



Rating  
**Hold**

North America  
United States

Consumer  
Gaming & Lodging

Company  
**Belmond Ltd.**

Reuters  
BEL.N

Bloomberg  
BEL UN

Exchange  
NYS

Ticker  
BEL

Date  
9 August 2018

Forecast Change

Price at 9 Aug 2018 (USD)	15.50
Price target	17.00
52-week range	15.10 - 10.40

## Review of Strategic Alternatives in Focus Now; PT to \$17

### Strategic Alternatives Review Announcement Overshadow Results

Today's conference call provided limited additional information pertaining to the review of strategic initiatives announced last evening, as mgt was non-committal on timing. At this point, we believe the consensus view on the outcome of the process has pivoted toward an outright sale of the company. The stock has naturally already re-rated to levels that are disconnected from near-term fundamentals (BEL continues to under-punch on unaffected RevPAR growth and flow through). Shares are likely to trade mostly on various scenarios about what the underlying real estate might fetch in a sale process (including synergies). Hold; PT to \$17.

### Running the Numbers on a Possible Sale

While a sale is by no means a foregone conclusion, we remind investors that BEL is a unique portfolio, with broad geographic breadth. Accordingly, we think the domestic lodging cycle is less relevant, and we believe non-traditional buyers would be the most likely suitors. For analysis purposes, using the midpoint of 2018 adjusted EBITDA guidance of \$145 mm and assuming a buyer can extract ~80% of our 2018 corporate expense estimate of ~\$44 mm, we believe the "synergy adjusted" EBITDA looks more like ~\$180 mm. Assuming a 13.0x multiple, a reasonable post synergy multiple for these assets in our view and comparable to similar transactions, enterprise value looks like ~\$2.34 bn, less current quarter net debt of ~\$625 mm, equates to an equity value of \$1.72 bn or ~\$17 per share (~50% premium from 8/8/18 close).

### 2Q18 Results Mixed, but Fundamentals Unlikely to Be Relevant Now

Yesterday evening, BEL reported mixed 2Q18 results with net revenue of \$171.6 mm coming in ~\$6 mm below our \$177.9 mm forecast and adjusted EBITDA of \$51.4 mm was also slightly below compared to our \$53.1 mm estimate and Consensus Metrix of \$53.0 mm. Adjusted EPS of \$0.19 was a penny above our estimate of \$0.18, and \$0.04 above consensus of \$0.15. Worldwide same-store owned hotel RevPAR in cc was flat vs. our +2.1% forecast and guidance of 0% to +4%. RevPAR in USD was up 5% vs. our estimate of +10.1% and guidance of +8% to +12%.

### Price Target to \$17 (+55%)

Our PT goes to \$17 and is now based on a blended multiple of 15.2x (11.5x previously) our 2019 EBITDA estimate. Our blended multiple is derived by applying 16.5x multiple to the owned hotels, 14.0x multiple to BEL's management segment and a 10.0x multiple to BEL's T&C segment and JV earnings segments. Our multiples for these segments are based on our interpretation of historical segment multiples adjusted for the current climate. We then extract corporate costs and 2019E net debt, to arrive at our \$17 target.

### Forecasts And Ratios

Year End Dec 31	2017A	2018E	2019E
FY EPS (USD)	0.12	0.09	0.36

Source: Deutsche Bank estimates, company data

<sup>1</sup> Includes the impact of FAS123R requiring the expensing of stock options.

Carlo Santarelli

Research Analyst  
(+1) 212 250-5815  
carlo.santarelli@db.com

Chris Woronka

Research Analyst  
(+1) 212 250-9376  
chris.woronka@db.com

Steven Pizzella, CFA

Research Associate  
(+1) 212 250-9817  
steven.pizzella@db.com

### Key changes

TP	11.00 to 17.00	↑	54.5%
EPS (USD)	0.18 to 0.09	↓	-51.0%
Revenue (USDm)	599.6 to 570.7	↓	-4.8%

Source: Deutsche Bank

**Upside risks to our price target include:** 1) better than expected RevPAR growth, 2) corporate actions, and 3) activism.

**Downside risks to price target include:** 1) an inability to stimulate incremental demand, 2) exogenous events which cause travel disruptions, and 3) disruptions to the European or US macro climates.

**Note:** Our 2018 EPS estimate is down \$0.09 due to one-time items and our 2019 EPS estimate is higher by \$0.13 due to slightly higher assumptions.



---

## 2Q18 Summary

**Anecdotes from the Conference Call:** On the call this morning, we found the following commentary to be notable and/or incremental:

Regarding the strategic review, BEL believes now is the right time to capitalize on the momentum the team has created and mgt. did not point to one single factor as a catalyst for the review but cited an array of factors, including 1) commitment to pursue whatever proves optimal path to deliver value and noted no option is off the table including a possible sale of the company, 2) industry fundamentals are strong in markets around the world, 3) company expects to achieve 2018 reaffirmed guidance and is well positioned to add additional value with the 2020 strategic plan (double number of properties in portfolio and double adj. EBITDA to \$240 mm), and 4) the mgt. team and employees have worked hard to curate and expand portfolio of iconic luxury properties around the world.

Since the 1Q update mgt. noted a number of deals are into exclusive stages. BEL now has 5 LOIs in place and are negotiating two other agreements including management contracts and acquisitions.

2019 group booking pace is up over 70% versus the same time last year which mgt. believes will allow them to drive compression nights and will have a material impact on performance next year.

Both BEL La Samanna and Cap Juluca remain closed for refurbishment as a result of the impact from the hurricanes. Cap Juluca is scheduled to open end by end of year and BEL has concluded labor negotiations for La Samanna in order for the hotel to be profitable in future and is expected to reopen later this year. There is no change in the CapEx budget to fix and upgrade both the facilities. The budget has risen from \$80 to \$90 mm to \$105 to \$120 mm to now \$125 mm to \$140 mm for the two Caribbean hotels, or approximately \$89 to \$106 mm net of insurance proceeds broken down to \$25 to \$30 mm at La Samanna and \$100 to \$110 mm at Cap Juluca. Of the CapEx ~\$5 mm was spent in 2017 and \$53 mm has been spent YTD, leaving \$67 to \$82 mm to be spent over the rest of the year.

Mgt. noted additional 2018 CapEx should be \$50 to \$60 mm including \$28 mm in the 1H18 and should spend \$22 to \$32 mm over the remainder of the year.

**2018 Guidance:** BEL reaffirmed 2018 adj. EBITDA guidance of \$140 mm to \$150 mm. 2018 RevPAR in local currency was also reaffirmed at +2% to 6% and USD was reduced 500 bps at the midpoint to +2% to +6% from +7% to +11%. For 3Q18, RevPAR is expected to be up 3% to 7% in local currency in USD.

**2Q18 Results Recap:** BEL reported mixed 2Q18 results with net revenue of \$171.6 mm coming in ~\$6 mm below our \$177.9 mm forecast and adjusted EBITDA of \$51.4 mm was also slightly below compared to our \$53.1 mm estimate and Consensus Metrix of \$53.0 mm. Adjusted EPS of \$0.19 was a penny above our estimate of \$0.18, and \$0.04 above consensus of \$0.15. The EBITDA variance versus our model primarily stemmed from Rest of World Segment (\$2.7 mm lower) as Europe and NA were slightly better than our forecasts and corporate expense was in-line with our model.

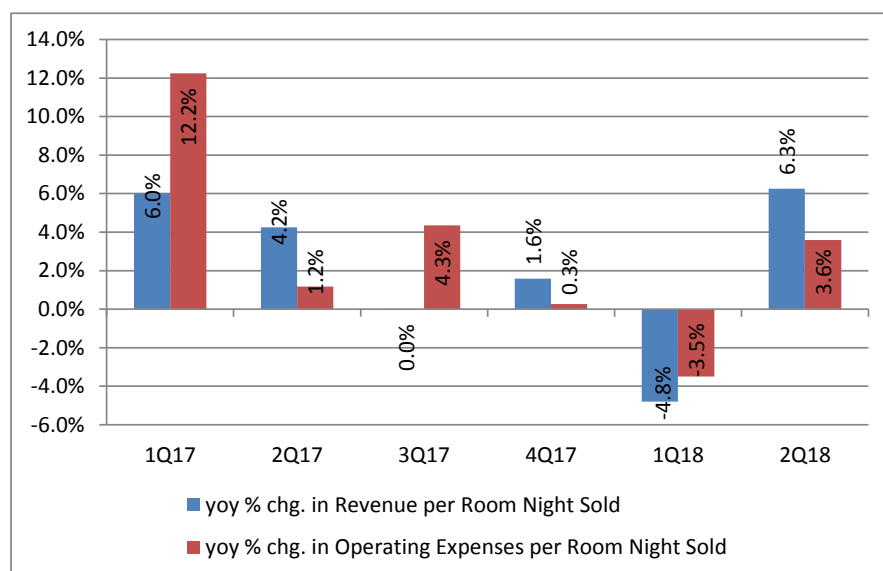


Figure 1: 2Q18 Owned Hotel Operating Performance Summary

Owned Hotels - Europe (\$ in MM)	2Q18	Owned Hotels - N. America (\$ in MM)	2Q18	Owned Hotels - Rest of World (\$ in MM)	2Q18
Reported Revenue	\$84.6	Reported Revenue	\$34.3	Reported Revenue	\$22.3
yoy % chg.	17.3%	yoy % chg.	-19.1%	yoy % chg.	-13.9%
S-S Constant Dollar Revenue (y/y chg. )	\$6.2	S-S Constant Dollar Revenue (y/y chg. )	(\$8.1)	S-S Constant Dollar Revenue (y/y chg. )	(\$2.2)
yoy % chg.	8.0%	yoy % chg.	-19.0%	yoy % chg.	-9.0%
Adjusted EBITDA	\$35.1	Adjusted EBITDA	\$10.4	Adjusted EBITDA	\$0.2
yoy % chg.	13.6%	yoy % chg.	7.2%	yoy % chg.	-91.7%
Constant Dollar EBITDA (y/y chg.)	\$1.1	Constant Dollar EBITDA (y/y chg.)	\$0.7	Constant Dollar EBITDA (y/y chg.)	(\$2.1)
yoy % chg.	3.0%	yoy % chg.	7.0%	yoy % chg.	NA
Y/Y % Chg. in Local S-S RevPAR	+2.0%	Y/Y % Chg. in Local S-S RevPAR	+2.0%	Y/Y % Chg. in Local S-S RevPAR	-10.0%
Y/Y % Chg. in Local S-S ADR	+8.0%	Y/Y % Chg. in Local S-S ADR	+2.0%	Y/Y % Chg. in Local S-S ADR	-5.0%
Y/Y Chg. in Local S-S Occupancy	-400 bps	Y/Y Chg. in Local S-S Occupancy	Flat	Y/Y Chg. in Local S-S Occupancy	-200 bps

Source: Company reports and Deutsche Bank

Figure 2: Quarterly y/y Changes in Revenue and Operating Cost per Room Night Sold



Source: Company reports and Deutsche Bank

**2Q18 Demand / RevPAR Trends by Segment:** Overall room nights sold were down ~5.5% y/y in the 2Q18. On a regional basis, room nights sold were up 5.3% in Europe, down 15.3% in North America, and down 1.0% in the Rest of World segment.

Same-store owned hotel RevPAR in Europe rose 2% in local currency (+11% in USD). Key outperformers were Belmond Cipriani, which is in a non-Biennale year and Belmond Castello di Casole.

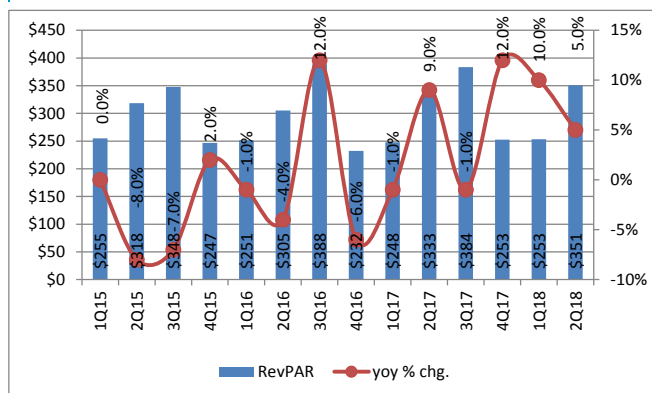
Within the North America owned segment, RevPAR grew 2% (+2% in USD). BEL noted that Charleston Place continues to benefit from recent capital investments and ongoing popularity

The Rest of World (ROW) owned hotel segment saw a RevPAR decrease of 10% in local currency and 14% in USD as Bel Mount Nelson, Capte Town Africa underperformed.

We note that Figure 3 through Figure 10 RevPAR and ADR results and y/y changes reflect as reported results.

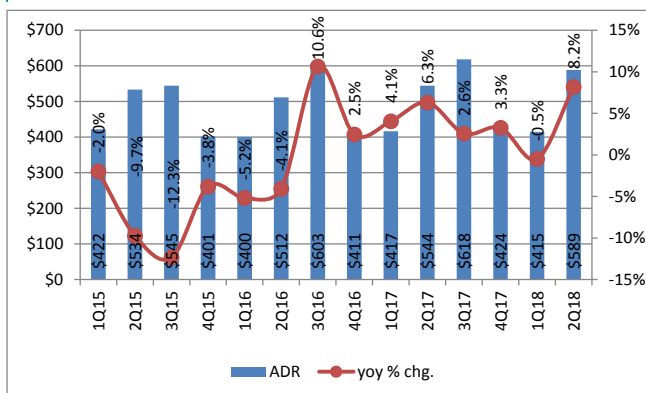


Figure 3: Worldwide Comparable RevPAR



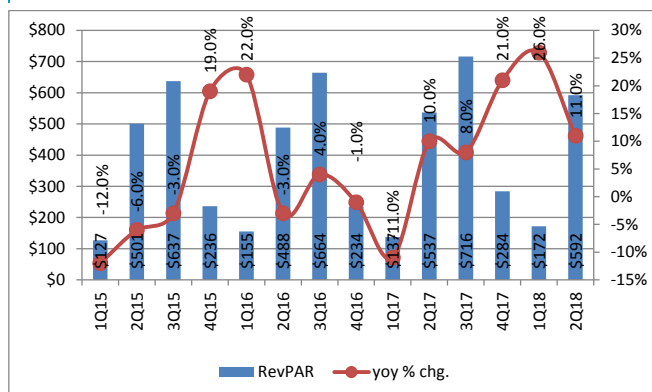
Source: Company reports and Deutsche Bank

Figure 4: Worldwide ADR



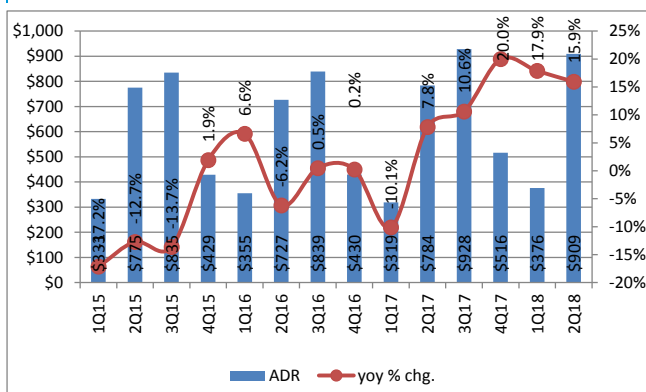
Source: Company reports and Deutsche Bank

Figure 5: European Comparable RevPAR



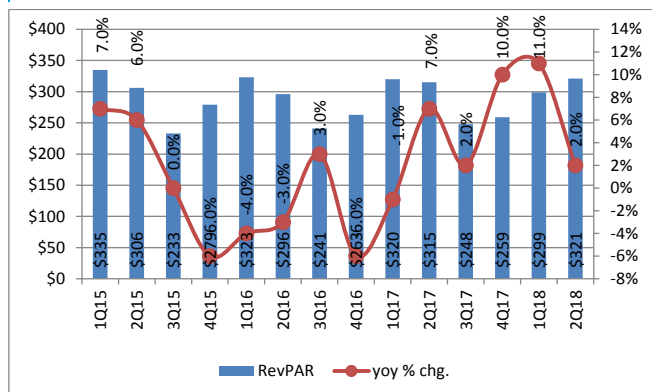
Source: Company reports and Deutsche Bank

Figure 6: European ADR



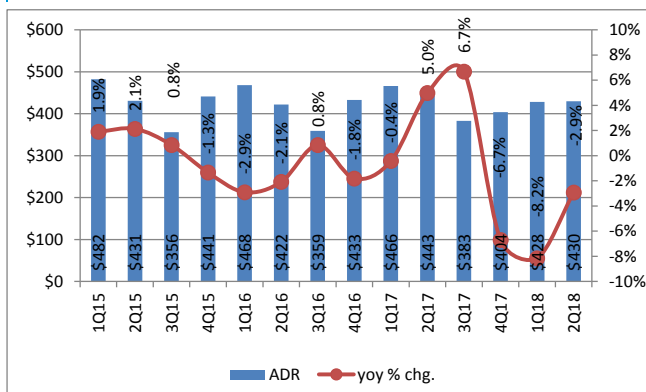
Source: Company reports and Deutsche Bank

Figure 7: North American Comparable RevPAR



Source: Company reports and Deutsche Bank

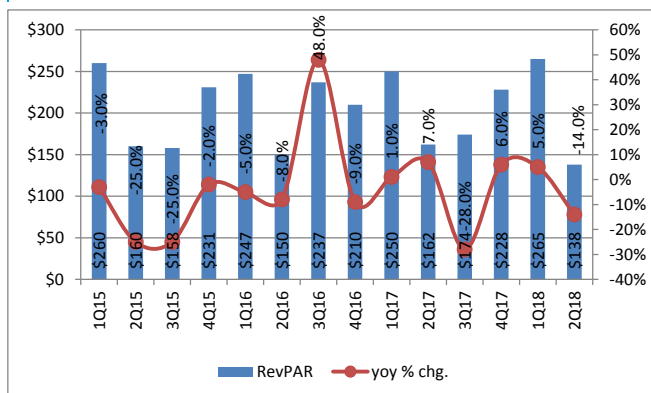
Figure 8: North American ADR



Source: Company reports and Deutsche Bank

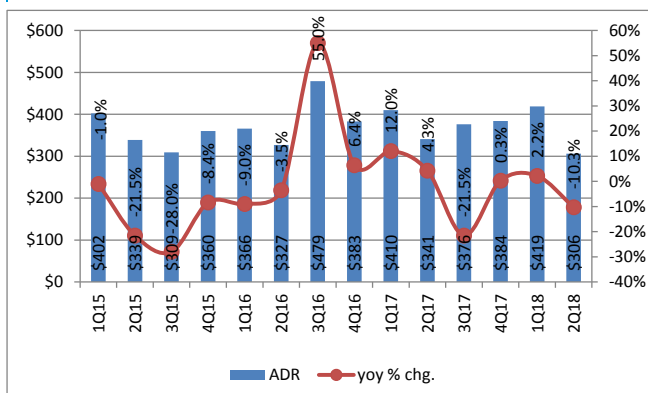


Figure 9: Rest of World Comparable RevPAR



Source: Company reports and Deutsche Bank

Figure 10: Rest of World ADR



Source: Company reports and Deutsche Bank



## 2Q18 Results

Figure 11: 2Q18 Results vs. 2Q17 Results and Our Estimates

(\$MM, except per share data)	BEL Actuals		+/-	yoy % chg.	DB Estimates	
	2Q18	2Q17			2Q18E	+/-
Hotel Operating Results (Local Currency)						
Worldwide RevPAR change	0.0%	9.0%	(900)		2.1%	(210)
Revenues						
Europe	\$84.6	\$72.1	\$12.5	17.3%	\$79.1	\$5.5
North America	\$34.3	\$42.4	(\$8.1)	-19.1%	\$41.6	(\$7.3)
Rest of World	\$22.3	\$25.9	(\$3.6)	-13.9%	\$27.1	(\$4.8)
Owned Hotels	\$141.2	\$140.4	\$0.8	0.6%	\$147.7	(\$6.5)
Management Fees	\$3.5	\$3.7	(\$0.2)	-5.4%	\$3.8	(\$0.3)
Trains & Cruises	\$26.9	\$21.8	\$5.1	23.4%	\$26.4	\$0.5
Total Revenue	\$171.6	\$165.9	\$5.7	3.4%	\$177.9	(\$6.3)
EBITDA						
Europe	\$35.1	\$30.9	\$4.2	13.6%	\$34.2	\$0.9
Margin	41.5%	42.9%	(137)		43.2%	(173)
North America	\$10.4	\$9.7	\$0.7	7.2%	\$9.2	\$1.2
Margin	30.3%	22.9%	744		22.1%	822
Rest of World	\$0.2	\$2.4	(\$2.2)	-91.7%	\$2.9	(\$2.7)
Margin	0.9%	9.3%	(837)		10.6%	(971)
Owned Hotels	\$45.7	\$43.0	\$2.7	6.3%	\$46.2	(\$0.5)
Margin	32.4%	30.6%	174		31.3%	107
Owned Trains & Cruises	\$7.4	\$4.2	\$3.2	76.2%	\$8.4	(\$1.0)
Management Fees	\$4.3	\$4.4	(\$0.1)	-2.3%	\$4.5	(\$0.2)
Share of JV Earnings	\$5.5	\$5.3	\$0.2	3.8%	\$5.5	(\$0.0)
Corporate Expense	(\$11.5)	(\$10.6)	(\$0.9)	NM	(\$11.6)	\$0.1
Adjusted EBITDA	\$51.4	\$46.3	\$5.1	NM	\$53.1	(\$1.7)
Margin	20.0%	13.7%	631		29.8%	(986)
Nonrecurring Items	\$17.1	\$23.6	(\$6.5)	NM	\$0.0	\$17.1
Depreciation and Amortization	(\$14.8)	(\$15.1)	\$0.3	NM	(\$16.2)	\$1.4
Interest Expense	(\$8.2)	(\$7.7)	(\$0.5)	NM	(\$7.8)	(\$0.4)
Foreign Exchange / Other	(\$5.8)	(\$1.0)	(\$4.8)	NM	\$0.0	(\$5.8)
Income Tax	(\$7.1)	(\$2.1)	(\$5.0)	NM	(\$10.2)	\$3.1
Tax Rate	127.9%	NM	NM		35.0%	NM
Discontinued Operations	\$0.0	(\$1.8)	\$1.8	NM	\$0.0	\$0.0
Non-controlling Interest	\$0.0	\$0.1	(\$0.1)	NM	\$0.0	\$0.0
Reported Net Income	(\$1.6)	(\$4.9)	\$3.4	NM	\$18.9	(\$20.5)
Adjustments	\$20.9	\$24.7	(\$3.8)		\$0.0	\$20.9
Adjusted Net Income	\$19.4	\$19.7	(\$0.3)	NM	\$18.9	\$0.4
GAAP EPS	(\$0.02)	(\$0.05)	\$0.0		\$0.18	(\$0.2)
Adjusted EPS	\$0.19	\$0.19	(\$0.00)	NM	\$0.18	\$0.00
Diluted Shares Outstanding	102.8	102.2	0.6	0.6%	102.4	0.3

Source: Company reports and Deutsche Bank



## Summary of Estimates and Estimate Changes

Figure 12: Summary of Our Estimate Changes

(SMM, except per share data)

	3Q18E			2018E			2019E			2020E		
	Current	Prior	Delta	Current	Prior	Delta	Current	Prior	Delta	Current	Prior	Delta
<b>Revenues</b>												
Europe	\$108.4	\$105.0	\$3.4	\$241.4	\$234.1	\$7.4	\$244.7	\$241.1	\$3.5	\$252.0		
North America	\$28.3	\$35.2	(\$6.9)	\$122.8	\$149.0	(\$26.2)	\$152.2	\$166.3	(\$14.2)	\$156.8		
Rest of World	\$24.1	\$30.4	(\$6.2)	\$119.3	\$132.0	(\$12.7)	\$124.1	\$137.3	(\$13.2)	\$128.5		
<b>Owned Hotels</b>	<b>\$160.9</b>	<b>\$170.6</b>	<b>(\$9.7)</b>	<b>\$483.5</b>	<b>\$515.0</b>	<b>(\$31.6)</b>	<b>\$521.0</b>	<b>\$544.8</b>	<b>(\$23.8)</b>	<b>\$537.4</b>		
Hotel Management & Ownership Interests	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0		
Management Fees	\$3.0	\$3.0	\$0.1	\$12.8	\$13.0	(\$0.2)	\$13.2	\$13.4	(\$0.2)	\$13.5		
Trains & Cruises	\$28.4	\$26.1	\$2.4	\$74.4	\$71.5	\$2.9	\$78.9	\$75.1	\$3.8	\$80.5		
<b>Total Revenue</b>	<b>\$192.4</b>	<b>\$199.7</b>	<b>(\$7.3)</b>	<b>\$570.7</b>	<b>\$599.6</b>	<b>(\$28.8)</b>	<b>\$613.1</b>	<b>\$633.3</b>	<b>(\$20.2)</b>	<b>\$631.3</b>		
<b>EBITDA</b>												
Europe	\$54.4	\$52.7	\$1.7	\$82.2	\$79.4	\$2.8	\$83.9	\$81.8	\$2.1	\$88.4		
Margin	50.2%	50.2%	2	34.1%	33.9%	14	34.3%	33.9%	35	35.1%		
North America	\$3.8	\$3.7	\$0.1	\$32.0	\$33.1	(\$1.1)	\$41.4	\$38.9	\$2.6	\$42.4		
Margin	13.6%	10.6%	301	26.1%	22.2%	384	27.2%	23.4%	387	27.1%		
Rest of World	\$2.2	\$4.7	(\$2.5)	\$21.3	\$27.0	(\$5.7)	\$24.2	\$29.2	(\$5.1)	\$27.3		
Margin	9.2%	15.6%	(640)	17.9%	20.5%	(264)	19.5%	21.3%	(182)	21.2%		
<b>Owned Hotels</b>	<b>\$60.5</b>	<b>\$61.1</b>	<b>(\$0.7)</b>	<b>\$135.5</b>	<b>\$139.5</b>	<b>(\$4.0)</b>	<b>\$149.5</b>	<b>\$149.9</b>	<b>(\$0.4)</b>	<b>\$158.1</b>		
Margin	37.6%	35.8%	176	28.0%	27.1%	94	28.7%	27.5%	118	29.4%		
Owned Trains & Cruises	\$8.7	\$7.4	\$1.3	\$11.8	\$12.4	(\$0.6)	\$15.0	\$14.7	\$0.3	\$15.8		
Management Fees	\$4.9	\$4.8	\$0.1	\$16.0	\$16.1	(\$0.1)	\$16.5	\$16.6	(\$0.1)	\$16.8		
Share of JV Earnings	\$6.2	\$6.2	\$0.0	\$17.5	\$17.5	(\$0.0)	\$18.2	\$18.2	(\$0.0)	\$18.5		
Corporate Expense	(\$8.0)	(\$9.0)	\$1.0	(\$40.3)	(\$43.9)	\$3.6	(\$41.1)	(\$44.8)	\$3.7	(\$41.9)		
<b>Adjusted EBITDA</b>	<b>\$72.5</b>	<b>\$70.6</b>	<b>\$1.7</b>	<b>\$140.5</b>	<b>\$141.6</b>	<b>(\$1.1)</b>	<b>\$158.1</b>	<b>\$154.6</b>	<b>\$3.4</b>	<b>\$167.3</b>		
Margin	37.6%	35.4%	223	24.6%	23.6%	101	25.8%	24.4%	137	26.5%		
<b>Reported Net Income</b>	<b>\$21.3</b>	<b>\$20.8</b>	<b>\$0.4</b>	<b>(\$8.6)</b>	<b>\$21.5</b>	<b>(\$30.1)</b>	<b>\$37.2</b>	<b>\$24.0</b>	<b>\$13.2</b>	<b>\$42.5</b>		
Adjustments	\$0.0	\$0.0	\$0.0	\$17.5	(\$3.4)	\$20.9	\$0.0	\$0.0	\$0.0	\$0.0		
<b>Adjusted Net Income</b>	<b>\$21.3</b>	<b>\$20.8</b>	<b>\$0.4</b>	<b>\$9.0</b>	<b>\$18.2</b>	<b>(\$9.2)</b>	<b>\$37.2</b>	<b>\$24.0</b>	<b>\$13.2</b>	<b>\$42.5</b>		
GAAP EPS	\$0.2	\$0.2	\$0.0	(\$0.1)	\$0.2	(\$0.3)	\$0.4	\$0.2	\$0.1	\$0.4		
<b>Adjusted EPS</b>	<b>\$0.21</b>	<b>\$0.20</b>	<b>\$0.00</b>	<b>\$0.09</b>	<b>\$0.18</b>	<b>(\$0.09)</b>	<b>\$0.36</b>	<b>\$0.23</b>	<b>\$0.13</b>	<b>\$0.41</b>		
Diluted Shares Outstanding	102.8	102.4	0.3	102.7	102.4	0.3	102.8	102.4	0.3	102.8		

Source: Deutsche Bank



## Price Target Analysis

Our PT goes to \$17 and is now based on a blended multiple of 15.2x (11.5x previously) our 2019 EBITDA estimate. Our blended multiple is derived by applying 16.5x multiple to the owned hotels, 14.0x multiple to BEL's management segment and a 10.0x multiple to BEL's T&C segment and JV earnings segments. Our multiples for these segments are based on our interpretation of historical segment multiples adjusted for the current climate. We then extract corporate costs and 2019E net debt, to arrive at our \$17 target

Downside risks to price target include: 1) an inability to stimulate incremental demand, 2) exogenous events which cause travel disruptions, and 3) disruptions to the European or US macro climates. Upside risks: 1) better than expected RevPAR growth, 2) corporate actions, and 3) activism.

Figure 13: Price Target Methodology

<b>BEL</b>	<b>8/9/2018</b>		
Current Price	\$15.50		
Shares Outstanding (MRQ)	102.8		
Market Cap (\$ in MM)	\$1,592.8		
Segment	2019E EBITDA	Price Target Multiple	Enterprise Value
Owened Hotels	\$149	16.5 x	\$2,466
Management Fees	\$17	14.0 x	\$231
Owened Trains & Cruises	\$15	10.0 x	\$150
Share of JV Earnings	\$18	10.0 x	\$182
<b>Subtotal</b>	<b>\$199</b>	<b>15.2x</b>	<b>\$3,029</b>
Corporate Expense (Ex. FAS)	(\$41)	15.2 x	(\$625)
<b>Total</b>	<b>\$158</b>	<b>15.2x</b>	<b>2,404</b>
Less Net Debt (YE 2019E)			\$682
Equity Value			\$1,722
Shares Outstanding (MRQ)			103
<b>Price Target</b>			<b>\$17</b>
<i>Upside/Downside to Target</i>			<i>8.1%</i>

Source: Company reports and Deutsche Bank. Current price intraday August 9.





Figure 14: Price Target Sensitivity

		Price Target Sensitivity								
% chg. in EBITDA		-20.0%	-15.0%	-10.0%	-5.0%		5.0%	10.0%	15.0%	20.0%
2019E EBITDA		\$126.4	\$134.4	\$142.3	\$150.2	\$158.1	\$166.0	\$173.9	\$181.8	\$189.7
Net Debt		\$701.0	\$696.3	\$691.5	\$686.8	\$682.0	\$677.3	\$672.5	\$667.8	\$663.1
Shares Outstanding		102.8	102.8	102.8	102.8	102.8	102.8	102.8	102.8	102.8
Price Target Multiples	13.2x	\$9	\$10	\$12	\$13	\$14	\$15	\$16	\$17	\$18
	13.7x	\$10	\$11	\$12	\$13	\$14	\$16	\$17	\$18	\$19
	14.2x	\$11	\$12	\$13	\$14	\$15	\$16	\$17	\$19	\$20
	14.7x	\$11	\$12	\$14	\$15	\$16	\$17	\$18	\$20	\$21
	15.2x	\$12	\$13	\$14	\$16	\$17	\$18	\$19	\$20	\$22
	15.7x	\$13	\$14	\$15	\$16	\$18	\$19	\$20	\$21	\$23
	16.2x	\$13	\$14	\$16	\$17	\$18	\$20	\$21	\$22	\$23
	16.7x	\$14	\$15	\$16	\$18	\$19	\$20	\$22	\$23	\$24
	17.2x	\$14	\$16	\$17	\$18	\$20	\$21	\$23	\$24	\$25

Source: Company reports and Deutsche Bank



## Valuation

At current levels, BEL trades at 16.4x and 13.3x our 2018 and 2019 EBITDA estimates, respectively. Since 2005, BEL has traded at an average multiple of 15.7x forward year EBITDA; however, since 2009, the average forward multiple has declined to 14.1x. We estimate that current levels imply a price per key for the wholly owned room portfolio of ~\$829K.

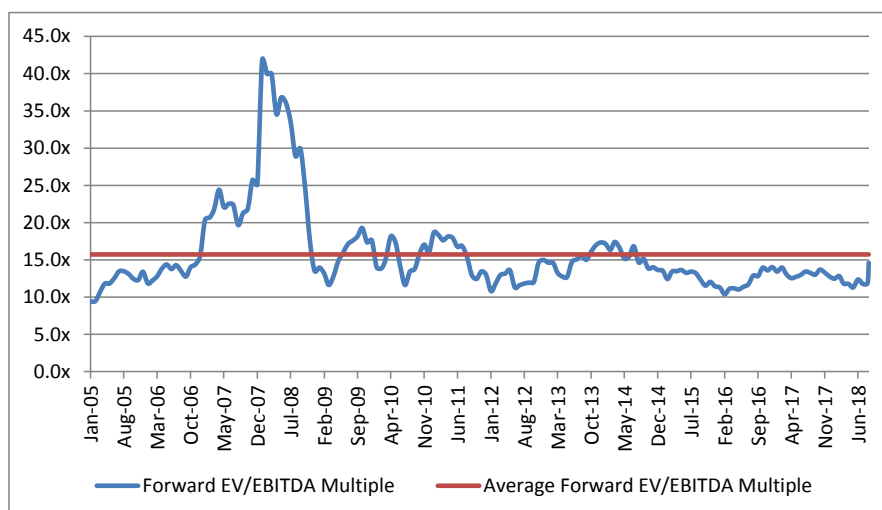
Figure 15: Valuation Summary

August 9, 2018

Current Multiple Data		Current Multiple Data	
Share Price	\$15.50	Share Price	\$15.50
Shares Outstanding (MRQ)	102.8		
Market Cap (\$ in MM)	\$1,593		
2017 Net Debt	\$527	2017 EPS	\$0.12
2018E Net Debt	\$716	2018E EPS	\$0.09
2019E Net Debt	\$682	2019E EPS	\$0.36
2020E Net Debt	\$641	2020E EPS	\$0.41
2017 EV	\$2,120	2017 PE	131.0x
2018E EV	\$2,309	2018E PE	178.6x
2019E EV	\$2,275	2019E PE	42.8x
2020E EV	\$2,233	2020E PE	37.5x
2017 EBITDA	\$124		
2018E EBITDA	\$141		
2019E EBITDA	\$158		
2020E EBITDA	\$167		
2017 EV/EBITDA	17.1x		
2018E EV/EBITDA	16.4x		
2019E EV/EBITDA	14.4x		
2020E EV/EBITDA	13.3x		

Source: Company reports and Deutsche Bank

Figure 16: Forward Year EV/EBITDA Multiple History



Source: Company reports and Deutsche Bank

The chart displays the quarterly EV/EBITDA multiple for the same year from January 2005 to June 2018. The y-axis represents the multiple in 'x' terms, ranging from 0.0x to 30.0x in increments of 5.0x. The x-axis shows time in quarters, with labels every four months (e.g., Jan-05, Aug-05, Mar-06, Oct-06, May-07, Dec-07, Jul-08, Feb-09, Sep-09, Apr-10, Nov-10, Jun-11, Jan-12, Aug-12, Mar-13, Oct-13, May-14, Dec-14, Jul-15, Feb-16, Sep-16, Apr-17, Nov-17, Jun-18). A blue line tracks the quarterly multiple, showing high volatility. It starts around 12x in Jan-05, rises to a peak of nearly 25x in late 2007, then drops sharply to a low of about 8x in early 2009. It then fluctuates between 12x and 22x until 2014, after which it generally trends downward, ending around 16x in Jun-18. A solid red horizontal line at approximately 15.5x represents the average multiple over the entire period.

Quarter	Same Year EV/EBITDA Multiple (x)	Average Same Year EV/EBITDA Multiple (x)
Jan-05	12.0	15.5
Aug-05	16.0	15.5
Mar-06	15.0	15.5
Oct-06	16.0	15.5
May-07	20.0	15.5
Dec-07	24.0	15.5
Jul-08	21.0	15.5
Feb-09	8.0	15.5
Sep-09	18.0	15.5
Apr-10	23.0	15.5
Nov-10	22.0	15.5
Jun-11	16.0	15.5
Jan-12	12.0	15.5
Aug-12	14.0	15.5
Mar-13	18.0	15.5
Oct-13	14.0	15.5
May-14	17.0	15.5
Dec-14	14.0	15.5
Jul-15	14.0	15.5
Feb-16	10.0	15.5
Sep-16	12.0	15.5
Apr-17	15.0	15.5
Nov-17	14.0	15.5
Jun-18	16.0	15.5

Page 11



## Model

Figure 18: Earnings Model

(in US\$ millions, except per-share amounts)	2015	2016	1Q17	2Q17	3Q17	4Q17	2017	1Q18	2Q18	3Q18E	4Q18E	2018E	2019E	2020E
Days in Period	365	366	90	91	92	92	365	90	91	92	92	365	365	366
<b>Revenues</b>														
Europe	\$200.1	\$199.2	\$12.0	\$72.1	\$96.7	\$31.6	\$212.4	\$16.0	\$84.6	\$108.4	\$32.4	\$241.4	\$244.7	\$252.0
yoy % Chg.	-6.0%	-0.4%	-10.4%	7.5%	4.8%	19.7%	6.6%	33.3%	17.3%	12.1%	2.5%	13.7%	1.3%	3.0%
North America	\$148.2	\$145.8	\$39.9	\$42.4	\$32.9	\$34.0	\$149.2	\$29.2	\$34.3	\$28.3	\$30.9	\$122.8	\$152.2	\$156.8
yoy % Chg.	4.0%	-1.6%	0.8%	11.6%	7.5%	-9.6%	2.3%	-26.8%	-19.1%	-13.9%	-9.0%	-17.7%	24.0%	3.0%
Rest of World	\$124.3	\$130.3	\$36.0	\$25.9	\$26.8	\$35.6	\$124.3	\$37.3	\$22.3	\$24.1	\$35.6	\$119.3	\$124.1	\$128.5
yoy % Chg.	-12.9%	4.8%	2.0%	6.6%	-27.6%	5.6%	-4.6%	3.6%	-13.9%	-10.0%	0.0%	-4.0%	4.0%	3.5%
<b>Owned Hotels</b>	<b>\$472.6</b>	<b>\$475.3</b>	<b>\$87.9</b>	<b>\$140.4</b>	<b>\$156.4</b>	<b>\$101.2</b>	<b>\$485.9</b>	<b>\$82.5</b>	<b>\$141.2</b>	<b>\$160.9</b>	<b>\$98.9</b>	<b>\$483.5</b>	<b>\$521.0</b>	<b>\$537.4</b>
yoy % Chg.	-5.1%	0.6%	-0.5%	8.5%	-2.2%	3.6%	2.2%	-6.1%	0.6%	2.9%	-2.3%	-0.5%	7.8%	3.1%
Management Fees	\$13.4	\$15.2	\$2.4	\$3.7	\$2.9	\$3.5	\$12.5	\$2.6	\$3.5	\$3.0	\$3.7	\$12.8	\$13.2	\$13.5
yoy % Chg.		13.9%	-11.1%	2.8%	-37.0%	-18.6%	-17.8%	8.3%	-5.4%	5.0%	5.0%	2.6%	3.0%	2.0%
Trains & Cruises	\$65.5	\$59.3	\$5.1	\$21.8	\$23.7	\$12.6	\$63.2	\$4.6	\$26.9	\$28.4	\$14.5	\$74.4	\$78.9	\$80.5
yoy % Chg.	-26.1%	-9.4%	-20.3%	1.4%	23.4%	3.3%	6.6%	-9.8%	23.4%	20.0%	15.0%	17.8%	6.0%	2.0%
<b>Total Revenue</b>	<b>\$557.9</b>	<b>\$549.8</b>	<b>\$95.4</b>	<b>\$165.9</b>	<b>\$183.0</b>	<b>\$117.3</b>	<b>\$561.6</b>	<b>\$89.7</b>	<b>\$171.6</b>	<b>\$192.4</b>	<b>\$117.1</b>	<b>\$570.7</b>	<b>\$613.1</b>	<b>\$631.3</b>
yoy % Chg.	-6.2%	-1.5%	-2.1%	7.4%	-0.4%	2.7%	2.1%	-6.0%	3.4%	5.1%	-0.2%	1.6%	7.4%	3.0%
<b>EBITDA</b>														
Europe	\$65.4	\$67.7	(\$8.1)	\$30.9	\$48.7	\$2.2	\$73.7	(\$10.0)	\$35.1	\$54.4	\$2.7	\$82.2	\$83.9	\$88.4
yoy % Chg.	2.8%	3.5%	NM	17.5%	6.8%	57.1%	8.9%	23.5%	13.6%	11.7%	22.8%	11.6%	2.0%	5.4%
Margin	32.7%	34.0%	-67.5%	42.9%	50.4%	7.0%	34.7%	-62.5%	41.5%	50.2%	8.3%	34.1%	34.3%	35.1%
Flow Through	-14.1%	-255.6%	178.6%	92.0%	70.5%	15.4%	45.5%	-47.5%	33.6%	48.8%	63.1%	29.4%	50.8%	61.3%
North America	\$31.6	\$29.3	\$9.9	\$9.7	\$2.3	\$8.0	\$29.9	\$9.7	\$10.4	\$3.8	\$8.1	\$32.0	\$41.4	\$42.4
yoy % Chg.	27.9%	-7.3%	-2.0%	14.1%	-28.1%	6.7%	2.0%	-2.0%	7.2%	67.2%	0.7%	7.0%	29.5%	2.4%
Margin	21.3%	20.1%	24.8%	22.9%	7.0%	23.5%	20.0%	33.2%	30.3%	13.6%	26.0%	26.1%	27.2%	27.1%
Flow Through	121.1%	95.8%	-66.7%	27.3%	-39.1%	-13.9%	17.6%	1.9%	-8.6%	NM	-1.7%	-7.9%	32.1%	21.5%
Rest of World	\$31.3	\$33.1	\$9.9	\$2.4	\$3.5	\$8.6	\$24.4	\$10.3	\$0.2	\$2.2	\$8.6	\$21.3	\$24.2	\$27.3
yoy % Chg.	-16.8%	5.8%	-13.9%	14.3%	-69.0%	4.9%	-26.3%	4.0%	-91.7%	-36.6%	-0.2%	-12.7%	13.4%	12.9%
Margin	25.2%	25.4%	27.5%	9.3%	13.1%	24.2%	19.6%	27.6%	0.9%	9.2%	24.1%	17.9%	19.5%	21.2%
Flow Through	34.2%	30.0%	-228.6%	18.8%	76.5%	21.1%	145.0%	30.8%	61.1%	47.8%	100.0%	62.0%	59.3%	70.9%
<b>Owned Hotels</b>	<b>\$128.3</b>	<b>\$130.1</b>	<b>\$11.7</b>	<b>\$43.0</b>	<b>\$54.5</b>	<b>\$18.8</b>	<b>\$128.0</b>	<b>\$10.0</b>	<b>\$45.7</b>	<b>\$60.5</b>	<b>\$19.3</b>	<b>\$135.5</b>	<b>\$149.5</b>	<b>\$158.1</b>
yoy % Chg.	1.9%	1.4%	-26.9%	16.5%	-9.3%	9.9%	-1.6%	-14.5%	6.3%	11.0%	2.9%	5.9%	10.3%	5.8%
Margin	27.1%	27.4%	13.3%	30.6%	34.8%	18.6%	26.3%	12.1%	32.4%	37.6%	19.6%	28.0%	28.7%	29.4%
Flow Through	-9.4%	66.7%	NM	55.5%	160.0%	48.6%	-19.8%	31.5%	337.5%	134.0%	-23.7%	-311.5%	37.2%	52.6%
Owned Trains & Cruises	\$6.7	\$4.2	(\$4.2)	\$4.2	\$5.4	(\$0.9)	\$4.5	(\$4.2)	\$7.4	\$8.7	(\$0.1)	\$11.8	\$15.0	\$15.8
yoy % Chg.	-70.4%	-37.3%	NM	16.7%	68.8%	NM	7.1%	0.0%	76.2%	60.7%	NM	161.9%	27.3%	5.1%
Margin	10.2%	7.1%	-82.4%	19.3%	22.8%	-7.1%	7.1%	-91.3%	27.5%	30.5%	-0.6%	15.8%	19.0%	19.6%
Management Fees	\$13.4	\$15.2	\$2.4	\$4.4	\$4.7	\$3.8	\$15.3	\$2.8	\$4.3	\$4.9	\$4.0	\$16.0	\$16.5	\$16.8
yoy % Chg.		13.9%	-11.1%	22.2%	2.2%	-11.6%	0.7%	16.7%	-2.3%	5.0%	5.0%	4.7%	3.0%	2.0%
Share of JV Earnings	\$10.4	\$17.0	\$0.6	\$5.3	\$6.0	\$3.6	\$15.5	\$2.0	\$5.5	\$6.2	\$3.7	\$17.5	\$18.2	\$18.5
yoy % Chg.	44.4%	63.5%	-64.7%	47.2%	-10.4%	-28.0%	-8.8%	233.3%	3.8%	4.0%	4.0%	12.8%	4.0%	2.0%
Corporate Expense	(\$39.3)	(\$38.4)	(\$11.0)	(\$10.6)	(\$8.4)	(\$9.3)	(\$39.3)	(\$12.8)	(\$11.5)	(\$8.0)	(\$8.0)	(\$40.3)	(\$41.1)	(\$41.9)
yoy % Chg.	5.6%	-2.3%	13.4%	10.4%	-5.6%	-8.8%	2.3%	16.4%	8.5%	-4.8%	-14.0%	2.5%	2.0%	2.0%
<b>Adjusted EBITDA</b>	<b>\$119.5</b>	<b>\$128.1</b>	<b>(\$0.5)</b>	<b>\$46.3</b>	<b>\$62.2</b>	<b>\$16.0</b>	<b>\$124.0</b>	<b>(\$2.2)</b>	<b>\$51.4</b>	<b>\$72.3</b>	<b>\$19.0</b>	<b>\$140.5</b>	<b>\$158.1</b>	<b>\$167.3</b>
yoy % Chg.	1.5%	7.2%	-106.3%	21.5%	-5.3%	-2.4%	-3.2%	340.0%	11.0%	16.3%	18.7%	13.3%	12.5%	5.9%
Margin	21.4%	23.3%	-0.5%	27.9%	34.0%	13.6%	22.1%	-2.5%	30.0%	37.6%	16.2%	24.6%	25.8%	26.5%
Nonrecurring Items	(\$11.3)	(\$0.4)	(\$1.0)	(\$23.6)	(\$4.4)	(\$40.5)	(\$69.5)	(\$4.1)	(\$17.1)	(\$5.2)	(\$5.2)	(\$31.6)		
<b>Reported EBITDA</b>	<b>\$108.2</b>	<b>\$127.7</b>	<b>(\$1.5)</b>	<b>\$22.7</b>	<b>\$57.8</b>	<b>(\$24.5)</b>	<b>\$54.5</b>	<b>(\$6.3)</b>	<b>\$34.3</b>	<b>\$67.1</b>	<b>\$13.8</b>	<b>\$108.9</b>	<b>\$158.1</b>	<b>\$167.3</b>
yoy % Chg.	-6.2%	18.1%	-120.0%	-41.2%	-10.1%	-241.6%	-57.3%	320.0%	51.1%	16.2%	-156.3%	99.9%	45.1%	5.9%
Margin	19.4%	23.2%	-1.6%	13.7%	31.6%	-20.9%	9.7%	-7.0%	20.0%	34.9%	11.8%	19.1%	25.8%	26.5%
Depreciation and Amortization	(\$50.5)	(\$52.3)	(\$13.7)	(\$15.1)	(\$17.0)	(\$17.0)	(\$62.8)	(\$15.9)	(\$14.8)	(\$15.2)	(\$15.8)	(\$61.7)	(\$65.5)	(\$67.7)
Interest Expense	(\$31.3)	(\$28.2)	(\$7.7)	(\$7.7)	(\$8.8)	(\$7.4)	(\$31.6)	(\$7.8)	(\$8.2)	(\$8.5)	(\$9.2)	(\$33.7)	(\$35.4)	(\$34.2)
Foreign Exchange / Other	(\$4.8)	\$2.3	(\$0.2)	(\$1.0)	(\$7.5)	\$8.2	(\$0.5)	(\$2.0)	(\$5.8)	(\$0.9)	(\$0.9)	(\$9.6)		
<b>Earnings before Taxes</b>	<b>\$21.6</b>	<b>\$49.5</b>	<b>(\$23.1)</b>	<b>(\$1.1)</b>	<b>\$24.5</b>	<b>(\$40.7)</b>	<b>(\$40.4)</b>	<b>(\$32.0)</b>	<b>\$5.6</b>	<b>\$42.5</b>	<b>(\$12.1)</b>	<b>\$3.9</b>	<b>\$57.2</b>	<b>\$65.4</b>
Income Tax	\$18.4	\$18.7	(\$5.1)	\$2.1	\$20.7	(\$11.0)	\$6.7	(\$15.7)	\$7.1	\$21.3	\$1.2	\$13.9	\$20.0	\$22.9
Tax Rate	85.2%	37.8%	22.1%	-190.9%	84.5%	NM	NM	49.1%	127.9%	50.0%	-10.0%	NM	35.0%	35.0%
<b>Net Income from Continuing Operations</b>	<b>\$3.2</b>	<b>\$30.8</b>	<b>(\$18.0)</b>	<b>(\$3.2)</b>	<b>\$3.8</b>	<b>(\$29.7)</b>	<b>(\$47.1)</b>	<b>(\$16.3)</b>	<b>(\$1.6)</b>	<b>\$21.3</b>	<b>(\$13.3)</b>	<b>(\$9.9)</b>	<b>\$37.2</b>	<b>\$42.5</b>
Discontinued Operations	(\$1.6)	\$5.7		(\$1.8)	\$3.9	\$0.0	\$2.1	\$1.4				\$1.4		
<b>Net Income to BEL</b>	<b>\$1.6</b>	<b>\$36.5</b>	<b>(\$18.0)</b>	<b>(\$5.0)</b>	<b>\$7.7</b>	<b>(\$29.7)</b>	<b>(\$45.0)</b>	<b>(\$14.9)</b>	<b>(\$1.6)</b>	<b>\$21.3</b>	<b>(\$13.3)</b>	<b>(\$8.5)</b>	<b>\$37.2</b>	<b>\$42.5</b>
Non-controlling Interest	\$0.4	(\$0.1)	(\$0.1)	\$0.1	\$0.1	(\$0.1)	\$0.0	(\$0.1)				(\$0.1)		
<b>Reported Net Income</b>	<b>\$2.0</b>	<b>\$36.4</b>	<b>(\$18.1)</b>	<b>(\$4.9)</b>	<b>\$7.8</b>	<b>(\$29.8)</b>	<b>(\$45.0)</b>	<b>(\$15.0)</b>	<b>(\$1.6)</b>	<b>\$21.3</b>	<b>(\$13.3)</b>	<b>(\$8.6)</b>	<b>\$37.2</b>	<b>\$42.5</b>
Adjustments	\$0.7	(\$9.9)	\$1.2	\$24.7	\$7.8	\$23.4	\$57.1	(\$3.4)	\$20.9			\$17.5		
<b>Adjusted Net Income</b>	<b>\$3.9</b>	<b>\$25.5</b>	<b>(\$16.8)</b>	<b>\$19.7</b>	<b>\$15.5</b>	<b>(\$6.3)</b>	<b>\$12.1</b>	<b>(\$18.3)</b>	<b>\$19.4</b>	<b>\$21.3</b>	<b>(\$13.3)</b>	<b>\$9.0</b>	<b>\$37.2</b>	<b>\$42.5</b>
GAAP EPS	\$0.02	\$0.36	(\$0.18)	(\$0.05)	\$0.08	(\$0.29)	(\$0.44)	(\$0.15)	(\$0.02)	\$0.21	(\$0.13)	(\$0.08)	\$0.36	\$0.41
EPS from Continuing Operations	\$0.03	\$0.34	(\$0.18)	(\$0.05)	\$0.07	(\$0.29)	(\$0.43)	(\$0.16)	(\$0.02)	\$0.21	(\$0.13)	(\$0.10)	\$0.36	\$0.41
<b>Adjusted EPS</b>	<b>\$0.04</b>	<b>\$0.25</b>	<b>(\$0.16)</b>	<b>\$0.19</b>	<b>\$0.15</b>	<b>(\$0.06)</b>	<b>\$0.12</b>	<b>(\$0.18)</b>	<b>\$0.19</b>	<b>\$0.21</b>	<b>(\$0.13)</b>	<b>\$0.09</b>	<b>\$0.36</b>	<b>\$0.41</b>
yoy % Chg.	-77.8%	535.6%	NM	NM	NM	NM	-52.8%	NM	NM	NM	NM	-26.6%	316.9%	14.3%
Basic Shares Outstanding	103.2	101.6	101.9	102.2	102.3	102.3	102.2	102.4	102.8	102.8	102.8	102.7	102.8	102.8
Diluted Shares Outstanding	103.2	101.6	101.9	102.2	102.3	102.3	102.2	102.4	102.8	102.8	102.8	102.7	102.8	102.8

Source: Company reports and Deutsche Bank



Figure 19: Owned Hotel Segment Driver Model

Europe	2015	2016	2017	2017	2017	2017	2017	2018	2018	2018	2018	2018	2019	2020
End of Period Hotels	10	10	10	10	10	10	10	11	11	11	11	11	11	11
End of Period Rooms	955	955	955	955	955	955	955	996	996	1,002	1,002	1,002	1,002	1,002
Average Rooms as a % of End of Period Rooms	78.3%	77.8%	50.1%	97.0%	98.8%	67.9%	78.5%	49.7%	98.0%	98.8%	67.9%	78.5%	78.5%	78.5%
Rooms Available	273,052	271,963	43,040	84,278	86,817	59,621	273,756	44,516	88,783	91,090	62,555	286,944	287,720	287,720
Rooms Sold	169,371	175,040	18,477	57,811	66,974	32,867	176,129	20,398	57,830	66,974	33,853	179,055	181,204	183,016
yo% chg	11.2%	3.4%	-3.1%	3.6%	-1.7%	2.4%	0.6%	10.4%	0.0%	0.0%	3.0%	1.7%	1.2%	1.0%
Occupancy	62.0%	64.4%	42.9%	68.6%	77.1%	55.1%	64.3%	45.8%	65.1%	73.5%	54.1%	62.4%	63.1%	63.6%
yo% chg in bps	603	234	(65)	151	(194)	64	(3)	289	(346)	(362)	(101)	(194)	75	46
ADR	\$689	\$676	\$319	\$784	\$928	\$516	\$740	\$376	\$909	\$1,021	\$537	\$820	\$836	\$853
yo% chg	-12.1%	-1.9%	-10.1%	7.8%	10.6%	20.0%	9.5%	17.9%	15.9%	10.0%	4.0%	10.8%	2.0%	2.0%
RevPAR	\$427	\$435	\$137	\$537	\$716	\$284	\$476	\$172	\$592	\$751	\$290	\$511	\$528	\$542
yo% chg	-2.6%	1.8%	-11.6%	10.0%	7.8%	21.4%	9.5%	25.5%	10.2%	4.8%	2.3%	7.4%	3.2%	2.7%
Comparable yo% chg	-3.0%	2.0%	-11.0%	10.0%	8.0%	21.0%	9.0%	26.0%	11.0%	4.8%	2.3%	11.0%	3.2%	2.7%
Comparable Local Currency yo% chg	19.0%	4.0%	-11.0%	11.0%	6.0%	3.0%	6.0%	13.0%	2.0%	4.8%	2.3%	5.5%	3.2%	2.7%
Europe Room Revenue (\$ in MM)	\$116.7	\$118.3	\$5.9	\$45.3	\$62.2	\$17.0	\$130.3	\$7.7	\$52.6	\$68.4	\$18.2	\$146.8	\$151.5	\$156.1
yo% chg	-2.2%	1.4%	-12.9%	11.7%	8.8%	22.9%	10.2%	30.1%	16.0%	10.0%	7.1%	12.6%	3.2%	3.0%
Other Revenue	\$83.4	\$80.9	\$6.1	\$26.8	\$34.5	\$14.6	\$82.1	\$8.3	\$32.0	\$40.1	\$14.2	\$94.6	\$93.2	\$96.0
as a % of room revenue	71.5%	68.4%	103.6%	59.1%	55.6%	86.3%	63.0%	108.6%	60.9%	58.6%	78.3%	64.5%	61.5%	61.5%
yo% chg	-10.8%	-3.0%	-7.9%	0.9%	-1.7%	16.2%	1.4%	36.4%	19.6%	15.9%	-2.8%	15.3%	-1.6%	3.0%
Europe Revenue (\$ in MM)	\$200.1	\$199.2	\$12.0	\$72.1	\$96.7	\$31.6	\$212.4	\$16.0	\$84.6	\$108.4	\$32.4	\$241.4	\$244.7	\$252.0
yo% chg	-6.0%	-0.4%	-10.4%	7.5%	4.8%	19.7%	6.6%	33.3%	17.3%	12.1%	2.5%	13.7%	1.3%	3.0%
North America	2015	2016	2017	2017	2017	2017	2017	2018	2018	2018	2018	2018	2019	2020
End of Period Hotels	5	5	5	5	6	6	6	6	6	6	6	6	6	6
End of Period Rooms	715	715	715	715	785	785	785	785	785	785	785	785	811	811
Average Rooms as a % of End of Period Rooms	99.8%	98.1%	99.7%	103.3%	92.6%	79.7%	89.3%	79.7%	79.7%	80.0%	80.0%	79.9%	90.0%	90.0%
Rooms Available	255,216	256,726	64,170	67,228	66,872	57,592	255,826	56,340	56,966	57,776	57,776	228,858	266,414	267,143
Rooms Sold	171,828	171,392	43,983	47,721	43,210	36,992	171,906	39,360	42,475	39,753	35,142	156,731	176,322	178,085
yo% chg	-0.1%	-0.3%	-1.7%	4.8%	2.3%	-4.8%	0.3%	-10.5%	-11.0%	-8.0%	-5.0%	-8.8%	12.5%	1.0%
Occupancy	67.3%	66.8%	68.5%	71.0%	64.6%	64.2%	67.2%	69.9%	74.6%	68.8%	60.8%	68.5%	66.2%	66.7%
yo% chg in bps	183	(57)	(43)	83	(246)	347	43	132	358	419	(341)	130	(230)	48
ADR	\$429	\$421	\$466	\$443	\$383	\$404	\$425	\$428	\$430	\$368	\$424	\$412	\$437	\$444
yo% chg	0.9%	-1.8%	0.4%	5.0%	6.7%	-6.7%	1.1%	-8.2%	-2.9%	-4.0%	5.0%	-3.1%	6.0%	1.0%
RevPAR	\$289	\$281	\$320	\$315	\$248	\$259	\$286	\$299	\$321	\$253	\$258	\$282	\$289	\$294
yo% chg	3.8%	-2.6%	4.9%	6.4%	2.9%	-1.5%	1.7%	-6.6%	1.9%	2.0%	-0.4%	-1.2%	2.4%	1.7%
Comparable yo% chg	2.0%	-3.0%	1.0%	7.0%	2.0%	10.0%	7.0%	11.0%	2.0%	2.0%	-0.4%	3.7%	2.4%	1.7%
Comparable Local Currency yo% chg	3.0%	-2.0%	-1.0%	7.0%	2.0%	10.0%	7.0%	11.0%	2.0%	2.0%	-0.4%	3.7%	2.4%	1.7%
North America Room Revenue (\$ in MM)	\$73.6	\$72.2	\$20.5	\$21.1	\$16.5	\$14.9	\$73.1	\$16.8	\$18.3	\$14.6	\$14.6	\$64.6	\$77.1	\$78.6
yo% chg	0.9%	-2.0%	2.1%	10.1%	9.1%	-11.2%	1.4%	-17.8%	-13.6%	-11.7%	-6.2%	-11.6%	19.3%	2.0%
Other Revenue	\$74.6	\$73.6	\$19.4	\$21.3	\$16.4	\$19.1	\$76.1	\$12.4	\$16.0	\$13.7	\$16.0	\$58.1	\$75.1	\$78.2
as a % of room revenue	101.3%	102.1%	94.7%	100.6%	98.8%	127.3%	104.0%	73.3%	87.8%	93.8%	107.5%	89.9%	97.4%	99.4%
yo% chg	7.3%	-1.2%	4.0%	13.1%	5.9%	-8.2%	3.3%	-36.3%	-24.6%	-16.1%	-15.9%	-23.6%	29.2%	4.1%
North America Revenue (\$ in MM)	\$148.2	\$145.8	\$39.9	\$42.4	\$32.9	\$34.0	\$149.2	\$29.2	\$34.3	\$28.3	\$30.9	\$122.8	\$152.2	\$156.8
yo% chg	4.0%	-1.6%	0.8%	11.6%	7.5%	9.6%	2.3%	-36.8%	-19.1%	-13.9%	-9.0%	-17.2%	24.0%	3.0%
Rest of World	2015	2016	2017	2017	2017	2017	2017	2018	2018	2018	2018	2018	2019	2020
End of Period Hotels	9	9	9	9	9	9	9	9	9	9	9	9	9	9
End of Period Rooms	1,273	1,273	1,273	1,273	1,273	1,273	1,273	1,273	1,273	1,273	1,273	1,273	1,273	1,273
Average Rooms as a % of End of Period Rooms	1,017	1,030	1,032	1,028	1,026	1,018	1,026	1,014	1,018	1,026	1,018	1,019	1,019	1,019
Rooms Available	371,207	376,052	92,880	93,546	94,392	93,660	374,478	91,260	92,634	94,392	93,660	371,946	371,946	372,965
Rooms Sold	211,059	204,944	56,654	44,523	43,767	55,593	200,537	57,673	41,722	43,767	56,705	199,867	203,864	206,022
yo% chg	1.4%	-2.9%	-10.1%	3.9%	-6.8%	6.8%	-2.2%	1.8%	-6.3%	0.0%	2.0%	-0.3%	2.0%	1.5%
Occupancy	56.9%	54.4%	61.0%	47.6%	46.4%	59.4%	53.6%	63.2%	45.0%	46.4%	60.5%	53.7%	54.8%	55.5%
yo% chg in bps	134	(249)	(644)	180	(312)	451	(82)	220	(256)	0	119	18	107	67
ADR	\$356	\$388	\$410	\$341	\$376	\$384	\$380	\$419	\$306	\$338	\$376	\$366	\$373	\$380
yo% chg	-13.9%	9.1%	12.0%	4.3%	-21.5%	0.3%	-2.1%	2.2%	-10.3%	-10.0%	-2.0%	-3.8%	2.0%	2.0%
RevPAR	\$202	\$211	\$250	\$162	\$174	\$228	\$204	\$265	\$138	\$157	\$228	\$196	\$204	\$221
yo% chg	-11.9%	4.3%	1.2%	8.0%	-26.6%	8.6%	-3.5%	6.0%	-14.8%	-9.8%	-0.1%	-3.5%	4.0%	3.2%
Comparable yo% chg	-14.0%	4.0%	1.0%	7.0%	-28.0%	6.0%	-5.0%	5.0%	-14.0%	-9.8%	-0.1%	-4.7%	4.0%	3.2%
Comparable Local Currency yo% chg	9.0%	9.0%	-12.0%	3.0%	-31.0%	5.0%	-11.0%	3.0%	-10.0%	-9.8%	-0.1%	-4.2%	4.0%	3.2%
Rest of World Room Revenue (\$ in MM)	\$75.1	\$79.5	\$23.2	\$15.2	\$16.5	\$21.3	\$76.2	\$24.2	\$12.8	\$14.8	\$21.3	\$73.1	\$76.0	\$78.7
yo% chg	-12.7%	5.9%	0.7%	8.3%	-26.9%	7.0%	-4.2%	4.0%	-15.9%	-10.0%	0.0%	-4.1%	4.0%	3.5%
Other Revenue	\$49.2	\$50.8	\$12.8	\$10.7	\$10.3	\$14.3	\$48.1	\$13.1	\$9.5	\$9.3	\$14.2	\$46.2	\$48.1	\$49.8
as a % of room revenue	65.5%	63.8%	55.0%	70.6%	62.9%	66.8%	63.1%	54.4%	74.7%	62.9%	66.8%	63.2%	63.2%	63.2%
yo% chg	-13.2%	3.2%	4.4%	4.2%	-28.6%	3.6%	-5.3%	2.8%	-11.1%	-10.0%	0.0%	-3.9%	4.0%	3.5%
Rest of World Revenue (\$ in MM)	\$124.3	\$130.3	\$36.0	\$25.9	\$26.8	\$35.6	\$124.3	\$37.3	\$22.3	\$24.1	\$35.6	\$119.3	\$124.1	\$128.5
yo% chg	-12.9%	4.8%	2.0%	6.6%	-27.6%	5.6%	-4.6%	3.6%	-13.9%	-10.0%	0.0%	-4.0%	4.0%	3.5%
Worldwide	2015	2016	2017	2017	2017	2017	2017	2018	2018	2018	2018	2018	2019	2020
End of Period Hotels	24	24	24	24	25	25	25	26	26	26	26	26	26	26
End of Period Rooms	2,943	2,943	2,943	2,943	3,013	3,013	3,013	3,054	3,054	3,060	3,060	3,060	3,086	3,086
Average Rooms as a % of End of Period Rooms	2,464	2,474	2,223	2,693	2,697	2,292	2,477	2,135	2,620	2,644	2,326	2,432	2,535	2,535
Rooms Available	83.7%	84.1%	75.5%	91.5%	89.5%	76.1%	82.2%	69.9%	85.8%	86.4%	76.0%	79.5%	82.1%	82.1%
Rooms Sold	899,475	905,641	200,090	245,052	248,081	210,873	904,096	192,116	238,383	243,258	213,991	887,748	925,303	927,838
Rooms Sold	552,258	551,396	119,114	150,055	153,951	125,452	548,572	117,431	142,027	150,494	125,700	535,652	561,390	568,023
yo% chg	3.7%	-0.2%	-6.1%	4.1%	-2.1%	2.0%	-0.5%	-1.4%	-5.4%	-2.2%	0.2%	-2.4%	4.8%	1.2%
Occupancy	61.4%	60.9%	59.5%	61.2%	62.1%	59.5%	60.7%	61.1%	59.6%	61.9%	58.7%	60.3%	60.7%	61.2%
yo% chg in bps	286	(51)	(323)	157	(241)	301	(21)	159	(165)	(19)	(75)	(34)	33	55
ADR	\$481	\$490	\$417	\$544	\$618	\$424	\$510	\$415	\$589	\$650	\$433	\$531	\$543	\$552
yo% chg	-8.1%	1.9%	4.1%	6.3%	2.6%	3.3%	4.1%	-0.5%	8.2%	5.1%	2.0%	4.2%	2.2%	1.7%
RevPAR	\$295	\$298	\$248	\$333	\$384	\$253	\$309	\$253	\$351	\$402	\$254	\$320	\$329	\$338
yo% chg	-3.6%	1.0%	-1.3%	9.1%	11.3%	8.8%	3.8%	2.2%	5.3%	4.8%	0.7%	3.6%	2.7%	2.6%
Comparable yo% chg	-5.0%	1.0%	-1.0%	9.0%	-1.0%	12.0%	5.0%	10.0%	5.0%	4.8%	0.7%	5.1%	2.7%	2.6%
Comparable Local Currency yo% chg	11.0%	3.0%	-7.0%	8.0%	-3.0%	6.0%	1.0%	7.0%	0.0%	4.8%	0.7%	5.1%	2.7%	2.6%
Worldwide Room Revenue (\$ in MM)	\$265.4	\$270.0	\$49.6	\$81.6	\$95.2	\$53.3	\$279.7	\$48.7	\$83.6	\$97.8	\$54.4	\$284.5	\$304.6	\$313.4
yo% chg	-4.7%	1.7%	-2.3%	10.7%	0.4%	5.3%	3.6%	-3.9%	2.4%	2.8%	2.9%	1.7%	7.1%	2.9%
Other Revenue	\$207.2	\$205.3	\$38.3	\$58.8	\$61.2	\$47.9	\$206.2	\$33.8	\$57.6	\$63.1	\$44.5	\$199.0	\$216.3	\$223.9
as a % of room revenue	78.1%	76.1%	77.2%	72.0%	64.4%	90.0%	73.7%	69.5%	68.9%	64.5%	81.8%	69.9%	71.0%	71.4%
yo% chg	-5.7%	-0.9%	2.0%	5.6%	-5.9%	1.8%	0.4%	-11.7%	-2.0%	3.0%	-7.2%	-3.5%	8.7%	3.5%
Worldwide Revenue (\$ in MM)	\$472.6	\$475.3	\$87.9	\$140.4	\$156.4	\$101.2	\$485.9	\$82.5	\$141.2	\$160.9	\$98.9	\$483.5	\$521.0	\$537.4
yo% chg	-5.1%	0.6%	-0.5%	8.5%	-2.2%	3.6%								



Figure 20: Free Cash Flow and Balance Sheet Model

Free Cash Flow (in US\$ millions)	2015	2016	1Q17	2Q17	3Q17	4Q17	2017	1Q18	2Q18	3Q18E	4Q18E	2018E	2019E	2020E
Net Income from Continuing Operations	\$3.2	\$30.8	(\$18.0)	(\$3.2)	\$3.8	(\$29.7)	(\$47.1)	(\$16.3)	(\$1.6)	\$21.3	(\$13.3)	(\$9.9)	\$37.2	\$42.5
Depreciation & Amortization	\$50.5	\$52.3	\$13.7	\$15.1	\$17.0	\$17.0	\$62.8	\$15.9	\$14.8	\$15.2	\$15.8	\$61.7	\$65.5	\$67.7
Less Maint. & Other Capex	(\$24.5)	(\$27.2)	(\$5.3)	(\$9.6)	(\$7.8)	(\$11.0)	(\$33.7)	(\$12.5)	(\$8.1)	(\$5.6)	(\$3.5)	(\$29.7)	(\$18.2)	(\$18.8)
<b>Free Cash Flow Before Project Capex</b>	<b>\$29.2</b>	<b>\$55.9</b>	<b>(\$9.6)</b>	<b>\$2.3</b>	<b>\$13.0</b>	<b>(\$23.7)</b>	<b>(\$18.0)</b>	<b>(\$12.9)</b>	<b>\$5.2</b>	<b>\$30.9</b>	<b>(\$1.0)</b>	<b>\$22.1</b>	<b>\$84.4</b>	<b>\$91.4</b>
Less Project Capex	(\$32.5)	(\$28.0)	(\$6.7)	(\$5.8)	(\$7.8)	(\$13.8)	(\$34.1)	(\$18.1)	(\$44.2)	(\$61.4)	(\$61.4)	(\$185.0)	(\$50.0)	(\$50.0)
<b>Free Cash Flow Post Capex</b>	<b>(\$3.3)</b>	<b>\$27.9</b>	<b>(\$16.3)</b>	<b>(\$3.5)</b>	<b>\$5.2</b>	<b>(\$37.5)</b>	<b>(\$52.1)</b>	<b>(\$31.0)</b>	<b>(\$39.1)</b>	<b>(\$30.5)</b>	<b>(\$62.3)</b>	<b>(\$162.9)</b>	<b>\$34.4</b>	<b>\$41.4</b>
Less Acquisitions	\$0.0	\$0.0		(\$84.5)			(\$84.5)	(\$48.0)				(\$48.0)		
Asset/Real Estate Sales	\$43.6	\$0.0					\$0.0					\$0.0		
Less Dividends	\$0.0	\$0.0					\$0.0					\$0.0		
Share Repurchases / Issuances	(\$37.9)	(\$2.0)					\$0.0					\$0.0		
Other	\$33.0	(\$16.3)	(\$7.5)	\$15.5	\$29.1	\$10.2	\$47.2	(\$4.5)	\$26.0			\$21.5		
<b>Net Free Cash Flow</b>	<b>\$35.4</b>	<b>\$9.6</b>	<b>(\$23.8)</b>	<b>(\$72.5)</b>	<b>\$34.3</b>	<b>(\$27.3)</b>	<b>(\$89.4)</b>	<b>(\$83.5)</b>	<b>(\$13.1)</b>	<b>(\$30.5)</b>	<b>(\$62.3)</b>	<b>(\$189.4)</b>	<b>\$34.4</b>	<b>\$41.4</b>
Balance Sheet (in US\$ millions, except per-share amounts)	2015	2016	1Q17	2Q17	3Q17	4Q17	2017	1Q18	2Q18	3Q18E	4Q18E	2018E	2019E	2020E
Cash & Cash Equivalents	\$135.6	\$153.4	\$131.0	\$113.9	\$205.4	\$180.2	\$180.2	\$141.8	\$160.9	\$160.9	\$160.9	\$160.9	\$160.9	\$160.9
Long Term Debt BOP	\$617.7	\$582.8	\$591.1	\$592.4	\$647.9	\$705.1	\$591.1	\$707.2	\$752.3	\$784.5	\$815.0	\$707.2	\$877.3	\$842.9
Long Term Debt EOP	\$582.8	\$591.1	\$592.4	\$647.9	\$705.1	\$707.2	\$707.2	\$752.3	\$784.5	\$815.0	\$877.3	\$877.3	\$842.9	\$801.5
<i>Average Long Term Debt</i>	<i>\$600.3</i>	<i>\$586.9</i>	<i>\$591.7</i>	<i>\$620.2</i>	<i>\$676.5</i>	<i>\$706.2</i>	<i>\$649.1</i>	<i>\$729.8</i>	<i>\$768.4</i>	<i>\$799.7</i>	<i>\$846.2</i>	<i>\$792.3</i>	<i>\$860.1</i>	<i>\$822.2</i>
Net Debt	\$447.2	\$437.6	\$461.5	\$534.0	\$499.7	\$527.0	\$527.0	\$610.5	\$623.6	\$654.1	\$716.4	\$716.4	\$682.0	\$640.6
<i>chg. in Net Debt</i>	<i>(\$35.4)</i>	<i>(\$9.6)</i>	<i>\$23.8</i>	<i>\$72.5</i>	<i>(\$34.3)</i>	<i>\$27.3</i>	<i>\$89.4</i>	<i>\$83.5</i>	<i>\$13.1</i>	<i>\$30.5</i>	<i>\$62.3</i>	<i>\$189.4</i>	<i>(\$34.4)</i>	<i>(\$41.4)</i>
Shareholders' Equity	\$658.5	\$686.9	\$684.3	\$697.5	\$723.7	\$698.8	\$698.8	\$682.5	\$668.5	\$689.8	\$676.4	\$676.4	\$713.6	\$756.1
<i>Debt/Cap</i>	<i>47%</i>	<i>46%</i>	<i>46%</i>	<i>48%</i>	<i>49%</i>	<i>50%</i>	<i>50%</i>	<i>52%</i>	<i>54%</i>	<i>54%</i>	<i>56%</i>	<i>56%</i>	<i>54%</i>	<i>51%</i>
Book Value per share	\$6.38	\$6.76	\$6.72	\$6.83	\$7.07	\$6.83	\$6.84	\$6.66	\$6.51	\$6.71	\$6.58	\$6.59	\$6.94	\$7.36
TTM EBITDA	\$119.5	\$128.1	\$119.7	\$127.9	\$124.4	\$124.0	\$124.0	\$122.3	\$127.4	\$137.5	\$140.5	\$140.5	\$158.1	\$167.3
TTM Interest Expense	\$31.3	\$28.2	\$28.5	\$28.7	\$30.0	\$31.6	\$31.6	\$31.7	\$32.2	\$31.9	\$33.7	\$33.7	\$35.4	\$34.2
Gross Debt/EBITDA	4.9x	4.6x	4.9x	5.1x	5.7x	5.7x	5.7x	6.2x	6.2x	5.9x	6.2x	6.2x	5.3x	4.8x
Net Debt/EBITDA	3.7x	3.4x	3.9x	4.2x	4.0x	4.3x	4.3x	5.0x	4.9x	4.8x	5.1x	5.1x	4.3x	3.8x
Interest Coverage	3.8x	4.5x	4.2x	4.5x	4.1x	3.9x	3.9x	3.9x	4.0x	4.3x	4.2x	4.2x	4.5x	4.9x
Debt	2015	2016	1Q17	2Q17	3Q17	4Q17	2017	1Q18	2Q18	3Q18E	4Q18E	2018E	2019E	2020E
<b>Total Long Term Debt</b>	<b>\$582.8</b>	<b>\$591.1</b>	<b>\$592.4</b>	<b>\$647.9</b>	<b>\$705.1</b>	<b>\$707.2</b>	<b>\$707.2</b>	<b>\$752.3</b>	<b>\$784.5</b>	<b>\$815.0</b>	<b>\$877.3</b>	<b>\$877.3</b>	<b>\$842.9</b>	<b>\$801.5</b>
<i>Average Interest Rate</i>	<i>5.37%</i>	<i>4.73%</i>	<i>5.20%</i>	<i>4.75%</i>	<i>4.99%</i>	<i>4.19%</i>	<i>4.78%</i>	<i>4.15%</i>	<i>4.18%</i>	<i>4.18%</i>	<i>4.18%</i>	<i>4.17%</i>	<i>4.17%</i>	<i>4.17%</i>

Source: Company reports and Deutsche Bank



# Appendix 1

## Important Disclosures

\*Other information available upon request

### Disclosure checklist

Company	Ticker	Recent price*	Disclosure
Belmond Ltd.	BEL.N	15.10 (USD) 9 Aug 18	2,8

Prices are current as of the end of the previous trading session unless otherwise indicated and are sourced from local exchanges via Reuters, Bloomberg and other vendors. Other information is sourced from Deutsche Bank, subject companies, and other sources. For disclosures pertaining to recommendations or estimates made on securities other than the primary subject of this research, please see the most recently published company report or visit our global disclosure look-up page on our website at <https://research.db.com/Research/Disclosures/CompanySearch>. Aside from within this report, important conflict disclosures can also be found at <https://research.db.com/Research/Topics/Equities?topicId=RB0002> under the "Disclosures Lookup" and "Legal" tabs. Investors are strongly encouraged to review this information before investing.

## Important Disclosures Required by U.S. Regulators

Disclosures marked with an asterisk may also be required by at least one jurisdiction in addition to the United States. See Important Disclosures Required by Non-US Regulators and Explanatory Notes.

- Deutsche Bank and/or its affiliate(s) makes a market in equity securities issued by this company.
- Deutsche Bank and/or its affiliate(s) expects to receive, or intends to seek, compensation for investment banking services from this company in the next three months.

## Important Disclosures Required by Non-U.S. Regulators

Please also refer to disclosures in the Important Disclosures Required by US Regulators and the Explanatory Notes.

- Deutsche Bank and/or its affiliate(s) makes a market in equity securities issued by this company.

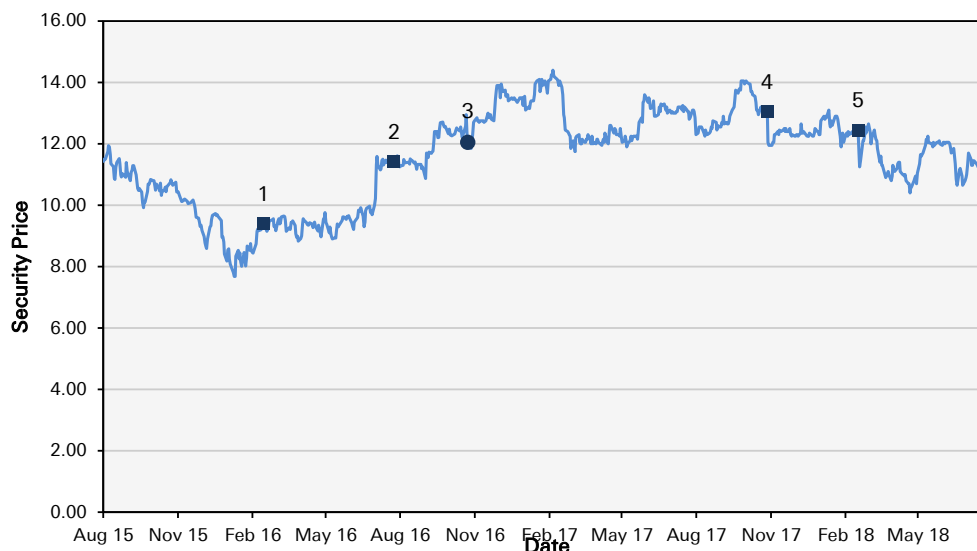
For disclosures pertaining to recommendations or estimates made on securities other than the primary subject of this research, please see the most recently published company report or visit our global disclosure look-up page on our website at <https://research.db.com/Research/Disclosures/Company?ricCode=BEL.N>

## Analyst Certification

The views expressed in this report accurately reflect the personal views of the undersigned lead analyst(s) about the subject issuer and the securities of the issuer. In addition, the undersigned lead analyst(s) has not and will not receive any compensation for providing a specific recommendation or view in this report. Carlo Santarelli



## Historical recommendations and target price: Belmond Ltd. (BEL.N) (as of 8/9/2018)



### Previous Recommendations

Strong Buy  
Buy  
Market Perform  
Underperform  
Not Rated  
Suspended Rating

### Current Recommendations

Buy  
Hold  
Sell  
Not Rated  
Suspended Rating

\*New Recommendation Structure  
as of September 9, 2002

\*\*Analyst is no longer at Deutsche  
Bank

1. 02/25/2016:	Buy, Target Price Change USD12.00 Carlo Santarelli	4. 11/07/2017:	Hold, Target Price Change USD12.00 Carlo Santarelli
2. 08/04/2016:	Buy, Target Price Change USD13.00 Carlo Santarelli	5. 02/27/2018:	Hold, Target Price Change USD11.00 Carlo Santarelli
3. 11/03/2016:	Downgrade to Hold, USD13.00 Carlo Santarelli		

## Equity rating key

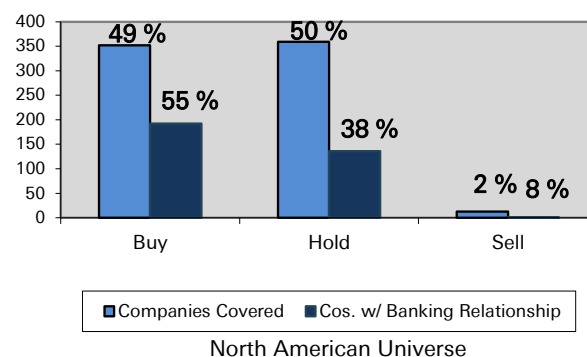
**Buy:** Based on a current 12- month view of total share-holder return (TSR = percentage change in share price from current price to projected target price plus projected dividend yield ) , we recommend that investors buy the stock.

**Sell:** Based on a current 12-month view of total share-holder return, we recommend that investors sell the stock

**Hold:** We take a neutral view on the stock 12-months out and, based on this time horizon, do not recommend either a Buy or Sell.

Newly issued research recommendations and target prices supersede previously published research.

## Equity rating dispersion and banking relationships







## Additional Information

The information and opinions in this report were prepared by Deutsche Bank AG or one of its affiliates (collectively "Deutsche Bank"). Though the information herein is believed to be reliable and has been obtained from public sources believed to be reliable, Deutsche Bank makes no representation as to its accuracy or completeness. Hyperlinks to third-party websites in this report are provided for reader convenience only. Deutsche Bank neither endorses the content nor is responsible for the accuracy or security controls of those websites.

If you use the services of Deutsche Bank in connection with a purchase or sale of a security that is discussed in this report, or is included or discussed in another communication (oral or written) from a Deutsche Bank analyst, Deutsche Bank may act as principal for its own account or as agent for another person.

Deutsche Bank may consider this report in deciding to trade as principal. It may also engage in transactions, for its own account or with customers, in a manner inconsistent with the views taken in this research report. Others within Deutsche Bank, including strategists, sales staff and other analysts, may take views that are inconsistent with those taken in this research report. Deutsche Bank issues a variety of research products, including fundamental analysis, equity-linked analysis, quantitative analysis and trade ideas. Recommendations contained in one type of communication may differ from recommendations contained in others, whether as a result of differing time horizons, methodologies, perspectives or otherwise. Deutsche Bank and/or its affiliates may also be holding debt or equity securities of the issuers it writes on. Analysts are paid in part based on the profitability of Deutsche Bank AG and its affiliates, which includes investment banking, trading and principal trading revenues.

Opinions, estimates and projections constitute the current judgment of the author as of the date of this report. They do not necessarily reflect the opinions of Deutsche Bank and are subject to change without notice. Deutsche Bank provides liquidity for buyers and sellers of securities issued by the companies it covers. Deutsche Bank research analysts sometimes have shorter-term trade ideas that may be inconsistent with Deutsche Bank's existing longer-term ratings. Some trade ideas for equities are listed as Catalyst Calls on the Research Website (<https://research.db.com/Research/>), and can be found on the general coverage list and also on the covered company's page. A Catalyst Call represents a high-conviction belief by an analyst that a stock will outperform or underperform the market and/or a specified sector over a time frame of no less than two weeks and no more than three months. In addition to Catalyst Calls, analysts may occasionally discuss with our clients, and with Deutsche Bank salespersons and traders, trading strategies or ideas that reference catalysts or events that may have a near-term or medium-term impact on the market price of the securities discussed in this report, which impact may be directionally counter to the analysts' current 12-month view of total return or investment return as described herein. Deutsche Bank has no obligation to update, modify or amend this report or to otherwise notify a recipient thereof if an opinion, forecast or estimate changes or becomes inaccurate. Coverage and the frequency of changes in market conditions and in both general and company-specific economic prospects make it difficult to update research at defined intervals. Updates are at the sole discretion of the coverage analyst or of the Research Department Management, and the majority of reports are published at irregular intervals. This report is provided for informational purposes only and does not take into account the particular investment objectives, financial situations, or needs of individual clients. It is not an offer or a solicitation of an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Target prices are inherently imprecise and a product of the analyst's judgment. The financial instruments discussed in this report may not be suitable for all investors, and investors must make their own informed investment decisions. Prices and availability of financial instruments are subject to change without notice, and investment transactions can lead to losses as a result of price fluctuations and other factors. If a financial instrument is denominated in a currency other than an investor's currency, a change in exchange rates may adversely affect the investment. Past performance is not necessarily indicative of future results. Performance calculations exclude transaction costs, unless otherwise indicated. Unless otherwise indicated, prices are current as of the end of the previous trading session and are sourced from local exchanges via Reuters, Bloomberg and other vendors. Data is also sourced from Deutsche Bank, subject companies, and other parties.

The Deutsche Bank Research Department is independent of other business divisions of the Bank. Details regarding our organizational arrangements and information barriers we have to prevent and avoid conflicts of interest with respect to



our research are available on our website (<https://research.db.com/Research/>) under Disclaimer.

Macroeconomic fluctuations often account for most of the risks associated with exposures to instruments that promise to pay fixed or variable interest rates. For an investor who is long fixed-rate instruments (thus receiving these cash flows), increases in interest rates naturally lift the discount factors applied to the expected cash flows and thus cause a loss. The longer the maturity of a certain cash flow and the higher the move in the discount factor, the higher will be the loss. Upside surprises in inflation, fiscal funding needs, and FX depreciation rates are among the most common adverse macroeconomic shocks to receivers. But counterparty exposure, issuer creditworthiness, client segmentation, regulation (including changes in assets holding limits for different types of investors), changes in tax policies, currency convertibility (which may constrain currency conversion, repatriation of profits and/or liquidation of positions), and settlement issues related to local clearing houses are also important risk factors. The sensitivity of fixed-income instruments to macroeconomic shocks may be mitigated by indexing the contracted cash flows to inflation, to FX depreciation, or to specified interest rates – these are common in emerging markets. The index fixings may – by construction – lag or mis-measure the actual move in the underlying variables they are intended to track. The choice of the proper fixing (or metric) is particularly important in swaps markets, where floating coupon rates (i.e., coupons indexed to a typically short-dated interest rate reference index) are exchanged for fixed coupons. Funding in a currency that differs from the currency in which coupons are denominated carries FX risk. Options on swaps (swaptions) the risks typical to options in addition to the risks related to rates movements.

Derivative transactions involve numerous risks including market, counterparty default and illiquidity risk. The appropriateness of these products for use by investors depends on the investors' own circumstances, including their tax position, their regulatory environment and the nature of their other assets and liabilities; as such, investors should take expert legal and financial advice before entering into any transaction similar to or inspired by the contents of this publication. The risk of loss in futures trading and options, foreign or domestic, can be substantial. As a result of the high degree of leverage obtainable in futures and options trading, losses may be incurred that are greater than the amount of funds initially deposited – up to theoretically unlimited losses. Trading in options involves risk and is not suitable for all investors. Prior to buying or selling an option, investors must review the "Characteristics and Risks of Standardized Options", at <http://www.optionsclearing.com/about/publications/character-risks.jsp>. If you are unable to access the website, please contact your Deutsche Bank representative for a copy of this important document.

Participants in foreign exchange transactions may incur risks arising from several factors, including the following: (i) exchange rates can be volatile and are subject to large fluctuations; (ii) the value of currencies may be affected by numerous market factors, including world and national economic, political and regulatory events, events in equity and debt markets and changes in interest rates; and (iii) currencies may be subject to devaluation or government-imposed exchange controls, which could affect the value of the currency. Investors in securities such as ADRs, whose values are affected by the currency of an underlying security, effectively assume currency risk.

Unless governing law provides otherwise, all transactions should be executed through the Deutsche Bank entity in the investor's home jurisdiction. Aside from within this report, important conflict disclosures can also be found at <https://research.db.com/Research/> on each company's research page. Investors are strongly encouraged to review this information before investing.

Deutsche Bank (which includes Deutsche Bank AG, its branches and affiliated companies) is not acting as a financial adviser, consultant or fiduciary to you or any of your agents (collectively, "You" or "Your") with respect to any information provided in this report. Deutsche Bank does not provide investment, legal, tax or accounting advice, Deutsche Bank is not acting as your impartial adviser, and does not express any opinion or recommendation whatsoever as to any strategies, products or any other information presented in the materials. Information contained herein is being provided solely on the basis that the recipient will make an independent assessment of the merits of any investment decision, and it does not constitute a recommendation of, or express an opinion on, any product or service or any trading strategy.

The information presented is general in nature and is not directed to retirement accounts or any specific person or account type, and is therefore provided to You on the express basis that it is not advice, and You may not rely upon it in making Your decision. The information we provide is being directed only to persons we believe to be financially



sophisticated, who are capable of evaluating investment risks independently, both in general and with regard to particular transactions and investment strategies, and who understand that Deutsche Bank has financial interests in the offering of its products and services. If this is not the case, or if You are an IRA or other retail investor receiving this directly from us, we ask that you inform us immediately.

In July 2018, Deutsche Bank revised its rating system for short term ideas whereby the branding has been changed to Catalyst Calls ("CC") from SOLAR ideas; the rating categories for Catalyst Calls originated in the Americas region have been made consistent with the categories used by Analysts globally; and the effective time period for CCs has been reduced from a maximum of 180 days to 90 days.

**United States:** Approved and/or distributed by Deutsche Bank Securities Incorporated, a member of FINRA, NFA and SIPC. Analysts located outside of the United States are employed by non-US affiliates that are not subject to FINRA regulations.

**Germany:** Approved and/or distributed by Deutsche Bank AG, a joint stock corporation with limited liability incorporated in the Federal Republic of Germany with its principal office in Frankfurt am Main. Deutsche Bank AG is authorized under German Banking Law and is subject to supervision by the European Central Bank and by BaFin, Germany's Federal Financial Supervisory Authority.

**United Kingdom:** Approved and/or distributed by Deutsche Bank AG acting through its London Branch at Winchester House, 1 Great Winchester Street, London EC2N 2DB. Deutsche Bank AG in the United Kingdom is authorised by the Prudential Regulation Authority and is subject to limited regulation by the Prudential Regulation Authority and Financial Conduct Authority. Details about the extent of our authorisation and regulation are available on request.

**Hong Kong:** Distributed by Deutsche Bank AG, Hong Kong Branch or Deutsche Securities Asia Limited (save that any research relating to futures contracts within the meaning of the Hong Kong Securities and Futures Ordinance Cap. 571 shall be distributed solely by Deutsche Securities Asia Limited). The provisions set out above in the "Additional Information" section shall apply to the fullest extent permissible by local laws and regulations, including without limitation the Code of Conduct for Persons Licensed or Registered with the Securities and Futures Commission. .

**India:** Prepared by Deutsche Equities India Private Limited (DEIPL) having CIN: U65990MH2002PTC137431 and registered office at 14th Floor, The Capital, C-70, G Block, Bandra Kurla Complex Mumbai (India) 400051. Tel: + 91 22 7180 4444. It is registered by the Securities and Exchange Board of India (SEBI) as a Stock broker bearing registration nos.: NSE (Capital Market Segment) - INB231196834, NSE (F&O Segment) INF231196834, NSE (Currency Derivatives Segment) INE231196834, BSE (Capital Market Segment) INB011196830; Merchant Banker bearing SEBI Registration no.: INM000010833 and Research Analyst bearing SEBI Registration no.: INH000001741. DEIPL may have received administrative warnings from the SEBI for breaches of Indian regulations. The transmission of research through DEIPL is Deutsche Bank's determination and will not make a recipient a client of DEIPL. Deutsche Bank and/or its affiliate(s) may have debt holdings or positions in the subject company. With regard to information on associates, please refer to the "Shareholdings" section in the Annual Report at: <https://www.db.com/ir/en/annual-reports.htm>.

**Japan:** Approved and/or distributed by Deutsche Securities Inc.(DSI). Registration number - Registered as a financial instruments dealer by the Head of the Kanto Local Finance Bureau (Kinsho) No. 117. Member of associations: JSDA, Type II Financial Instruments Firms Association and The Financial Futures Association of Japan. Commissions and risks involved in stock transactions - for stock transactions, we charge stock commissions and consumption tax by multiplying the transaction amount by the commission rate agreed with each customer. Stock transactions can lead to losses as a result of share price fluctuations and other factors. Transactions in foreign stocks can lead to additional losses stemming from foreign exchange fluctuations. We may also charge commissions and fees for certain categories of investment advice, products and services. Recommended investment strategies, products and services carry the risk of losses to principal and other losses as a result of changes in market and/or economic trends, and/or fluctuations in market value. Before deciding on the purchase of financial products and/or services, customers should carefully read the relevant disclosures, prospectuses and other documentation. "Moody's", "Standard & Poor's", and "Fitch" mentioned in this report are not registered credit rating agencies in Japan unless Japan or "Nippon" is specifically designated in the name of the entity. Reports on Japanese listed companies not written by analysts of DSI are written by Deutsche Bank



Group's analysts with the coverage companies specified by DSI. Some of the foreign securities stated on this report are not disclosed according to the Financial Instruments and Exchange Law of Japan. Target prices set by Deutsche Bank's equity analysts are based on a 12-month forecast period..

**Korea:** Distributed by Deutsche Securities Korea Co.

**South Africa:** Deutsche Bank AG Johannesburg is incorporated in the Federal Republic of Germany (Branch Register Number in South Africa: 1998/003298/10).

**Singapore:** This report is issued by Deutsche Bank AG, Singapore Branch or Deutsche Securities Asia Limited, Singapore Branch (One Raffles Quay #18-00 South Tower Singapore 048583, +65 6423 8001), which may be contacted in respect of any matters arising from, or in connection with, this report. Where this report is issued or promulgated by Deutsche Bank in Singapore to a person who is not an accredited investor, expert investor or institutional investor (as defined in the applicable Singapore laws and regulations), they accept legal responsibility to such person for its contents.

**Taiwan:** Information on securities/investments that trade in Taiwan is for your reference only. Readers should independently evaluate investment risks and are solely responsible for their investment decisions. Deutsche Bank research may not be distributed to the Taiwan public media or quoted or used by the Taiwan public media without written consent. Information on securities/instruments that do not trade in Taiwan is for informational purposes only and is not to be construed as a recommendation to trade in such securities/instruments. Deutsche Securities Asia Limited, Taipei Branch may not execute transactions for clients in these securities/instruments.

**Qatar:** Deutsche Bank AG in the Qatar Financial Centre (registered no. 00032) is regulated by the Qatar Financial Centre Regulatory Authority. Deutsche Bank AG - QFC Branch may undertake only the financial services activities that fall within the scope of its existing QFCRA license. Its principal place of business in the QFC: Qatar Financial Centre, Tower, West Bay, Level 5, PO Box 14928, Doha, Qatar. This information has been distributed by Deutsche Bank AG. Related financial products or services are only available only to Business Customers, as defined by the Qatar Financial Centre Regulatory Authority.

**Russia:** The information, interpretation and opinions submitted herein are not in the context of, and do not constitute, any appraisal or evaluation activity requiring a license in the Russian Federation.

**Kingdom of Saudi Arabia:** Deutsche Securities Saudi Arabia LLC Company (registered no. 07073-37) is regulated by the Capital Market Authority. Deutsche Securities Saudi Arabia may undertake only the financial services activities that fall within the scope of its existing CMA license. Its principal place of business in Saudi Arabia: King Fahad Road, Al Olaya District, P.O. Box 301809, Faisaliah Tower - 17th Floor, 11372 Riyadh, Saudi Arabia.

**United Arab Emirates:** Deutsche Bank AG in the Dubai International Financial Centre (registered no. 00045) is regulated by the Dubai Financial Services Authority. Deutsche Bank AG - DIFC Branch may only undertake the financial services activities that fall within the scope of its existing DFSA license. Principal place of business in the DIFC: Dubai International Financial Centre, The Gate Village, Building 5, PO Box 504902, Dubai, U.A.E. This information has been distributed by Deutsche Bank AG. Related financial products or services are available only to Professional Clients, as defined by the Dubai Financial Services Authority.

**Australia and New Zealand:** This research is intended only for "wholesale clients" within the meaning of the Australian Corporations Act and New Zealand Financial Advisors Act, respectively. Please refer to Australia-specific research disclosures and related information at <https://australia.db.com/australia/content/research-information.html>. Where research refers to any particular financial product recipients of the research should consider any product disclosure statement, prospectus or other applicable disclosure document before making any decision about whether to acquire the product. In preparing this report, the primary analyst or an individual who assisted in the preparation of this report has likely been in contact with the company that is the subject of this research for confirmation/clarification of data, facts, statements, permission to use company-sourced material in the report, and/or site-visit attendance. Without prior approval from Research Management, analysts may not accept from current or potential Banking clients the costs of travel, accommodations, or other expenses incurred by analysts attending site visits, conferences, social events, and the



like. Similarly, without prior approval from Research Management and Anti-Bribery and Corruption ("ABC") team, analysts may not accept perks or other items of value for their personal use from issuers they cover.

Additional information relative to securities, other financial products or issuers discussed in this report is available upon request. This report may not be reproduced, distributed or published without Deutsche Bank's prior written consent. Copyright © 2018 Deutsche Bank AG



---

## David Folkerts-Landau

Group Chief Economist and Global Head of Research

Pam Finelli  
Global Chief Operating Officer  
Research

Michael Spencer  
Head of APAC Research  
Global Head of Economics

Steve Pollard  
Head of Americas Research  
Global Head of Equity Research

Anthony Klarman  
Global Head of  
Debt Research

Paul Reynolds  
Head of EMEA  
Equity Research

Dave Clark  
Head of APAC  
Equity Research

Andreas Neubauer  
Head of Research - Germany

Spyros Mesomeris  
Global Head of Quantitative  
and QIS Research

---

### International locations

#### Deutsche Bank AG

Deutsche Bank Place  
Level 16  
Corner of Hunter & Phillip Streets  
Sydney, NSW 2000  
Australia  
Tel: (61) 2 8258 1234

#### Deutsche Bank AG

Mainzer Landstrasse 11-17  
60329 Frankfurt am Main  
Germany  
Tel: (49) 69 910 00

#### Deutsche Bank AG

Filiale Hongkong  
International Commerce Centre,  
1 Austin Road West, Kowloon,  
Hong Kong  
Tel: (852) 2203 8888

#### Deutsche Securities Inc.

2-11-1 Nagatacho  
Sanno Park Tower  
Chiyoda-ku, Tokyo 100-6171  
Japan  
Tel: (81) 3 5156 6770

#### Deutsche Bank AG London

1 Great Winchester Street  
London EC2N 2EQ  
United Kingdom  
Tel: (44) 20 7545 8000

#### Deutsche Bank Securities Inc.

60 Wall Street  
New York, NY 10005  
United States of America  
Tel: (1) 212 250 2500

---