



SHENZHEN EXPRESSWAY COMPANY LIMITED

Stock code: 00548(SEHK) 600548(SSE)

2019 First Quarterly Results

27 April 2019

The financial statements of the Company were prepared in accordance with China Accounting Standards for Business Enterprise (CASBE), and also were complied with the disclosure requirements under the Hong Kong Companies Ordinance and the Listing Rules of HKEx.

In this material, the total of breakdown and the total may not equal in mantissa due to rounding.



Financial Highlights

	1Q2019	1Q2018	Change YOY
	<i>(RMB 'million)</i>		
Revenue	1,331	1,342	-0.83% ^{Note 1}
Including: Toll revenue	1,108	1,212	-8.54%
Net profit attributable to owners of the Company	467	397	+17.73%
Earnings per share (EPS) (RMB)	0.214	0.182	+17.73%
Return on equity -weighted average (ROE) (%)	2.65%	2.86%	-0.21p.pt

Note 1: Since Nanguang Expressway, Yanpai Expressway and Yanba Expressway (the “Three Projects”) were repurchased by the government in advance at the end of 2018, revenue decreased by 0.83% YOY. After deducting this impact, the comparable revenue increased by 12.51% YOY.



Financial Analysis

- Revenue & Investment Income

	1Q2019	1Q2018	Change in Amount	Change YOY
	<i>(RMB '000)</i>			
Revenue	1,330,593	1,341,790	-11,197	-0.83%
Toll revenue	1,108,237	1,211,775	-103,538	-8.54% ^{Note 1}
Other revenue	222,356	130,015	+92,341	+71.02% ^{Note 2}
Investment income	142,345	134,530	+7,814	+5.81%

Note 1: Due to the Three Projects repurchase, toll revenue decreased by RMB159 million. After deducting this impact, toll revenue increased by 5.3% YOY.

Note 2: The YOY growth was mainly from Guilong Development Project.



Financial Analysis

- Cost & Expenses

	1Q2019	1Q2018	Change in Amount	Change YOY
	<i>(RMB '000)</i>			
Cost of services	676,962	656,942	+20,020	+3.05% ^{Note 1}
General and administrative expenses	29,772	16,858	+12,913	+76.60% ^{Note 2}
Financial expenses	94,932	161,932	-67,000	-41.38% ^{Note 3}
Income tax expenses	119,708	104,800	+14,908	+14.23%

Note 1: After deducting the impact of the Three Projects, cost of services increased by 15.55% YOY, which was mainly due to the increase in the carry-forward of Guilong development costs and the increase in depreciation and amortization expenses of toll road projects.

Note 2: Reversal of over-provision for year-end bonus made in the same period of the previous year.

Note 3: The Group's interest expense decreased as a result of a YOY decrease in the scale of interest-bearing liabilities of the Group.



Financial Analysis

- Investment & Borrowings

- Capital expenditure: RMB330 million
- Total amount of outstanding interest-bearing liabilities at the end of 31 March 2019: RMB13.9 billion (same period of 2018: RMB21.5 billion), basically flat as compared with that of the beginning of the year.
- Debt-to-asset ratio at the end of 31 March 2019: 50.49% (down by 1.97p.pt as compared with that of the beginning of the year).
- Composite borrowing costs: 4.43% (2018: 4.66%).



Operational Performance of Toll Highway - Shenzhen Region

	Average Daily Toll Revenue			Average Daily Mixed Traffic Volume		
	1Q2019	1Q2018	Change YOY	1Q2019	1Q2018	Change YOY
Project	<i>(RMB '000)</i>			<i>(Number of vehicles in thousands)</i>		
Meiguan	328	319	+3.0%	99	89	+10.9%
Jihe East	1,996	1,936	+3.1%	282	266	+5.9%
Jihe West	1,729	1,645	+5.1%	210	202	+4.0%
Coastal Project	1,353	1,142	+18.4%	91	82	+9.4%
Shuiguan	1,604	1,643	-2.4%	207	223	-0.1%
Shuiguan Extension	307	299	+2.7%	74	104	+0.9%

■ The traffic volume which is toll free during the holidays is not included in the figures of average daily mixed traffic volume.



Operational Performance of Toll Highway

- Other Regions

	Average Daily Toll Revenue			Average Daily Mixed Traffic Volume		
	1Q2019	1Q2018	Change YOY	1Q2019	1Q2018	Change YOY
Project	<i>(RMB '000)</i>			<i>(Number of vehicles in thousands)</i>		
Qinglian	2,630	2,428	+8.3%	53	49	+9.0%
Yangmao	1,686	1,911	-11.8%	49	55	-12.1%
Guangwu	863	892	-3.3%	41	43	-4.4%
Jiangzhong	1,265	1,236	+2.3%	148	131	+7.9%
GZ W2	1,487	1,416	+5.0%	74	75	-2.1%
Wuhuang	1,148	1,059	+8.4%	61	55	+10.3%
Yichang	1,151	1,151	0.0%	56	54	-1.4%
Changsha Ring Road	374	370	+1.3%	39	31	+11.1%
Nanjing Third Bridge	1,424	1,347	+5.7%	39	36	+8.1%

■ The traffic volume which is toll free during the holidays is not included in the figures of average daily mixed traffic volume.



Operational Performance of Toll Highway

- Brief Description

- The traffic volume of Jihe Expressway is saturated and the Three Projects and Phase II of Qingping Expressway are free to pass, so that the traffic volume of Jihe Expressway was slightly diverted.
- During the Reporting Period, both the average daily traffic volume and toll revenue of Shuiguan Expressway decreased YOY, which was mainly due to the closed maintenance and construction of part of the west-east lane of Shuiguan Expressway.
- Coastal Project has entered a good growth period.
- The operational performance of Qinglian Expressway was stable overall. The construction of Qingxi Bridge and connected engineering and Yuewang Expressway was completed successively at the end of September 2018. The role of Qinglian Expressway as the traffic artery from Southern China to Central China will be further highlighted and its traffic volume is expected to growth further.
- Due to the growth of vehicle ownership in surrounding cities and continuous improvement of surrounding road networks, the operational performance of Wuhuang Expressway has grown steadily.
- The growths of traffic volume and toll revenue of Changsha Ring Road were out of sync as a result of the long-lasting cryogenic rain and snow weather leading to fewer trucks.



- The Interchange project of the International Convention and Exhibition Center of Coastal Phase II passed the completion acceptance on 27 March 2019 and is scheduled to open to traffic at the second half of 2019 in conjunction with the completion time of other roads.
- Up to now, 810 mu of Guilong land has received all transfer payment, and it is planned to complete the transaction in the second quarter. During the Reporting Period, Guishen Company has obtained Guilong land of 115 mu through bidding.
- Up to now, the cumulative removal rate of Phase I of Meilin Checkpoint Renewal Project was 53%. It is expected to be delivered at the end of 2019.
- Up to now, Nanjing wind power project has completed payment and equity delivery.
- Up to now, the declaration materials of extension of validity of A Share Convertible Corporate Bonds has been updated and reported to the China Securities Regulatory Commission.

Company Declaration

All information presented here is publicly available and for the purpose of understanding the operation and development planning of the Company. The Company might adjust the contents without pre-notice in any forms. Besides, investors should note that the data presented in this document does not constitute an invitation to trade the Company's stock and does not guarantee the performance of the stock in the future.



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