



SHENZHEN EXPRESSWAY COMPANY LIMITED

Stock code: 00548(SEHK) 600548(SSE)

2020 First Quarterly Results

28 April 2020

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

	1Q2020	1Q2019	Change YOY
	<i>(RMB 'million)</i>		
Revenue	454	1,331	-65.87%
Including: Toll revenue	318	1,108	-71.34%
Net profit attributable to owners of the Company	-133	467	-128.41%
Earnings per share (EPS) <i>(RMB)</i>	-0.061	0.214	-128.41%
Return on equity -weighted average (ROE) (%)	-0.73%	2.65%	-3.38 p.pt

- The outbreak of the novel coronavirus pneumonia epidemic (the “epidemic”) had a significant impact on the production and operation of the Group for the first quarter of 2020.



Financial Analysis

Revenue & Investment Income

	1Q2020	1Q2019	Change YOY
	<i>(RMB '000)</i>		
Revenue	454,097 ^{Note}	1,330,593	-65.87%
Toll revenue	317,577	1,108,207	-71.34%
Other revenue	136,520	222,386	-38.61%
Investment income	36,878	142,345	-74.09%

Note: Lande Environmental was consolidated into the financial statements of the Group on 20 January 2020 and contributed a revenue of RMB37,435,000 and Baotou Nanfeng was consolidated into the financial statements of the Group on 17 September 2019 and contributed a revenue of RMB39,029,000. Excluding the effect of changes in the scope of consolidation, the Group's revenue recorded a YOY decrease of 1.62%, mainly affected by the Toll-free Policy during the Epidemic.

Financial Analysis

- Cost & Expenses

	1Q2020	1Q2019	Change YOY
	<i>(RMB '000)</i>		
Cost of services	502,982	676,962	-25.70% ^{Note 1}
General and administrative expenses	42,874	29,772	+44.01% ^{Note 2}
Financial expenses	195,160	94,932	+105.58% ^{Note 3}
Income tax expenses	-50,846	119,708	-142.47% ^{Note 4}

Note 1: The main factors for the decline in cost of services include: the decline of toll highway traffic volume, a YOY decrease in the depreciation and amortization expenses caused by decreased unit amortization of Jihe Expressway and other sections and the carryforward of real estate development costs of Guilong Development Project in the corresponding period of last year (1Q2020: nil).

Note 2: The general and administrative expenses increased due to the consolidation of Nanjing Wind Power and Lande Environmental and the increase in office rental costs.

Note 3: After offsetting the “gain from changes in fair value - Income from changes in fair value of foreign currency swap instruments”, the Group’s consolidated financial cost were RMB166,782,000 (2019 corresponding period: RMB129,537,000), representing a YOY increase of 29%, mainly due to the YOY increase in interest-bearing liabilities of the Group.

Note 4: Decrease in income tax expense due to decreased earnings.



Financial Analysis

- Investment & Borrowings

- Capital expenditure: RMB360 million
- Total amount of outstanding interest-bearing liabilities at the end of 31 March 2020: RMB19.3 billion (corresponding period of 2019: RMB13.9 billion), an increase of approximately 15% from the beginning of the year (31 December 31 2019: RNB16.8 billion).
- Debt-to-asset ratio at the end of 31 March 2020: 56.37% (up 2.5p.pt from the beginning of the year).
- Composite borrowing costs: 4.45% (2019: 4.39%).

Project Operation

- The Group implemented a toll-free policy for the Spring Festival period from 24 January 2020 to 8 February 2020, which is 9 days longer as compared with the corresponding period of last year.
- The Group implemented the Toll-free Policy from 00:00 on 17 February 2020 to the end of the epidemic prevention and control measures. During the First Quarter of 2020, the year-to-year revenue from the toll fees of the toll highways operated and invested by the Group has generally decreased. As of the date of this report, the relevant supporting and protective policies haven't been promulgated, and the Group will keep active communications with the competent traffic authorities.

Project Construction

- Affected by the epidemic, the Group's progress of all projects under construction has been affected to a certain extent and is facing upward pressure on costs. The Group took the lead in resuming work among state-owned enterprises. By scientific planning, strengthening management, and innovative technologies, the Group is improving production efficiency in an effort to complete the targeted tasks of each project as scheduled and realizing effective cost controls.

Waste Treatment

- The Group acquired the equity interests in Lande Environmental in January 2020. Currently, the Group holds approximately 53.21% shares of Lande Environmental. The shareholding percentage of the Group shall not exceed 68.1045% in the future. During the Reporting Period, Lande Environmental recorded RMB37,435,000 and RMB-5,479,000 to the revenue of the Group and net profit attributable to owners of the Company respectively.
- Affected by the epidemic, the kitchen waste volume collected by Lande Environmental recorded a YOY decrease. Lande Environmental is stepping up organic waste collection and delivery, organizing technology research and development to increase production efficiency and minimize production costs to improve operating results.

Clean Energy

- The production delivery and sales of Nanjing Wind Power were delayed due to the epidemic. Nanjing Wind Power seeks to realize good operating results by increasing market sales, expanding supply chain channels and intensifying production management.
- Baotou Nanfeng is working hard to mitigate the impact of the epidemic and its operating and production activities are getting back on track broadly. It recorded on-grid power supply of approximately 146,791 MWh during the first quarter.

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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