

# Core Business Steady Despite Mixed Outlook

## Wheelock and Company Limited

2017 Interim Results Presentation

14 August 2017

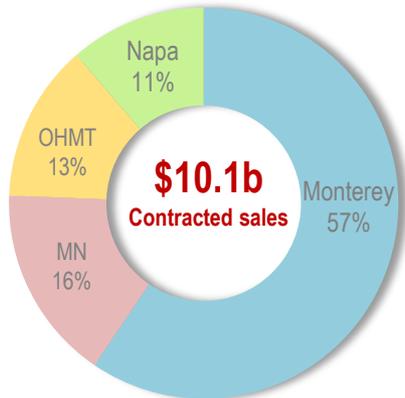


# First half contracted sales on track at \$10.1b

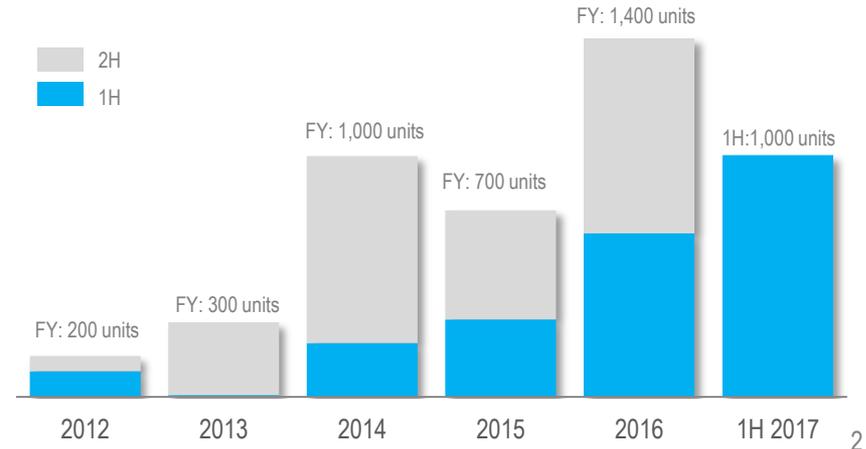


- 100% from residential sales
- Continue to rank among Top 5 developers in HK
- Close to 1,000 units sold, steady growth from 2012's 200 units sold

1H17 contracted sales breakdown



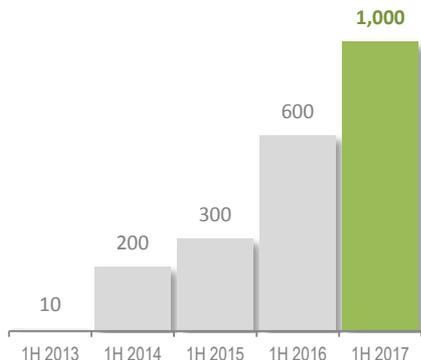
Number of residential units sold



# Residential continued to drive momentum

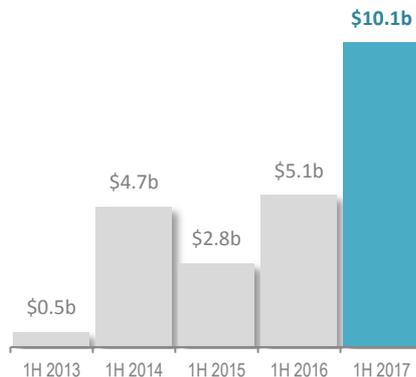
**1,000** residential units  
presold

- Close to 1,000 out of 1,050 launched units sold in 1H 2017
- Steady growth compared to previous years



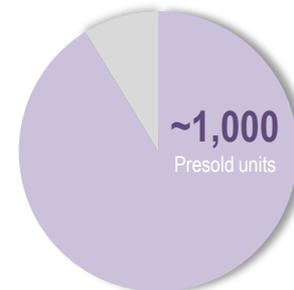
**\$10.1b** residential  
contracted sales

- MONTEREY – \$5.8b
- Mount Nicholson – \$1.6b (attributable)
- ONE HOMANTIN – \$1.2b
- NAPA – \$1.1b



**91%** Sell-thru  
rate achieved

- Affirming proven execution and Wheelock brand recognition
- Accumulated sell-thru rate at 96% since 2014



# MONTEREY

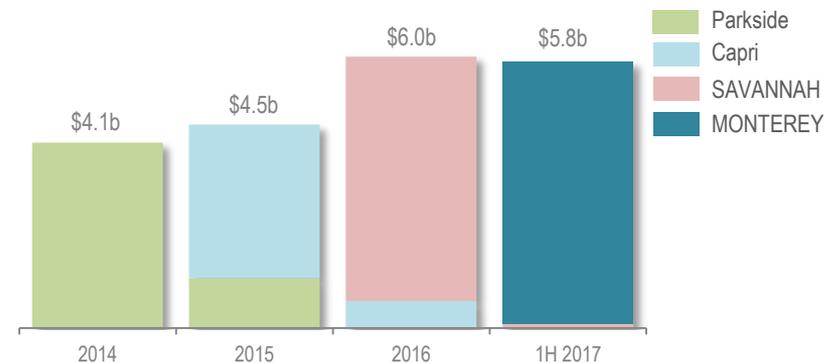
— C&G —

- MONTEREY presold 100% of 648 units launched in 2 weeks
- \$5.8b contracted sales achieved
- Last development in O'South
- Low density waterfront living residence surrounded by vast green area
- Remaining phase with varied product mix plan to launch upon completion



# \$21b sales from O' South in 3 years

- 2,500 residential units sold from 4 developments with over 90% sell-thru rate
- \$21b contracted sales generated, about 1/3 of O'south region
- Unique planning successfully attracted people moving into the area and created consistent demand
- O'South region sold 7,500 units in 4 years, one of the highest take-up rates in HK



# Mount Nicholson phase I & II fully sold



MN  
MOUNT NICHOLSON

- Most sought-after ultra-luxury development on the Peak
- 22 apartments + 9 houses sold (incl. House 18 sold on 27 July 2017)
- \$13.7b sales generated, 53% from apartments
- House 1 & 7 ranked among Top 3 of 2017 Top Luxury Residential Sales (by Christie International Real Estate)
- Limited remaining apartments in Phase III will be selectively launched in 2H 2017

# NAPA presold 80% all apartments



- Low density residence surrounded by lush green hills
- \$2.2b contracted sales achieved with near 90% sell-thru rate
- 60 houses branded as GRAND NAPA, plan to launch upon completion
- 3 key attractions: infrastructure (HK-Zhuhai-Macau Bridge), lifestyle links (beach / trails), education (Harrow)



# Urban-focused land bank with diverse offerings

- 7.8m sq. ft. land bank under management, adequate for coming years development
- Kowloon Godown industrial revitalisation scheme in progress
- Kai Tak, Mount Nicholson Phase III and LOHAS 5 planned for launch in 2H 2017



# Kai Tak – a new centrepiece for living, work, leisure and transport



## Living

Sizable 'City in a City' re-development with 90,000 future population

## Working

Core of CBD2 with >10m sq. ft. office space and hotels



### Kai Tak Development

- 648 riverside living residences
- Green living style with 4 parks +11m sq.ft green space
- Closest development to future Kai Tak MTR station
- Last of 6 residential sites sold in 2014 (next land sale in 2016)
- Presales planned for 2H 2017



## Leisure

Largest Sport Parks and state-of-the-art Cruise Terminal

## Transport

Route 6 to link up Kowloon East & West with Kai Tak as centrepiece



## MONTEREY

LAST residential development  
in O'South

- Majority of remaining phase can enjoy Victoria Harbour view
- Varied product mix from apartments, special units and houses, featuring studio units to 3/4 bed-room units
- 40,000 sq. ft. club house, one of the largest in O'South

## Kai Tak

LAST of 6 residential sites  
sold in 2014

- Next residential land sale in Kai Tak was Q4 2016
- Riverside living residences
- Closest residential project to future Kai Tak MTR station

# Steady core profit in a challenging environment

- Group core profit +6% to \$5.4b
- Wheelock's own core profit accounted for 14% of Group
- Potential rate hike, persisting escalating of construction and land cost may add pressure

1H Group core profit



Wheelock's own contribution



# 2017 interim results highlights

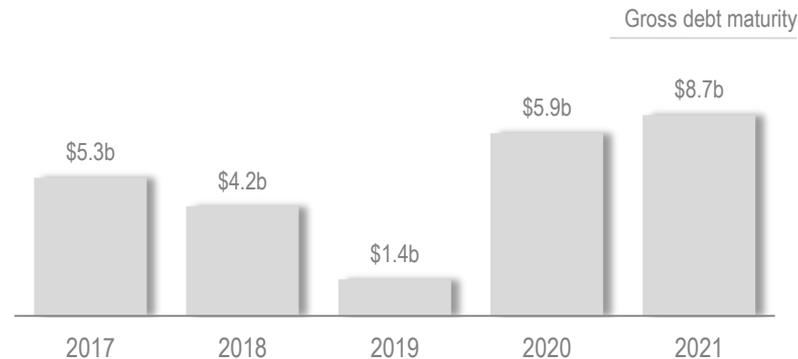
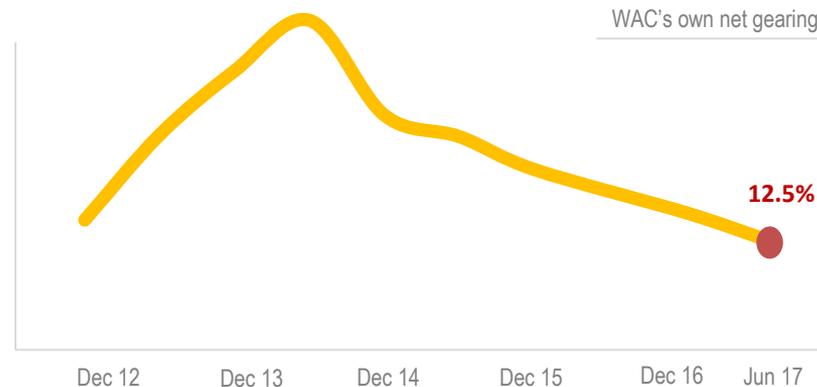
(HKD'm)	1H 2016	1H 2017	% Change
Revenue	27,196	33,005	+21%
Operating Profit	10,059	9,697	-4%
<b>Core Profit*</b>	5,126	5,412	+6%
Profit Before IP Revaluation Gain	5,349	5,521	+3%
IP Revaluation Gain (net of Tax & NCI)	313	722	+131%
Profit Attributable to Shareholders	5,662	6,243	+10%
<b>Earning Per Share</b>			
- Core*	HK\$2.52	HK\$2.66	+6%
- Attributable to Shareholders	HK\$2.79	HK\$3.06	+10%
<b>Dividend Per Share</b>			
- First Interim	HK\$0.450	HK\$0.475	+6%

\* Core Profit excluded IP revaluation gain and exceptional items

# Prudent financial management continued



- Wheelock's own net gearing further reduced to 12.5% (as at 30 Jun 2017)
- \$12.8b HKDP sales receivables to be recouped in coming 18 months (as at 30 Jun 2017)
- Only \$10.9b debt maturing before 2020
- Recurrent dividend income from Wharf and WPSL



## (A) Financial

- **Core profit** increased by 22% to \$7.3b
  - IP were stable and turned in 66% of Wharf total
  - DP more than doubled to contribute 32% of Wharf total
- **Net debt** reduced to \$21b for a 6.4% gearing ratio
- **Dividend per share** increased by 10% to HK\$0.64

## (B) Non Financial

### IP demerger

- Following Wharf's intended IP demerger to a new company, Wheelock will subsequently hold the 2 HK listed companies with existing shareholdings of each unchanged.
- Stock Exchange approved demerger and the preparation of listing application of Wharf REIC is underway.
- Dividend neutral.

### i-CABLE

- All major regulatory hurdles cleared. Wharf will distribute all i-CABLE shares to its shareholders (existing shares plus new shares from loan capitalization).
- Wheelock will in turn distribute the relevant i-CABLE shares received to its shareholders. New shares from loan capitalization will be separately addressed at a later date.



## Project WeCan

- 5<sup>th</sup> Young Innovators Bazaar held in Feb 2017 with 1,000 students participated
- 1<sup>st</sup> time to partner with HKUST Global Business programme to form students' coaching teams
- Ng Yuk & Fung Kai won 7 prizes in total



## Community



**Inspire** and **encourage** colleagues to build a caring HK with community partners

- Dedicated over 2,100 volunteer hours in over 80 activities in 2016
- Wheelock Properties (HK) Ltd won RICS "Corporate Social Responsibility Project of the Year" for the 4<sup>th</sup> consecutive year



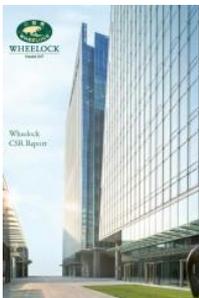
## Art & culture



**Commitment** to promote Art & Culture in our community

- Wheelock Properties (HK) Ltd organized 'City Transformation' photo competition for 4<sup>th</sup> consecutive year
- Over 1,000 entries attracted. Exhibition in Gallery by the Harbour held in early 2017





## CSR Report for Wheelock and Company Ltd and Wheelock Properties (HK) Ltd

- Published in Jun 2017
- Continued to adopt GRI G4 standard
- Verified by external consultant



## BCI Asia Top 10 Developers Award

- WPL won this award for 6<sup>th</sup> consecutive years
- Showcase our commitment to high standard of product quality



## Energy saving at head office

- Paper usage -14.2% in 2016
- GHG emission -12.8% in 2016
- LOOP Gold label by WWF for 5 consecutive years



## Green building standards

- 8 Bay East obtained LEED Platinum Certification, highest rating in green practice by US Green Building Council
- So far 13 developments obtained BEAM Plus Gold Certification by HK Green Building Council



# End of Presentation

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**Wheelock and Company Limited (HKEx Stock Code: 0020.HK)**

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