

THE  
**REZIDOR**  
HOTEL GROUP

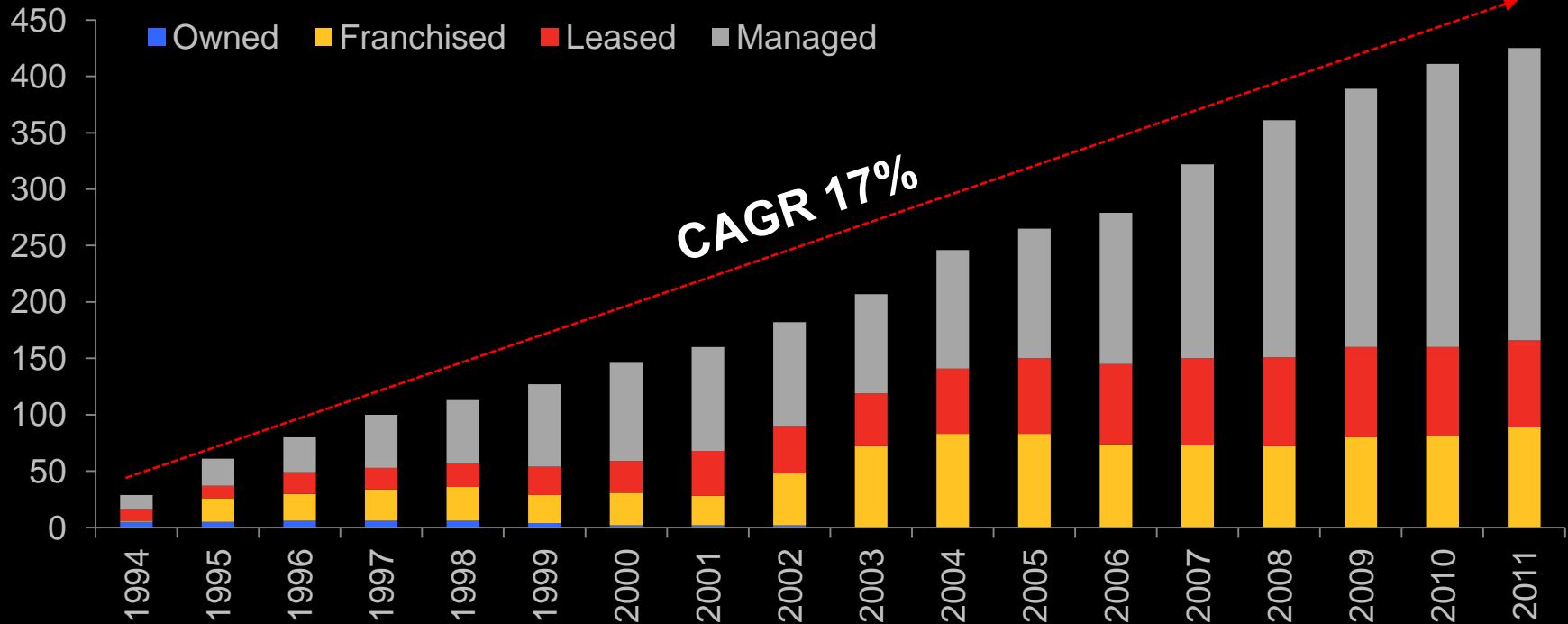


**AGM 2012, April 25**  
Kurt Ritter, President & CEO

# A Powerful Growth Story

## HOTELS IN OPERATION AND UNDER DEVELOPMENT

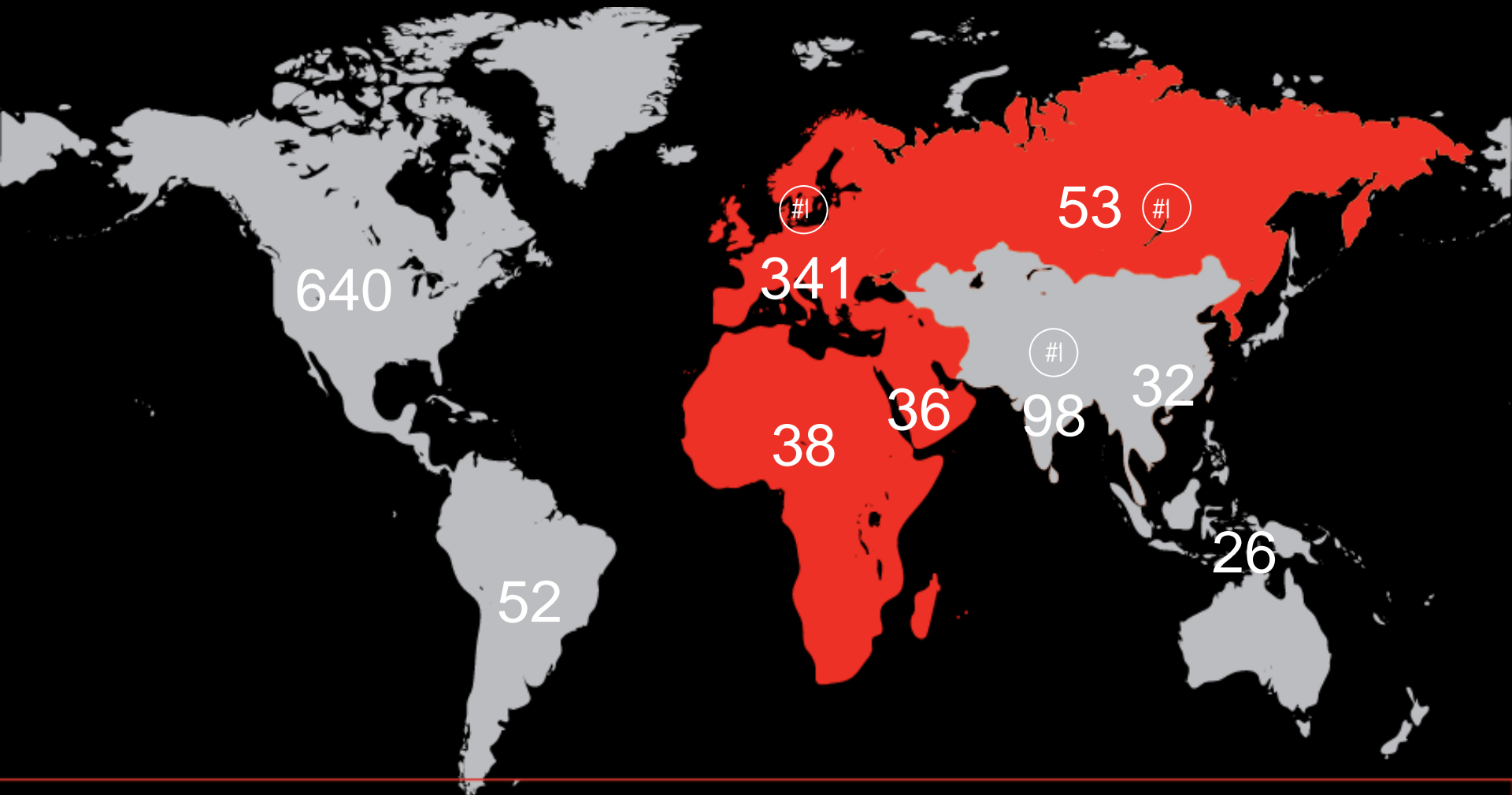
425 hotels  
93,000 rooms



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# Strong Footprint for Carlson Rezidor Worldwide

## HOTELS IN OPERATION AND CONTRACTED PIPELINE

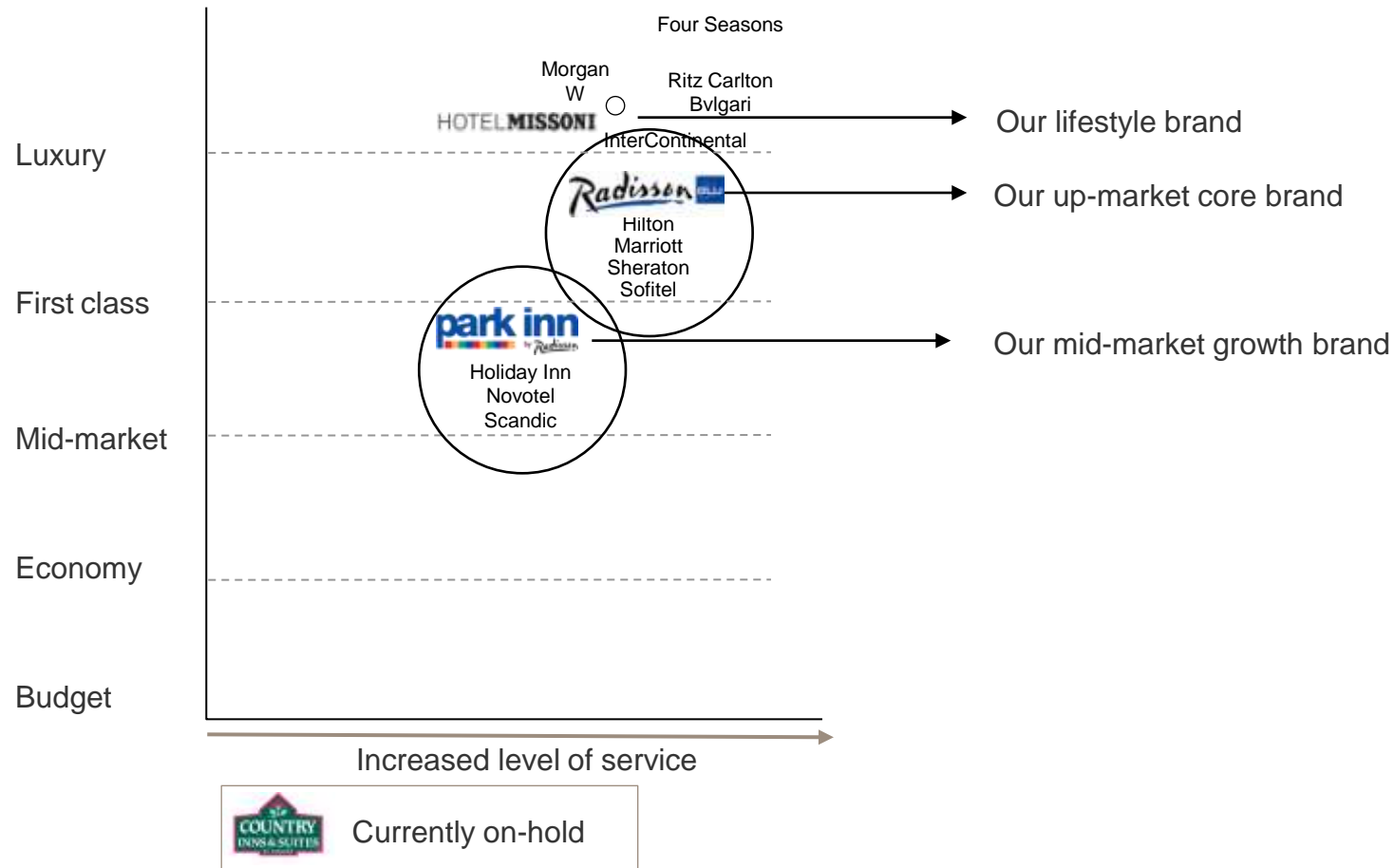


2011 Total = 1,319

2011 Rezidor = 425

# Brand Positioning

## A POWERFUL PORTFOLIO OF BRANDS



Source: HVS

# Brand Strategies



- Largest upscale brand in Europe
- “New Breed” properties in Africa
- Establish and consolidate position in Russia and CIS



- Largest mid-scale pipeline in Europe
- Strong franchising platform
- Clustered growth; UK, Germany & Russia

HOTEL **MISSONI**

- Strong position among the fashion hotel brands in the world
- Worldwide opportunities
- Target fashionable cities and resort areas

Expand Radisson as a powerful, globally consistent first-class brand

Continue to push in emerging markets and key destinations in home markets

Continue the growth with focus on key primary locations

# Growth Strategies

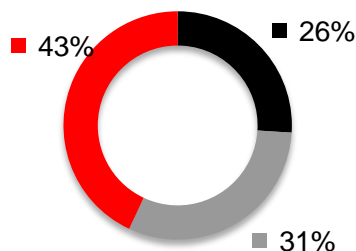
- Asset-light growth – managed & franchised contracts
  - More profitable, lower risk level, limited investments
- Expand our presence in Russia/CIS & Africa
  - High GDP growth, imbalance of supply and demand
- Maintain our leading position in the Nordics
  - Strong brand awareness, RevPAR premium
- Focus on our core brands
  - Radisson Blu and Park Inn by Radisson



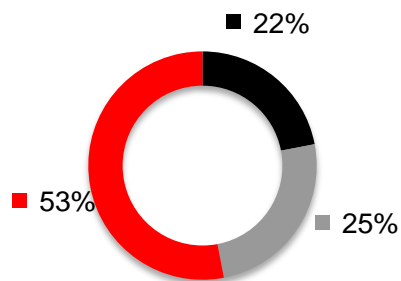
# Asset Light Growth

EBITDA MARGIN IMPACT FROM CURRENT PIPELINE = 2 TO 2.5%

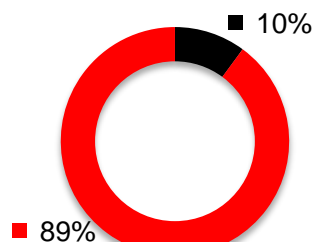
In Operation  
Dec 2006



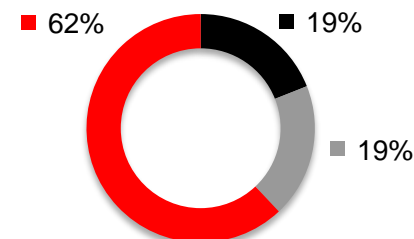
In Operation  
Dec 2011



In Pipeline  
Dec 2011



Total Portfolio



■ Franchised ■ Leased ■ Managed

45,000 rooms

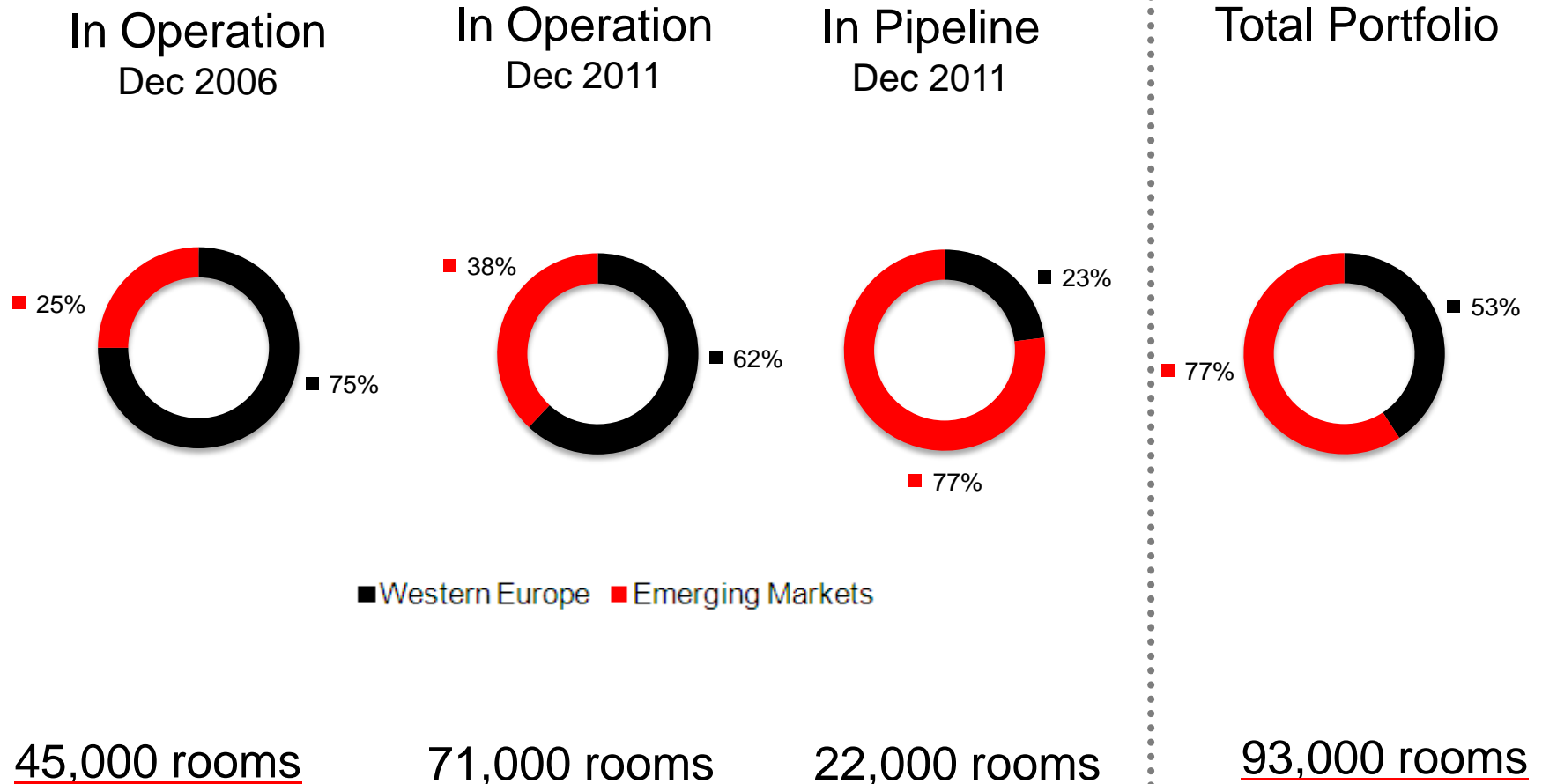
71,000 rooms

22,000 rooms

93,000 rooms

# Focus on Emerging Markets

## OVER 75% OF PIPELINE IN EMERGING MARKETS





# Spotlight on Eastern Europe (including Russia/CIS & Baltics)

- First mover advantage
  - Twice as large as closest competitor in Russia, CIS & Baltics
- Significant contributor to our growth
  - Ca 30% of existing pipeline
- Growth primarily through management contracts

Eastern Europe	Hotels	Rooms
In Operation	63	16,100
Under Development	36	7,600
<b>TOTAL</b>	<b>99</b>	<b>23,700</b>

Eastern Europe, MEUR	2007	2008	2009	2010	2011
Revenue	22.4	25.1	19.2	24.5	30.6
EBITDA	18.7	17.7	12.4	17.6	20.7
EBITDA margin	83%	71%	65%	72%	68%

# Spotlight on Africa

- Entered market early to establish leadership position
- Strategy to be present in key capital cities with Radisson Blu and clustered growth with Park Inn By Radisson
- Important market for growth
  - 20% of existing pipeline
  - Radisson Blu - largest upscale pipeline
- Growth through management contracts only
- Opening hotels a major challenge

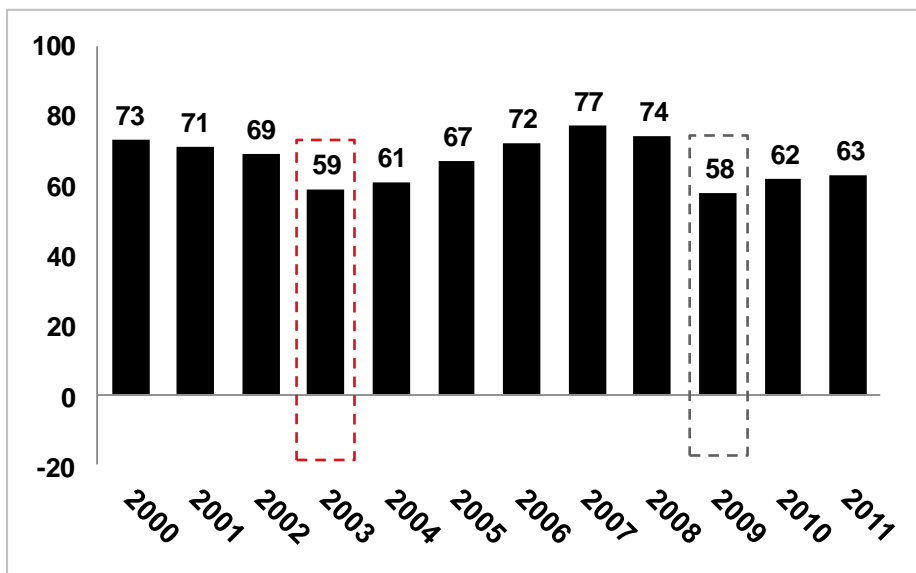
MEAO	Hotels	Rooms
In Operation	43	10,800
Under Development	38	9,100
<b>TOTAL</b>	<b>81</b>	<b>20,000</b>

MEAO, MEUR	2007	2008	2009	2010	2011
Revenue	11.4	14.0	14.6	21.3	16.9
EBITDA	10.6	12.2	11.1	16.4	10.3
EBITDA margin	93%	87%	76%	77%	61%

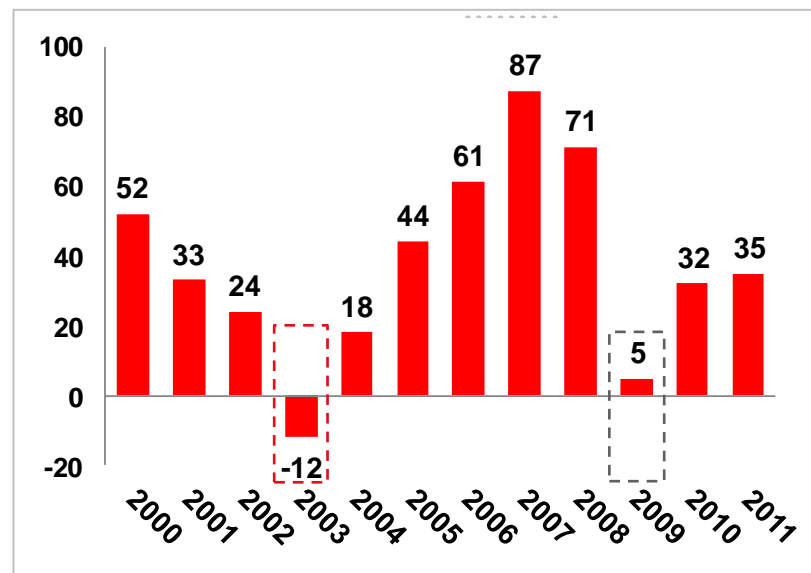
# Impact of Shift in Business Model

## REVPAR & EBITDA BREAK-EVEN

REVPAR (EUR)

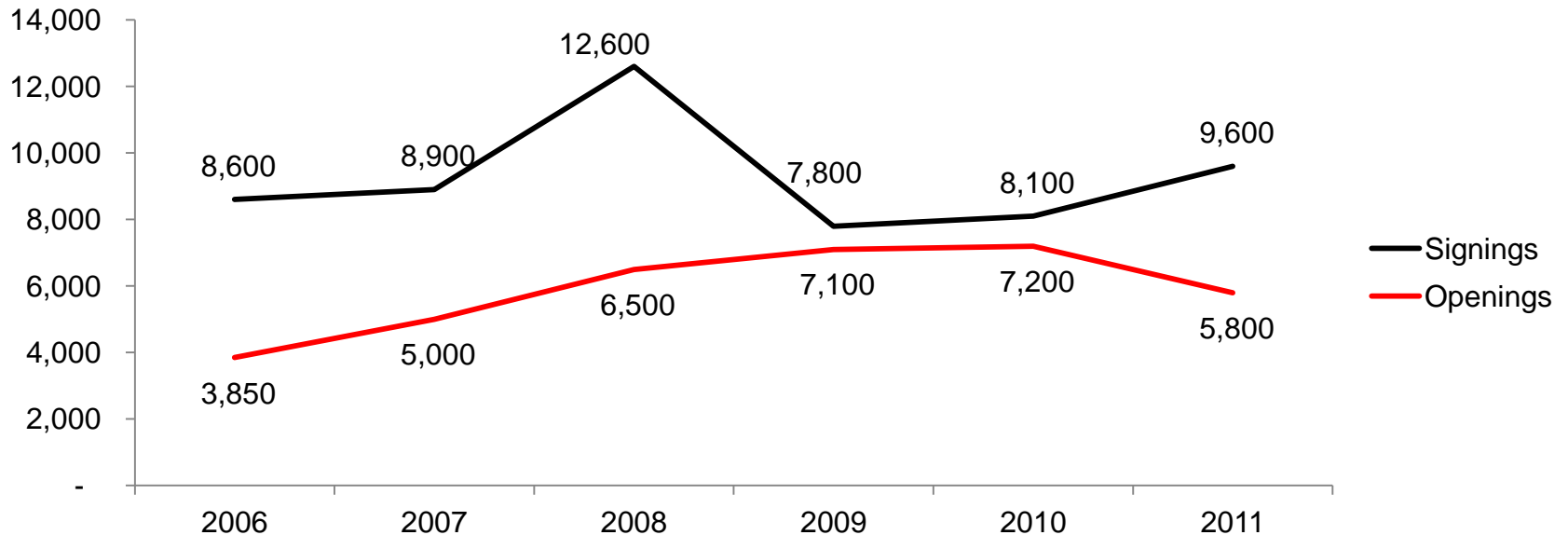


EBITDA (MEUR)



# Signings and Openings

## STABLE DEVELOPMENT IN LIGHT OF RECESSION



### 2011 Signings highlights

- 25% conversions
- 75% in Emerging Markets

### 2011 Openings highlights

- 2 leases opened, no leases in pipeline
- 14 hotels in capital cities / primary market

# Industry Leading Pipeline

## PIPELINE NEARLY DOUBLED SINCE IPO



# One of the highest growth rates in Europe

Rank 2012	Rank 2011	Company	Rooms 2012	Rooms 2011	Change (%)
1	1	ACCOR	255,000	247,000	3.2%
2	2	BEST WESTERN	90,000	89,000	0.7%
3	3	INTERCONTINENTAL HOTEL GROUP	87,000	85,000	2.5%
4	4	GROUPE DU LOUVRE (*)	68,000	67,000	1.5%
5	6	CARLSON REZIDOR HOTEL GROUP (**)	51,000	49,000	4.6%
6	5	NH HOTELES	51,000	51,000	0.6%
7	10	WHITBREAD HOTELS & RESTAURANTS	46,000	41,000	11.4%
8	7	MELIA HOTELS INTERNATIONAL	45,000	45,000	1.4%
9	9	HILTON WORLDWIDE	43,000	41,000	4.8%
10	8	TUI HOTELS & RESORTS	41,000	42,000	-2.0%

(\*) Louvre Hotels Group /Concorde Hotels

(\*\*) Incorporating Park Plaza and Radisson Edwardian

SOURCE | MKG Hospitality | March 2012

# Why Owners Choose Rezidor

- Two well-known, core brands
- New breed hotels
- Reputation for innovation
- Continuity in leadership
- Perceived as owner-friendly
- Local expertise in key emerging markets
- 70% of 2011 openings from multi-unit owners



# The “Carlson Rezidor Hotel Group”

## GLOBAL SYNERGIES

- Going to market under a joint name
- Establish globally aligned core brands (better value proposition for guests)
- Global Sales & Marketing; target more than MUS\$ 400 additional revenue by 2015 and RevPAR index increase by more than 9 points
- Offer better value for all share- and stakeholders

### Core Areas of Collaboration

- Branding, Revenue Generation, Purchasing, Marketing Synergies





# 2011 Company Highlights

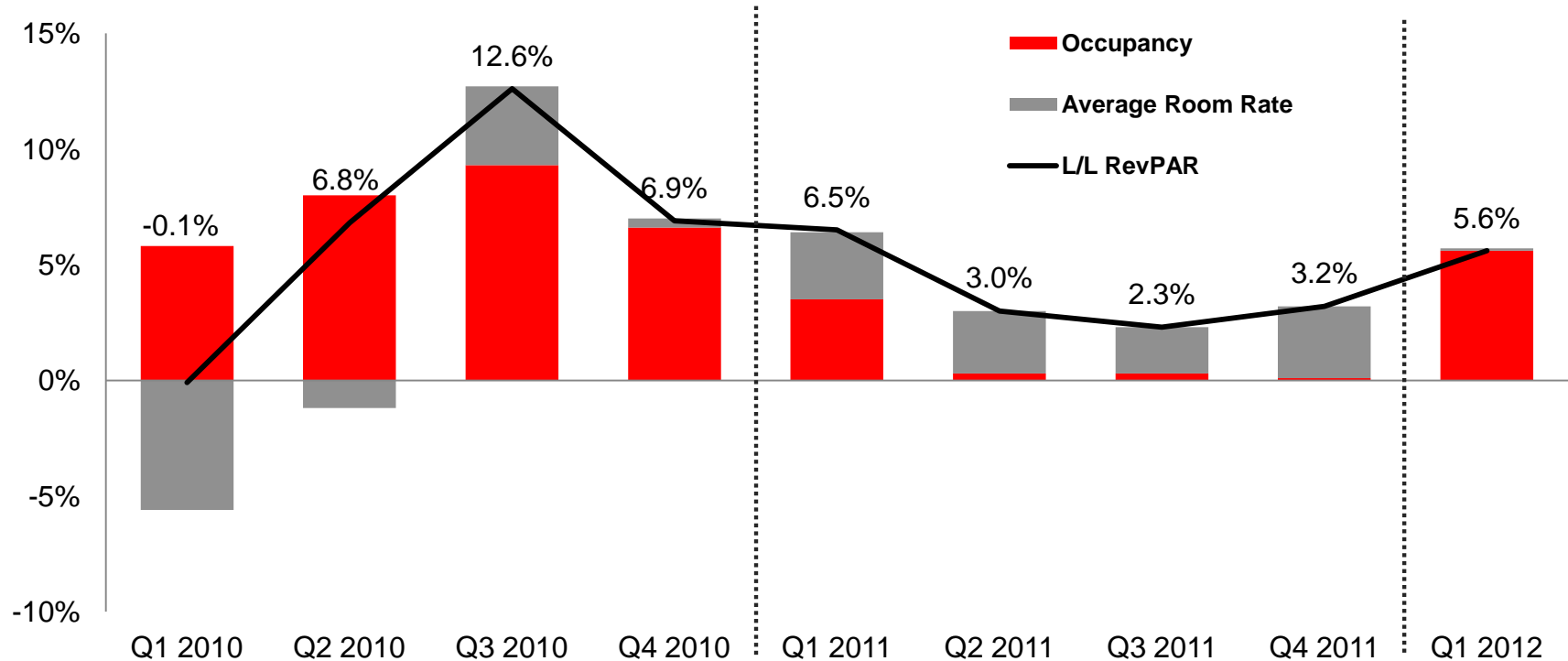
- Focus on profit optimisation – launch of “Route 2015”
- Launch of “Carlson Rezidor Hotel Group”
- Re-enforced but streamlined organisation
- Openings and signings ahead of last year
- Named one of the World's Most Ethical Companies
- “Best Employer in Hospitality”



# FINANCIAL Performance

# The Recovery Continues

## A GOOD START OF THE YEAR



# Income Statement

## AN INDUSTRY LEADING EBITDAR MARGIN

MEUR	2007	2008	2009	2010	2011
RevPAR	77	74	58	62	63
<i>Change vs 2007 RevPAR</i>					<i>-18%</i>
REVENUE	785	785	677	786	864
EBITDAR	281	276	210	254	275
<i>% EBITDAR Margin</i>	36%	35%	31%	32%	32%
EBITDA	87	71	5	32	35
<i>% EBITDA Margin</i>	11%	9%	1%	4%	4%
EBIT	63	43	-25	4	-8
NET PROFIT/LOSS	46	26	-28	-3	-12

# Balance Sheet

STABLE & DEBT FREE; STRONG LIQUIDITY BUFFER

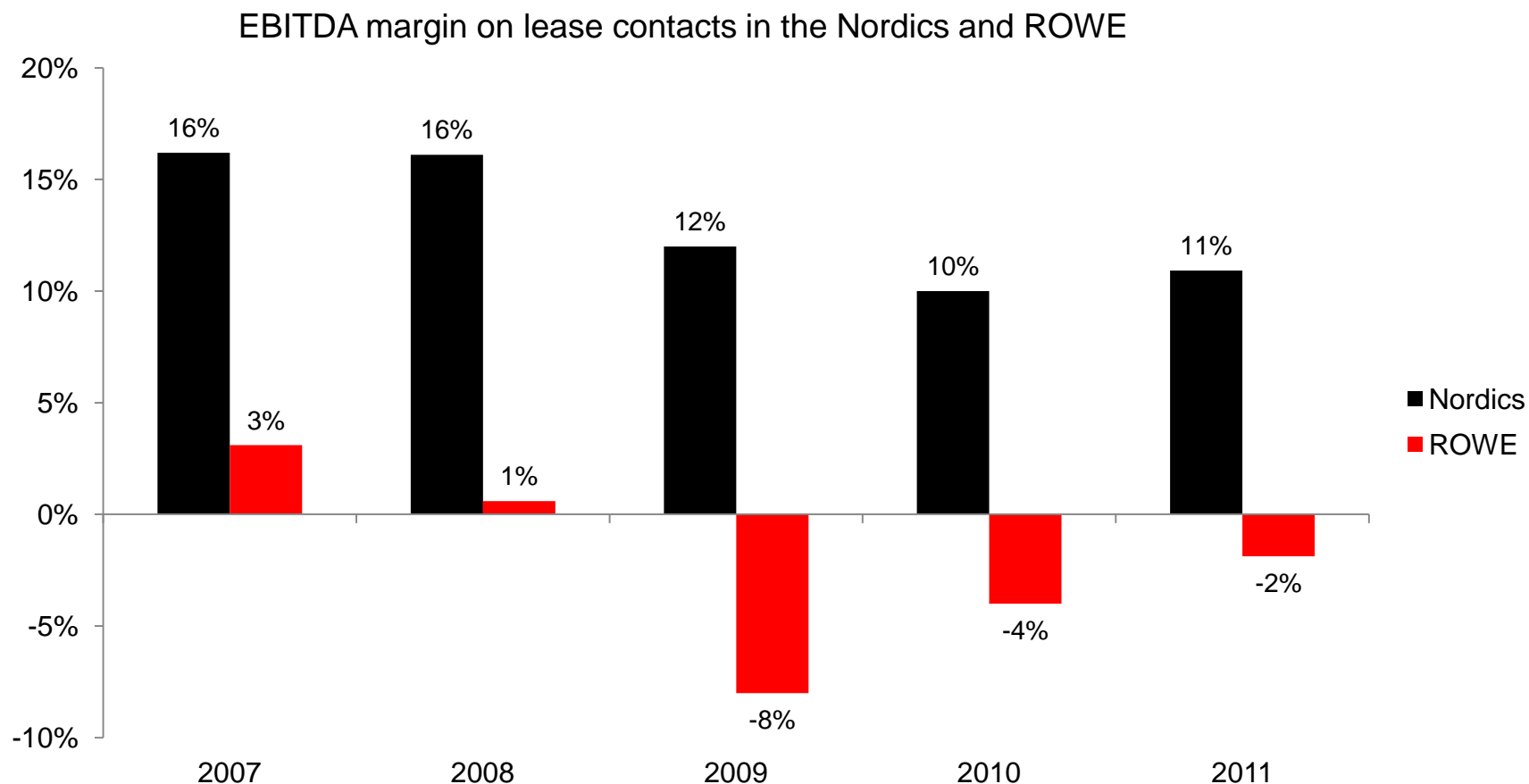
MEUR	2007	2008	2009	2010	2011
BALANCE SHEET TOTAL	413	384	357	378	374
NET WORKING CAPITAL (EXCL CASH)	-46	-56	-47	-73	-62
NET DEBT (NET CASH)	-20	-18	7	-27	-10
EQUITY	201	184	166	175	165

# Q1 2012: Good improvement in profitability

IN MEUR	Q1 2012	Q1 2011
REVENUE	207	193
EBITDAR	58	53
% EBITDAR MARGIN	28%	27%
EBITDA	-5	-9
% EBITDA MARGIN	-2%	-4%
EBIT	-13	-17
% EBIT MARGIN	-6%	-9%
NET RESULTS	-14	-17

- 7% revenue growth – driven by RevPAR and a strong meetings and events business
- EBITDA margin up 2 pp; due to revenue growth and a good flow-through in the Nordics
- Higher marketing costs (timing effect)
- EBIT margin up 2.6 pp due to lower depreciations
- Focus on improving profitability

# Profitability in Rest of Western Europe



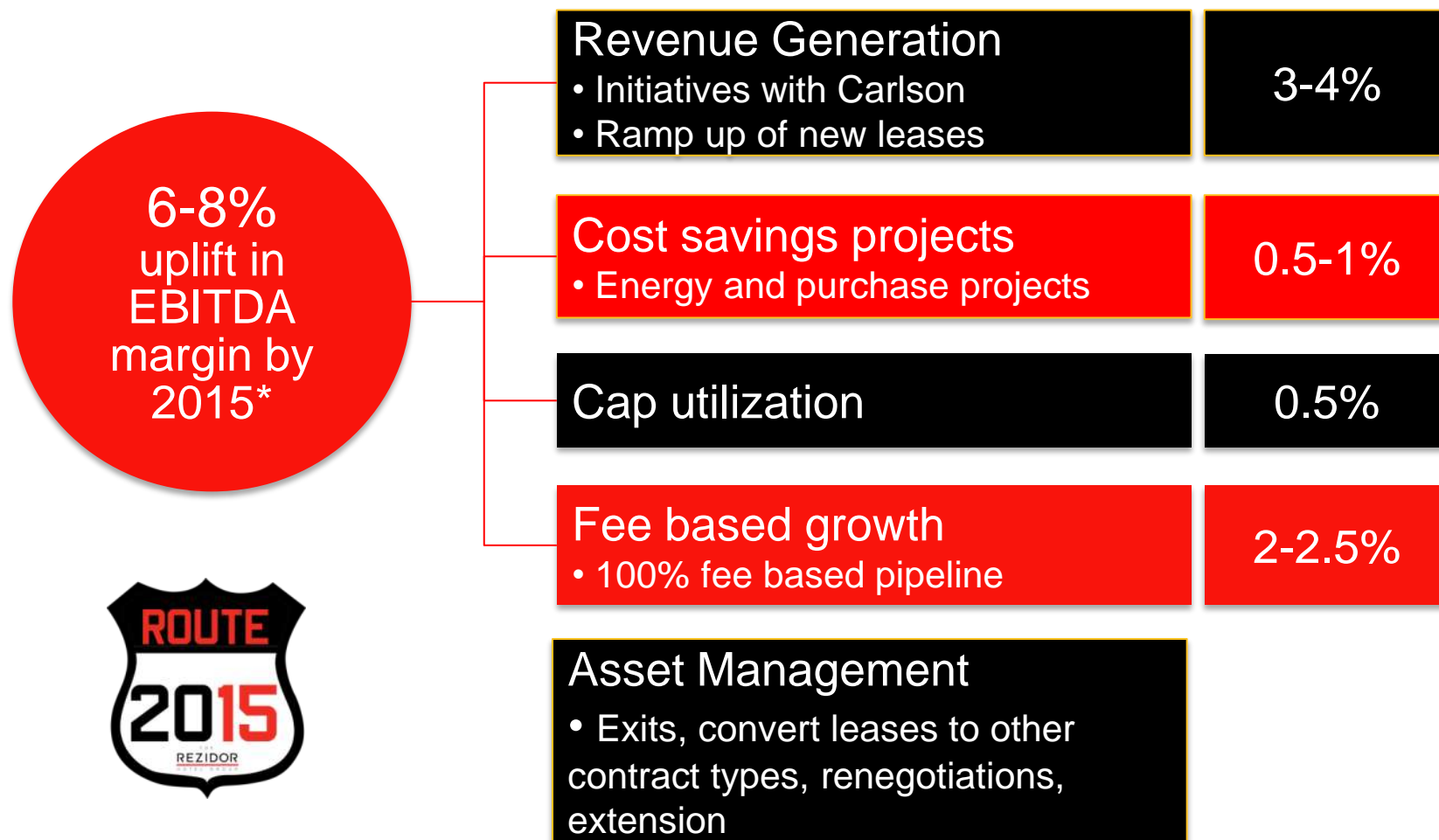


# STRATEGY ROUTE 2015

“A number of initiatives with the aim to improve the EBITDA margin by 6-8 pp by 2015”



# “Route 2015” – tangible initiatives to improve EBITDA margin



\* Assuming market RevPAR growth covers inflation

# Revenue Initiatives

## EBITDA (annual run-rate)

### REVENUE INITIATIVES (with Carlson)

- Brand websites
- Revenue optimisation
- Travel intermediaries
- Loyalty program “Club Carlson”
- Global sales

### RAMP UP OF NEW LEASES

### RENOVATIONS

### PARK INN BY RADISSON INITIATIVES



**3- 4%  
uplift in  
EBITDA  
margin by  
2015**

# Asset Management Initiatives

## ESTABLISHED SEPERATE DEPARTMENT

### Pro-Active Contract and Asset Management

1. Exit Contracts
    - Non-profitable
    - Non-strategic
  2. Convert Leases to:
    - Franchised contracts
    - Managed contracts
  3. Renegotiate terms
  4. Extend favourable leases
  5. Drive higher returns through CAPEX
- Deleveraging



**To further  
uplift  
EBITDA  
margin by  
2015**

# Financial Targets & Focus Areas

## FOCUS AREAS

## EBITDA MARGIN UPLIFT

## OUR FINANCIAL TARGETS

- Revenue initiatives
- Cost savings
- Fee based room growth
- Asset management / deleveraging

Rezidor's Initiatives

6-8%

+ Asset Management

+ Market Recovery over and above inflation

<b>Profitability Target</b>	EBITDA margin of 12% over a business cycle
<b>Balance Sheet</b>	Small positive average net cash position
<b>Dividend Policy</b>	Approximately one third of annual after-tax income to be distributed to shareholders

\* Assuming market RevPAR growth covers inflation

# OUR NEWEST Flagship Hotels



## RADISSON BLU HOTEL, ISTANBUL ASIA

Opened 2012 – 195 rooms





**RADISSON BLU HOTEL, BATUMI**  
Opened 2011 – 168 rooms



**RADISSON BLU ANCHORAGE HOTEL, LAGOS V.I.**  
Opened 2011 – 170 rooms





**RADISSON BLU BELORUSSKAYA HOTEL, MOSCOW**  
Opened 2011 – 264 rooms



**PARK INN BY RADISSON BRUSSELS MIDI**  
Opened 2011 – 134 rooms

**Q&A**