

NWS Announces FY2022 Annual Results

(30 September 2022, HK) NWS Holdings Limited (“NWS” or the “Group”; HK stock code: 659) today announced its annual results for the year ended 30 June 2022 (“FY2022”).

Financial Highlights

- Profit attributable to shareholders: HK\$1,586.8 million, grew noticeably by 43%
- Maintain sustainable and progressive dividend policy
 - Proposed final dividend: HK\$0.31 per share, increased by 3.3% year-on-year
 - Total dividend for FY2022: HK\$0.61 per share, increased by 3.4% year-on-year, together with the interim dividend of HK\$0.3 per share
- Attributable Operating Profit (“AOP”) of recurring businesses increased by 9%
- The Group’s overall AOP: HK\$4,370.9 million
 - AOP from Core Business: HK\$4,208.5 million
 - AOP from Strategic Portfolio: HK\$162.4 million
- Net gearing ratio further reduced to 19% (30 June 2021: 25%)
- To further optimize capital structure, the Group announced a share repurchase programme in May 2022 to repurchase shares of the Company up to US\$300 million for a duration of 12 months

Business Optimization

Acquisition

- The Group is entitled to acquire at least 25% stake in Laogu Expressway, including the acquisition of 1% equity interest in March 2022 and the provision of an interest-bearing convertible shareholder’s loan that enables the Group to increase its stake at later stage
- 40% interest in Guigang-Wuzhou Expressway (“Guiwu Expressway”) for approximately RMB1,902.4 million
- 100% stake of a portfolio of six logistics properties in Chengdu and Wuhan for RMB2,290 million, as well as formation of a 50/50 operating manager joint venture with Goodman Group

Disposal

- Completion of disposal of all of our stake in Xiamen Container Terminal Group Co., Ltd. in October 2021
- Completion of disposal of all of our stake in SUEZ NWS Limited in November 2021
- In May 2022, Goshawk Aviation Limited (“Goshawk”) announced the disposal of its entire aircraft leasing business with an enterprise value of about US\$6.7 billion, except for six aircraft associated with Russian lessees

Outlook

- With a solid business foundation and financial strength, the Group will proactively look for value accretive investment opportunities, particularly in roads and modern logistics, so as to strengthen our business portfolio and drive long-term sustainable business growth.
- The Group maintains its sustainable and progressive dividend policy to share success with our stakeholders.
- The Group is building a carbon net zero future for the next generation by integrating sustainability into our business model.

Business Performance Highlights

Core Business

Roads

- AOP of the Roads segment declined slightly by 5% to HK\$1,709.9 million.
- The Group announced the acquisition of 40% interest in Guiwu Expressway and completed the acquisition of minority stake in Laogu Expressway. These acquisitions will not only inject fresh AOP and cash flow to the Group, their long remaining concession periods of 23 and 28 years respectively, have also extended the overall average remaining concession period of the road portfolio to around 11 years. The road portfolio will extend to cover 1,000 km in length.
- The Zhiyi West Lake Service Area under Hangzhou Ring Road pioneering an innovative and sustainable business model commenced operation in the second half of 2022.

Aviation

- Accelerating interest rates hike and geopolitical tension have created uncertainties over the aircraft leasing business. In May 2022, Goshawk announced the disposal of its entire aircraft leasing business, except for six aircraft associated with Russian lessees with an enterprise value of US\$6.7 billion.
- The Group's aircraft leasing business recorded an AOP of HK\$511.5 million which accounted for 11 months of AOP in FY2022.

Construction

- Hip Hing Group's AOP increased 4% year-on-year to HK\$834.5 million.
- Hip Hing Group's gross value of contracts on hand grew by 26% year-on-year to approximately HK\$62.2 billion, while remaining works to be completed grew by 31% to approximately HK\$37.1 billion.
- Tenders awarded to Hip Hing Group surged by 239% year-on-year to about HK\$23.8 billion. Key projects secured included, but not limited to, the commercial/residential development projects at Kai Tak, the design and construction of District Court Building at Caroline Hill Road, Causeway Bay, piling works for integrated basement and underground road at The West Kowloon Cultural District, foundation works for development at New Central Harbourfront, and development of a Micro-Electronics Centre at Yuen Long.

Insurance

- With the efforts in enhancing product mix and controlling expenses, FTLife Insurance Company Limited ("FTLife") contributed AOP of HK\$1,074.9 million to the Group, representing an increase of 11%.
- Value of New Business grew by 8% to HK\$524.8 million.
- As at 30 June 2022, FTLife Insurance's solvency ratio was 342%, well above minimum industry regulatory requirement of 150%.
- FTLife maintained its ranking of 12th among Hong Kong life insurance companies by Annual Premium Equivalent.

Strategic Portfolio

Logistics

- FY2022 was a breakout year for the Group's Logistics segment. The Group announced the acquisition of a portfolio of six logistics properties in Chengdu and Wuhan for RMB2,290 million as well as formation of a 50/50 operating manager joint venture with Goodman Group. It marked a key milestone for the Group's expansion in the Logistics segment.
- Five out of six logistics properties are in operation with an average occupancy rate of 87%; the sixth logistics property will come on stream in the second half of 2022. With growing demand, the six newly acquired logistics properties will bring positive contribution to the Group.
- The newly acquired logistics properties and ATL Logistics Centre Hong Kong Limited ("ATL") are grouped together as a subgroup within Logistics segment under "Logistics Asset & Management".
- ATL accounted for over 80% of the segment AOP. Its average rent grew by 2% with occupancy rate maintaining at 99.4%.
- AOP of China United International Rail Containers Co., Limited grew remarkably by 16% year-on-year in FY2022 fuelled by the service diversification, strong demand for cross-border logistics and sound operating network.

Facilities Management

- Gleneagles Hospital Hong Kong has maintained a strong revenue growth trajectory fuelled by the growth of number of outpatients by 26% and inpatients by 14%.
- Attributable Operating Loss ("AOL") of Hong Kong Convention and Exhibition Centre narrowed noticeably. The number of events held improved by 79% year-on-year to 420 and number of patronage surged by 191% to approximately 3.0 million in FY2022.
- Free Duty's operating environment continued to be undermined by the border closure. Thanks to the increase in AOP of more than 100 folds from the only operating outlet at Hong Kong-Zhuhai-Macao Bridge and positive contribution from other new business initiatives such as pop-up stores at D-PARK and THE FOREST as well as the e-commerce website, FDMALL, AOL of Free Duty continued to narrow.

AOP Contribution by Segment- Core Business

For the year ended 30 June

	2022	2021	Change %	
	HK\$'m	HK\$'m		
		(restated)		
Roads	1,709.9	1,807.5	↓	5
Aviation (only 11 months in FY2022)	511.5	496.0	↑	3
Construction	912.2	972.0	↓	6
Insurance	1,074.9	971.7	↑	11
Total	4,208.5	4,247.2	↓	1

AOP Contribution by Segment- Strategic Portfolio

For the year ended 30 June

	2022	2021	Change %	
	HK\$'m	HK\$'m		
Logistics	592.6	663.0	↓	11
Facilities Management	(409.5)	(649.3)	↑	37
Strategic Investments	(141.7)	739.4	↓	119

Discontinued operations

Environment	121.0	244.3	↓	50
Transport	-	4.8	↓	100
Total	162.4	1,002.2	↓	84

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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 logistics to facilities management.

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