
Media Information

For immediate release

14th March 2024

Swire Pacific posts record underlying profit of HK\$36.2 billion with recurring underlying profit of HK\$10.4 billion for 2023

- *Non-recurring profit driven by sale of Swire Coca-Cola USA and gain relating to the One Island East transaction*
 - *Significant turnaround from the Aviation Division*
 - *Post-pandemic recovery benefitted Property Division's retail and hotel businesses*
 - *Continued to improve shareholder returns with share buy-back programmes*
 - *7% increase in full-year ordinary dividends*
 - *Well positioned with a healthy balance sheet for continuous investment in core markets*
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14th March 2024, Hong Kong – Swire Pacific Limited (“the Group”) is pleased to report its excellent financial results for 2023. The year saw a significant turnaround from the Aviation Division, driven by the strong post-COVID demand for travel. The growing momentum of the post-COVID recovery also benefitted the Property Division's retail and hotel businesses. The Group's core businesses remained solid despite the difficult economic environment and ongoing geopolitical tensions in the second half of the year.

The record underlying profit of HK\$36.2 billion was also driven by some very large non-recurring items during the year. In particular, these included the HK\$22.9 billion gain from the sale of Swire Coca-Cola, USA business in September 2023 and the significant gains arising from Swire Properties entering into agreements to sell 12 floors at One Island East for a total consideration of HK\$5.4 billion (the sale of nine floors with an attributable underlying disposal gain of HK\$2.7 billion was recognised in 2023). These gains were partially offset by impairments at HAESL and DeltaHealth, a loss on the disposal of HAECO's cabin solutions business, and a provision for New Life Plastics.

In 2023, Swire Pacific's consolidated profit attributable to shareholders was HK\$28,853 million, compared with HK\$4,195 million in 2022. The underlying profit attributable to shareholders for the year, adjusted for changes in the value of investment properties, was HK\$36,177 million compared with HK\$4,748 million in 2022. Disregarding changes in the value of investment properties and significant non-recurring items in both years, the Group recorded a recurring underlying profit of HK\$10,449 million in 2023 compared with HK\$3,800 million in 2022.

The Group continued to improve its shareholder returns with its share buy-back programme of up to HK\$4 billion, which was announced in August 2022 and completed in May 2023. In light of the value created for shareholders by this buy-back programme, the Group announced in December 2023 a new 'A' and 'B' share buy-back programme of up to HK\$6 billion, which will run until May 2025. During 2023, Swire Pacific repurchased 11,625,000 'A' shares and 18,562,500 'B' shares for an aggregate cash consideration of HK\$875 million at an average price of HK\$59.8 per 'A' share and HK\$9.7 per 'B' share.

Dividends for the full year are HK\$3.20 per 'A' share and HK\$0.64 per 'B' share, an increase of 7% over the ordinary dividends for 2022. In addition to ordinary dividends, in September 2023 the Group also paid a special dividend of HK\$8.120 per 'A' share and HK\$1.624 per 'B' share after the completion of the disposal of Swire Coca-Cola, USA.

Media Information

Below is a summary of the 2023 annual results:

2023 Annual Results Summary

| | 2023 HK\$M | 2022 HK\$M | Change % |
|---|-----------------------|---------------|----------|
| Revenue | 94,823 | 91,693 | +3% |
| Profit attributable to the Company's shareholders | | | |
| As reported | 28,853 | 4,195 | +588% |
| Underlying profit | 36,177 | 4,748 | +662% |
| Recurring underlying profit | 10,449 | 3,800 | +175% |

| | HK\$ | HK\$ | Change % |
|--------------------|--------------|------|----------|
| Earnings per share | | | |
| As reported | | | |
| 'A' share | 19.96 | 2.81 | +610% |
| 'B' share | 3.99 | 0.56 | |
| Underlying | | | |
| 'A' share | 25.03 | 3.18 | +687% |
| 'B' share | 5.01 | 0.64 | |

| | HK\$ | HK\$ | Change % |
|-------------------------------|--------------|------|----------|
| Full-year dividends per share | | | |
| 'A' share | 11.32 | 3.00 | +277% |
| 'B' share | 2.26 | 0.60 | |

Commenting on the Group's performance in 2023, Guy Bradley, Chairman of Swire Pacific, said, "We are delighted with this excellent performance after the pandemic, especially the record underlying profit. These outstanding results also mean we are able to enhance returns to our shareholders through both ordinary and special dividends, as well as our share buy-back programmes."

Swire Properties continued with its HK\$100 billion plan, announced in March 2022 and, by March 2024, had committed almost 60% of this in projects in its core markets. In Hong Kong, the business continued to invest in its core assets in Taikoo Place and Pacific Place. In the Chinese Mainland, new projects included the retail-led, mixed-use development Taikoo Li Xi'an, a retail-led development in Sanya and mixed-use developments in Shanghai. Swire Properties also has a pipeline of residential developments in Hong Kong and South East Asia. In November 2023, Swire Properties broke ground at its Taikoo Li Xi'an development, which is situated within the Small Wild Goose Pagoda historical and cultural zone. It will be Swire Properties' largest "Taikoo Li" project in the Chinese Mainland once completed. In September 2023, the business bid successfully to acquire a 40% interest in both the Yangjing and the New Bund Mixed-use Projects in Shanghai, scaling up its presence in the city and marking Swire Properties' residential brand's debut in the Chinese Mainland. The two sites in Shanghai will be developed into large-scale, mixed-use projects, and include retail, office and premium residential components.

Media Information

Swire Coca-Cola completed the sale of 100% equity interest in Swire Coca-Cola, USA, in September 2023. The non-recurring profit derived from the sale further strengthens the Group's balance sheet and reinforces its long-term strategy. At the beginning of the year, Swire Coca-Cola completed the restructuring of Coca-Cola Bottlers Manufacturing Holdings Limited's ("CCBMH") still beverages business, and assumed ownership of its six subsidiaries in the Chinese Mainland. Swire Coca-Cola continued to expand its footprint in South East Asia, which began with bottling business acquisitions in Vietnam and Cambodia. On 9th February 2024, Swire Coca-Cola conditionally agreed to acquire a majority stake in ThaiNamthip Corporation Ltd's bottling businesses in Thailand and Laos for an aggregate consideration of approximately THB42,616 million (approximately HK\$9,470 million).

The Cathay group has had a very successful year, with its passenger businesses performing especially well. By December 2023, the Cathay group operated passenger flights covering approximately 80 destinations, with Cathay Pacific carrying 18.0 million passengers in 2023 – over five times greater than in 2022. The Cathay group achieved a consolidated profit for the year overall, making 2023 its first profitable year since 2019. In December 2023, the Cathay group bought back 50% – HK\$9.75 billion – of the HK\$19.5 billion preference shares issued to the HKSAR Government as part of the Cathay group's recapitalisation financing during the pandemic. The Cathay group intends to buy back the remaining 50% of shares by the end of July 2024 subject to market conditions and business operations. The Cathay group's strong results in 2023 have also allowed it to announce its first dividend to ordinary shareholders since 2019. Other key milestones include ordering an additional 32 Airbus A321neo and A320neo aircraft for the passenger business in September 2023, as well as six Airbus A350F freighters for the cargo business in December 2023, with the right to acquire 20 more. The Cathay group has also invested in new seats across First class, Business class and Premium Economy in the passenger business. In October 2023, the Cathay group's low-cost carrier HK Express added a new route between Hong Kong and Manila.

The Group maintained its focus on expanding its healthcare services platform and explored investment opportunities in major city clusters in the Chinese Mainland and South East Asia. In December 2023, the Group announced a minority investment with the Indonesia Investment Authority, Indonesia's sovereign wealth fund, in the Indonesia Healthcare Corporation. This investment underscores a commitment by the Group to support the enhancement of healthcare services in Indonesia, and reflects its confidence in the development of the sector. In March 2024, we reached an in-principle agreement to acquire a controlling stake in DeltaHealth in Shanghai, in which we first made a minority investment in 2021. Upon completion, this proposed acquisition will mark the Group's first controlling position in healthcare and aligns with its strategy of being a long-term owner and operator of healthcare services.

On the Group's prospects in 2024, Mr Bradley, said, "While undoubtedly headwinds remain, we are in a healthy position to continue investing in our core markets for the long term. We remain focused on achieving more value for shareholders in 2024."

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

Media Information

Appendix – Swire Pacific 2023 Annual Results Divisional Highlights:

Property Division

- Attributable underlying profit, which principally adjusts for changes in fair value of investment properties, increased to HK\$9,455 million in 2023 from HK\$7,099 million in 2022. The increase principally reflected the profit on disposal of certain office floors in Hong Kong.
- Attributable recurring underlying profit, which excludes the profit from divestment aggregating HK\$3,513 million (HK\$1,255 million in 2022), was HK\$5,942 million in 2023, compared with HK\$5,844 million in 2022.
- Recurring underlying profit from property investment increased in 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 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 full reopening of the border. The hotels in the USA performed solidly.

Beverages Division

- Swire Coca-Cola made an attributable profit of HK\$25,097 million in 2023. This included a non-recurring gain of HK\$22,907 million (net of withholding tax) arising from the disposal of 100% equity interests in the franchise business in the USA and a 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, partly offset by a non-recurring loss of HK\$239 million arising from a write-off of the investment and relevant provisions in the joint venture for plastic recycling. Excluding these non-recurring items, the attributable profit was HK\$2,394 million, which was similar to that in 2022.
- Total revenue (including that of Shanghai Shen-Mei and excluding sales to other bottlers) decreased by 5% to HK\$51,935 million.
- Sales volume increased by 6% to 1,940 million unit cases.
- In the Chinese Mainland, revenue was similar to 2022 with volume growth. Revenue and volume grew in Hong Kong and Taiwan. In the USA, revenue and volume dropped due to the disposal of Swire Coca-Cola, USA on 7th September 2023. On a comparable basis (up to 7th September for both years), revenue increased and volume remained stable. The newly acquired franchise businesses in Vietnam and Cambodia contributed a full year revenue in 2023.

Aviation Division

Cathay group

- The Cathay group's attributable profit on a 100% basis for 2023 was HK\$9,789 million compared with 2022's restated loss of HK\$6,623 million.
- The Cathay group has worked hard to re-establish Hong Kong's connectivity, as well as cater to huge demand for travel following the removal of pandemic restrictions.
- In 2023, HK Express posted its first-ever profit since being acquired by the Cathay group in 2019. The low-cost carrier benefitted from a surge in demand for short-haul flights within Asia.
- The results of Cathay group's associate business, Air China, are reported three months in arrears and therefore do not reflect the full benefit of the post-COVID recovery in the second half of 2023.

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HAECO group

- The HAECO group achieved a recurring profit of HK\$465 million, disregarding an impairment loss of HK\$675 million from HAESL, as well as a disposal loss of HK\$420 million for the cabin solutions business in September 2023. This compares with 2022's profit of HK\$250 million, disregarding an impairment charge of HK\$65 million in respect of rotatable aircraft parts.
- The majority of the HAECO group's businesses performed better in 2023 than in 2022, driven primarily by an uptick in workload recovery of base and line maintenance, and the strong demand for engine overhaul at HAECO Engine Services (Xiamen).

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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. 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, the Dow Jones Sustainability Asia Pacific Index and the MSCI All Country World Index (ACWI) ESG Leaders Index.

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