

Media Information

For immediate release

10th March 2022

Swire Pacific returns to profitability in 2021

- *Property Division announces 7th retail-led investment in Chinese Mainland*
- *Record profit at Beverages Division*
- *Substantial reduction in losses at Cathay Pacific*
- *53% increase in full year dividends*

10th March 2022, Hong Kong – Whilst the impact of COVID-19 continued to be felt across all our Divisions and the operating environment remained challenging in 2021, overall our businesses made a significant turnaround and the Group returned to profitability.

Swire Pacific recorded an underlying profit of HK\$5,300 million in 2021, compared with an underlying loss of HK\$3,969 million in 2020. Disregarding significant non-recurring items in both years, the Group recorded a recurring underlying profit of HK\$4,885 million in 2021, compared with a loss of HK\$609 million in 2020. Losses at Cathay Pacific and Swire Pacific Offshore were reduced significantly. The recurring underlying profit of the Property Division was stable and Swire Coca-Cola reported record profit. Impairment charges at Swire Pacific Offshore and Cathay Pacific reduced substantially. However, gains from the disposal of non-core assets were also lower.

Dividends for the full year are HK\$2.60 per 'A' share and HK\$0.52 per 'B' share, an increase of 53% over the 2020 full year dividends.

Below is a summary of the 2021 annual results:

2021 Annual Results Summary

	2021	2020	Change %
	HK\$M	HK\$M	
Revenue	92,403	80,032	+15%
Profit / (loss) attributable to the Company's shareholders			
As reported	3,364	(10,999)	N/A
Underlying profit / (loss)	5,300	(3,969)	N/A
Recurring underlying profit / (loss)	4,885	(609)	N/A

	HK\$	HK\$	Change %
Earnings / (loss) per share			
As reported			
'A' share	2.25	(7.32)	N/A
'B' share	0.45	(1.46)	N/A
Underlying			
'A' share	3.53	(2.64)	N/A
'B' share	0.71	(0.53)	N/A

	HK\$	HK\$	Change %
Full year dividends per share			
'A' share	2.60	1.70	+53%
'B' share	0.52	0.34	+53%

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Commenting on the Group's performance and prospects, Guy Bradley, Chairman of Swire Pacific said, "In 2021 we continued our strategy of focusing on three core Divisions where we see good opportunities: Property, Beverages and Aviation, all well-positioned to tap into the growth in consumer spending in their core markets. We see a bright future for all of them, although the current COVID-19 impact on the Aviation Division is particularly challenging. We also increased our investment in healthcare in the Chinese Mainland.

"In the Property Division, we have an ambitious HK\$100 billion investment pipeline over the next 10 years, from which we have just announced a RMB7 billion investment in Xi'an. This development, located at the Small Wild Goose Pagoda historical and cultural zone in the Beilin district, will be our seventh retail-led mixed-use development in the Chinese Mainland.

"Swire Coca-Cola, which is performing strongly, continued to pursue its core strategies during the year and made significant investments in production assets, logistics infrastructure, digital innovation and merchandising equipment to support future revenue growth and operational efficiency.

"In Aviation, Cathay Pacific's improved results were driven by the exceptional performance of the cargo business, with the airline reporting a profit in the second half of the year. Its liquidity was healthy. While Cathay Pacific's business remains significantly impacted by COVID-19, the business is well-placed for a post-COVID-19 recovery, after decisive actions were taken to create a more focused and competitive business with a lower cost base.

"During the year, we invested in a premium private hospital in Shenzhen and a healthcare provider specialising in cardiovascular care in Shanghai, all part of our planned long-term capital spending in the healthcare sector in the Chinese Mainland.

"We also recently announced the disposal of Swire Pacific Offshore. With this disposal, and the earlier sale of our interest in Hongkong United Dockyards (HUD), we will no longer operate any marine services business, which has been loss-making for a number of years. This is in line with our strategy of reducing exposure to non-core assets and recycling capital to focus on core businesses that have strong growth opportunities in Greater China and South East Asia."

The divisional highlights of the 2021 Annual Results are at the Appendix.

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Appendix - Divisional Highlights of Swire Pacific 2021 Annual Results:

Property Division

- Attributable underlying profit, which principally adjusts for changes in the valuation of investment properties, decreased to HK\$7,783 million in 2021 from HK\$10,418 million in 2020. This mainly reflected the reduction in profit from the sale of interests in investment properties in Hong Kong.
- Recurring underlying profit (which excludes the profit on the sale of interests in investment properties) was HK\$5,824 million in 2021, compared with HK\$5,834 million in 2020. This mainly reflected higher rental income from the Chinese Mainland and reduced losses in the hotel business, largely offset by lower rental income from Hong Kong.
- There was a small underlying loss from property trading in 2021. This reflected the sales of EDEN in Singapore and of the remaining units at Reach and Rise in the USA, and adjustments to provisions.
- The hotel business in Hong Kong was adversely affected by travel restrictions. Hotels in the Chinese Mainland and the USA performed better. Losses were lower.

Beverages Division

- Swire Coca-Cola recorded record profits of HK\$2,549 million in 2021, a 23% increase from 2020 (when business was severely affected by COVID-19).
- Total revenue (including that of a joint venture company and excluding sales to other bottlers) increased by 20% to HK\$54,769 million.
- Sales volume increased by 8% to 1,890 million unit cases.
- Revenue and volume grew in the Chinese Mainland, the USA and Hong Kong. In Taiwan, revenue grew but volume declined.

Aviation Division

Cathay Pacific Group

- The Cathay Pacific group's attributable loss on a 100% basis was HK\$5,527 million in 2021 (2020: loss of HK\$21,648 million). The loss for 2021 included impairment and related charges of HK\$832 million, restructuring costs of HK\$385 million, and a HK\$210 million gain on the dilution of an associate interest.
- This improved performance was driven by the cargo business, which performed exceptionally well, and good cost management, resulting in substantially reduced cash burn.
- Travel remained very challenging with aircrew quarantine and travel restrictions impacting passenger flight capacity substantially.

HAECO Group

- The HAECO group reported an attributable profit of HK\$394 million in 2021, compared with HK\$96 million in 2020.
- Disregarding the impairment charges in both years, the recurring profit of the HAECO group increased by HK\$46 million to HK\$416 million in 2021.
- COVID-19 adversely affected demand for aircraft maintenance and repair services except base maintenance.

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About Swire Pacific Limited

Swire Pacific Limited (HKEX: 00019/00087) is a Hong Kong-listed international conglomerate with a diversified portfolio of market leading business. The company has a long history in Greater China, where the name Swire or Taikoo (太古) has been established for over 150 years. Swire Pacific's strategy is focused on Greater China and South East Asia, where we seek to grow our core divisions of Property, Beverages, and Aviation. New areas of growth, such as healthcare and sustainable foods are being targeted under a new division, Swire Investments. It is the largest shareholder in two other listed companies in Hong Kong: Swire Properties Limited and Cathay Pacific Airways Limited. Swire Pacific is listed on the Hang Seng Corporate Sustainability Benchmark Index, Dow Jones Sustainability Asia Pacific Index and MSCI All Country World Index (ACWI) ESG Leaders Index.

Visit Swire Pacific's website at www.swirepacific.com

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References in this document to Hong Kong are to Hong Kong SAR, to Macau are to Macao SAR and to Taiwan are to the Taiwan region.