

For immediate release

**NWS Holdings announces FY2019 Annual Results  
Fortify core business to achieve sustainable long-term growth**

(24 September 2019, Hong Kong) NWS Holdings Limited (“NWS Holdings” or “the Group”; Hong Kong stock code: 659) today announced its annual results for the year ended 30 June 2019 (“FY2019”). To align with its long-term corporate strategy, NWS Holdings has regrouped its business segments into “Core Business” and “Strategic Portfolio”.

Core Business	Strategic Portfolio
Roads	Environment
Aviation	Logistics
Construction	Facilities Management
	Transport

**Optimization of Businesses**

*Fortify Core Business*

- The Group invested in projects that have strong growth potential and the ability to provide steady and long-term cash flow. They include:
  - Acquisition of 40% stake in Hunan Sui-Yue Expressway in December 2018, providing immediate attributable operating profit (“AOP”) contribution to the Group.
  - Goshawk Aviation Limited’s (“Goshawk”) acquisition of Sky Aviation Leasing International Limited (“Sky Aviation”) in September last year, propelling Goshawk to become one of the world’s top ten aircraft lessors.
  - Goshawk’s inaugural asset-backed securities (“ABS”) issuance raising a total of US\$643.6 million in June this year, thereby setting new foothold in the aircraft management business.
  - Announcement of the acquisition of FTLife Insurance Company Limited (“FTLife”) in December last year. FTLife will become one of the Group’s Core Business upon deal completion and will create synergies with the Group’s healthcare businesses and ecosystem of the New World Group.

### *Disposal of Non-Core Assets*

- Non-core assets that have been disposed of in FY2019 amounted to a total consideration of approximately HK\$1.4 billion such that the Group can unlock asset value and enhance deployment of resources. They mainly include:
  - Hip Seng Group
  - Urban Parking (Beijing) Limited
  - 24.5% interest in Tianjin Orient Container Terminals Co., Ltd
  - 18% interest in Tianjin Five Continents International Container Terminal Co., Ltd
  - Minority interests held in Beijing Capital International Airport Co., Ltd (“BCIA”)

### **Financial Highlights**

- AOP down 10% year-on-year to HK\$4,707.4 million
- Profit attributable to shareholders down 33% to HK\$4,043.2 million
- The basic earnings per share was HK\$1.04, down 33%
- FY2019 final dividend was HK\$0.29 per share; Full year dividend was HK\$0.58 per share. Payout ratio: approximately 56% (FY2018: approximately 50%)

### **Prudent Financial Policy**

- Issued US\$1 billion Senior Perpetual Capital Securities in January this year
- Issued US\$650 million 10-year Senior Notes in June this year
- Cash on hand and bank balances amounted to approximately HK\$15.1 billion; unutilized committed banking facilities at approximately HK\$12.4 billion
- Net gearing ratio: close to zero percent

### **Business Performance Highlights**

#### *Core Business*

#### *Roads*

- AOP from the Roads segment fell by 7% to HK\$1,805.5 million due to the depreciation of RMB. Excluding the RMB impact, AOP of Roads would have risen by 4%.
- The Group operates 15 toll roads in Mainland China. Four anchor toll roads, namely Hangzhou Ring Road, Tangjin Expressway (Tianjin North Section), Guangzhou City Northern Ring Road and Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section), contributed more than 80% of the Roads segment’s AOP. They continued to register steady traffic growth with the highest growth rate at 14%.
- Traffic flow of the seven toll roads in the Greater Bay Area grew up to 21%, as they continued to benefit from the Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area.

#### Aviation

- AOP of the Aviation segment declined by 28%, which was mainly due to the reclassification of investment in BCIA from an associated company to a financial asset in FY2018; the one-off expense arising from the acquisition of Sky Aviation by Goshawk; and the non-cash mark-to-market loss on interest rate swap contracts.
- Goshawk completed the acquisition of Sky Aviation in September last year, propelling it to become a top 10 aircraft lessor globally. Goshawk's owned, managed and committed fleet increased to 223 aircraft with combined market value of approximately US\$11.3 billion as at 30 June this year.
- Goshawk also completed the inaugural ABS issuance in June this year and raised a total of US\$643.6 million, thereby setting new foothold in the aircraft management business.

#### Construction

- AOP of Construction business soared 14% to HK\$1,203.8 million in FY2019, reflecting continuous improvement in gross profit with outstanding project management and operational efficiency of Hip Hing Construction.
- As at 30 June 2019, the gross value of contracts on hand was approximately HK\$55.6 billion and the remaining works to be completed amounted to approximately HK\$41.6 billion, increased 18% and 96%, respectively, year-on-year.
- New contracts include the Immigration Headquarters in Tseung Kwan O and the Inland Revenue Tower in Kai Tak Development Area etc.

#### *Strategic Portfolio*

##### Environment

- Notable increase of AOP by 27% to HK\$629.0 million due to a one-off fair value gain shared by the Group as a former joint venture of SUEZ NWS Limited ("SUEZ NWS") was accounted for as a subsidiary by SUEZ NWS.
- The overall water and wastewater treatment volume of SUEZ NWS grew by 5% with two new contracts coming into service. Chongqing Derun Environment Co. Ltd. continued to provide positive AOP contribution.
- The Group also extended its footprint to the renewable energy sector in Europe by partnering with renowned investors and operators in the region, and formed an investment platform named ForVEI II S.r.l. to grasp the opportunities in solar power segment in Italy.

##### Logistics

- The newly renovated ATL Logistics Centre has recorded an average occupancy of 99.3%.
- China United International Rail Containers Co., Limited's new terminal in Qinzhou, Guangxi province commenced operation, which allows it to expand its network through serving as a major hub on the strategic sea-rail transportation corridor from Western China to Southeast Asia.

#### Facilities Management

- Hong Kong Convention and Exhibition Centre (Management) Limited won the Phase II contract in the global tendering process, extending its concession rights over Hong Kong Convention and Exhibition Centre to 2028. The higher royalty and provision for committed capital expenditure under the new operation agreement has impacted the segment's AOP.
- Gleneagles Hong Kong Hospital's performance is in line with expectation since its official opening in March 2018. In FY2019, its outpatient visits and inpatient admissions have increased by 93% and 87% year-on-year, continuously narrowing its operating loss.
- Free Duty has been impacted by less than expected average consumer spending at some of its locations, while its new shop at Hong Kong-Zhuhai-Macao Bridge has contributed positively since commencement of operation.

#### Transport

- The Transport segment turned into the negative territory with a loss of HK\$10.1 million.
- The approval of fare increase applications made in 2017 for New World First Bus Services Limited and Citybus Limited ("Citybus F1") was delayed to January this year. It has increased the operating pressure.
- New World First Ferry Services Limited continued to make steady contribution.

#### **Outlook**

- The Group aims to fortify its core business and optimize its business portfolio, to achieve sustainable long-term growth, enhance investment value and maximize returns for shareholders.
- The Group will implement a prudent financial strategy to optimize its capital structure to prepare for future development.
- The three core businesses of the Group all sit in the leading positions in their respective industry: NWS Holdings is one of the largest foreign toll roads operators in Mainland China; Goshawk is a top 10 aircraft lessor globally; and Hip Hing Construction is one of the prominent construction companies in Hong Kong.
- FTLife will integrate into the ecosystem of the New World Group after the deal completion, and become one of the Group's Core Business and key growth drivers.
- The Group has been developing in Greater China and especially the Greater Bay Area for many years. It will continue to seize the development opportunities in the Greater Bay Area with this solid foundation.

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*This press release is also available at the Group's website ([www.nws.com.hk](http://www.nws.com.hk)).*



## **NWS Holdings Limited**

NWS Holdings Limited (Hong Kong Stock Code: 659), as the diversified industries flagship of New World Development Company Limited (Hong Kong Stock Code: 17), invests and operates a wide range of businesses in Hong Kong and across Greater China. Our core businesses include toll roads, commercial aircraft leasing and construction, while we also manage a strategic portfolio spanning sectors from environment, logistics, facilities management to transport.

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