



2017 ANNUAL RESULTS

Mandarin Oriental Hotel Group

2017 Performance and Highlights

- Hotels performed better in 2017
- Results impacted by ongoing renovation of London property
- Restoration of Hotel Ritz, Madrid underway
- Ongoing strategic review of The Excelsior, Hong Kong
- Development progress – seven new projects announced in 2017, further two so far in 2018

2017 Annual Results Highlights

US \$ m	2017	2016
Combined Total Revenue *	1,380	1,324
Group's Total Revenue #	611	597
Underlying EBITDA	158	158

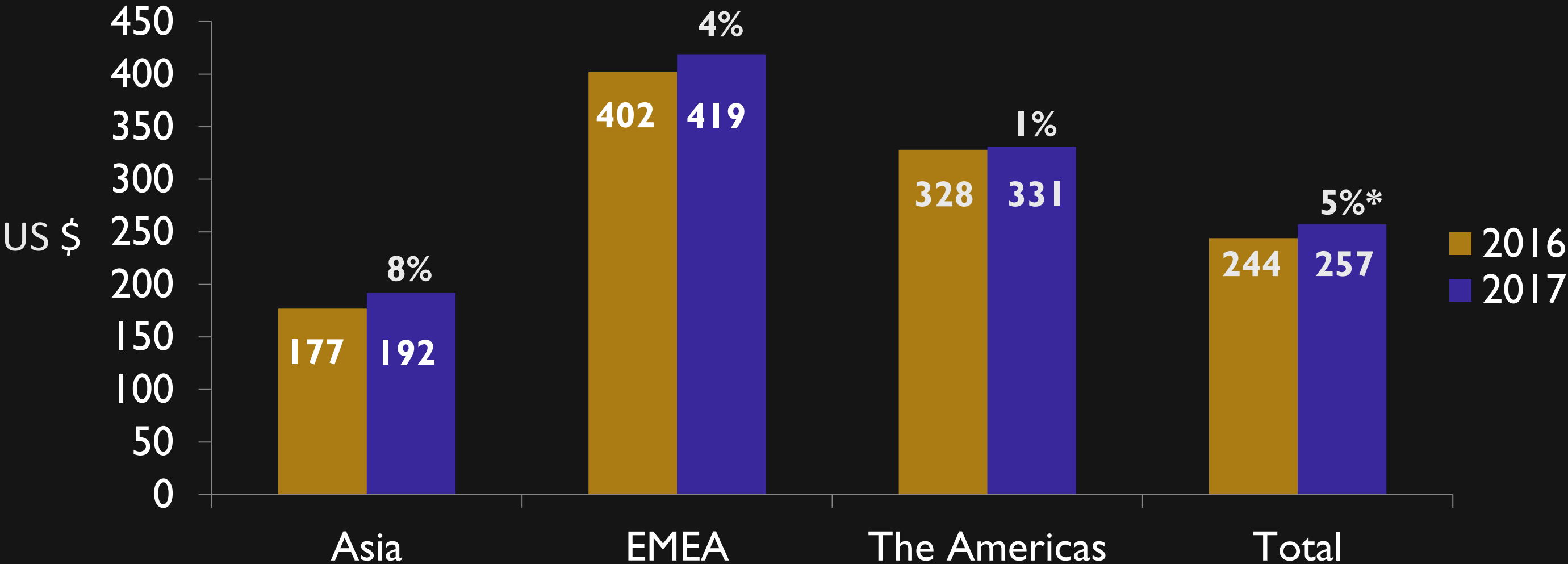
* Includes revenue from the total portfolio of owned and managed hotels

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

2017 Annual Results Highlights

	2017	2016
Underlying Profit Attributable to Shareholders (US \$ m)	55	57
Profit attributable to shareholders (US \$ m)	55	55
Underlying Earnings per Share (US ¢)	4.37	4.56
Total dividend (US ¢)	3.00	4.00
Adjusted net asset value per share (US \$)	4.57	3.10

2017 RevPAR Performance



All references to RevPAR are in US dollar terms on a like-for-like basis, unless otherwise stated, and includes all hotels that were operational for the entire year of both 2016 and 2017. Mandarin Oriental Hyde Park, London was only partially closed due to renovation during the period, and is included in the like-for-like comparison

* Normalizing for the effect of the London renovation (by excluding the hotel’s performance from both years), RevPAR growth was 8% in total

CURRENT GLOBAL PORTFOLIO



 31 hotels

2017 Hotel Performance

Asia – Overall RevPAR up 8%

Mandarin Oriental, Hong Kong

Improved leisure demand

The Excelsior, Hong Kong

Benefited from improved city-wide demand

Bangkok

Improved performance

Jakarta

A poor financial year with increased competition

2017 Hotel Performance

EMEA – Overall RevPAR up 4%

- London** Continued impact of phased renovation and ongoing security concerns
- Paris** Performance impacted by a decline in demand from group segment and increased competition
- Munich** Remains clear market leader
- Geneva** Gained market share
- Madrid** Improved RevPAR by 15%

2017 Hotel Performance

The Americas – Overall RevPAR up 1%

Boston	Remains market leader
Washington D.C.	Benefited from presidential inauguration
New York	Decline in leisure demand but maintained competitive position

Strategic Review

- Growth in demand for luxury travel
- Each hotel is positioned as a leader in its local market
- Invest in core brand attributes:
 - exceptional design and architecture
 - restaurants & bars
 - spa & wellness
- Underpinned by personalized service
- Alert to new trends; relevant to multi-generational audience

Michelin Star Status

14 restaurants with 21 stars
More than any other hotel brand

Mandarin Oriental, Bangkok
Le Normandie (Two stars)

Mandarin Oriental, Barcelona
Moments (Two stars)

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

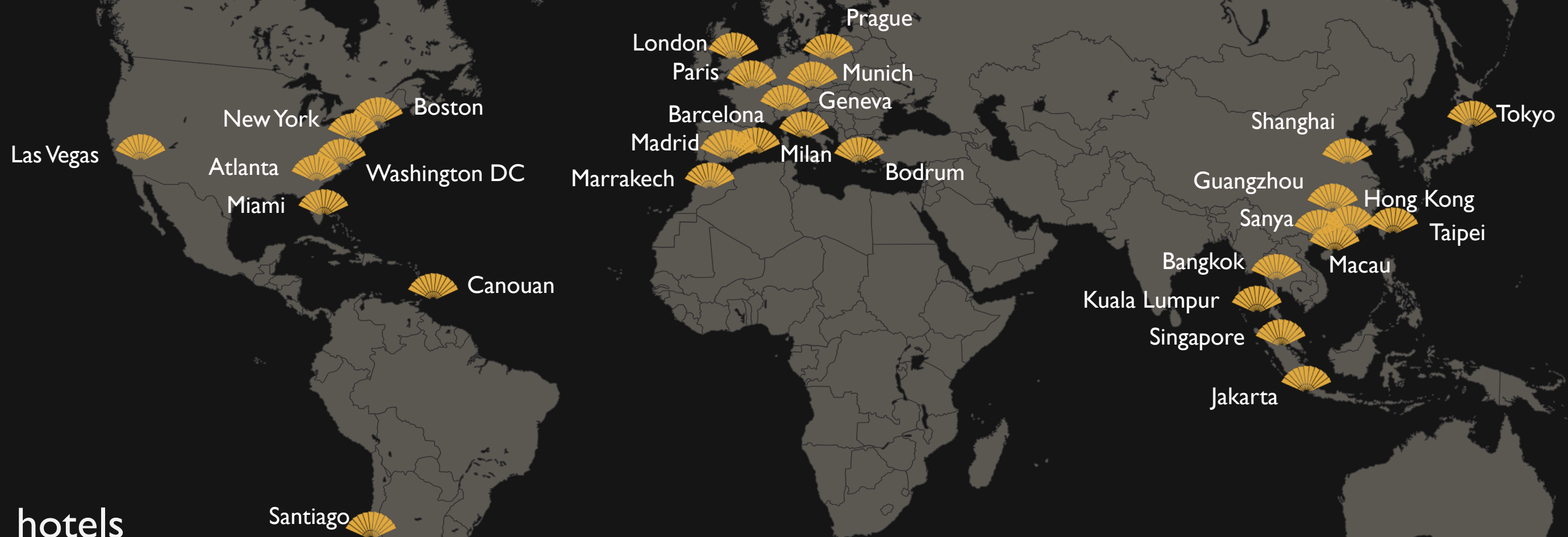
Mandarin Oriental, Tokyo
Sense; Signature; Tapas Molecular Bar



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 existing markets
- Increase facilities and properties that appeal to leisure market
- Develop resort portfolio

Development Strategy

- Operating both owned and managed hotels
- Become brand of choice for owners
- Management business will account for increasing proportion of growth
- Owned assets remain at the heart of Group's portfolio
- Sustain investment in flagship hotels
- Consider selective investment opportunities
- Grow portfolio of *Residences at Mandarin Oriental*

New Project



Mandarin Oriental, Honolulu (*Management contract*)

- 125-room luxury hotel and 107 branded *Residences*
- Due to open in 2020

New Project



Second Dubai Hotel (*Management contract*)

- 259-room hotel with 158 branded *Residences*
- Scheduled to open in 2020

New Project



Mandarin Oriental, Melbourne (*Management contract*)

- 197-room hotel with 146 branded *Residences*
- Due to open in 2022

New Project



Mandarin Oriental Qianmen, Beijing (*Management contract*)

- 72 rooms in Qianmen East Hutong Quarter
- Due to open in 2019

New Project



Mandarin Oriental Mayfair, London (*Management contract*)

- Second London hotel on Hanover Square
- 50 rooms and 80 branded *Residences*
- Scheduled to open in 2021

New Project



Hotel Santiago (Management contract)

- Management takeover of 310-room hotel
- Following renovation, the property will be rebranded Mandarin Oriental, Santiago

New Project



Pink Sands Club, Canouan (*Management contract*)

- Management takeover of Group's first Caribbean resort
- Property to be rebranded Mandarin Oriental, Canouan

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

Hotel Openings



- Three hotel openings expected in next 12 months:
 - First Middle East projects in Doha and Dubai
 - Mandarin Oriental Wangfujing, Beijing
- Further developments under review



CASH FLOW, NET DEBT & SIGNIFICANT CAPITAL COMMITMENTS

Financial Review

Summary Cash Flow Statement

US \$ m	2017	2016
Operating activities		
EBITDA from subsidiaries	128	128
Dividends and interest from associates and JVs	7	9
Net interest paid	(11)	(9)
Tax paid	(13)	(19)
Other (principally working capital)	9	(1)
Total	120	108

- ❖ Weighted average interest was 2.2% (2.1% in 2016)
- ❖ Underlying EBITDA coverage of net interest expense was 10.6 times (10.9 times in 2016)

Financial Review

Summary Cash Flow Statement

US \$ m	2017	2016
Investing activities		
Boston acquisition	-	(140)
Payment on Munich expansion	(3)	-
London renovation	(55)	(33)
Capital expenditure at other hotels	(28)	(44)
Others	(16)	(5)
Total	(102)	(222)

Financial Review

Summary Cash Flow Statement

US \$ m	2017	2016
Operating activities	120	108
Investing activities	(102)	(222)
Financing activities		
Net drawdown of borrowings	28	50
Dividends paid	(50)	(57)
Net decrease in cash	<u>(4)</u>	<u>(121)</u>
Opening cash balance 1st January	183	308
Effect of exchange rate changes	5	(4)
Closing cash balance 31st December	<u>184</u>	<u>183</u>

Financial Review

US \$ m	2017	2016
Net debt	327	297
Adjusted shareholders' funds*	5,747	3,888
Gearing	6%	8%
Adjusted net asset value per share (US \$)	4.57	3.10

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

Financial Review

Future Significant Capital Commitments

	US \$	Timing
London renovation	30m	2018
Madrid renovation (50% share)	55m	2018-19
Munich extension	146m	2018-22
Total	231m	

Financial Review

- Approximately 47% of Group's debt hedged
- Average tenor of Group's borrowings is 1.6 years
- US\$184 million of cash and US\$49 million of undrawn committed facilities

2018 Outlook

- Impacted by London renovation and Hotel Ritz, Madrid closure
- Future contributions from renovated flagships and new openings
- Invest behind core attributes
- Build on development pipeline
- Ensure delivery of exemplary service for which the Group is renowned



Questions to investors@mohg.com