



INTERNATIONAL HOTEL INVESTMENTS p.l.c.

## GROUP HALF-YEARLY REPORT

For the Period 1 January to 30 June 2018

### Income Statement

	1 January to 30 June 2018 €'000	1 January to 30 June 2017 €'000
Revenue	116,937	115,284
Direct costs	(66,447)	(64,898)
	50,490	50,386
Marketing costs	5,557	5,500
Administrative expenses	17,323	18,198
Other (expenses) costs	-	(337)
<b>EBITDA</b>	<b>27,610</b>	<b>27,025</b>
Depreciation and amortisation	(15,856)	(16,887)
Impairment losses attributable to intangibles	(500)	-
Net change in fair value of indemnification assets	(105)	(105)
<b>Results from operating activities</b>	<b>11,149</b>	<b>10,033</b>
Investment Income	-	-
Finance income		
- interest and similar income	442	1,174
Finance costs		
- interest expense and similar charges	(10,318)	(11,577)
- net exchange differences on borrowings	(2,765)	(2,888)
Share of net profit of associates and joint ventures accounted for using the equity method	(275)	957
<b>Loss before tax</b>	<b>(1,767)</b>	<b>(2,301)</b>
Tax (expense) / income	(970)	435
<b>Loss for the period</b>	<b>(2,737)</b>	<b>(1,866)</b>
Attributable to:		
Owners of the parent	117	(464)
Non-controlling interest	(2,854)	(1,402)
	(2,737)	1,866

### Statement of Comprehensive Income

	1 January to 30 June 2018 €'000	1 January to 30 June 2017 €'000
<b>Loss for the period</b>	<b>(2,737)</b>	<b>(1,866)</b>
<b>Other comprehensive income</b>		
Translation reserve	(3,421)	(17,096)
Net change in fair value of available for sale investments	240	-
Income tax relating to components of other comprehensive income	853	23,024
<b>Other comprehensive income for the period</b>	<b>(2,328)</b>	<b>5,928</b>
<b>Total comprehensive income for the period</b>	<b>(5,065)</b>	<b>4,062</b>

### Statement of Financial Position

	30 June 2018 €'000	31 December 2017 €'000
<b>Assets</b>		
<b>Non-current</b>		
Intangible Assets	49,361	51,358
Indemnification assets	23,710	23,815
Investment Properties	201,898	205,238
Property, plant and equipment	1,132,054	1,108,251
Investments accounted for using the equity method	59,657	59,872
Loan Receivable	1,568	1,598
Deferred tax asset	10,420	12,157
Assets placed under trust arrangement	2,190	2,168
<b>Total non-current assets</b>	<b>1,480,858</b>	<b>1,464,457</b>
<b>Current</b>		
Inventories	11,264	10,197
Loan Receivable	-	17,984
Trade and other receivables	57,205	46,841
Current tax receivable	3,687	3,318
Available-for-sale investments	6,288	8,603
Cash and cash equivalents	49,078	50,795
Assets placed under trust arrangement	122	122
<b>Total current assets</b>	<b>127,644</b>	<b>137,860</b>
<b>Total assets</b>	<b>1,608,502</b>	<b>1,602,317</b>
<b>Equity</b>		
Issued capital	615,685	615,685
Translation reserve	(14,477)	(11,228)
Reporting currency conversion difference	443	443
Other components of equity	2,890	2,770
Retained earnings	64,182	76,379
	668,723	684,049
Non-controlling interest	198,530	200,583
<b>Total equity</b>	<b>867,253</b>	<b>884,632</b>
<b>Liabilities</b>		
<b>Non-current</b>		
Bank Borrowings	309,889	321,201
Bonds	202,331	202,156
Other financial liabilities	94	4,612
Deferred tax liabilities	91,016	95,091
Trade and other payables	2,060	4,698
Provision	206	206
<b>Total non-current liabilities</b>	<b>605,596</b>	<b>627,964</b>
<b>Current</b>		
Bank Borrowings	47,263	28,211
Other financial liabilities	4,553	52
Current tax liabilities	4,591	3,729
Trade payables and other payables	79,246	57,729
<b>Total current liabilities</b>	<b>135,653</b>	<b>89,721</b>
<b>Total liabilities</b>	<b>741,249</b>	<b>717,685</b>
<b>Total equity and liabilities</b>	<b>1,608,502</b>	<b>1,602,317</b>

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INTERNATIONAL HOTEL INVESTMENTS p.l.c.

## GROUP HALF-YEARLY REPORT

For the Period 1 January to 30 June 2018

### Statement of Changes in Equity

	Share capital €'000	Revaluation reserve €'000	Translation reserve €'000	Reporting currency conversion difference €'000	Other equity components €'000	Retained earnings €'000	Total attributable to owners €'000	Non- controlling interest €'000	Total equity €'000
Balance at 1 January 2017	597,750	102,842	2,895	443	2,617	(60,323)	646,224	598	646,822
Loss for the period	-	-	-	-	-	(464)	(464)	(1,402)	(1,866)
Other comprehensive income	-	23,997	(12,235)	-	-	-	11,762	(5,834)	5,928
<b>Total income and expenses for the period</b>	-	23,997	(12,235)	-	-	(464)	11,298	(7,236)	4,062
Non-controlling interest on consolidation of NLI	-	-	-	-	-	-	-	198,495	198,495
<b>Balance at 30 June 2017</b>	597,750	126,839	(9,340)	443	2,617	(60,787)	657,522	191,857	849,379
Profit for the period	-	-	-	-	-	12,511	12,511	4,252	16,763
Other comprehensive income	-	15,751	(1,888)	-	153	-	14,016	4,474	18,490
<b>Total income and expenses for the period</b>	-	15,751	(1,888)	-	153	12,511	26,527	8,726	35,253
Bonus share issue	17,935	(14,609)	-	-	-	(3,326)	-	-	-
Reclassification of revaluation reserve to retained earnings	-	(127,981)	-	-	-	127,981	-	-	-
<b>Balance at 31 December 2017</b>	615,685	-	(11,228)	443	2,770	76,379	684,049	200,583	884,632
Loss for the period	-	-	-	-	-	117	117	(2,854)	(2,737)
Other comprehensive expense	-	-	(3,249)	-	120	-	(3,129)	801	(2,328)
<b>Total income and expenses for the period</b>	-	-	(3,249)	-	120	117	(3,012)	(2,053)	(5,065)
Distribution of dividend	-	-	-	-	-	(12,314)	(12,314)	-	(12,314)
<b>Balance at 30 June 2018</b>	615,685	-	(14,477)	443	2,890	64,182	668,723	198,530	867,253

### Statement of Cash Flow

	1 January to 30 June 2018 €'000	1 January to 30 June 2017 €'000
<b>Loss before tax for the period</b>	(1,767)	(2,301)
Adjustments	29,815	29,003
Working capital changes:		
Inventories	(495)	(462)
Trade and other receivables	(7,885)	(1,932)
Advance payments	2,515	5,182
Trade and other payables	1,452	(5,885)
<b>Cash from operating activities</b>	23,635	23,605
Tax paid	(1,752)	(974)
<b>Net cash from operating activities</b>	21,883	22,631
<b>Investing activities</b>		
Payments to acquire property, plant and equipment	(15,062)	(5,640)
Acquisition of Corinthia Palace Hotel	(9,052)	-
Acquisition of subsidiary – NLI Group, net of cash acquired	-	9,222
Proceeds from sale of available for sale investments	2,685	-
Interest received	288	870
Dividends received	252	704
<b>Net cash (used in) generated from investing activities</b>	(20,889)	5,156
<b>Financing activities</b>		
Bank finance advanced – net of arrangement fees	12,172	157,499
Repayment of bank borrowings	(4,909)	(134,751)
Loans repaid to parent company and its subsidiary companies	-	1,963
Bond issue costs	-	(75)
Repayment of bond issue	-	(9,706)
Interest paid	(10,241)	(11,081)
<b>Net cash (used in) generated from financing activities</b>	(2,978)	3,849
<b>Net (decrease) increase in cash and cash equivalents</b>	(1,984)	31,636
Cash and cash equivalents at beginning of year	42,652	20,832
<b>Cash and cash equivalents at period end</b>	40,668	52,468

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INTERNATIONAL HOTEL INVESTMENTS p.l.c.

## GROUP HALF-YEARLY REPORT

For the Period 1 January to 30 June 2018

### Selected Explanatory Notes

#### Basis of Preparation

The published figures have been extracted from the unaudited consolidated financial statements of International Hotel Investments p.l.c. ("the Group") for the six months ended 30 June 2018 and the comparative period in 2017. Comparative balance sheet information as at 31 December 2017 has been extracted from the audited financial statements of the Group for the year ended on that date. This report is being published in terms of Listing Rule 5.74 issued by the Listing Authority, and has been prepared in accordance with the applicable Listing Rules and International Accounting Standard 34, 'Interim Financial Reporting'. In terms of Listing Rule 5.75.5 the Directors are stating that this Half-Yearly Financial Report has not been audited or reviewed by the Group's independent auditors.

#### Accounting Policies

The accounting policies adopted in the preparation of the 2018 Group's Half-Yearly Report are the same as those adopted in the preparation of the audited financial statements for the year ended 31 December 2017, with the exception of the adoption of IFRS 9, 'Financial instruments' which the Group adopted on 1 January 2018. Further details on this newly adopted accounting policy have been already disclosed in the annual financial statements for the year ended 31 December 2017.

#### Principal Activities

International Hotel Investments p.l.c. carries on the business of an investment company in connection with the ownership, development and operation of hotels, leisure facilities, and other activities related to the tourism industry and commercial centres. The Company has a number of subsidiary companies and investments in associate companies through which it promotes the business of the Group.

#### Review of Performance

During the first six months of 2018 the Group registered an increase in revenue of €1.6 million over the corresponding period the year before resulting from overall operational improvements and the effect of the consolidation, as of 1 April 2018, of the Corinthia Palace Hotel. As mentioned in the notes to the financial statements of 2017, this hotel was acquired as a going concern in April 2018 for €26.6 million.

The following table shows the evolution of the Group's EBITDA over the past three years. The 2016 column accounts for IHI's share in the London Hotel as a joint venture, whilst this hotel features as a subsidiary company as from 2017. The 2017 and 2018 joint venture line refers solely to the Group's interest in the Golden Sands Resort in Malta.

Adjusted EBITDA – January to June	2016 € 000	2017 € 000	2018 € 000
IHI – all subsidiaries excluding Tripoli & London	14,713	20,035	20,676
London Hotel	–	6,570	4,719
Tripoli – Hotel and commercial centre	419	420	2,215
	15,134	27,025	27,610
Joint ventures – IHI's share	6,846	2,027	863
London Hotel – non-controlling interest (50%)	–	(3,285)	(2,359)
	21,980	25,767	26,114

During the first six months of 2018, the Group broadly maintained the performance achieved in 2017, with an overall marginal improvement at EBITDA level. The decrease in EBITDA at the London property of €1.8 million was compensated by the recovering performance of the Tripoli hotel on account of an additional rental agreement that was signed last year and the improved food and beverage performance.

An exercise carried out last year, assessing the useful life of the Group's hotel buildings resulted in a saving of €1 million in depreciation after accounting for the depreciation charge on the Corinthia Palace Hotel since its acquisition.

A saving in interest cost of €1.6 million was registered on account of the bank loan repayments effected since the end of the comparative period. This improvement was however absorbed by the negative variance recorded on the Company's share of the Golden Sand Resorts joint venture. The performance of the Golden Sands resort, although in line with the current year's expectations, was affected by the ongoing exercise to refocus its business model and the closure due to refurbishment of part of its facilities.

Net foreign exchange translation differences on borrowings represent the unrealised exchange movements registered mainly in St Petersburg, due to the weakening of the Rouble versus the Euro since 1 January 2018.

During the period under review the Group registered a loss after tax of €2.7 million compared to a loss of €1.9 million reported in the same period last year.

The expense of €2.3 million in the Statement of Comprehensive Income reflects the currency translation difference on the Group's non-Euro denominated investments in London, Golden Sands Resort timeshare operation in Malta and in St Petersburg.

#### State of Affairs and Outlook

The general business outlook for IHI's hotels and catering operations remains positive.

In June 2018, the Company declared a net dividend of 2 cents per share. This dividend, which is included with current liabilities, was paid to the Company's shareholders after 30 June 2018.

The Company's operating subsidiary, Corinthia Hotels Limited (CHL), remains active in its drive for global growth. In March 2018, CHL was appointed as the operator for a hotel in Bucharest scheduled to open for business in late 2019. This latest addition will increase the number of hotels under CHL's management to 21 when including the Corinthia Hotels under construction in Brussels, Dubai and Doha.

In August 2018, the Group refinanced its main credit facility in Lisbon with Bank of China. This refinancing released €17.5 million in excess cash which will go to finance the room refurbishment programme at this property as well as general corporate funding purposes of the Group.

#### Segmental Reporting – Information about reportable segments

Hotels	2018	2017	2018	2017	2018	2017	2018	2017
	European countries €'000	European countries €'000	Eastern European countries €'000	Eastern European countries €'000	North Africa €'000	North Africa €'000	Total €'000	Total €'000
<b>Segment revenue</b>	62,579	63,990	29,579	29,393	1,866	748	94,024	94,131
<b>EBITDA</b>	12,132	14,057	8,899	8,427	(894)	(1,802)	20,137	20,682
<b>Depreciation and amortisation</b>	(9,814)	(9,382)	(2,898)	(4,897)	(1,285)	(1,282)	(13,997)	(15,561)
<b>Segment profit / (loss)</b>	2,318	4,675	6,001	3,530	(2,179)	(3,084)	6,140	5,121

#### Entity wide disclosure

	Total €'000	Total €'000
<b>Segment revenue</b>	94,024	94,131
Rental income from investment property	6,558	4,901
Hotel management company revenue	8,235	6,557
Catering business	12,291	9,262
Holding company revenue and other revenue	36,632	4,963
Elimination of intra group revenue	(40,803)	(4,525)
<b>Group revenue</b>	116,937	115,284
<b>Segment profit or loss</b>	6,140	5,121
Net rental income from investment property	5,635	4,240
Catering business	(153)	(1,373)
Unallocated items	1,457	1,399
Depreciation and amortisation	(1,825)	(1,326)
Movement in indemnification assets	(105)	(105)
	11,149	10,033
Share of loss from equity accounted investments	(275)	957
Finance income	442	1,174
Finance costs	(10,318)	(11,577)
Net foreign exchange translation differences	(2,765)	(2,888)
	(1,767)	(2,301)

#### Tangible Fixed Assets

Tangible fixed assets acquired during the period, excluding the acquisition of the Corinthia Palace hotel, amounted to € 15.3 million.

#### Related Party Transactions

The Company has a related party relationship with its parent company, Corinthia Palace Hotel Company Limited, and other entities forming part of the Corinthia Group of Companies, of which IHI is a subsidiary. Transactions with these companies are subject to review by the Audit Committee which provides comfort to the Board of Directors that such transactions are carried out on an arm's length basis and are for the benefit of the IHI Group. All transactions with companies forming part of the IHI Group have been eliminated in the preparation of this consolidated Half-Yearly Report.

Summary of Related Party Transactions	€'000
Acquisition of the Corinthia Palace Hotel in Attard	26,600
Parent and Associated company – Management fee income	550
Associated companies – Hotel management fee income	1,499

#### Bond sinking funds

As provided in the prospectus of its bonds, the Company has set up a sinking fund for the repayment of bonds on maturity and has set aside €2.2 million for this purpose.

#### Statement in terms of Listing Rule 5.75.3 issued by the Listing Authority

We confirm that to the best of our knowledge:

- this condensed set of consolidated financial statements, which has been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position, and profit or loss of IHI; and
- includes a fair review of the information required in terms of Listing Rules 5.81 to 5.84

Alfred Pisani  
Chairman

Frank Xerri de Caro  
Senior Independent Director

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