

PRESS RELEASE



NH Hotel Group boosts EBITDA 36% and posts a profit for the first time since 2011

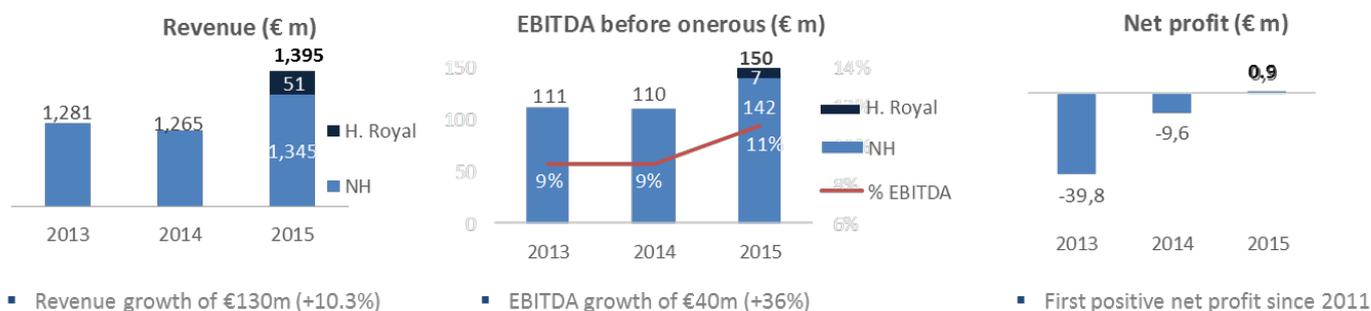
The company's return to profitability validates the business plan

- After two years of investing, NH Hotel Group has delivered its guidance for 2015. Moreover, it expects to top guidance going forward, having updated its business plan targets to reflect a larger revenue base, better-positioned hotel portfolio and the significant improvement in perceived quality.
- Reported revenue rose 10.3% to €1.395 billion, while EBITDA climbed 35.8% higher to €149.5 million; net profit came in at €0.9 million, compared to the €9.6 million loss reported in 2014.
- Business and earnings momentum gained traction as the year unfolded driven by the pricing strategy rolled out: RevPAR rose by 11% last year.
- Assuming moderate economic growth, the outlook for 2016 is very upbeat: thanks to its current strength, NH Hotel Group is targeting topline growth of 8%, like-for-like EBITDA of c.€200 million and a leverage ratio of 4.0x (down from 5.6x).
- This renewed profitability evidences the Group's focus on generating shareholder value as soon as possible by driving bottom-line growth.

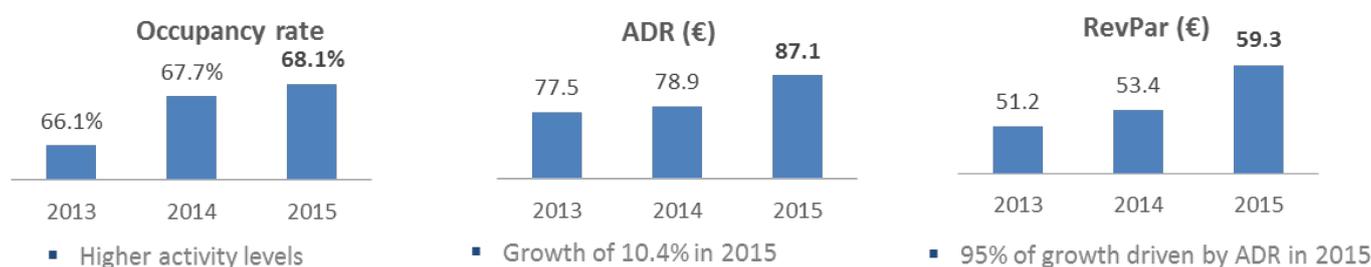
MADRID, FEBRUARY 29, 2016 - NH HotelGroup has presented its 2015 results, which confirm the earnings momentum evidenced all year long. The Company heads into year three of its strategic five-year business plan having met the market's growth expectations, underpinned by two years of investment in repositioning and reinforcement of its organisational, management and communication capabilities.

2015 earnings performance

NH Hotel Group's strong performance throughout 2015 enabled it to report **total revenue**, including the first-time contribution by Colombian chain Hoteles Royal, of **€1.395 million**, year-on-year growth of **10.3%** (+6.3% without Royal). **EBITDA** before onerous provision reversal rose **35.8%** to €149.5 million and, for the first time since 2011, the Company's **net profit was positive**, at **€0.9 million**, compared to a loss of €9.6 million in 2014.



Momentum in the hotel business **gathered traction throughout the year**, with NH outperforming its peers on prices at its key destinations, fuelled by the **pricing strategy** rolled out. As a result, the Group reported growth in revenue per available room (**RevPAR**) of **11%** in 2015, 95% of which is attributable to growth in the average daily rate (**ADR**). NH Hotel Group accordingly topped the upper end of its guidance range for RevPAR growth in 2015; moreover, a stronger RevPAR composition drove efficiency and profitability gains.



The healthy performances posted by the **Spanish and Italian business units** last year stand out; these markets have benefitted from the **execution of the asset repositioning strategy** in the initial years of the business plan. Management expects the **Benelux and Central Europe business units to perform better in 2016**, as the repositioning works began in these markets during the second quarter of 2015.

Status of the business plan

Implementation of NH Hotel Group's five-year business plan is **tracking ahead of schedule** and the **scope**

for outperformance of the initial guidance has increased, now that the execution risk associated with the various initiatives has been eliminated. Execution to date has yielded a larger revenue base, a better-positioned, more streamlined and financially robust hotel portfolio and a substantial improvement in guest feedback.

At year-end 2015, hotels representing **64% of Group EBITDA** were in **perfect shape**. Once the €237 million repositioning plan has been fully implemented, this figure will rise to 81%. Significantly, RevPAR at the main repositioned hotels rose by over 24% on average.

Thanks to the **repositioning** capex programme, coupled with introduction of the new **brilliant basics** in the chain's rooms (next-generation LED TVs, premium mattresses and pillows, new showers, professional hair-dryers, Nespresso coffee machines and new amenities) and the **rebranding of more hotels over to the upperupscale segment, NH Collection** (which ended 2015 with 50 hotels and 7,715 rooms), the Company has fortified its portfolio. This is evident in the fact that **27% of its properties** currently rank in the **top 10** in each destination when travellers perform a search on Trip Advisor (with 49% in the top 30). Since the plan was first rolled out, 79 hotels have been fully or partially refurbished. Another 27 hotels are scheduled for full refurbishment in 2016.

Elsewhere, the **portfolio streamlining plan**, which contemplates NH Hotel Group's exit from non-core hotels (42 since 2013), and the renegotiation of 120 lease agreements, means that the Company currently boasts a **more profitable portfolio with greater potential**.

Moreover, renewed investor and owner confidence **fuelled accelerating expansion** in 2015, a year in which the Group signed nearly three times as many new hotels as in 2014 (16 hotels with 2,660 rooms in 2015). The pipeline of **assets and destinations** due to come on stream under the NH Collection and now trademarks (Rome, London and Amsterdam, among other destinations) is of noteworthy quality.

Outlook for 2016

The Group's current strengths, a better-positioned and more profitable portfolio, enhanced market visibility and growing guest satisfaction leave NH Hotel Group **very optimistic about the outlook for 2016**, even assuming moderate economic growth. The Company is targeting **topline growth of 8%, EBITDA of c. €200 million** in comparable terms with the previous year, and a **leverageratio of 4.0x, down from 5.6x**.

This renewed profitability evidences NH Hotel Group's focus on **generating shareholder value** as soon as possible by **driving bottom-line growth**.

Among the milestones planned for 2016, it is worth highlighting the fact that **NH Hotel Group will unveil its growth plans for the Chinese market in March**, having set up its **joint venture** with the HNA Group last year for the development of a chain of hotels in this market under the management regime formula. The joint venture is currently in the process of adding six hotels in four Chinese cities (Beijing, Haikou, Dongguan and Tianjin).

Medium term guidance: Updated business plan targets

In 2015, management updated the Business Plan which now contemplates **EBITDA of around €250 million** (vs. initial guidance for €200 million) and a reduction in leverage to 3.0-3.5x (vs. 3.0-4.0x) **before the end of the plan (2017-2018)**, reinforced by additional disposals under the umbrella of the asset turnover strategy.

Like-for-like hotel business performance by market

(2015: like-for-like hotel data + hotels under refurbishment)

The **Spanish business unit** performed very strongly across the board, reporting RevPAR growth of 16.3% in 2015, 63.2% of which is attributable to ADR growth. Occupancy, meanwhile, rose by 5.4%. As a result, revenue grew by 11.0% and EBITDA climbed from €16.3 million in 2015 to €20.3 million. The outlook for the first quarter of 2016 remains very positive.

Italy was the Group's best-performing market, with RevPAR of 19.9% in 2015. The ADR in Milan, where the Company has 12 hotels, jumped 41.1%, thanks to the Universal Exhibition hosted by this city. Revenue in Italy registered growth of 15.6% and EBITDA stood at €48.6 million. The outlook for the first quarter remains favourable.

RevPAR in the **Benelux** business unit rose by 7.1% in 2015, driven mainly by growth in the ADR of 6.2%. A shift in segmentation strategy towards more profitable rates, implemented in early 2015, boosted earnings momentum quarter after quarter. Revenue in this market rose by 2.3% and EBITDA amounted to €47.9 million. Note that this business unit was affected last year by the start of the programmed refurbishment work and the security concerns in Brussels. This unit, currently in the midst of executing its repositioning plan, is expected to deliver results from the second quarter of 2016 onwards, by which time the most significant refurbishment work will have been completed.

Central Europe saw its RevPAR rise by 1.3% in 2015. Growth of 6% in the ADR was offset by a decline in occupancy (+4.4%) due to fewer visitors, a strategic shift in segmentation towards more profitable rates which will demonstrate their full potential during the high season and the relatively later start of the brand and product repositioning effort which is expected to benefit this business unit in the near future. Against this backdrop, revenue was flat year-on-year (0.1%), while EBITDA fell slightly (€3.2 million), largely due to EBITDA foregone at the hotels being refurbished. This unit is expected to stage a stronger performance from the second quarter of 2016, by which time the hotel repositioning plan will be well advanced.

In the **America** business unit, RevPAR growth was 11.9% (like-for-like, in current currency terms), driven primarily by growth in the ADR of 16.7%. Revenue, excluding the contribution by the Colombian chain, Hoteles Royal, acquired in March 2015, rose by 9.7% to €81.9 million, while EBITDA amounted to €15.8 million. Looking to the first quarter of 2016, RevPAR is expected to register growth in line with the results reported in 2015.

By region, Mexico reported local-currency RevPAR growth of 6.4%, driven by price growth of 11.4%. Mercosur, meanwhile (mainly Argentina), registered local-currency RevPAR growth of 11.7%, underpinned by growth in the ADR of 15.8%.

Hoteles Royal contributed revenue of €50.6 million, EBITDA of €7.1 million and net profit of €0.7 million in 2015. In 2015, Hoteles Royal fully changed the signage of the 20 hotels of the chain, 10 of which have been brought under the NH Collection trademark. Moreover, a high percentage of the operating synergies identified were achieved in 2015.

About NH Hotel Group

NH Hotel Group (www.nh-hotels.com) is Europe's third-ranked business hotel chain. It operates close to 400 hotels with almost 60,000 rooms in 29 markets across Europe, the Americas and Africa, including top city destinations such as Amsterdam, Barcelona, Berlin, Bogota, Brussels, Buenos Aires, Düsseldorf, Frankfurt, London, Madrid, Mexico City, Milan, Munich, New York, Rome and Vienna.



Director PR & Media Promotions

www.nh-hotels.com

1

+31 6 21280 542

 JulesUnlimited



ication Specialist

[nh-hotels.com](http://www.nh-hotels.com)

62

+31 6 506 366 98

ABOUT NH HOTEL GROUP

Over NH Hotel Group

NH Hotel Group is beursgenoteerd in Spanje met bijna 400 hotels in 29 landen in Europa, Afrika en Noord- en Zuid-Amerika. Onder de NH Hotel Group vallen de 3- en 4-sterren urban NH Hotels, de NH Collection flagship hotels, de nhow designhotels en de Hesperia vakantieresorts. Wereldwijd staan meer dan 20.000 medewerkers dag en nacht klaar om de beste service tegen de beste prijs te leveren voor de jaarlijks ruim 16 miljoen gasten. De hotels van NH Hotel Group zijn bekroond met de Zoover Award voor Beste Hotelketen 2014 en 2015. Kijk voor meer informatie op www.nh-hotels.com.

About NH Hotel Group

NH Hotel Group is listed on the IBEX 35 stock exchange of Madrid and has nearly 400 hotels in 29 countries in Europe, Africa and North- and South-America. The portfolio of the NH Hotel Group includes the 3- and 4- star urban NH Hotels, the NH Collection flagship hotels, the nhow designhotels and the Hesperia holiday resorts. Worldwide more than 20.000 employees work day and night to deliver the best service for the best price to the 16 million guests the hotel chain welcomes yearly. The hotels of NH Hotel Group have been rewarded with the Zoover Award for Best Hotel Chain of 2014 and 2015. For more information, visit www.nh-hotels.com.



NH Hotel Groupnewsroom

