

50  
*year legacy*



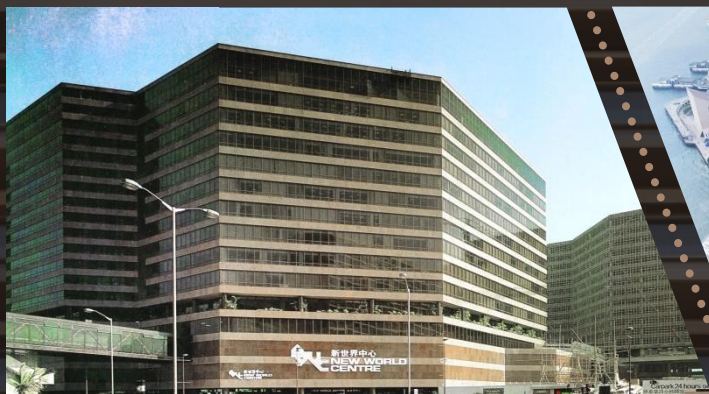
新世界發展有限公司  
New World Development Company Limited

*The Artisanal Movement*

FY2020 ANNUAL RESULTS

Press Release

30 September 2020



TRADITION. EVOLUTION. INNOVATION.

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# WHY NWD?

*Strong resilience with growth potentials amidst challenging environment*



NATIONAL FOOTPRINT OF **K11** WITH **VISIBLE PIPELINE** AND **RECURRING INCOME GROWTH**

*GFA 3x within 5 years & teens CAGR growth in income*



**EARLIEST AND DOMINANT LEADER IN GBA** AMONG HONG KONG DEVELOPERS

*Stable average contracted sales in Hong Kong & target teens CAGR growth in China*



ACTIVE **NON-CORE DISPOSALS** TO **ENRICH CASH FLOW** AND **RECYCLE CAPITAL**

*HK\$10B+ in FY2020 & target HK\$13-15B in FY2021*



INTEGRATED **GROUP CRM ECOSYSTEM** BOOSTS SYNERGIES AND CUSTOMER VALUE

*Intra-group synergies and customer spendings growing in multiples*



**SUSTAINABLE AND PROGRESSIVE DIVIDEND** PROVIDES HIGH INVESTMENT STABILITY

*Maintained HK\$2.04/share vs FY2019*



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SECTION ONE

# FINANCIAL REVIEW

*The Artisanal Movement*

# FY2020 SUMMARY FINANCIALS

*Resilient financial positions and stable dividend despite challenging operating environment*

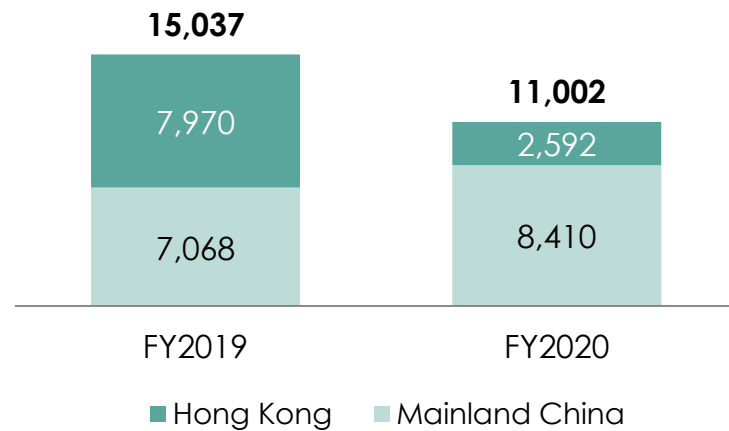


- Moderate decline in results notwithstanding a **very challenging operating environment** due to social events in 1H FY2020 and COVID-19 in 2H FY2020
- **Stringent cost control efforts** as evidenced by 8% YoY decrease in recurring G&A expenses
- **Property development margin of 57%**, +18 ppts YoY, due to **premium pricing** achieved by high quality build

# INCREASING GBA EXPOSURE WITH MARGIN UPLIFT

GBA gross margin at 70%

## SEGMENT RESULTS

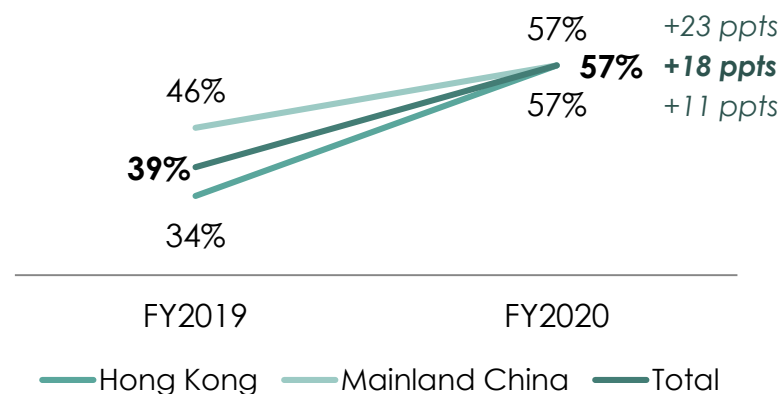


Significant growth in GBA projects

Revenues and segment results from GBA up 45% and up 73% respectively



## GROSS MARGIN



Significant gross margin improvement derived from the outstanding product quality and unique positioning

Overall gross margin of GBA project at 70%





# STRONG CONTRACTED SALES PERFORMANCE

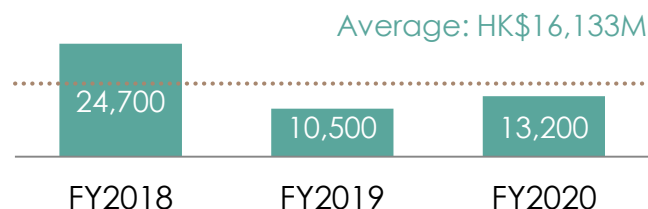
Target average HK\$20B p.a. in Hong Kong and teens CAGR growth in China



## HONG KONG

High quality build command **pricing premium**;  
High scarcity value for **prime locations**

### ATTR. CONTRACTED SALES (HK\$ M)



**Target average HK\$20B** attributable contracted sales p.a. from FY2021-FY2023; **Total saleable resources ~3M sqft** in FY2021-FY2023  
**Total land bank: 9.1M sqft**



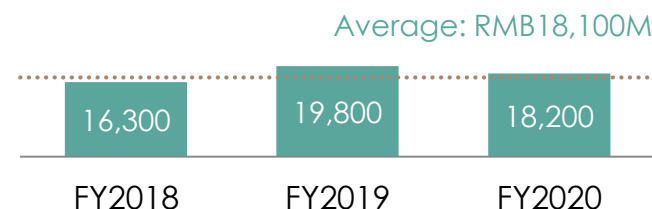
### KEY UPCOMING PROJECTS

**Tai Wai Station residential: total area of ~2M sqft**; 3-phase development at prime location: only large complex atop major MTR station in recent years

## MAINLAND CHINA

Outstanding residential ASP of RMB38,000/sqm **(+23% YoY)**;  
Strong margin of 57% **(+11ppts YoY)**

### GROSS CONTRACTED SALES (RMB M)



**Target Teens CAGR Growth** in gross contracted sales from FY2021-FY2023  
**Total land bank: 6.5M sqm**



### KEY UPCOMING PROJECTS

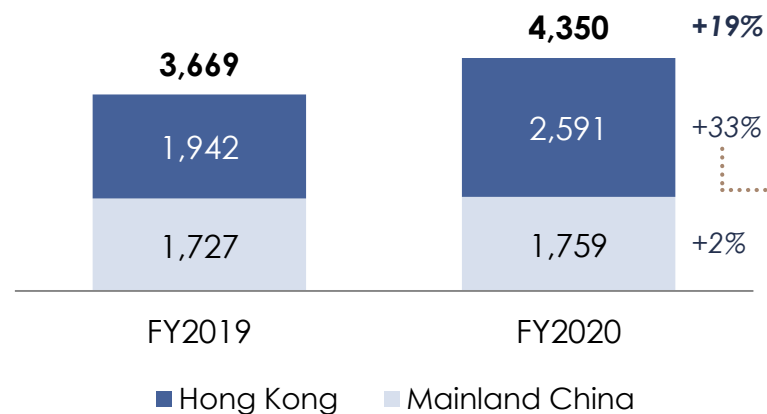
FY2021: **Ningbo – 138,000 sqm**  
FY2022: **Shenyang – 74,000 sqm**  
FY2023: **Guangzhou Zengcheng – 276,000 sqm**  
FY2024: **Guangzhou Panyu – 165,000 sqm**

Note: \*Approximate figures rounded to the nearest thousand

# GROWTH DRIVEN BY K11 MUSEA AND K11 ATELIER KING'S ROAD

*+33% gross rental income growth and +50% segment results growth in Hong Kong*

## GROSS RENTAL INCOME

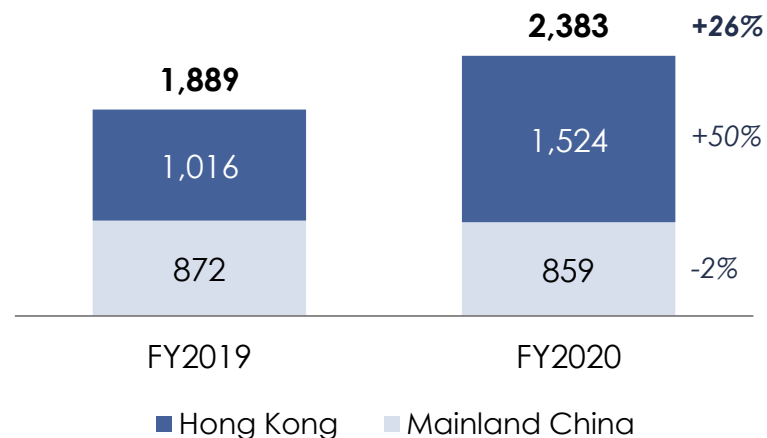


The respective commencement of operation of **K11 MUSEA** & **K11 ATELIER King's Road** commenced operations in August and December 2019

Stable occupancy in major projects



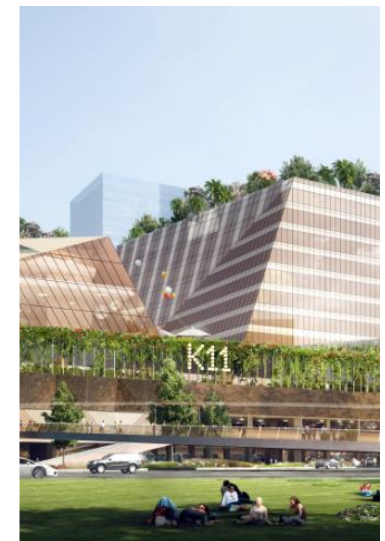
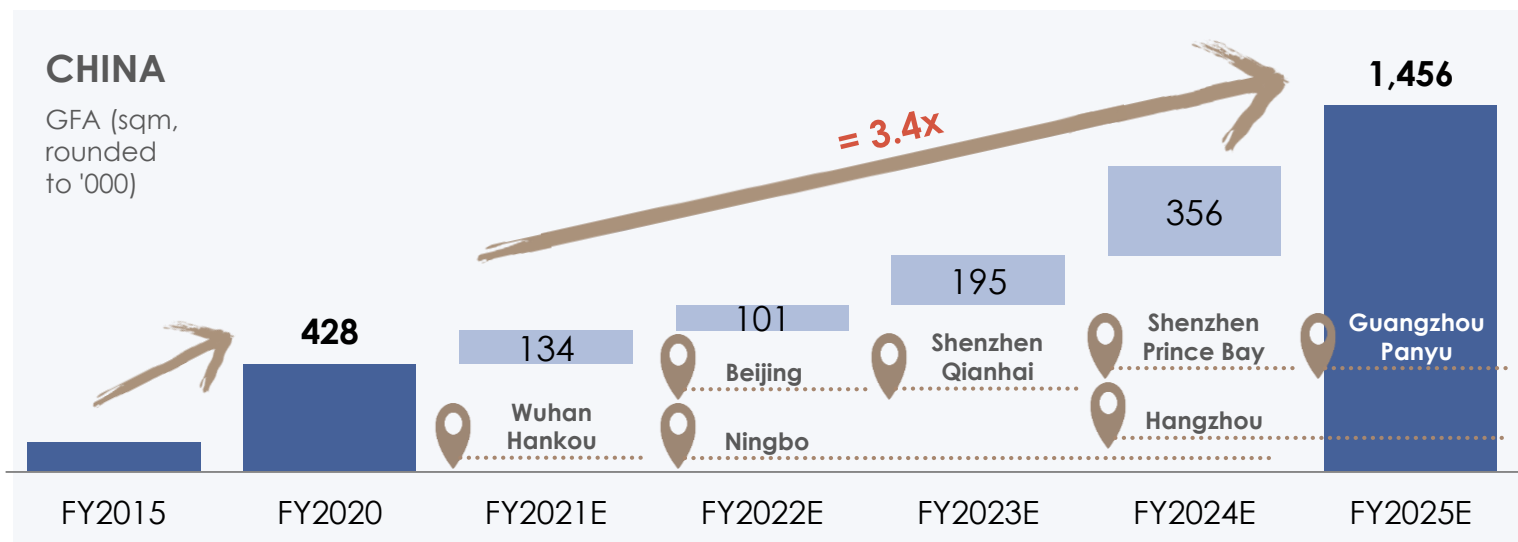
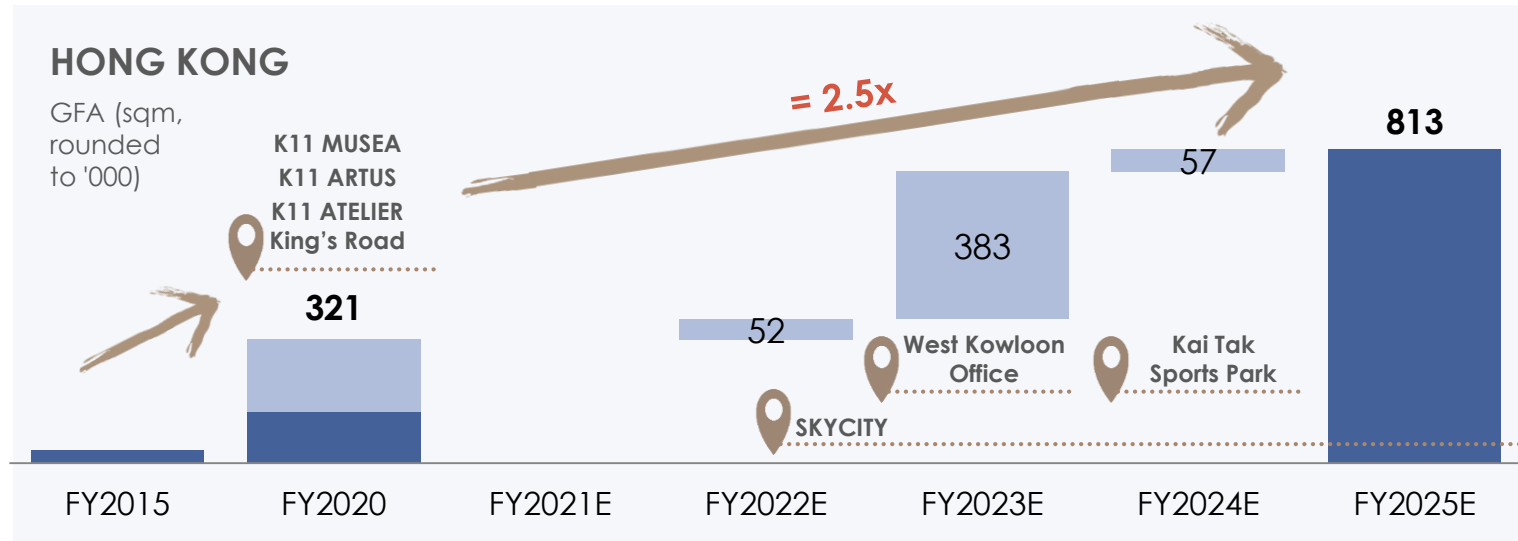
## SEGMENT RESULTS





# STEADY PIPELINE GROWTH OF K11 AND OTHER IP

*Strong pipeline in Hong Kong / China (GFA = 3.0x in 5 years) supporting recurring income growth*

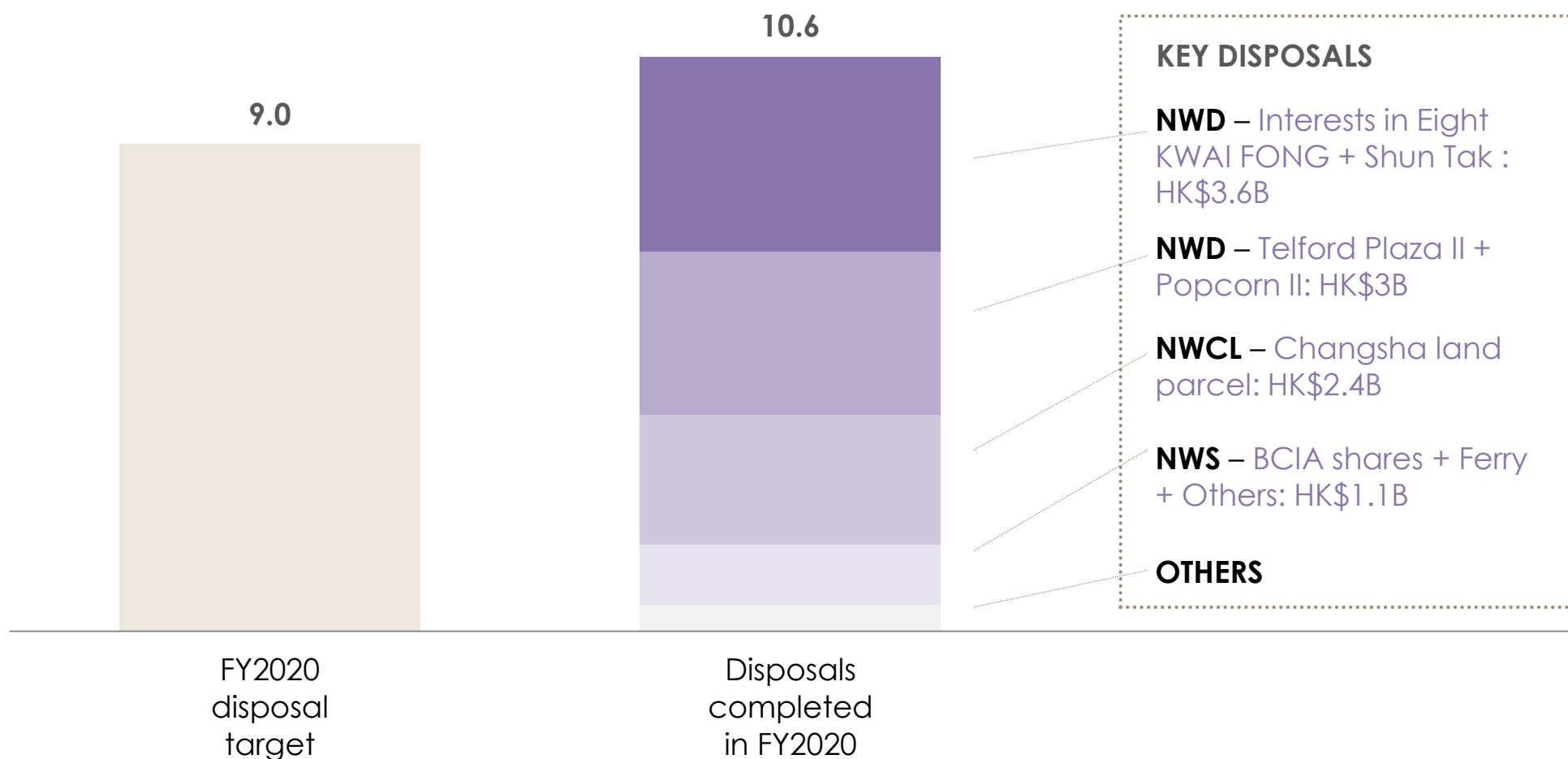


# NON-CORE DISPOSALS EXCEEDED TARGET

*Crystallisations of asset value through non-core disposals*

## NON-CORE DISPOSALS (HK\$B)

Completed **HK\$10.6B** non-core disposals in FY2020, exceeding target



## SUSTAINABLE DIVIDENDS

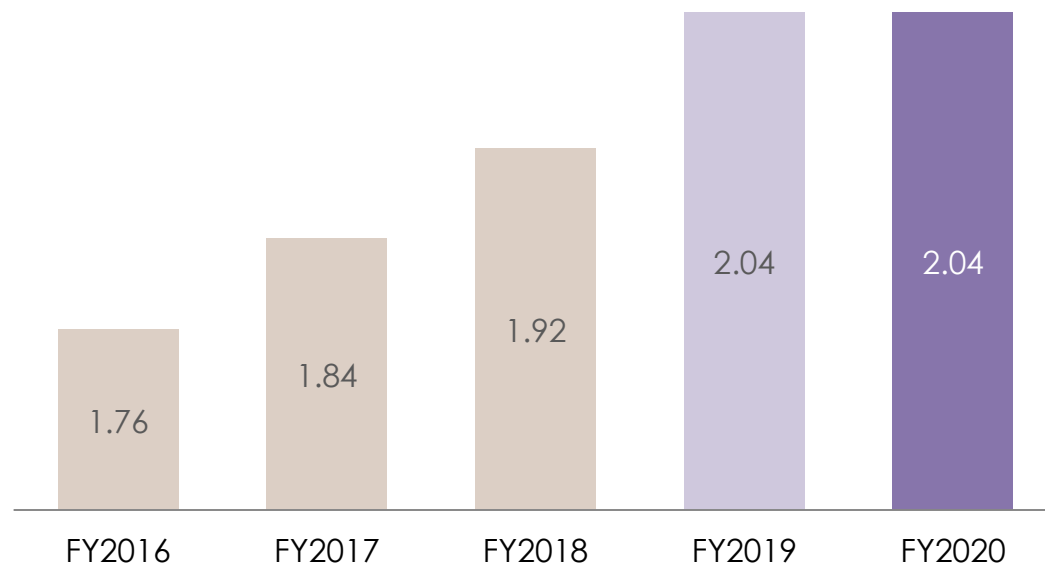
*Sustainable and progressive dividend coupled with active capital management boost investment stability and confidence*



### DIVIDEND PER SHARE (HK\$)

**Maintained at HK\$2.04/share**  
despite challenging market  
environment

Announced **DIVIDEND FLOOR at  
HK\$2.04/share**



### DIVIDENDS SUPPORTED BY THREE PILLARS



**Recurring income  
growth**



**Abundant saleable  
resources**



**Non-core asset  
disposals**



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SECTION TWO

# OPERATIONAL REVIEW

*The Artisanal Movement*

# K11: GRABBING MARKET SHARE WITH RECORD HIGH SALES

*Fully capturing "revenge spending" from pent-up demand across multiple cities*

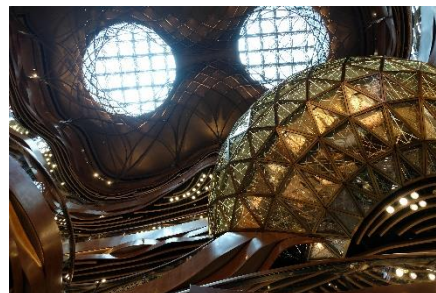
K11 MUSEA "OUR MUSE SHOPPING FESTIVAL" & K11 "SHOPATHON"

Muse Festival Strong Performance

**HK\$300M+**

September Retail Sales

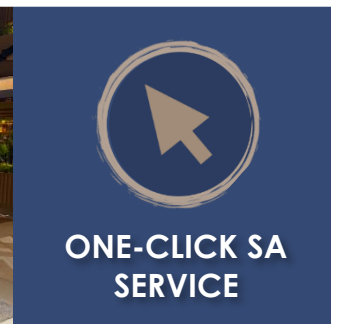
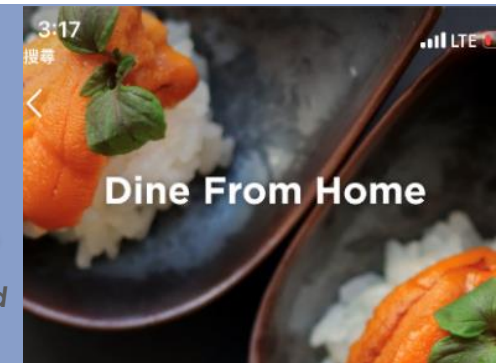
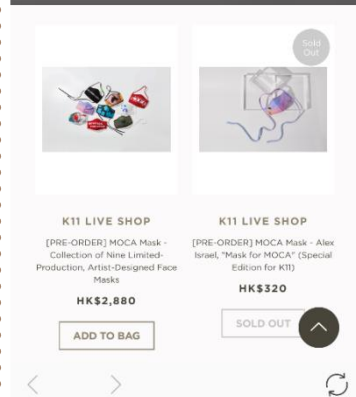
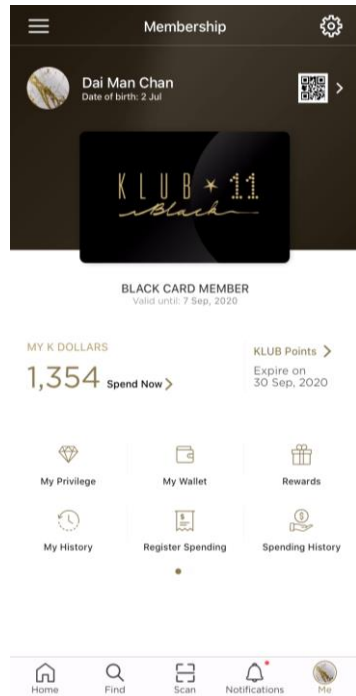
**+2x** MoM & **+1x** YoY





# K11 MUSEA: ONE YEAR ANNIVERSARY (CONT'D)

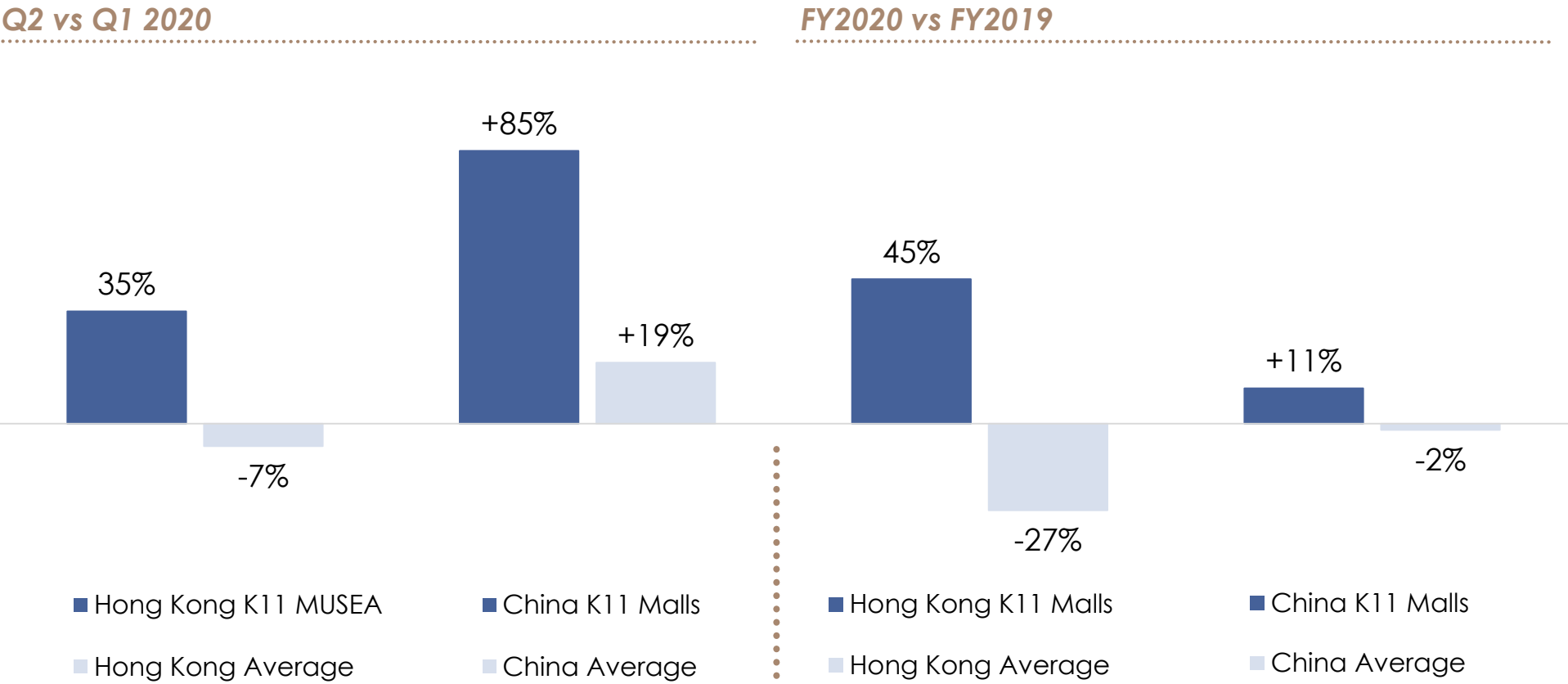
Creating multiple new sales channels for the "New Normal"





# K11: SUPERIOR PERFORMANCE VS MARKET

## K11 RETAIL SALES PERFORMANCE VS AVERAGE RETAIL MARKET



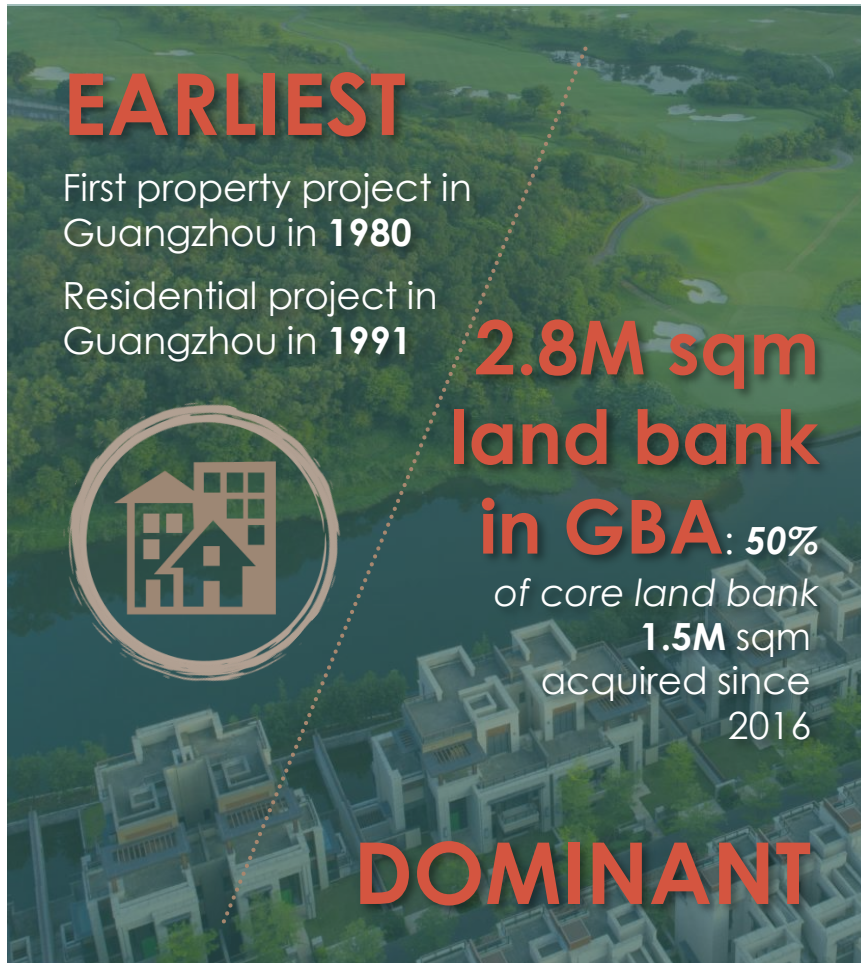
Source: Census and Statistics Department of H AR for Hong Kong average; National Bureau of Statistics of PRC for China average

# MAINTAIN LEADERSHIP IN GBA AMONG HONG KONG PEERS

*Earliest and dominant leader in the GBA among Hong Kong developers*

## HEAVILY INVESTING IN THE GBA

*Before "GBA" was even official*



**EARLIEST**

First property project in Guangzhou in **1980**

Residential project in Guangzhou in **1991**

**2.8M sqm land bank in GBA: 50% of core land bank 1.5M sqm acquired since 2016**

**DOMINANT**

## FOCUS ON OLD CITY REDEVELOPMENT

*Prime location, limited supply, lower costs*

FY2020	FY2022	FY2023	FY2024+
Shenzhen Nanshan	Guangzhou Zengcheng	Guangzhou Haizhu	Shenzhen Luohu
		Guangzhou Zengcheng	
		Guangzhou Liwan	

Note: The above projects refer to timing to be included in landbank

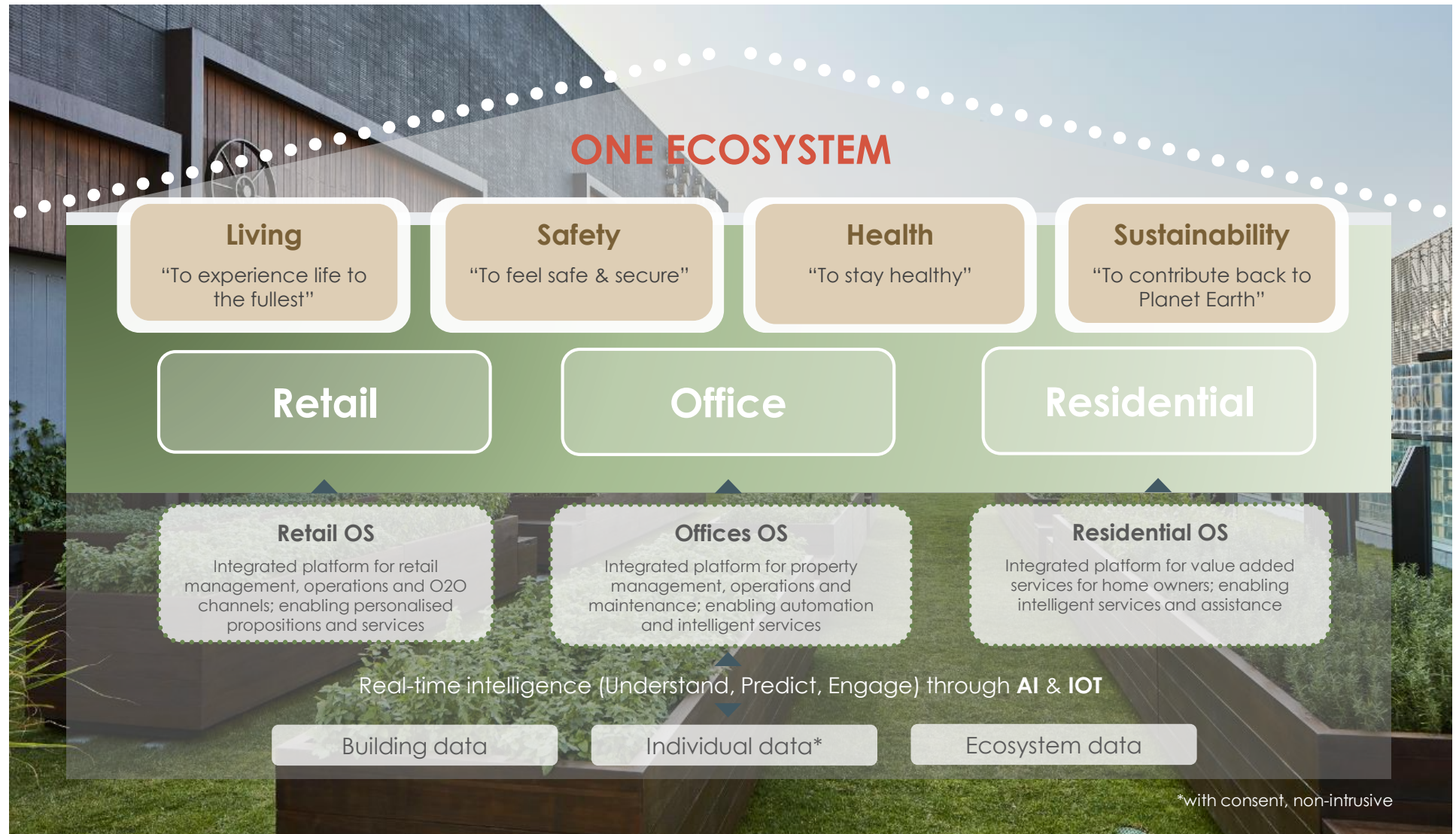
## 6 REDEVELOPMENT PROJECTS

with a total **1.8M sqm GFA**

**NWD – quality build with full living ecosystem & experienced project team**

# INTEGRATED ECOSYSTEM BOOSTING CUSTOMER VALUE

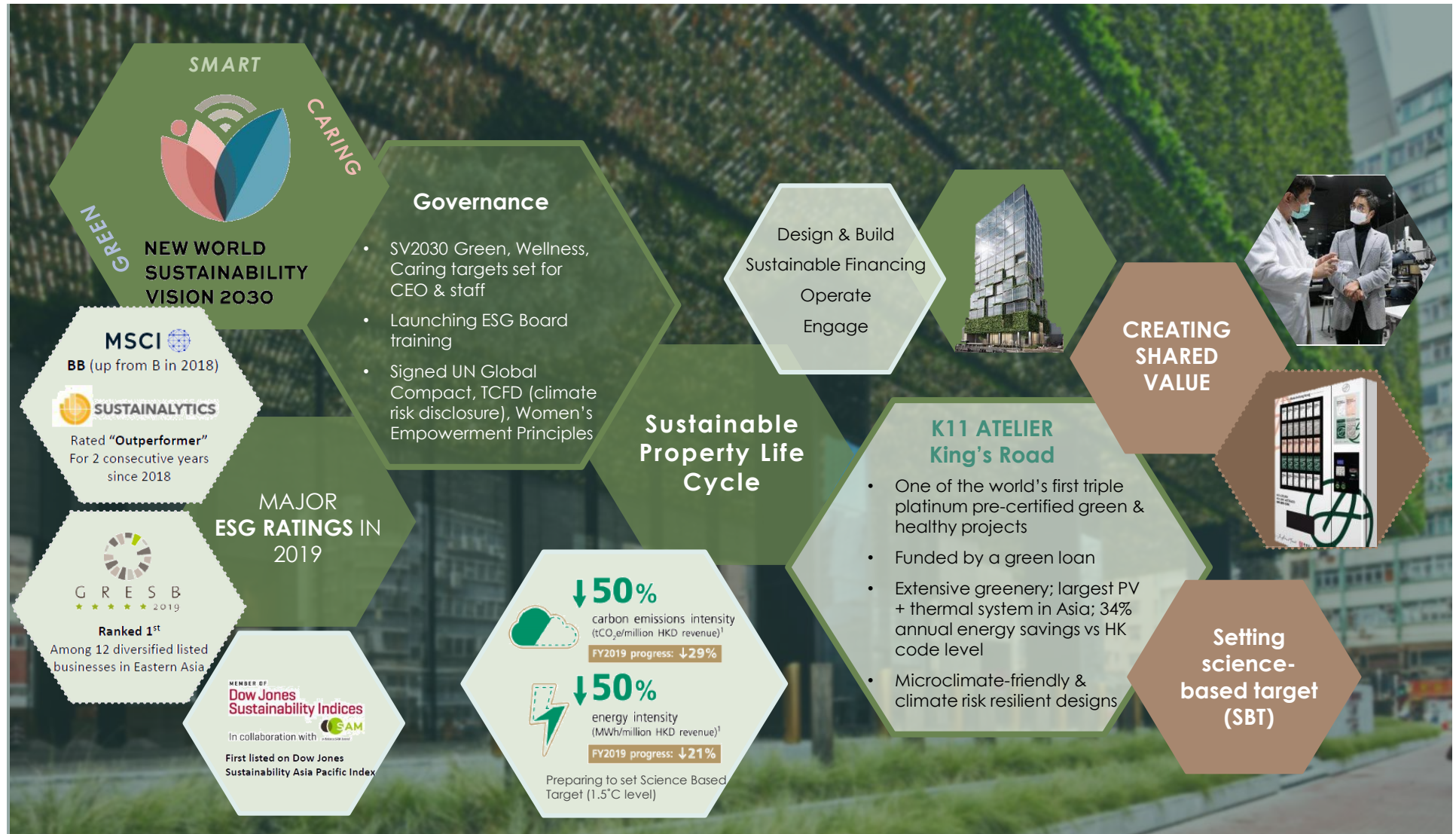
*Making life and work better through intelligent buildings*





# ESG INTEGRATION AT INTERNATIONAL BEST PRACTICE LEVEL

*Creating Shared Value (CSV) for all stakeholders*



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**THANK YOU / Q&A**

*The Artisanal Movement*