

Annual Result 2018



越秀交通基建有限公司
YUEXIU TRANSPORT INFRASTRUCTURE LIMITED



1. Result Highlights	P.2
2. Future Prospects	P.12
3. Appendices	P.15

2018 Performance Highlights



Revenue
RMB 2.85B



Profit attributable to shareholders
RMB 1.05B



Total assets
RMB 22.74B



Total liabilities
RMB 10.33B

Payout ratio



Proposed final dividend:
HKD 0.24
Total: HKD 0.39

2018 Business Environment Review

External and internal economic environment

1. The slowing down of global economic revival, heightening of trade friction and tightening of liquidity have resulted in an increase of risk factors, further wavering the outlook for recovery
2. China's economy remains steady in general, its road freight traffic grows faster than passenger traffic, fixed assets investment on transportation remains at a high level
3. PBOC implemented the 'targeted cut of RRR' for four times during the year to maintain a reasonable and ample level of liquidity

Toll road sector regulatory environment

1. The overall regulatory environment remained stable;
2. A new consultation draft of '*Regulation on Administration of Toll Roads*' was issued with proposals of following changes:
 - ✓ Over 30 years of concession for toll roads with materially large investment and long payback period
 - ✓ Establishment of differentiated tariffs and a flexible mechanism of tariff evaluation and adjustment
 - ✓ Debt repayment schedule or concession can be extended under reconstruction or lanes expansion
 - ✓ Maintenance of expressways should be funded by tolls
 - ✓ Promoting "non-stopping" toll technology such as Unconscious Pay

2018 Performance Highlights



Business performance remained steady under economic downside pressure, and profit attributable to shareholders gained double-digit growth.



The effect of grasping the “Rise of Central China Strategy” has gradually become apparent. The central core projects such as Henan Weixu Expressway and Hubei SYN Expressway remained high double-digit growth and became new profit drivers.

Extract of consolidated income statement

RMB million	2018年	2017年	
Revenue	2,847	2,703	<p>Revenue</p> <ul style="list-style-type: none"> • 2018 increased 5.3% or RMB 144M • Weixu Expressway increased RMB 99.15M • SYN Expressway increased 94.27M
EBITDA	2,856	2,722	<p>EBITDA</p> <ul style="list-style-type: none"> • 2018 increased RMB 134M • SYN Expressway increased RMB 97M • Weixu Expressway increased RMB 92M
Gross profit	2,013	1,914	
Attributable profit	1,054	948	<p>Attributable profit</p> <ul style="list-style-type: none"> • Increased 11.2% or RMB 106M
Earnings per share (RMB)	0.6300	0.5666	
Dividend per share(HKD)	0.39	0.36	<p>Dividend per share</p> <ul style="list-style-type: none"> • Proposed the final dividend for 2018 is HKD 0.24 per share, dividend for 2018 is HKD 0.39 per share, increased 8.3%
Payout ratio	53.6%	52.4%	

2018 operating analysis of controlled toll projects

RMB million	Income from operations	Attributable profit ⁽¹⁾	Average daily traffic volume
GNSR Expressway	- 1,161 1.9%	- 384 5.2%	+ 233,210 1.4%
Cangyu Expressway	- 78 8.8%	- 34 18.5%	- 10,857 11.2%
Jinbao Expressway	+ 96 6.4%	+ 15 46.0% ⁽²⁾	+ 37,345 7.9%
Han-Xiao Expressway	- 170 14.2%	- 54 26.1%	+ 26,719 0.0%
Changzhu Expressway	+ 248 1.4%	- 64 8.3%	- 59,329 2.0%
Weixu Expressway	+ 427 30.2%	+ 211 47.0%	+ 31,928 36.0%
Suiyuenan Expressway	+ 667 16.5%	+ 221 22.4%	+ 22,903 14.8%

Note 1: Figures in the table are before elimination of inter-company interest.

Note 2: Note 2: Calculated based on attributable profit before impairment of 2017.

2018 operating analysis of non-controlling projects

RMB million	Income from operations	Share of results	Average daily traffic volume
Northern Ring Road	- 770 0.6%	- 74 20.0%	+ 348,447 3.9%
Humen Bridge	+ 1,673 3.7%	+ 196 2.5%	+ 121,747 2.8%
GWSR Expressway	+ 603 23.1%	+ 87 34.7%	+ 73,237 2.9%
Qinglian Expressway	+ 761 3.4%	+ 20 50.0%	+ 43,477 5.6%
Shantou Bay Bridge	- 213 12.4%	- 34 17.2%	- 26,175 0.8%

Extract of Consolidated Balance sheet

RMB million	As at 31 December of 2018	As at 31 December of 2017
Total assets	22,740	23,918
Total liabilities	10,332	12,101
Total equity	12,408	11,817

Mainly including:

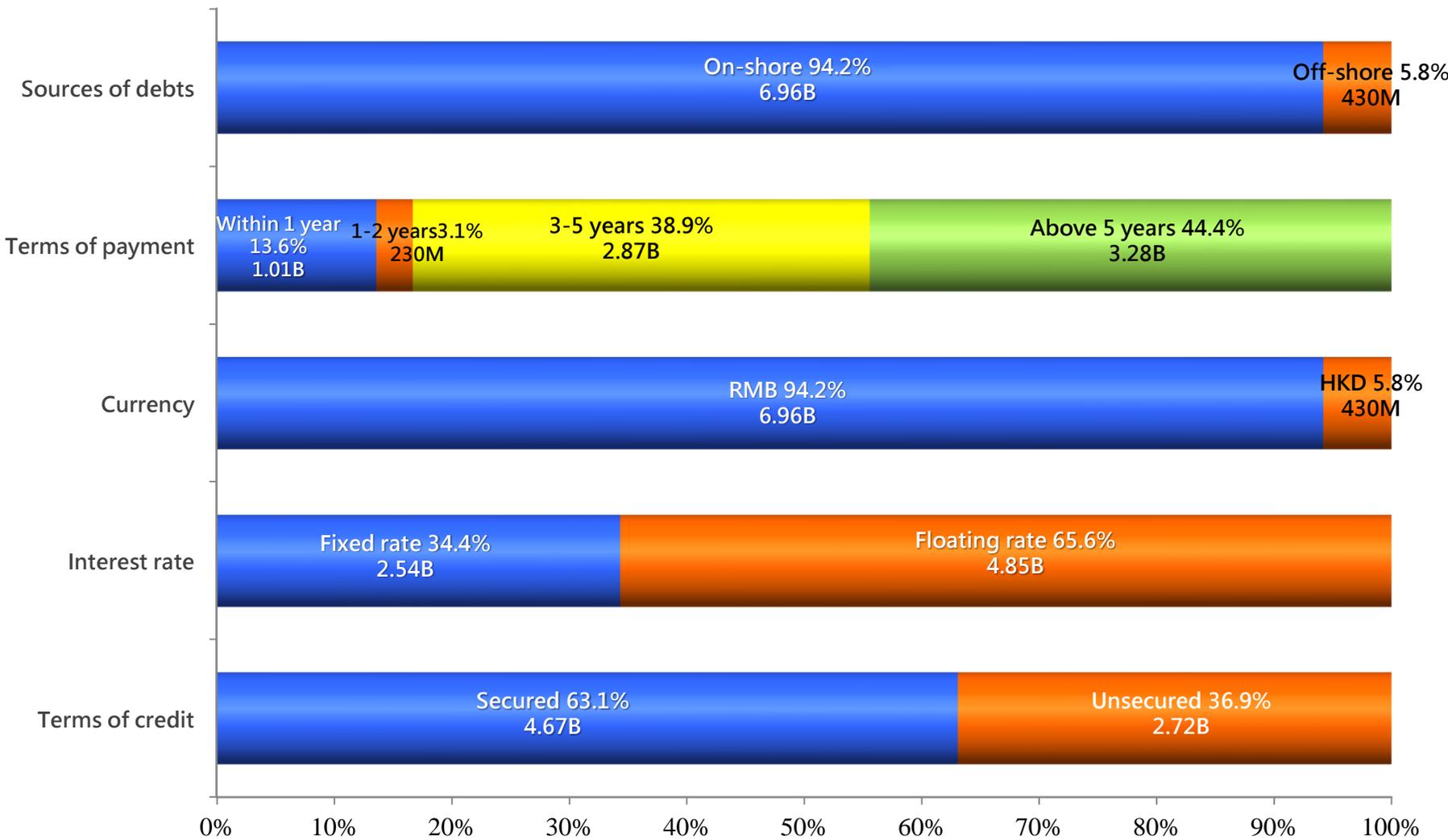
- 76.6% intangible operating rights**
 Net book value of intangible of operating rights as at 31 Dec 2018 amounted to RMB 17.42B, decreased by 2.8% or RMB 500M, which mainly due to the amortization.
- 10.5% Short term bank deposit, Cash and cash equivalents**
 The closing balance of cash and cash equivalents was RMB 2.39B, decreased 570M compared with the opening balance

Mainly including:

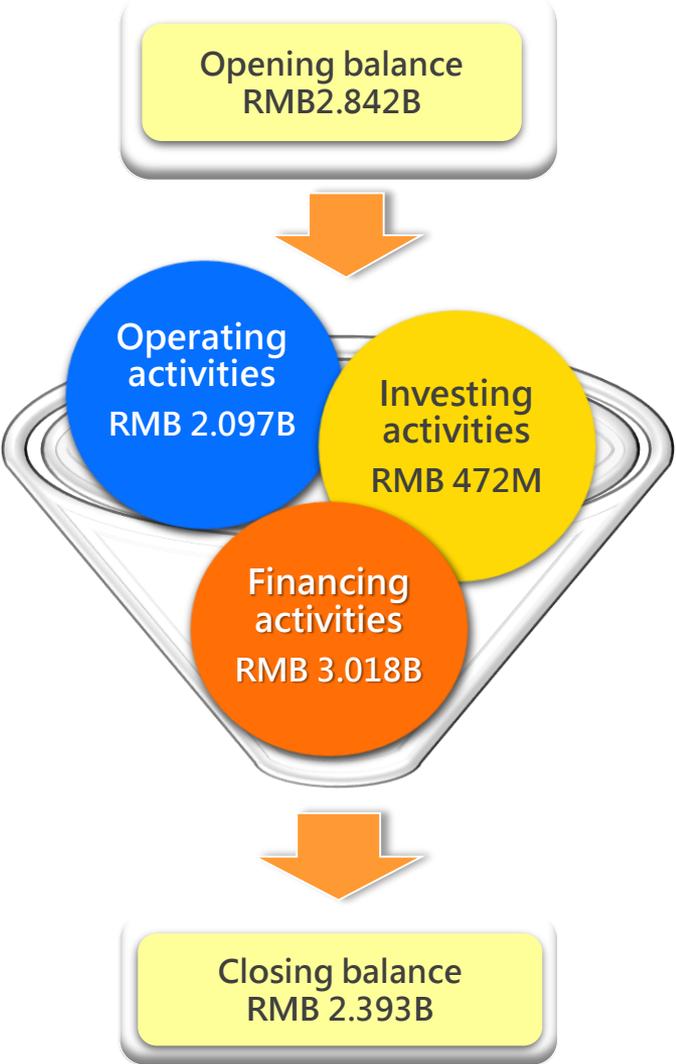
- Bank borrowings of RMB 5.39B
- Corporate bonds (Panda bonds) of RMB 2.0B

	2018	2017
Gearing ratio (=net debt/(total equity + net debt))	29.6%	36.0%
Total liabilities/total assets ratio	45.4%	50.6%
Debt to equity ratio (=net debt/total equity)	42.1%	56.3%

External debts structure (Bank borrowings and corporate bonds)



Cash Flow



Operating activities

- Revenue amounted to RMB 2.847B
- Net cash inflow was RMB 2.097B (net of operating cost, expense and tax)

Investing activities

- Dividend distribution from associates amounted to RMB 385M
- Net cash inflow RMB 472M

Financing activities

- New bank borrowings of RMB 830M
- Payment of bank loan and bond interest of RMB 359M
- Repayment of bank borrowings of RMB 1.256B
- Repayment of Euro notes payable of RMB 1.523B
- Dividends paid to the shareholders of the company of RMB 528M
- Net cash outflow RMB 3.018B



- 1. Result Highlights** **P.2**
- 2. Future Prospects** **P.12**
- 3. Appendices** **P.15**

FUTURE PROSPECT — Business environment analysis

1. Complex and volatile external economic environment:

- ✓ Lower projected global economic growth for 2019 and 2020 by IMF in its latest update of 'World Economic Outlook';
- ✓ Economic recovery prospects become more uncertain due to aggravation of risk factors such as trade friction, populism and escalating geopolitical conflicts;

2. China's economy faces both challenges and opportunities:

- ✓ Surrounded by a complex and uncertain external environment, China's economy remains stable but also faces downside pressure;
- ✓ China's economy is undergoing transformation and upgrading, heading to the stage of high quality development;
- ✓ “Steady growth, guarded against risks, structural adjustment” will be the dominant directions of macroeconomic regulation; it is expected that there will be a strengthening of policy regarding the propping up of infrastructure in Central and Western China, encouraging industrial restructuring and promoting regional economic growth;

3. Sector of transport Infrastructure shows prominent advantages:

- ✓ Against the backdrop of economic uncertainty, the sector of transport infrastructure will show its prominent advantages by creating long term and stable return, thus leading peers and conglomerates are stepping up their investment of expressways;
- ✓ Considering factors include historical scale of construction, project life cycle, unique business ecosystem and long project cycle of highway construction, investment of expressways will be at a period of strategic opportunities during the 14th Five-year Plan;

4. Revised the draft of the Regulation on the Administration of Toll Road again after three years:

- ✓ Focusing on resolving the issues of “reasonable returns”, “toll standard” and “debt risk”, the draft is seeking optimization and adjustment in various aspects;
- ✓ The Regulations is expected to raise remarkably the marketization level of regulatory policy, facilitate a sustainable and healthy development of the sector;

FUTURE OUTLOOK — Development strategy

Strategic core: “expanding the scale, strengthening the management, improving efficiency”

The vision: to be an extraordinary asset management company of transport infrastructures

Investment strategy

- Seize the development opportunities presented by the national strategy of **"Rise of Central China"** and **"Guangdong-Hong Kong-Macao Greater Bay Area"**, stepping up acquisition of quality highways;
- Grasp the opportunities for the renovation and expansion of existing mature expressways;
- Keep open channels for the in-flowing and out-flowing of assets, enhance **asset management capabilities**;

Financing strategy

- ensure a steady and sound financial position, actively develop diversified financing channels;
- strengthen risk management of FX exposure and reduce financial costs by taking multiple measures;

Management strategy

- Refinement and standardization of management practices, promote institutional and structural optimization;
- Take effective measures to improve project performance;



- Central provinces
- Guangdong
- Tianjin



- 1. Result Highlights** **P.2**
- 2. Future Prospects** **P.12**
- 3. Appendices** **P.15**

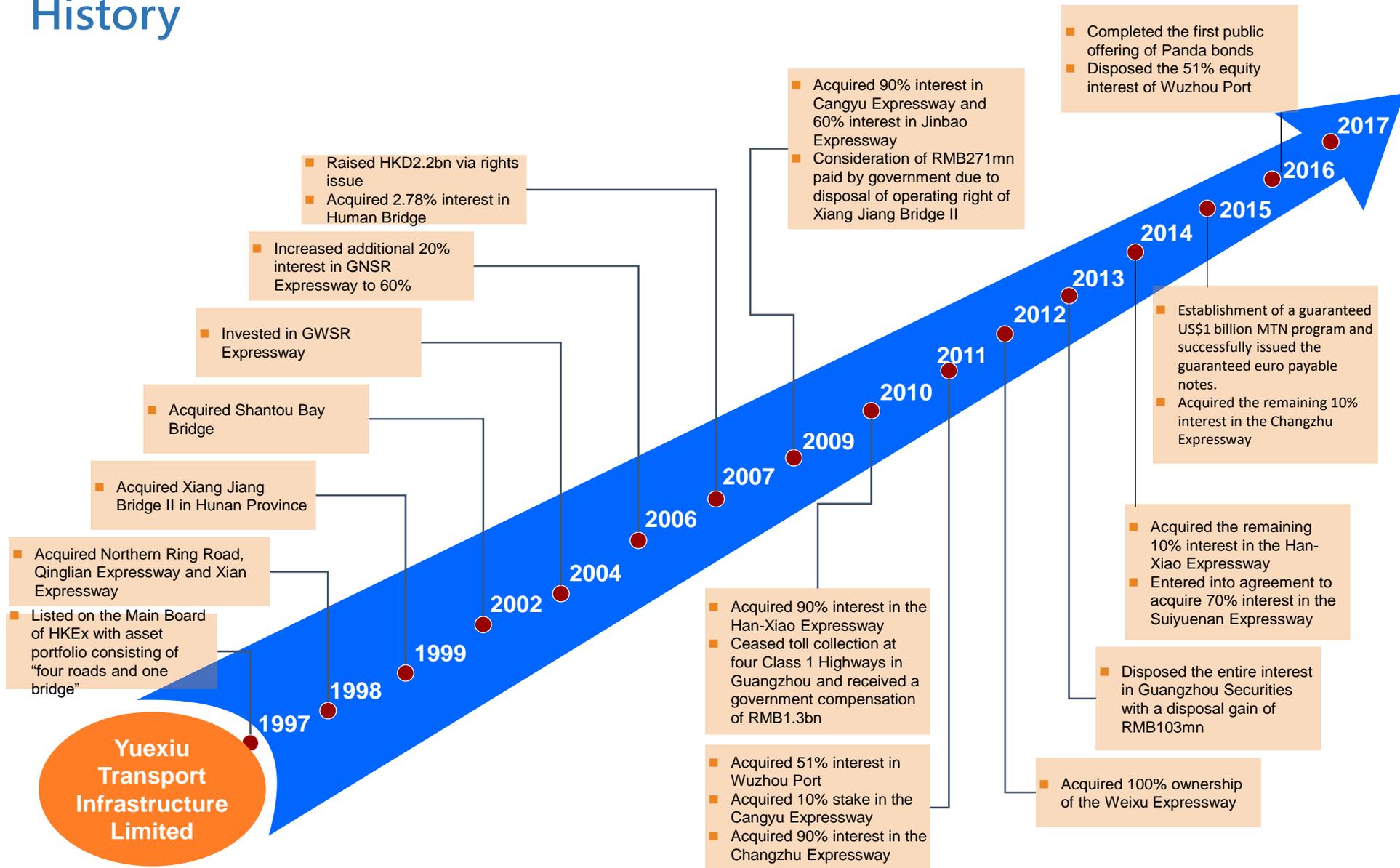
Extract of consolidated income statement

RMB'000	2018	2017	Increase/ decrease	Change%
Revenue	2,847,073	2,702,844	144,229	5.3%
Cost of services	834,092	788,452	45,640	5.8%
Gross profit	2,012,981	1,914,392	98,589	5.1%
Other income, gains and losses-net	40,635	38,237	2,398	6.3%
Impairment loss of IOR	-	107,234	N/A	N/A
General and administrative expenses	225,113	196,193	28,920	14.7%
Net finance costs	348,324	413,807	(65,483)	-15.8%
Share of result of a joint venture/ associates	411,476	403,022	8,454	2.1%
Profit before tax	1,891,655	1,638,417	253,238	15.5%
Income tax	479,974	371,195	108,779	29.3%
Profit after tax	1,411,681	1,267,222	144,459	11.4%
Profit attributable to shareholders	1,054,135	947,942	106,193	11.2%
Earnings per share (RMB)	0.6300	0.5666	0.0634	11.2%
Dividend per share (HKD)	0.39	0.36	0.03	8.3%
Payout ratio	53.6%	52.4%	1.2ppt	N/A

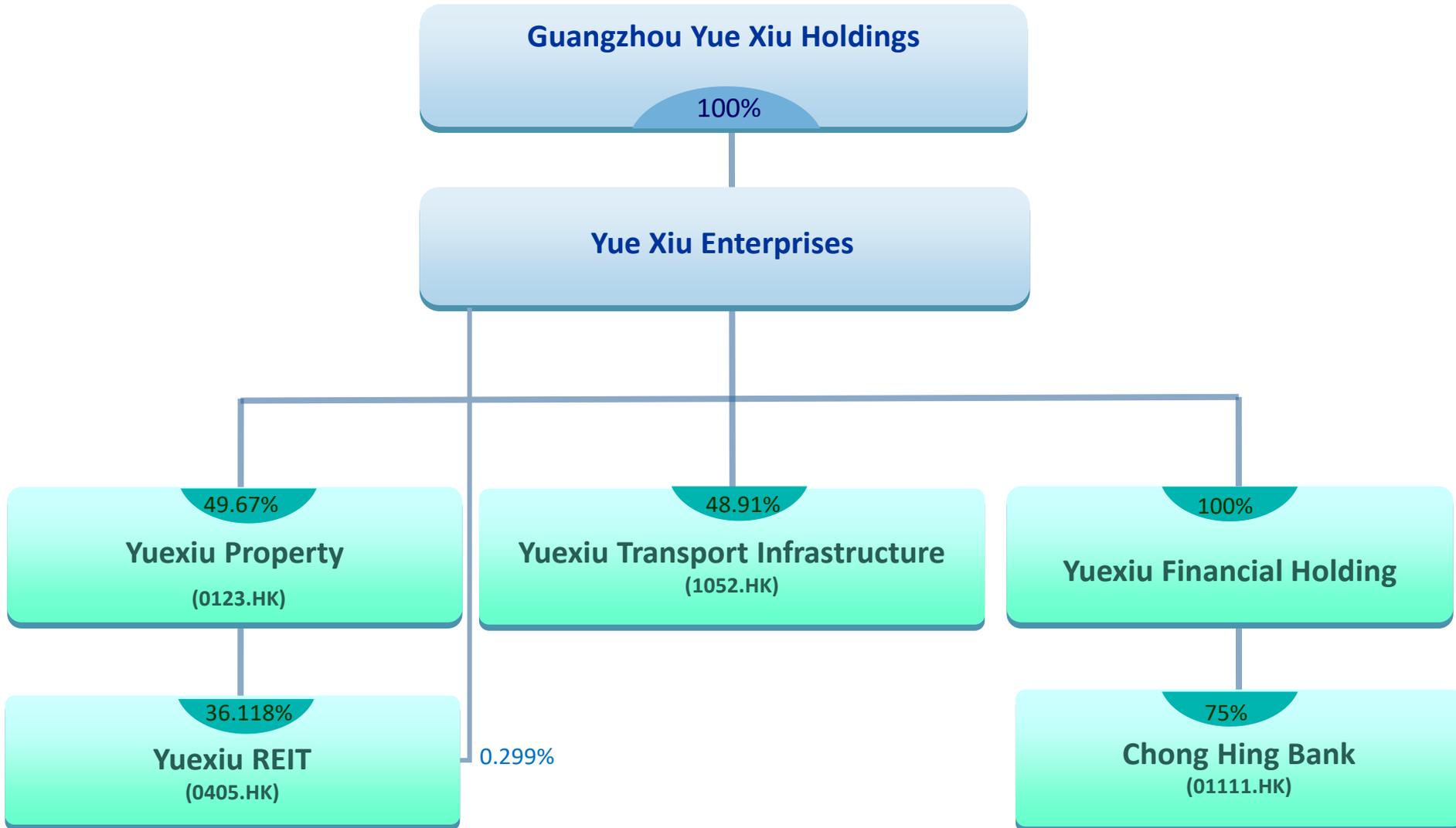
Extract of consolidated Balance Sheet

RMB'000	31 December 2018	31 December 2017	Change %
Total assets	22,739,750	23,918,489	-4.9%
Mainly including:			
Intangible operating rights	17,419,156	17,915,044	-2.8%
Investments in a joint venture and associates	1,929,118	1,983,851	-2.8%
Short term bank deposit, Cash and cash equivalents	2,393,222	2,958,818	-19.1%
Including: Cash and cash equivalents	2,393,222	2,842,452	-15.8%
Total liabilities	10,332,171	12,101,085	-14.6%
Mainly including:			
Bank borrowings -- current portion	511,249	319,724	59.9%
-- long term portion	4,888,027	5,430,439	-10.0%
Loans from non-controlling interest	98,469	103,020	-4.4%
Notes payable	0	1,557,953	-100.0%
Corporate bonds	1,995,622	1,993,263	0.1%
Deferred income tax liabilities	2,086,455	1,988,483	4.9%
Total equity	12,407,579	11,817,404	5.0%
Of which: attributable to the shareholders of the Company	10,071,871	9,544,848	5.5%
Net assets per share	6.02	5.70	5.5%
Gearing ratio (=net debt/(total equity + net debt))	29.6%	36.0%	-6.4ppt
Total liabilities/total assets ratio	45.4%	50.6%	-5.2ppt
Debt to equity ratio (=net debt/total equity)	42.1%	56.3%	-14.2ppt

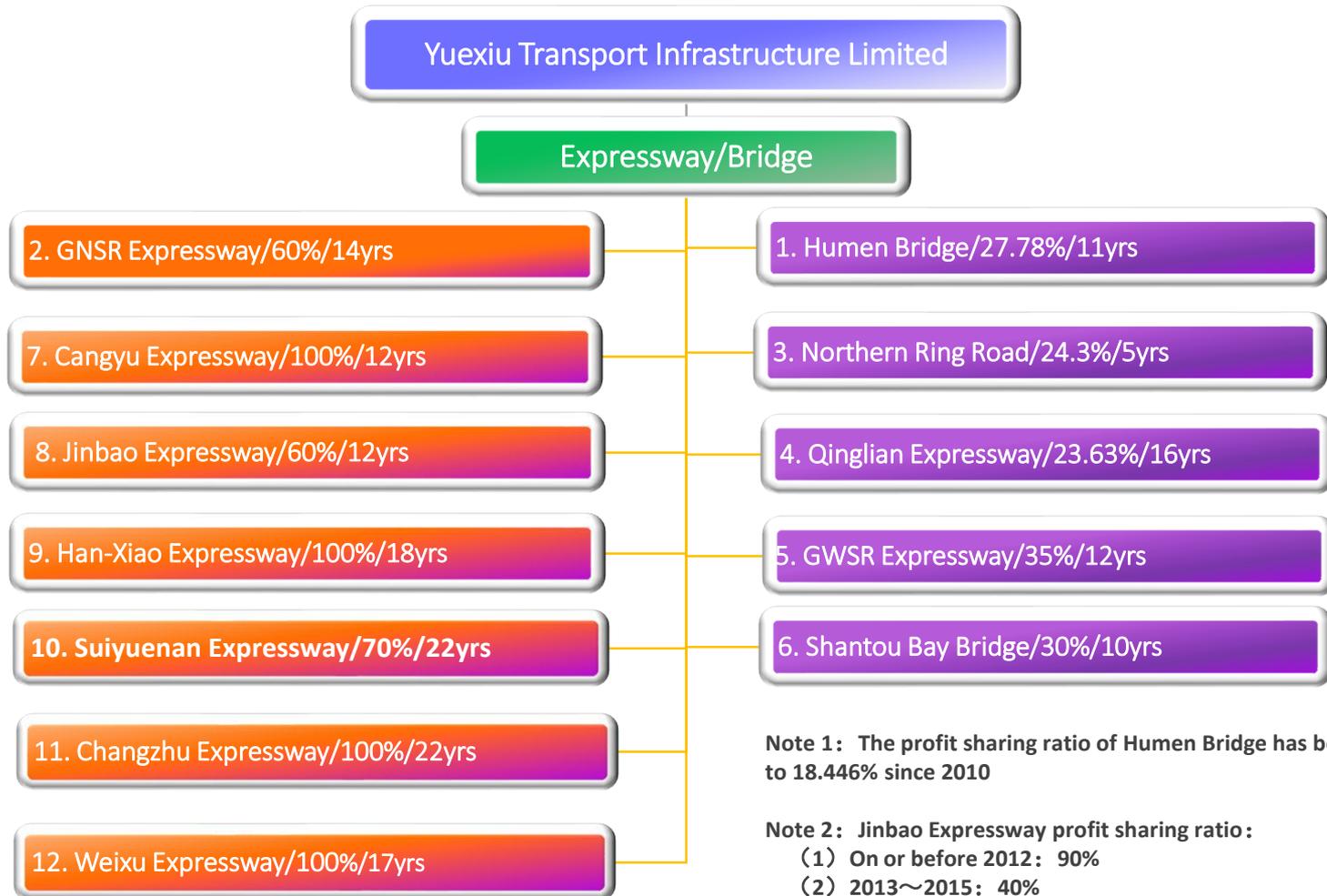
History



Shareholders Structure



Asset portfolios

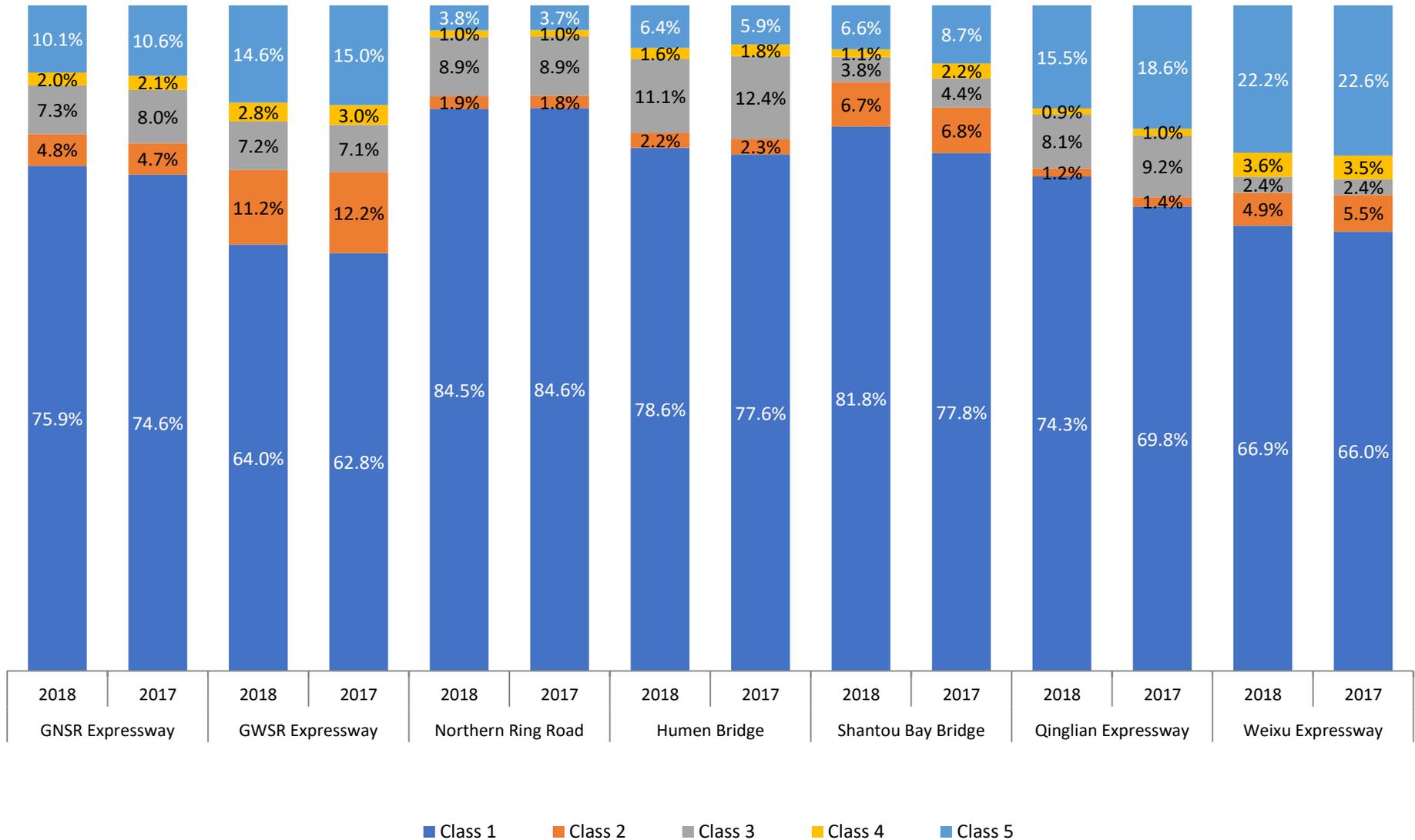


Note 1: The profit sharing ratio of Humen Bridge has been adjusted to 18.446% since 2010

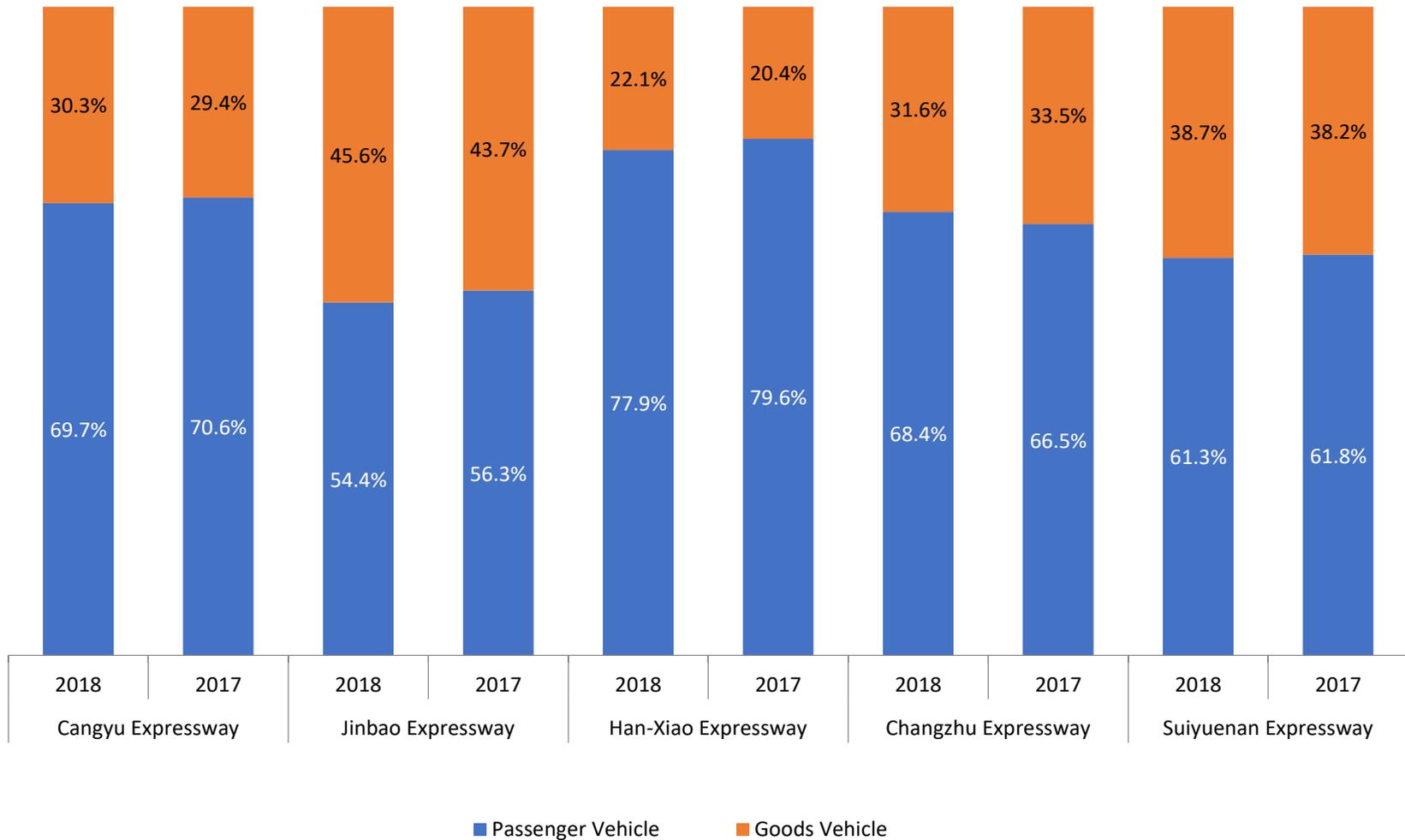
Note 2: Jinbao Expressway profit sharing ratio :

- (1) On or before 2012: 90%
- (2) 2013~2015: 40%
- (3) 2016 onwards: 60%

Traffic Mix (2018 vs 2017)



Traffic Mix (2018 vs 2017)



GUANGDONG



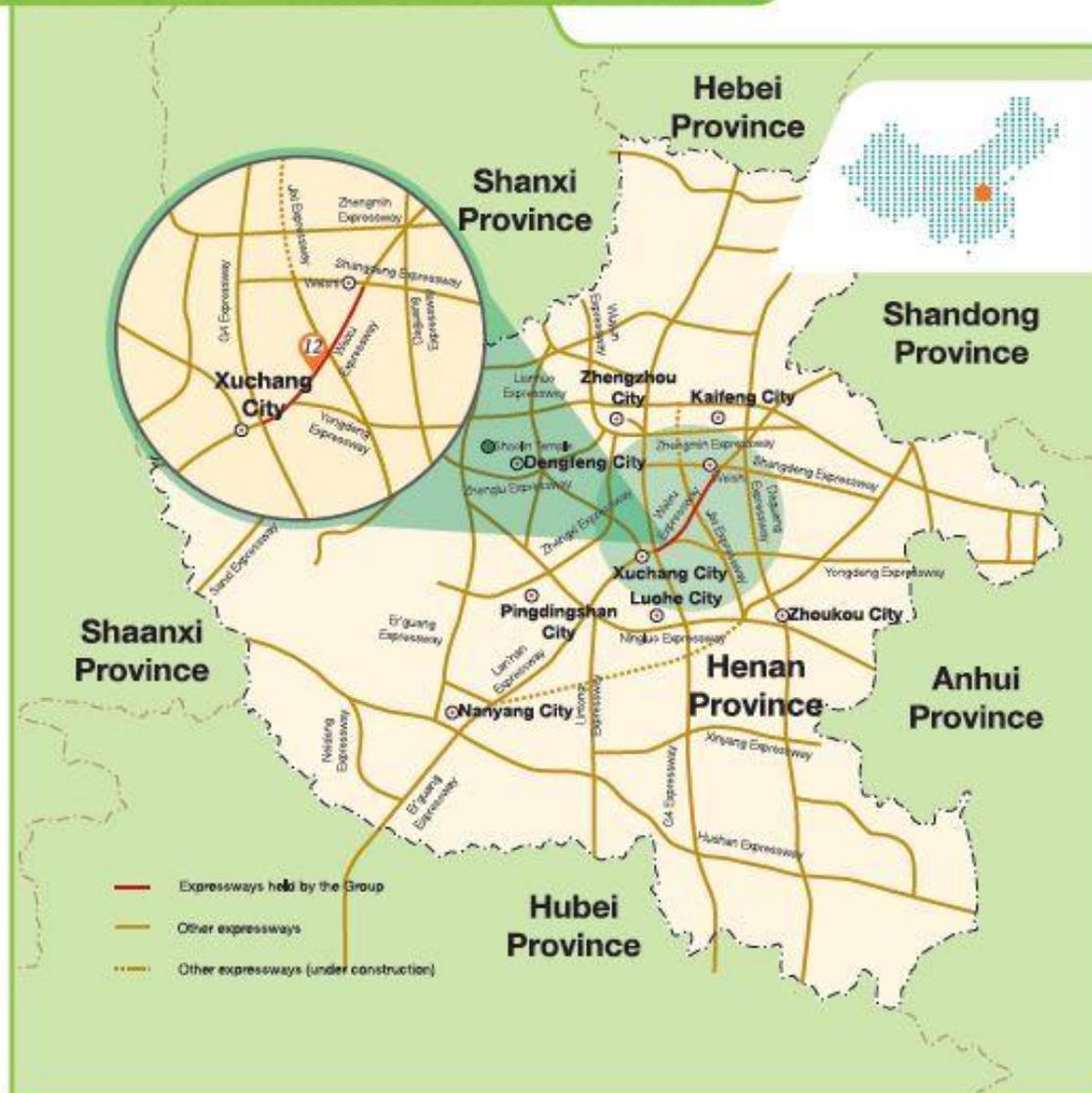
GUANGXI



HUNAN



HENAN



免責聲明

- ◆ *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.*