



**THE HONGKONG &
SHANGHAI HOTELS
1H 2017**



An aerial photograph of a coastal region with lush green mountains, a sandy beach, and a blue sea. A white helicopter with "THE PENINSULA" written on its side is flying in the lower right corner. The text is overlaid on the lower left portion of the image.

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DISCLAIMER



1H 2017 REVIEW



2017 HIGHLIGHTS

- Geopolitical uncertainty remains although global economy is improving
- Satisfactory 1H 2017 operating results
- Continuing operations generally saw growth
- Renovations well received
 - The Peninsula Beijing completely transformed
 - The Peninsula Chicago was the RevPAR leader



2017 HIGHLIGHTS

- New developments are progressing well
 - The Peninsula London demolition has begun
 - The Peninsula Yangon held groundbreaking ceremony in February
 - The Peninsula Istanbul site works continue
- Cautiously optimistic going into second half





FINANCIAL HIGHLIGHTS



FINANCIAL HIGHLIGHTS FOR 1H 2017

HK\$ MILLION	2017	2016	VARIANCE
REVENUE	2,596	2,606	-
EBITDA	561	525	7%
EBITDA MARGIN	22%	20%	2pp
NON-OPERATING ITEMS	359	54	565%
PROFIT ATTRIBUTABLE TO SHAREHOLDERS	519	198	162%
EPS (HK CENTS)	33	13	154%
UNDERLYING PROFIT	181	152	19%
UNDERLYING EPS (HK CENTS)	12	10	20%
TOTAL DIVIDEND PER SHARE (HK CENTS)	4	4	-



HOTELS DROVE EARNINGS GROWTH

HK\$m	1H 2017			1H 2016			2017 vs 2016
	Group's subsidiaries	Associates and JV	Combined total	Group's subsidiaries	Associates and JV ⁽²⁾	Combined total	
Revenue							
Hotels	1,926	251	2,177	1,898	246	2,144	2%
Commercial Properties	466	-	466	456	-	456	2%
Clubs and Services	204	-	204	252	-	252	-19%
	2,596	251	2,847	2,606	246	2,852	0%
EBITDA							
Hotels	292	69	361	259	45	304	19%
Commercial Properties	261	-	261	246	-	246	6%
Clubs and Services	8	-	8	20	-	20	-60%
	561	69	630	525	45	570	11%
EBITDA margin							
Hotels	15%	27%	17%	14%	18%	14%	3pp
Commercial Properties	56%	-	56%	54%	-	54%	2pp
Clubs and Services	4%	-	4%	8%	-	8%	-4pp
Overall EBITDA margin	22%	27%	22%	20%	18%	20%	2pp

* Including the Group's effective share of revenue/EBITDA of associates and joint venture



CAPITAL EXPENDITURE SHIFTING TO NEW PROJECTS

HK\$ MILLION	2017	2016
EBITDA	561	525
NET CHANGE IN WORKING CAPITAL AND TAX PAYMENTS	(98)	56
NET CASH GENERATED FROM OPERATING ACTIVITIES	463	581
CAPITAL EXPENDITURE ON EXISTING ASSETS	(323)	(507)
NET CASH INFLOW AFTER NORMAL CAPEX	140	74
DIVIDENDS AND NET FINANCING CHARGES	(128)	(115)
CAPITAL EXPENDITURE / INVESTMENT IN NEW PROJECTS	(347)	(126)
NET CASH INFLOW/(OUTFLOW) FOR THE PERIOD	(335)	(167)



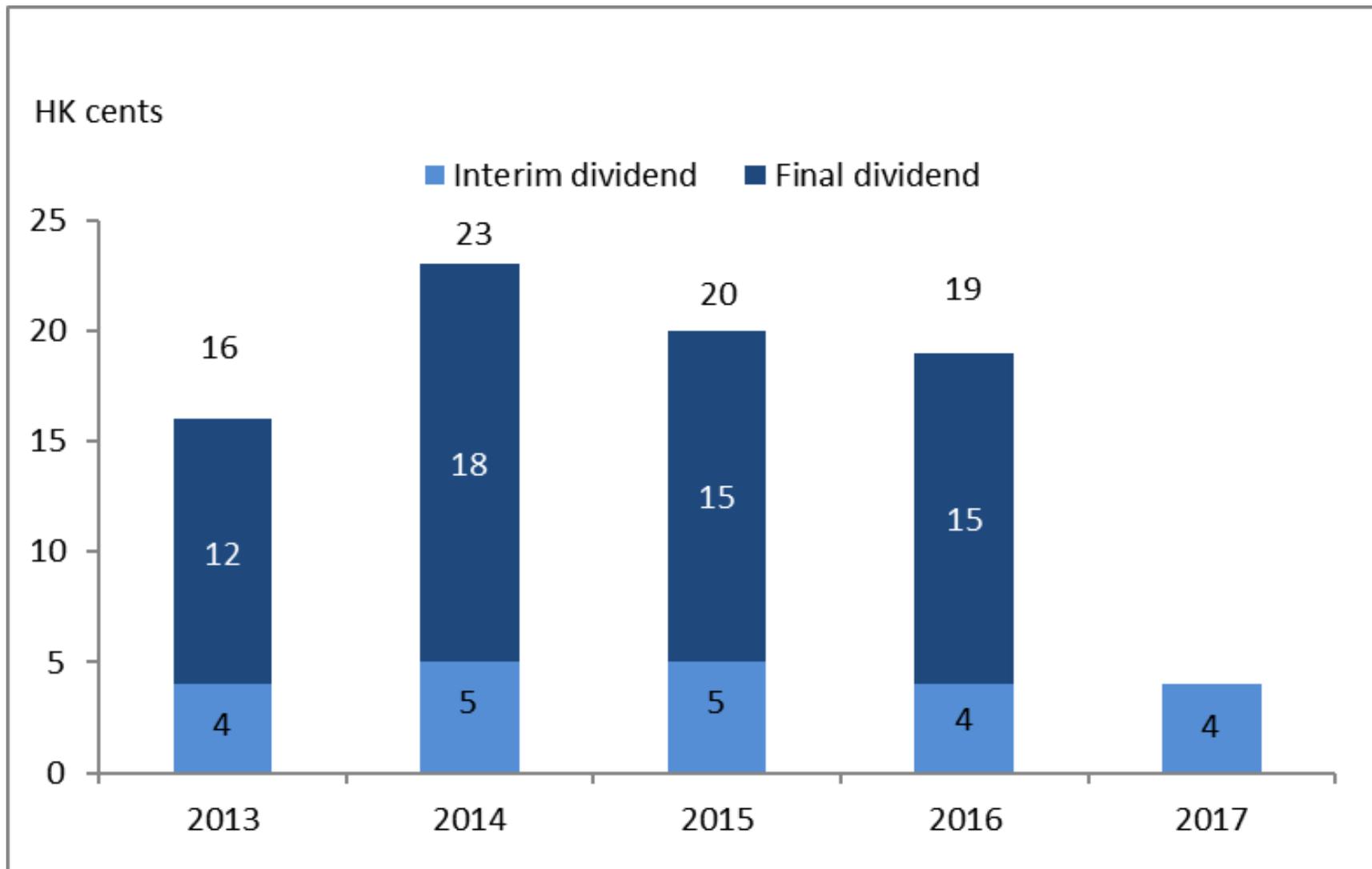
OUR BALANCE SHEET REMAINS STRONG

HK\$ MILLION	30 JUN 2017	31 DEC 2016
GROSS BORROWINGS	7,183	6,998
NET BORROWINGS	5,408	4,911
NET GEARING	13%	12%
WEIGHTED AVERAGE GROSS INTEREST RATE	2.2%	2.1%
NET INTEREST COVER (TIMES)	4.8x	8.6x





DIVIDEND PER SHARE IN LINE WITH LAST YEAR



THE PENINSULA HOTELS



THE PENINSULA
HONG KONG



THE PENINSULA
SHANGHAI



THE PENINSULA
BEIJING



THE PENINSULA
TOKYO



THE PENINSULA
MANILA



THE PENINSULA
BANGKOK



THE PENINSULA
NEW YORK



THE PENINSULA
BEVERLY HILLS



THE PENINSULA
CHICAGO



THE PENINSULA
PARIS



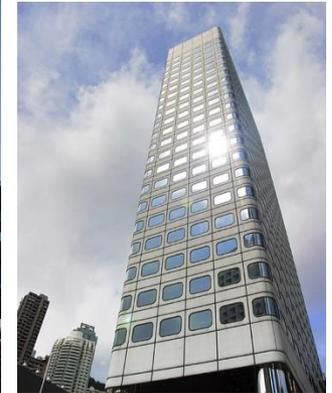
COMMERCIAL PROPERTIES DIVISION



THE REPULSE BAY COMPLEX,
HONG KONG



THE PEAK TOWER,
HONG KONG



ST. JOHN'S BUILDING, HONG
KONG



LANDMARK, VIETNAM



21 AVENUE KLEBER, PARIS



1-5 GROSVENOR PLACE,
LONDON



CLUBS AND SERVICES DIVISION



THE PEAK TRAM



THAI COUNTRY CLUB



QUAIL LODGE & GOLF CLUB, CARMEL



PENINSULA CLUBS



PENINSULA
MERCHANDISING



TAI PAN LAUNDRY

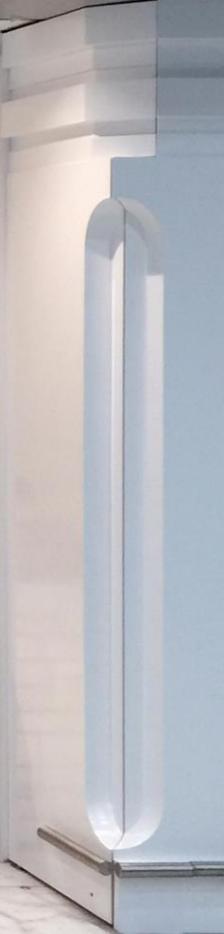




THE PENINSULA

THE PENINSULA
BOUTIQUE

SEASON'S
GREETINGS





The Peninsula Beijing: A Transformation















NEW HOTEL PROJECTS



THE PENINSULA

L O N D O N

• Rectangular Snip



THE PENINSULA

Y A N G O N



THE PENINSULA

I S T A N B U L



OUTLOOK





Q & A