

Shangri-La Asia Ltd 2020 Annual Results

26 March 2021



FY2020 Results Highlights

Results highlights – FY2020 vs FY2019

USDmn	FY20	FY19	YoY (USDmn)	YoY (%)
Consolidated Revenue	1,033.4	2,431.2	(1,397.8)	-57.5%
Effective share of EBITDA	181.6	864.9	(683.3)	-79.0%
Operating PATMI	(432.1)	113.8	(545.9)	n.m.
Total PATMI	(460.2)	152.5	(612.7)	n.m.

Proposed no final dividend, our continued efforts to conserve cash

Results summary

- Hotels and residential businesses impacted by COVID-19
- Investment properties continue to provide stable base
- March marked the bottom of Operating PATMI for the Group
- Mainland China hotels and retail malls saw sustained recovery in 2H 2020

FY2020 Business update

Mitigation actions

- Launched “Shangri-La Cares”, our health and safety commitment, to ensure safety of our guests and staff
- Streamlined organisation structure and implemented cost control measures
- Maximised cash conservation, reduced capex plans and put on hold all new projects

Initiatives

- Increased focus on domestic leisure market with promotions in family and staycation packages
- Hotel vouchers programme to improve cashflow and increase business volume
- Drove F&B takeaway and delivery business
- Promoted sales of holiday goodies

FY2020 Business update

Major events of the year

Hotels

New Opening

- Shangri-La Zhoushan (January 2020)
- Shangri-La Putian (December 2020)

New hotels

- Signed management agreement with Kerry Properties Limited for Jen Hangzhou by Shangri-La (Sept 2020)
- Signed management agreement with Shenzhen Metro Group and China Vanke for Shangri-La Hotel in Shenzhen Bay Huiyun Centre (November 2020)

Other Developments

- Opened Shang Brew (management contract) in Shougang Park, Beijing, Mainland China (October 2020)
- Opened office building Shangri-La Centre, Wuhan, Mainland China (November 2020)

Strong balance sheet

- Group cash at USD991mn as at 31 December 2020
- Total committed undrawn facilities at USD1.3bn as at 31 December 2020

Financial Highlights – FY20 Actual vs FY19 Actual

In USD million	FY20	FY19	FY20 v FY19	% Change	2H 20	1H 20	2H 20 v 1H 20	% Change
Revenue	1,033.4	2,431.2	(1,397.8)	(57.5%)	579.9	453.5	126.4	27.9%
Effective share of Revenue (Note 1)	1,496.3	2,916.0	(1,419.7)	(48.7%)	878.5	617.8	260.7	42.2%
EBITDA	(84.9)	584.0	(668.9)	nm	(10.1)	(74.8)	64.7	86.5%
<i>EBITDA Margin</i>	<i>nm</i>	<i>24.0%</i>			<i>nm</i>	<i>nm</i>		
Effective share of EBITDA (Note 1)	181.6	864.9	(683.3)	(79.0%)	153.8	27.8	126.0	453.2%
<i>Effective EBITDA Margin</i>	<i>12.1%</i>	<i>29.7%</i>		<i>-17.5%</i>	<i>17.5%</i>	<i>4.5%</i>		<i>13.0%</i>
Operating Segment PATMI	(288.1)	279.6	(567.7)	nm	(89.9)	(198.2)	108.3	54.6%
Corporate, Pre-Opening Expenses and FX	(25.9)	(34.9)	9.0	25.8%	(28.4)	2.5	(30.9)	nm
Interest Expenses (net)	(118.1)	(130.9)	12.8	9.8%	(58.4)	(59.7)	1.3	2.2%
Operating PATMI	(432.1)	113.8	(545.9)	nm	(176.7)	(255.4)	78.7	30.8%
Net Fair Value Change of Invest Props	(7.8)	53.6	(61.4)	nm	20.1	(27.9)	48.0	nm
Impairment Loss for Hotel Props	(13.9)	(20.4)	6.5	31.9%	(13.9)	0.0	(13.9)	nm
Other non-operating items	(6.4)	5.5	(11.9)	nm	(7.1)	0.7	(7.8)	nm
Total PATMI	(460.2)	152.5	(612.7)	nm	(177.6)	(282.6)	105.0	37.2%

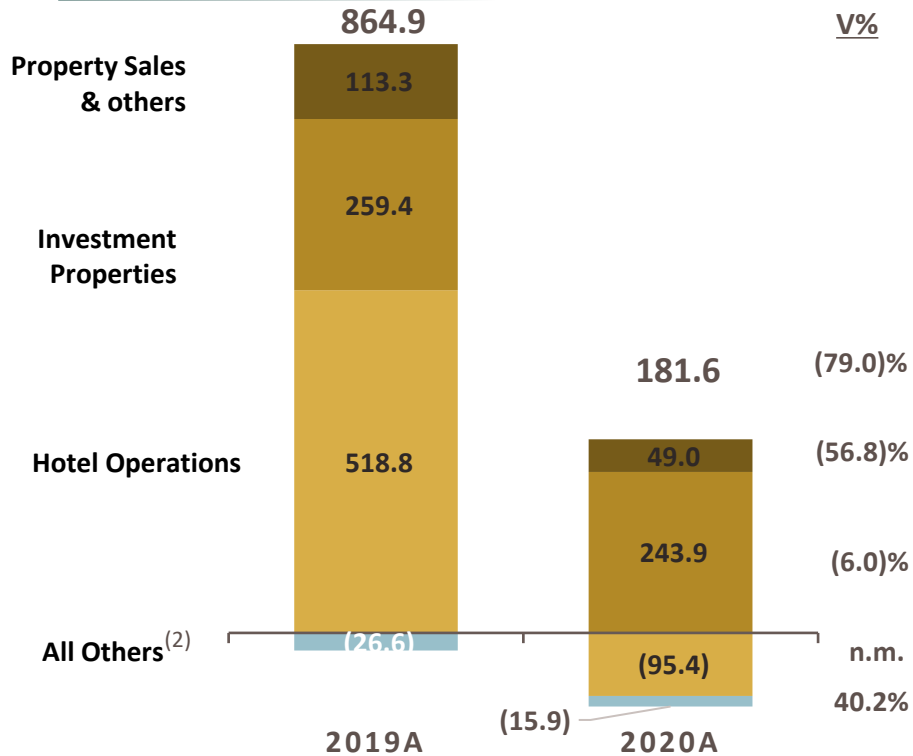
(1) Effective Share of Revenue and EBITDA - include the effective share of Revenue and EBITDA of subsidiaries and associated companies

Effective Share of EBITDA by Segment – FY20 Actual vs FY19 Actual

In USD million

Effective Share of EBITDA ⁽¹⁾

2020 Actual vs 2019 Actual



- Hotel Properties – decreased USD614.2mn to USD(95.4)mn
 - Mainland China decreased USD166.8mn
 - Hong Kong decreased USD102.3mn
 - The Philippines decreased USD94.1mn
 - SLIM* decreased USD41.2mn
- Investment Properties – decreased USD15.5mn to USD243.9mn
 - Mainland China decreased USD13.9mn
 - Singapore decreased by USD2.2mn
 - Partially offset by Sri Lanka and Mongolia increase of USD2.4mn
- Property Sales & Others – decreased USD64.3m to USD49.0mn
 - Sri Lanka (One Galle Face, Colombo) decreased USD73.3mn
 - Partially offset by Mainland China increase of USD8.8m

*SLIM is our hotel management subsidiary, operating expenses increased due to investments in near term to drive future efficiency and business development

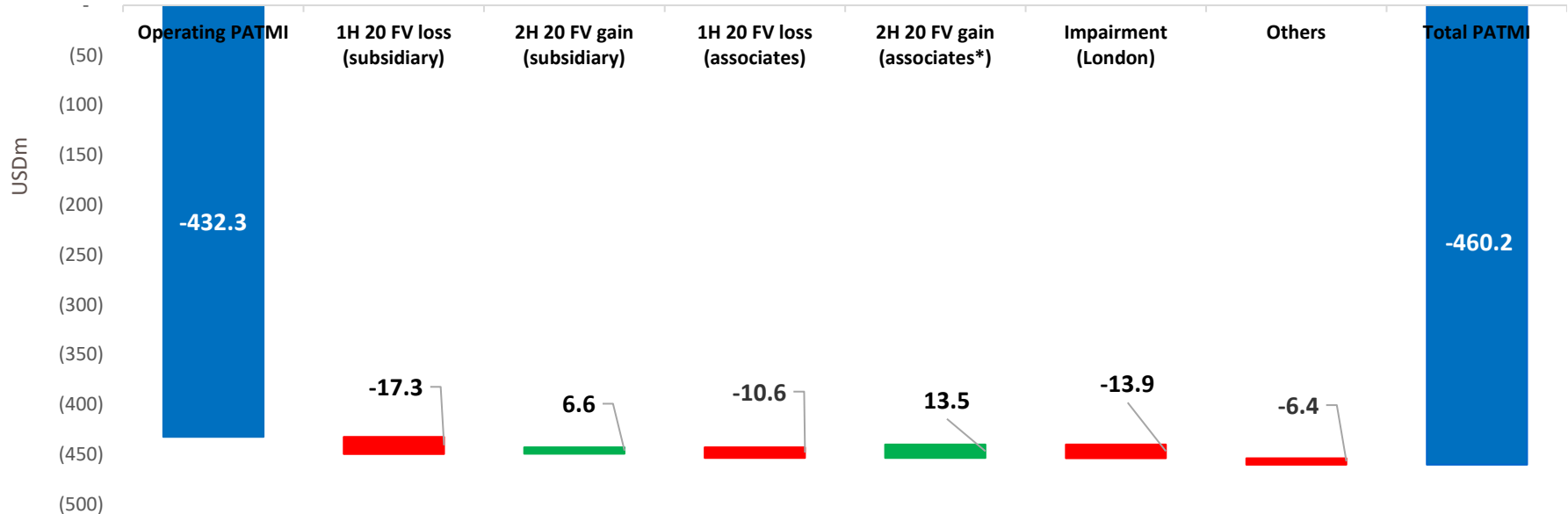
(1) Effective Share of EBITDA - include the effective share of EBITDA of subsidiaries and associated companies

(2) All Others – include corporate expenses and pre-opening expenses

Financial Highlights – FY2020 Non-operating items

- Fair value of subsidiary investment properties increased in 2H 20 with ramping up of Sri Lanka and Ulaanbaatar IPs, as well as commenced development of Fuzhou mixed used project
- Fair value gains of associate investment properties due to resilient retail sales in key cities in China

Total PATMI movements



* Mainly China World Trade Center, Jing An Kerry Centre, Hangzhou Kerry Centre



Corporate Finance and Treasury Update

Cash, Debt and Gearing Summary (as at 31 Dec 2020)

- Weighted average term decreased by 0.15 years due to shorter tenor loans
- Cash & cash equivalent and committed undrawn facilities remained stable at ~USD2bn

Gross Debt*

\$5.7bn ↑ \$0.5bn

Net Debt*

\$4.7bn ↑ \$0.5bn

Net Debt/EBITDA*

-ve ↔ nm

EBITDA/Interest Expense*

-ve ↔ nm

Cash & cash equivalent

\$991mn

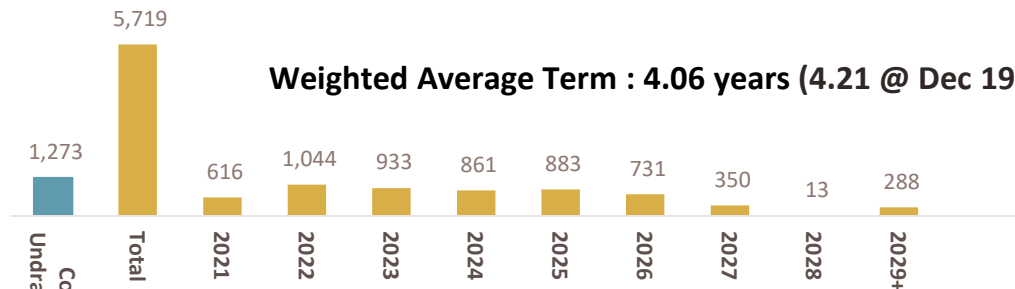
Committed Undrawn Facilities

\$1.3bn**

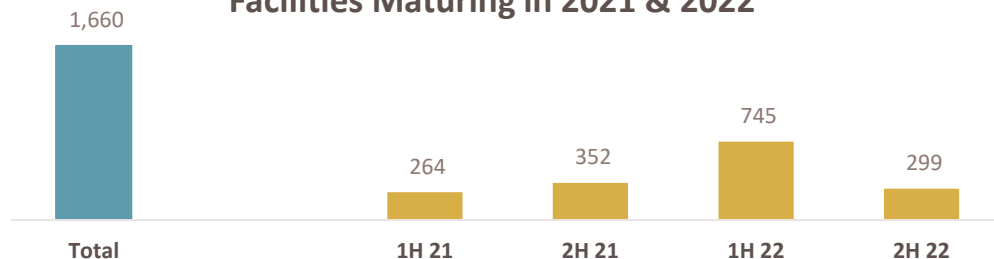
% Debt at fixed rate

59.5%

Weighted Average Term : 4.06 years (4.21 @ Dec 19)



Facilities Maturing in 2021 & 2022

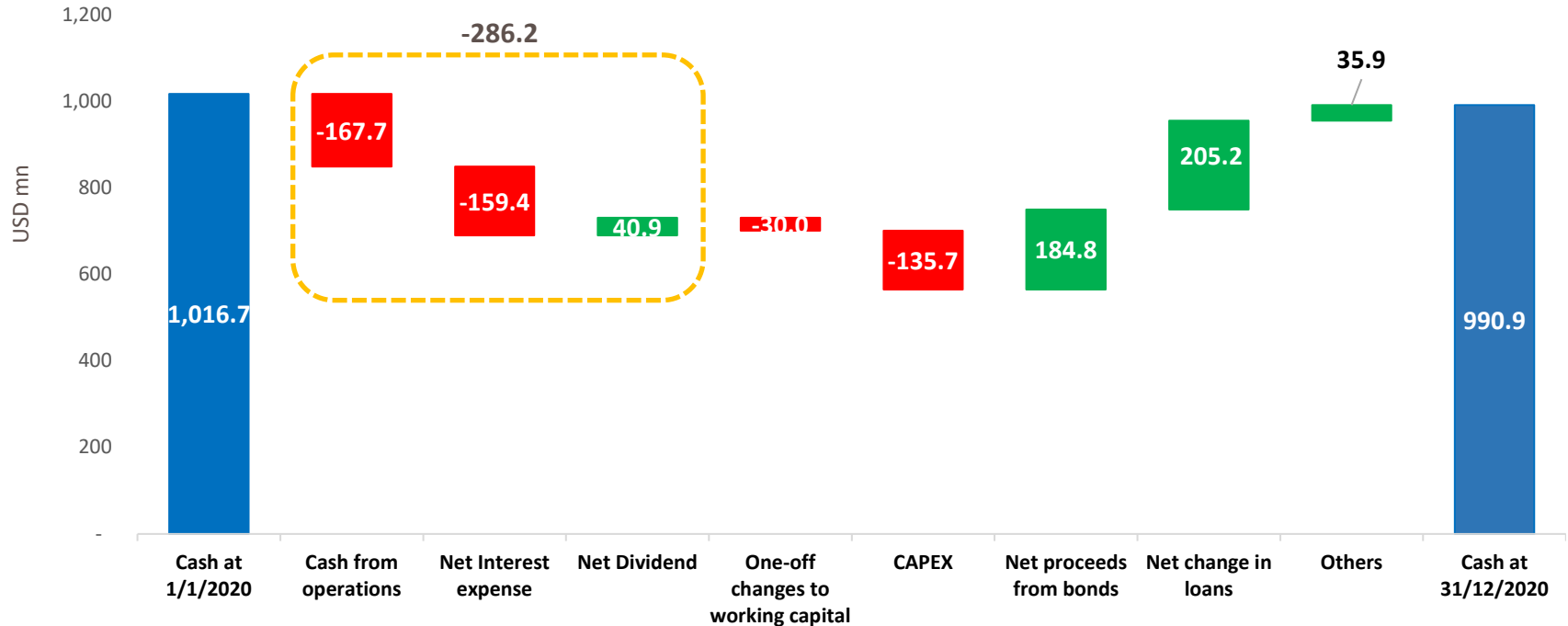


* Compared to 31 Dec 19

** USD2.0bn before adjusting for facilities

Cashflow 2020

Operations cash burn at USD286mn
Reduced CAPEX drastically to USD136mn





COVID-19 Update

2021 Outlook Summary

Outlook

China Consumption robust

- Domestic consumption driven by:
 - Pent up demand from savings rate spike and economic recovery
 - Dual Circulation policy
 - Consumption backflow from curtailed outbound travel

Premiumization to continue

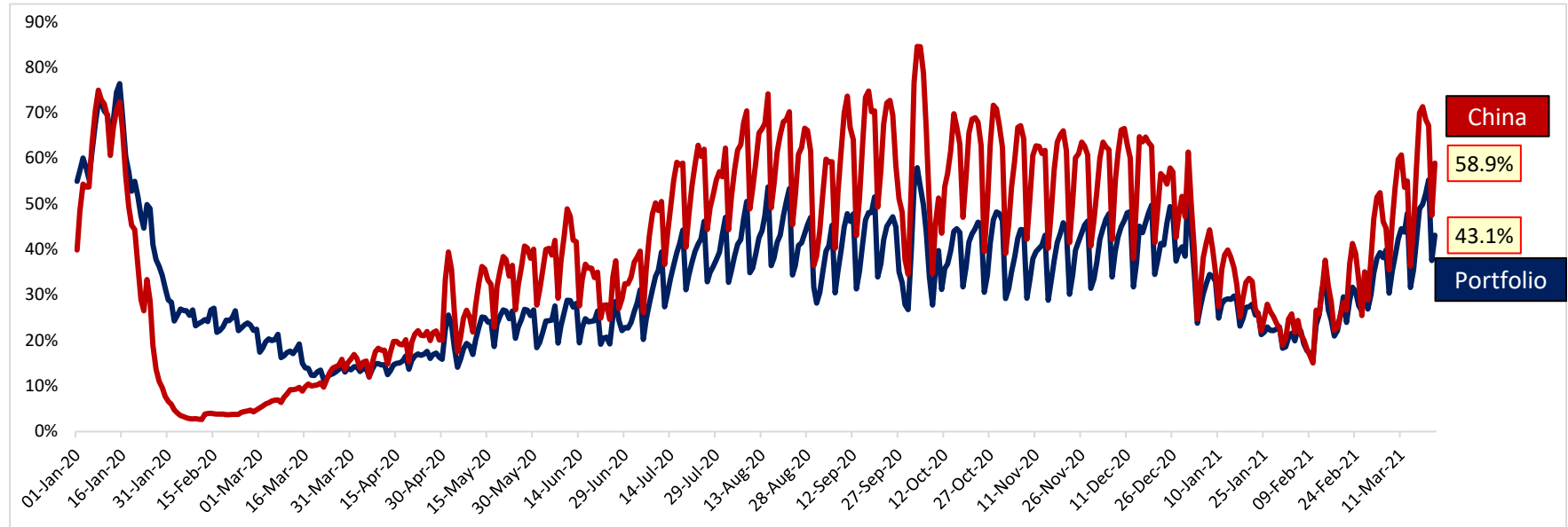
- Affluent household income resilient
- Premium products growth outperformed in 2020 and likely to continue

SEAA and Rest of Asia benefit IF vaccine works + borders reopen + no quarantine

- Within SEAA, optimistic on Australia and Singapore
- However, travel recovery depends on
 - Vaccine effectiveness
 - Reopening of Borders
 - No quarantine

Mainland China recovery sustained

- Mainland China hotel occupancy bottomed in February 2020
- Mainland China as a region achieved positive EBITDA since June, supported by domestic consumption
- Chinese New year F&B sales recovered to 2019 levels.
 - Chinese New Year Goodies sales have exceeded both 2019 and 2020's respectively
- Investment Property continues to be resilient



Strategy looking ahead

Two broad strategies:

1) Drive topline (China)

- continue to drive topline leveraging on China consumption growth

2) Cost and cash management (Non-China)

- Extended voluntary wage reduction of senior staff and directors by up to 30%
- Apply voluntary no-pay leave for others, hiring freeze
- 2021 to see full year impact on restructuring and streamlining of operational and headcount costs

At Group level:

- Proposed no final dividend for 2020
- Discipline approach towards 2021 CAPEX



Appendix

Owned Hotels Under Development

<u>Property Name (# of keys)</u>	<u>Group's Equity Interest</u>	<u>Projected Opening</u>
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Subsidiaries

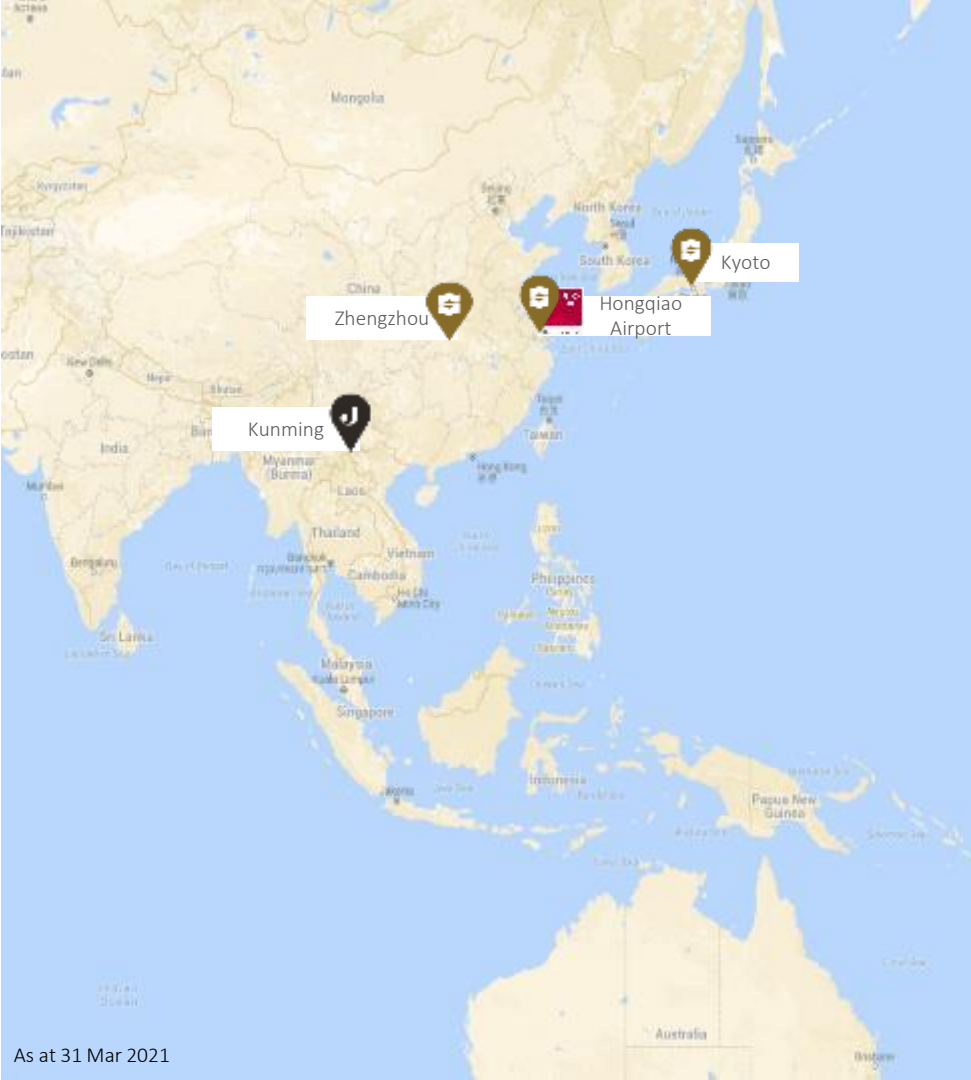
 Shangri-La Hotel, Kyoto (80-100)	100%	2024
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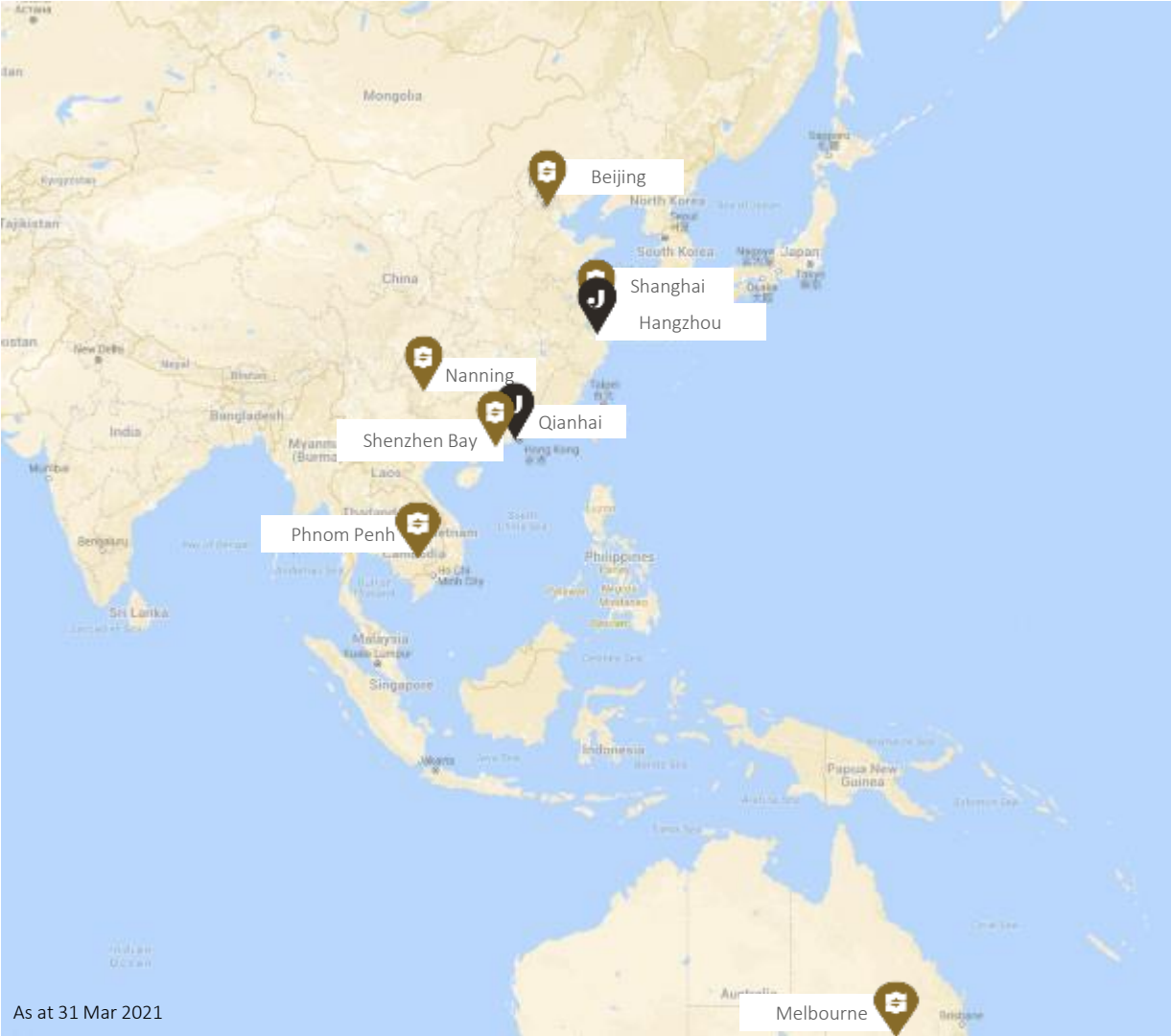
Operating lease agreement

 Shangri-La Hotel, Hongqiao Airport (610)		2024
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JV with Kerry Properties Limited

 Jen Kunming by Shangri-La (274)	45%	2023
 Shangri-La Hotel, Zhengzhou (211)	45%	2024

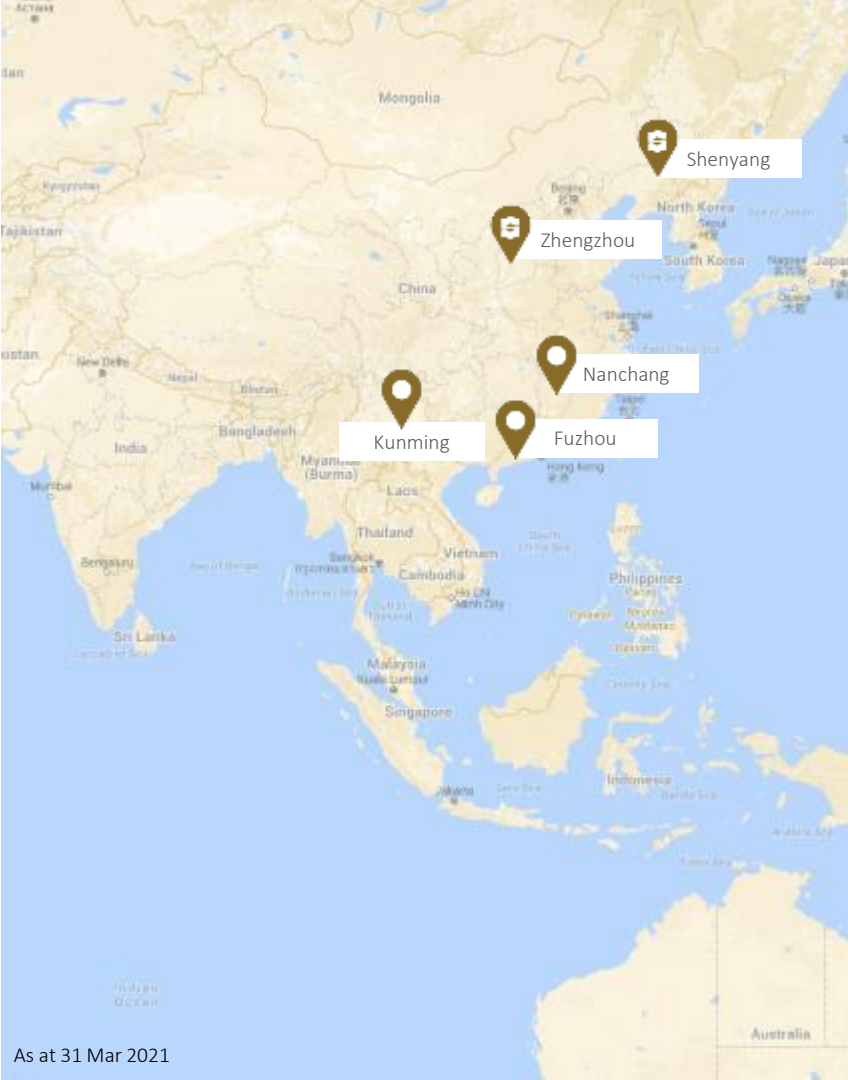




Managed Hotels Under Development (# of keys)

-  Shangri-La Hotel, Qian Tan (585)
-  Shangri-La Hotel, Nanning, (320)
-  Shangri-La Hotel, Shougang Park, BJ (282)
-  Shangri-La Hotel, Jeddah (217)
-  Shangri-La Phnom Penh, Cambodia (303)
-  Jen Qianhai by Shangri-La, Shenzhen (368)
-  Shangri-La Hotel, Melbourne (492)
-  Shangri-La Hotel, Bahrain (245)
-  Shangri-La Hotel, Shenzhen Bay (271)
-  Jen Hangzhou by Shangri-La (237)

Composite Projects Under Development



Subsidiaries

- Phase II of Shangri-La Hotel, Fuzhou***
 - Equity interest: 100%
 - Component: Office + Retail
 - Projected opening: 2023
 - GFA: 68,622 sqm

Joint Ventures with Kerry Properties Limited

- Nanchang City Project**
 - Equity interest: 20%
 - Phase I: Hotel & residential completed
 - Phase II – Basement under construction
 - Projected opening: Phase II 2023
 - GFA: 95,847 sqm
- Shenyang Kerry Centre (Phase II & III)**
 - Equity interest: 25%
 - Part of phase II development: offices and residential completed
 - Phase III – Residential superstructure under construction
 - Projected opening: Phased opening from 2022
 - GFA: 562,582 sqm

Joint Ventures with KPL (Cont'd)

- Kunming City Project***
 - Equity interest: 45%
 - Component : Hotel, Commercial & Residential
 - Projected opening : 2023
 - GFA: 64,681 sqm
- Zhengzhou City project**
 - Equity interest: 45%
 - Component : Hotel, Office, Commercial & Residential
 - Projected opening : Phased opening from 2023
 - GFA: 197,850 sqm
- Tianjin Kerry Centre (Phase II)**
 - Equity interest: 20%
 - Component: Office, Commercial & Residential
 - Projected opening: 2025
 - GFA: 138,671 sqm

*Managed by Shangri-La Asia

EBITDA & eff. Share of EBITDA – 31 Dec 2020 vs 31 Dec 2019

		EBITDA of subsidiaries		Effective share of EBITDA of subsidiaries		Effective share of EBITDA of associates		Aggregate Effective share of EBITDA	
		2020	2019	2020	2019	2020	2019	2020	2019
<i>(USD million)</i>									
Hotel Properties	The People's Republic of China								
	Hong Kong	(46.7)	63.4	(43.1)	57.6	(0.7)	0.9	(43.8)	58.5
	Mainland China	74.7	205.8	68.6	190.5	15.4	60.3	84.0	250.8
	Singapore	4.9	59.8	5.1	59.9	2.6	5.7	7.7	65.6
	Malaysia	(18.0)	31.2	(9.8)	18.0	(0.7)	7.8	(10.5)	25.8
	The Philippines	(24.8)	58.4	(24.6)	57.1	(1.1)	11.3	(25.7)	68.4
	Japan	(2.8)	13.9	(2.8)	13.9	–	–	(2.8)	13.9
	Thailand	(5.5)	32.8	(4.0)	24.3	–	–	(4.0)	24.3
	France	(12.2)	(3.1)	(12.2)	(3.1)	–	–	(12.2)	(3.1)
	Australia	3.1	18.3	3.1	18.3	–	–	3.1	18.3
	United Kingdom	(5.7)	10.4	(5.7)	10.4	–	–	(5.7)	10.4
	Mongolia	(2.1)	2.3	(1.0)	1.3	–	–	(1.0)	1.3
	Sri Lanka	(6.2)	(0.3)	(5.5)	(0.3)	–	–	(5.5)	(0.3)
	Other countries	(14.9)	2.8	(10.4)	2.8	(1.0)	8.5	(11.4)	11.3
		(56.2)	495.7	(42.3)	450.7	14.5	94.5	(27.8)	545.2
Hotel Management and Related Services		(67.6)	(26.4)	(67.6)	(26.4)	–	–	(67.6)	(26.4)
Sub-total Hotel Operations		(123.8)	469.3	(109.9)	424.3	14.5	94.5	(95.4)	518.8
Investment Properties	Mainland China	12.6	10.4	11.4	9.5	207.2	223.0	218.6	232.5
	Singapore	4.6	5.6	4.6	5.6	3.1	4.3	7.7	9.9
	Malaysia	3.5	4.4	1.8	2.3	–	–	1.8	2.3
	Mongolia	14.7	12.5	7.5	6.4	–	–	7.5	6.4
	Sri Lanka	0.6	(0.9)	0.5	(0.8)	–	–	0.5	(0.8)
	Other countries	13.7	15.6	7.8	9.1	–	–	7.8	9.1
Sub-total Investment Properties		49.7	47.6	33.6	32.1	210.3	227.3	243.9	259.4
Property Development For Sale & Other Business		2.5	93.5	1.5	84.4	47.5	28.9	49.0	113.3
Sub-total		(71.6)	610.4	(74.8)	540.8	272.3	350.7	197.5	891.5
Corporate and pre-opening expenses		(13.3)	(26.4)	(13.3)	(26.1)	(2.6)	(0.5)	(15.9)	(26.6)
Grand total		(84.9)	584.0	(88.1)	514.7	269.7	350.2	181.6	864.9