

easyHotel plc

Final results presentation for the year ended
30 September 2016



Disclaimer

- The information contained in this presentation (this "**presentation**") has been prepared by easyHotel plc ("the **Company**") as at the date of this presentation and is subject to updating, completion, revision, further verification and amendment without notice. This presentation is for general information only and is the property of the Company. Making this presentation available in no circumstances whatsoever implies the existence of a commitment or contract by or with the Company, or any of its affiliated entities, or any of its or their respective subsidiaries, directors, officers, representatives, employees, advisers or agents for any purpose.
- This presentation has not been approved by the United Kingdom Listing Authority under the Prospectus Rules (made under Part VI of the Financial Services and Markets Act 2000 ("**FSMA**")) or otherwise, or by the London Stock Exchange plc. This presentation does not constitute or form part of any offer for sale or solicitation of any offer to buy or subscribe for any securities nor shall it or any part of it form the basis of or be relied on in connection with, or act as any inducement to enter into, any contract or commitment whatsoever. No reliance may be placed for any purpose whatsoever on the information or opinions contained in this presentation or on the completeness, accuracy or fairness thereof.
- No undertaking, representation, warranty or other assurance, express or implied, is made or given by or on behalf of the Company or its directors, officers, partners, employees, agents or advisers or any other person as to the accuracy or completeness of the information or opinions contained in this presentation and no responsibility or liability is accepted by any of them for any such information or opinions or for any errors, omissions, misstatements, negligence or otherwise for any other communication written or otherwise. In addition, in issuing this presentation, the Company undertakes no obligation to update or to correct any inaccuracies which may become apparent in this presentation. Notwithstanding the aforesaid, nothing in this paragraph shall exclude liability for any undertaking, representation, warranty or other assurance made fraudulently.
- The statements contained in this presentation may include "forward looking statements" that express expectations of future events or results. All statements based on future expectations rather than on historical facts are forward looking statements that involve a number of risks and uncertainties and the Company cannot give assurance that such statements will prove to be correct. Any forward looking statements made by or on behalf of the Company speak only as of the date they are made. The Company gives no undertaking to update forward looking statements to reflect any changes in expectations, events, conditions or circumstances upon which such statements are made.
- The presentation should not be considered a recommendation by the Company or any of its affiliated entities, or any of its or their respective subsidiaries, directors, officers, representatives, employees, advisers or agents in connection with any purchase of or subscription for securities of the Company.
- This presentation is not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction. In particular, this presentation should not be copied or distributed by recipients and should not be distributed by any means including electronic transmission, to persons with addresses in the United States of America, Canada, Australia, South Africa or Japan their possessions or territories or to any citizens thereof, or to any corporation, partnership or such entity created or organised under the laws thereof. Any such distribution contrary to the above could result in a violation of the laws of such countries.

Introduction

Guy Parsons

Chief Executive Officer



Highlights

Growing Revenues

- System sales +7%
- Company revenue +9%
- Like for like owned hotels revenue +13%



Improving shareholder return

- Adjusted EBITDA +6%
- Profit before tax +38%
- 1.4p EPS



Development

- 238 new rooms opened*
- 1,527 new rooms in development
- 2,822 rooms under negotiation



Financing

- Successful share placing raised £38.0m (£36.7m net)
- New £12.0m five-year bank facility



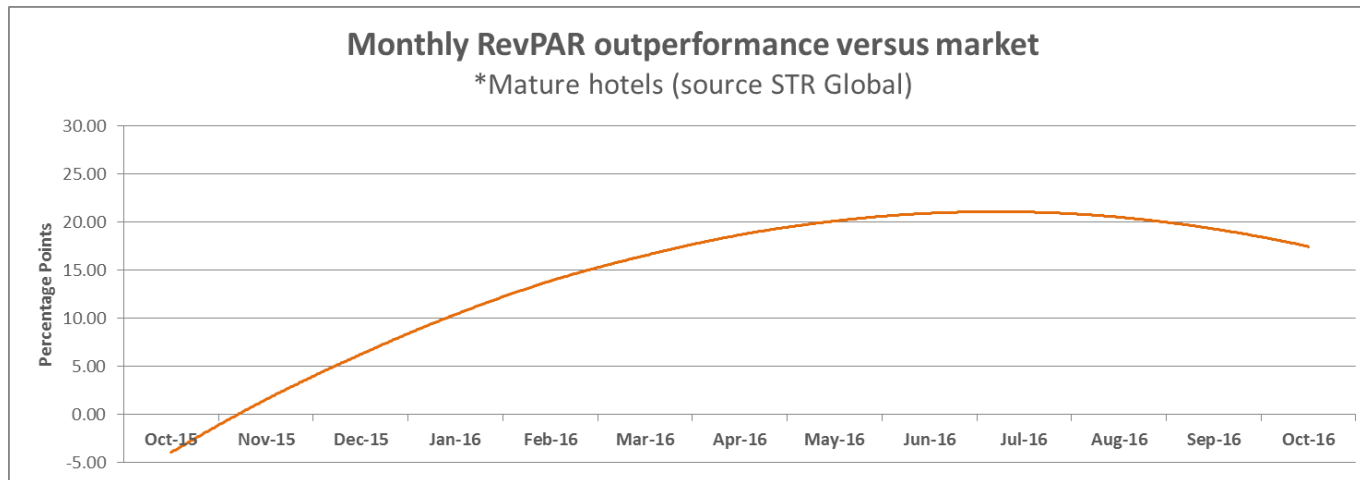
On track to deliver growth strategy

* Opened after year end

Market Update – Continued Market Outperformance

2015/2016

- Owned hotels
 - Occupancy: +9.8pts; RevPAR: +14%



- Franchised hotels:
 - Occupancy: -0.6pt; RevPAR: +1%

2016/2017

- Owned and franchised hotels: positive trading performance has continued into the new financial year

Outlook

- STR forecasting RevPAR growth across most UK & European cities

* Old Street and Glasgow owned hotels

Financial Review

Marc Vieilledent

Chief Financial Officer



Financial Summary for Year Ended 30 September 2016

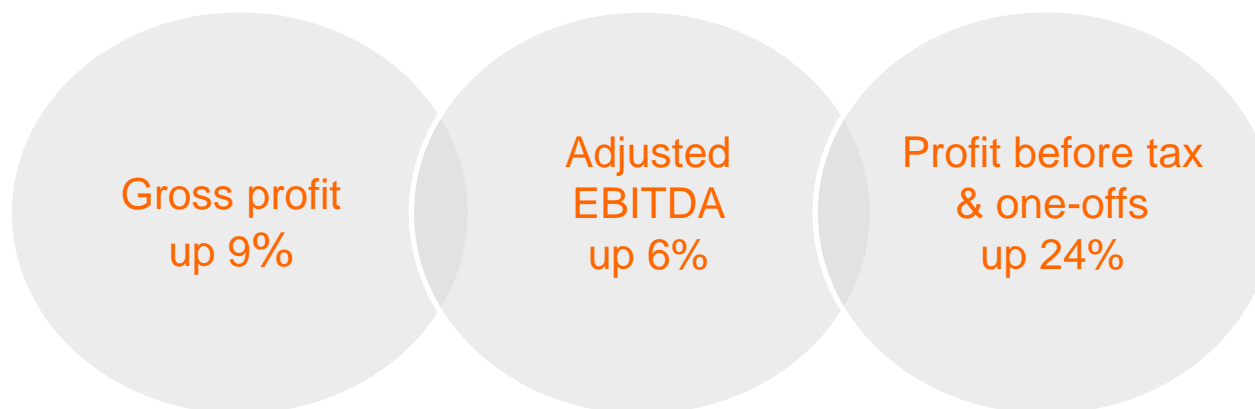
- Total system sales¹ up 6.8% to £21.32m (2015: £19.95m)
- Total revenue up 8.7% to £6.02m (2015: £5.54m)
- Strong like for like owned hotels revenue growth of 13%
- Adjusted EBITDA² up 6.5% to £1.55m (2015: £1.46m)
- Profit before tax up 38.4% to £1.09m (2015: 0.79m)
- Earnings per share of 1.4p (2015: 1.0p)
- Proposed final dividend of 0.22p per share, making the total dividend for the year 0.33p per share (2015: 0.33p per share)
- Cash and cash equivalents was £13.66m (Sep 2015: £22.64m), after £9.0m of new property investments

¹ Total system sales is the full amount that the customer pays for owned and franchised hotels, including initial sign-on fees paid by franchisees to the Company

² Adjusted EBITDA represents Earnings before Interest, Taxation, Depreciation and Amortisation, adjusted for pre-opening costs related to the development of hotels, organisational restructuring costs, share based payments and other non-recurring items

Profit Before Tax & One-Offs

	FY 2016	FY 2015	Change
	£'000	£'000	%
Revenue*	5,975	5,271	13.4
Gross profit*	3,895	3,575	9.0
Gross profit margin	65.2%	67.8%	-2.6pts
Central costs	(2,344)	(2,118)	10.7
Adjusted EBITDA	1,551	1,457	6.5
Depreciation	(447)	(387)	15.5
Interest	(141)	9	n/a
FX gains and losses	190	(152)	n/a
Profit before tax & one-offs	1,153	927	24.4



* Excluding accelerated initial fee release and pre-opening costs

Profit After Tax and One-Offs

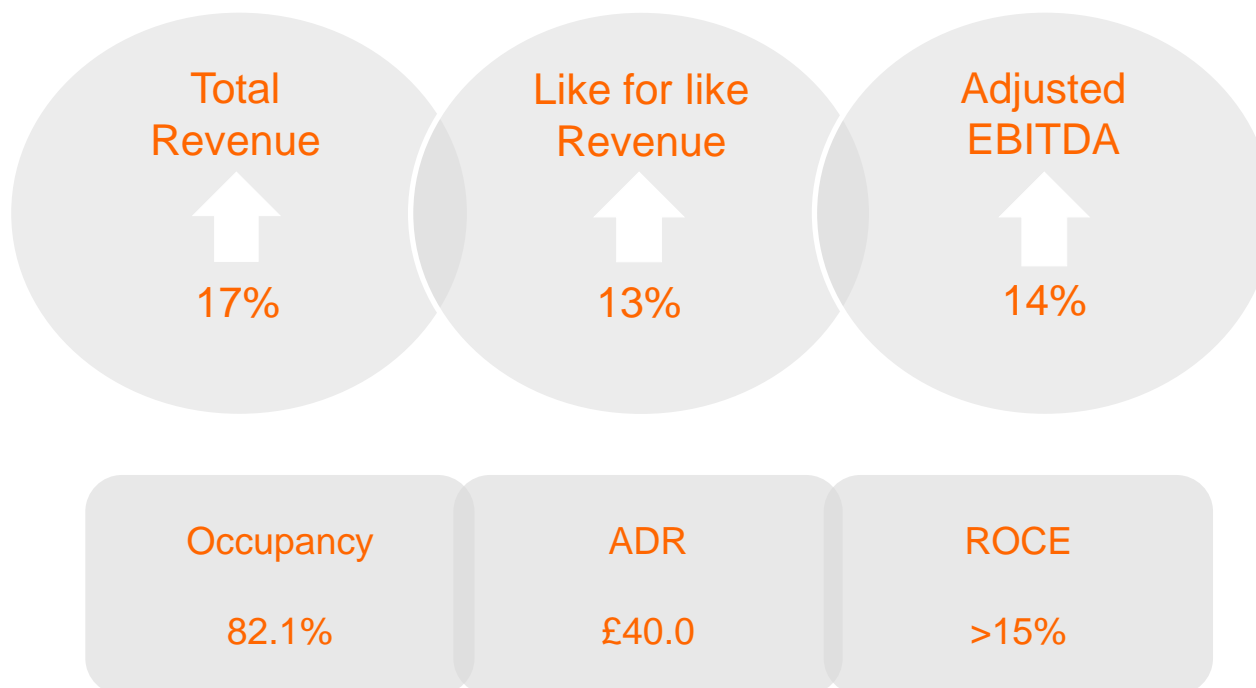
	FY 2016	FY 2015
	£'000	£'000
Profit before tax before one-offs	1,153	927
One-offs*	(63)	(140)
Profit before tax	1,090	787
Taxation	(213)	(178)
Profit for the year	877	609

**One-offs*

Net accelerated initial fee release	30	270
Restructuring	(126)	(347)
Pre-opening & development costs	(89)	(33)
Share based payments (SBP)	(161)	(30)
Non-operating gain (Liverpool)	283	-
Total	(63)	(140)

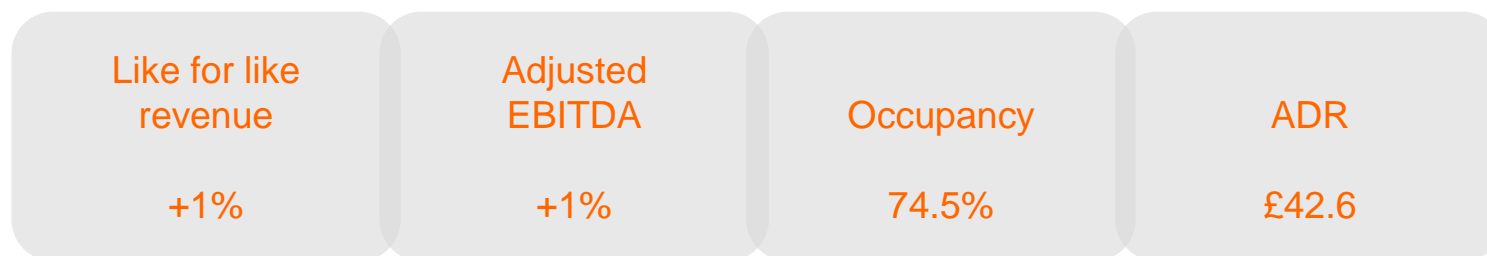
Owned Hotel Performance

	FY 2016 £'000	FY 2015 £'000	Growth %
Owned Hotel Revenue	4,728	4,034	17.2
Adjusted EBITDA	2,571	2,265	13.5
Profit before tax	2,015	1,761	14.4



Franchise Hotel Performance

	FY 2016	FY 2015	Growth
	£'000	£'000	%
Franchised Hotel Revenue	1,296	1,507	-14.0
Adjusted EBITDA	636	631	0.9
Profit before tax*	666	880	-24.3

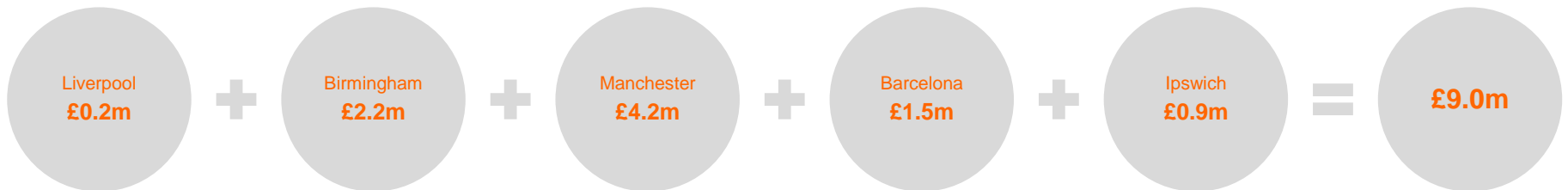


• Includes net accelerated initial fee release relating to termination of Prague in 2016 (£0.03m) and South Africa in 2015 (£0.27m)

Cash Flow Analysis

	FY 2016	FY 2015
	£'000	£'000
Adjusted EBITDA	1,551	1,457
One-offs (excl. non-cash SBP and non operating gain)	(185)	(110)
Net finance costs and tax paid	(66)	(364)
Working capital	(454)	944
Net cash generated from operations	846	1,927
Net cash used in investing activities	(9,645)	(2,593)
Net cash utilised by financing activities	(270)	(962)
Net increase/(decrease) in cash and cash equivalents	(9,069)	(1,628)
Cash and cash equivalents at the beginning of the period	22,636	24,264
Exchange differences on translation of foreign operations	93	-
Cash and cash equivalents at the end of the period	13,659	22,636

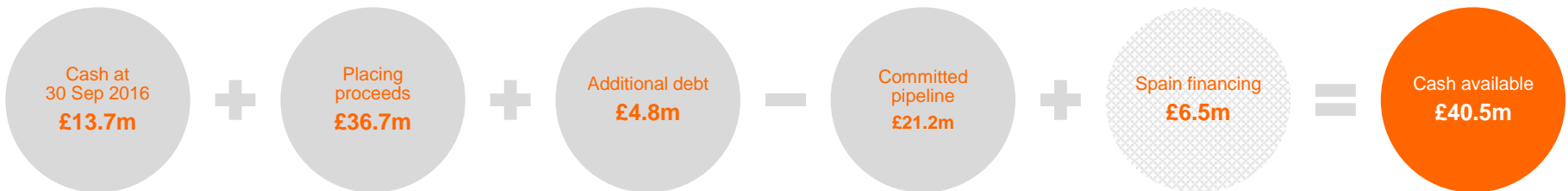
Property investments:



Financing

- Cash on the balance sheet of £13.7m at 30 September 2016
- On 17 October 2016, the Group completed the placing of 38,000,000 new ordinary shares of 1 pence each in the capital of the Company to raise £38.0m (£36.7m after expenses)
- In November 2016, the Group refinanced its £7.2m bank facility with a new facility, terms as follows:
 - £12.0m
 - 5 year term
 - Interest at Libor +2.50%
 - Capital amortising at 3.0% per annum
- Advanced discussions with Spanish banks to part-fund Barcelona development for a € denominated facility at 55% Loan To Cost

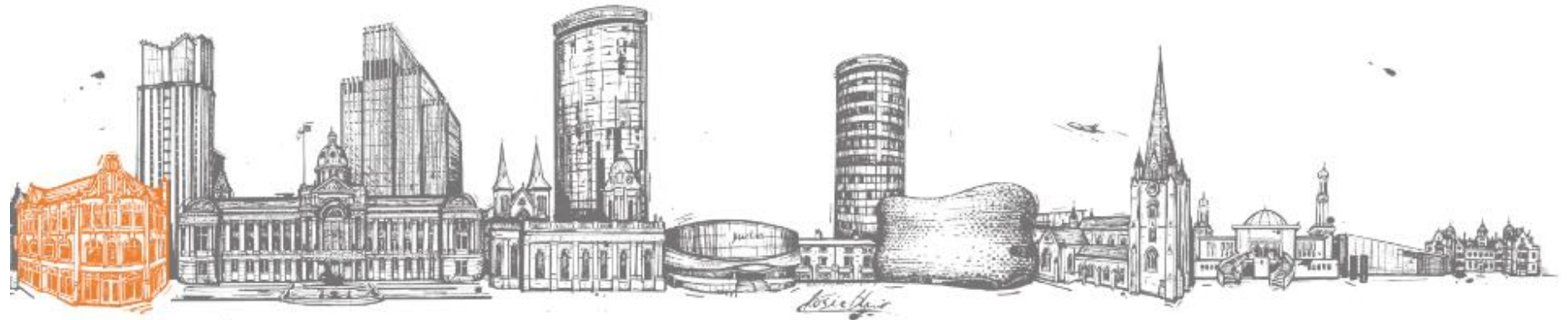
Cash reserves:



Strategic Update

Guy Parsons

Chief Executive Officer



Strategy at the Heart of the Business

1 Speeding up owned hotel development

- 12,000 room opportunity
- 15% ROCE target
- Disposal of non-core assets

2 Speeding up franchise hotel rollout

- 15,000 room opportunity
- Builds brand presence without capital investment

3 Ongoing professionalisation of the business

- Maximising revenues
- Minimising costs
- Focus on our customers
- Right team in place



Development Pipeline

Opened

2016/17 Q1

easyHotel Brussels
easyHotel Amsterdam
(Arena)

1,527 rooms in development

Q2

easyHotel Birmingham
easyHotel Manchester
easyHotel Amsterdam
(Zaandam)

Q3

easyHotel Liverpool

Q4

easyHotel Ipswich
easyHotel Lisbon

2017/18

easyHotel Barcelona
easyHotel Bur Dubai
easyHotel Berkastel-Kues
easyHotel Istanbul
easyHotel Reading

2,822 rooms under negotiation

2018



easyHotel today
easyHotel in development

▲ Bur Dubai
● Dubai

Summary

- 1 On track to deliver development strategy
- 2 Financing in place for future growth
- 3 Improved financial performance
- 4 Positive trading continues
- 5 4,349 rooms committed or identified

Appendix



Appendix A: Statement of Comprehensive Income

	2016	2015
	£'000	£'000
System sales	21,315	19,951
Revenue	6,024	5,541
Cost of sales	(2,151)	(1,729)
Gross profit	3,874	3,812
Administrative expenses	(2,833)	(2,881)
Analysed as:		
Adjusted EBITDA	1,551	1,457
Non-recurring costs	187	(76)
Hotel pre-opening and development costs	(89)	(33)
Depreciation and amortisation	(447)	(387)
Share based payments	(161)	(30)
	1,041	931
Profit from operations	1,041	931
Net finance income/(costs)	49	(144)
Profit before taxation	1,090	787
Taxation	(213)	(178)
Profit for the year	877	609

Appendix B: Balance Sheet

	2016	2015
	£'000	£'000
Non-Current Assets		
Intangible assets	149	67
Property, plant and equipment	30,463	20,951
Total non-current assets	30,612	21,018
Current Assets		
Trade and other receivables	1,243	360
Cash and cash equivalents	13,659	22,636
Corporate taxation	-	7
Total current assets	14,902	23,003
Total assets	45,514	44,021
Non-Current Liabilities		
Trade and other payables	86	145
Bank borrowings	-	7,200
Deferred tax liability	194	128
Total non-current liabilities	279	7,473
Current Liabilities		
Trade and other payables	4,706	4,106
Bank borrowings	7,200	-
Corporation taxation	119	-
Total current liabilities	12,025	4,106
Total liabilities	12,304	11,579
Total net assets	33,210	32,442
Equity		
Share capital	625	625
Share premium	28,592	28,592
Merger reserve	2,750	2,750
EBT reserve	(1,067)	(1,067)
Retained earnings	2,310	1,542
Total equity	33,210	32,442

Appendix C: Cash Flow Statement

	2016	2015
	£'000	£'000
Profit before taxation for the year	1,090	787
Adjustments for:		
Profit on disposal on property, plant and equipment	(282)	-
Depreciation of property, plant and equipment	447	387
Share based payments	161	30
Finance income	(249)	(187)
Finance expense	200	330
Operating cash flows before movement in working capital	1,367	1,347
Decrease in trade and other receivables	49	563
(Decrease)/increase in trade and other payables	(503)	382
Cash generated from operations	913	2,292
Corporate tax paid	(22)	(222)
Net cash flows from operating activities	891	2,070
Finance income	156	187
Finance expense	(200)	(330)
Net cash generated from operations	846	1,927
Purchase of property, plant and equipment	(9,228)	(2,593)
Proceeds from property, plant and equipment	590	-
VAT on investing activities	(1,008)	-
Net cash used in investing activities	(9,645)	(2,593)
Outflow from own share purchase	-	(962)
Dividend paid	(270)	-
Net cash utilised by financing activities	(270)	(962)
Net decrease in cash and cash equivalents	(9,069)	(1,628)
Cash and cash equivalents at the beginning of the period	22,636	24,264
Exchange differences on translation of foreign operations	92	-
Cash and cash equivalents at the end of the period	13,659	22,636