



THE LEADING HOTEL GROUP
IN EASTERN EUROPE

3Q 2018 Orbis Results

26 October 2018

SOFITEL pullman M GALLERY NOVOTEL Mercure adagio ibis ibis styles ibis budget

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Business Environment in Eastern Europe

PERFORMANCE

Macro

Fast growing economies **+3.6%** 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


**+3.0%
RevPAR**

- **PLN 192.4** RevPAR in total like-for-like
- Outperforming the market in all countries


**+2.7%
EBITDA**

- **PLN 358 million** like-for-like operating EBITDA in 9M 2018


**15
Asset-light**

15 new franchise and management hotels signed with over **1,800 rooms** in total in 9M of 2018


**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



Novotel Kraków City West- Poland

AGENDA

1. Performance

OPERATING PERFORMANCE

FINANCIAL RESULTS

2. Portfolio

3. People

4. Outlook



Novotel Kraków Centrum - Poland

Solid like-for-like RevPar growth...



-1.2 pp

Total y/y

Occupancy
73.8%

+4.5%

Average Room
Rate
PLN 260.5

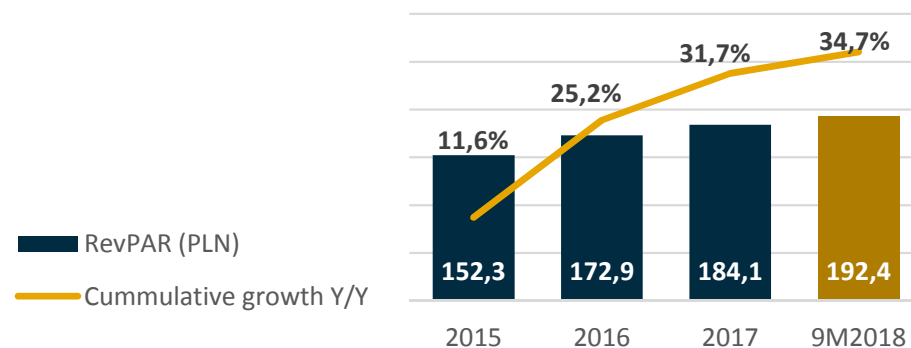
+3.0%

RevPAR
PLN 192.4

**Driven by average
price**

...across business lines

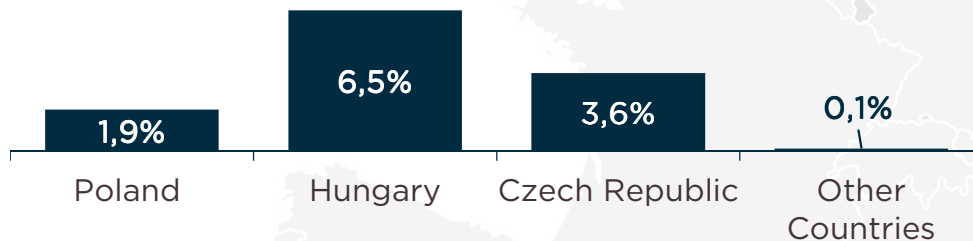
	Occupancy rate		ARR		RevPAR	
	9M 2018	% y/y	9M 2018	% y/y	9M 2018	% y/y
Economy	75.0%	-1.6 p.p.	186.6	3.3%	139.9	1.2%
Up & Midscale	73.2%	-0.9 p.p.	301.2	4.8%	220.5	3.6%
Orbis Hotel Group	73.8%	-1.2 p.p.	260.5	4.5%	192.4	3.0%



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

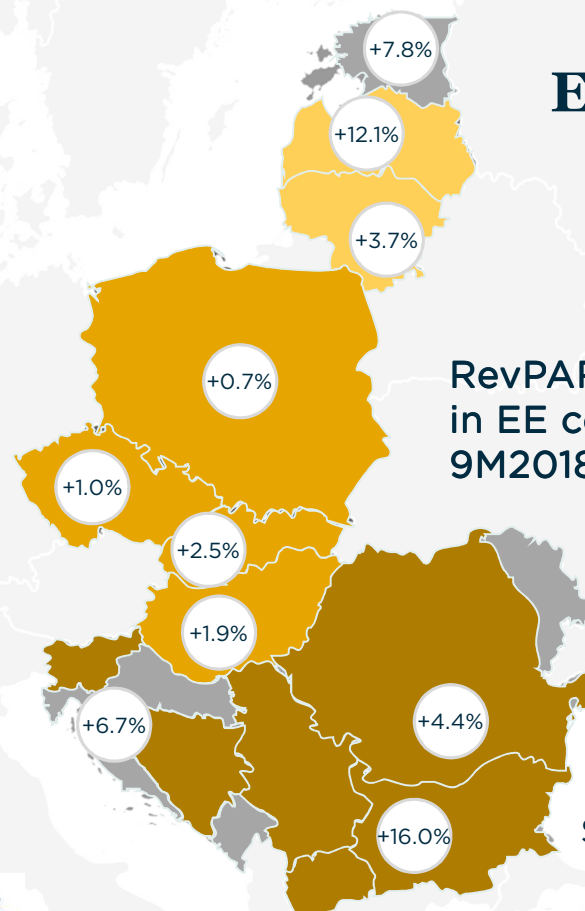
Outperforming the market

Orbis RevPAR growth by country (%)



EE region

RevPAR growth y/y in EE countries (%) 9M2018 YTD



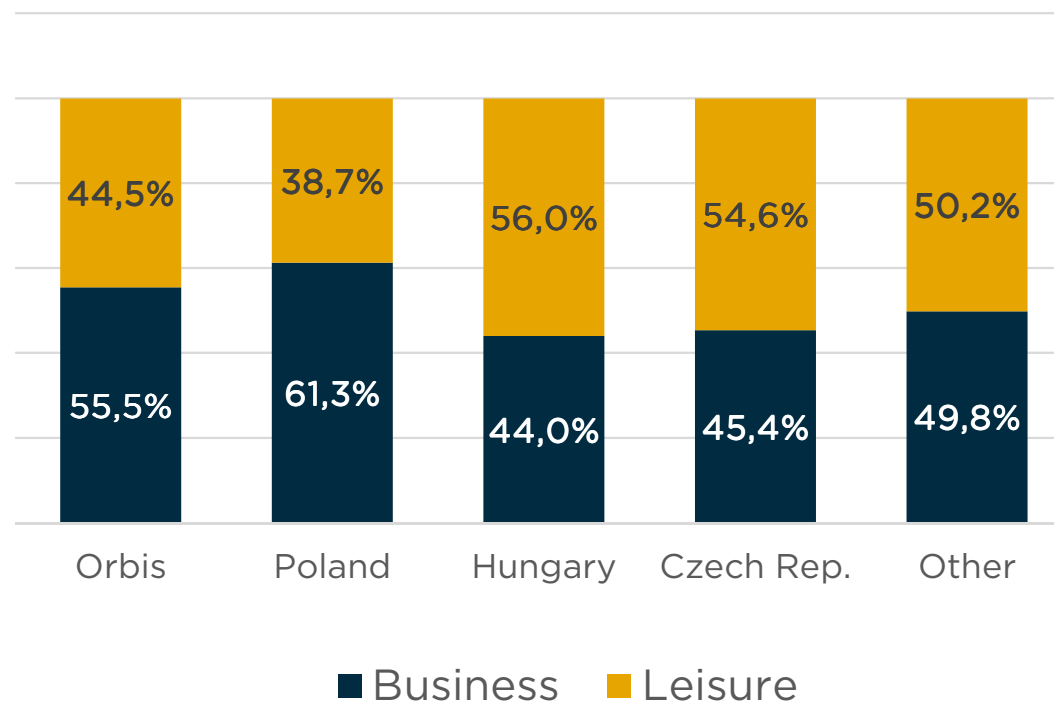
Source: STR Global

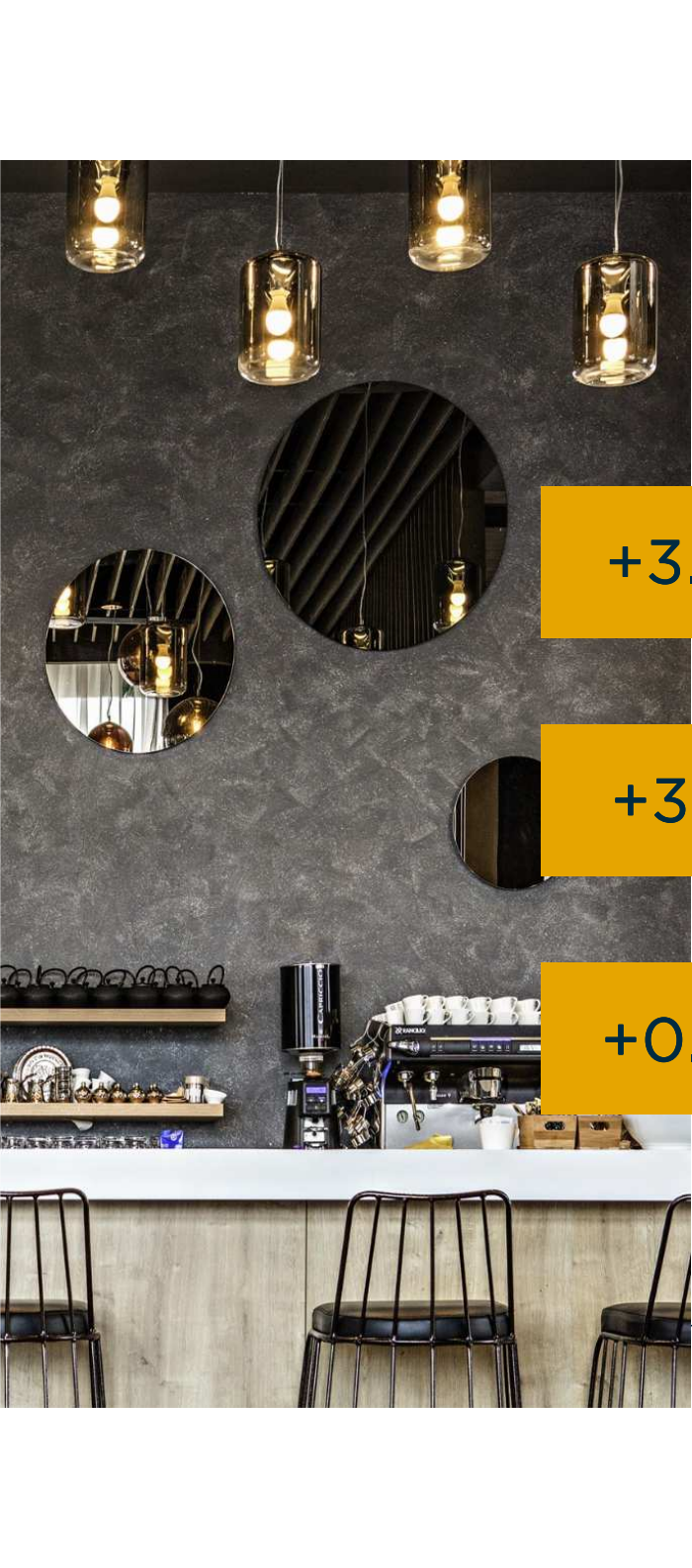


Mercure Lublin Centrum

Guest Structure

Revenue Management approach
affecting business mix





Revenue split

Δ like for like y/y

+3.2%

Revenue
PLN +33.1m

+3.1%

Room Revenue
PLN +22.4m

+0.5%

F&B Revenue
PLN +1.3m

Across the region Δ like for like y/y

+2.5%

Poland
PLN +16.4m

+6.0%

Hungary
PLN +13.9m

+1.6%

Czech Rep.
PLN +1.4m

+1.9%

Other
PLN +1.3m

Financial PERFORMANCE

[mPLN, %]	9M 2018	9M 2017	%
Net sales (like for like)*	1 079	1 046	3,2%
EBITDAR	400	416	-3,8%
EBITDAR margin	37,1%	39,8%	-2,7pp
Rent	(42)	(49)	14,3%
Operating EBITDA (like for like)	358	348	2,7%
EBITDA margin	33,2%	33,3%	-0,1pp
Depreciation and amortisation	(125)	(123)	-1,3%
EBIT	364	250	45,3%
Profit before tax	348	232	50,3%

*Difference on reported vs like-for like performance is caused mainly by exclusion of Sofitel Budapest Chain Bridge results due to sale of the hotel in June 2018

Secured and strong cash position

Key cash position indicators:

[mPLN, %] 9M 2018

Total debt (borrowings + bonds)	502.7
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Total cash Secured for investment opportunities	497.2
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Net debt	5.5
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Net debt/equity	0.2%
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Net debt/12M EBITDA	0.01
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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

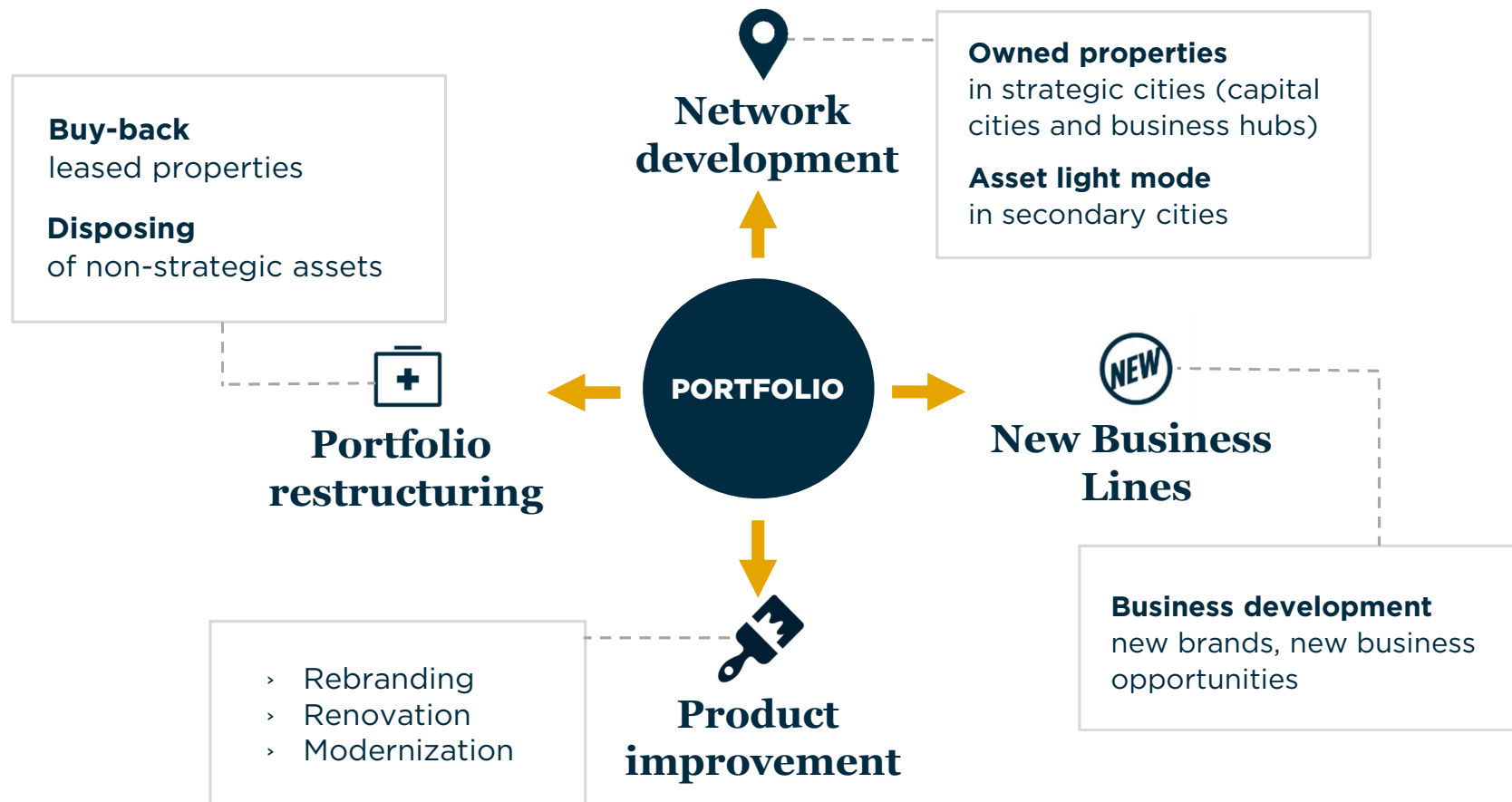
AGENDA

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



Ibis Styles Bucharest Erbas - Romania

PORTFOLIO - Our winning strategy



9M2018

Hotels opened

7 asset light

860 rooms

15 Contracts signed

10 franchise

5 management

1,800+ new rooms

+47 Pipeline

20 franchise

19 management

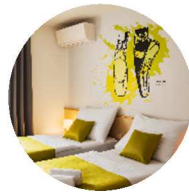
8 owned

Development acceleration

New in Orbis Group
in 9M2018:



ibis Styles
Bucharest Erbas
Romania
(#80) managed



ibis Styles
Maribor City Center
Slovenia
(#71) franchised



Mercure
Maribor City Center
Slovenia
(#76) franchised



ibis Styles
Warszawa City
Poland
(#220) franchised



ibis Styles
Budapest Airport
Hungary
(#145) managed



ibis Vilnius
Lithuania
(#164) owned



Mercure
Tetovo
Macedonia
(#101) franchised

Constant upgrade of hotels

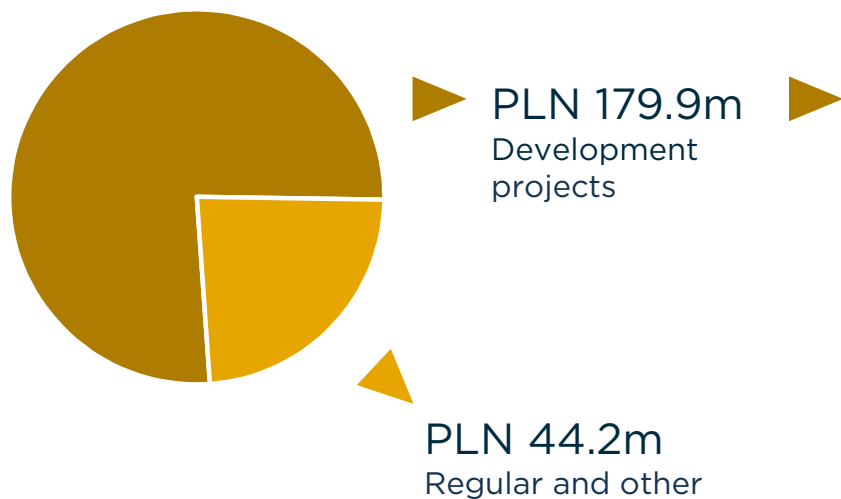
MAIN RENOVATIONS IN 9M 2018



Acceleration of the capex investment in own properties

Capital expenditure in line with the strategy

CAPEX 9M 2018 – **PLN 224.1m**



DEVELOPMENT /RENOVATIONS

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

Asset Management



SALE AND MANAGEMENT BACK

Sofitel Budapest Chain Bridge

357 Rooms

Net result on transaction:

PLN 126.4 million

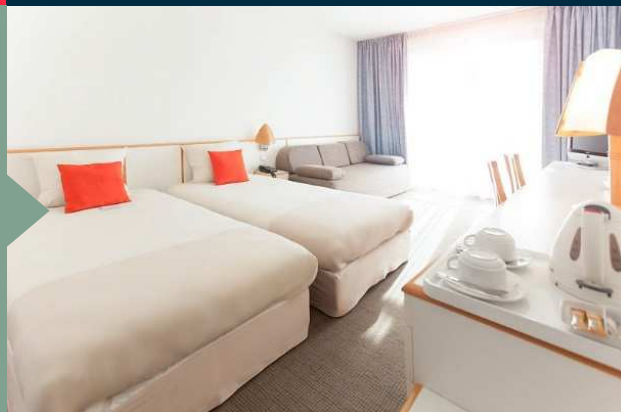
SALE AND MANAGEMENT BACK

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
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Novotel Kraków City West - Poland

Ongoing cultural change

Innovation projects to attract younger generation:

- hackathon in Budapest and designing there “Room of The Future”;
- creation of social learning platform for employees
- new innovation recruitment process in ibis Vilnius and ibis Styles Warszawa

Best Employer in Poland

AON Hewitt
the 2017 “Employee
Engagement Survey”

AON

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



AGENDA

1. Performance
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Ibis Styles Warszawa Centrum- Poland

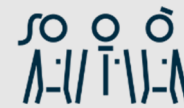
Looking ahead

+47 Pipeline



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

- Acceleration of asset light development
- Opening **1 owned hotel** in 4Q 2018
- Transferring Head Office from Bracka St. to another location with the aim of converting the current office building into a **new life style hotel in this top location of Warsaw**
- In 3Q Orbis also finalized the acquisition of the plot in Cracow to build another hotel in the city centre.
- 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

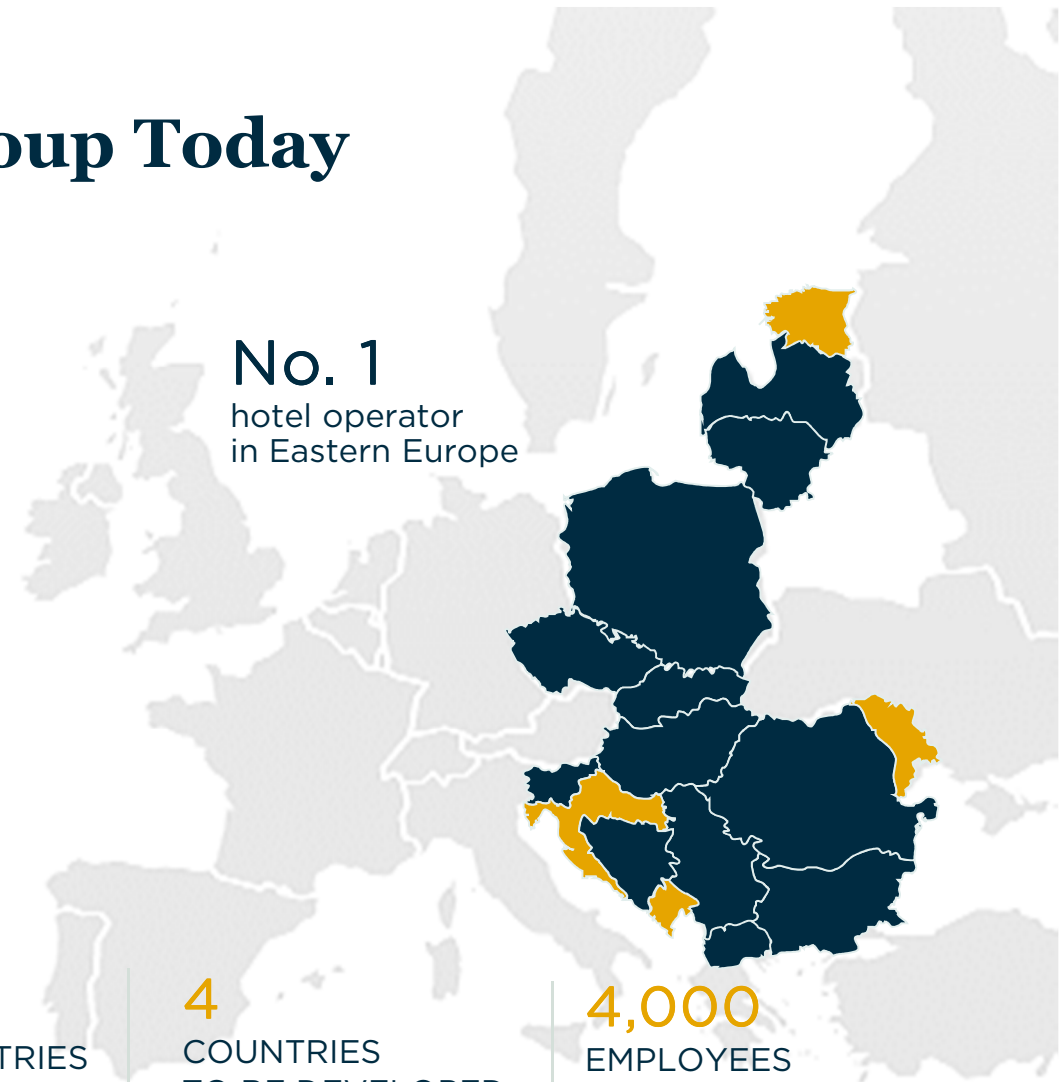
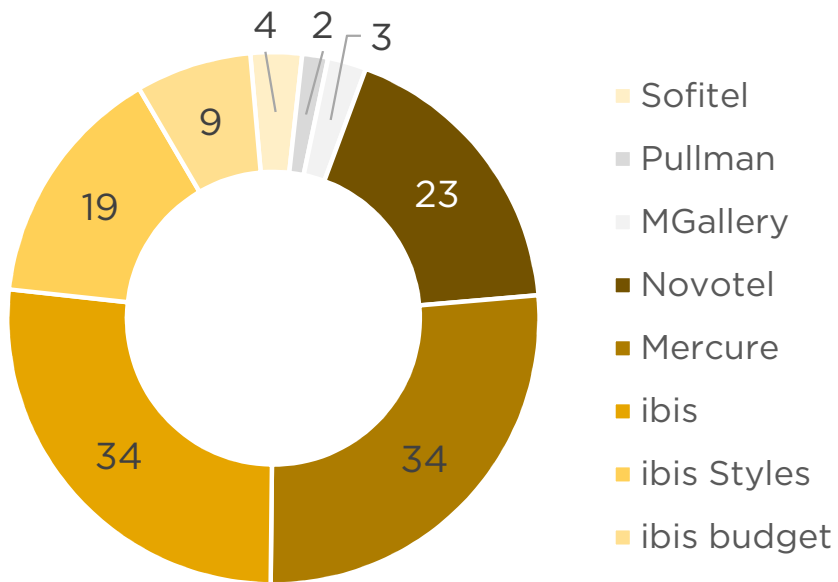


Top Line

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

Q&A session

The Orbis Group Today



128
OPERATING
HOTELS

20,884
ROOMS

9
BRANDS

12
COUNTRIES

4
COUNTRIES
TO BE DEVELOPED

4,000
EMPLOYEES

Orbis
Hotel Group

Orbis Group Hotels by Country and by Brand

	Sofitel	Pullman	MGallery	Novotel	Mercure	ibis	ibis Styles	ibis budget	Total
Poland	3			13	21	15	9	9	70
Hungary	1		1	5	3	5	3		18
Czech Republic			1	1	1	4			7
Slovakia					1	1			2
Romania		1		1	3	4	2		11
Bulgaria				1		1			2
Macedonia					1	1	1		3
Lithuania				1	1	2	2		6
Latvia		1			1	1	1		4
Serbia					1				1
Bosnia & Herc.			1	1					2
Slovenia					1		1		2
Total	4	2	3	23	34	34	19	9	128

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	103	Mercure Opole	O	189	ibis Warszawa Centrum
O	305	Novotel Kraków City West	F	62	Mercure Piotrków Trybunalski Vestil	O	137	ibis Warszawa Ostrobramska
O	198	Novotel Kraków Centrum	O	151	Mercure Posejdon Gdańsk	O	170	ibis Warszawa Reduta
O	161	Novotel Łódź Centrum	O	228	Mercure Poznań Centrum	O	333	ibis Warszawa Stare Miasto
O	480	Novotel Poznań Centrum	F	67	Mercure Raclawice Dosłońce Conference & SPA	O	112	ibis Wrocław Centrum
O	149	Novotel Poznań Malta	F	148	Mercure Skalny Karpacz	F	129	ibis Styles Białystok
O	117	Novotel Szczecin	F	110	Mercure Toruń	O	133	ibis Styles Bielsko-Biała
O	281	Novotel Warszawa Airport	F	117	Mercure Warszawa Airport	F	70	ibis Styles Gniezno Stare Miasto
O	742	Novotel Warszawa Centrum	O	338	Mercure Warszawa Centrum	F	57	ibis Styles Nowy Sącz
O	145	Novotel Wrocław City	O	299	Mercure Warszawa Grand	F	100	ibis Styles Siedlce
O	192	Novotel Wrocław Centrum	O	151	Mercure Wrocław Stare Miasto	F	130	ibis Styles Wałbrzych
F	90	Mercure Bydgoszcz Sepia	F	125	ibis Częstochowa	F	220	ibis Styles Warszawa City
O	78	Mercure Cieszyn	O	120	ibis Gdańsk Stare Miasto	F	133	ibis Styles Wrocław Centrum
F	102	Mercure Częstochowa Centrum	F	114	ibis Katowice-Zabrze	F	82	ibis Styles Grudziądz
O	281	Mercure Gdańsk Stare Miasto	O	114	ibis Kielce Centrum	O	124	ibis budget Katowice Centrum
O	294	Mercure Gdynia Centrum	O	175	ibis Kraków Centrum	O	120	ibis budget Kraków Bronowice
						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
O 164 ibis Vilnius Centre

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
M 80 ibis Styles Bucharest Erbas

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

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Orbis' strategic partner is  **ACCORHOTELS**

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SOFITEL  pullman NOVOTEL Mercure **ibis** **ibis**
STYLES budget