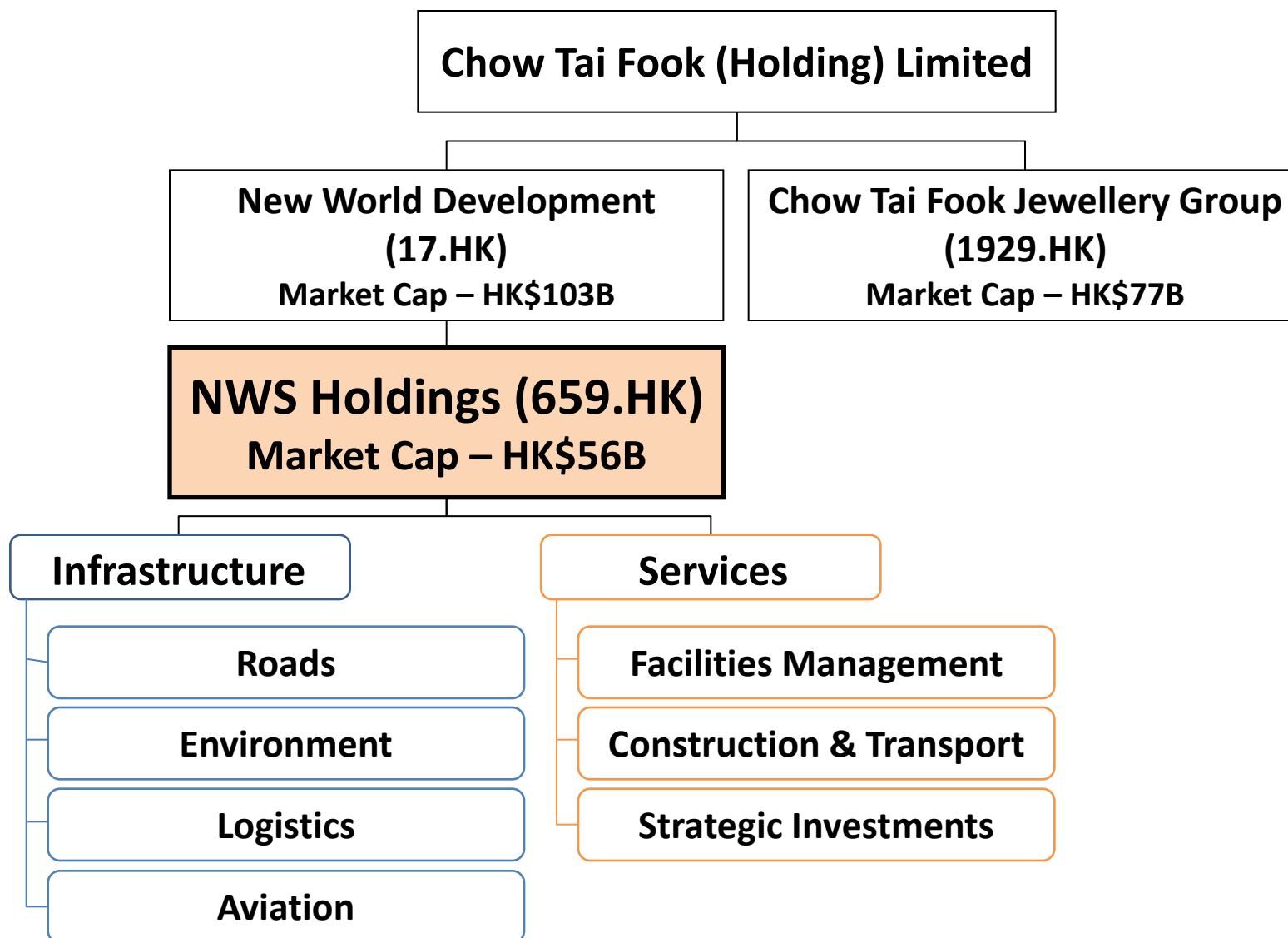


NWS Holdings Limited

FY2018 Annual Results



Background



Agenda

- **Result Highlights**
- **Financials**
- **Segment Updates**
- **Outlook**
- **Q & A**

Result Highlights

Financial Performance

- **Robust growth & record results**
 - Revenue up 12% to HK\$35B
 - AOP up 8% to HK\$5.2B
 - PAT up 8% to HK\$6.1B

- **Infrastructure AOP up 21%**
 - Mainly driven by Roads, Environment and Aviation
 - Healthy organic and acquisition growth

- **Services AOP down 16%**
 - Good performance of Construction business offset by the decline of Facilities Management

- **Exceptional items**
 - Total partial disposal and fair value gains from BCIA HK\$1.9B
 - Impairment losses on underperforming projects HK\$0.6B

Result Highlights

Infrastructure

Roads (AOP up 32%)

- Traffic up 10%
- 6-month AOP from Suiyuenan Expressway

Environment (AOP up 26%)

- SUEZ NWS – water sales and wastewater treatment volume up 9%
- Derun – steady organic growth; extra capacity; lump sum VAT subsidy

Logistics (AOP up 2%)

- ATL – occupancy 97.2%; average rental up 4%
- CUIRC – throughput up 8%
- Ports – combined throughput up 3%

Aviation (AOP up 14%)

- Fleet size up 21 to 111

Result Highlights

Services

Facilities Management (AOP down 124%)

- Steady performance of HKCEC offset by full-year loss of GHK Hospital during its ramp-up phase
- Free Duty losses narrowed in 2HFY2018

Construction & Transport (AOP up 7%)

- Construction – vibrant property market and strong order book
- Transport – persisting operating pressures from rail competition and rising costs

Financial Summary

For the year ended 30 June	2018 (HK\$'M)	2017 (HK\$'M)	Change (%)
Revenue	35,114.8	31,385.0	↑ 12
Attributable Operating Profit (AOP)	5,231.9	4,840.3	↑ 8
Profit Attributable to Shareholders (PAT)	6,068.8	5,628.9	↑ 8
Basic Earnings per share (HK\$)	1.56	1.46	↑ 7
Dividend per share (HK\$)	0.78	1.45	Note

Note: Total dividend in FY2018 increased by 7% after excluding the special dividend of HK\$0.72 per share in FY2017.

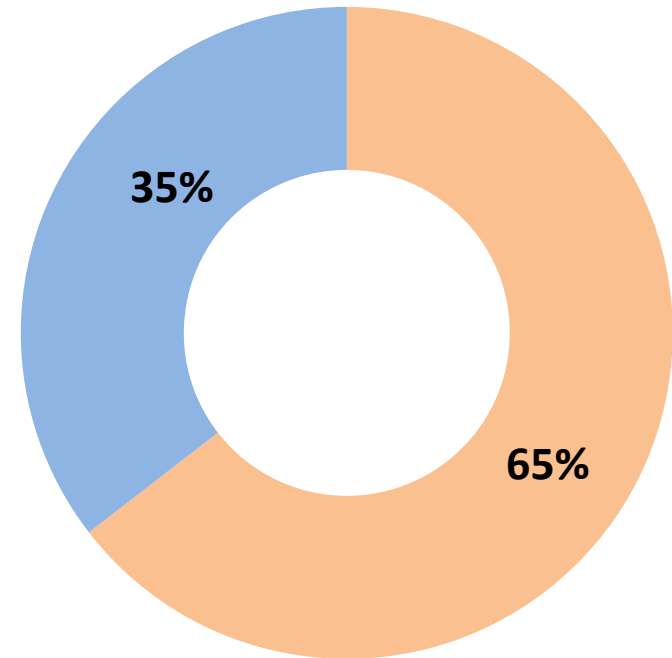
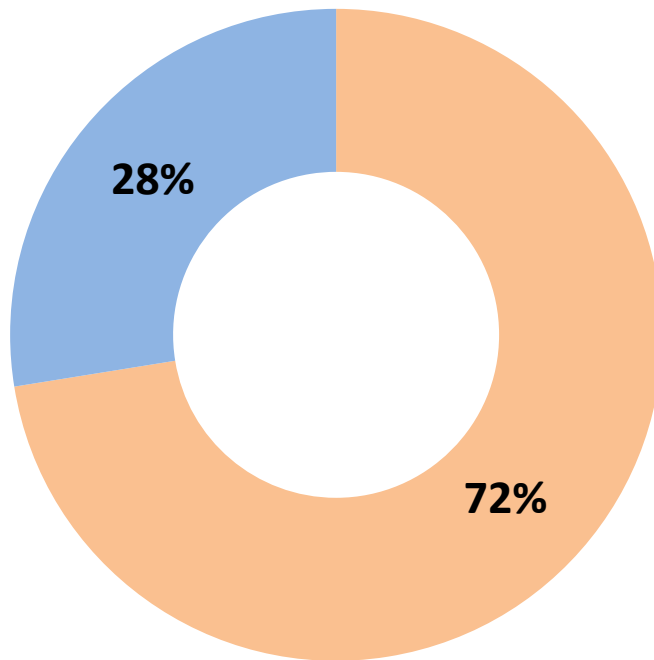
Financial Position

	As at 30 Jun 2018 (HK\$'M)	As at 31 Dec 2017 (HK\$'M)
Total cash and bank balances	6,657	6,421
Total debt	10,175	12,570
Net debt position	3,518	6,149
Total equity	50,124	48,874
Net gearing ratio	7%	13%

AOP by Division (Two-pillar approach)

FY2018 AOP HK\$5,232M

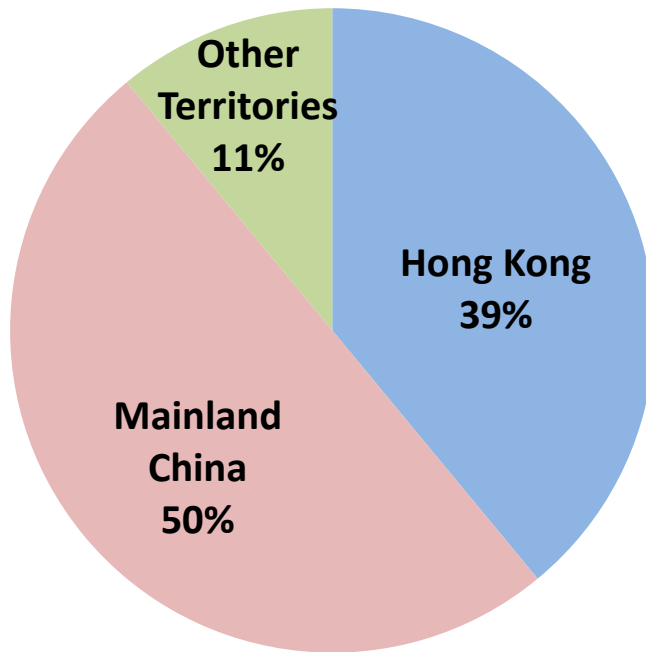
FY2017 AOP HK\$4,840M



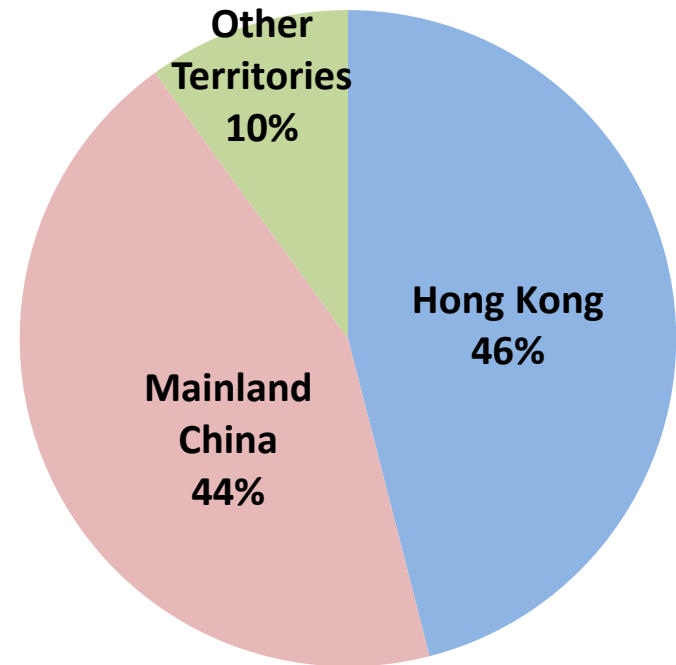
■ Infrastructure ■ Services

AOP by Region

FY2018 AOP HK\$5,232M

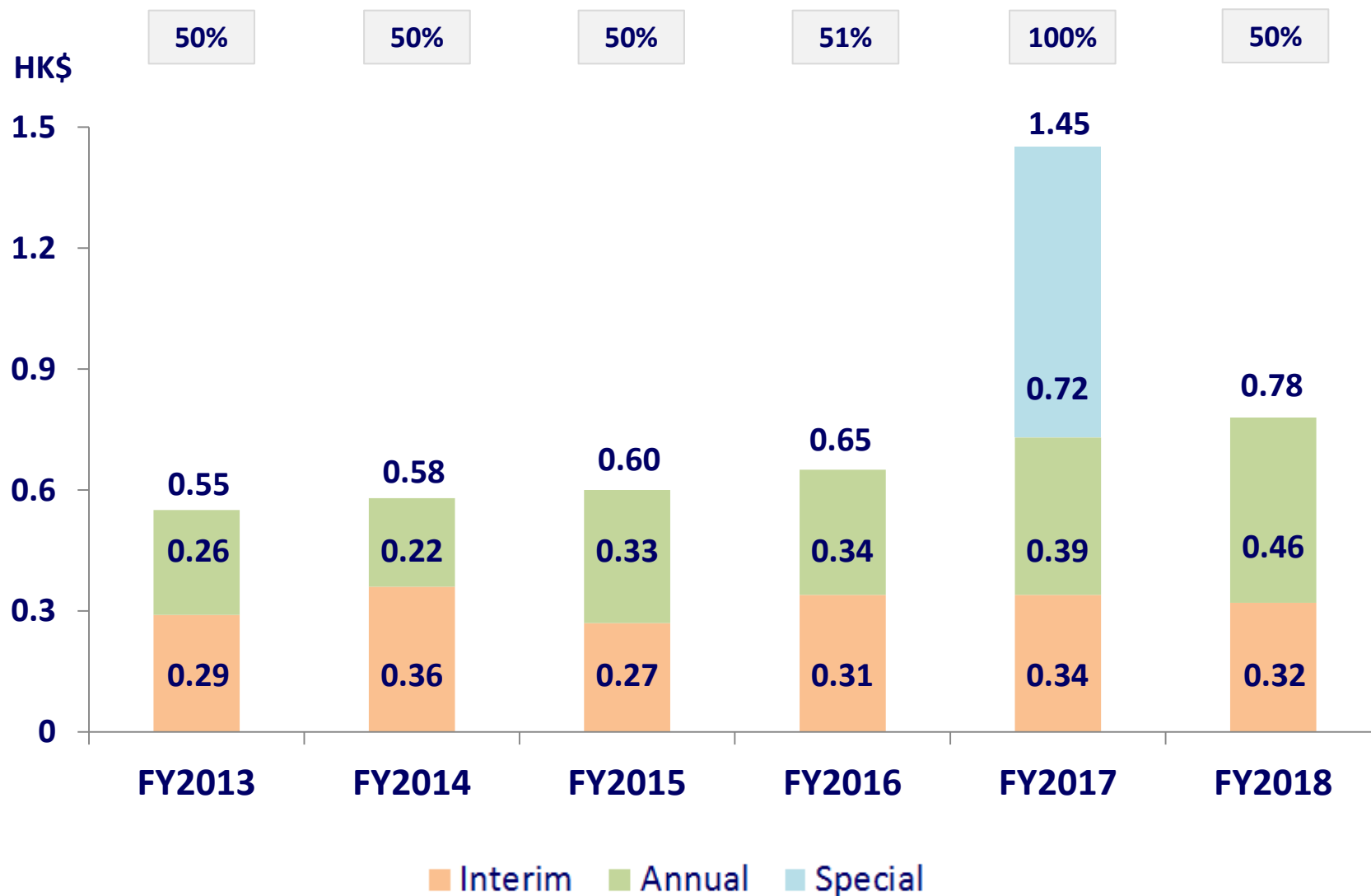


FY2017 AOP HK\$4,840M



Dividend Per Share

Dividend Payout Ratio

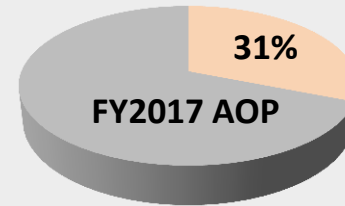


Infrastructure Division

For the year ended 30 June	2018 (HK\$'M)	2017 (HK\$'M)	Change (%)
Roads	1,947.1	1,479.1	↑ 32
Environment	494.1	392.1	↑ 26
Logistics	654.6	641.2	↑ 2
Aviation	695.2	610.5	↑ 14
Total	3,791.0	3,122.9	↑ 21

Infrastructure

Roads - Overview



- 15 projects in Guangdong, Guangxi, Shanxi, Zhejiang, Tianjin and Hubei
- Total length approx. 700km
- Immediate AOP from Suiyuenan Expressway

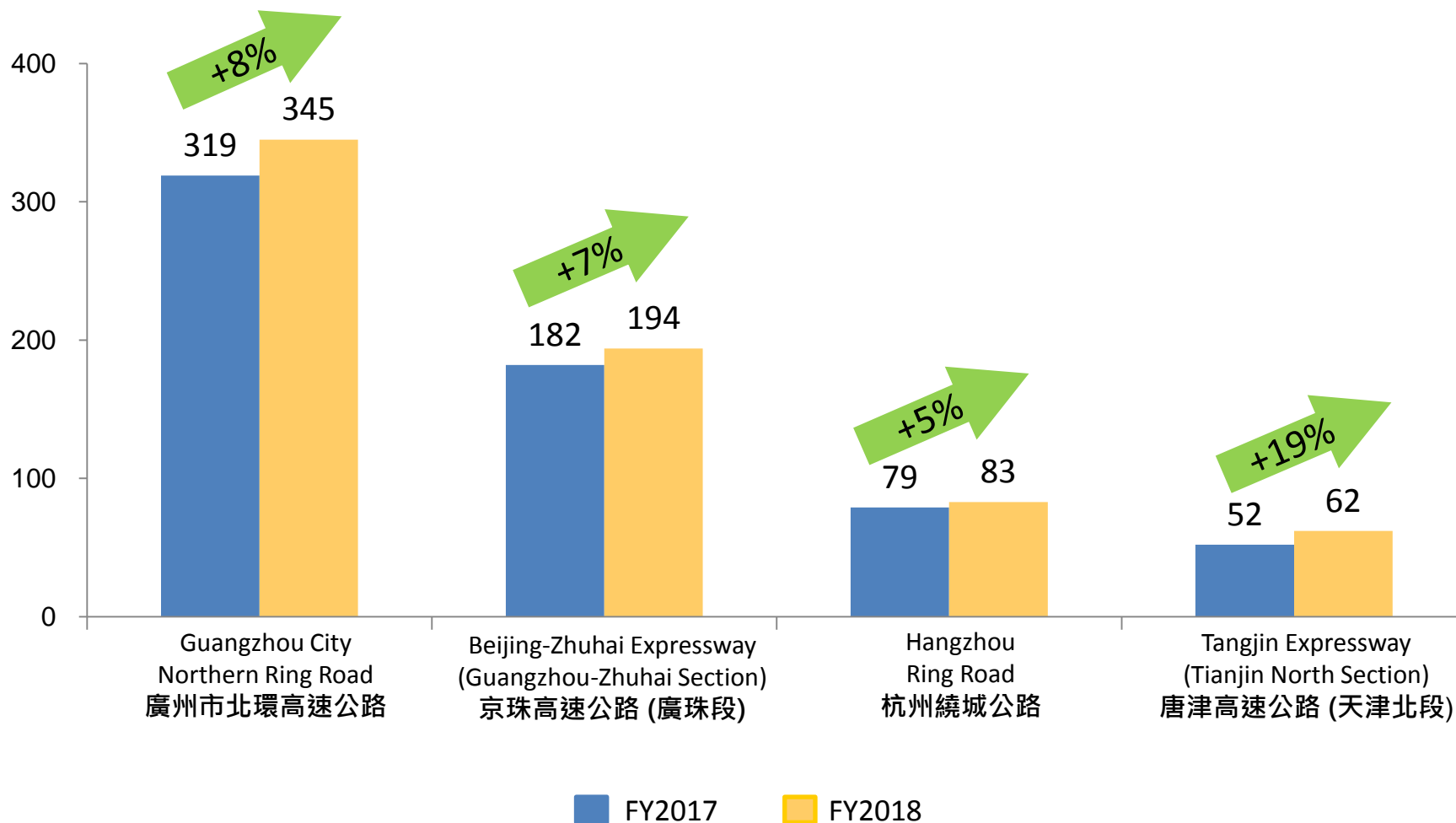
Infrastructure

Roads – Highlights (Cont'd)

□ Overall traffic up 10% (excluding Suiyuenan Expressway)

Average Daily Traffic Flow

Vehicles '000



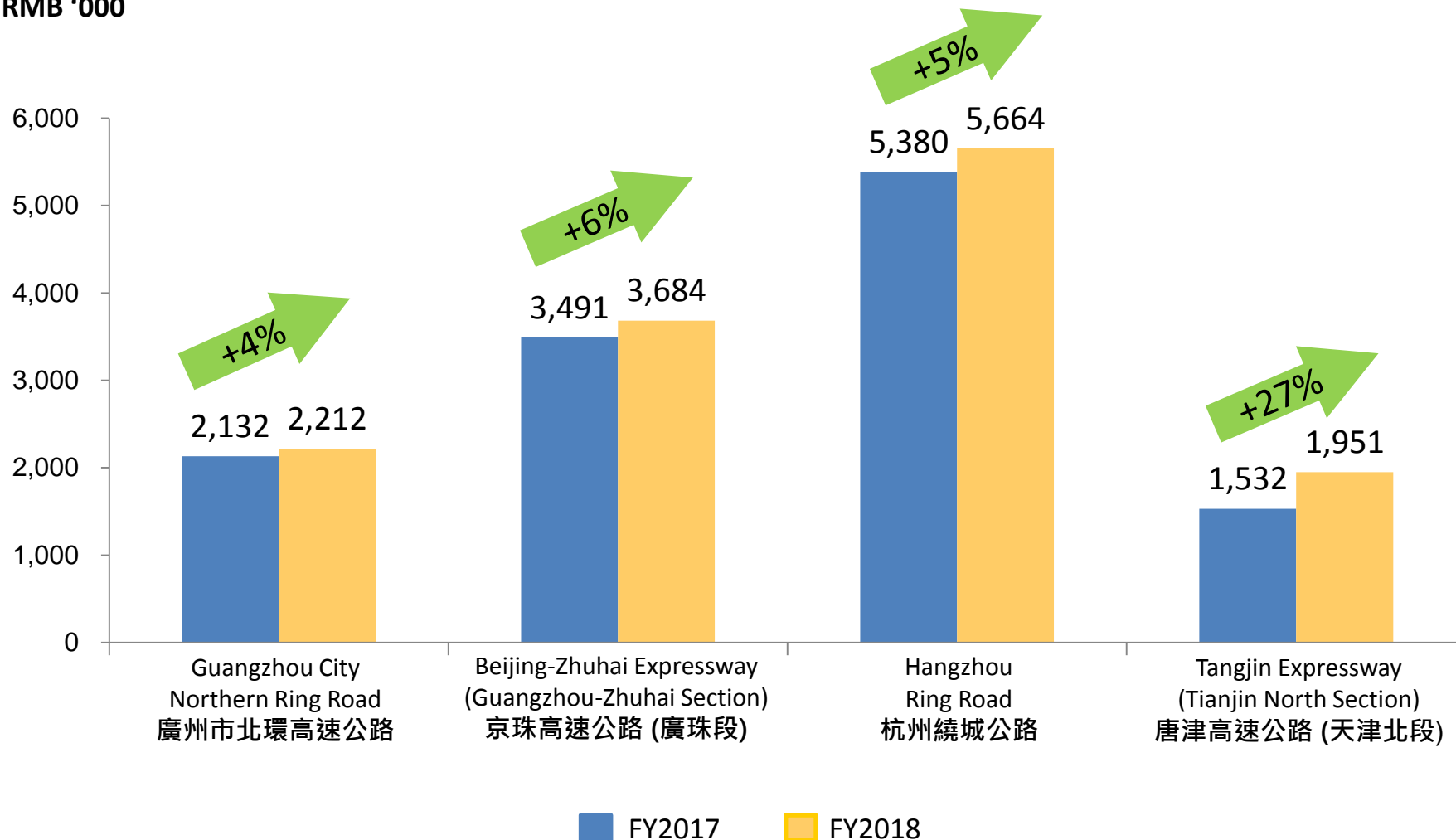
Infrastructure

Roads – Highlights (Cont'd)

□ AOP up 32% (10% without RMB impact)

Average Daily Toll Revenue

RMB '000

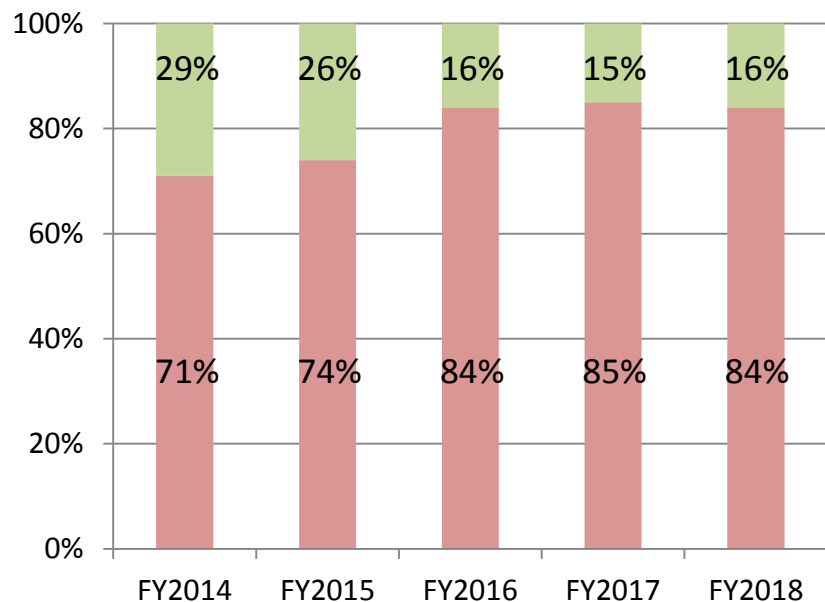


Infrastructure

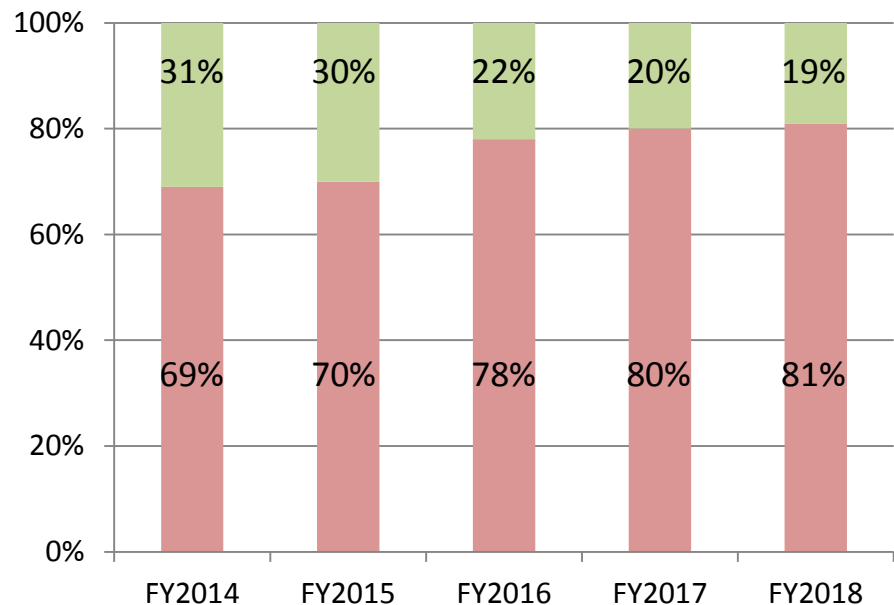
Roads – Highlights (Cont'd)

Traffic Mix

Guangzhou City Northern Ring Road (“GNRR”)



Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) (“BZE”)



- Small vehicles (≤ 7 seats) and lorries (≤ 2 tonnes) (Class 1)
- Large vehicles and lorries (Class 2 to Class 5)

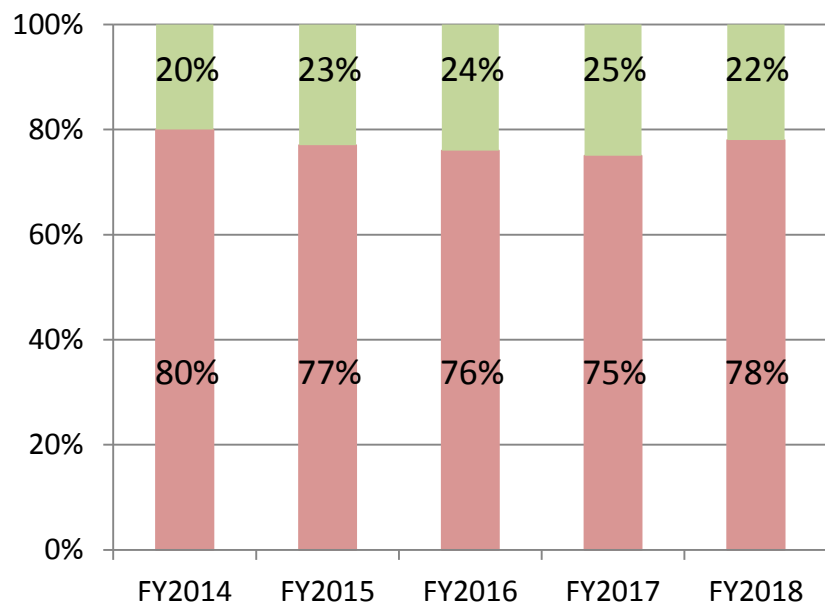
- Growth of Class 1 vehicles in FY2016 due to the implementation of comprehensive toll-by-weight in Guangdong whereby certain types of Class 2 and 3 vehicles were treated as Class 1 vehicles
- BZE – traffic mix shift reflected the steady growth of vehicle ownership

Infrastructure

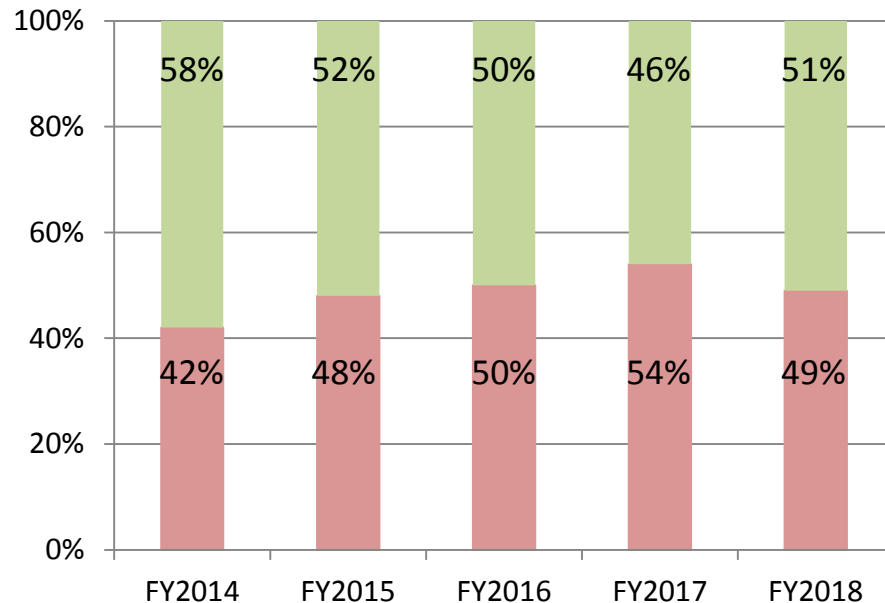
Roads – Highlights (Cont'd)

Traffic Mix (Cont'd)

Hangzhou Ring Road (“HZRR”)



Tangjin Expressway (Tianjin North Section) (“TJE”)



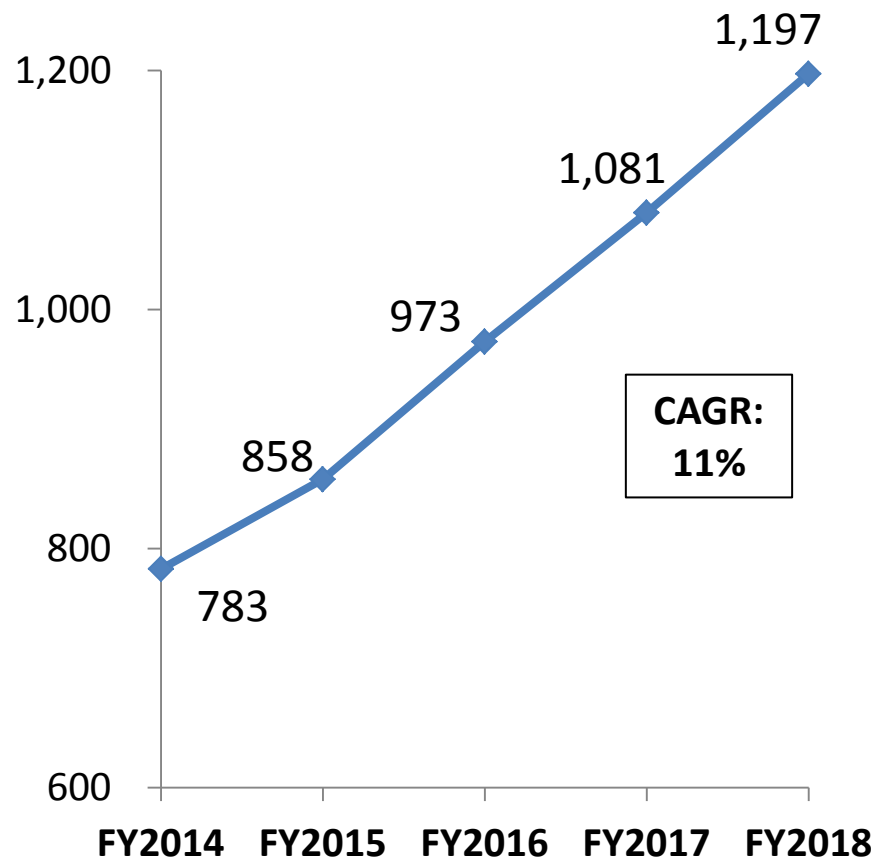
■ Small vehicles (≤ 7 seats) and lorries (≤ 2 tonnes) (Class 1)
■ Large vehicles and lorries (Class 2 to Class 7)

- HZRR – traffic mix shift reflected the growth of passenger cars and light goods vehicles
- TJE – traffic mix shifted towards heavy vehicles partly due to traffic control measures in Beijing and Tianjin

5-Year Summary (Mainland China Road Projects)

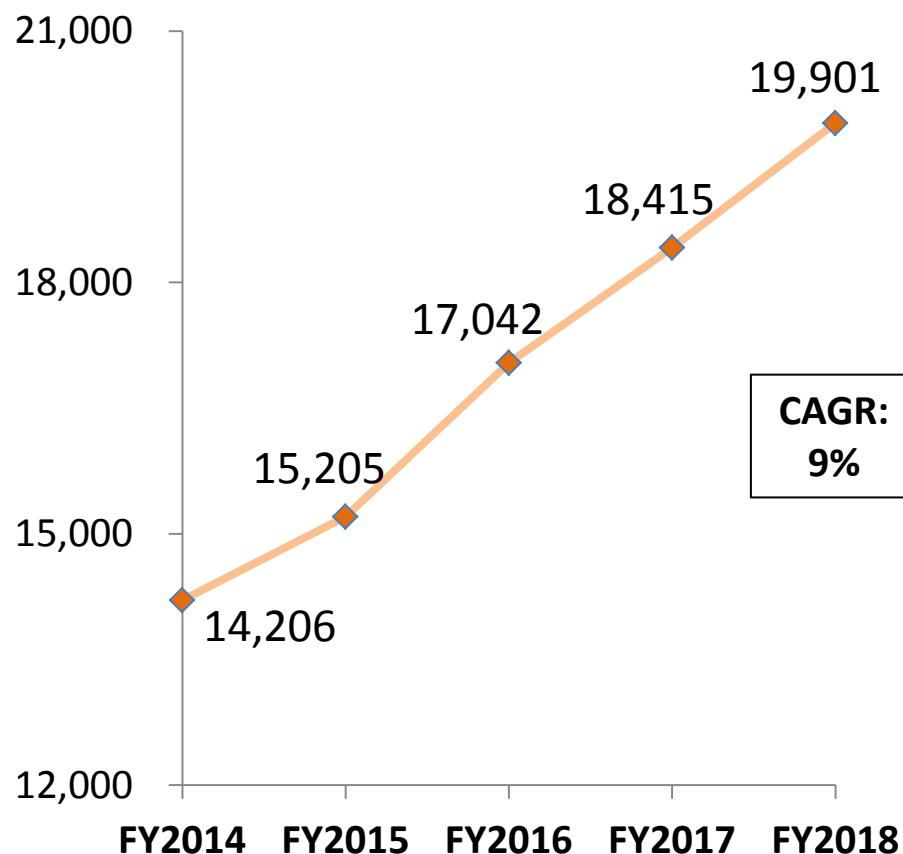
Average Daily Traffic Flow*

Vehicles '000



Average Daily Toll Revenue*

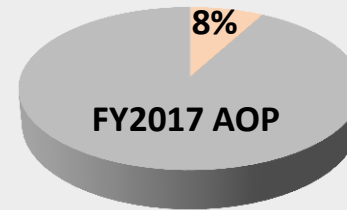
RMB '000



* For existing roads projects as at 30 June 2018 (excluding Suiyuenan Expressway which was acquired in Jan 2018)

Infrastructure

Environment – Overview



- SUEZ NWS
- Chongqing Derun Environment (“Derun”)

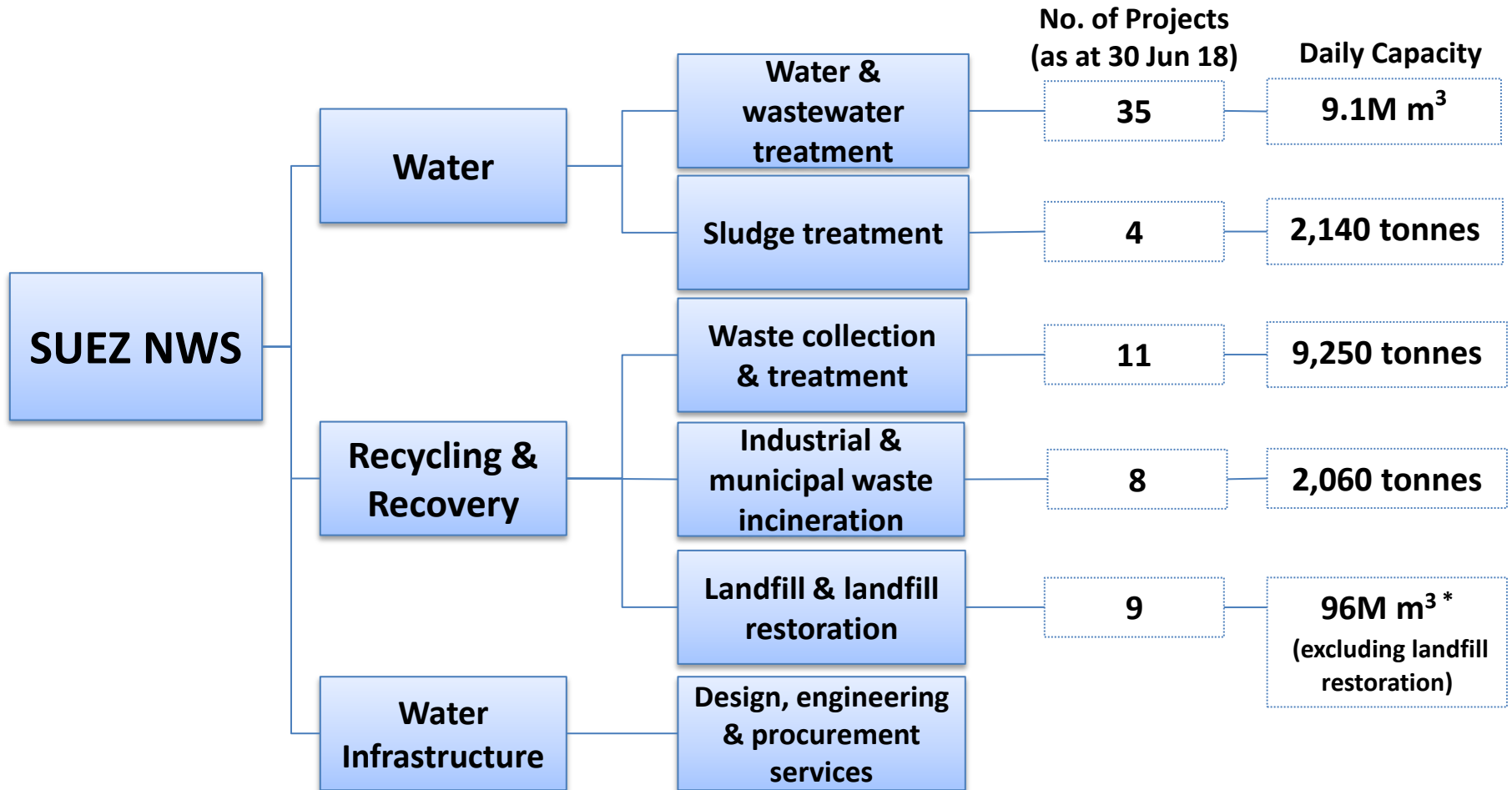
Infrastructure Environment – Highlights

➤ SUEZ NWS

- Water sales and wastewater treatment volume up 9% with full year contribution from Pillar Point Sewage Treatment Plant
- Waste treatment volume up 8%

➤ Derun

- New waste-to-energy plant in Chongqing commenced operation in Jan 2018 (1,000 tonnes/day)
- Lump sum VAT subsidy on sewage business



*Total capacity

Infrastructure

Environment – Derun (NWS: 12.55%)



➤ Chongqing Water Group (SHA:601158)

- Water and wastewater plants (4.6M m³/day)



➤ Chongqing Sanfeng Environment

- Waste to energy plants (14,250 tonnes/day)



Environment – New projects awarded

SUEZ NWS

Location	Project	Daily Capacity (tonnes/m ³)	Total Investment	Expected Completion
Shaanxi	Wastewater	5,000 m ³	RMB 80M	2019
Hainan		12,000 m ³	RMB 100M	Phase 1 – operational Phase 2 – 2020
Jiangsu		40,000 m ³	RMB 84M	Phase 1 – operational Phase 2 – 2021
Kaohsiung	Waste incineration	80 tonnes	NT\$ 650M [^]	2018

Derun

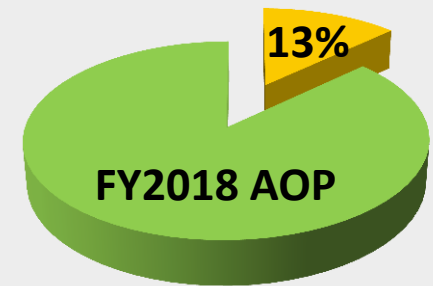
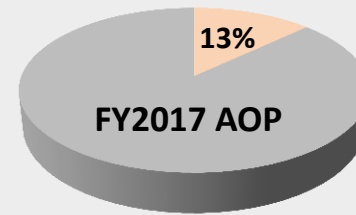
Location	Project	Scale	Total Investment	Expected Completion
Chongqing	Changsheng River Remediation	River length 29 km	RMB 2.5B	2021
	Changsheng Bridge Landfill Restoration	1,037 mu	RMB 253M	Operational
Chengdu	Environmental Remediation *	River length 18.68 km	RMB 1.4B	2020

[^] Acquisition cost of SUEZ NWS

* Selected as preferred bidder in Jun 2018

Infrastructure

Logistics – Overview



- 1 logistics centre in Hong Kong
- 3 port projects in Xiamen and Tianjin
- 1 rail container terminal network across Mainland China

Infrastructure

Logistics – Premium warehouse

ATL Logistics Centre



FY2018 Average Rental

 4%

6M

Leasable Area (sq. ft.)

56%

Attributable Interest

97.2%

FY2018 Average Occupancy

Infrastructure

Logistics – Ports

FY2018 Throughput

↑ 3%



	Xiamen Container Terminal Group	Tianjin Five Continents	Tianjin Orient Container
Attributable interest (%)	20	18	24.5
FY2018 Throughput (TEUs)	8.2M	2.7M	1.1M
JV expiry	2063	2035	2027

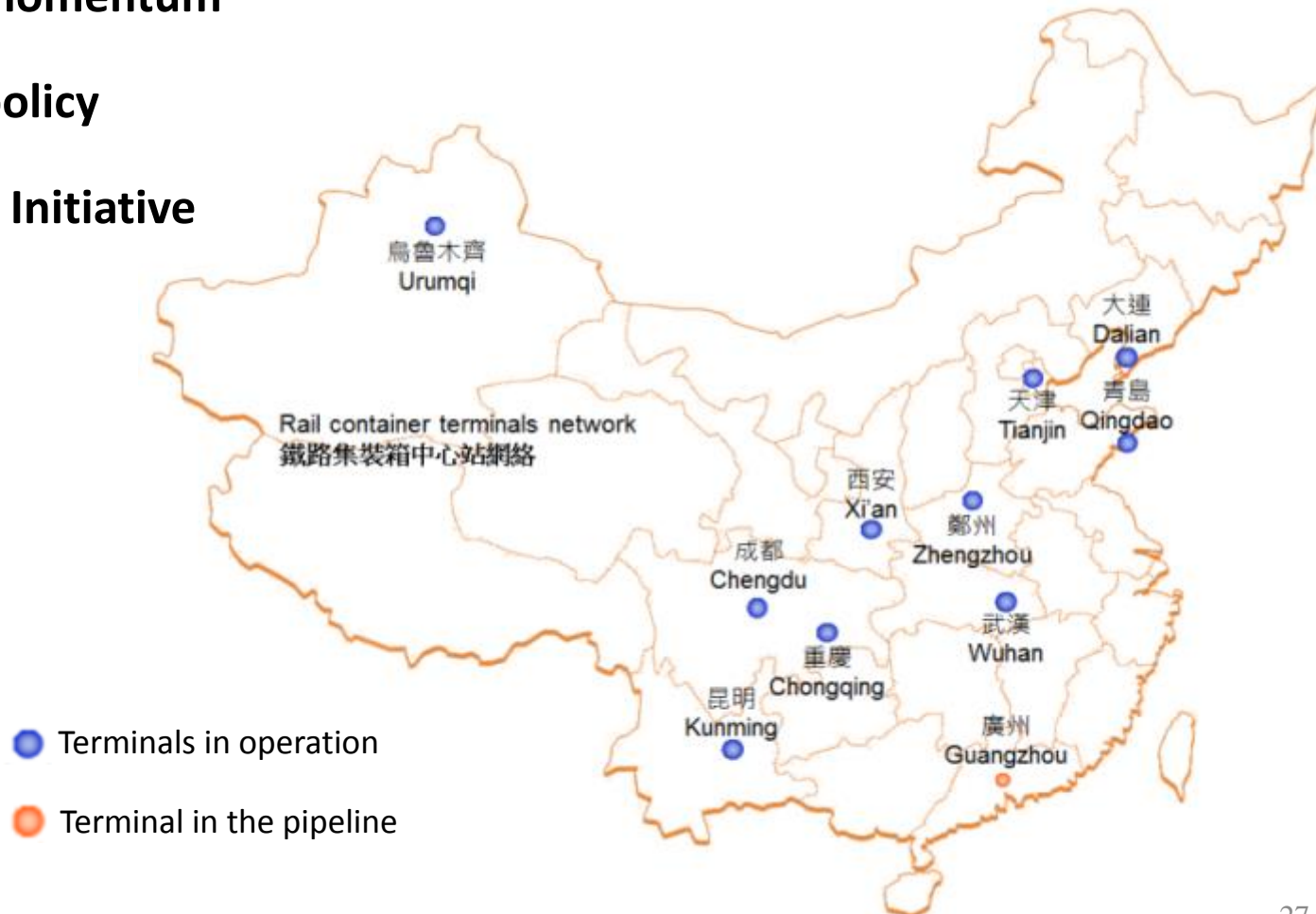
China United Int'l Rail Containers ("CUIRC") (NWS: 30%)

FY2018 Throughput

2.7M  8%

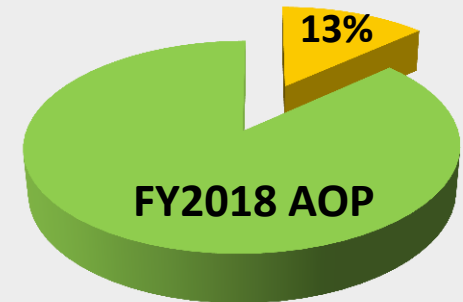
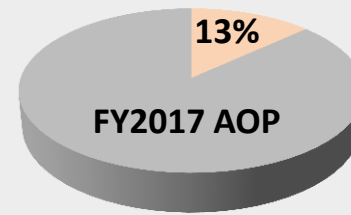
➤ Stable growth momentum

- CRC support policy
- Belt and Road Initiative



Infrastructure

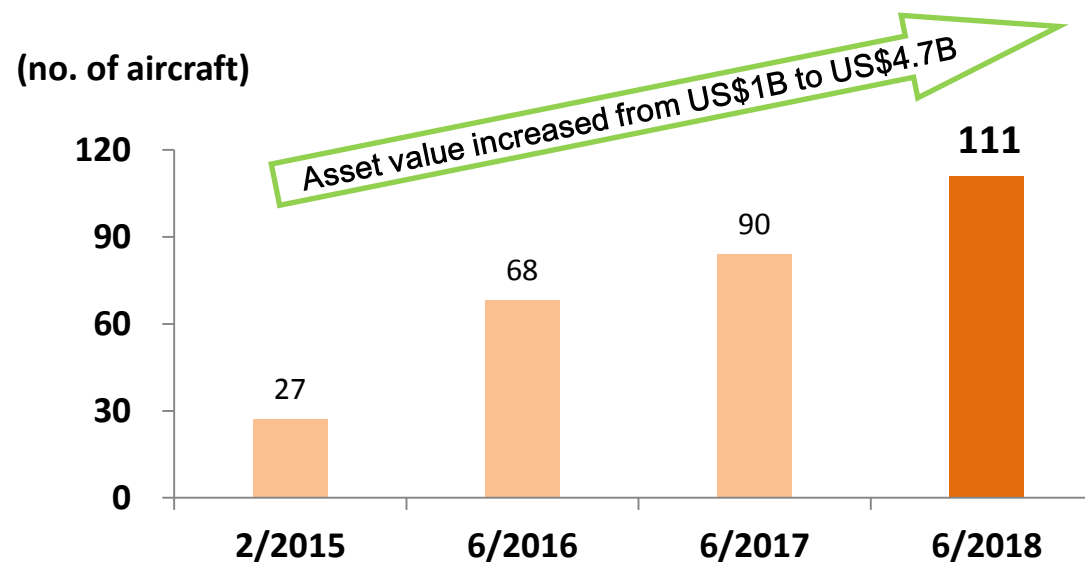
Aviation – Overview



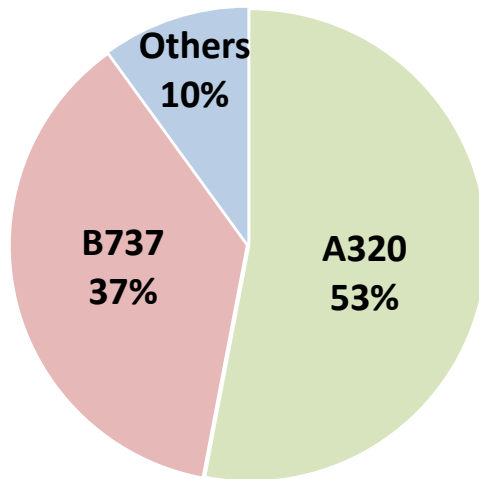
- **Goshawk Aviation (“Goshawk”)**
 - **Major acquisition**
 - **Direct order book**

➤ Aircraft Leasing Portfolio

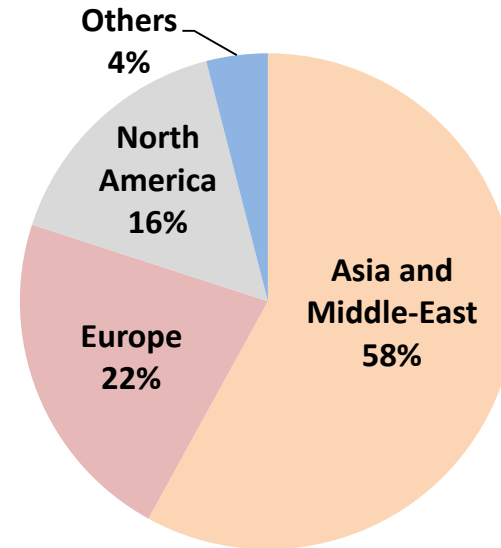
- Fleet size of 111 (Asset Value US\$4.7B)
- Young fleet (average 3.5 years)
- Long operating leases (average 7.4 years remaining)



➤ Active Portfolio Management



Aircraft Type



Geographical Spread

	Feb 2015	Jun 2016	Jun 2017	Jun 2018
No. of aircraft	27	68	90	111
No. of lessees	15	30	38	46
No. of countries	13	22	27	29

Infrastructure

Aviation – Goshawk (NWS: 50%)



➤ Acquisition of Sky Aviation Leasing Int'l Limited (“SALI”)

- Fleet size: 51 aircraft*
- Value: approx. US\$3B
- Completion: Sep 2018

*Owned and committed as at 30 Jun 2018

Aviation – Goshawk (Cont'd)

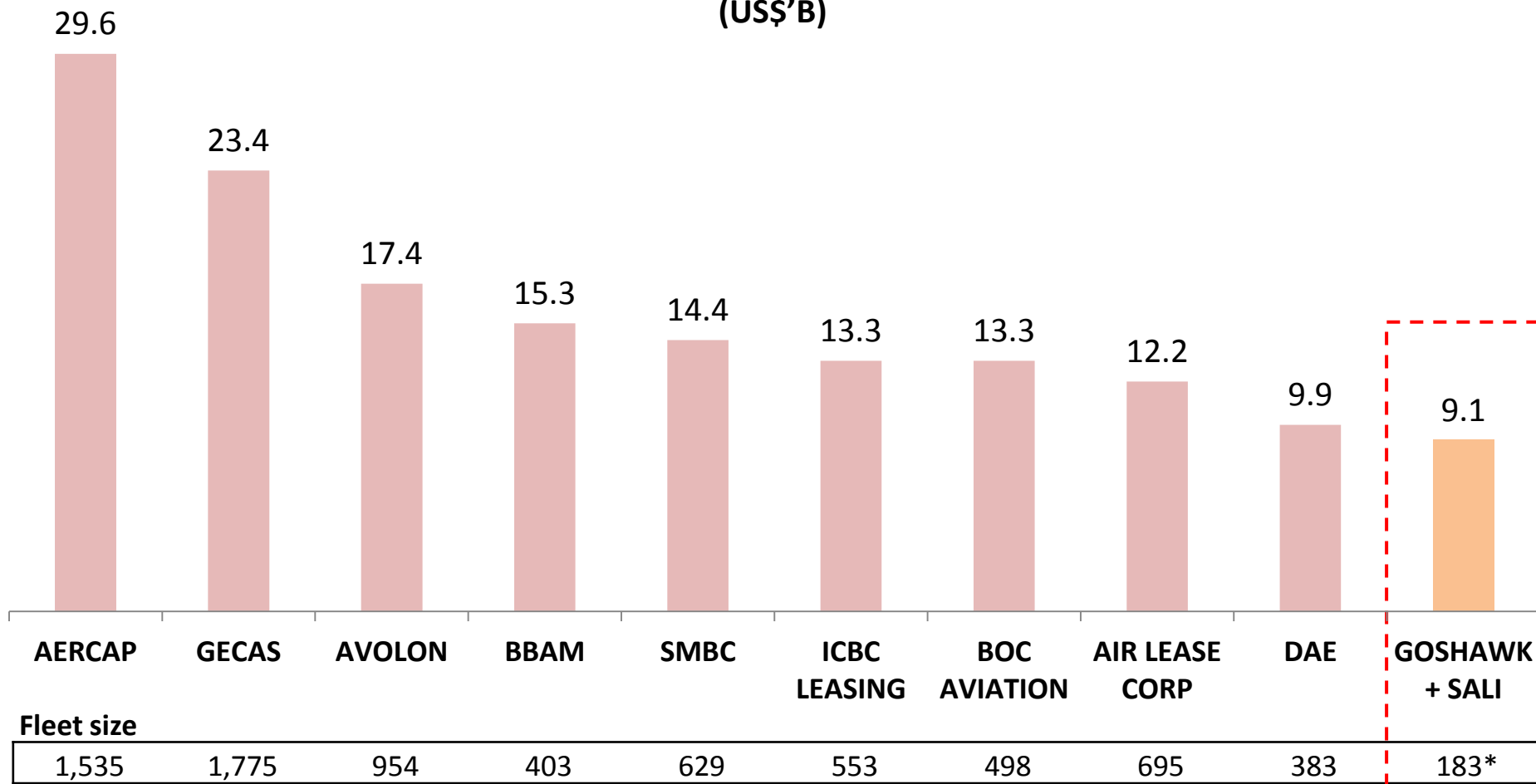
➤ Direct orders

- **20 Boeing 737MAX**
- **20 Airbus A320neo**
- **Delivery: Between 2023 - 2025**



Aviation – Goshawk (Cont'd)





Top 10 Global Lessors by Current Market Value post SALI Acquisition
(US\$'B)



Source: Ascend database as of 31 Mar 2018

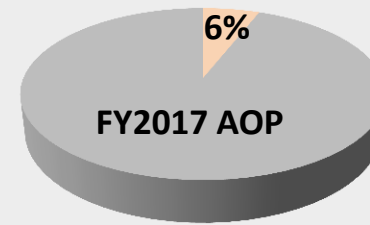
*Proforma basis including owned, managed and committed aircraft but excluding direct order for 40 aircraft due to be delivered between 2023-2025.

Services Division

For the year ended 30 June	2018 (HK\$'M)	2017 (HK\$'M)	Change (%)
Facilities Management	(73.1)	301.1	 124
Construction & Transport	1,212.9	1,131.8	 7
Strategic Investments	301.1	284.5	 6
Total	1,440.9	1,717.4	 16

Services

Facilities Management – Overview



- Hong Kong Convention and Exhibition Centre (“HKCEC”)
- Free Duty business
- Gleneagles Hong Kong Hospital (“GHK Hospital”)

Services

Facilities Management



HKCEC

- Steady revenue growth from exhibition related business and food and beverages
- Over 1,000 events were held with total patronage approx. 8M



Free Duty

- Performance improved in 2HFY2018
- Traveller volume at land border crossing terminals down 2%
- Fully renovated shops

Services

Facilities Management

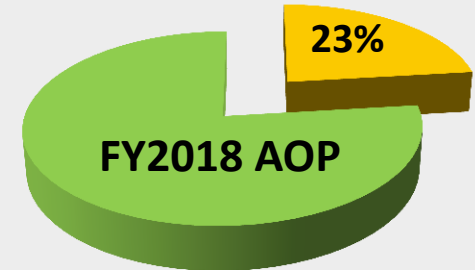
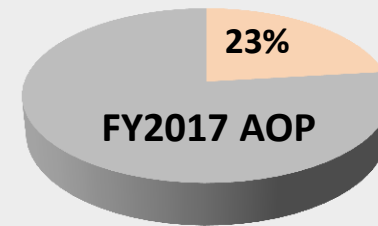
GHK Hospital (NWS: 40%)

- Full clinical services available
- Performance in line with expectation with continuous patronage growth
 - Insurance companies
 - Visiting doctors (800+)



Services

Construction & Transport – Overview



- Top tier construction companies
- Leading bus and ferry operators

Construction & Transport

□ Construction

➤ Hip Hing Construction

- Gross contract-on-hand: HK\$47.1B
- Remaining value: HK\$21.2B

➤ Disposal of Hip Seng Group

- Completion on 21 Aug 2018
- Reclassified as held for sale asset



□ Transport

➤ NWS Transport Services Limited (“NWST”)

- Bus company profit down 63% (HK\$340M to HK\$127M)
- 12% fare hike pending approval



Outlook

Growth Drivers

➤ Infrastructure

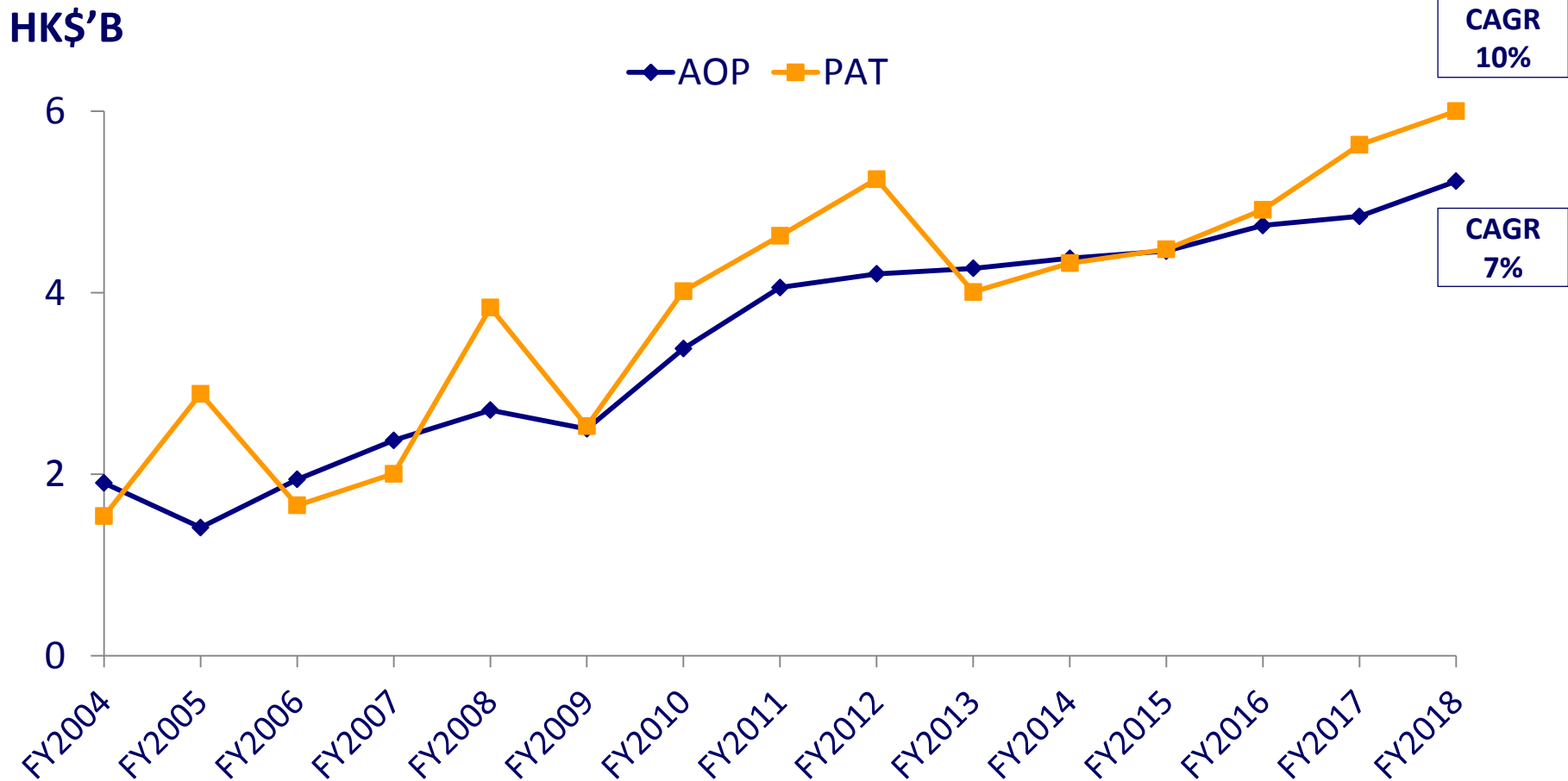
- **Roads – traffic growth; potential acquisitions**
- **Environment – strong project pipeline**
- **Aviation – SALI acquisition**

➤ Services

- **Construction – buoyant construction market; tender for major contracts**

Stable Earnings Growth

Attributable Operating Profit and Profit After Tax



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Q & A