

January–June 2018

Second Quarter 2018

- **Revenue decreased by MEUR 0.4 (–0.2%) to MEUR 253.7.** The decrease is due to the exit of eight leases at the end of last year (MEUR –7.1) and the strengthening of the Euro (MEUR –7.0). **On a like-for-like basis, including hotels under renovation (“LFL&R”), Revenue increased by MEUR 13.7 (5.6%).**
- **Reported RevPAR for leased and managed hotels increased by 1.6% and RevPAR LFL&R by 8.2%.**
- **EBITDA increased by MEUR 12.0 (42.3%) to MEUR 40.4 and the EBITDA margin increased 4.7 pp to 15.9%.** The increase is mainly due to the like-for-like revenue growth and reduction in operating costs in leased hotels. In addition, the net costs for central activities are MEUR 2.3 lower than last year and share of income in associates and joint ventures is MEUR 1.2 higher.
- **EBIT increased by MEUR 20.8 (330.2%) to MEUR 27.1 and the EBIT margin increased 8.2 pp to 10.7%.** In addition to the EBITDA development, EBIT is positively impacted by MEUR 10.3 lower costs for write-downs of fixed assets.
- **Profit/loss for the period increased by MEUR 16.9 (469.4%) to MEUR 20.5.**
- **Basic and diluted earnings per share were EUR 0.12 (0.02).**
- **1,268 (1,666) rooms were contracted, 271 (1,397) rooms opened and 0 (1,314) rooms left the system.**

Half Year 2018

- **Revenue decreased by MEUR 16.7 (–3.5%) to MEUR 459.9.** Revenue LFL&R increased by MEUR 12.6 (2.8%).
- **Reported RevPAR for leased and managed hotels decreased by 0.8% and RevPAR LFL&R increased by 5.2%.**
- **EBITDA increased by MEUR 15.6 (50.5%) to MEUR 46.5 and the EBITDA margin increased 3.6 pp to 10.1%.**
- **EBIT increased by MEUR 24.2 to MEUR 22.3 and the EBIT margin increased 5.2 pp to 4.8%.**
- **Profit/loss for the period increased by MEUR 19.5 to MEUR 15.5.**
- **Basic and diluted earnings per share were EUR 0.09 (–0.02).**
- **Cash flow from operating activities amounted to MEUR 32.8 (24.3).**
- **3,306 (4,844) rooms were contracted, 1,966 (2,322) rooms opened and 473 (2,199) rooms left the system.**

MEUR	Q2 2018	Q2 2017	Change	%	H1 2018	H1 2017	Change	%
Revenue	253.7	254.1	–0.4	–0.2%	459.9	476.6	–16.7	–3.5%
EBITDA	40.4	28.4	12.0	42.3%	46.5	30.9	15.6	50.5%
EBIT	27.1	6.3	20.8	330.2%	22.3	–1.9	24.2	N/A
Profit/loss for the period	20.5	3.6	16.9	469.4%	15.5	–4.0	19.5	N/A
EBITDA margin	15.9%	11.2%	4.7 pp		10.1%	6.5%	3.6 pp	
EBIT margin	10.7%	2.5%	8.2 pp		4.8%	–0.4%	5.2 pp	

Comments from the CEO

Very encouraging quarter: Best ever EBITDA in the history of the company and very good progress on all the 5-year operating plan initiatives



We report an all-time high EBITDA for a quarter and for a first semester.

More in detail, in the quarter we achieved an EBITDA of MEUR 40.4 (an increase of 42.3%) and an EBITDA margin of 15.9% (an increase of 4.7 pp). Revenue like-for-like, including hotels under renovation, grew by 5.6% (MEUR 13.7).

During the semester we have made significant progress on all company initiatives (operations, brands & experience, revenue management & pricing and repositionings). We have also successfully issued MEUR 250 senior secured notes to finance our 5-year operating plan. Our business plan is strongly supported by the market.

Our guidance for the year in terms of like-for-like revenue, including hotels under renovation, is 4.0-4.5%, and on reported EBITDA margin ca 11%.

Federico J. González, President & CEO

RevPAR Development Q2

Reported RevPAR for the leased and managed hotels was 1.6% above last year, despite the negative impact of FX (-3.6%) and new openings and exited hotels (-3.0%). The growth is almost equally split between room rates and occupancy.

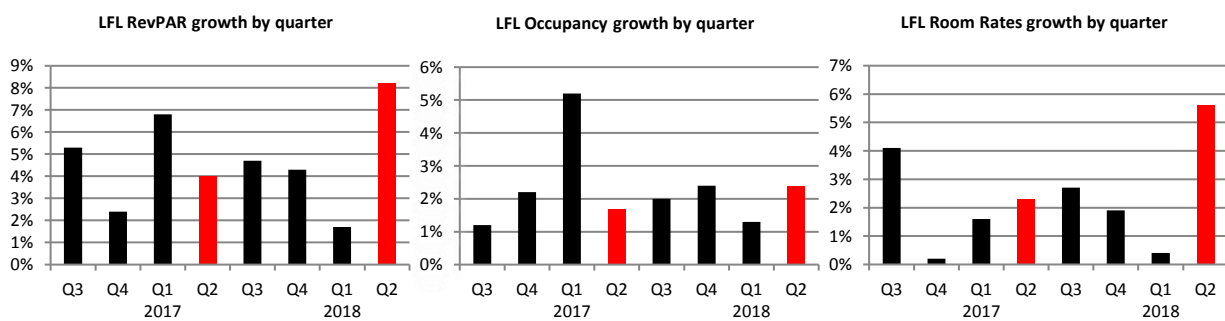
On a like-for-like basis, including hotels under renovation (“LFL&R”), RevPAR increased by 8.2%.

The LFL&R performance was mainly driven by the initial effect of the 5-year operating plan initiatives (Revenue Management System and New Room-Type architecture), the segmentation strategy with a clean-up of low profitable business and by the World Cup in Russia.

All four regions reported RevPAR LFL&R growth over last year, with the strongest developments in Eastern Europe and the Nordics.

Reported RevPAR for the leased hotels was 6.1% above last year, with the negative impact of FX (-2.3%) off-set by exits (3.9%).

RevPAR LFL&R for the leased hotels increased by 4.5%, primarily via room rates (3.9%).



Income Statement

Second Quarter 2018

MEUR	Q2 2018	Q2 2017	Change	%
Revenue	253.7	254.1	-0.4	-0.2%
EBITDA	40.4	28.4	12.0	42.3%
EBITDA margin	15.9%	11.2%	4.7 pp	
EBIT	27.1	6.3	20.8	330.2%
EBIT margin	10.7%	2.5%	8.2 pp	
Profit/loss for the period	20.5	3.6	16.9	469.4%

Revenue decreased by MEUR 0.4 (-0.2%) to MEUR 253.7. The decrease is mainly due to the exit of eight leases at the end of 2017 (MEUR -7.1) and the strengthening of the Euro (MEUR -7.0).

On a like-for-like basis, including hotels under renovation ("LFL&R"), revenue increased by MEUR 13.7 (5.6%), positively impacted by the timing of Easter (ca MEUR 5.2). The change in revenue compared to the same period last year is presented in the table below.

MEUR	LFL&R	Openings	Exits	FX	Change
Rooms Revenue	6.5	—	-4.7	-3.6	-1.8
F&D Revenue	2.7	—	-2.0	-1.6	-0.9
Other Hotel Revenue	0.5	—	-0.4	-0.2	-0.1
Total Leased Revenue	9.7	—	-7.1	-5.4	-2.8
Fee Revenue	1.4	2.1	-2.1	-1.7	-0.3
Other Revenue	2.6	—	—	0.1	2.7
Total Revenue	13.7	2.1	-9.2	-7.0	-0.4

EBITDA increased by MEUR 12.0 (42.3%) to MEUR 40.4. The increase is mainly due to the like-for-like revenue growth and reduction in operating costs in leased hotels, supported by the cost advantage initiatives in the 5-year operating plan as well as three lease agreements turning from fixed to variable rent in the quarter. Rent as a percentage of leased hotel revenue decreased from 27.9% to 26.7%.

In addition, share of income in associates and joint ventures is MEUR 1.2 higher than last year and the net costs for central activities are MEUR 2.3 lower than last year, which is mainly due to one-off costs incurred last year in connection with the resignation of the former CEO of MEUR 2.0.

The positive impact on EBITDA due to the timing of Easter is estimated to ca MEUR 2.7.

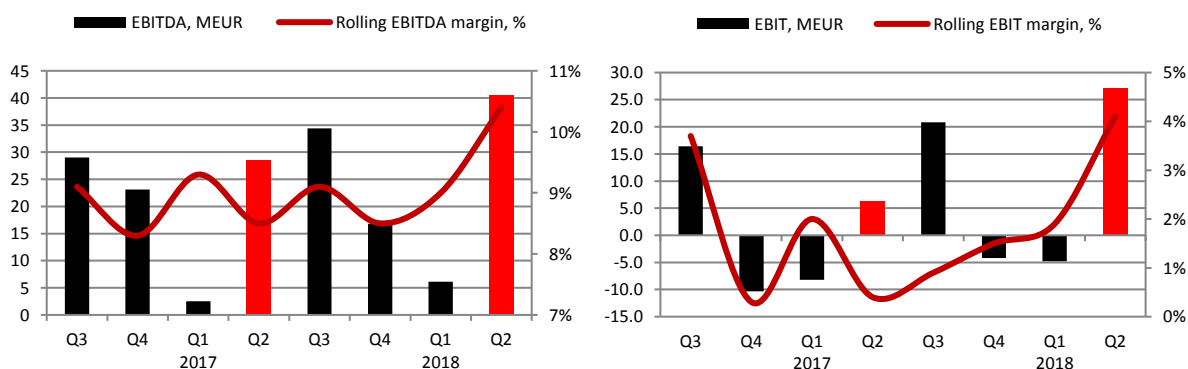
The EBITDA margin increased 4.7 pp to 15.9%.

Adjusted EBITDA increased by MEUR 9.6 (31.0%) and amounted to MEUR 40.6.

EBIT increased by MEUR 20.8 (330.2%) to MEUR 27.1. In addition to the EBITDA development, EBIT is positively impacted by MEUR 10.3 lower costs for write-downs of fixed assets.

Adjusted EBIT increased by MEUR 8.1 (39.9%) and amounted to MEUR 28.4.

Profit/loss for the period increased by MEUR 16.9 (469.4%) to MEUR 20.5.



Half Year 2018

MEUR	H1 2018	H1 2017	Change	%
Revenue	459.9	476.6	-16.7	-3.5%
EBITDA	46.5	30.9	15.6	50.5%
<i>EBITDA margin</i>	10.1%	6.5%	3.6 pp	
EBIT	22.3	-1.9	24.2	N/A
<i>EBIT margin</i>	4.8%	-0.4%	5.2 pp	
Profit/loss for the period	15.5	-4.0	19.5	N/A

Revenue decreased by MEUR 16.7 (-3.5%) to MEUR 459.9. The decrease is mainly due to the strengthening of the Euro (MEUR -14.9) and the exit of eight leases at the end of 2017 (MEUR -13.6).

On a like-for-like basis, including hotels under renovation ("LFL&R"), revenue increased by MEUR 12.6 (2.8%). The change in revenue compared to the same period last year is presented in the table below.

MEUR	LFL&R	Openings	Exits	FX	Change
Rooms Revenue	5.1	—	-8.8	-7.4	-11.1
F&D Revenue	1.6	—	-4.0	-3.8	-6.2
Other Hotel Revenue	0.1	—	-0.8	-0.4	-1.1
Total Leased Revenue	6.8	—	-13.6	-11.6	-18.4
Fee Revenue	1.6	3.1	-3.9	-3.3	-2.5
Other Revenue	4.2	—	—	-0.0	4.2
Total Revenue	12.6	3.1	-17.5	-14.9	-16.7

EBITDA increased by MEUR 15.6 (50.5%) to MEUR 46.5. The increase is mainly due to the like-for-like revenue growth, reduction in operating costs in leased hotels and exit of loss making hotels at the end of 2017. In addition, the net costs for central activities decreased by MEUR 6.9, which is mainly due to one-off costs last year (financial advisory fees of MEUR 2.2 and costs incurred in connection with the resignation of the former CEO of MEUR 2.0).

The contribution from the fee business to EBITDA increased by MEUR 1.4, as the decrease in fee revenue (which is mainly due to FX) is offset by lower costs for bad debts and management guarantees.

The EBITDA margin increased 3.6 pp to 10.1%.

Adjusted EBITDA increased by MEUR 10.4 (28.7%) and amounted to MEUR 46.7.

EBIT increased by MEUR 24.2 to MEUR 22.3. In addition to the EBITDA development, EBIT is positively impacted by MEUR 10.4 lower costs for write-downs of fixed assets.

Adjusted EBIT increased by MEUR 8.6 (57.0%) and amounted to MEUR 23.7.

Profit/loss for the period increased by MEUR 19.5 to MEUR 15.5.

Q2 Comments by Region^{1, 2}

Nordics

MEUR	Q2 2018	Q2 2017	Change	%
Revenue	107.6	100.9	6.7	6.6%
RevPAR LFL&R [EUR]	113.3	102.6	10.7	10.4%
EBITDA	20.2	13.8	6.4	46.4%
<i>EBITDA margin</i>	18.8%	13.7%	5.1 pp	
EBIT	14.5	4.3	10.2	237.2%
<i>EBIT margin</i>	13.5%	4.3%	9.2 pp	

Revenue increased by MEUR 6.7 (6.6%) to MEUR 107.6. The increase is mainly due to strong RevPAR development in the lease portfolio, partly offset by the strengthening of the Euro (MEUR -3.4).

¹ In Nordics, the business is predominantly leased contracts. In Rest of Western Europe, the business is a mix of leased, managed and franchise contracts. In Eastern Europe and Middle East, Africa and Others, the business is mainly management contracts.

² Please note that the segmentation has been further developed to better illustrate how the business is operated. The numbers for the comparative period have been restated.

Reported RevPAR was 7.1% above last year due to RevPAR LFL&R growth, partly offset by negative impact of FX (-3.4%). RevPAR LFL&R grew by 10.4%. Norway, with ca 52% of the LFL&R room revenue within the region, continued to be the growth driver (13.9%) and outperformed the market, which was at 7.0%. The other two key countries also reported above market results; Sweden 7.8%, vs. 4.7% for the market, and Denmark 7.5%, vs. 4.0% for the market.

EBITDA increased by MEUR 6.4 (46.4%) to MEUR 20.2, mainly due to like-for-like revenue growth and reduction in operating costs in leased hotels, supported by improved cost control and by three lease agreements turning from fixed to variable rent. The impact on EBITDA due to the timing of Easter is estimated to ca MEUR 1.9.

EBIT increased by MEUR 10.2 (237.2%) to MEUR 14.5. In addition to the EBITDA development, EBIT is positively impacted by MEUR 5.8 lower costs for write-downs of fixed assets, partly offset by termination costs of MEUR 1.0. The termination costs of MEUR 1.0 relates to a loss-making hotel in Norway which will leave the portfolio per end of August 2018.

Rest of Western Europe

MEUR	Q2 2018	Q2 2017	Change	%
Revenue	121.3	130.5	-9.2	-7.0%
RevPAR LFL&R [EUR]	100.7	100.2	0.5	0.5%
EBITDA	21.8	20.1	1.7	8.5%
<i>EBITDA margin</i>	<i>18.0%</i>	<i>15.4%</i>	<i>2.6 pp</i>	
EBIT	14.7	8.7	6.0	69.0%
<i>EBIT margin</i>	<i>12.1%</i>	<i>6.7%</i>	<i>5.5 pp</i>	

Revenue decreased by MEUR 9.2 (-7.0%) to MEUR 121.3. The decrease is mainly due to the exit of eight leases at the end of 2017 (MEUR -7.1) and the strengthening of the Euro (MEUR -2.0).

Reported RevPAR was 0.6% below last year. The RevPAR LFL&R growth and the positive impact of exits (3.4%) was offset by negative impact of FX (-1.2%) and openings (-3.2%). RevPAR LFL&R grew 0.5%. The highest RevPAR LFL&R growth was noted in Italy (11.7%) and Belgium (10.2%). In the UK, with ca 29% of the LFL&R room revenue in the region, the RevPAR declined marginally (-0.1%), impacted by two of our airport hotels and due to increase in supply. In Germany, with ca 23% of the LFL&R room revenue in the region, RevPAR declined 5.4%, impacted by renovations and the fair cycle.

EBITDA increased by MEUR 1.7 (8.5%) to MEUR 21.8, mainly due to the above-mentioned exit of leases at the end of 2017 and reduction in operating costs. The impact on EBITDA due to the timing of Easter is estimated to ca MEUR 0.8.

EBIT increased by MEUR 6.0 (69.0%) to MEUR 14.7. In addition to the EBITDA development, EBIT is positively impacted by MEUR 3.7 lower costs for write-downs of fixed assets and MEUR 1.0 lower costs for termination of lease contracts.

Eastern Europe

MEUR	Q2 2018	Q2 2017	Change	%
Revenue	11.6	11.5	0.1	0.9%
RevPAR LFL&R [EUR]	73.8	60.2	13.6	22.6%
EBITDA	9.1	8.9	0.2	2.2%
<i>EBITDA margin</i>	<i>78.4%</i>	<i>77.4%</i>	<i>1.1 pp</i>	
EBIT	9.0	8.9	0.1	1.1%
<i>EBIT margin</i>	<i>77.6%</i>	<i>77.4%</i>	<i>0.2 pp</i>	

Revenue increased by MEUR 0.1 (0.9%) to MEUR 11.6. The impact of strong RevPAR development is partly offset by issued credit notes of MEUR 1.0 for fee receivables previously provided for, and the strengthening of the Euro (MEUR -1.0).

Reported RevPAR was 12.5% above last year. The RevPAR LFL&R growth and the positive impact of exits (0.5%) was partly offset by the negative impact of FX (-8.5%) and openings (-2.1%). RevPAR LFL&R grew 22.6%. Russia, our key market in the region with ca 47% of the LFL&R room revenue, reported exceptional growth (41.2%) with the World Cup and related events being the key drivers. Turkey (43.4%) continued to recover from the negative impact of the terrorist attacks, attempted coup and unrest in the neighbouring countries.

EBITDA increased by MEUR 0.2 (2.2%) to MEUR 9.1.

Middle East, Africa and Others

MEUR	Q2 2018	Q2 2017	Change	%
Revenue	6.5	7.0	-0.5	-7.1%
RevPAR LFL&R [EUR]	58.8	58.5	0.3	0.5%
EBITDA	5.0	3.6	1.4	38.9%
EBITDA margin	76.9%	51.4%	25.5 pp	
EBIT	4.9	2.8	2.1	75.0%
EBIT margin	75.4%	40.0%	35.4 pp	

Revenue decreased by MEUR 0.5 (-7.1%) to MEUR 6.5, mainly due to the strengthening of the Euro (MEUR -0.5).

Reported RevPAR was 6.0% below last year. The RevPAR LFL&R growth and the positive impact of exits (5.3%) was offset by the negative impact of FX (-4.9%) and openings (-6.9%). RevPAR LFL&R grew 0.5%. RevPAR LFL&R per market remain mixed, with recovery in several key markets (e.g. Tunisia 82.0% and Egypt 24.8%), but challenges in others (e.g. Saudi Arabia -16.6%, the United Arab Emirates -7.3% and South Africa -1.7%).

EBITDA increased by MEUR 1.4 (38.9%) to MEUR 5.0, which is mainly due to lower costs for bad debts.

EBIT increased by MEUR 2.1 (75.0%) to MEUR 4.9. In addition to the EBITDA development, EBIT is positively impacted by MEUR 0.7 lower costs for write-downs of intangible assets.

Central Activities

EBIT for central management improved by MEUR 0.1 compared to last year and amounted to MEUR -18.1. EBIT for central marketing improved by MEUR 0.4 to MEUR 0.5, which is due to timing of activities. EBIT for other central activities improved by MEUR 1.9 to MEUR 1.6, mainly related to procurement and loyalty programmes.

Comments to the Balance Sheet

Non-current assets increased by MEUR 8.2 from year-end 2017 and amounted to MEUR 359.3. The increase is mainly due to investments in tangible fixed assets.

Net working capital, excluding cash and cash equivalents, but including current tax assets and liabilities, was MEUR -45.4 at the end of the period, compared to MEUR -48.6 at year-end 2017.

Compared to year-end 2017, equity increased by MEUR 17.9 to MEUR 271.6 due to the profit for the period of MEUR 15.5 and exchange differences on translation of foreign operations.

MEUR	30 Jun 18	31 Dec 17
Total assets	536.6	513.4
Net working capital	-45.4	-48.6
Net cash (debt)	-28.2	-31.7
Equity	271.6	253.7

Cash Flow and Liquidity

MEUR	H1 2018	H1 2017
Cash flow before working capital changes	41.7	23.2
Change in working capital	-8.9	1.1
Cash flow from investing activities	-28.9	-23.4
Free cash flow	3.9	0.9
Cash flow from financing activities	1.8	1.8
Cash flow for the period	5.7	2.7

Cash flow from operations, before change in working capital, amounted to MEUR 41.7, an increase of MEUR 18.5 and mainly due to improved EBIT, adjusted for non-cash items. Cash flow from change in working capital amounted to MEUR -8.9, compared to MEUR 1.1 last year. The change in working capital is mainly a consequence of the high number of operating payables at the end of 2017, which have been settled during the period.

Cash flow used in investing activities was MEUR 5.5 higher compared to last year and amounted to MEUR -28.9, reflecting the increased capex spend in the leased portfolio.

Cash flow from financing activities was flat compared to last year and amounted to MEUR 1.8.

At the end of the period, the Company had MEUR 13.0 (7.4) in cash and cash equivalents. The total credit facilities amounted to MEUR 200.0 (200.0). MEUR 2.7 (2.6) was used for bank guarantees, MEUR 10.0 (—) of the Revolving Credit Facility was drawn and MEUR 22.4 (30.4) was used for overdrafts, leaving MEUR 164.9 (167.0) in available credit for use.

Net interest-bearing assets amounted to MEUR –12.2 (–17.3 at year-end 2017). Net cash (debt) equalled MEUR –28.2 (–31.7 at year-end 2017).

Other Events

On June 7, 2018, it was announced that Charles B. Mobus has resigned from the Board of Radisson Hospitality AB (publ). At the same time, the Company entered into an investment banking advisory agreement with Benedetto, Gartland & Company, Inc. Mr. Mobus is the Managing Partner of Benedetto, Gartland & Company, Inc.

Following the resignation of Mr. Mobus, the Board consists of seven members elected by the general meeting together with two employee representatives.

Subsequent Events

On July 6, 2018, Radisson Hospitality AB (publ) announced that its wholly-owned direct subsidiary Radisson Hotel Holdings AB (publ) had successfully issued MEUR 250 senior secured notes due 2023 and carrying interest of 6.875%. The costs occurred and capitalised in connection with notes issuance amounts to ca MEUR 8.5.

On June 29, 2018, Radisson Hotel Holdings AB (publ) entered into a MEUR 20.0 Super Senior Multicurrency Revolving Facility Agreement, subject to the successful issuance of the MEUR 250 senior secured notes on July 6, 2018.

On July 6, 2018, MEUR 192.5 of the existing credit facilities of MEUR 200.0 were settled and terminated.

Material Risks and Uncertainties

No material changes have taken place during the period and reference is therefore made to the detailed description provided in the annual report for 2017. The general market, economic and financial conditions as well as the development of RevPAR in various countries where Radisson operates, continue to be the most important factors influencing the company's earnings. To reduce the risks associated with operating in Emerging Markets, Radisson applies an asset light business model.

Management is continuously analysing ways to improve the performance of the hotel portfolio. Future cash flow projections related to leases or management agreements with performance guarantees are sensitive to changes in discount rate, occupancy and room rate assumptions. Changes in such assumptions may lead to a renewed assessment of the value of certain assets and the risk for loss making contracts.

The financial impact of exiting contracts is uncertain, and it cannot be ruled out that an exit could lead to a cash outflow which is currently not fully reflected in the reported liabilities of the Group.

Deferred tax is recognised on temporary differences between stated and taxable income and on unutilised tax losses carried forward. In addition to changes to future cash flow projections, deferred tax assets are also sensitive to changes in tax rules and regulations.

The Parent Company performs services of a common Group character. The risks for the Parent Company are the same as for the Group.

Seasonal Effects

Radisson is active in an industry with seasonal variations. Sales and profits vary by quarter and the first quarter is generally the weakest. The timing of Easter can have a significant impact on Earnings when comparing to the equivalent period for the previous year. For quarterly revenue and margins, see table on page 24.

Sensitivity Analysis

With the current business model and portfolio mix Radisson estimates that a EUR 1 RevPAR variation would result in a MEUR 6–8 change in LFL EBITDA. Future cash flow projections related to leases or management agreements with performance guarantees are sensitive to changes in discount rates, occupancy and room rate assumptions. Changes in such assumptions may lead to a renewed assessment of the value of certain assets and the risk for loss making contracts.

Presentation of the Q2 Results

On July 26, 2018 at 10:00 CET, a combined telephone conference and live webcast (in English) concerning the report will be presented by the President & CEO, Federico J. González and Deputy President & CFO, Knut Kleiven. To follow the webcast, please visit <https://www.radissonhospitalityab.com/investors>.

To access the telephone conference, please dial:

Belgium, Local	+32 2 404 0659
Belgium, Free	0800 58228
Sweden, Local:	+46 8 5664 2753
Sweden, Free:	0200 880 389
UK, Local:	+44 330 336 9127
UK, Free:	0800 358 6377
USA, Local:	+1 929 477 0448
USA, Free:	888 254 3590
France, Local:	+33 1 76 77 22 88
France, Free:	0805 101 219
Norway, Local:	+47 2100 2610
Norway, Free:	800 51084

Confirmation code: 7991769. For a replay of the conference call please visit <https://www.radissonhospitalityab.com/investors>.

Financial Calendar

Q3 2018 results: October 25, 2018
Q4 2018 results: February 22, 2019

For Further Information, Contact

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About Radisson Hospitality AB (publ)

Radisson Hospitality AB (publ) is focused on hotel management and operates the core brands Radisson Blu and Park Inn by Radisson, as well as Radisson RED, an upscale "lifestyle select" brand inspired by the millennial lifestyle, and Radisson Collection, a premium lifestyle collection of exceptional hotels located in unique locations. Radisson also holds 49% in prizeotel, a young hotel chain in the economy segment.

The portfolio consists of 376 hotels, with 82,812 rooms, in operation and 110 hotels, with 24,324 rooms, under development in 78 countries across Europe, the Middle East and Africa.

Radisson's strategy is to grow with an asset-right approach, balancing management and franchise contracts with selected lease contracts. Management and franchise contracts offer a higher profit margin and more stable income streams and lease contracts allow Radisson to complete their presence in Mature markets.

Radisson is a member of Radisson Hotel Group Radisson™. For more information, visit www.radissonhospitalityab.com.

This half-year report comprises information which Radisson Hospitality AB (publ) is required to disclose under the Securities Markets Act and/or the Financial Instruments Trading Act. It was released for publication at 07:30 CET on July 26, 2018.

Statement from the Board of Directors and the CEO

The Board of Directors and the CEO declare that the half-year report provides a fair view of the development of the Group's and the Parent Company's financial position and result of operations and describes material risks and uncertainties facing the Parent company and the companies included in the Group.

Stockholm, July 26, 2018

Di Xin
Chairman of the Board

Daoqi Liu
Vice Chairman of the Board

Kin Ching Lo
Board Member

Wolfgang M. Neumann
Board Member

Andreas Schmid
Board Member

Thomas Staehelin
Board Member

Xiang Song
Board Member

Göran Larsson
Employee Representative

Ulf Petersson
Employee Representative

Federico J. González
President & CEO

Auditor's Report

Introduction

We have reviewed the condensed financial information (interim report) of Radisson Hospitality AB (publ) (corp. i.d. no. 556674-0964) as of June 30, 2018, and the six-month period then ended. The Board of Directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, July 26, 2018

PricewaterhouseCoopers AB

Eric Salander
Authorised Public Accountant
Auditor in Charge

Erik Bergh
Authorised Public Accountant

Condensed Consolidated Statement of Operations

MEUR	Q2 2018	Q2 2017	H1 2018	H1 2017
Revenue	253.7	254.1	459.9	476.6
Costs of goods sold for Food & Drinks and other related expenses	-13.0	-13.1	-24.3	-25.5
Personnel cost and contract labour	-82.2	-88.7	-158.8	-172.4
Other operating expenses	-59.5	-60.3	-111.6	-121.3
Insurance of properties and property tax	-3.4	-3.6	-6.9	-7.3
Operating profit before rental expense, share of income in associates and joint ventures, depreciation and amortisation, costs due to termination of contracts, gain/loss on sale of fixed assets, net financial items and income tax (EBITDAR)	95.6	88.4	158.3	150.1
Rental expense	-55.7	-59.3	-111.7	-118.2
Share of income in associates and joint ventures	0.5	-0.7	-0.1	-1.0
Operating profit before depreciation and amortisation, costs due to termination of contracts, gain/loss on sale of fixed assets, net financial items and income tax (EBITDA)	40.4	28.4	46.5	30.9
Depreciation and amortisation	-12.2	-10.7	-23.0	-21.2
Write-downs and reversals of write-downs	-0.1	-10.4	-0.2	-10.6
Costs due to termination of contracts	-1.0	-1.0	-1.0	-1.0
Gain/loss on sale of shares, intangible and tangible assets	-0.0	—	-0.0	—
Operating profit/loss (EBIT)	27.1	6.3	22.3	-1.9
Financial income	0.8	0.4	1.4	0.6
Financial expense	-1.3	-0.8	-2.0	-1.6
Profit/loss before tax	26.6	5.9	21.7	-2.9
Income tax	-6.1	-2.3	-6.2	-1.1
Profit/loss for the period	20.5	3.6	15.5	-4.0
Attributable to:				
Owners of the parent company	20.5	3.6	15.5	-4.0
Non-controlling interests	—	—	—	—
Profit/loss for the period	20.5	3.6	15.5	-4.0
Basic average no. of shares outstanding	171,166,316	170,858,548	171,166,316	170,842,580
Diluted average no. of shares outstanding	172,412,761	172,482,327	172,415,612	172,962,544
Earnings per share, in EUR				
Basic	0.12	0.02	0.09	-0.02
Diluted	0.12	0.02	0.09	-0.02

Consolidated Statement of Comprehensive Income

MEUR	Q2 2018	Q2 2017	H1 2018	H1 2017
Profit/loss for the period	20.5	3.6	15.5	-4.0
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translation of foreign operations	0.3	-4.6	2.2	-6.1
Tax on exchange differences	-0.2	-0.3	-0.1	-0.4
Fair value gains and losses on cash flow hedges	-0.1	0.1	-0.1	0.2
Tax on fair value gains and losses on cash flow hedges	0.0	-0.0	0.0	-0.0
Other comprehensive income for the period, net of tax	0.0	-4.8	2.0	-6.3
Total comprehensive income for the period	20.5	-1.2	17.5	-10.3
Attributable to:				
Owners of the parent company	20.5	-1.2	17.5	-10.3
Non-controlling interests	—	—	—	—

Condensed Consolidated Balance Sheet Statements

MEUR	30 Jun 2018	31 Dec 2017
ASSETS		
Intangible assets	59.7	61.5
Tangible assets	201.4	193.0
Investments in associated companies and joint ventures	15.6	16.2
Other shares and participations	5.7	5.7
Other long-term receivables	13.9	14.2
Deferred tax assets	63.0	60.5
Total non-current assets	359.3	351.1
Inventories	4.6	4.3
Other current receivables	145.5	137.0
Derivative financial instruments	0.1	0.2
Cash and cash equivalents	13.0	7.4
Assets classified as held for sale	14.1	13.4
Total current assets	177.3	162.3
TOTAL ASSETS	536.6	513.4
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent	271.6	253.7
Non-controlling interests	0.0	0.0
Total equity	271.6	253.7
Deferred tax liabilities	14.4	15.6
Retirement benefit obligations	3.4	3.3
Other long-term liabilities	23.3	23.9
Total non-current liabilities	41.1	42.8
Liabilities to financial institutions	32.4	30.4
Derivative financial instruments	0.1	0.0
Other current liabilities	191.4	186.5
Total current liabilities	223.9	216.9
TOTAL EQUITY AND LIABILITIES	536.6	513.4
Number of ordinary shares outstanding at the end of the period	171,166,316	171,166,316
Number of ordinary shares held by the company	3,222,541	3,222,541
Number of registered ordinary shares at the end of the period	174,388,857	174,388,857

Consolidated Statement of Changes in Equity

MEUR	Share capital	Other paid in capital	Other reserves	Retained earnings incl. net profit/loss for the period	Attributable to equity holders of the parent	Non-controlling interests	Total equity
Opening balance as of January 1, 2017	11.6	177.1	4.2	72.8	265.7	0.0	265.7
Profit for the period	—	—	—	-4.0	-4.0	—	-4.0
<i>Other comprehensive income:</i>							
Currency differences on translation of foreign operations	—	—	-6.1	—	-6.1	—	-6.1
Tax on exchange differences recognised in other comprehensive income	—	—	-0.4	—	-0.4	—	-0.4
Cash flow hedges	—	—	0.2	—	0.2	—	0.2
Tax on cash flow hedges	—	—	-0.0	—	-0.0	—	-0.0
Total comprehensive income for the period	—	—	-6.3	-4.0	-10.3	—	-10.3
<i>Transactions with owners:</i>							
Dividend	—	—	—	-8.5	-8.5	—	-8.5
Long term incentive programmes	—	—	—	0.9	0.9	—	0.9
Ending balance as of June 30, 2017	11.6	177.1	-2.1	61.2	247.8	0.0	247.8
Opening balance as of January 1, 2018	11.6	177.1	-5.0	70.0	253.7	0.0	253.7
Profit for the period	—	—	—	15.5	15.5	—	15.5
<i>Other comprehensive income:</i>							
Currency differences on translation of foreign operations	—	—	2.2	—	2.2	—	2.2
Tax on exchange differences recognised in other comprehensive income	—	—	-0.1	—	-0.1	—	-0.1
Cash flow hedges	—	—	-0.1	—	-0.1	—	-0.1
Tax on cash flow hedges	—	—	0.0	—	0.0	—	0.0
Total comprehensive income for the period	—	—	2.0	15.5	17.5	—	17.5
<i>Transactions with owners:</i>							
Long term incentive programmes	—	—	—	0.4	0.4	—	0.4
Ending balance as of June 30, 2018	11.6	177.1	-3.0	85.9	271.6	0.0	271.6

Condensed Consolidated Statement of Cash Flow

MEUR	Q2 2018	Q2 2017	H1 2018	H1 2017
Operating profit (EBIT)	27.1	6.3	22.3	-1.9
Non-cash items	12.0	22.3	23.8	33.9
Interest, taxes paid and other cash items	0.7	-3.0	-4.4	-8.8
Change in working capital	-5.4	-3.5	-8.9	1.1
Cash flow from operating activities	34.4	22.1	32.8	24.3
Purchase of intangible assets	-0.1	-1.5	-0.1	-2.3
Purchase of tangible assets	-18.2	-13.0	-27.4	-21.5
Other investments/divestments	-0.9	-0.1	-1.4	0.4
Cash flow from investing activities	-19.2	-14.6	-28.9	-23.4
Dividend	—	-8.5	—	-8.5
External financing, net	-12.3	2.5	1.8	10.3
Cash flow from financing activities	-12.3	-6.0	1.8	1.8
Cash flow for the period	2.9	1.5	5.7	2.7
Effects of exchange rate changes on cash and cash equivalents	-0.1	-0.1	-0.1	-0.0
Cash and cash equivalents at beginning of the period	10.2	9.3	7.4	8.0
Cash and cash equivalents at end of the period	13.0	10.7	13.0	10.7

Parent Company, Condensed Statement of Operations

MEUR	Q2 2018	Q2 2017	H1 2018	H2 2017
Revenue	3.7	3.6	7.1	7.1
Personnel cost and contract labour	-1.6	-1.5	-3.4	-3.3
Other operating expenses	-2.4	-3.7	-4.1	-9.9
Operating profit/loss before depreciation and amortization (EBITDA)	-0.3	-1.6	-0.4	-6.1
Depreciation and amortization	-0.0	-0.0	-0.0	-0.0
Operating profit/loss (EBIT)	-0.3	-1.6	-0.4	-6.1
Financial income	0.3	0.3	0.4	0.3
Financial expense	-0.1	-0.0	-0.1	-0.1
Profit/loss before tax	-0.1	-1.3	-0.1	-5.9
Income tax	0.0	0.3	0.0	1.3
Profit/loss for the period	-0.1	-1.0	-0.1	-4.6

Parent Company, Statement of Comprehensive Income

MEUR	Q2 2018	Q2 2017	H1 2018	H2 2017
Profit/loss for the period	-0.1	-1.0	-0.1	-4.6
Other comprehensive income	—	—	—	—
Total comprehensive income for the period	-0.1	-1.0	-0.1	-4.6

Parent Company, Condensed Balance Sheet Statements

MEUR	30 Jun 2018	31 Dec 2017
ASSETS		
Intangible assets	0.0	0.0
Tangible assets	0.2	0.2
Shares in subsidiaries	237.2	236.9
Total non-current assets	237.4	237.1
Current receivables	32.8	36.5
Total current assets	32.8	36.5
TOTAL ASSETS	270.2	273.6
EQUITY AND LIABILITIES		
Equity	265.4	265.1
Current liabilities	4.8	8.5
Total current liabilities	4.8	8.5
TOTAL EQUITY AND LIABILITIES	270.2	273.6

Parent Company, Statement of Changes in Equity

MEUR	Share capital	Share premium reserve	Retained earnings incl. net profit/loss for the period	Total equity
Opening balance as of January 1, 2017	11.6	254.2	7.0	272.8
Total comprehensive income for the period	—	—	-4.6	-4.6
<i>Transactions with owners:</i>				
Dividend	—	—	-8.5	-8.5
Long term incentive programmes	—	—	0.9	0.9
Ending balance as of June 30, 2017	11.6	254.2	-5.2	260.6
Opening balance as of January 1, 2018	11.6	254.2	-0.7	265.1
Total comprehensive income for the period	—	—	-0.1	-0.1
<i>Transactions with owners:</i>				
Long term incentive programmes	—	—	0.4	0.4
Ending balance as of June 30, 2018	11.6	254.2	-0.4	265.4

Comments on the Income Statement

The primary purpose of the Parent Company is to act as a holding company for the Group's investments in hotel operating subsidiaries in various countries. In addition to this main activity, the Parent Company also serves as a Shared Service Centre.

The main revenue of the company is internal fees charged to hotels for the services provided by the Shared Service Centre. In Q2 2018 and YTD 2018 the intercompany revenue of the Parent Company amounted to MEUR 3.2 (3.4) and MEUR 6.2 (6.6), respectively. The intercompany costs in Q2 2018 and YTD 2018 amounted to MEUR 1.3 (2.7) and MEUR 2.0 (5.5), respectively.

The increase in profit before tax of MEUR 1.2 in Q2 is mainly due to decrease in intercompany costs.

Comments on the Balance Sheet

The decrease in current assets and liabilities since year end 2017 is mainly due to changes in intercompany balances. At the end of the period the intercompany receivables amounted to MEUR 31.9 (35.5) and the intercompany liabilities amounted to MEUR 1.4 (5.1).

Notes to Condensed Consolidated Financial Statements

Basis of preparation

The report has been prepared in accordance with the Swedish Annual Accounts Act and International Accounting Standard (IAS) 34 Interim Financial Reporting. The report has been prepared using accounting principles consistent with International Financial Reporting Standards (IFRS). Disclosures in accordance with IAS 34 Interim Financial Reporting are presented either in notes or elsewhere in the report.

The report for the Parent Company has been prepared in accordance with Swedish Annual Accounts Act and Recommendation RFR 2, Accounting for Legal Entities, issued by Swedish Financial Accounting Standards Council.

The same accounting policies, presentation and methods of computation have been followed in this report as were applied in the company's 2017 Annual Report, except for the application of two new standards as from January 1, 2018; IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers*.

IFRS 9 Financial instruments

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

The new guidance has not affected the classification and measurement of financial assets and there is no impact either on the group's accounting for financial liabilities.

The new hedge accounting rules aligns the accounting for hedging instruments more closely with the group's risk management practices. As a rule, more hedge relationships might be eligible for hedge accounting, as the

standard introduces a more principles-based approach. The hedge relationships have qualified as continuing hedges upon the adoption of IFRS 9.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortized cost such as long and short-term receivables. There is no material change in the loss allowance for these instruments.

IFRS 15 Revenue from Contracts with Customers

The IASB has issued a new standard for the recognition of revenue. This has replaced IAS 18 which covered contracts for goods and services and IAS 11 which covered construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The group primarily has the following revenues.

Leased properties – primarily received from hotel operations, including all revenue received from guests for accommodation, conferences, food and drinks or other services. Revenue is recognised when the sale has been rendered.

Management fees – received from hotels managed by the Group under long-term contracts with the hotel owner. Management fee is normally a percentage of hotel revenue and/or profit and recognised in the income statement when earned and realised or realisable under the terms of the contract.

Franchise fees – received in connection with the license of the Group's brand names, usually under long-term contracts with the hotel owner. Franchise fee is normally a percentage of hotel revenue and/or profit and recognized in the income statement based on the underlying contract agreements.

The group has had no change of revenue recognition because of the implementation of the new standard.

Incentive programmes

In 2015 and 2016 the AGM's have approved long-term equity settled performance-based incentive programmes to be offered to executives within Radisson. The structure of the programmes is similar. The programmes are comprised of both matching shares and performance shares. The President and CEO and other members of the Executive Committee have been offered the opportunity to participate in the performance share part as well as the matching share part of the programmes. Other key executives have been offered to participate in the performance share part of the programmes.

To qualify for matching shares, each participant shall meet certain requirements, including a shareholding requirement of at least three years and continuing employment with the company during the vesting period. Exemptions may be prescribed in specific cases. To qualify for performance shares, each participant must, in addition to the requirement regarding continuing employment during the vesting period, meet a performance target based on cumulative earnings per share for three consecutive financial years, starting as from the year the programme has been approved by the AGM.

The qualification period for the 2015 programme ended on June 29, 2018. The performance target based on cumulative earnings per share for three consecutive financial years was met at the maximum level of EUR 0.38. Consequently, the participants offered to participate in the 2015 programme will be awarded the following number of shares. Four members of the Executive Committee will be awarded in total 292,586 shares. 20 other members of management will be awarded in total 307,935 shares.

Four members of the Executive Committee participate in the 2016 programme entitling them to a total maximum of 325,885 shares. 22 other members of management participate in the programme, entitling them to a maximum of 320,040 shares.

The total value of the 2016 programme at grant date, based on 40 participants and including social security costs, amounted to MEUR 5.4.

The net costs recognised in the income statement during Q2 2018 and YTD 2018 in accordance with IFRS 2 for the incentive programmes amounted to MEUR 0.3 (0.5) and MEUR 0.4 (1.0) respectively.

Share buy-back

The number of treasury shares held by the company at the end of the quarter was 3,222,541, corresponding to 1.8% of all registered shares. The average number of its own shares held by the company during Q2 2018 was 3,222,541 (3,562,246). The shares have been bought back in 2007 and 2008 following authorisations at the AGMs in the same years. Most the shares bought back are held to secure delivery of shares in the incentive programmes and the related social security costs.

Financial instruments measured at fair value

On June 30, 2018, Radisson had financial instruments measured at fair value amounting to MEUR 5.7 (5.7).

Related party transactions

HNA Group Co., Ltd. ("HNA") and its affiliates, including Radisson Hospitality, Inc., are significant related parties.

On June 30, 2018 Radisson had no receivables (0.0) related to Radisson Hospitality, Inc. and current liabilities of MEUR 2.6 (1.0). The business relationship with Radisson Hospitality, Inc. mainly consisted of operating costs related to the use of the brands and the use of Radisson Hospitality, Inc.'s reservation system. During Q2 2018 and H1 2018 Radisson had operating costs towards Radisson Hospitality, Inc. of MEUR 5.1 (4.4) and MEUR 10.0 (9.4) respectively.

Radisson Hospitality, Inc. also charged MEUR 1.2 (1.4) and MEUR 2.3 (2.7), respectively, for points earned in the Radisson Rewards loyalty programme and reimbursed MEUR 0.7 (0.7) and MEUR 1.1 (1.2), respectively, for points redeemed. Furthermore, Radisson Hospitality, Inc. recharged MEUR 0.6 (1.3) and MEUR 1.1 (2.9), respectively, of costs incurred from third parties, mainly internet-based reservation channels.

Radisson Hospitality, Inc. and Radisson are also cooperating in various other areas, such as global sales, brand websites, revenue optimisation tools and purchasing. During Q2 2018 and H1 2018 Radisson had revenue towards Radisson Hospitality, Inc. of MEUR 1.7 (0.2) and MEUR 3.2 (0.5), respectively, and costs of MEUR 0.3 (0.2) and MEUR 0.8 (0.9) related to these cost sharing arrangements.

Except for the above-mentioned transactions with Radisson Hospitality, Inc., there are no material transactions with HNA or its affiliates.

Pledged assets and contingent liabilities

	30 Jun 2018	31 Dec 2017
Pledged assets, MEUR		
Pledged assets	—	—
	30 Jun 2018	31 Dec 2017
Contingent liabilities, MEUR		
Tax claim interest deduction Sweden	6.5	6.3
Guarantees provided	2.7	2.6

RevPAR Development by Brand (Leased & Managed Hotels)

In EUR	Occupancy LFL&R		Av. Room Rates LFL&R		RevPAR LFL&R		Reported RevPAR	
	Q2 2018	vs. 2017	Q2 2018	vs. 2017	Q2 2018	vs. 2017	Q2 2018	vs. 2017
Radisson ³	69.0%	2.2 pp	130.0	5.0%	89.7	8.4%	83.2	1.2%
Park Inn by Radisson	73.7%	0.1 pp	85.5	7.7%	63.1	7.8%	54.1	2.8%
Group	70.1%	1.7 pp	119.8	5.6%	83.9	8.2%	76.0	1.6%

In EUR	Occupancy LFL&R		Av. Room Rates LFL&R		RevPAR LFL&R		Reported RevPAR	
	H1 2018	vs. 2017	H1 2018	vs. 2017	H1 2018	vs. 2017	H1 2018	vs. 2017
Radisson	65.4%	1.3 pp	124.5	2.8%	81.5	4.9%	75.8	-1.5%
Park Inn by Radisson	67.0%	0.9 pp	81.1	4.6%	54.3	6.0%	47.6	1.0%
Group	65.8%	1.2 pp	115.0	3.2%	75.7	5.2%	69.0	-0.8%

³ Includes Radisson Collection, Radisson Blu and Radisson RED

RevPAR Development by Region (Leased & Managed Hotels)

In EUR	Occupancy LFL&R		Av. Room Rates LFL&R		RevPAR LFL&R		Reported RevPAR	
	Q2 2018	vs. 2017	Q2 2018	vs. 2017	Q2 2018	vs. 2017	Q2 2018	vs. 2017
Nordics	77.9%	3.8 pp	145.6	5.1%	113.3	10.5%	109.8	7.1%
Rest of Western Europe	79.2%	-0.9 pp	127.1	1.6%	100.7	0.5%	95.8	-0.6%
Eastern Europe	67.3%	0.8 pp	109.7	21.1%	73.8	22.6%	65.9	12.5%
Middle East, Africa & Others	57.9%	4.2 pp	101.6	-6.8%	58.8	0.5%	50.9	-6.0%
Group	70.1%	1.7 pp	119.8	5.6%	83.9	8.2%	76.0	1.6%

In EUR	Occupancy LFL&R		Av. Room Rates LFL&R		RevPAR LFL&R		Reported RevPAR	
	H1 2018	vs. 2017	H1 2018	vs. 2017	H1 2018	vs. 2017	H1 2018	vs. 2017
Nordics	71.8%	1.1 pp	137.4	4.5%	98.6	6.0%	94.7	1.8%
Rest of Western Europe	74.0%	-0.7 pp	122.7	1.7%	90.8	0.8%	86.5	-0.4%
Eastern Europe	60.2%	1.9 pp	98.8	14.9%	59.5	18.6%	53.8	10.5%
Middle East, Africa & Others	59.7%	2.7 pp	108.6	-6.8%	64.9	-2.4%	55.1	-10.4%
Group	65.8%	1.2 pp	115.0	3.2%	75.7	5.2%	69.0	-0.8%

RevPAR Development by Region (Leased Hotels)

In EUR	Occupancy LFL&R		Av. Room Rates LFL&R		RevPAR LFL&R		Reported RevPAR	
	Q2 2018	vs. 2017	Q2 2018	vs. 2017	Q2 2018	vs. 2017	Q2 2018	vs. 2017
Nordics	78.2%	3.8 pp	142.2	5.2%	111.2	10.5%	107.8	7.2%
Rest of Western Europe	78.8%	-2.3 pp	131.2	2.4%	103.4	-0.5%	101.7	4.9%
Group	78.5%	0.5 pp	136.2	3.8%	107.0	4.5%	104.5	6.1%

In EUR	Occupancy LFL&R		Av. Room Rates LFL&R		RevPAR LFL&R		Reported RevPAR	
	H1 2018	vs. 2017	H1 2018	vs. 2017	H1 2018	vs. 2017	H1 2018	vs. 2017
Nordics	71.9%	0.8 pp	134.5	4.5%	96.6	5.6%	92.8	1.5%
Rest of Western Europe	73.9%	-2.1 pp	127.1	1.8%	94.0	-1.0%	92.2	4.0%
Group	73.0%	-0.8 pp	130.5	3.1%	95.2	2.0%	92.5	2.9%

RevPAR Development – LFL&R to Reported (Leased & Managed Hotels)

RevPAR	Q2 2018	H1 2018
LFL&R growth	8.2%	5.2%
FX impact	-3.6%	-4.4%
Exits	1.9%	2.3%
Openings	-4.9%	-3.9%
Reported growth	1.6%	-0.8%

Revenue per Area of Operation

MEUR	Q2 2018	Q2 2017	Change %	H1 2018	H1 2017	Change %
Rooms revenue	146.5	148.2	-1.1%	258.0	269.1	-4.1%
F&D revenue	60.6	61.5	-1.5%	115.5	121.7	-5.1%
Other hotel revenue	5.9	6.1	-3.3%	10.4	11.6	-10.3%
Total hotel revenue (leased)	213.0	215.8	-1.3%	383.9	402.4	-4.6%
Fee revenue (managed & franchised)	31.7	31.9	-0.6%	59.1	61.5	-3.9%
Other revenue	9.0	6.4	40.6%	16.9	12.7	33.1%
Total revenue	253.7	254.1	-0.2%	459.9	476.6	-3.5%

Total Fee Revenue

MEUR	Q2 2018	Q2 2017	Change %	H1 2018	H1 2017	Change %
Management fees	7.7	9.3	-17.2%	15.3	17.3	-11.6%
Incentive fees	7.9	7.2	9.7%	13.4	13.0	3.1%
Franchise fees	3.9	3.5	11.4%	6.6	6.3	4.8%
Other fees (incl. marketing, reservation fee etc.)	12.2	11.9	2.5%	23.8	24.9	-4.4%
Total fee revenue	31.7	31.9	-0.6%	59.1	61.5	-3.9%

Revenue per Segment

Q2	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others	
	2018	2017	2018	2017	2018	2017	2018	2017
Leased	103.9	97.5	109.4	118.7	—	—	—	—
Managed	0.8	0.7	6.6	7.3	10.0	9.9	6.4	6.9
Franchised	2.5	2.4	3.6	3.1	1.6	1.6	0.1	0.1
Other	0.4	0.3	1.7	1.4	—	—	—	—
Total	107.6	100.9	121.3	130.5	11.6	11.5	6.5	7.0

Q2	Central Management		Central Marketing		Other Central Activities		Intra Segment Eliminations		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Leased	—	—	—	—	—	—	-0.3	-0.4	213.0	215.8
Managed	—	—	—	—	—	—	—	—	23.8	24.8
Franchised	—	—	—	—	—	—	—	—	7.8	7.2
Other	—	—	—	—	—	—	-0.2	-0.3	1.9	1.4
Central Activities	0.8	1.5	16.4	14.0	2.8	2.0	-12.8	-12.6	7.2	4.9
Total	0.8	1.5	16.4	14.0	2.8	2.0	-13.3	-13.3	253.7	254.1

H1	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others	
	2018	2017	2018	2017	2018	2017	2018	2017
Leased	184.7	183.2	199.9	219.9	—	—	—	—
Managed	1.3	1.2	12.5	12.6	17.0	16.7	14.5	16.0
Franchised	4.8	4.7	6.4	5.7	2.3	4.4	0.2	0.2
Other	0.9	0.4	3.3	2.9	—	—	—	—
Total	191.7	189.5	222.1	241.1	19.3	21.1	14.7	16.2

H1	Central Management		Central Marketing		Other Central Activities		Intra Segment Eliminations		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Leased	—	—	—	—	—	—	-0.7	-0.7	383.9	402.4
Managed	—	—	—	—	—	—	—	—	45.3	46.5
Franchised	—	—	—	—	—	—	—	—	13.7	15.0
Other	—	—	—	—	—	—	-0.5	-0.5	3.7	2.8
Central Activities	2.0	3.0	29.4	25.8	5.6	4.1	-23.7	-23.0	13.3	9.9
Total	2.0	3.0	29.4	25.8	5.6	4.1	-24.9	-24.2	459.9	476.6

Please note that the segmentation has been further developed to better illustrate how the business is operated. The numbers for the comparative period have been restated.

Rental Expenses

MEUR	Q2 2018	Q2 2017	Change %	H1 2018	H1 2017	Change %
Fixed rent	43.8	46.0	-4.8%	89.3	92.2	-3.1%
Variable rent	13.1	14.3	-8.4%	21.1	24.1	-12.4%
Rent	56.9	60.3	-5.6%	110.4	116.3	-5.1%
Rent as % of leased hotel revenue	26.7%	27.9%	-1.2 pp	28.8%	28.9%	-0.1 pp
Shortfall guarantees	-1.2	-1.0	20.0%	1.3	1.9	-31.6%
Rental expense	55.7	59.3	-6.1%	111.7	118.2	-5.5%

EBITDA per Segment

Q2	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others	
	2018	2017	2018	2017	2018	2017	2018	2017
Leased	18.1	11.7	14.6	12.9	—	—	—	—
Managed	0.4	0.4	4.7	5.1	8.2	8.0	4.5	4.0
Franchised	1.2	1.1	2.1	1.8	0.9	0.9	0.1	0.1
Other	0.5	0.6	0.4	0.3	0.0	0.0	0.4	-0.5
Total	20.2	13.8	21.8	20.1	9.1	8.9	5.0	3.6

Q2	Central Management		Central Marketing		Other Central Activities		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Leased	—	—	—	—	—	—	32.7	24.6
Managed	—	—	—	—	—	—	17.8	17.5
Franchised	—	—	—	—	—	—	4.3	3.9
Other	—	—	—	—	—	—	1.3	0.4
Central Activities	-17.8	-17.8	0.5	0.1	1.6	-0.3	-15.7	-18.0
Total	-17.8	-17.8	0.5	0.1	1.6	-0.3	40.4	28.4

H1	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others	
	2018	2017	2018	2017	2018	2017	2018	2017
Leased	20.9	15.8	16.5	14.3	—	—	—	—
Managed	0.6	0.6	8.1	7.0	11.8	11.5	9.9	9.9
Franchised	2.3	2.3	3.5	3.3	2.3	3.1	0.1	0.1
Other	0.7	0.6	-0.1	0.3	—	—	0.4	-0.5
Total	24.5	19.3	28.0	24.9	14.1	14.6	10.4	9.5

H1	Central Management		Central Marketing		Other Central Activities		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Leased	—	—	—	—	—	—	37.4	30.1
Managed	—	—	—	—	—	—	30.4	29.0
Franchised	—	—	—	—	—	—	8.2	8.8
Other	—	—	—	—	—	—	1.0	0.4
Central Activities	-34.2	-34.3	0.1	-2.6	3.6	-0.5	-30.5	-37.4
Total	-34.2	-34.3	0.1	-2.6	3.6	-0.5	46.5	30.9

EBIT per Segment

Q2	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others	
	2018	2017	2018	2017	2018	2017	2018	2017
Leased	12.4	2.3	8.2	2.8	—	—	—	—
Managed	0.4	0.3	4.3	3.9	8.1	8.0	4.4	3.2
Franchised	1.2	1.1	2.0	1.7	0.9	0.9	0.1	0.1
Other	0.5	0.6	0.2	0.3	0.0	0.0	0.4	-0.5
Total	14.5	4.3	14.7	8.7	9.0	8.9	4.9	2.8

Q2	Central Management		Central Marketing		Other Central Activities		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Leased	—	—	—	—	—	—	20.6	5.1
Managed	—	—	—	—	—	—	17.2	15.4
Franchised	—	—	—	—	—	—	4.2	3.8
Other	—	—	—	—	—	—	1.1	0.4
Central Activities	-18.1	-18.2	0.5	0.1	1.6	-0.3	-16.0	-18.4
Total	-18.1	-18.2	0.5	0.1	1.6	-0.3	27.1	6.3

H1	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others	
	2018	2017	2018	2017	2018	2017	2018	2017
Leased	11.4	2.7	4.0	-1.9	—	—	—	—
Managed	0.6	0.5	7.6	5.8	11.6	11.4	9.7	9.0
Franchised	2.2	2.3	3.4	3.2	2.3	3.1	0.1	0.1
Other	0.6	0.6	-0.3	0.2	—	—	0.4	-0.5
Total	14.8	6.1	14.7	7.3	13.9	14.5	10.2	8.6

H1	Central Management		Central Marketing		Other Central Activities		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Leased	—	—	—	—	—	—	15.4	0.8
Managed	—	—	—	—	—	—	29.5	26.7
Franchised	—	—	—	—	—	—	8.0	8.7
Other	—	—	—	—	—	—	0.7	0.3
Central Activities	-34.9	-35.2	0.0	-2.7	3.6	-0.5	-31.3	-38.4
Total	-34.9	-35.2	0.0	-2.7	3.6	-0.5	22.3	-1.9

Please note that the segmentation has been further developed to better illustrate how the business is operated. The numbers for the comparative period have been restated.

Reconciliation of Profit/Loss for the Period

MEUR	Q2 2018	Q2 2017	H1 2018	H1 2017
Total operating profit/loss (EBIT) for reportable segments	27.1	6.3	22.3	-1.9
Financial income	0.8	0.4	1.4	0.6
Financial expense	-1.3	-0.8	-2.0	-1.6
Group's total profit/loss before tax	26.6	5.9	21.7	-2.9

Balance Sheet and Investments

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Total	
	30 Jun 2018	31 Dec 2017	30 Jun 2018	31 Dec 2017	30 Jun 2018	31 Dec 2017	30 Jun 2018	31 Dec 2017	30 Jun 2018	31 Dec 2017
Assets	196.2	191.7	294.1	278.0	17.0	16.2	29.3	27.5	536.6	513.4
Investments (tangible & intangible assets)	13.5	48.6	14.0	24.3	0.0	0.2	0.0	0.7	27.5	73.8

Quarterly Key Figures

MEUR	Q2 2018	Q2 2017	Q2 2016	Q2 2015	Q2 2014
RevPAR	76.0	74.9	73.1	77.2	72.6
Revenue	253.7	254.1	259.8	263.8	247.1
EBITDAR	95.6	88.4	98.1	94.8	93.0
EBITDA	40.4	28.4	36.4	33.6	30.8
EBIT	27.1	6.3	22.0	23.0	21.4
Profit for the period	20.5	3.6	16.2	15.4	14.1
EBITDAR margin, %	37.7	34.8	37.8	35.9	37.6
EBITDA margin, %	15.9	11.2	14.0	12.7	12.5
EBIT margin, %	10.7	2.5	8.5	8.7	8.7

MEUR	2018		2017				2016			
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
RevPAR	76.0	61.7	65.7	73.9	74.9	64.0	66.2	75.3	73.1	60.4
Revenue	253.7	206.2	241.6	249.1	254.1	222.5	243.1	251.3	259.8	207.0
EBITDAR	95.6	62.7	72.4	92.1	88.4	61.7	78.7	87.3	98.1	50.5
EBITDA	40.4	6.1	16.8	34.4	28.4	2.5	23.1	29.0	36.4	-9.2
EBIT	27.1	-4.8	-4.2	20.8	6.3	-8.2	-10.3	16.4	22.0	-25.0
Profit/loss for the period	20.5	-5.0	-6.0	14.4	3.6	-7.6	16.9	14.9	16.2	-21.6
EBITDAR Margin %	37.7	30.4	30.0	37.0	34.8	27.7	32.4	34.7	37.8	24.4
EBITDA Margin %	15.9	3.0	7.0	13.8	11.2	1.1	9.5	11.5	14.0	-4.4
EBIT Margin %	10.7	-2.3	-1.7	8.4	2.5	-3.7	-4.2	6.5	8.5	-12.1

Hotel and Room Openings and Signings

	Openings				Signings			
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
	Q2 2018	Q2 2018	H1 2018	H1 2018	Q2 2018	Q2 2018	H1 2018	Q1 2018
By region:								
Nordics	—	—	—	—	1	233	3	505
Rest of Western Europe	1	174	2	407	1	65	3	380
Eastern Europe	1	97	3	346	2	310	6	1,287
Middle East, Africa & Others	—	—	6	1,213	6	660	9	1,134
Total	2	271	11	1,966	10	1,268	21	3,306
By brand:								
Radisson Blu	—	—	5	1,052	2	310	6	1,370
Park Inn by Radisson	1	97	5	740	5	649	6	769
Other	1	174	1	174	3	309	9	1,167
Total	2	271	11	1,966	10	1,268	21	3,306
By contract type:								
Leased	—	—	—	—	2	225	2	225
Managed	2	271	10	1,733	7	810	14	1,996
Franchised	—	—	1	233	1	233	5	1,085
Total	2	271	11	1,966	10	1,268	21	3,306

In Q2 2018, no hotels or rooms went offline

Hotels and Rooms in Operation and under Development (in Pipeline)

	In operation				Under development			
	Hotels		Rooms		Hotels		Rooms	
	2018	2017	2018	2017	2018	2017	2018	2017
30 June								
By region:								
Nordics	58	59	14,308	14,293	3	—	505	—
Western Europe	130	132	26,431	26,643	11	13	1,665	2,377
Eastern Europe	106	101	24,896	23,868	29	29	5,709	5,692
Middle East, Africa & Others	82	72	17,177	15,777	67	74	16,445	17,708
Total	376	364	82,812	80,581	110	116	24,324	25,777
By brand:								
Radisson Blu	246	239	57,991	56,757	58	69	12,749	14,867
Park Inn by Radisson	118	118	22,933	22,946	31	37	7,614	8,900
Others	12	7	1,888	878	21	10	3,961	2,010
Total	376	364	82,812	80,581	110	116	24,324	25,777
By contract type:								
Leased	57	66	15,405	16,534	3	1	475	250
Managed	208	191	45,486	43,262	92	102	21,437	23,371
Franchised	111	107	21,921	20,785	15	13	2,412	2,156
Total	376	364	82,812	80,581	110	116	24,324	25,777

Definitions

The company presents certain financial measures in this interim report that are not defined under IFRS. The company believes that these measures provide useful supplemental information to investors and the company's management as they allow evaluation of the company's performance. Because not all companies calculate these financial measures similarly, these are not always comparable to measures used by other companies. These financial measures should not be considered a substitute for measures defined under IFRS.

IFRS Measures

Revenue

All related business revenue (including rooms revenue, food & drinks revenue, other hotel revenue, fee revenue and other non-hotel revenue from administration units).

Earnings per Share

Profit for the period, before allocation to non-controlling interests, divided by the weighted average number of shares outstanding.

Basic Average Number of Shares

Weighted average number of ordinary shares outstanding during the period.

Non-IFRS Measures – Alternative Performance Measures

EBIT

Profit before net financial items and tax.

EBIT Margin

EBIT as a percentage of Revenue.

EBITDA

Operating profit before depreciation and amortisation, costs due to termination of contracts, gain/loss on sale of fixed assets, net financial items and income tax.

EBITDA Margin

EBITDA as a percentage of Revenue.

EBITDAR

Operating profit before rental expense, share of income in associates and joint ventures, depreciation and amortisation, costs due to termination of contracts, gain/loss on sale of fixed assets, net financial items and income tax.

EBITDAR Margin

EBITDAR as a percentage of Revenue.

Adjusted EBITDA

EBITDA adjusted for items of one-off nature.

MEUR	Q2 2018	Q2 2017
EBITDA	40.4	28.4
Restructuring / Redundancy costs	0.2	0.5
Costs incurred in connection with the resignation of the former CEO	—	2.0
Retention bonus	—	0.1
Adjusted EBITDA	40.6	31.0

MEUR	H1 2018	H1 2017
EBITDA	46.5	30.9
Restructuring / Redundancy costs	0.2	0.5
Financial advisor fees incurred in connection with the public offer on the shares of the company	—	2.2
Costs incurred in connection with the resignation of the former CEO	—	2.0
Retention bonus	—	0.7
Adjusted EBITDA	46.7	36.3

Adjusted EBIT

EBIT adjusted for items of one-off nature.

MEUR	Q2 2018	Q2 2017
EBIT	27.1	6.3
Restructuring / Redundancy costs	0.2	0.5
Costs incurred in connection with the resignation of the former CEO	—	2.0
Retention bonus	—	0.1
Write-downs and reversal of write-downs	0.1	10.4
Costs due to termination of contracts	1.0	1.0
Adjusted EBIT	28.4	20.3

MEUR	H1 2018	H1 2017
EBIT	22.3	-1.9
Restructuring / Redundancy costs	0.2	0.5
Financial advisor fees incurred in connection with the public offer on the shares of the company	—	2.2
Costs incurred in connection with the resignation of the former CEO	—	2.0
Retention bonus	—	0.7
Write-downs and reversal of write-downs	0.2	10.6
Costs due to termination of contracts	1.0	1.0
Adjusted EBIT	23.7	15.1

Net Cash (Debt)

Cash & cash equivalents plus short-term interest-bearing assets (with maturity within three months) minus interest-bearing liabilities (short-term & long-term), excluding retirement benefit obligations as well as liabilities related to investments in hotels under management contracts, for which repayments are linked to fees collected.

	30 Jun 2018	31 Dec 2017
Cash & cash equivalents [A]	13.0	7.4
Interest-bearing liabilities [B]	49.5	47.4
Retirement benefit obligations [C]	3.4	3.3
Liabilities related to investments in hotels under management contracts [D]	4.9	5.0
Net cash (debt) [A-B+C+D]	-28.2	-31.7

Net Interest-bearing Assets/Liabilities

Interest-bearing assets minus interest-bearing liabilities.

MEUR	30 Jun 2018	31 Dec 2017
Interest-bearing assets [A]	37.3	30.1
Interest-bearing liabilities [B]	49.5	47.4
Net interest-bearing assets/liabilities [A-B]	-12.2	-17.3

Free Cash Flow

Total cash flow from operating activities and investing activities.

MEUR	H1 2018	H1 2017
Cash flow from operating activities [A]	32.8	24.3
Cash flow from investing activities [B]	-28.9	-23.4
Free cash flow [A+B]	3.9	0.9

Rent as Percentage of Leased Hotel Revenue

Rental expense minus shortfall guarantees as percentage of total hotel revenue (leased portfolio).

MEUR	H1 2018	H1 2017
Rental expense [A]	111.7	118.2
Where of shortfall guarantees [B]	1.3	1.9
Total hotel revenue [C]	383.9	402.4
Rent as percentage of leased hotel revenue [(A-B)/C]	28.8%	28.9%

Net Working Capital

Inventory plus current non-interest-bearing receivables minus current non-interest-bearing liabilities.

MEUR	30 Jun 2018	31 Dec 2017
Inventories [A]	4.6	4.3
Current non-interest-bearing receivables [B]	141.5	133.7
Current non-interest-bearing liabilities [C]	191.5	186.5
Net working capital [A+B-C]	-45.4	-48.5

RevPAR

Rooms revenue in relation to available rooms, whereas available rooms is defined as total rooms inventory less rooms not available for sale.

Leased portfolio	H1 2018	H1 2018
Rooms revenue (MEUR) [A]	258.0	269.1
Number of available rooms (thousands) [B]	2.788	2.993
RevPAR [A/B]	92.5	89.9

Operating Measures

Average Room Rate

Average Room Rate – Rooms revenue in relation to number of rooms sold. This is also referred to as ARR (Average Room Rate), ADR (Average Daily Rate) or AHR (Average House Rate) in the hotel industry.

F&D

Food and Drink.

FF&E

Furniture, Fittings and Equipment.

Like-for-like Hotels (“LFL”)

Hotels that have been in operation during all months within the current and previous financial year compared. No new hotels, exit hotels or hotels undergoing renovation are included.

Like-for-like hotels including renovation (“LFL&R”)

Like-for-like hotels plus hotels under renovation during the current and/or previous financial year compared.

Occupancy (%)

Number of rooms sold in relation to the number of rooms available for sale.

Revenue LFL

Revenue for LFL hotels at constant exchange rates.

Revenue LFL&R

Revenue for LFL&R hotels at constant exchange rates.

RevPAR LFL

RevPAR for LFL hotels at constant exchange rates.

RevPAR LFL&R

RevPAR for LFL&R hotels at constant exchange rates.

Geographic Regions/Segments***Nordics***

Denmark, Finland, Iceland, Norway and Sweden.

Rest of Western Europe

Austria, Belgium, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, the Netherlands, Portugal, Spain, Switzerland and the United Kingdom.

Eastern Europe (incl. CIS countries)

Armenia, Azerbaijan, Belarus, Croatia, Cyprus, the Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Turkey, Ukraine and Uzbekistan.

Middle East, Africa & Others

Algeria, Angola, Bahrain, Cameroon, Cape Verde, Chad, China, Congo, Egypt, Ethiopia, Gabon, Ghana, Iraq, Ivory Coast, Kenya, Kuwait, Lebanon, Libya, Mali, Mauritius, Morocco, Mozambique, Nigeria, Oman, Qatar, Rwanda, Saudi Arabia, Senegal, Sierra Leone, South Africa, South Sudan, Tunisia, Uganda, the United Arab Emirates, Zambia and Zimbabwe.

Forward looking statements

This document contains forward looking statements relating to the prospects and growth strategy of Radisson. These forward-looking statements generally can be identified by reference to future periods or by phrases such as Radisson or its management “believes,” “expects,” “anticipates,” “foresees,” “forecasts,” “estimates” or other words or phrases of similar meaning. Similarly, statements in this document that describe Radisson’s business strategy, outlook, objectives, plans, intentions, scenarios or goals are also forward-looking statements. We may also make forward-looking statements in other reports, in presentations, in material delivered to shareholders and in press releases. In addition, our representatives may from time to time make oral forward-looking statements. All such information and forecasts involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future and should therefore not be interpreted as guarantees of the future occurrence of such facts and data. Although we believe the expectations reflected in such forward-looking statements are based upon reasonable assumptions, there are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and Radisson can give no assurance that our expectations will be attained or that results will not materially differ. The data, assumptions and estimates may change as a result of uncertainties related to the economic, financial, competitive or regulatory environment. Furthermore, past performance is no guide to future performance and persons needing advice should consult an independent financial adviser.

The forward-looking statements contained in this document are made only as of the date hereof. Radisson expressly disclaims any obligation or undertaking to release publicly any updates of any forward-looking statements contained in this document to reflect any change in its expectations or any change in events, conditions or circumstances on which any forward-looking statement contained in this document is based. Radisson operates in a competitive and rapidly changing environment. It is therefore not in a position to predict all of the risks, uncertainties or other factors that may affect its business, their potential impact on its business, or the extent to which the occurrence of a risk or a combination of risks could have results that are significantly different from those included in any forward-looking statement. The financial information should not be viewed in isolation or as an alternative to actual annual results of operations as presented in accordance with IFRS in our Consolidated Financial Statements. None of these forward-looking statements constitute a guarantee of actual results.

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