



# 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**

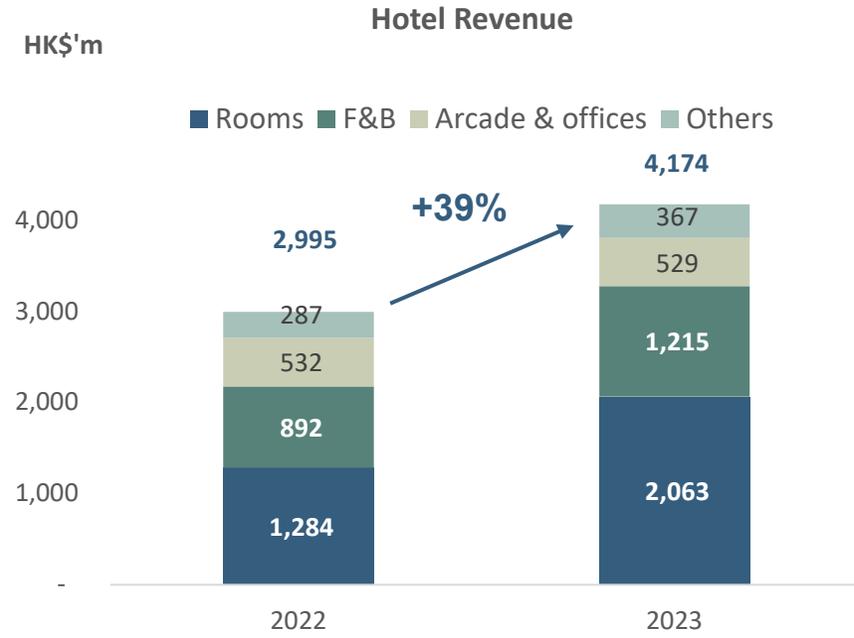
Soft opening held in Sept 2023

<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

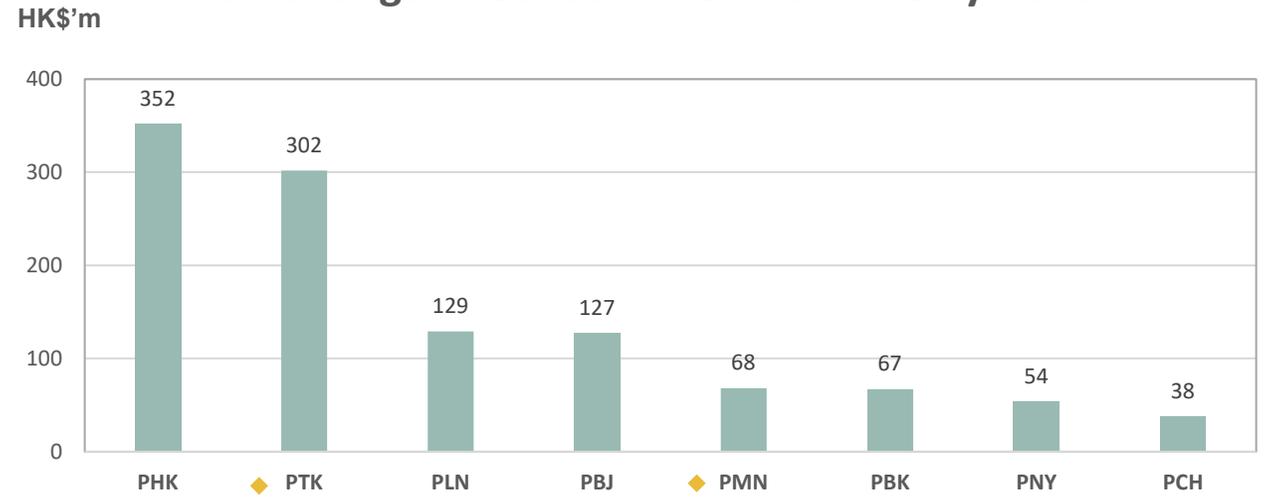


**Hotel consolidated EBITDA + HK\$395m YoY**

## 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

### YoY Change in Consolidated Revenue by Hotel

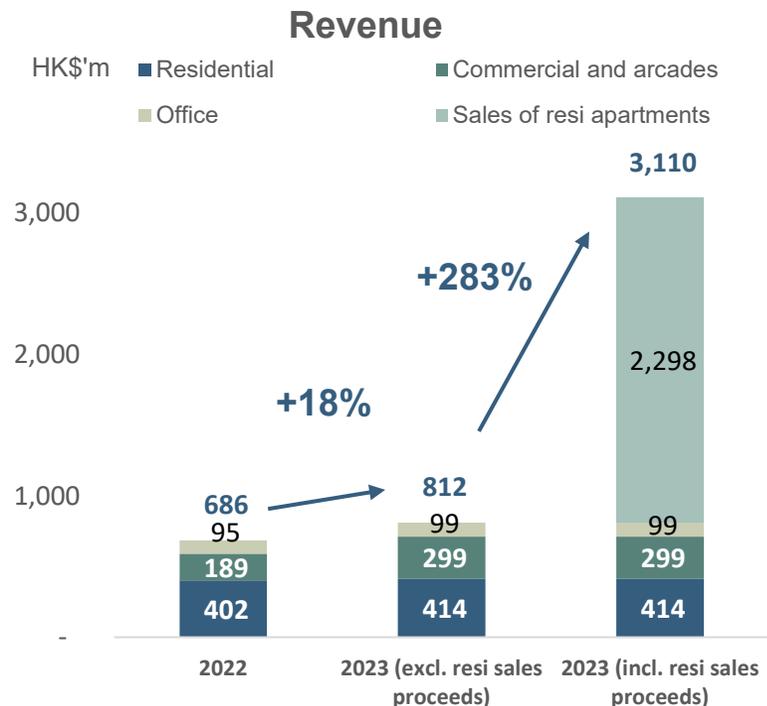


◆ Reached record high ADR

# 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.

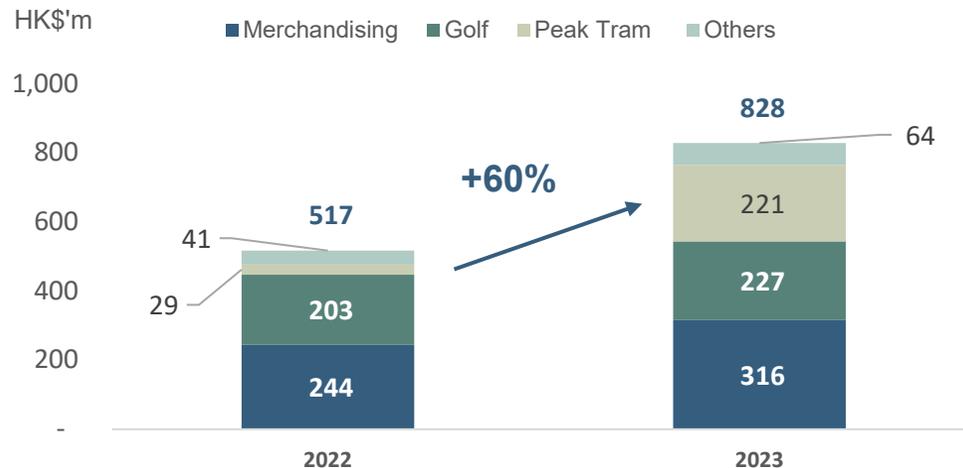
<sup>2</sup> After HK\$2.3bn sale proceeds from the Peninsula London Residences.

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

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



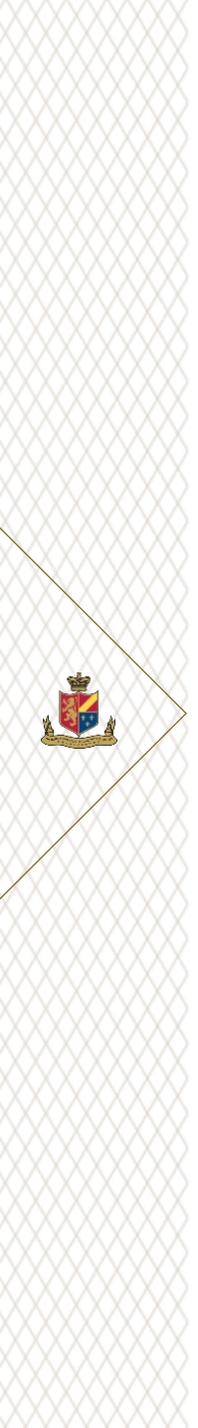
- Soft opening held on 12 September 2023
- Rooms business gaining momentum and banquets and Spa performing well
- Brooklands was bestowed with two Michelin stars in Jan 2024
- Strong outlook for the year given change in revenue strategy
- 10 luxury Residences sold and 8 Residences, out of 14 remaining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



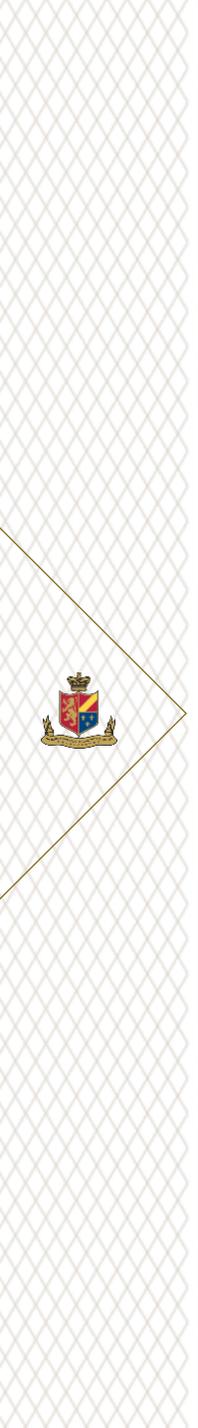




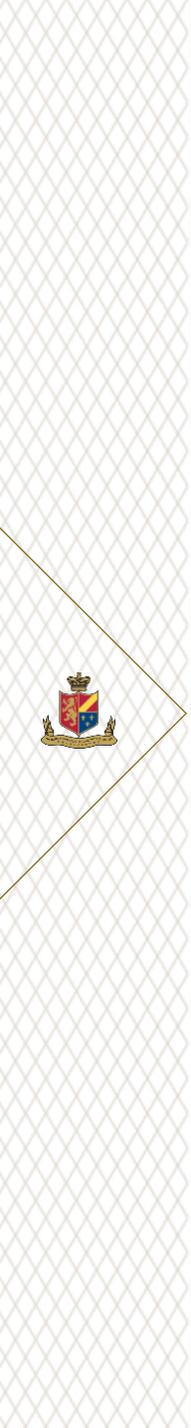
















# THE PENINSULA

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



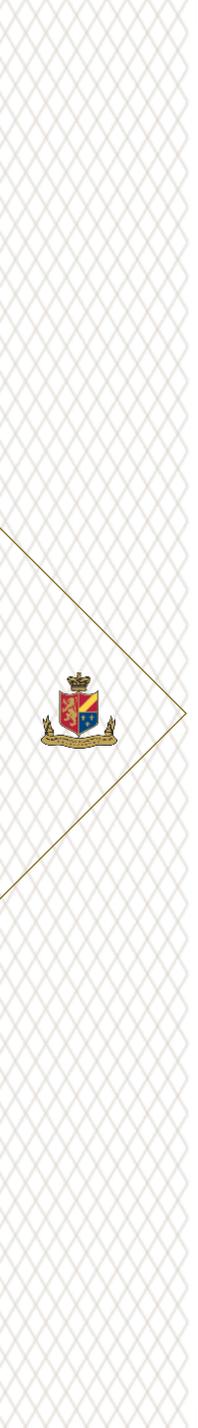
















# Commercial Properties Performance



## 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