

# Strong Residential Sales Despite Mixed Outlook

Wheelock and Company Limited

2018 Final Results Presentation

12 March 2019



# Record \$26b Residential Sales



## New Record Achieved

+52% from 2017



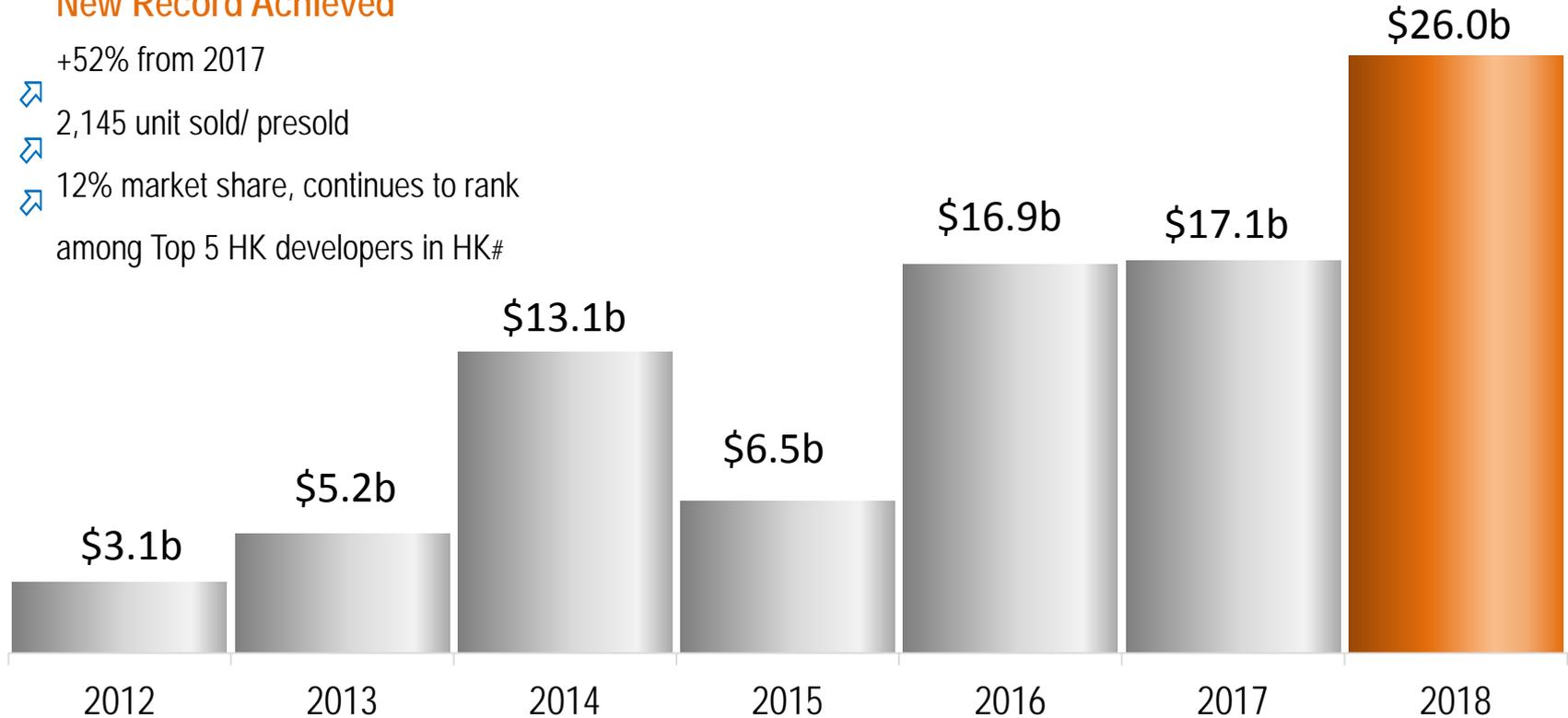
2,145 unit sold/ presold



12% market share, continues to rank



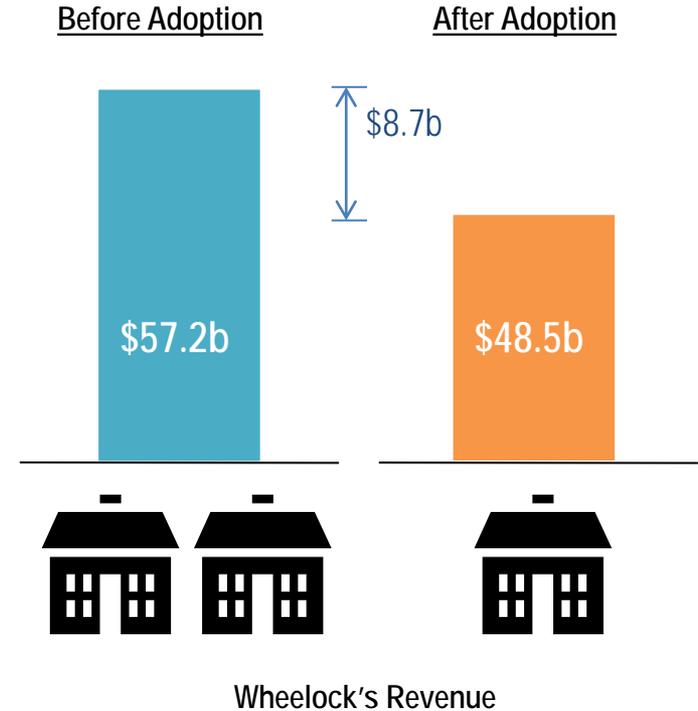
among Top 5 HK developers in HK#



# Market share based on Land registry's total HK primary sales

# Sales Recognition Treatment Under New Accounting Standard

- Starting from 1 Jan 2018, under HKFRS 15, revenue from sale of properties is recognised when the legal assignment is completed instead of when the Occupation Permit is issued
- The postponement in recognition could go beyond half a year in practice
- Hence, \$8.7b HK properties sales would not be recognised in 2018 as a result of the adoption of HKFRS 15



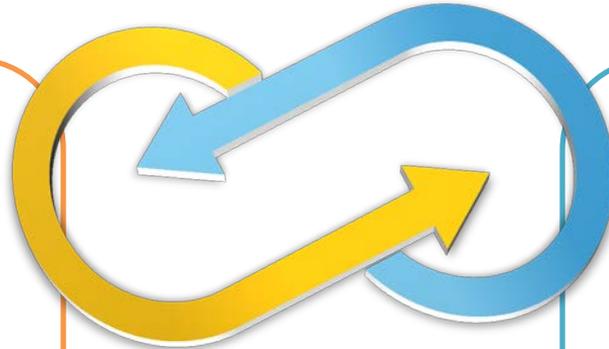
# Strong Net Order Book Secured Future Revenue

**\$27b**

**Net order book**

+203%  
Future revenue secured

Driven by successful  
launches of **MALIBU**,  
**OASIS KAI TAK** and  
**MONTEREY**



**93%**

**2018 sell-thru rate**

on over 2,300 launched units  
in 2018

**MALIBU** - best seller,  
achieved 99% on launched  
units

Affirming proven execution  
and Wheelock brand  
recognition

# 2018 Results Highlights



**\$26b**

Record HK Residential Contracted Sales

**\$27b**

Strong Net Order Book

**\$13b**

9% Increase in Group Underlying Profit

**+10.5%**

Promising Growth in Second Interim Dividend

**13%**

Prudent WAC-own Net Gearing



Presold 1,559 units for \$14.4b  
ASP close to \$16,000 psf  
Sell-thru: 99% on launched units up to 6 Mar 2019  
Expected completion in 1H 2020

MALIBU  
— OCEAST —

*The Spirit of Living* 6



Presold for \$7.4b since first launch

ASP more than \$24,000 psf

Sell-thru: 99% on launched units up to 6 Mar 2019

Expected completion in 1H 2019



*The Spirit of Living* 7

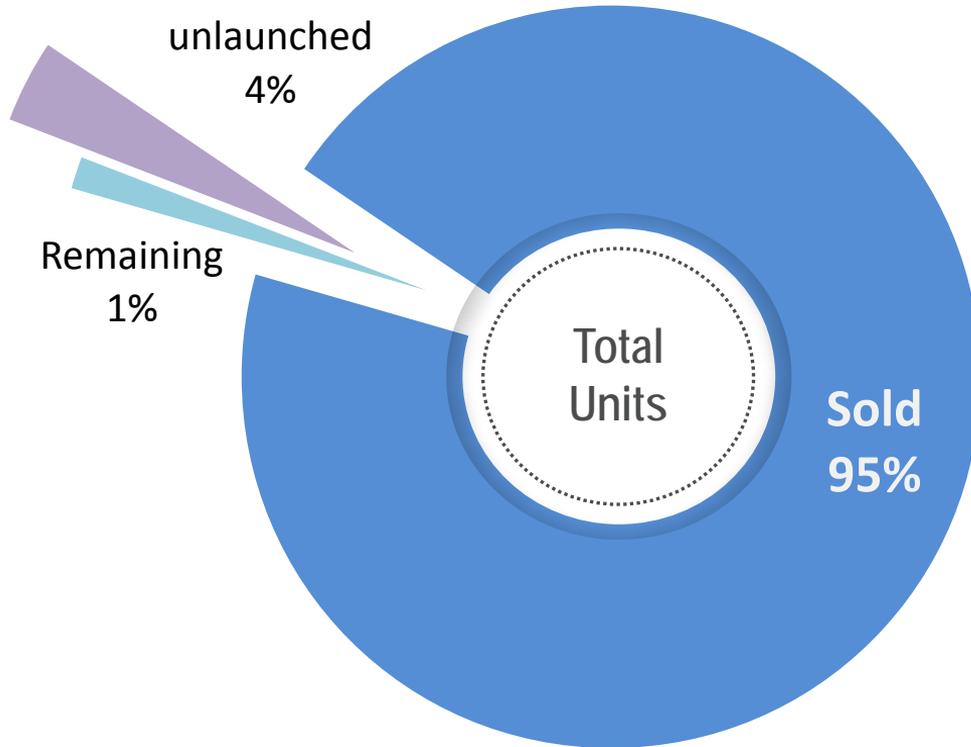


Presold for \$9.1b since first launch  
ASP \$17,000 psf  
Sell-thru 97% on launched up to 6 Mar 2019  
Villas to be launched in 2019

MONTEREY  
— CSM —

*The Spirit of Living*

# High Inventory Turnover



## Low Inventory

From very first launch to date, 95% units sold of 10 projects

**95%**

# Urban-focused Land Bank

12

11  
10  
9  
8  
7  
6  
5  
4  
3  
2  
1

98%  
Urban Area

- 6.9Msf GFA land bank (as at Mar 2019)
- Acquired 4 residential sites in Kai Tak & Kowloon Tong since 2018
- Urban focused land bank sufficient for development
- Actively replenish land bank through various means

- |                        |                      |                      |
|------------------------|----------------------|----------------------|
| 1. ISLAND RESIDENCE    | 6. Sin Fat Road      | 11. Lung Cheung Road |
| 2. The Peak Collection | 7. Kowloon Godown    | 12. NAPA             |
| 3. O'East Portfolio    | 8. Kai Tak Portfolio |                      |
| 4. O'South Portfolio   | 9. ONE HOMANTIN      |                      |
| 5. Yau Tong Bay        | 10. Cheung Sha Wan   |                      |

# O'EAST Portfolio – A Touch of Urban Nature

**MALIBU  
(LOHAS 5)**



**LOHAS 7**

0.7Msf GFA with shopping  
mall

**LOHAS 9**

Waterfront residence  
1.1Msf GFA



- Total 3Msf GFA portfolio: **MALIBU (LOHAS 5), LOHAS 7 and 9**
- Competitive land cost of \$2,500 psf AV
- In proximity to MTR station
- Linkage with CBD2 via future TKO-Lam Tin Tunnel & Cross Bay Link
- Future TKO Water Sports Centre & TKO Sports Ground

# Kai Tak Portfolio – Future Centrepiece with City Vibes



- A total of 1.6Msf GFA portfolio which includes 4 residential sites
- Create synergy among projects in Kai Tak
- Located in the heart of Kai Tak New Development Area
- Future MTR connectivity and largest Sport Parks



# Diversified Product Offerings



Suburban Houses  
NAPA



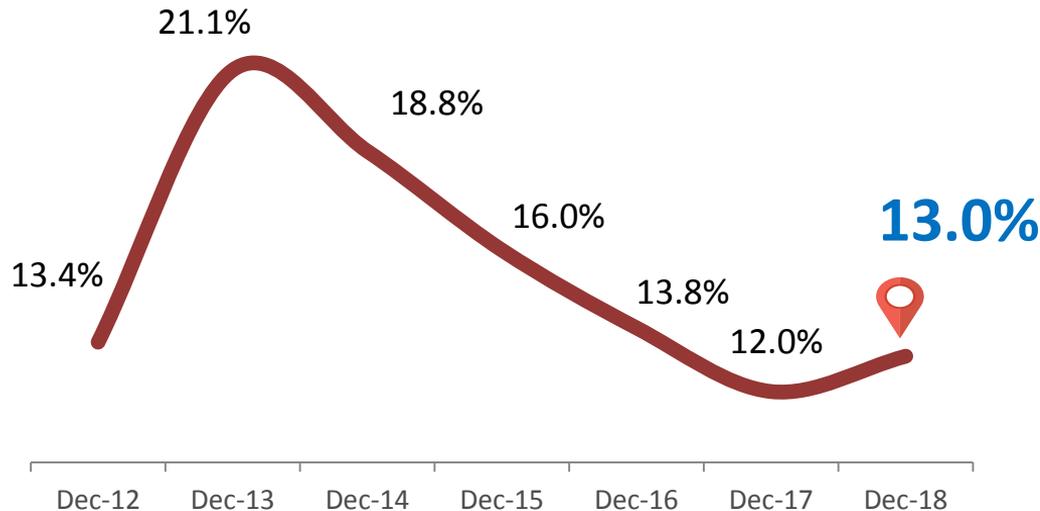
Waterfront Living  
MONTEREY

The Peak Collection  
MOUNT NICHOLSON



MTR Residence  
MALIBU, LOHAS 7, OASIS KAI TAK

## WAC's own net gearing



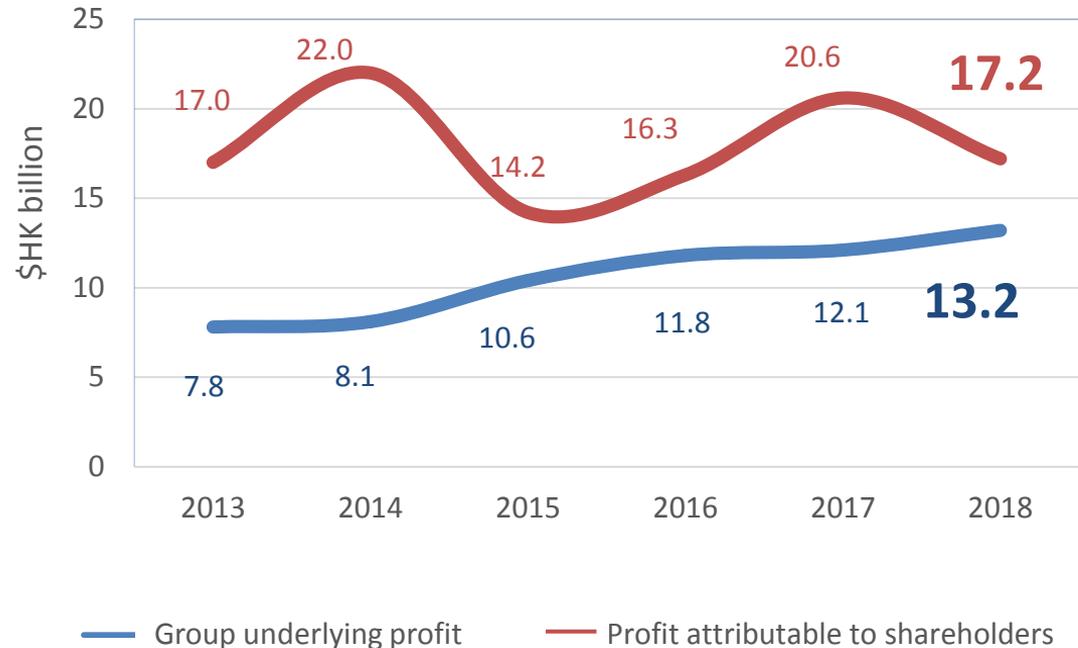
- Wheelock's own net gearing slightly increased to 13% (as at 31 Dec 2018)
- Only \$0.7b debt maturing in 2019
- Recurrent dividend income from WHL and Wharf REIC

# Steady Group Underlying Profit

■ Despite HKFRS 15, group underlying profit increased by 9% to \$13.2b

■ Profit attributable to shareholders decreased by 16% to \$17.2b

■ Global economic slowdown, trade tensions and local policy uncertainties may add pressure to the business



# 2018 Annual Results Highlights



	FY2018* (HK\$m)	FY2017 (HK\$m)	% Change
Revenue	48,490	70,953	-32%
Operating Profit	24,934	23,857	+5%
<b>Underlying Profit</b>	<b>13,208</b>	<b>12,117</b>	<b>+9%</b>
Profit Before IP Revaluation Gain	11,796	14,839	-21%
IP Revaluation Gain (net of tax)	5,443	5,731	-5%
Profit Attributable to Shareholders	17,239	20,570	-16%
Earning Per Share			
- Underlying	HK\$6.46	HK\$5.94	+9%
- Attributable to Shareholders	HK\$8.43	HK\$10.09	-16%
Dividend Per Share			
- First Interim	HK\$0.500	HK\$0.475	+5%
- Second Interim	HK\$1.050	HK\$0.950	+10.5%
- Total	HK\$1.550	HK\$1.425	+8.8%

Remarks:

\* Includes the impact of the adoption of HKFRS 15

## Wharf Real Estate Investment Company (Wharf REIC)

- Harbour City accounted for 63% of Wharf REIC's revenue, 72% of operating profit and 72% of underlying net profit
- Growth rates of 10%, 11% and 15% were achieved over 2017, respectively
- With a valuation (including hotels) of HK\$184 billion (or about HK\$61 per share), it generated a net cash inflow of over HK\$7.5 billion (or about HK\$2.5 per share)
- Full year retail sales increased by 24%, nearly 15 percentage points higher than total Hong Kong retail sales
- Share of total Hong Kong retail sales accordingly rose to 7.7%
- At over HK\$37 billion for the year, that translated to average retail sales of over HK\$100 million per day
- Average sales per square foot per month of HK\$2,700 (or nearly US\$4,200 per square foot per year) would place Harbour City among the most productive malls in the world
- Total dividend of HK\$2.10 per share was declared for the year

## **The Wharf (Holdings) (WHL)**

- With a combined book value of about HK\$165 billion, properties represented nearly 80% of total non-cash assets and accounted for nearly 80% of WHL's revenue, 90% of operating profit and 90% of underlying net profit
- Development properties reported another good year of earnings in Mainland China but lower recognition in Hong Kong more than erased the gains from other segments
- Investment properties reported promising gains
- Total dividend of HK\$0.65 per share was declared for the year

## **Wheelock Properties (Singapore) (WPSL)**

- A general offer of S\$2.10 per share was announced in July 2018 for the 23.8% shares not owned by the Group
- Offer closed early October and WPSL was officially delisted from the Singapore Stock Exchange
- The Group currently owns 98.9% of the total issued shares of WPSL

# CSR and Business-in-community

## Project WeCan

68 supporting partners  
76 participating schools

Joint school STEAM  
competition with UST



## Education

Career Exploration Day

Job tasting opportunities for  
over 5,000 Form 4 students

## Innovation

HKSTP @Wheelock  
Gallery to support  
start-ups

Stimulate stronger  
investment activates



## Art & Culture

National Geographic  
Wheelock Youth Photo  
Competition

over 3,500 entries

## Sustainability

- Low-carbon Office Operation Programme (LOOP) certification by WWF-HK for 7<sup>th</sup> consecutive year
- Projects sold have received **BEAM PLUS** and **LEED** certification since 2013
- carbon emission per employee ↓ **33%** than 7 years ago
- Electricity consumption ↓ **11%** in 2018



## Awards

- “Top 10 Developers” Award by BCI Asia for 7<sup>th</sup> consecutive years
- “CAPITAL Magazine Corporate Social Responsibility Awards 2018” by CAPTIAL Magazine
- “Metro Awards For Corporate Social Responsibility 2018” by Metro Daily
- Oasis Kai Tak awarded of merit in the 24<sup>th</sup> Considerate Contractors Site Award Scheme



# Summary

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Prudent WAC-own Net Gearing

# End of Presentation

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

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