

2021 Annual Results Analyst Briefing

10th March 2022 | Hong Kong



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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

- ▶ Financial Highlights and Group Corporate Strategy
- ▶ Sustainability and ESG Update
- ▶ 2021 Financial Performance
- ▶ Business Review and Strategic Development
- ▶ Outlook
- ▶ Q&A

Financial Highlights and Group Corporate Strategy

Guy Bradley, Chairman



2021 Highlights: Resilient Performance

- ▶ Solid full year results demonstrating the resilience of our businesses and our people
- ▶ Focusing on three core businesses, **Property, Beverages and Aviation**
- ▶ Exiting **Marine Services**
- ▶ Strong financial position and increasing dividends
- ▶ Focus on Greater China and South East Asia
- ▶ Investing in **Healthcare** in the Chinese Mainland
- ▶ Growing momentum in Sustainability and ESG

2021 Performance Highlights

Solid financial results despite the impact of COVID-19

Underlying Profit/(Loss)

HK\$5,300m

2020: HK\$(3,969)m

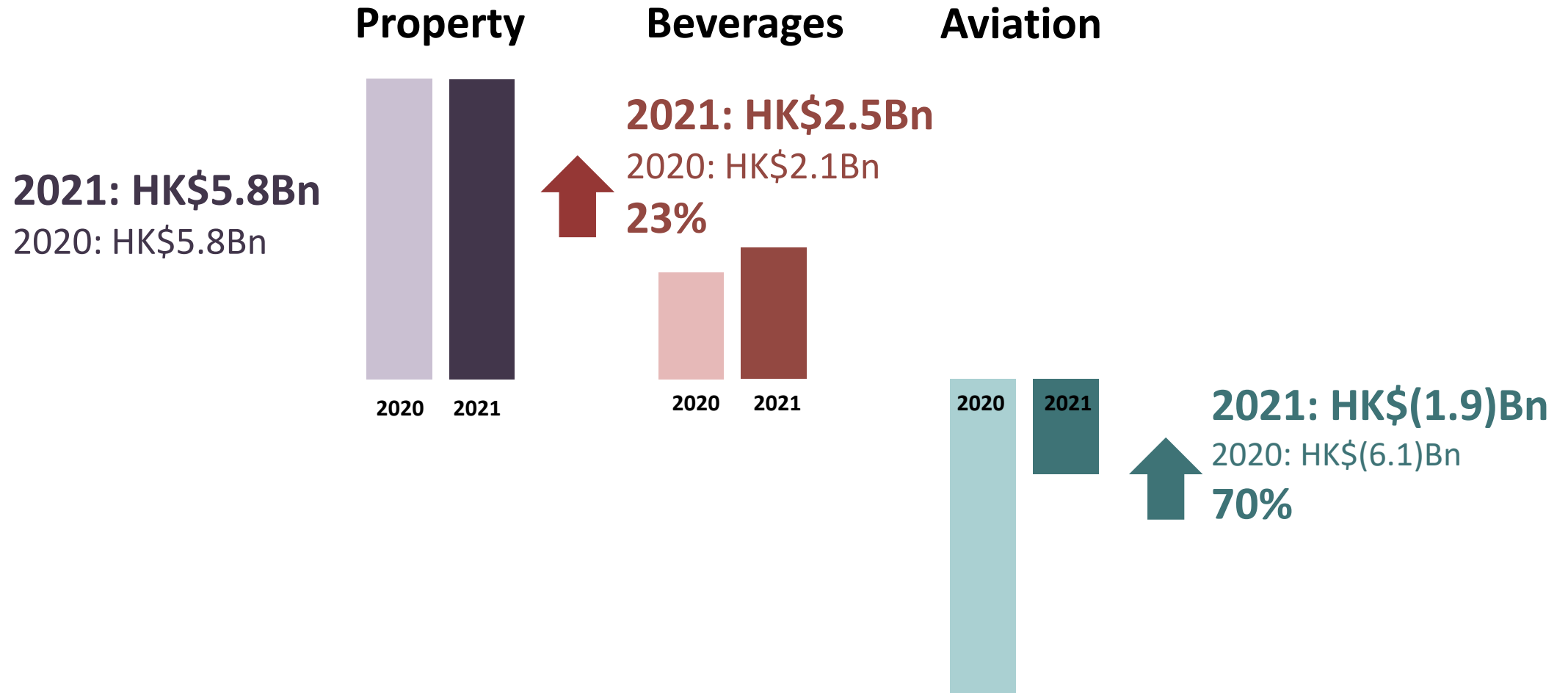
Recurring Underlying Profit/(Loss)

HK\$4,885m

2020: HK\$(609)m

2021 Performance Highlights

Recurring Underlying Profit



Resilience Shown Across Our Three Core Divisions

2021 Balance Sheet Strength

Strong financial position and increased dividends

Gearing Ratio

2020: 12.2%

11.9%

Allows for investment potential

If gearing maintained below 30%

HK\$59Bn

Underlying Cash Interest Cover

2020: 5.3 times

6.2 times

Dividend per 'A' Share

2020: HK\$1.70

HK\$2.60

Group Corporate Strategy – New Investment to Drive Growth

- ▶ Property to invest more than HK\$100Bn to drive future growth.
- ▶ Swire Coca-Cola will continue to make significant investments in digital tools, equipment, logistics infrastructure, and seek to expand territories.
- ▶ HAECO to invest HK\$5.5Bn in the relocation of HAECO Xiamen’s operations.
- ▶ HK\$20Bn investment by 2030 in the Chinese Mainland Healthcare sector.

		Division	Capital Expenditure* (HK\$Bn)	Expected Completion Date
Major Projects in Progress	HK projects: Two Taikoo Place/46-56 Queen’s Road East/Wah Ha Factory Building and Zung Fu Industrial Building	Property	25.3	2022/2023/ 2025 and later
	Chinese Mainland projects: INDIGO Phase Two/Taikoo Li Xi’an	Property	19.6	From mid- 2025/2025
	SCC Henan and Guangdong new bottling plants	Beverages	2.7	2024/2025
	HAECO Xiamen airport relocation	Aviation	5.5	2026
	Healthcare businesses in Chinese Mainland	Head Office	1.6	2020 and 2021 [#]
Total			54.7	

Group Corporate Strategy

Divesting non-core businesses and assets

Redeploying capital to focus on the growing spending power in Greater China

Divestments

Disposal of equity interest in Cadeler

Sale of our interest in HUD

Disposal of Taikoo Shing carparks

Disposal of EAST Miami

Disposal of a site at Fort Lauderdale

Sale of SPO



Sustainability and ESG Update

Guy Bradley, Chairman



Sustainability and ESG Update

Targets



50% reduction in greenhouse gas emissions¹ by 2030, and **Net-Zero by 2050**



65% waste diversion from landfill² by 2030, and **Zero Waste to landfill by 2050**



30% reduction in water withdrawal³ by 2030, and **Water Neutrality by 2050**



30% women in senior management roles by **2024**



Supporting communities **through TrustTomorrow**

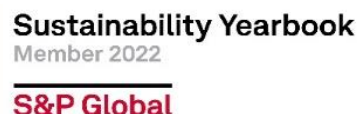
1. Scope 1 + Scope 2 emissions only. 2018 base year.
2. Includes non-hazardous waste (where we exercise operational control). 2018 base year.
3. Compared to a 2018 frozen efficiency baseline. Excluding bottling volume from Swire Coca-Cola.
4. For subsidiaries covered by the Group waste target only.

Progress

- **12%** decrease in Scope 1 & 2 emissions
- **51%** waste diverted from landfill⁴
- Improvement in **water** intensity despite increased product variation and commissioning of new production lines
- **24%** senior management roles held by women
- **TrustTomorrow** HK\$150m, 50 grants
1.6m beneficiaries and COVID-19 relief measures

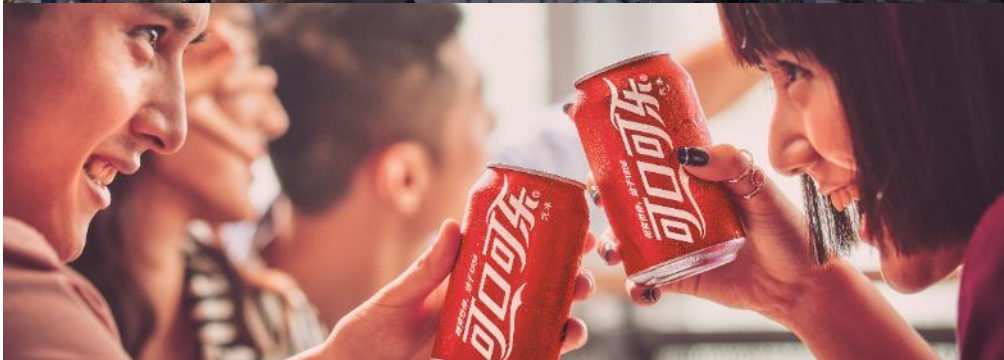


Hang Seng Corporate Sustainability Index Series Member 2021-2022



2021 Financial Performance

Martin Murray, Finance Director



2021 Financial Summary

Recurring Underlying Profit/(Loss)

2020: HK\$(609)m

2021: HK\$4,885m

Underlying Profit/(Loss)

2020: HK\$(3,969)m

2021: HK\$5,300m

Statutory Profit/(Loss)

2020: HK\$(10,999)m

2021: HK\$3,364m

Revenue

2020: HK\$80,032m

2021: HK\$92,403m

+15%

Return on Equity

2020: -4.1%

2021: 1.3%

**+5.4%
pt**

Dividends per Share

2020:

HK\$1.70 per 'A' share

HK\$0.34 per 'B' share

2021:

HK\$2.60 per 'A' share

HK\$0.52 per 'B' share

+53%

Cash Generated from Operations

2020: HK\$15,124m

2021: HK\$15,453m

+2%

Equity Attributable to the Company's Shareholders

2020: HK\$262,692m

2021: HK\$266,950m

+2%

2021 Financial Summary - Return on Equity

Return on Equity



Return on Equity

Derived from:

Recurring underlying profit

Net non-recurring items

Net property valuation adjustments

2021
5-year average

1.3%

4.1%

1.8%

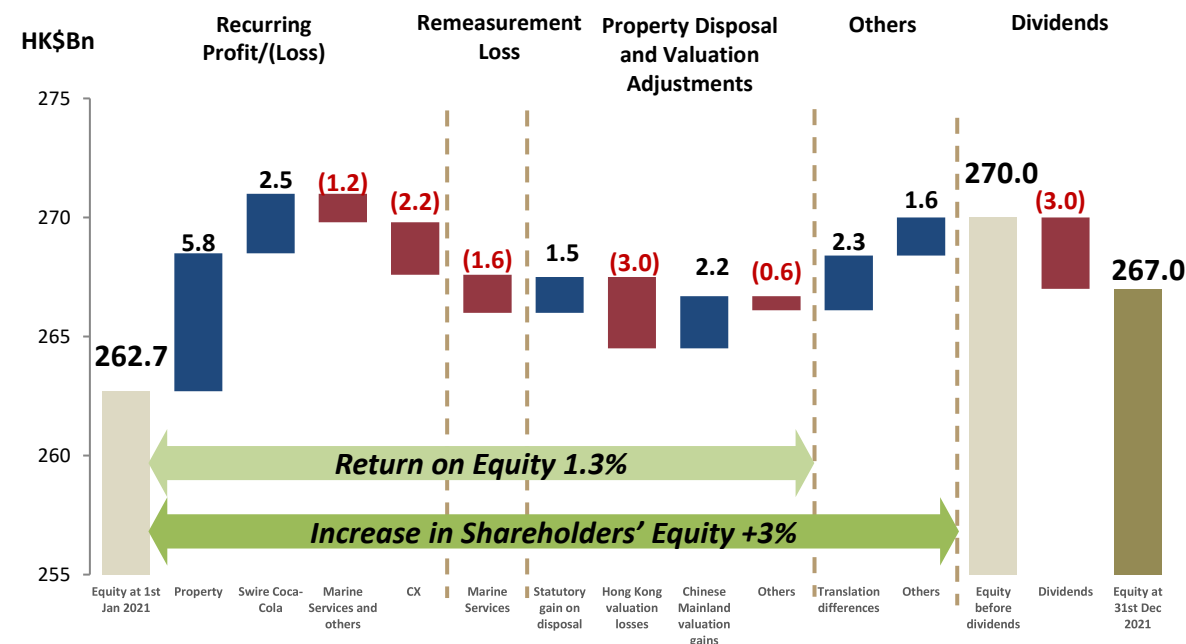
1.8%

0.2%

-0.6%

-0.7%

2.9%

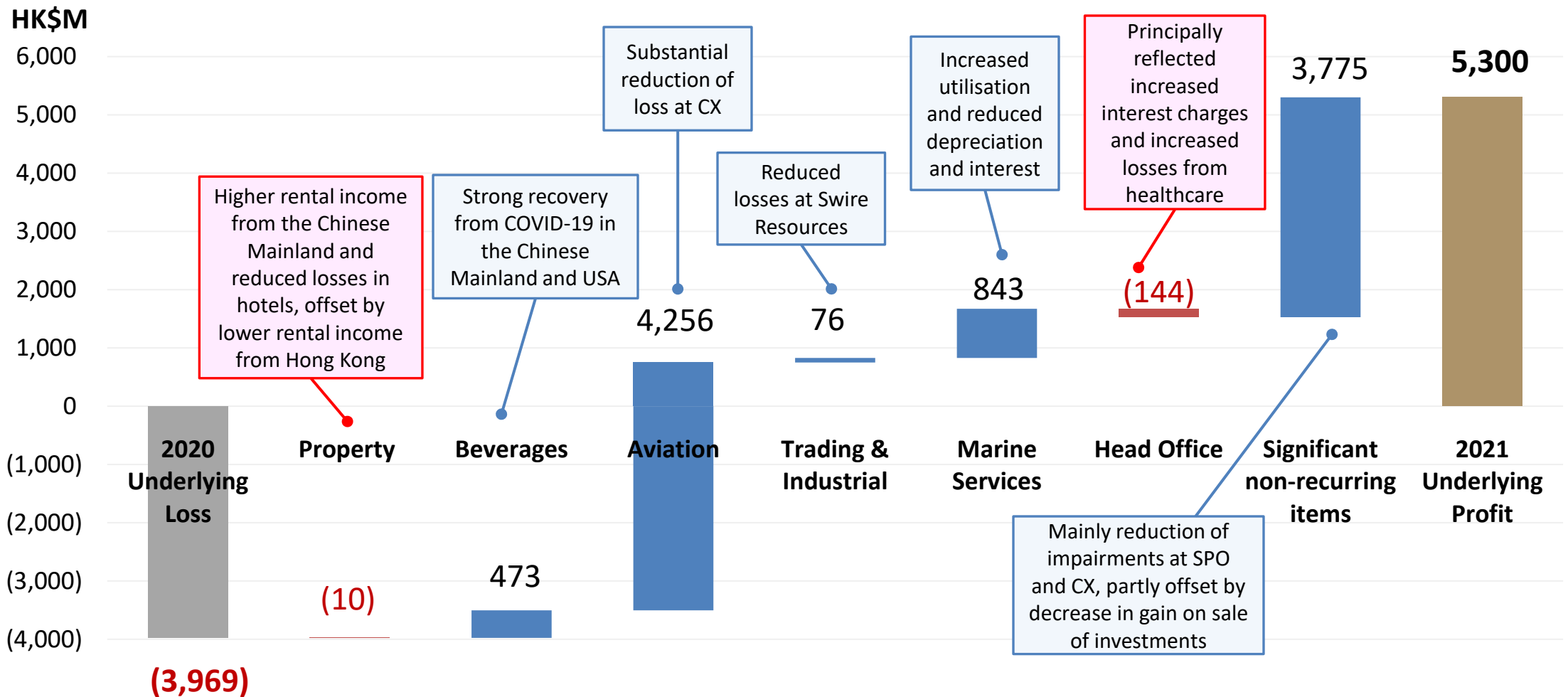


2021 Financial Summary – Profit/(Loss) by Division

	Underlying Profit/(Loss)		Recurring Underlying Profit/(Loss)	
	2021 HK\$M	2020 HK\$M	2021 HK\$M	2020 HK\$M
Property	7,783	10,418	5,824	5,834
Beverages	2,549	2,076	2,549	2,076
Aviation				
- Cathay Pacific group*	(2,487)	(9,742)	(2,250)	(6,439)
- HAECO group and others*	107	(9)	398	331
Trading & Industrial	94	12	88	12
Marine Services	(1,118)	(5,240)	(176)	(1,019)
Head Office and Swire Investments	(1,628)	(1,484)	(1,548)	(1,404)
Total (including discontinued operations)	5,300	(3,969)	4,885	(609)

* Including consolidation adjustments for recurring underlying profit/(loss).

2021 Improvement in Underlying Profit



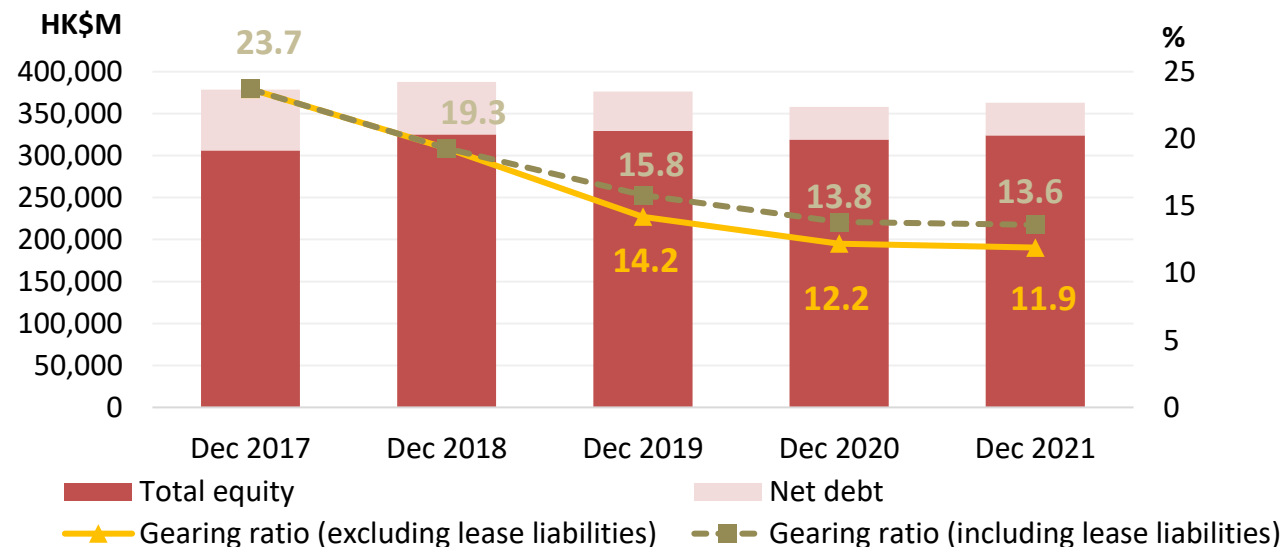
2021 Financial Summary – Strong Financial Position

Net Debt Movements (HK\$Bn)

Net debt at 1st January 2021	38.9
Cash from operations	(15.5)
Disposal proceeds	(7.4)
Capex and investments	13.2
Net dividend paid	3.8
Net interest paid	1.9
Tax paid	2.6
Others	1.2
Net debt at 31st December 2021	38.7

HK\$Bn	2021	2020	Change %
Net debt	38.7	38.9	-1%
Net debt (including lease liabilities)	44.0	44.1	-0.1%

Gearing Ratio



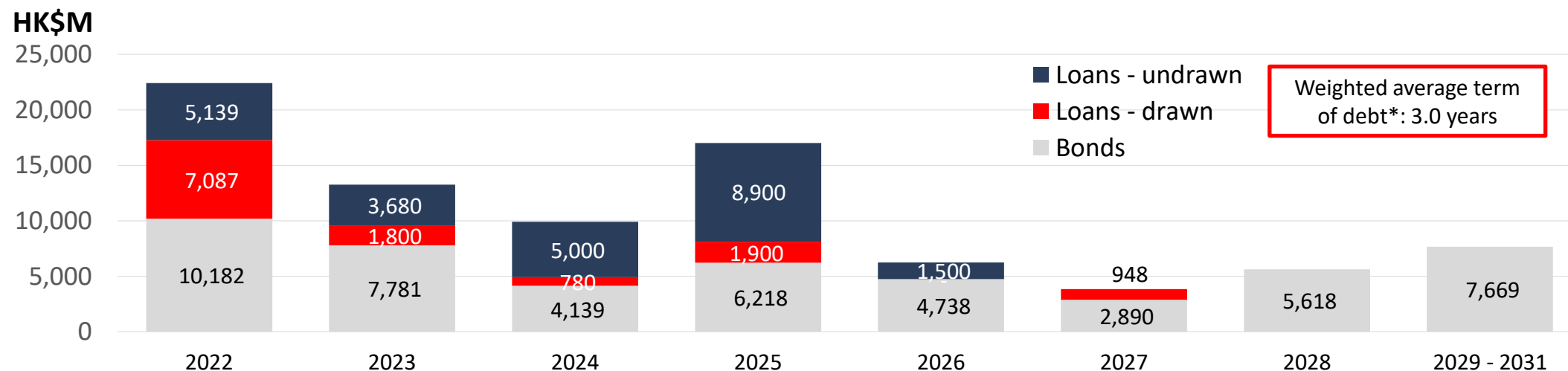
	2021	2020
Underlying cash interest cover – times	6.2	5.3
Weighted average cost of debt (%)*	3.2%	3.2%
Gross borrowings on fixed rate basis (%)*	84%	78%

* Excluding lease liabilities.

2021 Financial Summary – Healthy Liquidity

	Dec 2018 HK\$M	Dec 2019 HK\$M	Dec 2020 HK\$M	Dec 2021 HK\$M	<i>Change % (Dec 21 vs Dec 20)</i>
Bank balances and short-term deposits	9,112	21,345	29,264	22,894	-22%
Total undrawn facilities					
- Committed	25,676	18,686	32,971	24,219	-27%
Group committed liquidity	34,788	40,031	62,235	47,113	-24%
- Uncommitted	8,450	7,829	7,743	8,296	+7%
Group total liquidity	43,238	47,860	69,978	55,409	-21%

Financing Maturity Profile at 31st December 2021*



Focused on Improving Dividend Returns

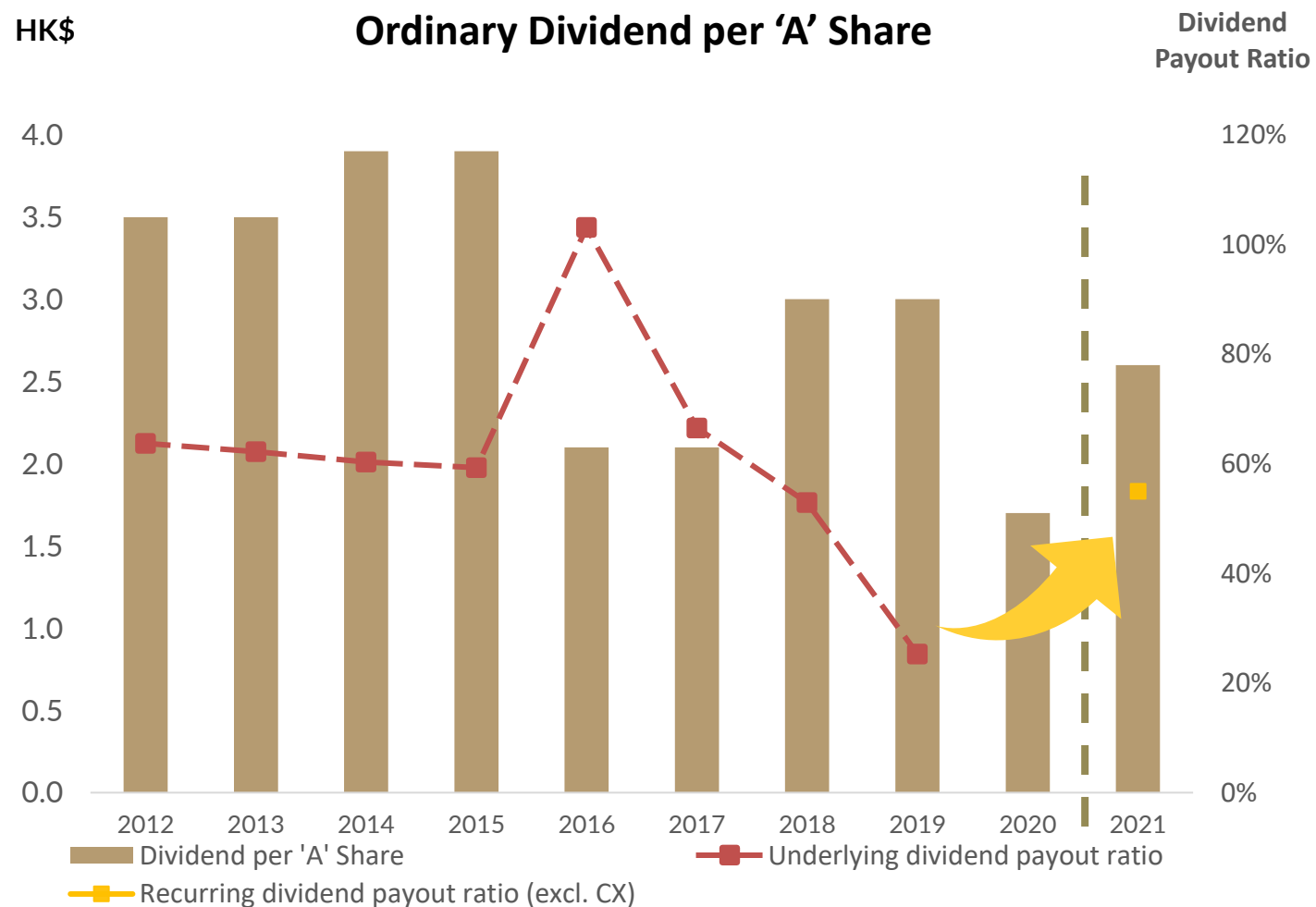
Revised dividend policy introduced in 2021

- ▶ From : To deliver sustainable growth in dividends and to pay out approximately half of our underlying profits in ordinary dividends over time.
- ▶ To : To deliver sustainable growth in dividends and to pay out not less than half of our recurring underlying profit (excluding our share of the results of Cathay Pacific, but including all dividends received from that company) by way of ordinary dividends over time.
 - ▶ Introduces a minimum dividend payment derived from our stable core subsidiaries
 - ▶ Removes the volatility and uncertainty in the dividend that derives from Cathay Pacific's performance
 - ▶ Removes the volatility and uncertainty in the dividend that is caused by impairment of underperforming assets
 - ▶ Special dividends can be declared if there are significant capital disposals
 - ▶ The revised policy will be forward looking from 2021

2021 Performance - Dividends

	2021	2020
Dividend per 'A' Share (HK\$) (v. 2020)	2.60 +53%	1.70

	2021
Recurring underlying profit (excluding CX)	HK\$7.1Bn
Recurring underlying profit (excluding CX) per 'A' share	HK\$4.75



Business Review and Strategic Development

Guy Bradley, Chairman

Karen So, Managing Director, Swire Coca-Cola



PROPERTY



2021 Overview

Stable overall performance with the Chinese Mainland performing strongly

- ▶ Recurring underlying profit of HK\$7,103m, compared with HK\$7,115m in 2020
 - ▶ Reflecting higher rental income from the Chinese Mainland and reduced losses in the hotel business, largely offset by lower rental income from Hong Kong.
- ▶ Key business developments



Successful opening



▲ Taikoo Li
Qiantan, Shanghai



Taikoo Li Sanlitun
West, Beijing ▶



Strategic investments

INDIGO Phase Two,
Beijing ▶



◀ Taikoo Li at
Small Wild Goose
Pagoda site, Xi'an ⁽¹⁾



Revitalisation



▲ Zhangyuan shikumen
compound, Shanghai

Residential Trading



▲ Chai Wan Inland Lot,
No. 178, HK ⁽²⁾



Capital recycling

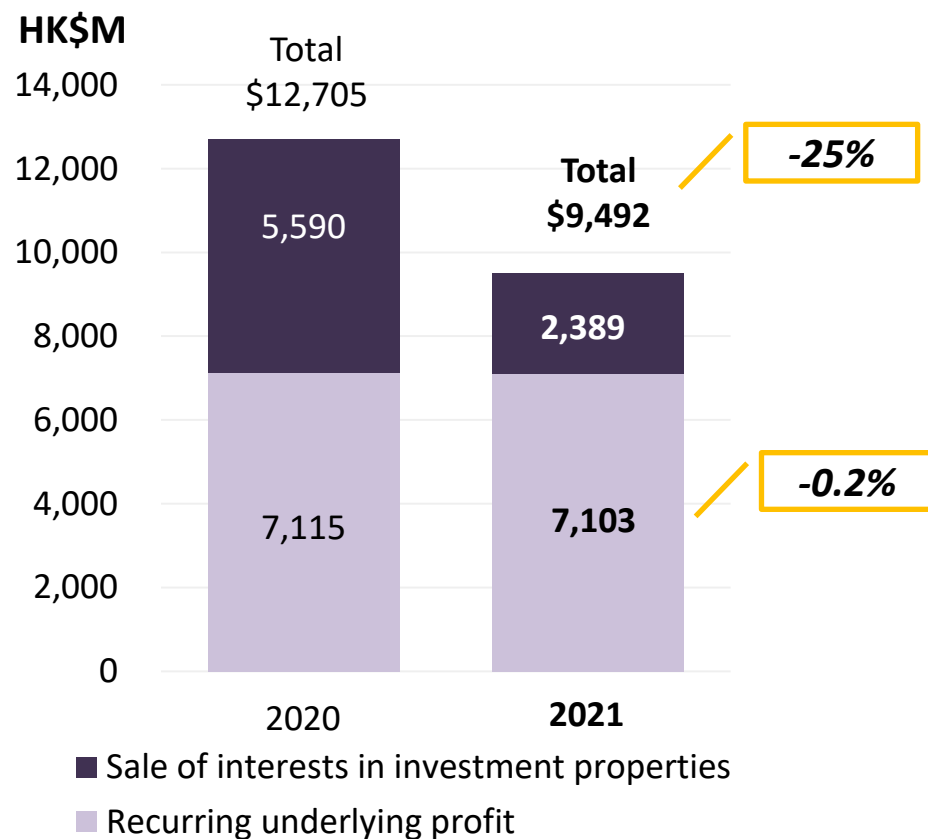
Taikoo Shing
carparks

EAST
Miami

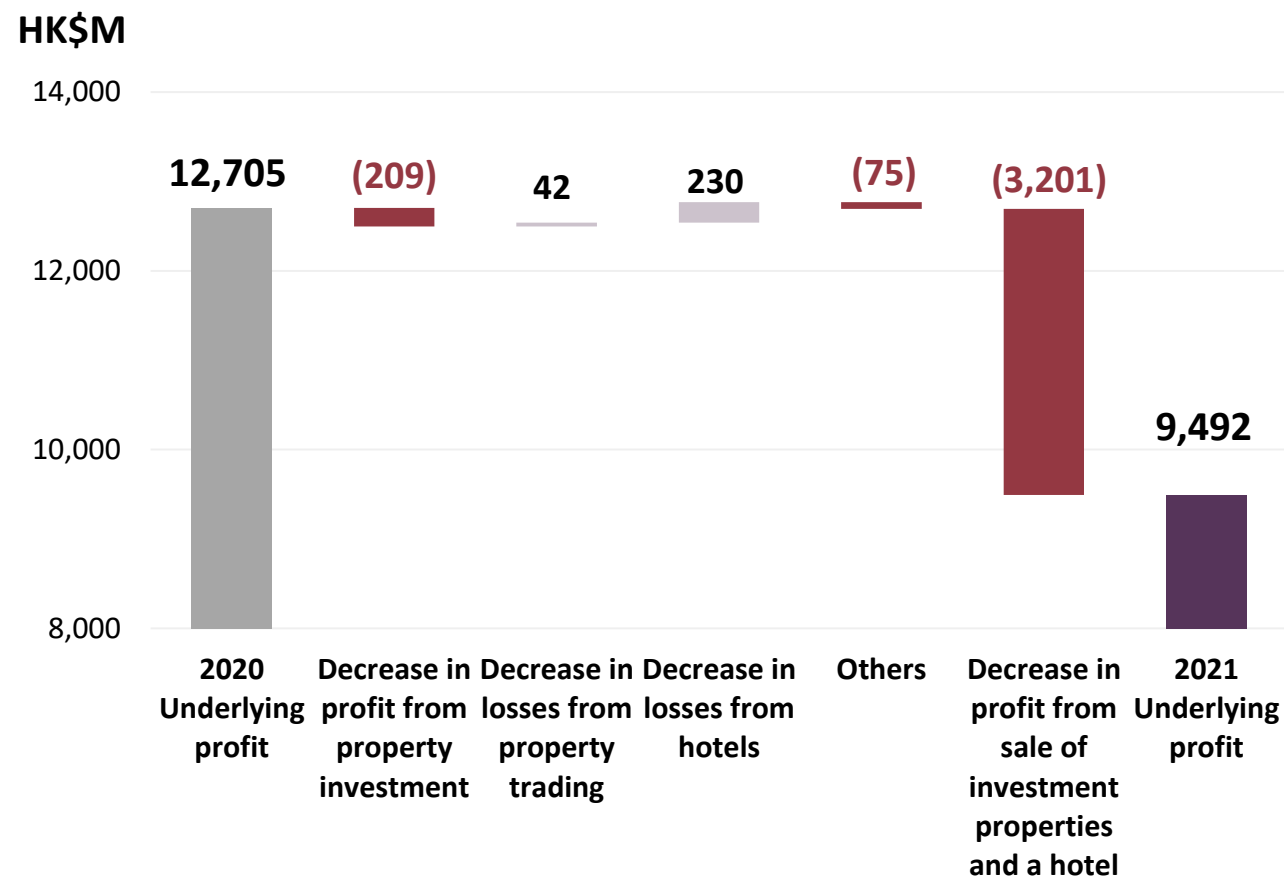
Fort Lauderdale
site ⁽³⁾

2021 Overview

Underlying Profit (100% basis)



Movement in Underlying Profit (100% basis)

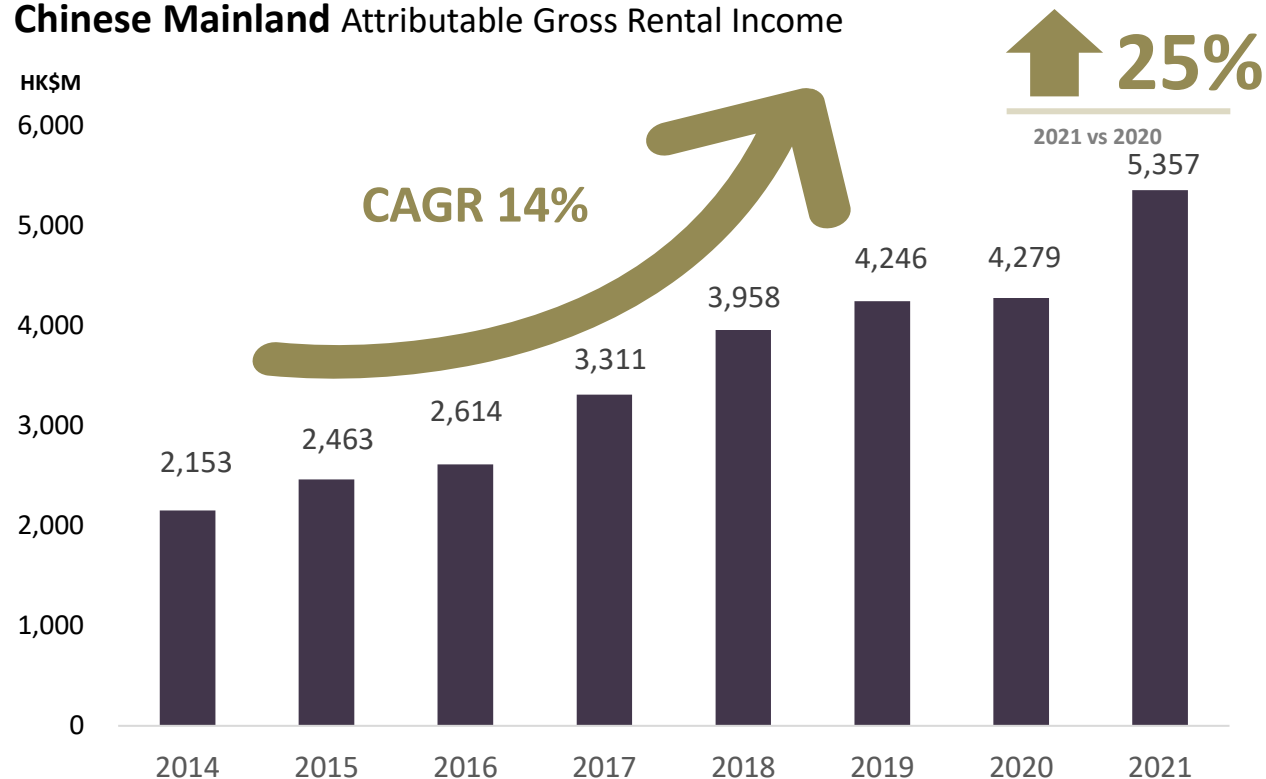


Note: Property valuation loss (including the Group's share of net valuation gains of joint venture companies and before deferred tax) was HK\$0.7Bn in 2021 (loss of HK\$4.3Bn in 2020).

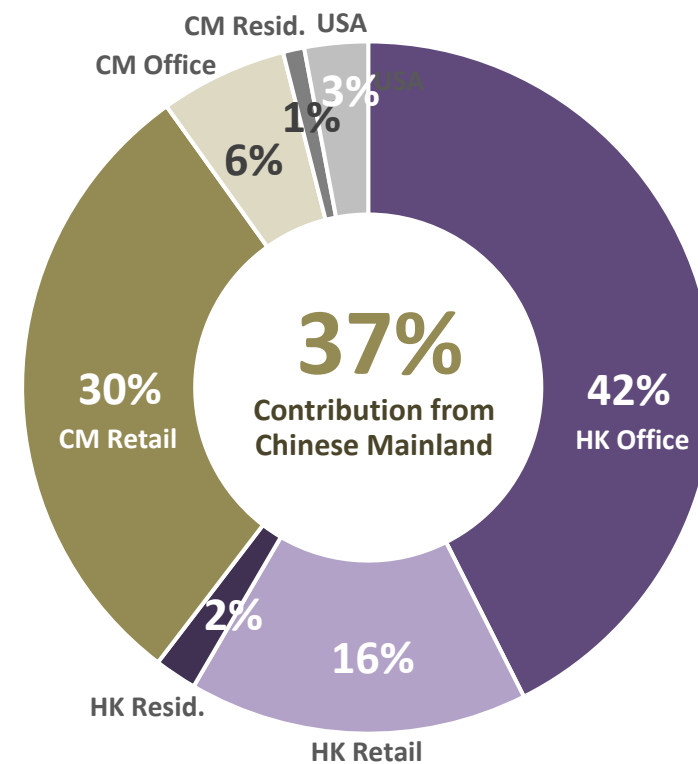
Chinese Mainland Portfolio

- ▶ Significant contribution leveraging Taikoo Li and Taikoo Hui brands.
- ▶ Chinese Mainland overall portfolio contributed 37% of attributable gross rental income in 2021.
- ▶ Chinese Mainland retail is the second largest rental contributor.

Chinese Mainland Attributable Gross Rental Income



Attributable Gross Rental Income by Region



Scaling up Chinese Mainland Development

Taikoo Li Qiantan with record opening rate across our developments



Revitalising Zhangyuan* into a vibrant lifestyle hub adjacent to HKRI Taikoo Hui



Expanding Sanlitun with Taikoo Li Sanlitun West



Seventh development Taikoo Li Xi'an opening in 2025



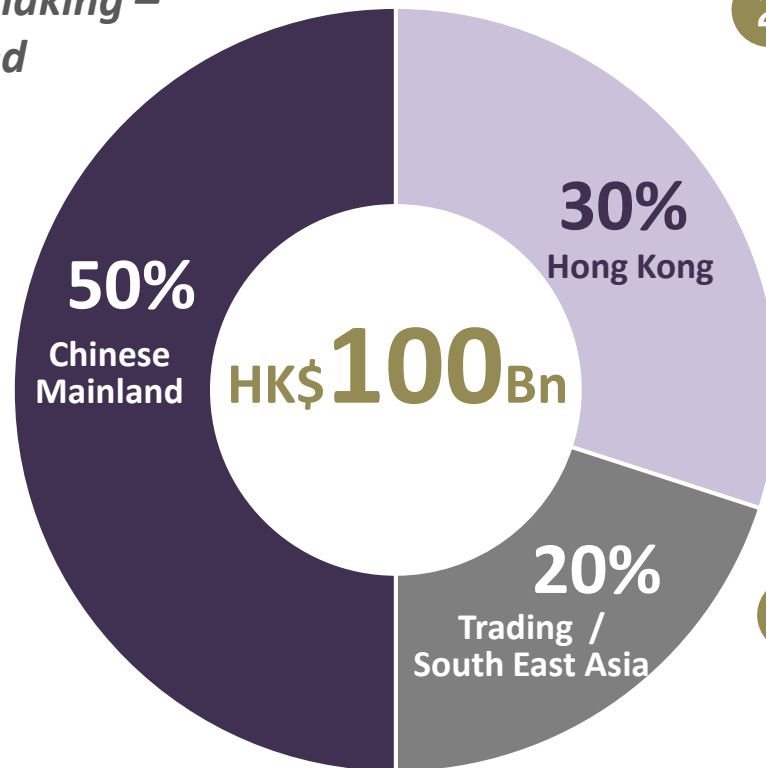
** For leasing and management only. The Group does not have an ownership interest in the compound.*

Ambitious HK\$100Bn Investment to Drive Growth

- 1 *Urban regeneration / placemaking – creating retail-led mixed-used landmarks*

太古里 TAI KOO LI
太古汇 TAIKOO HUI

2X GFA in next 10 years



- 2 *Expansion and reinvestment of our core asset locations*

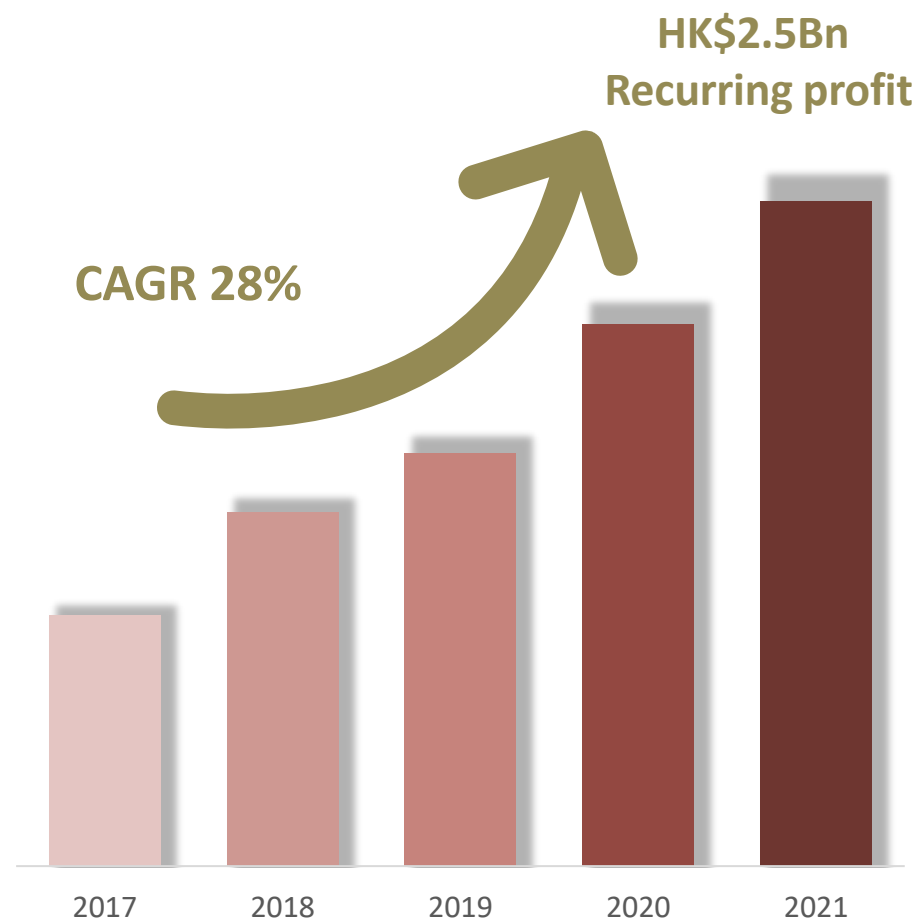
 PACIFIC PLACE
TAIKOO PLACE

- 3 *Premium “Swire” residential brand – increased trading developments in Hong Kong, the Chinese Mainland and South East Asia*

A close-up photograph of a man and a woman clinking their cans of Coca-Cola. The man is on the left, looking towards the woman on the right. Both are smiling and holding red cans of Coca-Cola. The cans have the Chinese characters '可口可乐' (Coca-Cola) and '汽水' (Soft Drink) on them, along with the text '经典怡神, 始于1886' (Classic Refreshing, Since 1886). The background is blurred, showing other people in a social setting.

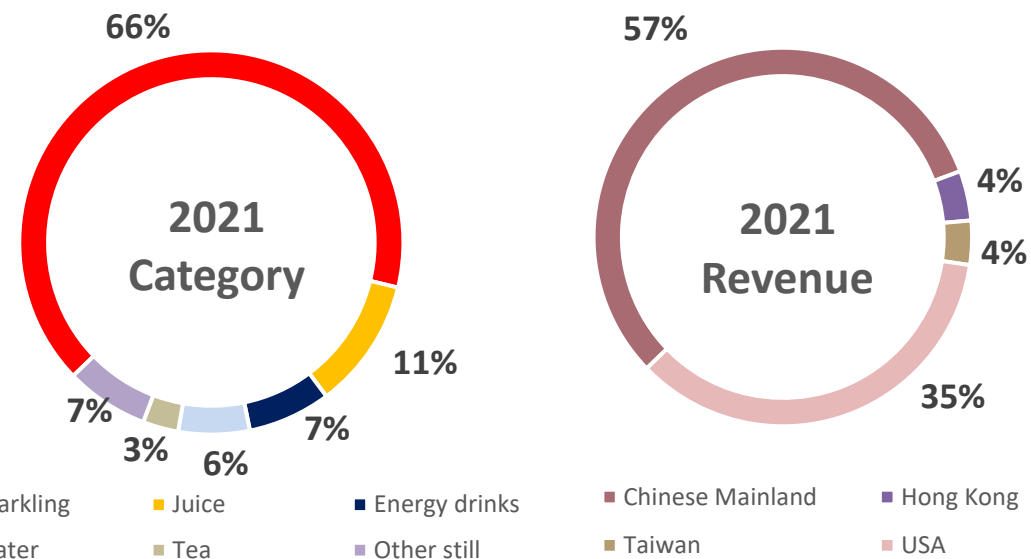
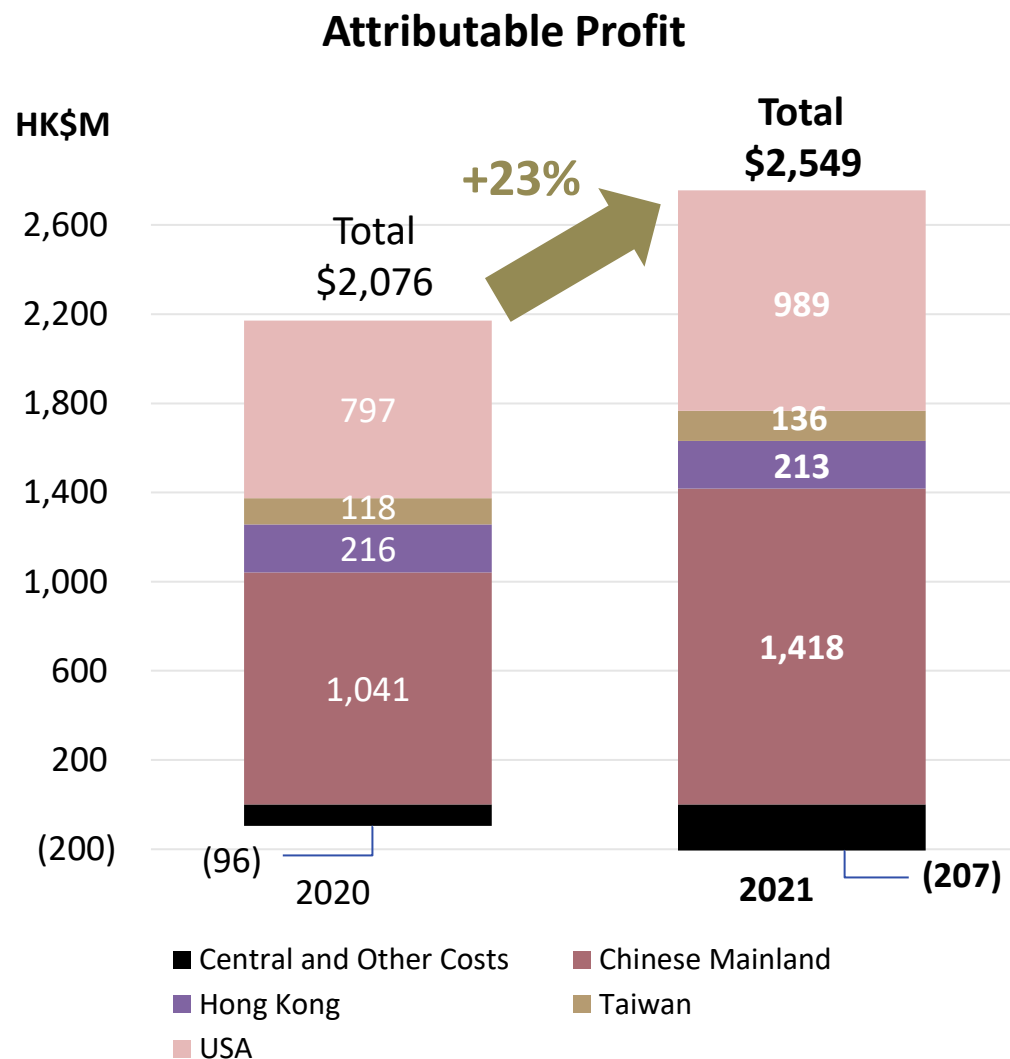
BEVERAGES

2021 Overview



- ▶ **Record profit in 2021, increase of 23%.**
- ▶ **Chinese Mainland profit increased by 36%.** Revenue in local currency grew by 15% driven by relentless effort in building distribution infrastructure, execution capability and effective revenue growth management.
- ▶ **USA profit increased by 24%.** Revenue increased reflecting efforts in price increase, strengthening execution capability, and an improved product mix.
- ▶ Taiwan profit increased by 15%, and Hong Kong decreased by 1%.
- ▶ Revenue growth and operations efficiency fuelled by **digital innovations**.
- ▶ Continue to leverage the **successful integration of franchises** in the Chinese Mainland and the USA.

Record Profit in 2021



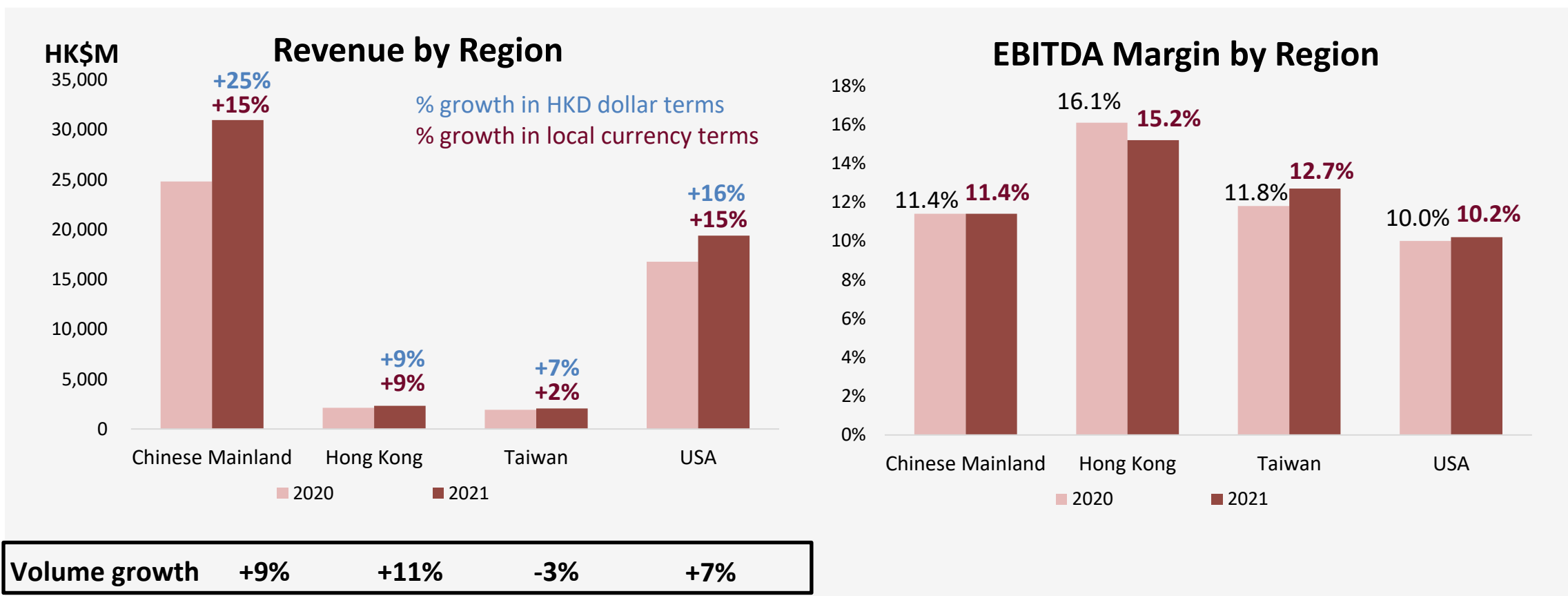
^ Revenue includes that of a joint venture company and excludes sales to other bottlers.

Key Financial Data		
HK\$M	2021	Change %
Revenue [^]	54,769	+20%
Attributable/Recurring profit	2,549	+23%
EBITDA [#]	6,127	+21%
EBITDA margin [#]	11.2%	+0.1% pt

[#] Including that of a joint venture company and excluding central and other costs.

Strong Revenue and Volume Growth Across Key Markets

- Revenue increased by **20%** and volume increased by **8%**. EBITDA margin at **11.2%** was similar to that in 2020.



* 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 central and other costs.

Business Outlook



Revenue is expected to grow strongly in the **Chinese Mainland** and the **USA**. Taiwan is expected to continue to improve, however, Hong Kong will be challenged by the current COVID-19 outbreak.



Continue to **invest for the future** with significant investment in digital tools and capabilities, merchandising equipment, production assets, logistics infrastructure and the capabilities of our teams.



Leverage our close alignment with The Coca-Cola Company to **drive portfolio growth**, while also continuing to drive innovations to meet evolving consumer preferences.

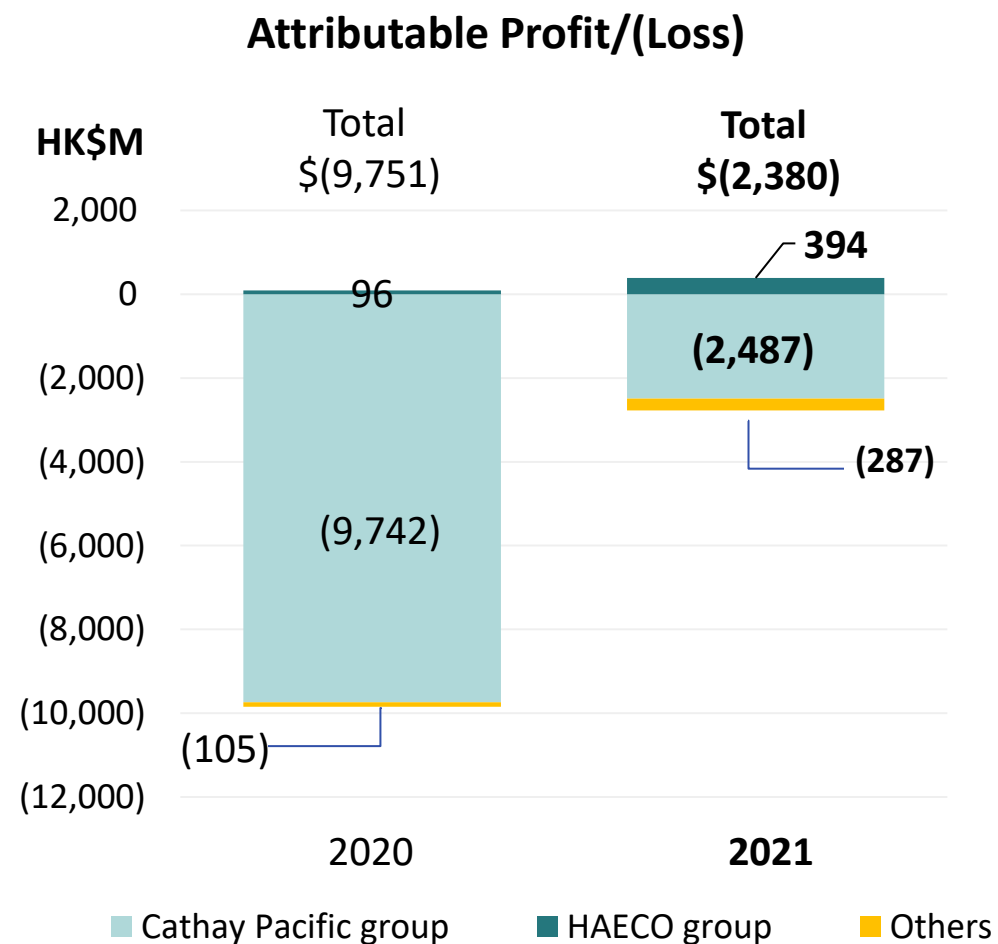


Drive for **profit growth** with focus on margin management and balancing cost pressures with revenue growth strategies.



AVIATION

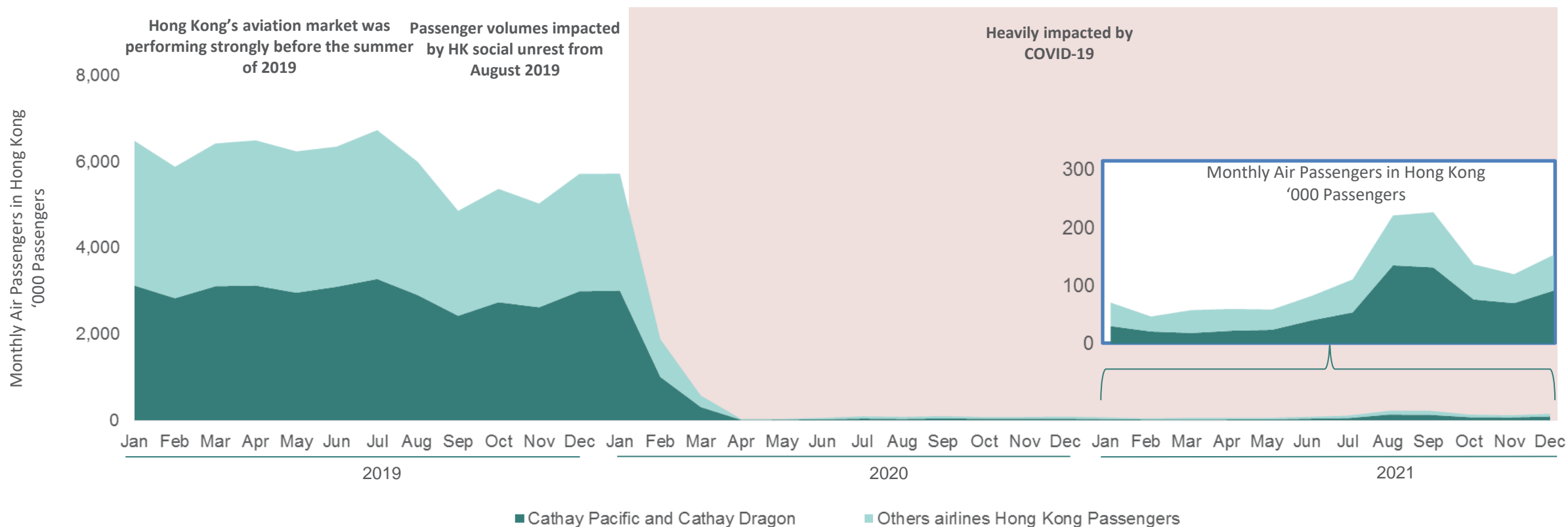
2021 Aviation Overview



Key Financial Data			
HK\$M	2021	2020	Change %
HAECO group			
Revenue	11,464	11,483	0%
Attributable profit	394	96	+310%
Recurring profit	416	370	+12%
Share of post-tax loss from an associated company			
Cathay Pacific group*	(2,487)	(9,742)	-74%

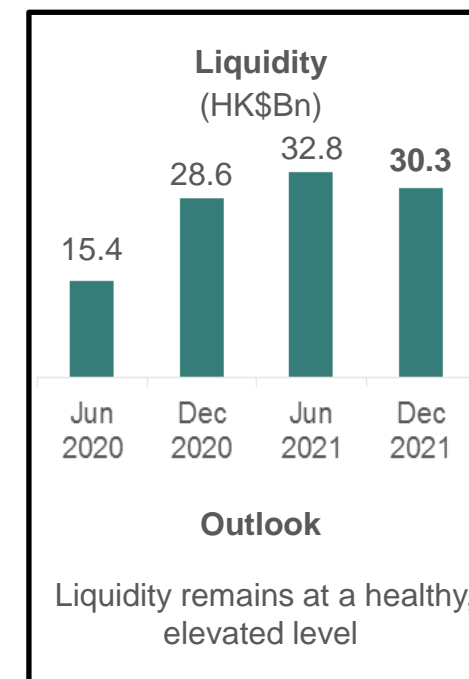
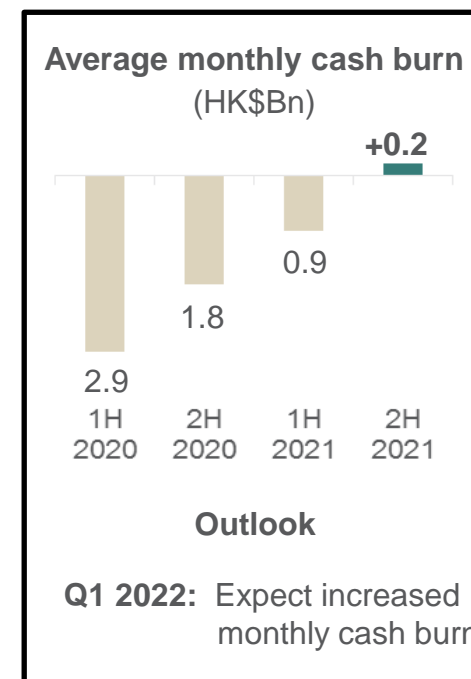
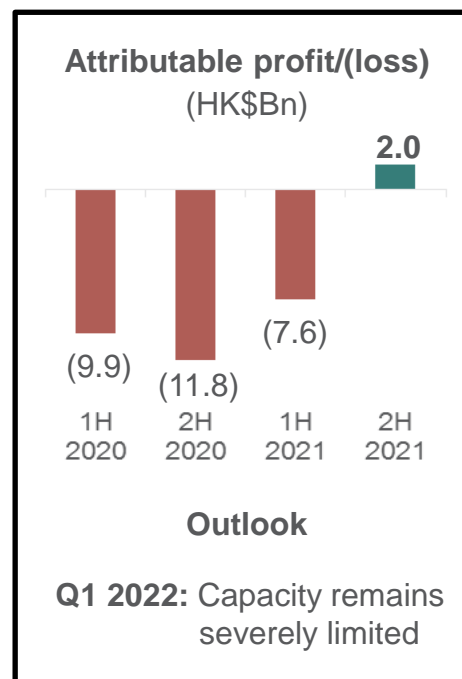
* Including attributable share of post-tax impairment charges and restructuring costs, net of gain on dilution of an associate interest of HK\$394m.

Significant Impact on Hong Kong Aviation Environment



Sources: Hong Kong International Airport, Cathay Pacific Investor Relations

2021 Overview – Cathay Pacific



- The start of 2022 has been extremely challenging with capacity constrained by tightened quarantine requirements and travel restrictions
- Cathay Pacific confident in the long-term future of Hong Kong as a leading international aviation hub and the airline's critical role at the centre of it

Note: CX figures on 100% basis.

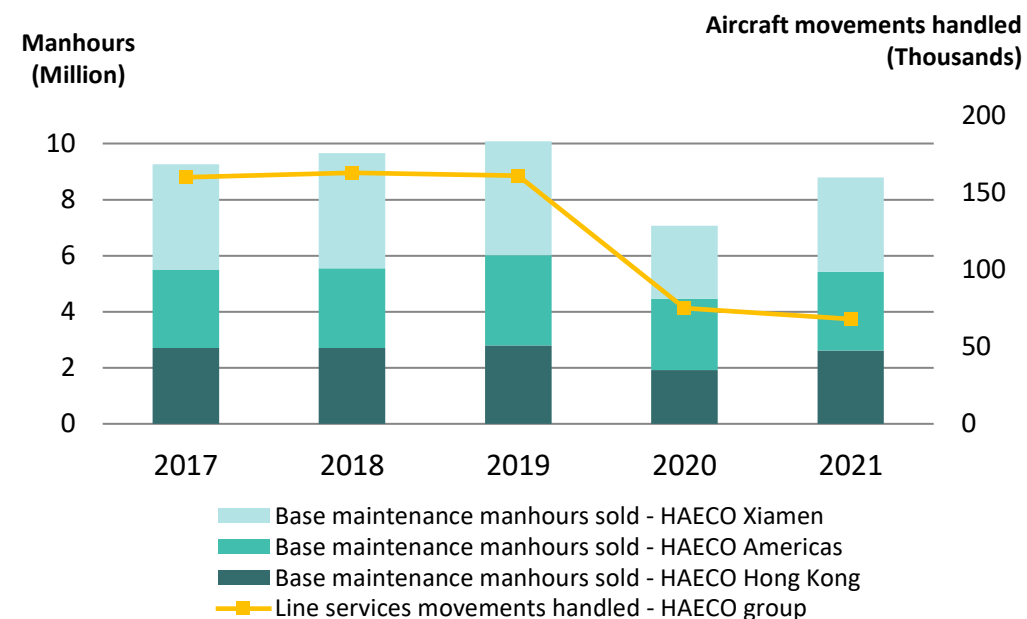
2021 Overview – HAECO

- ▶ HAECO has remained profitable despite impact of COVID-19.
- ▶ HAECO Hong Kong incurred a loss as demand for line maintenance decreased due to ongoing travel restrictions.
- ▶ HAECO Americas recorded an increase in profit. Costs reduced due to restructuring of the cabin solutions business.
- ▶ Profit of HAECO Xiamen increased as demand for base maintenance recovered gradually in second half.

Key Financial Data

Recurring Profit/(Loss)			
HK\$M	2021	2020	Change %
HAECO Hong Kong	(204)	(49)	n.a.
HAECO Americas	67	(167)	n.a.
HAECO Xiamen	139	20	+595%
HAECO Engine Services (Xiamen)	63	113	-44%
HAESL	274	354	-23%
Others	77	99	-22%
Total	416	370	+12%

Key Operating Statistics





HEALTHCARE

Healthcare

Investing HK\$20Bn by 2030

- ▶ Focus on premium and private healthcare services in Jing-Jin-Ji, Yangtze River Delta and Greater Bay Area.
- ▶ Asset-based business which fits property development and management expertise.
- ▶ Strong strategic partnerships with local expertise.

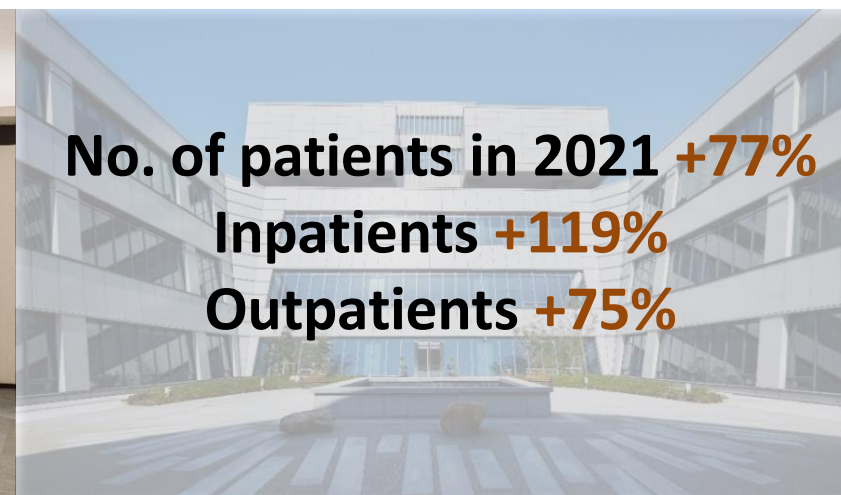




5 Hospitals
6 Clinics
6 Elderly care homes

Premium Healthcare Services
Total sqm
253,000

188,814 Outpatients
10,000 Inpatients
1,534 Registered beds
979 Elderly care beds
84 Consultation areas

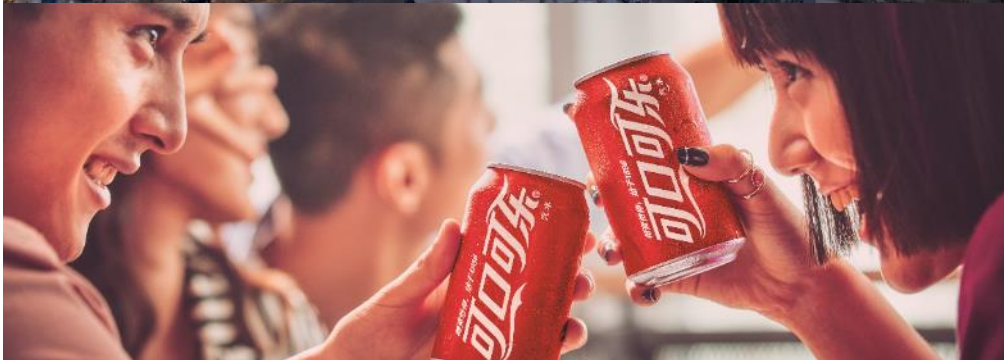


No. of patients in 2021 +77%
Inpatients +119%
Outpatients +75%



Outlook

Guy Bradley, Chairman



Outlook – Short Term

Businesses resilient but impact of COVID-19 continues to be felt, especially in Aviation

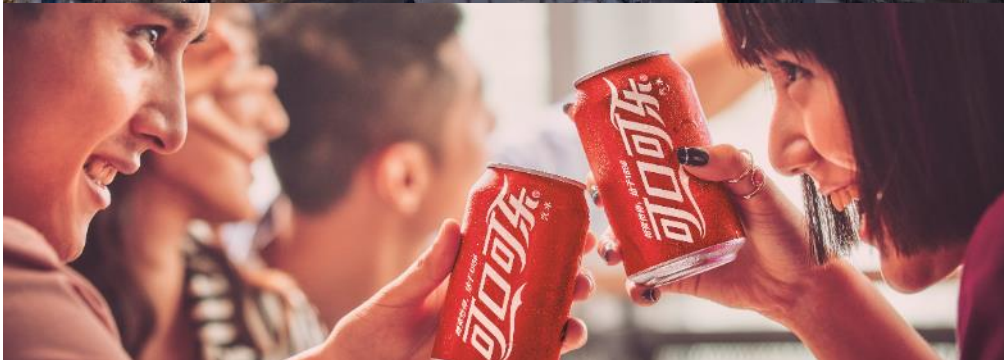
- ▶ Swire Properties: Good growth prospects in the Chinese Mainland driven by retail. Hong Kong portfolio impacted by the fifth wave of the pandemic.
- ▶ Swire Coca-Cola: Strong growth is expected to continue in the Chinese Mainland and the USA, however rising commodity prices may impact performance.
- ▶ Aviation: Cathay Pacific remains significantly impacted by COVID-19 restrictions but recovery expected from the second half of 2022.
- ▶ HAECO expects to improve gradually, but line maintenance in Hong Kong currently impacted by travel restrictions.

Outlook – Medium Term

Confident of our future and firmly committed to Hong Kong and the Chinese Mainland

- ▶ Swire Properties: Exciting investment opportunities in Greater China, further leveraging Taikoo Li and Taikoo Hui brands. Increase investment in Pacific Place and Taikoo Place.
- ▶ Swire Coca-Cola: Continued strong growth in the Chinese Mainland and the USA expected.
- ▶ Aviation: Confident of industry recovery and the return of Hong Kong airport as a leading international aviation hub.
- ▶ Healthcare: Continue to tap into growing sector in the Chinese Mainland. Focusing on premium specialty hospitals, clinics and elderly care homes in major cities.

Q&A



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