
Media Information

For immediate release

10th August 2023

Swire Pacific reports a first-half recurring underlying profit of HK\$4,879 million, up 284% year on year

- *Recurring underlying profit up 284% to HK\$4.9 billion*
- *Rebound seen across all core divisions*
- *Sale of 100% equity interest in Swire Coca-Cola, USA, announced in June and pending approval, crystallising substantial value for a significant return to shareholders*
- *Strong turnaround for Cathay Pacific*
- *Significant increase in rental income from retail properties*

10th August 2023, Hong Kong – Swire Pacific Limited (“the Group”) today released its 2023 Interim Results. The Group’s core divisions have all rebounded in the first six months of this year. The main driver of these strong results is the Aviation Division. Cathay Pacific continues to build on the positive momentum and improved financial performance reported since the second half of 2022, and has benefitted from a surge in travel demand since pandemic control measures were lifted. The Property Division has welcomed an increase in rental income from retail properties in the Chinese Mainland and Hong Kong, and the increased demand in international travel has, in turn, led to an improvement in the hotel business. In the Beverages Division, the business in the USA has continued to perform well, and the results for the period include its latest acquisitions in Vietnam and Cambodia.

Towards the end of June, the Group announced the sale of 100% equity interest in Swire Coca-Cola, USA for a consideration of approximately HK\$30.4 billion. If approved by the independent shareholders of the Company, this transaction will crystallise substantial value at an attractive valuation allowing an immediate and significant return to shareholders. It will also strengthen the Group’s balance sheet, allowing it to pursue its strategic objectives in Greater China and South East Asia.

In the first six months of 2023, Swire Pacific’s consolidated profit attributable to shareholders was HK\$4,221 million. This is compared with HK\$1,914 million for the same period in 2022. The underlying profit attributable to shareholders, adjusted for changes in the value of investment properties, was HK\$5,594 million in comparison to HK\$1,752 million posted for the first half of last year. Disregarding changes in investment property value and significant non-recurring items in both years, the Group recorded a recurring underlying profit of HK\$4,879 million for the period under review, compared with HK\$1,272 million for the corresponding period in 2022.

The Group also improved its shareholder returns with its share buy-back scheme of up to HK\$4 billion, which was announced in 2022 and completed earlier this year. During the period under review, Swire Pacific repurchased 8,998,500 ‘A’ shares and 15,107,500 ‘B’ shares for an aggregate cash consideration of HK\$0.7 billion at average prices of HK\$59.1 per ‘A’ share and HK\$9.7 per ‘B’ share. The Board will continue to evaluate all options, including future share buy-back schemes, taking into consideration the most efficient use of capital for long-term shareholder returns.

First interim dividends are HK\$1.20 per ‘A’ share and HK\$0.24 per ‘B’ share, an increase of 4% over the first interim dividends for 2022.

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Below is a summary of the 2023 interim results:

2023 Interim Results Summary

	Six months ended 30th June		
	2023 HK\$M	2022 HK\$M (Restated*)	Change %
Revenue	51,544	44,808	+15%
Profit attributable to the Company's shareholders			
As reported	4,221	1,914	+121%
Underlying profit	5,594	1,752	+219%
Recurring underlying profit	4,879	1,272	+284%
	HK\$	HK\$	Change %
Earnings per share			
As reported			
'A' share	2.91	1.28	+127%
'B' share	0.58	0.26	
Underlying			
'A' share	3.86	1.17	+230%
'B' share	0.77	0.23	
	HK\$	HK\$	Change %
First interim dividends per share			
'A' share	1.20	1.15	+4%
'B' share	0.24	0.23	

Commenting on the Group's strategic developments in the first half of the year, Guy Bradley, Chairman of Swire Pacific, said, "We continue to remain focused on our strategic, long-term plan of continuous investment in Hong Kong, the Chinese Mainland and South East Asia, while crystallising value and improving our returns to shareholders."

Swire Properties has now committed approximately 40% of its HK\$100 billion investment plan to projects in its core markets in Hong Kong, the Chinese Mainland and South East Asia. In Hong Kong, the business has continued with its placemaking strategy at Taikoo Place, and anticipates the launch of new features at this vibrant business hub in late 2023. At Pacific Place, construction of Six Pacific Place, its newest triple Grade-A office space, is targeted for completion by the end of this year. Adjacent is Five Pacific Place, which has been upgraded to create a shared interior and exterior visual identity with Six Pacific Place.

In the Chinese Mainland, Swire Properties' Taikoo Li and Taikoo Hui retail-led, mixed-use brands are synonymous with high quality retail experiences and there are several exciting projects under development, including Taikoo Li Xi'an and a new resort-style destination in Sanya. Earlier this year, the business successfully acquired 100% ownership of its flagship, retail-led development in Chengdu, soon to be renamed Taikoo Li Chengdu, signalling its confidence in the long-term outlook for the sector. The Greater Bay Area remains a key focus area and Swire Properties is exploring several retail-led opportunities in this dynamic region, including Julong Wan in Guangzhou and Futian District in Shenzhen.

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Swire Coca-Cola successfully completed its new acquisitions in Vietnam and Cambodia in January this year and November 2022, respectively. These new bottling businesses bring Swire Coca-Cola's franchise population to 877 million people. In the first half of 2023, the acquisition in Vietnam began to make meaningful contributions. Swire Coca-Cola looks forward to deploying its expertise and capabilities to drive further growth in these exciting new markets.

Cathay Pacific is firmly on the path to recovery in both its passenger and cargo businesses. The airline has made solid progress with recruitment and training, as well as increasing its capacity and network connectivity. The cargo business was rebranded as Cathay Cargo to align its purpose, vision and values with the Cathay master brand.

On the Group's prospects for the second half of the year, Mr Bradley, said, "We continue to demonstrate our resilience in this post-pandemic era as we navigate an uncertain operating environment brought about by high inflation and geopolitical challenges. And while the economic outlook for the remainder of 2023 may be uncertain, we are confident that we will continue to execute on our long-term investment strategy. We anticipate that the rebound seen in the first six months of the year will continue into the second half, driven mostly by the continuation of the Cathay group's recovery."

The divisional highlights of the 2023 Interim Results are in the Appendix.

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Appendix – Swire Pacific 2023 Interim Results Divisional Highlights:

Property Division

- Attributable underlying profit, which principally adjusts for changes in valuation of investment properties, decreased to HK\$3,195 million in the first half of 2023 from HK\$3,401 million in the first half of 2022. The decrease principally reflected the reduction in profit from the sale of car parking spaces in Hong Kong.
- Attributable recurring underlying profit in the first half of 2023, which excludes the profit from divestments aggregating HK\$7 million (HK\$407 million in the first half of 2022), was HK\$3,188 million, compared with HK\$2,994 million in the first half of 2022.
- Recurring underlying profit from property investment increased in the first half of 2023. This mainly reflected higher retail rental income from Hong Kong and the Chinese Mainland, partly offset by lower office rental income from Hong Kong.
- The small underlying loss from property trading in the first half of 2023 was primarily a result of sales and marketing expenses incurred for several residential trading projects.
- The hotel businesses in Hong Kong and the Chinese Mainland recovered strongly following the lifting of COVID-19 measures and the reopening of the border. The hotels in the USA performed well.

Beverages Division

- Swire Coca-Cola made an attributable profit of HK\$1,423 million in the first half of 2023. This included a non-recurring loss of HK\$239 million, arising from an impairment on investment and relevant provisions in the joint venture for plastic recycling. There was a non-recurring gain of HK\$35 million, arising from the fair value adjustment related to the acquisition of equity interests in the six subsidiaries of CCBMH in the Chinese Mainland. Excluding these non-recurring items, the attributable profit was HK\$1,627 million, compared with HK\$1,152 million in the first half of 2022.
- Total revenue (including that of Shanghai Shen-Mei and excluding sales to other bottlers) increased by 14% to HK\$30,442 million.
- Sales volume increased by 18% to 1,055 million unit cases.
- In the Chinese Mainland, Hong Kong and Taiwan, both revenue and volume grew. In the USA, revenue increased but volume declined. The newly acquired franchise bottling business in Vietnam recorded a strong performance and began to contribute full-period revenue during the first half of 2023.

Aviation Division

Cathay group

- The Cathay group performed very well over the first six months of 2023, with an attributable profit on a 100% basis of HK\$4,268 million, compared with 2022's first-half loss of HK\$4,999 million. These results are a significant improvement over the corresponding period in 2022, and reflect strong demand after the removal of quarantine requirements.
- Throughout the first half of 2023, the airline has concentrated on rebuilding passenger flight capacity by adding more flights and destinations to meet the pick-up demand.
- The group's low-cost carrier, HK Express, also posted a profit, benefitting from the surge in demand for short-haul flights within Asia.
- Some of the Cathay group's associate businesses did post losses for the period, which partially affected overall performance. This is due to these businesses reporting three months in arrears – a period which was still heavily affected by COVID-19 related measures.

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HAECO group

- The HAECO group recorded an attributable profit of HK\$63 million for the period under review, compared with a profit of HK\$166 million in the first half of 2022.
- Although the line maintenance business in Hong Kong has been recovering and the demand for engine overhaul in Xiamen remained strong, the HAECO group's results were impacted by a higher provision for stock obsolescence in the cabin solutions business and reduced unrealised foreign exchange gains at HAECO Xiamen.

– End –

**Following a change in accounting policy resulting from the agenda decision approved by the IFRS Interpretation Committee on "Lessor Forgiveness of Lease Payments (IFRS 9 and IFRS 16)", the comparative figures for the six months ended 30th June 2022 have been restated.*

About Swire Pacific Limited

Swire Pacific (HKEX: 00019/00087) is a Hong Kong-listed international conglomerate with a diversified portfolio of market leading businesses. The company has a long history in Greater China, where the name Swire or Taikoo (太古) has been established for over 150 years. Swire Pacific's strategy is focused on Greater China and South East Asia, where we seek to grow our core businesses of Property, Beverages, and Aviation, as well as new areas of growth such as healthcare and sustainable foods. Swire Pacific is the largest shareholder in two other listed companies in Hong Kong: Swire Properties Limited and Cathay Pacific Airways Limited. Swire Pacific is listed on the Hang Seng Corporate Sustainability Index, Dow Jones Sustainability Asia Pacific Index and MSCI All Country World Index (ACWI) ESG Leaders Index.

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References in this document to Hong Kong are to Hong Kong SAR, to Macau are to Macao SAR and to Taiwan are to the Taiwan region.