



The Hongkong and Shanghai Hotels
2019 Annual Results

17 March 2020



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Key messages

- Challenging year for the Group, although we had some positive results among our diverse portfolio
- Results were primarily impacted by:
 - Unforeseen social unrest in Hong Kong
 - Heightened US-China trade tensions
 - Planned first suspension of Peak Tram as part of the upgrade project
- Residential and office leasing remained solid, hotel retail arcades were relatively stable
- Concern about the growing impact of the Coronavirus outbreak on our business and the global economy, as well as the political situation in Hong Kong
- Company remains in a stable financial position with sound liquidity
- Remain focused on the long-term and committed to our development programme





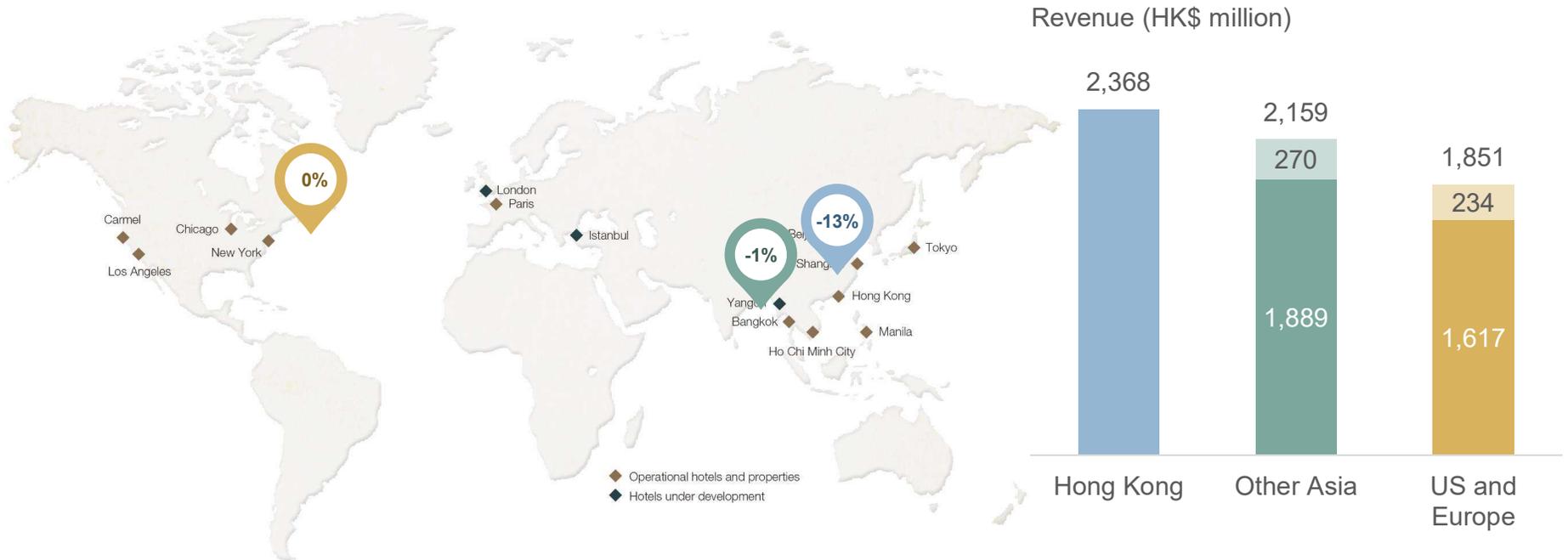
2019 Financial Results



Financial results

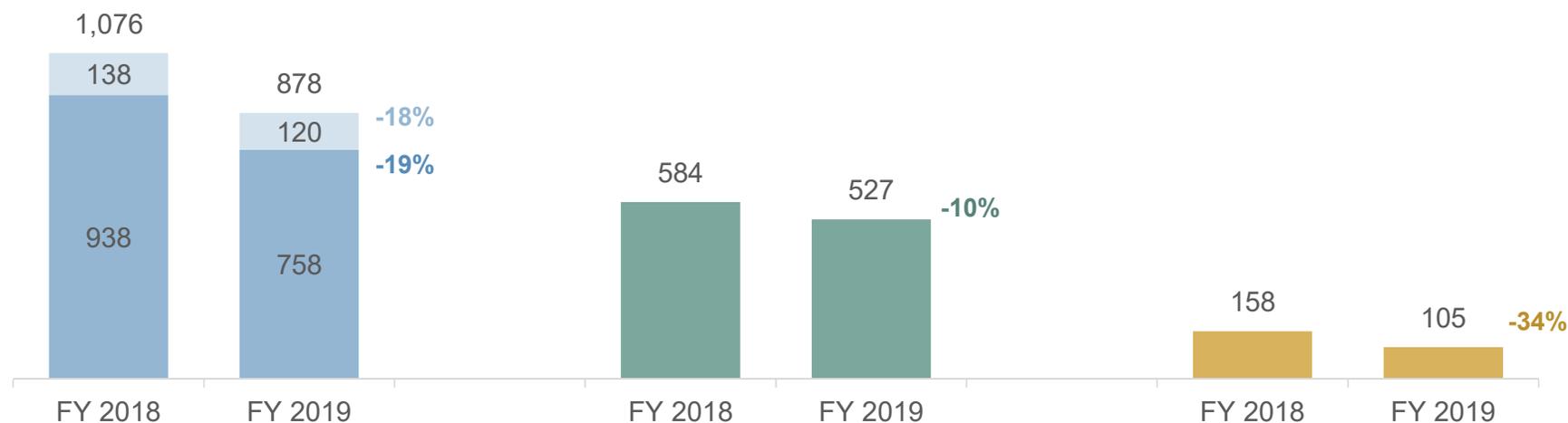
(HK\$ million)		(restated)		
Year ended 31 December	2019	2018		Change
Revenue	5,874	6,214	▼	5%
Operating costs	(4,484)	(4,534)	▼	1%
EBITDA	1,390	1,680	▼	17%
<i>EBITDA margin</i>	<i>24%</i>	<i>27%</i>		
Depreciation and amortization	(589)	(601)	▼	2%
Net financing charges	(140)	(151)	▼	7%
Share of results of JV and associates	(49)	(52)	▼	6%
Increase in fair value of investment properties	83	523	▼	84%
Profit attributable to shareholders	494	1,216	▼	59%
Underlying profit	480	738	▼	35%
EPS (HK cents)	30	76	▼	61%

Revenue decline primarily from Hong Kong tourism related assets



Earnings contribution by division

EBITDA (HK\$ million) ■ Hotels ■ Effective share – PSH, PBH, PPR ■ Commercial Properties ■ Clubs & Services



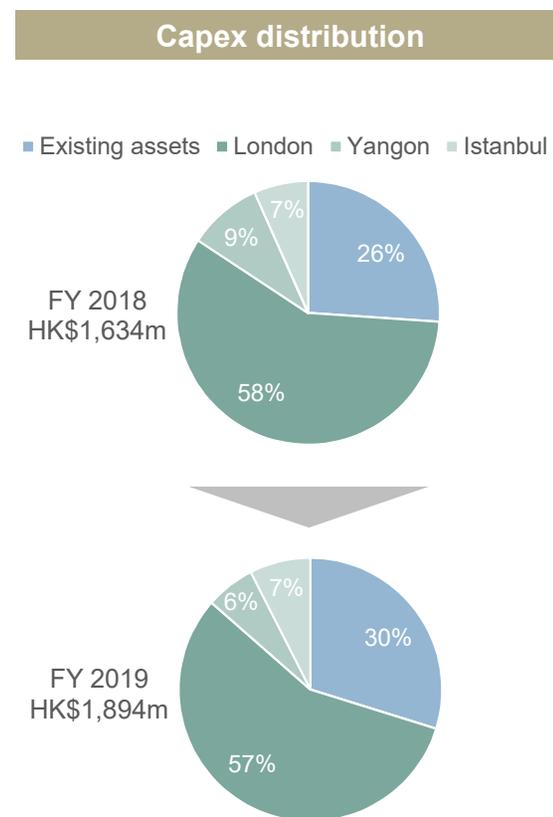
- Hotels negatively impacted by social unrest in Hong Kong
- Arcade leasing in hotels generally stable

- Growth in residential leasing
- Peak Tower negatively impacted by suspension of the Peak Tram and lower tourist arrivals

- Impacted by Peak Tram suspension and reduced tourist arrivals
- Peninsula Merchandising experienced softer retail sales

Cash flow summary

Cash flow summary		
(HK\$ million)		(restated)
Year ended 31 December	2019	2018
EBITDA	1,390	1,680
Changes in working capital	(7)	24
Tax payment	(17)	(193)
Net cash generated from operating activities before lease payments	1,366	1,511
Lease rental paid	(145)	(128)
Net cash generated from operating activities after lease payments	1,221	1,383
Capital expenditure on existing assets		
The Peak Tram upgrade project	(169)	(22)
Others	(395)	(404)
Net cash inflow after capital expenditure on existing assets	657	957
Capital expenditure on new projects and investments	(1,330)	(1,208)
Net cash outflow before dividends, other payments and financing activities	(673)	(251)
Dividends paid	(107)	(55)
Net interest and other payments/receipts	(14)	(87)
Net cash outflow before financing	(794)	(393)



Conservative capital structure and strong balance sheet

Healthy debt profile

2.2%

Weighted average gross interest rate

2.7 years

Average debt duration

10.4x

Cash interest coverage

86%

Fixed to floating interest rate ratio

13%

Net debt to total assets

17%

Net debt to shareholders equity

Note: Debt excludes lease liabilities.

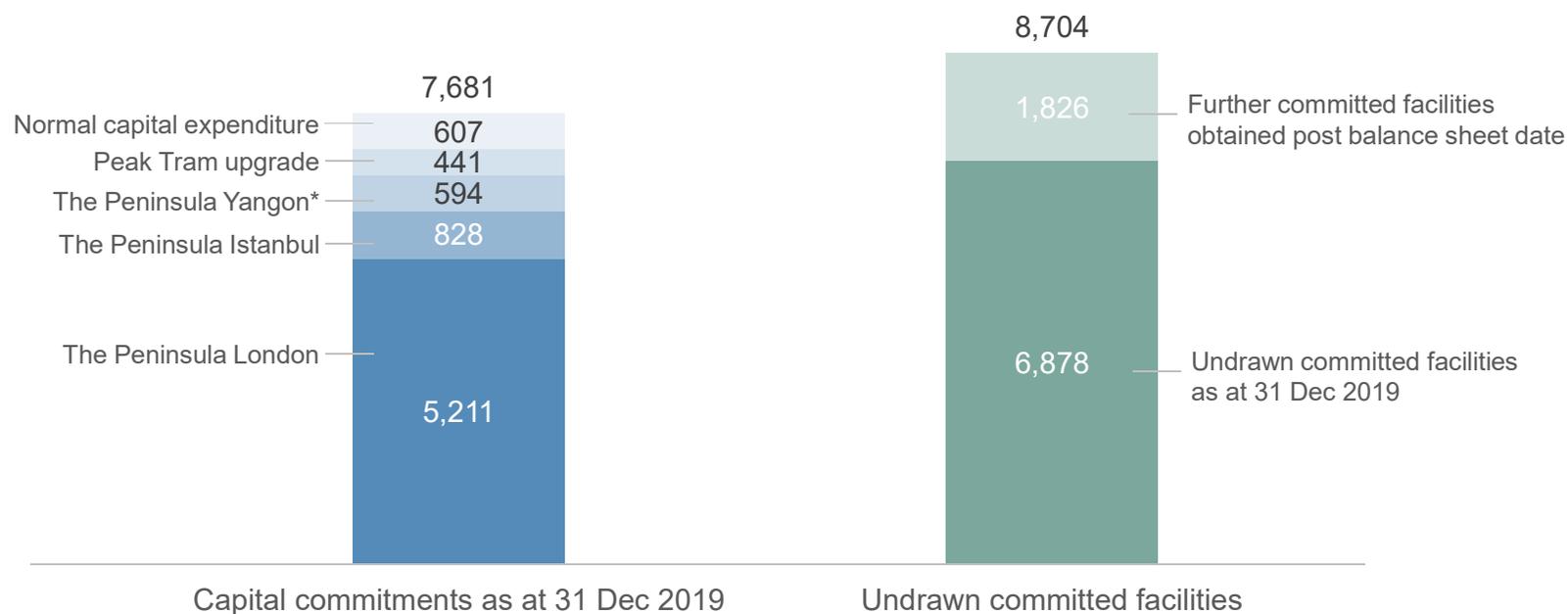
Strong balance sheet

(HK\$ million)	2019	2018
As at 31 December		(restated)
Total cash	697	1,178
Total assets	53,061	51,724
Total debt	7,524	7,095
Net debt	6,827	5,917
Shareholders equity	39,054	38,664
Total equity	39,729	39,200

Capital commitments

Group capital commitments and funding

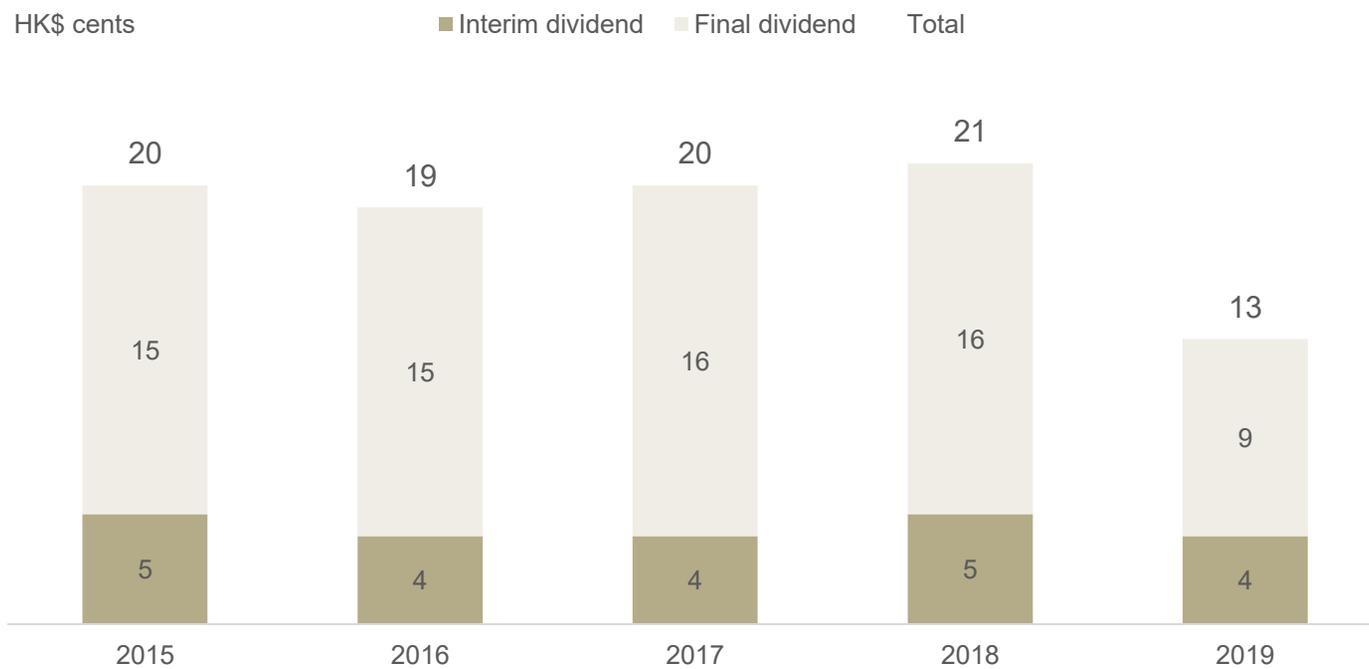
(HK\$ million)



Note: Normal capital expenditure in respect of existing properties, including group's share of capital expenditures of JV and associates;

*The Peninsula Yangon amount reflects HSH's 70% share.

Dividend payout in line with earnings trend





The Peninsula Hotels



March 2020

京人



THE PENINSULA

HONG KONG

Revenue - 18%
Occupancy - 20 pp
ARR - 8%
RevPAR - 34%





THE PENINSULA
SHANGHAI
上海半島酒店

Revenue	- 6%
Occupancy	+ 1 pp
ARR	- 6%
RevPAR	- 6%





THE PENINSULA

BEIJING

王府半岛酒店

Revenue	+ 3%
Occupancy	+ 1 pp
ARR	- 3%
RevPAR	- 2%





THE PENINSULA T O K Y O

Revenue	+ 0%
Occupancy	- 3 pp
ARR	+ 11%
RevPAR	+ 7%





THE PENINSULA

BANGKOK

Revenue - 4%
Occupancy - 5 pp
ARR + 10%
RevPAR + 2%

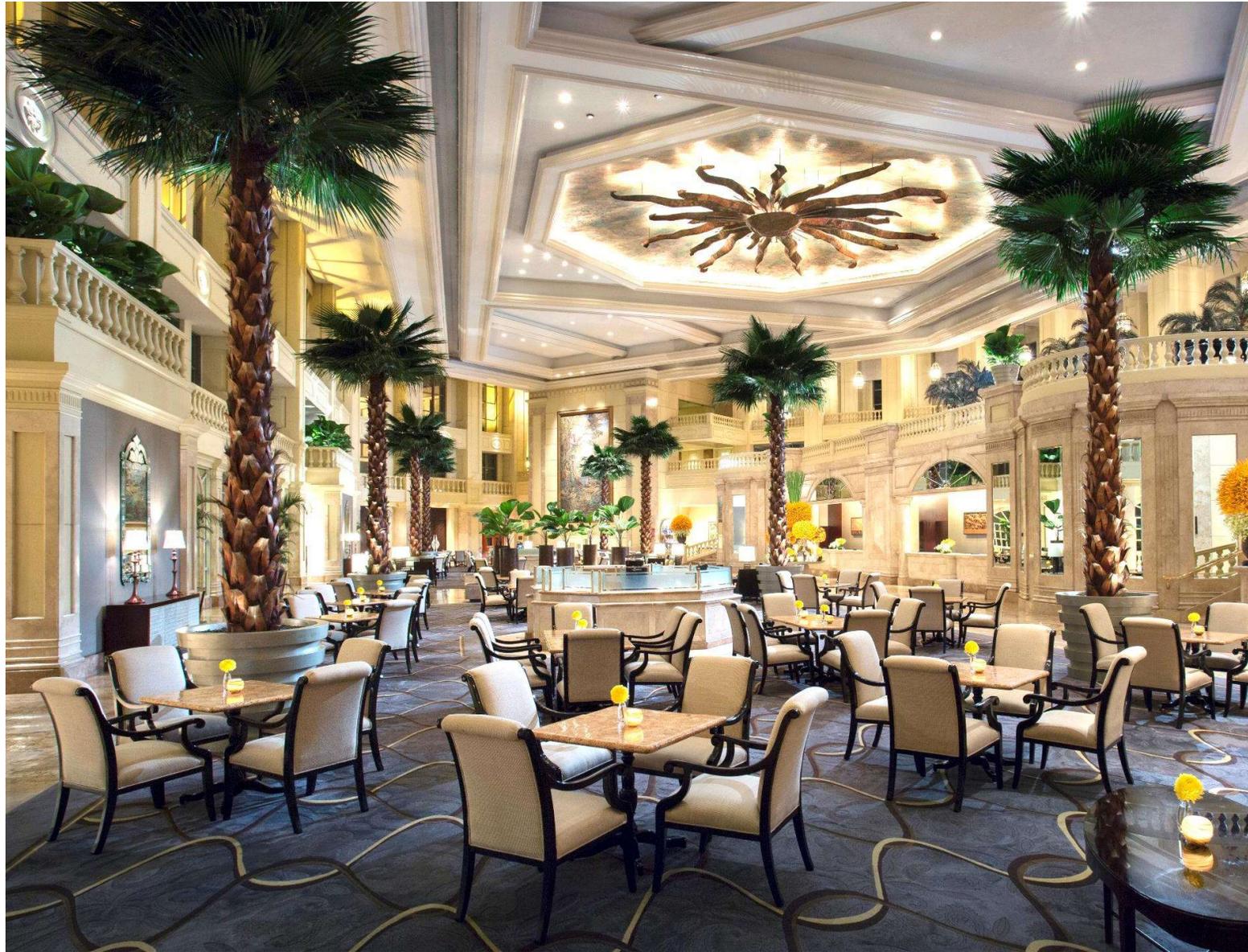




THE PENINSULA

MANILA

Revenue	- 3%
Occupancy	+ 4 pp
ARR	- 1%
RevPAR	+ 4%





THE PENINSULA
NEW YORK

Revenue - 1%
Occupancy - 3 pp
ARR + 2%
RevPAR - 1%





THE PENINSULA

CHICAGO

Revenue	+ 2%
Occupancy	0 pp
ARR	- 1%
RevPAR	- 1%





THE PENINSULA
BEVERLY HILLS

Revenue - 3%
Occupancy - 3 pp
ARR - 1%
RevPAR - 4%





THE PENINSULA

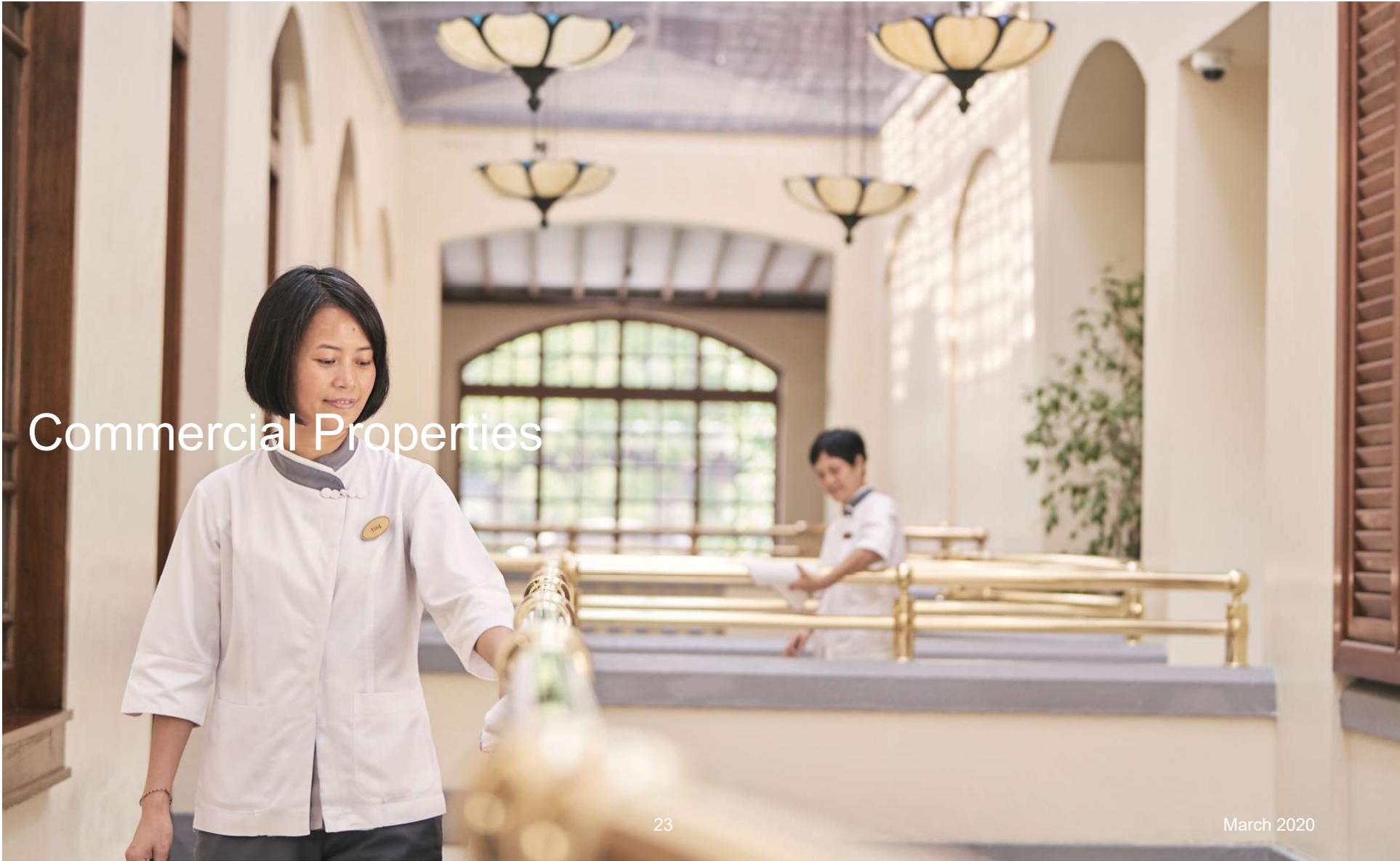
P A R I S

Revenue	+ 4%
Occupancy	+ 3 pp
ARR	- 2%
RevPAR	+ 4%





Commercial Properties





Revenue + 4%





Revenue - 26%





St John's Building

Revenue + 3%





The Landmark

Revenue + 4%





21 Avenue Kléber

Revenue + 5%





Clubs & Services





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

Revenue - 46%





THE PENINSULA
BOUTIQUE

Revenue - 3%



THE PENINSULA
BOUTIQUE



Revenue + 4%





New Hotel Developments





THE PENINSULA
LONDON





THE PENINSULA
I S T A N B U L





THE PENINSULA
YANGON





Our vision



We are committed to building a long-term sustainable business



Sustainable Luxury Vision 2020





Outlook





Q & A

