



## - CONVENIENCE TRANSLATION -

### Design Hotels AG publishes Annual Results 2014

- **Revenue increases by almost 11 percent to Euro 15.2m**
- **EBITDA increases by 20 percent to Euro 1.7m**

*Berlin, March 26, 2015* – Design Hotel AG (m:access, Munich: LBA; ISIN: DE0005141006) publishes results for the financial year 2014. Revenue increased by about 11% and meets the expectations set forth in the beginning of the year. The operational result increased by 20% and, therefore, also complies with the expected result.

### Key Events:

In January 2014, Starwood Hotels & Resorts Worldwide Inc., Stamford, Connecticut, USA informed Design Hotels AG that Starwood owns more than one quarter of the Design Hotels shares and, at the same time, a majority stake in Design Hotels AG directly. Consequently, the parties entered negotiations about the conclusion of a domination agreement. The domination agreement was concluded on June 11, 2014. The annual general meeting of Design Hotels AG resolved to approve of the domination agreement on July 21, 2014. On September 5, 2014, the agreement has been registered with the commercial register of the local court Berlin-Charlottenburg.

The domination agreement will provide for a cash compensation pursuant to Section 305 of the German Stock Corporation Act (“AktG”) in the amount of EUR 2.25 per share and a guaranteed dividend pursuant to Section 304 AktG in the amount of EUR 0.10 per share (EUR 0.08 net per share) for each full financial year.

### Key Financials:

**Total Revenue** increased by almost 11% Euro 15.207m (13.752).

Revenue from **License Fees** for membership with Design Hotels increased by 7% to Euro 3.462m (3.245). This contributes 23% to total revenue compared to 24% in 2013. On December 31, 2014, Design Hotels had 288 (268) member hotels in its portfolio with 22,262 (20,372) rooms in 185 destinations and 55 countries.

**Booking commissions** came in at Euro 7.082m (6.465) in 2014, which means a 10% increase compared to the previous year. Commissions accounted for 46% (47) of the total revenue.



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Revenue from **Marketing and Consulting Services** showed the highest increase with 15% this year and reached Euro 4.663m (4.042). It accounts for 31% (29) of total revenue.

The **Gross Margin** is slightly below last year's level and came in at 68% (69). **Gross Revenue** was Euro 10.373m (9.486), which is an increase of 9% compared to the previous year. The increase is disproportionally lower compared to the increase of total revenue. This is due to the higher share of the low-margin marketing and consulting services in total revenue.

The average number of employees increased from 83 to 85. Therefore, **Staff Expenses** grew from Euro 5,426m to Euro 5,758m. At the same time, **Revenue per Employee** went up from Euro 0.166m to Euro 0.179m. The increase of staff was necessary to manage the growing business from the increasing number of member hotels as well as the intensified and more individualized customer service.

**Selling Expenses** came in at Euro 1.433m (1.369). They are directly related to the revenue development and amounted for 10% (10).

**Other Operating Expenses** increased slightly to Euro 1.578m (1.220). The increase is mainly due to the costs for the domination agreement (Euro 259,000).

**EBITDA** increased by about 20% to Euro 1.727m (1.434) in 2014.

The **EBITDA margin** was 11% (10).

**EBIT** reached Euro 1.402m (1.182) in 2014. **Net Profit** came in at Euro 1.418m (1.198).

On December 31, 2014, the Company had **cash and cash equivalents** in the amount of Euro 5.713m, as compared to Euro 4.407m on December 31, 2013. **Shareholders' equity** increased from Euro 5.118m to Euro 6.132m. The equity ratio amounts to 66% (66%).

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### **Further Comments:**

2014 was another record year for the global tourism industry, with more than 1.1 billion travelers worldwide. The hospitality industry was able to continue its growth path despite many regional crises; both occupancy and average rates have increased over the previous year. Design Hotels could benefit from these developments and even grow disproportionately compared with the average market development.

CEO Claus Sendlinger commented: "We are very pleased with the company's development and the corresponding figures for 2014. We increased sales in all business areas and meet the expectations expressed at the beginning of the financial year in full. The costs that incurred as part of the 2014 concluded domination agreement with Starwood Hotels & Resorts have had an impact on earnings; nevertheless, we managed to improve the operating earnings. Also for the year 2015, we expect an increase in revenue and operating profit."

As to the domination agreement with Starwood Hotels & Resorts, Inc. Sendlinger further commented: "We want to expand our business internationally and believe that the collaboration with Starwood Hotels & Resorts will leverage the strategic development of the company in the future. Currently, we are in the process of elaborating the framework conditions and necessary requirements of a comprehensive partnership."

### **Financial Calendar:**

**12. June 2015** – Investor Presentation at m:access Conference in Munich

**17. June 2015** – 17<sup>th</sup> Annual Shareholder Meeting in Berlin

**3. August 2015** – Publication of Half Year Results 2015

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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>		
	2014	2013
<b>Revenue</b>		
Annual License Fee	3.465	3.245
Commissions	7.082	6.465
Marketing Products/Consulting	4.663	4.042
<b>Total Revenue</b>	<b>15.207</b>	<b>13.752</b>
Cost of Sales	4.834	4.266
<b>Gross Profit</b>	<b>10.373</b>	<b>9.486</b>
Staff Expenses	5.758	5.426
Selling Expenses	1.433	1.369
Administration Expenses	1.578	1.220
<b>Total Operating Expenses</b>	<b>8.769</b>	<b>8.016</b>
Other Operating Income	307	328
Other Operating Expenses	184	365
<b>EBITDA</b>	<b>1.727</b>	<b>1.434</b>
<b>EBIT</b>	<b>1.402</b>	<b>1.182</b>
<b>EBT</b>	<b>1.418</b>	<b>1.198</b>
<b>After-Tax Profit</b>	<b>998</b>	<b>834</b>
Average Number of Employees	85	83
Revenue per Employee	179	166



## Consolidated Statement of Cash Flow

(all figures in Thousand Euro)

<b>As per December 31</b>		
	<b>2014</b>	2013
<b>EBITDA from Profit and Loss Statement</b>	<b>1.727</b>	<b>1.434</b>
Cashflow from investment activities	-281	-503
Balance of cash changes in operating activities	-140	-526
Change in securities portfolio	0	0
Change in cash and cash equivalents	1.306	405
Cash and cash equivalents at start of period	4.407	4.002
<b>Cash and cash equivalents at end of period</b>	<b>5.713</b>	<b>4.407</b>
Guarantees	76	52
<b>Cash and cash equivalents</b>	<b>5.637</b>	<b>4.355</b>



## Consolidated Balance Sheet

	31.12.2014		31.12.2013	
<b>Assets</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
<b>Long-term Assets</b>				
Fixed assets		<b>797.976</b>		<b>866.025</b>
<b>Short-term Assets</b>				
Inventory	380.904		216.937	
Accounts Receivable	1.962.359		1.821.570	
Other Assets	429.481		424.445	
Liquid Funds and Securities	5.713.385	<b>8.486.129</b>	4.407.254	<b>6.870.206</b>
<b>Total Assets</b>		<b>9.283.504</b>		<b>7.736.232</b>
<b>Liabilities</b>				
<b>Shareholder's Equity</b>				
Share Capital	8.972.072		8.972.072	
Cumulative other equity capital	-1.727.238		-1.743.103	
Accumulated losses	-1.113.252	<b>6.131.581</b>	-2.110.868	<b>5.118.102</b>
<b>Short-Term Liabilities</b>				
Accruals	1.334.136		1.215.297	
Down-payments	692.737		448.777	
Accounts payable	231.302		199.314	
Other liabilities	893.746	<b>3.151.922</b>	756.743	<b>2.618.130</b>
<b>Total Liabilities</b>		<b>9.283.504</b>		<b>7.736.232</b>



## 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
<b>As of 1.1.2013</b>	<b>8.972</b>	<b>-2.945</b>	<b>-1.734</b>	<b>4.293</b>
Group annual profit		834		834
Other consolidated results			-9	-9
<b>Total result</b>		<b>834</b>	<b>-9</b>	<b>825</b>
<b>As of 31.12.2013</b>	<b>8.972</b>	<b>-2.111</b>	<b>-1.743</b>	<b>5.118</b>
<b>As of 1.1.2014</b>	<b>8.972</b>	<b>-2.111</b>	<b>-1.743</b>	<b>5.118</b>
Group annual profit		998		998
Other consolidated results			16	16
<b>Total result</b>		<b>998</b>	<b>16</b>	<b>1.014</b>
<b>As per 31.12.2014</b>	<b>8.972</b>	<b>-1.113</b>	<b>-1.727</b>	<b>6.132</b>

### Contact:

Design Hotels AG  
Sascha Wolff (Chief Financial Officer)  
Stralauer Allee 2c  
10245 Berlin  
Tel. +49 (0)30 88 494 00 14  
Fax +49 (0)30 25 933 01 7  
[ir@designhotels.com](mailto:ir@designhotels.com)

### About Design Hotels™

Design Hotels™ represents and markets a curated selection of more than 280 privately owned hotels in over 50 countries 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)