THE REZIDOR HOTEL GROUP

Q3 2016 RESULTS

BRUSSELS, 25 OCTOBER 2016

WOLFGANG M. NEUMANN, PRESIDENT & CEO
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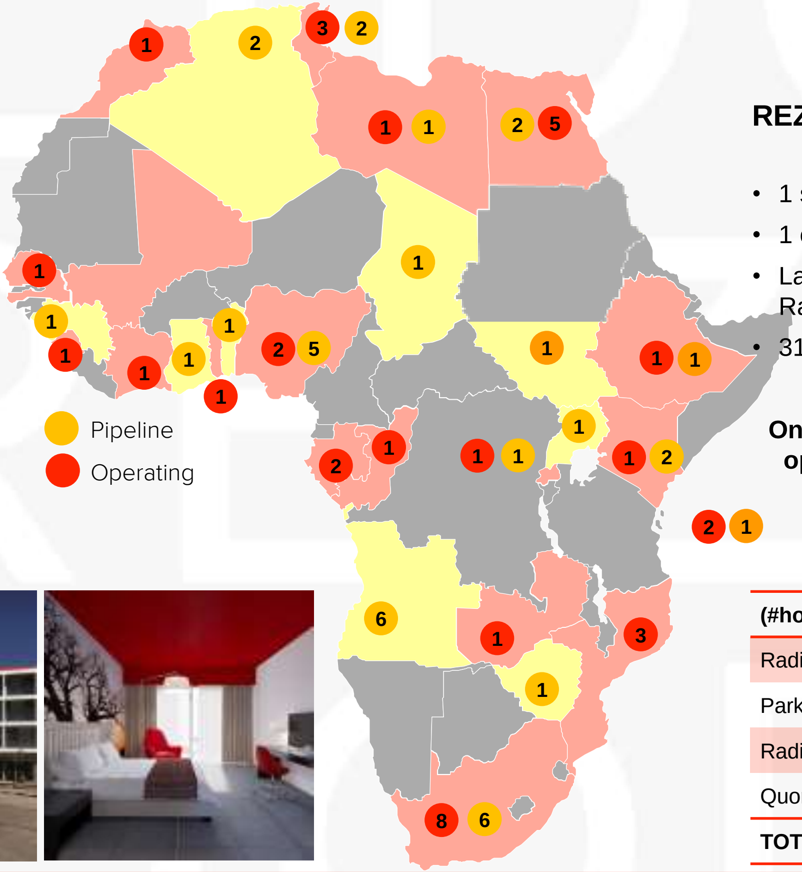
Radisson Blu Hotel & Convention Centre, Kigali, Rwanda

Africa – huge potential for growth with Rezidor in frontline position

Travel & Tourism on the rise

DRIVERS

- Contribution of T&T to GDP 4% (global average 10%)
- Many countries with >5% GDP growth
- Corporate demand driven by natural resource exploitation, infrastructure and diplomatic
- Majority of existing supply unbranded / local brands
- Potential execution of open skies agreements
- Lifestyle & Serviced apartments opportunity



REZIDOR IN AFRICA

- 1 signing every 37 days
- 1 opening every 60 days
- Largest upper upscale pipeline with Radisson Blu
- 31% of the group pipeline

On track to achieve >23,000 rooms in operation & under development by 2020

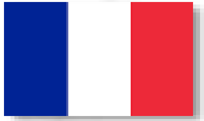
(#hotel/#rooms)	Operating	Pipeline
Radisson Blu	29 / 6,900	23 / 5,400
Park Inn	7 / 1,300	11 / 1,600
Radisson Red	N/A	1 / 235
Quorvus Collection	N/A	1 / 250
TOTAL	**36 / 8,200**	**36 / 7,500**

Challenging market conditions in some key markets, counterbalanced by positive development in others

CHALLENGING MARKETS

Belgium

- Travel & tourism still heavily impacted by March attacks
- Main issue being in Brussels with 2 leases



France

- Attack in Nice added to tough market situation
- Main challenge being Paris (3 properties), Nice & Cannes

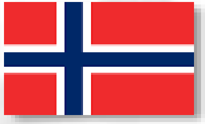
Turkey

- Severely impacted by recent events including attempted coup affecting international business (all key segments)

Saudi Arabia

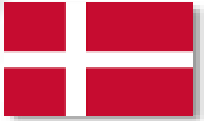
- Depressed oil price continues to challenge oil and related business

KEY POSITIVE DEVELOPMENTS



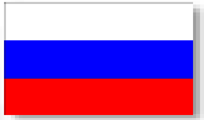
Norway

- Benefitted from strong summer transient and group leisure business
- Stabilisation of oil price
- Helped by consumer spending & weak NOK



Denmark

- Rate led growth linked to strong market performance
- Large congresses in CPH
- Supported by strong household consumption



Russia

- Continues to benefit from domestic business and Asian leisure demand
- Strong demand during summer months (leisure)

Germany

- Performance supported by a strong fair month in September

Strong L/L RevPAR growth, but one-off effects negatively impact results

Q3-2016 financial results at a glance

Revenue

- €251.3m Reported Revenue, down -€10.1m (-3.9%)
- €9.1m L/L Revenue increase (+3.5%)
- Exit of 4 leases (-€7.8m) and unfavourable exchange rates (-€10.4m)

RevPAR

- L/L RevPAR €82.1 (+5.3%)
- ADR €109.3 (+4.1%)
- Occupancy 75.1% (+0.9pp)

- Continuous focus on improving profitability of leased estate
- Asset management remains a key contributor to performance improvement
- €10m cost containment plan launched

EBITDA

- €29m EBITDA (-€6.8m)
- 11.5% EBITDA margin (-2.2pp)
- Incl. €4m restructuring costs
- 2015 impacted by one-off +€1.7m

Net profit

- €14.9m down €3.0m (-16.8%)
- 5.9% net profit margin
- Positive income tax impact

Cost restructuring & exit of loss-making hotels to support future profitability improvement

€10m cost containment plan launched

- In response to market uncertainties and to compensate for revenue losses
- **Saving target of €10m p.a.** (as of 2017) focussed on overhead costs while fully protecting guest experience at hotels
- Restructuring cost of €5m (€4m accounted for in Q3)

Procurement: €4m

- Acceleration of purchasing savings
- Renegotiation of contracts
- Launch of new global procurement system

Corporate Support Office: €4.3m

- Reduction of central costs
- Re-organization of head office functions
- Further decentralisation and organisational optimisation

Operational Areas: €1.7m

- Additional regional / city synergies
- Reduction of Area overhead costs
- Optimisation of sales organisation

Three Asset Management transactions in Q3 improve forward EBITDA by €2.5m

Significant development made over last 4 years with further potential

2016 YTD ACHIEVEMENTS

- Exit of 4 leases:
  - 1 in Sweden beginning of January (Radisson Blu Gothenburg)
  - 3 in Norway as of 1st September (Park Inn Stavanger, Radisson Blu Norge Bergen and Radisson Blu Kristiansand)
- 1 additional lease to exit end of the year

(€m)	2012	2013	2014	2015	2015ytd	2016ytd
# Hotels	77	68	70	71	71	67
Revenue	800.1	785.1	811.1	851.1	636.5	611.1
EBITDA*	38.6	49.0	44.6	62.2	45.0	43.1
Margin	*4.8%*	*6.2%*	*5.5%*	*7.3%*	*7.0%*	*7.0%*
EBIT*	-8.2	16.0	7.4	21.9	14.0	3.2
Margin		*2.0%*	*0.9%*	*2.6%*	*2.2%*	*0.5%*

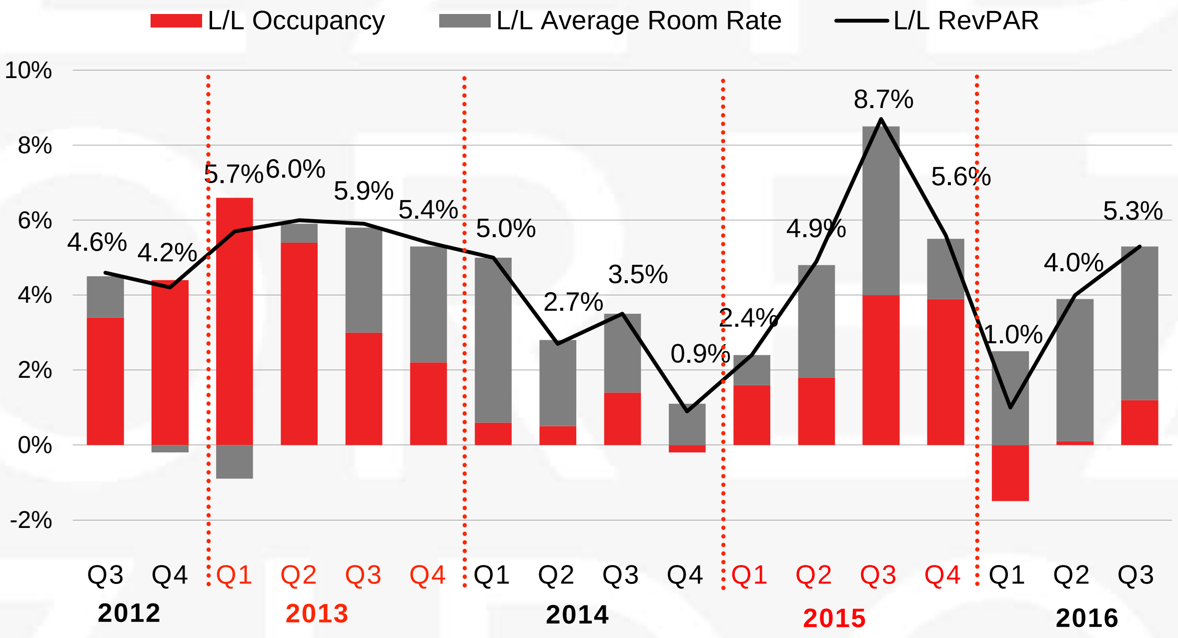
* Before central cost allocation

ACHIEVEMENTS SINCE 2012

- Asset Management transactions since inception
  - 14 exits of leases (at an upfront cost of €25m)
  - 11 lease restructurings
- Cumulative EBITDA impact of €17.2m for 2017
- Approx. **2.2 percentage points** improvement in EBITDA margin since 2012
- EBIT 2016 YTD negatively effected by exit costs
- Continued emphasis on exiting loss making leases and renegotiation of agreements

5.3% L/L RevPar increase, on back of a strong Q3 2015

Rezidor RevPAR development



- Strong performance compared to sector & market performance
- 3 of 4 regions reported L/L RevPAR growth: **Eastern Europe, Nordics** and **ROWE**

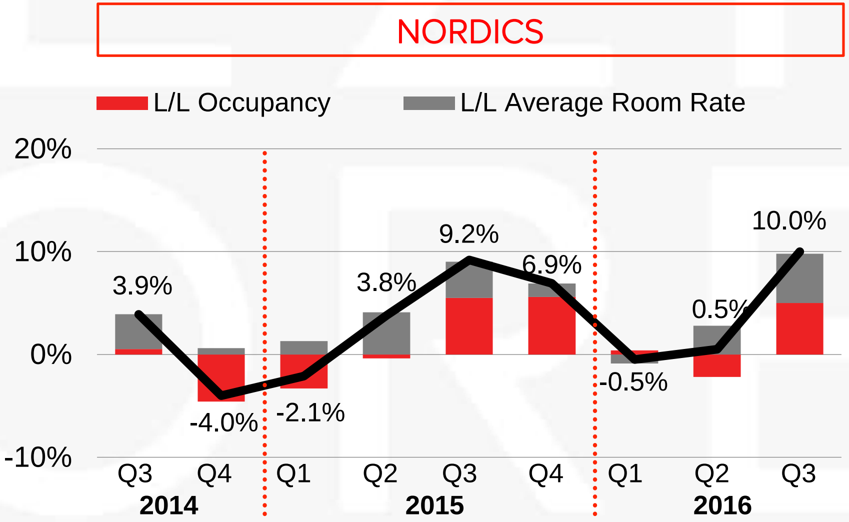
RGI DEVELOPMENT

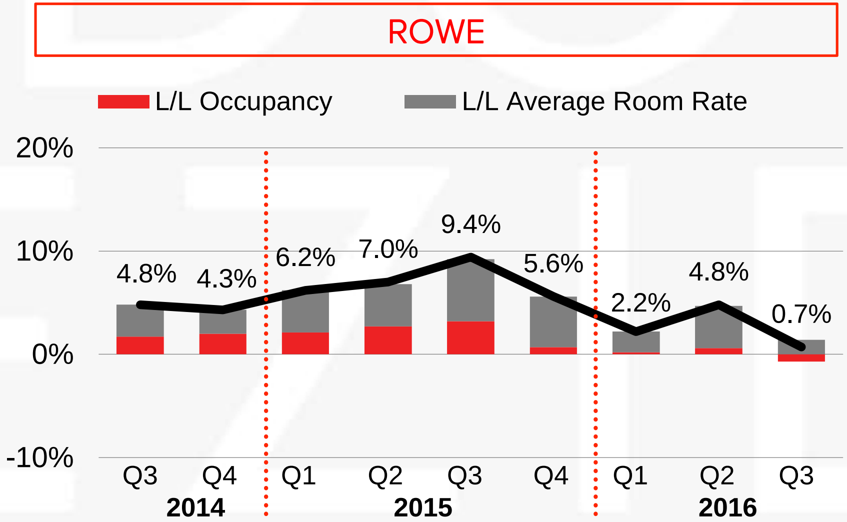
- 0.6% RGI growth YTD (Aug)
- 1.5% Leased RGI growth YTD (Aug)

➢ **5th year of consecutive gain in market share**

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

Strong performance in the Nordics, but ROWE less positive linked to mixed results





Norway: Strong occupancy growth via leisure segments

Denmark: Rate growth fuelled RevPAR increase

Sweden: Growth driven via two of three months

Belgium & France: Continued weak performance in the aftermath of the attacks

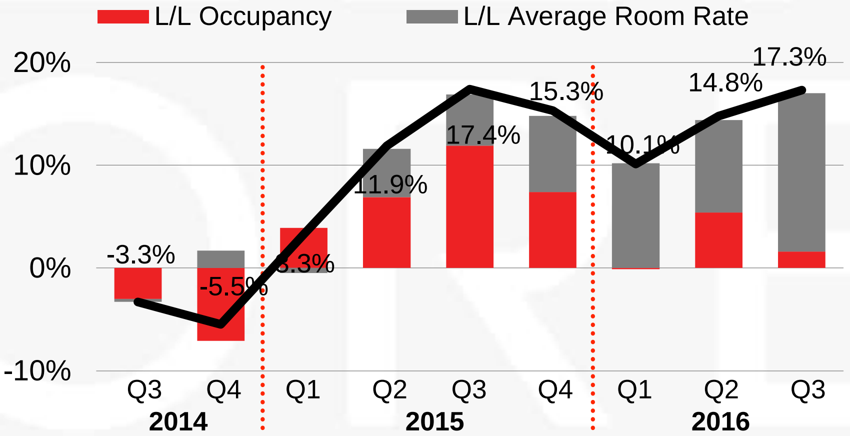
UK & Ireland: Continuous positive development mainly on rate

Germany: Good performance linked to a strong September

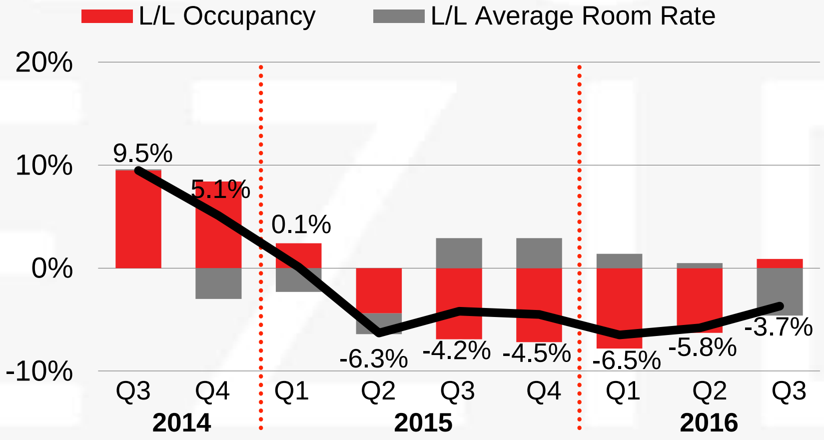
Netherlands: Impacted by less international congress business

Continued improvement in Eastern Europe, while Middle East & Africa remains weak

EASTERN EUROPE



MIDDLE EAST & AFRICA



Russia: Strong performance based on domestic & Asian business

Baltics: Occupancy driven growth via events in Estonia & Latvia

Poland: Strong rate uplift from large events

Turkey: Occupancy and rate negatively affected by recent events

Middle East: Better performance than in previous quarters but below last year

Northern Africa: Demand continues to suffer linked to unrest & political instability

Southern Africa: Benefitted from reduced visa restrictions and value of the Rand

Continuous good momentum for signings

2 portfolio deals in Middle East & Africa

SIGNINGS	Q3 2016	Q3 2015	YTD 2016	YTD 2015
Hotels	9	12	33	37
Rooms	1,900	2,300	6,400	7,100

Comments:

- Entering the **Angolan** market with Park Inn
  - Portfolio of 5 hotels across key markets
  - All under construction due to open within 12-18 months
- Continuous strong momentum **in Middle East:**
  - Multi-property deal in UAE (2 Radisson Blu in Dubai, 1 Park Inn in Ras al Khaimah)
  - 2 hotels due to open in H1 2017 (semi-conversions)
- Entering our 82nd country: Kyrgyzstan
- Purely asset-light growth (managed)

Radisson Blu Hotel, Dubai Waterfront; UAE

Radisson Blu Hotel, Bishkek; Kyrgyzstan

Prizeotel Hamburg

prizeotel

- Above numbers excl. **prizeotel**
- 49% shareholder since April 2016
- 4 hotels / 1,000 rooms
- Integration on track
- Promising segment with focussed development

Delays in openings in the quarter, but YTD room openings in line with last year

OPENINGS	Q3 2016	Q3 2015	YTD 2016	YTD 2015
Hotels	1	9	14	18
Rooms	300	1,300	2,700	2,800

Comments:

- New flagship in Africa:
  - Radisson Blu Hotel & Convention Centre, Kigali, Rwanda
  - Adjacent to Convention Center of 53,000m²
- Radisson Blu Lyon reopening on budget and as per schedule 1st October 2016
- 3 exits resulting in net growth of -223 rooms in Q3

Radisson Blu Hotel, Kigali; Rwanda

Radisson Blu Hotel, Yerevan; Armenia

Radisson Blu Hotel, Lyon; France (reopening)

FINANCIAL UPDATE

KNUT KLEIVEN, DEPUTY PRESIDENT & CFO

Radisson Blu Hotel, Lyon

Good underlying trading but results negatively impacted by strengthening of Euro and one-offs

Q3-2016 Income Statement

In €m	Q3 2016	vs LY
LFL RevPAR (L&M)	82.1	5.3%
Revenue	251.3	-10.1
EBITDAR	87.3	-10.4
EBITDAR Margin %	34.7%	-2.7 pp
EBITDA	29.0	-6.8
EBITDA Margin %	11.5%	-2.2 pp
EBIT	16.4	-8.0
EBIT Margin %	6.5%	-2.8 pp
NET INCOME	**14.9**	**-3.0**

Reported Revenue down 3.9% due to

- Conversion of 3 leases to franchise and exit of 1 lease, whereof 3 as from September 1
- Temporary closure of 1 hotel for renovation since 1st September
- Negative FX impact of €10.4m due to the strengthening of EUR vs mainly GBP and NOK
- One-off fee income last year of €1.7m

L/L Revenue up €9.1m (3.5%)

Rent decreased from 28% to 27.4% of Leased Revenue related to exits and renegotiations of leases

EBITDA decreased mainly due to decrease in revenue and redundancy costs of €4.0m. Performance of the eight hotels in Brussels, Nice and Paris impacted by recent terrorist attacks and are €4.3m below last year

EBIT down by €8.0m, in addition to lower EBITDA impacted by higher costs for depreciation and impairments, partly offset by lower costs for termination of contracts

Net income positively impacted by reduced tax rates

Challenging trading in some key countries & termination costs impact results

YTD Income Statement

In €m	YTD Sept 2016	vs LY
LFL RevPAR (L&M)	76.9	3.4%
Revenue	718.1	-23.5
EBITDAR	235.9	-17.4
EBITDAR Margin %	32.9%	-1.3 pp
EBITDA	56.2	-12.4
EBITDA Margin %	7.8%	-1.5 pp
EBIT	13.3	-21.7
EBIT Margin %	1.9%	-2.8 pp
NET INCOME	**9.5**	**-10.4**

Revenue down 3.2% due to

- Conversion of 3 leases to franchise and exit of 1 lease
- Negative FX impact of €27.5m from EUR strengthening vs. NOK, GBP, RUB and CHF
- Temporary closure of 1 hotel for renovation and re-branding during 3.5 months

L/L Revenue up €27.6m (3.8%)

EBITDA decreased due to performance in Q1 and Q3, impacted by challenging trading in some key countries as well as higher central costs, of which majority due to redundancies

FX had a negative impact of ca €2.6m on EBITDA

EBIT negatively impacted by termination costs of €10.6m and higher costs for depreciation and impairments of €1.6m, partly offset by gain on sale of shares in subsidiaries of €1.9m

Net income positively impacted by reduced tax rates

Solid L/L development in Q3

Negatively impacted by one-offs, lease exits and unfavorable exchange rates

Q3-2016 vs Q3-2015	Reported Change	FX	Hotel Exits	New Hotels	Change in Central Costs	Change in Write-downs	Other one-offs	L/L
Revenue	-10.1	-10.4	-10.4	1.6	–	–	-1.7	9.1
EBITDAR	-10.4	-3.7	-4.2	1.0	-6.2	–	-1.7	4.4
EBITDA	-6.8	-1.3	-2.2	1.0	-6.2	–	-1.7	3.6
EBIT	-8.0	-0.8	-1.7	0.6	-6.2	-1.3	-0.5	1.9

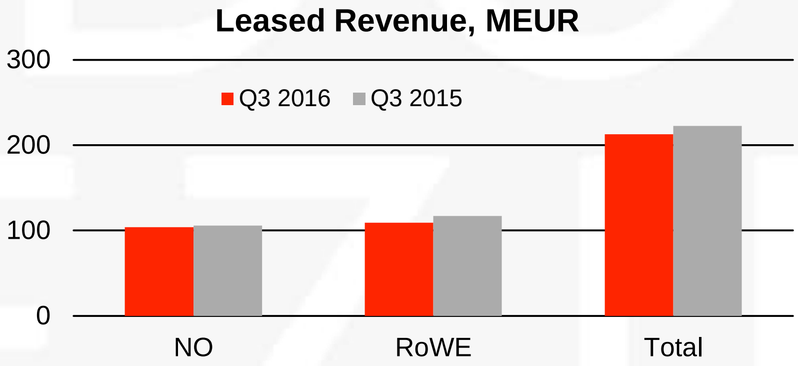
- Strengthening of EUR vs mainly GBP (€8.2m) and NOK (€1.2m) had negative impact of ca. 4% on revenue.
- Hotel exits had a negative impact
- New hotels include Radisson RED Brussels (renovated and re-branded hotel)
- Central costs include redundancies of €4.0m
- Other one-offs negatively impacted EBIT by -0.5 (one-off fee income last year of €1.7m offset by termination costs last year of €1.2m)

Good performance in Nordic lease portfolio offset by results in Rest of Western Europe

Q3 – Leased Business

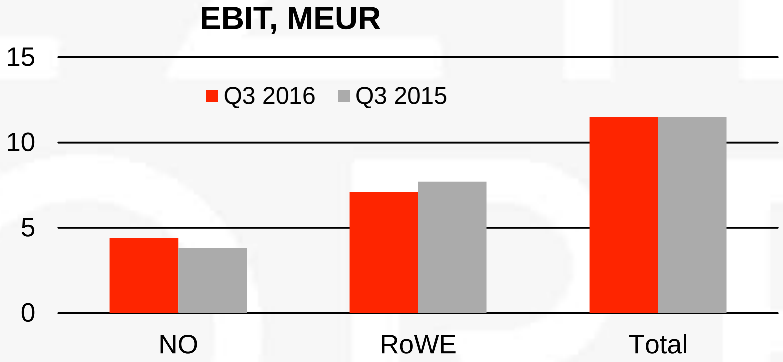
Nordics

- Revenue decreased by €1.0m due to conversion of 3 leases to franchise, exit of 1 lease , the closure of 1 hotel for renovation and weakening of the Norwegian Krona
- Very strong L/L Revenue development
- Improved flow-through to EBIT, partly offset by increased costs for write-downs



Rest of Western Europe

- Reported Revenue down 8.7% vs last year due to weakening of the British Pound and the challenges in Brussels, Nice and Paris
- The performance in Brussels, Nice and Paris has a negative impact of €3.4m on leased business EBIT



Good development in Eastern Europe and Middle East, Africa & Others; overall results negatively impacted by Rest of Western Europe

Q3 – Fee Business

Rest of Western Europe

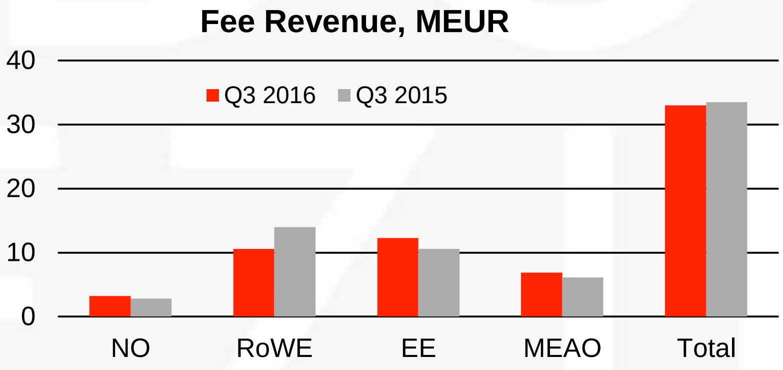
- Fee revenue decreased with €3.4m, where of €1.7m due to an one-off fee income last year and negatively impacted by the weakening of the British Pound
- The performance in Brussels, Nice and Paris has a negative impact of €1.0m on fee business EBIT

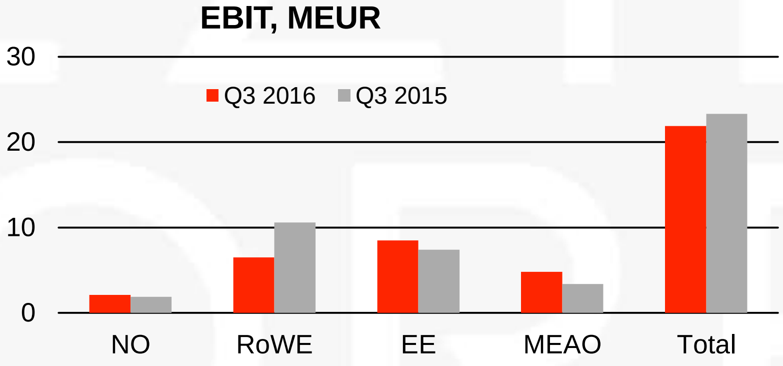
Eastern Europe

- Fee revenue €1.7m higher than last year due to very strong RevPAR development
- EBIT margin in line with last year

Middle East, Africa & Others

- Fee revenue €0.8m higher than last year due to new hotels in the portfolio
- EBIT impacted by lower costs for bad debts





Investments of €63.3m carried out during the first 9 months of the year

YTD 2016 vs YTD 2015	2016	2015
Cash flow before working capital changes	37.6	57.1
Change in working capital	0.9	-4.3
Cash flow from operating activities	**38.5**	**52.8**
Investments	-63.3	-45.9
Free Cash Flow	**-24.8**	**6.9**

MEUR	Sept 30, 2016	Dec 31, 2015
Balance sheet total	489.3	464.3
Net working capital	-52.9	-53.0
Net cash (net debt)	3.6	41.1
Equity	247.1	246.7

- Weaker cash flow before working capital due to decrease in EBIT
- Investments include the acquisition of 49% in prizeotel (€14.7m). Increase capex spend in the leased business
- Resulting net cash position is positive (€3.6m) by the end of the quarter


Q&As

QUORVUS COLLECTION

Radisson BLU

Radisson RED

park inn by Radisson

prizeotel


Wolfgang M. Neumann
President & CEO


Knut Kleiven
Deputy President & CFO