

# NH Hotel Group posts solid topline growth and improvement at the EBITDA level of 30%

*Execution of the business plan drives above-guidance first-quarter earnings performance*

- **Consolidated revenue rose by 8.5% year-on-year to €301.8million, while EBITDA improves 29.7% to €-4.8 million, during the Group's seasonally-weakest quarter of the year**
- **A better positioned and more streamlined portfolio of establishments, improved guest feedback and the proven flexibility of the revenue and pricing management policy enabled the Company to deliver RevPAR growth of 6.5% in a seasonally-slow quarter, outperforming its main competitors(+7.8%) in the Group's main destinations**
- **The year-on-year comparison at the bottom line is affected by the recognition of non-recurring gains in the first quarter of 2016. Stripping this factor out, the Group's bottom line would have registered a 6.4% improvement year-on-year**
- **Momentum across all markets this quarter, coupled with the upbeat outlook for the months to come, position management to reiterate guidance for FY16, which calls for topline growth of 7% to 9% and like-for-like EBITDA of around €200 million**

**Madrid, 11 May 2016.** NH Hotel Group presented its first-quarter 2016 results, which continue to display the positive momentum which gathered over the course of last year. Immersed in year three of execution of its business plan, the Group continues to evidence the positive impact on earnings of the host of initiatives being implemented, once again topping the market's growth expectations.

**First-quarter 2016 earnings performance**

After two years of investments and upgrading of management and organisational capabilities, the Company is witnessing **solid topline recovery**: revenue climbed 8.5% higher year-on-year in the first three months of the year to €301.8 million. In turn, **EBITDA improves 29.7% to €-4.8 million**, despite the adverse effect of the movement in certain currencies, the negative impact of the timing of Easter in Germany and the opportunity cost related to asset repositioning in certain destinations. The **loss at the bottom line** came in at €39.6 million, which is **consistent with management's guidance for a net profit in 2016 as a whole**; the first-quarter results fail to reflect the anticipated earnings improvement due to a series of budgeted factors (provisions, exchange rate differences and reduced tax income). On a like-for-like basis, i.e., stripping out the impact of exchange rate differences from finance income and the drop in tax income in 1Q16, net profit would have firmed by 6.4% year-on-year.

NH HOTEL GROUP P&L ACCOUNT				
/C. million)	NH Hotel Group			
	Q1 2016	Q1 2015*	Q1 2016 / Q1 2015	
	M. Eur.	M. Eur.	M. Eur.	%
TOTAL REVENUES	301,8	278,1	23,7	8,5%
GROSS OPERATING PROFIT	71,2	64,6	6,6	10,2%
EBITDA BEFORE ONEQUIS	(4,8)	(6,9)	2,0	29,7%
NET INCOME including Non-Recurring	(39,6)	(29,1)	(10,5)	(36,1%) ↩ +6.4% like-for-like

\* Includes Hoteles Royal from March 4, 2015

## Trend in key hotel business metrics

The **price management strategy** implemented in the first quarter enabled the Group to replace less profitable room rates eliminated as a result of the segmentation strategy initiated in 2015. Despite business seasonality, the first quarter being off-peak in most markets, the Group managed to deliver growth in occupancy of 2.9% and in the average daily rate of 3.4%, thereby **outperforming its direct competitors** in its main destinations. As a result, the Group reported **growth in revenue per available room (RevPAR) of 6.5%**.



## NH Hotel Group vs. direct competitors by markets

	RevPar % var		"Relative" RevPar
	NH Hotel Group	Compset	RGI % var
<b>Total</b>	11,0%	3,2%	7,8%
<b>Spain</b>	19,5%	6,8%	12,6%
<b>Italy</b>	4,2%	-2,8%	7,0%
<b>Benelux</b>	6,8%	5,9%	0,8%
<b>Central Europe</b>	5,3%	0,2%	5,1%

(\*)STR/MKG/Fairmas Competitive Set Average Growth

It is worth highlighting the **strong performance posted by all the business units** in the firstquarter, notably **Spain and Italy**,with the former coming in above the upper end of like-for-like revenue guidance(at 20.3%) and the latter registering topline growth of 7.7%. **Central Europe**, meanwhile, alsodelivered better than expected growth, at 2.3%, and **Benelux** (excluding the impact of the repositioning plan,concentrated in the first quarter) registered growth of 5.9% (-2.9% withoutexcluding the rooms not available due to reforms). Lastly, in the **Americas**, like-for-like revenue rose at24.4% in constant-currency terms.

### Status of the businessplan

NH Hotel Group remains concentrated on its current priority,namely on-target execution of its five-year business plan which, two years intoits implementation, is enabling the Group to deliver its guidance to date,specifically a higher revenue base, a better positioned and more streamlined portfolio and a significant improvement in guest feedback.

In respect of the first quarter, it is worth highlighting thefact that the project for unlocking efficiency gains and profits via the new **revenue management and pricing strategy** continues to reveal its true potential, enabling sustained growth in averagerates, a metric on which the Group is **outperformingits direct competitors** in the key cities in which it operates. Theefficient occupancy and price management strategy executed during the first quarter enabled NH to substitute the less profitable rates eliminated in thewake of the new segmentation strategy embarked on in 2015, driving growth inthe occupancy and average daily rates, despite the fact that the first quarteris seasonally the slowest of the year. This strategic shift into moreprofitable rates is creating more effective segmentation which will have a more resounding impact during the high-season months.

Thanks to investments in **asset repositioning in the amount of €237 million**, coupled with the addition of **more hotels under the umbrella of the upper-upscale trademark, NH Collection** (which at the March close had 56 hotels and 8,804 rooms), the Company has strengthened its portfolio and led to a significant improvement in guest feedback, such that **32% of its properties (40% in the case of the NH Collection range)** currently rank in the **top 10** in each destination when travellers perform a search on TripAdvisor (**with 51% of the total portfolio and 62% of the NH Collection establishments in the top 30**). Since the plan was first rolled out, 48 hotels have been fully refurbished. Another 17 hotels are scheduled for refurbishment in 2016.

Elsewhere, the portfolio **streamlining plan**, which combines the Group's **exit from non-core hotels** with the incorporation of new developments which **make a significant contribution to the quality of the establishments and destinations** comprising the overall portfolio, is progressing as planned, endowing the Company with a more **profitable portfolio characterised by greater potential**.

Against this backdrop, 37% of the **disposal proceeds target** set for this year of €140 million had already materialized as of May 10 2016; this figure is expected to increase steadily thanks to several sales which are at an advanced stage of negotiation and are expected to close in the coming weeks such that 80% - 85% of this target should be reached by September.

In turn, investor and owner confidence continues to drive **an accelerating pace of growth**: already in 2016, the Group has signed **four new projects** in Monterrey (Mexico), Venice (Italy), Bariloche (Argentina) and Toulouse (France); these projects will add 543 new rooms to the Group's portfolio.

Elsewhere, at the end of the first quarter, the Company launched a joint venture with HNA for the development of hotels under the NH Hotels and NH Collection trademarks in the midscale and upper-upscale segments in China. The goal is to be operating between 120 and 150 hotels by 2020. The Company is already working on first two in Sanya and Haikou; these establishments are slated to open in the second half of 2016.

## **Outlook for 2016**

Continued momentum this quarter, coupled with the upbeat outlook for the months to come, enable management to reiterate guidance for 2016 as a whole, which calls for topline growth of between 7% and 9% and like-for-like EBITDA of around €200 million.

### **Like-for-like hotel business performance by market**

*(1Q16: like-for-like hotel data + hotels under refurbishment)*

The **Spanish** business unit performed strongly in both Madrid and Barcelona, while the cities of Zaragoza, Valencia and Seville posted stellar performances: RevPAR growth of 43.9%, 29.4% and 24.7% respectively. RevPAR across this business unit as a whole registered growth of 20.2%, driven by growth of 7.6% in the ADR and of 11.7% in the occupancy rate. Revenue rose by 20.3% year-on-year, while EBITDA jumped 41.2%.

**Italy** posted RevPAR growth of 4.3%. Throughout this off-peak quarter, all the Group's Italian destinations performed well and revenue rose by 7.7% year-on-year.

RevPar in the **Benelux** business unit rose by 2.8% in 1Q16, driven in full by stronger pricing. Revenue in this unit narrowed by 2.9% due to the impact of the hotels being refurbished. The decline in the relative contribution by the Brussels hotels was offset in full by a strong performance in Amsterdam. Stripping out the impact of the hotels being refurbished, topline growth in this unit would have reached 5.9%.

**Central Europe** saw its RevPAR increase by 3.9%, with prices up 3.6% and occupancy relatively flat. Revenue in this market rose by 2.3% despite the adverse impact of the timing of Easter in this region and the loss of revenue at hotels under refurbishment. EBITDA narrowed a slight €0.7 million, largely due to the EBITDA foregone at the hotels under refurbishment. This unit is expected to stage a stronger performance in the coming months, by which time the hotel repositioning plan will be well advanced.

**Revenue in the America business unit** rose by 24.4% in constant-currency terms to €23.2 million. In current values, revenue dipped by 8.2%. The drop in revenue, shaped by currency devaluation, was fully absorbed at the EBITDA level thanks to the Group's cost control plan in this market.

By region, Mexico reported local-currency RevPAR growth of 12.0%, driven by price growth of 12.9%. Mercosur (mainly Argentina), meanwhile, registered local-currency RevPAR growth of 48.4%, underpinned by growth in the ADR of 61.8%.

## About NH Hotel Group

NH Hotel Group ([www.nh-hotels.com](http://www.nh-hotels.com)) is Europe's third-ranked business hotel chain. It operates close to 400 hotels with almost 60,000 rooms in 30 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.



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## ABOUT NH HOTEL GROUP

### Over NH Hotel Group

NH Hotel Group is beursgenoteerd in Spanje met bijna 400 hotels in 30 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, 2015 en 2016. Kijk voor meer informatie op [www.nh-hotels.com](http://www.nh-hotels.com) en [www.nh-collection.com](http://www.nh-collection.com).

### About NH Hotel Group

NH Hotel Group is listed on the IBEX 35 stock exchange of Madrid and has nearly 400 hotels in 30 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, 2015 and 2016. For more information, visit [www.nh-hotels.com](http://www.nh-hotels.com) and [www.nh-collection.com](http://www.nh-collection.com).



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