



The Hongkong and Shanghai Hotels
2021 Annual Results

16 March 2022

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Key messages

- Another very challenging year with continued impact of COVID-19
- Whilst we saw promising recovery in our US and Chinese mainland hotels, our operations in Asia were still affected by covid restrictions
- The Peninsula Hong Kong and The Peak Complex continued to be affected by some of the most stringent restrictions in the world
- Reported a positive EBITDA of HK\$394m vs EBITDA loss of HK\$61m last year
- Robust liquidity
- No final dividend proposed
- New hotel developments in progress, although affected by covid disruptions to the construction labour force and supply chains. We expect London to open in 1H 2023 and expect a budget increase. Istanbul is expected to open in 1H 2023
- We have agreed with our partner to stop work on The Peninsula Yangon as of June 2021



Strong shareholder support

- On 13 Jan 2022, our major shareholder entered into an agreement with Solis Capital Limited to acquire off market ~205m shares at HK\$12.8 per share
- The Kadoorie Family holdings increased from ~60% to ~72.4% afterwards
- Reiterates our major shareholder support for the group's long-term commitment to being the owner and operator of the finest luxury hotels in the world



2021 Financial Results



Resilience amidst uncertainty

+28%



HK\$ 3,461 m
Revenue

(2020 HK\$2,710m)

+7x



HK\$ 394 m
EBITDA

(2020 HK(\$61)m)

+94%



HK\$ (120) m
Profit att. to SH

(2020 HK\$(1,940)m)

+109%



HK\$ 69 m
Net op. cashflow¹

(2020 HK(\$808)m)

¹After tax, WC, normal CAPEX, net interest & lease, before project exp.



Recovery

Hotel division

+42% YoY
Hotel revenue

Majority from
~25% Greater China
~70% US hotels

F&B +52%



Resilience

Rental portfolio

>90%
Arcade & Office
Occupancy

>80%
Residential
Occupancy

Complements
hotel seasonality
Recurring income



Projects

Hotel & Peak Tram

New Tram
Target mid 2022

New Hotels
London & Istanbul
Target 2023



Liquidity

Ample buffer

\$19bn facility
\$13bn drawn

\$6bn undrawn
Revolving credit &
term loan facility

**1.5% weighted
avg. int. rate**



Risks

and challenges

Covid variants
Unpredictable

**Project cost
overrun**

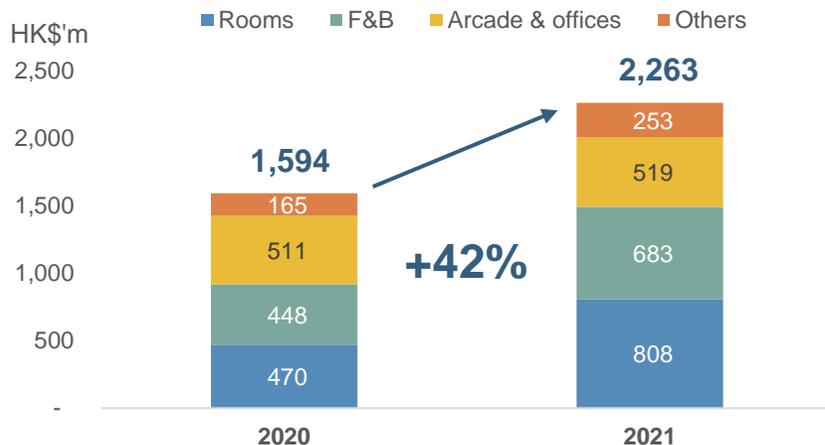
**Labour
shortage**
Global challenge to
hospitality sector



Hotels



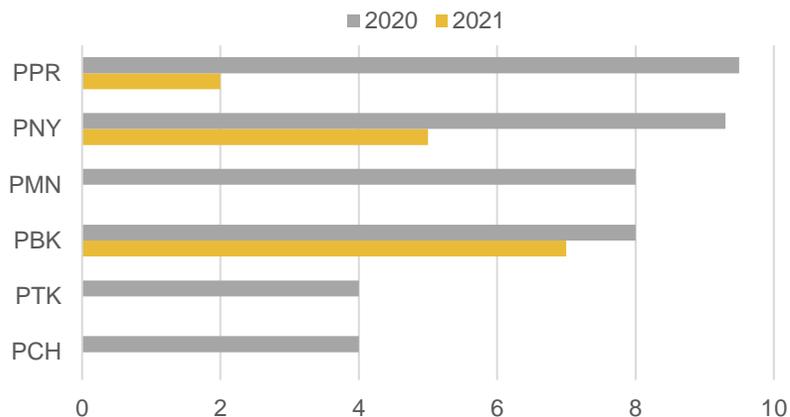
Hotel revenue



Revenue +42%

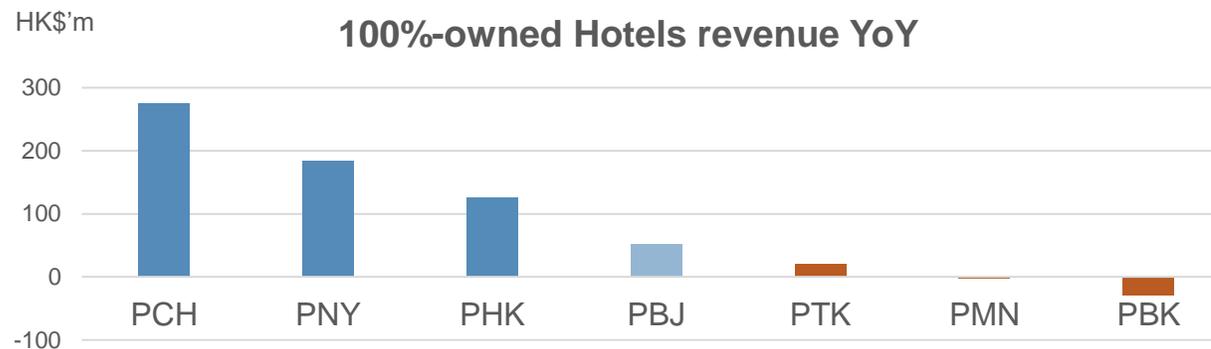
- Rooms & F&B recovery from hotels gradual reopening in 2021
- Hotels in US and Paris enjoyed ADR that surpassed 2019 level
- Benefited from increasing vaccination rate and relaxation of lockdown measures, recovery in US and Greater China has been satisfactory
- Hotel segment in Hong Kong and Asia remains challenging with significant travel restrictions

Months closed in 2020/2021



No closure for PHK, PSH, PBJ and PBH

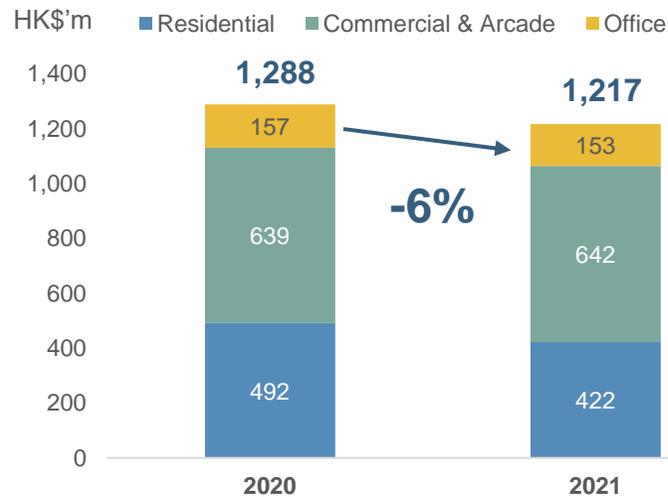
100%-owned Hotels revenue YoY



Hotel consolidated EBITDA +HK\$510m YoY

Commercial properties resilient rental income

Rental income Incl. arcade



Rental income HK\$1.2bn

- Stronger PBJ and TRB arcade, partly offset by weaker PHK arcade
- Residential impacted by generally weak luxury market sentiment
- The Peak Tower retail affected by Peak Tram Upgrade closure
- Office stable and ~100% let



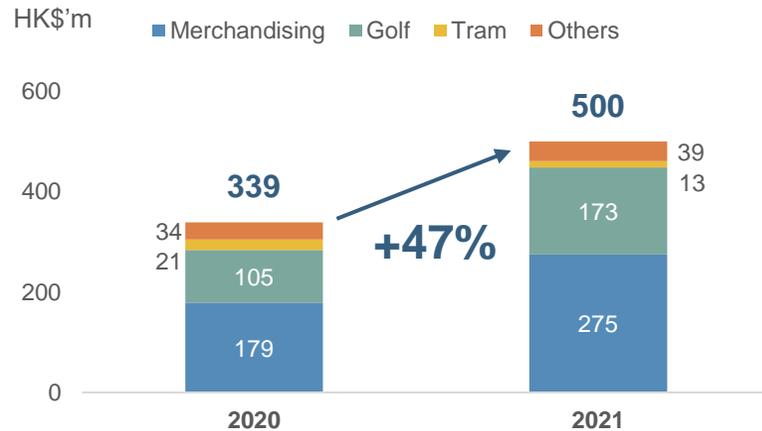
Clubs & Services driven by Merchandising & Quail events

Revenue **+47%**

- Mooncake achieved best sales ever
- Resumed the world-renowned “*The Quail, A Motorsports Gathering*” in August with great success
- The Peak Tram upgrade expected to complete by mid 2022



Clubs & services revenue



Golf division in 2020 includes Thai Country Club, which HSH ceased to own or operate from 28 Oct 2020

Financial results

(HK\$ million)			
For the year ended 31 December	2021	2020	Changes
Revenue	3,461	2,710	28%
Operating costs	(3,004)	(2,721)	-10%
EBITDA before pre-opening and project expenses	457	(11)	n/a
Pre-opening and project expenses	(63)	(50)	-26%
EBITDA	394	(61)	n/a
Depreciation and amortization	(499)	(553)	10%
Operating loss	(105)	(614)	83%
Net financing charges	(153)	(144)	-6%
Loss after net financing charges	(258)	(758)	66%
Share of results of joint ventures and associates	(15)	(366)	96%
Increase /(decrease) in fair value of IPs	670	(732)	n/a
Provision for impairment loss of PYN	(679)	(93)	-630%
Tax	(37)	(31)	-19%
Non-controlling interests	199	40	398%
Loss attributable to shareholders	(120)	(1,940)	94%
Underlying (loss)/profit	(255)	(814)	69%



Cash flow summary

(HK\$ million)

For the year ended 31 Dec

	2021	2020
Operating EBITDA (before pre-opening and project expenses)	457	(11)
Changes in working capital and tax payment	(76)	(376)
Normal capital expenditure on existing assets (excluding projects)	(141)	(238)
Net cash inflow/(outflow) after normal capital expenditure	240	(625)
Net interest and lease payments for operations	(171)	(183)
Net cash inflow/(outflow) before financing activities	69	(808)
Project-related cash flows		
Capital expenditure on new projects	(2,254)	(1,771)
Capital expenditure on Peak Tram upgrade project	(193)	(161)
Pre-opening and project expenses	(63)	(50)
Interests incurred on projects	(125)	(126)
Cash outflow for projects	(2,635)	(2,108)
Dividends paid	(6)	(47)
Cash consideration & other related costs in respect of the restructuring of JV in Thailand	0	(571)
Other payments and receipts	(11)	9
Net cash outflow before financing	(2,583)	(3,525)



Capital structure and balance sheet

Credit metrics

1.5%

Weighted average gross interest rate

↓ 40bp from 2020

23%

Net debt to total assets

HK\$6.6bn

Available liquidity

1.7 years

Average debt duration

59%

Fixed to floating interest rate ratio

Balance sheet

(HK\$ million) **2021** 2020
As at 31 Dec

Total cash **479** 520

Total assets **55,685** 53,679

Total debt **13,379** 11,182

Net debt 12,900 10,662

Shareholders equity **36,762** 36,844

Total equity **36,865** 37,152

Financing arranged in 2021

HK\$1.6bn

of refinancing, with HK\$800m arranged as **sustainability linked loan**

EUR60m

Conversion of committed facility into **green loan**

HK\$450m

Conversion of committed facilities into **sustainability linked loan**

HK\$2bn

of additional committed facilities

Note: Debt related metrics exclude lease liabilities.



Hotels





THE PENINSULA

HONG KONG



Revenue + 21%
Occupancy + 11 pp
ARR + 2%
RevPAR + 52%

- Hotel RevPAR increased 52%. +21% improved revenue was mainly from rooms and F&B
- The Office Tower was 97% occupied in 2021 and the immediate outlook is stable
- The Arcade was 84% occupied



THE PENINSULA

A R C A D E



- The Peninsula Arcade basement renovation was completed in 2021
- Repositioning the basement arcade to create a high-end lifestyle retail area focused on domestic market incl. Italian gourmet deli, a sushi bar, a men's grooming salon, audio equipment store
- The new and expanded Peninsula Boutique & Café has opened in May 2021



THE PENINSULA
SHANGHAI
上海半岛酒店



Revenue + 37%
Occupancy + 14 pp
ARR + 15%
RevPAR + 55%

- Despite occasional COVID cases in early 2021, business rebounded quickly
- The hotel remains the market leader in room rate and RevPAR
- There was robust demand for large-scale events, weddings and banquets
- Arcade was 94% occupied



THE PENINSULA
BEIJING
王府半岛酒店



Revenue + 20%
Occupancy - 6 pp
ARR + 28%
RevPAR + 6%

- The hotel reported a stable year with satisfactory increase in revenue and room rates
- Food and beverage business performed well with reopening of rooftop bar Yun in summer
- Arcade business performed well with anchor tenants expanding. A new luxury lifestyle tenant opened in late summer 2021, occupying ~3,000 sqm



THE PENINSULA

T O K Y O



Revenue + 10%
Occupancy flat
ARR - 26%
RevPAR - 25%

- Negatively impacted by the “State of Emergency” restrictions in Tokyo
- Spectators banned from the Tokyo Olympics which was disappointing for anticipated tourist arrivals and significant internal Olympic group business
- We are pleased to welcome several new tenants in 2021 with increased rental income



THE PENINSULA

B A N G K O K



Revenue - 46%
Occupancy - 14 pp
ARR - 54%
RevPAR - 74%

- Closed in late April and reopened in November with rapid increase in COVID cases
- Experienced strong November and December in room rate and revenue
- Look forward to welcoming more international guests in 2022 with the Thai government announcing the “Test and Go” arrangement in October with no quarantine



THE PENINSULA

M A N I L A



Revenue - 9%
Occupancy - 22 pp
ARR - 27%
RevPAR - 74%

- Challenging year due to stringent government restrictions in effect until May 2021
- From July, Ayala Tower offered quarantine package to high-end business travelers and diplomatic guests
- The Makati Tower continues to serve local staycation guests



THE PENINSULA

NEW YORK



Revenue + 96%
Occupancy + 1 pp
ARR + 26%
RevPAR + 29%

- Reopened in June after a prolonged temporary closure with substantial media coverage
- Business has been satisfactory in second half, driven by diplomatic groups, transient, entertainment and group business
- F&B revenue was strong, particularly with catering



THE PENINSULA

CHICAGO



Revenue +170%
Occupancy + 21 pp
ARR + 20%
RevPAR + 110%

- Travel restrictions fully lifted by the summer with strong rebound
- Achieved some of the highest rates in history of the hotel, which celebrated its 20th anniversary in 2021



THE PENINSULA

BEVERLY HILLS



Revenue	+134%	■ A very positive 2021 overall with significant revenue increase year-on-year
Occupancy	+ 24 pp	■ Pleased to welcome international guests in the second half, particularly from Middle East
ARR	+ 18%	■ 2H 2021 business levels exceeded expectations and continued to improve with the easing of restrictions and increased vaccinations
RevPAR	+ 101%	



THE PENINSULA

PARIS



Revenue + 198%
Occupancy - 10 pp
ARR + 23%
RevPAR - 9%

- Reopened on 1 March 2021 for rooms business and gradually expanded services
- Alfresco dining venues have been particularly popular with Parisians keen to celebrate events which have been postponed during the pandemic
- International guests began to return to Paris from June, which helped drive suite business



Commercial Properties





Revenue - 8%

- Overall revenue declined 8%, residential revenue drop was due to the lack of international arrivals affecting the luxury residential leasing market
- HK Government social distancing measures continued to affect F&B, while catering revenue improved vs 2020



Revenue - 38%

- Revenue declined 38%
- The Peak Tower experienced a very challenging year, significantly impacted by the lack of foreign tourists to Hong Kong and the ongoing upgrade project for The Peak Tram
- Rental concessions are being offered to our tenants, and we continue to drive local business



St John's Building



Revenue - 6%

- Occupancy remained stable
- 96% occupied



The Landmark



Revenue - 4%

- Revenue modestly impacted
- Residential revenue declined due to closed borders and stringent social distancing measures in Vietnam
- Office occupancy and revenue remained stable



21 Avenue Kléber



Revenue + 2%

- Office space and both retail spaces fully leased
- Occupancy remained stable



Clubs & Services





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



Revenue - 34%

- Second suspension of The Peak Tram Upgrade project commenced on 28 June 2021 with the retirement of the fifth generation Peak Tram
- The upgrade project was negatively impacted by unforeseen ground conditions and materials supply chain disruptions from the pandemic.
- We expect to launch the sixth generation Peak Tram by mid 2022



THE PENINSULA BOUTIQUE



Revenue + 53%

- Successful year with the highest mooncake revenue ever
- Overall revenue increase mainly from stronger online sales and robust corporate, wholesale and travel retail business in the Chinese mainland
- In May 2021 we opened a new Peninsula Boutique & Café in the basement of The Peninsula Arcade which received positive media coverage

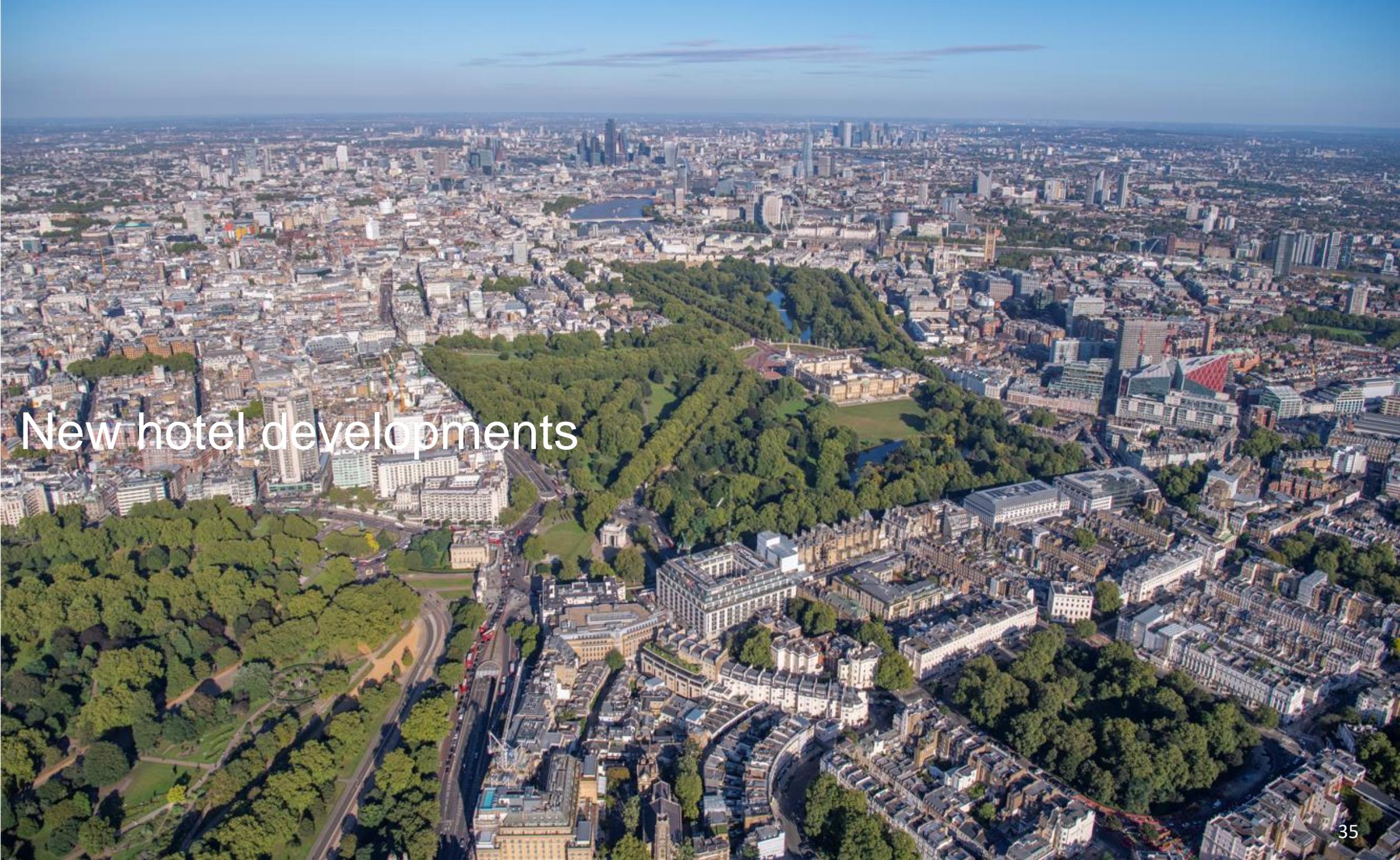


Revenue + 127%

- A very strong year with significant increase in rates and occupancy vs pre-covid
- This was a pleasing result in the light of the shelter-in-place restrictions in California for several months in 2021
- Cancelled The Quail Motorcycle Gathering in May but were delighted to proceed with *The Quail, A Motorsports Gathering* in August, which brought substantial sponsorship



New hotel developments



THE PENINSULA

L O N D O N



- The Peninsula London project has been materially affected in 2020 & 2021 by delays caused by the COVID pandemic
- HSH projects team has worked closely with the construction team, consultants and contractors to resolve the problem
- The soft opening date is further delayed to the first half of 2023 and there will be cost adjustment to £800m budget

THE PENINSULA

I S T A N B U L



- The COVID-19 situation also impacted The Peninsula Istanbul project. Despite quarantine constraints on site, progress has been satisfactory with handover of almost all rooms for fit out
- Construction completion is currently targeted to be towards end of 2022, with soft opening in 1H 2023
- Despite challenges from the pandemic, and devaluation of lira, project cost remains on budget

THE PENINSULA

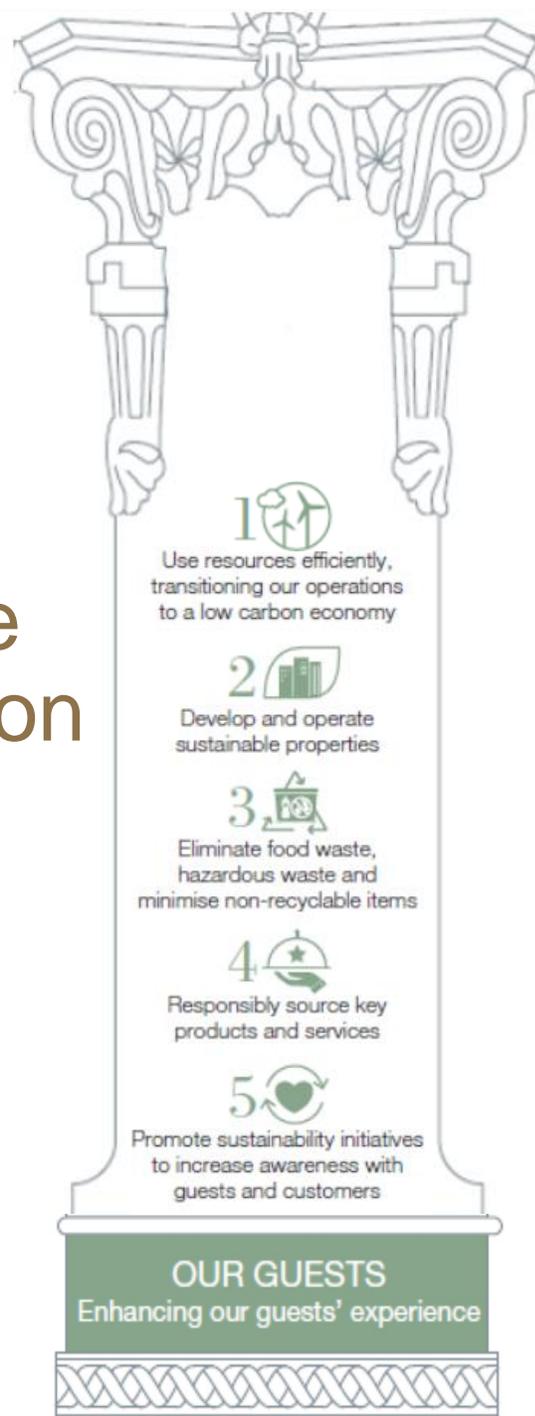
Y A N G O N



- Due to the unfortunate situation in Myanmar, we have agreed with our partners to stop all work on The Peninsula Yangon project.
- An impairment provision of HK\$679m was made in 2021



Sustainable Luxury Vision 2030



1  Use resources efficiently, transitioning our operations to a low carbon economy

2  Develop and operate sustainable properties

3  Eliminate food waste, hazardous waste and minimise non-recyclable items

4  Responsibly source key products and services

5  Promote sustainability initiatives to increase awareness with guests and customers

OUR GUESTS
Enhancing our guests' experience



6  Continue to provide a productive and sustainable workplace for our employees

7  Ensure a safe environment for our employees and guests

OUR PEOPLE
Empowering our people



8  Support the neediest by utilising the group's resources and capabilities

9  Increase supply chain visibility on responsible sourcing for our high-risk suppliers

10  Influence and collaborate to find solutions with other stakeholders

OUR COMMUNITIES
Enriching our communities



Outlook



Outlook

- Remains difficult to predict when international travel can resume to normal levels with COVID-19 variants
- We have seen good recoveries when restrictions have been eased in certain markets such as China & US
- Other geopolitical uncertainties include Russia-Ukraine War, US-China tensions, impact of Brexit, financial market instability in Turkey, as well as supply chain disruptions and labour shortage
- Optimistic for our retail arcades with satisfactory leasing renewals and new lifestyle tenants options
- We expect from 2023 onwards, the new hotels in London and Istanbul will further enhance our brand presence
- By completion in mid 2022, The Peak Tram will significantly improve visitors experience and enhance Hong Kong tourism's image
- Glad we maintained a strong balance sheet and liquidity during this crisis
- Committed to the long-term development of the group and the Peninsula brand





Q & A

