

Chairman's Statement



Introduction

Thank you for taking the time to read the annual report and accounts of Dalata Hotel Group plc for the 12 months ended 31 December 2017.

It is my pleasure to report that 2017 was a year of further growth and success for Dalata. During the year we added 265 rooms to our portfolio and continued our planned expansion in the UK. We also progressed the construction of new hotels on two sites in Dublin, one in Belfast and one in Cork. Meanwhile, assets acquired in 2016, including the Clayton Hotel, Burlington Road, have been integrated very successfully into the Group.

Although continued expansion of the Group, most immediately in the UK in the short term, remains a key priority for Dalata, we are first and foremost hotel operators. The acquisition and construction of hotel properties enables us to bring to the market our expertise and experience in operating hotels. Our aim is to deliver the best possible experience to all of our guests, and we do this through a combination of our culture and values, the experience and commitment of our people and the efficient use of systems and structures to support our business.

All of this has allowed us to deliver excellent financial performance in 2017. Total revenues in the business increased from €290.6 million in 2016 to €348.5 million in 2017, and our EBITDA climbed to €102.7 million in 2017 from €71.1 million in the previous year.

We ended the year with a strong balance sheet and with market capitalisation in excess of €1 billion. Further details of our financial performance can be found in the Financial Review on pages 26 to 35.

CULTURE AND VALUES

Dalata has grown quickly and profitably from small beginnings. This could only happen with the right culture and values in place in the organisation. Our culture is people-centred, with real decision-making power devolved to those responsible for the delivery of service to our guests. This allows our leaders to lead from the front, supported by strong and efficient services provided from the centre. We care about our

people, and we recruit, train, develop and motivate them to care about our guests, the communities in which we operate and the environment in which our properties are located. We listen carefully to feedback from our guests and our own people, obtained informally and formally through market and employee surveys, and we act on that feedback. Our goal is continuously to improve the experiences of our guests and our people.

PEOPLE

In response to our culture and values, our people continue to show exceptional talent, commitment and dedication, without which we would be unable to deliver the levels of growth and profitability we have achieved. At the end of 2017 Dalata employed 4,326 full-time and casual employees, and this figure continues to increase. Our training and management development programmes are designed to provide all of our people with the opportunity to grow with the organisation and to build satisfying and rewarding careers. On behalf of the Board, I would like to say thank you to all of our people for choosing to bring their skills and energy to the Group and for their consistent delivery of excellent service to our guests and to the organisation.

BOARD AND CORPORATE GOVERNANCE

Your Board comprises four non-executive directors and three executive directors, supported by Dalata's company secretarial team. Board members meet formally in Board committees and at Board meetings, and also less formally, to discuss issues affecting the business of the Group. The non-executive directors also meet as a group from time to time.

These communications address issues and transactions arising in the business, with a significant focus on the strategic direction of the business and on planning beyond the immediate future.

During 2017 an external evaluation of the performance of the Board was undertaken. The results were very positive, and recommendations arising have been incorporated into the work of the Board. The Group has continued to benefit from the extensive experience, knowledge and expertise of each member of our Board, and I would like to thank the Directors for their hard work and dedication during the year.

At Dalata we are firmly committed to maintaining the highest standards of corporate governance. Dalata seeks to comply with all requirements of the UK Corporate Governance Code 2016, the Irish Corporate Governance Annex and best practice generally in respect of its corporate governance practices. Details of our approach are set out in the separate Corporate Governance report.

DIVIDEND

We announced our intention to commence the payment of a dividend from 2018 onwards when we released our preliminary results for 2017. The Board will adopt a progressive dividend policy with the payout based on a percentage of profit after tax which is expected to be in the range of 20% to 30%. An interim dividend will be declared with the interim results in 2018. This announcement delivers on our promise to commence payment of dividends when the time is right.



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OUTLOOK

The year 2017 was one of economic growth and falling unemployment in Ireland, together with continuing uncertainty around the political climates in the UK and the US, two very important markets for Irish tourism and for our business. Demand for hotel rooms in most of our markets, and especially in Dublin, has continued to grow. We continue to monitor and plan for events in our markets, while focusing on the delivery of excellent service to our guests and on the growth of the business. We remain confident that we will deliver further profitable growth in our business in the months ahead.

John Hennessy
Non-Executive Chairman