

# Financial Reports

## FIVE YEAR SUMMARY

| MEUR (except stated otherwise)                             | 2016        | 2015        | 2014        | 2013        | 2012        |
|--|-------------|-------------|-------------|-------------|-------------|
| <b>Income statement</b>                                    |             |             |             |             |             |
| Revenue <sup>5)</sup>                                      | 961.2       | 997.0       | 937.3       | 919.5       | 923.7       |
| EBITDAR <sup>6)</sup>                                      | 314.6       | 341.0       | 313.8       | 317.0       | 300.3       |
| EBITDA <sup>6)</sup>                                       | 79.3        | 101.1       | 71.3        | 80.7        | 50.7        |
| EBIT <sup>6)</sup>   | 3.0         | 57.3        | 30.7        | 44.2        | -1.1        |
| Financial income & expense, net                            | -0.3        | -0.7        | -1.5        | -1.7        | -0.9        |
| Profit/loss for the year                                   | 26.4        | 34.2        | 14.2        | 23.2        | -17.0       |
| <b>Balance sheet</b>                                       |             |             |             |             |             |
| Balance sheet total  | 502.5       | 464.3       | 427.5       | 381.7       | 375.4       |
| <b>Equity attributable to owners of the parent company</b> | 265.7       | 246.7       | 219.4       | 155.0       | 145.8       |
| Total investments (tangible and intangible investments)    | 71.1        | 74.0        | 53.8        | 49.1        | 40.2        |
| <b>Cash flow</b>   |             |             |             |             |             |
| Cash flow from operating activities                        | 34.3        | 85.8        | 41.2        | 54.6        | 16.5        |
| Cash flow from investing activities                        | -83.1       | -74.6       | -53.3       | -48.8       | -41.5       |
| Cash flow from financing activities                        | 15.8        | -5.7        | 40.8        | -7.2        | 23.7        |
| <b>Financial key figures<sup>6)</sup></b>                  |             |             |             |             |             |
| EBITDAR Margin, %  | 32.7        | 34.2        | 33.5        | 34.5        | 32.5        |
| EBITDA Margin, %   | 8.3         | 10.1        | 7.6         | 8.8         | 5.5         |
| EBIT Margin, %   | 0.3         | 5.7         | 3.3         | 4.8         | -0.1        |
| Return on capital employed, %                              | 20.1        | 40.1        | 27.2        | 33.4        | Neg         |
| Return on equity, %  | 10.3        | 14.7        | 7.6         | 15.4        | Neg         |
| <b>Operational key figures</b>                             |             |             |             |             |             |
| Number of hotels <sup>1)</sup>                             | 363         | 355         | 340         | 337         | 338         |
| Number of rooms <sup>1)</sup>                              | 80,502      | 78,628      | 76,609      | 75,277      | 74,006      |
| Number of employees <sup>3)</sup>                          | 5,142       | 5,561       | 5,518       | 5,360       | 5,452       |
| Occupancy % <sup>2, 7)</sup>                               | 65          | 67          | 66          | 66          | 64          |
| RevPAR EUR <sup>2, 6)</sup>                                | 69          | 72          | 68          | 69          | 67          |
| <b>Share related key figures</b>                           |             |             |             |             |             |
| Basic average number of shares <sup>5)</sup>               | 170,725,046 | 170,707,719 | 161,019,805 | 146,320,902 | 146,320,902 |
| Diluted average number of shares                           | 173,509,152 | 172,902,764 | 162,608,506 | 148,123,048 | 146,320,902 |
| Basic earnings per share, EUR <sup>5)</sup>                | 0.15        | 0.20        | 0.09        | 0.16        | -0.12       |
| Diluted earnings per share, EUR                            | 0.15        | 0.20        | 0.09        | 0.16        | -0.12       |
| Dividend per share, EUR <sup>4)</sup>                      | 0.05        | 0.07        | 0.03        | —           | —           |

- 1) Includes leased, managed and franchised hotels in operation
- 2) Including managed and leased hotels in operation
- 3) Including consolidated entities (leased hotels and administrative units)
- 4) Proposed dividend for 2016 is to be approved by the Annual General Meeting on April 28, 2017
- 5) IFRS Measure, see definition Note 45
- 6) Non-IFRS Measure – Alternative Performance Measure, see definition Note 45
- 7) Operating Measure, see definition Note 45

## CONSOLIDATED STATEMENT OF OPERATIONS

| TEUR (except for share related data)  | Notes     | For the Year Ended December 31 |                |
|---|-----------|--------------------------------|----------------|
|   |           | 2016                           | 2015           |
| Revenue   | 7, 8, 37  | 961,176                        | 997,015        |
| Costs of goods sold for Food & Drinks and other related expenses  | 9         | -53,865                        | -57,853        |
| Personnel cost and contract labour  | 10        | -337,780                       | -343,017       |
| Other operating expenses  | 11, 37    | -240,918                       | -239,397       |
| Insurance of properties and property tax  | 12        | -14,059                        | -15,775        |
| <b>Operating profit before rental expense and share of income in associates and before depreciation and amortisation, costs due termination/restructuring of contracts and gain on sale of shares, intangible and tangible assets (EBITDAR)</b> |           | <b>314,554</b>                 | <b>340,973</b> |
| Rental expense  | 13        | -235,779                       | -243,076       |
| Share of income in associates and joint ventures  | 20, 21    | 573                            | 3,156          |
| <b>Operating profit before depreciation and amortisation, costs due to termination/restructuring of contracts and gain on sale of shares, intangible and tangible assets (EBITDA)</b>   | 7         | <b>79,348</b>                  | <b>101,053</b> |
| Depreciation and amortisation   | 18, 19    | -41,810                        | -37,246        |
| Write-downs and reversal of write-downs   | 6, 18, 19 | -7,456                         | -5,787         |
| Costs due to termination/restructuring of contracts   |           | -28,921                        | -1,079         |
| Gain/loss on sale of shares, intangible and tangible fixed assets   |           | 1,848                          | 397            |
| <b>Operating profit (EBIT)</b>  | 7         | <b>3,009</b>                   | <b>57,338</b>  |
| Financial income  | 14        | 2,475                          | 1,924          |
| Financial expense   | 14        | -2,748                         | -2,625         |
| <b>Profit before tax</b>  | 7         | <b>2,736</b>                   | <b>56,637</b>  |
| Income tax expense  | 15        | 23,664                         | -22,402        |
| <b>Profit for the year</b>  |           | <b>26,400</b>                  | <b>34,235</b>  |
| Attributable to:  |           |                                |                |
| Owners of the Parent Company  |           | 26,400                         | 34,235         |
| Non-controlling interests   |           | —                              | —              |
|   |           | <b>26,400</b>                  | <b>34,235</b>  |
| Basic average number of shares outstanding  | 17        | 170,725,046                    | 170,707,719    |
| Diluted average number of shares outstanding  | 17        | 173,509,152                    | 172,902,764    |
| Profit/loss per share after allocation to non-controlling interests (EUR)   |           |                                |                |
| Basic   | 17        | 0.15                           | 0.20           |
| Diluted   | 17        | 0.15                           | 0.20           |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| TEUR  | Notes | For the Year Ended December 31 |               |
|---|-------|--------------------------------|---------------|
|   |       | 2016                           | 2015          |
| Profit for the year   |       | 26,400                         | 34,235        |
| <b>Other comprehensive income:</b>                                  |       |                                |               |
| Items that will not be reclassified subsequently to profit or loss: |       |                                |               |
| Actuarial gains and losses  | 23    | 2,306                          | 573           |
| Tax on actuarial gains and losses                                   |       | -784                           | -191          |
| Items that may be reclassified subsequently to profit or loss:      |       |                                |               |
| Currency differences on translation of foreign operations           |       | 3,475                          | -3,142        |
| Tax on currency differences on translation of foreign operations    |       | -2,656                         | 493           |
| Fair value gains and losses on cash flow hedges                     | 33    | -320                           | -110          |
| Tax on fair value gains and losses on cash flow hedges              | 33    | 70                             | 34            |
| <b>Other comprehensive income for the year, net of tax</b>          |       | <b>2,091</b>                   | <b>-2,343</b> |
| <b>Total comprehensive income for the year</b>                      |       | <b>28,491</b>                  | <b>31,892</b> |
| <b>Total comprehensive income attributable to:</b>                  |       |                                |               |
| Owners of the Parent Company  |       | 28,491                         | 31,892        |
| Non-controlling interests   |       | —                              | —             |

## CONSOLIDATED BALANCE SHEET STATEMENT

| TEUR   | Notes | As of December 31 |                |
|--|-------|-------------------|----------------|
|  |       | 2016              | 2015           |
| <b>ASSETS</b>                                    |       |                   |                |
| <b>Non-current assets</b>                        |       |                   |                |
| <b>Intangible assets</b>                         |       |                   |                |
| Licenses and related rights                      | 18    | 41,269            | 42,387         |
| Other intangible assets                          | 18    | 19,780            | 22,178         |
|  |       | <b>61,049</b>     | <b>64,565</b>  |
| <b>Tangible assets</b>                           |       |                   |                |
| Fixed installations in leased properties         | 19    | 68,475            | 52,436         |
| Machinery and equipment                          | 19    | 102,688           | 86,284         |
| Investments in progress                          | 19    | 17,873            | 31,796         |
|  |       | <b>189,036</b>    | <b>170,516</b> |
| <b>Financial assets</b>                          |       |                   |                |
| Investments in associated companies              | 20    | 17,959            | 2,876          |
| Investments in joint ventures                    | 21    | —                 | —              |
| Other shares and participations                  | 22    | 5,220             | 5,193          |
| Other long-term interest-bearing receivables     | 24    | 8,475             | 7,821          |
| Other long-term non-interest-bearing receivables | 24    | 8,125             | 5,878          |
|  |       | <b>39,779</b>     | <b>21,768</b>  |
| Deferred tax assets                              | 15    | 57,833            | 21,747         |
|  |       | <b>347,697</b>    | <b>278,596</b> |
| <b>Current assets</b>                            |       |                   |                |
| Inventories                                      |       | 4,586             | 5,018          |
| Accounts receivable                              | 25    | 44,678            | 40,682         |
| Current tax assets                               | 15    | 21,274            | 11,578         |
| Other current interest-bearing receivables       | 26    | 2,780             | 2,510          |
| Other current non-interest-bearing receivables   | 27    | 56,611            | 63,843         |
| Derivative financial instruments                 | 4     | 41                | 319            |
| Other short term investments                     | 28    | —                 | 1,962          |
|  |       | <b>129,970</b>    | <b>125,912</b> |
| Cash and cash equivalents                        | 29    | 8,024             | 37,735         |
| Assets classified as held for sale               | 30    | 16,826            | 22,089         |
| <b>Total current assets</b>                      |       | <b>154,820</b>    | <b>185,736</b> |
| <b>Total assets</b>                              |       | <b>502,517</b>    | <b>464,332</b> |

| TEUR   | Notes | As of December 31 |                |
|--|-------|-------------------|----------------|
|  |       | 2016              | 2015           |
| <b>EQUITY AND LIABILITIES</b>                                      |       |                   |                |
| <b>Capital and reserves</b>  |       |                   |                |
| Share capital  | 31    | 11,626            | 11,626         |
| Other paid in capital  | 31    | 177,124           | 177,124        |
| Reserves   |       | 4,075             | 3,506          |
| Retained earnings including profit for the year                    |       | 72,850            | 54,436         |
| <b>Equity attributable to owners of the parent company</b>         |       | <b>265,675</b>    | <b>246,692</b> |
| Non controlling interests  |       | 1                 | 1              |
| <b>Total equity</b>  |       | <b>265,676</b>    | <b>246,693</b> |
| <b>Non-current liabilities</b>                                     |       |                   |                |
| Deferred tax liabilities   | 15    | 19,122            | 15,423         |
| Retirement benefit obligations                                     | 23    | 3,683             | 5,582          |
| Provisions   | 34    | —                 | 6              |
| Other long-term interest-bearing liabilities                       | 35    | 13,677            | 5,694          |
| Other long-term non-interest-bearing liabilities                   |       | 11,392            | 11,870         |
|  |       | <b>47,874</b>     | <b>38,575</b>  |
| <b>Current liabilities</b>   |       |                   |                |
| Accounts payable   |       | 31,431            | 37,975         |
| Current tax liabilities  | 15    | 11,252            | 6,838          |
| Provisions   | 34    | 96                | 2,933          |
| Other current interest-bearing liabilities                         | 35    | 20,522            | 19             |
| Derivative financial instruments                                   | 4     | 107               | 66             |
| Other current non-interest-bearing liabilities                     | 36    | 122,711           | 126,591        |
|  |       | <b>186,119</b>    | <b>174,422</b> |
| Liabilities directly related to assets classified as held for sale | 30    | 2,848             | 4,642          |
| <b>Total liabilities</b>   |       | <b>236,841</b>    | <b>217,639</b> |
| <b>Total equity and liabilities</b>                                |       | <b>502,517</b>    | <b>464,332</b> |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| TEUR   | For the Year Ended December 31 |                       |                                      |  |   |  |  |                           |                |  |
|--|--------------------------------|-----------------------|--------------------------------------|--|---|--|--|---------------------------|----------------|--|
|  | Share capital                  | Other paid in capital | Foreign currency translation reserve | Fair value reserve-available for sale financial assets | Fair value reserve-cash-flow hedges <sup>1)</sup> | Retained earnings incl. net profit/loss for the period | Attributable to owners of the parent company | Non-controlling interests | Total equity   |  |
| <b>Opening balance as of January 1, 2015</b>                         | <b>11,626</b>                  | <b>177,124</b>        | <b>5,667</b>                         | <b>290</b>   | <b>274</b>  | <b>24,442</b>  | <b>219,423</b>                               | <b>1</b>                  | <b>219,424</b> |  |
| Profit for the period  | —                              | —                     | —                                    | —  | —   | 34,235   | 34,235                                       | —                         | 34,235         |  |
| OTHER COMPREHENSIVE INCOME:  |                                |                       |                                      |  |   |  |  |                           |                |  |
| Actuarial gains and losses on defined benefit plans                  | —                              | —                     | —                                    | —  | —   | 573  | 573  | —                         | 573            |  |
| Tax on actuarial gains and losses on defined benefit plans           | —                              | —                     | —                                    | —  | —   | -191   | -191   | —                         | -191           |  |
| Currency differences on translation of foreign operations            | —                              | —                     | -3,142                               | —  | —   | —  | -3,142                                       | —                         | -3,142         |  |
| Tax on exchange differences recognised in other comprehensive income | —                              | —                     | 493                                  | —  | —   | —  | 493  | —                         | 493            |  |
| Fair value gains and losses on cash flow hedges                      | —                              | —                     | —                                    | —  | -110  | —  | -110   | —                         | -110           |  |
| Tax on fair value gains and losses on cash flow hedges               | —                              | —                     | —                                    | —  | 34  | —  | 34   | —                         | 34             |  |
| <b>Total comprehensive income for the period</b>                     | <b>—</b>                       | <b>—</b>              | <b>-2,649</b>                        | <b>—</b>   | <b>-76</b>  | <b>34,617</b>  | <b>31,892</b>                                | <b>—</b>                  | <b>31,892</b>  |  |
| TRANSACTIONS WITH OWNERS:  |                                |                       |                                      |  |   |  |  |                           |                |  |
| Dividend   | —                              | —                     | —                                    | —  | —   | -5,121   | -5,121                                       | —                         | -5,121         |  |
| Long term incentive plans <sup>2)</sup>                              | —                              | —                     | —                                    | —  | —   | 498  | 498  | —                         | 498            |  |
| <b>Ending balance as of December 31, 2015</b>                        | <b>11,626</b>                  | <b>177,124</b>        | <b>3,018</b>                         | <b>290</b>   | <b>198</b>  | <b>54,436</b>  | <b>246,692</b>                               | <b>1</b>                  | <b>246,693</b> |  |
| Profit for the period  | —                              | —                     | —                                    | —  | —   | 26,400   | 26,400                                       | —                         | 26,400         |  |
| OTHER COMPREHENSIVE INCOME:  |                                |                       |                                      |  |   |  |  |                           |                |  |
| Actuarial gains and losses on defined benefit plans                  | —                              | —                     | —                                    | —  | —   | 2,306  | 2,306  | —                         | 2,306          |  |
| Tax on actuarial gains and losses on defined benefit plans           | —                              | —                     | —                                    | —  | —   | -784   | -784   | —                         | -784           |  |
| Currency differences on translation of foreign operations            | —                              | —                     | 3,475                                | —  | —   | —  | 3,475  | —                         | 3,475          |  |
| Tax on exchange differences recognised in other comprehensive income | —                              | —                     | -2,656                               | —  | —   | —  | -2,656                                       | —                         | -2,656         |  |
| Fair value gains and losses on cash flow hedges                      | —                              | —                     | —                                    | —  | -320  | —  | -320   | —                         | -320           |  |
| Tax on fair value gains and losses on cash flow hedges               | —                              | —                     | —                                    | —  | 70  | —  | 70   | —                         | 70             |  |
| <b>Total comprehensive income for the period</b>                     | <b>—</b>                       | <b>—</b>              | <b>819</b>                           | <b>—</b>   | <b>-250</b>                                       | <b>27,922</b>  | <b>28,491</b>                                | <b>—</b>                  | <b>28,491</b>  |  |
| TRANSACTIONS WITH OWNERS:  |                                |                       |                                      |  |   |  |  |                           |                |  |
| Dividend   | —                              | —                     | —                                    | —  | —   | -11,949  | -11,949                                      | —                         | -11,949        |  |
| Long term incentive plans <sup>2)</sup>                              | —                              | —                     | —                                    | —  | —   | 2,441  | 2,441  | —                         | 2,441          |  |
| <b>Ending balance as of December 31, 2016</b>                        | <b>11,626</b>                  | <b>177,124</b>        | <b>3,837</b>                         | <b>290</b>   | <b>-52</b>  | <b>72,850</b>  | <b>265,675</b>                               | <b>1</b>                  | <b>265,676</b> |  |

1) See further Note 33

2) See further Note 32

## CONSOLIDATED STATEMENT OF CASH FLOWS

| TEUR   | Notes     | For the Year Ended December 31 |                |
|--|-----------|--------------------------------|----------------|
|  |           | 2016                           | 2015           |
| OPERATIONS   |           |                                |                |
| Operating profit (EBIT)  |           | 3,009                          | 57,338         |
| Adjustments for non-cash items:                                    |           |                                |                |
| Depreciations, amortisations and write-downs                       | 18, 19    | 49,265                         | 43,033         |
| Change in pension assets/liabilities                               |           | -1,899                         | -95            |
| Share of income in associated companies and joint ventures         | 20, 21    | -573                           | -3,156         |
| Other adjustments for non-cash items                               |           | 2,541                          | -2,944         |
| Interest received  | 14        | 648                            | 1,111          |
| Interest paid  | 14        | -1,200                         | -898           |
| Other financial items  |           | 279                            | -1,465         |
| Tax paid   |           | -14,622                        | -12,113        |
| <b>Cash flows from operations before change in working capital</b> |           | <b>37,448</b>                  | <b>80,811</b>  |
| Change in:   |           |                                |                |
| Inventories  |           | 395                            | 143            |
| Current receivables  |           | 3,906                          | -9,133         |
| Current liabilities  |           | -7,498                         | 13,942         |
| <b>Change in working capital</b>                                   |           | <b>-3,197</b>                  | <b>4,952</b>   |
| <b>Cash flow from operating activities</b>                         |           | <b>34,251</b>                  | <b>85,763</b>  |
| INVESTMENTS  |           |                                |                |
| Purchase of intangible assets                                      | 18        | -803                           | -1,399         |
| Purchase related to investments in progress                        | 19        | -26,886                        | -40,659        |
| Purchase of machinery and equipment                                | 19        | -25,488                        | -20,207        |
| Purchase fixed installations                                       | 19        | -17,904                        | -11,703        |
| Investments in subsidiaries  | 16        | —                              | 424            |
| <b>Investments in associated companies and joint ventures</b>      | <b>20</b> | <b>-14,700</b>                 | <b>—</b>       |
| <b>Net proceeds from sale of subsidiaries</b>                      |           | <b>600</b>                     | <b>—</b>       |
| <b>Other investment and divestments of financial fixed assets</b>  |           | <b>2,120</b>                   | <b>-1,072</b>  |
| <b>Cash flow from investing activities</b>                         |           | <b>-83,061</b>                 | <b>-74,616</b> |
| FINANCING  |           |                                |                |
| Change in:   |           |                                |                |
| Overdraft facilities   |           | 20,518                         | 4              |
| Lease incentives and other long term liabilities                   |           | 7,229                          | -546           |
| <b>Total external financing</b>                                    |           | <b>27,747</b>                  | <b>-542</b>    |
| Dividend paid  |           | -11,949                        | -5,121         |
| <b>Total cash from transactions with shareholders</b>              |           | <b>-11,949</b>                 | <b>-5,121</b>  |
| <b>Cash flow from financing activities</b>                         |           | <b>15,798</b>                  | <b>-5,663</b>  |
| <b>Cash flow for the year</b>                                      |           | <b>-33,012</b>                 | <b>5,484</b>   |
| Translation difference in cash and cash equivalents                |           | 24                             | 76             |
| <b>Cash and cash equivalents, January 1</b>                        |           | <b>41,087</b>                  | <b>35,527</b>  |
| <b>Cash and cash equivalents, December 31</b>                      | 29        | <b>8,051</b>                   | <b>41,087</b>  |
| Where of classified as assets held for sale                        | 29, 30    | 27                             | 3,352          |