THE LEADING HOTEL GROUP
IN EASTERN EUROPE

2017 Orbis Results

21 February 2018


Gilles Clavie
President and CEO
MGallery by Sofitel Prague

What impacted Orbis in 2017?

MACRO

Dynamic macroeconomic growth:

+3.5% GDP growth on average in EE countries where Orbis operates.

HOSPITALITY

Positive trend with growing results (ADR and OR) in most of the countries in the EE region.

Double-digit **RevPAR growth** in Budapest, Warsaw and Prague.

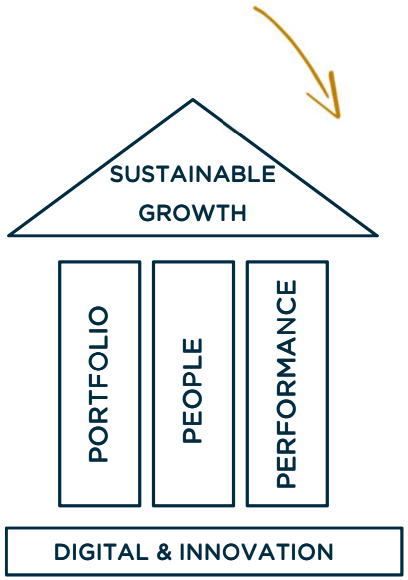
LABOUR MARKET

A significant **decrease in unemployment rates** in EE. In Poland, Czech Republic, Romania and Hungary rates have reached the lowest levels ever.

DIGITAL CHANGE

Digital transformation all over the globe: **87%** of people always have their smartphone at their side, night and day and check them more than **150 times** per day on average.

THE STRATEGY



The year marked by upgrading our Portfolio

Development
+8 hotels
+650 rooms

Subsidiaries
4 hotels under development

CAPEX
PLN 151 m

Buybacks
6 hotels
1 500 rooms

Portfolio Strategy

Pipeline
+13 agreements
+1 600 rooms

New Brand
adagio APARTHOTEL

Restructuring
+PLN 71m
cash impact:
4 hotels

Development | **New Business Lines** | **Modernization** | **Restructuring**

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Rapid Portfolio Development

2017

2 new countries:

Bosnia & Hercegovina

Serbia

Contracts signed

13 agreements:
franchise
management

1 600 new rooms


ibis Styles Arad


Mercure Unirii


Novotel Sarajevo


ibis Styles Gruziądz


ibis Styles Skopje


Mercure Excelsior


Mercure Sighisoara


MGallery Tarcin Forest

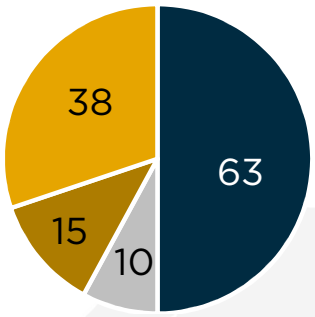
8 asset light hotels

650+ rooms

Towards more balanced network

Our network

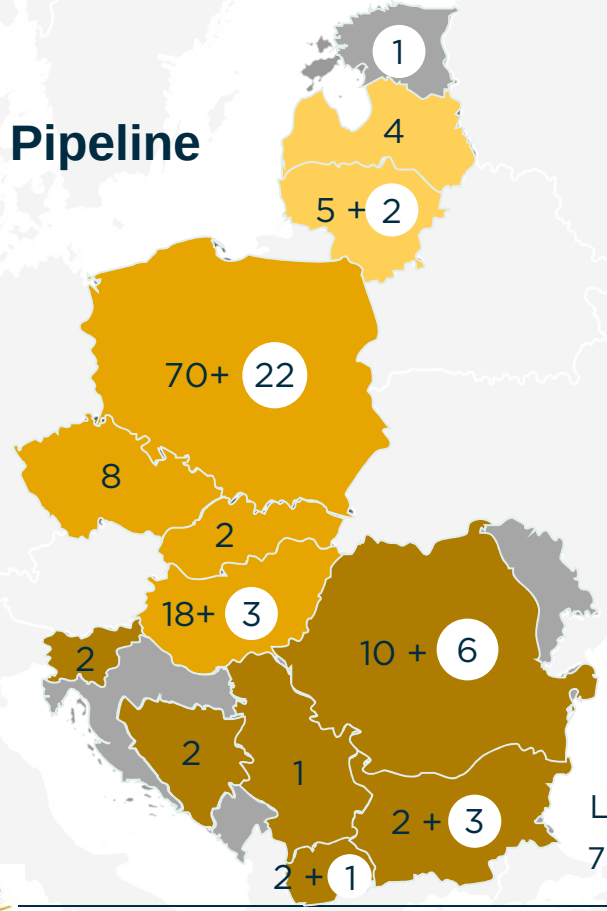
126 hotels
20 623 rooms



By operating mode

- Owned
- Leased
- Managed
- Franchised

Pipeline



38 hotels
5 076 rooms

7 Subsidiaries
16 Managed
15 Franchise

GALLERY	2
NOVOTEL	2
Mercure	4
ibis	9
ibis STYLES	16
ibis budget	1
JO&JOE	1

Legend:
70+ (22) - Actual + pipeline

Orbis Hotel Group

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Entering aparthotels market



Opportunity to grow on fast developing market of aparthotels

Complementary offer targeting long stay guests

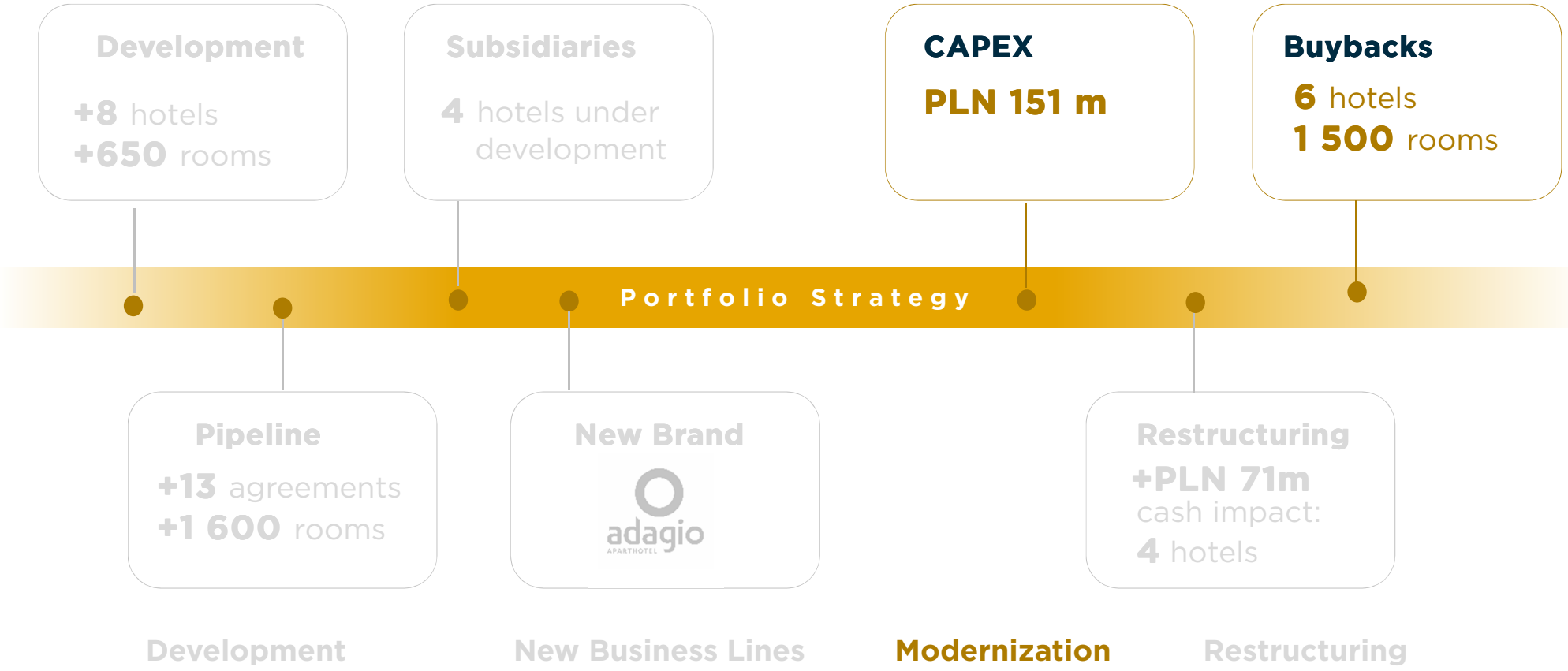
Location in city centers

adagio APARTHOTEL premium

adagio APARTHOTEL

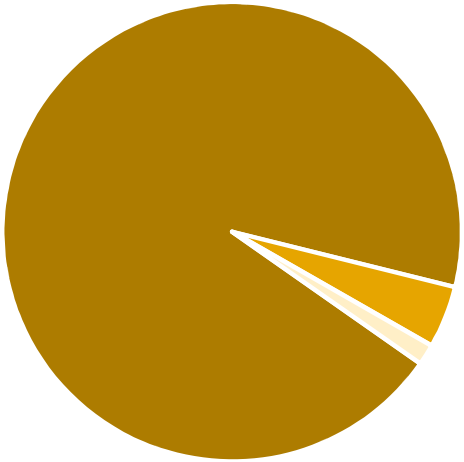
adagio APARTHOTEL access

The year marked by upgrading our Portfolio



Capital expenditure in line with the strategy

CAPEX 2017 – **PLN 622.1m**



PLN 471.3m*
Buy-back

PLN 84.6m
Development projects

PLN 66.2 m
Regular and other

6 LEASE BUY BACKS

- Mercure Budapest Buda
- Mercure Budapest Korona
- ibis Styles Budapest Center
- ibis Budapest City
- ibis Budapest Centrum
- Sofitel Budapest Chain Bridge

DEVELOPMENT / RENOVATIONS

- ibis Styles Warszawa Centrum
- ibis Vilnius
- MGallery by Sofitel Prague
- Mercure Budapest City Center
- Novotel Poznań Centrum
- Novotel Kraków City West

*** Purchase price plus fees**

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Development | New Business Lines | Modernization | **Restructuring**



Further restructuring of asset portfolio

over PLN 71m of total cash impact
as of 31/12/2017

4 hotels

Sale and franchise back of non-strategic hotels:

- Mercure Karpacz Resort
- Mercure Jelenia Góra
- Mercure Toruń Centrum
- ibis Zabrze

other

Other non-strategic asset disposals

Sales price EUR 75m

Sofitel Budapest Chain Bridge sale and management back transaction in progress - long stop day of SPA: 23rd of March 2018

PEOPLE



Talents & Guests

Talent and culture drive the change

Recruitment
Based on real-life situations

Development
Revamped training offer

Employer branding
Hotelove kariery

Leadership
New profiles and targets

Talents journey

Onboarding
New onboarding program

Mobility
Talents exchange in the region



WE ARE ALL HEARTISTS®

Improving key HR metrics

+1 pp

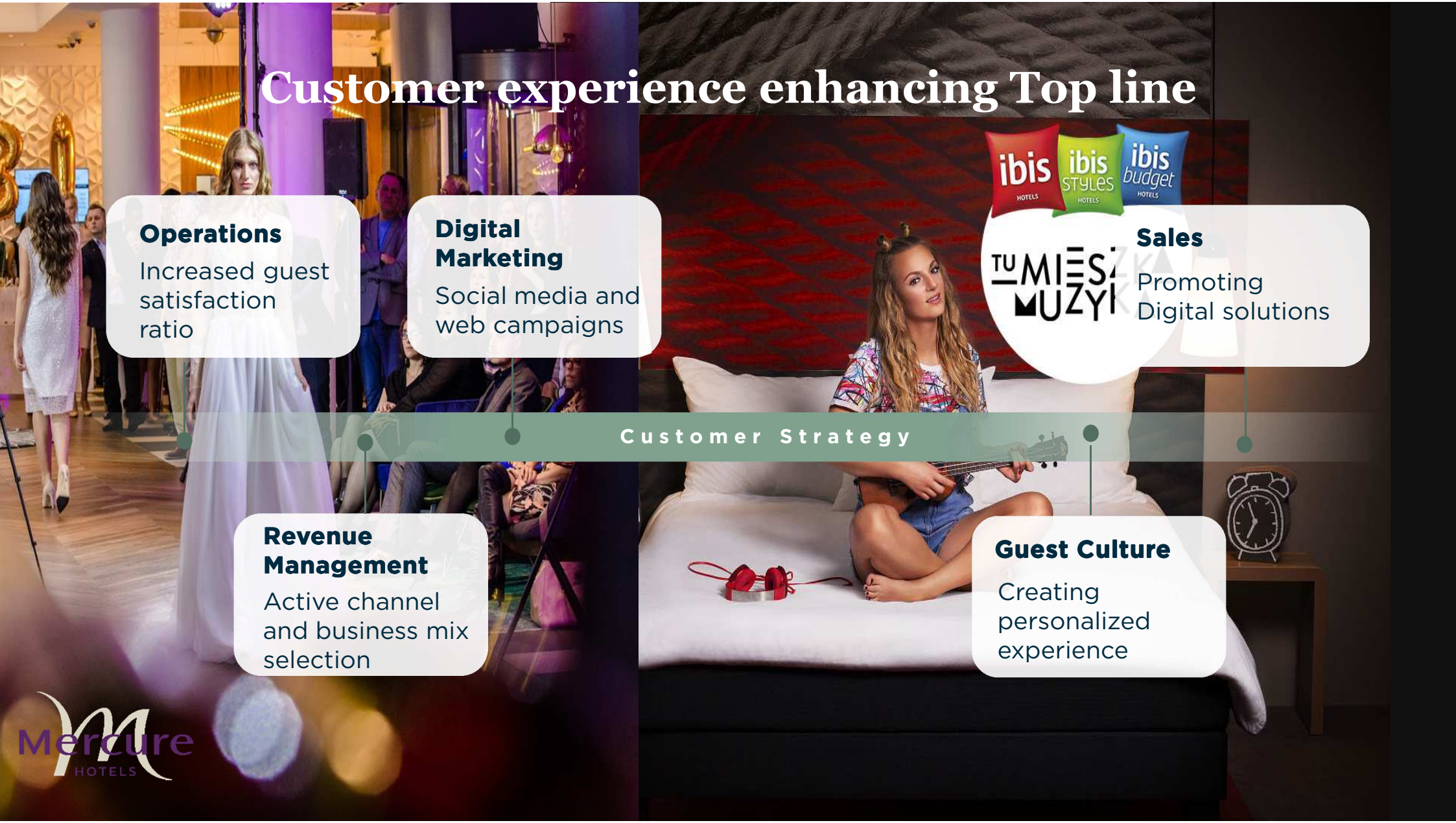
Engagement

-3 pp

Rotation rate



Customer experience enhancing Top line



Operations

Increased guest satisfaction ratio

Digital Marketing

Social media and web campaigns

Sales

Promoting Digital solutions

Customer Strategy

Revenue Management

Active channel and business mix selection

Guest Culture

Creating personalized experience

New F&B concept WISE CAFE

Nature is our inspiration and partner

- with respect for nature and in harmony with our CSR commitments (being **eco-friendly** and energy-conscious)
- based on promotion of local producers and tastes

Wise Cafe is a cosy and welcoming space where guests want to hang out









Marcin Szewczykowski

CFO



Strong RevPar growth

Total y/y

+1 pp

Occupancy
74.1%

+5.0%

Average Room Rate
PLN 248.5m

+6.5%

RevPAR
PLN 184.1

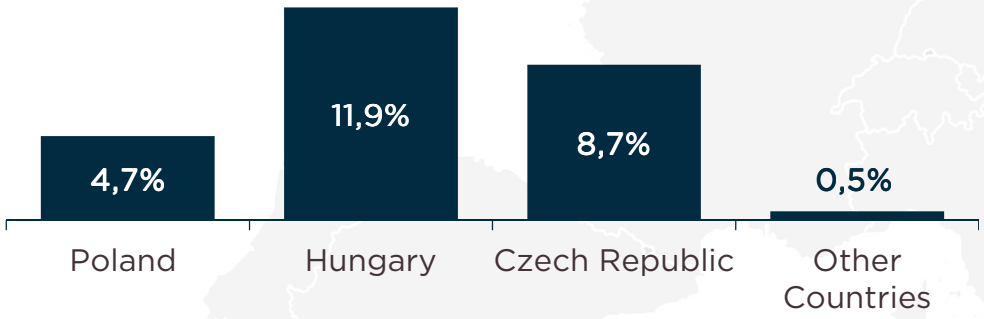
In 3/4 driven by average price

Solid performance in all countries

55% hotel revenue generated by 3 capital cities:

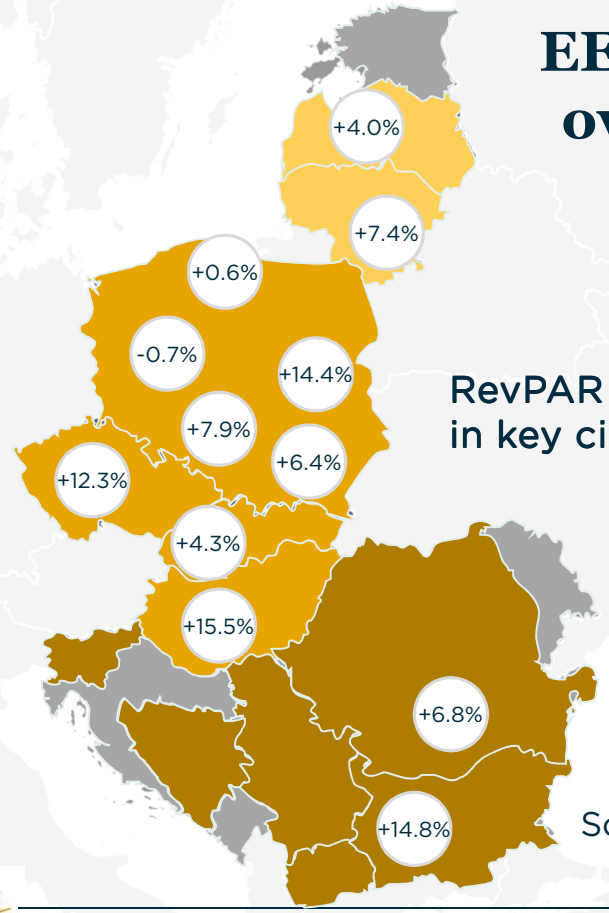
Warsaw, Budapest and Prague

Orbis RevPAR growth by country (%)

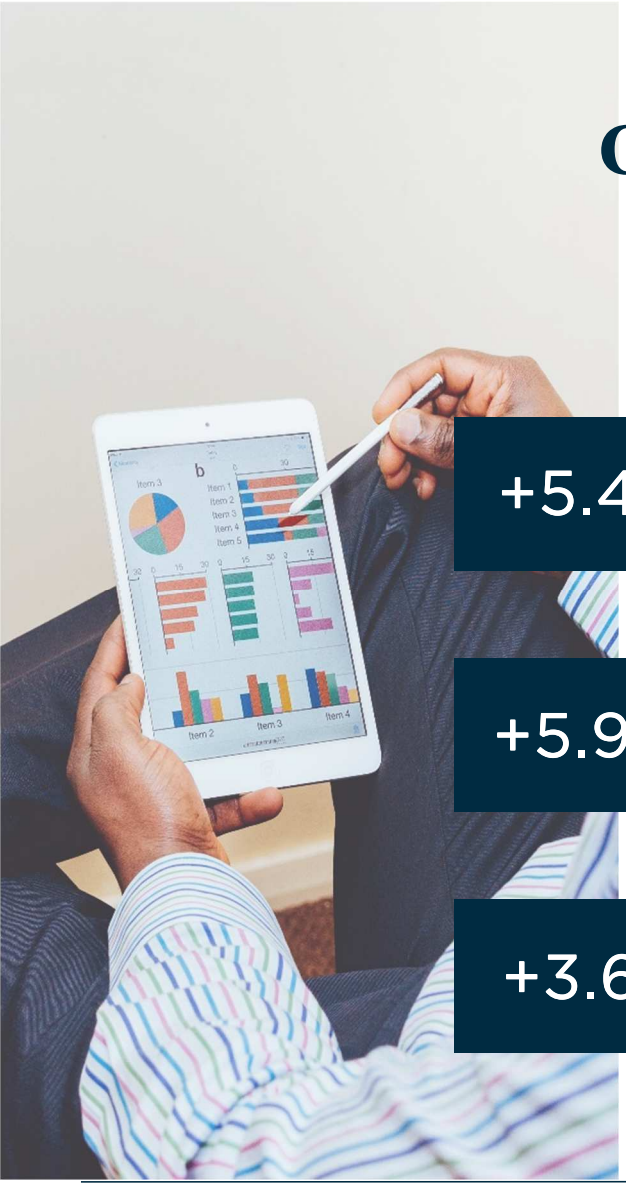


EE market overview

RevPAR growth y/y in key cities (%)



Source: STR Global



Growing revenue continued...

Total y/y

+5.4%	Revenue PLN +75.2m
+5.9%	Room Revenue PLN +55.8m
+3.6%	F&B Revenue PLN +12.9m

Across the region y/y

+3.0%	Poland PLN +25.9m
+12.9%	Hungary PLN +40.7m
+6.3%	Czech Rep. PLN +7.2m
+1.5%	Other PLN +1.4m

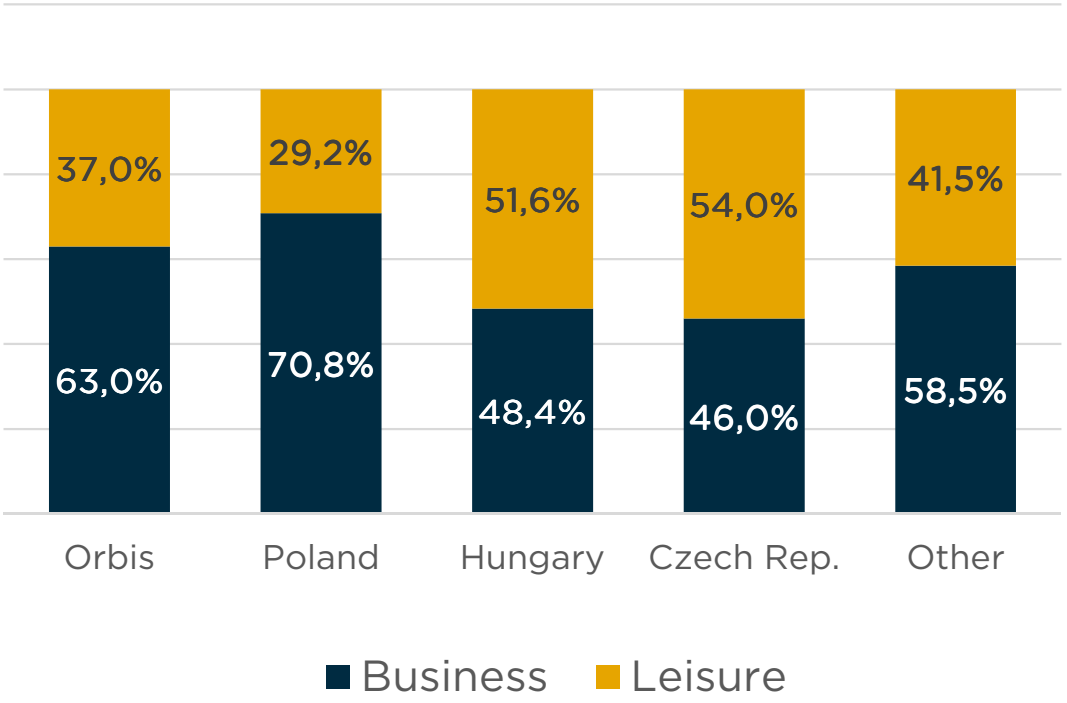
....and turned into robust financial PERFORMANCE

[mPLN, %]	2017	2016	%
Net sales	1 458.1	1 382.9	5.4%
EBITDAR	532.4	489.2	8.8%
EBITDAR margin	36.5%	35.4%	1.1 pp
Rent costs	(64.0)	(99.6)	-35.7%
Operating EBITDA	468.3	389.6	20.2%
EBITDA margin	32.1%	28.2%	3.9 pp
Depreciation and amortisation	(164.1)	(148.2)	+10.7%
EBIT	315.7	264.5	19.4%
Profit before tax	286.6	257.2	11.4%



Guests Structure

Revenue management approach affecting business mix



Secured and strong cash position

Key cash position indicators:

[mPLN, %]	2017
Total debt (borrowings + bonds)	542.7
Total cash Secured for investment opportunities	214.9
Net debt	327.8
Net debt/equity	15.8%
Net debt/12M EBITDA	0.7



FINANCING

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



CASH GENERATION

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



Gilles Clavie

President and CEO

Novotel Szczecin

Key points for a remarkable 2017

+5.4% Top Line	**+6.5%** RevPAR	**48%** Drop through	**+4pp** EBITDA margin	**6** Lease buy-backs
13 Contracts signed	**8** Hotel openings	E-reputation	Employee Satisfaction	**+29%** Total return per share

Looking ahead in 2018

+38 Pipeline

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

- **3 hotels** already opened in 2018
- Entering new market – **Slovenia**
- Opening **2 owned hotels** in 2H 2018
- **2 new** owned development projects:
  - in Cracow and Budapest
- On average, adding **1 hotel per month** to our network
- SPA Sofitel Budapest in progress
- MGallery Prague buyback in progress
- Considering hotel acquisitions to enhance growth

Talent & Culture

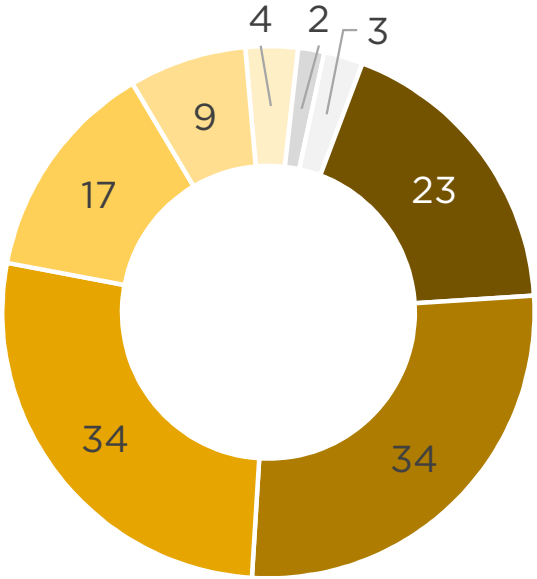
- Development of Employer Branding activities
- Increasing the engagement of Talents, especially by Talent Management
- Lowering the staff turnover
- Further cultural change

Top Line

- Accor Local project
- Focus on direct booking
- Personalization of the stay
- New F&B regional strategy


Q&A session

The Orbis Group Today



- Sofitel
- Pullman
- MGallery
- Novotel
- Mercure
- ibis
- ibis Styles
- ibis budget

No. 1
hotel operator
in Eastern Europe



126	20 623	8	12	4	4 000
OPERATING HOTELS	ROOMS	BRANDS	COUNTRIES	COUNTRIES TO BE DEVELOPED	EMPLOYEES

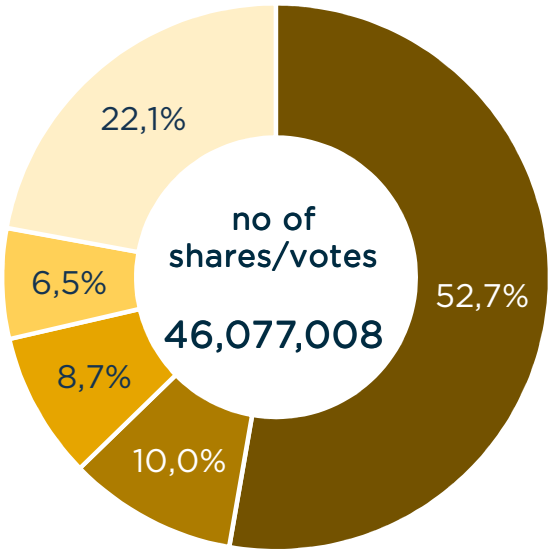
Orbis Group Hotels by Country and by Brand

	Sofitel	Pullman	MGallery	Novotel	Mercure	ibis	ibis Styles	ibis budget	Total
Poland	3			13	22	15	8	9	70
Hungary	1		1	5	3	5	3		18
Czech Republic			1	1	1	5			8
Slovakia					1	1			2
Romania		1		1	3	4	1		10
Bulgaria				1		1			2
Macedonia						1	1		2
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	34	34	17	9	126

Shareholder structure

Details of shareholder structure
(08.06.2017 – Orbis General Assembly – entitled do vote)

	no of shares	% in equity
Accor Group	24,276,415	52.7%
Aviva pension fund	4,596,000	10.0%
Nationale-Netherlanden pension fund	3,990,000	8.7%
Metlife pension fund	3,000,000	6.5%
Other free-float	10,214,593	22.1%
Total	46,077,008	



Orbis has been listed on the **Warsaw Stock Exchange** since 1997
and its stocks make up the WSE's mid-cap mWIG40 index

List of Hotels with their ownership structure and rooms number

POLAND

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

List of Hotels with their ownership structure and rooms number

O	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

O	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
O	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
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 Bucaresti 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

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

Orbis Hotel Group

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Orbis' strategic partner is ACCOR HOTELS

www.accorhotels.com

SOFITEL GALLERY pullman NOVOTEL Mercure ibis ibis STYLES ibis budget