



INTERNATIONAL HOTEL INVESTMENTS P.L.C.

COMPANY ANNOUNCEMENT

Preliminary Statement of Annual Results

The Board of Directors of International Hotel Investments p.l.c. has approved the Preliminary Statement of Annual Results for the year ended 31st December 2015.

A copy is attached and is available on the Company's website www.ihiplc.com.

Alfred Fabri
Company Secretary

22nd April 2016

Encl.



INTERNATIONAL HOTEL INVESTMENTS p.l.c.

PRELIMINARY STATEMENT OF THE GROUP'S ANNUAL RESULTS

For the Year Ended 31 December 2015

Condensed Income Statement

	2015 €'000	2014 €'000
Revenue	134,074	116,379
Cost of providing services	(70,326)	(61,147)
Other operating costs	63,748 (31,631)	55,232 (26,382)
EBITDA	32,117	28,850
Depreciation and amortisation	(20,093)	(18,390)
Net changes in fair value of investment property	193	(15,391)
Net reversal of impairment losses attributable to hotel properties	11,639	2,081
Net changes in fair value of indemnification assets	551	(879)
Results from operating activities	24,407	(3,729)
Finance income	788	1,789
Finance costs	(14,516)	(12,915)
interest expense and similar charges	(8,471)	(443)
Share of net loss of joint ventures and associates accounted for using the equity method	(2,557)	(14,537)
Loss before tax	(349)	(29,835)
Income tax (expense) / income	(3,398)	13,549
Loss for the year	(3,747)	(16,286)
Loss for the year attributable to:		
Owners of IHI	(3,728)	(16,266)
Non-controlling interest	(19)	(20)
	(3,747)	(16,286)
Earnings per share	(0.01)	(0.03)

Condensed Statement of Comprehensive Income

	2015 €'000	2014 €'000
Loss for the year	(3,747)	(16,286)
Other comprehensive income:		
<i>Items that will not be subsequently reclassified to profit or loss</i>		
Surplus arising on revaluation of hotel properties	22,773	13,728
Impairment charges on hotel properties	(1,669)	(42,681)
Share of other comprehensive income of joint ventures and associates accounted for using the equity method		
- Surplus arising on revaluation of hotel property	9,675	17,933
Income tax relating to components of comprehensive income	(7,622)	5,326
<i>Items that may be subsequently reclassified to profit or loss</i>		
Net changes in fair value of available-for-sale financial assets	424	632
Currency translation differences	(7,430)	6,741
Share of other comprehensive income of joint ventures and associates accounted for using the equity method		
- Cash flow hedges	-	447
Income tax relating to components of other comprehensive income	(1,255)	(1,529)
Other comprehensive income for the year, net of tax	14,896	597
Total comprehensive income for the year	11,149	(15,689)
Attributable to:		
- Owners of IHI	11,181	(15,669)
- Non-controlling interests	(32)	(20)
	11,149	(15,689)

Condensed Balance Sheet

	2015 €'000	2014 €'000
ASSETS		
Non-current	1,091,247	961,305
Current	68,396	50,735
Total assets	1,159,643	1,012,040
EQUITY		
Total equity	608,288	594,814
LIABILITIES		
Non-current	451,356	354,402
Current	99,999	62,824
Total liabilities	551,355	417,226
Total equity and liabilities	1,159,643	1,012,040

Condensed Cash Flow Statement

	2015 €'000	2014 €'000
Net cash from operating activities	29,482	30,016
Net cash used in investing activities	(28,555)	(4,190)
Net cash used in financing activities	(7,133)	(13,467)
Net (decrease) increase in cash and cash equivalents	(6,206)	12,359
Cash and cash equivalents at beginning of year	17,880	5,491
Cash and cash equivalents at end of year	11,644	17,850

Statement of Changes in Equity

	Share capital	Revaluation reserve	Translation reserve	Reporting currency conversion difference	Accumulated losses	Other equity components	Total attributable to owners	Non-controlling interest	Total equity
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance at 1 January 2014	554,238	84,668	95	443	(16,448)	3,495	626,491	-	626,491
Loss for the year	-	-	-	-	(16,266)	-	(16,266)	(20)	(16,286)
Other comprehensive income	-	(5,688)	5,289	-	-	996	597	-	597
Total comprehensive expense	-	(5,688)	5,289	-	(16,266)	996	(15,669)	(20)	(15,689)
Share capital contribution of non-controlling interest	-	-	-	-	-	-	-	650	650
Dividend	-	-	-	-	(16,638)	-	(16,638)	-	(16,638)
Transfer to accumulated losses	-	(415)	-	-	415	-	-	-	-
Balance at 31 December 2014	554,238	78,565	5,384	443	(48,937)	4,491	594,184	630	594,814
Balance at 1 January 2015	554,238	78,565	5,384	443	(48,937)	4,491	594,184	630	594,814
Loss for the year	-	-	-	-	(3,728)	-	(3,728)	(19)	(3,747)
Other comprehensive income	-	23,157	(8,672)	-	-	424	14,909	(13)	14,896
Total comprehensive income	-	23,157	(8,672)	-	(3,728)	424	11,181	(32)	11,149
Issue of ordinary shares related to business combination	2,688	-	-	-	-	(363)	2,325	-	2,325
Bonus share issue	16,710	(16,710)	-	-	-	-	-	-	-
Balance at 31 December 2015	573,636	85,012	(3,288)	443	(52,665)	4,552	607,690	598	608,288

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INTERNATIONAL HOTEL INVESTMENTS p.l.c.

PRELIMINARY STATEMENT OF THE GROUP'S ANNUAL RESULTS

For the Year Ended 31 December 2015

Selected Explanatory Notes

Basis of preparation

This preliminary statement of annual results is being published in terms of Listing Rule 5.54 issued by the Malta Financial Services Authority – Listing Authority.

Accounting policies

The accounting policies have been consistently applied by all the companies within the Group and are consistent with those used in previous years.

Principal activities

International Hotel Investments p.l.c. (IHI) 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 wholly-owned subsidiary companies and investments in associate companies through which it promotes the business of the Group.

Review of performance

The year under review was characterised by four key factors which impacted the performance of the Group. These were:

1. The continued improvement in the performance of the hotels located in Europe, despite the stagnant economic outlook in the European Union. EBITDA results were better year-on-year in the IHI hotels located in Malta, Hungary, Czech Republic, Portugal and in IHI's associate, the Corinthia London Hotel. The improvement in operating profits also led to increases in hotel property values in practically all of these assets.
2. The acquisition of the Island Hotels Group Holdings (IHGH) in the early part of the second semester. The performance of the IHGH Group is consolidated in the IHI Consolidated Financial Statements as from 1st July. The positive results registered by the IHGH Group led to further improvements in IHI's EBITDA and also led to cost saving synergies across the whole Group.
3. The unfortunate incident at the Corinthia Hotel in Tripoli in January 2015 led to the closure of the hotel as from that date onwards. All the necessary repairs and improvements have been fully completed during the course of the year under review, but on a year-on-year basis there was a considerable reduction in turnover and EBITDA earnings from the hotel operation. On the other hand, the Commercial Centre, adjoining the hotel and leased to blue chip companies, remained operational and fully functional.
4. The Rouble registered significant downward movements against major international currencies during the year under review. In consequence, IHI had to change its marketing strategy in St Petersburg with a higher focus on the domestic Russian market. This strategy achieved its objectives in that occupancies, revenues and operating profits, denominated in Roubles, registered an improvement year-on-year. However, given the higher reliance on revenues generated in Roubles and the weakening of this currency against the Euro, which is the presentation currency of the Group, EBITDA earnings expressed in Euros were lower year-on-year. Additionally, due to the consequent change of this entity's functional currency from Euro to Roubles the Group had to recognise substantial impairments in both the income statement and the comprehensive income statement reflecting further reductions in the value of the hotel asset and exchange differences reported on the translation of the Euro denominated bank loan into Roubles.

Total revenue for the year under review amounted to €134.1 million compared to €116.4 million the year before. The increase in revenue is attributable to the increased revenues in the company's European operations (€9.8 million) and the consolidation of the IHGH results for the second half of 2015 (€17.6 million). Against this, there was a combined reduction of €9.7 million from the Group's hotels located in St Petersburg and Tripoli.

EBITDA for 2015 excluding the consolidation of the results of associate companies and in particular the London hotel results, amounted to €32.1 million relative to €28.8 million achieved in 2014. Here again, the increase in EBITDA is mainly attributable to the improved performance in all the company's hotels excluding Tripoli and the consolidation of IHGH's results as from the second semester of 2015. It is also worth noting that whilst the year-on-year performance of the Corinthia Hotel Tripoli and the Corinthia Hotel St Petersburg was collectively €2.4 million lower in 2015 relative to 2014, this drop was more than adequately compensated by EBITDA arising from the acquisition of IHG and a €3.7 million year-on-year improvement in the other Group hotels located in Europe. This year's administrative costs include a one-time abortive cost of €1.3 million representing professional fees and expenses incurred in pursuing the launch of an international bond.

The performance of the Corinthia Hotel London, in which IHI holds a 50% stake, improved significantly in the year under review with record occupancies, rates and EBITDA earnings being achieved as this property moves towards its maturity. The hotel's EBITDA in 2015 amounted to €8.2 million as compared to €4.5 million in 2014. Following the sale of the 11 residential apartments adjoining the hotel in 2014, the associate company decided to retain ownership of the residential penthouse at 10 Whitehall Place in the immediate term, and the unit has since been leased for a term of two years starting early 2016.

In 2015 the Group registered net property uplifts, before tax, of €42.6 million on account of the improved trading performance of the Group's hotels located in Europe. This contrasts sharply with the net impairment charge, before tax, of €24.3 million registered in 2014. These uplifts are reflected as to €11.8 million through the income statement (2014 – impairment of €13.3 million) with the balance of €30.8 million being recognised through the comprehensive income statement (2014 – impairment of €11.0 million).

In May 2015, IHI issued a €45 million 5.75% bond maturing in 2025 which was heavily oversubscribed. The proceeds of the issue were used for the early redemption of the €35 million 6.25% bond issue 2015-2019, with the balance being allocated to the partial financing of the IHGH acquisition.

State of affairs

The directors are following, with cautious optimism, the developments in the political situation in Libya which remains frail and still subject to uncertainty. In turn this uncertainty led to a significant impairment of the hotel asset and investment property in 2014 of €40.5 million.

As stated earlier, the Corinthia Hotel Tripoli is being maintained in a pristine condition with a number of outlets already operational and with the ability to grow this further once there is a resolution to the political situation. In the meantime, the commercial centre adjoining the hotel remains operational, generating around €5.5 million in rental income.

IHI has already announced that it intends to re-develop the site over which its three hotels – the Corinthia Hotel St George's Bay, Radisson Bay Point Hotel and the Marina Hotel – are located, in St Julians. These development plans will be initiated once the necessary planning approvals and funding are in place.

The Group is pursuing other opportunities for the development and management of new luxury Corinthia hotels in cities such as Dubai, Rome, Brussels and Abuja, where in some cases negotiations have advanced significantly in recent months and binding agreements are expected to be signed in the first half of 2016. The Group is committed to ensure that these properties are among the very best in the hotel industry, befitting the Corinthia brand.

Outlook

IHI's business as a developer and operator of hotels and real estate has evolved and its dependence on any single hotel is now marginal. The outlook for 2016 in all the Company's hotels remains better than that of 2015.

Bond sinking funds

As provided for in the prospectus of two of its bonds, IHI has set up sinking funds as security for the repayment of these bonds on maturity. To date it has accumulated €4.9 million in these funds which are held with an independent Trustee, Bank of Valletta p.l.c. and Charts Investment Management Services Ltd, as Custodians. As at the date of this report IHI is in line with its commitments made in this regard.

Statement pursuant to Listing Rule 5.54.6 issued by the Listing Authority

We confirm that this Preliminary Statement of the Group's Annual Results has been agreed with the Group's auditors.

Alfred Pisani
Chairman

Frank Xerri de Caro
Director

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