

# SALES AND RESULTS

## Third Quarter 2016

15 November 2016



**nH**  
HOTELS

  
NH COLLECTION

**nhow**

**Hesperia**  
RESORTS

➤ **Solid revenue growth supported by the good performance in Spain and Central Europe, despite external factors** (situation in Belgium and currency trend in LatAm), **exceeding the market:**

- **Q3:** Revenues grew +5.2% reaching €380.5M in a quarter of medium seasonality (+7.2% with constant exchange rate), with a 95% contribution of the RevPar growth through prices.
- **9M:** Revenues grew by +6.7% (+9.4% in constant currency) reaching €1,095.5M, with an 83% contribution of the ADR to the growth of RevPar.

➤ **+27% improvement in EBITDA and greater efficiency increasing the margin:**

- **Q3:** EBITDA of €51.5M, implying an improvement of +27.1% (+€11.0M). The margin increased +2.3 points to achieve 13.5% (11.2% in Q3 '15). All despite the high level of contribution of Expo Milan 2015 in Q3 (+€10.1M in revenues, +€7.8M in EBITDA), the lesser contribution of the hotels in Belgium (-€3.8M in revenues, -€1.5M in EBITDA) and the negative currency effect -€7.5M in revenues, -€1.2M in EBITDA)
- **9M:** €124.6M implying an improvement of +27.3% (+€26.7M) with a 39% conversion rate from revenues to EBITDA. The margin increased +1.8 points to achieve 11.4% (9.5% in 9M '15).

➤ **Positive recurring Net Profit compared to 2015 losses:**

- **Q3:** Recurring Net Profit of +€10.0M, representing an improvement of +€5.2M.
- **9M:** Positive recurring net profit of €4.5M against a loss of -€7.7M in 2015. Including the non-recurring activity mainly due to the sale of non-strategic assets, the Reported Net Profit for the first nine months is €21.5M, against a loss of -€13.9M for the same period in 2015.

➤ **Reduction of the leverage ratio to 4.3x** (last 12 months) against 5.6x as of 31 December 2015, due to the reduction of -€76M in the net financial position reaching €761M.

- **Refinancing Sept. 2016:** Issuance of €285M Senior Secured Notes maturing in 2023 with a coupon of 3.75%, with an aim to extend maturities and increase average life, and subscription of a long-term syndicated Revolver Credit Facility (3+2 years) for €250M, increasing Group liquidity and supporting the improvement of the Group rating.



## Key Figures Q3 2016

- **Growth in RevPar of +6.1%**, 95% through growth in prices (+7.4% with constant exchange rate). Remarkable is the **two-digit increase in Spain (+15.4%) and Central Europe (+12.2%)**, partly driven by the increase in occupancy (+3.5% and +3.4% respectively).
  - Q3 confirms the RevPar growth strategy through ADR for the year and allowing the continued increase in prices ahead of direct competitors during the quarter (+1.3% in Q3), even in markets affected by external factors like Brussels and Milan.
- **Total revenues reached €380.5M**, representing a **growth of +5.2% (+€18.7M)**. Within this +5.2% growth, **the Like for Like portfolio contributed +3.8 points** (+€13.8M, despite the contribution of Milan Expo in Q3 2015 of +€10.1M and the drop in contribution of the hotels LFL in Belgium of -€1.4M compared with the previous year), **renovated hotels in 2015 and 2016 contributed +2.9 points** (+€10.4M, out of which the hotels renovated in 2015 contributed with +€10.0M and those renovated in 2016 with +0.4M), **changes in the perimeter due to openings and closings +0.5 points** (+€1.9M) and **the negative exchange rate trend** (Argentinian Peso -38% and Mexican Peso -15%) **subtracted -2.1 points** (-€7.5M). Excluding the effect of the exchange rate, growth would have been +7.2%.
- Remarkable growth in **Like for Like revenues plus Renovations** (hereinafter "LFL&R") in **Spain of +13.8%**, and in **Central Europe**, which reported a growth of **+10.3%** (explained by the trade fair calendar, +4.7% in LFL, and due to the reforms). **Benelux grew by +2.7%**, despite the lesser contribution of the hotels in Belgium both within the LFL scope (-€1.4m, -19%) and in renovated hotels (-€2.4M, -45%), fully offset by a better performance in Holland both in LFL (+€2.1m, +5%) and in the reforms of 2015-2016 (+€3.1m, +21%). In **Italy**, Q3 2015 was the quarter with the greatest contribution of Milan Expo (+€10.1M) and in Q3 2016, it was not possible to fully compensate it with 2015 reforms and the good performance of Rome LFL (+€0.7m, +8%) and secondary cities, reporting **LFL&R revenues of -5.9%**. In addition, including new openings, the drop in revenues in Italy was -2.8%.
- **Staff costs** increased by +1.8%, explained by the greater level of activity in Spain and Central Europe.
- **Other direct costs** grew by +3.0% mainly through higher commissions due to the growth in revenues and the evolution of sales channels.
- **+11.1% growth in GOP (+€12.8M)** achieving €128.0M, increasing **the operating margin to 33.6% (31.8% in Q3 2015)** due to an excellent **conversion rate of +68%**.
- **EBITDA before onerous** in the third quarter (€51.5M) **rose by +27.1% (+€11.0M)** despite the negative impacts mentioned above (Milan Expo 2015, Belgium situation and currency effect) and the accounting adjustment for the linearization of leases (+€1.8M), classified to recurring in 2016. Despite this, an **improvement in the margin of +2.3 points was reported, achieving 13.5% against 11.2% for Q3 2015**.
- **Q3 recurring Net Profit increased by +€10,0M to +€5.2M** (+109%), which together with the contribution of non-recurring activity, shows a Total Net Profit of €11.8M, against €3.5M for the same period of the previous year.



## Key Figures up to September 2016

- Cumulative to nine months' **revenues increased by +6.7% to €1,095.5M** (+9.4% with constant exchange rate). **EBITDA reached €124.6M, a rise of +27.3% (+€26.7M)**, representing a 39% conversion and a pro-forma of 47% adjusted for leaving indemnities and rent linearization. The reported EBITDA margin improved to 11.4%, an increase of +1.8 points.
- **Recurring Net Profit of €4.5M against the loss of -€7.7M** in the same period of 2015, an increase of +€12.2M. Including the non-recurring activity, **total Net Profit for the first nine months reaches €21.5M**, against a loss of -€13.9M for the same period in 2015.

## Financial Debt Evolution

- Out of the disposal target of €140M, as of 30<sup>th</sup> September **assets disposal amounting to €125M** have been agreed, with a cash inflow of €111M in 2016 and €14M estimated for 2017, achieving 90% of the €140M target (excluding New York).
- **Net financial debt reaches €761M** at 30<sup>th</sup> Sept. 2016, a reduction of €76M from Dec. 2015, due to the adequate **operating cash flow generation in the period**, given that capex invested was almost entirely financed with the sale of non-core assets. With all this, a Net Financial Debt / EBITDA ratio of 4.3x has been achieved as of 30<sup>th</sup> Sept. (last 12 months) against 5.6x in 31<sup>st</sup> Dec. 2015.
- On 29<sup>th</sup> Sept. 2016, a refinancing transaction was implemented through the **issuance of €285M in Senior Secured Obligations** (HY Bond) maturing in 2023 with a coupon of 3.75%, with the aim of extending maturity dates and increasing the average life, and the subscription of a long-term **syndicated Line of Credit "RCF"** (3+2 years) **for €250 million**, increasing Group liquidity.
- The rating agencies Standard & Poors and Fitch have improved NHH's corporate rating from "B-" to "B with a stable outlook" based on its greater liquidity and improved operations. Moody's assigned s corporate rating of B2 with a stable outlook.

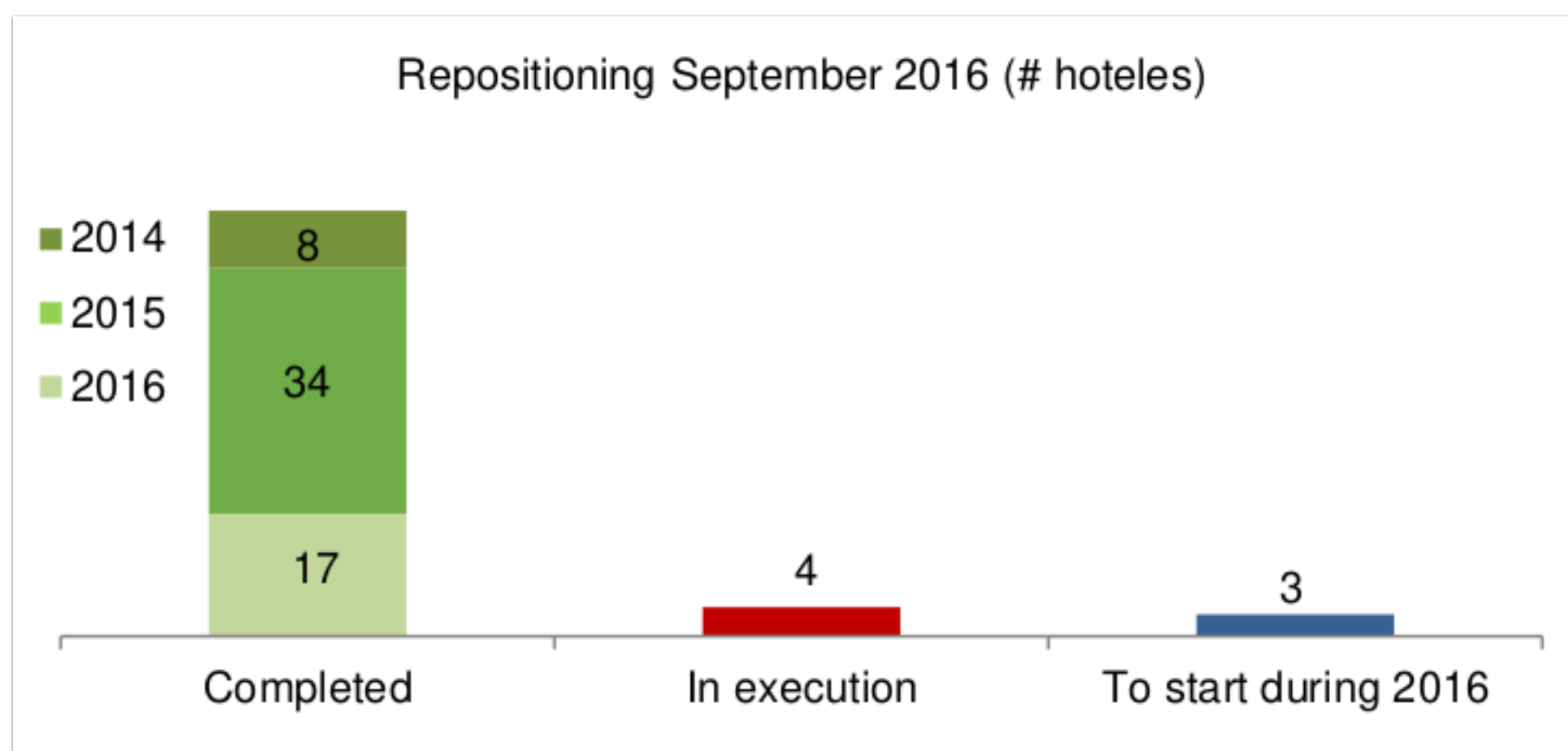
## 2016 Outlook:

- Excellent performance of Spain and Central Europe and favourable evolution in the other key countries with better performance in all of them vs. competition. In addition, the execution of the reforms of 2016, in Benelux and Germany, have been carried out according to the planned schedule in order to collect the "Ramp up" in 2017.
- However, there have been some external factors in the first 9 months negatively impacting the EBITDA of the Group:
  - Security issues in **Belgium**: -€5.1M loss in EBITDA against Plan expectations for the period
  - **Negative currency trends in Latin America** (-€4.6M in EBITDA).
- With all in, efficiency has improved increasing EBITDA margin +1.8 points to 11.4% (vs. 9.5% in the nine months of 2015).
- Additionally, external factors have been minimize at recurring net income level. Both have continued in October and no improvement is expected in the last months of the year, both out of the scope of the Group.



## Strategic Status Plan

### ➤ Repositioning Plan:



As of Sept. 2016, the full renovation of 59 hotels has been completed. The compound annual growth rate in RevPar of hotels with six months of operations post-renovation in the first nine months of 2016 is +12.8%. The following hotels are included in the sample: NH Collection Eurobuilding, NH Collection Abascal, NH Alonso Martínez, NH Collection Aránzazu, NH Pamplona Iruña, NH Collection Gran Hotel Zaragoza, NH Firenze, NH Madrid Atocha, NH Madrid Nacional, NH Madrid Ventas, NH Collection Hamburg City, NH Collection Brussels Centre, NH Utrecht, NH Milano Congress Centre and NH Genova Centro.

- **Brand:** NH has 380 hotels with 58,085 rooms. As of Sept. 2016, 66 hotels with 10,332 rooms are NH Collection and it continues to show its potential, both in prices and quality (with improvements in hotels that have not been renovated too). At Group level, 34% of the portfolio is positioned in the city top 10 (44% for the NH Collection hotels) and 52% in the top 30 (59% in NH Collection), which shows the greater levels of quality perceived by the customers.

% hoteles NH	Dec '13	Dec '14	Dec '15	Sept. '16
Top 10	19%	24%	27%	34%
Top 30	41%	47%	49%	52%

Source: Trip Advisor

- **Pricing & Revenue Management:** The ADR evolution in the Group's top cities remained ahead of competition in Q3 2016. NHH has obtained +1.3 points of higher growth in relative ADR against the competitors in Q3. In Italy, the strategy in the city of Milan in 2016 is to maintain the overall RGI high through volume, due to having increased prices in 2015 above those of the competitors (+5.8 points). In Italy, Q3 RGI remained at 101.6%. Remarkable is the performance in Benelux with an increase in ADR of +4.6% against the competitors set of -2.0%. NH continues to maximise its market opportunities both in Amsterdam (Relative ADR +3p.p.; Relative RevPar +6p.p.) and Brussels (Relative ADR +12p.p.; Relative RevPar +1p.p), lowering its prices less than the market. Good performance in Spain with an increase in ADR of +12.1% against the competitor set, which grew by +6.1%. Relative RevPar in Spain improved by 6p.p.

Q3	ADR % var		"Relative" ADR
	NH	Compset	var
<b>Total NHH</b>	<b>0.6%</b>	<b>-0.7%</b>	<b>1.3 p.p.</b>
<b>Spain</b>	12.1%	6.1%	6.0 p.p.
<b>Italy</b>	-16.2%	-10.6%	-5.7 p.p.
<b>Benelux</b>	4.6%	-2.2%	6.8 p.p.
<b>Central Europe</b>	6.9%	3.5%	3.5 p.p.

The strategy towards more profitable rates creates a more efficient segmentation with a particularly strong impact in high activity months. As a result, sales channels were optimized, increasing the weight of OTAs in the period against more cheaper channels, achieving a higher net ADR and access to long-distance markets.

Sales through the website showed a +22% increase in the first nine months of 2016.

➤ **Portfolio optimisation:**

- Out of the disposal target of €140M, as of 30th September assets disposal amounting to €125M have been agreed, with a cash inflow of €111M in 2016 and €14M estimated for 2017, achieving 90% of the €140M target (excluding New York).
- On the other hand, during the first nine months, 13 hotels with 1,800 rooms were signed. All the signings were under lease and management agreements and the majority in the superior brand segment and in main cities (Venice, Antwerp, Eindhoven, Leipzig, Monterrey, Mexico City and Santiago de Chile).

- **JV China:** launch of JV with HNA group at the end of March and entering into contracts for the management of three operational hotels as at 30 September. In Q1 2016, the capital contribution of €4.1M was invested, the total estimated for 2016.



### Third Quarter RevPar Trend

**Note:** The “Like for Like plus renovations” (LFL&R) criterion includes hotels renovated in 2015 and 2016, so as to ensure that the sample of “LFL” hotels is not reduced by the high number of hotels affected by the renovations

NH HOTEL GROUP REVPAR Q3 2016/2015											
	AVERAGE ROOMS		OCCUPANCY %			ADR			REVPAR		
	2016	2015	2016	2015	% Var	2016	2015	% Var	2016	2015	% Var
<b>Spain &amp; Portugal LFL &amp; R</b>	11,038	10,911	73.3%	71.2%	3.0%	84.5	76.1	11.0%	62.0	54.2	14.4%
B.U. Spain Consolidated	11,115	11,372	73.3%	70.8%	3.5%	84.6	75.9	11.5%	62.0	53.7	15.4%
<b>Italy LFL &amp; R</b>	6,982	6,987	74.4%	75.8%	-1.8%	107.5	113.7	-5.4%	80.0	86.2	-7.1%
B.U. Italy Consolidated	7,412	7,439	73.9%	74.5%	-0.8%	110.9	113.2	-2.0%	81.9	84.3	-2.9%
<b>Benelux LFL &amp; R</b>	8,249	8,262	72.3%	76.3%	-5.3%	96.0	90.5	6.1%	69.4	69.1	0.4%
B.U. Benelux Consolidated	8,592	8,327	71.6%	76.5%	-6.4%	96.3	90.6	6.3%	69.0	69.3	-0.4%
<b>Central Europe LFL &amp; R</b>	12,224	12,214	75.9%	73.3%	3.4%	86.9	80.0	8.6%	65.9	58.7	12.3%
Central Europe Consolidated	12,224	12,255	75.9%	73.4%	3.4%	86.9	80.1	8.5%	65.9	58.7	12.2%
<b>Total Europe LFL &amp; R</b>	38,493	38,374	74.1%	73.8%	0.4%	91.9	87.6	4.9%	68.1	64.6	5.3%
Total Europe Consolidated	39,343	39,393	73.8%	73.5%	0.4%	92.8	87.5	5.9%	68.5	64.3	6.4%
<b>Latinamerica LFL &amp; R</b>	3,045	3,044	66.6%	67.4%	-1.1%	69.2	69.2	-0.1%	46.1	46.7	-1.2%
Latinamerica Consolidated	5,232	5,231	62.9%	63.7%	-1.1%	75.0	71.8	4.5%	47.2	45.7	3.3%
<b>NH Hotels LFL &amp; R</b>	41,538	41,418	73.6%	73.4%	0.3%	90.4	86.3	4.7%	66.5	63.3	5.0%
Total NH Consolidated	44,575	44,624	72.5%	72.3%	0.3%	90.9	85.9	5.8%	66.0	62.2	6.1%

- **+6.1% Consolidated RevPar growth** in Q3 2016. In its composition, the increase in prices (+5.8%) represents 95% of RevPar growth. At a constant exchange rate, growth is +7.4% (96% through prices).
  - In **Italy**, Q3 2015 was the quarter with the greatest contribution of Milan Expo (RevPar Q3 2015 +28%). The good performance of Rome and the secondary cities, 2015 renovations and the new openings were not able to completely offset the mention contribution, reporting a -2.9% reduction in RevPar in Q3 '16.
  - Benelux B.U. had less activity, reporting a drop in occupancy of -6.4%, owing to the impact of the public security issues in the Belgium (LFL hotels -28.2% occupancy, +4.8% ADR, RevPar -24.8%), partially offset by the good performance of Holland (LFL -1.6% occupancy, +3.6% ADR, RevPar +1.9%).
  - Regarding the Group **activity level**, a very similar level was reported for the third quarter, **+0.3%**, offsetting the drop in Italy and Belgium with the good performance of Spain (+3.5%) and Central Europe (+3.4%), with August being low season, July medium season and September high season.
- In terms of **LFL&R**, in the third quarter RevPar grew by **+5.0%** despite the tough comparison in Italy, where a drop of -7.1% in RevPar was reported. Spain B.U. stood out maintaining a growth of 14.4%, with price increases of +11.0%, as did Central Europe B.U., with growth of +12.3% (70% through prices). Latin America B.U. has been affected by the volatility of local currencies, particularly the Argentinian peso, with a devaluation of 38% in the period.



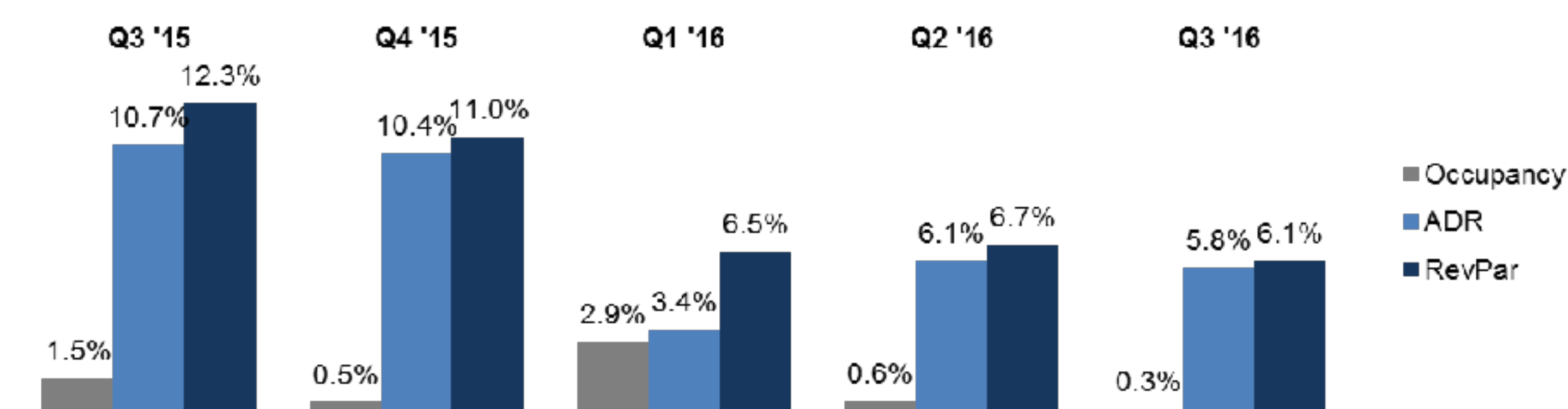
- **Excluding renovations**, growth in RevPar LFL in Q3 was **+2.0%**, with +2.7% growth in prices (with a drop in Italy and LatAm with real exchange rate) and a drop in occupancy of -0.7% due to the lower activity level in Belgium and Italy.

### 9-month RevPar Trend

- Accumulated to September, Consolidated RevPar increased +6.3%, with a +5.2% higher price level and a +1.0% rise in occupancy. Without including refurbishment, LFL RevPar grew by +4.2%, 66% of which is explained by the +2.8% increase in prices.

NH HOTEL GROUP REVPAR 9M 2016/2015											
	AVERAGE ROOMS		OCCUPANCY %			ADR			REVPAR		
	2016	2015	2016	2015	% Var	2016	2015	% Var	2016	2015	% Var
<b>Spain &amp; Portugal LFL &amp; R</b>	10,976	10,828	70.8%	67.5%	4.7%	83.5	76.2	9.6%	59.1	51.5	14.8%
B.U. Spain Consolidated	11,208	11,377	70.8%	67.5%	5.0%	83.7	75.8	10.4%	59.3	51.2	15.9%
<b>Italy LFL &amp; R</b>	6,984	6,987	69.2%	68.7%	0.6%	107.6	112.2	-4.1%	74.5	77.1	-3.4%
B.U. Italy Consolidated	7,503	7,373	68.2%	67.4%	1.3%	109.8	111.4	-1.4%	74.9	75.0	-0.2%
<b>Benelux LFL &amp; R</b>	8,099	8,324	66.8%	69.5%	-3.9%	96.7	91.3	5.9%	64.6	63.5	1.8%
B.U. Benelux Consolidated	8,288	8,374	66.5%	69.6%	-4.4%	97.0	91.5	6.0%	64.6	63.7	1.3%
<b>Central Europe LFL &amp; R</b>	12,383	12,341	71.5%	69.9%	2.3%	87.0	80.9	7.5%	62.2	56.6	9.9%
Central Europe Consolidated	12,492	12,463	71.5%	69.9%	2.3%	87.0	81.1	7.3%	62.2	56.7	9.7%
<b>Total Europe LFL &amp; R</b>	38,442	38,480	69.9%	69.0%	1.3%	91.7	87.6	4.7%	64.1	60.4	6.1%
Total Europe Consolidated	39,490	39,587	69.6%	68.7%	1.4%	92.3	87.4	5.6%	64.3	60.0	7.1%
<b>Latinamerica LFL &amp; R</b>	3,022	3,044	65.3%	65.6%	-0.5%	68.2	71.9	-5.1%	44.5	47.2	-5.5%
Latinamerica Consolidated	5,207	4,757	61.7%	62.7%	-1.6%	72.3	71.0	1.8%	44.6	44.5	0.2%
<b>NH Hotels LFL &amp; R</b>	41,465	41,524	69.6%	68.7%	1.2%	90.1	86.5	4.2%	62.6	59.4	5.4%
Total NH Consolidated	44,698	44,344	68.7%	68.0%	1.0%	90.2	85.8	5.2%	62.0	58.3	6.3%

### Performance of Consolidated Ratios by quarters:



Consolidated Ratios % Var	Occupancy					ADR					RevPar				
	Q3 '15	Q4 '15	Q1 '16	Q2 '16	Q3 '16	Q3 '15	Q4 '15	Q1 '16	Q2 '16	Q3 '16	Q3 '15	Q4 '15	Q1 '16	Q2 '16	Q3 '16
Spain	8.0%	7.9%	11.3%	2.4%	3.5%	6.3%	14.8%	8.6%	11.0%	11.5%	14.9%	23.9%	20.8%	13.7%	15.4%
Italy	7.4%	2.2%	4.7%	1.4%	-0.8%	19.0%	17.7%	0.5%	-1.2%	-2.0%	27.7%	20.3%	5.2%	0.2%	-2.9%
Benelux	4.9%	0.0%	-1.3%	-5.8%	-6.4%	9.7%	3.9%	4.6%	7.1%	6.3%	15.0%	3.9%	3.3%	1.0%	-0.4%
Central Europe	-6.8%	-4.5%	0.3%	2.9%	3.4%	5.8%	6.7%	3.6%	9.5%	8.5%	-1.5%	1.9%	3.9%	12.7%	12.2%
TOTAL EUROPE	2.2%	1.1%	3.8%	0.6%	0.4%	10.2%	10.4%	4.3%	6.7%	5.9%	12.6%	11.5%	8.3%	7.4%	6.4%
Latin America real exc. rate	-7.5%	-5.3%	-5.1%	0.0%	-1.1%	16.4%	8.7%	-2.5%	-0.5%	4.5%	7.7%	3.0%	-7.5%	-0.5%	3.3%
NH HOTEL GROUP	1.5%	0.5%	2.9%	0.6%	0.3%	10.7%	10.4%	3.4%	6.1%	5.8%	12.3%	11.0%	6.5%	6.7%	6.1%



RECURRING HOTEL ACTIVITY 2016 VS 2015								
(€ million)	2016 Q3	2015 Q3	DIFF. 16/15	%DIFF.	2016 9 months	2015 9 months	DIFF. 16/15	%DIFF.
SPAIN	90.1	79.2	10.9	13.8%	266.4	230.5	35.9	15.6%
ITALY	67.4	71.7	(4.3)	(5.9%)	193.2	193.8	(0.7)	(0.3%)
BENELUX	79.5	77.4	2.1	2.7%	219.9	218.5	1.5	0.7%
CENTRAL EUROPE	95.2	86.4	8.9	10.3%	288.4	266.5	21.8	8.2%
AMERICA	19.5	19.9	(0.4)	(1.8%)	56.1	58.7	(2.7)	(4.5%)
<b>TOTAL RECURRING REVENUE LFL&amp;R</b>	<b>351.9</b>	<b>334.6</b>	<b>17.3</b>	<b>5.2%</b>	<b>1,023.9</b>	<b>968.1</b>	<b>55.9</b>	<b>5.8%</b>
<b>OPENINGS, CLOSINGS &amp; OTHERS</b>	<b>28.6</b>	<b>27.2</b>	<b>1.4</b>	<b>5.1%</b>	<b>71.6</b>	<b>59.0</b>	<b>12.6</b>	<b>21.3%</b>
<b>RECURRING REVENUES</b>	<b>380.5</b>	<b>361.8</b>	<b>18.7</b>	<b>5.2%</b>	<b>1,095.5</b>	<b>1,027.1</b>	<b>68.4</b>	<b>6.7%</b>
SPAIN	60.7	55.9	4.8	8.5%	181.5	163.1	18.4	11.3%
ITALY	43.9	44.9	(1.0)	(2.3%)	127.6	124.8	2.8	2.2%
BENELUX	52.7	52.4	0.3	0.6%	149.6	150.1	(0.5)	(0.4%)
CENTRAL EUROPE	61.6	59.1	2.5	4.3%	193.8	182.9	10.8	5.9%
AMERICA	14.0	14.9	(0.9)	(5.9%)	41.0	43.9	(3.0)	(6.7%)
<b>RECURRING OPEX LFL&amp;R</b>	<b>232.9</b>	<b>227.2</b>	<b>5.7</b>	<b>2.5%</b>	<b>693.4</b>	<b>664.8</b>	<b>28.6</b>	<b>4.3%</b>
<b>OPENINGS, CLOSINGS &amp; OTHERS</b>	<b>19.5</b>	<b>19.4</b>	<b>0.2</b>	<b>0.9%</b>	<b>47.6</b>	<b>43.9</b>	<b>3.7</b>	<b>8.4%</b>
<b>RECURRING OPERATING EXPENSES</b>	<b>252.5</b>	<b>246.6</b>	<b>5.9</b>	<b>2.4%</b>	<b>741.0</b>	<b>708.7</b>	<b>32.3</b>	<b>4.6%</b>
SPAIN	29.4	23.3	6.1	26.3%	84.9	67.4	17.5	25.9%
ITALY	23.6	26.8	(3.2)	(12.1%)	65.6	69.0	(3.5)	(5.0%)
BENELUX	26.9	25.0	1.8	7.3%	70.3	68.4	2.0	2.9%
CENTRAL EUROPE	33.6	27.2	6.4	23.4%	94.6	83.6	11.0	13.1%
AMERICA	5.5	5.0	0.5	10.5%	15.1	14.8	0.3	1.9%
<b>RECURRING GOP LFL&amp;R</b>	<b>119.0</b>	<b>107.4</b>	<b>11.6</b>	<b>10.8%</b>	<b>330.5</b>	<b>303.3</b>	<b>27.3</b>	<b>9.0%</b>
<b>OPENINGS, CLOSINGS &amp; OTHERS</b>	<b>9.1</b>	<b>7.8</b>	<b>1.2</b>	<b>15.4%</b>	<b>24.0</b>	<b>15.1</b>	<b>8.9</b>	<b>59.1%</b>
<b>RECURRING GOP</b>	<b>128.0</b>	<b>115.2</b>	<b>12.8</b>	<b>11.1%</b>	<b>354.6</b>	<b>318.4</b>	<b>36.2</b>	<b>11.4%</b>
SPAIN	19.9	18.7	1.2	6.4%	61.6	56.6	5.0	8.8%
ITALY	11.2	11.2	0.0	0.2%	33.6	33.2	0.4	1.3%
BENELUX	12.2	12.1	0.1	0.7%	36.4	35.8	0.6	1.5%
CENTRAL EUROPE	26.1	26.2	(0.1)	(0.2%)	79.4	79.3	0.1	0.1%
AMERICA	1.3	1.4	(0.1)	(7.6%)	4.0	4.2	(0.2)	(5.2%)
<b>RECURRING LEASES&amp;PT LFL&amp;R</b>	<b>70.8</b>	<b>69.7</b>	<b>1.1</b>	<b>1.6%</b>	<b>215.0</b>	<b>209.1</b>	<b>5.8</b>	<b>2.8%</b>
<b>OPENINGS, CLOSINGS &amp; OTHERS</b>	<b>5.7</b>	<b>5.0</b>	<b>0.7</b>	<b>14.1%</b>	<b>15.0</b>	<b>11.4</b>	<b>3.6</b>	<b>31.9%</b>
<b>RECURRING RENTS AND PROPERTY TAXES</b>	<b>76.5</b>	<b>74.6</b>	<b>1.8</b>	<b>2.5%</b>	<b>230.0</b>	<b>220.5</b>	<b>9.5</b>	<b>4.3%</b>
SPAIN	9.5	4.6	4.9	107.6%	23.3	10.8	12.5	115.6%
ITALY	12.3	15.6	(3.3)	(20.9%)	32.0	35.9	(3.9)	(10.8%)
BENELUX	14.7	12.9	1.7	13.5%	34.0	32.5	1.4	4.4%
CENTRAL EUROPE	7.5	1.0	6.4	615.4%	15.2	4.4	10.9	249.7%
AMERICA	4.2	3.6	0.6	17.6%	11.1	10.6	0.5	4.8%
<b>RECURRING EBITDA LFL&amp;R</b>	<b>48.2</b>	<b>37.7</b>	<b>10.5</b>	<b>27.8%</b>	<b>115.6</b>	<b>94.2</b>	<b>21.4</b>	<b>22.7%</b>
<b>OPENINGS, CLOSINGS &amp; OTHERS</b>	<b>3.4</b>	<b>2.9</b>	<b>0.5</b>	<b>17.6%</b>	<b>9.0</b>	<b>3.7</b>	<b>5.3</b>	<b>142.6%</b>
<b>RECURRING EBITDA EX. ONEROUS PROVISION</b>	<b>51.5</b>	<b>40.6</b>	<b>11.0</b>	<b>27.1%</b>	<b>124.6</b>	<b>97.9</b>	<b>26.7</b>	<b>27.3%</b>



**Recurring Results by Business Unit Q3 (criteria LFL&R)**
**Spain B.U.:**

- +14.4% growth in RevPar in Q3, with +11.0% growth in prices (75% weight) and +3.0% occupancy. Good performance in Madrid (+9.2%), Barcelona (+12.4%) and excellent trend in Valencia with a +21.8% increase in RevPar.
- Excellent trend in revenues, which grew by +13.8% (+€10.9M) in the third quarter. The LFL scope grew by +11.2% and renovated hotels +26%.
- Operating costs increased +8.5% (+€4.8M), explained by the increase in occupancy in the period (+3.0%), greater commissions owing to the change in segmentation and the hotels that were being renovated in 2015.
- The €29.4M GOP increased by +26.3% (+€6.1M), showing a 56% conversion rate.
- The +€1.2M (+6.4%) increase in lease payments in the quarter was due to the variable component. EBITDA of €9.5M was generated in the quarter, duplicating the figure for Q3 2015.

**Italy B.U.:**

- -7.1% reduction in RevPar in Q3 owing to the unfavourable comparative situation, due to the impact of Milan Expo 2015. Q3 was the quarter with the greatest impact of the Expo in 2015: +€10.1M in revenues.
- As a result, revenues reduced by -5.9% not been able to offset them with the 2015 renovations and the good performance of Rome LFL (+8%) and secondary locations like Bologna (+21%), Amalfi (+29%) and Liguria (+14%). Adjusting for the impact of the Expo in Q3 2015, the growth in revenues in this quarter in terms of LFL&R would have been +9.6%.
- Operating costs decreased by -2.3% (-€1.0M). GOP reduced by -12.1% (-€3.2M) and EBITDA was €12.3M (-€3.3M) in total, which is explained by the +€7.5M contribution of Expo Milan to EBITDA in Q3 2015.

**Benelux B.U.:**

- +0.4% growth in RevPar in Q3, offsetting in price the occupancy reduction in Benelux (-5.3%) due to the impact of the security issues in the hotels in Belgium LFL (-28.2% occupancy, +4.8% ADR, RevPar -24.8%).
- Revenues increased by +2.7% (+€2.1M) despite the reduced contribution of Belgium in the quarter, both in the LFL scope (-€1.4m, -19%) and in the reform hotels '15- '16 (-€2.4M, -45%), offset overall by better performance in Holland (LFL +€2.1m, +5%; reforms '15-'16 +€3.1m, +21%). LFL growth in revenues in the BU, excluding reforms was +0.9%.
- There was a slight increase in operating costs of +0.6% (+€0.3M), showing an increase in GOP of +7.3% (+€1.8M) and an improvement in EBITDA of +€1.7M, (EBITDA conversion rate of 81%).

**Central Europe B.U.:**

- Increase in RevPar of +12.3% in Q3, with an increase in prices of +8.6% and an increase in occupancy of +3.4%. Revenues increased by +10.3% (+€8.9M), due to a good calendar of trade fairs, as biennial and triennial events coincided.
- The operating costs increased by +4.3% (+€2.5M) due to the greater level of business and increase in commissions (change in segmentation, with greater weight in Germany).
- GOP rose by +23.4% (+€6.4M) and lease payments remained stable, allowing an increase in EBITDA of +€6.4M, showing a conversion rate of 72%.



### The Americas B.U.:

- In Q3 revenues at a constant exchange rate grew by +30.7% (+€6.1M), achieving +€26.0M against €19.9M in the previous year. With real exchange rate revenues reduced by -1.8% (-€0.4M).
- This reduction in revenues (-€0.4M), linked to **currency depreciation** (Argentinian Peso -38% and Mexican Peso -15%), was fully absorbed, obtaining an increase in EBITDA (+€0.6M) due to cost plan and the contribution of the biggest hotel in Mexico, renovated at the end of 2015.
- RevPar for the quarter at current exchange rate fell by -1.2%, with a reduction in prices of -0.1%, and a decrease in occupancy of -1.1%.
- By region, in the quarter Mexico showed +17.5% growth in RevPar in local currency, with a +17.3% increase in prices. The increase in revenues in local currency was +17.9%, which together with a GOP conversion rate of 63% generated +44% (+€0.9M) growth in EBITDA at a constant exchange rate, benefiting from the renovation of the NH Collection Mexico City, which was completed in Q1.
- In Mercosur, mainly Argentina, RevPar grew by +35.1% in local currency, with increases in average prices of +38.0% (dollarisation of 75% of the rates). The above factors led to +46% growth in revenues, with very similar growth in costs due to the high inflation, hence GOP and EBITDA increased by +€0.6M with a constant exchange rate.
- In Hoteles Royal (included in Openings and Closings) RevPar grew by +7.8% in local currency, with average price increases of +9.0%. Chile's performance was weaker, owing to greater price competitiveness due to the high level of dependence on Argentinian customers and with lesser business customer impact in Q3. Colombia showed +6% growth in revenues at a constant exchange rate, despite the worse performance of other revenues owing to the change in segmentation towards more profitable rates, higher hotel supply in the country and the lesser number of events generated by companies in the oil industry. The implementation of cost synergies in 2015 and the early part of 2016 explain the increase in EBITDA in Hoteles Royal with real exchange rate, which achieved €2.4M (+€0.4M against Q3 2015, representing an improvement of +20%).



## Consolidated Income Statement

NH HOTEL GROUP P&L ACCOUNT								
(€ million)	Q3 2016	Q3 2015	Var.		9M 2016	9M 2015*	Var.	
	M. Eur	M. Eur	M. Eur	%	M. Eur	M. Eur	M. Eur	%
<b>TOTAL REVENUES</b>	<b>380.5</b>	<b>361.8</b>	<b>18.7</b>	<b>5.2%</b>	<b>1,095.5</b>	<b>1,027.1</b>	<b>68.4</b>	<b>6.7%</b>
Staff Cost	(130.2)	(127.9)	(2.3)	1.8%	(384.7)	(372.0)	(12.7)	3.4%
Operating expenses	(122.2)	(118.6)	(3.6)	3.0%	(356.3)	(336.7)	(19.6)	5.8%
<b>GROSS OPERATING PROFIT</b>	<b>128.0</b>	<b>115.2</b>	<b>12.8</b>	<b>11.1%</b>	<b>354.6</b>	<b>318.4</b>	<b>36.1</b>	<b>11.3%</b>
Lease payments and property taxes	(76.5)	(74.7)	(1.8)	2.4%	(230.0)	(220.6)	(9.4)	4.3%
<b>EBITDA BEFORE ONEROUS</b>	<b>51.5</b>	<b>40.6</b>	<b>11.0</b>	<b>27.1%</b>	<b>124.6</b>	<b>97.9</b>	<b>26.7</b>	<b>27.3%</b>
Margin % of Revenues	13.5%	11.2%		2.3%	11.4%	9.5%		1.8%
Onerous contract reversal provision	1.2	2.4	(1.2)	(48.3%)	4.2	7.7	(3.5)	(45.1%)
<b>EBITDA AFTER ONEROUS</b>	<b>52.8</b>	<b>43.0</b>	<b>9.8</b>	<b>22.8%</b>	<b>128.8</b>	<b>105.5</b>	<b>23.2</b>	<b>22.0%</b>
Depreciation	(25.7)	(24.0)	(1.7)	7.3%	(75.3)	(69.9)	(5.4)	7.8%
<b>EBIT</b>	<b>27.1</b>	<b>19.0</b>	<b>8.1</b>	<b>42.4%</b>	<b>53.4</b>	<b>35.6</b>	<b>17.8</b>	<b>50.0%</b>
Interest expense	(12.9)	(12.8)	(0.2)	1.4%	(37.0)	(35.0)	(1.9)	5.5%
Income from minority equity interests	(0.2)	0.3	(0.5)	(151.5%)	(0.0)	0.3	(0.3)	(107.7%)
<b>EBT</b>	<b>14.0</b>	<b>6.6</b>	<b>7.4</b>	<b>112.2%</b>	<b>16.4</b>	<b>0.9</b>	<b>15.6</b>	<b>1811.6%</b>
Corporate income tax	(3.1)	(0.7)	(2.4)	326.7%	(9.2)	(6.3)	(2.9)	46.5%
<b>NET INCOME before minorities</b>	<b>10.8</b>	<b>5.8</b>	<b>5.0</b>	<b>85.4%</b>	<b>7.2</b>	<b>(5.4)</b>	<b>12.7</b>	<b>233.5%</b>
Minority interests	(0.9)	(1.1)	0.2	(20.4%)	(2.7)	(2.3)	(0.5)	20.2%
<b>NET RECURRING INCOME</b>	<b>10.0</b>	<b>4.8</b>	<b>5.2</b>	<b>109.3%</b>	<b>4.5</b>	<b>(7.7)</b>	<b>12.2</b>	<b>158.4%</b>
Non Recurring EBITDA	7.6	(6.5)	14.1	n.a.	42.1	(13.5)	55.6	n.a.
Other Non Recurring items	(5.8)	5.2	(11.0)	n.a.	(25.1)	7.3	(32.4)	n.a.
<b>NET INCOME including Non-Recurring</b>	<b>11.8</b>	<b>3.5</b>	<b>8.3</b>	<b>236.8%</b>	<b>21.5</b>	<b>(13.9)</b>	<b>35.4</b>	<b>254.9%</b>

\* Includes Hoteles Royal from March 4, 2015

## Comments on Q3 2016

- Total revenues reached €380.5M, representing a growth of +5.2% (+€18.7M). Within this +5.2% growth, the Like for Like portfolio contributed +3.8 points (+€13.8M, despite the contribution of Milan Expo in Q3 2015 of +€10.1M and the drop in contribution of the hotels LFL in Belgium of -€1.4M compared with the previous year), renovated hotels in 2015 and 2016 contributed +2.9 points (+€10.4M, out of which the hotels renovated in 2015 contributed with +€10.0M and those renovated in 2016 with +0.4M), changes in the perimeter due to openings and closings +0.5 points (+€1.9M) and the negative exchange rate trend (Argentinian Peso -38% and Mexican Peso -15%) subtracted -2.1 points (-€7.5M). Excluding the effect of the exchange rate, growth would have been +7.2%.
- At LFL level excluding the reforms, revenue grew +2.5% (+4.8% at a constant exchange rate), driven by Spain and Central Europe and penalised by Expo 2015, Belgium and currencies.
- The renovated hotels in 2015 contributed with +€10.0M and the renovated hotels in 2016 have remained flat in Q3 (+€0.2M) due to the contribution of the hotels renovated in the first half.



➤ **Trend in costs:**

- Staff costs increased by +1.8%, explained by the greater level of activity in Spain and Central Europe.
- Other direct costs grew by +3.0% mainly through higher commissions due to the growth in revenues and the evolution of sales channels.

➤ **+11.1% growth in GOP (+€12.8M)** achieving €128.0M, increasing **the operating margin to 33.6% (31.8% in Q3 2015)** due to an excellent **conversion level of +68%**.

➤ Leases and Property Taxes increased by +€1.8M despite changes in scope (€0.7M), the accounting impact of the rent linearization (€1.8M) and the variable clauses offset by the reduction in fixed lease payments.

➤ **EBITDA** before onerous for the third quarter (€51.5M) **rose by +27.1% (+€11.0M)** despite the negative impacts mentioned (Milan Expo 2015, situation in Belgium and currency) and the accounting adjustment for the linearisation of rents (+€1.8M). As a result, a **59% conversion from revenues to EBITDA** was reported, which allowed an increase in margin from 11.2% to 13.5%.

➤ **Financial expenses:** similar level to 2015.

➤ **Corporate Tax:** Higher expenditure on Corporate income tax (-€2.4M), mainly due to higher EBT minimized by tax incentives and capitalised losses.

➤ **Q3 recurring Net Profit increased by +€10,0M to +€5.2M (+109%)**, which together with the contribution of non-recurring activity, shows a Total Net Profit of €11.8M, against €3.5M for the same period of the previous year.

**Non-recurring activity:**

- The change in non-recurring items is mainly due to capital gains from non-core assets disposals in the quarter with accelerated depreciation of the arranging loan expenses of the debt refinanced in the third quarter of the year.

**Comments on the first nine months of 2016:**

- Cumulative to nine months' **revenues increased by +6.7% to €1,095.5M** (+9.4% with constant exchange rate). **EBITDA reached €124.6M, a rise of +27.3% (+€26.7M)**, representing a 39% conversion and a pro-forma of 47% adjusted for leaving indemnities and rent linearization. The reported EBITDA margin improved to 11.4%, an increase of +1.8 points.

- **Recurring Net Profit of €4.5M against the loss of -€7.7M** in the same period of 2015, an increase of +€12.2M. Including the non-recurring activity, **total Net Profit for the first nine months reaches €21.5M**, against a loss of -€13.9M for the same period in 2015.



**Financial Debt and Liquidity**

As of 30/09/2016 Data in Euro million	Maximum Available	Availability	Drawn	Repayment schedule								
				2016	2017	2018	2019	2020	2021	2022	2023	Rest
<b>Senior Credit Facilities</b>												
Senior Secured Notes due 2019	250.0	-	250.0	-	-	-	250.0	-	-	-	-	-
Senior Secured Notes due 2023	285.0	-	285.0	-	-	-	-	-	-	-	285.0	-
Senior Secured RCF (3+2 years)	250.0	250.0	-	-	-	-	-	-	-	-	-	-
<b>Total debt secured by the same Collateral</b>	<b>785.0</b>	<b>250.0</b>	<b>535.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>250.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>285.0</b>	<b>0.0</b>
Other Secured loans and RCF*	51.5	10.0	41.5	8.9	4.5	6.3	1.8	1.4	1.1	0.7	0.7	16.0
<b>Total secured debt</b>	<b>836.5</b>	<b>260.0</b>	<b>576.5</b>	<b>8.9</b>	<b>4.5</b>	<b>6.3</b>	<b>251.8</b>	<b>1.4</b>	<b>1.1</b>	<b>0.7</b>	<b>285.7</b>	<b>16.0</b>
Convertible Bonds due 2018	250.0	-	250.0	-	-	250.0	-	-	-	-	-	-
Unsecured loans **	77.2	40.8	36.5	4.2	30.3	1.1	0.6	0.3	-	-	-	-
Subordinated loans	40.0	-	40.0	-	-	-	-	-	-	-	-	40.0
<b>Total unsecured debt</b>	<b>367.2</b>	<b>40.8</b>	<b>326.5</b>	<b>4.2</b>	<b>30.3</b>	<b>251.1</b>	<b>0.6</b>	<b>0.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>40.0</b>
<b>Total Gross Debt</b>	<b>1,203.7</b>	<b>300.8</b>	<b>903.0</b>	<b>13.1</b>	<b>34.8</b>	<b>257.4</b>	<b>252.4</b>	<b>1.6</b>	<b>1.1</b>	<b>0.7</b>	<b>285.7</b>	<b>56.0</b>
Cash and cash equivalents ***			(141.5)									
<b>Net debt</b>			<b>761.5</b>									
Equity Component Convertible Bond			(12.7)									
Arranging loan expenses			(18.8)									
Accrued interests			8.6									
<b>Total adjusted net debt</b>			<b>738.5</b>									

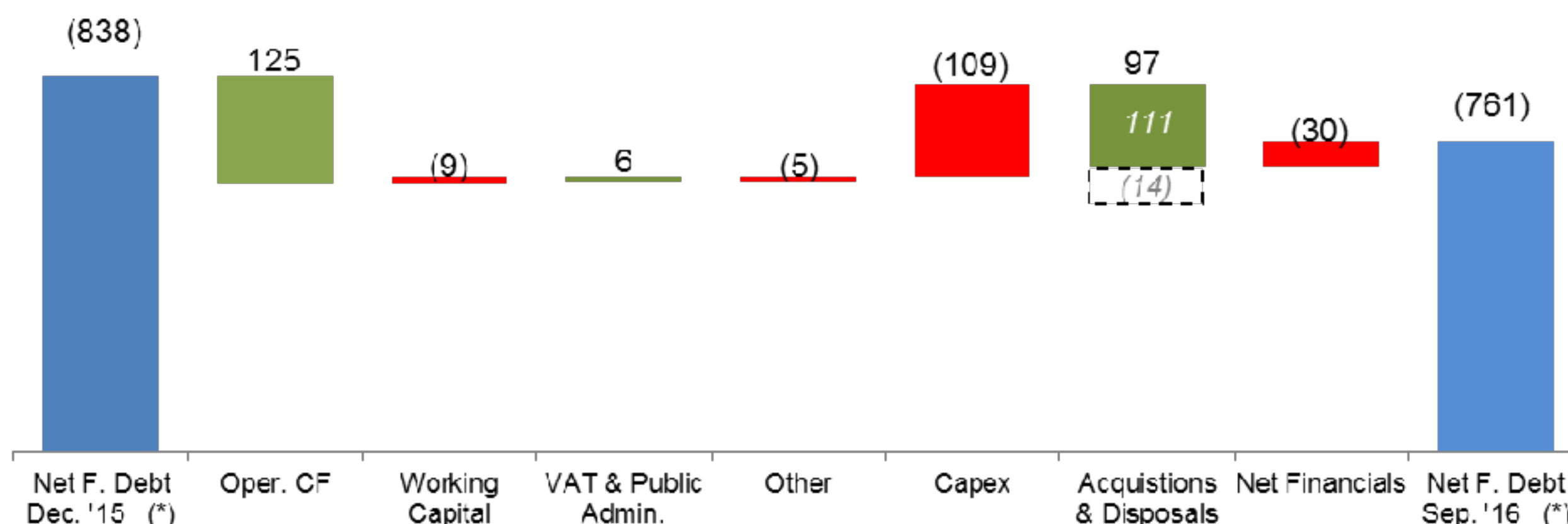
\* Comprises bilateral mortgage loans and a secured RCF

\*\* Comprises €24.9 million drawn under RCFs to be renewed in the short term and other debt facilities with amortization schedule

\*\*\* Does not include the market value of 9.6M treasury shares, of which 9.0M we lend to the joint lead managers of the convertible bonds, o/w 2.1M are drawn and 6.9M have been returned (9.6M shares at €4.06 closing price 30/09/16: €39.0M)

- On the 29<sup>th</sup> of September 2016, a refinancing transaction was achieved through the issuance of a €285M Senior Secured Obligations (HY Bond) maturing in 2023 with a coupon of 3.75%, with an aim to extend maturity and increase average life, and the subscription of a long-term syndicated Revolving Credit Facility (3+2 years, with automatic extension when the HY Bond 2019 is refinanced) for €250 million, increasing Group liquidity.
- The rating agencies Standard & Poors and Fitch have improved NHH's corporate rating from "B-" to "B with a stable outlook" based on its greater liquidity and improved operations. These agencies have also improved the rating of the 2019 HY Bond to "BB-" and have assigned the same rating to the new 2023 HY Bond. Moody's assigned s corporate rating of B2 with a stable outlook and Ba3 to the new 2023 HY Bond.
- Net financial debt reach €761M at 30 September 2016, a reduction of €76M on December 2015, due to the satisfactory generation of operating cash flow in the period, given that the capital expenditures invested in the first nine months of the year were almost entirely financed with the sale of non-strategic assets.
- At 30 September 2016, the Company had cash of €141.5M and lines of credit available amounting to €300.8M, €250M of which relate to the syndicated line of credit signed in September 2016.
- Of the target to divest €140M, on 30 September 2016 sales of assets amounting to €125M were materialized, with a cash inflow of €111M in 2016 and €14M in 2017, achieving 90% of the target (excluding New York).
- Due to the above, a Net Financial Debt recurring EBITDA ratio of 4.3x had been achieved over the last 12 months as at 30 September 2016 against 5.6x at 31 December 2015.



**Net Financial Debt trend in the first nine months of 2016**


(\*) 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, adjusted net debt would be € 809m at December 31, 2015 and would reach €739M at 30 September 2016.

€76M reduction in the Net Financial Debt in the first nine months of the year due to the favourable generation of cash flow in the period and capex financed by sales of non-strategic assets.

Generation of cash flow in the first nine months of the year due to:

- (+) +€125M in operating cash flow including -€10.6M in financial expenses for credit cards and taxes paid
- (+) Investment in working capital: normalisation of payments to suppliers by means of confirming explains the investment in the period. Reduction of the average collection period from 36 days (December 2015) to 27 days (September 2016).
- (+) VAT and Public Authorities: Net rebates
- (-) Other: mainly treasury shares and leaving indemnities of the ordinary business
- (-) Investments in capex -€109M
- (+) Sales of assets amounting to +€111.6M. Cash outflows of -€10.3M (Donnafugatta Put) and -€4.1M (JV China) with a net of +€97.2M

N.B.: (see Appendix 1 Cash Flow):

The items of the Cash Flows Statement are defined below in order to provide a better understanding of the different components in Net Financial Debt in the chart:

- Operational cash flow: Adjusted income – financial expenses credit cards – taxes paid
- Change in Working Capital: Chg. Inventory + Chg. Trade receivables + Chg. Trade payables
- Other: Chg. Other current assets and liabilities excluding VAT and Public Admin. (non-recurrent Severance Payments, and payments for cancellation of leases), financial leases and other liabilities, and net forex differences.
- Capex: Plant, property and equipment, intangible assets and property investments (includes repositioning, maintenance, basic and experience, IT and signs).
- Asset purchases and Disposals: Non-current financial investments + Divestments; net cash is included in asset sales)
- Net Financial Income/Loss: Interest paid for debts (not including credit card financial expenses) + Financial income.

**Appendix I: Cash Flow as of 30 of September 2016**

**ABRIDGED CONSOLIDATED CASH FLOW STATEMENTS**  
**PRODUCED IN THE SIX-MONTH PERIODS ENDED**  
**30TH JUNE 2016 AND 30TH JUNE 2015**

(€ thousands)

	30.09.2016	30.09.2015
<b>1. OPERATING ACTIVITIES</b>		
<b>Consolidated profit (loss) before tax:</b>	<b>42,598</b>	<b>(14,712)</b>
<b>Adjustments:</b>		
Depreciation of tangible and amortisation of intangible assets (+)	81,259	72,720
Impairment losses (net) (+/-)	338	3,165
Allocations for provisions (net) (+/-)	(4,210)	(14,455)
Gains/Losses on the sale of tangible and intangible assets (+/-)	(46,351)	1,750
Gains/Losses on investments valued using the equity method (+/-)	22	(260)
Financial income (-)	(2,577)	(2,859)
Financial expenses and variation in fair value of financial instruments (+)	54,064	49,506
Net exchange differences (Income/(Expense))	1,932	(5,571)
Profit (loss) on disposal of financial investments	(7,745)	(4,725)
Other non-monetary items (+/-)	24,103	2,150
<b>Adjusted profit (loss)</b>	<b>143,433</b>	<b>86,709</b>
<b>Net variation in assets / liabilities:</b>		
(Increase)/Decrease in inventories	(299)	(148)
(Increase)/Decrease in trade debtors and other accounts receivable	2,784	(47,383)
(Increase)/Decrease in other current assets	12,425	(2,169)
Increase/(Decrease) in trade payables	(18,027)	5,899
Increase/(Decrease) in other current liabilities	(15,535)	4,655
Increase/(Decrease) in provisions for contingencies and expenses	(2,516)	(3,823)
(Increase)/Decrease in non-current assets	17,850	(5,152)
Increase/(Decrease) in non-current liabilities	166	
Income tax paid	(7,361)	(4,141)
<b>Total net cash flow from operating activities (I)</b>	<b>132,920</b>	<b>34,447</b>
<b>2. INVESTMENT ACTIVITIES</b>		
<b>Finance income</b>	<b>1,587</b>	<b>2,863</b>
<b>Investments (-):</b>		
Group companies, joint ventures and associates	(4,146)	-
Tangible and intangible assets and investments in property	(109,074)	(128,770)
Non-current financial investments	-	(78,686)
	<b>(113,220)</b>	<b>(207,456)</b>
<b>Disinvestment (+):</b>		
Group companies, joint ventures and associates	-	19,623
Tangible and intangible assets and investments in property	83,654	4,284
Financial investments and other current financial assets	9,563	
	<b>93,217</b>	<b>23,907</b>
<b>Total net cash flow from investment activities (II)</b>	<b>(18,416)</b>	<b>(180,686)</b>
<b>3. FINANCING ACTIVITIES</b>		
Dividends paid out (-)	-	
Interest paid on debts (-)	(37,391)	(37,508)
Variations in (+/-):		
Treasury shares	(2,422)	1,244
Debt instruments:		
- Bonds and other tradable securities (+)	285,000	
- Loans from credit institutions (+)	29,897	118,170
- Loans from credit institutions (-)	(327,499)	(94,788)
- Finance leases	(941)	(140)
- Other financial liabilities (+/-)	2,955	(3,658)
<b>Total net cash flow from financing activities (III)</b>	<b>(50,401)</b>	<b>(16,680)</b>
<b>4. GROSS INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III)</b>	<b>64,103</b>	<b>(162,919)</b>
<b>5. Effect of exchange rate variations on cash and cash equivalents (IV)</b>	<b>(266)</b>	<b>3,816</b>
<b>6. Effect of variations in the scope of consolidation (V)</b>	<b>-</b>	<b>6,405</b>
<b>7. NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III-IV+V)</b>	<b>63,837</b>	<b>(152,698)</b>
<b>8. Cash and cash equivalents at the start of the financial year</b>	<b>77,699</b>	<b>200,103</b>
<b>9. Cash and cash equivalents at the end of the financial year (7+8)</b>	<b>141,536</b>	<b>47,405</b>



## Appendix II: Annual change in portfolio & current portfolio

### New Agreements and Openings

#### Hotels Signed from 1 January to 30 September 2016

City / Country	Contract	# Rooms	Openings
Monterrey / Mexico	Leased	150	Q2 2017
Venice / Italy	Management	150	Q1 2018
Bariloche / Argentina	Management	95	Q2 2016
Toulouse / France	Leased	148	Q3 2018
Venice / Italy	Leased	144	Q3 2017
Antwerp / Belgium	Leased	180	2018
Mexico DF / Mexico	Management	144	Q2 2018
Puebla / Mexico	Management	140	Q2 2017
Eindhoven/ Holland	Leased	132	Q2 2017
Monterrey / Mexico	Leased	120	H1 2018
Leipzig / Germany	Leased	197	H2 2018
Santiago de Chile / Chile	Management	80	H1 2018
Mérida / Mexico	Leased	120	Q2 2018
		<b>1,800</b>	

#### Hotels Opened from 1 January to 30 September 2016

Hotels	City / Country	Contract	# Rooms
<b>NH Suecia</b>	Madrid, Spain	Leased	127
<b>NH Collection Guadalajara Centro Hist.</b>	Guadalajara, Mexico	Management	142
<b>NH Collection Palazzo Cinquecento</b>	Roma, Italy	Leased	177
<b>NH Edelweiss</b>	Bariloche, Argentina	Management	95
<b>Total New Openings</b>			<b>541</b>

#### Hotels exiting the NH Group from 1st January to 30 September 2016

Hotels	City / Country	Month	Contract	# Rooms
<b>NH Midas</b>	Roma / Italy	April	Lease	146
<b>Hesperia Sabinal</b>	Roquetas de Mar / Spain	May	Management	344
<b>NH Alberto Aguilera</b>	Madrid / Spain	July	Lease	515
<b>NH Argüelles</b>	Madrid / Spain	July	Lease	153
<b>Total Exits</b>				<b>1,158</b>

BUSINESS UNIT	COUNTRY	TOTAL		LEASED			OWNED		MANAGED		FRANCHISE	
		Hotels	Rooms	Call Option	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
B.U. SPAIN	SPAIN	136	16,867	2	77	9,183	11	1,816	41	5,277	7	591
B.U. SPAIN	PORTUGAL	3	278	-	2	171	-	-	1	107	-	-
B.U. SPAIN	ANDORRA	1	60	-	-	-	-	-	1	60	-	-
B.U. ITALY	ITALY	53	8,114	1	36	5,605	13	1,880	4	629	-	-
B.U. BENELUX	HOLLAND	35	6,709	4	18	2,951	16	3,290	1	468	-	-
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	2,012	-	4	581	4	685	4	746	-	-
B.U. LAS AMERICAS	ARGENTINA	15	2,144	-	-	-	12	1,524	3	620	-	-
B.U. LAS AMERICAS	DOMINICAN REPUBLIC	5	2,001	-	-	-	-	-	5	2,001	-	-
B.U. LAS AMERICAS	VENEZUELA	4	1,186	-	-	-	-	-	4	1,186	-	-
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	498	-	-	-	4	498	-	-	-	-
<b>OPEN HOTELS</b>		<b>380</b>	<b>58,085</b>	<b>14</b>	<b>226</b>	<b>32,933</b>	<b>75</b>	<b>12,188</b>	<b>70</b>	<b>12,158</b>	<b>9</b>	<b>806</b>



**SIGNED PROJECTS OF NH HOTELES GROUP AT 30 SEPTEMBER 2016**

After the latest negotiations and cancellation of signed projects, the following hotels and rooms are still to be opened:

BUSINESS UNIT	COUNTRY	TOTAL		LEASED			OWNED		MANAGED	
		Hotels	Rooms	Call Option	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
B.U. SPAIN	SPAIN	1	-		1	94	-	-	-	-
B.U. CENTRAL EUROPE	GERMANY	3	600		3	600	-	-	-	-
B.U. CENTRAL EUROPE	AUSTRIA	1	144		1	144	-	-	-	-
B.U. ITALY	ITALY	3	498		2	348	-	-	1	150
B.U. BENELUX	BELGIUM	1	180		1	180	-	-	-	-
B.U. BENELUX	FRANCE	2	317		2	317	-	-	-	-
B.U. BENELUX	NETHERLANDS	2	782		2	782	-	-	-	-
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	3	361		-	-	-	-	3	361
B.U. AMERICAS	ARGENTINA	1	78		-	-	-	-	1	78
B.U. AMERICAS	MEXICO	7	915		3	390	-	-	4	525
<b>TOTAL PROJECTS</b>		<b>29</b>	<b>4,692</b>	<b>-</b>	<b>17</b>	<b>3,118</b>	<b>1</b>	<b>200</b>	<b>11</b>	<b>1,468</b>

Details of committed investment for the hotels indicated above by year of execution:

	2016	2017	2018	2019
Expected Investment (€ millions)	0,1	10,8	12,3	4,9

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