

2011 Interim Results



THE HONGKONG AND SHANGHAI HOTELS, LIMITED
香港上海大酒店有限公司

Analysts Presentation

24 August 2011



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FORWARD-LOOKING STATEMENTS

The presentation may contain certain forward-looking statements with respect to the financial condition, results of operations and business of HSH. These forward-looking statements which include, without limitation, statements regarding future results of operations, financial condition or business prospects are based on current beliefs, assumptions, expectations, estimates or projections of Directors which are subject to known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expectations expressed or implied in such statements.

Past performance cannot be relied on as a guide to future performance.



1ST HALF 2011 HIGHLIGHTS

- ▣ Revenue up 6% to HK\$2.3b / EBITDA up 4% to HK\$512m
- ▣ Revaluation gain of HK\$1.8 billion
- ▣ Significant impact from the Japan earthquake on hotels performance
- ▣ Renovation work underway at Repulse Bay Apartments



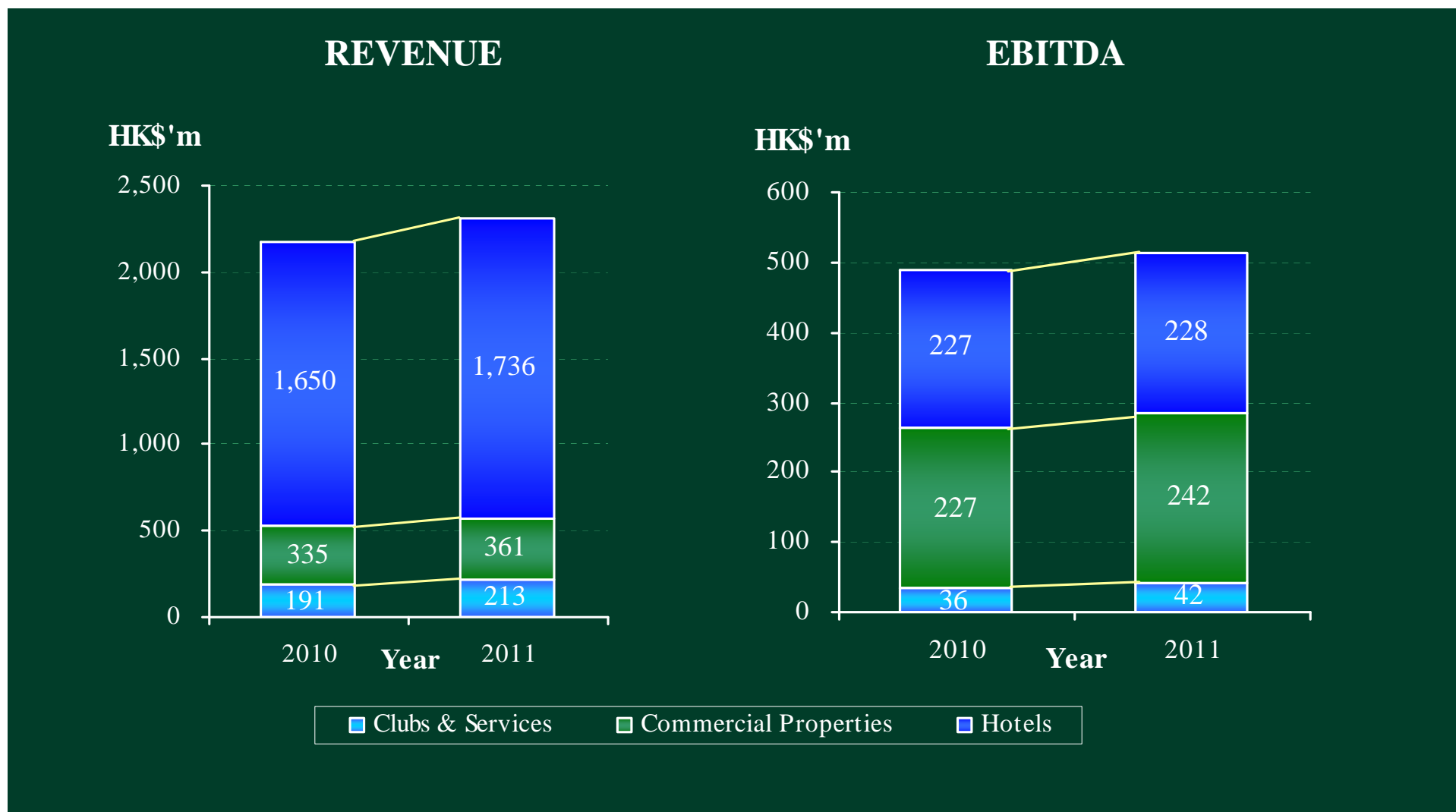
SUMMARY INTERIM RESULTS

HK\$ million	2010 <i>(restated)</i>	2011	Change
Turnover	2,176	2,310	6%
EBITDA	490	512	4%
EBITDA Margin	23%	22%	(1pp)
Operating profit	320	331	3%
Non-operating items	547	1,784	226%
Profit attributable to shareholders	697	1,907	174%
EPS (HK cents)	47	129	174%
Underlying profit*	147	152	3%
Underlying EPS (HK cents)	10	10	-

**Excluding property revaluation movements and their related tax effects*



CONSOLIDATED REVENUE & EBITDA

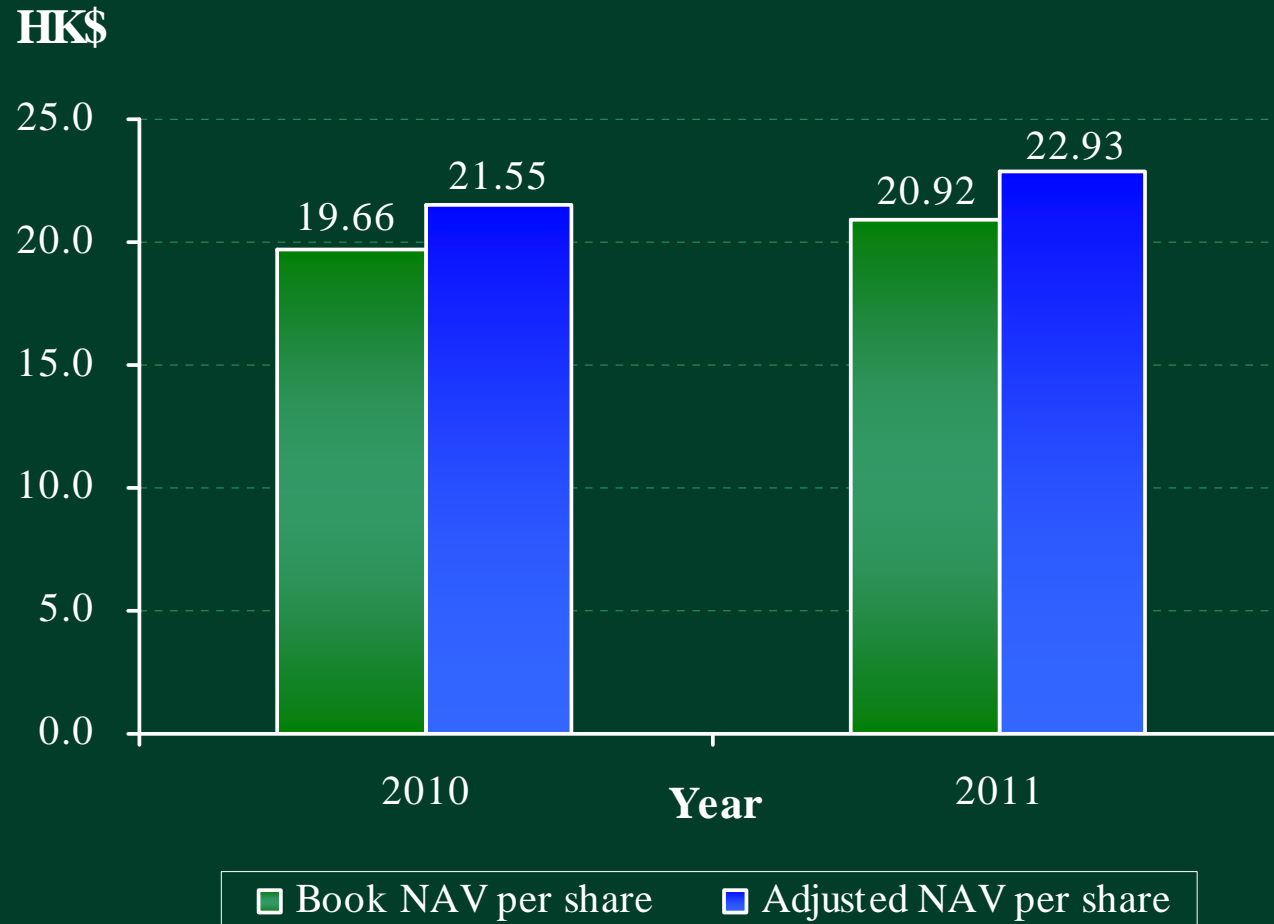


CASH FLOW STATEMENT

HK\$ million	2010	2011
Net cash generated from operating activities	366	406
Capital expenditures	(103)	(107)
Net financing charges and dividends	(75)	(74)
Recurring cash inflow after normal CAPEX, financing charges and dividends	188	225
Opening cash	1,835	2,658
	2,023	2,883
Loan to an associate	-	(56)
Net cash inflow from financing activities	106	4
Exchange and other adjustments	4	12
Cash at bank and in hand	2,133	2,843



NET ASSET VALUE PER SHARE



FUNDS AVAILABLE

HK\$ million	31 Dec 2010	30 Jun 2011
Total committed facilities	5,491	5,411
Utilised	(4,332)	(4,343)
Available bank facilities	1,159	1,068
Cash at banks and in hand	2,658	2,843
Funds available	3,817	3,911

Excluding debts for The Peninsula Shanghai and The Peninsula Beverly Hills, which are non-recourse



FINANCIAL RATIOS

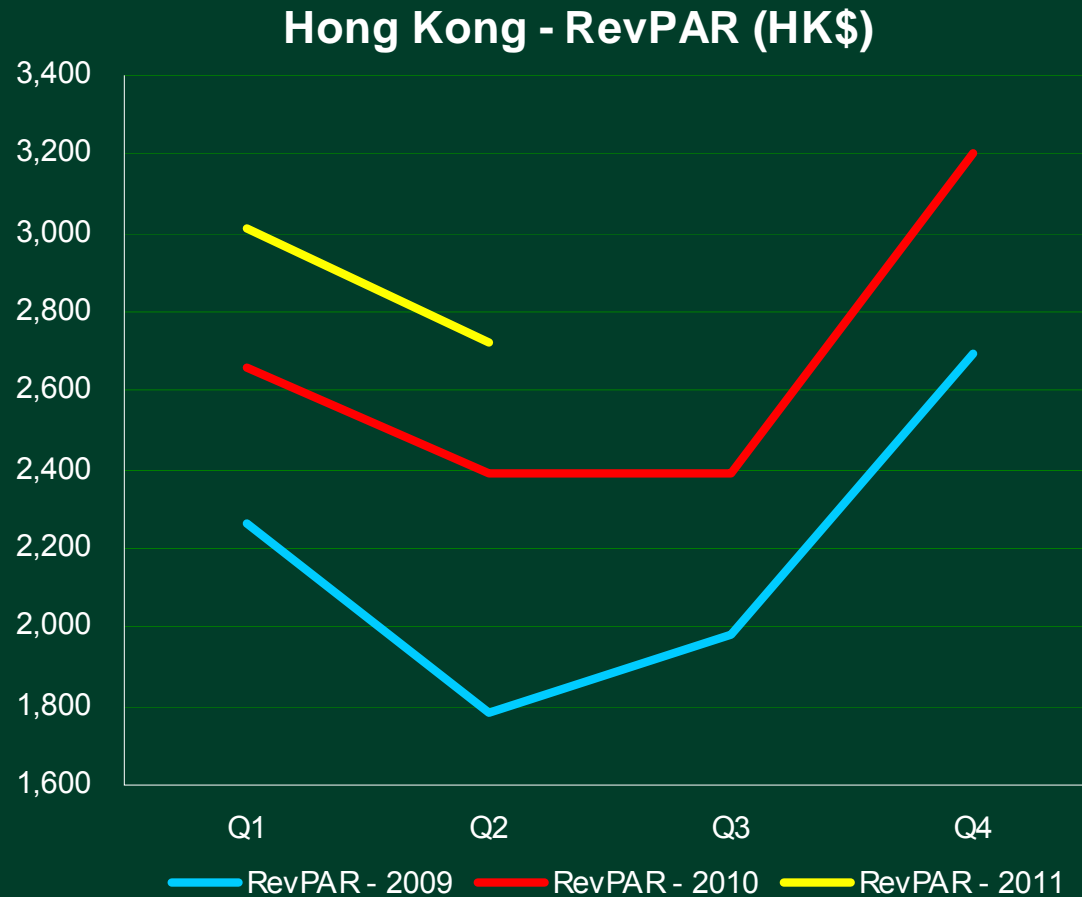
HK\$ million	31 Dec 2010	30 Jun 2011
Gross borrowings	4,332	4,343
Net borrowings	1,674	1,500
Net debt: EBITDA (annualised)	1.7 times	1.5 times
Net gearing	5%	5%
Weighted average gross interest rate	3.2%	3.2%
Interest cover (annualised)		
- Gross	5.2 times	4.8 times
- Net	6.2 times	7.0 times



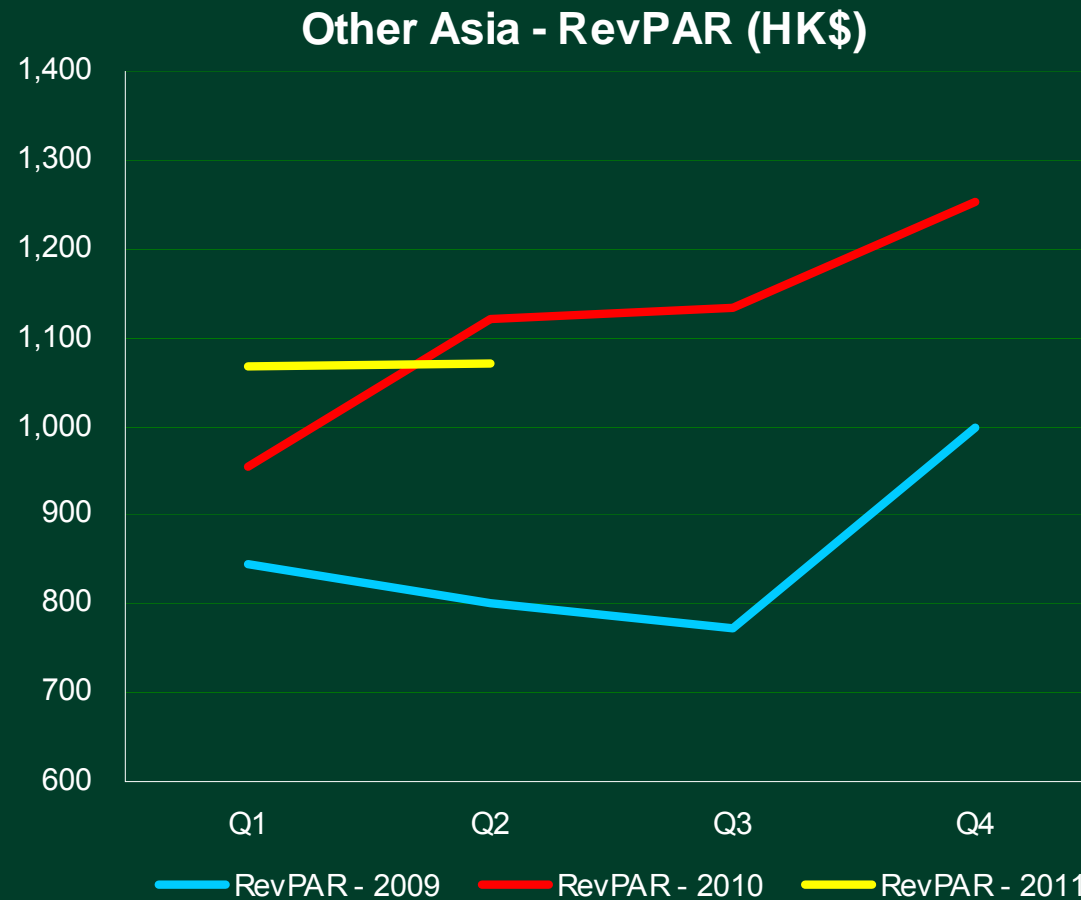
INTERIM DIVIDEND



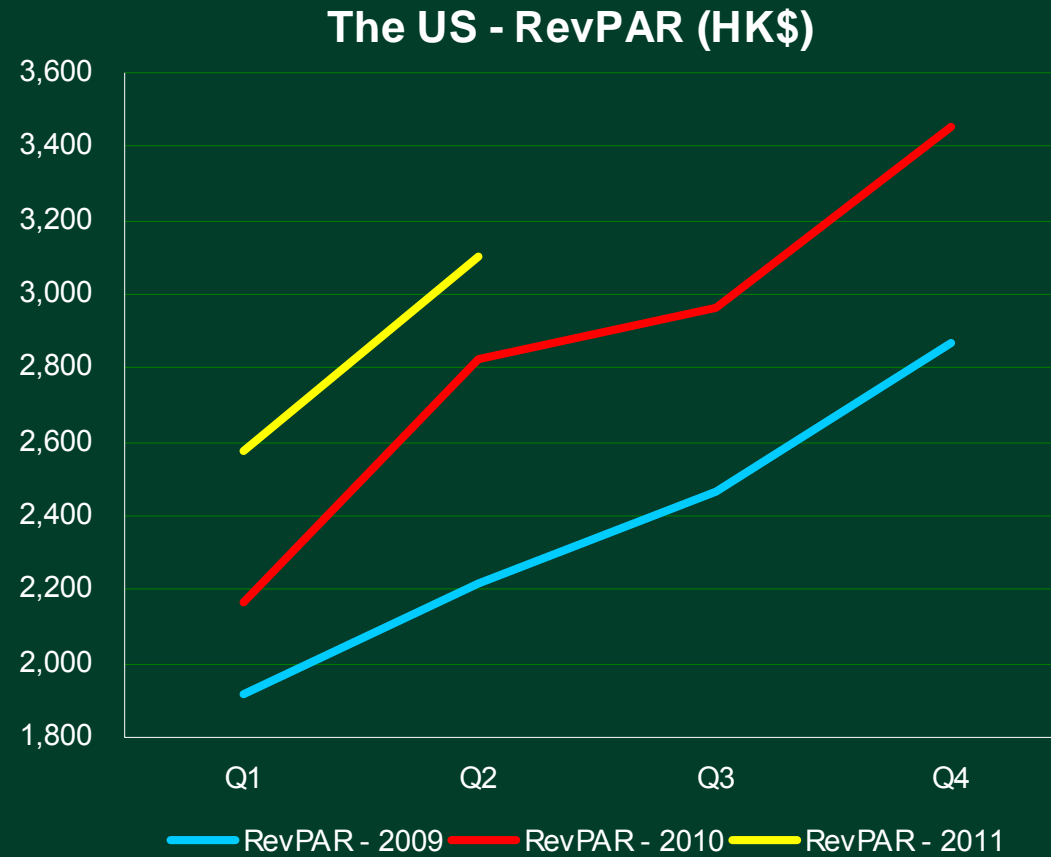
HOTEL PERFORMANCE – HONG KONG



HOTEL PERFORMANCE – OTHER ASIA



HOTEL PERFORMANCE – USA

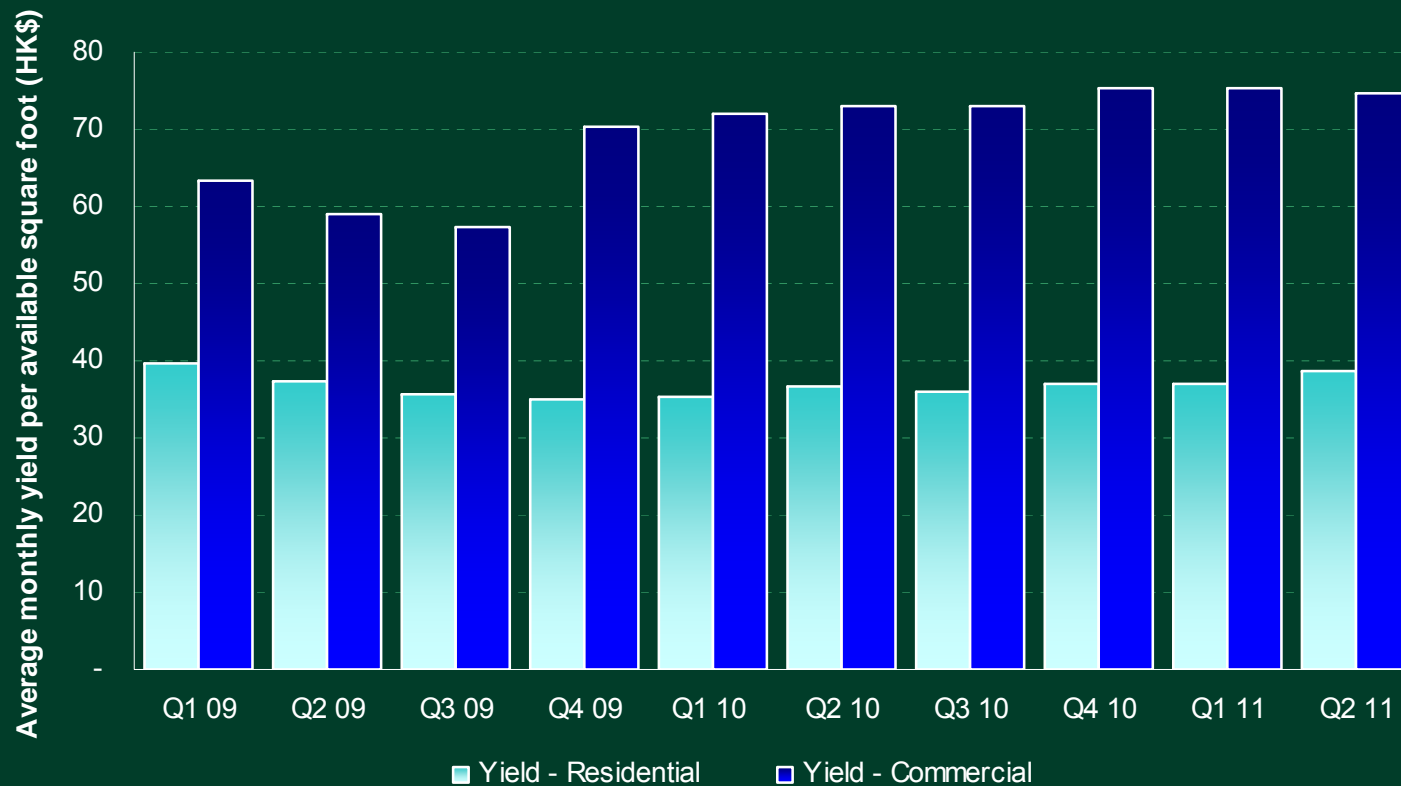


Note: Quail Lodge was included until Q4 2009



COMMERCIAL PROPERTIES – THE REPULSE BAY COMPLEX

The Repulse Bay

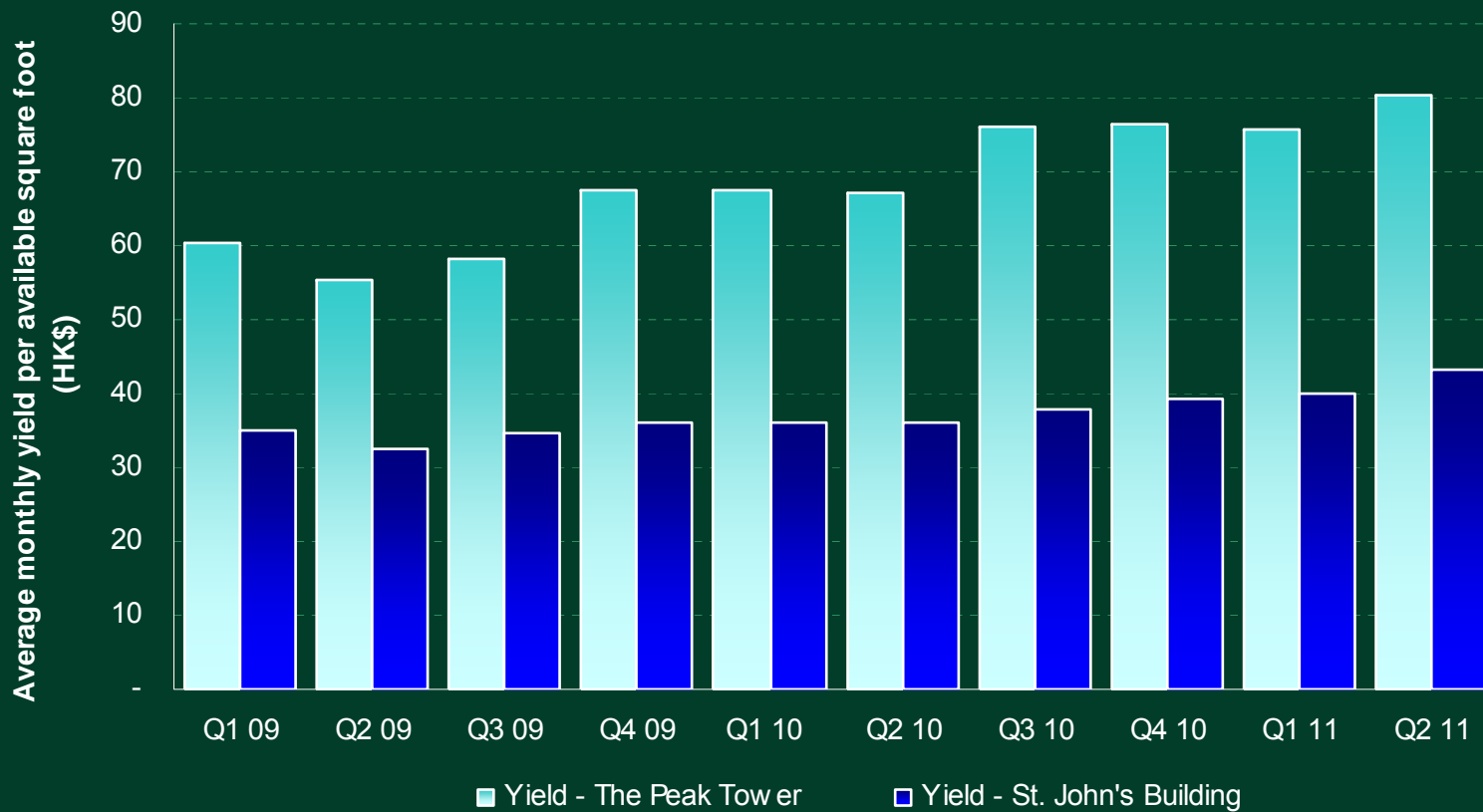


Note: The Commercial Arcade was under renovation during February to August 2009



COMMERCIAL PROPERTIES – THE PEAK COMPLEX

The Peak Complex



CLUBS AND SERVICES DIVISION

- ▣ **The Peak Tram: revenue up 11% to HK\$49 million, with number of passengers increased by 7% to 2.7 million**
- ▣ **Clubs and consultancies: revenue up 15%, mainly due to increased number of passengers at the Cathay Pacific Lounges**
- ▣ **Peninsula Merchandising: revenue up 12% to HK\$36 million**
- ▣ **Tai Pan Laundry: revenue grew by 13% to HK\$18 million**
- ▣ **Thai Country Club: revenue up 18% to HK\$33 million**



OUTLOOK

- Continuing improvement across Peninsula Hotels, but cautious outlook
 - ▶ Ongoing negative impact from Japan earthquake although recent pick-up in the Tokyo market may herald signs of recovery
 - ▶ Highly competitive market in Beijing and Shanghai
 - ▶ Peaceful transition of power in Thailand but ongoing uncertainty
 - ▶ Strong performance in Hong Kong, but planned renovation of Peninsula Hong Kong in 2012
- The medium term prospects for the Commercial Properties Division remain highly positive
- Robust financial position to fund future growth



Thank You



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