



# Sale of Swire Coca-Cola, USA to John Swire & Sons

28<sup>th</sup> June 2023



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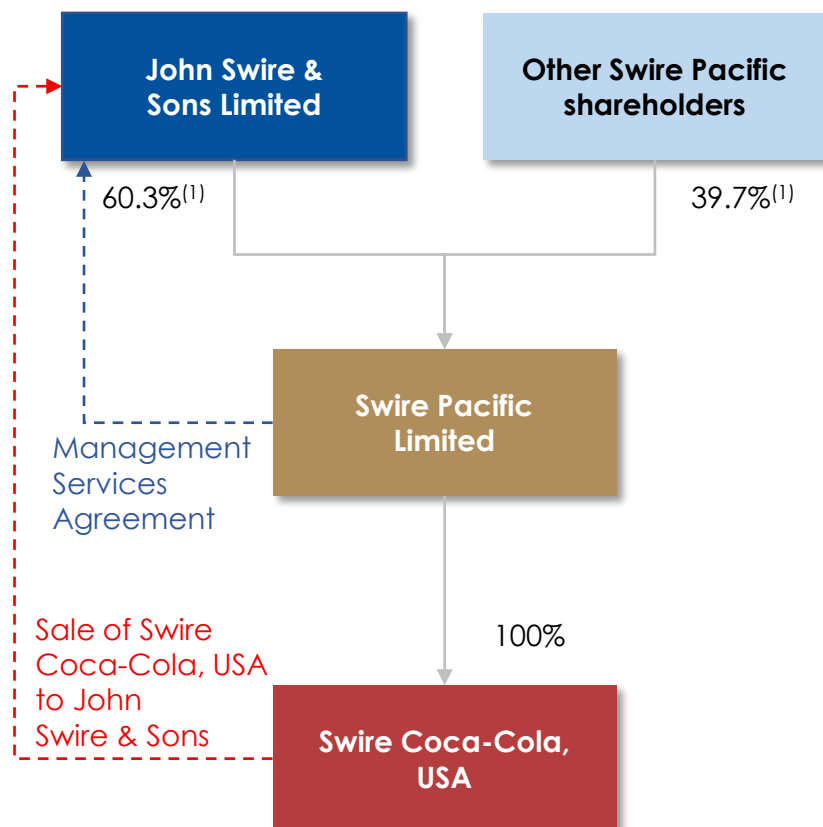
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# Transaction Highlights

## Illustrative Transaction Structure



### 1 Crystallises Value at an Attractive Valuation Whilst Preserving Franchise Strength

- ▶ Attractive transaction multiple of 12.4x EV/ 2022 Adjusted EBITDA<sup>(2)</sup>
- ▶ Gain on disposal of approximately USD2.9bn (HKD22.8bn equivalent)<sup>(3)</sup>
- ▶ Management services agreement maintains Swire Coca-Cola scale of operations

### 2 Returns Substantial and Immediate Cash to Shareholders of the Company

- ▶ Substantial and immediate return of cash to shareholders via special dividend<sup>(4)</sup> – **HKD8.120 per 'A' share and HKD1.624 per 'B' share**
- ▶ Special dividend higher than cumulative dividends paid over the last 3 years

### 3 Strengthens the Company's Balance Sheet

- ▶ Pro forma gearing ratio as of 31 December 2022 to reduce from 18.0% to 11.6%
- ▶ Pro forma cash interest cover for year ended 31 December 2022 to increase from 6.0 times to 7.3 times<sup>(5)</sup>

### 4 Consistent with the Company's strategic focus on Greater China and South East Asia

- ▶ Consistent with Swire Pacific's geographical focus and provides us with capital to fund long-term investments

#### Notes:

1. Represents economic interest in Swire Pacific
2. Swire Coca-Cola, USA's earnings before interest, tax, depreciation and amortisation, in respect of any financial year, adjusted to reflect payment of management fee that Swire Coca-Cola, USA would have made had the Management Services Agreement been in place in that financial year
3. By reference to the Swire Coca-Cola, USA's carrying value as of 30 May 2023
4. Conditional upon Completion of the Transaction, based on Swire Pacific shares outstanding as at the date of the Announcement
5. Excludes the gain on disposal from the Transaction, and assuming all proceeds from the Transaction net of the Special Dividend is used to repay debt at 3.2% cost of debt

# Key Terms of the Transaction

<p><b>Key Terms</b></p>	<ul style="list-style-type: none"> <li>• Sale of 100% interest in Swire Pacific Holdings Inc. (doing business as Swire Coca-Cola, USA) to John Swire &amp; Sons for an enterprise value of <b>USD3.9bn (HKD30.4bn equivalent)</b> in cash</li> <li>• Swire Coca-Cola Limited, a wholly-owned subsidiary of the Company, to enter into a management services agreement with John Swire &amp; Sons and Swire Coca-Cola, USA for the provision of management and administrative support services in relation to Swire Coca-Cola, USA</li> </ul>
<p><b>Swire Coca-Cola, USA Adjusted EBITDA<sup>(1)</sup></b></p>	<p><b>2022:</b> USD314m (HKD2.5bn equivalent<sup>(2)</sup>)</p>
<p><b>Management Services Agreement</b></p>	<ul style="list-style-type: none"> <li>• Provision of management and administrative support services in relation to Swire Coca-Cola, USA for an annual service fee equal to the greater of:             <ol style="list-style-type: none"> <li>i. HKD117m plus 5% margin (subject to an annual upward adjustment in line with the prevailing consumer price inflation rate in Hong Kong each year); and</li> <li>ii. 6% of Swire Coca-Cola USA's recurring EBIT<sup>(3)</sup></li> </ol> </li> </ul>
<p><b>Special Dividend<sup>(4)</sup></b></p>	<ul style="list-style-type: none"> <li>• HKD8.120 per 'A' share and HKD1.624 per 'B' share</li> </ul>
<p><b>Condition Precedent to Closing</b></p>	<ul style="list-style-type: none"> <li>• Completion is conditional upon the Independent Shareholders having approved the resolutions to be considered at a general meeting of the Company necessary to implement the terms of the Share Purchase Agreement</li> </ul>
<p><b>Timetable<sup>(5)</sup></b></p>	<ul style="list-style-type: none"> <li>• Circular despatch expected on or before 18<sup>th</sup> August</li> <li>• Completion will take place on the 5<sup>th</sup> business day following the satisfaction of the condition precedent (or, if that 5<sup>th</sup> business day does not fall within 15 days after the preceding month-end date, the first business day after the next month-end date), or such other date as the Seller and the Purchaser may agree</li> </ul>

Notes: USD:HKD = 7.80

1. Swire Coca-Cola USA's earnings before interest, tax, depreciation and amortisation, in respect of any financial year, adjusted to reflect payment of management fee that the USA Beverage business would have made had the Management Services Agreement been in place in that financial year

2. Based on the 2022 average USD:HKD foreign exchange rate of 7.83

3. Recurring earnings before interest and tax

4. Conditional upon Completion of the transaction, based on Swire Pacific shares outstanding as at the date of the Announcement

5. Circular despatch subject to Hong Kong Stock Exchange and SFC clearance. Shareholders will be notified of the EGM date shortly after the despatch of the circular

# Realises Value at an Attractive Valuation and Returns Substantial and Immediate Cash to Shareholders

## EV/ EBITDA Multiple

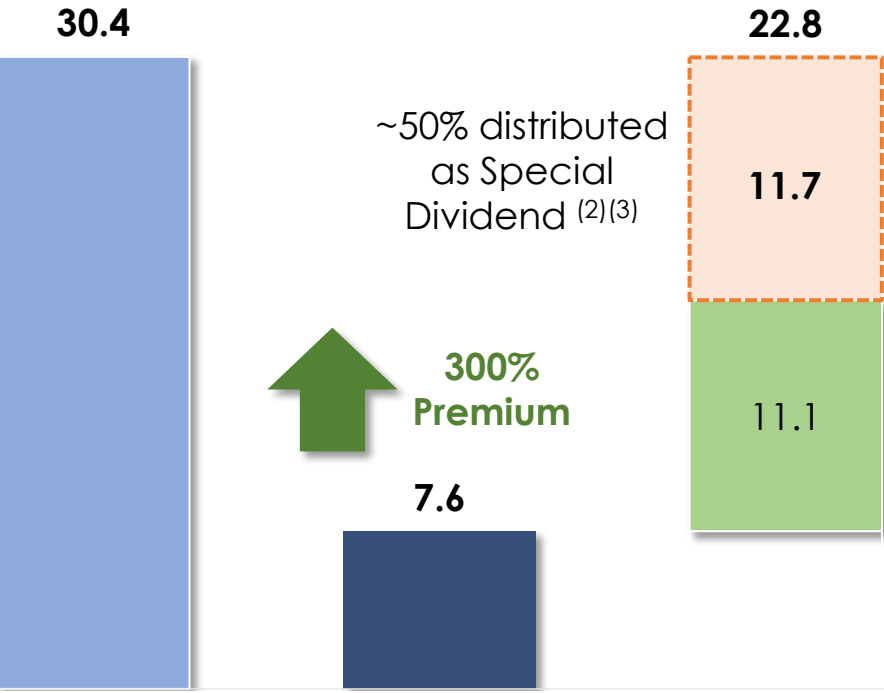
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Implied EV / 2022 Adjusted EBITDA Multiple <sup>(1)</sup>

## Offer Value vs. Swire Coca-Cola, USA Book Value

HKDbn



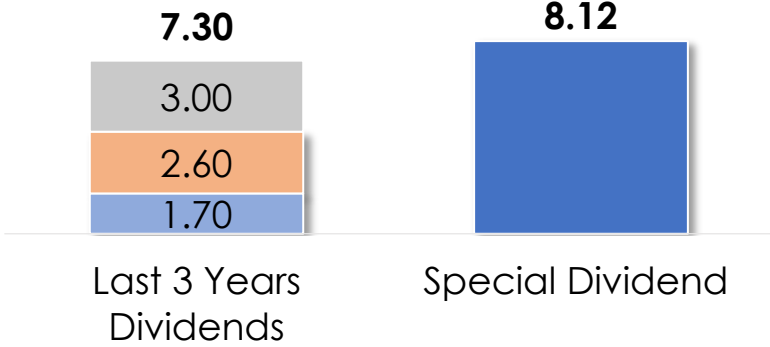
Offer Enterprise Value

Swire Coca-Cola, USA Book Value (31 May 2023)

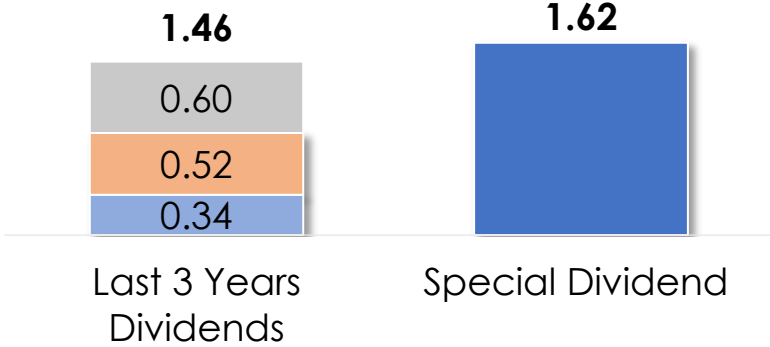
Gain on Disposal

## Special Dividend<sup>(3)</sup>

Class A Special Dividend Per Share – HKD



Class B Special Dividend Per Share – HKD



■ 2020 ■ 2021 ■ 2022

Notes: USD:HKD = 7.80

1. Swire Coca-Cola USA's earnings before interest, tax, depreciation and amortisation, in respect of any financial year, adjusted to reflect payment of management fee that the USA Beverage business would have made had the Management Services Agreement been in place in that financial year  
 2. In line with dividend policy  
 3. Conditional upon Completion of the Transaction

# Strengthens Swire Pacific's Balance Sheet

## Gearing Ratio



## Cash Interest Cover



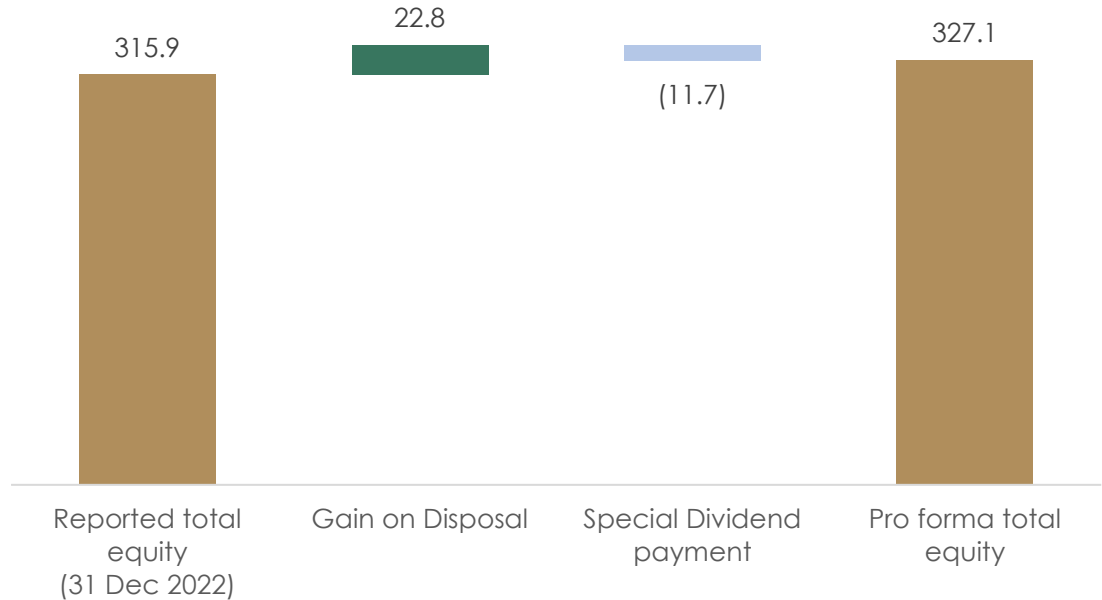
## Net Debt

HKDbn



## Total Equity

HKDbn



Notes: USD:HKD = 7.80  
 1. Assuming all proceeds from the Transaction net of the Special Dividend is used to repay debt at 3.2% cost of debt  
 2. Excludes the gain on disposal from the transaction

# Preserve Franchise Strength through Management Services Agreement



John Swire & Sons, Swire Coca-Cola Limited and Swire Pacific Holdings Inc. (Swire Coca-Cola, USA) will enter into the Management Services Agreement for an annual management fee

## Scope of Service

► Swire Coca-Cola Limited will provide management and administrative support services in respect of SCC USA, including:

- Strategy development and implementation
- Relationship management
- Business review
- Finance and reporting matters
- Digital and information technology matters
- Corporate development
- Supply chain management
- Human resources matters
- Public affairs and communications

## Management Fee

► Management fee to Swire Coca-Cola Limited will be the greater of:

- HKD117m plus 5% margin (subject to an annual upward adjustment in line with the prevailing consumer price inflation rate in Hong Kong each year); and
- 6% of SCC USA recurring EBIT<sup>(1)</sup>

## Term

► Initial term of 13 years from the date of Completion

Notes:  
1. Recurring earnings before interest and tax



**Q&A**

