

# Q1 2018 SALES AND RESULTS

9<sup>th</sup> May 2018



**nh**  
HOTELS

  
NH COLLECTION

**nhow**

**Hesperia**  
RESORTS

**Q1 2018 Main Financial Aspects**

- **Solid revenue growth of +4.9%** (+6.8% at constant exchange rates) reaching €345m (+€16m) in the first quarter of the year.
  - In the like-for-like ("LFL") perimeter, excluding refurbishments, revenue grew +4.8%.
    - Strong performance in Italy (+9.5%), Benelux (+8.1%) and Spain (+6.4%).
    - Central Europe (+4.6%) impacted by the Easter holidays and Latin America by the currency evolution (+6.0% at constant exchange rates).
  - Above-market relative RevPAR growth of +1.2 p.p. in top cities due to a relative increase in ADR (+1.2 p.p.) and similar occupancy evolution (+0.0 p.p.), supported by the improvement in perceived quality.
- **RevPAR increase of +3.3%** in the first quarter through a combined growth strategy of **ADR, up to €90** (+1.7%, +€1.5), **and occupancy, which reached 65.0%** (+1.6%, +1.0 p.p.) highlighting the increase in demand in all regions except Latin America (-1.9%). In the quarter, the growth in prices accounted for 51% of the increase in RevPAR. Remarkable RevPAR increase in Italy (+9.9%) and Benelux (+9.1%).
- Revenue growth together with cost control allowed to close the quarter with **Recurring EBITDA<sup>(1)</sup> growth of +46% reaching €16m**, an **increase in the quarter of +€5m** and a margin improvement of +1.3 p.p. **The conversion ratio of incremental revenues into EBITDA is 31%** despite the higher occupancy level (+1.6%) and new openings. Excluding perimeter changes and reforms, the LFL conversion ratio reached 40%.
- **Reduction of negative Net Recurring Income of +€4.7m reaching -€22.9m**, despite the fact that the first quarter is seasonally the smallest quarter for the Group.
- **Total Net Profit reached €21.7m in the quarter**, up by +€46.5m compared to the first quarter of 2017. The comparison is positively affected by the higher net capital gains from asset rotation.
- **Reduction in net financial debt to €505m** (€655m at 31 Dec. 2017), mainly due to the favorable generation of operating cash and asset rotation:
  - Sale & Leaseback of the NH Collection Amsterdam Barbizon Palace Hotel for a gross amount of €155.5m and a net cash flow of c.€122m (€33m taxes payable during the course of 2018, out of which €6m paid in Q1 2018) with accounting entry in February 2018. The operation of the asset is retained through a long-term lease agreement and with sustainable ratios, allowing the generation of value in addition to the sale (EBITDA 2018E of €5m).
- **Rating upgrade in March:**
  - **Fitch** upgraded the Corporate rating from **'B' to 'B+'** and maintained the **positive outlook**. In addition, Fitch improved the rating of senior secured bonds from **'BB-' to 'BB'**.
  - **S&P** improved its outlook from **stable to positive**.
- **Early Redemption of the Convertible Bond (€250m) in Q2 2018:**
  - The Board of Directors has approved the early redemption of the Convertible Bond which maturity was established in November 2018. This milestone concludes the debt reduction process initiated in 2015.

(1) Recurring EBITDA before onerous reversal and capital gains from asset disposals



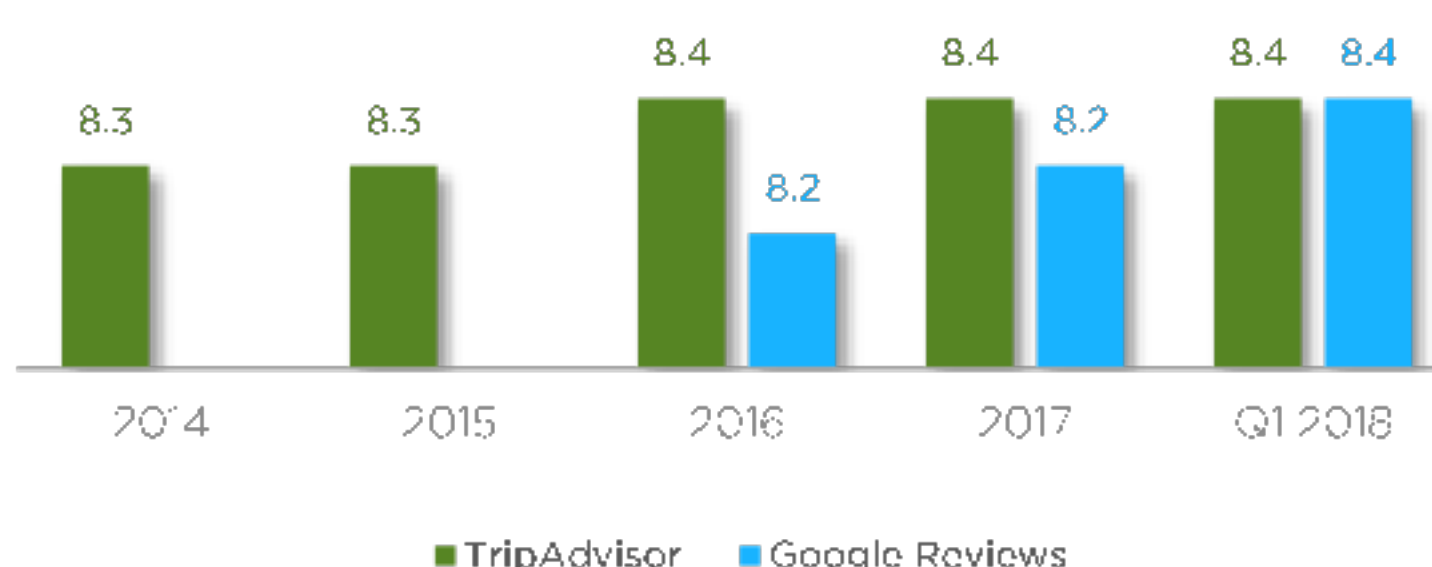
## 2018 Outlook

- The **EBITDA<sup>(1)</sup> target of €260m** and the **reduction of the net financial debt ratio to 1.2x** (after the early redemption of the €250m convertible bond being the low-end range of the initial 2018 guidance) is preserved.

(1) Recurring EBITDA before onerous reversal and capital gains from asset disposals

## Other Highlights

- **Repositioning Plan:** In the first quarter of 2018 the following hotels are affected by refurbishments: NH Palacio de Castellanos, NH Málaga, NH Plaza de Armas, NH Balboa and NH Jolly Madison Towers in the BU of Spain. NH Grand Hotel Verdi, NH Pontevecchio and NH Roma Centro in Italy. NH Schiphol in Benelux and NH Berlin Alexanderplatz and NH Collection Frankfurt City, in Central Europe. The opportunity cost, defined as the reduction in revenue due to the refurbishments, was -€2.3m compared to Q1 2017, mainly due to New York, Italy and Germany.
- **Brand:** NH had 382 hotels and 59,350 rooms at 31<sup>st</sup> March 2018, of which 75 hotels and 11,779 rooms are NH Collection (20% of the portfolio), showing their potential both in terms of prices (+34% higher price in Q1; ADR NH Collection €112 vs ADR NH €84) and quality (with improvements also in non-refurbished hotels). NH Hotel Group focuses on quality measurement using new sources of information and surveys, thus significantly increasing both the volume of reviews and the evaluations received.



- **Pricing & Revenue Management:** Positive evolution in the first quarter in ADR and similar occupancy of the Group in the main cities, compared to direct competitors. The increase in the Group's relative prices has been +1.2 p.p. vs competitors with a RevPAR relative increase of +1.2 p.p.
  - Remarkable growth in Italy with a relative RevPAR of +7.6 p.p. vs. competitive set, which is explained by higher ADR and occupancy.
  - Good result in Benelux with a relative RevPAR increase of +2.1 p.p. vs. competitive set, mainly due to the relative improvement of ADR.
  - Spain: Higher relative ADR at 0.5 p.p. Relative RevPAR impacted by absence of non-recurring business in Seville and Valencia.
  - Central Europe: all major cities such as Berlin, Munich and Frankfurt show relative growth in RevPAR. The negative progress of relative RevPAR is explained by 2 fairs in Dusseldorf in 2017, with a better evolution than competitors.

Q1 2018	ADR % var.		"Relative" ADR	"Relative" Occupancy	RevPAR % var.		"Relative" RevPAR
	NH	Compset	Var.	Var.	NH	Compset	Var.
<b>Total NH</b>	<b>4.2%</b>	<b>3.0%</b>	<b>1.2 p.p.</b>	<b>0.0 p.p.</b>	<b>7.3%</b>	<b>6.1%</b>	<b>1.2 p.p.</b>
<b>Spain</b>	5.0%	4.6%	0.5 p.p.	-2.0 p.p.	8.2%	9.8%	-1.6 p.p.
<b>Italy</b>	10.0%	3.6%	6.4 p.p.	0.9 p.p.	14.2%	6.6%	7.6 p.p.
<b>Benelux</b>	8.6%	6.2%	2.5 p.p.	-0.4 p.p.	11.9%	9.8%	2.1 p.p.
<b>Central Europe</b>	-4.0%	-1.2%	-2.7 p.p.	1.0 p.p.	-1.6%	0.2%	-1.8 p.p.

➤ **Asset Rotation:**

- In February 2018, the sale and leaseback of the NH Collection Amsterdam Barbizon Palace Hotel was recorded for a gross amount of €155.5m and a net post-tax cash of c.€122m. Taxes will be paid during the course of 2018.
- On the other hand, 2 hotels were signed in the first quarter of 2018, 1 under management in La Habana with the NH Collection brand and 1 leased in Hannover under the NH brand, with a total of 120 rooms .

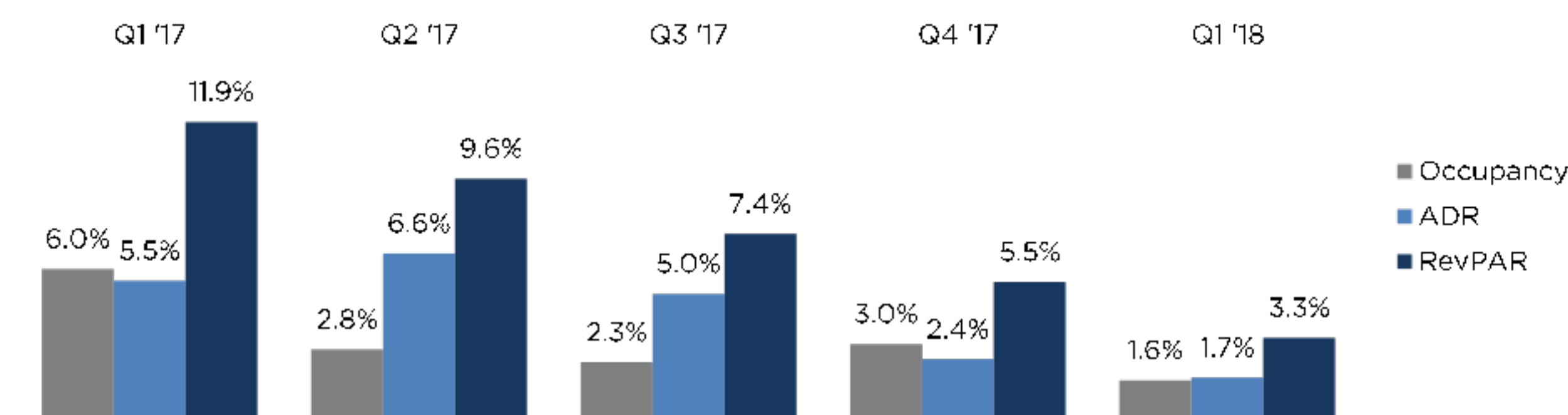
**Q1 RevPAR Evolution:**

**Note:** The "Like for Like plus Refurbishments" (LFL&R) criteria includes hotels renovated in 2017 and 2018

NH HOTEL GROUP REVPAR Q1 2018/2017											
	AVERAGE ROOMS		OCCUPANCY %			ADR			REVPAR		
	2018	2017	2018	2017	% Var	2018	2017	% Var	2018	2017	% Var
<b>Spain &amp; Others LFL &amp; R</b>	<b>10,969</b>	<b>11,222</b>	<b>68.4%</b>	<b>66.9%</b>	<b>2.2%</b>	<b>86.9</b>	<b>82.7</b>	<b>5.0%</b>	<b>59.4</b>	<b>55.4</b>	<b>7.3%</b>
Total B.U. Spain	11,480	11,757	68.0%	67.2%	1.2%	86.4	82.4	4.8%	58.7	55.4	6.1%
<b>Italy LFL &amp; R</b>	<b>7,120</b>	<b>7,098</b>	<b>62.7%</b>	<b>60.7%</b>	<b>3.2%</b>	<b>105.1</b>	<b>98.7</b>	<b>6.5%</b>	<b>65.9</b>	<b>59.9</b>	<b>9.9%</b>
Total B.U. Italy	7,120	7,098	62.7%	60.7%	3.2%	105.1	98.7	6.5%	65.9	59.9	9.9%
<b>Benelux LFL &amp; R</b>	<b>8,211</b>	<b>8,173</b>	<b>63.6%</b>	<b>61.9%</b>	<b>2.8%</b>	<b>100.7</b>	<b>94.8</b>	<b>6.2%</b>	<b>64.0</b>	<b>58.7</b>	<b>9.1%</b>
Total B.U. Benelux	8,794	8,287	63.3%	61.7%	2.6%	100.5	94.5	6.4%	63.6	58.3	9.1%
<b>Central Europe LFL &amp; R</b>	<b>11,965</b>	<b>11,537</b>	<b>66.7%</b>	<b>65.3%</b>	<b>2.1%</b>	<b>86.5</b>	<b>88.8</b>	<b>-2.7%</b>	<b>57.7</b>	<b>58.0</b>	<b>-0.6%</b>
Total B.U. Central Europe	12,091	11,774	66.7%	65.4%	2.1%	86.1	88.5	-2.6%	57.5	57.8	-0.6%
<b>Total Europe LFL &amp; R</b>	<b>38,265</b>	<b>38,030</b>	<b>65.8%</b>	<b>64.2%</b>	<b>2.4%</b>	<b>92.8</b>	<b>89.9</b>	<b>3.2%</b>	<b>61.1</b>	<b>57.8</b>	<b>5.7%</b>
Total Europe Consolidated	39,485	38,916	65.6%	64.3%	2.0%	92.6	89.5	3.4%	60.7	57.6	5.5%
<b>Latinamerica LFL &amp; R</b>	<b>5,245</b>	<b>5,205</b>	<b>61.8%</b>	<b>62.1%</b>	<b>-0.5%</b>	<b>70.8</b>	<b>81.2</b>	<b>-12.9%</b>	<b>43.7</b>	<b>50.5</b>	<b>-13.3%</b>
Latinamerica Consolidated	5,477	5,267	60.2%	61.4%	-1.9%	70.6	81.2	-13.1%	42.5	49.9	-14.8%
<b>NH Hotels LFL &amp; R</b>	<b>43,510</b>	<b>43,235</b>	<b>65.3%</b>	<b>64.0%</b>	<b>2.1%</b>	<b>90.3</b>	<b>88.9</b>	<b>1.6%</b>	<b>59.0</b>	<b>56.9</b>	<b>3.7%</b>
Total NH Consolidated	44,962	44,183	65.0%	64.0%	1.6%	90.1	88.6	1.7%	58.5	56.7	3.3%



- **RevPAR increase of +3.3%** through a **combined growth strategy in occupancy** (+1.6%) and **ADR** (+1.7%). RevPAR growth in all markets except Latin America (negative impact of the exchange rate) and Central Europe (Easter holidays and reforms).
- Outstanding **RevPAR growth** in:
  - **Italy:** +9.9%, with an increase in prices (+6.5%) and occupancy (+3.2%), driven by excellent performance in LFL in Rome (+19%), Milan (+12%) and secondary cities (+8%).
  - **Benelux:** +9.1%, due to a higher level of prices (+6.4%) and activity (+2.6%), explained by the good performance of Amsterdam LFL (+13%) and the recovery of Brussels (+12%, mostly due to an increase in occupancy).
- **Spain** is showing a consolidated RevPAR growth of +6.1% thanks to an excellent RevPAR performance of Madrid LFL (+10%) and secondary cities (+8%). The RevPAR LFL of Barcelona grew +2%, after falling -9% in the fourth quarter of 2017.
- With respect to the Group's **level of activity** in the first quarter, occupancy grew by **+1.6% (+1.0 p.p.)**, with all regions showing improvements in activity levels except Latin America (-1.9%).

**Consolidated Ratios Evolution by Quarter:**


Consolidated Ratios	Occupancy					ADR					RevPAR				
	Q1 '17	Q2 '17	Q3 '17	Q4 '17	Q1 '18	Q1 '17	Q2 '17	Q3 '17	Q4 '17	Q1 '18	Q1 '17	Q2 '17	Q3 '17	Q4 '17	Q1 '18
Spain	7.2%	3.6%	2.2%	3.0%	1.2%	5.6%	14.4%	13.3%	5.7%	4.8%	13.1%	18.5%	15.8%	8.9%	6.1%
Italy	5.7%	5.8%	-2.6%	2.6%	3.2%	3.9%	6.3%	8.7%	7.5%	6.5%	9.9%	12.5%	5.9%	10.3%	9.9%
Benelux	10.9%	3.0%	5.2%	5.6%	2.6%	6.7%	9.4%	7.4%	5.4%	6.4%	18.3%	12.7%	13.0%	11.3%	9.1%
Central Europe	4.4%	1.9%	4.7%	1.8%	2.1%	4.3%	-2.9%	-2.9%	-2.9%	-2.6%	8.9%	-1.0%	1.7%	-1.2%	-0.6%
TOTAL EUROPE	6.6%	3.3%	2.8%	3.1%	2.0%	5.1%	6.7%	5.7%	3.4%	3.4%	12.0%	10.3%	8.7%	6.6%	5.5%
Latin America real exc. rate	1.4%	-1.1%	-1.4%	2.8%	-1.9%	9.6%	5.5%	-2.8%	-5.9%	-13.1%	11.2%	4.3%	-4.2%	-3.3%	-14.8%
NH HOTEL GROUP	6.0%	2.8%	2.3%	3.0%	1.6%	5.5%	6.6%	5.0%	2.4%	1.7%	11.9%	9.6%	7.4%	5.5%	3.3%

RECURRING HOTEL ACTIVITY				
(€ million)	2018 Q1	2017 Q1	DIFF. 18/17	%DIFF.
SPAIN <sup>(1)</sup>	88.6	84.7	4.0	4.7%
ITALY	58.7	54.0	4.6	8.6%
BENELUX	71.2	65.8	5.4	8.2%
CENTRAL EUROPE	86.4	83.8	2.6	3.1%
AMERICA	30.2	33.8	(3.6)	(10.5%)
<b>TOTAL RECURRING REVENUE LFL&amp;R</b>	<b>335.1</b>	<b>322.1</b>	<b>13.0</b>	<b>4.0%</b>
<b>OPENINGS, CLOSINGS &amp; OTHERS</b>	<b>9.5</b>	<b>6.5</b>	<b>3.0</b>	<b>45.8%</b>
<b>RECURRING REVENUES</b>	<b>344.6</b>	<b>328.6</b>	<b>16.0</b>	<b>4.9%</b>
	0.00	0.00	0.00	0.0%
SPAIN <sup>(1)</sup>	62.2	61.6	0.6	0.9%
ITALY	41.2	39.6	1.6	4.0%
BENELUX	51.7	49.0	2.7	5.5%
CENTRAL EUROPE	62.0	59.6	2.5	4.1%
AMERICA	22.2	24.7	(2.5)	(10.1%)
<b>RECURRING OPEX LFL&amp;R</b>	<b>239.2</b>	<b>234.4</b>	<b>4.8</b>	<b>2.0%</b>
<b>OPENINGS, CLOSINGS &amp; OTHERS</b>	<b>7.7</b>	<b>5.6</b>	<b>2.1</b>	<b>37.4%</b>
<b>RECURRING OPERATING EXPENSES <sup>(2)</sup></b>	<b>246.9</b>	<b>240.0</b>	<b>6.9</b>	<b>2.9%</b>
SPAIN <sup>(1)</sup>	26.4	23.0	3.4	14.8%
ITALY	17.5	14.5	3.0	21.0%
BENELUX	19.5	16.8	2.7	16.2%
CENTRAL EUROPE	24.4	24.2	0.1	0.5%
AMERICA	8.0	9.1	(1.1)	(11.6%)
<b>RECURRING GOP LFL&amp;R</b>	<b>95.9</b>	<b>87.7</b>	<b>8.2</b>	<b>9.4%</b>
<b>OPENINGS, CLOSINGS &amp; OTHERS</b>	<b>1.8</b>	<b>0.9</b>	<b>0.9</b>	<b>98.4%</b>
<b>RECURRING GOP</b>	<b>97.7</b>	<b>88.6</b>	<b>9.1</b>	<b>10.3%</b>
SPAIN <sup>(1)</sup>	22.7	22.1	0.6	2.6%
ITALY	12.8	12.5	0.3	2.3%
BENELUX	14.0	12.8	1.2	9.5%
CENTRAL EUROPE	26.7	25.1	1.5	6.1%
AMERICA	3.1	3.5	(0.4)	(11.8%)
<b>RECURRING LEASES&amp;PT LFL&amp;R</b>	<b>79.2</b>	<b>76.0</b>	<b>3.2</b>	<b>4.2%</b>
<b>OPENINGS, CLOSINGS &amp; OTHERS</b>	<b>2.8</b>	<b>1.8</b>	<b>1.0</b>	<b>56.0%</b>
<b>RECURRING RENTS AND PROPERTY TAXES</b>	<b>82.0</b>	<b>77.8</b>	<b>4.2</b>	<b>5.4%</b>
SPAIN <sup>(1)</sup>	3.8	0.9	2.8	304.2%
ITALY	4.7	2.0	2.7	137.1%
BENELUX	5.6	4.0	1.5	37.3%
CENTRAL EUROPE	(2.3)	(0.9)	(1.4)	(156.6%)
AMERICA	4.9	5.6	(0.6)	(11.4%)
<b>RECURRING EBITDA LFL&amp;R</b>	<b>16.7</b>	<b>11.6</b>	<b>5.0</b>	<b>43.3%</b>
<b>OPENINGS, CLOSINGS &amp; OTHERS</b>	<b>(1.0)</b>	<b>(0.9)</b>	<b>(0.1)</b>	<b>(12.5%)</b>
<b>RECURRING EBITDA EX. ONEROUS PROVISION</b>	<b>15.7</b>	<b>10.8</b>	<b>4.9</b>	<b>45.9%</b>

(1) The New York hotel and France are included in the Business Unit of Spain

(2) For the allocation of central costs, the distribution criterion used is the GOP level of each business unit



**Q1 Recurring Results by Business Unit (LFL&R basis)**
**Spain B.U. (\*):**

- RevPAR growth of +7.3% in Q1, 69% through prices (+5.0%) and +2.2% in occupancy, highlighting RevPAR LFL performance in Madrid (+10.5%) and secondary cities (+ 8.1%).
- LFL revenues grew +6.4%. It should be highlighted the good performance of Madrid (+7.5%). Barcelona (+1.6%) improved the negative performance of Q4 2017 (-8.6%). Including the €2.0m from the opportunity cost of the hotels under reform, revenue growth in the first quarter is reduced to +4.7%.
- Slight increase in operating expenses, which grew by +0.9% (+€0.6m) in the quarter.
- GOP reached €26.4m in the first quarter, increasing by +14.8% (+€3.4m). The quarter's lease payments increased by +€0.6m (+2.6%), explained by the variable component.
- With all this, EBITDA for the quarter increased by +€2.8m reaching €3.8m, and a conversion rate of incremental revenues into EBITDA of 72%.

(\*) Includes the New York hotel and France

**Italy B.U.:**

- RevPAR growth of +9.9% in Q1 with an increase of +6.5% in prices and +3.2% in occupancy. Outstanding evolution of RevPAR LFL in Rome (+18.8%), Milan (+12.1%) and secondary cities (+8.2%).
- All this allows for revenue growth of +8.6% (+€4.6m), despite the refurbishment of a hotel in Rome and another in Milan with an opportunity cost in revenue of -€1.4m.
- Operating expenses grew +4.0% (+€1.6m) in the first quarter, mainly explained by the increase in occupancy (+3.2%). GOP improved by +€3.0m (+21.0%) to €17.5m.
- As a result, EBITDA for the quarter improved by +€2.7m reaching €4.7m, with a conversion rate of incremental revenue into EBITDA of 59%.

**Benelux B.U.:**

- RevPAR growth of +9.1% in the first quarter with an increase of +6.2% in prices (accounting for 68%) and +2.8% in occupancy. Remarkable LFL RevPAR growth in Amsterdam (+13.3%) through prices and the recovery in Brussels (+11.8%), mostly due to an increase in occupancy.
- This led to an increase in revenue of +8.2% (+€5.4m).
- Operating costs for the first quarter increased by +5.5% (+€2.7m) due to a higher level of activity and the higher commissions due to the change of segmentation.
- With all this, GOP for the quarter grew +16.2% (+€2.7m) and EBITDA for the quarter reached €5.6m, an improvement of +€1.5m.

**Central Europe B.U.:**

- RevPAR decrease of -0.6% in the quarter with a +2.1% increase in occupancy and a -2.7% decrease in prices, mainly due to the timing of Easter and the hotels under reforms during 2017 and 2018. The LFL revenue grew by +4.6% in the first quarter and including the opportunity cost of the refurbishment of 2 hotels (-€1.0m in revenue), the revenue growth was reduced to +3.1% (+€2.6m).
- Operating expenses increased +4.1% in the quarter (+€2.5m) mainly due to the higher level of activity and the higher commissions due to the change of segmentation with an EBITDA of -€2.3m, a decrease of -€1.4m

explained by the hotels under reform during the quarter and the difficult comparison with last year due to the Easter holidays.

**Americas B.U.:**

- RevPAR decrease of -13.3% in the quarter, fully explained by the negative impact of the exchange rate in Argentina (-31%), Colombia (-12%) and Mexico (-6%).
- At constant exchange rates the revenue LFL&R growth of the BU is +6.7% in the first quarter and at real exchange rates revenue fell by -10.5%.
  - By regions, Mexico shows revenue growth of +2.3% in local currency. At real exchange rates, growth fell by -4.1%.
  - In Argentina, revenue grew +41.2% (+€3.4m) at constant exchange rates. The increase is mainly explained by an increase in average prices. With the currency's negative impact, the evolution of reported revenue is -2.7%.
  - In Royal Hotels, revenues fell by -3.9% in local currency due to the higher supply in Bogotá and lower corporate revenues.



**Consolidated Income Statement**

NH HOTEL GROUP P&L ACCOUNT				
(€ million)	Q1 2018	Q1 2017	Var.	
	€ m.	€ m.	€ m.	%
<b>TOTAL REVENUES</b>	<b>344.6</b>	<b>328.6</b>	<b>16.0</b>	<b>4.9%</b>
Staff Cost	(129.3)	(125.6)	(3.7)	3.0%
Operating expenses	(117.6)	(114.4)	(3.2)	2.8%
<b>GROSS OPERATING PROFIT</b>	<b>97.7</b>	<b>88.6</b>	<b>9.1</b>	<b>10.3%</b>
Lease payments and property taxes	(82.0)	(77.8)	(4.2)	5.4%
<b>EBITDA BEFORE ONEROUS</b>	<b>15.7</b>	<b>10.8</b>	<b>4.9</b>	<b>45.9%</b>
Margin % of Revenues	4.6%	3.3%	1.3 p.p.	N/A
Onerous contract reversal provision	0.6	1.0	(0.4)	(35.6%)
<b>EBITDA AFTER ONEROUS</b>	<b>16.3</b>	<b>11.8</b>	<b>4.6</b>	<b>38.9%</b>
Depreciation	(27.3)	(25.8)	(1.6)	6.0%
<b>EBIT</b>	<b>(11.0)</b>	<b>(14.0)</b>	<b>3.0</b>	<b>21.6%</b>
Interest expense	(10.6)	(14.1)	3.5	24.9%
Income from minority equity interests	0.1	(0.0)	0.1	N/A
<b>EBT</b>	<b>(21.5)</b>	<b>(28.1)</b>	<b>6.6</b>	<b>23.6%</b>
Corporate income tax	(0.9)	1.0	(2.0)	N/A
<b>NET INCOME before minorities</b>	<b>(22.4)</b>	<b>(27.1)</b>	<b>4.7</b>	<b>17.2%</b>
Minority interests	(0.5)	(0.6)	0.1	13.6%
<b>NET RECURRING INCOME</b>	<b>(22.9)</b>	<b>(27.7)</b>	<b>4.7</b>	<b>17.1%</b>
Non Recurring EBITDA <sup>(1)</sup>	86.2	7.1	79.2	N/A
Other Non Recurring items <sup>(2)</sup>	(41.5)	(4.1)	(37.4)	N/A
<b>NET INCOME including Non-Recurring</b>	<b>21.7</b>	<b>(24.8)</b>	<b>46.5</b>	<b>N/A</b>

<sup>(1)</sup> Includes gross capital gains from asset rotation

<sup>(2)</sup> Includes taxes from asset rotation

**Q1 2018 Comments:**

- **Solid revenue growth of +4.9%** (+6.8% at constant exchange rates) reaching to €345m (+€16m) in the first quarter.
  - In the like-for-like ("LFL") perimeter, excluding refurbishments, revenue grew +4.8%.
    - Strong performance in Italy (+9.5%), Benelux (+8.1%) and Spain (+6.4%).
    - Central Europe (+3.6%) impacted by the Easter holidays and Latin America by the currency evolution (+6.0% at constant exchange rates).
- **Evolution of Costs:** cost control in the quarter despite the growth in occupancy (+1.6%).
  - **Payroll costs** rose by +3.0% (-€3.7m), mainly explained by higher levels of activity in Spain, Italy, Benelux and Central Europe. New openings account for 41% of the increase.

- **Other operating expenses** increased by +2.8% (-€3.2m) mainly due to increased levels of activity and increased commissions due to the evolution of the mix of sales channels. The impact of the change of perimeter for new openings accounts for 17% of the increase.
- **Improvement of +€9.1m (+10.3%) at the GOP level.** The margin improved by +1.4 p.p. with a conversion ratio of 57%.
- **Leases and property taxes** increased by -€4.2m (+5.4%). New openings account for 24% of the total increase, the 2017 refurbishments for 23%, and the variable components of the contracts for 32%.
- Revenue growth together with cost control enabled the quarter to end with **Recurrent EBITDA growth<sup>(1)</sup> of +45.9% reaching €15.7m**, meaning an **increase in the quarter of +€4.9m** and reaching an improvement in the margin of 1.3 p.p. **The conversion ratio of incremental revenues into EBITDA is 31%** despite the higher occupancy level (+1.6%) and new openings. Excluding perimeter changes and reforms, the LFL conversion ratio reached 40%.
- **Depreciation:** the -€1.6m increase during the year includes the -€1.1m higher amortization of the new management agreement with Hesperia, and the rest corresponds to the impact of the 2017 repositioning investments.
- **Financial Costs:** the -€3.5m reduction is explained mainly by:
  - Savings of €4.3m due to the early redemption of the €250m bond (6.875%) in 2017.
  - Higher expenditure of €1.1m due to the refinancing of the HY 2023 Bond of €115m (3.75%) in April 2017.
- **Income tax:** the higher Corporate Income Tax (-€2.0m) is explained by the better EBT performance and the higher tax base in those regions with minimum taxes, mainly Italy, and despite the lower corporate income tax due to a lower adjustment of non-deductible financial expenses.
- **Reduction of negative Net Recurring Income for the quarter of +€4.7m compared to the previous year, reaching -€22.9m**, despite the fact that the first quarter is seasonally the smallest quarter for the Group.
- **Total Net Profit reached €21.7m in the quarter**, up by +€46.5m compared to the first quarter of 2017. The comparison is positively affected by the higher net capital gains from asset rotation.



**Financial Debt and Liquidity**

As of 31/03/2018 Data in Euro million	Maximum Available	Availability	Drawn	Repayment schedule								
				2018	2019	2020	2021	2022	2023	2024	2025	Rest
<b>Senior Credit Facilities</b>												
Senior Secured Notes due 2023	400,0	-	400,0	-	-	-	-	-	400,0	-	-	-
Senior Secured RCF due in 2021	250,0	250,0	-	-	-	-	-	-	-	-	-	-
<b>Total debt secured by the same Collateral</b>	<b>650,0</b>	<b>250,0</b>	<b>400,0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>400,0</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other Secured loans <sup>(1)</sup>	39,5	-	39,5	6,6	2,7	2,6	2,6	2,1	6,1	1,4	1,0	14,5
<b>Total secured debt</b>	<b>689,5</b>	<b>250,0</b>	<b>439,5</b>	<b>6,6</b>	<b>2,7</b>	<b>2,6</b>	<b>2,6</b>	<b>2,1</b>	<b>406,1</b>	<b>1,4</b>	<b>1,0</b>	<b>14,5</b>
Convertible Bonds due 2018	250,0	-	250,0	250,0	-	-	-	-	-	-	-	-
Unsecured loans and credit facilities <sup>(2)</sup>	66,0	63,3	2,7	1,8	0,6	0,3	-	-	-	-	-	-
Subordinated loans	40,0	-	40,0	-	-	-	-	-	-	-	-	40,0
<b>Total unsecured debt</b>	<b>356,0</b>	<b>63,3</b>	<b>292,7</b>	<b>251,8</b>	<b>0,6</b>	<b>0,3</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>40,0</b>
<b>Total Gross Debt</b>	<b>1.045,5</b>	<b>313,3</b>	<b>732,2</b>	<b>258,4</b>	<b>3,4</b>	<b>2,9</b>	<b>2,6</b>	<b>2,1</b>	<b>406,1</b>	<b>1,4</b>	<b>1,0</b>	<b>54,5</b>
Cash and cash equivalents			(227,0)									
<b>Net debt</b>			<b>505,2</b>									
Equity Component Convertible Bond			(3,9)	(3,9)								
Arranging loan expenses			(18,2)	(3,3)	(3,1)	(3,2)	(3,2)	(2,8)	(2,2)	(0,03)	(0,03)	(0,3)
Accrued interests			9,3	9,3								
IFRS 9 <sup>(3)</sup>			(8,3)									
<b>Total adjusted net debt</b>			<b>484,1</b>									

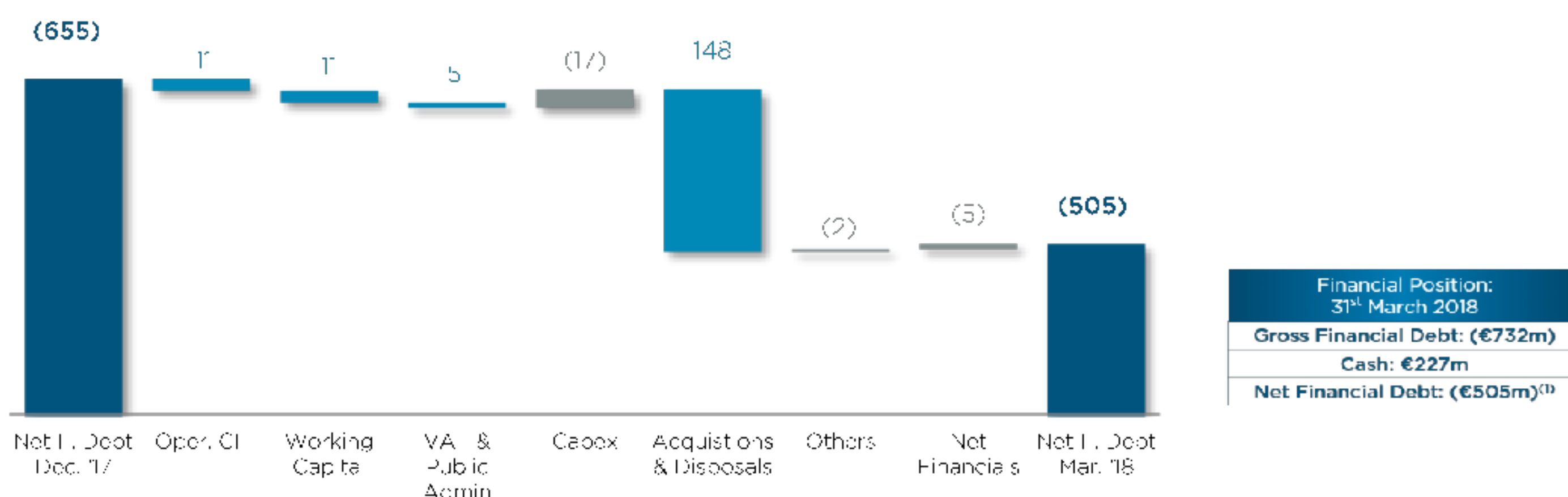
<sup>(1)</sup> Bilateral mortgage loans

<sup>(2)</sup> Comprises debt facilities with amortization schedule

<sup>(3)</sup> The new IFRS 9 regulation about Accounting Treatment of Financial Assets and Liabilities has become enforceable on the 1st of January 2018. The application of this accounting rule has involved an impact in the Balance of NH Hotel Group on the 1st of January of €8.6 million, as lower debt amount (registered against the Reserves, according to the rule), as a consequence of 2017 improved refinancing conditions, compared to the ones previously exiting (€8.3M by 31/03/2018 as per the financial expense registered in Q1

- **Reduction in financial debt to €505m** compared to €655m at 31 December 2017, due in large part to the favourable generation of operating cash and to the asset rotation of the Group:
  - Sale & Leaseback of the NH Collection Amsterdam Barbizon Palace Hotel for a gross amount of €155.5m and a net cash flow of c.€122m (€33m taxes payable during the course of 2018, out of which €6m paid in Q1 2018) with accounting entry in February 2018.
- At 31 March 2018, the Company had cash amounting to €227m and available credit facilities amounting to €313m, of which €250m relate to the long-term syndicated credit facility signed in September 2016 (maturity in 2021).
- On 23 March 2018, S&P Global Ratings improved NH Hotel Group's outlook from stable to positive, mainly due to the reduction in expected debt and significant cash generation.
- On 28 March 2018, Fitch Ratings improved NH Hotel Group's corporate rating from 'B' to 'B+' and confirmed the positive outlook. In addition, Fitch improved the rating of senior secured bonds from 'BB-' to 'BB'. The improvement in the rating reflects the positive evolution of the Group's operations and leverage ratios.
- The Board of Directors has approved the early redemption of the Convertible Bond which maturity was established in November 2018. This milestone concludes the debt reduction process initiated in 2015 and would imply reaching a net financial debt ratio of 1.2x at the end of 2018E vs. 5.6x at the end of 2015.
  - Early Optional Redemption trigger for the Issuer: As of 30<sup>th</sup> April 2018, NH share closing price achieved 20 trading sessions within a period of 30 consecutive sessions at or above €6.395/share (130% conversion price).

- Last quarterly coupon has been paid on May 8<sup>th</sup>, implying savings of €2.5m compared to the conversion at maturity.
- NH Hotel Group will use c.8.6 million treasury shares available to limit the number of new shares.
- All bondholders will receive on a prorata basis new and existing shares.

**Q1 2018 Net Financial Debt Evolution**


- (1) NFD excluding accounting adjustments for the portion of the convertible bond treated as Equity (+€3.9m), arrangement expenses (+€18.2m), accrued interest (-€9.3m) and (2) IFRS 9 adjustment (+€8.3m). Including these accounting adjustments, the Adj. NFD would be (€484m) at 31st March 2018 and (€637m) at 31st Dec. 2017 .
- (2) The new IFRS 9 regulation about Accounting Treatment of Financial Assets and Liabilities has become enforceable on the 1st of January 2018. The application of this accounting rule as a result of the better refinancing conditions achieved in 2017, compared with the previous conditions, has involved an impact in NH Hotel Group of €8.6m as of the 1st of January 2018 (€8.3m as of 31st March 2018 as per the financial expense registered in Q1) .

**Cash flow generation in the first quarter of the year:**

- (+) Operating cash flow: +€10.8m, including -€3.7m of credit card expenses and taxes paid of -€7.2m (excluding -€5.9m CIT Barbizon).
- (+) Working capital: improvement due to the reduction in the average collection period (down from 18 days in December 2017 to 16.5 days in March 2018) and collection of accounts receivable pending in Q1 2018.
- (-) CapEx payments: -€17.1m in Q1 2018 due to the planning of refurbishments throughout the year (guidance 2018 c.€140m).
- (+) Acquisitions and sales: +€148.1m of Barbizon disposal (€33m of taxes will be paid throughout the year, out of which €5.9m paid in Q1).
- (-) Other: payment of legal provisions.
- (-) Net financial payments and Dividends: -€4.9m net financial expenses, including -€4.2m net interest expense and -\$0.7m dividend payment to minority shareholders.



# Appendix

**nh** | HOTEL GROUP

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**nh**  
HOTELS

  
nh COLLECTION

**nh***ow*

**Hesperia**  
RESORTS

[www.nh-hotels.com](http://www.nh-hotels.com)

**Appendix I: Important note:** The consolidated financial statements have been affected by the implementation of the IFRS 9 accounting standard.

In accordance with the Directives published by the ESMA in relation to Alternative Performance Measures (APMs), below it has been defined and reconciled the APMs used by the Group within the Results Publication of 3 months of 2018.

In addition, the abridged consolidated financial statements as at 31 March 2018 are shown below:

**NH HOTEL GROUP, S.A. AND SUBSIDIARIES**  
**ABRIDGED CONSOLIDATED BALANCE SHEETS AT 31 MARCH 2018 AND 31 DECEMBER 2017**  
 (Thousands of euros)

	31/03/2018**	31/12/2017*		31/03/2018**	31/12/2017*
<b>NON-CURRENT ASSETS:</b>			<b>EQUITY:</b>		
Goodwill	112,725	111,684	Share capital	700,544	700,544
Intangible assets	150,425	151,083	Reserves of the parent company	562,766	526,243
Property, plant and equipment	1,573,603	1,583,164	Reserves of fully consolidated companies	45,635	38,877
Investments accounted for using the equity method	10,115	9,419	Reserves of companies consolidated using the equity method	(22,738)	(23,087)
Non-current financial investments -	77,045	75,895	Other equity instruments	27,230	27,230
<i>Loans and accounts receivable not available for trading</i>	65,633	65,154	Exchange differences	(158,939)	(157,542)
<i>Other non-current financial investments</i>	11,412	10,741	Treasury shares and shareholdings	(38,387)	(39,250)
Deferred tax assets	146,005	137,996	Consolidated profit for the period	21,728	35,489
Other non-current assets	16,550	16,448	<b>Equity attributable to the shareholders of the Parent Company</b>	<b>1,137,839</b>	<b>1,108,504</b>
<b>Total non-current assets</b>	<b>2,086,468</b>	<b>2,085,689</b>	Non-controlling interests	43,271	43,472
			<b>Total equity</b>	<b>1,181,110</b>	<b>1,151,976</b>
			<b>NON-CURRENT LIABILITIES</b>		
			Debt instruments and other marketable securities	379,961	387,715
			Debts with credit institutions	70,449	71,246
			Other financial liabilities	12,362	12,481
			Other non-current liabilities	40,697	38,976
			Provisions for contingencies and charges	51,408	50,413
			Deferred tax liabilities	176,498	167,433
			<b>Total non-current liabilities</b>	<b>731,375</b>	<b>728,264</b>
<b>CURRENT ASSETS:</b>			<b>CURRENT LIABILITIES:</b>		
Non-current assets classified as held for sale	42,547	109,166	Liabilities associated with non-current assets classified as held	2,284	2,377
Inventories	9,730	9,809	Debt instruments and other marketable securities	251,733	246,195
Trade receivables	119,532	132,582	Debts with credit institutions	8,923	11,724
Non-trade receivables -	50,469	42,786	Other financial liabilities	11,048	11,618
<i>Tax receivables</i>	32,600	23,743	Trade and other payables	235,173	222,951
<i>Other non-trade debtors</i>	17,869	19,043	Tax payables	81,385	45,860
Short-term financial investments	-	-	Provisions for contingencies and charges	8,346	8,971
Cash and cash equivalents	227,015	80,249	Other current liabilities	37,823	41,768
Other current assets	13,440	11,423	<b>Total current liabilities</b>	<b>636,715</b>	<b>591,464</b>
<b>Total current assets</b>	<b>462,733</b>	<b>386,015</b>	<b>Total current liabilities</b>	<b>636,715</b>	<b>591,464</b>
<b>TOTAL ASSETS</b>	<b>2,549,201</b>	<b>2,471,704</b>	<b>NET ASSETS AND LIABILITIES</b>	<b>2,549,201</b>	<b>2,471,704</b>

(\*) Audited balances

(\*\*) Unaudited balances



**NH HOTEL GROUP, S.A. AND SUBSIDIARIES**  
**CONSOLIDATED COMPREHENSIVE PROFIT AND LOSS STATEMENT AT 31 MARCH 2018 AND 31 MARCH 2017**  
 (Thousands of euros)

	31/03/2018*	31/03/2017*
Revenues	338,043	323,291
Other operating income	1,293	1,098
Net gains on disposal of non-current assets	79,248	10,231
Procurements	(17,024)	(15,008)
Staff costs	(103,495)	(101,785)
Depreciation and amortisation charges	(27,836)	(27,861)
Net Profits/(Losses) from asset impairment	(194)	1,111
Other operating expenses	(199,869)	(196,378)
<i>Variation in the provision for onerous contracts</i>	648	1,006
<i>Other operating expenses</i>	(200,517)	(197,384)
Gains on financial assets and liabilities and other	(1,087)	
Profit (Loss) from entities valued through the equity method	68	(28)
Financial income	398	531
Change in fair value of financial instruments	-	(7)
Financial expenses	(14,835)	(17,831)
Net exchange differences (Income/(Expense))	132	(327)
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>54,842</b>	<b>(22,964)</b>
Income tax	(32,739)	(1,085)
<b>PROFIT FOR THE PERIOD - CONTINUING</b>	<b>22,103</b>	<b>(24,049)</b>
<i>Profit (loss) for the year from discontinued operations net of tax</i>	117	(124)
<b>PROFIT FOR THE PERIOD</b>	<b>22,220</b>	<b>(24,173)</b>
Exchange differences	(1,430)	4,427
<b>Income and expenses recognised directly in equity</b>	<b>(1,430)</b>	<b>4,427</b>
<b>TOTAL COMPREHENSIVE PROFIT</b>	<b>20,790</b>	<b>(19,746)</b>
Profit / (Loss) for the year attributable to:		
<i>Parent Company Shareholders</i>	21,728	(24,755)
<i>Non-controlling interests</i>	492	582
<i>Non-controlling interests in discontinued operations</i>	-	-
Comprehensive Profit / (Loss) attributable to:		
<i>Parent Company Shareholders</i>	20,331	(20,328)
<i>Non-controlling interests</i>	459	582

(\*) Unaudited balances

**NH HOTEL GROUP, S.A. AND SUBSIDIARIES**
**ABRIDGED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**
**FOR THE THREE-MONTH PERIOD ENDED**
**31 MARCH 2018 AND TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2017**

(Thousands of euros)

	Equity attributed to the Parent Company						Non-controlling interest	Total Equity
	Own Funds					Valuation adjustments		
	Share Capital	Issue premium and reserves	Treasury shares and shareholdings	Profit for the year attributable to the Parent Company	Other equity instruments			
Balance at 31/12/2017*	700,544	542,033	(39,250)	35,489	27,230	(157,542)	43,472	1,151,976
Adjustment for changes in accounting policies	-	8,571	-	-	-	-	-	8,571
Adjusted balance at 31/12/2017	700,544	550,604	(39,250)	35,489	27,230	(157,542)	43,472	1,160,547
Net profit (loss ) for 2018	-	-	-	21,728	-	-	492	22,220
Exchange differences	-	-	-	-	-	(1,397)	(33)	(1,430)
Total recognised income / (expense)	-	-	-	21,728	-	(1,397)	459	20,790
Transactions with shareholders or owners	-	(220)	863	-	-	-	(660)	(17)
Distribution of dividends	-	-	-	-	-	-	(660)	(660)
Treasury share transactions (net)	-	-	-	-	-	-	-	-
Remuneration Scheme in shares	-	(220)	863	-	-	-	-	643
Other changes in equity	-	35,279	-	(35,489)	-	-	-	(210)
Transfers between equity items	-	35,489	-	(35,489)	-	-	-	-
Other changes	-	(210)	-	-	-	-	-	(210)
Ending balance at 31/03/2018**	700,544	585,663	(38,387)	21,728	27,230	(158,939)	43,271	1,181,110

	Equity attributed to the Parent Company						Non-controlling interest	Total Equity
	Own Funds					Valuation adjustments		
	Share Capital	Issue premium and reserves	Treasury shares and shareholdings	Profit for the year attributable to the Parent Company	Other equity instruments			
Adjusted balance at 31/12/2016*	700,544	527,133	(39,983)	30,750	27,230	(133,765)	43,967	1,155,876
Net profit (loss ) for 2017	-	-	-	35,489	-	-	3,718	39,207
Exchange differences	-	-	-	-	-	(23,777)	(2,717)	(26,494)
Total recognised income / (expense)	-	-	-	35,489	-	(23,777)	1,001	12,713
Transactions with shareholders or owners	-	(15,548)	733	-	-	-	(1,496)	(16,311)
Distribution of dividends	-	-	-	-	-	-	-	-
Treasury share transactions (net)	-	-	-	-	-	-	-	-
Remuneration Scheme in shares	-	1,508	733	-	-	-	-	2,241
Business combination	-	-	-	-	-	-	-	-
Other changes in equity	-	30,448	-	(30,750)	-	-	-	(302)
Transfers between equity items	-	30,750	-	(30,750)	-	-	-	-
Other changes	-	(302)	-	-	-	-	-	(302)
Ending balance at 31/12/2017*	700,544	542,033	(39,250)	35,489	27,230	(157,542)	43,472	1,151,976

(\*) Audited balances.

(\*\*) Unaudited balances



**NH HOTEL GROUP, S.A. AND SUBSIDIARIES**
**ABRIDGED CONSOLIDATED CASH FLOW STATEMENTS**  
**PRODUCED IN THE THREE-MONTH PERIODS ENDED 31 MARCH 2018 AND 2017**  
 (Thousands of euros)

	31.03.2018 (*)	31.03.2017 (*)
<b>1. OPERATING ACTIVITIES</b>		
Consolidated profit (loss) before tax:	<b>54,842</b>	<b>(22,963)</b>
Adjustments:		
Depreciation of tangible and amortisation of intangible assets (+)	27,836	27,861
Impairment losses (net) (+/-)	194	(1,111)
Allocations for provisions (net) (+/-)	(648)	(1,006)
Gains/Losses on the sale of tangible and intangible assets (+/-)	(79,248)	(10,231)
Gains/Losses on investments valued using the equity method (+/-)	(68)	28
Financial income (-)	(398)	(531)
Financial expenses and variation in fair value of financial instruments (+)	14,835	17,838
Net exchange differences (Income/(Expense))	(132)	327
Profit (loss) on disposal of financial investments	1,087	-
Other non-monetary items (+/-)	3,365	4,300
<b>Adjusted profit (loss)</b>	<b>21,665</b>	<b>(14,512)</b>
Net variation in assets / liabilities:		
(Increase)/Decrease in inventories	79	118
(Increase)/Decrease in trade debtors and other accounts receivable	12,473	10,873
(Increase)/Decrease in other current assets	(860)	(888)
Increase/(Decrease) in trade payables	3,642	5,238
Increase/(Decrease) in other current liabilities	16	(7,147)
Increase/(Decrease) in provisions for contingencies and expenses	(697)	(2,903)
(Increase)/Decrease in non-current assets	(528)	827
Increase/(Decrease) in non-current liabilities	98	13
Income tax paid	(13,083)	(4,074)
<b>Total net cash flow from operating activities (I)</b>	<b>22,806</b>	<b>16,569</b>
<b>2. INVESTMENT ACTIVITIES</b>		
Finance income	<b>185</b>	<b>240</b>
Investments (-):		
Group companies, joint ventures and associates	-	(19,644)
Tangible and intangible assets and investments in property	(17,115)	(23,696)
Non-current financial investments	(671)	-
	<b>(17,786)</b>	<b>(43,340)</b>
Disinvestment (+):		
Group companies, joint ventures and associates	85	-
Tangible and intangible assets and investments in property	154,616	30,485
Non-current financial investments	-	-
	<b>154,701</b>	<b>30,485</b>
<b>Total net cash flow from investment activities (II)</b>	<b>137,100</b>	<b>(12,615)</b>
<b>3. FINANCING ACTIVITIES</b>		
Dividends paid out (-)	(660)	-
Interest paid on debts (-)	(8,114)	(7,425)
Financial expenses for means of payment	(3,713)	(3,537)
Interest paid on debts and other interest	(4,401)	(3,888)
Variations in (+/-):		
Equity instruments		
- Treasury shares	-	-
Debt instruments:		
- Bonds and other tradable securities (+)	-	-
- Bonds and other tradable securities (+)	-	-
- Loans from credit institutions (+)	-	(5,397)
- Loans from credit institutions (-)	(3,385)	181
- Other financial liabilities (+/-)	(884)	-
<b>Total net cash flow from financing activities (III)</b>	<b>(13,043)</b>	<b>(12,641)</b>
<b>4. GROSS INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III)</b>	<b>146,862</b>	<b>(8,687)</b>
<b>5. Effect of exchange rate variations on cash and cash equivalents (IV)</b>	<b>-</b>	<b>-</b>
<b>6. Effect of variations in the scope of consolidation (V)</b>	<b>(96)</b>	<b>-</b>
<b>7. NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III+IV+V)</b>	<b>146,766</b>	<b>(8,687)</b>
<b>8. Cash and cash equivalents at the start of the financial year</b>	<b>80,249</b>	<b>136,733</b>
<b>9. Cash and cash equivalents at the end of the financial year (7+8)</b>	<b>227,015</b>	<b>128,046</b>

(\*) Presented for comparison purposes only. Audited balances.



## A) Definitions

**EBITDA:** Result before tax of continuing operations and before: net result from the disposal of non-current assets, depreciation, net loss from asset impairment, the result on disposal of financial investments, the result of entities valued by the equity method, financial income, change in the fair value of financial instruments, financing costs (except for credit card costs, which are considered to be operating cost) and net exchange differences. This APM is used to measure the purely operating results of the Group.

**RevPAR:** The result of multiplying the average daily price for a specific period by the occupancy in that period. This APM is used for comparison of average income per hotel room with other companies in the sector.

**Average Daily Rate (ADR):** The ratio of total room revenue for a specific period divided by the rooms sold in that specific period. This APM is used to compare average hotel room prices with those of other companies in the sector.

**LFL&R (Like for like with refurbishments):** We define LFL with refurbishments as the group of fully operated hotels in a 24-month period plus the refurbishments made in the last two years. It excludes those hotels that have just been opened or closed and that have therefore not been fully operational for 24 months. This APM is used to analyse operating results for the year in a manner comparable with those of previous periods excluding the impact of hotel refurbishments.

Below it has been provided a breakdown of the "Total Revenues" line split into "LFL and refurbishments" and "Openings, closings and other effects" to illustrate the above explanation:

		Q1 2018	Q1 2017
		M €.	M €.
<b>Total revenues</b>	<b>A+B</b>	<b>344.6</b>	<b>328.6</b>
Total recurring revenue LFL & Refurbishment	A	335.2	322.1
Openings, closing & others	B	9.4	6.5

It has been provided a reconciliation for the "Total Revenues" line in Point II for the period of 3 months ended 31 March 2018.

**Net Financial Debt:** Gross financial debt less cash and other equivalent liquid assets, excluding accounting adjustments for the portion of the convertible bond treated as equity, arrangement expenses and accrued interest. Gross financial debt includes both non-current liabilities and current obligations for bonds and other negotiable securities and debt to lending institutions.

**Capex:** Investments made on assets for improvement and development that have meant a cash outflow during the year. Obtained from the investments in fixed and intangible assets and property investments shown on the statement of cash flows on the consolidated financial statements.

**GOP (Gross operating profit):** The gross operating profit obtained from EBITDA plus costs of leases and property taxes, as follows:

**Conversion Rate:** This measures the proportion of revenue that has been transferred to EBITDA. It is calculated by dividing the change in EBITDA by the change in total revenue.

## B B) Reconciliation of the APM to the most directly reconcilable item, subtotal or total in the financial statements:



The following significant APMs are contained in the Earnings Report of 3 months of 2018:

### **I. ADR y RevPAR**

Earnings Report of 3 months of 2018 details the cumulative evolution of RevPAR and ADR in the following tables:

NH HOTEL GROUP REVPAR Q1 2018/2017											
	AVERAGE ROOMS		OCCUPANCY %			ADR			REVPAR		
	2018	2017	2018	2017	% Var	2018	2017	% Var	2018	2017	% Var
<b>Spain &amp; Others LFL &amp; R</b>	<b>10,969</b>	<b>11,222</b>	<b>68.4%</b>	<b>66.9%</b>	<b>2.2%</b>	<b>86.9</b>	<b>82.7</b>	<b>5.0%</b>	<b>59.4</b>	<b>55.4</b>	<b>7.3%</b>
Total B.U. Spain	11,480	11,757	68.0%	67.2%	1.2%	86.4	82.4	4.8%	58.7	55.4	6.1%
<b>Italy LFL &amp; R</b>	<b>7,120</b>	<b>7,098</b>	<b>62.7%</b>	<b>60.7%</b>	<b>3.2%</b>	<b>105.1</b>	<b>98.7</b>	<b>6.5%</b>	<b>65.9</b>	<b>59.9</b>	<b>9.9%</b>
Total B.U. Italy	7,120	7,098	62.7%	60.7%	3.2%	105.1	98.7	6.5%	65.9	59.9	9.9%
<b>Benelux LFL &amp; R</b>	<b>8,211</b>	<b>8,173</b>	<b>63.6%</b>	<b>61.9%</b>	<b>2.8%</b>	<b>100.7</b>	<b>94.8</b>	<b>6.2%</b>	<b>64.0</b>	<b>58.7</b>	<b>9.1%</b>
Total B.U. Benelux	8,794	8,287	63.3%	61.7%	2.6%	100.5	94.5	6.4%	63.6	58.3	9.1%
<b>Central Europe LFL &amp; R</b>	<b>11,965</b>	<b>11,537</b>	<b>66.7%</b>	<b>65.3%</b>	<b>2.1%</b>	<b>86.5</b>	<b>88.8</b>	<b>-2.7%</b>	<b>57.7</b>	<b>58.0</b>	<b>-0.6%</b>
Total B.U. Central Europe	12,091	11,774	66.7%	65.4%	2.1%	86.1	88.5	-2.6%	57.5	57.8	-0.6%
<b>Total Europe LFL &amp; R</b>	<b>38,265</b>	<b>38,030</b>	<b>65.8%</b>	<b>64.2%</b>	<b>2.4%</b>	<b>92.8</b>	<b>89.9</b>	<b>3.2%</b>	<b>61.1</b>	<b>57.8</b>	<b>5.7%</b>
Total Europe Consolidated	39,485	38,916	65.6%	64.3%	2.0%	92.6	89.5	3.4%	60.7	57.6	5.5%
<b>Latinamerica LFL &amp; R</b>	<b>5,245</b>	<b>5,205</b>	<b>61.8%</b>	<b>62.1%</b>	<b>-0.5%</b>	<b>70.8</b>	<b>81.2</b>	<b>-12.9%</b>	<b>43.7</b>	<b>50.5</b>	<b>-13.3%</b>
Latinamerica Consolidated	5,477	5,267	60.2%	61.4%	-1.9%	70.6	81.2	-13.1%	42.5	49.9	-14.8%
<b>NH Hotels LFL &amp; R</b>	<b>43,510</b>	<b>43,235</b>	<b>65.3%</b>	<b>64.0%</b>	<b>2.1%</b>	<b>90.3</b>	<b>88.9</b>	<b>1.6%</b>	<b>59.0</b>	<b>56.9</b>	<b>3.7%</b>
Total NH Consolidated	44,962	44,183	65.0%	64.0%	1.6%	90.1	88.6	1.7%	58.5	56.7	3.3%

Below it is explained how the aforementioned data has been calculated:

		Q1 2018	Q1 2017
		€	€
		Thousand	Thousand
<b>A</b>	Room revenues	236,353	224,763
	Other revenues	101,690	98,528
	<b>Revenues according to profit &amp; loss statement</b>	<b>338,043</b>	<b>323,291</b>
<b>B</b>	Thousands of room nights	2,624	2,536
<b>A / B = C</b>	<b>ADR</b>	<b>90.1</b>	<b>88.6</b>
<b>D</b>	Occupancy	65.0%	64.0%
<b>C x D</b>	<b>RevPAR</b>	<b>58.5</b>	<b>56.7</b>

### **II. H1 INCOME STATEMENT 1T OF 2018 AND 2017**

The Earnings Report of 3 months breaks down the table entitled "Recurring hotel activity" obtained from the "Consolidated Income Statement" appearing in the same Earnings Report.

Below it has been provided a conciliation between the consolidated income statement and the abridged consolidated comprehensive income statements.

**3 months 2018**

	Income Statements	Redasification according to the Financial Statements	Rebates	Financial expenses for means of payment	Our sourcing	Assets Disposal	Scrapping and non recurring depreciation	Claims, severance payments and other non recurring	P&L according to the Financial Statements	
APM Total revenues	344.6	(344.6)	-	-	-	-	-	-		
Revenues	-	342.0	(4.4)	-	-	0.4	-	-	338.0	Revenues
Other operating income	-	1.3	-	-	-	-	-	-	1.3	Other operating income
<b>APM TOTAL REVENUES</b>	<b>344.6</b>	<b>(1.3)</b>	<b>(4.4)</b>	<b>-</b>	<b>-</b>	<b>0.4</b>	<b>-</b>	<b>-</b>	<b>339.3</b>	
Net gains on disposal of non-current assets	-	-	-	-	-	87.2	(8.0)	-	79.2	Net gains on disposal of non-current assets
APM Staff Cost	(129.3)	-	-	-	26.8	-	-	(1.0)	(103.5)	Staff costs
APM Operating expenses	(117.6)	(59.4)	-	3.7	(26.8)	-	-	(0.4)	(200.5)	Other operating expenses
Procurements	-	(21.4)	4.4	-	-	-	-	-	(17.0)	Procurements
<b>APM GROSS OPERATING PROFIT</b>	<b>97.7</b>	<b>(82.1)</b>	<b>-</b>	<b>3.7</b>	<b>-</b>	<b>87.6</b>	<b>(8.0)</b>	<b>(1.4)</b>	<b>97.5</b>	
APM Lease payments and property taxes	(82.0)	82.0	-	-	-	-	-	-	-	
<b>APM EBITDA BEFORE ONEROUS</b>	<b>15.7</b>	<b>(0.1)</b>	<b>-</b>	<b>3.7</b>	<b>-</b>	<b>87.6</b>	<b>(8.0)</b>	<b>(1.4)</b>	<b>97.5</b>	
APM Onerous contrate reversal provision	0.6	-	-	-	-	-	-	-	0.6	Variation in the provision for onerous contrates
<b>APMEBITDA AFTER ONEROUS</b>	<b>16.3</b>	<b>(0.1)</b>	<b>-</b>	<b>3.7</b>	<b>-</b>	<b>87.6</b>	<b>(8.0)</b>	<b>(1.4)</b>	<b>98.2</b>	
Net Profits/(Losses) from asset impairment	-	0.5	-	-	-	-	(0.7)	-	(0.2)	Net Impairment losses
APM Depreciation	(27.3)	(0.5)	-	-	-	-	-	-	(27.8)	Depreciation
<b>APM EBIT</b>	<b>(11.0)</b>	<b>(0.1)</b>	<b>-</b>	<b>3.7</b>	<b>-</b>	<b>87.6</b>	<b>(8.7)</b>	<b>(1.4)</b>	<b>70.2</b>	
Gains on financial assets and liabilities and other	-	(1.0)	-	-	-	-	-	-	(1.1)	Gains on financial assets and liabilities and other
APM Interest expense	(10.6)	(0.5)	-	(3.7)	-	-	-	-	(14.8)	Finance costs
Finance Income	-	0.4	-	-	-	-	-	-	0.4	Finance income
Change in fair value of financial instruments	-	-	-	-	-	-	-	-	-	Change in fair value of financial instruments
Net exchange differences (Income/(Expense))	-	0.1	-	-	-	-	-	-	0.1	Net exchange differences (Income/(Expense))
APM Income from minority equity interests	0.1	-	-	-	-	-	-	-	0.1	Profit (loss) from companies accounted for using the equity method
<b>APMEBT</b>	<b>(21.5)</b>	<b>(1.2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>87.6</b>	<b>(8.7)</b>	<b>(1.4)</b>	<b>54.8</b>	<b>Profit (loss) before tax from continuing operations</b>
APM Corporate Income Tax	(0.9)	0.1	-	-	-	(31.9)	-	-	(32.7)	Income tax
<b>APM Net Income before minorities</b>	<b>(22.4)</b>	<b>(1.1)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55.7</b>	<b>(8.7)</b>	<b>(1.4)</b>	<b>22.1</b>	<b>Profit for the financial year - continuing</b>
Profit/(Loss) for the year from discontinued operations net of tax	-	0.1	-	-	-	-	-	-	0.1	Profit (loss) for the year from discontinued operations net of tax
<b>APM NET INCOME before minorities</b>	<b>(22.4)</b>	<b>(1.0)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55.7</b>	<b>(8.7)</b>	<b>(1.4)</b>	<b>22.2</b>	<b>Profit for the financial year - continuing</b>
APM Minority interests	(0.5)	0.0	-	-	-	-	-	-	(0.5)	Non-controlling interests
<b>APM Net Recurring Income</b>	<b>(22.9)</b>	<b>(1.0)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55.7</b>	<b>(8.7)</b>	<b>(1.4)</b>	<b>21.7</b>	<b>Profits for the year attributable to Parent Company Shareholders</b>
APM Non Recurring EBITDA	86.2	-	-	-	-	(87.6)	-	1.4		
APM Other Non Recurring items	(41.5)	1.0	-	-	-	31.9	8.7	-		
<b>APM NET INCOME including Non-Recurring</b>	<b>21.7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21.7</b>	<b>Profits for the year attributable to Parent Company Shareholders</b>



**3 months 2017**

	Income Statements	Redasification according to the Financial Statements	Rebates	Financial expenses for means of payment	Outsourcing	Assets Disposal	Scrapping and non recurring depreciation	Claims, severance payments and other non recurring	P&L according to the Financial Statements	
APM Total revenues	328.6	(328.6)	-	-	-	-	-	-	-	
Revenues	-	326.9	(3.6)	-	-	-	-	-	-	323.3 Revenues
Other operating income	-	1.1	-	-	-	-	-	-	-	1.1 Other operating income
<b>APM TOTAL REVENUES</b>	<b>328.6</b>	<b>(0.6)</b>	<b>(4)</b>	-	-	-	-	-	-	<b>324.4</b>
Net gains on disposal of non-current assets	-	-	-	-	-	11.1	(0.9)	-	-	10.2 Net gains on disposal of non-current assets
Net Profits/(Losses) from asset impairment	-	0.9	-	-	-	-	0.20	-	-	1.1 Net Profits/(Losses) from asset impairment
APM Staff Cost	(125.6)	-	-	-	24.4	-	-	(0.6)	-	(101.8) Staff costs
APM Operating expenses	(114.4)	(58.5)	-	3.5	(24.4)	(0.9)	-	(2.6)	-	(197.4) Other operating expenses
Procurements	-	(18.6)	3.6	-	-	-	-	-	-	(15.0) Procurements
<b>APM GROSS OPERATING PROFIT</b>	<b>88.6</b>	<b>(76.8)</b>	-	<b>3.5</b>	-	<b>10.2</b>	<b>(0.7)</b>	<b>(3.3)</b>	-	<b>21.6</b>
APM Lease payments and property taxes	(77.8)	77.8	-	-	-	-	-	-	-	-
<b>APM EBITDA BEFORE ONEROUS</b>	<b>10.8</b>	<b>1.0</b>	-	<b>3.5</b>	-	<b>10.2</b>	<b>(0.7)</b>	<b>(3.3)</b>	-	<b>21.6</b>
APM Onerous contract reversal provision	1.0	-	-	-	-	-	-	-	-	1.0 Variation in the provision for onerous contracts
<b>APM EBITDA AFTER ONEROUS</b>	<b>11.8</b>	<b>1.0</b>	-	<b>3.5</b>	-	<b>10.2</b>	<b>(0.7)</b>	<b>(3.3)</b>	-	<b>22.6</b>
Net Profits/(Losses) from asset impairment	-	-	-	-	-	-	-	-	-	- Net Impairment losses
APM Depreciation	(25.8)	(0.9)	-	-	-	-	(1.17)	-	-	(27.9) Depreciation
<b>APMEBIT</b>	<b>(14.0)</b>	<b>0.1</b>	-	<b>3.5</b>	-	<b>10.2</b>	<b>(1.9)</b>	<b>(3.3)</b>	-	<b>(5.3)</b>
Gains on financial assets and liabilities and other	-	-	-	-	-	-	-	-	-	- Gains on financial assets and liabilities and other
APM Interest expense	(14.1)	(0.2)	-	(3.5)	-	-	-	-	-	(17.8) Finance costs
Finance Income	-	0.5	-	-	-	-	-	-	-	0.5 Finance income
Change in fair value of financial instruments	-	(0.0)	-	-	-	-	-	-	-	(0.0) Change in fair value of financial instruments
Net exchange differences (Income/(Expense))	-	(0.3)	-	-	-	-	-	-	-	(0.3) Net exchange differences (Income/(Expense))
APM Income from minority equity interests	(0.0)	-	-	-	-	-	-	-	-	(0.0) Profit (loss) from companies accounted for using the equity method
<b>APMEBT</b>	<b>(28.1)</b>	<b>0.1</b>	-	-	-	<b>10.2</b>	<b>(1.9)</b>	<b>(3.3)</b>	-	<b>(23.0) Profit (loss) before tax from continuing operations</b>
APM Corporate Income Tax	1.0	(2.1)	-	-	-	-	-	-	-	(1.1) Income tax
<b>APM Net Income before minorities</b>	<b>(27.1)</b>	<b>(2.03)</b>	-	-	-	<b>10.2</b>	<b>(1.9)</b>	<b>(3.3)</b>	-	<b>(24.0) Profit for the financial year - continuing</b>
Profit/ (Loss) for the year from discontinued operations net of tax	-	(0.1)	-	-	-	-	-	-	-	(0.1) Profit (loss) for the year from discontinued operations net of tax
<b>APM NET INCOME before minorities</b>	<b>(27.1)</b>	<b>(2.2)</b>	-	-	-	<b>10.2</b>	<b>(1.9)</b>	<b>(3.3)</b>	-	<b>(24.2) Profit for the financial year - continuing</b>
APM Minority interests	(0.6)	-	-	-	-	-	-	-	-	(0.6) Non-controlling interests
<b>APM Net Recurring Income</b>	<b>(27.7)</b>	<b>(2.2)</b>	-	-	-	<b>10.2</b>	<b>(1.9)</b>	<b>(3.3)</b>	-	<b>(24.8) Profits for the year attributable to Parent Company Shareholders</b>
APM Non Recurring EBITDA	7.1	(0.1)	-	-	-	(10.2)	-	3.3	-	
APM Other Non Recurring items	(4.1)	2.3	-	-	-	-	1.88	-	-	
<b>APM NET INCOME including Non-Recurring</b>	<b>(24.8)</b>	-	-	-	-	-	-	-	-	<b>(24.8) Profits for the year attributable to Parent Company Shareholders</b>

**III. DEBT AND STATEMENT OF CASH FLOWS AS AT MARCH 2018 AND DECEMBER 2017**
**III.1 Debt presented in the earnings report of 3 months 2018.**

As of 31/03/2018 Data in Euro million	Maximum Available	Availability	Drawn	Repayment schedule								
				2018	2019	2020	2021	2022	2023	2024	2025	Resto
<b>Senior Credit Facilities</b>												
Senior Secured Notes due 2023	400.0	-	400.0	-	-	-	-	-	400.0	-	-	-
Senior Secured RCF (3+2 years)	250.0	250.0	-	-	-	-	-	-	-	-	-	-
<b>Total debt secured by the same Collateral</b>	<b>650.0</b>	<b>250.0</b>	<b>400.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>400.0</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other Secured loans	39.5	-	39.5	6.6	2.7	2.6	2.6	2.1	6.1	1.4	1.0	14.5
<b>Total secured debt</b>	<b>689.5</b>	<b>250.0</b>	<b>439.5</b>	<b>6.6</b>	<b>2.7</b>	<b>2.6</b>	<b>2.6</b>	<b>2.1</b>	<b>406.1</b>	<b>1.4</b>	<b>1.0</b>	<b>14.5</b>
Convertible Bonds due 2018	250.0	-	250.0	250.0	-	-	-	-	-	-	-	-
Unsecured loans and credit facilities	66.0	63.3	2.7	1.8	0.6	0.3	-	-	-	-	-	-
Subordinated loans	40.0	-	40.0	-	-	-	-	-	-	-	-	40.0
<b>Total unsecured debt</b>	<b>356.0</b>	<b>63.3</b>	<b>292.7</b>	<b>251.8</b>	<b>0.6</b>	<b>0.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>40.0</b>
<b>Total Gross Debt</b>	<b>1,045.5</b>	<b>313.3</b>	<b>732.2</b>	<b>258.4</b>	<b>3.4</b>	<b>2.9</b>	<b>2.6</b>	<b>2.1</b>	<b>406.1</b>	<b>1.4</b>	<b>1.0</b>	<b>54.5</b>
Cash and cash equivalents			(227.0)									
<b>Net debt</b>			<b>B 505.2</b>									
Equity Component Convertible Bond			b (3.9)	(3.9)								
Arranging loan expenses			a (18.2)	(3.3)	(3.1)	(3.2)	(3.2)	(2.8)	(2.2)	(0.0)	(0.0)	(0.3)
Accrued interests			c 9.3	9.3								
IFRS 9			d (8.3)									
<b>Total adjusted net debt</b>			<b>484.1</b>									

The above debt table has been obtained from the consolidated financial statements that have been filed.

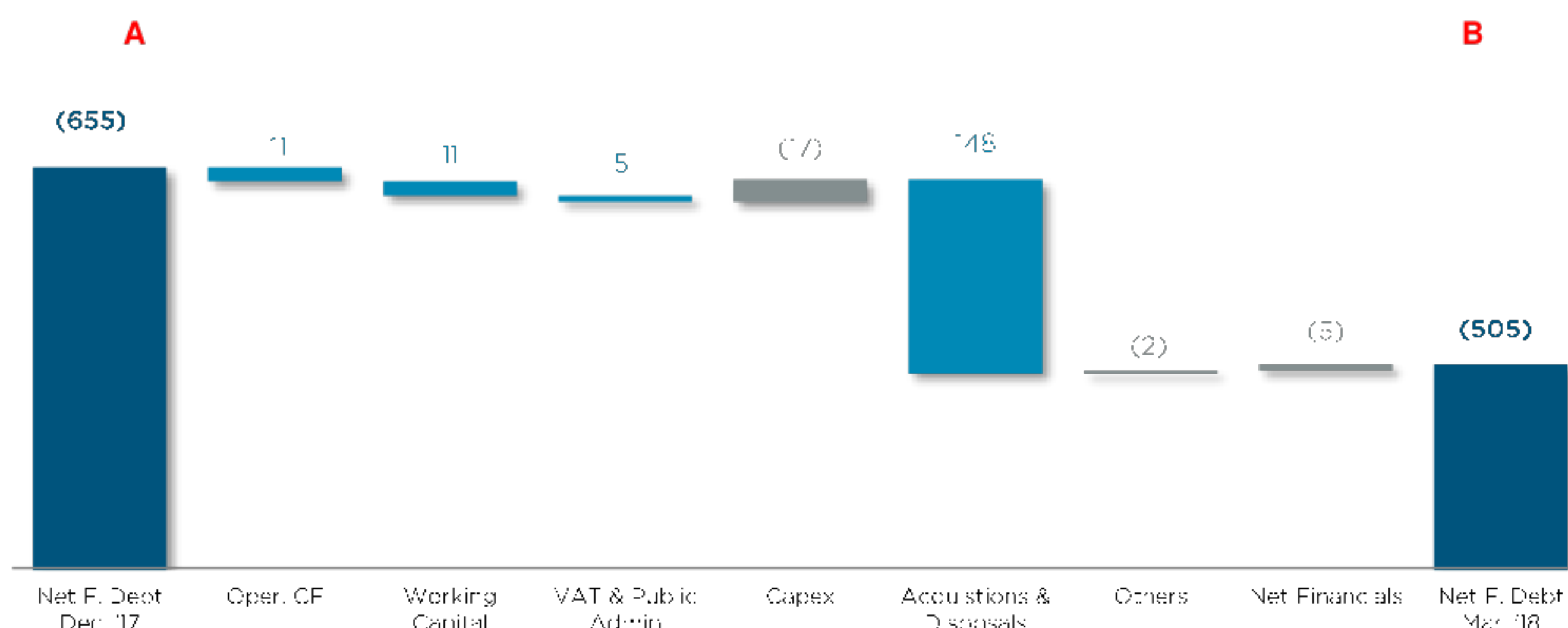
**III.2 Statement of cash flows included in the earnings report of 3 months of 2018.**

Net financial debt 31 March 2018 and 31 December 2017 has been obtained from the consolidated balance sheet at 31 March 2018 and from the consolidated financial statements for 31 December 2017 and is as follows:

	3/31/2018	12/31/2017	VAR.
<i>Debt instruments and other marketable securities according to financial statements</i>	379,961	387,715	
<i>Bank borrowings according to financial statements</i>	70,449	71,246	
<b><i>Bank borrowings and debt instruments and other marketable securities according to financial statements</i></b>	<b>450,410</b>	<b>458,961</b>	
<i>Debt instruments and other marketable securities according to financial statements</i>	251,733	246,195	
<i>Bank borrowings according to financial statements</i>	8,923	11,724	
<b><i>Bank borrowings and debt instruments and other marketable securities according to financial statements</i></b>	<b>260,656</b>	<b>257,919</b>	
<b><i>Total Bank borrowings and debt instruments and other marketable securities according to financial statements</i></b>	<b>711,066</b>	<b>716,880</b>	
<i>Arrangement expenses</i>	a 18,163	19,304	
<i>Convertible liability</i>	b 3,890	5,394	
<i>Borrowing costs</i>	c (9,315)	(6,024)	
<i>IFRS 9</i>	d 8,297		
<b><i>APM Gross debt</i></b>	<b>732,101</b>	<b>735,554</b>	
<i>Cash and cash equivalents according to financial statements</i>	(227,015)	(80,249)	
<b><i>APM Net Debt</i></b>	<b>B 505,086</b>	<b>A 655,305</b>	<b>(150,219)</b>

The following chart reconciles the change in net financial debt shown in the earnings report of 3 months of 2018:



**Q1 2018 Net Financial Debt Evolution**


To do so, it has been taken each heading from the statement of cash flows in the financial statements and shown the grouping:

	Oper. CF	Working capital	VAT & Public Admin	Capex	Acquisitions & Disposals	Others	Net Financials	Total
<b>Total</b>	(10.8)	(10.9)	(4.8)	17.1	(148.1)	2.4	4.9	(150.2)
Adjusted profit (loss)	21.7							21.7
Income tax paid	(7.2)							(7.2)
Financial expenses for means of payments	(3.7)							(3.7)
(Increase)/Decrease in inventories		0.1						0.1
(Increase)/Decrease in trade debtors and other accounts receivable		12.5						12.5
(Increase)/Decrease in trade payables		(1.6)						(1.6)
(Increase)/Decrease in VAT & public Administration			4.8					4.8
Tangible and intangible assets and investments in property				(17.1)				(17.1)
Change in the scope of consolidation					-			-
Group companies, joint ventures and associates					(0.6)			(0.6)
Tangible and intangible assets and investments in property					148.7			148.7
(Increase)/Decrease in current assets						(0.4)		(0.4)
(Increase)/Decrease in provision for contingencies and expenses						(0.7)		(0.7)
- Other financial liabilities (+/-)						(0.9)		(0.9)
Increase/(Decrease) in other non current assets and liabilities and others						(0.4)		(0.4)
Interests paid in debts and other interests (without means of payments)							(4.4)	(4.4)
Dividends paid							(0.7)	(0.7)
Finance Income							0.2	0.2

All of the aforementioned information has been obtained from the condensed consolidated statement of cash flows from 31 March 2018 which we include at the beginning of this document.

The aforementioned APMs have been defined and used from the standpoint of analysing the management of the business and the sector; the measures arising from the financial statements can be interpreted and are directly comparable to those of other groups in the sector and, therefore, APMs are not more relevant than the financial statements themselves. The earnings report, which includes the aforementioned APMs, is published at the end of each quarter to provide periodic information on the business' evolution and management to investors and analysts. In addition, half-yearly and annual financial statements are published complying with the filing requirements established in the applicable accounting regulations.

**Appendix II: Portfolio changes & Current portfolio**
**New Agreements, Openings and Exits**
**Hotels Signed from 1<sup>st</sup> January to 31<sup>st</sup> March 2018**

City / Country	Contract	# Rooms	Opening
La Habana / Cuba	Management	31	2018
Hannover / Germany	Leased	89	2020
<b>Total Signed Hotels</b>		<b>120</b>	

**Hotels Opened from 1<sup>st</sup> January to 31<sup>st</sup> March 2018**

Hotels	City / Country	Contract	# Rooms
NH Collection Victoria La Habana	La Habana / Cuba	Management	31
NH Collection Marseille	Marseille / France	Leased	176
NH Brussels Bloom	Brussels / Belgium	Leased	305
NH Brussels EU Berlaymont	Brussels / Belgium	Leased	214
NH Monterrey La Fe	Monterrey / Mexico	Leased	152
<b>Total Openings</b>			<b>878</b>

**Hotels exiting from 1<sup>st</sup> January to 31<sup>st</sup> March 2018**

Hotels	City / Country	Month	Contract	# Rooms
NH Lingotto Tech	Turin / Italy	January	Management	140
NH Shijiazhuang Financial Center	Shijiazhuang / China	January	Management	78
NH Puerto de Sagunto	Valencia / Spain	February	Franchised	99
<b>Total Exits</b>				<b>317</b>



**HOTELS OPENED BY COUNTRY AT 31<sup>ST</sup> MARCH 2018**

Business Unit	Country	TOTAL		Leased			Owned		Management		Franchised	
		Hotels	Rooms	Call Option	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
BU Benelux	Belgium	13	2,134		5	1,017	8	1,117				
	Luxembourg	1	148	1	1	148						
	South Africa	1	198		1	198						
	The Netherlands	36	6,829	2	20	3,362	15	3,016	1	451		
	United Kingdom	1	121		1	121						
<b>BU Benelux</b>		<b>52</b>	<b>9,430</b>	<b>3</b>	<b>28</b>	<b>4,846</b>	<b>23</b>	<b>4,133</b>	<b>1</b>	<b>451</b>		
BU Central Europe	Austria	6	1,183	1	6	1,183						
	Czech Republic	2	577						2	577		
	Germany	57	10,261	3	52	9,261	5	1,000				
	Hungary	1	160		1	160						
	Poland	1	93								1	93
	Romania	2	159		1	83			1	76		
	Slovakia	1	117						1	117		
	Switzerland	4	522		3	400					1	122
<b>BU Central Europe</b>		<b>74</b>	<b>13,072</b>	<b>4</b>	<b>63</b>	<b>11,087</b>	<b>5</b>	<b>1,000</b>	<b>4</b>	<b>770</b>	<b>2</b>	<b>215</b>
BU Italy	Italy	50	7,679	1	34	5,387	13	1,803	3	489		
<b>BU Italy</b>		<b>50</b>	<b>7,679</b>	<b>1</b>	<b>34</b>	<b>5,387</b>	<b>13</b>	<b>1,803</b>	<b>3</b>	<b>489</b>		
BU Spain	Spain	131	16,518		75	9,150	11	1,789	40	5,187	5	392
	Portugal	3	278		2	171			1	107		
	Andorra	1	60						1	60		
	France	4	723		3	573			1	150		
	USA	1	242				1	242				
<b>BU Spain</b>		<b>140</b>	<b>17,821</b>		<b>80</b>	<b>9,894</b>	<b>12</b>	<b>2,031</b>	<b>43</b>	<b>5,504</b>	<b>5</b>	<b>392</b>
BU America	Argentina	15	2,144				12	1,524	3	620		
	Brasil	1	180		1	180						
	Colombia	15	1,700		15	1,700						
	Cuba	2	251						2	251		
	Chile	4	498				4	498				
	Dominican Republic	6	2,503						6	2,503		
	Ecuador	1	124		1	124						
	Haiti	1	72						1	72		
	Mexico	16	2,554		5	733	4	685	7	1,136		
	Uruguay	1	136				1	136				
	Venezuela	4	1,186						4	1,186		
<b>BU America</b>		<b>66</b>	<b>11,348</b>		<b>22</b>	<b>2,737</b>	<b>21</b>	<b>2,843</b>	<b>23</b>	<b>5,768</b>		
<b>TOTAL OPEN</b>		<b>382</b>	<b>59,350</b>	<b>8</b>	<b>227</b>	<b>33,951</b>	<b>74</b>	<b>11,810</b>	<b>74</b>	<b>12,982</b>	<b>7</b>	<b>607</b>

**SIGNED PROJECTS AS OF 31<sup>ST</sup> MARCH 2018**

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		Management	
		Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
BU Benelux	Belgium	1	180	1	180				
	The Netherlands	1	650	1	650				
	United Kingdom	1	190					1	190
<b>BU Benelux</b>		<b>3</b>	<b>1,020</b>	<b>2</b>	<b>830</b>			<b>1</b>	<b>190</b>
BU Central Europe	Austria	1	157	1	157				
	Germany	6	1,497	6	1,497				
<b>BU Central Europe</b>		<b>7</b>	<b>1,654</b>	<b>7</b>	<b>1,654</b>				
BU Italy	Italy	4	544	2	244			2	300
<b>BU Italy</b>		<b>4</b>	<b>544</b>	<b>2</b>	<b>244</b>			<b>2</b>	<b>300</b>
BU Spain	Spain	3	205	2	158			1	47
	France	1	148	1	148				
<b>BU Spain</b>		<b>4</b>	<b>353</b>	<b>3</b>	<b>306</b>			<b>1</b>	<b>47</b>
BU America	Chile	3	367					3	367
	Mexico	4	524	3	380			1	144
	Panama	2	283	1	83	1	200		
	Peru	2	429					2	429
<b>BU America</b>		<b>11</b>	<b>1,603</b>	<b>4</b>	<b>463</b>	<b>1</b>	<b>200</b>	<b>6</b>	<b>940</b>
<b>TOTAL SIGNED</b>		<b>29</b>	<b>5,174</b>	<b>18</b>	<b>3,497</b>	<b>1</b>	<b>200</b>	<b>10</b>	<b>1,477</b>

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

	2018	2019
Expected Investment (€ millions)	16.6	14.2



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