

**Orbis Group**  
Investor presentation  
1Q 2012 results

# Agenda

Orbis Group

Strategy

CSR

Operational activity

Financial results

Investor section

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ibis

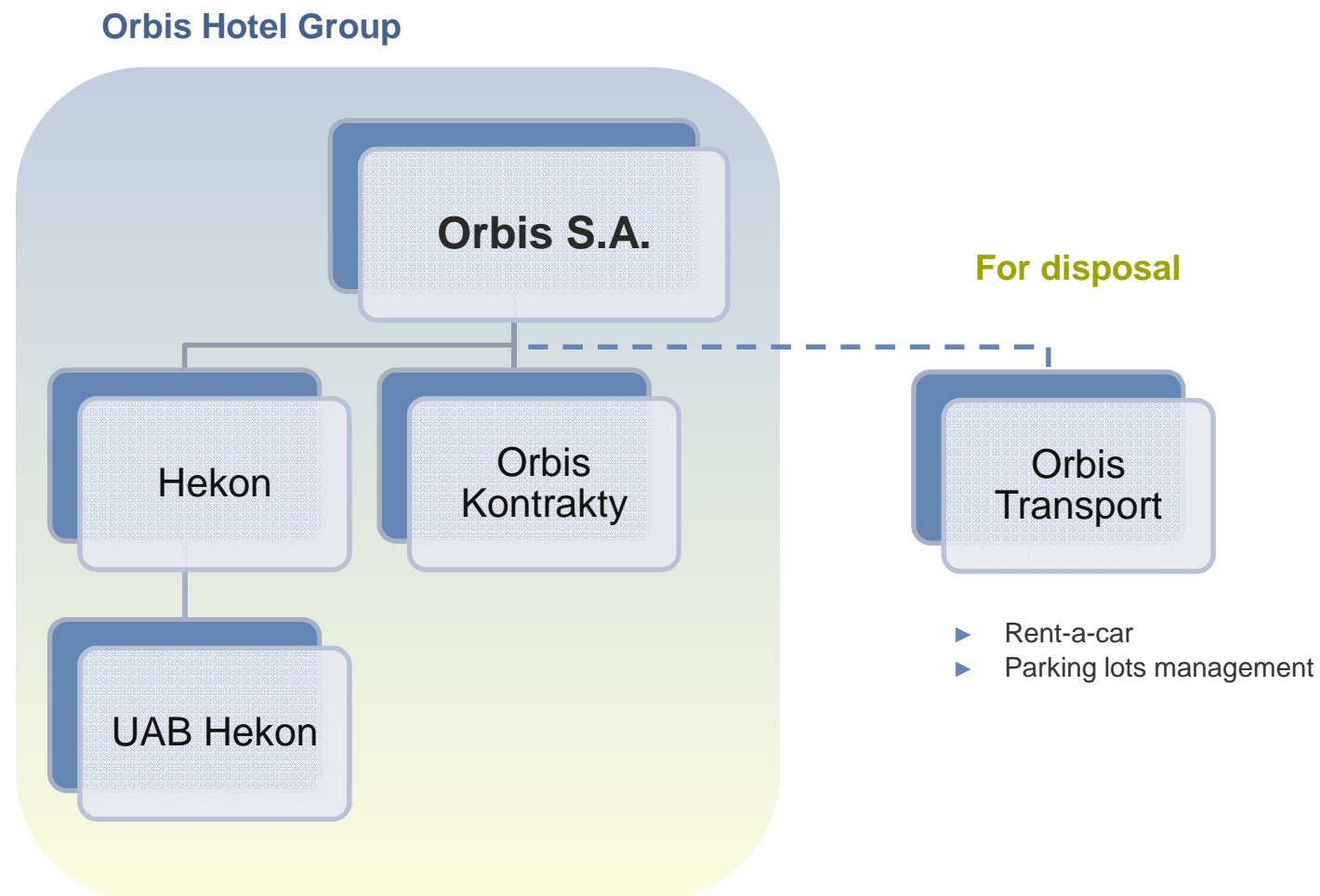
ORBIS  
HOTELS

ibis  
budget *Etap*

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## Orbis Group introduction

# Orbis Group capital structure



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# Orbis Group

## Orbis Group is the leader of hospitality business in Poland.

- ▶ 53 hotels in Poland and 2 in Lithuania
  - 47 owned
  - 5 leased
  - 3 in management contract
- ▶ 25 cities
- ▶ Over 10,500 rooms



Data as of 26 April 2012

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# Strategic partner

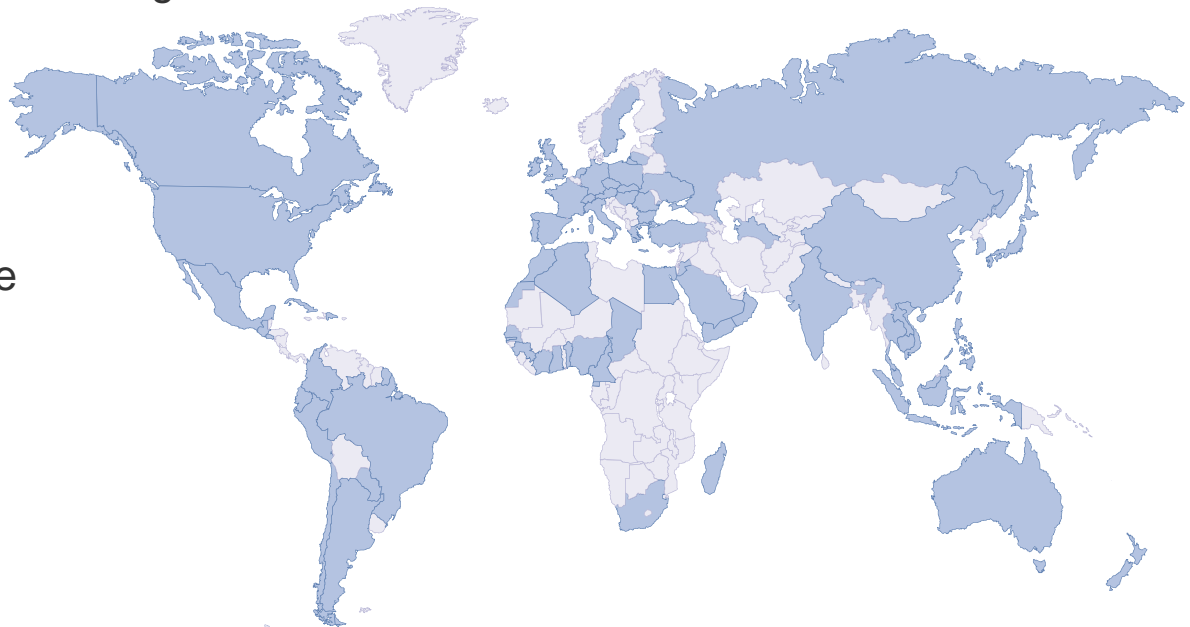
## The strategic partner of Orbis Group is Accor

### ► The world's leading hotel manager

- 92 countries
- 4,426 hotels
- 531,714 rooms

### ► Market leader in Europe

- 26 countries
- 2,499 hotels
- 273,270 rooms



Data as of 31.12.2011

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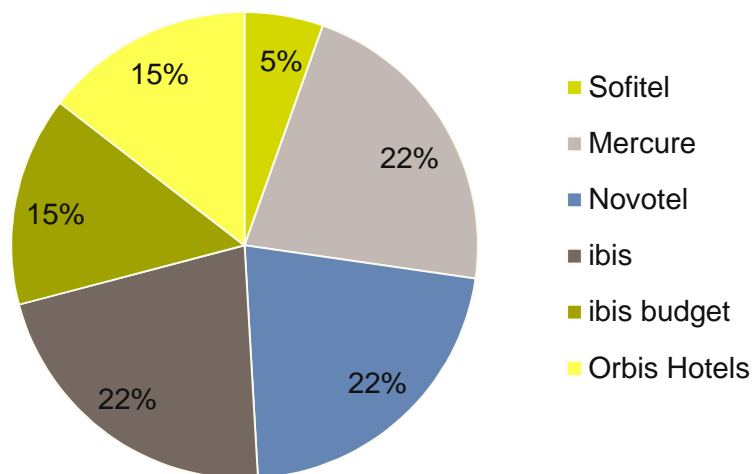
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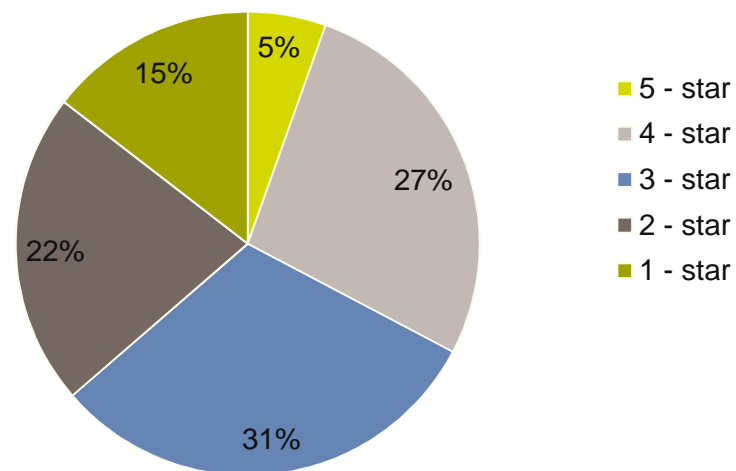
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# Orbis hotel portfolio

By brands



By standard



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3

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12

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12

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HOTELS

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ORBIS  
HOTELS

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Data as of 26 April 2012

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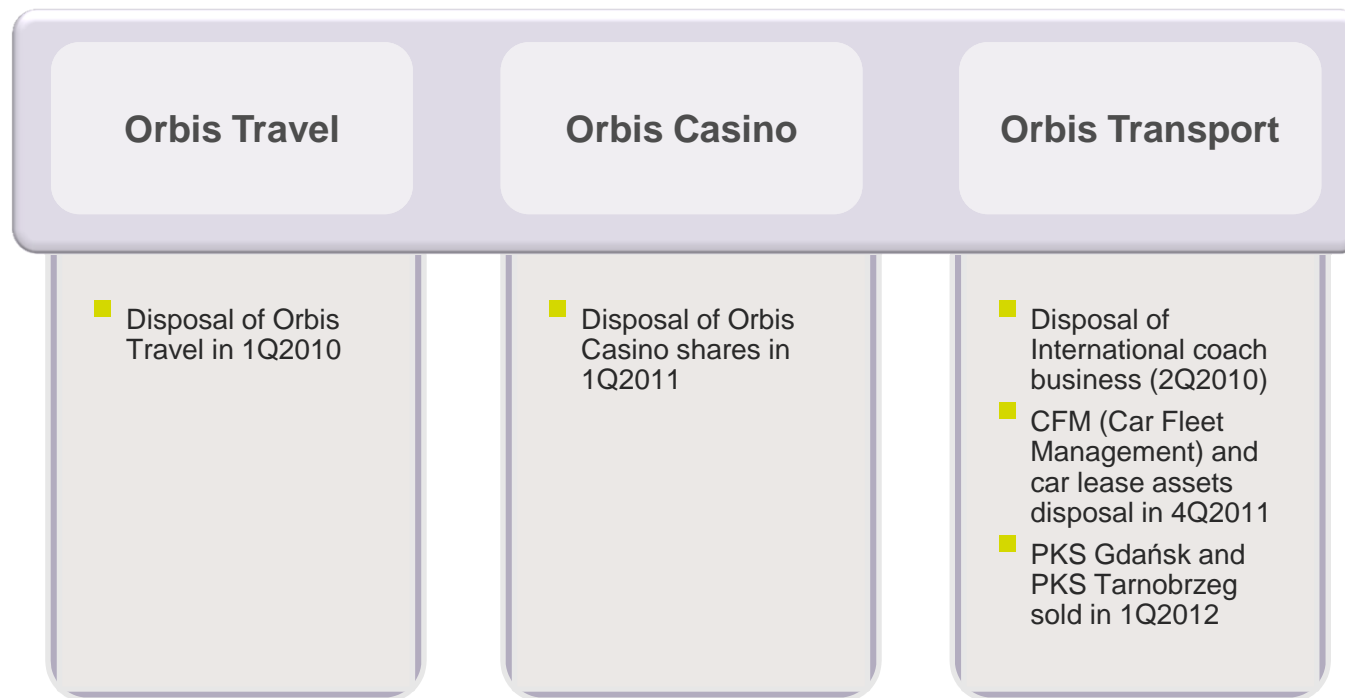
Strategy  
Focusing on hospitality



## Focusing on hospitality

**Orbis Group consistently focus its activity on its core business - hospitality:**

- ▶ Disposal of non-hotel operations
- ▶ Restructuring of existing hotel portfolio



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## *asset light* - new business model of the Orbis Group

- ▶ gradually refinance and restructure a part of hotel portfolio
- ▶ developing hotel network by means of management and franchise agreements

Significant part of real estate is to be owned by long term investors and operated in one of three models, depending both on the location of a particular hotel and its brand:

- ▶ management
  - ▶ franchise
  - ▶ variable lease
- 
- ▶ In line with asset light strategy a new ibis Kaunas in Lithuania was under a management contract opened
  - ▶ Orbis has also just signed two Heads of Terms for management agreements. Both hotels will provide in total 200 rooms in Poland in 2013

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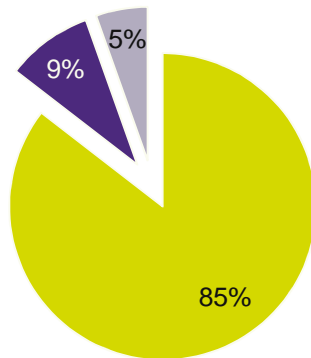
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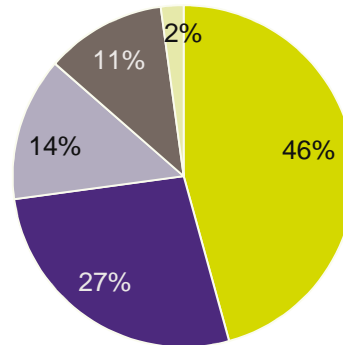
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# Hotel portfolio – global trends in operating model

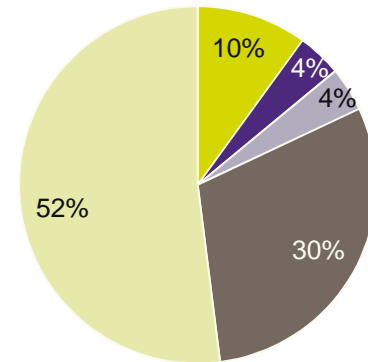
**Orbis Group**



**C&E Europe, Accor**



**France, Accor**



■ Owned 
 ■ Fixed leased 
 ■ Managed 
 ■ Variable leased 
 ■ Franchised

Change of the Orbis Hotel Group structure  
in line with global trends

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# Models of operation

## Towards a more asset light model:

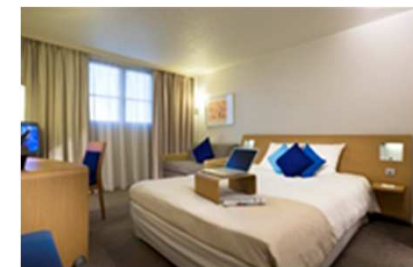
### Management

- ▶ No financial commitment
- ▶ Strategic hotels of higher standard



### Franchise

- ▶ No financial commitment
- ▶ hotels located in middle/small cities to reinforce network/ brand coverage



### Variable lease

- ▶ Variable financial commitment linked to performance;
- ▶ Orbis investing in FF&E (furniture, fixtures & equipment)
- ▶ Strategic hotels in economy segment with good results



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# Ibis megabrand

In accordance with guidelines of Accor, the brand architecture of the economy hotel segment will be substantially modified.

Ibis will become the dominant „mega brand” with the following three brands:

- ▶ **ibis** - will remain the ibis brand
- ▶ **ibis styles** - formerly the all seasons brand
- ▶ **ibis budget** - formerly the Etap Hotel brand

The new project is launched with a view to enhancing customer satisfaction, improving the efficiency of distribution systems and the loyalty program.

- ▶ A broadly communication on the rebranding of all economic hotels: ibis and ibis budget started in 1Q 2012
- ▶ Most of hotels in this segment will be ready with new products before EURO 2012 in June



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# New developments

Major Orbis Group investments include continued construction of new hotels and product modernization

New hotels	Openings	No. of rooms
ibis Stare Miasto Kraków – already opened	2Q 2012	135
ibis budget Stare Miasto Kraków – already opened	2Q 2012	167
ibis Reduta Warszawa	2Q 2012	170
ibis budget Reduta Warszawa	2Q 2012	163
Novotel Centrum Łódź	2Q 2013	161
Total		796

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# Le Club Accor Hotels – loyalty program

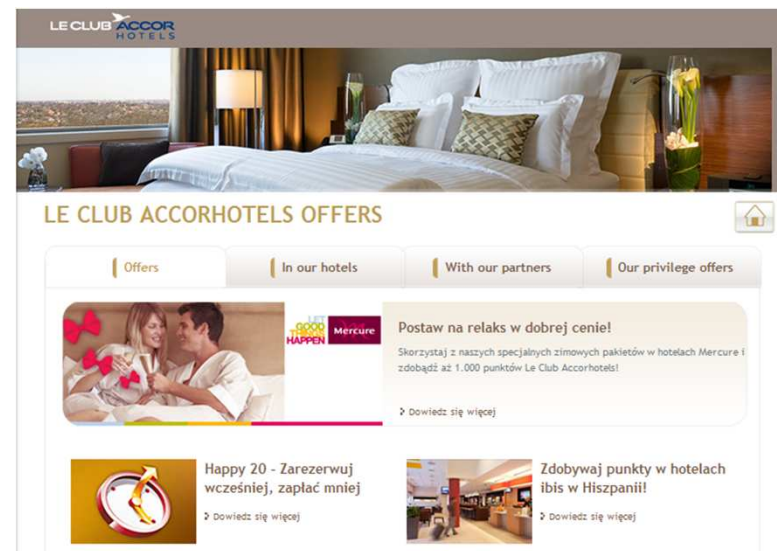
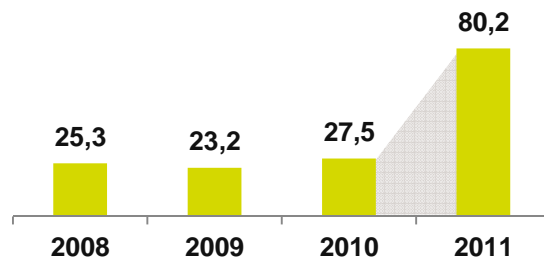
- ▶ Le Club Accor Hotels is the Accor loyalty program for hotel guests introduced in Poland in 2008 (A|Club)
- ▶ Over 2,300 hotels around the world participate in the program
- ▶ Exclusive promotional offers for participants
- ▶ 175,000 of Polish participants as of the end of 1Q 2012
- ▶ 18,000 new participants in 1Q 2012



## Orbis Group benefits:

- ▶ Building relations
- ▶ Enhancing of clients' loyalty

Number of new participants registered in particular year in Poland (in thou.)



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# Marketing strategy

The marketing actions are intended to strengthen our leading position in the hospitality industry, both in the eyes of our guests, clients and partners as well as our investors.

## Objectives of the communication strategy:

- ▶ increasing the awareness of brands in the Group's portfolio, with a special emphasis on ibis brands
- ▶ strengthening the role of direct distribution channels
- ▶ intensifying PR and social media campaigns to reinforce the positive image of our hotel brands
- ▶ use of the Le Club Accor Hotels loyalty platform to activate program members by "Earn & Burn"

## The following promotional actions in 1Q 2012:

- ▶ rebranding of ibis & ibis budget brands supported by an image campaign
- ▶ campaign accompanying ibis and ibis budget hotels openings
- ▶ Family&Novotel campaign
- ▶ tactical online campaigns promoting the hotel websites:
  - 3=2 Promotional Modules
  - Accorhotels.com Winter
  - Etap Hotel Winter Deals
  - Meeting@Novotel

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## Corporate Social Responsibility - CSR

Sustainable growth

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# PLANET 21

- ▶ **PLANET 21** is Accor's new sustainable development program introduced widely by the Orbis Group
- ▶ This program comprises **21** commitments, structured into **7** pillars, in favor of the environment **ECO** and of the local communities **EGO**



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# ECO



- ▶ In 2011 comparing to 2010 we saved up to 25 million kWh it means **7%** less of energy used
- ▶ 2011 achievements: **PLN 7.5 million** savings of water (**11%**) and energy (**13%**)
- ▶ **91%** of hotels sort and recycle batteries
- ▶ **91%** of hotels sort and recycle fluorescent lamps and tubes
- ▶ **73%** of hotels sort and recycle paper and cardboard
- ▶ During 2011 Earth day our employees have planted **6000** trees



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Under the slogan “Best place to grow” Orbis Hotel Group launched projects aimed at increasing employee motivation and commitment, as well as creating the image of a modern and attractive employer:

- ▶ Development of managerial skills training
- ▶ Support and development of talented employees
- ▶ Implementation of Poland's first post-graduate hotel management program **The Top Talent Hotel Management** intended for Orbis Hotel Group management staff in cooperation with University of Łódź

### In 1Q 2012:

- ▶ were conducted increased staff trainings on topics like e.g. sales, security and communication especially concerning 2012 UEFA Championships

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## EGO - Diversity



- ▶ Orbis initiated and pushed to prepare and launch diversity charter in Poland
- ▶ Finally in the 1Q at the Chancellery of Prime Minister Orbis together with 12 other companies signed the first Polish Diversity Charter
- ▶ Orbis implemented also the Accor Group **International Diversity Charter**
- ▶ Orbis prepared and distributed among its employees the special corporate book promoting diversity



„Responsible Business Forum mission is: to make the idea of **responsible business** widespread as a **standard** in Poland in order to increase companies' **competitiveness**, to **satisfy society** and to improve the state of the **natural environment**”

Source: [www.kartaroznorodnosci.pl](http://www.kartaroznorodnosci.pl)



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## EGO - Local



- ▶ **On the initiative of Orbis employees**, Accor Foundation donated **€41,000** to support the development of felt manufacture – social project “**Spółdzielnia MaMa**” that helps 15 young women to re-integrate work market and society
- ▶ Cooperation with **Fundacja Dzieci Niczyje**: training of all Orbis employees on how to act against child abuse (ECPAT: Code of Conduct) to educate employees how to act against children abuse
- ▶ Employees and hotels are encouraged to undertake social & eco initiatives:
  - ▶ Support and donations for two orphanages near Otwock – action initiated by employees in Warsaw
  - ▶ Cooperation with Fundacja CZE-NE-KA ibis Warszawa Stare Miasto
  - ▶ Novotel support for children: Center for Child and Family Support, Association „Together with child” etc.



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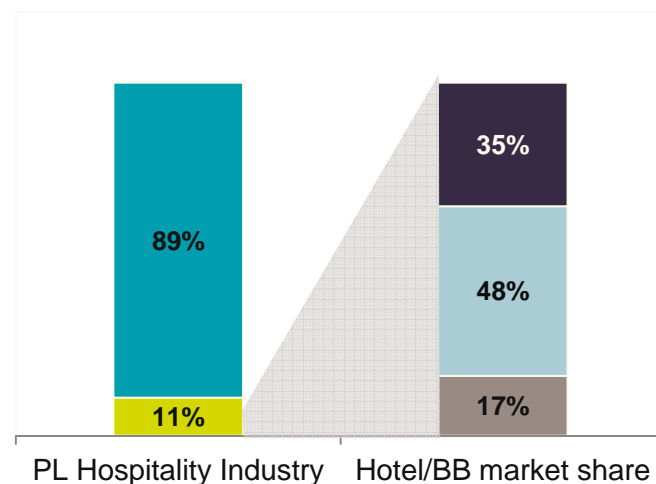
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Operational activity  
hospitality

# Polish hospitality markets by segment

## Polish hospitality market characterized of low concentration of branded hotels

- ▶ Of over 2,000 hotels (97,600 rooms) only 224 are branded (31,700 rooms)
- ▶ Low penetration rate: 11% of branded hotels, 32% of branded rooms



Room for  
franchising and  
managemnet  
agreement  
development

■ Branded ■ Non-branded ■ Budget ■ Midscale ■ Upscale

Source: Horwath HTL

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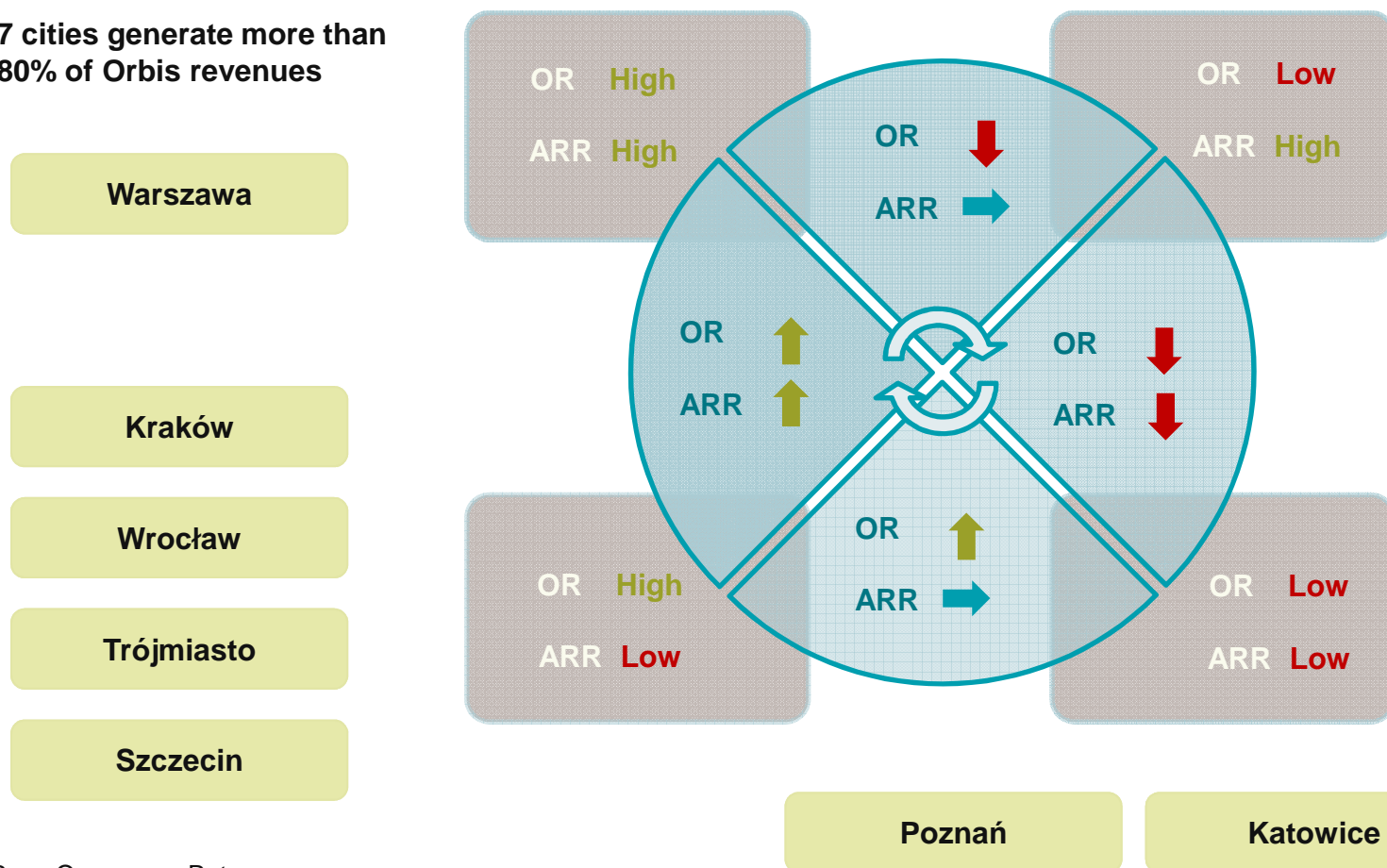
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# Occupancy and Average Room Rates changes in economic cycle

7 cities generate more than 80% of Orbis revenues



OR – Occupancy Rate  
ARR – Average Room Rate

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# 1Q 2012 operating results

	1Q 2012	1Q 2011	Δ 2012/2011	Δ 2012/ 2011 like-for-like*
Occupancy rate (OR)	41.7%	41.5%	0.2pp	-1.6pp
Average Room Rate (ARR) in PLN	223.2	214.9	3.9%	2.0%
Revenue per Available Room in PLN	93.0	89.2	4.3%	-1.8%
Number of roomnights sold	375,637	403,871	-7.0%	-
Number of rooms	9,947	10,812	-8.0%	-

\* like-for-like: after eliminating the impact of one-off and non-recurring events as well as results of hotels closed in 2011 and 2010.

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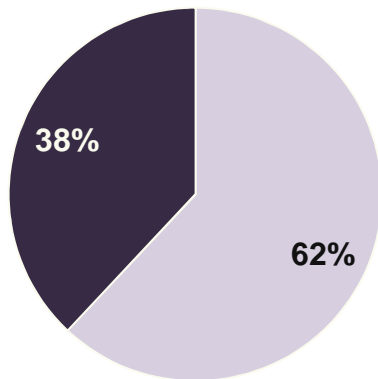
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# Structure of roomnights sold

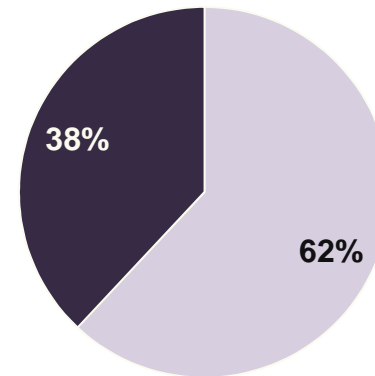
1Q 2012



Nationality mix

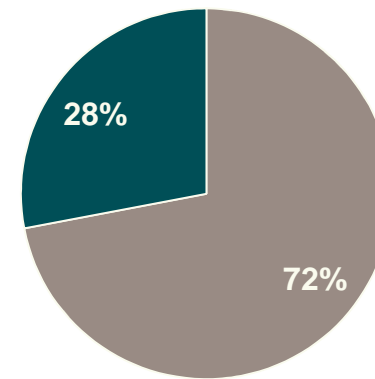
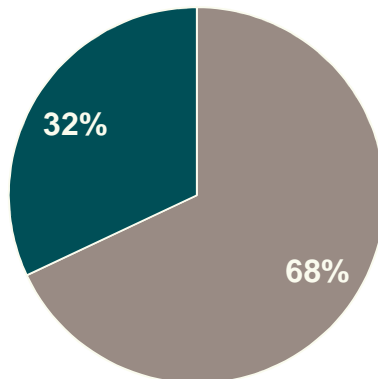
- Poles
- Foreigners

1Q 2011



Business mix

- Business clients
- Tourists



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# Operational results by hotel category

1Q 2012	Occupancy		ARR*		RevPAR**	
	(%)	$\Delta$ pkt. proc. (YoY)	PLN	(%) YoY	PLN	(%) YoY
Up&Midscale	39.3	+ 0.0	243.2	+ 4.9	95.6	+ 4.9
Economy	50.1	+0.2	167.2	+ 1.9	83.7	+ 2.2

\* ARR – Average Room Rate

\*\* RevPAR – Revenue per Available Room



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Financial results  
1Q 2012

# Orbis Hotel Group 1Q 2012 financial results

PLN '000	1Q 2012	1Q 2011	Change
Net sales	137,793	144,488	-4.6%
Net sales like-for-like*	137,793	140,408	-1.9%
EBITDA like-for-like*	20,691	24,376	-15.1%
Net profit	(7,103)	3,081	-

\* like-for-like: after eliminating the impact of one-off and non-recurring events as well as results of hotels closed in 2011 and 2010.

- The positive trend observed in 2011 slightly slowed down in 1Q 2012, however it could not be a global tendency as due to seasonality, the first quarter is usually the least productive in the hospitality business yearly cycle in Poland.

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# Orbis Group Total results

PLN '000	1Q 2012	1Q 2011	Change
Net sales	142,963	149,220	-4.2%
EBITDA on continuing operations	18,304	35,268	-48.1%
Net profit	(7,834)	413	-

- ▶ First quarter performance does not have a lot of meaning in terms of the whole year results, as it usually:
  - ▶ represents only about 10% of whole year operating EBITDA
  - ▶ is still highly sensitive and dependent on each specific contract and big events in that period
- ▶ The difference in the EBITDA and net result came mainly from PLN 16.6 million profit on sale of Neptun and Cracovia hotels in 1Q 2011

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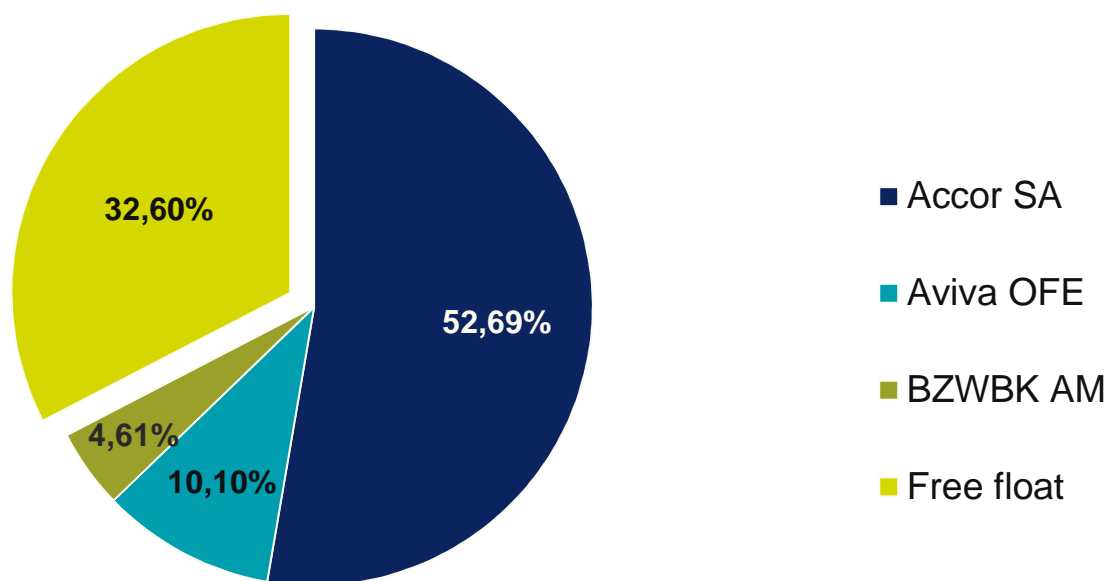
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Investor section



## Shareholder structure



**Fitch Rating**   **BBB+**   **stable**  
As of October 2011

Data as of 26 April 2012

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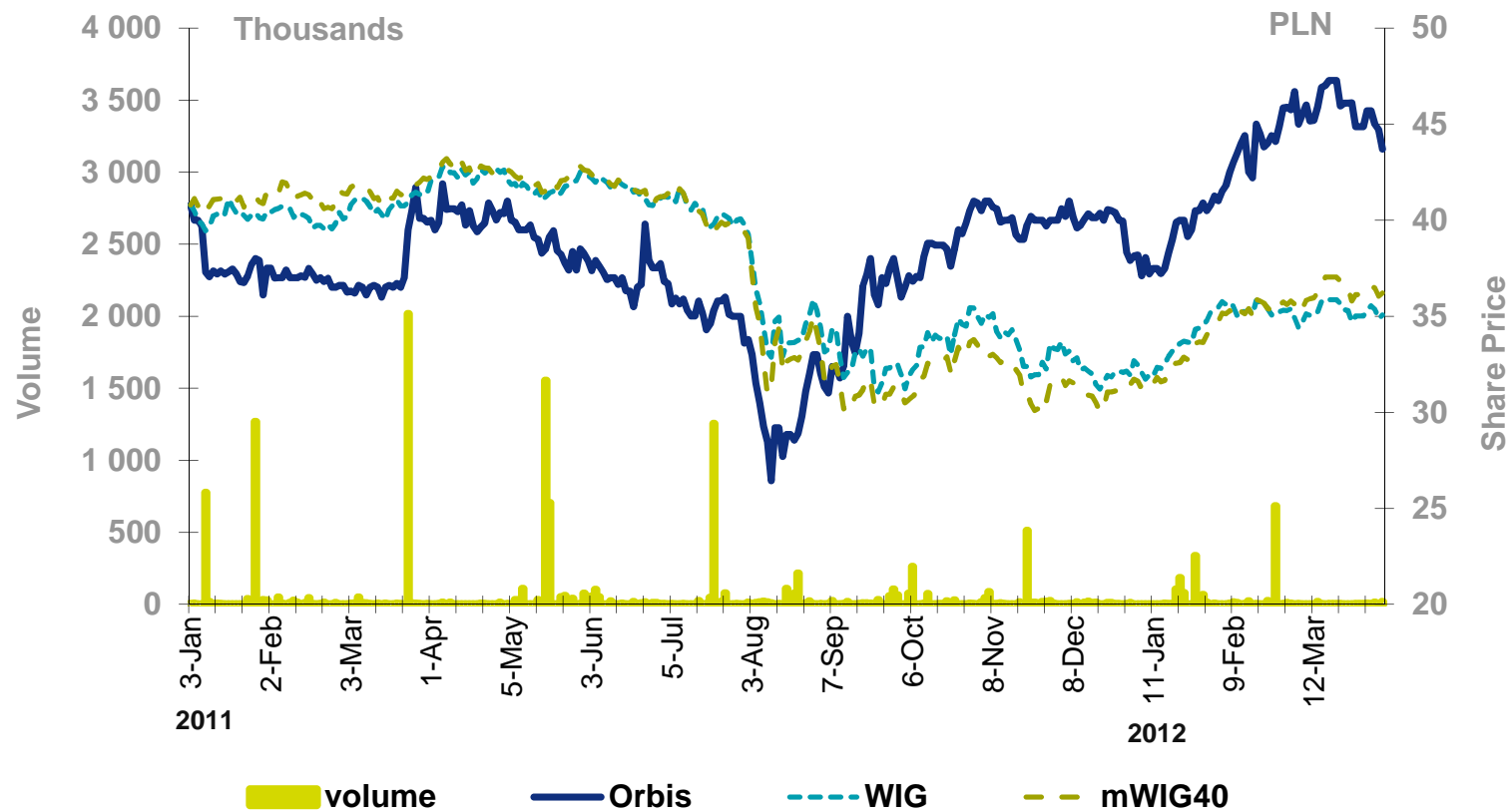
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# Share price and volume



\* Indexes price re-based

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# Contact

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