



Immediate release

NWS Holdings Announces FY2020 Interim Results

Optimizing business to enhance financial strength amid tough time

(28 February 2020, Hong Kong) NWS Holdings Limited (“NWS Holdings” or the “Group”; Hong Kong stock code: 659) today announced its interim results for the six months ended 31 December 2019 (the “Current Period”).

Financial Highlights

- Group’s AOP: HK\$2,289.9 million
 - AOP from Core Business increased by 12% to HK\$2,048.1 million, accounted for 89% of the Group’s AOP
 - AOP from Strategic Portfolio was HK\$241.8 million
- Profit attributable to shareholders was HK\$1,513.8 million
- The basic earnings per share was HK\$0.39
- Interim dividend was HK\$0.29 per share (FY2019 Interim dividend was HK\$0.29 per share)
- Net gearing ratio was 30%
- Available liquidity amounted to approximately HK\$17.9 billion : Cash and bank balances amounted to HK\$12.5 billion; unutilized committed banking facilities approximately HK\$5.4 billion

Optimization of businesses

- Recuperated a total of approximately HK\$910 million of cash, mainly attributed to the disposal of the remaining interests in Beijing Capital International Airport Company Limited and other non-core assets.
- Closure of the Free Duty operations in Macau.

Outlook

- The outbreak of the novel coronavirus at the beginning of 2020 has overcasted shadow of uncertainty on the global economy. As our key businesses are operating in the Mainland and Hong Kong, we foresee it would inevitably have a negative impact in different degree on the business segments we operate.
- The Group’s well-established risk management system has effectively managed risks of all business operations. The Group is closely monitoring the development of coronavirus outbreak and economic situation, and will deploy appropriate measures to respond promptly in order to achieve long-term continuous growth, as well as to maintain a sustainable and progressive dividend policy.
- The Group has a strong balance sheet with ample cash on hand, as well as obtained over HK\$10 billion of unutilized committed banking facilities as at 28 February 2020, which is well prepared for economic challenges ahead.
- On-going business restructuring and optimization are set to unlock and crystalize businesses’ potential value.

Business Performance Highlights

Core Business

<i>AOP Contribution by Segment</i>			
For the six months ended 31 December	2019	2018	Change %
	HK\$'m	HK\$'m	
Roads	949.6	948.5	-
Aviation	267.9	231.8	↑ 16
Construction	670.2	655.4	↑ 2
Insurance	160.4	-	N/A
Total	2,048.1	1,835.7	↑ 12

Roads

- The Group operates 15 road projects in the Mainland. AOP would have increased by 4% excluding the impact of RMB depreciation.
- The Ministry of Transport of the Mainland implemented the Toll Fee Exemption effective from 17 February 2020. During the period of prevention and control of the novel coronavirus, the Toll Fee Exemption applies to all vehicles that travel on toll roads in the Mainland. The Mainland government will issue ancillary protective policies to safeguard the legitimate interests of various parties concerned, including the users, creditors, investors and operators of toll roads. The Toll Fee Exemption will inevitably have an immediate impact on the results of the Roads segment of the Group, but currently it is not expected to have a significant impact on the overall operations of the Group in the long term.

Aviation

- The number of aircraft owned, managed and committed by Goshawk Aviation Limited has expanded from 223 (as at 30 June 2019) to 239.

Construction

- As at 31 December 2019, the gross value of contracts on hand increased to approximately HK\$53 billion (31 December 2018: HK\$39 billion), with a balanced project mix of public and private sectors. The remaining works to be completed amounted to HK\$38 billion.
- New projects have been awarded with a total contract sum of approximately HK\$4.4 billion, including commercial development in Kai Tak Area and the foundation works in Ko Chiu Road.

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Insurance

- FTLife Insurance Company Limited (“FTLife Insurance”) has contributed AOP of HK\$160.4 million, reflecting the two months of performance since the completion of acquisition on 1 November 2019. Value of New Business (“VONB”) and Annual Premium Equivalent (“APE”) grew by 21% and 11% respectively year-on-year.
- FTLife Insurance maintained a very strong balance sheet with solvency ratio exceeding 580%, far higher than the minimum regulatory requirement of 150%.
- Moody’s has upgraded FTLife Insurance’s Insurance Financial Strength rating from Baa1 to A3 and Fitch Ratings also affirmed A- Insurer Financial Strength rating with the company’s stable outlook.
- Agency force increased by 14% to over 3,200.
- The Voluntary Health Insurance Scheme (“VHIS”) and Qualifying Deferred Annuity Policy (“QDAP”) launched in 2019 were well-received in the market. FTLife Insurance will leverage the New World Group’s ecosystem and further create the synergies to launch suitable products and services to meet market needs.

Strategic Portfolio

<i>AOP Contribution by Segment</i>			
For the six months ended 31 December	2019	2018	Change %
	HK\$’m	HK\$’m	
Environment	233.1	449.6	↓ 48
Logistics	339.1	338.5	-
Facilities Management	(364.4)	(146.8)	↓ 148
Transport	(29.1)	(26.0)	↓ 12
Strategic Investments	63.1	(19.1)	↑ 430
Total	241.8	596.2	↓ 59

Environment

- AOP would have increased by 7% excluding a one-off fair value gain of HK\$232.5 million in the last period.
- The overall water and wastewater treatment volume of SUEZ NWS grew by 10%, while average daily waste treatment volume dropped by 4% due to drop in landfill.

Logistics

- ATL Logistics Centre, which accounted for over 70% of the AOP of Logistics segment, maintained a high average occupancy rate of 99.7%, with the average rent increased by 6%.

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Facilities Management

- Hong Kong Convention and Exhibition Centre (Management) Limited contributed positively to AOP, attributable to the cost saving initiatives, although events held at the Centre during the Current Period dropped by 31%.
- Free Duty's business faced significant pressure in the Current Period and the Group has closed the Free Duty operations in Macau. The Group will continue to implement cost control measures and explore new opportunity to revive the business.
- Gleneagles Hong Kong Hospital is continuously narrowing its operating loss. Its outpatient and inpatient admissions have increased by 34% and 7% year-on-year.

Transport

- New World First Bus Services Limited (“NWFB”) and Citybus Limited (“Citybus”) faced challenges due to the rising cost and decline in patronage. In August 2019, NWFB and Citybus (Franchise for Hong Kong Island and Cross-Harbour Bus Network) (“Citybus F1”) applied to the Transport Department for a fare increase of 12% and are pending approval.
- New World First Ferry Services Limited has made AOP contribution, while the business operation is still challenging.

— End —

This press release is also available at the Group's website (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 predominantly in Hong Kong and the Mainland. Our core businesses include toll roads, commercial aircraft leasing, construction and insurance, while we also manage a strategic portfolio spanning sectors from environment, logistics, facilities management to transport. Please visit www.nws.com.hk for details.

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