

2012 Interim Results



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

Analysts Presentation

22 August 2012



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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.



1H 2012 HIGHLIGHTS

- Turnover up 5% to HK\$2.4b
- EBITDA up 2% to HK\$521m
- Non-operating gains of HK\$676m
- PHK Phase 1 Tower Rooms renovation completing in August 2012
- RBA public area enhancements completed and de Ricou conversion underway
- Revised budget (EUR338m) and completion timetable (Q4 2013) for The Peninsula Paris
- Refinancing of PSL and PTK loans



SUMMARY INTERIM RESULTS

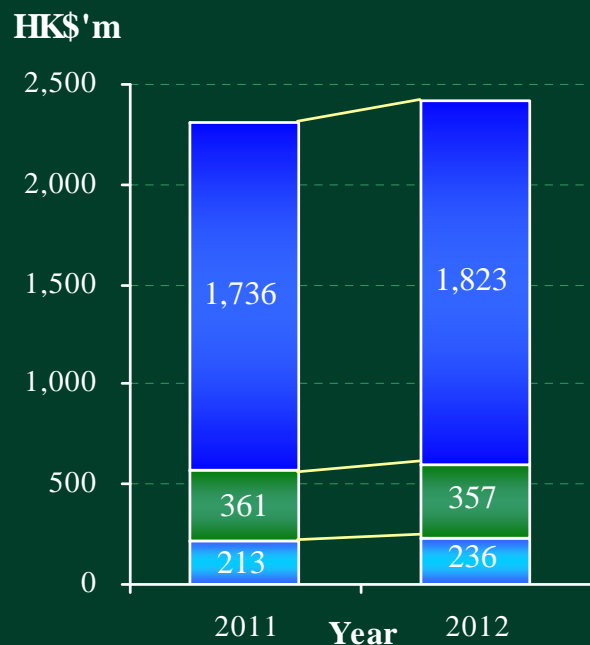
HK\$ million	2011	2012	Change
Turnover	2,310	2,416	5%
EBITDA	512	521	2%
EBITDA Margin	22%	22%	-
Operating profit	331	328	(1%)
Non-operating items	1,784	676	(62%)
Profit attributable to shareholders	1,907	814	(57%)
EPS (HK cents)	129	55	(57%)
Underlying profit*	152	156	3%
Underlying EPS (HK cents)	10	10	-

**Excluding property revaluation movements and other non-operating items*



CONSOLIDATED REVENUE & EBITDA

REVENUE



EBITDA



■ Clubs & Services
 ■ Commercial Properties
 ■ Hotels



UNDERLYING PROFIT

HK\$ million	2011	2012
Profit attributable to shareholders	1,907	814
Increase in fair value of investment properties	(1,784)	(630)
Share of property valuation adjustment of a jointly controlled entity, net of tax	-	19
Gain on disposal of an equity investment	-	(46)
Tax and non-controlling interests attributable to non-operating items	29	(1)
Underlying profit	152	156
Underlying EPS (HK\$)	0.10	0.10

Underlying profit represents profit attributable to shareholders excluding property revaluation movements and other non-operating items

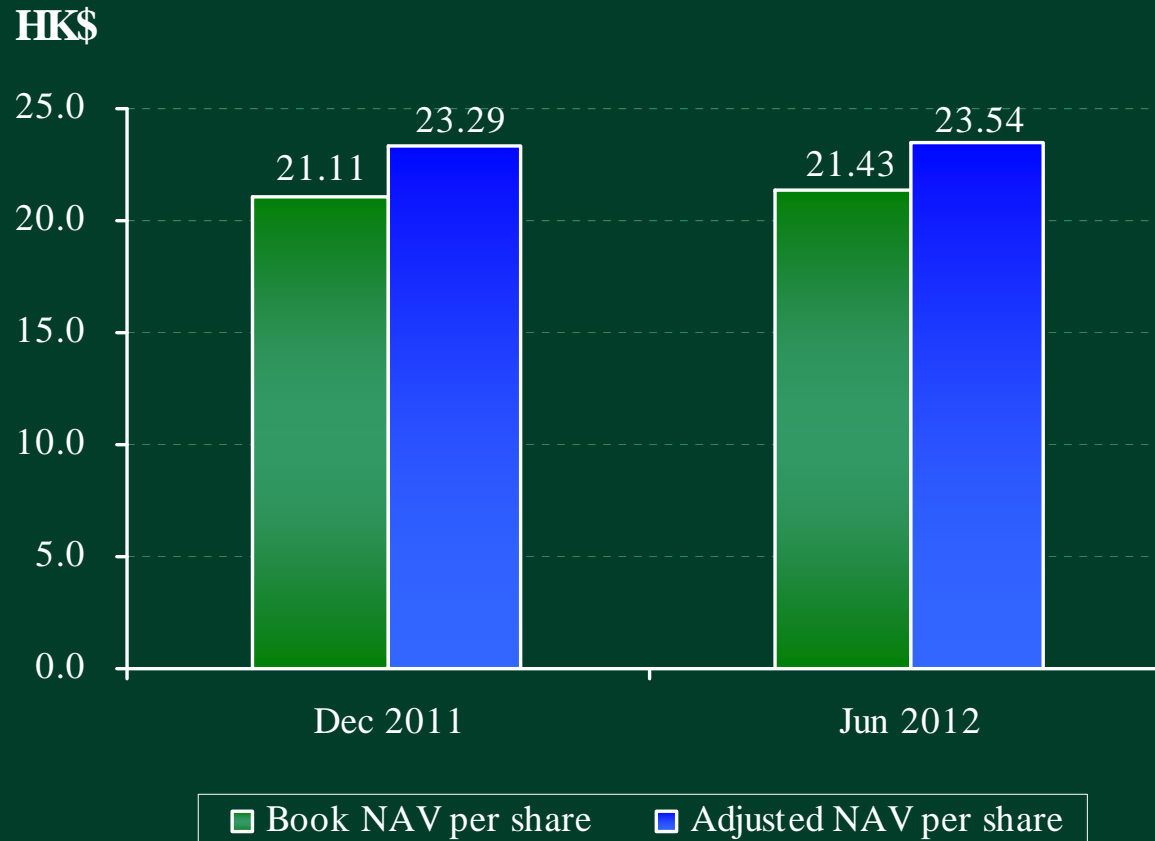


CASH FLOWS

HK\$ million	For the six months ended 30 June	
	2011	2012
EBITDA	512	521
Working capital and other adjustments	(75)	(95)
Net cash inflow from operations	437	426
Capital expenditure (CAPEX)	(107)	(344)
Net cash inflow from operations after CAPEX	330	82
Net tax paid	(31)	(61)
Loans to a jointly controlled entity/an associate	(56)	(184)
Proceeds from sale of unlisted equity instrument & fixed assets	-	47
Dividends paid	(24)	(35)
Net cash outflow from financing activities & other movements	(34)	(33)
Net cash (outflow)/inflow for the period	185	(184)
Cash at banks and in hand at 1 January	2,658	1,984
Cash at banks and in hand at 30 June	2,843	1,800



NET ASSET VALUE PER SHARE



FUNDS AVAILABLE

HK\$ million	31 Dec 2011	30 Jun 2012
Total committed facilities	4,605	4,708
Utilised	(4,319)	(4,291)
Available bank facilities	286	417
Cash at banks and in hand	1,984	1,800
Funds available	<u>2,270</u>	2,217

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

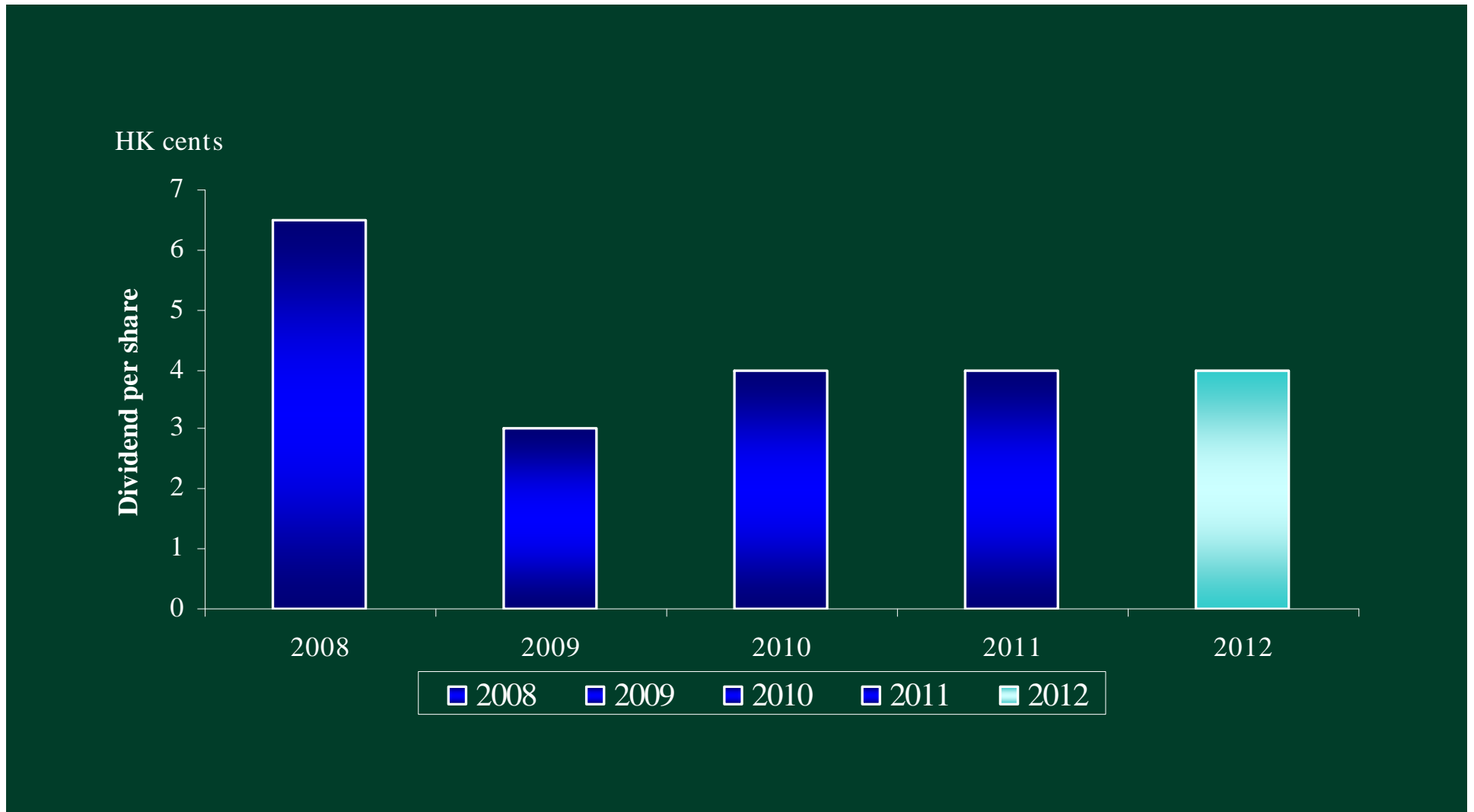


FINANCIAL RATIOS

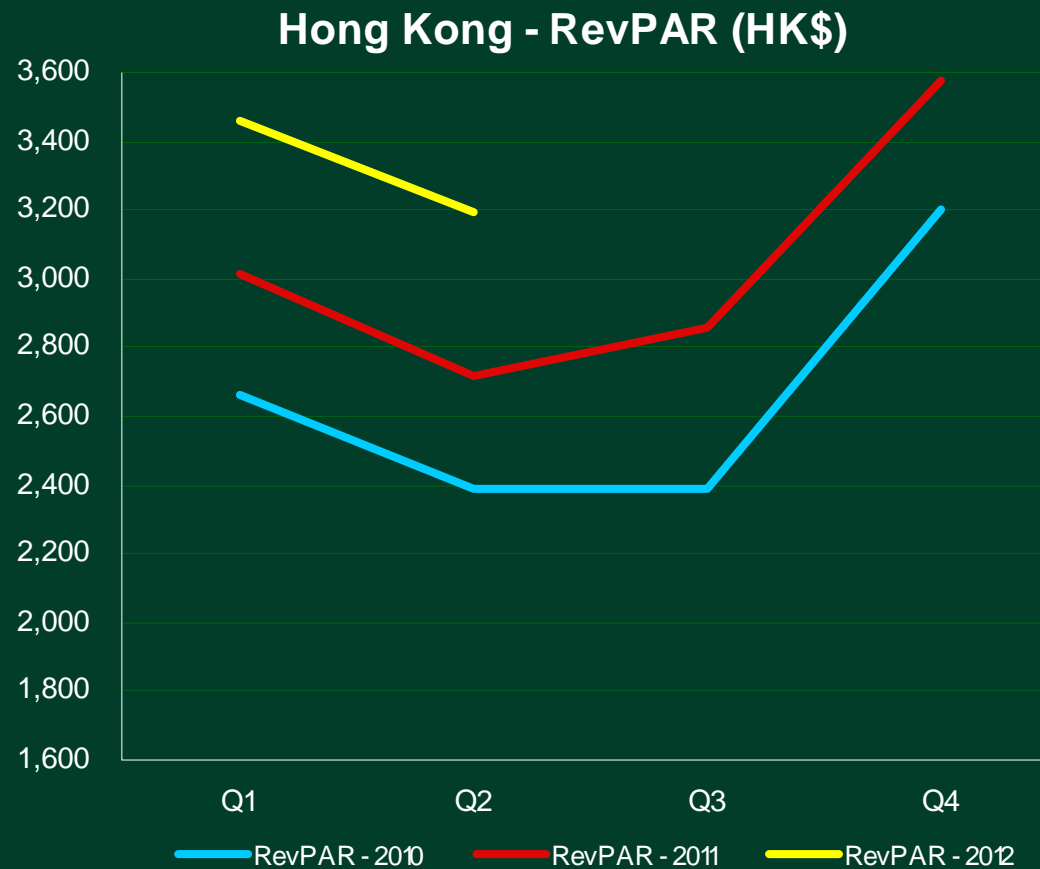
HK\$ million	<u>31 Dec 2011</u>	30 Jun 2012
Gross borrowings	4,319	4,291
Net borrowings		
- consolidated	2,335	2,491
- including share of associates	3,736	3,904
Net debt: EBITDA (annualised)	2.3 times	2.4 times
Net gearing		
- consolidated	7%	7%
- including share of associates	11%	11%
Weighted average gross interest rate	3.2%	3.1%
Interest cover		
- Gross	4.8 times	4.9 times
- Net	7.0 times	8.6 times



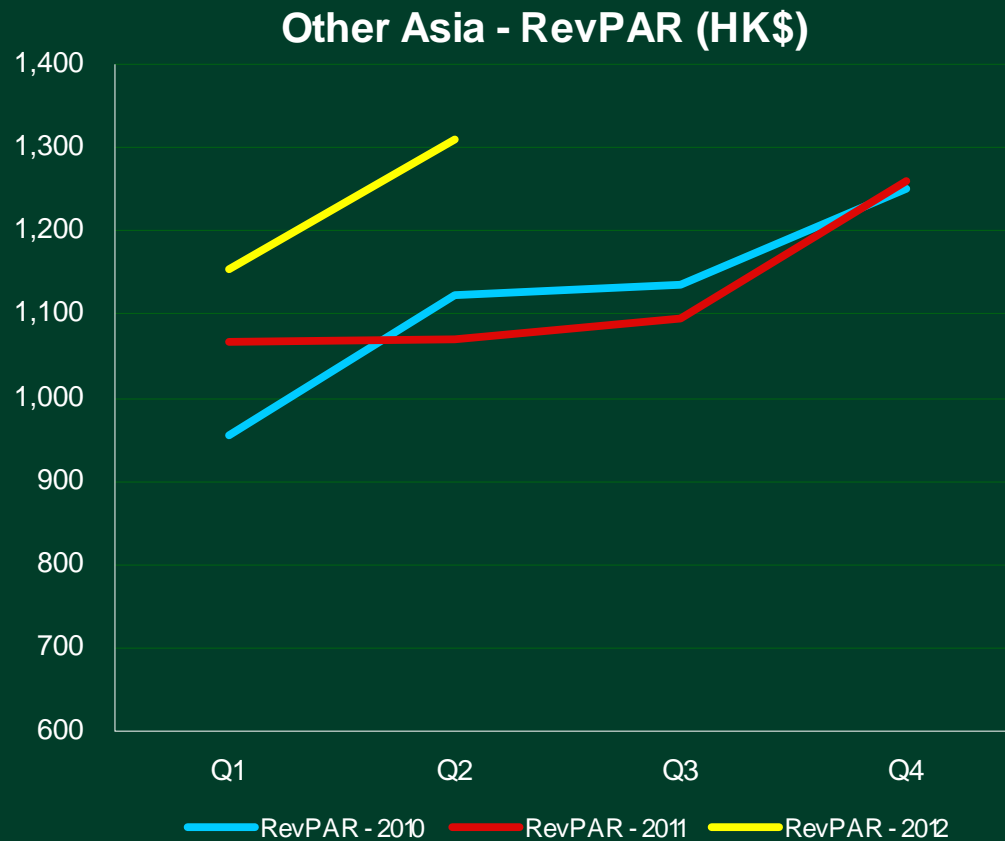
INTERIM DIVIDEND



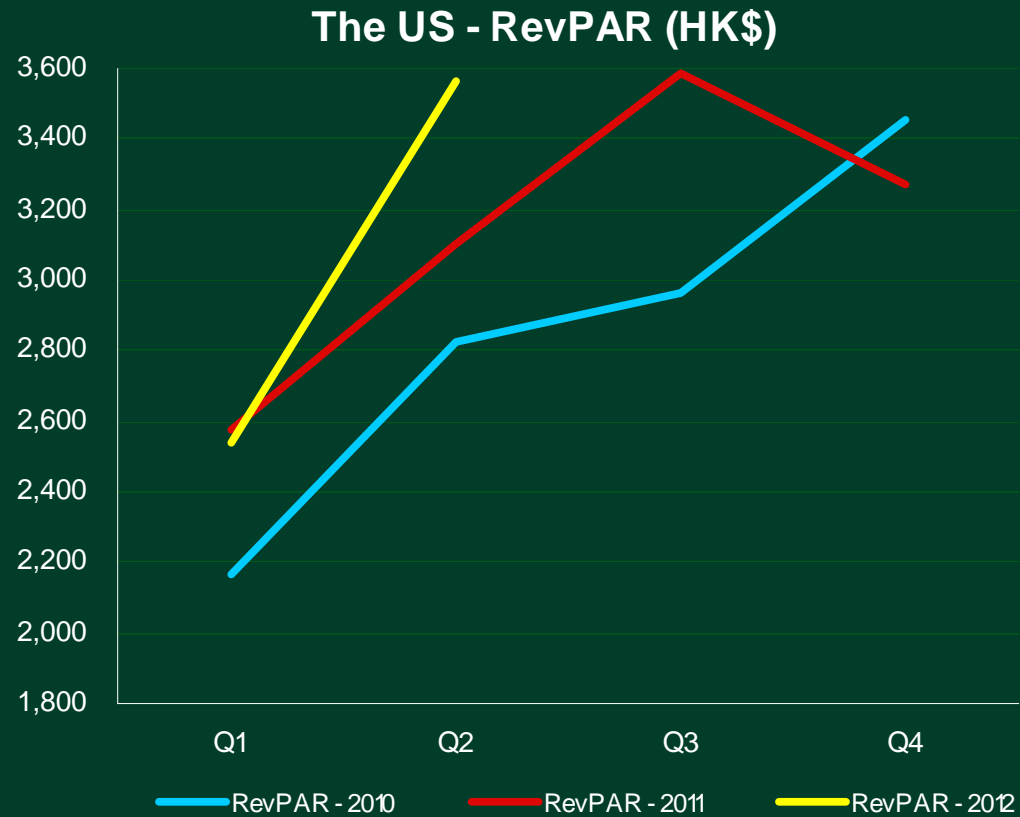
HOTEL PERFORMANCE – HONG KONG



HOTEL PERFORMANCE – OTHER ASIA



HOTEL PERFORMANCE – USA

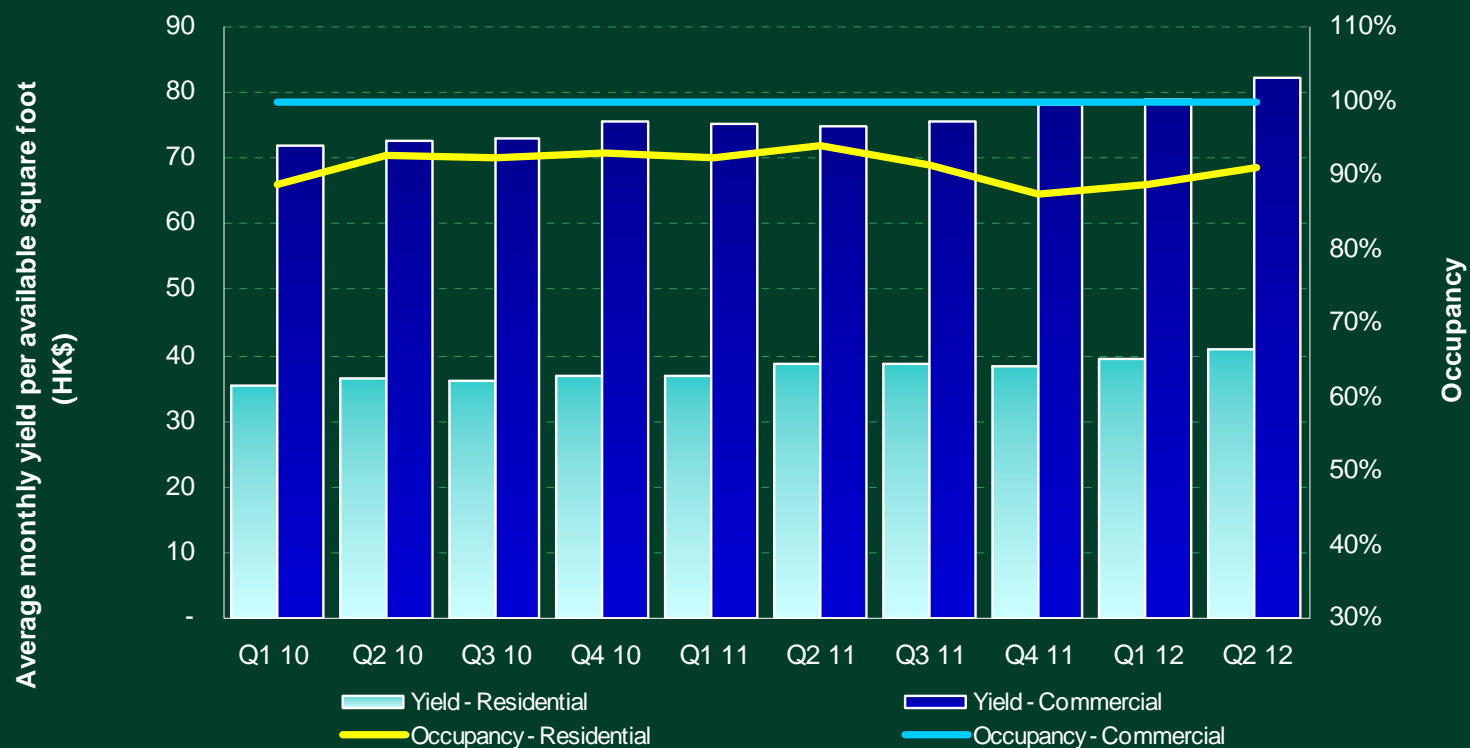


Note: Quail Lodge was included until Q4 2009



COMMERCIAL PROPERTIES – THE REPULSE BAY COMPLEX

The Repulse Bay - Occupancy & Yield

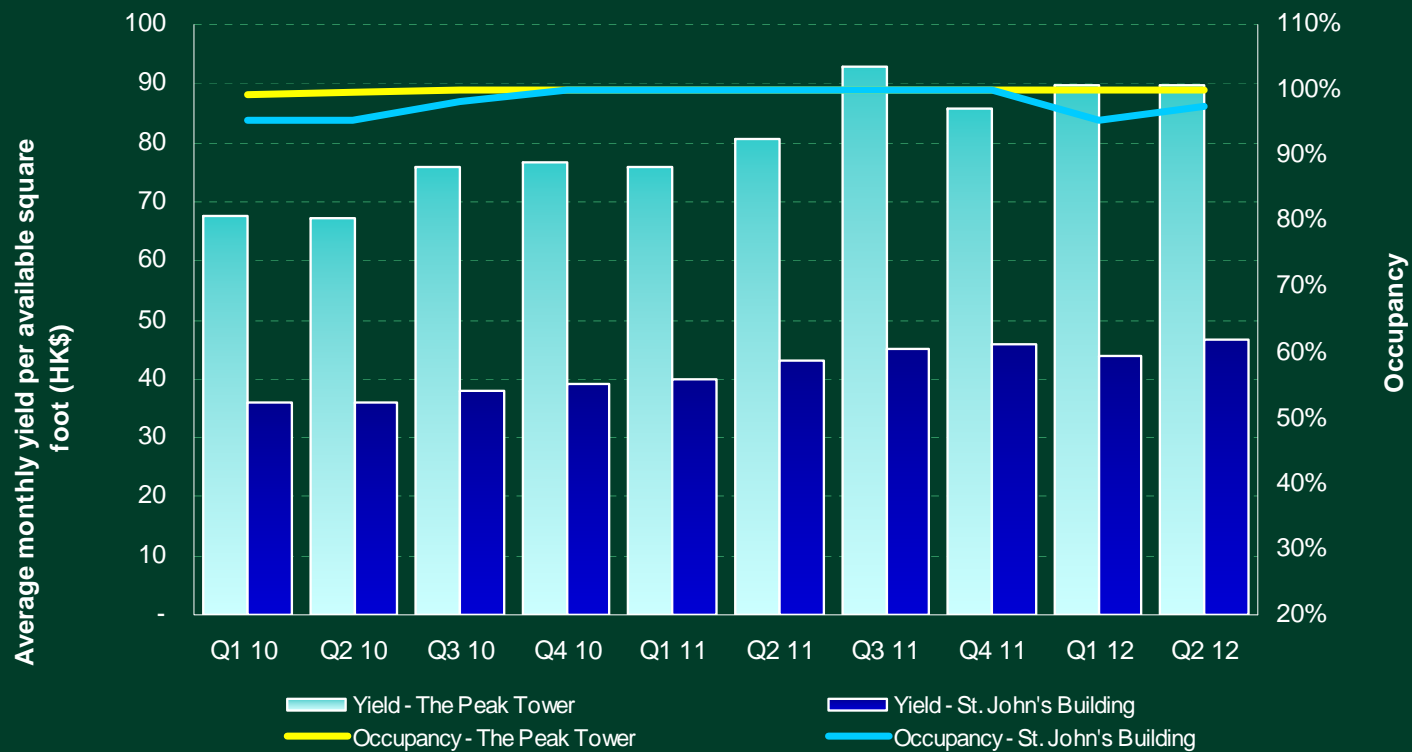


Note: Commercial Arcade was renovated from March to July 2008 and February to August 2009



COMMERCIAL PROPERTIES – THE PEAK COMPLEX

The Peak Complex - Occupancy & Yield



CLUBS AND SERVICES DIVISION

- ▣ **Peak Tramways: revenue up 8% to HK\$46 million, with number of passengers increased by 3% to 2.75 million**
- ▣ **Clubs and Consultancies: revenue up 24%, mainly due to increased number of passengers at the Cathay Pacific Lounges**
- ▣ **Peninsula Merchandising: revenue remained flat at HK\$36 million**
- ▣ **Tai Pan Laundry: revenue grew by 22% to HK\$22 million**
- ▣ **Thai Country Club: revenue up 3% to HK\$34 million**



OUTLOOK

- ▣ Renovations at The Peninsula Hong Kong and the de Ricou serviced apartment tower at The Repulse Bay will continue to impact on our results in the short term
- ▣ Rental yields of commercial properties are generally holding up with stable performance
- ▣ Strong financial position for further investments



Thank You



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