



The Hongkong and Shanghai Hotels  
**2022 Interim Results**

5 August 2022

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# 1H 2022 Review

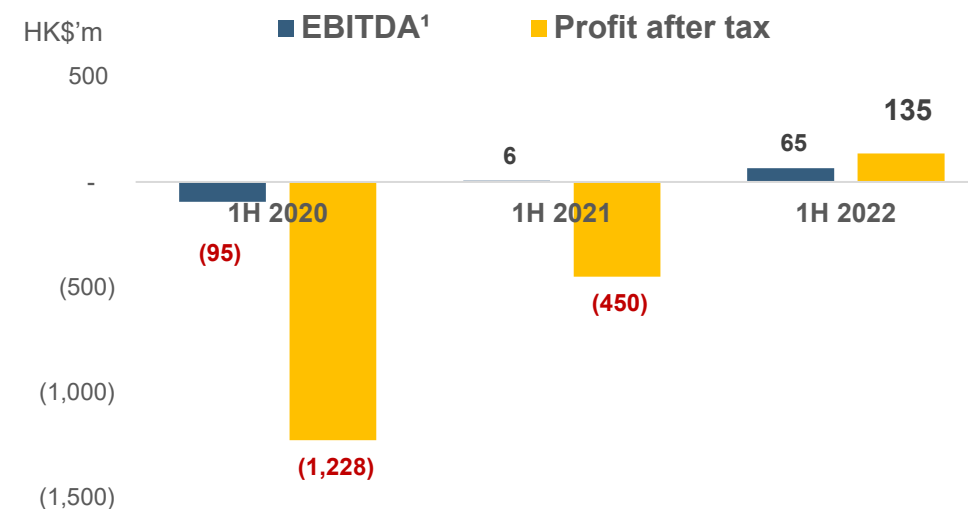
- First half seen some positive momentum but business results heavily affected by Covid situation
- Hong Kong and mainland China suffered from further COVID-19 travel restrictions
- Strong recovery in the US and Paris, with record high rates
- Achieved 1<sup>st</sup> positive Operating Cashflow after normal capex post-COVID
- A key challenge is the significant labour shortage in the US and Europe, together with inflation
- Immediate focus remains on successful delivery of new hotel projects in London and Istanbul.
- Peak Tram upgrade planned reopening in late summer 2022
- Committed financings in place can comfortably meet the group's operating cash requirements
- No dividend proposed



# Modest recovery in 1H 2022

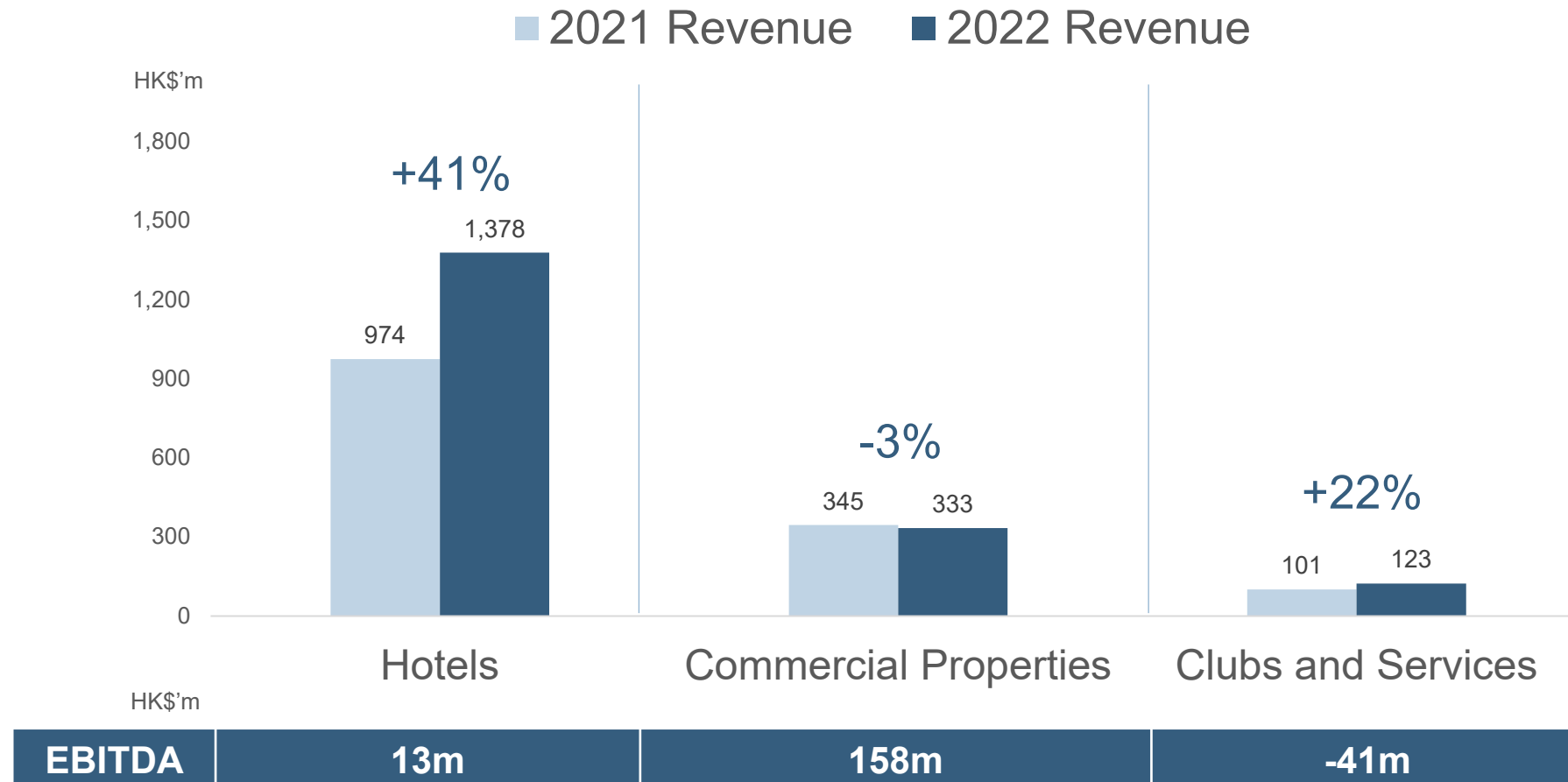
(HK\$ million)			
Six months ended 30 June	2022	2021	Change
<b>Revenue</b>	<b>1,662</b>	1,264	31%
Operating costs	<b>(1,553)</b>	(1,232)	-26%
<b>EBITDA before pre-opening and project expenses</b>	<b>109</b>	32	241%
Pre-opening and project expenses	<b>(44)</b>	(26)	-69%
<b>EBITDA</b>	<b>65</b>	6	983%
Depreciation and amortization	<b>(230)</b>	(250)	8%
Net financing charges	<b>(89)</b>	(75)	-19%
Share of results of JV and associates	<b>(47)</b>	(49)	4%
Increase/(Decrease) in fair value of IPs	<b>426</b>	(77)	n.a.
Profit/(Loss) before taxation	<b>125</b>	(445)	128%
Tax	<b>10</b>	(5)	n.a.
<b>Profit/(Loss) for the period</b>	<b>135</b>	(450)	130%
Underlying loss	<b>(254)</b>	(349)	27%

- Strong hotel rebound in the US and Paris (*Record high ADR vs 2019*)
- EBITDA HK\$65m and Profit After Tax saw YoY improvement



<sup>1</sup> EBITDA after pre-opening and project expenses

# Contribution by division (combined basis)



(1) Combined revenue and EBITDA including effective share of JV and Associates

# Cash flow summary

(HK\$ million)		
Six months ended 30 June	2022	2021
Operating EBITDA (before pre-opening and project expenses)	109	32
Pre-opening and project expenses	(44)	(26)
<b>Operating EBITDA after pre-opening and project expenses</b>	<b>65</b>	<b>6</b>
Tax paid	(13)	(18)
Changes in working capital	24	17
<b>Operating cashflow after tax</b>	<b>76</b>	<b>5</b>
Capital expenditure on existing assets	(60)	(99)
<b>Net cash inflow/(outflow) after normal capital expenditure</b>	<b>16</b>	<b>(94)</b>
Dividends, interest and other receipts and payments*	(134)	(169)
New projects	(1,206)	(1,143)
<i>London</i>	<i>(1,040)</i>	<i>(1,025)</i>
<i>Istanbul</i>	<i>(67)</i>	<i>(27)</i>
<i>Yangon</i>	<i>(5)</i>	<i>(40)</i>
<i>Peak Tram upgrade</i>	<i>(94)</i>	<i>(51)</i>
<b>Net cash outflow before financing</b>	<b>(1,324)</b>	<b>(1,406)</b>

\* Including hotel lease payments, repayment of shareholder's loan from PSH (2022: HK\$63m; 2021: Nil)

# Capital structure and balance sheet

## Credit metrics

**1.7%**

Weighted average gross interest rate

↑ 20bp from Dec 2021

**24%**

Net debt to total assets

**HK\$5.2bn**

Available liquidity

**1.5 years**

Average committed facility maturity

**56%**

Fixed to floating interest rate ratio

Note: Debt related metrics exclude lease liabilities.

## Balance sheet

(HK\$ million)	As at 30-Jun-22	As at 31-Dec-21
Total cash	657	479
Total assets	55,724	55,685
Net debt excluding lease payments	13,175	12,900
Shareholders equity	36,687	36,762

## Financing arranged in 2022

**HK\$1.6bn equivalent**

Of refinancing, with HK\$1bn equivalent arranged as sustainability linked loan

**HK\$400m**

Conversion of committed facilities into sustainability linked loan

**17%**

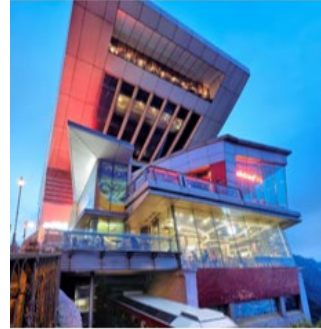
Of our total committed facilities are classified as green loan or sustainability linked loan

# The Peninsula Hotels





# Commercial Properties



# Clubs & Services



# Project update



# Outlook

- Outlook remains of concern
- Expect to continue to see a continued recovery in the US and Paris
- Hong Kong outlook remains uncertain, important for the HK government to maintain the city's status as an international financial and tourism center, and to relax travel restrictions as soon as possible
- Seeing significant challenges in sourcing labour for the hospitality market
- Optimistic for our retail arcades with positive leasing renewals & beautiful new lifestyle options in Hong Kong & Beijing
- We expect that the new hotels in London and Istanbul will further enhance our brand presence when open in 2023
- The Peak Tram second phase suspension will be completed in late summer 2022
- Robust balance sheet and comfortable liquidity buffer





# Q & A

