



# The Hongkong and Shanghai Hotels **2023 Annual Results**

19 March 2024

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# Key messages

- Milestone year with the opening of two new Peninsula Hotels in London (Sept) and Istanbul (Feb)
  - These magnificent hotels give a strong foundation for the future of The Peninsula brand
- Strong rebound in business during 2023 compared to 2022
  - Excluding the results of The Peninsula Istanbul and The Peninsula London as well as The Peninsula London Residences, combined revenue and EBITDA amounted to HK\$6,181M and HK\$1,360M (↑ 34% and ↑ 128% vs. last year) respectively
- Recovery of hotel properties in Greater China since border reopening but business results remain below pre-Covid levels
- Non-hotel properties and other businesses recorded improvements year-on-year
- New peak tram has performed exceptionally well and has been very well received by Hong Kong people and visitors
- Net profit for the year impacted by substantial pre-opening expenses and losses incurred by new hotels (before stabilisation), partly offset by the gain realised by The Peninsula London residential sales
- Overall, operational results were pleasing and reflect an emerging recovery
- Positive underlying profit of HK\$277M (2022: loss HK\$205M)
- Propose a final dividend of 8¢ per share





# 2023 Highlights and Financial Results

# 2023 Highlights



Revenue



Profitability



Net op. cashflow<sup>3</sup>



Liquidity buffer  
& Gearing



New Hotels

Excl. residence sales proceeds<sup>1</sup>

**+38%**

**HK\$ 5,814m**  
2022 HK\$4,198m

Incl. residence sales proceeds<sup>1</sup>

**+93%**

**HK\$ 8,112m**  
2022 HK\$4,198m

EBITDA before pre-opening & project expense

**+168%**

**HK\$ 1,390m**  
2022 HK\$518m

Underlying profit<sup>2</sup>

**HK\$ 277m**  
2022 (HK\$205)m

Excl. residence sales proceeds

**9x**

**HK\$ 744m**  
2022 HK\$82m

Incl. residence sales proceeds

**37x**

**HK\$ 3,042m**  
2022 HK\$82m

**HK\$ 3.4bn**  
Available Committed facilities

**26%**  
Net debt to total assets

**The Peninsula Istanbul**

Soft opening held in Feb 2023

**The Peninsula London**

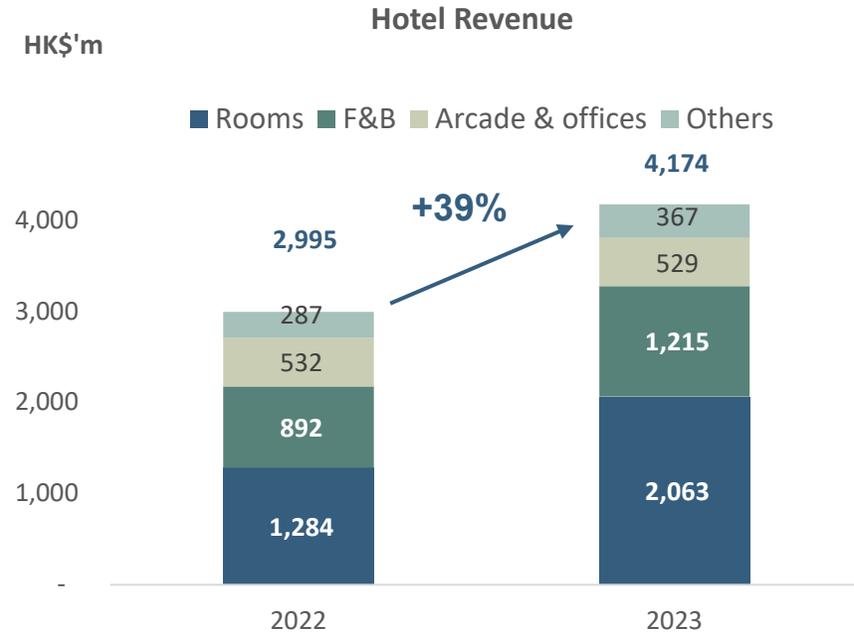
Soft opening held in Sept 2023

<sup>1</sup> HK\$2.3bn proceeds from sale of 10 luxury Peninsula London Residences units.

<sup>2</sup> Exclude non-operating items, e.g., change in fair value of investment properties, impairment provisions and pre-opening, project and other non-recurring expenses.

<sup>3</sup> After tax, working capital (excluding those relating to The Peninsula London Residences), normal CAPEX, net interest and lease attributable to existing operations; before project expenses.

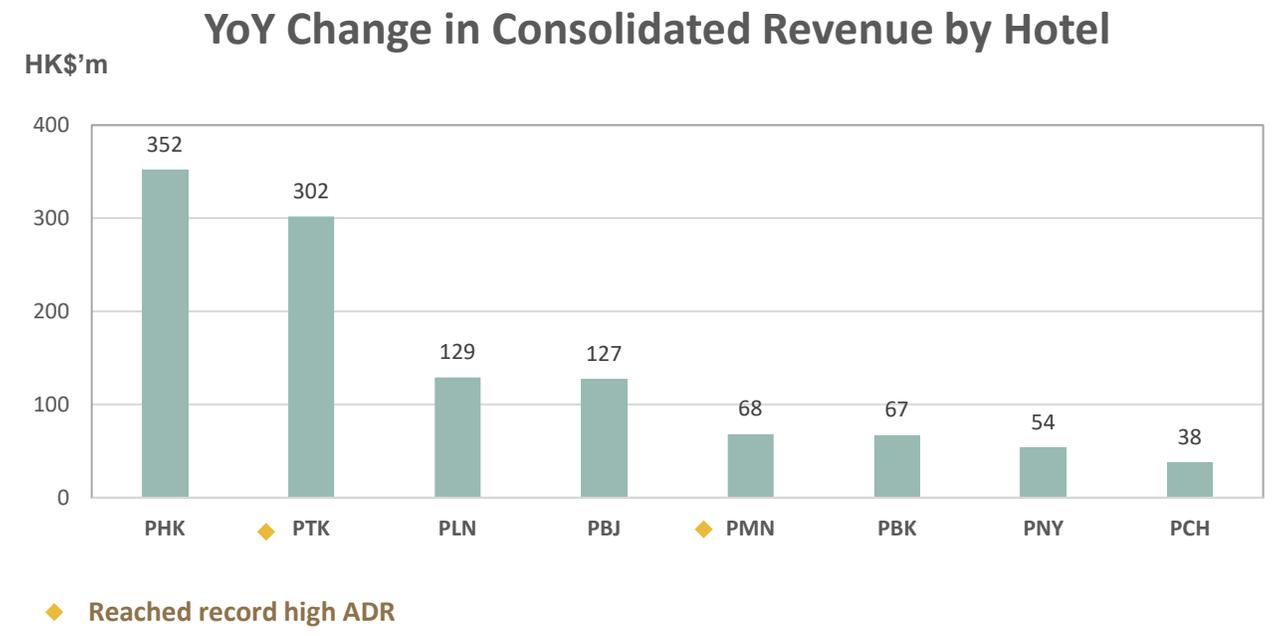
# Hotels



**Hotel consolidated EBITDA + HK\$395m YoY**

## Revenue +39%

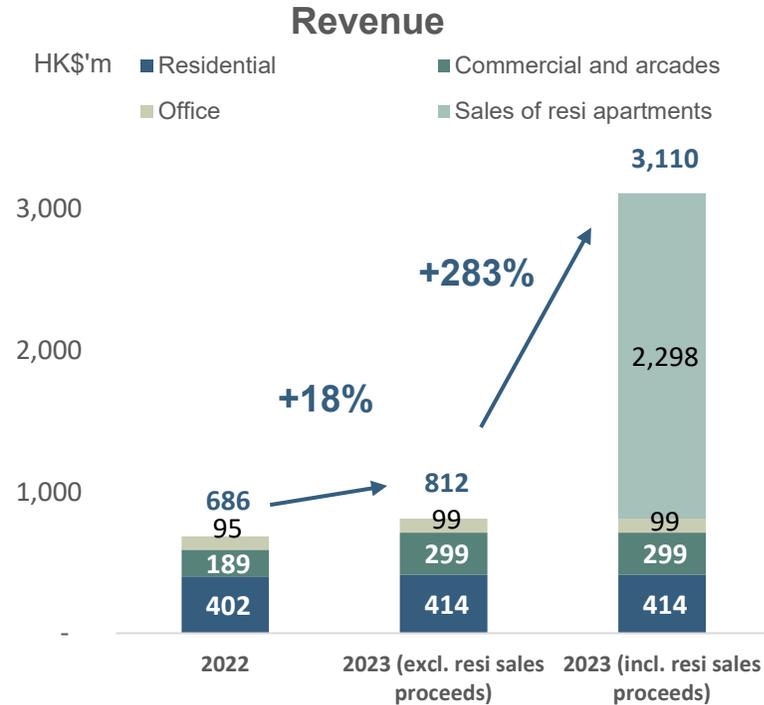
- Opening up of Greater China in early 2023 improved hotel performance in the region
- Strong recovery from Rooms & F&B
- Record ARR at PTK and PMN
- Results reflect an emerging recovery from the pandemic



# Commercial Properties

## Rental income

**HK\$0.8bn<sup>1</sup> / HK\$3.1bn<sup>2</sup>**



- Improved performance from commercial and arcades
- Revenue boosted by sales of 10 Peninsula Residences in London
- Sky Terrace benefited from the reopening of the mainland Chinese border
- Recovery of residential leasing at the Repulse Bay with rental rates to be improved
- Office rental income remained stable



**Consolidated EBITDA + HK\$363m YoY**

<sup>1</sup> Before HK\$2.3bn sale proceeds from the Peninsula London Residences.

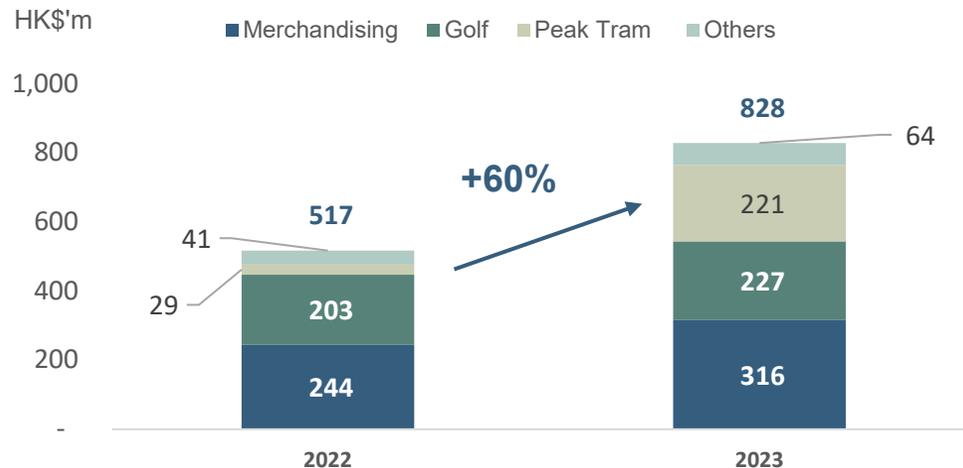
<sup>2</sup> After HK\$2.3bn sale proceeds from the Peninsula London Residences.

# Clubs & Services

Revenue **+60%**

- Robust business from the very well-received new Peak Tram by local people and visitors
- Merchandising division expanded in China and Japan with new retail Boutique & Café shops and direct operation in various sales channels
- “The Quail, A Motorsports Gathering” in Aug 2023 continued to be a great success with the highest sponsorship revenue since 2003

Club and Services Revenue



Consolidated EBITDA **+ HK\$114m YoY**



# Profit or Loss Summary

(HK\$ million)			
For the year ended 31 December	2023	2022	Changes
Revenue			
- operations	5,814	4,198	38%
- residential sales	2,298	-	n/a
Total revenue	8,112	4,198	93%
Operating costs			
- operations	(4,680)	(3,680)	-27%
- residential sales	(2,042)	-	n/a
<b>EBITDA before pre-opening and project expenses</b>	<b>1,390</b>	<b>518</b>	<b>168%</b>
Pre-opening and project expenses	(292)	(119)	-145%
<b>EBITDA</b>	<b>1,098</b>	<b>399</b>	<b>175%</b>
Depreciation and amortization	(520)	(452)	-15%
Net financing charges	(293)	(198)	-48%
Share of results of joint ventures and associates	(184)	(65)	-183%
Increase /(decrease) in fair value of IPs	186	(152)	n/a
Tax	(139)	(17)	-718%
Non-controlling interests	(2)	(3)	33%
<b>Profit/(loss) attributable to shareholders</b>	<b>146</b>	<b>(488)</b>	<b>n/a</b>
<b>Underlying profit/(loss)</b>	<b>277</b>	<b>(205)</b>	<b>n/a</b>
DPS (HK cents)	8	-	n/a



# Cash Flow Summary

(HK\$ million)		
For the year ended 31 December	2023	2022
Operating EBITDA (before pre-opening and project expenses and residential sales)	1,101	518
Changes in working capital (excluding those relating to The Peninsula London Residences) and tax payment	267	18
Normal capital expenditure on existing assets (excluding projects)	(314)	(200)
Net cash inflow/(outflow) after normal capital expenditure	1,054	336
Net interest and lease payments for operations	(310)	(254)
<b>Net cash inflow/(outflow) before financing activities</b>	<b>744</b>	<b>82</b>
Proceeds from sales of The Peninsula London Residences	2,298	-
<b>Net cash inflow from operations</b>	<b>3,042</b>	<b>82</b>
<b>Project-related cash flows</b>		
Capital expenditure on hotel projects	(2,231)	(2,464)
Capital expenditure on Peak Tram upgrade project	(68)	(161)
Pre-opening and project expenses	(259)	(119)
Interests incurred on projects	(546)	(196)
<b>Cash outflow for projects</b>	<b>(3,104)</b>	<b>(2,940)</b>
Dividends paid, other payments & receipts	4	82
<b>Net cash outflow before borrowing</b>	<b>(58)</b>	<b>(2,776)</b>



# Capital Structure and Financial Position Summary

Credit Metrics		Financial Position Summary			Financing Arranged in 2023	
<p><b>HK\$3.4bn</b> Available liquidity</p> <p><b>HK\$2.3bn</b> Total sale proceeds of 10 completed apartments at the Peninsula London</p>		(HK\$ million)	<b>2023</b>	2022	<p><b>HKD 6.6bn</b> Equivalent of refinancing executed in 2023</p>	
<p><b>26%</b> Net debt to total assets</p> <p><b>4.38%</b> Weighted average gross interest rate ↑ 223bp up 2022</p>		Total cash	<b>881</b>	585	<p><b>36%</b> of committed facilities classified as <b>green loan</b> as at 31 Dec 2023</p>	
<p><b>1.8 years</b> Average debt duration</p> <p><b>47%</b> Fixed to floating interest rate ratio</p>		Total assets	<b>57,869</b>	56,581	<p><b>33%</b> of committed facilities classified as <b>sustainable linked loan</b> as at 31 Dec 2023</p>	
		Total debt	<b>15,914</b>	15,192		
		Net debt	<b>15,033</b>	14,607		
		Shareholders equity	<b>36,279</b>	36,016		
		Total equity	<b>36,379</b>	36,120		

Note: Debt related metrics exclude lease liabilities.



## Hotels Performance



# THE PENINSULA

HONG KONG



Revenue + 51%  
Occupancy + 21 pp  
ARR + 65%  
RevPAR + 226%

- Strong recovery in terms of revenue, occupancy and average rates
- Business performance picked up with the reopening of the borders with mainland China, although long-haul markets from US and Europe are recovering more slowly than expected
- The Peninsula Arcade was 90% occupied along with strong pickup in retail business



THE PENINSULA  
SHANGHAI  
上海半岛酒店



Revenue + 61%  
Occupancy + 33 pp  
ARR + 14%  
RevPAR + 154%

- Weak start to 2023, although the situation turned around following the lifting of COVID-19 restrictions across the city
- Strong YoY increase in occupancy, rates and RevPAR albeit mandatory lockdown in 2022
- The arcade was 83% occupied



THE PENINSULA  
BEIJING  
王府半岛酒店



Revenue + 71%  
Occupancy + 42 pp  
ARR + 11%  
RevPAR + 287%

- Swift recovery since March 2023
- Still very few international leisure travellers to Beijing partly due to geopolitical concerns and lack of a full return to normal flight capacity in Beijing
- Arcade 99% occupied, with some anchor tenants having significantly expanded their space



# THE PENINSULA

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T O K Y O



Revenue + 78%  
Occupancy + 11 pp  
ARR + 89%  
RevPAR + 133%

- Best performing year in the history of the hotel with rates, occupancy and RevPAR exceeding expectations due to a return of international business
- Strong domestic market as Japanese travellers chose to stay at home
- Flat wedding business but strong demand for general banquets



# THE PENINSULA

B A N G K O K



Revenue + 44%  
Occupancy + 12 pp  
ARR + 28%  
RevPAR + 73%

- Significant revenue growth although business has not rebounded to the extent expected from certain key markets, partly caused by a lack of flight capacity.
- European and US travellers not yet coming back due to regional geopolitical tensions
- Catering, wedding and restaurant business improved significantly



# THE PENINSULA

MANILA



Revenue + 45%  
Occupancy + 9 pp  
ARR + 21%  
RevPAR + 41%

- Achieved historically high average room rates and RevPAR compared to 2022
- Suite business remained strong and Club Lounge performed well
- Strong diplomatic and corporate business



# THE PENINSULA

NEW YORK



Revenue + 7%  
Occupancy + 1 pp  
ARR + 5%  
RevPAR + 7%

- Experienced a reasonably strong year compared to 2022
- Achieved record high average daily rates
- Satisfactory food and beverage revenue
- Started renovation in Jan 2024 with expected completion by end of summer 2024



# THE PENINSULA

CHICAGO



Revenue + 7%  
Occupancy + 4 pp  
ARR - 4%  
RevPAR + 3%

- Recorded stable 2023
- Group business remained strong
- Results somewhat affected by increasing labour costs and high energy costs



# THE PENINSULA

BEVERLY HILLS



Revenue - 4%  
Occupancy - 5 pp  
ARR + 2%  
RevPAR - 6%

- Softer than expected performance in 2023
- Business negatively impacted by prolonged inclement weather and the Writers' Strike
- High suite demand due to the Superbowl and the Milken Conference
- Food and beverage performed well; banqueting and catering demand was strong



## THE PENINSULA LONDON



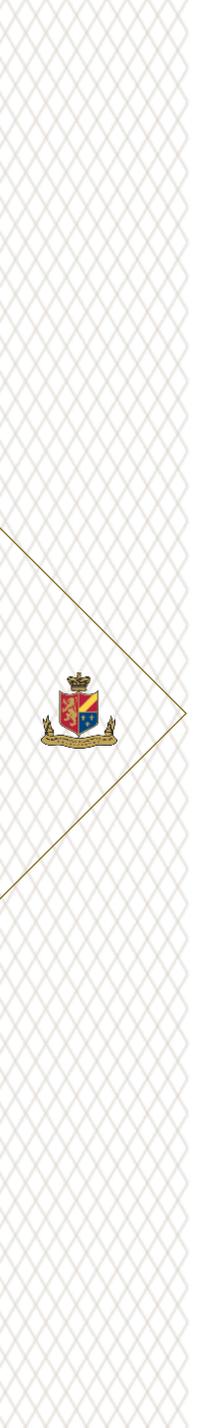
- Soft opening held on 12 September 2023
- Rooms business gaining momentum and banquets and Spa performing well
- Brooklands was bestowed with two Michelin stars in Jan 2024
- Strong outlook for the year given change in revenue strategy
- 10 luxury Residences sold and 8 Residences, out of 14 remaining units, exchanged contract

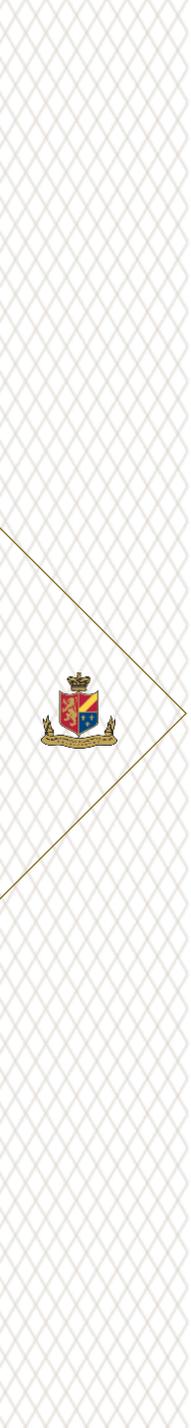


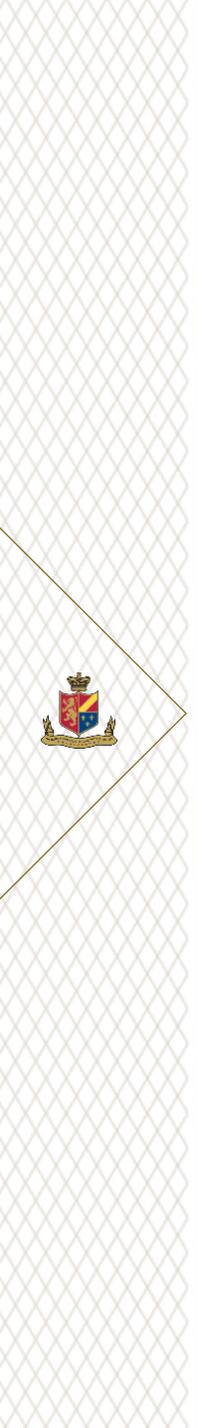




















# THE PENINSULA

P A R I S



Revenue + 23%  
Occupancy + 2 pp  
ARR + 20%  
RevPAR + 27%

- Strong 2023, achieving the highest revenue and average room rates since hotel opening
- Increasing numbers of local French visitors
- Fully booked for the Olympics in summer 2024



# THE PENINSULA

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I S T A N B U L

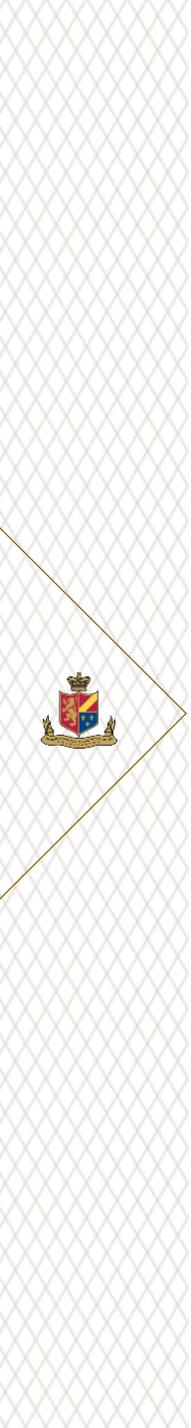


- Soft opening held on 14 February 2023
- Good food and beverage performance, particularly in the Lobby and banqueting
- Lease extended from 30 years to 49 years
- Hyperinflation weighs heavily on the hotel's operating results as well as regional geopolitical concerns



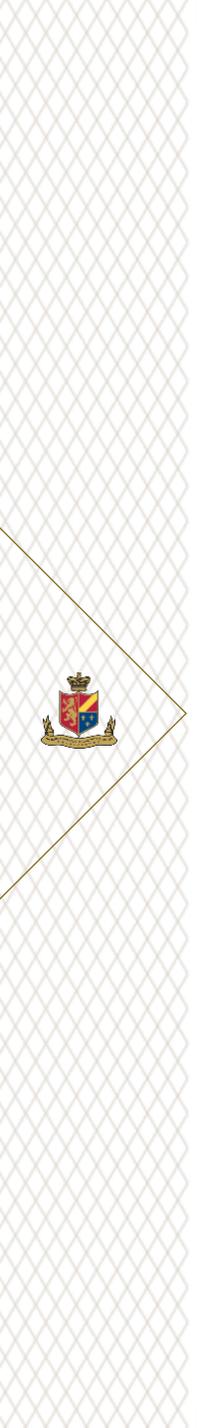
















# Commercial Properties Performance



## THE REPULSE BAY



Revenue + 5%

- Strong banqueting revenue
- 90% occupancy
- Improved residential revenue and occupancy as demand is returning from both the local market and expatriates
- Positive long-term outlook and strategic review on the arcade being undertaken



Revenue

+ 228%

- Satisfactory year after the borders reopened and visitors started returning to Hong Kong, as well as benefiting from the reopening of The Peak Tram
- Revenue and occupancy improved with fewer rental concessions
- Visitors to Sky Terrace 428 improved significantly in part due to successful sales of combo tickets with the Peak Tram
- Currently reviewing possible renovation plans



# Clubs and Services Performance



PEAK TRAMWAYS COMPANY, LIMITED  
山頂纜車有限公司



Revenue  
+669%

- The new sixth generation Peak Tram has been very well received by Hong Kong people and visitors
- Robust business since the Chinese mainland borders reopened in February 2023



Revenue + 12%

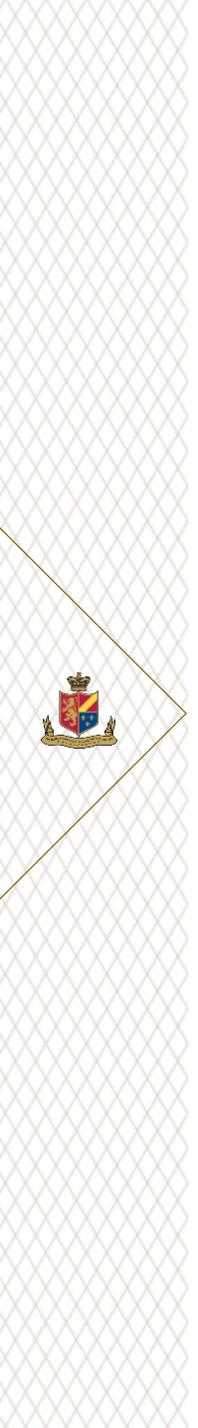
- Positive year with increased revenue and robust average rates although RevPAR declined slightly YoY
- Hosted *The Quail: A Motorsports Gathering* in May and celebrated the 20<sup>th</sup> anniversary of *The Quail, A Motorsports Gathering* in August, with the highest sponsorship revenue achieved since the event started in 2003



**THE PENINSULA**  
BOUTIQUE

Revenue + 29%

- New Peninsula Boutique & Café in Xintiandi, Shanghai and Ginza, Tokyo
- Continue progressing with expansion across the Chinese Mainland and Japan with new boutiques and seasonal pop ups
- To launch new categories of products including “lifestyle” and expand the range across core categories



# Sustainable Luxury Vision 2030



# Outlook

# Outlook

- Generally favourable outlook for various businesses
- Long-haul market for leisure travellers to Hong Kong is still recovering and geopolitical tensions
- Cautiously optimistic in the hotels division
- Continue to invest in our existing assets and uplift our offering to visitors and residents
- Remaining focused on the very long term business strategy of growth and brand enhancement
- Overall, our company has weathered the pandemic, maintained adequate liquidity and regained a solid financial position for the future





# Q & A