

# 2022

ANNUAL RESULTS  
ANALYST BRIEFING

9TH MARCH 2023 | HONG KONG



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# AGENDA

- ▶ FINANCIAL HIGHLIGHTS AND GROUP CORPORATE STRATEGY
- ▶ 2022 FINANCIAL PERFORMANCE
- ▶ BUSINESS REVIEW
- ▶ SUSTAINABILITY AND ESG UPDATE
- ▶ OUTLOOK
- ▶ Q&A



# FINANCIAL HIGHLIGHTS AND GROUP CORPORATE STRATEGY

GUY BRADLEY, CHAIRMAN

# SWIRE PACIFIC 2022 PERFORMANCE

- ▶ Exciting expansion for Swire Properties and Swire Coca-Cola.
- ▶ Recovery of Aviation with the cessation of COVID-19 related measures.
- ▶ Commenced share buy-back programme and 15% dividend growth.

## PROPERTY



- ▶ Implementing the HK\$100Bn investment plan.
- ▶ Taikoo Place strengthening its position as a global business district.
- ▶ Chinese Mainland investments continue to add scale with Taikoo Li Xi'an, a retail-led project in Sanya and acquisition of the remaining 50% interest in Sino-Ocean Taikoo Li Chengdu.

## BEVERAGES



- ▶ Acquisition of franchise territories in Vietnam and Cambodia.
- ▶ Restructuring of the Coca-Cola non-sparkling beverage manufacturing operations in the Chinese Mainland.

## AVIATION



- ▶ Difficult 1st quarter with COVID-19 related measures.
- ▶ Cash positive and profitable at the airline level in the 2nd half.
- ▶ Increase in profit from HAECO disregarding the government assistance in 2021.

# 2022 HIGHLIGHTS

*Recurring underlying profit  
(excluding CX)*

2021: HK\$7.1Bn

**HK\$7.0Bn**

*Recurring underlying profit (excluding CX)  
per 'A' share*

2021: HK\$4.75

**HK\$4.70**

*Dividend per 'A' Share*

2021: HK\$2.60

**HK\$3.00**

 **15%**

*Share Buy-back*

*Up to HK\$**4.0**Bn  
programme  
announced in 2022*

**39,383,000** 'A' shares  
**44,425,000** 'B' shares  
*repurchased in 2022*

*Total consideration  
HK\$**2.6**Bn*

# BUSINESS PERFORMANCE RESILIENT DESPITE THE CHALLENGES OF COVID-19, INFLATION AND ECONOMIC UNCERTAINTY

## Recurring Underlying Profit

### PROPERTY



2022: HK\$5.8Bn  
2021: HK\$5.8Bn

### BEVERAGES



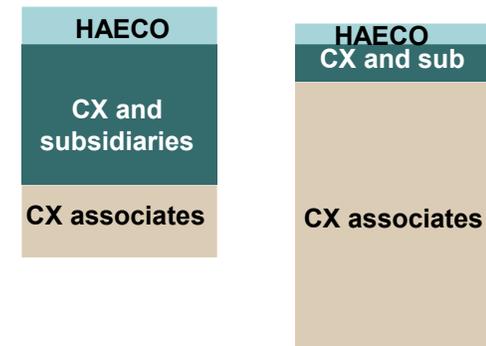
2022: HK\$2.4Bn  
2021: HK\$2.5Bn

↓ 6%

### AVIATION

2022: HK\$(3.0)Bn  
2021: HK\$(1.9)Bn

↓ 62%





# 2022 FINANCIAL PERFORMANCE

MARTIN MURRAY, FINANCE DIRECTOR

# 2022 FINANCIAL SUMMARY

## Recurring Underlying Profit

2021: HK\$4,878m  
**2022: HK\$3,800m** 

### Revenue

2021: HK\$92,830m

**2022: HK\$91,693m**

**-1%**

### Cash Generated from Operations

2021: HK\$15,453m

**2022: HK\$12,043m**

**-22%**

## Underlying Profit

2021: HK\$5,293m  
**2022: HK\$4,748m** 

### Equity Attributable to the Company's Shareholders

2021: HK\$266,515m

**2022: HK\$258,456m**

**-3%**

## Statutory Profit

2021: HK\$3,357m  
**2022: HK\$4,195m** 

### Dividends per Share

2021:

HK\$2.60 per 'A' share

HK\$0.52 per 'B' share

**2022:**

**HK\$3.00 per 'A' share**

**HK\$0.60 per 'B' share**

**+15%**

Note: All figures include continuing and discontinued operations.



# 2022 FINANCIAL SUMMARY – PROFIT/(LOSS) BY DIVISION

	UNDERLYING PROFIT/(LOSS)		RECURRING UNDERLYING PROFIT/(LOSS)	
	2022 HK\$M	2021 HK\$M	2022 HK\$M	2021 HK\$M
PROPERTY	7,099	7,776	5,844	5,817
BEVERAGES	2,392	2,549	2,392	2,549
AVIATION				
- CATHAY PACIFIC GROUP <sup>(1)</sup>	(3,228)	(2,757)	(3,228)	(2,250)
- HAECO GROUP AND OTHERS <sup>(1)</sup>	156	377	221	398
TRADING & INDUSTRIAL	(307)	94	160	88
MARINE SERVICES <sup>(2)</sup>	359	(1,118)	17	(176)
HEAD OFFICE, HEALTHCARE AND OTHERS	(1,723)	(1,628)	(1,606)	(1,548)
<b>TOTAL (INCLUDING DISCONTINUED OPERATIONS)</b>	<b>4,748</b>	<b>5,293</b>	<b>3,800</b>	<b>4,878</b>

Notes: (1) Including consolidation adjustments.

(2) Including the net profit/loss on the disposal of SPO.

# 2022 FINANCIAL SUMMARY – RECONCILIATION OF PROFITS

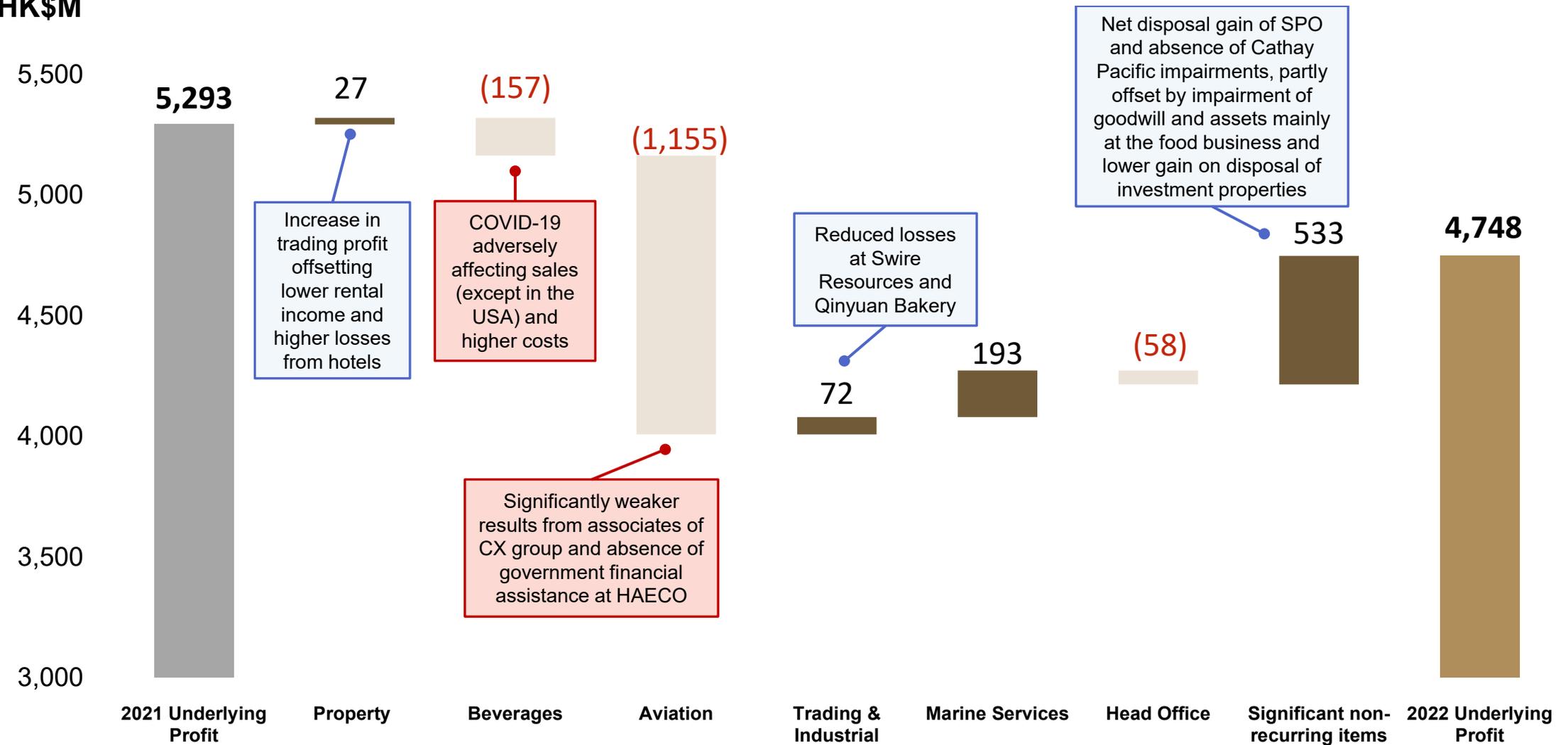
	2022 HK\$M	2021 HK\$M
<b>STATUTORY PROFIT</b>	4,195	3,357
Adjustments in respect of investment properties	553	1,936
<b>UNDERLYING PROFIT ATTRIBUTABLE TO THE COMPANY'S SHAREHOLDERS</b>	<b>4,748</b>	<b>5,293</b>
Significant non-recurring items:		
Gain on disposals of interests in investment properties	(1,255)	(1,959)
Impairment of property, plant and equipment, right-of-use assets, intangible assets and investments	706	522
Restructuring costs	-	151
Remeasurement and disposal (gain)/loss in respect of SPO	(335)	1,611
Gain on disposals of property, plant and equipment and other assets and investments	(64)	(740)
<b>RECURRING UNDERLYING PROFIT</b>	<b>3,800</b>	<b>4,878</b>

Lower gain from disposal of Taikoo Shing carparks

Absence of impairments at Cathay Pacific but goodwill and asset impairments at Qinyuan Bakery in 2022

# 2022 DECREASE IN UNDERLYING PROFIT

HK\$M



# 2022 FINANCIAL SUMMARY – STRONG FINANCIAL POSITION

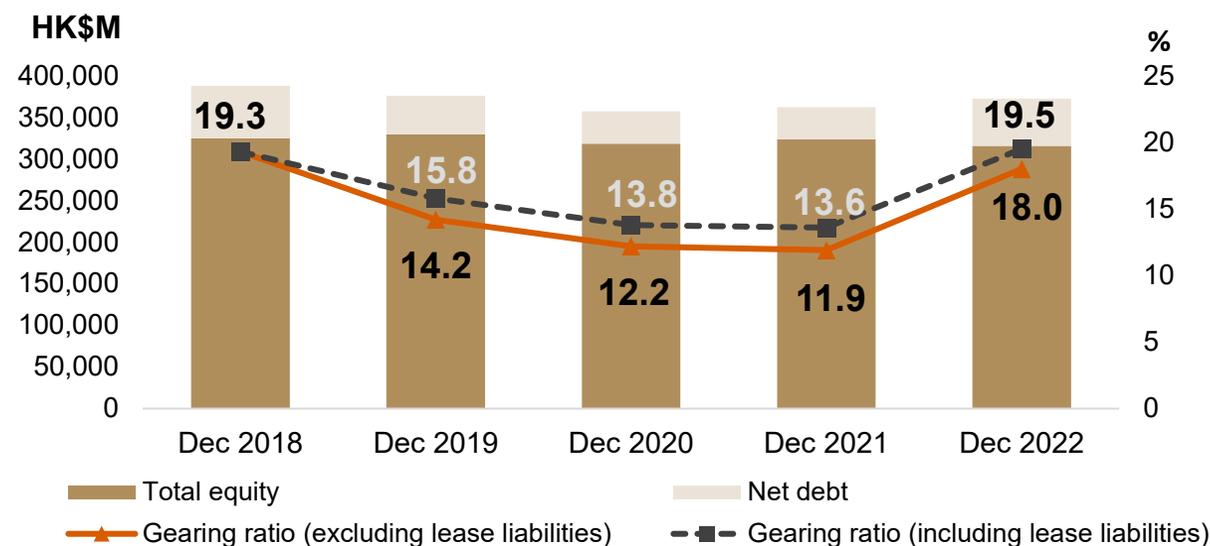
## Net Debt Movements (HK\$Bn)

Net debt at 1st January 2022	38.7
Cash from operations	(12.0)
Disposal proceeds	(4.2)
Capex and investments	21.4
Net dividends paid	5.1
Net interest paid	1.9
Tax paid	2.6
Share buy-back	2.6
Others	0.7

**Net debt at 31st December 2022** **56.8**

HK\$Bn	2022	2021	Change %
Net debt	56.8	38.7	+47%
Net debt (including lease liabilities)	61.7	44.0	+40%

## Gearing Ratio



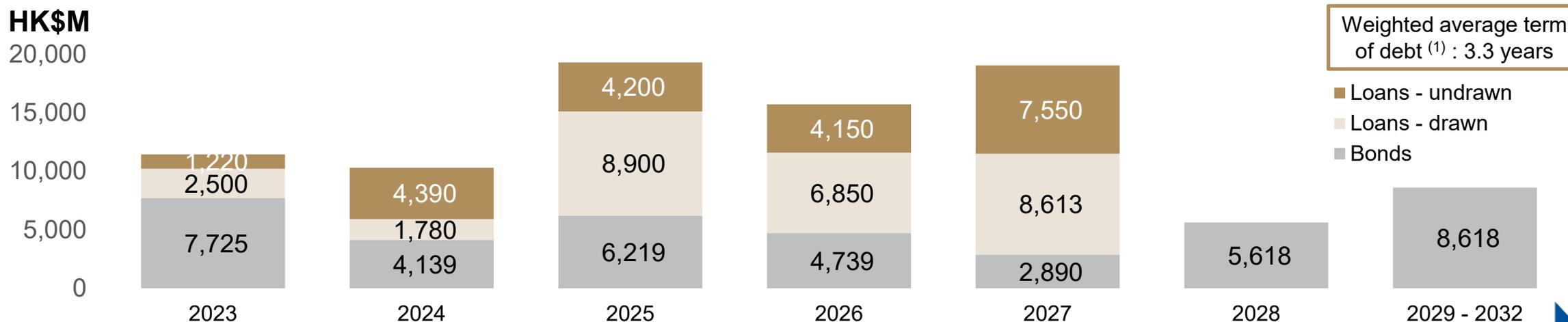
	2022	2021
Underlying cash interest cover – times	6.1	6.2
Weighted average cost of debt (%) <sup>(1)</sup>	3.2%	3.2%
Gross borrowings on fixed rate basis (%) <sup>(1)</sup>	59%	84%

Note: (1) Excluding lease liabilities.

# 2022 FINANCIAL SUMMARY – HEALTHY LIQUIDITY

	DEC 2019 HK\$M	DEC 2020 HK\$M	DEC 2021 HK\$M	<b>DEC 2022 HK\$M</b>	<i>CHANGE % (DEC 22 VS DEC 21)</i>
Bank balances and short-term deposits	21,345	29,264	22,894	<b>11,614</b>	<b>-49%</b>
Total undrawn facilities					
- Committed	18,686	32,971	24,219	<b>21,510</b>	<b>-11%</b>
<b>Group committed liquidity</b>	<b>40,031</b>	<b>62,235</b>	<b>47,113</b>	<b>33,124</b>	<b>-30%</b>
- Uncommitted	7,829	7,743	8,296	<b>7,659</b>	<b>-8%</b>
<b>Group total liquidity</b>	<b>47,860</b>	<b>69,978</b>	<b>55,409</b>	<b>40,783</b>	<b>-26%</b>

Financing Maturity Profile at 31st December 2022 <sup>(1)</sup>



Note: (1) Excluding lease liabilities.



# BUSINESS REVIEW

GUY BRADLEY, CHAIRMAN

WAYS.  
50 YEARS OF SWIRE PROPERTIES

50 YEARS OF ORIGINAL THINKING

PROPERTY

# 2022 OVERVIEW

Robust performance amid challenging market

- ▶ Recurring underlying profit of HK\$7,127m, compared with HK\$7,094m in 2021
- ▶ Significant progress in all strategic areas

- Mar 2022**
  - **Taikoo Li Xi'an** (70% owned) acquired a site in Small Wild Goose Pagoda historical and cultural zone
  - **Zung Fu Industrial Building** obtained 100% ownership for potential office redevelopment
  - **Citygate** increased interest to 26.67%
- Jun**
  - **269 Queen's Road East** acquired the site in Wan Chai for residential use
- Sep**
  - **Two Taikoo Place** obtained occupation permit in September with 56% occupancy rate as at 7 Mar 2023
- Oct**
  - **Sanya Retail Project** 50% interest, acquired land use rights via a government land tender
- Nov**
  - **ZHANGYUAN** first phase officially opened in Shanghai
- Feb 2023**
  - **Bangkok** acquired 40% interest in a residential site
  - **Sino-Ocean Taikoo Li Chengdu** completed acquisition of remaining 50% interest

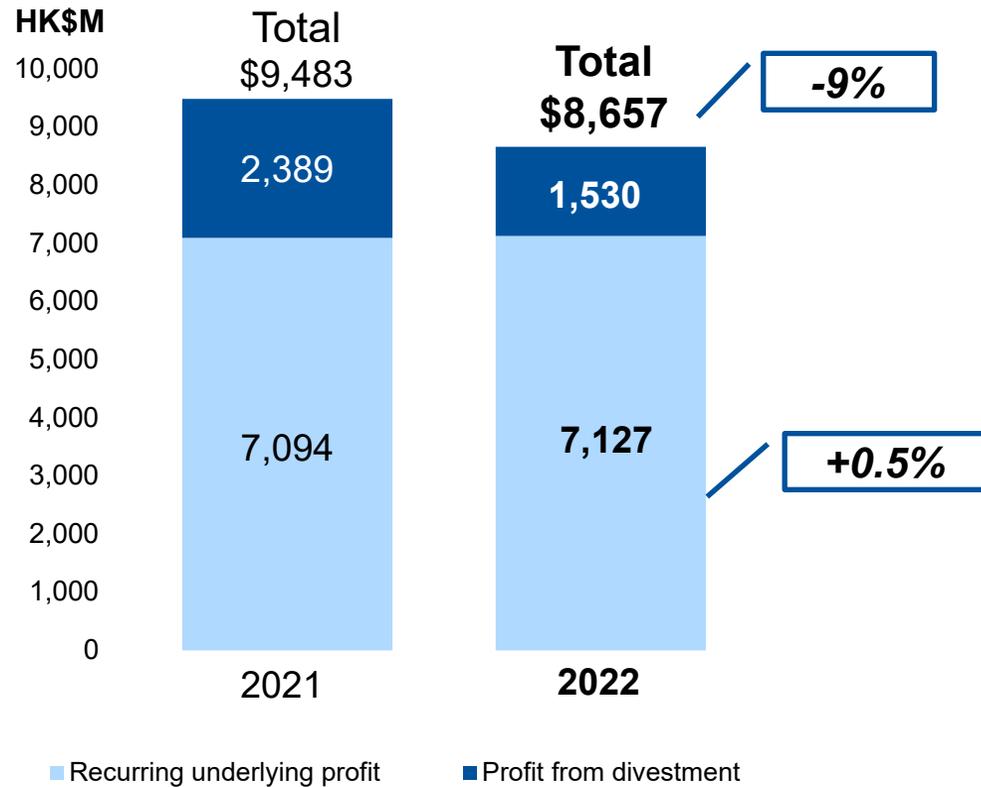


## Divestments

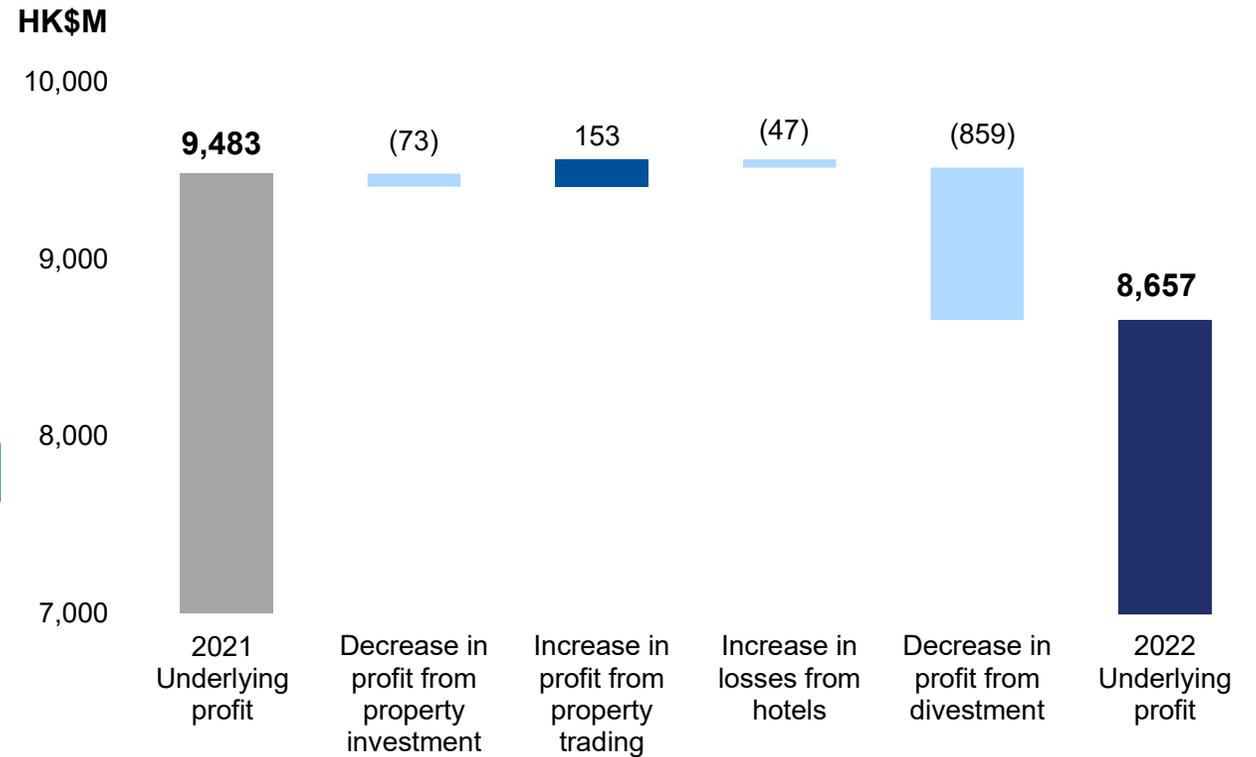
- Land parcel at Fort Lauderdale, Florida
- Taikoo Shing carparks, HK
- 8-12 Tsing Tim Street, Tsing Yi

# 2022 OVERVIEW

## UNDERLYING PROFIT (100% BASIS)



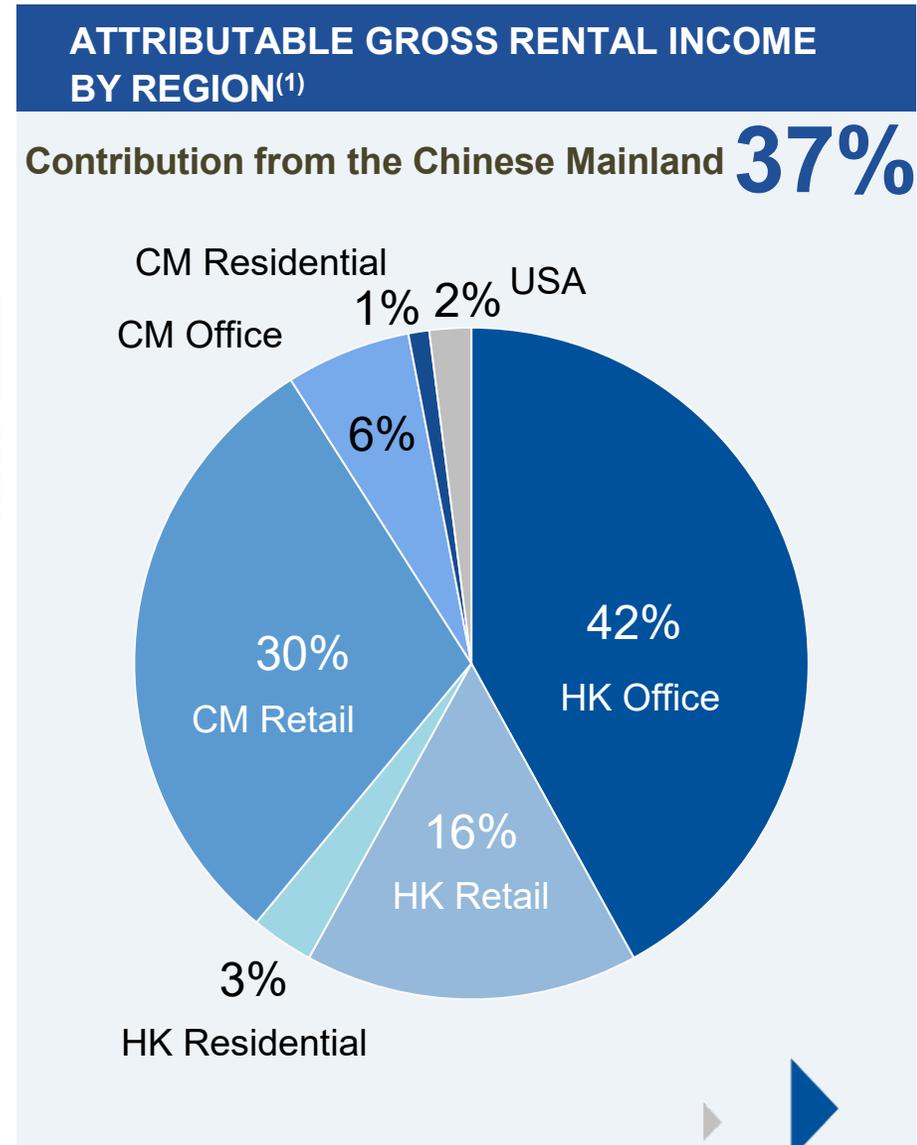
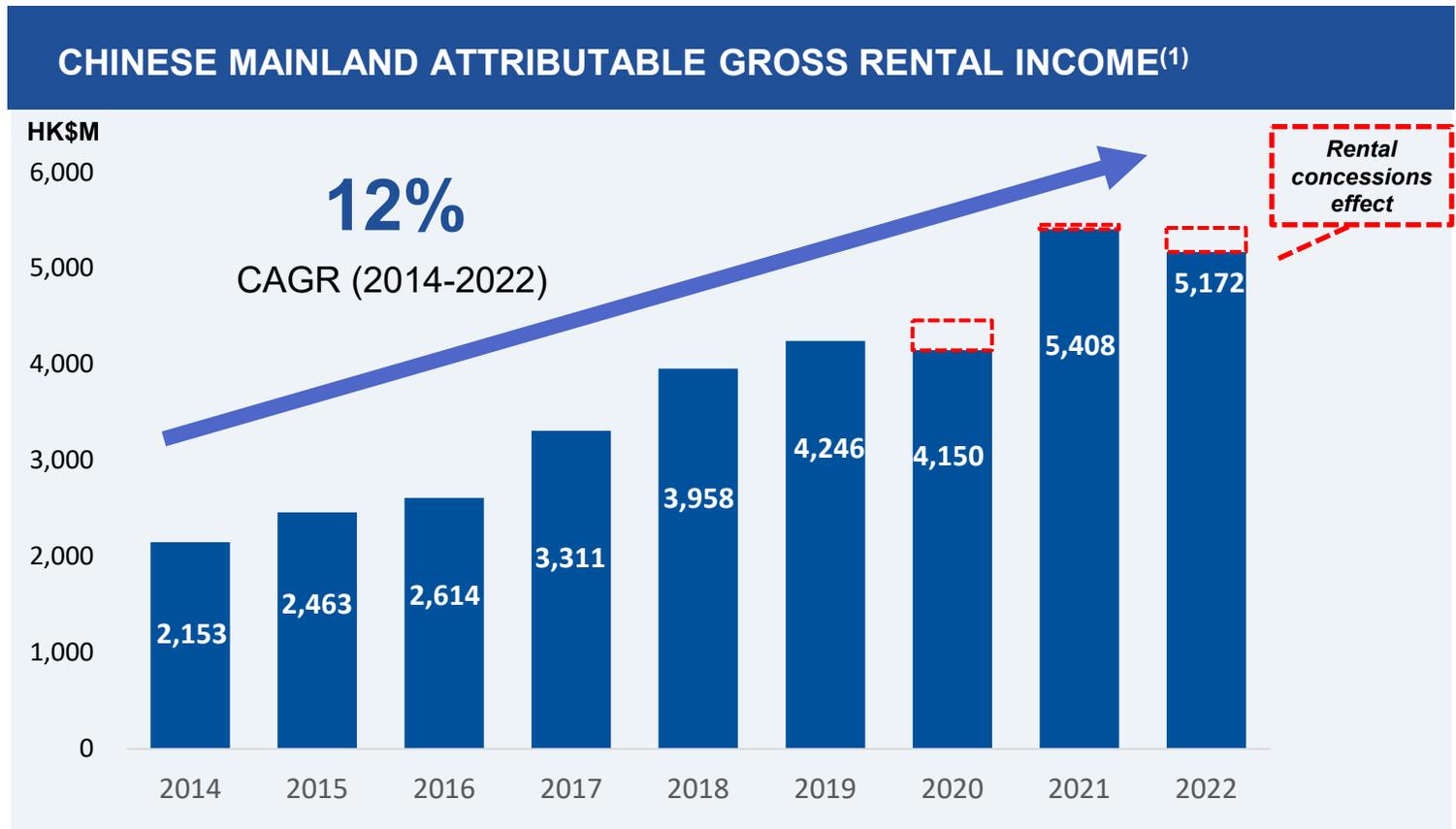
## MOVEMENT IN UNDERLYING PROFIT (100% BASIS)



Note: Property valuation gain (including the Group's share of net valuation changes of joint venture companies and before deferred tax) was HK\$1.7Bn in 2022 (loss of HK\$0.7Bn in 2021).

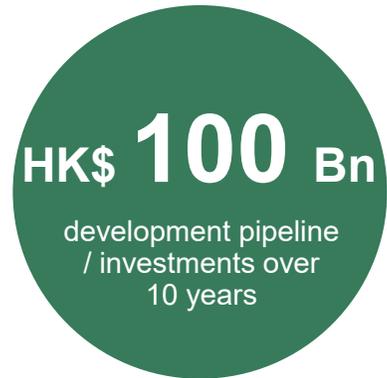
# CHINESE MAINLAND PORTFOLIO

- ▶ A major contributor to revenue growth.
- ▶ Chinese Mainland overall portfolio contributed **37%** of attributable gross rental income in 2022.<sup>(1)</sup>
- ▶ Chinese Mainland **retail** is the **second largest** rental contributor.



# INVESTING IN LONG-TERM GROWTH

Close to 40% of HK\$100Bn investment plan committed



> HK\$ **50** Bn **Chinese Mainland**

> HK\$ **30** Bn **Hong Kong**

> HK\$ **20** Bn **Trading / South East Asia**

- Taikoo Li Xi'an
- Sanya Retail Project
- Increased stake in Sino-Ocean Taikoo Li Chengdu

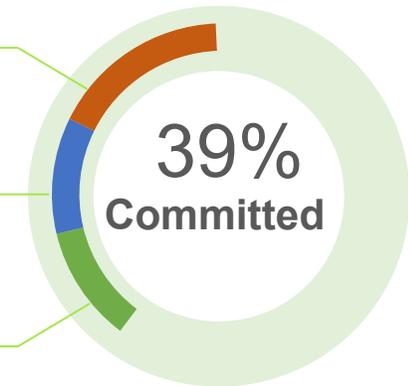
- Increased stake in Citygate
- 100% ownership at Zung Fu
- Compulsory sale applications at Quarry Bay

- Chai Wan Lot 178, Hong Kong
- 269 Queen's Road East, Hong Kong
- Quarry Bay residential, Hong Kong
- Bangkok residential, Thailand

Chinese Mainland  
HK\$ **17** Bn

Hong Kong  
HK\$ **11** Bn

Trading (including South East Asia)  
HK\$ **11** Bn



- **Chinese Mainland** - Retail-led mixed-use projects  
Doubling GFA

- **Hong Kong** - Acquisition/bidding, site amalgamation and JV opportunities.

- **Trading** - Residential opportunities in Hong Kong and the Chinese Mainland.
- **South East Asia** - Building presence in Vietnam, Indonesia, Singapore and Thailand.

Note: (1) Under letter of intent or framework agreement.

# UPCOMING PROJECTS

Strong pipelines driving sustainable growth

**↑ 8.2 M sq ft**  
Expected Attri. GFA to be completed from 2023

	2023	2024	2025	2026 onwards	Attri. GFA sq ft <sup>(6)</sup>
<b>HK</b>	<ul style="list-style-type: none"> <li>Six Pacific Place</li> </ul>	<ul style="list-style-type: none"> <li>Residential project in Wong Chuk Hang <sup>(1)</sup></li> </ul>	<ul style="list-style-type: none"> <li>Residential projects in Chai Wan and Wan Chai <sup>(2)</sup></li> </ul>	<ul style="list-style-type: none"> <li>Residential and office development in Quarry Bay <sup>(3)</sup></li> </ul>	<b>+ 1.8 M</b> Hong Kong
<b>CM</b>	<ul style="list-style-type: none"> <li>Sino-Ocean Taikoo Li Chengdu</li> </ul>	<ul style="list-style-type: none"> <li>Sanya Retail Project <sup>(4)</sup></li> </ul>	<ul style="list-style-type: none"> <li>INDIGO Phase Two <sup>(4)</sup></li> <li>Taikoo Li Xi'an</li> </ul>		<b>+ 4.7 M</b> Chinese Mainland
<b>SEA</b>		<ul style="list-style-type: none"> <li>Savyavasa</li> </ul>		<ul style="list-style-type: none"> <li>Empire City, Ho Chi Minh City <sup>(5)</sup></li> </ul>	<b>+ 1.7 M</b> South East Asia



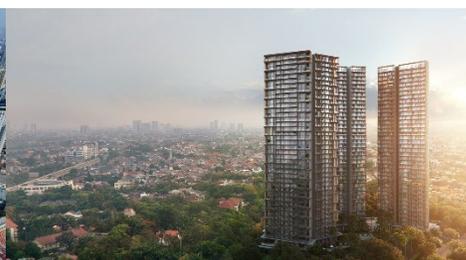
Six Pacific Place, Hong Kong



INDIGO Phase Two, Beijing



Taikoo Li Xi'an



Savyavasa, Jakarta



Empire City, Ho Chi Minh City

Notes:

- (1) Representing Wong Chuk Hang Station Package Four Property Development.
- (2) Representing Chai Wan Inland Lot No. 178 and 269 Queen's Road East.
- (3) Representing 983-987A King's Road and 16-94 Pan Hoi Street, 9-39 Hoi Wan Street and 33-41 Tong Chong Street, and Wah Ha Factory Building and Zung Fu Industrial Building.
- (4) Opening in phases.

- (5) To be completed in phases up to 2028.
- (6) Excluding 9-39 Hoi Wan Street and 33-41 Tong Chong Street in Quarry Bay, and the residential development in Bangkok.
- (7) Expected years of completion are shown above.





# BEVERAGES

# INVESTING FOR GROWTH



CHINESE MAINLAND

- ▶ Restructuring of non-sparkling beverage production facilities.
- ▶ Synergies and ability to innovate.
- ▶ Improve cost and distribution efficiencies.



CAMBODIA

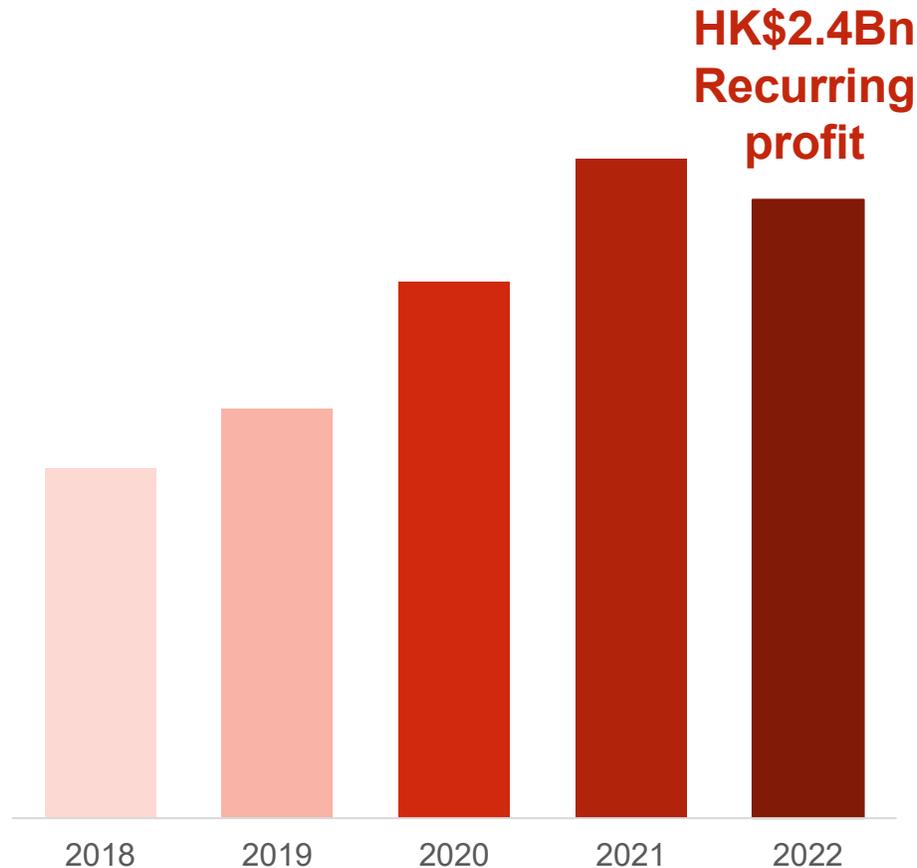


VIETNAM

- ▶ 16% increase in franchise population to 882 million in Swire franchise territories (including Vietnam).
- ▶ Leverage on proven strengths in commercial capabilities, marketing, supply chain and digitalisation.
- ▶ Fast-growing and developing markets.
- ▶ Low per capita consumption, dominated by sparkling.

# 2022 OVERVIEW

Second highest profits despite cost pressure and COVID-19 lockdowns in the Chinese Mainland



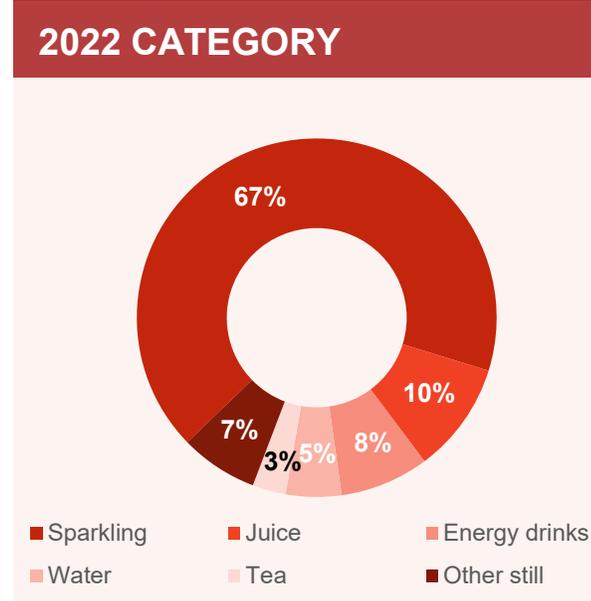
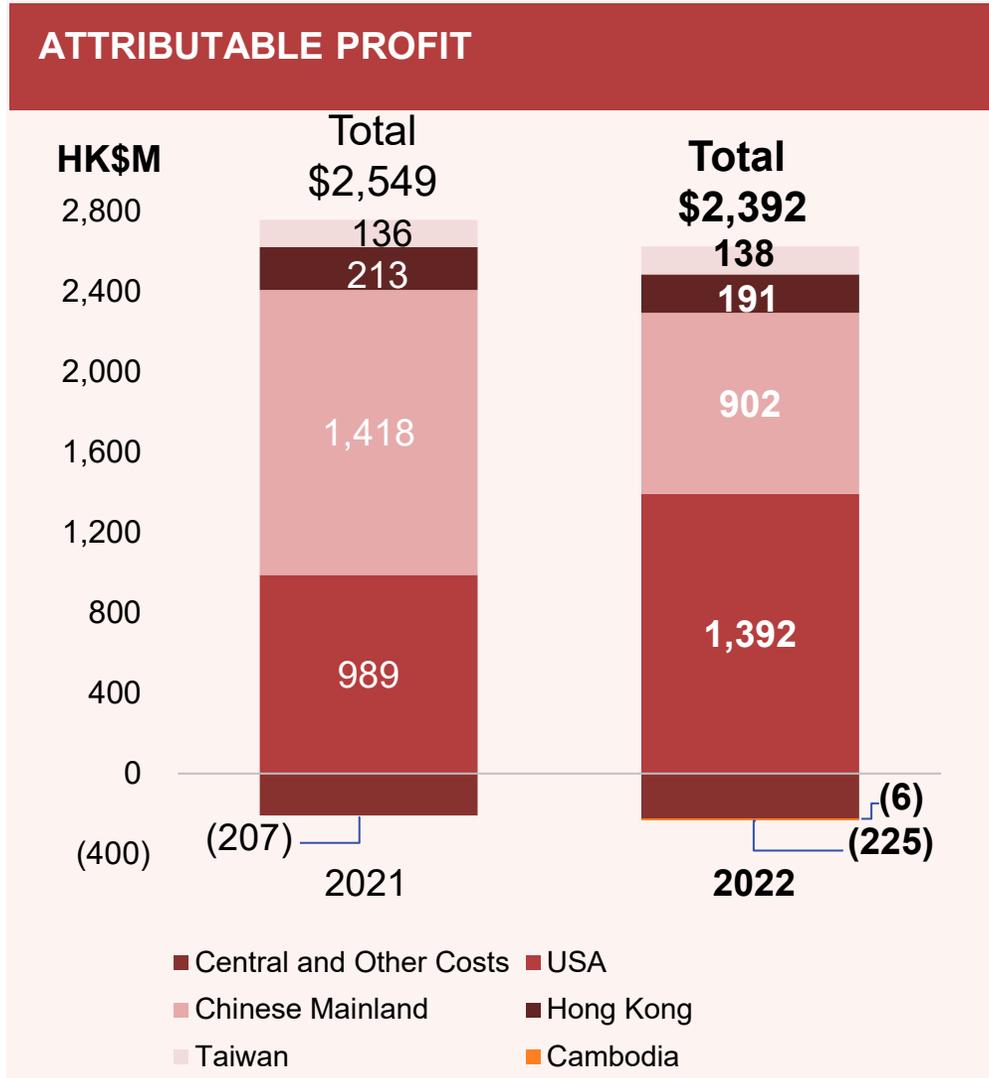
**USA profit increased by 41%.** Revenue increased reflecting price increases and an improved product mix.

**Chinese Mainland profit decreased by 36%.** Sales and operations were adversely affected by COVID-19 related measures.

Taiwan profit increased by 1%, and Hong Kong profit decreased by 11% as a result of COVID-19.

Revenue per case growth driven by price management.

# GEOGRAPHIC DIVERSITY



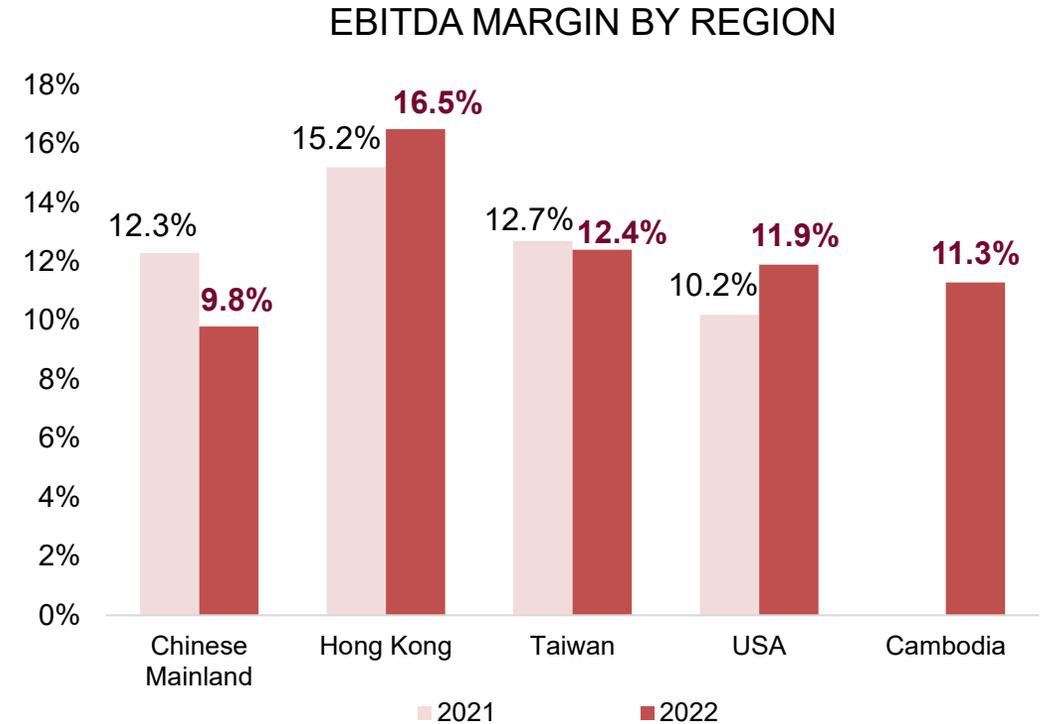
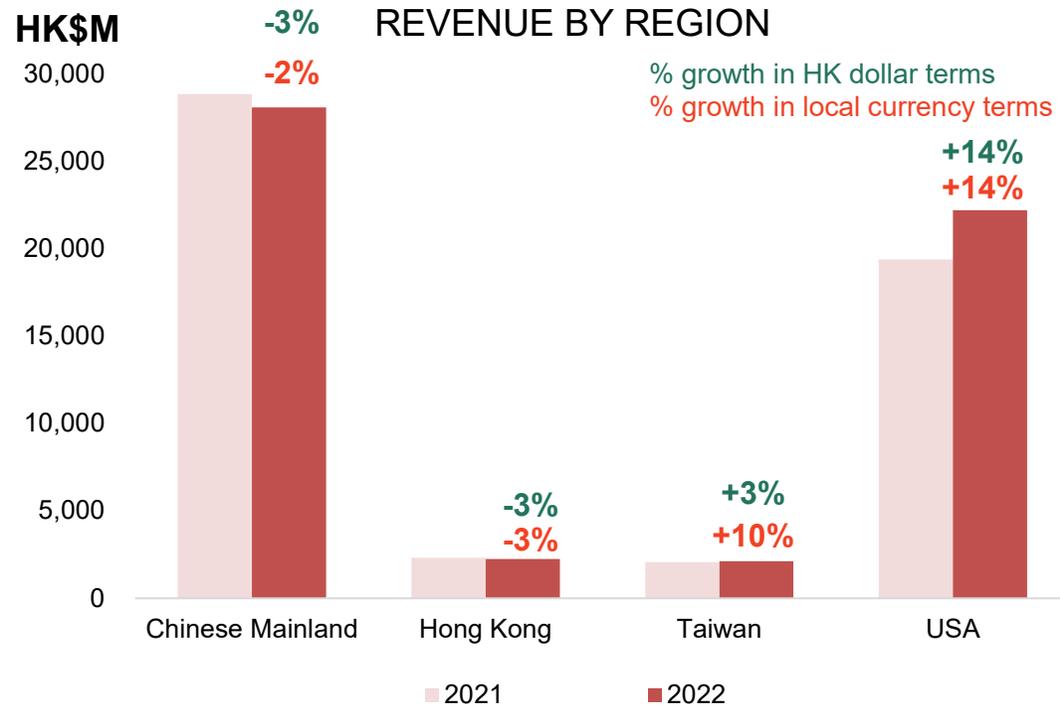
### KEY FINANCIAL DATA

HK\$M	2022	Change %
Revenue <sup>(1)</sup>	54,727	+4%
Attributable/Recurring profit	2,392	-6%
EBITDA <sup>(2)</sup>	6,041	-1%
EBITDA margin <sup>(2)</sup>	11.0%	-0.6%pt

Notes: (1) Revenue includes that of Shanghai Shen-Mei and excludes sales to other bottlers.  
 (2) Including that of Shanghai Shen-Mei and excluding central and other costs.

# ADVERSE EFFECT OF COVID-19

- Revenue increased by **4%** and volume decreased by **3%**. EBITDA margin decreased to **11.0%** from 11.6% in 2021.



<b>Volume change</b>	<b>-4%</b>	<b>-6%</b>	<b>+4%</b>	<b>0%</b>
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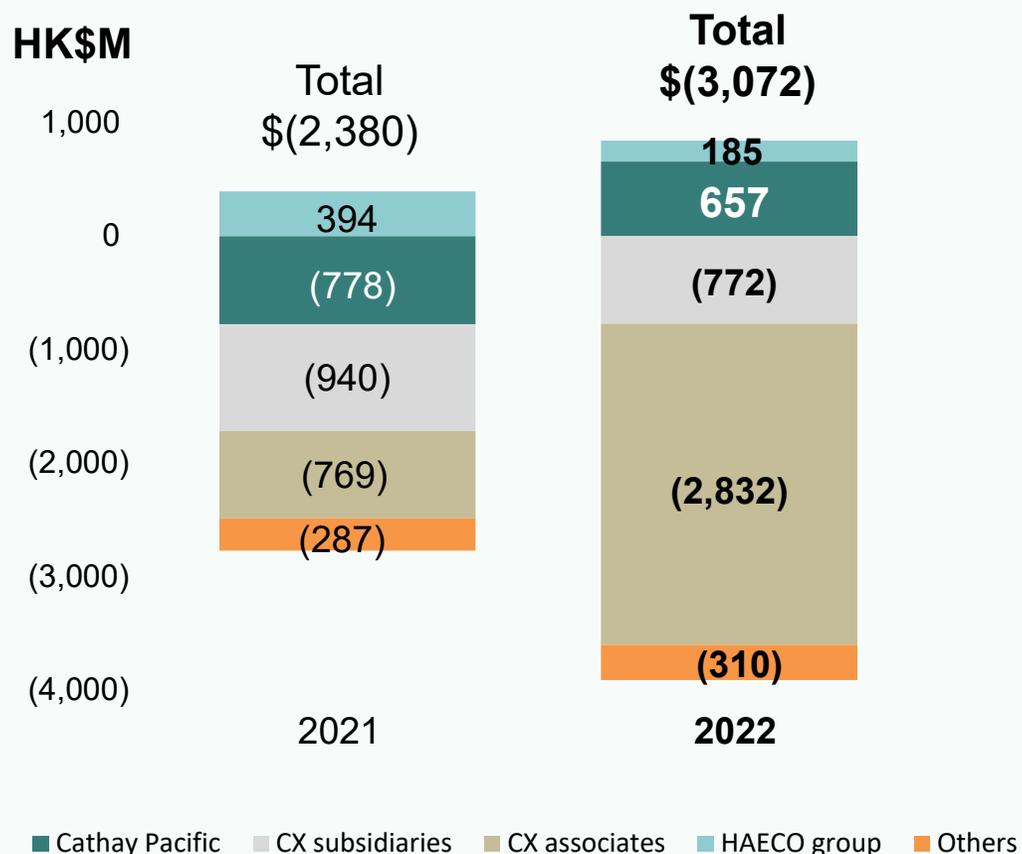
Note: Revenues and volumes include those of Shanghai Shen-Mei and exclude sales to other bottlers and central adjustments. EBITDA margin includes that of Shanghai Shen-Mei and excludes central and other costs.



AVIATION

# 2022 OVERVIEW

## ATTRIBUTABLE PROFIT/(LOSS)

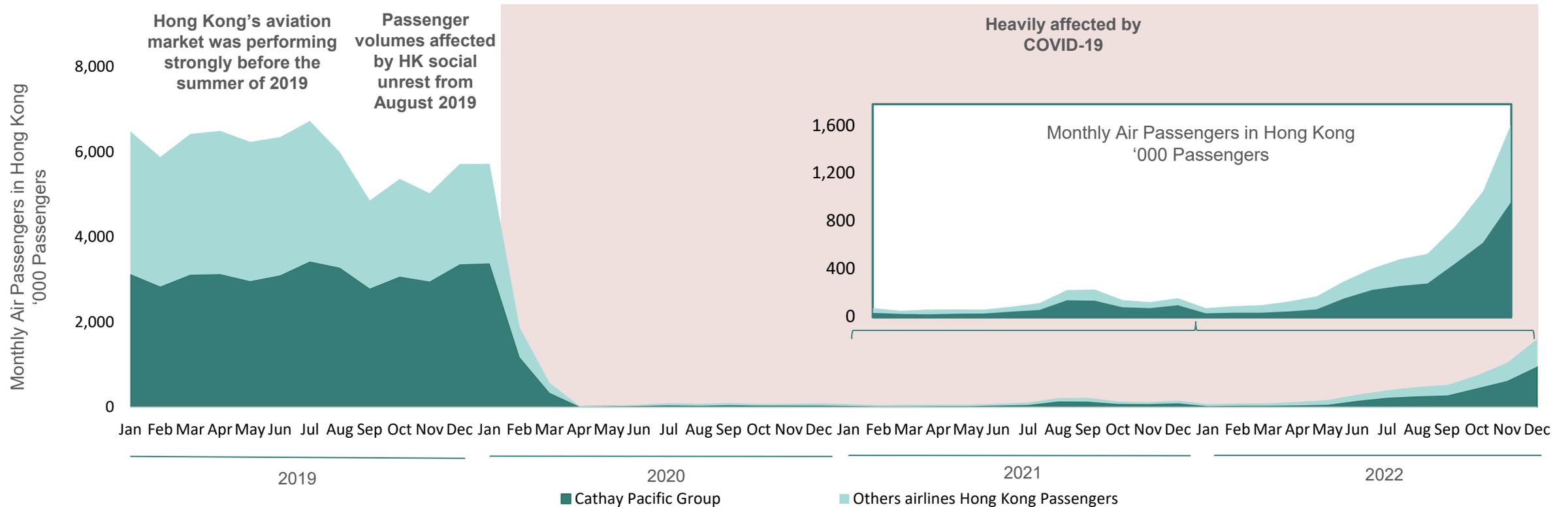


## KEY FINANCIAL DATA

HK\$M	2022	2021	Change %
<b>HAECO group</b>			
Revenue	13,828	11,464	+21%
Attributable profit	185	394	-53%
Recurring profit	250	416	-40%
<b>Share of post-tax profit/(loss) from an associated company</b>			
Cathay Pacific group	(2,947)	(2,487)	-18%
- Cathay Pacific	657	(778)	+184%
- CX subsidiaries	(772)	(940)	+18%
- CX associates	(2,832)	(769)	-268%

# HONG KONG'S AVIATION ENVIRONMENT

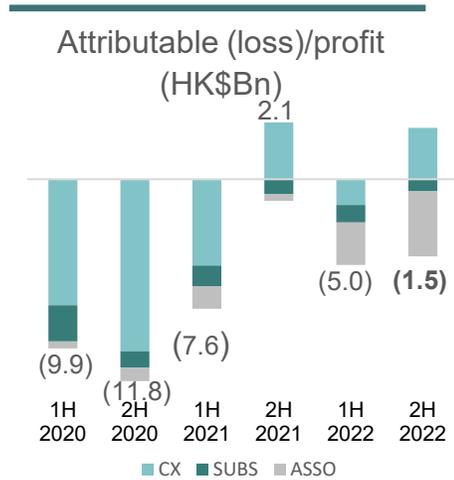
Hong Kong international aviation hub at a turning point



Sources: Hong Kong International Airport, Cathay Investor Relations

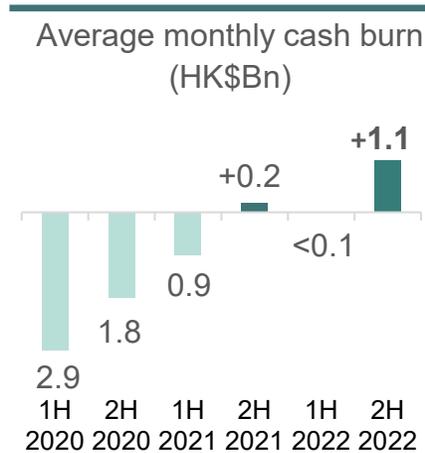


# 2022 OVERVIEW – CATHAY PACIFIC



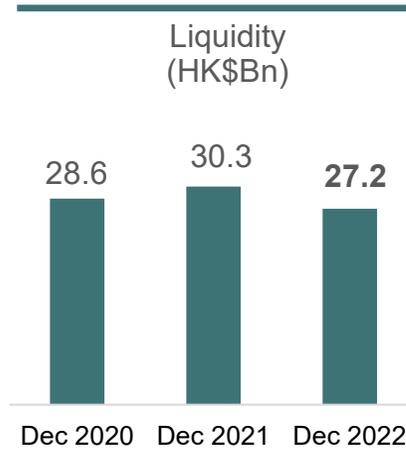
## Outlook

Cathay Pacific and subsidiaries are poised to benefit from the increasing travel demand



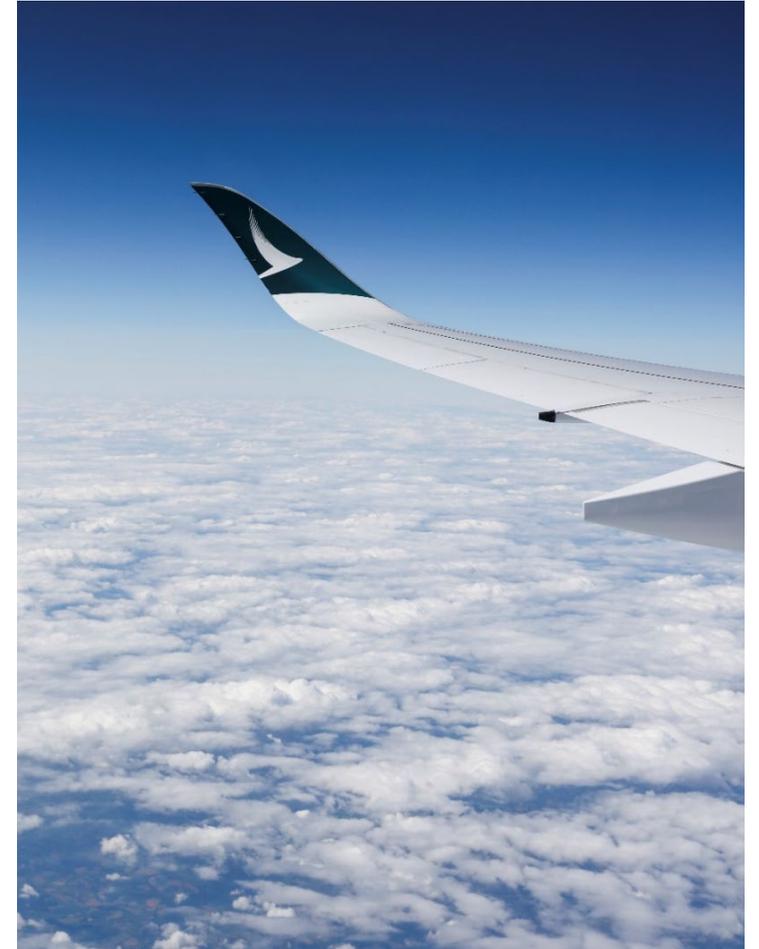
## Outlook

Strong momentum from 2nd half 2022 will continue into 2023



## Outlook

Liquidity remains at a healthy level



Note: Cathay Pacific figures on 100% basis.

- After three years of unprecedented disruption, CX is now at the stage of rebuilding. CX is doing more than simply returning to where it was before the pandemic.
- CX is focused on reconnecting with Hong Kong, the Greater Bay Area and the Chinese Mainland, as well as reconnecting Hong Kong with the world.

# 2022 OVERVIEW – CATHAY PACIFIC

Continuous effort to meet the capacity rebuild target



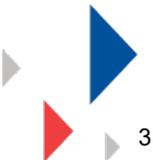
## Travel

- ▶ CX has sufficient pilots and cabin crew to support its current schedule. There are ongoing recruitment plans to ensure this remains the case throughout the rebuild of CX.
- ▶ Passenger flight capacity will be restored in a measured and responsible way, and CX group anticipates to operate:

Target	% of pre-pandemic capacity
End of March 2023	50%
End of 2023	70%
End of 2024	100%

## Cargo

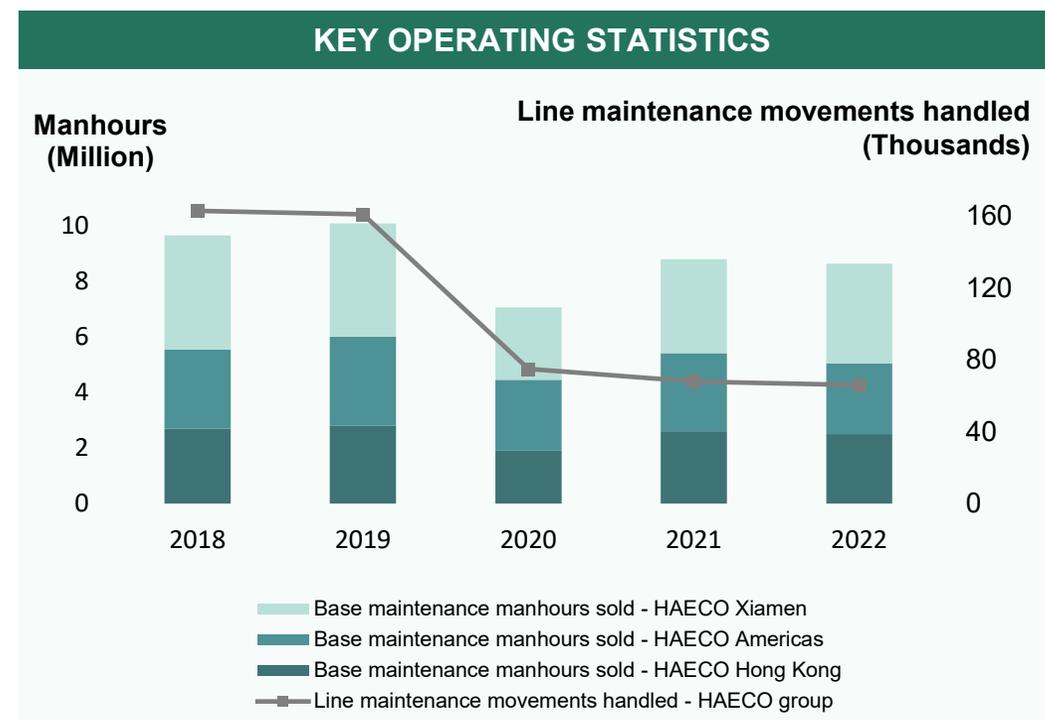
- ▶ Capacity will be further supplemented by increased passenger flight frequencies and destinations.
- ▶ Targeting 85% of pre-pandemic cargo capacity by the end of the year 2023.



# 2022 OVERVIEW – HAECO

- ▶ HAECO profit decreased due to the absence of financial assistance provided by the US government.
- ▶ Profit increased disregarding the non-recurring government subsidy, reflecting principally a recovery in demand for engine overhaul.
- ▶ Line maintenance in Hong Kong remained weak.

KEY FINANCIAL DATA			
Recurring Profit/(Loss)			
HK\$M	2022	2021	Change %
Airframe	(109)	206	-153%
Cabin	(145)	(124)	n.a.
Components	139	44	+216%
Engine	469	352	+33%
Others	(104)	(62)	n.a.
<b>Total</b>	<b>250</b>	<b>416</b>	<b>-40%</b>





HEALTHCARE

# HEALTHCARE

Adversely affected by COVID-19 restrictions in the Chinese Mainland



## Columbia China Healthcare

- ▶ Opening of Suzhou and Shanghai Baoshan senior living facilities in January and December 2022, respectively.
- ▶ Increased operations and clinical partnerships at Wuxi Kaiyi Hospital.
- ▶ Jiaxing Kaiyi Hospital celebrated its first anniversary in May 2022.



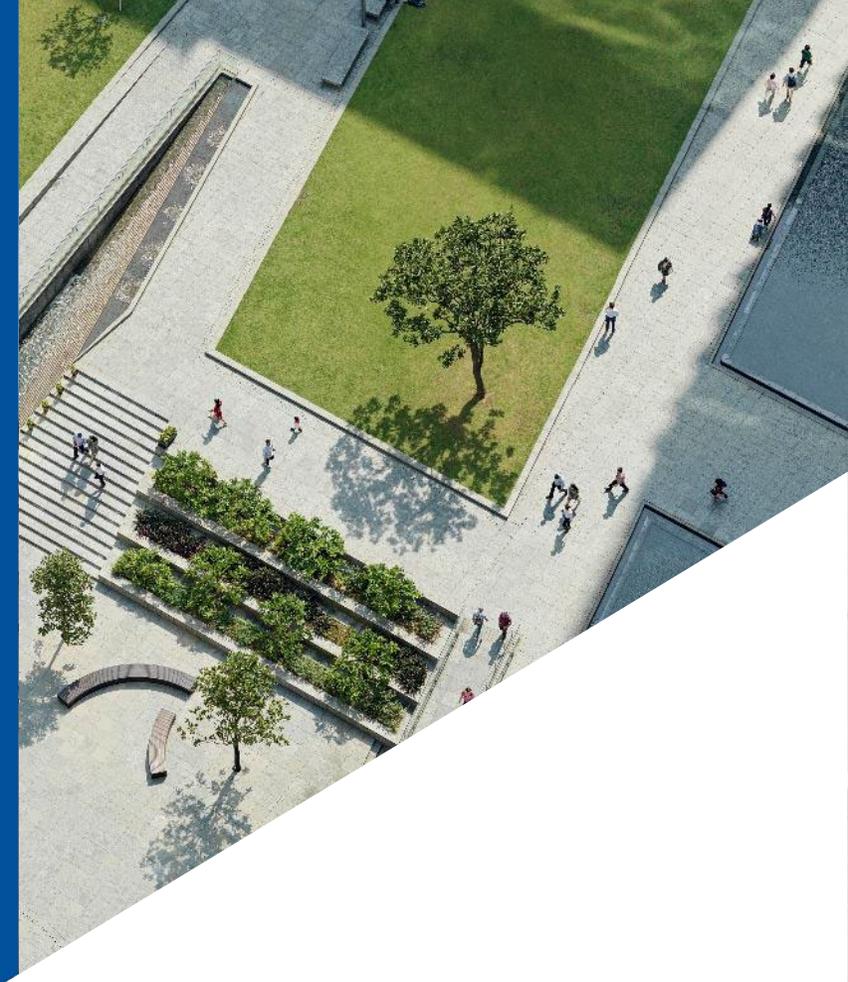
## DeltaHealth

- ▶ Increased patient volumes following the lifting of COVID-19 restrictions.
- ▶ Opened its oncology centre in the 1st quarter of 2022.
- ▶ Preparing to open a chest pain centre.



## Shenzhen New Frontier United Family Hospital and HEAL Medical Group

- ▶ Shenzhen New Frontier United Family Hospital opened in May 2022 with strong growth since opening.
- ▶ HEAL Medical and HEAL Aesthetic opened in the 1st half of 2022. HEAL Medical Group currently operates three clinics in Hong Kong, including HEAL Oncology.



# SUSTAINABILITY AND ESG UPDATE

GUY BRADLEY, CHAIRMAN

# SUSTAINABILITY AND ESG UPDATE

## 2022 HIGHLIGHTS

- **Sustainable finance** represented more than **35%** of total Group financing
- **SD Fund** allocated **HK\$21 million** to environmental projects at three operating companies
- Improvements in **CDP** Climate Change and **DJSI** ratings
- Completed **Scope 3** GHG emissions inventory
- Developed an **Internal Carbon Pricing** mechanism to be trialed at three operating companies

## TARGETS



**50%** reduction in GHG emissions <sup>(1)</sup> by 2030, and **Net-Zero by 2050**



**65%** waste diversion from landfill <sup>(2)</sup> by 2030, and **Zero Waste to landfill by 2050**



**30%** reduction in water withdrawal <sup>(3)</sup> by 2030, and **Water Neutrality by 2050**



**30% women** on Board by **2024**



Support communities **through TrustTomorrow**

## PROGRESS in 2022

**19%** reduction in **GHG emissions** compared with 2018 baseline

**59%** waste diversion

**11%** reduction in **water withdrawal** compared to a 2018 frozen efficiency baseline

Women represent **28.6%** of our **Board**

**HK\$55** million distributed by the **Swire Group Charitable Trust**  
**HK\$76** million cash and in-kind donations by the Group



Hang Seng Corporate Sustainability Index Series Member 2022-2023

**Sustainability Yearbook Member 2023**  
S&P Global ESG Score



Member of **Dow Jones Sustainability Indices**  
Powered by the S&P Global CSA



Notes: (1) Scope 1 + Scope 2 emissions only, against 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.



# OUTLOOK

GUY BRADLEY, CHAIRMAN

# OUTLOOK

- ▶ Achieving strategic objectives of growing our core businesses and improving returns to shareholders remains our prime focus.
- ▶ The opening of the border between Hong Kong and the Chinese Mainland should have a significant positive impact to our businesses, particularly on our aviation businesses.
- ▶ Optimistic about the prospects for our businesses in 2023.

## PROPERTY



Expect a strong recovery in retail property investment income in the Chinese Mainland and in the hotel business. The office market in Hong Kong is expected to remain weak in the near term.

## BEVERAGES



Expect increase in volumes in the Chinese Mainland, while commodity prices are expected to be lower than the peak in 2022. The newly acquired bottling operations in South East Asia will contribute to profits.

## AVIATION – Cathay Pacific



Expect passenger flight capacity will reach 70% of pre-COVID-19 levels by the end of 2023. Performance from associates will improve with the lifting of COVID-19 related measures.

## AVIATION – HAECO



Expect improvement in results during the year with the recovery of international air traffic, despite a slower recovery from the COVID-19 impact.



# Q&A

9TH MARCH 2023 | HONG KONG



# APPENDIX

9TH MARCH 2023 | HONG KONG

# 2022 FINANCIAL SUMMARY – RETURN ON EQUITY

Return on Equity



## Return on Equity

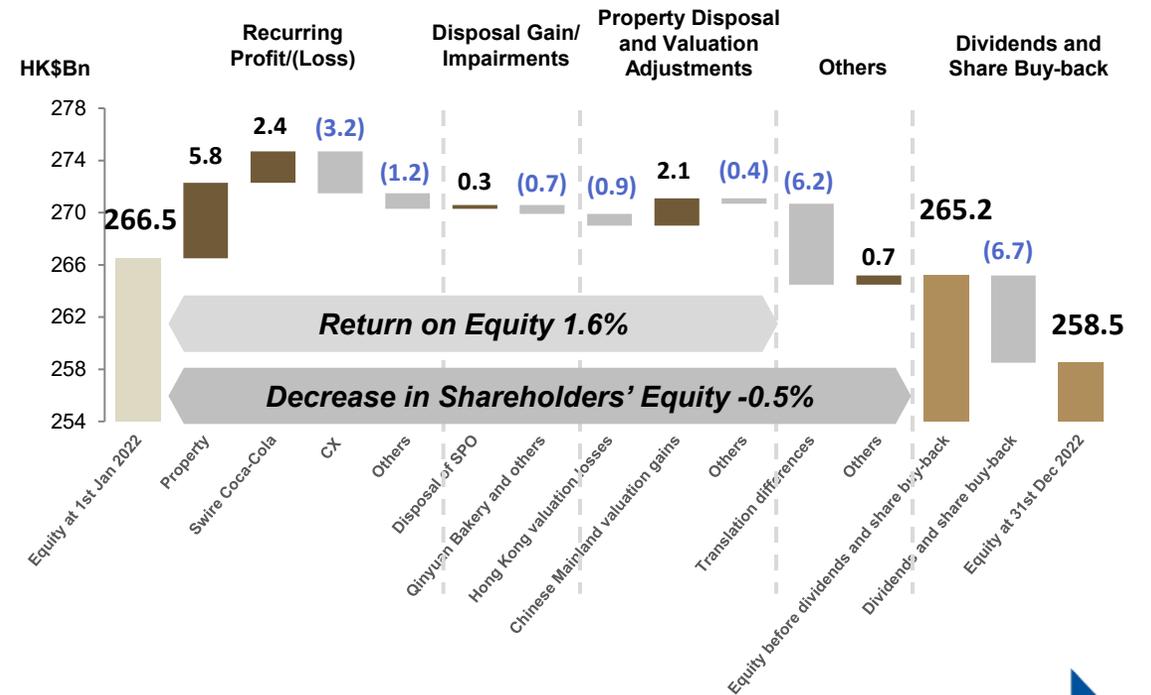
Derived from:

Recurring underlying profit

Net non-recurring items

Net property valuation adjustments

	2022	5-year average
<b>Return on Equity</b>	<b>1.6%</b>	<b>2.2%</b>
Recurring underlying profit	1.4%	1.7%
Net non-recurring items	0.4%	-0.5%
Net property valuation adjustments	-0.2%	1.0%



# 2022

ANNUAL RESULTS  
ANALYST BRIEFING

9TH MARCH 2023 | HONG KONG

