

# 2012 Annual Results



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

## Analysts Presentation

*13 March 2013*



THE HONGKONG AND SHANGHAI HOTELS, LIMITED  
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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.



## OVERVIEW OF 2012

- ▣ EBITDA almost flat despite the partial closures of The Peninsula Hong Kong and The Repulse Bay for renovation
- ▣ Net profit attributable to shareholders amounted to HK\$1.6 billion, inclusive of property revaluation surplus of HK\$1.1 billion
- ▣ The Peninsula Hong Kong completed the first phase of its HK\$450 million renovation programme
- ▣ The second phase of renovation scheduled to be completed in mid 2013
- ▣ The major reconfiguration of the de Ricou serviced apartment tower is expected to be completed in mid 2013



## OVERVIEW OF 2012

- A number of other successful renovations have been undertaken around the Group
- The hotel portion of Quail Lodge will re-open in late March 2013
- The construction of The Peninsula Paris continues to progress, although the budget has had to be increased
- A global advertising campaign, Peninsula Moments, was launched worldwide in September 2012



## SUMMARY RESULTS

HK\$m	2011	2012	Change %
Turnover	5,009	<b>5,178</b>	3%
EBITDA	1,211	<b>1,201</b>	(1%)
EBITDA Margin	24%	<b>23%</b>	(1pp)
Non-operating items	1,821	<b>1,119</b>	(39%)
Taxation	(203)	<b>(170)</b>	(16%)
Profit attributable to shareholders	2,259	<b>1,555</b>	(31%)
EPS (HK cents)	152	<b>104</b>	(32%)
Underlying Profit	464	<b>439</b>	(5%)
Underlying EPS (HK cents)	31	<b>29</b>	(6%)



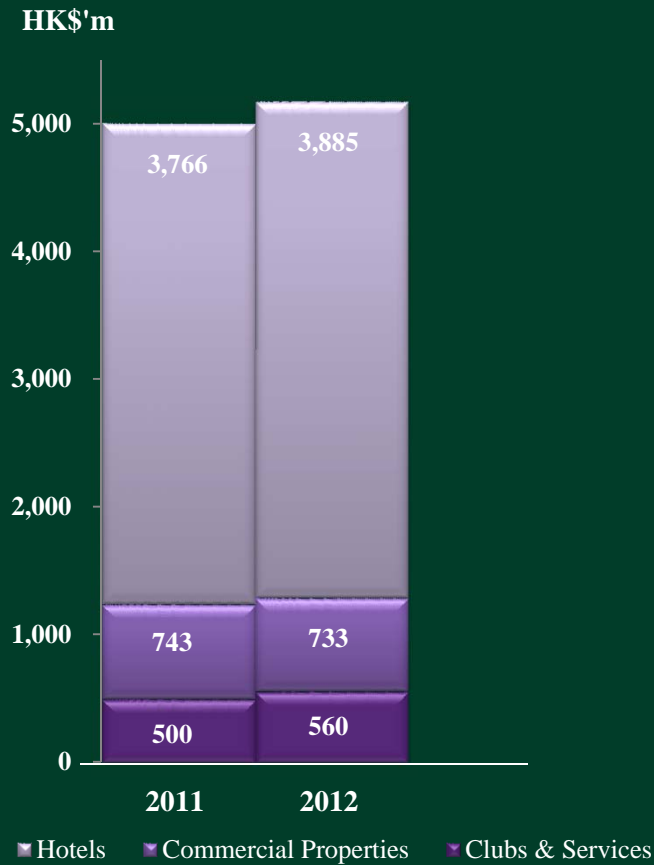
## THE PENINSULA SHANGHAI (50% OWNED)

HK\$m	2011	2012
Income	461	<b>492</b>
Operating expenses	(393)	<b>(424)</b>
EBITDA	68	<b>68</b>
Depreciation	(105)	<b>(102)</b>
Net financing charges	(125)	<b>(188)</b>
Loss before non-operating items	(162)	<b>(222)</b>
Non-operating item, net of tax	(8)	<b>(28)</b>
Loss for the year	(170)	<b>(250)</b>
50% shared by HSH	(85)	<b>(125)</b>

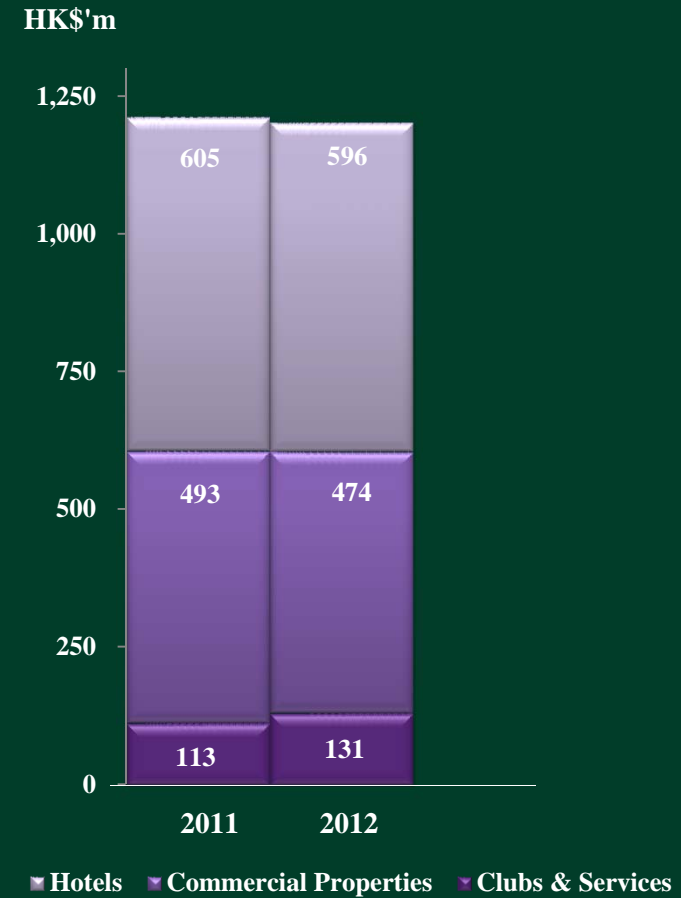


# CONSOLIDATED REVENUE & EBITDA

## Revenue



## EBITDA



## UNDERLYING PROFIT

HK\$m	2011	2012
Profit attributable to shareholders	2,259	1,555
Increase in fair value of investment properties	(1,841)	(1,073)
Provision for impairment losses	20	-
Share of property revaluation loss of The Peninsula Shanghai, net of tax	-	14
Gain on disposal of Inncom International, Inc., an unlisted equity investment	-	(46)
Tax and non-controlling interests attributable to non-operating items	26	(11)
Underlying profit attributable to shareholders	464	439
Underlying earnings per share (HK\$)	0.31	0.29





# CASH FLOW

HK\$m	2011	2012
EBITDA	1,211	<b>1,201</b>
Working capital and other adjustments	(66)	<b>(68)</b>
Net cash inflow from operations	1,145	<b>1,133</b>
Capital expenditure (CAPEX)	(312)	<b>(875)</b>
Net cash inflow from operations after CAPEX	833	<b>258</b>
Net tax paid	(146)	<b>(169)</b>
Payment for acquisition of additional interest in The Peninsula Beijing	(578)	-
(Loans to)/Repayment from a jointly controlled entity/an associate	(580)	<b>181</b>
Proceeds from sale of unlisted equity instrument & fixed assets	-	<b>47</b>
Dividends paid	(56)	<b>(100)</b>
Net cash outflow from financing activities & other movements	(148)	<b>(16)</b>
Net cash (outflow)/inflow for the year	(674)	<b>201</b>
Cash at banks and in hand at 1 January	2,658	<b>1,984</b>
Cash at banks and in hand at 31 December	1,984	<b>2,185</b>

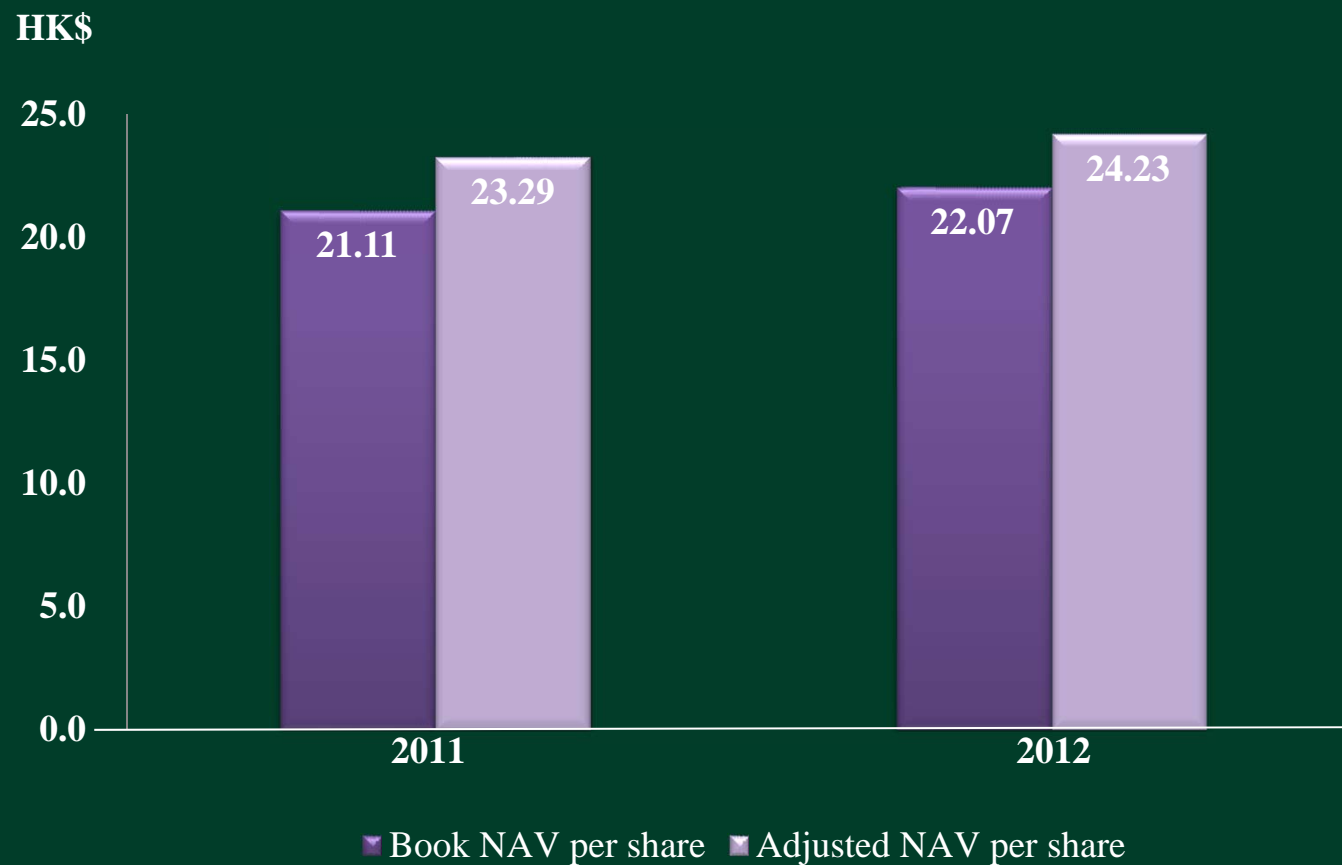


## CAPITAL EXPENDITURE 2012

HK\$m	2011	2012
<b>Hotels</b>		
The Peninsula Kong Kong	36	<b>336</b>
Others	178	<b>183</b>
<b>Commercial properties</b>		
The Repulse Bay Complex	56	<b>220</b>
Others	26	<b>42</b>
Clubs and services	16	<b>94</b>
	312	<b>875</b>
CAPEX as a percentage of revenue	6%	<b>17%</b>



# NET ASSET VALUE PER SHARE



## FUNDS AVAILABLE

HK\$m	2011	2012
Total available facilities	4,901	<b>4,841</b>
Utilised	(4,319)	<b>(4,174)</b>
Available bank facilities	582	<b>667</b>
Cash at banks and in hand	1,984	<b>2,185</b>
Funds available	2,566	<b>2,852</b>

Excluding our share of debts for The Peninsula Shanghai, The Peninsula Beverly Hills and The Peninsula Paris, which are non-recourse

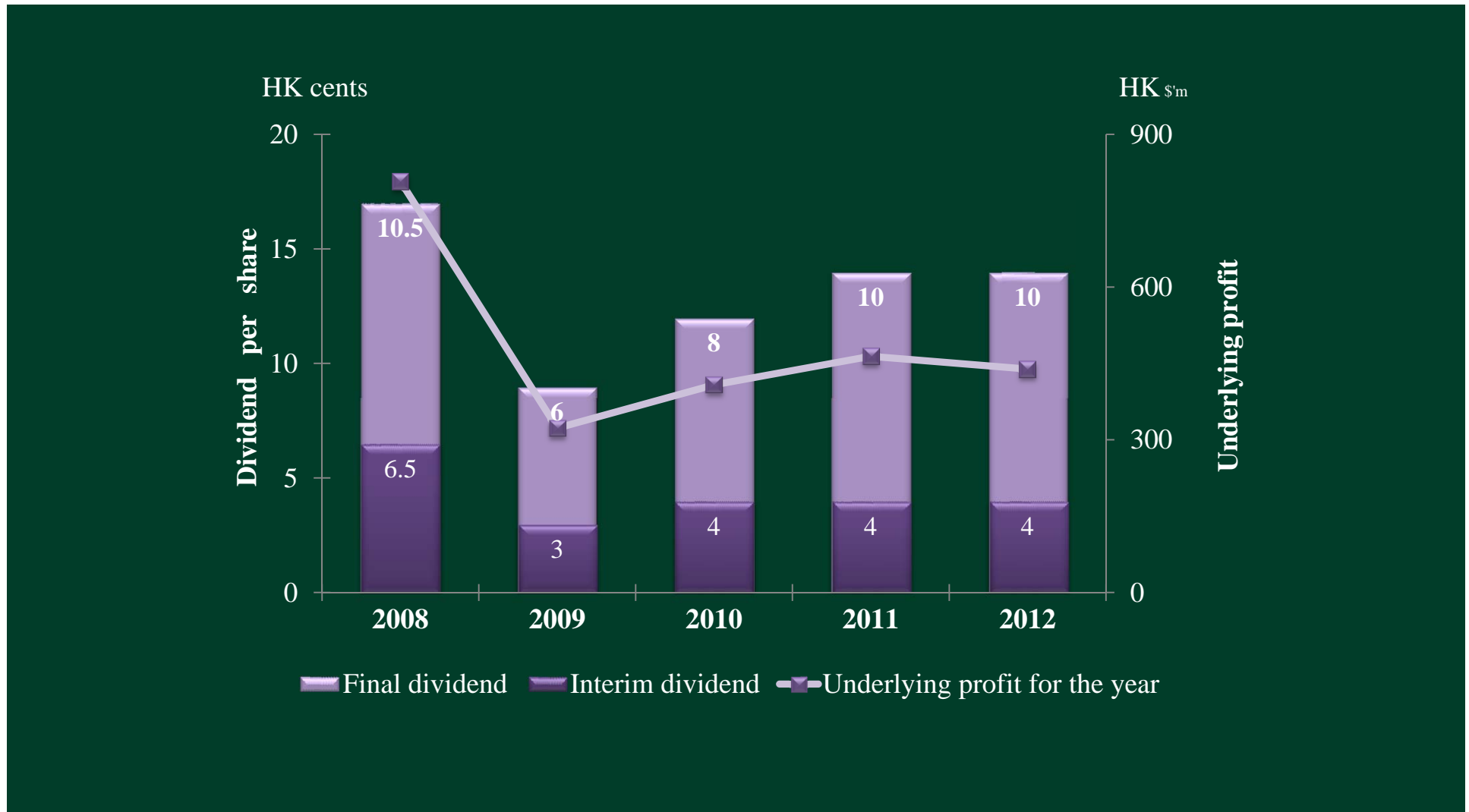


# FINANCIAL RATIOS

HK\$ m	2011	2012
Gross borrowings	4,319	<b>4,174</b>
Net borrowings	2,335	<b>1,989</b>
Net debt to EBITDA	1.9 times	<b>1.7 times</b>
Net gearing	7%	<b>6%</b>
Weighted average gross interest rate	3.1%	<b>3.2%</b>
Interest cover		
- Gross	6.1 times	<b>5.8 times</b>
- Net	9.5 times	<b>9.6 times</b>

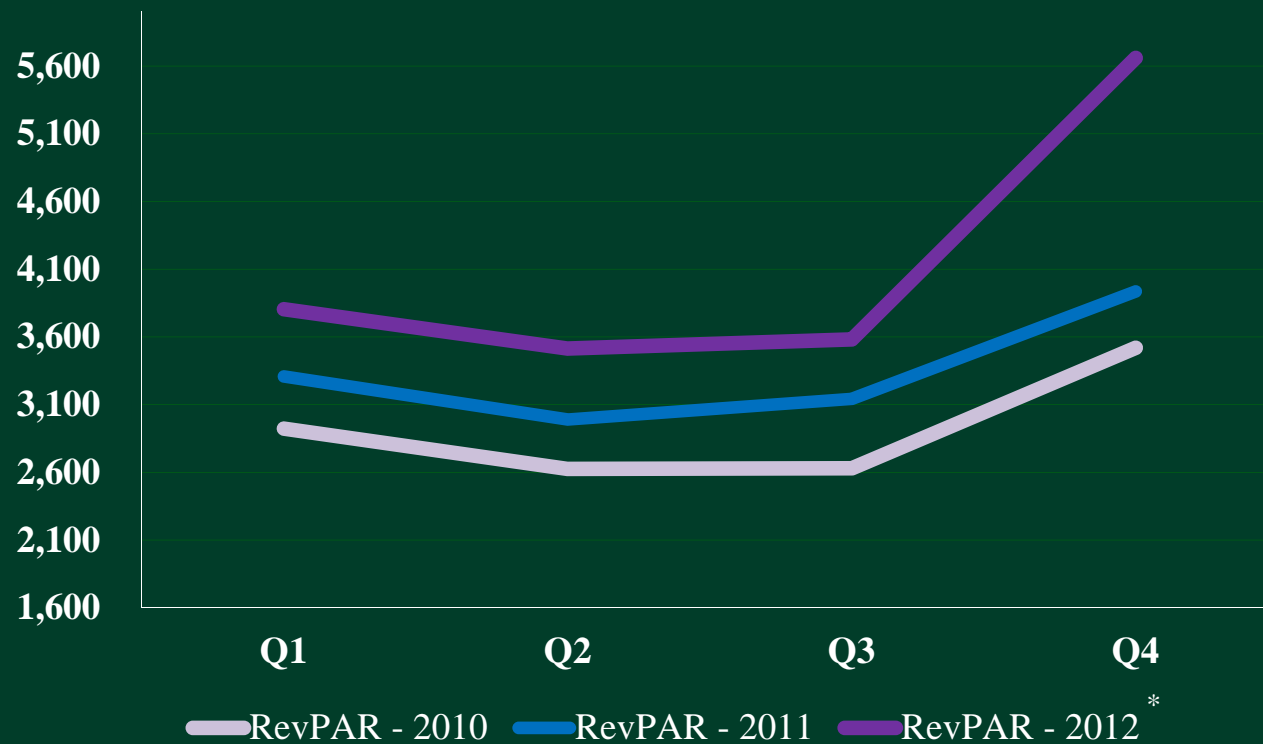


# DIVIDEND HISTORY



# HOTEL PERFORMANCE – HONG KONG

## Hong Kong - RevPAR (HK\$)



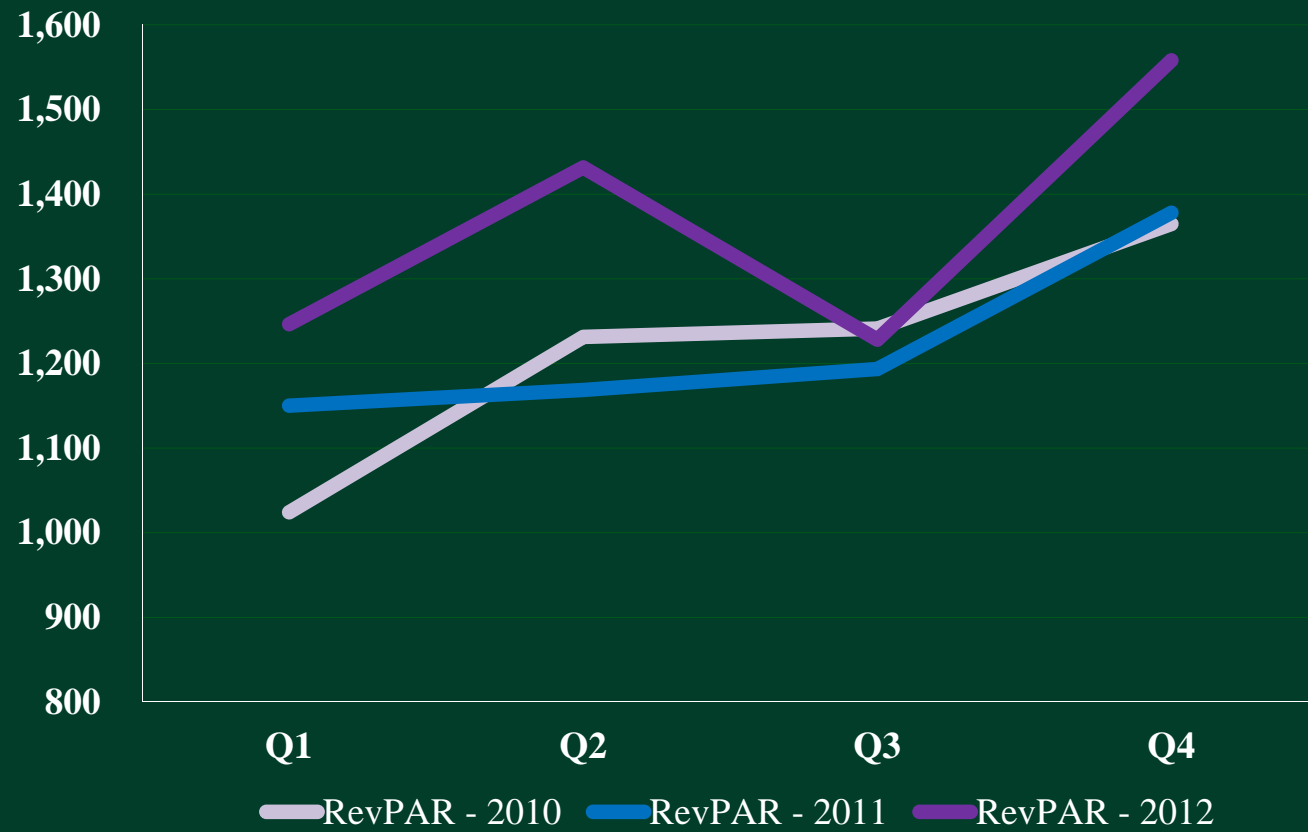
\* Based on a reduced room inventory due to the renovation



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# HOTEL PERFORMANCE – OTHER ASIA

Other Asia - RevPAR (HK\$)





# HOTEL PERFORMANCE - USA

## The US - RevPAR (HK\$)

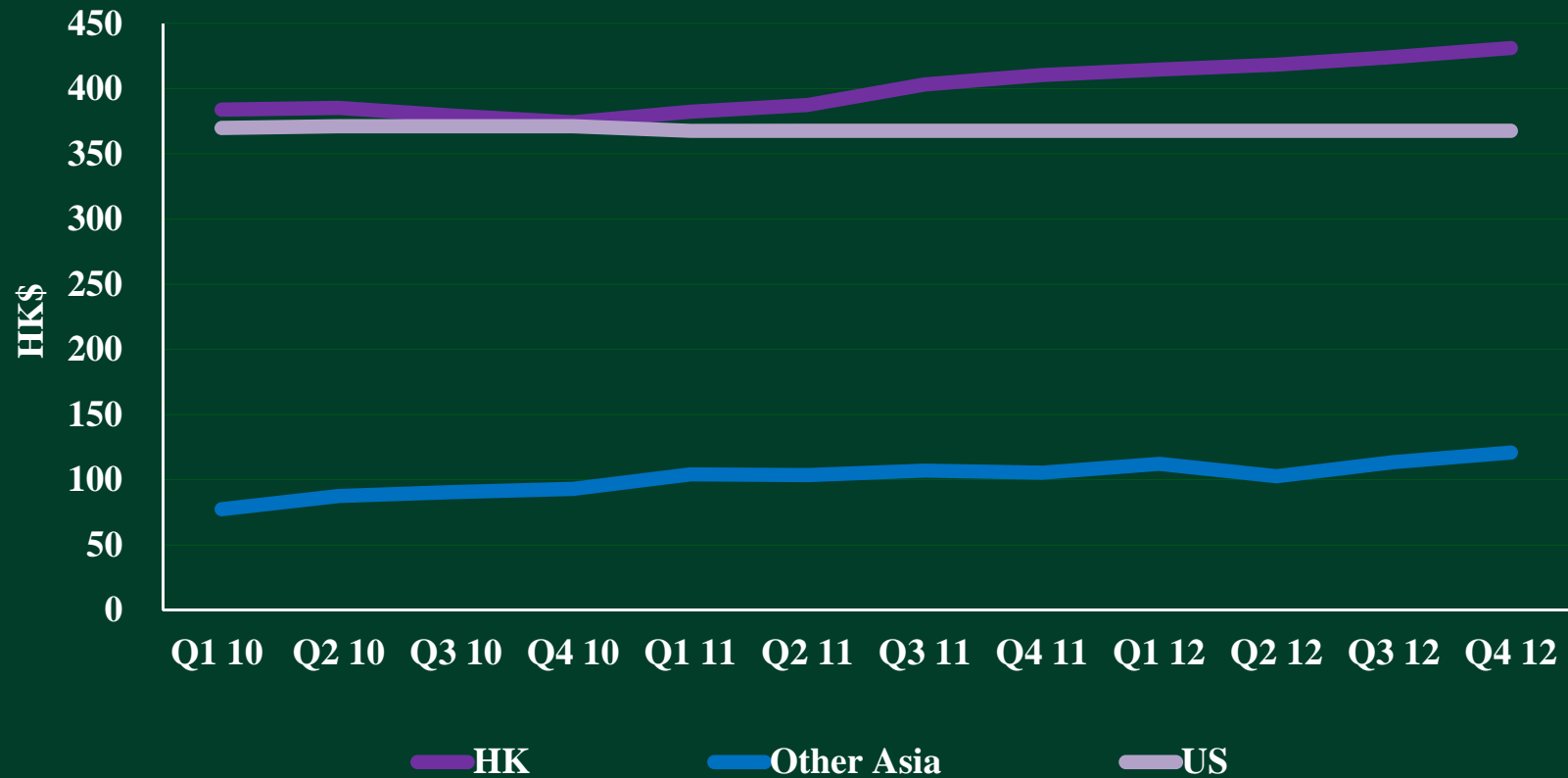


Note: Quail Lodge was included until Q4 2009



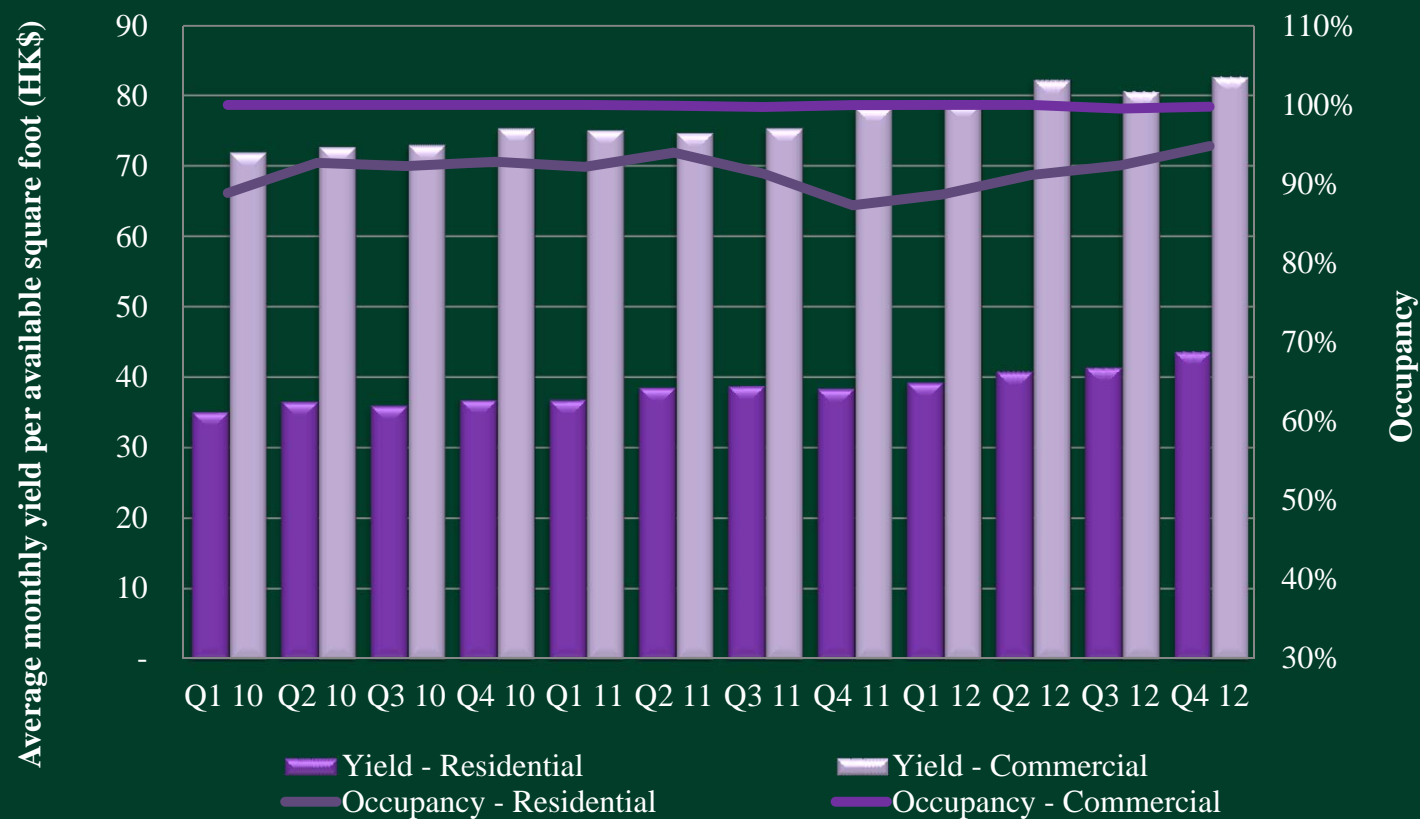
# HOTEL SHOPPING ARCADES

## Average yield per available square foot



# COMMERCIAL PROPERTIES – THE REPULSE BAY

## The Repulse Bay - Occupancy & Yield



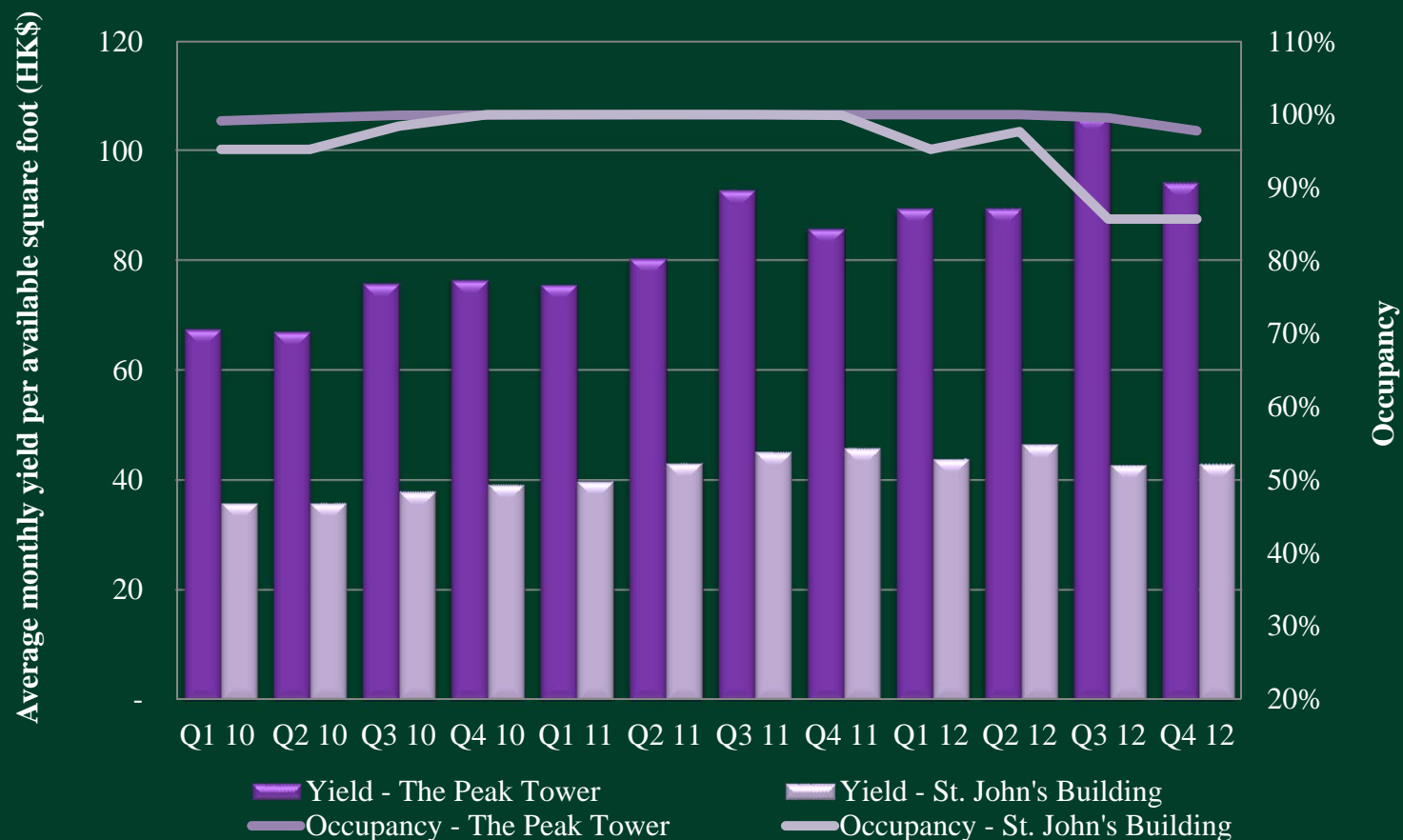
Note: Commercial Arcade was renovated from March to July 2008 and February to August 2009



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# COMMERCIAL PROPERTIES – THE PEAK COMPLEX

## The Peak Complex - Occupancy & Yield



## CLUBS AND SERVICES DIVISION REVENUE

HK\$m	2011	2012	Change %
Clubs and Consultancy Services	131	<b>154</b>	18%
Peninsula Merchandising	116	<b>126</b>	9%
Peak Tram	108	<b>114</b>	6%
Thai Country Club	60	<b>66</b>	10%
Quail Lodge Golf Club	47	<b>56</b>	19%
Tai Pan Laundry	38	<b>44</b>	16%
	<u>500</u>	<u><b>560</b></u>	12%



## THE PENINSULA PARIS (20% OWNED)

- ▣ Partnership with Katara Hospitality
- ▣ Main designs completed
- ▣ Building core, infrastructure and internal walls close to completion
- ▣ Internal fitout commencing
- ▣ Budget increased to €38m due to historical preservation, unknown site conditions and design improvements



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# OUTLOOK

- ▣ Continued long term approach to investments
- ▣ Return of the entire room inventory of The Peninsula Hong Kong
- ▣ Completion of the de Ricou reconfiguration
- ▣ Possible sale of 49% of The Peninsula Shanghai Residences
- ▣ Current market environment remains stable and positive, especially in Hong Kong



Thank You



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