

# 1H 2015 ORBIS GROUP RESULTS

Conference for equity market analysts and investors

Mercure Warszawa Grand, 30 July 2015



Sofitel Warsaw Victoria



SOFITEL  
LUXURY HOTELS

PULLMAN



NOVOTEL

Mercure

ibis

ibis  
STYLES

ibis  
budget

## 1H 2015 Key Highlights

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**New organisation** already put in place

Focus on **operational excellence**

Taking full advantages of **positive market conditions**

**Robust financial performance**

**Investments** paying-off

**First bonds issuance** successfully completed

**Moving forward !**

**+12%**  
growth of RevPAR

**+11%**  
increase of net sales  
to almost PLN 600 million

**+17%**  
growth of EBITDAR  
to almost PLN 200 million

\* all y/y changes on the slide are calculated 1H 2015 / 1H 2014 Pro forma (no financial impact included)

# Market overview

Operating results: 1H 2015

Financial results: 1H 2015

Capex and new developments

Future & plans

Appendix

Sofitel Budapest Chain Bridge

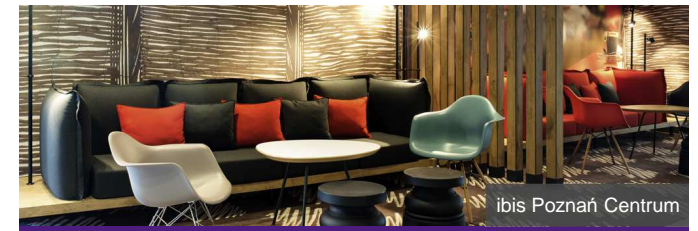
# Favorable Macroeconomic Environment



Eastern Europe countries:

- ✓ Solid economies recording **fastest growth in Europe**
- ✓ Very **low rates** with profitable impact on real estate
- ✓ Key beneficiaries of the **EU funds**

Exceptional conditions with positive outlook for coming months opening an opportunity window for **further growth & transformation**



# Where the Hotel Industry is Heading Today...?

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**Deep structuring  
changes**

& focus on innovations

**Digital Age**

& Technological Revolution



**Easy traveling**

& infrastructure development

New forms of

**Competition**





## Orbis' Ambitions

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Operational  
Excellence

Get the most of  
capital employed

CSR trendsetter

Three pillars engaging all stakeholders serving an ambition  
**Be the best performing and valued hospitality Group  
in Eastern Europe**

Market overview

## **Operating results: 1H 2015**

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Mercure Gdynia Centrum

# Orbis' Business Structure



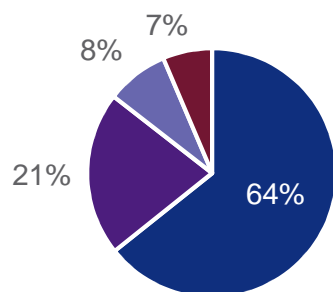
by geographical markets

by hotel segments

by major products and services

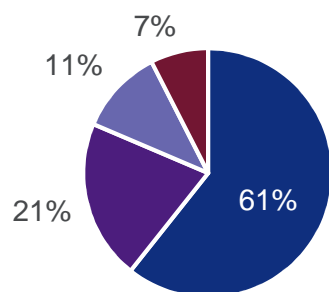
**PLN 592 M**

Net sales  
1H 2015

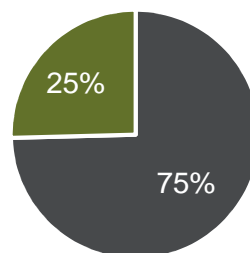
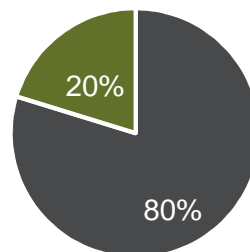


**PLN 193 M**

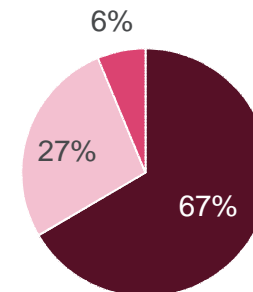
EBITDAR  
1H 2015



■ Poland ■ Hungary  
■ Czech Republic ■ Other countries



■ Up&Midscale  
■ Economy



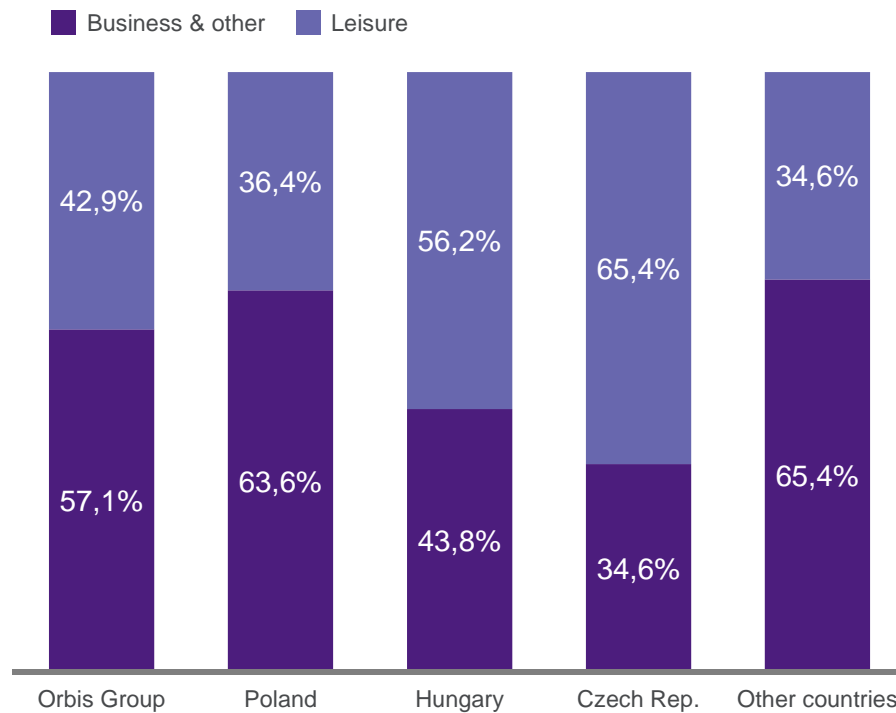
■ Room revenue  
■ Food & Beverage  
■ Other

More diversified business model with most of the revenues generated by the Polish market, Up&Midscale hotels and the room dept.



# Our Clients

## Roomnights sold (by business mix)



Overall **stable mix** of clients...

...with dominant position of **business segment** in the whole Group...

...except the Czech Rep. with strong representation of leisure

# Operational Performance in 1H 2015

## RevPAR

140.7 PLN

**+11.8%** y/y

- ✓ high RevPAR increase driven by occupancy
- ✓ strong growth in occupancy particularly for weekend days
- ✓ stable ARR y/y: slight decrease in 1Q compensated by increase in 2Q (volume strategy)

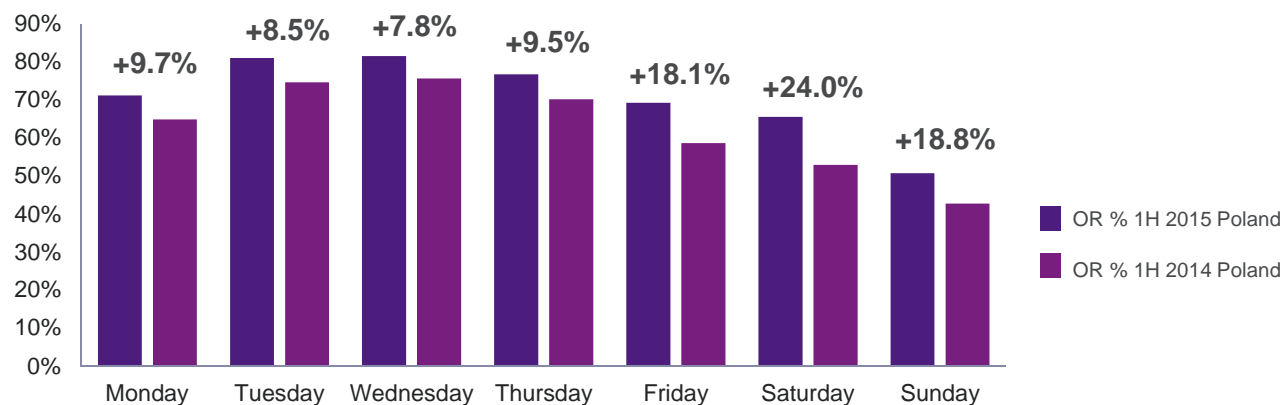
## Occupancy

for weekend days

**+18%** Fridays & Sundays

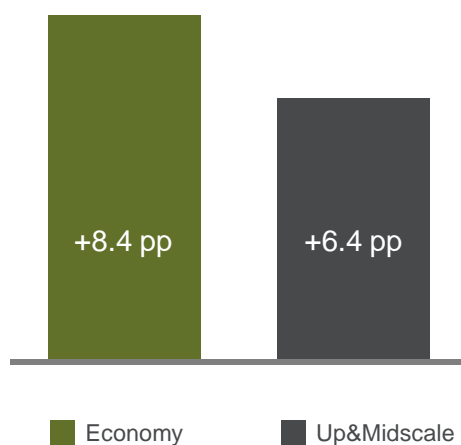
**+24%** Saturdays

Occupancy by days of the week



# Occupancy Increase

Occupancy change  
by hotel segment y/y



1Q 2015:

**+7.0 p.p.**  
(53.5%)

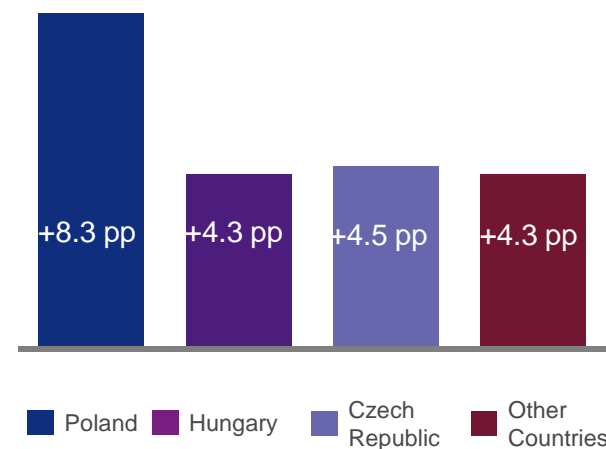
2Q 2015:

**+7.0 p.p.**  
(77.3%)

1H 2015:

**+7.0 p.p.**  
(65.5%)

Occupancy change  
by geographical market y/y

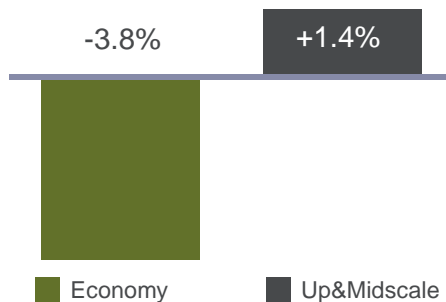


**Occupancy** – rooms occupied by hotel guests, expressed as a percentage of rooms that are available

\* all y/y changes on the slide are calculated 1H 2015 / 1H 2014 Pro forma (no financial impact included)

## Volume Strategy – Stable ARR

ARR change  
by hotel segment y/y



1Q 2015:

**-0.9%**

(PLN 196.3)

2Q 2015:

**+0.5%**

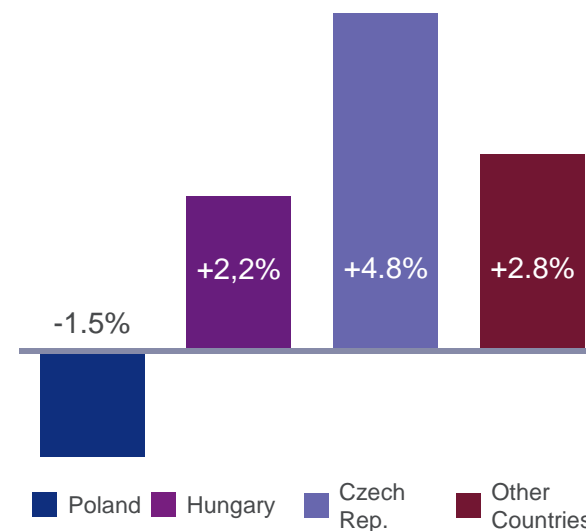
(PLN 227.1)

1H 2015:

**+0.0%**

(PLN 215.0)

ARR change  
by geographical market y/y

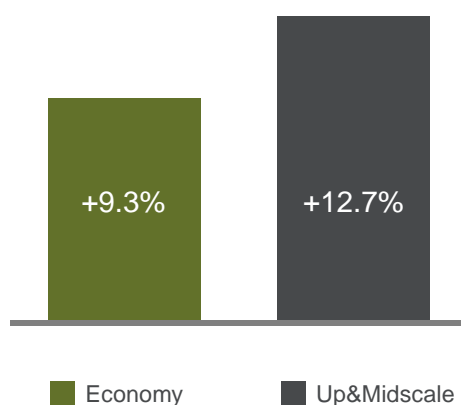


**ARR** (average room rate) – room revenue divided by the number of roomnights sold

\* all y/y changes on the slide are calculated 1H 2015 / 1H 2014 Pro forma (no financial impact included)

## Strong RevPAR Increase

RevPAR change  
by hotel segment y/y

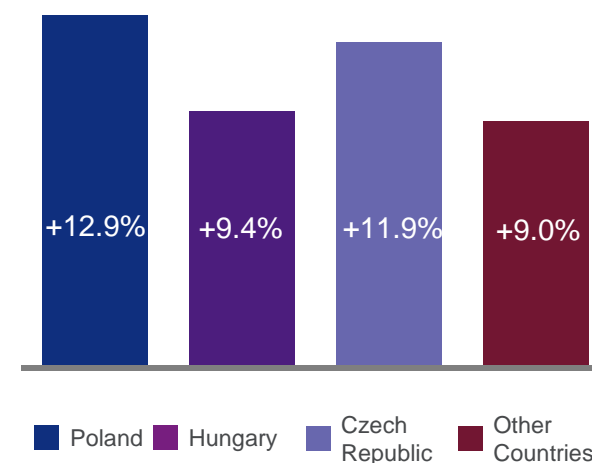


1Q 2015:  
**+13.9%**  
(PLN 105.0)

2Q 2015:  
**+10.5%**  
(PLN 175.5)

1H 2015:  
**+11.8%**  
(PLN 140.7)

RevPAR change  
by geographical market y/y



**RevPAR** (revenue per available room) – rooms revenue divided by the number of roomnights that are available (can be mathematically derived from occupancy rate multiplied by average room rate)

\* all y/y changes on the slide are calculated 1H 2015 / 1H 2014 Pro forma (no financial impact included)

Market overview

Operating results: 1H 2015

**Financial results: 1H 2015**

Capex and new developments

Future & plans

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Mercure Gdynia Centrum



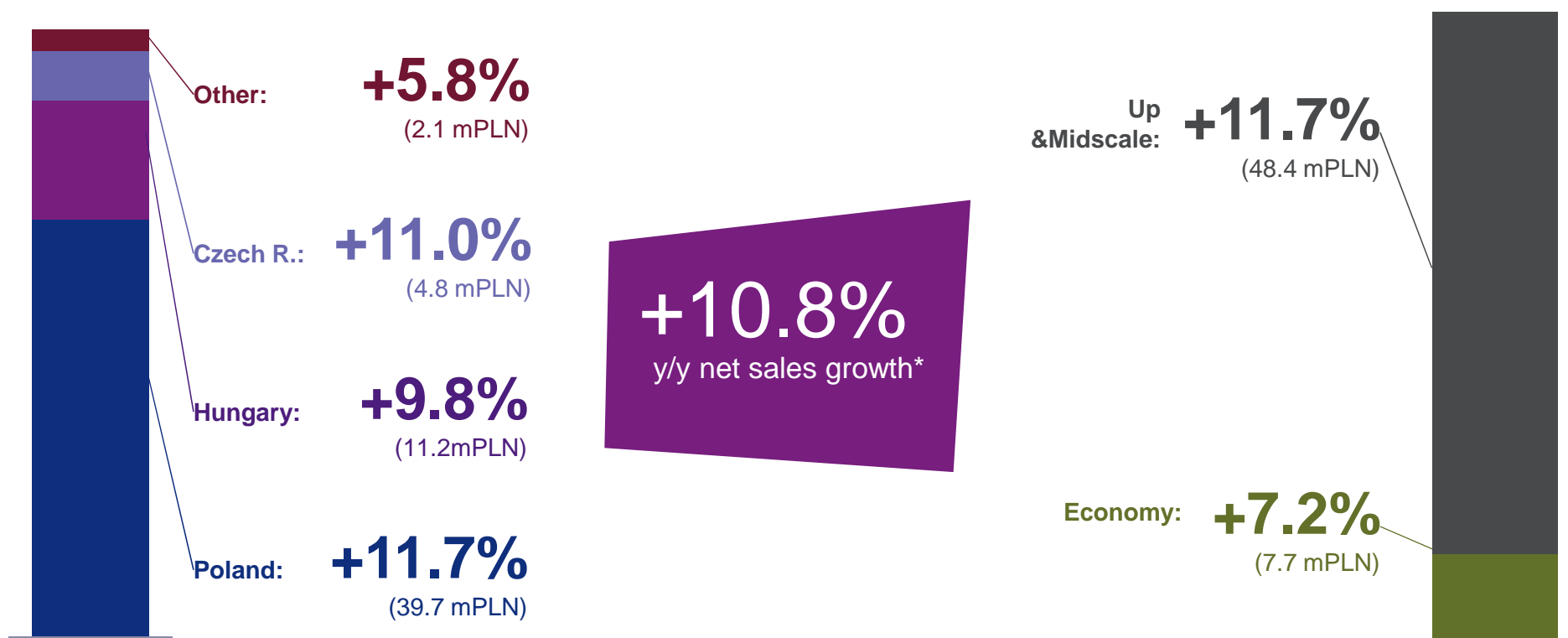
# Improved Solid Financial Results



Exchange impact not material	1H 2015	1H 2014	y/y	1H 2014
		Pro forma	Pro forma	reported
[mPLN, %]				
Net sales	591.6	533.9	+10.8%	326.8
EBITDAR	193.1	165.0	+17.0%	88.4
Rent costs	50.0	48.9	+2.3%	2.3
Operating EBITDA	143.1	116.1	+23.2%	86.1
Depreciation and amortisation	69.2	68.9	+0.4%	55.4
EBIT	71.4	49.8	+41.7%	30.8
Profit (loss) before tax	68.4	50.8	+33.2%	33.3
EBITDAR margin	32.6%	30.9%	+1.7 p.p.	27.1%

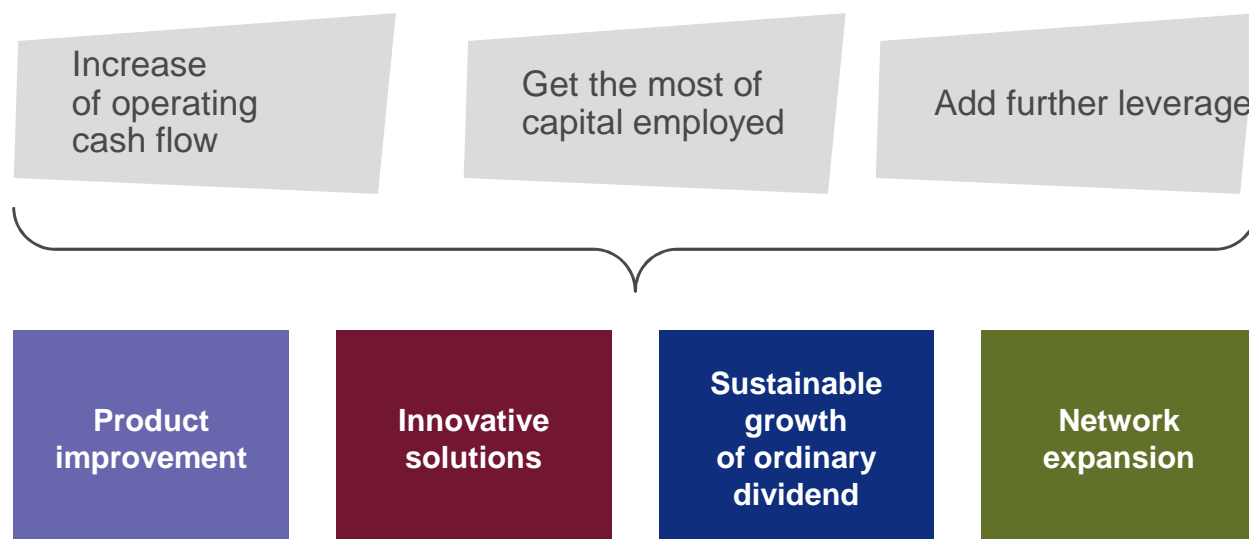
# Significant Increase of Net Sales in All Segments

[mPLN, %]



\* all y/y changes on the slide are calculated 1H 2015 / 1H 2014 Pro forma (no financial impact included)

# Value Creative Business Model



- ✓ Solid financing and cash available for buy backs in a short term
- ✓ PSPA for 2 Mercure hotels: in Lublin & Zamość

## Key cash position indicators

	30.06.2015
[mPLN, %]	
<b>Total debt</b> (borrowings)	475.4
<b>Total cash</b>	231.3
<b>Net debt</b>	244.1
<b>Net debt /equity</b>	14.8%
<b>Net debt /fixed assets</b>	12.7%

# Successful First Issue of PLN-Denominated Bonds

## Format

- Medium Term Note Program of PLN 500 m
- Public issues with no offering prospectus

## Listing

- ASO BondSpot (till 3Q 2015)

## First Issue Size/Tenor

- PLN 300 m
- 5 years

## Coupon

- Floater
- 6M WIBOR + spread of 0.97%

**Properties in collateral:**  
Novotel Warszawa Centrum  
Mercure Warszawa Grand

Oversubscription with extraordinary low margin confirms  
the **market's faith in Orbis**



Market overview

Operating results: 1H 2015

Financial results: 1H 2015

**Capex and new developments**

Future & plans

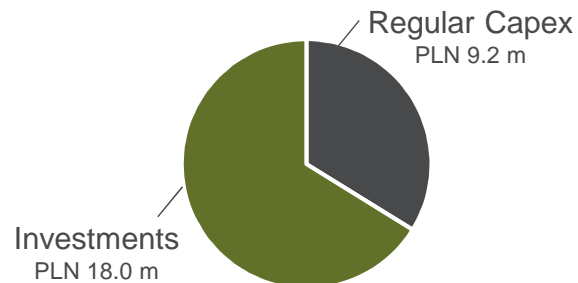
Appendix

Novotel Warszawa Airport

# Product Improvement & Development Projects in 1H 2015



- Last stage of the Novotel Warszawa Centrum modernisation
- Re-branding projects:
  - Orbis Gdynia (from March 2015 – Mercure),
  - Orbis Posejdon Gdańsk, (from May 2015 – Mercure),
  - Orbis Magura Bielsko-Biała (from July 2015 ibis Styles),
- Sofitel Grand Sopot
- Novotel Kraków Centrum

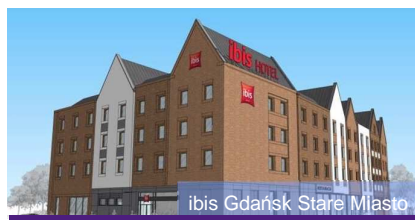


Total CAPEX in 1H 2015:  
**PLN 27.2 m**

Significant expenditures expected in 2H 2015 to be in line with the CAPEX budgeted for 2015



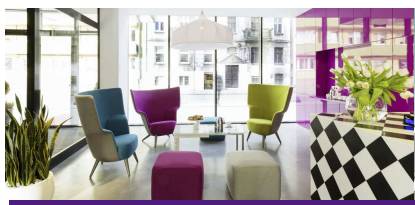
## Investment Structure 2015



**ibis Gdańsk Stare Miasto**  
(120 rooms, next to Mercure Gdańsk)  
works in progress  
Opening 2H 2016



**Mercure Kraków Stare Miasto**  
(200 rooms, city centre location)  
works in progress  
Opening 2H 2016



**ibis Styles Szczecin**  
(148 rooms, Old Town)  
design in progress  
Opening 2H 2017

Total CAPEX for 2015:  
**PLN 140 – 150 m**

**13 franchised/managed hotels**  
within next 2 years  
(ca. 1.400 rooms)

**Regular CAPEX: ~5%**  
of net sales  
ca. PLN 60 m

**Product Improvement  
& Development Plan**  
ca. PLN 80 – 90 m

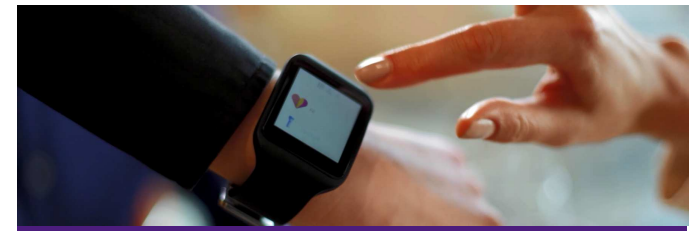
**Asset Management:**  
potential buybacks,  
disposals of least-  
contributing assets

## Other Important Initiatives

- ✓ Strong effort and dynamism in **F&B activities**



- ✓ **Digital plan** roll out well on track
- ✓ Numerous **marketing actions** dedicated to all our brands
- ✓ Loyalty programme **LE CLUB ACCOR HOTELS**



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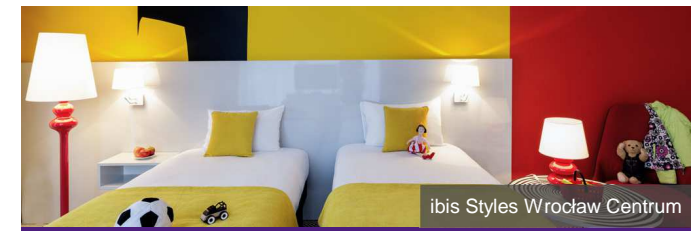
ibis Poznań Centrum

## Macroeconomic Outlook for 2H 2015

- ✓ **Strong, positive trend** visible on the hotel market in the region to be continued thanks to both business and leisure tourists number increase
- ✓ **Eastern Europe countries** - the fastest growing economies in Europe
- ✓ **Low rates** and relatively **low energy costs**
- ✓ **Fast developing transportation infrastructure**

Favorable forecasts for the economic conditions in the region **should drive hotel performance in quarters to come**

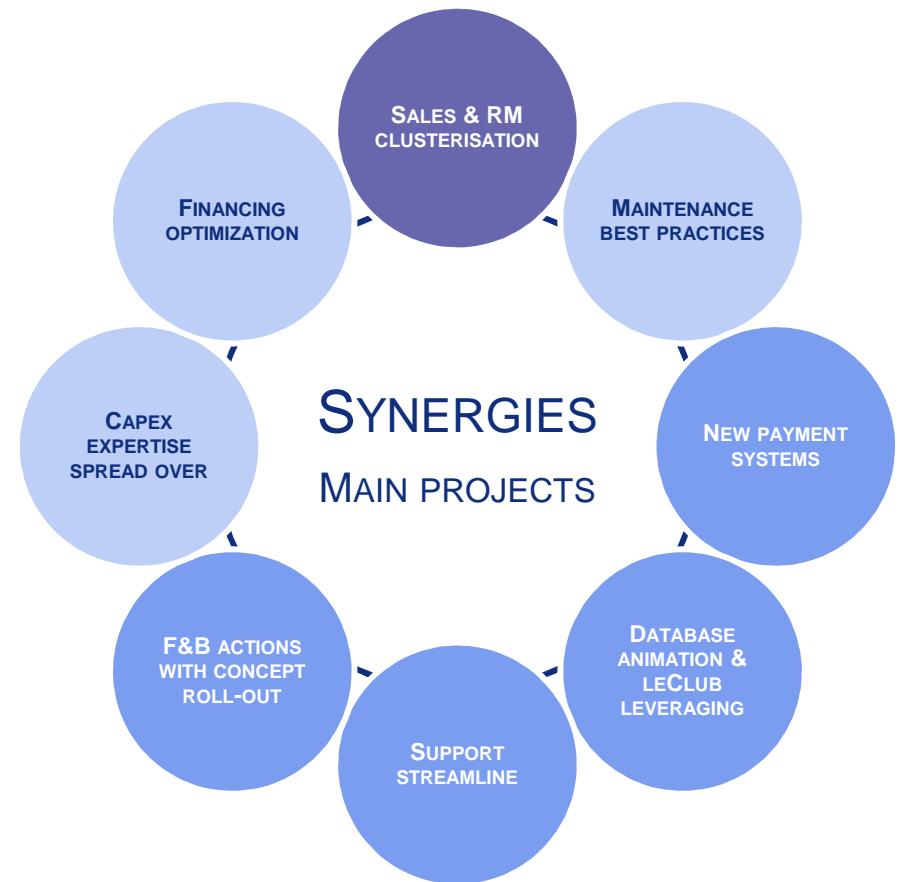
**Orbis**  
Hotel Group



## Plans for 2015

- ✓ Numerous **operational excellence** initiatives to push performance further
- ✓ **Integration well advanced** to deliver our promises
- ✓ **Financing & Asset Management** actions to accelerate investment & growth
- ✓ Set the **CSR benchmark** for EE region

Orbis Group is on the path to  
**win its challenge**



## 2015 Forecast

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**EBITDA\* range:**  
(PLN m)

**310 - 320**

\* based on the current perimeter



# Q&A

ibis Poznań Centrum

## Contact

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**Appendix**

Novotel Wrocław

# Consolidated Statement of Financial Position – Selected Data



[mPLN, %]

	30.06.2015	31.03.2015	30.06.2014	y/y
<b>ASSETS</b>				
<b>Non-current assets</b>	<b>2 068.6</b>	<b>2 092.5</b>	<b>1 789.1</b>	<b>+15.6%</b>
Property, plant and equipment	1 915.0	1 941.3	1 654.6	+15.7%
<b>Current assets</b>	<b>341.2</b>	<b>217.8</b>	<b>289.0</b>	<b>+18.1%</b>
Trade receivables	70.6	49.8	36.8	+92.0%
Other short-term receivables	33.0	42.7	20.8	+58.9%
Cash and cash equivalents	231.3	119.1	227.6	+1.6%
<b>Assets classified as held for sale</b>	<b>22.6</b>	<b>11.0</b>	<b>16.0</b>	<b>+42.0%</b>
<b>Total assets</b>	<b>2 432.5</b>	<b>2 321.3</b>	<b>2 094.1</b>	<b>+16.2%</b>
<b>EQUITY &amp; LIABILITIES</b>				
<b>Equity</b>	<b>1 649.8</b>	<b>1 642.8</b>	<b>1 889.3</b>	<b>-12.7%</b>
Equity attributable to owners of the parent	1 649.7	1 642.7	1 889.3	-12.7%
<b>Non-current liabilities</b>	<b>466.0</b>	<b>475.6</b>	<b>27.0</b>	<b>+1 627.8%</b>
Borrowings	139.8	447.8	0	-
Bonds	300.1	0	0	-
<b>Current liabilities</b>	<b>315.2</b>	<b>202.9</b>	<b>177.8</b>	<b>+77.3%</b>
Borrowings	35.6	26.9	0	-
Trade payables	93.3	82.4	40.5	+130.4%
<b>Total equity &amp; liabilities</b>	<b>2 432.5</b>	<b>2 321.3</b>	<b>2 094.1</b>	<b>+16.2%</b>

# Consolidated Income Statement – Selected Data



Exchange impact not material	1H 2015	1H 2014	y/y	1H 2014
		Pro forma	Pro forma	reported
[mPLN, %]				
Net sales	591.6	533 .9	+10.8%	326.8
EBITDAR	193.1	165.0	+17.0%	88.4
Rent costs	50.0	48.9	+2.3%	2.3
Operating EBITDA	143.1	116.1	+23.2%	86.1
Depreciation and amortisation	69.2	68.9	+0.4%	55.4
EBIT	71.4	49.8	+41.7%	30.8
Profit (loss) before tax	68.4	50.8	+33.2%	33.3

# Consolidated Cash Flow – Selected Data



[mPLN, %]

	1H 2015	1H 2014
<b>OPERATING ACTIVITIES</b>		
Loss before tax	68.4	33.3
Adjustments (selected):	73.1	47.3
Depreciation and amortization	69.2	55.4
Change in receivables	(15.9)	(21.6)
Change in current liabilities, excluding borrowings	7.8	8.3
Change in deferred income	8.2	8.8
<b>Net cash generated by/(used in) operating activities</b>	<b>126.1</b>	<b>76.0</b>
<b>INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment, investment property and intangible assets	(40.8)	(49.0)
Payments to acquire interest in related parties	(536.6)	0
<b>Net cash generated by/(used in) investing activities</b>	<b>(599.4)</b>	<b>(39.2)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from borrowings	476.4	0
Interest paid and other financing cash outflows resulting from received borrowings	(8.2)	0
<b>Net cash generated by financing activities</b>	<b>468.2</b>	<b>0</b>
<b>Change in cash and cash equivalents</b>	<b>(5.1)</b>	<b>36.7</b>
<b>Effects of exchange rate changes on the balance of cash held in foreign currencies</b>	<b>(3.1)</b>	<b>0</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>239.5</b>	<b>190.8</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>231.3</b>	<b>227.6</b>




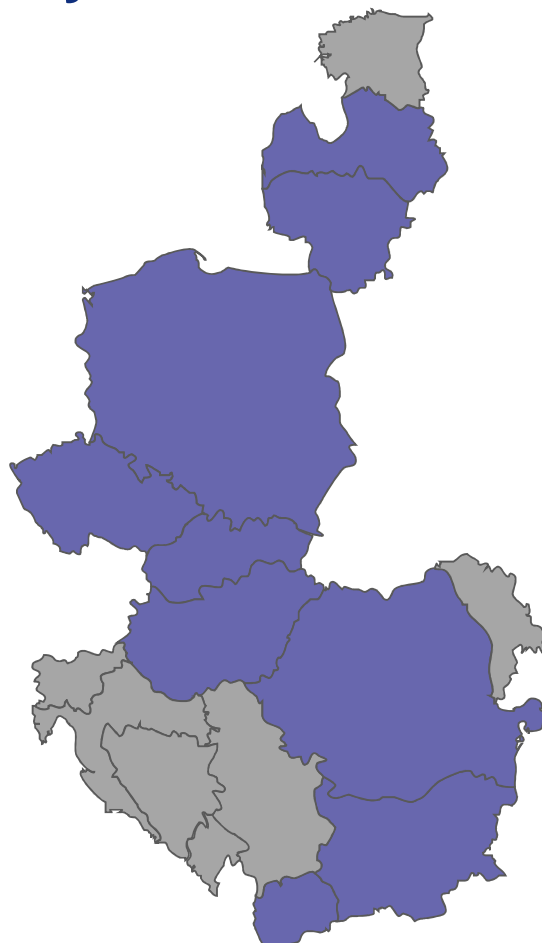
# The Orbis Group Today



**No. 1**

hotel operator  
in Eastern Europe

<b>SOFITEL</b> <small>LUXURY HOTELS</small>	<b>4</b>
<b>PULLMAN</b>	<b>1</b>
 <b>GALLERY</b>	<b>2</b>
<b>NOVOTEL</b>	<b>21</b>
<b>Mercure</b>	<b>33</b>
<b>ibis</b>	<b>30</b>
<b>ibis</b> <small>STYLES</small>	<b>5</b>
<b>ORBIS</b> <small>HOTELS</small>	<b>1</b>
<b>ibis</b> <small>BUDGET</small>	<b>9</b>



**106**  
operating hotels

**18 600**  
rooms

**9**  
operational countries

**7**  
countries to be  
developed

**9**  
brands

**3 750**  
Employees\*

\* average employment in the Group in 1H 2015

## Franchised and Managed Hotels within Next 2 Years



#	Country	City	Brand	Rooms	Ownership type	Planned opening
1	Poland	Białystok	ibis Styles	130	Franchise	3Q 2015
2	Poland	Siedlce	ibis Styles	100	Franchise	4Q 2015
3	Poland	Nowy Sącz	ibis Styles	56	Franchise	2016
4	Poland	Grudziądz	ibis Styles	82	Franchise	2016
5	Poland	Poznań	ibis	77	Franchise	2016
6	Latvia	Riga	Pullman	160	Franchise	2016
7	Latvia	Riga	Ibis	104	Franchise	2016
8	Poland	Sosnowiec	Mercure	120	Management	2017
9	Poland	Sosnowiec	ibis Styles	80	Management	2017
10	Poland	Kraków	ibis Styles	60	Franchise	2017
11	Poland	Gdańsk	ibis budget	120	Franchise	2017
12	Poland	xxx*	ibis Styles	120	Management	2017
13	Poland	xxx*	ibis & ibis Styles	200	Management	2017

\* to be disclosed by September 2015

## Orbis Group Hotels by Country and by Brand as of End of June 2015



	Sofitel	Pullman	MGallery	Novotel	Mercure	ibis	ibis Styles	ibis budget	Orbis Hotels	Total
Poland	3			12	23	12	4	9	1	64
Hungary	1		1	5	5	5				17
Czech Republic			1	1	1	5				8
Slovakia					1	1				2
Romania		1		1	1	4				7
Bulgaria				1		1				2
Macedonia						1				1
Lithuania				1	1	1				3
Latvia				-	1		1			2
<b>Total</b>	<b>4</b>	<b>1</b>	<b>2</b>	<b>21</b>	<b>33</b>	<b>30</b>	<b>5</b>	<b>9</b>	<b>1*</b>	<b>106</b>

\* Rebranding in progress

## List of Hotels with Their Ownership Structure and No. of Rooms (1/2)



### POLAND

O 127 Sofitel Grand Sopot	O 294 Mercure Gdynia Centrum	O 114 ibis Kielce Centrum
O 343 Sofitel Warsaw Victoria	O 188 Mercure Jelenia Góra	O 175 ibis Kraków Centrum
L 205 Sofitel Wrocław Old Town	F 288 Mercure Kasprowy Zakopane	O 208 ibis Łódź Centrum
O 158 Novotel Gdańsk Centrum	F 100 Mercure Krynica Zdrój Resort & Spa	O 146 ibis Poznań Centrum
O 176 Novotel Gdańsk Marina	O 110 Mercure Lublin Centrum	O 135 ibis Stare Miasto Kraków
O 300 Novotel Katowice Centrum	O 214 Mercure Mrongovia Resort & Spa	O 103 ibis Szczecin Centrum
O 305 Novotel Kraków City West	O 103 Mercure Opole	O 189 ibis Warszawa Centrum
O 198 Novotel Kraków Centrum	F 62 Mercure Piotrków Trybunalski Vestil	O 137 ibis Warszawa Ostrobramska
O 161 Novotel Łódź Centrum	O 149 Mercure Posejdon Gdańsk	O 170 ibis Warszawa Reduta
O 480 Novotel Poznań Centrum	O 228 Mercure Poznań Centrum	O 333 ibis Warszawa Stare Miasto
O 149 Novotel Poznań Malta	F 67 Mercure Raławice Dosłońce Conference & SPA	O 133 Ibis Styles Bielsko-Biała
O 116 Novotel Szczecin	O 148 Mercure Skalny Karpacz	F 86 ibis Styles Gdynia Reda
O 281 Novotel Warszawa Airport	O 110 Mercure Toruń	F 130 ibis Styles Wałbrzych
O 742 Novotel Warszawa Centrum	F 117 Mercure Warszawa Airport	F 133 ibis Styles Wrocław Centrum
O 145 Novotel Wrocław	O 338 Mercure Warszawa Centrum	O 124 ibis budget Katowice Centrum
F 90 Mercure Bydgoszcz Sepia	O 299 Mercure Warszawa Grand	O 120 ibis budget Kraków Bronowice
O 78 Mercure Cieszyn	F 42 Mercure Wisła Patria	O 167 ibis budget Kraków Stare Miasto
O 102 Mercure Częstochowa Centrum	O 151 Mercure Wrocław Stare Miasto	O 120 ibis budget Szczecin
O 281 Mercure Gdańsk Stare Miasto	O 54 Mercure Zamość Stare Miasto	O 83 ibis budget Toruń
	O 125 ibis Częstochowa	O 176 ibis budget Warszawa Centrum
	O 114 ibis Katowice-Zabrze	O 163 ibis budget Warszawa Reduta

O: owned, L: leased, M: managed, F: franchised

## List of Hotels with Their Ownership Structure and No. of Rooms (2/2)



- O 108 ibis budget Wrocław Południe
- O 122 ibis budget Wrocław Stadion
- O 294 Hotel Orbis Wrocław

### LITHUANIA

- L 157 Novotel Vilnius
- F 47 Mercure Marijampole
- M 125 ibis Kaunas Centre

### LATVIA

- F 143 Mercure Riga Centre
- F 76 ibis Styles Riga

### HUNGARY

- L 357 Sofitel Budapest Chain Bridge
- M 80 Nemzeti Budapest – MGallery Collection
- L 227 Novotel Budapest Centrum
- O 319 Novotel Budapest City
- L 175 Novotel Budapest Danube
- O 136 Novotel Szeged
- L 95 Novotel Szekesfehervar
- L 390 Mercure Budapest Buda

- O 227 Mercure Budapest City Center
- O 130 Mercure Budapest Duna
- L 421 Mercure Budapest Korona
- L 130 Mercure Budapest Metropol
- O 139 ibis Budapest Aero
- L 126 ibis Budapest Centrum
- L 84 ibis Budapest City
- L 139 ibis Budapest Heroes' Square
- O 96 ibis Gyor

### CZECH REPUBLIC

- L 174 Mgallery Praha Old Town
- O 146 Novotel Praha Wenceslas Square
- O 139 Mercure Ostrava Center
- F 90 ibis Olomouc Centre
- 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

### BULGARIA

- M 178 Novotel Sofia
- F 84 ibis Sofia Airport

### MACEDONIA

- M 110 Skopje City Center

## CSR



40%

of hotel general managers in Orbis Group are women

PLN 80 000

donated by "Solidarity Accor" corporate foundation to Nobody's Children Foundation thanks to Orbis employees initiative

SOLIDARITY  
ACCOR



### Family Card

Orbis joined the program that gives attractive discounts in Poland for families with at least 3 children

PLN 213 000

of economies through further optimisation of water and energy consumption in 1H 2015

### Ethics & CSR Charter

deployed that gives guidance on work and service attitudes, management behaviour, cooperation principles and commitments in Orbis Group