

NWS Holdings Announces FY2021 Annual Results

(30 September 2021, HK) NWS Holdings Limited (“NWS” or the “Group”; HK stock code: 659) today announced its annual results for the year ended 30 June 2021 (“FY2021”).

Financial Highlights

- Group’s AOP: increased by 49% year-on-year to HK\$5,225.9 million
 - Core Business: AOP increased by 34% to HK\$4,223.7 million
 - Strategic Portfolio: AOP increased by 172% to HK\$1,002.2 million
- Maintain sustainable and progressive dividend policy
 - Proposed final dividend : HK\$0.3 per share (increased by 3.4 % , compared with the final dividend of FY2020)
 - Total dividend for FY2021: HK\$0.59 per share
- Net gearing ratio was stable at 25% (30 June 2020: 31%)
- Available liquidity amounted to approximately HK\$30.2 billion
 - Cash and bank balances amounted to HK\$10.8 billion
 - Unutilized committed banking facilities approximately HK\$19.4 billion

Optimization of businesses

- Total consideration of HK\$14.2 billion from the non-core assets disposals in FY2021, including the completion of the disposals of
 - 100% stake of New World First Bus Services Limited and Citybus Limited
 - Remaining 40% stake in the New World First Ferry Services Limited
 - All of our 12.55% stake in Chongqing Derun Environment Co., Ltd.
 - All of our 25% stake in Zhujiang Power Station- Phase II
 - Approximately 11.5% stake in Wai Kee
- Disposals pending completion include:
 - All of our 42% stake in SUEZ NWS Limited
 - Entire 20% stake in Xiamen Container Terminal Group Co., Ltd.

Outlook

- NWS is confident about the prospects of the Mainland and Hong Kong. The Group’s performance in FY2021 proved a great success of the Group's business optimization strategy since FY2018. The three Mainland expressways and FTLife Insurance Company Limited (“FTLife”) we acquired in the past few years provided significant contributions to the Group, taking the Group’s business to the next level.
- The Group has emerged with a simplified business portfolio with a more lucid corporate strategy and fortified balance sheet as a result of the business optimization. Together with the agile management strategies, the Group is successful in weathering the storm.
- While the current uncertainties in the global economy persist, the Group will continue to optimize its business portfolio and capital structure, taking a conservative stance in capital deployment, to strike a balance between stability and growth of our business. We will capture further investment opportunities in areas such as roads, modern logistics and insurance.
- The Group maintains its sustainable and progressive dividend policy to share positive returns with all stakeholders.

Business Performance Highlights

Core Business

Roads

- AOP of the Roads segment surged by 99% year-on-year to HK\$1,807.5 million and has already surpassed that in FY2019. The Roads segment witnessed noticeable rebound due to the swift re-opening of the Mainland's economy, fast-growing logistics sector, and the end of the toll fee exemption policy in the Mainland in May 2020.
- Overall traffic volume and toll revenue of our road portfolio increased by 45% and 42% year-on-year respectively.
- The three expressways that we acquired in the past few years, namely Hubei Suiyuenan Expressway, Hunan Sui-Yue Expressway and Hunan Changliu Expressway, contributed over 10% of the Roads segment AOP.

Aviation

- The Group engages in commercial aircraft leasing business through Goshawk Aviation Limited (“Goshawk”). We maintain a globally broad customer base with 60 airlines in 34 countries to diversify and minimize risk exposure.
- The average collection rate further improved to 92% in the second quarter of 2021 from 82% in the fourth quarter of 2020.
- An improvement in AOP by 18% to HK\$496.0 million because of the improving business environment of aviation industry and a mark-to-market accounting gain from interest rate swap contracts.
- As at 30 June 2021, Goshawk had excess cash coverage, while cash and undrawn liquidity stood at record high of US\$1.6 billion.

Construction

- Hip Hing Group secured around HK\$7.0 billion of new contracts, which included the residential development at Tai Wo Ping and AIA urban campus redevelopment etc.
- Hip Hing Group's gross value of contracts on hand was approximately HK\$49.4 billion, and the remaining works to be completed was HK\$28.2 billion with projects from private and public sectors.
- The drop of 11% in the AOP of the Construction segment was mainly caused by the decrease in AOP contribution from Wai Kee after its reclassification to an asset held-for-sale on 31 December 2020 and only six months of AOP was accounted for.

Insurance

- FTLife contributed an AOP of HK\$971.7 million to the Group, representing an increase of 29% versus FY2020 (8 months contribution). FTLife's innovative new products and agile business strategy proved successful during the period.
- In the first half of 2021 (January to June), the Annual Premium Equivalent ("APE") of our Hong Kong domestic business jumped 49%, outperforming the 16% growth in the industry. Overall APE growth was 27%, versus flat in the industry, demonstrating FTLife's outstanding performance.
- Embedded value grew by 21% year-on-year to HK\$21.4 billion.
- At as 30 June 2021, solvency ratio of 524% remained well above minimum industry regulatory requirement of 150%.

Strategic Portfolio

Logistics

- ATL Logistics Centre Hong Kong Limited accounted for approximately 70% of the segment AOP. The average occupancy rate maintained at 99.7% and average rent edged up 1%.
- China United International Rail Containers Co., Limited has benefited from the further development of rail intermodal transportation and international block train service as well as the brisk expansion of logistics services. Throughput increased by 25% to 4,869,000 TEUs. The new Guangzhou terminal is scheduled to commence operation in FY2022, while expansion of Wuhan terminal is in progress.

Facilities Management

- EBITDA breakeven has been achieved in Gleneagles Hospital Hong Kong since May 2021. Outpatient visits and inpatient admissions increased by 45% and 29% respectively.
- The exhibition and convention industry in Hong Kong has been severely hammered by COVID-19. Number of events held at Hong Kong Convention and Exhibition Centre ("HKCEC") declined by 45% year-on-year to 235. Total patronage plunged 77% year-to-year to approximately 1.0 million. HKCEC's AOL accounted for close to half of the AOL of the Facilities Management segment.
- Free Duty's business was hard hit by borders closure but it remained agile. New business initiatives like pop-up stores at D · PARK and THE FOREST, alongside an e-commerce website, FDMall, have contributed immediate profits to the Group.

AOP Contribution by Segment- Core Business

For the year ended 30 June

	2021	2020	Change %	
	HK\$'m	HK\$'m		
Roads	1,807.5	907.4	↑	99
Aviation	496.0	421.9	↑	18
Construction	948.5	1,066.0	↓	11
Insurance	971.7	750.4	↑	29
Total	4,223.7	3,145.7	↑	34

AOP Contribution by Segment- Strategic Portfolio

For the year ended 30 June

	2021	2020	Change %	
	HK\$'m	HK\$'m		
Logistics	663.0	627.8	↑	6
Facilities Management	(649.3)	(771.8)	↑	16
Strategic Investments	739.4	251.0	↑	195

Discontinued operations

Environment	244.3	380.4	↓	36
Transport	4.8	(118.8)	↑	104
Total	1,002.2	368.6	↑	172

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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 business includes toll roads, commercial aircraft leasing, construction and insurance, while we also manage a strategic portfolio spanning sectors from environment, logistics to facilities management.

Please visit www.nws.com.hk for details.

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