

05 February 2019

Safestay plc
("Safestay" or the "Company")

FY18 Trading Statement

Poised for European roll-out

Safestay plc (AIM: SSTY), the owner and operator of an international brand of contemporary hostels, is pleased to provide the following trading update for the 12 months to 31 December 2018.

Key highlights in 2018

- Positive trading performance
- 39% increase in total revenues to £14.6 million (2017: £10.5 million)
- Growth in Occupancy to 75.6% (2017: 72.8%)
- Expect to deliver at least £3.4 million in EBITDA (2017: £3.2 million)
- Added new hostel sites in Barcelona, Brussels and Vienna
- Successful £10.36 million capital raise in December 2018 to fund future expansion
- Poised for European roll-out with 15 European cities identified

At an annual growth rate of 5%*, the contemporary hostel market is the fastest growing segment of the accommodation sector within which Safestay is already one of the leading operators in Europe with 2,792 beds. Demand for the hostel experience from the digital generation, in particular, remains strong across the UK and the continent.

** A report from Phocuswright 2016*

The successful capital raise in December 2018 which generated £10.36 million of new funds, reflects the strength of the performance to date and provides the financial platform to complete the next stage of the Group's expansion. 15 European cities have been identified as suited to the Safestay brand and there is a strong pipeline of potential sites located in these cities in various stages of negotiations.

In 2018, the Company added three new city centre sites. In H1 the Company acquired the 351 bed Barcelona Passeig de Gracia hostel which has performed strongly from the outset. In H2 the Company secured 2 long term leases in Vienna and Brussels.

In addition, the Company is pleased to announce that the popular Elephant & Castle Safestay hostel located in the Labour Party's ex-headquarters has completed its 73 bed extension and now offers 486 beds per night. In total, the Group now consists of:

- 4 sites in the UK: York, Edinburgh and two in London
- 9 sites in Europe: Brussels, Lisbon, Madrid, Paris, Prague, Vienna and three in Barcelona
- 2,792 beds across all 12 hostels and 234 under construction

Looking ahead, Larry Lipman, Chairman of Safestay, said:

"The focus is to grow the brand and the Company has the capital to support an increase from the 13 sites today to over 20, at which point the business will become self-funding and increasingly gain from economies of scale and brand growth."

The Company will announce Final Results for the 12 months to 31 December 2018 in April 2018.

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