



The Hongkong and Shanghai Hotels **2020 Annual Results**

17 March 2021

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Key messages

- Business severely impacted by pandemic
- Hong Kong tourism businesses heavily affected. 6 out of 10 hotels temporarily closed
- Residential and office leasing held up reasonably well
- Substantial cost savings implemented group-wide whilst balancing staff welfare and maintaining operational and service levels
- Modest full year EBITDA loss
- Healthy liquidity cover
- No final dividend proposed
- New hotel developments affected by disruptions to construction labour force, supply chains and political crisis
- Peak Tram upgrade project impacted by pandemic and unforeseen ground conditions
- Completed restructuring of joint venture arrangements in Thailand





2020 Financial Results

Financial results

(HK\$ million)			
For the year ended 31 December	2020	2019	Changes
Revenue	2,710	5,874	-54%
Operating costs	(2,771)	(4,484)	38%
EBITDA	(61)	1,390	n.a.
Depreciation and amortization	(553)	(589)	6%
Net financing charges	(144)	(140)	-3%
Share of results of joint ventures	(269)	(17)	n.m.
Share of results of associates	(97)	(32)	-203%
(Decrease)/Increase in fair value of IPs	(732)	83	n.a.
Provision for impairment loss of PMN	(93)	-	n.a.
Tax	(31)	(192)	84%
(Loss)/Profit before taxation	(1,980)	503	n.a.
Non-controlling interests	40	(9)	n.a.
(Loss)/profit attributable to shareholders	(1,940)	494	n.a.
Underlying (loss)/profit	(864)	480	n.a.

Revenue and earnings contribution by division

For the year ended 31 Dec	2020	2019	
(HK\$ million)	Combined total	Combined total	Change
Revenue			
Hotels	1,831	4,792	-62%
Commercial Properties	777	946	-18%
Clubs and Services	339	640	-47%
	2,947	6,378	-54%
EBITDA			
Hotels	(479)	878	n.a.
Commercial Properties	440	527	-17%
Clubs and Services	(14)	105	n.a.
	(53)	1,510	n.a.

Cash flow summary

(HK\$ million)		
For the year ended 31 Dec	2020	2019
EBITDA	(61)	1,390
Changes in working capital and tax payment	(376)	(24)
Net cash (used in) generated from operating activities before lease payments	(437)	1,366
Capital expenditure on existing assets		
The Peak Tram upgrade project	(161)	(169)
Others (incl The Peninsula Hong Kong arcade)	(238)	(395)
Capital expenditure on new hotel projects	(1,771)	(1,330)
The Peninsula London	(1,378)	(1,074)
The Peninsula Yangon	(135)	(114)
Capital injection into the joint venture in Turkey	(258)	(142)
Net cash outflow before financing activities	(2,607)	(528)
Dividends paid	(47)	(107)
Net interest paid	(165)	(120)
Cash consideration and other related costs in respect of the restructuring of JV in Thailand	(571)	-
Lease rental, other receipts and payments	(135)	(39)
Net cash outflow before financing	(3,525)	(794)

Capital structure and balance sheet

Credit metrics

20%

Net debt to
total assets

29%

Net debt to
shareholders equity

1.9%

Weighted average
gross interest rate

2.1 years

Average debt
duration

-1.2x

Cash interest
coverage

53%

Fixed to floating
interest rate ratio

Balance sheet

(HK\$ million) As at 31 Dec	2020	2019
Total cash	520	697
Total assets	53,679	53,061
Total debt	11,182	7,524
Net debt	10,662	6,827
Shareholders equity	36,844	39,054
Total equity	37,152	39,729

Note: Debt related metrics exclude lease liabilities.



The Peninsula Hotels





THE PENINSULA

HONG KONG

Revenue - 45%
Occupancy - 27 pp
ARR - 42%
RevPAR - 73%



- Hotel RevPAR declined 73%. Supported by leasing revenues, overall revenue declined less by 45%
- The Office Tower was 95% occupied in 2020 and the immediate outlook is stable
- The Arcade was 78% occupied



THE PENINSULA

A R C A D E



- Repositioning the basement arcade to create a more open and attractive lifestyle retail and food and beverage area
- Signed a number of new retail and food and beverage tenants as well as a luxury male grooming salon
- New Peninsula Boutique to be unveiled in 2021 designed by Conran and Partners



THE PENINSULA
SHANGHAI
上海半岛酒店



Revenue - 38%
Occupancy - 27 pp
ARR - 13%
RevPAR - 48%

- Despite impact in early 2020, the hotel remained the market leader in the city
- Business improved in second half of the year. Posted a RevPAR decline of 48% with revenue down 38%
- The Arcade was 95% occupied



THE PENINSULA
BEIJING
王府半岛酒店



Revenue - 41%
Occupancy - 31 pp
ARR - 21%
RevPAR - 58%

- Impacted by international travel restrictions and citywide lockdowns, particularly in the first half
- Business improved in the second half. Posted RevPAR decline of 58% with overall revenue down 41%
- Arcade business remained healthy with anchor tenants performing well. New luxury lifestyle tenant secured to anchor entire lower level two of hotel



THE PENINSULA T O K Y O



Revenue - 66%
Occupancy - 45 pp
ARR - 21%
RevPAR - 67%

- Hotel closed in late March and reopened in June. Posted a revenue decline of 66%
- Improved overall food and beverage offerings by utilising newly created spaces in the hotel, opened new teppanyaki fine dining restaurant HIBIYA mon cher ton ton
- Supported by Japan's government subsidies for furloughed staff as well as the "Go To Travel" campaign



THE PENINSULA B A N G K O K

Revenue - 79%
Occupancy - 38 pp
ARR + 8%
RevPAR - 51%



- Closed in late March and reopened in November
- Building local MICE business and actively driving staycation and wellness packages
- The Group assumed full ownership over The Peninsula Bangkok and its surrounding land



THE PENINSULA MANILA



Revenue - 82%
Occupancy - 44 pp
ARR + 14%
RevPAR - 50%

- Achieved higher average room rates following the completion of its guestroom renovation in early 2020
- Closed in March and reopened in November
- The land lease originally expiring in 2026 has been extended by 4 years



THE PENINSULA NEW YORK



Revenue - 73%
Occupancy - 21 pp
ARR - 11%
RevPAR - 35%

- Started 2020 in a strong position as a RevPAR market leader in January
- Closed since March 2020



THE PENINSULA CHICAGO



Revenue - 75%
Occupancy - 43 pp
ARR - 6%
RevPAR - 63%

- Strong start to 2020 with the best results in its history
- Closed in March and reopened in July. Revenue declined 75%
- Saw a mild recovery in early 2021



THE PENINSULA

BEVERLY HILLS



Revenue - 61%
Occupancy - 47 pp
ARR - 5%
RevPAR - 60%

- Impacted by shelter-in-place restrictions for the majority of the year
- Temporary closure of all food and beverage outlets and spa throughout the year per regulations
- Revenue declined 61%



THE PENINSULA PARIS



Revenue - 80%
Occupancy - 21 pp
ARR - 5%
RevPAR - 39%

- Closed in March 2020 due to French government directives
- Reopened La Terrasse Kleber and L'Oiseau Blanc in the second half and reopened the hotel for rooms business this month



Commercial Properties





Revenue - 11%

- Overall revenue declined 11%
- Residential revenue declined by 6% as occupancy and rents softened. Food and beverage and banqueting revenue decreased due to social distancing measures
- The shopping arcade was 95% occupied for the year



Revenue - 59%

- Revenue declined 59%
- Substantial decline in visitor arrivals to Hong Kong and rental concessions given to affected tenants
- Implemented sales and marketing strategies to continue to drive local business



St John's Building



Revenue - 3%

- Revenue remained relatively stable
- 97% occupied



The Landmark



Revenue - 6%

- Revenue modestly impacted
- Lower residential occupancy due to the overall poor business environment
- Maintained profitability levels



21 Avenue Kléber



Revenue

- 5%

- Revenue modestly impacted
- Rental concession given to one retail tenant



Clubs & Services





PEAK TRAMWAYS COMPANY, LIMITED
山頂纜車有限公司



Revenue - 73%

- Sharp drop in revenue due to significant reduction in tourist arrivals in Hong Kong
- The upgrade project was negatively impacted by the pandemic and unforeseen ground conditions. Postponed second phase of service suspension until end June 2021, planned completion now in December 2021
- Delays have resulted in an increase in the project budget by HK\$50 million to HK\$734 million



Revenue - 59%

- Closed from March to May on government directives
- Ceased ownership and operations of the Thai Country Club from October 2020



THE PENINSULA BOUTIQUE

Revenue - 29%



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- Revenue fell by 29% from softer retail sales and the temporary closure of the Hong Kong International Airport boutique
- Mooncake business affected but remained robust
- Opened 2 Peninsula Boutique & Cafés in Tokyo and planning to expand in the Chinese mainland



Revenue - 59%



- Revenue decreased by 59% due to the shelter-in-place restrictions in California
- Hotel and club facilities temporarily closed in March, golf course reopened in May and hotel in mid-June
- Cancelled both The Quail Motorcycle Gathering and The Quail, A Motorsports Gathering events



New hotel developments



THE PENINSULA

L O N D O N



- Temporarily closed construction site in March and reopened in May
- Significant milestones achieved including conclusion of the basement excavation, the formation of swimming pools and the entry courtyard. Fit-out works progressing on guest rooms, residences and restaurants
- Capacity of work force on site continues to be affected by the social distancing measures as well as continued impact on supply chain. Revised opening expected to be in 2022

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I S T A N B U L



- Temporarily closed the construction site in April. While the site has now reopened, the closure and social distancing requirements led to some unforeseen delays
- Made good progress on construction and two of the four buildings have mostly been handed over for fit-out works, with the remaining two buildings to follow in a few months' time
- Completion of the project is currently targeted to be in 2022

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Y A N G O N



- Encountered some delays as a result of the pandemic but shell and core works proceeded at pace and fit-out of benchmark room is underway
- Recent political developments causing great concern
- Temporarily closed the construction site to safeguard property and workforce. Continue to evaluate immediate actions required and long-term decisions in respect of this project



Sustainable Luxury Vision 2030





Outlook



Outlook

- Pandemic continues to affect almost all countries where we operate. China is seeing some recovery
- Expect substantial negative impact on our business for the foreseeable future unless significant turnaround in Covid situation
- Implemented measures to keep our staff and guests safe, financial management and stringent cost controls to continue
- Despite our cost control efforts, Group may sustain an operating loss in 2021
- Political developments in Myanmar causing great concern and we continue to evaluate long-term decisions
- Focus on delivery of new hotel projects
- The Peak Tram business will continue to be impacted in 2021 with the second phase of suspension
- Priority is to maintain a strong financial position for the Group in order to fund our large capital commitments
- Committed to the long-term development of the group and the Peninsula brand





Q & A

