



2018 HALF YEAR RESULTS

Mandarin Oriental Hotel Group

2018 Half Year Performance and Highlights

- Hotel performances improve and underlying profit increase
- Restoration of Hotel Ritz, Madrid underway
- Hyde Park hotel temporarily closed following fire; impact on financial results expected to be moderate
- Development – five new projects announced in first half

2018 Half Year Results Highlights

US \$ m	Jun 2018	Jun 2017
Combined Total Revenue*	700	645
Group Revenue [#]	308	287
Underlying EBITDA	80	62

* Includes revenue from the total portfolio of owned and managed hotels

[#] Includes revenue from the Group's subsidiary hotels as well as the Group's management and branding activities

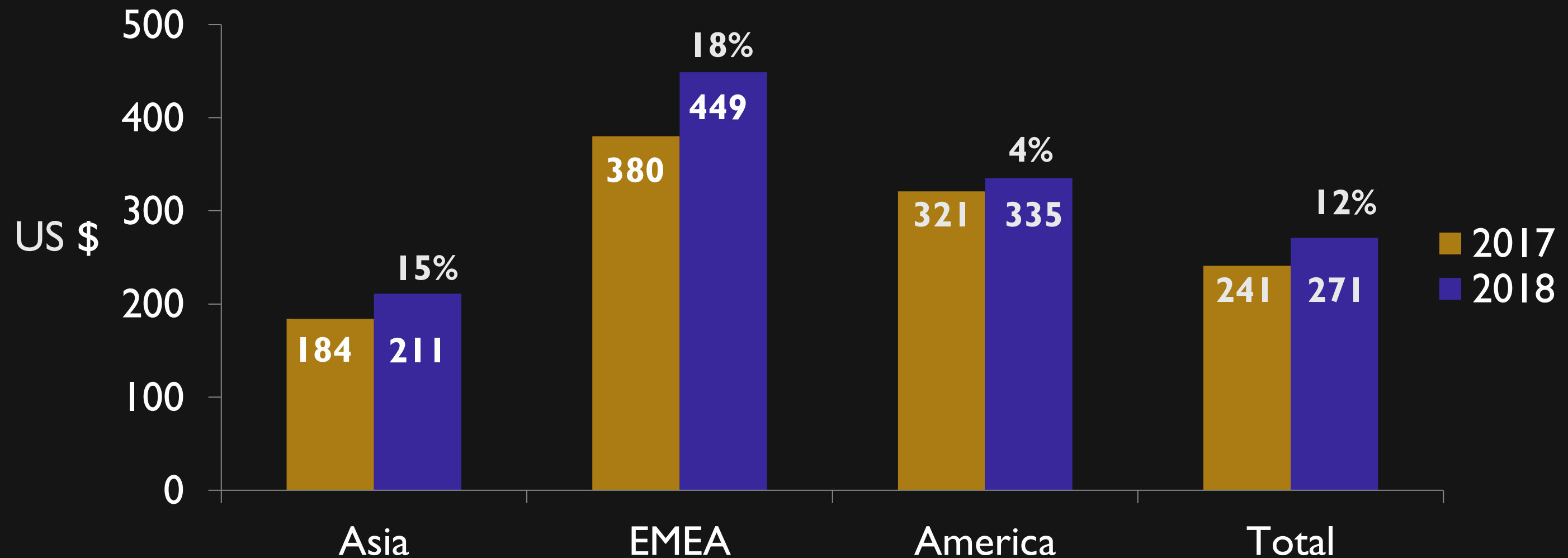
2018 Half Year Results Highlights

	Jun 2018	Jun 2017
Underlying Profit Attributable to Shareholders (US \$ m)	22	15
Profit Attributable to Shareholders (US \$ m) [#]	22	15
Underlying Earnings per Share (US ¢)	1.77	1.19
Interim Dividend (US ¢)	1.50	1.50
Adjusted Net Asset Value per Share (US \$)	4.54	4.57 [*]

[#] Based on an initial damage assessment following the fire at the London property, the Group has recognised an estimated US\$20 million write-off of tangible assets as a non-trading item. This has however, been offset by insurance claims recoverable.

^{*} At 31st December 2017

2018 Half Year RevPAR Performance



All references to RevPAR are in US dollar terms on a like-for-like basis, unless otherwise stated, and include all hotels that were in the Group's portfolio for the first half of the year for both 2017 and 2018.

In the case of Hotel Ritz, Madrid and Mandarin Oriental Hyde Park, London 2017 RevPAR is calculated up to the date of each hotel's temporary closure in 2018.

CURRENT GLOBAL PORTFOLIO



 31 hotels

2018 Half Year Hotel Performance

Asia – Overall RevPAR up 15%

Mandarin Oriental, Hong Kong

Strong trading conditions resulted in uplift

The Excelsior, Hong Kong

Increased leisure demand improved performance

Tokyo

Benefited from buoyant tourist market

Bangkok

Remains market leader

Singapore

Strong competitive position

2018 Half Year Hotel Performance

EMEA – Overall RevPAR up 18%

London

- Prior to fire, renovated rooms commanded increased rates and occupancy
- Fire damage mainly confined to west courtyard, with modest interior impact
- Partial re-opening expected in the fourth quarter of the year
- Group is working with insurers to agree appropriate compensation, including a claim for business interruption
- Insurance arrangements expected to ensure financial impact is modest

2018 Half Year Hotel Performance

EMEA – Overall RevPAR up 18%

Paris	Uplift in performance due to improved citywide demand
Munich	Remains clear market leader
Geneva	Flat first half
Madrid	Restoration progressing well

2018 Half Year Hotel Performance

America – Overall RevPAR up 4%

Boston	Challenging first half
Washington D.C.	Weaker performance after Presidential Inauguration in 2017
New York	Positive first half. Maintained market share
Miami	Improved performance

Strategic Review

- Well positioned to gain from growth in demand for luxury travel
- Each hotel is positioned as a leader in its local market
- Delivering core brand attributes:
 - personalised service
 - exceptional design and architecture
 - award-winning restaurants & bars
 - comprehensive spa & wellness facilities

Michelin Star Status

16 restaurants with 23 stars
More than any other hotel brand

Mandarin Oriental, Bangkok

Le Normandie (Two stars)

Mandarin Oriental, Barcelona

Moments (Two stars)

Mandarin Oriental, Guangzhou

Jiang by Chef Fei

Mandarin Oriental, Hong Kong

*Pierre (Two stars);
Man Wah; Mandarin Grill + Bar*

The Landmark Mandarin Oriental, Hong Kong

Amber (Two stars)

The Excelsior, Hong Kong

Yee Tung Heen

Mandarin Oriental Hyde Park, London

Dinner By Heston Blumenthal (Two stars)

Mandarin Oriental, Milan

Seta (Two stars)

Mandarin Oriental, Paris

Sur Mesure par Thierry Marx (Two stars)

Mandarin Oriental Pudong, Shanghai

Yong Yi Ting

Mandarin Oriental, Taipei

Ya Ge

Mandarin Oriental, Tokyo

Sense; Signature; Tapas Molecular Bar



MANDARIN ORIENTAL
THE HOTEL GROUP

DEVELOPMENT

CURRENT GLOBAL PORTFOLIO



-  31 hotels
-  8,300 rooms
-  21 countries and territories

HOTELS UNDER DEVELOPMENT



Development Strategy

- Build portfolio in strategic city centre locations where we are absent
- Expand presence in luxury markets that can support MO properties
- Develop strong resort portfolio

Development Strategy

- Operating both owned and managed hotels
- Become brand of choice for owners
- Management contracts will account for increasing proportion of growth
- Owned assets remain at the heart of Group's portfolio
- Strong balance sheet allows for sustained investment
- Ongoing review of selective investment opportunities
- Continue to brand and manage *Residences at Mandarin Oriental* (11 in pipeline)

New Projects

- Five new management contracts announced in first half

New Project



Mandarin Oriental, Viña del Mar (*Management contract*)

- Resort project with 195 beach front rooms
- Due to open in 2020
- Ideal complement to Hotel Santiago

New Project



The Residences by Mandarin Oriental, Barcelona

- 34 luxury residences
- Due to open in 2020

New Project



Mandarin Oriental, Saigon (*Management contract*)

- 227 rooms and suites
- Due to open in 2020
- First property in Vietnam

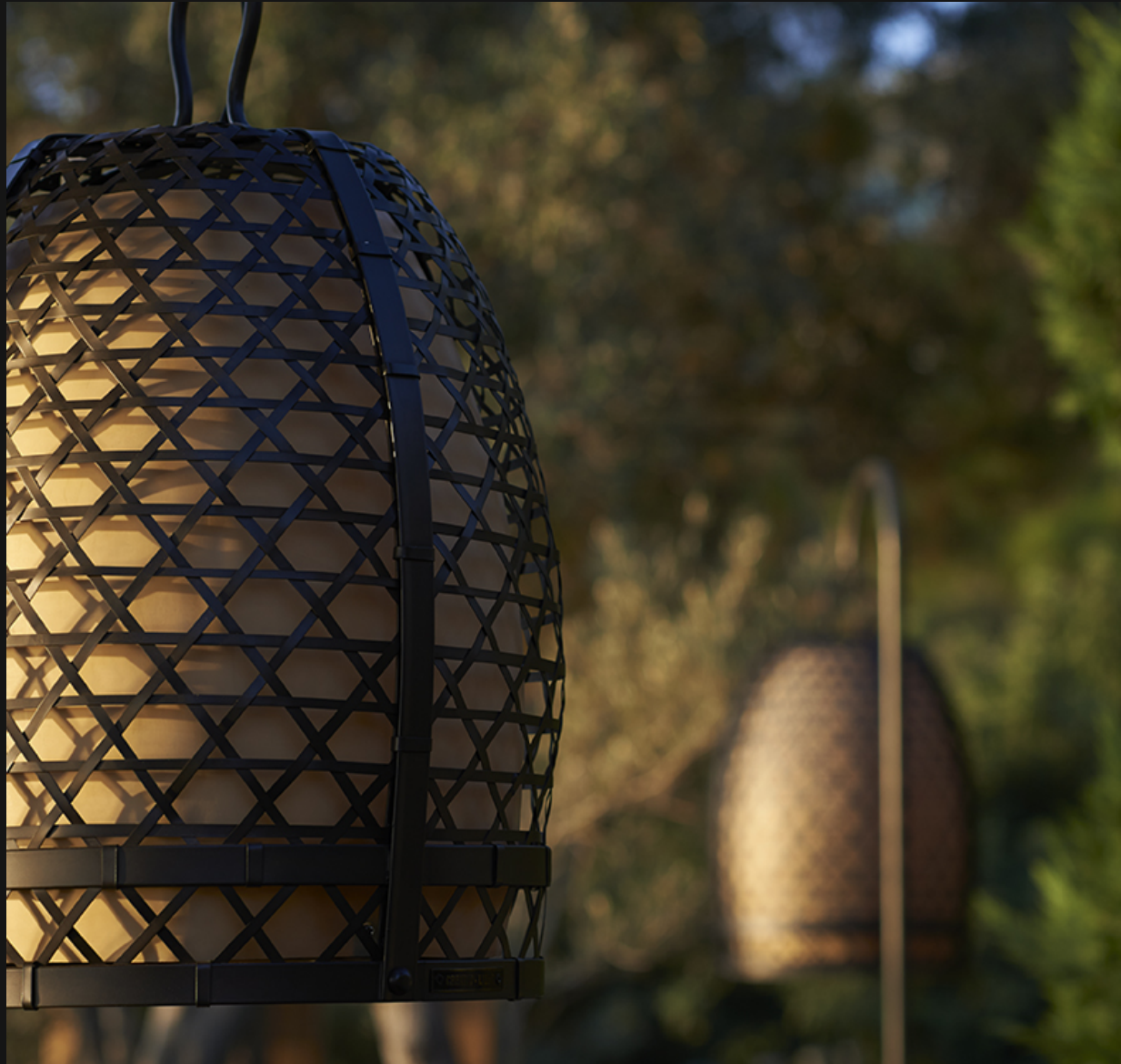
New Project



Mandarin Oriental, Muscat (*Management contract*)

- 151-room hotel with 147 branded residences
- Scheduled to open in 2021

New Project



Mandarin Oriental, Grand Cayman (*Management contract*)

- 100-room hotel with 89 branded residences
- Scheduled to open in 2021

Hotel Openings



- Three hotel openings expected in next 12 months:
 - First Middle East projects in Doha and Dubai
 - Mandarin Oriental Wangfujing, Beijing
- Further development opportunities in the pipeline



CASH FLOW, NET DEBT & SIGNIFICANT CAPITAL COMMITMENTS

Financial Review

Cash Flow Statement – Operating Activities

US \$ m	Jun 2018	Jun 2017
Operating Activities		
EBITDA from subsidiaries	67	50
Dividends and interest from associates and JVs	3	2
Net interest paid	(6)	(6)
Tax paid	(2)	(5)
Other (principally working capital)	(3)	6
Total	59	47

- Weighted average interest was 2.4% (2.2% in 2017)
- Underlying EBITDA net interest coverage was 9.9 times (8.3 times in 2017)

Financial Review

Cash Flow Statement – Investing Activities

US \$ m	Jun 2018	Jun 2017
Investing activities		
London renovation	(23)	(25)
Payment on Munich expansion	-	(3)
Capital expenditure at other hotels	(13)	(12)
Madrid restoration*	(4)	(1)
Others	(1)	(1)
Total	(41)	(42)

* Advance to associates and joint ventures

Financial Review

Summary Cash Flow Statement

US \$ m	Jun 2018	Jun 2017
Operating Activities	59	47
Investing Activities	(41)	(42)
Financing Activities		
Net drawdown/(repayment) of borrowings	24	(3)
Dividends paid	(19)	(31)
Net increase/(decrease) in cash	<u>23</u>	<u>(29)</u>
Opening cash balance 1st Jan	184	183
Effect of exchange rate changes	(2)	3
Closing cash balance 30th June	<u>205</u>	<u>157</u>

Financial Review

Net Debt

US \$ m	Jun 2018	Dec 2017
Net debt	325	327
Adjusted shareholders' funds*	5,722	5,747
Gearing	6%	6%
Adjusted net asset value per share (US \$)	4.54	4.57

* Shareholders' funds have been adjusted to include the market value of the Group's ownership interest in its freehold and leasehold properties

Financial Review

Net Debt

- Gross debt of US\$530 million
- Approximately 45% of Group's debt hedged
- Average tenor of Group's borrowings is 1.3 years
- US\$205 million of cash and US\$83 million of undrawn committed facilities

Financial Review

Future Significant Capital Commitments

	US \$	Timing
London renovation*	9m	2018
Madrid restoration (50% share)	49m	2018-19
Munich extension	142m	2019-22
Total	200m	

* Repair and restoration costs due to the fire are expected to be covered by the Group's insurance arrangements

Senior Management Changes

- Craig Beattie to succeed Stuart Dickie who will step down as CFO on 31st October 2018
- I would like to thank Stuart for his commitment and dedication to Mandarin Oriental over the last 18 years

2018 Outlook

- Improved performance is expected to continue
- Impacted by closure of Hotel Ritz, Madrid
- Working with insurers to assess impact of London fire
- Focus remains on excellent service delivery and product quality
- Build on development pipeline and expand brand recognition
- Future contributions from renovated properties and new openings

The background of the image is a dense, repeating pattern of interlocking golden gears. The gears are of various sizes and are arranged in a way that creates a complex, mechanical texture. The lighting is warm, giving the gears a metallic, golden-brown appearance. A semi-transparent horizontal band of a lighter, solid gold color runs across the middle of the image, serving as a backdrop for the text.

Questions to investors@mohg.com