Accomplishments and Results 2015 - Snapshot of HSH in 2015 The Hongkong and Shanghai Hotels, Limited | Annual Report 2015

Financial Review Summary

• EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND **AMORTISATION** (EBITDA)

EBITDA and EBITDA margin of the Group for 2015 decreased by 6% and one percentage point to HK\$1,440 million and 25% respectively. The decrease was mainly due to the reduced contribution from the hotels

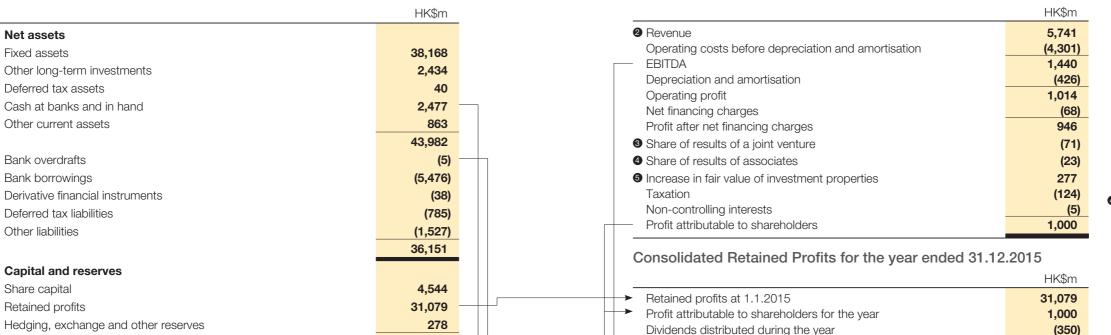
2 REVENUE

The hotels division is the main contributor to the Group's revenue, accounting for 71% (2014: 73%) of total revenue. The operating performance of the Group's hotel businesses is subject to a higher degree of volatility by nature. The decrease in revenue of the hotels division was due to a combination of factors, including the room closures for the renovation programmes undertaken by The Peninsula Beijing and The Peninsula Chicago, and declining tourist arrivals in Hong Kong. The devaluation of Renminbi and Japanese Yen has also contributed to the decrease in revenue of the hotels division.

The increase in revenue for the commercial properties was mainly due to the increased occupancy achieved by The Repulse Bay Complex whereas the increase in revenue for the clubs and services division was due to higher mooncake sales achieved by Peninsula Merchandising and better results achieved by Quail Lodge following its renovation of the golf course.

Details of the operating performances of the Group's individual operations are set out on pages 28 to 48 of the CEO's Strategic Review.

Consolidated Statement of Financial Position at 1.1.2015



Consolidated Income Statement for the year ended 31.12.2015

Consolidated Statement of Financial Position at 31.12.2015

Retained profits at 31.12.2015

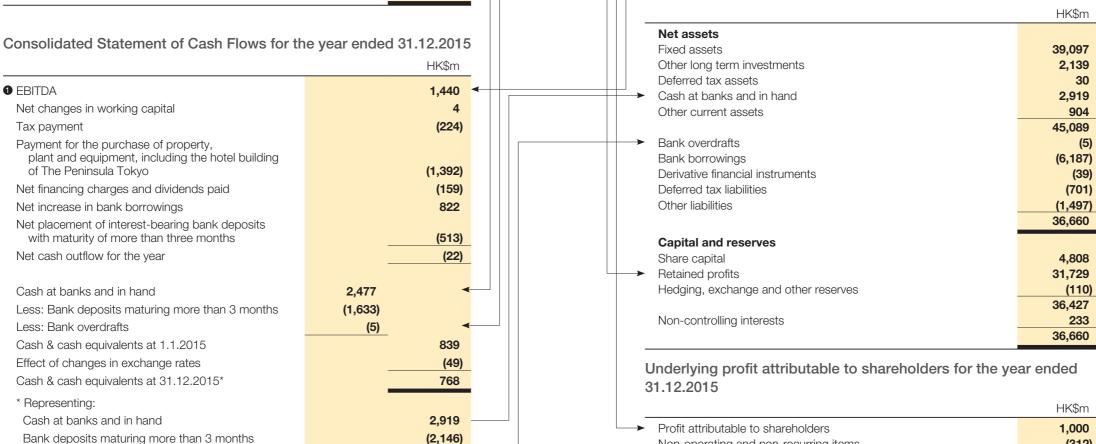
Non-operating and non-recurring items

Output
Underlying profit attributable to shareholders

Non-controlling interests

Bank overdrafts

10



35,901

36,151

250

(5)

768

SHARE OF RESULTS OF A JOINT VENTURE

The Group has a 50% interest in The Peninsula Shanghai Complex and the Group's share of loss amounted to HK\$71 million, which included the share of a net unrealised loss of HK\$37 million (2014: unrealised gain of HK\$6 million) arising from the revaluation of The Peninsula Shanghai Complex's shopping arcade.

4 SHARE OF RESULTS OF ASSOCIATES

The Group has a 20% interest in each of The Peninsula Beverly Hills and The Peninsula Paris. The Group's share of net loss of these two hotels for 2015 amounted to HK\$23 million (2014: HK\$35 million of which HK\$22 million related to the share of preopening expenses incurred by The Peninsula Paris which opened for business on 1 August 2014).

31,729

30

2.919

904

(39)

(701)

4,808

(110)

233

1,000

(312)

688

11

6 INCREASE IN FAIR VALUE OF INVESTMENT **PROPERTIES**

The Group states its investment properties at fair value and gain or loss arising from the change in fair value of investment properties is recognised in the income statement. The year end revaluation of the Group's investment properties has resulted in a non-operating gain of HK\$277 million, principally attributable to The Repulse Bay Complex.

6 UNDERLYING PROFIT ATTRIBUTABLE TO **SHAREHOLDERS**

To provide additional insight into the performance of its business operations, the Group presents underlying profit by excluding non-operating and non-recurring items such as any change in fair value of investment properties. Details of the reconciliation from reported profit to underlying profit are summarised on page 55.