THE REZIDOR HOTEL GROUP

INTERIM REPORT

January–September 2017

Third Quarter 2017

- **On a like-for-like basis ("L/L") Revenue increased by 3.6%, supported by L/L RevPAR growth for leased and managed hotels of 4.7%.** The RevPAR growth is due to increase in both occupancy and average room rate.
- **Revenue decreased by MEUR 2.2 to MEUR 249.1.** The decrease is mainly due to the exit of four leased hotels last year, the temporary closure of one leased hotel for renovation and the strengthening of the Euro, partly offset by positive RevPAR development and re-opening of one leased hotel after renovation.
- **EBITDA increased by MEUR 5.4 to MEUR 34.4 and the EBITDA margin increased by 2.3 pp to 13.8%.** EBITDA is positively impacted by lower central costs of MEUR 4.5, which is mainly due to costs of one-off nature last year.
- **EBIT increased by MEUR 4.4 to MEUR 20.8 and the EBIT margin increased by 1.9 pp to 8.4%.** The increase in EBITDA is partly offset by higher net costs for write-downs of fixed assets of MEUR 0.7.
- **Profit for the period decreased by MEUR 0.5 to MEUR 14.4**. The profit for the period is negatively impacted by higher tax costs of MEUR 3.9, since tax last year was positively impacted by one-off items.
- **Basic and diluted earnings per share were EUR 0.08 (0.09).**
- **1,880 (1,879) rooms were contracted, 1,573 (292) rooms opened and 649 (515) rooms left the system.**

Nine months ended September 2017

- **On a L/L basis Revenue increased by 4.6%, supported by L/L RevPAR growth for leased and managed hotels of 4.9%.**
- **Revenue increased by MEUR 7.6 to MEUR 725.7.**
- **EBITDA increased by MEUR 9.1 to MEUR 65.3 and the EBITDA margin increased by 1.2 pp to 9.0%.**
- **EBIT increased by MEUR 5.6 to MEUR 18.9 and the EBIT margin increased by 0.7 pp to 2.6%.**
- **Profit for the period increased by MEUR 0.9 to MEUR 10.4**.
- **Basic and diluted earnings per share were EUR 0.06 (0.06) and EUR 0.06 (0.05) respectively.**
- **Cash flow from operating activities amounted to MEUR 55.0 (38.5).**
- **6,724 (6,411) rooms were contracted, 3,895 (2,678) rooms opened and 2,848 (1,247) rooms left the system.**

MEUR	Q3 2017	Q3 2016	Change	%	Jan-Sep 2017	Jan-Sep 2016	Change	%
Revenue	249.1	251.3	–2.2	–0.8 %	725.7	718.1	7.6	1.1 %
EBITDA	34.4	29.0	5.4	18.6 %	65.3	56.2	9.1	16.2 %
EBIT	20.8	16.4	4.4	26.8 %	18.9	13.3	5.6	42.1 %
Profit for the period	14.4	14.9	–0.5	–3.3 %	10.4	9.5	0.9	9.5 %
EBITDA margin	13.8%	11.5%	2.3 pp		9.0%	7.8%	1.2 pp	
EBIT margin	8.4%	6.5%	1.9 pp		2.6%	1.9%	0.7 pp	

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

Comments from the CEO

Growing operating margins and finalization of our 5-year plan

Rezidor reports strong third quarter results, growing like-for-like revenue by MEUR 9.1 (3.6%), supported by strong RevPAR development in Norway, Rest of Western Europe and Eastern Europe. Operating margins improved versus last year and the EBITDA margin is one of the higest in our recent history, supported by our focused asset management activities, higher fee revenue generation and lower central costs.

During the quarter, we have made significant progress on our 5-year plan – a comprehensive and ambitious strategy which is aligned with our partner Carlson and which will help us to reach a very promising future for our partners, employees and shareholders. We will present the 5-year plan at the end of October to the Board of Directors for approval, and aim to start the roll-out in January 2018. The core components of the plan will be shared with the Investor community at an Investor Day on January 17, 2018 at the Radisson Blu Hotel in Frankfurt, Germany.

Federico González-Tejera, President & CEO

Market RevPAR Development YTD

Market RevPAR across Europe was up 6.5% (at constant exchange rates) year to date, with the improvement driven both by room rates (3.8%) and occupancy (2.6%).

The RevPAR development in the mature Western European markets, 3.7%, was mainly via occupancy (2.8%). All key markets experienced growth, led by Belgium (14.0%), which had been negatively impacted by terrorist attacks last year.

In Northern Europe, 5.7%, the growth was mainly due to improved room rates (4.5%). In the Nordics, Finland (9.0%), Norway (8.4%), Denmark (4.3%) and Sweden (3.2%) all had positive developments.

Eastern Europe reported the strongest RevPAR growth (10.7%), with room rates (6.7%) and occupancy (3.8%) both driving the growth. All key markets experienced growth, led by Turkey (26.7%), recovering from the attempted coup and attacks last year, with strong growth also in the Baltics (Estonia 17.5%, Latvia 10.2% and Lithuania 9.6%).

RevPAR in the Middle East and Africa was marginally below last year (–0.4%), as gains in Africa (Northern 41.8% and Southern 4.4%) were off-set by the ongoing challenges in the Middle East (–6.4%). The development by country remains mixed, with several markets significantly below last year (e.g. Saudi Arabia –10.4% and Qatar –12.6%), but others continuing to recover (e.g. Egypt 98.3% and Tunisia 23.2%).

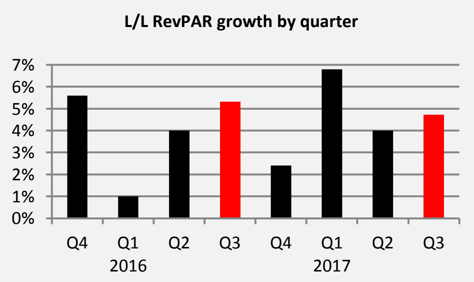
Sources: STR Global Ltd. © 2017 – European Hotel Review – Constant Currency Edition (September 2017); STR Global Ltd. © 2017 – Middle East/Africa Hotel Review – Constant Currency Edition (September 2017); Hotel | trends by Benchmarking | Alliance © 2017

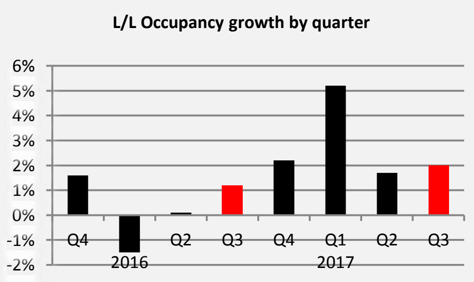
Rezidor RevPAR Development Q3

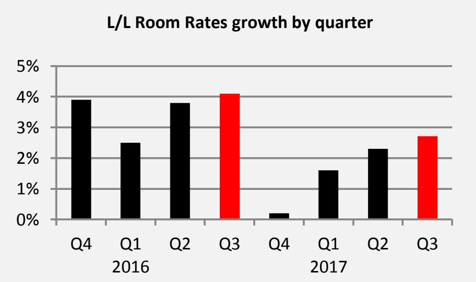
L/L RevPAR for leased and managed hotels increased by 4.7% compared to last year, driven both by occupancy and average room rates. L/L RevPAR for leased hotels increased by 4.2%, with room rate growth off-setting a slight decline in occupancy.

All four regions reported L/L RevPAR growth over last year, with the strongest development in Eastern Europe.

Reported RevPAR declined by 2.0%, negatively impacted by FX and new openings.







Income Statement

Third quarter 2017

MEUR	Q3 2017	Q3 2016	Change	%
Revenue	249.1	251.3	–2.2	–0.8%
EBITDA	34.4	29.0	5.4	18.6%
EBITDA margin	*13.8%*	*11.5%*	*2.3 pp*	
EBIT	20.8	16.4	4.4	26.8%
EBIT margin	*8.4%*	*6.5%*	*1.9 pp*	
Profit for the period	14.4	14.9	–0.5	–3.3%

Revenue decreased by MEUR 2.2 to MEUR 249.1. The decrease is mainly due to the exit of four leased hotels last year, the temporary closure of one leased hotel for renovation and the strengthening of the Euro, partly offset by positive L/L RevPAR development and re-opening of one leased hotel after renovation.

On a L/L basis revenue increased by 3.6% due to the positive L/L RevPAR development, however partly offset by a decrease in the M&E business.

MEUR	L/L	New	Out	FX	Change
Rooms Revenue	6.0	1.5	–7.4	–2.4	–2.3
F&D Revenue	–1.6	0.8	–2.3	–0.8	–3.9
Other Hotel Revenue	0.3	0.2	–0.3	–0.1	0.1
Total Leased Revenue	**4.7**	**2.5**	**–10.0**	**–3.3**	**–6.1**
Fee Revenue	2.8	1.4	–1.2	–0.7	2.3
Other Revenue	1.6	—	—	0.0	1.6
Total Revenue	**9.1**	**3.9**	**–11.2**	**–4.0**	**–2.2**

EBITDA increased by MEUR 5.4 to MEUR 34.4, positively impacted by the increase in fee revenue and lower central costs of MEUR 4.5, partly offset by softer conversion in the lease L/L portfolio and higher costs for bad debts of MEUR 0.5. Central costs were last year impacted by higher costs for redundancies and long-term incentive programmes.

Rent as a percentage of leased hotel revenue increased from 27.4% to 28.2%, mainly due to the positive impact of a re-negotiated agreement recognised in Q3 last year and changes to the portfolio.

EBIT increased by MEUR 4.4 to MEUR 20.8. The increase in EBITDA is partly offset by higher net costs for write-downs of fixed assets of MEUR 0.7.

Profit for the period decreased by MEUR 0.5 to MEUR 14.4. The increase in EBIT is offset by lower financial net of MEUR 1.0 (mainly exchange losses) and higher tax costs of MEUR 3.9. The increase in tax rate from 9.7% to 27.6% is due to that last year's numbers were impacted by change in jurisdictional mix and tax treatment of one-off expenses.

Nine months ended September 2017

MEUR	Jan-Sep 2017	Jan-Sep 2016	Change	%
Revenue	725.7	718.1	7.6	1.1%
EBITDA	65.3	56.2	9.1	16.2%
EBITDA margin	*9.0%*	*7.8%*	*1.2 pp*	
EBIT	18.9	13.3	5.6	42.1%
EBIT margin	*2.6%*	*1.9%*	*0.7 pp*	
Profit for the period	10.4	9.5	0.9	9.5%

Revenue increased by MEUR 7.6 to MEUR 725.7. The increase is mainly due to positive development in the L/L portfolio (both in the leased business and in the fee business) 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 4.6% due to the positive L/L RevPAR development.

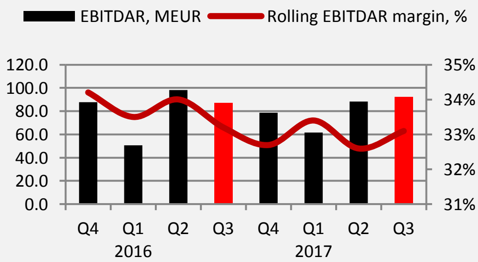
MEUR	L/L	New	Out	FX	Change
Rooms Revenue	21.5	7.2	–18.2	–7.2	3.3
F&D Revenue	3.6	3.9	–8.7	–2.4	–3.6
Other Hotel Revenue	–0.5	0.7	–1.4	–0.4	–1.6
Total Leased Revenue	**24.6**	**11.8**	**–28.3**	**–10.0**	**–1.9**
Fee Revenue	5.6	4.7	–3.2	–0.4	6.7
Other Revenue	2.7	—	—	0.1	2.8
Total Revenue	**32.9**	**16.5**	**–31.5**	**–10.3**	**7.6**

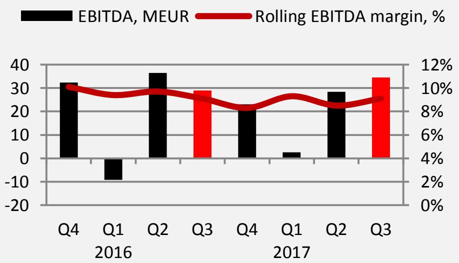
EBITDA increased by MEUR 9.1 to MEUR 65.3. The positive impact of the revenue increase is partly offset by higher central costs of MEUR 2.2 and higher costs for bad debts of MEUR 1.8. The increase in central costs is mainly due to costs incurred in connection with the resignation of the former CEO, higher variable salaries and financial advisor fees, partly offset by lower redundancy costs.

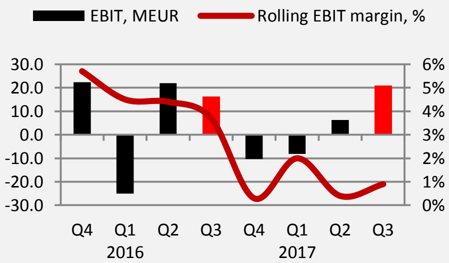
Rent as a percentage of leased hotel revenue decreased from 29.0% to 28.7%.

EBIT increased by MEUR 5.6 to MEUR 18.9, positively impacted by the increase in EBITDA and MEUR 9.2 lower costs for termination of lease contracts, partly offset by higher costs for write-downs fixed assets of MEUR 9.1 and depreciation of MEUR 1.7. In addition, EBIT was last year impacted by gain on sale of business of MEUR 1.9.

Profit for the period increased by MEUR 0.9 to MEUR 10.4. The increase in EBIT is partly offset by lower financial net of MEUR 1.3 (mainly exchange losses) and higher tax costs of MEUR 3.4.







Q3 Comments by Region

Nordics

MEUR	Q3 2017	Q3 2016	Change	%
Revenue	101.9	110.7	–8.8	–7.9%
L/L RevPAR [EUR]	110.1	106.9	3.2	3.0%
EBITDA	15.9	16.7	–0.8	–4.8%
EBITDA margin	*15.6%*	*15.1%*	*0.5 pp*	
EBIT	9.4	8.4	1.0	11.9%
EBIT margin	*9.2%*	*7.6%*	*1.6 pp*	

Revenue decreased by MEUR 8.8 to MEUR 101.9. The decrease is mainly due to the exit of four hotels and the closure of one hotel for renovation, partly offset by positive L/L RevPAR development.

L/L RevPAR increased by 3.0%, as room rate growth off-set a decline in occupancy. Norway (8.6%) continued to be the growth leader, with Denmark (1.6%) also above last year. Sweden (–4.2%) was negatively impacted by renovations and softening of demand in Stockholm and Malmö.

EBITDA decreased by MEUR 0.8 to MEUR 15.9, mainly because of lower revenue.

EBIT increased by MEUR 1.0 to MEUR 9.4. The decrease in EBITDA is offset by MEUR 1.3 lower costs for write-downs of fixed assets and lower depreciation costs.

Rest of Western Europe

MEUR	Q3 2017	Q3 2016	Change	%
Revenue	126.9	121.4	5.5	4.5%
L/L RevPAR [EUR]	100.5	96.3	4.2	4.3%
EBITDA	18.6	17.7	0.9	5.1%
EBITDA margin	*14.7%*	*14.6%*	*0.1 pp*	
EBIT	11.6	13.5	–1.9	–14.1%
EBIT margin	*9.1%*	*11.1%*	*–2.0 pp*	

Revenue increased by MEUR 5.5 to MEUR 126.9. The increase is mainly due to positive L/L RevPAR development and the re-opening of one leased hotel after renovation, partly offset by the weakening of the British pound and the Swiss franc.

L/L RevPAR grew by 4.3%, as room rate growth off-set a decline in occupancy. All key countries were above last year, except for Germany (–1.6%), mainly impacted by the fair cycle, with Ireland (10.2%) and France (7.7%) leading the growth.

EBITDA increased by MEUR 0.9 to MEUR 18.6, mainly due to higher fee revenue.

EBIT decreased by MEUR 1.9 to MEUR 11.6. The increase in EBITDA is offset by MEUR 1.9 higher net costs for write-downs of fixed assets, as well as higher costs for depreciation and termination of contracts.

Eastern Europe

MEUR	Q3 2017	Q3 2016	Change	%
Revenue	13.8	12.3	1.5	12.2%
L/L RevPAR [EUR]	66.3	60.6	5.7	9.4%
EBITDA	10.7	8.6	2.1	24.4%
EBITDA margin	*77.5%*	*69.9%*	*7.6 pp*	
EBIT	10.6	8.5	2.1	24.7%
EBIT margin	*76.8%*	*69.1%*	*7.7 pp*	

Revenue increased by MEUR 1.5 to MEUR 13.8. The increase is mainly due to the strong L/L RevPAR development.

L/L RevPAR improved by 9.4% via both average room rates and occupancy. Turkey (61.8%) led the growth, recovering from the negative impact of the terrorist attacks, attempted coup and unrest in the neighbouring countries. Ukraine (25.2%) and the Baltics (14.0%) also had a strong quarter.

EBITDA increased by MEUR 2.1 to MEUR 10.7, mainly due to higher revenue and lower costs for bad debts and shortfall guarantees in managed properties.

Middle East, Africa and Others

MEUR	Q3 2017	Q3 2016	Change	%
Revenue	6.5	6.9	–0.4	–5.8%
L/L RevPAR [EUR]	56.4	55.7	0.7	1.3%
EBITDA	3.7	5.0	–1.3	–26.0%
EBITDA margin	*56.9%*	*72.5%*	*–15.6 pp*	
EBIT	3.7	5.0	–1.3	–26.0%
EBIT margin	*56.9%*	*72.5%*	*–15.6 pp*	

Revenue decreased by MEUR 0.4 to MEUR 6.5, mainly due to less fees charged for technical support.

L/L RevPAR increased by 1.3%, as gains in occupancy off-set losses in average room rates. The results remain mixed with improvements in Northern Africa (e.g. Tunisia 82.8% and Egypt 54.6%), growth in several countries (e.g. Lebanon 18.4% and Kuwait 11.4%), but challenges in others (e.g. the United Arab Emirates –22.8% and Saudi Arabia –19.3%).

EBITDA decreased by MEUR 1.3 to MEUR 3.7, mainly due to lower revenue and higher costs for bad debts.

Central costs

Central costs for the quarter amounted to MEUR 14.5, a decrease compared to last year of MEUR 4.5, which is mainly due to lower redundancy costs.

Comments to the Balance Sheet

Non-current assets decreased by MEUR 2.1 from year-end 2016 and amounted to MEUR 345.6, which is mainly due to exchange differences on translation of foreign operations and lower financial fixed assets, partly offset by higher deferred tax assets.

Net working capital, excluding cash and cash equivalents, but including current tax assets and liabilities, was MEUR –44.2 at the end of the period, compared to MEUR –38.4 at year-end 2016.

Compared to year-end 2016, equity decreased by MEUR 3.9 to MEUR 261.8, 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 10.4.

MEUR	30 Sep 17	31 Dec 16
Total assets	518.8	502.5
Net working capital	–44.2	–38.4
Net cash (debt)	–20.1	–20.9
Equity	261.8	265.7

Cash Flow and Liquidity

MEUR	Jan-Sep 2017	Jan-Sep 2016
Cash flow before working capital changes	52.6	37.6
Change in working capital	2.4	0.9
Cash flow from investing activities	–45.5	–63.3
Free cash flow	**9.5**	**–24.8**
Cash flow from financing activities	–9.9	–4.6
Cash flow for the period	**–0.4**	**–29.4**

Cash flow from operations, before change in working capital, amounted to MEUR 52.6, an increase of MEUR 15.0 and mainly due to improved EBIT adjusted for non-cash items. Cash flow from change in working capital amounted to MEUR 2.4, compared to MEUR 0.9 last year.

Cash flow used in investing activities was MEUR 17.8 lower compared to last year and amounted to MEUR –45.5. The decrease is mainly due to the investment in prize Holding GmbH of MEUR 14.7 last year and less investments in the leased portfolio, partly due to timing of renovation works.

Cash flow from financing activities amounted to MEUR –9.9 (–4.6), due to distributed dividend of MEUR 8.5 and less used overdraft of MEUR 1.6.

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 2.8 (2.8) was used for bank guarantees and MEUR 18.9 (20.5) was used for overdrafts, leaving MEUR 178.3 (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 –6.2 (–4.8 at year-end 2016).

Net cash (debt), defined as cash & cash equivalents plus short-term interest-bearing assets minus interest-bearing financial liabilities (short-term & long-term), equalled MEUR –20.1 (–20.9 at year-end 2016).

Other Matters

On 22 December 2016, HNA Sweden Hospitality Management AB (“HNA Sweden”), an indirect wholly-owned subsidiary of HNA Tourism Group Co., Ltd. (“HNA Tourism”) announced a mandatory tender offer to the shareholders of Rezidor Hotel Group AB (publ) to acquire all outstanding shares in Rezidor for SEK 34.86 in cash per share.

The acceptance period of the Offer commenced on 3 February 2017 and ended on 7 April 2017. On 6 April 2017, HNA Sweden announced that the settlement of the Offer had been postponed, pending conditions for settlement, to commence on or around 9 June 2017. On 1 June 2017, HNA Sweden announced that the settlement of the Offer had been further postponed to commence on or around 29 September 2017 and that the offered price, by reason of Rezidor’s dividend pay-out, had been adjusted to SEK 34.38.

On September 28, 2017, HNA Sweden announced that the conditions for settlement had been fulfilled.

On October 3, 2017, HNA Tourism notified the market that it held, via the subsidiaries Carlson Hotels, Inc. and HNA Sweden, 119,217,553 shares, which corresponds to 69.65 per cent of the outstanding shares and votes in Rezidor.

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 Q3 Results

On October 25, 2017 at 10:00 (Central European Time) 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 2 620 0138
Belgium, Free	0800 58033
Sweden, Local:	+46 8 5033 6538
Sweden, Free:	0200 883 440
UK, Local:	+44 20 3427 1907
UK, Free:	0800 279 5004
USA, Local:	+1 646 254 3362
USA, Free:	1877 280 1254
France, Local:	+33 1 76 77 22 20
France, Free:	0805 631 580
Norway, Local:	+47 2316 2771
Norway, Free:	800 56053

Confirmation code: 7120346. For a replay of the conference call please visit www.investor.rezidor.com.

Financial Calendar

Q4 2017 results: February 21, 2018
Q1 2018 results: April 26, 2018
AGM 2018: April 26, 2018

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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 479 hotels with over 106,000 rooms in operation and under development in 79 countries across Europe, the Middle East and Africa.

Rezidor’s strategy is to grow with management and franchise contracts and only selectively with leases. The strategy is also to further expand in the emerging markets.

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

This interim 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 Central European Time on October 25, 2017.

Stockholm, October 25, 2017

The Board of Directors

Rezidor Hotel Group AB (publ)

Condensed Consolidated Statement of Operations

MEUR	Q3 2017	Q3 2016	Jan-Sep 2017	Jan-Sep 2016
Revenue	249.1	251.3	725.7	718.1
F&D and other related expenses	–12.2	–13.0	–37.7	–39.0
Personnel cost and contract labour	–82.2	–87.1	–254.6	–251.7
Other operating expenses	–58.9	–60.9	–180.2	–180.9
Insurance of properties and property tax	–3.7	–3.0	–11.0	–10.6
Operating profit before rental expenses and share of income in associates and joint ventures, depreciation and amortisation, costs due to termination of contracts, gain on sale of fixed assets, net financial items and income tax (EBITDAR)	**92.1**	**87.3**	**242.2**	**235.9**
Rental expense	–57.8	–58.5	–176.0	–179.9
Share of income in associates and joint ventures	0.1	0.2	–0.9	0.2
Operating profit before depreciation and amortisation, costs due to termination of contracts, gain on sale of fixed assets, net financial items and income tax (EBITDA)	**34.4**	**29.0**	**65.3**	**56.2**
Depreciation and amortisation	–10.1	–10.2	–31.3	–29.6
Write-downs and reversals of write-downs	–3.1	–2.4	–13.7	–4.6
Costs due to termination of contracts	–0.4	—	–1.4	–10.6
Gain on sale of shares, intangible and tangible assets	—	—	—	1.9
Operating profit/loss (EBIT)	**20.8**	**16.4**	**18.9**	**13.3**
Financial income	0.5	0.5	1.1	1.5
Financial expense	–1.4	–0.4	–3.0	–2.1
Profit/loss before tax	**19.9**	**16.5**	**17.0**	**12.7**
Income tax	–5.5	–1.6	–6.6	–3.2
Profit/loss for the period	**14.4**	**14.9**	**10.4**	**9.5**
Attributable to:				
Owners of the parent company	14.4	14.9	10.4	9.5
Non-controlling interests	—	—	—	—
Profit/loss for the period	**14.4**	**14.9**	**10.4**	**9.5**
Basic average no. of shares outstanding	170,959,120	170,735,442	170,881,426	170,716,960
Diluted average no. of shares outstanding	172,267,454	173,639,018	172,730,847	173,504,452
Earnings per share, in EUR				
Basic	0.08	0.09	0.06	0.06
Diluted	0.08	0.09	0.06	0.05

Consolidated Statement of Comprehensive Income

MEUR	Q3 2017	Q3 2016	Jan-Sep 2017	Jan-Sep 2016
Profit/loss for the period	**14.4**	**14.9**	**10.4**	**9.5**
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss:				
Actuarial gains and losses	—	1.8	—	1.8
Tax on actuarial gains and losses	—	–0.6	—	–0.6
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	–0.2	–2.0	–6.3	2.1
Tax on exchange differences	–0.2	–1.8	–0.6	–2.1
Fair value gains and losses on cash flow hedges	–0.1	–0.2	0.1	–0.2
Tax on fair value gains and losses on cash flow hedges	0.0	0.0	–0.0	0.0
Other comprehensive income for the period, net of tax	**–0.5**	**–2.8**	**–6.8**	**1.0**
Total comprehensive income for the period	**13.9**	**12.1**	**3.6**	**10.5**
Attributable to:				
Owners of the parent company	13.9	12.1	3.6	10.5
Non-controlling interests	—	—	—	—

Condensed Consolidated Balance Sheet Statements

MEUR	30 Sep 2017	31 Dec 2016
ASSETS		
Intangible assets	60.6	61.0
Tangible assets	186.2	189.0
Investments in associated companies and joint ventures	15.9	18.0
Other shares and participations	5.8	5.2
Other long-term receivables	15.0	16.7
Deferred tax assets	62.1	57.8
Total non-current assets	**345.6**	**347.7**
Inventories	4.2	4.6
Other current receivables	145.8	125.4
Derivative financial instruments	0.1	0.0
Cash and cash equivalents	7.4	8.0
Assets classified as held for sale	15.7	16.8
Total current assets	**173.2**	**154.8**
TOTAL ASSETS	**518.8**	**502.5**
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent	261.8	265.7
Non-controlling interests	0.0	0.0
Total equity	**261.8**	**265.7**
Deferred tax liabilities	14.1	19.1
Retirement benefit obligations	4.0	3.7
Other long-term liabilities	24.3	25.1
Total non-current liabilities	**42.4**	**47.9**
Derivative financial instruments	0.0	0.1
Other current liabilities	191.1	165.5
Liabilities to financial institutions	18.9	20.5
Liabilities classified as held for sale	4.6	2.8
Total current liabilities	**214.6**	**188.9**
TOTAL EQUITY AND LIABILITIES	**518.8**	**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/loss for the period	—	—	—	9.5	**9.5**	—	**9.5**
Other comprehensive income:							
Actuarial gains and losses on defined benefit plans	—	—	—	1.8	**1.8**	—	**1.8**
Tax on actuarial gains and losses on defined benefit plans	—	—	—	–0.6	**–0.6**	—	**–0.6**
Currency differences on translation of foreign operations	—	—	2.1	—	**2.1**	—	**2.1**
Tax on exchange differences recognised in other comprehensive income	—	—	–2.1	—	**–2.1**	—	**–2.1**
Cash flow hedges	—	—	–0.2	—	**–0.2**	—	**–0.2**
Tax on cash flow hedges	—	—	0.0	—	**0.0**	—	**0.0**
Total comprehensive income for the period	**—**	**—**	**–0.2**	**10.7**	**10.5**	**—**	**10.5**
Transactions with owners:							
Dividend	—	—	—	–11.9	**–11.9**	—	**–11.9**
Long term incentive programmes	—	—	—	1.8	**1.8**	—	**1.8**
Ending balance as of September 30, 2016	**11.6**	**177.1**	**3.4**	**55.0**	**247.1**	**0.0**	**247.1**
Opening balance as of January 1, 2017	**11.6**	**177.1**	**4.2**	**72.8**	**265.7**	**0.0**	**265.7**
Profit/loss for the period	—	—	—	10.4	**10.4**	—	**10.4**
Other comprehensive income:							
Actuarial gains and losses on defined benefit plans	—	—	—	—	—	—	—
Tax on actuarial gains and losses on defined benefit plans	—	—	—	—	—	—	—
Currency differences on translation of foreign operations	—	—	–6.3	—	**–6.3**	—	**–6.3**
Tax on exchange differences recognised in other comprehensive income	—	—	–0.6	—	**–0.6**	—	**–0.6**
Cash flow hedges	—	—	0.1	—	**0.1**	—	**0.1**
Tax on cash flow hedges	—	—	–0.0	—	**–0.0**	—	**–0.0**
Total comprehensive income for the period	**—**	**—**	**–6.8**	**10.4**	**3.6**	**—**	**3.6**
Transactions with owners:							
Dividend	—	—	—	–8.5	**–8.5**	—	**–8.5**
Long term incentive programmes	—	—	—	1.0	**1.0**	—	**1.0**
Ending balance as of September 30, 2017	**11.6**	**177.1**	**–2.6**	**75.7**	**261.8**	**0.0**	**261.8**

Condensed Consolidated Statement of Cash Flow

MEUR	Q3 2017	Q3 2016	Jan-Sep 2017	Jan-Sep 2016
Operating profit (EBIT)	**20.8**	**16.4**	**18.9**	**13.3**
Non-cash items	13.3	12.2	47.2	34.3
Interest, taxes paid and other cash items	–4.4	0.1	–13.5	–10.0
Change in working capital	1.2	–7.0	2.4	0.9
Cash flow from operating activities	**30.9**	**21.7**	**55.0**	**38.5**
Purchase of intangible assets	–3.3	–0.2	–5.6	–0.5
Purchase of tangible assets	–18.3	–14.2	–39.8	–49.8
Net proceeds from sale of shares in subsidiaries	—	—	—	0.6
Investments in associated companies and joint ventures	—	—	—	–14.7
Other investments/divestments	–0.5	0.2	–0.1	1.1
Cash flow from investing activities	**–22.1**	**–14.2**	**–45.5**	**–63.3**
Dividend	—	—	–8.5	–11.9
External financing, net	–11.9	–8.7	–1.4	7.3
Cash flow from financing activities	**–11.9**	**–8.7**	**–9.9**	**–4.6**
Cash flow for the period	**–3.1**	**–1.2**	**–0.4**	**–29.4**
Effects of exchange rate changes on cash and cash equivalents	–0.2	–0.1	–0.2	–0.2
Cash and cash equivalents at beginning of the period	**10.7**	**12.8**	**8.0**	**41.1**
Cash and cash equivalents at end of the period	**7.4**	**11.5**	**7.4**	**11.5**

Parent Company, Condensed Statement of Operations

MEUR	Q3 2017	Q3 2016	Jan-Sep 2017	Jan-Sep 2016
Revenue	3.9	3.9	11.0	8.5
Personnel cost and contract labour	–1.9	–1.6	–5.2	–4.8
Other operating expenses	–3.5	–4.3	–13.4	–10.5
Operating profit/loss before depreciation and amortization (EBITDA)	**–1.5**	**–2.0**	**–7.6**	**–6.8**
Depreciation and amortization	–0.1	–0.1	–0.1	–0.1
Operating profit/loss (EBIT)	**–1.6**	**–2.1**	**–7.7**	**–6.9**
Financial income	–0.2	–4.5	0.1	0.3
Financial expense	0.1	0.0	–0.0	–0.0
Profit/loss before tax	**–1.7**	**–6.6**	**–7.6**	**–6.6**
Income tax	0.3	1.4	1.6	1.4
Profit/loss for the period	**–1.4**	**–5.2**	**–6.0**	**–5.2**

Parent Company, Statement of Comprehensive Income

Profit/loss for the period	**–1.4**	**–5.2**	**–6.0**	**–5.2**
Other comprehensive income	—	—	—	—
Total comprehensive income for the period	**–1.4**	**–5.2**	**–6.0**	**–5.2**

Parent Company, Condensed Balance Sheet Statements

MEUR	30 Sep 2017	31 Dec 2016
ASSETS		
Intangible assets	0.0	0.0
Tangible assets	0.2	0.3
Shares in subsidiaries	237.0	236.0
Deferred tax assets	1.7	—
Total non-current assets	**238.9**	**236.3**
Current receivables	25.0	42.7
Total current assets	**25.0**	**42.7**
TOTAL ASSETS	**263.9**	**279.0**
EQUITY AND LIABILITIES		
Equity	**259.3**	**272.8**
Current liabilities	4.6	6.2
Total current liabilities	**4.6**	**6.2**
TOTAL EQUITY AND LIABILITIES	**263.9**	**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	—	—	–5.2	**–5.2**
Transactions with owners:				
Dividend	—	—	–11.9	**–11.9**
Long term incentive programmes	—	—	1.8	**1.8**
Ending balance as of September 30, 2016	**11.6**	**254.2**	**1.6**	**267.4**
Opening balance as of January 1, 2017	**11.6**	**254.2**	**7.0**	**272.8**
Total comprehensive income for the period	—	—	–6.0	**–6.0**
Transactions with owners:				
Dividend	—	—	–8.5	**–8.5**
Long term incentive programmes	—	—	1.0	**1.0**
Ending balance as of September 30, 2017	**11.6**	**254.2**	**–6.5**	**259.3**

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 Q3 2017 and YTD 2017 the intercompany revenue of the Parent Company amounted to MEUR 3.4 (3.6) and MEUR 9.9 (7.9) respectively. The intercompany costs in Q3 2017 and YTD 2017 amounted to MEUR 2.7 (3.0) and MEUR 8.2 (7.3) respectively.

The decrease in profit/loss before tax by MEUR 1.0 YTD is mainly due to one-off financial advisor fees of MEUR 2.2.

Comments on the Balance Sheet

The decrease in current assets of MEUR 17.7 since year end 2016 is mainly due to changes in intercompany balances.

At the end of the period the intercompany receivables amounted to MEUR 24.2 (42.4) and the intercompany liabilities to MEUR 0.9 (3.5).

Notes to Condensed Consolidated Financial Statements

Basis of preparation

The interim report has been prepared in accordance with the Swedish Annual Accounts Act and International Accounting Standard (IAS) 34 Interim Financial Reporting. The interim 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 interim report.

The interim 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 interim report as were applied in the company's annual report for the year ended December 31, 2016.

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. 21 other members of management participate in the programme, entitling them to a maximum of 327,760 shares.

The total value of the 2015 programme at grant date, based on 35 participants and including social security costs, amounted to MEUR 5.1.

Four members of the Executive Committee participate in the 2016 programme entitling them to a total maximum of 325,885 shares. 23 other members of management participate in the programme, entitling them to a maximum of 362,103 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 Q3 2017 and YTD 2017 in accordance with IFRS 2 for the incentive programmes amounted to MEUR 0.1 (1.6) and MEUR 1.1 (2.0) 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 Q3 2017 was 3,429,737 (3,653,415). 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 September 30, 2017, Rezidor had financial instruments measured at fair value amounting to MEUR 5.8 (5.2).

Related party transactions

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

On September 30, 2017 Rezidor had receivables of MEUR 0.1 related to Carlson Hotels (none as at December 31, 2016) and current liabilities of MEUR 1.4 (1.0). The business relationship with Carlson Hotels mainly consisted of operating costs related to the use of the brands and the use of Carlson Hotels' reservation system. During Q3 2017 and YTD 2017 Rezidor had operating costs towards Carlson Hotels of MEUR 4.6 (4.9) and MEUR 14.0 (14.4) respectively.

Carlson Hotels also charged MEUR 1.3 (0.9) and MEUR 4.0 (4.0), respectively, for points earned in the Club Carlson loyalty programme and reimbursed MEUR 1.0 (0.8) and MEUR 2.2 (2.3), respectively, for points redeemed. Furthermore, Carlson Hotels recharged MEUR 1.2 (0.8) and MEUR 4.1 (3.7) of costs incurred from third parties, mainly internet based reservation channels.

Carlson Hotels and Rezidor are also cooperating in various other areas, such as global sales, brand websites, revenue optimisation tools and purchasing. During Q3 2017 and YTD 2017 Rezidor had revenue towards Carlson Hotels of MEUR 0.1 (0.2) and MEUR 0.8 (0.8), respectively, and costs of MEUR 0.3 (0.1) and MEUR 1.0 (0.3), respectively, related to these cost sharing arrangements.

Except for the above mentioned transactions with Carlson Hotels, there are no material transactions with HNA or its affiliates.

Pledged assets and contingent liabilities

Pledged assets, MEUR	30 Sep 2017	31 Dec 2016
Pledged assets	—	—

Contingent liabilities, MEUR	30 Sep 2017	31 Dec 2016
Tax claim interest deduction Sweden	5.4	5.4
Guarantees provided	2.8	2.8

RevPAR Development by Brand (Leased & Managed Hotels)

	L/L Occupancy		L/L Average Room Rates		L/L RevPAR		Reported RevPAR	
In EUR	**Q3 2017**	**vs. 2016**	**Q3 2017**	**vs. 2016**	**Q3 2017**	**vs. 2016**	**Q3 2017**	**vs. 2016**
Radisson Blu	73.2%	1.3 pp	120.9	2.1%	88.5	3.9%	81.0	–3.5%
Park Inn by Radisson	78.8%	1.9 pp	70.4	5.4%	55.5	8.0%	51.8	4.5%
Group	**74.6%**	**1.4 pp**	**107.8**	**2.7%**	**80.4**	**4.7%**	**73.9**	**–2.0%**

In EUR	**Jan-Sep 2017**	**vs. 2016**	**Jan-Sep 2017**	**vs. 2016**	**Jan-Sep 2017**	**vs. 2016**	**Jan-Sep 2017**	**vs. 2016**
Radisson Blu	69.5%	1.6 pp	121.2	2.0%	84.2	4.5%	78.4	0.9%
Park Inn by Radisson	70.4%	2.0 pp	74.4	4.0%	52.4	7.0%	48.7	6.5%
Group	**69.7%**	**1.7 pp**	**109.6**	**2.4%**	**76.3**	**4.9%**	**71.0**	**2.0%**

RevPAR Development by Region (Leased & Managed Hotels)

	L/L Occupancy		L/L Average Room Rates		L/L RevPAR		Reported RevPAR	
In EUR	**Q3 2017**	**vs. 2016**	**Q3 2017**	**vs. 2016**	**Q3 2017**	**vs. 2016**	**Q3 2017**	**vs. 2016**
Nordics	83.2%	–1.1 pp	132.3	4.3%	110.1	3.0%	104.0	0.6%
Rest of Western Europe	81.0%	–0.8 pp	124.0	5.3%	100.5	4.3%	96.2	0.0%
Eastern Europe	76.1%	3.0 pp	87.1	5.1%	66.3	9.4%	64.1	10.2%
Middle East, Africa & Others	59.6%	3.9 pp	94.7	-5.4%	56.4	1.3%	48.1	–13.3%
Group	**74.6%**	**1.4 pp**	**107.8**	**2.7%**	**80.4**	**4.7%**	**73.9**	**–2.0%**

In EUR	**Jan-Sep 2017**	**vs. 2016**	**Jan-Sep 2017**	**vs. 2016**	**Jan-Sep 2017**	**vs. 2016**	**Jan-Sep 2017**	**vs. 2016**
Nordics	77.5%	2.1 pp	131.5	4.0%	101.9	6.9%	96.7	7.8%
Rest of Western Europe	77.0%	0.5 pp	122.8	3.5%	94.5	4.1%	90.0	0.1%
Eastern Europe	65.1%	2.9 pp	82.9	4.6%	54.0	9.5%	53.8	12.6%
Middle East, Africa & Others	60.8%	1.5 pp	108.8	–2.9%	66.1	-0.4%	56.3	–6.5%
Group	**69.7%**	**1.7 pp**	**109.6**	**2.4%**	**76.3**	**4.9%**	**71.0**	**2.0%**

RevPAR Development by Region (Leased Hotels)

	L/L Occupancy		L/L Average Room Rates		L/L RevPAR		Reported RevPAR	
In EUR	**Q3 2017**	**vs. 2016**	**Q3 2017**	**vs. 2016**	**Q3 2017**	**vs. 2016**	**Q3 2017**	**vs. 2016**
Nordics	83.2%	–0.8 pp	129.0	3.4%	107.4	2.4%	101.4	0.2%
Rest of Western Europe	80.0%	–0.5 pp	121.7	6.3%	97.3	5.6%	94.2	2.2%
Group	**81.4%**	**–0.6 pp**	**124.8**	**5.0%**	**101.6**	**4.2%**	**97.3**	**1.0%**

In EUR	**Jan-Sep 2017**	**vs. 2016**	**Jan-Sep 2017**	**vs. 2016**	**Jan-Sep 2017**	**vs. 2016**	**Jan-Sep 2017**	**vs. 2016**
Nordics	77.7%	2.1 pp	128.7	3.2%	100.1	6.0%	94.8	7.3%
Rest of Western Europe	76.9%	0.6 pp	122.2	4.7%	94.0	5.6%	90.6	2.9%
Group	**77.3%**	**1.2 pp**	**125.0**	**4.1%**	**96.6**	**5.8%**	**92.4**	**4.7%**

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

RevPAR	**Q3 2017**	**Jan-Sep 2017**
L/L growth	4.7%	4.9%
FX impact	–4.1%	–0.4%
Units out or closed for renovation	1.8%	2.0%
New openings	–4.4%	–4.5%
Reported growth	–2.0%	2.0%

Revenue per Area of Operation

MEUR	Q3 2017	Q3 2016	Change %	Jan-Sep 2017	Jan-Sep 2016	Change %
Rooms revenue	148.0	150.3	–1.5%	417.1	413.8	0.8%
F&D revenue	52.0	55.9	–7.0%	173.7	177.3	–2.0%
Other hotel revenue	6.8	6.7	1.5%	18.4	20.0	–8.0%
Total hotel revenue (leased)	**206.8**	**212.9**	**–2.9%**	**609.2**	**611.1**	**–0.3%**
Fee revenue (managed & franchised)	35.3	33.0	7.6%	96.8	90.1	7.4%
Other revenue	7.0	5.4	29.6%	19.7	16.9	16.6%
Total revenue	**249.1**	**251.3**	**–0.9%**	**725.7**	**718.1**	**1.1%**

Total Fee Revenue

MEUR	Q3 2017	Q3 2016	Change %	Jan-Sep 2017	Jan-Sep 2016	Change %
Management Fees	9.3	8.9	4.5%	26.6	24.8	7.3%
Incentive Fees	9.8	8.5	15.3%	22.8	21.5	6.0%
Franchise Fees	3.9	3.6	8.3%	10.2	9.4	8.5%
Other Fees (incl. marketing, reservation fee etc.)	12.3	12.0	2.5%	37.2	34.4	8.1%
Total fee revenue	**35.3**	**33.0**	**7.6%**	**96.8**	**90.1**	**7.4%**

Revenue per Region

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Total	
Q3	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Leased	93.9	103.8	112.9	109.1	—	—	—	—	206.8	212.9
Managed	0.9	0.7	8.2	7.3	11.9	10.7	6.4	6.8	27.4	25.5
Franchised	2.6	2.5	3.5	3.3	1.9	1.6	0.1	0.1	8.1	7.5
Other	4.5	3.7	2.3	1.7	—	—	—	—	6.8	5.4
Total	**101.9**	**110.7**	**126.9**	**121.4**	**13.8**	**12.3**	**6.5**	**6.9**	**249.1**	**251.3**

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Total	
Jan-Sep	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Leased	276.9	292.8	332.3	318.3	—	—	—	—	609.2	611.1
Managed	2.1	1.6	20.7	21.0	28.6	25.4	22.4	21.8	73.8	69.8
Franchised	7.3	7.2	9.2	8.5	6.3	4.3	0.3	0.3	23.1	20.3
Other	12.9	10.3	6.7	6.6	—	—	—	—	19.6	16.9
Total	**299.2**	**311.9**	**368.9**	**354.4**	**34.9**	**29.7**	**22.7**	**22.1**	**725.7**	**718.1**

Rental Expenses

MEUR	Q3 2017	Q3 2016	Change %	Jan-Sep 2017	Jan-Sep 2016	Change %
Fixed rent	45.2	45.9	–1.5%	137.4	141.9	–3.2%
Variable rent	13.2	12.4	6.5%	37.3	35.5	5.1%
Rent	**58.4**	**58.3**	**0.2%**	**174.7**	**177.4**	**–1.5%**
Rent as % of leased hotel revenue	28.2%	27.4%	0.8 pp	28.7%	29.0%	–0.3 pp
Shortfall guarantees	–0.6	0.2	–400.0%	1.3	2.5	–48.0%
Rental expense	**57.8**	**58.5**	**–1.2%**	**176.0**	**179.9**	**–2.2%**

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	
Q3	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Leased	10.7	12.0	11.0	11.1	—	—	—	—	—	—	21.7	23.1
Managed	0.6	0.6	5.8	5.0	9.2	7.5	3.4	4.8	—	—	19.0	17.9
Franchised	1.6	1.6	1.8	1.5	1.5	1.1	0.1	—	—	—	5.0	4.2
Other[1)]	3.0	2.5	–0.0	0.1	—	—	0.2	0.2	—	—	3.2	2.8
Central costs	—	—	—	—	—	—	—	—	–14.5	–19.0	–14.5	-19.0
Total	**15.9**	**16.7**	**18.6**	**17.7**	**10.7**	**8.6**	**3.7**	**5.0**	**–14.5**	**–19.0**	**34.4**	**29.0**

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Central costs		Total	
Jan-Sep	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Leased	25.2	22.2	23.4	20.9	—	—	—	—	—	—	48.6	43.1
Managed	1.3	1.1	12.7	12.1	19.6	17.7	11.5	12.8	—	—	45.1	43.7
Franchised	4.0	4.1	4.1	3.6	4.6	2.1	0.1	0.1	—	—	12.8	9.9
Other[1)]	7.3	4.7	–0.5	0.1	—	—	–0.3	0.2	—	—	6.5	5.0
Central costs	—	—	—	—	—	—	—	—	–47.7	–45.5	–47.7	–45.5
Total	**37.8**	**32.1**	**39.7**	**36.7**	**24.2**	**19.8**	**11.3**	**13.1**	**–47.7**	**–45.5**	**65.3**	**56.2**

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

Operating Profit (EBIT)

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Central costs		Total	
Q3	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Leased	5.1	4.4	4.4	7.1	—	—	—	—	—	—	9.5	11.5
Managed	0.6	0.5	5.6	4.8	9.1	7.5	3.4	4.8	—	—	18.7	17.6
Franchised	1.3	1.6	1.7	1.5	1.5	1.0	0.1	0.0	—	—	4.6	4.1
Other[1)]	2.4	1.9	–0.1	0.1		—	0.2	0.2	—	—	2.5	2.2
Central costs	—	—	—	—	—	—	—	—	–14.5	–19.0	–14.5	–19.0
Total	**9.4**	**8.4**	**11.6**	**13.5**	**10.6**	**8.5**	**3.7**	**5.0**	**–14.5**	**–19.0**	**20.8**	**16.4**

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Central costs		Total	
Jan-Sep	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Leased	6.5	–2.2	0.5	5.4	—	—	—	—	—	—	7.0	3.2
Managed	1.3	1.0	11.3	12.0	19.4	17.6	10.7	12.7	—	—	42.7	43.3
Franchised	3.6	4.1	4.0	3.5	4.6	2.0	0.1	0.1	—	—	12.3	9.7
Other[1)]	5.5	2.3	–0.6	0.1	—	—	–0.3	0.2	—	—	4.6	2.6
Central costs	—	—	—	—	—	—	—	—	–47.7	–45.5	–47.7	–45.5
Total	**16.9**	**5.2**	**15.2**	**21.0**	**24.0**	**19.6**	**10.5**	**13.0**	**–47.7**	**–45.5**	**18.9**	**13.3**

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

Reconciliation of Profit/Loss for the Period

MEUR	Q3 2017	Q3 2016	Jan-Sep 2017	Jan-Sep 2016
Total operating profit/loss (EBIT) for reportable segments	**20.8**	**16.4**	**18.9**	**13.3**
Financial income	0.5	0.5	1.1	1.5
Financial expense	–1.4	–0.4	–3.0	–2.1
Group's total profit/loss before tax	**19.9**	**16.5**	**17.0**	**12.7**

Balance Sheet and Investments

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Total	
	30 Sep 2017	31 Dec 2016	30 Sep 2017	31 Dec 2016	30 Sep 2017	31 Dec 2016	30 Sep 2017	31 Dec 2016	30 Sep 2017	31 Dec 2016
Assets	194.9	172.1	279.6	283.9	16.7	15.2	27.6	31.3	518.8	502.5
Investments (tangible & intangible assets)	31.5	23.2	13.2	47.5	0.1	0.2	0.6	0.1	45.4	71.0

Quarterly Key Figures

MEUR	Q3 2017	Q3 2016	Q32015	Q3 2014	Q3 2013
RevPAR	73.9	75.3	77.0	72.7	72.5
Revenue	249.1	251.3	261.4	240.8	227.4
EBITDAR	92.1	87.3	97.7	87.7	81.7
EBITDA	34.4	29.0	35.8	26.4	22.8
EBIT	20.8	16.4	24.4	17.3	15.1
Profit for the period	14.4	14.9	17.9	11.3	9.7
EBITDAR margin, %	37.0	34.7	37.4	36.4	35.9
EBITDA margin, %	13.8	11.5	13.7	11.0	10.0
EBIT margin, %	8.4	6.5	9.3	7.2	6.7

	2017			2016				2015	
MEUR	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
RevPAR	73.9	74.9	64.0	66.2	75.3	73.1	60.4	67.9	77.0
Revenue	249.1	254.1	222.5	243.1	251.3	259.8	207.0	255.4	261.4
EBITDAR	92.1	88.4	61.7	78.7	87.3	98.1	50.5	87.7	97.7
EBITDA	34.4	28.4	2.5	23.1	29.0	36.4	–9.2	32.5	35.8
EBIT	20.8	6.3	–8.2	–10.3	16.4	22.0	–25.0	22.3	24.4
Profit/loss for the period	14.4	3.6	–7.6	16.9	14.9	16.2	–21.6	14.3	17.9
EBITDAR margin, %	37.0	34.8	27.7	32.4	34.7	37.8	24.4	34.3	37.4
EBITDA margin, %	13.8	11.2	1.1	9.5	11.5	14.0	–4.4	12.7	13.7
EBIT margin, %	8.4	2.5	–3.7	–4.2	6.5	8.5	–12.1	8.7	9.3

Hotel and Room Openings and Signings

	Openings				Signings			
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
	Q3 2017	Q3 2017	Jan-Sep 2017	Jan-Sep 2017	Q3 2017	Q3 2017	Jan-Sep 2017	Jan-Sep 2017
By region:								
Nordics	—	—	—	—	—	—	—	—
Western Europe	—	—	2	246	1	49	3	399
Eastern Europe	4	882	9	1,606	2	395	5	1,022
Middle East, Africa & Others	4	691	10	2,043	4	1,436	11	5,303
Total	**8**	**1,573**	**21**	**3,895**	**7**	**1,880**	**19**	**6,724**
By brand:								
Radisson Blu	4	779	8	1,549	3	370	8	2,406
Park Inn by Radisson	3	542	12	2,094	1	168	6	2,450
Other	1	252	1	252	3	1,342	5	1,868
Total	**8**	**1,573**	**21**	**3,895**	**7**	**1,880**	**19**	**6,724**
By contract type:								
Leased	—	—	—	—	—	—	1	250
Managed	6	1,123	15	2,945	7	1,880	15	5,977
Franchised	2	450	6	950	—	—	3	497
Total	**8**	**1,573**	**21**	**3,895**	**7**	**1,880**	**19**	**6,724**

In Q3 2017, three hotels and 649 rooms left the system, resulting in a net opening of 924 rooms.

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

	In operation				Under development			
	Hotels		Rooms		Hotels		Rooms	
30 September	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
By region:								
Nordics	59	61	14,293	14,531	—	—	—	—
Rest of Western Europe	132	134	26,620	26,678	14	14	2,365	2,739
Eastern Europe	104	98	24,454	23,872	25	25	4,799	4,955
Middle East, Africa & Others	74	68	15,969	15,031	71	74	17,912	16,178
Total	**369**	**361**	**81,336**	**80,112**	**110**	**113**	**25,076**	**23,872**
By brand:								
Radisson Blu	242	239	57,048	56,968	64	64	13,725	14,295
Park Inn by Radisson	119	114	23,158	22,066	35	43	8,530	8,408
Others	8	8	1,130	1,078	11	6	2,821	1,169
Total	**369**	**361**	**81,336**	**80,112**	**110**	**113**	**25,076**	**23,872**
By contract type:								
Leased	66	67	16,534	16,701	1	—	250	—
Managed	194	183	43,590	41,687	97	101	22,941	21,912
Franchised	109	111	21,212	21,724	12	12	1,885	1,960
Total	**369**	**361**	**81,336**	**80,112**	**110**	**113**	**25,076**	**23,872**

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
Operating 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 on sale of fixed assets, net financial items and income tax.

EBITDA Margin
EBITDA as a percentage of Revenue.

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

EBITDAR Margin
EBITDAR as a percentage of Revenue.

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.

	30 Sep 2017	31 Dec 2016
Cash & cash equivalents [A]	7.4	8.0
Cash & cash equivalents classified as held-for-sale [B]	0.0	0.0
Short-term interest bearing assets [C]	—	—
Interest-bearing liabilities [D]	36.6	37.9
Retirement benefit obligations [E]	4.0	3.7
Liabilities related to investments in hotels under management contracts [F]	5.1	5.3
Net cash (debt) [A+B+C–D+E+F]	**–20.1**	**–20.9**

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

MEUR	30 Sep 2017	31 Dec 2016
Interest-bearing assets [A]	30.4	33.1
Interest-bearing liabilities [B]	36.6	37.9
Net interest-bearing assets/liabilities [A–B]	**–6.2**	**–4.8**

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

MEUR	Jan-Sep 2017	Jan-Sep 2016
Cash flow from operating activities [A]	55.0	38.5
Cash flow from investing activities [B]	–45.5	–63.3
Free cash flow [A+B]	**9.5**	**–24.8**

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

MEUR	Jan-Sep 2017	Jan-Sep 2016
Rental expense [A]	176.0	179.9
Where of shortfall guarantees [B]	1.3	2.5
Total hotel revenue [C]	609.2	611.1
Rent as percentage of leased hotel revenue [(A–B)/C]	**28.7%**	**29.0%**

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

MEUR	30 Sep 2017	31 Dec 2016
Inventory [A]	4.2	4.6
Current non-interest-bearing receivables [B]	142.8	122.6
Current non-interest-bearing liabilities [C]	191.2	165.6
Net working capital [A+B–C]	**–44.2**	**–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	Jan-Sep 2017	Jan-Sep 2016
Rooms revenue (MEUR) [A]	417.1	413.8
Number of available rooms (thousands) [B]	4,514	4,690
RevPAR [A/B]	**92.4**	**88.2**

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, Bulgaria, 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, 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.

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