

# Macro Headwind Persists

## **Wheelock and Company Limited** 2019 Interim Results Presentation

12 August 2019



# Macro Headwind Persists

- Escalating Sino-US trade tension
- Potential impact of a hard Brexit
- Mainland China GDP growth decelerated to 6.2% in Q2
- Softer HK GDP growth

# 1H2019 Results Highlights

**\$16.2b** Contracted sales

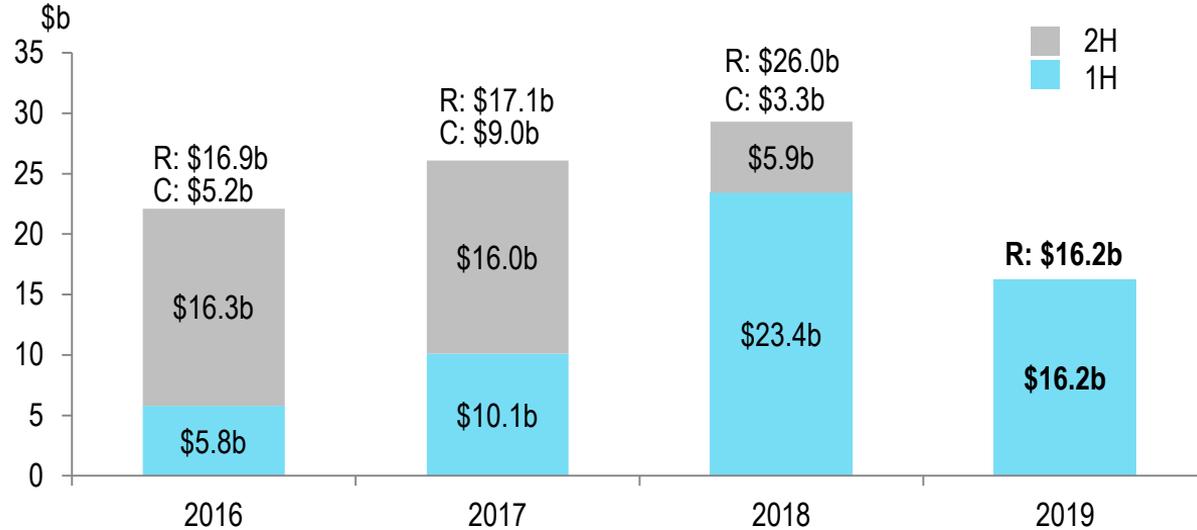
**\$34.9b** Growing net order book

**4** Kai Tak sites acquired YTD

**15.8%** Wheelock-Own net gearing

# Achieved \$16.2b HK Properties Contracted Sales

- Contracted sales achieved \$16.2b
- 100% contribution from residential sales

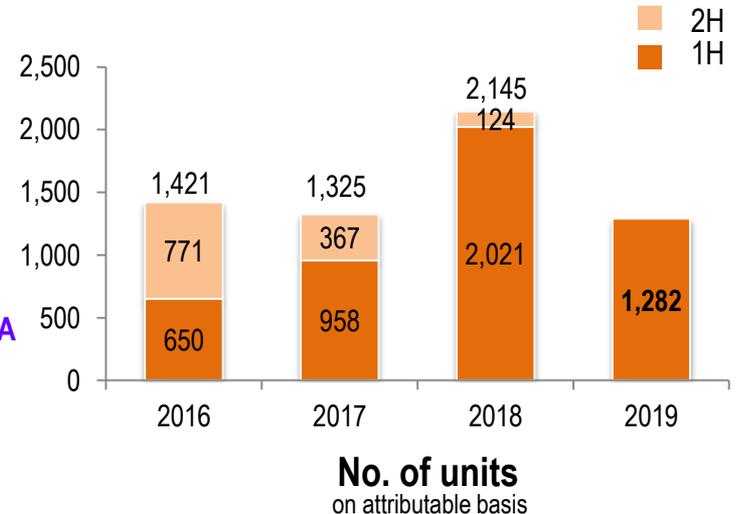
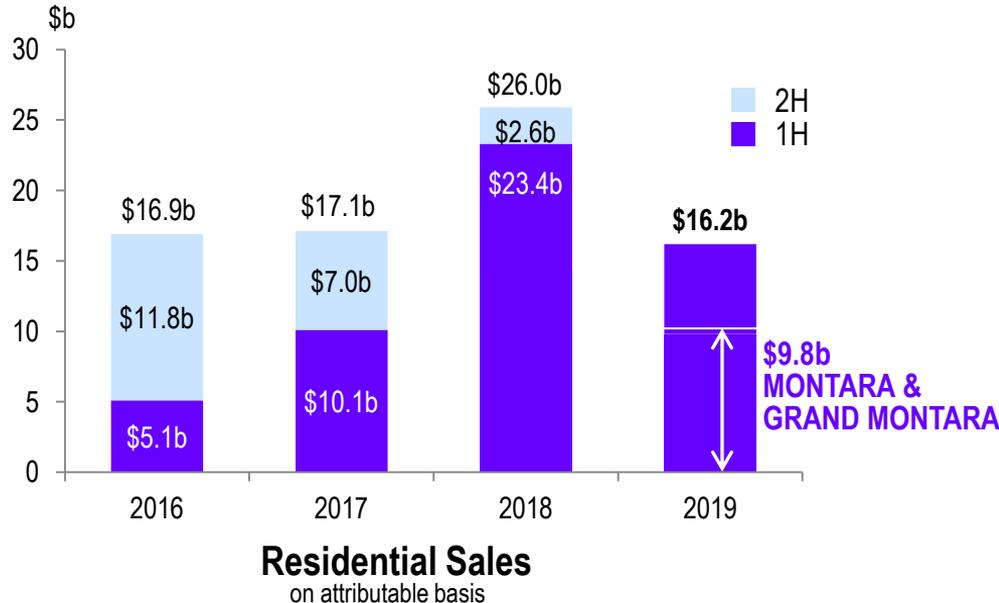


## HKP Contracted Sales

R=Residential; C=Commercial  
on attributable basis

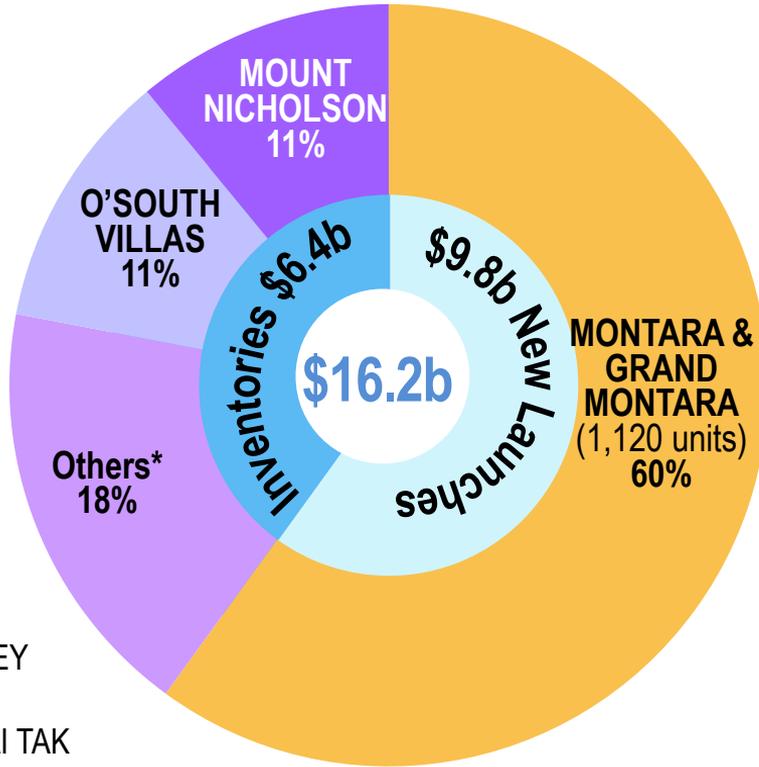
# Residential Sales Over the Years

- 1,282 units sold/presold
- \$9.8b contributed by MONTARA and GRAND MONTARA
- Ranked among Top 5 HK developers# for consecutive years



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

# Drivers of Contracted Sales



\*Others:

1. MALIBU
2. MONTEREY
3. NAPA
4. OASIS KAI TAK
5. ONE HOMANTIN
6. ISLAND RESIDENCE

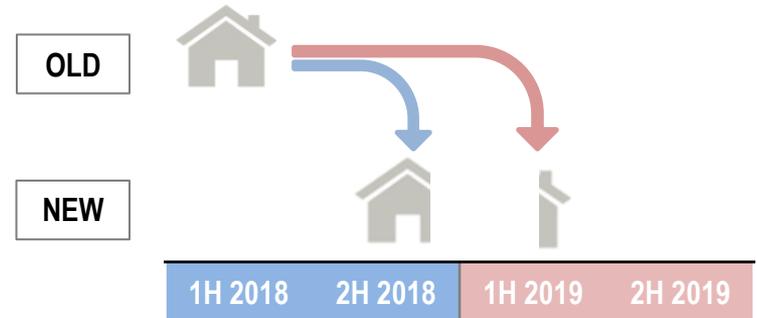
## 1H2019 Sales Contributors



# Implication of revenue recognition by HKFRS 15

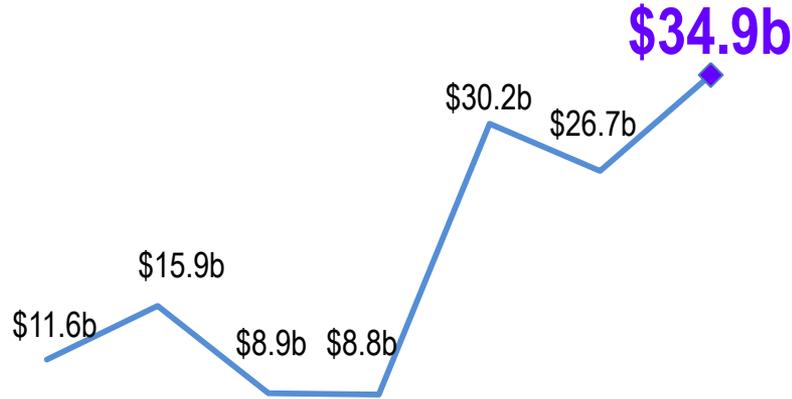
- HKFRS 15 is a new accounting policy focused on the timing of revenue recognition and in effect since January 2018.
- Accordingly revenue from sale of properties is recognised when the legal assignment is completed instead of issue of occupation permit.
- This could mean a timing difference or deferral in recognition by over half a year

## Illustration of the HKFRS 15 on a major project:-



As an effect of the new policy, Wheelock Group revenue for 1H 2018 would have been understated by \$8.6b due to deferral of recognition of some projects to other periods. And if such sales amount were added to 1H2018, the 1H2019 Group revenue would have dropped by 17% instead of an increase by 24% as reported.

# Growing Net Order Book



1H2016 YE2016 1H2017 YE2017 1H2018 YE2018 1H2019

- Net order book grew to \$34.9b, providing revenue visibility in medium-term
- Driven by launches of MONTARA & GRAND MONTARA

# Diversified Product Offerings



**Suburban Houses - NAPA**



**MTR Residence - MONTARA**



**Waterfront Living - MONTEREY**



**Peak Collection – MOUNT NICHOLSON**

THE BRILLIANCE OF  
*Urban Nature*



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

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

- MONTARA presold 616 units in 2 days for \$5.0b, ASP at \$15,100psf
- GRAND MONTARA presold 504 units in 1 day for 4.8b, ASP at \$15,200psf
- Seat atop upcoming 480,000sf MTR mall The LOHAS
- 5 mins walk from LOHAS Park MTR

# Exquisite O'SOUTH VILLAS

- Sold 29 villas for \$1.7b, sell-thru 98% on total units
- GRAND MONTEREY Villa 5 sold at a record price of \$38,000psf

Project	No. of villas sold	ASP
GRAND MONTEREY	22	\$30,300
SAVANNAH	5	\$28,600
CAPRI	2	\$27,500
<b>Total</b>	<b>29</b>	<b>\$29,800</b>



# Urban Focused Land Bank



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

- Up-to-date 6.7Msf GFA land bank after preselling MONTARA and GRAND MONTARA and adding new Kai Tak site in July
- Acquired 4 Kai Tak sites in 2019

- 99%
**Urban focused**
- 58%
**Close to MTR**
- 59%
**Waterfront**

# O'EAST Portfolio – A Touch of Urban Nature



## Launched projects

	Presold Units
MALIBU (LOHAS 5)	1,570
MONTARA & GRAND MONTARA (LOHAS 7)	1,120

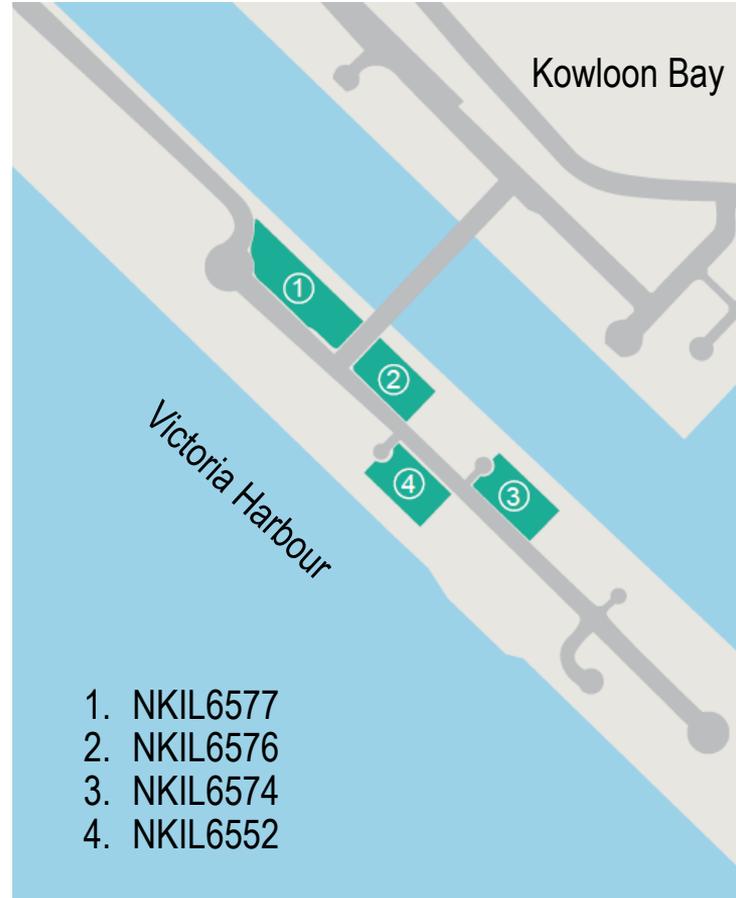
## Upcoming projects

	Planned Units
LOHAS 9	1,653

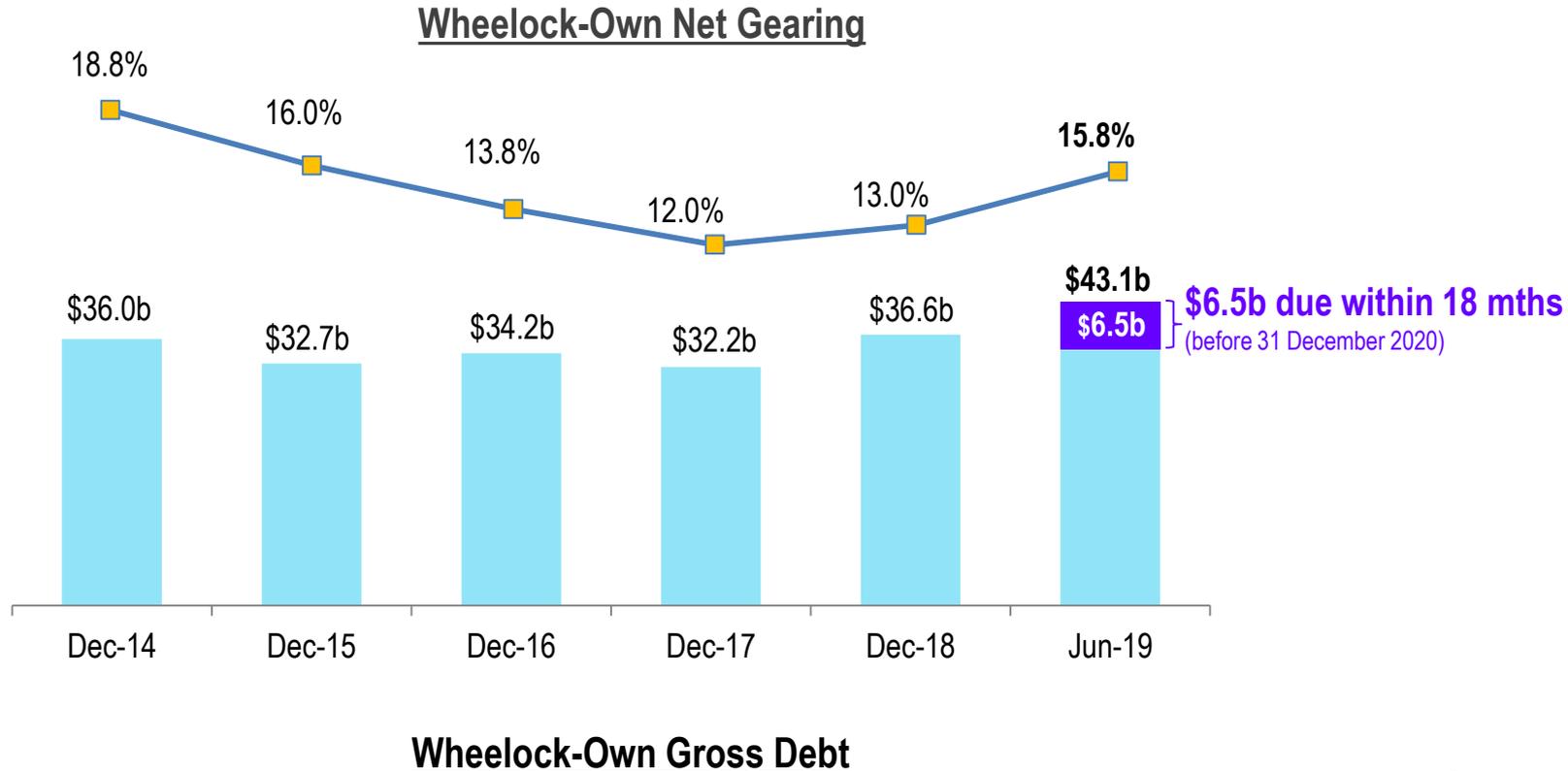
- LOHAS 5, 7 & 9: Total 3Msf GFA portfolio
- Breathtaking view of Tseung Kwan O Bay
- MTR mall The LOHAS to be opened in 2020

# Prominent Kai Tak Runway Portfolio

- 4 Kai Tak runway sites under JVs with 0.9Msf in attributable GFA
- Average land cost at \$14,000psf
- Enjoys a world-class magnificent view of Victoria Harbour
- Achieves synergy in planning and development among projects

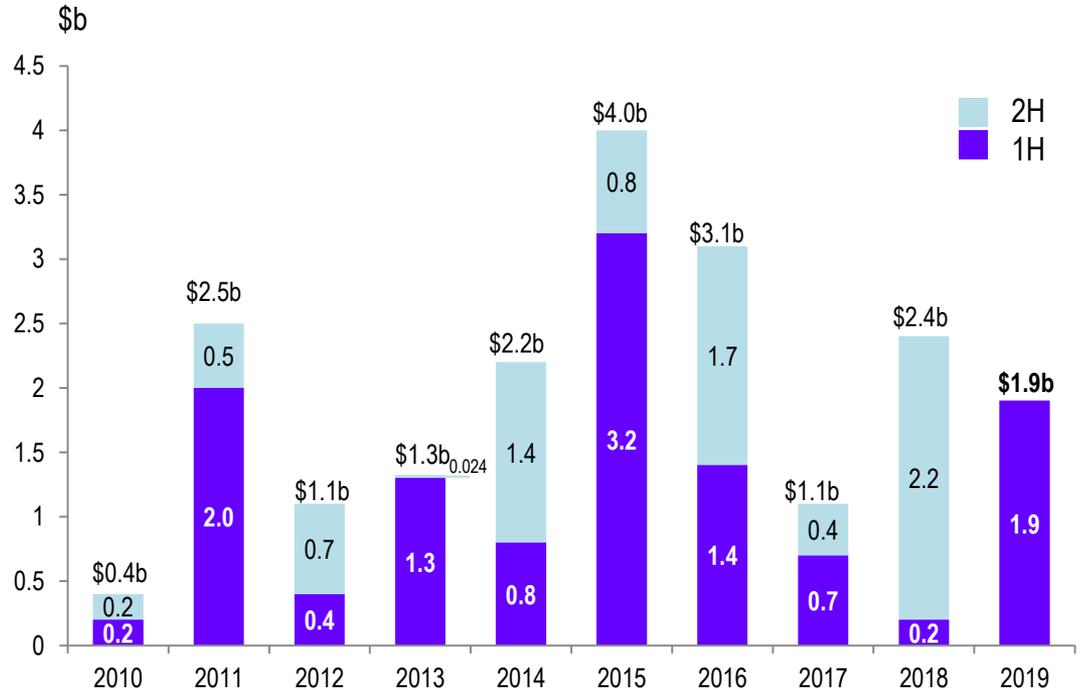


# Strong Financial Position



# Lumpy Wheelock-Own Underlying Net Profit

- Lumpy trend due to timing of sales recognition



**Wheelock-Own Underlying Net Profit**

# 2019 Group Interim Results Highlights

	After HKFRS15 Per reporting			Before HKFRS15 (for illustration only)		
	1H2019 (HK\$m)	1H2018 (HK\$m)	Change %	1H2019 (HK\$m)	1H2018 (HK\$m)	Change %
<b>Revenue</b>	<b>21,713</b>	17,577	+24%	<b>21,742</b>	26,161	-17%
<b>Operating Profit</b>	<b>12,679</b>	9,648	+31%	<b>12,853</b>	12,153	+6%
<b>Underlying Net Profit</b>	<b>6,977</b>	5,160	+35%			
Profit Before IP Revaluation Gain	<b>7,161</b>	5,139	+39%			
IP Revaluation Gain (net of tax & NCI)	<b>1,166</b>	3,465	-66%			
Profit Attributable to Shareholders	<b>8,327</b>	8,604	-3%			
Earnings Per Share						
- Underlying	<b>HK\$3.41</b>	HK\$2.52	+35%			
- Attributable to Shareholders	<b>HK\$4.07</b>	HK\$4.21	-3%			
First Interim Dividend (HK\$ per share)	<b>HK\$0.525</b>	HK\$0.500	+5%			

If no adoption of HKFRS 15, 1H2019 revenue would have dropped by 17% instead of up 24% and operating profit only up 6% instead of 31% as reported.

# Subsidiaries performance: Wharf REIC & Wharf (Holdings)

## Wharf REIC Results

- Wharf REIC's underlying net profit grew 3% to \$5.2b amid soft markets
- **HK IP** revenue increased by 4% to \$7.4b and operating profit by 4% to \$6.6b
- Interim dividend increased by 5% to HK\$1.10 per share, adhering to distribution policy of 65% on HK IPs and Hotels underlying net profit
- Net debt reduced to HK\$36.4 billion, with gearing 16.0%

## Wharf (Holdings) Results

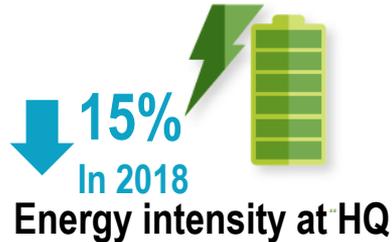
- WHL's revenue increased by 3% to \$8.1b
- **Mainland China DP** operating profit\* decreased to \$1.8b, with operating margin lifting 3pp to 35%  
*\*inclusive of JVs and associates on attributable basis*
- With Changsha IFS added to the portfolio, **Mainland China IP** revenue increased by 22% to \$2.0b and operating profit by 30% to \$1.2b
- **Logistics** segment revenue was flat at \$1.3b amidst looming macro concerns

# Secured HK\$2.0b HK's First Sustainability-linked Loan

## HK's First Sustainability-linked Loan

Amount	<b>HK\$2.0 billion</b>
Signing Date	March 2019
Term	5 years
Interest rate	Based on ESG performance which is assessed by an independent assessor

# Achievements in Sustainability Development



## Project WeCan

Young Innovators Bazaar 2019

- 63 schools with more than 1,000 students set up booths



76  
Schools



68  
Partners



66,000+  
Students



## Lifestyle

- Launched Wheelock Lounge for providing CLUB WHEELOCK members an lifestyle space to relax and mingle

*The Gateway, Tsim Sha Tsui*



## Innovation

- HKSTP@Wheelock Gallery facilitated over 1,100 meetings and 100 events for tech startups
- Launched W-Living app



## Art & Culture

National Geographic Wheelock HK Photo Contest 2018

- Received more than 4,000 entries from 19 countries and regions



# End of Presentation

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

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