

# SALES AND RESULTS

## 1<sup>st</sup> Half 2019

July 25<sup>th</sup>, 2019



**nH** | HOTEL GROUP PART OF **MINOR**  
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## H1 2019 Main Financial Aspects <sup>(1)</sup>

- **Revenue growth of +4.6%** (+6.3% at constant exchange rates) **reaching €822m** (+€36m) in the first half of the year, despite the 2019 refurbishments (-€5m opportunity cost) and the negative currency impact (-€13m).
  - **In like-for-like (“LFL”) terms**, excluding refurbishments and perimeter changes, **revenue grew +4.6% (+6.6% at constant exchange rates)**:
    - Strong performance in **Europe with +4.5% growth**. Outstanding performance in Spain (+9.6%), while Benelux (+2.7%), Central Europe (+2.6%) and Italy (+1.7%) improved the evolution compared to Q1.
    - Latin America was negatively impacted in part by the currency devaluation in Argentina.
  - **Q2: revenue grew by +5.3%** (+6.7% at constant exchange rates) **reaching €469m** (+€24m). With regard to the LFL growth of +5.3% (+7.0% at constant exchange rates), highlight the excellent performance in Spain (+10.8%) and the solid growth of Benelux (+4.0%), Central Europe (+2.6%) and Italy (+2.4%).
- **RevPAR was up +5.3% in the first half of the year with higher ADR** (+4.7%; +€2.2), **which accounted for 90% of the increase in RevPAR and an occupancy rate that grew +0.5%** to 70.6%. RevPAR and ADR grew in all regions and remarkable is the solid RevPAR performance in Spain (+10.2%), explained by the recovery of Barcelona and the excellent performance of Madrid and secondary cities.
  - Growth above the market (+0.4 p.p. of relative RevPAR) in the main cities due to higher relative increase in occupancy (+2.0 p.p.) with a lower relative ADR (-1.7 p.p.).
  - **Q2:** RevPAR grew by +6.5%, entirely through prices (ADR +6.5%), with the occupancy rate remaining stable at 75.3%. Growth of RevPAR and ADR in all markets, most notably the growth of RevPAR in Spain (+12.5%) and Italy (+6.2%).
- Revenue growth together with cost control enabled to close the first half of the year with a **recurrent EBITDA<sup>(2)</sup> growth of +14% reaching €131m, excluding the accounting impact of IFRS 16**, meaning an **increase of +€16m and a margin improvement of +1.3 p.p.** The conversion rate of the increase in revenue to EBITDA is 43%. Including accounting impact of IFRS 16, reported EBITDA amounts to €257m.
  - **Q2:** +10.5% EBITDA growth, which represents an increase of +€10m to €110m and an improvement in the margin of +1.1 p.p. to 23.4%.
- **Significant increase in Net Recurring Income reported in the first half of the year of +€13m vs. H1 2018 reported figure, reaching €36m** due to business improvement, lower financial expenses and despite the accounting impact of IFRS 16 in the amount of -€6m.
- **Reported Total Net income of €40m**, -€24m lower than the reported first half of 2018. The comparison is negatively affected by less net capital gains from asset rotation (H1 2018: +€57m).
- **The solid cash flow generation** in the first half of the year **allowed the level of net financial debt to remain low (-€204m)**, together with a **solid cash position of €245m**, despite Capex investments (-€85m) and the dividend payment (-€59m) in the first half of the year.
- **Dividend approved:** The gross dividend approved at the AGM in May for the financial year 2018, equal to **€0.15 gross per share** in circulation, was paid on 14 June, **implying a disbursement of €59m**.

(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



## IFRS 16: Impact of new accounting standard from 1<sup>st</sup> 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 Balance Sheet<br>30/06/2019 (€ million) | IFRS 16        |
|---|----------------|
| Right of Use                                      | 1,753.2        |
| Deferred tax                                      | 95.6           |
| Other assets <sup>(1)</sup>                       | (18.3)         |
| <b>TOTAL ASSETS</b>                               | <b>1,830.5</b> |
| Total Equity                                      | (265.9)        |
| Operational leases liability                      | 2,122.8        |
| Other liabilities <sup>(2)</sup>                  | (26.4)         |
| <b>TOTAL LIABILITIES</b>                          | <b>1,830.5</b> |

<sup>(1)</sup> Elimination of linearization accounts

<sup>(2)</sup> Elimination of onerous provision (€6m) and linearization accounts

| Impact in P&L in H1 2019<br>(€ million) | H1 2019<br>ex IFRS 16 | IFRS 16<br>Adj. | H1 2019<br>Reported |
|---|-----------------------|-----------------|---------------------|
| Lease payments and property taxes       | (171.0)               | 126.2           | (44.8)              |
| <b>EBITDA BEFORE ONEROUS</b>            | <b>130.6</b>          | <b>126.2</b>    | <b>256.9</b>        |
| Onerous contract reversal provision     | 0.8                   | (0.8)           | -                   |
| Depreciation                            | (56.5)                | (88.4)          | (144.3)             |
| <b>EBIT</b>                             | <b>75.0</b>           | <b>37.1</b>     | <b>112.0</b>        |
| Interest expense                        | (11.5)                | (45.3)          | (56.8)              |
| Corporate income tax                    | (19.8)                | 2.4             | (17.3)              |
| <b>NET RECURRING INCOME</b>             | <b>41.9</b>           | <b>(5.8)</b>    | <b>36.1</b>         |

- No cash impact, leverage capacity or debt financial covenants.

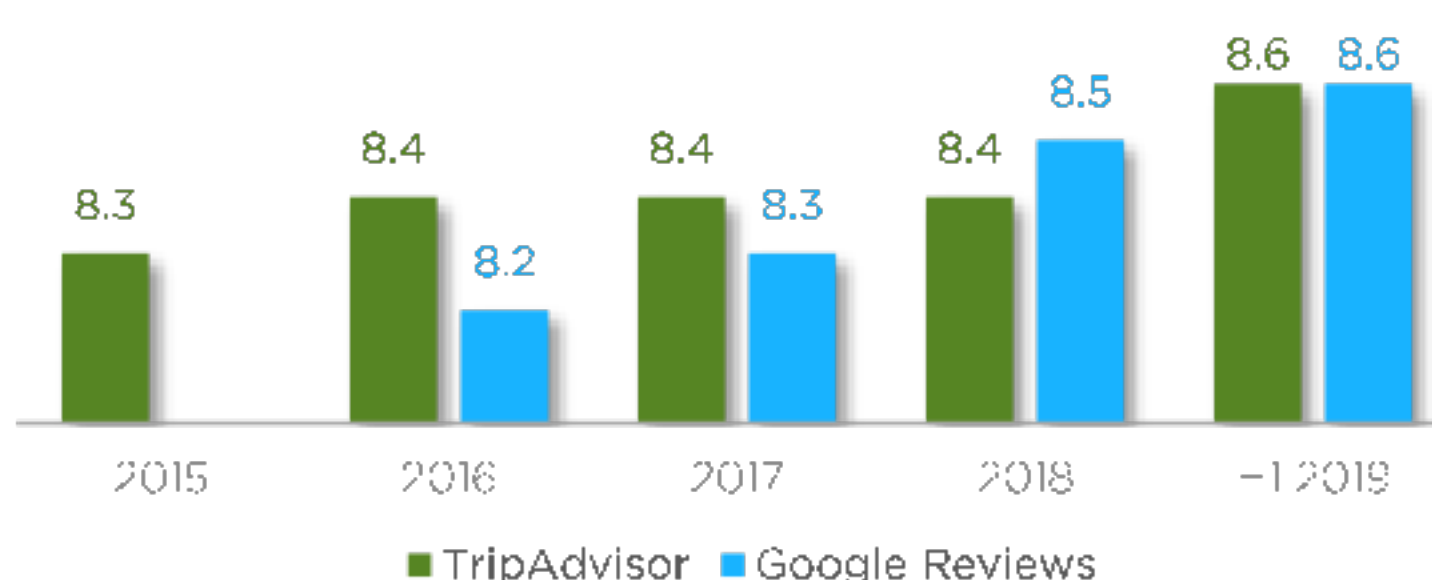
## Strategic initiatives with Minor

- NH and Minor have signed an agreement by which NH will operate Minor hotels in Portugal and Brazil. The operational transfer of Minor's Tivoli portfolio to NH shows an alignment of interests and represents the first milestone of the integration (in effect Q2 and Q3):
  - NH will operate 3 hotels in Lisbon under a sustainable long-term lease agreement with the new owner (Invesco Real Estate).
  - The rest of the portfolio (10 hotels in Portugal and 2 hotels in Brazil) will be operated under a management agreement with Minor.
  - These operating agreements were signed on an arm's-length basis, following a favourable report from the Audit and Control Committee, assisted by external advisors, and approval by the NH Board of Directors, without the proprietary directors that represent Minor.
  - This agreement will entail an estimated annual contribution of around €13m of EBITDA for NH.
- The Group continues working with Minor to identify and quantify the potential benefits of both supplementary businesses, the implementation of economies of scale with a broader customer base, and exploring development paths for all its brands in various geographical areas.



## Other Highlights

- **Repositioning Plan:** In the first half 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, NH Roma Villa Carpegna, NHC Roma Giustiniano and NH Milano Touring in Italy. NHC Amsterdam Flower Market, NH Brussels Airport and NH Luxembourg in Benelux and NHC Berlin Mitte Friedrichstrasse, NHC Berlin Mitte am Checkpoint Charlie, NH Hamburg Altona and NH Vienna Airport in Central Europe and NH Buenos Aires Crillón, NHC Buenos Aires Jousten and NH Mexico City Centro Histórico in Latin America. The opportunity cost, as lower revenues due to the refurbishments was -€4,6m compared with the first half of 2018, mainly due to the refurbishments of hotels in Naples, Amsterdam and Munich.
- **Brand:** NH had 369 hotels and 57,356 rooms as of 30<sup>th</sup> June 2019, out of which 80 hotels and 12,398 rooms are NH Collection (22% of the portfolio), showing their potential both in prices (+44% higher price; ADR NH Collection €131 vs ADR NH €91) 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 +0.4 p.p. in the main cities vs. competitors through higher occupancy (+2.0 p.p.) with a lower ADR (-1.7 p.p.):
  - Solid performance in Spain with a relative RevPAR of +1.3 p.p. mainly explained by higher relative occupancy with strong performance of Valencia and Seville. The recovery of Barcelona translates in prices ahead of competition that resulted in slightly negative relative RevPAR evolution in the city.
  - Italy: -3.3 p.p. relative RevPAR explained by the extraordinary performance in H1 2018 (+4.4 p.p.) with relevant events in Milan and strong evolution of Rome.
  - Excellent result in Benelux with a relative RevPAR of +2.1 p.p. with strong evolution of Amsterdam despite a city tax increase.
  - Central Europe: -0.3 p.p. relative RevPAR variation with higher occupancy and mixed performance among main cities.

| H1 2019               | ADR % var.  |             | Relative" ADR    | "Relative" Occupancy | RevPAR % var. |             | "Relative" RevPAR |
|-----------------------|-------------|-------------|------------------|----------------------|---------------|-------------|-------------------|
|                       | NH          | Compset     | Var.             | Var.                 | NH            | Compset     | Var.              |
| <b>Total NH</b>       | <b>3.7%</b> | <b>5.4%</b> | <b>-1.7 p.p.</b> | <b>2.0 p.p.</b>      | <b>7.1%</b>   | <b>6.7%</b> | <b>0.4 p.p.</b>   |
| <b>Spain</b>          | 8.5%        | 9.1%        | -0.5 p.p.        | 1.8 p.p.             | 13.5%         | 12.1%       | 1.3 p.p.          |
| <b>Italy</b>          | 0.8%        | 2.6%        | -1.8 p.p.        | -1.5 p.p.            | 1.5%          | 4.8%        | -3.3 p.p.         |
| <b>Benelux</b>        | 1.8%        | 2.6%        | -0.9 p.p.        | 2.9 p.p.             | 4.5%          | 2.4%        | 2.1 p.p.          |
| <b>Central Europe</b> | 2.6%        | 5.9%        | -3.3 p.p.        | 3.0 p.p.             | 6.3%          | 6.6%        | -0.3 p.p.         |

➤ **New Agreements of the period:**

- In the first half of 2019, the Company signed agreements for 5 hotels: 3 lease agreements (1 Anantara in Marbella and 2 NH Collection in La Coruña and Rome) 2 management agreements (2 NH in Andorra and Aguascalientes), with a total of 431 rooms. In addition, following the agreement reached with Minor, operations of the hotels in Portugal began, 3 under lease agreements, 9 under management agreements and 1 franchise with the Tivoli, Avani and Anantara brands, with a total of 2,452 rooms (operating in Q2 and Q3).



## Q2 RevPAR Evolution:

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

|  | NH HOTEL GROUP REVPAR Q2 2019/2018 |               |              |              |              |              |              |              |              |              |              |
|--|------------------------------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|  | AVERAGE ROOMS                      |               | OCCUPANCY %  |              |              | ADR          |              |              | REVPAR       |              |              |
|  | 2019                               | 2018          | 2019         | 2018         | % Var        | 2019         | 2018         | % Var        | 2019         | 2018         | % Var        |
| <b>Spain &amp; Others LFL &amp; R <sup>(1)</sup></b> | <b>11,164</b>                      | <b>11,052</b> | <b>80.3%</b> | <b>80.2%</b> | <b>0.1%</b>  | <b>110.9</b> | <b>99.6</b>  | <b>11.3%</b> | <b>89.0</b>  | <b>79.9</b>  | <b>11.4%</b> |
| B.U. Spain Consolidated <sup>(1)</sup>               | 11,800                             | 11,746        | 79.6%        | 79.6%        | 0.0%         | 112.0        | 99.5         | 12.5%        | 89.1         | 79.2         | 12.5%        |
| <b>Italy LFL &amp; R</b>                             | <b>7,186</b>                       | <b>7,156</b>  | <b>77.4%</b> | <b>76.5%</b> | <b>1.2%</b>  | <b>135.8</b> | <b>130.9</b> | <b>3.8%</b>  | <b>105.1</b> | <b>100.1</b> | <b>5.0%</b>  |
| B.U. Italy Consolidated                              | 7,330                              | 7,258         | 77.4%        | 76.2%        | 1.6%         | 137.0        | 131.1        | 4.5%         | 106.0        | 99.8         | 6.2%         |
| <b>Benelux LFL &amp; R</b>                           | <b>8,351</b>                       | <b>8,395</b>  | <b>78.3%</b> | <b>77.7%</b> | <b>0.8%</b>  | <b>124.4</b> | <b>121.5</b> | <b>2.3%</b>  | <b>97.4</b>  | <b>94.4</b>  | <b>3.2%</b>  |
| B.U. Benelux Consolidated                            | 8,870                              | 8,979         | 77.9%        | 77.3%        | 0.8%         | 124.1        | 120.6        | 2.9%         | 96.7         | 93.2         | 3.7%         |
| <b>Central Europe LFL &amp; R</b>                    | <b>11,462</b>                      | <b>11,578</b> | <b>75.8%</b> | <b>76.0%</b> | <b>-0.2%</b> | <b>93.3</b>  | <b>90.2</b>  | <b>3.5%</b>  | <b>70.8</b>  | <b>68.5</b>  | <b>3.4%</b>  |
| B.U. Central Europe Consolidated                     | 12,210                             | 12,034        | 75.0%        | 76.1%        | -1.5%        | 93.5         | 89.5         | 4.6%         | 70.1         | 68.0         | 3.0%         |
| <b>Total Europe LFL &amp; R</b>                      | <b>38,163</b>                      | <b>38,181</b> | <b>78.0%</b> | <b>77.7%</b> | <b>0.4%</b>  | <b>113.4</b> | <b>107.4</b> | <b>5.6%</b>  | <b>88.4</b>  | <b>83.4</b>  | <b>6.0%</b>  |
| Total Europe Consolidated                            | 40,210                             | 40,017        | 77.4%        | 77.4%        | 0.0%         | 113.8        | 106.9        | 6.5%         | 88.1         | 82.7         | 6.5%         |
| <b>Latinamerica LFL &amp; R</b>                      | <b>5,083</b>                       | <b>5,080</b>  | <b>59.8%</b> | <b>61.3%</b> | <b>-2.3%</b> | <b>77.7</b>  | <b>75.2</b>  | <b>3.3%</b>  | <b>46.5</b>  | <b>46.1</b>  | <b>0.9%</b>  |
| Latina america Consolidated                          | 5,355                              | 5,571         | 59.2%        | 60.1%        | -1.4%        | 76.8         | 73.1         | 5.1%         | 45.5         | 43.9         | 3.6%         |
| <b>NH Hotels LFL &amp; R</b>                         | <b>43,246</b>                      | <b>43,261</b> | <b>75.8%</b> | <b>75.7%</b> | <b>0.1%</b>  | <b>110.1</b> | <b>104.3</b> | <b>5.5%</b>  | <b>83.5</b>  | <b>79.0</b>  | <b>5.6%</b>  |
| Total NH Consolidated                                | 45,565                             | 45,589        | 75.3%        | 75.3%        | 0.0%         | 110.4        | 103.6        | 6.5%         | 83.1         | 78.0         | 6.5%         |

(1) Includes France and NY

- **RevPAR rose by +6.5% in Q2, 100% of it through prices** (ADR: +6.5%; +€6.8) and an **occupancy** rate that remained stable at 75.3%. Growth of RevPAR and ADR in all regions, most notably the growth of RevPAR in Spain (+12.5%) and Italy (+6.2%).
- Remarkable **RevPAR growth** in:
  - **Spain:** +12.5% as a result of higher prices with stable activity. Highlight the recovery of Barcelona (+17%; on occupancy and ADR), the excellent performance in Madrid (+15%; mainly as a result of ADR) due to congresses and the Champions League final, and the solid performance in secondary cities (+9%).
  - **Italy:** +6.2%, with prices that grew by 4.5% and greater activity (+1.6%). Solid performance in Milan (+4%) with a positive trade fair calendar in Q2 that offset the negative performance in Q1 and in Rome (+3%).
  - **Benelux:** +3.7%, with growth in Brussels of +7%, solid performance in Amsterdam (+6%) and of conferences hotels (+19%) as a result of higher corporate events more than compensating the poor calendar of Q1.
  - **Central Europe:** +3.0% with higher prices (+4.6%) and less occupancy (-1.5%). Favourable trade fair calendar in Munich (+11%) and Austria (+20%). On the other hand, negative performance in Frankfurt (-8%) impacted mainly by the increase in the hotel offering and, to a lesser extent, the poor trade fair calendar.
  - **LatAm:** +3.6% with a +5.1% increase in ADR and lower occupancy (-1.4%). Buenos Aires (+15%), Mexico City (-2% due to a drop in occupancy) and Bogota (-1%).
- With regard to the Group's **level of activity** in the second quarter, occupancy remained flat at 75.3%. Growth in Italy is noteworthy of mention (+1.6%; +1.2 p.p.), driven by the good performance in Rome.

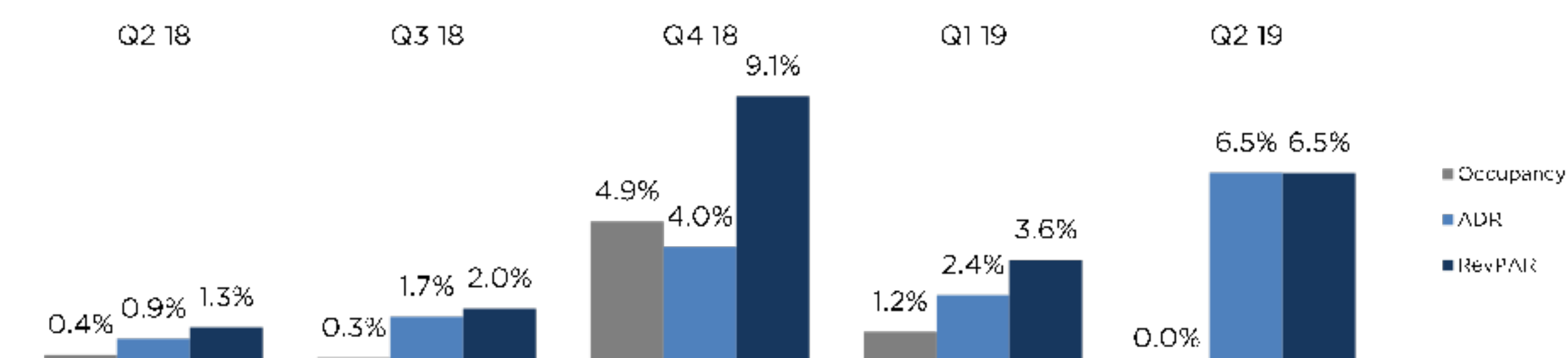


## H1 RevPAR evolution:

- **RevPAR rose by +5.3%** in the first half of the year, **90% through prices** (ADR +4.7%; +€4.6) and **occupancy** grew by +0.5% to 70.6%. Growth of RevPAR and ADR in all markets, most notably the growth of RevPAR in Spain (+10.2%).

| NH HOTEL GROUP REVPAR 6M 2019/2018                   |               |               |              |              |              |              |              |             |             |             |             |
|--|---------------|---------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|
|  | AVERAGE ROOMS |               | OCCUPANCY %  |              |              | ADR          |              |             | REVPAR      |             |             |
|  | 2019          | 2018          | 2019         | 2018         | % Var        | 2019         | 2018         | % Var       | 2019        | 2018        | % Var       |
| <b>Spain &amp; Others LFL &amp; R <sup>(1)</sup></b> | <b>11,164</b> | <b>11,011</b> | <b>75.4%</b> | <b>74.5%</b> | <b>1.3%</b>  | <b>101.1</b> | <b>93.8</b>  | <b>7.8%</b> | <b>76.3</b> | <b>69.8</b> | <b>9.2%</b> |
| B.U. Spain Consolidated <sup>(1)</sup>               | 11,741        | 11,614        | 74.8%        | 74.0%        | 1.1%         | 101.9        | 93.5         | 9.1%        | 76.3        | 69.2        | 10.2%       |
| <b>Italy LFL &amp; R</b>                             | <b>7,100</b>  | <b>7,138</b>  | <b>70.1%</b> | <b>69.7%</b> | <b>0.5%</b>  | <b>122.3</b> | <b>119.2</b> | <b>2.6%</b> | <b>85.7</b> | <b>83.1</b> | <b>3.1%</b> |
| B.U. Italy Consolidated                              | 7,244         | 7,190         | 70.0%        | 69.6%        | 0.6%         | 123.0        | 119.4        | 3.0%        | 86.1        | 83.1        | 3.6%        |
| <b>Benelux LFL &amp; R</b>                           | <b>8,266</b>  | <b>8,393</b>  | <b>71.4%</b> | <b>70.7%</b> | <b>1.0%</b>  | <b>114.5</b> | <b>113.1</b> | <b>1.2%</b> | <b>81.8</b> | <b>80.0</b> | <b>2.2%</b> |
| B.U. Benelux Consolidated                            | 8,785         | 8,887         | 71.1%        | 70.5%        | 0.8%         | 114.6        | 112.6        | 1.8%        | 81.5        | 79.4        | 2.6%        |
| <b>Central Europe LFL &amp; R</b>                    | <b>11,462</b> | <b>11,606</b> | <b>72.4%</b> | <b>71.6%</b> | <b>1.0%</b>  | <b>92.0</b>  | <b>89.1</b>  | <b>3.2%</b> | <b>66.6</b> | <b>63.8</b> | <b>4.3%</b> |
| B.U. Central Europe Consolidated                     | 12,201        | 12,062        | 71.5%        | 71.6%        | -0.1%        | 92.0         | 88.5         | 4.0%        | 65.8        | 63.3        | 3.8%        |
| <b>Total Europe LFL &amp; R</b>                      | <b>37,991</b> | <b>38,148</b> | <b>72.6%</b> | <b>71.9%</b> | <b>1.0%</b>  | <b>105.0</b> | <b>101.2</b> | <b>3.8%</b> | <b>76.3</b> | <b>72.7</b> | <b>4.9%</b> |
| Total Europe Consolidated                            | 39,970        | 39,753        | 72.1%        | 71.7%        | 0.6%         | 105.4        | 100.7        | 4.6%        | 76.0        | 72.2        | 5.2%        |
| <b>Latinamerica LFL &amp; R</b>                      | <b>5,083</b>  | <b>5,080</b>  | <b>60.3%</b> | <b>61.7%</b> | <b>-2.3%</b> | <b>75.3</b>  | <b>73.5</b>  | <b>2.5%</b> | <b>45.4</b> | <b>45.3</b> | <b>0.2%</b> |
| Latinamerica Consolidated                            | 5,353         | 5,549         | 59.5%        | 60.0%        | -0.9%        | 74.5         | 71.8         | 3.8%        | 44.3        | 43.1        | 2.9%        |
| <b>NH Hotels LFL &amp; R</b>                         | <b>43,074</b> | <b>43,228</b> | <b>71.2%</b> | <b>70.7%</b> | <b>0.7%</b>  | <b>102.1</b> | <b>98.3</b>  | <b>3.8%</b> | <b>72.6</b> | <b>69.5</b> | <b>4.5%</b> |
| Total NH Consolidated                                | 45,323        | 45,302        | 70.6%        | 70.3%        | 0.5%         | 102.3        | 97.7         | 4.7%        | 72.2        | 68.6        | 5.3%        |

## Evolution of Consolidated Ratios by quarter:



| Consolidated Ratios                 |       | Occupancy   |             |             |             |             | ADR         |             |             |             |             | RevPAR      |             |             |             |             |
|-------------------------------------|-------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                                     | % Var | Q2 18       | Q3 18       | Q4 18       | Q1 19       | Q2 19       | Q2 18       | Q3 18       | Q4 18       | Q1 19       | Q2 19       | Q2 18       | Q3 18       | Q4 18       | Q1 19       | Q2 19       |
| <b>Spain <sup>(1)</sup></b>         |       | -0.4%       | -1.6%       | 7.4%        | 2.5%        | 0.0%        | -2.6%       | -3.8%       | 5.1%        | 4.7%        | 12.5%       | -3.0%       | -5.3%       | 12.9%       | 7.3%        | 12.5%       |
| <b>Italy</b>                        |       | 0.3%        | 0.6%        | 2.1%        | 0.1%        | 1.6%        | 2.4%        | 2.9%        | 3.0%        | 0.3%        | 4.5%        | 2.8%        | 3.5%        | 5.2%        | 0.4%        | 6.2%        |
| <b>Benelux</b>                      |       | 2.2%        | 3.2%        | 3.3%        | 0.9%        | 0.8%        | 4.2%        | 2.5%        | 2.6%        | 0.1%        | 2.9%        | 6.5%        | 5.7%        | 6.0%        | 1.0%        | 3.7%        |
| <b>Central Europe</b>               |       | -0.2%       | 1.0%        | 4.1%        | 1.4%        | -1.5%       | 2.9%        | 5.7%        | 4.6%        | 3.3%        | 4.6%        | 2.7%        | 6.7%        | 8.8%        | 4.7%        | 3.0%        |
| <b>TOTAL EUROPE</b>                 |       | 0.3%        | 0.6%        | 4.5%        | 1.4%        | 0.0%        | 1.7%        | 1.8%        | 4.1%        | 2.2%        | 6.5%        | 2.0%        | 2.4%        | 8.7%        | 3.7%        | 6.5%        |
| <b>Latin America real exc. rate</b> |       | 0.0%        | -2.2%       | 8.2%        | -1.3%       | -1.4%       | -8.1%       | -1.1%       | 5.2%        | 2.4%        | 5.1%        | -7.9%       | -3.1%       | 13.8%       | 1.1%        | 3.6%        |
| <b>NH HOTEL GROUP</b>               |       | <b>0.4%</b> | <b>0.3%</b> | <b>4.9%</b> | <b>1.2%</b> | <b>0.0%</b> | <b>0.9%</b> | <b>1.7%</b> | <b>4.0%</b> | <b>2.4%</b> | <b>6.5%</b> | <b>1.3%</b> | <b>2.0%</b> | <b>9.1%</b> | <b>3.6%</b> | <b>6.5%</b> |

(1) Includes France and NY



## H1 2019 Sales and Results

Madrid, 25<sup>th</sup> July 2019

| RECURRING HOTEL ACTIVITY *                                   |              |              |                |                |              |              |                |                |
|--|--------------|--------------|----------------|----------------|--------------|--------------|----------------|----------------|
| (€ million)  | 2019<br>Q2   | 2018<br>Q2   | DIFF.<br>19/18 | %DIFF.         | 2018<br>6M   | 2017<br>6M   | DIFF.<br>19/18 | %DIFF.         |
| SPAIN <sup>(1)</sup>   | 125.3        | 113.5        | 11.8           | 10.4%          | 218.8        | 198.9        | 19.9           | 10.0%          |
| ITALY  | 89.0         | 84.5         | 4.5            | 5.3%           | 147.1        | 142.4        | 4.7            | 3.3%           |
| BENELUX  | 102.7        | 100.1        | 2.6            | 2.6%           | 173.1        | 171.9        | 1.2            | 0.7%           |
| CENTRAL EUROPE   | 97.0         | 95.7         | 1.3            | 1.3%           | 182.7        | 179.3        | 3.4            | 1.9%           |
| AMERICA  | 31.3         | 31.1         | 0.3            | 0.9%           | 61.0         | 60.4         | 0.6            | 1.0%           |
| <b>TOTAL RECURRING REVENUE LFL&amp;R</b>                     | <b>445.3</b> | <b>424.9</b> | <b>20.4</b>    | <b>4.8%</b>    | <b>782.7</b> | <b>752.9</b> | <b>29.8</b>    | <b>4.0%</b>    |
| <b>OPENINGS, CLOSINGS &amp; OTHERS</b>                       | <b>23.6</b>  | <b>20.4</b>  | <b>3.2</b>     | <b>15.7%</b>   | <b>38.8</b>  | <b>32.5</b>  | <b>6.2</b>     | <b>19.2%</b>   |
| <b>RECURRING REVENUES</b>                                    | <b>468.9</b> | <b>445.2</b> | <b>23.6</b>    | <b>5.3%</b>    | <b>821.5</b> | <b>785.5</b> | <b>36.1</b>    | <b>4.6%</b>    |
|  | 0.00         | 0.00         | 0.00           | 0.0%           |              |              |                |                |
| SPAIN <sup>(1)</sup>   | 69.6         | 65.6         | 4.0            | 6.0%           | 134.2        | 126.3        | 7.9            | 6.2%           |
| ITALY  | 46.2         | 45.7         | 0.5            | 1.1%           | 85.9         | 86.1         | (0.2)          | (0.3%)         |
| BENELUX  | 60.1         | 58.2         | 1.9            | 3.2%           | 112.4        | 110.3        | 2.1            | 1.9%           |
| CENTRAL EUROPE   | 60.2         | 59.4         | 0.8            | 1.3%           | 119.9        | 118.9        | 1.0            | 0.8%           |
| AMERICA  | 21.7         | 21.9         | (0.2)          | (1.1%)         | 42.7         | 43.6         | (1.0)          | (2.2%)         |
| <b>RECURRING OPEX LFL&amp;R</b>                              | <b>257.8</b> | <b>250.9</b> | <b>6.9</b>     | <b>2.8%</b>    | <b>495.0</b> | <b>485.3</b> | <b>9.8</b>     | <b>2.0%</b>    |
| <b>OPENINGS, CLOSINGS &amp; OTHERS</b>                       | <b>14.4</b>  | <b>11.5</b>  | <b>2.9</b>     | <b>25.1%</b>   | <b>24.8</b>  | <b>19.7</b>  | <b>5.1</b>     | <b>26.0%</b>   |
| <b>RECURRING OPERATING EXPENSES <sup>(2)</sup></b>           | <b>272.2</b> | <b>262.4</b> | <b>9.8</b>     | <b>3.7%</b>    | <b>519.9</b> | <b>505.0</b> | <b>14.9</b>    | <b>3.0%</b>    |
|  |              |              |                |                |              |              |                |                |
| SPAIN <sup>(1)</sup>   | 55.7         | 46.2         | 9.6            | 20.7%          | 84.7         | 72.6         | 12.1           | 16.6%          |
| ITALY  | 42.8         | 38.8         | 4.0            | 10.3%          | 61.2         | 56.2         | 4.9            | 8.7%           |
| BENELUX  | 42.6         | 41.9         | 0.7            | 1.6%           | 60.7         | 61.7         | (0.9)          | (1.5%)         |
| CENTRAL EUROPE   | 36.8         | 36.3         | 0.5            | 1.3%           | 62.8         | 60.4         | 2.4            | 4.0%           |
| AMERICA  | 9.7          | 9.1          | 0.5            | 5.6%           | 18.4         | 16.8         | 1.6            | 9.4%           |
| <b>RECURRING GOP LFL&amp;R</b>                               | <b>187.5</b> | <b>172.2</b> | <b>15.2</b>    | <b>8.9%</b>    | <b>287.7</b> | <b>267.7</b> | <b>20.0</b>    | <b>7.5%</b>    |
| <b>OPENINGS, CLOSINGS &amp; OTHERS</b>                       | <b>9.2</b>   | <b>10.6</b>  | <b>(1.4)</b>   | <b>(13.3%)</b> | <b>14.0</b>  | <b>12.9</b>  | <b>1.1</b>     | <b>8.7%</b>    |
| <b>RECURRING GOP</b>   | <b>196.7</b> | <b>182.8</b> | <b>13.8</b>    | <b>7.6%</b>    | <b>301.7</b> | <b>280.5</b> | <b>21.1</b>    | <b>7.5%</b>    |
|  |              |              |                |                |              |              |                |                |
| SPAIN <sup>(1)</sup>   | 25.6         | 22.6         | 3.0            | 13.4%          | 50.0         | 45.2         | 4.7            | 10.5%          |
| ITALY  | 14.0         | 12.9         | 1.1            | 8.1%           | 27.0         | 25.7         | 1.4            | 5.3%           |
| BENELUX  | 15.2         | 15.1         | 0.1            | 0.6%           | 29.7         | 29.5         | 0.2            | 0.7%           |
| CENTRAL EUROPE   | 26.6         | 25.5         | 1.1            | 4.1%           | 53.8         | 51.5         | 2.3            | 4.6%           |
| AMERICA  | 2.8          | 2.7          | 0.1            | 3.7%           | 5.8          | 5.5          | 0.3            | 5.0%           |
| <b>RECURRING LEASES &amp; PT LFL&amp;R</b>                   | <b>84.2</b>  | <b>78.8</b>  | <b>5.3</b>     | <b>6.8%</b>    | <b>166.3</b> | <b>157.4</b> | <b>8.9</b>     | <b>5.7%</b>    |
| <b>OPENINGS, CLOSINGS &amp; OTHERS</b>                       | <b>2.8</b>   | <b>4.7</b>   | <b>(1.9)</b>   | <b>(41.1%)</b> | <b>4.7</b>   | <b>8.1</b>   | <b>(3.4)</b>   | <b>(42.0%)</b> |
| <b>RECURRING RENTS AND PROPERTY TAXES <sup>(3)</sup></b>     | <b>86.9</b>  | <b>83.6</b>  | <b>3.4</b>     | <b>4.0%</b>    | <b>171.0</b> | <b>165.5</b> | <b>5.5</b>     | <b>3.3%</b>    |
|  |              |              |                |                |              |              |                |                |
| SPAIN <sup>(1)</sup>   | 30.2         | 23.6         | 6.5            | 27.7%          | 34.7         | 27.3         | 7.3            | 26.8%          |
| ITALY  | 28.8         | 25.8         | 2.9            | 11.4%          | 34.1         | 30.6         | 3.6            | 11.6%          |
| BENELUX  | 27.3         | 26.8         | 0.6            | 2.2%           | 31.0         | 32.2         | (1.2)          | (3.6%)         |
| CENTRAL EUROPE   | 10.2         | 10.7         | (0.6)          | (5.4%)         | 9.0          | 8.9          | 0.1            | 0.7%           |
| AMERICA  | 6.9          | 6.5          | 0.4            | 6.4%           | 12.6         | 11.2         | 1.3            | 11.6%          |
| <b>RECURRING EBITDA LFL&amp;R</b>                            | <b>103.3</b> | <b>93.4</b>  | <b>9.9</b>     | <b>10.6%</b>   | <b>121.4</b> | <b>110.2</b> | <b>11.1</b>    | <b>10.1%</b>   |
| <b>OPENINGS, CLOSINGS &amp; OTHERS</b>                       | <b>6.4</b>   | <b>5.9</b>   | <b>0.5</b>     | <b>9.1%</b>    | <b>9.3</b>   | <b>4.7</b>   | <b>4.5</b>     | <b>95.4%</b>   |
| <b>RECURRING EBITDA EX. ONEROUS PROVISION <sup>(3)</sup></b> | <b>109.7</b> | <b>99.3</b>  | <b>10.5</b>    | <b>10.5%</b>   | <b>130.6</b> | <b>115.0</b> | <b>15.6</b>    | <b>13.6%</b>   |

<sup>(1)</sup> IFRS 16 not included in business performance figures

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

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

<sup>(3)</sup> Rents and Recurring EBITDA exclude IFRS 16 accounting impact for comparison purposes



## Recurring Results by Business Unit (LFL&R basis) <sup>(\*)</sup>

### Spain B.U. <sup>(1)</sup>:

- Q2: RevPAR was up +11.4% in Q2, with an increase in prices of +11.3%, most notably including the excellent performance of Barcelona, Madrid and secondary cities. Revenue grew by +10.4%.
- H1: RevPAR rose by +9.2%, driven by the recovery of Barcelona (+15.9%; occupancy +7.4% and ADR +7.9%) and the excellent performance in Madrid (+12.5%; as a result of ADR) due to congresses and the Champions League final in June. ADR rose +7.8% and occupancy by +1.3%.
  - LFL Revenue grew by +9.6% due to the ongoing recovery of Barcelona (+14.9%) and the excellent performance of Madrid, which grew by +9.7% as a result of the events mentioned. Secondary cities grew by +4.8%. Including the refurbishments, LFL&R revenue grew by +10.0% mainly as a result of the contribution of the refurbishment of 3 hotels (2 in Madrid and 1 in Malaga).
  - Operating expenses rose +6.2% (-€7.9m) in the first half of the year, mainly due to increased occupancy (+1.1%), minimum wage increased by around 10% and CLA agreements.
  - GOP reached €84.7m, up +16.6% (+€12.1m) and leases +€1.7m (+10.5%).
  - EBITDA for the first half of the year grew by +26.8% (+€7.3m) to reach €34.7m with a margin that increased by +2.1 p.p. to 15.9%.

<sup>(1)</sup> Includes the New York hotel and France

### Italy B.U.:

- Q2: RevPAR growth of +5.0% in the second quarter with an increase of +3.8% in prices (73% in weight) and +1.2% in occupancy. Remark the better performance in Milan (+4.2%) as a result of the improved trade fair calendar. Revenue increased by +5.3% in the quarter.
- H1: RevPAR grew +3.1% in the first half of the year with ADR up by +2.6% and occupancy by +0.5%. Remarkable performance in RevPAR LFL in Rome (+3.8%), while Milan (+0.2%) recovered in Q2 from the negative performance of the poor trade fair calendar in Q1.
  - LFL revenue growth of +1.7%. With regard to the main cities, Rome grew by +1.5% and Milan by +0.8%, thus recovering the loss of the first quarter. Including the scope of hotels being refurbished, LFL&R revenue grew by +3.3% (contribution of 2 hotels refurbished in 2018 in Rome and Milan more than offsetting the opportunity cost of the 2 hotels refurbished in 2019 in Rome and Naples).
  - Operating expenses fell by -0.3% while GOP grew by +8.7% (+€4.9m) to €61.2m.
  - EBITDA for the first half of the year increased +11.6% (+€3.6m) to €34.1m with a margin that grew +1.7 p.p. to 23.2%.

### Benelux B.U.:

- Q2: RevPAR growth of +3.2% in Q2 with an increase of +2.3% in prices and +0.8% in occupancy. Revenue grew by +2.6%.
- H1: RevPAR growth of +2.2% with prices up +1.2% and +1.0% increase in occupancy. Remark the growth in LFL RevPAR in Brussels (+8.9%, due to higher occupancy) and Amsterdam (+4.4%). Conferences hotels (+6.2%) have recovered from the poor performance of Q1 as a result of higher corporate events in Q2.

<sup>(\*)</sup> IFRS 16 not included in business performance figures



## H1 2019 Sales and Results

Madrid, 25<sup>th</sup> July 2019

- LFL revenues were up +2.7%, driven by the good performance in Brussels (+8.3%). Amsterdam grew by +2.6%, conferences hotels by +3.5%, which more than offset Q1. Including the business loss due to the refurbishment of a hotel in Amsterdam (-€3.5m), LFL&R revenue grew by +0.7%.
- Operating expenses rose by +1.9% in the first half of the year and GOP dropped by -1.5% (-€0.9m), mainly impacted by the increase in salaries related to the housekeeping staff and CLA agreements.
- These effects account for the -€1.2m fall in EBITDA to €31.0m.

### Central Europe B.U.:

- Q2: RevPAR growth of +3.4% in the second quarter with an increase of +3.5% in prices and virtually stable occupancy at 76.0%. Revenue grew by +1.3% in the second quarter.
- H1: Solid growth in RevPAR of +4.3% in the first half of the year with ADR up by +3.2% and occupancy by +1.0%. Excellent performance in Munich +18.8% and Austria +17.3 with favourable trade fair calendars. Frankfurt (-4.9%) performed poorly as a result of greater supply in the city and, to a lesser extent, due to the weaker trade fair calendar.
  - LFL revenue grew by +2.6% as a result of the solid performance in Munich (+15.5%) and German secondary cities (+3.8%). Frankfurt's revenue dropped (-6.5%) as a result of the new offering. Including the business loss due to the refurbishment of a hotel in Munich (€-2.2m), offset in part by a hotel refurbished in 2018 in Berlin (+€1.1M), LFL&R revenue grew by +1.9% in the first half of the year.
  - Operating expenses remained virtually stable in the first half of the year (+0.8%; +€1.0m). GOP rose +4.0% (+€2.4m) to €62.8m.
  - The +4.6% increase in rentals caused EBITDA to remain stable in the first half of the year (+0.7%; +€0.1m) at €9.0m.

### Americas B.U. <sup>(2)</sup>:

- Q2: RevPAR was up +0.9% in the second quarter, with prices rising by +3.3% and a -2.3% drop in occupancy. At constant exchange rates the growth of the BU's LFL&R revenue is +21.8% in the quarter and at real exchange rates revenue rose by +0.9%.
- H1: RevPAR grew by +0.2% in the first half of the year, with prices increasing by +2.5%, while occupancy dropped by -2.3%.
  - By regions, revenue in Mexico was down -2.5% in local currency. However, with real exchange rate, revenue would have grown by +3.9% if we include the currency performance (+6%).
  - In Argentina, revenue grew +82.6% at constant exchange rates, mainly due to an increase in average prices due to hyperinflation. Reported revenue would have been down -1.4% if we take into account the strong currency devaluation (-85%).
  - At Hoteles Royal, revenue dropped by -4.0% in local currency and if we take into account the -3% devaluation in currency, revenue dropped by -6.6%.

(2) Includes IAS 29 impact in Argentina



## Consolidated Income Statement H1

| NH HOTEL GROUP P&L ACCOUNT                |                     |                 |                       |                     |                      |                |
|---|---------------------|-----------------|-----------------------|---------------------|----------------------|----------------|
| (€ million)                               | 6M 2019<br>Reported | IFRS 16<br>Adj. | 6M 2019<br>ex IFRS 16 | 6M 2018<br>Reported | Var. 6M<br>ex IFRS16 |                |
|   | € m.                | € m.            | € m.                  | € m.                | € m.                 | %              |
| <b>TOTAL REVENUES</b>                     | <b>821.5</b>        | -               | <b>821.5</b>          | <b>785.5</b>        | <b>36.1</b>          | <b>4.6%</b>    |
| Staff Cost                                | (278.9)             | -               | (278.9)               | (267.3)             | (11.6)               | 4.4%           |
| Operating expenses                        | (241.0)             | -               | (241.0)               | (237.7)             | (3.3)                | 1.4%           |
| <b>GROSS OPERATING PROFIT</b>             | <b>301.7</b>        | -               | <b>301.7</b>          | <b>280.5</b>        | <b>21.1</b>          | <b>7.5%</b>    |
| Lease payments and property taxes         | (44.8)              | (126.2)         | (171.0)               | (165.5)             | (5.5)                | 3.3%           |
| <b>EBITDA BEFORE ONEROUS</b>              | <b>256.9</b>        | <b>(126.2)</b>  | <b>130.6</b>          | <b>115.0</b>        | <b>15.6</b>          | <b>13.6%</b>   |
| Margin % of Revenues                      | 31.3%               | -               | 15.9%                 | 14.6%               | -                    | 1.3 p.p.       |
| Onerous contract reversal provision       | -                   | 0.8             | 0.8                   | 1.3                 | (0.5)                | (35.7%)        |
| <b>EBITDA AFTER ONEROUS</b>               | <b>256.9</b>        | <b>(125.4)</b>  | <b>131.4</b>          | <b>116.3</b>        | <b>15.2</b>          | <b>13.1%</b>   |
| Depreciation                              | (144.8)             | 88.4            | (56.5)                | (54.6)              | (1.9)                | 3.5%           |
| <b>EBIT</b>                               | <b>112.0</b>        | <b>(37.1)</b>   | <b>75.0</b>           | <b>61.7</b>         | <b>13.3</b>          | <b>21.5%</b>   |
| Interest expense                          | (56.8)              | 45.3            | (11.5)                | (20.3)              | 8.8                  | 43.5%          |
| Income from minority equity interests     | 0.0                 | -               | 0.0                   | (0.0)               | 0.1                  | N/A            |
| <b>EBT</b>                                | <b>55.2</b>         | <b>8.3</b>      | <b>63.5</b>           | <b>41.3</b>         | <b>22.2</b>          | <b>53.6%</b>   |
| Corporate income tax                      | (17.3)              | (2.4)           | (19.8)                | (16.9)              | (2.9)                | (16.9%)        |
| <b>NET INCOME before minorities</b>       | <b>37.9</b>         | <b>5.8</b>      | <b>43.7</b>           | <b>24.4</b>         | <b>19.3</b>          | <b>79.1%</b>   |
| Minority interests                        | (1.8)               | -               | (1.8)                 | (1.5)               | (0.3)                | (22.2%)        |
| <b>NET RECURRING INCOME</b>               | <b>36.1</b>         | <b>5.8</b>      | <b>41.9</b>           | <b>23.0</b>         | <b>19.0</b>          | <b>82.7%</b>   |
| Non Recurring EBITDA <sup>(1)</sup>       | 6.3                 | -               | 6.3                   | 86.4                | (80.0)               | (92.7%)        |
| Other Non Recurring items <sup>(2)</sup>  | (2.6)               | -               | (2.6)                 | (45.0)              | 42.4                 | 94.3%          |
| <b>NET INCOME including Non-Recurring</b> | <b>39.9</b>         | <b>5.8</b>      | <b>45.7</b>           | <b>64.3</b>         | <b>(18.6)</b>        | <b>(29.0%)</b> |

(1) Includes gross capital gains from asset rotation

(2) Includes taxes from asset rotation

## H1 2019 Comments:

- **Revenue growth of +4.6%** (+6.3% at constant exchange rates) **reaching €822m** (+€36m) in the first half of the year, despite the 2019 refurbishments (-€5m opportunity cost) and the negative currency impact (-€13m).
  - In like-for-like (“LFL”) terms, not including refurbishments and perimeter changes, revenue was up +4.6% (+6.6% at constant exchange rates) with a solid performance in Europe (+4.5%). Outstanding performance in Spain (+9.6%), while Benelux (+2.7%), Central Europe (+2.6%) and Italy (+1.7%) improved the evolution compared to Q1.
- **Cost evolution:** cost control in the first half of the year despite the growth in occupancy (+0.5%).
  - **Staff costs** rose by +4.4% (-€11.6m), which is partially explained by the increase in collective labour agreements in Spain and Benelux and **other direct operating expenses grew** by +1.4% (-€3.3m).



The impact of the scope of hotels being refurbished (2018 and 2019) and the openings and closing explain 46% of the increase in total operating expenses.

- **Improvement of +€21.1m (+7.5%) at the GOP level.** The margin on revenues improved by +1.0 p.p. in the first half of the year with a conversion ratio of 59% for incremental revenue.
- **Leases and property taxes**, excluding the accounting impact of IFRS 16, reached €171.0m, up by -€5.5m (+3.3%). Changes in the perimeter due to openings and closings partially offset the higher leases due to the 2018 refurbishments. The reported figure applying IFRS 16 is €44.8m.
- Revenue growth together with cost control enabled to close first half of the year with a **recurrent EBITDA<sup>(2)</sup> growth of +13.6% reaching €130.6m, excluding the accounting impact of IFRS 16**, meaning an **increase of +€15.6m and a margin improvement of +1.3 p.p.** The conversion rate of the increase in revenue to EBITDA is 43%. Including the impact of IFRS 16, reported EBITDA amounts to €256.9m.
- **Depreciation:** increase of -€1.9m due to the impact of the repositioning investments. Including the accounting impact of IFRS 16, the reported figure is €144.8m.
- **Financial Expenses:** the +€8.8m improvement is mainly due to debt interest savings, explained by the early redemption of the convertible bond in June 2018 and by the partial early repayment of the 2023 bond amounting to €43.2m in Q4 2018. Including the impact of IFRS 16, the reported figure is €56.8m.
- **Corporate Income Tax of -€17.3m**, -€0.4m higher than H1 2018 explained by a better EBT performance and deferred taxes arisen from IFRS 16 (+€2.4m).
- **Significant increase in Net Recurring Income reported in the first half of the year of +€13.2m vs. H1 2018 reported figure, reaching €36.1m** due to business improvement, lower financial expenses and despite the accounting impact of IFRS 16 (-€5.8m).
- **Reported Total Net Income of €39.9m**, -€24.5m lower than the reported first half of 2018. The comparison is negatively affected by less net capital gains from asset rotation (H1 2018: +€57m).



## Consolidated Income Statement Q2

| NH HOTEL GROUP P&L ACCOUNT                |                     |                 |                       |                     |                      |              |
|---|---------------------|-----------------|-----------------------|---------------------|----------------------|--------------|
| (€ million)                               | Q2 2019<br>Reported | IFRS 16<br>Adj. | Q2 2019<br>ex IFRS 16 | Q2 2018<br>Reported | Var. Q2<br>ex IFRS16 |              |
|   | € m.                | € m.            | € m.                  | € m.                | € m.                 | %            |
| <b>TOTAL REVENUES</b>                     | <b>468.9</b>        | -               | <b>468.9</b>          | <b>445.2</b>        | <b>23.6</b>          | <b>5.3%</b>  |
| Staff Cost                                | (145.3)             | -               | (145.3)               | (137.3)             | (8.0)                | 5.9%         |
| Operating expenses                        | (126.9)             | -               | (126.9)               | (125.1)             | (1.7)                | 1.4%         |
| <b>GROSS OPERATING PROFIT</b>             | <b>196.7</b>        | -               | <b>196.7</b>          | <b>182.8</b>        | <b>13.8</b>          | <b>7.6%</b>  |
| Lease payments and property taxes         | (23.3)              | (63.6)          | (86.9)                | (83.6)              | (3.4)                | 4.0%         |
| <b>EBITDA BEFORE ONEROUS</b>              | <b>173.4</b>        | <b>(63.6)</b>   | <b>109.7</b>          | <b>99.3</b>         | <b>10.4</b>          | <b>10.5%</b> |
| Margin % of Revenues                      | 37.0%               | -               | 23.4%                 | 22.3%               | -                    | 1.1 p.p.     |
| Onerous contract reversal provision       | -                   | 0.4             | 0.4                   | 0.6                 | (0.2)                | (35.3%)      |
| <b>EBITDA AFTER ONEROUS</b>               | <b>173.4</b>        | <b>(63.2)</b>   | <b>110.2</b>          | <b>99.9</b>         | <b>10.2</b>          | <b>10.2%</b> |
| Depreciation                              | (73.9)              | 44.9            | (29.0)                | (27.2)              | (1.7)                | 6.4%         |
| <b>EBIT</b>                               | <b>99.5</b>         | <b>(18.3)</b>   | <b>81.2</b>           | <b>72.7</b>         | <b>8.5</b>           | <b>11.7%</b> |
| Interest expense                          | (28.8)              | 22.9            | (5.9)                 | (9.7)               | 3.8                  | 39.2%        |
| Income from minority equity interests     | (0.1)               | -               | (0.1)                 | (0.1)               | 0.1                  | (48.2%)      |
| <b>EBT</b>                                | <b>70.6</b>         | <b>4.6</b>      | <b>75.2</b>           | <b>62.9</b>         | <b>12.4</b>          | <b>19.7%</b> |
| Corporate income tax                      | (16.5)              | (1.5)           | (18.0)                | (16.0)              | (2.0)                | (12.8%)      |
| <b>NET INCOME before minorities</b>       | <b>54.1</b>         | <b>3.1</b>      | <b>57.2</b>           | <b>46.9</b>         | <b>10.3</b>          | <b>22.0%</b> |
| Minority interests                        | (0.7)               | -               | (0.7)                 | (1.0)               | 0.3                  | 26.8%        |
| <b>NET RECURRING INCOME</b>               | <b>53.4</b>         | <b>3.1</b>      | <b>56.5</b>           | <b>45.9</b>         | <b>10.6</b>          | <b>23.0%</b> |
| Non Recurring EBITDA <sup>(1)</sup>       | 2.7                 | -               | 2.7                   | 0.2                 | 2.5                  | N/A          |
| Other Non Recurring items <sup>(2)</sup>  | (1.4)               | -               | (1.4)                 | (3.5)               | 2.0                  | 58.5%        |
| <b>NET INCOME including Non-Recurring</b> | <b>54.6</b>         | <b>3.1</b>      | <b>57.7</b>           | <b>42.6</b>         | <b>15.1</b>          | <b>35.4%</b> |

(1) Includes gross capital gains from asset rotation

(2) Includes taxes from asset rotation

### Q2 2019 Comments:

- **Revenue grew by +5.3%** (+6.7% at constant exchange rates) **reaching €469m** (+€24m). With regard to the LFL growth of +5.3% (+7.0% at constant exchange rates), highlight the excellent performance in Spain (+10.8%) and the solid growth of Benelux (+4.0%), Central Europe (+2.6%) and Italy (+2.4%).
- **Operating profit grew by +€13.8m** in the second quarter, reaching a margin of 42%. The conversion rate reached 59% as a result of cost control. 41% of the increase in operating costs is explained by the non-comparable perimeter (refurbishments, openings and closings).
- **Leases and property taxes**, excluding the accounting impact of IFRS 16, reached €86.0m, up by -€3.4m (+4.0%). The reported figure with IFRS 16 is €23.3m.



## H1 2019 Sales and Results

Madrid, 25<sup>th</sup> July 2019

- Cost control allowed **growth in recurring EBITDA of +10.5% to €109.7m**, which represents an increase of +€10.4m with a **margin of 23.4%** (+1.1 p.p.). Including the impact of IFRS 16, reported EBITDA amounts to €173.4m.
- **Depreciation:** increase of -€1.7m due to the impact of the repositioning investments. Including the accounting impact of IFRS 16, the reported figure is €73.9m.
- **Financial Expenses:** the +€3.8m improvement is mainly due to debt interest savings, explained by the early redemption of the convertible bond in June 2018 and by the partial early repayment of the 2023 bond amounting to €43.2m in Q4 2018. With IFRS 16, the reported figure is €28.8m.
- **The reported Net Recurring Income improved by +€7.5m vs. Q2 2018 reported figure**, reaching €53.4m despite the accounting impact of IFRS 16 (-€3.1m).
- **The reported Total Net Income reached €54.6m** in the second quarter, +€12.0m greater than the same reported period of 2018 as a result of improvements in the business.

## Financial Debt and Liquidity

| As of 30/06/2019<br>Data in Euro million         | Maximum<br>Available | Availability | Drawn        | Repayment schedule |            |            |            |              |            |            |            |             |
|--|----------------------|--------------|--------------|--------------------|------------|------------|------------|--------------|------------|------------|------------|-------------|
|  |                      |              |              | 2019               | 2020       | 2021       | 2022       | 2023         | 2024       | 2025       | 2026       | Rest        |
| <b>Senior Credit Facilities</b>                  |                      |              |              |                    |            |            |            |              |            |            |            |             |
| Senior Secured Notes due 2023                    | 356.9                | -            | 356.9        | -                  | -          | -          | -          | 356.9        | -          | -          | -          | -           |
| Senior Secured RCF due in 2021                   | 250.0                | 250.0        | -            | -                  | -          | -          | -          | -            | -          | -          | -          | -           |
| <b>Total debt secured by the same Collateral</b> | <b>606.9</b>         | <b>250.0</b> | <b>356.9</b> | <b>0.0</b>         | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>356.9</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b>  |
| Other Secured loans <sup>(1)</sup>               | 30.9                 | -            | 30.9         | 1.6                | 2.6        | 2.5        | 2.1        | 6.1          | 1.3        | 0.9        | 0.8        | 13.1        |
| <b>Total secured debt</b>                        | <b>637.8</b>         | <b>250.0</b> | <b>387.8</b> | <b>1.6</b>         | <b>2.6</b> | <b>2.5</b> | <b>2.1</b> | <b>362.9</b> | <b>1.3</b> | <b>0.9</b> | <b>0.8</b> | <b>13.1</b> |
| Unsecured loans <sup>(2)</sup>                   | 45.8                 | 24.4         | 21.3         | 0.9                | 0.4        | 0.2        | 0.2        | 19.7         | -          | -          | -          | -           |
| Unsecured credit lines                           | 59.1                 | 59.1         | -            | -                  | -          | -          | -          | -            | -          | -          | -          | -           |
| Subordinated loans                               | 40.0                 | -            | 40.0         | -                  | -          | -          | -          | -            | -          | -          | -          | 40.0        |
| <b>Total unsecured debt</b>                      | <b>144.8</b>         | <b>83.5</b>  | <b>61.3</b>  | <b>0.9</b>         | <b>0.4</b> | <b>0.2</b> | <b>0.2</b> | <b>19.7</b>  | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>40.0</b> |
| <b>Total Gross Debt</b>                          | <b>782.6</b>         | <b>333.5</b> | <b>449.1</b> | <b>2.4</b>         | <b>3.0</b> | <b>2.7</b> | <b>2.3</b> | <b>382.6</b> | <b>1.3</b> | <b>0.9</b> | <b>0.8</b> | <b>53.1</b> |
| Cash and cash equivalents <sup>(3)</sup>         |                      |              | (245.2)      |                    |            |            |            |              |            |            |            |             |
| <b>Net debt</b>                                  |                      |              | <b>203.9</b> | <b>2.4</b>         | <b>3.0</b> | <b>2.7</b> | <b>2.3</b> | <b>382.6</b> | <b>1.3</b> | <b>0.9</b> | <b>0.8</b> | <b>53.1</b> |
| Arranging expenses                               |                      |              | (12.4)       | (1.5)              | (3.0)      | (2.9)      | (2.5)      | (2.0)        | (0.1)      | (0.1)      | (0.1)      | (0.4)       |
| Accrued interests                                |                      |              | 4.1          | 4.1                |            |            |            |              |            |            |            |             |
| IFRS 9 <sup>(4)</sup>                            |                      |              | (7.7)        | (0.6)              | (1.4)      | (1.6)      | (1.7)      | (1.4)        | (0.1)      | (0.1)      | (0.1)      | (0.5)       |
| <b>Total adjusted net debt</b>                   |                      |              | <b>187.9</b> |                    |            |            |            |              |            |            |            |             |

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

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

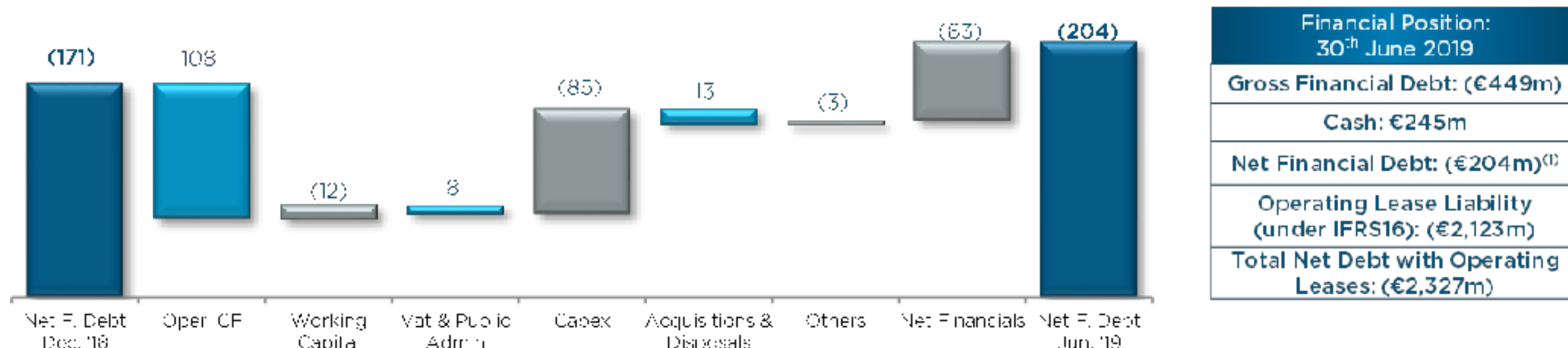
<sup>(3)</sup> Does not include treasury stock. As of 30/06/19 the Group had 373,933 own shares, with €1.7m€ market value as of 30/06/2019 (€4.55/share).

<sup>(4)</sup> 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 (€7.7m as of 30 June 2019 due to financial expense accounted in the year and the positive impact of the refinancing of a mortgage loan in Chile with better terms and conditions than before).

- **The solid cash flow generation** in the first half of the year **allowed the level of net financial debt to remain low (-€204m)**, together with a **solid cash position of €245m**, despite Capex investments (-€85m) and the dividend payment (-€59m) in the first half of the year.
- At 30<sup>th</sup> June 2019, the Company had €245m of cash and available credit lines of €309m, of which €250m relate to a syndicated credit line maturing on 29<sup>th</sup> September 2021.



## H1 2019 Net Financial Debt Evolution



(1) Net Financial Debt excluding accounting adjustments for arrangement expenses €12.4m, accrued interest -€4.1m and IFRS 9 adjustment €7.7m. Including these accounting adjustments, the adjusted net financial debt would be (€188m) at 30<sup>th</sup> June 2019 vs. (€153m) at 31<sup>st</sup> December 2018.

## Cash flow generation in the first half of the year:

- (+) Operating cash flow: +€108.4m, including -€9.2m of credit card expenses and taxes paid of -€27.2m.
- (-) Working capital: Mainly explained by a lower overdue recovery from previous year due to optimized overdue levels, and some calendar effect related to the last weekend of June.
- (-) Capex payments: -€84.6m in the first half of the year.
- (+) Acquisitions and disposals: +€13.1m from NH Málaga II disposal (+€16.0m, net of VAT of -€3.4m), +€1.9m from the China JV closing, -€7.2m from the investment made to operate Tivoli hotels (going concern) and +€2.4m from deferred payments of previous years.
- (-) Others: Mainly severance payments and legal provisions.
- (-) Net financials and dividends: -€63.1m, including -€9.0m net interest expense, -€52.9m net ordinary dividend paid in June 14<sup>th</sup> (remaining amount paid in July) and -€1.2m minority dividend.

# Appendix

**nh** | HOTEL GROUP    PART OF **MINOR**  
HOTELS





## H1 2019 Sales and Results

Madrid, 25<sup>th</sup> July 2019

**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 1st Half of 2019.

In addition, the abridged consolidated financial statements as at 30 June 2019 are shown below which include the effects of the application of IAS 29 "Financial information in hyperinflation economies" that concern the incorporation of the consolidated financial statements of the business unit of Argentina; and IFRS 16, new accounting standard for leases:

**NH HOTEL GROUP, S.A. AND SUBSIDIARIES**  
**ABRIDGED CONSOLIDATED BALANCESHEETS AT 30 JUNE 2019 AND 31 DECEMBER 2018**  
(Thousand Euros)

|   | 6/30/2019        | 12/31/2018       |  | 6/30/2019        | 12/31/2018       |
|---|------------------|------------------|--|------------------|------------------|
| <b>NON-CURRENT ASSETS:</b>                              |                  |                  | <b>EQUITY:</b>   |                  |                  |
| Goodwill  | 109,443          | 109,432          | Share capital  | 784,361          | 784,361          |
| Assets for rights of use                                | 1,753,219        | -                | Reserves of the parent company   | 776,942          | 681,068          |
| Intangible assets                                       | 104,559          | 110,569          | Reserves of fully consolidated companies                                   | (334,938)        | (44,723)         |
| Real estate investment                                  | 3,027            | -                | Reserves of companies consolidated using the equity method                 | (23,935)         | (23,436)         |
| Property, plant and equipment                           | 1,689,947        | 1,637,718        | Exchange differences   | (61,240)         | (60,854)         |
| Investments accounted for using the equity method       | 7,641            | 8,971            | Treasury shares and shareholdings  | (1,629)          | (2,530)          |
| Non-current financial investments -                     | 46,442           | 54,126           | Consolidated profit for the period   | 39,873           | 117,785          |
| Loans and accounts receivable not available for trading | 35,753           | 42,598           | <b>Equity attributable to the shareholders of the Parent Company</b>       | <b>1,179,434</b> | <b>1,451,671</b> |
| Other non-current financial investments                 | 10,689           | 11,528           | Non-controlling interests  | 53,826           | 52,351           |
| Deferred tax assets                                     | 233,765          | 138,724          | <b>Total equity</b>  | <b>1,233,260</b> | <b>1,504,022</b> |
| Other non-current assets                                | -                | 13,427           |  |                  |                  |
| <b>Total non-current assets</b>                         | <b>3,948,043</b> | <b>2,072,967</b> | <b>NON-CURRENT LIABILITIES</b>   |                  |                  |
|   |                  |                  | Debt instruments and other marketable securities                           | 344,000          | 342,485          |
|   |                  |                  | Debts with credit institutions   | 85,046           | 71,473           |
|   |                  |                  | Liabilities for operating leases   | 1,957,886        | -                |
|   |                  |                  | Other financial liabilities  | 1,679            | 1,762            |
|   |                  |                  | Other non-current liabilities  | 34,349           | 47,296           |
|   |                  |                  | Provisions for contingencies and charges                                   | 37,561           | 51,178           |
|   |                  |                  | Deferred tax liabilities   | 185,549          | 177,478          |
|   |                  |                  | <b>Total non-current liabilities</b>                                       | <b>2,646,070</b> | <b>691,672</b>   |
| <b>CURRENT ASSETS:</b>                                  |                  |                  | <b>CURRENT LIABILITIES:</b>  |                  |                  |
| Non-current assets classified as held for sale          | 43,776           | 55,974           | Liabilities associated with non-current assets classified as held for sale | 2,545            | 2,456            |
| Inventories   | 10,304           | 10,435           | Debt instruments and other marketable securities                           | 141              | 73               |
| Trade receivables                                       | 126,170          | 106,601          | Debts with credit institutions   | 3,934            | 4,881            |
| Non-trade receivables -                                 | 45,193           | 38,195           | Liabilities for operating leases   | 164,882          | -                |
| Tax receivables   | 26,310           | 19,451           | Other financial liabilities  | 192              | 710              |
| Other non-trade debtors                                 | 18,883           | 18,744           | Trade and other payables   | 268,939          | 252,704          |
| Account receivable with related entities                | 611              | 978              | Tax payables   | 60,907           | 59,453           |
| Cash and cash equivalents                               | 245,214          | 265,869          | Provisions for contingencies and charges                                   | 8,605            | 2,713            |
| Other current assets                                    | 18,980           | 12,109           | Other current liabilities  | 48,816           | 44,444           |
| <b>Total current assets</b>                             | <b>490,248</b>   | <b>490,161</b>   | <b>Total current liabilities</b>   | <b>558,961</b>   | <b>367,434</b>   |
| <b>TOTAL ASSETS</b>                                     | <b>4,438,291</b> | <b>2,563,128</b> | <b>NET ASSETS AND LIABILITIES</b>  | <b>4,438,291</b> | <b>2,563,128</b> |

Note: For comparison purpose, it should be considered that Financial Statement at June 30, 2019 includes the application of NIIF 16, not considered at December 31, 2018, due to first application was January 1, 2019, and the application of NIC 29, considered in the second half of the year 2018.

H1 2019 Sales and Results  
Madrid, 25<sup>th</sup> July 2019

**NH HOTEL GROUP, S.A. AND SUBSIDIARIES**  
**CONSOLIDATED COMPREHENSIVE PROFIT AND LOSS STATEMENT AT 2019 AND 2018**  
(Thousands of euros)

|   | <b>30/06/2019</b> | <b>30/06/2018</b> |
|---|-------------------|-------------------|
| Revenues  | 815,980           | 781,222           |
| Other operating income  | 5,683             | 2,708             |
| Net gains on disposal of non-current assets                               | 2,609             | 75,513            |
| Procurements  | (37,102)          | (37,019)          |
| Staff costs   | (216,054)         | (210,504)         |
| Depreciation and amortisation charges                                     | (146,191)         | (55,623)          |
| Net Profits/(Losses) from asset impairment                                | 588               | 501               |
| Other operating expenses  | (299,537)         | (414,062)         |
| <i>Variation in the provision for onerous contracts</i>                   | -                 | 1,287             |
| <i>Other operating expenses</i>   | (299,537)         | (415,349)         |
| Gains on financial assets and liabilities and other                       | 9                 | (85)              |
| Profit (Loss) from entities valued through the equity method              | 7                 | (50)              |
| Financial income  | 933               | 2,240             |
| Change in fair value of financial instruments                             | 81                | -                 |
| Financial expenses  | (66,694)          | (32,364)          |
| Result  | (115)             | -                 |
| Net exchange differences (Income/(Expense))                               | (222)             | 1,606             |
| <b>PROFIT BEFORE TAX<br/>FROM CONTINUING OPERATIONS</b>                   | <b>59,975</b>     | <b>114,083</b>    |
| Income tax  | (17,813)          | (48,042)          |
| <b>PROFIT FOR THE PERIOD - CONTINUING</b>                                 | <b>42,162</b>     | <b>66,041</b>     |
| <i>Profit (loss) for the year from discontinued operations net of tax</i> | (493)             | (246)             |
| <b>PROFIT FOR THE PERIOD</b>  | <b>41,669</b>     | <b>65,795</b>     |
| Exchange differences  | (514)             | (8,249)           |
| <b>Income and expenses recognised directly in equity</b>                  | <b>(514)</b>      | <b>(8,249)</b>    |
| <b>TOTAL COMPREHENSIVE PROFIT</b>   | <b>41,155</b>     | <b>57,546</b>     |
| Profit / (Loss) for the year attributable to:                             |                   |                   |
| <i>Parent Company Shareholders</i>  | 39,873            | 64,325            |
| <i>Non-controlling interests</i>  | 1,796             | 1,470             |
| <i>Non-controlling interests in discontinued operations</i>               |                   |                   |
| Comprehensive Profit / (Loss) attributable to:                            |                   |                   |
| <i>Parent Company Shareholders</i>  | 39,487            | 56,790            |
| <i>Non-controlling interests</i>  | 1,668             | 756               |

Note: For comparison purpose, it should be considered that Financial Statement at June 30, 2019 includes the application of NIIF 16, not considered at December 31, 2018, due to first application was January 1, 2019, and the application of NIC 29, considered in the second half of the year 2018.



## NH HOTEL GROUP, S.A. AND SUBSIDIARIES

### ABRIDGED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

#### FOR THE PERIOD ENDED

**30 JUNE 2019 AND 31 DECEMBER 2018**

(Thousands of euros)

|   | Equity attributed to the Parent Company |                            |                                   |  |                          |                       | Non-controlling interest | Total Equity |
|---|---|----------------------------|-----------------------------------|--|--------------------------|-----------------------|--------------------------|--------------|
|   | Own Funds                               |                            |                                   |  |                          | Valuation adjustments |                          |              |
|   | Share Capital                           | Issue premium and reserves | Treasury shares and shareholdings | Profit for the year attributable to the Parent Company | Other equity instruments |                       |                          |              |
| Ending Balance at 31/12/2018                  | 784,361                                 | 612,909                    | (2,530)                           | 117,785  | -                        | (60,854)              | 52,351                   | 1,504,022    |
| Accounting correction                         | -                                       | 16,212                     | -                                 | (16,212)   | -                        | -                     | -                        | -            |
| Ending Balance at 31/12/2018                  | 784,361                                 | 629,121                    | (2,530)                           | 101,573  | -                        | (60,854)              | 52,351                   | 1,504,022    |
| Adjustment for changes in accounting policies | -                                       | (258,324)                  | -                                 | -  | -                        | -                     | (1,471)                  | (259,795)    |
| Adjusted beginning balance at 01/01/2019      | 784,361                                 | 370,797                    | (2,530)                           | 101,573  | -                        | (60,854)              | 50,880                   | 1,244,227    |
| Net profit (loss) for 2019                    | -                                       | -                          | -                                 | 39,873   | -                        | -                     | 1,796                    | 41,669       |
| Exchange differences                          | -                                       | -                          | -                                 | -  | -                        | (386)                 | (128)                    | (514)        |
| Total recognised income / (expense)           | -                                       | -                          | -                                 | 39,873   | -                        | (386)                 | 1,668                    | 41,155       |
| Transactions with shareholders or owners      | -                                       | (61,552)                   | 970                               | -  | -                        | -                     | (971)                    | (61,553)     |
| Distribution of dividends                     | -                                       | (58,771)                   | -                                 | -  | -                        | -                     | (971)                    | (59,742)     |
| Remuneration Scheme in shares                 | -                                       | (2,781)                    | 970                               | -  | -                        | -                     | -                        | (1,811)      |
| Other changes in equity                       | -                                       | 108,824                    | (69)                              | (101,573)  | -                        | -                     | 2,249                    | 9,431        |
| Transfers between equity items                | -                                       | 101,573                    | -                                 | (101,573)  | -                        | -                     | -                        | -            |
| Application NIC 29                            | -                                       | 7,909                      | -                                 | -  | -                        | -                     | 2,249                    | 10,158       |
| Other changes                                 | -                                       | (658)                      | (69)                              | -  | -                        | -                     | -                        | (727)        |
| Ending balance at 31/03/2019                  | 784,361                                 | 418,069                    | (1,629)                           | 39,873   | -                        | (61,240)              | 53,826                   | 1,233,260    |

Note: For comparison purpose, it should be considered that Financial Statement at June 30, 2019 includes the application of NIIF 16, not considered at December 31, 2018, due to first application was January 1, 2019, and the application of NIC 29, considered in the second half of the year 2018.

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



**NH HOTEL GROUP, S.A. AND SUBSIDIARIES**

**ABRIDGED CONSOLIDATED CASH FLOW STATEMENTS FOR THE PERIOD ENDED**  
**30 JUNE 2019 AND 2018**  
(Thousands of euros)

|  | 30.06.2019       | 30.06.2018      |
|--|------------------|-----------------|
| <b>1. OPERATING ACTIVITIES</b>   |                  |                 |
| Consolidated profit (loss) before tax:   | <b>59,975</b>    | <b>114,083</b>  |
| Adjustments:   |                  |                 |
| Depreciation of tangible and amortisation of intangible assets (+)             | 146,191          | 55,623          |
| Impairment losses (net) (+/-)  | (588)            | (501)           |
| Allocations for provisions (net) (+/-)   | -                | (1,287)         |
| Gains/Losses on the sale of tangible and intangible assets (+/-)               | (2,609)          | (75,513)        |
| Gains/Losses on investments valued using the equity method (+/-)               | (7)              | 50              |
| Financial income (-)   | (933)            | (2,240)         |
|  | (81)             | -               |
| Financial expenses and variation in fair value of financial instruments (+)    | 66,694           | 32,364          |
|  | 115              | -               |
| Net exchange differences (Income/(Expense))                                    | 222              | (1,606)         |
| Profit (loss) on disposal of financial investments                             | (9)              | 85              |
| Other non-monetary items (+/-)   | (876)            | 3,827           |
| <b>Adjusted profit (loss)</b>  | <b>268,094</b>   | <b>124,885</b>  |
| Net variation in assets / liabilities:   |                  |                 |
| (Increase)/Decrease in inventories   | 131              | 41              |
| (Increase)/Decrease in trade debtors and other accounts receivable             | (21,567)         | 2,169           |
| (Increase)/Decrease in other current assets                                    | (680)            | (4,645)         |
| Increase/(Decrease) in trade payables  | 9,120            | 3,484           |
| Increase/(Decrease) in other current liabilities                               | 8,516            | (4,713)         |
| Increase/(Decrease) in provisions for contingencies and expenses               | (1,852)          | (1,882)         |
| (Increase)/Decrease in non-current assets                                      | (6,946)          | (362)           |
| Increase/(Decrease) in non-current liabilities                                 | (82)             | 68              |
| Income tax paid  | (27,174)         | (14,049)        |
| <b>Total net cash flow from operating activities (I)</b>                       | <b>227,560</b>   | <b>104,996</b>  |
| <b>2. INVESTMENT ACTIVITIES</b>  |                  |                 |
| Finance income   | <b>103</b>       | <b>141</b>      |
| Investments (-):   |                  |                 |
| Tangible and intangible assets and investments in property                     | (84,587)         | (54,080)        |
| Non-current financial investments  | -                | (671)           |
|  | <b>(84,587)</b>  | <b>(54,751)</b> |
| Disinvestment (+):   |                  |                 |
| Group companies, joint ventures and associates                                 | 1,903            | 85              |
| Tangible and intangible assets and investments in property                     | 18,436           | 154,647         |
|  | <b>20,339</b>    | <b>154,732</b>  |
| <b>Total net cash flow from investment activities (II)</b>                     | <b>(64,145)</b>  | <b>100,122</b>  |
| <b>3. FINANCING ACTIVITIES</b>   |                  |                 |
| Dividends paid out (-)   | (54,089)         | (1,103)         |
| Interest paid on debts (-)   | (18,279)         | (24,011)        |
| Financial expenses for means of payment  | (9,210)          | (8,218)         |
| Interest paid on debts and other interest                                      | (9,069)          | (15,793)        |
| Variations in (+/-):   |                  |                 |
| Debt instruments:  |                  |                 |
| - Bonds and other tradable securities (+)                                      | -                | (1,700)         |
| - Loans from credit institutions (+)   | 14,100           | -               |
| - Loans from credit institutions (-)   | (1,943)          | (5,216)         |
|  | (123,341)        | -               |
| - Other financial liabilities (+/-)  | (520)            | (1,135)         |
| <b>Total net cash flow from financing activities (III)</b>                     | <b>(184,072)</b> | <b>(33,165)</b> |
| <b>4. GROSS INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III)</b>      | <b>(20,657)</b>  | <b>171,953</b>  |
| <b>5. Effect of exchange rate variations on cash and cash equivalents (IV)</b> | <b>2</b>         | <b>(362)</b>    |
| <b>6. Effect of variations in the scope of consolidation (V)</b>               | <b>-</b>         | <b>(96)</b>     |
| <b>7. NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III-IV+V)</b>   | <b>(20,655)</b>  | <b>171,495</b>  |
| <b>8. Cash and cash equivalents at the start of the financial year</b>         | <b>265,869</b>   | <b>80,249</b>   |
| <b>9. Cash and cash equivalents at the end of the financial year (7+8)</b>     | <b>245,214</b>   | <b>251,744</b>  |

Note: For comparison purpose, it should be considered that Financial Statement at June 30, 2019 includes the application of NIIF 16, not considered at December 31, 2018, due to first application was January 1, 2019, and the application of NIC 29, considered in the second half of the year 2018.



## 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:

|   |            | 1H 2019      | 1H 2018      |
|---|------------|--------------|--------------|
|   |            | M Eur.       | M Eur.       |
| <b>Total revenues</b>                       | <b>A+B</b> | <b>821.5</b> | <b>785.5</b> |
| Total recurring revenue LFL & Refurbishment | A          | 782.7        | 753.0        |
| Openings, closings & others                 | B          | 38.8         | 32.5         |

It has been provided a reconciliation for the “Total Revenues” line in Point II for the period of 1st half ended 30 June 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.

## 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 1st half of 2019:

## I. ADR and RevPAR

Earnings Report of 1st half of 2019 details the cumulative evolution of RevPAR and ADR in the following tables:

| NH HOTEL GROUP REVPAR 6M 2019/2018     |               |        |             |       |       |       |       |       |        |      |       |
|--|---------------|--------|-------------|-------|-------|-------|-------|-------|--------|------|-------|
|  | AVERAGE ROOMS |        | OCCUPANCY % |       |       | ADR   |       |       | REVPAR |      |       |
|  | 2019          | 2018   | 2019        | 2018  | % Var | 2019  | 2018  | % Var | 2019   | 2018 | % Var |
| Spain & Others LFL & R <sup>(1)</sup>  | 11,164        | 11,011 | 75.4%       | 74.5% | 1.3%  | 101.1 | 93.8  | 7.8%  | 76.3   | 69.8 | 9.2%  |
| B.U. Spain Consolidated <sup>(1)</sup> | 11,741        | 11,614 | 74.8%       | 74.0% | 1.1%  | 101.9 | 93.5  | 9.1%  | 76.3   | 69.2 | 10.2% |
| Italy LFL & R                          | 7,100         | 7,138  | 70.1%       | 69.7% | 0.5%  | 122.3 | 119.2 | 2.6%  | 85.7   | 83.1 | 3.1%  |
| B.U. Italy Consolidated                | 7,244         | 7,190  | 70.0%       | 69.6% | 0.6%  | 123.0 | 119.4 | 3.0%  | 86.1   | 83.1 | 3.6%  |
| Benelux LFL & R                        | 8,266         | 8,393  | 71.4%       | 70.7% | 1.0%  | 114.5 | 113.1 | 1.2%  | 81.8   | 80.0 | 2.2%  |
| B.U. Benelux Consolidated              | 8,785         | 8,887  | 71.1%       | 70.5% | 0.8%  | 114.6 | 112.6 | 1.8%  | 81.5   | 79.4 | 2.6%  |
| Central Europe LFL & R                 | 11,462        | 11,606 | 72.4%       | 71.6% | 1.0%  | 92.0  | 89.1  | 3.2%  | 66.6   | 63.8 | 4.3%  |
| B.U. Central Europe Consolidated       | 12,201        | 12,062 | 71.5%       | 71.6% | -0.1% | 92.0  | 88.5  | 4.0%  | 65.8   | 63.3 | 3.8%  |
| Total Europe LFL & R                   | 37,991        | 38,148 | 72.6%       | 71.9% | 1.0%  | 105.0 | 101.2 | 3.8%  | 76.3   | 72.7 | 4.9%  |
| Total Europe Consolidated              | 39,970        | 39,753 | 72.1%       | 71.7% | 0.6%  | 105.4 | 100.7 | 4.6%  | 76.0   | 72.2 | 5.2%  |
| Latinamerica LFL & R                   | 5,083         | 5,080  | 60.3%       | 61.7% | -2.3% | 75.3  | 73.5  | 2.5%  | 45.4   | 45.3 | 0.2%  |
| Latinamerica Consolidated              | 5,353         | 5,549  | 59.5%       | 60.0% | -0.9% | 74.5  | 71.8  | 3.8%  | 44.3   | 43.1 | 2.9%  |
| NH Hotels LFL & R                      | 43,074        | 43,228 | 71.2%       | 70.7% | 0.7%  | 102.1 | 98.3  | 3.8%  | 72.6   | 69.5 | 4.5%  |
| Total NH Consolidated                  | 45,323        | 45,302 | 70.6%       | 70.3% | 0.5%  | 102.3 | 97.7  | 4.7%  | 72.2   | 68.6 | 5.3%  |

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

|  | 1H 2019        | 1H 2018        |
|--|----------------|----------------|
|  | € Thousand     | € Thousand     |
| <b>A</b> Room revenues                                   | 583,965        | 555,897        |
| Other revenues   | 232,015        | 225,325        |
| <b>Revenues according to profit &amp; loss statement</b> | <b>815,980</b> | <b>781,222</b> |
| <b>B</b> Thousand of room nights                         | 5,710          | 5,692          |
| <b>A / B = C</b> <b>ADR</b>                              | <b>102.3</b>   | <b>97.7</b>    |
| <b>D</b> Occupancy                                       | 70.6%          | 70.3%          |
| <b>C x D</b> <b>RevPAR</b>                               | <b>72.2</b>    | <b>68.6</b>    |

## II. INCOME STATEMENT 1<sup>st</sup> HALF OF 2019 AND 2018

The Earnings Report of 1<sup>st</sup> half 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:

# H1 2019 Sales and Results

Madrid, 25<sup>th</sup> July 2019

INVESTOR RELATIONS

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T: +34 91 396 05 02

## H1 2019

|   | Income<br>Statements | Reclasification<br>according to the<br>Financial<br>Statements | Financial<br>expenses for<br>means of<br>payment | Our sourcing | Assets Disposal | Scrapping and non<br>recurring<br>depreciation | Claims, severance<br>payments and<br>other non<br>recurring | P&L according to<br>the Financial<br>Statements |   |
|---|----------------------|--|--|--------------|-----------------|--|---|---|---|
| APM Total revenues  | 821.5                | (821.5)  | -  | -            | -               | -  | -   |   |   |
| Revenues  | -                    | 813.4  | -  | -            | 2.6             | -  | -   | 816.0   | Revenues  |
| Other operating income  | -                    | 5.7  | -  | -            | -               | -  | -   | 5.7   | Other operating income  |
| <b>APM TOTAL REVENUES</b>   | <b>821.5</b>         | <b>(2.4)</b>   | <b>-</b>   | <b>-</b>     | <b>2.6</b>      | <b>-</b>                                       | <b>-</b>  | <b>821.7</b>                                    |   |
| Net gains on disposal of non-current assets                         | -                    | (0.0)  | -  | -            | 3.5             | (0.8)  | -   | 2.6   | Net gains on disposal of non-current assets                             |
| APM Staff Cost  | (278.9)              | -  | -  | 60.5         | -               | -  | 2.4   | (216.1)   | Staff costs   |
| APM Operating expenses  | (241.0)              | (5.8)  | 9.2  | (60.5)       | -               | -  | (1.4)   | (299.5)   | Other operating expenses  |
| Procurements  | -                    | (37.1)   | -  | -            | -               | -  | -   | (37.1)  | Procurements  |
| <b>APM GROSS OPERATING PROFIT</b>                                   | <b>301.7</b>         | <b>(45.4)</b>  | <b>9.2</b>                                       | <b>-</b>     | <b>6.0</b>      | <b>(0.8)</b>                                   | <b>0.9</b>  | <b>271.6</b>                                    |   |
| APM Lease payments and property taxes                               | (44.8)               | 45.4   | -  | -            | (0.6)           | -  | -   | -   |   |
| lease payments and property taxes nr                                |                      |  |  |              |                 |  |   |   |   |
| <b>APM EBITDA BEFORE ONEROUS</b>                                    | <b>256.9</b>         | <b>-</b>   | <b>9.2</b>                                       | <b>-</b>     | <b>5.4</b>      | <b>(0.8)</b>                                   | <b>0.9</b>  | <b>271.6</b>                                    |   |
| APM Onerous contract reversal provision                             | -                    | -  | -  | -            | -               | -  | -   | -   | Variation in the provision for onerous contracts                        |
| <b>APM EBITDA AFTER ONEROUS</b>                                     | <b>256.9</b>         | <b>-</b>   | <b>9.2</b>                                       | <b>-</b>     | <b>5.4</b>      | <b>(0.8)</b>                                   | <b>0.9</b>  | <b>271.6</b>                                    |   |
| Net Profits/(Losses) from asset impairment                          | -                    | 1.3  | -  | -            | -               | (0.8)  | -   | 0.6   | Net Profits/(Losses) from asset impairment                              |
| APM Depreciation  | (144.8)              | (1.4)  | -  | -            | -               | -  | -   | (146.2)   | Depreciation and amortisation charges                                   |
| <b>APMEBIT</b>  | <b>112.0</b>         | <b>-</b>   | <b>9.2</b>                                       | <b>-</b>     | <b>5.4</b>      | <b>(1.6)</b>                                   | <b>0.9</b>  | <b>126.0</b>                                    |   |
| Gains on financial assets and liabilities and other                 | -                    | 0.0  | -  | -            | -               | -  | -   | 0.0   | Gains on financial assets and liabilities and other                     |
| APM Interest expense  | (56.8)               | (0.8)  | (9.2)  | -            | -               | -  | -   | (66.8)  | Finance costs   |
| Finance Income  | -                    | 0.9  | -  | -            | -               | -  | -   | 0.9   | Finance income  |
| Change in fair value of financial instruments                       | -                    | -  | -  | -            | -               | -  | -   | 0.1   | Change in fair value of financial instruments                           |
| Net exchange differences (Income/(Expense))                         | -                    | (0.2)  | -  | -            | -               | -  | -   | (0.2)   | Net exchange differences (Income/(Expense))                             |
| APM Income from minority equity interests                           | 0.0                  | -  | -  | -            | -               | -  | -   | 0.0   | Profit (loss) from companies accounted for using the equity method      |
| <b>APM EBT</b>  | <b>55.2</b>          | <b>0.0</b>   | <b>-</b>   | <b>-</b>     | <b>5.4</b>      | <b>(1.6)</b>                                   | <b>0.9</b>  | <b>60.0</b>                                     | <b>Profit (loss) before tax from continuing operations</b>              |
| APM Corporate Income Tax  | (17.3)               | (0.5)  | -  | -            | -               | -  | -   | (17.8)  | Income tax  |
| <b>APM Net Income before minorities</b>                             | <b>37.9</b>          | <b>(0.5)</b>   | <b>-</b>   | <b>-</b>     | <b>5.4</b>      | <b>(1.6)</b>                                   | <b>0.9</b>  | <b>42.2</b>                                     | <b>Profit for the financial year - continuing</b>                       |
| Profit/ (Loss) for the year from discontinued operations net of tax | -                    | (0.5)  | -  | -            | -               | -  | -   | (0.5)   | Profit (loss) for the year from discontinued operations net of tax      |
| <b>APM NET INCOME before minorities</b>                             | <b>37.9</b>          | <b>(1.0)</b>   | <b>-</b>   | <b>-</b>     | <b>5.4</b>      | <b>(1.6)</b>                                   | <b>0.9</b>  | <b>41.7</b>                                     | <b>Profit for the financial year - continuing</b>                       |
| APM Minority interests  | (1.8)                | 0.0  | -  | -            | -               | -  | -   | (1.8)   | Non-controlling interests   |
| <b>APM Net Recurring Income</b>                                     | <b>36.1</b>          | <b>(1.0)</b>   | <b>-</b>   | <b>-</b>     | <b>5.4</b>      | <b>(1.6)</b>                                   | <b>0.9</b>  | <b>39.9</b>                                     | <b>Profits for the year attributable to Parent Company Shareholders</b> |
| APM Non Recurring EBITDA  | 6.3                  | -  | -  | -            | (5.4)           | -  | (0.9)   |   |   |
| APM Other Non Recurring items                                       | (2.6)                | 1.0  | -  | -            | -               | 1.6  | -   |   |   |
| <b>APM NET INCOME including Non-Recurring</b>                       | <b>39.9</b>          | <b>-</b>   | <b>-</b>   | <b>-</b>     | <b>-</b>        | <b>-</b>                                       | <b>-</b>  | <b>39.9</b>                                     | <b>Profits for the year attributable to Parent Company Shareholders</b> |



## H1 2019 Sales and Results

Madrid, 25<sup>th</sup> July 2019

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## H1 2018

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

|   | Income<br>Statements | Reclassification<br>according to the<br>Financial<br>Statements | Financial<br>expenses for<br>means of<br>payment | Outsourcing | Assets Disposal | Scrapping and<br>non recurring<br>depreciation | Claims, severance<br>payments and<br>other non<br>recurring | P&L according to<br>the Financial<br>Statements |   |
|---|----------------------|---|--|-------------|-----------------|--|---|---|---|
| APM Total revenues  | 785.5                | (785.5)   | -  | -           | -               | -  | -   |   |   |
| Revenues  | -                    | 780.2   | -  | -           | 1.0             | -  | 0.0   | 781.2   | Revenues  |
| Other operating income  | -                    | 2.7   | -  | -           | -               | -  | -   | 2.7   | Other operating income  |
| <b>APM TOTAL REVENUES</b>   | <b>785.5</b>         | <b>(2.6)</b>  | <b>-</b>   | <b>-</b>    | <b>1.0</b>      | <b>-</b>                                       | <b>0.0</b>  | <b>783.9</b>                                    |   |
| Net gains on disposal of non-current assets                         | -                    | -   | -  | -           | -               | (11.8)   | -   | (11.8)  | Net gains on disposal of non-current assets                             |
| APM Staff Cost  | (267.3)              | -   | -  | 58.2        | -               | -  | (1.4)   | (210.5)   | Staff costs   |
| APM Operating expenses  | (237.7)              | (127.1)   | 8.2  | (58.2)      | -               | -  | (0.5)   | (415.3)   | Other operating expenses  |
| Procurements  | -                    | (37.0)  | -  | -           | -               | -  | -   | (37.0)  | Procurements  |
| <b>APM GROSS OPERATING PROFIT</b>                                   | <b>280.5</b>         | <b>(166.7)</b>  | <b>8.2</b>                                       | <b>-</b>    | <b>1.0</b>      | <b>(11.8)</b>                                  | <b>(1.9)</b>  | <b>109.3</b>                                    |   |
| APM Lease payments and property taxes                               | (165.5)              | 165.5   | -  | -           | -               | -  | -   | -   |   |
| lease payments and property taxes nr                                |                      |   |  |             |                 |  |   |   |   |
| <b>APMEBITDA BEFORE ONEROUS</b>                                     | <b>115.0</b>         | <b>(1.2)</b>  | <b>8.2</b>                                       | <b>-</b>    | <b>1.0</b>      | <b>(11.8)</b>                                  | <b>(1.9)</b>  | <b>109.3</b>                                    |   |
| APM Onerous contract reversal provision                             | 1.3                  | -   | -  | -           | -               | -  | -   | 1.3   | Variation in the provision for onerous contracts                        |
| <b>APMEBITDA AFTER ONEROUS</b>                                      | <b>116.3</b>         | <b>(1.2)</b>  | <b>8.2</b>                                       | <b>-</b>    | <b>1.0</b>      | <b>(11.8)</b>                                  | <b>(1.9)</b>  | <b>110.5</b>                                    |   |
| Net Profits/(Losses) from asset impairment                          | -                    | 1.0   | -  | -           | -               | (0.5)  | -   | 0.5   | Net Profits/(Losses) from asset impairment                              |
| APM Depreciation  | (54.6)               | (1.0)   | -  | -           | -               | -  | -   | (55.6)  | Depreciation and amortisation charges                                   |
| <b>APM EBIT</b>   | <b>61.7</b>          | <b>(1.2)</b>  | <b>8.2</b>                                       | <b>-</b>    | <b>1.0</b>      | <b>(12.3)</b>                                  | <b>(1.9)</b>  | <b>55.4</b>                                     |   |
| Gains on financial assets and liabilities and other                 | -                    | (0.1)   | -  | -           | -               | -  | -   | (0.1)   | Gains on financial assets and liabilities and other                     |
| APM Interest expense  | (20.3)               | (3.9)   | (8.2)  | -           | -               | -  | -   | (32.4)  | Finance costs   |
| Finance Income  | -                    | 2.2   | -  | -           | -               | -  | -   | 2.2   | Finance income  |
| Change in fair value of financial instruments                       | -                    | -   | -  | -           | -               | -  | -   | -   | Change in fair value of financial instruments                           |
| Net exchange differences (Income/(Expense))                         | -                    | 1.6   | -  | -           | -               | -  | -   | 1.6   | Net exchange differences (Income/(Expense))                             |
| APM Income from minority equity interests                           | (0.0)                | -   | -  | -           | -               | -  | -   | (0.1)   | Profit (loss) from companies accounted for using the equity method      |
| <b>APMEBT</b>   | <b>41.3</b>          | <b>(1.3)</b>  | <b>-</b>   | <b>-</b>    | <b>1.0</b>      | <b>(12.3)</b>                                  | <b>(1.9)</b>  | <b>26.8</b>                                     | <b>Profit (loss) before tax from continuing operations</b>              |
| APM Corporate Income Tax  | (16.9)               | 0.9   | -  | -           | -               | -  | -   | (16.0)  | Income tax  |
| <b>APM Net Income before minorities</b>                             | <b>24.4</b>          | <b>(0.5)</b>  | <b>-</b>   | <b>-</b>    | <b>1.0</b>      | <b>(12.3)</b>                                  | <b>(1.9)</b>  | <b>10.7</b>                                     | <b>Profit for the financial year - continuing</b>                       |
| Profit/ (Loss) for the year from discontinued operations net of tax | -                    | (0.2)   | -  | -           | 55.3            | -  | -   | 55.1  | Profit (loss) for the year from discontinued operations net of tax      |
| <b>APM NET INCOME before minorities</b>                             | <b>24.4</b>          | <b>(0.7)</b>  | <b>-</b>   | <b>-</b>    | <b>56.3</b>     | <b>(12.3)</b>                                  | <b>(1.9)</b>  | <b>65.8</b>                                     | <b>Profit for the financial year - continuing</b>                       |
| APM Minority interests  | (1.5)                | 0.0   | -  | -           | -               | -  | -   | (1.5)   | Non-controlling interests   |
| <b>APM Net Recurring Income</b>                                     | <b>23.0</b>          | <b>(0.7)</b>  | <b>-</b>   | <b>-</b>    | <b>56.3</b>     | <b>(12.3)</b>                                  | <b>(1.9)</b>  | <b>64.3</b>                                     | <b>Profits for the year attributable to Parent Company Shareholders</b> |
| APM Non Recurring EBITDA  | 86.4                 | -   | -  | -           | (88.3)          | -  | 1.9   |   |   |
| APM Other Non Recurring items                                       | (45.0)               | 0.7   | -  | -           | 32.0            | 12.3   | -   |   |   |
| <b>APM NET INCOME including Non-Recurring</b>                       | <b>64.3</b>          | <b>-</b>  | <b>-</b>   | <b>-</b>    | <b>-</b>        | <b>-</b>                                       | <b>-</b>  | <b>64.3</b>                                     | <b>Profits for the year attributable to Parent Company Shareholders</b> |



## H1 2019 Sales and Results

Madrid, 25<sup>th</sup> July 2019

### III. DEBT AND STATEMENT OF CASH FLOWS AS AT 30 JUNE 2019 AND 31 DECEMBER 2018

#### III.1 Debt presented in the earnings report of 1st Half 2019.

| As of 30/06/2019                         | Maximum        |                |                | Maturities   |                |                |                |
|--|----------------|----------------|----------------|--------------|----------------|----------------|----------------|
| Data in Euro million                     | Available      | Availability   | Drawn          | Year 1       | Year 2         | Year 3         | Remainder      |
| <b>Mortgage loans</b>                    | <b>30,936</b>  | -              | <b>30,936</b>  | <b>2,967</b> | <b>2,448</b>   | <b>2,319</b>   | <b>23,202</b>  |
| Fixed rate                               | 25,914         | -              | 25,914         | 1,528        | 1,413          | 1,486          | 21,487         |
| Variable rate                            | 5,022          | -              | 5,022          | 1,440        | 1,035          | 833            | 1,715          |
| <b>Subordinated loans</b>                | <b>40,000</b>  | -              | <b>40,000</b>  | -            | -              | -              | <b>40,000</b>  |
| Variable rate                            | 40,000         | -              | 40,000         | -            | -              | -              | 40,000         |
| <b>Senior secured notes</b>              | <b>250,000</b> | <b>250,000</b> | -              | -            | -              | -              | -              |
| Fixed rate                               | 250,000        | 250,000        | -              | -            | -              | -              | -              |
| <b>Unsecured loans</b>                   | <b>356,850</b> | -              | <b>356,850</b> | -            | -              | -              | <b>356,850</b> |
| Variable rate                            | 356,850        | -              | 356,850        | -            | -              | -              | 356,850        |
| <b>Secured RCF</b>                       | <b>45,761</b>  | <b>24,430</b>  | <b>21,331</b>  | <b>1,135</b> | <b>242</b>     | <b>173</b>     | <b>19,780</b>  |
| Variable rate                            | 45,761         | 24,430         | 21,331         | 1,135        | 242            | 173            | 19,780         |
| <b>Credit lines</b>                      | <b>59,088</b>  | <b>59,088</b>  | -              | -            | -              | -              | -              |
| Variable rate                            | 59,088         | 59,088         | -              | -            | -              | -              | -              |
| <b>Borrowing at 30/06/2019</b>           | <b>782,635</b> | <b>333,518</b> | <b>449,116</b> | <b>4,103</b> | <b>2,690</b>   | <b>2,492</b>   | <b>439,832</b> |
| Arrangement expenses                     | (12,440)       | -              | a (12,440)     | (2,964)      | (3,047)        | (2,601)        | (3,828)        |
| IFRS 9                                   | (7,650)        | -              | b (7,650)      | (1,327)      | (1,471)        | (1,631)        | (3,221)        |
| Accrued interests                        | 4,094          | -              | c 4,094        | 4,094        | -              | -              | -              |
| <b>Adjusted total debt at 30/06/2019</b> | <b>766,639</b> | <b>333,518</b> | <b>433,121</b> | <b>3,905</b> | <b>(1,828)</b> | <b>(1,740)</b> | <b>432,783</b> |
| <b>Adjusted total debt at 31/12/2018</b> | <b>769,271</b> | <b>350,359</b> | <b>418,912</b> | <b>4,954</b> | <b>(1,504)</b> | <b>(1,928)</b> | <b>417,390</b> |

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

#### III.2 Statement of cash flows included in the earnings report of 1<sup>st</sup> Half of 2019.

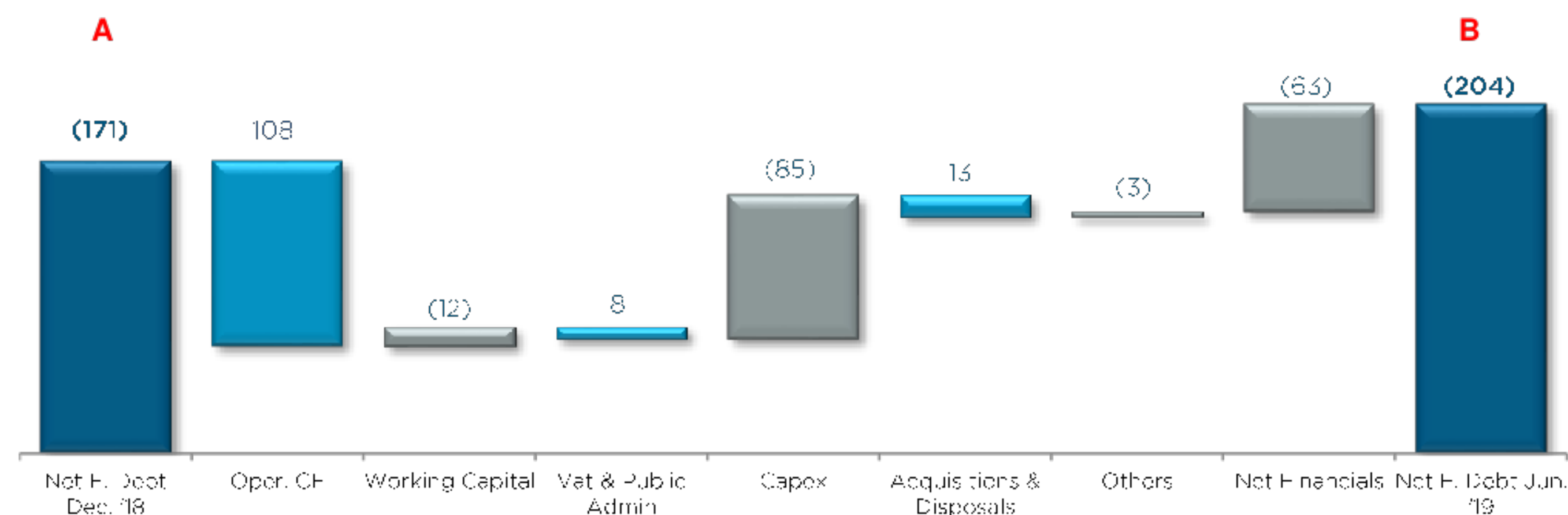
Net financial debt as at 30 June 2019 and 31 December 2018 has been obtained from the consolidated balance sheet at 30 June 2019 and from the consolidated financial statements for 31 December 2018 and is as follows:

|  | 6/30/2019        | 12/31/2018       | VAR.             |
|--|------------------|------------------|------------------|
| <i>Debt instruments and other marketable securities according to financial statements</i>                                  | 344,000          | 342,485          |                  |
| <i>Bank borrowings according to financial statements</i>   | 85,046           | 71,473           |                  |
| <b><i>Bank borrowings and debt instruments and other marketable securities according to financial statements</i></b>       | <b>429,046</b>   | <b>413,958</b>   |                  |
| <i>Debt instruments and other marketable securities according to financial statements</i>                                  | 141              | 73               |                  |
| <i>Bank borrowings according to financial statements</i>   | 3,934            | 4,881            |                  |
| <b><i>Bank borrowings and debt instruments and other marketable securities according to financial statements</i></b>       | <b>4,075</b>     | <b>4,954</b>     |                  |
| <b><i>Total Bank borrowings and debt instruments and other marketable securities according to financial statements</i></b> | <b>433,121</b>   | <b>418,912</b>   |                  |
| <i>Arrangement expenses</i>  | a 12,440         | 13,517           |                  |
| <i>IFRS 9</i>  | b 7,650          | 8,237            |                  |
| <i>Borrowing costs</i>   | c (4,094)        | (4,091)          |                  |
| <b><i>APM Gross debt</i></b>   | <b>449,117</b>   | <b>436,575</b>   |                  |
| <i>Cash and cash equivalents according to financial statements</i>   | (245,214)        | (265,869)        |                  |
| <b><i>APM Net Debt</i></b>   | <b>B 203,903</b> | <b>A 170,706</b> | <b>33,197</b>    |
| <i>Liabilities for operating leases (Current and non current)</i>  | 2,122,768        | 0                |                  |
| <b><i>APM Net with Debt IFRS 16</i></b>  | <b>2,326,671</b> | <b>170,706</b>   | <b>2,155,965</b> |

The following chart reconciles the change in net financial debt shown in the earnings report of 1<sup>st</sup> Half of 2019:



## Evolution of Net Financial Debt H1 2019



To do so, it has been taken each heading from the statement of cash flows in the financial statements as at 30 June 2018 and shown the grouping:

|  | Oper. CF | Working capital | VAT & Public Admin | Capex  | Acquisitions & Disposals | Others | Net Financials | IFRS 16 | Redemption Convertible Bond | Total  |
|--|----------|-----------------|--------------------|--------|--------------------------|--------|----------------|---------|-----------------------------|--------|
| <b>Total</b>   | (108.4)  | 11.6            | (7.7)              | 84.6   | (13.1)                   | 2.9    | 63.1           | -       | -                           | 32.9   |
| <b>Total</b>   | 108.4    | (11.6)          | 7.7                | (84.6) | 13.1                     | (2.9)  | (63.1)         | -       | -                           | (32.9) |
| Adjusted profit (loss)   | 144.8    |                 |                    |        |                          |        |                |         |                             | 144.8  |
| Income tax paid  | (27.2)   |                 |                    |        |                          |        |                |         |                             | (27.2) |
| Financial expenses for means of payments                                   | (9.2)    |                 |                    |        |                          |        |                |         |                             | (9.2)  |
| (Increase)/Decrease in inventories   |          | 0.1             |                    |        |                          |        |                |         |                             | 0.1    |
| (Increase)/Decrease in trade debtors and other accounts receivable         |          | (20.8)          |                    |        |                          |        |                |         |                             | (20.8) |
| (Increase)/Decrease in trade payables                                      |          | 9.1             |                    |        |                          |        |                |         |                             | 9.1    |
| (Increase)/Decrease in VAT & public Administration                         |          |                 | 7.7                |        |                          |        |                |         |                             | 7.7    |
| Tangible and intangible assets and investments in property                 |          |                 |                    | (84.6) |                          |        |                |         |                             | (84.6) |
| Group companies, joint ventures and associates                             |          |                 |                    |        | (5.3)                    |        |                |         |                             | (5.3)  |
| Tangible and intangible assets and investments in property                 |          |                 |                    |        | 18.4                     |        |                |         |                             | 18.4   |
| (Increase)/Decrease in current assets                                      |          |                 |                    |        |                          | (0.6)  |                |         |                             | (0.6)  |
| (Increase)/Decrease in provision for contingencies and expenses            |          |                 |                    |        |                          | (1.9)  |                |         |                             | (1.9)  |
| - Other financial liabilities (+/-)  |          |                 |                    |        |                          | (0.5)  |                |         |                             | (0.5)  |
| 5. Effect of changes in exchange rates on cash or equivalents              |          |                 |                    |        |                          | (0.1)  |                |         |                             | (0.1)  |
| Increase/(Decrease) in other non current assets and liabilities and others |          |                 |                    |        |                          | 0.2    |                |         |                             | 0.2    |
| Interests paid in debts and other interests (without means of payments)    |          |                 |                    |        |                          |        | (9.1)          |         |                             | (9.1)  |
| Dividends paid   |          |                 |                    |        |                          |        | (54.1)         |         |                             | (54.1) |
| Finance Income   |          |                 |                    |        |                          |        | 0.1            |         |                             | 0.1    |

All of the aforementioned information has been obtained from the condensed consolidated statement of cash flows from 30 June 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

## Appendix II: Portfolio changes & Current portfolio

### New Agreements, Openings and Exits

#### Hotels signed from 1<sup>st</sup> January to 30<sup>th</sup> June 2019

| City / Country             | Contract   | # Rooms      | Opening |
|----------------------------|------------|--------------|---------|
| La Coruña / Spain          | Leased     | 92           | 2019    |
| Marbella / Spain           | Leased     | 132          | 2019    |
| Rome / Italy               | Leased     | 42           | 2019    |
| Aguascalientes / Mexico    | Management | 105          | 2021    |
| Andorra la Vella / Andorra | Management | 60           | 2019    |
| Lisbon / Portugal*         | Leased     | 119          | 2019    |
| Lisbon / Portugal*         | Leased     | 285          | 2019    |
| Lisbon / Portugal*         | Leased     | 279          | 2019    |
| Vilamoura / Portugal       | Management | 280          | 2019    |
| Carvoeiro / Portugal       | Management | 248          | 2019    |
| Coimbra / Portugal         | Management | 100          | 2019    |
| Lagos / Portugal           | Management | 296          | 2019    |
| Portimao / Portugal        | Management | 196          | 2019    |
| Vilamoura / Portugal       | Management | 383          | 2019    |
| Sintra / Portugal          | Management | 30           | 2019    |
| Sintra / Portugal          | Management | 77           | 2019    |
| Vilamoura / Portugal       | Management | 103          | 2019    |
| Evora / Portugal           | Franchised | 56           | 2019    |
| <b>TOTAL SIGNED HOTELS</b> |            | <b>2,883</b> |         |

\* Estimated formalisation: July 2019



**Hotels opened from 1<sup>st</sup> January to 30<sup>th</sup> June 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                          | Mérida / Mexico      | Leased     | 120          |
| Anantara Villa Padierna Palace Benahavís<br>Marbella Resort | Marbella / Spain     | Leased     | 132          |
| NH Collection Santiago Casacostanera                        | Santiago / Chile     | Management | 85           |
| NH Leipzig Zentrum  | Leipzig / Germany    | Leased     | 197          |
| NH Collection A Coruña Finisterre                           | La Coruña / Spain    | Leased     | 92           |
| NH Porto Jardim   | Oporto / Portugal    | Management | 79           |
| AVANI Avenida Liberdade Lisbon                              | Lisbon / Portugal    | Leased     | 119          |
| Tivoli Avenida Liberdade Lisbon                             | Lisbon / Portugal    | Leased     | 285          |
| Tivoli Oriente Lisbon                                       | Lisbon / Portugal    | Leased     | 279          |
| Anantara Vilamoura Algarve Resort                           | Vilamoura / Portugal | Management | 280          |
| Tivoli Carvoeiro Algarve Resort                             | Carvoeiro / Portugal | Management | 248          |
| Tivoli Coimbra  | Coimbra / Portugal   | Management | 100          |
| Tivoli Lagos Algarve Resort                                 | Lagos / Portugal     | Management | 296          |
| Tivoli Marina Portimão Algarve Resort                       | Portimao / Portugal  | Management | 196          |
| Tivoli Marina Vilamoura Algarve Resort                      | Vilamoura / Portugal | Management | 383          |
| Tivoli Palácio de Seteais                                   | Sintra / Portugal    | Management | 30           |
| Tivoli Sintra   | Sintra / Portugal    | Management | 77           |
| The Residences at Victoria Algarve                          | Vilamoura / Portugal | Management | 103          |
| Tivoli Évora Ecoresort                                      | Evora / Portugal     | Franchised | 56           |
| <b>TOTAL OPENINGS</b>                                       |                      |            | <b>3,429</b> |

**Hotels exiting from 1<sup>st</sup> January to 30<sup>th</sup> June 2019**

| Hotels                   | City / Country    | Month   | Contract | # Rooms    |
|--------------------------|-------------------|---------|----------|------------|
| NH Bogotá Metrotel Royal | Bogota / Colombia | January | Leased   | 336        |
| NH Berlin Treptow        | Berlin / Germany  | April   | Leased   | 126        |
| <b>TOTAL EXITS</b>       |                   |         |          | <b>462</b> |

## HOTELS OPENED BY COUNTRY AT 30<sup>TH</sup> JUNE 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         | 6,782         | 2           | 20         | 3,362         | 14        | 2,969         | 1          | 451          |            |            |
|                          | United Kingdom     | 1          | 121           |             | 1          | 121           |           |               |            |              |            |            |
| <b>BU Benelux</b>        |                    | <b>51</b>  | <b>9,383</b>  | <b>2</b>    | <b>27</b>  | <b>4,698</b>  | <b>23</b> | <b>4,234</b>  | <b>1</b>   | <b>451</b>   |            |            |
| BU Central Europe        | Austria            | 7          | 1,340         | 1           | 7          | 1,340         |           |               |            |              |            |            |
|                          | Czech Republic     | 3          | 581           |             |            |               |           |               | 3          | 581          |            |            |
|                          | Germany            | 58         | 10,588        | 3           | 53         | 9,588         | 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        |
| <b>BU Central Europe</b> |                    | <b>76</b>  | <b>13,420</b> | <b>4</b>    | <b>64</b>  | <b>11,431</b> | <b>5</b>  | <b>1,000</b>  | <b>5</b>   | <b>774</b>   | <b>2</b>   | <b>215</b> |
| BU Italy                 | Italy              | 51         | 7,823         | 1           | 35         | 5,531         | 13        | 1,803         | 3          | 489          |            |            |
| <b>BU Italy</b>          |                    | <b>51</b>  | <b>7,823</b>  | <b>1</b>    | <b>35</b>  | <b>5,531</b>  | <b>13</b> | <b>1,803</b>  | <b>3</b>   | <b>489</b>   |            |            |
| BU Spain                 | Spain              | 106        | 12,786        |             | 74         | 9,057         | 13        | 1,957         | 14         | 1,380        | 5          | 392        |
|                          | Portugal           | 17         | 2,809         |             | 5          | 854           |           |               | 11         | 1,899        | 1          | 56         |
|                          | France             | 5          | 871           |             | 4          | 721           |           |               | 1          | 150          |            |            |
|                          | USA                | 1          | 242           |             |            |               | 1         | 242           |            |              |            |            |
| <b>BU Spain</b>          |                    | <b>129</b> | <b>16,708</b> |             | <b>83</b>  | <b>10,632</b> | <b>14</b> | <b>2,199</b>  | <b>26</b>  | <b>3,429</b> | <b>6</b>   | <b>448</b> |
| 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              | 5          | 583           |             |            |               | 4         | 498           | 1          | 85           |            |            |
|                          | 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           |            |              |            |            |
| <b>BU America</b>        |                    | <b>62</b>  | <b>10,022</b> |             | <b>21</b>  | <b>2,512</b>  | <b>21</b> | <b>2,843</b>  | <b>20</b>  | <b>4,667</b> |            |            |
| <b>TOTAL OPEN</b>        |                    | <b>369</b> | <b>57,356</b> | <b>7</b>    | <b>230</b> | <b>34,804</b> | <b>76</b> | <b>12,079</b> | <b>55</b>  | <b>9,810</b> | <b>8</b>   | <b>663</b> |



## SIGNED PROJECTS AS OF 30<sup>TH</sup> 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               | Belgium         | 1         | 180          | 1         | 180          |            |              |
|                          | The Netherlands | 1         | 650          | 1         | 650          |            |              |
|                          | United Kingdom  | 1         | 190          |           |              | 1          | 190          |
| <b>BU Benelux</b>        |                 | <b>3</b>  | <b>1,020</b> | <b>2</b>  | <b>830</b>   | <b>1</b>   | <b>190</b>   |
| BU Central Europe        | Germany         | 4         | 1,153        | 4         | 1,153        |            |              |
| <b>BU Central Europe</b> |                 | <b>4</b>  | <b>1,153</b> | <b>4</b>  | <b>1,153</b> |            |              |
| BU Italy                 | Italy           | 4         | 469          | 3         | 327          | 1          | 142          |
| <b>BU Italy</b>          |                 | <b>4</b>  | <b>469</b>   | <b>3</b>  | <b>327</b>   | <b>1</b>   | <b>142</b>   |
| BU Spain                 | Spain           | 1         | 64           | 1         | 64           |            |              |
|                          | Andorra         | 1         | 60           |           |              | 1          | 60           |
| <b>BU Spain</b>          |                 | <b>2</b>  | <b>124</b>   | <b>1</b>  | <b>64</b>    | <b>1</b>   | <b>60</b>    |
| BU America               | Chile           | 2         | 281          |           |              | 2          | 281          |
|                          | Mexico          | 5         | 629          | 2         | 260          | 3          | 369          |
|                          | Panama          | 1         | 83           |           |              | 1          | 83           |
|                          | Peru            | 2         | 429          |           |              | 2          | 429          |
| <b>BU America</b>        |                 | <b>10</b> | <b>1,422</b> | <b>2</b>  | <b>260</b>   | <b>8</b>   | <b>1,162</b> |
| <b>TOTAL SIGNED</b>      |                 | <b>23</b> | <b>4,188</b> | <b>12</b> | <b>2,634</b> | <b>11</b>  | <b>1,554</b> |

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

|                                  | 2019 | 2020 | 2021 |
|----------------------------------|------|------|------|
| Expected Investment (€ millions) | 18.6 | 6.2  | 0.1  |

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