

# DESIGN HOTELS™

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- CONVENIENCE TRANSLATION -

### Design Hotels AG publishes Annual Results 2018

- **Revenue increases by about 7 percent to Euro 24.55m**
- **EBITDA increases by 17 percent to Euro 3.58m**

*Berlin, March 29, 2019* – Design Hotel AG (m:access, Munich: LBA; ISIN: DE0005141006) publishes the results for the financial year 2018. Revenue increased by about 7% and is above the expectations set forth in the beginning and middle of the year 2018. The operational result increased by 17% compared to the previous year and, therefore, exceeds the expected result.

#### Key Financials:

**Total Revenue** increased by about 7% Euro 24.548m (22.921) in 2018. The main driver for this increase were the transaction fees.

Revenue from **License Fees** for membership with Design Hotels increased by 5% to Euro 4.398m (4.202). This contributes 18% (18) to total revenue. On December 31, 2018, Design Hotels had 327 (309) member hotels in its portfolio with 22,144 (21,143) rooms in 233 destinations and 62 countries.

**Transaction Fees** came in at Euro 14.708m (13.230) in 2018, which means a 11% increase compared to the previous year. Commissions accounted for 60% (58) of the total revenue. The disproportionally high increase mainly comes from bookings through the Starwood booking channels in the scope of the SPG-program, which have been integrated into the Marriott platform in the meantime.

Revenue from **Marketing and Consulting Services** decreased by 1% in 2018 and reached Euro 5.442m (5.489). It accounts for 22% (24) of total revenue. The company had decided to reduce the offering of low-margin products to its member hotels.

The **Gross Margin** was at last year's level and came in at 57% (57). **Gross Revenue** was Euro 14.035m (13.090), which is an increase of about 7% compared to the previous year. The increase is proportionate to the total revenue increase.

Despite an increased business volume, the average number of employees remained at almost 90. **Staff Expenses** grew by about 3% from Euro 6.730m to Euro 6.960m, mainly because of bonus payments. At the same time, **Revenue per Employee** went up from about Euro 244,000 to about Euro 273,000.

**Selling Expenses** came in at Euro 1.336m (1.412). The decrease of the selling expenses was mainly due to strategy changes in search engine advertisement.

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**Other Operating Expenses** increased to Euro 1.687 (1.613) compared to the previous year. This increase mainly comes from higher allowances on trade receivables and foreign currency exchange losses.

**EBITDA** increased by 17% to Euro 3.576m (3.055) in 2018.

The **EBITDA margin** was 15% (13).

**EBIT** reached Euro 3.199m (2.649) in 2018. **Net Profit** came in at Euro 3.241m (2.694).

On December 31, 2018, the Company had **cash and cash equivalents** in the amount of Euro 1.408m, as compared to Euro 1.755m on December 31, 2017. The Management Board assumes that in 2019, all payment obligations arising from the current operations can be covered by the cash inflows from operating activities.

**Shareholders' equity** increased from Euro 10.827m to Euro 12.198m. The equity ratio amounts to 64% (66).

### Further Comments:

In 2018, the international travel industry was able to build on the growth trend of recent years thanks to an overall global economic growth. According to the *United Nations World Travel Organization* (UNWTO) the international arrivals number grew by 5% to 1.1 billion travellers in the first nine months of 2018 compared to the same time period of the previous year. The Asia-Pacific and South America regions saw the highest increase. Design Hotels AG was able to benefit from the positive developments of the industry.

CEO Peter Cole commented: "We are very satisfied with the company's development and the key figures for the year 2018. We were able to increase total revenue as well as the operational result compared to the previous year and, therefore, exceed the expectations expressed in the beginning and middle of the financial year. Once more the partnership with Marriott, previously Starwood, showed a positive impact on the results, in particular on the development of the transaction revenue. Design Hotels continues to remain focused on innovation which enables our brand to continue to resonate with our Community and our Originals, even as the industry increases in competitiveness.

### Financial Calendar:

- |                       |  |
|-----------------------|--|
| <b>19. June 2019</b>  | 21 <sup>st</sup> Annual Shareholder Meeting in Berlin  |
| <b>18. July 2019</b>  | Investor Presentation at m:access Conference in Munich |
| <b>1. August 2019</b> | Publication of Half Year Results 2019                  |

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### Group Overview

According to HGB

Consolidated Profit & Loss Statement

(all figures in Thousand Euro)

<b>Total as per 31. December</b>		
	<b>2018</b>	<b>2017</b>
<b>Revenue</b>		
Annual License Fee	4.398	4.202
Transaction Fees	14.708	13.230
Marketing Products/Consulting	5.442	5.489
<b>Total Revenue</b>	<b>24.548</b>	<b>22.921</b>
Cost of Sales	-10.513	-9.831
<b>Gross Profit</b>	<b>14.035</b>	<b>13.090</b>
Staff Expenses	-6.960	-6.730
Selling Expenses	-1.336	-1.412
Administration Expenses	-1.687	-1.613
<b>Total Operating Expenses</b>	<b>9.983</b>	<b>9.755</b>
Other Operating Income	710	567
Other Operating Expenses	-1.186	-847
<b>EBITDA</b>	<b>3.576</b>	<b>3.055</b>
<b>EBIT</b>	<b>3.199</b>	<b>2.649</b>
<b>EBT</b>	<b>3.241</b>	<b>2.694</b>
<b>After-Tax Profit</b>	<b>2.277</b>	<b>1.879</b>
Average Number of Employees	90	94
Revenue per Employee	273	244

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### Consolidated Statement of Cash Flow (all figures in Thousand Euro)

<b>As per 31. December</b>		
	<b>2018</b>	<b>2017</b>
EBITDA from Profit and Loss Statement	3.576	3.055
Cashflow from investment activities	-1.893	-2.434
Balance of cash changes in operating activities	-2.030	-87
<b>Change in cash and cash equivalents</b>	<b>-347</b>	<b>534</b>
Cash and cash equivalents at start of period	1.755	1.221
<b>Cash and cash equivalents at end of period</b>	<b>1.408</b>	<b>1.755</b>
Guarantees	187	205
<b>Cash and cash equivalents</b>	<b>1.211</b>	<b>1.550</b>

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### Consolidated Balance Sheet

	31.12.2018		31.12.2017	
<b>Assets</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
<b>Long-term Assets</b>				
Fixed assets		716		759
<b>Short-term Assets</b>				
Inventory	302		453	
Accounts Receivable	3.024		2.940	
Receivables from affiliated companies	13.051		9.856	
Other Assets	686		660	
Liquid Funds and Securities	1.408	18.471	1.755	15.664
<b>Total Assets</b>		<b>19.187</b>		<b>16.423</b>
<b>Liabilities</b>				
<b>Shareholder's Equity</b>				
Share Capital	8.972		8.972	
Legal Reserve	358		179	
Cumulative other equity capital	-1.750		-1.741	
Net Profit	4.618	12.198	3.417	10.827
<b>Short-Term Liabilities</b>				
Accruals	3.224		2.471	
Down-payments	1.649		1.558	
Accounts payable	147		218	
Liabilities from affiliated companies	88		0	
Other liabilities	1.881	6.989	1.349	5.596
<b>Total Liabilities</b>		<b>19.187</b>		<b>16.423</b>

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### Change in Shareholder's Equity (all figures in Thousand Euro)

	Share Capital	Legal Reserve	Result carried forward	Directly in shareholder's equity included charges, profit, and loss	Total
<b>As per 1.1.2017</b>	<b>8.972</b>	<b>0</b>	<b>1.717</b>	<b>-1.776</b>	<b>8.913</b>
Group annual profit			1.879		1.879
Legal Reserve		179	-179		0
Other consolidated results				35	35
<b>As per 31.12.2017</b>	<b>8.972</b>	<b>179</b>	<b>3.417</b>	<b>-1.741</b>	<b>10.827</b>
<b>As per 1.1.2018</b>	<b>8.972</b>	<b>179</b>	<b>3.417</b>	<b>-1.741</b>	<b>10.827</b>
Group annual profit			2.277		2.277
Legal Reserve		179	-179		0
Dividend payout			-897		-897
Currency Conversion				-9	-9
<b>As per 31.12.2018</b>	<b>8.972</b>	<b>358</b>	<b>4.618</b>	<b>-1.750</b>	<b>12.198</b>

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#### About Design Hotels™

Design Hotels™ represents and markets a curated selection of more than 300 privately owned hotels across the globe. Design Hotels offers them an international platform as well as comprehensive services: Conception, positioning, marketing, sales and other services and measures to optimize their revenues. As part of a worldwide creative network Design Hotels provides for innovation and exchange of ideas among its members, guests and visionary people from other branches. None of the Design Hotels members equals another. Each one has its own character, history and kind and manner how it blends in with the environment. All houses are connected through their uniqueness. They are formed by their creators, hoteliers, architects, designers and other creative minds whose passion form unrivalled events based on good ideas.

[www.designhotels.com](http://www.designhotels.com), ISIN: DE0005141006, m:access Munich Stock Exchange (Regulated Unofficial Market)