



2018 ANNUAL RESULTS ANNOUNCEMENT

20 March 2019



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1) 2018 Full Year Financial Update

2018 Full Year Financial Highlights

□ Financial Highlights – FY2018 vs FY2017

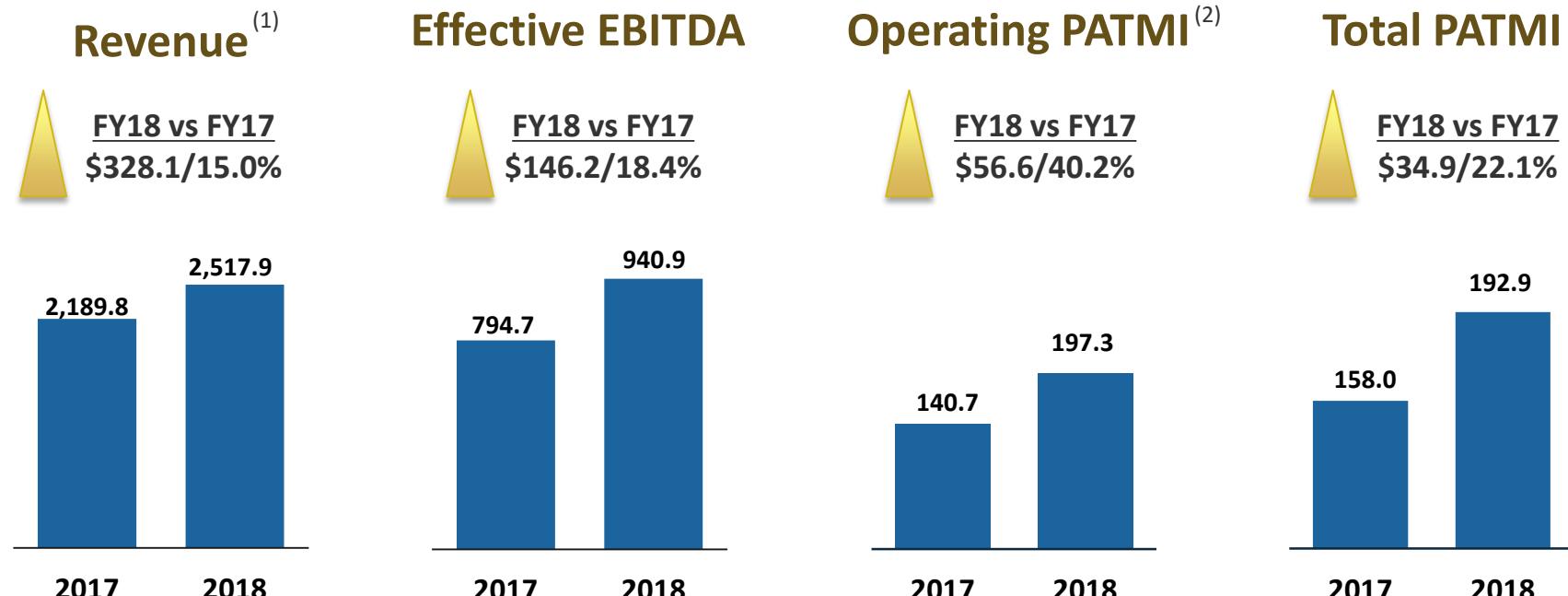
- Consolidated revenue increased 15.0% or USD328.1 million to USD2,517.9 million
 - USD67.2 million from carry-over impact from new hotels opened in 2017
 - USD22.3 million from local currency appreciated against USD
 - USD27.0 million from Shangri-La Singapore due to after the major Asset Enhancement
 - USD35.6 million from change of accounting standard HKFRS 15 in treatment of revenue from contracts with customers
 - USD94.2 million from net increase in property development for sale mainly driven by Colombo, Sri Lanka
 - USD13.0 million decrease due to temporary closure of Shangri-La Resort & Spa, Boracay
 - USD94.8 million driven by the general improvement in operations in hotel and investment properties.
- Effective share of EBITDA increased 18.4% or USD146.2 million to USD940.9 million
- Operating PATMI increased 40.2 % or USD56.6 million to USD197.3 million
- Total PATMI increased 22.1% or USD34.9 million to USD192.9 million
- Proposed final DPS of HK14 cents subject to shareholder approval, including interim DPS of HK8 cents brings FY18 total DPS to HK22 cents, 29% YoY growth compared to FY17 total DPS of HK17 cents.

□ Added 1 new management contract (Bahrain)



Financial Highlights – FY2018 vs FY2017

In USDmn



Note (1)

- \$67.2mn carry-over impact from new hotels opened in 2017 - Kerry HK \$28.7mn, SL Xiamen \$11.5mn & SL Colombo \$27.0mn
- \$27.0mn from SL S'pore due to major renovation in 1H'2017
- \$22.3mn from currency appreciated against USD
- \$120.8mn from Colombo residential sales

Note (2)

- -ve (\$14.3)mn carry-over impact from new hotels opened in 2017 - Kerry HK (\$2.9)mn, SL Xiamen (\$3.8)mn, SL Colombo(\$3.2)mn, HJB (\$0.8)mn, SL Jinan (\$3.6)mn
- \$10.6mn from SL S'pore due to major renovation in 1H'2017
- \$5.1mn from local currency appreciated against USD
- \$61.8mn from Colombo residential sales



Financial Highlights – FY2018 vs FY2017

In USD million (except for DPS)	FY2018	FY2017	\$ Change	% Change
Sales	2,517.9	2,189.8	328.1	15.0%
EBITDA	664.5	535.9	128.6	24.0%
<i>EBITDA Margin</i>	<i>26.4%</i>	<i>24.5%</i>		<i>191bps</i>
Effective share of EBITDA (Note 1)	940.9	794.7	146.2	18.4%
Operating Segment PATMI	336.5	268.8	67.7	25.2%
Corporate & Pre-Opening Expenses	(35.0)	(50.6)	15.6	30.8%
Net Corporate Finance Costs (incl. FX gains/losses)	(104.2)	(77.5)	(26.7)	(34.5%)
Operating PATMI	197.3	140.7	56.6	40.2%
Non-Operating Items	(4.4)	17.3	(21.7)	nm
Total PATMI	192.9	158.0	34.9	22.1%
Dividend per share (HK cents)	22	17	5	29.4%
Effective share of net debt (Note 2)	3,983.2	4,335.8	(352.6)	(8.1%)

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

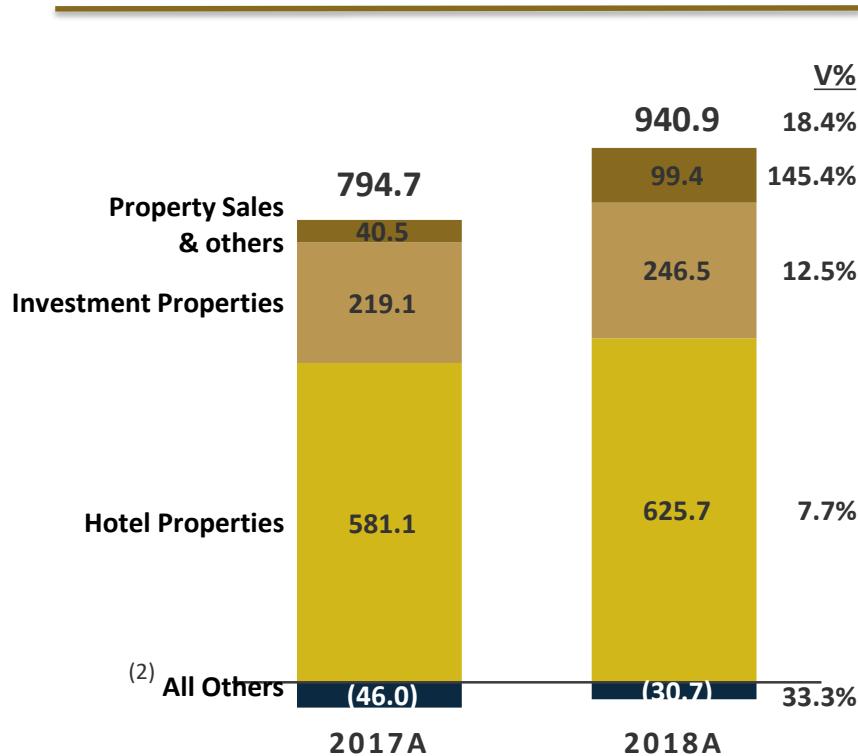
(2) Effective Share of Net Debt – include the effective share of net debt of subsidiaries and associated companies



Effective Share of EBITDA by Segment – FY2018 vs FY2017

In USD million

Effective Share of EBITDA⁽¹⁾



- (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

FY2018 vs FY2017

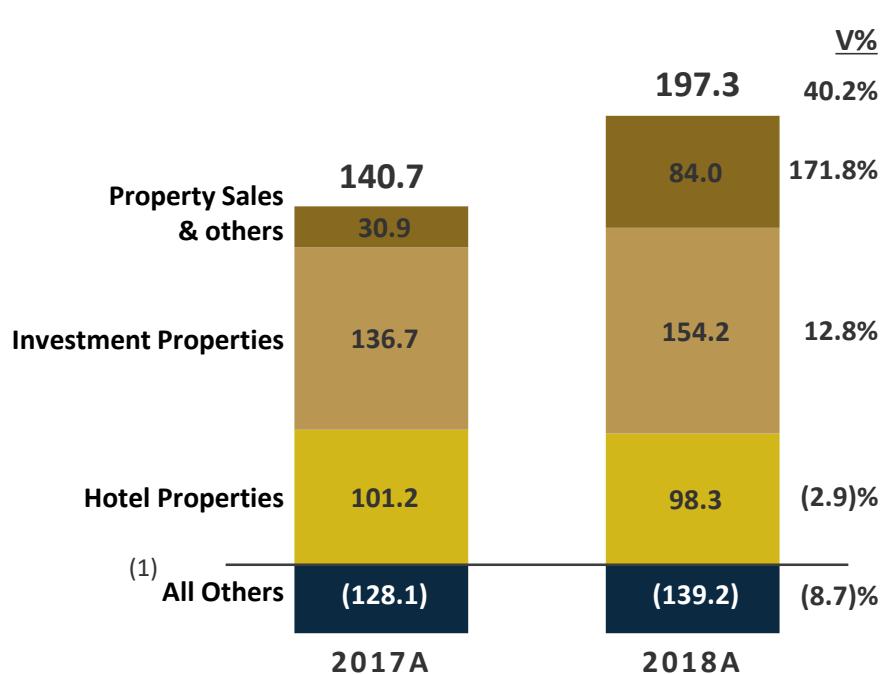
- ❑ Hotel Properties - increased by USD44.6mn to USD625.7mn
 - USD18.1mn increase from China hotels
 - USD17.8mn increase from HK mainly due to Kerry HK
 - USD28.3mn increase from Shangri-La S'pore due to major renovation in 2017
 - USD8.3mn decrease due to Boracay Island temporary closure
 - USD11.3mn decrease mainly from Australia, UK and SLIM HK
- ❑ Investment Properties - increased by USD27.4mn to USD246.5mn
 - USD22.8mn increase from China operations
 - USD4.1mn increase from Singapore & Mongolia
- ❑ Property Sales & others - increased by USD58.9mn to USD99.4mn
 - USD62.1mn increase from Colombo residential sales
 - USD12.0mn increase from Shenyang, Yangzhou, Tianjin and Hangzhou
 - USD15.2mn decrease due to less residential/commercial units sales from Putian, Fort Manila, Dalian, Tangshan and Nanchang
- ❑ All Others - Corporate and pre-opening expenses decreased by USD15.3mn to USD30.7mn
 - USD4.7mn increase in corporate expense due to more headcounts are hired under corporate
 - Offset by pre-opening expenses decreased by USD20.0mn due to no opening project in 2018



Operating PATMI by Segment – FY2018 vs FY2017

In USD million

Operating PATMI



FY2018 vs FY2017

- ❑ Hotel Properties - decreased by USD2.9mn to USD98.3mn
 - USD3.8mn increase from Hong Kong
 - USD18.9mn increase from Singapore hotels
 - USD4.4mn decrease due to Boracay Island temporary closure
 - USD21.2mn decrease from Australia, UK, Mongolia, Sri-Lanka and SLIM HK
- ❑ Investment Properties - increased by USD17.5mn to USD154.2mn
 - USD17.1mn increase from China operations
- ❑ Property Sales & others - increased by USD53.1mn to USD84.0mn
 - USD61.8mn increase from Colombo residential sales
 - USD4.0mn increase from more sales in Shengyang
 - USD12.7mn decrease from less residential/commercial units sales from Fort Manila, Putian, Tangshan, Nanchang and Dalian
- ❑ All Others - Corporate, pre-opening expenses and interest expenses increased by USD11.1mn to USD139.2mn
 - USD4.4mn increase in corporate expense due to more headcounts are hired under corporate
 - USD26.7mn increase in FX losses and interest expenses
 - USD20.0mn decrease in pre-opening expenses

1. All Others – include corporate expenses, interest expenses and pre-opening expenses



Carry-over Impact from New Hotels Opened in 2017

(in USD million)

	FY2018	FY2017	Variance
	V\$	V%	
Hotel Operating Profit (include carry-over losses from new hotels opened in 2017)	98.3	101.2	(2.9) -3%
<u>Adjust carry-over losses from New Hotels Opened in 2017</u>			
Kerry Hong Kong (opened on 28/04/17)	2.9	2.9	
Hotel Jen Beijing (opened on 22/05/17)	0.8	0.8	
Shangri-La Xieman (opened on 21/08/17)	3.8	3.8	
Shangri-La Jinan (opened on 13/12/17)	3.6	3.6	
Shangri-La Colombo (opened on 16/11/17)	3.2		3.2
Total Profit impact from new hotels opened in 2017	14.3		14.3
Hotel Operating Profit (exclude carry-over losses from new hotels opened in 2017)	112.6	101.2	11.4 11%



Non-Operating Items Summary – FY2018 vs FY2017

Non-Operating Items (US\$'million)	2018 Actual	2017 Actual
Total Fair Value Adjustment on Investment Properties (Note 1)	111.1	4.9
Total Impairment Adjustment (Note 2)	(112.9)	
Total others Non-Operating Adjustment (Note 3)	(2.6)	12.4
Total Non-Operating Items	(4.4)	17.3

Please refer to Notes 1, 2 and 3 in the Appendix





2) Cash and Debt

Cash, Debt and Gearing Summary as of 31 Dec 2018

- ❑ Net Debt / Equity ratio was 61.0%, an increase of 0.5pts compared to 60.5% for year ended 2017 mainly due to RMB depreciation against USD (from USD1 to RMB6.5342 on 31 Dec 2017 to RMB6.8632 on 31 Dec 2018)
- ❑ Gross Debt / Equity ratio was 76.9%, an increase of 3.3pts compared to 73.6% for year ended 2017 mainly due to RMB depreciation against USD (from USD1 to RMB6.5342 on 31 Dec 2017 to RMB6.8632 on 31 Dec 2018)
- ❑ EBITDA / Interest Expense ratio was 3.7 times, improved by 0.1x compared to 3.6 times for the year ended 2017
- ❑ Net Debt decreased by USD188mn to USD4,075mn as at year ended 31 December 2018 from USD4,263mn as at year ended 31 December 2017
- ❑ Issued SGD825mn 7 years bond at a coupon rate of 4.5% on 12 Nov 2018 and another USD35mn (SGD48mn equivalent) 7 years bond at a coupon rate of 4.35% thru private placement on 19 Nov 2018



Cash, Debt and Gearing Summary as of 31 Dec 2018

Capital Structure Overview

Net Debt
\$4.1B  **\$0.2b**

Net Debt/EBITDA
6.1x  **1.9x**

Effective Net Debt/
Effective EBITDA

4.2x  **1.3x**

EBITDA/ Interest
Expense

3.7x  **0.1x**

Debt Breakdown / Debt Maturity Schedule (USDmn)

% Fixed
38%

% SA Guarantee
91%

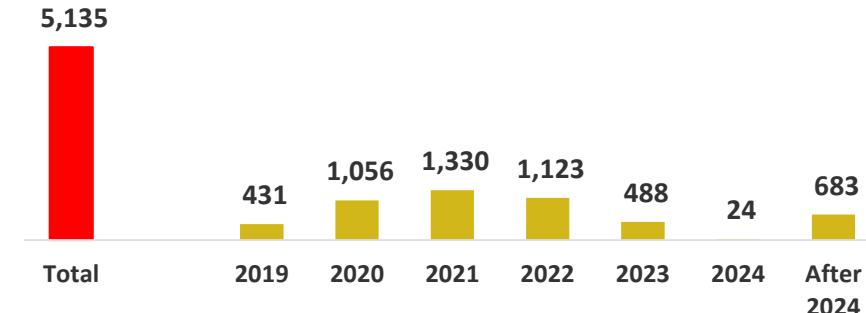
Committed
Undrawn Facilities

\$1.0B

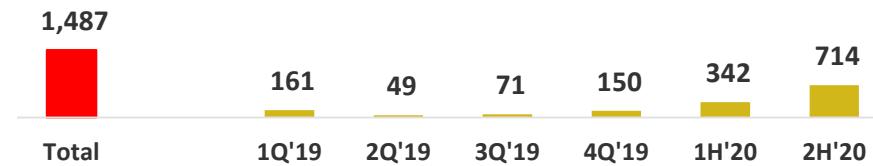
Effective
Interest Rate

3.4%

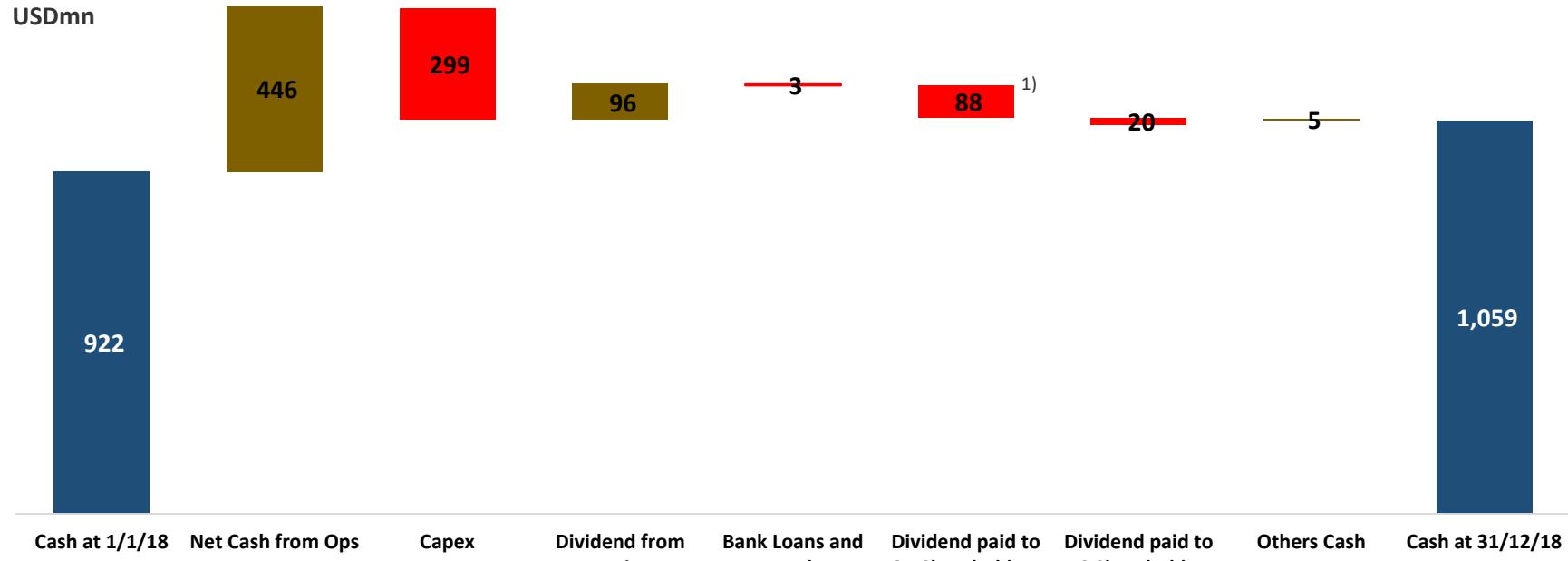
Weighted Average Term : 3.12 years



Facilities Maturing in 2019 & 2020



2018 Movements of Cashflow



Note :

1) Final dividends of HK11 cents per share for FY2017 and interim dividends HK8 cents per share for FY2018





3) Operational Update

Operational Updates – Full Year Hotel Occupancy, ADR & RevPar (SA Hotel)

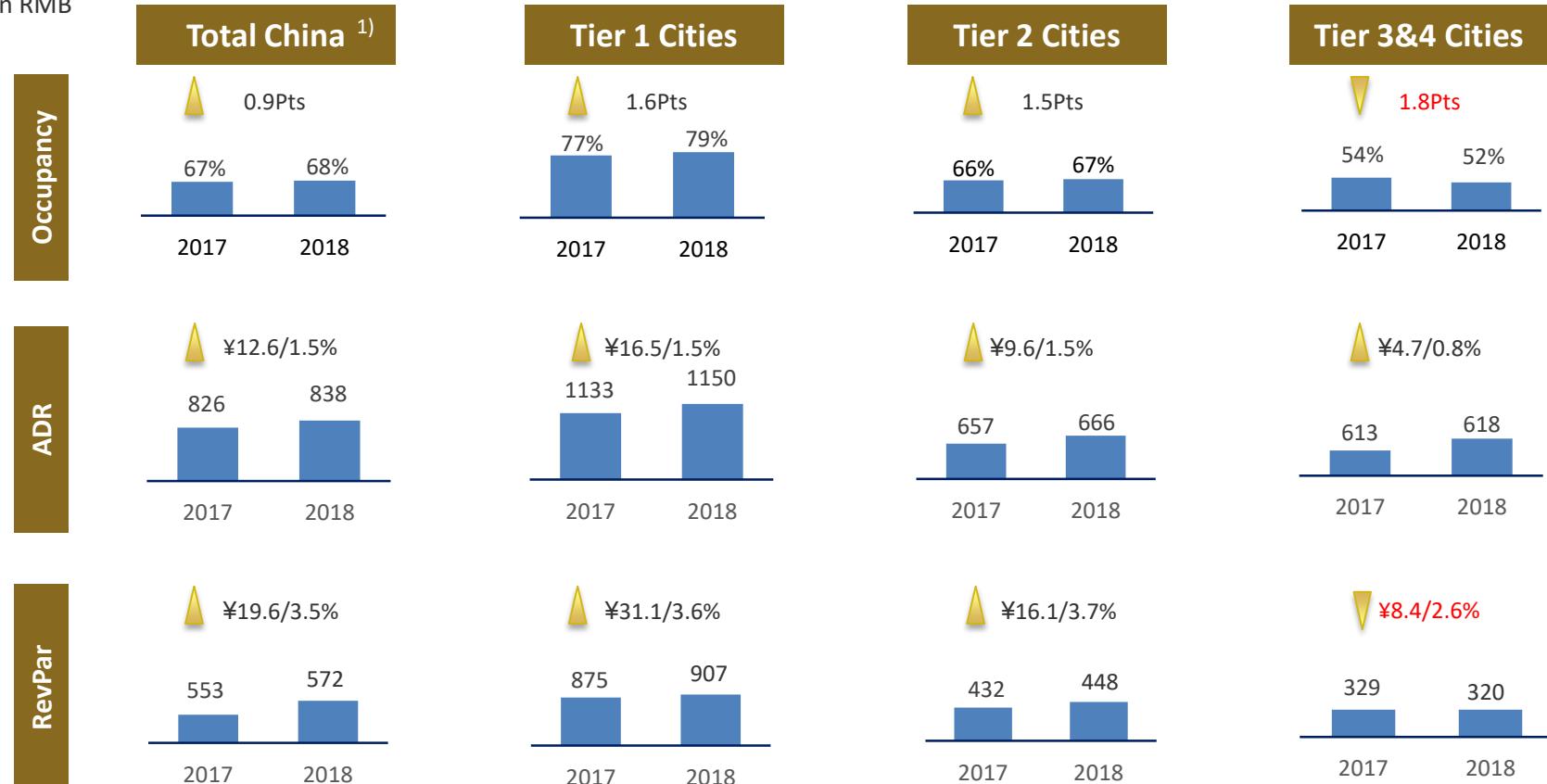
The hotels weighted average RevPar was \$115.3 for FY2018, an increase of \$6.6 or 6.1% compared to \$108.7 for FY2017. If adjusted for exchange rate impact, the weighted average RevPar would have been \$114.1, an increase of \$5.4 or 5.0%

	YTD Dec 2018			YTD Dec 2017			2018 vs 2017	
	Occupancy (%)	ADR (US\$)	RevPar (US\$)	Occupancy (%)	ADR (US\$)	RevPar (US\$)	RevPar (US\$)	Var (%)
HONG KONG SA	84%	295	249	77%	290	222	26	11.7%
CHINA SA	67%	126	85	67%	123	82	3	4.0%
SINGAPORE SA	80%	220	175	68%	208	142	33	23.5%
MALAYSIA SA	75%	139	104	73%	127	93	11	11.7%
PHILIPPINES SA	67%	182	121	67%	183	123	(2)	(1.6%)
JAPAN SA	86%	586	502	87%	538	466	36	7.7%
THAILAND SA	71%	163	116	69%	152	105	11	10.3%
AUSTRALIA SA	79%	227	180	91%	220	199	(19)	(9.7%)
FRANCE SA	63%	1,293	816	58%	1,139	662	153	23.1%
UNITED KINGDOM SA	79%	548	435	79%	517	407	28	6.8%
Other Countries SA	48%	188	90	49%	184	90	(0)	(0.0%)
All SA Hotels by Country	68%	169	115	67%	162	109	7	6.1%



Operational Updates – Full Year China Hotel Occupancy & RevPar

In RMB



Note 1) Total China excludes new openings in 2017 - Shangri-La Jinan, Hotel Jen Beijing, Songbei Shangri-La & Shangri-La Xiamen



SLBO Update

- Hotel property temporary closure on 26 April 2018 and reopened on 26 October 2018
- FY2018 Financials vs FY2017

	Vs FY2017
Revenue	USD(13.0)mn
EBITDA	USD(8.3)mn
Net Income	USD(4.4)mn

(Total impact of USD4.4mn was approximately 2.3% of the Group's total for FY2018)



CWTC Phase 3B Update (Fully Opened in April 2017)

	<u>FY 2018</u>	<u>FY 2017</u>
Occupancy %		
Office	94.6%	91.9%
Shopping Mall	87.2%	74.4%
Avg rental RMB per sqm per mth (excl. mgt fee)		
Office	598	568
Shopping Mall	478	458
Revenue (RMB'million)		
Office	336.4	212.1
Shopping Mall	170.1	136.8
Total	506.5	348.9
EBITDA (RMB'million)		
Office	264.2	154.3
Shopping Mall	105.3	86.6
Total	369.5	240.9



Residences at One Galle Face, Colombo, Sri Lanka

- Total 372 Apartments for sale (gross floor area of approximately 111,029 square metres)
- Total Project Investment: USD233.0 million. Started to handover in Nov 2018
- Approximately 76% of the Apartments were pre-sold by end of Dec 2018
- Handed over 111 units in Nov & Dec 2018, the remaining sold 171 units will be handed over in 2019
- Generated USD61.8 million profit in 2018 and expect approximately USD100.0 million for 2019



Kerry Hotel Hong Kong (Opened April 2017)

- Unique urban resort positioned to be the leading hotel in Hong Kong Kowloon for MICE business with 546 rooms, 5 outlets and over 5,000sqm of event space
- Investment cost of ~USD662mn
- Healthy ramp up of ADR. Strong occupancy already helped lift up the region's average in less than two years of operation
- Quickly became a significant revenue contributor to the region

	FY2017	FY2018
Kerry Hotel HK		
Occupancy	65%	85%
ADR (USD)	220	248
RevPAR (USD)	144	210
EBITDA (USDmn)	6.8	22.3
EBITDA yield on cost	1.0%	3.4%



Shangri-La Hotel, Singapore AEI

Scope of AEI

Tower Wing

- Added 45 rooms after room reconfigurations
- Introduced family themed suites to cater to growing family travellers
- Updated all other rooms and ancillary areas (lobby, Horizon Club)

Children-focused facilities

- Converted certain under-utilised areas inside the hotels into children play areas
- Also converted two tennis courts into an outdoor playground

Others

- Updated F&B outlets to contemporary décor and new dining concepts
- Created space for grab-and-go F&B

Pre-AEI



Post-AEI



Shangri-La Hotel, Singapore AEI

Positive response after re-opening yielding positive returns

	FY2015*	FY2018
Number of rooms	747	792
RevPAR (USD)	279	292
Investment cost (USD)		~USD64mn
ROI (using incremental GOP**)		~7%

*Comparing with FY2015 as AEI impacted FY2016 and FY2017

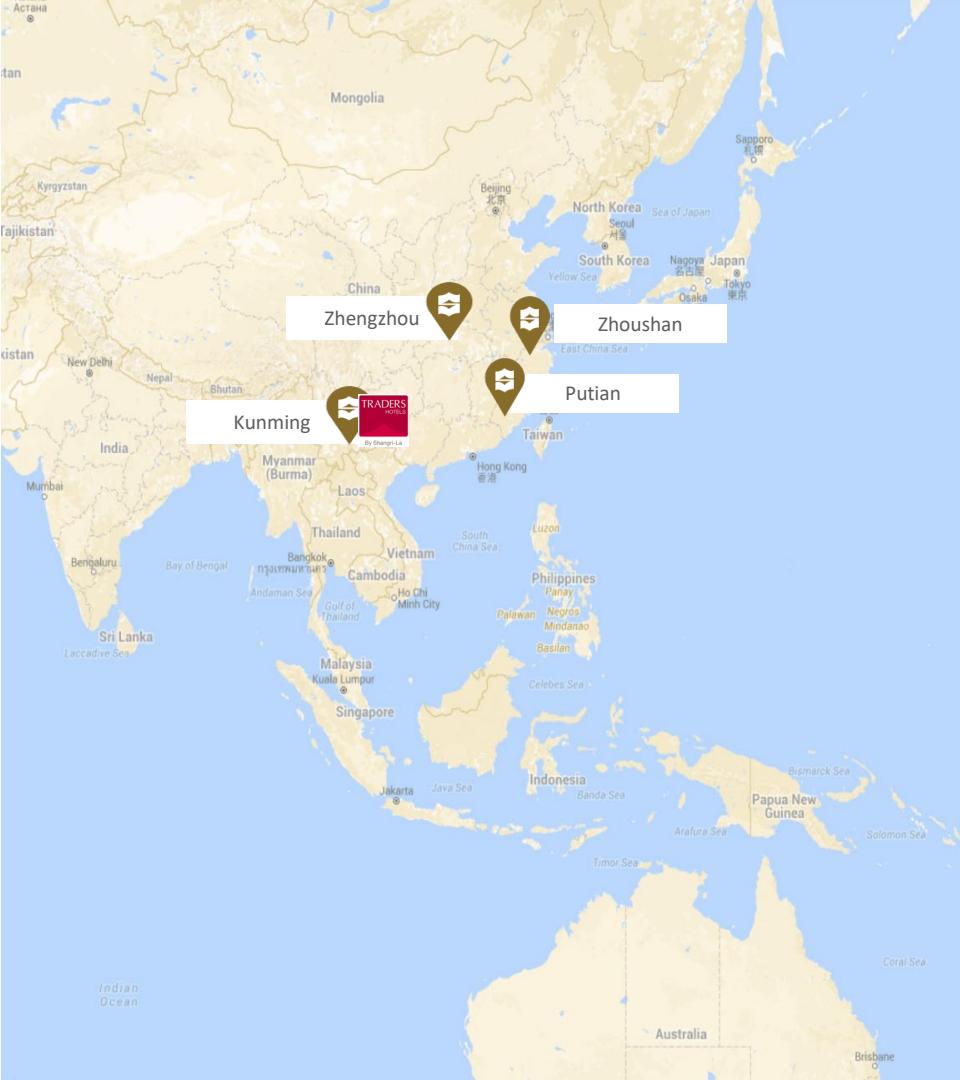
** Before management fees

Family friendly facilities



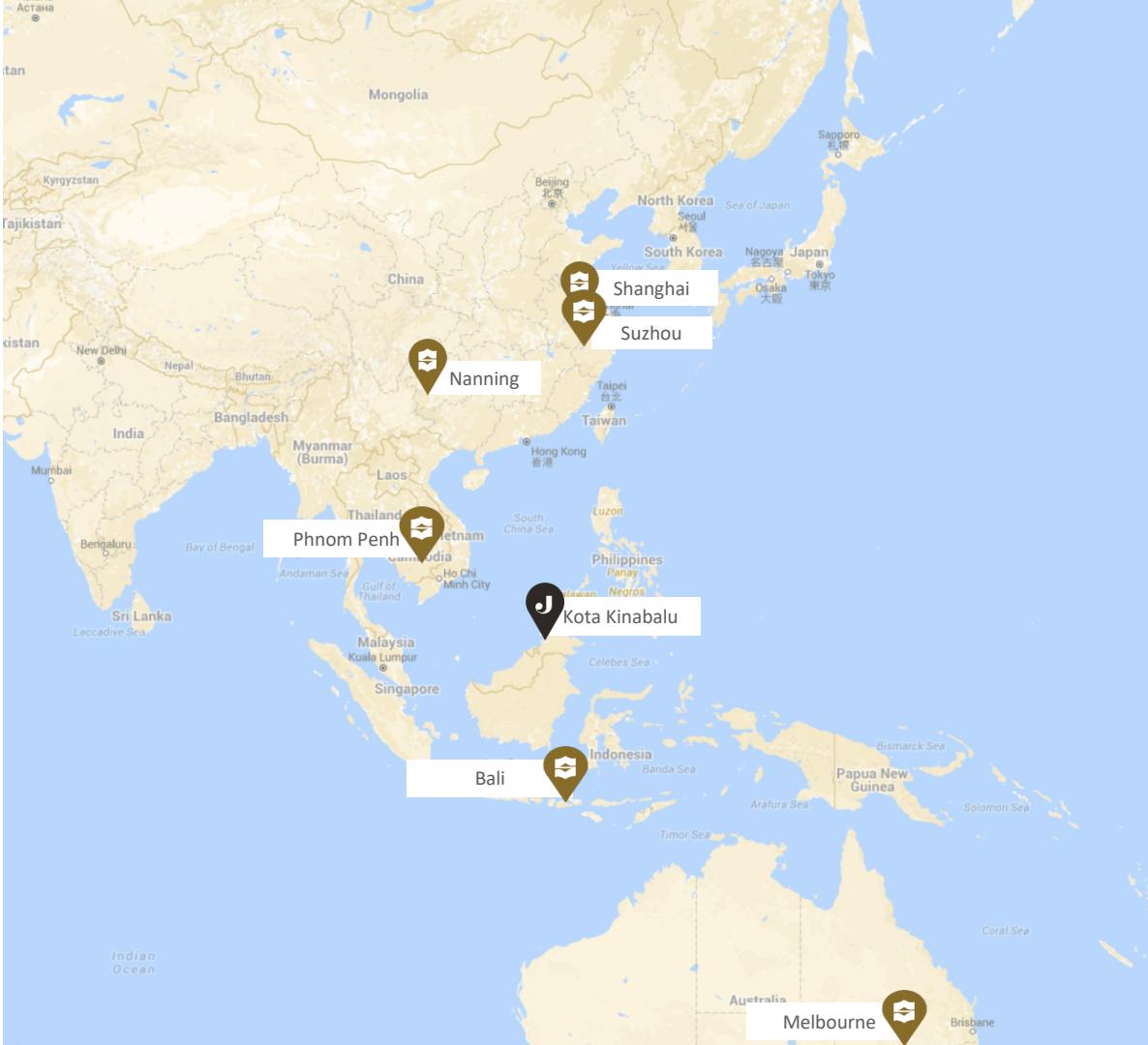


4) Properties Under Development



Owned Hotels Under Development

Group's Equity Interest	Projected Opening
<u>Subsidiaries</u>	
Shangri-La Hotel, Zhoushan	100% 2019
<u>JV with Kerry Properties Limited</u>	
Shangri-La Hotel, Zhengzhou	40% 2021
Traders Hotel, Kunming	45% 2021
Shangri-La Hotel, Kunming	45% TBD
Shangri-La Hotel, Putian	45% 2022



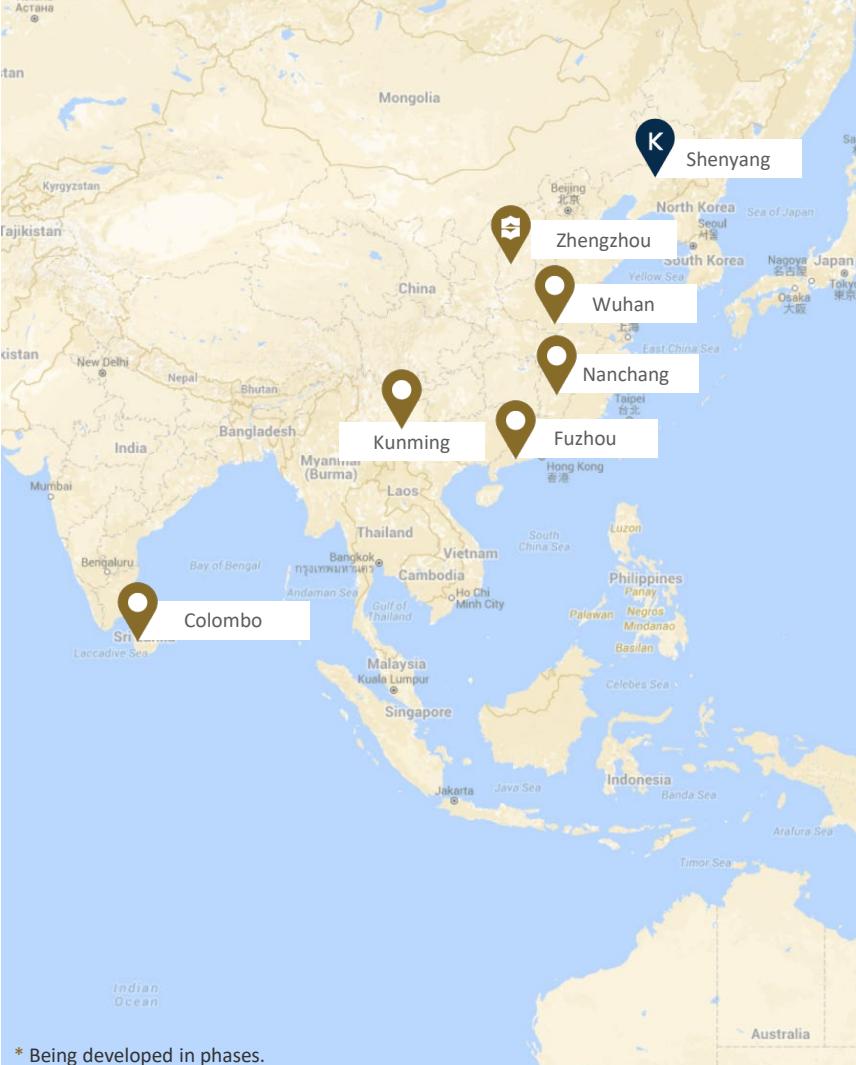
Managed Hotels Under Development

Open in 2019

-  **Shangri-La, Suzhou Yuanqu**
-  **Shangri-La Hotel, Bali**

Open after 2019

-  **Hotel Jen, Kota Kinabalu**
-  **Shangri-La Hotel, Jeddah (Not on the map)**
-  **Shangri-La Phnom Penh, Cambodia**
-  **Shangri-La Hotel, Qian Tan**
-  **Shangri-La Hotel, Nanning**
-  **Shangri-La Hotel, Melbourne**
-  **Shangri-La Hotel, Bahrain (Not on the map)**



Composite Projects Under Development

Subsidiaries

Colombo, Sri Lanka (composite development project)

- Equity interest: 90%
- Component: Office, Commercial and Residential
- Residential handover in 4Q 2018
- Office and Mall opening in 2019

Phase II of Shangri-La Hotel, Wuhan

- Equity interest: 92%
- Component: Office
- Projected opening: 2019

Phase II of Shangri-La Hotel, Fuzhou

- Equity interest: 100%
- Component: Office
- Projected opening: 2021

Joint Ventures with Kerry Properties Limited

Nanchang City Project

- Equity interest: 20%
- Phase I: Hotel & residential completed
- Phase II – Design in progress

Shenyang Kerry Centre (Phase II & III)

- Equity interest: 25%
- Part of phase I development (office & residential) has been sold and handed over.
- Phase II - under development

Kunming City Project

- Equity interest: 45%
- Component : Hotel, Commercial & residential
- Projected opening : 2021

Zhengzhou City project

- Equity interest: 45%
- Component : Hotel, Office, Commercial & residential
- Projected opening : 2022 onwards by phases

* Being developed in phases.



5) Prospects

Prospects

- Looking into 2019, we are cautiously optimistic about Shangri-La's prospects as we see opportunities of growth despite economical and political uncertainties.
- However, we remain focused on our long term opportunities where we see a structural growth from the rising middle class consumers in Asia, as well as strong domestic consumption growth in China.
- Domestic consumption to remain the largest contributor to China's GDP growth. As outbound and domestic tourism are part of the consumption growth, our Group's businesses will be well positioned to benefit from such developments.
- In 2019, we look forward to
 - Opening of our hotel in Zhoushan (China)
 - Commence operations of our managed hotels in Suzhou (China) and Bali (Indonesia)
 - Complete office of composite site in Wuhan (China), as well as office and shopping mall in Colombo (Sri Lanka)
 - Handing over most of the remaining pre-sold residential units of One Galle Face, Colombo (Sri Lanka), amounting to approximately USD100 million of operating profit





6) Appendix and Disclaimer

Fair Value Adjustment – Investment Properties

(in USD mil)

	Equity Interest	2018 Actual	2017 Actual
<u>Note 1 - Fair value adjustment on investment properties (net of deferred tax)</u>			
<u>Subsidiaries</u>			
- Shangri-La Residence, Dalian	100%	(1.2)	1.0
- Dalian Phase II project	100%	(0.2)	(6.6)
- Chengdu Shangri-La Centre	80%	(0.8)	(1.8)
- Shangri-La Centre, Qingdao	100%	0.6	(0.4)
- Shangri-La Apartments & Residences, Singapore	100%	0.1	7.5
- Central Tower, Ulaanbaatar, Mongolia	51%	(0.3)	(1.8)
- Shangri-La Centre, Ulaanbaatar, Mongolia	51%	(3.4)	(15.2)
- The Pier, Cairns	100%	0.3	0.2
- Shangri-La Residence, Yangon	55.86%	(2.8)	(1.0)
- Sule Square, Yangon	59.28%	(4.4)	(7.9)
- UBN Tower & Apartments	52.78%	(0.8)	0.0
<u>Sub-total Subsidiaries</u>		(12.8)	(26.0)
<u>Associates</u>			
- CWTC	40.3-50%	80.5	25.9
- Beijing Kerry Centre	23.75%	6.1	0.6
- Jing An Kerry Centre - Phase I (formerly Shanghai Kerry Centre)	24.75%	3.5	0.9
- Jing An Kerry Centre - Phase II	49%	11.8	(0.0)
- Kerry Parkside Pudong, Shanghai	23.2%	5.1	(0.2)
- Tianjin Kerry Centre	20%	(0.2)	0.4
- Hangzhou Kerry Centre	25%	(2.9)	0.1
- Jinan Enterprise Square	45%	12.9	-
- Shenyang Kerry Centre	25%	6.5	-
- Tanglin Mall & Place, Singapore	44.6%	0.7	3.2
<u>Sub-total Associates</u>		123.9	30.9
<u>Total Fair Value adjustment on Investments Properties</u>		111.1	4.9



Impairment Adjustment and Others Non-operating items

(in USD mil)

	Equity Interest	2018 Actual	2017 Actual
Note 2 - Impairment Adjustment			
- Shangri-La Resort, Shangri-La	100%	(40.0)	-
- Shangri-La Hotel, London	100%	(62.2)	-
- Shangri-La Hotel, Ulaanbaatar	51%	(10.7)	-
Sub-Total Imapirment Adjustment		(112.9)	-
Note 3 - Others Non-operating items			
- Net unrealised gains/(losses) on financial assets held for trading		(4.7)	8.6
- Fair value adjustment on loans from non-controlling shareholders			(1.0)
- Fair value adjustment on security deposit for land lease of SLTY		0.1	0.1
- Fair value gain on Club Debenture		1.2	
- Gain on disposal of Hotel Jen Brisbane		2.9	
- Gain on disposal of Bali Golf Club House			10.2
- Gain on disposal of Golden Flower Hotel, Xian			4.7
- Loss on major renovation Hotel & Investment Properties		(2.1)	(10.2)
Sub-Total Others Non-operating items		(2.6)	12.3



Shangri-La's hotels

	Owned/leased		Managed		Total Operating Hotels		Hotels Under Development	
	Hotels	Rooms ('000)	Hotels	Rooms ('000)	Hotels	Rooms ('000)	Owned Hotels	Hotels Under Mgt Contracts
 SHANGRI-LA HOTELS AND RESORTS	71	30.9	15	4.7	86	35.6	4	8
 KERRY HOTELS	3	1.6	-	-	3	1.6	-	-
 J HOTEL JEN	7	2.8	2	0.6	9	3.4	-	1
 TRADERS HOTELS	-	-	3	1.2	3	1.2	1	-
Other*	1	0.6	-	-	1	0.6	-	-
Total	82	35.9	20	6.5	102	42.4	5	9

* Other hotel refers to the Portman Ritz-Carlton Hotel, Shanghai (the Group has 30% equity interest)



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