



## QUARTERLY REPORT Q4 2020 | MOTEL ONE GROUP

### KEY FACTS

#### 4TH QUARTER 2020:

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- Investment in digitalisation | [PAGE 4](#)
- Second lockdown causes further high losses | [PAGE 5](#)
- Crisis brings new growth opportunities | [PAGE 5](#)

#### YTD DECEMBER 2020:

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- beOne continues to expand, even in the crisis | [PAGE 4](#)
- Pandemic causes EUR 102 million loss | [PAGE 5](#)
- Still no coronavirus help received | [PAGE 5](#)
- Motel One still well positioned | [PAGE 6](#)
- Another year of crisis ahead in 2021 | [PAGE 7](#)
- Good prospects for hotel industry, even after the crisis | [PAGE 7](#)

## MOTEL ONE BONN-HAUPTBAHNHOF HAS OPENED

This is the second Motel One hotel in Bonn. The new building, which opened in December 2020, is next to Bonn's central railway station (Hauptbahnhof), a highly central location in Bonn, and boasts more than 235 rooms which are available from EUR 69 per night.



The interior design is inspired by the UN's 17 Sustainable Development Goals, due to the fact that Bonn is one of the UN's locations and the 17 goals were ratified there. Printed on recycled material, they draw attention to these globally important goals in the foyer.

The interior is dominated by natural and sustainable materials and furniture – including pendant lights made of PET bottles or recycled cardboard and carpet made from webbing remnants. Reception and bar merge into one with a counter made of recycled old wood. The blue tones of the back wall evoke the limitless depths of the oceans, and a three-dimensional light installation in front takes the form of a wave. Warm earth tones meet the natural green of real plants. Leather sofas, top-quality armchairs and wooden tables combine with numerous globes and interesting books to create a cosy living room atmosphere. Many of the products used tell sustainable stories, such as the process used by Ay Illuminate to make its lights from waste products in factories in Africa, Europe and Asia.



## ONE PLANET. ONE FUTURE.

The Motel One sustainability programme.

The Motel One Group has a clear goal: to integrate social and environmental action, act responsibly and get involved. And we align our measures and actions with the UN's 17 Sustainable Development Goals.

### GREEN ENERGY AT MOTEL ONE

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.



### SUSTAINABILITY STARTS WITH THE CONSTRUCTION OF A HOTEL

This is the mindset that we and our investors apply to the planning of a new hotel. Currently, 16 of our hotels have already received sustainability certification.

### SUSTAINABLE MOBILITY FOR EMPLOYEES

All employees across more than 50 Motel One locations in Germany have the option of hiring a bicycle or e-bike for free through Motel One or obtaining a public transport allowance.

### URBAN BIO BREAKFAST WITH ORGANIC QUALITY

All of the cheeses, sliced meats, sausages and eggs in the new breakfast concept are organic, adding to the wide range of organic food already served at Motel One in Germany and Austria. The vegetarian and vegan offer will also be steadily expanded.

### NATURAL TOILETRIES WITHOUT MICROPLASTICS

The toiletries provided to guests at Motel One are doubly sustainable. The refillable pump dispensers are made from recycled PET and are reused many times over. The two products, hand and bodywash, are Ecocert and Cosmebio certified and do not contain microplastics. Moreover, all cleaning products used at Motel One are completely free of microplastics.

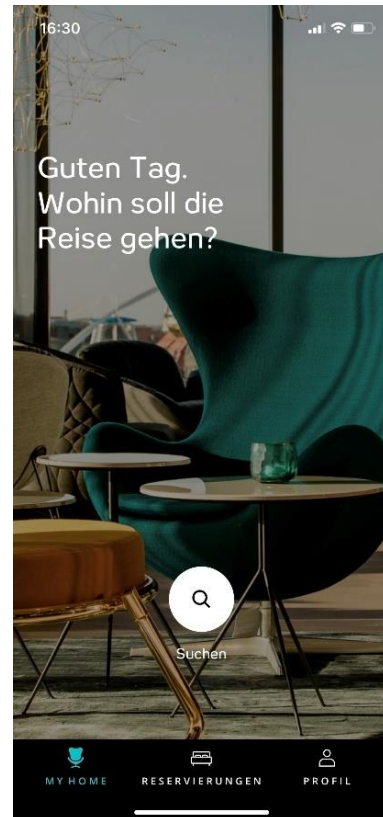
## MOTEL ONE IS INVESTING IN DIGITALISATION

Motel One is offering a completely redesigned app for iOS and Android to further digitalise the hotel experience and customer journey, and it has plenty of new functions in store. Room booking, travel management, payment, cancellation, weather info, tips for the surrounding area – the app is a true digital travel companion.

All beOne members can also store their individual booking preferences in the app and book even more quickly and easily using the One Click Book function.

This further advance in our digital service is designed to make travel even more efficient, especially in these challenging times. Motel One is making a targeted investment in digitalisation and in future will add new and important functions and digital services to the app, such as digital notification slip, online check-in and intelligent push messages.

Motel One has also developed new content formats for the website, such as summer road trips, to provide travel inspiration. In the past year, the local community became a greater focus of social media. The idea is to network with local, individual shops and artists at the respective locations, and offer them communications support in these challenging times. This is a commitment to lively and exciting city centres that will still be worth discovering after the pandemic.



## BEONE – CONTINUING TO EXPAND, EVEN IN THE CRISIS

**beONE**

Over the last year, despite major challenges and low hotel guest numbers, we increased the number of beOne registrations by 110,000 to 660,000 beOne members.

Our aim is to expand the beOne membership programme with interesting benefits and further develop our digital booking channels and individualised, data-based communication. beOne remains one of the central pillars of the digital strategy at Motel One.

## INCOME STATEMENT

As a result of the pandemic and renewed lockdown, Motel One recorded considerable losses once again in the fourth quarter. The occupancy rate only reached 14 (previous year: 79)%. Thanks to strict cost management, the flexibility of our employees and the key pillar of short-time work, the company managed to record significant savings. Despite revenues at 83% below the previous year at EUR 25 (previous year: EUR 149) million, a positive EBITDAR of EUR 2 (previous year: EUR 82) million was recorded. However, after rent and head office costs, there was a quarterly loss of EUR 30 million to absorb at the EBITDA level, compared with a quarterly profit of EUR 45 million in the previous year.

|                           | Q4      |         |      | YTD Dec  |          |      |
|---------------------------|---------|---------|------|----------|----------|------|
|                           | 2020    | 2019    | +/-  | 2020     | 2019     | +/-  |
| <b>Statistics:</b>        |         |         |      |          |          |      |
| No. Hotels                | 75      | 74      | 1    | 75       | 74       | 1    |
| No. Rooms                 | 21.086  | 20.851  | 1    | 21.086   | 20.851   | 1    |
| Occupancy (%)             | 13,9    | 78,7    | -65  | 27,8     | 76,7     | -49  |
| RevPOR (EUR)              | 92,4    | 98,9    | -7   | 98,5     | 98,4     | 0    |
| <b>Income Statement:</b>  | kEUR    | kEUR    | % py | kEUR     | kEUR     | % py |
| Revenue                   | 24.724  | 148.985 | -83  | 208.964  | 562.264  | -63  |
| EBITDAR                   | 2.150   | 82.220  | -97  | 76.293   | 307.340  | -75  |
| Lease payments            | -26.486 | -25.461 | -4   | -105.088 | -101.042 | -4   |
| Head Office & Pre-Opening | -5.442  | -11.985 | 55   | -13.746  | -30.338  | 55   |
| EBITDA                    | -29.778 | 44.774  | <100 | -42.541  | 175.960  | <100 |
| Amortisation/Depreciation | -10.948 | -17.702 | 38   | -52.107  | -60.414  | 14   |
| EBIT                      | -40.726 | 27.072  | <100 | -94.648  | 115.546  | <100 |
| COVID Subsidies           | 3.989   | 0       | >100 | 4.033    | 0        | >100 |
| Financial Results         | -2.696  | -1.383  | -95  | -11.465  | -9.055   | -27  |
| EBT before Capital gain   | -39.433 | 25.689  | <100 | -102.080 | 106.491  | <100 |
| Capital gain              | 0       | 59.107  | <100 | 0        | 59.107   | <100 |
| EBT                       | -39.433 | 84.796  | <100 | -102.080 | 165.598  | <100 |

The occupancy rate for the year as a whole was just 28 (previous year: 77)%. The revenue for 2020 came in at 63% lower than the previous year, at EUR 209 (previous year: EUR 562) million with a loss at the operating level of EUR 43 million, following a positive EBITDA in the previous year of EUR 176 million. The loss before taxes EBT was EUR 102 million for the full year, following a profit of EUR 166 million in the previous year. This takes state assistance of EUR 4 million, in particular from Austria, into account.

Motel One was not eligible to apply for assistance in Germany. A retrospective application for the so called further November and December assistance 2020 could be made only in March 2021. A payment has not yet been received.

## CASH FLOW STATEMENT

The pandemic has also put a heavy strain on liquidity. In the fourth quarter, with the second lockdown, cash holdings fell by a further EUR 45 million. The liquidity reserve shrank from EUR 183 million at the beginning of the fiscal year by more than EUR 100 million. As at 31/12/2020, this brought cash holdings to EUR 163 million (previous year: EUR 183 million). The reserve could only be stabilised at this high level through a waiver of dividends, postponement of investment projects and the cash inflow from a real estate transaction from the previous year.

|                                   | Q4      |          |      | YTD Dec |         |      |
|-----------------------------------|---------|----------|------|---------|---------|------|
|                                   | 2020    | 2019     | +/-  | 2020    | 2019    | +/-  |
|                                   | kEUR    | kEUR     | % py | kEUR    | kEUR    | % py |
| EBITDA reported                   | -29.778 | 44.774   | <100 | -42.541 | 175.960 | <100 |
| - Net Working Capital             | -1.213  | -131.799 | -99  | 114.264 | -46.995 | <100 |
| - ReDesign Capex                  | -1.391  | -14.022  | -90  | -23.373 | -47.319 | -51  |
| - Taxes                           | -171    | -12.851  | <100 | -171    | -37.092 | <100 |
| Operating Cash Flow               | -32.553 | -113.898 | -71  | 48.179  | 44.554  | 8    |
| - Investing / Divesting Cash Flow | 0       | 150.655  | <100 | -10.998 | 150.655 | <100 |
| - Equity Cash Flow                | 549     | 740      | -26  | -5.545  | -3.154  | 76   |
| - Debt Cash Flow                  | 7.499   | -1.124   | <100 | 4.429   | 10.527  | -58  |
| Cash Flow for Expansion Capex     | -24.505 | 36.373   | <100 | 36.065  | 202.582 | -82  |
| - CAPEX new Hotels PROPCO         | -10.892 | -7.929   | 37   | -37.344 | -54.852 | -32  |
| - CAPEX new Hotels FF&E           | -9.940  | -2.114   | >100 | -18.264 | -12.345 | 48   |
| - Dividends                       | 0       | 0        |      | 0       | -70.000 | <100 |
| Net Cash Flow                     | -45.337 | 26.330   | <100 | -19.543 | 65.385  | <100 |
| Cash carried forward              | 208.688 | 156.564  | 33   | 182.894 | 117.509 | 56   |
| Cash at end of period             | 163.351 | 182.894  | -11  | 163.351 | 182.894 | -11  |

## NET BALANCE SHEET

Coronavirus has also left its mark on the balance sheet. Coronavirus-related losses brought equity down by 16% to EUR 462 (previous year: EUR 547) million. Net debt rose by 16% to EUR 199 (previous year: EUR 173) million. The equity ratio was 66 (previous year: 82) %.

| December, 31             | 2020    |    | 2019    |    | +/-  | 2018    |    | +/-  |
|--------------------------|---------|----|---------|----|------|---------|----|------|
|                          | kEUR    | %  | kEUR    | %  |      | kEUR    | %  |      |
| Equity                   | 461.718 | 66 | 547.286 | 82 | -16  | 489.439 | 70 | 12   |
| Net working capital      | 35.901  | 5  | -52.212 | -8 | <100 | -4.010  | -1 | >100 |
| Net debt                 | 199.318 | 29 | 172.540 | 26 | 16   | 215.124 | 31 | -20  |
| Leverage Framework:      |         |    |         |    |      |         |    |      |
| EBITDA Rolling 12 months | -42.541 |    | 175.960 |    |      | 150.250 |    |      |
| Net Debt/EBITDA          | N.M.    |    | 1,0     |    |      | 1,4     |    |      |

Although the crisis year 2020 has left its mark, Motel One is still well positioned in terms of both equity and liquidity, due to its conservative balance sheet policy in recent years. Furthermore KfW loans are also available.



## PIPELINE REPORT

The opening of Motel One Bonn-Hauptbahnhof in December brings the tally to 75 hotels (previous year: 74) with 21,086 rooms (previous year: 20,851) in operation. In development are 27 hotels (previous year: 27) with 7,986 rooms (previous year: 8,068). Overall, an increase to 102 hotels (previous year: 101) with 29,072 rooms (previous year: 28,919) is contractually secured.

The portfolio includes 67 (previous year: 68) hotels in Germany and 35 (previous year: 33) hotels in major European cities. Owned or leased are 30 hotels (previous year: 29). As in the previous year, 72 hotels have been secured on the basis of long-term rental agreements with external investors.

| December, 31       | 2020       |               |            | 2019       |               |            | 2018      |               |            |
|--------------------|------------|---------------|------------|------------|---------------|------------|-----------|---------------|------------|
|                    | Hotels     | Rooms         | %          | Hotels     | Rooms         | %          | Hotels    | Rooms         | %          |
| in operation       | 75         | 21.086        | 73         | 74         | 20.851        | 72         | 71        | 20.160        | 71         |
| under development  | 27         | 7.986         | 27         | 27         | 8.068         | 28         | 27        | 8.107         | 29         |
| <b>Total</b>       | <b>102</b> | <b>29.072</b> | <b>100</b> | <b>101</b> | <b>28.919</b> | <b>100</b> | <b>98</b> | <b>28.267</b> | <b>100</b> |
|                    |            |               |            |            |               | 0          |           |               |            |
| - as Germany       | 67         | 19.463        | 67         | 68         | 19.575        | 68         | 67        | 19.226        | 68         |
| - as International | 35         | 9.609         | 33         | 33         | 9.344         | 32         | 31        | 9.061         | 32         |
|                    |            |               |            |            |               | 0          |           |               |            |
| - as Owned         | 19         | 5.598         | 19         | 18         | 5.442         | 19         | 22        | 6.180         | 22         |
| - as Leased        | 11         | 2.461         | 8          | 11         | 2.461         | 9          | 7         | 1.626         | 6          |
| - as Rented        | 72         | 21.013        | 72         | 72         | 21.016        | 73         | 69        | 20.461        | 72         |

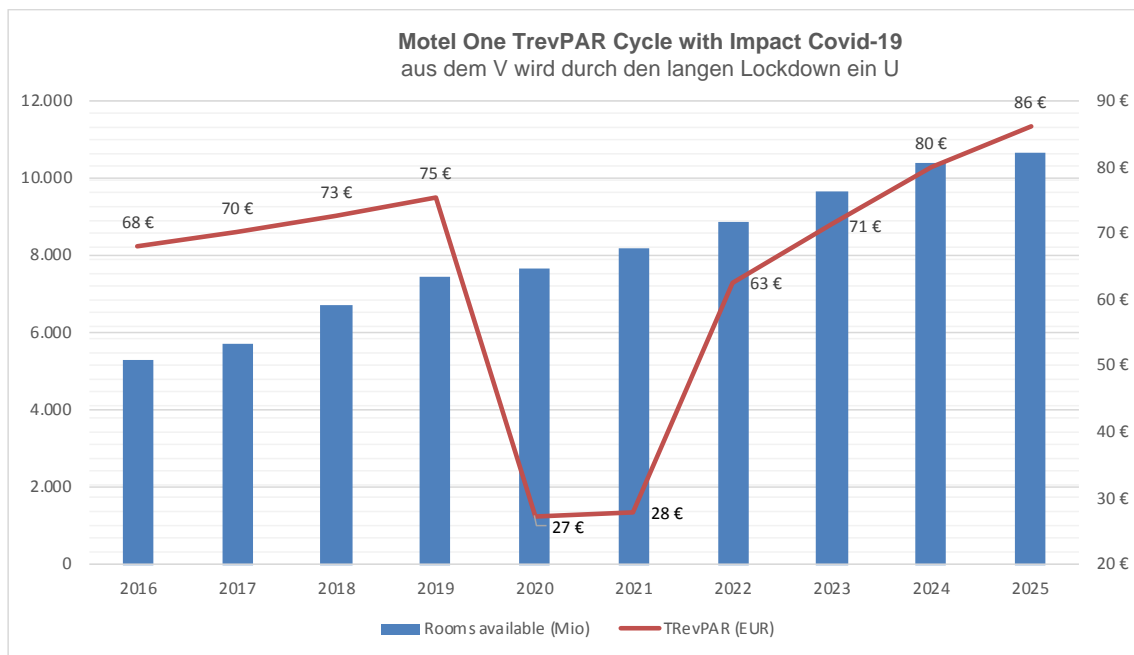
For projects in the planning and construction phase, the pandemic resulted in delays averaging one quarter, while in one project the contract had to be terminated. In the last two years, we have been reluctant to sign new deals at the height of the economic cycle and rental prices. As with every crisis, the COVID-19 crisis will open up new growth opportunities.

## OUTLOOK

While the majority of the economy is making profits again, the hotel industry is now in its second lockdown for what is going to be six months in a row, with enormous damage for the companies concerned. Politicians do not want to give an open perspective because of the renewed increase in the number of infections. Due to the long lockdown, the 2021 financial year will also be another year of crisis.

Against this difficult backdrop, a total of six hotels with 2,300 rooms will be completed from the pipeline in 2021 and put into operation under the Motel One brand with the respective government restrictions.

Nevertheless we should not let the pandemic distort our view of long-term trends. The global trends in travel will continue to be driven by the rising income of the world's population. However, in the short term widespread uncertainty remains. A noticeable recovery will only be seen when a significant proportion of the population has been vaccinated, which we will only see from September 2021.



We will still be living in a hybrid working world in the post-coronavirus era. Coronavirus has consolidated the trend towards digital, mobile working, working from home and video conferencing. This will have both a negative and positive impact on demand for hotels.

If business trips decrease by around 15-20%, this would have to be compensated for with a 10-13% higher leisure share in relation to the guest structure. The greater time leeway for home office and remote workers and their new flexibility could help to close this gap.

Our assessment assumes that we will only return to the TrevPAR level of 2019 in autumn 2023. The hotel industry was a successful sector with promising growth prospects before coronavirus and will remain so after coronavirus.

Munich, March 2021