



# 2020 Interim Results Analyst Briefing

13th August 2020

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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.

# Agenda

- ▶ Welcome Remarks and Performance Overview
- ▶ 2020 First Half Financial Performance
- ▶ 2020 First Half Business Review by Division
- ▶ Outlook
- ▶ Q&A



## Welcome Remarks and Performance Overview

Merlin Swire, Chairman



# Business Environment in First Half 2020

*COVID-19*



*Decreased oil demand*



# 2020 First Half Performance

***HK\$(5,485)m***

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**Underlying Loss**  
(v. Jun 2019)

**-135%**

***HK\$(123)m***

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**Recurring Underlying Loss**  
(v. Jun 2019)

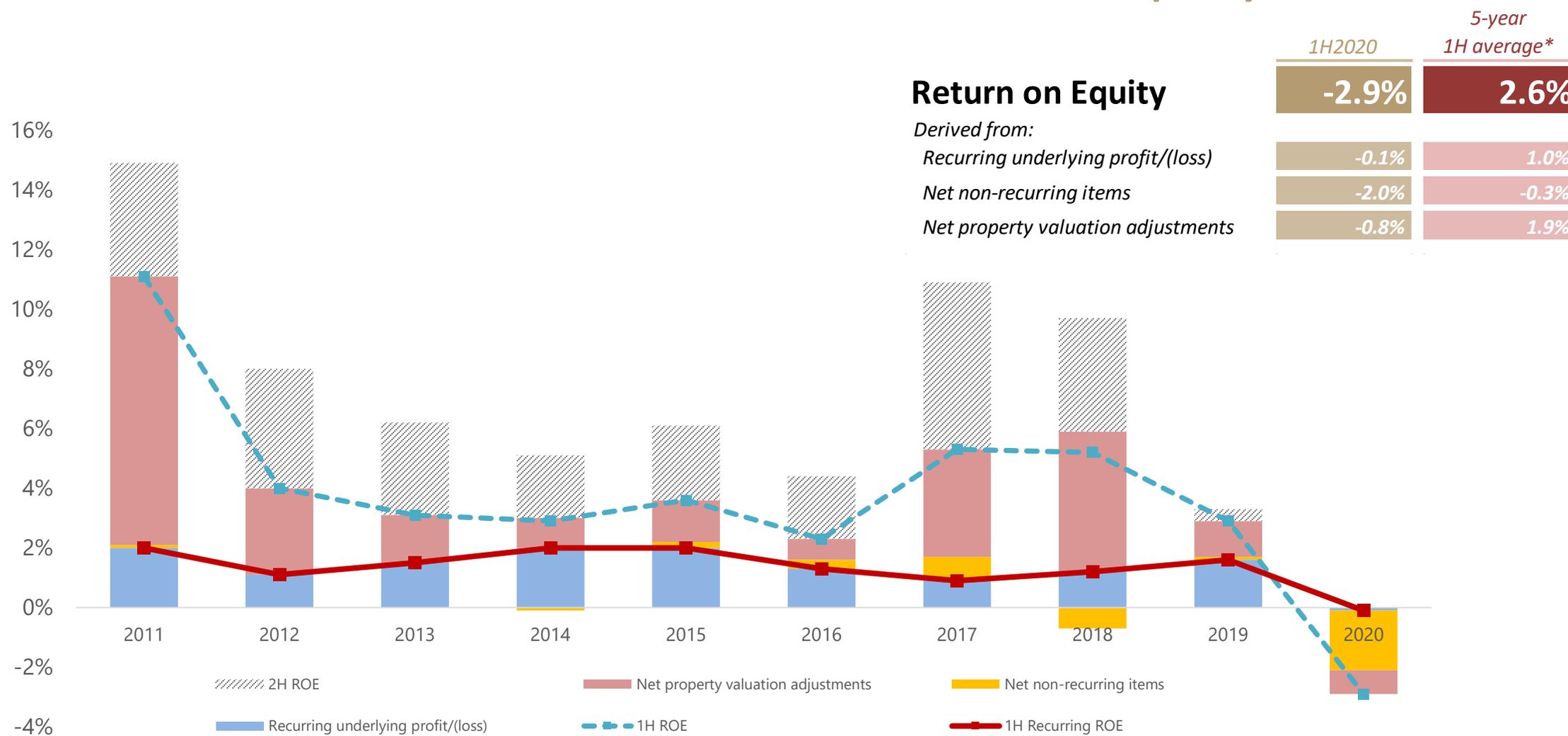
**-103%**

\* The underlying loss would be HK\$(1,045)m and there would be a recurring underlying profit of HK\$3,301m if the results of Cathay Pacific are excluded.

# Significant Impairment Charges in First Half 2020

HK\$M	<i>Jun 2020</i>	<i>Jun 2019</i>
<b>Underlying (Loss)/Profit</b>	<b>(5,485)</b>	<b>15,846</b>
<b>Impairments</b>		
- SPO: Vessels and other assets	4,345	-
- CX: 16 aircraft and certain airline service subsidiaries' assets (attributable to SPAC)	1,016	-
- Others: Mainly write-off of an associate in 2019	19	404
<b>Other adjustments</b>		
- Mainly profits on sale of investment properties in 2019	(18)	(12,024)
<b>Recurring Underlying (Loss)/Profit</b>	<b>(123)</b>	<b>4,226</b>

# 2020 First Half Performance – Return on Equity



## Return on Equity

Derived from:

Recurring underlying profit/(loss)

Net non-recurring items

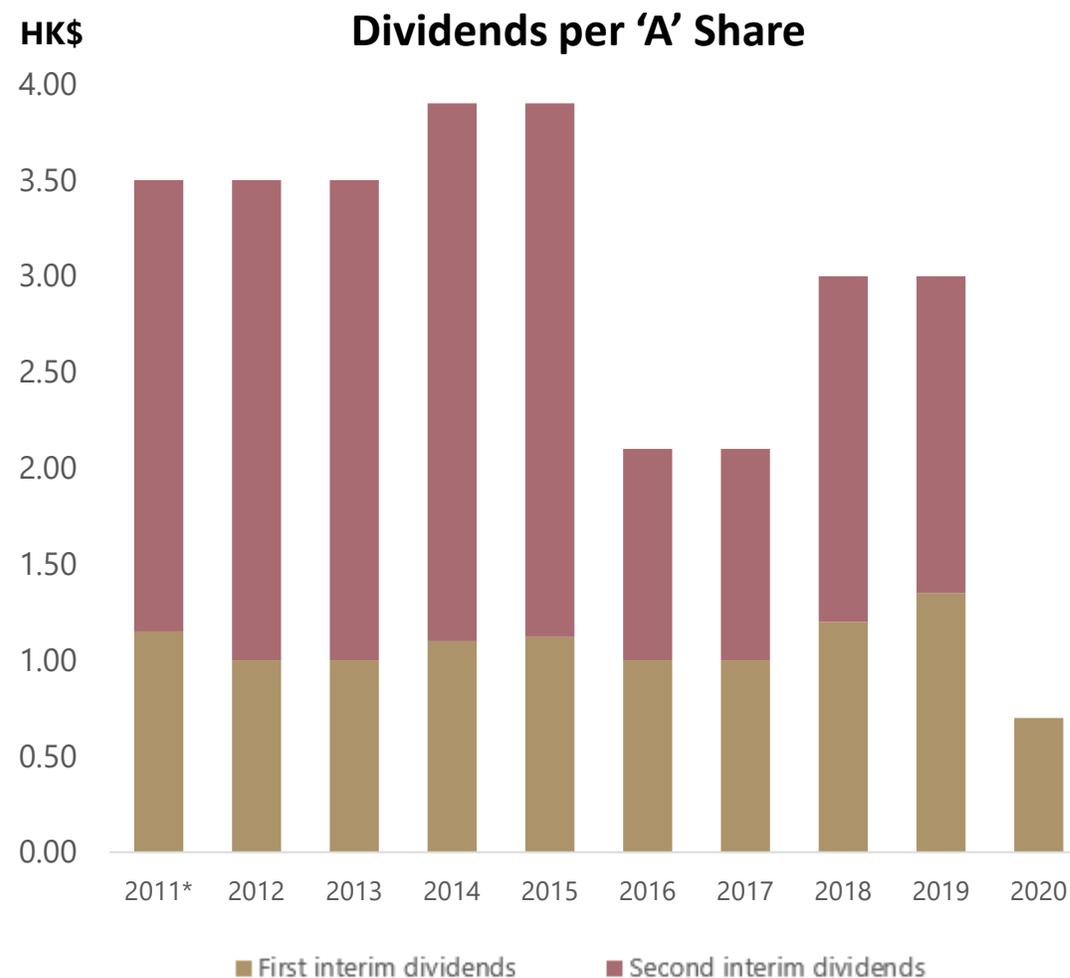
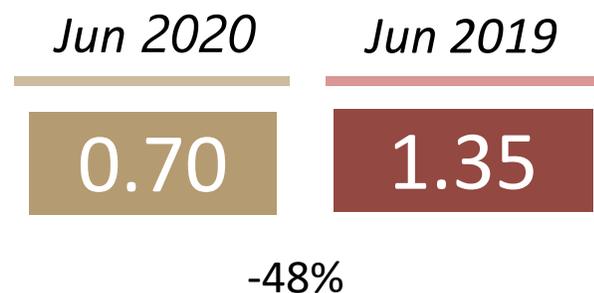
Net property valuation adjustments

	1H2020	5-year 1H average*
Return on Equity	-2.9%	2.6%
Recurring underlying profit/(loss)	-0.1%	1.0%
Net non-recurring items	-2.0%	-0.3%
Net property valuation adjustments	-0.8%	1.9%

\* 1H2016 – 1H2020 for first half average.

# 2020 First Half Performance – Dividends

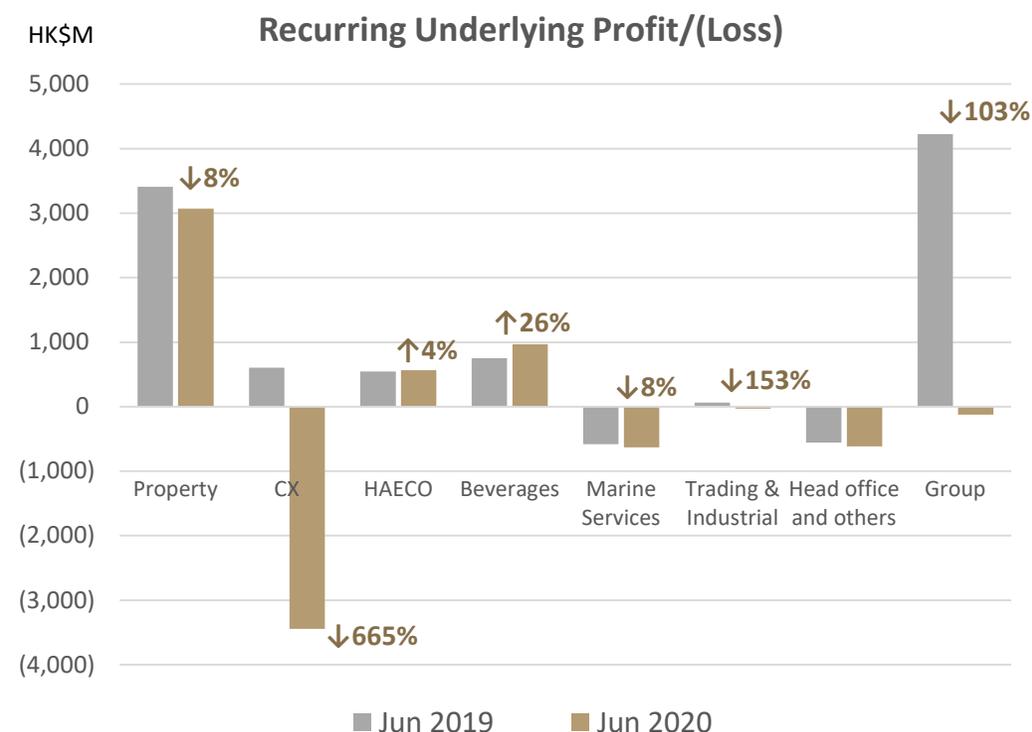
**First Interim Dividend per 'A' Share (HK\$)**  
(v. Jun 2019)



\* Not including special interim dividends of HK\$3.00 per 'A' share.

# Overview – First Half 2020

- ▶ A number of businesses were adversely affected by COVID-19 in the first half of 2020.
- ▶ Swire Properties recorded a slight increase in recurring profit from property investment, but retail rental income and hotels were adversely affected by COVID-19.
- ▶ Substantial loss from Cathay Pacific, reflecting a precipitous drop in passenger demand due to COVID-19. An impairment charge in respect of aircraft and other assets was made.
- ▶ Increased recurring profits from HAECO with receipt of COVID-19 related financial assistance.
- ▶ Strong growth in profits from Beverages despite COVID-19. Sales in the Chinese mainland recovered quickly.
- ▶ SPO continued to incur losses. Oil demand fell sharply as a result of COVID-19. There was a significant impairment charge.
- ▶ Recurring loss for Trading & Industrial.



# Significant Investments



		Status
<b>Office</b>	Two Taikoo Place	Completion expected in 2022
	Po Wah Building redevelopment	Completion expected in 2023
	Wah Ha, Zung Fu redevelopment	Compulsory sale applications submitted
<b>Retail</b>	Taikoo Li Qiantan (50% JV)	Completion expected by the end of 2020
<b>Residential</b>	8 Star Street, Wanchai	Completion expected in 2022
	Wong Chuk Hang residential development (25% JV)	Completion expected in 2024
	Chai Wan residential development (80% JV)	Redevelopment subject to agreement with government
	983-987A King's Road and 16-94 Pan Hoi Street (50% JV)	Compulsory sale application submitted
	Residential development in Indonesia (50% JV)	Completion expected in 2023



		Status
<b>CX</b>	Recapitalisation	Completed in August 2020
<b>HAECO</b>	Relocation of HAECO Xiamen premises to new airport	Working with the Xiamen authorities
	Investment in HAECO Global Engine Support in the USA	Completed in March 2020



		Status
	<ul style="list-style-type: none"> <li>Investments in production assets, logistics infrastructure, merchandising equipment and digital capabilities</li> </ul>	Continuing



		Status
	<ul style="list-style-type: none"> <li>Investment in Columbia China Healthcare Co., Limited</li> </ul>	Completed in April 2020



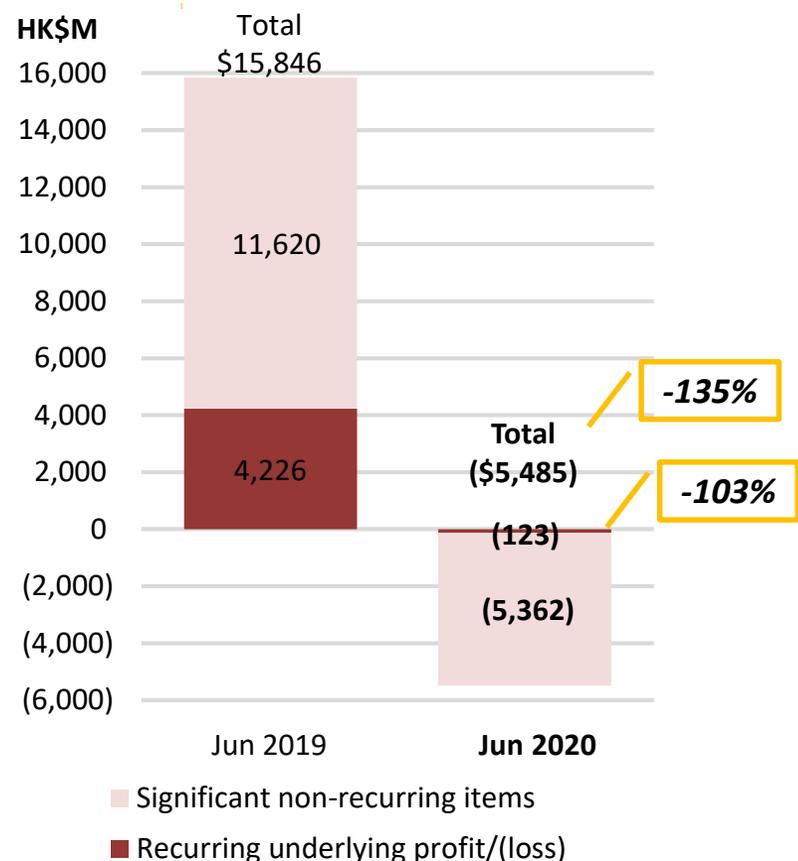
## 2020 First Half Financial Performance

Michelle Low, Finance Director



# 2020 First Half Financial Summary

## Underlying Profit/(Loss)



Note: Property valuation loss (including the Group's share of net revaluation loss of joint venture companies and before deferred tax and non-controlling interests) was HK\$(2.7)Bn in first half 2020 (Gain of HK\$4.3Bn in first half 2019).

## Revenue

Jun 2019: HK\$42,870m

**Jun 2020: HK\$39,056m**

-9%

## Cash Generated from Operations

Jun 2019: HK\$4,368m\*

**Jun 2020: HK\$5,176m**

+18%

## Dividends per Share

Jun 2019:  
HK\$1.35 per 'A' share  
HK\$0.27 per 'B' share

**Jun 2020:  
HK\$0.70 per 'A' share  
HK\$0.14 per 'B' share**

-48%

## Net Debt

Dec 2019: HK\$46,688m

**Jun 2020: HK\$49,277m**

+6%

## Net Debt and Lease Liabilities

Dec 2019: HK\$52,063m

**Jun 2020: HK\$54,500m**

+5%

## Gearing Ratio

Dec 2019: 14.2%

**Jun 2020: 15.6%**

+1.4%  
pt

## Gearing Ratio (Including Lease Liabilities)

Dec 2019: 15.8%

**Jun 2020: 17.2%**

## Equity Attributable to the Company's Shareholders

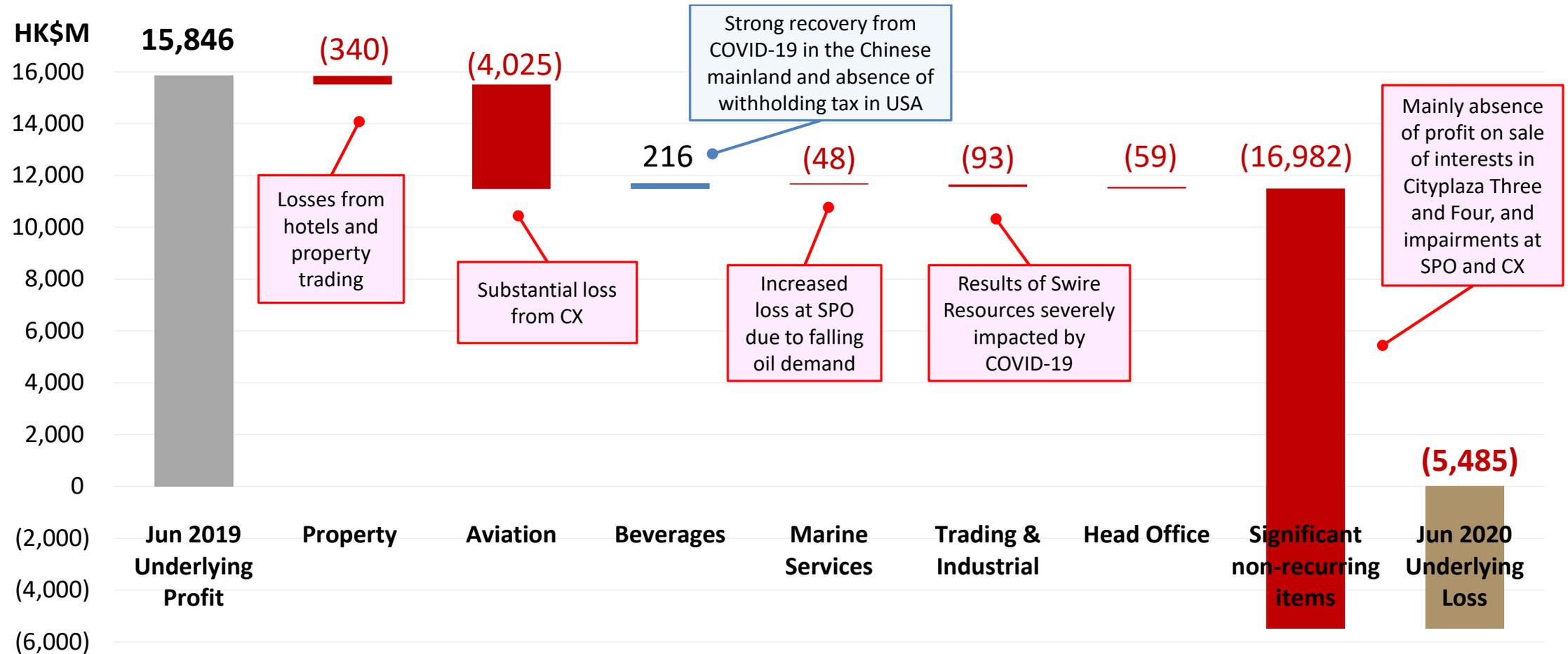
Dec 2019: HK\$273,352m

**Jun 2020: HK\$260,857m**

-5%

\* Including the derecognition of a HK\$3Bn deposit in 2019 on completion of the sale of interests in investment properties. Disregarding this HK\$3Bn working capital change, the cash generated from operations would have been HK\$7.4Bn in the first half of 2019.

# 2020 First Half Financial Summary – Movement in Underlying Profit/(Loss)

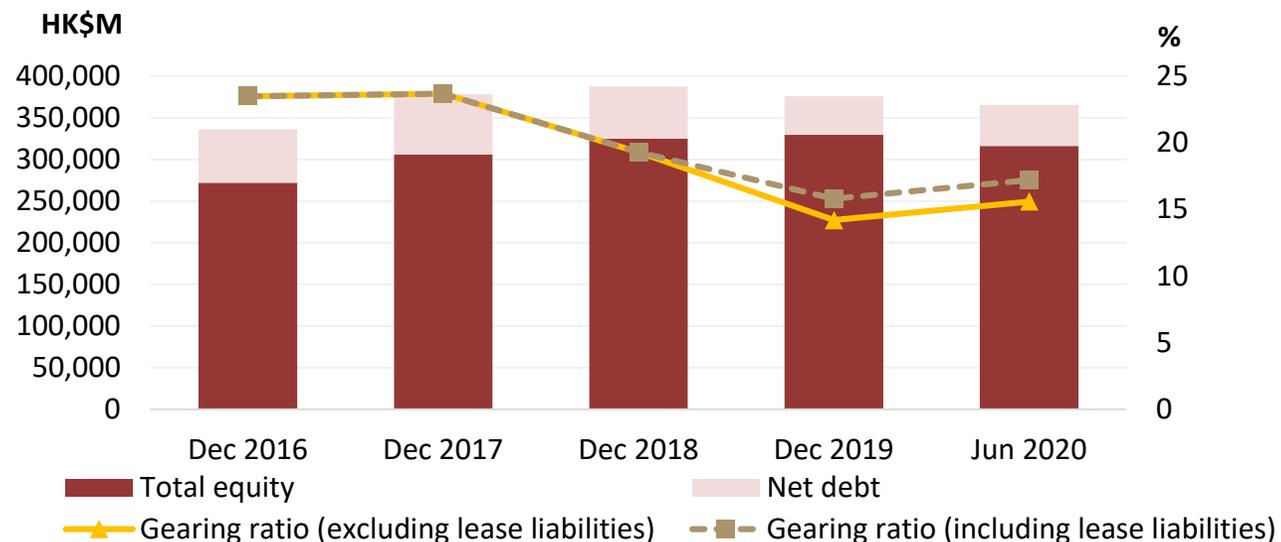


# 2020 First Half Financial Summary – Financing

## Net Debt Movements (HK\$Bn)

Net debt at 1st January 2020	46.7
Cash from operations	(5.2)
Disposal proceeds	(0.4)
Capex and investments	2.4
Net dividend paid	3.0
Net interest paid	0.9
Tax paid	1.4
Others	0.5
<b>Net debt at 30th June 2020</b>	<b>49.3</b>

## Gearing Ratio



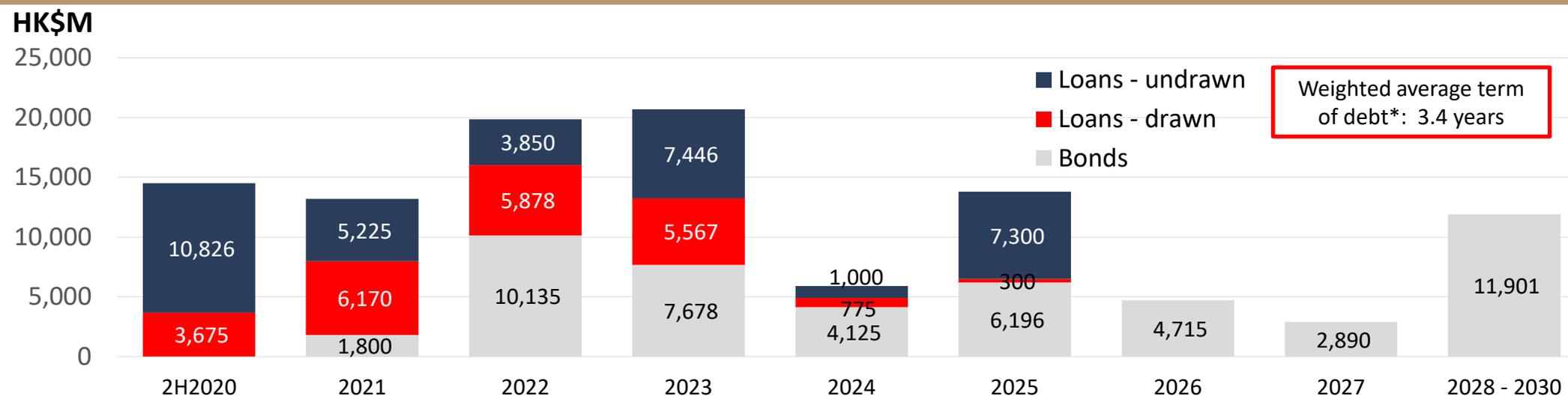
	Dec 2019	Jun 2020
Cash interest cover (underlying) – times	10.5	<b>1.0</b>
Weighted average cost of debt (%)*	3.6%	<b>3.3%</b>
Gross borrowings on fixed rate basis (%)*	73%	<b>74%</b>

\* Excluding lease liabilities.

# 2020 First Half Financial Summary – Liquidity

	Dec 2017 HK\$M	Dec 2018 HK\$M	Dec 2019 HK\$M	Jun 2020 HK\$M	Change % (Jun 20 vs Dec 19)
Bank balances and short-term deposits	6,072	9,112	21,345	<b>22,432</b>	+5%
Total undrawn facilities					
- Committed	21,307	25,676	18,686	<b>35,647</b>	+91%
<b>Group committed liquidity</b>	<b>27,379</b>	<b>34,788</b>	<b>40,031</b>	<b>58,079</b>	<b>+45%</b>
- Uncommitted	11,851	8,450	7,829	<b>7,461</b>	-5%
<b>Group total liquidity</b>	<b>39,230</b>	<b>43,238</b>	<b>47,860</b>	<b>65,540</b>	<b>+37%</b>

## Financing Maturity Profile at 30th June 2020\*



# 2020 First Half Financial Summary – Forward Capital Allocation Snapshot

Capital Commitments*	Property HK\$M	HAECO HK\$M	Beverages HK\$M	Marine Services HK\$M	Trading & Industrial HK\$M	Total HK\$M
<b>At 1st January 2020</b>	16,603	5,686	1,831	421	75	<b>24,616</b>
New commitments	86	633	1,104	-	6	<b>1,829</b>
Expenditure (commitments fulfilled)	(752)	(216)	(1,011)	(107)	(13)	<b>(2,099)</b>
Cancelled commitments and other movements	(34)	(138)	(128)	(143)	-	<b>(443)</b>
<b>At 30th June 2020</b>	15,903	5,965	1,796	171	68	<b>23,903</b>
% of total*	67%	25%	7%	1%	0%	<b>100%</b>

\* Includes the Group's share of the capital commitments of its joint venture companies.



## 2020 First Half Business Review by Division

Merlin Swire, Chairman

Michelle Low, Finance Director

Patrick Healy, Chairman of Cathay Pacific and Swire Coca-Cola



An aerial photograph of a city skyline, likely Hong Kong, featuring a mix of modern glass skyscrapers and older high-rise buildings. The city is situated on a peninsula with a body of water in the foreground and green mountains in the background under a blue sky with scattered white clouds. A semi-transparent white box is centered over the image, containing the word 'PROPERTY' in white capital letters.

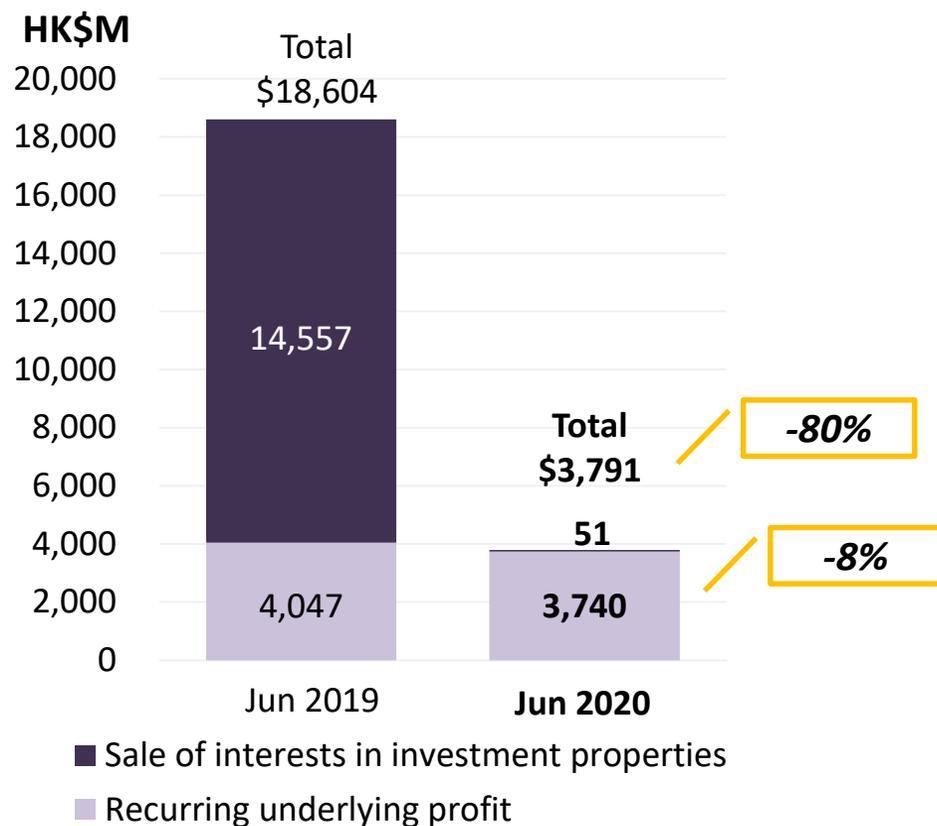
# PROPERTY

# 2020 First Half Overview

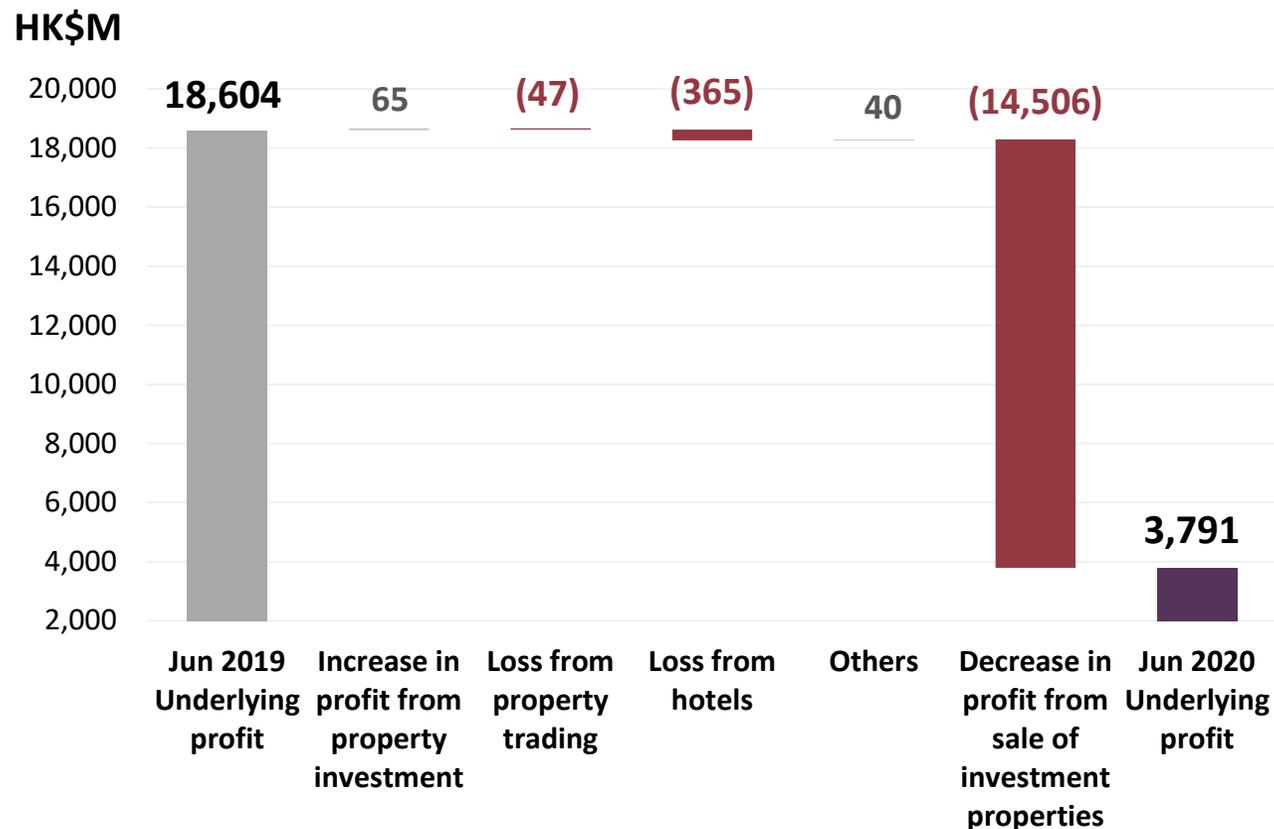
- ▶ Substantial decrease in underlying profit mainly because of the absence of significant profits on sale of investment properties in Hong Kong.
- ▶ Recurring profit from property investment increased slightly due to lower operating costs and finance charges.
- ▶ In Hong Kong, gross rental income from offices increased with positive rental reversions and increased rental income at One Taikoo Place as more tenants moved in. However, retail businesses were adversely affected by COVID-19 and social unrest.
- ▶ In the Chinese mainland, gross rental income from retail properties was adversely affected by COVID-19, though footfall and retail sales started to recover strongly in March. There were lower retail sales and rental concessions were given.
- ▶ Property trading incurred a small loss due to marketing expenses for EDEN in Singapore and losses relating to residential units in the USA.
- ▶ Hotels recorded losses due to the drastic effect on occupancy and revenue of COVID-19.
- ▶ In July, the sale of two office buildings (Two and Three Brickell City Centre) in Miami, USA was completed.
- ▶ The valuation of investment property decreased reflecting the effect of adverse market conditions and COVID-19, and the reclassification of Two and Three Brickell City Centre to Assets Held for Sale.

# 2% increase in recurring underlying profit from investment properties

## Underlying Profit (100% basis)



## Movement in Underlying Profit (100% basis)

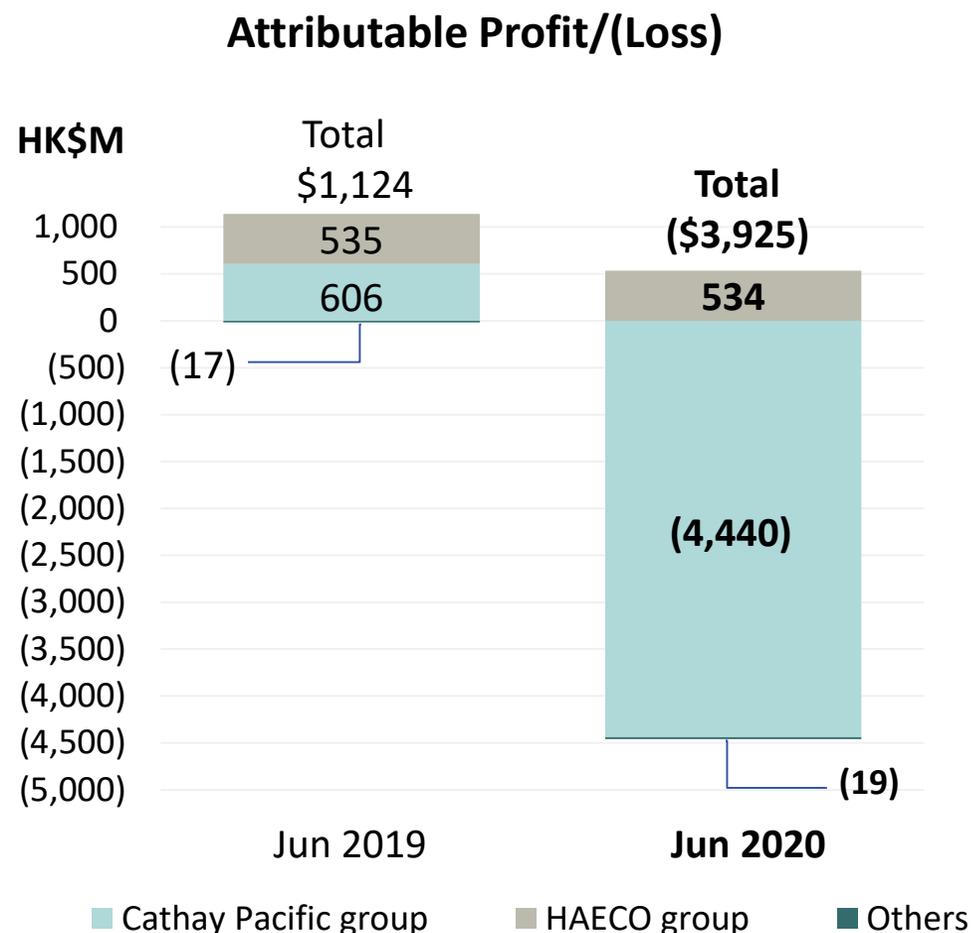


Note: Property valuation loss (including the Group's share of net revaluation loss of joint venture companies and before deferred tax) was HK\$(2.7)Bn in first half 2020 (Gain of HK\$4.3Bn in first half 2019).





# Substantial loss from Cathay Pacific



Key Financial Data		
	Jun 2020 HK\$M	Change %
<b>HAECO group</b>		
Revenue	6,226	-21%
Attributable profit	534	-0.2%
Recurring attributable profit	555	+4%
<b>Share of post-tax loss from an associated company</b>		
Cathay Pacific group	4,440	-833%

# 2020 First Half Overview – Cathay Pacific

- ▶ The most challenging six months that Cathay Pacific has faced in its 70-year history.
- ▶ Passenger revenue declined, reflecting the precipitous drop in passenger demand resulting from the extensive travel restrictions, border controls and quarantine arrangements due to COVID-19. Passengers carried and load factor decreased.
- ▶ Cargo revenue and cargo yield increased because of an imbalance between capacity and demand in the cargo market. Cargo capacity decreased because of reductions in passenger capacity\*.
- ▶ Net fuel costs decreased due to decreases in fuel prices and consumption, partly offset by hedging loss. Non-fuel cost per ATK increased with capacity reduction. Numerous cash preservation measures were implemented.
- ▶ Impairment charges of HK\$2.5 billion relating to 16 aircraft and assets of certain airline service subsidiaries were made.
- ▶ The HK\$39 billion recapitalisation plan was completed in August.

\* About half of cargo tonnage normally goes in the bellies of passenger aircraft.

# 2020 First Half Overview – Cathay Pacific

Key Financial Data		
CX group (100% basis)		
HK\$M	Jun 2020	Change %
<b>Revenue</b>	27,669	-48%
Passenger services	11,056	-71%
Cargo services	12,692	+10%
Others	3,921	-15%
<b>Net fuel cost</b>	7,318	-51%
<b>Share of losses from subsidiaries and associated companies</b>	2,504	-473%
<b>Attributable loss</b>	9,865	-832%

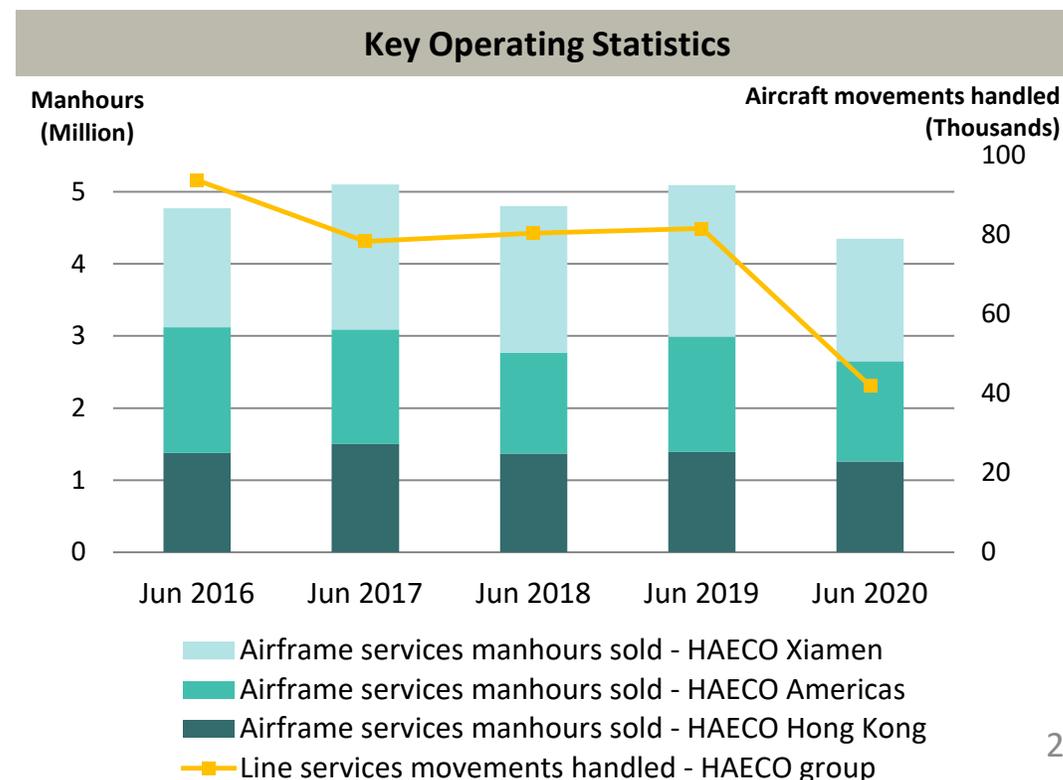
Key Operating Statistics		
	Jun 2020	Change %
Available tonne kilometres (ATK) ('M)	8,595	-47%
Revenue passengers carried ('000)	4,389	-76%
Passenger yield (HK¢)	55.5	+1%
Passenger load factor (%)	67.3%	-16.9% pt
Passenger revenue per ASK (HK¢)	37.5	-19%
Cargo carried ('000 Tonnes)	667	-32%
Cargo yield (HK\$)	2.71	+44%
Cargo load factor (%)	69.3%	+5.9% pt
Cargo revenue per AFTK (HK\$)	1.88	+58%

# 2020 First Half Overview – HAECO

- ▶ Financial assistance from governments and a higher profit at HAESL more than offset the adverse effect of COVID-19.
- ▶ Profit of HAECO Hong Kong reduced. Line maintenance services were particularly affected by COVID-19.
- ▶ HAECO Americas' results improved, but mainly because of government subsidies. The airframe services and cabin and seat businesses were adversely affected by COVID-19, but losses reduced due to cost savings.
- ▶ Profit of HAECO Xiamen declined with reduced demand for airframe services, line maintenance services and parts manufacturing.
- ▶ Profit of HAESL increased with global backlog of engine repair work. Profit of TEXL decreased due to deferral of maintenance by airlines.

Key Financial Data		
Recurring Profit		
	Jun 2020 HK\$M	Change %
HAECO Hong Kong	20	-87%
HAECO Americas	56	n.a.*
HAECO Xiamen	111	-16%
TEXL	67	-26%
HAESL	247	+19%
Others	54	-33%
<b>Total</b>	<b>555</b>	<b>+4%</b>

\* Not applicable as a loss of HK\$128m was incurred for the first half of 2019.



A photograph of two hands clinking glass Coca-Cola bottles against a sunset city skyline. The bottles are condensation-covered and feature the Chinese characters '可口可乐' (Coca-Cola). The background is a warm, golden sunset over a city with blurred lights. A semi-transparent white box is overlaid on the bottles, containing the word 'BEVERAGES' in white capital letters.

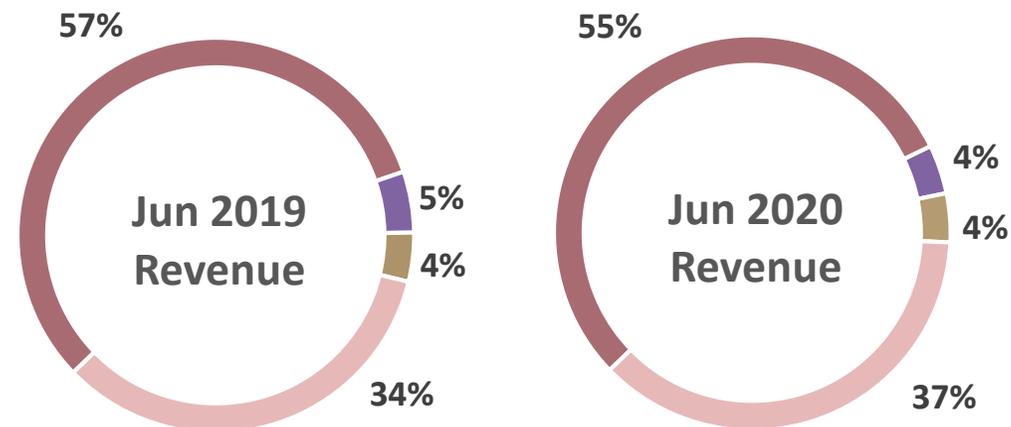
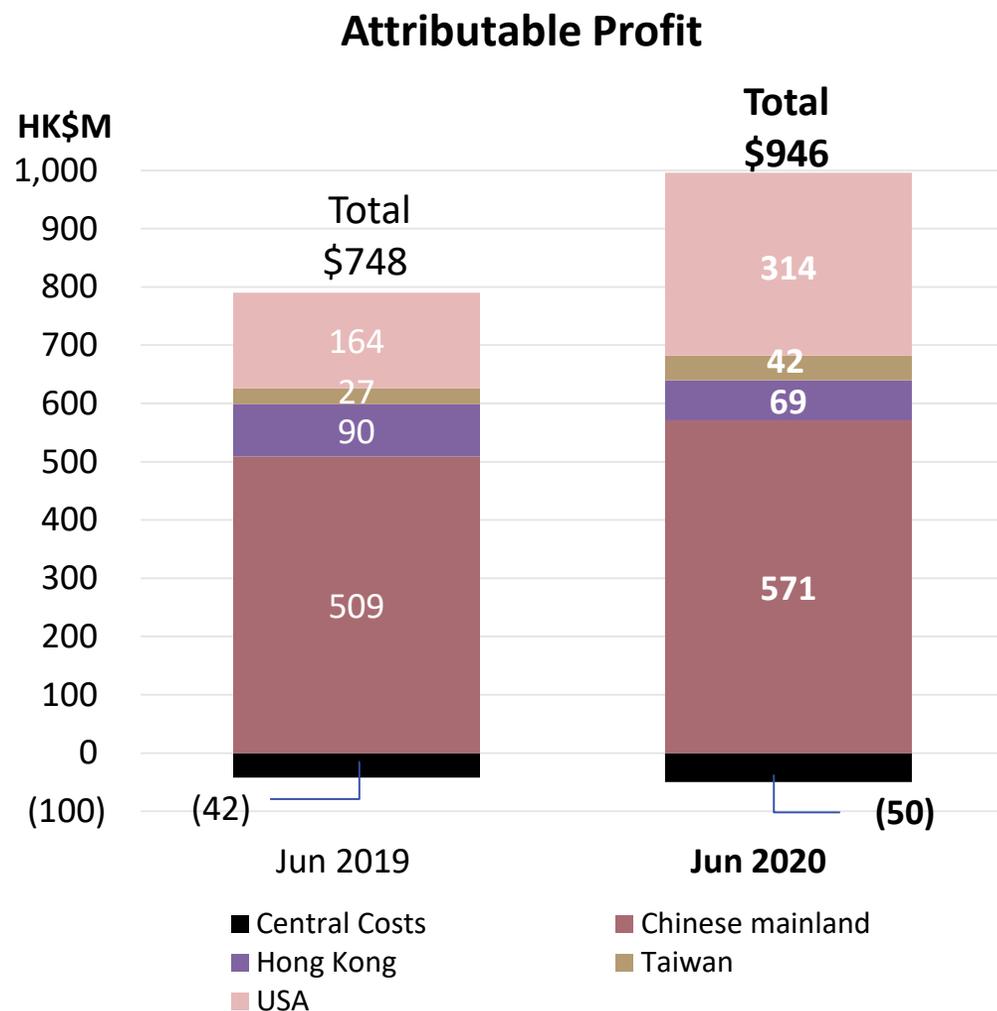
# BEVERAGES

# 2020 First Half Overview

- ▶ Despite COVID-19, profit of Swire Coca-Cola increased by 26%.\*
- ▶ Profit in the Chinese mainland increased by 12%. Sales were adversely affected by COVID-19 in the first quarter but recovered strongly from May. Decrease in revenue was more than offset by lower raw material costs and containment of operating expenses.
- ▶ Profit in Hong Kong decreased by 23% because of COVID-19.
- ▶ Profit in Taiwan increased by 56%, reflecting effective revenue growth management, successful introductions of new products and an improved product mix.
- ▶ Profit in the USA increased by 91% due to the absence of a withholding tax payment and an increase in revenue.
- ▶ Continued to make significant investments in production assets, logistics infrastructure, merchandising equipment and digital capabilities.

\* Disregarding a withholding tax payment in the USA in the first half of 2019, the increase would have been 14%.

# 26% increase in profit



■ Chinese mainland ■ Hong Kong ■ Taiwan ■ USA

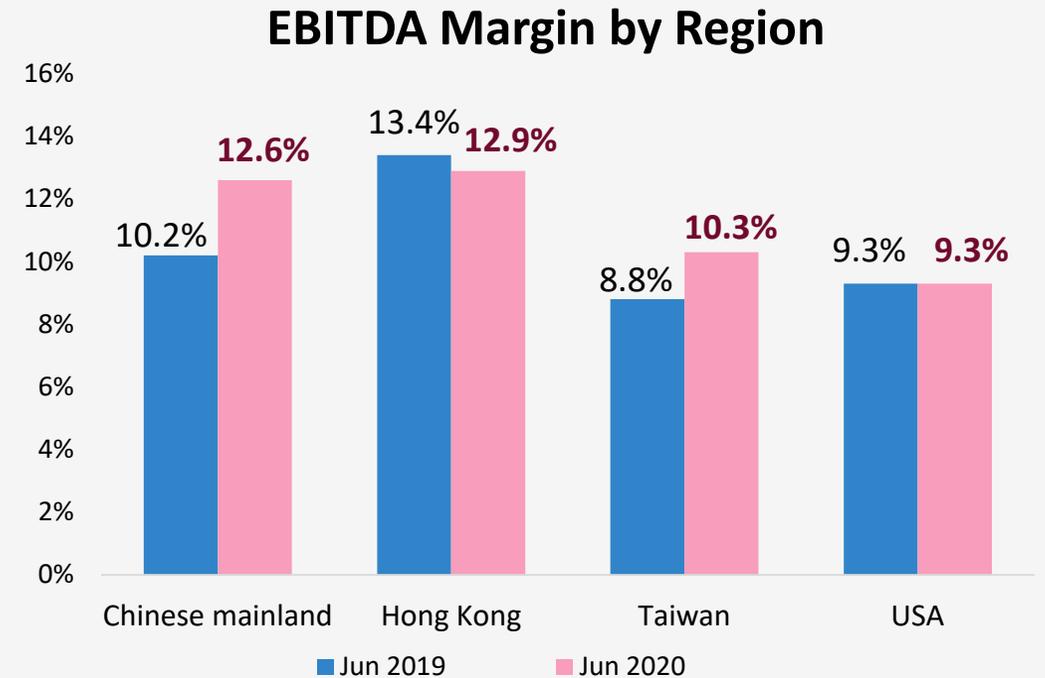
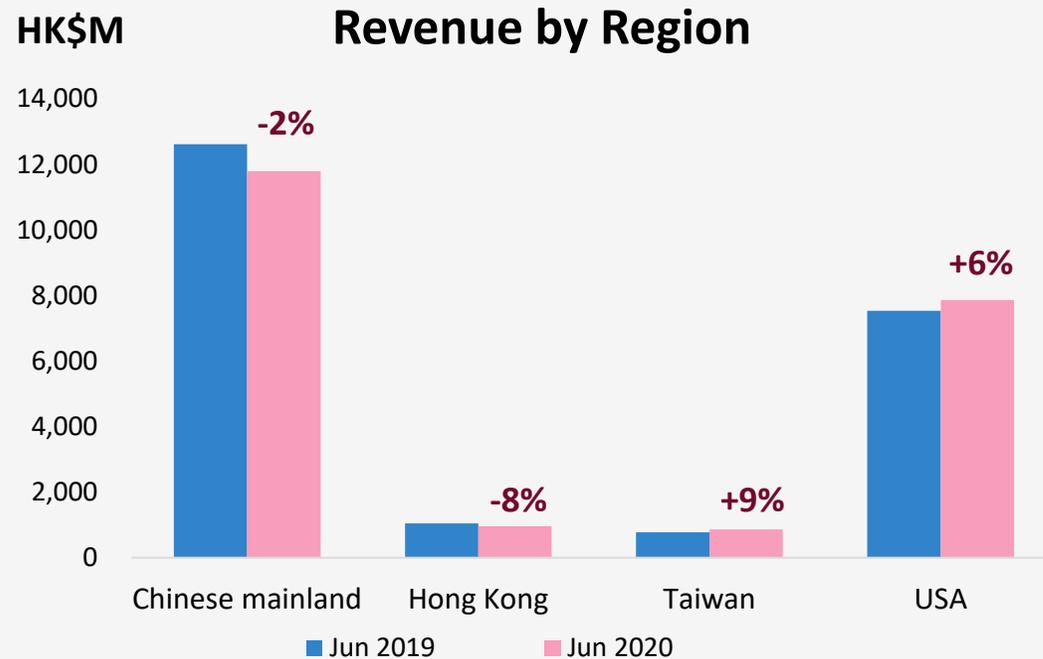
^ Revenue includes that of a joint venture company and excludes sales to other bottlers.

Key Financial Data		
HK\$M	Jun 2020	Change %
Attributable profit	946	+26%
Recurring EBITDA <sup>#</sup>	2,434	+11%
EBITDA margin <sup>#</sup>	11.3%	+1.3% pt

<sup>#</sup> Including that of a joint venture company and excluding non-recurring gains and central costs.

# 2020 First Half Revenue and EBITDA Margin Analysis\*

- Revenue decreased by 2% and volume decreased by 5%. EBITDA margin increased by 1.3% point to 11.3%.



<b>Volume growth</b>	<b>-7%</b>	<b>-15%</b>	<b>+4%</b>	<b>+3%</b>
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\* Revenues and volumes include those of a joint venture company and exclude sales to other bottlers. EBITDA margin includes that of a joint venture company and excludes non-recurring gains and central costs. Revenue growth and EBITDA margin by region are calculated in local currency terms.



# MARINE SERVICES

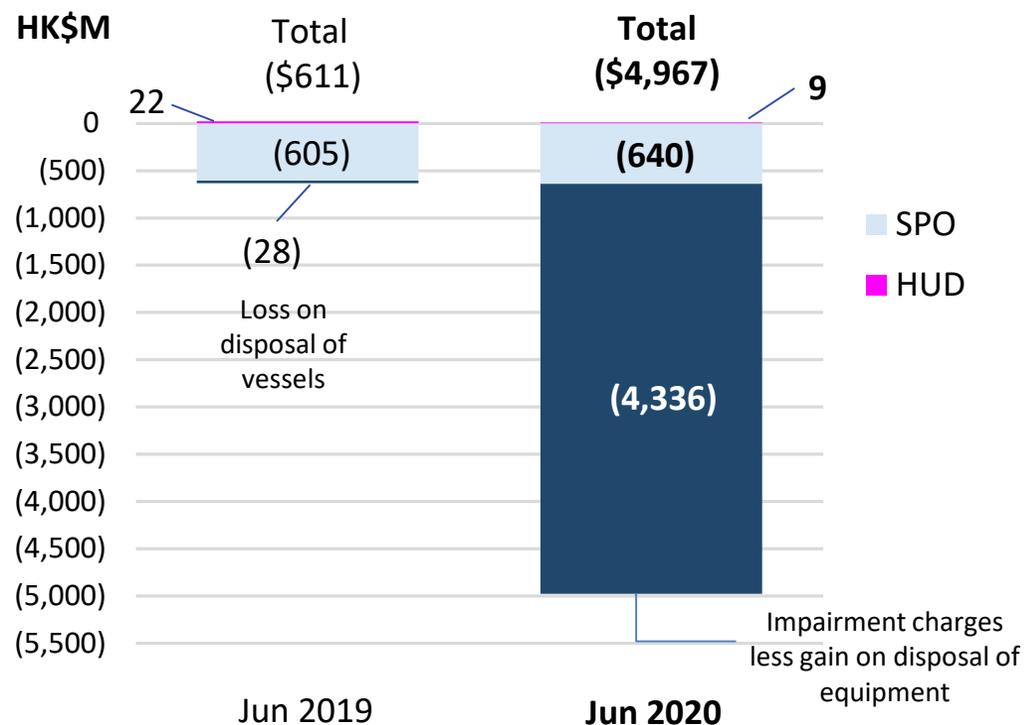
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RESCUE ZONE

# Decline in oil demand

## Attributable Loss



## 2020 First Half Overview

- ▶ Demand for oil fell significantly as a result of COVID-19.
- ▶ Utilisation decreased due to oversupply of vessels. A significant impairment charge was made.
- ▶ SPO redelivered one leased vessel. Three vessels were stacked at 30th June 2020. Of the total fleet of 72 vessels, at least 28 are planned to be stacked (and four to be sold) by the end of 2020.

## Key Financial and Operating Data

### Swire Pacific Offshore group

HK\$M	Jun 2020	Change %
Revenue	1,010	-22%
Attributable loss	4,976	n.a.
Recurring loss*	640	n.a.
Average daily charter hire rates	USD12,400	-14%
- Core fleet	USD11,400	+6%
- Construction and specialist vessels	USD25,600	-53%
Average fleet utilisation rate	72.9%	-1.8% pt
- Core fleet	77.9%	-2.0% pt
- Construction and specialist vessels	38.7%	-4.9% pt



TRADING &  
INDUSTRIAL

284

Antiques

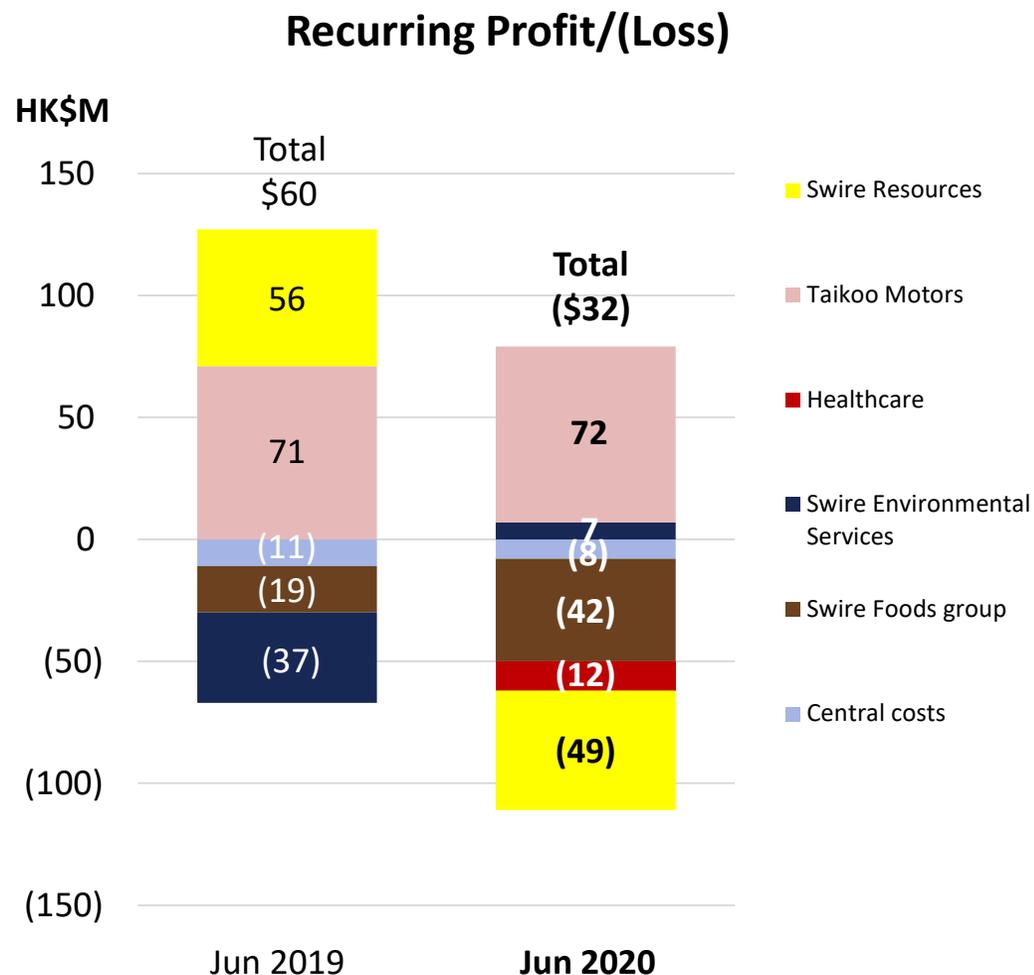
Antiques

KERN GALLERY

KERN GALLERY



# Recurring loss in first half 2020



## 2020 First Half Overview

### Swire Resources

- ▶ Sales were severely affected by COVID-19 in the first half of 2020.

### Taikoo Motors

- ▶ Stable performance with a favourable sales mix and cost savings offsetting a reduction in sales volume.

### Swire Foods group

- ▶ Loss of Qinyuan Bakery increased due to COVID-19.

### Healthcare

- ▶ An associate investment in a business which owns and operates private hospitals, clinics and senior housing in the Chinese mainland.



## Outlook

Merlin Swire, Chairman



# Outlook

*A number of our businesses continue to be adversely affected by COVID-19.*

*The effect on Cathay Pacific is particularly severe. But we face our challenges from a position of financial strength.*

*We believe the long-term success of Swire Pacific will reflect the continued growth of the Chinese mainland and Hong Kong, and we are well placed to take advantage of new opportunities that might arise.*

- ▶ In Property, demand for office space in Hong Kong and the Chinese mainland is expected to be weak. Retail rents in Hong Kong are under significant pressure. Retail sales in the Chinese mainland are expected to continue to improve. Trading conditions for hotels remain difficult.
- ▶ Cathay Pacific does not expect to see a meaningful recovery in the passenger business for some time to come. All aspects of its business will be re-evaluated.
- ▶ At HAECO, demand for airframe services is expected to continue to fall in the second half. Line services work is expected to recover gradually towards the end of the year. Less work for engine maintenance is expected.
- ▶ At Swire Coca-Cola, revenue in the Chinese mainland and Taiwan is expected to continue to grow in the second half of 2020. The beverages markets in Hong Kong and the USA are expected to continue to be affected by COVID-19.
- ▶ At SPO, COVID-19 and reduced oil prices have severely affected the offshore oil and gas industry. There is an oversupply of vessels and day rates will come under pressure.
- ▶ The Trading & Industrial division is expected to make a loss in the second half of 2020.



Q&A





## Appendix



# Corporate Structure

At 30th June 2020

Swire Pacific Limited						
Property	Aviation	Beverages	Marine Services	T&I		
<p><b>Investment Properties</b></p> <p><u>Hong Kong</u></p> <ul style="list-style-type: none"> <li>▪ Pacific Place</li> <li>▪ Taikoo Place</li> <li>▪ One Island East</li> <li>▪ One Taikoo Place</li> <li>▪ South Island Place</li> <li>▪ Cityplaza</li> <li>▪ Citygate</li> </ul> <p><u>Chinese mainland</u></p> <ul style="list-style-type: none"> <li>▪ Taikoo Li Sanlitun</li> <li>▪ INDIGO</li> <li>▪ Taikoo Hui</li> <li>▪ HKRI Taikoo Hui</li> <li>▪ Sino-Ocean Taikoo Li</li> </ul> <p><u>Chengdu</u></p> <p><u>USA</u></p> <ul style="list-style-type: none"> <li>▪ First phase of Brickell City Centre</li> </ul>	<p><b>Future Developments</b></p> <p><u>Hong Kong</u></p> <ul style="list-style-type: none"> <li>▪ Two Taikoo Place</li> <li>▪ Po Wah Building redevelopment</li> <li>▪ Wah Ha and Zung Fu redevelopment</li> <li>▪ 983-987A King's Road &amp; 16-94 Pan Hoi Street</li> </ul> <p><u>Chinese mainland</u></p> <ul style="list-style-type: none"> <li>▪ Taikoo Li Qiantan</li> <li>▪ One Brickell City Centre</li> </ul>	<p><b>Cathay Pacific group</b></p> <p><u>Airlines</u></p> <ul style="list-style-type: none"> <li>▪ Cathay Pacific</li> <li>▪ Cathay Dragon</li> <li>▪ HK Express</li> <li>▪ Air Hong Kong</li> <li>▪ Air China (18.13%)</li> <li>▪ Air China Cargo (17.74%*)</li> </ul> <p><u>Cargo Terminal</u></p> <ul style="list-style-type: none"> <li>▪ Cathay Pacific Services</li> </ul> <p><u>Other Operations</u></p> <ul style="list-style-type: none"> <li>▪ Cathay Pacific Catering Services</li> <li>▪ Hong Kong Airport Services</li> </ul> <p>No. of Aircraft: 235</p>	<p><b>Swire Coca-Cola</b></p> <p>Has the right to manufacture, market and distribute products of The Coca-Cola Company</p> <p><u>Hong Kong</u></p> <p>No. of Bottling Plant: 1</p> <p><u>Chinese mainland</u></p> <p>No. of Bottling Plants: 18</p> <p><u>Taiwan</u></p> <p>No. of Bottling Plant: 1</p> <p><u>USA</u></p> <p>No. of Bottling Plants: 6</p>	<p><b>Swire Pacific Offshore</b></p> <p>Operates a fleet of offshore support vessels servicing the energy industry in every major offshore production and exploration region outside the USA</p> <p>No. of Vessels: 72</p> <p><b>HUD</b></p> <p>Engineering, harbour towage and salvage services in Hong Kong</p> <p>No. of Vessels: 19</p>	<p><b>Trading</b></p> <p><b>Swire Resources</b></p> <p>Distribution and retailing of footwear, apparel and related accessories in Hong Kong, Macau and the Chinese mainland</p> <p><b>Taikoo Motors</b></p> <p>Distribution and retailing of motor vehicles principally in Taiwan</p>	<p><b>Industrial</b></p> <p><b>Swire Foods group:</b></p> <ul style="list-style-type: none"> <li>▪ Taikoo Sugar</li> </ul> <p>Packaging and selling sugar in Hong Kong and the Chinese mainland</p> <ul style="list-style-type: none"> <li>▪ Qinyuan Bakery</li> </ul> <p>A leading bakery chain in southwest China</p> <p><b>Swire Environmental Services:</b></p> <ul style="list-style-type: none"> <li>▪ Swire Waste Management</li> </ul> <p>Provision of waste management services in Hong Kong</p> <p><b>Healthcare:</b></p> <p>An associate investment which owns and operates private hospitals, clinics and senior housing in the Chinese mainland</p>
<p><b>Hotels</b></p> <p><u>Hong Kong</u></p> <ul style="list-style-type: none"> <li>▪ The Upper House</li> </ul> <p><u>Chinese mainland</u></p> <ul style="list-style-type: none"> <li>▪ EAST, Hong Kong</li> <li>▪ The Opposite House</li> <li>▪ EAST, Beijing</li> <li>▪ The Temple House</li> <li>▪ The Middle House</li> </ul> <p><u>USA</u></p> <ul style="list-style-type: none"> <li>▪ EAST, Miami</li> </ul>						
<p><b>Property Trading</b></p> <p><u>USA</u></p> <ul style="list-style-type: none"> <li>▪ Reach and Rise</li> </ul> <p><u>Singapore</u></p> <ul style="list-style-type: none"> <li>▪ EDEN</li> </ul>						

\* Equity and economic interests aggregating 34.78%.

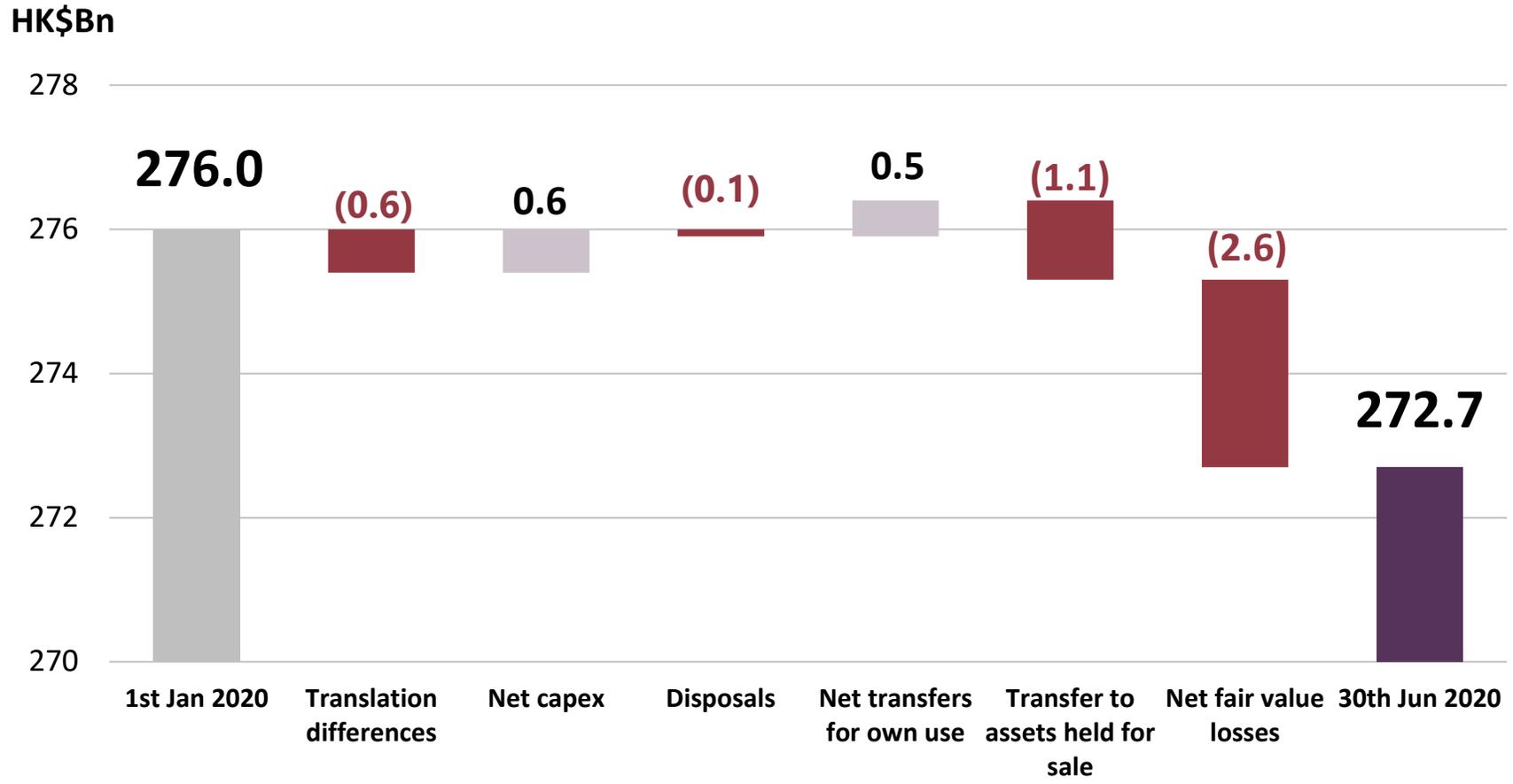
# 2020 First Half Profit/(Loss) Bridge

	Jun 2019 HK\$M	Jun 2020 HK\$M
<b>Attributable profit/(loss)</b>	7,939	<b>(7,737)</b>
Less: adjustments in respect of investment properties	7,907	<b>2,252</b>
<b>Underlying profit/(loss) attributable to the Company's shareholders</b>	15,846	<b>(5,485)</b>
Significant non-recurring items:		
Profit on sale of interests in investment properties	(11,937)	<b>(42)</b>
Net impairment of property, plant and equipment and intangible assets and write-off of investments	404	<b>5,380</b>
Profit on sale of businesses in T&I Division	(109)	-
Loss on sale of property, plant and equipment and other investments	22	<b>24</b>
<b>Recurring underlying profit/(loss)</b>	4,226	<b>(123)</b>

Profit mainly represented the HK\$11.2Bn gain on disposal of Cityplaza Three and Four

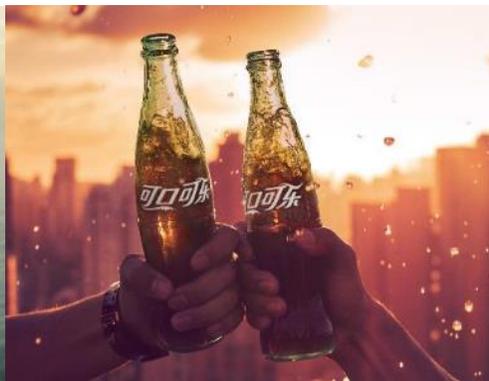
Comprising mainly the impairment charges at SPO (HK\$4.3Bn) and CX (HK\$1.0Bn)

# 2020 First Half Movement in Investment Properties\*



- Revaluation loss of HK\$2.6Bn in first half of 2020.
- The decrease in valuation of the investment property portfolio principally reflects the effect of adverse market conditions and COVID-19 on the valuation of investment properties in Hong Kong and retail investment properties in the USA, and the reclassification of Two and Three Brickell City Centre in Miami to Assets Held for Sale.

\* Not including joint ventures.



# 2020 Interim Results Analyst Briefing

13th August 2020