RADISSON HOSPITALITY

Q3 2019 RESULTS

BRUSSELS, 6th November 2019

FEDERICO J. GONZÁLEZ, PRESIDENT & CEO
SERGIO AMODEO, EXECUTIVE VP & CFO

Radisson Hotel Dakar Diamniadio

Key Highlights

Very encouraging quarter: Best EBITDA in the company’s history and all 5YP initiatives in line or ahead of plan

Revenue

- €261.8m Reported Revenue, +€8.5m vs. LY (+3.4%) due to a LFL&R revenue increase of +3.4% and openings of €5.3m
- €255.4m LFL&R Revenue, +€8.5m vs. LY (+3.4%) mainly driven by the lease business in the Nordics and central functions

EBITDA

- €58.9m Reported EBITDA, +€18.7m vs. LY (+46.5%), where of €11.4m due to the implementation of IFRS 16 *Leases*
- €49.2m Adjusted EBITDA, +€8.4m vs. LY (+20.6%)
- 22.5% EBITDA margin (+6.6 p.p.)
- 18.8% Adjusted EBITDA margin (+2.7 p.p.)
- Strong contribution from improved results from central functions

RevPAR

- Reported RevPAR with +3.4% represents the highest growing quarter of the year, positively impacted by FX with +1.0%
- RevPAR LFL&R 2.3%, driven from occupancy with +2.4% vs. LY and from the ramp up of 2018 Renovations with +5.3%
- RevPAR LFL&R Leased Portfolio was +2.3% vs. LY coming almost entirely from rate with +2.1%. Excluding hotels under renovation, RevPAR grew by 3.5%

Guidance & Q3 2019 Key developments

- We expect Revenue LFL&R to increase +3.0-3.5%
- We expect to reach an EBITDA margin between 17.0-18.0%*
- Excellent progress done with the 5-year Operating Plan (5YP)
- Great expansion progress of new brands and destinations, with 14 signings and 4 openings in Q3 2019, well ahead of 5YP

Note: LFL&R is Like for like portfolio plus renovations at constant exchange rate. Adjusted EBITDA excludes items of one off-nature and the effect of the implementation of IFRS 16 *Leases*

**The EBITDA margin includes the IRFS 16 impact*

Q3 2019 – Highest Q3 EBITDA in the company's history

	Profits and Loss M€	Q3 2019	Q3 2018	vs. LY m€	vs. LY %
	LFL&R Revenue	**255.4**	**246.9**	**8.5**	**3.4%**
1	**Revenue**	**261.8**	**253.3**	**8.5**	**3.4%**
	Payroll	-77.9	-77.5	-0.4	-0.5%
	Other OPEX	-79.4	-79.1	-0.3	-0.4%
	EBITDAR	**104.5**	**96.7**	**7.8**	**8.1%**
	% over Revenue	39.9%	38.2%	1.7 p.p.	
	Rents & Guarantees	-45.4	-56.7	11.3	19.9%
	Share of income in assoc.	-0.2	0.2	-0.4	N/A
2	**EBITDA**	**58.9**	**40.2**	**18.7**	**46.5%**
	% over Revenue	22.5%	15.9%	6.6 p.p.	
	Depreciations	-18.9	-11.8	-7.1	-60.2%
	Write-downs	-1.6	-8.6	7.0	81.4%
	Lease modifications and terminations	0.1	—	0.1	N/A
3	**EBIT**	**38.5**	**19.8**	**18.7**	**94.4%**
	% over Revenue	14.7%	7.8%	6.9 p.p.	
	Net financial expenses	-9.9	-5.7	-4.2	-73.7%
	Income tax	-7.2	-5.0	-2.2	-44.0%
4	**Net Income**	**21.4**	**9.1**	**12.3**	**135.2%**

1. **Revenue** is +€8.5m (+3.4%) above last year. The LFL&R revenue increase of +€8.5m (+3.4%) and openings of +€5.3m is partly offset by exits of -€3.9m and FX of -€1.4m

2. **EBITDA** increased by +€18.7m (+46.5%) to €58.9m, which is mainly due to the implementation of IFRS 16 *Leases* (€11.4m) and lower central costs mainly due to optimization projects

   Adjusted EBITDA increased by +€8.4m (+20.6%) to €49.2m

3. **EBIT** increased by +€18.7m (+94.4%) to €38.5m, where of €4.7m is due to IFRS 16 and €7.0m due to lower costs for write-downs

   Adjusted EBIT increased by +€8.0m (+27.6%) to €37.0m

4. **Net Income** increased by +€12.3m (135.2%) to €21.4m. The increase in EBIT is partly offset by an increase of net financial expenses of €4.2m, which is mainly due to IFRS 16

   Adjusted Net Income increased by +€7.7m (+48.4%) to €23.6m

Q3 2019 – €7.5m contribution to EBITDA from the LFL&R portfolio

M€	Q3 2019	Q3 2018	Change	%
Revenue	261.8	253.3	8.5	3.4%
EBITDAR	104.5	96.7	7.8	8.1%
EBITDA	58.9	40.2	18.7	46.5%
EBIT	38.5	19.8	18.7	94.4%

FX	Exits	New Hotels	One-Offs	Impl. IFRS 16	LFL&R	LFL&R (%)
-1.4	-3.9	5.3	—	—	8.5	3.4%
-0.4	-2.2	3.1	-1.1	—	8.4	9.0%
0.3	-1.9	2.3	-0.9	11.4	7.5	20.2%
0.2	-1.9	2.3	6.3	4.7	7.1	27.9%

- **FX** had a negative impact of -€1.4m on revenue but a slight positive impact on EBIT
- **Exits** include one Park Inn lease and one Radisson Blu lease with negative impact on revenue of -€1.5m. Exited managed and franchised hotels had a negative impact of -€2.4m on revenue
- Contribution from **new hotels** of €2.3m to EBIT with a good profit conversion
- The implementation of **IFRS 16 *Leases*** has an impact of €11.4m on EBITDA and €4.7m on EBIT
- On a **LFL&R** basis, revenue is up +€8.5m (+3.4%) and EBIT is up +€7.1m vs. last year

YTD 2019 – EBITDA is +€52.3m (+60.3%) above last year, improving margin by 6.7 p.p to 18.9%

	Profits and Loss M€	YTD 2019	YTD 2018	vs. LY m€	vs. LY %
	LFL&R Revenue	**719.4**	**698.1**	**21.3**	**3.0%**
1	**Revenue**	**737.1**	**713.2**	**23.9**	**3.4%**
	Payroll	-232.6	-236.3	3.7	1.6%
	Other OPEX	-233.5	-221.9	-11.6	-5.2%
	EBITDAR	**271.0**	**255.0**	**16.0**	**6.3%**
	% over Revenue	36.8%	35.8%	1.0 p.p.	
	Rents & Guarantees	-131.2	-168.4	37.2	22.1%
	Share of income in assoc.	-0.8	0.1	-0.9	N/A
2	**EBITDA**	**139.0**	**86.7**	**52.3**	**60.3%**
	% over Revenue	18.9%	12.2%	6.7 p.p.	
	Depreciations	-57.2	-34.8	22.4	64.4%
	Write-downs	-2.2	-8.8	6.6	75.0%
	Lease modifications and terminations	-0.2	-1.0	0.8	80.0%
3	**EBIT**	**79.4**	**42.1**	**37.3**	**88.6%**
	% over Revenue	10.8%	5.9%	4.9 p.p.	
	Net financial expenses	-29.2	-6.3	-22.9	-363.5%
	Income tax	-14.0	-11.2	-2.8	-25.0%
4	**Net Income**	**36.2**	**24.6**	**11.6**	**47.2%**

1 **Revenue** is +€23.9m (+3.4%) above last year. The LFL&R revenue increase of +€21.3m (+3.0%) and openings of +€13.1m is partly offset by exits of -€3.0m and FX of -€1.1m

2 **EBITDA** increased by +€52.3m (+60.3%) to €139.0m, which is due to the implementation of IFRS 16 Leases (€35.4m), the strong revenue growth, the positive effects from the new operation model and reduction of central costs mainly thanks to optimization projects

Adjusted EBITDA increased by +€19.8m (+22.6%) to €107.3m

3 **EBIT** increased by +€37.3m (+88.6%) to €79.4m, where of €15.6m is due to IFRS 16 and €6.6m due to lower costs for write-downs

Adjusted EBIT increased by +€18.5m (+35.1%) to €71.2m

4 **Net Income** increased by +€11.6m (+47.2%) to €36.2m. The increase in EBIT is offset by an increase of net financial expenses of €22.9m due to the bond issuance in July last year and IFRS 16

Adjusted Net Income increased by +€7.8m (+24.0%) to €40.3m

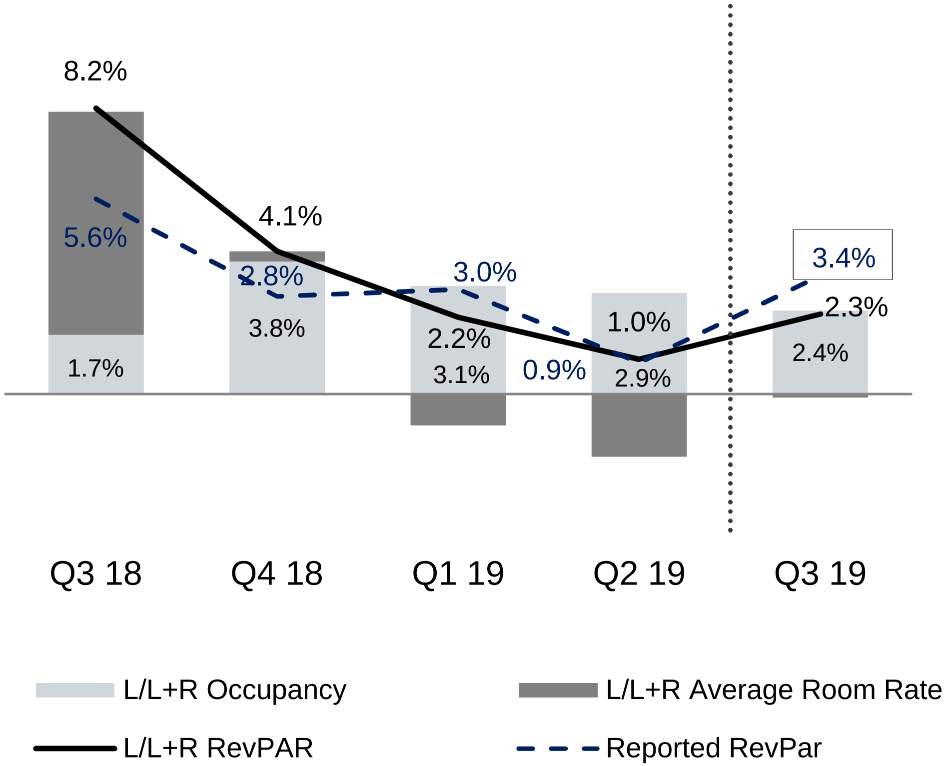
YTD 2019 – €15.4m contribution to EBITDA from the LFL&R portfolio and positive impact from the implementation of IFRS 16 *Leases*

M€	YTD 2019	YTD 2018	Change	%
Revenue	737.1	713.2	23.9	3.4%
EBITDAR	271.0	255.0	16.0	6.3%
EBITDA	139.0	86.7	52.3	60.3%
EBIT	79.4	42.1	37.3	88.6%

FX	Exits	New Hotels	One-Offs	Impl. IFRS 16	LFL&R	LFL&R (%)
-3.7	-6.8	13.1	—	—	21.3	3.0%
-1.0	-3.0	7.0	-2.7	—	15.7	6.3%
0.0	-2.0	6.2	-2.7	35.4	15.4	19.1%
0.4	-2.0	6.2	3.4	15.6	13.7	30.3%

- **FX** had a negative impact of -€3.7m on revenue but a slight positive impact on EBIT
- **Exits** include one Park Inn lease and one Radisson Blu lease with negative impact on revenue of -€3.9m. Exited managed and franchised hotels had a negative impact of -€2.9m on revenue
- Positive **one-offs** of €3.4m mainly due to lower costs for write-downs, partly offset by higher costs for restructurings and IT transformation
- The implementation of **IFRS 16 *Leases*** had an impact of €35.4m on EBITDA and €15.6m on EBIT
- On a **LFL&R** basis, revenue is up +€21.3m (+3.0%) and EBIT is up +€13.7m vs. last year

Q3 2019 – Positive Reported RevPAR growth of +3.4% vs. last year



- **Reported RevPAR** during Q3 was 3.4% above last year
- **LFL&R RevPAR for the Leased and Managed** hotels was **+2.3% vs. LY**, representing the best quarter of the year. The growth has been driven by occupancy with +2.4% while ADR suffered in July due to the end of the World Cup in Russia
- **LFL&R RevPAR for the Leased grew +2.3% vs. LY**, in line with Managed hotels, supported mainly by rate with +2.1%. Excluding ongoing renovations, the performance of the LFL&R Leased would become positive vs. LY with +3.5%, with +2.2% coming from rate
- To note the significant ramp up of 2018 investments with +5.3% vs. LY

Note: Like-for-like plus renovations: same hotels in operation plus renovations during 2018 and 2019 at constant exchange rates 2018 quarters follow same qualification of Q3 2019, using Ly Rate of 2018. To note that the perimeter taken into account might eventually change quarter over quarter based on the last updated like-for-like

Q3 2019 – Market share continues the positive growth with +2.9% vs. last year

RGI development

	Q3 2018	Q3 2019	Var. %
RGI	**104.3**	**107.3**	**2.9%**
Leased Hotel RGI	*111.3*	*112.2*	*0.8%*
Managed Hotel RGI	*99.8*	*103.9*	*4.1%*

- **Second best RGI development** of Radisson Hotel Group since 3 years with **+2.9% versus Q3 2018**
- 52% of the hotels improving RGI (95 positive of 182)
- Both **positive performances in Leased and Managed** hotels with a faster speed in Managed because of the lower starting point (below 100 in 2018)
- To note Russia grew +14.3%, Ukraine +38.2% and UAE +12.5% despite the loss of -3.6% in RevPAR vs. LY

Quality Reputation - EMEA

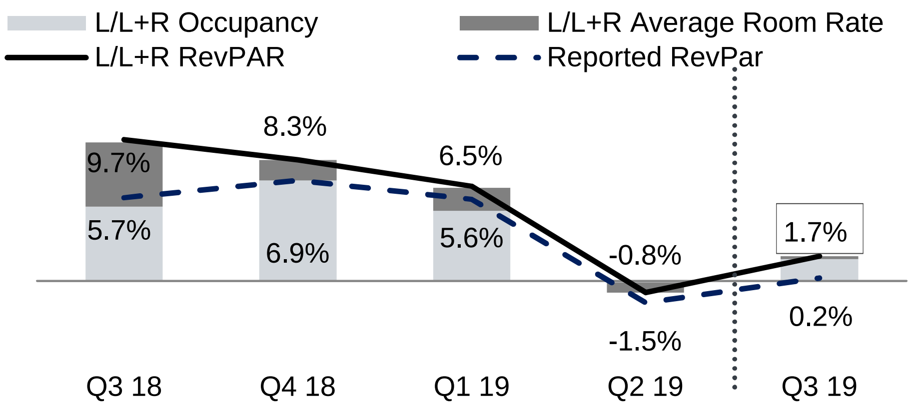
	Q3 2018	Q3 2019	Var.
Booking.com score	**8.39**	**8.42**	**+0.03**
Booking.com online reviews	103 718	124 035	+20 317
Global Review Index (GRI)	**85.4%**	**86.3%**	**+0.8%**
Total online reviews	206 672	234 824	+28 152
Guest Satisfaction Survey - Overall Experience Score	**8.09**	**7.96**	**-0.13**
Total survey responses	67 308	120 544	+53 236

- **Historical GRI* growth** of almost **+1 p.p. vs LY**
- **Booking.com score** growth **+0.03 vs LY**
- **Loyal guests (GSS) with a slight decrease of Overall Experience Score**, however the **survey response increased +44% vs. LY**

Note: Figures for LFL&R Managed & Leased Hotels with 3rd Party RGI Data; *Quality scores algorithm based on all online reviews channels + OTAs

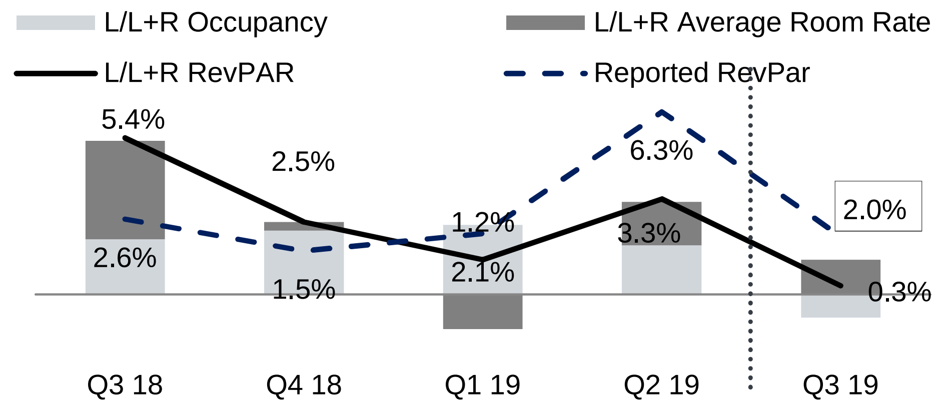
Q3 2019 – Positive performance driven mainly by Western Europe (+2.0% vs. last year)

NORDICS



- Reported **RevPAR grew +0.2% vs. LY** impacted by FX (-2.9%)
- **LFL&R Leased and Managed was +1.7%** vs. LY mainly driven by a significant ramp up from 2018 renovations (+5.8%) and a positive performance of comparable hotels (+1.6%). Sweden drove the growth with +5.3% vs. LY, representing 28.6% of the room revenue share; Denmark (17.2% share) and Norway (52.4%) grew both by 0.7% affected by ongoing renovations
- **Excluding hotels under renovation, RevPAR grew by 3.0%**

ROWE

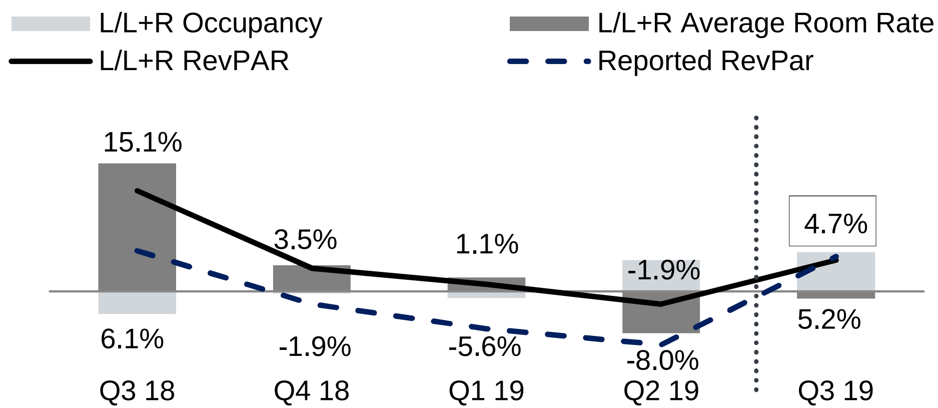


- **Reported RevPAR grew +2.0% vs. LY,** positively supported by FX with +1.1%
- **LFL&R Leased and Managed RevPAR was +0.3% vs. LY**, mainly coming from a recovery in rates (+1.2%) and the ramp up of last year renovations (+5.1%), partially offset by the displacement of ongoing renovations with -4.2%. The highest growth was noted in Austria (9.5%), followed by France (7.8%), Belgium (7.7%) and Spain (1.7%)
- **Excluding hotels under renovation, RevPAR grew by 1.2%**

Note: Like-for-like plus renovations: same hotels in operation plus renovations during 2018 and 2019 at constant exchange rates 2018 quarters follow same qualification of Q3 2019, using Ly Rate of 2018. To note that the perimeter taken into account might eventually change quarter over quarter based on the last updated like-for-like

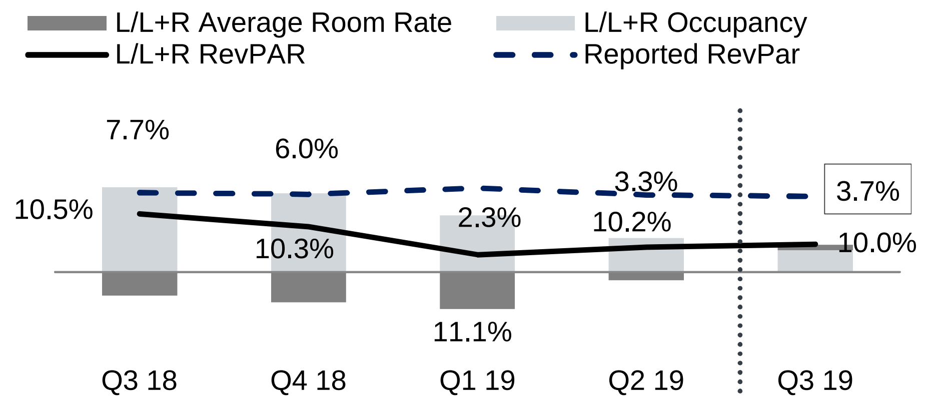
Q3 2019 – EE is strongly recovering and MEA continues positive performance

EASTERN EUROPE



- **Reported RevPAR was +5.2% vs. LY**, (+0.2% from FX)
- **RevPAR LFL&R increased by 4.7%,** strongly impacted by comparable hotels with +5.5% vs. LY. **In Russia** (~35% room revenue share) **RevPAR LFL&R increased by 2.5%,** recovering as well from the impact of the world cup in July. **In Turkey (11% of share)** the growth continues to double digits with +15.2%, followed by Poland (10%) with +8.7%

MIDDLE EAST & AFRICA



- **Reported RevPAR was +10.0% vs. LY,** supported by a positive FX impact with +4.4%
- **RevPAR LFL&R grew 3.7%,** supported by a recovery in volumes (+2.9%) and an increase in rate as well (+0.7%). Very strong performance in several markets (e.g. Tunisia 17.3%, Qatar 36.1%, Lebanon 5.3% and Egypt 9.1%). To note that both South Africa (3.7%) and UAE continue to be soft vs. LY with -1.7% and -3.6% growth respectively

Note: Like-for-like plus renovations: same hotels in operation plus renovations during 2018 and 2019 at constant exchange rates 2018 quarters follow same qualification of Q3 2019, using Ly Rate of 2018. To note that the perimeter taken into account might eventually change quarter over quarter based on the last updated like-for-like

Q3 2019 – Strong EBIT development due to IFRS 16 and lower write-downs

Revenue in line with last year despite the negative impact of FX and exits

Nordics

- **Revenue decreased by -€0.7m (-0.7%)** due to the strengthening of the Euro (-€2.0m) and the exit of one property (-€1.1m). Revenue LFL&R increased by +€2.5m (+2.6%)
- **EBIT increased by +€3.1m (+30.4)**. The positive impact of the implementation of IFRS 16 (+€4.0m) is partly offset by higher costs for depreciation and termination of lease contracts

Nordics			
M€	Revenue	Revenue LFL&R	EBIT
Q3 2019	97.2	99.3	13.3
Q3 2018	97.9	96.8	10.2
Var	-0.7	2.5	3.1
% Var	-0.7%	2.6%	30.4%

Rest of Western Europe

- **Revenue increased by +€0.4m (+0.4%)** due to LFL&R growth of +€0.8m), partly offset by the exit of one property (-€0.5m)
- **EBIT increased by +€7.1m (+887.5%)** due to lower costs for write-downs of fixed assets. The implementation of IFRS 16 had an impact on EBIT of +€0.2m only

Rest of Western Europe			
M€	Revenue	Revenue LFL&R	EBIT
Q3 2019	110.9	110.8	7.9
Q3 2018	110.5	110.0	0.8
Var	0.4	0.8	7.1
% Var	0.4%	0.7%	887.5%

Q3 2019 – Strong development in Fee Business in Q3

Revenue increase of €2.4m (+6.3%) and EBIT increase of €0.9m (+3.4%)

Rest of Western Europe

- **Fee revenue decreased by -€0.6m (-5.1%)** due to exits (-€1.5m), partly offset by openings (+€1.2m)
- **EBIT in line with last year**

Eastern Europe

- **Fee revenue increased by +€1.5m (+9.6%)** due to new openings (+€1.4m)
- **EBIT increased by +€1.2m (10.3%)**, consequence of the revenue growth

Middle East, Africa & Others

- **Fee revenue increased by +€1.8m (+25.0%)**, mainly due to LFL&R growth (+€0.7m) and openings (+€0.7m)
- **EBIT in line with last year**, impacted by higher costs for bad debts

Revenue (M€)	NO	RoWE	EE	MEAO	Total
Q3 2019	3.3	11.2	17.2	9.0	40.7
Q3 2018	3.6	11.8	15.7	7.2	38.3
Var	-0.3	-0.6	1.5	1.8	2.4
% Var	-8.3%	-5.1%	9.6%	25.0%	6.3%

EBIT (M€)	NO	RoWE	EE	MEAO	Total
Q3 2019	1.5	7.3	12.8	5.8	27.4
Q3 2018	1.9	7.2	11.6	5.8	26.5
Var	-0.4	0.1	1.2	0.0	0.9
% Var	-21.1%	1.4%	10.3%	N/A	3.4%

Cash Flow and Balance Sheet

Cash flow impacted by change in working capital, investments in the lease portfolio and interest paid

YTD (m€)	2019	2018	Var.
Cash flow before working capital changes	128.8	81.9	46.9
Change in working capital	-33.9	-0.3	-33.6
Cash flow from operating activities	**94.9**	**81.6**	**13.3**
Investing activities	-42.5	-50.5	8.0
Free cash flow	**52.4**	**31.1**	**21.3**
Financing activities	-53.5	208.7	-262.2
Cash flow for the period	**-1.1**	**239.8**	**-240.9**

In M€	Sep. 30, 2019	Jan. 1, 2019 (adj)	Var.
Total assets	1,124.1	1,113.6	10.5
Net working capital	-55.7	-88.2	32.5
Net debt	461.1	473.1	-12.0
Equity	193.5	156.0	37.5

- **Cash flow before working capital has increased +€46.9m vs LY** due to increase in EBITDA and partly due to the implementation of IFRS 16 *Leases* (+€35.4m)
- **Negative change working capital (-€33.6m),** mainly due to higher lower accounts payables and accrued expenses per end of September 2019
- **Less cash used in investing activities (€8.0m)** due to in-flow from financial investments
- **Less Cash flow used in financing activities of (-€262.2m)**. The 2019 outflow is mainly due to the implementation of IFRS 16 (-€35.4m) and payment of interest on the high-yield bond (-€17.2m). To note that the positive amount in 2018 is due to the bond issuance
- **Net debt (€461.1m)** coming from the lease liabilities (€459.0m), the bond liability (net) €241.9m and the Prizeotel loan (€9.1m), offset by €248.9m in cash and cash equivalents. The variance of -€12.0m vs January 1, 2019 is mainly due to reduction of lease liabilities

Q3 signings ahead of last year; openings remain in line with 2018

Radisson Hotel Tunis Berges du Lac, Tunisia

Radisson RED London Greenwich, UK

Radisson Residences Avrupa Tem, Istanbul, Turkey

Park Inn by Radisson, Wismar, Germany

SIGNINGS	Q3 2019	Q3 2018	YTD 2019	YTD 2018
Hotels	14	11	47	32
Rooms	2,660	2,385	9,394	5,691

- Q3 signings in line with strategy with 8 hotels (1,400 rooms) signed in Europe
- 2 portfolios secured: 3 hotels in Makkah (Saudi Arabia) and 3 Radisson RED in Europe (2x Portugal, Austria)
- Good momentum for new brands with 5 RED and 5 Radisson signed
- One lease signed for a Radisson Collection in Italy

OPENINGS	Q3 2019	Q3 2018	YTD 2019	YTD 2018
Hotels	4	5	16	16
Rooms	1,064	1,167	3,278	3,133

- Focus on conversions: 2 opened hotels were signed in 2019
- All hotel openings were asset-light (2x managed, 2x franchise)
- 2 hotel openings in mature markets in Europe


Q&As


FEDERICO J. GONZÁLEZ
PRESIDENT & CEO


SERGIO AMODEO
EXECUTIVE VP & CFO

Forward Looking Statements

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