THE REZIDOR HOTEL GROUP

# YEAR-END REPORT

# January–December 2017

## Fourth Quarter 2017

- **On a like-for-like basis ("L/L") Revenue increased by 2.8%, supported by L/L RevPAR growth for leased and managed hotels of 4.3%.** The RevPAR growth is due to increase in both occupancy and average room rate.
- **Revenue decreased by MEUR 1.5 (–0.6%) to MEUR 241.6.** The decrease is mainly due to the exit of one leased hotel end of last year and the strengthening of the Euro, partly offset by positive L/L RevPAR development.
- **EBITDA decreased by MEUR 6.3 (–27.3%) to MEUR 16.8 and the EBITDA margin decreased by 2.5 pp to 7.0%.** EBITDA is negatively impacted by MEUR 6.6 higher costs for restructurings and MEUR 0.9 higher costs for bad debts, partly offset by the positive development in the like-for-like portfolio. **Adjusted EBITDA was flat vs last year and amounted to MEUR 25.2.**
- **EBIT increased by MEUR 6.1 (59.2%) to MEUR –4.2 and the EBIT margin improved by 2.5 pp to –1.7%.** The increase is mainly due to lower exit costs of MEUR 15.5, partly offset by the decrease in EBITDA and higher costs for write-downs of tangible assets of MEUR 4.4. **Adjusted EBIT increased by MEUR 1.3 (10.0%) to MEUR 14.3.**
- **Profit/loss for the period decreased by MEUR 22.9 to MEUR –6.0**. The increase in EBIT is offset by higher tax costs of MEUR 28.6, of which MEUR 26.7 are of one-off nature (change in tax rates, capitalisation of deferred tax on losses and write-downs of deferred tax assets).
- **Basic and diluted earnings per share were EUR –0.04 (0.10).**
- **752 (1,789) rooms were contracted, 1,144 (907) rooms opened and 1,347 (408) rooms left the system.**

## Twelve months ended December 2017

- **On a L/L basis Revenue increased by 4.0%, supported by L/L RevPAR growth for leased and managed hotels of 4.8%.**
- **Revenue increased by MEUR 6.1 (0.6%) to MEUR 967.3.**
- **EBITDA increased by MEUR 2.8 (3.5%) to MEUR 82.1 and the EBITDA margin increased by 0.2 pp to 8.5%. Adjusted EBITDA increased by MEUR 10.6 (12.1%) to MEUR 98.2.**
- **EBIT increased by MEUR 11.7 (390.0%) to MEUR 14.7 and the EBIT margin increased by 1.2 pp to 1.5%. Adjusted EBIT increased by MEUR 10.2 (22.3%) to MEUR 56.0.**
- **Profit for the period decreased by MEUR 22.0 (–83.3%) to MEUR 4.4**.
- **Basic and diluted earnings per share were EUR 0.03 (0.15).**
- **Cash flow from operating activities amounted to MEUR 72.4 (33.9).**
- **7,476 (8,200) rooms were contracted, 5,039 (3,585) rooms opened and 4,195 (1,655) rooms left the system.**
- **The Board of Directors proposes that no dividend is to be paid for the financial year 2017, however the current dividend policy remains.**

| MEUR | Q4 2017 | Q4 2016 | Change | % | FY 2017 | FY 2016 | Change | % |
|---|---|---|---|---|---|---|---|---|
| Revenue | 241.6 | 243.1 | –1.5 | –0.6 % | 967.3 | 961.2 | 6.1 | 0.6 % |
| EBITDA | 16.8 | 23.1 | –6.3 | –27.3 % | 82.1 | 79.3 | 2.8 | 3.5 % |
| EBIT | –4.2 | –10.3 | 6.1 | 59.2 % | 14.7 | 3.0 | 11.7 | 390.0 % |
| Profit/loss for the period | –6.0 | 16.9 | –22.9 | N/A | 4.4 | 26.4 | –22.0 | –83.3 % |
| EBITDA margin | 7.0% | 9.5% | –2.5 pp | | 8.5% | 8.3% | 0.2 pp | |
| EBIT margin | –1.7% | –4.2% | 2.5 pp | | 1.5% | 0.3% | 1.2 pp | |

CARLSON REZIDOR HOTEL GROUP | QUORVUS COLLECTION | Radisson BLU | Radisson RED | park inn by Radisson | prizeotel

## Comments from the CEO

### Solid 2017 and excellent progress with the definition of the 5-year operating plan

We report solid 2017 results, growing like-for-like revenue with MEUR 38.3 (4.0%), supported by a RevPAR growth of 4.8%, driven by the strong performance in Eastern Europe and the good development in Rest of Western Europe and the Nordics. The EBITDA margin increased by 0.2 percentage point to 8.5%, despite a number of one off items linked to the 5-year operating plan and change of ownership. Excluding one off items, the Adjusted EBITDA increased by MEUR 10.6 (12.1%) to MEUR 98.2.

During 2017, we have made significant progress developing our 5-year operating plan – a comprehensive strategy which is aligned with our partner Radisson Hospitality, Inc. (former Carlson Hotels). It has been an intense transition year with numerous activities and significant efforts have been made to analyse our key opportinities and build a solid plan. In 2018, we have started to implement the plan and we are making excellent progress towards the goals set, making a major effort in brands and experience implementation, in repositioning our hotels, in revenue management and in information systems. The core components of the plan were shared with the Investor community at the Investor Day in January and was very well received.

Federico González-Tejera, President & CEO

## Market RevPAR Development 2017

Market RevPAR across Europe was up 5.6% (at constant exchange rates) in 2017, with the improvement driven both by room rate (3.1%) and occupancy (2.4%).

The RevPAR development in the mature Western European markets of 2.2% was driven by occupancy (2.5%), off-setting a slight decline in room rate. All key markets, except for France (–6.3%), experienced growth. The strongest growth was seen in Belgium (14.3%), which was impacted by the terrorist attacks last year.

In Northern Europe, the growth of 4.7% was mainly due to improved room rate (3.8%). In the Nordics, Finland (10.3%), Norway (8.5%), Sweden (2.3%) and Denmark (1.9%) all had positive developments.

Eastern Europe reported the strongest RevPAR growth (10.8%), with room rate (6.6%) and occupancy (3.9%) both driving the growth. All key markets experienced growth, led by Estonia (15.8%).

RevPAR in the Middle East and Africa was in-line with last year, as gains in Africa (Northern 37.9% and Southern 4.6%) were off-set by the ongoing challenges in the Middle East (–5.6%). Performance by country remains mixed, with several markets below last year (e.g. Saudi Arabia –9.3% and Qatar –15.1%), but others continuing to recover (e.g. Egypt 86.9% and Tunisia 20.7%).

*Sources: STR Global Ltd. © 2017 – European Hotel Review – Constant Currency Edition (December 2017); STR Global Ltd. © 2017 – Middle East/Africa Hotel Review – Constant Currency Edition (December 2017); Hotel | trends by Benchmarking | Alliance © 2017*

## Rezidor RevPAR Development Q4

L/L RevPAR for leased and managed hotels increased by 4.3% compared to last year via both average rate and occupancy. L/L RevPAR for leased hotels increased by 2.7% with average rate growth off-setting a decline in occupancy.

Three of the four regions reported L/L RevPAR growth over last year, with the strongest development in Eastern Europe. Middle East, Africa & Others was marginally below last year.

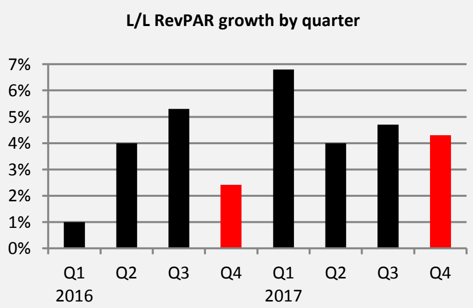
Reported RevPAR declined by 0.8%, as the positive L/L development and the impact of exits was off-set by FX and new openings.

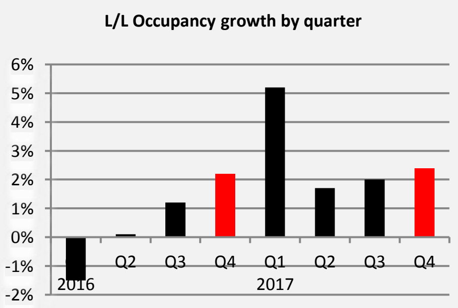
## Rezidor RevPAR Development 2017

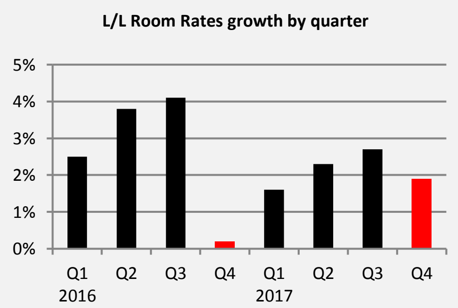
L/L RevPAR for leased and managed hotels increased by 4.8% compared to last year via both average rate and occupancy. L/L RevPAR for leased hotels increased by 4.9%, driven mainly by average rate.

Three of the four regions reported L/L RevPAR growth over last year with the strongest development in Eastern Europe. Middle East, Africa & Others was marginally below last year.

Reported RevPAR growth was 1.3%, as the negative impact of FX and new openings was only partially off-set by exits.



## Income Statement

### *Fourth quarter 2017*

| MEUR | Q4 2017 | Q4 2016 | Change | % |
|---|---|---|---|---|
| Revenue | 241.6 | 243.1 | –1.5 | –0.6% |
| EBITDA | 16.8 | 23.1 | –6.3 | –27.3% |
| *EBITDA margin* | *7.0%* | *9.5%* | *–2.5 pp* | |
| EBIT | –4.2 | –10.3 | 6.1 | 59.2% |
| *EBIT margin* | *–1.7%* | *–4.2%* | *2.5 pp* | |
| Profit/loss for the period | –6.0 | 16.9 | –22.9 | N/A |

Revenue decreased by MEUR 1.5 (–0.6%) to MEUR 241.6. The decrease is mainly due to the exit of one leased hotel last year and the strengthening of the Euro, partly offset by positive L/L RevPAR development.

On a L/L basis revenue increased by MEUR 6.7 (2.8%).

| MEUR | L/L | New | Out | FX | Change |
|---|---|---|---|---|---|
| Rooms Revenue | 3.4 | 0.3 | –1.6 | –2.6 | –0.5 |
| F&D Revenue | 1.0 | 0.2 | –1.7 | –1.5 | –2.0 |
| Other Hotel Revenue | –0.3 | 0.0 | –0.0 | –0.3 | –0.6 |
| **Total Leased Revenue** | **4.1** | **0.5** | **–3.3** | **–4.4** | **–3.1** |
| Fee Revenue | 2.1 | 1.4 | –1.7 | –0.8 | 1.0 |
| Other Revenue | 0.5 | — | — | 0.1 | 0.6 |
| **Total Revenue** | **6.7** | **1.9** | **–5.0** | **–5.1** | **–1.5** |

EBITDA decreased by MEUR 6.3 (–27.3%) to MEUR 16.8, mainly due MEUR 6.6 higher costs for restructurings and MEUR 0.9 higher costs for bad debts, partly offset by the positive development in the like-for-like portfolio.

Adjusted EBITDA was flat vs last year and amounted to MEUR 25.2.

EBIT increased by MEUR 6.1 (59.2%) to MEUR –4.2. The increase is mainly due to lower exit costs of MEUR 15.5, partly offset by the decrease in EBITDA and higher costs for write-downs of tangible assets of MEUR 4.4.

Adjusted EBIT increased by MEUR 1.3 (10.0%) to MEUR 14.3.

Profit/loss for the period decreased by MEUR 22.9 to MEUR –6.0. The increase in EBIT is offset by higher tax costs of MEUR 28.6, of which MEUR 26.7 are of one-off nature (change in tax rates in Belgium and France, capitalisation of deferred tax on losses and write-downs of deferred tax assets).

### *Twelve months ended December 2017*

| MEUR | FY 2017 | FY 2016 | Change | % |
|---|---|---|---|---|
| Revenue | 967.3 | 961.2 | 6.1 | 0.6% |
| EBITDA | 82.1 | 79.3 | 2.8 | 3.5% |
| *EBITDA margin* | *8.5%* | *8.3%* | *0.2 pp* | |
| EBIT | 14.7 | 3.0 | 11.7 | 390.0% |
| *EBIT margin* | *1.5%* | *0.3%* | *1.2 pp* | |
| Profit for the period | 4.4 | 26.4 | –22.0 | –83.3% |

Revenue increased by MEUR 6.1 (0.6%) to MEUR 967.3. The increase is mainly due to positive developments in the L/L portfolio and re-opening of two hotels after renovation, partly offset by the exit of four leased hotels last year and the temporary closure of one leased hotel for renovation.

On a L/L basis revenue increased by MEUR 38.3 (4.0%).

| MEUR | L/L | New | Out | FX | Change |
|---|---|---|---|---|---|
| Rooms Revenue | 24.3 | 4.7 | –16.3 | –9.9 | 2.8 |
| F&D Revenue | 4.3 | 3.2 | –9.2 | –3.9 | –5.6 |
| Other Hotel Revenue | –0.6 | 0.3 | –1.2 | –0.7 | –2.2 |
| **Total Leased Revenue** | **28.0** | **8.2** | **–26.7** | **–14.5** | **–5.0** |
| Fee Revenue | 7.1 | 6.3 | –4.7 | –1.0 | 7.7 |
| Other Revenue | 3.2 | — | — | 0.2 | 3.4 |
| **Total Revenue** | **38.3** | **14.5** | **–31.4** | **–15.3** | **6.1** |

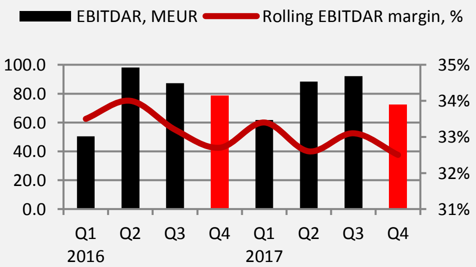
EBITDA increased by MEUR 2.8 (3.5%) to MEUR 82.1. The positive impact of the revenue increase and the exit of loss-making leases last year is partly offset by MEUR 7.8 higher one-off costs (mainly restructuring costs, costs incurred in connection with the resignation of the former CEO and financial advisor fees), as well as higher costs for bad debts of MEUR 2.7.

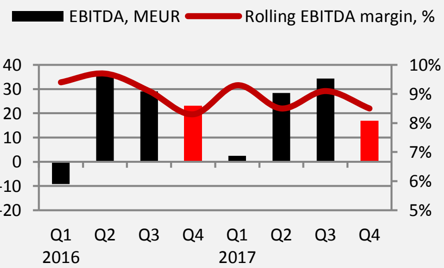
Adjusted EBITDA increased by MEUR 10.6 (12.1%) to MEUR 98.2.

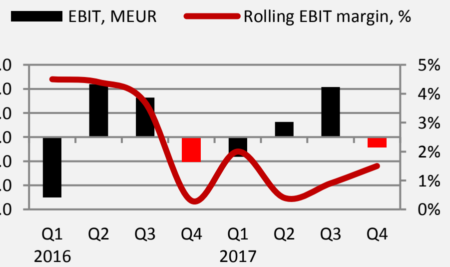
EBIT increased by MEUR 11.7 (390.0%) to MEUR 14.7, positively impacted by the increase in EBITDA and MEUR 24.7 lower costs for termination of lease contracts, partly offset by higher costs for write-downs of fixed assets of MEUR 13.5. In addition, EBIT was last year impacted by gain on sale of business of MEUR 1.9.

Adjusted EBIT increased by MEUR 10.2 (22.3%) to MEUR 56.0.

Profit for the period decreased by MEUR 22.0 (–83.3%) to MEUR 4.4. The increase in EBIT is offset by lower financial net of MEUR 1.7 (mainly exchange losses) and higher tax costs of MEUR 32.0, of which MEUR 26.7 are of one-off nature (change in tax rates, capitalisation of deferred tax on losses and write-downs of deferred tax assets).



# Q4 Comments by Region

### *Nordics*

| MEUR | Q4 2017 | Q4 2016 | Change | % |
|---|---|---|---|---|
| Revenue | 101.8 | 105.2 | –3.4 | –3.2% |
| L/L RevPAR [EUR] | 93.7 | 91.7 | 2.0 | 2.2% |
| EBITDA | 12.6 | 13.1 | –0.5 | –3.8% |
| *EBITDA margin* | *12.4%* | *12.5%* | *–0.1 pp* | |
| EBIT | 2.2 | 8.0 | –5.8 | –72.5% |
| *EBIT margin* | *2.2%* | *7.6%* | *–5.4 pp* | |

Revenue decreased by MEUR 3.4 (–3.2%) to MEUR 101.8. The decrease is mainly due to the exit of one leased hotel and the weakening of the Norwegian krona, partly offset by positive L/L RevPAR development.

L/L RevPAR increased by 2.2%, as average rate growth off-set a decline in occupancy. Norway (11.4%) continued to be the growth driver. Denmark (–10.7%) was negatively impacted by renovations and events last year. Sweden (–6.4%) was negatively impacted by renovations as well as softening of demand in Stockholm.

EBITDA decreased by MEUR 0.5 (–3.8%) to MEUR 12.6, mainly due to negative one-off items of MEUR 0.8.

EBIT decreased by MEUR 5.8 (–72.5%) to MEUR 2.2, impacted by higher costs for write-downs of fixed assets of MEUR 6.3.

### *Rest of Western Europe*

| MEUR | Q4 2017 | Q4 2016 | Change | % |
|---|---|---|---|---|
| Revenue | 120.6 | 120.7 | –0.1 | –0.1% |
| L/L RevPAR [EUR] | 86.5 | 83.4 | 3.1 | 3.7% |
| EBITDA | 13.2 | 14.9 | –1.7 | –11.4% |
| *EBITDA margin* | *10.9%* | *12.3%* | *–1.4 pp* | |
| EBIT | 3.0 | –13.3 | 16.3 | N/A |
| *EBIT margin* | *2.5%* | *–11.0%* | *13.5 pp* | |

Revenue decreased by MEUR 0.1 (–0.1%) to MEUR 120.6. The decrease is mainly due to the weakening of the British pound and the Swiss franc, partly off-set by positive L/L RevPAR development.

L/L RevPAR grew by 3.7%, as average rate growth off-setting a slight decline in occupancy. All key countries except for Germany were above last year. The strongest growth was seen in France (16.9%) and Ireland (11.0%). Germany (–0.8%) was negatively impacted by the fair cycle and the closure of Congress Center Hamburg.

EBITDA decreased by MEUR 1.7 (–11.4%) to MEUR 13.2, negatively impacted by restructuring costs of MEUR 2.1.

EBIT increased by MEUR 16.3 to MEUR 3.0. The decrease in EBITDA was offset by, mainly, MEUR 15.5 lower costs for termination of contracts and MEUR 1.9 lower costs for write-downs of fixed assets.

### *Eastern Europe*

| MEUR | Q4 2017 | Q4 2016 | Change | % |
|---|---|---|---|---|
| Revenue | 11.2 | 8.6 | 2.6 | 30.2% |
| L/L RevPAR [EUR] | 46.7 | 41.5 | 5.2 | 12.5% |
| EBITDA | 6.5 | 5.6 | 0.9 | 16.1% |
| *EBITDA margin* | *58.0%* | *65.1%* | *–7.1 pp* | |
| EBIT | 6.4 | 5.6 | 0.8 | 14.3% |
| *EBIT margin* | *57.1%* | *65.1%* | *–8.0 pp* | |

Revenue increased by MEUR 2.6 (30.2%) to MEUR 11.2. The increase is mainly due to the strong L/L RevPAR development and higher incentive fees.

L/L RevPAR improved by 12.5% via both average room rate and occupancy. Turkey (41.5%), recovering from the terrorist attacks, attempted coup and unrest in the neighbouring countries last year, led the growth with Russia (17.8%) and Ukraine (10.1%) also having a strong quarter.

EBITDA increased by MEUR 0.9 (16.1%) to MEUR 6.5, due to higher revenue, partly off-set by higher costs for bad debts and marketing.

### *Middle East, Africa and Others*

| MEUR | Q4 2017 | Q4 2016 | Change | % |
|---|---|---|---|---|
| Revenue | 8.0 | 8.6 | –0.6 | –7.0% |
| L/L RevPAR [EUR] | 69.2 | 69.3 | –0.1 | –0.1% |
| EBITDA | 3.9 | 4.6 | –0.7 | –15.2% |
| *EBITDA margin* | *48.8%* | *53.5%* | *–4.7 pp* | |
| EBIT | 3.6 | 4.5 | –0.9 | –20.0% |
| *EBIT margin* | *45.0%* | *52.3%* | *–7.3 pp* | |

Revenue decreased by MEUR 0.6 (–7.0%) to MEUR 8.0, mainly due to lower franchise and incentive fees as well as one-off items.

L/L RevPAR decreased marginally, –0.1%, as gains in occupancy did not fully off-set losses in average room rates. The results remain mixed with recovery in Northern Africa (e.g. Tunisia 77.5% and Egypt 52.8%), growth in several countries (e.g. Kuwait 11.1% and Oman 8.6%), but challenges in others (e.g. Saudi Arabia –13.2%, United Arab Emirates –3.2% and South Africa –2.1%).

EBITDA decreased by MEUR 0.7 (–15.2%) to MEUR 3.9, mainly due to lower revenue.

### *Central costs*

Central costs for the quarter amounted to MEUR 19.4, an increase compared to last year of MEUR 4.3, which is mainly due to higher redundancy costs.

## Comments to the Balance Sheet

Non-current assets increased by MEUR 3.4 from year-end 2016 and amounted to MEUR 351.1. The increase is mainly due to investments in intangible and tangible fixed assets of MEUR 73.8, partly offset by depreciation costs and write-downs of in total MEUR 63.2 and exchange differences on translation of foreign operations.

Net working capital, excluding cash and cash equivalents, but including current tax assets and liabilities, was MEUR –48.6 at the end of 2017, compared to MEUR –38.4 at year-end 2016.

Compared to year-end 2016, equity decreased by MEUR 12.0 to MEUR 253.7, mainly due to distributed dividend of MEUR 8.5 and exchange differences on translation of foreign operations, partly offset by the profit for the period of MEUR 4.4.

| **MEUR** | **31 Dec 17** | **31 Dec 16** |
|---|---|---|
| Total assets | 513.4 | 502.5 |
| Net working capital | –48.6 | –38.4 |
| Net cash (debt) | –31.7 | –20.9 |
| Equity | 253.7 | 265.7 |

## Cash Flow and Liquidity

| **MEUR** | **FY 2017** | **FY 2016** |
|---|---|---|
| Cash flow before working capital changes | 54.1 | 37.8 |
| Change in working capital | 18.3 | –3.9 |
| Cash flow from investing activities | –73.7 | –83.1 |
| **Free cash flow** | **–1.3** | **–49.2** |
| Cash flow from financing activities | 0.8 | 16.1 |
| **Cash flow for the period** | **–0.5** | **–33.1** |

Cash flow from operations, before change in working capital, amounted to MEUR 54.1, an increase of MEUR 16.3 and mainly due to improved EBIT adjusted for non-cash items. Cash flow from change in working capital amounted to MEUR 18.3, compared to MEUR –3.9 last year. The positive change in working capital is mainly due to higher accounts payables and accrued expenses per end of 2017.

Cash flow used in investing activities was MEUR 9.4 lower compared to last year and amounted to MEUR –73.7. The decrease is mainly due to the investment in prize Holding GmbH of MEUR 14.7 last year, partly offset by higher investments in the fee business (intangible assets).

Cash flow from financing activities amounted to MEUR 0.8 (16.1). Increase in use of overdraft is partly offset by distributed dividend of MEUR 8.5.

At the end of the period, Rezidor had MEUR 7.4 (8.0) in cash and cash equivalents. The total credit facilities available for use at the end of the period amounted to MEUR 200.0 (200.0). MEUR 2.6 (2.8) was used for bank guarantees and MEUR 30.4 (20.5) was used for overdrafts, leaving MEUR 167.0 (176.7) in available credit for use.

The committed credit facilities have a tenor until November 2018 and carry customary covenants, including change of control and delisting provisions. A change of control situation occurred in connection with HNA's completion of its purchase of Carlson Hotels, Inc. in December 2016. The banks have waived their rights under the change of control provisions related to HNA's acquisition.

Net interest-bearing assets amounted to MEUR –17.3 (–4.8 at year-end 2016).

Net cash (debt) equalled MEUR –31.7 (–20.9 at year-end 2016).

## Subsequent Events

There are no significant post balance sheet events to report.

## Material Risks and Uncertainties

No material changes have taken place during the period and reference is therefore made to the detailed description provided in the annual report for 2016. The general market, economic and financial conditions as well as the development of RevPAR in various countries where Rezidor operates, continue to be the most important factors influencing the company's earnings. To reduce the risks associated with operating in Emerging Markets, Rezidor applies an asset light business model.

Management is continuously analysing ways to improve the performance of the hotel portfolio. Future cash flow projections related to leases or management agreements with performance guarantees are sensitive to changes in discount rate, occupancy and room rate assumptions. Changes in such assumptions may lead to a renewed assessment of the value of certain assets and the risk for loss making contracts.

The financial impact of exiting contracts is uncertain, and it cannot be ruled out that an exit could lead to a cash outflow which is currently not fully reflected in the reported liabilities of the Group.

Deferred tax is recognised on temporary differences between stated and taxable income and on unutilised tax losses carried forward. In addition to changes to future cash flow projections, deferred tax assets are also sensitive to changes in tax rules and regulations.

The Parent Company performs services of a common Group character. The risks for the Parent Company are the same as for the Group.

## Seasonal Effects

Rezidor is active in an industry with seasonal variations. Sales and profits vary by quarter and the first quarter is generally the weakest. The timing of Easter can have a significant impact on Earnings when comparing to the equivalent period for the previous year. For quarterly revenue and margins, see table on page 19.

## Sensitivity Analysis

With the current business model and portfolio mix Rezidor estimates that a EUR 1 RevPAR variation would result in a MEUR 6–8 change in L/L EBITDA. Future cash flow projections related to leases or management agreements with performance guarantees are sensitive to changes in discount rates, occupancy and room rate assumptions. Changes in such assumptions may lead to a renewed assessment of the value of certain assets and the risk for loss making contracts.

## Auditor's Review

The report has not been subject to review by the auditors.

## Presentation of the Q4 Results

On February 21, 2018 at 10:00 CET, a combined telephone conference and live webcast (in English) concerning the report will be presented by the President & CEO, Federico González-Tejera and Deputy President & CFO, Knut Kleiven. To follow the webcast, please visit www.investor.rezidor.com.

To access the telephone conference, please dial:

| | |
|---|---|
| Belgium, Local | +32 2 400 6926 |
| Belgium, Free | 0800 38625 |
| Sweden, Local: | +46 8 5065 3942 |
| Sweden, Free: | 0200 883 464 |
| UK, Local: | +44 330 336 9411 |
| UK, Free: | 0800 279 7204 |
| USA, Local: | +1 720 543 0214 |
| USA, Free: | 800 239 9838 |
| France, Local: | +33 1 76 77 22 57 |
| France, Free: | 0805 101 278 |
| Norway, Local: | +47 2350 0296 |
| Norway, Free: | 800 51084 |

Confirmation code: 7721772. For a replay of the conference call please visit www.investor.rezidor.com.

## Financial Calendar

Q1 2018 results: April 26, 2018
AGM 2018: April 26, 2018
Q2 2018 results: July 26, 2018 (TBC)
Q3 2018 results: October 25, 2018 (TBC)

## Annual General Meeting 2018

The Annual General Meeting of Rezidor Hotel Group AB (publ) will take place on April 26, 2018 at 15.00 CET at the Radisson Blu Royal Viking Hotel in Stockholm. Please note that the location for the meeting has changed since first disclosed.

The Nominating Committee ahead of the Annual General Meeting consist of Kin Ching Lo (chairman of the committee), representing HNA Tourism, Trelawny Williams, representing Fidelity International, Abhishek Agrawal, representing Polygon Global Partners LLP, and Di Xin (without voting rights), chairman of the Board of Directors.

## For Further Information, Contact

Knut Kleiven
Deputy President & CFO
Tel: +32 2 702 9244
knut.kleiven@radissonhotels.com

Pablo Corrales Diaz
Director, Strategy & Investor Relations
Tel: +32 2 702 9286
pablo.corrales@radissonhotels.com

The Rezidor Hotel Group Corporate Office
Avenue du Bourget 44
B-1130 Brussels
Belgium
Tel: +32 2 702 9200
Fax: +32 2 702 9300

Website: www.rezidor.com

## About the Rezidor Hotel Group

The Rezidor Hotel Group is focused on hotel management and operates the core brands Radisson Blu and Park Inn by Radisson, as well as Radisson RED, an upscale "lifestyle select" brand inspired by the millennial lifestyle, and Quorvus Collection, a new generation of distinctive five-star hotels. Rezidor also holds 49% in prizeotel, a young hotel chain in the economy segment.

The portfolio consists of 472 hotels with over 104,000 rooms in operation and under development in 79 countries across Europe, the Middle East and Africa.

Rezidor's strategy is to grow with an asset-right approach, balancing management and franchise contracts with selected lease contracts. Management and franchise contracts offer a higher profit margin and more stable income streams and lease contracts allow Rezidor to complete their presence in Mature markets.

Rezidor is a member of the Carlson Rezidor Hotel Group. For more information, visit www.rezidor.com.

This year-end report comprises information which Rezidor Hotel Group AB (publ) is required to disclose under the Securities Markets Act and/or the Financial Instruments Trading Act. It was released for publication at 07:30 CET on February 21, 2018.

Stockholm, February 21, 2018

The Board of Directors

Rezidor Hotel Group AB (publ)

## Condensed Consolidated Statement of Operations

| MEUR | Q4 2017 | Q4 2016 | FY 2017 | FY 2016 |
|---|---|---|---|---|
| Revenue | 241.6 | 243.1 | 967.3 | 961.2 |
| Costs of goods sold for Food & Drinks and other related expenses | –13.3 | –14.9 | –51.0 | –53.9 |
| Personnel cost and contract labour | –93.2 | –86.1 | –347.8 | –337.8 |
| Other operating expenses | –59.2 | –60.0 | –239.4 | –240.9 |
| Insurance of properties and property tax | –3.5 | –3.4 | –14.5 | –14.0 |
| **Operating profit before rental expense, share of income in associates and joint ventures, depreciation and amortisation, costs due to termination of contracts, gain/loss on sale of fixed assets, net financial items and income tax (EBITDAR)** | **72.4** | **78.7** | **314.6** | **314.6** |
| Rental expense | –55.7 | –56.0 | –231.7 | –235.9 |
| Share of income in associates and joint ventures | 0.1 | 0.4 | –0.8 | 0.6 |
| **Operating profit before depreciation and amortisation, costs due to termination of contracts, gain/loss on sale of fixed assets, net financial items and income tax (EBITDA)** | **16.8** | **23.1** | **82.1** | **79.3** |
| Depreciation and amortisation | –10.9 | –12.2 | –42.2 | –41.8 |
| Write-downs and reversals of write-downs | –7.3 | –2.9 | –21.0 | –7.5 |
| Costs due to termination of contracts | –2.8 | –18.3 | –4.2 | –28.9 |
| Gain/loss on sale of shares, intangible and tangible assets | –0.0 | 0.0 | –0.0 | 1.9 |
| **Operating profit/loss (EBIT)** | **–4.2** | **–10.3** | **14.7** | **3.0** |
| Financial income | 0.1 | 1.0 | 1.2 | 2.5 |
| Financial expense | –0.2 | –0.7 | –3.2 | –2.8 |
| **Profit/loss before tax** | **–4.3** | **–10.0** | **12.7** | **2.7** |
| Income tax | –1.7 | 26.9 | –8.3 | 23.7 |
| **Profit/loss for the period** | **–6.0** | **16.9** | **4.4** | **26.4** |
| **Attributable to:** | | | | |
| Owners of the parent company | –6.0 | 16.9 | 4.4 | 26.4 |
| Non-controlling interests | — | — | — | — |
| **Profit/loss for the period** | **–6.0** | **16.9** | **4.4** | **26.4** |
| Basic average no. of shares outstanding | 171,166,316 | 170,749,304 | 170,952,649 | 170,725,046 |
| Diluted average no. of shares outstanding | 172,423,273 | 173,523,326 | 172,653,954 | 173,509,152 |
| **Earnings per share, in EUR** | | | | |
| Basic | –0.04 | 0.10 | 0.03 | 0.15 |
| Diluted | –0.04 | 0.10 | 0.03 | 0.15 |

## Consolidated Statement of Comprehensive Income

| MEUR | Q4 2017 | Q4 2016 | FY 2017 | FY 2016 |
|---|---|---|---|---|
| **Profit/loss for the period** | **–6.0** | **16.9** | **4.4** | **26.4** |
| **Other comprehensive income:** | | | | |
| *Items that will not be reclassified subsequently to profit or loss:* | | | | |
| Actuarial gains and losses | 0.6 | 0.5 | 0.6 | 2.3 |
| Tax on actuarial gains and losses | –0.2 | –0.2 | –0.2 | –0.8 |
| *Items that may be reclassified subsequently to profit or loss:* | | | | |
| Exchange differences on translation of foreign operations | –2.9 | 1.4 | –9.2 | 3.5 |
| Tax on exchange differences | 0.3 | –0.6 | –0.3 | –2.7 |
| Fair value gains and losses on cash flow hedges | 0.2 | –0.1 | 0.3 | –0.3 |
| Tax on fair value gains and losses on cash flow hedges | –0.1 | 0.1 | –0.1 | 0.1 |
| **Other comprehensive income for the period, net of tax** | **–2.1** | **1.1** | **–8.9** | **2.1** |
| **Total comprehensive income for the period** | **–8.1** | **18.0** | **–4.5** | **28.5** |
| | | | | |
| **Attributable to:** | | | | |
| Owners of the parent company | –8.1 | 18.0 | –4.5 | 28.5 |
| Non-controlling interests | — | — | — | — |

## Condensed Consolidated Balance Sheet Statements

| MEUR | 31 Dec 2017 | 31 Dec 2016 |
|---|---|---|
| **ASSETS** | | |
| Intangible assets | 61.5 | 61.0 |
| Tangible assets | 193.0 | 189.0 |
| Investments in associated companies and joint ventures | 16.2 | 18.0 |
| Other shares and participations | 5.7 | 5.2 |
| Other long-term receivables | 14.2 | 16.7 |
| Deferred tax assets | 60.5 | 57.8 |
| **Total non-current assets** | **351.1** | **347.7** |
| Inventories | 4.3 | 4.6 |
| Other current receivables | 137.0 | 125.4 |
| Derivative financial instruments | 0.2 | 0.0 |
| Cash and cash equivalents | 7.4 | 8.0 |
| Assets classified as held for sale | 13.4 | 16.8 |
| **Total current assets** | **162.3** | **154.8** |
| **TOTAL ASSETS** | **513.4** | **502.5** |
| **EQUITY AND LIABILITIES** | | |
| Equity attributable to equity holders of the parent | 253.7 | 265.7 |
| Non-controlling interests | 0.0 | 0.0 |
| **Total equity** | **253.7** | **265.7** |
| Deferred tax liabilities | 15.6 | 19.1 |
| Retirement benefit obligations | 3.3 | 3.7 |
| Other long-term liabilities | 23.9 | 25.1 |
| **Total non-current liabilities** | **42.8** | **47.9** |
| Liabilities to financial institutions | 30.4 | 20.5 |
| Derivative financial instruments | 0.0 | 0.1 |
| Other current liabilities | 186.5 | 165.5 |
| Liabilities classified as held for sale | — | 2.8 |
| **Total current liabilities** | **216.9** | **188.9** |
| **TOTAL EQUITY AND LIABILITIES** | **513.4** | **502.5** |
| Number of ordinary shares outstanding at the end of the period | 171,166,316 | 170,808,498 |
| Number of ordinary shares held by the company | 3,222,541 | 3,580,359 |
| Number of registered ordinary shares at the end of the period | 174,388,857 | 174,388,857 |

## Consolidated Statement of Changes in Equity

| MEUR | Share capital | Other paid in capital | Other reserves | Retained earnings incl. net profit/loss for the period | **Attributable to equity holders of the parent** | Non-controlling interests | **Total equity** |
|---|---|---|---|---|---|---|---|
| **Opening balance as of January 1, 2016** | **11.6** | **177.1** | **3.6** | **54.4** | **246.7** | **0.0** | **246.7** |
| Profit for the period | — | — | — | 26.4 | **26.4** | — | **26.4** |
| *Other comprehensive income:* | | | | | | | |
| Actuarial gains and losses on defined benefit plans | — | — | — | 2.3 | **2.3** | — | **2.3** |
| Tax on actuarial gains and losses on defined benefit plans | — | — | — | –0.8 | **–0.8** | — | **–0.8** |
| Currency differences on translation of foreign operations | — | — | 3.5 | — | **3.5** | — | **3.5** |
| Tax on exchange differences recognised in other comprehensive income | — | — | –2.7 | — | **–2.7** | — | **–2.7** |
| Cash flow hedges | — | — | –0.3 | — | **–0.3** | — | **–0.3** |
| Tax on cash flow hedges | — | — | 0.1 | — | **0.1** | — | **0.1** |
| **Total comprehensive income for the period** | **—** | **—** | **0.6** | **27.9** | **28.5** | **—** | **28.5** |
| *Transactions with owners:* | | | | | | | |
| Dividend | — | — | — | –11.9 | **–11.9** | — | **–11.9** |
| Long term incentive programmes | — | — | — | 2.4 | **2.4** | — | **2.4** |
| **Ending balance as of December 31, 2016** | **11.6** | **177.1** | **4.2** | **72.8** | **265.7** | **0.0** | **265.7** |
| | | | | | | | |
| **Opening balance as of January 1, 2017** | **11.6** | **177.1** | **4.2** | **72.8** | **265.7** | **0.0** | **265.7** |
| Profit for the period | — | — | — | 4.4 | **4.4** | — | **4.4** |
| *Other comprehensive income:* | | | | | | | |
| Actuarial gains and losses on defined benefit plans | — | — | — | 0.6 | **0.6** | — | **0.6** |
| Tax on actuarial gains and losses on defined benefit plans | — | — | — | –0.2 | **–0.2** | — | **–0.2** |
| Currency differences on translation of foreign operations | — | — | –9.1 | — | **–9.1** | — | **–9.1** |
| Tax on exchange differences recognised in other comprehensive income | — | — | –0.3 | — | **–0.3** | — | **–0.3** |
| Cash flow hedges | — | — | 0.3 | — | **0.3** | — | **0.3** |
| Tax on cash flow hedges | — | — | –0.1 | — | **–0.1** | — | **–0.1** |
| **Total comprehensive income for the period** | **—** | **—** | **–9.2** | **4.8** | **–4.5** | **—** | **–4.5** |
| *Transactions with owners:* | | | | | | | |
| Dividend | — | — | — | –8.5 | **–8.5** | — | **–8.5** |
| Long term incentive programmes | — | — | — | 0.9 | **0.9** | — | **0.9** |
| **Ending balance as of December 31, 2017** | **11.6** | **177.1** | **–5.0** | **70.0** | **253.7** | **0.0** | **253.7** |

## Condensed Consolidated Statement of Cash Flow

| MEUR | Q4 2017 | Q4 2016 | FY 2017 | FY 2016 |
|---|---|---|---|---|
| **Operating profit (EBIT)** | **–4.2** | **–10.3** | **14.7** | **3.0** |
| Non-cash items | 17.2 | 15.0 | 64.4 | 49.3 |
| Interest, taxes paid and other cash items | –11.5 | –4.5 | –25.0 | –14.5 |
| Change in working capital | 15.9 | –4.9 | 18.3 | –3.9 |
| **Cash flow from operating activities** | **17.4** | **–4.7** | **72.4** | **33.9** |
| Purchase of intangible assets | –2.0 | –0.3 | –7.6 | –0.8 |
| Purchase of tangible assets | –26.4 | –20.5 | –66.2 | –70.3 |
| Net proceeds from sale of shares in subsidiaries | — | — | — | 0.6 |
| Investments in associated companies and joint ventures | — | — | — | –14.7 |
| Other investments/divestments | 0.2 | 1.0 | 0.1 | 2.1 |
| **Cash flow from investing activities** | **–28.2** | **–19.8** | **–73.7** | **–83.1** |
| Dividend | — | — | –8.5 | –11.9 |
| External financing, net | 10.7 | 20.8 | 9.3 | 28.0 |
| **Cash flow from financing activities** | **10.7** | **20.8** | **0.8** | **16.1** |
| **Cash flow for the period** | **–0.1** | **–3.7** | **–0.5** | **–33.1** |
| Effects of exchange rate changes on cash and cash equivalents | 0.1 | 0.2 | –0.1 | 0.0 |
| **Cash and cash equivalents at beginning of the period** | **7.4** | **11.5** | **8.0** | **41.1** |
| **Cash and cash equivalents at end of the period** | **7.4** | **8.0** | **7.4** | **8.0** |

## Parent Company, Condensed Statement of Operations

| MEUR | Q4 2017 | Q4 2016 | FY 2017 | FY 2016 |
|---|---|---|---|---|
| Revenue | 3.5 | 3.3 | 14.5 | 11.8 |
| Personnel cost and contract labour | –1.8 | –1.8 | – 7.0 | – 6.6 |
| Other operating expenses | –7.3 | –5.8 | – 20.7 | – 16.3 |
| **Operating profit/loss before depreciation and amortization (EBITDA)** | **–5.6** | **–4.3** | **–13.2** | **–11.1** |
| Depreciation and amortization | –0.0 | –0.0 | –0.1 | –0.1 |
| **Operating profit/loss (EBIT)** | **–5.6** | **–4.3** | **–13.3** | **–11.2** |
| Financial income | 13.1 | 10.5 | 13.2 | 10.8 |
| Financial expense | 0.0 | 0.0 | –0.0 | 0.0 |
| **Profit/loss before tax** | **7.5** | **6.2** | **–0.1** | **–0.4** |
| Income tax | –1.6 | –1.4 | 0.0 | –0.0 |
| **Profit/loss for the period** | **5.9** | **4.8** | **–0.1** | **–0.4** |

## Parent Company, Statement of Comprehensive Income

| | | | | |
|---|---|---|---|---|
| **Profit/loss for the period** | **5.9** | **4.8** | **–0. 1** | **–0.4** |
| **Other comprehensive income** | — | — | — | — |
| **Total comprehensive income for the period** | **5.9** | **4.8** | **–0.1** | **–0.4** |

## Parent Company, Condensed Balance Sheet Statements

| MEUR | 31 Dec 2017 | 31 Dec 2016 |
|---|---|---|
| **ASSETS** | | |
| Intangible assets | 0.0 | 0.0 |
| Tangible assets | 0.2 | 0.3 |
| Shares in subsidiaries | 236.9 | 236.0 |
| **Total non-current assets** | **237.1** | **236.3** |
| Current receivables | 36.5 | 42.7 |
| **Total current assets** | **36.5** | **42.7** |
| **TOTAL ASSETS** | **273.6** | **279.0** |
| **EQUITY AND LIABILITIES** | | |
| **Equity** | **265.1** | **272.8** |
| Current liabilities | 8.5 | 6.2 |
| **Total current liabilities** | **8.5** | **6.2** |
| **TOTAL EQUITY AND LIABILITIES** | **273.6** | **279.0** |

## Parent Company, Statement of Changes in Equity

| MEUR | Share capital | Share premium reserve | Retained earnings incl. net profit/loss for the period | Total equity |
|---|---|---|---|---|
| **Opening balance as of January 1, 2016** | **11.6** | **254.2** | **16.9** | **282.7** |
| Total comprehensive income for the period | — | — | –0.4 | **–0.4** |
| *Transactions with owners:* | | | | |
| Dividend | — | — | –11.9 | **–11.9** |
| Long term incentive programmes | — | — | 2.4 | **2.4** |
| **Ending balance as of December 31, 2016** | **11.6** | **254.2** | **7.0** | **272.8** |
| | | | | |
| **Opening balance as of January 1, 2017** | **11.6** | **254.2** | **7.0** | **272.8** |
| Total comprehensive income for the period | — | — | –0.1 | **–0.1** |
| *Transactions with owners:* | | | | |
| Dividend | — | — | –8.5 | **–8.5** |
| Long term incentive programmes | — | — | 0.9 | **0.9** |
| **Ending balance as of December 31, 2017** | **11.6** | **254.2** | **–0.7** | **265.1** |

## Comments on the Income Statement

The primary purpose of the Parent Company is to act as a holding company for the Group's investments in hotel operating subsidiaries in various countries. In addition to this main activity, the Parent Company also serves as a Shared Service Centre.

The main revenue of the company is internal fees charged to hotels for the services provided by the Shared Service Centre. In Q4 2017 and YTD 2017 the intercompany revenue of the Parent Company amounted to MEUR 2.8 (3.1) and MEUR 12.7 (11.0) respectively. The intercompany costs in Q4 2017 and YTD 2017 amounted to MEUR 6.5 (4.8) and MEUR 14.7 (12.1) respectively.

The increase in profit before tax YTD 2017 of MEUR 0.3 is mainly due to increase in received group contribution of MEUR 2.5, partly set off by one-off financial advisor fees of MEUR 2.2 incurred in connection with the public offer on the shares of the company.

## Comments on the Balance Sheet

The decrease in current assets by MEUR 6.2 since year end 2016 is mainly due to changes in intercompany balances. At the end of the year the intercompany receivables amounted to MEUR 35.5 (42.4).

The increase in current liabilities by MEUR 2.3 since year end 2016 is mainly due to increase in intercompany liabilities of MEUR 1.6.

## Notes to Condensed Consolidated Financial Statements

### *Basis of preparation*

The report has been prepared in accordance with the Swedish Annual Accounts Act and International Accounting Standard (IAS) 34 Interim Financial Reporting. The report has been prepared using accounting principles consistent with International Financial Reporting Standards (IFRS). Disclosures in accordance with IAS 34 Interim Financial Reporting are presented either in notes or elsewhere in the report.

The report for the Parent Company has been prepared in accordance with Swedish Annual Accounts Act and Recommendation RFR 2, Accounting for Legal Entities, issued by Swedish Financial Accounting Standards Council.

The same accounting policies, presentation and methods of computation have been followed in this report as were applied in the company's 2016 Annual Report.

International Accounting Standards Board (IASB) has issued two standards that are effective as from January 1, 2018 or later; IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers.*

**IFRS 9 *Financial instruments***

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

The group does not expect the new guidance to affect the classification and measurement of financial assets and there will be no impact either on the group's accounting for financial liabilities.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. The group has confirmed that its current hedge relationships will qualify as continuing hedges upon the adoption of IFRS 9.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortized cost such as long and short-term receivables. Based on the assessments undertaken to date, the group expects no material change in the loss allowance for these instruments.

The new standard also introduces expanded disclosure requirements. These are expected to change the nature and extent of the group's disclosures about its financial instruments.

**IFRS 15 *Revenue from Contracts with Customers***

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The group primarily has the following revenues.

Leased properties – primarily received from hotel operations, including all revenue received from guests for accommodation, conferences, food and drinks or other services. Revenue is recognised when the sale has been rendered.

Management fees – received from hotels managed by the Group under long-term contracts with the hotel owner. Management fee is normally a percentage of hotel revenue and/or profit and recognised in the income statement when earned and realised or realisable under the terms of the contract.

Franchise fees – received in connection with the license of the Group's brand names, usually under long-term contracts with the hotel owner. Franchise fee is normally a percentage of hotel revenue and/or profit and recognized in the income statement based on the underlying contract agreements.

Based on the analysis of the standard the group has concluded that there will be no change of revenue recognition as current accounting is also acceptable under IFRS 15. Furthermore, as Rezidor is not liable for the Club Carlson loyalty programme, there will be no effect by IFRS 15.

The standard permits either a full retrospective or a modified retrospective approach for the adoption. Rezidor intends to adopt the standard using the modified retrospective approach.

### *Incentive programmes*

In 2014, 2015 and 2016 the AGM's have approved long-term equity settled performance-based incentive programmes to be offered to executives within Rezidor. The structure of the programmes is similar. The programmes are comprised of both matching shares and performance shares. The President and CEO and other members of the Executive Committee have been offered the opportunity to participate in the performance share part as well as the matching share part of the programmes. Other key executives have been offered to participate in the performance share part of the programmes.

To qualify for matching shares, each participant shall meet certain requirements, including a shareholding requirement of at least three years and continuing employment with the company during the vesting period. Exemptions may be prescribed in specific cases. To qualify for performance shares, each participant must, in addition to the requirement regarding continuing employment during the vesting period, meet a performance target based on cumulative earnings per share for three consecutive financial years, starting as from the year the programme has been approved by the AGM.

The qualification period for the 2014 programme ended on June 29, 2017. The performance target was not met, hence only participants offered to participate in the matching share part of the programme have been awarded shares. Three members of the Executive Committee have been awarded in total 13,725 shares in 2017.

Four members of the Executive Committee participate in the 2015 programme entitling them to a total maximum of 292,586 shares. 20 other members of management participate in the programme, entitling them to a maximum of 307,935 shares.

The total value of the 2015 programme at grant date, based on 35 participants and including social security costs, amounted to MEUR 5.0.

Four members of the Executive Committee participate in the 2016 programme entitling them to a total maximum of 325,885 shares. 22 other members of management participate in the programme, entitling them to a maximum of 330,551 shares.

The total value of the 2016 programme at grant date, based on 40 participants and including social security costs, amounted to MEUR 5.4.

Participants in the 2014–2016 programmes that have left the company have been awarded 344,093 shares in 2017, where of the former President and CEO 287,991 shares.

The net costs recognised in the income statement during Q4 2017 and YTD 2017 in accordance with IFRS 2 for the incentive programmes amounted to MEUR –0.2 (0.7) and MEUR 0.9 (2.7) respectively.

### *Share buy-back*

The number of treasury shares held by the company at the end of the quarter was 3,222,541, corresponding to 1.8% of all registered shares. The average number of its own shares held by the company during Q4 2017 was 3,222,541 (3,639,553). The shares have been bought back in 2007 and 2008 following authorisations at the AGMs in the same years. Most the shares bought back are held to secure delivery of shares in the incentive programmes and the related social security costs.

### *Financial instruments measured at fair value*

On December 31, 2017, Rezidor had financial instruments measured at fair value amounting to MEUR 5.7 (5.2).

### *Related party transactions*

HNA Group Co., Ltd. ("HNA") and its affiliates, including Radisson Hospitality, Inc. (former Carlson Hotels, Inc.), are significant related parties.

On December 31, 2017 Rezidor had receivables of MEUR 1.3 related to Radisson Hospitality, Inc. (none as at December 31, 2016) and current liabilities of MEUR 1.0 (1.0). The business relationship with Radisson Hospitality, Inc. mainly consisted of operating costs related to the use of the brands and the use of Radisson Hospitality, Inc.'s reservation system. During Q4 2017 and YTD 2017 Rezidor had operating costs towards Radisson Hospitality, Inc. of MEUR 4.1 (4.5) and MEUR 18.1 (18.9) respectively.

Radisson Hospitality, Inc. also charged MEUR 1.5 (1.4) and MEUR 5.5 (5.4), respectively, for points earned in the Club Carlson loyalty programme and reimbursed MEUR 0.7 (0.6) and MEUR 2.9 (2.9), respectively, for points redeemed. Furthermore, Radisson Hospitality, Inc. recharged MEUR 1.3 (1.2) and MEUR 5.4 (4.9) of costs incurred from third parties, mainly internet-based reservation channels.

Radisson Hospitality, Inc. and Rezidor are also cooperating in various other areas, such as global sales, brand websites, revenue optimisation tools and purchasing. During Q4 2017 and YTD 2017 Rezidor had revenue towards Radisson Hospitality, Inc. of MEUR 1.0 (0.2) and MEUR 1.8 (1.0), respectively, and costs of MEUR 0.2 (0.1) and MEUR 1.2 (0.4), respectively, related to these cost sharing arrangements.

Except for the above-mentioned transactions with Radisson Hospitality, Inc., there are no material transactions with HNA or its affiliates.

### *Pledged assets and contingent liabilities*

| **Pledged assets, MEUR** | **31 Dec 2017** | **31 Dec 2016** |
|---|---|---|
| Pledged assets | — | — |

| **Contingent liabilities, MEUR** | **31 Dec 2017** | **31 Dec 2016** |
|---|---|---|
| Tax claim interest deduction Sweden | 6.3 | 5.4 |
| Guarantees provided | 2.6 | 2.8 |

## RevPAR Development by Brand (Leased & Managed Hotels)

| | L/L Occupancy | | L/L Average Room Rates | | L/L RevPAR | | Reported RevPAR | |
|---|---|---|---|---|---|---|---|---|
| **In EUR** | **Q4 2017** | **vs. 2016** | **Q4 2017** | **vs. 2016** | **Q4 2017** | **vs. 2016** | **Q4 2017** | **vs. 2016** |
| Radisson Blu | 65.6% | 1.5 pp | 119.4 | 1.6% | 78.4 | 4.0% | 73.3 | –0.6% |
| Park Inn by Radisson | 64.9% | 1.3 pp | 72.1 | 3.5% | 46.7 | 5.6% | 43.0 | –0.5% |
| **Group** | **65.5%** | **1.5 pp** | **108.1** | **1.9%** | **70.8** | **4.3%** | **65.7** | **–0.8%** |

| **In EUR** | **FY 2017** | **vs. 2016** | **FY 2017** | **vs. 2016** | **FY 2017** | **vs. 2016** | **FY 2017** | **vs. 2016** |
|---|---|---|---|---|---|---|---|---|
| Radisson Blu | 68.6% | 1.5 pp | 120.7 | 1.9% | 82.9 | 4.3% | 77.1 | 0.6% |
| Park Inn by Radisson | 68.8% | 2.3 pp | 72.8 | 3.7% | 50.1 | 7.2% | 47.3 | 4.7% |
| **Group** | **68.7%** | **1.7 pp** | **108.8** | **2.2%** | **74.7** | **4.8%** | **69.7** | **1.3%** |

## RevPAR Development by Region (Leased & Managed Hotels)

| | L/L Occupancy | | L/L Average Room Rates | | L/L RevPAR | | Reported RevPAR | |
|---|---|---|---|---|---|---|---|---|
| **In EUR** | **Q4 2017** | **vs. 2016** | **Q4 2017** | **vs. 2016** | **Q4 2017** | **vs. 2016** | **Q4 2017** | **vs. 2016** |
| Nordics | 70.3% | –1.9 pp | 133.3 | 5.0% | 93.7 | 2.2% | 86.8 | –1.0% |
| Rest of Western Europe | 73.2% | –0.5 pp | 118.1 | 4.4% | 86.5 | 3.7% | 85.2 | 2.9% |
| Eastern Europe | 58.1% | 2.8 pp | 80.4 | 7.2% | 46.7 | 12.5% | 44.2 | 8.7% |
| Middle East, Africa & Others | 62.5% | 4.4 pp | 110.8 | –7.1% | 69.2 | –0.1% | 57.8 | –13.7% |
| **Group** | **65.5%** | **1.5 pp** | **108.1** | **1.9%** | **70.8** | **4.3%** | **65.7** | **–0.8%** |

| **In EUR** | **FY 2017** | **vs. 2016** | **FY 2017** | **vs. 2016** | **FY 2017** | **vs. 2016** | **FY 2017** | **vs. 2016** |
|---|---|---|---|---|---|---|---|---|
| Nordics | 75.7% | 1.1 pp | 131.9 | 4.2% | 99.9 | 5.8% | 94.2 | 5.6% |
| Rest of Western Europe | 76.0% | 0.1 pp | 121.9 | 3.8% | 92.6 | 3.9% | 88.8 | 0.7% |
| Eastern Europe | 63.6% | 3.0 pp | 82.2 | 5.2% | 52.3 | 10.4% | 51.4 | 11.8% |
| Middle East, Africa & Others | 61.4% | 2.6 pp | 107.1 | –4.6% | 65.8 | –0.4% | 56.7 | –8.5% |
| **Group** | **68.7%** | **1.7 pp** | **108.8** | **2.2%** | **74.7** | **4.8%** | **69.7** | **1.3%** |

## RevPAR Development by Region (Leased Hotels)

| | L/L Occupancy | | L/L Average Room Rates | | L/L RevPAR | | Reported RevPAR | |
|---|---|---|---|---|---|---|---|---|
| **In EUR** | **Q4 2017** | **vs. 2016** | **Q4 2017** | **vs. 2016** | **In EUR** | **Q4 2017** | **vs. 2016** | **Q4 2017** |
| Nordics | 69.7% | –2.2 pp | 129.7 | 3.7% | 90.4 | 0.5% | 83.9 | –1.9% |
| Rest of Western Europe | 72.7% | –0.8 pp | 117.7 | 5.6% | 85.5 | 4.5% | 84.1 | 3.3% |
| **Group** | **71.4%** | **–1.4 pp** | **122.6** | **4.7%** | **87.6** | **2.7%** | **84.0** | **1.0%** |

| **In EUR** | **FY 2017** | **vs. 2016** | **FY 2017** | **vs. 2016** | **FY 2017** | **vs. 2016** | **FY 2017** | **vs. 2016** |
|---|---|---|---|---|---|---|---|---|
| Nordics | 75.7% | 1.0 pp | 129.0 | 3.3% | 97.6 | 4.7% | 92.1 | 4.9% |
| Rest of Western Europe | 75.9% | 0.1 pp | 121.6 | 5.0% | 92.3 | 5.2% | 88.9 | 3.0% |
| **Group** | **75.8%** | **0.5 pp** | **124.8** | **4.3%** | **94.6** | **4.9%** | **90.3** | **3.8%** |

## RevPAR Development – Like-for-like to Reported (Leased & Managed Hotels)

| **RevPAR** | **Q4 2017** | **FY 2017** |
|---|---|---|
| L/L growth | 4.3% | 4.8% |
| FX impact | –2.8% | –1.5% |
| Units out or closed for renovation | 1.2% | 2.0% |
| New openings | –3.5% | –4.0% |
| Reported growth | –0.8% | 1.3% |

## Revenue per Area of Operation

| MEUR | Q4 2017 | Q4 2016 | Change % | FY 2017 | FY 2016 | Change % |
|---|---|---|---|---|---|---|
| Rooms revenue | 127.2 | 127.7 | –0.4% | 544.3 | 541.5 | 0.5% |
| F&D revenue | 67.9 | 69.9 | –2.9% | 241.6 | 247.2 | –2.3% |
| Other hotel revenue | 6.0 | 6.6 | –9.1% | 24.4 | 26.6 | –8.3% |
| **Total hotel revenue (leased)** | **201.1** | **204.2** | **–1.5%** | **810.3** | **815.3** | **–0.6%** |
| Fee revenue (managed & franchised) | 32.6 | 31.6 | 3.2% | 129.4 | 121.7 | 6.3% |
| Other revenue | 7.9 | 7.3 | 8.2% | 27.6 | 24.2 | 14.0% |
| **Total revenue** | **241.6** | **243.1** | **–0.6%** | **967.3** | **961.2** | **0.6%** |

## Total Fee Revenue

| MEUR | Q4 2017 | Q4 2016 | Change % | FY 2017 | FY 2016 | Change % |
|---|---|---|---|---|---|---|
| Management fees | 8.8 | 8.5 | 3.5% | 35.4 | 33.3 | 6.3% |
| Incentive fees | 9.9 | 8.6 | 15.1% | 32.7 | 30.1 | 8.6% |
| Franchise fees | 3.1 | 3.1 | 0.0% | 13.3 | 12.5 | 6.4% |
| Other fees (incl. marketing, reservation fee etc.) | 10.8 | 11.4 | –5.3% | 48.0 | 45.8 | 4.8% |
| **Total fee revenue** | **32.6** | **31.6** | **3.2%** | **129.4** | **121.7** | **6.3%** |

## Revenue per Region

| MEUR | Nordics | | Rest of Western Europe | | Eastern Europe | | Middle East, Africa & Others | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Q4** | **2017** | **2016** | **2017** | **2016** | **2017** | **2016** | **2017** | **2016** | **2017** | **2016** |
| Leased | 93.6 | 97.9 | 107.5 | 106.3 | — | — | — | — | 201.1 | 204.2 |
| Managed | 1.1 | 0.6 | 7.3 | 8.9 | 9.7 | 7.3 | 8.0 | 8.5 | 26.1 | 25.3 |
| Franchised | 2.1 | 2.1 | 2.9 | 2.7 | 1.5 | 1.3 | 0.0 | 0.1 | 6.5 | 6.2 |
| Other | 5.0 | 4.6 | 2.9 | 2.8 | — | — | — | — | 7.9 | 7.4 |
| **Total** | **101.8** | **105.2** | **120.6** | **120.7** | **11.2** | **8.6** | **8.0** | **8.6** | **241.6** | **243.1** |

| MEUR | Nordics | | Rest of Western Europe | | Eastern Europe | | Middle East, Africa & Others | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| **FY** | **2017** | **2016** | **2017** | **2016** | **2017** | **2016** | **2017** | **2016** | **2017** | **2016** |
| Leased | 370.5 | 390.7 | 439.8 | 424.6 | — | — | — | — | 810.3 | 815.3 |
| Managed | 3.2 | 2.2 | 28.0 | 29.9 | 38.3 | 32.7 | 30.4 | 30.3 | 99.9 | 95.1 |
| Franchised | 9.4 | 9.3 | 12.1 | 11.2 | 7.8 | 5.6 | 0.3 | 0.4 | 29.6 | 26.5 |
| Other | 17.9 | 14.9 | 9.6 | 9.4 | — | — | — | — | 27.5 | 24.3 |
| **Total** | **401.0** | **417.1** | **489.5** | **475.1** | **46.1** | **38.3** | **30.7** | **30.7** | **967.3** | **961.2** |

## Rental Expenses

| MEUR | Q4 2017 | Q4 2016 | Change % | FY 2017 | FY 2016 | Change % |
|---|---|---|---|---|---|---|
| Fixed rent | 45.4 | 45.5 | –0.2% | 182.8 | 187.4 | –2.5% |
| Variable rent | 10.7 | 10.7 | 0.0% | 48.0 | 46.2 | 3.9% |
| **Rent** | **56.1** | **56.2** | **–0.2%** | **230.8** | **233.6** | **–1.2%** |
| Rent as % of leased hotel revenue | 27.9% | 27.5% | 0.4 pp | 28.5% | 28.7% | –0.2 pp |
| Shortfall guarantees | –0.4 | –0.2 | 100.0% | 0.9 | 2.3 | –60.9% |
| **Rental expense** | **55.7** | **56.0** | **–0.5%** | **231.7** | **235.9** | **–1.8%** |

## Operating Profit before Depreciation and Amortisation and Gain on Sales of Fixed Assets (EBITDA)

| MEUR | Nordics | | Rest of Western Europe | | Eastern Europe | | Middle East, Africa & Others | | Central costs | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Q4** | **2017** | **2016** | **2017** | **2016** | **2017** | **2016** | **2017** | **2016** | **2017** | **2016** | **2017** | **2016** |
| Leased | 9.1 | 9.3 | 6.9 | 6.4 | — | — | — | — | — | — | 16.0 | 15.7 |
| Managed | 0.7 | 0.4 | 5.1 | 7.2 | 6.7 | 4.9 | 4.1 | 4.5 | — | — | 16.6 | 17.0 |
| Franchised | 1.0 | 1.2 | 0.9 | 1.1 | –0.2 | 0.7 | –0.0 | –0.0 | — | — | 1.7 | 3.0 |
| Other[1)] | 1.8 | 2.2 | 0.3 | 0.2 | — | — | –0.2 | 0.1 | — | — | 1.9 | 2.5 |
| Central costs | — | — | — | — | — | — | — | — | –19.4 | –15.1 | –19.4 | —15.1 |
| **Total** | **12.6** | **13.1** | **13.2** | **14.9** | **6.5** | **5.6** | **3.9** | **4.6** | **–19.4** | **–15.1** | **16.8** | **23.1** |

| MEUR | Nordics | | Rest of Western Europe | | Eastern Europe | | Middle East, Africa & Others | | Central costs | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **FY** | **2017** | **2016** | **2017** | **2016** | **2017** | **2016** | **2017** | **2016** | **2017** | **2016** | **2017** | **2016** |
| Leased | 34.3 | 31.5 | 30.3 | 27.3 | — | — | — | — | — | — | 64.6 | 58.8 |
| Managed | 2.0 | 1.5 | 17.8 | 19.3 | 26.3 | 22.6 | 15.6 | 17.3 | — | — | 61.7 | 60.7 |
| Franchised | 5.0 | 5.3 | 5.0 | 4.7 | 4.4 | 2.8 | 0.1 | 0.1 | — | — | 14.5 | 12.9 |
| Other[1)] | 9.7 | 6.9 | –0.2 | 0.3 | — | — | –0.5 | 0.3 | — | — | 9.0 | 7.5 |
| Central costs | — | — | — | — | — | — | — | — | –67.7 | –60.6 | –67.7 | –60.6 |
| **Total** | **51.0** | **45.2** | **52.9** | **51.6** | **30.7** | **25.4** | **15.2** | **17.7** | **–67.7** | **–60.6** | **82.1** | **79.3** |

*1) Other also includes share of income in associates and joint ventures.*

## Operating Profit (EBIT)

| MEUR | Nordics | | Rest of Western Europe | | Eastern Europe | | Middle East, Africa & Others | | Central costs | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Q4** | **2017** | **2016** | **2017** | **2016** | **2017** | **2016** | **2017** | **2016** | **2017** | **2016** | **2017** | **2016** |
| Leased | –0.8 | 4.8 | –3.1 | –21.6 | — | — | — | — | — | — | –3.9 | –16.8 |
| Managed | 0.7 | 0.4 | 4.9 | 7.0 | 6.7 | 4.8 | 3.8 | 4.4 | — | — | 16.1 | 16.6 |
| Franchised | 1.0 | 1.1 | 0.9 | 1.1 | –0.3 | 0.8 | –0.0 | 0.0 | — | — | 1.6 | 3.0 |
| Other[1)] | 1.3 | 1.7 | 0.3 | 0.2 | — | — | –0.2 | 0.1 | — | — | 1.4 | 2.0 |
| Central costs | — | — | — | — | — | — | — | — | –19.4 | –15.1 | –19.4 | –15.1 |
| **Total** | **2.2** | **8.0** | **3.0** | **–13.3** | **6.4** | **5.6** | **3.6** | **4.5** | **–19.4** | **–15.1** | **–4.2** | **–10.3** |

| MEUR | Nordics | | Rest of Western Europe | | Eastern Europe | | Middle East, Africa & Others | | Central costs | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **FY** | **2017** | **2016** | **2017** | **2016** | **2017** | **2016** | **2017** | **2016** | **2017** | **2016** | **2017** | **2016** |
| Leased | 5.7 | 2.6 | –2.6 | –16.2 | — | — | — | — | — | — | 3.1 | –13.6 |
| Managed | 2.0 | 1.4 | 16.2 | 18.4 | 26.1 | 22.4 | 14.5 | 17.0 | — | — | 58.8 | 59.2 |
| Franchised | 4.6 | 5.2 | 4.9 | 4.6 | 4.3 | 2.8 | 0.1 | 0.1 | — | — | 13.9 | 12.7 |
| Other[1)] | 7.4 | 4.7 | –0.3 | 0.3 | — | — | –0.5 | 0.3 | — | — | 6.6 | 5.3 |
| Central costs | — | — | — | — | — | — | — | — | –67.7 | –60.6 | –67.7 | –60.6 |
| **Total** | **19.7** | **13.9** | **18.2** | **7.1** | **30.4** | **25.2** | **14.1** | **17.4** | **–67.7** | **–60.6** | **14.7** | **3.0** |

*1) Other also includes share of income in associates and joint ventures.*

## Reconciliation of Profit/Loss for the Period

| MEUR | Q4 2017 | Q4 2016 | FY 2017 | FY 2016 |
|---|---|---|---|---|
| **Total operating profit/loss (EBIT) for reportable segments** | **–4.2** | **–10.3** | **14.7** | **3.0** |
| Financial income | 0.1 | 1.0 | 1.2 | 2.5 |
| Financial expense | –0.2 | –0.7 | –3.2 | –2.8 |
| **Group's total profit/loss before tax** | **–4.3** | **–10.0** | **12.7** | **2.7** |

## Balance Sheet and Investments

| MEUR | Nordics | | Rest of Western Europe | | Eastern Europe | | Middle East, Africa & Others | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 31 Dec 2017 | 31 Dec 2016 | 31 Dec 2017 | 31 Dec 2016 | 31 Dec 2017 | 31 Dec 2016 | 31 Dec 2017 | 31 Dec 2016 | 31 Dec 2017 | 31 Dec 2016 |
| Assets | 191.7 | 172.1 | 278.0 | 283.9 | 16.2 | 15.2 | 27.5 | 31.3 | 513.4 | 502.5 |
| Investments (tangible & intangible assets) | 48.6 | 23.3 | 24.3 | 47.5 | 0.2 | 0.2 | 0.7 | 0.1 | 73.8 | 71.1 |

## Quarterly Key Figures

| MEUR | Q4 2017 | Q4 2016 | Q4 2015 | Q4 2014 | Q4 2013 |
|---|---|---|---|---|---|
| RevPAR | 65.7 | 66.2 | 67.9 | 65.4 | 66.9 |
| Revenue | 241.6 | 243.1 | 255.4 | 238.0 | 236.0 |
| EBITDAR | 72.4 | 78.7 | 87.7 | 71.4 | 79.6 |
| EBITDA | 16.8 | 23.1 | 32.5 | 14.8 | 25.8 |
| EBIT | –4.2 | –10.3 | 22.3 | 0.5 | 12.9 |
| Profit for the period | –6.0 | 16.9 | 14.3 | –0.9 | 7.3 |
| EBITDAR margin, % | 30.0 | 32.4 | 34.3 | 30.0 | 33.7 |
| EBITDA margin, % | 7.0 | 9.5 | 12.7 | 6.2 | 10.9 |
| EBIT margin, % | –1.7 | –4.2 | 8.7 | 0.2 | 5.5 |

| | 2017 | | | | 2016 | | | | 2015 |
|---|---|---|---|---|---|---|---|---|---|
| MEUR | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 |
| RevPAR | 65.7 | 73.9 | 74.9 | 64.0 | 66.2 | 75.3 | 73.1 | 60.4 | 67.9 |
| Revenue | 241.6 | 249.1 | 254.1 | 222.5 | 243.1 | 251.3 | 259.8 | 207.0 | 255.4 |
| EBITDAR | 72.4 | 92.1 | 88.4 | 61.7 | 78.7 | 87.3 | 98.1 | 50.5 | 87.7 |
| EBITDA | 16.8 | 34.4 | 28.4 | 2.5 | 23.1 | 29.0 | 36.4 | –9.2 | 32.5 |
| EBIT | –4.2 | 20.8 | 6.3 | –8.2 | –10.3 | 16.4 | 22.0 | –25.0 | 22.3 |
| Profit/loss after Tax | –6.0 | 14.4 | 3.6 | –7.6 | 16.9 | 14.9 | 16.2 | –21.6 | 14.3 |
| EBITDAR margin, % | 30.0 | 37.0 | 34.8 | 27.7 | 32.4 | 34.7 | 37.8 | 24.4 | 34.3 |
| EBITDA margin, % | 7.0 | 13.8 | 11.2 | 1.1 | 9.5 | 11.5 | 14.0 | –4.4 | 12.7 |
| EBIT margin, % | –1.7 | 8.4 | 2.5 | –3.7 | –4.2 | 6.5 | 8.5 | –12.1 | 8.7 |

## Hotel and Room Openings and Signings

| | Openings | | | | Signings | | | |
|---|---|---|---|---|---|---|---|---|
| | Hotels | Rooms | Hotels | Rooms | Hotels | Rooms | Hotels | Rooms |
| | **Q4 2017** | **Q4 2017** | **FY 2017** | **FY 2017** | **Q4 2017** | **Q4 2017** | **FY 2017** | **FY 2017** |
| **By region:** | | | | | | | | |
| Nordics | — | — | — | — | — | — | — | — |
| Western Europe | — | — | 2 | 246 | — | — | 3 | 399 |
| Eastern Europe | 1 | 194 | 10 | 1,800 | 1 | 135 | 6 | 1,157 |
| Middle East, Africa & Others | 6 | 950 | 16 | 2,293 | 4 | 617 | 15 | 5,920 |
| **Total** | **7** | **1,144** | **28** | **5,039** | **5** | **752** | **24** | **7,476** |
| | | | | | | | | |
| **By brand:** | | | | | | | | |
| Radisson Blu | 4 | 652 | 12 | 2,201 | 3 | 440 | 11 | 2,846 |
| Park Inn by Radisson | 2 | 340 | 14 | 2,434 | 1 | 160 | 7 | 2,610 |
| Other | 1 | 152 | 2 | 404 | 1 | 152 | 6 | 2,020 |
| **Total** | **7** | **1,144** | **28** | **5,039** | **5** | **752** | **24** | **7,476** |
| | | | | | | | | |
| **By contract type:** | | | | | | | | |
| Leased | — | — | — | — | — | — | 1 | 250 |
| Managed | 7 | 1,077 | 22 | 4,022 | 5 | 752 | 20 | 6,729 |
| Franchised | — | 67 | 6 | 1,017 | — | — | 3 | 497 |
| **Total** | **7** | **1,144** | **28** | **5,039** | **5** | **752** | **24** | **7,476** |

In Q4 2017, seven hotels and 1,347 rooms left the system, resulting in a net closing of 203 rooms.

## Hotels and Rooms in Operation and under Development (in Pipeline)

| | In operation | | | | Under development | | | |
|---|---|---|---|---|---|---|---|---|
| | Hotels | | Rooms | | Hotels | | Rooms | |
| **31 December** | **2017** | **2016** | **2017** | **2016** | **2017** | **2016** | **2017** | **2016** |
| **By region:** | | | | | | | | |
| Nordics | 59 | 60 | 14,294 | 14,459 | — | — | — | — |
| Rest of Western Europe | 130 | 136 | 26,360 | 27,219 | 12 | 13 | 2,082 | 2,274 |
| Eastern Europe | 104 | 100 | 24,486 | 24,129 | 26 | 31 | 4,770 | 5,759 |
| Middle East, Africa & Others | 76 | 67 | 15,992 | 14,695 | 65 | 76 | 16,766 | 16,624 |
| **Total** | **369** | **363** | **81,132** | **80,502** | **103** | **120** | **23,618** | **24,657** |
| | | | | | | | | |
| **By brand:** | | | | | | | | |
| Radisson Blu | 244 | 240 | 57,246 | 57,302 | 61 | 71 | 12,979 | 15,015 |
| Park Inn by Radisson | 116 | 116 | 22,604 | 22,322 | 31 | 41 | 7,818 | 8,158 |
| Others | 9 | 7 | 1,282 | 878 | 11 | 8 | 2,821 | 1,484 |
| **Total** | **369** | **363** | **81,132** | **80,502** | **103** | **120** | **23,618** | **24,657** |
| | | | | | | | | |
| **By contract type:** | | | | | | | | |
| Leased | 64 | 67 | 16,269 | 16,701 | 1 | — | 250 | — |
| Managed | 196 | 186 | 43,584 | 42,222 | 91 | 105 | 21,808 | 22,366 |
| Franchised | 109 | 110 | 21,279 | 21,579 | 11 | 15 | 1,560 | 2,291 |
| **Total** | **369** | **363** | **81,132** | **80,502** | **103** | **120** | **23,618** | **24,657** |

## Definitions

The company presents certain financial measures in this interim report that are not defined under IFRS. The company believes that these measures provide useful supplemental information to investors and the company's management as they allow evaluation of the company's performance. Because not all companies calculate these financial measures similarly, these are not always comparable to measures used by other companies. These financial measures should not be considered a substitute for measures defined under IFRS.

### IFRS Measures

***Revenue***
All related business revenue (including rooms revenue, food & drinks revenue, other hotel revenue, fee revenue and other non-hotel revenue from administration units).

***Earnings per Share***
Profit for the period, before allocation to non-controlling interests, divided by the weighted average number of shares outstanding.

***Basic Average Number of Shares***
Weighted average number of ordinary shares outstanding during the period.

### Non-IFRS Measures – Alternative Performance Measures

***EBIT***
Profit before net financial items and tax.

***EBIT Margin***
EBIT as a percentage of Revenue.

***EBITDA***
Operating profit before depreciation and amortisation, costs due to termination of contracts, gain/loss on sale of fixed assets, net financial items and income tax.

***EBITDA Margin***
EBITDA as a percentage of Revenue.

***EBITDAR***
Operating profit before rental expense, share of income in associates and joint ventures, depreciation and amortisation, costs due to termination of contracts, gain/loss on sale of fixed assets, net financial items and income tax.

***EBITDAR Margin***
EBITDAR as a percentage of Revenue.

***Adjusted EBITDA***
EBITDA adjusted for items of one-off nature.

| MEUR | FY 2017 | FY 2016 |
|---|---|---|
| EBITDA | 82.1 | 79.3 |
| Restructurings / Redundancy costs | 10.5 | 5.4 |
| Financial advisor fees incurred in connection with the public offer on the shares of the company | 2.2 | – |
| Costs incurred in connection with the resignation of the former CEO | 2.0 | – |
| Retention bonus | 1.4 | 2.9 |
| **Adjusted EBITDA** | **98.2** | **87.6** |

***Adjusted EBIT***
EBIT adjusted for items of one-off nature.

| MEUR | FY 2017 | FY 2016 |
|---|---|---|
| EBIT | 14.7 | 3.0 |
| Restructurings / Redundancy costs | 10.5 | 5.4 |
| Financial advisor fees incurred in connection with the public offer on the shares of the company | 2.2 | – |
| Costs incurred in connection with the resignation of the former CEO | 2.0 | – |
| Retention bonus | 1.4 | 2.9 |
| Write-downs and reversal of write-downs | 21.0 | 7.5 |
| Costs due to termination of contracts | 4.2 | 28.9 |
| Gain/loss on sale of shares, intangible and tangible assets | 0.0 | –1.9 |
| **Adjusted EBIT** | **56.0** | **45.8** |

***Net Cash (Debt)***
Cash & cash equivalents plus short-term interest-bearing assets (with maturity within three months) minus interest-bearing liabilities (short-term & long-term), excluding retirement benefit obligations as well as liabilities related to investments in hotels under management contracts, for which repayments are linked to fees collected.

| | 31 Dec 2017 | 31 Dec 2016 |
|---|---|---|
| Cash & cash equivalents [A] | 7.4 | 8.0 |
| Cash & cash equivalents classified as held-for-sale [B] | – | 0.0 |
| Interest-bearing liabilities [C] | 47.4 | 37.9 |
| Retirement benefit obligations [D] | 3.3 | 3.7 |
| Liabilities related to investments in hotels under management contracts [E] | 5.0 | 5.3 |
| **Net cash (debt) [A+B–C+D+E]** | **–31.7** | **–20.9** |

***Net Interest-bearing Assets/Liabilities***
Interest-bearing assets minus interest-bearing liabilities.

| MEUR | 31 Dec 2017 | 31 Dec 2016 |
|---|---|---|
| Interest-bearing assets [A] | 30.1 | 33.1 |
| Interest-bearing liabilities [B] | 47.4 | 37.9 |
| **Net interest-bearing assets/liabilities [A–B]** | **–17.3** | **–4.8** |

***Free Cash Flow***
Total cash flow from operating activities and investing activities.

| MEUR | FY 2017 | FY 2016 |
|---|---|---|
| Cash flow from operating activities [A] | 72.4 | 33.9 |
| Cash flow from investing activities [B] | –73.7 | –83.1 |
| **Free cash flow [A+B]** | **–1.3** | **–49.2** |

***Rent as Percentage of Leased Hotel Revenue***
Rental expense minus shortfall guarantees as percentage of total hotel revenue (leased portfolio).

| MEUR | FY 2017 | FY 2016 |
|---|---|---|
| Rental expense [A] | 231.7 | 235.9 |
| Where of shortfall guarantees [B] | 0.9 | 2.3 |
| Total hotel revenue [C] | 810.3 | 815.3 |
| **Rent as percentage of leased hotel revenue [(A–B)/C]** | **28.5%** | **28.7%** |

***Net Working Capital***
Inventory plus current non-interest-bearing receivables minus current non-interest-bearing liabilities.

| MEUR | 31 Dec 2017 | 31 Dec 2016 |
|---|---|---|
| Inventories [A] | 4.3 | 4.6 |
| Current non-interest-bearing receivables [B] | 133.7 | 122.6 |
| Current non-interest-bearing liabilities [C] | 186.5 | 165.6 |
| **Net working capital [A+B–C]** | **–48.5** | **–38.4** |

***RevPAR***
Rooms revenue in relation to available rooms, whereas available rooms is defined as total rooms inventory less rooms not available for sale.

| Leased portfolio | FY 2017 | FY 2016 |
|---|---|---|
| Rooms revenue (MEUR) [A] | 544.3 | 541.5 |
| Number of available rooms (thousands) [B] | 6,028 | 6,226 |
| **RevPAR [A/B]** | **90.3** | **87.0** |

## Operating Measures

***Average Room Rate***
Average Room Rate – Rooms revenue in relation to number of rooms sold. This is also referred to as ARR (Average Room Rate), ADR (Average Daily Rate) or AHR (Average House Rate) in the hotel industry.

***Central Costs***
Central Costs represent costs for corporate and regional functions, such as Executive Management, Finance, Business Development, Legal, Communication & Investor Relations, Technical Development, Human Resources, Operations, IT, Brand Management & Development and Purchasing. These costs are incurred to the benefit of all hotels within the Rezidor Group, i.e. leased, managed and franchised.

***F&D***
Food and Drink.

***FF&E***
Furniture, Fittings and Equipment.

***L/L Hotels***
Same hotels in operation during the previous period compared ("like-for-like").

***Occupancy (%)***
Number of rooms sold in relation to the number of rooms available for sale.

***Revenue L/L***
Revenue for L/L hotels at constant exchange rates.

***RevPAR L/L***
RevPAR for L/L hotels at constant exchange rates.

## Geographic Regions/Segments

***Nordics (NO)***
Denmark, Finland, Iceland, Norway and Sweden.

***Rest of Western Europe (ROWE)***
Austria, Belgium, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, the Netherlands, Portugal, Spain, Switzerland and the United Kingdom.

***Eastern Europe (incl. CIS countries) (EE)***
Armenia, Azerbaijan, Belarus, Croatia, Cyprus, the Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Turkey, Ukraine and Uzbekistan.

***Middle East, Africa and Others, (MEAO)***
Algeria, Angola, Bahrain, Benin, Cameroon, Cape Verde, Chad, China, Congo, Egypt, Ethiopia, Gabon, Ghana, Iraq, Ivory Coast, Kenya, Kuwait, Lebanon, Libya, Mali, Mauritius, Morocco, Mozambique, Nigeria, Oman, Qatar, Rwanda, Saudi Arabia, Senegal, Sierra Leone, South Africa, South Sudan, Tunisia, Uganda, the United Arab Emirates, Zambia and Zimbabwe.