



INTERIM RESULTS Q4-2010



22 February 2011
Brussels

Radisson BLU

COUNTRY
INN

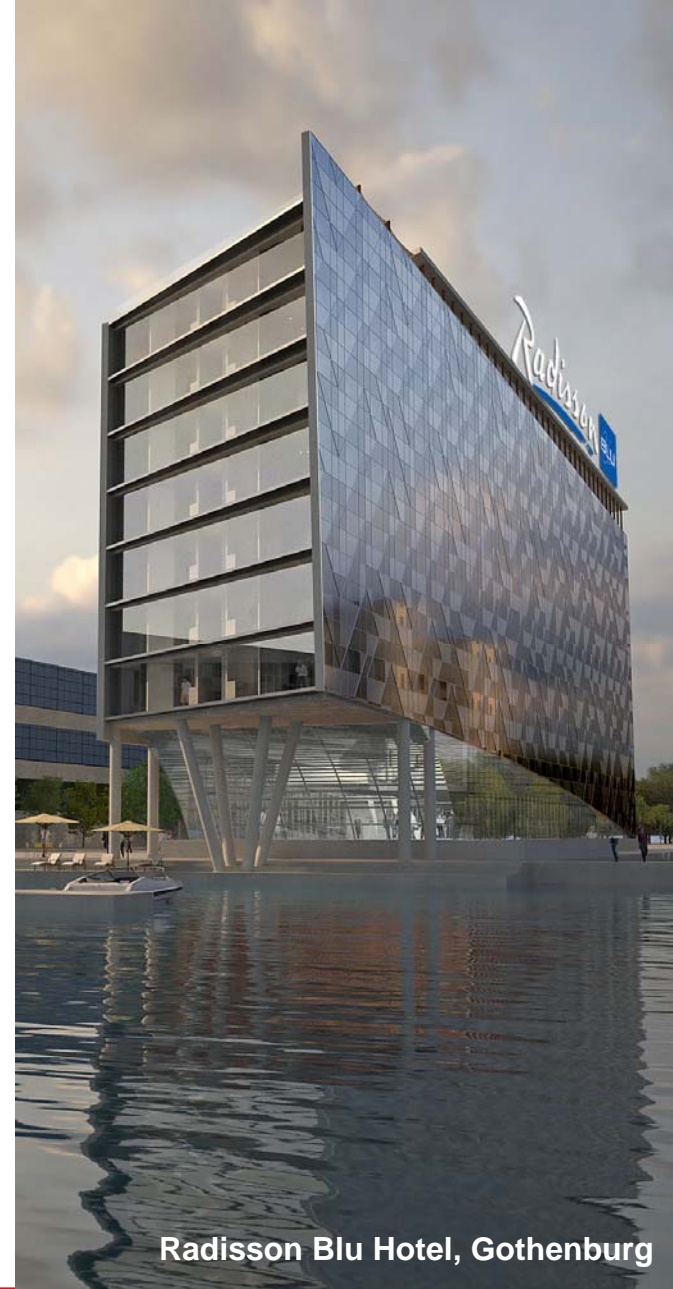
HOTEL **MISSONI**

park inn
by Radisson

Regent

MARKET DEVELOPMENT 2010

- All key destinations in Rest of Western Europe experienced strong RevPAR growth
- Sweden was the only country in the Nordics that marked a solid improvement
- Occupancy rose in Eastern Europe but rate lagged behind
- Mixed performance in the Middle East



Radisson Blu Hotel, Gothenburg

REZIDOR HIGHLIGHTS FY-2010

- RevPAR in line with market development
- Robust increase in margins and strong profit conversion
- Significant EBITDA contribution from the Emerging Markets
- Substantial increase in free cash flow; good operating results, improved working capital and tight CAPEX control
- Third consecutive year of record rooms openings
- Strategic moves:
 - Sale of Regent
 - Reval portfolio
 - Park Inn by Radisson

REZIDOR HIGHLIGHTS Q4-2010

- Continued strong RevPAR development in Rest of Western Europe
- Mixed results from the Nordics
- Strong performance by Park Inn
- Drop in margins due to extraordinary costs



Park Inn Stuttgart

FOCUS 2011

- Continue profitable asset-light growth
- Top-line growth
 - Park Inn by Radisson: new marketing campaign
 - Radisson Blu: Carlson brand alignment
- Improve profitability in Rest of Western Europe
 - New experienced leadership for Park Inn
 - Expanded Park Inn sales force in the UK
- Tight cost containment and cash improvement
- Accelerated CAPEX plan
 - More demanding comparison base
 - Absolute RevPAR is still low



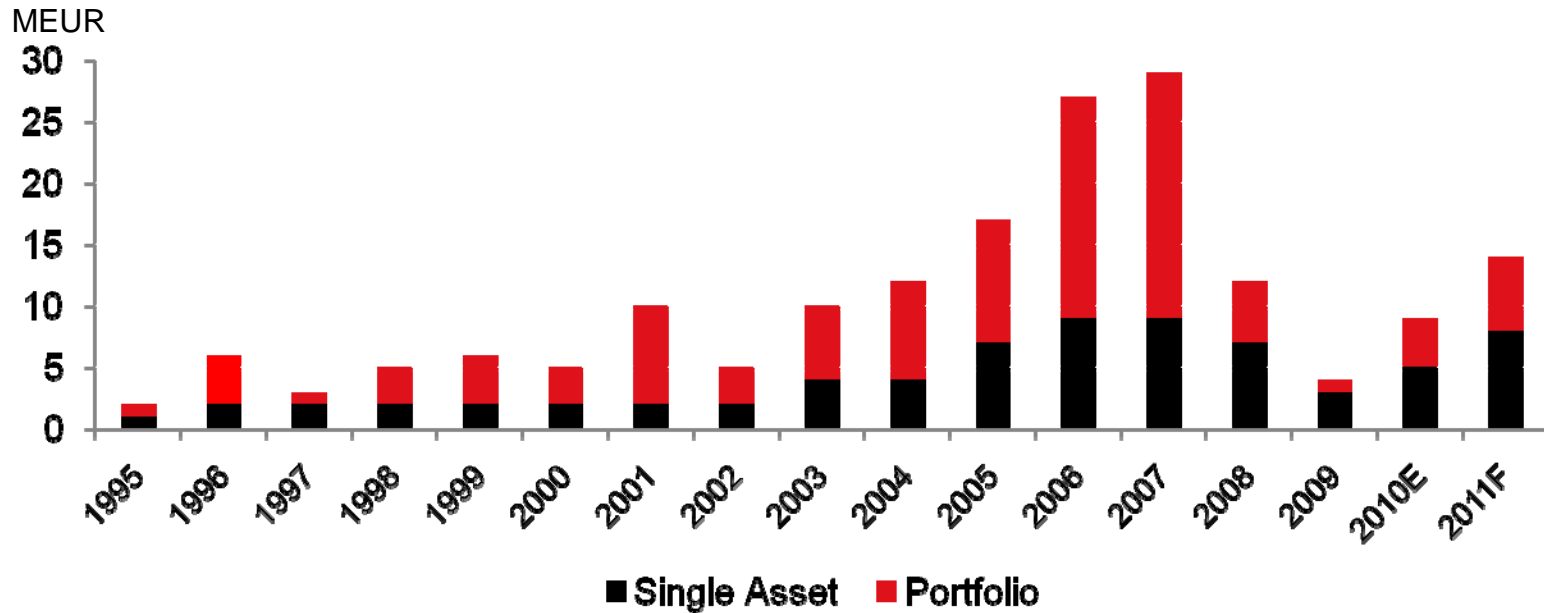
Radisson Blu Hotel, Cannes



BUSINESS DEVELOPMENT



EMEA HOTEL TRANSACTION VOLUME RISING



- 2010 rebound caused by more equity available and increased confidence
- 2011:
 - more banks clearing balance sheets
 - debt restructuring
 - rising RevPAR

BUSINESS DEVELOPMENT HIGHLIGHTS

Q4 2010

- 9 hotels (1,800 rooms) signed
 - 100% fee-based

-
- 3 hotels (500 rooms) opened
 - 69% fee-based

-
- 2 hotels (300 rooms) offline

FY-2010

- 40 hotels (8,100 rooms) signed
 - 17 conversions with 3,700 rooms
 - 100% fee-based
 - 16 primary/mega markets

-
- 32 hotels (7,200 rooms) opened
 - 82% fee-based

-
- 6 hotels (1,400 rooms) offline

Third consecutive record year of room openings

OPENINGS HIGHLIGHTS AND NEW FLAGSHIPS



Park Inn Oslo Airport
300 rooms
Adjacent to terminal



Radisson Royal Hotel, Moscow
497 rooms
Historic, city centre hotel



Park Inn Frankfurt Airport
209 rooms
Close to terminal two



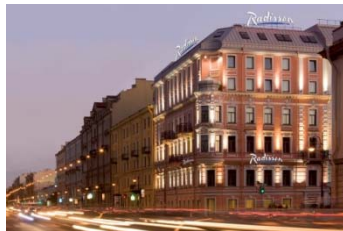
Radisson Blu Hotel, Milan
250 rooms
Brand-enhancing conversion

CONVERSIONS / REBRANDING

18 hotels, 4,000 rooms converted in 2010

- Locations include Milan, Moscow, St. Petersburg and Salzburg
- Reval portfolio: 10 hotels, 2,400 rooms
- 95% fee-based

Immediate EBITDA contribution



St. Petersburg



Moscow Airport



Riga



Dresden

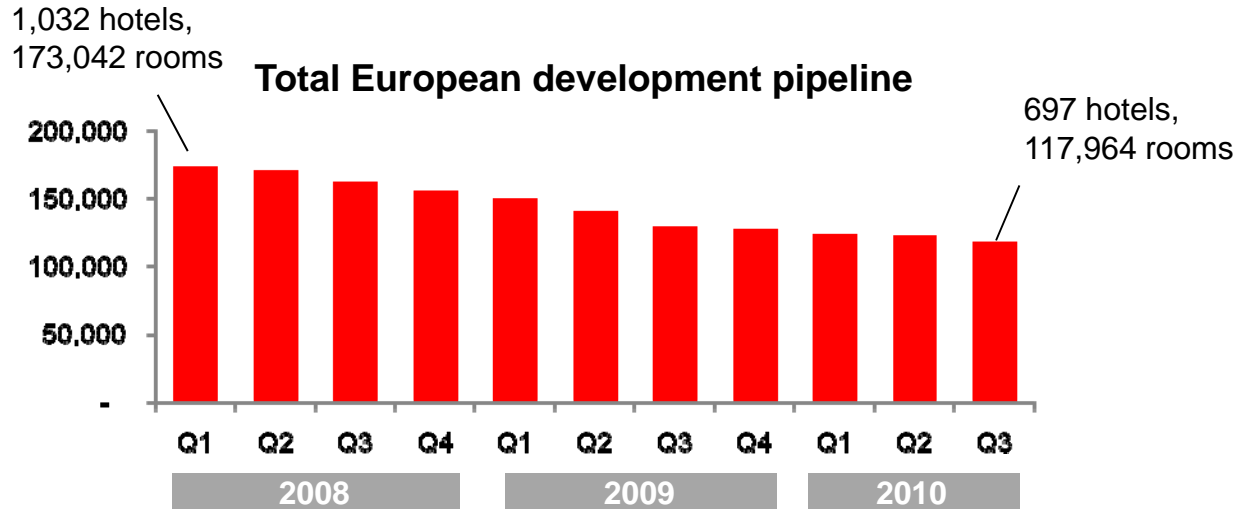


Sofia



Salzburg

REZIDOR MAINTAINS PIPELINE



European Pipeline

- Peaked in Q1 2008, declined by 32%
- Construction starts expected to continue decline until 2012
- New project announcements down 60% from peak

Rezidor Pipeline

- Steady at 100+ hotels, 20,000+ rooms (EMEA)
- ca 50% of pipeline under construction/site clearance
- 8,100 rooms added to pipeline in 2010

SHIFT IN BUSINESS MODEL

- EBITDA Impact = MEUR 20+
- EBITDA Margin impact (run-rate) = 2 to 2.5% pts positive impact

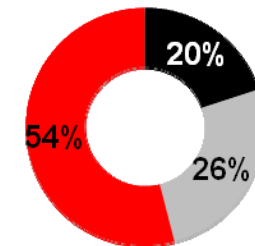
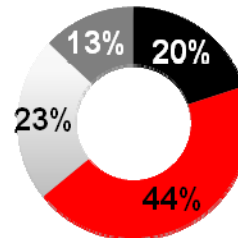
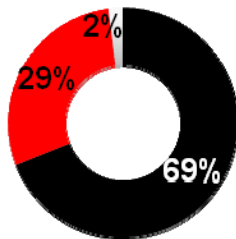
310 HOTELS, 66,000 ROOMS

BRANDS

REGIONS

CONTRACT

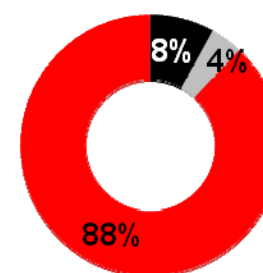
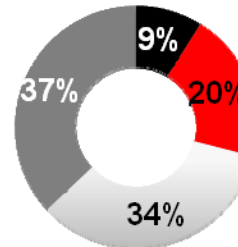
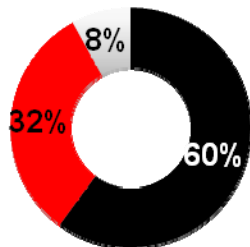
IN OPERATION



■ Radisson Blu ■ Park Inn ■ Others ■ NO ■ ROWE ■ EE ■ MEAO ■ Franchised ■ Leased ■ Managed

100 HOTELS, 20,000+ ROOMS

IN PIPELINE



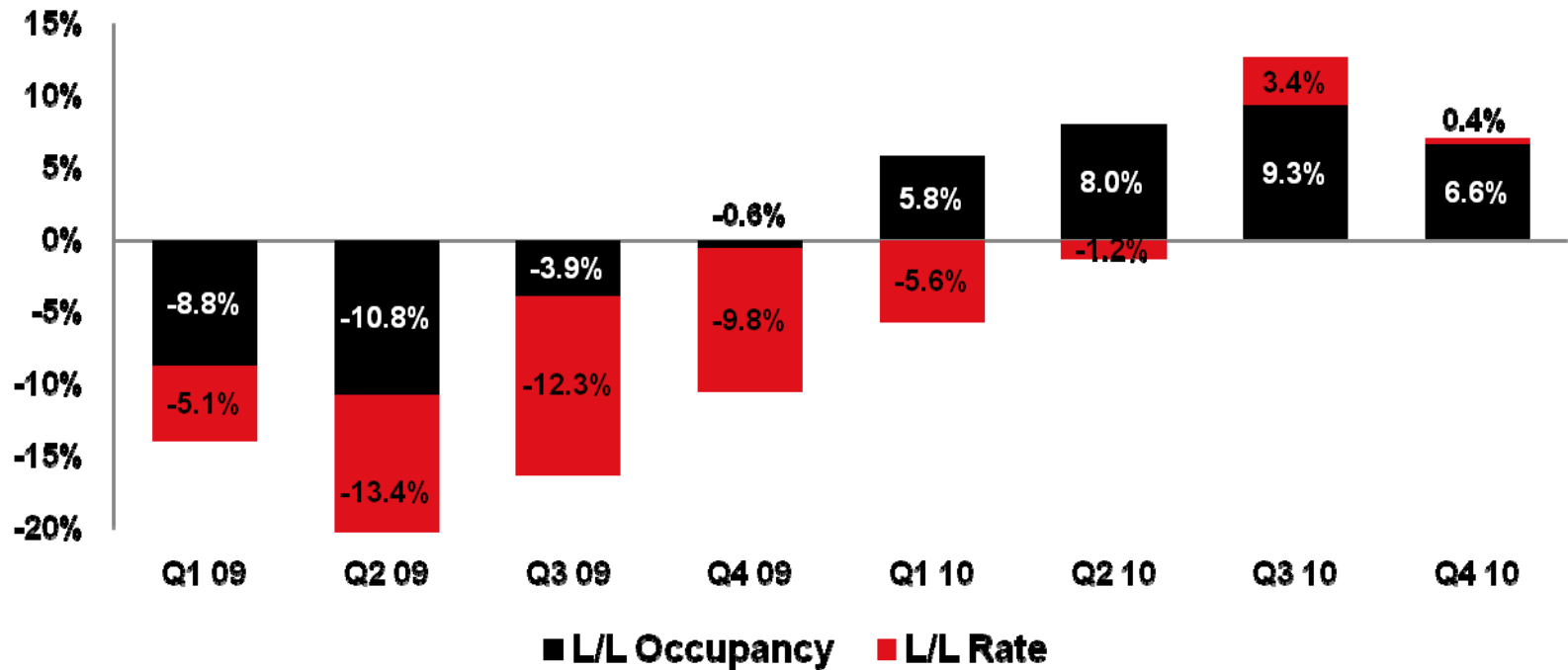
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FINANCIALS






L/L OCCUPANCY & RATE TREND



Slow down in RevPAR growth in some of our key markets in Q4

L/L REVPAR BY BRAND & REGION

| L/L REVPAR BY BRAND | | |
|---|-------|-------|
| % CHANGE | Q4 10 | FY 10 |
|  | 5.3% | 4.3% |
|  | 14.8% | 6.6% |
|  | 6.9% | 4.6% |

| L/L REVPAR BY REGION | | |
|----------------------|-------|-------|
| % CHANGE | Q4 10 | FY 10 |
| NO | -2.8% | 1.0% |
| ROWE | 13.4% | 8.3% |
| EE | 2.5% | -0.3% |
| MEAO | 9.6% | 4.0% |

Strong RevPAR performance by Park Inn

FROM L/L TO REPORTED

| REVPAR | | |
|--------------|-------|-------|
| % CHANGE | Q4 10 | FY 10 |
| L/L GROWTH | 6.9% | 4.6% |
| FX IMPACT | 4.6% | 4.8% |
| NEW OPENINGS | -5.2% | -2.2% |
| REPORTED | 6.3% | 7.2% |

| REVENUE | | |
|--------------|-------|-------|
| % CHANGE | Q4 10 | FY 10 |
| L/L GROWTH | 5.4% | 3.2% |
| FX IMPACT | 4.4% | 5.3% |
| NEW OPENINGS | 4.0% | 7.5% |
| REPORTED | 13.8% | 16.0% |

RevPAR: offsetting impact of FX and new openings

INCOME STATEMENT HIGHLIGHTS

| IN MEUR | Q4 10 | Q4 09 | VAR | FY 10 | FY 09 | VAR |
|------------------|-------|-------|------|-------|-------|------|
| REVENUE | 212 | 186 | 14% | 786 | 677 | 16% |
| EBITDAR | 63 | 61 | 3% | 254 | 210 | 21% |
| % EBITDAR Margin | 30% | 33% | -3pp | 32% | 31% | 1pp |
| EBITDA | 7 | 10 | -30% | 32 | 5 | 540% |
| % EBITDA Margin | 3% | 5% | -2pp | 4% | 1% | 3pp |
| EBIT | -1 | 2 | n/a | 4 | -25 | n/a |
| % EBIT Margin | 0% | 1% | -1pp | 1% | -4% | 5pp |
| TAX | -5 | -3 | n/a | -3 | -3 | n/a |
| NET RESULT | -7 | 0 | n/a | -3 | -28 | n/a |

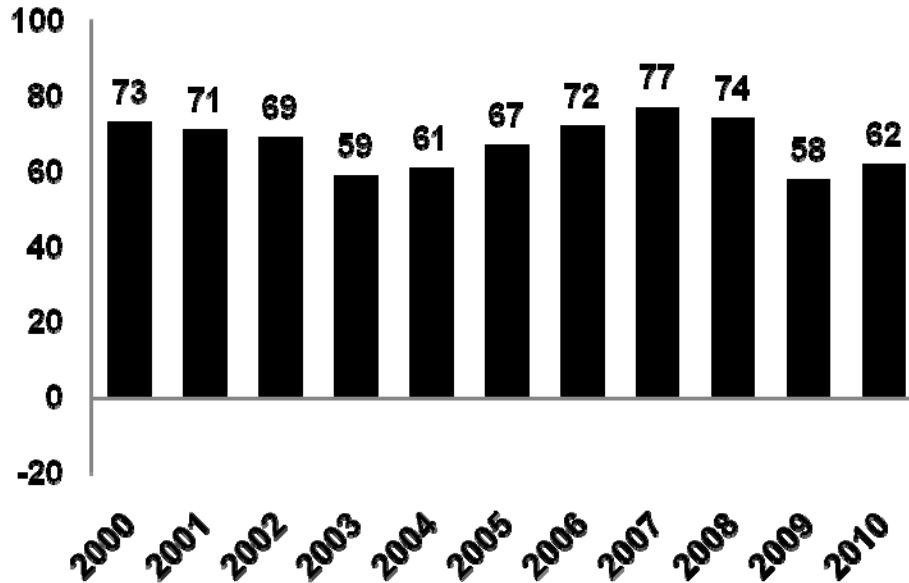
Extraordinary costs in Q4 impacted the EBITDA margin by more than 3pp

COST RATIOS

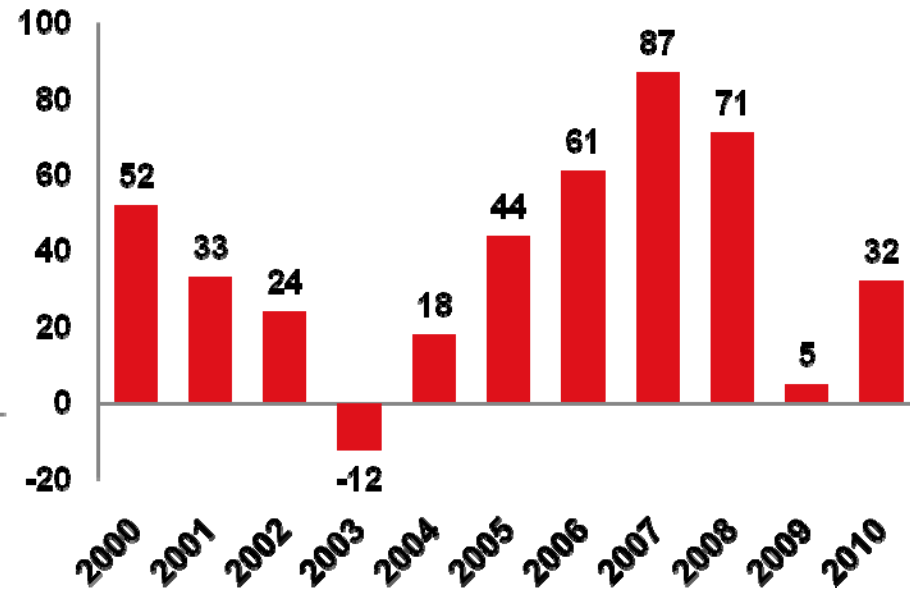
| IN % | Q4 10 | Q4 09 | VAR | FY 10 | FY 09 | VAR |
|--|------------|------------|-------------|------------|------------|------------|
| COGS ¹⁾ | 26% | 25% | -1pp | 27% | 26% | -1pp |
| PERSONNEL ²⁾ | 36% | 35% | -1pp | 35% | 36% | 1pp |
| OTHER OPERATING EXPENSES ²⁾ | 25% | 22% | -3pp | 23% | 23% | 0pp |
| RENT ³⁾ | 30% | 30% | 0pp | 31% | 32% | 1pp |
| GUARANTEES ²⁾ | 1% | 2% | 1pp | 2% | 3% | 1pp |
| TOTAL COSTS²⁾ | 95% | 93% | -2pp | 95% | 98% | 3pp |

The extraordinary costs in Q4 do not represent an increase in the cost base going forward

REVPAR SENSITIVITY



REVPAR (EUR)

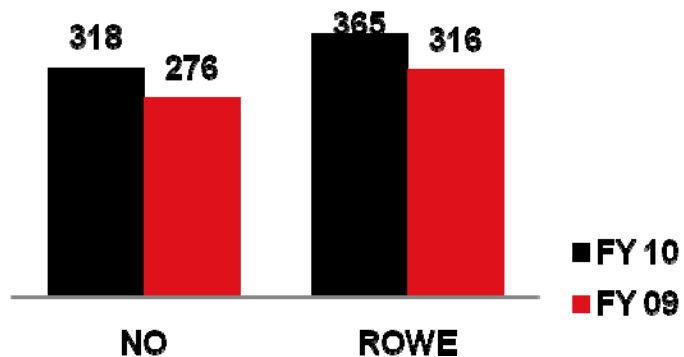


EBITDA (MEUR)

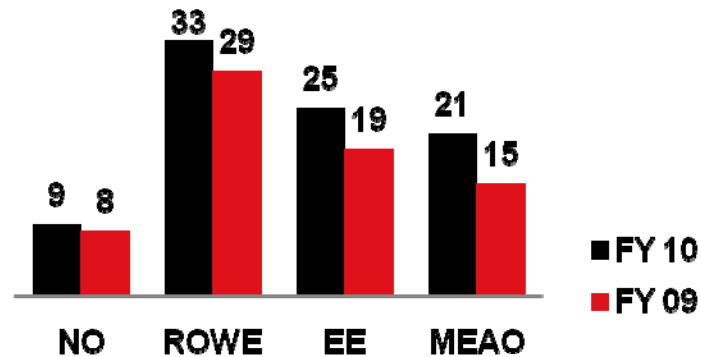
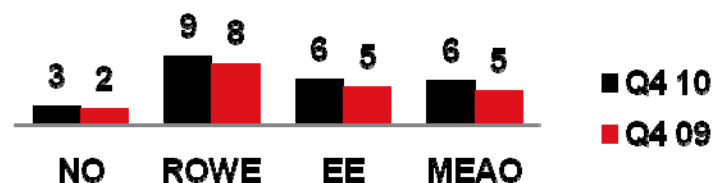
EUR 1 change in RevPAR = MEUR 5-6 change in EBITDA

REVENUE SEGMENTATION

LEASED REVENUE – IN MEUR



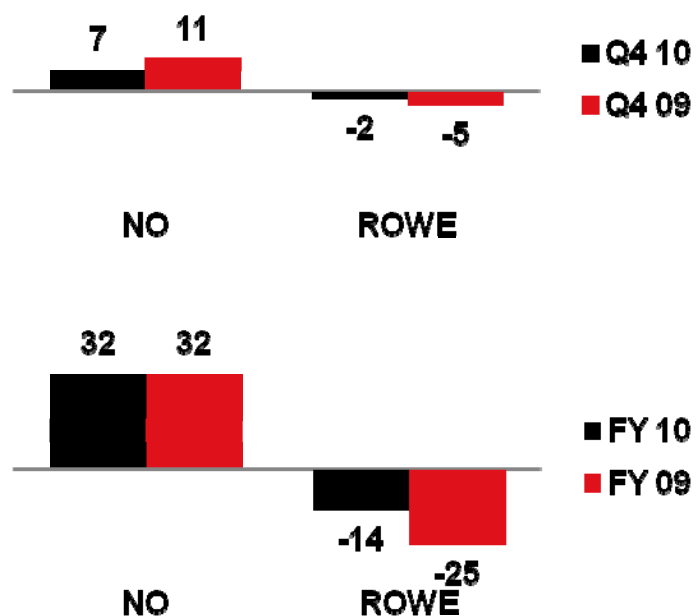
FEE REVENUE – IN MEUR



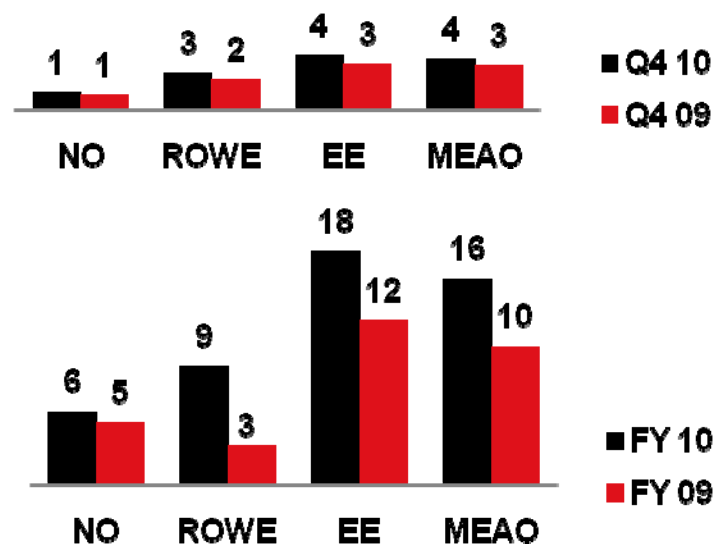
RevPAR growth, new hotels and the weakening of the EUR had a significant positive impact on revenue

EBITDA SEGMENTATION

LEASED EBITDA – IN MEUR



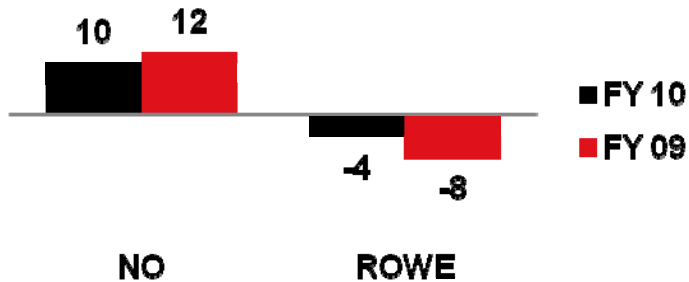
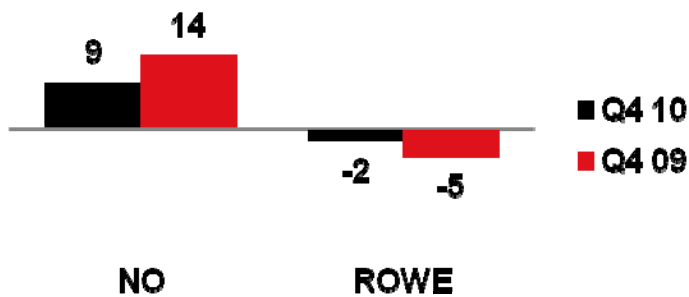
FEE EBITDA – IN MEUR



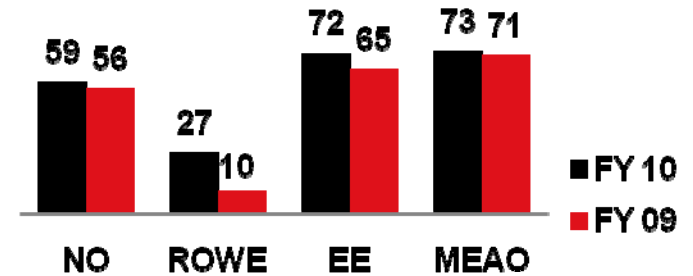
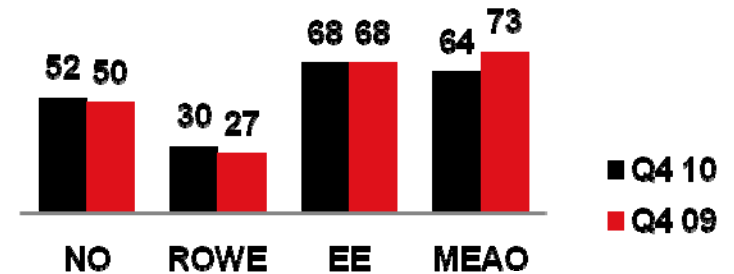
Our shift in business model had a positive impact on the fee business in both Q4 and 2010

EBITDA MARGIN SEGMENTATION

LEASED EBITDA MARGIN – IN %



FEE EBITDA MARGIN – IN %



The EBITDA margin in ROWE improved as a result of the fixed rent structure and the lower cost base

PROFIT CONVERSION FY-2010

| FY-2010 vs 2009 | DEVIATION vs 2009 (MEUR) | REPORTED CONVERSION | PROFORMA CONVERSION (excl. new units & sale of Regent) | L/L CONVERSION (excl. FX, new units & sale of Regent) |
|-----------------|--------------------------|---------------------|--|---|
| REVENUE | 108.5 | - | - | - |
| EBITDAR | 44.0 | 41% | 45% | 64% |
| EBITDA | 26.6 | 25% | 35% | 85% |
| EBIT | 28.9 | 27% | 33% | 88% |

EBITDA conversion supported by fixed rents in ROWE

LIQUIDITY POSITION

- MEUR 27 in cash and MEUR 103 in unused overdrafts/credit lines

| IN MEUR | 2010 | 2009 |
|------------------------------|-------|-------|
| CASH FLOW FROM OPERATIONS | 25.8 | -5.4 |
| CHANGE IN WORKING CAPITAL | 21.8 | -0.7 |
| INVESTMENTS | -12.4 | -23.5 |
| CAPEX | -24.1 | -23.1 |
| SALE OF REGENT ¹⁾ | 10.1 | - |
| OTHER FINANCIAL ITEMS | 1.6 | -0.4 |
| FREE CASH FLOW | 35.2 | -29.6 |

Substantial improvement in free cash flow

CAPEX

- Reduced CAPEX in 09/10 due to the prevailing market uncertainties

| IN MEUR | 2010 | 2009 | 2008 | 2007 | 2006 |
|---|------|------|------|------|------|
| CAPEX | -24 | -23 | -35 | -46 | -33 |
| <i>MAINTENANCE</i> | -18 | -23 | -30 | -33 | -33 |
| <i>EXPANSION</i> | -6 | - | -5 | -13 | - |
| LEASED HOTEL REVENUE | 683 | 592 | 691 | 693 | 631 |
| MAINTENANCE CAPEX AS A % OF LEASED HOTEL REVENUE | 2.6% | 3.9% | 4.3% | 4.8% | 5.2% |

Maintenance CAPEX in leased hotels will increase over the next two to three years

FOCUS AREAS & FINANCIAL TARGETS

FOCUS AREAS

- Top-line growth
- Asset-light pipeline
- Geographic diversification
- Focus on core brands
- Maintain the low fixed cost base
- Synergies from the size of the business



FINANCIAL TARGETS

| | |
|-----------------------------|--|
| Profitability Target | EBITDA margin of 12% over a business cycle |
| Balance Sheet | Small positive average net cash position |
| Dividend Policy | Approximately one third of annual after-tax income to be distributed to shareholders |

Q&A