SALES AND RESULTS
Third Quarter 2019

11th November 2019

NH | HOTEL GROUP PART OF MINOR HOTELS

INVESTOR RELATIONS
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9M 2019 Main Financial Aspects (1)

- **Revenue growth of +5.7%** (+6.3% at constant exchange rates) **reaching €1,257m** (+€67m) in the first nine months of the year, despite 2019 refurbishments (-€4m opportunity cost) and the negative currency impact (-€7m).
  - **In like-for-like ("LFL") terms**, excluding refurbishments and perimeter changes, **revenue grew +4.1% (+4.8% at constant exchange rates**):
    - Strong performance in **Europe with +3.5% growth.** Outstanding growth in Spain (+9.2%). Benelux (+2.7%), Italy (+1.6%) and Central Europe (-0.2%) flat.
  - **Q3: revenue grew by +7.8%** (+6.2% at constant exchange rates) **reaching €436m** (+€31m), including the positive currency effect (+€6m) and the integration of Tivoli (+€12m). Excluding IAS 29 and Tivoli integration, revenue would have grown +€15m or +3.8%. With regard to the LFL growth reported of +3.4% (+1.6% at constant exchange rates), is noteworthy the excellent performance of Spain (+9.0%) and the solid growth of Benelux (+2.7%) and Italy (+1.5%), while Central Europe (-5.2%) was affected by a negative trade fair calendar.

- **RevPAR was up +4.5% in the first nine months of the year with higher ADR** (+4.5%; +€4.3), **which accounted for the entire increase in RevPAR with an occupancy rate that remained stable** at 71.8%. RevPAR and ADR grew in all regions, except for Latin America, with strong RevPAR performance in Spain (+12.0%), explained by the recovery of Barcelona and the excellent performance of Madrid and secondary cities.
  - Relative RevPAR underperformance of -0.3 p.p. in top cities, with higher RevPAR in Spain and Benelux.
  - **Q3:** RevPAR grew by +3.0% entirely through prices (ADR +4.0%), with an occupancy rate that fell by -0.9% to 74.1% as a result of the trade fair calendar in Germany. RevPAR and ADR grew in all markets, except for Central Europe and Latin America, most notably the growth of RevPAR in Spain (+9.9%) and Italy (+3.1%).

- Revenue growth together with cost control enabled to close the first nine months of the year with **recurring EBITDA growth**(2) **of +13% reaching €209m, excluding the accounting impact of IFRS 16,** meaning an **increase of +€23m and a margin improvement of +1.0 p.p.** The conversion rate of the increase in revenue to EBITDA is 35%. Including the impact of IFRS 16, reported EBITDA amounts to €401m.
  - **Q3:** +10.9% EBITDA growth, which represents an increase of +€8m to €78m and an improvement in the margin of +0.5 p.p. to 17.9%. Excluding Tivoli integration (+€4.2m) and IAS 29 accounting impact, EBITDA would have grown +€2.4m.

- **Significant increase in Reported Net Recurring Income in the first nine months of the year of +€17m vs. the same period of 2018, reaching €62m** due to business improvement and lower financial expenses, despite the net impact of IFRS 16 of -€8m.

- **Reported Total Net Income of €66m,** -€28m lower than the reported first nine months of 2018. The comparison is affected by the lower contribution (-€45m) of non-recurring activity.

- **The solid cash flow generation** in the first nine months allowed to **maintain a low level of net financial debt (-€190m)** together with a **solid cash position of €268m** at the end of September 2019, despite Capex investments (-€130m) and the dividend payment (-€59m) in the period.

- **Dividend approved:** The gross dividend approved at the AGM in May 2019 for the financial year 2018, equal to **€0.15 gross per share** in circulation, was paid in June, **implying a payment of €59m.**

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

➢ Confirmation of the **EBITDA(1) target of €285m and a recurring net profit** of close to **€100m at 31st December 2019**.

(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 1st January 2019

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

➢ The Group has applied the retrospective modified method, calculating the asset at the start date of each contract and the liability at the transition date. The difference between the two items is recorded as an adjustment in the consolidated reserves on the opening balance sheet.

Impact on Balance Sheet 30/09/2019 (€ million)	
Right of Use	1,741.3
Deferred tax	96.7
Other assets (1)	(19.1)
TOTAL ASSETS	1,818.9
Total Equity	(265.7)
Operational leases liability	2,112.4
Other liabilities (2)	(26.8)
TOTAL LIABILITIES	1,818.9

(1) Elimination of linearization accounts
(2) Elimination of onerous provision (€6m) and linearization accounts

Impact in P&L in 9M 2019 (€ million)	9M 2019 ex IFRS 16	IFRS 16 Adj.	9M 2019 Reported
Lease payments and property taxes	(260.9)	191.8	(69.0)
EBITDA BEFORE ONEROUS	208.7	191.8	400.5
Onerous contract reversal provision	1.2	(1.2)	-
Depreciation	(87.5)	(134.5)	(222.0)
EBIT	122.4	56.1	178.5
Interest expense	(17.3)	(67.3)	(84.6)
Corporate income tax	(32.7)	3.2	(29.5)
NET RECURRING INCOME	70.0	(8.0)	61.9

- 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. 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) will be operated under a management agreement with Minor.
- This agreement had contributed up to September €4.8m of EBITDA for NH.

➢ Additionally, the first Anantara urban hotel will be launched in Dublin with The Marker hotel, being the third Anantara in Europe.

- The Group continues working with Minor for 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 nine months 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, NH Imperial Playa, NH Lyon Airport 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, NH Koln Altstadt, NHC Munchen Bavaria and NH Vienna Airport in Central Europe and NH Buenos Aires Crillón, NHC Buenos Aires Jousten, NH Mexico City Centro Histórico and NH Ciudad de Santiago in Latinamerica. The opportunity cost, as lower revenues due to the refurbishments was -€4,1m compared with the first nine months of 2018 mainly due to the refurbishments of hotels in Naples, Amsterdam and Munich.
- **Brand:** NH had 371 hotels and 57,602 rooms as of 30th September 2019, out of which 83 hotels and 12,716 rooms are NH Collection (22% of the portfolio), showing their potential both in prices (+46% higher price; ADR NH Collection €132 vs ADR NH €90) 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:** Relative RevPAR underperformance of -0.3 p.p. in top cities vs. competitors with higher occupancy (+1.6 p.p.) and lower ADR (-1.9 p.p.):
  - Good performance in Spain with a relative RevPAR of +0.5 p.p., mainly explained by higher relative occupancy with strong performance of secondary cities. In Madrid, the higher relative occupancy does not offset the lower ADR growth.
  - Italy: -2.5 p.p. Relative RevPAR explained by the extraordinary performance in 9M 2018 (+7.1 p.p.) with relevant events in Milan and strong evolution of Rome.
  - Solid result in Benelux with a +0.7 p.p. increase in relative RevPAR with strong evolution in Amsterdam.
  - Central Europe: -1.2 p.p. change in relative RevPAR with higher occupancy and mixed performance among main cities.

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9M 2019	ADR % var.		Relative" ADR	"Relative" Occupancy	RevPAR % var.		"Relative" RevPAR
	NH	Compset	Var.	Var.	NH	NH	Compset
Total NH	**2.7%**	**4.6%**	**-1.9 p.p.**	**1.6 p.p.**	**4.9%**	**5.1%**	**-0.3 p.p.**
Spain	8.3%	9.9%	-1.6 p.p.	2.0 p.p.	13.1%	12.6%	0.5 p.p.
Italy	0.6%	3.6%	-3.1 p.p.	0.5 p.p.	1.3%	3.8%	-2.5 p.p.
Benelux	1.9%	2.5%	-0.6 p.p.	1.3 p.p.	3.3%	2.6%	0.7 p.p.
Central Europe	-0.9%	2.2%	-3.1 p.p.	1.9 p.p.	0.3%	1.5%	-1.2 p.p.

- **New Agreements of the period:**
  - In the first nine months of 2019 the Company signed 9 hotels, 5 lease agreements (1 Anantara in Marbella, 3 NH Collection in La Coruña, Roma and Verona and 1 NHOW in Hamburg), 4 management agreements (1 NH Collection in Porto, 2 NH in Andorra and Aguascalientes), with a total of 830 rooms. In addition, following the agreement reached with Minor, the integration of Tivoli 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).

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Q3 RevPAR Evolution:

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

NH HOTEL GROUP REVPAR Q3 2019/2018

	AVERAGE ROOMS		OCCUPANCY %			ADR			REVPAR		
	2019	2018	2019	2018	% Var	2019	2018	% Var	2019	2018	% Var
Spain & Others LFL & R (1)	11,172	11,052	76.0%	74.9%	1.5%	100.8	93.1	8.3%	76.7	69.7	9.9%
B.U. Spain Consolidated (1)	12,407	11,585	76.2%	74.9%	1.7%	105.7	93.3	13.3%	80.6	69.9	15.3%
Italy LFL & R	7,217	7,181	74.0%	72.9%	1.4%	124.8	122.9	1.6%	92.3	89.6	3.1%
B.U. Italy Consolidated	7,389	7,325	74.1%	72.7%	2.0%	126.4	123.6	2.3%	93.7	89.8	4.3%
Benelux LFL & R	8,410	8,395	76.2%	78.0%	-2.4%	113.3	109.2	3.7%	86.3	85.2	1.3%
B.U. Benelux Consolidated	8,988	8,914	75.5%	77.5%	-2.5%	112.5	108.0	4.2%	84.9	83.6	1.6%
Central Europe LFL & R	11,607	11,462	76.7%	79.7%	-3.8%	88.6	89.9	-1.5%	67.9	71.6	-5.2%
B.U. Central Europe Consolidated	12,406	12,056	75.8%	79.9%	-5.2%	88.7	89.4	-0.8%	67.2	71.4	-5.9%
Total Europe LFL & R	38,406	38,090	75.9%	76.7%	-1.0%	104.2	101.0	3.2%	79.1	77.5	2.1%
Total Europe Consolidated	41,190	39,880	75.6%	76.6%	-1.3%	105.7	100.6	5.0%	79.9	77.1	3.6%
Latinamerica LFL & R	5,083	5,080	63.2%	62.5%	1.0%	62.8	72.8	-13.7%	39.7	45.5	-12.8%
B.U. Latinamerica Consolidated	5,355	5,566	62.7%	61.4%	2.1%	62.7	70.7	-11.4%	39.3	43.5	-9.5%
NH Hotels LFL & R	43,489	43,170	74.4%	75.0%	-0.8%	100.1	98.3	1.9%	74.5	73.7	1.0%
Total NH Consolidated	46,545	45,446	74.1%	74.7%	-0.9%	101.5	97.6	4.0%	75.2	73.0	3.0%

(1) Includes France and Portugal

- **Increase in RevPAR of +3.0%** in Q3, **100% of it through prices** (ADR: +4.0%; +€3.9) with an **occupancy rate** that fell by -0.9% to 74.1% as a result of the trade fair calendar in Germany. RevPAR and ADR growth in all regions, except for Central Europe and Latin America, highlighting the growth of RevPAR in Spain (+15.3%) and Italy (+4.3%).
- Remarkable **RevPAR growth** in:
  - **Spain**: Excluding perimeter changes, RevPAR grew +9.9% as a result of higher prices and higher activity. Noteworthy is the recovery of Barcelona (+18%; an improvement in both occupancy and in ADR) with an important congress in Q3, and the excellent performance of Madrid (+15%; due to occupancy and ADR) with a favourable trade fair calendar.
  - **Italy**: +4.3%, with prices that grew +2.3% and higher activity (+2.0%). Good performance of Milan (+4%), with a positive trade fair calendar, while Rome (-2%) fell due to the lower demand of business groups.
  - **Benelux**: +1.6%, with growth in Brussels of +15% (100% through ADR) with relevant events. Good performance of conference hotels (+4%), while Amsterdam (-2%) fell as a result of lower business groups events during the quarter.
  - **Central Europe**: -5.9%, with lower prices (-0.8%) and less occupancy (-5.2%). The trade fair calendar had a negative impact on the quarter. Frankfurt (-16%) was also affected by the increase in hotel supply.
  - **LatAm**: -9.5% with a -11.4% drop in ADR and an increase in occupancy (+2.1%). Buenos Aires (-39%), Mexico City (+7% due to occupancy and ADR) and Bogota (-6%).
- With regard to the Group's **level of activity** in the third quarter, occupancy dropped by -0.9% to 74.1% as a result of the trade fair calendar in Germany. Growth in LatAm (+2.1%), Italy (+2.0%) and Spain (+1.7%) was noteworthy.

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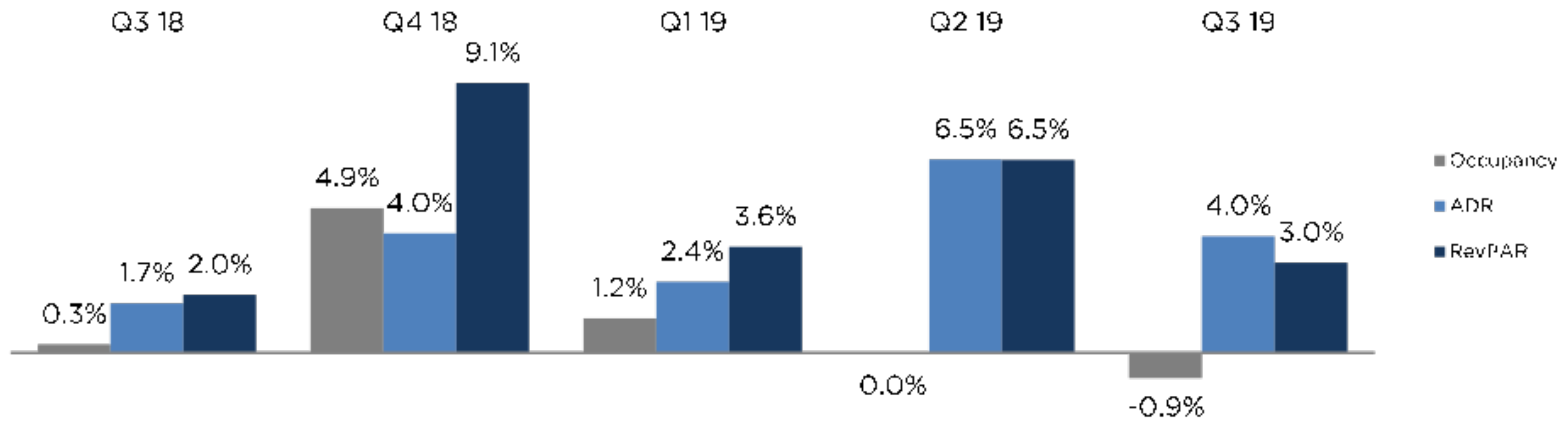
9M RevPAR evolution:

- **RevPAR rose by +4.5%** in the first nine months, with a **100% contribution through prices** (ADR +4.5%; +€4.3) and **occupancy** that remained stable at 71.8%. RevPAR and ADR growth in all markets, except for LatAm, highlighting the growth of RevPAR in Spain (+12.0%).

NH HOTEL GROUP REVPAR 9M 2019/2018

	AVERAGE ROOMS		OCCUPANCY %			ADR			REVPAR		
	2019	2018	2019	2018	% Var	2019	2018	% Var	2019	2018	% Var
Spain & Others LFL & R [1]	11,167	11,025	75.6%	74.6%	1.3%	101.0	93.5	8.0%	76.4	69.8	9.4%
B.U. Spain Consolidated [1]	11,966	11,604	75.3%	74.3%	1.3%	103.3	93.4	10.6%	77.8	69.4	12.0%
Italy LFL & R	7,139	7,152	71.4%	70.8%	0.9%	123.2	120.5	2.2%	88.0	85.3	3.1%
B.U. Italy Consolidated	7,292	7,235	71.4%	70.7%	1.1%	124.2	120.8	2.8%	88.7	85.4	3.9%
Benelux LFL & R	8,314	8,394	73.0%	73.2%	-0.2%	114.0	111.7	2.1%	83.3	81.7	1.9%
B.U. Benelux Consolidated	8,853	8,896	72.6%	72.9%	-0.4%	113.8	110.9	2.6%	82.7	80.8	2.3%
Central Europe LFL & R	11,511	11,559	73.8%	74.3%	-0.7%	90.8	89.4	1.5%	67.0	66.4	0.9%
B.U. Central Europe Consolidated	12,268	12,061	73.0%	74.4%	-1.9%	90.8	88.8	2.3%	66.3	66.1	0.3%
Total Europe LFL & R	38,131	38,130	73.7%	73.5%	0.3%	104.7	101.1	3.6%	77.2	74.3	3.9%
Total Europe Consolidated	40,380	39,797	73.3%	73.4%	-0.1%	105.5	100.7	4.8%	77.3	73.9	4.7%
Latinamerica LFL & R	5,083	5,080	61.2%	62.0%	-1.1%	71.0	73.2	-3.1%	43.5	45.4	-4.2%
B.U. Latinamerica Consolidated	5,354	5,538	60.6%	60.7%	-0.2%	70.4	71.4	-1.5%	42.6	43.3	-1.6%
NH Hotels LFL & R	43,214	43,210	72.3%	72.1%	0.2%	101.4	98.3	3.1%	73.3	70.9	3.3%
Total NH Consolidated	45,733	45,335	71.8%	71.8%	0.0%	102.0	97.7	4.5%	73.3	70.1	4.5%

Evolution of Consolidated Ratios by quarter:



Consolidated Ratios	Occupancy					ADR					RevPAR				
% Var	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19
Spain [1]	-1.6%	7.4%	2.5%	0.0%	1.7%	-3.8%	5.1%	4.7%	12.5%	13.3%	-5.3%	12.9%	7.3%	12.5%	15.3%
Italy	0.6%	2.1%	0.1%	1.6%	2.0%	2.9%	3.0%	0.3%	4.5%	2.3%	3.5%	5.2%	0.4%	6.2%	4.3%
Benelux	3.2%	3.3%	0.9%	0.8%	-2.5%	2.5%	2.6%	0.1%	2.9%	4.2%	5.7%	6.0%	1.0%	3.7%	1.6%
Central Europe	1.0%	4.1%	1.4%	-1.5%	-5.2%	5.7%	4.6%	3.3%	4.6%	-0.8%	6.7%	8.8%	4.7%	3.0%	-5.9%
TOTAL EUROPE	0.6%	4.5%	1.4%	0.0%	-1.3%	1.8%	4.1%	2.2%	6.5%	5.0%	2.4%	8.7%	3.7%	6.5%	3.6%
Latin America real exc. rate	-2.2%	8.2%	-1.3%	-1.4%	2.1%	-1.1%	5.2%	2.4%	5.1%	-11.4%	-3.1%	13.8%	1.1%	3.6%	-9.5%
NH HOTEL GROUP	0.3%	4.9%	1.2%	0.0%	-0.9%	1.7%	4.0%	2.4%	6.5%	4.0%	2.0%	9.1%	3.6%	6.5%	3.0%

(1) Includes France and Portugal

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RECURRING HOTEL ACTIVITY *								
(€ million)	2019 Q3	2018 Q3	DIFF. 19/18	%DIFF.	2019 9M	2018 9M	DIFF. 19/18	%DIFF.
SPAIN (1)	106.6	97.8	8.8	9.0%	324.8	296.7	28.1	9.5%
ITALY	78.2	74.7	3.4	4.6%	225.3	217.1	8.1	3.8%
BENELUX	94.0	91.5	2.5	2.8%	267.1	263.4	3.7	1.4%
CENTRAL EUROPE	93.7	97.6	(3.9)	(4.0%)	276.4	276.9	(0.6)	(0.2%)
AMERICA	27.2	23.6	3.6	15.3%	88.2	84.0	4.2	5.0%
TOTAL RECURRING REVENUE LFL&R	**399.6**	**385.2**	**14.4**	**3.7%**	**1,181.8**	**1,138.1**	**43.7**	**3.8%**
OPENINGS, CLOSINGS & OTHERS	**36.3**	**19.3**	**17.0**	**87.7%**	**75.6**	**51.9**	**23.7**	**45.8%**
RECURRING REVENUES	**435.9**	**404.5**	**31.4**	**7.8%**	**1,257.4**	**1,190.0**	**67.4**	**5.7%**
	0.00	0.00	0.00	0.0%				
SPAIN (1)	66.1	62.7	3.3	5.3%	200.2	189.0	11.1	5.9%
ITALY	44.9	44.6	0.3	0.7%	130.9	130.8	0.1	0.1%
BENELUX	56.6	56.2	0.4	0.8%	169.1	166.5	2.6	1.6%
CENTRAL EUROPE	59.8	60.5	(0.8)	(1.3%)	179.7	179.5	0.2	0.1%
AMERICA	19.1	16.2	2.9	17.9%	61.7	59.8	1.9	3.2%
RECURRING OPEX LFL&R	**246.5**	**240.3**	**6.2**	**2.6%**	**741.5**	**725.5**	**16.0**	**2.2%**
OPENINGS, CLOSINGS & OTHERS	**21.5**	**11.0**	**10.5**	**95.7%**	**46.4**	**30.7**	**15.6**	**51.0%**
RECURRING OPERATING EXPENSES (2)	**268.0**	**251.3**	**16.7**	**6.7%**	**787.9**	**756.2**	**31.6**	**4.2%**
SPAIN (1)	40.5	35.0	5.4	15.5%	124.7	107.7	17.0	15.8%
ITALY	33.2	30.1	3.1	10.4%	94.4	86.4	8.0	9.3%
BENELUX	37.4	35.3	2.1	6.0%	98.1	96.9	1.2	1.2%
CENTRAL EUROPE	33.9	37.1	(3.2)	(8.5%)	96.7	97.5	(0.8)	(0.8%)
AMERICA	8.1	7.4	0.7	9.6%	26.5	24.2	2.3	9.5%
RECURRING GOP LFL&R	**153.1**	**144.9**	**8.2**	**5.7%**	**440.3**	**412.6**	**27.7**	**6.7%**
OPENINGS, CLOSINGS & OTHERS	**14.8**	**8.3**	**6.4**	**77.2%**	**29.3**	**21.2**	**8.1**	**38.3%**
RECURRING GOP	**167.9**	**153.2**	**14.7**	**9.6%**	**469.5**	**433.7**	**35.8**	**8.3%**
SPAIN (1)	22.8	22.6	0.2	1.1%	71.2	67.8	3.4	5.0%
ITALY	14.5	12.5	1.9	15.3%	41.5	38.2	3.3	8.7%
BENELUX	14.8	15.2	(0.4)	(2.3%)	44.5	44.7	(0.1)	(0.3%)
CENTRAL EUROPE	26.1	25.4	0.7	2.9%	77.7	76.9	0.8	1.0%
AMERICA	2.8	2.7	0.0	0.5%	8.3	8.3	0.0	0.5%
RECURRING LEASES&PT LFL&R	**81.1**	**78.5**	**2.6**	**3.3%**	**243.2**	**235.9**	**7.3**	**3.1%**
OPENINGS, CLOSINGS & OTHERS	**8.8**	**4.4**	**4.4**	**101.4%**	**17.6**	**12.5**	**5.2**	**41.3%**
RECURRING RENTS AND PROPERTY TAXES (3)	**89.8**	**82.9**	**7.0**	**8.4%**	**260.9**	**248.4**	**12.5**	**5.0%**
SPAIN (1)	17.6	12.4	5.2	41.7%	53.5	39.8	13.6	34.3%
ITALY	18.8	17.6	1.2	6.8%	52.8	48.1	4.7	9.8%
BENELUX	22.5	20.1	2.5	12.3%	53.5	52.2	1.3	2.5%
CENTRAL EUROPE	7.8	11.7	(3.9)	(33.4%)	19.0	20.6	(1.5)	(7.5%)
AMERICA	5.4	4.7	0.7	14.9%	18.2	15.9	2.2	14.1%
RECURRING EBITDA LFL&R	**72.0**	**66.4**	**5.7**	**8.5%**	**197.0**	**176.6**	**20.4**	**11.5%**
OPENINGS, CLOSINGS & OTHERS	**6.0**	**4.0**	**2.0**	**50.8%**	**11.6**	**8.7**	**2.9**	**33.9%**
RECURRING EBITDA EX. ONEROUS PROVISION (3)	**78.1**	**70.4**	**7.7**	**10.9%**	**208.7**	**185.3**	**23.3**	**12.6%**

(*) IFRS 16 not included in business performance figures

(1) France and Portugal hotels are included in the Business Unit of Spain

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

(3) Rents and Recurring EBITDA exclude IFRS 16 accounting impact for comparison purposes. Both in Q3 and 9M, in the Rents line a reclassification has taken place between LFL&R perimeter and Openings, Closings & Others, not impacting total figures

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

Spain B.U. [(1)]**:**

- Q3: RevPAR was up +9.9% in Q3, with an increase in prices of +8.3%, highlighting the good evolution of Barcelona, Madrid and secondary cities. Revenue grew by +9.0%.
- 9M: RevPAR rose by +9.4% due to the recovery of Barcelona (+16.8%; occupancy +6.8% and ADR +9.4%) and the excellent performance of Madrid (+13.1%; 67% through prices) due to the positive calendar of congresses and events. ADR rose +8.0% and occupancy by +1.3%.
  - Revenue grew by +9.5% due to the recovery of Barcelona (+15.5%) and the excellent performance of Madrid, which grew by +10.3% as a result of the abovementioned events. Secondary cities grew by +4.8%.
  - Operating expenses grew by +5.9% (-€11.1m), mainly explained by the increase in the minimum salary close to 10% and the CLA agreements that account for 50% of the increase, as well as the refurbished hotels and the increase in occupancy (+1.5%).
  - GOP reached €124.7m, up +15.8% (+€17.0m), and rents rose by +€3.4m (+5.0%).
  - EBITDA for the first nine months grew by +34.3% (+€13.6m) reaching €53.5m with a margin that increased by +3.0 p.p. to 16.5%.

[(1)] Includes France and Portugal

Italy B.U.:

- Q3: RevPAR growth of +3.1% in the quarter with an increase of +1.6% in prices and +1.4% in occupancy. Good evolution of Milan (+3.8%) as a result of the better trade fair calendar, while Rome (-2.2%) was affected by the lower demand of business groups. Revenue grew by +4.6%.
- 9M: RevPAR grew by +3.1% in the first nine months with the ADR up by +2.2% and occupancy by +0.9%. Good performance in LFL RevPAR in Rome (+1.6%), while Milan (+1.2%) recovered from the negative performance of the worse trade fair calendar of Q1.
  - Revenue growth of +3.8% (excluding refurbished hotels +1.6%). With regard to the main cities, Milan grew by +1.4%, recovering the loss of the first quarter, and Rome remained flat due to the lower demand of groups affecting other revenues.
  - Operating expenses remained flat and GOP grew by +9.3% (+€8.0m) to €94.4m.
  - Rents increased by +€3.3m (+8.7%), which is mainly explained by the refurbishments of a hotel in Rome and another in Milan in 2018.
  - EBITDA for the first nine months of the year improved by +9.8% (+€4.7m) to €52.8m with a margin that grew +1.3 p.p. to 23.5%.

Benelux B.U.:

- Q3: RevPAR growth of +1.3% in Q3 with an increase of +3.7% in prices and -2.4% in occupancy explained by secondary cities. Revenue grew by +2.8%.
- 9M: RevPAR growth of +1.9% with prices up +2.1% and occupancy remaining practically stable (-0.2%). It should be highlighted the LFL RevPAR growth in Brussels (+10.9%, 65% through prices) and Amsterdam (+2.0%). Conference hotels (+5.2%) have recovered from the negative performance of Q1 as a result of higher corporate events.

[(*)] IFRS 16 not included in business performance figures

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- Revenue grew by +1.4%, driven by the good performance of Brussels (+9.3%) and conference hotels (+7.2%). Amsterdam grew by +0.7%, affected by the lower demand of groups with an impact also in other non-room revenues. Excluding the business loss due to the refurbishment of a hotel in Amsterdam (-€2.9m), comparable revenue grew by +2.7%.
- Operating expenses increased by +1.6% in the first nine months and GOP increased by +1.2% (+€1.2m), impacted by the increase in salaries related to the CLA agreements.
- EBITDA in the first nine months improved by 2.5% (+€1.3m) to €53.5m.

Central Europe B.U.:

- Q3: RevPAR fell by -5.2% in the third quarter with a drop in prices of -1.5% and with lower occupancy (-3.8%) as a result of a negative trade fair calendar. Revenue fell by -4.0% in the quarter.
- 9M: RevPAR growth of +0.9% in the first nine months with ADR up by +1.5% and occupancy down by -0.7%. Good performance in Hamburg (+3.6%), secondary cities (+1.8%) and Austria (+9.4%). Frankfurt (-8.5%) was affected by the higher supply in the city and by the weaker trade fair calendar.
  - Revenue remained virtually stable (-0.2%) and was affected by the negative trade fair calendar in the third quarter and the refurbishment of a hotel in Munich. Frankfurt's revenue (-10.6%) also affected by the new supply.
  - Operating expenses remained stable in the first nine months of the year. GOP fell by -0.8% (+€0.8m) to €96.7m.
  - The increase in rents of +1.0% caused EBITDA for the first nine months to drop by 7.5% to €19.0m.

Americas B.U. (2):

- Q3: RevPAR dropped by -12.8% in the third quarter, with prices dropping by -13.7% with occupancy 1.0% higher. At constant exchange rates the growth of the BU's LFL&R revenue is -10.0% in the quarter and at real exchange rates revenue rose by +15.3% (distorted performance due to the application of IAS 29 in Q3 2018).
- 9M: RevPAR fell by -4.2% in the first nine months, with prices dropping by -3.1% and occupancy by -1.1%:
  - By regions, revenue for Mexico remained flat in local currency. At real exchange rate, revenue grew by +5.3% including the positive currency evolution (+5%).
  - In Argentina, revenue grew +55.7% at constant exchange rates, mainly due to an increase in average prices due to hyperinflation. Reported revenues increased by +17.5% including the effects of hyperinflation and the strong currency depreciation.
  - At Hoteles Royal, revenue dropped by -2.9% in local currency and taking into account the -5% devaluation of the currency, revenue dropped by -7.8%.

(2) Includes IAS 29 impact in Argentina

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Consolidated Income Statement 9M

NH HOTEL GROUP P&L ACCOUNT						
(€ million)	9M 2019 Reported	IFRS 16 Adj.	9M 2019 ex IFRS 16	9M 2018 Reported	Var. 9M ex IFRS16	
	€ m.	€ m.	€ m.	€ m.	€ m.	%
TOTAL REVENUES	**1,257.4**	**-**	**1,257.4**	**1,190.0**	**67.4**	**5.7%**
Staff Cost	(422.7)	-	(422.7)	(400.1)	(22.6)	5.7%
Operating expenses	(365.2)	-	(365.2)	(356.1)	(9.0)	2.5%
GROSS OPERATING PROFIT	**469.5**	**-**	**469.5**	**433.7**	**35.8**	**8.3%**
Lease payments and property taxes	(69.0)	(191.8)	(260.9)	(248.4)	(12.5)	5.0%
EBITDA BEFORE ONEROUS	**400.5**	**(191.8)**	**208.7**	**185.3**	**23.3**	**12.6%**
Margin % of Revenues	31.9%	-	16.6%	15.6%	-	1.0 p.p.
Onerous contract reversal provision	-	1.2	1.2	1.9	(0.6)	(33.1%)
EBITDA AFTER ONEROUS	**400.5**	**(190.6)**	**209.9**	**187.2**	**22.7**	**12.1%**
Depreciation	(222.0)	134.5	(87.5)	(83.1)	(4.4)	5.3%
EBIT	**178.5**	**(56.1)**	**122.4**	**104.1**	**18.3**	**17.5%**
Net Interest expense	(84.6)	67.3	(17.3)	(25.4)	8.1	31.8%
Income from minority equity interests	0.0	-	0.0	(0.3)	0.3	N/A
EBT	**93.9**	**11.2**	**105.1**	**78.4**	**26.6**	**33.9%**
Corporate income tax	(29.5)	(3.2)	(32.7)	(30.8)	(1.8)	6.0%
NET INCOME before minorities	**64.4**	**8.0**	**72.4**	**47.6**	**24.8**	**52.0%**
Minority interests	(2.4)	-	(2.4)	(3.1)	0.7	21.9%
NET RECURRING INCOME	**61.9**	**8.0**	**70.0**	**44.5**	**25.5**	**57.2%**
Non Recurring EBITDA (1)	6.6	-	6.6	101.5	(94.9)	(93.5%)
Other Non Recurring items (2)	(2.6)	-	(2.6)	(52.5)	49.9	95.0%
NET INCOME including Non-Recurring	**65.9**	**8.0**	**74.0**	**93.5**	**(19.5)**	**(20.9%)**

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

9M 2019 Comments (1):

- **Revenue growth of +5.7%** (+6.3% at constant exchange rates) **reaching €1,257m** (+€67m) in the first nine months of the year, despite the 2019 refurbishments (-€4m opportunity cost) and the negative currency impact (-€7m).
  - In like-for-like ("LFL") terms, not including refurbishments and perimeter changes, revenue was up +4.1% (+4.8% at constant exchange rates) with solid performance in Europe (+3.5%). Outstanding growth in Spain (+9.2%). Benelux (+2.7%), Italy (+1.6%) and Central Europe (-0.2%) flat.
  - Perimeter changes contributed with +€24m mainly from the integration of the Tivoli portfolio (+€12m) and the openings of Anantara Villa Padierna, the Toulouse Airport, Madrid Gran Vía and Rio Novo in Venice.

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- **Cost evolution:**
  - **Staff costs** rose by +5.7% (-€22.6m), out of which 56% of the increase is explained by the comparable perimeter due to the increase in the collective labour agreements in Spain, Germany and Benelux. The rest is explained by the perimeter changes (Tivoli integration, openings and closings) and refurbished hotels.
  - **Other direct operating expenses** grew by +2.5% (-€9.0m). The impact of the perimeter changes and at a lower extent the refurbished hotels practically explain the entire increase.

- **Improvement of +€35.8m (+8.3%) at GOP level**. The margin on revenues improved by +0.9 p.p. in the first nine months with a conversion ratio of 53% from incremental revenue.

- **Leases and property taxes**, excluding the accounting impact of IFRS 16, reached €260.9m, up by -€12.5m (+5.0%). Perimeter changes explain 41% of the increase. The reported figure including IFRS 16 is €69.0m.

- Revenue growth together with cost control enabled to close the first nine months of the year with a **Recurrent EBITDA(2) growth, excluding the accounting impact of IFRS 16, of +12.6% reaching €208.7m,** meaning an **increase of +€23.3m and an improvement in the margin of +1.0 p.p.** The conversion rate of the increase in revenue to EBITDA is 35%. Including the impact of IFRS 16, reported EBITDA amounts to €400.5m.

- **Depreciation**: increase of -€4.4m due to the impact of the repositioning investments. Including the accounting impact of IFRS 16, the reported figure is €222.0m.

- **Net Financial expenses:** the +€8.1m 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 -€84.6m.

- **Corporate Income Tax of -€29.5m,** +€1.3 lower than in 9M 2018 due to the lower adjustment for non-deductible financial expenses and deferred taxes arisen from IFRS 16 (+€3.2m), which offsets the better EBT performance.

- **Significant increase in reported Net Recurring Income in the first nine months of the year of +€17.4m with regard to 9M 2018, reaching €61.9m** due to business improvements and lower financial expenses, despite the net impact of IFRS 16 (-€8.0m).

- **Reported Total Net Income of €65.9m,** -€27.6m lower than the first nine months of 2018. The comparison is affected by the lower contribution (-€45m) of non-recurring activity.

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

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Consolidated Income Statement Q3

NH HOTEL GROUP P&L ACCOUNT						
(€ million)	Q3 2019 Reported	IFRS 16 Adj.	Q3 2019 ex IFRS 16	Q3 2018 Reported	Var. Q3 ex IFRS16	
	€ m.	€ m.	€ m.	€ m.	€ m.	%
TOTAL REVENUES	**435.9**	**-**	**435.9**	**404.5**	**31.4**	**7.8%**
Staff Cost	(143.8)	-	(143.8)	(132.8)	(11.0)	8.3%
Operating expenses	(124.2)	-	(124.2)	(118.4)	(5.8)	4.9%
GROSS OPERATING PROFIT	**167.9**	**-**	**167.9**	**153.2**	**14.7**	**9.6%**
Lease payments and property taxes	(24.2)	(65.6)	(89.8)	(82.9)	(7.0)	8.4%
EBITDA BEFORE ONEROUS	**143.6**	**(65.6)**	**78.1**	**70.4**	**7.7**	**10.9%**
Margin % of Revenues	33.0%	-	17.9%	17.4%	-	0.5 p.p.
Onerous contract reversal provision	-	0.4	0.4	0.6	(0.2)	(27.2%)
EBITDA AFTER ONEROUS	**143.6**	**(65.2)**	**78.5**	**70.9**	**7.5**	**10.6%**
Depreciation	(77.2)	46.1	(31.1)	(28.5)	(2.5)	8.9%
EBIT	**66.4**	**(19.0)**	**47.4**	**42.4**	**5.0**	**11.7%**
Net Interest expense	(27.8)	22.0	(5.9)	(5.1)	(0.7)	14.5%
Income from minority equity interests	0.0	-	0.0	(0.2)	0.2	N/A
EBT	**38.6**	**2.9**	**41.6**	**37.1**	**4.5**	**12.0%**
Corporate income tax	(12.2)	(0.7)	(12.9)	(13.9)	1.0	(7.2%)
NET INCOME before minorities	**26.4**	**2.2**	**28.7**	**23.2**	**5.5**	**23.6%**
Minority interests	(0.6)	-	(0.6)	(1.6)	1.0	(61.9%)
NET RECURRING INCOME	**25.8**	**2.2**	**28.0**	**21.6**	**6.5**	**30.0%**
Non Recurring EBITDA [1]	0.3	-	0.3	15.1	(14.8)	(98.3%)
Other Non Recurring items [2]	(0.1)	-	(0.1)	(7.5)	7.5	99.3%
NET INCOME including Non-Recurring	**26.0**	**2.2**	**28.3**	**29.2**	**(0.9)**	**(3.1%)**

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

Q3 2019 Comments [1]:

- **Revenue grew by +7.8%** (+6.2% at constant exchange rates) **reaching €436m** (+€31m), including the positive currency impact (+€6m). Excluding IAS 29 and Tivoli integration, revenue would have grown +€15m or +3.8%.
  - With regard to the LFL growth reported of +3.4% (+1.6% at constant exchange rates), is noteworthy the excellent performance of Spain (+9.0%) and the solid growth of Benelux (+2.7%) and Italy (+1.5%) while Central Europe (-5.2%) was affected by a negative trade fair calendar.
  - Perimeter changes contributed with +€17m mainly from the integration of the Tivoli portfolio (+€12m) and the openings of Anantara Villa Padierna and the Toulouse Airport.

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- **Cost evolution:**
  - **Staff costs** rose by +8.3% (-€11.0m), with 40% of the increase explained by the comparable perimeter due to the increase in the collective labour agreements. The rest of the increase is explained by Tivoli integration, other openings and, to a lesser extent, the 2018 refurbishments.
  - **Other direct operating expenses** grew by +4.9% (-€5.8m). The impact of Tivoli integration and other openings practically explains all of the increase.

- **GOP** growth of +€14.7m due to the integration of Tivoli (+€6.2m) and despite CLA payroll increases in Spain, Germany and Benelux.

- **Leases and property taxes**, excluding the impact of IFRS 16, reached €89.8m, up by -€7.0m (+8.4%) due to the integration of Tivoli and perimeter changes (63% of the increase).

- Cost control allowed recurring **EBITDA(2) growth of +10.9% to €78.1m** to be reported, which represents an increase of €7.7m with a **margin of 17.9%** (+0.5 p.p.). Excluding Tivoli (+€4.2m) and IAS 29 accounting impact, EBITDA would have grown +€2.4m. Including the impact of IFRS 16, reported EBITDA amounts to €143.6m.

- **Depreciation**: increase of -€2.5m due to the impact of the repositioning investments. Including the accounting impact of IFRS 16, the reported figure is €77.2m.

- **Net Financial expenses:** the increase of -€0.7m is explained mainly by exchange differences (-€1.1m) that were greater than the savings in financial expenses as a result of the early partial repayment of the 2023 bond in the amount of €43.2m in Q4 2018 (+€0.6m). Including the impact of IFRS 16, the reported figure is €27.8m.

- **Reported Net Recurring Income improved by €4.3m on that reported in Q3 2018**, reaching €25.8m due to the business improvement, Tivoli integration, lower impact of IAS 29 and despite IFRS 16 net impact (-€2.2m).

- **Reported Total Net Income reported reached €26.0m** in the third quarter, -€3.1m less than the same period of 2018 due to the lower contribution (-€7m) of non-recurring activity.

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

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Financial Debt and Liquidity

As of 30/09/2019 Data in Euro million	Maximum Available	Availability	Drawn	Repayment schedule 2019	2020	2021	2022	2023	2024	2025	2026	Rest
Senior Credit Facilities												
Senior Secured Notes due 2023	356.9	-	356.9	-	-	-	-	356.9	-	-	-	-
Senior Secured RCF due in 2021	250.0	250.0	-	-	-	-	-	-	-	-	-	-
Total debt secured by the same Collateral	**606.9**	**250.0**	**356.9**	**-**	**-**	**-**	**-**	**356.9**	**-**	**-**	**-**	**-**
Other Secured loans (1)	29.6	-	29.6	0.7	2.6	2.5	2.1	6.0	1.3	0.9	0.7	12.8
Total secured debt	**636.5**	**250.0**	**386.5**	**0.7**	**2.6**	**2.5**	**2.1**	**362.9**	**1.3**	**0.9**	**0.7**	**12.8**
Unsecured loans (2)	47.5	15.6	31.9	0.1	0.94	0.2	0.2	30.5				
Unsecured credit lines	53.5	53.5	-	-	-	-	-	-	-	-	-	-
Subordinated loans	40.0	-	40.0	-	-	-	-	-	-	-	-	40.0
Total unsecured debt	**141.0**	**69.1**	**71.9**	**0.1**	**0.9**	**0.2**	**0.2**	**30.5**	**0.0**	**0.0**	**0.0**	**40.0**
Total Gross Debt	**777.5**	**319.1**	**458.4**	**0.8**	**3.5**	**2.7**	**2.3**	**393.4**	**1.3**	**0.9**	**0.7**	**52.8**
Cash and cash equivalents (3)			**(268.0)**									
Net debt			**190.4**	**0.8**	**3.5**	**2.7**	**2.3**	**393.4**	**1.3**	**0.9**	**0.7**	**52.8**
Arranging expenses			(11.7)	(0.7)	(3.0)	(2.9)	(2.5)	(2.0)	(0.1)	(0.1)	(0.1)	(0.4)
Accrued interests			7.2	7.2								
IFRS 9 (4)			(7.3)	(0.3)	(1.4)	(1.6)	(1.7)	(1.5)	(0.1)	(0.1)	(0.1)	(0.4)
Total adjusted net debt			**178.6**									

(1) Bilateral mortgage loans.

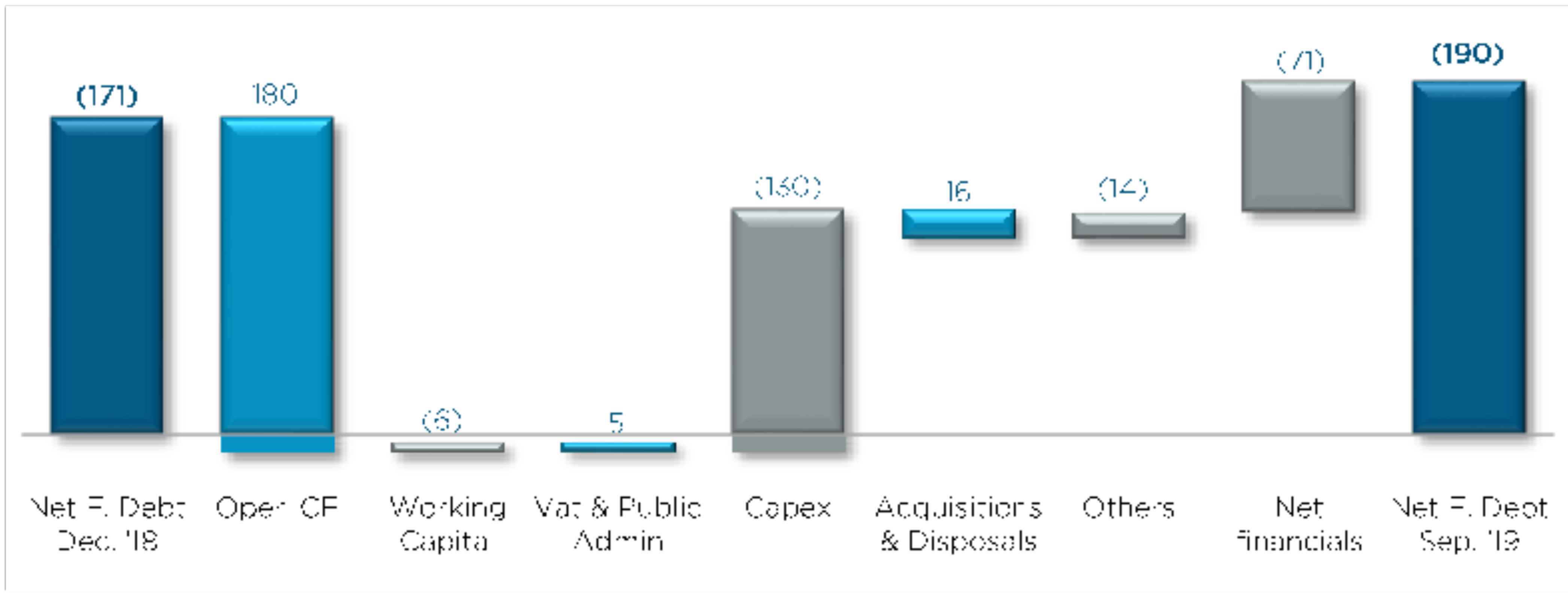
(2) Includes debt instruments with schedueled amortizations. The undrawn amount is related to NY capex loan with drawdown period up to 25/07/2020.

(3) Does not include treasury stock shares. As of 30/09/19 the group had 374.549 treasury stock shares with 1.6M€ market value as of 30 Sep. 2019 (€4,376/share)

(4) IFRS 9 - The new IFRS 9 related to the accounting treatment of financial assets and liabilities with implementation on 1 January 2018. The application of the new accounting rule a s a result of improved terms and conditions of the 2017 refinancing, compared to former conditions, results in a n impact on NH Hotel Group (accounted within reserves, according to the rule) of less debt for €8.6m a s of 1 January 2018 (€7.3m a s of 30 September 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 nine months allowed to **maintain a low level of net financial debt (-€190m)** together with a **solid cash position of €268m** at the end of September 2019, despite Capex investments (-€130m) and the dividend payment (-€59m) in the period.
- At 30th September 2019, the Company had €268m of cash and available credit lines of €304m, of which €250m relate to the syndicated credit line maturing on 29 September 2021.

9M 2019 Net Financial Debt Evolution



Financial Position: 30th September 2019
Gross Financial Debt: (€458m)
Cash: €268m
Net Financial Debt: (€190m)(1)
Operating Lease Liability (under IFRS16): (€2,112m)
Total Net Debt with Operating Leases: (€2,302m)

(1) Net Financial Debt excluding accounting adjustments for arrangement expenses €11.7m, accrued interest -€7.2m and IFRS 9 adjustment €7.3m. Including these accounting adjustments, the adjusted net financial debt would be (-€179m) at 30th September 2019 vs. (-€153m) at 31st December 2018.

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Cash flow generation in the first nine months of the year:

- (+) Operating cash flow: +€180.3m, including -€14.2m of credit card expenses and taxes paid of -€35.2m.
- (-) Working capital: Mainly explained by a lower overdue recovery from previous year due to optimized overdue levels, and some one-off effects related to certain projects on supply chain processes.
- (-) Capex payments: -€130.3m in the first nine months of the year.
- (+) Acquisitions and disposals: +€15,6m from NH Málaga II disposal (+€16.0m, net of VAT of -€3.4m), +€1.9m from the China JV closing, -€4.7m from the net investment made to operate Tivoli hotels and +€2.4m from deferred payments of previous years.
- (-) Others: Mainly severance payments and legal provisions.
- (-) Net financials and dividends: -€70.7m including -€11.4m net interest expense, -€58.2 net ordinary dividend paid in June 14th and -€1.2m minority dividend.

Appendix

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 9 months of 2019.

In addition, the abridged consolidated financial statements as at 30 September 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 BALANCE SHEETS AT 30 SEPTEMBER 2019 AND 31 DECEMBER 2018

(Thousand Euros)

	30.09.2019	31.12.2018 (*)		30.09.2019	31.12.2018 (*)
NON-CURRENT ASSETS:			**EQUITY:**		
Goodwill	108,428	109,432	Share capital	784,361	784,361
Assets for rights of use	1,741,282	-	Reserves of the parent company	778,500	681,068
Intangible assets	103,750	110,569	Reserves of fully consolidated companies	(338,753)	(44,723)
Real estate investment	2,989	-	Reserves of companies consolidated using the equity method	(23,935)	(23,436)
Property, plant and equipment	1,697,221	1,637,718	Exchange differences	(66,109)	(60,854)
Investments accounted for using the equity method	7,501	8,971	Treasury shares and shareholdings	(1,637)	(2,530)
Non-current financial investments-	46,493	54,126	Consolidated profit for the period	65,914	117,785
Loans and accounts receivable not available for trading	*35,902*	*42,598*	**Equity attributable to the shareholders of the Parent Company**	**1,198,341**	**1,451,671**
Other non-current financial investments	*10,591*	*11,528*	Non-controlling interests	51,354	52,351
Deferred tax assets	234,457	138,724	**Total equity**	**1,249,695**	**1,504,022**
Other non-current assets	-	13,427			
Total non-current assets	**3,942,121**	**2,072,967**			
			NON-CURRENT LIABILITIES		
			Debt instruments and other marketable securities	345,009	342,485
			Debts with credit institutions	94,966	71,473
			Liabilities for operating leases	1,874,568	-
			Other financial liabilities	1,599	1,762
			Other non-current liabilities	35,026	47,296
			Provisions for contingencies and charges	34,394	51,178
			Deferred tax liabilities	181,049	177,478
			Total non-current liabilities	**2,566,611**	**691,672**
			CURRENT LIABILITIES:		
CURRENT ASSETS:			Liabilities associated with non-current assets classified as held for sale	2,662	2,456
Non-current assets classified as held for sale	44,531	55,974	Debt instruments and other marketable securities	3,290	73
Inventories	10,729	10,435	Debts with credit institutions	3,285	4,881
Trade receivables	126,265	106,601	Liabilities for operating leases	237,798	-
Non-trade receivables-	44,867	38,195	Other financial liabilities	77	710
Tax receivables	*28,224*	*19,451*	Trade and other payables	270,191	252,704
Other non-trade debtors	*16,643*	*18,744*	Account payable with related entities	305	
Account receivable with related entities	3,986	978	Tax payables	67,192	59,453
Cash and cash equivalents	267,959	265,869	Provisions for contingencies and charges	799	2,713
Other current assets	8,286	12,109	Other current liabilities	46,839	44,444
Total current assets	**506,623**	**490,161**	**Total current liabilities**	**632,438**	**367,434**
TOTAL ASSETS	**4,448,744**	**2,563,128**	**NET ASSETS AND LIABILITIES**	**4,448,744**	**2,563,128**

Note: For comparison purpose, it should be considered that Financial Statement at September 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 third quarter of the year 2018 for the first time.

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

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NH HOTEL GROUP, S.A. AND SUBSIDIARIES

CONSOLIDATED COMPREHENSIVE PROFIT AND LOSS STATEMENT AT 2019 AND 2018

(Thousands of euros)

	30/09/2019	30/09/2018
Revenues	1,249,510	1,183,818
Other operating income	7,924	4,267
Net gains on disposal of non-current assets	2,591	89,389
Procurements	(55,564)	(54,419)
Staff costs	(329,585)	(311,770)
Depreciation and amortisation charges	(224,014)	(85,579)
Net Profits/(Losses) from asset impairment	1,442	3,311
Other operating expenses	(454,810)	(623,452)
Variation in the provision for onerous contracts	-	*1,855*
Other operating expenses	*(454,810)*	*(625,307)*
Gains on financial assets and liabilities and other	5	(1,281)
Profit (Loss) from entities valued through the equity method	12	(265)
Financial income	1,446	2,678
Change in fair value of financial instruments	156	-
Financial expenses	(99,971)	(43,621)
Result	(50)	605
Net exchange differences (Income/(Expense))	(424)	2,514
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	**98,668**	**166,195**
Income tax	(29,719)	(68,794)
PROFIT FOR THE PERIOD - CONTINUING	**68,949**	**97,401**
Profit (loss) for the year from discontinued operations net of tax	(620)	(828)
PROFIT FOR THE PERIOD	**68,329**	**96,573**
Exchange differences	(5,279)	3,678
Income and expenses recognised directly in equity	**(5,279)**	**3,678**
TOTAL COMPREHENSIVE PROFIT	**63,050**	**100,251**
Profit / (Loss) for the year attributable to:		
Parent Company Shareholders	65,914	93,482
Non-controlling interests	2,415	3,091
Non-controlling interests in discontinued operations		
Comprehensive Profit / (Loss) attributable to:		
Parent Company Shareholders	60,659	111,049
Non-controlling interests	2,391	3,234

Note: For comparison purpose, it should be considered that Financial Statement at September 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 third quarter of the year 2018 for the first time.

For comparison purpose, IAS 29 reclassification has been included at 30 September 2018 between Financial expenses and Equity by 13M€ (16M€ at December of 2018, according to the Relevant Event published on May 6, 2019) see Balance Note.

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NH HOTEL GROUP, S.A. AND SUBSIDIARIES

ABRIDGED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 SEPTEMBER 2019 AND 31 DECEMBER 2018

(Thousands of euros)

	Equity attributed to the Parent Company							
	Own Funds							
	Share Capital	Issue premium and reserves	Treasury shares and shareholdings	Profit for the year attributable to the Parent Company	Other equity instruments	Valuation adjustments	Non-controlling interest	Total Equity
Ending Balance at 31/12/2018	**784,361**	**612,909**	**(2,530)**	**117,785**	**-**	**(60,854)**	**52,351**	**1,504,022**
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 (IFRS 16)	-	(256,745)	-	-	-	-	(1,477)	(258,222)
Adjusted balance at 31/12/2018	**784,361**	**372,376**	**(2,530)**	**101,573**	-	**(60,854)**	**50,874**	**1,245,800**
Net profit (loss) for 2019	-	-	-	65,914	-	-	2,415	68,329
Exchange differences	-	-	-	-	-	(5,255)	(24)	(5,279)
Total recognised income / (expense)	-	-	-	**65,914**	-	**(5,255)**	**2,391**	**63,050**
Transactions with shareholders or owners	-	**(60,998)**	**970**	-	-	-	**(1,323)**	**(61,351)**
Distribution of dividends	-	(58,771)	-	-	-	-	(1,323)	(60,094)
Remuneration Scheme in shares	-	(2,227)	970	-	-	-	-	(1,257)
Other changes in equity	-	**104,434**	**(77)**	**(101,573)**	-	-	**(588)**	**2,196**
Transfers between equity items	-	101,573	-	(101,573)	-	-	-	-
Application NIC 29	-	2,391	-	-	-	-	(588)	1,803
Other changes	-	470	(77)	-	-	-	-	393
Ending balance at 30/09/2019	**784,361**	**415,812**	**(1,637)**	**65,914**	**-**	**(66,109)**	**51,354**	**1,249,695**

Note: For comparison purpose, it should be considered that Financial Statement at September 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 third quarter of the year 2018 for the first time.

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

	Equity attributed to the Parent Company							
	Own Funds							
	Share Capital	Issue premium and reserves	Treasury shares and shareholdings	Profit for the year attributable to the Parent Company	Other equity instruments	Valuation adjustments	Non-controlling interest	Total Equity
Ending Balance at 31/12/2017	**700,544**	**542,033**	**(39,250)**	**35,489**	**27,230**	**(157,542)**	**43,472**	**1,151,976**
Adjustment for changes in accounting policies (IFRS 9)	-	8,571	-	-	-	-	-	8,571
Application IAS 29	-	(50,724)	-	-	-	96,862	7,093	53,231
Adjusted balance at 31/12/2017	**700,544**	**499,880**	**(39,250)**	**35,489**	**27,230**	**(60,680)**	**50,565**	**1,213,778**
Net profit (loss) for 2018	-	-	-	117,785	-	-	6,722	124,507
Exchange differences	-	-	-	-	-	(174)	(2,013)	(2,187)
Total recognised income / (expense)	-	-	-	**117,785**	-	**(174)**	**4,709**	**122,320**
Transactions with shareholders or owners	**83,817**	**118,049**	**36,720**	-	(27,230)	-	**(2,375)**	**208,981**
Distribution of dividends	-	(39,158)	-	-	-	-	(729)	(39,887)
Convertible Bonds	83,817	156,022	35,691	-	(27,230)	-	-	248,300
Remuneration Scheme in shares	-	1,185	1,029	-	-	-	-	2,214
Other changes in equity	-	**(5,020)**	**-**	**(35,489)**	-	-	**(548)**	**(41,057)**
Transfers between equity items	-	35,489	-	(35,489)	-	-	-	-
Application IAS 29	-	(43,199)	-	-	-	-	(548)	(43,747)
Other changes	-	2,690	-	-	-	-	-	2,690
Ending balance at 31/12/2018	**784,361**	**612,909**	**(2,530)**	**117,785**	**-**	**(60,854)**	**52,351**	**1,504,022**

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NH HOTEL GROUP, S.A. AND SUBSIDIARIES

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

	30.09.2019	30.09.2018
1. OPERATING ACTIVITIES		
Consolidated profit (loss) before tax:	**98,668**	**166,195**
Adjustments:		
Depreciation of tangible and amortisation of intangible assets (+)	224,014	84,769
Impairment losses (net) (+/-)	(1,442)	(3,311)
Allocations for provisions (net) (+/-)	-	(1,855)
Gains/Losses on the sale of tangible and intangible assets (+/-)	(2,591)	(91,462)
Gains/Losses on investments valued using the equity method (+/-)	(12)	62
Financial income (-)	(1,446)	(2,693)
Variation in fair value of financial instruments (+)	*(156)*	-
Financial expenses and variation in fair value of financial instruments (+)	99,972	43,843
Result	50	-
Net exchange differences (Income/(Expense))	424	(3,660)
Profit (loss) on disposal of financial investments	(5)	1,281
Other non-monetary items (+/-)	284	10,249
Adjusted profit (loss)	**417,760**	**203,418**
Net variation in assets / liabilities:		
(Increase)/Decrease in inventories	117	(86)
(Increase)/Decrease in trade debtors and other accounts receivable	(21,160)	(5,313)
(Increase)/Decrease in other current assets	9,624	50
Increase/(Decrease) in trade payables	13,355	16,611
Increase/(Decrease) in other current liabilities	(1,643)	6,918
Increase/(Decrease) in provisions for contingencies and expenses	(13,079)	(2,203)
(Increase)/Decrease in non-current assets	209	484
Increase/(Decrease) in non-current liabilities	*(58)*	*1,681*
Income tax paid	(35,231)	(42,401)
Total net cash flow from operating activities (I)	**369,894.00**	**179,159.00**
2. INVESTMENT ACTIVITIES		
Finance income	**206**	**231**
Investments (-):		
Group companies, joint ventures and associates	-	(1,000)
Tangible and intangible assets and investments in property	(137,464)	(83,466)
Non-current financial investments	-	(671)
	(137,464)	**(85,137)**
Disinvestment (+):		
Group companies, joint ventures and associates	1,903	85
Tangible and intangible assets and investments in property	18,436	20,843
Non-current assets classified as held for sale	-	154,168
	20,339	**175,096**
Total net cash flow from investment activities (II)	**(116,919)**	**90,190**
3. FINANCING ACTIVITIES		
Dividends paid out (-)	(59,448)	(39,765)
Interest paid on debts (-)	(25,627)	(29,695)
Financial expenses for means of payment	(14,203)	(12,594)
Interest paid on debts and other interest	(11,424)	(17,101)
Variations in (+/-):		
Debt instruments:		
- Loans from credit institutions (+)	23,875	6,340
- Loans from credit institutions (-)	(3,014)	(10,157)
- Liabilities for operating leases (-)	(188,533)	-
- Other financial liabilities (+/-)	(640)	(1,405)
Total net cash flow from financing activities (III)	**(253,387)**	**(76,382)**
4. GROSS INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III)	(412)	192,967
5. Effect of exchange rate variations on cash and cash equivalents (IV)	2	181
6. Effect of variations in the scope of consolidation (V)	2,500	(96)
7. NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III-IV+VI)	2,090	193,052
8. Cash and cash equivalents at the start of the financial year	**265,869**	**80,249**
9. Cash and cash equivalents at the end of the financial year (7+8)	**267,959**	**273,301**

Note: For comparison purpose, it should be considered that Financial Statement at September 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 third quarter of the year 2018 for the first time.

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A) Definitions

EBITDA (excl. IFRS 16): Result before tax of continuing operations and before: net result from the disposal of non-current assets, depreciation, net loss from asset impairment, the result on disposal of financial investments, the result of entities valued by the equity method, financial income, change in the fair value of financial instruments, financing costs (except for credit card costs, which are considered to be operating cost) and net exchange differences. This APM is used to measure the purely operating results of the Group.

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

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

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

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

		9M 2019 M Eur.	9M 2018 M Eur.
Total revenues	A+B	**1,257.4**	**1.190.0**
Total recurring revenue LFL & Refurbishment	A	1,181.8	1.138.1
Openings, closing & others	B	75.6	51.9

It has been provided a reconciliation for the “Total Revenues” line in Point II for the period of 9 months ended 30 September 2019.

Net Financial Debt (excl. IFRS 16): Gross financial debt less cash and other equivalent liquid assets, excluding accounting adjustments for the portion of the convertible bond treated as equity, arrangement expenses and accrued interest. Gross financial debt includes both non-current liabilities and current obligations for bonds and other negotiable securities and debt to lending institutions.

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

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

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

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

The following significant APMs are contained in the Earnings Report of 9 months of 2019:

I. ADR and RevPAR

Earnings Report of 9 months of 2019 details the cumulative evolution of RevPAR and ADR in the following tables:

NH HOTEL GROUP REVPAR 9M 2019/2018

	AVERAGE ROOMS		OCCUPANCY %			ADR			REVPAR		
	2019	2018	2019	2018	% Var	2019	2018	% Var	2019	2018	% Var
Spain & Others LFL & R (1)	11,167	11,025	75.6%	74.6%	1.3%	101.0	93.5	8.0%	76.4	69.8	9.4%
B.U. Spain Consolidated (1)	11,966	11,604	75.3%	74.3%	1.3%	103.3	93.4	10.6%	77.8	69.4	12.0%
Italy LFL & R	7,139	7,152	71.4%	70.8%	0.9%	123.2	120.5	2.2%	88.0	85.3	3.1%
B.U. Italy Consolidated	7,292	7,235	71.4%	70.7%	1.1%	124.2	120.8	2.8%	88.7	85.4	3.9%
Benelux LFL & R	8,314	8,394	73.0%	73.2%	-0.2%	114.0	111.7	2.1%	83.3	81.7	1.9%
B.U. Benelux Consolidated	8,853	8,896	72.6%	72.9%	-0.4%	113.8	110.9	2.6%	82.7	80.8	2.3%
Central Europe LFL & R	11,511	11,559	73.8%	74.3%	-0.7%	90.8	89.4	1.5%	67.0	66.4	0.9%
B.U. Central Europe Consolidated	12,268	12,061	73.0%	74.4%	-1.9%	90.8	88.8	2.3%	66.3	66.1	0.3%
Total Europe LFL & R	38,131	38,130	73.7%	73.5%	0.3%	104.7	101.1	3.6%	77.2	74.3	3.9%
Total Europe Consolidated	40,380	39,797	73.3%	73.4%	-0.1%	105.5	100.7	4.8%	77.3	73.9	4.7%
Latinamerica LFL & R	5,083	5,080	61.2%	62.0%	-1.1%	71.0	73.2	-3.1%	43.5	45.4	-4.2%
B.U. Latinamerica Consolidated	5,354	5,538	60.6%	60.7%	-0.2%	70.4	71.4	-1.5%	42.6	43.3	-1.6%
NH Hotels LFL & R	43,214	43,210	72.3%	72.1%	0.2%	101.4	98.3	3.1%	73.3	70.9	3.3%
Total NH Consolidated	45,733	45,335	71.8%	71.8%	0.0%	102.0	97.7	4.5%	73.3	70.1	4.5%

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

		9M 2019 € Thousand	9M 2018 € Thousand
A	Room revenues	901,096	851,052
	Other revenues	348,414	332,766
	Revenues according to profit & loss statement	**1,249,510**	**1,183,818**
B	Thousand of room nights	8,831	8,712
A / B = C	**ADR**	**102.0**	**97.7**
D	Occupancy	71.8%	71.8%
C x D	**RevPAR**	**73.3**	**70.1**

II. INCOME STATEMENT 9 MONTHS OF 2019 AND 2018

The Earnings Report of 9 months of breaks down the table entitled “Recurring hotel activity” obtained from the “Consolidated Income Statement” appearing in the same Earnings Report.

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

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9 months 2019

	Income Statements	Reclasification according to the Financial Statements	Financial expenses for means of payment	Oursourcing	Assets Disposal	Scrapping and non recurring depreciation	Claims, severance payments and other non recurring	P&L according to the Financial Statements	
APM Total revenues	1,257.4	(1,257.4)	-	-	-	-	-		
Revenues	-	1,245.9	-	-	3.6	-	-	1,249.5	Revenues
Other operating income	-	7.9	-	-	-	-	-	7.9	Other operating income
APM TOTAL REVENUES	**1,257.4**	**(3.5)**	**-**	**-**	**3.6**	**-**	**-**	**1,257.4**	
Net gains on disposal of non-current assets	-	1.0	-	-	2.8	(1.2)	-	2.6	Net gains on disposal of non-current assets
APM Staff Cost	(422.7)	-	-	94.0	-	-	(0.9)	(329.6)	Staff costs
APM Operating expenses	(365.2)	(11.0)	14.2	(94.0)	0.5	-	0.7	(454.8)	Other operating expenses
Procurements	-	(55.6)	-	-	-	-	-	(55.6)	Procurements
APM GROSS OPERATING PROFIT	**469.5**	**(69.0)**	**14.2**	**-**	**6.8**	**(1.2)**	**(0.2)**	**420.1**	
APM Lease payments and property taxes	(69.0)	69.0	-	-	-	-	-	-	
lease payments and property taxes nr									
APM EBITDA BEFORE ONEROUS	**400.5**	**-**	**14.2**	**-**	**6.8**	**(1.2)**	**(0.2)**	**420.1**	
APM Onerous contratc reversal provision	-	-	-	-	-	-	-	-	Variation in the provision for onerous contratcs
APM EBITDA AFTER ONEROUS	**400.5**	**-**	**14.2**	**-**	**6.8**	**(1.2)**	**(0.2)**	**420.1**	
Net Profits/(Losses) from asset impaiment	-	1.9	-	-	-	(0.6)	-	1.4	Net Profits/(Losses) from asset impairment
APM Depreciation	(222.0)	(2.0)	-	-	-	-	-	(224.0)	Depreciation and amortisation charges
APM EBIT	**178.5**	**-**	**14.2**	**-**	**6.8**	**(1.8)**	**(0.2)**	**197.5**	
Gains on financial assets and liabilities and liabilities and other	-	-	-	-	-	-	-	0.0	Gains on financial assets and liabilities and other
APM Interest expense	(84.6)	(1.2)	(14.2)	-	-	-	-	(100.0)	Finance costs
Finance Income	-	1.4	-	-	-	-	-	1.4	Finance income
Change in fair value of financial instruments	-	-	-	-	-	-	-	0.2	Change in fair value of financial instruments
Net exchange differences (Income/(Expense))	-	(0.4)	-	-	-	-	-	(0.4)	Net exchange differences (Income/(Expemse))
APM Income from minority equity interests	0.0	-	-	-	-	-	-	0.0	Profit (loss) from companies accounted for using the equity method
APM EBT	**93.9**	**0.0**	**-**	**-**	**6.8**	**(1.8)**	**(0.2)**	**98.7**	**Profit (loss) before tax from continuing operations**
APM Corporate Income Tax	(29.5)	(0.2)	-	-	-	-	-	(29.7)	Income tax
APM Net Income before minorities	**64.4**	**(0.2)**	**-**	**-**	**6.8**	**(1.8)**	**(0.2)**	**68.9**	**Profit for the financial year - continuing**
Profit/ (Loss) for the year from discontinued operations net of tax	-	(0.6)	-	-	-	-	-	(0.6)	Profit (loss) for the year form discontinued operations net of tax
APM NET INCOME before minorities	**64.4**	**(0.8)**	**-**	**-**	**6.8**	**(1.8)**	**(0.2)**	**68.3**	**Profit for the financial year - continuing**
APM Minority interests	(2.4)	-	-	-	-	-	-	(2.4)	Non-controlling interests
APM Net Recurring Income	**61.9**	**(0.8)**	**-**	**-**	**6.8**	**(1.8)**	**(0.2)**	**65.9**	**Profits for the year attibutable to Parent Company Shareholders**
APM Non Recurring EBITDA	6.6	-	-	-	(6.8)	-	0.2		
APM Other Non Recurring items	(2.6)	0.8	-	-	-	1.8	-		
APM NET INCOME including Non-Recurring	**65.9**	**-**	**-**	**-**	**-**	**-**	**-**	**65.9**	**Profits for the year attibutable to Parent Company Shareholders**

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9 months 2018

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

	Income Statements	Reclasification according to the Financial Statements	Financial expenses for means of payment	Oursourcing	Assets Disposal	Scrapping and non recurring depreciation	Claims, severance payments and other non recurring	P&L according to the Financial Statements	
APM Total revenues	1,190.0	(1,190.0)	-	-	-	-	-		
Revenues	-	1,182.1	-	-	1.7	-	0.0	1,183.8	Revenues
Other operating income	-	4.3	-	-	-	-	-	4.3	Other operating income
APM TOTAL REVENUES	**1,190.0**	**(3.6)**	**-**	**-**	**1.7**	**-**	**0.0**	**1,188.1**	
Net gains on disposal of non-current assets	-	-	-	-	101.8	(12.5)	-	89.4	Net gains on disposal of non-current assets
APM Staff Cost	(400.1)	0.3	-	89.5	-	-	(1.5)	(311.8)	Staff costs
APM Operating expenses	(356.1)	(190.6)	12.4	(89.5)	-	-	(1.5)	(625.3)	Other operating expenses
Procurements	-	(54.4)	-	-	-	-	-	(54.4)	Procurements
APM GROSS OPERATING PROFIT	**433.7**	**(248.4)**	**12.4**	**-**	**103.6**	**(12.5)**	**(2.9)**	**286.0**	
APM Lease payments and property taxes	(248.4)	248.4	-	-	-	-	-	-	
lease payments and property taxes nr									
APM EBITDA BEFORE ONEROUS	**185.3**	**-**	**12.4**	**-**	**103.6**	**(12.5)**	**(2.9)**	**286.0**	
APM Onerous contratc reversal provision	1.9	-	-	-	-	-	-	1.9	Variation in the provision for onerous contratcs
APM EBITDA AFTER ONEROUS	**187.2**	**-**	**12.4**	**-**	**103.6**	**(12.5)**	**(2.9)**	**287.8**	
Net Profits/(Losses) from asset impairment	-	-	-	-	0.8	0.0	-	3.3	Net Profits/(Losses) from asset impairment
APM Depreciation	(83.1)	-	-	-	-	-	-	(85.6)	Depreciation and amortisation charges
APM EBIT	**104.1**	**-**	**12.4**	**-**	**104.3**	**(12.4)**	**(2.9)**	**205.6**	
Gains on financial assets and liabilities and liabilities and other	-	(1.3)	-	-	-	-	-	(1.3)	Gains on financial assets and liabilities and other
APM Interest expense	(25.4)	(5.2)	(12.4)	-	-	-	-	(43.0)	Finance costs
Finance Income	-	2.7	-	-	-	-	-	2.7	Finance income
Change in fair value of financial instruments	-	-	-	-	-	-	-	-	Change in fair value of financial instruments
Net exchange differences (Income/(Expense))	-	2.5	-	-	-	-	-	2.5	Net exchange differences (Income/(Expense))
APM Income from minority equity interests	(0.3)	-	-	-	-	-	-	(0.3)	Profit (loss) from companies accounted for using the equity method
APM EBT	**78.4**	**(1.3)**	**-**	**-**	**104.3**	**(12.4)**	**(2.9)**	**166.2**	**Profit (loss) before tax from continuing operations**
APM Corporate Income Tax	(30.8)	(0.4)	-	-	(37.6)	-	-	(68.8)	Income tax
APM Net Income before minorities	**47.6**	**(1.7)**	**-**	**-**	**66.8**	**(12.4)**	**(2.9)**	**97.4**	**Profit for the financial year - continuing**
Profit/ (Loss) for the year from discontinued operations net of tax	-	(0.8)	-	-	-	-	-	(0.8)	Profit (loss) for the year form discontinued operations net of tax
APM NET INCOME before minorities	**47.6**	**(2.5)**	**-**	**-**	**66.8**	**(12.4)**	**(2.9)**	**96.6**	**Profit for the financial year - continuing**
APM Minority interests	(3.1)	0.0	-	-	-	-	-	(3.1)	Non-controlling interests
APM Net Recurring Income	**44.5**	**(2.5)**	**-**	**-**	**66.8**	**(12.4)**	**(2.9)**	**93.5**	**Profits for the year attibutable to Parent Company Shareholders**
APM Non Recurring EBITDA	101.5	-	-	-	(104.4)	-	2.9		
APM Other Non Recurring items	(52.5)	2.5	-	-	37.6	12.4	-		
APM NET INCOME including Non-Recurring	**93.5**	**-**	**-**	**-**	**-**	**-**	**-**	**93.5**	**Profits for the year attibutable to Parent Company Shareholders**

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

III.1 Debt presented in the earnings report of 9 months of 2019.

As of 30/09/2019	Maximum			Maturities					
Data in Euro million	Available	Availability	Drawn	Year 1	Year 2	Year 3	Year 4	Year 5	Remainder
Mortgage loans	**29,617**		**29,617**	**2,681**	**2,489**	**2,312**	**6,251**	**1,316**	**14,569**
Fixed rate	24,834		24,834	1,332	1,451	1,477	5,633	689	14,251
Variable rate	4,782		4,782	1,348	1,037	835	617	627	317
Subordinated loans	**40,000**		**40,000**						**40,000**
Variable rate	40,000		40,000						40,000
Senior secured notes	**250,000**	**250,000**							
Fixed rate	250,000	250,000							
Unsecured loans	**356,850**		**356,850**					**356,850**	
Variable rate	356,850		356,850					356,850	
Secured RCF	**47,504**	**15,613**	**31,891**	**1,015**	**183**	**166**	**30,471**	**55**	
Variable rate	47,504	15,613	31,891	1,015	183	166	30,471	55	
Credit lines	**53,500**	**53,500**	-	-					
Variabel rate	53,500	53,500	-						
Borrowing at 30/09/2019	**777,471**	**319,113**	**458,357**	**3,696**	**2,671**	**2,479**	**36,721**	**358,222**	**54,569**
Arrangement expenses	(11,701)		a (11,701)	(2,958)	(3,079)	(2,450)	(2,615)	(62)	(537)
IFRS 9	7,195		b 7,195	7,195					
Accrued interests	(7,301)		c (7,301)	(1,358)	(1,511)	(1,681)	(1,874)	(139)	(738)
Adjusted total debt at 30/09/2019	**765,663**	**319,113**	**446,550**	**6,575**	**(1,919)**	**(1,652)**	**32,233**	**358,020**	**53,294**
Adjusted total debt at 31/12/2018	**769,271**	**350,359**	**418,912**	**4,954**	**(1,504)**	**(1,928)**			**417,390**

III.2 Statement of cash flows included in the earnings report of 9 months of 2019.

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

		30/09/2019		31/12/2018 (1)	VAR.
Debt instruments and other marketable securities according to financial statements		345,009		342,485	
Bank borrowings according to financial statements		94,966		71,473	
Bank borrowings and debt instruments ans other marketable securities according to financial statements		**439,975**		**413,958**	
Debt instruments and other marketable securities according to financial statements		3,290		73	
Bank borrowings according to financial statements		3,285		4,881	
Bank borrowings and debt instruments ans other marketable securities according to financial statements		**6,575**		**4,954**	
Total Bank borrowings and debt instruments ans other marketable securities according to financial statements		**446,550**		**418,912**	
Arrangement expenses	a	11,701		13,517	
IFRS 9	b	(7,195)		8,237	
Borrowing costs	c	7,301		(4,091)	
APM Gross debt		**458,357**		**436,575**	
Cash and cash equivalents according to financial statements		(267,959)		(265,869)	
APM Net Debt	B	**190,398**	A	**170,706**	**19,692**
Liabilities for operating leases (Current and non current)		2,112,366		0	
APM Net with Debt IFRS 16		**2,302,764**		**170,706**	**2,132,058**

(1) Not included the application of IFRS 16; Not considered at December 31, 2018 due to first aplication was January 1, 2019.

The following chart reconciles the change in net financial debt shown in the earnings report of 9 months of 2019:

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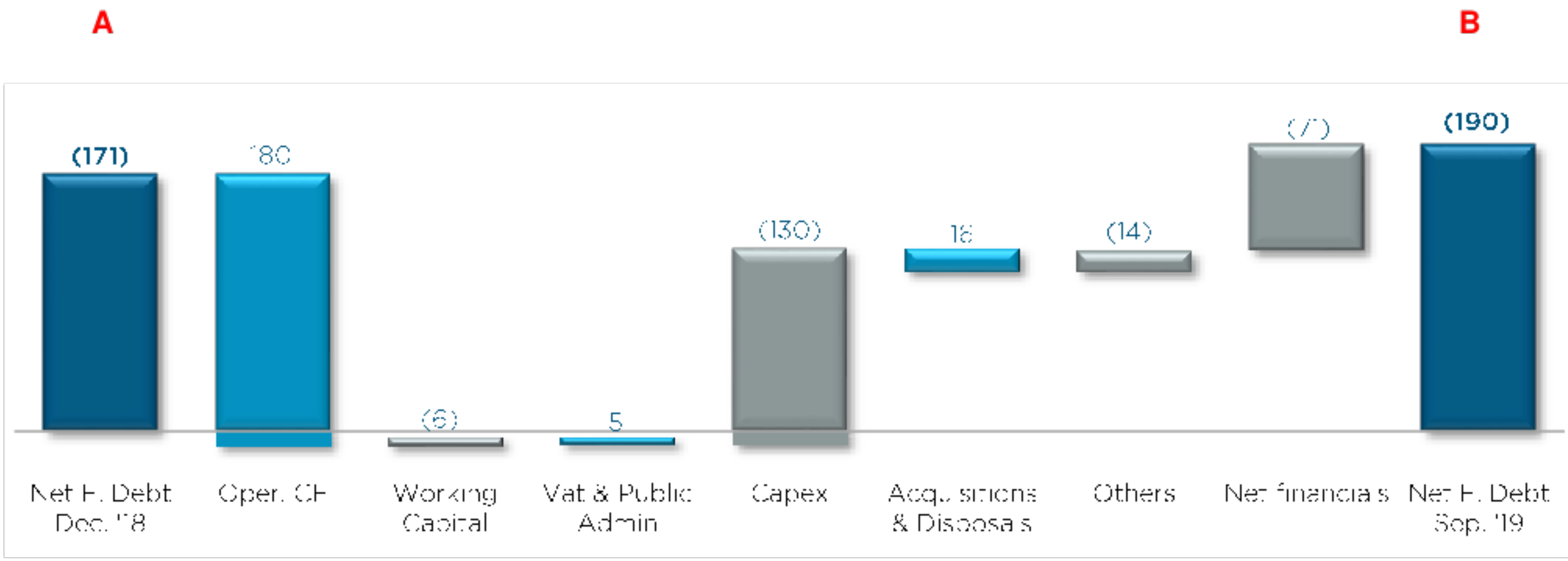
Evolution of Net Financial Debt 9M 2019



To do so, it has been taken each heading from the statement of cash flows in the financial statements as at 30 September 2019 and shown the grouping:

	Oper. CF	Working capital	VAT & Public Admin	Capex	Acquistions & Disposals	Others	Net Financials	IFRS 16	Total
Total	(180.3)	5.9	(4.9)	130.3	(15.6)	13.8	70.7	-	19.7
Total	180.3	(5.9)	4.9	(130.3)	15.6	(13.8)	(70.7)	-	(19.7)
Adjusted profit (loss)	229.8								229.8
Income tax paid	(35.2)								(35.2)
Financial expenses for means of payments	(14.2)								(14.2)
(Increase)/Decrease in inventories		0.1							0.1
(Increase)/Decrease in trade debtors and other accounts receivable		(21.1)							(21.1)
(Increase)/Decrease in trade payables		15.1							15.1
(Increase)/Decrease in VAT & public Administration			4.9						4.9
Tangible and intangible assets and investments in property				(130.3)					(130.3)
Change in the scope of consolidation					-				-
Group companies, join ventures and associates					(2.8)				(2.8)
Tangible and intangible assets and investments in property					18.4				18.4
(Increase)/Decrease in current assets						(1.5)			(1.5)
(Increase)/Decrease in provision for contingencies and expenses						(13.1)			(13.1)
- Other financial liabilities (+/-)						(0.6)			(0.6)
Increase/(Decrease) in other non current assets and liabilities and others						2.4			2.4
Interests paid in debts and other interests (without means of payments)							(11.4)		(11.4)
Dividends paid							(59.4)		(59.4)
Finance Income							0.2		0.2

All of the aforementioned information has been obtained from the condensed consolidated statement of cash flows from 30 September 2019 which we include at the beginning of this appendix.

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

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Appendix II: Portfolio changes & Current portfolio

New Agreements, Openings and Exits

Hotels signed from 1st January to 30th September 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
Verona / Italy	Leased	70	2020
Hamburg / Germany	Leased	136	2021
Porto / Portugal	Management	150	2022
Malaga / Spain	Management	43	2019
TOTAL SIGNED HOTELS		**3,282**	

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Hotels opened from 1st January to 30th September 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 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
NH Collection Roma Fori Imperiali	Rome / Italy	Leased	42
NH Andorra la Vella	Andorra la Vella / Andorra	Management	60
NH Collection Antwerp Centre	Antwerp / Belgium	Leased	180
TOTAL OPENINGS			**3,711**

Hotels exiting from 1st January to 30th September 2019

Hotels	City / Country	Month	Contract	# Rooms
NH Bogotá Metrotel Royal	Bogota / Colombia	January	Leased	336
NH Berlin Treptow	Berlin / Germany	April	Leased	126
NH Deggendorf	Deggendorf / Germany	September	Leased	125
TOTAL EXITS				**587**

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HOTELS OPENED BY COUNTRY AT 30TH SEPTEMBER 2019

Business Unit	Country	TOTAL		Leased			Owned		Management		Franchised	
		Hotels	Rooms	Call Option	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
BU Benelux	Belgium	14	2,314		6	1,197	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						
BU Benelux		**52**	**9,563**	**2**	**28**	**4,878**	**23**	**4,234**	**1**	**451**		
BU Central Europe	Austria	7	1,340	1	7	1,340						
	Czech Republic	3	581						3	581		
	Germany	57	10,463	3	52	9,463	5	1,000				
	Hungary	1	160		1	160						
	Poland	1	93								1	93
	Romania	2	159		1	83			1	76		
	Slovakia	1	117						1	117		
	Switzerland	3	382		2	260					1	122
BU Central Europe		**75**	**13,295**	**4**	**63**	**11,306**	**5**	**1,000**	**5**	**774**	**2**	**215**
BU Italy	Italy	52	7,934	1	36	5,573	13	1,872	3	489		
BU Italy		**52**	**7,934**	**1**	**36**	**5,573**	**13**	**1,872**	**3**	**489**		
BU Spain	Andorra	1	60						1	60		
	Spain	106	12,806		74	9,057	13	1,977	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				
BU Spain		**130**	**16,788**		**83**	**10,632**	**14**	**2,219**	**27**	**3,489**	**6**	**448**
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				
BU America		**62**	**10,022**		**21**	**2,512**	**21**	**2,843**	**20**	**4,667**		
TOTAL OPEN		**371**	**57,602**	**7**	**231**	**34,901**	**76**	**12,168**	**56**	**9,870**	**8**	**663**

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SIGNED PROJECTS AS OF 30TH SEPTEMBER 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	The Netherlands	1	650	1	650		
	United Kingdom	1	190			1	190
BU Benelux		**2**	**840**	**1**	**650**	**1**	**190**
BU Central Europe	Germany	5	1,289	5	1,289		
BU Central Europe		**5**	**1,289**	**5**	**1,289**		
BU Italy	Italy	4	497	3	355	1	142
BU Italy		**4**	**497**	**3**	**355**	**1**	**142**
BU Spain	Spain	2	107	1	64	1	43
	Portugal	1	150			1	150
BU Spain		**3**	**257**	**1**	**64**	**2**	**193**
BU America	Chile	2	281			2	281
	Mexico	5	629	2	260	3	369
	Panama	1	83			1	83
	Peru	2	429			2	429
BU America		**10**	**1,422**	**2**	**260**	**8**	**1,162**
TOTAL SIGNED		**24**	**4,305**	**12**	**2,618**	**12**	**1,687**

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

	2019	2020	2021
Expected Investment (€ millions)	10.7	14.6	2.3

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