REPORT 2ND QUARTER 2018 | MOTEL ONE GROUP

KEY FACTS

2ND QUARTER 2018:

- Motel One opens in Lübeck | PAGE 2
- Market début in France | PAGE 2
- Re-design of Wien-Westbahnhof and Berlin-Ku’damm | PAGE 3
- Annual Meeting with “Road to Excellence” presentation | PAGE 4
- Successful graduation from One University | PAGE 4
- Sales increase to EUR 124 million (previous year: EUR 102 million) | PAGE 5

1ST HALF-YEAR 2018:

- 65 hotels in operation with 18,064 rooms

  (previous year: 57 hotels with 15,467 rooms) | PAGE 5
- Sales climb to EUR 222 million (previous year: EUR 185 million) | PAGE 5
- EBITDA up 17% to EUR 65 million (previous year: EUR 56m) | PAGE 5
- New sites secured at Munich Hauptbahnhof and in Prague | PAGE 7

MOTEL ONE OPENS IN LÜBECK

Motel One Lübeck has opened next door to the town hall in the market square at the heart of the city's old town. The design by local architect Helmut Riemann is a modern interpretation of a traditional Lübeck gabled house – a look that has also inspired the interior design, with nods to the merchants' houses, storehouses and Hanseatic cog ships. The hotel boasts 122 rooms, with investor Motel One Real Estate channelling around EUR 16 million into the build.

MARKET DÉBUT IN FRANCE

The company's first French hotel, Motel One Paris-Porte Dorée, has opened in the capital's 12th arrondissement. The design concept takes its inspiration from the nearby Bois de Vincennes park and from the lively local art scene and smart-casual Parisian lifestyle. The combination of animal and plant themes, furniture from famous designers and modern street art creates an extraordinary atmosphere that perfectly expresses the mix of styles found in Paris. French real estate investor Covivio (formerly Foncière des Régions) invested in the 255-room hotel.

RE-DESIGNING WIEN-WESTBAHNHOF

Seven years after its opening, Motel One at Vienna's Westbahnhof has been completely overhauled, with the MuseumsQuartier, a cultural hotspot, inspiring the design.

The dominant colour is a warm, dark shade of grey that echoes the imposing basalt façade of the "mumok" – the Museum of Modern Art – in the middle of the MuseumsQuartier. Artist Thomas Draschan has really made his mark on the One Lounge's artistic look, with little glimpses of his fantasy worlds scattered around the revamped rooms.

Some EUR 7 million was invested in completely overhauling the hotel with its 441 rooms.

ALL THE WORLD'S A STAGE AT MOTEL ONE BERLIN-KU'DAMM

Motel One Berlin-Ku'damm is now undergoing the second re-design in its short history since opening its doors in 2007 – yet another testament to the Group's stringent quality standards. The Theater des Westens just a stone's throw away remains the source of inspiration for the design, immersing guests in a world of theatre, the stage and musicals. Dark mirrors and stone, golden-hued brass, stage lighting, velvet armchairs, Chesterfield sofas and vintage chandeliers bring to life the flair of a theatre salon. A large workbench rounds off the lounge concept, while the revamped bar now forms the focal point of the One Lounge. Some EUR 4.5 million was invested in completely overhauling the hotel with its 255 rooms.

ANNUAL MEETING 2018

This year's fact-finding and motivation event was held in Berlin in April, with over 400 Motel One managers in attendance. The chosen venue was the "Bolle Festsäle" in the centre of the city (Berlin-Mitte), whose unplastered brick walls, high, steel-framed windows and cast iron pillars are a prime example of Berlin's industrial architecture.

This year's annual meeting centred on the "Road to Excellence" presentation, with the aim of focusing on our strengths and continuing to strive together for excellence in every area and at every level, notwithstanding the great success and numerous awards we have already achieved. The keen motivation of everyone involved and the tremendous atmosphere throughout the event in Berlin leaves little room for doubt: we are making excellent progress on our "Road to Excellence".

FIRST YEAR GROUP SET TO GRADUATE

The founding of the One University and opening of the One Campus in 2014 marked the beginning of an extensive advanced training programme. In partnership with the International University of Applied Sciences Bad Honnef (IUBH), Motel One is training up the next generation of professionals itself. The first year group of the Bachelors course in Tourism Economy will be graduating in summer 2018: 23 students, more than half of whom are planning to continue their careers at Motel One. Organised in close cooperation with the IUBH, the dual course focuses on hotel management. The theoretical portion is completed on the One Campus in Munich, while students cover the practical side at Motel One hotels all over Germany.

INCOME STATEMENT

The number of hotels operating as at 30 June 2018 is 65 with 18,064 rooms (previous year: 57 hotels with 15,467 rooms). A total of 8 hotels with 2,597 rooms were opened (previous year: 3 hotels with 1,027 rooms). Motel One Lübeck was opened in Germany in the second quarter of 2018. Motel One Paris-Porte Dorée also marked the company's début in France. In the second quarter of 2018, occupancy was 80% (previous year: 82%), increasing sales by 22% year on year to EUR 124 million (previous year: EUR 102 million). EBITDA rose by 25% to EUR 41 million (previous year: EUR 33 million).

	Q2			YTD June		
	2018	2017	+/-	2018	2017	+/-
Statistics:						
No. Hotels	65	57	8	65	57	8
No. Rooms	18.064	15.467	2.597	18.064	15.467	2.597
Occupancy (%)	80	82	-2	74	77	-3
RevRoSold (EUR)	95	90	5	94	90	4
Income Statement:	kEUR	kEUR	% py	kEUR	kEUR	% py
Revenue	124.420	102.346	22	222.171	184.740	20
EBITDA	41.089	32.842	25	64.814	55.513	17
Depreciation	-16.177	-8.193	-97	-25.298	-12.836	-97
EBIT	24.912	24.649	1	39.516	42.677	-7
Financial Results	-2.251	-1.206	-87	-3.879	-2.473	-57
OPERATING PROFIT	22.661	23.443	-3	35.637	40.204	-11
Capital gain	0	0		0	47.320	<100
EBT	22.661	23.443	-3	35.637	87.524	-59
Income tax expenses	-6.798	-8.119	16	-10.691	-29.266	63
NET PROFIT	15.863	15.324	4	24.946	58.258	-57

In the first half of 2018, occupancy was 77% at comparable hotels and 74% at newly opened hotels (previous year: 77%). Sales rose by 20% to EUR 222 million (previous year: EUR 185 million) and EBITDA increased by 17% to EUR 65 million (previous year: EUR 56 million).

New legal regulations allowed for greater depreciation and amortisation than last year of EUR 25 million (previous year: EUR 13 million). OPERAING PROFIT therefore dropped 11% to EUR 36 million (previous year: EUR 40 million). EBT at EUR 36 million (previous year: EUR 88 million) and NET PROFIT at EUR 25 million (previous year: EUR 58 million) are only partially comparable to the previous year's result, which included income from a sale and leaseback transaction of EUR 47 million.

CASH FLOW STATEMENT AND BALANCE SHEET

Cash flow for the first half of 2018 is similarly only comparable to a limited extent due to the previous year's sale and leaseback transaction. Cash flow from operating activities for the first half of 2018 was EUR 50 million (previous year: EUR 157 million). Investments totalled EUR 55 million, of which EUR 27 million was spent on new hotels and EUR 28 million on re-designing existing ones. Cash inflow from financing stood at EUR 1 million, following a net outflow of funds in the previous year of EUR 76 million. This includes dividend payments of EUR 10 million (previous year: EUR 80 million). In all, liquid funds went down by EUR 3 million in the first half of 2018, leaving a cash balance of EUR 115 million (previous year: EUR 107 million).

Cash Flow	Q2			YTD June		
	2018	2017	+/-	2018	2017	+/-
	kEUR	kEUR	% py	kEUR	kEUR	% py
CF operating activities	36.140	9.573	>100	49.946	156.774	-68
CF investing activities	-31.577	-78.516	-60	-54.851	-76.191	-28
CF financing activities	-4.536	-44.076	-90	1.492	-75.918	<100
CF for the period	27	-113.019	<100	-3.413	4.665	<100
Cash at beginning of the period	114.558	220.251	-48	117.998	102.567	15
Cash at end of period	114.585	107.232	7	114.585	107.232	7

The balance sheet at 30 June 2018 shows a 12% increase in fixed assets of EUR 672 million (previous year: EUR 598 million). Equity amounted to EUR 411 million (previous year: EUR 376 million), i.e. a self-financing ratio of 61% (previous year: 63%). Net working capital climbed to EUR 73 million (previous year: EUR 71 million). Net debt increased by 24% to EUR 189 million (previous year: EUR 152 million), now 1.4 times EBITDA (previous year: 1.3 times). The rise in fixed assets and also in debt is due to further investment in the Group's property portfolio.

Net Balance Sheet	June, 30				
	2018		2017		+/-
	kEUR	%	kEUR	%	% py
Fixed Assets	672.191	100	598.231	100	12
Equity	410.653	61	375.549	63	9
Net working capital	72.661	11	70.627	12	3
Net debt	188.877	28	152.055	25	24
EBITDA Rolling 12 months	131.073		116.820		
Net Debt/EBITDA	1,4		1,3		

HOTELS IN OPERATION AND DEVELOPMENT

The number of hotels operating as at 30 June 2018 is 65 with 18,064 rooms (previous year: 57 hotels with 15,467 rooms). Of these, 16 hotels with 3,397 rooms (previous year: 13 hotels with 2,887 rooms) are owned and 4 hotels with 1,086 rooms are, as in the previous year, under finance leases. The proportion of lease agreements is 75% (previous year: 74%) based on 45 hotels with 13,581 rooms (previous year: 40 hotels with 11,494 rooms). Internationally, Motel One now has 20 hotels with 5,694 rooms in operation (previous year: 16 hotels with 4,611 rooms), a proportion which has increased to 32% (previous year: 30%).

Structur	June 30, 2018			June 30, 2017			+/- py	
	Hotels	Rooms	%	Hotels	Rooms	%	Hotels	Rooms
in operation								
Owned	16	3.397	19	13	2.887	19	3	510
Leased	4	1.086	6	4	1.086	7	0	0
Rented	45	13.581	75	40	11.494	74	5	2.087
Total in operation	65	18.064	100	57	15.467	100	8	2.597
- Germany	45	12.370	68	41	10.856	70	4	1.514
- International	20	5.694	32	16	4.611	30	4	1.083
under development								
Owned	9	3.330	35	11	3.570	36	-2	-240
Rented	20	6.084	65	19	6.332	64	1	-248
Total Pipeline	29	9.414	100	30	9.902	100	-1	-488
- Germany	18	6.012	64	20	7.069	71	-2	-1.057
- International	11	3.402	36	10	2.833	29	1	569
Total secured								
Owned	25	6.727	24	24	6.457	25	1	270
Leased	4	1.086	4	4	1.086	4	0	0
Rented	65	19.665	72	59	17.826	70	6	1.839
Total secured	94	27.478	100	87	25.369	100	7	2.109
- Germany	63	18.382	67	61	17.925	71	2	457
- International	31	9.096	33	26	7.444	29	5	1.652

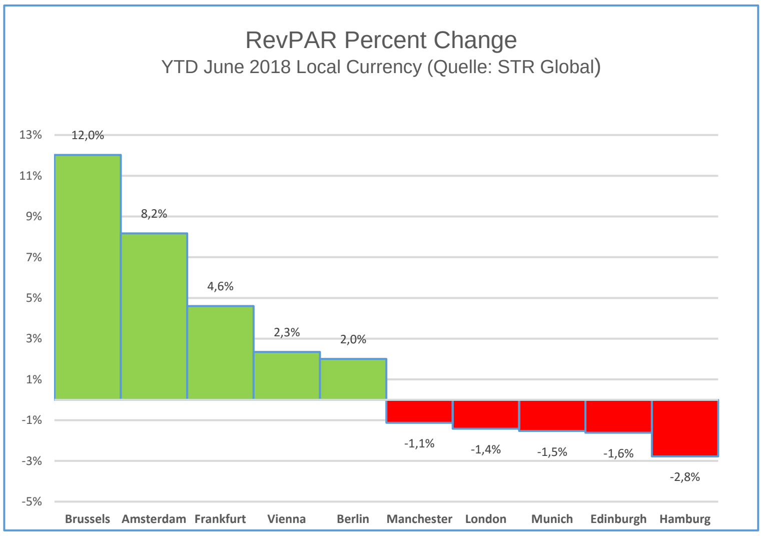
The development pipeline currently comprises 29 hotels with 9,414 rooms (previous year: 30 hotels with 9,902 rooms), of which 9 hotels (previous year: 11) with 3,330 rooms (previously: 3,570) are being developed for the Group's own property portfolio. Contractually secured growth increased to 94 hotels with 27,500 rooms (previous year: 87 hotels with 25,400 rooms). New lease agreements were concluded for a Motel One at Munich Hauptbahnhof and for a second Motel One in Prague in the second quarter of 2018.

THE EUROPEAN HOTEL MARKET

The hotel market in northern Europe suffered a fall in RevPAR of 0.2% year on year in the first half of 2018. However, Germany and the UK recorded rises of 1.3% and 1% respectively.

The best performers in the markets relevant to us were Amsterdam, Brussels, Frankfurt and Vienna. Berlin remained stable with an increase of 2%.

Coupled with additional capacity, Brexit put RevPAR in the red in the UK centres of Manchester, London and Edinburgh. Munich (due to trade fairs) and Hamburg (due to the G20 summit) also suffered a drop in RevPAR year on year (source: STR Global).



OUTLOOK

More Motel One hotels will be opened in Glasgow, Bonn, Frankfurt, Leipzig, Cologne and on the Messe München exhibition site in the second half of 2018.

As regards market performance, we believe that, although demand will generally continue to be fuelled by the two megatrends that are globalisation and urbanisation, the occupancy rates and prices in most European cities will come under pressure because significant new capacities are being advertised, especially in the UK and Germany.

Terrorism may also have a very negative short-term effect on travel. In addition, latent economic risks have resulted from Brexit and protectionism and also from smouldering political and military conflicts.

Munich, August 2018