



MANDARIN ORIENTAL
THE HOTEL GROUP

2009 HALF-YEARLY RESULTS HIGHLIGHTS

<i>US\$m</i>	June 2009	June 2008
Combined Total Revenue of Hotels under Management	389.7	520.2
EBITDA (US\$m)	34.5	86.2

- ❖ Depressed demand due to global downturn
- ❖ Group takes action to manage costs while maintaining service standards

2009 HALF-YEARLY RESULTS HIGHLIGHTS

<i>US\$m</i>	June 2009	June 2008
Underlying Profit Attributable to Shareholders	1.1	36.1
Profit Attributable to Shareholders*	74.2	36.1

* 2009 includes a US\$78.5 million gain on the sale of the Group's 50% interest in its Macau hotel and a US\$5.4 million provision against asset impairment.

2009 HALF-YEARLY RESULTS HIGHLIGHTS

<i>US¢</i>	June 2009	June 2008
Underlying Earnings per Share	0.11	3.68
Earnings per Share (including non-trading items)	7.53	3.68

- ❖ Adjusted net asset value per share was US\$2.11 compared to US\$2.08 at 31st December 2008, including leasehold properties at valuation.
- ❖ Interim dividend of US¢2 per share, unchanged from interim 2008.

KEY STRATEGIC OBJECTIVES

- ❖ Strengthening our competitive performance in all markets
- ❖ Being widely recognised as the world's best luxury hotel group
- ❖ Operating at least 10,000 rooms worldwide
- ❖ Achieving a strong financial performance

STRENGTHEN OUR COMPETITIVE POSITION

- ❖ Focused on hotels maintaining or enhancing their competitive positions
- ❖ Depressed demand due to economic climate and H1N1 influenza
- ❖ Pressure on occupancy and rates
- ❖ Implemented appropriate cost containment measures to local market
 - ❖ Business continuity plans
 - ❖ Adjustment of fixed costs

STRENGTHEN OUR COMPETITIVE POSITION

Long Term :

- ❖ Demographic trends support strategy
- ❖ Future recovery from traditional markets anticipated
- ❖ Business from new markets (Middle East, Russia, China and India)



STRENGTHEN OUR COMPETITIVE POSITION

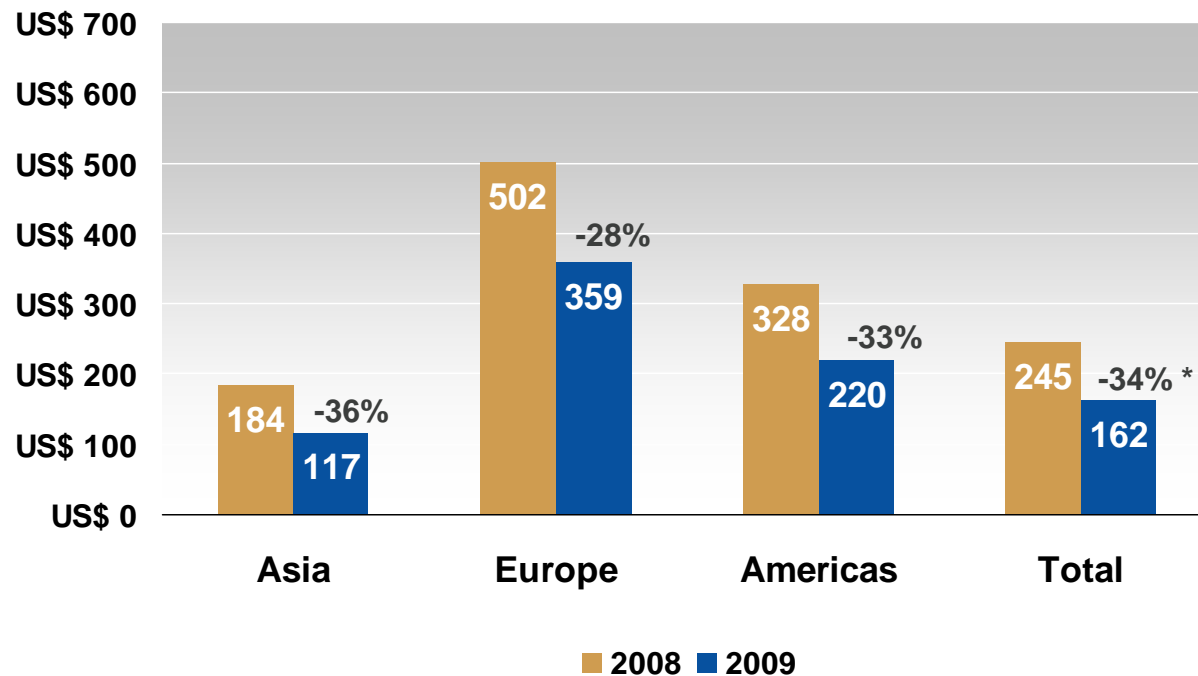
Long Term :

- ❖ Limited new supply in many key markets due to:
 - ❖ Few sites available
 - ❖ High construction costs
 - ❖ Increased challenge to secure funding



STRENGTHEN OUR COMPETITIVE POSITION

2009 Half-Yearly RevPAR Performance

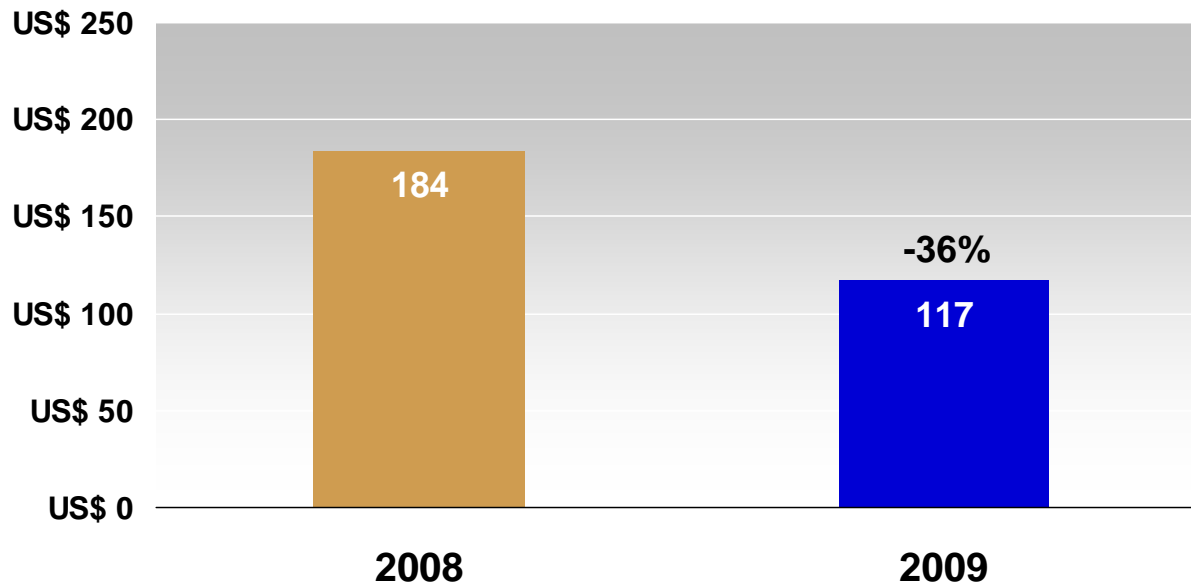


* RevPAR dropped by 30% in local currency terms

STRENGTHEN OUR COMPETITIVE POSITION

ASIA

2009 Half-Yearly RevPAR Performance



- ❖ Asian portfolio affected by drop in demand and highly competitive market
- ❖ RevPAR dropped by 35% in local currency terms
- Includes only hotels that were fully operational in both years

STRENGTHEN OUR COMPETITIVE POSITION ASIA

Mandarin Oriental, Hong Kong

(100% ownership)

- ❖ Performance impacted by weaker corporate demand
- ❖ Occupancy at 49% (72% in 2008)
- ❖ Rates impacted by competitive environment
- ❖ RevPAR down by 43%
- ❖ F&B revenues fell by 24%



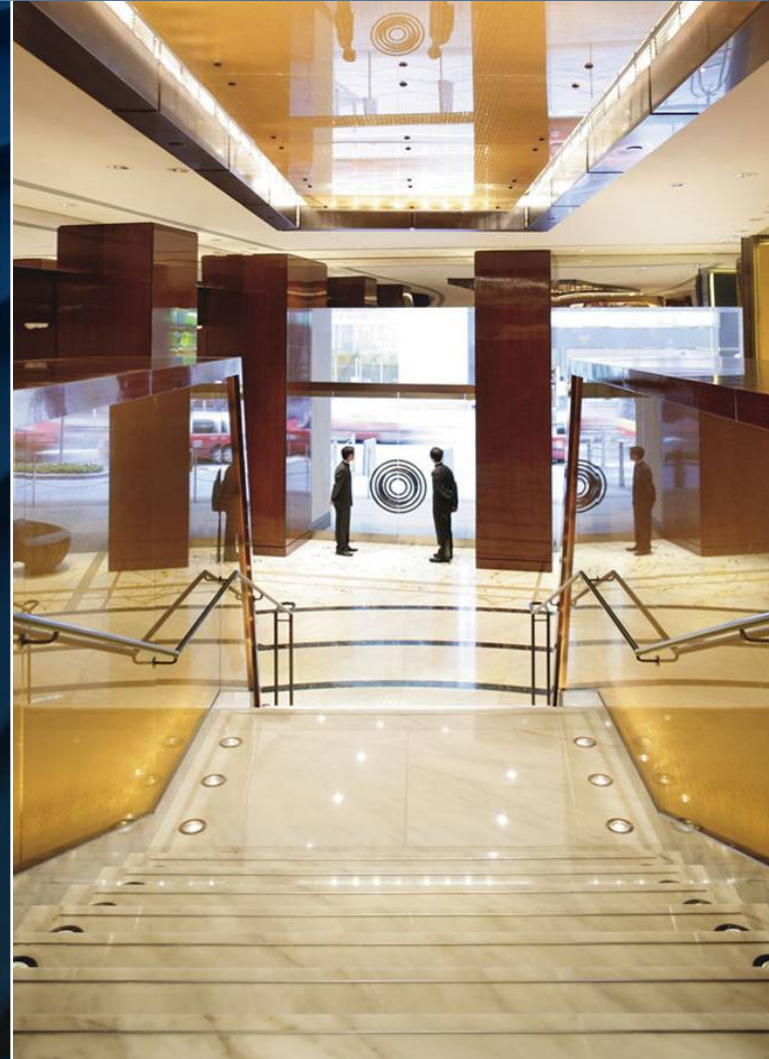
STRENGTHEN OUR COMPETITIVE POSITION

ASIA

The Landmark Mandarin Oriental, Hong Kong

(Management contract)

- ❖ Performance impacted by drop in demand
- ❖ RevPAR down by 37%



“A Hong Kong institution where legendary Oriental service meets modern refinement in the heart of Central.”

Travel + Leisure, US



“...it is one of the most raved-about hotels in the city. The bedrooms have style, baby, style, and the two-storey marble-everywhere spa is just beyond. You leave here feeling positively, assiduously spoilt.”

Tatler Travel Guide

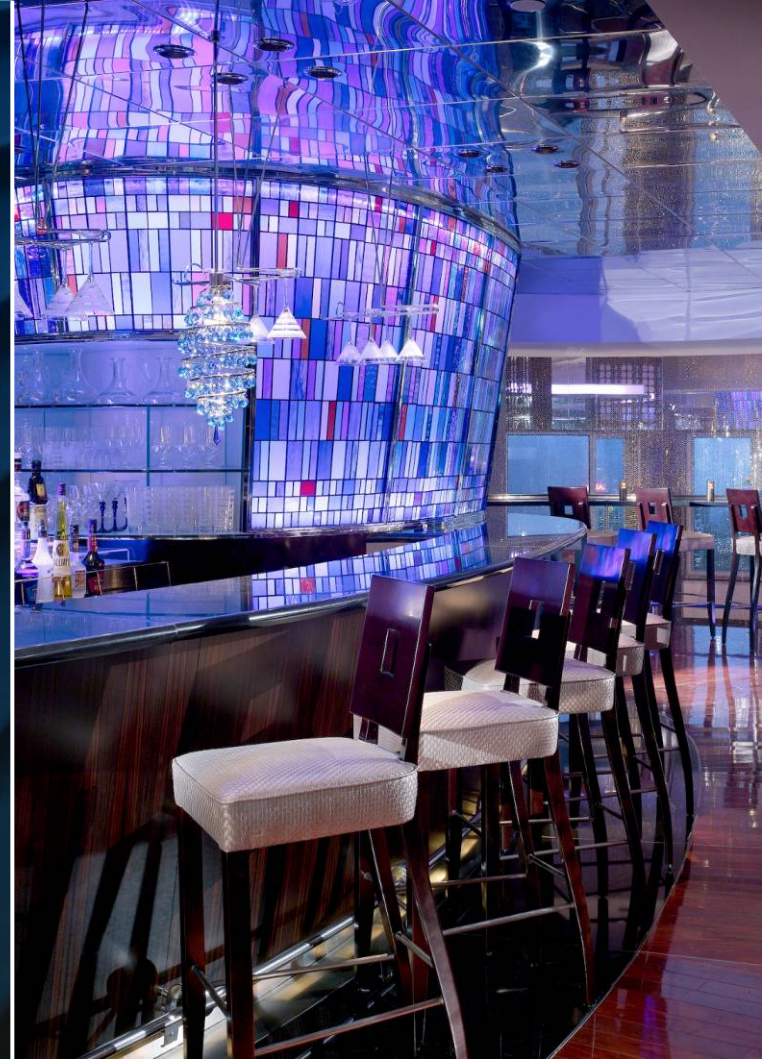


STRENGTHEN OUR COMPETITIVE POSITION ASIA

The Excelsior, Hong Kong

(100% ownership)

- ❖ Occupancy at 68% (85% in 2008)
- ❖ Decline in both corporate and leisure travel
- ❖ RevPAR down 35%

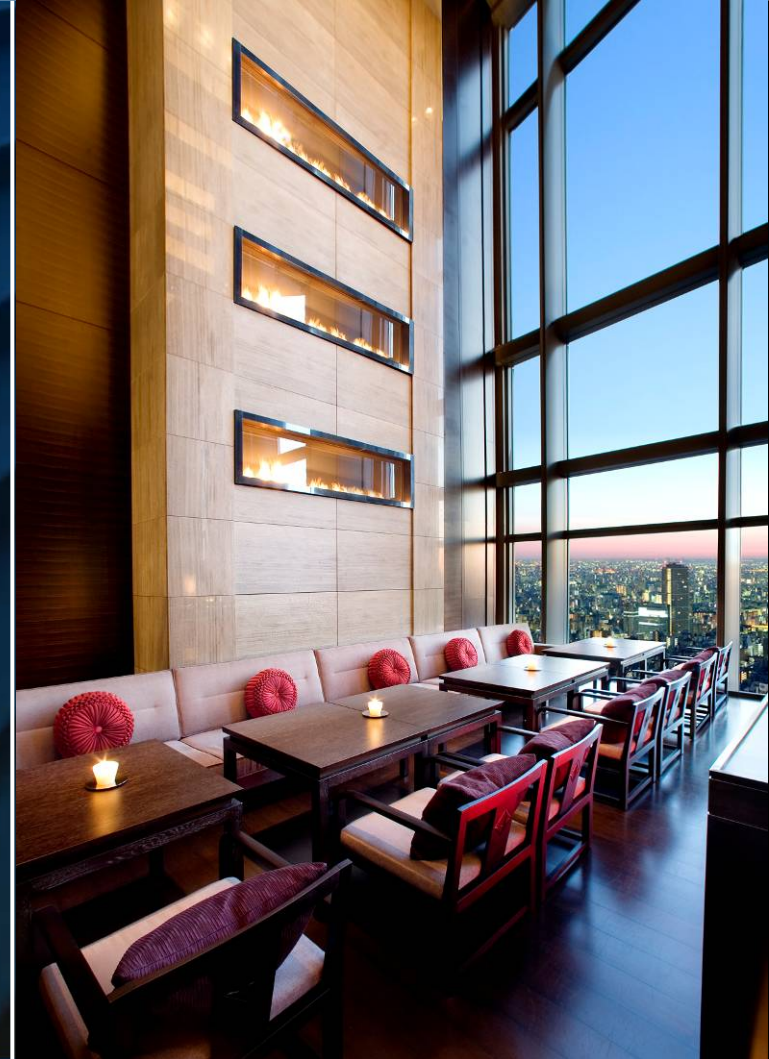


STRENGTHEN OUR COMPETITIVE POSITION ASIA

Mandarin Oriental, Tokyo

(Long-term lease)

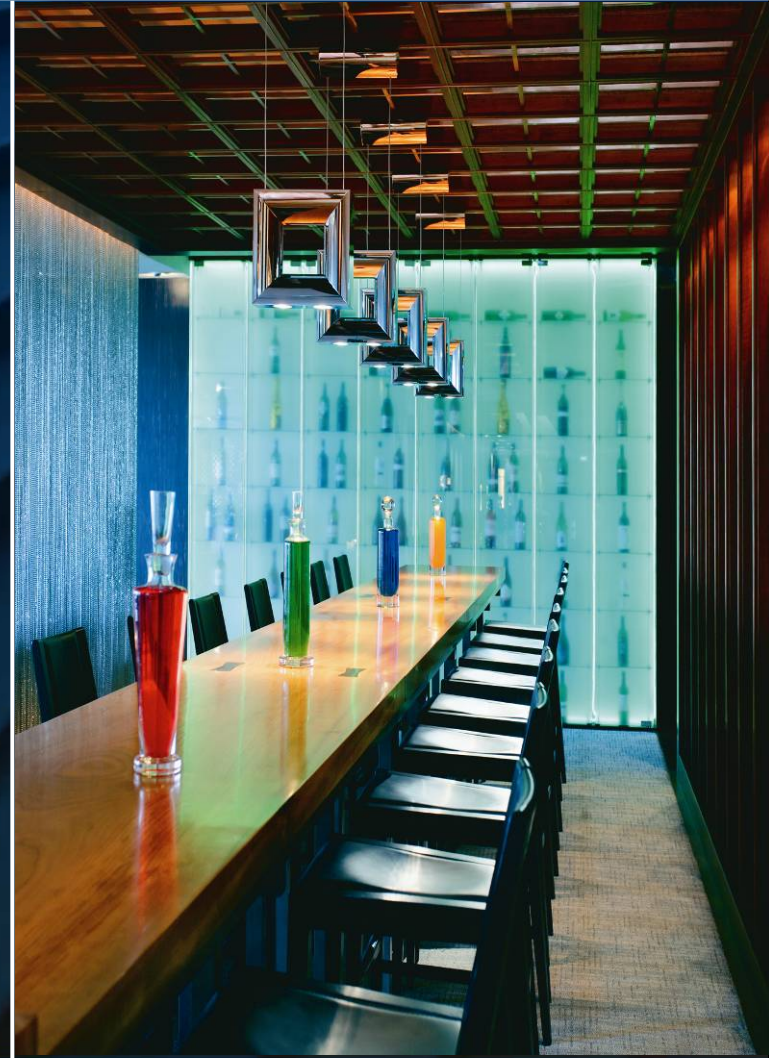
- ❖ Strong reputation in domestic leisure market
- ❖ Weakening citywide demand from corporate sector
- ❖ Occupancy at 50% (67% in 2008)
- ❖ Maintained average rate of over US\$500
- ❖ Only hotel in city to have 3 restaurants with Michelin stars



STRENGTHEN OUR COMPETITIVE POSITION ASIA

Mandarin Oriental, Singapore *(50% ownership)*

- ❖ Maintained position in very competitive, rate driven market
- ❖ Average rates down by 27% in local currency terms
- ❖ Occupancy at 61% (67% in 2008)



STRENGTHEN OUR COMPETITIVE POSITION ASIA

Mandarin Oriental, Macau

(2009 Management contract)

- ❖ 50% equity interest sold on 15 June 2009
- ❖ Operating results included in gain of US\$78.5 million
- ❖ Group will manage re-branded hotel for up to 2 years

STRENGTHEN OUR COMPETITIVE POSITION ASIA

Mandarin Oriental, Macau

- ❖ A new 215-room Mandarin Oriental hotel to open in Macau in 2010 (management contract)



STRENGTHEN OUR COMPETITIVE POSITION ASIA

Mandarin Oriental, Bangkok

(44.9% ownership)

- ❖ Remains the undisputed market leader
- ❖ Visitor arrivals negatively impacted by political climate and global downturn
- ❖ Occupancy at 41% (71% in 2008)



STRENGTHEN OUR COMPETITIVE POSITION ASIA

Other Hotels

- ❖ Manila and Kuala Lumpur negatively impacted by downturn

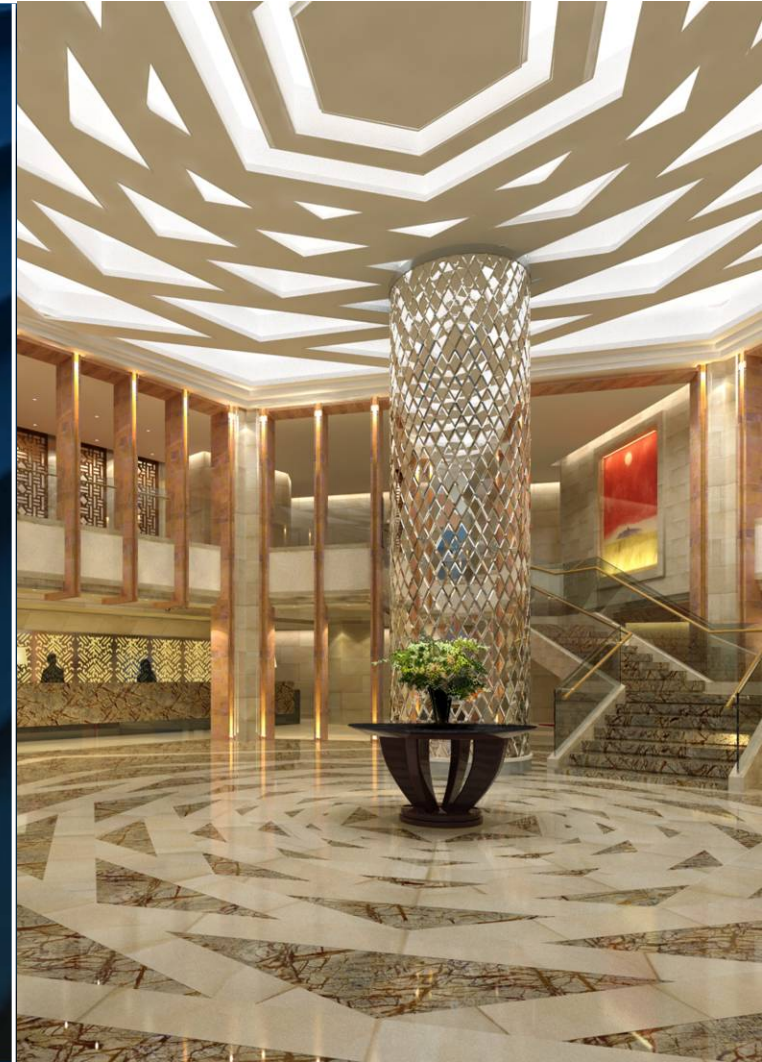


STRENGTHEN OUR COMPETITIVE POSITION ASIA

Mandarin Oriental, Jakarta

(96.9% ownership)

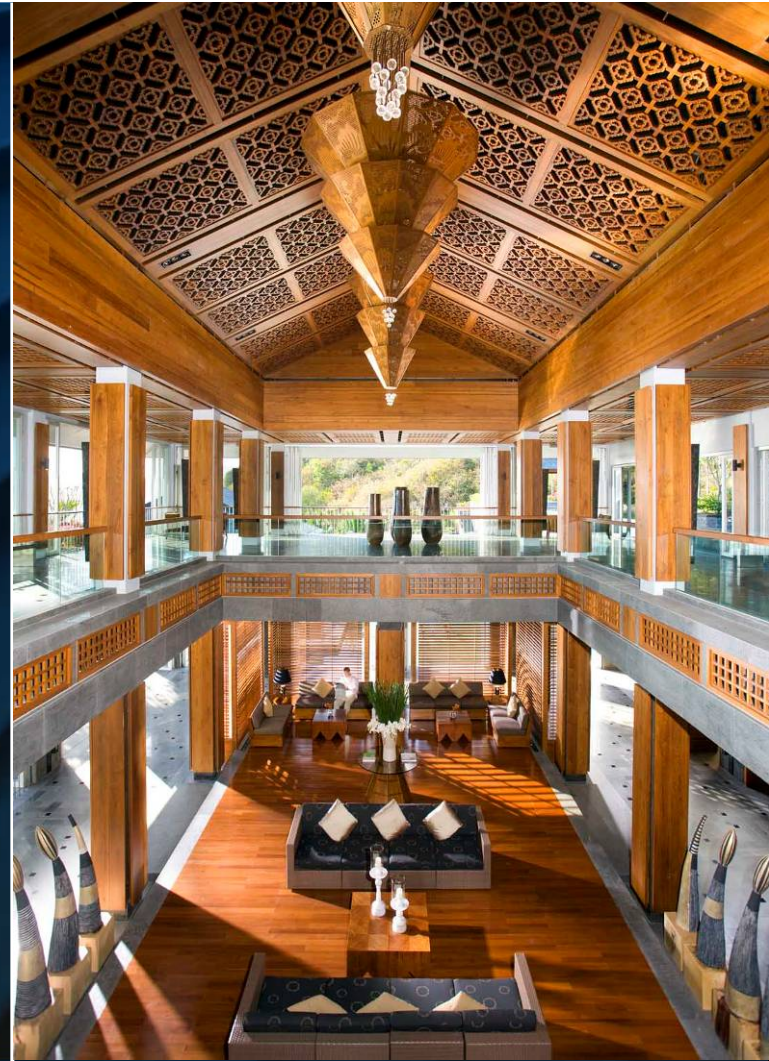
- ❖ Will reopen in October 2009 as one of the city's leading hotels
- ❖ 272 spacious guestrooms and suites
- ❖ 3 restaurants and bars
- ❖ Enhanced security systems



STRENGTHEN OUR COMPETITIVE POSITION ASIA

Mandarin Oriental, Sanya *(Management contract)*

- ❖ Opened in January 2009
- ❖ Establishing well within competitive set
- ❖ Average rate of almost US\$300



Mandarin Oriental is the perfect spot to ease the stresses and strains of Shanghai living.

That is Shanghai, China





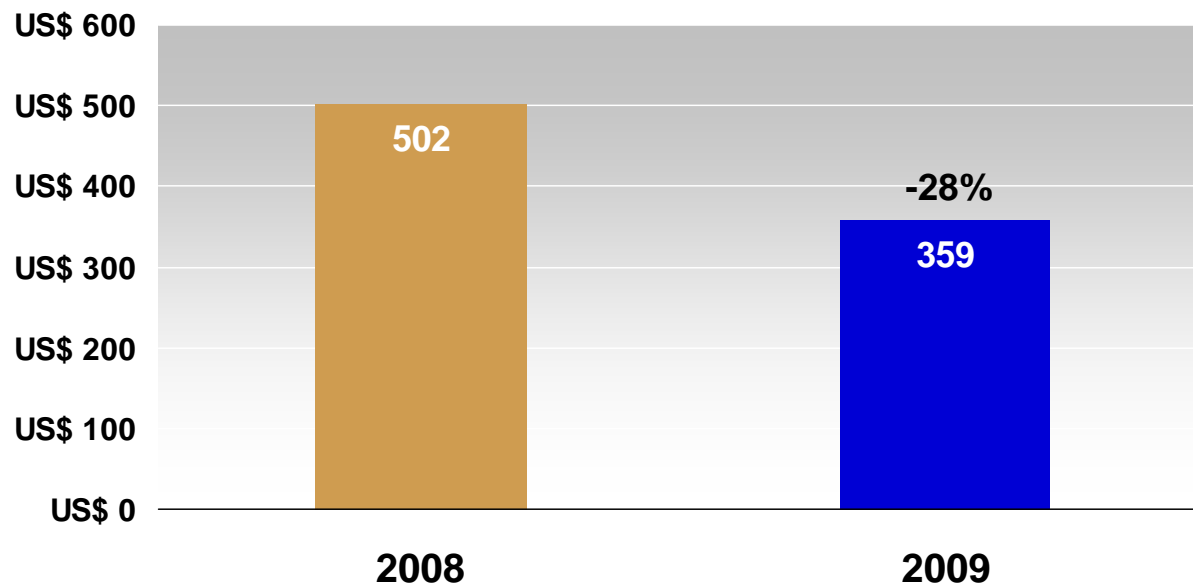
Opened before the beginning of the Lunar New Year and covering 12 hectares of land, Mandarin Oriental, Sanya is anticipated to become the hottest addition to the island.

Next Magazine, Hong Kong

STRENGTHEN OUR COMPETITIVE POSITION

EUROPE

2009 Half-Yearly RevPAR Performance



- ❖ Our European hotels less impacted by global economic downturn
 - ❖ More resilient demand from leisure segment
 - ❖ Limited new supply in key markets, particularly London
 - ❖ RevPAR dropped by 13% in local currency
- Includes only hotels that were fully operational in both years

STRENGTHEN OUR COMPETITIVE POSITION EUROPE

Mandarin Oriental Hyde Park, London *(100% ownership)*

- ❖ Occupancy at 78% (82% in 2008)
- ❖ Average rates of £426 (£435 in 2008)
- ❖ Market benefited from weaker pound
- ❖ Continued growth from Middle East and China





“The hotel’s Terrace Restaurant is a great piece of outdoor London when the weather’s good.”

Harper’s Bazaar Going Out Guide, UK

“...the city’s best spa in a prime Knightsbridge location between Hyde Park and Harvey Nichols.”

Travel + Leisure, US



STRENGTHEN OUR COMPETITIVE POSITION EUROPE

Mandarin Oriental, Munich

(100% ownership)

- ❖ Remains market leader
- ❖ Occupancy at 63% (72% in 2008)
- ❖ RevPAR decline of 29% in US\$ terms (18% in local currency terms)



STRENGTHEN OUR COMPETITIVE POSITION EUROPE

Mandarin Oriental, Geneva

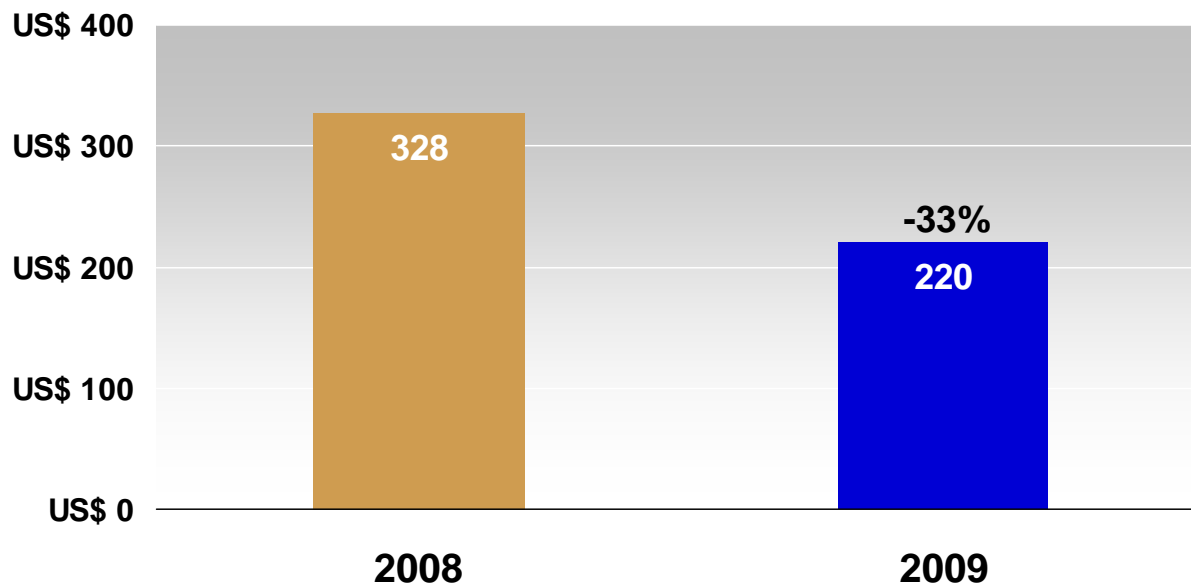
(92.6% ownership)

- ❖ 2008 renovation has enhanced competitive position
- ❖ New F&B concepts have been well received
- ❖ Economic climate impacted visitor arrivals
- ❖ Occupancy at 56% (60% in 2008)
- ❖ Average rate at US\$575 down 9% in local currency terms



STRENGTHEN OUR COMPETITIVE POSITION THE AMERICAS

2009 Half-Yearly RevPAR Performance



- ❖ Maintained competitive position in a more challenging environment
- ❖ Less exposure for Group with under 5% of total EBITDA from this region

- Includes only hotels that were fully operational in both years

STRENGTHEN OUR COMPETITIVE POSITION THE AMERICAS

Mandarin Oriental, Washington DC

(80% ownership)

- ❖ RevPAR down 3%
- ❖ Occupancy remains unchanged at 59%
- ❖ Record performance during inauguration of US President
- ❖ Continues to be recognised as one of the best hotels in the city



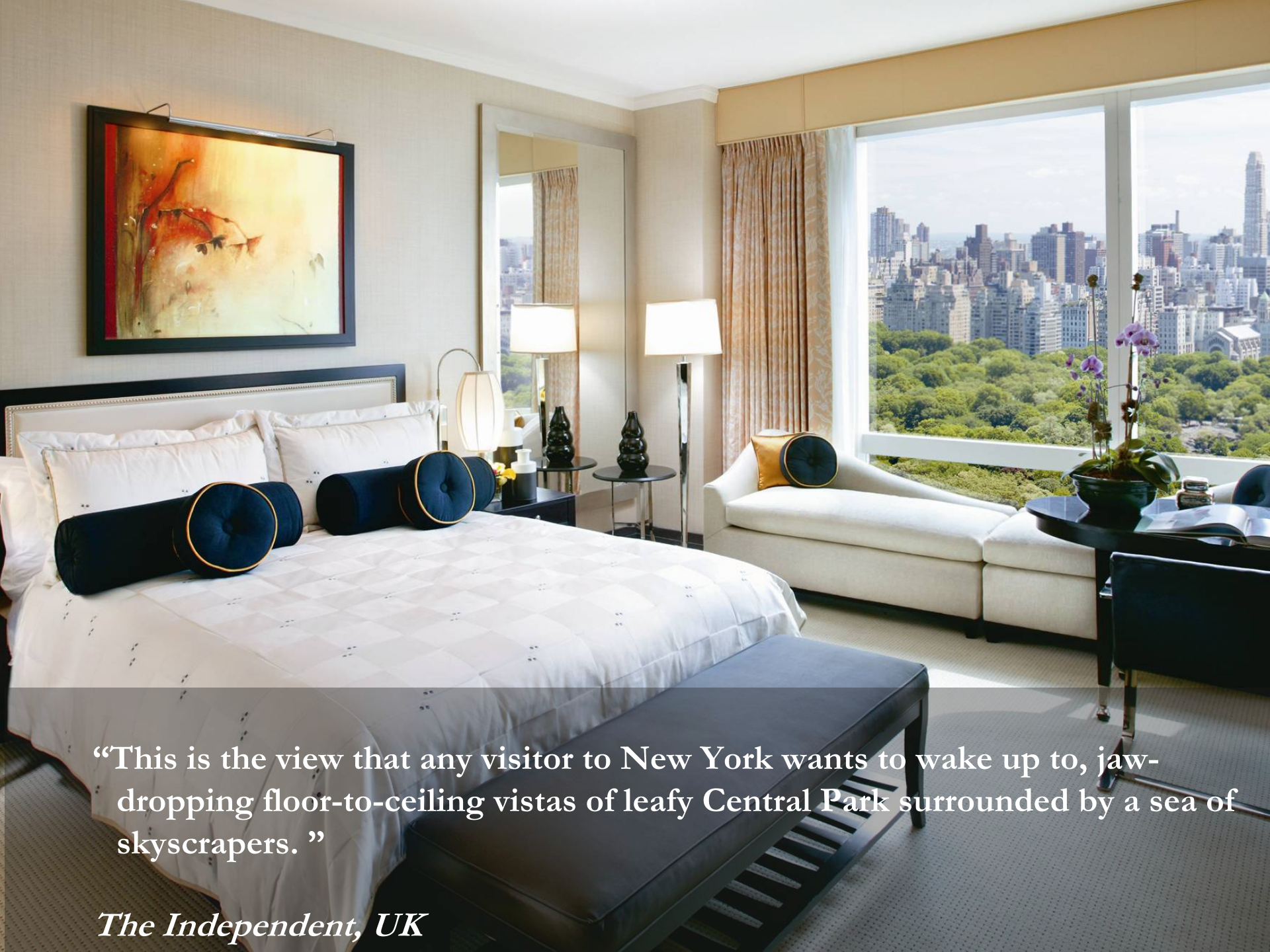
STRENGTHEN OUR COMPETITIVE POSITION THE AMERICAS

Mandarin Oriental, New York

(25% ownership)

- ❖ Negatively impacted by drop in arrivals, particularly corporate sector
- ❖ RevPAR decreased by 41%
- ❖ Occupancy at 50% (75% in 2008)
- ❖ Retained *AAA Five Diamond* and *Mobil Five Star* awards





“This is the view that any visitor to New York wants to wake up to, jaw-dropping floor-to-ceiling vistas of leafy Central Park surrounded by a sea of skyscrapers. ”

The Independent, UK

STRENGTHEN OUR COMPETITIVE POSITION THE AMERICAS

Other Hotels

All impacted by weakened economy,
with Miami further affected by increased
supply.



TO BE WIDELY RECOGNISED AS THE WORLD'S BEST LUXURY HOTEL GROUP

Core Brand Attributes

- ❖ Creative hotel design and architecture
- ❖ Holistic spas
- ❖ Innovative dining
- ❖ Guest-oriented technology
- ❖ Underpinned by legendary service



BESPOKE SPA PRODUCT LAUNCH

“ This month, it has launched a new signature treatment. To simply prolong that post-spa zen state though, we suggest stocking up on the candles, body lotions, scrubs and shower gels in the five restorative scents.”

Wallpaper.com



INNOVATIVE DINING

- ❖ New partnerships with world renowned chefs, including 3-Michelin Star Heston Blumenthal
- ❖ His first London restaurant will launch at Mandarin Oriental Hyde Park in 2010



TO BE WIDELY RECOGNISED AS THE WORLD'S BEST LUXURY HOTEL GROUP

- ❖ An award-winning international advertising campaign
- ❖ Prudent media planning in first half
- ❖ 18 celebrities endorse the brand



He's a fan.



To find out why Dennis Hopper is a fan visit www.mandarinoriental.com BANGKOK • CHANG MAI • GENEVA • HONG KONG • KUALA LUMPUR • LONDON • MACAU • MANILA • MIAMI • MUNICH • NEW YORK
PRAGUE • RIVERA MAYA • SAN FRANCISCO • SINGAPORE • TOKYO • WASHINGTON D.C. • OPENING 2008: BEIJING • BOSTON • SKAYA

CONDE NAST TRAVELER US

GOLD LIST – 2009

Mandarin Oriental, Bangkok

Mandarin Oriental Dhara Dhevi, Chiang Mai

The Landmark Mandarin Oriental, Hong Kong

Mandarin Oriental, Hong Kong

Mandarin Oriental, Singapore

Mandarin Oriental, Tokyo

Mandarin Oriental Hyde Park, London

Mandarin Oriental, Prague

Mandarin Oriental, Miami

Mandarin Oriental, New York

Mandarin Oriental, San Francisco

CONDE NAST TRAVELLER UK

GOLD LIST – 2009

Mandarin Oriental, Bangkok

Best Hotels for Food – Asia

Mandarin Oriental Dhara Dhevi, Chiang Mai

Best Hotels for Ambience & Design – Asia

The Landmark Mandarin Oriental, Hong Kong

Best Hotels for Service – Asia

Mandarin Oriental Hyde Park, London

Best Hotels for Service – UK

Mandarin Oriental, New York

Best Hotels for Food – The Americas & Caribbean

TRAVEL & LEISURE US
500 WORLD'S BEST HOTELS 2009

Mandarin Oriental, Bangkok

Mandarin Oriental, Hong Kong

Mandarin Oriental, Singapore

Mandarin Oriental Hyde Park, London

Mandarin Oriental, Miami

Mandarin Oriental, New York

Mandarin Oriental, San Francisco

Mandarin Oriental, Washington DC

The background features a series of dark blue, curved stripes that create a sense of depth and movement. On the left side, there are faint, light blue floral and vine motifs, including clusters of grapes and scrolling leaves. The overall color palette is monochromatic, ranging from deep navy to a slightly lighter, muted blue.

DEVELOPMENT REVIEW

TOWARDS 10,000 ROOMS

- ❖ 7,000 rooms in operation
- ❖ Total portfolio including hotels under development:
 - ❖ 10,000 rooms
 - ❖ 25 countries
- ❖ Stronger geographic diversification:
 - ❖ 17 hotels in Asia
 - ❖ 14 hotels in The Americas
 - ❖ 10 hotels in Europe and North Africa
 - ❖ 13 *Residences at Mandarin Oriental*



TOWARDS 10,000 ROOMS ASIA

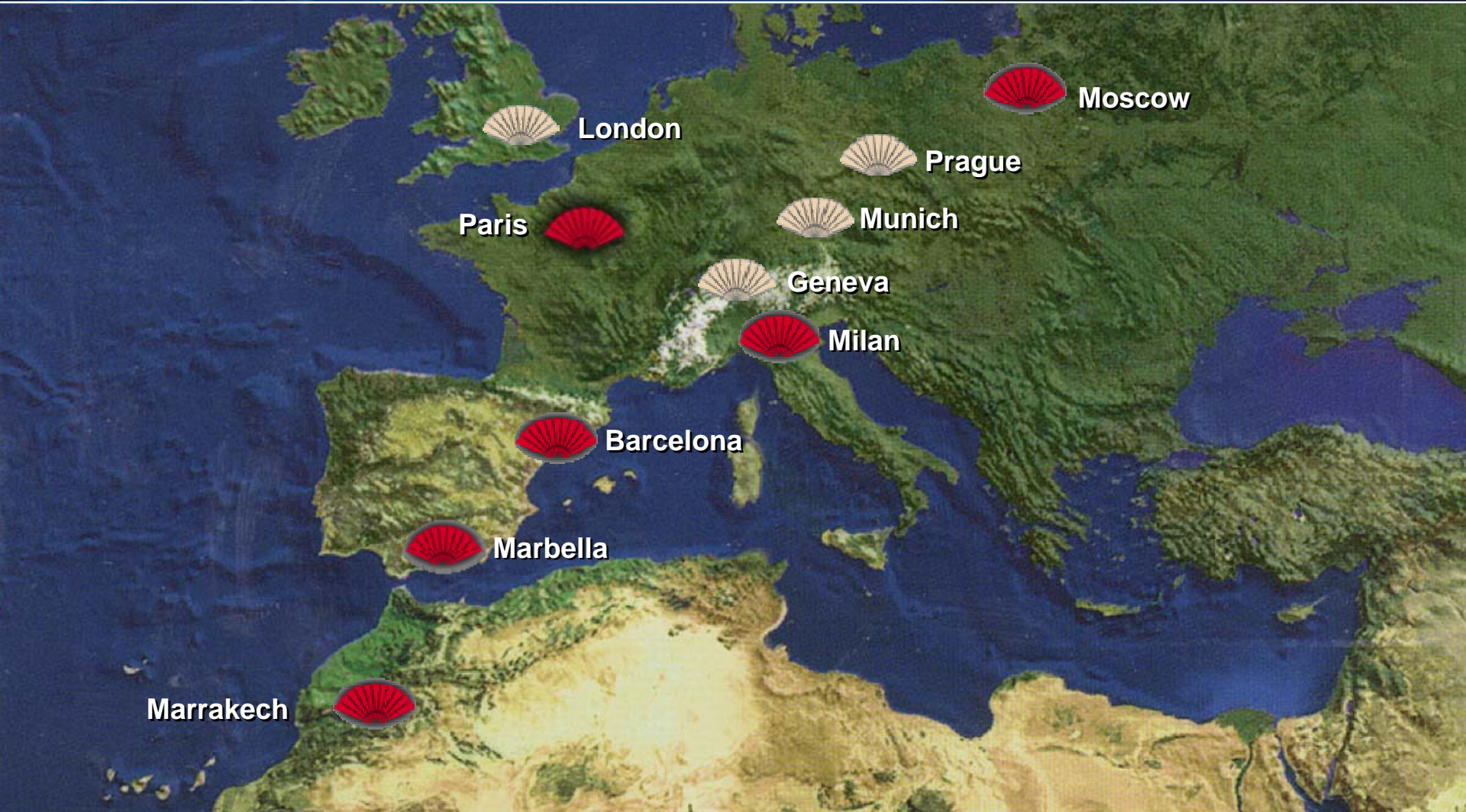


Operating hotels



Under development

TOWARDS 10,000 ROOMS EUROPE AND NORTH AFRICA



Operating hotels



Under development

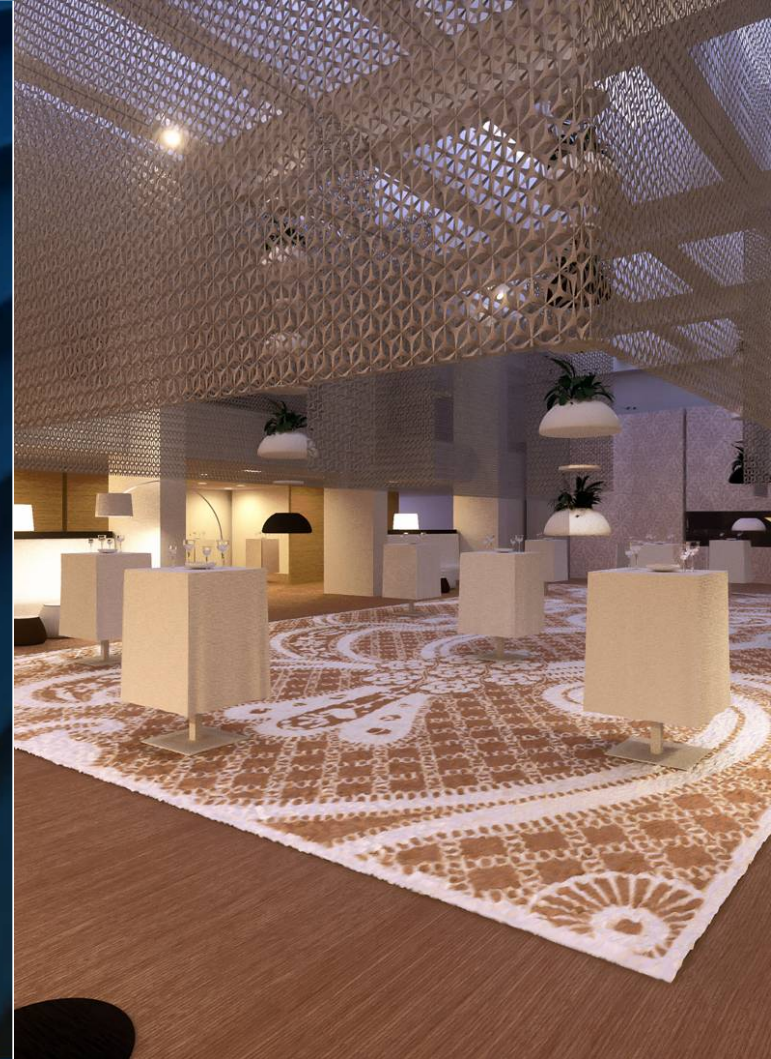
TOWARDS 10,000 ROOMS THE AMERICAS



TOWARDS 10,000 ROOMS

Mandarin Oriental, Barcelona *(Management contract)*

- ❖ 98 rooms in a prime city centre site
- ❖ The Spa at Mandarin Oriental
- ❖ Stylish restaurants and bars
- ❖ Roof top pool



TOWARDS 10,000 ROOMS

Mandarin Oriental, Las Vegas

(Management contract)

- ❖ 392 rooms and 227 *Residences at Mandarin Oriental*
- ❖ Part of MGM Mirage's new CityCenter complex on the Strip
- ❖ Pierre Gagnaire to open his first US restaurant at the hotel



TOWARDS 10,000 ROOMS

Mandarin Oriental Jnan Rahma, Marrakech *(Management contract)*

- ❖ Located in foothills of the Atlas mountains
- ❖ Spacious landscaped grounds
- ❖ Exotically designed, generous guest accommodation
- ❖ 40 metre swimming pool
- ❖ Mandarin Oriental spa with Moroccan features



TOWARDS 10,000 ROOMS

18 projects announced

The Americas

- ❖ Atlanta
- ❖ Costa Rica
- ❖ Dellis Cay
- ❖ Grand Cayman
- ❖ Las Vegas
- ❖ St. Kitts
- ❖ Chicago

Europe

- ❖ Barcelona
- ❖ Marbella
- ❖ Marrakech
- ❖ Milan
- ❖ Moscow
- ❖ Paris

Asia

- ❖ Beijing
- ❖ Guangzhou
- ❖ Macau
- ❖ Maldives
- ❖ Taipei

TOWARDS 10,000 ROOMS

- ❖ Long term potential for future growth of portfolio
- ❖ Continue to actively review further management contract opportunities
- ❖ Significant opportunities to extend the *Residences* concept when development conditions improve
- ❖ Strong brand recognition provides credibility with third party owners and developers
- ❖ Well positioned to take advantage of selective investment opportunities in strategic destinations
- ❖ Strategy of ownership and management remains key to our business



FINANCIAL REVIEW

FINANCIAL REVIEW

Summary Cash Flow Statement

US\$m

	2009	2008
Operating Activities		
EBITDA from subsidiaries	32	64
Dividends from associates	7	9
Net financing charges paid	(8)	(11)
Tax paid	(3)	(5)
Other (mainly movements in working capital)	(7)	(13)
Total	21	44

- ❖ Group revenue fell by US\$61 million; EBITDA down by US\$32 million
- ❖ Weighted average interest rate of 2.8% on Group borrowings (2008 – 4.3%)
- ❖ EBITDA net interest cover was 3.6 (2008 – 6.8)

FINANCIAL REVIEW

Summary Cash Flow Statement

<i>US\$m</i>	2009	2008
Investing Activities		
Capital expenditure on existing properties	(22)	(30)
Proceeds on disposal ⁽¹⁾	91	-
Capital distribution from associates	-	22
Other	(1)	(2)
Total	68	(10)

(1) Relates to the sale of the Group's 50% interest in Macau hotel.

FINANCIAL REVIEW

Summary Cash Flow Statement

US\$m

	2009	2008
Operating Activities	21	44
Investing Activities	68	(10)
Financing Activities		
Drawdown of borrowings	12	19
Repayment of borrowings	(7)	(9)
Dividends paid	(49)	(49)
Other	3	4
Net increase in cash	48	(1)
Opening cash balance 1st Jan	<u>515</u>	<u>493</u>
Closing cash balance 30th Jun	<u>563</u>	<u>492</u>

❖ 2009 Interim dividend of US¢2 (2008: US¢2)

FINANCIAL REVIEW

	June 2009	December 2008
Net debt	US\$120 million	US\$146 million
Adjusted shareholders' funds	US\$2,080 million	US\$2,049 million
Gearing	6%	7%

FINANCIAL REVIEW

- ❖ Approximately 50% of Group's gross debt hedged
- ❖ Average tenor of Group's borrowings is 4.5 years
- ❖ Only one significant financing required within next 2 years
- ❖ US\$87 million for Mandarin Oriental, Washington DC matures in May 2010
- ❖ No debt service covenants in any of our facilities
- ❖ US\$563 million of cash resources with US\$128 million of undrawn, committed facilities
- ❖ The Group is in a strong financial position

CONCLUSION

- ❖ Poor market conditions set to continue
- ❖ Impossible to predict return to less challenging environment
- ❖ Focus on competitive positioning
- ❖ Adjust cost structures as appropriate

CONCLUSION

- ❖ Long term, luxury hotel industry continues as an attractive sector
- ❖ Benefit from limited new supply in major markets and demographic trends
- ❖ Increased global brand recognition
- ❖ Strong financial position
- ❖ Well positioned to benefit from global recovery, when it occurs



MANDARIN ORIENTAL
THE HOTEL GROUP