



The Hongkong and Shanghai Hotels **2021 Interim Results**

4 August 2021

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1H 2021 Review

- First half remained challenging due to Covid impact
- Hong Kong businesses continue to be affected by border closures and stringent social distancing rules
- China hotels saw strong recovery. US hotels started to recover with relaxing of Covid restrictions. Business remains weak at hotels in Tokyo, Bangkok, Manila and Paris
- Achieved positive combined EBITDA and operating cash flow with significant cost savings
- Working hard to contain the timing and cost impact of delays on new hotel projects in London and Istanbul. Peak Tram upgrade project in second suspension
- Yangon project stopped and under continuous review
- Committed financings in place to cover project investments and provide significant buffer against any future operating cash burn
- No dividend proposed



1H 2021 Financial results

(HK\$ million)			
Six months ended 30 June	2021	2020	Change
Revenue	1,264	1,334	-5%
Operating costs	(1,258)	(1,429)	12%
EBITDA	6	(95)	n.a.
Depreciation and amortization	(250)	(283)	12%
Net financing charges	(75)	(71)	-6%
Share of results of JV and associates	(49)	(321)	85%
(Decrease) in fair value of IPs	(77)	(365)	79%
Provision for impairment loss	0	(93)	100%
Tax	(5)	0	n.a.
(Loss) for the period	(450)	(1,228)	63%
Non-controlling interests	2	(31)	n.a.
(Loss) attributable to shareholders	(452)	(1,197)	62%
Underlying (loss)	(375)	(499)	25%



Contribution by division (combined basis)

For the six months ended 30 June	2021	2020	
(HK\$ million)	Combined	Combined	Change
Revenue			
Hotels	974	932	5%
Commercial Properties	345	409	-16%
Clubs and Services	101	91	11%
	1,420	1,432	-1%
EBITDA			
Hotels	(100)	(301)	67%
Commercial Properties	174	236	-26%
Clubs and Services	(39)	(49)	20%
	35	(114)	n.a.

(1) Combined revenue and EBITDA including effective share of associates and JVs.

(2) Effective share and excluding the group's share in respect of the sale of apartments by the JV in Shanghai.

Cash flow summary

(HK\$ million)		
Six months ended 30 June	2021	2020
EBITDA	6	(95)
Tax payment	(18)	(129)
Net cash used in operating activities before the changes in working capital	(12)	(224)
Changes in working capital	17	(231)
Net cash (used in) generated from operating activities	5	(455)
Capital expenditure on existing assets		
The Peak Tram upgrade project	(51)	(69)
Others	(99)	(105)
Capital expenditure on new hotel projects	(1,092)	(844)
<i>The Peninsula London</i>	(1,025)	(584)
<i>The Peninsula Yangon</i>	(40)	(48)
<i>Capital injection into the Istanbul joint venture</i>	(27)	(212)
Net cash outflow before financing activities	(1,237)	(1,473)
Net interest paid	(83)	(69)
Lease rentals, other receipts and payments	(86)	(93)
Net cash outflow before financing	(1,406)	(1,635)



Debt profile and balance sheet

Debt profile

22%

Net debt to total assets

33%

Net debt to shareholders equity

1.5%

Weighted average gross interest rate

1.9 years

Average committed facility maturity

57%

Fixed to floating interest rate ratio

Balance sheet

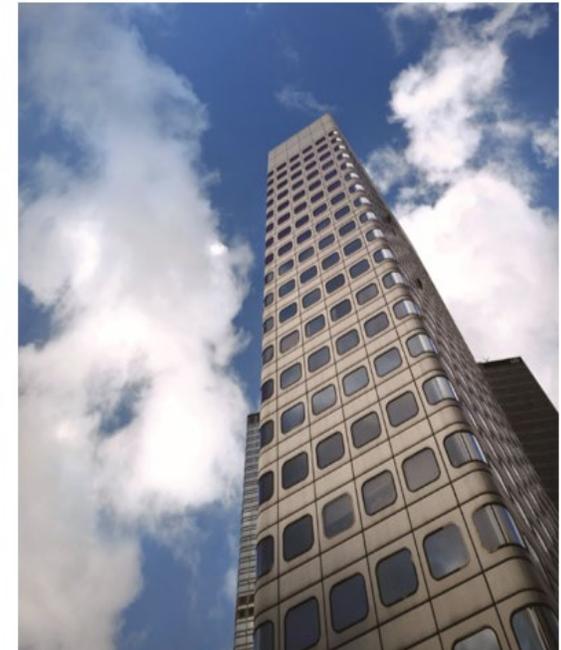
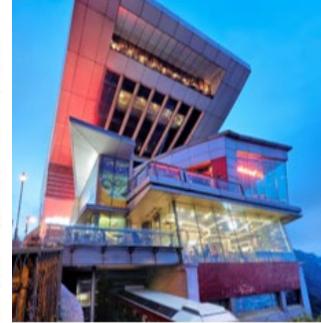
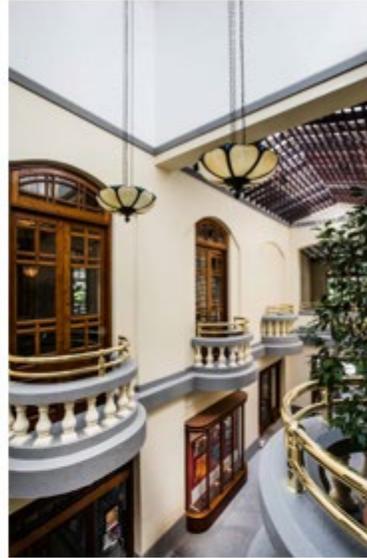
(HK\$ million)	As at 30-Jun-21	As at 31-Dec-20
Total cash	509	520
Total assets	54,573	53,679
Total debt	12,451	11,182
Net debt	11,942	10,662
Shareholders equity	36,459	36,844

Note: Debt related metrics exclude lease liabilities.

The Peninsula Hotels



Commercial Properties



Clubs & Services



Project update



Outlook

- Outlook remains uncertain, difficult to predict when international travel can resume to normal levels
- Rising cases of the Delta variant and challenges in sourcing labor for the hospitality market are of concern
- China and United States seeing rebound in business levels, but Hong Kong businesses remain dependent on borders reopening
- Focused on managing cost and programmes of London and Istanbul developments
- The Peak Tram second phase of temporary suspension underway and will be completed in December 2021
- Remain focused on the very long term





Q & A

