THE REZIDOR HOTEL GROUP

Q4 2017 & FULL YEAR RESULTS

BRUSSELS, 21 FEBRUARY 2018

FEDERICO J GONZÁLEZ, PRESIDENT & CEO
KNUT KLEIVEN, DEPUTY PRESIDENT & CFO

Key developments

The 5 Year Operating Plan was approved by the board in October enabling a step change in the company

2022 DESTINATION

In 2018, we have started to implement the plan and we are making excellent progress towards the goals set, including:

- Definition of new brand architecture and guest experience
- Establishing new revenue generation capabilities
- Repositioning of key properties and portfolio optimization
- Expansion plan with asset right approach (including leases in Key cities)
- Implementation of a new IT platform

THE REZIDOR HOTEL GROUP

We held a Investor Day on January 17th in Frankfurt where the 5 Year operating plan was explained. The plan was well received and we had very positive feedback from the investment community

Key Highlights

Solid 2017 and excellent progress with the definition of the 5-year operating plan

Revenue

- €999.5m L/L Revenue, +4.0% (+€38.3m)
- €967.3m Reported Revenue, +€6.1m (+0.6%) due to openings of €14.5m (1.5%), offset by exits of €31.4m (–3.3%) and negative FX of €15.3m (–1.6%)

EBITDA

- €98.2m Adjusted EBITDA, +12.1% (+€10.6m)
- €82.1m Reported EBITDA, +€2.8m (+3.5%) due to restructurings of €10.5m, and other one-offs of €5.6m
- 8.5% EBITDA margin (+0.2 pp)

RevPAR

- L/L RevPAR €74.7 (+4.8%)
- L/L ADR €108.8 (+2.2%)
- L/L Occupancy 68.7% (+1.7 pp)
- Reported RevPAR €69.7 (+1.3%)

Net profit

- €38.1m Adjusted Net Profit, +27% (+€8.1m)
- €4.4m Reported Net Profit, –€22.0m due to €32.0m higher income tax
- No payment of dividend this year. No change of divined policy for next years (1/3 of net profit)

Full Year 2017 – Solid 2017 results

Adjusted EBIT €10.2m (22.3%) above last year

	Profits and Loss M€	2017	2016	Vs Last Year M€	Vs Last Year %
	LFL Revenue	**999.5**	**961.2**	**38.3**	**4.0**
1	**Revenue**	**967.3**	**961.2**	**6.1**	**0.6**
	Payroll	(347.8)	(337.8)	(10.0)	3.0
	Other OPEX	(304.9)	(308.8)	3.9	(1.3)
	EBITDAR	**314.6**	**314.6**	**0.0**	**0.0**
	% over Revenue	32.5	32.7	(0.2) pp	
	Rents & Guarantees	(231.7)	(235.9)	4.2	(1.8)
	Share of income in assoc.	(0.8)	0.6	(1.4)	N/A
2	**EBITDA**	**82.1**	**79.3**	**2.8**	**3.5**
	% over Revenue	8.5	8.3	0.2 pp	
	Depreciations	(42.2)	(41.8)	(0.4)	1.0
	Write-downs	(21.0)	(7.5)	(13.5)	180.0
	Other non-recurring	(4.2)	(27.0)	22.8	(84.4)
3	**EBIT**	**14.7**	**3.0**	**11.7**	**390.0**
	Net financial expenses	(2.0)	(0.3)	(1.7)	566.7
	Income tax	(8.3)	23.7	(32.0)	N/A
4	**Net Income**	**4.4**	**26.4**	**(22.0)**	**(83.3)**
5	**Adjusted EBITDA**	**98.2**	**87.6**	**10.6**	**12.1**
6	**Adjusted EBIT**	**56.0**	**45.8**	**10.2**	**22.3**

1. **Revenue** increased by €6.1m (0.6%), due to like-for-like growth of €38.3m (4.0%) and openings of €14.5m (1.5%), partly offset by exits of €31.4m (–3.3%) and negative FX of €15.3m (–1.6%)
2. **EBITDA** is €2.8m (3.5%) above last year, mainly due to increase in fee revenue of €7.7m and exit of loss making hotels, partly offset by higher central costs of €7.1m (mainly of a one-off nature) and higher costs for bad debts of €2.7m
5. **Adjusted EBITDA** is €10.6m (12.1%) above last year
3. **EBIT** is €11.7m (390.0%) above last year due to the increase in EBITDA of €2.8m and lower exit costs of €24.7m, partly offset by higher costs for write-downs of €13.5m and less gain on sale of business of €1.9m.
6. **Adjusted EBIT** is €10.2m (22.3%) above last year
4. **Net Income** is €22.0m (–83.3%) below last year. The increase in EBIT of €11.7m is offset by higher net financial expenses of €1.7m (mainly FX) and €32.0m higher income tax, where of €26.7m is of one-off nature

Full Year 2017 – Results impacted by one-offs

€m	2017	2016	Change	%
Revenue	967.3	961.2	6.1	0.6
EBITDAR	314.6	314.6	0.0	0.0
EBITDA	82.1	79.3	2.8	3.5
EBIT	14.7	3.0	11.7	390.0

FX	Exits	New Hotels	Repo. 16	Repo. 17	One-offs	Like-for-like
–15.2	–31.4	6.3	12.7	–4.6	—	38.3
–5.4	–8.5	4.4	4.3	–1.9	–7.8	14.9
–1.6	–1.3	4.2	2.3	–1.1	–7.8	8.1
0.0	–0.6	4.2	0.6	–0.6	1.5	6.6

- **FX** had negative impact of €15.2m on Revenue but limited impact on EBIT
- **Exits** include four leased hotels in the Nordics which went offline in 2016 and had a negative impact on Revenue of €26.7m, but positive impact on EBIT. Exit of managed and franchised hotels had a negative impact of €4.7m on Revenue
- **New hotels** have contributed €6.3m to Revenue and €4.2m to EBIT
- EBITDA was impacted by €7.8m higher **one-off** costs, mainly due to restructurings, change of CEO and financial advisory fees. On EBIT, one-offs had a positive impact of €1.5m. The negative one-offs recognised in EBITDA of €7.8m and higher costs for write-downs of fixed assets of €13.5m were offset by €24.7m lower costs for termination of contracts
- On a **like-for-like** basis revenue has increased by 4.0% due to the positive L/L RevPAR development

Q4 2017 – Solid L/L Revenue Growth of 2.8%

Adjusted EBIT €1.3m (10.0%) above last year

	Profits and Loss M€	Q4 2017	Q4 2016	Vs Last Year M€	Vs Last Year %
	LFL Revenue	**249.8**	**243.1**	**6.7**	**2.8**
1	**Revenue**	**241.6**	**243.1**	**(1.5)**	**(0.6)**
	Payroll	(93.2)	(86.1)	(7.1)	8.1
	Other OPEX	(76.0)	(78.3)	2.3	(2.8)
	EBITDAR	**72.4**	**78.7**	**(6.3)**	**(8.0)**
	% over Revenue	30.0	32.4	(2.4) pp	
	Rents & Guarantees	(55.7)	(55.9)	0.2	(0.4)
	Share of income in assoc.	0.1	0.3	(0.2)	(66.7)
2	**EBITDA**	**16.8**	**23.1**	**(6.3)**	**(27.3)**
	% over Revenue	7.0	9.5	(2.5) pp	
	Depreciations	(10.8)	(12.2)	1.4	(11.5)
	Write-downs	(7.3)	(2.9)	(4.4)	151.7
	Other non-recurring	(2.9)	(18.5)	15.6	(84.3)
3	**EBIT**	**(4.2)**	**(10.3)**	**6.1**	**59.2**
	Net financial expenses	(0.1)	0.4	(0.5)	N/A
	Income tax	(1.7)	26.8	(28.5)	N/A
4	**Net Income**	**(6.0)**	**16.9**	**(22.9)**	**(135.5)**
5	**Adjusted EBITDA**	**25.2**	**25.2**	**0.0**	**N/A**
6	**Adjusted EBIT**	**14.3**	**13.0**	**1.3**	**10.0**

1. **Revenue** decreased by €1.5m (-0.6%) due to exits of €-5.0m (-2.1%) and FX of €-5.1m (-2.1%), partly offset by like-for-like growth of €6.7m (2.8%) and openings of €1.9m (0.8%)
2. **EBITDA** is €6.3m (-27.3%) below last year, mainly due to €6.6m higher costs for restructurings and €0.9m higher costs for bad debts, partly offset by positive development in the like-for-like portfolio
5. **Adjusted EBITDA** is flat vs last year and amounts to €25.2m with a margin of 10.4%
3. **EBIT** is €6.1m (59.2%) above last year, mainly due to lower exit costs of €15.5m, partly offset by the decrease in EBITDA **and higher costs for write-downs of €4.4m**
6. **Adjusted EBIT** is €1.3m (10.0%) above last year
4. **Net Income** is €22.9m (-135.5%) below last year. The increase in EBIT of €6.1m is offset by 28.6m higher income tax, where of €26.7m is of one-off nature (changes to deferred tax assets)

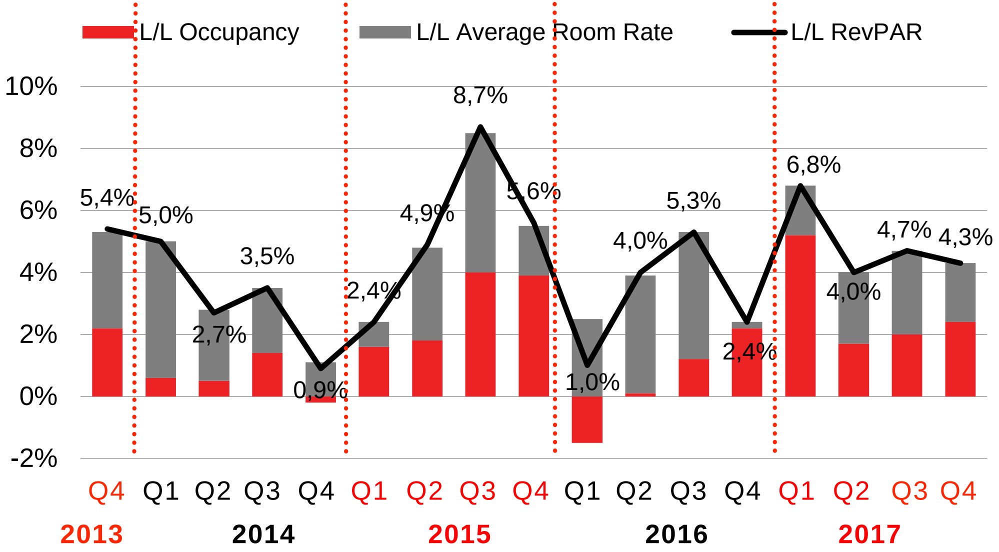
Q4 2017 – Good progress on results impacted by one-offs

€m	Q4 2017	Q4 2016	Change	%
Revenue	241.6	243.1	–1.5	–0.6%
EBITDAR	72.4	78.7	–6.3	–8.0%
EBITDA	16.8	23.1	–6.3	–27.3%
EBIT	–4.2	–10.3	6.1	–59.2%

FX	Exits	New Hotels	Repo. 17	One-offs	Like-for-like
–5.1	–5.0	1.4	0.5	—	6.7
–1.8	–1.6	1.0	–0.4	–6.3	2.8
–0.6	–0.6	0.9	–0.6	–6.3	0.9
0.2	–0.3	0.9	–0.6	4.8	1.1

- **FX** had negative impact of €5.1m on Revenue but limited impact on EBIT
- **Exits** include one lease hotel in the Nordics which went offline at the end of 2016 and had a negative impact on Revenue of €3.3m, but positive impact on EBIT. Exit of managed and franchised hotels had a negative impact of €1.7m on Revenue
- **New hotels** have contributed €1.4m to Revenue and €0.9m to EBIT
- EBITDA was impacted by €6.3m higher **one-off** costs, mainly due to restructurings. On EBIT, one-offs had a positive impact of €4.8m. The negative one-offs recognised in EBITDA of €6.3m and higher costs for write-downs of fixed assets of €4.4m were offset by €15.5m lower costs for termination of contracts
- On a **like-for-like** basis revenue has increased by 2.8% due to the positive L/L RevPAR development

Q4 L/L RevPAR increased 4.3% via rate and occupancy



- 4.3% L/L RevPAR increase in leased & managed portfolio vs. 2.7% in leased
- Growth via Average Rate (1.9%) & Occupancy (2.4%)
- 3 of 4 regions reported growth led by Eastern Europe
- All 3 months of the quarter showed positive development

NOTE: Like-for-like: same hotels in operation during same period last year compared at constant exchange rates

Performance above competition

RGI DEVELOPMENT

	JAN-DEC 2017
RGI	110.5
Hotels w RGI data	139
RGI >100% (% of Hotels)	64
Gaining ARI (% of Hotels)	55

Comparable Managed & Leased Hotels with 3rd Party RGI Data

- Overall results RGI in-line with last year
- Focus on Average Rate growth resulted in a 0.6% growth in ARI
- 55% of hotels gained ARI

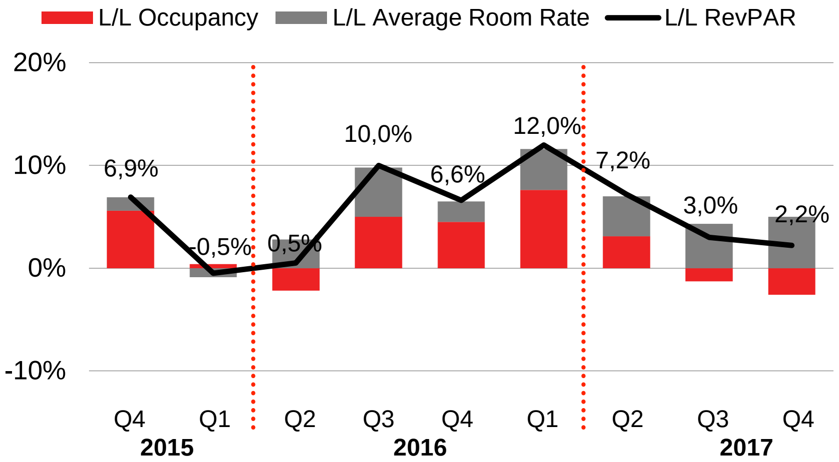
TRIPADVISOR RANKINGS

	DEC 2017
Hotels w data	363
TOP 10 (% of Hotels)	53
TOP 30 (% of Hotels)	76

- >50% of our hotels ranked in the TOP10 of their respective markets
- Overall evolution if flat vs last year

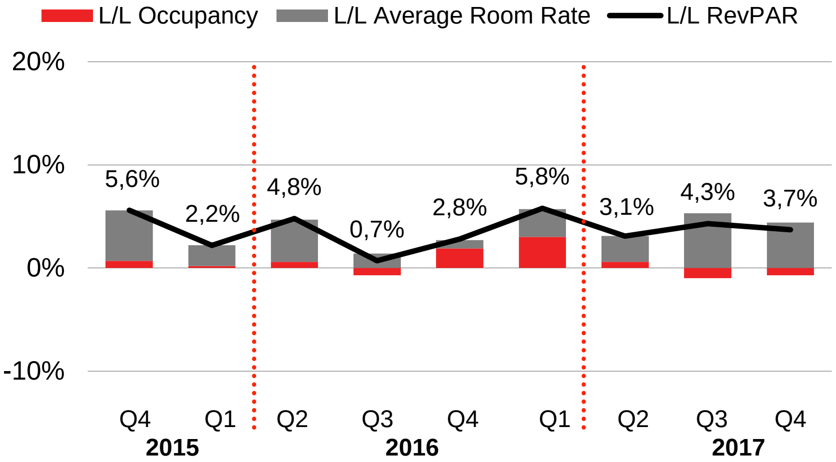
Good performance in the Nordics and Western Europe both via rate

NORDICS



- 2.2% L/L RevPAR growth with all 3 months of Q4 above last year with growth via rate (+5.0%) off-setting a decline in occupancy (-2.6%)
- Norway led the growth (+11.4%) driven by rate via continued strong demand
- Sweden (-6.4%) was negatively impacted by renovations and softening demand in Stockholm & Malmö
- Denmark (-10.7%) was negatively impacted by renovations

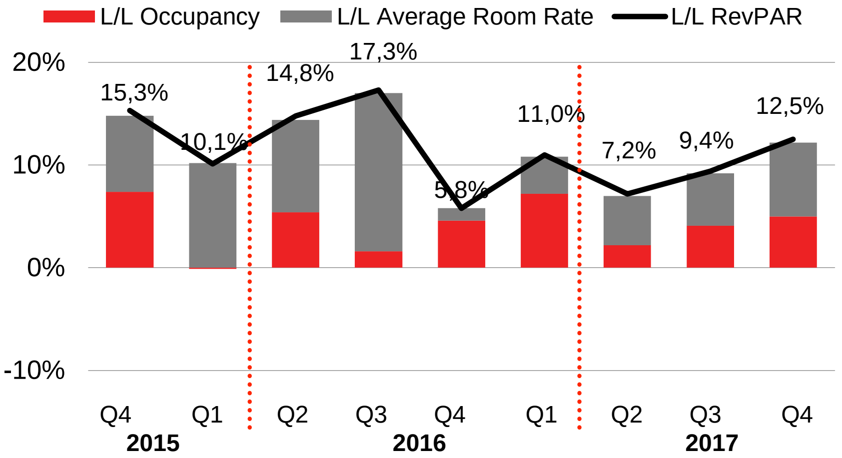
ROWE



- 4.3% L/L RevPAR growth with all 3 months of Q4 above last year with growth via rate (+4.4%)
- All key countries above last year with exception of Germany (-0.8%) impacted by the fair cycle and the closure of the Congress Centre Hamburg
- Strongest growth in France (+16.9%) recovering from the attacks

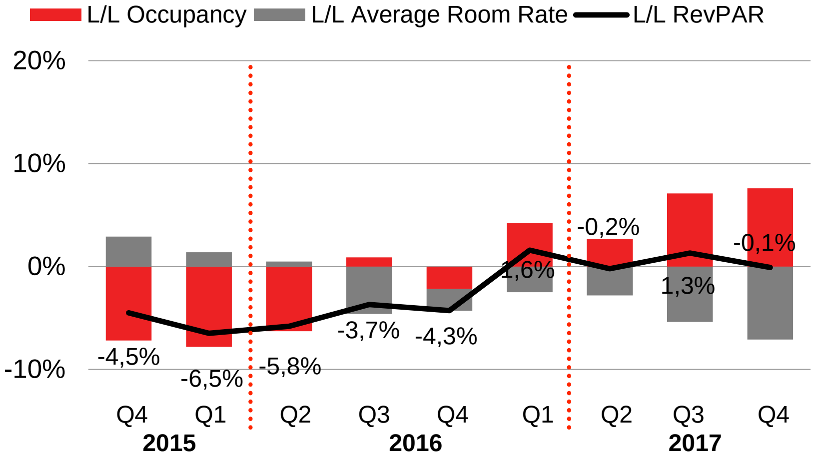
Eastern Europe strong development continues with Middle East & Africa marginally below last year as the weak trends in the market continue

EASTERN EUROPE



- 12.5% L/L RevPAR growth with all 3 months of Q4 above last year via rate (+7.2%) and occupancy (+5.0%)
- Growth led by Turkey (+41.5% - recovering from events last year) with strong performances also in Russia (17.8% - linked to a number events & summits and Ukraine (+10.1% - domestic demand)

MIDDLE EAST & AFRICA



- L/L RevPAR marginally below last year, -0.1%, with 2 months of Q4 above last year (November below)
- Significant improvements in Northern Africa (Tunisia +77.5%, Egypt +52.8 %) with strong growth in a number of other countries (e.g., Kuwait +11.1%. Oman +8.6%)
- Key challenges remain Saudi Arabia (-13.2% - price of oil & related impact) and United Arab Emirates (-3.2% - renovations and increased supply)

Q4 Lease Business

EBIT improvement of €12.9m (76.8%)

Nordics

- LFL Revenue increased by €0.8m (0.8%)
- Revenue decreased by €4.3m (–4.4%), mainly due to exit of one lease and the strengthening of the Euro, partly offset by LFL RevPAR growth of 0.5%.
- EBIT decreased by €5.6m (–116.7%), mainly due to €6.3m higher costs for write-downs of fixed assets and other negative one-offs

Rest of Western Europe

- LFL Revenue increased by €3.3m (3.1%)
- Revenue increased by €1.2m (1.1%), mainly due to the LFL RevPAR growth of 4.5%, partly offset by weakening of the British pound and the Swiss franc.
- EBIT increased by €18.5m (85.6%), mainly due to €15.5m lower costs for termination of contracts and €1.9m lower costs for write-downs of fixed assets

Revenues (€m)	NO	RoWE	Total
Q4 2017	93.6	107.5	201.1
Q4 2016	97.9	106.3	204.2
Diff	-4.3	1.2	-3.1
%Diff	-4.4	1.1	-1.5

EBIT (€m)	NO	RoWE	Total
Q4 2017	-0.8	-3.1	-3.9
Q4 2016	4.8	-21.6	-16.8
Diff	-5.6	18.5	12.9
%Diff	-116.7	85.6	76.8

Q4 Fee Business

Fee revenue increase of €1.1m (3.5%). EBIT negatively impacted by higher costs for bad debts and marketing

Eastern Europe

- LFL Fee Revenue increased by €2.6m (32.1%)
- Fee revenue increased by €2.6m (30.2%) due to the strong L/L RevPAR development and higher incentive fees.
- EBIT increased by €0.8m (14.3%), mainly due to higher fee revenue, partly offset by higher costs for bad debt and marketing

Rest of Western Europe

- LFL Fee revenue decreased by €0.6m (–5.8%)
- Fee revenue decreased by €1.4m (–12.1%), mainly due to lower termination and incentive fees. EBIT decreased by €2.3m (–28.4%), mainly due to lower fee revenue and higher marketing costs

Middle East, Africa & Others

- LFL Fee Revenue was flat vs last year
- Fee revenue decreased by €0.6m (–7.0%), mainly due to lower franchise and incentive fees as well as one-off items.
- EBIT decreased by €0.9m (–20.0%), mainly due to lower fee revenue

Revenues (€m)	NO	RoWE	EE	MEAO	Total
Q4 2017	3.2	10.2	11.2	8	32.6
Q4 2016	2.7	11.6	8.6	8.6	31.5
Diff	0.5	-1.4	2.6	-0.6	1.1
%Diff	18.5	-12.1%	30.2	-7.0	3.5

EBIT (€m)	NO	RoWE	EE	MEAO	Total
Q4 2017	1.7	5.8	6.4	3.8	17.7
Q4 2016	1.5	8.1	5.6	4.4	19.6
Diff	0.2	-2.3	0.8	-0.6	-1.9
%Diff	13.3	-28.4	14.3	-13.6	-9.7

Cash Flow and Balance Sheet

Free Cash Flow improved by €47.9m

2017 vs 2016	2017	2016
Cash flow before working capital changes	54.1	37.8
Change in working capital	18.3	–3.9
Cash flow from operating activities	**72.4**	**33.9**
Investments	–73.7	–83.1
Free Cash Flow	**–1.3**	**–49.2**

In M€	Dec 31, 2017	Dec 31, 2016
Total assets	513.4	502.5
Net working capital	−48.6	−38.4
Net cash (net debt)	−31.7	−20.9
Equity	253.7	265.7

- Improved cash flow before working capital due to increase in EBIT adjusted for non-cash items
- Positive change in working capital, mainly due to higher accounts payables and accrued expenses per end of 2017
- Less cash used in investing activities due to less investments in the leased portfolio, partly due to timing of renovation works. Also, in Q2 last year €14.7m was invested in prizeotel holding GmbH
- Net cash position is negative (€–31.7m) by the end of the period. Used overdraft of €30.4m and Prizeotel loan of €8.7m is partly offset by €7.4m in cash

Strong rooms signings despite a slowdown in emerging markets & a good year for openings

Radisson Blu Aurora Hotel, Saint Petersburg, Russia

Radisson Blu Hotel & Apartments Douala, Cameroon

Radisson Hotel Dakar Diamniadio, Dakar, Senegal

Park Inn by Radisson Dubai Motor City, Dubai, UAE

SIGNINGS	YTD 2017	YTD 2016
Hotels	24	45
Rooms	7,476	8,200

- Good momentum for signings in Africa with 4 additions: Dakar (Senegal), Lagos (Nigeria), Addis Ababa (Ethiopia), and Douala(Cameroon)
- Reinforced leadership position in Russia: Radisson Blu Aurora Hotel, Saint Petersburg

OPENINGS	YTD 2017	YTD 2016
Hotels	28	18
Rooms	5,039	3,585

- 1st Radisson in EMEA: Radisson Hotel Dakar Diamniadio (Senegal)
- Good traction on opening of pipeline in Middle East with 3 openings in UAE, 1 in Saudi Arabia, and 1 in Lebanon
- Purely fee-based growth


Q&As


FEDERICO J. GONZÁLEZ
PRESIDENT & CEO

KNUT KLEIVEN

DEPUTY PRESIDENT & CFO

QUORVUS COLLECTION Radisson BLU Radisson RED park inn by Radisson prizeotel

Annex

Full Year 2017 – Adjusted EBIT

The Adjusted EBIT is built up as follows

	2017	2016	Change
Reported EBIT	**14.7**	**3.0**	**11.7**
Restructurings / Redundancy costs	10.5	5.4	5.1
Financial advisor fees incurred in connection with the public offer on the shares of the company	2.2	—	2.2
Costs incurred in connection with the resignation of the former CEO	2.0	—	2.0
Retention bonus	1.4	2.9	–1.5
Write-downs and reversal of write-downs	21.0	7.5	13.5
Costs due to termination of contracts	4.2	28.9	–24.7
Gain on sale of business	—	–1.9	1.9
Total adjustments to EBIT	**41.3**	**42.8**	**–1.5**
Adjusted EBIT	**56.0**	**45.8**	**10.2**

Q4 2017 – Adjusted EBIT

The Adjusted EBIT is built up as follows

	Q4 2017	Q4 2016	Change
Reported EBIT	**–4.2**	**–10.3**	**6.1**
Restructurings / Redundancy costs	8.0	1.4	6.6
Retention bonus	0.4	0.7	–0.3
Write-downs and reversal of write-downs	7.3	2.9	4.4
Costs due to termination of contracts	2.8	18.3	–15.5
Total adjustments to EBIT	**18.5**	**23.3**	**–4.8**
Adjusted EBIT	**14.3**	**13.0**	**1.3**