SALES AND RESULTS 2018

25th February 2019

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

2018 Main Financial Aspects [(1)]

- **Revenue growth of +4.6%** (+6.7% at constant rates) **reaching €1.623m** (+€71m) in the year, despite 2018 refurbishments (-€12m) and negative currency impacts (-€37m).
  - In the like-for-like ("LFL") perimeter, excluding refurbishments and perimeter changes, revenue grew +3.0% (+5.6% at constant rates):
    - Strong evolution in Europe with a growth of +4.1%. It is worth noting the positive performance of Benelux (+6.5%), Italy (+4.2%) and Central Europe (+3.2%). Spain (+2.7%), despite significant LFL growth in 2017 (+10%) and the situation in Barcelona.
    - Latin America was adversely affected by currency.
  - Above-market relative RevPAR growth of +1.5 p.p. in the main cities due to a relative increase in ADR (+1.0 p.p.) and higher relative occupancy (+0.5 p.p.), supported by perceived quality improvement.
  - **Including the accounting impact of hyperinflation (IAS 29), revenue was €1.620m (+4.3%).**
- **Increase in RevPAR of +3.8% in the year, with ADR growth** (+2.3%; +€2.2) accounting for 61% of the RevPAR increase and **occupancy** rose +1.5% to 72.0%. RevPAR growth in all regions except LatAm (negatively impacted by currency), highlighting Benelux (+7.0%), Italy (+4.9%) and Central Europe (+4.5%). RevPAR in Spain increased by +2.0% impacted by the situation in Barcelona (+2.5% excluding Barcelona).
  - **Growth in the activity level across all regions,** highlighting Benelux (+3.1%) driven by the continued recovery of Brussels.
- Revenue growth together with cost controls allowed to close the year with **recurrent EBITDA growth[(2)] of +14%, reaching €265m,** which represents an **increase of +€32m and a margin of 16.3%** (+1.3 p.p.). **The conversion rate of incremental revenue to EBITDA is 45%.** Excluding perimeter changes and refurbishments, the LFL conversion rate reached 61%.
  - **Including the accounting impact of hyperinflation (IAS 29), recurring EBITDA reached €263m.**
- **Recurring Net Income doubled compared to 2017** (+€38m, higher than EBITDA growth), **reaching €72m in 2018** on business improvements and lower financial costs due to a reduction in financial indebtness.
  - **Recurring Net Income including the accounting effect of hyperinflation (IAS 29)** due to the revaluation of fixed assets in Argentina **reached €86m**.
- **Total Net Income reached €104m**, +€69m higher than in 2017. The comparison is mainly affected by higher net capital gains from asset rotation.
  - **Total Net Income including the accounting effect of hyperinflation (IAS 29) is €118m.**
- Proposal to submit for AGM approval, the **distribution of a dividend** for the financial year 2018 of a maximum **gross amount of €0.15** per outstanding share, implying an estimated disbursement of €59m, in-line with the announced dividend policy.
- **Deleverage target exceeded with a net financial debt of -€171m** compared to -€655m at 31 December 2017, following the early conversion of the Convertible Bond (€250m) in June 2018 and the early voluntary partial repayment of the 2023 Bond (€40m) in December 2018, the **favourable operating cash flow generation**, and the asset rotation activity.
  - Strong cash position: €266m
  - A Net Financial Debt / Recurring EBITDA ratio[(2)] of 0.6x (5.6x in 2015) was achieved, exceeding the revised target (0.8x-1.0x) of the year

(1) Business performance figures exclude hyperinflation accounting impact (IAS 29) explained in p.4 and p. 11

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

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Main figures of Q4 2018 (1)

- **Revenue grew +7.4%** (+8.7% at constant exchange rates) reaching €427m (+€30m). Strong LFL growth in Europe of +5.6% due to the great performance of Spain (+8.9%) with a better comparison in Barcelona and a better events and congresses calendar in Madrid and Benelux (+5.0%). Italy grew +3.8% and Central Europe +3.6%.
  - Including IAS 29, revenue was €430m (+8.3%).
- **RevPAR grew +9.1%** through a **combined growth strategy of both ADR** (+4.0%, +€3.9m) **and occupancy** (+4.9%). Remarkable RevPAR growth in Spain (+12.9%) and Central Europe (+8.8%).
- **EBITDA growth of +23.4%**(2) representing an increase of +€15m to €77m and an improved margin of +2.4 p.p. to 18.1%.
  - Including IAS 29, recurring EBITDA is €78m.
- **Recurring Net Income** in Q4 amounted to €23m explained by the good performance of the business in the quarter and lower financial costs.
  - Recurring Net Income including IAS 29 due to the revaluation of fixed assets in Argentina reached €28m.

2019 Targets (excluding accounting impacts of IFRS 16 and IAS 29)

- Targets of **EBITDA**(2) **of €285m** despite changes in the perimeter and new repositioning opportunities and **Recurring Net Income** close to **€100m by 31 December 2019** are confirmed.

(1) Business performance figures exclude hyperinflation accounting impact (IAS 29)

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

New Strategic Plan: NH + Minor

- NHH has already started to work with MINT to identify, formulate and quantify the potential synergistic benefits across both complementary businesses. The process is expected to take 6 months. Task force from both groups have already been assigned to collaborate across various functions.
- Key initiatives identified:
  - Tivoli integration: operations of Minor Hotels in Portugal and Brazil. NH is in the process of identifying synergies through efficiencies across sales & marketing, procurement & back office.
  - Brand streamline: joint brand positioning has been agreed. Over 5 hotels identified as potential accretive rebrand out of which 3 to Anantara. Potential for expansion has been identified for both MINT and NH brands across geographies.
  - Negotiation with trade partners (OTAs, travel agents and procurement suppliers): both groups in talks for improved and win-win pricing scheme based on enlarged portfolio.
  - Combination of Global Sales: NHH portfolio has been incorporated in MINT websites. Vision has been defined for websites at both group and brand levels. Cross-selling has started (China office for Spanish hotels, Thailand office for German hotels, Madrid office for Oaks). Joint-salesforce roadmap has been agreed.
  - Leverage on human capital: employee mobility policy is in process. Initial movements planned: hotel managers from Minor to NHH, operations & revenue management from NHH to Minor.
  - Loyalty interface: respective database analysis to identify benefits completed. Global loyalty vision and roadmap to be defined by 3Q19, including assessment on merger, cross redemption and cross accumulation.

- The Board of Directors of NH approved last 7th February, with the abstention of Minor's representatives:

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T: +34 91 396 05 02

- A Governance Framework to establish relations between NHHG and Minor, including:
  - Mechanisms to prevent and solve possible conflicts of interest, as well as related party transactions.
  - Exchange of information.
  - Scope of action of the respective hotel groups, by identifying MINT's and NH's preferred business geographical areas.
- A reciprocal Brands Master Licensing agreement by means of which each party licenses to the other party the use of its corresponding commercial brands in the geographical areas where the other party operates.

IFRS 16: Impact of new accounting standard from 2019

- IFRS 16 establishes the recognition on the balance sheet of operating leases, being added a financial liability equal to the present value of the fixed lease commitments and an asset for the right of use the underlying asset. Therefore, the interest expense of the liability is recorded separately from the depreciation expense of the right-of-use asset.

- The Group decided to apply the retrospective modified method, calculating the asset at the start date of each contract and the liability at the transition date, using the incremental interest rate at transition date for both calculations and recording the difference between the two items as an adjustment in the consolidated reserves on the opening balance sheet.

- The estimated impact as of 1 January 2019 based on portfolio at the transition date, without considering additions, cancellations or modifications of contracts that may occur after that date, will be approximately an increase in right-of-use assets of €1,700m, increased operating lease financial liabilities of -€2,100m, and lower reserves of -€400m. In addition, it is estimated that the net profit before taxes will decrease by approximately -€5m.
  - Liability impact is in-line with 2017 annual accounts disclosure of operating leases and with the average calculation published by rating agencies.
  - No cash impact, leverage capacity or debt financial covenants.
  - The negative impact on P&L from the current lease portfolio will be reduced progressively in the coming periods.

Implementation of accounting standard IAS 29 (detail of financial information with impacts in annex p. 17)**:**

- The following is an explanation of the effect on the Group's results as of 31 December 2018 on financial reporting in hyperinflationary economies. The application of this standard impacts the Group's results in Argentina and its effects on business figures from 1st January 2018 are:
  - Revenue: -€3.6m.
  - Recurring EBITDA: -€1.6m.
  - Total Net Income: +€13.5m, mainly explained by the revaluation of fixed assets in Argentina.
  - Balance Sheet: +€54m in equity due to the historic revaluation of assets in Argentina partly reduced by deferred tax and minorities.

Other Highlights

- **Repositioning Plan:** In 2018 the following hotels are affected by refurbishments: NHC Palacio de Castellanos, NH Málaga, NH Plaza de Armas, NH Balboa, NH Imperial Playa, NH Madrid Paseo de la Habana, NH Luz Huelva,

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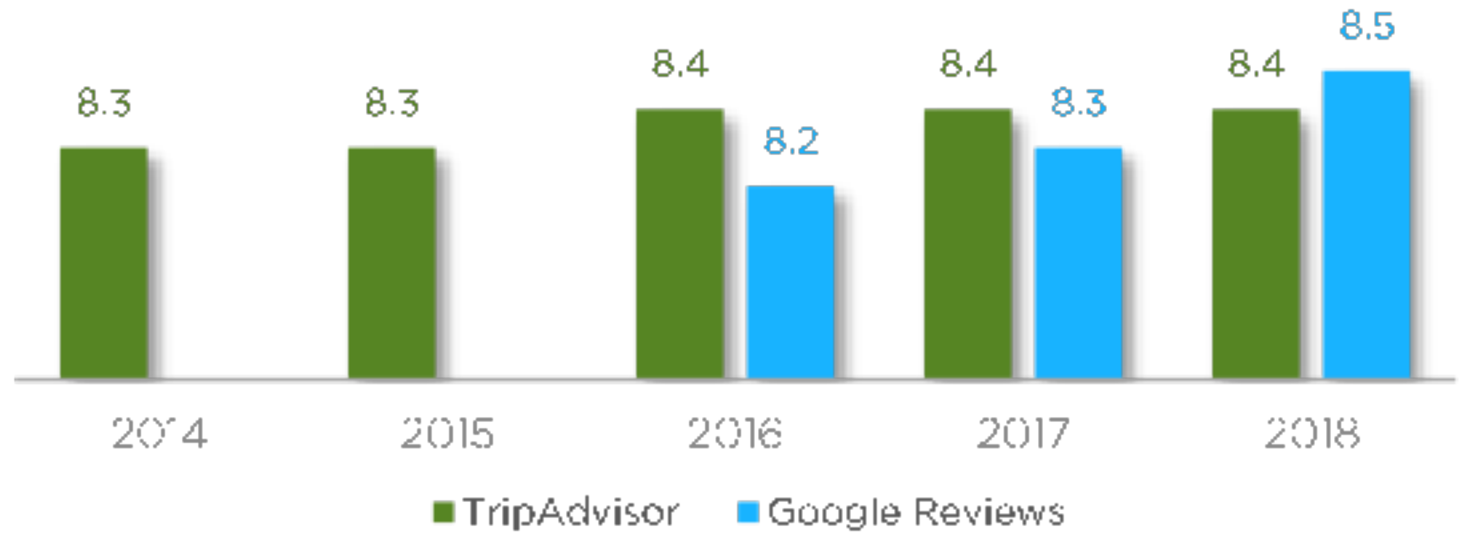
NH Logroño Herencia Rioja and NH Jolly Madison Towers in the BU of Spain. NHC Milano Porta Nuova, NH Pontevecchio, NHC Roma Centro, NH Bologna de la Gare and NH Napoli Ambassador in Italy. NH Schiphol and NHC Amsterdam Flower Market in Benelux and NH Berlin Alexanderplatz, NHC Frankfurt City, NHC München Bavaria and NH Vienna Airport, in Central Europe and NHC Bogotá WTC Royal and NH Buenos Aires Crillón in Latin America. The opportunity cost, as lower revenues due to the refurbishments was -€11,9m compared with 2017, mainly due to the refurbishments of hotels in New York, Germany, Italy and The Netherlands.

- **Brand:** NH had 350 hotels and 54,374 rooms as of 31st December 2018, of which 75 hotels and 11,821 rooms are NH Collection (22% of the portfolio), showing their potential both in prices (+43% higher price in 2018; ADR NH Collection €127 vs ADR NH €89) 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:** Higher relative RevPAR growth of +1.5 p.p. in the main cities compared to our competitors, through higher ADR (+1.0 p.p.) and occupancy (+0.5 p.p.):
  - Excellent growth in Italy, with a relative RevPAR of +5.4 p.p. on higher ADR and occupancy, driven by the favourable performance of Rome.
  - Spain: +1.4 p.p. relative RevPAR on higher ADR and occupancy.
  - Good results in Benelux, with a +1.3 p.p. increase in relative RevPAR due to higher occupancy.
  - Central Europe: +0.3 p.p. variation in relative RevPAR on higher ADR with the main cities showing a positive trend.

2018	ADR % var.		"Relative" ADR	"Relative" Occupancy	RevPAR % var.		"Relative" RevPAR
	NH	Compset	Var.	Var.	NH	Compset	Var.
Total NH	**3.2%**	**2.2%**	**1.0 p.p.**	**0.5 p.p.**	**6.1%**	**4.5%**	**1.5 p.p.**
Spain	1.0%	-0.2%	1.1 p.p.	0.3 p.p.	4.4%	2.9%	1.4 p.p.
Italy	4.5%	1.0%	3.5 p.p.	1.8 p.p.	7.6%	2.2%	5.4 p.p.
Benelux	3.5%	4.6%	-1.2 p.p.	2.4 p.p.	8.2%	7.0%	1.3 p.p.
Central Europe	4.7%	2.8%	1.9 p.p.	-1.6 p.p.	5.5%	5.1%	0.3 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 net post-tax cash of c.€122m. Taxes have been paid during the course of 2018.
  - In addition, 5 hotels were signed throughout 2018, 2 leased (Hannover and Hamburg) and 3 managed (Oporto, La Habana and Guadalajara) with a total of 580 rooms. 4 of the signings are under NH brand and 1 under NH Collection.

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Q4 RevPAR evolution (1):

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

NH HOTEL GROUP REVPAR Q4 2018/2017

	AVERAGE ROOMS		OCCUPANCY %			ADR			REVPAR		
	2018	2017	2018	2017	% Var	2018	2017	% Var	2018	2017	% Var
Spain & Others LFL & R (2)	11,052	11,215	76.1%	71.1%	7.0%	96.6	92.7	4.2%	73.5	65.9	11.5%
B.U. Spain Consolidated (2)	11,422	11,736	75.8%	70.5%	7.4%	96.9	92.3	5.1%	73.5	65.1	12.9%
Italy LFL & R	7,181	7,182	69.5%	67.5%	2.9%	113.5	110.8	2.5%	78.9	74.8	5.5%
B.U. Italy Consolidated	7,325	7,182	69.0%	67.5%	2.1%	114.2	110.8	3.0%	78.7	74.8	5.2%
Benelux LFL & R	8,214	8,209	71.9%	69.6%	3.3%	117.5	115.1	2.1%	84.5	80.1	5.5%
B.U. Benelux Consolidated	8,979	8,455	71.7%	69.3%	3.3%	117.5	114.5	2.6%	84.2	79.4	6.0%
Central Europe LFL & R	11,792	11,851	76.0%	72.9%	4.4%	92.9	89.2	4.2%	70.7	65.0	8.8%
B.U. Central Europe Consolidated	12,258	12,088	75.7%	72.7%	4.1%	92.9	88.8	4.6%	70.3	64.6	8.8%
Total Europe LFL & R	38,239	38,457	74.0%	70.7%	4.7%	102.8	99.5	3.3%	76.0	70.3	8.1%
Total Europe Consolidated	39,984	39,462	73.6%	70.4%	4.5%	103.1	99.1	4.1%	75.9	69.8	8.7%
Latinamerica LFL & R	5,236	5,236	69.7%	64.6%	7.9%	81.0	75.6	7.1%	56.4	48.8	15.6%
Latinamerica Consolidated	5,566	5,425	68.9%	63.7%	8.2%	79.6	75.7	5.2%	54.8	48.2	13.8%
NH Hotels LFL & R	43,475	43,693	73.4%	69.9%	5.0%	100.3	96.9	3.5%	73.7	67.7	8.7%
Total NH Consolidated	45,550	44,887	73.0%	69.6%	4.9%	100.4	96.5	4.0%	73.3	67.2	9.1%

(1) Does not include IAS 29 impact

(2) Includes France and NY

- **RevPAR increase of +9.1%** through a **combined growth strategy of ADR** (+4.0%: +€3.9) **and occupancy** (+4.9%). Outstanding RevPAR growth in Spain (+12.9%) and Central Europe (+8.8%).

- Remarkable **RevPAR growth** in:

  - **Spain:** +12.9% due to an increase in prices of +5.1% and activity of +7.4%, positively impacted by the fairs calendar in Madrid (+16%) and better comparison in Barcelona (+20%).
  - **Italy**: +5.2% explained by a higher level of prices (+3.0%), excellent evolution of Rome (+11%) and secondary cities (+5%). Milan (+0%) was affected by a worse calendar of fairs in Q4.
  - **Benelux**: +6.0% explained by Brussels (+14%, on higher occupancy), Dutch secondary cities (+8%) and Amsterdam (+4%).
  - **Central Europe**: +8.8% with higher level of prices (+4.6%) and activity (+4.1%), helped by a better trade fair calendar. Excellent LFL performance of Munich (+30%), Berlin (+13%), and Austria (+23%).
  - **LatAm**: +13.8% with an increase in ADR of +5.2% and occupancy (+8.2%), highlighting the good LFL performance of Buenos Aires (+34%) and Bogota (+29%).

- With regard to the Group's **activity level** in the fourth quarter, occupancy increased **+4.9% (+3.4 p.p.)**, with growth in all regions, highlighting LatAm (+8.2%, +5.2 p.p.) due to the strong performance of Bogotá and Spain (+7.4%; +5.3 p.p.) driven by the improved comparison of Barcelona and good performance of Madrid.

INVESTOR RELATIONS
investor.relations@nh-hotels.com
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12-month RevPAR evolution (1):

- **+3.8% increase in RevPAR** with a **61% contribution from prices** (ADR +2.3%; +€2.2) and a +1.5% boost in occupancy to 72.0%. RevPAR growth in all regions except LatAm (negatively impacted by currency) highlighting Benelux (+7.0%), Italy (+4.9%), and Central Europe (+4.5%). RevPAR in Spain increased by +2.0% (+2.5% excluding Barcelona).
- Growth in occupancy across all regions, highlighting Benelux (+3.1%) driven by strong the performance of Brussels.

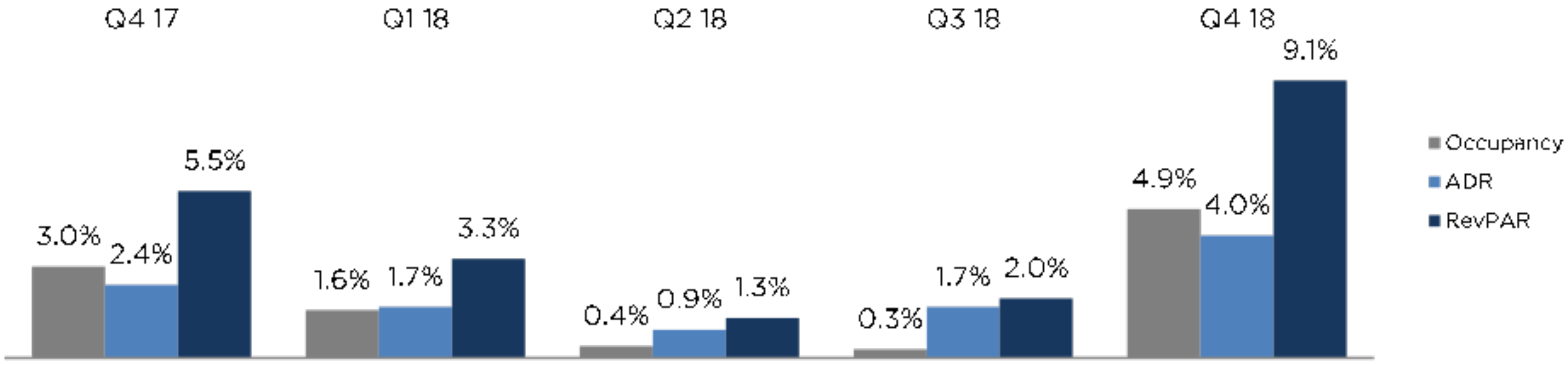
NH HOTEL GROUP REVPAR 12M 2018/2017

	AVERAGE ROOMS		OCCUPANCY %			ADR			REVPAR		
	2018	2017	2018	2017	% Var	2018	2017	% Var	2018	2017	% Var
Spain & Others LFL & R (2)	11,032	11,252	74.8%	73.3%	2.0%	94.4	94.2	0.3%	70.7	69.1	2.3%
B.U. Spain Consolidated (2)	11,558	11,741	74.5%	73.9%	0.8%	94.4	93.3	1.2%	70.3	69.0	2.0%
Italy LFL & R	7,160	7,163	70.3%	69.0%	1.8%	119.0	115.6	3.0%	83.7	79.8	4.9%
B.U. Italy Consolidated	7,258	7,163	70.1%	69.0%	1.5%	119.5	115.6	3.4%	83.7	79.8	4.9%
Benelux LFL & R	8,213	8,202	72.8%	70.5%	3.3%	111.7	107.4	4.0%	81.3	75.7	7.4%
B.U. Benelux Consolidated	8,901	8,360	72.5%	70.4%	3.1%	111.0	106.9	3.8%	80.5	75.3	7.0%
Central Europe LFL & R	11,865	11,721	74.5%	73.6%	1.3%	89.1	86.6	2.9%	66.4	63.7	4.2%
B.U. Central Europe Consolidated	12,111	11,958	74.5%	73.5%	1.4%	88.9	86.2	3.1%	66.2	63.3	4.5%
Total Europe LFL & R	38,269	38,338	73.5%	72.0%	2.0%	100.8	98.4	2.4%	74.1	70.9	4.5%
Total Europe Consolidated	39,828	39,222	73.3%	72.1%	1.5%	100.7	97.8	3.0%	73.8	70.6	4.6%
Latinamerica LFL & R	5,236	5,226	63.6%	63.1%	0.7%	74.4	76.7	-3.0%	47.3	48.4	-2.3%
Latinamerica Consolidated	5,545	5,386	62.6%	62.0%	1.0%	73.6	76.8	-4.1%	46.1	47.6	-3.1%
NH Hotels LFL & R	43,505	43,564	72.3%	70.9%	1.9%	98.0	96.1	2.0%	70.8	68.2	3.9%
Total NH Consolidated	45,373	44,608	72.0%	70.9%	1.5%	97.9	95.6	2.3%	70.4	67.8	3.8%

(1) Does not include IAS 29 impact

(2) Includes France and NY

Evolution of Consolidated Ratios by quarter:



Consolidated Ratios	Occupancy					ADR					RevPAR				
% Var	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18
Spain (2)	3.0%	1.2%	-0.4%	-1.6%	7.4%	5.7%	4.8%	-2.6%	-3.8%	5.1%	8.9%	6.1%	-3.0%	-5.3%	12.9%
Italy	2.6%	3.2%	0.3%	0.6%	2.1%	7.5%	6.5%	2.4%	2.9%	3.0%	10.3%	9.9%	2.8%	3.5%	5.2%
Benelux	5.6%	2.6%	2.2%	3.2%	3.3%	5.4%	6.4%	4.2%	2.5%	2.6%	11.3%	9.1%	6.5%	5.7%	6.0%
Central Europe	1.8%	2.1%	-0.2%	1.0%	4.1%	-2.9%	-2.6%	2.9%	5.7%	4.6%	-1.2%	-0.6%	2.7%	6.7%	8.8%
TOTAL EUROPE	3.1%	2.0%	0.3%	0.6%	4.5%	3.4%	3.4%	1.7%	1.8%	4.1%	6.6%	5.5%	2.0%	2.4%	8.7%
Latin America real exc. rate	2.8%	-1.9%	0.0%	-2.2%	8.2%	-5.9%	-13.1%	-8.1%	-1.1%	5.2%	-3.3%	-14.8%	-7.9%	-3.1%	13.8%
NH HOTEL GROUP	3.0%	1.6%	0.4%	0.3%	4.9%	2.4%	1.7%	0.9%	1.7%	4.0%	5.5%	3.3%	1.3%	2.0%	9.1%

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RECURRING HOTEL ACTIVITY *								
(€ million)	**2018 Q4**	**2017 Q4[3]**	**DIFF. 18/17**	**%DIFF.**	**2018 12M**	**2017 12M[3]**	**DIFF. 18/17**	**%DIFF.**
SPAIN [1]	111.3	102.7	8.6	8.3%	414.9	409.7	5.2	1.3%
ITALY	71.3	68.0	3.3	4.9%	288.4	277.3	11.1	4.0%
BENELUX	89.1	86.2	2.9	3.4%	347.3	327.7	19.6	6.0%
CENTRAL EUROPE	98.8	95.4	3.4	3.5%	382.3	369.3	13.0	3.5%
AMERICA	41.1	35.8	5.2	14.6%	126.2	135.7	(9.5)	(7.0%)
TOTAL RECURRING REVENUE LFL&R	**411.6**	**388.1**	**23.4**	**6.0%**	**1,559.1**	**1,519.7**	**39.4**	**2.6%**
OPENINGS, CLOSINGS & OTHERS	**18.3**	**8.9**	**9.4**	**106.1%**	**60.7**	**33.0**	**27.7**	**83.9%**
RECURRING REVENUES	**429.9**	**397.0**	**32.9**	**8.3%**	**1,619.8**	**1,552.7**	**67.1**	**4.3%**
SPAIN [1]	67.8	65.5	2.3	3.5%	257.6	258.8	(1.2)	(0.5%)
ITALY	44.5	43.1	1.4	3.2%	175.1	173.6	1.5	0.9%
BENELUX	54.8	54.1	0.7	1.3%	217.3	210.6	6.6	3.2%
CENTRAL EUROPE	62.0	60.7	1.3	2.1%	246.1	240.1	6.0	2.5%
AMERICA	26.9	24.5	2.4	9.9%	87.0	96.9	(9.9)	(10.2%)
RECURRING OPEX LFL&R	**256.0**	**247.9**	**8.1**	**3.3%**	**983.1**	**980.0**	**3.1**	**0.3%**
OPENINGS, CLOSINGS & OTHERS	**12.0**	**6.7**	**5.3**	**78.5%**	**41.1**	**23.9**	**17.2**	**72.1%**
RECURRING OPERATING EXPENSES [2]	**268.0**	**254.6**	**13.3**	**5.2%**	**1,024.2**	**1,003.9**	**20.3**	**2.0%**
SPAIN [1]	43.5	37.2	6.3	16.9%	157.3	150.8	6.4	4.3%
ITALY	26.8	24.9	1.9	7.8%	113.3	103.7	9.6	9.3%
BENELUX	34.3	32.1	2.2	7.0%	130.1	117.1	12.9	11.1%
CENTRAL EUROPE	36.8	34.7	2.1	6.0%	136.2	129.2	7.0	5.4%
AMERICA	14.1	11.3	2.8	24.8%	39.2	38.8	0.4	0.9%
RECURRING GOP LFL&R	**155.5**	**140.2**	**15.4**	**11.0%**	**576.1**	**539.7**	**36.4**	**6.7%**
OPENINGS, CLOSINGS & OTHERS	**6.4**	**2.2**	**4.2**	**190.4%**	**19.6**	**9.1**	**10.5**	**114.8%**
RECURRING GOP	**161.9**	**142.4**	**19.5**	**13.7%**	**595.6**	**548.8**	**46.8**	**8.5%**
SPAIN [1]	23.2	22.7	0.4	1.9%	91.5	90.1	1.5	1.7%
ITALY	12.8	13.3	(0.5)	(3.8%)	51.0	51.1	(0.1)	(0.1%)
BENELUX	14.3	12.0	2.3	19.3%	57.8	50.6	7.2	14.3%
CENTRAL EUROPE	26.3	26.2	0.1	0.5%	105.3	103.0	2.3	2.2%
AMERICA	3.4	3.3	0.1	2.0%	12.4	13.1	(0.7)	(5.5%)
RECURRING LEASES&PT LFL&R	**79.9**	**77.5**	**2.4**	**3.1%**	**318.0**	**307.8**	**10.2**	**3.3%**
OPENINGS, CLOSINGS & OTHERS	**4.1**	**2.2**	**1.9**	**88.2%**	**14.4**	**7.9**	**6.5**	**82.0%**
RECURRING RENTS AND PROPERTY TAXES	**84.0**	**79.7**	**4.4**	**5.5%**	**332.4**	**315.7**	**16.7**	**5.3%**
SPAIN [1]	20.3	14.5	5.9	40.5%	65.7	60.8	4.9	8.1%
ITALY	14.0	11.6	2.5	21.2%	62.3	52.7	9.7	18.4%
BENELUX	20.0	20.1	(0.1)	(0.4%)	72.3	66.5	5.7	8.6%
CENTRAL EUROPE	10.5	8.6	1.9	22.7%	30.9	26.1	4.7	18.2%
AMERICA	10.8	8.0	2.7	34.2%	26.8	25.7	1.1	4.1%
RECURRING EBITDA LFL&R	**75.7**	**62.7**	**12.9**	**20.6%**	**258.1**	**231.9**	**26.2**	**11.3%**
OPENINGS, CLOSINGS & OTHERS	**2.2**	**(0.0)**	**2.2**	**N/A**	**5.2**	**1.2**	**4.0**	**N/A**
RECURRING EBITDA EX. ONEROUS PROVISION	**77.9**	**62.7**	**15.2**	**24.2%**	**263.2**	**233.1**	**30.1**	**12.9%**

[*] Business performance figures include the IAS 29 accounting standard on financial reporting in hyperinflationary economies

[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

[3] From Q2 2018, rebates from procurement have been reclassified as less cost of procurement instead of an income in the total revenue figure (Q1 2018 and 2017 figures also reclassified for comparison purposes)

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Recurring Results by Business Unit (LFL&R basis)

Spain B.U. (*):

- Q4: +11.5% increase in RevPAR in the fourth quarter, mainly explained by the better comparison over the same period of 2017 in Barcelona and the good performance of Madrid, partly explained by better calendar of events and congresses in the quarter.
- 12M: +2.3% RevPAR increase (+3.0% excluding Barcelona) despite the difficult comparison with the previous year. ADR grew +0.3% and occupancy +2.0%. It is noteworthy the LFL RevPAR evolution of Madrid (+3.9%) and secondary cities (+4.2%). The evolution of Barcelona is normalised in the last quarter of the year.
    - LFL revenue showed positive growth of +2.7% (+3.1% excluding Barcelona) despite the excellent performance of 2017 (+10% LFL revenue) and the evolution of Barcelona (+0.2%). Madrid grew +3.9% despite the strong fair calendar in 2017. Including refurbishments, revenue grew +1.3% affected by New York (-€8.4m). Excluding said refurbishment, revenue rose +3.4%.
    - Operating expenses remained stable at -0.5% (-€1.2m) in the year.
    - GOP reached €157.3m, rising +4.3% (+€6.4m), while lease payments rose +€1.5m (+1.7%).
    - As a result, in 2018 EBITDA increased +8.1% (+€4.9m) to €65.7m, with a margin at 15% (+0.1 p.p.).

(*) Includes the New York hotel and France

Italy B.U.:

- Q4: +5.5% RevPAR growth in the quarter with an increase of +2.5% in prices and +2.9% in occupancy, reaching a revenue growth of +4.9%, despite being a quarter in which Milan was negatively affected by the fairs calendar.
- 12M: 4.9% RevPAR growth in the year with ADR +3.0% (+€3.5) and occupancy +1.8%. Outstanding performance of RevPAR LFL in Rome (+10.1%), secondary cities (+4.8%), and Milan (+3.4).
    - This allows for LFL revenue growth of +4.2% with a strong performance in Rome (+10.0%). Solid growth in Milan (+3.7%; despite the negative calendar of fairs in the second half of the year) and in secondary cities (+3.5%). Including the -€2.0m opportunity cost of three hotels being refurbished, LFL&R revenue growth was +4.0% (+€11.1m).
    - Operating expenses grew by +0.9% in the year and GOP by +9.3% (+€9.6m) to €113.3m.
    - Thus, EBITDA in 2018 improved +€9.7m (+18.4%) to €62.3m with a margin increase of +2.6 p.p. to 21.6%.

Benelux B.U.:

- Q4: +5.5 RevPAR growth in Q4 with an increase in prices of +2.1% and +3.3% in occupancy (continued recovery of Brussels and increased demand for Conference Centres in the Netherlands and in secondary cities). Revenues grew +3.4% due to the excellent performance of Brussels and secondary cities. Amsterdam grew +2.7%.
- 12M: excellent RevPAR growth of +7.4% with an increase of +4.0% in prices and +3.3% in occupancy. It is worth noting the RevPAR LFL growth of Brussels (+14.3%, 76% on higher occupancy), Dutch secondary cities (+8.0%) and Amsterdam (+6.3%).
    - This led to a strong LFL&R revenue growth of +6.0% (+€19.6m), given the positive performance of Brussels (+12.4%), Amsterdam (+5.9%) and secondary cities (+5.0%).
    - Operating expenses in 2018 increased +3.2% (+€6.6m) on higher activity levels.

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- With all this, GOP for the year grew +11.1% (+€12.9m). Leases rose +€7.2m (+14.3%) explained by the leaseback of the hotel sold in Amsterdam early in the year.
- Thus, EBITDA climbed +8.6% (+€5.7m) to €72.3m, representing a margin of 20.8% (+0.5 p.p.).

Central Europe B.U.:

- Q4: +8.8% RevPAR growth in the quarter with an increase of +4.2% in prices and +4.4% in occupancy to 76.0%. Strong LFL revenue growth in the quarter (+3.6%) due to a slightly favourable calendar of fairs. Including the hotels refurbished in 2017 and the opportunity cost of -€1.9m for one hotel under refurbishment in 2018, revenue rose +3.5% (+€3.4m) in LFL&R.
- 12M: +4.2% RevPAR growth in the year with ADR +2.9% (68% weight) and occupancy +1.3%. Good performance in key cities: Munich +18.8%, Berlin +13.1% and Frankfurt +5.5%.
  - LFL&R revenue grew +3.5% (+€13.0m) on a slightly favourable calendar of fairs and despite the -€6.4m opportunity cost to refurbish three hotels during the year.
  - Operating expenses rose +2.5% in the year (+€6.0m), in part due to the higher cost of the hotels refurbished in 2017. GOP grew +5.4% (+€7.0m) to €136.2m.
  - In 2018, EBITDA rose +18.2% (+€4.7m) to €30.9m.

Americas B.U. (1):

- Q4: +15.6% RevPAR growth in the fourth quarter with an increase of +7.1% in prices and +7.9% in occupancy. Significant RevPAR increases in Argentina (+25%) and Colombia (+20%). At constant exchange rates, the growth of the BU LFL&R revenue is +19.3% in the quarter, and at real exchange rates revenue rose by +14.6%.
- 12M: -2.3% decline in RevPAR in the year, due entirely to negative currency evolution with no impact on EBITDA:
  - By region, Mexico shows revenue growth of +6.4% in local currency. Taking currency evolution into account (-6%), revenue remained stable at real exchange rates.
  - In Argentina, revenue doubled at constant rates, due primarily to a hike in average prices resulting from hyperinflation. Including the negative currency impact (-90%), reported revenue is -6.9%.
  - At Hoteles Royal, revenue fell -0.9% in local currency and, including the -3% currency devaluation, revenue fell -4.2%.

(1) Includes IAS 29 impact in Argentina

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Consolidated Income Statement

NH HOTEL GROUP P&L ACCOUNT (1)									
(€ million)	Q4 2018	Q4 2017 (4)	Var.		12M 2018	12M 2017 (4)	Var.		12M 2018 w/o IAS 29 (5)
	€m.	€m.	€m.	%	€m.	€m.	€m.	%	
TOTAL REVENUES	**429.9**	**397.0**	**32.9**	**8.3%**	**1,619.8**	**1,552.7**	**67.1**	**4.3%**	**1,623.5**
Staff Cost	(140.6)	(135.2)	(5.3)	3.9%	(540.7)	(531.4)	(9.3)	1.7%	
Operating expenses	(127.4)	(119.4)	(8.0)	6.7%	(483.5)	(472.5)	(11.0)	2.3%	
GROSS OPERATING PROFIT	**161.9**	**142.4**	**19.5**	**13.7%**	**595.6**	**548.8**	**46.8**	**8.5%**	
Lease payments and property taxes	(84.0)	(79.7)	(4.4)	5.5%	(332.4)	(315.7)	(16.7)	5.3%	
EBITDA BEFORE ONEROUS	**77.9**	**62.7**	**15.2**	**24.2%**	**263.2**	**233.1**	**30.1**	**12.9%**	**264.8**
Margin % of Revenues	18.1%	15.8%		2.3 p.p.	16.3%	15.0%		1.2 p.p.	16.3%
Onerous contract reversal provision	0.5	1.2	(0.7)	(59.5%)	2.3	4.2	(1.9)	(44.8%)	
EBITDA AFTER ONEROUS	**78.3**	**63.9**	**14.5**	**22.7%**	**265.6**	**237.3**	**28.2**	**11.9%**	
Depreciation	(29.5)	(30.5)	0.9	(3.0%)	(112.6)	(111.4)	(1.2)	1.1%	
EBIT	**48.8**	**33.4**	**15.4**	**46.0%**	**152.9**	**125.9**	**27.0**	**21.5%**	
Interest expense	(8.2)	(16.5)	8.3	(50.5%)	(34.2)	(58.0)	23.8	(41.1%)	
IAS 29	9.2	0.0	9.2	N/A	25.7	0.0	25.7	N/A	
Income from minority equity interests	(0.2)	(0.4)	0.1	(33.3%)	(0.5)	(0.3)	(0.2)	43.3%	
EBT	**49.6**	**16.5**	**33.1**	**N/A**	**143.9**	**67.5**	**76.4**	**113.2%**	
Corporate income tax	(18.6)	(7.8)	(10.9)	139.3%	(51.3)	(29.0)	(22.3)	76.8%	
NET INCOME before minorities	**31.0**	**8.7**	**22.2**	**N/A**	**92.6**	**38.5**	**54.1**	**140.6%**	
Minority interests	(2.8)	(1.0)	(1.7)	166.7%	(6.7)	(3.7)	(3.0)	80.8%	
NET RECURRING INCOME	**28.2**	**7.7**	**20.5**	**N/A**	**85.9**	**34.8**	**51.1**	**147.0%**	**72.4**
Non Recurring EBITDA (2)	(12.7)	10.0	(22.7)	N/A	88.8	18.8	70.0	N/A	
Other Non Recurring items (3)	(4.3)	(6.7)	2.3	N/A	(56.9)	(18.1)	(38.8)	N/A	
NET INCOME including Non-Recurring	**11.1**	**11.0**	**0.1**	**1.0%**	**117.8**	**35.5**	**82.3**	**N/A**	**104.3**

(1) Includes hyperinflation accounting effect (IAS 29) unless explicit indication
(2) Includes gross capital gains from asset rotation
(3) Includes taxes from asset rotation
(4) From Q2 2018, rebates from procurement have been reclassified as less cost of procurement instead of an income in the total revenue figure (Q1 2018 and 2017 figures also reclassified for comparison purposes)
(5) Excludes the application of accounting standard on hyperinflation (IAS 29) in Argentina since January 1, 2018

2018 Comments:

- **Revenue growth of +4.6%** (+6.7% at constant rates) **reaching €1.623.5m** (+€70.8m) in the year, despite 2018 refurbishments (-€12m) and negative currency impacts (-€37m).
  - In the like-for-like ("LFL") perimeter, excluding refurbishments and perimeter changes, revenue grew +3.0% (+5.6% at constant rates):
    - Strong evolution in Europe with growth of +4.9%. It is worth noting the positive performance of Benelux (+6.5%), Italy (+4.2%) and Central Europe (+3.2%). Spain (+2.7%), despite significant LFL growth in 2017 (+10%) and the situation in Barcelona.
    - Latin America was negatively impacted by currency (+18.7% at constant rates).
  - **Including the accounting impact of hyperinflation (IAS 29) revenue growth was 4.3%.**

- **Evolution of costs**: cost controls in the year despite higher occupancy (+1.5%).
  - **Personnel costs** rose +1.7% (-€9.3m). The effect of perimeter changes (openings and closings) explains entirely the increase.

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- **Other direct operating costs** rose +2.3% (-€11.0m), also due to perimeter changes.

➢ **GOP Improvement of +€46.8m (+8.5%).** The margin on revenues improved +1.4 p.p. in the year, reaching 36.8% with a conversion rate of 70%.

➢ **Leases and property taxes** climbed -€16.7m (+5.3%) partly explained by the leaseback of the hotel sold in Amsterdam early in the year. As a whole, perimeter changes (openings and closings) and the hotels refurbished in 2017 and 2018 account for 50% of the total increase. In addition, variable components of contracts account for 36% of the variation.

➢ Revenue growth and cost controls allowed to close the year with recurring EBITDA[1] **growth of +14%, reaching €264.8m**, which represents an increase of **+€31.7m and a margin of 16.3%** (+1.3 p.p.). **The conversion rate of incremental revenue to EBITDA is 45%.** Excluding perimeter changes and the conversion rate, LFL reached 61%.

- **Including the accounting impact of hyperinflation (IAS 29), recurring EBITDA reached €263.2m** (+€30.1m; +12.9%).

➢ **Depreciations**: -€1.2m increase due to the impact of repositioning investments in 2017 and 2018.

➢ **Financial Costs:** -€23.8m reduction mainly explained by:

- Debt interest savings of +€20.3m, due to: +€16.9m from the refinancing and early repayment of the 2019 Bond, +€6.4m from early redemption of the Convertible Bond, and -€2.8m for the repurchase premium and arranging expenses right off due to early partial repayment of the 2023 Bond.
- Income net of interest (+€1.0m).
- Financial income from exchange rate fluctuations from the dollarization of cash balances in Argentina (+€1.8m).

➢ The application of IAS 29 generated financial income from the appreciation of assets in Argentina of + €25.7m.

➢ **Corporate tax**: the higher amount of Corporate Tax (-€22.3m) is largely due to the improved performance of EBT (explaining 50% of the increase), and the tax holding provision related to the application IAS 29 (50%).

➢ **Recurring Net Income doubled compared to 2017** (+€37.6m, and higher than EBITDA growth), **reaching €72.4m in 2018** on business improvements and lower financial costs.

- **Recurring Net Income including the accounting effect of hyperinflation (IAS 29) reached €85.9m** due to the revaluation of fixed assets in Argentina.

➢ **Total Net Income reached €104.3m**, exceeding the total in 2017 by +€68.8m. The comparison is affected by higher net gains from asset rotation.

- **Total Net Income including the accounting effect of hyperinflation (IAS 29) is €117.8m.**

Q4 2018 Comments [1]:

➢ **Revenue growth of +7.4%** (+8.7% at constant rates) **reaching €426.5m** (+€29.5m) in the year, despite 2018 refurbishments.

- In the like-for-like ("LFL") perimeter, excluding refurbishments and perimeter changes, revenue grew +6.6% (+7.0% at constant rates):

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  - Solid performance in Europe with growth of +5.6% on strong performance of Spain (+8.9%) with a better comparison in Barcelona and the better calendar of congresses and events in Madrid and Benelux (+5.0%). Italy grew +3.8% and Central Europe by +3.6%.
  - Latin America negatively affected by currency (+19.5% at constant rates).
- Including IAS 29, revenue was €429.9m (+8.3%).

➢ Revenue growth and cost controls helped to present a **recurring EBITDA growth of 23.4%, reaching €77.4m**, which represents an increase of +€14.7m and a **margin of 18.1%** (+2.4 p.p.).
- Including IAS 29, recurring EBITDA is €77.9m.

➢ **Significant increase in Recurring Net Income of +€15.2m** (exceeding EBITDA growth), on good performance of the business in the quarter and lower financial costs.
- Recurring Net Income including IAS 29 reached €28.2m due to the revaluation of fixed assets in Argentina.

➢ **Total Net Income reached €4.5m,** negatively affected in the fourth quarter by business provisions, allowances and depreciation accelerated due to refurbishments.
- Total Net Income including IAS 29 reached €11.1m.

(1) Does not include IAS 29 impact

Financial Debt and Liquidity

As of 31/12/2018 Data in Euro million	Maximum Available	Availability	Drawn	Repayment schedule 2019	2020	2021	2022	2023	2024	2025	2026	Rest
Senior Credit Facilities												
Senior Secured Notes due 2023	356.9	-	356.9	-	-	-	-	356.9	-	-	-	-
Senior Secured RCF due in 2021	250.0	250.0	-	-	-	-	-	-	-	-	-	-
Total debt secured by the same Collateral	**606.9**	**250.0**	**356.9**	**0.0**	**0.0**	**0.0**	**0.0**	**356.9**	**0.0**	**0.0**	**0.0**	**0.0**
Other Secured loans (1)	31.7	-	31.7	2.7	2.6	2.5	2.1	6.0	1.3	0.9	0.7	12.8
Total secured debt	**638.5**	**250.0**	**388.5**	**2.7**	**2.6**	**2.5**	**2.1**	**362.9**	**1.3**	**0.9**	**0.7**	**12.8**
Unsecured loans (2)	46.2	38.2	8.0	2.3	0.26	-	-	5.5	-	-	-	-
Unsecured credit lines	62.2	62.2	0.01	0.01								
Subordinated loans	40.0	-	40.0	-	-	-	-	-	-	-	-	40.0
Total unsecured debt	**148.4**	**100.4**	**48.0**	**2.3**	**0.3**	**0.0**	**0.0**	**5.5**	**0.0**	**0.0**	**0.0**	**40.0**
Total Gross Debt	**786.9**	**350.4**	**436.6**	**5.0**	**2.8**	**2.5**	**2.1**	**368.4**	**1.3**	**0.9**	**0.7**	**52.8**
Cash and cash equivalents (3)			**(265.9)**									
Net debt			**170.7**									
Arranging expenses			(13.5)	(2.9)	(2.9)	(2.9)	(2.5)	(2.0)	(0.03)	(0.03)	(0.03)	(0.3)
Accrued interests			4.1	4.1								
IFRS 9 (4)			(8.2)	(1.3)	(1.4)	(1.5)	(1.7)	(1.4)	(0.1)	(0.1)	(0.1)	(0.6)
Total adjusted net debt			**153.0**									

(1) Bilateral mortgage loans.

(2) Comprises debt with amortization schedules. The undrawn amount is related to the loan for NY capex with availability period until 25/07/2020.

(3) Does not include treasury stock. As of 31/12/2018 the Group had 600,000 own shares with €2.4m€ market value as of 31/12/2018 (€4.056/share).

(4) IFRS 9 – The new IFRS 9 related to the accounting treatment of financial assets and liabilities with implementation on 1 January 2018. The application of the new accounting rule as a result of improved terms and conditions of the 2017 refinancing, compared to former conditions, results in an impact on NH Hotel Group (accounted within reserves, according to the rule) of less debt for €8.6m as of 1 January 2018 (€8.2m as of 31 December 2018 due to financial expense accounted in 2018 and the positive impact of the refinancing of a mortgage loan in Chile with better terms and conditions than before).

➢ **Reduction in net financial debt to -€171m compared to -€655m at 31 December 2017**, following the early redemption of the Convertible Bond (€250m) in June 2018, the early voluntary partial redemption of the 2023 Bond (€40m) in December 2018, the **favourable operating cash flow generation** and the asset rotation activity.

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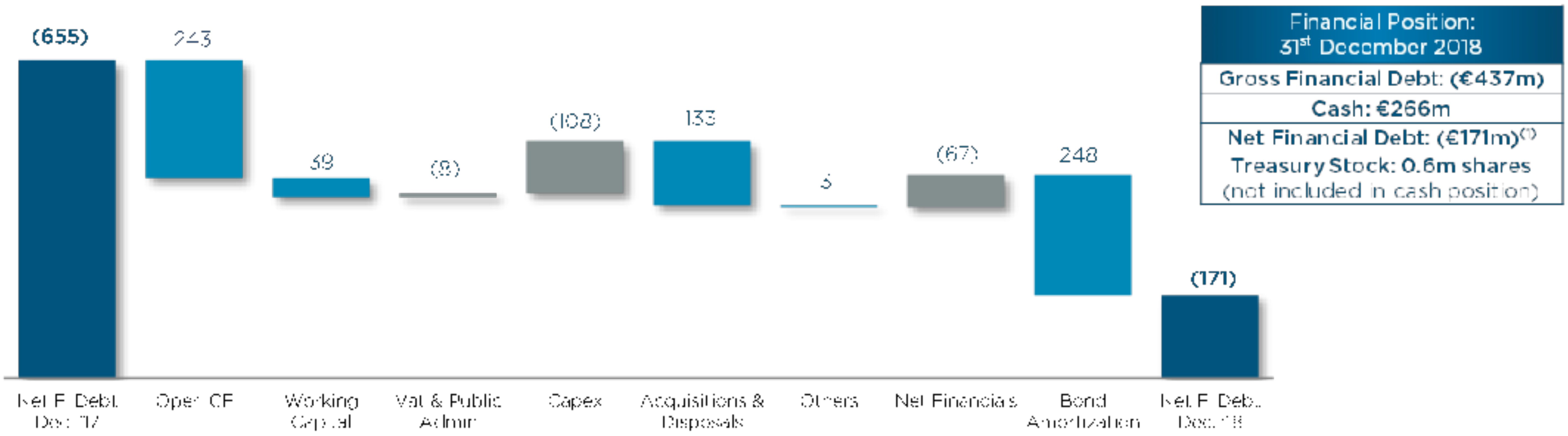
- Strong cash position: €266m
- A Net Financial Debt / Recurring EBITDA ratio(2) of 0.6x (5.6x in 2015) was achieved, exceeding the revised target (0.8x-1.0x) of the year

➢ At 31 December 2018, the Company had cash amounting to €266m and available credit facilities amounting to €312.2m (excluding the available portion is related to the loan for New York capex), of which €250m relate to the long-term syndicated credit facility with maturity at 29 September 2021.

2018 Net Financial Debt Evolution



(1) Net Financial Debt excluding accounting adjustments arrangement expenses €13.5m, accrued interest -€4.1m and (2) IFRS 9 adjustment €8.2m. Including these accounting adjustments, the Adj. NFD would be (€153m) at 31st December 2018 and (€637m) at 31st December 2017.

(2) The new IFRS 9 regulation about Accounting Treatment of Financial Assets and Liabilities has become enforceable on the 1st 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 January 2018 (€8.2m as of 31st December 2018 as per the financial expense).

Cash flow generation in the twelve months of the year:

- (+) Operating cash flow: +€243.2m, including -€17.4m of credit card expenses and taxes paid of -€29.2m (excluding -€32.4m from Barbizon income tax).
- (+) Working capital: solid recovery in accounts receivable together with a reduction in the average payment period.
- (-) Capex payments: -€107.8m deployed in 2018. Lower figure vs. 2018 guidance of c.€125m due to some calendar payments overflow to the beginning 2019 (c.-€25m).
- (+) Acquisitions and Disposals: mainly +€121.8m from the Barbizon sale and leaseback transaction in Q1, net of taxes (€32.4m paid in 2018). The remainder corresponds to other asset rotation transactions, 2 leased contracts restructuring (1 cancellation and 1 acquisition) and Hesperia net inflow after compensation.
- (+) Other: payment of legal provisions.
- (-) Net financial cash flows and dividends: -€66.6m including -€26.8m from net financial costs and -€39.8m from dividend payments (-€0.6m to minority shareholders).
- (+) Early redemption of the convertible bond (€250m) in June 2018. €1.7m paid in cash.

Appendix

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

Anexo I: 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 12 months of 2018.

In addition, the abridged consolidated financial statements as at 31 December 2018 are shown below which include the effects of the application of IAS 29 "Financial information in hyperinflaction economies " that concern the incorporation of the consolidated financial statements of the business unit of Argentina:

NH HOTEL GROUP, S.A. AND SUBSIDIARIES

ABRIDGED CONSOLIDATED BALANCESHEETS AT 31 DECEMBER 2018 AND 31 DECEMBER 2017

(Thousand Euros)

	12/31/2018	12/31/2017		12/31/2018	12/31/2017
NON-CURRENT ASSETS:			**EQUITY:**		
Goodwill	109,432	111,684	Share capital	784,361	700,544
Intangible assets	110,569	151,083	Reserves of the parent company	681,068	526,243
Property, plant and equipment	1,637,718	1,583,164	Reserves of fully consolidated companies	(44,723)	38,877
Investments accounted for using the equity method	8,971	9,419	Reserves of companies consolidated using the equity method	(23,436)	(23,087)
Non-current financial investments-	54,126	75,895	Other equity instruments	-	27,230
Loans and accounts receivable not available for trading	*42,598*	*65,154*	Exchange differences	(60,854)	(157,542)
Other non-current financial investments	*11,528*	*10,741*	Treasury shares and shareholdings	(2,530)	(39,250)
Deferred tax assets	138,724	137,996	Consolidated profit for the period	117,785	35,489
Other non-current assets	13,427	16,448	**Equity attributable to the shareholders of the Parent Company**	**1,451,671**	**1,108,504**
Total non-current assets	**2,072,967**	**2,085,689**	Non-controlling interests	52,351	43,472
			Total equity	**1,504,022**	**1,151,976**
			NON-CURRENT LIABILITIES		
			Debt instruments and other marketable securities	342,485	387,715
			Debts with credit institutions	71,473	71,246
			Other financial liabilities	1,762	12,481
			Other non-current liabilities	47,296	38,976
			Provisions for contingencies and charges	51,178	50,413
			Deferred tax liabilities	177,478	167,433
			Total non-current liabilities	**691,672**	**728,264**
CURRENT ASSETS:					
Non-current assets classified as held for sale	55,974	109,166	**CURRENT LIABILITIES:**		
Inventories	10,435	9,809	Liabilities associated with non-current assets classified as held for sale	2,456	2,377
Trade receivables	106,601	132,582	Debt instruments and other marketable securities	73	246,195
Non-trade receivables-	38,195	42,786	Debts with credit institutions	4,881	11,724
Tax receivables	*19,451*	*23,743*	Other financial liabilities	710	11,618
Other non-trade debtors	*18,744*	*19,043*	Trade and other payables	252,704	222,951
Accounts receivable with related entities	978	-	Tax payables	59,453	45,860
Cash and cash equivalents	265,869	80,249	Provisions for contingencies and charges	2,713	8,971
Other current assets	12,109	11,423	Other current liabilities	44,444	41,768
Total current assets	**490,161**	**386,015**	**Total current liabilities**	**367,434**	**591,464**
TOTAL ASSETS	**2,563,128**	**2,471,704**	**NET ASSETS AND LIABILITIES**	**2,563,128**	**2,471,704**

NH HOTEL GROUP, S.A. AND SUBSIDIARIES

CONSOLIDATED COMPREHENSIVE PROFIT AND LOSS STATEMENT AT 31 DECEMBER 2018 AND 31 DECEMBER 2017

(Thousands of euros)

	31/12/2018	31/12/2017
Revenues	1,613,388	1,546,086
Other operating income	6,132	11,101
Net gains on disposal of non-current assets	85,982	30,148
Procurements	(74,810)	(75,712)
Staff costs	(422,671)	(427,140)
Depreciation and amortisation charges	(116,301)	(123,085)
Net Profits/(Losses) from asset impairment	(304)	9,005
Other operating expenses	(852,924)	(815,011)
Variation in the provision for onerous contracts	*4,342*	*4,216*
Other operating expenses	*(857,266)*	*(819,227)*
Gains on financial assets and liabilities and other	(373)	(1,927)
Profit (Loss) from entities valued through the equity method	(499)	(349)
Financial income	6,039	2,995
Change in fair value of financial instruments	-	(7)
Financial expenses	(59,997)	(76,747)
Result from hiperinflaction (IAS 29)	25,674	
Net exchange differences (Income/(Expense))	1,054	(6,360)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	**210,390**	**72,997**
Income tax	(85,314)	(33,512)
PROFIT FOR THE PERIOD - CONTINUING	**125,076**	**39,485**
Profit (loss) for the year from discontinued operations net of tax	(568)	(278)
PROFIT FOR THE PERIOD	**124,508**	**39,207**
Exchange differences	(2,187)	(26,494)
Income and expenses recognised directly in equity	**(2,187)**	**(26,494)**
TOTAL COMPREHENSIVE PROFIT	**122,321**	**12,713**
Profit / (Loss) for the year attributable to:		
Parent Company Shareholders	*117,786*	*35,489*
Non-controlling interests	*6,722*	*3,718*
Non-controlling interests in discontinued operations	-	-
Comprehensive Profit / (Loss) attributable to:		
Parent Company Shareholders	*117,610*	*11,712*
Non-controlling interests	*4,709*	*1,001*
	0.32	**0.02**

NH HOTEL GROUP, S.A. AND SUBSIDIARIES

ABRIDGED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIOD ENDED

31 DECEMBER 2018 AND 31 DECEMBER 2017

(Thousands of euros)

	Equity attributed to the Parent Company							
	Own Funds							
	Share Capital	Issue premium and reserves	Treasury shares and shareholdings	Profit for the year attributable to the Parent Company	Other equity instruments	Valuation adjustments	Non-controlling interest	Total Equity
Ending 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
Aplication adjustment IAS29	-	(50,724)	-	-	-	-	**7,093**	(43,631)
Adjusted balance at 31/12/2017	**700,544**	**499,880**	**(39,250)**	**35,489**	**27,230**	**(157,542)**	**50,565**	**1,116,916**
Net profit (loss) for 2018	-	-	-	117,785	-	-	6,722	124,507
Exchange differences	-	-	-	-	-	(174)	(2,013)	(2,187)
Total recognised income / (expense)	-	-	-	**117,785**	-	**(174)**	**4,709**	**122,320**
Transactions with shareholders or owners	**83,817**	**118,049**	**36,720**	-	**(27,230)**	-	**(2,375)**	**208,981**
Distribution of dividends	-	(39,158)	-	-	-	-	(729)	(39,887)
Convertible Bonds	83,817	156,022	35,691	-	(27,230)	-	-	248,300
Remuneration Scheme in shares	-	1,185	1,029	-	-	-	-	2,214
Other changes in equity	-	**(5,020)**	-	**(35,489)**	-	-	**(548)**	**(41,057)**
Transfers between equity items	-	35,489	-	(35,489)	-	-	-	-
Aplication adjustment IAS29	-	(43,199)	-	-	-	-	(548)	(43,747)
Other changes	-	2,690	-	-	-	-	-	2,690
Ending balance at 31/12/2018	**784,361**	**612,909**	**(2,530)**	**117,785**	-	**(157,716)**	**52,351**	**1,407,160**

	Equity attributed to the Parent Company							
	Own Funds							
	Share Capital	Issue premium and reserves	Treasury shares and shareholdings	Profit for the year attributable to the Parent Company	Other equity instruments	Valuation adjustments	Non-controlling interest	Total Equity
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	-	-	-	-	-	-	-	-
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**

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

NH HOTEL GROUP, S.A. AND SUBSIDIARIES

ABRIDGED CONSOLIDATED CASH FLOW STATEMENTS PRODUCED IN THE PERIOD ENDED 31 DECEMBER 2018 AND 2017
(Thousands of euros)

	31.12.2018	31.12.2017
1. OPERATING ACTIVITIES		
Consolidated profit (loss) before tax:	**210,389**	**72,997**
Adjustments:		
Depreciation of tangible and amortisation of intangible assets (+)	116,301	123,085
Impairment losses (net) (+/-)	304	(9,005)
Allocations for provisions (net) (+/-)	(4,342)	(4,216)
Gains/Losses on the sale of tangible and intangible assets (+/-)	(85,982)	(30,148)
Gains/Losses on investments valued using the equity method (+/-)	499	349
Financial income (-)	(6,039)	(2,995)
Financial expenses and variation in fair value of financial instruments (+)	59,997	76,754
	(25,674)	-
Net exchange differences (Income/(Expense))	(1,053)	6,360
Profit (loss) on disposal of financial investments	373	1,927
Other non-monetary items (+/-)	25,031	10,036
Adjusted profit (loss)	**289,804**	**245,144**
Net variation in assets / liabilities:		
(Increase)/Decrease in inventories	(626)	61
(Increase)/Decrease in trade debtors and other accounts receivable	28,387	10,405
(Increase)/Decrease in other current assets	(10,760)	6,072
Increase/(Decrease) in trade payables	10,480	(3,088)
Increase/(Decrease) in other current liabilities	2,948	(196)
Increase/(Decrease) in provisions for contingencies and expenses	3,330	(7,196)
(Increase)/Decrease in non-current assets	(403)	748
Increase/(Decrease) in non-current liabilities	(9,437)	*(412)*
Income tax paid	(61,561)	(21,903)
Total net cash flow from operating activities (I)	**252,163**	**229,635**
2. INVESTMENT ACTIVITIES		
Finance income	**527**	**1,345**
Investments (-):		
Group companies, joint ventures and associates	(1,000)	(22,269)
Tangible and intangible assets and investments in property	(133,677)	(81,750)
Non-current financial investments	(671)	-
	(135,348)	**(104,019)**
Disinvestment (+):		
Group companies, joint ventures and associates	85	62
Tangible and intangible assets and investments in property	48,291	60,301
	154,137	-
	202,513	**60,363**
Total net cash flow from investment activities (II)	**67,692**	**(42,311)**
3. FINANCING ACTIVITIES		
Dividends paid out (-)	(39,767)	(18,552)
Interest paid on debts (-)	(44,717)	(67,781)
Financial expenses for means of payment	(17,379)	(16,317)
Interest paid on debts and other interest	(27,338)	(51,464)
Variations in (+/-):		
Equity instruments		
Debt instruments:		
- Bonds and other tradable securities (+)	(44,894)	(135,000)
- Loans from credit institutions (+)	6,323	-
- Loans from credit institutions (-)	(11,147)	(21,772)
- Other financial liabilities (+/-)	(262)	(681)
Total net cash flow from financing activities (III)	**(134,464)**	**(243,786)**
4. GROSS INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III)	185,391	(56,462)
5. Effect of exchange rate variations on cash and cash equivalents (IV)	325	-
6. Effect of variations in the scope of consolidation (V)	(96)	(22)
7. NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III-IV+VI)	185,620	(56,484)
8. Cash and cash equivalents at the start of the financial year	**80,249**	**136,733**
9. Cash and cash equivalents at the end of the financial year (7+8)	**265,869**	**80,249**

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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:

		12M 2018	12M 2017
		M €.	M €.
Total revenues	A+B	**1,619.8**	**1,552.7**
Total recurring revenue LFL & Refurbishment	A	1.559.1	1,519.7
Openings, closing & others	B	60.7	33.0

It has been provided a reconciliation for the “Total Revenues” line in Point II for the period of nine months ended 31 December 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.

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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 12 months of 2018:

I. ADR y RevPar

Earnings Report of 12 months of 2018 details the cumulative evolution of RevPar and ADR in the following tables:

NH HOTEL GROUP REVPAR 12M 2018/2017

	AVERAGE ROOMS		OCCUPANCY %			ADR			REVPAR		
	2018	2017	2018	2017	% Var	2018	2017	% Var	2018	2017	% Var
Spain & Others LFL & R [2]	11,032	11,252	74.8%	73.3%	2.0%	94.4	94.2	0.3%	70.7	69.1	2.3%
B.U. Spain Consolidated [2]	11,558	11,741	74.5%	73.9%	0.8%	94.4	93.3	1.2%	70.3	69.0	2.0%
Italy LFL & R	7,160	7,163	70.3%	69.0%	1.8%	119.0	115.6	3.0%	83.7	79.8	4.9%
B.U. Italy Consolidated	7,258	7,163	70.1%	69.0%	1.5%	119.5	115.6	3.4%	83.7	79.8	4.9%
Benelux LFL & R	8,213	8,202	72.8%	70.5%	3.3%	111.7	107.4	4.0%	81.3	75.7	7.4%
B.U. Benelux Consolidated	8,901	8,360	72.5%	70.4%	3.1%	111.0	106.9	3.8%	80.5	75.3	7.0%
Central Europe LFL & R	11,865	11,721	74.5%	73.6%	1.3%	89.1	86.6	2.9%	66.4	63.7	4.2%
B.U. Central Europe Consolidated	12,111	11,958	74.5%	73.5%	1.4%	88.9	86.2	3.1%	66.2	63.3	4.5%
Total Europe LFL & R	38,269	38,338	73.5%	72.0%	2.0%	100.8	98.4	2.4%	74.1	70.9	4.5%
Total Europe Consolidated	39,828	39,222	73.3%	72.1%	1.5%	100.7	97.8	3.0%	73.8	70.6	4.6%
Latinamerica LFL & R	5,236	5,226	63.6%	63.1%	0.7%	74.4	76.7	-3.0%	47.3	48.4	-2.3%
Latinamerica Consolidated	5,545	5,386	62.6%	62.0%	1.0%	73.6	76.8	-4.1%	46.1	47.6	-3.1%
NH Hotels LFL & R	43,505	43,564	72.3%	70.9%	1.9%	98.0	96.1	2.0%	70.8	68.2	3.9%
Total NH Consolidated	45,373	44,608	72.0%	70.9%	1.5%	97.9	95.6	2.3%	70.4	67.8	3.8%

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

		12M 2018 € Thousand	12M 2017 € Thousand
A	Room revenues	1,152.8	1,089.6
	Other revenues	464.2	456.5
	Revenues according to profit & loss statement	**1,617.0**	**1,546.1**
B	Thousand of room nights	11,776	11,396
A / B = C	**ADR**	**97.9**	**95.6**
D	Occupancy	72.0%	70.9%
C x D	**RevPAR**	**70.4**	**67.8**

(*) Without IAS adjustment

II. INCOME STATEMENT 12 MONTHS OF 2018 AND 2017

The Earnings Report of 12 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:

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Sales and Results 2018

Madrid, 25th February 2019

12M 2018

	Income Statements	Reclasification according to the Financial Statements	Financial expenses for means of payment	Oursourcing	Assets Disposal	Scrapping and non recurring depreciation	Claims, severance payments and other non recurring	P&L according to the Financial Statements	
APM Total revenues	1,619.8	(1,619.8)	-	-	-	-	-		
Revenues	-	1,609.6	-	-	2.7	-	1.1	1,613.4	Revenues
Other operating income	-	6.1	-	-	-	-	-	6.1	Other operating income
APM TOTAL REVENUES	**1,619.8**	**(4.1)**	**-**	**-**	**2.7**	**-**	**1.1**	**1,619.5**	
Net gains on disposal of non-current assets	-	**(0.1)**	-	-	104.3	(17.5)	**(0.7)**	86.0	Net gains on disposal of non-current assets
APM Staff Cost	(540.7)	0.2	-	120.7	**(0)**	-	(2.6)	(422.7)	Staff costs
APM Operating expenses	(483.5)	(253.6)	17.4	(120.7)	-	-	(16.9)	(857.3)	Other operating expenses
Procurements	-	(74.8)	-	-	-	-	-	(74.8)	Procurements
APM GROSS OPERATING PROFIT	**595.6**	**(332.4)**	**17.4**	**-**	**106.7**	**(17.5)**	**(19.0)**	**350.8**	
APM Lease payments and property taxes	(332.4)	332.4	-	-	-	-	-	-	
lease payments and property taxes nr									
APM EBITDA BEFORE ONEROUS	**263.2**	**(0.0)**	**17.4**	**-**	**106.7**	**(17.5)**	**(19.0)**	**350.8**	
APM Onerous contratc reversal provision	2.3	-	-	-	-	2.02	-	4.3	Variation in the provision for onerous contratcs
APM EBITDA AFTER ONEROUS	**265.6**	**(0.0)**	**17.4**	**-**	**106.7**	**(15.5)**	**(19.0)**	**355.1**	
Net Profits/(Losses) from asset impairment	-	3.7	-	-	0.8	(5.0)	-	(0.3)	Net Profits/(Losses) from asset impairment
APM Depreciation	(112.6)	(3.7)	-	-	-	-	-	(116.3)	Depreciation and amortisation charges
APM EBIT	**152.9**	**(0.0)**	**17.4**	**-**	**107.5**	**(20.6)**	**(18.7)**	**238.5**	
Gains on financial assets and liabilities and liabilities and other	-	(0.4)	-	-	-	-	-	(0.4)	Gains on financial assets and liabilities and other
APM Interest expense	(34.2)	(8.5)	(17.4)	-	-	-	-	(60.0)	Finance costs
IAS 29	25.7	-	-	-	-	-	-	25.7	
Finance Income	-	6.0	-	-	-	-	-	6.0	Finance income
Change in fair value of financial instruments	-	-	-	-	-	-	-	-	Change in fair value of financial instruments
Net exchange differences (Income/(Expense))	-	1.1	-	-	-	-	-	1.1	Net exchange differences (Income/(Expemse))
APM Income from minority equity interests	(0.5)	-	-	-	-	-	-	(0.5)	Profit (loss) from companies accounted for using the equity method
APM EBT	**143.9**	**(1.8)**	**-**	**-**	**107.5**	**(20.6)**	**(18.7)**	**210.4**	**Profit (loss) before tax from continuing operations**
APM Corporate Income Tax	(51.3)	4.2	-	-	(38.2)	-	-	(85.3)	Income tax
APM Net Income before minorities	**92.6**	**2.4**	**-**	**-**	**69.4**	**(20.6)**	**(18.7)**	**125.1**	**Profit for the financial year - continuing**
Profit/ (Loss) for the year from discontinued operations net of tax	-	(0.6)	-	-	-	-	-	(0.6)	Profit (loss) for the year form discontinued operations net of tax
APM NET INCOME before minorities	**92.6**	**1.8**	**-**	**-**	**69.4**	**(20.6)**	**(18.7)**	**124.5**	**Profit for the financial year - continuing**
APM Minority interests	(6.7)	0.0	-	-	-	-	-	(6.7)	Non-controlling interests
APM Net Recurring Income	**85.9**	**1.9**	**-**	**-**	**69.4**	**(20.6)**	**(18.7)**	**117.8**	**Profits for the year attibutable to Parent Company Shareholders**
APM Non Recurring EBITDA	88.8	-	-	-	(107.5)	-	18.7		
APM Other Non Recurring items	(56.9)	(1.9)	-	-	38.2	20.6	-		
APM NET INCOME including Non-Recurring	**117.8**	**-**	**-**	**-**	**-**	**-**	**-**	**117.8**	**Profits for the year attibutable to Parent Company Shareholders**

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12M 2017

	Income Statements	Reclasification according to the Financial Statements	Rebates	Financial expenses for means of payment	Oursourcing	Assets Disposal	Scrapping and non recurring depreciation	Claims, severance payments and other non recurring	P&L according to the Financial Statements	
APM Total revenues	1,552.7	(1,552.7)	-	-	-	-	-	-		
Revenues	-	1,546.1	(18.4)	-	-	-	-	-	1,546.1	Revenues
Other operating income	-	11.1	-	-	-	-	-	-	11.1	Other operating income
APM TOTAL REVENUES	**1,552.7**	**4.5**	**(18.4)**	**-**	**-**	**-**	**-**	**-**		
Net gains on disposal of non-current assets	-	**0.0**	-	-	-	33.4	(3.3)	-	30.1	Net gains on disposal of non-current assets
APM Staff Cost	(531.4)	2.9	-	-	111.9	-	-	(10.6)	(427.1)	Staff costs
APM Operating expenses	(472.5)	(240.1)	-	16.3	(111.9)	(1.4)	0.3	(9.9)	(819.2)	Other operating expenses
Procurements	-	(75.7)	18.4	-	-	-	-	-	(75.7)	Procurements
		-				-	-	-		
APM GROSS OPERATING PROFIT	**548.8**	**(308.5)**	**-**	**16.3**	**-**	**32.0**	**(3.0)**	**(20.4)**		
APM Lease payments and property taxes	(315.7)	315.7	-	-	-	-	-	-	-	
APM EBITDA BEFORE ONEROUS	**233.1**	**7.2**	**-**	**16.3**	**-**	**32.0**	**(3.0)**	**(20.4)**		
APM Onerous contratc reversal provision	4.2	-	-	-	-	-	-	-	4.2	Variation in the provision for onerous contratcs
APM EBITDA AFTER ONEROUS	**237.3**	**7.2**	**-**	**16.3**	**-**	**32.0**	**(3.0)**	**(20.4)**		
Net Profits/(Losses) from asset impairment	-	2.3	-	-	-	-	6.7	-	9.0	Net Profits/(Losses) from asset impairment
APM Depreciation	(111.4)	(3.4)	-	-	-	-	(8.3)	-	(123.1)	Depreciation and amortisation charges
APM EBIT	**125.9**	**6.1**	**-**	**16.3**	**-**	**32.0**	**(4.5)**	**(20.4)**		
Gains on financial assets and liabilities and liabilities and other	-	(2.0)	-	-	-	-	-	-	(1.9)	Gains on financial assets and liabilities and other
APM Interest expense	(58.0)	(2.4)	-	(16.3)	-	-	-	-	(76.7)	Finance costs
Finance Income	-	3.0	-	-	-	-	-	-	3.0	Finance income
Change in fair value of financial instruments	-	-	-	-	-	-	-	-	(0.0)	Change in fair value of financial instruments
Net exchange differences (Income/(Expense))	-	(6.4)	-	-	-	-	-	-	(6.4)	Net exchange differences (Income/(Expemse))
APM Income from minority equity interests	(0.3)	-	-	-	-	-	-	-	(0.3)	Profit (loss) from companies accounted for using the equity method
APM EBT	**67.5**	**(1.6)**	**-**	**-**	**-**	**32.0**	**(4.5)**	**(20.4)**	**73.0**	**Profit (loss) before tax from continuing operations**
APM Corporate Income Tax	(29.0)	(4.5)	-	-	-	-	-	-	(33.5)	Income tax
APM Net Income before minorities	**38.5**	**(6.1)**	**-**	**-**	**-**	**32.0**	**(4.5)**	**(20.4)**	**39.5**	**Profit for the financial year - continuing**
Profit/ (Loss) for the year from discontinued operations net of tax	-	(0.3)	-	-	-	-	-	-	(0.3)	Profit (loss) for the year form discontinued operations net of tax
APM NET INCOME before minorities	**38.5**	**(6.3)**	**-**	**-**	**-**	**32.0**	**(4.5)**	**(20.4)**	**39.2**	**Profit for the financial year - continuing**
APM Minority interests	(3.7)	-	-	-	-	-	-	-	(3.7)	Non-controlling interests
APM Net Recurring Income	**34.8**	**(6.3)**	**-**	**-**	**-**	**32.0**	**(4.5)**	**(20.4)**	**35.5**	**Profits for the year attibutable to Parent Company Shareholders**
APM Non Recurring EBITDA	18.8	(7.2)	-	-	-	(32.0)	-	20.4		
APM Other Non Recurring items	(18.1)	13.6	-	-	-	-	4.5	-		
APM NET INCOME including Non-Recurring	**35.5**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**35.5**	**Profits for the year attibutable to Parent Company Shareholders**

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III. DEBT AND STATEMENT OF CASH FLOWS AS AT DECEMBER 2018 AND DECEMBER 2017

III.1 Debt presented in the earnings report of 12 Months 2018.

As of 31/12/2018	Maximum			Maturities						
Data in Euro million	Available	Availability	Drawn	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Remainder
Mortgage loans	**31,686**	**-**	**31,686**	**-**	**2,736**	**2,575**	**2,507**	**2,094**	**6,045**	**15,729**
Fixed rate	25,959	-	25,959	-	1,313	1,339	1,458	1,484	5,425	14,940
Variable rate	5,727	-	5,727	-	1,423	1,236	1,050	611	620	788
Subordinated loans	**40,000**	**-**	**40,000**	**-**	**-**	**-**	**-**	**-**	**-**	**40,000**
Variable rate	40,000	-	40,000	-	-	-	-	-	-	40,000
Senior secured notes	**356,850**	**-**	**356,850**	**-**	**-**	**-**	**-**	**-**	**356,850**	-
Fixed rate	356,850	-	356,850	-	-	-	-	-	356,850	-
Unsecured loans	**46,197**	**38,167**	**8,030**	**-**	**2,271**	**258**	-	-	**5,501**	-
Variable rate	46,197	38,167	8,030	-	2,271	258	-	-	5,501	-
Secured RCF	**250,000**	**250,000**	**-**	**-**	**-**	**-**	**-**	-	**-**	-
Variable rate	250,000	250,000		-	-	-	-	-	-	-
Credit lines	**62,200**	**62,192**	**8**	**-**	**8**	**-**	**-**	**-**	**-**	-
Variabel rate	62,200	62,192	8	-	8	-	-	-	-	-
Borrowing at 31/12/2018	**786,933**	**350,360**	**436,574**	**0**	**5,014**	**2,833**	**2,507**	**2,094**	**368,396**	**55,729**
Arrangement expenses	(13,517)	-	a (13,517)	-	(2,889)	(2,941)	(2,890)	(2,454)	(1,957)	(386)
IFRS 9	(8,237)	-	b (8,237)	-	(1,263)	(1,396)	(1,545)	(1,714)	(1,436)	(883)
Accrued interests	4,091	-	c 4,091	-	4,091	-	-	-	-	-
Adjusted total debt at 31/12/2018	**769,271**	**350,360**	**418,911**	**-**	**4,954**	**(1,504)**	**(1,927)**	**(2,073)**	**365,002**	**54,460**
Adjusted total debt at 31/12/2017	**1,033,225**	**316,345**	**716,880**	**257,919**	**292**	**(371)**	**(643)**	**(624)**	**403,897**	**56,410**

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 12 Months of 2018.

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

	12/31/2018	12/31/2017	VAR.
Debt instruments and other marketable securities according to financial statements	342,485	387,715	
Bank borrowings according to financial statements	71,473	71,246	
Bank borrowings and debt instruments ans other marketable securities according to financial statements	**413,958**	**458,961**	
Debt instruments and other marketable securities according to financial statements	73	246,195	
Bank borrowings according to financial statements	4,881	11,724	
Bank borrowings and debt instruments ans other marketable securities according to financial statements	**4,954**	**257,919**	
Total Bank borrowings and debt instruments ans other marketable securities according to financial statements	**418,912**	**716,880**	
Arrangement expenses	a 13,517	19,304	
IFRS 9	b 8,237		
Convertible liability		5,394	
Borrowing costs	c (4,091)	(6,024)	
APM Gross debt	**436,575**	**735,554**	
Cash and cash equivalents according to financial statements	(265,869)	(80,249)	
APM Net Debt	B **170,706**	A **655,305**	**(484,599)**

The following chart reconciles the change in net financial debt shown in the earnings report of 12 Months of 2018:

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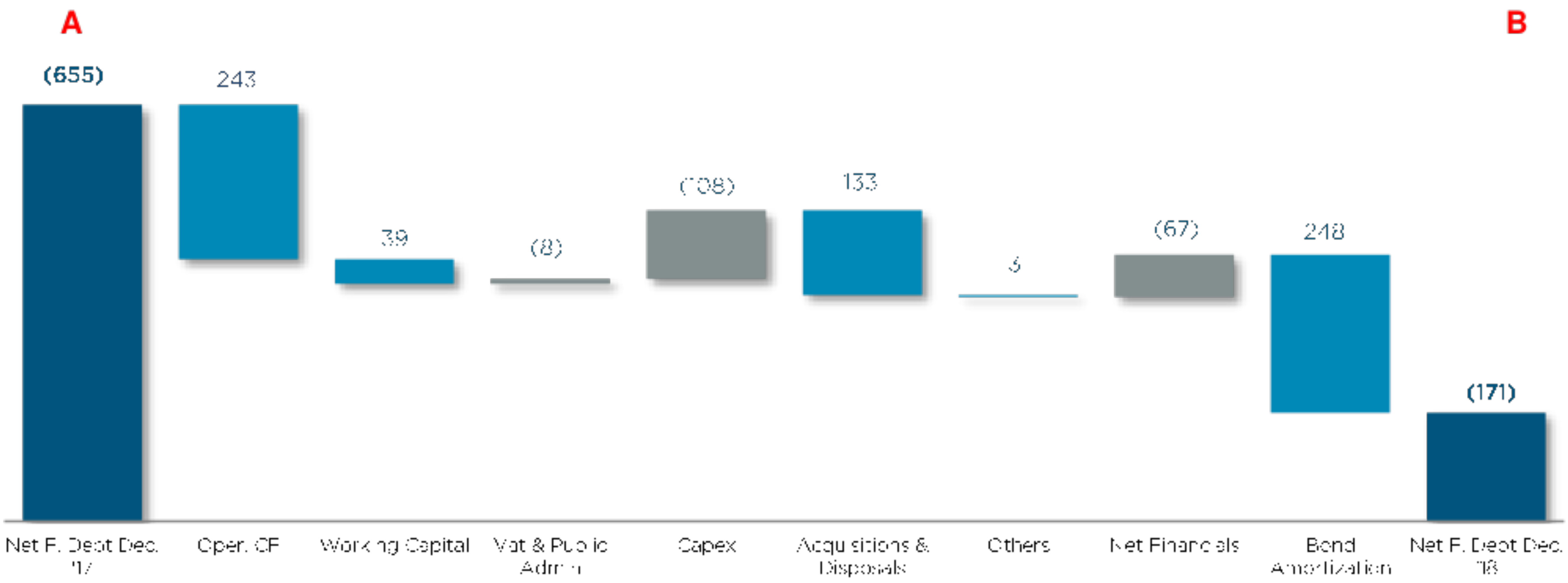
Evolution of Net Financial Debt of 12M 2018



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	Acquistions & Disposals	Others	Net Financials	Redemption Convertible Bond	Total
Total	(243.2)	(38.9)	7.9	107.8	(133.1)	(3.4)	66.6	(248.3)	(484.6)
Adjusted profit (loss)	289.8								289.8
Income tax paid	(29.2)								(29.2)
Financial expenses for means of payments	(17.4)								(17.4)
(Increase)/Decrease in inventories		(0.6)							(0.6)
(Increase)/Decrease in trade debtors and other accounts receivable		28.4							28.4
(Increase)/Decrease in trade payables		11.1							11.1
(Increase)/Decrease in VAT & public Administration			(7.9)						(7.9)
Tangible and intangible assets and investments in property				(107.8)					(107.8)
Change in the scope of consolidation					(0.1)				(0.1)
Group companies, join ventures and associates					(1.6)				(1.6)
Tangible and intangible assets and investments in property					134.8				134.8
(Increase)/Decrease in current assets						(0.6)			(0.6)
(Increase)/Decrease in provision for contingencies and expenses						3.3			3.3
- Other financial liabilities (+/-)						(0.3)			(0.3)
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)							(27.3)		(27.3)
Dividends paid							(39.8)		(39.8)
Finance Income							0.5		0.5
Redemption Convertible Bond								248.3	248.3

All of the aforementioned information has been obtained from the condensed consolidated statement of cash flows from 31 Deceptember 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.

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Appendix II: Portfolio changes & Current portfolio

New Agreements, Openings and Exits

Hotels signed from 1st January to 31st December 2018

City / Country	Contract	# Rooms	Opening
La Habana / Cuba	Management	31	2018
Hannover / Alemania	Leased	89	2020
Hamburgo / Alemania	Leased	261	2021
Oporto / Portugal	Management	79	2019
Guadalajara / Mexico	Management	120	2021
Total Signed Hotels		**580**	

Hotels opened from 1st January to 31st December 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
NH Venezia Rio Novo	Venice / Italy	Leased	144
NH Collection Madrid Gran Vía	Madrid / Spain	Leased	94
NH Graz City	Graz / Austria	Leased	157
NH Essen	Essen / Germany	Leased	183
NH Toulouse Airport	Toulouse / France	Leased	148
Total Openings			**1,604**

Hotels exiting from 1st January to 31st December 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
NH Collection Royal La Merced	Cartagena / Colombia	May	Leased	9
NH Marquette	Heemskerk / The Netherlands	July	Owned	65
NH Barcelona Centro	Barcelona / Spain	July	Leased	156
NH Atlántico	La Coruña / Spain	August	Leased	199
NH Zurich Airport	Zurich / Switzerland	December	Leased	140
NH Dessau	Dessau / Germany	December	Leased	152
Total Exits				**1,038**

* In addition, on 30th November 2018, 28 managed hotels in Spain and Andorra with a total of 3,914 rooms exited after the termination of the management contract with Hesperia due to change of control.

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HOTELS OPENED BY COUNTRY AT 31st DECEMBER 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	148				
	South Africa	1	198		1	198						
	The Netherlands	35	6,767	2	20	3,362	14	2,954	1	451		
	United Kingdom	1	121		1	121						
BU Benelux		**51**	**9,368**	**2**	**27**	**4,698**	**23**	**4,219**	**1**	**451**		
BU Central Europe	Austria	7	1,340	1	7	1,340						
	Czech Republic	3	581						3	581		
	Germany	57	10,292	3	52	9,292	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	3	382		2	260					1	122
BU Central Europe		**75**	**13,124**	**4**	**63**	**11,135**	**5**	**1,000**	**5**	**774**	**2**	**215**
BU Italy	Italy	51	7,823	1	35	5,531	13	1,803	3	489		
BU Italy		**51**	**7,823**	**1**	**35**	**5,531**	**13**	**1,803**	**3**	**489**		
BU Spain	Spain	103	12,515		72	8,833	13	1,957	13	1,333	5	392
	Portugal	3	278		2	171			1	107		
	France	5	871		4	721			1	150		
	USA	1	242				1	242				
BU Spain		**112**	**13,906**		**78**	**9,725**	**14**	**2,199**	**15**	**1,590**	**5**	**392**
BU America	Argentina	15	2,144				12	1,524	3	620		
	Brasil	1	180		1	180						
	Colombia	14	1,691		14	1,691						
	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				
BU America		**61**	**10,153**		**21**	**2,728**	**21**	**2,843**	**19**	**4,582**		
TOTAL OPEN		**350**	**54,374**	**7**	**224**	**33,817**	**76**	**12,064**	**43**	**7,886**	**7**	**607**

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SIGNED PROJECTS AS OF 31st DECEMBER 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		Management	
		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
BU Benelux		**3**	**1,020**	**2**	**830**	**1**	**190**
BU Central Europe	Germany	6	1,575	6	1,575		
BU Central Europe		**6**	**1,575**	**6**	**1,575**		
BU Italy	Italy	3	435	2	285	1	150
BU Italy		**3**	**435**	**2**	**285**	**1**	**150**
BU Spain	Spain	2	111	1	64	1	47
	France	1	79			1	79
BU Spain		**3**	**190**	**1**	**64**	**2**	**126**
BU America	Chile	3	367			3	367
	Mexico	5	644	3	380	2	264
	Panama	1	83			1	83
	Peru	2	429			2	429
BU America		**11**	**1,523**	**3**	**380**	**8**	**1,143**
TOTAL SIGNED		**26**	**4,743**	**14**	**3,134**	**12**	**1,609**

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

	2019	2020	2021
Expected Investment (€ millions)	18.6	3.1	0.1