

# 2022

## INTERIM RESULTS ANALYST BRIEFING

11th August 2022 | Hong Kong



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# AGENDA

Financial Highlights and Group Corporate Strategy

1H2022 Financial Performance

Business Review

Sustainability and ESG Update

Outlook

Q&A





# FINANCIAL HIGHLIGHTS AND GROUP CORPORATE STRATEGY

Guy Bradley, Chairman

# SWIRE PACIFIC – 2022 FIRST HALF PERFORMANCE

- ▶ Focused on **Greater China and South East Asia**, where the Company seeks to grow its **three core divisions** and make new investments in growth areas such as **healthcare**.
- ▶ Challenging business environment adversely affected by COVID-19, inflation and increased economic uncertainty.
- ▶ Results show the resilience of our diverse portfolio and our people.

## PROPERTY



- Implementing the HK\$100Bn investment plan
- Taikoo Place strengthening its position as a global business district
- Chinese Mainland investments continue to add scale with Taikoo Li Xi'an

## BEVERAGES



- Acquisition of franchise territories in Vietnam and Cambodia (US\$1,015m)
- Restructuring of the Coca-Cola still beverage production facilities in the Chinese Mainland

## AVIATION



- Difficulties continue due to COVID-19 related travel restrictions
- Increased capacity and improved performance in 2nd quarter, becoming cash positive

## FINANCIAL HEALTH

- Strong balance sheet with gearing at 13.6%
- HK\$39Bn of available liquidity

## DIVIDENDS AND SHARE BUYBACK

- 15% increase of 1st interim dividend to HK\$1.15 per 'A' share
- Announced share buyback plan of up to HK\$4Bn

# 1H2022 PERFORMANCE HIGHLIGHTS

A difficult first half due to COVID-19

## Underlying Profit

***HK\$1,729m***

Jun 2021: HK\$1,256m

## Recurring Underlying Profit

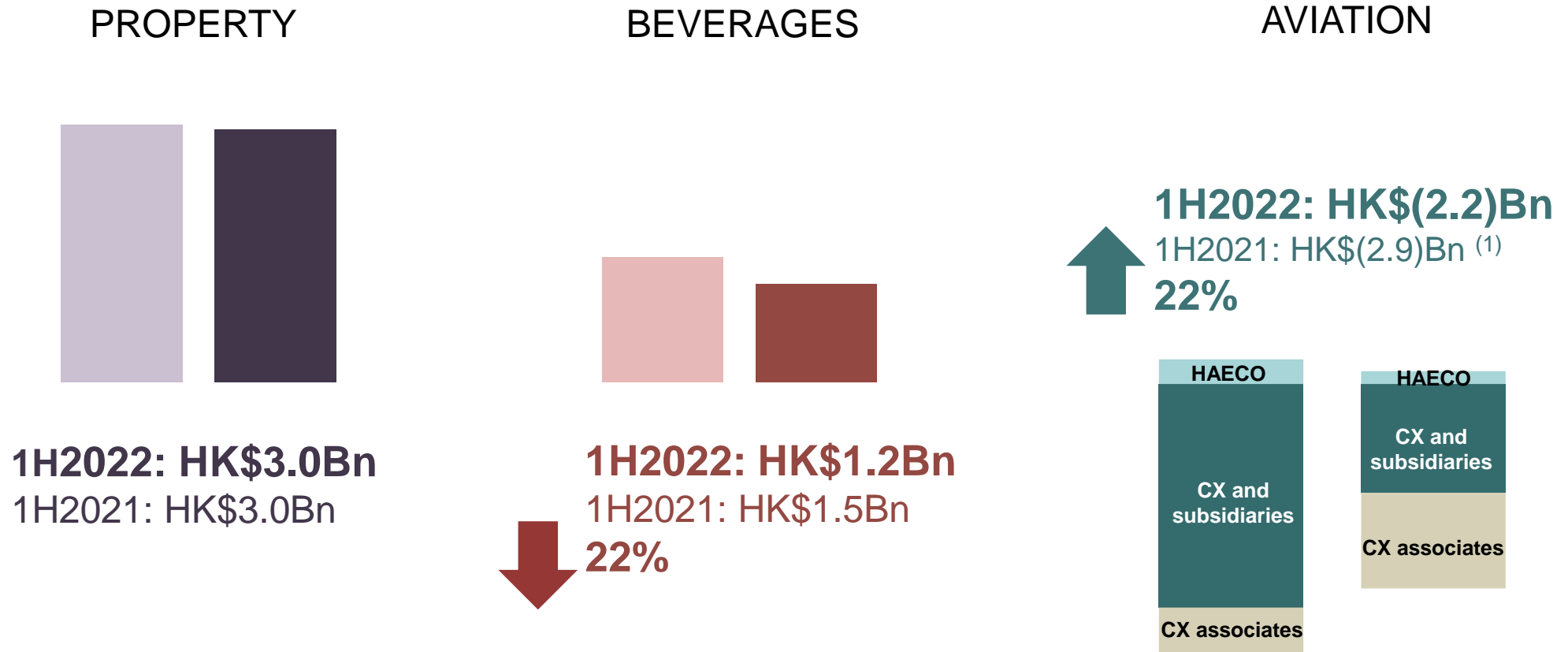
***HK\$1,249m***

Jun 2021: HK\$786m

*Note: Refer to slide 14 for detailed reconciliation of underlying and recurring underlying profits.*

# RESILIENCE SHOWN BY OUR THREE CORE DIVISIONS

Recurring Underlying Profit



(1) Excluding attributable share of post-tax impairment charges and restructuring costs of Cathay Pacific group of HK\$397m in 1H2021.

# STRONG FINANCIAL POSITION AND INCREASED DIVIDENDS

## *Gearing Ratio*

Dec 2021: 11.9%

**13.6%**

*Allows for investment potential*

*If gearing maintained below 30%*

**HK\$52.7Bn**

## *Underlying Cash Interest Cover*

Dec 2021: 6.2 times

**6.6 times**

## *Dividend per 'A' Share*

Jun 2021: HK\$1.00

**HK\$1.15**



# 1H2022 DIVIDENDS AND SHARE BUYBACK

## Dividend Policy

To deliver sustainable growth in dividends and to pay out not less than half of our recurring underlying profit (excluding our share of the results of Cathay Pacific, but including all dividends received from that company) by way of ordinary dividends over time.

|                                      | 1H2022      | 1H2021      |
|--------------------------------------|-------------|-------------|
| <b>Dividend per 'A' Share (HK\$)</b> | <b>1.15</b> | <b>1.00</b> |
| <i>(vs 1H2021)</i>                   | <b>+15%</b> |             |

|  | 1H2022    | 1H2021    |
|--|-----------|-----------|
| Recurring underlying profit (excluding CX)               | HK\$3.6Bn | HK\$3.9Bn |
| Recurring underlying profit (excluding CX) per 'A' share | HK\$2.42  | HK\$2.62  |

## Share Buyback

The Company has announced a share buyback programme of up to HK\$4Bn.



# 1H2022 FINANCIAL PERFORMANCE

Martin Murray, Finance Director

# 1H2022 FINANCIAL SUMMARY

## Recurring Underlying Profit

Jun 2021: HK\$786m  
**Jun 2022: HK\$1,249m**

## Underlying Profit

Jun 2021: HK\$1,256m  
**Jun 2022: HK\$1,729m**

## Statutory Profit/(Loss)

Jun 2021: HK\$(792)m  
**Jun 2022: HK\$1,891m**

### Revenue

Jun 2021: HK\$46,738m

**Jun 2022: HK\$44,596m**

**-5%**

### Equity Attributable to the Company's Shareholders

Dec 2021: HK\$266,950m

**Jun 2022: HK\$264,401m**

**-1%**

### Dividends per Share

Jun 2021:

HK\$1.00 per 'A' share

HK\$0.20 per 'B' share

**Jun 2022:**

**HK\$1.15 per 'A' share**

**HK\$0.23 per 'B' share**

**+15%**

### Cash Generated from Operations

Jun 2021: HK\$10,657m

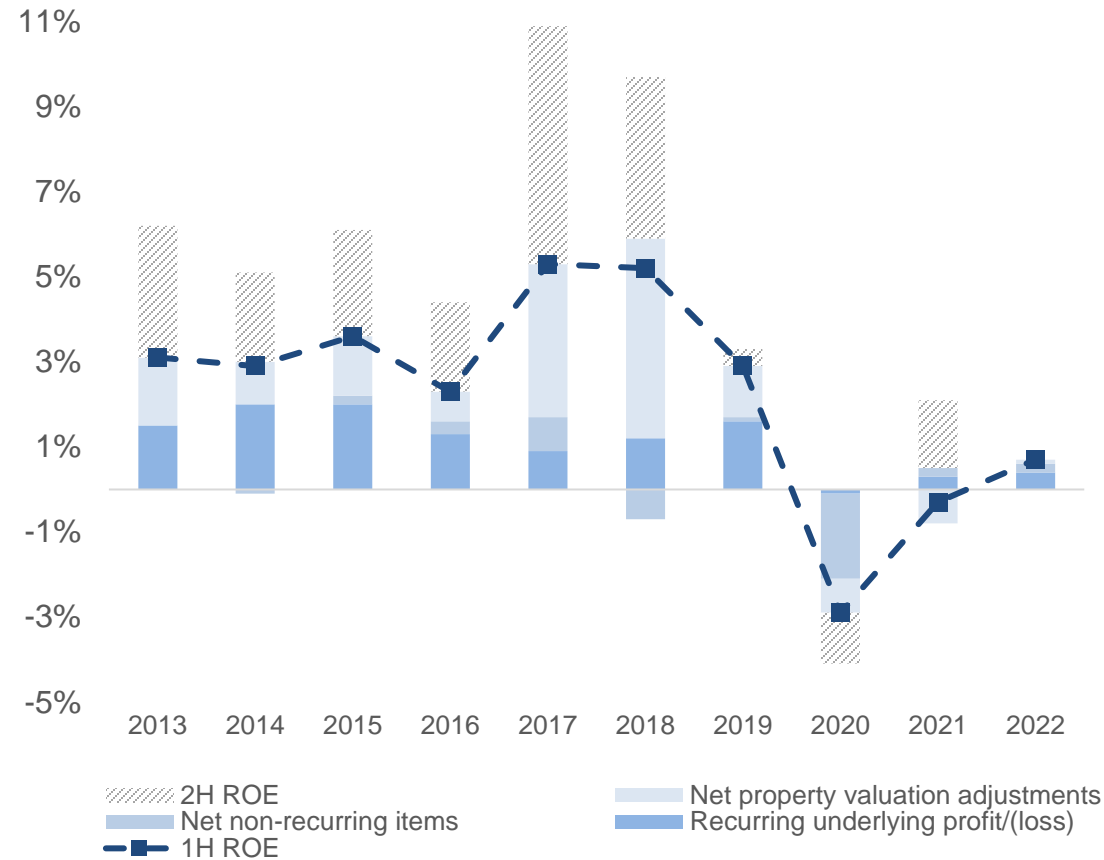
**Jun 2022: HK\$6,147m**

**-42%**

*Note: All figures included continuing and discontinued operations.*

# 1H2022 FINANCIAL SUMMARY – RETURN ON EQUITY

## Return on Equity



## Return on Equity

Derived from:

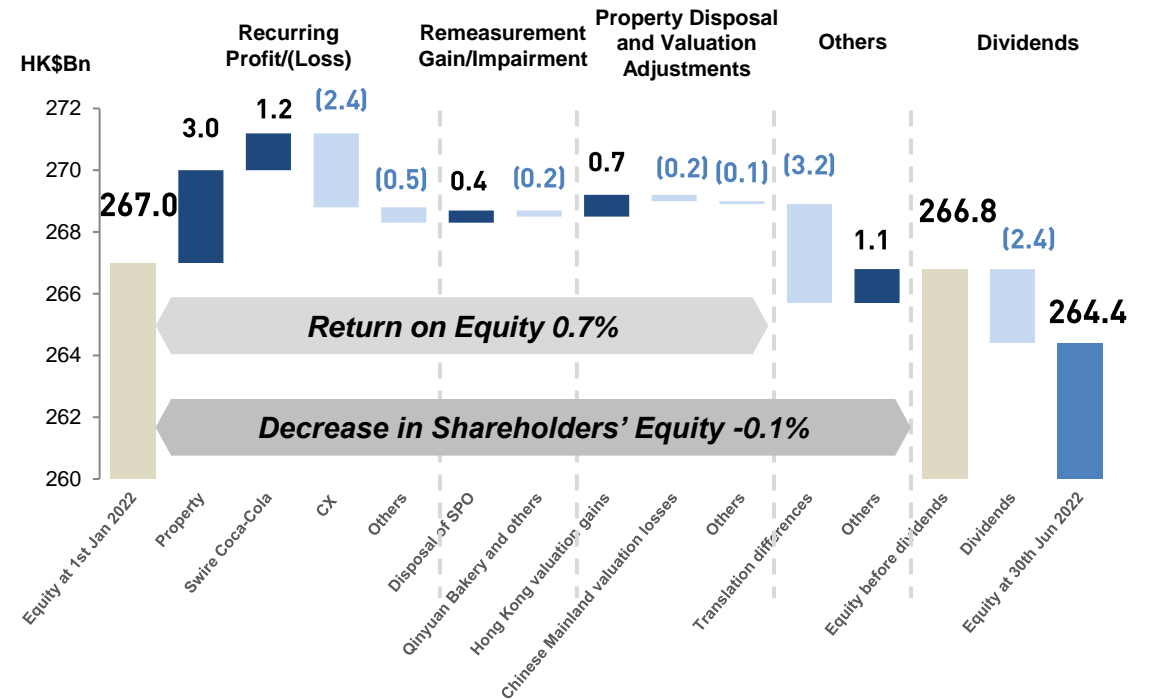
Recurring underlying profit

Net non-recurring items

Net property valuation adjustments

|                         | 1H2022      | 5-year 1H average |
|-------------------------|-------------|-------------------|
| <b>Return on Equity</b> | <b>0.7%</b> | <b>1.1%</b>       |

|                                    |      |       |
|------------------------------------|------|-------|
| Recurring underlying profit        | 0.4% | 0.7%  |
| Net non-recurring items            | 0.2% | -0.5% |
| Net property valuation adjustments | 0.1% | 0.9%  |



# 1H2022 FINANCIAL SUMMARY – PROFIT/(LOSS) BY DIVISION

|  | Underlying Profit/(Loss) |                   | Recurring Underlying Profit/(Loss) |                   |
|--|--------------------------|-------------------|------------------------------------|-------------------|
|  | Jun 2022<br>HK\$M        | Jun 2021<br>HK\$M | Jun 2022<br>HK\$M                  | Jun 2021<br>HK\$M |
| Property   | 3,378                    | 3,682             | 2,971                              | 3,029             |
| Beverages  | 1,152                    | 1,471             | 1,152                              | 1,471             |
| Aviation   |                          |                   |                                    |                   |
| - Cathay Pacific group <sup>(1)</sup>            | (2,385)                  | (3,543)           | (2,385)                            | (3,146)           |
| - HAECO group and others <sup>(1)</sup>          | 149                      | 289               | 149                                | 289               |
| Trading & Industrial                             | (311)                    | 71                | 113                                | 47                |
| Marine Services <sup>(2)</sup>                   | 442                      | 136               | 17                                 | (71)              |
| Head Office, Healthcare and others               | (696)                    | (850)             | (768)                              | (833)             |
| <b>Total (including discontinued operations)</b> | <b>1,729</b>             | <b>1,256</b>      | <b>1,249</b>                       | <b>786</b>        |

*(1) Including consolidation adjustments.*

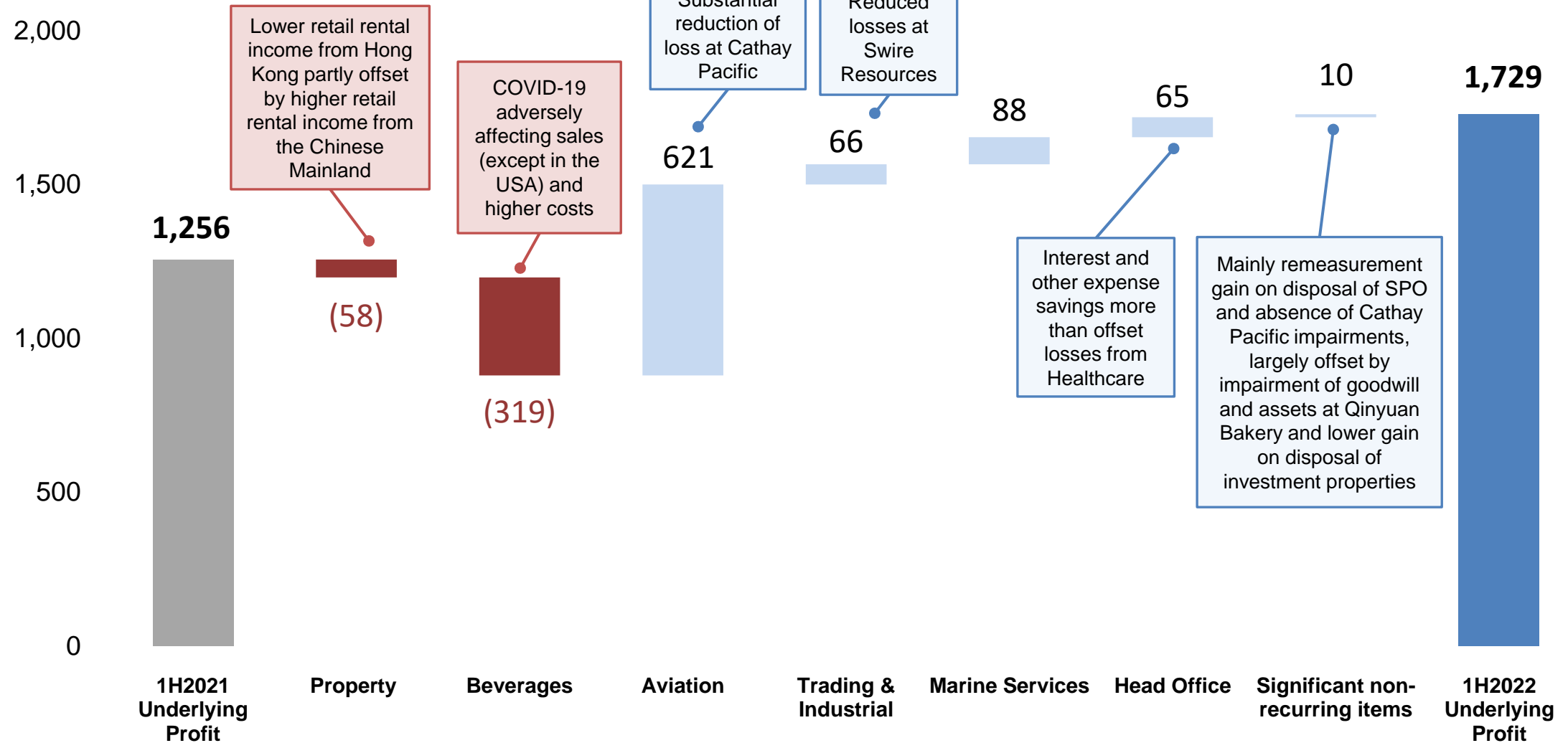
*(2) Including the net effect on profits of the disposal of SPO in 2022.*

# 1H2022 FINANCIAL SUMMARY – RECONCILIATION OF UNDERLYING AND RECURRING UNDERLYING PROFITS

|   | Jun 2022<br>HK\$M | Jun 2021<br>HK\$M |   |
|---|-------------------|-------------------|---|
| <b>Attributable profit/(loss)</b>   | 1,891             | (792)             |   |
| Adjustments in respect of investment properties   | (162)             | 2,048             |   |
| <b>Underlying profit attributable to the Company's shareholders</b>                                 | <b>1,729</b>      | <b>1,256</b>      |   |
| Significant non-recurring items:  |                   |                   |   |
| Gain on disposal of interests in investment properties  | (266)             | (653)             | Lower gain from disposal of Taikoo Shing carparks   |
| Impairment of property, plant and equipment, right-of-use assets, intangible assets and investments | 424               | 226               | Absence of impairments at Cathay Pacific but goodwill and asset impairments at Qinyuan Bakery in 2022 |
| Restructuring costs at Cathay Pacific group   | -                 | 155               |   |
| Remeasurement gain on disposal of SPO   | (418)             | -                 |   |
| Gain on disposal of property, plant and equipment and other assets and investments                  | (220)             | (198)             |   |
| <b>Recurring underlying profit</b>  | <b>1,249</b>      | <b>786</b>        |   |

# 1H2022 IMPROVEMENT IN UNDERLYING PROFIT

HK\$M



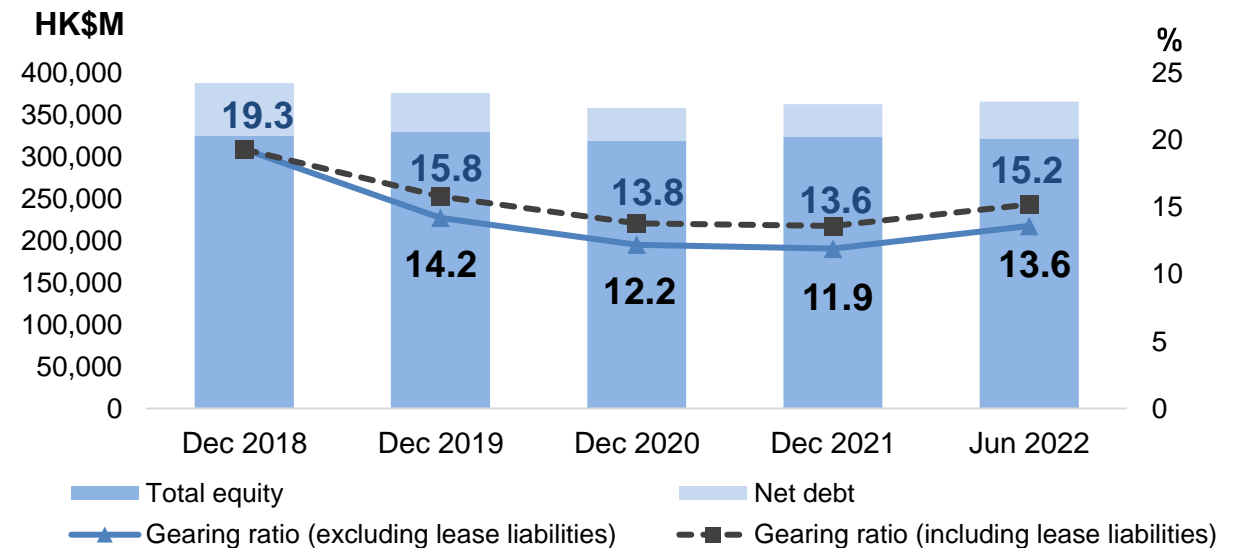
# 1H2022 FINANCIAL SUMMARY – STRONG FINANCIAL POSITION

## Net Debt Movements (HK\$Bn)

|                                   |             |
|-----------------------------------|-------------|
| Net debt at 1st January 2022      | 38.7        |
| Cash from operations              | (6.1)       |
| Disposal proceeds                 | (1.0)       |
| Capex and investments             | 7.3         |
| Net dividends paid                | 2.9         |
| Net interest paid                 | 0.9         |
| Tax paid                          | 1.4         |
| Others                            | (0.2)       |
| <b>Net debt at 30th June 2022</b> | <b>43.9</b> |

| HK\$Bn                                 | Jun 2022 | Dec 2021 | Change % |
|--|----------|----------|----------|
| Net debt                               | 43.9     | 38.7     | +14%     |
| Net debt (including lease liabilities) | 49.0     | 44.0     | +11%     |

## Gearing Ratio



|   | Jun 2022 | Dec 2021 |
|---|----------|----------|
| Underlying cash interest cover – times                  | 6.6      | 6.2      |
| Weighted average cost of debt (%) <sup>(1)</sup>        | 3.0%     | 3.2%     |
| Gross borrowings on fixed rate basis (%) <sup>(1)</sup> | 72%      | 84%      |

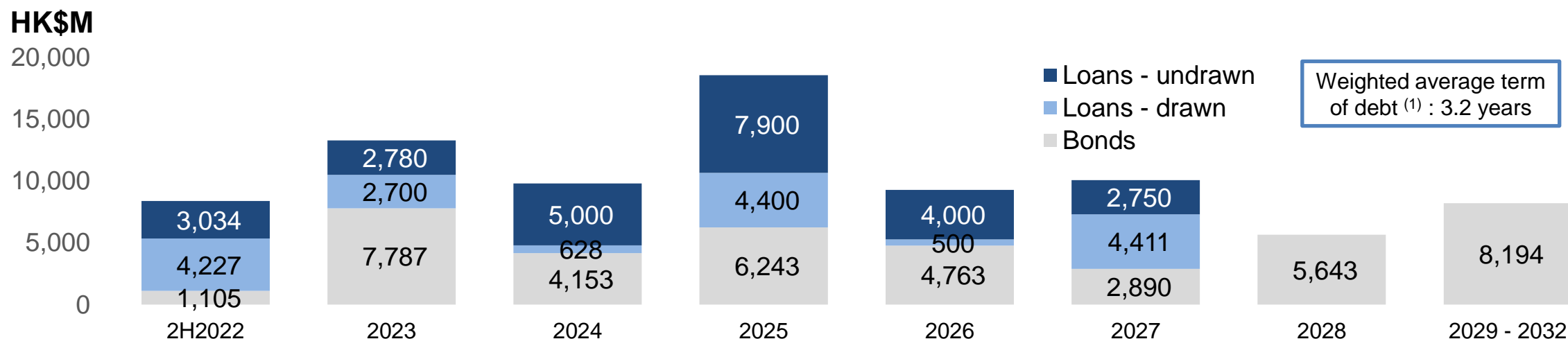
<sup>(1)</sup> Excluding lease liabilities.



# 1H2022 FINANCIAL SUMMARY – HEALTHY LIQUIDITY

|                                       | Dec 2019<br>HK\$M | Dec 2020<br>HK\$M | Dec 2021<br>HK\$M | Jun 2022<br>HK\$M | Change %<br>(Jun 22 vs Dec 21) |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|--------------------------------|
| Bank balances and short-term deposits | 21,345            | 29,264            | 22,894            | 13,597            | -41%                           |
| Total undrawn facilities              |                   |                   |                   |                   |                                |
| - Committed                           | 18,686            | 32,971            | 24,219            | 25,464            | +5%                            |
| <b>Group committed liquidity</b>      | 40,031            | 62,235            | 47,113            | 39,061            | -17%                           |
| - Uncommitted                         | 7,829             | 7,743             | 8,296             | 7,846             | -5%                            |
| <b>Group total liquidity</b>          | 47,860            | 69,978            | 55,409            | 46,907            | -15%                           |

## Financing Maturity Profile at 30th June 2022 <sup>(1)</sup>





# BUSINESS REVIEW

Guy Bradley, Chairman

Karen So, Managing Director, Swire Coca-Cola



# PROPERTY

# 1H2022 OVERVIEW

Solid performance with the Chinese Mainland performing strongly in the first quarter

- ▶ Recurring underlying profit of HK\$3,623m, compared with HK\$3,693m in 1H2021  
Reflecting lower retail rental income from Hong Kong and higher operating costs, partly offset by higher retail rental income from the Chinese Mainland
- ▶ Key business developments

## Hong Kong



### ◀ Zung Fu Industrial Building

Obtained 100% ownership for potential office redevelopment.

### 269 Queen's Road East ▶

Acquired a site (via government land tender) in Wan Chai for residential use.



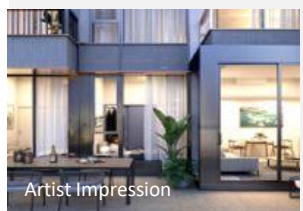
### ◀ EIGHT STAR STREET

- Occupation permit obtained
- 28 out of 37 units pre-sold <sup>(1)</sup>.



### Citygate / MGallery ▶

- Increased interest to 26.67%
- MGallery opened in phases



## Chinese Mainland

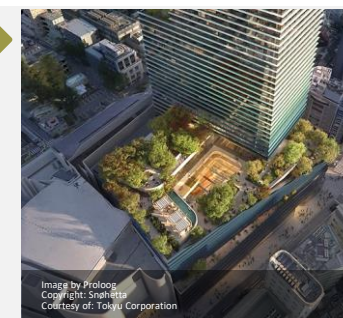


- ▶ **Taikoo Li Xi'an** Acquired a site (via government land tender) at Small Wild Goose Pagoda historical and cultural zone <sup>(2)</sup>.

## Hotels

### The House Collective ▶ Shenzhen / Tokyo

Announced plans for two new, third party owned hotels to be managed by Swire Hotels <sup>(3)</sup>.



## Capital recycling

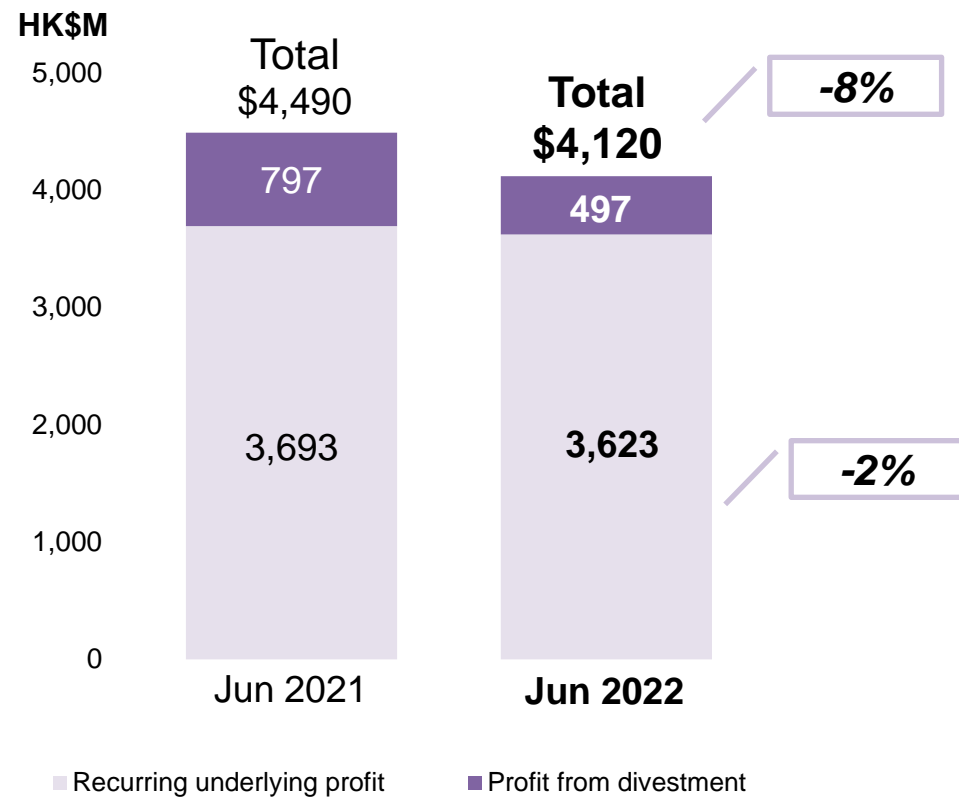
Taikoo Shing carparks

Fort Lauderdale site

- (1) As of 9th August 2022.
- (2) Through a project company (70% owned).
- (3) Through hotel management agreements.

# 1H2022 OVERVIEW

## UNDERLYING PROFIT (100% BASIS)



## MOVEMENT IN UNDERLYING PROFIT (100% BASIS)

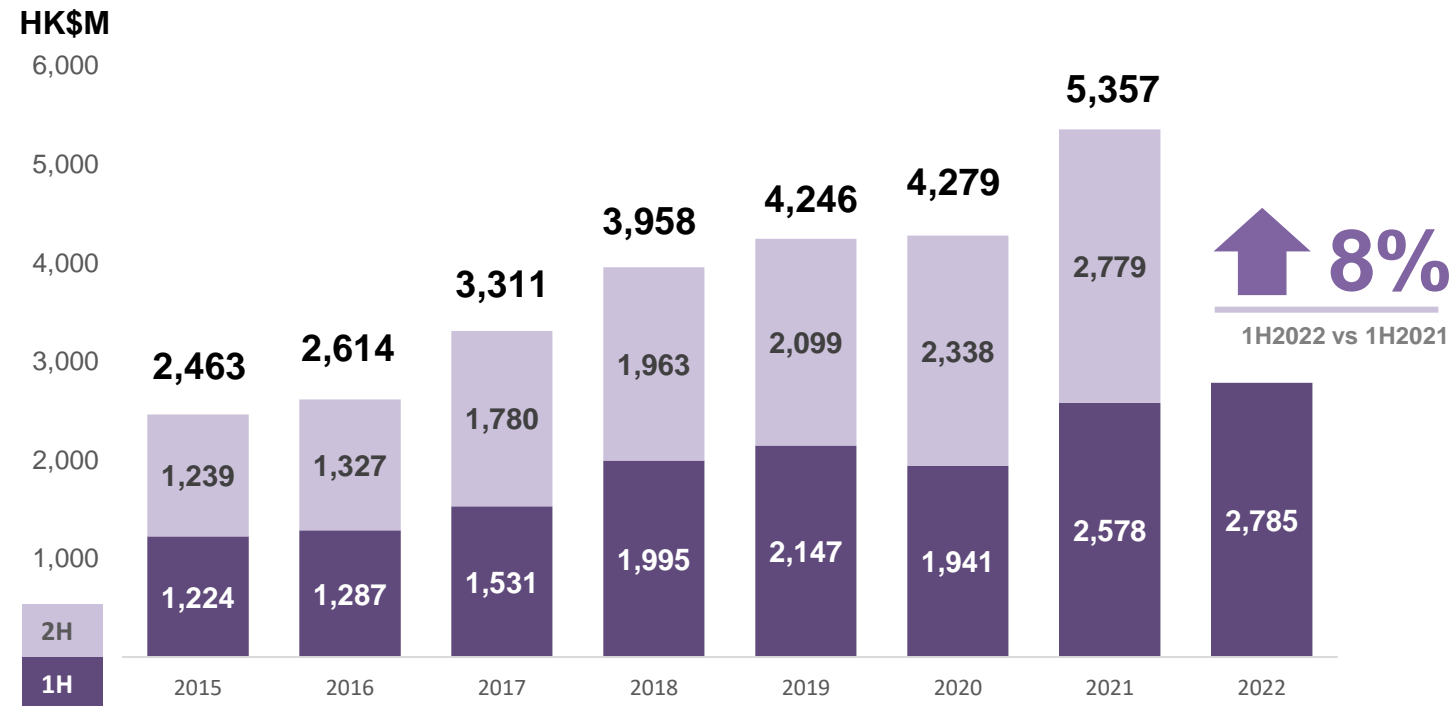


Note: Property valuation gain (including the Group's share of net valuation changes of joint venture companies and before deferred tax) was HK\$0.8Bn in 1H2022 (loss of HK\$2.0Bn in 1H2021).

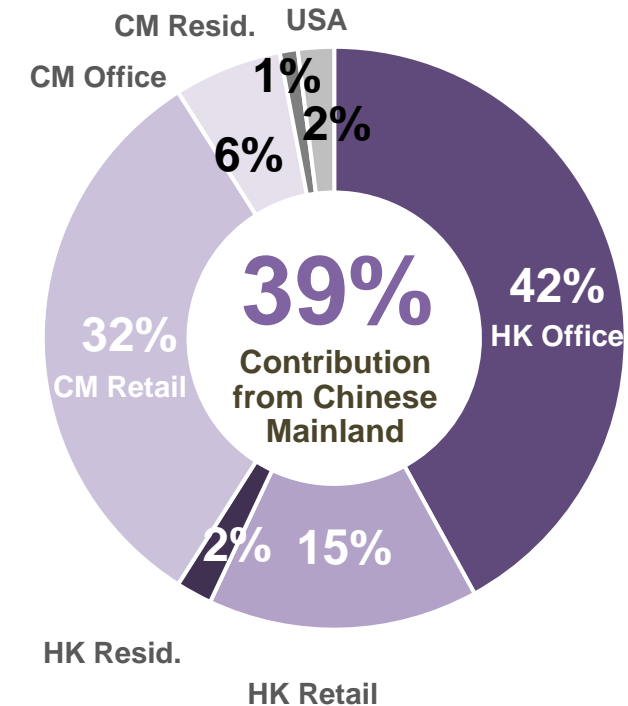
# CHINESE MAINLAND PORTFOLIO

- ▶ Significant contribution from Taikoo Li and Taikoo Hui brands.
- ▶ Chinese Mainland overall portfolio contributed 39% of attributable gross rental income in 1H2022.
- ▶ Chinese Mainland retail is the second largest rental contributor.

## Chinese Mainland Attributable Gross Rental Income



## Attributable Gross Rental Income by Region



# SCALING UP CHINESE MAINLAND DEVELOPMENT

SEVENTH DEVELOPMENT TAIKOO LI XI'AN OPENING IN 2025



REVITALISING ZHANGYUAN <sup>(1)</sup> INTO A VIBRANT LIFESTYLE HUB ADJACENT TO HKRI TAIKOO HUI



INDIGO PHASE TWO OPENING IN 2025 AND 2026



OPENING OF SANLITUN WEST AND TAIKOO LI QIANTAN



*(1) For leasing and management only. The Group does not have an ownership interest in the compound.*

# HONG KONG PORTFOLIO

EXPANSION OF TAIKOO PLACE WITH ACQUISITION OF ZUNG FU INDUSTRIAL BUILDING



NEW GRADE-A OFFICE TOWER NEAR THREE PACIFIC PLACE



EIGHT STAR STREET ACHIEVING RECORD SALES



THREE RESIDENTIAL TRADING DEVELOPMENTS IN HONG KONG, INCLUDING A NEWLY ACQUIRED PLOT OF LAND IN WAN CHAI





# SOUTH EAST ASIA PORTFOLIO

## SAVYAVASA DEVELOPMENT IN JAKARTA



Savyavasa

## TWO MINORITY INVESTMENTS IN HO CHI MINH CITY



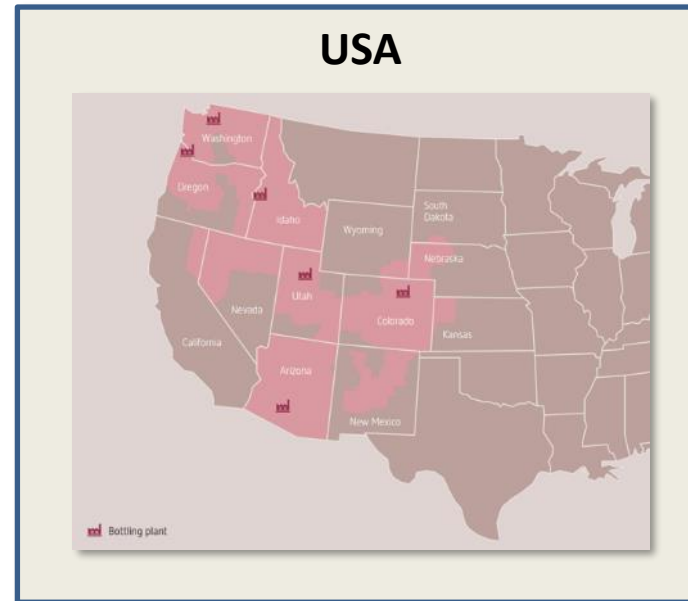
The River

Empire City



# BEVERAGES

# INVESTING FOR GROWTH AND DIVERSITY



Restructuring of the still beverage production facilities

Synergies and ability to innovate

15% increase in franchise population to 876 million in Swire franchise territories

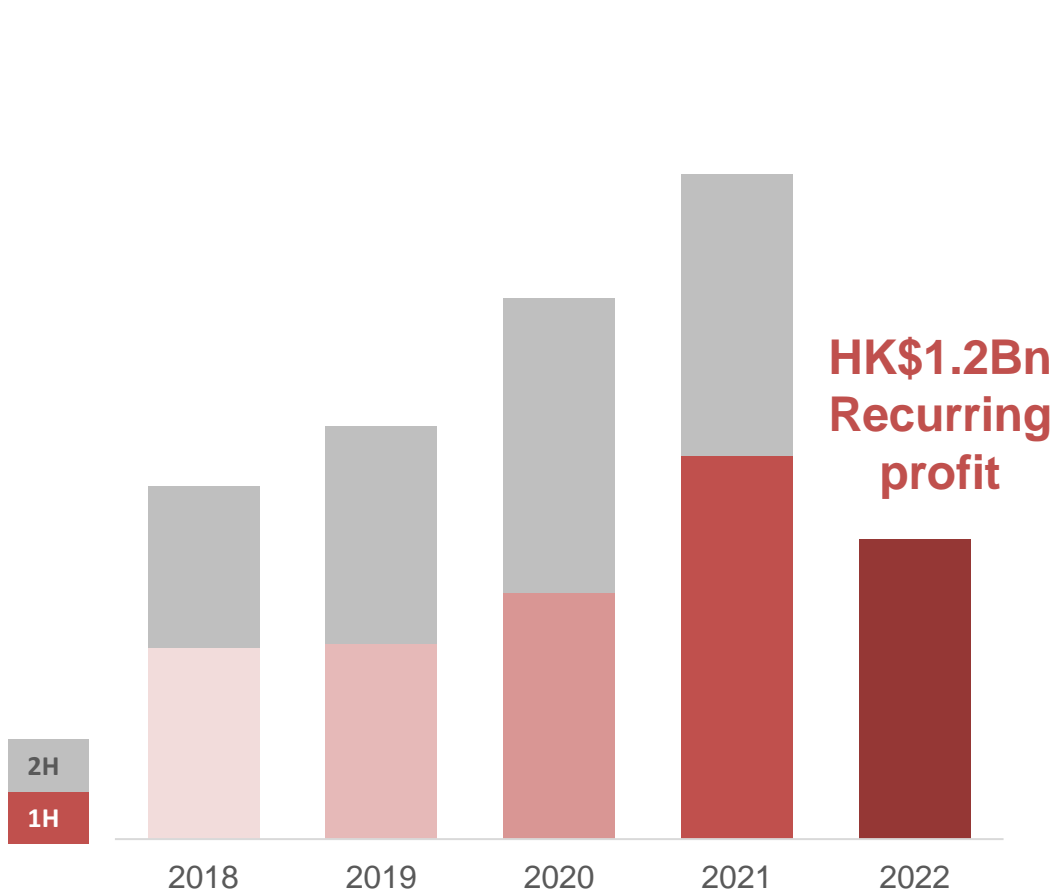
Synergies with legacy markets – commercial capabilities, supply chain, procurement, digitalisation

Fast-growing and developing markets

Low per capita consumption, dominated by sparkling

# 1H2022 OVERVIEW

Mixed results with input cost pressure and COVID-19 lockdowns in the Chinese Mainland



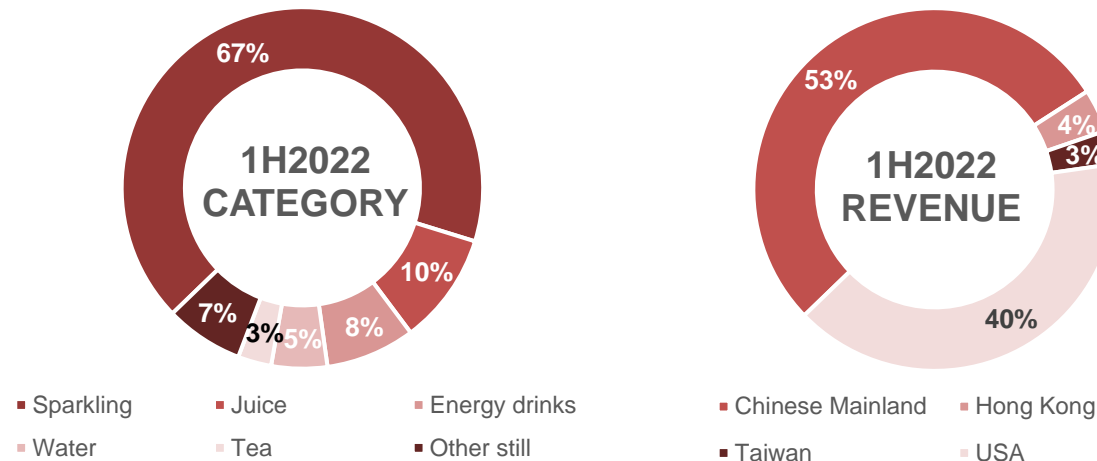
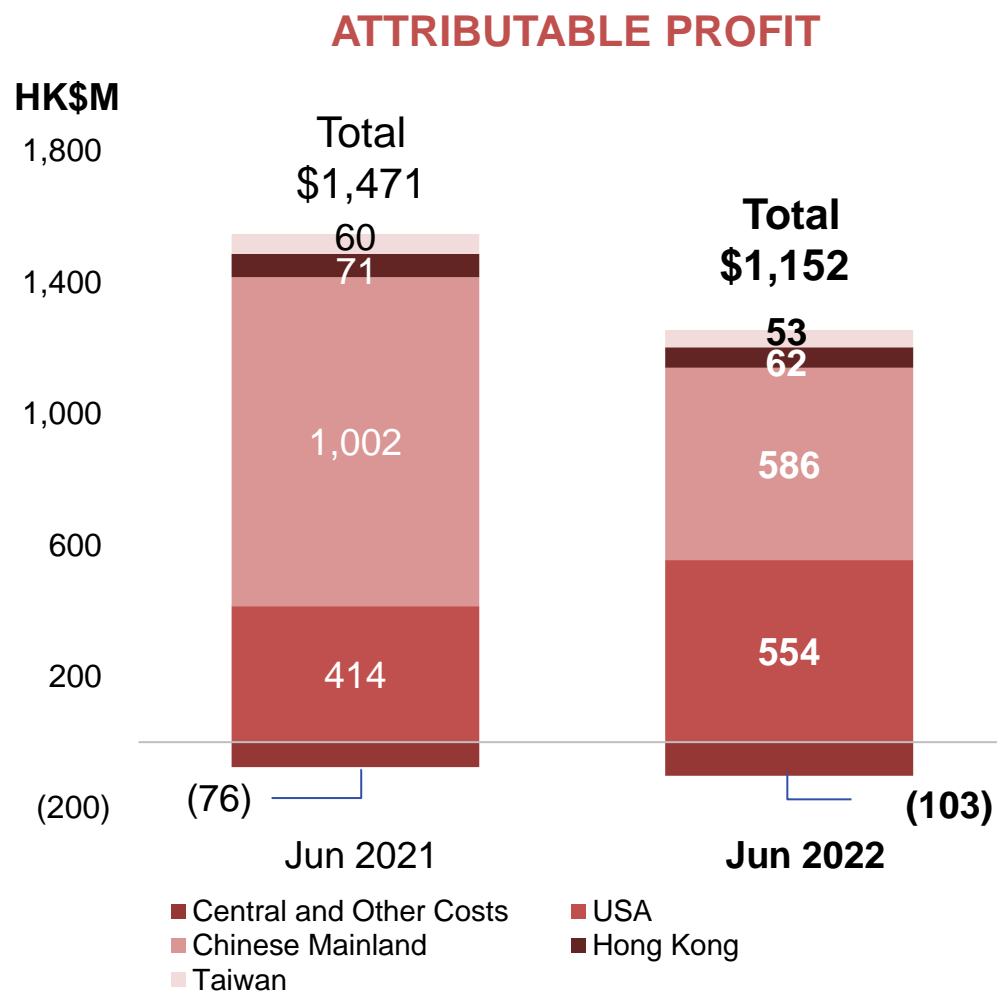
**USA profit increased by 34%.** Revenue increased reflecting price increases and strengthening of execution capability.

**Chinese Mainland profit decreased by 41%.** COVID-19 lockdowns reducing revenue in local currency by 6% and input cost growth and continued market investment reducing profit margins.

Taiwan profit decreased by 12%, and Hong Kong profit decreased by 13% as a result of COVID-19.

Strong revenue per case growth driven by price management.

# GEOGRAPHIC DIVERSITY



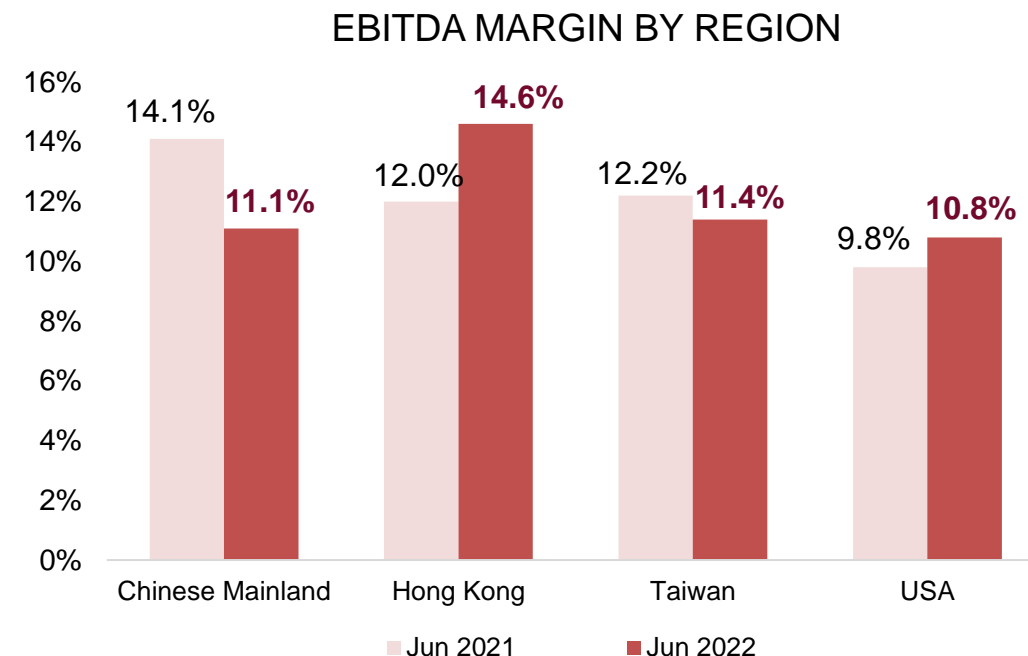
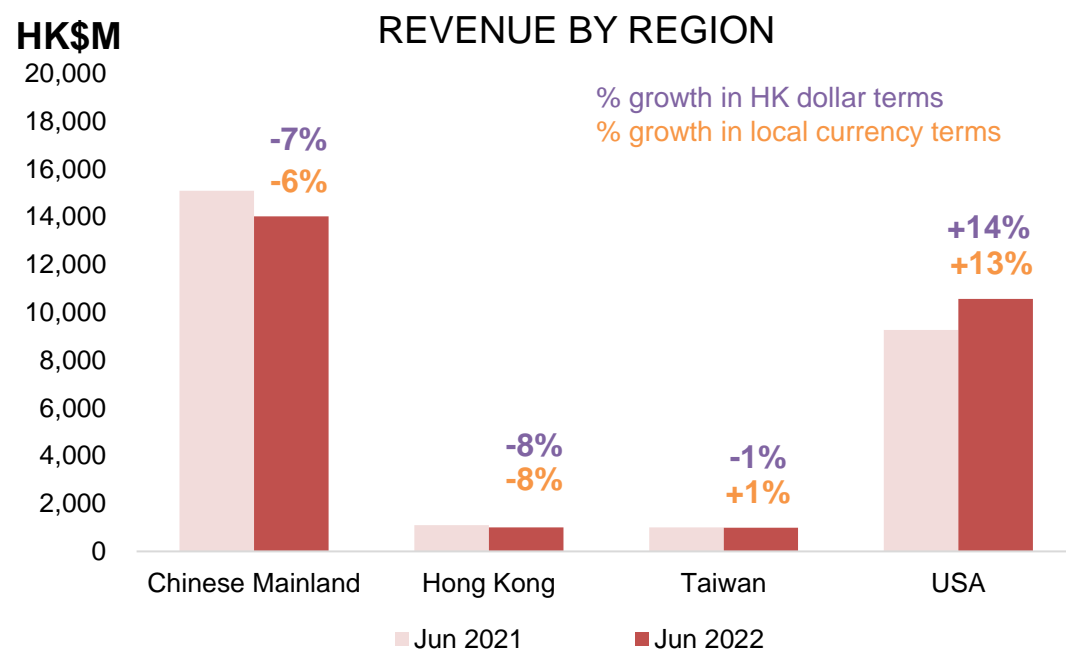
| KEY FINANCIAL DATA            |          |          |
|-------------------------------|----------|----------|
| HK\$M                         | Jun 2022 | Change % |
| Revenue <sup>(1)</sup>        | 26,592   | +0.5%    |
| Attributable/Recurring profit | 1,152    | -22%     |
| EBITDA <sup>(2)</sup>         | 2,950    | -10%     |
| EBITDA margin <sup>(2)</sup>  | 11.1%    | -1.3%pt  |

(1) Revenue includes that of a joint venture company and excludes sales to other bottlers.

(2) Including that of a joint venture company and excluding central and other costs.

# ADVERSE EFFECT OF COVID-19 IN CHINESE MAINLAND BUT SIGNIFICANT IMPROVEMENT IN THE END OF 1H2022

- Revenue increased by **0.5%** and volume decreased by **8%**. EBITDA margin decreased to **11.1%** from 12.4% in 1H2021.



| Volume growth | -10% | -10% | -4% | +1% |
|---------------|------|------|-----|-----|
|               |      |      |     |     |

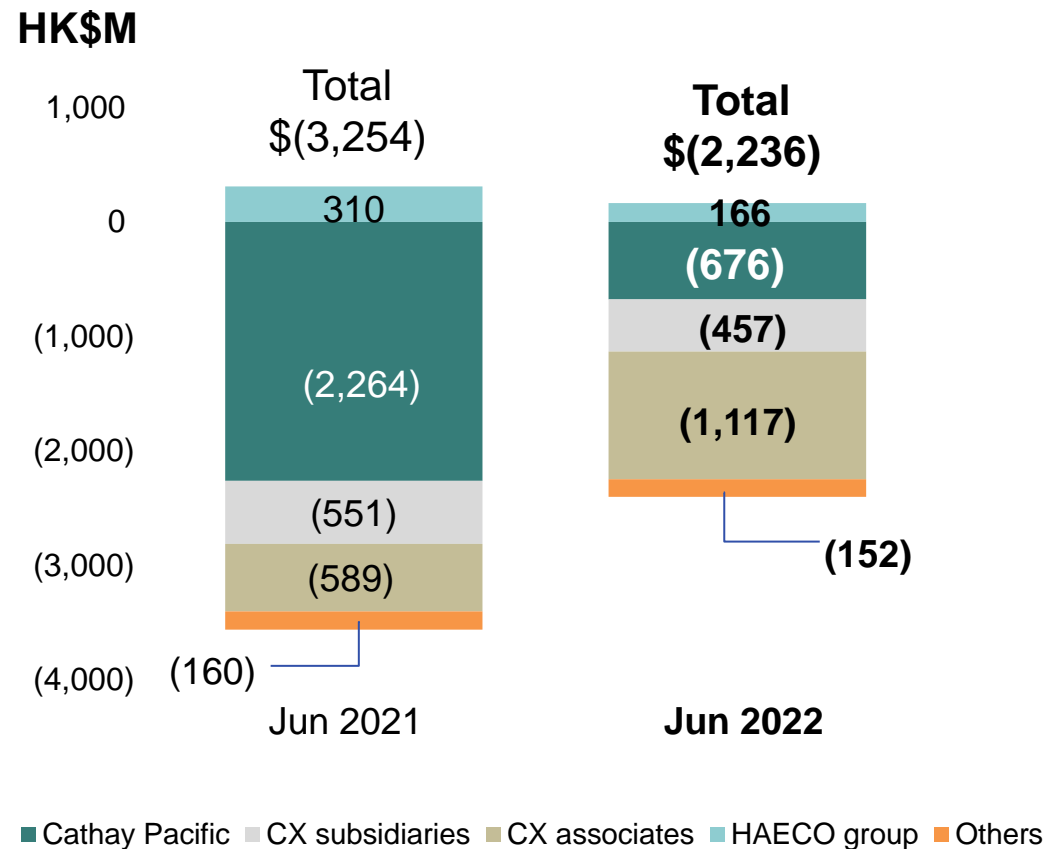
Note: Revenues and volumes include those of a joint venture company and exclude sales to other bottlers and central adjustments. EBITDA margin includes that of a joint venture company and excludes central and other costs.



# AVIATION

# 1H2022 AVIATION OVERVIEW

## ATTRIBUTABLE PROFIT/(LOSS)



## KEY FINANCIAL DATA

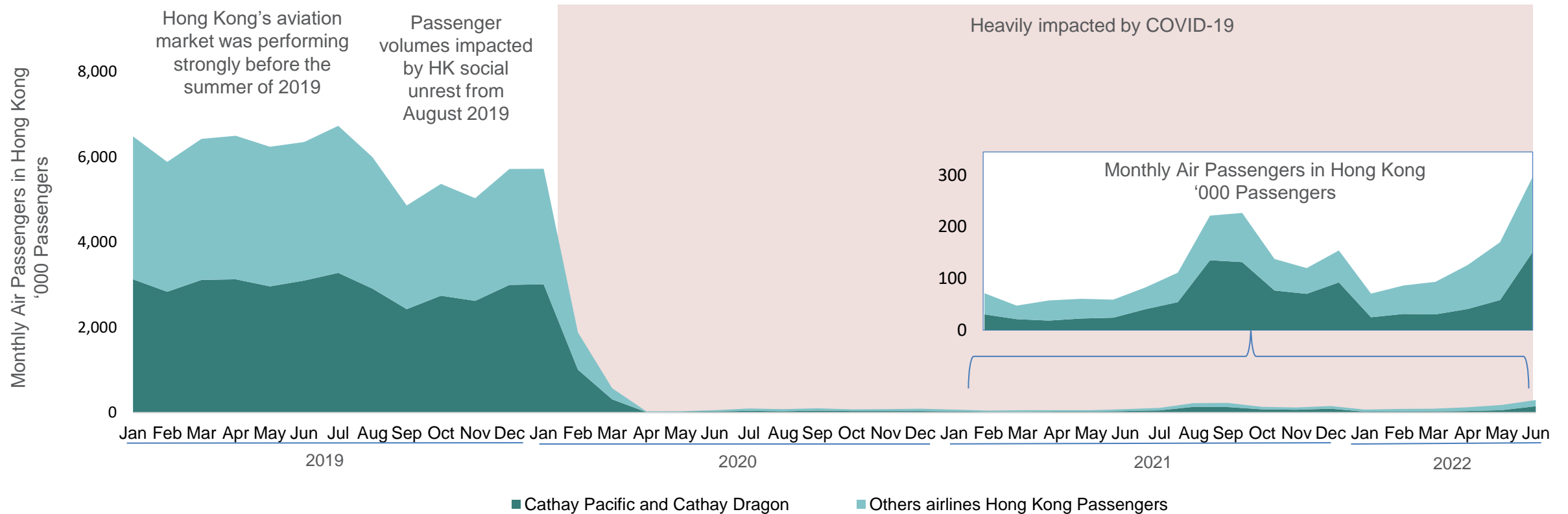
| HK\$M  | Jun 2022 | Jun 2021 | Change % |
|--|----------|----------|----------|
| <b>HAECO group</b>                                       |          |          |          |
| Revenue  | 6,557    | 5,402    | +21%     |
| Attributable/Recurring profit                            | 166      | 310      | -46%     |
| <b>Share of post-tax loss from an associated company</b> |          |          |          |
| Cathay Pacific group <sup>(1)</sup>                      | (2,250)  | (3,404)  | +34%     |
| - Cathay Pacific   | (676)    | (2,264)  | +70%     |
| - CX subsidiaries  | (457)    | (551)    | +17%     |
| - CX associates  | (1,117)  | (589)    | -90%     |

*(1) Including attributable share of post-tax impairment charges and restructuring costs of HK\$397m in 1H2021.*



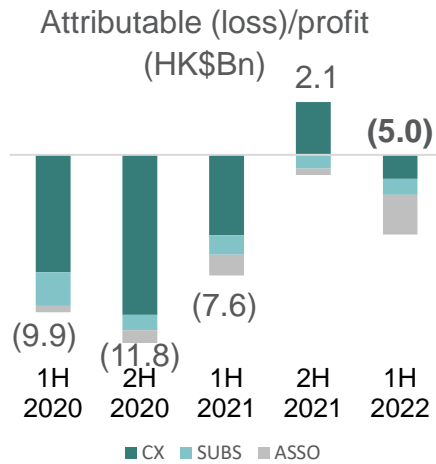
# HONG KONG'S AVIATION ENVIRONMENT

Aviation environment remains subdued, but the latest passenger numbers are encouraging



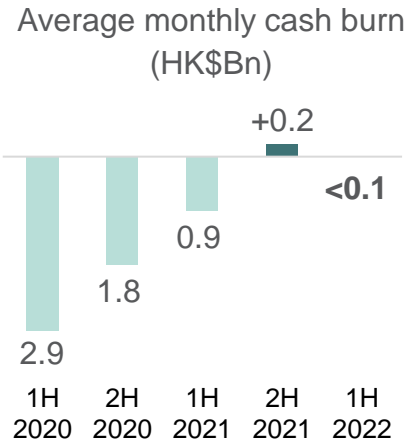
Sources: Hong Kong International Airport, Cathay Pacific Investor Relations

# 1H2022 OVERVIEW – CATHAY PACIFIC



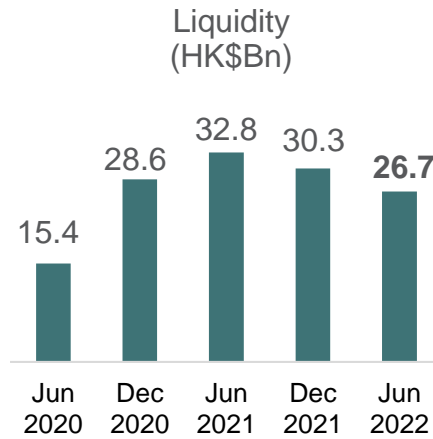
### Outlook

Stronger second half expected from Cathay Pacific and subsidiaries



### Outlook

Target to be operating cash generative



### Outlook

Liquidity remains at a healthy elevated level

- We are confident that Cathay Pacific and its subsidiaries will see a stronger second-half than first-half performance, however results of associates will remain very challenging.
- The recent commencement of flight operations on the Third Runway at HKIA gives Cathay Pacific confidence. Cathay Pacific is determined to play its part in the revival of a thriving Hong Kong aviation hub.



Note: Cathay Pacific figures on 100% basis.

# 1H2022 OVERVIEW – CATHAY PACIFIC

## Preparing for recovery



- ▶ Aircraft parked overseas are being gradually brought back to Hong Kong.



- ▶ Cathay Pacific commenced a recruitment plan to hire more than 4,000 front-line employees to meet the airline's operational needs over the next 18-24 months.



- ▶ Cathay Pacific's subsidiaries including catering, cargo terminal and airport handling also plan to recruit several thousand additional new staff.

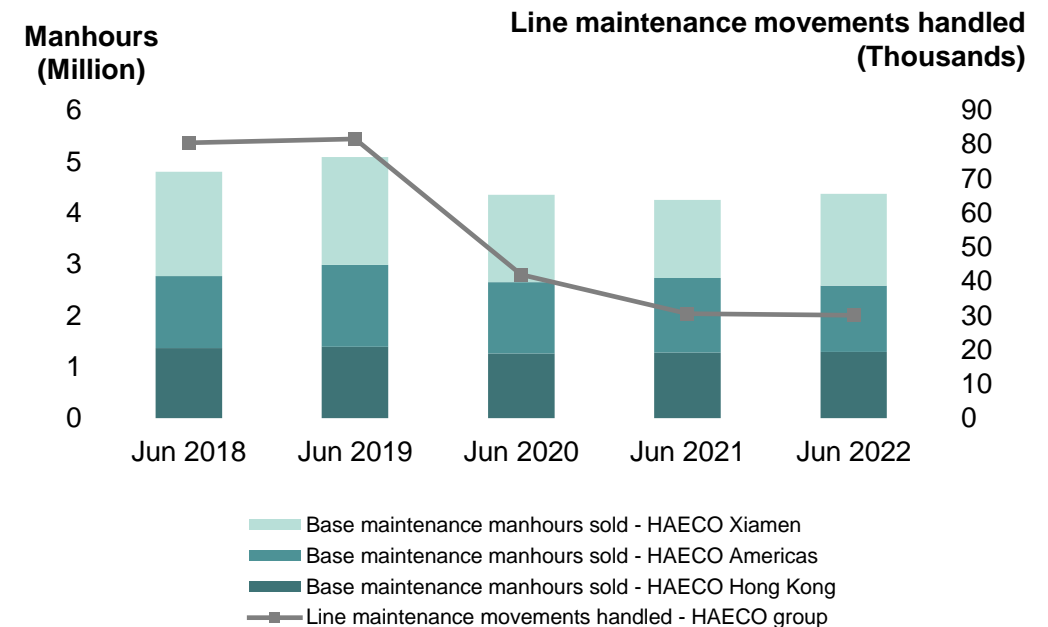
# 1H2022 OVERVIEW – HAECO

- ▶ HAECO profit decreased due to the absence of financial assistance provided by the US government.
- ▶ Profit increased disregarding the non-recurring government subsidy, reflecting a recovery in demand for engine overhaul and more airframe base maintenance.
- ▶ Line maintenance in Hong Kong remained weak.

## KEY FINANCIAL DATA

| Recurring Profit/(Loss) |            |            |             |
|-------------------------|------------|------------|-------------|
| HK\$M                   | Jun 2022   | Jun 2021   | Change %    |
| Airframe                | (23)       | 215        | -111%       |
| Cabin                   | (49)       | (48)       | n.a.        |
| Components              | 23         | 34         | -32%        |
| Engine                  | 250        | 138        | +81%        |
| Others                  | (35)       | (29)       | n.a.        |
| <b>Total</b>            | <b>166</b> | <b>310</b> | <b>-46%</b> |

## KEY OPERATING STATISTICS





# HEALTHCARE

# HEALTHCARE

Investing HK\$20Bn by 2030

Healthcare investments were adversely affected by COVID-19

## Columbia China Healthcare

- Opening of Suzhou senior living facility in January 2022
- Increased operations at Wuxi Kaiyi Hospital and Jiaxing Kaiyi Hospital celebrated its first anniversary in May 2022



## DeltaHealth

- Strong momentum in Q12022 prior to Shanghai COVID-19 lockdown
- Introduced oncology services and prepared to open a chest pain centre



## Shenzhen New Frontier United Family Hospital and HEAL Medical Group

- Shenzhen New Frontier United Family Hospital opened in May 2022
- HEAL Medical and HEAL Aesthetic in Hong Kong opened in 1H2022, with three clinics including HEAL Oncology





# SUSTAINABILITY AND ESG UPDATE

Guy Bradley, Chairman

# SUSTAINABILITY AND ESG UPDATE

## TARGETS



**50%** reduction in greenhouse gas emissions <sup>(1)</sup> by 2030, and **Net-Zero by 2050**



**65%** waste diversion from landfill <sup>(2)</sup> by 2030, and **Zero Waste to landfill by 2050**



**30%** reduction in water withdrawal <sup>(3)</sup> by 2030, and **Water Neutrality by 2050**



**30% women** in senior management roles by **2024**



Supporting communities **through TrustTomorrow**

## PROGRESS

- Property: Secured three more sustainability-linked loan facilities, totalling HK\$3.5Bn.
- Beverages: Three Chinese Mainland bottlers entered into renewable energy power purchase agreements. Overall renewable electricity supply percentage in Chinese Mainland increases to 25% from 13%.
- D&I: Two female Independent Non-Executive Directors appointed to Board increasing percentage of women to 27%.
- Recognised in the S&P Global Sustainability Yearbook 2022.



(1) Scope 1 + Scope 2 emissions only. 2018 base year.

(2) Includes non-hazardous waste (where we exercise operational control). 2018 base year.

(3) Compared to a 2018 frozen efficiency baseline. Excluding bottling volume from Swire Coca-Cola.





# OUTLOOK

Guy Bradley, Chairman

# OUTLOOK

- ▶ Short-term challenges remain but we are optimistic about our medium and long-term prospects.
- ▶ The Swire Properties Taikoo Hui and Taikoo Li brands are well-established and sought after in the Chinese Mainland. Taikoo Place continues to strengthen its position as a global business district.
- ▶ Swire Coca-Cola's expansion into South East Asia bodes well for future growth.
- ▶ Any further adjustments to COVID-19 related travel and quarantine restrictions should benefit our aviation businesses.

## PROPERTY



Demand for office space in Hong Kong is weak. Retail markets in Hong Kong and the Chinese Mainland are recovering. Outlook for hotels remains difficult.

## BEVERAGES



Adverse effect of COVID-19 in the Chinese Mainland is expected to ease while revenue in the USA is expected to remain strong. Increased raw material costs and operating expenses will continue to put pressure on profits.

## AVIATION – Cathay Pacific



With adjustments to quarantine requirements, Cathay Pacific is targeting to progressively increase passenger flight capacity to up to 25% and cargo capacity to up to 65% of pre-COVID-19 levels. Second half is expected to be better for airline and subsidiaries.

## AVIATION – HAECO



Demand for base maintenance and engine services is expected to be stable, while line maintenance work in Hong Kong is expected to recover gradually.

# Q & A

11th August 2022 | Hong Kong



# 2022

## INTERIM RESULTS ANALYST BRIEFING

11th August 2022 | Hong Kong



# Appendix

11th August 2022 | Hong Kong



# SWIRE PACIFIC AT A GLANCE

- ▶ Swire Pacific is a **Hong Kong-based international conglomerate** with a **diversified portfolio of market leading businesses** and a long history in Greater China, where the name **Swire** has been established for over **150 years**
- ▶ **New investment to drive growth** while **divesting non-core businesses and assets** and redeploying capital to **focus on the growing spending power in Greater China and South East Asia**
- ▶ Focused on **Greater China and South East Asia**, where the Company seeks to grow **core divisions of Property, Beverages and Aviation** and make new investments in growth areas such as **healthcare**

## Focus On Three Core Divisions Demonstrating Resilience

### PROPERTY



Swire Properties is a leading developer, owner and operator of mixed-use, principally commercial, properties in Hong Kong and the Chinese Mainland.

#### Recurring Underlying Profit

1H2021: HK\$3,029m

1H2022: HK\$2,971m

**-2%**

### BEVERAGES



To build a world class bottling system. 18 Coca Cola production facilities in the Chinese Mainland, 1 in Hong Kong, 1 in Taiwan region and 6 in the USA.

#### Recurring Underlying Profit

1H2021: HK\$1,471m

1H2022: HK\$1,152m

**-22%**

### AVIATION



Cathay Pacific group and HAECO group to develop and strengthen Hong Kong as a centre for aviation services, including passenger, cargo and aircraft engineering services.

#### Recurring Underlying Profit

1H2021: HK\$(2,857)m

1H2022: HK\$(2,236)m

**+22%**

### HEALTHCARE

To invest in healthcare businesses in the Chinese Mainland

- Columbia China Healthcare
- Shenzhen New Frontier United Family Hospital and HEAL Medical Group
- DeltaHealth

### OTHER BUSINESSES

- Swire Resources
- Taikoo Motors
- Swire Foods
- Swire Environmental Services

# PROPERTY DIVISION

Solid performance despite challenges

**1H2022 Attributable Recurring Underlying Profit**  
**HK\$2,971M**

- Higher retail rental income from the Chinese Mainland
- Lower retail rental income from Hong Kong and higher operating costs



2,200+  
Retail Outlets in shopping malls

Working population in offices estimated >75,000

One of the largest commercial landlords and operators of retail space in Hong Kong

7  
Retail-led mixed-use projects in Chinese Mainland  
(Beijing, Guangzhou, Chengdu, Shanghai and Xi'an)

1  
Mixed-use development in Miami

## Key Business Developments

### Hong Kong



#### Zung Fu Industrial Building

Obtained 100% ownership for potential office redevelopment.

#### 269 Queen's Road East

Acquired a site (via government land tender) in Wan Chai for residential use.



#### EIGHT STAR STREET

- Occupation permit obtained
- 28 out of 37 units pre-sold <sup>(1)</sup>.

#### Citygate / MGallery

- Increased interest to 26.67%
- MGallery opened in phases



### Chinese Mainland



▲ **Taikoo Li Xi'an** Acquired a site (via government land tender) at Small Wild Goose Pagoda historical and cultural zone <sup>(2)</sup>.

### Hotels

#### The House Collective

Shenzhen / Tokyo  
Announced plans for two new, third party owned hotels to be managed by Swire Hotels <sup>(3)</sup>.



### Capital recycling

Taikoo Shing carparks

Fort Lauderdale site

- (1) As of 9th August 2022.
- (2) Through a project company (70% owned).
- (3) Through hotel management agreements.

# BEVERAGES DIVISION

Selling products of The Coca-Cola Company to a franchise population in Greater China and the USA

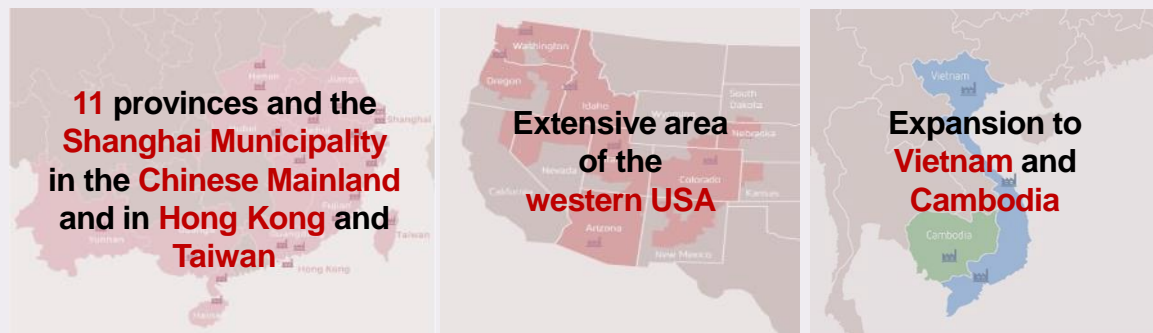


**SWIRE COCA-COLA**

1H2022 Recurring Underlying Profit  
**HK\$1,152M** | ↓ **22%**

- Relentless effort in building distribution infrastructure, strengthening execution capability
- Digital innovations and successful integration of franchises

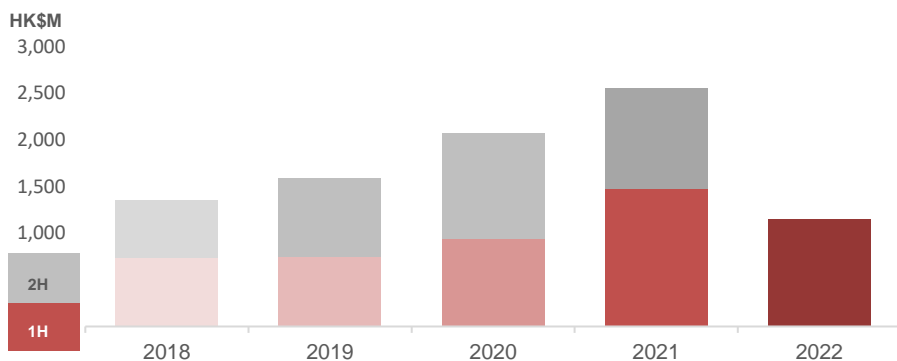
**Exclusive right to manufacture, market and distribute products of The Coca-Cola Company (TCCC)**



**60 beverage brands**

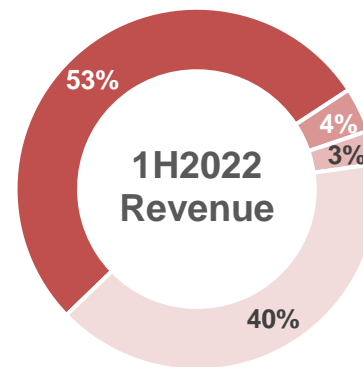
**762m franchise population**

**Attributable Profit**



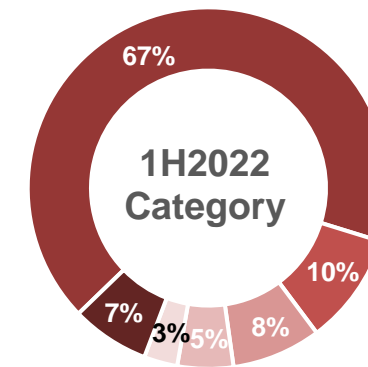
| 1H2022 Growth       | Chinese Mainland | Hong Kong | Taiwan | USA  |
|---------------------|------------------|-----------|--------|------|
| Attributable Profit | -41%             | -13%      | -12%   | +34% |

**Revenue Breakdown by Region (1)**



- Chinese Mainland
- Hong Kong
- Taiwan
- USA

**Revenue Breakdown by Category (1)**



- Sparkling
- Juice
- Energy drinks
- Water
- Tea
- Other still

(1) Revenue includes that of a joint venture company and excludes sales to other bottlers.



# AVIATION DIVISION

Results improved despite difficult environment

1H2022 Recurring Underlying Loss  
(HK\$2,236M) | ↑ 22%

- Results improved with strong cargo performance
- Continued to face serious challenges with travel and operational restrictions

| Cathay Pacific Group   |   |  |  | HAECO |
|--|---|--|--|-------|
| Cathay Pacific   |   | HK Express                             | Air Hong Kong  |       |
| <b>119</b><br>Destinations <sup>(1)</sup><br><b>35</b><br>Countries <sup>(1)</sup><br>For scheduled passenger and cargo services | <b>188</b><br>Aircraft under Cathay Pacific | <b>26</b><br>Aircraft under HK Express | <b>17</b><br>Asian cities for express cargo services |       |
| <b>35</b><br>New aircraft for delivery   |   | <b>16</b><br>New aircraft for delivery | <b>14</b><br>Freighters in operations                |       |

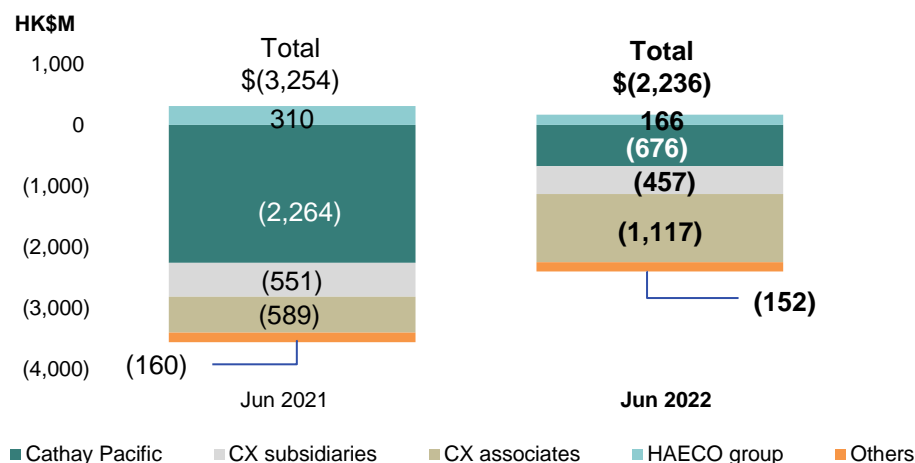
**Aircraft maintenance and modification work:**

- Hong Kong  
HAECO Hong Kong
- Xiamen  
HAECO Xiamen
- USA  
HAECO Americas

**Engine overhaul work:**

- Hong Kong  
HAESL
- Xiamen  
HAECO Engine Services (Xiamen)

## Attributable Profit/(Loss)



## KEY FINANCIAL DATA

| HK\$M  | Jun 2022 | Jun 2021 | Change % |
|--|----------|----------|----------|
| <b>HAECO group</b>                                       |          |          |          |
| Revenue  | 6,557    | 5,402    | +21%     |
| Attributable/Recurring profit                            | 166      | 310      | -46%     |
| <b>Share of post-tax loss from an associated company</b> |          |          |          |
| Cathay Pacific group <sup>(2)</sup>                      | (2,250)  | (3,404)  | +34%     |
| - Cathay Pacific   | (676)    | (2,264)  | +70%     |
| - CX subsidiaries  | (457)    | (551)    | +17%     |
| - CX associates  | (1,117)  | (589)    | -90%     |

# HEALTHCARE

Continue to seek investment opportunities in healthcare services

## Premium Healthcare Services

Continue to seek investment opportunities in major city clusters in the Chinese Mainland



Strong strategic partnerships with local expertise



## Focus on Healthcare Investment in Prime Locations



**3**  
Associate investments in the healthcare sector in the YRD and the GBA

Yangtze River Delta ("YRD")

Greater Bay Area ("GBA")

## Overview of the Business



◀ **Columbia China Healthcare Yangtze River Delta Area**  
an associate investment in Columbia China Healthcare Co., Limited, which owns and operates private hospitals, clinics and senior housing



◀ **Shenzhen New Frontier United Family Hospital Greater Bay Area**  
an associate investment in SHH Core Holding Limited, which owns Shenzhen New Frontier United Family Hospital, a private hospital in Shenzhen and HEAL Medical Group in Hong Kong



◀ **DeltaHealth Yangtze River Delta Area**  
an associate investment in DeltaHealth China Limited, a healthcare provider in the Chinese Mainland specialising in cardiovascular care. DeltaHealth operates Shanghai DeltaHealth Hospital and DeltaWest Clinic

# 2022

## INTERIM RESULTS ANALYST BRIEFING

11th August 2022 | Hong Kong

