

THE
REZIDOR
HOTEL GROUP

INTERIM RESULTS
Q2-2012

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KNUT KLEIVEN Deputy President and CFO

Friday, July 13, 2012

Margin expansion driven by a solid RevPAR growth

6%
L/L RevPAR
growth

3 pp
EBITDA
margin up

1,300
new rooms
opened

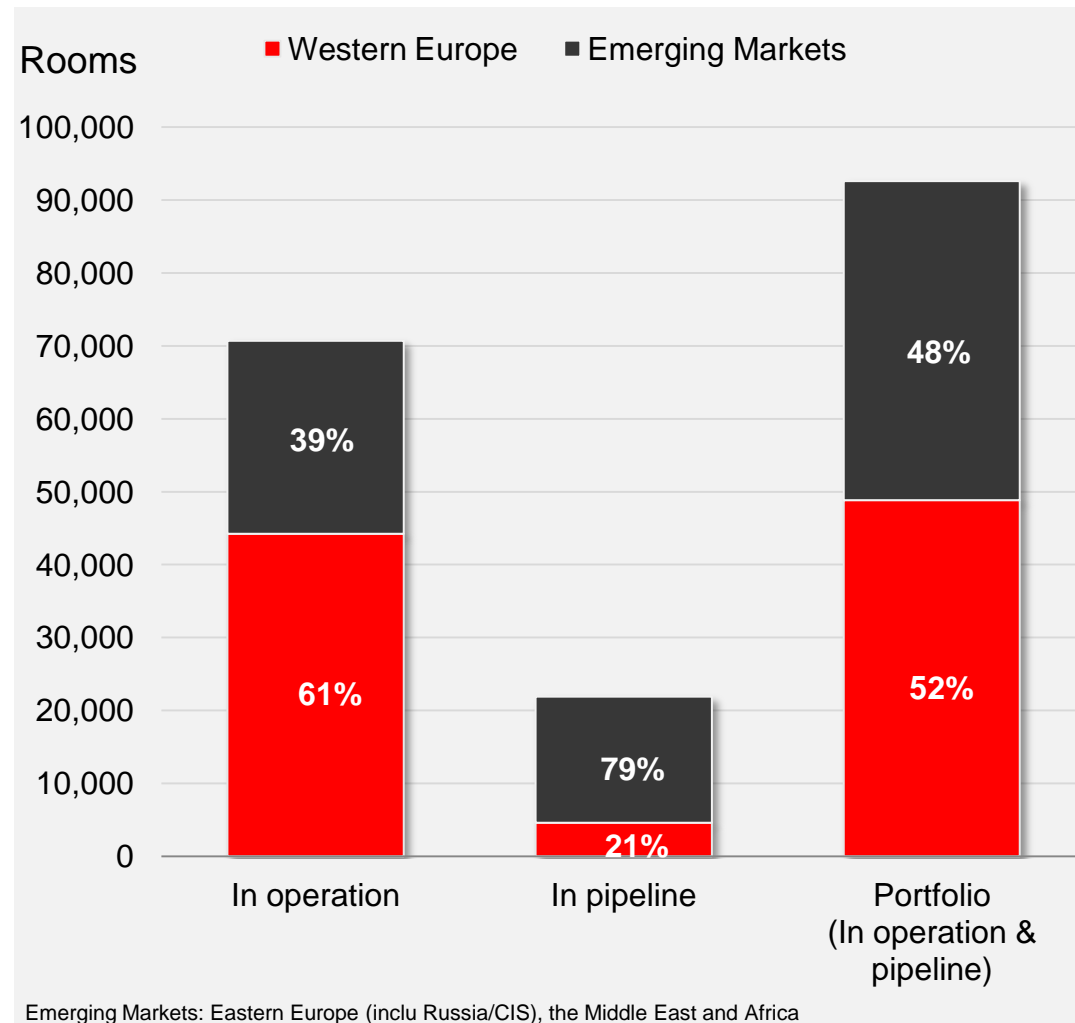
- L/L RevPAR grew 6%, well above market
- Total Revenue up 5%, driven by RevPAR and positive FX effects
- Strong contribution from fee revenue, up 12%
- EBITDA margin up 3.0 pp, supporting Route 2015 targets
- EBIT margin up 1.8 pp, despite MEUR 4 write downs (neg. effect 1.6 pp)
- Asset Management to help de-lever
- Q2 openings and signings, both above Q2 last year
- Outlook uncertain due to continued macroeconomic difficulties

Emerging Markets offer the best opportunities for fee based growth

Emerging
Markets focused

100%
Fee based

20,000+
Rooms
100+ hotels
Industry-leading,
stable and
consistent
pipeline



Q2-2012 Signings

10th consecutive quarter of
fee based signings

SIGNINGS	Q2-2012	Q2-2011	H1-2012	H1-2011
Hotels	11	8	17	19
Rooms	2,500	2,100	3,900	4,300

100%
Fee based

80%
Emerging
Markets

65%
Park Inn

Q2 Highlights

- Park Inn expansion in UK (3 new signings)
- Key locations: London, Riyadh, Sochi



Radisson Blu Hotel, Riyadh North, Saudi Arabia

Q2-2012 Openings

Continued fee based growth across the regions

OPENINGS	Q2-2012	Q2-2011	H1-2012	H1-2011
Hotels	5	4	9	10
Rooms	1,300	1,000	2,200	2,400

100%
Fee
based

55%
Emerging
Markets

45%
Conversion

Q2 Highlights

- Expansion of resort network: Corsica, Gran Canaria
- Key location: Doha



Radisson Blu Hotel, Grand Canaria, Spain



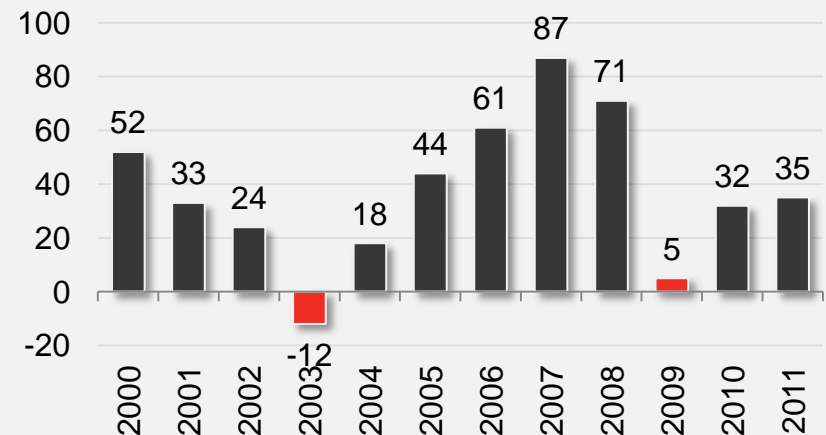
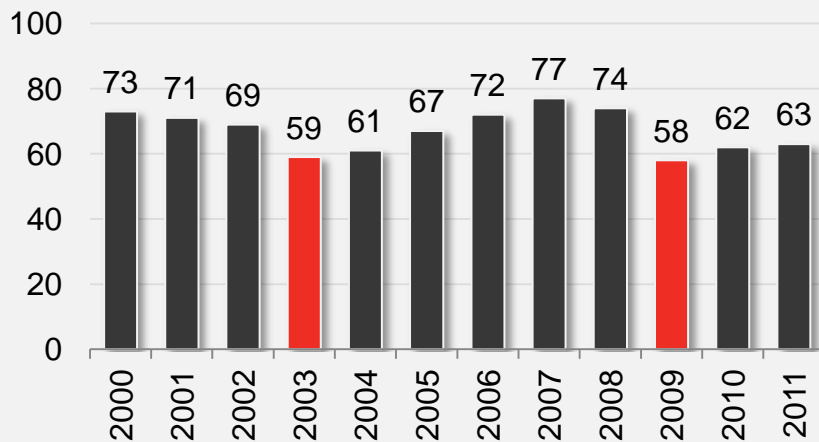
FINANCIAL UPDATE

Knut Kleiven, Deputy President & CFO

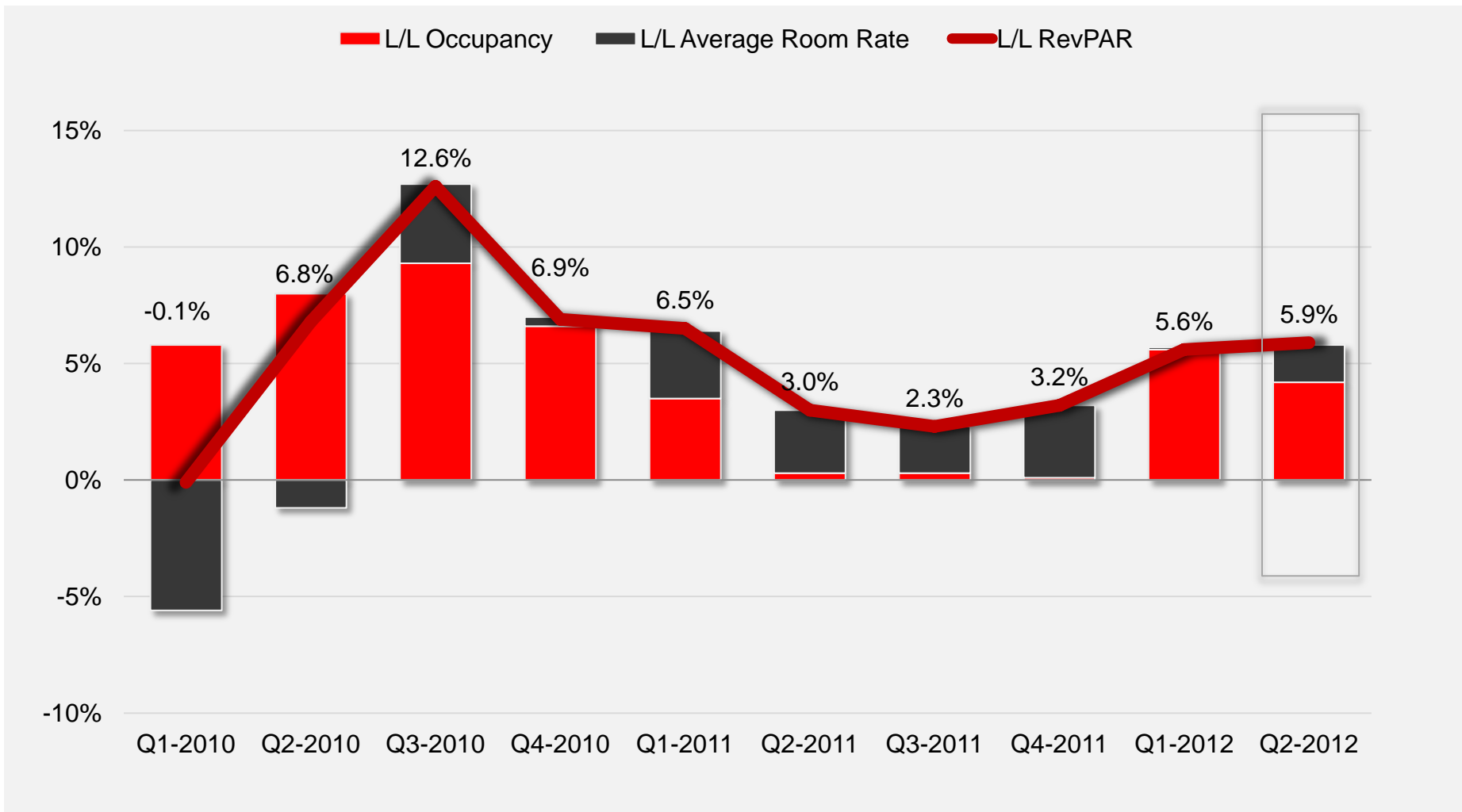
Radisson Blu Hotel, Uppsala

Updated EBITDA sensitivity

- Change in sensitivity due to portfolio increase
- **EUR 1** change in RevPAR = **MEUR 6-8** change in EBITDA (ca 85% from leases)
- EBITDA **break-even** point, estimated at a RevPAR of **EUR 57**, has not changed



RevPAR recovery in the back-drop of market uncertainty



RevPAR growth continued

Led by Emerging Markets

- **Nordics:**

- Mixed development
- Sweden 7% and Norway -2% (several events in 2011)

NOR	Q2
L/L RevPAR:	1.8%
L/L Occupancy:	1.7%
L/L Rate:	0.1%

- **Eastern Europe:**

- Positive impact of Euro 2012
- Poland 36% and Russia 13%

EE	Q2
L/L RevPAR:	11.9%
L/L Occupancy:	4.8%
L/L Rate:	6.8%

- **Rest of Western Europe:**

- Mixed development
- Belgium 6%, Switzerland -9%
- Germany, UK and France: 1 to 3%

ROWE	Q2
L/L RevPAR:	2.0%
L/L Occupancy:	0.9%
L/L Rate:	1.0%

- **Middle East, Africa & Others:**

- Strong demand pick-up in MENA countries
- Strong growth in South Africa 8%, Saudi Arabia 11% and UAE 7%

MEAO	Q2
L/L RevPAR:	17.1%
L/L Occupancy:	16.6%
L/L Rate:	0.4%

Q2 Income Statement

Strong margin expansion

IN MEUR	Q2-2012	Q2-2011	H1-2012	H1-2011
Revenue	238.9	226.7	445.8	419.3
EBITDAR	82.3	73.6	140.7	126.2
EBITDAR Margin %	34.4%	32.5%	31.6%	30.1%
EBITDA	22.7	14.8	17.7	6.2
EBITDA Margin %	9.5%	6.5%	4.0%	1.5%
EBIT	11.7	7.0	-0.8	-9.6
EBIT Margin %	4.9%	3.1%	-0.2%	-2.3%
NET RESULTS	6.2	4.7	-7.9	-12.7

Q2-2012 highlights

- **Revenue up 5%** driven by:
 - RevPAR growth & FX
- **EBITDA margin up 3.0 pp** supported by:
 - High-margin fee revenue
 - Lower central costs
 - Lower fixed rent as a percent of leased revenue
- **EBIT margin up 1.8 pp** despite write-downs of fixed assets of MEUR 4 (neg. impact 1.6% pp)

Good L/L flow through driven by strong growth in fee business

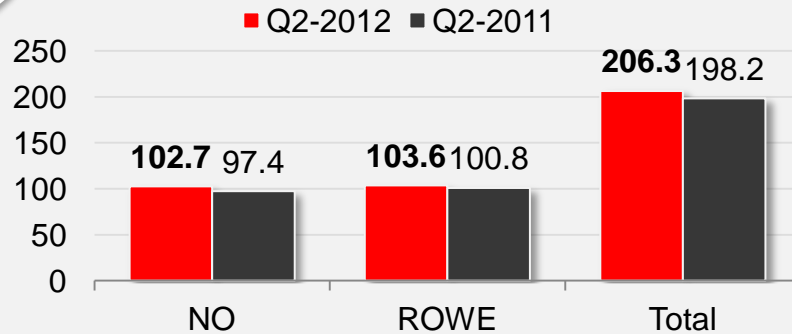
Q2-2012 vs Q2-2011	Reported Change	FX	Hotel Exits	New Hotels	One-offs	L/L
Revenue	12.2	5.5	-0.6	1.1	-	6.2
EBITDAR	8.7	1.6	0.2	0.7	3.0	3.2
EBITDA	7.9	0.0	-0.1	0.7	3.8	3.5
EBIT	4.7	-0.2	-0.1	0.7	-0.1	4.4

- Large contribution from positive FX effects on revenue; no impact on EBITDA
- EBITDA positively impacted by one-offs of MEUR 3.8
 - MEUR 3.1 less in central costs and MEUR 2.2 provision for onerous contracts in Q2-2011, partly offset by a negative impact of MEUR 1.5 for conversion of a committed management contract to a franchise
- At EBIT level, the positive effect was fully offset due to MEUR 3.9 write-downs

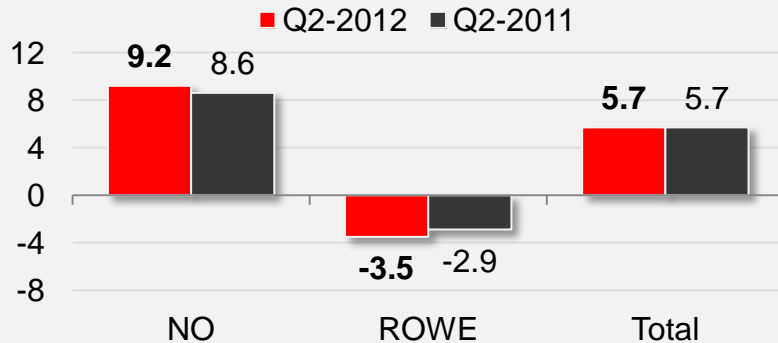
Leased business

EBIT in line with last year

**LEASED
REVENUE
MEUR**



**EBIT
MEUR**



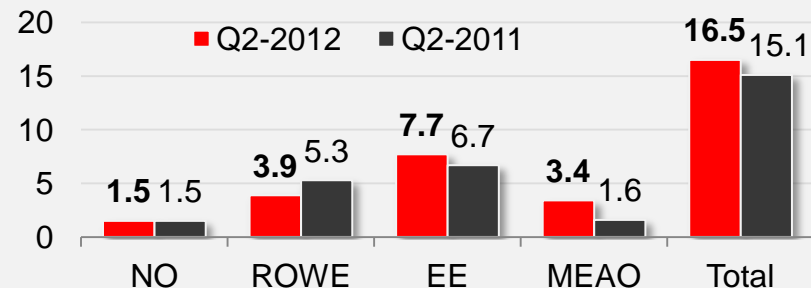
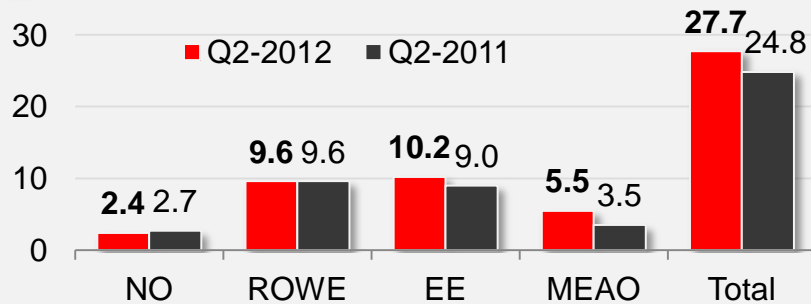
Nordics:

- Revenue up due to strong meetings & events in Stockholm, and positive FX
- Unfavourable comps in Norway due to several events last year
- EBIT margin in line with last year

Rest of Western Europe:

- Flat revenue (excluding FX) due to a weak meetings & events business
- EBIT negatively impacted by write-downs of fixed assets of MEUR 4

Emerging markets drove growth in fee business



Rest of Western Europe:

- EBIT down due to negative impact of MEUR 1.5 for conversion of a committed contract to a franchise

Eastern Europe:

- Revenue increase driven mainly by RevPAR growth
- EBIT margin in line with last year

Middle East, Africa & Others:

- Revenue increase driven mainly by RevPAR growth
- Strong EBIT margin increase due to less provisions for doubtful accounts compared to last year

Stable and debt free balance sheet

Strong liquidity buffer

MEUR	H1-2012	H1-2011
Cash Flow from Operations	5.3	-0.9
Change in Working Capital	-16.0	-19.2
Investments	-12.2	-14.4
CapEx	-12.7	-13.6
Other	0.5	-0.8
FREE CASH FLOW	-22.9	-34.5

- Continued strong focus on Working Capital improvement
- H1-2011 negatively impacted by settlement of accruals made in 2010
- Available overdrafts and cash MEUR 87 (96) at the end of H1
- CapEx broadly in line with last year

Margin expansion of 3pp in Q2 supports Route 2015 goals

FOCUS AREAS

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

EBITDA MARGIN UPLIFT

6-8%
+
Asset
Management
+
Market Recovery in
excess of inflation

FINANCIAL TARGETS

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

A nighttime photograph of the Radisson Blu Hotel, Doha, a modern multi-story building with a glass facade. The building is illuminated from within, and a series of bright lights are visible along the top edge. A large, stylized 'Q&A' text is overlaid in the center of the image. The 'Q' and 'A' are red, while the ampersand is white. A thin red horizontal line is positioned below the text.

Q&A

Radisson Blu Hotel, Doha