

President statement

Since the transformation in 2015, when Orbis has become the leader of Eastern Europe region, the Company is every year strengthening its position and reaching new highs. Since then, the Group almost doubled the number of hotels, the number of guests welcomed and its revenue.

2018 has been another record year in terms of all our strategic goals: financial performance, portfolio development, guests' satisfaction and talents engagement. At the end of 2018 AccorHotels (our strategic partner) announced a tender offer on Orbis shares aiming on replicating active asset management strategy implemented by AccorHotels for several years. AccorHotels strengthened its position in the company's shareholding up to 85.8%.

Performance

For the fifth year in a row, we delivered robust results at the operational level, manifested by +3.8% RevPAR increase up to PLN 190.6 for the whole Group. This high result was achieved thanks to significant growth of the Average Room Rate (+5.1%) and was visible in all the countries of the region. Solid operating results were reflected in the growth of like-for-like revenues (+4.1%) up to PLN 1 433.5 m and in remarkable operating EBITDA increase of +7.8% (up to PLN 478 m). We have proved once again that our know-how and experience are the solid foundation for the Company's stable functioning even in challenging market conditions, which we faced in 2018, including fast growing competition in key marketplaces and demanding labour market in the region.

Portfolio

Last year achievements in portfolio development made the Company stronger and more diversified. In 2018 we succeeded to open two owned hotels i.e. ibis Vilnius Center (161 rooms) and ibis Styles Warsaw Center (179 rooms). On top of this 9 hotels with over 1,000 rooms were opened based on asset light agreements and we also signed other 23 new agreements (over 3,000 rooms) across Eastern Europe region. Now we have developed a comprehensive portfolio of 133 hotels (21,600 rooms) and the strongest, secured pipeline ever, consisting of 47 new hotels (almost 6,400 rooms). The Group is more diversified geographically and balanced, being now nearly half asset-light in terms of number of hotels. Having 87% of our pipeline in the asset light model Orbis is naturally following the strategy of making the Group more lean and agile.

Our expertise in asset management field helped us acquire in 2018 Mercure Bucarest Unirii hotel (95 rooms) and two plots in the center of Cracow to build our own hotel. We have been also constantly investing in renovation of our product, giving our hotels new look, and providing our guests with even more memorable experiences. Orbis expertise in hotels constructions, modernization and design has been reconfirmed by international awards in 2018 such as the European Property Awards for ibis Styles Budapest Airport (Best Hotel Construction & Design) and for Novotel Poznan Centrum in Poland (Best Hotel Interior).

People

2018 was again a very good year as employer, although not easy to manage, taking into consideration the market conditions. Despite extremely challenging employee market in all the countries of our region we succeeded to increase the engagement of talents in the company. The results of the engagement survey grew by 3 p.p. to the level of 72% putting us in the Top Quartile benchmark in Eastern Europe. The results for Poland increased as well and we were again in the Top Quartile for the country's benchmark. For the second year in a row we managed to decrease the staff turnover and sickness ratio (both short and long-term) in Poland. Orbis got a very prestigious award of AON Best Employer in Poland and in Hungary, for the 3rd time the award for the Employer Friendly to Disabled. Those recognition strengthen as well our added value and value proposal to our partners (Managed and franchisee hotel owners).

Looking forward, I am sure that Orbis Group is strong and well prepared to face competitive challenges as well as structural changes, resulting from stronger AccorHotels engagement. Our priority is to continue making our clients "Feel Welcome", our talents "Feel Valued" and building a long-standing relationship with our business partners. This approach will reinforce further growth of the Group in key areas of focus.

At the very end, I would like to thank our Teams for their commitment, as this record-high performance would not be possible without their daily engagement and efforts. I also express my appreciation to all shareholders for the trust they have been showing in us for years.

Gilles Clavie
PRESIDENT OF THE MANAGEMENT BOARD
& CEO OF ORBIS S.A.