

# FULL YEAR 2006 REPORT

14 February 2007

THE  
**REZIDOR**  
HOTEL GROUP



Radisson SAS COUNTRY INN MISSONI park inn Regent

# GLOBAL INDUSTRY HIGHLIGHTS

- Travel & tourism – world's largest revenue generating industry
- Global tourist arrivals expected to grow at 3-4% annually for next 15 years
- Demand beats supply
- Emerging markets → inbound and outbound – Russia/CIS & Middle East
- Strong RevPAR growth in Europe (8.5%) and Middle East (12.7%)



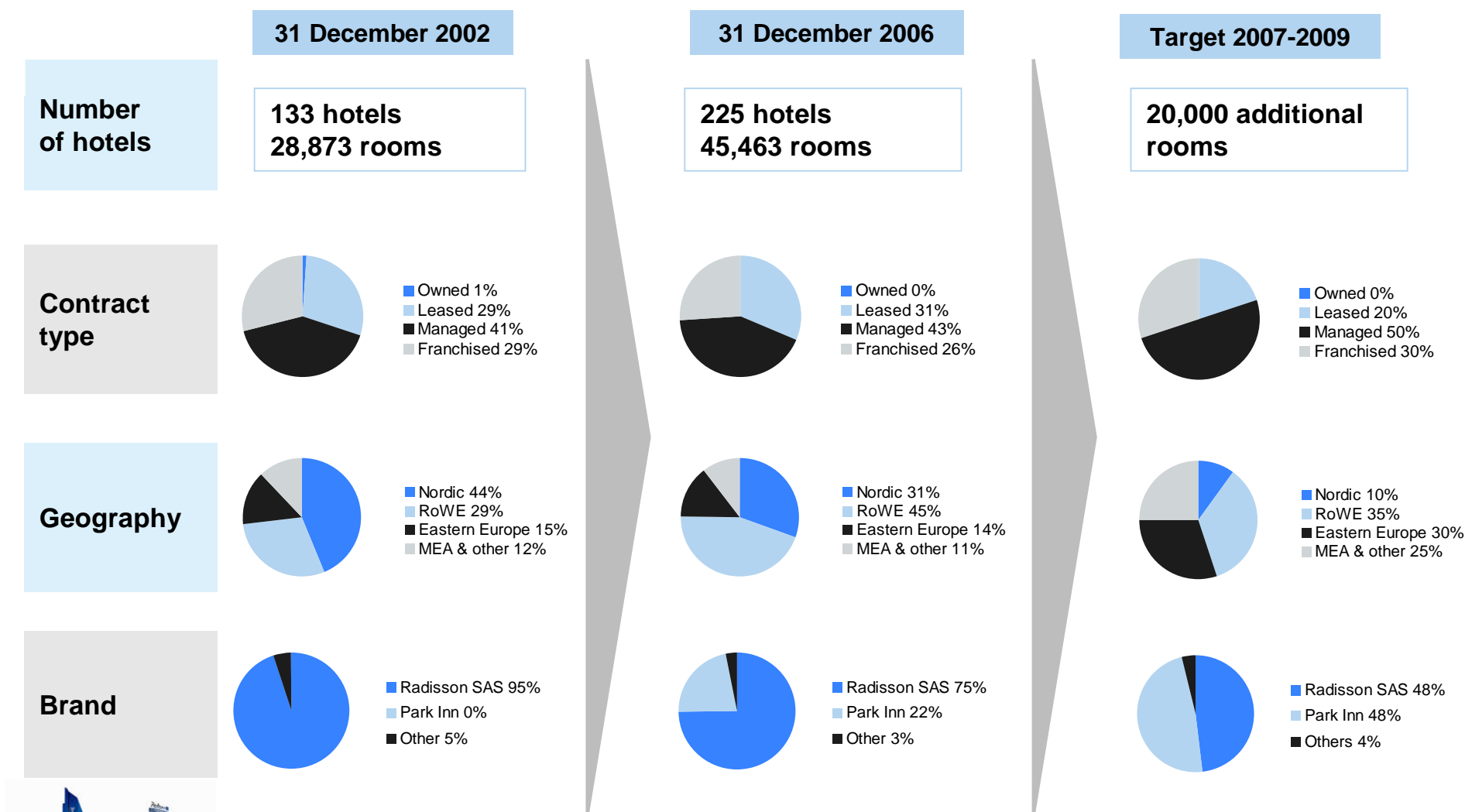
## REZIDOR HIGHLIGHTS

- 8,600 new rooms contracted
- 20,000 rooms to be added between 2007 – 2009
- Profitable growth
- Strong RevPAR growth
- Radisson SAS → second largest upscale hotel brand in Europe
- Park Inn → strongly growing in mid market



# ASSET LIGHT AND FLEXIBLE BUSINESS MODEL

Shifting to fee based contracts – limit financial commitments



Note: Pie charts based on number of rooms in operation



# FULL YEAR 2006 FINANCIAL HIGHLIGHTS

## Strong year-on-year performance

- Revenue increased to MEUR 707.3 (587.0)
- Profit after tax of MEUR 29.0 (23.2)
- Earnings Per Share amounts to EUR 0.19 (0.15)
- EBITDA improved by 39.6% to MEUR 61.0 (43.7) and EBITDA margin increased to 8.6% (7.4%)
- RevPAR (for leased and managed hotels) up by 7.5% to EUR 72 (67), and occupancy increased to 69% (67%)



## Q4 – 2006 FINANCIAL HIGHLIGHTS

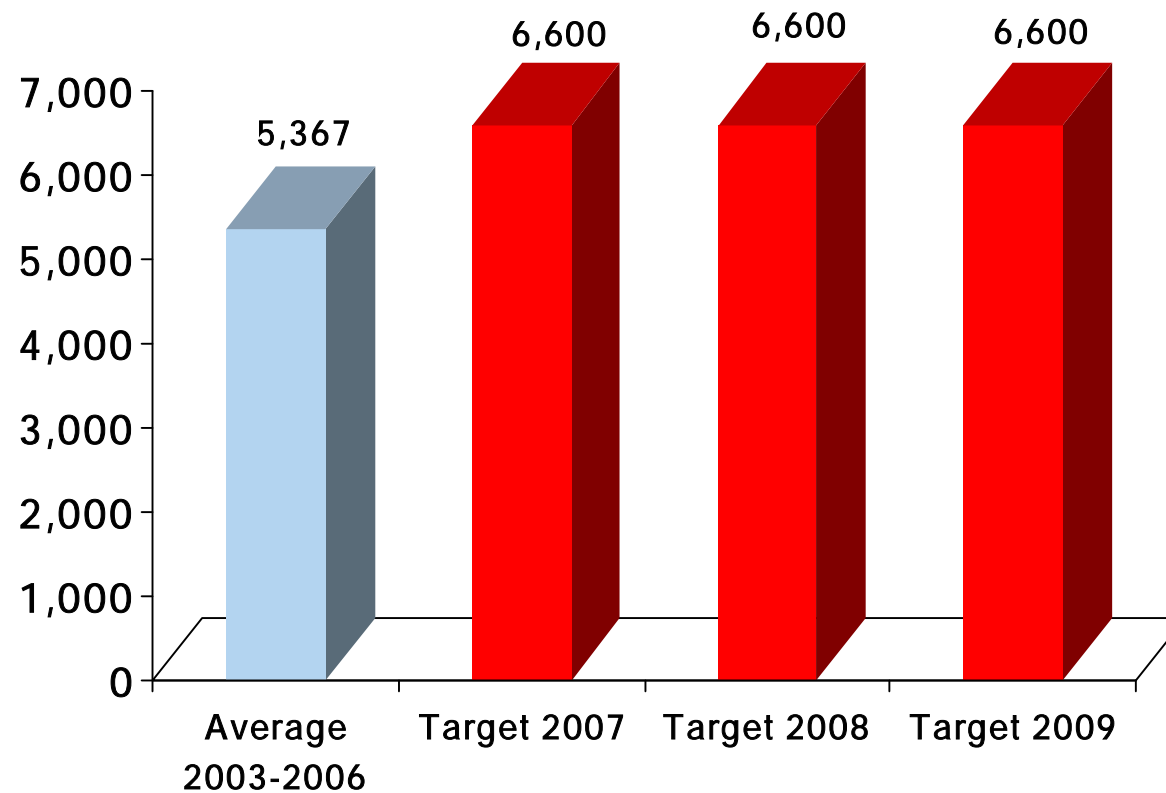
### Continued RevPAR growth

- Revenue increased to MEUR 185.4 (167.3)
- Profit after tax of MEUR 8.8 (10.9)
- Earnings Per Share amounts to EUR 0.06 (0.07)
- EBITDA amounted to MEUR 17.3 (18.9) and EBITDA margin was 9.3% (11.3%)
- RevPAR (for leased and managed hotels) up by 6.1% to EUR 70 (66) and occupancy was 67% (66%)



## SUBSTANTIAL PIPELINE

Target: 20,000 new hotel rooms to be opened in the next 3 years  
58% already contracted





Note: Based on signed rooms during the respective periods



# KEY PERFORMANCE INDICATORS

KPI		2005	2006	Growth %	Q4-2005	Q4-2006	Growth %
	Occupancy %	67	69	2%	66	67	1%
	RevPAR €	67	72	7.5%	66	70	6.1%

REVPAR PER BRAND €		2005	2006	Growth %	Q4-2005	Q4-2006	Growth %
		71	78	9.9%	70	78	11.4%
		44	47	6.8%	43	43	-



Note: including Managed & Leased hotels only



## ROOM OPENINGS Per Segment

<b>ROOMS unless otherwise stated</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>TOTAL</b>
NORDIC	2,413	922	159	184	3,678
WESTERN EUROPE	2,628	3,817	4,876	1,248	12,569
EASTERN EUROPE	311	619	375	1,474	2,779
MIDDLE EAST, AFRICA & OTHERS	737	366	307	834	2,244
<b>TOTAL</b>	<b>6,089</b>	<b>5,724</b>	<b>5,717</b>	<b>3,740</b>	<b>21,270</b>



# SUMMARY INCOME STATEMENT

Strong financials: improving revenues and margins

MEUR unless otherwise stated	2003	2004	2005	2006	Q4-2005	Q4-2006
Rooms revenue	194	266	321	393	86	98
Food & Beverage revenue	128	157	184	214	58	63
Other hotel revenue	14	24	21	23	5	5
<b>Total leased hotel revenue</b>	<b>336</b>	<b>447</b>	<b>526</b>	<b>630</b>	<b>149</b>	<b>166</b>
Fee revenue	27	28	46	63	13	15
Other non-hotel revenue	18	16	15	14	6	4
<b>Total operating revenue</b>	<b>390</b>	<b>499</b>	<b>587</b>	<b>707</b>	<b>167</b>	<b>185</b>
<b>EBITDAR <sup>1</sup></b>	<b>82</b>	<b>143</b>	<b>183</b>	<b>239</b>	<b>56</b>	<b>64</b>
<b>EBITDA</b>	<b>(12)</b>	<b>18</b>	<b>44</b>	<b>61</b>	<b>19</b>	<b>17</b>
Depreciation and amortisation	(15)	(18)	(20)	(22)	(4)	(6)
Gain (loss) on sale of shares and tangible	2	6	7	0	0	0
IPO related expenses	-	-	-	(4)	0	(4)
<b>Operating profit (loss)</b>	<b>(25)</b>	<b>6</b>	<b>31</b>	<b>35</b>	<b>15</b>	<b>7</b>
Financial income	3	2	8	2	7	1
Financial expense	(6)	(4)	(7)	(4)	0	(1)
<b>Profit (loss) before tax</b>	<b>(28)</b>	<b>4</b>	<b>31</b>	<b>32</b>	<b>22</b>	<b>6</b>
Income tax	(5)	(0)	(8)	(3)	(11)	2
<b>Profit (loss) for the period</b>	<b>(33)</b>	<b>4</b>	<b>23</b>	<b>29</b>	<b>11</b>	<b>9</b>



EBITDAR = GOP (after fees to Carlson) – property tax and insurance (excluding capital gains from sale of shares and real estate, i.e. sale of Radisson SAS Stansted €7m in 2005)

## BALANCE SHEET & CASH FLOW

- No net debt
- Equity of MEUR 176 as per DEC-06
- Minority interest has been eliminated prior to year-end
- Total investments were MEUR 32.6



## SUMMARY KEY RATIOS

Key Operating Expenses Margins	2005	2006	Q4-2005	Q4-2006
Personnel Cost (as % of total revenue)	35	35	34	34
COGS (as % of F&B revenue)	26	26	24	24
Other operating expenses (as % of total revenue)	23	22	22	21
System wide revenue (TEUR)	1,478,000	1,729,000	440,000	477,000

Key Ratios	2005	2006	Q4-2005	Q4-2006
EBITDAR Margin (%)	31.2	33.8	33.5	34.5
EBITDA Margin (%)	7.4	8.6	11.3	9.4



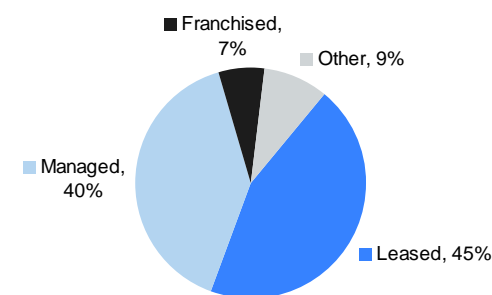
# RESULTS PER SEGMENT

Geared to grow with improved geographic balance

## Segment EBIT—geography

€m unless otherwise stated	2003	2004	2005	2006	Q4-2005	Q4-2006
Nordic	7.3	23.8	29.9	37.0	12.0	10.0
Rest of Western Europe	(9.9)	(6.2)	9.5	12.8	4.4	1.8
Eastern Europe	6.1	6.6	11.4	10.6	4.6	2.8
Middle East, Africa, & Others	2.0	2.9	5.0	11.7	1.1	4.7
<b>Total pre-unallocated costs</b>	<b>5.5</b>	<b>27.1</b>	<b>55.8</b>	<b>72.1</b>	<b>22.1</b>	<b>19.3</b>
Unallocated costs	(30.2)	(21.4)	(25.2)	(37.4)	(6.9)	(12.6)
<b>Total</b>	<b>(24.7)</b>	<b>5.8</b>	<b>30.5</b>	<b>34.7</b>	<b>15.2</b>	<b>6.8</b>

## EBIT— Contract Type



Note: 1. Before unallocated costs

- Decreased reliance on the Nordic region; increasing contribution from Rest of Western Europe
- Share of managed hotels in total EBIT has become equally important
- Unallocated costs are well under control
- Cap on all contracts with financial commitments



# OUTLOOK AND FINANCIAL TARGETS

More growth expected...

## Outlook

- Market remains strong and RevPAR is expected to grow further
- Rising contribution from hotels in their ramp up phase, rate driven RevPAR growth and gradual shift in business model are expected to improve EBITDA margin

## Financial and Growth targets

<b>Growth targets</b>	20,000 new hotel rooms to be opened from 2007 to 2009
<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



## DISCLAIMER

This presentation may contain forward looking statements. Such statements are based on current expectations and are subject to certain risks and uncertainties that could negatively affect our business.



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Q & A

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