

NWS Announces FY2024 Annual Results

- Solid Businesses with Strong Cash flow and Sustainable Dividend -

(25 September 2024, Hong Kong) NWS Holdings Limited (the “Company” and its subsidiaries, collectively, “NWS” or the “Group”; Hong Kong stock code: 659) today announced its final results for the year ended 30 June 2024 (“FY2024”).

HIGHLIGHTS

- Overall Attributable Operating Profit (“AOP”) of the Group **increased by 21%** to HK\$4,167.4 million.
- The profit attributable to shareholders of the Company **soared by 44%** to HK\$2,084.2 million.
- Owing to strong recurring cashflow generation from operating businesses, the Adjusted EBITDA **grew by 24%** year-on-year to HK\$7,240.5 million.
- **Total available liquidity of approximately HK\$26.8 billion** as at 30 June 2024, comprising cash and bank balances of approximately HK\$14.8 billion and unutilized committed banking facilities of approximately HK\$12.0 billion.
- Proactive financial management alleviated pressure from escalated interest rates and RMB depreciation:
 - The Group strategically further raised the RMB debt proportion to 60% of its total debt.
 - Average borrowing cost being controlled at 4.7% per annum.
- A **sustainable and progressive dividend policy** is maintained:
 - Proposed **final ordinary dividend of HK\$0.35 per share**, an **increase of 13%** year-on-year (FY2023: HK\$0.31 per share). This demonstrates our confidence in the Company’s future growth prospects as well as our ongoing effort to create value for our shareholders.
 - Together with the **interim ordinary dividend of HK\$0.30 per share**, **total ordinary dividends** for FY2024 will be **HK\$0.65 per share**, an **increase of 7%** year-on-year. (FY2023: HK\$0.61 per share).
 - Coupled with the one-off special dividend of HK\$1.79 per share distributed concurrently with the interim ordinary dividend, the total dividend for FY2024 will be HK\$2.44 per share.

Solid Financial Position and Ample Liquidity

The Group maintains a healthy financial position. The net debt balance increased to approximately HK\$15.1 billion as at 30 June 2024 (30 June 2023: approximately HK\$4.5 billion), and the net gearing ratio increased to 35% (30 June 2023 restated: 8%). As at 30 June 2024, ratio of fixed-rate debt to total debt further expanded to 54% from 37% as at 30 June 2023 and ratio of RMB liabilities to RMB assets further increased to about 65% as at 30 June 2024 from about 39% as at 30 June 2023. RMB-denominated debts can act as a natural hedge for the Group’s RMB assets and help control the finance costs despite the rise in interest rates of Hong Kong Dollar-denominated bank loans.

Diversified Funding Sources and Capital Structure Optimization

During FY2024, the Group continued to diversify its funding sources and optimize the capital structure. In January 2024, the Group utilized internal resources and external borrowings for the redemption of the US\$1,300 million 5.75% senior perpetual capital securities with the outstanding principal amount of US\$1,019.1 million. The Group also issued the second tranche of Panda Bonds with a principal amount of RMB2.0 billion, with an annual interest rate of 3.9% and tenor of 3 years in November 2023. In March 2024, the Group issued its first ever Green Panda Bonds with a principal amount of RMB100 million, with an annual interest rate of 3.55% and tenor of 3 years. Overall, a total of RMB3.6 billion of Panda Bonds has been issued as at 30 June 2024. Furthermore, the Group applied to the China Securities Regulatory Commission and the Shanghai Stock Exchange in June 2024, for the registration of corporate bonds in an aggregate amount of not more than RMB5.0 billion. If the application is approved, the Group will choose the right timing to issue the corporate bonds, and the proceeds from the issuance are intended to be used for the repayment of higher cost offshore debts, redemption of perpetual capital securities, and working capital replenishment.

Business Performance Highlights

Roads

During FY2024, the Group's Roads segment continued to benefit from the gradual economic recovery in the Mainland, with overall like-for-like average daily traffic flow and toll revenue growing by 7% and 5% year-on-year, respectively. **Total AOP of the Roads segment rose by 3% year-on-year to HK\$1,571.4 million in FY2024.** Excluding the impact of RMB depreciation, the underlying AOP of the Roads segment registered a 7% year-on-year increase.

The Group increased its stake in Shenzhen-Huizhou Expressway (Huizhou Section) by approximately 5.2% to 38.5% in September 2023, after the extension of the concession period for 13 years, positioning the Group to benefit from the positive outlook for the expressway driven by increasing traffic flow and the development of the Greater Bay Area. Expansion works have commenced on Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) and Guangzhou-Zhaoqing Expressway since November 2022 and the end of 2023, respectively. As at 30 June 2024, the overall average remaining concession period of the Group's road portfolio is lengthened to approximately 12 years.

Insurance

Owing to the adoption of HKFRS 17, the financial results of insurance segment for FY2023 has been restated. **The Group's Insurance segment demonstrated a substantial 54% year-on-year growth in AOP in FY2024, achieving an AOP of HK\$964.9 million.** Excluding the one-off impact related to the adoption of HKFRS 17, the AOP of the Insurance segment would have increased by 34%. Contributed by the strong new business, contractual service margin grew by 15% year-on-year to approximately HK\$8.2 billion as at 30 June 2024.

FTLife Insurance Company Limited announced in July 2024 that it has been rebranded as Chow Tai Fook Life Insurance Company Limited ("**CTF Life**"). CTF Life registered a robust growth of 77% year-on-year in Annual Premium Equivalent ("**APE**"), totalling HK\$4,548.9 million, driven by attractive product offerings, the release of pent-up demand from Mainland visitors post-border reopening, and its marketing efforts. Value of New Business ("**VONB**") achieved a noticeable growth of 37% year-on-year to HK\$1,229.5 million which strengthened its long-term value. VONB margin moved to 27% from 35% a year ago due to shift of product mix.

As at 30 June 2024, CTF Life's solvency ratio on the prevailing Hong Kong Insurance Ordinance ("**HKIO**") basis of 337%, significantly exceeding the minimum regulatory requirement of 150%. Under the Hong Kong Risk Based Capital ("**HKRBC**") basis which came into effect on 1 July 2024, the HKRBC solvency ratio was 289% as at 30 June 2024, which is distinctly higher than the minimum regulatory requirement of 100%. In the first six months of 2024, CTF Life's ranking stood at 10th among Hong Kong life insurance companies by APE.

Logistics

The Logistics segment registered a stable improvement in operations during FY2024. The resilient performance of ATL Logistics Centre Hong Kong Limited ("**ATL**") and the full-year contribution from the newly acquired logistics properties in the Mainland were partially offset by a slight profit drop of China United International Rail Containers Co., Limited ("**CUIRC**"). Overall, **the Logistics segment's AOP grew by 6% year-on-year to HK\$722.3 million.** ATL contributed over 70% of the Logistics segment's AOP. The occupancy rate of ATL remained strong at 96.3% as at 30 June 2024 (30 June 2023: 99.8%).

Seven logistics properties in the Mainland altogether accounted for over 13% of the Logistics segment's AOP. As at 30 June 2024, six logistics properties in Chengdu and Wuhan marked an average occupancy of 85.4% (30 June 2023: 82.8%) and the logistics property in Suzhou remained fully let (30 June 2023: 100%).

The throughput of CUIRC expanded by 15% year-to-year to 6,373,000 TEUs. However, increase in operating expenses, decrease in other income, and RMB depreciation led to a 7% year-on-year decline in CUIRC's AOP during the financial year. The expansion works of the Xi'an terminal handling capacity completed in FY2024, while the doubling of the Tianjin terminal handling capacity has commenced and is targeted to complete in the first half of 2025.

Construction

The Construction segment of the Group was mainly represented by NWS Construction Group, which comprises Hip Hing Group, Vibro Group and Quon Hing Group. The construction segment also includes an 11.5% interest in Wai Kee Holdings Limited. In FY2024, **NWS Construction Group's AOP remained relatively stable at HK\$774.9 million**, while the overall AOP of the Construction segment slightly decreased by 5% to HK\$705 million due to the share of operating loss attributable to the Group's interest held in Wai Kee.

During FY2024, new contract secured by NWS Construction Group surged by 321% year-on-year to HK\$21.9 billion. As at 30 June 2024, the gross value contracts on hand for NWS Construction Group amounted to approximately HK\$63.9 billion, representing a growth of 13% from 30 June 2023. The remaining works to be completed also increased by 22% from 30 June 2023 to around HK\$30.9 billion.

Facilities Management

The Facilities Management segment achieved a reversal from an Attributable Operating Loss ("AOL") of HK\$61.9 million in FY2023 to an AOP of HK\$228.3 million in FY2024. This substantial improvement was primarily driven by the recovery of business performance of Hong Kong Convention and Exhibition Centre ("HKCEC") and Free Duty, as well as the continuous growth momentum of Gleneagles Hospital Hong Kong ("GHK Hospital").

HKCEC sustained its rebound trajectory, buoyed by the return of large-scale international and regional exhibitions coupled with the addition of new events. In FY2024, the number of events hosted at HKCEC rose by 8% year-on-year to 823, while total patronage surged by 33% year-on-year to approximately 7.3 million.

To demonstrate the Group's ongoing efforts in optimizing its business portfolio and unlock the value for shareholders, the Group entered into a sale and purchase agreement with Avolta Group pursuant to which the Group agreed to dispose of its entire interest in the **Free Duty** business.

GHK Hospital recorded growth in number of inpatients, outpatients and day cases by 20%, 12% and 10% year-on-year, respectively. Revenue registered a decent increase in FY2024, and EBITDA soared by 93% compared with FY2023, with the EBITDA margin continuing to improve.

Outlook

In FY2024, the Group maintains agility in the face of ongoing multifaceted uncertainties across economies and markets. The Group believes the Mainland will remain one of the key growth engines of the world, which is conducive to the Group's long-term development. Looking ahead, the Group continues to be prudent in its cash flow and capital management. The Group also proactively explore avenues for expanding its Logistics and Insurance segments and their complementary businesses.

Mr. Brian Cheng, Co-Chief Executive Officer of NWS, said, "We are delighted to report another set of solid results amidst the challenging market environment. With our robust management team and the strong support from Chow Tai Fook Group, we are confident in our ability to pursue further growth opportunities, creating value for shareholders by delivering stable returns and sustainable long-term growth across our diverse business portfolio. In addition, we are looking forward to embarking a new chapter with our new brand identity."

Mr. Gilbert Ho, Co-Chief Executive Officer of NWS, added, "Our business strategy and prudent approach in cash flow and capital management empowered us to remain resilience against prevailing headwinds. Moving forward, we are committed to further optimizing our capital structure and supporting the strategic move of the Company through diversified financing. Concurrently, the Group will actively explore new investment opportunities to enrich our business portfolio and cash flow especially focusing in Logistics and Insurance segments and their complementary businesses. In addition, the Group will uphold our ESG commitments to tackle climate-related risks."

AOP Contribution by Segment			
For the year ended 30 June			
	2024	2023	Change %
	HK\$'m	HK\$'m	Fav. / (Unfav.)
		(restated)	
Roads	1,571.4	1,532.8	3
Insurance	964.9	624.7	54
Logistics	722.3	678.5	6
Construction	705.0	745.5	(5)
Facilities Management	228.3	(61.9)	469
Strategic Investments	(24.5)	(75.7)	68
Total	4,167.4	3,443.9	21

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NWS Holdings Limited

Listed on The Stock Exchange of Hong Kong Limited, NWS Holdings Limited (Hong Kong Stock Code: 659) is a conglomerate with a diversified portfolio of market-leading businesses, predominantly in Hong Kong and the Mainland. The Group's businesses include toll roads, insurance, logistics, construction and facilities management. Through the Group's sustainable business model, it is committed to creating more value for all stakeholders and the community.

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