

# Q2 2015 PRELIMINARY SALES AND RESULTS

28 July 2015



**nH**  
HOTELS

  
NH COLLECTION

**nhow**

**Hesperia**  
RESORTS

**Note:** The “Like for Like plus Renovations” criteria (LFL&R) includes the hotels renovated in 2014 and 2015 so that the sample of “LFL” hotels is not reduced by the high number of hotels affected by renovations.

### Key Figures excluding Hoteles Royal

- **NH has improved its recurring net result in Q2 2015 by +85.8% reaching a net profit of €15.7M.** Including non-recurring activity, the net profit amounts to €11.8M, compared to the loss of €-4.2M in the same quarter of 2014.
- In Q2 the group's **revenues** increased by **+6.8%** (reaching €371.5M) and **EBITDA** improved by **+25.0%** (totalling €65.3M) mainly due to the **behaviour of the Italy and Spain business units**, and due to the good progress of the strategic plan initiatives.
- **+12.0% increase in the consolidated RevPar in Q2** (+11.0% with constant exchange rate) **mainly through prices increases of +11.2%** (+10.2% with constant exchange rate).
- **Slight increase in consolidated occupancy (+0.7%)** with a +6.1% growth in Spain during the quarter and compensating the **loss of tour operator rates** both in Central Europe and Benelux, increasing ADRs.
- The **difference** between the **increase in RevPar** and the **increase in total revenues** is explained by several factors:
  - Lower growth in room revenues due to **less available rooms explained by the refurbishments**
  - Flat growth of Food & Beverage revenues due to **outsourcing of some restaurants centres**, segmentation change due to **fewer business customers in the Expo Milan and exit of TTOO rates in Central Europe and Benelux** and lastly **lower demand of business groups** in the Benelux conference hotels
  - **Lower management fees** due hotels that left during 2014 and 2015
- **All regions continue to report a positive behaviour in RevPar. This is the fifth consecutive quarter with increased prices.**
- **Staff expenses rise by +3.1%** (€+3.7M). This increase is explained by the reinforcement of staff (Spain, Benelux, and Latam), increases in collective agreements and the increased number of hotels joining the Collection category.
- **Other operational expenses increase by +3.2% with respect to the previous year (€+3.5M).** This increase is mainly due to the higher Marketing and IT expenses, as well as of other variable costs due to the adaptation of hotels to the Collection category.
- **Renegotiation of lease agreements**, isolating the increase due to the sale & leaseback of the NH Amsterdam Centre in mid-2014 (€1.6M), has made it possible to obtain **savings of -0.4% (€0.6M).**
- Thus **revenues to GOP conversion ratio** in the quarter was **69% and 66% at EBITDA level before onerous.**
- In Q2, **impacts from exchange rate and from portfolio changes offset each other**, so they were excluded from previous comments. Applying both impacts adjusted figures in Q2 2015 are: revenues



improved by +6.6% (€+23.1M), staff expenses increased by +2.6% (€+3.2M), the other operational expenses increased by +2.9% (€+3.1M) and the recurring EBITDA before onerous grew by +35.0% (€+16.5M).

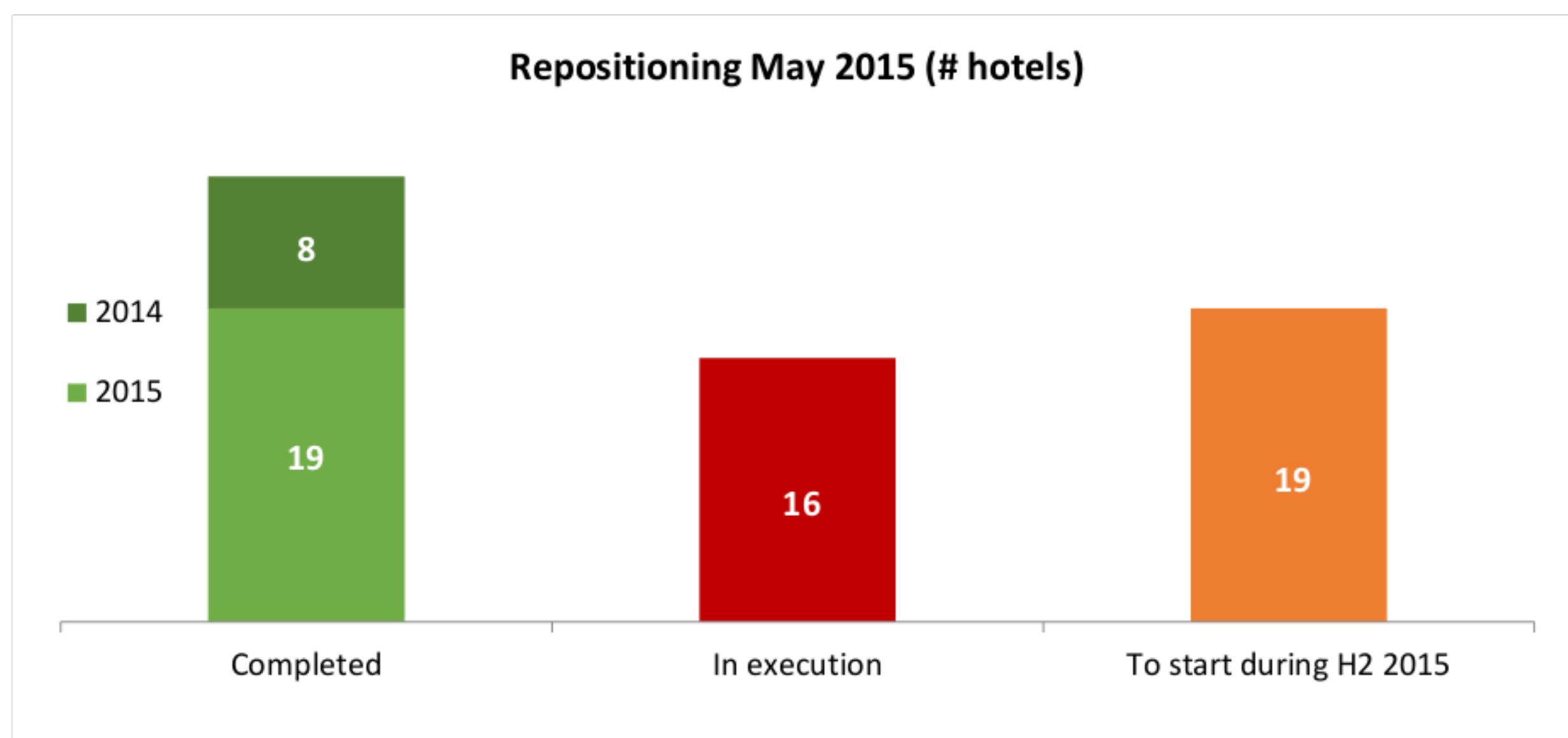
- On 26<sup>th</sup> June 2015 a **€36M loan was refinanced in Germany, reducing the financial cost from a 5% to a 2.5% fixed margin, and delaying final maturity** from June 2016 to October 2018.
- On 10<sup>th</sup> July 2015 **the group formalised the novation of the Long-Term Syndicated Loan (€181M out of which €137 drawn as of June 2015)** signed in October 2013 with a group of eight banks in the following terms: (i) **the margin is reduced from 4.0%** (linked to a grid on the basis of the net financial debt/EBITDA ratio) to **2.5%** (no grid), (ii) **the original maturity date is delayed by twelve months** until October 2018 and (iii) **interims repayments are partially reduced till 2018** (refer to debt chart page 12)

#### Key Figures including Hoteles Royal

- Hoteles Royal contribution in Q2: €+15.7M of revenues and €+1.5M of EBITDA, with a neutral impact at Net Income level.
- In the second quarter, NH Hotel Group reported a **+11.3% increase in revenues** (reaching €387.2M), **+27.8% in terms of EBITDA (€66.7M)** and a **Net Recurring Result of +86.7% (totalling €15.7M)**.
- Given the evolution of Q2 discussed above, the group reported figures in the **first semester** are: **revenues growing by +8.3% (reaching €665,3M)**, **EBITDA before onerous by +58.4% (totalling €57,2M)** and **Recurring Net Income by +50.7% (€ -12,5M)**.

**2015 Prospects and Strategic Plan Status:**

- 2015:** In terms of RevPar, and after the good performance of Q2, the estimation for the year is ~9%. Total revenue for the year remains as the initial estimate because there is more room inventory in refurbishment and other income is expected to remain constant during the second half of the year (less available rooms, outsourcing restaurant centers, segmentation changes). At EBITDA level due to the factors discussed above the growth target remains at + 25% in the year.
- Repositioning Plan:**

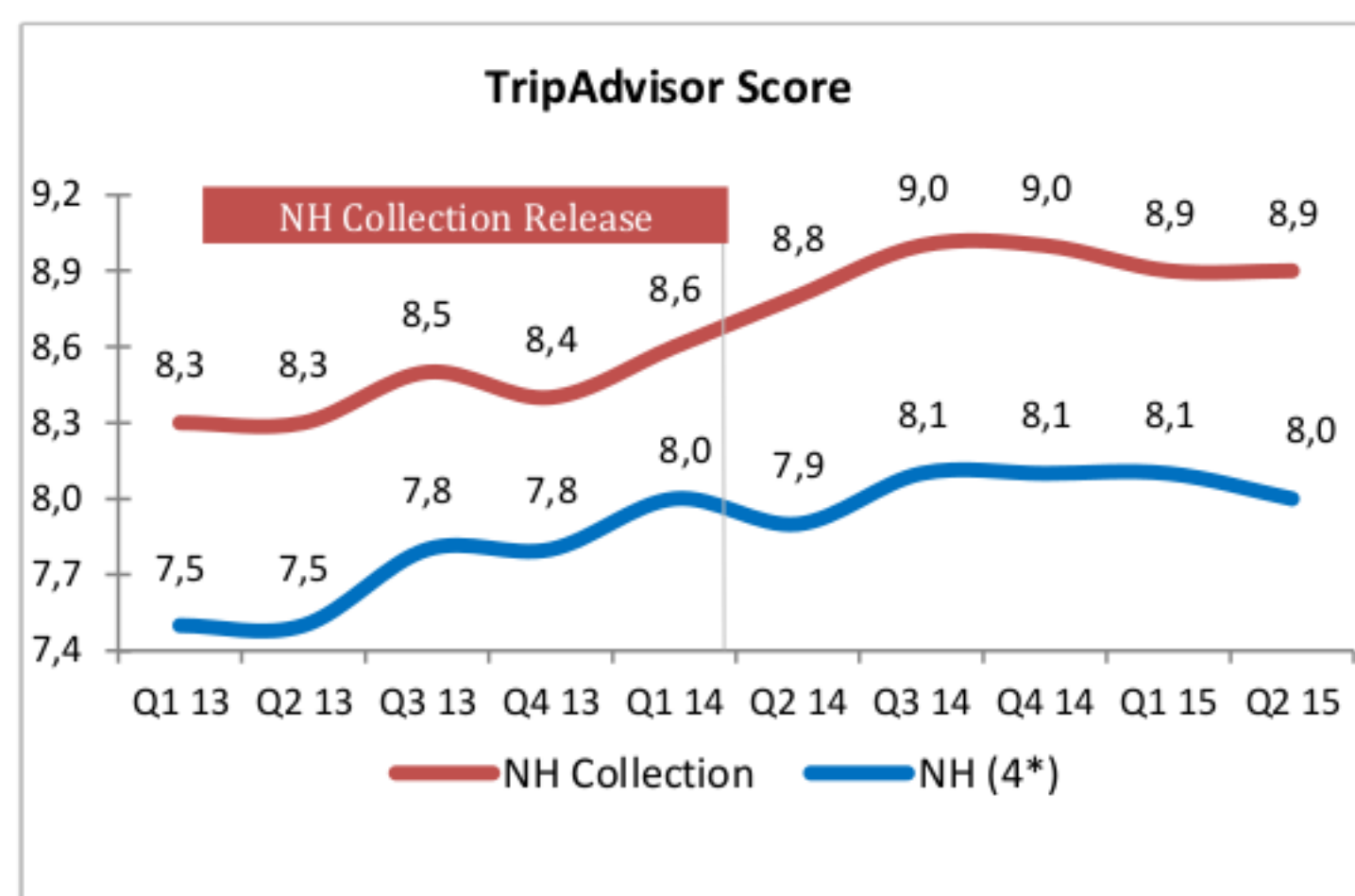


From the start of the plan to the end of the second quarter of 2015 it has been completed the renovation of 27 hotels. The hotels completed before the start of Q2 2015 which had not started the renovation in Q2 2014 (NH Atocha (Madrid), NH Turcosa (Castellon), NH Danube City (Vienna), NH Milano Touring (Milan), NH Plaza (Genoa)) achieved an average RevPar increase of +26.1% in the second quarter of 2015. This increase, which is greater than in other quarters, is partly due to the excellent behaviour of the cities of Milan and Madrid.

In terms of signage, 143 hotels have been completed, and the target of completing the other scheduled hotels by late 2015 is confirmed.

- Brand:** NH Collection, with 43 hotels in Q2 and 57 hotels in late 2015, and starts to display its potential in terms of quality (with improvements also in non-renovated hotels) and in terms of prices:

ADR Increase in 2015	Q1	Q2
<b>NH Collection</b>	11,9%	18,5%
<b>NH 4*</b>	5,9%	9,3%





It continues to improve our position in TripAdvisor after the implementation of the “*brilliant basics*” and the improved service. 26% of the group's portfolio is in the top 10 urban hotels (40% for NH Collection) and 50% in the top 30%.

NH Rewards had more than 4.7 million members in late June, representing 30% of the chain's sales. It is expected to start implementing the NH Rewards Corporate campaign in 30 companies during the year.

- **Pricing & Revenue Management:** The implementation of hotel indexation in the top 20 destinations and the redefinition of our competitive set were completed, while the B2C pricing and type of room strategies are in the optimisation stage. The project for the improvement of the Revenue Management tool, which will include all the information required in a single source, improves forecasts and implements business rules applying new pricing practices, is making good progress.
- **IT:** SAP migration was completed in April, applying the new Back Office model in all BUs. Migration of the Front Office has been completed in Europe (285 hotels), and will start in America in July, on schedule. The disconnection of the previous system has been scheduled for December, reducing costs in line with the plan by ceasing to support two parallel infrastructures.

The new website, after a period (January-May) of adjustments (optimising performance, purchasing process, contents, and usability) starts to have good results. Hoteles Royal has been successfully integrated, available for online sales since 7 May, and the renovated Hesperia website was launched on 18 May.

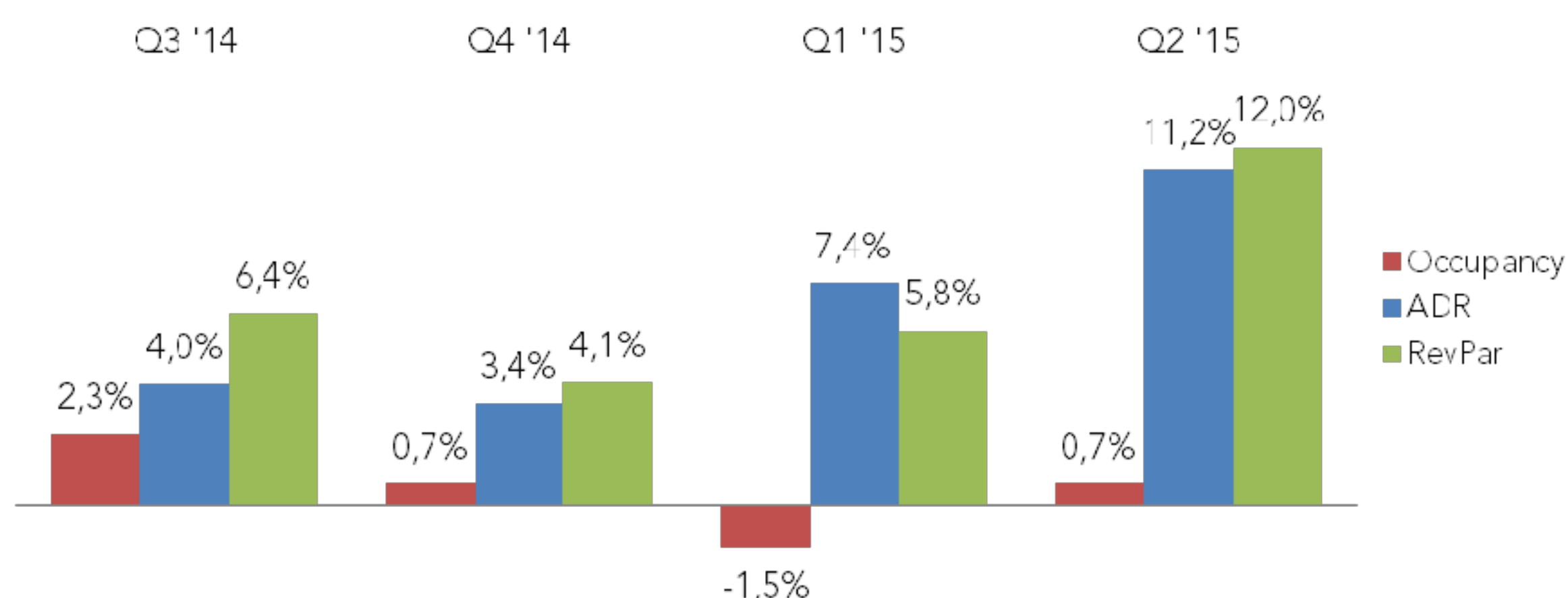
- **Support functions:** The implementation of the shared services centre was completed in April excluding Hoteles Royal, whose entry is scheduled for 2016. Business units are in the stage of providing services or stabilising, after the migration of systems and outsourcing of the administration function. Monitoring is maintained to ensure that efficiencies are reflected in the income statement.
- **Portfolio optimisation:** As part of the portfolio optimisation plan, the target is reduced to 11 hotels during the year (compared to the initial 13-15), after the renegotiation agreements made in the first half of the year. 4 hotels left the portfolio during the first six months.
- **Leases:** 70% of the target for the year has been attained by June 2015, with annualised savings of €4.9M, of which 64% are indefinite.
- **Integration of Hoteles Royal:** Since the 7<sup>th</sup> of May, hotels under the Royal brand have been connected to the NH web, to which the Radisson hotels were also included at the end of May, after completing their rebranding to NH. Hotel rebranding was completed on schedule, significantly improving their visibility in terms of internal and external signage. From May to August, specific events at hotel level will continue, as well as prepare the official launch on 10 September in Bogotá.



**RevPar trends: Evolution in the Second Quarter**

- Consolidated RevPar in the second quarter of the year (+12.0%) displays a significant increase with respect to the positive trend registered in Q3 2014 (+6.4%), Q4 2014 (+4.1%) and Q1 2015 (+5.8%). The increase in prices (+11.2%) has the greatest weight in its composition, as in previous quarters.
- RevPar LFL&R in the second quarter of the year grows by +11.3% due to the +11.0% price increase and the +0.3% increase in occupancy.
- Particularly outstanding are the BU in Italy, which grew from +7.0% in Q1 to +18.6% in Q2, with a +18.2% pricing increase, and the BU in Spain, which grew from +6.5% in Q1 to +17.9% in Q2, with a +11.6% pricing increase. All business units registered higher prices and occupancy levels, with the exception of Central Europe, with a -3.5% decrease (+2.4% RevPar LFL&R) due to the lower number of trade fairs and a worse holiday schedule in May in Germany, and a -2.5% drop in Latin America due to devaluation in Brazil, the main feeder market of Argentina (RevPar LFL +20.4%).

NH HOTEL GROUP REVPAR Q2 2015/14											
	AVERAGE ROOMS		OCCUPANCY			ADR			REVPAR		
	2015	2014	2015	2014	% Var	2015	2014	% Var	2015	2014	% Var
<b>Spain &amp; Portugal LFL &amp; R</b>	<b>11.407</b>	<b>11.550</b>	<b>74,1%</b>	<b>70,2%</b>	<b>5,6%</b>	<b>79,6</b>	<b>71,3</b>	<b>11,6%</b>	<b>59,0</b>	<b>50,0</b>	<b>17,9%</b>
B.U. Spain Consolidated	11.510	11.991	74,1%	69,8%	6,1%	79,4	70,9	12,0%	58,8	49,5	18,8%
<b>Italy LFL &amp; R</b>	<b>7.211</b>	<b>7.190</b>	<b>72,7%</b>	<b>72,4%</b>	<b>0,4%</b>	<b>122,7</b>	<b>103,8</b>	<b>18,2%</b>	<b>89,2</b>	<b>75,2</b>	<b>18,6%</b>
B.U. Italy Consolidated	7.331	7.270	72,6%	72,2%	0,5%	122,1	103,6	17,8%	88,6	74,8	18,5%
<b>Benelux LFL &amp; R</b>	<b>8.316</b>	<b>8.384</b>	<b>75,5%</b>	<b>75,2%</b>	<b>0,4%</b>	<b>96,7</b>	<b>90,5</b>	<b>6,8%</b>	<b>73,0</b>	<b>68,1</b>	<b>7,2%</b>
B.U. Benelux Consolidated	8.381	8.428	75,6%	74,9%	0,9%	96,9	90,4	7,2%	73,3	67,7	8,2%
<b>Central Europe LFL &amp; R</b>	<b>12.578</b>	<b>12.628</b>	<b>73,8%</b>	<b>76,5%</b>	<b>-3,5%</b>	<b>81,3</b>	<b>76,6</b>	<b>6,2%</b>	<b>59,9</b>	<b>58,5</b>	<b>2,4%</b>
Central Europe Consolidate	12.578	12.628	73,8%	76,5%	-3,5%	81,3	76,6	6,2%	59,9	58,5	2,4%
<b>Total Europe LFL &amp; R</b>	<b>39.512</b>	<b>39.752</b>	<b>74,0%</b>	<b>73,7%</b>	<b>0,5%</b>	<b>91,5</b>	<b>82,9</b>	<b>10,3%</b>	<b>67,7</b>	<b>61,1</b>	<b>10,9%</b>
Total Europe Consolidated	39.800	40.317	74,0%	73,4%	0,8%	91,5	82,7	10,6%	67,7	60,7	11,5%
<b>Latin America LFL &amp; R</b>	<b>3.044</b>	<b>3.043</b>	<b>65,0%</b>	<b>66,7%</b>	<b>-2,5%</b>	<b>73,5</b>	<b>59,5</b>	<b>23,5%</b>	<b>47,8</b>	<b>39,7</b>	<b>20,4%</b>
Latin America Consolidated	3.044	3.180	65,0%	66,3%	-2,0%	73,5	60,2	22,2%	47,8	39,9	19,7%
<b>NH Hotels LFL &amp; R</b>	<b>42.556</b>	<b>42.795</b>	<b>73,4%</b>	<b>73,2%</b>	<b>0,3%</b>	<b>90,4</b>	<b>81,4</b>	<b>11,0%</b>	<b>66,3</b>	<b>59,6</b>	<b>11,3%</b>
Total NH Consolidated	42.844	43.497	73,4%	72,9%	0,7%	90,3	81,2	11,2%	66,3	59,2	12,0%

**Consolidated Ratio evolution by quarter**


	Business Unit Evolution											
Consolidated Ratios	Occupancy				ADR				RevPar			
% Var	Q3 '14	Q4 '14	Q1 '15	Q2 '15	Q3 '14	Q4 '14	Q1 '15	Q2 '15	Q3 '14	Q4 '14	Q1 '15	Q2 '15
Spain	1,2%	2,1%	-1,0%	6,1%	8,2%	5,8%	8,6%	12,0%	9,4%	8,1%	7,6%	18,8%
Italy	2,6%	3,4%	-1,5%	0,5%	6,9%	5,3%	8,3%	17,8%	9,7%	8,9%	6,6%	18,5%
Benelux	0,7%	-2,2%	-1,7%	0,9%	-0,5%	3,9%	4,2%	7,2%	0,3%	1,6%	2,4%	8,2%
Central Europe	3,5%	0,4%	-2,0%	-3,5%	4,2%	0,1%	5,1%	6,2%	7,8%	0,5%	3,0%	2,4%
TOTAL EUROPE	2,2%	0,9%	-1,5%	0,8%	4,7%	3,4%	6,7%	10,6%	7,1%	4,4%	5,0%	11,5%
Latin America real exc. rate	3,6%	-1,7%	-0,4%	-2,0%	-6,4%	2,1%	18,1%	22,2%	-3,1%	0,3%	17,6%	19,7%
NH HOTELS	2,3%	0,7%	-1,5%	0,7%	4,0%	3,4%	7,4%	11,2%	6,4%	4,1%	5,8%	12,0%
Latin America constant exc. rate	3,6%	-1,7%	-0,4%	-2,0%	20,7%	28,1%	10,3%	12,5%	25,0%	25,9%	9,8%	10,2%

**Evolution in the first semester**

- Accumulated for the first semester, the RevPar LFL&R increases by +9.1%, with a higher level of prices +9.5% and an occupancy drop of -0.4%.

NH HOTEL GROUP REVPAR 6 MONTHS 2015/14											
	AVERAGE ROOMS		OCCUPANCY			ADR			REVPAR		
	2015	2014	2015	2014	% Var	2015	2014	% Var	2015	2014	% Var
Spain & Portugal LFL & R	11.257	11.558	65,7%	63,9%	2,8%	76,1	68,8	10,6%	50,0	44,0	13,8%
B.U. Spain Consolidated	11.396	12.081	65,7%	63,4%	3,6%	75,8	68,3	11,0%	49,8	43,3	15,0%
Italy LFL & R	7.211	7.171	63,8%	63,9%	-0,2%	110,8	96,7	14,6%	70,6	61,8	14,3%
B.U. Italy Consolidated	7.331	7.212	63,7%	63,8%	-0,2%	110,3	96,7	14,1%	70,3	61,7	13,9%
Benelux LFL & R	8.343	8.384	66,2%	66,6%	-0,6%	91,8	86,7	5,8%	60,8	57,7	5,2%
B.U. Benelux Consolidated	8.386	8.428	66,3%	66,4%	-0,2%	92,0	86,6	6,2%	61,0	57,5	6,1%
Central Europe LFL & R	12.567	12.628	68,2%	70,2%	-2,8%	81,5	77,1	5,7%	55,6	54,1	2,7%
Central Europe Consolidate	12.567	12.628	68,2%	70,2%	-2,8%	81,5	77,1	5,7%	55,6	54,1	2,7%
Total Europe LFL & R	39.377	39.741	66,2%	66,5%	-0,3%	87,3	80,2	8,8%	57,9	53,3	8,5%
Total Europe Consolidated	39.680	40.349	66,2%	66,2%	0,0%	87,2	79,9	9,1%	57,8	52,9	9,1%
Latin America LFL & R	3.044	3.043	64,8%	65,7%	-1,5%	72,5	59,5	21,8%	46,9	39,1	20,0%
Latin America Consolidated	3.044	3.180	64,8%	65,6%	-1,2%	72,5	60,3	20,1%	46,9	39,6	18,7%
NH Hotels LFL & R	42.421	42.784	66,1%	66,4%	-0,4%	86,3	78,8	9,5%	57,1	52,3	9,1%
Total NH Consolidated	42.724	43.529	66,1%	66,2%	0,0%	86,2	78,5	9,8%	57,0	52,0	9,7%



**Recurring Results (Q2 2015 vs Q2 2014) by Business Unit**
**B.U. Spain**

- Very favorable performance in the second quarter, with a RevPar LFL&R growth of +17.9%, explained by a +11.6% increase in prices and a +5.6% increase in occupancy. Both the cities of Madrid (+30.4%) and Barcelona (+16.0%) stand out.
- LFL&R revenues increased by +11.2% (€+9.4M), growing less than RevPar due to the lower F&B revenues, as a result of its outsourcing in 3 hotels with a positive impact on EBITDA, the closing for refurbishment of the restaurant of NH Calderón, as well as the impact of the segmentation pricing strategy.
- Operating expenses increased by +4.4% (€+2.5M), mainly due to the increase in staff expenses caused by the increase in occupancy.
- Lease payments decreased by -7.0% (€-1.7M) due to rent renegotiations. EBITDA LFL&R stands at €+10.3M as opposed to €1.6M in the previous year, showing improvement of €+8.6M.
- Perspectives for the third quarter are positive, maintaining a target increase of two digits in RevPar.

**B.U. Italy**

- RevPar LFL&R increased by +18.6%, explained by a +18.2% increase in prices and a +0.4% increase in occupancy. The behaviour of Milan stands out, with a +32.8% increase in RevPar due to the Expo in Milan, where NH counts with 11 hotels and 2,157 rooms.
- The lower growth in revenues during the second quarter (+13.6%), compared to the increase in RevPar, is explained due to the fact that the profile of tourists visiting the Expo spend less in F&B than the usual business clients, as well as to the lower Food & Beverage and salon rental revenues caused by the refurbishment of NH Milanofiori and NH Midas.
- Increase in operating expenses by +4.0% (€+1.7M), explained by the increase in IT expenses and commissions. GOP LFL&R increased by +30.6% (€+7.4M).
- Increase in rent of NH Collection Palazzo Barocci, renovated in 2014, and NH Parma, which opened in mid-2014, compensated by the savings in rent of NH Concordia, translates into a rent increase of +3.1% (€+0.3M).
- EBITDA LFL&R increase of +53.7% (€+7.0M), reaching €20.1M in Q2.
- Perspectives for Q3 are very good, with a two digit target growth of RevPar.

**B.U. Benelux**

- RevPar LFL&R growth of +7.2%, with +6.8% price increase. The behaviour of the cities of Brussels (+7.9%) and Amsterdam (+9.6%) stands out.
- The decrease of F&B revenues, due to its outsourcing in the NH Amsterdam Centre, the worse performance of the conference centres, and the change in the pricing strategy, has lead LFL&R revenues, +1.4% (€+1.1M), not to grow at the same rate as the RevPar increase.
- Operating expenses increased by +3.2% (€+1.6M), mainly due to the increase in other operating expenses by +5.0% (€1.1M), as a result of the increase in marketing and IT expenses, and the change in the calculation of city tax in Belgium, as well as to the +1.7% (€+0.5M) increase in payroll expenses.



- Reduction in leases due to renegotiations by -3.2% (€-0.4M), reaching an EBITDA LFL&R of €18.4M (-0.8% or €-0.2M).
- Q3 is expected to have a behavior above the average of the first semester. Amsterdam and Brussels are expected to perform above the BU average due to the 5 in-depth refurbishments that will be completed after the summer (3 of which will be upgraded to NH Collection).

#### **B.U. Central Europe**

- RevPar LFL increased by +2.4%, with a +6.2% increase in prices and a -3.5% decrease in occupancy, due to the lower number of trade fairs, particularly in Düsseldorf, and a worse holiday schedule in Germany during the month of May. Frankfurt stands out, with a +14.6% growth, due to its trade fair schedule.
- LFL&R revenues increased by +1.8% (€+1.7M), below RevPar, due the performance in F&B revenues.
- Operating expenses increased by +1.4% (€+0.9M), due to the +2.6% (€+0.8M) increase in payroll expenses, as a result of the implementation of minimum salary, collective agreements and the impact of the exchange rate of the Swiss Franc.
- Rents have slightly increased as a result of renegotiation, which has allowed the company to achieve an EBITDA LFL&R growth of +11.6% (€+0.8M).
- Q3 will be affected negatively by the refurbishment of 3 hotels, with the turnaround starting in Q4.

#### **B.U. The Americas**

- Revenues LFL&R at real exchange rate of the business unit in the region grows +23.6% (€+4.1m), exceeding the increase in RevPar LFL&R +20.4%, due to a higher increase of other income.
- Operating expenses increased by +24.5% (€+3.1M), mainly due to the combined effect of increased inflation and rising staff costs in Argentina. Lease payments increased +12.8% (€+0.2M) due to the contract extension of Hilton Aeropuerto and the variable rent component of the NH Collection Monterrey.
- As a result, EBITDA LFL&R increases by +24.2% (€+0.8M). Mexico, Chile and the managed hotels in the Caribbean progress positively, taking also into account the positive impact of the exchange rate. Argentina continues to reduce the positive development of the business unit by reducing its EBITDA by € -0,5M €.
- The reduction of EBITDA in Argentina in local currency of -23.4% is due to revenue increase of +18.8%, lower than the +35.5% increase of the operating expenses, explained by the increase in personnel expenses of +53.9% (due to the collective bargaining agreement, the temporary personnel for the implementation of SAP and the strengthening of shared services and management teams) and the operating costs, which have risen by +18.6%, reflecting the actual CPI of the country. This problem has been addressed to fix it.
- For the third quarter it is expected a RevPar growth of two digits in line with the second quarter.

HOTEL ACTIVITY 2015 VS 2014 NOT INCLUDING HOTELES ROYAL						
(€ million)	2015 Q2	2014 Q2	%DIFF.	2015 6 months	2014 6 months	%DIFF.
SPAIN	92,9	83,5	11,2%	155,9	144,9	7,6%
ITALY	76,1	67,0	13,6%	123,3	111,8	10,3%
BENELUX	82,4	81,3	1,4%	141,0	140,6	0,3%
CENTRAL EUROPE	97,2	95,5	1,8%	180,2	176,9	1,8%
AMERICA	21,6	17,5	23,6%	38,8	32,8	18,4%
<b>TOTAL REVENUE LFL&amp;R</b>	<b>370,2</b>	<b>344,8</b>	<b>7,4%</b>	<b>639,2</b>	<b>607,0</b>	<b>5,3%</b>
<b>OPENINGS, CLOSINGS &amp; OTHERS</b>	<b>1,3</b>	<b>3,2</b>	<b>(58,0%)</b>	<b>4,6</b>	<b>7,2</b>	<b>(35,4%)</b>
<b>REVENUES</b>	<b>371,5</b>	<b>348,0</b>	<b>6,8%</b>	<b>643,9</b>	<b>614,2</b>	<b>4,8%</b>
SPAIN	59,6	57,1	4,4%	110,3	106,9	3,1%
ITALY	44,7	43,0	4,0%	81,2	79,2	2,5%
BENELUX	52,7	51,1	3,2%	97,7	97,0	0,7%
CENTRAL EUROPE	62,5	61,7	1,4%	123,7	122,6	0,9%
AMERICA	15,8	12,7	24,5%	29,1	23,9	21,7%
<b>OPEX LFL&amp;R</b>	<b>235,4</b>	<b>225,6</b>	<b>4,4%</b>	<b>442,0</b>	<b>429,7</b>	<b>2,9%</b>
<b>OPENINGS, CLOSINGS &amp; OTHERS</b>	<b>1,1</b>	<b>3,6</b>	<b>(69,6%)</b>	<b>3,7</b>	<b>6,2</b>	<b>(40,9%)</b>
<b>OPERATING EXPENSES</b>	<b>236,5</b>	<b>229,2</b>	<b>3,2%</b>	<b>445,7</b>	<b>435,9</b>	<b>2,2%</b>
SPAIN	33,3	26,4	26,1%	45,6	37,9	20,1%
ITALY	31,4	24,0	30,6%	42,0	32,5	29,2%
BENELUX	29,7	30,2	(1,7%)	43,4	43,5	(0,4%)
CENTRAL EUROPE	34,7	33,8	2,5%	56,5	54,3	3,9%
AMERICA	5,8	4,8	21,2%	9,7	8,9	9,5%
<b>GOP LFL&amp;R</b>	<b>134,8</b>	<b>119,2</b>	<b>13,1%</b>	<b>197,2</b>	<b>177,3</b>	<b>11,2%</b>
<b>OPENINGS, CLOSINGS &amp; OTHERS</b>	<b>0,2</b>	<b>(0,4)</b>	<b>155,5%</b>	<b>1,0</b>	<b>1,0</b>	<b>(1,9%)</b>
<b>GOP</b>	<b>135,0</b>	<b>118,8</b>	<b>13,7%</b>	<b>198,2</b>	<b>178,3</b>	<b>11,2%</b>
SPAIN	23,1	24,8	(7,0%)	40,6	41,2	(1,4%)
ITALY	11,3	10,9	3,1%	22,1	21,3	4,0%
BENELUX	11,3	11,6	(3,2%)	22,0	22,6	(2,5%)
CENTRAL EUROPE	26,7	26,7	0,1%	53,1	52,8	0,6%
AMERICA	1,4	1,3	12,8%	2,8	2,5	12,4%
<b>LEASES &amp; PROPERTY TAX LFL&amp;R</b>	<b>73,8</b>	<b>75,4</b>	<b>(2,1%)</b>	<b>140,6</b>	<b>140,3</b>	<b>0,2%</b>
<b>OPENINGS, CLOSINGS &amp; OTHERS</b>	<b>(4,0)</b>	<b>(8,8)</b>	<b>(54,6%)</b>	<b>(2,8)</b>	<b>(7,7)</b>	<b>(64,4%)</b>
<b>LEASES AND PROPERTY TAXES</b>	<b>69,8</b>	<b>66,6</b>	<b>4,8%</b>	<b>137,9</b>	<b>132,6</b>	<b>4,0%</b>
SPAIN	10,3	1,6	531,7%	5,0	(3,3)	251,9%
ITALY	20,1	13,1	53,7%	19,9	11,2	76,9%
BENELUX	18,4	18,5	(0,8%)	21,4	21,0	1,8%
CENTRAL EUROPE	7,9	7,1	11,6%	3,4	1,6	113,8%
AMERICA	4,3	3,5	24,2%	6,9	6,4	8,3%
<b>EBITDA LFL&amp;R</b>	<b>61,0</b>	<b>43,8</b>	<b>39,2%</b>	<b>56,5</b>	<b>37,0</b>	<b>53,0%</b>
<b>OPENINGS, CLOSINGS &amp; OTHERS</b>	<b>4,2</b>	<b>8,4</b>	<b>(49,4%)</b>	<b>3,8</b>	<b>8,8</b>	<b>(57,2%)</b>
<b>EBITDA INCLUDING ONEROUS PROVISION</b>	<b>65,3</b>	<b>52,2</b>	<b>25,0%</b>	<b>60,3</b>	<b>45,7</b>	<b>31,9%</b>



**Consolidated Income Statement**

NH HOTEL GROUP P&L ACCOUNT									
(€ million)	NH (ex. Hoteles Royal)			NH (ex. Hoteles Royal)			NH TOTAL*		
	Q2 2015	Q2 2014	2015/2014	6M 2015	6M 2014	2015/2014	6M 2015	6M 2014	2015/2014
	M Eur.	M. Eur	Var. %	M Eur.	M. Eur	Var. %	M. Eur	M. Eur	Var. %
<b>TOTAL REVENUES</b>	<b>371,5</b>	<b>348,0</b>	<b>6,8%</b>	<b>643,9</b>	<b>614,2</b>	<b>4,8%</b>	<b>665,3</b>	<b>614,2</b>	<b>8,3%</b>
Staff Cost	(123,7)	(119,9)	3,1%	(236,8)	(229,3)	3,3%	(244,1)	(229,3)	6,5%
Operating expenses	(112,8)	(109,3)	3,2%	(208,9)	(206,6)	1,1%	(218,0)	(206,6)	5,5%
<b>GROSS OPERATING PROFIT</b>	<b>135,0</b>	<b>118,8</b>	<b>13,7%</b>	<b>198,2</b>	<b>178,3</b>	<b>11,2%</b>	<b>203,2</b>	<b>178,3</b>	<b>14,0%</b>
Lease payments and property taxes	(72,4)	(71,7)	1,0%	(143,1)	(142,1)	0,7%	(146,0)	(142,1)	2,7%
<b>EBITDA BEFORE ONEROUS</b>	<b>62,6</b>	<b>47,1</b>	<b>33,0%</b>	<b>55,1</b>	<b>36,2</b>	<b>52,3%</b>	<b>57,2</b>	<b>36,2</b>	<b>58,4%</b>
Onerous contract reversal provision	2,6	5,1	(48,9%)	5,3	9,6	(45,1%)	5,3	9,6	(45,1%)
<b>EBITDA AFTER ONEROUS</b>	<b>65,3</b>	<b>52,2</b>	<b>25,0%</b>	<b>60,3</b>	<b>45,7</b>	<b>31,9%</b>	<b>62,5</b>	<b>45,7</b>	<b>36,7%</b>
Depreciation	(23,0)	(20,1)	14,7%	(45,0)	(42,6)	5,5%	(45,9)	(42,6)	7,8%
<b>EBIT</b>	<b>42,2</b>	<b>32,1</b>	<b>31,4%</b>	<b>15,3</b>	<b>3,1</b>	<b>393,2%</b>	<b>16,6</b>	<b>3,1</b>	<b>432,5%</b>
Interest expense	(14,1)	(13,3)	6,0%	(21,7)	(27,0)	(19,6%)	(22,2)	(27,0)	(17,6%)
Income from minority equity interests	(0,05)	1,55	(103,2%)	(0,07)	1,51	(104,6%)	(0,1)	1,5	(104,6%)
<b>EBT</b>	<b>28,1</b>	<b>20,4</b>	<b>37,7%</b>	<b>(6,4)</b>	<b>(22,4)</b>	<b>71,3%</b>	<b>(5,8)</b>	<b>(22,4)</b>	<b>74,3%</b>
Corporate income tax	(11,7)	(8,5)	37,9%	(5,1)	(4,1)	23,2%	(5,6)	(4,1)	34,6%
<b>NET INCOME before minorities</b>	<b>16,4</b>	<b>11,9</b>	<b>37,5%</b>	<b>(11,5)</b>	<b>(26,5)</b>	<b>56,6%</b>	<b>(11,3)</b>	<b>(26,5)</b>	<b>57,3%</b>
Minority interests	(0,7)	(3,5)	(78,9%)	(1,1)	1,1	(196,4%)	(1,2)	1,1	(208,1%)
<b>NET RECURRING INCOME</b>	<b>15,7</b>	<b>8,4</b>	<b>85,8%</b>	<b>(12,6)</b>	<b>(25,4)</b>	<b>50,5%</b>	<b>(12,5)</b>	<b>(25,4)</b>	<b>50,7%</b>
Non Recurring EBITDA	(6,0)	5,5	(210,6%)	(6,9)	2,0	(446,0%)	(7,0)	2,0	(451,0%)
Other Non Recurring items	2,1	(18,1)	111,8%	2,0	(19,4)	110,5%	2,0	(19,4)	110,5%
<b>NET INCOME including Non-Recurring</b>	<b>11,8</b>	<b>(4,2)</b>	<b>381,2%</b>	<b>(17,4)</b>	<b>(42,8)</b>	<b>59,3%</b>	<b>(17,4)</b>	<b>(42,8)</b>	<b>59,2%</b>

\* Includes Hotel Royal from March 4, 2015

- **Leases:** Isolating the rent from the sale & leaseback of NH Amsterdam Centre in mid-2014 (€1.6M), contract renegotiations have achieved savings by -0.4% (€0.6M) in lease payments, offsetting the increases from negotiations in previous years and the opening of new hotels and renovations. In 2015, 16 agreements were achieved (13 in the second quarter of 2015), and a contract with negative contribution was cancelled. The annual impact of these actions, as well as of the 9 actions performed in late 2014 with impact in 2015, is estimated to equal annualised savings by €4.9M (70% of the annual target), €3.2M (64%) of which have a stable long-term nature. Savings from the actions performed in the second quarter of the year are estimated to equal €2.2M.
- **Financial expenses:** Due to the exchange and interest rates evolution the net Interest expense reduces in -17.6% during the first semester.
- **Minority Interests:** 2014 showed results attributable to the NH Hotel Group partner in the Italian business unit up to acquisition of 44.5% remaining capital of NH Italia at the end of June 2014.
- **Recurring Net Income improves in Q2 2015 by +85.8% reaching €15.7M**

**Non-recurring activity:**

- **Non-recurring EBITDA:** During Q2 non-recurring expenses were incurred regarding: external advisory services (Strategic Plan, issue of bonds, and acquisition of Hoteles Royal), end of sponsorships, and outsourcing compensation.
- **Other non-recurring items:** The variation is mainly due to the fact that 2014 included activity in Sotogrande, as well as the taxes on the sale of NH Amsterdam Centre and accelerated depreciation allowances.
- Including the non-recurring activity, **Net income reaches €11.8M compared to the loss of €-4.2M in Q2.**

**Financial Debt and Liquidity**
**Financial Debt, unaudited (incorporates debt and cash of Hoteles Royal)**

As of 30/06/2015 Data in Euro million	Maximum Available	Availability	Drawn	Debt maturities *				
				2015	2016	2017	2018	≥ 2019
<b>Senior Credit Facilities</b>								
Syndicated Term Loan Facility	114,3	-	114,3	9,5	9,5	9,5	85,8	-
Syndicated Revolving Credit Facility	66,7	43,7	23,0	-	-	-	23,0	-
Senior Secured Notes due 2019	250,0	-	250,0	-	-	-	-	250,0
<b>Total debt secured by the Collateral</b>	<b>431,0</b>	<b>43,7</b>	<b>387,3</b>	<b>9,5</b>	<b>9,5</b>	<b>9,5</b>	<b>108,8</b>	<b>250,0</b>
Other Secured loans	139,0	-	139,0	18,1	23,9	42,2	35,6	19,2
<b>Total secured debt</b>	<b>570,0</b>	<b>43,7</b>	<b>526,3</b>	<b>27,6</b>	<b>33,4</b>	<b>51,7</b>	<b>144,4</b>	<b>269,2</b>
Senior Unsecured Convertible Bonds due 2018	250,0	-	250,0	-	-	-	250,0	-
Unsecured loans **	27,6	7,5	20,1	20,1	-	-	-	-
Subordinated loans	75,0	-	75,0	-	-	-	-	75,0
<b>Total unsecured debt</b>	<b>352,6</b>	<b>7,5</b>	<b>345,1</b>	<b>20,1</b>	<b>0,0</b>	<b>0,0</b>	<b>250,0</b>	<b>75,0</b>
<b>Total Gross Debt</b>	<b>922,5</b>	<b>51,1</b>	<b>871,4</b>	<b>47,7</b>	<b>33,4</b>	<b>51,7</b>	<b>394,4</b>	<b>344,2</b>
Cash and cash equivalents ***			56,5					
<b>Net debt</b>			<b>814,9</b>					
Equity Component Convertible Bond			(19,4)				(19,4)	
Arranging loan expenses			(18,4)	(1,3)	(0,3)	(2,2)	(5,0)	(9,7)
Accrued interests			5,6	5,6				
<b>Total Adjusted net debt</b>	<b>922,5</b>		<b>786,2</b>					

\* Amortization schedule after refinancings and novation completed in 2015

\*\* RCFs to be renewed in 2H2015 and 2016

\*\*\* Does not include the market value of nine million treasury shares we lend to the joint lead managers of the convertible bonds.

As of 30/06/2015, the consolidated net debt amounts to €814.9M (including €16M of net debt of Hoteles Royal), increasing by €40.5M compared to march 2015, mainly due to repositioning and maintenance capex investments, as well as to the purchasing of minority shareholders from Hoteles Royal. As of 30/06/2015, undrawn revolving facilities amounts to €51.1M.



**New Agreements and Openings**
**Hotels Agreements from 1 January to 30 June 2015**

City / Country	Contract	# Rooms	Opening
Brussels / Belgium	Leased	65	March 2015
Taormina / Italy	Leased	63	June 2015
San Luis / Argentina	Management	78	2016
Graz / Austria	Leased	159	2017
Amsterdam / Netherlands	Leased	650	2018
Milan / Italy	Leased	65	Q3 2015
Panama / Panama	Leased	83	Q4 2016
Iquique / Chile	Management	135	Q4 2017
<b>1.298</b>			

**Hotels Openings from 1 January to 30 June 2015**

Hotels	City / Country	Contract	# Rooms
<b>NH Carrefour de l'Europe</b>	Brussels, Belgium	Leased	65
<b>NH Collection Porto Batalha</b>	Porto, Portugal	Management	107
<b>NH Antofagasta</b>	Antofagasta, Chile	Owned	136
<b>NH Collection Plaza Santiago</b>	Santiago de Chile, Chile	Owned	159
<b>NH Iquique</b>	Iquique, Chile	Owned	78
<b>NH Collection Bogotá Andino Royal</b>	Bogotá, Colombia	Leased	70
<b>NH Collection Bogotá Royal</b>	Bogotá, Colombia	Leased	251
<b>NH Collection Bogotá Hacienda Royal</b>	Bogotá, Colombia	Leased	82
<b>NH Collection Cartagena La Merced Royal</b>	Cartagena, Colombia	Leased	9
<b>NH Collection Medellín Royal</b>	Medellín, Colombia	Leased	134
<b>NH Collection Barranquilla Smartsuites Royal</b>	Barranquilla, Colombia	Leased	118
<b>NH Collection Bogotá Terra 100 Royal</b>	Bogotá, Colombia	Leased	73
<b>NH Collection Bogotá WTC Royal</b>	Bogotá, Colombia	Leased	144
<b>NH Cali Royal</b>	Cali, Colombia	Leased	145
<b>NH Bogotá Boheme Royal</b>	Bogotá, Colombia	Leased	66
<b>NH Bogotá Metrotel Royal</b>	Bogotá, Colombia	Leased	336
<b>NH Bogotá Pavillon Royal</b>	Bogotá, Colombia	Leased	72
<b>NH Bogotá Urban 26 Royal</b>	Bogotá, Colombia	Leased	118
<b>NH Bogotá Urban 93 Royal</b>	Bogotá, Colombia	Leased	54
<b>NH Cartagena Urban Royal</b>	Cartagena, Colombia	Leased	28
<b>NH Collection Quito Royal</b>	Quito, Ecuador	Leased	112
<b>Radisson Acqua Concón</b>	Concón, Chile	Leased	66
<b>NH Trento</b>	Trento, Italy	Management	89
<b>NH Collection Taormina</b>	Taormina, Italy	Leased	63
<b>Total New Openings</b>			<b>2.575</b>

**Hotels that left NH Group from 1 January to 30 June 2015**

Hotels	City / Country	Date	Contract	# Rooms
<b>NH Bogotá 93</b>	Bogotá, Colombia	January	Owned	137
<b>nh Plettenberg Bay</b>	Plettenberg, SouthAfrica	February	Owned	44
<b>NH Ciudad de Mataró</b>	Mataró, Spain	February	Leased	123
<b>Hesperia Playas de Mallorca</b>	Mallorca, Spain	April	Management	212
<b>Total Exits</b>				<b>516</b>

**NH HOTEL GROUP OPENED HOTELS BY COUNTRY AT 30 JUNE 2015**

BUSINESS UNIT	COUNTRY	TOTAL		LEASED			OWNED		MANAGED		FRANCHISE	
		Hotels	Rooms	Call Option	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
B.U. SPAIN	SPAIN	142	17.697	3	80	9.510	13	1.962	42	5.640	7	585
B.U. SPAIN	PORTUGAL	3	272	-	2	165	-	-	1	107	-	-
B.U. SPAIN	ANDORRA	1	60	-	-	-	-	-	1	60	-	-
B.U. ITALY	ITALIA	53	8.418	1	33	5.383	14	2.079	6	956	-	-
B.U. BENELUX	HOLLAND	35	6.709	4	17	2.673	16	3.290	2	746	-	-
B.U. BENELUX	BELGIUM	11	1.619	-	3	502	8	1.117	-	-	-	-
B.U. BENELUX	FRANCE	2	397	-	2	397	-	-	-	-	-	-
B.U. BENELUX	ENGLAND	1	121	-	1	121	-	-	-	-	-	-
B.U. BENELUX	SOUTH AFRICA	1	198	-	1	198	-	-	-	-	-	-
B.U. BENELUX	LUXEMBOURG	1	148	1	1	148	-	-	-	-	-	-
B.U. CENTRAL EUROPE	GERMANY	59	10.438	10	54	9.438	5	1.000	-	-	-	-
B.U. CENTRAL EUROPE	AUSTRIA	6	1.183	1	6	1.183	-	-	-	-	-	-
B.U. CENTRAL EUROPE	SWITZERLAND	4	522	-	3	400	1	122	-	-	-	-
B.U. CENTRAL EUROPE	CZECH REPUBLIC	2	577	-	-	-	-	-	2	577	-	-
B.U. CENTRAL EUROPE	ROMANIA	2	161	-	1	83	-	-	1	78	-	-
B.U. CENTRAL EUROPE	HUNGARY	1	160	-	1	160	-	-	-	-	-	-
B.U. CENTRAL EUROPE	SLOVAQUIA	1	117	-	-	-	-	-	1	117	-	-
B.U. CENTRAL EUROPE	POLAND	1	93	-	-	-	-	-	-	-	1	93
B.U. CENTRAL EUROPE	UNITED STATES	1	242	-	-	-	1	242	-	-	-	-
B.U. THE AMERICAS	MEXICO	12	1.984	-	4	581	4	681	4	722	-	-
B.U. THE AMERICAS	ARGENTINA	13	2.050	-	-	-	11	1.525	2	525	-	-
B.U. THE AMERICAS	DOMINICAN REPUBLIC	4	2.011	-	-	-	-	-	4	2.011	-	-
B.U. THE AMERICAS	VENEZUELA	4	1.185	-	-	-	-	-	4	1.185	-	-
B.U. THE AMERICAS	URUGUAY	1	136	-	-	-	1	136	-	-	-	-
B.U. THE AMERICAS	COLOMBIA	15	1.700	-	15	1.700	-	-	-	-	-	-
B.U. THE AMERICAS	HAITI	1	72	-	-	-	-	-	1	72	-	-
B.U. THE AMERICAS	CUBA	1	220	-	-	-	-	-	1	220	-	-
B.U. THE AMERICAS	ECUADOR	1	112	-	1	112	-	-	-	-	-	-
B.U. THE AMERICAS	CHILE	5	561	-	1	66	4	495	-	-	-	-
<b>OPEN HOTELS</b>		<b>384</b>	<b>59.163</b>	<b>20</b>	<b>226</b>	<b>32.820</b>	<b>78</b>	<b>12.649</b>	<b>72</b>	<b>13.016</b>	<b>8</b>	<b>678</b>



## NH HOTEL GROUP SIGNED PROJECTS AT 30 JUNE 2015

After the latest negotiations and after the cancellation of several signed projects, the number of hotels and rooms pending opening would be as follows:

BUSINESS UNIT	COUNTRY	TOTAL		LEASED			OWNED		MANAGED	
		Hotels	Rooms	Call Option	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
B.U. CENTRAL EUROPE	AUSTRIA	1	144	-	1	144	-	-	-	-
B.U. ITALY	ITALY	2	269	-	2	269	-	-	-	-
B.U. BENELUX	FRANCE	1	169	-	1	169	-	-	-	-
B.U. BENELUX	NETHERLANDS	1	650	-	1	650	-	-	-	-
B.U. THE AMERICAS	PERU	1	164	-	-	-	-	-	1	164
B.U. THE AMERICAS	PANAMA	2	283	-	1	83	1	200	-	-
B.U. THE AMERICAS	BRAZIL	2	354	-	2	354	-	-	-	-
B.U. THE AMERICAS	CHILE	2	281	-	-	-	-	-	2	281
B.U. THE AMERICAS	ARGENTINA	1	78	-	-	-	-	-	1	78
B.U. THE AMERICAS	MEXICO	1	142	-	-	-	-	-	1	142
<b>TOTAL PROJECTS</b>		<b>14</b>	<b>2.534</b>	<b>-</b>	<b>8</b>	<b>1.669</b>	<b>1</b>	<b>200</b>	<b>5</b>	<b>665</b>

Committed investment corresponding to the hotels described above by year of execution:

	2015	2016	2017
Expected Investment (€M)	3.4	7.8	10.1

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