



越秀地產股份有限公司
YUEXIU PROPERTY COMPANY LIMITED

Where Good
Living Starts

2018 ANNUAL RESULTS

27 February 2019



CONTENTS

Financial Results	1
Business Updates	2
Outlook	3



RESULT HIGHLIGHTS

Significant Growth in Contracted Sales

- Contracted sales value reached RMB57.8bn, +41% y-o-y, ASP was RMB20,900/sq.m., +14% y-o-y
- Achieved 105% of the full-year contracted sales target of RMB55.0bn
- As at 31 Dec, unrecognized sales value was RMB63.9bn, +61% y-o-y

Steady Growth in Profitability

- Profit attributable to equity holders was RMB2.73bn, +20.7% y-o-y
- Core net profit was RMB2.81bn, +19.6% y-o-y
- Gross profit margin was 31.8%, +6.1p.p.t. y-o-y
- Final dividend of HKD0.051 per share was declared, the dividends for the full year was HKD0.093 per share, +1.1% y-o-y

Further Improvement in Financial Position

- As at 31 Dec, the cash on hand was RMB27.16bn, +30.6% as compared to the beginning of the year; Net operating cash inflow significantly increased to RMB10.57bn
- Net gearing ratio decreased from 72.8% at the beginning of the year to 61.2%, -11.6p.p.t. y-o-y
- The debt structure was optimized and the company successfully issued USD800mm 3-year (coupon rate:4.875%) and USD400mm 5.5-year (coupon rate:5.375%) bonds, and RMB800mm 3-year (coupon rate:4.24%) and RMB700mm 5-year (coupon rate: 4.25%) onshore corporate bonds

Diversified Acquisitions of Landbank

- Continuously increased high-quality landbank by “open auctions, asset injections, cooperation with SOEs, urban renewal projects, M&As, and business park development”
- As at 31 Dec, 16 land parcels with a total GFA of 5.05 mm sq.m. (with an attributable GFA of 1.92 mm sq.m.) was acquired, mainly located in Guangzhou, Suzhou, Wuhan, etc.
- As at 31 Dec, total landbank was 19.41mm sq.m., of which 9.42mm sq.m. was located in Greater Bay Area, accounted for 48% of total landbank

INCOME STATEMENT KEY ITEMS

RMB bn	2018	2017	Change
Revenue	26.43	23.79	+11.1%
Gross Profit	8.39	6.11	+37.4%
Gross Profit Margin	31.8%	25.7%	+6.1p.p.t.
Fair Value(Loss)/Gain	0.37	(0.12)	-
Net Other Gains	1.04	0.67	+55.1%
SG&A Expenses	1.70	1.59	+6.9%
Profit Attributable to Equity Holders	2.73	2.26	+20.7%
Core Net Profit ⁽¹⁾	2.81	2.35	+19.6%
EPS	RMB0.2200	RMB0.1823	+20.7%
Final Dividend Per Share (RMB) ⁽²⁾	RMB0.044	RMB0.042	+4.8%
Final Dividend Per Share (HKD) ⁽²⁾	HKD0.051	HKD0.052	-1.9%
Total Dividends Per Share (RMB)	RMB0.080	RMB0.076	+5.3%
Total Dividends Per Share (HKD)	HKD0.093	HKD0.092	+1.1%

Note: (1) Excluding the net fair value (loss)/gain of investment properties and the net foreign exchange (loss)/gain

(2) Weighted average number of ordinary shares in issue for 2018 : 12,401,306,631

BALANCE SHEET ITEMS

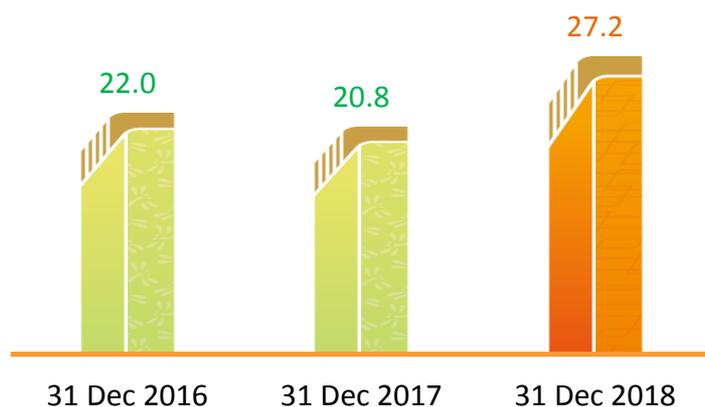
RMB bn	31 Dec 2018	31 Dec 2017	Change
Cash ⁽¹⁾	27.16	20.79	+30.6%
Total Debt	53.41	47.71	+11.9%
Gearing Ratio ⁽²⁾	42.3%	45.6%	-3.3p.p.t.
Net Gearing Ratio ⁽³⁾	61.2%	72.8%	-11.6p.p.t.
Total Assets	168.82	133.14	+26.8%
Shareholders 'Equity	33.83	32.39	+4.4%
Net Asset per Share	RMB2.73	RMB2.61	+4.6%

Note: (1) Including cash, cash equivalents and charged bank deposit

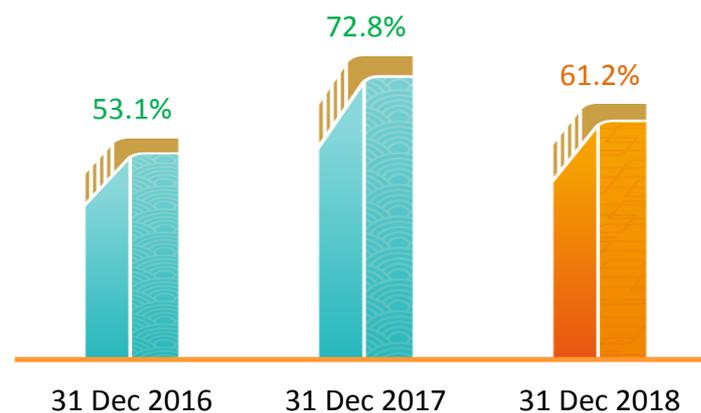
(2) Gearing Ratio=(Total Borrowings-Cash)/Total Capitalization

(3) Net Gearing Ratio=(Total Borrowing – Cash)/Net Asset

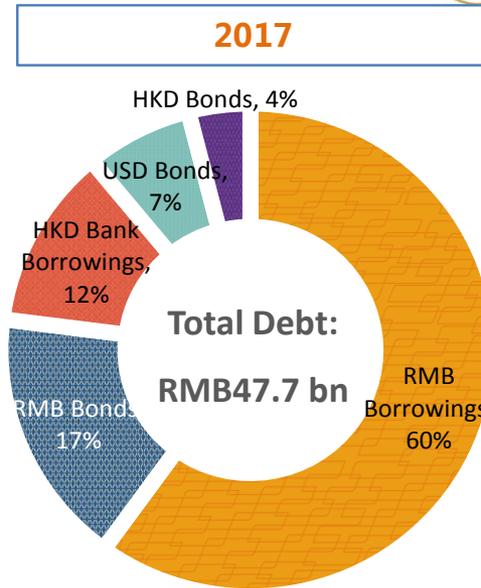
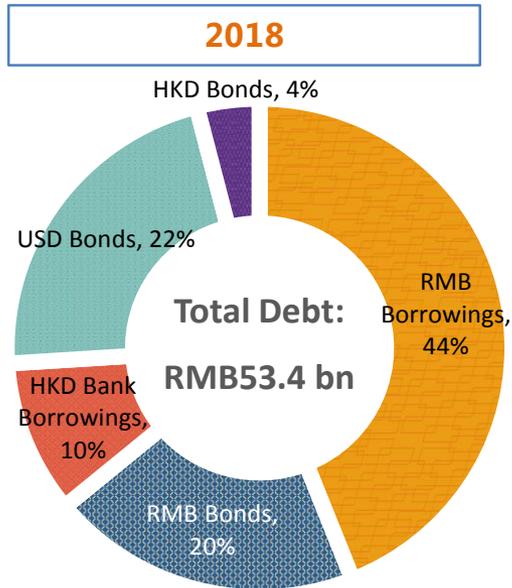
Cash(RMB bn)



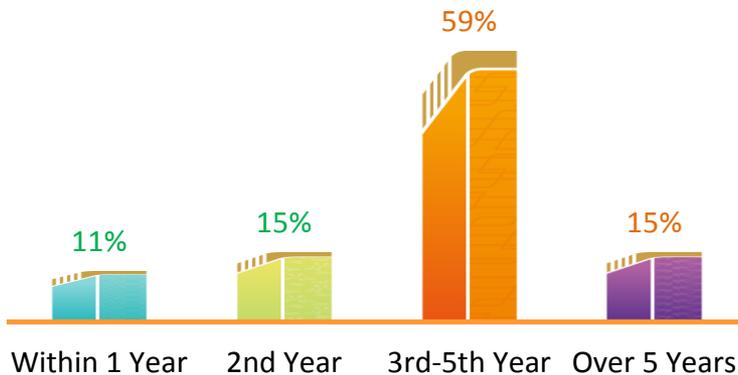
Net Gearing Ratio



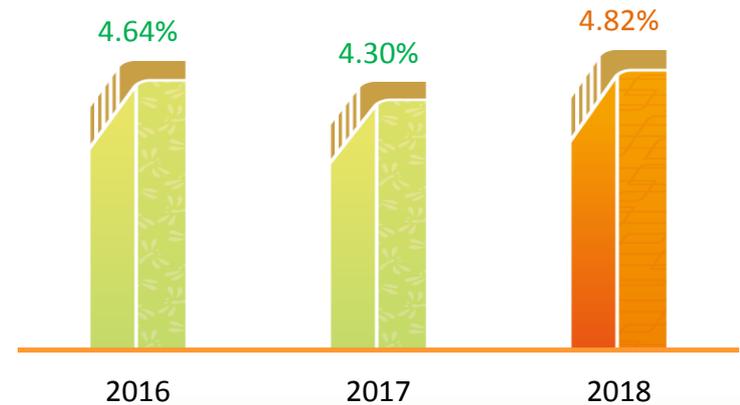
DEBT STRUCTURE ANALYSIS



Maturity Profile



Average Borrowing Interest Rate



CASHFLOW ANALYSIS

RMB bn	2018	2017
Cash on hand at beginning of the year*	20.79	22.02
Cash from Operation	40.42	29.08
Operating Expenses	(29.85)	(33.78)
Development Cost	(10.25)	(11.75)
Land Premium Paid	(8.90)	(11.92)
Tax and Administrative and Other Expenses	(10.70)	(10.11)
Cash Inflow (Outflow) from Operation	10.57	(4.70)
Cash Inflow (Outflow) from Investment	(2.79)	0.82
Cash Inflow (Outflow) from Financing	(1.41)	2.65
Cash on hand at 31 Dec 2018*	27.16	20.79

*Note: Including cash and cash equivalents and charged bank deposit

CONTENTS

Financial Results 1

Business Updates 2

Outlook 3



CONTRACTED, RECONGIZED AND UNRECONGIZED SALES

Contracted Sales⁽¹⁾



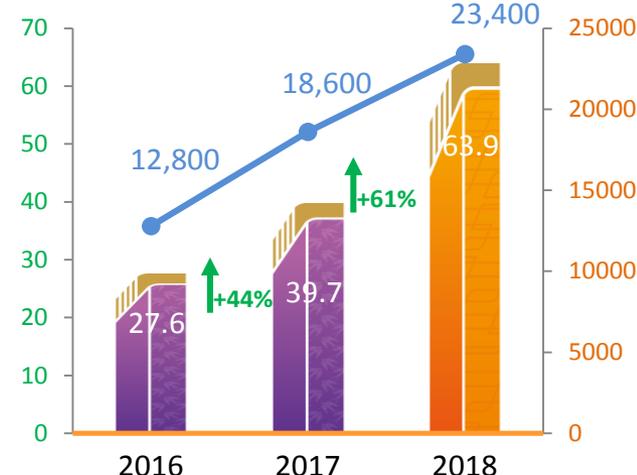
Value (RMB bn) ASP (RMB/sq.m.)

Recognized Sales⁽²⁾

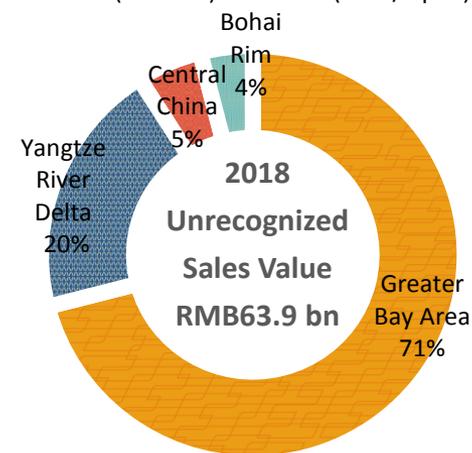
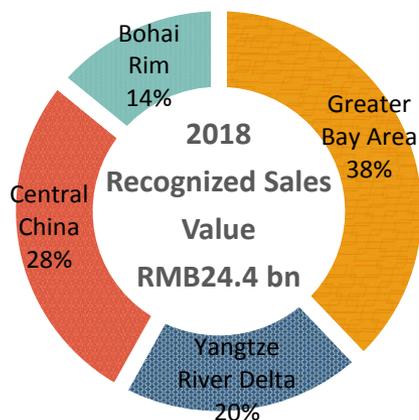
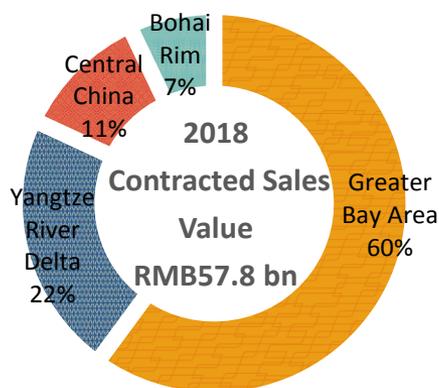


Value (RMB bn) ASP (RMB/sq.m.)

Unrecognized Sales⁽¹⁾⁽³⁾



Value (RMB bn) ASP (RMB/sq.m.)



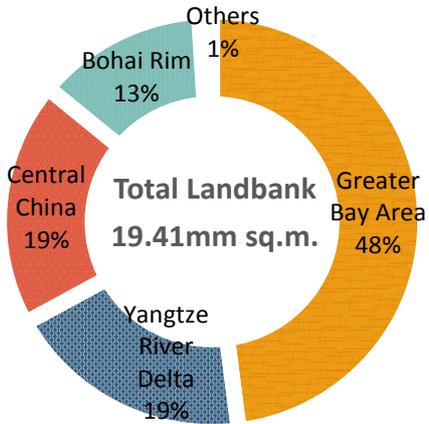
- Note :
- (1) Including sales from joint venture projects
 - (2) Including investment property sales of RMB96mm
 - (3) The consolidated value of 2018 year-end unrecognized sales was RMB48.4bn

NEW LAND ACQUISITIONS

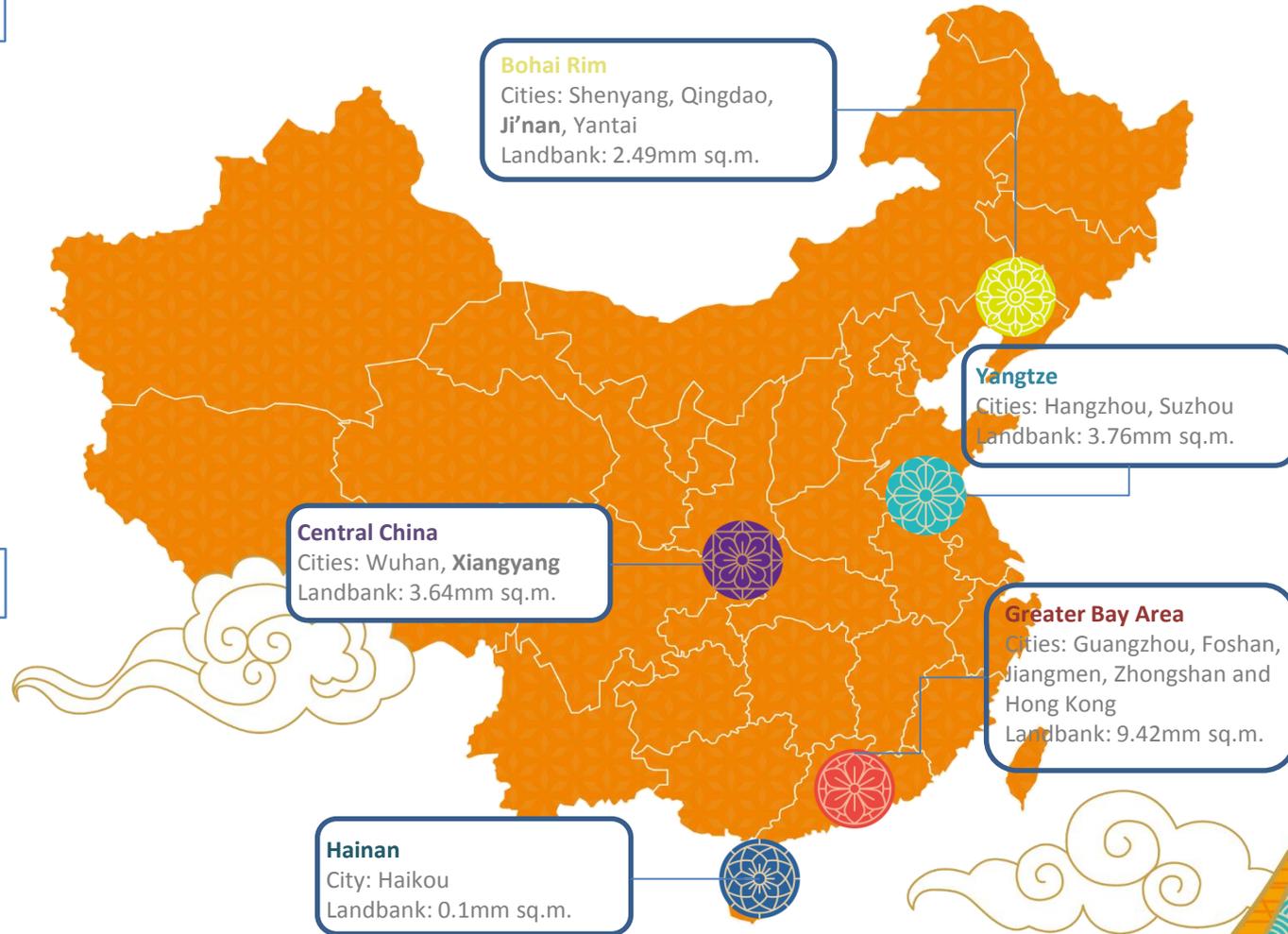
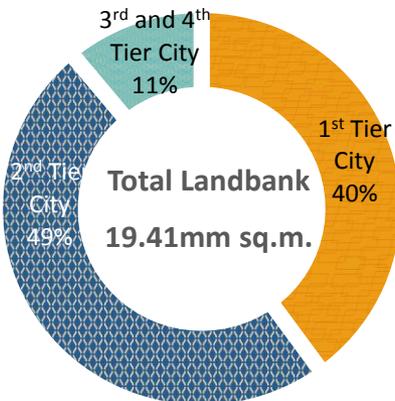
No.	New Land Acquisitions	Type	Total GFA (sq.m.)	Equity Holding	Attributable GFA (sq.m.)	ASP (RMB/sq.m.)
1	Panyu Cullinan (previous name: Guangzhou Panyu Hualing Air-condition Plant Land)	R/C	383,800	13.63%	52,300	8,600
2	Panyu GAC Auto Town Project	R/C	527,900	28.64%	151,200	5,500
3	Nansha Lingshan Island Land II	R/C	405,600	95.00%	385,300	9,100
4	Nansha Lingshan Island Land III	R/C	130,000	9.50%	12,400	7,300
5	Huadu Phoenix Road Land II	R	292,200	9.55%	27,900	10,000
6	Huadu Phoenix Road Land III	R	193,300	9.55%	18,500	9,000
7	Jiangmen Yuexiu Binjiang City Glory (previous name: Jiangmen Binjiang Land)	R/C	351,200	47.50%	166,800	1,800
8	Suzhou YueFu Mansion (previous name: Suzhou Xuguan Land I)	R/C	210,500	95.00%	200,000	8,000
9	Suzhou Joy Bay (previous name: Suzhou Xuguan Land II)	R	116,300	15.68%	18,200	9,900
10	Wuhan Huangpi Land	R	231,900	14.25%	33,000	3,000
11	Xiangyang Lejin New District Land	R/C	1,092,000	28.50%	311,200	1,500
12	Yantai Elegant Mansion	R	78,600	90.25%	70,900	2,100
13	Qingdao Licang Ocean Chemical Industry Land	R/C	211,900	51.00%	108,100	4,300
14	Qingdao Jiaozhou Platinum Mansion	R	209,100	99.50%	208,100	4,200
15	Ji'nan Baimai Delighted Mansion (previous name: Ji'nan Zhangqiu Land)	R	565,400	23.51%	132,900	3,500
16	Ji'nan Gemdale Yuexiu Art Living	R/C	52,600	38.00%	20,000	7,700
Total			5,052,300	-	1,916,800	5,100

TOTAL LANDBANK

Landbank – by Region



Landbank – by Tier



“DUAL PLATFORMS” FOR COMMERCIALS



Rental Income was **RMB685 mm**, up **10.8%** y-o-y.

	GFA(sq.m.)
Yuexiu Financial Tower	211,500
Nansha Sheraton Hotel	54,600
Xiangkang Commercial Plaza	31,800
Other Guangzhou Commercials	205,600
Nanhai Starry Winking (Commercial)	112,800
Hangzhou Starry City (Commercial)	120,600
Other	73,500
Major Leasing Projects Total	810,400
Guangzhou Asia Pacific Plaza	229,400
Wuhan International Financial City (Commercial)	241,800
PUD Projects Total	471,200
Nansha Southern Le Sand (Commercial)	191,000
Nansha Lingshan Island Land	88,000
Hangzhou Starry City (Commercial)	20,000
PFD Projects Total	299,000
Total	1,580,600

Revenue was **RMB2.03 bn**, up **9.6%** y-o-y.

	GFA(sq.m.)
GZ IFC	457,000
White Horse Building	50,000
Fortune Plaza	41,000
City Development Plaza	42,000
Victory Plaza	28,000
Hangzhou Victory Center	40,000
Shanghai Yuexiu Building	62,000
Wuhan Fortune Center and Starry Victory Shopping Center	248,000
Total	969,000

*Note: Yuexiu Property held 36.12% of Yuexiu REIT as at the end of 2018

CONTENTS

Financial Results 1

Business Updates 2

Outlook 3



OUR VIEWS ON PRC MARKET IN 2019

POLICY

The policies on the property market will maintain continuity and stability, focusing on city-specific and policy optimization. Regulatory measures are expected to exit step-by-step, long-term mechanisms regulating the property market will be speedily introduced

MARKET

The overall supply will remain basically stable and demand is facing downward pressure as the market differentiation becomes intensified, first-home buyers and upgraders will dominate the market trend

LAND

The government continues to increase the supply of land and optimize the supply structure, the land market will gradually return to rational. The land market in tier-1 and tier-2 cities will keep competitive as performances differ by regions and cities

FINANCE

The credit fund supply will remain stable generally and monetary policy will loosen moderately in response to the economic downturn. Financing environment is expected to improve gradually

STRATEGIES - INVESTMENT



Take full advantage of our unique resource acquisition platform to add quality landbank



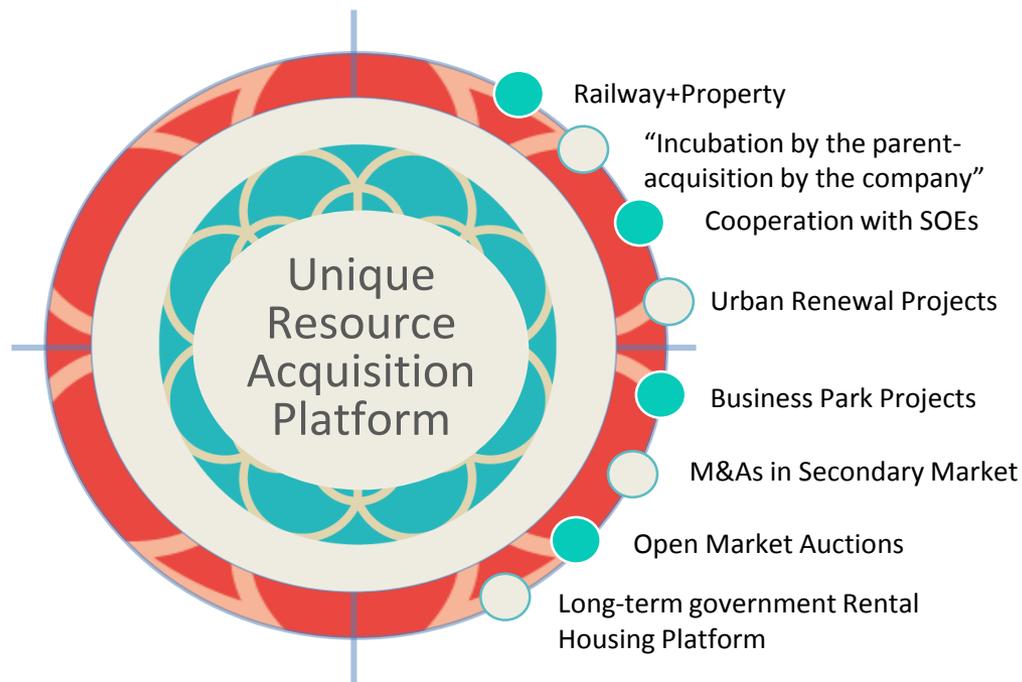
Focus on enhancing land acquisition capabilities through Railway+Property, cooperation with SOEs and urban renewals



Deepen penetrations in the markets of Greater Bay Area, Yangtze River Delta and Central China



Acquire quality landbank in open market by managing investment pace, improving landbank structure and raising up investment standards, investing more on high asset-turn projects



STRATEGIES - OPERATION

Achieve high sell-through rate and cash collection rate through managing the pace of sales, precise launches, flexible marketing and innovative channels, with an aim to achieve the annual sales target



Adhere to customer needs to improve the competitiveness of products, focus on building and optimizing product lines to better satisfy with rigid and upgrade demand



Deepen the implementation of the mechanism of co-investment and share incentive scheme, speed up the cultivation and introduction of core talents, thereby enhancing the organizational support and capability of business



Expand the scale of centralized procurement, optimize the model of tender and strengthen the supply chain management to enhance cost competitiveness. Reinforce the dynamic cost management and control costs effectively



Uphold the strategy of “coordinated development of both residential and commercial”, optimize the whole chain business model of “Development, Operation and Securitization” to enhance operation capability and innovate the financial mode



STRATEGIES – NEW BUSINESSES

Urban Renewal Business

Effectively operate existing projects, enhance resources integration, explore new projects actively, integrate medical care resources at home and abroad, and create a model of combining medical care with elderly care

Boost and enhance the cooperation model of “Rail+Property” with Guangzhou Metro, deepen the cooperation mechanism, strengthen cooperations with SOEs to tap into their stock of land resources, accelerate the acquisition of the urban renewal projects to obtain high-quality land resources

Elderly-Care Business

Long-term Leasing Business

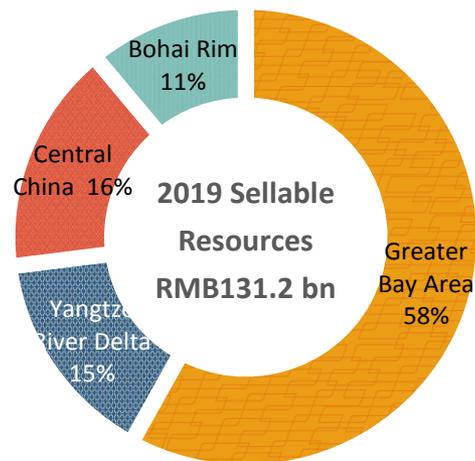
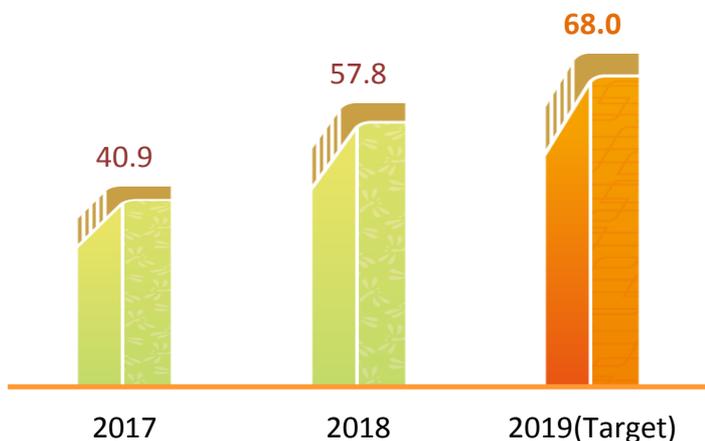
Take the auto town project cooperation with GAC as a strategic opportunity, steadily strengthen the development of property “+industry”, “+town” businesses. Integrate the high-quality educational resources from Guangdong, Macau and Hong Kong to accelerate “+education” business

Speed up housing leasing business through multi-platforms and multi-channels, focus on SOEs stock projects cooperation and asset-light operation model

“Property+” Business

2019 SALES AND OPERATION TARGETS

2019 Sales Target: RMB68.0 bn



Operation Plans

GFA (mm sq.m.)	2019E	2018A	2018E
PUD	14.25	12.14	10.29
New Construction Starts*	5.06	5.93	4.32
Completion	2.95	2.59	2.35

*Note: Excluding construction starts of new projects acquired in 2019

2019 Brand New Project Launches

Regions	Brand new projects in 2019
Greater Bay Area	8
Yangtze River Delta	1
Central Region	5
Bohai Rim	2
Total	16

2019 KEY CASH FLOW ITEMS

Cash Inflow (RMB bn)	2019E
Property Sales	43.9
Rental Income and Other	2.3
Total	46.2
Cash Outflow (RMB bn)	
Land Premium and Auction Deposit	15.9
Construction Cost	14.8
Interest Payment	3.8
Tax and Administrative and Other Expenses	9.6
Total	44.1



越秀地產股份有限公司
YUEXIU PROPERTY COMPANY LIMITED

Thank You!





DISCLAIMER

- ◆ The material in this document is a presentation of general background information about the Company's activities at the date of the presentation. It is information given in summary form and does not purport to be complete. It is not intended to be relied upon as advice to potential investors. These documents are not an offer of securities for sale inside or outside of the United States. Securities may not be offered or sold in the United States unless they are registered or exempt from registration. Any offering of securities to be made in the United States will be made by means of an offering circular that may be obtained from the Bank. Such offering circular will contain detailed information about the company and its management, as well as the Company's financial statements.
- ◆ This document may not be copied or otherwise reproduced and may not be distributed in the United States or to U.S. persons, or in Canada or Japan.