

# 2013 Interim Results



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

## Analysts Presentation

*22 August 2013*



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

# 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.



# HIGHLIGHT

- ❖ Non-binding Heads of Terms signed for the development of a Peninsula hotel in Yangon, Myanmar
- ❖ 21 avenue Kléber, a commercial property adjacent to The Peninsula Paris, was acquired for a cash consideration of €56 million
- ❖ A 50% interest in 1-5 Grosvenor Place was acquired for a cash consideration of £132.5 million
- ❖ A US\$1 billion MTN programme was established
- ❖ Renovation of guestrooms of the Main Building of The Peninsula Hong Kong completed
- ❖ Public area works at The Repulse Bay substantially completed and renovated and reconfigured de Ricou Tower successfully launched



# SUMMARY INTERIM RESULTS – 1st HALF OF 2013

HK\$ million	2012	2013	Change
Turnover	2,416	<b>2,542</b>	5%
EBITDA	521	<b>555</b>	7%
<i>EBITDA Margin</i>	22%	<b>22%</b>	-
Non-operating items	676	<b>666</b>	(1%)
Taxation	79	<b>80</b>	1%
Profit attributable to shareholders	814	<b>840</b>	3%
EPS (HK cents)	55	<b>56</b>	2%
Underlying Profit	156	<b>169</b>	8%
Underlying EPS (HK cents)	10	<b>11</b>	10%



# REVENUE & EBITDA MARGIN

## Revenue



EBITDA margin	2012	2013
Hotels	13%	14%
Commercial Properties	65%	64%
Clubs & Services	21%	14%
Overall EBITDA margin	22%	22%



# UNDERLYING PROFIT

HK\$ million	2012	2013
Profit attributable to shareholders	814	<b>840</b>
Increase in fair value of investment properties	(630)	<b>(665)</b>
Share of net property valuation loss of a joint venture, net of tax	19	<b>0</b>
Gain on disposal of an equity investment	(46)	<b>(1)</b>
Tax and non-controlling interests attributable to non-operating items	(1)	<b>(5)</b>
Underlying profit attributable to shareholders	156	<b>169</b>
Underlying earnings per share (HK\$)	0.10	<b>0.11</b>



# CASH FLOWS AND BANK BALANCE

For the six months ended 30 June

HK\$ million	<u>2012</u>	<u>2013</u>
EBITDA	521	555
Working capital adjustments	<u>(95)</u>	<u>13</u>
Net cash flow from operation	426	568
Capital expenditure (CAPEX)	(344)	(567)
New investment – 21 avenue Kléber	-	(605)
Dividend and net tax paid	(96)	(195)
Net advance to a join venture/an associate	(184)	(1)
Proceeds from sale of unlisted equity instrument & fixed assets	47	1
Net cash flow from financing activities & other movements	<u>(33)</u>	<u>553</u>
Net cash flow for the period	(184)	(246)
Cash at banks and in hand at 1 January	<u>1,984</u>	<u>2,185</u>
Cash at banks and in hand at 30 June	<u><u>1,800</u></u>	<u><u>1,939</u></u>



# NET ASSETS VALUE PER SHARE





# CONSOLIDATED FUNDS AVAILABLE

HK\$ million	<u>31 Dec 12</u>	<u>30 Jun 13</u>	<u>Pro-forma *</u>
Total available facilities	4,841	<b>6,151</b>	7,468
Utilised	<u>4,174</u>	<u>4,501</u>	<u>5,529</u>
Available bank facilities	667	<b>1,650</b>	1,939
Cash at banks and in hand	<u>2,185</u>	<u>1,939</u>	<u>1,377</u>
Funds available	<u>2,852</u>	<u><b>3,589</b></u>	<u>3,316</u>

*\* After the payment of £132.5 million (and costs) for the acquisition of 50% interest in 1-5 Grosvenor Place, London*



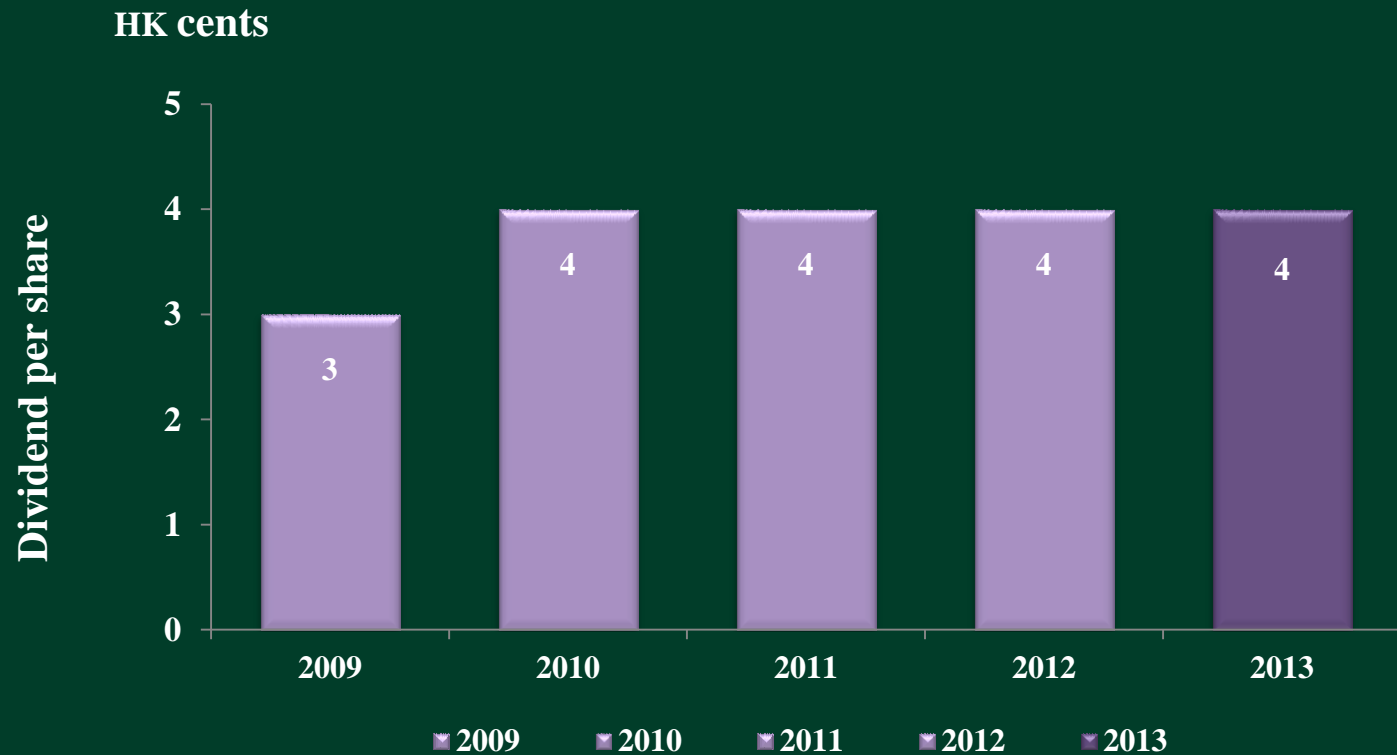
# CONSOLIDATED FINANCIAL RATIOS

HK\$ million	31 Dec 12	30 Jun 13	Pro-forma *
Gross borrowings	4,174	<b>4,501</b>	5,529
Net borrowings	1,989	<b>2,562</b>	4,152
Net debt to EBITDA (annualised)	1.7 times	<b>2.3 times</b>	3.8 times
Net gearing	6%	<b>7%</b>	11%
Weighted average gross interest rate	3.2%	<b>3.4%</b>	3.2%
Interest cover			
- Gross	5.8 times	<b>5.2 times</b>	5.0 times
- Net	9.6 times	<b>7.7 times</b>	7.2 times

*\* After the payment of £132.5 million (and costs) for the acquisition of 50% interest in 1-5 Grosvenor Place, London*

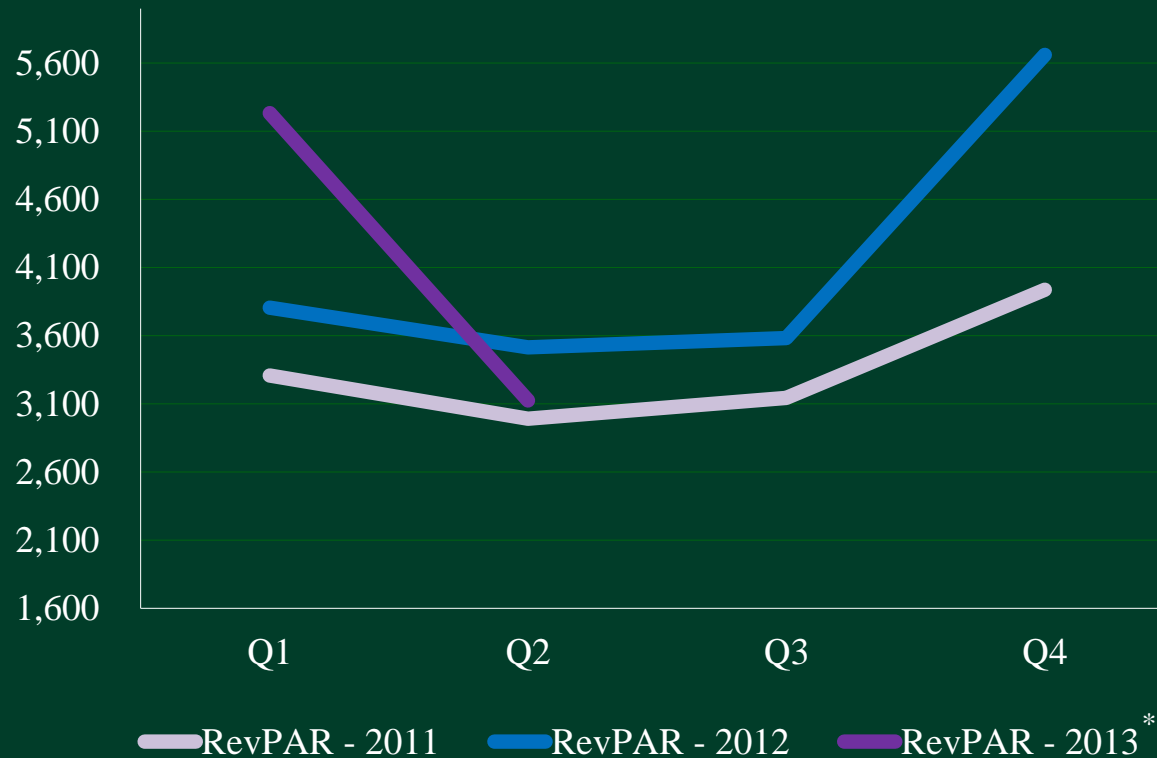


# INTERIM DIVIDEND



# HOTEL PERFORMANCE – HONG KONG

## Hong Kong - RevPAR (HK\$)

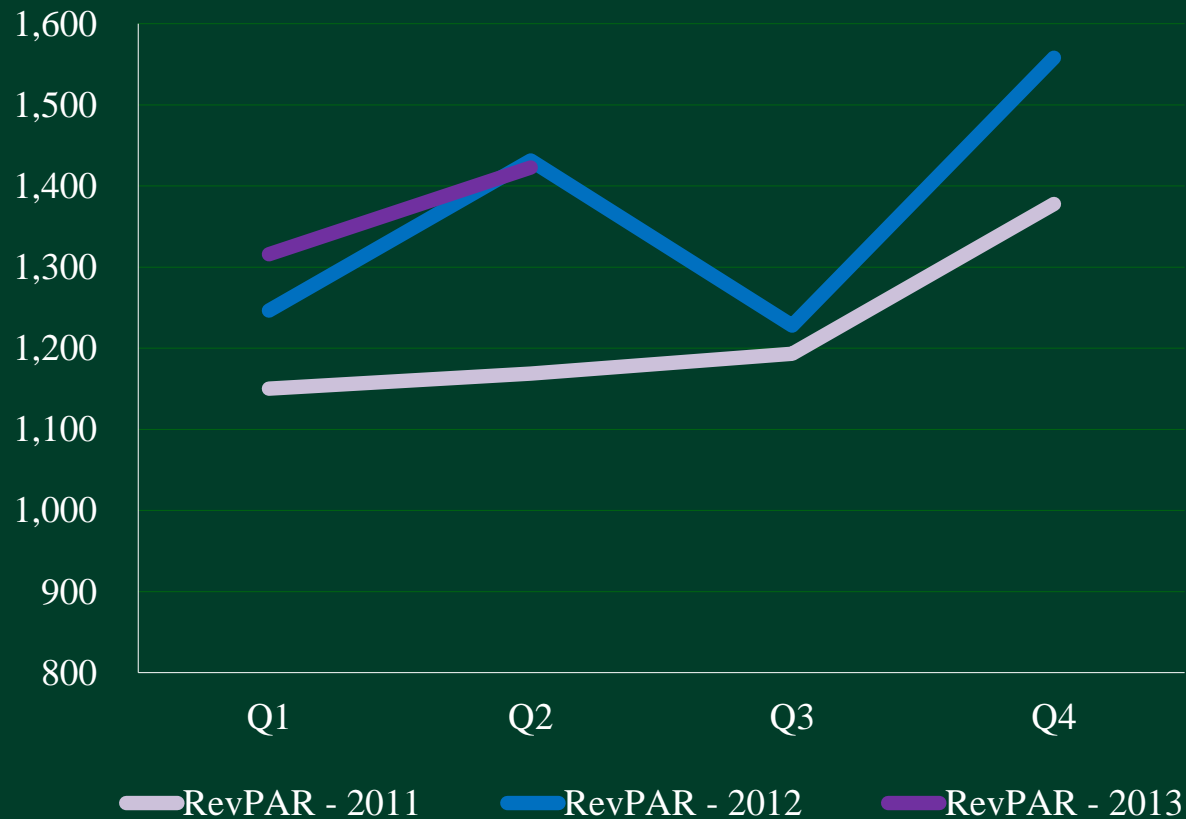


\* Based on a reduced room inventory due to the renovation



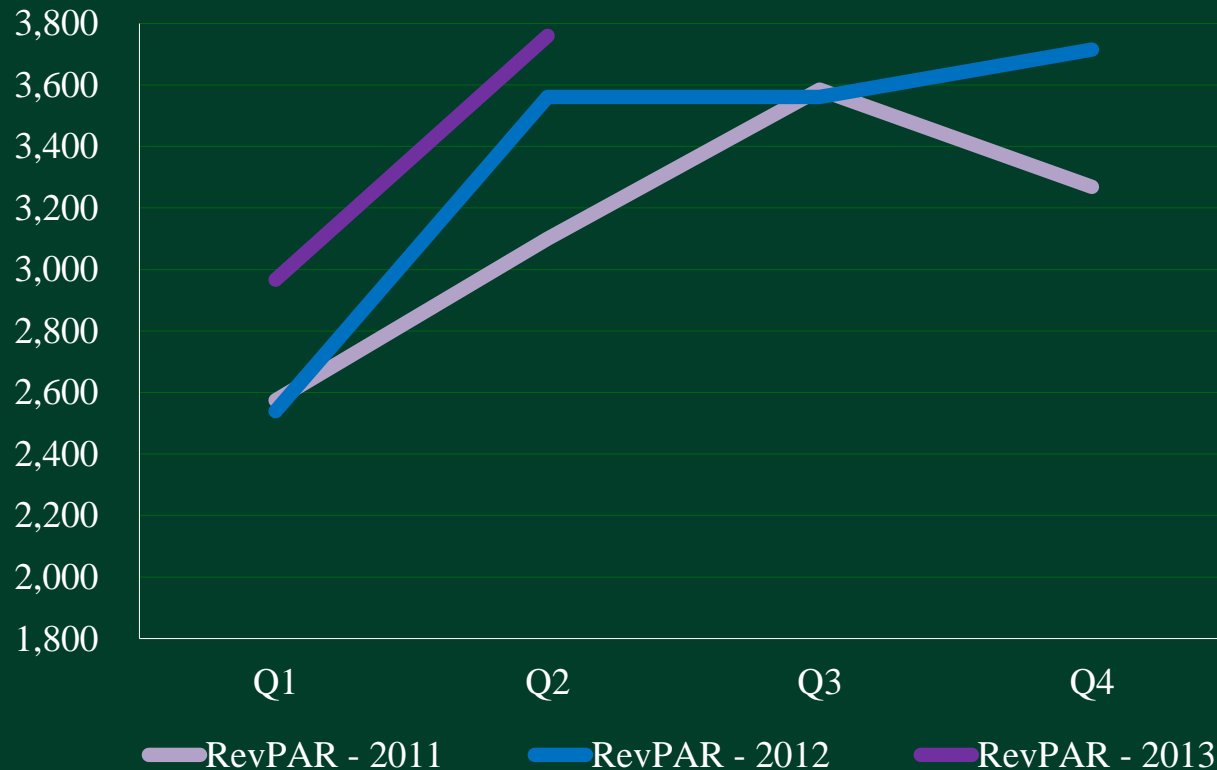
# HOTEL PERFORMANCE – OTHER ASIA

## Other Asia - RevPAR (HK\$)



# HOTEL PERFORMANCE – USA

## The US - RevPAR (HK\$)

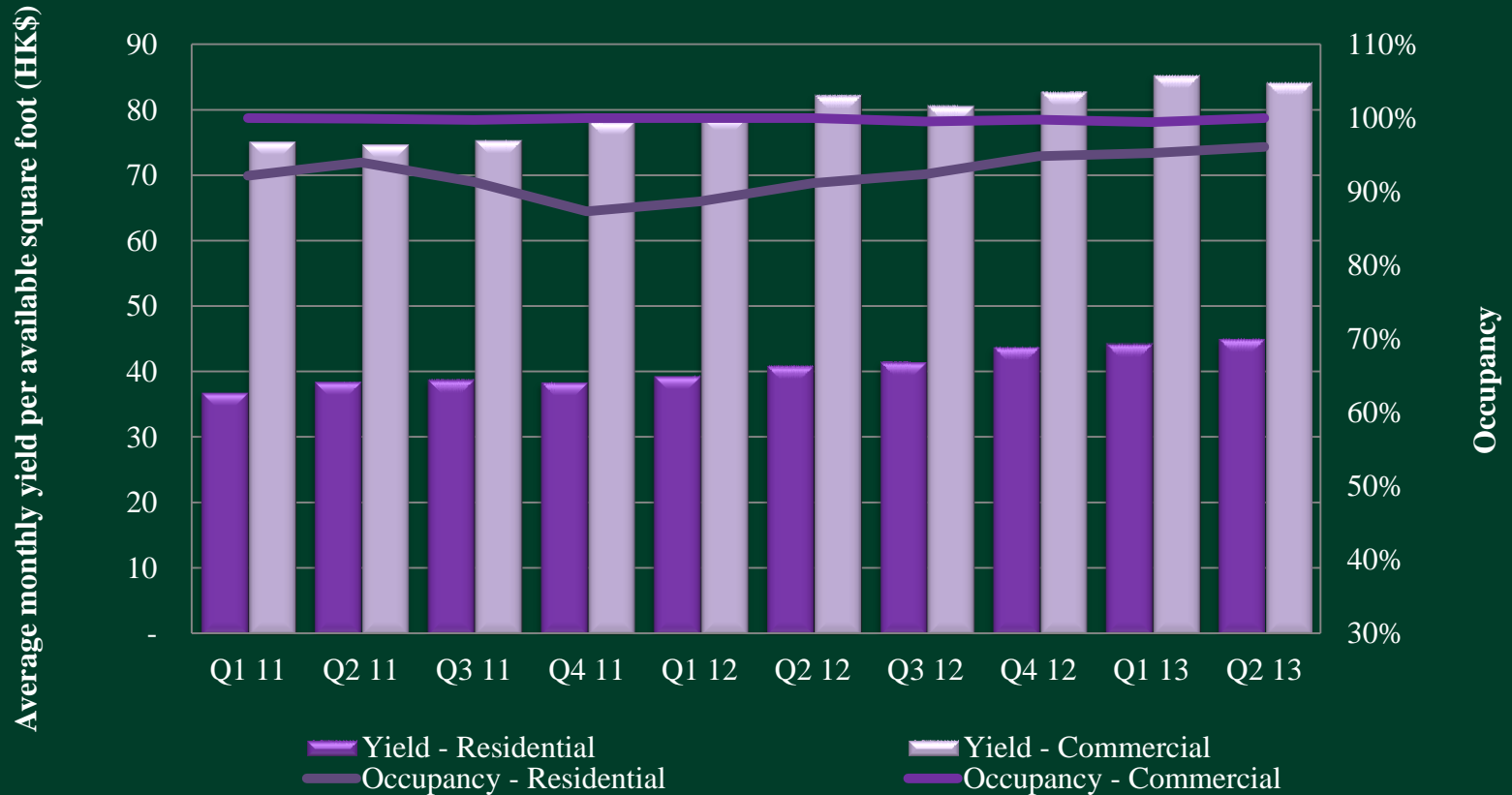


Note: Quail Lodge was included until Q4 2009



# COMMERCIAL PROPERTIES – THE REPULSE BAY COMPLEX

## The Repulse Bay - Occupancy & Yield

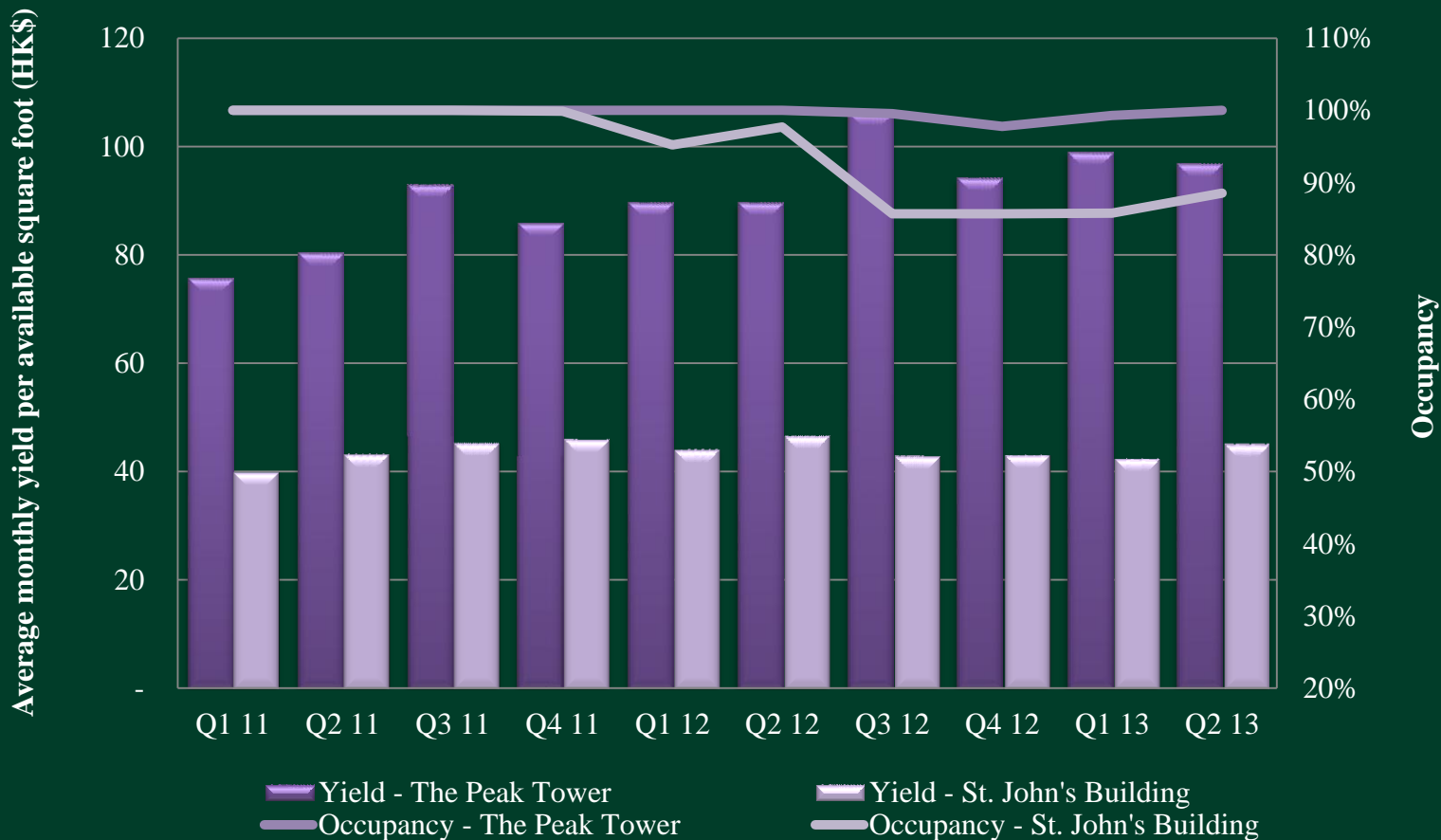


Note: Commercial Arcade was renovated from March to July 2008 and February to August 2009



# COMMERCIAL PROPERTIES – THE PEAK COMPLEX

## The Peak Complex - Occupancy & Yield





# CLUBS AND SERVICES DIVISION

HK\$ million	2012	2013	2013 vs 2012
Clubs and Consultancy Services	77	85	10%
Peninsula Merchandising	36	32	(11%)
Peak Tram	53	57	8%
Thai Country Club	33	35	6%
Quail Lodge & Golf Club	15	28	87%
Tai Pan Laundry	22	23	5%
	<u>236</u>	<u>260</u>	10%



# PROJECTS



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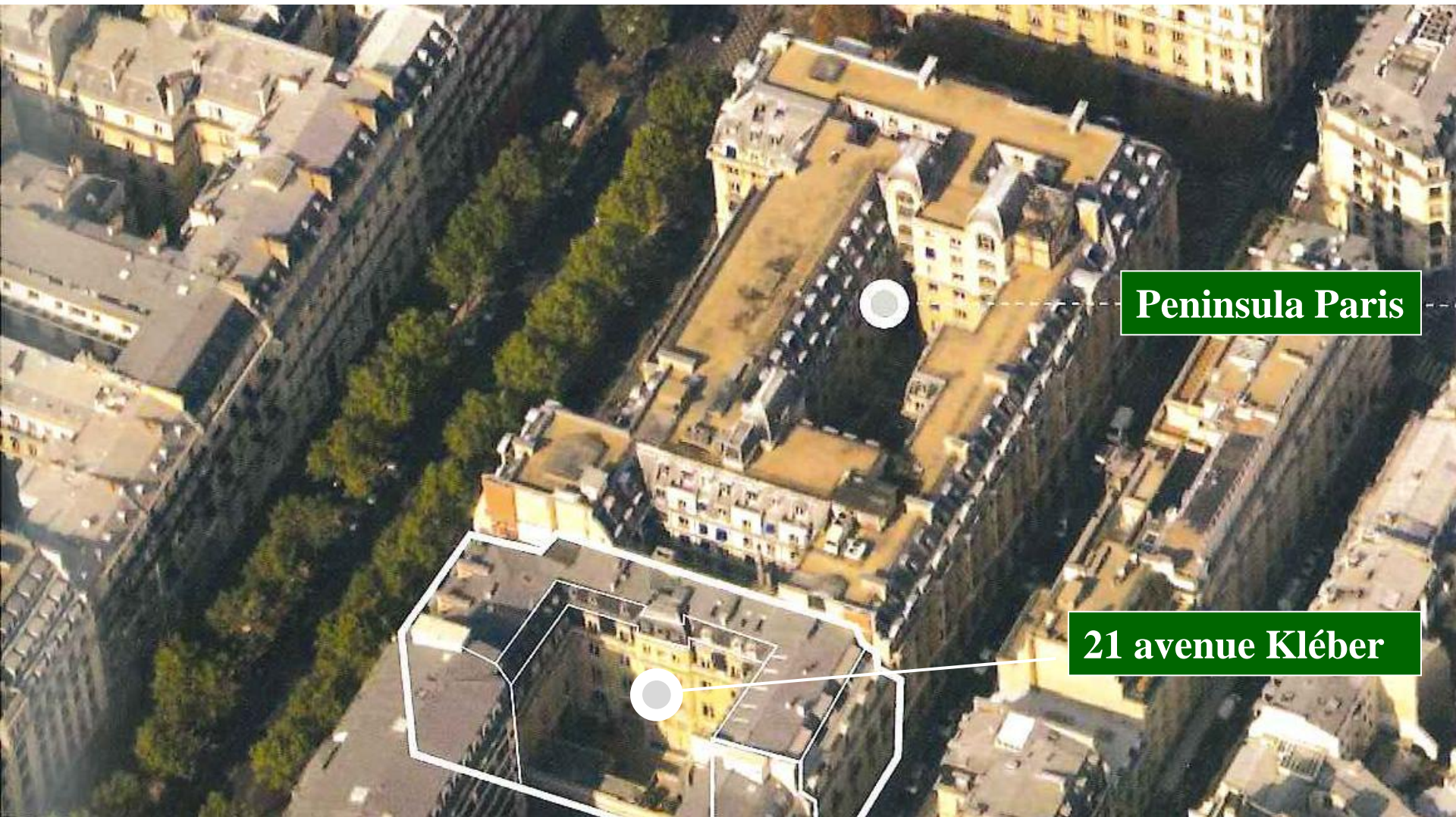
# THE PENINSULA PARIS (20% OWNED)



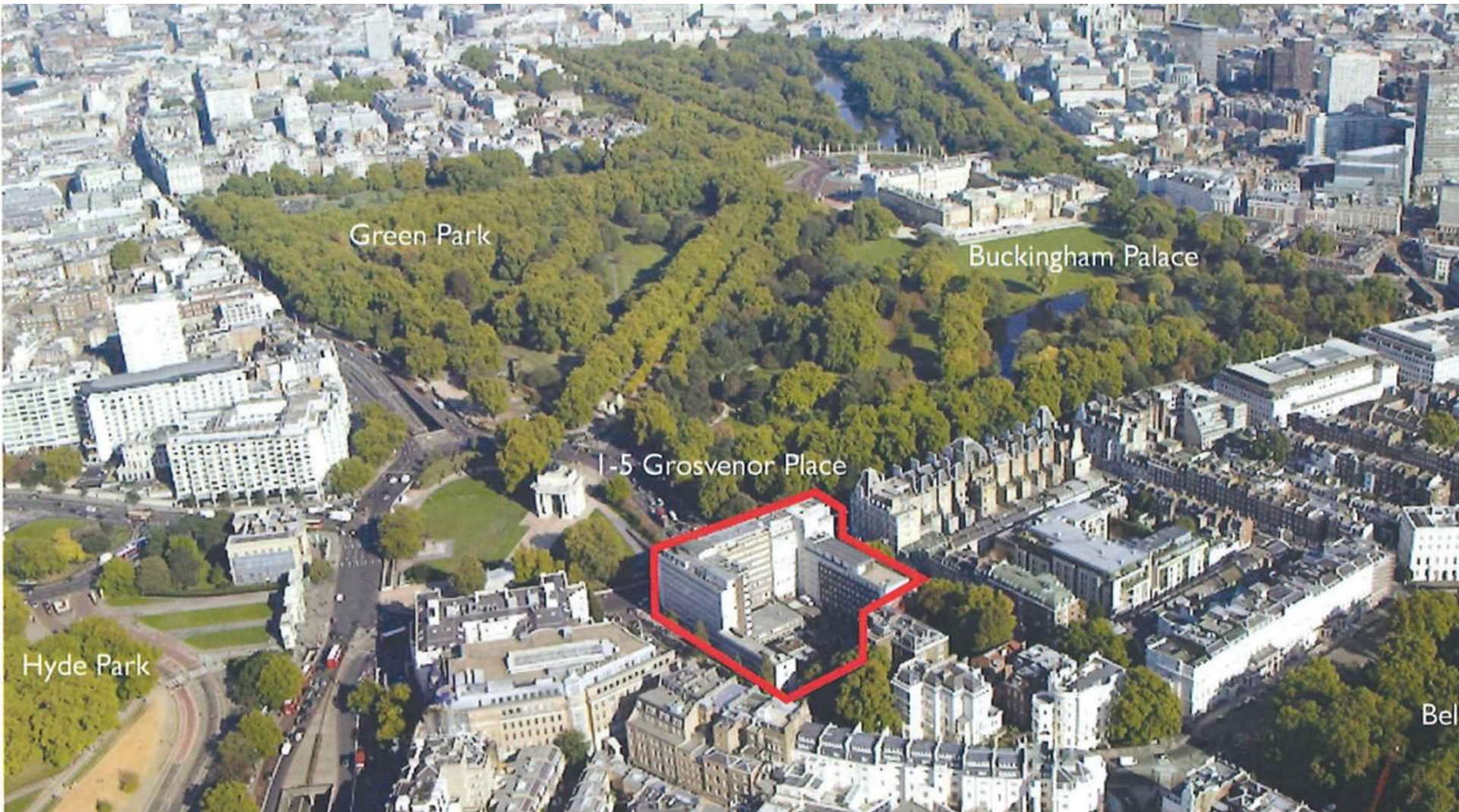
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# 21 avenue Kléber, PARIS (100% OWNED)



# PROPOSED HOTEL & RESIDENCES DEVELOPMENT IN LONDON (50% OWNED)



# PROPOSED HOTEL DEVELOPMENT IN YANGON (70% OWNED)



# THE PENINSULA HONG KONG



# THE REPULSE BAY





# OUTLOOK

- ❖ Summer months have been soft for the hotel market in Hong Kong
- ❖ Forward bookings are generally in line with expectation
- ❖ Additional revenue expected from de Ricou Tower of The Repulse Bay following its return to operation in August 2013
- ❖ Sale of 49% of The Peninsula Shanghai Residences to be launched
- ❖ Extension of The Peak Tram's operating right for a longer term
- ❖ The Group's financial position remains strong for further investments



# Thank You



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