



# HALF YEAR RESULTS 2012



# 2012 HALF YEAR PERFORMANCE

- ❖ Improved performances at most Asian hotels
- ❖ Challenging economic conditions impacted results in Europe
- ❖ Total revenues increased in The Americas, despite uneven performance across region



# 2012 HALF YEAR RESULTS HIGHLIGHTS

<i>US\$m</i>	June 2012	June 2011
Combined Total Revenue	619	572
Underlying EBITDA *	81	84

- ❖ 2011 results benefited from net US\$5m in one-off items:
  - ❖ US\$16m branding fees in London
  - ❖ US\$11m pre-opening expenses in Paris
- ❖ Excluding these one-off items underlying EBITDA increased by US\$2m in 2012

\* EBITDA of subsidiaries plus the Group's share of EBITDA of associates excluding non-trading items



# 2012 HALF YEAR RESULTS HIGHLIGHTS

<i>US\$m</i>	June 2012	June 2011
Underlying profit attributable to shareholders	29	33
Non-trading items*	1	10
Profit attributable to shareholders incl. non-trading items	30	43

\* Non-trading items:

- 2012 includes a write-back of US\$1m provision against asset impairment
- 2011 included US\$10m non-trading gain for grant of long-term leasehold space in London at no cost



# 2012 HALF YEAR RESULTS HIGHLIGHTS

**US¢**

	<b>June 2012</b>	<b>June 2011</b>
Underlying Earnings per Share	<b>2.91</b>	<b>3.33</b>
Earnings per Share including non-trading items	<b>3.06</b>	<b>4.33</b>

- ❖ Adjusted net asset value per share was US\$2.68 compared to US\$2.70 at 31 December 2011
- ❖ Interim dividend of US¢2.00 per share, unchanged from 2011



# KEY STRATEGIC OBJECTIVES

- ❖ Strengthening our competitive position 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



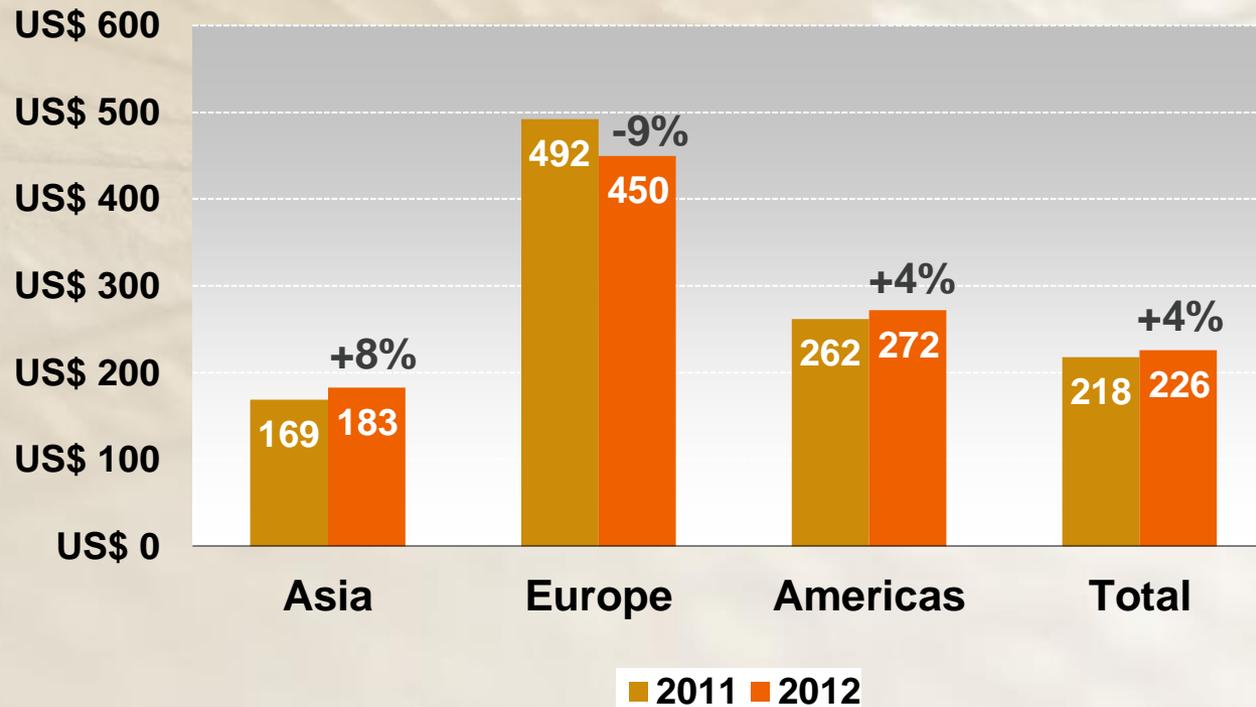
# STRENGTHEN OUR COMPETITIVE POSITION

- ❖ Most hotels performed well against key competitors
- ❖ Performance benefits from strength of Mandarin Oriental brand and focused management teams



# STRENGTHEN OUR COMPETITIVE POSITION

## 2012 HALF YEAR RevPAR PERFORMANCE



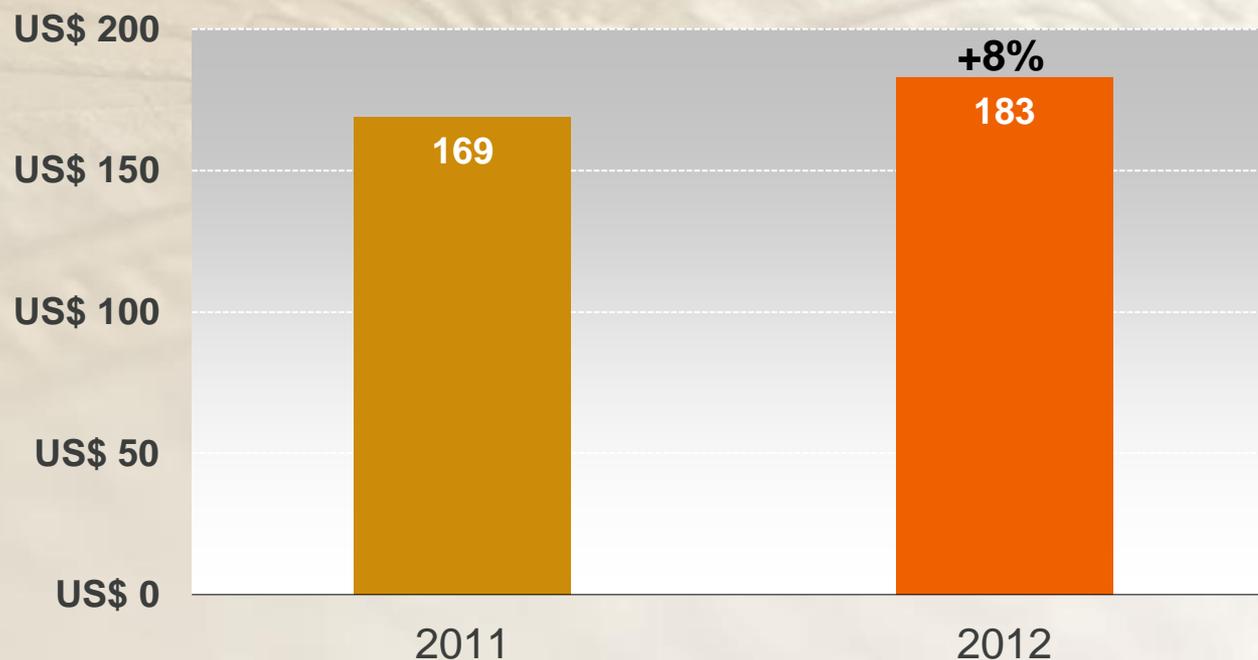
- ❖ Total RevPAR increased by 5% in local currency terms
  - ❖ Resilient leisure business
  - ❖ Increased mainland China business (up 9% over 2011)
  - ❖ Food and Beverage revenues up 11% over 2011
- Includes only hotels that were fully operational in both years



# STRENGTHEN OUR COMPETITIVE POSITION

## ASIA

### 2012 HALF YEAR RevPAR PERFORMANCE



❖ RevPAR increased by 8% 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)

- ❖ Growth in leisure and mainland China business mitigates weakening corporate demand
- ❖ Occupancy at 69% (71% in 2011)
- ❖ Average rate US\$480 (US\$465 in 2011)
- ❖ Food and beverage revenues up 8%
- ❖ Awarded four Michelin stars in 2012



# STRENGTHEN OUR COMPETITIVE POSITION

## ASIA

### The Landmark Mandarin Oriental, Hong Kong (*Management contract*)

- ❖ Average rate of US\$548 (US\$517 in 2011)
- ❖ *Amber* remains the only Hong Kong restaurant in *San Pellegrino* 'World's 50 Best Restaurants' 2012



# STRENGTHEN OUR COMPETITIVE POSITION

## ASIA

### The Excelsior, Hong Kong *(100% ownership)*

- ❖ Occupancy at 88% (87% in 2011)
- ❖ Average rate at US\$193 (US\$189 in 2011)
- ❖ RevPAR up 3%

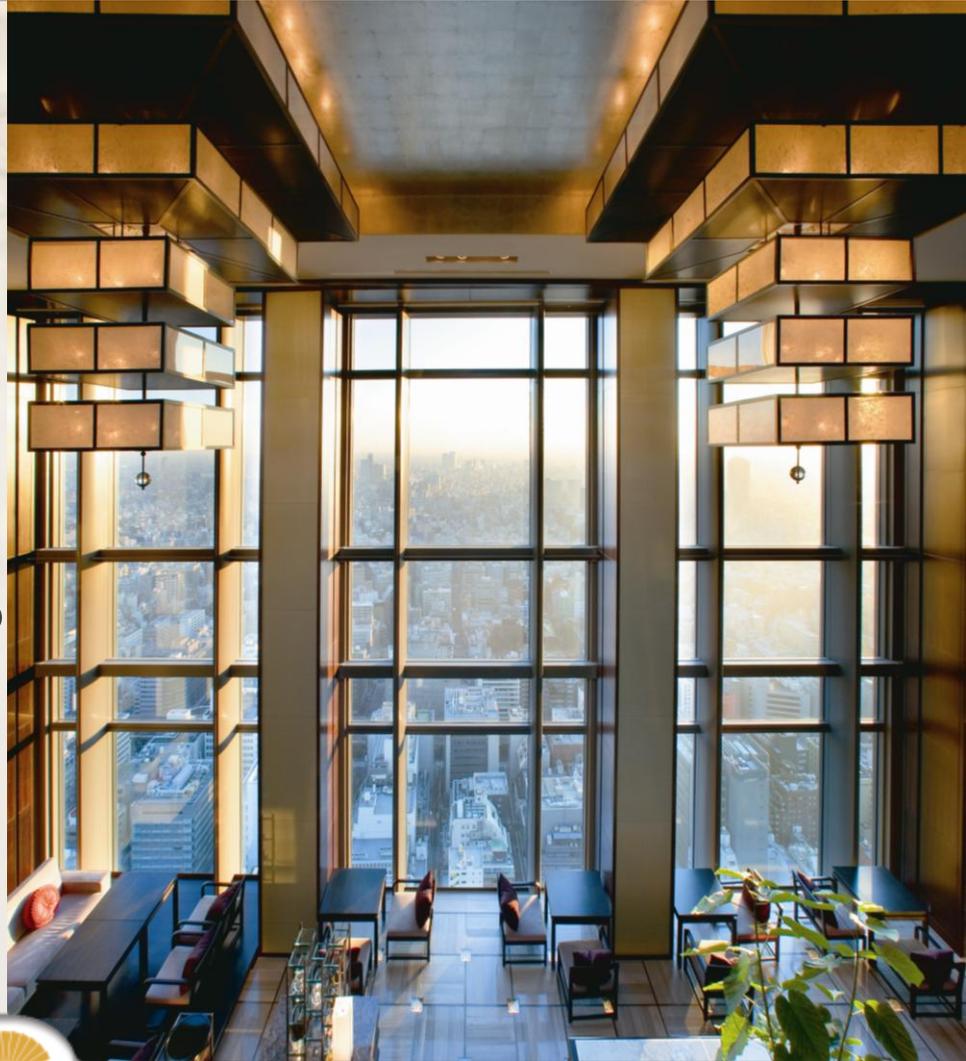


# STRENGTHEN OUR COMPETITIVE POSITION

## ASIA

### Mandarin Oriental, Tokyo (*Long-term lease*)

- ❖ Continued recovery from effects of 2011's natural disasters
- ❖ Occupancy at 57% (42% in 2011)
- ❖ RevPAR up 39% in local currency terms
- ❖ Food and beverage revenues also up by 21% in local currency terms



*Travel & Leisure, US – ‘World’s Best Service List’ 2012*

*Conde Nast Traveller, UK – ‘Gold List’ 2012*



# STRENGTHEN OUR COMPETITIVE POSITION

## ASIA

### Mandarin Oriental, Bangkok (44.9% ownership)

- ❖ Improved performance as city recovers from floods in 2011
- ❖ RevPAR up 9% in local currency terms
- ❖ Remains undisputed market leader



‘Best Hotel for Service’

*Conde Nast Traveler, US – ‘Gold List’ 2012*



# STRENGTHEN OUR COMPETITIVE POSITION

## ASIA

### Mandarin Oriental, Singapore (50% ownership)

- ❖ Benefited from strong city-wide demand
- ❖ RevPAR up 18% in local currency terms
- ❖ Improved its competitive position
- ❖ Only hotel in the city to achieve *Forbes* 'Five Star' status for both hotel and spa



# STRENGTHEN OUR COMPETITIVE POSITION

## ASIA

### Mandarin Oriental, Jakarta (96.9% ownership)

- ❖ Further improved competitive position
- ❖ RevPAR up 33% in local currency terms



# STRENGTHEN OUR COMPETITIVE POSITION

## ASIA

### Other Hotels

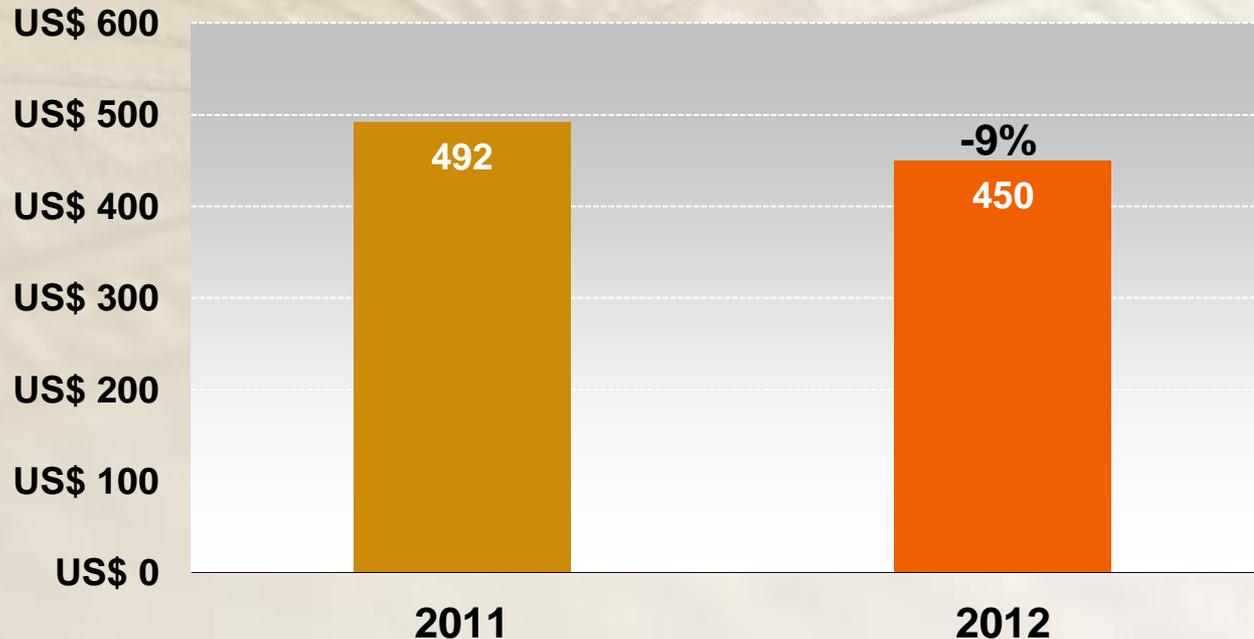
- ❖ Benefited from stronger demand
- ❖ RevPAR up in nearly all locations



# STRENGTHEN OUR COMPETITIVE POSITION

## EUROPE

### 2012 HALF YEAR RevPAR PERFORMANCE



- ❖ Difficult market conditions, however leisure demand remained resilient
- ❖ RevPAR down by 4% in local currency terms

Includes only hotels that were fully operational in both years



# STRENGTHEN OUR COMPETITIVE POSITION

## EUROPE

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

- ❖ Performed well in competitive set
- ❖ RevPAR down 7% in local currency terms
- ❖ Food and beverage revenues up by 12%
  - ❖ Daniel Boulud at *Bar Boulud*
  - ❖ Heston Blumenthal at *Dinner*
- ❖ New hotel facilities to open in 2012:
  - ❖ swimming pool
  - ❖ fitness centre



# STRENGTHEN OUR COMPETITIVE POSITION

## EUROPE

### Mandarin Oriental, Munich (100% ownership)

- ❖ Maintained position as market leader
- ❖ RevPAR up 8% in local currency terms



# STRENGTHEN OUR COMPETITIVE POSITION

## EUROPE

### Mandarin Oriental, Geneva (92.6% ownership)

- ❖ Performance negatively impacted by strong Swiss franc
- ❖ RevPAR down 9% in local currency terms
- ❖ Rooms renovation to be completed by year-end
- ❖ Further investment in hotel facilities planned:
  - ❖ swimming pool
  - ❖ spa



# STRENGTHEN OUR COMPETITIVE POSITION

## EUROPE

### Mandarin Oriental, Paris *(Long-term lease)*

- ❖ Positioned as one of the city's best hotels
- ❖ Average rate of over €870
- ❖ Occupancy set to grow over time
- ❖ Strong food and beverage demand continues



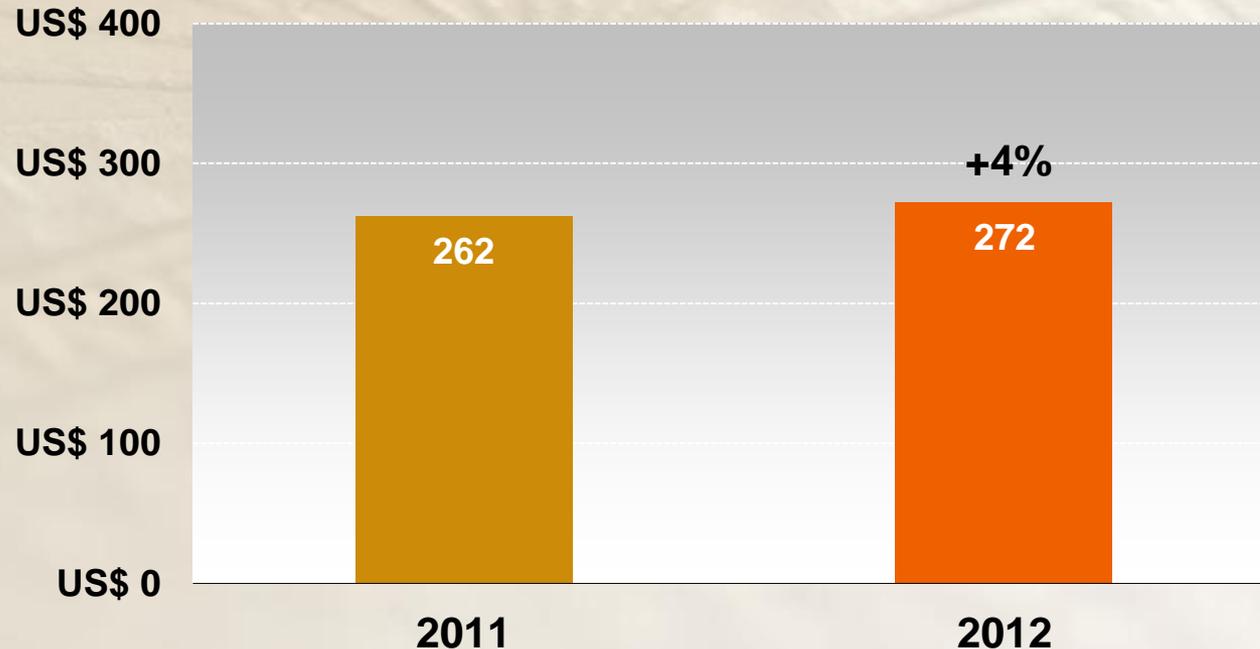
# *SUR MESURE* BY THIERRY MARX

- Awarded 2 Michelin Stars in 2012



# STRENGTHEN OUR COMPETITIVE POSITION THE AMERICAS

## 2012 HALF YEAR RevPAR PERFORMANCE



- ❖ Overall RevPAR up by 4%
- ❖ Uneven pace of recovery across the United States
- ❖ Good RevPAR growth in Boston and Las Vegas

Includes only hotels that were fully operational in both years



# STRENGTHEN OUR COMPETITIVE POSITION THE AMERICAS

## Mandarin Oriental, Washington DC (80% ownership)

- ❖ Average rate at US\$308 (US\$301 in 2011)
- ❖ Occupancy at 62% (66% in 2011)
- ❖ RevPAR down 4%
- ❖ Overall revenue up due to food and beverage performance



# STRENGTHEN OUR COMPETITIVE POSITION THE AMERICAS

## Mandarin Oriental, New York (25% ownership)

- ❖ Improved competitive position
- ❖ Average rate remains steady at over US\$820



*Forbes*

‘Five Star’ 2012

*American Automobile Association (AAA)*

‘Five Diamond Lodging Award’ 2012



# STRENGTHEN OUR COMPETITIVE POSITION

## THE AMERICAS

### Mandarin Oriental, Miami *(25% ownership)*

- ❖ Benefited from strong citywide demand
- ❖ RevPAR up 4%
- ❖ Maintained competitive position



# STRENGTHEN OUR COMPETITIVE POSITION THE AMERICAS

## Mandarin Oriental, San Francisco (*Management contract*)

- ❖ Celebrated 25<sup>th</sup> anniversary
- ❖ Rooms and public area renovation complete
- ❖ New facilities well received



“Situated amid the clouds in one of San Francisco’s tallest buildings, Mandarin Oriental, San Francisco is renowned for the beauty of its interiors, its seamless service, and the spectacular views of the city and the Bay with its graceful bridges”

*National Geographic The 10 Best of Everything, 2012 edition*



# KEY STRATEGIC OBJECTIVES

- ❖ Strengthening our competitive position 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



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

- ❖ Delivering 21st century luxury with oriental charm
- ❖ Attracting individuals prepared to pay a premium for luxury experiences that are worth it



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

## Core Brand Attributes

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

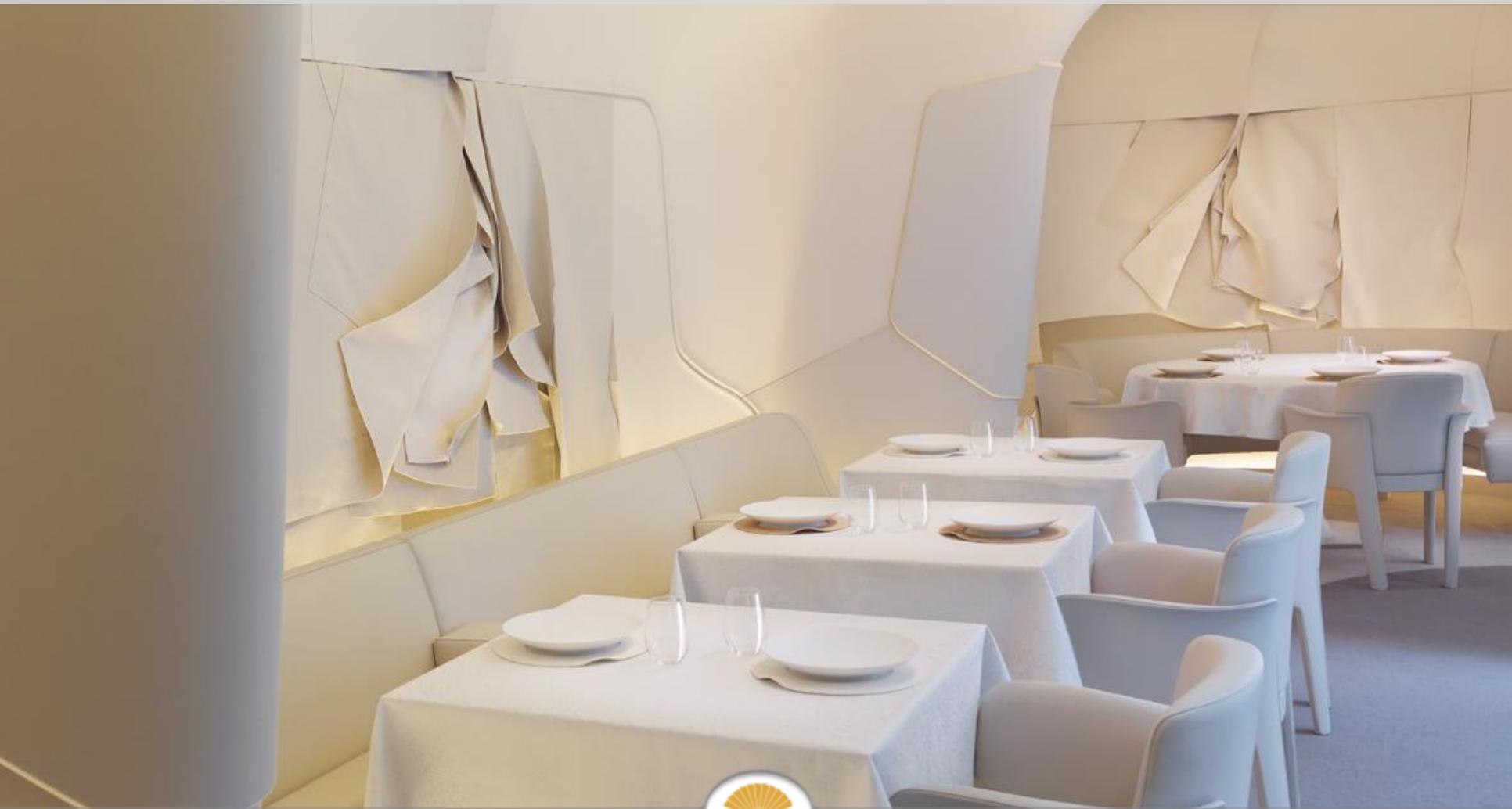


# CREATIVE DESIGN, ARCHITECTURE & TECHNOLOGY

- ❖ Partnerships with internationally acclaimed architects and designers
- ❖ Hotels with a sense of place – embracing local culture



MANDARIN ORIENTAL, PARIS  
'Best New Restaurant Design' *Wallpaper 2012*



# INNOVATIVE DINING

- ❖ Memorable dining experiences with creative interiors
- ❖ Partnering with extraordinary, award-winning chefs



# *MICHELIN STAR STATUS*

Mandarin Oriental, Hong Kong  
*Pierre (Two stars) ; Mandarin Grill; Man Wah*

The Landmark Mandarin Oriental, Hong Kong  
*Amber (Two stars)*

Mandarin Oriental, Tokyo  
*Sense; Signature*

Mandarin Oriental Hyde Park, London  
*Dinner*

Mandarin Oriental, Geneva  
*Rasoï*

Mandarin Oriental, Munich  
*Mark's*

Mandarin Oriental, Barcelona  
*Moments*

Mandarin Oriental, Paris  
*Sur Mesure (Two stars)*

# 2012 *San Pellegrino* 'World's 50 Best Restaurants'

**AMBER** at  
The Landmark Mandarin Oriental,  
Hong Kong

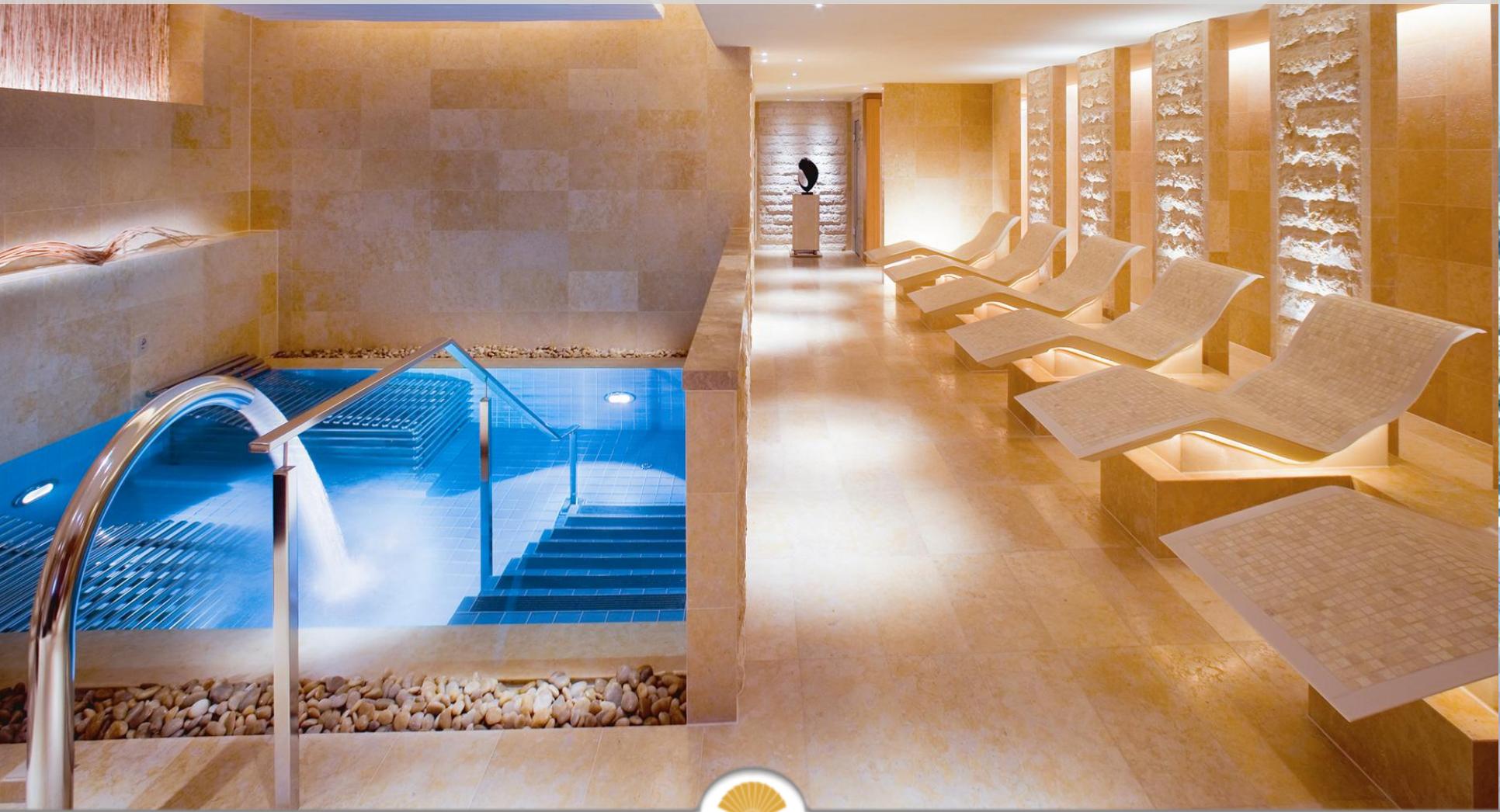


**DINNER** at  
Mandarin Oriental Hyde Park, London



# HOLISTIC SPAS

- ❖ Combining Asian philosophies with western techniques
- ❖ Award-winning concepts



# BEST SPA BRAND

*SpaFinder* Readers' Choice Awards





*FORBES* 'FIVE STAR' SPAS

Mandarin Oriental, Hong Kong

The Landmark Mandarin Oriental, Hong Kong

Mandarin Oriental, Macau

Mandarin Oriental, Singapore

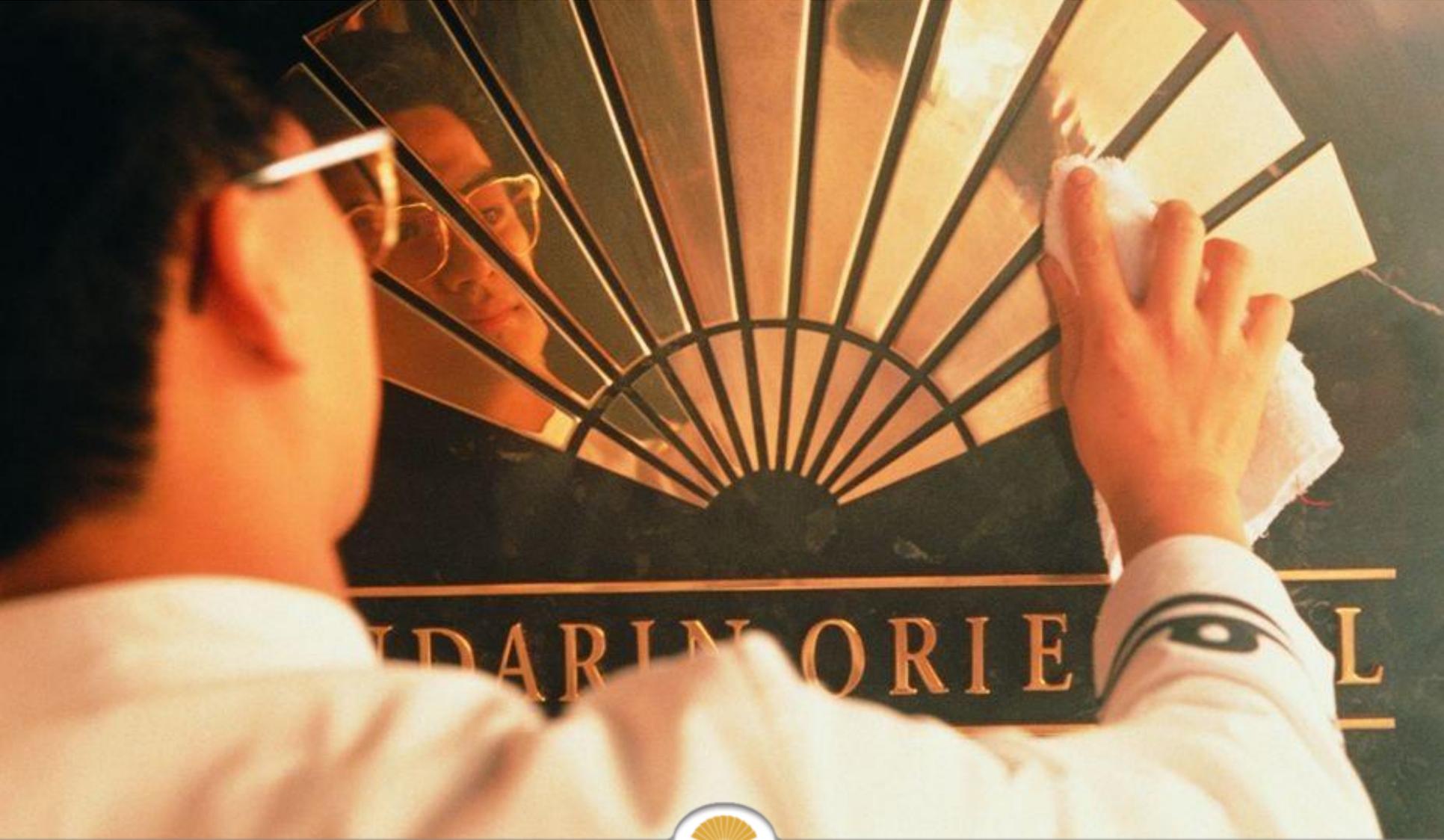
Mandarin Oriental, Boston

Mandarin Oriental, Las Vegas

Mandarin Oriental, Miami

Mandarin Oriental, New York

# LEGENDARY SERVICE



# INTERNATIONAL ADVERTISING CAMPAIGN

- ❖ Famous celebrities endorse the brand
- ❖ New Fans for 2012:
  - ❖ Karen Mok
  - ❖ Lin Chi-Ling
- ❖ 25 celebrity Fans endorse our brand



She's a fan.



To find out why Lin Chi-Ling is a fan visit [www.mandarinoriental.com](http://www.mandarinoriental.com) ATLANTA • BANGKOK • BARCELONA • BOSTON • CHANG MAI • GENEVA • HONG KONG • JAKARTA • KUALA LUMPUR • LAS VEGAS • LONDON • MACAU  
MANILA • MIAMI • MUNICH • NEW YORK • PARIS • PRAGUE • RIVERIA MAYA • SAN FRANCISCO • SANYA • SINGAPORE • TOKYO • WASHINGTON D.C.



*CONDÉ NAST TRAVELER US*

**GOLD LIST 2012**

**Mandarin Oriental, Bangkok**

**Mandarin Oriental Dhara Dhevi, Chiang Mai**

**Mandarin Oriental, Hong Kong**

**Mandarin Oriental, Singapore**

**Mandarin Oriental, Munich**

**Mandarin Oriental, Prague**

**Mandarin Oriental, Boston**

**Mandarin Oriental, New York**

*TRAVEL + LEISURE US*

**500 WORLD'S BEST HOTELS 2012**

Mandarin Oriental, Bangkok

Mandarin Oriental Dhara Dhevi, Chiang Mai

Mandarin Oriental, Hong Kong

Mandarin Oriental, Kuala Lumpur

Mandarin Oriental, Singapore

Mandarin Oriental, Tokyo

Mandarin Oriental Hyde Park, London

Mandarin Oriental, Munich

Mandarin Oriental, Boston

Mandarin Oriental, Las Vegas

Mandarin Oriental, Miami

Mandarin Oriental, New York

Mandarin Oriental, San Francisco



*FORBES TRAVEL GUIDE*

**'FIVE STAR' AWARDS 2012**

Mandarin Oriental, Hong Kong

The Landmark Mandarin Oriental, Hong Kong

Mandarin Oriental, Singapore

Mandarin Oriental, Boston

Mandarin Oriental, Las Vegas

Mandarin Oriental, New York

# KEY STRATEGIC OBJECTIVES

- ❖ Strengthening our competitive position 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



# TOWARDS 10,000 ROOMS

- ❖ Four new management contracts announced in first half 2012:
  - ❖ Bodrum, Turkey
  - ❖ Marrakech, Morocco
  - ❖ Atlanta, Georgia, USA
  - ❖ Chengdu, China



# TOWARDS 10,000 ROOMS

## Mandarin Oriental, Bodrum (Management contract) Opening 2014

- ❖ 60 hectare hideaway on the Turkish Riviera
- ❖ 82 luxurious and expansive guestrooms and 20 suites
  - ❖ sun decks and terraces
  - ❖ private gardens and infinity edge pools
- ❖ Spa and innovative dining concepts
- ❖ 214 branded *Residences at Mandarin Oriental*



# TOWARDS 10,000 ROOMS

## **Mandarin Oriental, Marrakech** *(Management contract) Opening 2014*

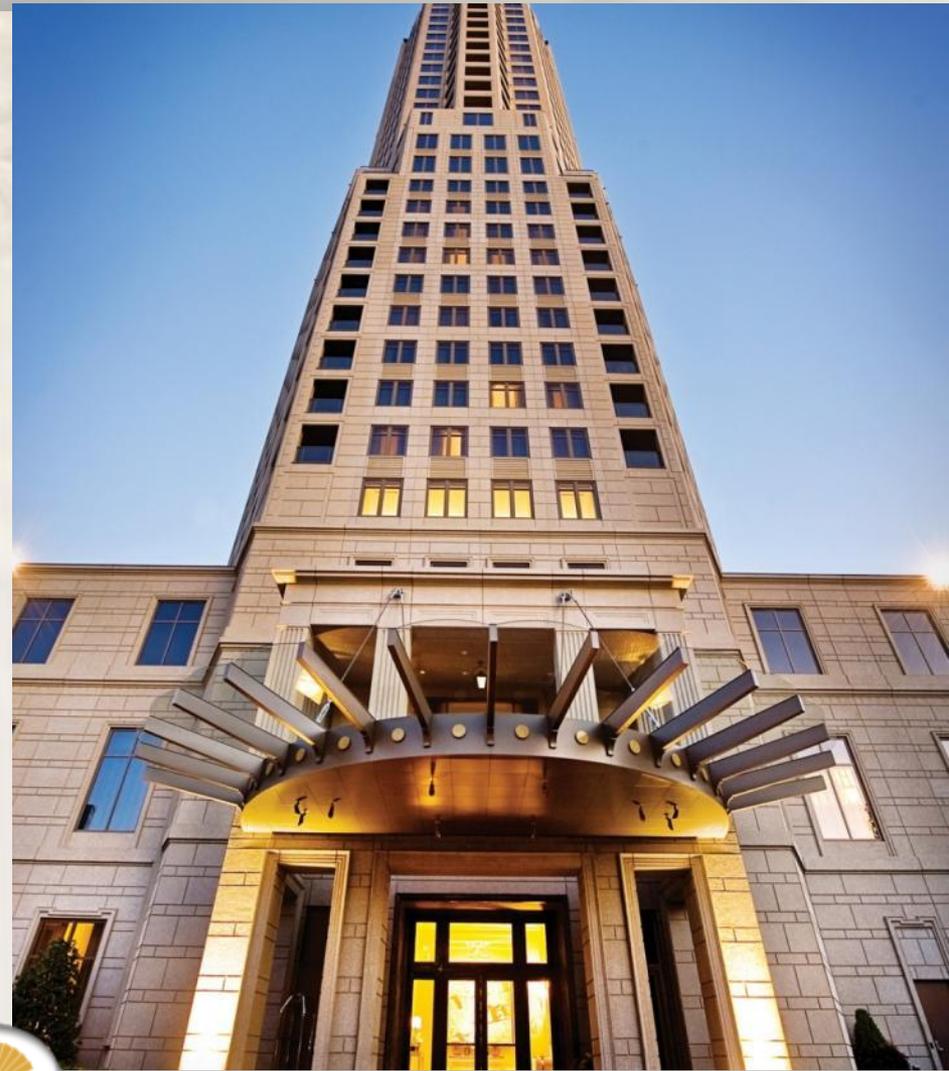
- ❖ Exclusive resort in the heart of the Palmerie region
- ❖ 61 rooms including 54 individual villas set in private walled gardens
- ❖ Variety of dining options and a signature Mandarin Oriental Spa



# TOWARDS 10,000 ROOMS

## Mandarin Oriental, Atlanta (*Management contract*)

- ❖ Rebranded in May 2012
- ❖ 127 luxurious guestrooms
- ❖ Located in the prestigious Buckhead neighbourhood
- ❖ Part of a 42-story mixed-use building
- ❖ Includes *25 Residences at Mandarin Oriental*



# TOWARDS 10,000 ROOMS

## Mandarin Oriental, Chengdu *(Management contract) Opening 2015*

- ❖ A mixed-use development in the city centre
- ❖ Prime riverfront location
- ❖ 320 spacious guestrooms and suites with stunning views



# TOWARDS 10,000 ROOMS

## Mainland China Portfolio

### ❖ 5 hotels

- ❖ Sanya (2009)
- ❖ Guangzhou (2012)
- ❖ Shanghai (2013)
- ❖ Beijing (2014)
- ❖ Chengdu (2015)



# TOWARDS 10,000 ROOMS

## Greater China Portfolio

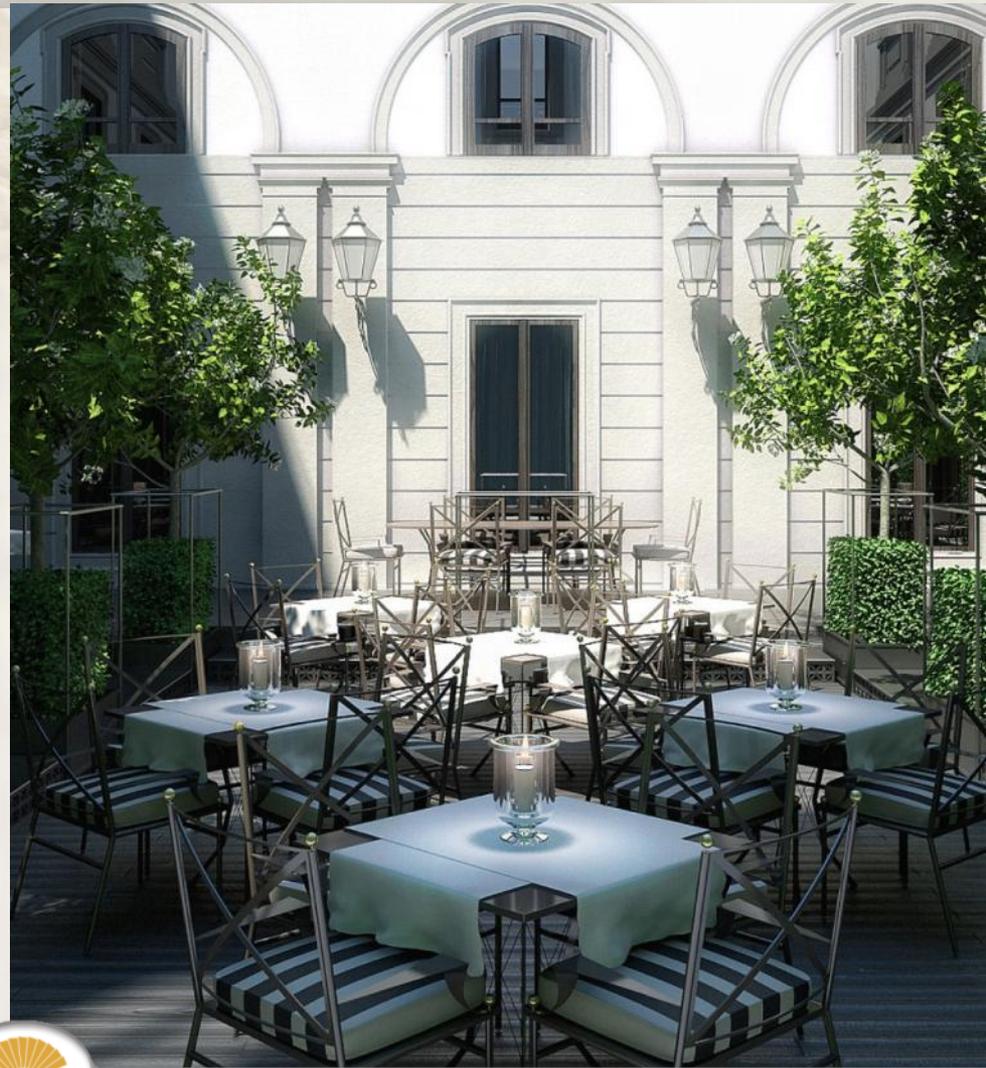
- ❖ 11 hotels
  - ❖ Five in mainland China
  - ❖ Three in Hong Kong
  - ❖ Two in Macau
  - ❖ Mandarin Oriental, Taipei (2013)
- ❖ Further growth potential in top tier and relevant second tier cities



# TOWARDS 10,000 ROOMS

## Mandarin Oriental, Milan *(Management contract) Opening 2013*

- ❖ 104 luxurious guestrooms
- ❖ Prime city centre location
- ❖ Further strengthens brand presence in Europe



# HOTEL PORTFOLIO

- ❖ Operating close to 7,800 rooms in 28 hotels
- ❖ Total portfolio, including hotels under development:
  - ❖ Over 11,000 rooms
  - ❖ 45 hotels
  - ❖ 28 countries



# GEOGRAPHIC DIVERSIFICATION



28 hotels open



17 hotels under development



# RESIDENCES AT MANDARIN ORIENTAL

- ❖ 14 *Residences* around the world
- ❖ Provide one-off branding fees and on-going management fees



# DEVELOPMENT STRATEGY

- ❖ Strategy of ownership and management remains at the core of our business
- ❖ Continue to review development opportunities in key destinations



# FINANCIAL REVIEW



# FINANCIAL REVIEW

## Summary Cash Flow Statement

<i>US\$m</i>	<b>June 2012</b>	<b>June 2011</b>
<b>Operating Activities</b>		
Underlying EBITDA from subsidiaries	<b>63</b>	<b>68</b>

- ❖ 2011 underlying EBITDA includes net US\$5m in one off-items namely:
  - ❖ US\$16m branding fees in London
  - ❖ US\$11m pre-opening expenses in Paris
- ❖ Excluding one-off items underlying EBITDA from subsidiaries was US\$63m in 2011



# FINANCIAL REVIEW

## Summary Cash Flow Statement

<i>US\$m</i>	June 2012	June 2011
<b>Operating Activities</b>		
Underlying EBITDA from subsidiaries	63	68
Dividends from associates	3	3
Net interest paid	(5)	(6)
Tax paid	(6)	(3)
Other (principally working capital)	(13)	2
<b>Total</b>	<b>42</b>	<b>64</b>

- ❖ Weighted average interest rate at 2.4% on Group borrowings (2.3% in 2011)
- ❖ Underlying EBITDA net interest cover was 10.0 times (9.1 times in 2011)



# FINANCIAL REVIEW

## Analysis of capital expenditure at existing hotels

<i>US\$m</i>	June 2012	June 2011
New London facilities*	(9)	(5)
Geneva rooms renovation	(6)	(2)
Ongoing capex across the portfolio	(10)	(8)
<b>Total capital expenditure at existing hotels</b>	<b>(25)</b>	<b>(15)</b>

\* Principally includes new swimming pool and fitness centre (2012), and fit out of leasehold space in One Hyde Park (2011)



# FINANCIAL REVIEW

## Summary Cash Flow Statement

<i>US\$m</i>	June 2012	June 2011
<b>Investing Activities</b>		
Capital expenditure at existing hotels	(25)	(15)
New York hotel*	(19)	-
Paris hotel	-	(17)
<b>Total</b>	<b>(44)</b>	<b>(32)</b>

\* 25% share of partial repayment of hotel debt



# FINANCIAL REVIEW

## Summary Cash Flow Statement

<i>US\$m</i>	June 2012	June 2011
<b>Operating Activities</b>	42	64
<b>Investing Activities</b>	(44)	(32)
<b>Financing Activities</b>		
Dividends paid	(40)	(30)
Net drawdown of borrowings	3	2
Other	2	3
<b>Net increase/(decrease) in cash</b>	<b>(37)</b>	<b>7</b>
Opening cash balance 1st Jan	<u>469</u>	<u>433</u>
<b>Closing cash balance 30<sup>th</sup> Jun</b>	<b><u>432</u></b>	<b><u>440</u></b>



# FINANCIAL REVIEW

	<b>June 2012</b>	<b>Dec 2011</b>
Net debt (US\$ million)	<b>152</b>	<b>113</b>
Adjusted shareholders' funds (US\$ million)	<b>2,683</b>	<b>2,692</b>
Gearing	<b>6%</b>	<b>4%</b>



# FINANCIAL REVIEW

- ❖ Approximately 44% of Group's gross debt hedged
- ❖ Average tenor of Group's borrowings is 2.3 years
- ❖ US\$432 million of cash and US\$91 million of undrawn, committed facilities
- ❖ The Group is in a very strong financial position



# OUTLOOK

- ❖ Global economic conditions remain fragile
- ❖ Full year earnings will benefit from:
  - ❖ a full year's performance in Paris
  - ❖ recovering demand in Tokyo and Bangkok
- ❖ Over the long-term:
  - ❖ increasing brand recognition
  - ❖ new business from traditional and emerging markets
  - ❖ growing portfolio





MANDARIN ORIENTAL  
THE HOTEL GROUP