



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

## 2014 Annual Results



THE HONGKONG AND SHANGHAI HOTELS, LIMITED  
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# AGENDA

- Key Strategic Objectives
- Highlights
- Final Results Highlights
- Projects and Developments
- Future Prospects



# KEY STRATEGIC OBJECTIVES

- Long-term owner-operator of a small portfolio of the world's best hotels under The Peninsula brand
- Long-term asset value creation from developing and holding top quality property assets in exceptional locations
- Balance between hotel and non-hotel assets
- Enhancement of the value and functionality of space within our existing assets
- Excellence in service standards through staff training, development and empowerment
- Focus on sustainability, both development and operational



# DEVELOPMENT HIGHLIGHTS

- Our magnificent new property, The Peninsula Paris, opened on 1 August 2014 and has garnered a high level of acclaim from guests and from the industry.
- Progress was made on the design and planning for the future development of The Peninsula London with our partner Grosvenor.
- In January 2014, we announced a conditional shareholders agreement with our partners Yoma Strategic Holdings to develop The Peninsula Yangon in the former Myanmar Railway Company Headquarters.



# THE PENINSULA PARIS



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# 2014 ANNUAL RESULTS HIGHLIGHTS

Underlying profit attributable to shareholders increased by **57%** to **HK\$804 million**

HK\$ million	2014	2013	Change
<b>Turnover</b>	<b>5,838</b>	5,508	6%
<b>EBITDA</b>	<b>1,528</b>	1,306	17%
<b>EBITDA Margin</b>	<b>26%</b>	24%	2pp
<b>Non-Operating Items</b>	<b>364</b>	1,406	(74%)
<b>Taxation</b>	<b>(231)</b>	(231)	-
<b>Profit Attributable to Shareholders</b>	<b>1,146</b>	1,712	(33%)
<b>EPS (HK cents)</b>	<b>76</b>	114	(33%)
<b>Underlying Profit</b>	<b>804</b>	511	57%
<b>Underlying EPS (HK cents)</b>	<b>53</b>	34	56%
<b>Total Dividend</b>	<b>23</b>	16	44%



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# HOTELS DIVISION



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# THE PENINSULA HONG KONG



Revenue +14%

Occupancy +3 pp

Average room rate (1%)

RevPAR +4%



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# THE PENINSULA SHANGHAI



Revenue +8%

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Occupancy +1 pp

Average  
room rate +4%

RevPAR +6%



# THE PENINSULA BEIJING



Revenue (3%)

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Occupancy +4 pp

Average room rate (10%)

RevPAR (4%)



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# THE PENINSULA TOKYO



Revenue **+12%**

Occupancy **+3 pp**

Average  
room rate **+16%**

RevPAR **+20%**



# THE PENINSULA BANGKOK



Revenue (23%)

Occupancy (14 pp)

Average  
room rate (5%)

RevPAR (28%)



# THE PENINSULA MANILA



Revenue (4%)

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Occupancy (1 pp)

Average  
room rate (3%)

RevPAR (5%)



# THE PENINSULA NEW YORK



Revenue **+14%**

Occupancy **+4 pp**

Average  
room rate **+4%**

RevPAR **+9%**



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# THE PENINSULA CHICAGO



Revenue +0%

Occupancy +1 pp

Average  
room rate +1%

RevPAR +2%



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# THE PENINSULA BEVERLY HILLS



Revenue **+14%**

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Occupancy **+5 pp**

Average  
room rate **+11%**

RevPAR **+17%**



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# THE PENINSULA PARIS



Revenue **HK\$225m**



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# COMMERCIAL PROPERTIES DIVISION



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# THE REPULSE BAY COMPLEX



Revenue **+8%**

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Average yield (psf) **HK\$42**



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# THE PEAK TOWER



Revenue **+12%**



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# ST. JOHN'S BUILDING



Revenue **+11%**



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# THE LANDMARK, VIETNAM

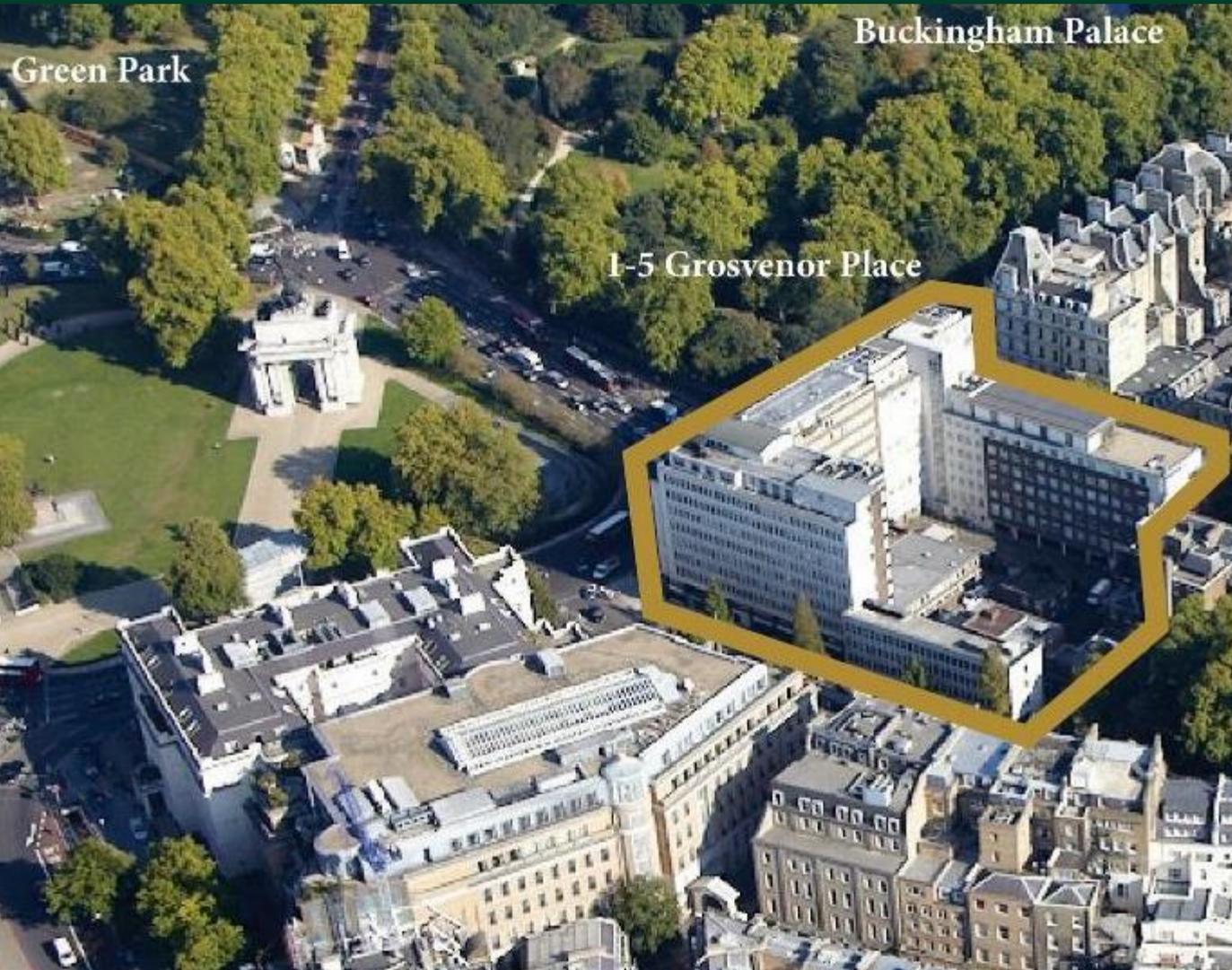


Revenue +0%



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# 1-5 GROSVENOR PLACE, LONDON



Revenue **HK\$39m**



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# 21 AVENUE KLÉBER, PARIS



Revenue **HK\$16m**



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# CLUBS AND SERVICES DIVISION



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# THE PEAK TRAM



Revenue **+2%**

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Patronage **+1%**

Average  
fare **HK\$19**



# PENINSULA CLUBS and CONSULTANCY SERVICES



Revenue (1%)



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# PENINSULA MERCHANDISING LIMITED



Revenue +3%



# THAI COUNTRY CLUB



Revenue (15%)



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# QUAIL LODGE & GOLF CLUB



Revenue **+18%**



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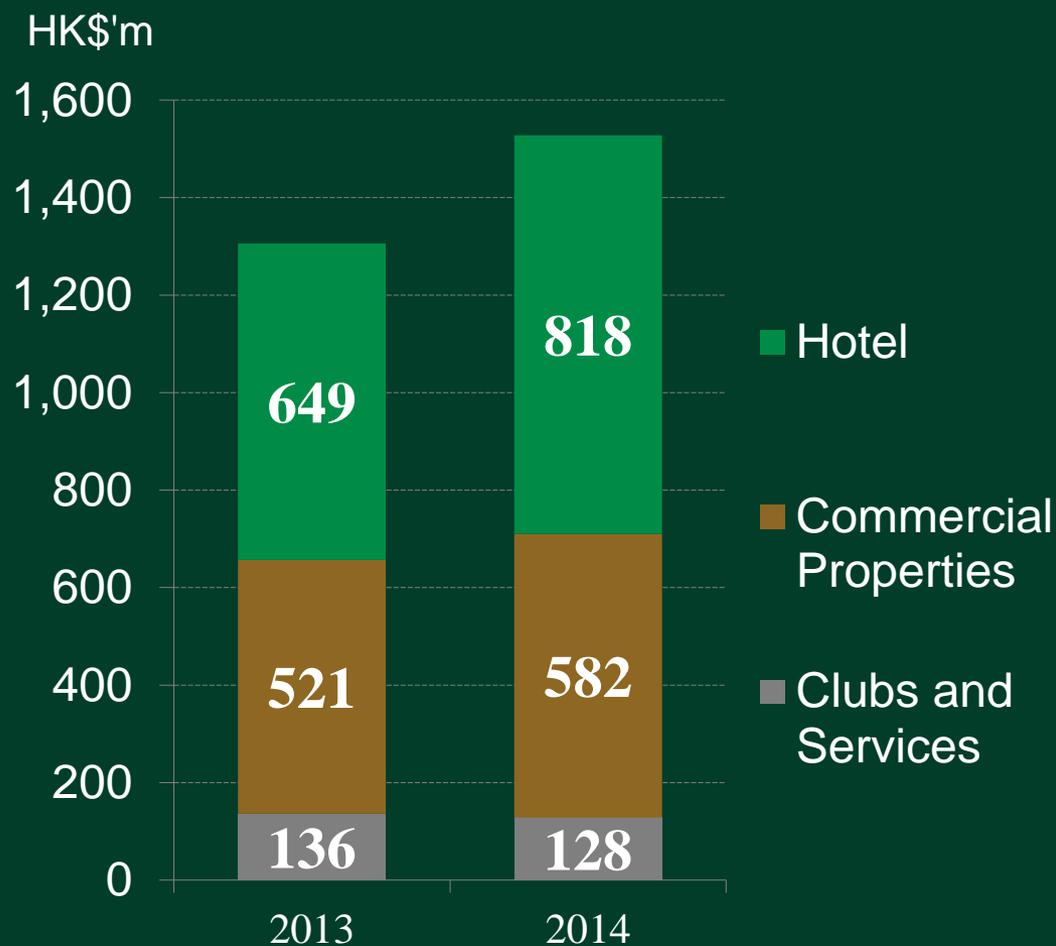
# FINANCIAL RESULTS



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# EBITDA

EBITDA Margin	2014	2013
Hotels	19%	16%
Commercial Properties	65%	65%
Clubs & Services	19%	21%
Overall EBITDA Margin	26%	24%

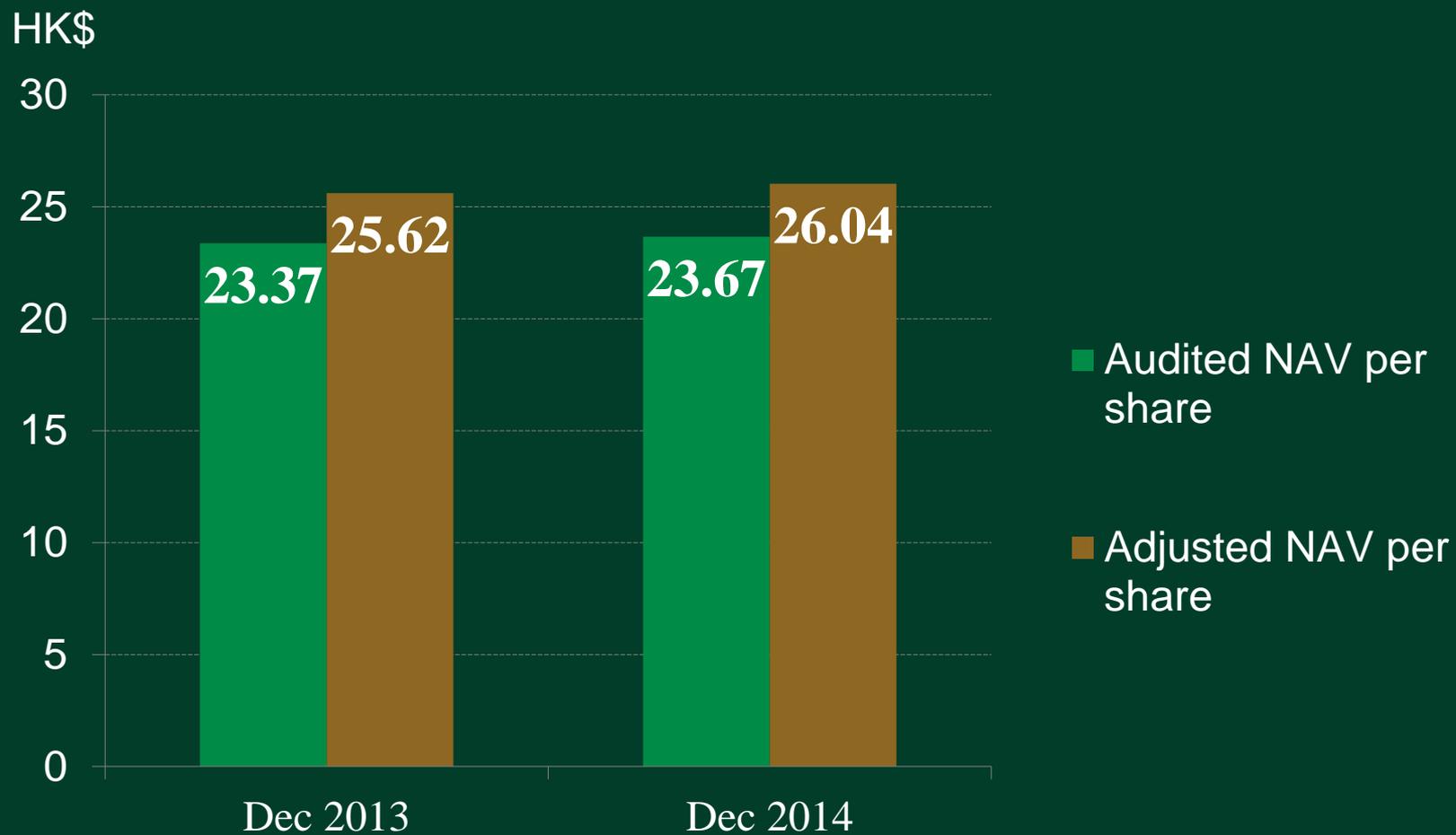


# UNDERLYING PROFIT

HK\$ million	2014	2013	
Profit attributable to shareholders	1,146	1,712	
Increase in fair value of investment properties	(496)	(1,403)	
Share of property adjustments of The Peninsula Shanghai, net of tax	(6)	178	
Others	160	24	
<b>Underlying profit attributable to shareholders</b>	<b>804</b>	<b>511</b>	57%
<b>Underlying EPS (HK cents)</b>	<b>53</b>	<b>34</b>	56%



# NET ASSET VALUE PER SHARE



# CASH FLOW

HK\$ million	2014	2013
EBITDA	1,528	1,306
Net change in working capital and tax payment	(96)	2
Net cash generated from operating activities	1,432	1,308
Capital expenditure on existing assets	(409)	(928)
Net cash inflow after CAPEX	1,023	380
Acquisition of new properties	-	(2,293)
Dividends and net financing charges	(151)	(328)
Loan to associate & others	(128)	(158)
<b>Net cash inflow/(outflow) for the year</b>	<b>744</b>	<b>(2,399)</b>

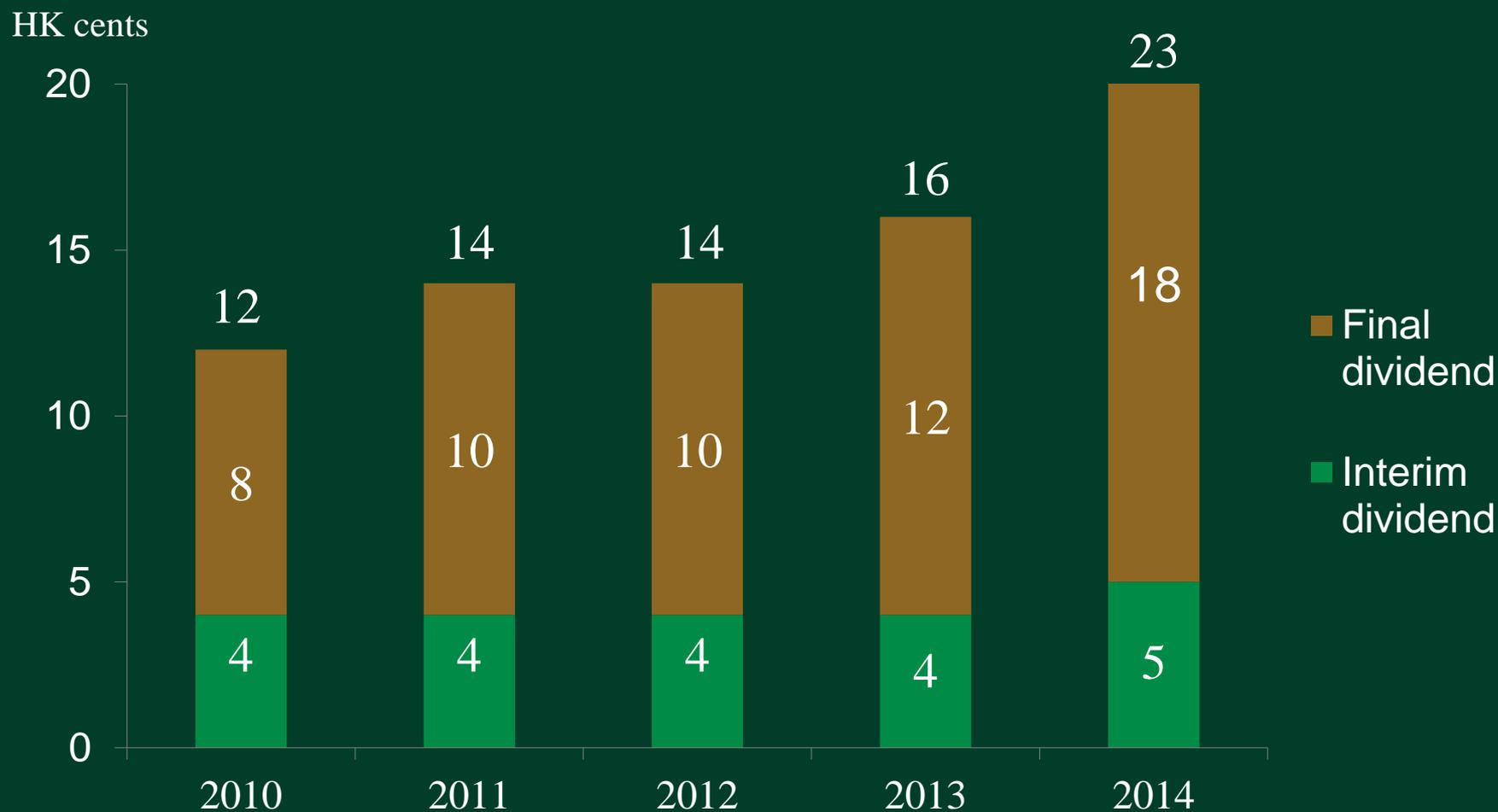


# CONSOLIDATED FINANCIAL RATIOS

HK\$ million	2014	2013
Gross borrowings	5,481	5,486
Net borrowings	3,004	3,992
Net debt to EBITDA (times)	2.0x	3.1x
Net gearing	8%	10%
Weighted average gross interest rate	2.3%	2.9%
Net interest cover (times)	16.7x	9.7x



# DIVIDEND PER SHARE



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# PROJECTS AND DEVELOPMENTS



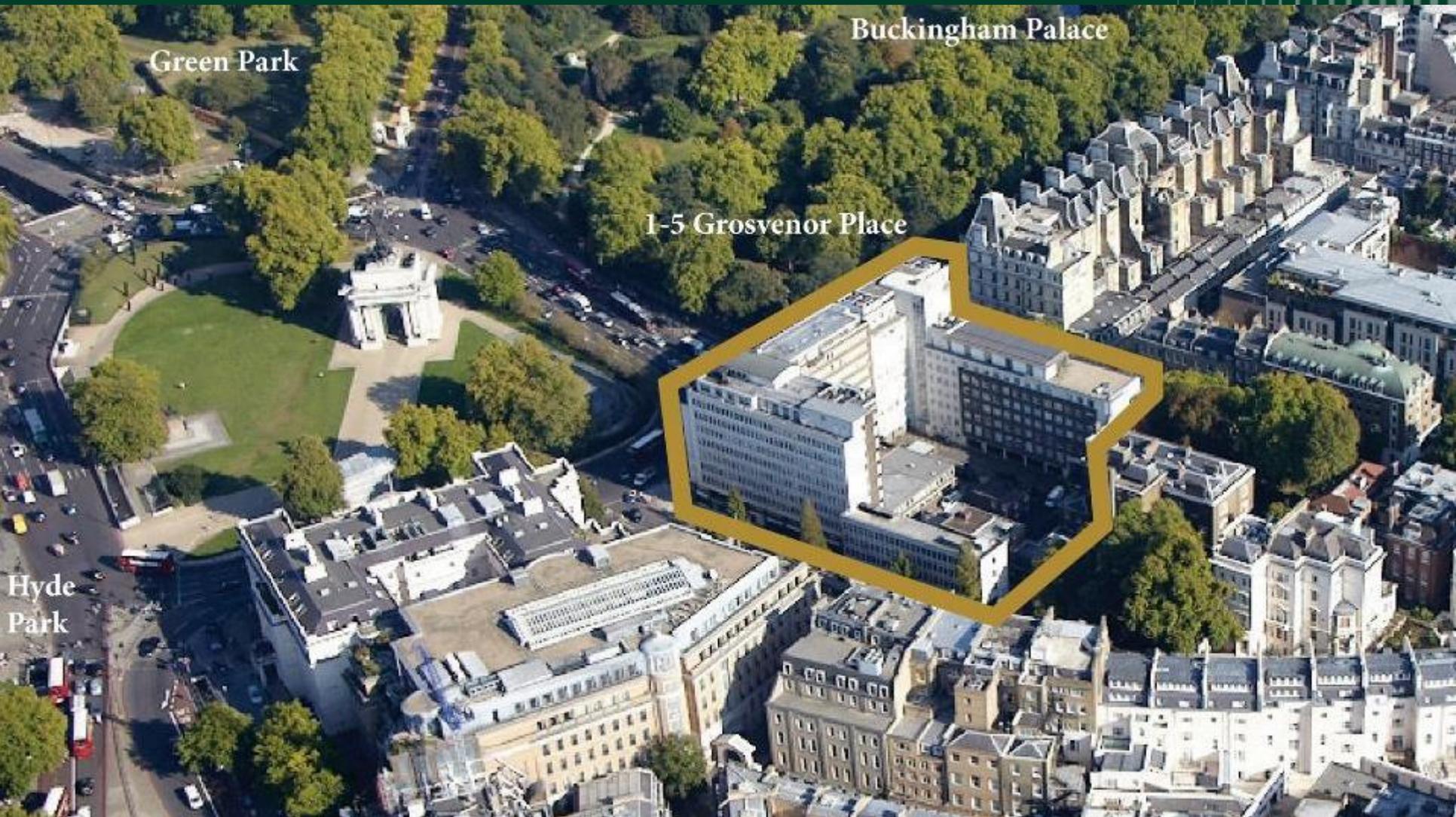
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# THE PENINSULA PARIS



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# THE PENINSULA LONDON



# THE PENINSULA YANGON



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# INNOVATION



- A pioneer and industry leader in the research and development of innovative guestroom technology
- All in-room technology is developed and then tested to perfection by the Research & Technology team.



# SUSTAINABLE LUXURY VISION 2020

## A blueprint for sustainable growth, An ambition for sustainable luxury



- 2014 Climate Disclosure Leadership Index for Asia (ex-Japan)
- One of the first companies in the world to comply with GRI G4 reporting standards
- 22% reduction in carbon intensity
- 18% reduction in water intensity by hotels division
- 45% waste recycled and reused
- 70% of paper products from FSC-certified sources
- 11,000 hours of community service



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# FUTURE PROSPECTS



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# OUTLOOK

- Our ultimate goal is to develop and hold the highest possible quality portfolio of hotel and other property assets for the long term.
- Our long-term growth is underpinned by a strong balance sheet comprising valuable high quality assets coupled with a low level of gearing.
- Outlook for the Hong Kong market in terms of high-end residential lettings and retail rental income is somewhat uncertain.
- Operating results will be adversely affected by the partial closure of The Peninsula Beijing and the disruption to The Peninsula Chicago as a result of their renovation projects.
- I am optimistic that the actions we have taken over the years will result in attractive long-term growth and development for our company.



# Q&A



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