



# THE HONGKONG AND SHANGHAI HOTELS, LIMITED

2015 Annual Results

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# Satisfactory financial results despite a difficult operating environment

HK\$ MILLION	2015	2014	CHANGE
REVENUE	5,741	5,838	(2%)
EBITDA	1,440	1,528	(6%)
EBITDA MARGIN	25%	26%	(1pp)
NON-OPERATING ITEMS	277	364	(24%)
TAXATION	(124)	(231)	(46%)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS	1,000	1,146	(13%)
EPS (HK CENTS)	65	76	(14%)
UNDERLYING PROFIT	688	804	(14%)
UNDERLYING EPS (HK CENTS)	45	53	(15%)
TOTAL DIVIDEND	20	23	(13%)



# Mixed hotels performance balanced with stable commercial property income

HK\$ MILLION	2015	2014	VARIANCE
<b>REVENUE</b>			
HOTELS	4,073	4,260	(4%)
COMMERCIAL PROPERTIES	937	901	4%
CLUBS AND SERVICES	731	677	8%
	<b>5,741</b>	<b>5,838</b>	<b>(2%)</b>
<b>EBITDA</b>			
HOTELS	713	818	(13%)
COMMERCIAL PROPERTIES	596	582	2%
CLUBS AND SERVICES	131	128	3%
	<b>1,440</b>	<b>1,528</b>	<b>(6%)</b>

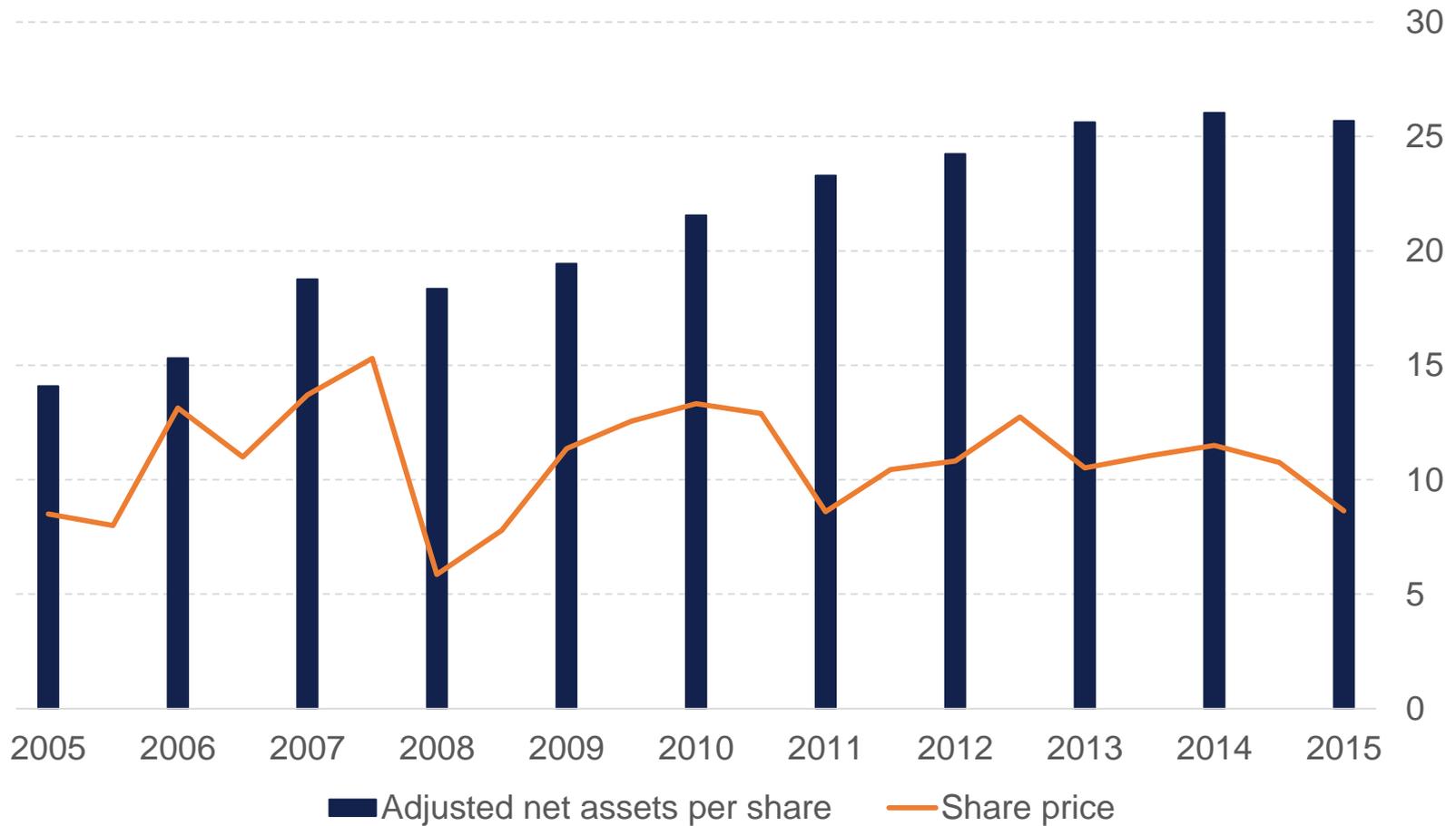


# Cash position after capital expenditure

HK\$ MILLION	2015	2014
EBITDA	1,440	1,528
NET CHANGE IN WORKING CAPITAL AND TAX PAYMENT	(220)	(96)
NET CASH GENERATED FROM OPERATING ACTIVITIES	1,220	1,432
CAPITAL EXPENDITURE ON EXISTING ASSETS	(476)	(370)
NET CASH INFLOW AFTER NORMAL CAPEX	744	1,062
CAPITAL EXPENDITURE ON NEW PROJECTS	(67)	(39)
DIVIDENDS AND NET FINANCING CHARGES	(159)	(151)
ACQUISITION OF NEW PROPERTIES MAINLY THE PENINSULA TOKYO BUILDING AND LEASE	(849)	-
LOAN TO THE PENINSULA PARIS	-	(128)
NET CASH (OUTFLOW)/ INFLOW FOR THE PERIOD	(331)	744



# Consistent Growth In Net Asset Value



# A prudent treasury management strategy

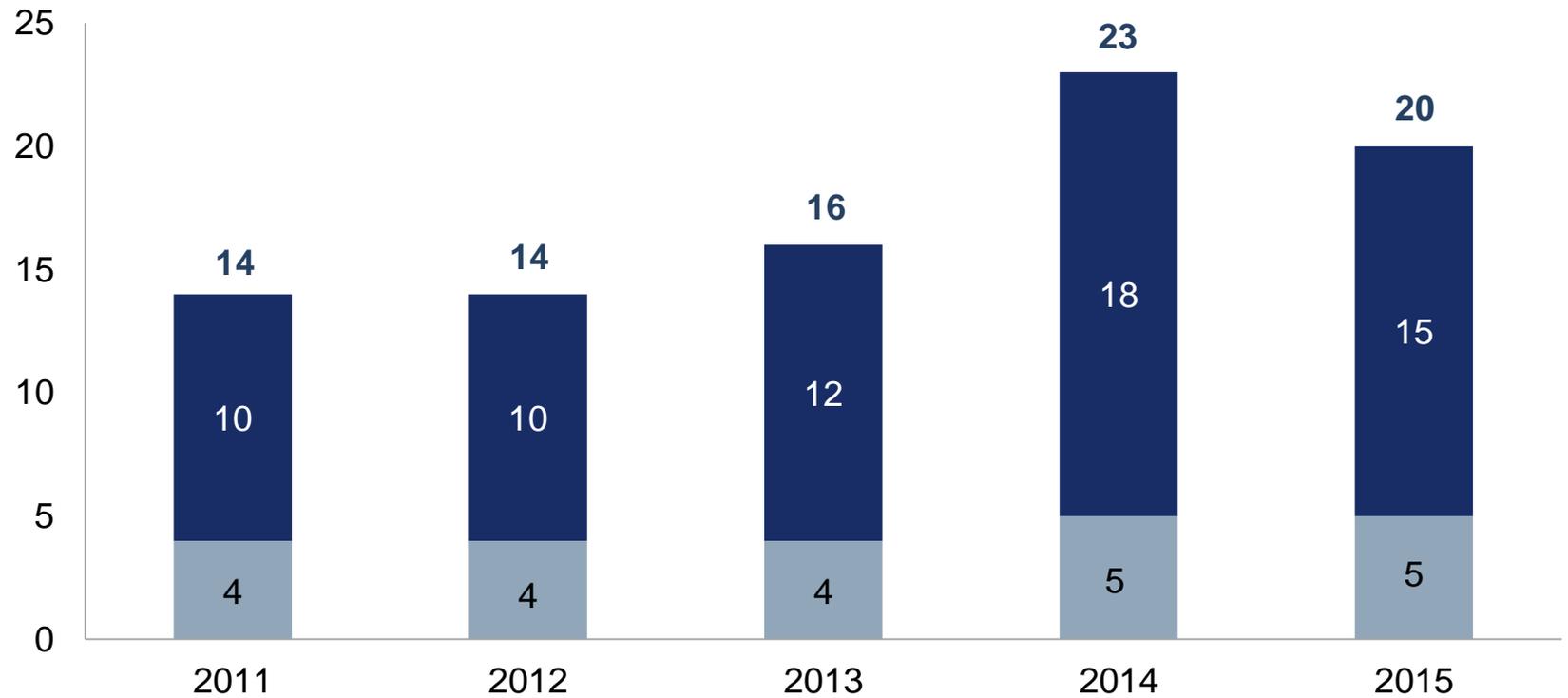
<b>HK\$ MILLION</b>	<b>2015</b>	<b>2014</b>
GROSS BORROWINGS	<b>6,192</b>	5,481
NET BORROWINGS	<b>3,273</b>	3,004
NET DEBT TO EBITDA (TIMES)	<b>2.3x</b>	2.0x
NET GEARING	<b>8%</b>	8%
WEIGHTED AVERAGE GROSS INTEREST RATE	<b>2.2%</b>	2.3%
NET INTEREST COVER (TIMES)	<b>14.9x</b>	16.7x



# Dividends Per Share

HK cents

■ Interim dividend ■ Final dividend



# The Peninsula Paris Grand Opening



# The Peninsula London Project



# The Peninsula Yangon Project



# The Peninsula Istanbul Project



# The Peninsula Beijing Renovation



# The Peninsula Chicago Renovation



# The Peninsula Tokyo Lease Extension



# The Peak Tram Operating Right



# A Vision For Sustainable Luxury



## THE PENINSULA CHICAGO

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**92%** of the wood used is from sustainably managed forests.

**1<sup>st</sup>** major renovation since BREEAM is adopted as the sustainability standard in the HSH Design Standards in 2013.

**100%** The Peninsula Chicago is set to be the first hotel in the Group to have 100% LED lighting in guestrooms and corridors by April 2016.

## HSH GROUP

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**HK\$7.8 million** of energy spend was avoided as a result of our energy saving efforts

**↓9%** reduction in carbon emissions despite continued business growth



# Outlook

- Commitment to creating value for our shareholders over the long term
- Long-term outlook remains positive, despite current uncertainties in the Hong Kong market
- Mainland China, Tokyo and Bangkok are key markets for growth, as well as the US
- We are optimistic for a stronger recovery in Paris from Spring 2016
- 2016 operating results will be affected by the renovations at The Peninsula Beijing and The Peninsula Chicago
- Long-term growth underpinned by a strong balance sheet comprising valuable high quality assets coupled with a low level of gearing



# Key Investment Messages

1. Appreciation in value of our assets due to exceptional quality and locations
2. A unique owner-operator in the top-end luxury hotel sector
3. Top international brand reputation and quality
4. Future earnings growth potential
5. New projects with excellent long term prospects
6. Proven ability to improve the value of existing assets
7. Proven management credibility and track record
8. Diverse portfolio to provide a more stable earnings stream
9. Opportunities to use The Peninsula brand to develop other income streams
10. Large discount to NAV





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

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Q&A