



Price (p):	645
Price (€)	9.16
12m High	657.5p
12 m Low	404.0p
Mkt cap	£270.6m
	€384.2m
Shares	41.9m
Sector	Leisure
Market	London (Main)
Broker	finnCap/Stifel
Website	www.pphe.com

Description: PPHE owns, co-owns, leases, franchises and manages a portfolio of 4* hotels with 8,300 rooms in Europe, with a strong emphasis on Central London. Net asset value per share is considerably ahead of the share price.

PPHE Hotel Group (PPH.L)

Positive unscheduled trading statement

PPHE has issued an unscheduled, but positive trading update ahead of its interim results to be published on 27th August. We are therefore upgrading our numbers for this year by c.10%. The main features are:

- ▶ Improved occupancy and room rates in Continental Europe (the Netherlands, Germany and Hungary) - revenues up c.9% yoy in H1
- ▶ Stronger Sterling vs the Euro leading to better Euro reported results from the London-based hotels. H1 revenue growth in sterling was c.1%, and fx gives a further boost to 14% in Euro revenues
- ▶ Consequently, 1H'15 should see revenues 12% ahead of the prior year at around €140 million (June 2014: €125 million)
- ▶ The increased revenues are expected to result in higher margins and profits compared to those seen in 1H'14

As a consequence of the better H1 performance, we expect to be revising our forecasts for the current year as follows:

- ▶ Revenues up c.€10m, from €285.5m to c.€294m
- ▶ EBITDA up c€10m, from €97m to €107m
- ▶ About €7m improvement in 2015 PBT forecast from €31m to €38.5m

Forecasts will be revised following publication of the interim results on 27th August which should naturally provide more colour regarding the second half of 2015. We are also keen to understand better the outlook for 2016, where there are a number of moving parts:

- ▶ Impact of the closure of two hotels for refurbishment – the Sherlock Holmes in London and the Victoria in Amsterdam.
- ▶ Timing and impact of the new capacity being constructed, opening dates and time to get to market rates. The Park Plaza Waterloo, Riverbank extension, Park Royal and Park Plaza Nuremberg are all expected to open in 2016, adding of the order of 1000 rooms.
- ▶ This should afford some potential for an increase in EBITDA, but we would like to refine our assumptions on the timing of the new rooms opening and of refurbishment closures.
- ▶ We also want to review the balance sheet position post this significant investment programme and refine our interest forecasts.

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