THE REZIDOR HOTEL GROUP

QUARTERLY RESULTS
Q3-2012

KURT RITTER President & CEO
WOLFGANG M. NEUMANN, Executive Vice President & COO
KNUT KLEIVEN Deputy President & CFO

Friday, October 26, 2012

Hotel market situation

- European RevPAR still performing ca -10% from the peak of 2007
- RevPAR growth in Emerging Markets continues to outperform that in Europe
- North Africa slowly recovering from political turbulences
- Industry pipeline again on the rise
- Increasing importance of hotels in commercial real estate investments
- Investment focus remains on single asset transactions
- Sourcing debt financing remains a challenge and at low levels (40-55% LTV)

SOURCE: JLL Hotel Investment Highlights September 2012 and Lodging Econometrics

Rezidor Q3 2012 highlights

4.6%
L/L RevPAR growth

20%
growth in fee revenue

7.4%
EBITDA
margin

- Continued strong RevPAR development in Emerging Markets
- Revenue up 8.2%, driven by RevPAR and positive FX effects
- EBITDA margin up 0.7 pp
- Profit after tax of MEUR 4; Q3 2011 positively impacted by a deferred tax asset of MEUR 12
- New cost saving initiatives to support Route 2015
- Progress on Asset Management initiatives
- Outlook uncertain due to continued macroeconomic difficulties

Organisational changes

- Trudy Rautio new Chairman of the Board
- Wolfgang M. Neumann, current COO, new President & CEO as of January 1, 2013
- Puneet Chhatwal, CDO, left Rezidor in September; position temporarily covered by a senior member of the team

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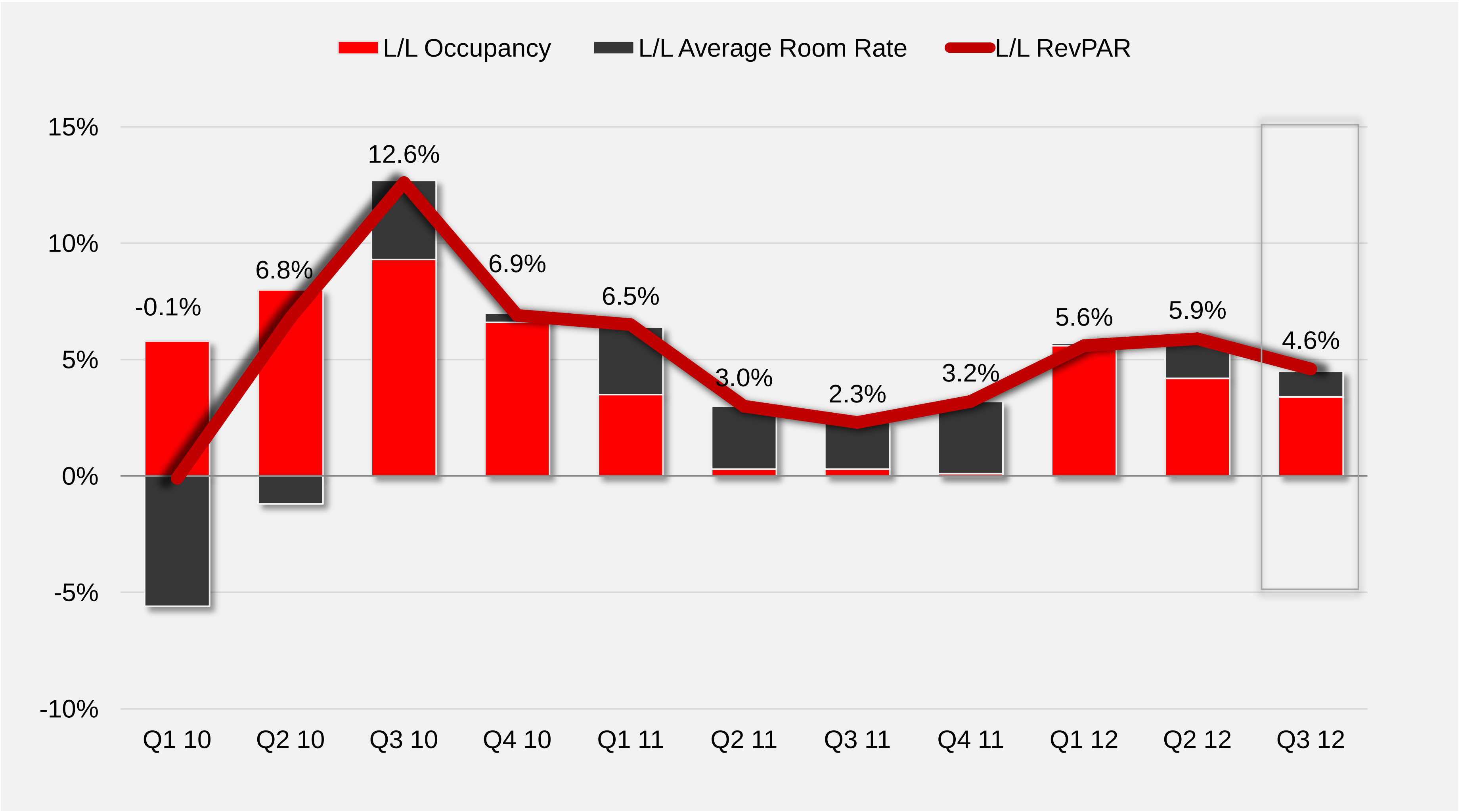
CURRENT TRADING & SPECIAL INITIATIVES

Wolfgang M. Neumann, Executive Vice President and COO

Radisson Blu Hotel, Lusaka, Zambia

RevPAR continues to grow
Supported by increased market share



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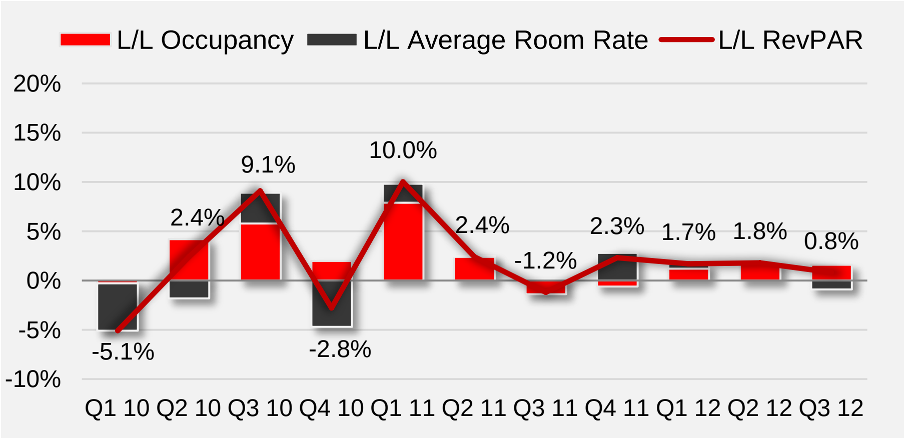
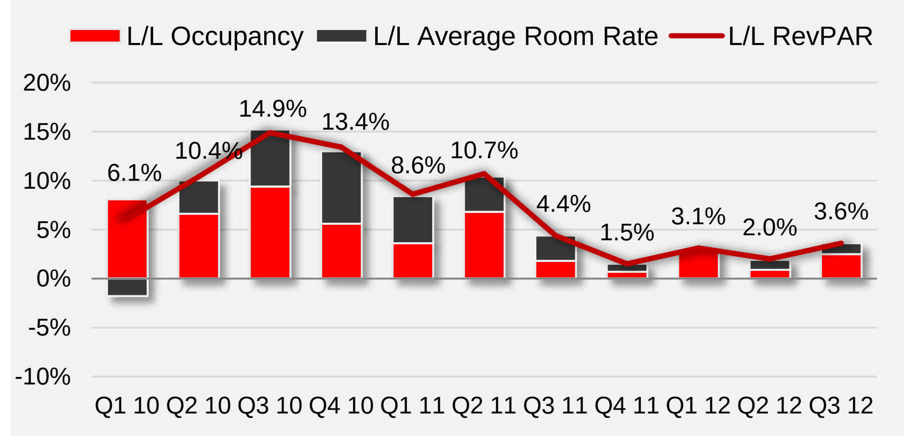
Strong RevPAR development in Emerging Markets

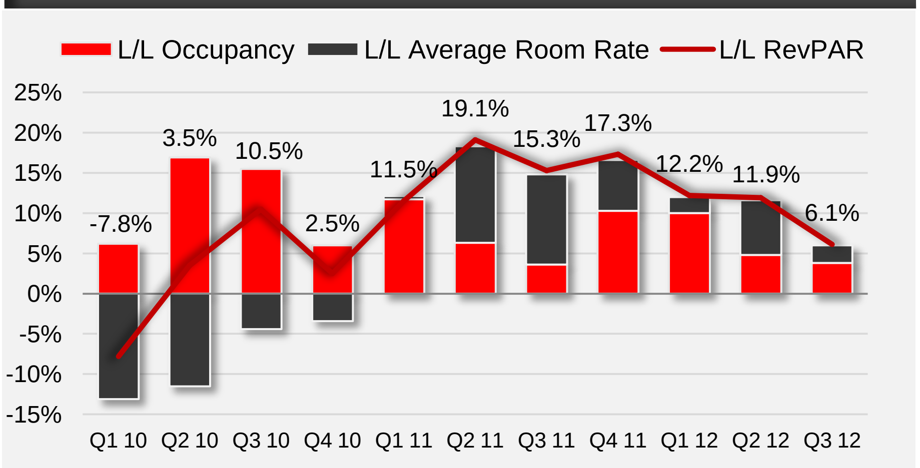
NORDICS



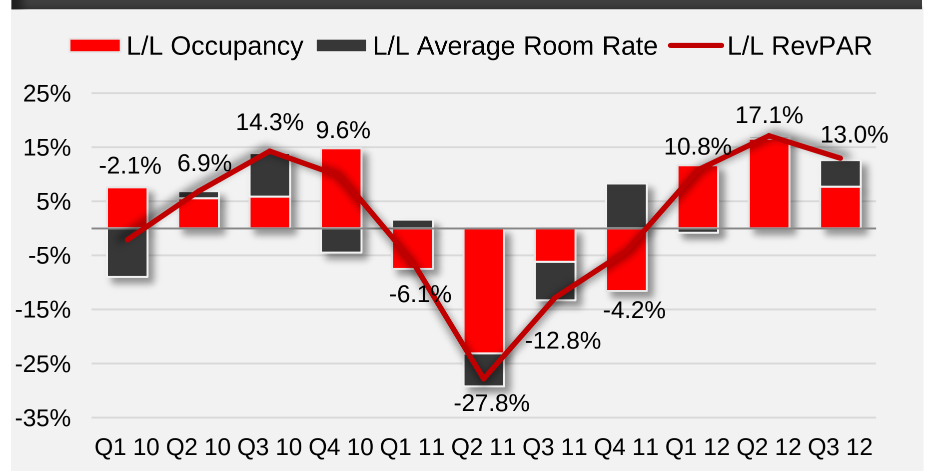
Rest Of Western Europe



Eastern Europe



Middle East & Africa



Route 2015 - Tangible initiatives to improve the EBITDA margin by 2015

DELIVERING ROUTE 2015

6-8% uplift in EBITDA margin by 2015*

Initiative	Uplift
Revenue Generation	3-4%
Fee based growth	2-2.5%
Cost savings projects	0.5-1%
Cap utilization	0.5%
Asset Management	

MEUR 50-70 positive EBITDA impact over 2011

*** Assuming market RevPAR growth covers inflation**

Cost savings of MEUR 13-15 to support Route 2015

- Extended cost savings project to hedge against potential cost inflation in excess of market RevPAR growth.
- Reduced central and regional costs
  - Optimised processes and more decentralised operating model
- Restructured procurement process
- Cost savings of MEUR 13-15, full effect 2015

Q3 2012 Signings

SIGNINGS	Q3-2012	Q3-2011	YTD-2012	YTD-2011
Hotels	9	7	26	26
Rooms	2,000	2,100	5,900	6,400

100% Fee-Based

100% Emerging Markets

50% Park Inn


Radisson Blu Cotonou, Benin


Park Inn by Radisson, Dubai Al Jaddaf

Q3 Highlights:

- Entering new country: Benin
- Key Q3 locations: Dubai (UAE), Riyadh (Saudi Arabia), Cape Town (South Africa), Cotonou (Benin) and Sochi (Russia)

Q3 2012 Openings

OPENINGS	Q3-2012	Q3-2011	YTD-2012	YTD-2011
Hotels	4	6	13	16
Rooms	640	1,700	2,890	4,100
Rooms offline	250	170	470	1,200
Net openings	**390**	**1,530**	**2,420**	**2,900**

Radisson Blu Resort Bukovel, Ukraine

100% Fee-based

100% Emerging Markets

100% New-built


Park Inn by Radisson Tete, Mozambique

Q3 Highlights:

- Entering new countries: Tete in Mozambique and Lusaka
- Expansion of resort network: Bukovel (Ukraine)
- We opened our 6th hotel in Moscow (Russia)

Selected Future Openings (2012-2013)

Radisson Blu	Rooms
Kyiv Podil, Ukraine	163
Gudauri, Georgia	81
Nantes, France	142
Sochi, Russia	500
Rosa Khutor, Russia	180
Maputo, Mozambique	152
Gothenburg, Sweden	266
Istanbul Pera, Turkey	133
Istanbul Şişli, Turkey	305
Kigali, Rwanda	292

Park Inn by Radisson	Rooms
Budapest, Hungary	136
London Wembley, UK	235
Astana, Kazakhstan	240
Lille Grand Stade, France	127
Yaroslavl, Russia	150
Glasgow City Centre, UK	91
Amsterdam Airport Schiphol, Netherlands	150
Petrozavodsk, Russia	180
Abeokuta, Nigeria	173
Novosibirsk, Russia	150

- Balanced openings between the brands
- Continued focus on Emerging Markets
- Only management and franchise contracts
- All new built properties

FINANCIAL UPDATE

Knut Kleiven, Deputy President & CFO

Radisson Blu Hotel, Doha, Qatar

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Asset Management update

Exit from seven unprofitable leases in France at the end of 2012

- Termination payment of MEUR 11.5
- Negative impact of MEUR 8.5 on results in Q4 2012
- Positive EBITDA effect of ca MEUR 2 annually, as from 2013
- No future CAPEX obligations

Other

- Extension of Radisson Blu SkyCity Hotel, Stockholm-Arlanda Airport
- All profitable leases with expiration before 2015 have been successfully extended

Q3 Income Statement
Continued margin expansion

IN MEUR	Q3-2012	Q3-2011	YTD-2012	YTD-2011
Revenue	237.3	219.4	683.1	638.6
EBITDAR	81.3	74.4	222.0	200.6
EBITDAR Margin %	34.3%	33.9%	32.5%	31.4%
EBITDA	17.6	14.8	35.3	21.0
EBITDA Margin %	7.4%	6.7%	5.2%	3.3%
EBIT	8.6	5.9	7.8	-3.7
EBIT Margin %	3.6%	2.7%	1.1%	-0.6%
NET RESULTS	**4.4**	**14.2**	**-3.5**	**1.6**

Q3-2012 highlights

- **Revenue up 8.2%** driven by:
  - RevPAR growth & FX
- **EBITDA margin up 0.7 pp** affected by:
  - High margin fee revenue
  - Lower marketing expenses
  - Higher central costs
  - Provision for onerous contract
  - Rent adjustment
  - Weakening of Euro
- **EBIT margin up 0.9 pp**
- Deferred tax asset of MEUR 11.7 was recognised in Q3 2011

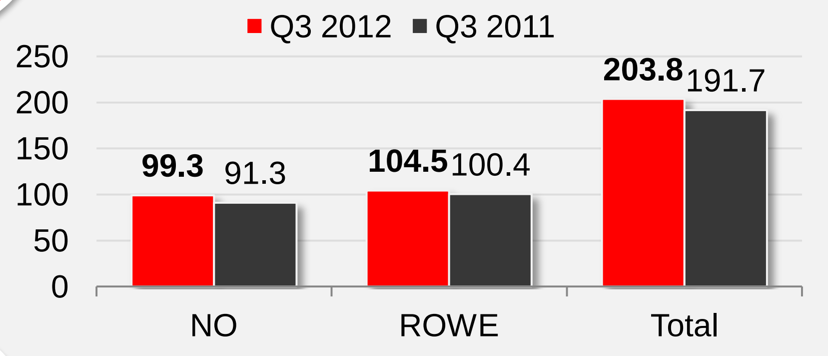
Good L/L flow through driven by strong growth in fee business

Q3-2012 vs Q3-2011	Reported Change	FX	Hotel Exits	New Hotels	One-offs	L/L
Revenue	**17.9**	8.9	-0.3	1.1	-	8.2
EBITDAR	**6.9**	3.0	-0.2	0.7	-0.9	4.3
EBITDA	**2.8**	0.4	-0.2	0.7	-3.3	5.2
EBIT	**2.7**	-0.1	-0.2	0.7	-3.6	5.9

- Large contribution from positive FX effects on revenue; no impact on EBITDA
- EBITDA negatively impacted by one-offs of MEUR 3.3
  - MEUR 1.7 in a rent adjustment, MEUR 0.7 provisions for an onerous management contract and increased consultancy costs

Leased business
EBIT impacted by softer Nordics

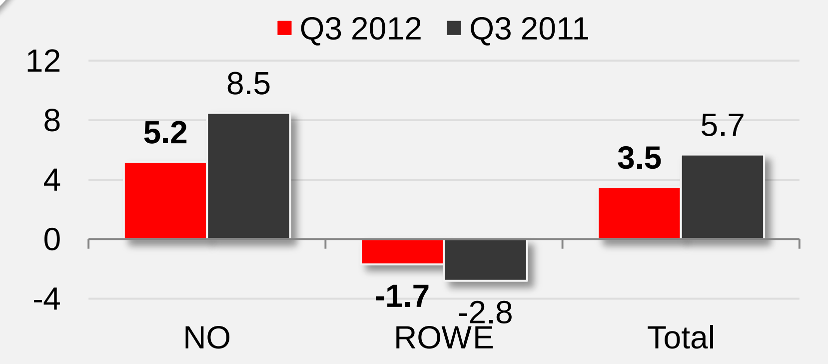
LEASED REVENUE MEUR



Nordics:

- Revenue up due to weakening of the Euro
- EBIT margin below last year due to weak RevPAR development and a rent adjustment (MEUR 1.7)

EBIT MEUR

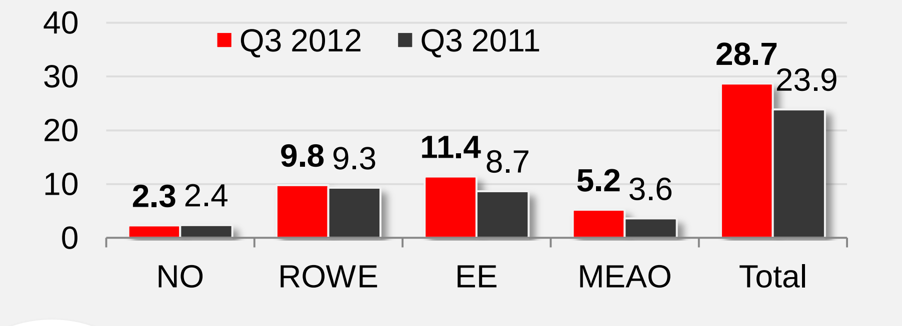


Rest of Western Europe:

- Revenue up in line with RevPAR
- EBIT improvement due to increase in RevPAR and lower fixed rent (one hotel switched from fixed rent to a lower variable rent)

Fee business
Emerging markets drive the growth

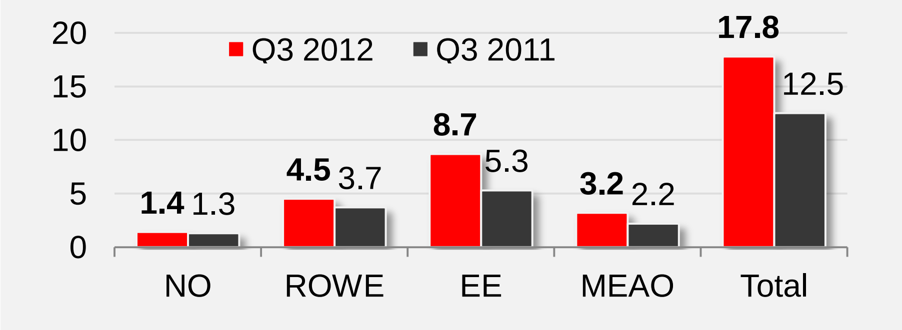
FEE REVENUE
MEUR



Eastern Europe:

- Revenue increase driven mainly by RevPAR growth
- EBIT margin well above last year

EBIT
MEUR



Middle East, Africa & Others:

- Revenue increase driven mainly by RevPAR growth
- EBIT margin grew in line with the revenue increase

Stable and debt free balance sheet
Strong liquidity buffer

MEUR	YTD-2012	YTD-2011
Cash Flow from Operations	21.1	10.4
Change in Working Capital	-12.0	-16.0
Investments	-21.6	-23.9
CapEx	-18.8	-23.9
Other	-2.8	0.0
FREE CASH FLOW	**-12.5**	**-29.5**

- Continued strong focus on Working Capital improvement
- Available overdrafts and cash MEUR 88 (88) at the end of Sept
- Lower CapEx than last year

Margin expansion of 2 pp YTD supports Route 2015 goals

FOCUS AREAS

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

EBITDA MARGIN UPLIFT BY 2015

6-8%*

+

Asset Management

+

Market Recovery in excess of inflation

Extension of cost savings project to support Route 2015

*** Assuming market RevPAR growth covers 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

Q&A

Park Inn Tete, Mozambique