



THE LEADING HOTEL GROUP
IN EASTERN EUROPE

1H 2018 Orbis Results

26 July 2018



sofitel pullman novotel mercure ibis ibis styles ibis budget

Business Environment in Eastern Europe

PERFORMANCE

Macro

Fast growing economies **+3.4%** average GDP growth forecast for 2018

Travel

Thriving travel industry (UNWTO: **126 million tourist** arrivals in CEE in 2016; +4%; +5% - estimated growth in 2017)

Digital

Changing guest behaviors and their expectations

F&B

New F&B concepts and food trends

Labour market

Challenging with the record low unemployment rates

Competition

Robust development of international chains in main marketplaces

PEOPLE

PORTFOLIO



Strong results that confirm the right strategy

PERFORMANCE



+5.3%
RevPAR

- Increasing operating indicators in all countries of the EE region
- **PLN 180** RevPAR in total like-for-like



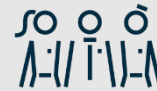
F&B

11 tons of food saved a year in Novotel Warszawa Centrum – Zero waste no 1 F&B trend in 2018



12
Asset-light

12 new franchise and management hotels signed with over **1,500 rooms** in total in 1H



**Talent
& Culture**

- Aon Hewitt recognized Orbis as **Best Employer in Poland**
- Decrease of staff turnover

PORTFOLIO

PEOPLE

AGENDA

1. **P**erformance
2. **P**ortfolio
3. **P**eople
4. Outlook



AGENDA

1. Performance

OPERATING PERFORMANCE

FINANCIAL RESULTS

2. Portfolio

3. People

4. Outlook



Solid RevPar growth...



+0.1 pp

Total y/y

Occupancy
70.3%

+5.2%

Average Room
Rate
PLN 257.5

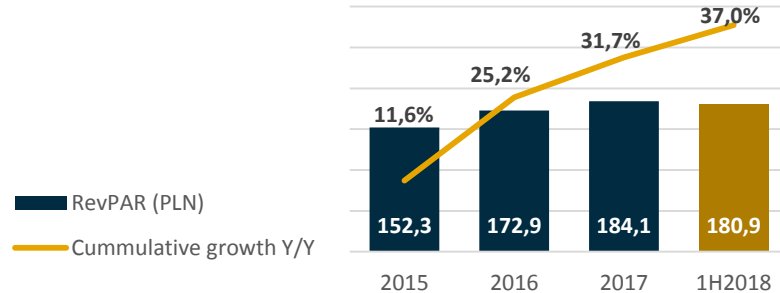
+5.3%

RevPAR
PLN 180.9

**Driven by average
price**

...across business lines

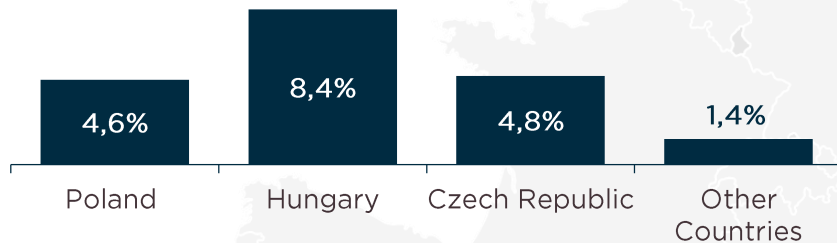
	Occupancy rate		ARR		RevPAR	
	1H 2018	% y/y	1H 2018	% y/y	1H 2018	% y/y
Economy	71.6%	-0.5 p.p.	181.1	3.7%	129.7	3.1%
Up & Midscale	69.5%	0.3 p.p.	299.5	5.6%	208.2	6.1%
Orbis Hotel Group	70.3%	0.1 p.p.	257.5	5.2%	180.9	5.3%



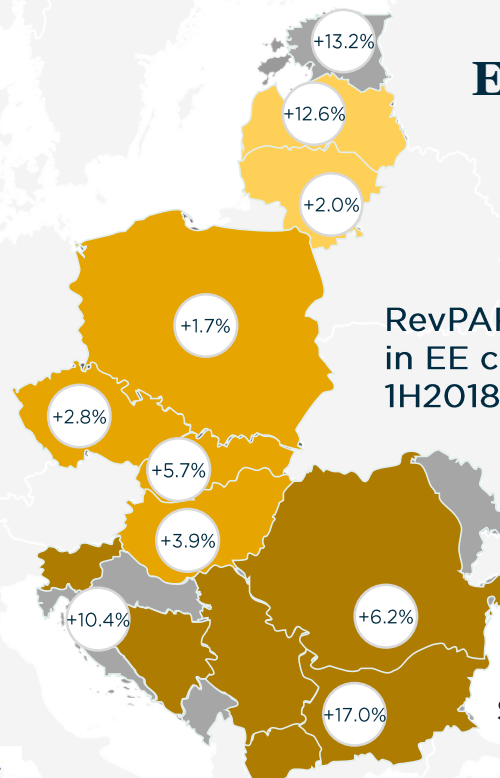
**Solid growth trend
over the last 4 years**

Stable performance in all countries

Orbis RevPAR growth by country (%)



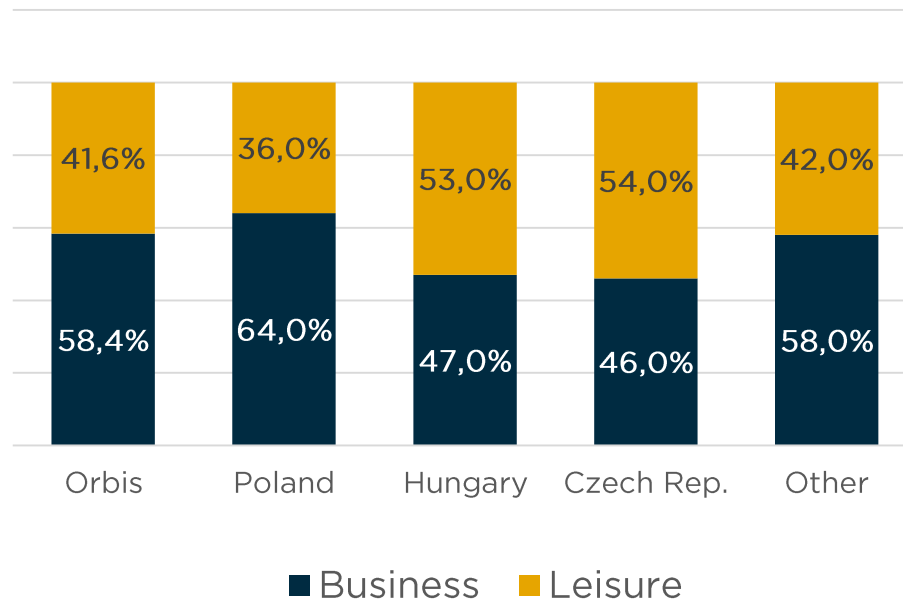
EE region



Source: STR Global

Guest Structure

Revenue Management approach
affecting business mix



Revenue split

Δ like for like y/y

+4.8%

Revenue
PLN +31.3m

+5.4%

Room Revenue
PLN +24.0m

+1.8%

F&B Revenue
PLN +3.0m

Across the region Δ like for like y/y

+4.5%

Poland
PLN +18.4m

+6.6%

Hungary
PLN +9.9m

+2.7%

Czech Rep.
PLN +1.5m

+3.4%

Other
PLN +1.5m

Financial PERFORMANCE

[mPLN, %]	1H 2018	1H 2017	%
Net sales	690.3	679.5	1.6%
EBITDAR	233.1	237.1	-1.7%
EBITDAR margin	33.8%	34.9%	-1.1 pp
Rent	(28.3)	(34.9)	-19.0%
Operating EBITDA	204.8	202.2	1.3%
EBITDA margin	29.7%	29.8%	-0.1pp
Depreciation and amortisation	(82.3)	(82.2)	-0.1%
EBIT	251.9	121.1	+108.0%
Profit before tax	245.4	104.8	+134.2%

Secured and strong cash position

Key cash position indicators:

[mPLN, %]	1H 2018
Total debt (borrowings + bonds)	501.9
Total cash <small>Secured for investment opportunities</small>	582.0
Net debt	-80.1
Net debt/equity	-3.6%
Net debt/12M EBITDA	-0.17



FINANCING

We plan to **finance further growth** with a mix of debt and own resources (refinancing and development)



CASH GENERATION

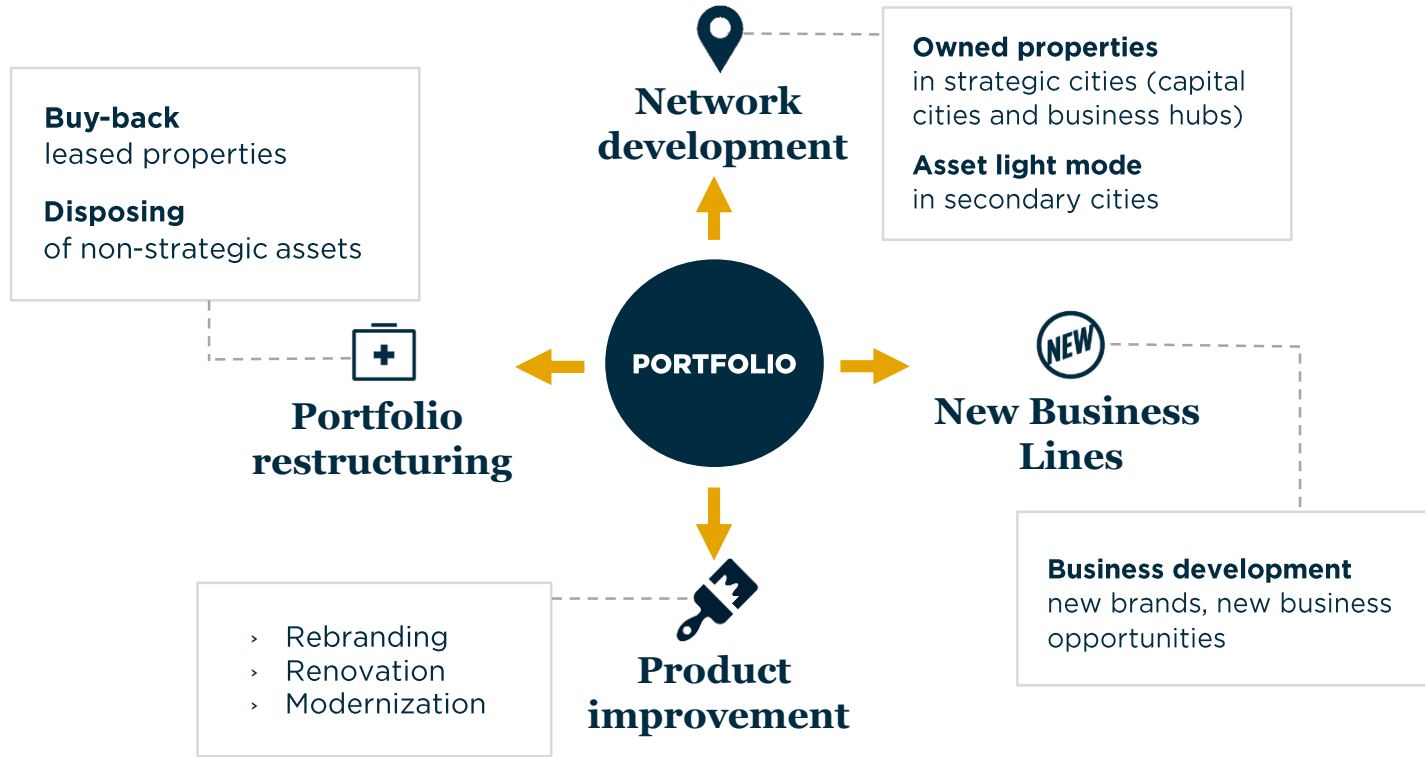
Our business delivers sustainable recurring operating cash flow which we use for CAPEX, development and dividend payout

AGENDA

1. Performance
2. Portfolio
3. People
4. Outlook



PORTFOLIO - Our winning strategy



1H2018

Hotels opened

5 asset light

600+ rooms

1 new destination:

Slovenia

12 Contracts signed

8 franchise

4 management

1,500 new rooms

NEW

Development acceleration

New in Orbis Group
in 1H2018:



ibis Styles
Warszawa City
Poland
(#220) franchised



ibis Styles
Budapest Airport
Hungary
(#145) managed



ibis Styles
Maribor City Center
Slovenia
(#71) franchised



Mercure
Maribor City Center
Slovenia
(#76) franchised



Mercure
Tetovo
Macedonia
(#101) franchised

Pipeline

As of today:

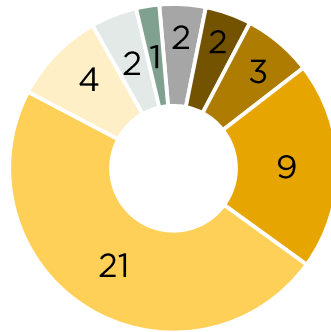
127 hotels
20,900 rooms

+

Secured pipeline:

44 hotels
6,000+ rooms

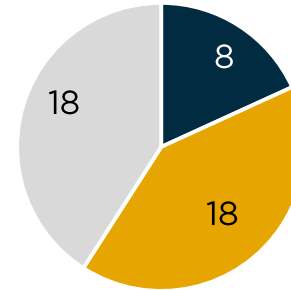
By brand



- MGallery by Sofitel
- Novotel
- Mercure
- ibis
- ibis Styles
- ibis budget
- Jo&Joe
- **adagio**

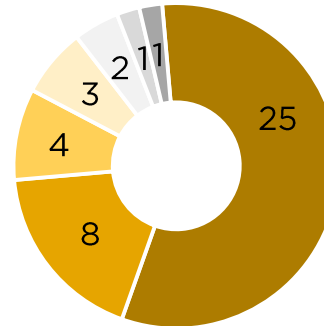
**First agreement signed
for the new brand – adagio**

By operating mode



- Owned
- Managed
- Franchised

By country



- Poland
- Romania
- Bulgaria
- Hungary
- Lithuania
- Estonia
- Bosnia & Hecegovina

Constant upgrade of hotels

MAIN RENOVATIONS IN 1H 2018



Mercure
Budapest
City Center



Mercure
Budapest
Korona



Novotel
Kraków
City West



Mercure
Budapest
Buda



Sofitel
Warsaw
Victoria



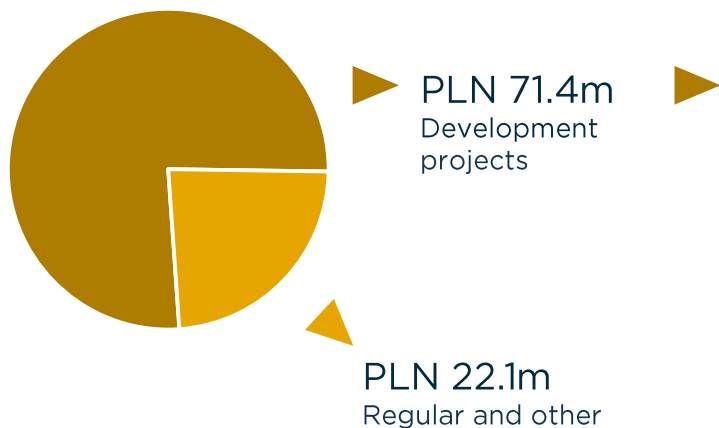
Novotel
Poznań
Centrum



Acceleration of the capex investment in own properties

Capital expenditure in line with the strategy

CAPEX 1H 2018 – **PLN 93.5m**



DEVELOPMENT /RENOVATIONS

- Novotel & ibis Poznań Centrum
- Sofitel Warsaw Victoria
- Mercure Budapest Korona
- Mercure Budapest Buda
- Novotel Kraków City West
- ibis Styles Warszawa Centrum
- ibis Vilnius

Asset Management



SALE AND MANAGEMENT BACK

Sofitel Budapest Chain Bridge

357 Rooms

Net result on transaction:

PLN 126.2 million

SALE AND MANAGEMENT BACK

Novotel Szeged

136 Rooms

Net result on transaction:

PLN 2.2 million



**Further growth
through: own
development projects
and M&A activities**

AGENDA

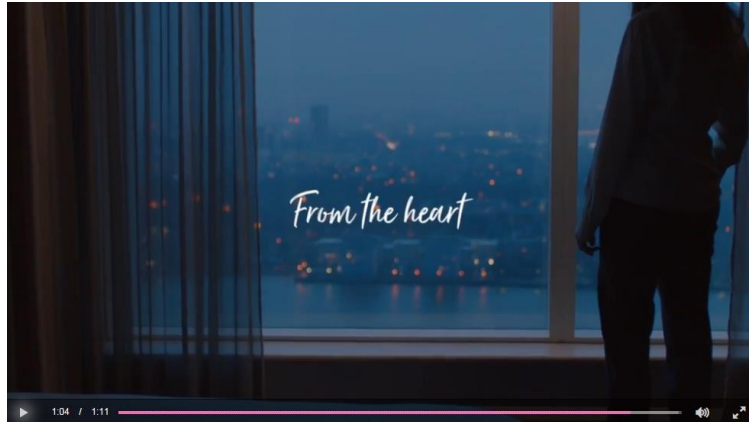
1. Performance
2. Portfolio
3. People
4. Outlook



Ongoing cultural change



1 year since Heartist journey started:



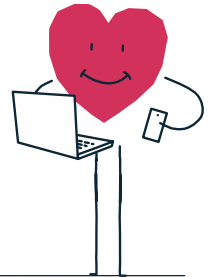
**Best Employer
in Poland**

AON Hewitt
the 2017 “Employee
Engagement Survey”

AON



**Lower down
employees
turnover rate
in our key markets**



AGENDA

1. Performance
2. Portfolio
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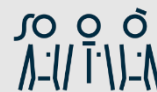
Looking ahead in 2018

+44 Pipeline



We have ambition to be a leader in each particular market we are present in:

- Acceleration of asset light development
- Adding 1 hotel per month to our network on average
- Opening **2 owned hotels** in 2H 2018
- MGallery Prague buyback in progress
- M&A activities: Mercure Unirii transaction in July
- Considering further hotel acquisitions and greenfield development to enhance growth



Talent & Culture

- Development of Employer Branding activities
- Increasing the engagement of Talents, especially by Talent Management
- Lowering the staff turnover

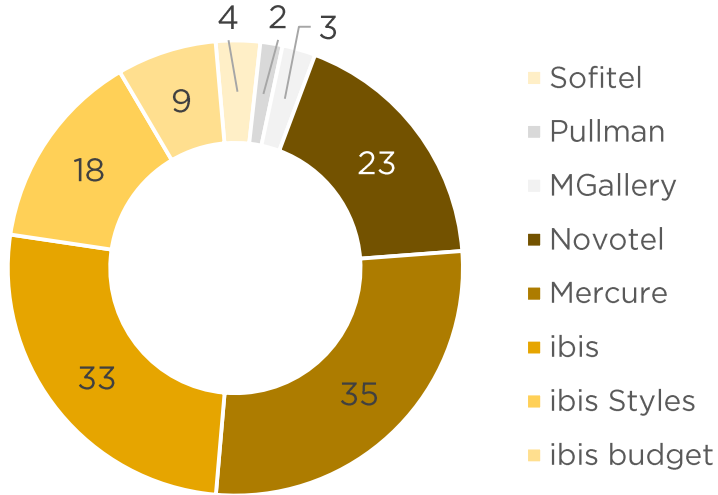


Top Line

- Personalization of the stay
- New F&B regional strategy
- 2018 EBITDA Forecast:
PLN 465-480 million

Q&A session

The Orbis Group Today



127
OPERATING
HOTELS

20,904
ROOMS

9
BRANDS

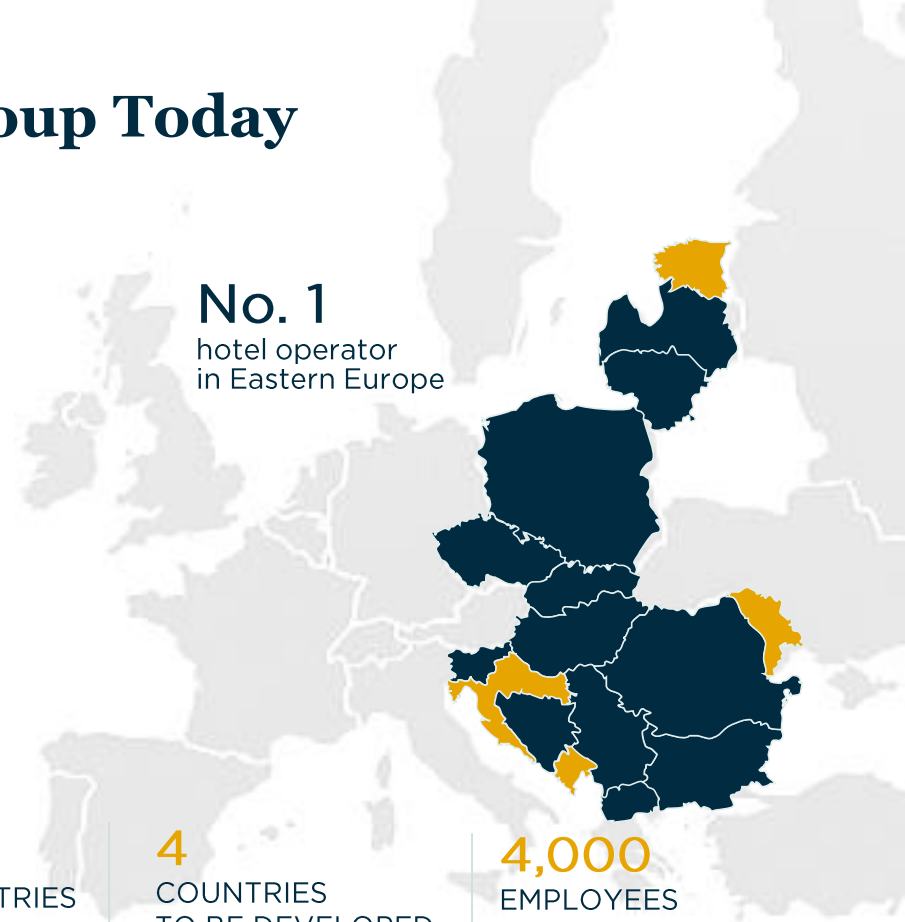
12
COUNTRIES

4
COUNTRIES
TO BE DEVELOPED

4,000
EMPLOYEES

Orbis
Hotel Group

No. 1
hotel operator
in Eastern Europe



Orbis Group Hotels by Country and by Brand

	Sofitel	Pullman	MGallery	Novotel	Mercure	ibis	ibis Styles	ibis budget	Total
Poland	3			13	22	15	9	9	71
Hungary	1		1	5	3	5	3		18
Czech Republic			1	1	1	4			7
Slovakia					1	1			2
Romania		1		1	3	4	1		10
Bulgaria				1		1			2
Macedonia					1	1	1		3
Lithuania				1	1	1	2		5
Latvia		1			1	1	1		4
Serbia					1				1
Bosnia & Herc.			1	1					2
Slovenia					1		1		2
Total	4	2	3	23	35	33	18	9	127

List of Hotels with their ownership structure and rooms number

POLAND

O	127	Sofitel Grand Sopot	F	188	Mercure Jelenia Góra	O	208	ibis Łódź Centrum
O	343	Sofitel Warsaw Victoria	F	288	Mercure Kasprowy Zakopane	O	146	ibis Poznań Centrum
L	205	Sofitel Wrocław Old Town	O	200	Mercure Kraków Stare Miasto	F	77	ibis Poznań Północ
O	158	Novotel Gdańsk Centrum	F	100	Mercure Krynica Zdrój Resort & Spa	O	135	ibis Stare Miasto Kraków
O	176	Novotel Gdańsk Marina	F	110	Mercure Lublin Centrum	O	103	ibis Szczecin Centrum
O	300	Novotel Katowice Centrum	F	214	Mercure Mrongovia Resort & Spa	O	189	ibis Warszawa Centrum
O	305	Novotel Kraków City West	F	103	Mercure Opole	O	137	ibis Warszawa Ostrobramska
O	198	Novotel Kraków Centrum	F	62	Mercure Piotrków Trybunalski Vestil	O	170	ibis Warszawa Reduta
O	161	Novotel Łódź Centrum	O	151	Mercure Posejdon Gdańsk	O	333	ibis Warszawa Stare Miasto
O	480	Novotel Poznań Centrum	O	228	Mercure Poznań Centrum	O	112	ibis Wrocław Centrum
O	149	Novotel Poznań Malta	F	67	Mercure Raławice Dosłońce Conference & SPA	F	129	ibis Styles Białystok
O	117	Novotel Szczecin	F	148	Mercure Skalny Karpacz	O	133	ibis Styles Bielsko-Biała
O	281	Novotel Warszawa Airport	F	110	Mercure Toruń	F	70	ibis Styles Gniezno Stare Miasto
O	742	Novotel Warszawa Centrum	F	117	Mercure Warszawa Airport	F	57	ibis Styles Nowy Sącz
O	145	Novotel Wrocław City	O	338	Mercure Warszawa Centrum	F	100	ibis Styles Siedlce
O	192	Novotel Wrocław Centrum	O	299	Mercure Warszawa Grand	F	130	ibis Styles Wałbrzych
F	90	Mercure Bydgoszcz Sepia	O	151	Mercure Wrocław Stare Miasto	F	220	ibis Styles Warszawa City
O	78	Mercure Cieszyn	F	125	ibis Częstochowa	F	133	ibis Styles Wrocław Centrum
F	102	Mercure Częstochowa Centrum	O	120	ibis Gdańsk Stare Miasto	F	82	ibis Styles Grudziądz
O	281	Mercure Gdańsk Stare Miasto	F	114	ibis Katowice-Zabrze	O	124	ibis budget Katowice Centrum
O	294	Mercure Gdynia Centrum	O	114	ibis Kielce Centrum	O	120	ibis budget Kraków Bronowice
			O	175	ibis Kraków Centrum	O	167	ibis budget Kraków Stare Miasto

List of Hotels with their ownership structure and rooms number

- O 120 ibis budget Szczecin
- F 83 ibis budget Toruń
- O 176 ibis budget Warszawa Centrum
- O 163 ibis budget Warszawa Reduta
- O 108 ibis budget Wrocław Południe
- O 122 ibis budget Wrocław Stadion

LITHUANIA

- L 157 Novotel Vilnius
- F 47 Mercure Marijampole
- M 125 ibis Kaunas Centre
- F 92 ibis Styles Wilno
- F 144 ibis Styles Klaipeda

LATVIA

- F 154 Pullman Riga Old Town
- F 143 Mercure Riga Centre
- F 104 ibis Riga
- F 76 ibis Styles Riga

HUNGARY

- M 357 Sofitel Budapest Chain Bridge
- M 80 Nemzeti Budapest – MGallery
- L 227 Novotel Budapest Centrum
- O 319 Novotel Budapest City
- L 175 Novotel Budapest Danube
- M 136 Novotel Szeged

- L 95 Novotel Szekesfehervar
- O 390 Mercure Budapest Buda
- O 227 Mercure Budapest City Center
- O 421 Mercure Budapest Korona
- O 139 ibis Budapest Aero
- O 126 ibis Budapest Centrum
- O 84 ibis Budapest City
- O 139 ibis Budapest Heroes' Square
- O 96 ibis Gyor
- O 130 ibis Styles Budapest Center
- O 130 ibis Styles Budapest City
- M 145 ibis Styles Budapest Airport

CZECH REPUBLIC

- L 174 MGallery Praha Old Town
- O 146 Novotel Praha Wenceslas Square
- O 139 Mercure Ostrava Center
- O 130 ibis Plzen
- O 225 ibis Praha Mala Strana
- L 271 ibis Praha Old Town
- O 181 ibis Praha Wenceslas Square

SLOVAKIA

- L 175 Mercure Bratislava Centrum
- L 120 ibis Bratislava Centrum

ROMANIA

- M 203 Pullman Bucharest World Trade Centre
- L 257 Novotel Bucharest City Centre
- M 114 Mercure Bucharest City Center
- M 250 ibis Bucuresti Gara de Nord
- M 161 ibis Bucuresti Palatul Parlamentului
- M 154 ibis Constanta
- M 195 ibis Sibiu
- M 52 Mercure Sighisoara Binderbubi
- M 95 Mercure Bucharest Unirii
- F 72 ibis Styles Arad

BULGARIA

- M 178 Novotel Sofia
- F 84 ibis Sofia Airport

MACEDONIA

- M 110 ibis Skopje City Center
- M 47 ibis Styles Skopje
- F 101 Mercure Tetovo

SERBIA

- 73 72 Mercure Belgrade Excelsior

BOSNIA & HERZEGOVINA

- F 186 Novotel Sarajevo
- F 64 MGallery by Sofitel Tarcin Forest

SLOVENIA

- F 71 ibis Styles Maribor City Center
- F 76 Mercure Maribor City Center

Contact

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S O F I T E L



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