SALES AND RESULTS
Q1 2016
10th May 2016

INVESTOR RELATIONS
investor.relations@nh-hotels.com
T: +34 91 396 05 02

Key figures for Q1 2016

- **Excellent revenue growth of +8.5%**, higher than the target for the quarter, **as a result of the right occupancy** (+2.9%) **/ADR** (+3.4%) **strategy** in a quarter characterised by low seasonal performance. **Excluding the effect of the exchange rate (-€10.2M)**, growth in revenue would have been +**12.2%**.

- **EBITDA** in Q1 2015 (-€4.8M) **was up by +29.7%** (+€2.0M), despite the adverse effect of currency, the negative impact of Easter in Germany and the opportunity cost of the reforms of the quarter.

- **Net Profit** for the period (-36.1%) was also adversely affected by the comparison with the previous year, since this quarter did not rely on the positive effects in financial income due to exchange rate (+€9.6M in Q1 2015) and a lower fiscal income (-€3.6M in Q1 2015). For comparative purposes Net Profit would have grown +6.4% vs. Q1 2015 proforma.

- **Growth in RevPar** of +**6.5%,** 52% through the growth in prices, and +10.0% at constant exchange rate (69% as a result of ADR). **Double-digit growth in Spain (+20.8%) and the growth in Italy (+5.8%)**, also driven by the increase in occupancy (+11.3% and +4.7%, respectively), are noteworthy of mention.

  - **The price strategy** enabled the less profitable rates to be replaced in the first quarter of 2016 as a result of the change of segmentation that began in 2015, thereby showing **growth in occupancy (+2.9%) along with the increase in prices (+3.4%)**, which, despite being a quarter with less activity due to the seasonal nature of the business (Q1 '16 has 8 b.p less than the average of the other quarters of 2015), allowed **prices to continue to risings ahead of direct competitors.**

- **Total revenue reached €301.8M**, which represents an **increase of +8.5% (+€23.7M)**, of which **+7.4% was contributed by the LFL perimeter, +4.6% by the changes in perimeter due to openings and Hoteles Royal and -3.7% by the negative trend in currencies** (Argentinian peso -63%; Columbia peso -29% and Mexican peso -19%). The contribution of the hotels renovated in 2015 was neutralized by the loss of revenues from the hotels renovated in the first quarter 2016 (636 rooms blocked in Q1).

- **LFL revenue plus renovations** (hereinafter, "LFL&R") **in Spain grew by +20.3%**, thus exceeding the estimated 15-20% range of growth for the quarter, and a growth of **+7.7%** was recorded **in Italy**, which was in line with the target for the quarter. **Central Europe** grew by **+2.3%**, which is higher than expected as a result of the good performance of the LFL perimeter with an increase of +2.7%, despite the negative effect of Easter in the area (-€1.6M), and a limited impact of the business loss from the hotels under renovation in Germany. It should be noted that in **Benelux** (-2.9%) a large number of hotel renovations took place in the first quarter and **LFL growth excluding renovations was +5.9%.**

- **Payroll costs** rose by +5.6%, 44% of which is explained by the non-comparable perimeter (openings and Hoteles Royal). Of the +3.7% growth in the LFL perimeter, 55% of this increase is explained by the rise in provisions and recurring severance envisaged in the plan.

- **Other direct expenses** rose by +10.9%. Excluding the non-comparable perimeter the increase is of +8.8%. 56% of this increase is explained by higher commissions (OTAs quota grew as total revenues increased and phasing effects).

- **Growth of +10.2% in terms of GOP** (+€6.6M), **increasing the margin to 23.6%** (+0.4 b.p) and its conversion ratio, excluding the higher provisions and severance payments and the increases in commissions due to phasing impacts would be 46%.

INVESTOR RELATIONS
investor.relations@nh-hotels.com
T: +34 91 396 05 02

- **EBITDA** in the first quarter (-€4.8M) **rose by +29.7%** (+€2.0M). Excluding the GOP effects mentioned and excluding the property tax accrual phasing and the rent linearization, the conversion of revenue to EBITDA would be 38%.

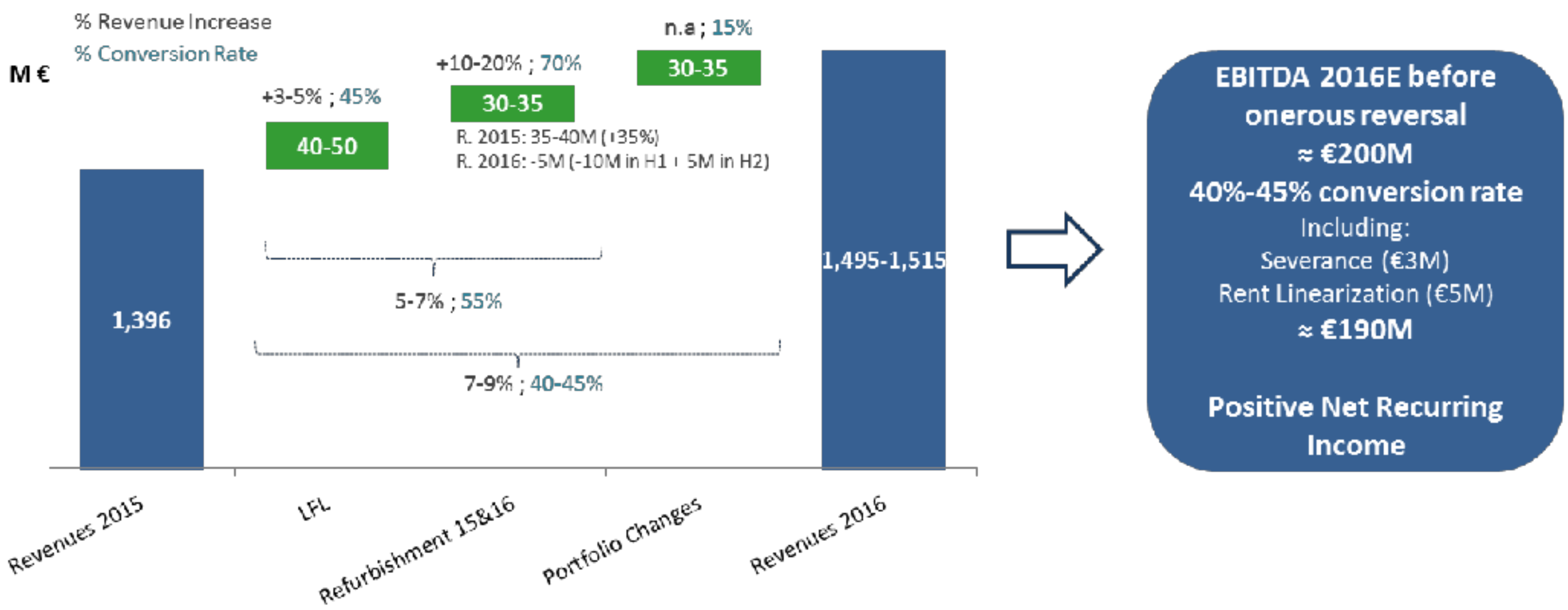
- Net profit does not reflect the operating improvement during the quarter as a result of various budgetary factors and in line with the estimate of positive recurring Net Profit during the year: **less reversals of provisions for onerous contracts** (-€1.4M), **greater depreciation costs** due to the renovations (+€2.0M), **less financial income** as a result of the exchange rate (+€9.6M in Q1 2015) and **less tax income** in the quarter (-€3.6M).

- Net Profit in Q1 2016 excluding in the comparison of Q1 2015 the effect of the exchange rate in the financial income (-€9.6m) and the lower tax income (-€3.6m) would have improved by +6.4% vs. Q1 2015 proforma (-€42,3M).

- **Out of the disposal target of €140M** set for the year, at 10th of May 2016, 37% of the target was materialized (€17M up to March 31). At the end of May it is estimated to receive additional cash for other transactions of sale of non-strategic assets, which would reach 50% of the target for the year and in September this figure is expected to reach 80-85% of the target.

- **The net financial debt reached €868M** at 31 March 2016, which was affected by the negative contribution of the quarter with less activity in the year and the effort in capex (-€40M) in line with the renovations carried out in Q1 2016 financed through the sale of assets (+€17M) and the recovery of working capital (+€15M)

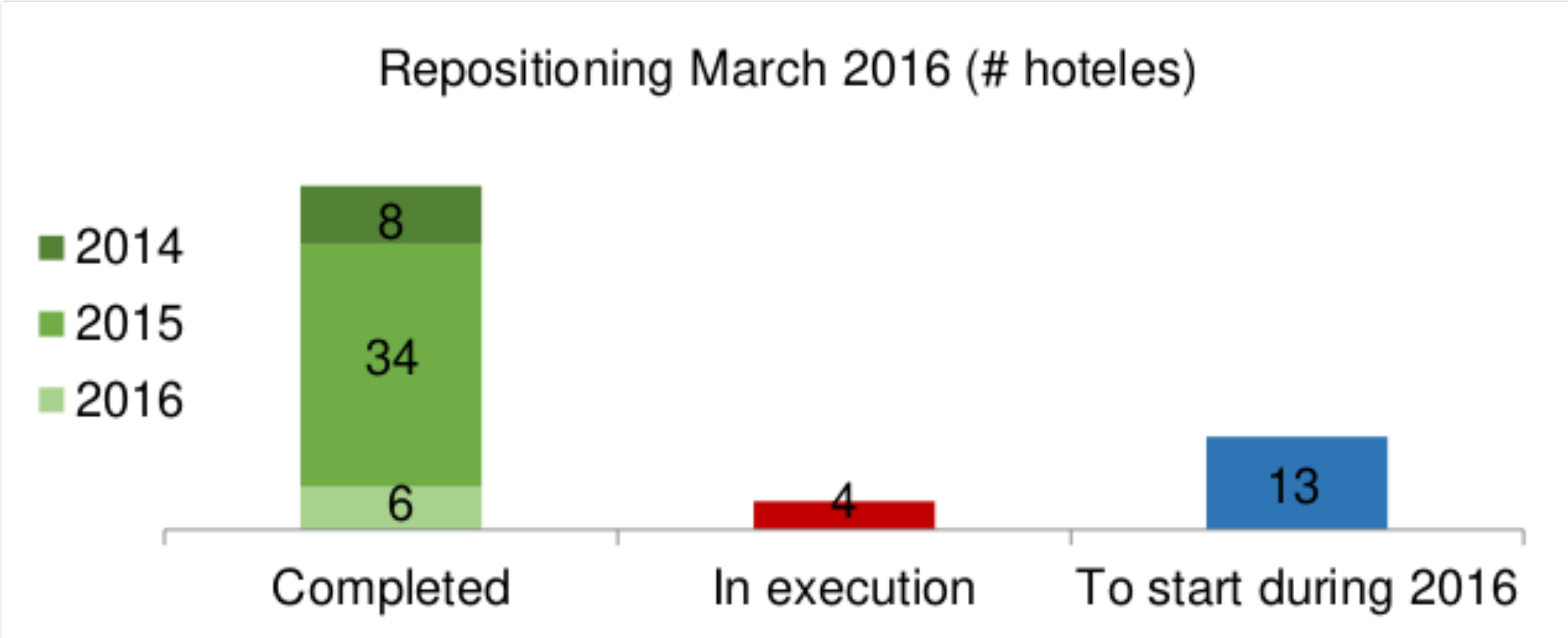
- **2016 outlook:** The target set for 2016 has been maintained:
  - **Growth in revenue of +7-9%**
  - **EBITDA of €190M** (€200M in like-for-like terms)



INVESTOR RELATIONS
investor.relations@nh-hotels.com
T: +34 91 396 05 02

Status of the 2014-2018 Strategic Plan

- **Repositioning Plan:**



A total of 48 hotels have been fully refurbished up to March 2016. The average increase in RevPar in Q1 2016 of the hotels renovated in 2015 & 2014 (compared to the same period previous to the refurbishment) is +36.1%. Of the 10 hotels in the sample, 8 hotels are located in Spain that has had an outstanding performance in Q1 '16. The hotels included in this sample are: NH Collection Eurobuilding, NH Collection Abascal, NH Alonso Martínez, NH Collection Aranzazu, NH Pamplona Iruña, NH Collection Gran Hotel Zaragoza, NH Zurbano, NH Madrid Atocha, NH Genova Centro and NH Firenze.

At the end of 2015, hotels in perfect shape represented 59% of rooms and 64% of EBITDA. Once the €237M repositioning has been completed, 74% of rooms and 81% of EBITDA of the Group will be in perfect shape (a clear competitive advantage over competitors).

- **Brand:** NH Collection had a total of 56 hotels and 8,804 rooms as of March 2016 and continues to show its potential in prices and quality (with improvements also in non-refurbished hotels):

% hotels	Dec '13	Dec '14	Dec '15	Mar '16
In top 10	19%	24%	27%	32%
In top 30	41%	47%	49%	51%

Source : Trip Advisor

At group level, 32% of the portfolio is in the top 10 of the city (40% for the NH Collection) and 51% in the top 30 (62% for the NH Collection), which shows higher levels of quality perceived by customers.

- **Pricing & Revenue Management**: The ADR in the Group's top cities continued to be favourable in the first quarter of 2016 compared to direct competitors. The occupancy/ADR strategy enabled the less profitable rates to be replaced in the first quarter of the year as a result of the change of segmentation that began in 2015, thereby showing growth in occupancy much greater than our competitors, along with the increase in prices, despite being a quarter with less activity due to the seasonal nature of the business.

INVESTOR RELATIONS
investor.relations@nh-hotels.com
T: +34 91 396 05 02

	RevPar % var		"Relative" RevPar
	NH	Compset	RGI % var
Total NHH	11.0%	3.2%	7.8%
Spain	19.5%	6.8%	12.6%
Italy	4.2%	-2.8%	7.0%
Benelux	6.8%	5.9%	0.8%
Central Europe	5.3%	0.2%	5.1%

(*) STR/MKG/Fairmas Competitive Set Average Growth

This strategy towards more profitable rates creates a more efficient segmentation, with a special impact during months of high activity. Consequently, sales channels have been optimised, thus increasing the weight of OTAs during the period with respect to more economical channels, reaching a greater net ADR and access to long distance markets.

- **Portfolio Optimization:**
  - Out of the disposal target of €140M set for the year, at 10th of May 2016, **assets** were sold for a total **net cash** amount of **€52M** (€17M up to March 31) representing 37% of the target for 2016.
  - **Additionally at the end of May** it is estimated to receive additional cash for other transactions of sale which would mean to **reach 50%** of the target for the year.
  - This along with another **two other process** in a very **advance stage** that are expected to be closed before September which would aloud to reach **80-85% of the target**.
  - In 2016, 4 new projects (Monterrey / Mexico; Venice / Italy; Bariloche / Argentina; Toulouse / France) were signed with 543 rooms, of which 2 are management contracts and 2 are lease agreements (both with a variable component) and, with regard to their category, 3 are for NH Hotels and 1 is NH Collection.

- **JV China:** launch of the JV with the HNA group at the end of March to develop a portfolio of hotels under the NH and NH Collection brands, in the midscale and upscale segments. The goal is to reach between 120 and 150 hotels in 2020. Two hotels are expected to open in the second half of 2016 in Sanya and Haikou, thus expecting to increase the portfolio of agreements signed by 10 to 20 hotels at the end of this year. During Q1 2016, €4.1M were contributed as a capital contribution, the entire figure estimated for 2016.

- **Asset Valuation:** according to the valuation of an external independent, as per the financing obligations, **in December 2015** of the assets that are part of the package of guarantees for the High-Yield and the Bank Loan, the value of the assets rose by +**16% (€146M).**

	Assets	# of Hotels	Value (€m) Dec.'14	Value (€m) Dec.'15	Diff. (€m)	Diff. (%)
Hotels offered as collateral	Netherlands	11	334	385	52	15%
	Spain	1	132	142	10	8%
	Total	12	466	527	62	13%
Pledge of shares	Belgium	8	162	180	18	11%
	Netherlands	1	27	29	1	5%
	NH Italy	60%	268	333	65	24%
	Total		457	542	85	19%
Total Collateral			**923**	**1.069**	**146**	16%

INVESTOR RELATIONS
investor.relations@nh-hotels.com
T: +34 91 396 05 02

Trends in RevPar in the First Quarter

Note: *The "Like for Like plus Renovations" (LFL&R) criterion includes hotels refurbished in 2015 and 2016, with the target of the "LFL" hotel sample not being reduced by the high number of hotels affected by reforms*

NH HOTEL GROUP REVPAR 1T 2016/15

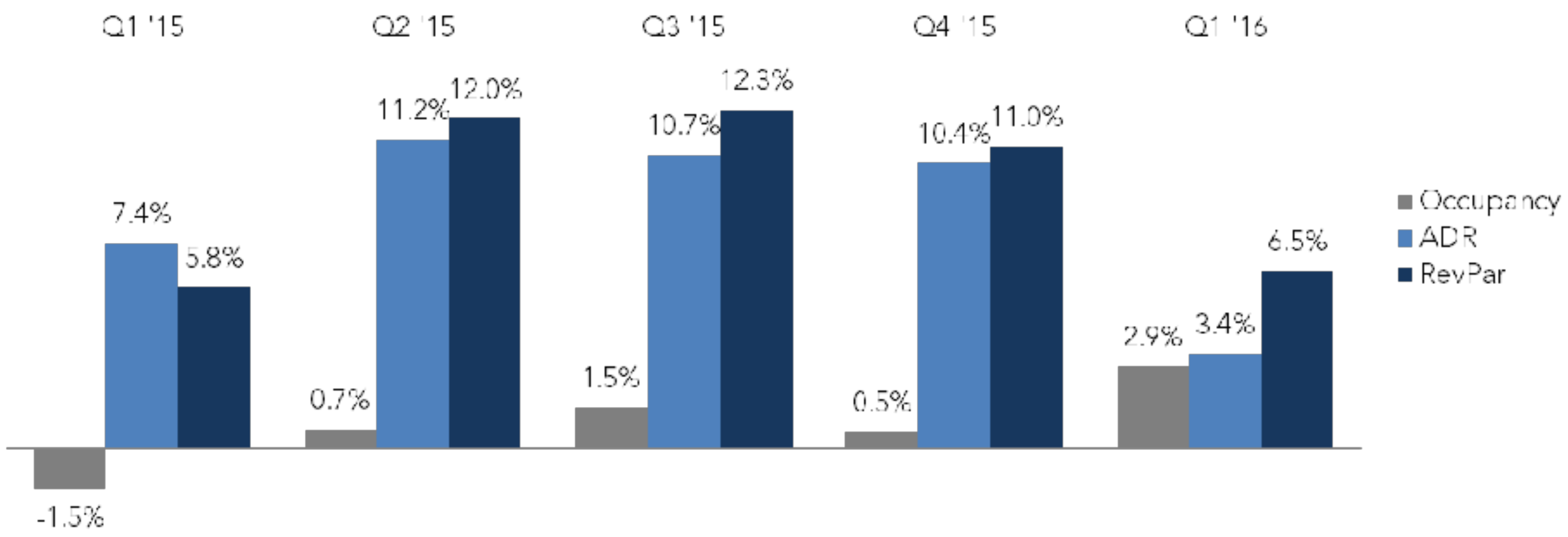
	AVERAGE ROOMS		OCCUPANCY %			ADR			REVPAR		
	2016	2015	2016	2015	% Var	2016	2015	% Var	2016	2015	% Var
Spain & Portugal LFL & R	10,931	10,843	62.9%	56.3%	11.7%	77.0	71.5	7.6%	48.4	40.3	20.2%
B.U. Spain Consolidated	11,186	11,397	62.7%	56.4%	11.3%	77.2	71.1	8.6%	48.5	40.1	20.8%
Italy LFL & R	6,867	6,867	58.9%	56.1%	5.1%	95.3	96.0	-0.7%	56.2	53.8	4.3%
B.U. Italy Consolidated	7,646	7,331	57.3%	54.8%	4.7%	95.0	94.5	0.5%	54.5	51.8	5.2%
Benelux LFL & R	7,889	8,381	56.0%	56.7%	-1.2%	88.7	85.3	4.0%	49.7	48.4	2.8%
B.U. Benelux Consolidated	7,954	8,403	56.0%	56.7%	-1.3%	89.0	85.0	4.6%	49.8	48.2	3.3%
Central Europe LFL & R	12,628	12,555	62.7%	62.5%	0.3%	84.8	81.8	3.6%	53.1	51.2	3.9%
Central Europe Consolidate(	12,628	12,555	62.7%	62.5%	0.3%	84.8	81.8	3.6%	53.1	51.2	3.9%
Total Europe LFL & R	38,315	38,646	60.7%	58.4%	4.0%	85.1	82.2	3.5%	51.6	48.0	7.6%
Total Europe Consolidated	39,414	39,686	60.3%	58.1%	3.8%	85.2	81.7	4.3%	51.4	47.5	8.3%
Latin America LFL & R	2,971	3,044	62.5%	64.5%	-3.2%	69.5	71.4	-2.7%	43.4	46.1	-5.8%
Latin America Consolidated	5,156	3,797	59.9%	63.2%	-5.1%	74.2	76.0	-2.5%	44.5	48.0	-7.5%
NH Hoteles LFL & R	41,286	41,690	60.8%	58.8%	3.4%	83.9	81.3	3.2%	51.0	47.8	6.7%
Total NH Consolidated	44,570	43,483	60.3%	58.6%	2.9%	83.9	81.2	3.4%	50.6	47.5	6.5%

- **Consolidated RevPar** in Q1 showed a very positive trend **(+6.5%)**. In its composition, the price increase (+3.4%) represents 52% of the growth in RevPar. At a constant exchange rate, growth would be +10.0% (69% by prices).
  - The price strategy has enabled to replace in the first quarter of 2016 (ADR +3.4%) the less profitable rates as a result of the change of segmentation that began in 2015, thereby showing growth in occupancy along with increase in prices, despite being a quarter with less activity due to the seasonality of the business, allowing prices to continue to rise compared to direct competitors.
  - Regarding to the Group's **level of activity**, **occupancy rose by +2.9%** in the first quarter. It should be noted the growth in Spain of +11.3% and in Italy of +4.7%. Benelux BU had a lower contribution from the hotels in in Brussels in Q1 (-17%; -€0.8M), however, this was offset by the improved performance of Amsterdam (+5.5% occupancy and +21.2% in ADR; +€2.7M). Performance was flat in Central Europe (+0.3%), despite the negative impact of Easter in Germany (-€1.6M). In Latin America, lower occupancy rates (-5.1%) were recorded in Mercosur (Argentina, Chile and Uruguay) due to the pricing strategy, which caused ADR in local currency to rise +28.3%, and due to the negative effect of the currency devaluation in Brazil, the primary market issuer.
- At **LFL&R** level, the RevPar in the first quarter grew by **+6.7%.** The Spain BU is noteworthy of mention, which continued to grow by +20.2%, with a +7.6% price increase. The Latin American BU was affected by the volatility of local currencies, especially the Argentine peso, devaluated by 63% during the period.

INVESTOR RELATIONS
investor.relations@nh-hotels.com
T: +34 91 396 05 02

- **Without including renovations**, growth in RevPar LFL in Q1 was up **+7.2%**, with a price rise of +2.7%, representing 38% of RevPar growth.

Evolution of consolidated ratios by quarters:



Consolidated Ratios	Quarterly Evolution by Business Unit														
	Occupancy					ADR					RevPar				
% Var	Q1 '15	Q2 '15	Q3 '15	Q4 '15	Q1 '16	Q1 '15	Q2 '15	Q3 '15	Q4 '15	Q1 '16	Q1 '15	Q2 '15	Q3 '15	Q4 '15	Q1 '16
Spain	-1.0%	6.1%	8.0%	7.9%	11.3%	8.6%	12.0%	6.3%	14.8%	8.6%	7.6%	18.8%	14.9%	23.9%	20.8%
Italy	-1.5%	0.5%	7.4%	2.2%	4.7%	8.3%	17.8%	19.0%	17.7%	0.5%	6.6%	18.5%	27.7%	20.3%	5.2%
Benelux	-1.7%	0.9%	4.9%	0.0%	-1.3%	4.2%	7.2%	9.7%	3.9%	4.6%	2.4%	8.2%	15.0%	3.9%	3.3%
Central Europe	-2.0%	-3.5%	-6.8%	-4.5%	0.3%	5.1%	6.2%	5.8%	6.7%	3.6%	3.0%	2.4%	-1.5%	1.9%	3.9%
TOTAL EUROPE	-1.5%	0.8%	2.2%	1.1%	3.8%	6.7%	10.6%	10.2%	10.4%	4.3%	5.0%	11.5%	12.6%	11.5%	8.3%
Latin America real exc. rate	-0.4%	-2.0%	-7.5%	-5.3%	-5.1%	18.1%	22.2%	16.4%	8.7%	-2.5%	17.6%	19.7%	7.7%	3.0%	-7.5%
NH HOTEL GROUP	-1.5%	0.7%	1.5%	0.5%	2.9%	7.4%	11.2%	10.7%	10.4%	3.4%	5.8%	12.0%	12.3%	11.0%	6.5%

INVESTOR RELATIONS
investor.relations@nh-hotels.com
T: +34 91 396 05 02

ACTIVIDAD HOTELERA RECURRENTE 2016 VS 2015				
(€ millones)	2016 1T	2015 1T	DIF. 16/15	% DIF.
ESPAÑA	73.5	61.1	12.4	20.3%
ITALIA	50.6	47.0	3.6	7.7%
BENELUX	57.0	58.7	(1.7)	(2.9%)
EUROPA CENTRAL	84.8	83.0	1.9	2.3%
AMERICA	17.1	18.7	(1.5)	(8.2%)
INGRESOS HOTELES RECURRENTES LFL&R	**283.0**	**268.4**	**14.7**	**5.5%**
APERTURAS, CIERRES Y OTROS	**18.8**	**9.7**	**9.0**	**93.1%**
INGRESOS RECURRENTES	**301.8**	**278.1**	**23.7**	**8.5%**
ESPAÑA	56.9	49.2	7.7	15.7%
ITALIA	39.2	35.9	3.3	9.3%
BENELUX	44.5	44.9	(0.4)	(0.9%)
EUROPA CENTRAL	63.6	61.1	2.5	4.0%
AMERICA	13.0	14.4	(1.4)	(9.8%)
GASTOS OPERATIVOS RECURRENTES LFL&R	**217.2**	**205.5**	**11.7**	**5.7%**
APERTURAS, CIERRES Y OTROS	**13.4**	**7.9**	**5.4**	**68.4%**
GASTOS OPERATIVOS RECURRENTES	**230.6**	**213.5**	**17.1**	**8.0%**
ESPAÑA	16.6	11.9	4.7	39.2%
ITALIA	11.4	11.1	0.3	2.6%
BENELUX	12.4	13.7	(1.3)	(9.5%)
EUROPA CENTRAL	21.2	21.8	(0.6)	(2.7%)
AMERICA	4.1	4.3	(0.1)	(3.0%)
GOP RECURRENTES LFL&R	**65.8**	**62.8**	**3.0**	**4.7%**
APERTURAS, CIERRES Y OTROS	**5.4**	**1.8**	**3.6**	**203.6%**
GOP RECURRENTE	**71.2**	**64.6**	**6.6**	**10.2%**
ESPAÑA	20.5	18.6	1.9	10.3%
ITALIA	11.1	10.8	0.3	3.0%
BENELUX	11.9	11.6	0.3	2.7%
EUROPA CENTRAL	26.8	26.6	0.2	0.6%
AMERICA	1.3	1.4	(0.1)	(4.6%)
RENTAS E IMPUESTOS DE PROPIEDAD REC. LFL&R	**71.6**	**68.9**	**2.6**	**3.8%**
APERTURAS, CIERRES Y OTROS	**4.4**	**2.5**	**1.9**	**75.6%**
RENTAS E IMPUESTOS DE PROPIEDAD RECURRENTES	**76.0**	**71.5**	**4.5**	**6.3%**
ESPAÑA	(3.9)	(6.7)	2.7	41.2%
ITALIA	0.3	0.3	(0.0)	(9.2%)
BENELUX	0.5	2.2	(1.6)	(74.7%)
EUROPA CENTRAL	(5.5)	(4.8)	(0.7)	(15.4%)
AMERICA	2.8	2.8	(0.1)	(2.2%)
EBITDA RECURRENTE LFL&R	**(5.8)**	**(6.1)**	**0.3**	**5.1%**
APERTURAS, CIERRES Y OTROS	**1.0**	**(0.7)**	**1.7**	**237.9%**
EBITDA RECURRENTE SIN ONEROSOS	**(4.8)**	**(6.9)**	**2.0**	**29.7%**

INVESTOR RELATIONS
investor.relations@nh-hotels.com
T: +34 91 396 05 02

Recurring Results by Business Area (LFL&R criteria)

B.U. Spain:

- Growth in RevPar of +20.2% in Q1 with a +7.6% rise in prices. Occupancy rose by +11.7% as a result of the right occupancy/ADR strategy in a quarter characterised by low seasonal performance. Good performance of Madrid and Barcelona and excellent performance in Zaragoza, Valencia and Seville, with increases of +43.9%, +29.4% and +24.7%, respectively.
- The performance of total revenue was excellent, growing +20.3% (+€12.4M) in the first quarter.
- Operating costs were up +15.7% (+€7.7M) due to the increase in personnel expenses and other operating costs as a result of rising occupancy rates. GOP increased by +39.2% (+€4.7M).
- The increase of +€1.9M in leases during the quarter (+10.3%) is due to the variable component, and the phasing of the property taxes (+€1,0M) allowing EBITDA to improve by +41.2% (+€2.7M) with respect to the first quarter of the previous year.

B.U. Italy:

- Growth in RevPar of +4.3% in Q1 with a +5.1% rise in occupancy rate as a result of the good performance in all regions in a quarter of low activity. This allowed revenue to grow by +7.7% (+€3.6M).
- Operating costs rose by +9.3% (+€3.3M). Other operating costs (+€2.3M) rose as a result of the increase in commissions, purchases and repairs, all of which were affected by the greater level of activity. GOP increased by +2.6% to (+€0.3M).
- The increase in lease payments of +€0.3M (+3.0%) is due to the variable component, allowing EBITDA to reach +€0.3M, the same level as in 2015.

B.U. Benelux:

- Growth in RevPar of +2.8% in Q1 wholly due to the rise in prices. Revenue dropped by -2.9% (-€1.7M) as a result of the negative impact of the hotels under renovation (-€3.8M) and the lower contribution of the hotels in Brussels (-€0.8M), fully offset by the good performance in Amsterdam LFL (+27.7%: +€2.7M). LFL growth of the BU, excluding renovations, was +5.9%.
- Operating costs dropped -0.9% (-€0.4M) due to the reduction in personnel expenses at the hotels under renovation and despite the increase in commissions as a result of the change of segmentation. GOP dropped by -9.5% (-€1.3M).
- Lease payments have risen +2.7% (+€0.3M), reducing the EBITDA by -€1.6M, which is fully explained by the impact of the renovations in 2016 (-€2.0M).

B.U. Central Europe:

- Growth in RevPar of +3.9% in Q1 with a +3.6% rise in prices and stagnant performance in terms of occupancy rates.
- Revenue rose by +2.3% (+€1.9M), despite the negative impact of Easter in the area (-€1.6M).
- Operating costs rose by +4.0% (+€2.5M) due to the increase in commissions, which was partially offset by the savings in staff costs. GOP dropped by -2.7% (-€0.6M) as a result of the aforementioned effects.
- Reduction in EBITDA by -€0.7M (-15.4%), largely explained by the hotels under renovation (-€0.5M).

INVESTOR RELATIONS
investor.relations@nh-hotels.com
T: +34 91 396 05 02

B.U. The Americas:

- In Q1, revenue at constant exchange rate grew by +24.4% (+€4.5M), reaching €23.2M. Revenue at real exchange rate dropped by -8.2% (-€1.5M).
- This drop in the level of revenue (-€1.5M), which is tied to **currency depreciation** (Argentinian peso -63%; Colombian peso -29%; and Mexican peso -19%), was fully absorbed at EBITDA level (-€0.1M) thanks to the cost saving plan.
- RevPar for the quarter at real exchange rates dropped by -5.8%, with a -2.7% price reduction and a -3.2% drop in occupancy as a result of maintaining the rates in Argentina despite the currency depreciation.
    - By region, Mexico posted RevPar growth of +12.0% in local currency during the quarter, with a +12.9% rise in prices. Excluding the impact of the renovation of the largest hotel in Mexico City, the conversion to GOP reached 40%, with a +19% rise in LFL EBITDA.
    - In Mercosur, mainly Argentina, RevPar grew by +48.4% in local currency, with average price increases of +61.8% (dollarization of 75% of the rates). All of this caused revenue to increase by +46.0%. The conversion to GOP reached 33%, with growth of almost +100% in EBITDA.

INVESTOR RELATIONS
investor.relations@nh-hotels.com
T: +34 91 396 05 02

Consolidated Income Statement

NH HOTEL GROUP P&L ACCOUNT* (UNAUDITED)				
	NH Hotel Group			
(€ million)	Q1 2016	Q1 2015*	Q1 2016 / Q1 2015	
	M Eur.	M. Eur	M. Eur	%
TOTAL REVENUES	**301.8**	**278.1**	**23.7**	**8.5%**
Staff Cost	(121.5)	(115.1)	(6.4)	5.6%
Operating expenses	(109.1)	(98.4)	(10.7)	10.9%
GROSS OPERATING PROFIT	**71.2**	**64.6**	**6.6**	**10.2%**
Lease payments and property taxes	(76.0)	(71.5)	(4.5)	6.3%
EBITDA BEFORE ONEROUS	**(4.8)**	**(6.9)**	**2.0**	**29.7%**
Onerous contract reversal provision	1.3	2.6	(1.4)	(52.3%)
EBITDA AFTER ONEROUS	**(3.6)**	**(4.2)**	**0.7**	**(15.6%)**
Depreciation	(24.2)	(22.2)	(2.0)	9.0%
EBIT	**(27.7)**	**(26.4)**	**(1.3)**	**(5.1%)**
Interest expense	(11.7)	(7.8)	(3.9)	50.2%
Income from minority equity interests	(0.1)	(0.0)	(0.1)	400.0%
EBT	**(39.5)**	**(34.2)**	**(5.3)**	**(15.6%)**
Corporate income tax	2.4	6.4	(4.1)	(63.2%)
NET INCOME before minorities	**(37.1)**	**(27.8)**	**(9.4)**	**(33.8%)**
Minority interests	(0.6)	(0.4)	(0.1)	34.1%
NET RECURRING INCOME	**(37.7)**	**(28.2)**	**(9.5)**	**(33.8%)**
Non Recurring EBITDA	1.8	(0.8)	2.6	322.2%
Other Non Recurring items	(3.7)	(0.1)	(3.6)	(3270.6%)
NET INCOME including Non-Recurring	**(39.6)**	**(29.1)**	**(10.5)**	**(36.1%)**

** Includes Hoteles Royal from March 4, 2015*

Comments on Q1 2016

- Total revenue reached €301.8M, which represents an increase of +8.5% (+€23.7M). Out of this +8.5% growth, +7.4% was contributed by the LFL perimeter, +4.6% by the non-comparable perimeter due to openings and -3.7% by the negative trend in currencies (Argentinian peso -63%; Columbia peso -29% and Mexican peso -19%).

- Excluding the effect of the exchange rate, growth would have been +12.2% above the target set for the quarter. At the LFL level, revenue rose by +9.2%, driven by Spain, Italy and Latin America in local currency. The contribution of the hotels renovated in 2015 was neutralized by the greater weight of the hotels renovated in the first quarter 2016 (636 rooms blocked).

- **Cost Evolution:**

  - **Payroll costs** rose by +5.6%, 44% of which is explained by the non-comparable perimeter (openings and Hoteles Royal). Of the 3.7% growth in the LFL comparable scope, 55% of this increase is explained by the rise in provisions and recurring severance payments envisaged in the plan.

  - **Other direct expenses** rose by +10.9%. Excluding the change of perimeter the increase is of +8.8%. 56% of this increase is explained by higher commissions (OTAs quota grew as total revenues increased and phasing effect).

INVESTOR RELATIONS
investor.relations@nh-hotels.com
T: +34 91 396 05 02

- **Growth of +10.2% in terms of GOP** (+€6.6M), **thus increasing the margin to 23.6%** (+0.4pb).
- **Lease payments and property taxes** increased by +6.3%, in part explained by the impact of the accounting effect of the linearization due to the renegotiation of lease contracts (+€1.7M) and phasing effects in property taxes increased by +€1.0M. In 2016, seven actions were achieved on leased hotels, including one cancellation of a lease contract with negative contribution.
- **EBITDA**, excluding onerous contract reversal, rose by +29.7% (+€2.0M) during the quarter, reaching a figure of -€4.8M.
- **Financial expenses:** rose +€3.9M fully explained by lower financial income in 2016 compared to that recognised in 2015 due to the exchange rate difference (+€4.2M in Q1'15).
- **Corporate Income Tax**: The changes in the income tax expense are mainly due to the lower tax income in the quarter as a result of adjusting the accounting expense recognised to the taxable profit generation and the activation at the end of the year.
- **Net Recurring profit** (-33.8%) does not reflect the operating improvement during the quarter as a result of various budgetary factors and in line with the estimate of recurring net profit during the year: lower reversals of onerous contracts provisions (-€1.4M), greater depreciation costs due to the renovation of assets (+€2.0M), less financial income as a result of the exchange rate (+€4.2M in Q1 2015) and less tax income in the quarter (-€3.6M in Q1 2015).

Non-recurring activity

- The changes with regards to the non-recurring activity is explained by the non-recurring depreciation in 2016 and the positive effect of forward exchange rate instruments (+€5.0M) in Q1 '15.

Net Profit of the quarter

- Net Profit in Q1 2016 excluding in the comparison of Q1 2015 the effect of the exchange rate in the financial income (-€9.6m) and the lower tax income (-€3.6m) would have improved by +6.4% vs. Q1 2015 proforma (-€42,3M).

INVESTOR RELATIONS
investor.relations@nh-hotels.com
T: +34 91 396 05 02

Financial Debt and Liquidity

Financial Debt, unaudited

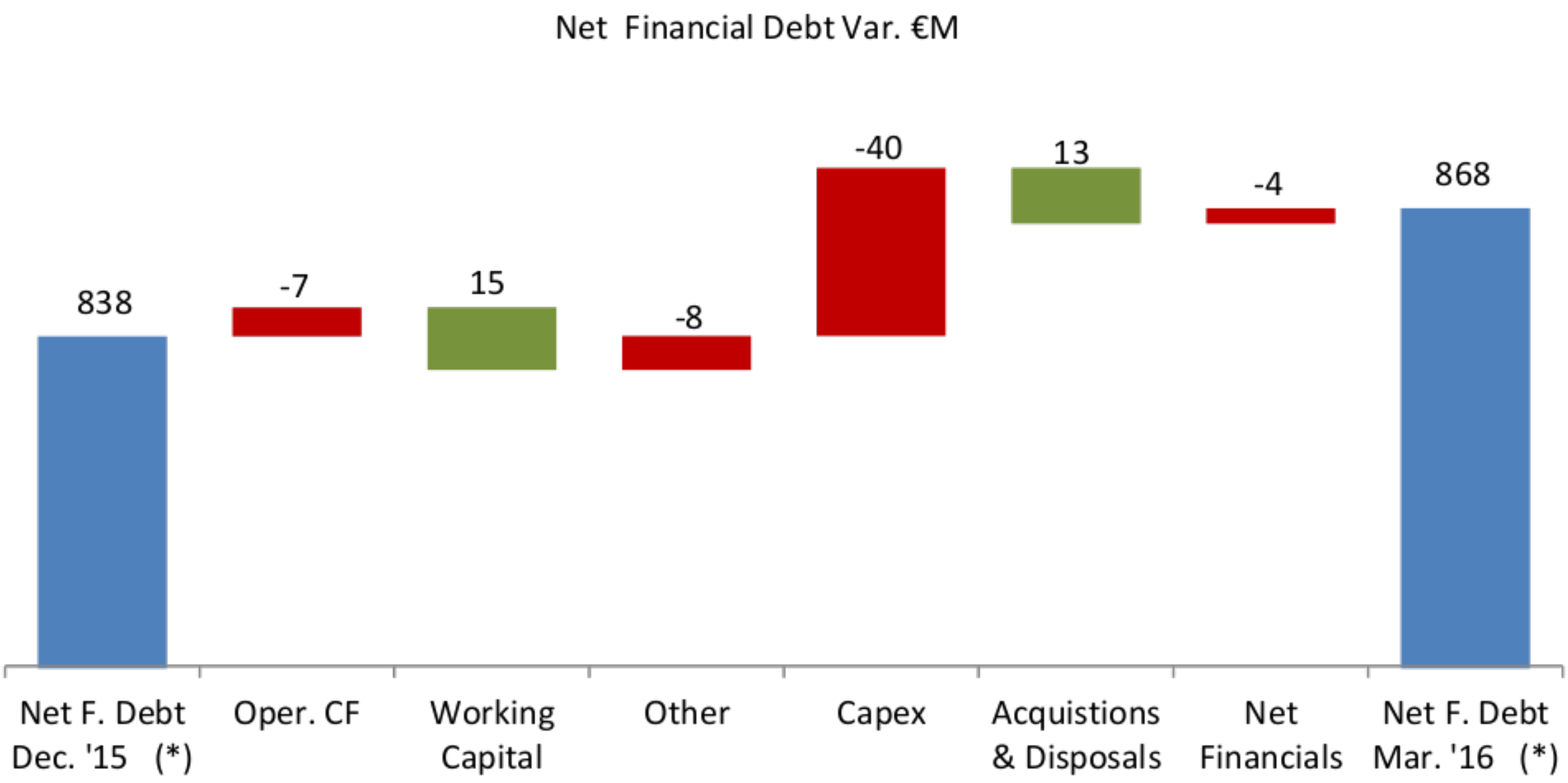
As of 31/03/2016 Data in Euro million	Maximum Available	Availability	Drawn	Debt maturities 2016	2017	2018	2019	2020	Rest
Senior Credit Facilities									
Syndicated Term Loan Facility	104.8	-	104.8	9.5	9.5	85.8	-	-	-
Syndicated Revolving Credit Facility	66.7	-	66.7	-	-	66.7	-	-	-
Senior Secured Notes due 2019	250.0	-	250.0	-	-	-	250.0	-	-
Total debt secured by the Collateral	**421.5**	**0.0**	**421.5**	**9.5**	**9.5**	**152.5**	**250.0**	**0.0**	**0.0**
Other Secured loans and RCF*	121.7	4.7	117.0	25.2	40.3	34.4	2.6	2.1	12.5
Total secured debt	**543.2**	**4.7**	**538.5**	**34.7**	**49.8**	**186.9**	**252.6**	**2.1**	**12.5**
Senior Unsecured Convertible Bonds due 2018	250.0	-	250.0	-	-	250.0	-	-	-
Unsecured loans **	86.8	30.7	56.1	43.4	8.7	2.2	1.5	0.3	-
Subordinated loans	75.0	-	75.0	-	-	-	-	-	75.0
Total unsecured debt	**411.8**	**30.7**	**381.1**	**43.4**	**8.7**	**252.2**	**1.5**	**0.3**	**75.0**
Total Gross Debt	**954.9**	**35.4**	**919.5**	**78.1**	**58.5**	**439.0**	**254.0**	**2.3**	**87.5**
Cash and cash equivalents ***			(51.6)						
Net debt			**867.9**						
Equity Component Convertible Bond			(15.4)						
Arranging loan expenses			(15.6)						
Accrued interests			10.9						
Total adjusted net debt	**954.9**		**847.9**						

* Other secured debt comprises syndicated loans related to debt refinancing in Italy and Germany, mortgage loans and a secured RCF
** Comprises RCFs to be renewed through the year and other facilities with amortization schedule
*** Does not include the market value of nine million treasury shares we lend to the joint lead managers of the convertible bonds. (9M shares at €4.04 closing price on the 31st of March 2016, €36.4MM)

Consolidated Net Financial Debt at 31st March 2016 reached €867.9 million, higher to the consolidated Net Financial Debt reported on 31th December 2015 mainly due to the seasonality of the business and to the Capex invested in the quarter aligned with the repositioning strategy. At 31st March 2015, the Company had undrawn credit facilities available amounting to €35.4 million.

INVESTOR RELATIONS
investor.relations@nh-hotels.com
T: +34 91 396 05 02

Financial Debt and Liquidity



(*) Net financial debt excluding accounting adjustments for the portion of the convertible bond treated as Equity, arrangement expenses and accrued interest. Including these accounting adjustments net adjusted debt would be €807M at 31st December 2015 and €848M at 31st March 2015.

Negative Cash Flow generation period due to seasonality of the business:

(-) Negative Operating Cash Flow -€7M

(+) Working capital improvement: from average collection period of 31 days in Dec. 2015 to 27 days in March 2016

(-) Other: mainly related to VAT payments

(-) Capex outflow -€40M to carry out reforms on low season period (Q1)

(+) Asset disposals of €17M and China JV contribution (-€4.1M)

Explanatory Note (see annex 1 Cash Flow):

To greater understand the various headings in the evolution of Net Financial Debt of the chart, below are the definition of the entries corresponding to the Cash Flow Statement:

- Operating cash flow: Adjusted result – financial expense of credit cards – taxes paid
- Working Capital: Var. Inventory + Var. Trade debtors and accounts receivable + Var. Trade payables
- Other: Var. Other current assets and liabilities (i.e. Public Administrations, VAT, non-recurrent severance payments, lease cancellations payments), finance leases and other liabilities, and exchange rate variations
- Capex: Tangible assets, intangible assets and property investments (including repositioning, maintenance, basics and experience, IT, and signage)
- Acquisitions & Disposals: Non-current financial investments + Acquisitions (i.e. Hoteles Royal, incorporates associated debt) + Divestments (sale of assets, it includes net cash)
- Net Financials: Interest paid on debt (excluding financial expense of credit cards) + Financial income.

INVESTOR RELATIONS
investor.relations@nh-hotels.com
T: +34 91 396 05 02

Annex I: Cash Flow December –March 2016

NH HOTEL GROUP, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS PRODUCED IN THE THREE-MONTH PERIODS ENDING

(Thousand of euros)

	31.03.2016	31.12.2015
1. OPERATING ACTIVITIES		
Consolidated profit (loss) before tax:	**(43,834)**	**10,320**
Adjustments:		
Depreciation of tangible and amortisation of intangible assets (+)	25,353	106,159
Impairment losses (net) (+/-) (+/-)	248	(30,859)
Allocations for provisions (net) (+/-)	(1,264)	(19,014)
Gains/Losses on the sale of tangible and intangible assets (+/-)	5,273	843
Gains/Losses on investments valued using the equity method (+/-)	101	663
Financial income	(1,272)	(5,154)
Financial expenses and variation in fair value of financial instruments (+)	17,173	69,020
Net exchange differences (Income/(Expense)	(434)	(2,135)
Profit (loss) on disposal of financial investments	(3,643)	(4,828)
Other non-monetary items (+/-)	2,280	1,141
Adjusted profit (loss)	**(19)**	**126,156**
Net variation in assets / liabilities:		
(Increase)/Decrease in inventories	68	(801)
(Increase)/Decrease in trade debtors and other accounts receivable	19,298	(17,937)
(Increase)/Decrease in other current assets	(8,054)	6,353
Increase/(Decrease) in trade payables	(4,634)	10,352
Increase/(Decrease) in other current liabilities	861	(17,809)
Aumento/(Disminución) de provisiones para riesgos y gastos	(202)	(470)
Increase/(Decrease) in other non-current assets and liabilities	(1,140)	(5,839)
Income tax paid	(3,707)	(9,707)
Total net cash flow from operating activities (I)	**2,471**	**90,298**
2. INVESTMENT ACTIVITIES		
Finance income	875	4,806
Investments (-):	-	-
Group companies, joint ventures and associates	(4,146)	(273)
Tangible and intangible assets and investments in property	(39,630)	(176,083)
Non-current financial investments	-	(77,725)
Disinvestment (+):	-	-
Group companies, joint ventures and associates	-	19,643
Tangible and intangible assets and investments in property	10,714	12,804
Non-current financial investments	6,565	-
Otros activos		
	17,279	**32,447**
Total net cash flow from investment activities (II)	**(25,622)**	**(216,828)**
3. FINANCING ACTIVITIES		
Dividendos pagados (-)		
Interest paid on debts (-)	(7,705)	(56,750)
Variations in (+/-)		
Treasury shares	-	1,244
Liability instruments:		
Loans from credit institutions (+)	34,801	177,111
Loans from credit institutions (-)	(30,343)	(125,617)
Finance leases (+/-)	(427)	(275)
Other financial liabilities (+/-)	707	(2,509)
Total net cash flow from financing activities (III)	**(2,967)**	**(6,796)**
4. GROSS INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III)	(26,118)	(133,326)
5. Effect of exchange rate variations on cash and cash equivalents (IV)	18	3,064
6. Effect of variations in the scope of consolidation (V)	-	7,858
7. NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III+IV+V)	(26,100)	(122,404)
8. Cash and cash equivalents at the start of the financial	**77,699**	**200,103**
9. Cash and cash equivalents at the end of the financial year (7+8)	**51,599**	**77,699**

INVESTOR RELATIONS
investor.relations@nh-hotels.com
T: +34 91 396 05 02

Appendix II: Variation of the portfolio on the year and current portfolio

New Agreements and Openings

Hotel Agreements from 31st December 2015 to 31st March 2016

City /Country	Contract	# Rooms	Opening
Monterrey / Mexico	Leased	150	Q1 2017
Venecia / Italia	Management	150	Q1 2018
Bariloche / Argentina	Management	95	Q2 2016
Toulouse / Francia	Leased	148	Q2-Q3 2018
		543	

Hotel Openings from 31st December 2015 to 31st March 2016

Hotels	City / Country	Contract	# Rooms
NH Suecia	Madrid, Spain	Leased	127
NH Collection Guadalajara Centro Hist.	Guadalajara, Mexico	Management	142
NH Collection Palazzo Cinquecento	Rome, Italy	Leased	177
Total New Openings			**177**

INVESTOR RELATIONS
investor.relations@nh-hotels.com
T: +34 91 396 05 02

NH GROUP HOTELS OPENED AS OF 31st MARCH 2016 BY COUNTRY

BUSINESS UNIT	COUNTRY	TOTAL		LEASED			OWNED		MANAGED		FRANCHISE	
		Hoteles	Habs.	Call Option	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
B.U. SPAIN	SPAIN	139	17,587	2	79	9,420	11	1,817	42	5,765	7	585
B.U. SPAIN	PORTUGAL	3	278	-	2	171	-	-	1	107	-	-
B.U. SPAIN	ANDORRA	1	60	-	-	-	-	-	1	60	-	-
B.U. ITALY	ITALY	54	8,458	1	36	5,750	14	2,079	4	629	-	-
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	5	54	9,438	5	1,000	-	-	-	-
B.U. EUROPA CENTRAL	AUSTRIA	6	1,183	1	6	1,183	-	-	-	-	-	-
B.U. EUROPA CENTRAL	SWITZERLAND	4	522	-	3	400	1	122	-	-	-	-
B.U. EUROPA CENTRAL	CZECH REPUBLIC	2	577	-	-	-	-	-	2	577	-	-
B.U. EUROPA CENTRAL	ROMANIA	2	161	-	1	83	-	-	1	78	-	-
B.U. EUROPA CENTRAL	HUNGARY	1	160	-	1	160	-	-	-	-	-	-
B.U. EUROPA CENTRAL	SLOVAQUIA	1	117	-	-	-	-	-	1	117	-	-
B.U. EUROPA CENTRAL	POLAND	1	93	-	-	-	-	-	-	-	1	93
B.U. EUROPA CENTRAL	UNITED STATES	1	242	-	-	-	1	242	-	-	-	-
B.U. THE AMERICAS	MEXICO	12	2,008	-	4	581	4	681	4	746	-	-
B.U. LAS AMERICAS	ARGENTINA	14	2,050	-	-	-	12	1,525	2	525	-	-
B.U. LAS AMERICAS	DOMINICAN REPUBLIC	4	2,011	-	-	-	-	-	4	2,011	-	-
B.U. LAS AMERICAS	VENEZUELA	4	1,185	-	-	-	-	-	4	1,185	-	-
B.U. LAS AMERICAS	URUGUAY	1	136	-	-	-	1	136	-	-	-	-
B.U. LAS AMERICAS	COLOMBIA	15	1,700	-	15	1,700	-	-	-	-	-	-
B.U. LAS AMERICAS	HAITI	1	72	-	-	-	-	-	1	72	-	-
B.U. LAS AMERICAS	CUBA	1	220	-	-	-	-	-	1	220	-	-
B.U. LAS AMERICAS	ECUADOR	1	112	-	1	112	-	-	-	-	-	-
B.U. LAS AMERICAS	CHILE	4	495	-	-	-	4	495	-	-	-	-
HOTELES ABIERTOS		**382**	**59,057**	14	**227**	**33,037**	**77**	**12,504**	**70**	**12,838**	**8**	**678**

INVESTOR RELATIONS
investor.relations@nh-hotels.com
T: +34 91 396 05 02

PROJECTS SIGNED BY NH HOTEL GROUP AS OF 31st MARCH 2016

After the last negotiations and after the cancellation of contracts signed, the number of hotels and rooms opening earrings remain as follows:

BUSINESS UNIT	COUNTRY	TOTAL		LEASED			OWNED		MANAGED	
		Hotels	Rooms	Call Option	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
B.U. SPAIN	SPAIN	-	-		-	-	-	-	-	-
B.U. CENTRAL EUROPE	GERMANY	2	403		2	403	-	-	-	-
B.U. CENTRAL EUROPE	AUSTRIA	1	144		1	144	-	-	-	-
B.U. ITALY	ITALY	2	354		1	204	-	-	1	150
B.U. BENELUX	FRNACE	2	317		2	317	-	-	-	-
B.U. BENELUX	NETHERLANDS	1	650		1	650	-	-	-	-
B.U. BENELUX	UK	1	190		-	-	-	-	1	190
B.U. AMERICAS	PERU	1	164		-	-	-	-	1	164
B.U. AMERICAS	PANAMA	2	283		1	83	1	200	-	-
B.U. AMERICAS	BRASIL	1	180		1	180	-	-	-	-
B.U. AMERICAS	CHILE	2	281		-	-	-	-	2	281
B.U. AMERICAS	ARGENTINA	2	173		-	-	-	-	2	173
B.U. AMERICAS	MEXICO	3	411		1	150	-	-	2	261
TOTAL PROJECTS		**20**	**3,550**	**-**	**10**	**2,131**	**1**	**200**	**9**	**1,219**

Committed investment for the above detailed hotels by year of execution.

	2016	2017	2018	2019
Expected Investment (€ millions)	6.9	10.9	1.3	3.5

NH | HOTEL GROUP

NH HOTELS

NH COLLECTION

nhow

Hesperia RESORTS

www.nh-hotels.com