



2019 Interim Results

7 August 2019

Disclaimer

This presentation (“Presentation”) is made available by The Hongkong and Shanghai Hotels, Limited (“HSH”) for general purposes only. Nothing contained in this Presentation is intended to constitute a public offer under any legislation or an invitation or inducement to engage in any investment activity. No liability will be accepted for any loss or damage howsoever arising from or in reliance upon the contents of this Presentation. HSH makes no recommendation to buy, sell or otherwise deal in shares of HSH or in any other securities or investments whatsoever and you should neither rely nor act upon, directly or indirectly, any information contained in the Presentation as investment advice in respect of any such investment activity. Any person at any time considering in engaging in investment activity should seek appropriate professional, financial or other advice and not rely on the information contained in the Presentation.





1H 2019 Review

Key messages

- Challenging first half
- Revenue declined modestly
 - Impacted by the Peak Tram suspension and softer market conditions in US and HK
- Operating costs relatively well contained
- High fixed costs contributed to a large percentage drop in profit attributable to shareholders
- Remain focused on enhancing quality of our assets and operations and building a long-term sustainable business
- The first and only luxury hotel brand in the world to achieve a Forbes Travel Guide Five-Star rating for every hotel in its portfolio
- Progressing well with Peninsula hotel projects in London, Istanbul and Yangon as well as the Peak Tram upgrade
- Company remains in a strong financial position





1H 2019 Financial Results

Financial results

(HK\$ million)		(restated)		
Six months ended 30 June	2019	2018		Change
Revenue	2,791	2,850	▼	2%
Operating costs	(2,181)	(2,120)	▲	3%
EBITDA	610	730	▼	16%
Profit attributable to shareholders	254	630	▼	60%
Underlying profit	148	241	▼	39%
EPS (HK cents)	16	40	▼	60%

- Revenue decline is modest in light of soft operating environment and Peak Tram suspension
- Operating cost increase relatively modest in light of new projects
- High fixed cost base and operating leverage led to significant drop in profit attributable to shareholders

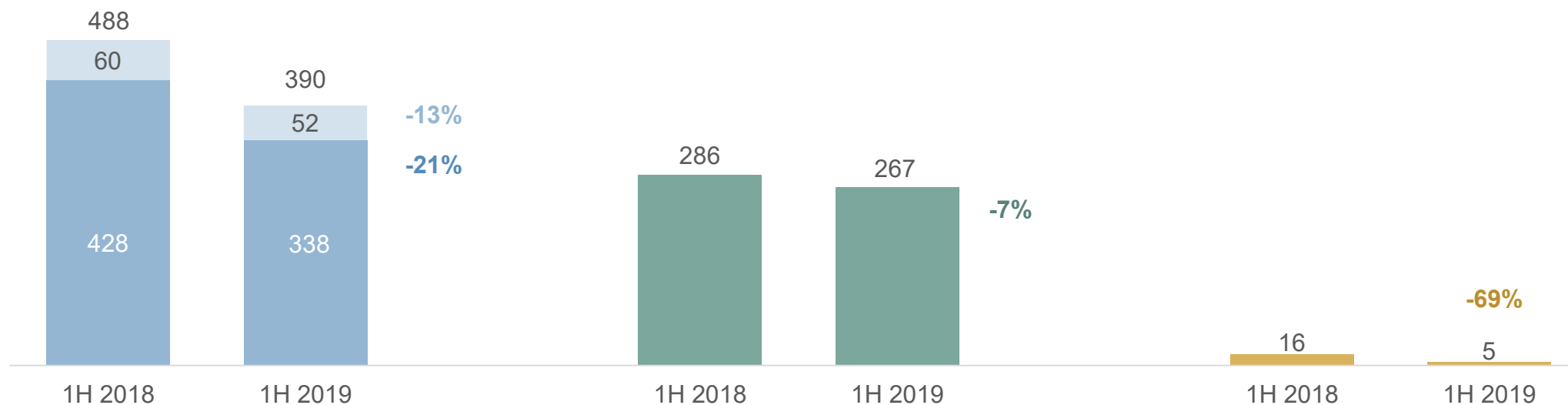
Note: Post adoption of HKFRS 16.



Earnings contribution by division

EBITDA (HK\$m)

Hotels Effective share – PSH, PBH, PPR Commercial Properties Clubs & Services



- Hotels negatively impacted by softer markets, particularly Hong Kong and New York
- Leasing business in hotels remains stable
- Hotel division remains the largest earnings contributor at 59%

- Growth in residential leasing
- Peak Tower negatively impacted by suspension of the Peak Tram
- Commercial Properties is the second largest earnings contributor at 40%

- Impacted by Peak Tram suspension
- Peninsula Merchandising experiencing softer retail sales

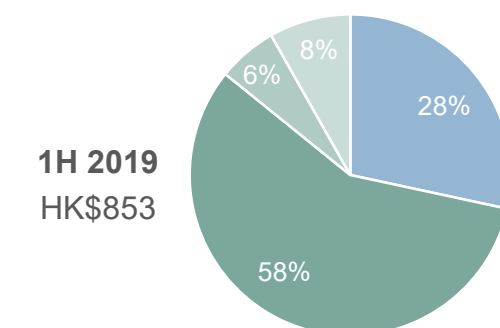
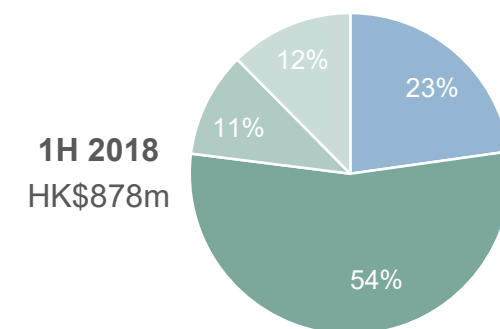
Cash flow summary

Cash flow summary

(HK\$ million)	(restated)	
Six months ended 30 June	2019	2018
EBITDA	610	730
Tax payment	(8)	(12)
Net cash generated from operating activities before changes in working capital	602	718
Changes in working capital	40	(6)
Capital expenditure on existing assets		
The Peak Tram upgrade project	(54)	(7)
Others	(188)	(193)
Net cash inflow after capital expenditure on existing assets	400	512
Capital expenditure on new projects and investment		
The Peninsula London	(490)	(476)
The Peninsula Yangon	(51)	(93)
Capital injection in to the Istanbul joint venture	(70)	(109)
Net cash outflow before dividends, other payments and financing activities	(211)	(166)

Capex distribution

■ Existing assets ■ London ■ Yangon ■ Istanbul



Conservative capital structure and strong balance sheet

Healthy debt profile

2.3%

Weighted average gross interest rate

3.2 years

Average debt duration

9.3x

Cash interest coverage

79%

Fixed to floating interest rate ratio

12%

Net debt to total assets

16%

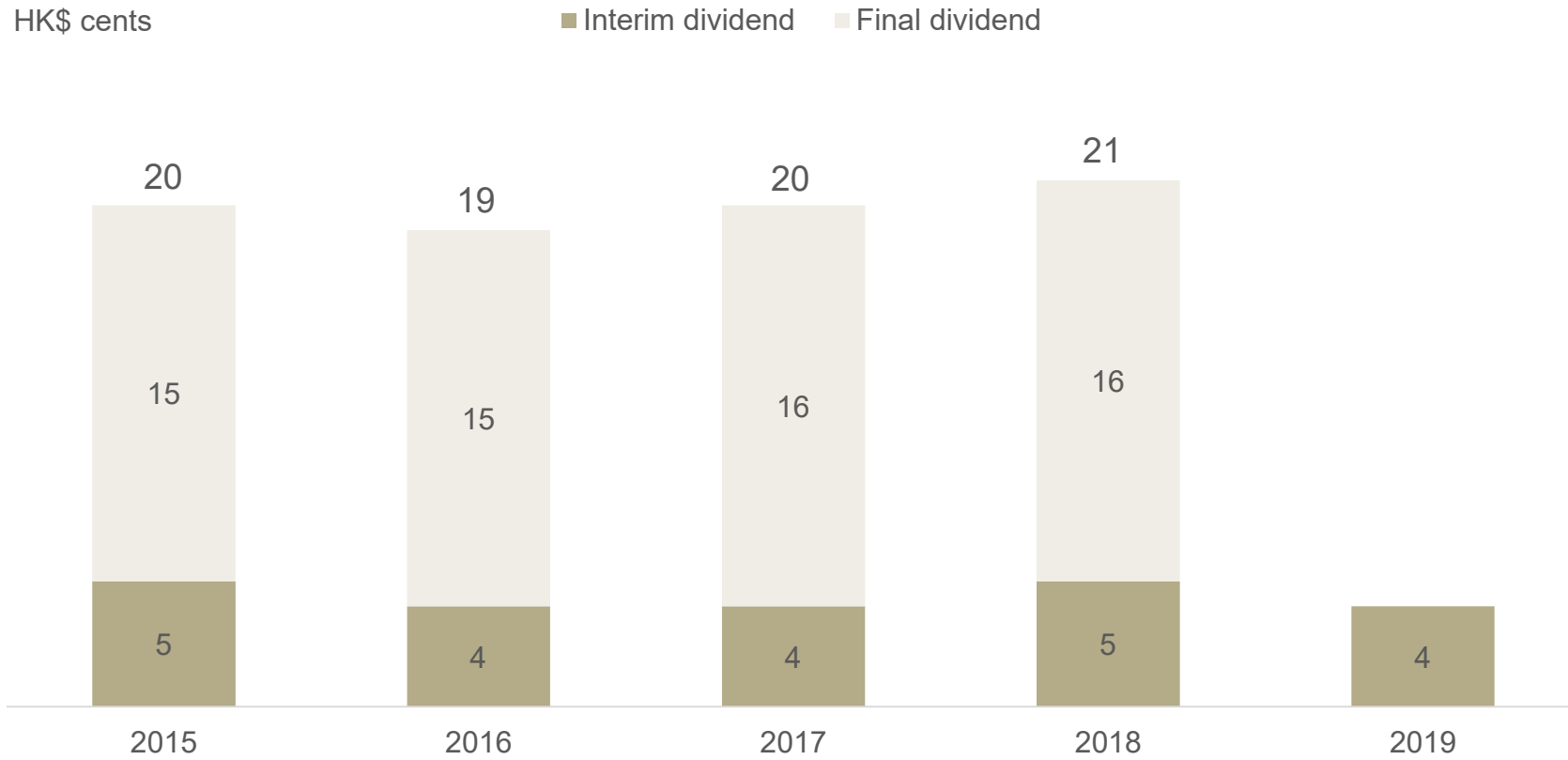
Net debt to shareholders equity

Note: Debt related metrics exclude lease liabilities.

Strong balance sheet

(HK\$ million) As at 30 June	2019	2018 (restated)
Total cash	842	1,178
Total assets	52,229	51,724
Total debt	7,206	7,095
Net debt	6,364	5,917
Shareholders equity	38,797	38,664
Total equity	39,389	39,200

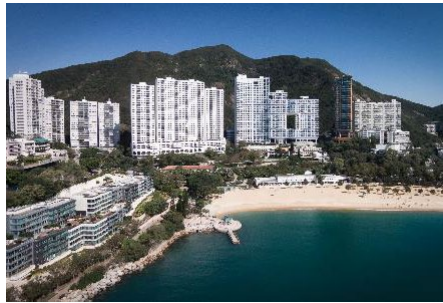
Dividend payout in line with earnings growth



The Peninsula Hotels



Commercial Properties



Clubs & Services





New Hotel Developments





Outlook





Q & A

