

## INTERIM REPORT

### January-June 2014

#### Second Quarter 2014

- Like-for like ("L/L") RevPAR was up by 2.7%.
- Revenue decreased marginally to MEUR 247.1 (248.9).  
On a L/L basis Revenue decreased by 0.9%.
- EBITDA amounted to MEUR 30.8 (34.9), and EBITDA margin decreased to 12.5% (14.0).
- Profit after tax amounted to MEUR 14.1 (17.4).
- Basic and diluted Earnings per Share were EUR 0.09 (0.12).
- 2,194 new rooms were contracted, 795 new rooms opened and 415 rooms left the system.
- Through a successful rights issue, proceeds of MEUR 59.7 were received.

#### Half year 2014

- L/L RevPAR was up by 3.7%.
- Revenue increased marginally to MEUR 458.5 (456.0).  
On a L/L basis Revenue increased by 1.2%.
- EBITDA amounted to MEUR 30.1 (32.1), and the EBITDA margin decreased to 6.6% (7.0).
- Profit after tax amounted to MEUR 3.8 (6.2).
- Basic and diluted Earnings per Share were EUR 0.03 (0.04).
- Cash flow from operating activities amounted to MEUR 0.8 (6.6).
- 3,200 new rooms were contracted and 2,009 new rooms opened.

MEUR	Q2 2014	Q2 2013	H1 2014	H1 2013
Revenue	247.1	248.9	458.5	456.0
EBITDAR	93.0	97.0	154.7	155.6
EBITDA	30.8	34.9	30.1	32.1
EBIT	21.4	26.2	12.9	16.2
Profit for the period	14.1	17.4	3.8	6.2
EBITDAR margin, %	37.6%	39.0%	33.7%	34.1%
EBITDA margin, %	12.5%	14.0%	6.6%	7.0%
EBIT margin, %	8.7%	10.5%	2.8%	3.6%

#### Contents

Comments from the CEO	2
RevPAR development	3
Income statement	4
Comments by region	5
Balance sheet	6
Cash flow and liquidity	6
Financial statements	10



## Comments from the CEO

Growth in underlying RevPAR supported by gain in market share; continued focus on delivering on Route 2015 targets



“We see a rate driven, modest recovery in several EMEA markets despite overall macroeconomic uncertainties. During the quarter, Western Europe and the Nordics posted a good RevPAR performance, with the exception of Norway which showed a more pronounced impact of the Easter timing. Eastern Europe, the Middle East and Africa continued to show a positive trend. The exceptions included Russia and Ukraine, which suffered from the regional political turmoil.

Our Route 2015 turnaround plan has continued to deliver positive results. The quarter posted good underlying results, albeit those were somewhat diluted by the strengthening of the Euro, the Easter timing and some specific events, like the closure of one leased hotel for renovation and the exit of the casino operations in Copenhagen. We continued to gain market share during this period and we completed a successful rights issue which generated MEUR 60 in additional cash. Those funds will be strategically deployed to execute our long-term plans and increase shareholder value.

During the quarter, we added 2,200 rooms to the pipeline and opened 800 rooms. All the new rooms were under fee based contracts, which support our asset-light strategy.

The visibility for the next quarter and the rest of the year is still low. We maintain cautious optimism, and remain strongly focussed on revenue generation, tight cost control, asset management and profitable growth.”

Wolfgang M. Neumann, President & CEO

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## Market Development

Market RevPAR across Europe was up 5.6% (at constant exchange rates) in the first five months of the year. The improvement was a result of a 2.6% increase in occupancy and a 2.9% increase in room rates.

The RevPAR development of 2.4% in the mature Western European markets was mainly due to an increase in room rates (2.0%). All key markets experienced positive growth with the exception of France (-3.7%).

In Northern Europe, the growth of 8.0% was due to both occupancy (3.6%) and room rates (4.2%). Leading the growth was Estonia (18.2%), with Denmark (17.7%), Ireland (12.4%) and the UK (8.3%) also experienced strong development. Only two key markets, Finland (-0.7%) and Sweden (-0.6%), were below last year with Norway (0.6%) up marginally.

Eastern Europe reported a RevPAR increase of 1.2% with the impact of the current Ukraine-Russia situation offsetting the positive impact of the Winter Olympics in Russia in February.

Trading in the Middle East and Africa has been much more robust, with RevPAR up 7.1%. All countries reported strong RevPAR growth rates except Egypt, Lebanon, Mauritius and Kenya.

Sources: STR Global Ltd. © 2014 – European Hotel Review - Constant Currency Edition (May 14); Hotel | trends by Benchmarking | Alliance © 2014

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## Second Quarter Summary

L/L RevPAR for leased and managed hotels improved by 2.7% compared to last year mainly as a result of improvements in average room rate.

Revenue decreased by 0.7%, or MEUR 1.8, to MEUR 247.1. Foreign exchange, as a result of the strengthening of the Euro, had a negative impact of MEUR 6.0 on Revenue. In addition, Revenue was also negatively impacted by the closure of one leased hotel for renovation throughout the year, the timing of Easter and lower fee revenues. The decrease was partly offset by two new leased hotels in Copenhagen. On a L/L basis Revenue decreased by 0.9%

EBITDA was MEUR 30.8 (34.9) and the EBITDA margin decreased by 1.5 percentage points to 12.5%. The main reason for the decrease is, in addition to what is mentioned above, the disposal of the shares in Casino Copenhagen, which had a negative impact of MEUR 1.0 compared to last year.

EBIT was MEUR 21.4 (26.2) and the EBIT margin decreased by 1.8 percentage points to 8.7%. In addition to the above, the decrease compared to last year was due to increased depreciation of fixed assets of MEUR 0.7.

Profit after tax amounted to MEUR 14.1 compared to MEUR 17.4 last year.

## Strategies and Development

Rezidor is focused on hotel management and operates the core brands Radisson Blu and Park Inn by Radisson. In February 2014, Rezidor announced together with Carlson the intention to launch two additional brands; Radisson Red, an upscale "lifestyle select" brand, and Quorvus Collection, a traditional luxury brand.

Rezidor's strategy is to grow with management and franchise contracts and only exceptionally with leases. Rezidor is operating in 57 countries across Europe, the Middle East and Africa. The strategy is to further expand in the emerging markets.

In the second quarter, Rezidor opened five new hotels with 795 rooms. Three hotels with 415 rooms left the system, resulting in a net opening of 380 rooms. Contracts were signed for eleven new hotels with 2,194 rooms. All openings and signings were under management or franchise contracts.

## RevPAR Development

### Second quarter 2014

L/L RevPAR for leased and managed hotels improved by 2.7% compared to last year mainly as a result of improvements in average room rate. For the first two months of the quarter, RevPAR grew by 1.5 % and 0.7 % above the market. L/L RevPAR for leased hotels grew by 0.8% with occupancy growth off-setting an average room rate decline. The majority of the growth in the leased portfolio was in May, as April was negatively impacted by Easter and June by the fair cycle.

Two of the four regions reported L/L RevPAR growth over last year. The strongest development was in the Middle East, Africa & Others based on double-digit RevPAR growth in South Africa and United Arab Emirates. Rest of Western Europe continued its positive development at a similar pace as in the first quarter. The Nordics were below last year linked to the Easter impact in April and events last year in June in Norway. In Eastern Europe, the growth in Poland and the Baltics was off-set by losses in Russia and the Ukraine linked to the ongoing political situation.

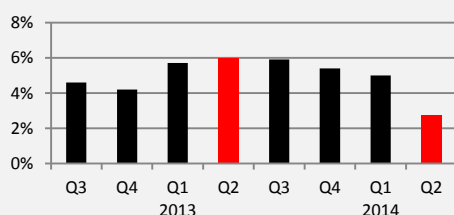
Reported RevPAR growth was -3.8%. It was negatively impacted by 4.1% due to the strengthening of the Euro.

The RevPAR development for the quarter is presented in the table below.

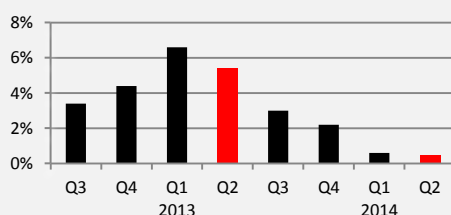
RevPAR	Q2 2014	H1 2014
L/L growth	2.7%	3.7%
FX impact	-4.1%	-4.7%
Units out or closed for renovation	0.6%	-1.2%
New openings	-2.8%	0.0%
Re-allocation of F&D revenue in Norway	-0.3%	-0.3%
Reported growth	-3.8%	-2.5%

Q2 2014 Change	Nordics	Rest of Western Europe	Eastern Europe	Middle East, Africa & Others	Group
L/L RevPAR	-0.8%	4.9%	-2.1%	9.6%	2.7%
L/L Occupancy	2.3%	1.9%	-5.4%	4.6%	0.5%
L/L Room Rates	-3.1%	2.9%	3.4%	4.7%	2.3%
Reported RevPAR	-9.4%	6.5%	-14.4%	2.1%	-3.8%

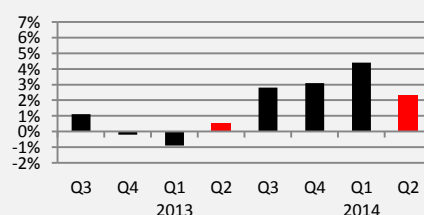
L/L RevPAR growth by quarter



L/L Occupancy growth by quarter



L/L Room Rates growth by quarter



## Income Statement

### Second quarter 2014

Total revenue decreased by 0.7%, or MEUR 1.8, to MEUR 247.1. Foreign exchange, as a result of the strengthening of the Euro, had a negative impact of MEUR 6.0 on total revenue.

The two new leases in Copenhagen had a positive impact on leased revenue, partly offset by the negative impact of the temporary closure of one hotel for renovation, the timing of Easter and a general weak demand within Meetings & Events.

The decrease in fee revenue compared to last year of MEUR 4.8 is, in addition to the negative FX impact, mainly due to the exit of one hotel under franchise agreement in Q2 last year, the conversion of two management agreements to lease agreements and the current situation in Ukraine and Russia.

On a L/L basis total revenue decreased by 0.9% or MEUR 2.2.

The change in revenue compared to the same period last year is presented in the table below.

MEUR	L/L	New	Out	FX	Change
Rooms Revenue	0.6	8.3	-1.5	-3.3	4.1
F&D Revenue	-2.4	3.2	-1.0	-1.4	-1.6
Other Hotel Revenue	1.0	0.9	-0.9	-0.4	0.6
<b>Total Leased Revenue</b>	<b>-0.8</b>	<b>12.4</b>	<b>-3.4</b>	<b>-5.1</b>	<b>3.1</b>
Fee Revenue	-1.2	0.2	-2.8	-1.0	-4.8
Other Revenue	-0.2	-	-	0.1	-0.1
<b>Total Revenue</b>	<b>-2.2</b>	<b>12.6</b>	<b>-6.2</b>	<b>-6.0</b>	<b>-1.8</b>

EBITDAR decreased by MEUR 4.0 to MEUR 93.0 and the EBITDAR margin decreased by 1.4 percentage points to 37.6%. The main reason for the decrease is the above mentioned decline in fee revenue, the timing of Easter, the temporary closure of one hotel for renovation, higher costs for sales and a negative FX impact in the Nordics.

EBITDA decreased by MEUR 4.1 to MEUR 30.8 and the EBITDA margin by 1.5 percentage point to 12.5%, mainly due to the above mentioned factors. Furthermore, the disposal of the shares in Casino Copenhagen had a negative impact of MEUR 1.0 compared to last year, offset by lower rental expenses due to the restructuring of leases previously communicated.

Total rent as a percentage of leased hotel revenue decreased from 29.2% to 28.5%.

EBIT was MEUR 21.4 versus MEUR 26.2 in Q2 2013 and the EBIT margin decreased by 1.8 percentage points to 8.7%, due to the above mentioned factors and higher costs for depreciation.

Profit after tax amounted to MEUR 14.1 compared to MEUR 17.4 last year.

Further financial information per region is provided on page 5.

### Six months ended June 2014

Total revenue increased slightly compared to last year and amounted to MEUR 458.5 (456.0). Revenue was positively impacted by two new leases in Copenhagen, offset by one hotel being closed for renovation, weak demand within Meetings & Events, the situation in Ukraine and Russia, some non-recurring fee revenue items and the strengthening of the Euro.

The change in revenue compared to the same period last year is presented in the table below.

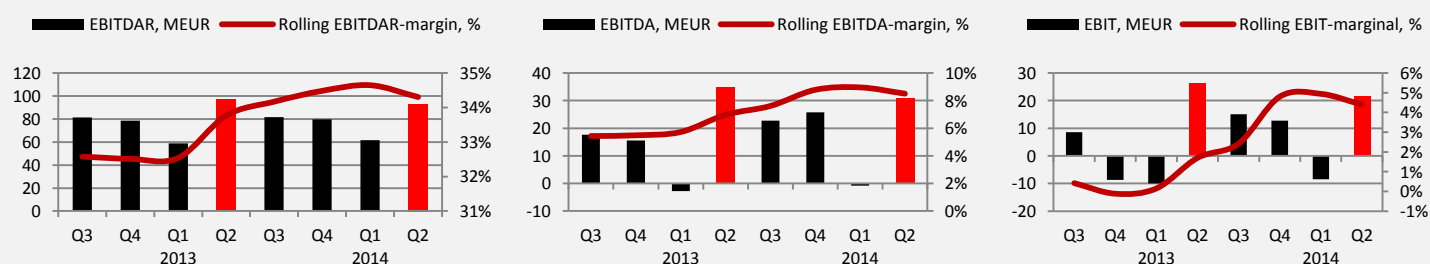
MEUR	L/L	New	Out	FX	Change
Rooms Revenue	4.4	13.4	-2.9	-7.4	7.5
F&D Revenue	-0.3	6.0	-2.1	-4.0	-0.4
Other Hotel Revenue	1.2	1.4	-1.7	-0.6	0.3
<b>Total Leased Revenue</b>	<b>5.3</b>	<b>20.8</b>	<b>-6.7</b>	<b>-12.0</b>	<b>7.4</b>
Fee Revenue	-0.2	1.8	-4.1	-2.3	-4.8
Other Revenue	0.2	-	-	-0.3	-0.1
<b>Total Revenue</b>	<b>5.3</b>	<b>22.6</b>	<b>-10.8</b>	<b>-14.6</b>	<b>2.5</b>

EBITDAR decreased by MEUR 0.9 to MEUR 154.7 and the EBITDAR margin decreased by 0.4 percentage points to 33.7%. This was mainly due to the decrease in fee revenue, higher costs for sales, the temporary closure of one hotel for renovation, and the strengthening of the Euro.

EBITDA decreased by MEUR 2.0 to MEUR 30.1 and the EBITDA margin by 0.4 percentage point to 6.6%. Total rent as a percentage of leased hotel revenue decreased from 30.4% to 30.0%, due to the re-structuring of leases.

EBIT was MEUR 12.9 compared to MEUR 16.2 last year and the EBIT margin decreased by 0.8 percentage points to 2.8%, due to the above mentioned factors.

Profit after tax amounted to MEUR 3.8 compared to MEUR 6.2 last year.



## Q2 Comments by Region

### Nordics

MEUR	Q2 2014	Q2 2013	Change
L/L RevPAR, EUR	106.3	107.2	-0.8%
Total Revenue	116.8	115.9	0.8%
EBITDA	16.6	20.1	-17.4%
EBITDA margin, %	14.2%	17.3%	-3.1 pp
EBIT	12.2	15.7	-22.3%
EBIT margin, %	10.4%	13.5%	-3.1 pp

L/L RevPAR decreased by 0.8%. Denmark (5.2%) and Sweden (4.4%) were above last year with increased business group, leisure individual and crew volumes as the key drivers. Norway (-4.9%) was heavily impacted by the timing of Easter period and a large congress in Oslo last year.

Total revenue increased by MEUR 0.9 (or 0.8%) compared to last year. The increase is mainly explained by the two new leased hotels in Copenhagen, offset by the strengthening of the Euro and the timing of Easter.

The drop in EBITDA and EBIT margins is, in addition to the strengthening of the Euro, mainly due to the timing of Easter, the disposal of Casino Copenhagen and the opening of a hotel under management agreement with guarantee in Norway.

### Rest of Western Europe

MEUR	Q2 2014	Q2 2013	Change
L/L RevPAR, EUR	83.2	79.2	4.9%
Total Revenue	116.2	115.9	0.3%
EBITDA	12.3	12.1	1.7%
EBITDA margin, %	10.6%	10.4%	0.2 pp
EBIT	7.5	8.0	-6.3%
EBIT margin, %	6.5%	6.9%	-0.4 pp

L/L RevPAR grew by 4.9% driven by a combination of average rate and occupancy growth. The key drivers were Ireland (11.1%), the UK (7.9%) and France (7.7%), with the majority of other key markets also reporting RevPAR growth.

Total revenue grew by MEUR 0.3 (or 0.3%) compared to last year. The strong RevPAR development and the appreciation of the British Pound were offset by the temporary closure of one leased hotel for renovation and the exit of a franchise agreement last year.

The EBITDA margin is, in addition to the above mentioned factors, positively impacted by the restructuring of leases.

The slight decrease in EBIT margin is due to higher depreciation costs.

### Eastern Europe

MEUR	Q2 2014	Q2 2013	Change
L/L RevPAR, EUR	59.4	60.7	-2.1%
Total Fee Revenue	9.6	10.7	-10.3%
EBITDA	9.2	8.2	12.2%
EBITDA margin, %	95.8%	76.6%	19.2 pp
EBIT	9.1	8.1	12.3%
EBIT margin, %	94.8%	75.7%	19.1 pp

L/L RevPAR declined by 2.1%, linked primarily to the ongoing political situation in Ukraine and Russia. The growth in Poland (3.9%) and the Baltics (3.4%) were offset by occupancy linked RevPAR decline in Russia (-7.7%) and Ukraine (-13.0%).

Fee revenue decreased by MEUR 1.1 (or 10.3%), mainly due to the Ukraine-Russia situation and the strengthening of the Euro against the currencies in the region.

The positive margin development is mainly due to reductions of bad debt provisions and an adjustment of a shortfall guarantee.

### Middle East, Africa and Others

MEUR	Q2 2014	Q2 2013	Change
L/L RevPAR, EUR	72.8	66.4	9.6%
Total Fee Revenue	5.5	6.4	-14.1%
EBITDA	3.7	4.5	-17.8%
EBITDA margin, %	67.3%	70.3%	-3.0 pp
EBIT	3.6	4.4	-18.1%
EBIT margin, %	65.5%	68.8%	-3.3 pp

L/L RevPAR improved by 9.6% driven almost equally by increases in occupancy and average room rates. The United Arab Emirates (11.0%) had the most significant growth rate, followed by South Africa (10.3%) and Saudi Arabia (9.9%). The key drivers in the area were business and leisure individuals.

Fee revenue decreased by MEUR 0.9 (or 14.1%), despite the positive RevPAR growth. This is mainly due to issued credit notes, related to fee receivables, which also had a slight negative impact on the margins.

### Central costs

Central costs for the quarter amounted to MEUR 11.0 and were MEUR 1.0 higher than last year. This is mainly due to re-classifications of MEUR 0.8 between central costs and other segments, having a negative impact on the presented central costs numbers.



## Comments to the Balance Sheet

Non-current assets decreased by MEUR 3.3 from year-end 2013 and amounted to MEUR 233.4. The decrease is mainly related to deferred tax assets and long-term receivables. Investments in tangible assets during the period have been offset by depreciations and write-downs.

Net working capital, excluding cash and cash equivalents, but including current tax assets and liabilities, at the end of the period was MEUR -29.2 compared to MEUR -48.4 at year-end 2013. The change is mainly explained by increases in accounts receivables and prepaid expenses.

Cash and cash equivalents increased by MEUR 30.2 from year-end 2013 to MEUR 37.1 at the end of June. The bank overdrafts amounting to MEUR 17.5 per year-end 2013 have been settled with proceeds from the rights issue.

Compared to year-end 2013, equity increased by MEUR 60.0 to MEUR 215.0. The rights issue completed in June gave MEUR 58.6, taking into account transaction costs of MEUR 1.1.

MEUR	30-Jun 14	31-Dec 13
Balance sheet total	432.3	381.7
Net working capital	-29.2	-48.4
Net cash (debt)	37.1	-10.5
Equity	215.0	155.0

## Cash Flow and Liquidity

Cash flow from operations (before change in working capital) amounted to MEUR 17.7 in H1 2014, a decrease of MEUR 3.5 compared to the same period last year, reflecting the decrease in operating profit.

Cash flow from change in working capital amounted to MEUR -16.9, which was a decrease of MEUR 2.3 compared to H1 2013, mainly related to accounts receivables.

Cash flow used in investing activities was MEUR 6.9 lower compared to last year, and amounted to MEUR -13.7. This was mainly due to lower investments in tangible and intangible assets of MEUR 4.1. Furthermore, MEUR 2.9 (0.1) of cash flow from other investments was received from the sale of the shares in Casino Copenhagen and settled long-term receivables.

Cash flow from financing activities amounted to MEUR 43.1 (13.0). Proceeds received from the rights issue of net MEUR 58.6 were partly used to settle liabilities to financial institutions.

At the end of Q2 2014, Rezidor had MEUR 37.1 in cash and cash equivalents. The total credit facilities available for use by the end of the quarter amounted to MEUR 110.0. MEUR 1.2 was used for bank guarantees, leaving MEUR 108.8 in available credit for use.

The remaining term of the committed overdraft facility and the revolving credit facility is approximately one year, combined with customary covenants. Negotiations

with banks are in advanced stages to amend and extend the existing facilities.

Net interest bearing liabilities amounted to MEUR -44.6 (4.5 at year-end 2013). The decrease was primarily due to the received proceeds from the rights issue.

Net cash (debt), defined as cash & cash equivalents plus short-term interest-bearing assets minus interest-bearing financial liabilities (short-term & long-term), amounted to MEUR 37.1 (-10.5 at year-end 2013).

MEUR	H1 2014	H1 2013
Cash flow before working capital changes	17.7	21.2
Change in working capital	-16.9	-14.6
Cash flow from investing activities	-13.7	-20.6
<b>Free cash flow</b>	<b>-12.9</b>	<b>-14.0</b>

## Other Events

The final result of the rights issue show that 24,250,597 shares, representing 99.4 percent of the offered shares, were subscribed for by the exercise of subscription rights. The 136,220 shares that were not subscribed for with subscription rights were allocated to persons in accordance with the principles outlined in the prospectus. The total number of shares increased by 24,386,817 to 174,388,857.

Through the rights issue, proceeds of MEUR 59.7 were received, before transaction costs. The share capital increased by MEUR 1.6 to MEUR 11.6. The subscription price was SEK 22.30 per share.

## Subsequent Events

There are no significant post balance sheet events to report.

## Material Risks and Uncertainties

No material changes have taken place during the period and reference is therefore made to the detailed description provided in the annual report for 2013. The general market, economic and financial conditions as well as the development of RevPAR in various countries where Rezidor operates, continue to be the most important factors influencing the company's earnings. Management is continuously analysing ways to improve the performance of the hotel portfolio, currently with a particular focus on how to increase the profitability of the leased business in Rest of Western Europe. Future cash flow projections related to leases or management agreements with performance guarantees are sensitive to changes in discount rate, occupancy and room rate assumptions. Changes in such assumptions may lead to a renewed assessment of the value of certain assets and the risk for loss making contracts. The financial impact of exiting loss-making contracts is uncertain and it cannot be ruled out that an exit could lead to a cash outflow which is currently not fully reflected in the reported liabilities of the Group. The Parent Company performs services of a common Group character. The risks for the Parent Company are the same as for the Group.

## Seasonal Effects

Rezidor is active in an industry with seasonal variations and sales and profits vary by quarter. For quarterly revenue and margins, see table on page 20.

## Sensitivity Analysis

With the current business model and portfolio mix Rezidor estimates that a EUR 1 RevPAR variation would result in a MEUR 6-8 change in EBITDA. Future cash flow projections related to leases or management agreements with performance guarantees are sensitive to changes in discount rates, occupancy and room rate assumptions. Changes in such assumptions may lead to a renewed assessment of the value of certain assets and the risk for loss making contracts.

## Presentation of the Q2 Results

On July 23, 2014 at 10:00 (Central European Time) a combined telephone conference and live webcast (in English) concerning the report will be presented by the President & CEO, Wolfgang M. Neumann and Deputy President & CFO, Knut Kleiven.

To follow the webcast, please visit  
[www.investor.rezidor.com](http://www.investor.rezidor.com)

To access the telephone conference, please dial:

Sweden:	+46(0)8 5065 3937
Sweden, Free:	0200 883 440
USA, Local:	+1212 444 0895
USA, Free:	1877 280 1254
UK, Local:	+44(0)20 3427 1913
UK, Free:	0800 279 4992
Belgium, Local:	+32(0)2 402 3092

Confirmation code: 3116852

For a replay of the conference call please visit  
[www.investor.rezidor.com](http://www.investor.rezidor.com).

## Financial Calendar

Q3 2014 results: October 24, 2014  
Q4 2014 results: February 17, 2015  
Q1 2015 results: April 24, 2015

This quarterly report comprises information which Rezidor Hotel Group AB (publ) is required to disclose under the Securities Markets Act and/or the Financial Instruments Trading Act. It was released for publication at 07:30 Central European Time on July 23, 2014.

## For Further Information, Contact

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## About the Rezidor Hotel Group

The Rezidor Hotel Group currently features a portfolio of 433 hotels with ca 96,000 rooms in operation and under development in 69 countries across Europe, the Middle East and Africa. Rezidor operates the core brands Radisson Blu and Park Inn by Radisson.

Rezidor is a member of the Carlson Rezidor Hotel Group.

For more information, visit [www.rezidor.com](http://www.rezidor.com)

## Statement from the Board of Directors and the CEO

The Board of Directors and the CEO declare that the half-year report provides a fair view of the development of the Group's and the Parent Company's financial position and result of operations and describes material risks and uncertainties facing the Parent company and the companies included in the Group.

Stockholm, July 22, 2014

Trudy Rautio  
Chairman of the Board

Staffan Bohman  
Vice Chairman of the Board

Wendy Nelson  
Board Member

Göte Dahlin  
Board Member

Anders Moberg  
Board Member

Douglas M. Anderson  
Board Member

David P. Berg  
Board Member

Charlotte Strömberg  
Board Member

Göran Larsson  
Employee Representative

Wolfgang M. Neumann  
President & CEO



## Report on Review of Interim Report

### *Introduction*

We have reviewed the accompanying interim report of Rezidor Hotel Group AB (publ) (Corp. i.d. no. 556674-0964) for the period January 1 – June 30, 2014. The Board of Directors and the President is responsible for the preparation and presentation of this interim report in accordance with International Accounting Standard 34 'Interim financial reporting' and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with the recommendation International Standard on Review Engagements (ISRE) 2410, '*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*'. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared in accordance with International Accounting Standard 34 and the Swedish Annual Accounts Act, and for the Parent Company the Swedish Annual Accounts Act.

Stockholm, July 22, 2014

Deloitte AB

Thomas Strömberg  
Authorized Public Accountant

## Condensed Consolidated Statement of Operations

MEUR	Q2 2014	Q2 2013	H1 2014	H1 2013
Revenue	247.1	248.9	458.5	456.0
F&D and other related expenses	-14.1	-14.2	-27.1	-27.2
Personnel cost and contract labour	-82.1	-80.9	-161.8	-159.4
Other Operating expenses	-54.1	-53.1	-107.4	-106.4
Insurance of properties and property tax	-3.7	-3.7	-7.4	-7.4
<b>Operating profit before rental expense and share of income in associates and depreciation and amortisation and gain on sale of fixed assets (EBITDAR)</b>	<b>93.0</b>	<b>97.0</b>	<b>154.7</b>	<b>155.6</b>
Rental expense	-61.6	-62.5	-123.8	-124.4
Share of income in associates and joint ventures	-0.6	0.4	-0.8	0.9
<b>Operating profit before depreciation and amortisation and gain on sale of fixed assets (EBITDA)</b>	<b>30.8</b>	<b>34.9</b>	<b>30.1</b>	<b>32.1</b>
Depreciation and amortisation	-8.2	-7.5	-15.5	-14.7
Write-downs	-1.3	-1.2	-1.7	-1.2
<b>Operating profit/loss (EBIT)</b>	<b>21.4</b>	<b>26.2</b>	<b>12.9</b>	<b>16.2</b>
Financial income	0.2	0.3	0.3	0.4
Financial expense	-0.5	-1.2	-1.2	-1.5
<b>Profit before tax</b>	<b>21.1</b>	<b>25.3</b>	<b>12.0</b>	<b>15.1</b>
Income tax	-7.0	-7.9	-8.2	-8.9
<b>Profit for the period</b>	<b>14.1</b>	<b>17.4</b>	<b>3.8</b>	<b>6.2</b>
<b>Attributable to:</b>				
Owners of the company	14.1	17.4	3.8	6.2
Non-controlling interests	-	-	-	-
<b>Profit for the period</b>	<b>14.1</b>	<b>17.4</b>	<b>3.8</b>	<b>6.2</b>
Basic average no. of shares outstanding	155,968,434	146,320,902	151,171,319	146,320,902
Diluted average no. of shares outstanding	157,016,003	148,351,150	152,594,092	148,351,150
<b>Earnings per share, in EUR</b>				
Basic	0.09	0.12	0.03	0.04
Diluted	0.09	0.12	0.03	0.04

## Consolidated Statement of Comprehensive Income

<b>Profit for the period</b>	<b>14.1</b>	<b>17.4</b>	<b>3.8</b>	<b>6.2</b>
<b>Other comprehensive income:</b>				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Actuarial gains and losses	-	-2.1	-	-2.1
Tax on actuarial gains and losses	-	0.6	-	0.6
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translation of foreign operations	-2.0	-3.7	-1.5	-4.7
Tax on exchange differences	0.0	0.1	0.0	0.3
Fair value gains and losses on cash flow hedges	-0.2	0.4	-0.4	0.4
Tax on fair value gains and losses on cash flow hedges	0.0	-0.1	0.1	-0.1
<b>Other comprehensive income for the period, net of tax</b>	<b>-2.2</b>	<b>-4.8</b>	<b>-1.8</b>	<b>-5.6</b>
<b>Total comprehensive income for the period</b>	<b>11.9</b>	<b>12.6</b>	<b>2.0</b>	<b>0.6</b>
<b>Attributable to:</b>				
Owners of the company	11.9	12.6	2.0	0.6
Non-controlling interests	-	-	-	-

## Condensed Consolidated Balance Sheet Statements

MEUR	30 June 2014	31 December 2013
<b>ASSETS</b>		
Intangible assets	66.4	68.2
Tangible assets	126.7	125.3
Investments in associated companies and joint ventures	2.5	2.9
Other shares and participations	5.2	5.2
Other long-term receivables	5.6	6.5
Deferred tax assets	26.9	28.6
<b>Total non-current assets</b>	<b>233.4</b>	<b>236.7</b>
Inventories	4.9	4.8
Other current receivables	142.1	115.8
Derivative financial instruments	0.2	0.5
Other short term investments	3.8	4.1
Cash and cash equivalents	37.1	6.9
Assets held for sale	10.7	12.9
<b>Total current assets</b>	<b>198.9</b>	<b>145.0</b>
<b>TOTAL ASSETS</b>	<b>432.3</b>	<b>381.7</b>
<b>EQUITY AND LIABILITIES</b>		
Equity attributable to equity holders of the parent	215.0	155.0
Non-controlling interests	0.0	0.0
<b>Total equity</b>	<b>215.0</b>	<b>155.0</b>
Deferred tax liabilities	15.7	15.6
Retirement benefit obligations	5.6	6.7
Other long-term liabilities	21.8	21.3
<b>Total non-current liabilities</b>	<b>43.1</b>	<b>43.6</b>
Liabilities to financial institutions	-	17.5
Derivative financial instruments	0.2	0.1
Other current liabilities	174.0	165.5
<b>Total current liabilities</b>	<b>174.2</b>	<b>183.1</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>432.3</b>	<b>381.7</b>
Number of ordinary shares outstanding at the end of the period	170,707,719	146,320,902
Number of ordinary shares held by the company	3,681,138	3,681,138
Number of registered ordinary shares at the end of the period	174,388,857	150,002,040

## Consolidated Statement of Changes in Equity

MEUR	Share capital	Other paid in capital	Other reserves	Retained earnings incl. net profit/loss for the period	Attributable to equity holders of the parent	Non-controlling interests	Total equity
<b>Opening balance as of January 1, 2013</b>	<b>10.0</b>	<b>120.3</b>	<b>19.5</b>	<b>-4.0</b>	<b>145.8</b>	<b>0.0</b>	<b>145.8</b>
Profit for the period	-	-	-	6.2	6.2	-	6.2
<i>Other comprehensive income:</i>							
Actuarial gains and losses on defined benefit plans	-	-	-	-2.1	-2.1	-	-2.1
Tax on actuarial gains and losses on defined benefit plans	-	-	-	0.6	0.6	-	0.6
Currency differences on translation of foreign operations	-	-	-4.7	-	-4.7	-	-4.7
Tax on exchange differences recognised in other comprehensive income	-	-	0.3	-	0.3	-	0.3
Fair value gains and losses on cash flow hedges	-	-	0.4	-	0.4	-	0.4
Tax on fair value gains and losses on cash flow hedges	-	-	-0.1	-	-0.1	-	-0.1
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-4.1</b>	<b>4.7</b>	<b>0.6</b>		<b>0.6</b>
<i>Transactions with owners:</i>							
Long term incentive plan	-	-	-	0.1	0.1	-	0.1
<b>Ending balance as of as June 30, 2013</b>	<b>10.0</b>	<b>120.3</b>	<b>15.4</b>	<b>0.8</b>	<b>146.5</b>	<b>0.0</b>	<b>146.5</b>
<b>Opening balances as of January 1, 2014</b>	<b>10.0</b>	<b>120.3</b>	<b>11.2</b>	<b>13.5</b>	<b>155.0</b>	<b>0.0</b>	<b>155.0</b>
Profit for the period	-	-	-	3.8	3.8	-	3.8
<i>Other comprehensive income:</i>							
Currency differences on translation of foreign operations	-	-	-1.5	-	-1.5	-	-1.5
Tax on exchange differences recognised in other comprehensive income	-	-	0.0	-	0.0	-	0.0
Fair value gains and losses on cash flow hedges	-	-	-0.4	-	-0.4	-	-0.4
Tax on fair value gains and losses on cash flow hedges	-	-	0.1	-	0.1	-	0.1
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-1.8</b>	<b>3.8</b>	<b>2.0</b>	<b>-</b>	<b>2.0</b>
<i>Transactions with owners:</i>							
Rights issue (incl. transaction costs*)	1.6	57.0	-	-	58.6	-	58.6
Long term incentive plan	-	-	-	-0.6	-0.6	-	-0.6
<b>Ending balance as of Jun 30, 2014</b>	<b>11.6</b>	<b>177.3</b>	<b>9.4</b>	<b>16.7</b>	<b>215.0</b>	<b>0.0</b>	<b>215.0</b>

\*) Total transaction costs amount to MEUR 1.1

## Condensed Consolidated Statement of Cash Flow

MEUR	Q2 2014	Q2 2013	H1 2014	H1 2013
<b>Operating profit/loss</b>	<b>21.4</b>	<b>26.2</b>	<b>12.9</b>	<b>16.2</b>
Non cash items	9.6	10.3	15.8	18.9
Interest, taxes paid and other cash items	-3.7	-3.4	-11.0	-13.9
Change in working capital	-14.1	-18.1	-16.9	-14.6
<b>Cash flow from operating activities</b>	<b>13.2</b>	<b>15.0</b>	<b>0.8</b>	<b>6.6</b>
Purchase of intangible assets	-0.1	-0.0	-0.1	-0.0
Purchase of tangible assets	-9.9	-12.6	-16.5	-20.7
Other investments/divestments	2.4	-0.2	2.9	0.1
<b>Cash flow from investing activities</b>	<b>-7.6</b>	<b>-12.8</b>	<b>-13.7</b>	<b>-20.6</b>
Rights issue	58.6	-	58.6	-
External financing, net	-36.9	-3.8	-15.5	13.0
<b>Cash flow from financing activities</b>	<b>21.7</b>	<b>-3.8</b>	<b>43.1</b>	<b>13.0</b>
<b>Cash flow for the period</b>	<b>27.3</b>	<b>-1.6</b>	<b>30.2</b>	<b>-1.0</b>
Effects of exchange rate changes on cash and cash equivalents	0.0	-0.2	0.0	-0.2
<b>Cash and cash equivalents at beginning of the period</b>	<b>9.8</b>	<b>9.2</b>	<b>6.9</b>	<b>8.6</b>
<b>Cash and cash equivalents at end of the period</b>	<b>37.1</b>	<b>7.4</b>	<b>37.1</b>	<b>7.4</b>

## Parent Company, Condensed Statement of Operations

MEUR	Q2 2014	Q2 2013	H1 2014	H1 2013
Revenue	1.6	0.9	3.0	1.8
Personnel cost	-1.1	-0.7	-2.1	-1.4
Other operating expenses	-2.7	-2.4	-4.7	-5.2
<b>Operating loss before depreciation and amortization</b>	<b>-2.2</b>	<b>-2.2</b>	<b>-3.8</b>	<b>-4.8</b>
Depreciation and amortization expense	-0.1	-0.1	-0.2	-0.2
<b>Operating loss</b>	<b>-2.3</b>	<b>-2.3</b>	<b>-4.0</b>	<b>-5.0</b>
Financial income	4.6	3.5	5.6	5.1
Financial expense	-0.3	-0.2	-0.3	-0.4
<b>Profit/loss before tax</b>	<b>2.0</b>	<b>1.0</b>	<b>1.3</b>	<b>-0.3</b>
Income Tax	-0.5	-0.3	-0.3	0.1
<b>Profit/loss for the period</b>	<b>1.5</b>	<b>0.7</b>	<b>1.0</b>	<b>-0.2</b>

## Parent Company, Statement of Comprehensive Income

<b>Profit/loss for the period</b>	<b>1.5</b>	<b>0.7</b>	<b>1.0</b>	<b>-0.2</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>1.5</b>	<b>0.7</b>	<b>1.0</b>	<b>-0.2</b>

## Parent Company, Condensed Balance Sheet Statement

MEUR	30 June 2014	31 December 2013
<b>ASSETS</b>		
Intangible assets	0.1	0.1
Tangible assets	0.2	0.2
Shares in subsidiaries	233.5	234.2
Deferred tax assets	5.1	5.3
<b>Total non-current assets</b>	<b>238.9</b>	<b>239.8</b>
Current receivables	30.7	15.7
Cash and cash equivalents	5.0	-
<b>Total current assets</b>	<b>35.7</b>	<b>15.7</b>
<b>TOTAL ASSETS</b>	<b>274.6</b>	<b>255.5</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>270.4</b>	<b>211.4</b>
Current liabilities	4.2	44.1
<b>Total current liabilities</b>	<b>4.2</b>	<b>44.1</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>274.6</b>	<b>255.5</b>



## Parent Company, Statement of Changes in Equity

MEUR	Share capital	Share premium reserve	Retained earnings incl. net profit/loss for the period	Total equity
<b>Opening balance as of January 1, 2013</b>	<b>10.0</b>	<b>197.3</b>	<b>-0.4</b>	<b>206.9</b>
Total comprehensive income for the period	-	-	-0.2	-0.2
<i>Transactions with the owners:</i>				
Long term incentive plan	-	-	0.1	0.1
<b>Ending balance as of June 30, 2013</b>	<b>10.0</b>	<b>197.3</b>	<b>-0.5</b>	<b>206.8</b>
<b>Opening balance as of January 1, 2014</b>	<b>10.0</b>	<b>197.3</b>	<b>4.1</b>	<b>211.4</b>
Total comprehensive income for the period	-	-	1.0	1.0
<i>Transactions with the owners:</i>				
Rights issue (incl. transaction costs*)	1.6	57.0	-	58.6
Long term incentive plan	-	-	-0.6	-0.6
<b>Ending balance as of June 30, 2014</b>	<b>11.6</b>	<b>254.3</b>	<b>4.5</b>	<b>270.4</b>

\*) Total transaction costs amount to MEUR 1.1

## Comments to Income Statement

The primary purpose of the Parent Company is to act as a holding company for the Group's investments in hotel operating subsidiaries in various countries. In addition to this main activity, the Parent Company also serves as a Shared Service Centre for all hotels in Sweden.

The main revenue of the company is internal fees charged to the hotels in Sweden for the related administrative services provided by the Shared Service Centre. In Q2 2014 and YTD 2014 the intercompany revenue of the Parent Company amounted to MEUR 1.6 (0.9) and MEUR 2.9 (1.7) respectively. The intercompany costs in Q2 2014 and YTD 2014 amounted to MEUR 1.8 (1.7) and MEUR 3.0 (3.7) respectively.

In Q2 2014 and YTD 2014, financial income was mainly related to group contribution received of MEUR 4.5 (3.5) and MEUR 5.5 (4.9) respectively.

## Comments to Balance Sheet

The main movements in the balance sheet since year-end are due to the received proceeds from the rights issue of MEUR 58.6 (net after transaction costs), increasing equity, increasing intercompany receivables and decreasing intercompany liabilities. At the end of the quarter the intercompany receivables amounted to MEUR 30.5 (15.4 at year-end 2013) and the intercompany liabilities to MEUR 1.9 (42.0 at year-end 2013).

## Notes to Condensed Consolidated Financial Statements

### Basis of preparation

The interim report has been prepared in accordance with the Swedish Annual Accounts Act and International Accounting Standard (IAS) 34 Interim Financial Reporting. The interim report has been prepared using accounting principles consistent with International Financial Reporting Standards (IFRS).

The interim report for the Parent Company has been prepared in accordance with Swedish Annual Accounts Act and Recommendation RFR 2, Accounting for Legal Entities, issued by Swedish Financial Accounting Standards Council.

The same accounting policies, presentation and methods of computation have been followed in this interim report as were applied in the company's annual report for the year ended December 31, 2013, except for the impact of the adoption of the standards and interpretations described below.

New standards are IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests of Other Entities. Furthermore, there have been amendments to IAS 27, IAS 28, IAS 32, IAS 36 and IAS 39. All these new standards and amendments have had limited or no effect of the reported results or financial position of the Group.



## RevPAR Development by Brand (Leased & Managed Hotels)

In EUR	L/L Occupancy		L/L Average Room Rates		L/L RevPAR		Reported RevPAR	
	Q2 2014	vs. 2013	Q2 2014	vs. 2013	Q2 2014	vs. 2013	Q2 2014	vs. 2013
Radisson Blu	71.5%	0.5 pp	122.0	1.8%	87.2	2.3%	81.1	-4.8%
Park Inn by Radisson	69.1%	0.0 pp	72.5	2.9%	50.1	3.0%	47.7	-1.0%
<b>Group</b>	<b>70.9%</b>	<b>0.5 pp</b>	<b>109.9</b>	<b>2.3%</b>	<b>77.9</b>	<b>2.7%</b>	<b>72.6</b>	<b>-3.8%</b>

	H1 2014		H1 2014		H1 2014		H1 2014	
	vs. 2013		vs. 2013		vs. 2013		vs. 2013	
Radisson Blu	67.1%	0.6 pp	120.8	2.8%	81.0	3.3%	75.6	-3.2%
Park Inn by Radisson	62.5%	-0.2 pp	71.1	4.1%	44.5	4.0%	42.1	0.1%
<b>Group</b>	<b>65.9%</b>	<b>0.4 pp</b>	<b>109.0</b>	<b>3.2%</b>	<b>71.8</b>	<b>3.7%</b>	<b>67.0</b>	<b>-2.5%</b>

## RevPAR Development by Region (Leased & Managed Hotels)

In EUR	L/L Occupancy		L/L Average Room Rates		L/L RevPAR		Reported RevPAR	
	Q2 2014	vs. 2013	Q2 2014	vs. 2013	Q2 2014	vs. 2013	Q2 2014	vs. 2013
Nordics	75.5%	2.3 pp	140.7	-3.1%	106.3	-0.8%	97.7	-9.4%
Rest of Western Europe	76.6%	1.9 pp	108.6	2.9%	83.2	4.9%	84.3	6.5%
Eastern Europe	62.5%	-5.4 pp	95.0	3.4%	59.4	-2.1%	51.5	-14.4%
Middle East, Africa & Others	69.9%	4.6 pp	104.6	4.7%	72.8	9.6%	66.4	2.1%
<b>Group</b>	<b>70.9%</b>	<b>0.5 pp</b>	<b>109.9</b>	<b>2.3%</b>	<b>77.9</b>	<b>2.7%</b>	<b>72.6</b>	<b>-3.8%</b>

	H1 2014		H1 2014		H1 2014		H1 2014	
	vs. 2013		vs. 2013		vs. 2013		vs. 2013	
Nordics	71.0%	2.8 pp	136.3	-1.4%	96.8	1.4%	89.3	-6.6%
Rest of Western Europe	70.6%	1.5 pp	105.0	3.0%	74.2	4.6%	75.0	6.6%
Eastern Europe	55.3%	-4.6 pp	93.5	5.4%	51.7	0.6%	45.4	-11.2%
Middle East, Africa & Others	69.2%	3.1 pp	111.3	4.7%	77.0	7.9%	69.8	0.3%
<b>Group</b>	<b>65.9%</b>	<b>0.4 pp</b>	<b>109.0</b>	<b>3.2%</b>	<b>71.8</b>	<b>3.7%</b>	<b>67.0</b>	<b>-2.5%</b>

## RevPAR Development by Region (Leased Hotels)

In EUR	L/L Occupancy		L/L Average Room Rates		L/L RevPAR		Reported RevPAR	
	Q2 2014	vs. 2013	Q2 2014	vs. 2013	Q2 2014	vs. 2013	Q2 2014	vs. 2013
Nordics	74.7%	2.3 pp	141.4	-2.9%	105.6	-0.7%	100.4	-6.8%
Rest of Western Europe	75.6%	1.5 pp	108.6	0.7%	82.1	2.3%	83.4	4.4%
<b>Group</b>	<b>75.2%</b>	<b>1.6 pp</b>	<b>122.8</b>	<b>-1.0%</b>	<b>92.4</b>	<b>0.8%</b>	<b>91.3</b>	<b>-0.6%</b>

	H1 2014		H1 2014		H1 2014		H1 2014	
	vs. 2013		vs. 2013		vs. 2013		vs. 2013	
Nordics	70.6%	2.5 pp	137.7	-1.5%	97.2	1.0%	90.4	-7.2%
Rest of Western Europe	70.7%	1.3 pp	105.5	1.7%	74.6	3.0%	75.6	4.6%
<b>Group</b>	<b>70.7%</b>	<b>1.8 pp</b>	<b>119.6</b>	<b>0.2%</b>	<b>84.5</b>	<b>2.1%</b>	<b>82.4</b>	<b>-0.7%</b>

## Revenue per Area of Operation

MEUR	Q2 2014	Q2 2013	Change %	H1 2014	H1 2013	Change %
Rooms revenue	143.6	139.5	2.9%	258.0	250.5	3.0%
F&D revenue	63.9	65.5	-2.4%	125.3	125.7	-0.3%
Other hotel revenue	8.2	7.6	7.9%	15.1	14.8	2.0%
<b>Total hotel revenue (leased)</b>	<b>215.7</b>	<b>212.6</b>	<b>1.5%</b>	<b>398.4</b>	<b>391.0</b>	<b>1.9%</b>
Fee revenue (managed & franchised)	27.5	32.3	-14.9%	52.5	57.3	-8.4%
Other revenue	3.9	4.0	2.5%	7.6	7.7	-1.3%
<b>Total revenue</b>	<b>247.1</b>	<b>248.9</b>	<b>-0.7%</b>	<b>458.5</b>	<b>456.0</b>	<b>0.5%</b>

## Total Fee Revenue

MEUR	Q2 2014	Q2 2013	Change %	H1 2014	H1 2013	Change %
Management Fees	8.7	9.4	-7.4%	16.4	17.0	-3.5%
Incentive Fees	6.6	8.9	-25.8%	12.3	15.0	-18.0%
Franchise Fees	2.5	2.0	25.0%	4.5	3.8	-18.4%
Other Fees (incl. marketing, reservation fee etc.)	9.7	12.0	-2.3%	19.3	21.5	-10.2%
<b>Total fee revenue</b>	<b>27.5</b>	<b>32.3</b>	<b>-14.9%</b>	<b>52.5</b>	<b>57.3</b>	<b>-8.4%</b>

## Revenue per Region

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Other		Total	
Q2	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Leased	112.0	109.2	103.2	104.2	-	-	-	-	215.2	213.4
Managed	0.5	1.8	7.5	7.5	8.7	10.3	5.5	6.4	22.2	26.0
Franchised	1.8	1.8	2.6	4.0	0.9	0.4	-	-	5.3	6.2
Other	2.5	3.1	1.9	0.2	0.0	-	-	-	4.4	3.3
<b>Total</b>	<b>116.8</b>	<b>115.9</b>	<b>116.2</b>	<b>115.9</b>	<b>9.6</b>	<b>10.7</b>	<b>5.5</b>	<b>6.4</b>	<b>247.1</b>	<b>248.9</b>

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Other		Total	
H1	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Leased	209.3	201.3	188.5	190.4	-	-	-	-	397.8	391.7
Managed	0.9	3.3	13.8	13.2	15.0	16.6	13.1	13.7	42.8	46.8
Franchised	3.5	3.4	4.8	6.2	1.4	0.8	-	-	9.7	10.4
Other	5.3	6.2	2.9	0.9	-	-	-	-	8.2	7.1
<b>Total</b>	<b>219.0</b>	<b>214.2</b>	<b>210.0</b>	<b>210.7</b>	<b>16.4</b>	<b>17.4</b>	<b>13.1</b>	<b>13.7</b>	<b>458.5</b>	<b>456.0</b>

## Central Marketing Fees and Expenses (Including Leased Hotels)

MEUR	Q2 2014	Q2 2013	Change %	H1 2014	H1 2013	Change %
Marketing fee	11.4	10.6	7.5%	21.1	19.3	9.3%
Marketing expense	-10.2	-10.4	-1.9%	-19.6	-19.7	-0.5%
<b>Net</b>	<b>1.2</b>	<b>0.2</b>	<b>500.0%</b>	<b>1.5</b>	<b>-0.4</b>	<b>-475.0%</b>

## Rental Expenses

MEUR	Q2 2014	Q2 2013	Change %	H1 2014	H1 2013	Change %
Fixed rent	49.7	49.1	1.2%	99.6	97.0	2.7%
Variable rent	11.8	13.2	-10.6%	19.9	22.0	-9.5%
<b>Rent</b>	<b>61.5</b>	<b>62.3</b>	<b>-1.3%</b>	<b>119.5</b>	<b>119.0</b>	<b>0.4%</b>
Rent as a % of leased hotel revenue	28.5%	29.2%	-0.7 pp	30.0%	30.4%	-0.4 pp
Shortfall guarantees <sup>1)</sup>	-	0.2	-100.0%	4.3	5.4	-20.4%
<b>Rental expense</b>	<b>61.5</b>	<b>62.5</b>	<b>-1.6%</b>	<b>123.8</b>	<b>124.4</b>	<b>-0.5%</b>

1) Shortfall guarantees also include changes in provisions for onerous contracts

## Operating Profit before Depreciation and Amortization and Gain on Sales of Fixed Assets (EBITDA)

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Central costs		Total	
Q2	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Leased	14.0	15.1	6.0	4.1	-	-	-	-	-	-	20.0	19.2
Managed	-1.0	1.5	5.5	5.0	8.7	8.2	3.7	4.3	-	-	16.9	19.0
Franchised	1.0	1.2	0.8	3.0	0.5	0.2	-	-	-	-	2.3	4.4
Other <sup>1)</sup>	2.6	2.3	-	-	-	-0.2	-	0.2	-	-	2.6	2.3
Central costs	-	-	-	-	-	-	-	-	-11.0	-10.0	-11.0	-10.0
<b>Total</b>	<b>16.6</b>	<b>20.1</b>	<b>12.3</b>	<b>12.1</b>	<b>9.2</b>	<b>8.2</b>	<b>3.7</b>	<b>4.5</b>	<b>-11.0</b>	<b>-10.0</b>	<b>30.8</b>	<b>34.9</b>

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Central costs		Total	
H1	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Leased	19.4	19.8	-2.4	-3.3	-	-	-	-	-	-	16.9	16.5
Managed	-0.9	2.7	8.0	4.8	10.9	10.5	8.9	8.7	-	-	26.9	26.7
Franchised	1.9	2.3	1.8	4.1	0.8	0.5	-	-	-	-	4.5	6.9
Other <sup>1)</sup>	3.1	2.6	-	-	-	-0.2	-	0.2	-	-	3.1	2.6
Central costs	-	-	-	-	-	-	-0.2	-	-21.1	-20.6	-21.3	-20.6
<b>Total</b>	<b>23.4</b>	<b>27.4</b>	<b>7.4</b>	<b>5.6</b>	<b>11.7</b>	<b>10.8</b>	<b>8.7</b>	<b>8.9</b>	<b>-21.1</b>	<b>-20.6</b>	<b>30.1</b>	<b>32.1</b>

1) Other also includes share of income from associates and joint ventures.

## Operating Profit (EBIT)

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Central costs		Total	
Q2	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Leased	10.3	11.4	1.3	-	-	-	-	-	-	-	11.6	11.4
Managed	-1.0	1.5	5.4	5.0	8.6	8.1	3.7	4.2	-	-	16.7	18.8
Franchised	0.9	1.2	0.8	3.0	0.5	0.2	-	0.2	-	-	2.2	4.6
Other <sup>1)</sup>	2.0	1.6	-	-	-	-0.2	-	-	-	-	2.0	1.4
Central costs	-	-	-	-	-	-	-0.1	-	-11.0	-10.0	-11.1	-10.0
<b>Total</b>	<b>12.2</b>	<b>15.7</b>	<b>7.5</b>	<b>8.0</b>	<b>9.1</b>	<b>8.1</b>	<b>3.6</b>	<b>4.4</b>	<b>-11.0</b>	<b>-10.0</b>	<b>21.4</b>	<b>26.2</b>

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Central costs		Total	
H1	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Leased	12.3	12.4	-10.8	-10.0	-	-	-	-	-	-	1.5	2.4
Managed	-0.9	2.7	7.9	4.7	10.8	10.4	8.8	8.6	-	-	26.6	26.4
Franchised	1.8	2.2	1.8	4.1	0.8	0.5	-	-	-	-	4.4	6.8
Other <sup>1)</sup>	1.7	1.2	-	-	-	-0.2	-	0.2	-	-	1.7	1.2
Central costs	-	-	-	-	-	-	-0.2	-	-21.1	-20.6	-21.3	-20.6
<b>Total</b>	<b>14.9</b>	<b>18.5</b>	<b>-1.1</b>	<b>-1.2</b>	<b>11.6</b>	<b>10.7</b>	<b>8.6</b>	<b>8.8</b>	<b>-21.1</b>	<b>-20.6</b>	<b>12.9</b>	<b>16.2</b>

1) Other also includes share of income from associates and joint ventures.

## Reconciliation of Profit/Loss for the Period

MEUR	Q2 2014	Q2 2013	H1 2014	H1 2013
<b>Total operating profit/loss (EBIT) for reportable segments</b>	<b>21.4</b>	<b>26.2</b>	<b>12.9</b>	<b>16.2</b>
Financial income	0.2	0.3	0.3	0.4
Financial expense	-0.5	-1.2	-1.2	-1.5
<b>Group's total profit/loss before tax</b>	<b>21.1</b>	<b>25.3</b>	<b>12.0</b>	<b>15.1</b>

## Balance Sheet and Investments

MEUR	Nordics		Rest of Western Europe		Eastern Europe		Middle East, Africa & Others		Total	
	30-Jun 2014	31-Dec 2013	30-Jun 2014	31-Dec 2013	30-Jun 2014	31-Dec 2013	30-Jun 2014	31-Dec 2013	30-Jun 2014	31-Dec 2013
Assets	187.8	204.2	204.8	155.4	15.6	6.2	24.1	15.9	432.3	381.7
Investments (tangible & intangible assets)	6.2	21.3	10.3	27.7	0.0	0.0	0.1	0.1	16.6	49.1

## Quarterly Key Figures

MEUR	Q2 2014	Q2 2013	Q2 2012	Q2 2011	Q2 2010
RevPAR	72.6	68.7	72.9	67.5	68.4
Revenue	247.1	248.9	238.9	226.7	203.0
EBITDAR	93.0	97.0	82.3	73.6	70.6
EBITDA	30.8	34.9	22.7	14.8	17.5
EBIT	21.4	26.2	11.7	7.0	14.2
Profit/loss after Tax	14.1	17.4	6.2	4.7	17.2
EBITDAR Margin %	37.6%	39.0%	34.4%	32.5%	34.8%
EBITDA Margin %	12.5%	14.0%	9.5%	6.5%	8.6%
EBIT Margin %	8.7%	10.5%	4.9%	3.1%	7.0%

MEUR	2014		2013				2012		
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
RevPAR	72.6	61.3	66.9	72.5	68.7	61.9	66.3	71.9	72.9
Revenue	247.1	211.4	236.0	227.4	248.9	207.1	240.6	237.3	238.9
EBITDAR	93.0	61.7	79.6	81.7	97.0	58.7	78.5	81.3	82.3
EBITDA	30.8	-0.8	25.8	22.8	34.9	-2.8	15.6	17.6	22.7
EBIT	21.4	-8.5	12.9	15.1	26.2	-10.0	-8.7	8.6	11.7
Profit/loss after Tax	14.1	-10.3	7.3	9.7	17.4	-11.2	-13.3	4.4	6.2
EBITDAR Margin %	37.6%	29.2%	33.7%	35.9%	39.0%	28.3%	32.6%	34.3%	34.4%
EBITDA Margin %	12.5%	0.4%	10.9%	10.0%	14.0%	-1.4%	6.5%	7.4%	9.5%
EBIT Margin %	8.7%	-4.0%	5.5%	6.7%	10.5%	-4.8%	-3.6%	3.6%	4.9%



## Hotel and Room Openings and Signings

	Openings				Signings			
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
	Q2 2014	Q2 2014	H1 2014	H1 2014	Q2 2014	Q2 2014	H1 2014	H1 2014
<b>By region:</b>								
Nordics	2	349	3	539	-	-	-	-
Rest of Western Europe	-	-41	1	80	-	-	1	168
Eastern Europe	1	242	5	1,145	5	1,115	6	1,255
Middle East, Africa & Others	2	245	2	245	6	1,079	10	1,777
<b>Total</b>	<b>5</b>	<b>795</b>	<b>11</b>	<b>2,009</b>	<b>11</b>	<b>2,194</b>	<b>17</b>	<b>3,200</b>
<b>By brand:</b>								
Radisson Blu	4	628	8	1,498	8	1,721	13	2,637
Park Inn by Radisson	1	167	3	511	3	473	4	563
Hotel Missoni & Others	-	-	-	-	-	-	-	-
<b>Total</b>	<b>5</b>	<b>795</b>	<b>11</b>	<b>2,009</b>	<b>11</b>	<b>2,194</b>	<b>17</b>	<b>3,200</b>
<b>By contract type:</b>								
Leased	-	-	-	1	-	-	-	-
Managed	5	830	8	1,442	8	1,455	13	2,321
Franchised	-	-35	3	566	3	739	4	879
<b>Total</b>	<b>5</b>	<b>795</b>	<b>11</b>	<b>2,009</b>	<b>11</b>	<b>2,194</b>	<b>17</b>	<b>3,200</b>

- In Q4 2013, three hotels and 415 rooms left the system, resulting in a net opening of 380 rooms.

## Hotels and Rooms in Operation and under Development (in Pipeline)

	In operation				Under development			
	Hotels		Rooms		Hotels		Rooms	
	2014	2013	2014	2013	2014	2013	2014	2013
<b>30 – Jun</b>								
<b>By region:</b>								
Nordics	61	59	15,007	14,524	1	4	215	778
Rest of Western Europe	149	158	28,495	29,898	6	14	1,142	2,730
Eastern Europe	82	73	20,751	18,501	34	35	7,721	7,424
Middle East, Africa & Others	50	47	12,200	11,700	50	44	10,298	9,657
<b>Total</b>	<b>342</b>	<b>337</b>	<b>76,453</b>	<b>74,623</b>	<b>91</b>	<b>97</b>	<b>19,376</b>	<b>20,589</b>
<b>By brand:</b>								
Radisson Blu	226	219	54,348	52,703	52	44	12,428	10,762
Park Inn by Radisson	111	112	21,353	21,128	39	49	6,938	9,079
Hotel Missoni & Others	5	6	752	792	-	4	10	748
<b>Total</b>	<b>342</b>	<b>337</b>	<b>76,453</b>	<b>74,623</b>	<b>91</b>	<b>97</b>	<b>19,376</b>	<b>20,589</b>
<b>By contract type:</b>								
Leased	70	68	17,537	16,695	-	-	-	30
Managed	180	180	40,761	40,314	81	88	17,308	18,839
Franchised	92	89	18,155	17,614	10	9	2,068	1,720
<b>Total</b>	<b>342</b>	<b>337</b>	<b>76,453</b>	<b>74,623</b>	<b>91</b>	<b>97</b>	<b>19,376</b>	<b>20,589</b>

## Definitions

### **Average Room Rate**

Average Room Rate – Rooms revenue in relation to number of rooms sold. This is also referred to as ARR (Average Room Rate), ADR (Average Daily Rate) or AHR (Average House Rate) in the hotel industry.

### **Central Costs**

Central Costs represent costs for corporate and regional functions, such as Executive Management, Finance, Business Development, Legal, Communication & Investor Relations, Technical Development, Human Resources, Operations, IT, Brand Management & Development, and Purchasing. These costs are incurred to the benefit of all hotels within the Rezidor group, i.e. leased, managed and franchised.

### **Earnings per Share**

Profit for the period, before allocation to minority interest divided by the weighted average number of shares outstanding.

### **EBIT**

Operating profit before net financial items and tax.

### **EBITDA**

Operating profit before depreciation and amortisation, costs due to termination/restructuring of contracts, gain on sale of shares and fixed assets, net financial items and tax.

### **EBITDA Margin**

EBITDA as a percentage of Revenue.

### **EBITDAR**

Operating profit before rental expense and share of income in associates, depreciation and amortisation, costs due to termination/restructuring of contracts, gain on sale of shares and fixed assets, net financial items and tax.

### **FF&E**

Furniture, Fittings and Equipment.

### **L/L Hotels**

Same hotels in operation during the previous period compared.

### **Net Cash/Debt**

Cash & cash equivalents plus short-term interest-bearing assets (with maturity within 3 months) minus interest-bearing liabilities (short-term & long-term).

### **Net Interest-bearing Assets/Liabilities**

Interest bearing assets minus interest bearing liabilities.

### **Net Working Capital**

Current non-interest-bearing receivables minus current non-interest-bearing liabilities.

### **Occupancy (%)**

Number of rooms sold in relation to the number of rooms available for sale.

### **Revenue**

All related business revenue (including rooms revenue, food & drinks revenue, other hotel revenue, fee revenue and other non-hotel revenue from administration units).

### **RevPAR**

Revenue Per Available Room: Rooms revenue in relation to rooms available.

### **RevPAR L/L**

RevPAR for L/L hotels at constant exchange rates.

### **System-wide Revenue**

Hotel revenue (including rooms revenue, food & drinks, conference & banqueting revenue and other hotel revenue) from leased, managed and franchised hotels, where revenue from franchised hotels is an estimate. It also includes other non-hotel revenue from administration units, such as revenue from Rezidor's print shop that prepares marketing materials for Rezidor hotels and revenue generated under Rezidor's loyalty programs.

## Geographic regions/segments

### **Nordics (NO)**

Denmark, Finland, Iceland, Norway and Sweden.

### **Rest of Western Europe (ROWE)**

Austria, Belgium, France, Germany, Greece, Ireland, Italy, Luxemburg, Malta, the Netherlands, Portugal, Spain, Switzerland and the United Kingdom.

### **Eastern Europe (incl. CIS countries) (EE)**

Azerbaijan, Bulgaria, Croatia, the Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Latvia, Lithuania, Macedonia, Mongolia, Poland, Romania, Russia, Serbia, Slovakia, Turkey, Ukraine and Uzbekistan.

### **Middle East, Africa and Others, (MEAO)**

Algeria, Angola, Bahrain, Benin, China, Egypt, Ethiopia, Gabon, Ghana, Guinea, Ivory Coast, Jordan, Kenya, Kuwait, Lebanon, Libya, Mali, Morocco, Mozambique, Nigeria, Oman, Qatar, Rwanda, Saudi Arabia, Senegal, Sierra Leone, South Africa, Tunisia, the United Arab Emirates and Zambia.

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