

THE
REZIDOR

H O T E L G R O U P

GROUP QUARTERLY PRESENTATION

MAY 2017



ABOUT REZIDOR

Travel & Tourism remains one of the fastest growing economic sectors

Industry fundamentals intact with growing numbers of international tourist arrivals



International arrivals up **3.9%** to **1,235 million**



4th Largest
Global industry



1 in 11 jobs
Worldwide
is in Travel
& Tourism



Travel & Tourism
contribution to
global GDP is **10%**



Forecast of
1.8 billion
Tourist arrivals by
2030



Demand growth
outpaces **supply**
growth in most
markets

Source: UNWTO World Tourism Barometer (January 2017), WTTC T&T Economic Impact 2016

From a small Scandinavian hotel group to a leading international player



364

HOTELS IN
OPERATION

43,700+
COLLEAGUES



82

COUNTRIES

120



HOTELS UNDER
DEVELOPMENT



105,000+

ROOMS IN OPERATION
& UNDER DEVELOPMENT

155



NATIONALITIES

A member of the Carlson Rezidor Hotel Group

A global footprint of 1,400+ hotels with ca 230,000 rooms



AMERICAS
730 HOTELS
83,000 ROOMS



EMEA
500+ HOTELS
114,000+ ROOMS*

*EMEA numbers include
Rezidor, Edwardian Group
and PPHE



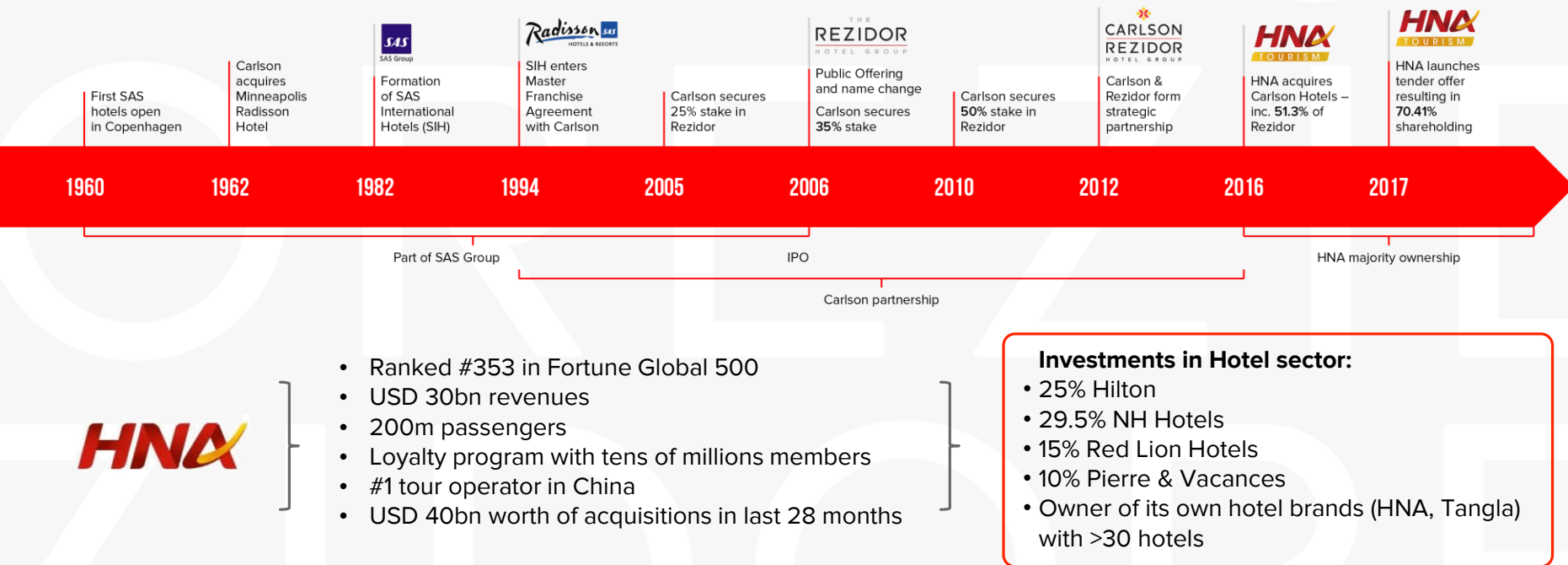
ASIA PACIFIC
190 HOTELS
31,000+ ROOMS

Carlson Rezidor
collaboration framework:

- **Master Franchise Agreement** for EMEA
- HNA is Rezidor's **majority shareholder (70.41%)**
- Carlson & Rezidor jointly pursue a **strategic partnership** focusing on global revenue generation and branding

A new era for The Rezidor Hotel Group

HNA as new 70% shareholder to support future growth after 22 years partnership with Carlson





WHY DO BUSINESS WITH REZIDOR?

WHY DO
BUSINESS
WITH
REZIDOR?

WE ARE
GROWING

Adding scale,
creating
more brand
awareness

Reaching
new source
markets and
customers

2016 – FULL YEAR

NEW OPENINGS



18 HOTELS



3,600 ROOMS

NEW SIGNINGS



45 HOTELS



8,200 ROOMS

2017 – Q1

NEW OPENINGS



5 HOTELS



900 ROOMS

NEW SIGNINGS



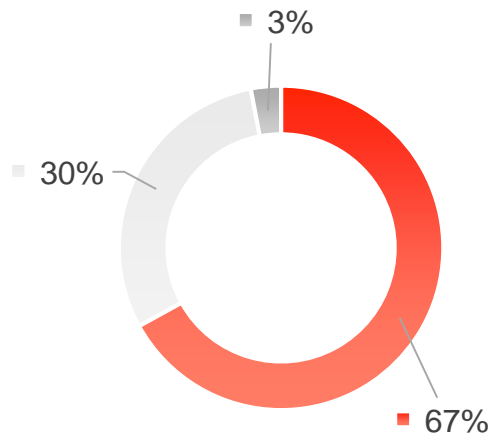
8 HOTELS



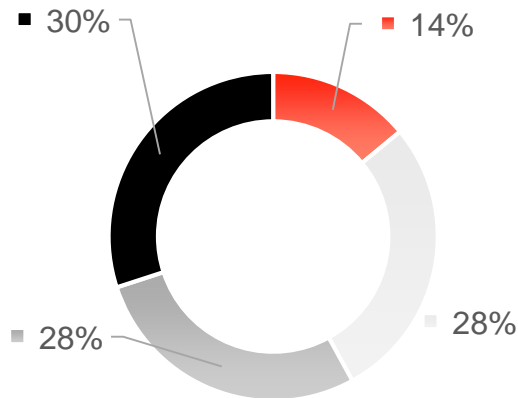
3,200 ROOMS

Asset-light and sustainable growth with a focus on emerging markets

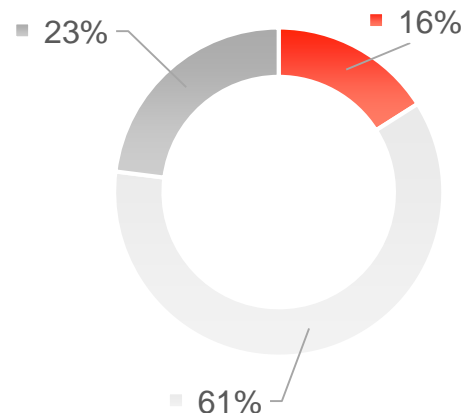
Total Portfolio March 201: 480+ Hotels; 105,000+ Rooms in operation and pipeline, 80+ countries



- Radisson Blu
- Park Inn by Radisson
- Others



- Nordics
- Western Europe
- Eastern Europe
- Middle East, Africa & Others

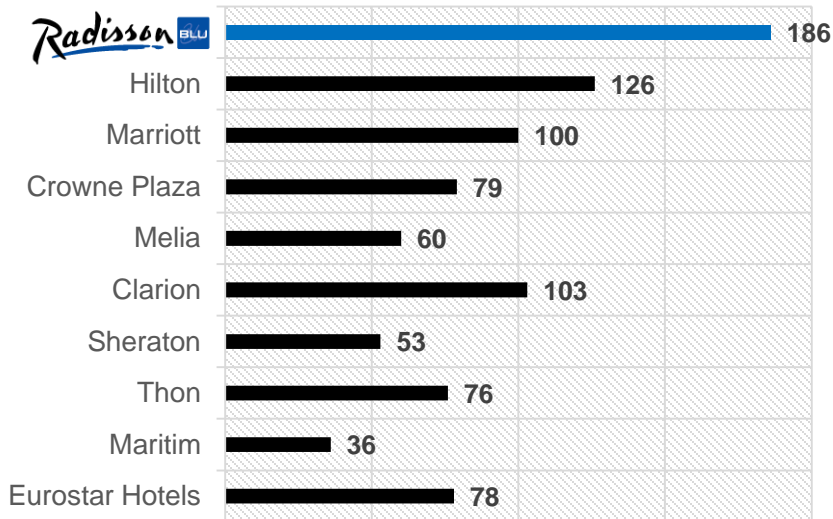


- Leased
- Managed
- Franchised

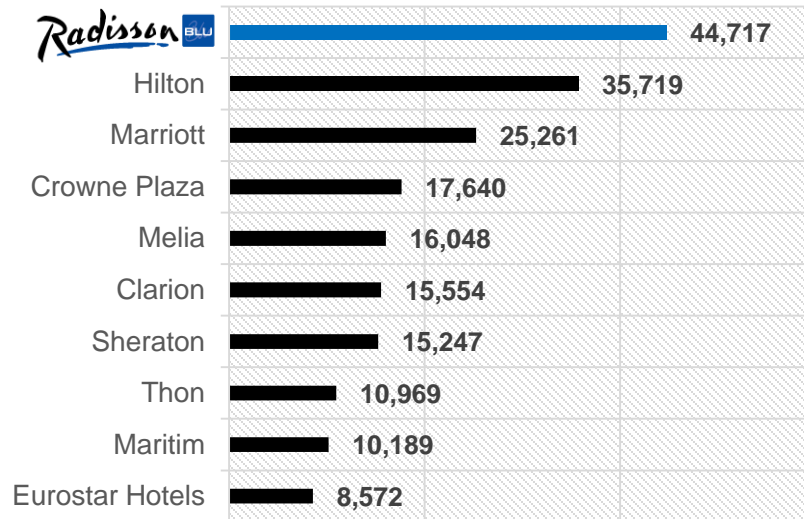
Radisson Blu

Europe's largest upper-upscale hotel brand

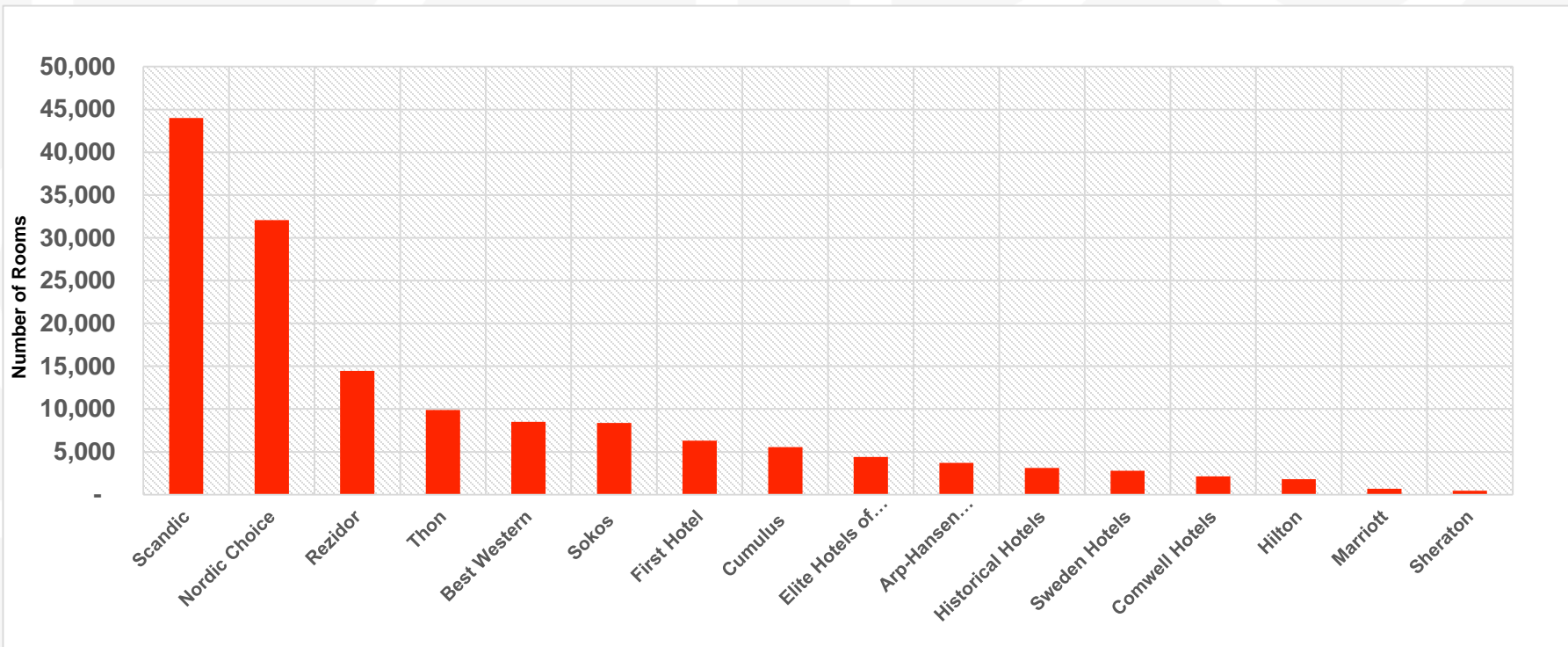
Number of Hotels



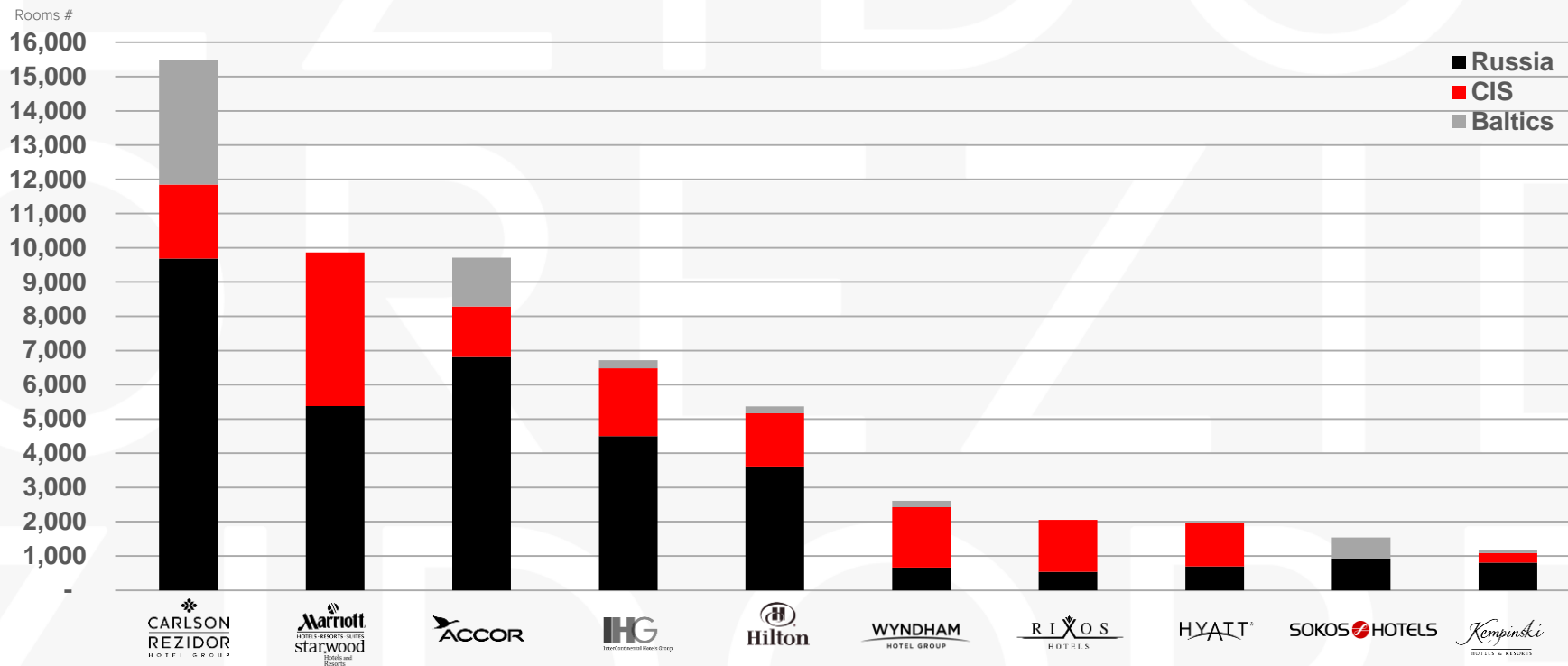
Number of Rooms



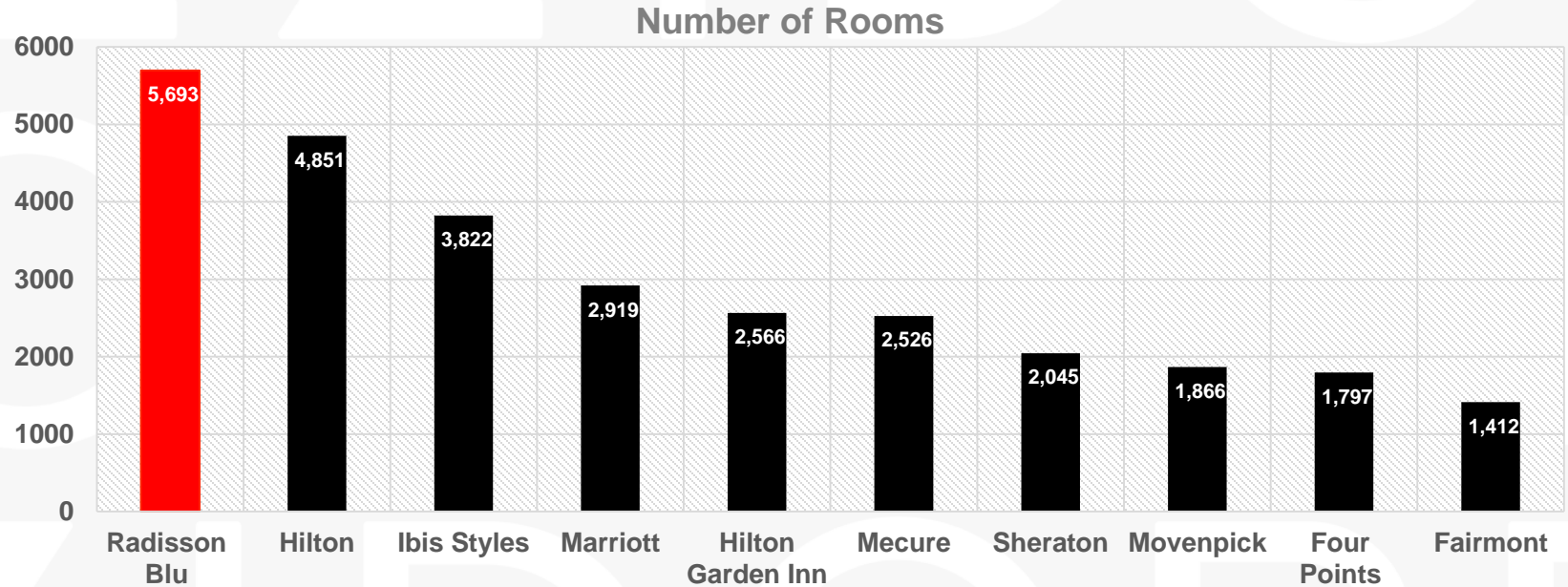
Largest hotel operator in Nordics



Largest international hotel operator in Russia/CIS & Baltics



Top 10 Brands by number of planned rooms Africa



2017 New Signings & Openings (Q1)

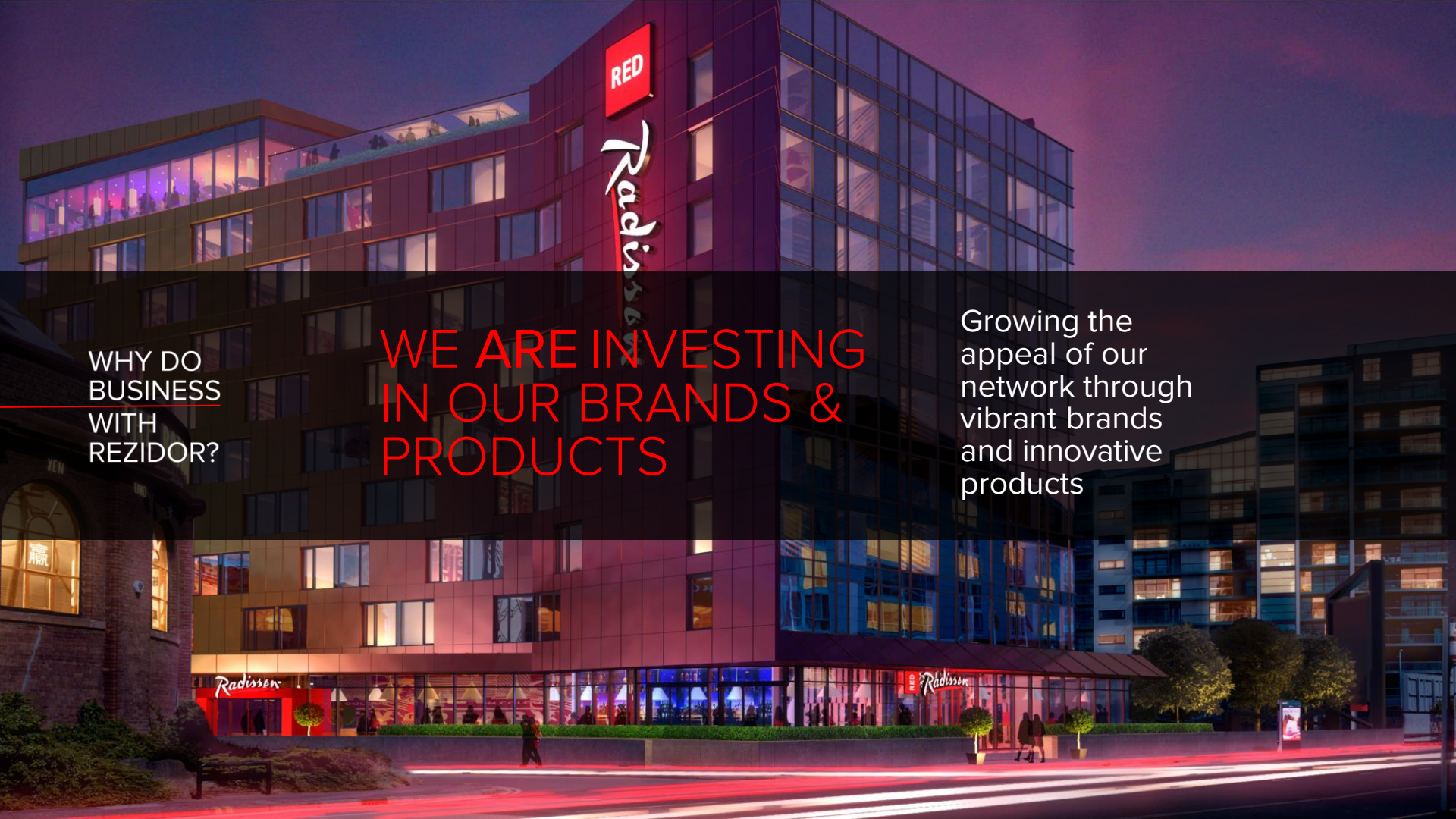
Strong development momentum continues

SIGNINGS	Q1 2017	FY 2016
Hotels	8	45
Rooms	3,200	8,200

- Continuous strong momentum for signing
- Q1 driven by Eastern Europe & Middle East with 5 signings:
 - 3 Park Inn's signed in Saudi Arabia
 - 2 signings in Poland (Sopot, Krakow) including the 1st Radisson RED in Poland
 - 1 Park Inn conversion in Istanbul due to open in Q2 2017
- 2nd Quorvus Collection in Africa (Kampala, Uganda)
- Signing of first lease since 2009 to enter Geneva, a strategic market for Radisson Blu presence

OPENINGS	Q1 2017	FY 2016
Hotels	5	18
Rooms	900	3,600

- Q1 openings focused on Africa adding 500 rooms in Polokwane, Cape Town & Libreville
- 100% managed
- Opened our 7th Park Inn in the Benelux with Park Inn Brussels Airport
- Extended our portfolio of Serviced Apartments with Radisson Blu Residences in Dhahran & Istanbul
- Q2 expected to be a very strong quarter for openings



WHY DO
BUSINESS
WITH
REZIDOR?

WE ARE INVESTING IN OUR BRANDS & PRODUCTS

Growing the
appeal of our
network through
vibrant brands
and innovative
products

A compelling and focused brand architecture

Ranging from economy to luxury



Luxury

Quorvus Collection – our collection of luxury hotels



Upper Upscale

Radisson Blu – our upper-upscale full-service brand



Upscale

Radisson RED – our lifestyle select brand



Midscale

Park Inn by Radisson – our mid-scale brand



Budget

prizeotel – our new economy brand



INSPIRED BY TODAY'S LIFESTYLE EACH
PROPERTY OFFERS A DISTINGUISHED
GUEST EXPERIENCE INTO WHICH IS
WOVEN THE DISTINCTIVE CHARACTER OF
THE LOCAL CULTURE.

We call it EIDOS

Launching the next phase in building a leading
digital presence – bringing our content rich,
immersive and visually captivating brand to new
platforms and audiences.

Celebrating local character and creating a vibrant
guest experience by implementing our Q24 and
brand hallmarks programs across our portfolio.



ICONIC. STYLISH. SOPHISTICATED.
FROM THE FAÇADE TO THE SMALLEST DETAIL.

360° GUEST EXPERIENCE

A PORTFOLIO OF OVER 300 HOTELS WORLDWIDE
WITH A CONTRACTED PIPELINE OF OVER 100+

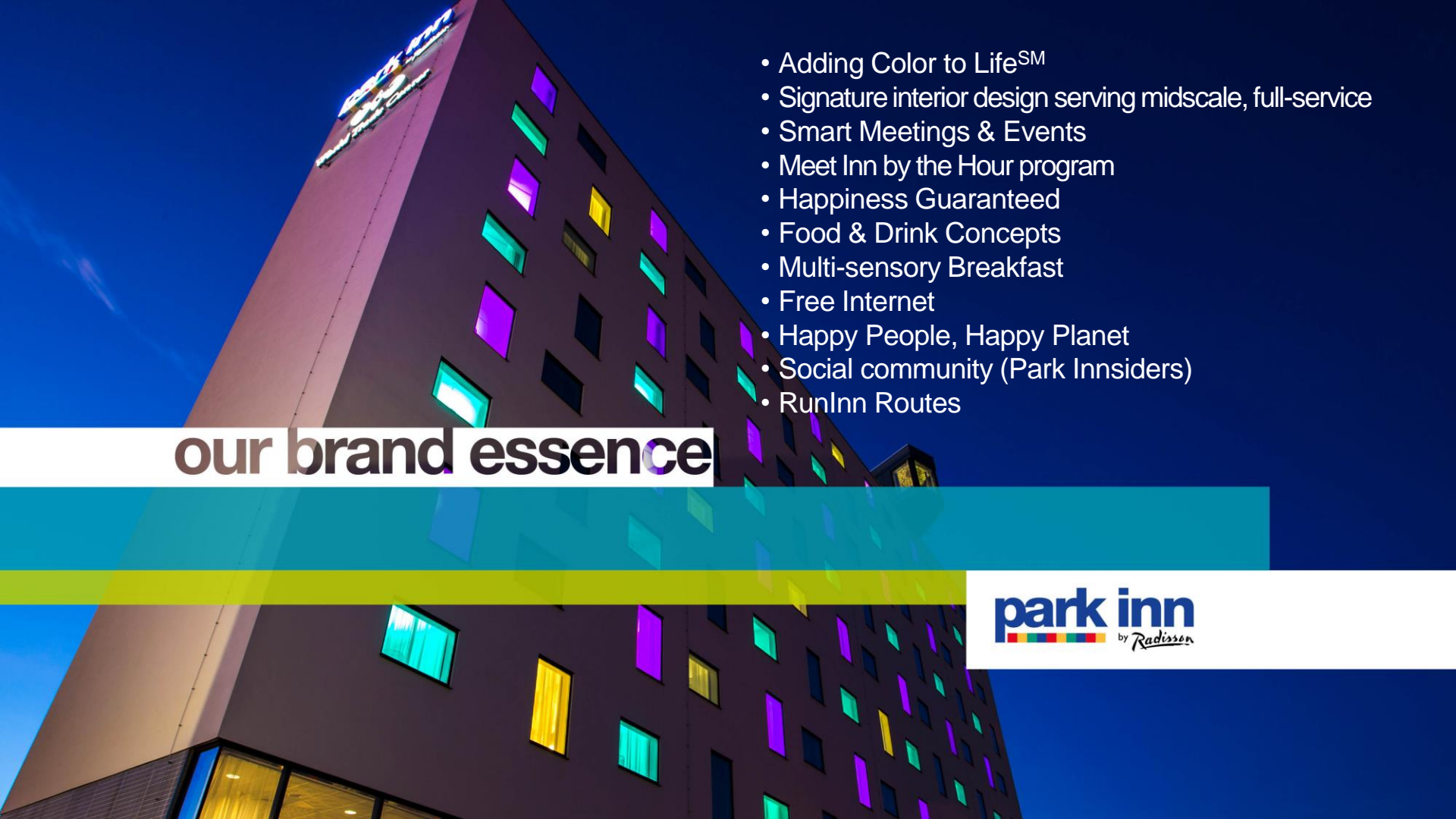
EUROPE'S LARGEST UPPER-UPSCALE HOTEL BRAND

Radisson **RED**

WELCOME TO **RED**

OPEN:
+BRUSSELS

OPENING SOON:
+CAPE TOWN
+GLASGOW
+JEDDAH
+DUBAI
+TBILISI
+VILNIUS
+KRAKOW

- 
- Adding Color to LifeSM
 - Signature interior design serving midscale, full-service
 - Smart Meetings & Events
 - Meet Inn by the Hour program
 - Happiness Guaranteed
 - Food & Drink Concepts
 - Multi-sensory Breakfast
 - Free Internet
 - Happy People, Happy Planet
 - Social community (Park Insiders)
 - RunInn Routes

our brand essence





- Design hotel experience in budget
- Resilience to economic cycles
- Increasing demand
- Value for money
- Real estate efficiency
- A business of scale

- Design: Karim Rashid
- <€50,000 per key
- 16 sqm rooms
- Construction solution
- Leased and managed
- Focus on Germany & Benelux

Food & Drink Concepts at Radisson Blu




CONCEPT	NAME	LOGO
ALL DAY DINING	THE LARDER	THE LARDER
LOBBY BAR	THE LOUNGE	THE LOUNGE
ITALIAN CASUAL DINING	FILINI	
FRENCH BRASSERIE	VERRES EN VERS	
ASIAN GRILL	OCHAYA ASIAN GRILL BY YVES MATTAGNE	
AMERICAN GRILL AND COCKTAIL BAR	FIRELAKE GRILL HOUSE & COCKTAIL BAR	
CONTEMPORARY IRISH BAR	SURE BAR	sure
COFFEE AND MUSIC BAR	VASCOBELO	

Food & Drink Concepts at Park Inn by Radisson



CONCEPT	NAME	LOGO
LOBBY, LOUNGE & DINING	LIVE-INN ROOM	The logo for Live-Inn Room, featuring the text 'live-inn room' in a green, lowercase, sans-serif font, with a green vertical bar to the left of the text.
ITALIAN CASUAL DINING	BOCCA BUONA	The logo for Bocca Buona, featuring a stylized yellow fork and knife crossed, with the text 'BOCCA BUONA' in a bold, black, sans-serif font below it.
BARVARIAN BRÄUHAUS	PAULANER BRÄUHAUS*	The logo for Paulaner München, featuring a circular emblem with a red border, a yellow background, and a black silhouette of a lion's head facing right, with the text 'PAULANER' above and 'MÜNCHEN' below the lion.
BAVARIAN WIRTSHAUS	PAULANER RESTAURANT*	The logo for Paulaner München, featuring a circular emblem with a red border, a yellow background, and a black silhouette of a lion's head facing right, with the text 'PAULANER' above and 'MÜNCHEN' below the lion.
BAR & GRILL	RBG	The logo for RBG, featuring the letters 'rbg' in a white, lowercase, sans-serif font on a red square background, with the text 'BAR & GRILL' in a smaller, white, sans-serif font below it.



WHY DO
BUSINESS
WITH
REZIDOR?

WE ARE
INVESTING
IN OUR PEOPLE

Attracting and
retaining top talent
as an employer of
choice

Our Promise: Our Employee Value Proposition



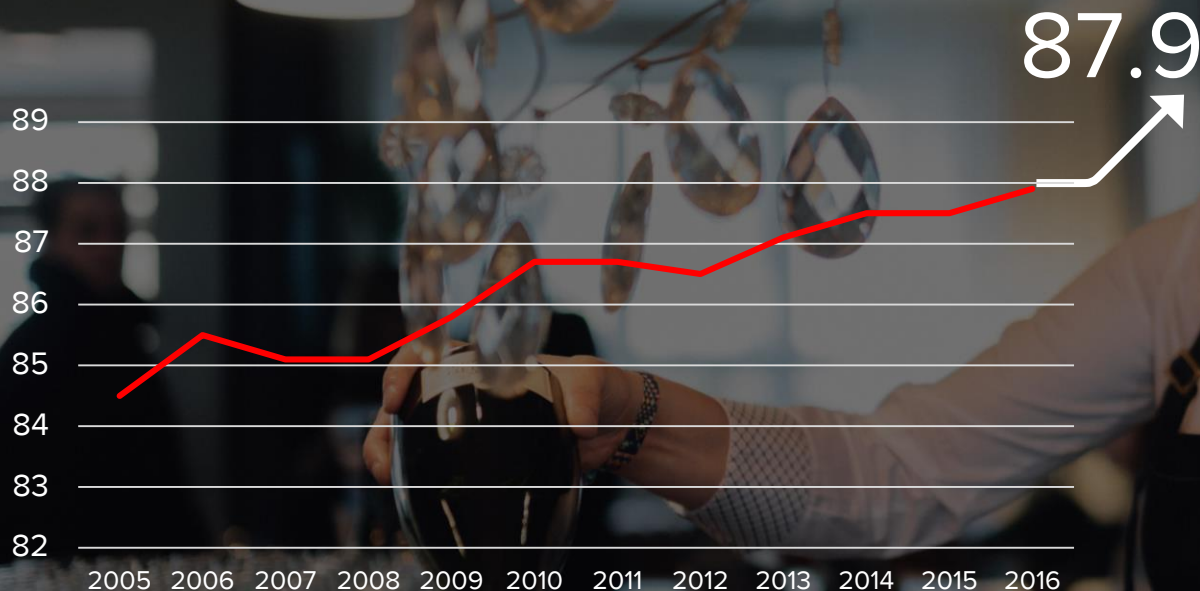
Investment in our talent

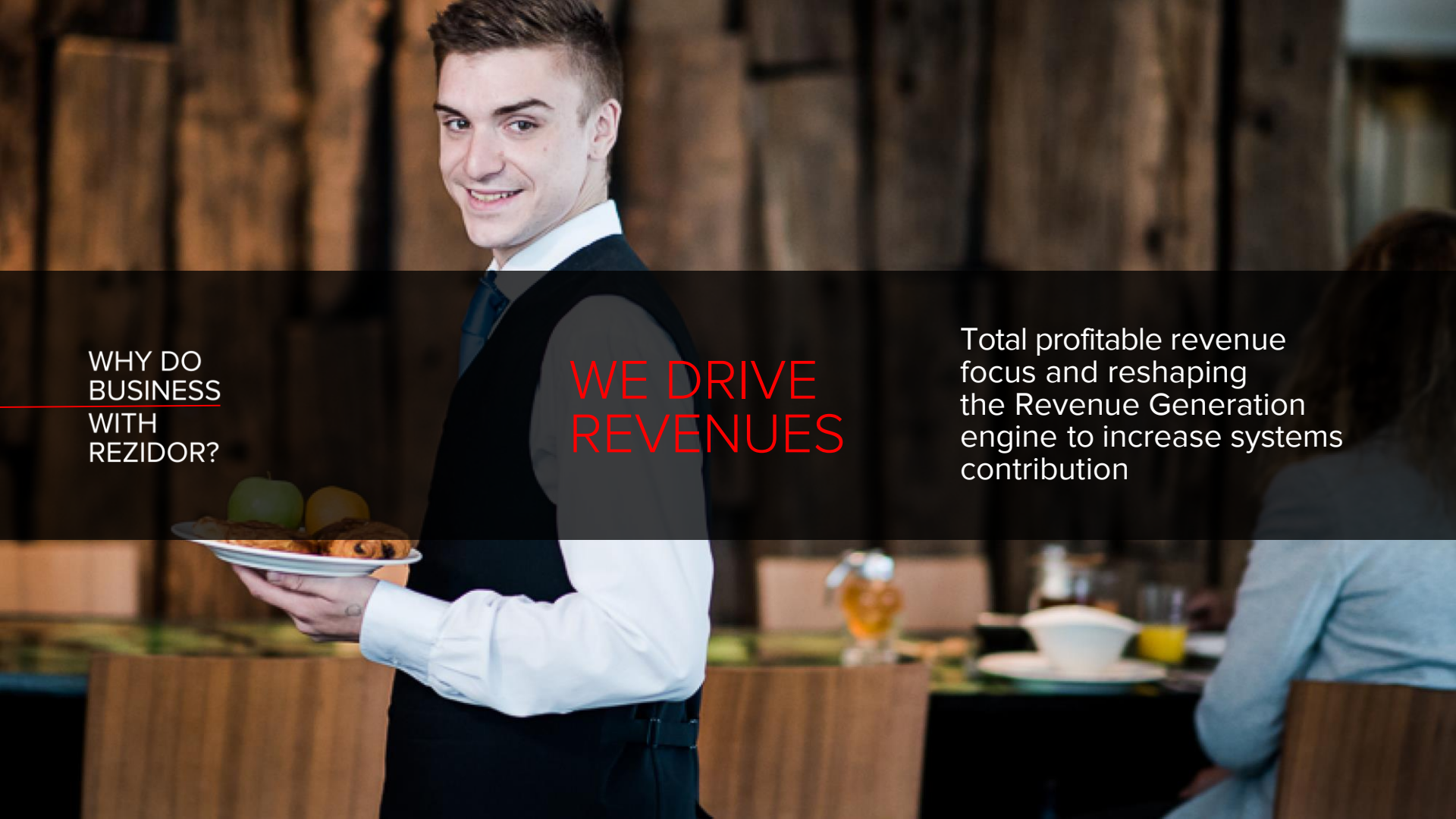
Rezidor's Performance Management Culture is embraced at all levels



Targeted people development initiatives to attract, retain and grow the best talent

Rezidor's Employee Loyalty Score is constantly rising and at **industry-leading** level (in average 6 points above average score of other sectors)





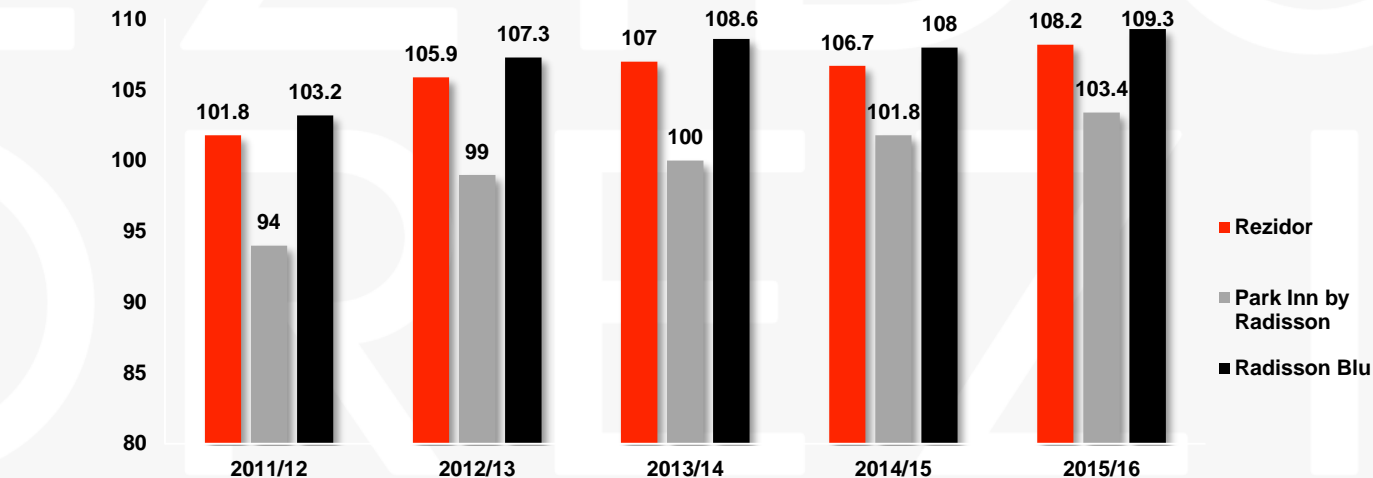
WHY DO
BUSINESS
WITH
REZIDOR?

WE DRIVE
REVENUES

Total profitable revenue
focus and reshaping
the Revenue Generation
engine to increase systems
contribution

Strategic revenue initiatives deliver fifth consecutive year of RGI growth

Rezidor's 2016 absolute RGI reaches 108.2



	2012	2013	2014	2015	2016
Hotels w. RGI data	151	157	151	157	152
RGI > 100%	61%	61%	65%	61%	68%
Gaining RGI	54%	64%	52%	53%	52%

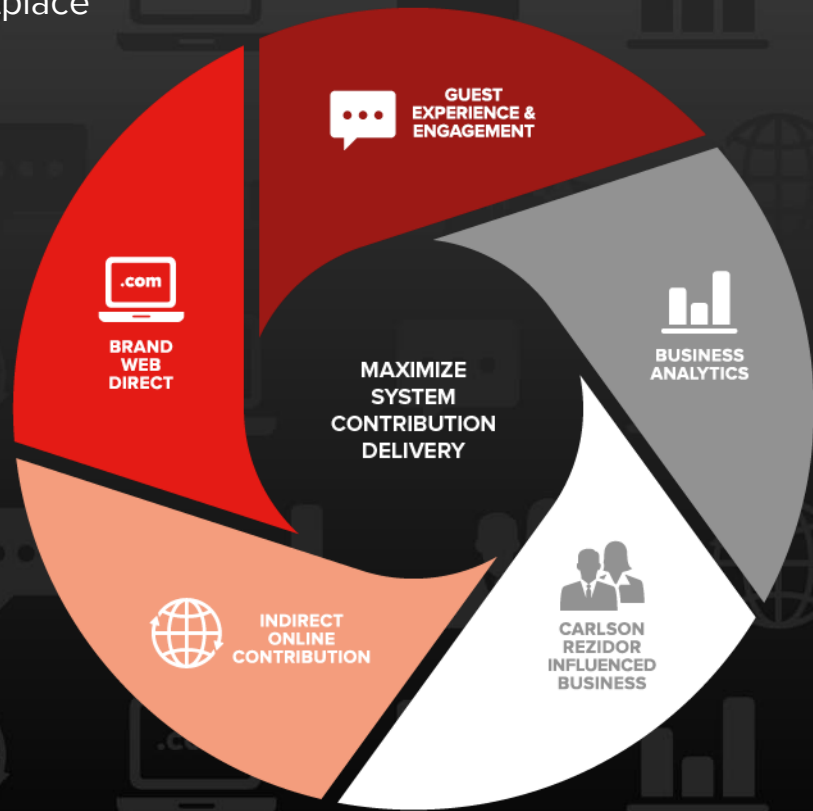
Comparable Managed & Leased Hotels with 3rd Party RGI Data
RGI Year from Dec-to-Nov


Rezidor's RevGen engine

To embrace the shifting dynamics of the marketplace

Targeting a
70% system
contribution
by **2020**

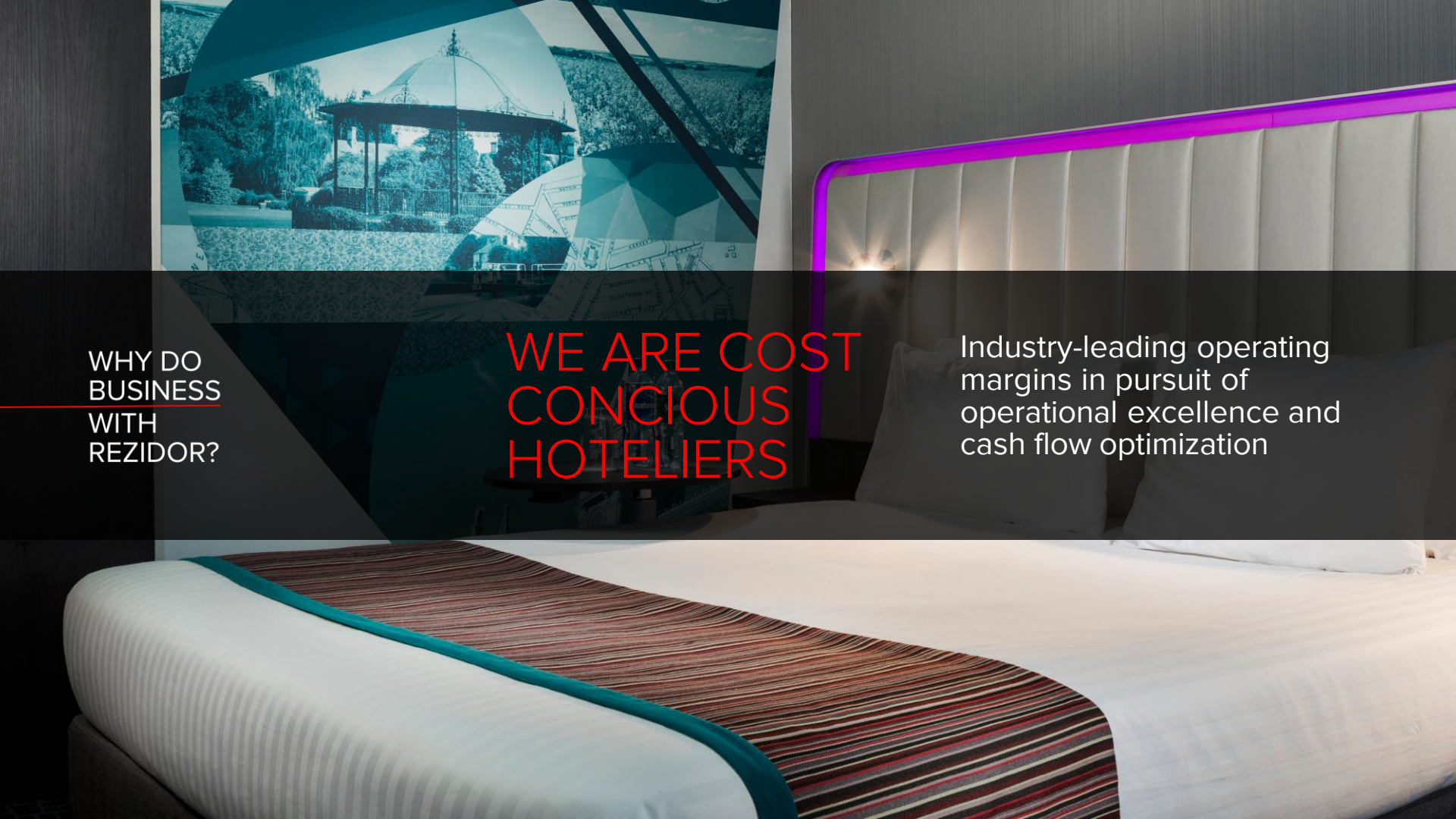
(system contribution: revenue and room nights via Brand Web, Internet, Voice, GDS and Carlson Rezidor influenced (Sales & Loyalty) hotel direct business)





WHY DO
BUSINESS
WITH
REZIDOR?

WE ARE COST
CONCIOUS
HOTELIERS



Industry-leading operating
margins in pursuit of
operational excellence and
cash flow optimization

2016 strategic initiatives drive profitability and cost reductions in operations

- Asset Management delivered exits from **10 lease** agreements and extended 3 profitable lease agreements, in 2016
 - Over the past five years, the lease portfolio has been reduced by 25% and optimization initiatives have yielded **€17m EBITDA** contribution and approx. 2 percentage point uplift in EBITDA margin
- Procurement serving as a key driver to improved profitability
 - Sourcing Value contribution of over ca. **€9m**
 - In 2016 alone, procurement helped generate **€5.7m** savings through cost avoidance and reductions
- Significant “Think Planet” energy savings following investments:
 - **€5m** utility cost savings in leased hotels
- Super Breakfast reduced food waste on average by **25%**
 - Area-based food waste reduction program in Central & Southern Europe by **40%**
 - Deep-dive hotel commercial reviews increased hotel profitability by 1-pc point



WHY DO
BUSINESS
WITH
REZIDOR?

WE THINK
AND ACT
RESPONSIBLY

A unique and award-winning sustainability philosophy, differentiating our brands and inspiring our team members

THINK POSITIVE CHANGE 2020 PLAN

Let's focus together on our common north for responsible business



THINK PEOPLE


- The foremost way to be a responsible company is to provide meaningful employment. We believe in developing our team's talents and increasing young people's employability.
- In our hotels around the world, our business network and our supply chain, we promote human rights, business ethics and diversity

THINK COMMUNITY

- We believe in being a force for good in both the local and global communities, creating a ripple effect of positive change through meaningful joint projects, donations and community action

THINK PLANET

- We share one earth. When it comes to protecting our natural resources, we believe we can be more than just aware – we can be part of the solution by reducing our Carbon & Water footprints by 10% and by increasing recycling



WHY DO
BUSINESS
WITH
REZIDOR?

WE CREATE A
SAFE AND SECURE
BUSINESS FOUNDATION


Protecting the
lives of our guests
and employees
while safeguarding
your assets

The fundamental importance of safety and security



165+ hotels certified


And the foundation for a stable, successful and sustainable business



WHY DO
BUSINESS
WITH
REZIDOR?

WE ARE A RELATIONSHIP COMPANY

We believe in personal relationships based on trust and transparency - with our people, guests, owners, shareholders & stakeholders



WHY DO
BUSINESS
WITH
REZIDOR?

WE ARE
FINANCIALLY
SOUND

Our debt free balance sheet
enables investments and
makes us a solid partner

Strong L/L RevPAR development with good flow through

Q1-2017 financial results at a glance



Revenue

- €222.5m Reported Revenue, up +€15.5m (+7.5%)
- €19.9m L/L Revenue increase (+9.6%)
- Strong RevPAR development, reopening of 2 leases & impact of 5 leases less



RevPAR

- L/L RevPAR €66.8 (+6.8%)
- ADR €106.6 (+1.6%)
- Occupancy 62.7% (+3.1pp)



EBITDA

- €2.5m EBITDA (+€11.7m)
- 1.1% EBITDA margin (+5.5pp)
- Good flow through & improved conversion



Net profit

- -€7.6m up €14.0m (+65%)
- -3.4% net profit margin



Signings

- 3,200 rooms (+1,200)
- 8 hotels (-5)



Openings

- 900 rooms (-50)
- 5 hotels (-2)
- 40 rooms net opening (-600)

2016 results impacted by one-offs; 5th year of consecutive market share gain

2016 Full Year financial results at a glance



Revenue

- €961.2m Reported Revenue
- €38.1m L/L Revenue increase
- Exit of 4 leases & 1 temporary closure



EBITDA

- €79.3m EBITDA
- 8.3% EBITDA margin
- Incl. €5m restructuring costs



Signings

- 45 hotels
- 8,200 rooms



RevPAR

- L/L RevPAR €75.8
- ADR €111.6
- Occupancy 68%
- 5th consecutive year of RGI improvement



Net profit

- €26.4m
- 2.7% net profit margin
- Positive impact from recognition of tax assets (€22.3m)
- Board proposes a dividend of € 0.05/share



Openings

- 18 hotels
- 3,600 rooms
- 1,900 rooms net opening

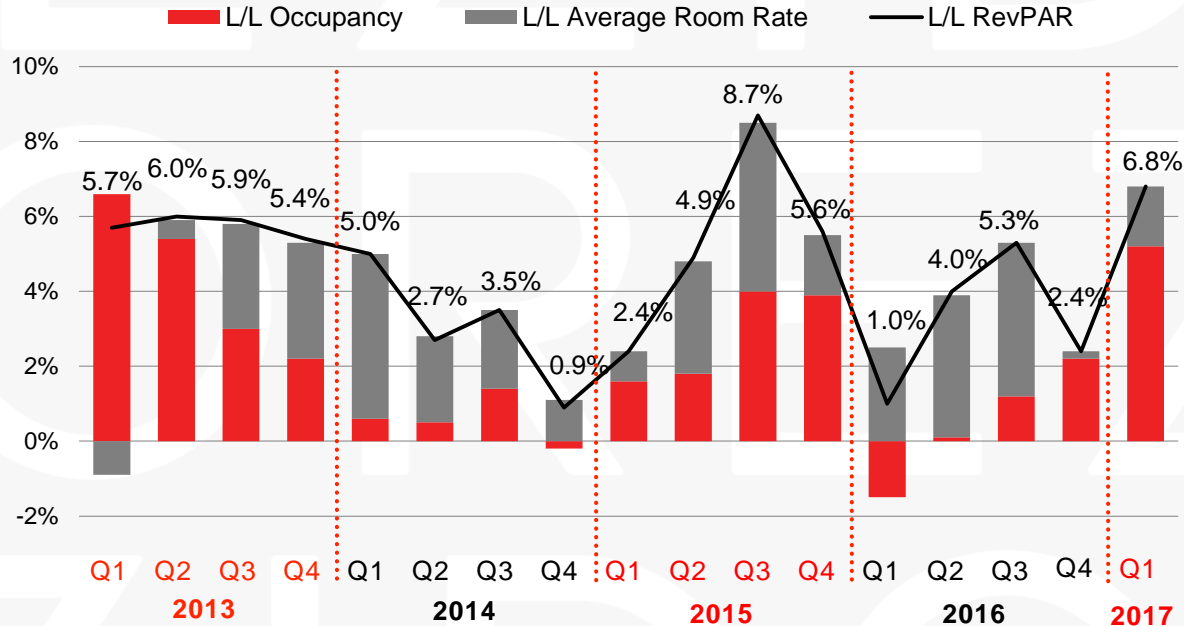
Q1 – EBITDA increase of €11.7m due to strong LFL development

Q1 2017 vs Q1 2016	Reported Change	FX	Hotel Exits	New Hotels	Change in Marketing Fund	Change in Write-downs	Other one-offs	LFL
Revenue	15.5	-1.2	-9.6	6.4	1.3	—	—	18.6
EBITDAR	11.2	-0.1	-1.4	2.5	-1.1	—	-2.2	13.5
EBITDA	11.7	0.3	1.3	1.3	-1.2	—	-2.2	12.2
EBIT	16.8	0.5	1.8	0.5	-1.2	0.2	3.9	11.1

- FX had limited impact on revenue and results
- Hotel exits had a negative impact on the revenue but positive on the results (mainly conversion of two leased hotels to franchise and exit of two leased hotels)
- New hotels include the renovated leased hotels Radisson RED Brussels and Radisson Blu Lyon
- Due to timing of activities throughout the year there is a deviation in the spend of the central marketing fund between Q1 2017 and Q1 2016.
- Other one-offs had a positive impact on EBIT of €3.9m (termination costs of €8.0 last year, partly offset by gain on sale of shares in subsidiaries of €1.9m last year and costs for financial advisor fees of €2.2m)
- Strong LFL development

Q1 L/L RevPAR increase of 6.8% mainly from occupancy growth

Rezidor RevPAR development



- All 4 regions reported L/L RevPAR growth
- Positive Easter effect
- All 3 months of the quarter showed positive development

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

Q1 2017 – The strongest first quarter since 2008

In €m	Q1 2017	vs LY
LFL RevPAR (L&M)	66.8	6.8%
Revenue	222.5	15.5
EBITDAR	61.7	11.2
EBITDAR Margin %	27.7%	3.3 pp
EBITDA	2.5	11.7
EBITDA Margin %	1.1%	5.5 pp
EBIT	-8.2	16.8
EBIT Margin %	-3.7%	8.4 pp
NET INCOME	-7.6	14.0

Reported Revenue up 7.5% due to

- Strong LFL RevPAR development, supported by the timing of Easter
- Re-opening of two leased hotels after renovation
- Termination fee income of €1.5m

Increase due to above-mentioned factors partly offset by exit of four leased hotels and one leased hotel closed for renovation

LFL Revenue up €19.9m (9.6%)

EBITDA increased due to higher revenue, improved conversion in the LFL portfolio and the exit of loss-making hotels. Partly offset by financial advisor fees of €2.2m incurred in connection with the public offer on the shares of the company as well as higher marketing costs of €1.2m due to timing.

EBIT up €16.8m mainly due to the EBITDA improvement; last years EBIT impacted by termination costs (€8.0m) offset by gain on sale of shares in subsidiaries (€1.9m)

Full Year 2016 Results impacted by challenging trading in some key cities, exchange rate fluctuations & exit costs but helped by capitalization of tax assets

In €m	FY2016	vs LY
LFL RevPAR (L&M)	75.8	3.2%
Revenue	961.2	-35.8
EBITDAR	314.6	-26.4
EBITDAR Margin %	32.7%	-1.5 pp
EBITDA	79.3	-21.8
EBITDA Margin %	8.3%	-1.8 pp
EBIT	3.0	-54.3
EBIT Margin %	0.3%	-5.4 pp
NET INCOME	26.4	-7.8


- **Reported Revenue** down 3.6% due to
 - Conversion of 3 leases to franchise and exit of 1 lease
 - Negative FX impact of €35.6m from EUR strengthening vs. GBP, NOK, RUB and CHF
 - One-off fee revenue €5.8 lower than last year
- **L/L Revenue** up €38.1m (3.8%)
- **EBITDA** decreased due to challenging trading in some key cities, lower one-off fees and higher central costs due to redundancies
 - €6.3m decline related to eight hotels in Brussels, Nice and Paris
 - €3.4m negative FX impact
 - Last year positively impacted by revaluation gain (€2.8m)
- **EBIT** negatively impacted by termination costs of €28.9m (1.1) and higher costs for depreciation & write-downs of €6.2m, partly offset by gain on sale of shares in subsidiaries of €1.9m
- **Net income** positively impacted by capitalisation of tax assets of €22.3m (net)
- Board proposes a **Dividend** of EUR 0.05 per share

Free Cash Flow improved by €15.0m

Q1 2017 vs Q1 2016	2017	2016
Cash flow before working capital changes	-2.4	-24.5
Change in working capital	4.6	22.6
Cash flow from operating activities	2.2	-1.9
Investments	-8.8	-19.7
Free Cash Flow	-6.6	-21.6

- Improved cash flow before working capital due to increase in EBIT
- Change in working capital is lower mainly due to decrease in current liabilities
- Less cash used in investing activities due to less investments in the leased portfolio, partly due to timing of renovation works
- Resulting net cash position is negative (€-27.3m) by the end of the quarter

MEUR	Mar 31, 2017	Dec 31, 2016
Total assets	508.9	502.5
Net working capital	-41.3	-38.4
Net cash (net debt)	-27.3	-20.9
Equity	257.1	265.7



WHY DO
BUSINESS
WITH
REZIDOR?

WE ALWAYS
PUT THE GUEST
CENTER STAGE

Why do we exist?
To create memorable
moments

THE
REZIDOR
HOTEL GROUP

WHY WE EXIST
CREATING MEMORABLE MOMENTS

WHO WE ARE
TRUE HOSTS

HOW WE DELIVER
LIVING THE BRAND PROMISE

WHAT CONNECTS US
OUR VALUES
BEING HOST / LIVING TRUST /
FIGHTING Z-PIRIT

OUR GUIDING LIGHT



EVERY
moment
MATTERS

QUORVUS
COLLECTION

Radisson
BLU

Radisson
RED

park inn
by Radisson

prizeotel

Executive Committee



Federico González-Tejera
President & CEO



Knut Kleiven
Deputy President
& Chief Financial
Officer



Eric De Neef
Executive Vice President, Global Chief
Branding & Chief Commercial Officer



Elie Younes
Executive Vice President
& Chief Development Officer



Jenny Winkler
Senior Vice President
& General Counsel

Board of Directors



Xin Di
Chairman



Lo Kin Ching
Board Member



Charles B. Mobus
Board Member



Wolfgang M. Neumann
Board Member



Liu Daoqi
Vice Chairman



Andreas Schmid
Board Member



Thomas Staehelin
Board Member



Song Xiang
Board Member



Göran Larsson
Board Member
(Employee Representative)

