

# DESIGN HOTELS™

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- CONVENIENCE TRANSLATION -

### Design Hotels AG publishes Annual Results 2017

- **Revenue increases by about 12 percent to Euro 22.92m**
- **EBITDA increases by 8.4 percent to Euro 3.06m**

*Berlin, March 29, 2018* – Design Hotel AG (m:access, Munich: LBA; ISIN: DE0005141006) publishes the results for the financial year 2017. Revenue increased by about 12% and is slightly above the expectations set forth in the beginning and middle of the year 2017. The operational result increased by 8.4% compared to the previous year and, therefore, exceeds the expected result.

#### Key Financials:

**Total Revenue** increased by about 12% Euro 22.921m (20.471) in 2017. The main reason for this increase was the achieved transaction revenue from the participation of Design Hotels member hotels in the SPG-program by Starwood Hotels & Resorts (“Starwood”).

Revenue from **License Fees** for membership with Design Hotels increased by 3% to Euro 4.202m (4.062). This contributes 18% (20) to total revenue. On December 31, 2017, Design Hotels had 309 (308) member hotels in its portfolio with 21,142 (22,087) rooms in 210 destinations and 58 countries.

**Booking commissions** came in at Euro 13.230m (10.751) in 2017, which means a 23% increase compared to the previous year. Commissions accounted for 58% (53) of the total revenue. The disproportionally high increase mainly comes from the participation of member hotels in the SPG-program and the connection of these hotels to the Starwood booking channels.

Revenue from **Marketing and Consulting Services** decreased by 3% in 2017 and reached Euro 5.489m (5.658). It accounts for 24% (27) of total revenue. The main reason for the decrease is the change in the products and services offering. The company had decided to reduce the offering of low-margin products to its member hotels.

The **Gross Margin** was below last year’s level and came in at 57% (59). **Gross Revenue** was Euro 13.090m (12.046), which is an increase of about 9% compared to the previous year. The increase is disproportionally lower compared to the increase of total revenue. This is due to the higher direct costs associated with bookings through the Starwood channels.

The average number of employees increased from 86 to 94. Therefore, **Staff Expenses** grew by about 10% from Euro 6.144m to Euro 6.730m. At the same time, **Revenue per Employee** went up from about Euro 238,000 to about Euro 244,000. The increase of staff was necessary to provide more intensive and individualized customer service to the member hotels.

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**Selling Expenses** came in at Euro 1.412m (1.638). They are directly related to the revenue development. The decrease of the selling expenses was mainly due to decreasing advertising expenses from trade fairs.

**Other Operating Expenses** increased to Euro 1.613 (1.466) compared to the previous year. This increase mainly comes from refurbishment measures at the headquarter in Berlin.

**EBITDA** increased by about 8.4% to Euro 3.055m (2.819) in 2017.

The **EBITDA margin** was 13% (14).

**EBIT** reached Euro 2.649m (2.363) in 2017. **Net Profit** came in at Euro 2.694m (2.407).

On December 31, 2017, the Company had **cash and cash equivalents** in the amount of Euro 1.755m, as compared to Euro 1.221m on December 31, 2016. This is an increase of Euro 0.534. The Management Board assumes that in 2017, all payment obligations arising from the current operations can be covered by the cash inflows from operating activities.

**Shareholders' equity** increased from Euro 8.913m to Euro 10.827m. The equity ratio amounts to 66% (65).

### Further Comments:

In 2017, the international travel industry was able to build on the growth trend of recent years thanks to an overall global economic growth. In October 2017, destinations around the world welcomed 1.1 billion international travellers. The continuous threat of terrorism and unrest in some regions, and therefore, the uncertainty of travellers, have only affected the choice of the destinations. Classical holidays are still the main reasons for international travel whereas business trips stagnated in 2017. Design Hotels AG was able to benefit from the positive developments of the industry and even grew disproportionately compared to the average market trend.

CEO Claus Sendlinger commented: "We are very satisfied with the company's development and the key figures for the year 2017. We were able to increase total revenue as well as the operational result compared to the previous year and exceed the expectations expressed in the beginning and middle of the financial year. Of all revenue streams, we saw the greatest increase in booking commissions last year. This confirms our strategic decision to offer our member hotels the possibility to participate in the SPG-program from Starwood Hotels & Resorts."

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### **Financial Calendar:**

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|-----------------------|--|
| <b>12. June 2018</b>  | 20 <sup>th</sup> Annual Shareholder Meeting in Berlin  |
| <b>19. July 2018</b>  | Investor Presentation at m:access Conference in Munich |
| <b>1. August 2018</b> | Publication of Half Year Results 2018                  |

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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>		
	2017	2016
<b>Revenue</b>		
Annual License Fee	4.202	4.062
Commissions	13.230	10.751
Marketing Products/Consulting	5.489	5.658
<b>Total Revenue</b>	<b>22.921</b>	<b>20.471</b>
Cost of Sales	-9.831	- 8.425
<b>Gross Profit</b>	<b>13.090</b>	<b>12.046</b>
Staff Expenses	-6.730	- 6.144
Selling Expenses	-1.412	- 1.638
Administration Expenses	-1.613	- 1.466
<b>Total Operating Expenses</b>	<b>9.755</b>	<b>9.248</b>
Other Operating Income	567	601
Other Operating Expenses	-847	- 580
<b>EBITDA</b>	<b>3.055</b>	<b>2.819</b>
<b>EBIT</b>	<b>2.649</b>	<b>2.363</b>
<b>EBT</b>	<b>2.694</b>	<b>2.407</b>
<b>After-Tax Profit</b>	<b>1.879</b>	<b>1.710</b>
Average Number of Employees	94	86
Revenue per Employee	244	238

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

<b>As per 31. December</b>		
	<b>2017</b>	<b>2016</b>
EBITDA from Profit and Loss Statement	3.055	2.819
Cashflow from investment activities	-2.434	-2.237
Balance of cash changes in operating activities	-87	-665
<b>Change in cash and cash equivalents</b>	<b>534</b>	<b>-83</b>
Cash and cash equivalents at start of period	1.221	1.304
<b>Cash and cash equivalents at end of period</b>	<b>1.755</b>	<b>1.221</b>
Guarantees	205	102
<b>Cash and cash equivalents</b>	<b>1.550</b>	<b>1.119</b>

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### Consolidated Balance Sheet

	31.12.2017		31.12.2016	
<b>Assets</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
<b>Long-term Assets</b>				
Fixed assets		759		822
<b>Short-term Assets</b>				
Inventory	453		729	
Accounts Receivable	2.940		3.020	
Receivables from affiliated companies	9.856		7.465	
Other Assets	660		473	
Liquid Funds and Securities	1.755	15.664	1.221	12.908
<b>Total Assets</b>		<b>16.423</b>		<b>13.730</b>
<b>Liabilities</b>				
<b>Shareholder's Equity</b>				
Share Capital	8.972		8.972	
Legal Reserve	179		0	
Cumulative other equity capital	-1.741		-1.776	
Net Profit	3.417	10.827	1.717	8.913
<b>Short-Term Liabilities</b>				
Accruals	2.471		1.891	
Down-payments	1.558		1.241	
Accounts payable	218		490	
Other liabilities	1.349	5.596	1.195	4.817
<b>Total Liabilities</b>		<b>16.423</b>		<b>13.730</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 1.1.2016</b>	<b>8.972</b>		<b>7</b>	<b>-1.717</b>	<b>7.262</b>
Group annual profit			1.710		1.710
Legal Reserve		0	0		0
Other consolidated results				-59	-59
<b>As per 31.12.2016</b>	<b>8.972</b>	<b>0</b>	<b>1.717</b>	<b>-1.776</b>	<b>8.913</b>
<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>

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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)