



 New World Development Company Limited

Analyst Briefing - 20 Sep 2018

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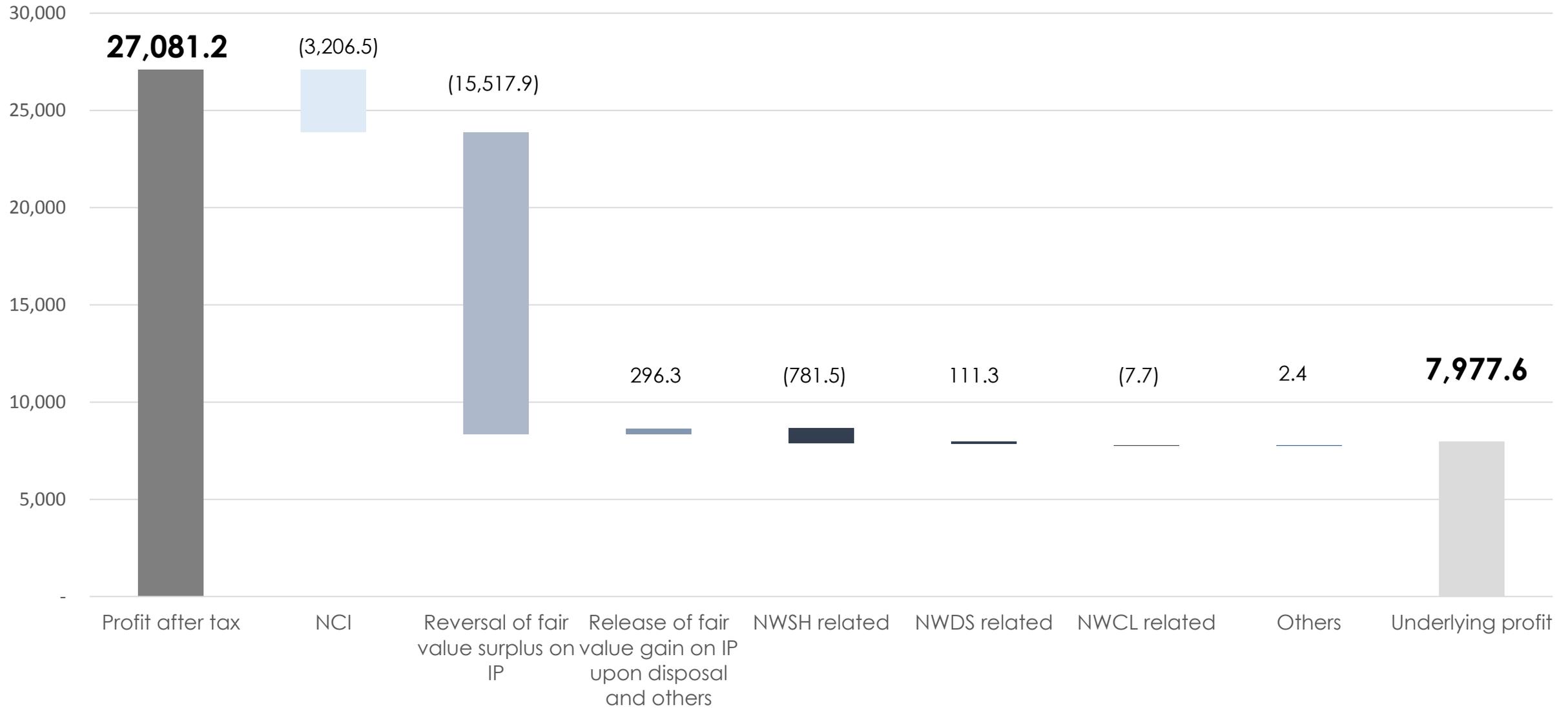
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FY2018 results review

(HK\$ million)	FY2018	FY2017	YoY change (%)
Revenue	60,688.7	56,628.8	7.2%
Segment results	15,844.6	14,090.4	12.4%
Changes in fair value of investment properties	15,367.1	1,363.8	1,026.8%
Profit for the year	27,081.2	10,474.7	158.5%
Profit attributable to shareholders of the Company	23,338.1	7,675.7	204.1%
Underlying profit	7,977.6	7,133.3	11.8%
Interim dividend (HK\$)	\$0.14	\$0.13	7.7%
Final dividend (HK\$)	\$0.34	\$0.33	3.0%
Full year dividend (HK\$)	\$0.48	\$0.46	4.3%
Reported basic earnings per share (HK\$)	\$2.34	\$0.80	192.5%
Underlying earnings per share (HK\$)	\$0.80	\$0.75	6.7%
Net debt	74,859.0	76,870.2	-2.6%
Gearing ratio (%)	29.3%	34.8%	-5.5 percentage points

(HK\$ million)	FY2018		FY2017	
(1) Property development	Revenue	Segment results	Revenue	Segment results
Hong Kong	7,141.0	2,864.5	8,538.1	2,277.1
Mainland China	16,239.8	6,611.0	17,429.9	5,229.7
	23,380.8	9,475.5	25,968.0	7,506.8
(2) Property investment				
Hong Kong	1,835.9	1,160.9	1,576.2	1,169.5
Mainland China	1,274.0	762.4	834.7	601.1
	3,109.9	1,923.3	2,410.9	1,770.6
(3) Hotel operations				
Hong Kong	608.8	68.9	573.9	87.3
Mainland China	606.8	(180.1)	633.8	(289.2)
South East Asia	263.4	34.7	218.8	88.1
	1,479.0	(76.5)	1,426.5	(113.8)
(4) Service	25,911.7	858.4	20,743.0	1,186.0
(5) Infrastructure	2,814.6	3,801.4	2,410.6	3,313.0
(6) Department stores	3,670.9	232.4	3,389.0	220.0
(7) Others	321.8	(369.9)	280.8	207.8
Total	60,688.7	15,844.6	56,628.8	14,090.4



Source of borrowings

■ Floating rate ■ Fixed rate*



Maturity profile of borrowings

■ within 1 year ■ in 2nd year ■ in 3rd-5th year ■ after 5 years



Currency profile of borrowings

■ HKD ■ USD & others ■ RMB



(*Including results of IRS)
(As at 30 Jun 2018)

FY2018 annual results catalyst recap

Hong Kong property development

- . Total HK\$24.7 bn contracted sales achieved vs HK\$10 bn full year target
- . Ample saleable resources with approximately 1,700 residential units + commercial projects
- . Contracted sales for FY2019 booking have been majorly secured

Hong Kong investment property

- . Rental income with a decent growth and portfolio will further enhance with good projects in place
- . 3 mn sq ft Victoria Dockside progress as scheduled
- . Pre-leasing of the commercial portion in line with expectation; Full opening targeted in 3Q 2019

China property development

- . Total RMB16.3 bn contracted sales achieved vs RMB16 bn full year target
- . Maintain a stable overall gross profit margin around 35-40% in property sales
- . Accelerating development with completion up 31% in FY2018 to approximately 1.1 mn sq m
- . Saleable resources as at 30 Jun 2018 of over 1.5 mn sq m

Financials

- . Financial position: 29.3% net gearing, down 5.5 percentage points; HK\$63.5bn consolidated cash on hand & bank balances
- . Basic EPS up 193% to HK\$2.34/ share, due to the growth in segment results, and fair value change in IPs
- . Handsome DPS with good dividend yield and actively consider share buyback to enhance shareholders value

Insight in business development

- . Focus on Greater Bay Area development: Shenzhen + Guangzhou are the core
- . Asset disposal potential to crystalize the value
- . Enhance the contribution from recurrent income from investment property operations
- . On going streamline and efficiency enhancement

What have we achieved ?

Management focus

VALUE CREATION FOR SHAREHOLDERS AND THE COMPANY

Strategy and operations

- . Comprehensive ecosystem for customer anchoring under New World Brand
- . Robust management execution with pioneered vision and be first in the market
 - . Enhancement in recurrent income with greater IP portfolio
 - . Unique strategic focus in Greater Bay Area among local peers
 - . Value crystallization in Hong Kong and China

Financials

- . Improved EPS with good dividend + active share buyback
 - . High visibility in FY2019 earnings
- . Actively management in costs and expenses



Enhances living experience to achieve higher market price

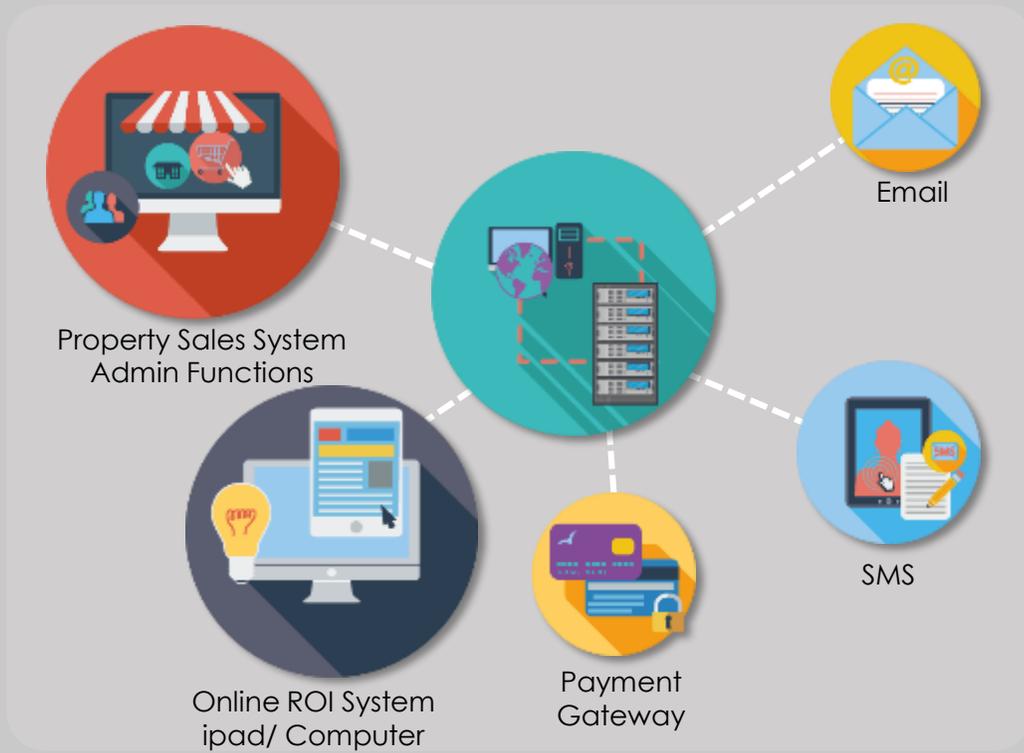
- . Unique concepts with original personalities = price premium
- . One of its kind bespoke concept, not easy to prototype
- . Customer can feel the spirit inspired through direct contact with our products



<u>New World Living Community</u>	<u>Score rated by independent clerks of work</u>
PARK SIGNATURE	93 points
THE WOODSVILLE	95 points
THE WOODSIDE	94 points
EIGHT SOUTH LANE	97 points
THE PAVILIA HILL	97 points
THE PARKHILL	94 points
SKYPARK	96 points
BOHEMIAN HOUSE	98 points
MOUNT PAVILIA	98 points
PARK VILLA	93 points

Top quality product with high score rated by market

- . Unique product quality are highly appreciated by stakeholders
- . Over 60 awards related to project management were garnered throughout the years
- . Key awards including BCI Asia Awards, Best Landscape Awards and Quality Buildings Awards



First mover in technology- 27 IPs granted

- . First system in Hong Kong: Web-base + online payment
- . More accurate, save manpower, paperless and more efficient
- . Value creation to customers = save time with easy payment
- . System can breakthrough the dependence on property agent and make direct sales

CONTECH

Modern building solutions



SnagR

Unit handover digitization



Project technology enhance efficiency

- . BIM and CIA, two new construction tech initiatives enhanced the development quality, efficiency, time and cost saving
- . SnagR, a digital platform link up all related parties in unit handover and offer instant notification, eliminate paperwork, easy to analyze, lesser manpower, enhance efficiency



The world's First WELL Platinum (Pre-certification)
for the King's Road Commercial Project
(K11 Atelier)



27 buildings obtained
LEED Gold/Platinum
certifications.



In FY2018, **20** buildings
earned BEAM Plus
certification.

Sustainability engagement & energy savings

- . Over 40 professional certificates were awarded
- . Building energy reduction: Over 1.4 GWh energy & approx. HKD 2 millions savings
- . ESG performance rating for global benchmark: Ranked 3rd in East Asia in GRESB
- . Secured Hong Kong's first green loan for the King's Road Project



Upcoming catalyst – Victoria Dockside

- . The development of this 3mn sq ft complex is in good progress
- . 70% of K11 ATELIER leased, latest monthly rental hits HK\$110 psf
- . Soft marketing on K11 MUSEA, ROSEWOOD, K11 ARTUS have already started
- . 50% of K11 MUSEA are pre-leased, target 3Q 2019 open



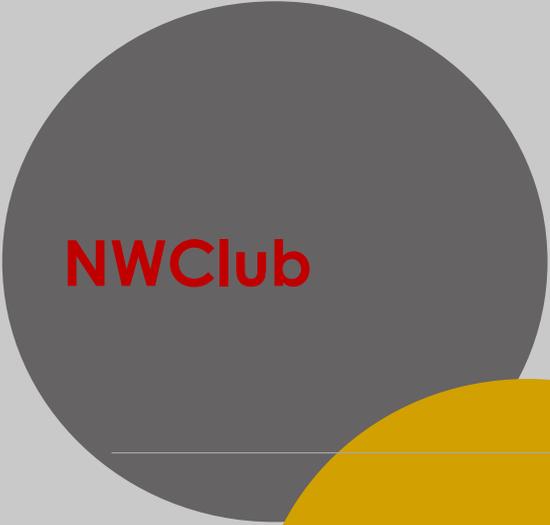
Upside of Greater Bay concept – HK Skycity

- . An iconic world-class commercial development with total GFA 3.77 mn sq ft
- . Strategically located project into the core hub in HK + the Bay Area
- . Target population over 100 million when complete
- . To be completed in phases from 2023 to 2027



Ecosystem for customer anchoring

- . We connect our customers through different communities under New World Ecosystem
- . They immersed in our unique offerings with well-defined quality
- . Loyalty customers with strong stickiness provides stable contribution in revenues



NWClub

NWClub VIP members: 75,000

Active ratio: 60%

Millennials: 62% (age 26-45)

Income generation:

HK\$2.3 bn of property sales (8.4% of transaction amount)

HK\$14 mn of cross sales with others related business units



Klub 11

K11Klub VIP members: over 900,000

Active ratio: 28% (with purchase in past 3 months)

Millennials: 68% (age 26-45)

Income generation:

Monthly average HK\$62 million, 17% of mall sales from VIP members

Incremental VIP base, targeting millennials

- . Strong social media tie of the millennials are the valuable source of future income
- . Active customer with high cross selling and re-purchase potential

Gross profit margin trend

Items	FY2016	FY2017	FY2018
HK DP segment results	23%	27%	40%
China DP segment results	28%	30%	41%

Decent profit margin

- . With all the new initiatives in place, profit margin in sales were maintained at a decent level
- . The ASP of selected projects has become the regional benchmark

Share price performance

Company	30 Jun 2017	30 Jun 2018	% change	18 Sep 2018 vs 30 Jun 2017
NEW WORLD	9.91	11.04	+11.4%	+3.9%
SHKP	114.70	118.40	+3.2%	+2.0%
HENDERSON	39.59	41.50	+4.8%	+1.2%
SINO	12.80	12.76	-0.3%	+4.7%

NWD share price performance in FY2018

- . Share price of HK developer were deeply affected by the global economy uncertainties led by trade war, interest rate hike, China economic growth and policies
- . Maintain one of the key call in the sector with No sell rating from investment banks

Share buyback in open market

Number of share involved
21.91 mn

Average per share price
HK\$11.14

Total proceeds
HK\$243.8 mn

Full year DPS trend

Company	FY2015	FY2016	FY2017	FY2018	CAGR
New World Development	0.42	0.44	0.46	0.48	4.6%

Create shareholders value

- . The company actively share buyback since Sep 2017
- . Enhance shareholders value + supportive act to the share price
- . Handsome dividend with growth were distributed to reward shareholder's continual support

Appendix – FY2018 operation review

Hong Kong DP and Landbank

Key contributors in FY2018 property development bookings

- MOUNT PAVILIA
- PARK VILLA
- THE MASTERPIECE
- THE PAVILIA HILL
- DOUBLE COVE (PH 1-5)

HK attributable contracted sales

HK\$bn

2017.07.01-2018.06.30

24.7

2018.07.01-2018.09.02

1.6

Key contributors in contracted sales in FY2018 (HK\$24.7bn)

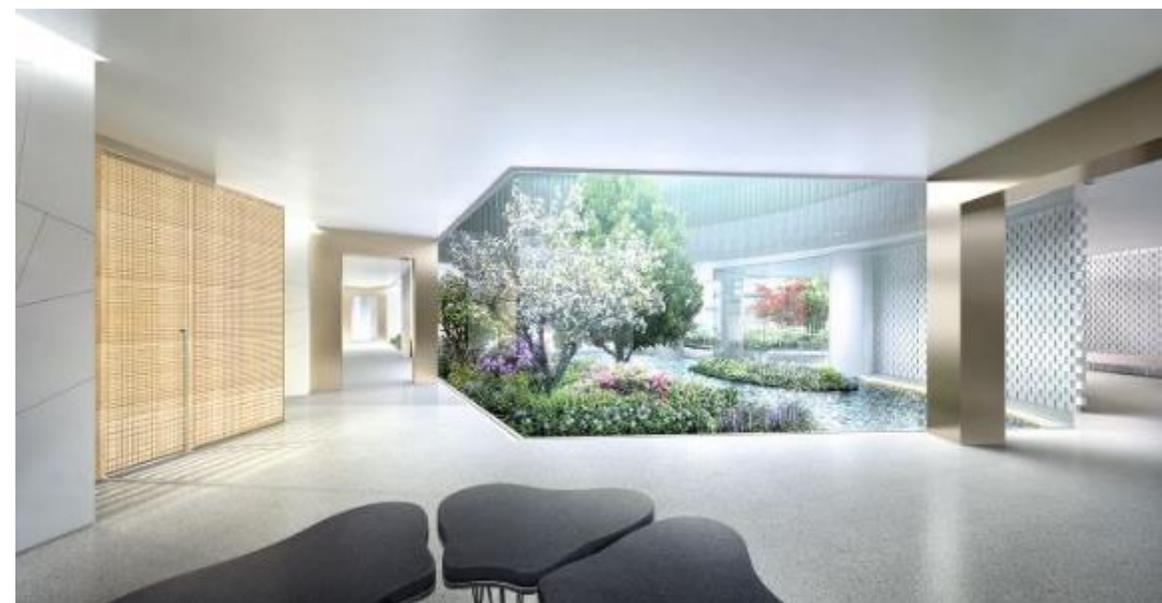
%

- MOUNT PAVILIA 45%
- FLEUR PAVILIA 16%
- ARTISAN HOUSE 8%
- PARK VILLA 8%
- PARK HILLCREST 4%
- THE PARKVILLE 4%
- THE MASTERPIECE 3%
- THE PAVILIA BAY 2%
- Other residential and carpark 10%
- Total 100%



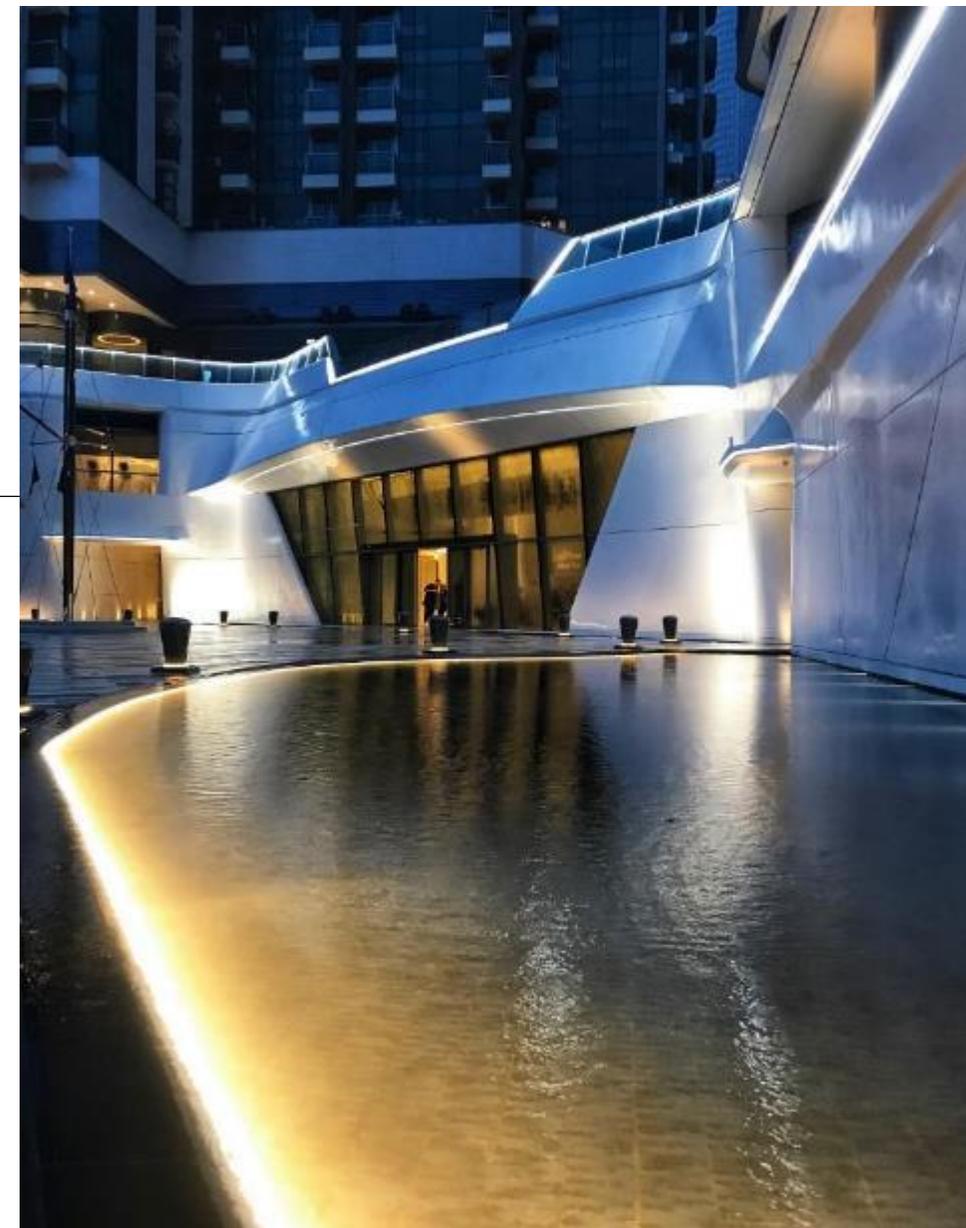
Key projects to be launched	No of units
Waterloo Road project	240
Sheung Heung Road project	294
Reach Summit	504
Lung Tin Tsuen PH 3	313
Subtotal A	1,351
NWD inventory	246
JV inventory	158
Subtotal B	404*
Total (A+B)	1,755

(*as at 2 Sep 2018)



Key project to be booked in FY2019

- THE PAVILIA BAY
- FLEUR PAVILIA
- ARTISAN HOUSE
- THE PARKVILLE
- PARK HILLCREST
- MOUNT PAVILIA



Project	Total no of units	No of units sold as at 2 Sep 2018	Total contracted sales proceeds HK\$bn
THE PAVILIA BAY	983	978	10.0
FLEUR PAVILA	611	474	11.2
MOUNT PAVILIA	680	594*	14.9*
ARTISAN HOUSE	250	241	2.1
THE PARKVILLE	100	100	0.9
PARK HILLCREST	123	123	0.9
Total	2,747	2,510	40.0

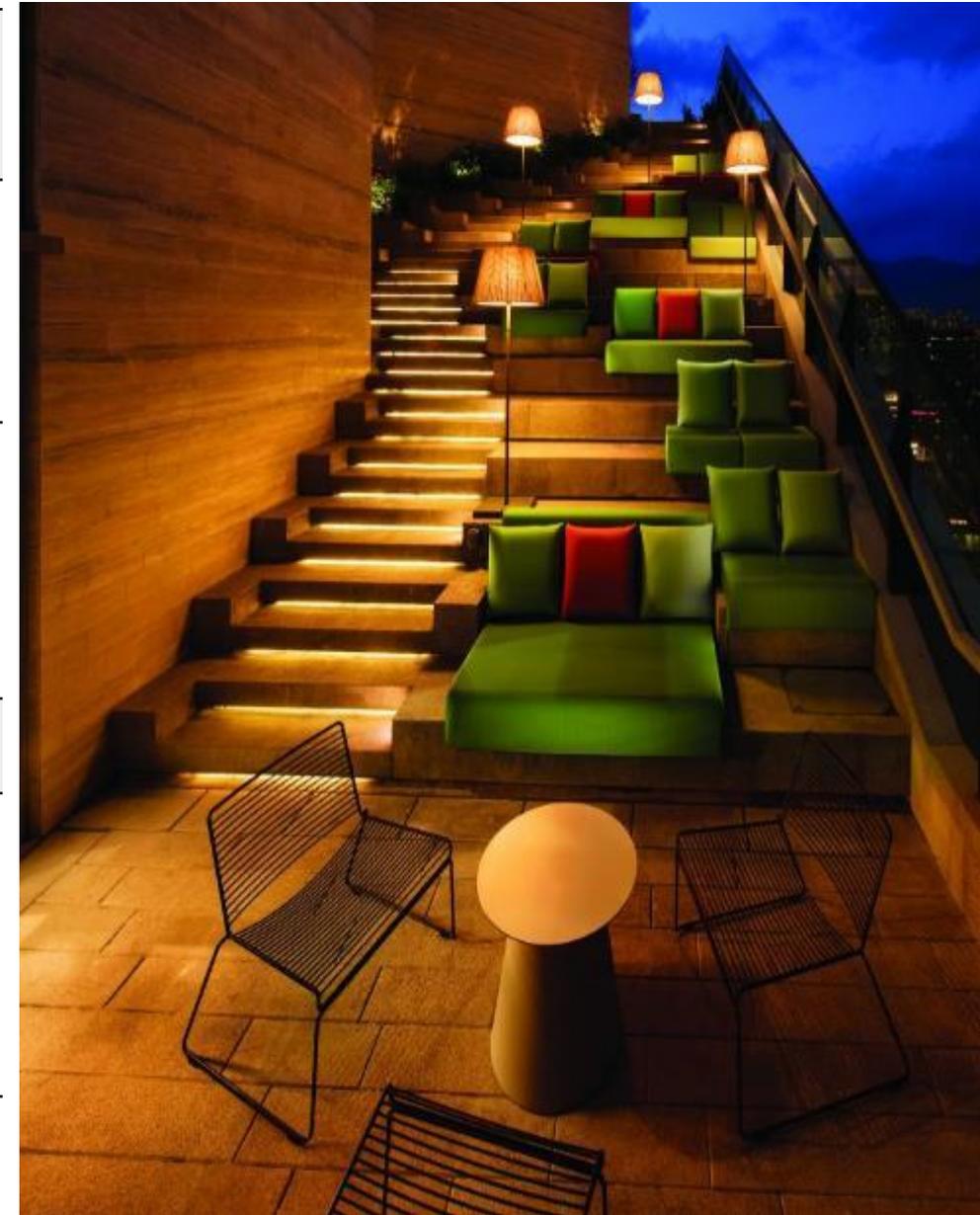
* Sales booked in FY2018: 218 units/ total contracted sales proceeds HK\$4.4 bn

Ready landbank (DP + CIP)	Residential attributable GFA	Non-residential attributable GFA	Total	%
Hong Kong Island	484,166	495,479	979,645	8.2%
Kowloon	578,464	3,638,634	4,217,098	35.2%
New Territories	2,900,028	3,876,737	6,776,765	56.6%
Total	3,962,658	8,010,850	11,973,508	

- New project: Hong Kong SKYCITY
- Key residential project: Tai Wai Station project
- Key office project: 3 Cheung Sha Wan office, King's Road project

Farmland	Attributable land area	%
Yuen Long and Tuen Mun District	11,613,534	68%
North District	2,245,883	13%
Shatin and Taiipo District	1,975,420	12%
Sai Kung District	1,161,024	7%
Total	16,995,861	

(As at 30 Jun 2018)



China DP and Landbank

Key projects booked in FY2018

Guangzhou Covent Garden
 Shenyang New World Garden
 Wuhan New World Times
 Guangzhou Foshan Canton First Estate
 Langfang New World Garden

Contracted sales	FY2018	FY2017
Sales proceeds/ RMB bn	16.3	16.2
Overall ASP/ RMB	20,356	18,070
Residential ASP/ RMB	22,667	18,741

Contracted sales by region in FY2018 (key cities)	% of sales proceeds
Southern (Guangzhou, Shenzhen, Foshan)	26%
Central (Wuhan)	24%
Eastern (Ningbo)	18%
Northern (Beijing)	16%
North-eastern (Shenyang)	16%
Total	100%



Development property saleable resources (excl carpark)	GFA sq m
Residential	686,000
Non residential	834,859
Total	1,520,859

Development property saleable resources (excl carpark)	% of total
Southern (Guangzhou, Shenzhen, Foshan)	30%
Central (Wuhan)	21%
Eastern (Ningbo)	4%
Northern (Beijing, Langfang)	35%
North-eastern (Shenyang)	10%
Total	100%

(As at 30 Jun 2018)

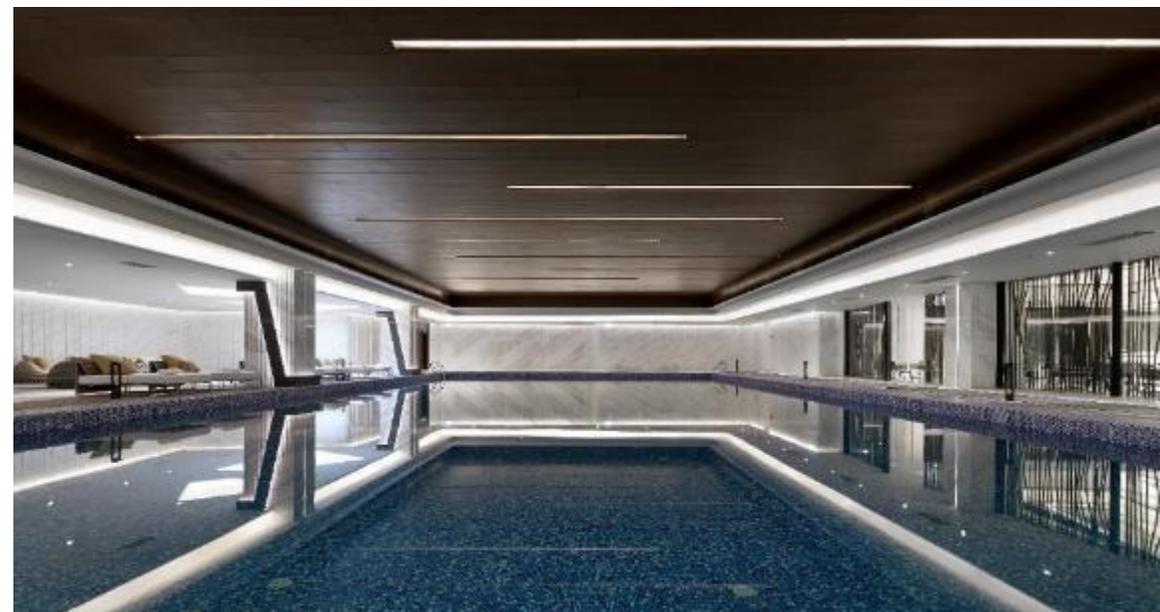


Fiscal year/ sq m	FY2018	FY2017	% change
DP excl. carpark	1,074,164	819,033	31.2%
DP incl. carpark	1,105,441	920,053	20.1%
IP excl. carpark	103,854	231,805	-55.2%
IP incl. carpark	353,364	361,046	-2.1%
DP + IP excl. carpark	1,178,018	1,050,838	12.1%
DP + IP incl. carpark	1,458,805	1,281,099	13.9%

FY2018 DP Completion sq m	Residential	Non-residential	Total	Carpark
Guangzhou	173,477	7,910	181,387	-
Foshan	181,788	-	181,788	-
Wuhan	186,909	-	186,909	-
Changsha	-	92,327	92,327	31,277
Shenyang	167,715	264,038	431,753	-
Total	709,889	364,275	1,074,164	31,277
%	66%	34%	100%	-



FY2019 DP completion forecast sq m	Residential	Non-residential	Total	Carpark
Guangzhou	159,686	-	159,686	14,211
Foshan	42,023	-	42,023	-
Ningbo	-	108,391	108,391	153,209
Langfang	55,064	7,249	62,313	57,029
Shenyang	554,529	76,671	631,200	-
Others	98,512	58,470	156,982	37,858
Total	909,814	250,781	1,160,595	262,307
%	78%	22%	100%	



Region/ sq m '000	Total GFA (incl carpark)	Total GFA (excl carpark)	%
Southern region	3,294	2,609	37%
Central region	1,689	1,209	17%
Eastern region	824	557	8%
Northern region	1,171	708	10%
Northeastern region	2,316	1,963	28%
Total	9,294	7,046	
Of which, core projects	7,546	5,646	





Strategic cooperation with Lo Wu Government

- . NWCL signed the “Strategic Cooperation Agreement for Economic Belt at Man Kam To Crossing” with the Lo Wu Government in Jan 2018
- . Land parcel available for the project modification covers an area of approximately 840,000 sq m
- . The project looks set to become a transportation hub with tremendous potentials

Urban complex development in the transportation hub of Zengcheng, Guangzhou

- . become a large-scale, iconic residential and commercial complex to be developed by the Group in the eastern part of Guangzhou
- . in line with the government's stepped-up efforts to push forward the development of a sub-centre in the eastern part of the province
- . GFA of approximately 267,000 sq m if excl carpark, 35% is residential



Hong Kong IP



Key projects in HK	FY2018 occupancy
<u>Office</u>	
New World Tower	99%
Manning House	98%
K11 Atelier	70%
<u>Mall</u>	
HK K11 TST	100%
D·PARK	94%
THE FOREST	96%
Pearl City	100%

Key operations performance in FY2018	
Gross rental income	HK\$1.8 billion
HK rental segment margin	63%
Footfall in HK K11 TST	1.4 million
Footfall in D·PARK	3.4 million



GFA breakdown	,000 sq ft	Usage	Opening
K11 ATELIER	435	Office	2017 Q4
Rosewood Hong Kong Rosewood Residence	1,106	Hotel Serviced apartment	2019 Q1
K11 MUSEA*	1,156	Retail	2019 Q3
K11 ARTUS	380	Serviced apartment	2019 Q3
Total	3,077		

*The portion of 12 Salisbury Road are included
 **Over 1,000 carparks available



K11 ATELIER

- Commenced operations in 2017 4Q
- Occupancy rate is over 70%
- Rental rate achieved regional high

K11 MUSEA

- Offer world-class experience in retail, art, culture, entertainment and dining
- extensive selection of international brands, many of which are pop-up stores and flagship stores that are setting their first presence in Hong Kong
- Total 10-storey
- Current pre-leasing rate over 50%
- Will be unveiled in the third quarter of 2019





Rosewood Hong Kong & residence

- Rosewood Hong Kong: 413 rooms
- Rosewood Residence: 186 rooms
- Schedule to open: 2019 1Q



K11 ARTUS

- It is the first hospitality extension of K11
- Comprises 287 suites spanning across 14-storey
- scheduled to open in summer 2019



Usage	,000 sq ft
Dining and retail outlets	2,100
Experience-based entertainment facilities	570
Office space	570
Public facilities and carpark	530
Total	3,770

Development timeline	Period
To be completed in phases	From 2023 to 2027



China IP



Key projects	FY2018 occupancy
Office	
Wuhan New World International Trade Towers	80%
Shanghai K11 – Office	92%
Retail	
Beijing New World Centre	100%
Shanghai K11 – Art Mall	96%
Guangzhou Central Park-view	89%
Serviced Apartment	
Guangzhou Central Park-view	90%

The End