

# Road King Infrastructure Limited

## 路勁基建有限公司

(Incorporated in Bermuda with limited liability)  
Stock Code: 1098



## Investor Presentation

March 2019



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## Agenda

Company overview

2018 key highlights

Business highlights

Financial overview

Q&A

# Road King Infrastructure Limited

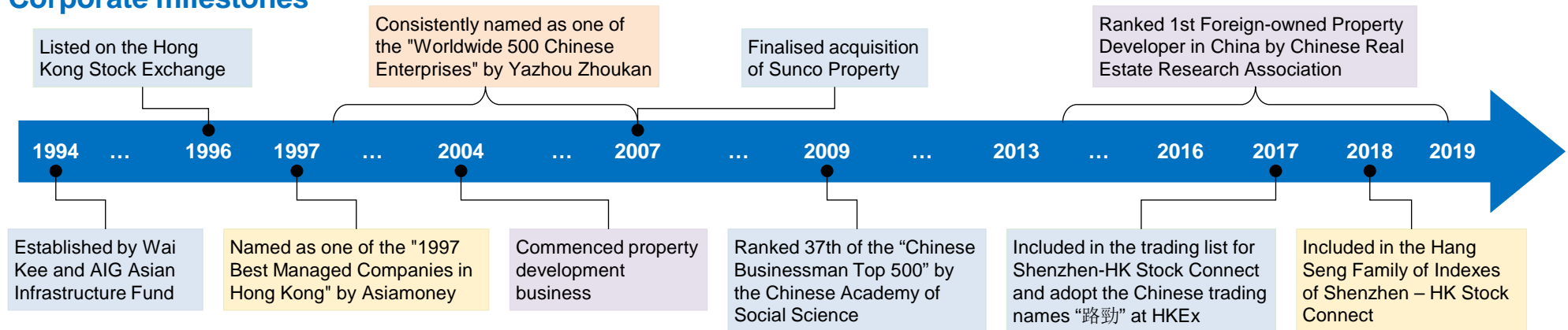
## Company overview

- A prominent **property developer** in Mainland China and Hong Kong with land reserves of approximately 8m sqm as of 2018 mainly located in the Yangtze River Delta, Bohai Rim and Greater Bay Area regions
- A leading **toll road investor and operator** with over 20 years of experience. Its portfolio comprises five expressways spanning 340km across four provinces in Mainland China as of 2018
- Founded in 1994 and listed on SEHK-1098 with a current market capitalization of c. HK\$10bn as of 31 Dec 2018
- Honored as “No.1 of Best 10 China Foreign Estate Developers”<sup>1</sup>, and “Best 35 China Real Estate Listed Companies with Strongest Comprehensive Strengths” for 7 consecutive years (2013-2019)

## Shareholding structure<sup>1</sup>



## Corporate milestones



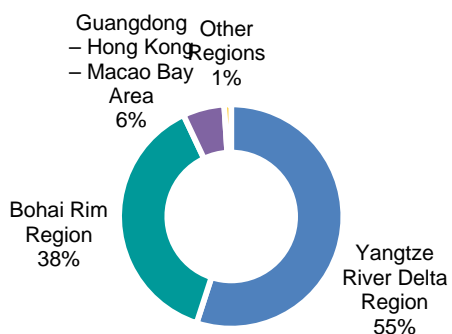
Note: <sup>1</sup> As of 31 Dec 2018

# Key highlights of 2018 financial results

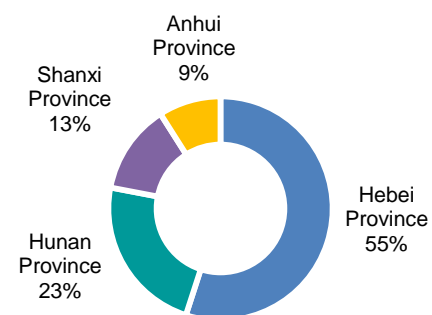
## Summary of results

(HK\$ m)	For the year ended 31 December		% change
	2018	2017	
Revenue of the Group	22,365	14,756	+52%
Gross profit	10,064	5,916	+70%
Gross profit margin	45%	40%	+5 p.p.
Profit for the period/year	3,699	2,476	+49%
Profit attributable to owners of the Company	2,988	1,944	+54%
Net profit margin	17%	17%	-
Basic earnings per share (HK\$)	3.99	2.61	+53%
Net assets per share attributable to owners of the Company (HK\$)	23.22	20.90	+11%
Cash received from toll road projects	827	713	+16%
Net gearing ratio (%)	35%	54%	-19 p.p

## Revenue contribution of property projects in 2018 by location



## Revenue contribution of expressway projects in 2018 by location



## Results highlights for 2018

### Revenue

- ✓ Revenue increase was mainly due to increase in both average selling price and GFA delivered in 2018
- ✓ Company also achieved record contracted sales in 2018 of RMB32,134m mainly in Yangtze River Delta Region

### Profit

- ✓ Increase in profit and margins was mainly due to the fact that the properties delivered in 2018 had higher average selling prices as compared to those delivered in 2017

### Cash received from toll road projects

- ✓ Increase in cash received as a result of high traffic flow

### Gearing

- ✓ Net gearing ratio fell to 35% as at 2018 from 54% as at 2017 due to increase in cash

### Credit Rating

- ✓ Rating upgraded by Moody's to Ba3

Notes:

<sup>1</sup> Net gearing ratio = Total debt - total cash / Total equity

<sup>2</sup> Total debt = current and non-current bank and notes borrowings

<sup>3</sup> Total cash = pledged bank deposits, bank balances and cash

# A leading premium developer of property and toll roads

## Business overview

Progressive growth in property business

### Property business

- ✓ A record high contracted sales of RMB32,134m in 2018
- ✓ Mature projects with attractive profit margin at 45% in 2018
- ✓ Focus in Yangtze River Delta and Bohai Rim regions, with over 30 saleable projects
- ✓ Total land reserve of approximately 8m<sup>1</sup> sqm supporting 3-4 years development

Stable cash flows with growing performance from toll road business

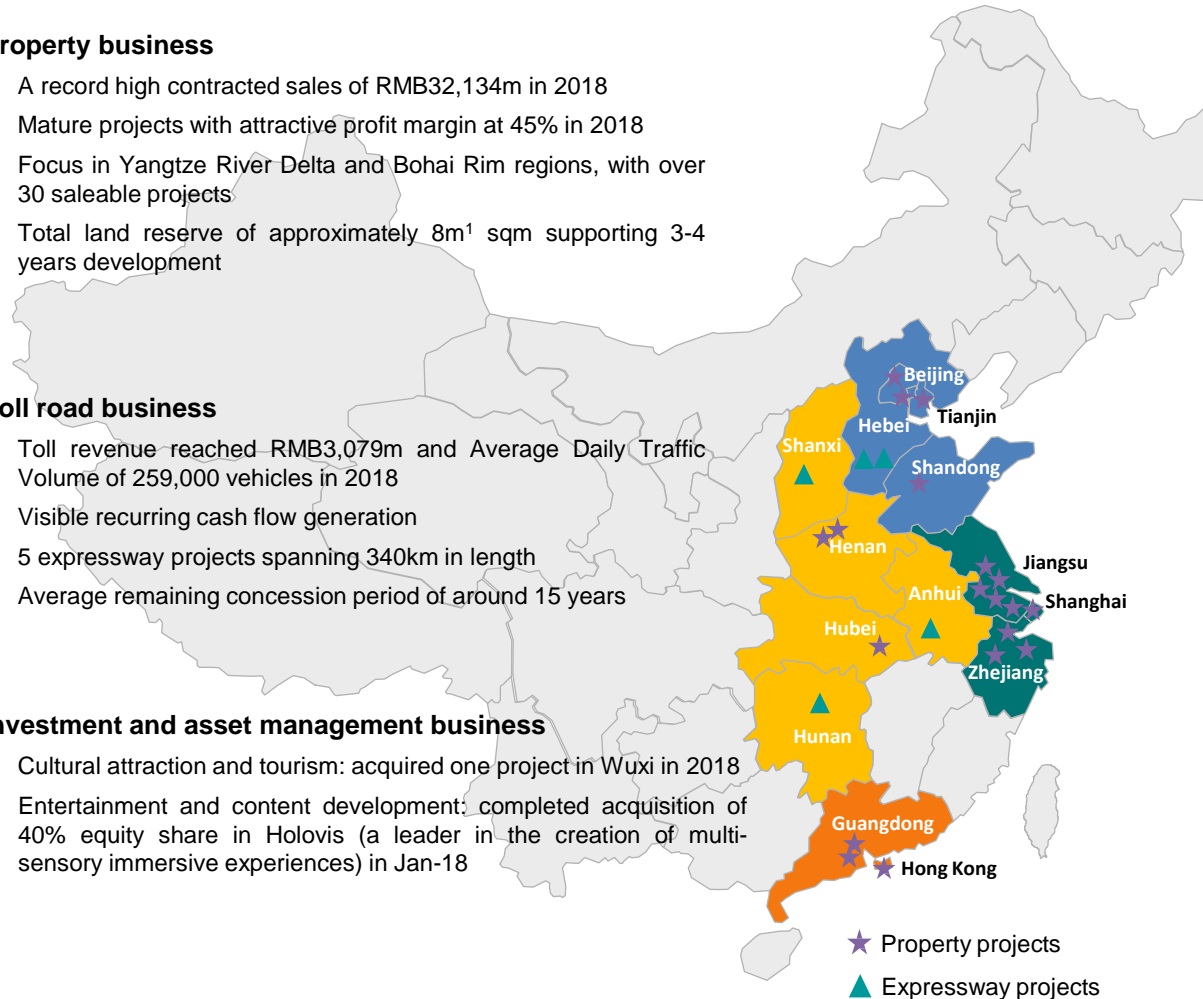
### Toll road business

- ✓ Toll revenue reached RMB3,079m and Average Daily Traffic Volume of 259,000 vehicles in 2018
- ✓ Visible recurring cash flow generation
- ✓ 5 expressway projects spanning 340km in length
- ✓ Average remaining concession period of around 15 years

Revenue potential from investment and asset management business

### Investment and asset management business

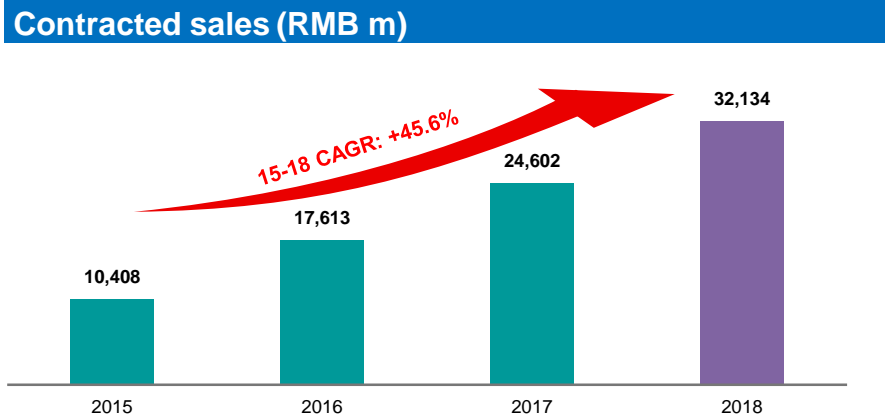
- ✓ Cultural attraction and tourism: acquired one project in Wuxi in 2018
- ✓ Entertainment and content development: completed acquisition of 40% equity share in HoloVis (a leader in the creation of multi-sensory immersive experiences) in Jan-18



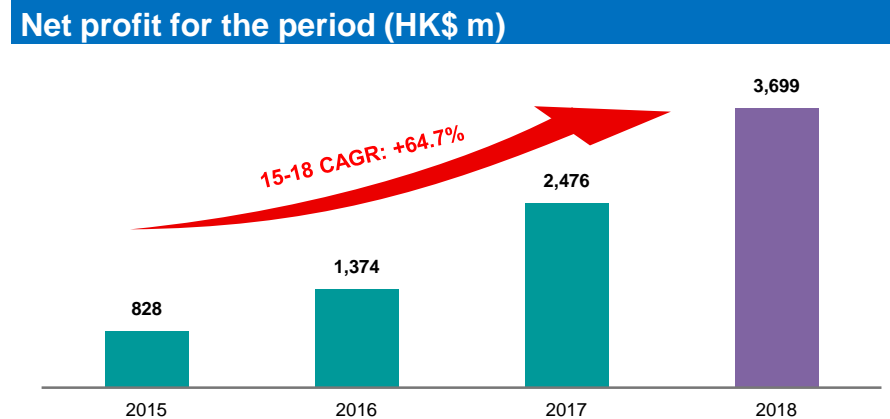
Note: <sup>1</sup> As of 31 Dec 18

# Key highlights of 2018 financial results

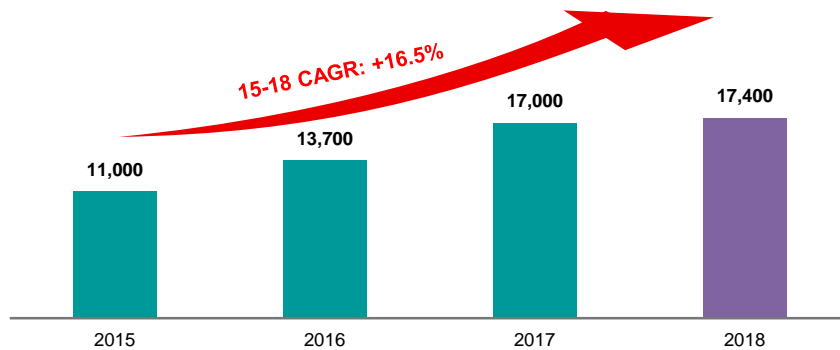
## Robust sales momentum



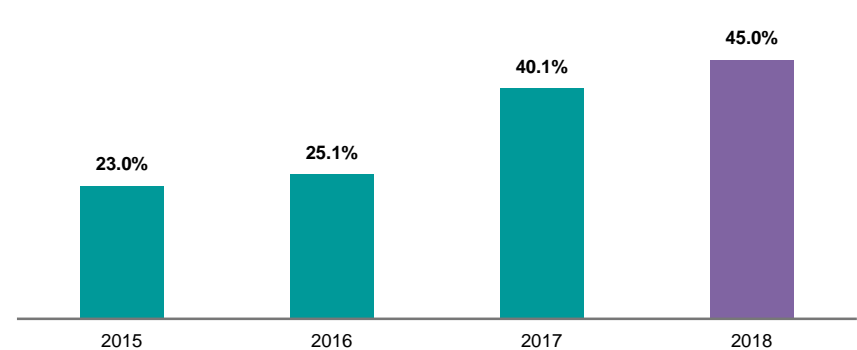
## Strong sustainable profitability



## ASP (RMB/sqm)



## Gross profit margin



Source: Company filings

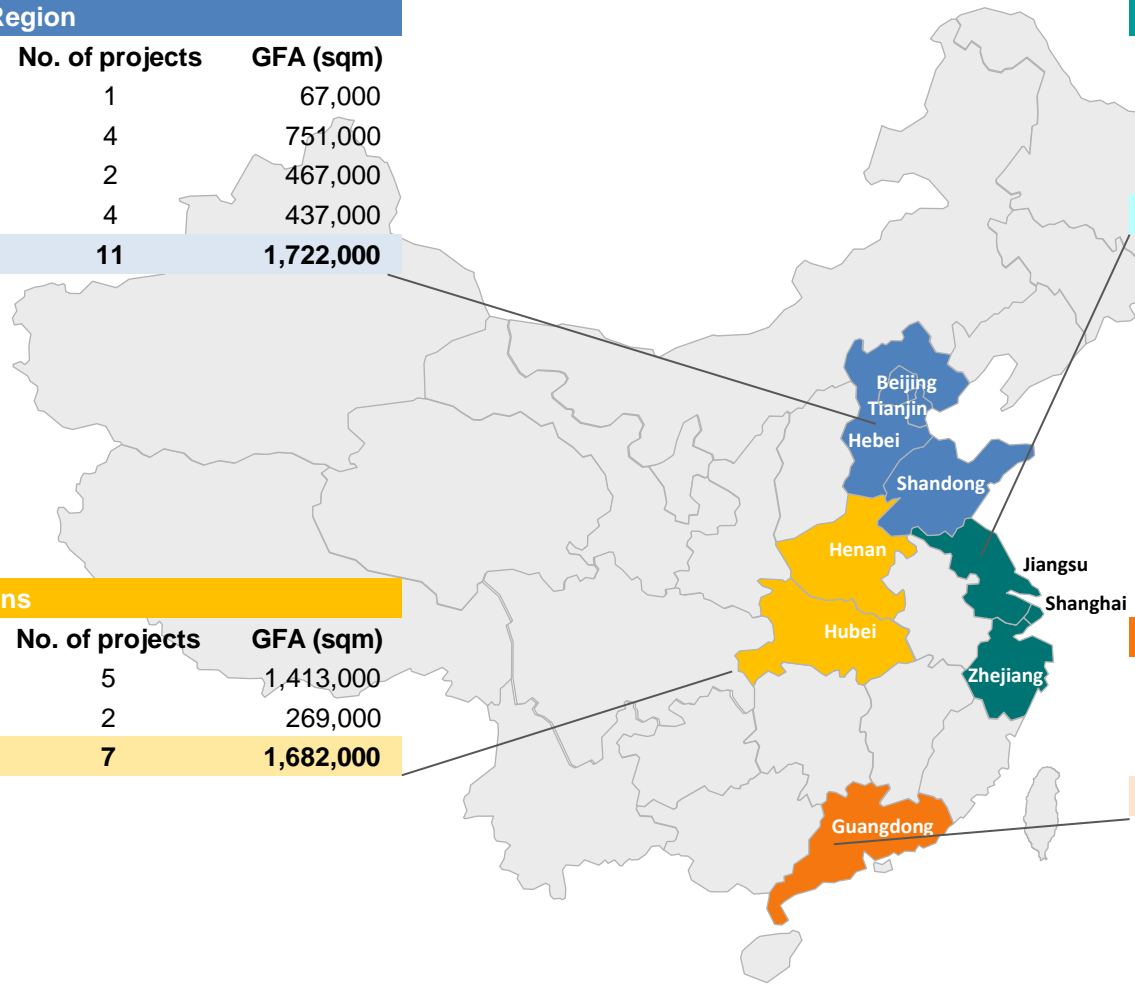
# Property Business - Strategically located high quality land bank

Bohai Rim Region		
Province	No. of projects	GFA (sqm)
Beijing	1	67,000
Tianjin	4	751,000
Hebei	2	467,000
Shandong	4	437,000
<b>Total</b>	<b>11</b>	<b>1,722,000</b>

Yangtze River Delta		
Province	No. of projects	GFA (sqm)
Shanghai	2	223,000
Jiangsu	24	3,449,000
Zhejiang	4	450,000
<b>Total</b>	<b>30</b>	<b>4,122,000</b>

Other Regions		
Province	No. of projects	GFA (sqm)
Henan	5	1,413,000
Hubei	2	269,000
<b>Total</b>	<b>7</b>	<b>1,682,000</b>

Guangdong–Hong Kong–Macao Bay Area		
Province	No. of projects	GFA (sqm)
Guangdong	3	356,000
Hong Kong	3	118,000
<b>Total</b>	<b>6</b>	<b>474,000</b>



**Total GFA: 8,000,000 sqm**  
**2018 new acquired GFA: 1,052,000 sqm**

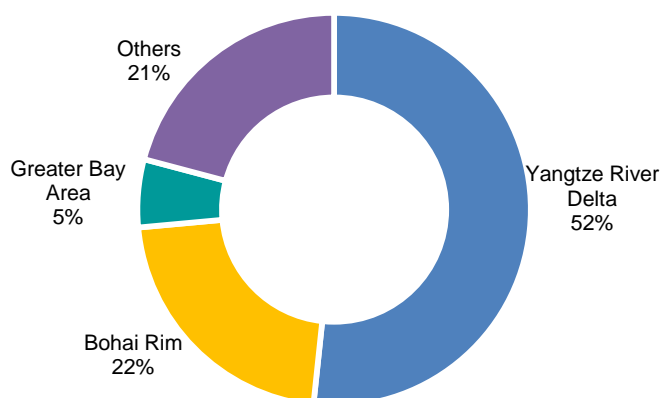


# Property Business - Strategically located high quality land bank

## New Land Acquisition<sup>1</sup>

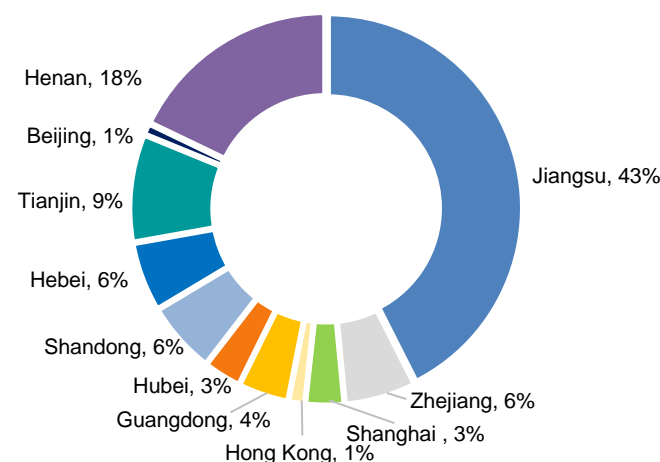
Provinces	Projects	Attributable interest	Land Area (sqm)	GFA (sqm)	Total Consideration (RMB'm)
<b>Yangtze River Delta Region</b>					
Jiangsu	Yuhuatai District Project	25%	34,000	100,000	2,330
Jiangsu	Zhonglou District Project	50%	61,000	108,000	1,010
Jiangsu	Mei Du Mansion	60%	113,000	125,000	773
Jiangsu	Lu Zhi Project	100%	45,000	97,000	1,145
Jiangsu	Langting Gem Mansion	49%	71,000	152,000	1,682
<b>Bohai Rim Region</b>					
Tianjin	Hai Jieo Yuan Project	100%	72,000	100,000	1,000
Shandong	Jin Mao Noble Manor	50%	81,000	147,000	1,409

2018 land bank by region



Notes: <sup>1</sup> Including joint venture projects

2018 land bank by province



# Toll Road Business - Substantial recurring income from toll road business

## 4 Longcheng Expressway

Province: Shanxi  
 Length: 72km  
 Road King Interest: 45%

## 5 Machao Expressway

Province: Anhui  
 Length: 36km  
 Road King Interest: 49%

## 1 Baojin Expressway

Province: Hebei  
 Length: 105km  
 Road King Interest: 40%

## 2 Tangjin Expressway

Province: Hebei  
 Length: 58km  
 Road King Interest: 45%

## 3 Changyi Expressway

Province: Hunan  
 Length: 69km  
 Road King Interest: 43%

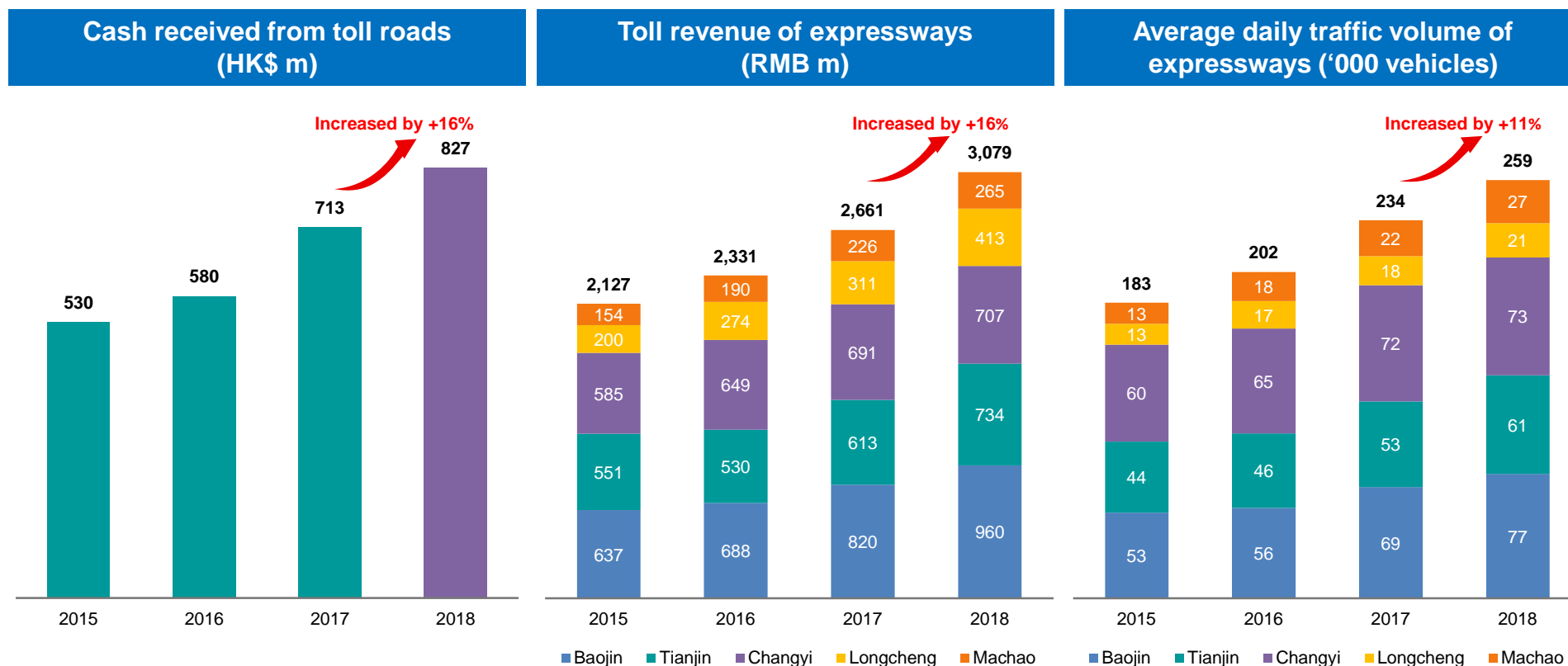
- Yangtze River Economic Zone
- Bohai Rim Economic Zone  
- Beijing, Tianjin, Hebei integration
- Xiongan New Area

**Diversified portfolio of 5 expressways – strategically located around the key national economic zones**

Source: Company 2018 Interim report

# Toll Road Business - Substantial recurring income from toll road business

- ✓ Recurring cash flow stream – cash received from toll road JVs in 2018 increased 16% to HK\$827m compared with 2017 which was in line with the growth in traffic revenue and the total toll revenue of the two new expressways – Longcheng and Machao Expressway, which increased by 26% as compared with that of 2017
- ✓ Toll revenue and traffic volume continued to grow both by 16% and 11%, respectively in 2018 compared with 2017 benefit from the economic growth arising from transformation and upgrade in the real economy of Beijing-Tianjin-Hebei Region



# Toll Road Business - Recent developments

## Strategic partnership with CVC Capital Partners

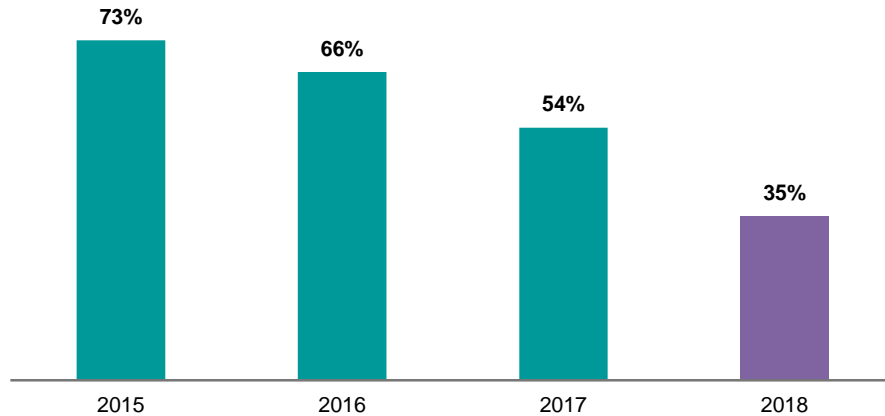


- On 2 Aug 2018, Road King agreed to the subscription by CVC Capital Partners' Asia Belt and Road Expressway vehicle of 25% of the enlarged share capital in Road King Expressway ("RKE")
- RKE is the holding company of the Group's expressway business
- The proceeds will be used to finance future M&A opportunities for toll road projects in Mainland China and other South East Asian countries and operating expenses of day-to-day business development

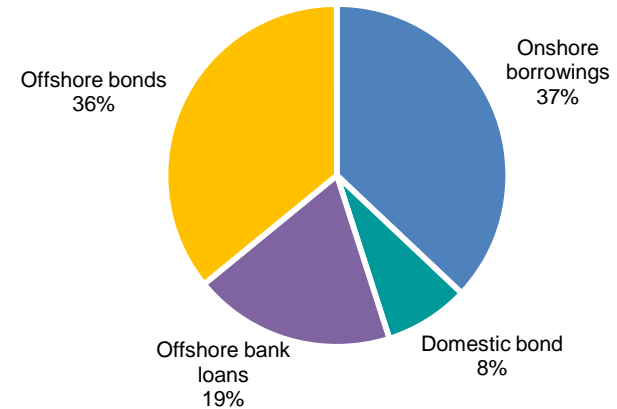
Source: Company filings, news run

# Sound credit profile supported by low leverage

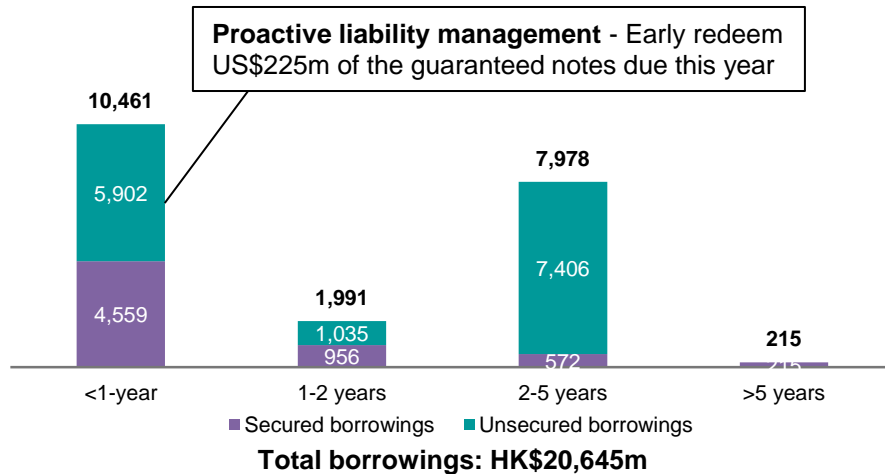
## Net debt / Total equity <sup>1</sup>



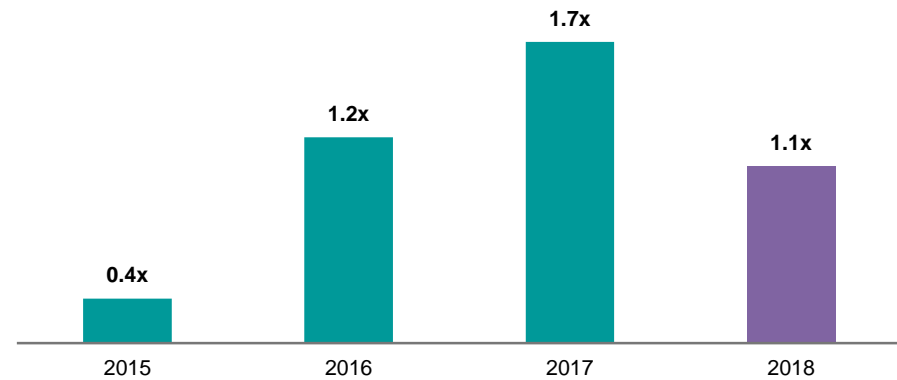
## Debt breakdown by type



## Debt maturity profile (HK\$ m)



## Unrestricted cash / ST debt



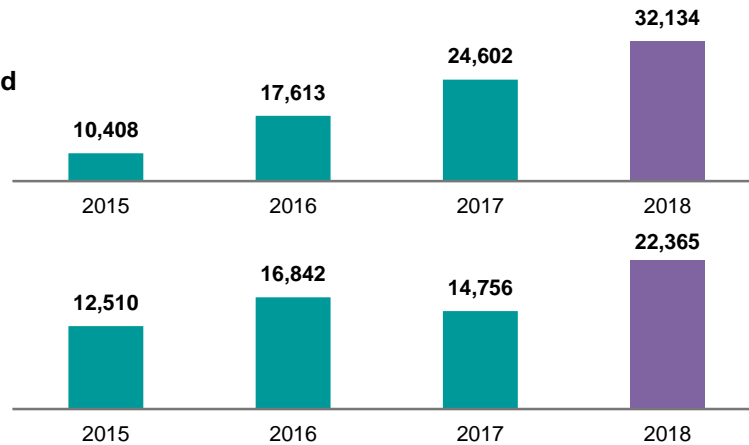
Notes: <sup>1</sup> Total debt (including interest-bearing loans and bonds) minus total cash (including bank balance and cash and restricted bank deposits)/ Total equity includes perpetual capital securities;

# Income statement performance

## Contracted sales<sup>1</sup> and revenue

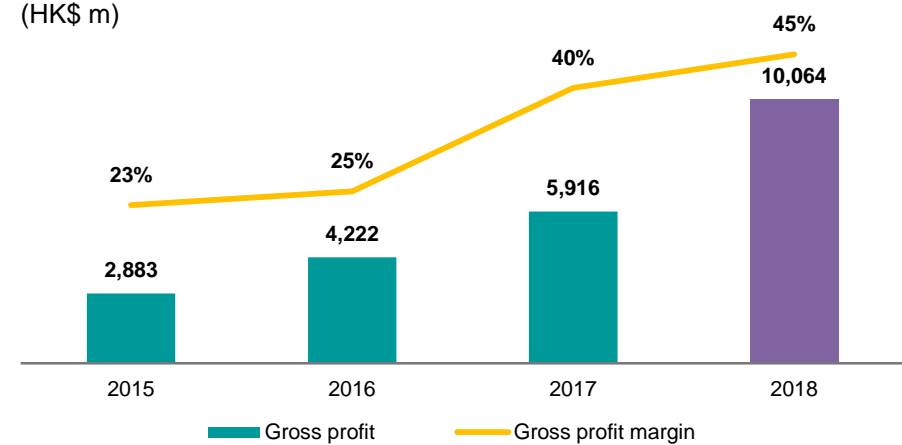
(RMB m)

Contracted sales



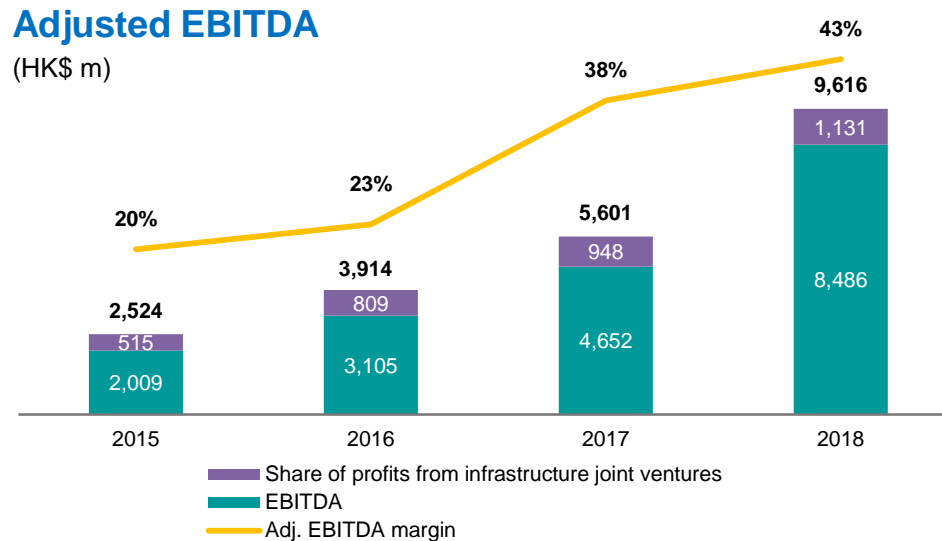
## Gross profit

(HK\$ m)



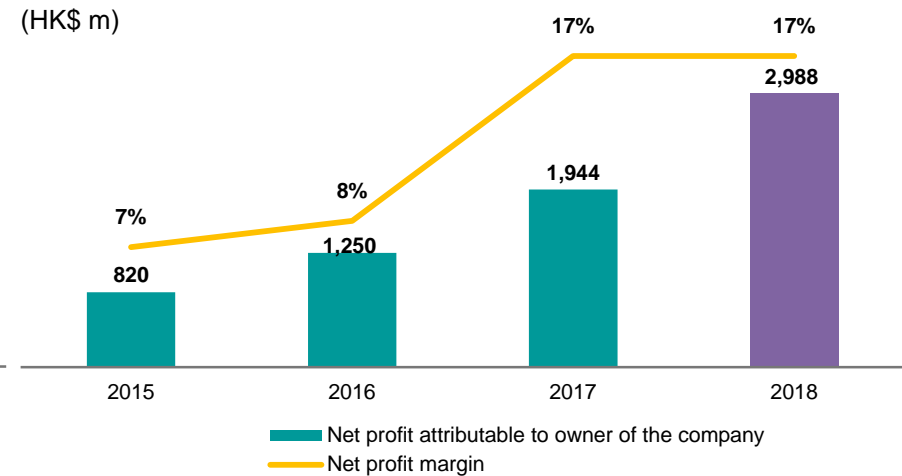
## Adjusted EBITDA

(HK\$ m)



## Net profit attributable to owners of the company

(HK\$ m)

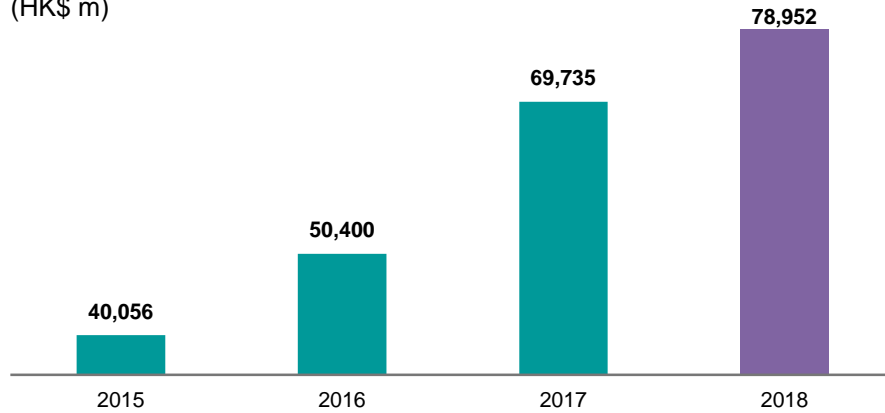


Note: <sup>1</sup> Comprises contracted sales from projects of property segment and investment and asset management segment

# Balance sheet structure

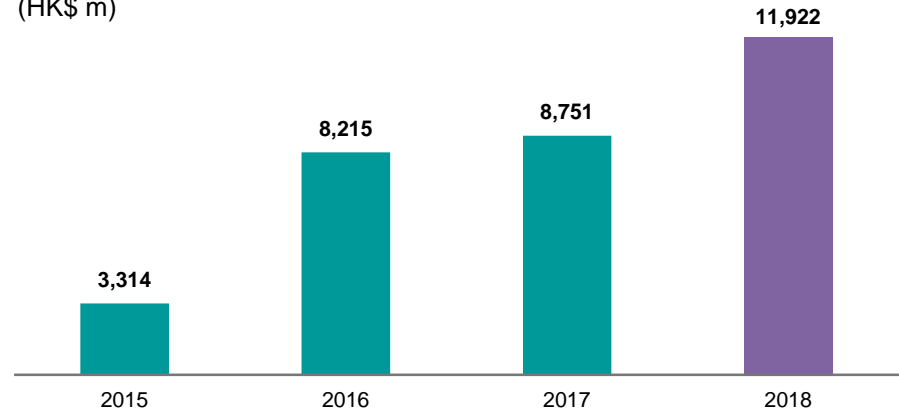
## Total assets

(HK\$ m)



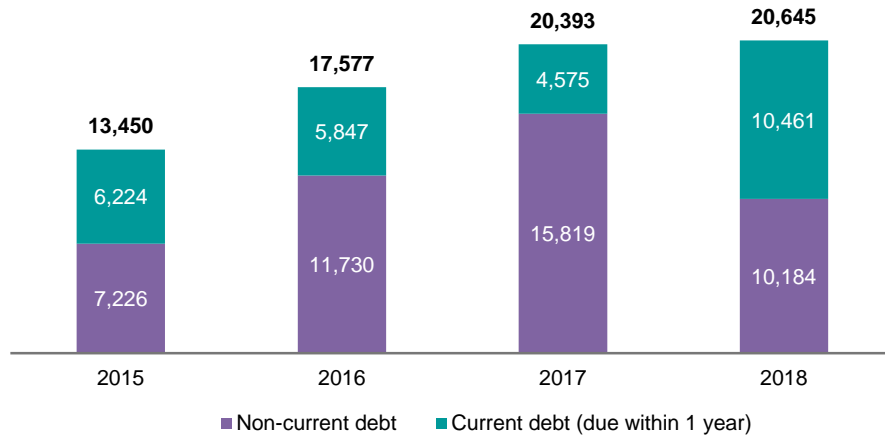
## Total cash

(HK\$ m)



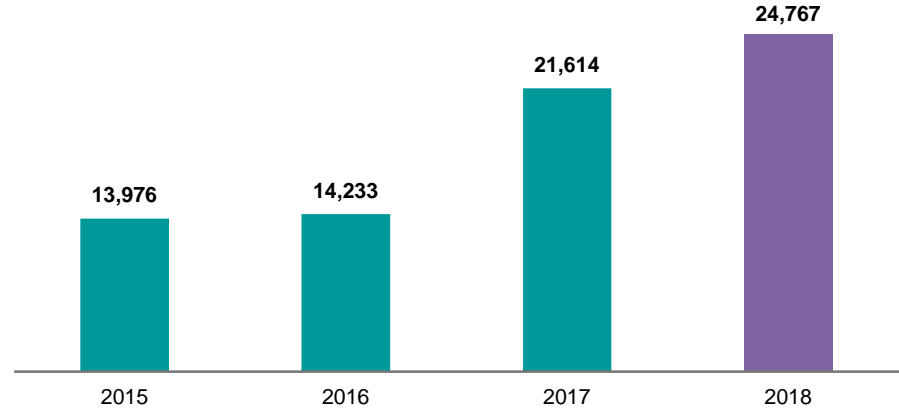
## Total debt

(HK\$ m)



## Total equity <sup>1</sup>

(HK\$ m)

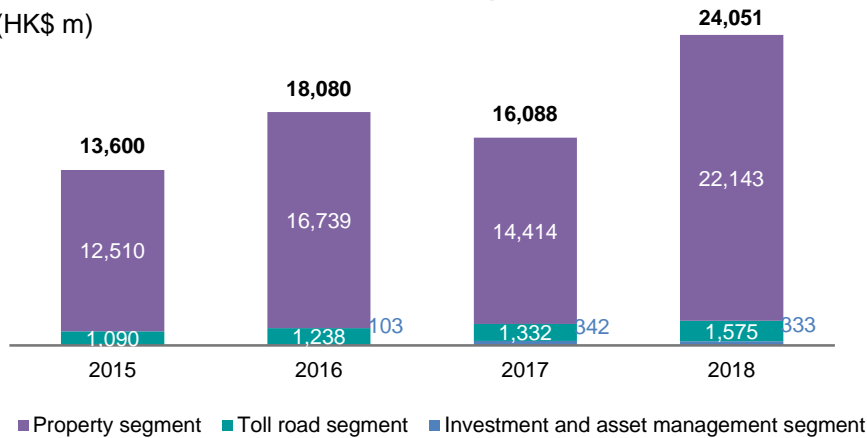


Note: <sup>1</sup> Total equity includes perpetual capital securities

# Segment performance

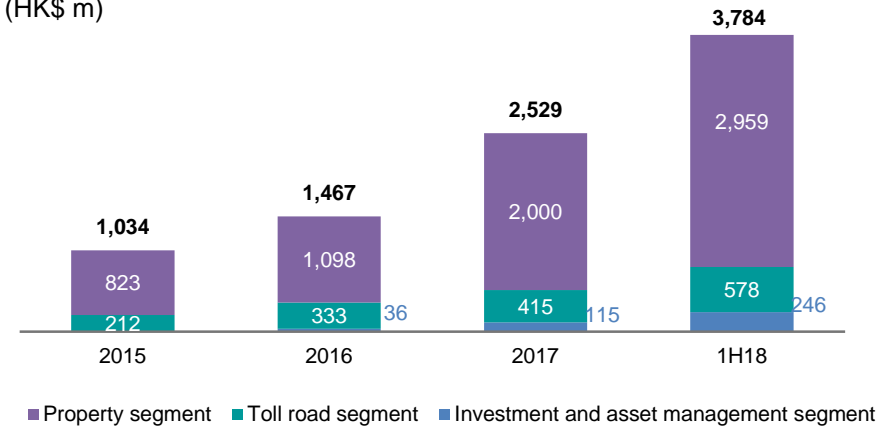
## Revenue <sup>1</sup> breakdown by segment

(HK\$ m)



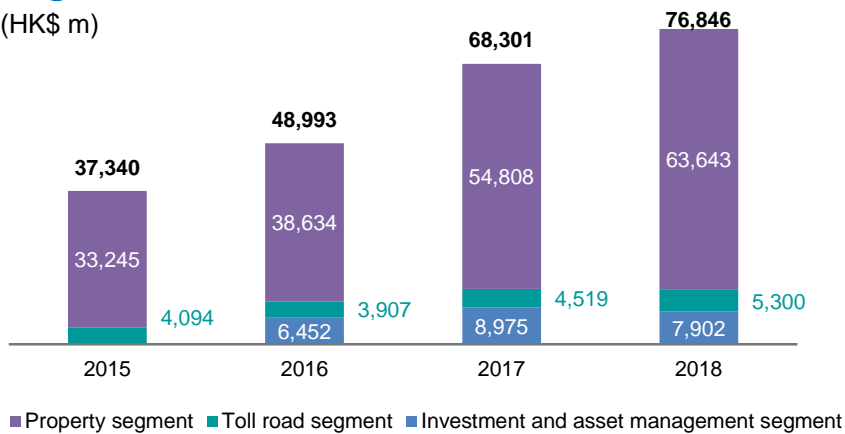
## Segment profit

(HK\$ m)



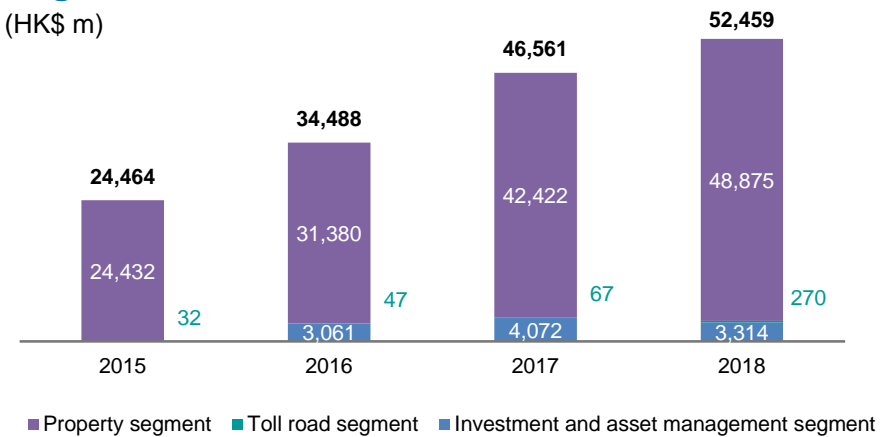
## Segment assets

(HK\$ m)



## Segment liabilities

(HK\$ m)



Note: <sup>1</sup> Including share of revenue of joint ventures



# *A Developer and Operator with Sustainable and Healthy Growth*

## Q&A Session



RK Shanghai Style Phase III in  
Shanghai



RK Yanjiang Riverside in Suzhou



Machao Expressway in Anhui