



3 February 2020

Safestay plc

(“Safestay”, the “Company” or the “Group”)

FY19 Trading Statement

Safestay (AIM: SSTY), the owner and operator of an international brand of contemporary hostels, is pleased to announce a successful trading period for the 12 months to 31 December 2019, recording significant increases in revenues, occupancy and EBITDA.

FY19 Highlights

- 25% growth in total revenues to £18.3 million (2018: £14.6 million) with like for like revenues up 7%
- 11% increase in adjusted EBITDA* to £3.8 million (2018: £3.4 million)
- 77.3% occupancy achieved over the period, up from 75.6%, reflecting good demand
- 5% increase in average bed rate to £21.3 (2018: £20.3)
- 43% growth in F&B revenues now representing 14% of total revenues
- Completed 6 transactions, adding 8 hostels increasing the portfolio to 21 sites and over 5,100 beds
- Europe now represents 49% of sales (2018: 43%)

* adjusted EBITDA excludes one-off, non-recurring expenditure which would otherwise distort the metric for comparison purposes

Larry Lipman, Chairman of Safestay, said, “In 2019 we near doubled the size of the Safestay network. In doing so, the Safestay brand has become Europe’s leading premium hostel network totalling 21 sites, all in sought-after central locations in the UK and Europe’s best known cities. The brand is now well established and positioned to sell over a million bed nights in 2020 in unique hostels ranging from Edinburgh to Athens.

Trading in 2019 was good, all key indicators were strongly positive, in particular the organic growth performance, and critically we have yet to really benefit from the recent acquisitions agreed towards the end of the year. Safestay is therefore well placed to grow substantially in 2020 and take advantage of the increasing popularity of the modern hostel sector.”

Trading performance

The business performed well in 2019, achieving 25% growth in sales. Demand has been consistent across the business with occupancy now averaging 77.3%, helped by a 50% increase in direct web bookings driven by the Company’s booking engine and website which were refreshed in early 2019.

F&B, previously identified as a growth opportunity, was up 43% in 2019 and supported by the refurbishment of 3 restaurants in Barcelona, Elephant & Castle and Edinburgh. These enhancements were part of the £1.8 million refurbishment and renovations programme across 2019 and 2020. Re-investment is core to maintaining the premium status of Safestay amongst the hostel market and the ongoing high levels of guest satisfaction.

The integration of the new hostels acquired in 2019 is proceeding well with the investment made over the last three years in centralised IT and booking systems and the integration experience the Group

has gained, ensuring that the incoming sites can be integrated efficiently, and immediately benefit from the Group's economies of scale.

In January 2020, a new 5 year £23 million loan facility was agreed with HSBC. The new facility is on the same terms and replaces the £18 million 5 year loan facility agreed in 2017 also with HSBC and with an interest rate of 2.45% + LIBOR, providing the Company with additional headroom to support its commercial objectives.

Further to the announcement made on 18 December 2019, the acquisition of the Bratislava and Warsaw Hostels from Dreamgroup Management E.C.P. Ltd for a total consideration of €2.7 million has been completed. The completion of the acquisition of the third hostel of the Dream portfolio, which is located in Prague, will take place in the next weeks.

Outlook

The financial performance and the investment made in 2019 has created real momentum going into 2020. While still very early in the year, performance in the first month of 2020 and forward bookings for Q1 are very encouraging, a positive signal for the coming year, which will also benefit from the acquisitions made last year.

Current Network

Region	Location	Beds	Leasehold/Freehold
UK	Edinburgh	618	Finance lease
	Glasgow*	200	Freehold
	London "Kensington Holland Park"	345	Finance lease
	London "Elephant and Castle"	491	Finance lease
	York	151	Freehold
Europe	Athens	132	Leasehold
	Barcelona "Passeig de Gràcia"	380	Leasehold
	Barcelona "Gothic Quarter"	132	Leasehold
	Barcelona "Sea"	96	Leasehold
	Berlin*	168	Leasehold
	Bratislava	124	Leasehold
	Brussels*	196	Leasehold
	Lisbon	150	Leasehold
	Madrid	228	Leasehold
	Pisa	171	Freehold
	Prague "Charles Bridge"	150	Leasehold
	Vienna*	137	Leasehold
	Warsaw	158	Leasehold
	Total Operating	18	4,027
	Prague "Museum" (Q1 2020)	204	Leasehold
	Paris (2020)	246	Leasehold
	Venice (2022)	660	Freehold (JV)
Total under development	3	1,110	
Total Network	21	5,137	

**bed stock after completion of the conversion / renovation in Vienna, Brussels, Glasgow and Berlin, all due to complete in Q1 2020*

Enquiries

Safestay plc
Larry Lipman

+44 (0) 20 8815 1600

Liberum Capital Limited
(Nominated Adviser and Broker)
Andrew Godber/Edward Thomas/Laura Hamilton

+44 (0) 20 3100 2000

Novella
Tim Robertson
Fergus Young

+44 (0) 20 3151 7008

For more information visit our:

Website www.safestay.com

Vox Markets page <https://www.voxmarkets.co.uk/company/SSTY/news/>

Instagram page www.instagram.com/safestayhostels/