



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

2013 Annual Results

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2013 HIGHLIGHTS

- **The Peninsula Hong Kong returned to full inventory in May 2013 following its HK\$450m room renovation programme.**
- **Our flagship hotel celebrated its 85th anniversary in December 2013.**
- **The de Ricou tower of The Repulse Bay Complex completed its 18-month reconfiguration and the 49 upgraded apartments were re-launched for lease in August 2013.**
- **The Peninsula Paris, the Group's first hotel in Europe, is expected to open in 2014.**
- **Acquired a 50% interest in 1-5 Grosvenor Place for £132.5m (HK\$1,564m)**
- **Signed a non-binding heads of agreement to acquire a 70% interest in the former Myanmar Railway Company headquarters for the potential development of The Peninsula Yangon. In January 2014, conditional definitive agreements were entered into.**
- **Acquired 21 avenue Kleber, a magnificent commercial building in Paris for €56 million (HK\$566m)**



KEY STRATEGIC OBJECTIVES

1. **Building our brand quality and image**
2. **Enhancing service delivery through staff training, development and empowerment**
3. **Focusing on prime locations, asset quality and design and build standards**
4. **Enhancing the value and functionality of all space within our existing assets**



2013 ANNUAL RESULTS HIGHLIGHTS

HK\$ million	2012	2013	Change
Turnover	5,178	5,508	6%
EBITDA	1,201	1,306	9%
<i>EBITDA Margin</i>	23%	24%	<i>1pp</i>
Non-operating items	1,119	1,406	26%
Taxation	(170)	(231)	36%
Profit attributable to shareholders	1,555	1,712	10%
EPS (HK cents)	104	114	10%
Underlying Profit	439	511	16%
Underlying EPS (HK cents)	29	34	17%



2013 Annual Results

HOTELS DIVISION



THE PENINSULA HONG KONG



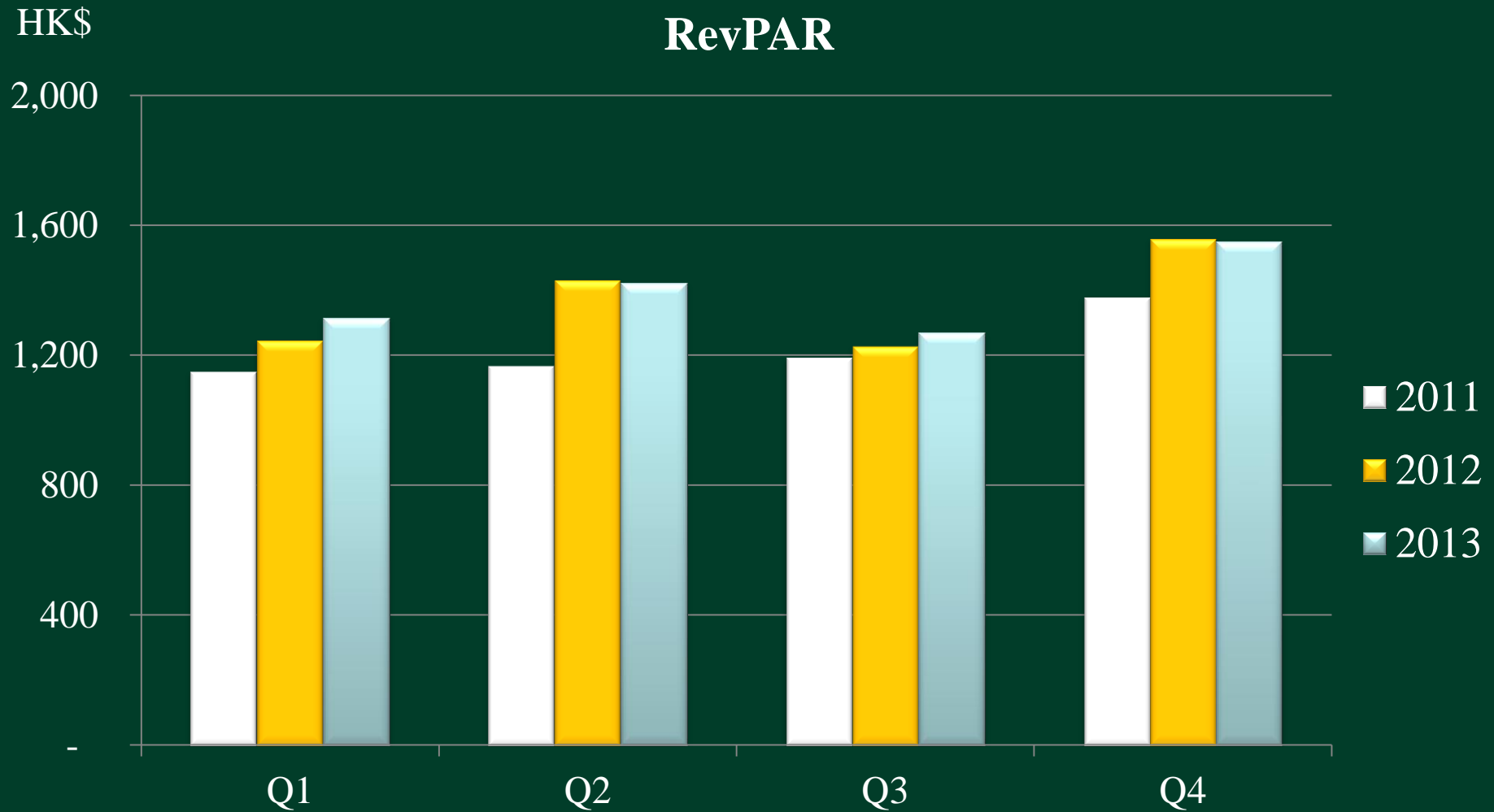
Revenue **+16%**
HK\$1,192m

Room **+42%**
revenue
HK\$329m

All rooms were
available by June 2013

Available **+55%**
rooms

HOTEL PERFORMANCE – OTHER ASIA



THE PENINSULA SHANGHAI



Revenue **+12%**
HK\$553m

Occupancy **+7pp**

Average
room rate **-**

RevPAR **+12%**



THE PENINSULA BEIJING



Revenue	+2%
HK\$424m	
<hr/>	
Occupancy	+7pp
Average room rate	-28%
RevPAR	-19%

THE PENINSULA TOKYO



Revenue **+10%**
JPY9.3 billion

Revenue **-10%**
HK\$734m

Occupancy **+13pp**

Average room **+1%**
rate

RevPAR **+23%**

THE PENINSULA BANGKOK



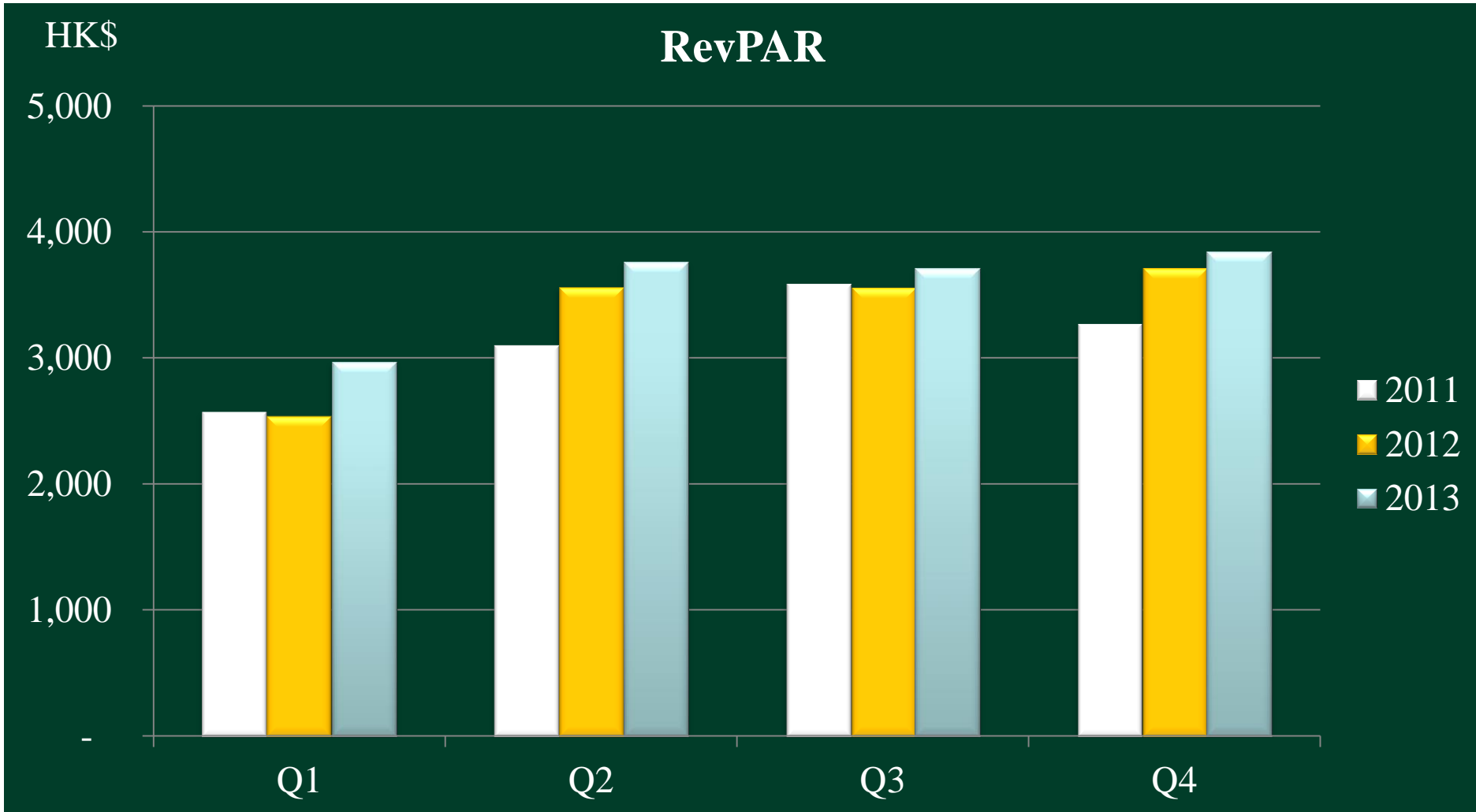
Revenue	+4%
HK\$235m	
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Occupancy	-4pp
Average room rate	+18%
RevPAR	+9%

THE PENINSULA MANILA



Revenue	-3%
HK\$292m	
<hr/>	
Occupancy	-4pp
Average room rate	+2%
RevPAR	-3%

HOTEL PERFORMANCE – USA



THE PENINSULA NEW YORK



Revenue **+5%**
HK\$592m

Occupancy **-1pp**

Average
room rate **+10%**

RevPAR **+9%**



THE PENINSULA CHICAGO



Revenue **+6%**
HK\$499m

Occupancy **+2pp**

Average
room rate **+2%**

RevPAR **+4%**

THE PENINSULA BEVERLY HILLS



Revenue **+6%**
HK\$508m

Occupancy **+3pp**

Average
room rate **+3%**

RevPAR **+4%**

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COMMERCIAL PROPERTIES DIVISION



THE REPULSE BAY COMPLEX



Revenue **+4%**
HK\$540m

THE PEAK TOWER



Revenue **+20%**
HK\$157m

Visitors to **+10%**
Sky
Terrace

ST. JOHN'S BUILDING



Revenue +2%
HK\$46m



THE LANDMARK, VIETNAM

Revenue **-8%**
HK\$36m



21 AVENUE KLÉBER, PARIS



Revenue
HK\$11m



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CLUBS AND SERVICES DIVISION



THE PEAK TRAM

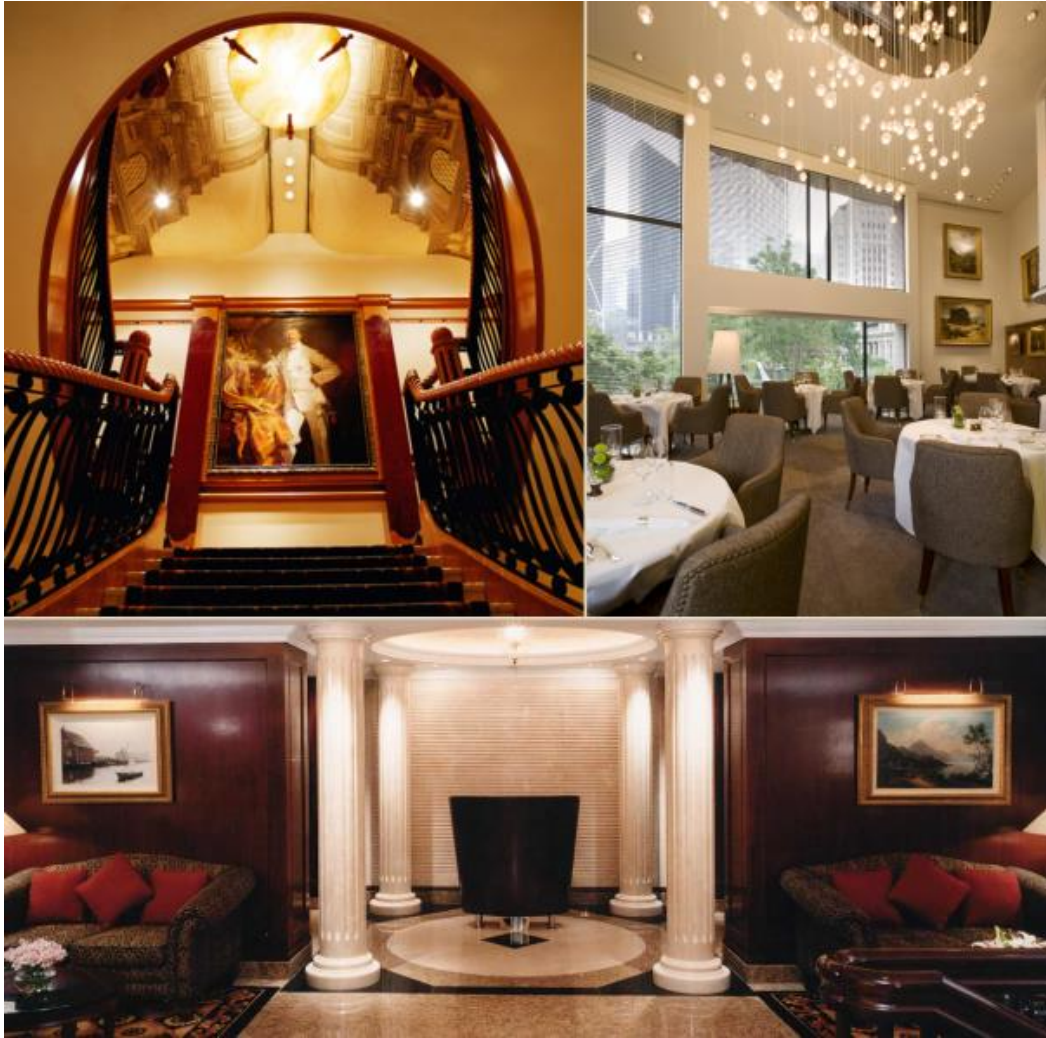


Revenue	+6%
HK\$121m	

Total passengers	+6%
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PENINSULA CLUBS AND CONSULTANCY SERVICES



Revenue +12%
HK\$172m

THAI COUNTRY CLUB



Revenue -2%
HK\$65m

Total golf rounds -4%
57,000



PENINSULA MERCHANDISING



Revenue **+21%**
HK\$153m



QUAIL LODGE & GOLF CLUB

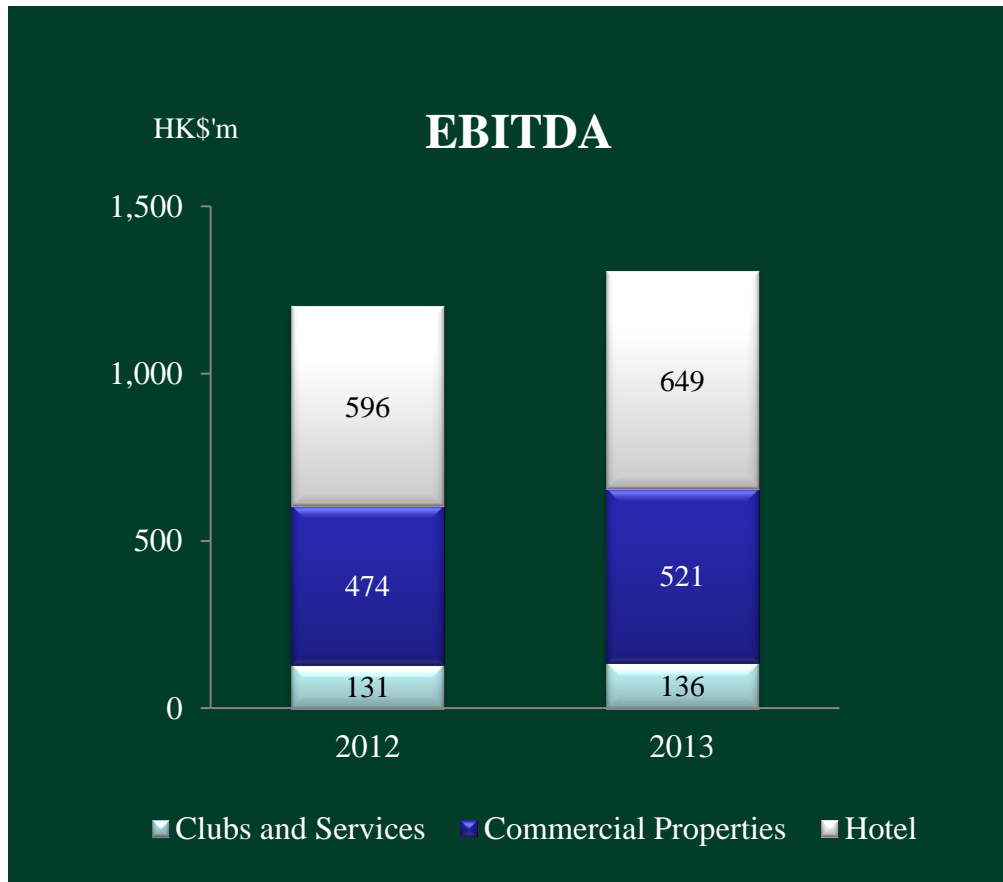


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FINANCIAL RESULTS



EBITDA



EBITDA Margin	2012	2013
Hotels	15%	16%
Commercial Properties	65%	65%
Clubs & Services	23%	21%
Overall EBITDA Margin	23%	24%

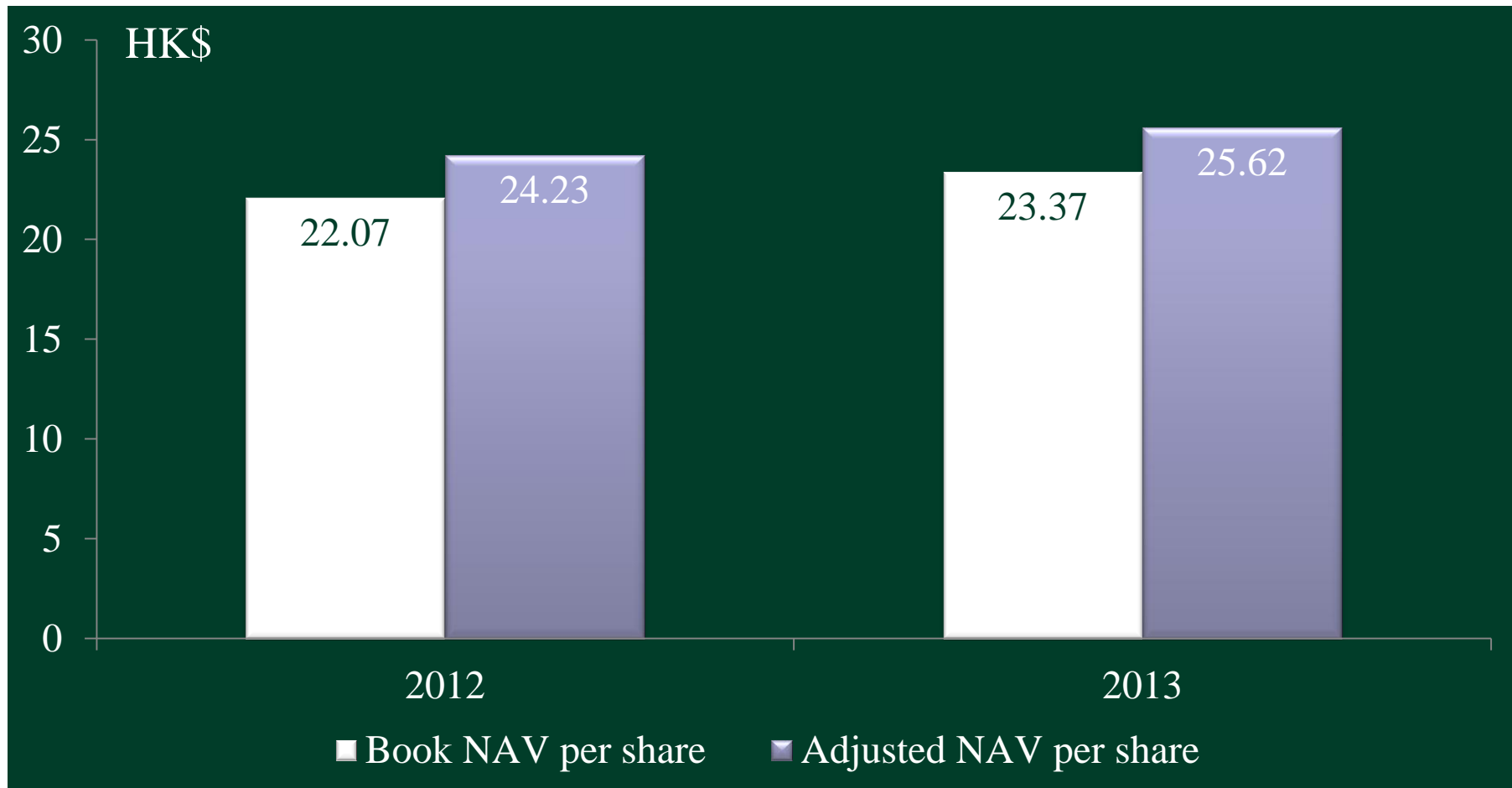


UNDERLYING PROFIT

HK\$ million	2012	2013
Profit attributable to shareholders	1,555	1,712
Increase in fair value of investment properties	(1,073)	(1,403)
Share of property revaluation loss of The Peninsula Shanghai, net of tax	14	178
Others	(57)	24
Underlying profit attributable to shareholders	439	511
Underlying EPS (HK cents)	29	34



NET ASSET VALUE PER SHARE



CASH FLOWS

HK\$ million	2012	2013
Net cash generated from operating activities	964	1,308
Capital expenditure on existing assets		
(i) Hotels - The Peninsula Hong Kong	(336)	(198)
- Other hotels	(183)	(265)
(ii) Commercial properties - The Repulse Bay Complex	(220)	(293)
- Other properties	(42)	(50)
(iii) Clubs and services	(94)	(122)
	(875)	(928)
Net cash inflow after normal capital expenditure	89	380
New acquisitions		
1-5 Grosvenor Place	-	(1,688)
21 avenue Kleber	-	(605)
	-	(2,293)
Net interest payments	(71)	(114)
Net cash flows before dividend payment	18	(2,027)

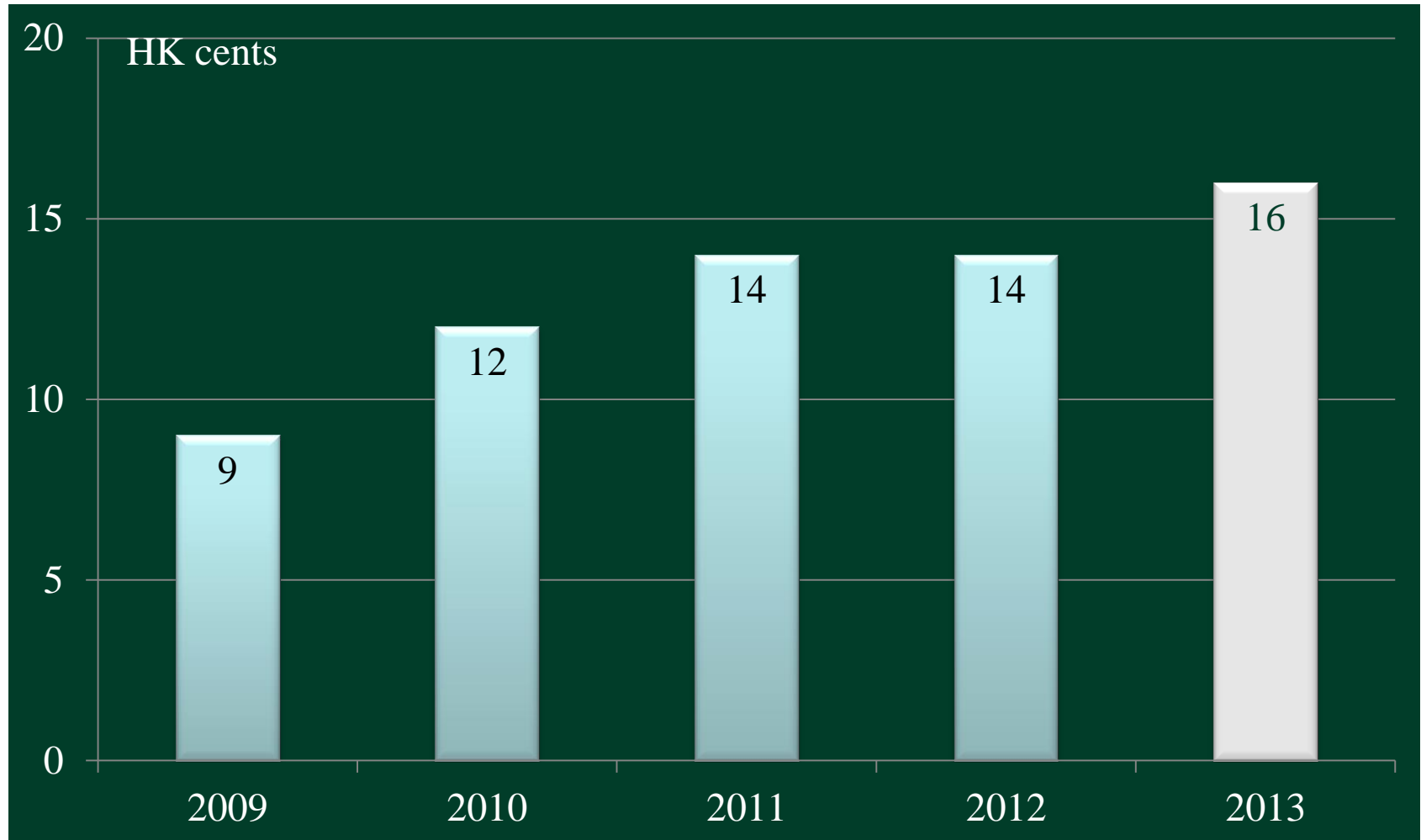


CONSOLIDATED FINANCIAL RATIOS

HK\$ million	2012	2013
Gross borrowings	4,174	5,486
Net borrowings	1,989	3,992
Net debt to EBITDA (times)	1.7x	3.1x
Net gearing	6%	10%
Funds from operations to net debt	48%	28%
Weighted average gross interest rate	3.2%	2.9%
Interest cover (times)		
- Gross	5.8x	6.5x
- Net	9.6x	9.7x



DIVIDEND PER SHARE



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PROJECTS AND DEVELOPMENTS



THE PENINSULA PARIS



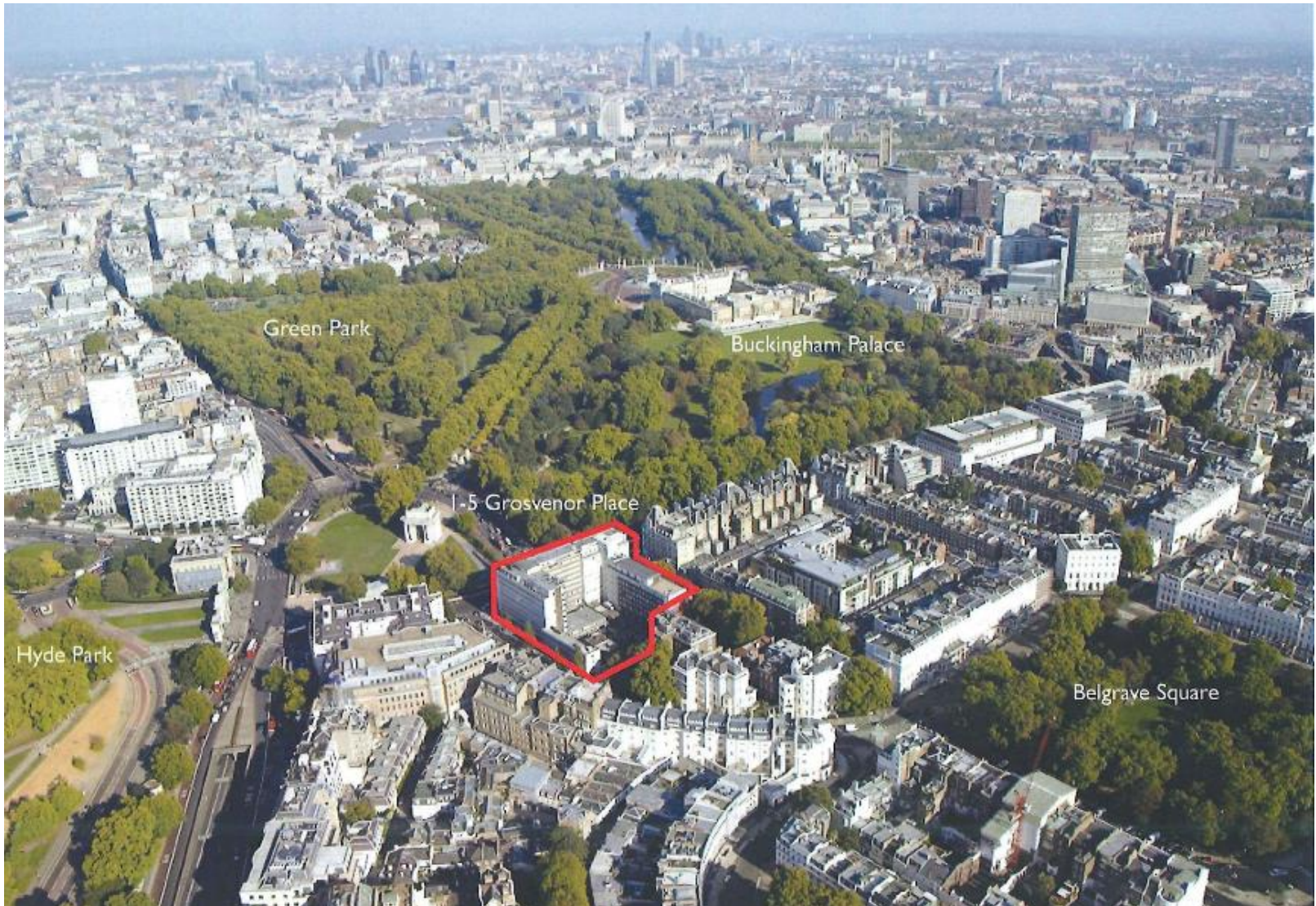
THE PENINSULA PARIS



THE PENINSULA LONDON



THE PENINSULA LONDON



THE PENINSULA YANGON



SUSTAINABLE LUXURY — 2 0 2 0 —

- **HSH aspires to deliver the highest standard of luxury in a sustainable way and continue to grow responsibly and sustainably.**
- **One of the first publicly-listed companies in the world to publish our annual report in accordance with new G4 Sustainability Reporting Guidelines of the Global Reporting Initiative**
- **Hong Kong's first LEED Gold Certification A&A category for de Ricou tower renovation**
- **Key Performance Indicators**

Greenhouse Gas Emissions	112,024 tonnes ↓5%
Energy Intensity	1,440 MJ per sq.m. ↓1%
Hotels Division Water Intensity	1,187 litres per guest night ↓7%
Waste Diversion Rate	45% ↑7 pp

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FUTURE PROSPECTS



FUTURE PROSPECTS

- **Positive trends in our key markets, particularly in Hong Kong**
- **2014 will see the first full year of earnings contribution from the fully renovated Peninsula Hong Kong hotel and de Ricou tower at The Repulse Bay Complex**
- **Travel sentiment and spending continue to show some improvements with more positive macro trends**
- **Well-placed for a long-term future supported with a strong balance sheet comprising valuable high quality assets and a low level of gearing**



Thank You



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