

# easyHotel plc

Final results presentation for the year ended  
30 September 2016



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# Introduction

Guy Parsons

Chief Executive Officer



# Highlights

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## 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

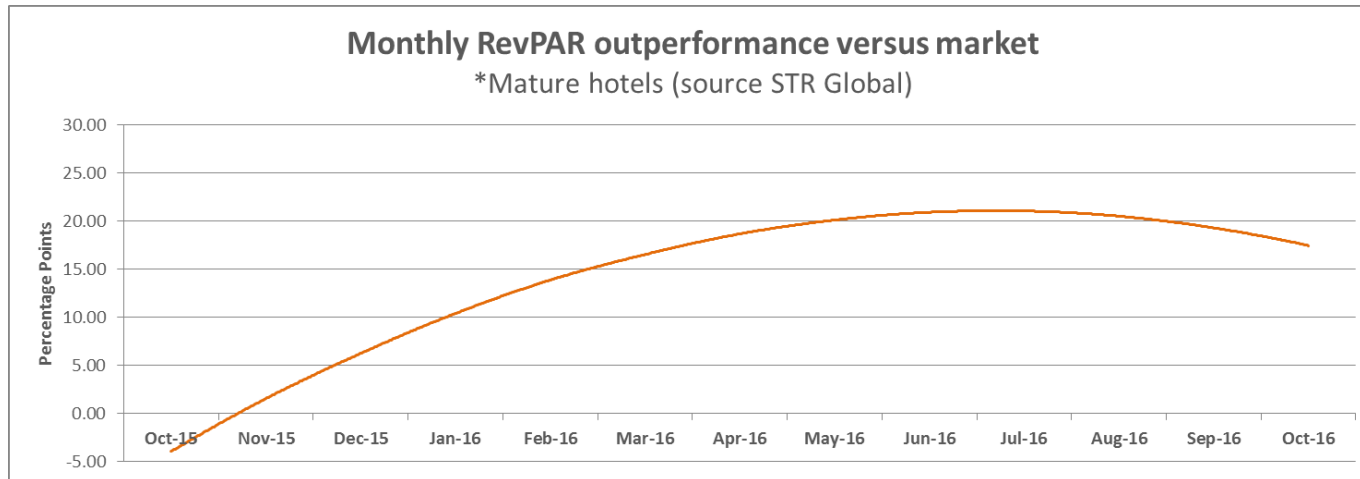
\* Opened after year end

# Market Update – Continued Market Outperformance

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## 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

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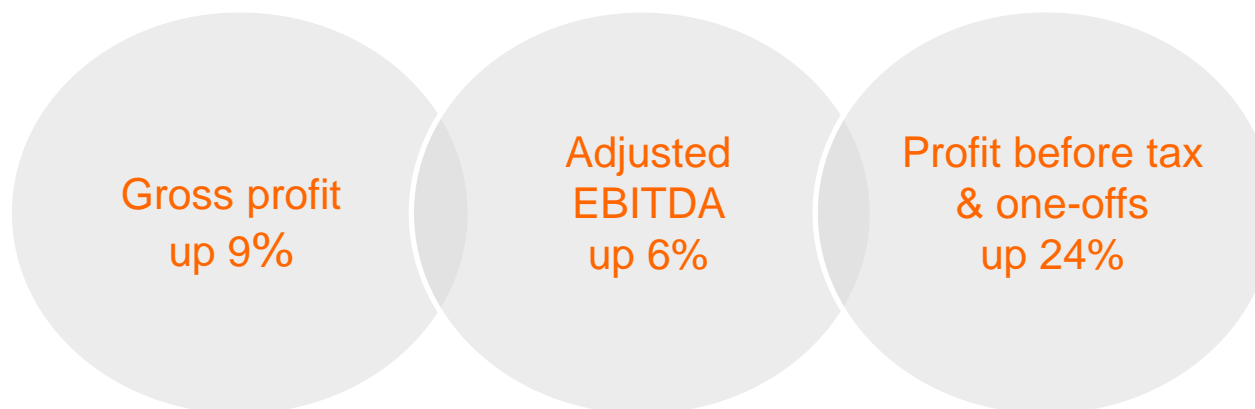
- Total system sales<sup>1</sup> up 6.8% to £21.32m (2015: £19.95m)
- Total revenue up 8.7% to £6.02m (2015: £5.54m)
- Strong like for like owned hotels revenue growth of 13%
- Adjusted EBITDA<sup>2</sup> up 6.5% to £1.55m (2015: £1.46m)
- Profit before tax up 38.4% to £1.09m (2015: 0.79m)
- Earnings 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

<sup>1</sup> 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

<sup>2</sup> 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

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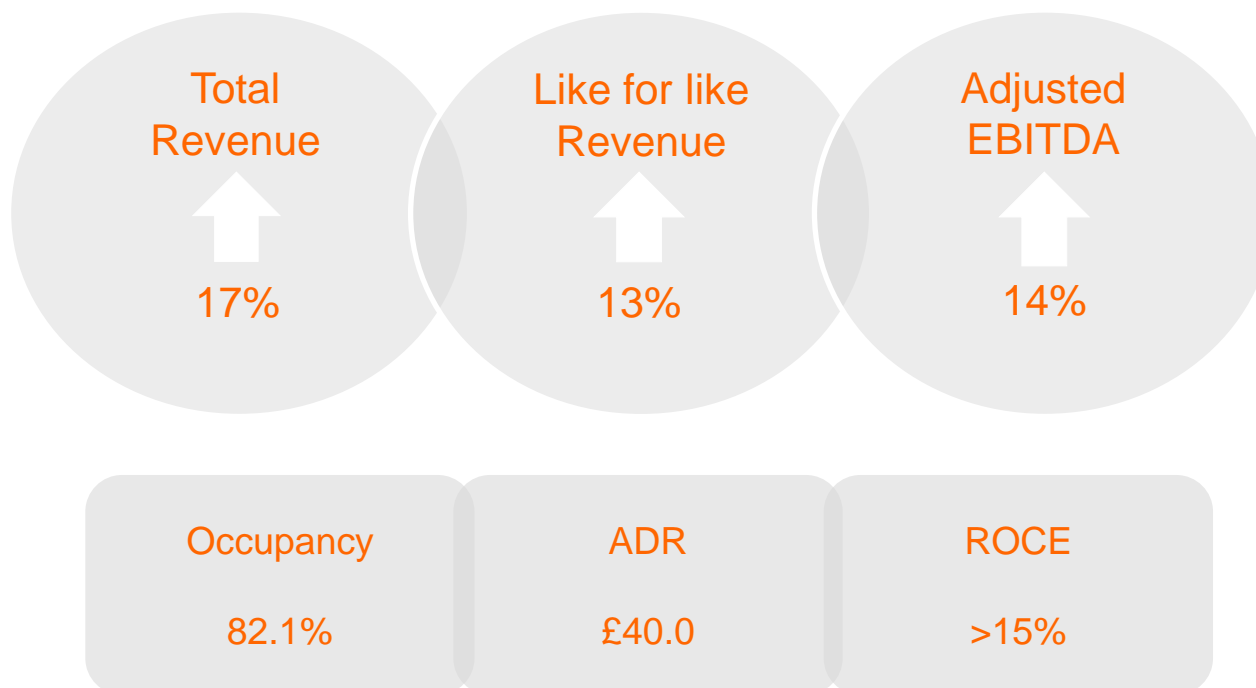
	FY 2016	FY 2015
	£'000	£'000
Profit before tax before one-offs	1,153	927
One-offs*	(63)	(140)
Profit before tax	1,090	787
Taxation	(213)	(178)
Profit for the year	877	609

### *\*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)

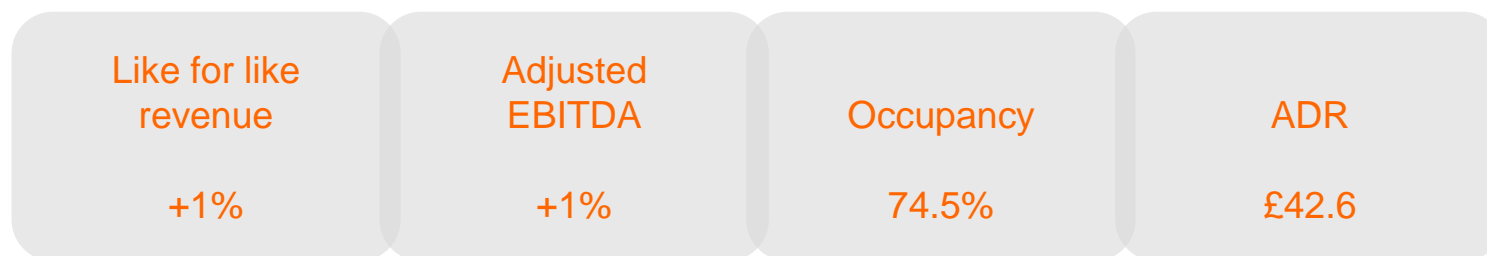
# Owned Hotel Performance

	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:

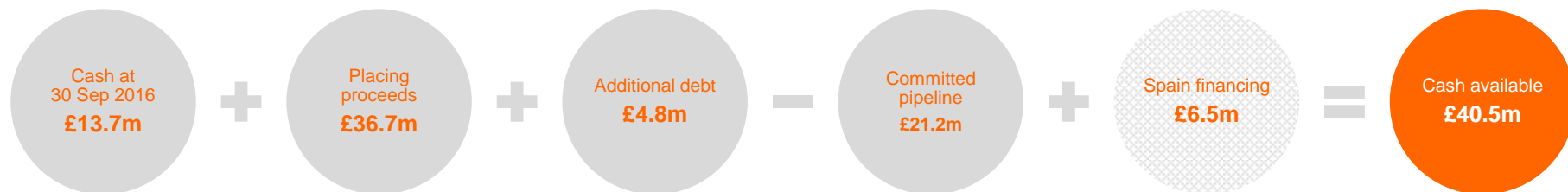


# Financing

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- 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

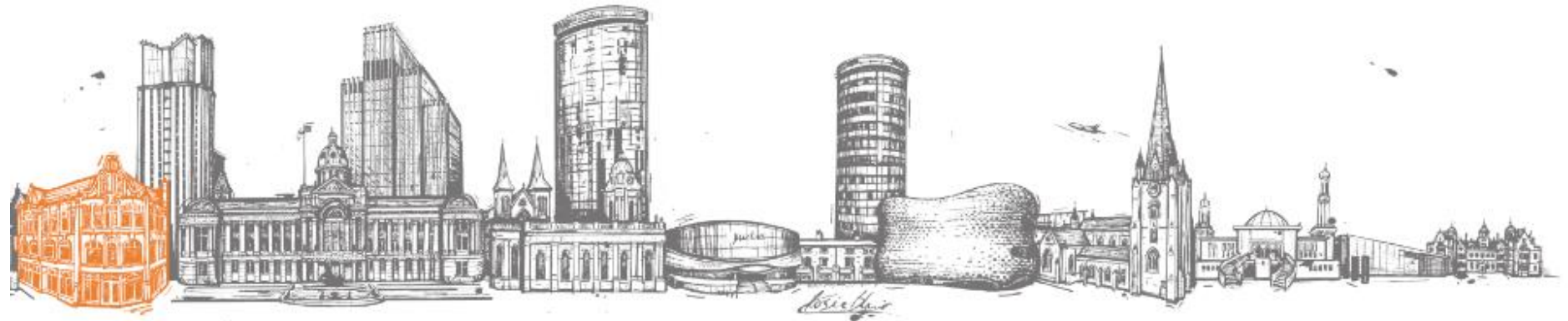
## Cash reserves:



# 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

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- 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

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# Appendix A: Statement of Comprehensive Income

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
<b>System sales</b>	<b>21,315</b>	<b>19,951</b>
<b>Revenue</b>	6,024	5,541
Cost of sales	(2,151)	(1,729)
<b>Gross profit</b>	<b>3,874</b>	<b>3,812</b>
Administrative expenses	(2,833)	(2,881)
<b>Analysed as:</b>		
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)
	<b>1,041</b>	<b>931</b>
<b>Profit from operations</b>	<b>1,041</b>	<b>931</b>
Net finance income/(costs)	49	(144)
<b>Profit before taxation</b>	<b>1,090</b>	<b>787</b>
Taxation	(213)	(178)
<b>Profit for the year</b>	<b>877</b>	<b>609</b>

# Appendix B: Balance Sheet

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
<b>Non-Current Assets</b>		
Intangible assets	149	67
Property, plant and equipment	30,463	20,951
<b>Total non-current assets</b>	<b>30,612</b>	<b>21,018</b>
<b>Current Assets</b>		
Trade and other receivables	1,243	360
Cash and cash equivalents	13,659	22,636
Corporate taxation	-	7
<b>Total current assets</b>	<b>14,902</b>	<b>23,003</b>
<b>Total assets</b>	<b>45,514</b>	<b>44,021</b>
<b>Non-Current Liabilities</b>		
Trade and other payables	86	145
Bank borrowings	-	7,200
Deferred tax liability	194	128
<b>Total non-current liabilities</b>	<b>279</b>	<b>7,473</b>
<b>Current Liabilities</b>		
Trade and other payables	4,706	4,106
Bank borrowings	7,200	-
Corporation taxation	119	-
<b>Total current liabilities</b>	<b>12,025</b>	<b>4,106</b>
<b>Total liabilities</b>	<b>12,304</b>	<b>11,579</b>
<b>Total net assets</b>	<b>33,210</b>	<b>32,442</b>
<b>Equity</b>		
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
<b>Total equity</b>	<b>33,210</b>	<b>32,442</b>

# Appendix C: Cash Flow Statement

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