Q1 2019
SALES AND RESULTS

13th May 2019

Q1 2019 Sales and Results
Madrid, 13th May 2019

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Q1 2019 Main Financial Aspects (1)

- **Revenue growth of +3.7%** (+5.7% at constant exchange rates) **reaching €353m** (+€12m) in the quarter, despite the 2019 refurbishments (-€4m opportunity cost) and the negative currency impact (-€7m).
  - **In the like-for-like ("LFL") perimeter**, excluding refurbishments and perimeter changes, **revenue grew +3.0% (+5.3% at constant rates)**:
    - Strong performance in **Europe with a growth of +2.6%.** It is worth noting the positive performance of Spain (+5.4%) and Central Europe (+2.7%). Benelux (+0.8%) was affected by lower corporate events in congress hotels and Italy (+0.6%) by a worse trade fair calendar in Q1 in Milan.
    - Latin America was partially negatively impacted by the currency devaluation in Argentina.

- **Increase in RevPAR of +3.6% in the quarter with higher ADR** (+2.4%; +€2.2), **which accounted for 67% of the increase in RevPAR and an occupancy that grew +1.2%** to 65.9% with a good performance in all regions except LatAm.
  - RevPAR growth in all regions, with Spain (+7.3%) and Central Europe (+4.7%) standing out.
    - The strong performance in Spain is due to the recovery of Barcelona, the good performance of Madrid and sustained growth in the secondary cities.
    - Certain cities in Central Europe had a favorable trade fair calendar.
  - Growth above the market +0.8 p.p. of relative RevPAR in the main cities due to higher relative increase in occupancy (+1.3 p.p.) with a slightly lower relative ADR (-0.3 p.p.).

- Revenue growth together with cost control allowed to close the first quarter with a **recurrent EBITDA growth(2) excluding the accounting impact of IFRS 16 of +33% reaching €21m,** which represents an **increase of +€5m and a margin improvement of +1.3 p.p.** The conversion rate of incremental revenues to EBITDA is 42%. Including IFRS 16, reported EBITDA amounts to €84m.

- **Reduction of the loss of the reported Net Recurring Income in the quarter of +€6m compared to the previous year to reach -€17m,** as this is a seasonally weak quarter for the Group and due to the -€3m accounting impact of IFRS 16.

- **Reported Total Net Income of -€15m,** -€36m lower than the first quarter of 2018. The comparison is negatively affected by the high contribution of net capital gains from asset rotation recorded in Q1 2018 (+€55m).

- The **solid cash flow generated** in the quarter **financed capex of the period (€40m) and the Group reached a cash position of €274m, preserving net financial debt (-€169m)** at the same level as at 31 Dec. 2018.

- 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.**

(1) IFRS 16 and Hyperinflation (IAS 29) accounting impacts included in business performance figures unless stated
(2) Recurring EBITDA before onerous reversal and capital gains from asset disposals excludes IFRS 16 impacts for comparison purposes

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

- Targets of **EBITDA(1) of €285m** despite changes in the perimeter and new repositioning opportunities and **Recurring Net Income** close to **€100m by 31st December 2019** are confirmed.

(1) Recurring EBITDA before onerous reversal and capital gains from asset disposals excludes IFRS 16 and IAS 29 impacts for comparison purposes

IFRS 16: Impact of new accounting standard from 1st January 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 has applied the retrospective modified method, calculating the asset at the start date of each contract and the liability at the transition date. The difference between the two items is recorded as an adjustment in the consolidated reserves on the opening balance sheet.

Impact on Opening Balance 1/1/2019 (€ million)	IFRS 16
Right of Use	1,757.4
Deferred tax	99.7
Other assets (1)	(19.0)
TOTAL ASSETS	1,838.1
Total Equity	(284.8)
Operational leases liability	2,148.8
Other liabilities (2)	(25.9)
TOTAL LIABILITIES	1,838.1

(1) Elimination of linearization accounts
(2) Elimination of onerous provision (€7m) and linearization accounts

Impact in P&L in Q1 2019 (€ million)	Q1 2019 ex IFRS 16	IFRS 16 Adj.	Q1 2019 Reported
Lease payments and property taxes	(84.1)	62.6	(21.5)
EBITDA BEFORE ONEROUS	20.9	62.6	83.5
Onerous contract reversal provision	0.4	(0.4)	-
Depreciation	(27.5)	(43.5)	(71.0)
EBIT	(6.2)	18.7	12.5
Interest expense	(5.6)	(22.4)	(28.0)
Corporate income tax	(1.7)	0.9	(0.8)
NET RECURRING INCOME	(14.5)	(2.7)	(17.3)

- 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.

Strategic initiatives with Minor

- The Group continues to work with Minor to identify and quantify the potential benefits of both complementary businesses.

- Key initiatives identified:
  - Integration of Tivoli: Minor Hotels operations in Portugal and Brazil.
  - Enhance the customer base: Access to Asian customers with high growth potential together with the loyalty programme and cross-selling between both groups.
  - Economies of scale: Negotiation with commercial partners (travel agencies and suppliers) to improve pricing scheme based on a larger portfolio size.
  - New markets: Potential to expand MINT and NHH brands in all geographies.

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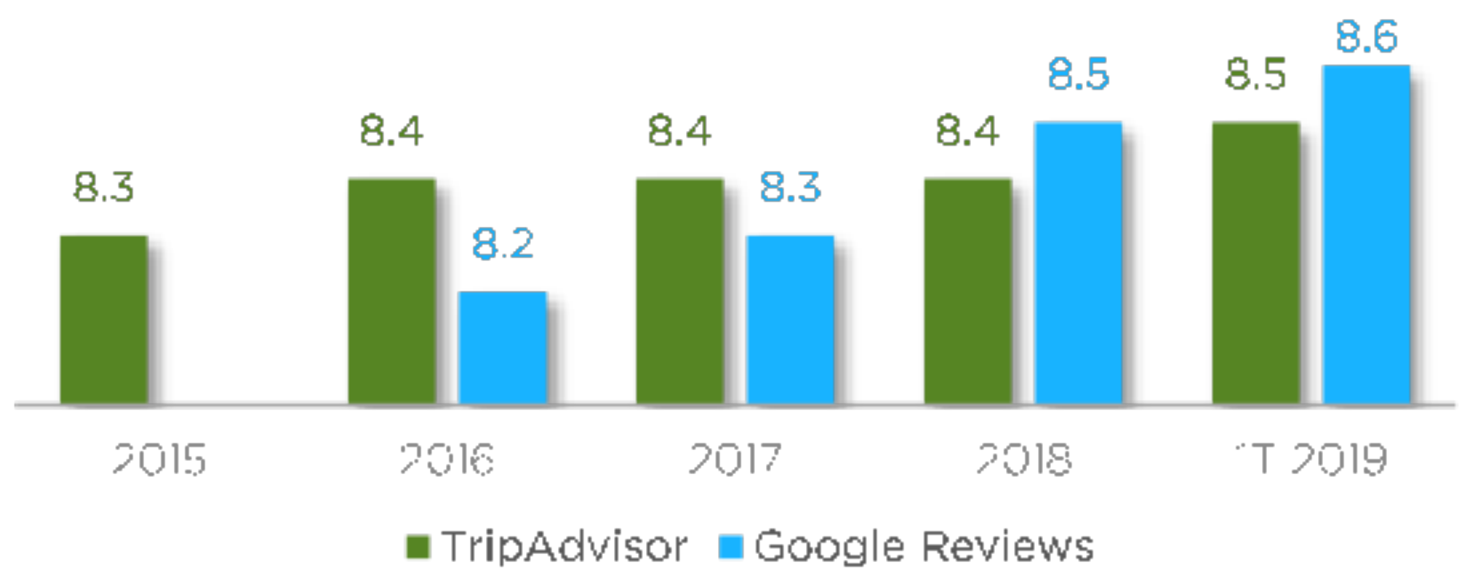
- Access to the luxury segment: Brand change opportunities and new openings (i.e Anantara Villa Padierna Palace Marbella Resort recently signed).
- Human capital: exchange of talent and mobility policy.

➢ The Board of Directors of NH approved last 7th February:
- A Governance Framework to establish relations between NH 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 preferred business geographical areas for each Group.
- 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.

Other Highlights

➢ **Repositioning Plan:** In the first quarter of 2019 the following hotels are affected by refurbishments: NH Plaza de Armas, NH Luz Huelva, NH Logroño Herencia Rioja, NHC Madrid Paseo del Prado, NH Sants Barcelona and NH New York Jolly Madison Towers in the BU of Spain. NH Bologna de la Gare, NH Napoli Panorama, NH Palermo and NH Roma Villa Carpegna in Italy. NHC Amsterdam Flower Market in Benelux and NHC Berlin Mitte Friedrichstrasse, NH Hamburg Altona and NH Vienna Airport in Central Europe and NH Buenos Aires Crillón and NH Mexico City Centro Histórico in Latin America. The opportunity cost, as lower revenues due to the refurbishments was -€4,2m compared with 2018, mainly due to the refurbishments of hotels in Naples, Amsterdam and Munich.

➢ **Brand:** NH had 352 hotels and 54,430 rooms as of 31st March 2019, out of which 77 hotels and 11,988 rooms are NH Collection (22% of the portfolio), showing their potential both in prices (+37% higher price in Q1; ADR NH Collection €116 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:** Higher growth in relative RevPAR of +0.8 p.p. in the main cities vs. competitors through higher occupancy (+1.3 p.p.) and lower ADR (-0.3 p.p.):
  - Solid growth in Spain with a relative RevPAR of +0.9 p.p. due to higher ADR boosted by the strong performance of Madrid and Valencia. The recovery of Barcelona translated in prices ahead of competition that resulted in negative relative RevPAR evolution in the city.
  - Italy: -4.5 p.p. Relative RevPAR explained by the extraordinary performance in Q1 2018 (+7.6 p.p.) with relevant events in Milan.
  - Excellent result in Benelux with a 3.9 p.p. increase in relative RevPAR as a result of higher occupancy in Amsterdam and Brussels.
  - Central Europe: +1.8 p.p. variation in relative RevPAR due to higher occupancy with most of main cities showing a positive evolution.

Q1 2019	ADR % var.		"Relative" ADR	"Relative" Occupancy	RevPAR % var.		"Relative" RevPAR
	NH	Compset	Var.	Var.	NH	Compset	Var.
Total NH	**1.6%**	**1.9%**	**-0.3 p.p.**	**1.3 p.p.**	**5.3%**	**4.5%**	**0.8 p.p.**
Spain	5.1%	3.6%	1.5 p.p.	-0.5 p.p.	9.5%	8.7%	0.9 p.p.
Italy	-2.3%	-1.2%	-1.1 p.p.	-3.0 p.p.	-2.9%	1.6%	-4.5 p.p.
Benelux	-0.2%	-0.3%	0.0 p.p.	3.9 p.p.	3.8%	0.0%	3.9 p.p.
Central Europe	3.2%	4.3%	-1.1 p.p.	3.1 p.p.	8.4%	6.6%	1.8 p.p.

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Q1 RevPAR evolution:

Note: *The "Like for Like plus Refurbishments" (LFL&R) criteria includes hotels renovated in 2018 and 2019*

NH HOTEL GROUP REVPAR Q1 2019/2018

	AVERAGE ROOMS		OCCUPANCY %			ADR			REVPAR		
	2019	2018	2019	2018	% Var	2019	2018	% Var	2019	2018	% Var
Spain & Others LFL & R [(1)]	11,164	10,969	70.6%	68.7%	2.8%	89.8	86.8	3.5%	63.4	59.6	6.4%
B.U. Spain Consolidated [(1)]	11,682	11,480	70.0%	68.3%	2.5%	90.3	86.2	4.7%	63.2	58.9	7.3%
Italy LFL & R	7,014	7,190	62.5%	62.2%	0.4%	105.0	104.8	0.2%	65.6	65.2	0.6%
B.U. Italy Consolidated	7,158	7,190	62.3%	62.2%	0.1%	105.1	104.8	0.3%	65.5	65.2	0.4%
Benelux LFL & R	8,180	8,390	64.3%	63.7%	1.0%	102.0	102.7	-0.6%	65.6	65.4	0.4%
B.U. Benelux Consolidated	8,699	8,795	64.1%	63.6%	0.9%	102.6	102.5	0.1%	65.8	65.1	1.0%
Central Europe LFL & R	11,462	11,635	68.8%	67.3%	2.4%	90.4	87.9	2.8%	62.3	59.1	5.3%
B.U. Central Europe Consolidated	12,191	12,091	68.0%	67.1%	1.4%	90.2	87.3	3.3%	61.3	58.6	4.7%
Total Europe LFL & R	37,820	38,184	67.2%	65.9%	1.9%	95.2	93.7	1.5%	63.9	61.8	3.5%
Total Europe Consolidated	39,730	39,556	66.7%	65.8%	1.4%	95.3	93.2	2.2%	63.6	61.3	3.7%
Latinamerica LFL & R	5,083	5,080	60.7%	62.1%	-2.2%	72.9	71.7	1.6%	44.2	44.5	-0.6%
Latinamerica Consolidated	5,351	5,477	59.7%	60.5%	-1.3%	72.2	70.4	2.4%	43.1	42.6	1.1%
NH Hotels LFL & R	42,903	43,264	66.4%	65.5%	1.4%	92.7	91.3	1.6%	61.6	59.8	3.1%
Total NH Consolidated	45,080	45,033	65.9%	65.1%	1.2%	92.9	90.7	2.4%	61.2	59.1	3.6%

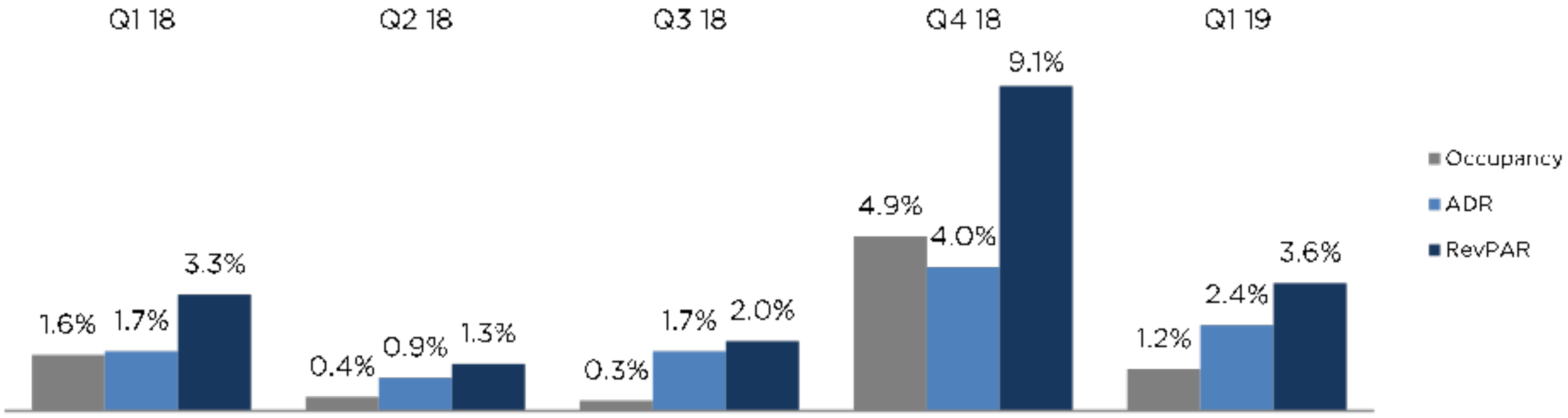
(1) Includes France and NY

- **RevPAR up +3.6%** in the first quarter of the year, **67% of it through prices** (ADR: +2.4%; +€2.2) and **occupancy** that rose by +1.2% to 65.9%. RevPAR growth in all regions, with Spain (+7.3%) and Central Europe (+4.7%) standing out.

- Remarkable **RevPAR growth** in:
  - **Spain**: +7.3% due to higher prices (+4.7%) and activity (+2.5%), the recovery in Barcelona (+15%) and the good performance of Madrid (+9%) and secondary cities (+3%).
  - **Italy**: +0.4%, with prices and activity practically stable (+0.3%; +0.1% respectively). The performance is explained by a +5% growth of Rome and a -5% decrease in Milan due to a worse trade fair calendar.
  - **Benelux**: +1.0%, with growth of +11% in Brussels (due to higher occupancy), Amsterdam (+3%). Negative performance of two conference hotels due to lower corporate events, but expected to recover in the following quarters.
  - **Central Europe**: +4.7% with higher prices (+3.3%) and activity (+1.4%). Strong LFL performance in Munich (+31%) impacted by an event held in January, and Austria (+13%). Berlin (-2%) and Frankfurt (-2%) were slightly impacted by the worse trade fair calendar.
  - **LatAm**: +1.1% with a +2.4% increase in ADR and lower occupancy (-1.3%). Buenos Aires stable, Mexico City (-2% due to a fall in occupancy) and favorable performance in Bogota (+14%).

- In terms of the Group's **level of activity** in the first quarter, occupancy grew by **+1.2% (+0.8 p.p.)**, with growth in all regions except LatAm. Spain stands out (+2.5%; +1.7 p.p.) driven by the better comparison in Barcelona and the strong performance of Madrid and secondary cities.

Evolution of Consolidated Ratios by quarter:



Consolidated Ratios	Occupancy					ADR					RevPAR				
% Var	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19
Spain (1)	1.2%	-0.4%	-1.6%	7.4%	2.5%	4.8%	-2.6%	-3.8%	5.1%	4.7%	6.1%	-3.0%	-5.3%	12.9%	7.3%
Italy	3.2%	0.3%	0.6%	2.1%	0.1%	6.5%	2.4%	2.9%	3.0%	0.3%	9.9%	2.8%	3.5%	5.2%	0.4%
Benelux	2.6%	2.2%	3.2%	3.3%	0.9%	6.4%	4.2%	2.5%	2.6%	0.1%	9.1%	6.5%	5.7%	6.0%	1.0%
Central Europe	2.1%	-0.2%	1.0%	4.1%	1.4%	-2.6%	2.9%	5.7%	4.6%	3.3%	-0.6%	2.7%	6.7%	8.8%	4.7%
TOTAL EUROPE	2.0%	0.3%	0.6%	4.5%	1.4%	3.4%	1.7%	1.8%	4.1%	2.2%	5.5%	2.0%	2.4%	8.7%	3.7%
Latin America real exc. rate	-1.9%	0.0%	-2.2%	8.2%	-1.3%	-13.1%	-8.1%	-1.1%	5.2%	2.4%	-14.8%	-7.9%	-3.1%	13.8%	1.1%
NH HOTEL GROUP	**1.6%**	**0.4%**	**0.3%**	**4.9%**	**1.2%**	**1.7%**	**0.9%**	**1.7%**	**4.0%**	**2.4%**	**3.3%**	**1.3%**	**2.0%**	**9.1%**	**3.6%**

(1) Includes France and NY

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RECURRING HOTEL ACTIVITY *				
(€ million)	**2019 Q1**	**2018 Q1**	**DIFF. 18/17**	**%DIFF.**
SPAIN (1)	93.5	87.1	6.4	7.3%
ITALY	58.1	57.9	0.2	0.3%
BENELUX	70.4	71.8	(1.4)	(1.9%)
CENTRAL EUROPE	85.7	83.6	2.1	2.5%
AMERICA	29.7	29.4	0.3	1.2%
TOTAL RECURRING REVENUE LFL&R	**337.5**	**329.8**	**7.7**	**2.3%**
OPENINGS, CLOSINGS & OTHERS	**15.2**	**10.4**	**4.8**	**45.7%**
RECURRING REVENUES	**352.7**	**340.2**	**12.4**	**3.7%**
SPAIN (1)	64.6	60.7	3.9	6.4%
ITALY	39.7	40.4	(0.7)	(1.8%)
BENELUX	52.3	52.0	0.3	0.5%
CENTRAL EUROPE	59.7	59.5	0.2	0.3%
AMERICA	21.0	21.7	(0.7)	(3.4%)
RECURRING OPEX LFL&R	**237.3**	**234.4**	**2.9**	**1.2%**
OPENINGS, CLOSINGS & OTHERS	**10.4**	**8.2**	**2.2**	**27.3%**
RECURRING OPERATING EXPENSES (2)	**247.7**	**242.6**	**5.1**	**2.1%**
SPAIN (1)	28.9	26.4	2.5	9.4%
ITALY	18.4	17.5	0.9	5.3%
BENELUX	18.1	19.8	(1.6)	(8.2%)
CENTRAL EUROPE	26.0	24.1	1.9	8.0%
AMERICA	8.7	7.6	1.1	14.0%
RECURRING GOP LFL&R	**100.2**	**95.4**	**4.8**	**5.0%**
OPENINGS, CLOSINGS & OTHERS	**4.8**	**2.2**	**2.5**	**112.9%**
RECURRING GOP	**105.0**	**97.7**	**7.3**	**7.5%**
SPAIN (1)	24.4	22.7	1.7	7.5%
ITALY	13.1	12.8	0.3	2.4%
BENELUX	14.4	14.3	0.1	0.8%
CENTRAL EUROPE	27.2	25.9	1.3	5.0%
AMERICA	3.0	2.9	0.2	6.2%
RECURRING LEASES&PT LFL&R	**82.2**	**78.6**	**3.6**	**4.6%**
OPENINGS, CLOSINGS & OTHERS	**1.9**	**3.4**	**(1.5)**	**(43.2%)**
RECURRING RENTS AND PROPERTY TAXES (3)	**84.1**	**82.0**	**2.1**	**2.6%**
SPAIN (1)	4.5	3.7	0.8	21.3%
ITALY	5.3	4.7	0.6	12.9%
BENELUX	3.7	5.4	(1.7)	(32.0%)
CENTRAL EUROPE	(1.2)	(1.8)	0.6	34.9%
AMERICA	5.7	4.8	0.9	18.6%
RECURRING EBITDA LFL&R	**18.0**	**16.8**	**1.2**	**7.1%**
OPENINGS, CLOSINGS & OTHERS	**2.8**	**(1.1)**	**4.0**	**348.4%**
RECURRING EBITDA EX. ONEROUS PROVISION (3)	**20.9**	**15.7**	**5.2**	**33.1%**

(*) IFRS 16 not included in business performance figures
(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) Rents and Recurring EBITDA exclude IFRS 16 accounting impact for comparison purposes

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Recurring Results by Business Unit (LFL&R basis)(*)

Spain B.U. (1):

- RevPAR up +6.4% in the first quarter, fueled by the recovery in Barcelona (+14.9%) and the excellent performance of Madrid (+9.2%). ADR rose +3.5% and occupancy by +2.8%.
  - LFL revenues grew +5.4% due to the good performance of Barcelona (+15.1%) and Madrid (+8.6%). Secondary cities grew by +2.3%. Including the 2018 and 2019 refurbishments, LF&R revenues rose by +€6.4m (+7.3%). Total revenues grew +8.6% including changes in the perimeter (openings of a hotel in Madrid and a hotel in Toulouse which offset the removal of 2 hotels from the perimeter).
  - Operating expenses rose +6.4% (-€3.9m) in the quarter, mainly due to increased occupancy (+2.8%) and by the fact that the minimum wage increased by c.+10%.
  - GOP reached €28.9m, up +9.4% (+€2.5m) and income +€1.7m (+7.5%).
  - This drove EBITDA for the quarter up +21.3% (+€0.8m) reaching €4.5m.

(1) Includes the New York hotel and France

Italy B.U.:

- RevPAR grew +0.6% in the quarter with ADR up by +0.2% and occupancy by +0.4%. Remarkable performance in RevPAR LFL in Rome (+5.3%) while Milan (-4.6%) is affected by a negative trade fair calendar in the quarter.
  - LFL revenue increased by +0.6% with a solid performance in Rome (+3.0%) while Milan (-2.7%) was impacted by a negative trade fair calendar. Total revenue increased 2.0% due to the opening of a hotel in Venice.
  - Operating expenses fell -1.6% in the quarter while GOP grew +4.8% (+€0.8m) to €18.3m.
  - Thus, EBITDA improved in the first quarter +12.9% (+€0.6m) to €5.3m and the margin +1.0 p.p.

Benelux B.U.:

- RevPAR growth of +0.4% with prices down -0.6% and +1.0% increase in occupancy. It should be highlighted the LFL RevPAR growth in Brussels (+10.9%, due to higher occupancy) and Amsterdam (+2.6%). On the other hand, conference center hotels with approx. 1,000 rooms fell -16.7% due to lower corporate events, although the business is expected to recover over the next nine months.
  - LFL revenues were up +0.8%, driven by the good performance in Brussels (+11.6%). Amsterdam was up by +0.7% and secondary cities by +1.3%. LFL&R revenues dropped -1.9%, including the business loss of a refurbishment in Amsterdam (-€2.3m) and the negative performance of conference hotels (-€0.8m; -11.8%),
  - Operating expenses for the quarter remained virtually stable (+0.5%; +€0.3m).
  - GOP in the quarter dropped -8.2% (-€1.6m), all due to the refurbished hotel and the weak performance by conference hotels in the quarter.
  - These effects account for the -€1.7m fall in EBITDA to €3.7m.

(*) IFRS 16 not included in business performance figures

Central Europe B.U.:

- Solid growth in RevPAR of +5.3% in Q1 with ADR up by +2.8% and occupancy by +2.4%. Excellent performance of Munich +30.7% and Austria +13.3 with favorable trade fair calendars.
    - LFL revenues rose +2.7% despite a mixed fair calendar in the main cities, Munich (+24.9%), Berlin (-4.0%) and Frankfurt (-4.9%). Secondary cities grew +4.0%, positively impacted by the calendar effect of Easter. Total revenues were up +4.2% due to the opening of a hotel in Essen, one in Mannheim and another in Graz.
    - Operating expenses remained virtually stable in the quarter (+0.3%; +€0.2m). GOP rose +8.0% (+€1.9m) to €26.0m.
    - EBITDA losses were reduced by +€0.6m reaching -€1.2m.

Americas B.U. (2):

- RevPAR dropped -0.6% in the quarter, fully explained by the negative currency impact (mainly in Argentina) and which has no impact at EBITDA level:
    - By regions, Mexico revenues were down -2.2% in local currency. However, at real exchange rate revenues would have grown by +3.4% including the exchange rate performance (+5%).
    - In Argentina, revenues grew 82.0% at constant exchange rates, mainly due to an increase in average prices due to hyperinflation. Reported fell -9.6% taking into account the sharp currency devaluation (-101%).
    - In Royal Hotels, revenues fell -3.0% in local currency with a stable currency performance.

(2) Includes IAS 29 impact in Argentina

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Consolidated Income Statement

NH HOTEL GROUP P&L ACCOUNT						
(millones de €)	Q1 2019 Reported	IFRS 16 Adj.	Q1 2019 ex IFRS 16	Q1 2018 Reported	Var. Q1 ex IFRS16	
	€ m.	€ m.	€ m.	€ m.	€ m.	%
TOTAL REVENUES	**352.7**	**-**	**352.7**	**340.2**	**12.4**	**3.7%**
Staff Cost	(133.6)	-	(133.6)	(130.0)	(3.6)	2.8%
Operating expenses	(114.1)	-	(114.1)	(112.6)	(1.5)	1.4%
GROSS OPERATING PROFIT	**105.0**	**-**	**105.0**	**97.7**	**7.3**	**7.5%**
Lease payments and property taxes	(21.5)	(62.6)	(84.1)	(82.0)	(2.1)	2.6%
EBITDA BEFORE ONEROUS	**83.5**	**(62.6)**	**20.9**	**15.7**	**5.2**	**33.1%**
Margin % of Revenues	23.7%	-	5.9%	4.6%	-	1.3p.p.
Onerous contract reversal provision	-	0.4	0.4	0.6	(0.2)	(36.1%)
EBITDA AFTER ONEROUS	**83.5**	**(62.2)**	**21.3**	**16.3**	**5.0**	**30.3%**
Depreciation	(71.0)	43.5	(27.5)	(27.3)	(0.2)	0.6%
EBIT	**12.5**	**(18.7)**	**(6.2)**	**(11.0)**	**4.8**	**43.7%**
Interest expense	(28.0)	22.4	(5.6)	(10.6)	5.0	47.4%
Income from minority equity interests	0.1	-	0.1	0.1	0.0	0.0%
EBT	**(15.4)**	**3.7**	**(11.7)**	**(21.5)**	**9.8**	**45.6%**
Corporate income tax	(0.8)	(0.9)	(1.7)	(0.9)	(0.8)	87.4%
NET INCOME before minorities	**(16.2)**	**2.7**	**(13.4)**	**(22.4)**	**9.0**	**40.1%**
Minority interests	(1.1)	-	(1.1)	(0.5)	(0.6)	116.3%
NET RECURRING INCOME	**(17.3)**	**2.7**	**(14.5)**	**(22.9)**	**8.4**	**36.7%**
Non Recurring EBITDA (1)	3.7	-	3.7	86.2	(82.5)	(95.7%)
Other Non Recurring items (2)	(1.1)	-	(1.1)	(41.5)	40.4	97.3%
NET INCOME including Non-Recurring	**(14.7)**	**2.7**	**(12.0)**	**21.7**	**(33.7)**	**(155.3%)**

(1) Includes gross capital gains from asset rotation
(2) Includes taxes from asset rotation

Q1 2019 Comments:

- **Revenue growth of +3.7%** (+5.7% at constant exchange rates) **reaching €353m** (+€12m) in the quarter, despite the 2019 refurbishments (-€4m opportunity cost) and the negative currency impact (-€7m).
    - In the Like for Like ("LFL") perimeter, not including refurbishments and perimeter changes, revenues grew +3.0% (+5.3% at constant exchange rates) with a solid performance in Europe (+2.6%) due to the good performance of Spain (+5.4%) and Central Europe (+2.7%).

- **Evolution of costs**: cost control in the quarter despite the growth in occupancy (+1.2%).
    - **Personnel costs** were up +2.8% (-€3.6m) and **other direct operating costs** grew +1.4% (-€1.5m). 57% of the increase in total operating expenses is explained by the changes of perimeter (openings and closings).

- **Improvement of +€7.3m (+7.5%) at GOP level**. The margin on revenues improved by +1.0 p.p. in the first quarter with a conversion rate of 58% from incremental revenues.

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- **Leases and property taxes**, excluding the IFRS 16 accounting impact, reached €84.1m, up by -€2.1m (+2.6%). Perimeter changes due to openings and closings partially offset the higher leases due to the 2018 refurbishments. The reported figure including IFRS 16 is €21.5m.

- Revenue growth together with cost control allowed to close the first quarter with a **Recurrent EBITDA growth(2) excluding the accounting impact of IFRS 16 of +33% reaching €21m,** meaning an **increase of +€5m and a margin improvement of +1.3 p.p.** The conversion ratio of the incremental revenues to EBITDA is 42%. Including IFRS 16, reported EBITDA amounts to €84m.

- **Depreciations**: increase of -€0.2m due to the impact of the 2018 repositioning investments and excluding the accounting impact of IFRS 16. Including this impact, the reported figure is €71.0m.

- **Financial Expenses:** the decrease of +€5.0m is mainly due to lower debt interests, the early redemption of the Convertible Bond in June 2018 and the partial early redemption of the 2023 Bond of €43.2m in Q4 2018. With IFRS 16, reported figure is €28.0m.

- **Corporate income tax of -€0.8m**, due to a lower adjustment of non-deductible financial expenses (+€1.7m), offset by the better EBT performance (+€2.5m). Deferred taxes (+€0.9m) arise as a result of IFRS 16.

- **Reduction of the loss of the reported Net Recurring Income in the quarter of +€5.7m compared to the previous year to reach -€17.3m,** as this is a seasonally weak quarter for the Group and due to the -€2.7m accounting impact of IFRS 16.

- **Reported Total Net Income of -€14.7m,** -€36.5m lower than the first quarter of 2018. The comparison is negatively affected by the high contribution of net capital gains from asset rotation in Q1 2018 (+€55m).

Financial Debt and Liquidity

As of 31/03/2019 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)	31.9	-	31.9	2.2	2.6	2.5	2.1	6.1	1.3	0.9	0.8	13.3
Total secured debt	**638.7**	**250.0**	**388.7**	**2.2**	**2.6**	**2.5**	**2.1**	**362.9**	**1.3**	**0.9**	**0.8**	**13.3**
Unsecured loans (2)	46.6	32.8	13.7	1.1	0.4	0.2	0.2	11.9				
Unsecured credit lines	56.6	56.6	-	-	-	-	-	-	-	-	-	-
Subordinated loans	40.0	-	40.0	-	-	-	-	-	-	-	-	40.0
Total unsecured debt	**143.2**	**89.4**	**53.7**	**1.1**	**0.4**	**0.2**	**0.2**	**11.9**	**0.0**	**0.0**	**0.0**	**40.0**
Total Gross Debt	**781.9**	**339.4**	**442.5**	**3.3**	**3.0**	**2.7**	**2.3**	**374.8**	**1.3**	**0.9**	**0.8**	**53.3**
Cash and cash equivalents (3)			(273.9)									
Net debt			**168.5**	**3.3**	**3.0**	**2.7**	**2.3**	**374.8**	**1.3**	**0.9**	**0.8**	**53.3**
Arranging expenses			(12.8)	(2.2)	(2.9)	(2.9)	(2.5)	(2.0)	(0.0)	(0.0)	(0.0)	(0.3)
Accrued interests			7.2	7.2								
IFRS 9 (4)			(8.0)	(0.9)	(1.4)	(1.6)	(1.7)	(1.4)	(0.1)	(0.1)	(0.1)	(0.6)
Total adjusted net debt			**154.9**									

(1) Bilateral mortgage loans.

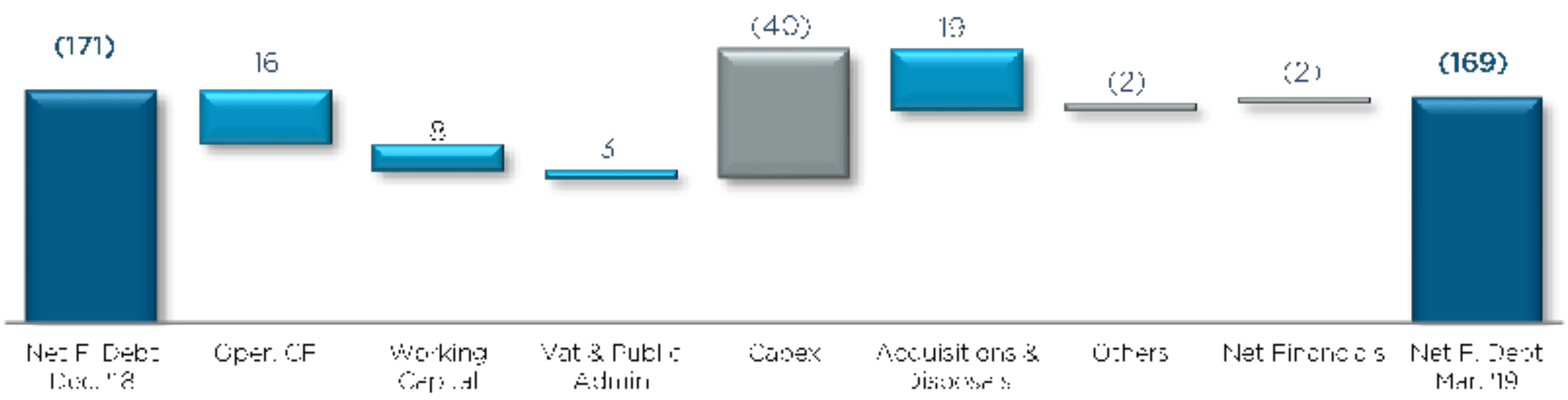
(2) Comprises debt with amortization schedules. The undrawn amount is related to the loan for NY capex with availability period until 25/07/2020.

(3) Does not include treasury stock. As of 31/03/19 the Group had 380,965 own shares, with €1.9m€ market value as of 31/03/2019 (€5.08/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 (€8.0m as of 31 March 2019 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).

- The **solid cash flow generated** in the quarter **financed capex for the period (€40m), preserving financial debt (-€169m)** at the same level as of 31 Dec. 2018.
- At 31st March 2019, the Company had €274m of cash and available credit lines of €307m (excluding the available portion of the loan related to the New York capex), of which €250m relate to a syndicated credit line maturing on 29th September 2021.

Q1 2019 Net Financial Debt Evolution



Financial Position: 31st March 2019
Gross Financial Debt: (€442m)
Cash: €274m
Net Financial Debt: (€169m)(1)
Operating Lease Liability (under IFRS16): (€2,115m)
Total Net Debt with Operating Leases: (€2,284m)

(1) Net Financial Debt excluding accounting adjustments for arrangement expenses €12.8m, accrued interest -€7.2m and IFRS 9 adjustment €8.0m. Including these accounting adjustments, the adjusted net financial debt would be (€155m) at 31st March 2019 vs. (€153m) at 31st December 2018.

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Cash flow generation in the first quarter of the year:

- (+) Operating cash flow: +€16.3m, including -€4.2m of credit card expenses and taxes paid of -€5.4m (excluding cash debt FX variation).
- (+) Working capital: strong performance of accounts receivable management.
- (-) Capex payments: -€39.6m in the first quarter of the year.
- (+) Acquisitions and disposals: +€18.8m mainly from NH Málaga II disposal (+€16.0m, net of VAT of -€3.4m) and +€1.9m from the China JV settlement received in 2019.
- (-) Others: Mainly payment of legal provisions, compensations and exchange rates changes in cash and debt book values.
- (-) Net financial payments and dividends: -€1.8m including -€1.4m in net financial expenses and -€0.4m dividend payments to minority shareholders.

Appendix

NH | HOTEL GROUP PART OF MINOR HOTELS

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Appendix 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 3 months of 2019.

In addition, the abridged consolidated financial statements as at 31 March 2019 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; and IFRS 16, new accounting standard for leases:

	3/31/2019	12/31/2018		3/31/2019	12/31/2018 (*)
NON-CURRENT ASSETS:			**EQUITY:**		
Goodwill	110,468	109,432	Share capital	784,361	784,361
Assets for rights of use	1,719,337	-	Reserves of the parent company	838,767	681,068
Intangible assets	107,918	110,569	Reserves of fully consolidated companies	(370,430)	(28,511)
Real estate investment	3,039	-	Reserves of companies consolidated using the equity method	(23,935)	(23,436)
Property, plant and equipment	1,659,865	1,637,718	Exchange differences	(56,929)	(60,854)
Investments accounted for using the equity method	7,673	8,971	Treasury shares and shareholdings	(1,591)	(2,530)
Non-current financial investments-	48,390	54,126	Consolidated profit for the period	(14,742)	101,573
Loans and accounts receivable not available for trading	*37,705*	*42,598*	**Equity attributable to the shareholders of the Parent Company**	**1,155,501**	**1,451,671**
Other non-current financial investments	*10,685*	*11,528*	Non-controlling interests	51,005	52,351
Deferred tax assets	239,931	138,724	**Total equity**	**1,206,506**	**1,504,022**
Other non-current assets	(133)	13,427			
Total non-current assets	**3,896,488**	**2,072,967**			
			NON-CURRENT LIABILITIES		
			Debt instruments and other marketable securities	343,319	342,485
			Debts with credit institutions	78,357	71,473
			Liabilities for operating leases	1,949,917	-
			Other financial liabilities	1,719	1,762
			Other non-current liabilities	29,980	47,296
			Provisions for contingencies and charges	44,925	51,178
			Deferred tax liabilities	176,868	177,478
			Total non-current liabilities	**2,625,085**	**691,672**
CURRENT ASSETS:			**CURRENT LIABILITIES:**		
Non-current assets classified as held for sale	43,902	55,974	Liabilities associated with non-current assets classified as held for sale	2,496	2,456
Inventories	9,891	10,435	Debt instruments and other marketable securities	3,357	73
Trade receivables	106,679	106,601	Debts with credit institutions	3,771	4,881
Non-trade receivables-	52,606	38,195	Liabilities for operating leases	165,100	-
Tax receivables	*35,923*	*19,451*	Other financial liabilities	537	710
Other non-trade debtors	*16,683*	*18,744*	Trade and other payables	274,229	252,704
Account receivable with related entities	24	978	Tax payables	75,216	59,453
Cash and cash equivalents	273,909	265,869	Provisions for contingencies and charges	736	2,713
Other current assets	11,892	12,109	Other current liabilities	38,358	44,444
Total current assets	**498,903**	**490,161**	**Total current liabilities**	**563,800**	**367,434**
TOTAL ASSETS	**4,395,391**	**2,563,128**	**NET ASSETS AND LIABILITIES**	**4,395,391**	**2,563,128**

Note: For comparison purpose, it should be considered that Financial Statement at March 31, 2019 includes the application of IFRS 16, not considered at December 31, 2018, due to first application was January 1, 2019.

(*) According to the Relevant Event published on May 6, 2019, it has been included a reclassification in Equity at December 31, 2018 (between Consolidated profit for the period and Reserves of fully consolidated companies, amounting to 19.4M€; of which 16.2M€ are assigned to the Parent Company and 3.2M€ to non-controlling interests) as consequence of applying IAS 29.

NH HOTEL GROUP, S.A. AND SUBSIDIARIES

CONSOLIDATED COMPREHENSIVE PROFIT AND LOSS STATEMENT FOR THE PERIOD ENDED AT 31 MARCH 2019 AND 31 MARCH 2018

(Thousands of euros)

	31/03/2019	31/03/2018
Revenues	350,076	338,043
Other operating income	2,372	1,293
Net gains on disposal of non-current assets	2,810	79,248
Procurements	(17,399)	(17,024)
Staff costs	(105,956)	(103,495)
Depreciation and amortisation charges	(71,617)	(27,836)
Net Profits/(Losses) from asset impairment	639	(194)
Other operating expenses	(140,549)	(199,869)
Variation in the provision for onerous contracts	-	*648*
Other operating expenses	*(140,549)*	*(200,517)*
Gains on financial assets and liabilities and other	-	(1,087)
Profit (Loss) from entities valued through the equity method	68	68
Financial income	444	398
Change in fair value of financial instruments	48	-
Financial expenses	(32,664)	(14,835)
Result	(18)	-
Net exchange differences (Income/(Expense))	(1)	132
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	**(11,747)**	**54,842**
Income tax	(1,559)	(32,739)
PROFIT FOR THE PERIOD - CONTINUING	**(13,306)**	**22,103**
Profit (loss) for the year from discontinued operations net of tax	(347)	117
PROFIT FOR THE PERIOD	**(13,653)**	**22,220**
Exchange differences	5,102	(1,430)
Income and expenses recognised directly in equity	**5,102**	**(1,430)**
TOTAL COMPREHENSIVE PROFIT	**(8,551)**	**20,790**
Profit / (Loss) for the year attributable to:		
Parent Company Shareholders	(14,742)	21,728
Non-controlling interests	1,089	492
Non-controlling interests in discontinued operations		
Comprehensive Profit / (Loss) attributable to:		
Parent Company Shareholders	(10,818)	20,331
Non-controlling interests	2,266	459

Note: For comparison purpose, it should be considered that Financial Statement at March 31, 2019 includes the application of IFRS 16, not considered at December 31, 2018, due to first application was January 1, 2019.

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NH HOTEL GROUP, S.A. AND SUBSIDIARIES

ABRIDGED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIOD ENDED

31 MARCH 2019 AND 31 DECEMBER 2018

(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 31/12/2018	**784,361**	**612,909**	**(2,530)**	**117,785**	**-**	**(60,854)**	**52,351**	**1,504,022**
Adjustment for changes in accounting policies IFRS 16	-	(283,387)	-	-	-	-	(1,433)	(284,820)
Adjusted balance at 31/12/2018	**784,361**	**329,522**	**(2,530)**	**117,785**	**-**	**(60,854)**	**50,918**	**1,219,202**
Reclass (*)	-	16,212	-	(16,212)	-	-	-	-
Balance at 31/12/2018 reexpressed	**784,361**	**345,734**	**(2,530)**	**101,573**	**-**	**(60,854)**	**50,918**	**1,219,202**
Net profit (loss) for 2019	-	-	-	(14,742)	-	-	1,089	(13,653)
Exchange differences	-	-	-	-	-	3,925	1,177	5,102
Total recognised income / (expense)	-	-	-	**(14,742)**	-	**3,925**	**2,266**	**(8,551)**
Transactions with shareholders or owners	**-**	**(864)**	**939**	**-**	**-**	-	**(745)**	**(670)**
Distribution of dividends	-	-	-	-	-	-	(745)	(745)
Remuneration Scheme in shares	-	(864)	939	-	-	-	-	75
Other changes in equity	-	**99,532**	-	**(101,573)**	-	-	**(1,434)**	**(3,475)**
Transfers between equity items	-	101,573	-	(101,573)	-	-	-	-
Application NIC 29	-	(1,414)	-	-	-	-	(1,440)	(2,854)
Other changes	-	(627)	-	-	-	-	6	(621)
Ending balance at 31/03/2019	**784,361**	**444,402**	**(1,591)**	**(14,742)**	**-**	**(56,929)**	**51,005**	**1,206,506**

(*) According to the Relevant Event published on May 6, 2019, it has been included a reclassification in Equity at December 31, 2018 (between Consolidated profit for the period and Reserves of fully consolidated companies, amounting to 19.4M€; of which 16.2M€ are assigned to the Parent Company and 3.2M€ to non-controlling interests) as consequence of applying IAS 29.

	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
Application IAS 29	-	(50,724)	-	-	-	96,862	7,093	53,231
Adjusted balance at 31/12/2017	**700,544**	**499,880**	**(39,250)**	**35,489**	**27,230**	**(60,680)**	**50,565**	**1,213,778**
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)	-	-	-	-
Application IAS 29	-	(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**	**-**	**(60,854)**	**52,351**	**1,504,022**

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NH HOTEL GROUP, S.A. AND SUBSIDIARIES

ABRIDGED CONSOLIDATED CASH FLOW STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019 AND 2018

(Thousands of euros)

	31.03.2019	31.03.2018
1. OPERATING ACTIVITIES		
Consolidated profit (loss) before tax:	**(11,747)**	**54,842**
Adjustments:		
Depreciation of tangible and amortisation of intangible assets (+)	71,617	27,836
Impairment losses (net) (+/-)	(639)	194
Allocations for provisions (net) (+/-)	-	(648)
Gains/Losses on the sale of tangible and intangible assets (+/-)	(2,810)	(79,248)
Gains/Losses on investments valued using the equity method (+/-)	(68)	(68)
Financial income (-)	(444)	(398)
	(48)	-
Financial expenses and variation in fair value of financial instruments (+)	32,664	14,835
	18	-
Net exchange differences (Income/(Expense))	1	(132)
Profit (loss) on disposal of financial investments	-	1,087
Other non-monetary items (+/-)	(680)	3,365
Adjusted profit (loss)	**87,864**	**21,665**
Net variation in assets / liabilities:		
(Increase)/Decrease in inventories	544	79
(Increase)/Decrease in trade debtors and other accounts receivable	800	12,473
(Increase)/Decrease in other current assets	(9,446)	(860)
Increase/(Decrease) in trade payables	11,938	3,642
Increase/(Decrease) in other current liabilities	6,548	16
Increase/(Decrease) in provisions for contingencies and expenses	(1,097)	(697)
(Increase)/Decrease in non-current assets	(55)	(528)
Increase/(Decrease) in non-current liabilities	(6)	*98*
Income tax paid	(5,420)	(13,083)
Total net cash flow from operating activities (I)	**91,670**	**22,806**
2. INVESTMENT ACTIVITIES		
Finance income	**79**	**185**
Investments (-):		
Tangible and intangible assets and investments in property	(39,554)	(17,115)
Non-current financial investments	-	(671)
	(39,554)	**(17,786)**
Disinvestment (+):		
Group companies, joint ventures and associates	1,903	85
Tangible and intangible assets and investments in property	16,847	154,616
	18,750	**154,701**
Total net cash flow from investment activities (II)	**(20,725)**	**137,100**
3. FINANCING ACTIVITIES		
Dividends paid out (-)	(449)	(660)
Interest paid on debts (-)	(5,657)	(8,114)
Financial expenses for means of payment	(4,200)	(3,713)
Interest paid on debts and other interest	(1,457)	(4,401)
Variations in (+/-):		
Debt instruments:		
- Loans from credit institutions (+)	5,971	-
- Loans from credit institutions (-)	(1,098)	(3,385)
	(61,902)	-
- Other financial liabilities (+/-)	(168)	(884)
Total net cash flow from financing activities (III)	**(63,303)**	**(13,043)**
4. GROSS INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III)	7,642	146,862
5. Effect of exchange rate variations on cash and cash equivalents (IV)	398	-
6. Effect of variations in the scope of consolidation (V)	-	(96)
7. NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III-IV+VI)	8,040	146,766
8. Cash and cash equivalents at the start of the financial year	**265,869**	**80,249**
9. Cash and cash equivalents at the end of the financial year (7+8)	**273,909**	**227,015**

Note: For comparison purpose, it should be considered that Financial Statement at March 31, 2019 includes the application of IFRS 16, not considered at December 31, 2018, due to first application was January 1, 2019.

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A) Definitions

EBITDA (excl. IFRS 16): 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:

		3M 2019 M Eur.	3M 2018 M Eur.
Total revenues	A+B	**352.7**	**340.2**
Total recurring revenue LFL & Refurbishment	A	337.5	329.8
Openings, closing & others	B	15.2	10.4

It has been provided a reconciliation for the “Total Revenues” line in Point II for the period of three months ended 31 March 2019.

Net Financial Debt (excl. IFRS 16): 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 3 months of 2019:

I. ADR and RevPAR
Earnings Report of 3 months of 2019 details the cumulative evolution of RevPAR and ADR in the following tables:

NH HOTEL GROUP REVPAR Q1 2019/2018

	AVERAGE ROOMS		OCCUPANCY %			ADR			REVPAR		
	2019	2018	2019	2018	% Var	2019	2018	% Var	2019	2018	% Var
Spain & Others LFL & R (1)	11,164	10,969	70.6%	68.7%	2.8%	89.8	86.8	3.5%	63.4	59.6	6.4%
B.U. Spain Consolidated (1)	11,682	11,480	70.0%	68.3%	2.5%	90.3	86.2	4.7%	63.2	58.9	7.3%
Italy LFL & R	7,014	7,190	62.5%	62.2%	0.4%	105.0	104.8	0.2%	65.6	65.2	0.6%
B.U. Italy Consolidated	7,158	7,190	62.3%	62.2%	0.1%	105.1	104.8	0.3%	65.5	65.2	0.4%
Benelux LFL & R	8,180	8,390	64.3%	63.7%	1.0%	102.0	102.7	-0.6%	65.6	65.4	0.4%
B.U. Benelux Consolidated	8,699	8,795	64.1%	63.6%	0.9%	102.6	102.5	0.1%	65.8	65.1	1.0%
Central Europe LFL & R	11,462	11,635	68.8%	67.3%	2.4%	90.4	87.9	2.8%	62.3	59.1	5.3%
B.U. Central Europe Consolidated	12,191	12,091	68.0%	67.1%	1.4%	90.2	87.3	3.3%	61.3	58.6	4.7%
Total Europe LFL & R	37,820	38,184	67.2%	65.9%	1.9%	95.2	93.7	1.5%	63.9	61.8	3.5%
Total Europe Consolidated	39,730	39,556	66.7%	65.8%	1.4%	95.3	93.2	2.2%	63.6	61.3	3.7%
Latinamerica LFL & R	5,083	5,080	60.7%	62.1%	-2.2%	72.9	71.7	1.6%	44.2	44.5	-0.6%
Latinamerica Consolidated	5,351	5,477	59.7%	60.5%	-1.3%	72.2	70.4	2.4%	43.1	42.6	1.1%
NH Hotels LFL & R	42,903	43,264	66.4%	65.5%	1.4%	92.7	91.3	1.6%	61.6	59.8	3.1%
Total NH Consolidated	45,080	45,033	65.9%	65.1%	1.2%	92.9	90.7	2.4%	61.2	59.1	3.6%

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

		3M 2019 € Thousand	3M 2018 € Thousand
A	Room revenues	244,351	236,353
	Other revenues	105,725	101,690
	Revenues according to profit & loss statement	**350,076**	**338,043**
B	Thousand of room nights	2,631	2,605
A / B = C	**ADR**	**92.9**	**90.7**
D	Occupancy	65.9%	65.1%
C x D	**RevPAR**	**61.2**	**59.1**

II. INCOME STATEMENT 3 MONTHS OF 2019 AND 2018

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:

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3 Months 2019

	Income Statements	Reclasification according to the Financial Statements	Financial expenses for means of payment	Oursourcing	Assets Disposal	Claims, severance payments and other non recurring	P&L according to the Financial Statements	
APM Total revenues	352.7	(352.7)	-	-	-	-		
Revenues	-	349.1	-	-	0.8	0.2	350.1	Revenues
Other operating income	-	2.4	-	-	-	-	2.4	Other operating income
APM TOTAL REVENUES	**352.7**	**(1.2)**	**-**	**-**	**0.8**	**0.2**	**352.4**	
Net gains on disposal of non-current assets	-	-	-	-	2.8	-	2.8	Net gains on disposal of non-current assets
APM Staff Cost	(133.6)	-	-	29.3	-	-	(106.0)	Staff costs
APM Operating expenses	(114.1)	(2.9)	4.2	(29.3)	-	(0.2)	(140.5)	Other operating expenses
Procurements	-	(17.4)	-	-	-	-	(17.4)	Procurements
APM GROSS OPERATING PROFIT	**105.0**	**(21.5)**	**4.2**	**-**	**3.7**	**-**	**91.4**	
APM Lease payments and property taxes	(21.5)	21.5	-	-	-	-	-	
lease payments and property taxes nr								
APM EBITDA BEFORE ONEROUS	**83.5**	**-**	**4.2**	**-**	**3.7**	**-**	**91.4**	
APM Onerous contratc reversal provision	(0.0)	-	-	-	-	-	-	Variation in the provision for onerous contrats
APM EBITDA AFTER ONEROUS	**83.5**	**-**	**4.2**	**-**	**3.7**	**-**	**91.4**	
Net Profits/(Losses) from asset impairment	-	0.6	-	-	-	-	0.6	Net Profits/(Losses) from asset impairment
APM Depreciation	(71.0)	(0.7)	-	-	-	-	(71.6)	Depreciation and amortisation charges
APM EBIT	**12.5**	**-**	**4.2**	**-**	**3.7**	**-**	**20.4**	
Gains on financial assets and liabilities and liabilities and other	-	-	-	-	-	-	-	Gains on financial assets and liabilities and other
APM Interest expense	(28.0)	(0.5)	(4.2)	-	-	-	(32.7)	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))	-	-	-	-	-	-	-	Net exchange differences (Income/(Expemse))
APM Income from minority equity interests	0.1	-	-	-	-	-	0.1	Profit (loss) from companies accounted for using the equity method
APM EBT	**(15.4)**	**-**	**-**	**-**	**3.7**	**-**	**(11.7)**	**Profit (loss) before tax from continuing operations**
APM Corporate Income Tax	(0.8)	(0.8)	-	-	-	-	(1.6)	Income tax
APM Net Income before minorities	**(16.2)**	**(0.8)**	**-**	**-**	**3.7**	**-**	**(13.3)**	**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	**(16.2)**	**(1.1)**	**-**	**-**	**3.7**	**-**	**(13.7)**	**Profit for the financial year - continuing**
APM Minority interests	(1.1)	-	-	-	-	-	(1.1)	Non-controlling interests
APM Net Recurring Income	**(17.3)**	**(1.1)**	**-**	**-**	**3.7**	**-**	**(14.7)**	**Profits for the year attibutable to Parent Company Shareholders**
APM Non Recurring EBITDA	3.7	-	-	-	(3.7)	-		
APM Other Non Recurring items	(1.1)	1.1	-	-	-	-		
APM NET INCOME including Non-Recurring	**(14.7)**	**-**	**-**	**-**	**-**	**-**	**(14.7)**	**Profits for the year attibutable to Parent Company Shareholders**

Q1 2019 Sales and Results

Madrid, 13th May 2019

3 Months 2018

(IFRS 16 not considered due to first application was January 1, 2019)

	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	340.2	(340.2)	-	-	-	-	-		
Revenues	-	337.7	-	-	0.4	-	-	338.0	Revenues
Other operating income	-	1.3	-	-	-	-	-	1.3	Other operating income
APM TOTAL REVENUES	**340.2**	**(1.3)**	**-**	**-**	**0.4**	**-**	**-**		
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	(130.0)	0.7	-	26.8	-	-	(1.0)	(103.5)	Staff costs
APM Operating expenses	(112.6)	(64.4)	3.7	(26.8)	-	-	(0.4)	(200.5)	Other operating expenses
Procurements	-	(17.0)	-	-	-	-	-	(17.0)	Procurements
		-			-	-	-		
APM GROSS OPERATING PROFIT	**97.7**	**(82.1)**	**3.7**	**-**	**87.6**	**(8.0)**	**(1.4)**		
APM Lease payments and property taxes	(82.0)	82.0	-	-	-	-	-	-	
APM EBITDA BEFORE ONEROUS	**15.7**	**(0.1)**	**3.7**	**-**	**87.6**	**(8.0)**	**(1.4)**		
APM Onerous contratc reversal provision	0.6	-	-	-	-	-	-	0.6	Variation in the provision for onerous contratcs
APM EBITDA AFTER ONEROUS	**16.3**	**(0.1)**	**3.7**	**-**	**87.6**	**(8.0)**	**(1.4)**		
Net Profits/(Losses) from asset impairment	-	0.5	-	-	-	(0.7)	-	(0.2)	Net Profits/(Losses) from asset impairment
APM Depreciation	(27.3)	(0.5)	-	-	-	-	-	(27.8)	Depreciation and amortisation charges
APM EBIT	**(11.0)**	**(0.1)**	**3.7**	**-**	**87.6**	**(8.7)**	**(1.4)**		
Gains on financial assets and liabilities and liabilities and other	-	(1.1)	-	-	-	-	-	(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/(Expemse))
APM Income from minority equity interests	0.1	-	-	-	-	-	-	0.1	Profit (loss) from companies accounted for using the equity method
APM EBT	**(21.5)**	**(1.2)**	**-**	**-**	**87.6**	**(8.7)**	**(1.4)**	**54.8**	**Profit (loss) before tax from continuing operations**
APM Corporate Income Tax	(0.9)	0.1	-	-	(31.9)	-	-	(32.7)	Income tax
APM Net Income before minorities	**(22.4)**	**(1.1)**	**-**	**-**	**55.7**	**(8.7)**	**(1.4)**	**22.1**	**Profit for the financial year - continuing**
Profit/ (Loss) for the year from discontinued operations net of tax	-	0.1	-	-	-	-	-	0.1	Profit (loss) for the year formdiscontinued operations net of tax
APM NET INCOME before minorities	**(22.4)**	**(1.0)**	**-**	**-**	**55.7**	**(8.7)**	**(1.4)**	**22.2**	**Profit for the financial year - continuing**
APM Minority interests	(0.5)	0.0	-	-	-	-	-	(0.5)	Non-controlling interests
APM Net Recurring Income	**(22.9)**	**(1.0)**	**-**	**-**	**55.7**	**(8.7)**	**(1.4)**	**21.7**	**Profits for the year attibutable to Parent Company Shareholders**
APM Non Recurring EBITDA	86.2	-	-	-	(87.6)	-	1.4		
APM Other Non Recurring items	(41.5)	1.0	-	-	31.9	8.7	-		
APM NET INCOME including Non-Recurring	**21.7**	**-**	**-**	**-**	**-**	**-**	**-**	**21.7**	**Profits for the year attibutable to Parent Company Shareholders**

III. DEBT AND STATEMENT OF CASH FLOWS AS AT 31 MARCH 2019 AND 31 DECEMBER 2018

III.1 Debt presented in the earnings report of 3 Months 2019.

As of 31/03/2019	Maximum			Maturities						
Data in Euro million	Available	Availability	Drawn	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Remainder
Mortgage loans	**31,870**	-	**31,870**	**2,964**	**2,548**	**2,542**	**2,149**	**5,860**	**1,377**	**14,430**
Fixed rate	26,385	-	26,385	**1,530**	1,416	1,490	1,536	5,238	745	14,430
Variable rate	5,485	-	5,485	**1,433**	1,133	1,052	613	622	632	-
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	**46,579**	**32,845**	**13,734**	**1,224**	**343**	**179**	179	11,808	-	-
Variable rate	46,579	32,845	13,734	**1,224**	343	179	179	11,808	-	-
Secured RCF	**250,000**	**250,000**	-	-	-	-	-	-	-	-
Variable rate	250,000	250,000	-	-	-	-	-	-	-	-
Credit lines	**56,588**	**56,588**	-	-	-	-	-	-	-	-
Variabel rate	56,588	56,588	-	-	-	-	-	-	-	-
Borrowing at 31/03/2019	**781,887**	**339,433**	**442,454**	**4,188**	**2,892**	**2,721**	**2,328**	**374,518**	**1,377**	**54,430**
Arrangement expenses	(12,812)	-	a (12,812)	(2,915)	(2,976)	(2,730)	(2,493)	(1,318)	(30)	(349)
IFRS 9	(7,990)	-	b (7,990)	(1,296)	(1,437)	(1,592)	(1,768)	(1,024)	(124)	(747)
Accrued interests	7,152	-	c 7,152	7,152						
Adjusted total debt at 31/03/2019	**768,237**	**339,433**	**428,804**	**7,128**	**(1,521)**	**(1,601)**	**(1,934)**	**372,176**	**1,223**	**53,334**
Adjusted total debt at 31/12/2018	**769,271**	**350,360**	**418,912**	**4,954**	**(1,504)**	**(1,928)**	**(2,074)**	**365,003**	**1,173**	**53,288**

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 2019.

Net financial debt as at 31 March 2019 and 31 December 2018 has been obtained from the consolidated balance sheet at 31 March 2019 and from the consolidated financial statements for 31 December 2018 and is as follows:

	3/31/2019	12/31/2018	VAR.
Debt instruments and other marketable securities according to financial statements	343,319	342,485	
Bank borrowings according to financial statements	78,357	71,473	
Bank borrowings and debt instruments ans other marketable securities according to financial statements	**421,676**	**413,958**	
Debt instruments and other marketable securities according to financial statements	3,357	73	
Bank borrowings according to financial statements	3,771	4,881	
Bank borrowings and debt instruments ans other marketable securities according to financial statements	**7,128**	**4,954**	
Total Bank borrowings and debt instruments ans other marketable securities according to financial statements	**428,804**	**418,912**	
Arrangement expenses	a 12,812	13,517	
IFRS 9	b 7,990	8,237	
Borrowing costs	c (7,152)	(4,091)	
APM Gross debt	**442,454**	**436,575**	
Cash and cash equivalents according to financial statements	(273,909)	(265,869)	
APM Net Debt	B **168,545**	A **170,706**	**(2,161)**
Liabilities for operating leases (Current and non current)	2,115,017	-	
APM Net with Debt IFRS 16	**2,283,562**	**170,706**	**2,112,856**

The following chart reconciles the change in net financial debt shown in the earnings report of 3 Months of 2019:

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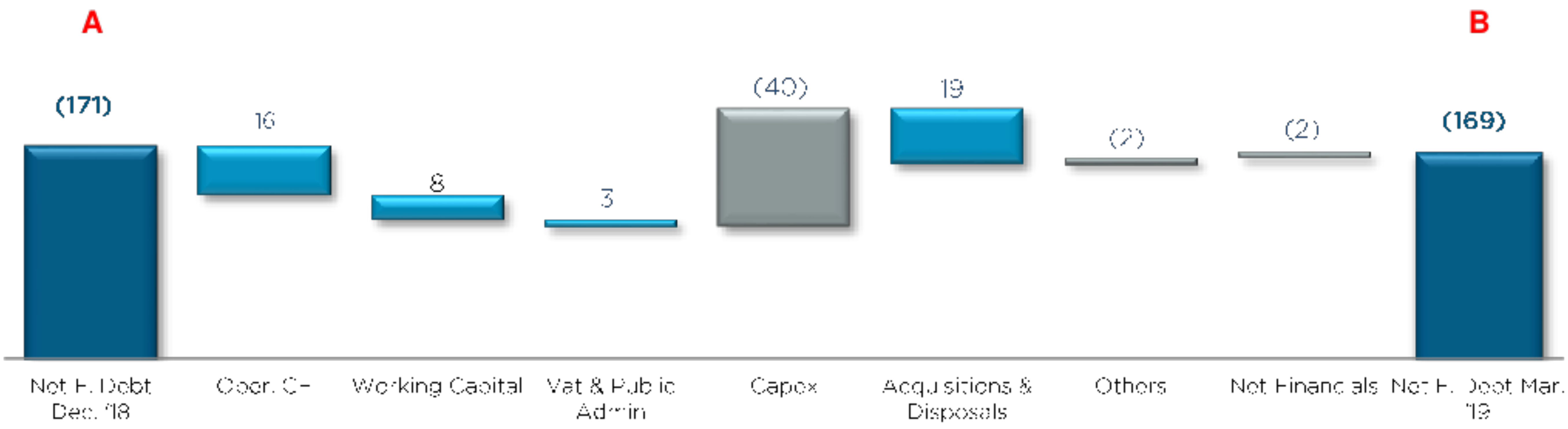
Evolution of Net Financial Debt 3M 2019



To do so, it has been taken each heading from the statement of cash flows in the financial statements as at 31 March 2018 and shown the grouping:

	Oper. CF	Working capital	VAT & Public Admin	Capex	Acquistions & Disposals	Others	Net Financials	Total
Total	(16.3)	(8.1)	(2.5)	39.6	(18.8)	2.2	1.8	(2.1)
Adjusted profit (loss)	26.0							26.0
Income tax paid	(5.4)							(5.4)
Financial expenses for means of payments	(4.2)							(4.2)
(Increase)/Decrease in inventories		0.5						0.5
(Increase)/Decrease in trade debtors and other accounts receivable		0.8						0.8
(Increase)/Decrease in trade payables		6.8						6.8
(Increase)/Decrease in VAT & public Administration			2.5					2.5
Tangible and intangible assets and investments in property				(39.6)				(39.6)
Group companies, join ventures and associates					1.9			1.9
Tangible and intangible assets and investments in property					16.8			16.8
(Increase)/Decrease in current assets						(0.2)		(0.2)
(Increase)/Decrease in provision for contingencies and expenses						(1.1)		(1.1)
- Other financial liabilities (+/-)						(0.2)		(0.2)
5. Effect of exchange rate variations on cash and cash equivalents (IV)						(0.7)		(0.7)
Increase/(Decrease) in other non current assets and liabilities and others						(0.1)		(0.1)
Interests paid in debts and other interests (without means of payments)							(1.5)	(1.5)
Dividends paid							(0.4)	(0.4)
Finance Income							0.1	0.1

All of the aforementioned information has been obtained from the condensed consolidated statement of cash flows from 31 March 2019 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

Openings and Exits

Hotels opened from 1st January to 31st March 2019

Hotels	City / Country	Contract	# Rooms
NH Mannheim	Mannheim / Germany	Leased	225
NH Collection Valencia Colón	Valencia / Spain	Management	47
NH Collection Mérida Paseo Montejo	Merida / Mexico	Leased	120
Total Openings			**392**

Hotels exiting from 1st January to 31st March 2019

Hotels	City / Country	Month	Contract	# Rooms
NH Bogotá Metrotel Royal	Bogota / Colombia	January	Leased	336
Total Exits				**336**

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HOTELS OPENED BY COUNTRY AT 31ST MARCH 2019

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	58	10,517	3	53	9,517	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		**76**	**13,349**	**4**	**64**	**11,360**	**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	104	12,562		72	8,833	13	1,957	14	1,380	5	392
	Portugal	3	278		2	171			1	107		
	France	5	871		4	721			1	150		
	USA	1	242				1	242				
BU Spain		**113**	**13,953**		**78**	**9,725**	**14**	**2,199**	**16**	**1,637**	**5**	**392**
BU America	Argentina	15	2,144				12	1,524	3	620		
	Brasil	1	180		1	180						
	Colombia	13	1,355		13	1,355						
	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	17	2,674		6	853	4	685	7	1,136		
	Uruguay	1	136				1	136				
BU America		**61**	**9,937**		**21**	**2,512**	**21**	**2,843**	**19**	**4,582**		
TOTAL OPEN		**352**	**54,430**	**7**	**225**	**33,826**	**76**	**12,064**	**44**	**7,933**	**7**	**607**

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SIGNED PROJECTS AS OF 31ST MARCH 2019

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	Bélgica	1	180	1	180		
	Holanda	1	650	1	650		
	Reino Unido	1	190			1	190
BU Benelux		**3**	**1,020**	**2**	**830**	**1**	**190**
BU Central Europe	Alemania	5	1,350	5	1,350		
BU Central Europe		**5**	**1,350**	**5**	**1,350**		
BU Italy	Italia	3	435	2	285	1	150
BU Italy		**3**	**435**	**2**	**285**	**1**	**150**
BU Spain	España	2	156	2	156		
	Portugal	1	79			1	79
BU Spain		**3**	**235**	**2**	**156**	**1**	**79**
BU America	Chile	3	366			3	366
	México	4	524	2	260	2	264
	Panamá	1	83			1	83
	Perú	2	429			2	429
BU America		**10**	**1,402**	**2**	**260**	**8**	**1,142**
TOTAL SIGNED		**24**	**4,442**	**13**	**2,881**	**11**	**1,561**

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

	2019	2020	2021
Expected Investment (€ millions)	18.1	5.4	0.1