

ROADSHOW PRESENTATION



October 2018

NH | HOTEL GROUP

NH
HOTELS

NH COLLECTION
HOTELS

nhow
HOTELS

Hesperia
HOTELS

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1. Minor's Offer

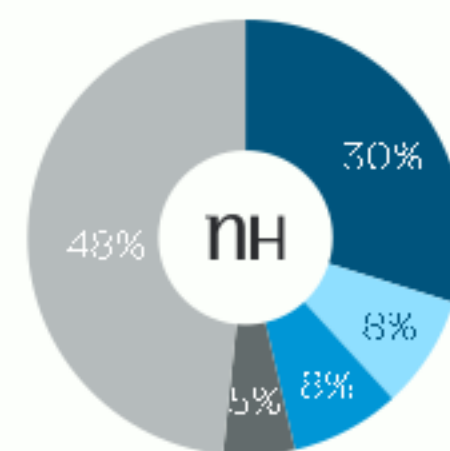


On June 11th, 2018 Minor announced a Tender Offer over NH Hotel Group

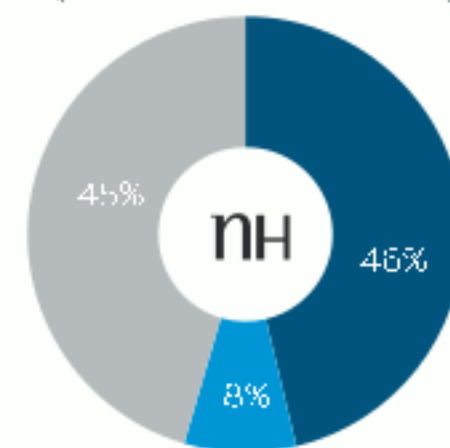
Key Events Timeline & Expected NHH Shareholding Evolution



At tender offer launch



Current
(October 4th 2018)

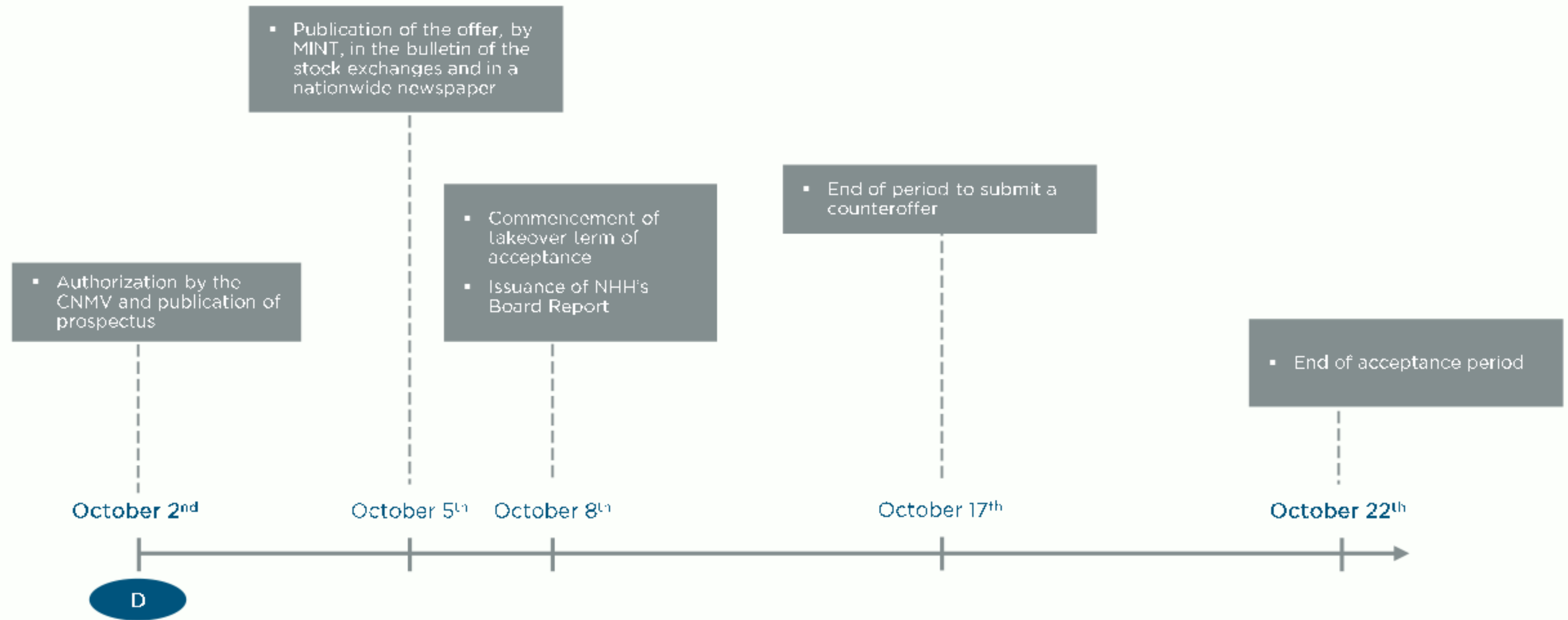


■ Minor ■ IINA ■ Hesperia
■ Oceanwood ■ Other

Key Transaction Terms

- Bidder:** Minor International ("MINT")
- Offer:** Offer for 100% of the shares of NH
 - Voluntary offer of €6.30 per share in cash
 - Deemed equitable price by Minor and the CNMV
 - Equal to the highest price paid by MINT in L12m (after deduction of €0.10 dividend paid by NHH in July 2018)
 - Mandatory on August 9 after MINT reached a 35.55% stake
 - Target shareholding in NHH between 51 - 55%
 - If target shareholding is exceeded, MINT will consider different alternatives, including the disposal of NHH shares to strategic partner(s) or the issuance of perpetual bonds
- Calendar:** Acceptance period from October 8th to October 22nd
- Financing:**
 - Up to 51-55% stake to be financed through 18-month bridge loans that will eventually be refinanced through the issuance of corporate bonds and/or perpetual/hybrid bonds
 - Tender offer fully financed at Minor perimeter
- Other Conditions Already Met:**
 - Spain & Portugal Competition authorization: July 20th
 - MINT's EGM approval: August 9th

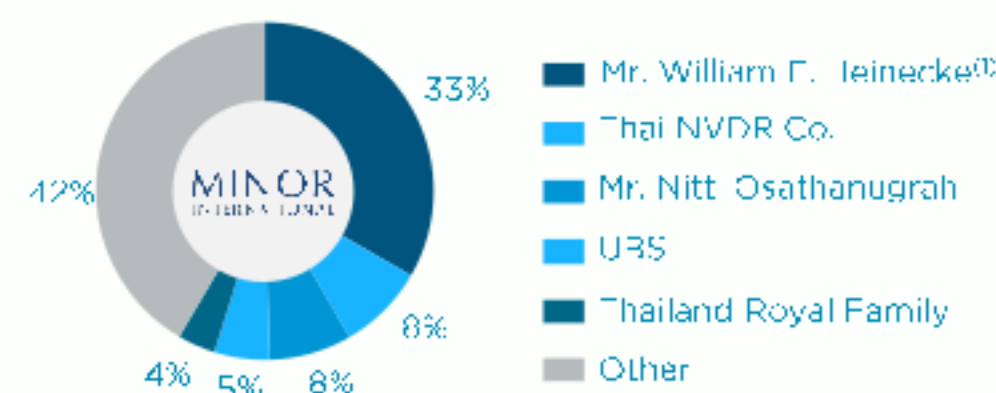
Tender Offer Calendar



Brief overview

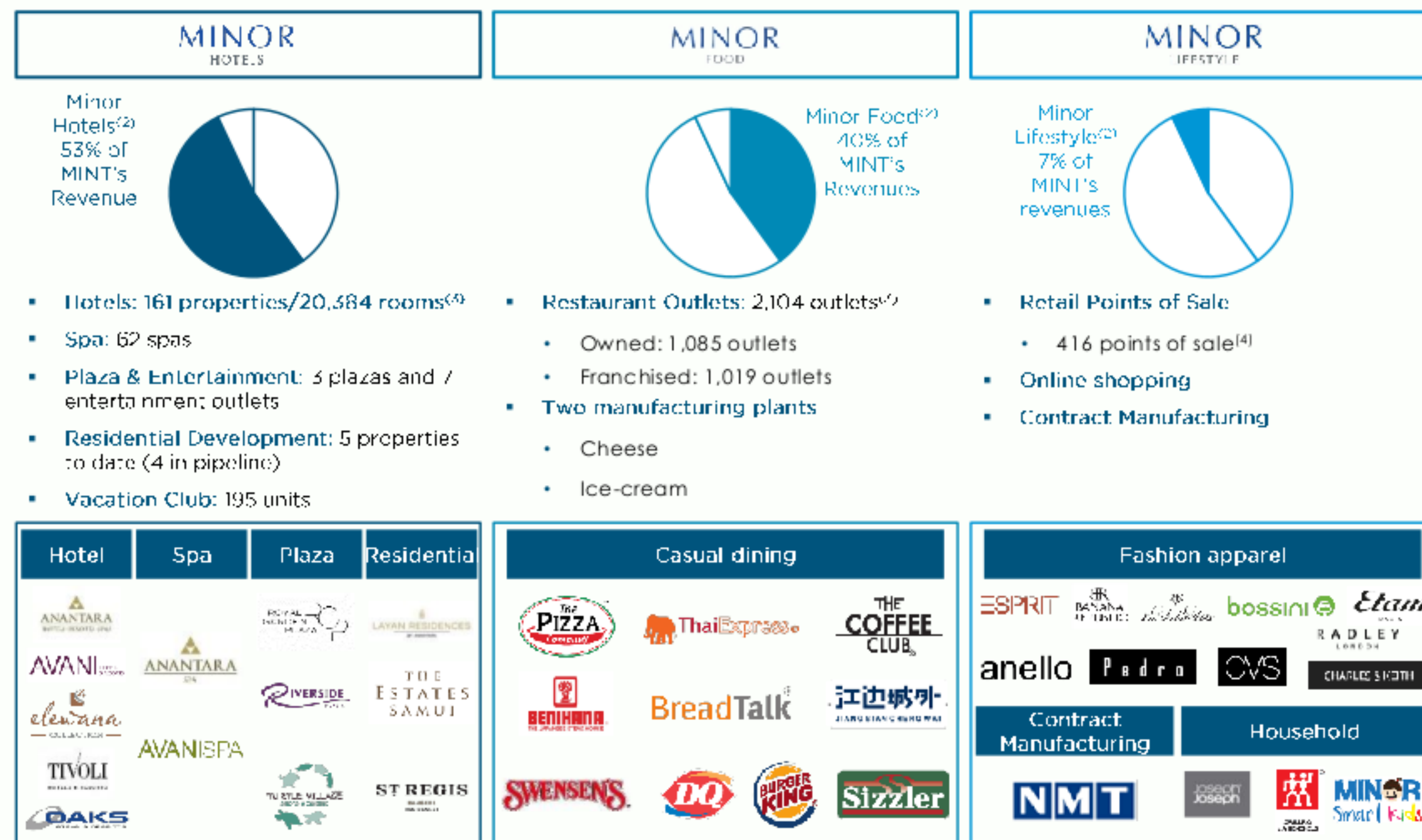
- Hospitality and leisure group:
 - 161 hotels & resorts (+20k rooms)
 - 2,000 restaurants
 - 400 retail trading outlets
- Listed in The Stock Exchange of Thailand with a market capitalisation of c.€3.9bn
- Footprint in 40 markets including Asia Pacific, Africa, Australia, South America and Europe

Key shareholders & free float



Minor Group business segments

In 2017 Minor Group reached Revenue of c.€1.7bn and EBITDA of c.€319m (c.22.3% margin)



Source: Company filings and Factset as of June 25, 2018.

Note: Used exchange rates: 38.51706 THB per EUR; 1.57930 AUD per EUR.

(1) Includes shares directly owned by Mr. William F. Heinecke and indirectly through Minor Holdings Ltd., Zall Holdings Ltd. and Minor BKH Ltd.

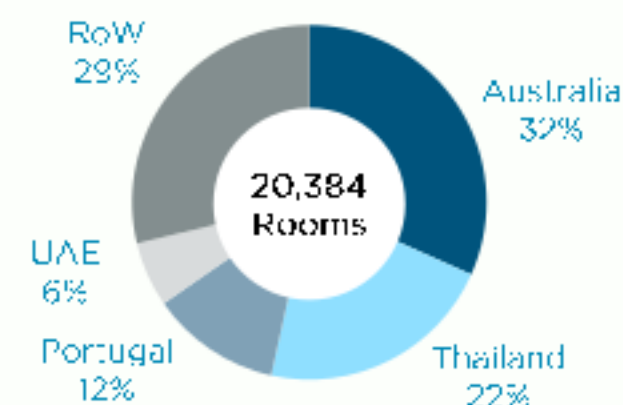
(2) By 2017 revenue

(3) As at May 2018

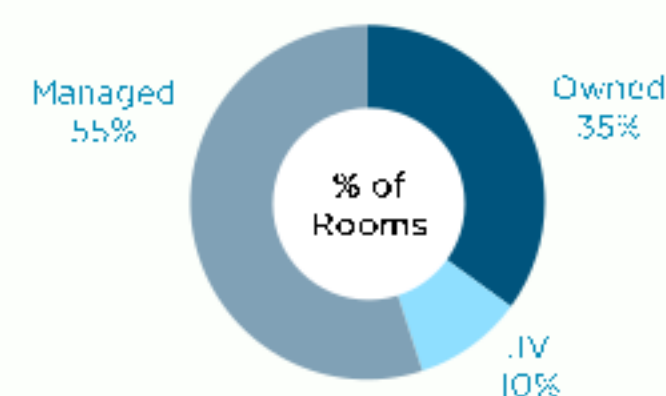
(4) As at March 2018

Minor Hotels Overview

Total # rooms (161 Hotels)⁽¹⁾



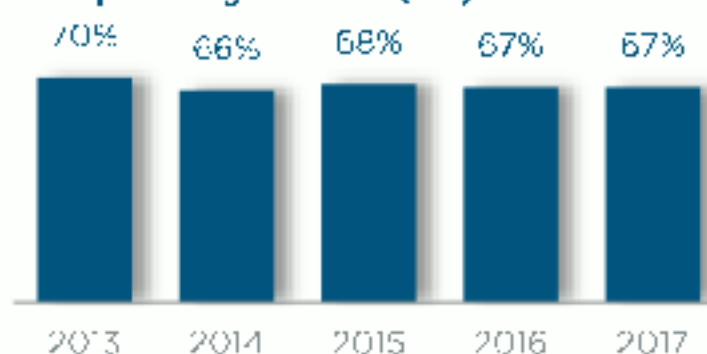
Breakdown by Type of Contract⁽²⁾



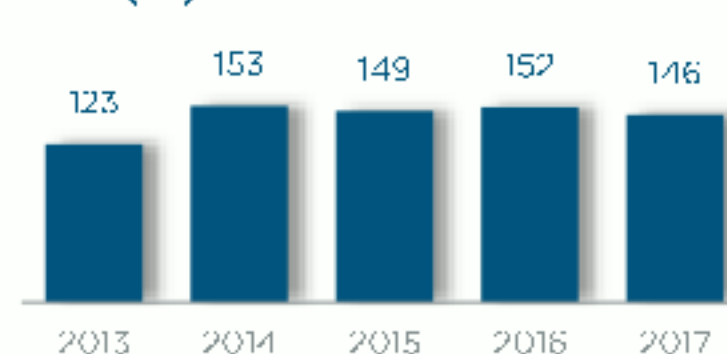
Financial performance⁽²⁾



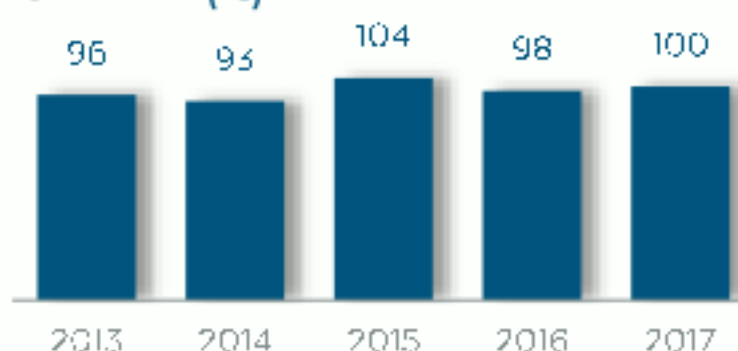
Occupancy rate (%)



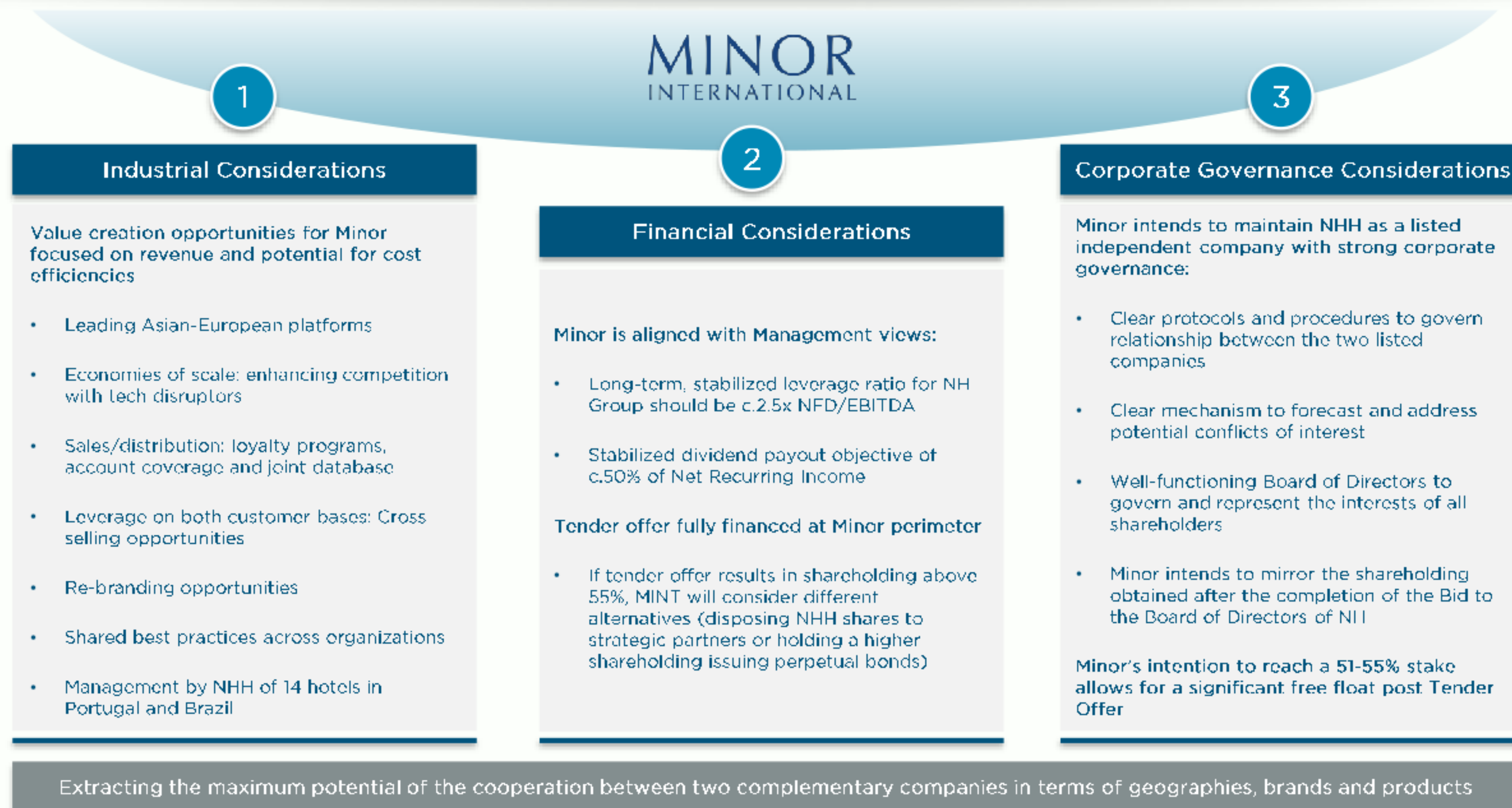
ADR (€)



RevPAR (€)



In 2017 Minor Hotels reached revenues of c.€809m with an EBITDA of c.€201m (c.25% EBITDA margin)



2. NHH Board's Report



- NHH's Board of Directors has appointed a financial advisor (Bank of America Merrill Lynch) and a legal advisor (Uría Menéndez) to assist in the context of the tender offer
- On 8 October, NHH's Board issued a report on Minor's offer (available on CNMV's and NHH's websites)

Key Considerations

- NHH could be benefited from potential agreements with Minor given the complementary geographical footprint and brand offering as well as to share best practices across both organizations
- Limited information to address revenue and cost synergies
- Explore arms-length transaction to manage Minor's Portuguese and Brazilian assets
- Not a transformational transaction for NHH given the absence of a full merger

Valuation & Bid Price Analysis

Price offered does not reflect NHH's standalone value

Price offered does not include a control premium or potential synergies

Market assess higher value of NHH:

- Current brokers Target Price range: €6.10-8.60

Minor:

- Minor Independent Financial Advisor's Opinion Report: €6.12-7.42

Market and Minor References (€/share)



Opinion of the Board of Directors

- Bank of America Merrill Lynch has issued a fairness opinion addressed to the Board of Directors which concludes that, the bid price of €6.30 per share of NH Hotel Group is "not fair" from a strictly financial point of view

The Board of Directors, considers that the Price is below NH's fundamental value

Historical Trading



€/share	Current 4-Oct-2018	Unaffected Price ⁽¹⁾ 22-May-2018
Share Price	6.50	6.35
52 week high	6.75	6.58
52 week low	4.88	4.88
Brokers Target Price	6.81	6.76
52 week high	6.87	6.82
52 week low	6.14	5.43
6m VWAP	6.35	6.19
52 week high	6.36	6.22
52 week low	5.20	4.42

Minor offer price below unaffected price 52w high

Broker Target Price

	Unaffected ⁽¹⁾	Current
BPI	7,60	8,60
Kaplan Capital Markets	7,20	7,20
RAYMOND JAMES	6,80	n.m.
JBCapita Markets	7,10	7,10
SOCIETE GENERALE	7,08	6,30
ALP INVEST	6,67	6,76
GVC Gaecon	7,00	7,00
BNP PARIBAS	6,90	6,80
BERENBERG	7,00	7,00
UBS	6,80	6,80
BBVA	6,80	6,40
fidentiis	6,25	6,40
bankinter	6,36	6,36
AI ANTRA	6,35	6,30
Santander	6,10	6,10
renta4	n.m.	6,30
Average	6,75 Avg	6,71 Avg

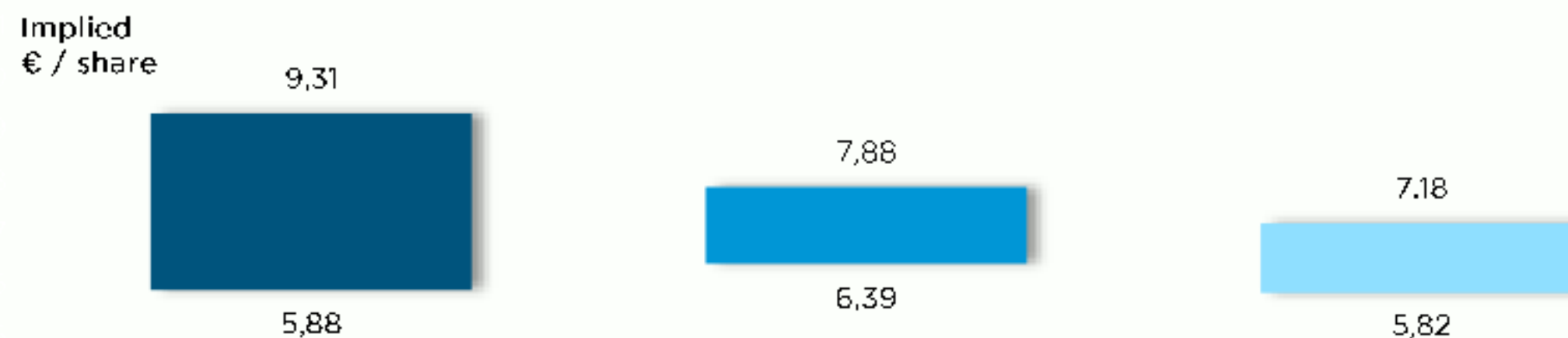
Legend: Buy (Green), Hold (Yellow), Sell (Red)

Upside potential in current price from brokers, ranging €6.10 – 8.60 / sh.

Source: I betSet as of October 4, 2018.

(1) Unaffected price date defined as day prior to announced agreement between Oceanwood and Minor (May 22, 2018). In order to compare the price with Minor's offer of 8.60€/share, unaffected share price to be adjusted assuming the payment of 0.10€/share of dividends in July 2018.

Based on valuation methodologies contained in research analysts reports to determine target price, NHH's valuation range would be the following:



		Discounted Cash Flow	NAV	EV/EBITDA
Implied EV/EBITDA	2019E	9.2x - 13.9x	9.3x - 11.9x	8.2x - 11.0x
	2020E	8.0x - 12.1x	8.1x - 10.4x	7.2x - 9.6x
Analysts Using Methodology				

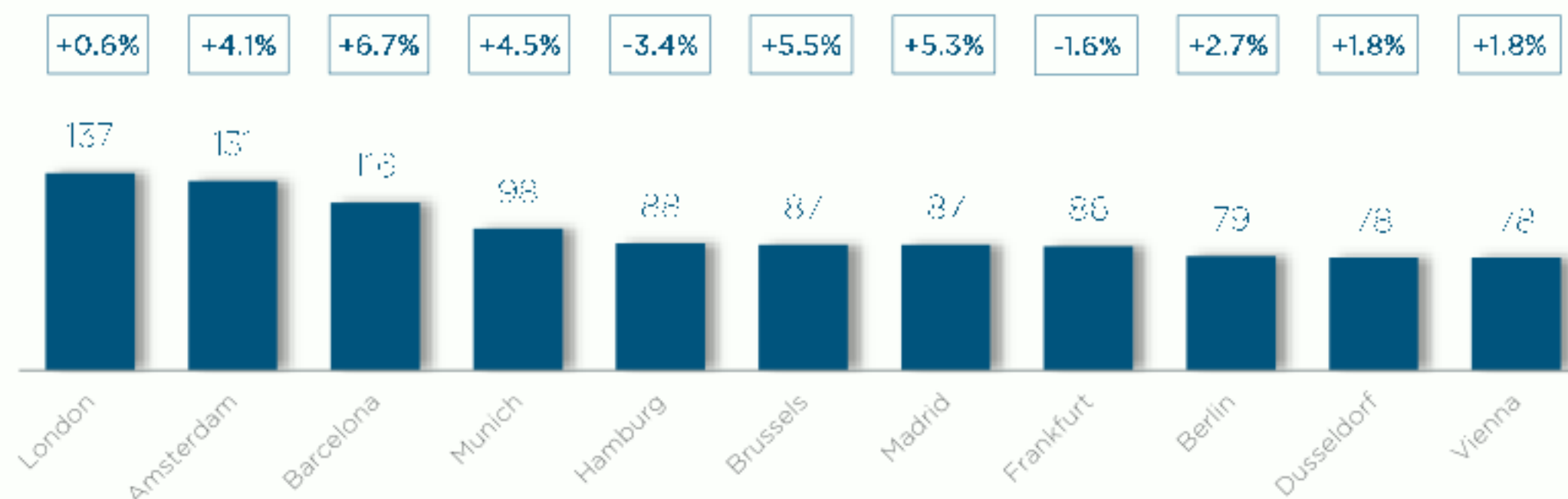
3. Equity Story





1 Favourable macro outlook with limited supply in key European markets

Top european markets RevPAR 2019 forecasts (€)⁽¹⁾⁽²⁾



- Significant demand growth expected in key European cities
- Historically low supply growth with limited pipeline and below expected demand
- In Europe, demand is expected to be greater than room supply

Outlook of demand drivers remains positive (€)⁽¹⁾⁽²⁾

		Spain	Germany	Italy	Benelux
Demand	GDP growth forecast CAGR '17-'22	+2.1%	+1.7%	+1.0%	+1.9%
	Tourism growth forecast CAGR '17-'22	+2.1%	+2.0%	+1.9%	+3.2%
Supply	Room supply forecast CAGR '17-'22	+1.4%	+0.8%	+0.6%	+0.1%

- Domestic demand represents c.60% of the revenues of each country
- 90% of NHH's revenues and EBITDA are generated in Europe

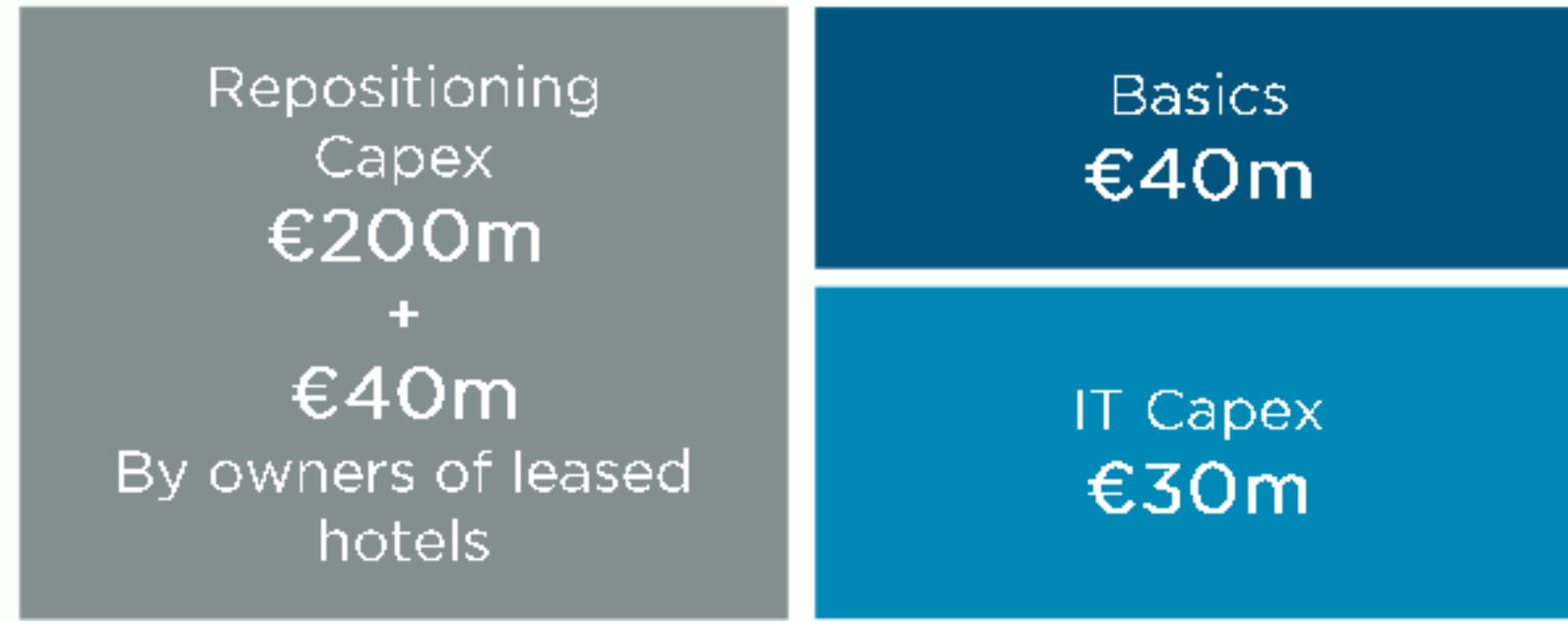
NHH benefits from the positive moment in the cycle and its solid presence in Europe

(1) Sources: Smith Travel Research (STR), custom data report (August 2018). Assumes EUR/GDP exchange rate of 1.11.

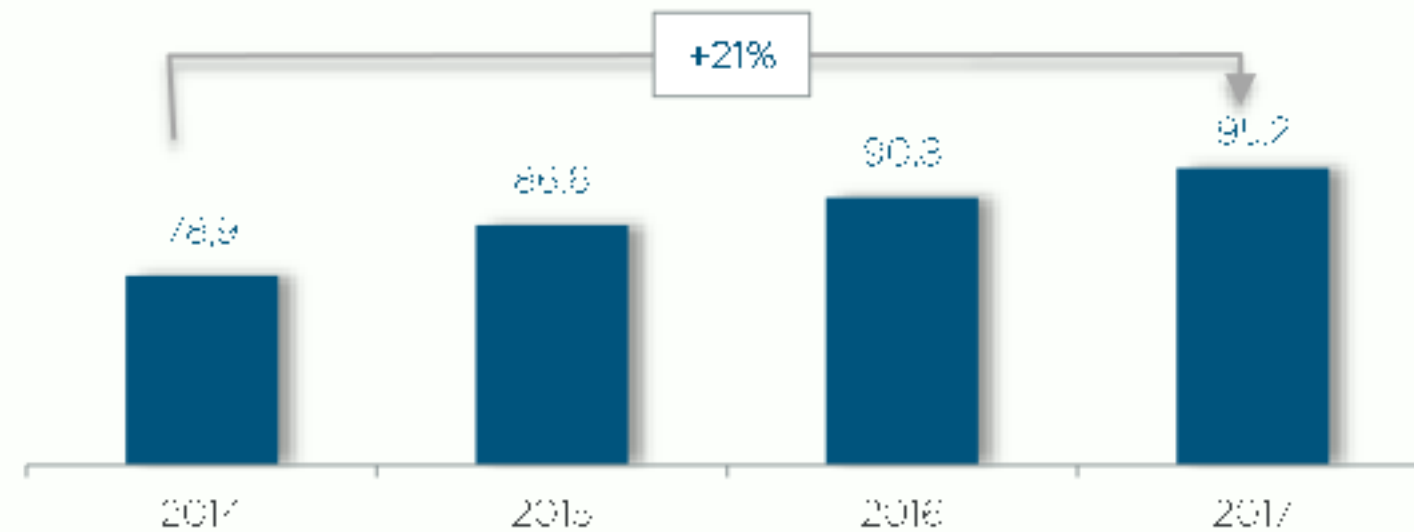
(2) Sources: FIJ, STR, Euromonitor and World Travel & Tourism Council (WTTC)

2 Investment phase successfully completed & oriented to a more asset-light structure

Investment program 2014-2017

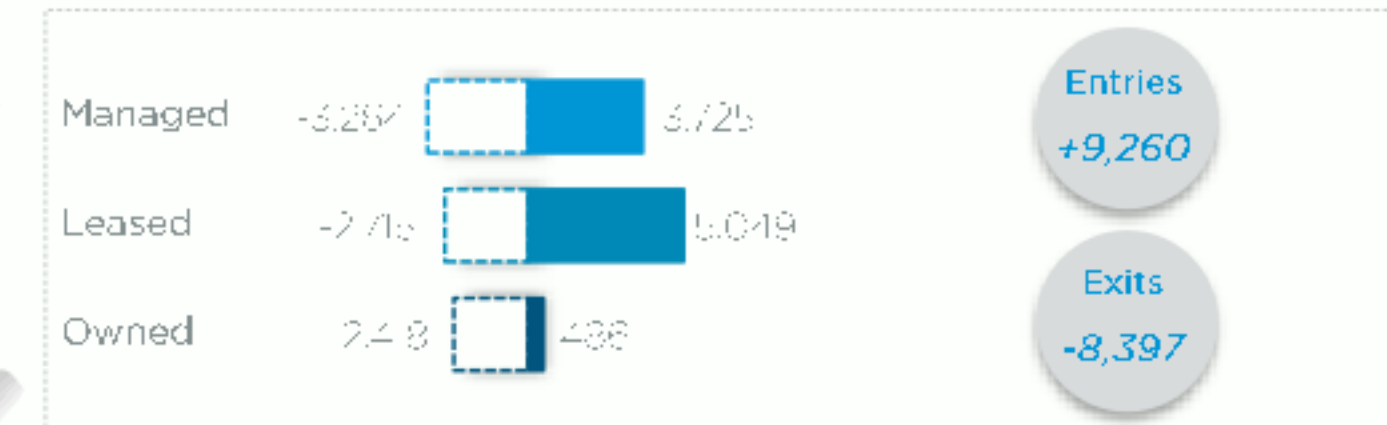
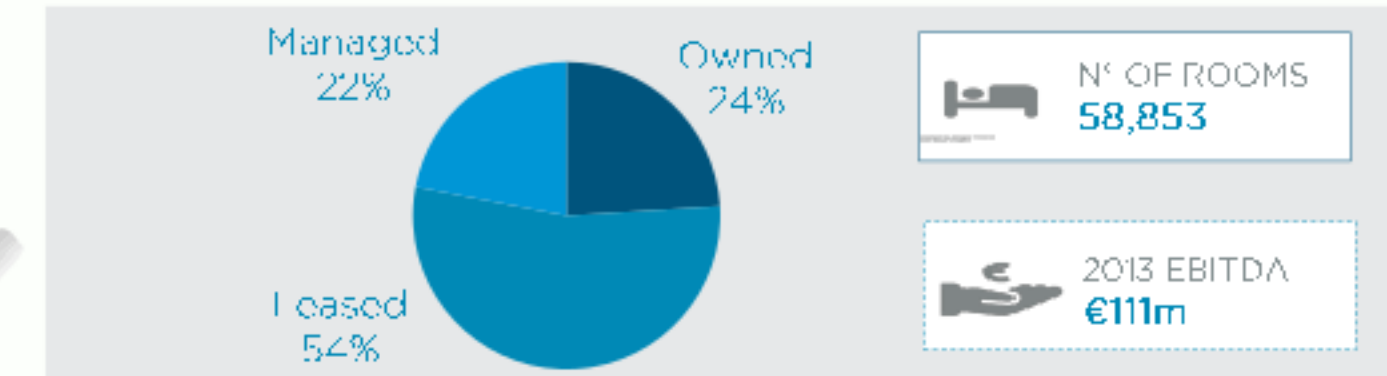


ADR (€ / night)

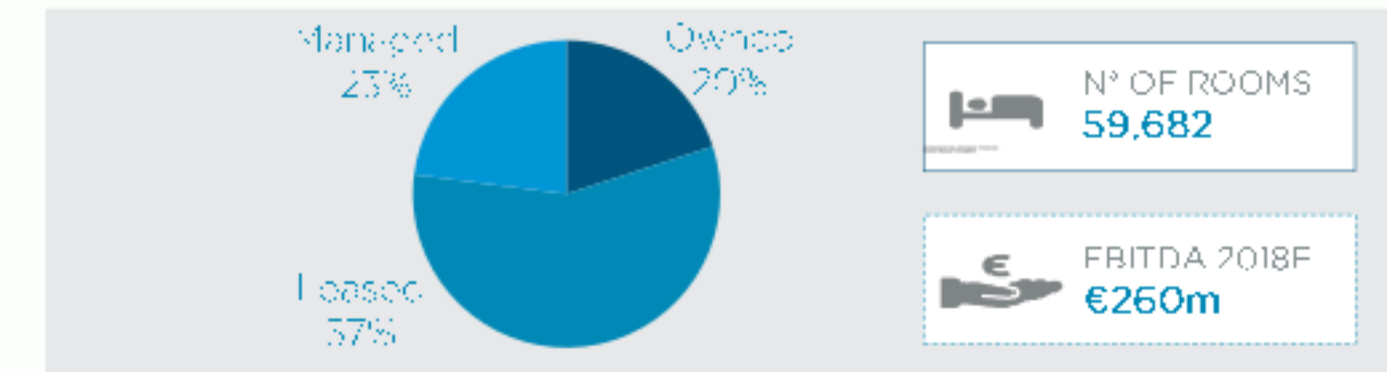


Portfolio optimization focused on asset-light structure

January 2013



June 2018

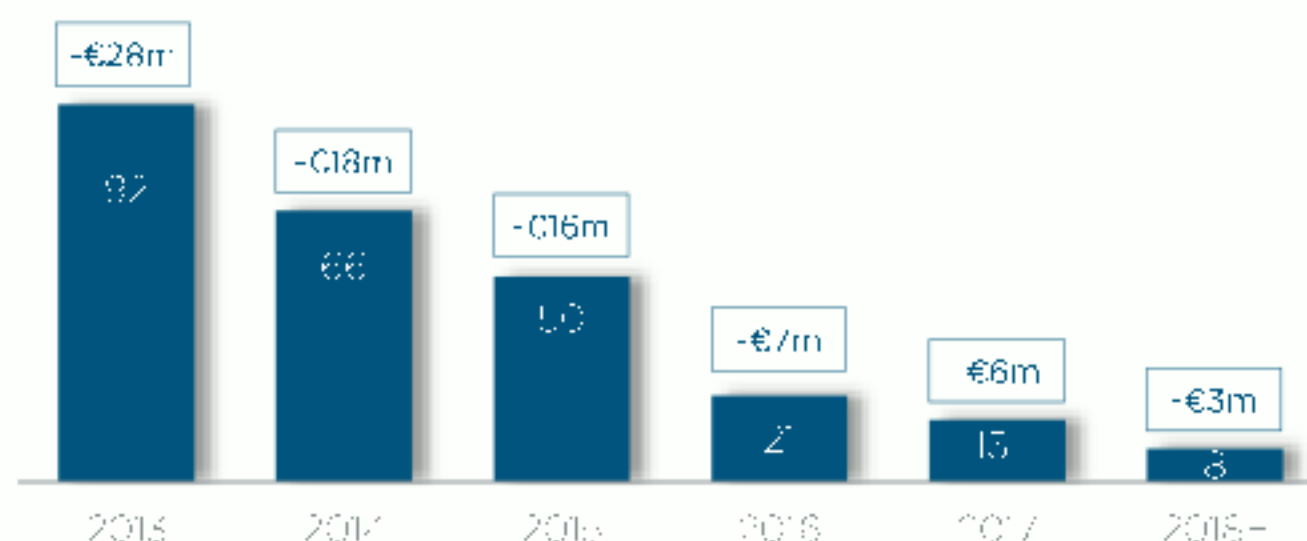


With a similar number of rooms, EBITDA has more than doubled due to the higher quality of assets and a more profitable business

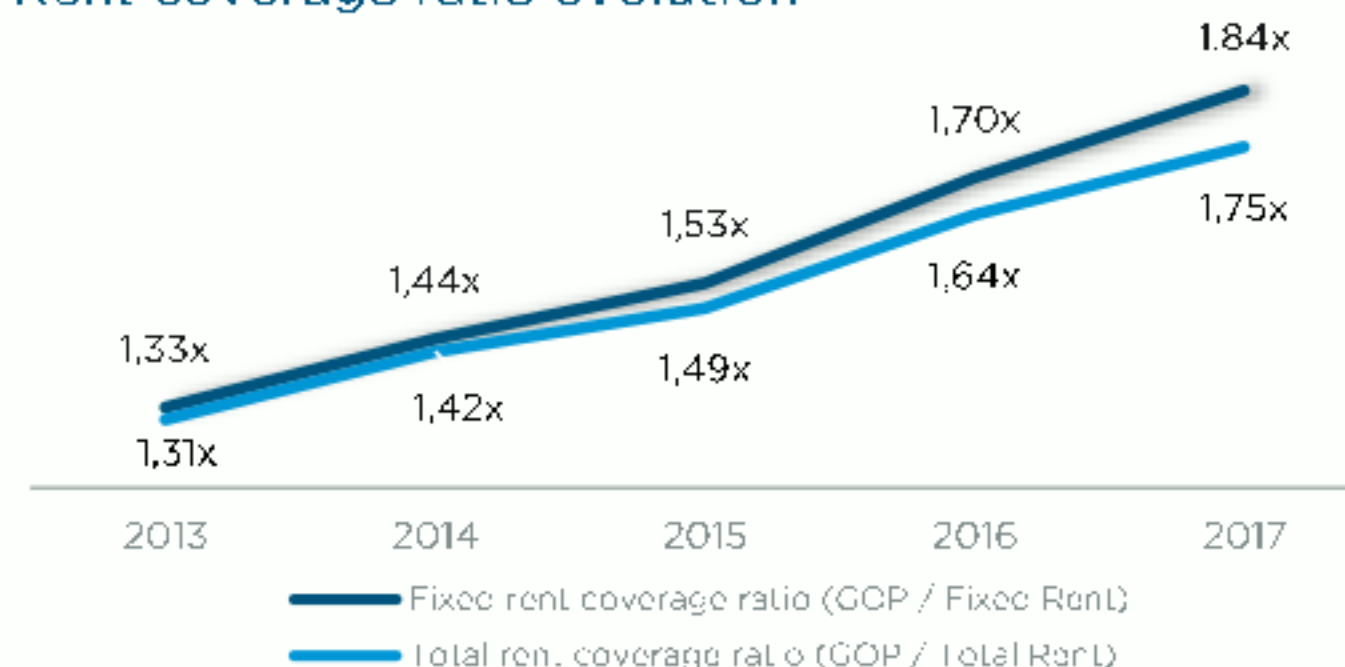
2 Improved quality of leased portfolio through renegotiations and cancellations

Long-term sustainable contracts	2014-2017	<ul style="list-style-type: none"> 32 contracts canceled 109 renegotiated
	2018-2020	<ul style="list-style-type: none"> 19 contracts will not be renovated or low probability of renovation 14 contracts are expected to be renegotiated

Evolution of n° of leased hotels with negative EBITDA



Rent coverage ratio evolution ⁽¹⁾



Fixed rent contracts ⁽¹⁾

Fixed Rent Coverage Ratio 2017	N° hotels	Fixed Rent	%
> 1.5x	136	€167m	63%
1x to 1.5x	52	€82m	31%
< 1x	16	€15m	6%
TOTAL	204	€264m	

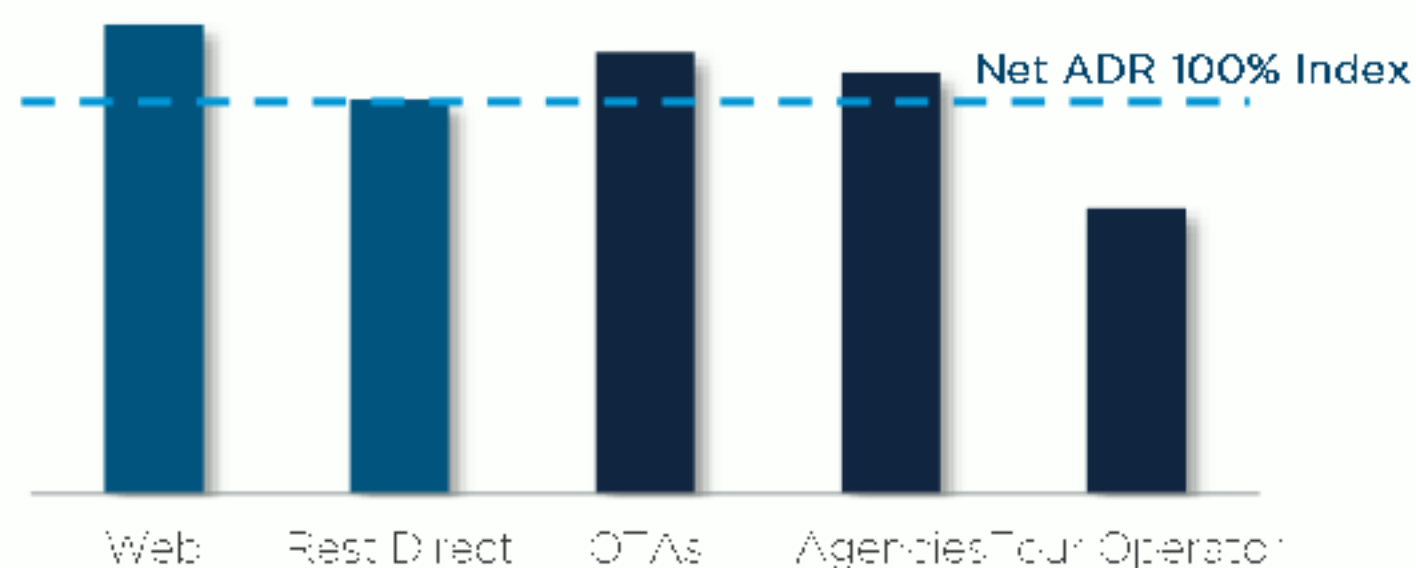
(1) Excluding allocation of BU centralized costs & Corporate HQ

3 Dynamic pricing: Net ADR focus & channel optimization

Digitalization of the industry in line with market trends

% of Total Revenue	2014	2015	2016	2017
Web	9%	9%	10%	11%
Rest	41%	40%	38%	36%
DIRECT	50%	49%	48%	47%
AGENCIES	20%	19%	19%	19%
OTAs	18%	21%	23%	26%
TO	12%	11%	10%	8%
INDIRECT	50%	51%	52%	53%

Net ADR by Channel (2017)



Advanced pricing strategy

Pricing Strategy: 2014-2016

- **Segmentation shift:** release of less profitable rates
- City indexation
- Implementation of a **New Revenue Management Tool with real time data feed**, channel integration, **advanced forecasting algorithms** and homogeneous decision making
- **Net ADR focus**

2017-2019: Enhancing our potential

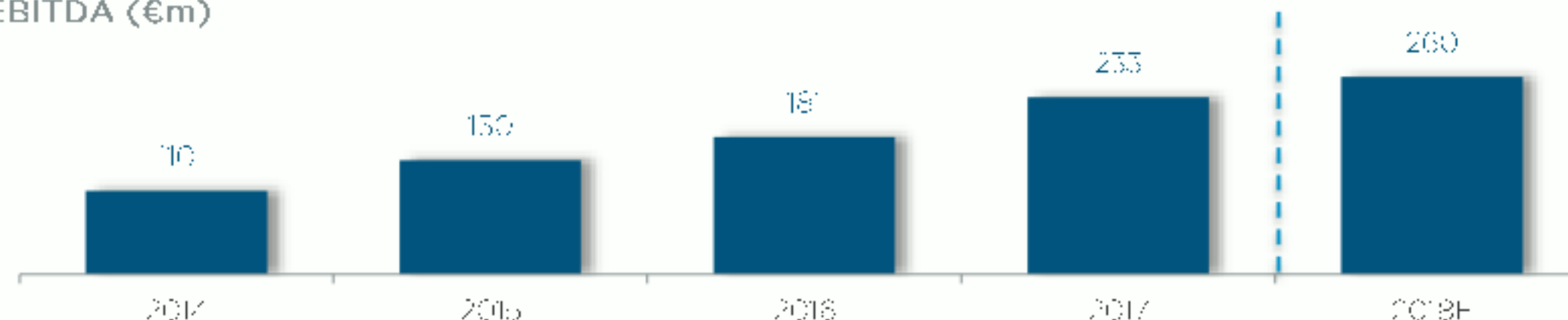
- **Pricing & Revenue Management:**
 - Price automation and revenue management beyond room revenue
 - M&E quotation optimization
- B2B digital strategy
- M&E value proposition and Group Sales commercial model
- New loyalty program and CRM

4 Solid cash flow generation...

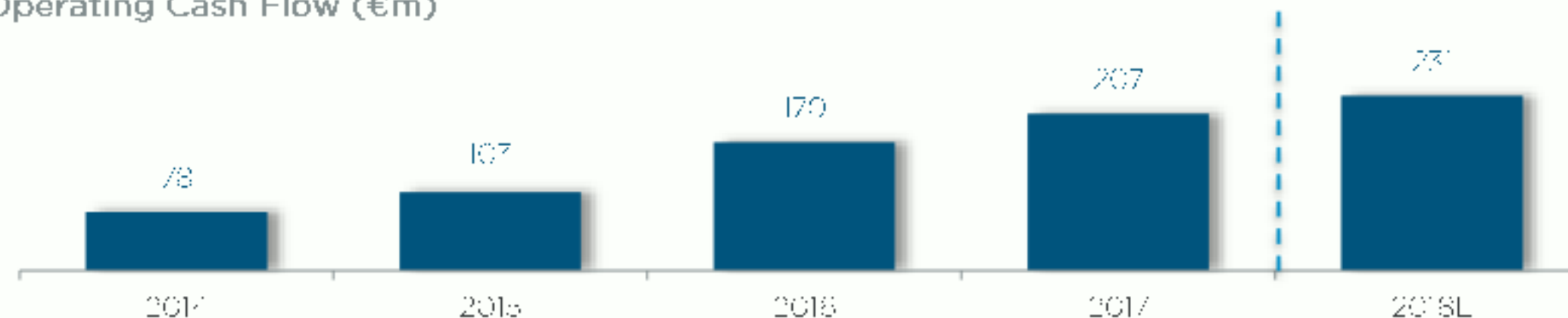
Fully oriented on efficiency to drive profitability and cash flow generation

- Strong operating cash flow generation driven by **consistent EBITDA growth**
- After the completion of significant investments between 2014-2016, operating cash flow generation more than offsets current capex deployments
 - 2014-2017: repositioning €200m + basics €40m + IT €30m
 - 2018-2019: ongoing repositioning investment program €110m
- Improvement in working capital** driven by the reduction in the average collection period

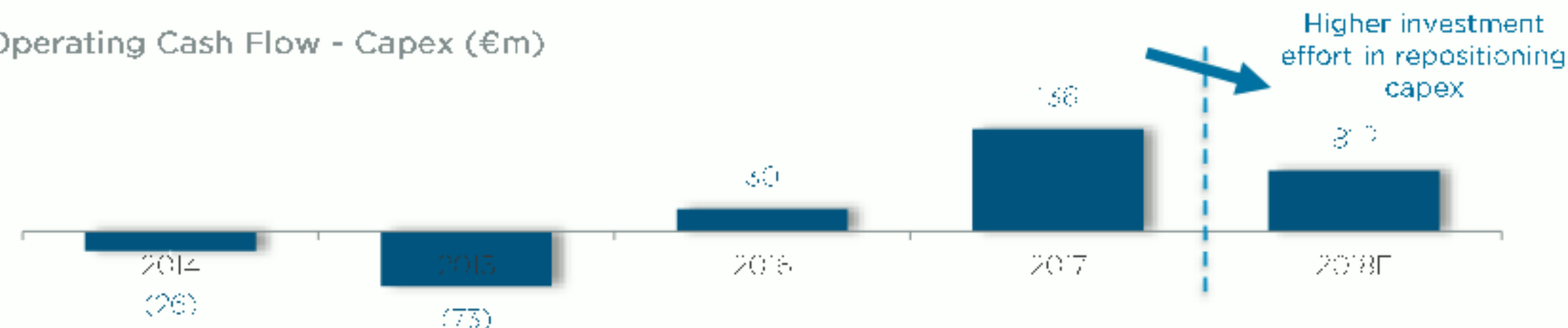
EBITDA (€m)



Operating Cash Flow (€m)



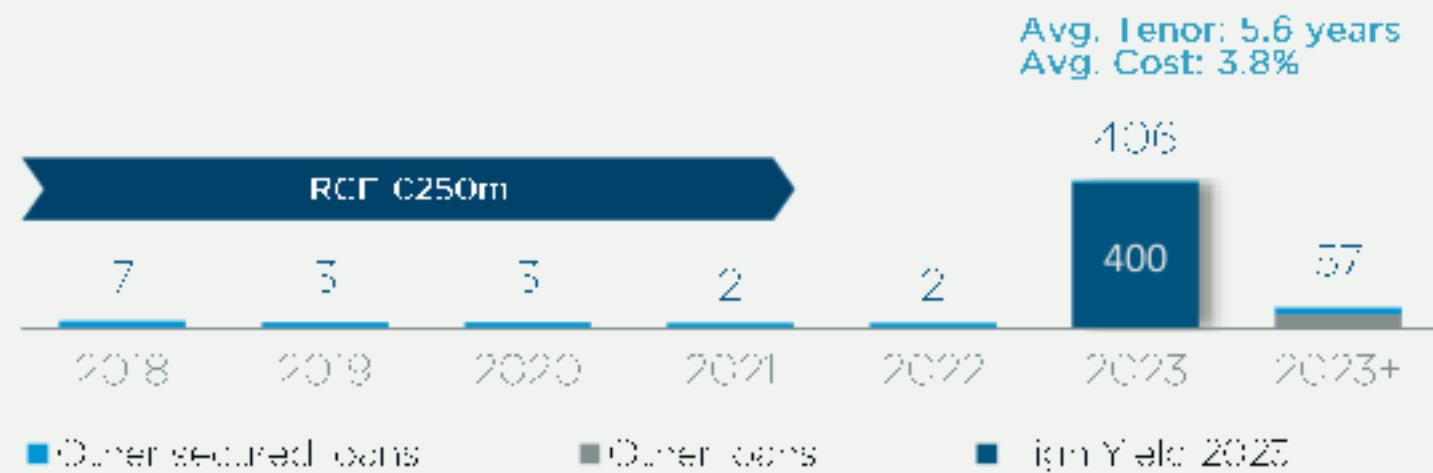
Operating Cash Flow - Capex (€m)



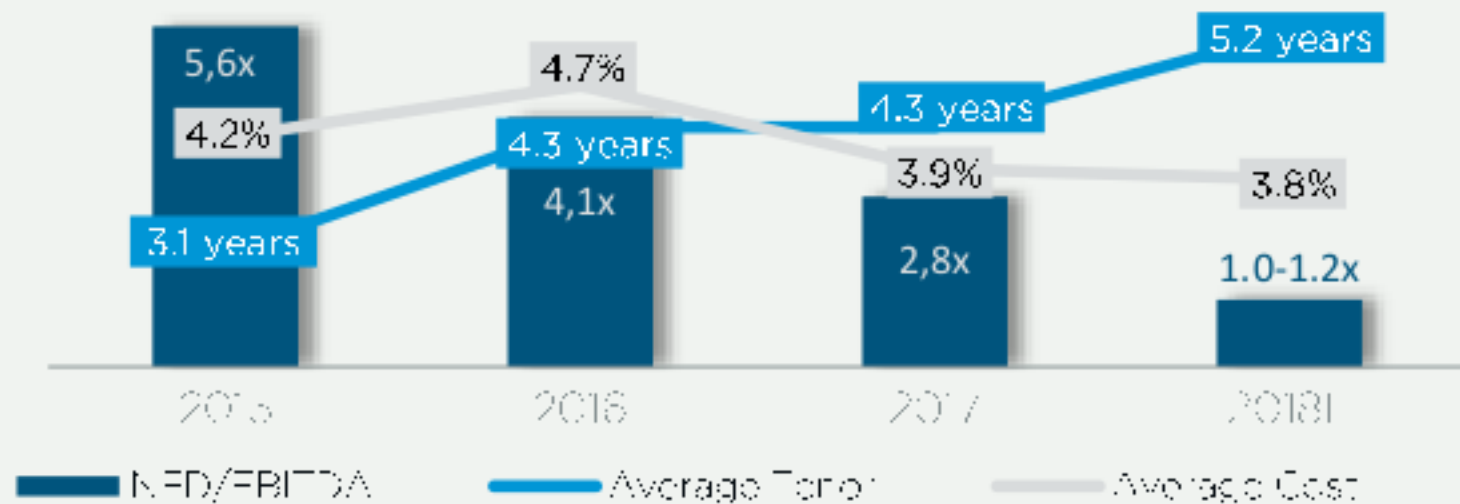
Strong deleveraging achieved with no refinancing risk

Strong liquidity: €250m in cash + €300m available in credit facilities

Debt Maturity Profile - H1 2018



Debt Maturity Profile - H1 2018



Continuous support from rating agencies

	Corporate Rating	2023 Bond
MOODY'S	B1	Ba3
S&P Global	B	BB-
FitchRatings	B+	BB

Positive Outlook

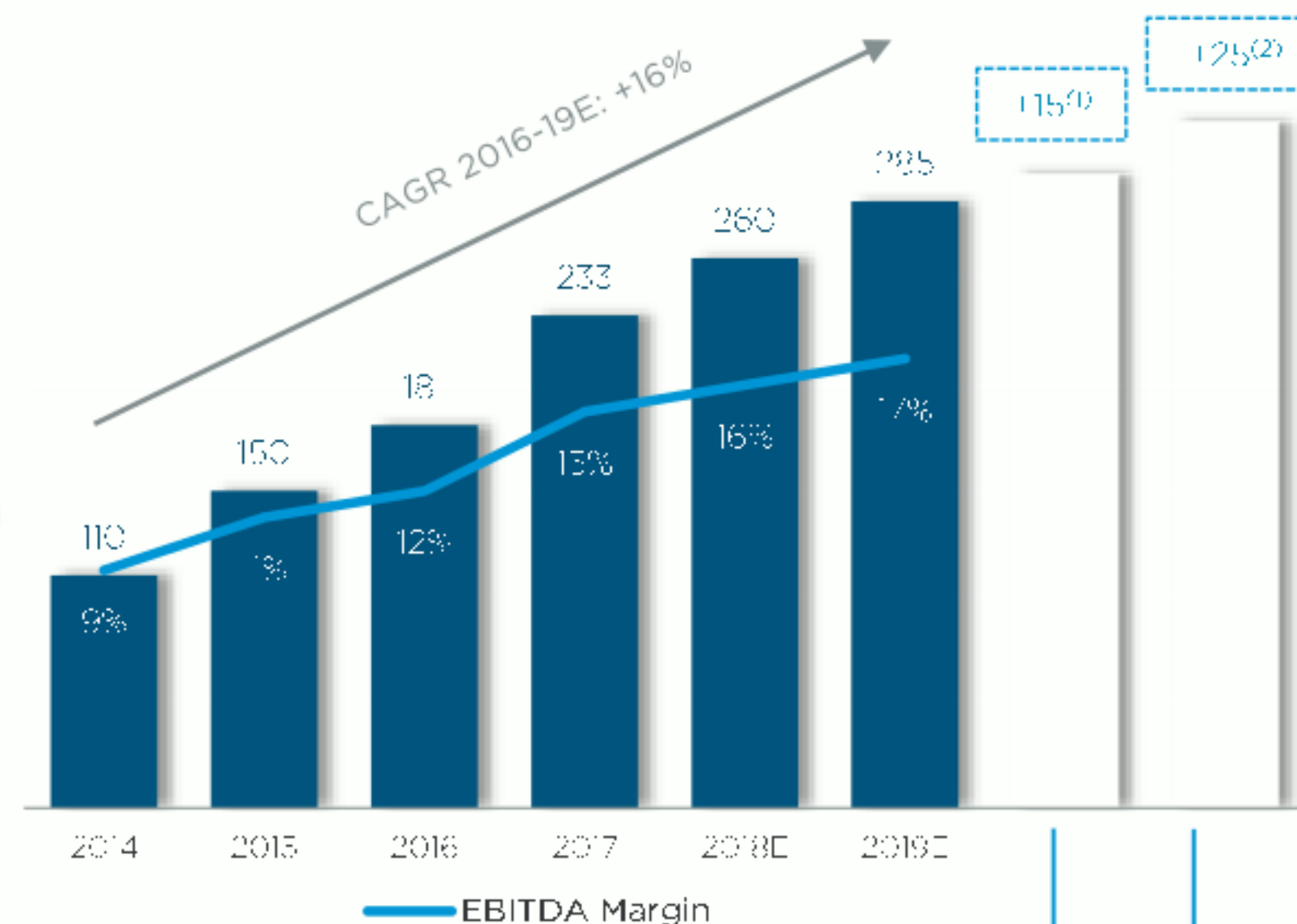
Change of control process

- Minor acquisition will trigger change of control clauses in RCF and 2023 notes
 - Waiver from €250m RCF obtained by unanimity of lenders on September 6th
 - NH III will offer bond-holders to repurchase all outstanding 2023 Bond at 101% of principal amount plus accrued and unpaid interests. 2023 Bond over-collateralized while trading above par (104% price)

5 ... to fuel further growth from organic asset-light expansion & further repositioning opportunities

Current Pipeline (June 2018)	<ul style="list-style-type: none"> 27 hotels signed in the pipeline with c. 5,000 rooms (2/3 leased contracts; 1/3 managed) Entries & Exits 2018-2019: Additional contribution of +c.€4m of EBITDA compared to 2018
Ongoing Investment program 2018-2019	<ul style="list-style-type: none"> 2/3 Owned hotels: New York, Carlton Amsterdam 1/3 Leased hotels with additional contribution from landlords
Further repositioning opportunities 2019-2020	<ul style="list-style-type: none"> Additional c.€100m of repositioning opportunities with business plans analyzed to be executed in 2019-2020 contributing an estimated c.€25m "Run Rate" EBITDA 2020-2022 (~15% estimated return)
Growth Capacity	<ul style="list-style-type: none"> Solid Balance Sheet (NFD / Recurring EBITDA of 1.0 – 1.2x by Dec. 2018) allows growth opportunities (up to 2.5x leverage)

EBITDA Evolution (€m)



Current pipeline + ongoing investment program

Further repositioning opportunities

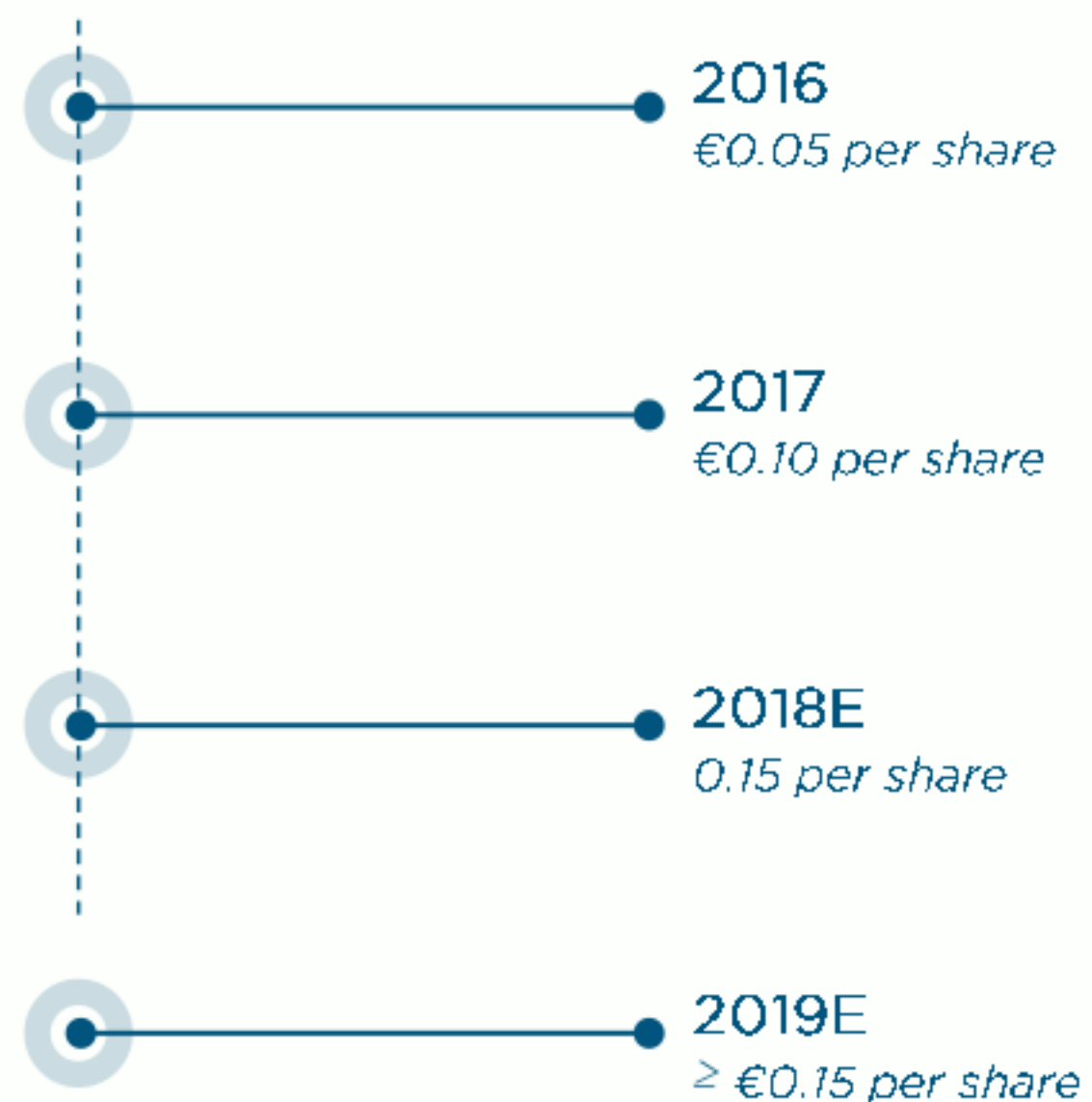
Note: Excluding IFRS 16 accounting impact

(*) Estimated additional Run Rate EBITDA 2019 from current pipeline + ongoing investment program

(2) Estimated additional Run Rate EBITDA 2020-2022 from further repositioning opportunities to be executed in 2019-2020

6 Clear dividend policy

Attractive dividend policy



**Minor is aligned with
announced dividend
policy**

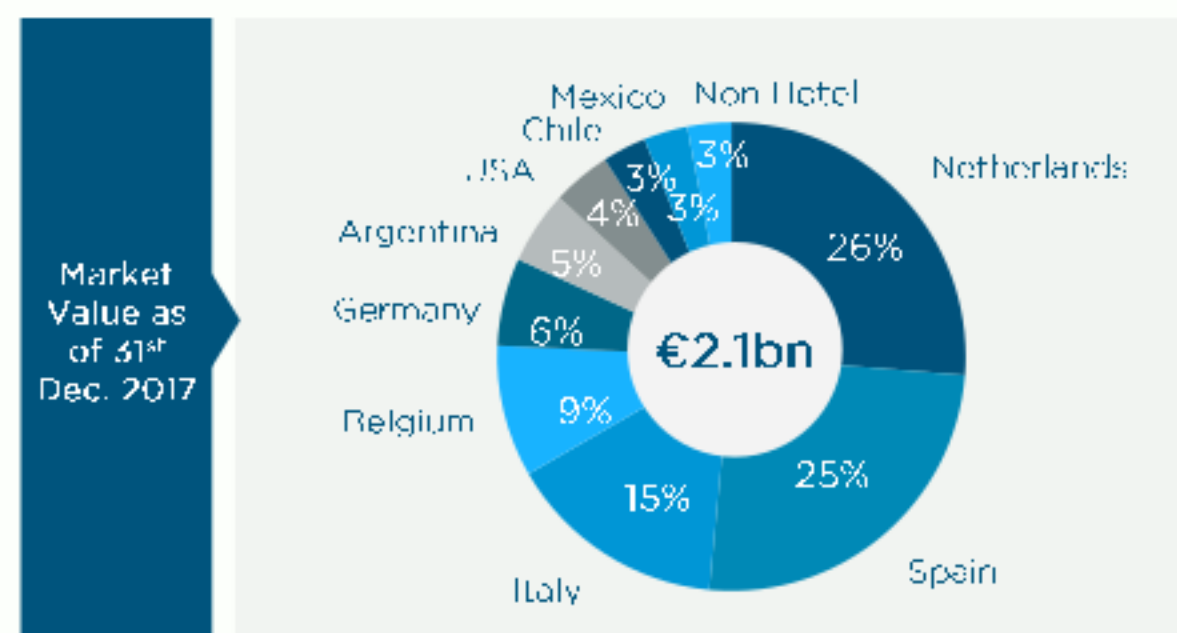
Stabilized dividend payout
objective of c.50% of Net
Recurring Income

7 €2.1bn diversified portfolio of owned assets underpinning the business

Owned hotel assets portfolio

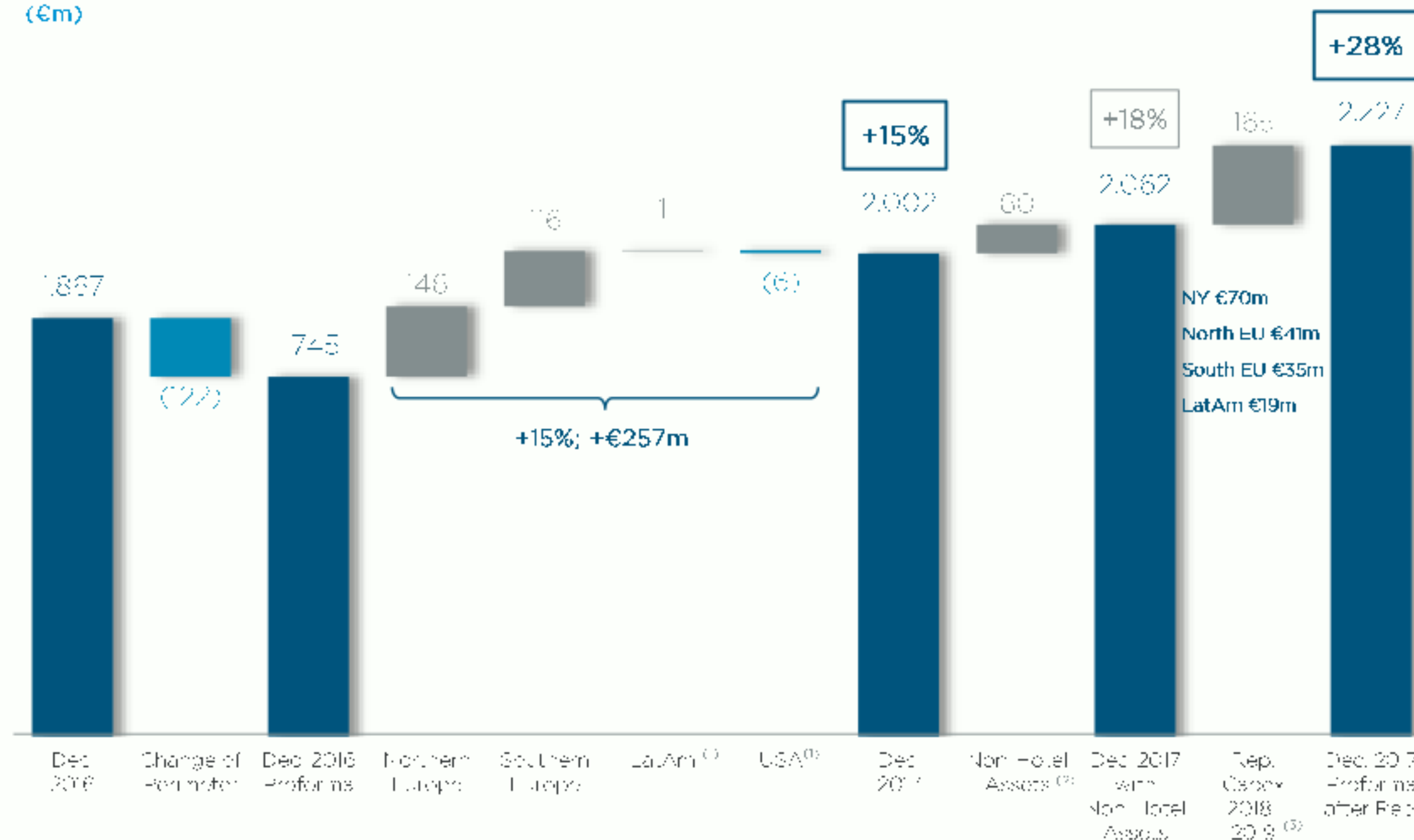
- 76 hotels with 12,095 rooms as of 31st December 2017 in 10 countries with a **market value of €2.1bn** (81% in Europe)
- Market value increase of +15%** vs. December 2016 on a comparable basis
- Market value of hotels with Repositioning capex investments in 2018-2019 does not reflect stabilized or run rate valuation, implying a **valuation upside of +€165m once stabilized (+28%)**

Market value by geography



Appraisal valuation bridge

(€m)



Source: Valuation performed by third parties represents 66% of total market value (76% for European assets). Internal valuation applying similar methodology represents 34% of total market value
Note: Excludes hotels with minority equity interest (12 hotels Royal Colombia, 3 in Mexico, 2 in Mercosur and 4 in the Caribbean) and long term leased contracts

(1) LatAm & USA: include negative FX impact

(2) Book Value Non Hotel assets (mainly land plots in Mexico and Dom. Republic)

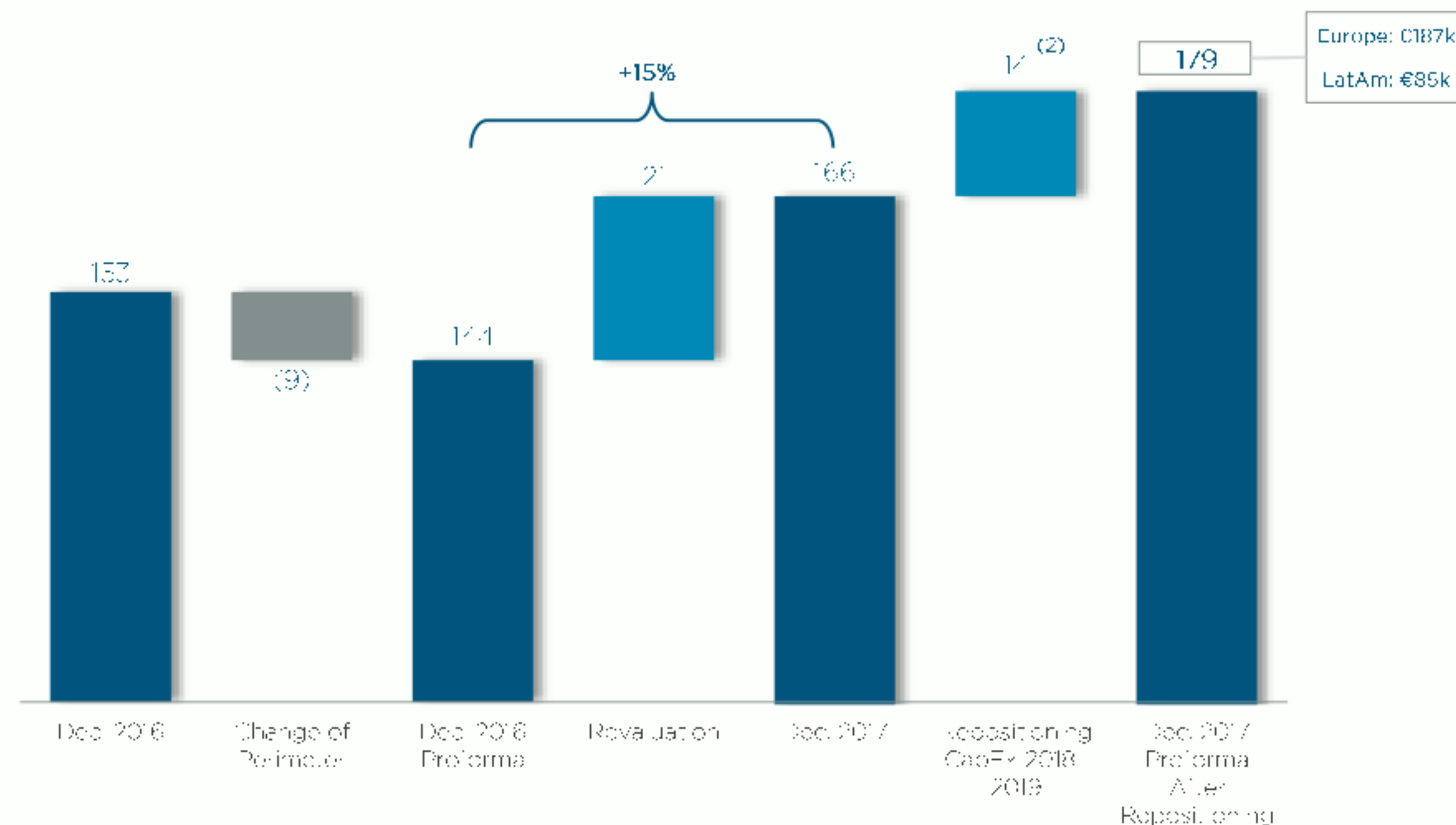
(3) Repositioning effect corresponds to the stabilized value of the assets after refurbishment investments

7 C2.1bn diversified portfolio of owned assets underpinning the business

Key assumptions

Country	Average WACC	Perpetuity Growth Rate
Europe	5.4% - 7.2%	1.7% - 2.1%
LatAM	9.5% - 18.6%	2.9% - 6.7%
USA	6.6%	2.4%

Value per room evolution (€'000) ⁽¹⁾⁽³⁾



(1) Excludes non Hotel assets

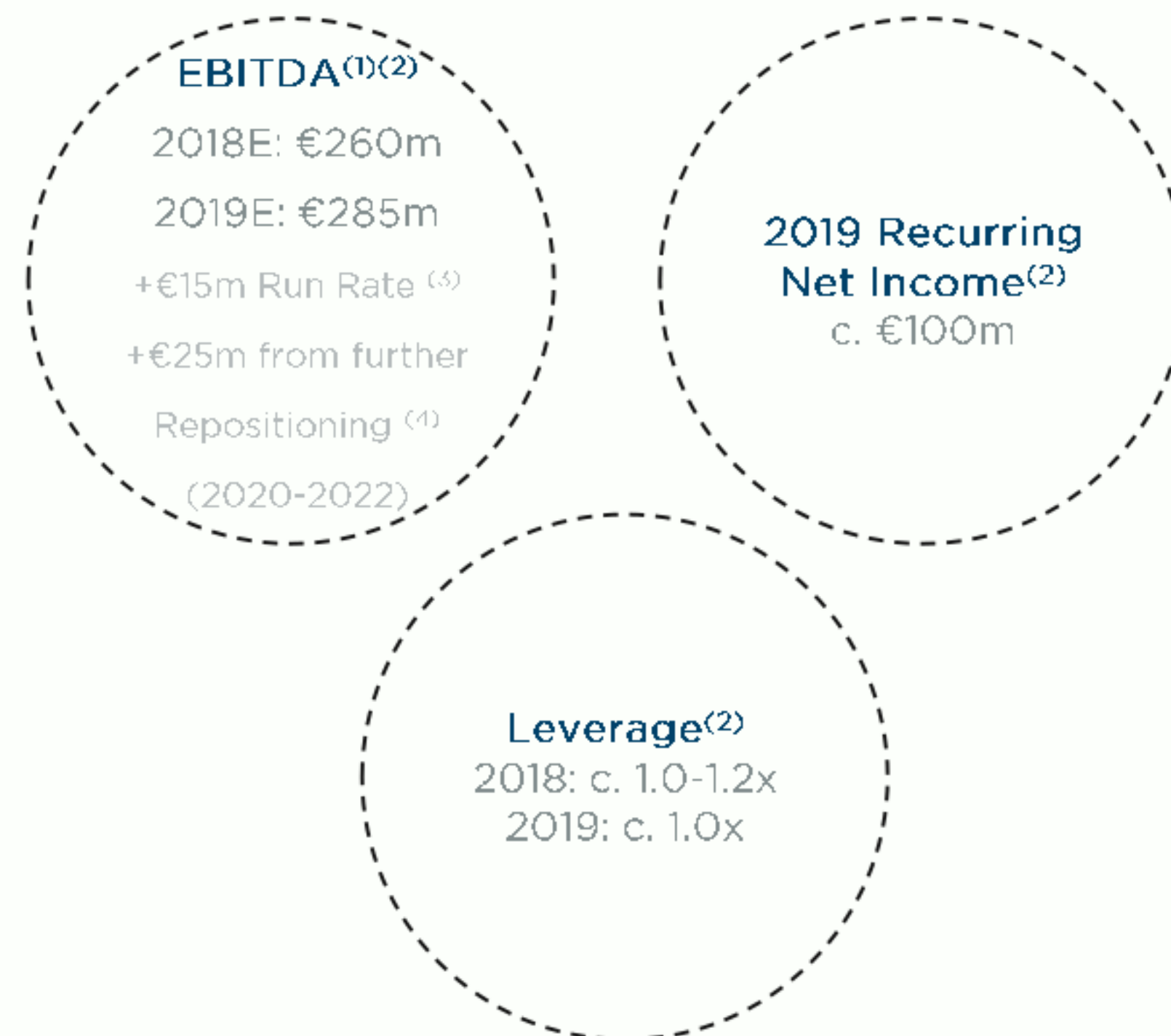
(2) Repositioning effect corresponds to the stabilized value of the assets after refurbishment investments

(3) Valuation of 66% of the portfolio is performed by an independent third party (76% for European assets)

8 Solid financial performance: positive current trading and outlook

Positive current trading provides strong visibility to our year-end targets...

Current Trading	
H1 2018	RevPAR: +2.2% Revenues: +3.9% (+€30m)
Preliminary Q3 2018 ⁽⁵⁾	RevPAR: +2.0% Revenues: +2.9% (+€11m)
Preliminary September 2018 YTD ⁽⁵⁾	RevPAR: +2.0% Revenues: +3.6% (+€41m)



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

(2) Excluding IFRS 16 accounting impacts

(3) Estimated additional Run Rate EBITDA 2019 from current pipeline + ongoing investment program

(4) Estimated additional Run Rate EBITDA 2020-2022 from further repositioning opportunities to be executed in 2019-2020

(5) Pending Argentina hyperinflationary accounting impacts

Minor's offer does not recognize full value potential

Solid fundamentals to guarantee future growth...

- ✓ Leading European urban player with favourable macro outlook
- ✓ Well-balanced portfolio oriented to an asset light structure
- ✓ Successful repositioning program with proven positive impact on RevPAR
- ✓ Additional growth on the back of a solid capital structure:
 - Repositioning
 - Organic & inorganic
- ✓ Solid organic cash flow generation and additional leverage capacity
- ✓ Attractive shareholder remuneration policy

... supported by strong value evidences

1	Solid Current Trading	EBITDA 2018E: €260m EBITDA 2019E: €285m (c.€300m "Run Rate") ⁽¹⁾
2	Further Repositioning Opportunities	Additional EBITDA growth: +c.€25m (2020 - 2022) ⁽²⁾
3	Strong Balance Sheet	ND/EBITDA 2018E: 1.0 - 1.2x
4	Growth Capacity	Leverage up to 2.5x
5	Owned Portfolio	€2.1bn (+15%) ⁽³⁾ - €2.2bn Pro Forma (+28%) ⁽⁴⁾
6	Pay-out Policy	50% Recurrent Net Income
7	Brokers Valuation	Average Current Target Price of 6.71€/sh. ⁽⁵⁾

6.30€/sh
is below
NHH's
Fundamental Value

Notes: Recurring EBITDA before one-offs reversal and capital gains from asset disposals. Excluding IFRS 16 accounting impacts.
 (1) Estimated additional Run Rate EBITDA 2019 from current pipeline + ongoing investment program.
 (2) Estimated additional Run Rate EBITDA 2020-2022 from further repositioning opportunities to be executed in 2019-2020.

(3) 66% of the valuation is performed by an independent third party (76% for European assets).
 (4) Pro Forma includes the stabilized value of the assets after refurbishment investments.
 (5) Current average broker target price.

4. Appendix

- a. Company Overview
- b. H1 2018 Results



a. Company Overview



Business description

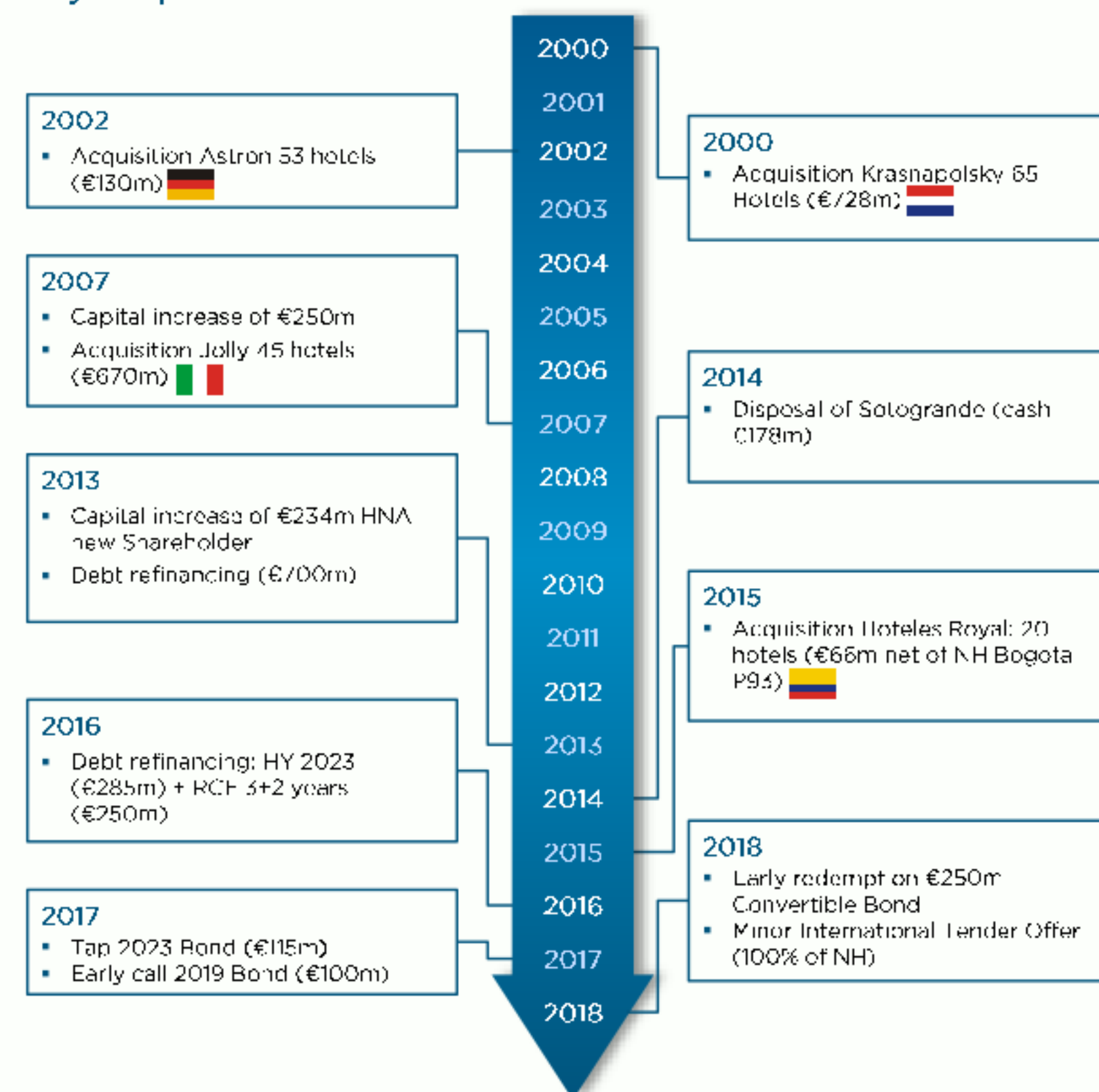
- NH Hotel Group ("NHH") is the 6th largest European hotel chain and one of the top 30 worldwide
- The Company has a portfolio of **385 hotels** (owned, leased and managed) with **59,682 rooms in 30 countries** as of June 2018
- NH Hotel Group is listed on the Madrid Stock Exchange with a market cap of €2.5bn as of 4th August 2018

Urban brands towards the upper segment

	NH HOTELS	NH COLLECTION	nhow choose your day	Hesperia RESORTS
Hotels 	287	78	4	9
Rooms 	41,220	12,344	978	2,429
% of Rooms	69%	21%	2%	4%

Overview	Upscale 4* / Midscale 3*	Upper Upscale 4* / Superior 5* 40-45%	Upper Upscale Design Brand	Upscale Resort Brand
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Key corporate events



Balanced portfolio oriented to a more asset-light structure

	Owned	Leased	Managed																																				
Overview	<ul style="list-style-type: none">▪ State-of-the-arte owned portfolio comprised of 76 hotels▪ NHH has been reducing its exposure to owned assets<ul style="list-style-type: none">• 2,418 rooms exited between 2013 and 2017 vs. 486 entries▪ Market value of €2.1bn as of December 2017▪ €165m valuation upside from repositioning capex investment in 2018-2019	<ul style="list-style-type: none">▪ Focus on improving quality of leased portfolio<ul style="list-style-type: none">• Positive evolution of total rent coverage ratio ⁽¹⁾ from 1.31x in 2013 to 1.75x in 2017• 155 hotels with TRC > 1.5x (64 in 2013)▪ Long-term and sustainable contracts<ul style="list-style-type: none">• 19 contracts will not be renovated• 14 contracts are expected to be renegotiated• 16 Hotels signed in the pipeline with more than 3,000 rooms▪ Leased contracts are mainly variable leased with low minimum guarantees	<ul style="list-style-type: none">▪ Focus on maximizing the value of managed hotels<ul style="list-style-type: none">• Significant increase in fees generated by management contracts (€23m in 2017; +€10m since 2013)▪ Long term and sustainable contracts<ul style="list-style-type: none">• 6 contracts will not be renovated• 18 contracts are expected to be renegotiated• 10 hotels signed in the pipeline with c. 1,500 rooms																																				
Geographic Breakdown (by number of rooms)	<table><thead><tr><th>Region</th><th>Percentage</th></tr></thead><tbody><tr><td>Benelux</td><td>35%</td></tr><tr><td>America</td><td>24%</td></tr><tr><td>Spain</td><td>18%</td></tr><tr><td>Italy</td><td>15%</td></tr><tr><td>Central Europe</td><td>8%</td></tr></tbody></table>	Region	Percentage	Benelux	35%	America	24%	Spain	18%	Italy	15%	Central Europe	8%	<table><thead><tr><th>Region</th><th>Percentage</th></tr></thead><tbody><tr><td>Central Europe</td><td>33%</td></tr><tr><td>Spain</td><td>29%</td></tr><tr><td>Italy</td><td>16%</td></tr><tr><td>America</td><td>8%</td></tr><tr><td>Benelux</td><td>14%</td></tr></tbody></table>	Region	Percentage	Central Europe	33%	Spain	29%	Italy	16%	America	8%	Benelux	14%	<table><thead><tr><th>Region</th><th>Percentage</th></tr></thead><tbody><tr><td>Spain</td><td>45%</td></tr><tr><td>America</td><td>45%</td></tr><tr><td>Central Europe</td><td>7%</td></tr><tr><td>Benelux</td><td>5%</td></tr><tr><td>Italy</td><td>4%</td></tr></tbody></table>	Region	Percentage	Spain	45%	America	45%	Central Europe	7%	Benelux	5%	Italy	4%
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Balanced and continuously improved portfolio achieved through an active asset management strategy

(1) GOP / Total Rent. Excluding allocation of BU centralized costs & Corporate HQ

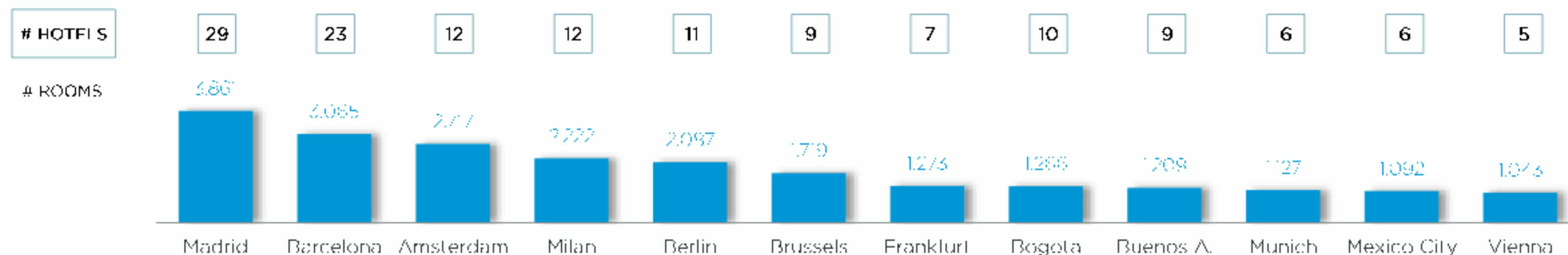
Strong & diversified international presence

Leading urban hotel operator focused in key European cities

With Leading Market Positions



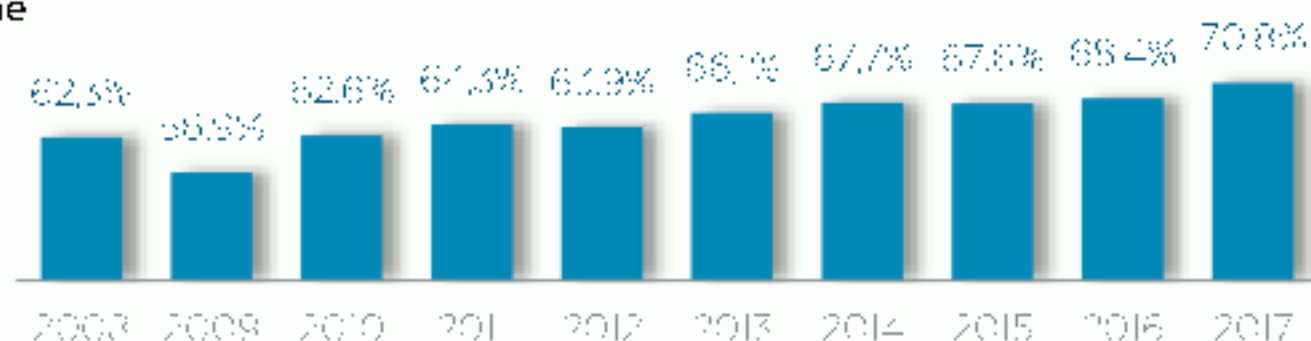
Focused in Key Cities



Proven track record of growth and profitability

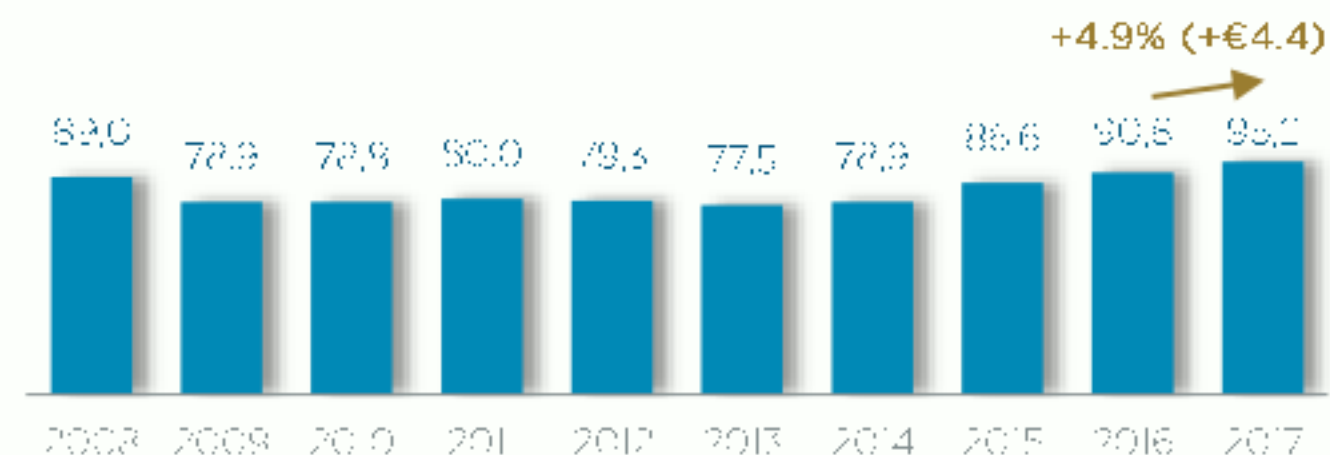
Occupancy

Optimal level aligned with the urban hotel sector



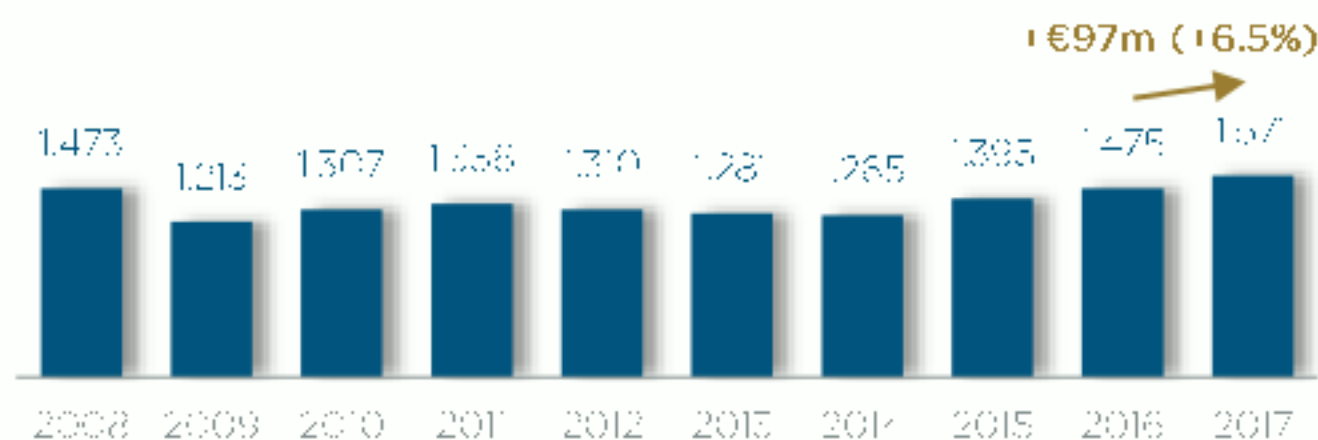
ADR (€/night)

2008 levels recovered in 2016 with an upgraded portfolio



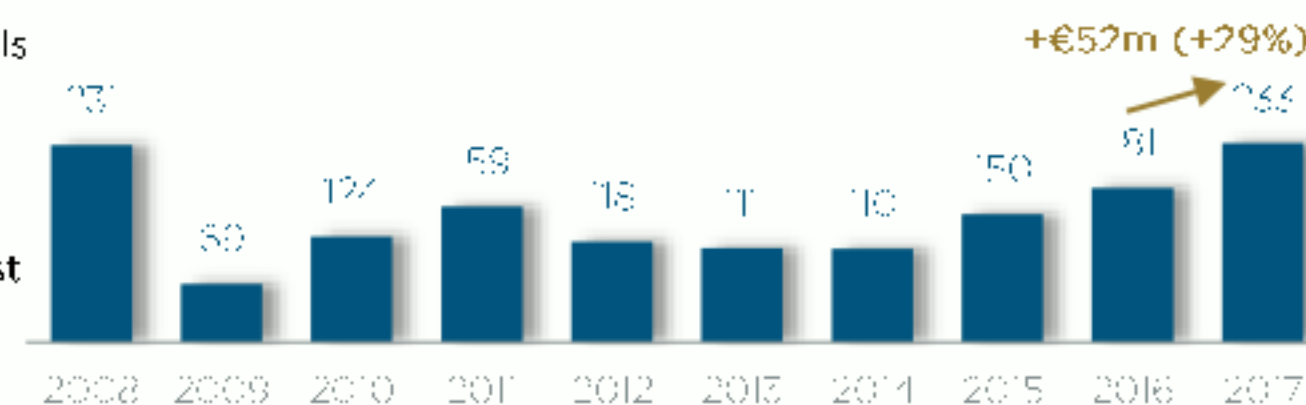
Total revenue (€m)

An increase of more than €300m or +7.5% CAGR since 2014



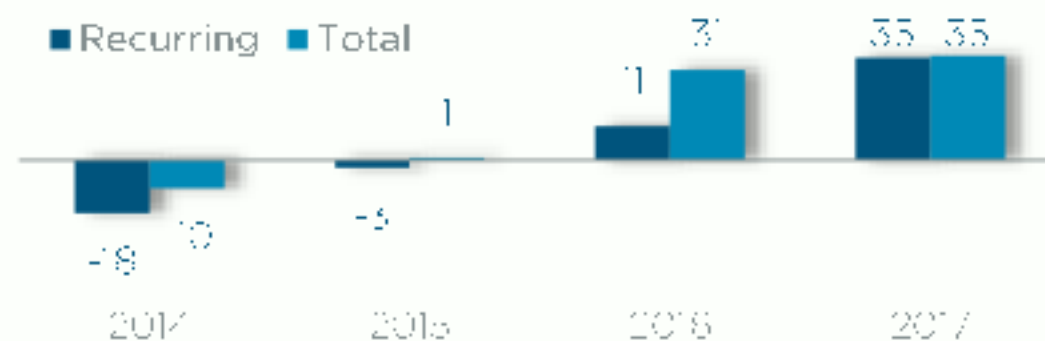
Recurring EBITDA (€m)

Asset disposals since 2010 explain c.-€40m. 2017 record year of the last decade



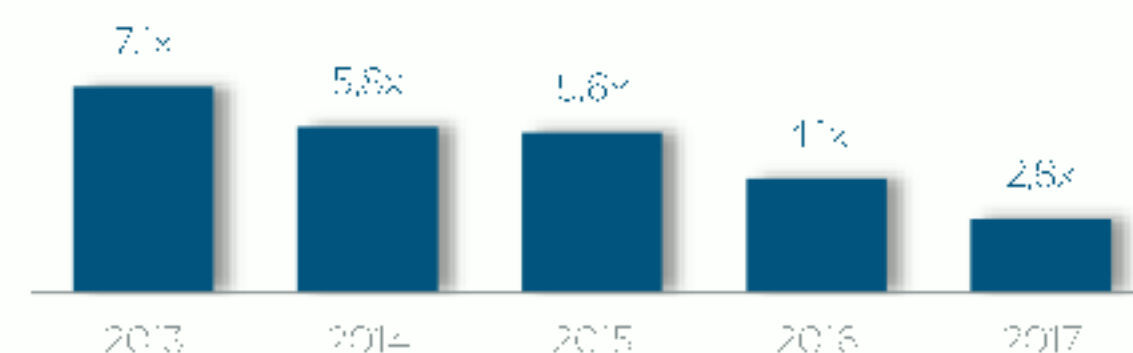
Net income (€m)

2016: first year of positive Recurring Net Income since 2008. Net Recurring Income tripled in 2017



NFD / recurring EBITDA

Deleverage path on track. Gross debt reduced by €135m in 2017 related to the voluntary redemption of outstanding 2019 Bond



2017: a record year



	2017	2016	2017 vs. 2016
Revenue	€1,571m	€1,475m	+6.5%
Rec. EBITDA ⁽¹⁾	€233m	€181m	+29% +2.6 p.p. margin
Rec. Net Income	€35m	€11m	x3
FFO ⁽²⁾	€207m	€170m	+22%
Leverage (NFD/EBITDA ⁽¹⁾)	2.8x	4.1x	-1.3x
Dividend per Share	€0.10	€0.05	x2

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

(2) Funds From Operations

2017 Business Units description

	Southern Europe		Northern Europe		America	NHH
2017	Spain	Italy	Central Europe	Benelux		
Hotels	137	51	74	53	64	380
Rooms	17.221	7.904	13.074	9.484	11.165	58.926
Owned %	12%	24%	8%	46%	25%	21%
Leased %	54%	68%	85%	47%	23%	56%
Managed %	34%	8%	8%	7%	51%	23%
ADR (€)	93	116	86	105	77	95
ADR % Var. '17 vs '16	10%	7%	-1%	7%	1%	5%
ADR % '17 vs '07 LFL	-3%	1%	27%	5%	12%	8%
€ million						
Revenues	409	280	390	353	138	1.571
% Total Group	26%	18%	25%	22%	9%	100%
GOP	150	104	131	125	38	549
Margin %	37%	37%	34%	35%	28%	35%
% Total Group	27%	19%	24%	23%	7%	100%
Leases & Prop Tax	89	51	106	56	13	316
% Total Group	28%	16%	34%	18%	4%	100%
Recurring EBITDA	61	53	25	69	25	233
Margin %	15%	19%	6%	20%	18%	15%
% Total Group	26%	23%	11%	30%	11%	100%
Diff. 2017/16	+26	+9	(2)	+21	0	52

L3Y share price performance

- 1 Dec 2015 - Jan 2016
Uncertainty regarding general elections in Spain. China and oil prices
- 2 26th Feb 2016
FY15 Results Presentation
Rec. EBITDA: €150m
NFD / Rec. EBITDA: 5.6x
- 3 28th Feb 2017
FY16 Results Presentation
Rec. EBITDA: €181m
NFD / Rec. EBITDA: 4.1x
- 4 30th Oct 2017
Redemption of the Senior Secured Notes due 2019
- 5 7th Nov 2017
HNA agrees sale and repurchase deal on shares in NH
- 6 20th Nov 2017
Barceló sends a letter to NHH proposing a merger. CNMV suspends trading
- 7 10th Jan 2018
NHH Board Rejects Offer
- 8 28th Feb 2018
FY17 Results Presentation
Rec. EBITDA: €233m
NFD / Rec. EBITDA: 2.8x
- 9 5th Jun 2018
Announcement agreement MINT w/ HNA
- 10 12th Jun 2018
Announcement launch of VTO



b. H1 2018 Results

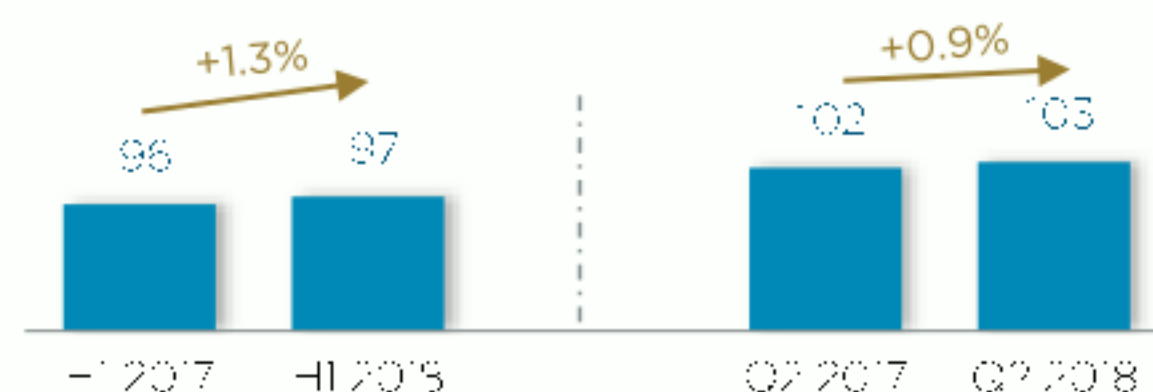


H1 2018 Results

- **H1 Revenue growth of +3.9% reaching €785m (+€30m)**
 - Revenue Like for Like ("LFL"): +2.9%
 - Strong performance in Benelux (+7.4%) and Italy (+5.7%)
 - RevPAR: +2.2%, combined growth strategy of ADR (+1.3%) and Occupancy (+0.8%)
- **H1 Recurring EBITDA⁽¹⁾ of €115m (+€12m; +12%) with a margin improvement of +1.0 p.p.**
 - 40% EBITDA conversion rate. Excluding perimeter changes and reforms, LFL conversion rate reached 61%
- **Significant Net Recurring Income growth in H1 (+€14m) reaching €23m** due to the business improvement and lower financial costs
- **Total Net Income reached €64m**, boosted by the higher contribution of net capital gains from asset rotation
- **Deleverage target achieved**
 - Net financial debt decreased to €229m as of 30th June 2018 from €655m as of 31st Dec. 2017
 - Early Redemption Convertible Bond (€250m) in June 2018
- **Approval of dividend distribution of €0.10 per share** (already paid in July)

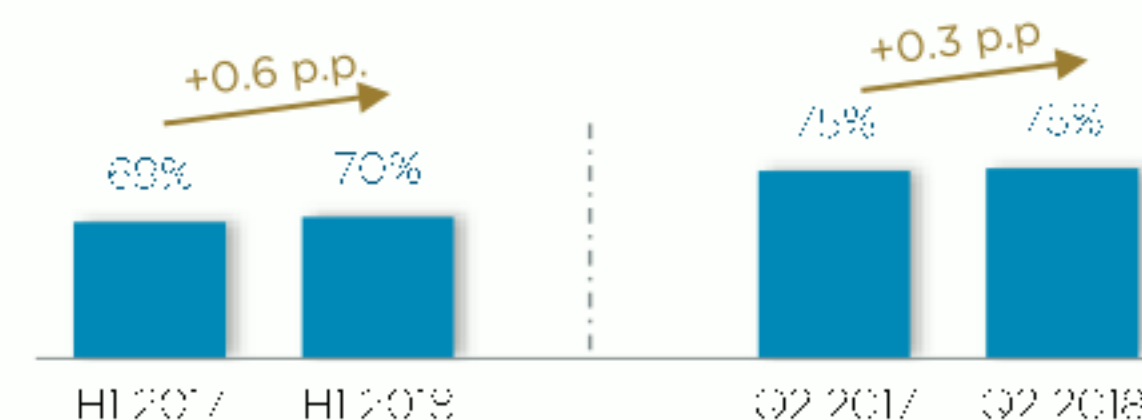
ADR (€)

- H1: +1.3% price increase (+€1.3) reaching €97 contributing with 62% of RevPAR growth. Remarkable growth in Benelux (+5.1%) and Italy (+3.8%)
- Q2: +0.9% price increase (+€0.9) contributing with 70% of RevPAR growth



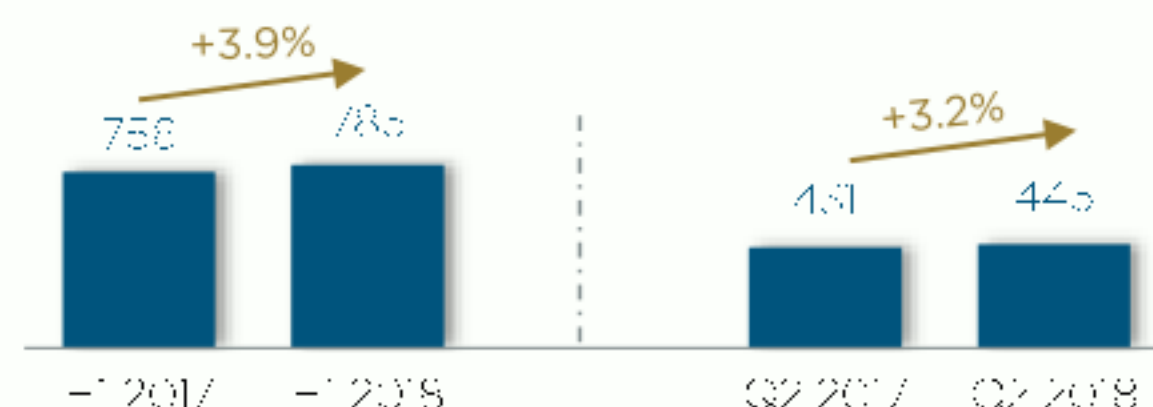
Occupancy (%)

- H1: +0.8% activity increase (+0.6 p.p.) up to 70%. Strong demand growth in Benelux (+2.5%) boosted by Brussels recovery
- Q2: +0.4% activity increase (+0.3 p.p.) up to 75%



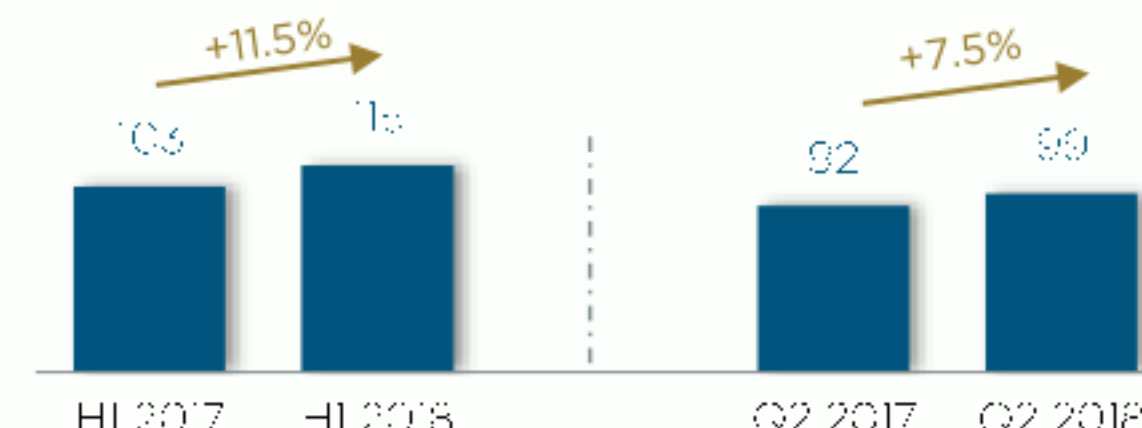
Revenues⁽¹⁾ (€m)

- H1: +€30m revenue growth (+3.9%) with a strong performance in Benelux and Italy
- Q2: +€14m (+3.2%), impacted by calendar effects in Germany and Spain and FX



Recurring EBITDA⁽²⁾ (€m)

- H1: +€12m (+11.5%) due to a 40% revenue conversion rate reaching €115m and a margin of 14.6% (+1.0 p.p.)
- Q2: +€7m (+7.5%) with a 22.3% margin (+0.9 p.p.)

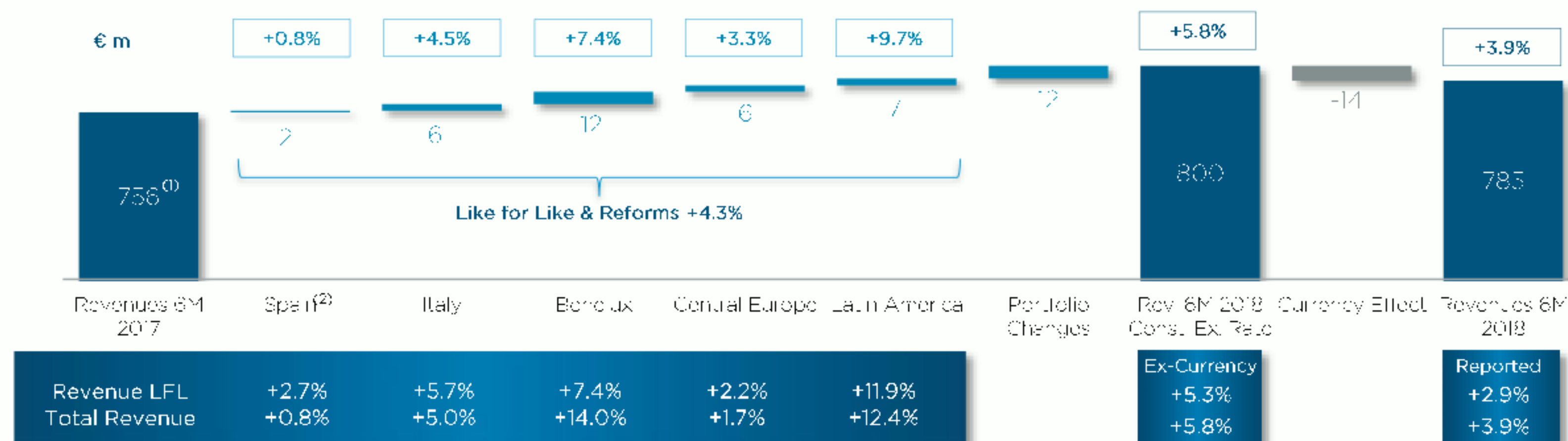


⁽¹⁾ From Q2 2018, rebates from procurement have been reclassified as less cost instead of an income in the revenue figure (Q1 2018 and 2017 figures also reclassified)

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

Solid revenue performance in all key markets

- **Spain:** +2.7% growth evolution on a LFL basis excluding the refurbishments (mainly New York with an opportunity cost of -€4.1m). Madrid grew +2.7%, impacted by a relevant congress in June 2017 while Barcelona fell -2.3% due to the lower domestic leisure demand in May. Total revenue of +0.8% impacted by NY refurbishment and changes of perimeter
- **Italy:** remarkable +5.7% growth in LFL with a strong performance of Rome (+9.7%) and Milan (+8.0%). Including 2 leased hotels under reform in Rome and Milan LFL&R grew +4.5%
- **Benelux:** LFL Revenue growth of +7.4% supported by the good performance of Brussels (+13.3%) and Amsterdam (+7.5%). Total revenue grew +14.0% impacted by the opening of 3 leased hotels (2 in Brussels and 1 in Eindhoven)
- **Central Europe:** Positive LFL increase (+2.2%) despite the impact of less business days in May 2018. Including the refurbished hotels in 2017 and the opportunity cost of 3 hotels under refurbishment in 2018 totaling -€2.6m, revenue increased +3.3% in LFL&R. Total revenue of +1.7% impacted by the exit of 1 hotel in 2017
- **LatAm:** +9.7% growth in LFL&R with constant exchange rate (-9.2% reported). By regions, Mexico increased revenues +3% at constant exchange rate and including the negative currency evolution (-10%) reported revenues decreased -6%. Argentina grew +43% in local currency and including the -53% currency evolution, reported figure is -7%. Hoteles Royal revenue decreased -1% in local currency and including the -9% currency evolution, reported figure is -9%



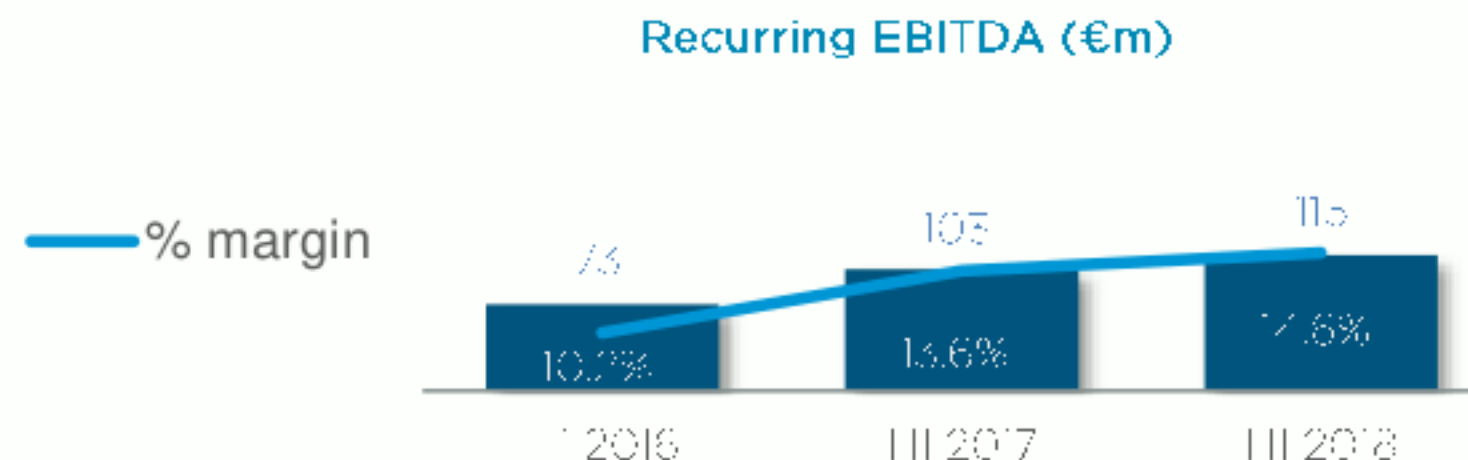
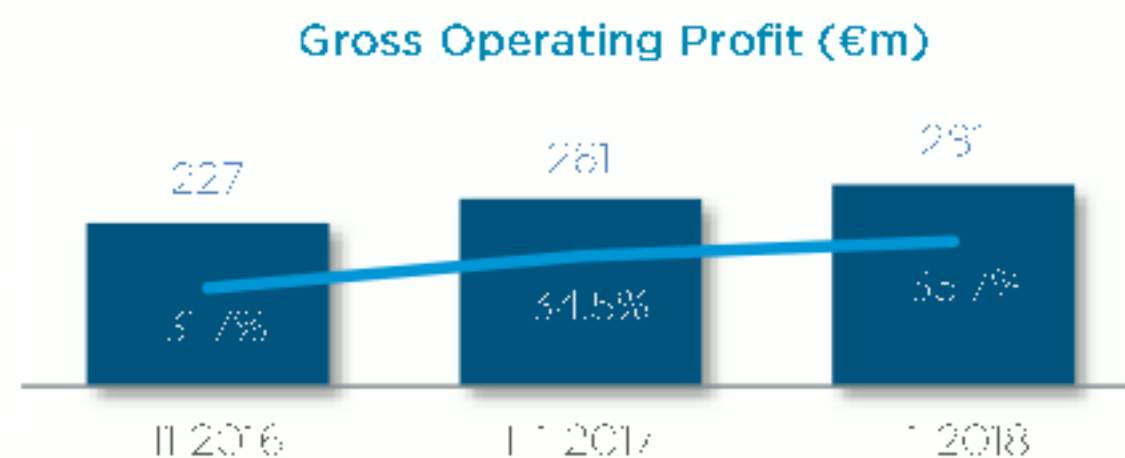
(1) From Q2 2018, rebates from procurement have been reclassified as less cost instead of an income in the revenue figure (Q1 2018 and H1 2017 figures also reclassified)

(2) Includes France and New York

III 2018 EBITDA increased +12%

€ million / Recurring Activity	H1 2018	H1 2017	VAR.	
	€m.	€m.	€m.	%.
TOTAL REVENUES	785.5	755.9	29.6	3.9%
Staff Cost	(267.3)	(262.4)	(4.8)	1.8%
Operating expenses	(237.7)	(232.9)	(4.8)	2.0%
GROSS OPERATING PROFIT	280.5	260.6	20.0	7.7%
Lease payments and property taxes	(165.5)	(157.5)	(8.1)	5.1%
EBITDA BEFORE ONEROUS	115.0	103.1	11.9	11.5%

- Cost control in H1 2018 despite the occupancy growth (+0.8%)
 - +1.8% increase in Payroll cost and +2.0% in Operating Expenses due to new openings and variable costs, mainly commissions due to the evolution of the sales channel mix. Impact of perimeter changes (openings and closings) explains 89% of the increase of staff costs and 66% of the Operating expenses
- Improvement in GOP of +€20.0m (+7.7%). GOP margin improved by +1.2 p.p. reaching 35.7% due to a sound conversion rate of 68%
- Lease payments and property taxes increased -€8.1m (+5.1%). Perimeter changes and 2017 reforms explain 37% and 24% of the increase. Variable lease components explain 23% of the total increase
- Recurring EBITDA before onerous in H1 2018 reached €115.0m (+€11.9m; +11.5%) with a 40% conversion rate from incremental revenue to EBITDA affected by new openings. Excluding perimeter changes and reforms, LFL conversion rate reached 61%. EBITDA margin improved by +1.0 p.p. to 14.6%



Significant improvement in Net Recurring Income

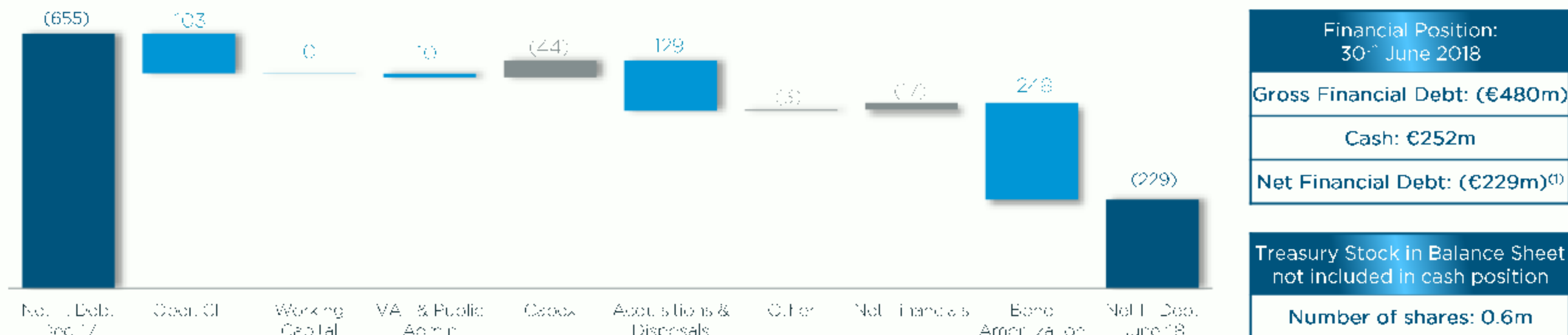
€ million	H1 2018	H1 2017	VAR.	
	€m.	€m.	€m.	%.
EBITDA BEFORE ONEROUS	115.0	103.1	11.9	11.5%
Margin % of Revenues	14.6%	13.6%		1.0 p.p.
Onerous contract reversal provision	1.6	2.0	(0.8)	-37.2%
EBITDA AFTER ONEROUS	116.3	105.1	11.1	10.6%
Depreciation	(54.6)	(53.8)	(0.7)	1.4%
EBIT	61.7	51.3	10.4	20.2%
Interest expense	(20.3)	(29.5)	9.2	-31.2%
Income from minority equity interest	(0.0)	0.0	(0.1)	N/A
EBT	41.3	21.8	19.5	89.5%
Corporate income tax	(16.9)	(11.5)	(5.4)	47.3%
NET INCOME BEFORE MINORITIES	24.4	10.3	14.1	136.3%
Minorities interests	(1.5)	(1.7)	0.2	-12.4%
NET RECURRING INCOME	23.0	8.7	14.3	165.2%
Non Recurring FBITDA ⁽¹⁾	86.4	9.9	76.5	0.0%
Other Non Recurring Items ⁽²⁾	(45.0)	(10.9)	(34.1)	0.0%
NET INCOME INCLUDING NON-RECURRING	64.3	7.6	56.7	N/A

(1) Includes gross capital gains from asset rotation

(2) Includes taxes from asset rotation

1. **Recurring EBITDA before onerous** in H1 2018 reached €115.0m, an increase of +€11.9m (+11.5%)
2. **Depreciation:** the increase of -€0.7m corresponds to the impact of 2017-2018 repositioning capex
3. **Financial Expenses:** decrease of +€9.2m mainly due to:
 - Refinancing April 2017 (TAP €115m 2023 Bond & €150m 2019 Bond repayment): +€1.7m net coupon savings and +€3.2m in arranging expenses savings
 - Full redemption 2019 Bond in Nov. 2017 (€100m): net coupon savings +€3.4m
 - Early redemption convertible bond: coupon savings (+€1.4m) and write off equity portion & arranging expenses reported as financial expense (-€3.5m). Annual cash savings €10m from 2019
4. **Taxes:** The higher Corporate Income Tax (-€5.4m) is mainly explained by a better EBT performance
5. **Net Recurring Income:** significant growth of +€14m (higher than EBITDA growth) reaching €23.0m due to the business improvement and lower financial costs
6. **Non Recurring Items** includes mainly the contribution of net capital gains from asset rotation (+€57m), partially offset by accelerated depreciation (-€12m) due to the write-off linked to the repositioning capex investments (mostly NY) and redundancy payments related to the efficiency plan (-€2m)
7. **Total Net Income** reached €64.3m, +€56.7m higher than in H1 2017, affected by the higher contribution of net capital gains from asset rotation

Cash flow evolution



- **(+) Operating Cash Flow:** +€102.6m, including -€8.2m of credit card expenses and taxes paid of -€14.0m (excluding -€14.7m CIT Barbizon)
- **(+) Working Capital:** strong overdue recovery in Q1 2018, compensated with solid revenue growth
- **(-) Capex payments:** -€44.1m in H1 2018 due to the deployment of the capex throughout the year (2018 guidance c. €140m)
- **(-) Other:** payment of severance and legal provisions
- **(+) Acquisitions & Disposals:** +€139.3m Barbizon S&LB in Q1 (net of €14.7m taxes paid in H1. €18m pending to be paid in H2). Hesperia contract second payment -€10m
- **(-) Net Financials & Dividends:** -€16.8m, including -€15.8m net interest expense and -€1.1m minority dividend payment
- **Early Redemption Convertible Bond (€250m)** in June 2018. €1.7m paid in cash

(1) NFD excluding accounting adjustments arrangement expenses (€16.5m), accrued interest (-€3.9m) and (2) IFRS 9 adjustment (€8.0m). Including these accounting adjustments, the Adj. NFD would be (€208m) at 30th June 2018 and (€637m) at 31st Dec. 2017

(2) IFRS 9: The new IFRS 9 regulation about Accounting Treatment of Financial Assets and Liabilities has become enforceable on the 1st of January 2018. The application of this accounting rule as a result of the better refinancing conditions achieved in 2017, compared with the previous conditions, has involved an impact in NH Hotel Group of €8.6m as of the 1st of January 2018 (€8.0m as of 30th June 2018 as per the financial expense)

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