

# THE HONGKONG & SHANGHAI HOTELS FY 2016





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# FY 2016 REVIEW



# 2016 HIGHLIGHTS

- HSH celebrated its 150<sup>th</sup> anniversary in November 2016
- Satisfactory results in the light of the overall business environment and the renovation of The Peninsula Beijing
- The Peninsula Beijing completed the first phase of its renovation and the full inventory of 230 renovated rooms will be in operation by mid-2017
- In September 2016, we acquired the 50% remaining leasehold interest in The Peninsula London project from Grosvenor
- Construction has started on the site of The Peninsula Istanbul
- The Peninsula Yangon held its groundbreaking ceremony in February 2017
- The Peninsula Chicago completed its rooms renovation in April 2016, placing it at the top of the city in RevPAR for 2016



# FINANCIAL HIGHLIGHTS



## RESULTS FOR FY 2016

HK\$ MILLION	2016	2015	VARIANCE
REVENUE	5,631	5,741	(2%)
EBITDA	1,288	1,440	(11%)
EBITDA MARGIN	23%	25%	(2pp)
NON-OPERATING ITEMS	29	277	(90%)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS	675	1,000	(33%)
EPS (HK CENTS)	43	65	(34%)
UNDERLYING PROFIT	606	688	(12%)
UNDERLYING EPS (HK CENTS)	39	45	(13%)
TOTAL DIVIDEND PER SHARE (HK CENTS)	19	20	(5%)



## OPERATING RESULTS FOR FY 2016

HK\$ MILLION	2016	2015	VARIANCE
<b>REVENUE</b>			
HOTELS	4,040	4,073	(1%)
COMMERCIAL PROPERTIES	935	937	-
CLUBS AND SERVICES	656	731	(10%)
	<u>5,631</u>	<u>5,741</u>	(2%)
<b>EBITDA</b>			
HOTELS	649	777	(16%)
COMMERCIAL PROPERTIES	518	538	(4%)
CLUBS AND SERVICES	121	125	(3%)
	<u>1,288</u>	<u>1,440</u>	(11%)



## CASHFLOW & CAPITAL EXPENDITURE

HK\$ MILLION	2016	2015
<b>EBITDA</b>	<b>1,288</b>	1,440
NET CHANGE IN WORKING CAPITAL AND TAX PAYMENTS	(112)	(220)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>1,176</b>	1,220
CAPITAL EXPENDITURE ON EXISTING ASSETS	(1,000)	(476)
<b>NET CASH INFLOW AFTER NORMAL CAPEX</b>	<b>176</b>	744
<b>DIVIDENDS AND NET FINANCING CHARGES</b>	<b>(194)</b>	(159)
<b>CAPITAL EXPENDITURE / INVESTMENT IN NEW PROJECTS</b>	<b>(1,419)</b>	(916)
<b>NET CASH INFLOW/(OUTFLOW) FOR THE YEAR</b>	<b>(1,437)</b>	(331)



## STRONG BALANCE SHEET WITH CONSERVATIVE GEARING

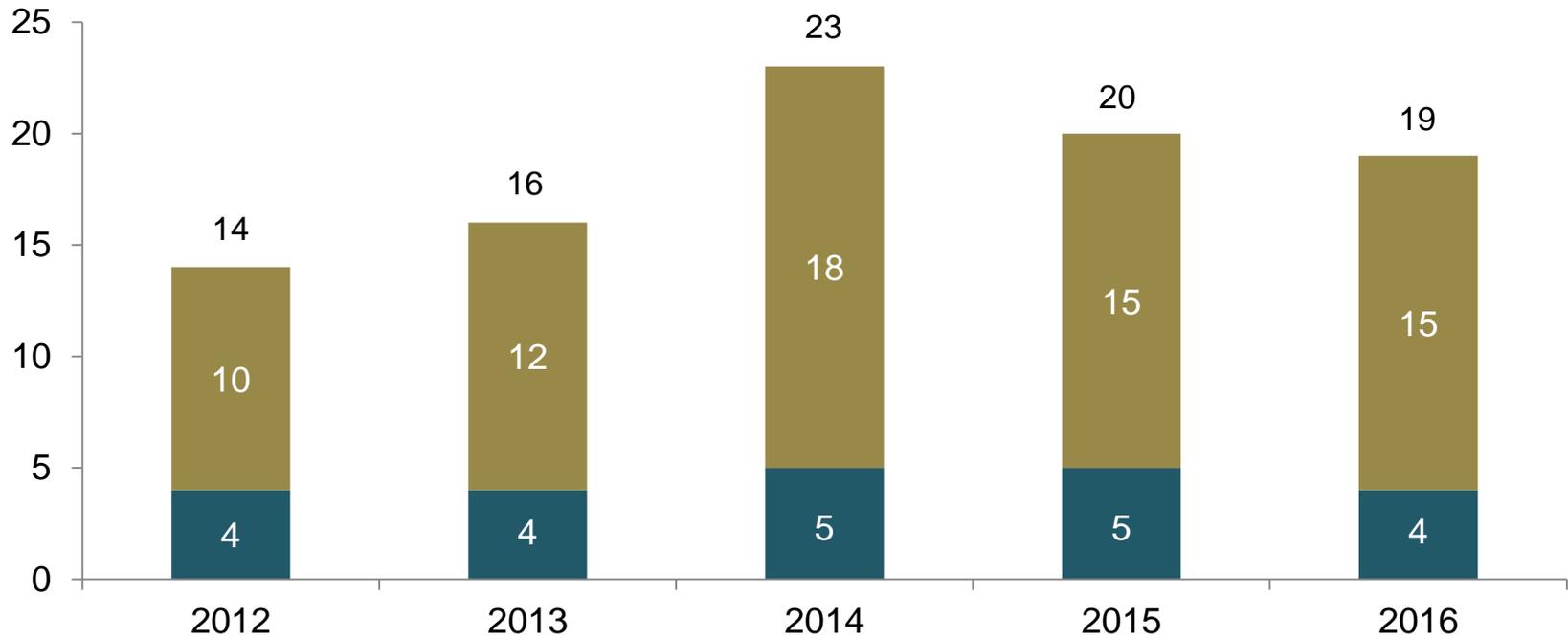
HK\$ MILLION	2016	2015
GROSS BORROWINGS	6,998	6,192
NET BORROWINGS	4,911	3,273
NET GEARING	12%	8%
WEIGHTED AVERAGE GROSS INTEREST RATE	2.1%	2.2%
NET INTEREST COVER (TIMES)	8.6x	14.9x



# DIVIDEND PER SHARE

HK cents

■ Interim dividend ■ Final dividend



# THE PENINSULA HOTELS



THE PENINSULA  
HONG KONG



THE PENINSULA  
SHANGHAI



THE PENINSULA  
BEIJING



THE PENINSULA  
TOKYO



THE PENINSULA  
MANILA



THE PENINSULA  
BANGKOK



THE PENINSULA  
NEW YORK



THE PENINSULA  
BEVERLY HILLS



THE PENINSULA  
CHICAGO



THE PENINSULA  
PARIS







# COMMERCIAL PROPERTIES DIVISION



THE REPULSE BAY COMPLEX,  
HONG KONG



THE PEAK TOWER,  
HONG KONG



ST. JOHN'S BUILDING,  
HONG KONG



LANDMARK, VIETNAM



21 AVENUE KLEBER, PARIS



1-5 GROSVENOR PLACE,  
LONDON







# 21 AVENUE KLÉBER



# CLUBS AND SERVICES DIVISION



THE PEAK TRAM



THAI COUNTRY CLUB



QUAIL LODGE & GOLF CLUB, CARMEL



PENINSULA CLUBS



PENINSULA  
MERCHANDISING



TAI PAN LAUNDRY



# THE PENINSULA

THE PENINSULA  
BOOKS

SEASON'S  
GREETINGS



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# Renovation Projects



















# NEW HOTEL PROJECTS



# THE PENINSULA LONDON



# THE PENINSULA YANGON



# THE PENINSULA YANGON



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# THE PENINSULA ISTANBUL



# PROGRESS ON SUSTAINABLE LUXURY 2020

- Energy intensity reduced by 19.8% from 2006-08 baseline
- Implemented BREEAM in the renovation of The Peninsula Beijing
- Increase in sustainably sourced items – paper, tea, chocolate, coffee
- Re-launched *Naturally Peninsula* as the choice for sustainable, organic and healthy fare for guests



# OUTLOOK





# Q & A



# APPENDIX

# 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

