



## REPORT ON 1ST QUARTER 2019 | MOTEL ONE GROUP

### KEY FACTS

#### 1ST QUARTER 2019:

- Redesign of Motel One Berlin-Mitte complete | [PAGE 1](#)
- Roll-out of Urban Bio Breakfast | [PAGE 2](#)
- Prizes and awards provide affirmation for the concept | [PAGES 2-3](#)
- Revenue rises by 23% to EUR 120m (previous year: EUR 98m) | [PAGE 4](#)
- EBITDA up 33% to EUR 32m (previous year: EUR 24m) | [PAGE 4](#)

### REDESIGN OF MOTEL ONE BERLIN-MITTE COMPLETE

Motel One is continuing to focus on making systematic product and quality improvements in 2019, and is making targeted investments in the redesign of existing hotels while developing service quality. The first hotel to be redesigned this year was Motel One Berlin-Mitte – the first of a total of eight redesigns planned for 2019.

All 189 rooms and bathrooms of this hotel, which opened on Moritzplatz in 2003, have been completely redesigned.

The design theme plays around with Berlin's Kreuzberg district and its street art and green parks. The sizable artworks by Berlin-based artist Freddy Reitz mix with colourful luxury furniture and pieces salvaged from flea markets, while exposed dark ceilings and concrete surfaces are combined with plenty of natural green – a blend that is as lively as Kreuzberg itself.



## BREAKFAST NOW EVEN MORE ORGANIC

On 1 January 2019, the Urban Bio Breakfast was launched at all Motel One hotels in Germany and Austria. A much wider range of organic products – all dairy products, sausage, ham, eggs, bread rolls and bread, vegan spreads, muesli and coffee – makes for a great start to the day and places a greater focus on sustainability. At the same time, we have invested in the buffet presentation, using an external food agency. The price of breakfast was increased to EUR 11.50.



## MOTEL ONE SCORES A HAT-TRICK IN GERMAN CUSTOMER AWARDS 2018

The German Association for Consumer Studies (DtGV) conducted an independent survey of more than 2,000 companies, rating them in terms of customer satisfaction, customer service and value for money.

Motel One achieved top results in the cross-industry survey. It was rated “out-

standing” in all three categories and is in the top 20 per cent of the 2,223 companies surveyed – for customer satisfaction, customer service and value for money. Within the budget hotels sector, Motel One came top in all three categories.



As an independent market research institute, the DtGV aims to provide orientation for consumers through scientifically based, objective industry tests that measure customer satisfaction, customer service and value for money. For its Customer Awards 2018, the DtGV assessed more than 2,000 companies in 236 industries on the basis of around 300,000 customer ratings.

## MOTEL ONE RECEIVES GERMAN SERVICE AWARD 2019

Motel One has won the German Institute for Service Quality (DISQ) award in the “travel and mobility – on-site advice” category for the fifth time in succession (2011, 2013, 2015, 2017, 2019). Commissioned by German television channel n-tv, DISQ’s famous Service Award covers 12 industry-related categories and is intended to provide reliable guidance for consumers. The awards are granted following a comprehensive annual assessment by DISQ of 48 studies and customer surveys containing more than 20,000 customer opinions on a total of 501 companies.



Milan Draskovic (4th from right), Motel One Regional Manager Berlin, receiving the award in Berlin.

## MOTEL ONE OFFERS BEST VALUE FOR MONEY

Motel one has come top for value for money for the second time in a row in the YouGov ranking commissioned and published by Handelsblatt, the German business newspaper. The representative survey covered 1,200 brands in 38 categories. Motel One came first in the hotels category, with 28 points (the brand in second place scored 22.5 points).

The study was based on over 900,000 online interviews conducted by YouGov, an international data and analytics group, between 1 January and 31 December 2018. The focus was on all companies in Germany with a prompted awareness level among German citizens aged 18 or over of 20 per cent or more.



## INCOME STATEMENT

The number of hotels operating at 31 March 2019 was 71 with 20,160 rooms (previous year: 63 hotels with 17,688 rooms). A total of 8 new hotels with 2,472 rooms opened between April 2018 and March 2019 (previous year: 7 hotels with 2,523 rooms). The occupancy rate rose by 1.2 percentage points to 68% in the first quarter of 2019 (previous year: 67%). The revenue per room sold was 5% higher at EUR 97 (previous year: EUR 92).

Sales revenue increased by 23% to EUR 120m (previous year: EUR 98m) and the EBITDA rose by 33% to EUR 32m (previous year: EUR 24m). The operating return on sales increased to 26% (previous year: 24%). Net profit rose by 37% to EUR 12m (previous year: EUR 9m).

This positive development in the first quarter of 2019 was supported by the successful start-up phases of the newly opened hotels. The late Easter also had a positive impact on business.

	YTD March		
	2019	2018	Abw.
<b>Statistics:</b>			
No. Hotels	71	63	8
No. Rooms	20.160	17.688	2.472
Occupancy (%)	68	67	1,2
RevRoSold (EUR)	97	92	5%
<b>Income Statement:</b>	kEUR	kEUR	% py
Revenue	119.932	97.751	23
EBITDA	31.622	23.725	33
EBIT	20.065	14.604	37
EBT	17.729	12.976	37
NET PROFIT	12.410	9.083	37
<b>Performance:</b>	% Rev	% Rev	% Pts.
EBITDAR	47	45	1,6
Lease payments	-20	-21	0,5
EBITDA	26	24	2,1
EBIT	17	15	1,8



## CASH FLOW STATEMENT AND BALANCE SHEET

Cash flow from net working capital rose to EUR 72m (previous year: EUR -4m) as a result of a purchase price payment made in January for a property transaction from the previous year. This also resulted in an increase in operating cash flow to EUR 104m (previous year: EUR 19m). A total of EUR 8m was invested in redesigning existing hotels (previous year: EUR 11m), and taxes amounted to EUR 5m (previous year: EUR 4m), resulting in free cash flow after taxes of EUR 90m in the first quarter of 2019 (previous year: EUR 4m).

After investing/divesting and debt cash flow of EUR -23m (previous year: EUR 4m), including an unscheduled repayment of EUR 21m, the cash flow available for expansion is EUR 67m (previous year: EUR 9m).

EUR 7m was invested in new hotels (previous year: EUR 12m).

In all, liquid funds increased by EUR 60m (previous year EUR -3m) to EUR 178m at 31 March 2019 (previous year: EUR 115m).

Cash Flow Statement	YTD März		
	2019	2018	+/-
	KEUR	KEUR	% py
EBITDA reported	31.622	23.725	33
Net working capital	71.896	-4.398	<100
Operating Cash Flow	103.518	19.327	>100
Re-Design capex	-8.326	-11.326	-26
Taxes	-5.319	-3.893	37
Free Cash Flow after taxes	89.873	4.108	>100
Investing / divesting	151	161	-6
Debt cash flow	-23.007	4.400	<100
Cash Flow for expansion capex	67.017	8.669	>100
Capex new investments	-6.608	-12.108	-45
Equity	32	1	>100
Cash Flow for the period	60.441	-3.438	<100
Cash at end of period	177.950	114.560	55

Fixed assets rose by 7% to EUR 706m (previous year: EUR 657m). Equity increased by 24% to EUR 502m (previous year: EUR 405m) with a self-financing ratio of 71% (previous year: 62%).

Net Balance Sheet	März, 31				
	2019		2018		+/-
	KEUR	%	KEUR	%	%
Fixed Assets	705.896	100	657.037	100	7
Equity	501.881	71	404.791	62	24
Net working capital	70.003	10	68.808	10	2
Net debt	134.012	19	183.438	28	-27
EBITDA Rolling 12 months	158.147		122.825		29
Net Debt/EBITDA	0,8		1,5		

Net working capital, which has stabilised again following the purchase price payment from the property transaction, is EUR 70m (previous year: EUR 69m). Net debt was reduced to EUR 134m as a result of the high cash holdings (previous year: EUR 183m).

## HOTELS IN OPERATION AND UNDER DEVELOPMENT

The number of hotels operating in March 2019 was 71 with 20,160 rooms (previous year: 63 hotels with 17,688 rooms). Of these, 15 hotels with 3,655 rooms (previous year: 15 hotels with 3,275 rooms) are owned by the Group, and 7 hotels with 1,626 rooms (previous year: 4 hotels with 1,086 rooms) are financed through a leasing arrangement. 49 hotels with 14,879 rooms (previous year: 44 hotels with 13,327 rooms) are rented, representing 74% of hotels (previous year: 75%). Outside Germany, there are already 21 hotels with 6,068 rooms in operation (previous year: 19 hotels with 5,438 rooms).

Between April 2018 and March 2019, Motel One Lübeck, Glasgow and Cologne-Neumarkt were opened as owned hotels. Motel One Saarbrücken, Stuttgart-Hauptbahnhof and Essen were transferred from an ownership to a leasing arrangement. Motel One Paris-Porte Dorée, Leipzig-Post, Bonn-Beethoven, Munich-Messe and Frankfurt-Römer were opened as rented hotels.

	March 31, 2019			March 31, 2018			+/- py	
	Hotels	Rooms	%	Hotels	Rooms	%	Hotels	Rooms
<b>in operation</b>								
Owned Hotels	15	3.655	18	15	3.275	19	0	380
Leased Hotels	7	1.626	8	4	1.086	6	3	540
Rented Hotels	49	14.879	74	44	13.327	75	5	1.552
<b>Total in operation</b>	<b>71</b>	<b>20.160</b>	<b>100</b>	<b>63</b>	<b>17.688</b>	<b>100</b>	<b>8</b>	<b>2.472</b>
- Germany	50	14.092	70	44	12.250	69	6	1.842
- International	21	6.068	30	19	5.438	31	2	630
<b>under development</b>								
Owned Hotels	7	2.525	31	10	3.449	37	-3	-924
Rented Hotels	20	5.582	69	19	5.749	63	1	-167
<b>Total Pipeline</b>	<b>27</b>	<b>8.107</b>	<b>100</b>	<b>29</b>	<b>9.198</b>	<b>100</b>	<b>-2</b>	<b>-1.091</b>
- Germany	17	5.134	63	18	5.954	65	-1	-820
- International	10	2.973	37	11	3.244	35	-1	-271
<b>Total secured</b>								
Owned Hotels	22	6.180	22	25	6.724	25	-3	-544
Leased Hotels	7	1.626	6	4	1.086	4	3	540
Rented Hotels	69	20.461	72	63	19.076	71	6	1.385
<b>Total secured</b>	<b>98</b>	<b>28.267</b>	<b>100</b>	<b>92</b>	<b>26.886</b>	<b>100</b>	<b>6</b>	<b>1.381</b>
- Germany	67	19.226	68	62	18.204	68	5	1.022
- International	31	9.041	32	30	8.682	32	1	359

27 hotels with 8,107 rooms are currently in the development pipeline (previous year: 29 hotels with 9,198 rooms). Of these, 7 hotels with 2,525 rooms (previous year: 10 hotels with 3,449 rooms) are being developed for the Group's own property portfolio. The total number of secured hotels rose to 98 hotels with 28,267 rooms (previous year: 92 hotels with 26,886 rooms). No new contracts were signed in the first quarter of 2019.

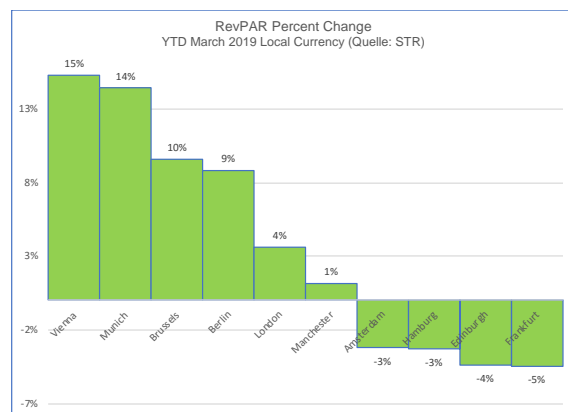
## THE EUROPEAN HOTEL MARKET

The European hotel market recorded a 1.3% increase in revenue per available room (RevPAR) in the first quarter of 2019. RevPAR in Germany went up by 3.7%, while the UK reported a slight downturn of -0.2%.

The top performers in the markets of relevance to us were Vienna, Munich, Brussels, Berlin and – despite Brexit discussions – London and Manchester.

By contrast, Amsterdam, Hamburg, Edinburgh and Frankfurt saw their RevPAR decrease compared with the previous year (source: STR Global).

However, because Easter was later this year, the figures are not fully comparable with the previous year.



## OUTLOOK

In the second quarter of 2019 we are planning to open our first hotel in Poland: Motel One Warsaw-Chopin. Motel One Linz and Motel One Munich-Haidhausen will also open this year.

In terms of market performance, we believe that although demand will basically continue to be fuelled by the globalisation and urbanisation megatrends, occupancy rates and prices in most European cities will come under pressure because of the significant increase in capacity that has been announced, particularly in the UK and Germany.

Moreover, acts of terrorism may have sudden, very damaging impacts on travel. In addition, latent economic risks continue to be present as a result of Brexit and protectionism, as well as simmering political and military conflicts.

Munich, April 2019