



## 2017 REPORT INCLUDING Q4 | MOTEL ONE GROUP

### KEY FACTS

#### 4TH QUARTER 2017:

- Motel One opened in Amsterdam and Berlin | [PAGE 2](#)
- Digital membership programme beOne launched | [PAGE 3](#)
- One Emotion remains at high level | [PAGE 4](#)
- Motel One wins Best Employer award | [PAGE 4](#)
- One Foundation formed | [PAGE 5](#)
- Fourth quarter closed with 77% occupancy (previous year: 79%) | [PAGE 6](#)
- EBITDA of EUR 29m generated (previous year: EUR 28m) | [PAGE 6](#)

#### 2017 FINANCIAL YEAR:

- Quality never stands still | [PAGE 3](#)
- One University meets Operations | [PAGE 5](#)
- 7 new hotels opened with 2,804 rooms (previous year: 4 hotels with 696 rooms) | [PAGE 6](#)
- Revenue rises by 12% to EUR 401m (previous year: EUR 357m) | [PAGE 6](#)
- Operating profit up to EUR 81m (previous year: EUR 72m) | [PAGE 6](#)
- 76% of bookings generated through our own channels | [PAGE 7](#)
- Secured growth to 92 hotels with 26,900 rooms (previous year: 83 hotels with 24,100 rooms) | [PAGE 9](#)
- Market and outlook | [PAGE 10](#)

## SECOND MOTEL ONE OPENED IN AMSTERDAM

Everything in the new Motel One Amsterdam-Waterlooplein revolves around the themes of flea markets, upcycling and old masters.

The inspiration came from the famous flea market on Waterlooplein, the historic square from which the hotel takes its name. The Dutch artist Piet Hein Eek fittingly sets the scene by fashioning new chandeliers from old lamps or making old wood panels into a work bench. Oversized works of Rembrandt suggest the immediate proximity of the Rembrandt House and round out the look perfectly. The hotel which opened in December in the city's best location has 132 rooms. It was developed for Motel One Real Estate's own property portfolio.



## TENTH MOTEL ONE OPENED IN BERLIN BY ALEXANDERPLATZ

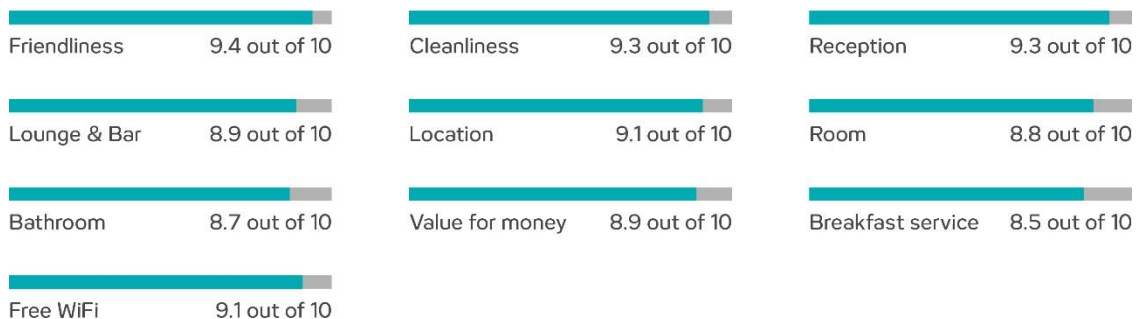
"Fashion meets street art" is the theme of the new hotel by Alexanderplatz – the tenth Berlin hotel opened by budget design hotel group Motel One in December.

The Lobby, One Lounge and 708 rooms of the new Motel One Berlin-Alexanderplatz let guests experience the colourful, unconventional side of the German capital. Exclusive partnerships with Italian furniture manufacturer Moroso, fashion design students from HTW Berlin, and the KLUB7 artists' collective add extravagant design accents to the high-class interior. The hotel was developed by IVG in collaboration with Pegasus Capital. The end investor and lessor is Volkswahlbund, Dortmund.



## QUALITY NEVER STANDS STILL

As before, we worked hard on enhancing the product and services in the 2017 financial year. The feedback we receive from our guests shows us objectively and promptly if we are on the right track. In 2017, 192,690 guests (previous year: 176,215) gave their digital ratings along with many comments. These ratings help us, as well as being an incentive for us to further improve. Across all 62 hotels, we received a rating of 8.9 out of 10 and a 98% chance of being recommended by a guest:



This positive trend is due to the passion our staff have for service quality. In terms of friendliness, cleanliness and reception, we succeeded in stabilising the already very high level as well as improving all other criteria. We were able to achieve the strongest developments with breakfast by using organic products, and also in rooms and bathrooms by introducing a room safe and a vanity mirror. The bar/lounge also received a better rating with the gin concept. The location rating also went up due to the excellent locations of the new hotels which were opened. It is the best value for money in the sector.

## beONE MEMBERSHIP PROGRAMME

On 5 December 2017, the digital membership programme "beOne" went live with the new website and booking process. It is a key component in strengthening brand loyalty and promoting direct bookings on motel-one.com.

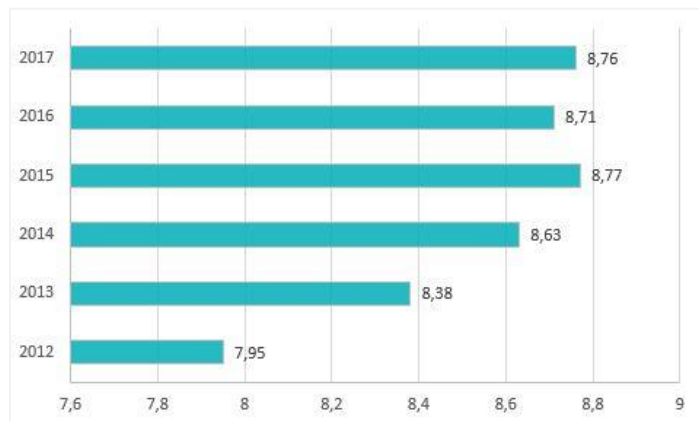
Registration is free of charge and is not complicated. The benefits for beOne members in online direct booking are faster booking and simpler management of reservations, one free bottle of mineral water per stay and late check-out on Sundays. 87,000 beOne members already registered by 1 March 2018.



## ONE EMOTION CONTINUES TO BE AT HIGH LEVEL

October 2017 was the sixth time the One Emotion staff survey had been conducted. The response rate of 77% was slightly less than the previous year's rate of 78%.

In all, 1,366 employees from six countries took part in the One Emotion survey (previous year: 1,290 employees). The level of the staff satisfaction key indicator remained high at 8.76 out of 10 (previous year 8.71), including in the current survey. The many comments and suggestions are incentives as well as being valuable support for our further improvement.



## BEST EMPLOYER'S AWARD FOR MOTEL ONE

Over 9,800 employees in the German hotel and catering industry answered the call of the international catering trade magazine ROLLING PIN and nominated or voted for their favourites in an online vote.

"The winner in the employer of the year category was the company Motel One. It came out on top against Hyatt Hotels Germany and the EUROPA-PARK Leisure & Family Park. Dieter Müller, CEO and founder of the Motel One Group, has succeeded in establishing a new category in the hotel sector. Not only is the turquoise company immensely financially successful - it also stands for exemplary, modern HR policies. Employee profit-sharing and the development of its own training academy, the One University, are just two of the benefits". Hence the award. Following the award by the news magazine FOCUS as TOP EMPLOYER OF 2017 at the start of the year, the ROLLING PIN AWARD was the second award of this kind for Motel One in 2017.



## ONE UNIVERSITY MEETS OPERATIONS

The One University founded in 2014 in partnership with the International University of Applied Sciences Bad Honnef (IUBH) is a key component of the Motel One advanced training concept. In 2017, 396 (previous year: 376) One Expert and IUBH courses were offered, attended by 3,824 (previous year: 3,796) Motel One employees. They gave the courses an average rating of 9.3 (previous year: 9.1) out of 10. The course programme and its contents are adapted on an ongoing basis to current operational needs so as to ensure there is close networking with regard to the quality targets of the hotels. 51 students are registered for the dual scheme sandwich course in three classes at the One University – IUBH. In addition, 41 apprentices from various Motel One hotels in Germany are provided with training assistance. At the integration projects in Munich and Berlin which are supported by One University, 15 interns and apprentices with a migration background are currently being supported.

## ONE FOUNDATION FORMED

Inspired also by the integration projects of the last two years, the shareholders as well as the management and Supervisory Board of the Motel One Group decided to form the One Foundation and provide it with initial endowment capital of EUR 20m.

The purpose of the foundation is the philanthropic support of the underprivileged. The specific aim is to support the destitute, including asylum seekers, with their integration into society and with their educational and professional training and advanced training. Another aim is to promote the training of young people with above-average talent (promotion of excellence).



The One Foundation was recognised by the Government of Upper Bavaria in a deed dated 13.11.2017 and its charitable status was certified in a decision by the Munich Tax Office dated 13.12.2017.



## INCOME STATEMENT

With the openings in December of Amsterdam-Waterlooplein and Berlin-Alexanderplatz, there were 62 hotels (previous year: 55) with 17,387 rooms (previous year: 14,583) in operation at the end of the year. The total number of newly opened hotels in 2017 was 7 with 2,804 rooms (previous year: 4 hotels with 696 rooms). With an occupancy rate of 77% (previous year: 79%), the total revenue for the 4th quarter was EUR 106m (previous year: EUR 90m). EBITDA rose to EUR 29m (previous year: EUR 28m).

	Q4			YTD December		
	2017	2016	%py	2017	2016	%py
<b>Statistics:</b>						
No. Hotels	62	55	13	62	55	13
No. Rooms	17.387	14.583	19	17.387	14.583	19
Occupancy (%)	76,8	79,1	-2	77,3	76,6	1
RevRoSold (EUR)	89	85	5	91	89	2
<b>Income Statement:</b>	kEUR	kEUR	% py	kEUR	kEUR	% py
Revenue	105.821	89.856	18	400.818	357.411	12
EBITDA	28.953	27.800	4	121.771	111.036	10
EBIT	17.526	19.348	-9	87.328	79.952	9
OPERATING PROFIT	14.459	18.195	-21	80.625	72.213	12
EBT	-23.550	74.460	<100	89.936	128.478	-30
NET PROFIT	-16.990	55.421	<100	58.635	91.613	-36
<b>Performance:</b>	% Rev	% Rev	% Pts.	% Rev	% Rev	% Pts.
EBITDAR	44,9	46,7	-1,9	47,9	47,6	0,3
Lease payments	-17,5	-15,8	-1,7	-17,5	-16,5	-1,0
EBITDA	27,4	30,9	-3,6	30,4	31,1	-0,7
EBIT	16,6	21,5	-5,0	21,8	22,4	-0,6
OPERATING PROFIT	13,7	20,2	-6,5	20,1	20,2	-0,1

For the complete financial year 2017, occupancy rose slightly to 77.3% (previous year: 76.6%) and income per leased room went up to EUR 91 (previous year: EUR 89). Revenue rose by 12% to EUR 401m (previous year: EUR 357m). EBITDA rose to EUR 122m (previous year: EUR 111m) and operating profit increased to EUR 81m (previous year: EUR 72m). Operating return on sales was virtually unchanged at 20% (previous year: 20%). Including the capital gain and such things as the non-recurring expense for the endowment of the One Foundation, earnings before taxes was EUR 90 million (previous year: EUR 128 million) and net profit was EUR 59 million (previous year: EUR 92m).

## REVENUE STRUCTURE

Total revenue in the 2017 financial year was EUR 401m (previous year: EUR 357m). Very much like last year, 85% of this comes from rooms, 13% from F&B and 2% from underground garage revenues.

	2017		2016	
	kEUR	%	kEUR	%
Revenue per Division:				
Rooms	341.060	85	303.941	85
Food & Beverage	51.646	13	45.272	13
Other	8.112	2	8.197	2
Revenue per Region:				
Germany	282.623	71	259.367	73
Austria	48.585	12	45.906	13
UK	35.263	9	29.862	8
Other	34.347	9	22.276	6

71% of all revenues (previous year: 73%) was generated by the German hotels. The international share rose to 29% (previous year: 27%). Broken down, this meant Austria 12% (previous year: 13%), UK 9% (previous year: 8%), and Brussels, Amsterdam, Prague, Zurich and Basel 9% altogether (previous year: 6%).

## BOOKING CHANNELS

Total revenue in the 2017 financial year was due to 4.4 million (previous year: 4.0 million) sold rooms with 5.7 million (previous year: 5.3m) guests. 70% (previous year: 69%) of overnight stays represented business guests, and 30% (previous year: 31%) leisure guests.

	2017		2016	
	kRooms	%	kRooms	%
Businessmix:				
Rooms Business	3.089	70	2.767	69
Rooms Leisure	1.336	30	1.265	31
Booking Channels:				
Motel One Offline	2.136	49	2.056	51
motel-one.com	1.156	27	1.009	25
Owned Channels	3.293	76	3.065	76
OTA & GDS	1.068	24	966	24

76% (previous year: 76%) of bookings were generated through our own channels, with offline bookings falling to 49% (previous year: 51%) and bookings through our own website motel-one.com rising to 27% (previous year: 25%). OTA and GDS bookings remained at 24% (previous year: 24%).

## CASH FLOW STATEMENT AND BALANCE SHEET

Cash flow from operating activities for the 2017 financial year was EUR 181m (previous year: EUR 53m). It received a boost of EUR 88m as a result of the payment of the purchase price from the previous year's sale & leaseback transaction.

Cash Flow	Q4			YTD December		
	2017	2016	+/-	2017	2016	+/-
	kEUR	kEUR	% py	kEUR	kEUR	% py
CF operating activities	-8.779	-5.170	70	180.863	53.425	>100
CF investing activities	-26.653	9.868	<100	-141.978	-130.893	8
CF financing activities	34.612	13.050	>100	-23.454	47.269	>100
CF for the period	-820	17.748	<100	15.431	-30.199	<100
Cash at beginning of the period	118.818	84.820	40	102.567	132.767	-23
Cash at end of period	117.998	102.568	15	117.998	102.568	15

Cash flow from investments was EUR 142m (previous year: EUR 131m). It included investments of EUR 149m (previous year: EUR 145m) in new hotels and EUR 12m (previous year: EUR 11m) for the redesign of existing hotels. Cash flow from financing was EUR -23m (previous year: EUR 47m). This comprised bank loans of EUR 36m (previous year: EUR 74m) less the dividend-related changes in capital of EUR 60m (previous year: EUR 27m). Liquid funds rose by EUR 15m in total (previous year: EUR -30m) to EUR 118m (previous year: EUR 103m).

Net Balance Sheet	December, 31				
	2017		2016		+/-
	kEUR	%	kEUR	%	%
Fixed Assets	643.033	100	535.590	100	20
Equity	395.707	62	396.866	74	0
Net working capital	73.354	11	-14.339	-3	<100
Net debt	173.972	27	153.063	29	14
EBITDA Rolling 12 months	121.771		111.036		
Net Debt/EBITDA	1,4		1,4		

Investments in our own property portfolio meant that fixed assets rose by 20% to EUR 643m (previous year: EUR 536m). Equity was EUR 396 million (previous year: EUR 397 million), amounting to a sound self-financing ratio of 62% (previous year: 74%). Net working capital, now on a regular footing once again, was EUR 73 million (previous year: EUR -14 million). Net debt increased to EUR 174 million (previous year: EUR 153 million), amounting to a net debt/EBITDA ratio of 1.4 (the same as the previous year).



## HOTELS IN OPERATION AND DEVELOPMENT

The number of hotels in operation is 62 with 17,387 rooms (previous year: 55 hotels with 14,583 rooms). Four hotels (1,976 rooms) opened in Germany - Berlin-Upper West, Freiburg, München-Parkstadt Schwabing and Berlin-Alexanderplatz. The international network was expanded by 3 hotels with 828 rooms - Manchester-Royal Exchange, Zürich and Amsterdam-Waterlooplein. The number of leases was 83% of rooms (previous year: 80%). After the sale and leaseback transactions, the number of hotels owned by Motel One is 14 with 2,974 rooms (previous year: 13 hotels with 2,984 rooms). Internationally, Motel One now operates 18 hotels with 5,137 rooms (previous year: 4,309 rooms).

Pipeline	December 31, 2017			December 31, 2016			+/- py	
	Hotels	Rooms	%	Hotels	Rooms	%	Hotels	Rooms
<b>in operation</b>								
Owned Hotels	14	2.974	17	13	2.984	20	1	-10
Rented Hotels	48	14.413	83	42	11.599	80	6	2.814
<b>Total in operation</b>	<b>62</b>	<b>17.387</b>	<b>100</b>	<b>55</b>	<b>14.583</b>	<b>100</b>	<b>7</b>	<b>2.804</b>
- Germany	44	12.250	70	40	10.274	70	4	1.976
- International	18	5.137	30	15	4.309	30	3	828
<b>under development</b>								
Owned Hotels	11	3.749	39	11	3.565	37	0	184
Rented Hotels	19	5.749	61	17	5.961	63	2	-212
<b>Total Pipeline</b>	<b>30</b>	<b>9.498</b>	<b>100</b>	<b>28</b>	<b>9.526</b>	<b>100</b>	<b>2</b>	<b>-28</b>
- Germany	18	6.344	67	18	6.771	71	0	-427
- International	12	3.154	33	10	2.755	29	2	399
<b>Total secured</b>								
Owned Hotels	25	6.723	25	24	6.549	27	1	174
Rented Hotels	67	20.162	75	59	17.560	73	8	2.602
<b>Total secured</b>	<b>92</b>	<b>26.885</b>	<b>100</b>	<b>83</b>	<b>24.109</b>	<b>100</b>	<b>9</b>	<b>2.776</b>
- Germany	62	18.594	69	58	17.045	71	4	1.549
- International	30	8.291	31	25	7.064	29	5	1.227

The development pipeline comprises 30 hotels with 9,498 rooms (previous year: 28 hotels with 9,526 rooms). Of these, 11 hotels with 3,749 rooms (previous year: 11 hotels with 3,565 rooms) are again being developed for the Group's own property portfolio, and 19 hotels with 5,749 rooms (previous year: 17 with 5,961 rooms) are being developed together with external investors under long-term leases.

In the 2017 financial year, four further locations were secured in Germany with Stuttgart, Düsseldorf, Mannheim and Hannover. Internationally, five new contracts were concluded, with Milan, Dublin, Graz, Innsbruck and Warsaw. With the inclusion of this pipeline, growth of the Motel One brand is contractually secured and will reach 92 hotels with 26,900 rooms (previous year: 83 hotels with 24,100 rooms).

## EUROPEAN HOTEL MARKET IN 2017

Following a decrease during the previous year as a result of terrorism and Brexit, the European hotel market recovered again in 2017 and once more shows stable growth of 3.6% (previous year: -2.7%) with an increase in RevPAR in the data in Euro collected by STR Global.

The most important destinations for Motel One show different developments. The Brussels market has almost completely recovered from the terrorist attacks with an increase of 19.4% (previous year: -18.3%). The dynamic market of Amsterdam increased its performance by 10.4%. Edinburgh and London, showing an increase of 12.4% and 4.4% respectively in the local currency, are taking advantage of the weak sterling exchange rate in tourism demand. Manchester, as a purely UK domestic market and with a strong growth in supply, only managed to post an increase of 0.9%. Vienna was stable with an increase of 1.9%.

In Germany, the markets of Nuremberg, which was down 6.1% owing to the trade fair cycle, as well as Munich (-4.2%) and Leipzig (-0.7%) due to strong growth in supply, showed weak performance. The winners were Cologne with an increase of 11.5% due to trade fairs; Dresden (+8.7%) has recovered from Pegida and Hamburg (+7.8%) benefited from the G20 summit. Stuttgart (+4.7%) and Frankfurt (+4.2%) showed good momentum. Our most important market, Berlin, was stable with an increase of 2% (source: STR Global, London).

## OUTLOOK

Nine new openings with 2,800 rooms are scheduled for the 2018 financial year.

Motel One enters the market in Spain and France with Barcelona-Ciudadella, which already opened in January, and Paris-Porte Dorée which is expected to open in May. Glasgow-Central Station will be the third hotel in Scotland and the seventh in the UK to be opened. In Germany, the Motel One hotels will open in Lübeck, Leipzig-Post, Bonn-Beethoven, Frankfurt-Römer, Cologne-Neumarkt and Munich-Messe.

Where market performance is concerned, we believe that demand will generally continue to be fuelled by two megatrends: globalisation and urbanisation. Terrorism may, however, have a very negative short-term impact on travel, as was shown in 2016 for the destinations of Brussels and Paris. There are also latent risks caused by Brexit and increasing protectionism.

Munich, March 2018