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- CONVENIENCE TRANSLATION -

Design Hotels AG publishes Annual Results 2016

- **Revenue increases by about 21 percent to Euro 20.471m**
- **EBITDA increases by 45 percent to Euro 2.819m**

Berlin, March 30, 2017 – Design Hotel AG (m:access, Munich: LBA; ISIN: DE0005141006) publishes the results for the financial year 2016. Revenue increased by about 21% and meets the expectations set forth in the beginning and middle of the year 2016. The operational result increased by 45% compared to the previous year and, therefore, exceeds the expected result.

Key Financials:

Total Revenue increased by about 21% Euro 20.471m (16.878). The main reason for this increase was the connection of member hotels to the distribution channels of Starwood Hotels & Resorts.

Revenue from **License Fees** for membership with Design Hotels increased by 5% to Euro 4.062m (3.883). This contributes 20% (23) to total revenue. On December 31, 2016, Design Hotels had 308 (306) member hotels in its portfolio with 22,087 (23,202) rooms in 209 destinations and 61 countries.

Booking commissions came in at Euro 10.751m (7.773) in 2016, which means a 38% increase compared to the previous year. Commissions accounted for 53% (46) of the total revenue. The disproportionally high increase mainly comes from the connection of member hotels to the new Starwood booking channels.

Revenue from **Marketing and Consulting Services** increased with 8% in 2016 and reached Euro 5.658m (5.222). It accounts for 27% (31) of total revenue.

The **Gross Margin** was below last year's level and came in at 56% (65). **Gross Revenue** was Euro 11.497m (10.934), which is an increase of more than 5% compared to the previous year. The increase is disproportionally lower compared to the increase of total revenue. This is due to an unfavorable value of the Euro against the US-Dollar with the reservation services provider.

The average number of employees increased from 78 to 86. Therefore, **Staff Expenses** grew from Euro 5.940m to Euro 6.027m. At the same time, **Revenue per Employee** went up from about Euro 216,000 to about Euro 238,000. The increase of staff was necessary to provide more intensive and individualized customer service to the member hotels.

Selling Expenses came in at Euro 1.331m (1.689). They are directly related to the revenue development and decreased to 7% (10) compared to the previous year. The decrease of the selling expenses was mainly due to decreasing advertising expenses in relation to seasonal marketing products.

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Other Operating Expenses increased slightly to Euro 1.530 (1.452) compared to the previous year.

EBITDA increased by about 45% to Euro 2.819m (1.939) in 2016.

The **EBITDA margin** was 14% (11).

EBIT reached Euro 2.363m (1.567) in 2016. **Net Profit** came in at Euro 2.407m (1.592).

On December 31, 2016, the Company had **cash and cash equivalents** in the amount of Euro 1.221m, as compared to Euro 1.304m on December 31, 2015. The decrease in cash and cash equivalents and other current assets resulted from the increase of the intercompany loan from EUR 5.25m from EUR 7.0m with Starwood (M) France Holdings SAS, a subsidiary of Starwood Hotels & Resorts Worldwide, Inc. 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 7.262m to Euro 8.913m. The equity ratio amounts to 65% (66).

Further Comments:

In 2016, the international travel industry was able to build on the growth trend of recent years, despite slow global economic growth, political unrest and various terrorist attacks. The positive development was particularly driven by Asia and the United States. Moderate growth figures have also been achieved in Europe. Here the issue of security had a decisive influence on travel activities; regions affected by terrorism had to report declining results in 2016. Overall, however, the industry is still on the upswing. Design Hotels AG was able to benefit from these developments and 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 2016. We were able to increase revenues in all business segments and slightly exceed the expectations expressed in the middle of the financial year. Through the services agreement with Starwood Hotels & Resorts, we have successfully expanded the products and services offering for our member hotels. This shows particularly in the revenue from transaction fees, which increased significantly in 2016 compared to the previous year."

Financial Calendar:

6. April 2017 – Investor Presentation at m:access Conference in Munich

28. June 2017 – 19th Annual Shareholder Meeting in Berlin

1. August 2017 – Publication of Half Year Results 2017

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Group Overview

According to HGB

Consolidated Profit & Loss Statement

(all figures in Thousand Euro)

Total as per 31. December		
	2016	2015
Revenue		
Annual License Fee	4.062	3.883
Commissions	10.751	7.773
Marketing Products/Consulting	5.658	5.222
Total Revenue	20.471	16.878
Cost of Sales	- 8.974	- 5.944
Gross Profit	11.497	10.934
Staff Expenses	- 6.027	- 5.940
Selling Expenses	- 1.331	- 1.689
Administration Expenses	- 1.530	- 1.452
Total Operating Expenses	8.888	9.081
Other Operating Income	592	358
Other Operating Expenses	- 382	- 272
EBITDA	2.819	1.939
EBIT	2.363	1.567
EBT	2.407	1.592
After-Tax Profit	1.710	1.120
Average Number of Employees	86	78
Revenue per Employee	238	216

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

As per 31. December		
	2016	2015
EBITDA from Profit and Loss Statement	2.819	1.939
Cashflow from investment activities	-2.011	-5.573
Balance of cash changes in operating activities	-891	-775
Change in cash and cash equivalents	-83	-4.409
Cash and cash equivalents at start of period	1.304	5.713
Cash and cash equivalents at end of period	1.221	1.304
Guarantees	102	99
Cash and cash equivalents	1.119	1.205

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Consolidated Balance Sheet

	31.12.2016		31.12.2015	
Assets	EUR	EUR	EUR	EUR
Long-term Assets				
Fixed assets		822		772
Short-term Assets				
Inventory	729		379	
Accounts Receivable	3.020		2.293	
Receivables from affiliated companies	7.465		5.667	
Other Assets	473		521	
Liquid Funds and Securities	1.221	12.908	1.304	10.164
Total Assets		13.730		10.936
Liabilities				
Shareholder's Equity				
Share Capital	8.972		8.972	
Cumulative other equity capital	-1.776		-1.717	
Net Profit / Accumulated losses	1.717	8.913	7	7.262
Short-Term Liabilities				
Accruals	1.891		1.530	
Down-payments	1.241		738	
Accounts payable	490		401	
Other liabilities	1.195	4.817	1.005	3.674
Total Liabilities		13.730		10.936

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

	Share Capital	Loss carried forward	Directly in shareholder's equity included charges, profit, and loss	Total
As of 1.1.2015	8.972	-1.113	-1.727	6.132
Group annual profit		1.120		1.120
Other consolidated results			10	10
Total result		1.120	10	1.130
As of 31.12.2015	8.972	7	-1.717	7.262
As of 1.1.2016	8.972	7	-1.717	7.262
Group annual profit		1.710		1.710
Other consolidated results			-59	-59
Total result		1.710	-59	1.651
As per 31.12.2016	8.972	1.717	-1.776	8.913

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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, ISIN: DE0005141006, m:access Munich Stock Exchange (Regulated Unofficial Market)