

# Navigating in stormy seas

Wheelock and Company Limited  
2019 Annual Results

11 March 2020



# Summary

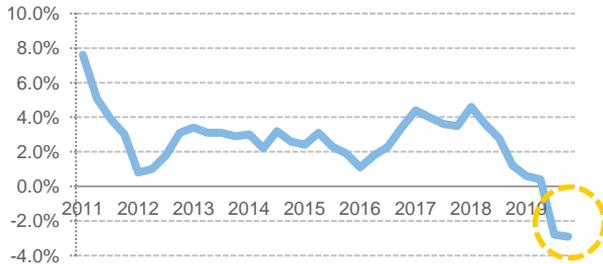
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2. HK contracted residential sales reached \$23.6B, with 2,080 units sold/presold
3. Net order book totaled \$32.5B (+22% YoY) underscoring revenue visibility
4. WAC-Own's net gearing improved to 9.9%
5. Group HKDP land bank reached 7.5Msf (as at 2/20) for future development
6. Increased presence in Kai Tak Community

# 2019: A year of challenges

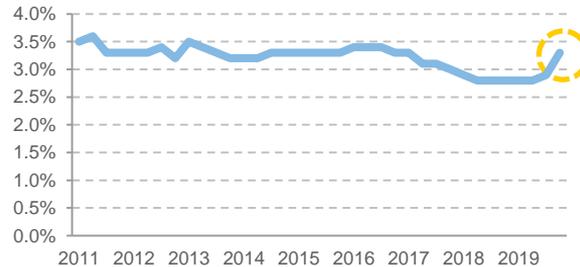
- Global and local challenges weighed heavily on HK economy
- HK has entered technical recession since 3Q19
- 2019 GDP: -1.2%, 1<sup>st</sup> annual decline since 2009

## GDP shrank in 2H



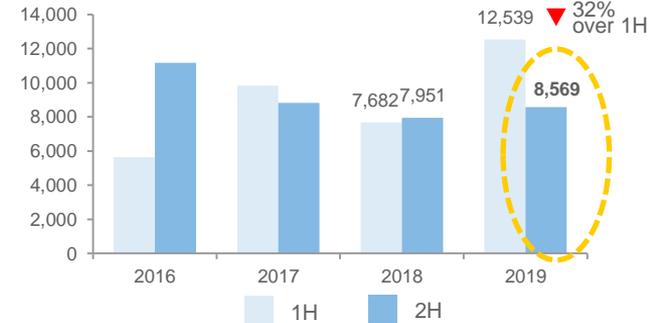
HK real GDP growth

## Unemployment rate has edged up since Q3



HK unemployment rate (seasonally adj)

## Primary residential sales fell by 32% from 1H



No. of S&P in primary residential sales

Source: Census and Statistics Department & The Lands Registry

# Stable sales & results

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## Sales

**\$23.6B**

Contracted residential sales

**2,080**

Units sold

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## Core earnings & Net order book

**\$12.4B**, ↓6% yoy

Underlying net profit

**\$32.5B**, ↑22% yoy

Net order book

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## Balance sheet

**9.9%** (Dec 18: 13.0%)

Wheelock-Own's net gearing

**\$0.5B**

Wheelock-Own's gross debt  
due within 1 year

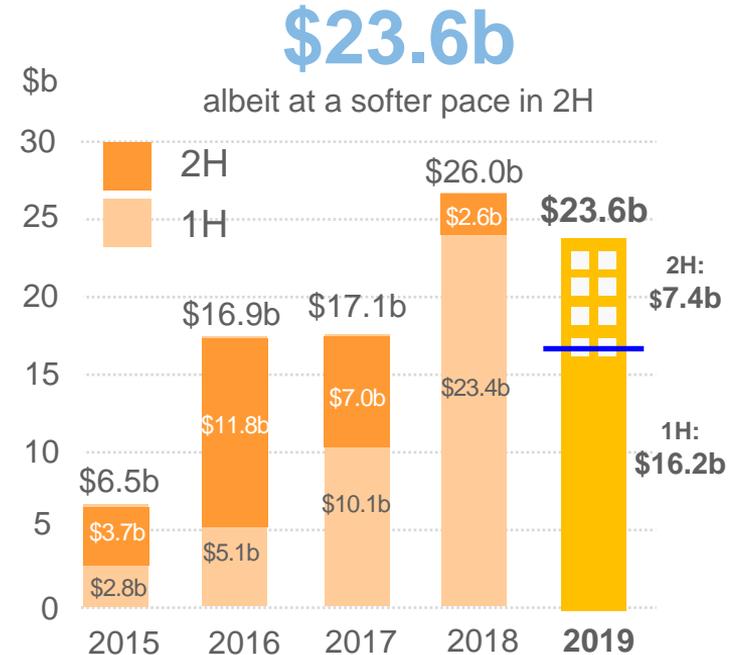
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# Sales on track

- Timing is subjective to project progress, approvals and market conditions

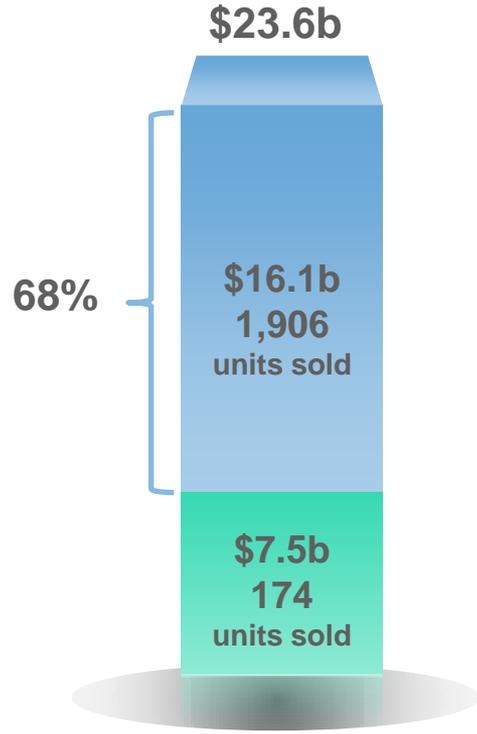


**No. of units sold**



**Residential Sales**

# Sustains Presales Momentum



## 2019 New Launches

MONTARA — C<sub>EAST</sub> — GRAND MONTARA — C<sub>EAST</sub> —

MARINI — C<sub>EAST</sub> — GRAND MARINI — C<sub>EAST</sub> —



Sell-thru  
on 1,120 total units



Sell-thru  
on 962 launched units

## Inventories

MN  
MOUNT NICHOLSON

MONTEREY  
C<sub>SOUTH</sub>



OASIS  
KAITAK



and 4 other projects

# O'East drives \$32b in 2 years

LOHAS Package #	Project	Total units	Presold units	Cumulative Sales
5	MALIBU	1,600	1,574	\$14.9b
7	MONTARA GRAND MONTARA	1,120	1,120	\$9.8b
9	MARINI GRAND MARINI	1,653	871	\$7.2b
		<b>3,565</b>		<b>\$31.9b</b>
(up to 28 Feb 2020)				



The LOHAS to be opened 2H20



Walking distance from LOHAS Park MTR



# O A S I S

K A I T A K

## 1<sup>st</sup> development in KAI TAK

- **\$8.0b** sales up to end Feb 2020
- ASP: **\$24,500psf**
- Revenue recognised after hand-over since Aug 2019
- One minute walk to **Kai Tak MTR** station

THE BRILLIANCE OF  
*Urban Nature*

MONTARA GRAND MONTARA  
— C'EST — ——— C'EST ———

**2<sup>nd</sup> development in O'EAST**

- Launched in 2Q2019
- MONTARA presold 616 units in **2 days** for **\$4.9b**, ASP: **\$15,100psf**
- GRAND MONTARA presold 504 units in **1 day** for **\$4.8b**, ASP: **\$15,200psf**
- Expected completion: 2H2021



# MARINI GRAND MARINI

— C'EAST — — C'EAST —

## 3<sup>rd</sup> development in O'EAST

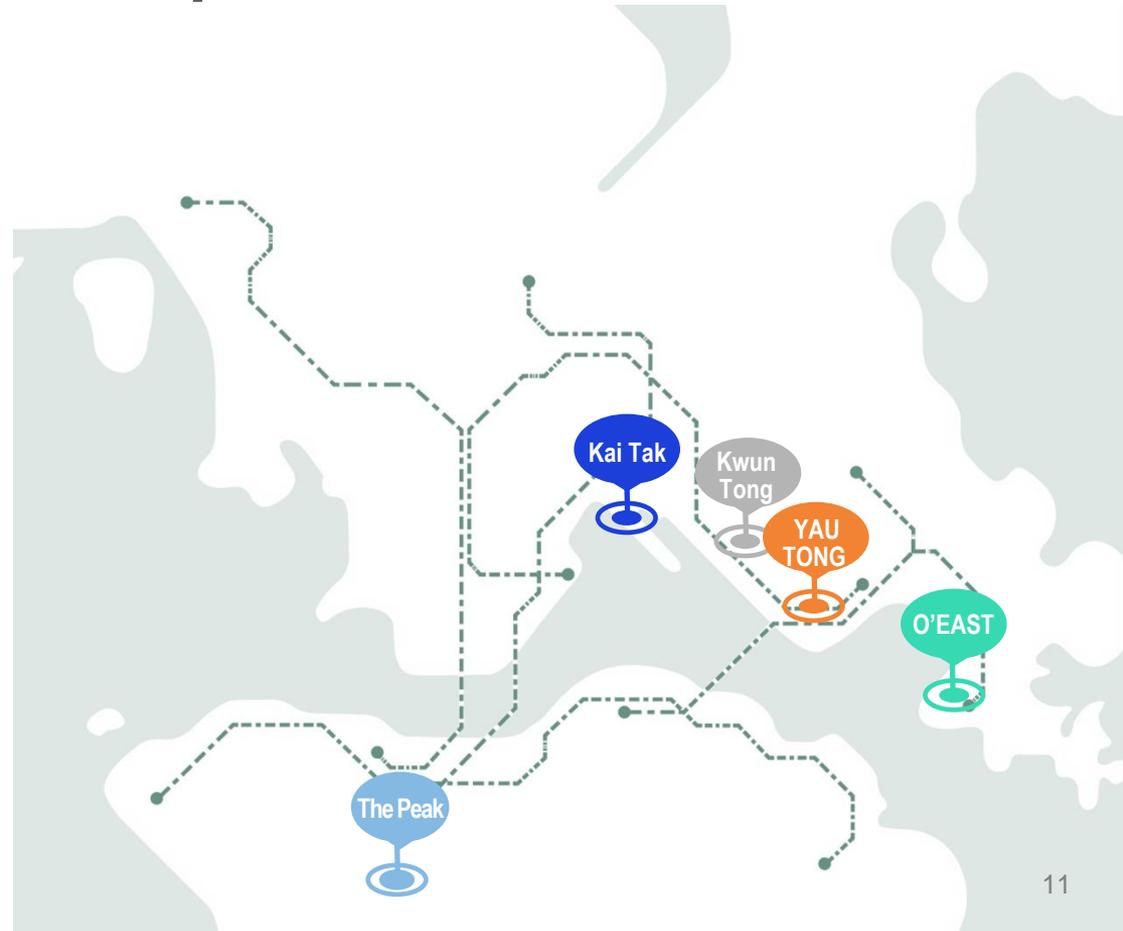
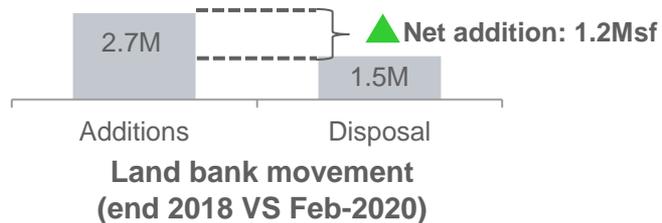
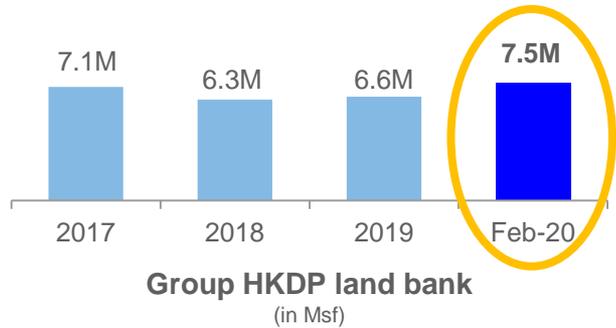
- Launched since 3Q2019
- MARINI presold 539 units for **\$4.1b**, ASP at **\$15,900psf**
- GRAND MARINI presold 247 units for **\$2.2b**, ASP at **\$15,700psf**
- Surrounded by 32,000sf lush **green gardens** and well-crafted landscape of **The Park**
- Expected completion: 2H2021



URBAN NATURE IN SYMPHONY

# Land bank for future development

- Acquired 5 KT sites & 1 LP 12 site
- Group HKDP land bank: **7.5Msf**



# Vibrant Kai Tak Community



## 01 Self-contained community

- Commercial, retail, hospital, recreational facilities, cycle track

## 02 Accessibility

- Shatin-to-Central link partially launched in **Feb 2020**
- Linkage with Central Kowloon Route on the horizon

## 03 11-km waterfront promenade

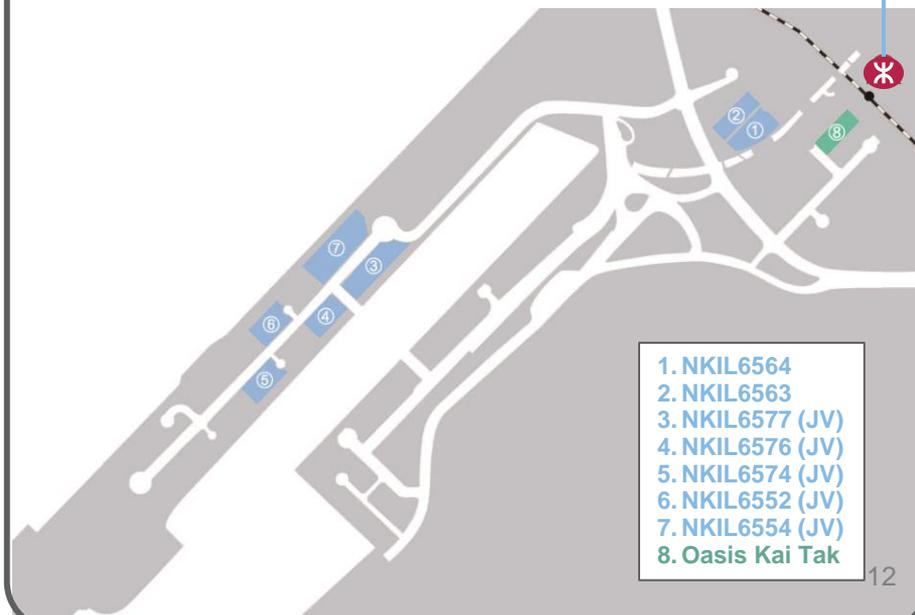
## 04 Surrounded by CBD2

## Presence in Kai Tak

**7** development projects,  
AV\$13,900 psf

**2.2Msf** attributable GFA

Kai Tak Station  
launched in Feb 2020



# Kai Tak Runway Portfolio



*Bringing round-the-clock peace of mind with the stunning beauty of grand waterfront*

- **5** Runway sites under JVs, **1.2Msf** attributable GFA
- World-class panoramic views of **iconic Victoria Harbour** over the city's skyline

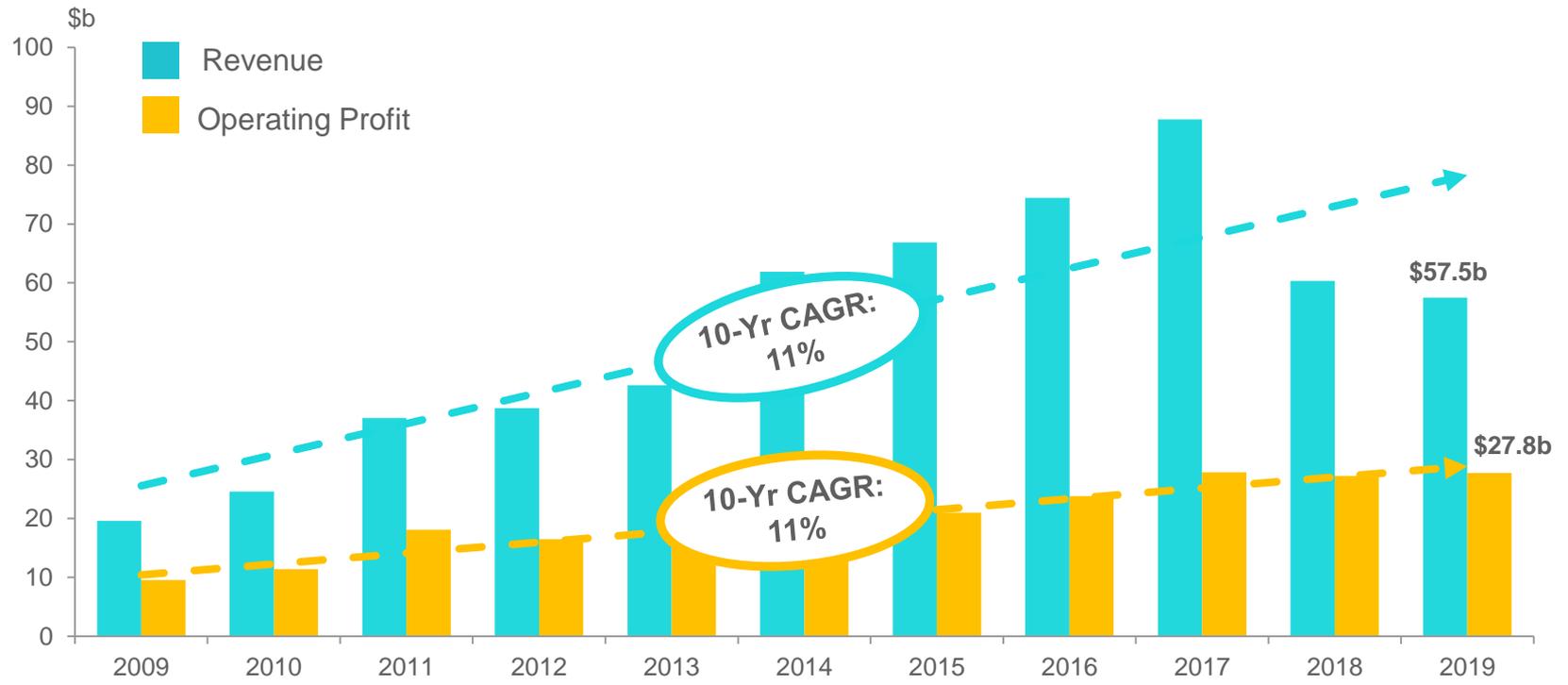
# 2019 financial summary

	2019 (HK\$m)	2018 (HK\$m)	Change %
Revenue	48,519	48,490	+0.1%
Operating Profit	27,243	24,934	+9%
<b>Underlying Net Profit</b>	<b>12,362</b>	13,208	<b>-6%</b>
Profit Before IP Revaluation (Loss)/Gain	12,782	11,796	+8%
IP Revaluation (Loss)/Gain (net of tax & NCI)	(3,609)	5,443	N/A
Profit Attributable to Shareholders	9,173	17,239	-47%
Earnings Per Share			
- Underlying	HK\$6.03	HK\$6.46	-7%
- Attributable to Shareholders	HK\$4.48	HK\$8.43	-47%
Dividend (HK\$ per share)			
- First Interim	HK\$0.525	HK\$0.50	+5%
- Second Interim	HK\$1.050	HK\$1.05	-
- Total	HK\$1.575	HK\$1.55	+2%

Higher contributions from various property segments were partly offset by impairment provisions of HK\$4.9 billion for certain DP

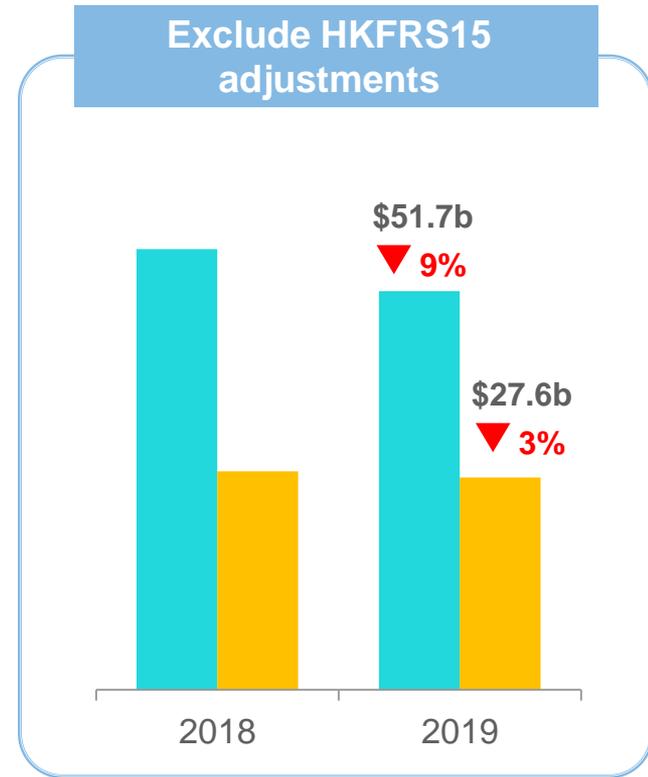
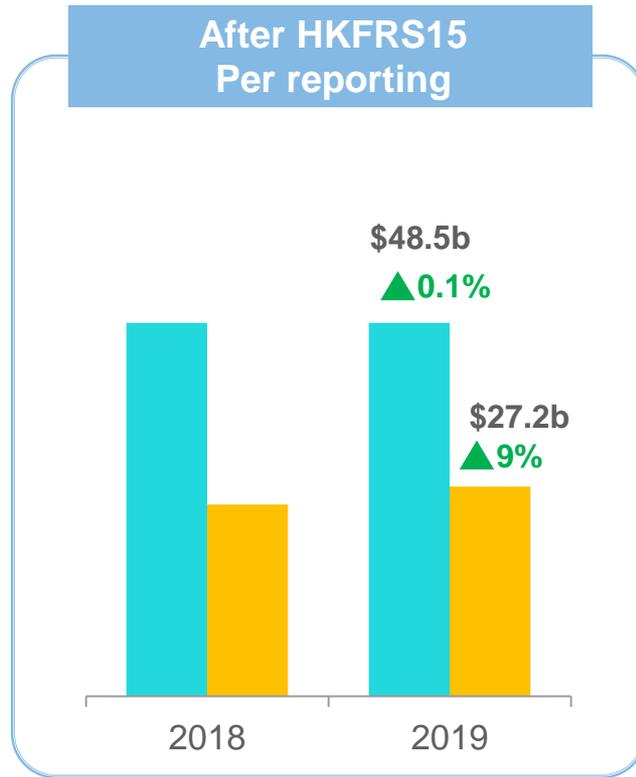
# Consistent performance

Group Revenue and Operating Profit\*



\* Inclusive of attributable contributions from JV and associate

# HKFRS15 Impact



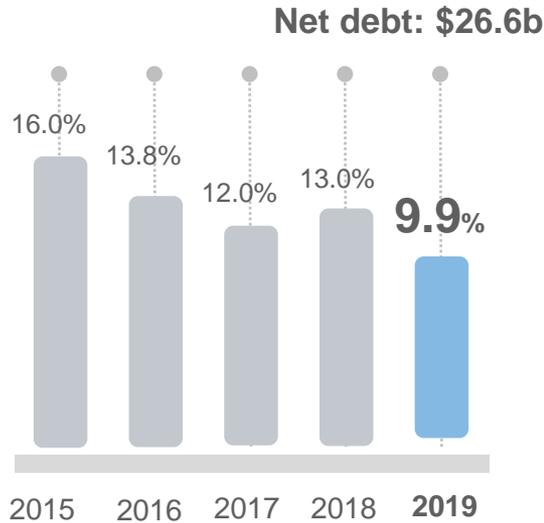
■ Revenue

■ Operating Profit

# Prudent financial management

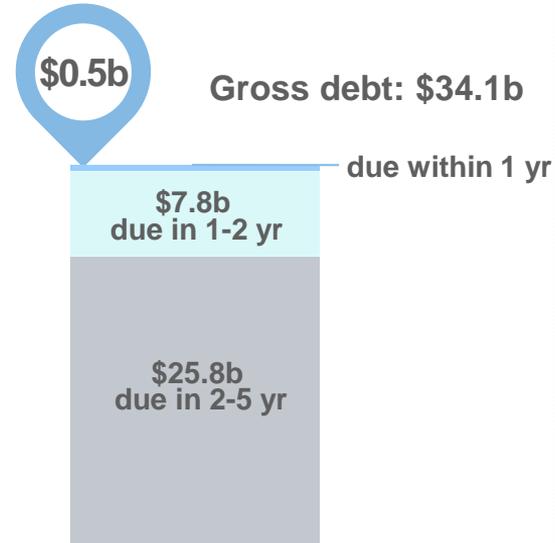
## Wheelock-Own Net Gearing

Improved to 9.9%



## Wheelock-Own Gross Debt Maturity Profile

\$0.5b due within 1 year

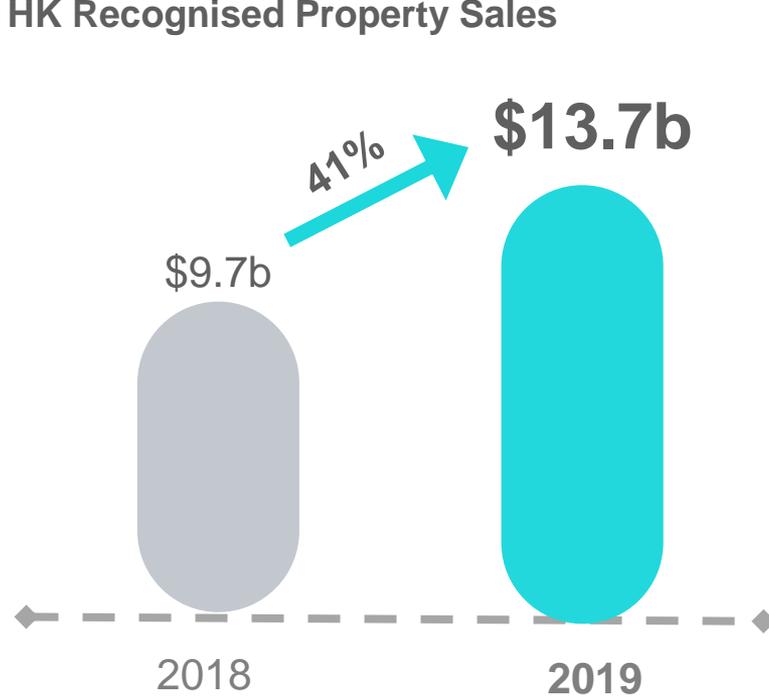


# \$22.3b

sales receivables from DP to support cash recycling

# HKDP Sales Recognition

## HK Recognised Property Sales



2019  
Major Deliveries

MONTEREY  
SOUTH

OASIS  
KAI TAK

2020  
Major Delivery

MALIBU  
EAST

Net order book

**\$32.5b**

(as of Dec 18: \$26.7b)

# Subsidiaries performance

## Wharf REIC Results

- Revenue & underlying net profit both eased by 3% on the good 1H19 results
- IP revaluation deficit \$5.7b (2018: surplus of \$8.0b)
- Impacted by weak sentiment, IP revenue decreased to \$14.3b and operating profit to \$12.5b
- Total dividend decreased by 3% to HK\$2.03 per share

## Wharf (Holdings) Results

- Revenue decreased by 20% to \$16.9b
- Underlying net profit decreased by 58% to \$2.7b
- Strict government controls on selling price prompted financial provisions which resulted in a 85% decrease in DP profit
- IP profit increased by 44% to \$1.5b
- Total dividend decreased by 50% to HK\$0.325 per share

# Solid presale pipeline

4 urban projects planned for sale in 2020



**LOHAS Park**

OCEAN MARINI  
(LOHAS Phase 9C,  
launched in early March)



**Lam Tin**

Sin Fat Rd



**Kai Tak**

NKIL 6564



**Nam Cheong**

Hing Wah St (JV)

# Moving forward

## MARKET CONDITIONS

### Heightened uncertainties continue to cloud outlook:

- Global economic slowdown
- Complex Sino-US trade tensions
- COVID-19 outbreak

## VIGILANCE

### Remain vigilant to navigate challenges ahead:

- Continue to replenish land selectively
- Disciplined financial management to weather headwinds
- Closely monitor the situation

# Sustainability achievements



\$2.0b **First** HK  
sustainability-linked loan



Hang Seng Corporate  
Sustainability Index  
Series Member 2019-2020

**Constituent  
member**



**Platinum** Label



**LEED Platinum**  
8 Bay East awarded  
US LEED Platinum  
Pre-certification

**100%**  
green building

# CSR & Business-in-community



## Transitional Housing

Lease land to NGOs with intended planned target of provision of ~2,000 transitional housing units\*

*\*subject to the approvals of regulatory and consultative bodies*



## Project WeCan

Phase III network reached 76 schools and 68 partners, benefiting 70,000+ students



共建社區 · 過渡性房屋



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# End of presentation

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

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