



QUARTERLY REPORT Q4 2019 | MOTEL ONE GROUP

KEY FACTS

Q4 2019:

- Motel One opens its first hotel in Linz | [PAGE 2](#)
- Triple victory at the German customer awards 2019 | [PAGE 2](#)
- Redesigns at Cologne-Waidmarkt, Frankfurt-East Side and Essen | [PAGE 3](#)
- Employee engagement at a high level | [PAGE 4](#)
- 550,000 beOne members registered | [PAGE 6](#)
- Occupancy rate increased to 79% (previous year 78%) | [PAGE 7](#)

2019 FINANCIAL YEAR:

- CSR in practice at Motel One | [PAGE 4](#)
- One Foundation launches its first projects | [PAGE 5](#)
- Projects for a sustainable future | [PAGE 5](#)
- Quality never stands still | [PAGE 6](#)
- 74 (previous year 71) hotels in operation with 20,851 (previous year 20,160) rooms | [PAGE 7](#)
- 3 (previous year 9) hotels with 691 (previous year 2,773) rooms newly opened | [PAGE 7](#)
- Revenue up by 15% to EUR 562 (previous year 487) million | [PAGE 7](#)
- EBITDA of EUR 176 (previous year 150) million | [PAGE 7](#)
- Growth to 101 (previous year 98) hotels with 28,900 rooms secured | [PAGE 9](#)
- Market and outlook | [PAGE 10](#)



MOTEL ONE OPENS ITS FIRST HOTEL IN LINZ

Within the old walls of a 15th century listed building right on Hauptplatz, Motel One has opened its first hotel in Linz. Stuccowork and charming details inspired by Linz's rich history meet modern design and industrial elements, capturing the feel of the city in the design. Seats, arm-chairs and sofas from two long-established Austrian companies, Gebrüder Thonet and Wittmann, create a very special atmosphere in the One Lounge. For private meetings or to work quietly, the hotel even has its own 'Radlstube' bike lounge, a work area designed as a tribute to the Danube cycle path and adorned with an original Lobmeyr chandelier. Work by Austrian street artist SKIRL_ hangs in the One Lounge, depicting the city's trademark features such as bridges, industrial chimneys and the waves of the Danube in the artist's typical black and white style. On a vast 170 m² canvas, he created an artwork that was then split into pieces and now decorates the 111 rooms. This seventh hotel in Austria was developed by RoomBuus Baudienstleistungen GmbH for Lentia Investments GmbH.



TRIPLE VICTORY AT THE GERMAN CUSTOMER AWARDS 2019

For the second year running, Motel One triumphed in all three categories at the Deutscher Kunden-Award 2019 (German customer awards). The budget design hotel group overcame the competition to win in the customer satisfaction, customer service and value for money categories.

Based on around 370,000 customer ratings, Deutsche Gesellschaft für Verbraucherstudien mbH (DtGV) identified and recognised the best companies across all industries. The independent research institute considered 2,396 companies from 239 industry sectors for this year's customer awards. Motel One won first place in the categories in the budget hotels sector and, based on its excellent ratings, was among the 'industry champions' for 2019.





REDESIGNS IN COLOGNE, ESSEN AND FRANKFURT

In addition to opening new hotels, Motel One continues to invest in redesigning its existing hotels. This provides ongoing product development and quality enhancements, as well as guaranteeing that the brand promise is met in every Motel One location. Q4 saw the completion of redesigns of Motel One Cologne-Waidmarkt, Essen and Frankfurt-East Side.

'Water in Cologne' was the source of inspiration for the design at **Motel One Cologne-Waidmarkt**. The Rhine and its bridges, the photo series by Dirk Brömmel that depicts ships from above, and lights like drops of water complement the theme. The focal point is the bar, which is in the style of 4711 Eau De Cologne and features a large LED installation on the rear wall. The turquoise and gold tones perfectly complement the design of the One Lounge.



At **Motel One Essen**, the design of the theme of 'the beating heart of Germany' uses colours and shapes from the 1950s, drawing inspiration from the architectural style of the listed building dating back to 1954. From Germany's World Cup victory and the films of Heinz Rühmann to enchanting cocktail parties – references to this eventful era can be found throughout the hotel. The artist Kristina Kanders created the wall behind the bar and three oil paintings on original wallpaper.

The redesign at **Motel One Frankfurt-East Side** celebrates classic cars. Featuring vintage cars and modern classics, the design extends from the One Lounge into the adjoining bar and breakfast area. The work area has been designed in the style of a car workshop, while the wall behind the bar features oversized images of vintage cars. Chrome details, leather elements and paintwork complete the design.

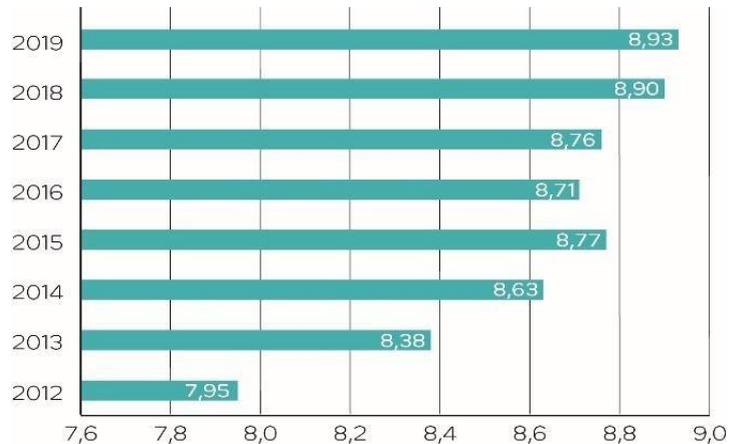




EMPLOYEE ENGAGEMENT AT A HIGH LEVEL

The One Emotion employee survey was conducted for the eighth time in 2019. At 78% (previous year 79%), participation was slightly lower than the previous year.

A total of 1,872 (previous year 1,627) employees from 10 countries took part in the One Emotion. The results of this year's survey showed that employee satisfaction has improved once again, rising to 8.93 (previous year 8.90) out of 10, and therefore remains at a high level. This year, the highest scores were for personal motivation and identification.



CSR IN PRACTICE AT MOTEL ONE

Motel One lives up to its corporate responsibility for staff, the environment and society, and these values are enshrined in the company's DNA.

Our employees are the priority, and we provide a collaborative environment characterised by openness, respect, trust and mutual respect. In addition to fair salaries, our employees receive numerous benefits as well as personal and professional development through training and coaching from the One University. Over the past year, 364 training sessions were delivered to around 3,500 participants. Some 55 dual students and 63 apprentices also received training for a future career in the hotel industry.



Our employees make a significant contribution to our success, so we also want them to share in our economic success. In 2019, a record total of EUR 12.7 million in incentives was distributed to employees.



ONE FOUNDATION LAUNCHES ITS FIRST PROJECTS

'This project is really close to my heart,' says Dieter Müller, CEO of Motel One, speaking about the One Foundation, the Motel One Group foundation established in 2018. The foundation's mission is to support the socially and economically disadvantaged, particularly in areas including social integration, training and education. One Foundation and Motel One are thus increasing their social commitment. The first three projects to receive funding have already begun and more projects will be launched in 2020.

In the 2019/20 school year, the One Foundation awarded grants to pupils of Freudberg Gemeinschaftsschule in Berlin who come from low-income families. The One Foundation and Motel One support the SOS Children's Village in Jordan which currently



cares for about 210 orphaned and abandoned children who cannot live with their families. The third major project is the construction of a primary school in Malawi in south-east Africa. The school will open in mid-2020, giving around 400 children new prospects.

PROJECTS FOR A SUSTAINABLE FUTURE

Green energy at Motel One

Renewable energy is the most important element of a sustainable electricity supply. All Motel One locations in Germany, Austria, the UK, Switzerland, the Czech Republic and Poland obtain 100% of their electricity from renewable sources such as hydro power, solar power and wind energy.

New breakfast with more organic produce

All of the cheeses, sliced meats and eggs in the new breakfast concept introduced in Q1 2019 are organic, adding to the wide range of organic produce already served at Motel One in Germany and Austria.

Natural toiletries without microplastics

The toiletries provided to guests at Motel One avoid plastics in two ways. The refillable pump dispensers are made from recycled PET and are reused many times over. The two products provided – hand wash and hair & body shampoo – are Ecocert and Cosmebio certified and do not contain microplastics.

Sustainable mobility for employees

Motel One has increased its comprehensive range of employee benefits and is investing in sustainable mobility. As of July 2019, all employees across more than 50 Motel One locations in Germany have the option of a bicycle or e-bike or a public transport allowance.



550,000 BEONE MEMBERS REGISTERED

After a successful first year, the 550,000th member joined the beOne programme in December. The high number of registrations confirms that the membership programme is meeting our guests' expectations. New ongoing benefits, such as one-click book, are making a substantial contribution to the high proportion of guest bookings made via our channels.



QUALITY NEVER STANDS STILL

During the 2019 financial year, we have worked hard to develop our product and services. Guest feedback clearly shows that we are on the right track. The 548,206 online ratings and the detailed comments we have received also give us important information about where we still have room for improvement in our product and services. Across all our 74 hotels, we achieved a score of 9.0 out of a possible 10 points and a 98% recommendation rate.



It is thanks to our employees' dedication to providing a high-quality service that we have been able to achieve this pleasing result. We have maintained the very high standards previously achieved in all categories and improved our performance for criteria including lounge & bar and value for money. The increase achieved in these categories reflects our continued work to further develop our product. Seven of our hotels underwent a redesign in 2019, with the bar as the focal point and an extended One Gin menu introduced. Almost four years after the gin concept was launched, Motel One serves around 50 hand-picked gins, including even more locally inspired options, and offers gins from newcomers in addition to country-specific distilleries.



INCOME STATEMENT

As per 31 December 2019, Motel One has 74 (previous year 71) hotels in operation with 20,851 (previous year 20,160) rooms. In Q4, Motel One Linz-Hauptplatz opened with 111 rooms. The occupancy rate in Q4 was 79% (previous year 78%), up slightly on the previous year. Revenue increased by 11% to EUR 149 (previous year 134) million and EBITDA rose by 15% to EUR 45 (previous year 39) million.

| | Q4 | | | YTD December | | |
|--------------------------|---------|---------|--------|--------------|---------|--------|
| | 2019 | 2018 | +/- | 2019 | 2018 | +/- |
| Statistics: | | | | | | |
| No. Hotels | 74 | 71 | 3 | 74 | 71 | 3 |
| No. Rooms | 20.851 | 20.160 | 691 | 20.851 | 20.160 | 691 |
| Occupancy (%) | 78,7 | 77,8 | 1 | 76,7 | 76,5 | 0 |
| RevRoSold (EUR) | 98,9 | 94,8 | 4 | 98,4 | 94,9 | 4 |
| Income Statement: | kEUR | kEUR | % py | kEUR | kEUR | % py |
| Revenue | 148.985 | 133.632 | 11 | 562.264 | 487.148 | 15 |
| EBITDA | 44.774 | 38.822 | 15 | 175.960 | 150.250 | 17 |
| EBIT | 27.072 | 16.892 | 60 | 115.546 | 92.100 | 25 |
| EBT before Capital gain | 25.689 | 14.640 | 75 | 106.491 | 83.787 | 27 |
| Capital gain | 59.107 | 49.703 | 19 | 59.107 | 49.703 | 19 |
| EBT | 84.796 | 64.343 | 32 | 165.598 | 133.490 | 24 |
| NET PROFIT | 71.945 | 56.047 | 28 | 128.506 | 104.450 | 23 |
| Performance: | % Rev | % Rev | % Pts. | % Rev | % Rev | % Pts. |
| EBITDAR | 47,1 | 45,8 | 1,3 | 49,3 | 48,4 | 0,9 |
| Lease payments | -17,1 | -16,8 | -0,3 | -18,0 | -17,6 | -0,4 |
| EBITDA | 30,0 | 29,0 | 1,0 | 31,3 | 30,8 | 0,5 |
| EBIT | 18,2 | 12,6 | 5,6 | 20,6 | 18,9 | 1,7 |

For the full financial year 2019, the occupancy rate was 76.7% (previous year 76.5%), revenue per room sold increased by EUR 3.50 to EUR 98.40 (previous year 94.90). Revenue increased by 15% to EUR 562 (previous year 487) million and EBITDA rose by 17% to EUR 176 (previous year 150) million. EBT before capital gain increased by 27% to EUR 106 (previous year 84) million. A capital gain of EUR 59 (previous year 50) million resulted from real estate transactions. Net profit increased by 23% to EUR 129 (previous year 104) million. Performance in relation to revenue also improved. EBITDAR rose to 49.3% (previous year 48.4%) and EBITDA rose to 31.3% (previous year 30.8%). After depreciation, EBIT was 20.6% (previous year 18.9%).



CASH FLOW STATEMENT AND BALANCE SHEET

A real estate transaction affected cash flow in the fourth quarter. Operating cash flow for the year as a whole increased to EUR 129 (previous year 74) million. Investment in redesigning existing hotels rose to EUR 47 (previous year 38) million. The cash flow available for expansion grew to EUR 203 (previous year 118) million. Of this, EUR 55 (previous year 75) million was invested in the property portfolio and EUR 12 (previous year 34) million in FF&E for newly opened hotels. After dividends, which increased to EUR 70 (previous year 10) million, cash holdings as of 31 December 2019 increased to EUR 183 (previous year 118) million.

| Cash Flow Statement | Q4 | | | YTD December | | |
|-----------------------------------|----------|---------|------|--------------|---------|-------|
| | 2019 | 2018 | +/- | 2019 | 2018 | Abw. |
| | kEUR | kEUR | % py | kEUR | kEUR | % Vj. |
| EBITDA reported | 44.774 | 38.822 | 15 | 175.960 | 150.250 | 17 |
| - Net Working Capital | -131.799 | -60.052 | >100 | -46.995 | -76.144 | -38 |
| Operating Cash Flow | -87.025 | -21.230 | >100 | 128.965 | 74.106 | 74 |
| - Re-Design Capex | -14.022 | -8.676 | 62 | -47.319 | -38.104 | 24 |
| - FX Rate Fixed Assets | -4.172 | -430 | >100 | -5.714 | -430 | >100 |
| - Taxes | -12.851 | -8.296 | 55 | -37.092 | -29.040 | 28 |
| Free Cash Flow after taxes | -118.070 | -38.632 | >100 | 38.840 | 6.532 | >100 |
| - Investing / Divesting Cash Flow | 150.655 | 79.896 | 89 | 150.655 | 79.896 | 89 |
| - Equity Cash Flow | 1.693 | -718 | <100 | -659 | -718 | -8 |
| - Debt Cash Flow | 2.095 | 16.855 | -88 | 13.746 | 32.350 | -58 |
| Cash Flow for Expansion Capex | 36.373 | 57.401 | -37 | 202.582 | 118.060 | 72 |
| - CAPEX new Hotels PROPCO | -7.929 | -36.887 | -79 | -54.852 | -74.821 | -27 |
| - CAPEX new Hotels FF&E | -2.114 | -10.822 | -80 | -12.345 | -33.728 | -63 |
| - Dividends | 0 | 0 | | -70.000 | -10.000 | >100 |
| Net Cash Flow | 26.330 | 9.692 | >100 | 65.385 | -489 | <100 |
| Cash at end of period | 182.894 | 117.509 | 56 | 182.894 | 117.509 | 56 |

Equity increased by 12% to EUR 547 (previous year 489) million. Net debt declined by 20% to EUR 173 (previous year 215) million. Net debt/EBITDA fell to 1.0 (previous year 1.4).

| Net Balance Sheet | December | | | | |
|--------------------------|----------|-----|---------|-----|-------|
| | 2019 | | 2018 | | +/- % |
| | kEUR | % | kEUR | % | % |
| Fixed Assets | 667.614 | 100 | 700.553 | 100 | -5 |
| Equity | 547.286 | 82 | 489.439 | 70 | 12 |
| Net working capital | -52.212 | -8 | -4.010 | -1 | >100 |
| Net debt | 172.540 | 26 | 215.124 | 31 | -20 |
| EBITDA Rolling 12 months | 175.960 | | 150.250 | | 17 |
| Net Debt/EBITDA | 1,0 | | 1,4 | | |



HOTELS IN OPERATION AND DEVELOPMENT

There are 74 (previous year 71) hotels in operation with 20,851 (previous year 20,160) rooms. Of these, 13 (previous year 15) hotels with 3,400 (previous year 3,655) rooms are owned and 11 (previous year 7) hotels with 2,461 (previous year 1,626) rooms are leased. With 50 (previous year 49) hotels and 14,990 (previous year 14,879) rooms, the proportion of rooms under rental agreements is 72% (previous year 74%). There are 23 (previous year 21) international hotels with 6,509 (previous year 6,068) rooms in operation. This represents 31% (previous year 30%).

| Structure | Dec 31, 2019 | | | Dec 31, 2018 | | | +/- py | |
|--------------------------|--------------|--------|-----|--------------|--------|-----|--------|-------|
| | Hotels | Rooms | % | Hotels | Rooms | % | Hotels | Rooms |
| in operation | | | | | | | | |
| Owned Hotels | 13 | 3.400 | 16 | 15 | 3.655 | 18 | -2 | -255 |
| Leased Hotels | 11 | 2.461 | 12 | 7 | 1.626 | 8 | 4 | 835 |
| Rented Hotels | 50 | 14.990 | 72 | 49 | 14.879 | 74 | 1 | 111 |
| Total in operation | 74 | 20.851 | 100 | 71 | 20.160 | 100 | 3 | 691 |
| - Germany | 51 | 14.342 | 69 | 50 | 14.092 | 70 | 1 | 250 |
| - International | 23 | 6.509 | 31 | 21 | 6.068 | 30 | 2 | 441 |
| under development | | | | | | | | |
| Owned Hotels | 5 | 2.042 | 25 | 7 | 2.525 | 31 | -2 | -483 |
| Rented Hotels | 22 | 6.026 | 75 | 20 | 5.582 | 69 | 2 | 444 |
| Total Pipeline secured | 27 | 8.068 | 100 | 27 | 8.107 | 100 | 0 | -39 |
| - Germany | 17 | 5.233 | 65 | 17 | 5.134 | 63 | 0 | 99 |
| - International | 10 | 2.835 | 35 | 10 | 2.973 | 37 | 0 | -138 |
| Total | | | | | | | | |
| Owned Hotels | 18 | 5.442 | 19 | 22 | 6.180 | 22 | -4 | -738 |
| Leased Hotels | 11 | 2.461 | 9 | 7 | 1.626 | 6 | 4 | 835 |
| Rented Hotels | 72 | 21.016 | 73 | 69 | 20.461 | 72 | 3 | 555 |
| Total | 101 | 28.919 | 100 | 98 | 28.267 | 100 | 3 | 652 |
| - Germany | 68 | 19.575 | 68 | 67 | 19.226 | 68 | 1 | 349 |
| - International | 33 | 9.344 | 32 | 31 | 9.041 | 32 | 2 | 303 |

A total of 27 (previous year 27) hotels with 8,068 (previous year 8,107) rooms are in development. Of these, 5 (previous year 7) hotels are owned and 22 (previous year 20) hotels are being developed based on long-term rental agreements with outside investors. Contractually secured growth increased to 101 (previous year 98) hotels with 28,919 (previous year 28,267) rooms. Due to the overheated property markets combined with large pipelines in Europe, we are exercising restraint in our new contracts. For us, sustainable growth in the quality of our locations and in investment are paramount.



EUROPEAN HOTEL MARKET

In the 2019 financial year, the European hotel market saw an increase in RevPAR (revenue per available room) of 2.5% compared to the previous year (Source: STR Global). This was driven by Southern Europe with an increase of 6.5% and Western Europe with 2.2%. Northern Europe (0.7%) and Eastern Europe (-0.9%) were well below the average.

After a substantial decline in Q3 and good performance in Q4, Germany recorded an overall increase in RevPAR of 1.2% for the year. The UK recorded a 0.4% increase. The top performers were Austria with 7.6% and Belgium with an increase of 5.5%.

OUTLOOK

After a period of economic growth lasting more than 10 years, growth appears to be slowing in Germany. This is due to changes in the automotive industry, continuing trade disputes, Brexit and geopolitical tensions. At the same time, capacity continues to increase in the hotel sector, putting occupancy rates and prices under pressure in most cities in Europe. Coronavirus is set to have a huge impact on travel behaviour in the coming months.

With respect to the development of our locations, we see opportunity in any crisis. We plan to open four hotels with about 1,300 rooms in Bonn, Cologne, Hanover and Nuremberg in 2020.

Munich, March 2020