



INTERNATIONAL HOTEL INVESTMENTS p.l.c.

GROUP HALF-YEARLY REPORT

For the Period 1 January to 30 June 2019

Income Statement

	1 January to 30 June 2019 €'000	1 January to 30 June 2018 €'000
Revenue	122,524	116,937
Direct costs	(69,920)	(66,447)
	52,604	50,490
Marketing costs	5,651	5,557
Administrative expenses	18,995	17,323
EBITDA	27,958	27,610
Depreciation and amortisation	(17,338)	(15,856)
Impairment losses attributable to intangibles	(811)	(500)
Net change in fair value of indemnification assets	(105)	(105)
Results from operating activities	9,704	11,149
Finance income		
- interest and similar income	2,040	442
Finance costs		
- interest expense and similar charges	(10,874)	(10,318)
- net exchange differences on borrowings	5,311	(2,765)
Share of net profit of associates and joint ventures accounted for using the equity method	(1,018)	(852)
Profit/ (Loss) before tax	5,163	(2,344)
Tax expense	(1,397)	(970)
Profit/ (Loss) for the period	3,766	(3,314)
Attributable to:		
Owners of the parent	5,855	(460)
Non-controlling interest	(2,089)	(2,854)
	3,766	(3,314)

Statement of Comprehensive Income

	1 January to 30 June 2019 €'000	1 January to 30 June 2018 €'000
Profit/ (Loss) for the period	3,766	(3,314)
Other comprehensive income		
Translation reserve	10,423	(3,421)
Net change in fair value of available for sale investments	-	240
Income tax relating to components of other comprehensive income	(1,471)	853
Other comprehensive income for the period	8,952	(2,328)
Total comprehensive income for the period	12,718	(5,642)

Statement of Financial Position

	30 June 2019 €'000	31 December 2018 €'000
Assets		
Non-current		
Intangible Assets	50,507	48,361
Indemnification assets	23,500	23,605
Investment Properties	209,790	203,539
Property, plant and equipment	1,167,973	1,151,245
Investments accounted for using the equity method	47,204	48,189
Other investments	8,254	-
Other financial assets at amortised cost	154	184
Deferred tax asset	10,649	10,963
Trade and other receivables	-	596
Assets placed under trust arrangement	3,671	3,645
Total non-current assets	1,521,702	1,490,327
Current		
Inventories	12,183	11,490
Other financial assets at amortised cost	721	1,683
Trade and other receivables	50,466	53,029
Current tax receivable	3,785	2,527
Available-for-sale investments	6,259	8,485
Cash and cash equivalents	64,403	50,190
Assets placed under trust arrangement	122	122
Total current assets	137,939	127,526
Total assets	1,659,641	1,617,853
Equity		
Issued capital	615,685	615,685
Revaluation reserve	26,418	26,418
Translation reserve	(13,118)	(21,535)
Reporting currency conversion difference	443	443
Other components of equity	2,617	2,617
Retained earnings	53,288	59,747
	685,333	683,375
Non-controlling interest	192,692	194,246
Total equity	878,025	877,621
Liabilities		
Non-current		
Bank Borrowings	330,808	317,559
Bonds	222,384	202,507
Other financial liabilities	10,484	59
Deferred tax liabilities	95,816	96,936
Trade and other payables	6,846	5,410
Provision	206	206
Total non-current liabilities	666,544	622,677
Current		
Bank Borrowings	23,663	40,517
Other financial liabilities	1,409	4,553
Current tax liabilities	2,986	985
Trade payables and other payables	87,014	71,500
Total current liabilities	115,072	117,555
Total liabilities	781,616	740,232
Total equity and liabilities	1,659,641	1,617,853

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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
Restated total equity at 1 January 2018	615,685	–	(10,759)	443	2,617	60,710	668,696	195,976	864,672
Profit for the period	–	–	–	–	–	(460)	(460)	(2,854)	(3,314)
Other comprehensive income	–	–	(3,249)	–	120	–	(3,129)	801	(2,328)
Distribution of dividend	–	–	–	–	–	(12,314)	(12,314)	–	(12,314)
Total income and expenses for the period	–	–	(3,249)	–	120	(12,774)	(15,903)	(2,053)	(17,956)
Balance at 30 June 2018	615,685	–	(14,008)	443	2,737	47,936	652,793	193,923	846,716
Profit for the period	–	–	–	–	–	11,811	11,811	(37)	11,774
Other comprehensive income	–	26,418	(7,527)	–	(120)	–	18,771	360	19,131
Total income and expenses for the period	–	26,418	(7,527)	–	(120)	11,811	30,582	323	30,905
Balance at 31 December 2018	615,685	26,418	(21,535)	443	2,617	59,747	683,375	194,246	877,621
Profit for the period	–	–	–	–	–	5,855	5,855	(2,089)	3,766
Other comprehensive expense	–	–	8,417	–	–	–	8,417	535	8,952
Total income and expenses for the period	–	–	8,417	–	–	5,855	14,272	(1,554)	12,718
Distribution of dividend	–	–	–	–	–	(12,314)	(12,314)	–	(12,314)
Balance at 30 June 2019	615,685	26,418	(13,118)	443	2,617	53,288	685,333	192,692	878,025

Statement of Cash Flow

	1 January to 30 June 2019 €'000	1 January to 30 June 2018 €'000
Profit / (Loss) before tax for the period	5,163	(1,767)
Adjustments	24,527	29,815
Working capital changes:		
Inventories	325	(495)
Trade and other receivables	183	(7,885)
Advance payments	2,822	2,515
Trade and other payables	(4,378)	1,452
Cash from operating activities	28,642	23,635
Tax paid	(803)	(1,752)
Net cash from operating activities	27,839	21,883
Investing activities		
Payments to acquire property, plant and equipment	(9,173)	(15,062)
Acquisition of subsidiaries	(537)	(9,052)
Acquisition of other investments	(8,253)	–
Proceeds from sale of available for sale investments	2,226	2,685
Interest received	226	288
Dividends received	–	252
Net cash (used in) generated from investing activities	(15,511)	(20,889)
Financing activities		
Bank finance advanced – net of arrangement fees	23,601	12,172
Repayment of bank borrowings	(29,216)	(4,909)
Payment of loans repaid to parent company and its subsidiary companies	(4,500)	–
Bond issue costs	(313)	–
Proceeds of bond issue	20,000	–
Interest paid	(9,846)	(10,241)
Net cash (used in) generated from financing activities	(274)	(2,978)
Net (decrease) increase in cash and cash equivalents	12,054	(1,984)
Cash and cash equivalents at beginning of year	44,291	42,652
Cash and cash equivalents at period end	56,345	40,668

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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 2019 and the comparative period in 2018. Comparative balance sheet information as at 31 December 2018 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 2019 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 2018, with the exception of the adoption of IFRS 16, 'Leases' which the Group adopted on 1 January 2019. Further details on this newly adopted accounting policy have already been disclosed in the annual financial statements for the year ended 31 December 2018.

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 2019 the Group registered an increase in revenue of €5.6 million over the corresponding period the year before resulting from overall operational improvements principally at the Corinthia Hotel London.

The following table shows the evolution of the Group's EBITDA over the past two years. The joint venture line refers solely to the Group's interest in the Golden Sands Resort in Malta. The EBITDA numbers for 2019 include the required IFRS 16 – Leases adjustments, which improved EBITDA by circa €500,000.

Adjusted EBITDA – January to June	2019 € 000	2018 € 000
IHI – all subsidiaries excluding Tripoli & London	21,174	20,676
London Hotel	5,017	4,719
Tripoli – Hotel and commercial centre	1,767	2,215
	27,958	27,610
Joint ventures – IHI's share	(42)	130
London Hotel – non-controlling interest (50%)	(2,508)	(2,359)
	25,408	25,381

During the first six months of 2019, the Group broadly maintained the adjusted EBITDA performance achieved in 2018. The increase in EBITDA at most properties was in the main eroded by the performance of the Tripoli operations which has achieved an EBITDA of €1.8 million for 2019 as against EBITDA of €2.2 million for 2018 in view of the volatile situation in the country following the commencement of fresh hostilities in April.

The depreciation charge was also impacted by the requirements of IFRS 16 – Leases, and the added depreciation in consequence of improvements in property values recorded in prior years.

Interest income increased on account of income and gains recorded from the treasury investment of excess cash balances.

The Company's share of the Golden Sand Resort joint venture for 2019 and 2018 has been adjusted in line with IFRS 15 - Revenue. 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.

Net foreign exchange translation differences on borrowings represent the unrealised exchange movements registered mainly in St Petersburg, due to the strengthening of the Rouble versus the Euro since 1 January 2019.

During the period under review the Group registered a profit after tax of €3.7 million compared to a loss of €3.3 million reported in the same period last year.

The income, net of tax, of €8.9 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 2019, 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 2019.

The Company's operating subsidiary, Corinthia Hotels Limited (CHL), remains active in its drive for global growth. Planning or construction work on hotels in Bucharest, Moscow, Brussels and Dubai to be managed by CHL is ongoing.

In June 2019, the Group refinanced its credit facility in London. This refinancing agreement, with Bank of China, resulted in a shift of £16.1 million from short term to long term bank loans.

In February, the Company acquired a minority shareholding in a project in Moscow which, following its development will include a hotel and branded apartments for sale. On completion the hotel will be operated as a Corinthia Hotel and will be managed by CHL.

In April, the Group through its subsidiary CHL strategically invested in Global Hotel Alliance, the world's largest alliance of independent hotel brands and operator of the award winning, multi-brand loyalty programme, DISCOVERY.

In June, the Company acquired the businesses of Corinthia Caterers Limited and Catermax Limited from Corinthia Palace Hotel Company Limited (CPHCL). These two businesses will be integrated into the Group's other catering companies which together will be rebranded as Corinthia Caterers.

Segmental Reporting – Information about reportable segments

Hotels	2019	2018	2019	2018	2019	2018	2019	2018
	European countries €'000	European countries €'000	Eastern European countries €'000	Eastern European countries €'000	North Africa €'000	North Africa €'000	Total €'000	Total €'000
Segment revenue	68,254	62,579	31,020	29,579	1,212	1,866	100,486	94,024
EBITDA	12,286	12,132	8,985	8,899	(1,568)	(894)	19,703	20,137
Depreciation and amortisation	(10,155)	(9,814)	(2,895)	(2,898)	(1,311)	(1,285)	(14,361)	(13,997)
Segment profit / (loss)	2,131	2,318	6,090	6,001	(2,879)	(2,179)	5,342	6,140

Entity wide disclosure

	Total €'000	Total €'000
Segment revenue	100,486	94,024
Rental income from investment property	6,306	6,558
Hotel management company revenue	8,294	8,235
Catering business	9,681	12,291
Holding company revenue and other revenue	11,391	36,632
Elimination of intra group revenue	(13,634)	(40,803)
Group revenue	122,524	116,937
Segment profit	5,342	6,140
Net rental income from investment property	5,378	5,635
Catering business	478	(153)
Unallocated items	1,589	1,457
Depreciation and amortisation	(2,978)	(1,825)
Movement in indemnification assets	(105)	(105)
	9,704	11,149
Share of loss from equity accounted investments	(1,018)	(275)
Finance income	2,040	442
Finance costs	(10,874)	(10,318)
Net foreign exchange translation differences	5,311	(2,765)
	5,163	(1,767)

Tangible Fixed Assets

Tangible fixed assets acquired during the period amounted to € 9.1 million.

Related Party Transactions

The Company has a related party relationship with its parent company, CPHCL, 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 in terms of the Listing Rules, ensuring 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 Catering businesses from CPHCL	1,300
Parent and Associated company – Management fee income	550
Associated companies – Hotel management fee income	1,008

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 €3.7 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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