018

- ◆ **ensuring stability development, raising capabilities, strengthening areas of weakness and emphasizing implementation**
  - Improving long-term security mechanism to lay a solid foundation for development by strengthening safety awareness in production, enhancing support capabilities of safety and security matters, improving the safety responsibility system, strengthening the leadership of security organizations
  - Strengthening judgment on situation to seize market opportunities by closely keeping up with the industry development trend and focusing on the needs of various types of customers, and implement business layout comprehensively by taking serious measures to develop products, improving service capability and actively exploring overseas business as a way to focus on our development advantages
  - Strengthening leading role in innovation with great efforts to be made to promote the construction of technology platforms, continuously optimize the research and development system and strengthen the construction of scientific and technological innovation platforms in order to boost driving forces for development.
  - Optimizing fundamental management by improving development quality and setting up strategies-oriented, talents-oriented, cost-oriented and rule-of-law-oriented approaches

# Q&A

## Investor Relations

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- The compliance website: <http://www.travelskyir.com>  
Obtain the financial reports, announcements, circulars, operational data and other materials of the Company
- Address: A1-805 TravelSky High-Tech Industrial Park, Houshayu Town, Shunyi District, Beijing, PRC

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