
Sustained good growth and profitability

January-June 2017



Interim report presentation

13 July, 2017

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Forward-looking statements

This presentation contains forward-looking statements. Such statements are subject to risks and uncertainties as various factors, many of which are beyond the control of Pandox AB (publ), may cause actual developments and results to differ materially from the expectations expressed in this presentation.



Sustained good growth and profitability

20%

Growth in total
cash earnings¹

- 1 Good growth in both larger and regional cities.
- 2 Higher occupancy and higher average prices.
- 3 Continued improvements in Brussels.

20%

Return on equity²

2%

Growth in NOI
Property Management³

29%

Growth in NOI
Operator Activities³

1) Measured as EBITDA plus financial income minus financial cost minus current tax.

2) Measured as growth in EPRA NAV, including dividend and excluding proceeds from directed share issue, at annual rate.

3) Adjusted for currency effects and comparable units.

Hotel Berlaymont

“Excellent location in the middle of the EU quarters”



212
rooms

City
centre

Business

Acquired 2017

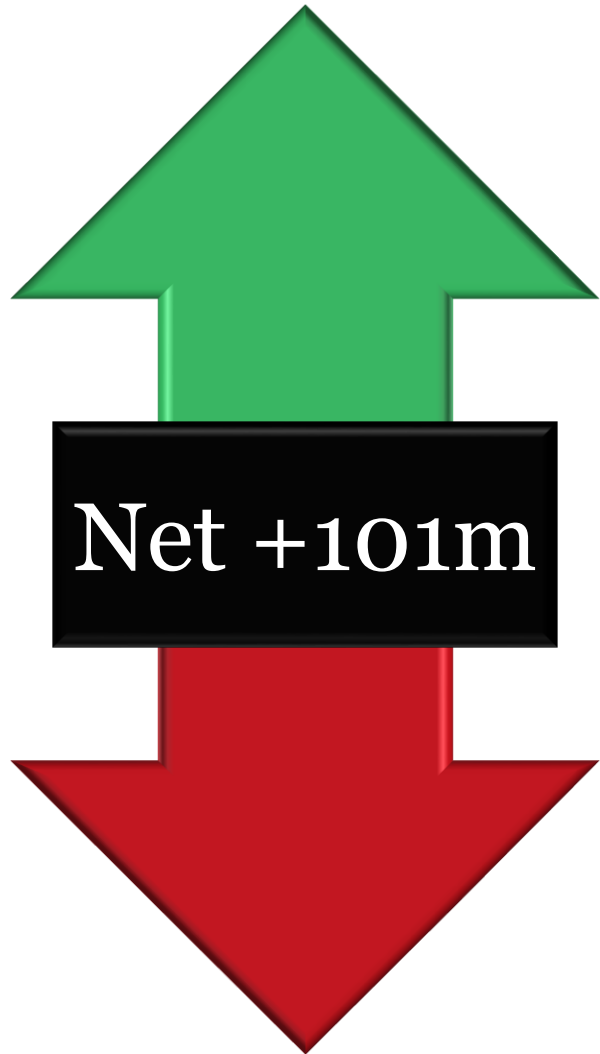
Repositioning to
independent profile

New management

Product development
and productivity

Solid increase in net operating income (total NOI)

Several positive factors supported



- + Well performing acquisitions
- + Broad based positive underlying demand
- + Continued recovery in Brussels

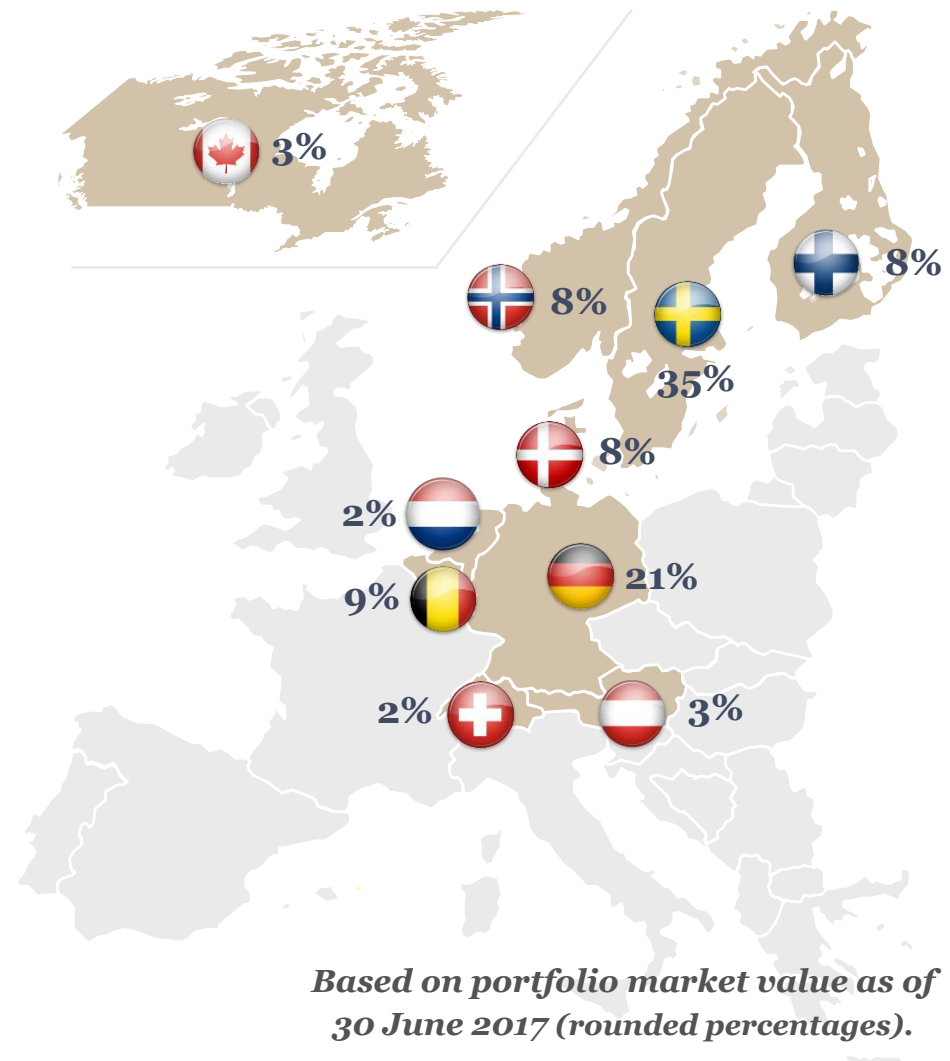
- Neutralisation of Easter effect

Portfolio overview

Well-diversified portfolio dominated by leases

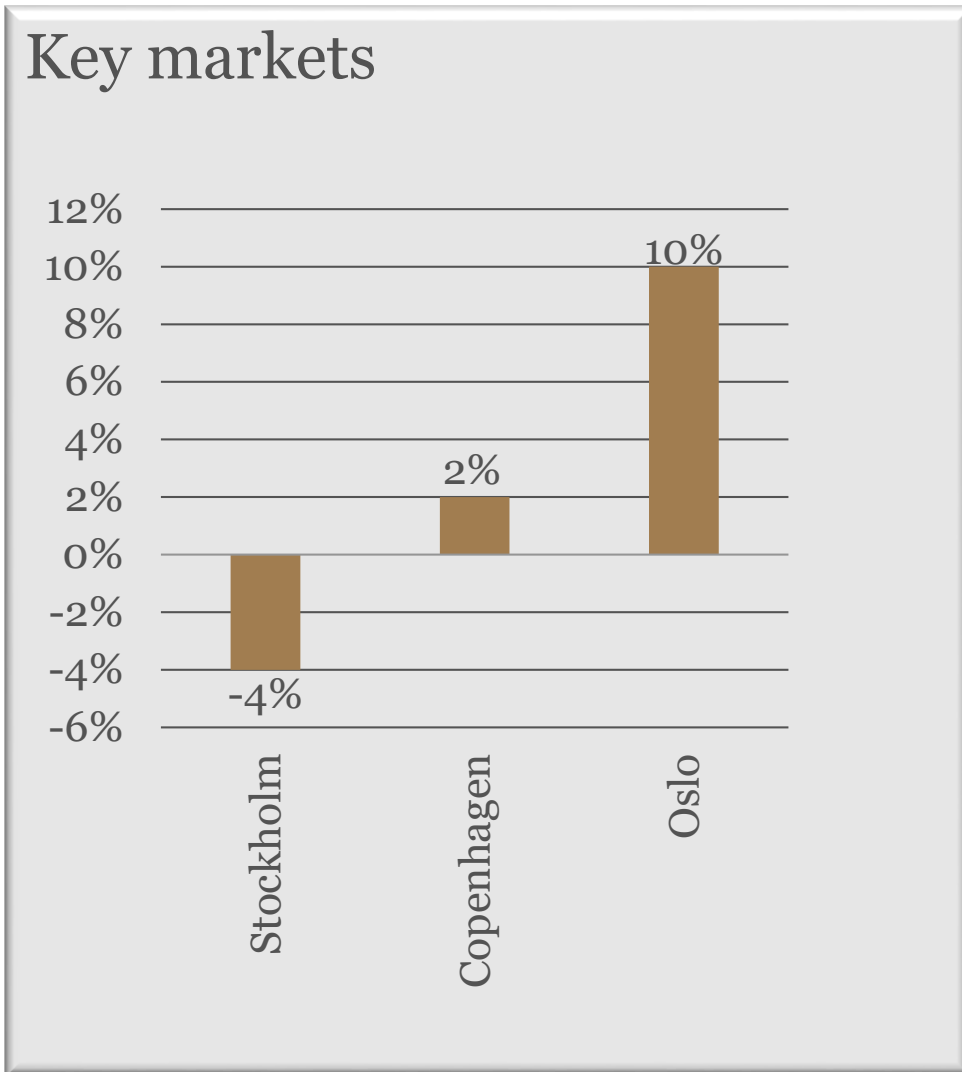
- Focused strategy on large hotel properties in the upper-medium to high-end segments in strategic locations.
- Active ownership model combining a large, attractive portfolio with excellent operational skills.

Pandox Group	Property Management	Operator Activities
121 Hotel Properties	106 Leased Properties	15 Operated Properties
SEK 39.9bn Portfolio Market Value	83% Property Market Value	17% Property Market Value
	5.7% Valuation Yield	7.3% Valuation Yield



Good underlying growth in key markets

Only a select number of markets with full market data for Q2 2017



Financial highlights

Continued good growth in earnings

Key figures

(MSEK)	Q2 2017	Q2 2016	chg %	FY 2016
Revenue				
<i>Property Management (Note 1)</i>	568	464	22	1,787
Net operating income				
<i>Property Management (Note 1)</i>	485	398	22	1,495
Net operating income				
<i>Operator Activities (Note 1)</i>	139	125	11	439
<i>EBITDA (Note 1)</i>	594	491	21	1,817
<i>Profit for the period (Note 1)</i>	887	474	87	2,214
<i>Cash earnings (Note 1)</i>	425	354	20	1,289
Per share data (SEK)				
<i>Earnings per share (Note 1,2,3)</i>	5.61	3.14	79	14.65
<i>Cash earnings (Note 1,2,3)</i>	2.67	2.34	14	8.49
<i>EPRA NAV (Note 3)</i>	132.55	-	-	126.24

(Note 1) See page 9 in interim report January-June 2017 for summary of reclassifications, acquisitions and divestments.

(Note 2) Based on weighted number of shares 157,499,999 for Q2 2017.

(Note 3) After non-controlling interest.

Comments on the quarter

- Property Management: LFL¹ growth in revenue and net operating income of 3 percent and 2 percent, respectively.
- Operator Activities: Improved profitability with a LFL¹ increase in net operating income of 29 percent.
- EPRA NAV per share amounted to SEK 132.55, an increase by SEK 6.3 from year-end 2016. Adjusted for dividend and new share issue the annualised return was 20 percent.
- YTD Investment Properties experienced an unrealised and realised portfolio value increase of 3.1 percent. For Operating Properties (information purposes only) the unrealised value increase was 0.2 percent.

Solid organic growth

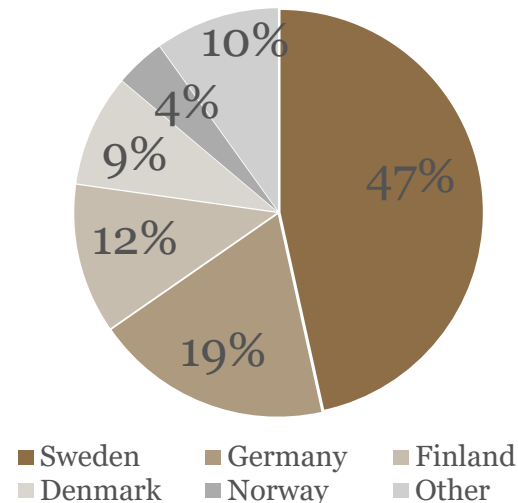
Property Management

Net operating income

(MSEK)	Q2 2017	Q2 2016	FY 2016
Rental income	547	451	1,717
Other property income	21	13	70
Costs*	-83	-66	-292
Net operating income	485	398	1,495

*Including property administration costs

Rental income Apr-Jun 2017 in %

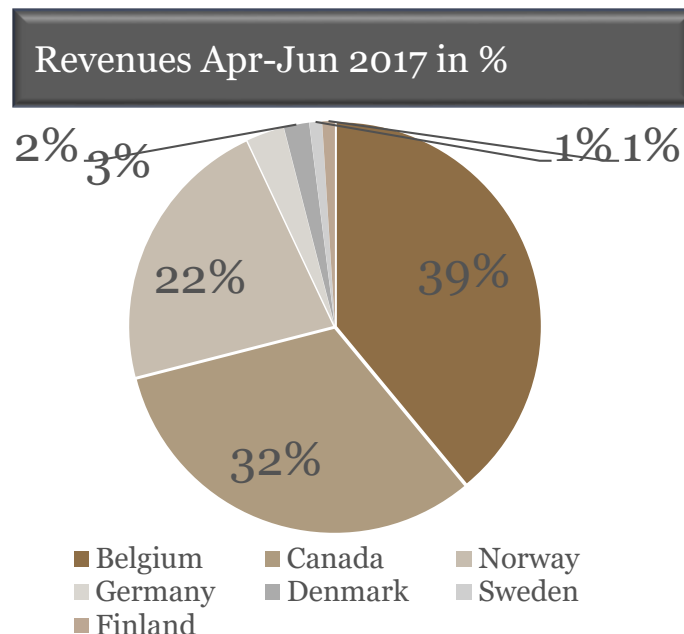


- › LFL¹ rental income and net operating income increased by 2 percent and 3 percent, respectively.
- › Easter effect neutralised in the quarter, solid underlying organic growth.
- › Good demand in both larger and national cities across the lease portfolio.
- › Seven hotel properties in the Nordics reclassified from Operator Activities during the second quarter.

Continued improvements in Brussels

Operator Activities

Net operating income			
(MSEK)	Q2 2017	Q2 2016	FY 2016
Revenue	555	536	2,158
Costs	-462	-448	-1,866
Gross Profit	93	88	292
Add: Depreciation included in costs	46	37	147
Net operating income	139	125	439
NOI margin	25%	23%	20%
<i>NOI margin adjusted for Grand Hotel Oslo</i>	<i>29%</i>	<i>26%</i>	<i>23%</i>



- › LFL¹ revenue increased by 14 percent and net operating income by 29 percent.
- › NOI improvement driven mainly by continued recovery in Brussels.
- › Seven hotel properties in the Nordics reclassified to Property Management during the second quarter.

Property portfolio

Value increases reflecting underlying performance

Change in value (MSEK)

Change in value Investment properties

	MSEK
Investment properties, beginning of the period (January 1, 2017)	30,163
+ Acquisitions	—
+ Investments in current portfolio	203
- Divestments	—
+/- Reclassifications ¹	1,600
+/- Revaluation of fixed assets to the profit for the year ¹	112
+/- Unrealised changes in value	942
+/- Realised changes in value	—
+/- Change in currency exchange rates	35
Investment properties, end of period (June 30, 2017)	33,055

**+3.1%
YTD**

Change in value Operating properties (reported for information purposes only)

	MSEK
Operating properties, market value beginning of the period (January 1, 2017)	8,070
+ Acquisitions	324
+ Investments in current portfolio	117
- Divestments ²	-16
+/- Reclassifications ¹	-1,712
+/- Unrealised changes in value	14
+/- Realised changes in value	—
+/- Change in currency exchange rates	16
Operating properties, market value end of period (June 30, 2017)	6,813

**+0.2%
YTD**

**+2.5%
YTD**

¹ Refers to reclassification of eight hotel properties to Operator Activities, of which one in Q1 and seven in Q2

² Refers to divestment of FF&I Grand Hotel Oslo Q2 2017.

Comments per 30 June, 2017

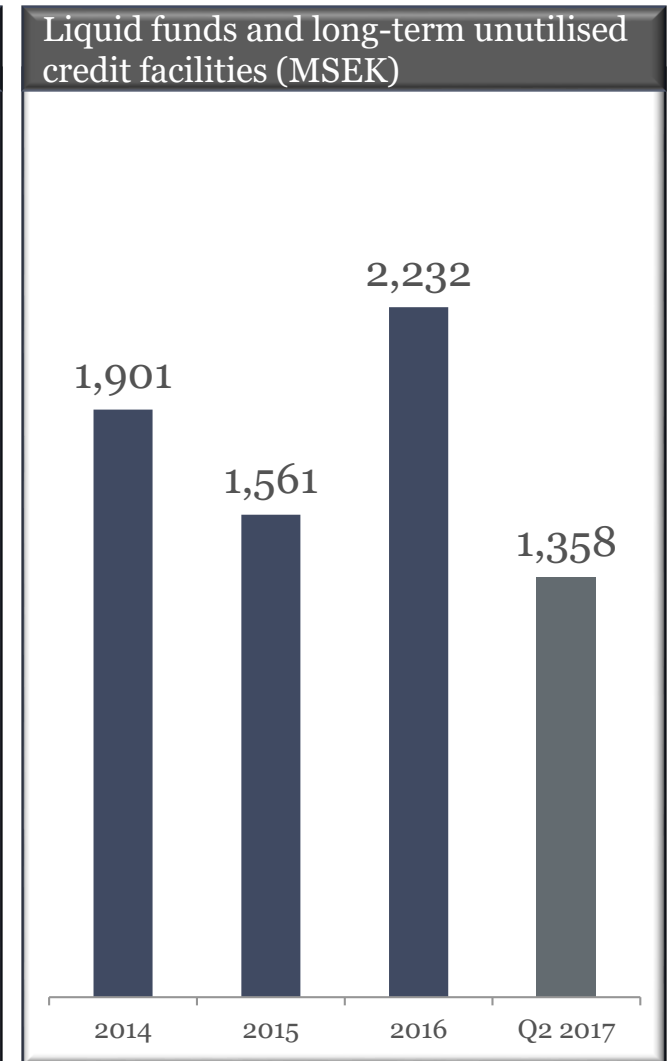
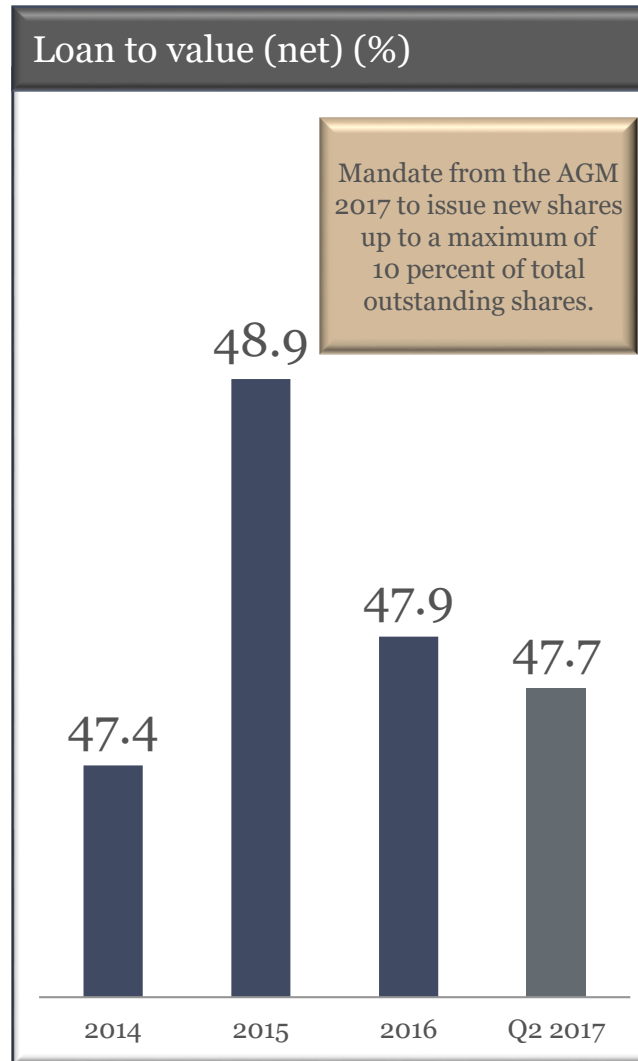
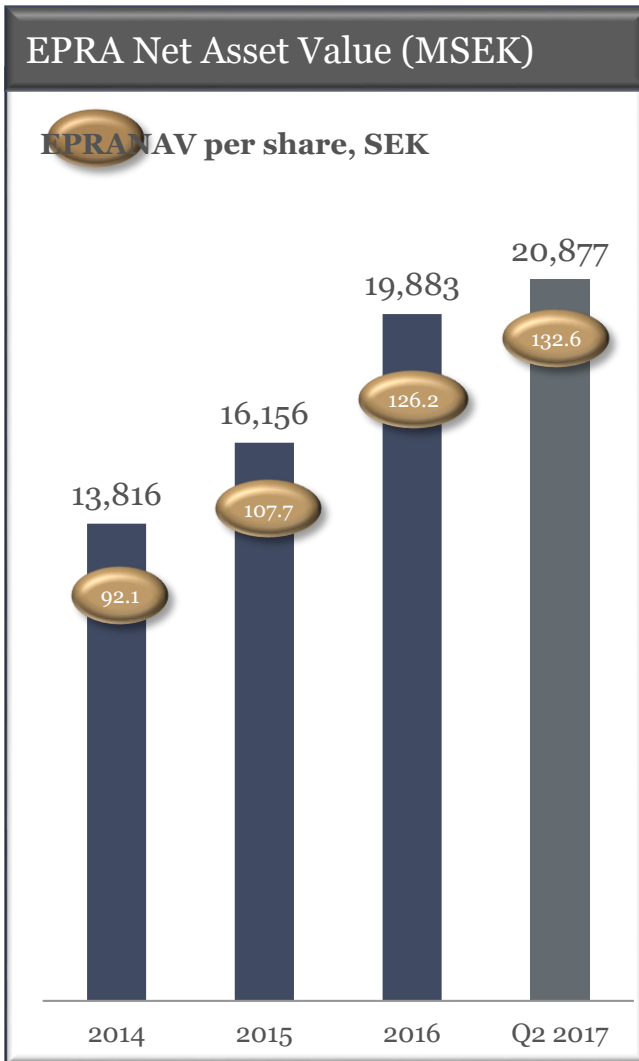
- Total property portfolio market value amounted to MSEK 39,868.
- Average valuation yield for Investment Properties was 5.7 (5.7) percent and for Operating Properties 7.3 (7.5) percent.
- External valuations in line with and confirms Pandox's internal valuations.

High level of activity:

- Reclassifications of seven hotels in the Nordics to Property Management in Q2 2017.
- Acquisition of Hotel Berlaymont 29 May 2017.
- Reclassification of Meininger Copenhagen to Property Management 1 January, 2017.

Financing and capital structure

Solid growth in EPRA NAV and maintained financial flexibility



The main drivers for growth in cash earnings



Organic growth

Q&A

Financial calendar

13 July 2017

10 November 2017

15 February 2018

Interim report Q2

Interim report Q3

Year-end report 2017

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