



Simple comfort,
great value.



Final results presentation
2014

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easyHotel Highlights

- Transformational year
- 20 **easyHotels** in 13 cities within 9 countries
- Results in line with Board's expectations
- Good pipeline of properties
- Current trading healthy
- New team in place to support the growth plan



“The Group has made good progress during the year with strong performance from our owned hotels and across our franchised hotels. Current trading is healthy and we remain confident on the outlook for 2015, particularly given various internal improvements that are underway.”

easyHotel is a strong brand with international recognition. Our expansion plans are taking shape and we are confident that we can secure owned properties for conversion in key European gateway cities, as well as expand the franchised estate. Our focus remains on delivering a high return on capital for shareholders, as well as providing excellent value for our customers”.

Consolidated statement of comprehensive income

for the year ended 30 September 2014

	2014 £	2013 £	change %
System sales	17,327,350	15,198,682	+14%
Revenue	3,543,948	2,643,498	+34%
Cost of sales	(1,158,444)	(380,524)	
Gross profit	2,385,504	2,262,974	
Administrative expenses	(1,702,747)	(925,425)	
Analysed as:			
Adjusted EBITDA	1,729,918	1,704,064	+2%
Restructuring and listing costs	(555,499)	-	
Depreciation	(410,771)	(366,515)	
Share Based Payments	(80,891)	-	
	682,757	1,337,549	
Profit from operations	682,757	1,337,549	
Net finance (costs)/income	(110,182)	28,307	
Profit before taxation	572,575	1,365,856	
Taxation	(164,656)	(351,247)	
Profit for the year	407,919	1,014,609	

Consolidated statement of financial position

for the year ended 30 September 2014

	2014 £	2013 £	
Assets			
Non-current assets			
Property, plant and equipment	18,795,738	11,770,333	£7m invested
Total non-current assets	18,795,738	11,770,333	
Current assets			
Trade and other receivables	922,823	27,359	€0.85m loan
Cash and cash equivalents	24,263,974	851,751	€3.3m escrow
Total current assets	25,186,797	879,110	
Total assets	43,982,535	12,649,443	
Liabilities			
Non-current liabilities			
Trade and other payables	435,196	466,367	
Bank borrowings	7,200,000	-	£8.7m facility
Deferred tax liability	113,755	55,971	
Total non-current liabilities	7,748,951	522,338	
Current liabilities			
Trade and other payables	3,417,173	8,678,334	
Corporate taxation	51,674	34,802	
Total current liabilities	3,468,956	8,713,136	
Total liabilities	11,217,907	9,235,474	
Total net assets	32,764,628	3,413,969	

Consolidated statement of cash flows

for the year ended 30 September 2014

	2014	2013	
	£	£	
Cash flows from operating activities			
Profit before taxation for the year	572,575	1,365,856	
Adjustments for:			
Depreciation of property, plant and equipment	410,771	366,515	
Net finance (costs)/income	(110,182)	28,307	
Operating cash flows before movements in working capital	1,093,528	1,704,064	
Net working capital (outflow)/inflow	(464,517)	1,869,984	£2m VAT 2013
Cash generated from operations	629,011	3,574,048	
Corporate tax paid	(90,000)	-	
Net cash flows from operating activities	539,011	3,574,048	
Net finance (costs)/income	(110,182)	28,307	
Net cash generated in operations	428,829	3,602,355	
Investing activities			
Purchase of property, plant and equipment	(6,956,176)	(630)	£7m invested
Net cash used in investing activities	(6,956,176)	(630)	
Financing activities			
Net proceeds from issue of ordinary share capital	24,208,056	-	
Related party loan repayments	(1,363,299)	(3,935,640)	Current position nil
Outflow from own share purchase	(105,187)	-	
Bank loan	7,200,000	-	
Net cash generated from/(utilised by) financing activities	29,939,570	(3,935,640)	
Net increase/(decrease) in cash and cash equivalents	23,412,223	(333,915)	
Cash and cash equivalents at the beginning of the year	851,751	1,185,666	
Cash and cash equivalents at the end of the year	24,263,974	851,751	

Adjusted EBITDA walkthrough

	2014	2013	change
	£m	£m	%
Revenue	3.5	2.6	
Adjusted EBITDA	1.7	1.7	
Central costs	0.6	0.3	
Provision releases	-	(0.2)	
Foreign exchange gain	-	(0.1)	
Like-for-like adjusted operational EBITDA (pre central costs)	2.3	1.7	+35%
Operational Margin % (pre central costs)	66%	65%	

Owned **easyHotel** performance

Headlines

- Revenues at £2.3m, up 54% on prior year
- Profit before taxation at £1.0m, up 10% on prior year

Occupancy

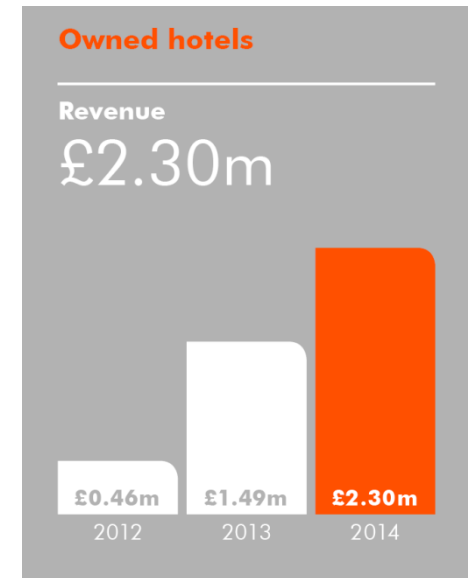
- Occupancy level averaged 72% for the financial year
- H2 2014 occupancy averaged 79%
- Strong occupancy during the week, lower on Sunday

Average Daily Rate (ADR)

- ADR averaged £34 for the financial year
- H2 FY2014 ADR averaged £36
- Glasgow ADR adversely impacted by introductory rate of £9 per night during start up period and benefitted from exceptionally high rates during Commonwealth Games

Revenue per available room (RevPAR)

- RevPAR averaged £26 for the financial year
- H2 FY2014 RevPAR averaged £30



Franchise and central overheads performance

Franchise

- Revenues at £1.25m, up 8% on prior year
- 15% like for like revenue uplift
- Profit before taxation at £1.0m, up 20% on prior year
- Growth in Dubai, Berlin, Amsterdam & London hotels particularly strong.

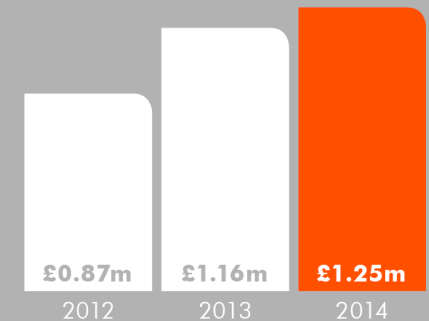
Central overheads

- Costs in line with expectations
- Team strengthened to support growth plans
- £0.2m increase in Q4 2014 due to new AIM status

Franchisee hotels

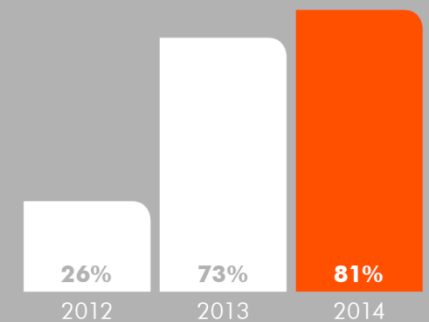
Revenue

£1.25m



Gross margin %

81%



Value



- per the “**easy**” mentality, our hotel prices are materially below that of usual “budget” hotels. We price to fill, while maintaining high returns.

International brand

“**easy**”

- We have a more international customer spread due to leveraging the strength in “**easy**” brand recognition.



- easyHotel distributed 52% of sales direct over the internet in 2013, 100% for owned hotels, this significantly lowers third party costs.



- easyHotel sees few competitors in the “super budget” segment, and all of these have a far inferior brand recognition.

Direct distributor

Limited competition

- Low operating costs
- Rooms 8-12 sqm
- Outsourced cleaning and linen provision, reducing own staff requirements
- 5 staff to man a hotel 365 days a year
- Typical customer: 67% leisure, 27% business, 7% visiting family and friends
- Average stay: 2 days
- High percentage of repeat custom

Hotels by location

- Amsterdam
- Basel
- Berlin
- Budapest
- The Hague
- Dubai
- Edinburgh
- Glasgow
- Johannesburg
- London Croydon
- London Earls Court
- London Heathrow
- London Luton
- London Old Street
- London Paddington
- London South Kensington
- London Victoria
- Rotterdam
- Sofia
- Zurich



There is a clear brand association to **easyJet** although there is no formal link to **easyJet**.



“**easy**” brand recognition results in a highly international customer profile – 25% British, 50% rest of Europe, 25% rest of World. “**easyHotel**”

56% of customers come from countries without easyHotels; highlights broad “**easy**” brand international recognition.



Highlights the potential to grow internationally through low-risk owned hotel investment (UK, Spain, Italy, France) and franchising.



easyHotel strategy – invest in European gateways, franchise elsewhere

Owned asset investment

Old Street

- £8.9m investment in 162 rooms
- Recently valued by Savills for £18.7m
- Unlevered return on capital over 15%

Croydon

- £3.7m investment in 103 rooms
- Opened Nov '14, trading in line with expectations
- Profitable in first full month of trading

Principals of owned asset investment

- Freehold - preferring conversion to new build
- Target major European gateways for maximum capital returns
- Target tends to be 50-150 bedroom hotel or 8,000 to 25,000 sqft
- Inside facing rooms gives opportunity to optimise space other hoteliers can't
- Operating cost structure honed, as are conversion costs



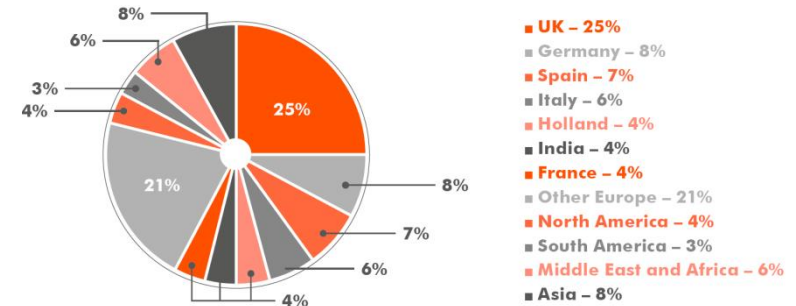
Owned

- Encouraged by many property opportunities in major cities outside of London, with many opportunities being considered, including Manchester, Liverpool & Birmingham
- Regular flow of London properties but none so far in right location and meeting return criteria
- Initial evaluation of key European sites underway

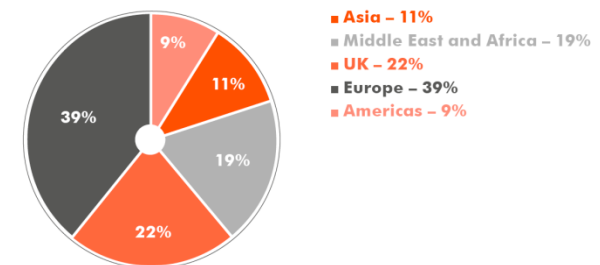
Franchise

- 2 further franchise hotels now built (Frankfurt & Prague) with anticipated openings in H1 calendar year 2015
- 4 further franchise hotels contracted in Benelux region by Benelux master franchisee, subject to planning and financing
- Global Franchise Director recruited so expect franchise pipeline to start to build

easyHotel's customers by origin (calendar year 2013)



easyHotel franchise leads since the start of 2013



easyHotel - outlook and strategy

Trading

- Current trading at owned hotels is healthy
- Refurbishment investment in existing hotels now complete
- Croydon hotel opened on time and on budget
- Old Street planning discussion on-going

Strategy

- New trading initiatives underway including WIFI at Old Street
- New multi-lingual website to be launched early 2015
- Good pipeline of property prospects and franchise opportunities
- Continued focus on return on capital
- Confident in delivering projects with 15% plus unlevered return

“ We remain focused on delivering long term shareholder value by securing new hotel projects at our high return on capital targets.”
- Simon Champion
Chief Executive Officer



Conclusion

- 2014 trading in line with expectations, current trading healthy
- Croydon hotel opened on time and on budget
- Strengthened central team
- A number of owned property opportunities identified, which meet target return criteria
- Operational cost focus maintained
- Strong franchise pipeline
- **easyHotel** will deliver high, stable returns for shareholders

“ 2014 was a transformational year for easyHotel, with the successful admission of our shares to trading on AIM in June 2014, which raised £24m net of costs.”

- Jan Åstrand
Executive Chairman



Further information and investor updates can be found on our website at <http://ir.easyHotel.com>



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Appendix to results
presentation

- easyGroup holds a 56% stake post IPO, but has agreed to limit voting rights to 49%.
- easyGroup does not hold a position on the easyHotel Board.
- Fifty year worldwide brand licence agreement paying 75 basis points of gross system revenue. This declines at 10 basis points intervals on an accumulated basis as revenue rises, with royalties declining to 25 basis points payable at higher revenue levels. There is a minimum royalty of £100,000 pa (increasing in accordance with RPI).
- Brand protection max. legal contribution of £20k pa increasing each year with +RPI (or 10bps of system turnover if higher), matched by easyGroup.
- a relationship agreement with easyGroup confirming that easyGroup agrees to support and uphold the highest standards of best practice regarding substantial shareholders as required by the London Stock Exchange and the FCA