

- Net profit of €21.5m in 9M16, compared to a loss of €13.9m in 9M15 -

EXECUTION OF THE BUSINESS STRATEGY, COUPLED WITH ENHANCED EFFICIENCY, UNDERPINNED BY ABOVE-MARKET GROWTH IN REVENUES, DRIVE SOLID EARNINGS GROWTH AT NH HOTEL GROUP

- **Strong momentum across the Group's business units drove revenue growth of 6.7% to €1.1bn and EBITDA growth of 27.3% to €124.6m, underpinned by EBITDA margin expansion of 1.8 percentage points in 9M16**
- **The upward trend in RevPAR continued throughout the first nine months (+6.3%), fuelled almost entirely by growth in the ADR (+5.2%), a metric that was particularly strong in Spain (+15.9%) and Central Europe (+9.7%)**
- **The third quarter was marked by substantial improvement in net profit, up €8.3 million year-on-year, lifting net profit for the nine-month period to €21.5m, compared to a loss of €13.9m in 9M15**
- **The Group's financial position improved during the reporting period: leverage has fallen to 4.3x in the last 12 month (vs. 5.6x at year-end 2015), thanks to a €76m reduction in net financial debt, in turn shaped by cash flow generation**
- **This momentum and the successful completion of the Group's refinancing process have translated into the corporate rating upgrades announced by the leading credit rating agencies during the reporting period**

Madrid, 15 November 2016. Today NH Hotel Group presented its third-quarter results, which confirm the earnings momentum evidenced in the first half of the year.

Favourable trends across the Company's main operating markets, outperformance on revenue per available room relative to its competitors and efficient management of the business were keys to the solid earnings growth reported by the Group in the first nine months of 2016.

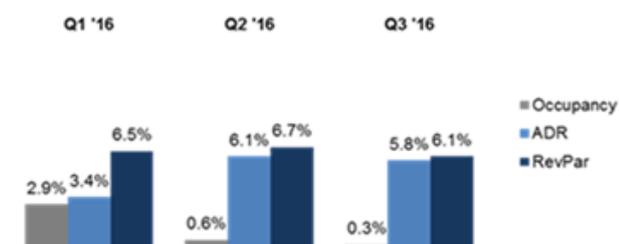
9M16 earnings performance

NH Hotel Group's most recent results release confirms extension of the **revenue momentum** the Company has been reporting in recent years, specifically year-on-year growth of 6.7% in 9M16, despite several external circumstantial factors such as the impact of exchange rates in certain markets and the delay in recovery in the Brussels market.

More specifically, the Group reported revenue of €1.1bn in the first nine months of 2016, driven by excellent performances in Spain and Central Europe, both of which registered double-digit growth (+13.8% and +10.3%, respectively) in the third quarter. The Italian business unit, hit particularly hard by a tough comp due to the Universal Exhibition hosted by Milan last year, managed to report flat revenues in 9M16, despite the Expo-related contraction in the third quarter. In Benelux, meanwhile, the reduced contribution by the Belgian market continues to be offset by momentum in the Netherlands. The Americas business unit, meanwhile, remained very strong in all markets in local-currency terms (+30.7%) but was hurt by exchange rate trends.

The price management strategy deployed year-to-date has translated into growth in **revenue per available room (RevPAR) of 6.3%**, driven mainly by price growth of 5.2%, topped up by an increase in occupancy of 1.0%. Note that RevPAR growth in the third quarter was 6.1%, 95% of which driven by growth in the average daily rate (+5.8%), while the occupancy rate was broadly flat (+0.3%). The strategy implemented enabled **NH Hotel Group to outperform its direct competitors** in its main destinations once again this quarter.

Trend in hotel sector metrics by quarter



ADR: average daily rate
 RevPAR: revenue per available room

Performance relative to competitors in 3Q16

Q3	ADR % var		"Relative" ADR var
	NH	Compset	
Total NHH	0,6%	-0,7%	1,3 p.p.
Spain	12,1%	6,1%	6,0 p.p.
Italy	-16,2%	-10,6%	-5,7 p.p.
Benelux	4,6%	-2,2%	6,8 p.p.
Central Europe	6,9%	3,5%	3,5 p.p.

Key cities for which there is a market source for this metric
 Source: STR/MKG/Fairmas Competitive Set Average Growth

In the first nine months of the year, the Group reported an increase in **EBITDA of 27.3% to €124.6m**, evidencing margin expansion of 1.8 points, from 9.5% in 9M15 to 11.4% in 9M16. Third-quarter EBITDA was 27.1% higher year-on-year at €51.5m, in line with the growth the Company has been delivering in recent quarters.

Net profit, including non-recurring items, came to **€21.5m in the first nine months**, marking a €35.4m improvement year-on-year (9M15: net loss of €13.9m). It is worth highlighting the positive trend in recurring net profit in the third quarter, underpinned by underlying business momentum: the Company reported a recurring net profit of €10.0 million in 3Q16.

Income statement

NH HOTEL GROUP P&L ACCOUNT						
(<i>€ million</i>)	Q3 2016	Q3 2015	Var.	9M 2016	9M 2015*	Var.
	M. Eur.	M. Eur.	%	M. Eur.	M. Eur.	%
TOTAL REVENUES	380,5	361,8	5,2%	1.095,5	1.027,1	6,7%
GROSS OPERATING PROFIT	128,0	115,2	11,1%	354,6	318,4	11,3%
EBITDA BEFORE ONEROUS	51,5	40,6	27,1%	124,6	97,9	27,3%
NET INCOME including Non-Recurring	11,8	3,5	236,8%	21,5	(13,9)	254,9%

* Includes Hoteles Royal from March 4, 2015

Improvement in the Group's financial position

Net debt stood at €761m at 30 September 2016, down €76m from year-end 2015, thanks to satisfactory free cash flow generation during the reporting period, as the repositioning investment effort of the first nine months was financed by proceeds from the sale of non-core assets. Accordingly, **leverage had fallen to 4.3x** at the reporting date, from 5.6x at year-end 2015.

Status of the business plan

More than half-way into its five-year business plan, **NH Hotel Group has fully repositioned 59 hotels**; four additional refurbishments are in progress and another three are due to start in the coming months. In addition, the Group has introduced improvements at unrefurbished hotels, improving supply standards across most of its portfolio. With more hotels in good repair and a portfolio gradually gaining weight in the upper segment, with the launch of new establishments under the NH Collection brand, the Company continues to witness a significant improvement of the guest's experience and in how its hotels are perceived. At the Group level, 34% of its establishments rank in the top 10 in the corresponding destination when travellers perform a search on Trip Advisor (44% in the case of NH Collection), while 52% are in the top 30 (59% in the case of NH Collection).

It is worth highlighting the effort made year-to-date to **internationally roll out the NH Collection brand**, the Group's trademark in the upper-upscale segment, and the positive impact this strategy is having on its overall image and ADR. In total, the Company has 67 NH Collection hotels in operation in 13 countries. Noteworthy openings this year include the NH Collection Mexico City Reforma, the NH Collection Berlin Friedrichstrasse, the NH Collection Roma Palazzo Cinquecento, the NH Collection Amsterdam Grand Hotel Krasnapolsky, the NH Collection Amsterdam Doelen, the NH Collection Barcelona Grand Hotel Calderón and the NH Collection Madrid Suecia, among others.

The Group continues to forge ahead with its **expansion** plans for strategic markets, reinforcing its presence in Europe and adding to its Latin American portfolio (13 hotels/1,800 rooms signed between January and September in destinations such as Venice, Toulouse, Antwerp, Eindhoven, Monterrey, Mexico City and Santiago de Chile, among others). All these new rooms have been signed using capital-light formulae such as management regimes and leases, enabling the Group to finance and develop its business operations without having to increase leverage. Also during the same period, the Company opened four new hotels (541 rooms) in Madrid, Guadalajara (Mexico), Rome and Bariloche. In parallel, it sold non-core assets, generating €111m of proceeds.

Successful culmination of the refinancing process and credit ratings upgrades

The Company has taken advantage of its improved business and financial performance and leveraged the current favourable market conditions to culminate its refinancing process, which closed successfully in September through a bond issue and a long-term syndicated credit facility. Specifically, the Group has issued €285 million of senior secured notes due in 2023, on more advantageous terms than those obtained on the notes issued in 2013: the 6.875% coupon carried by the 2013 notes has been cut to 3.75% on this issue. As a result, the Company has settled the borrowings due in 2017 and 2018 ahead of maturity, simplifying its capital structure by using the proceeds to repay bank debt.

In parallel, under the umbrella of this same transaction, the Group has equipped itself with greater financial flexibility by raising a €250 million syndicated revolving loan; this three-year facility can be extended by a further two years subject to refinancing the bonds issued by the Company in 2013 and due 2019.

The Company's improved situation has also been evident in the corporate rating upgrades recently announced by the leading credit rating agencies. Both Standard & Poor's and Fitch have upgraded their ratings to B (with a stable outlook), reflecting their view that the Group will further lift its business performance while continuing to boost liquidity. Moody's has assigned the Company a corporate family rating of B2, thanks to the healthy progress being made on execution of its business plan, improved liquidity and a focus on asset-light operating formula.

Like-for-like hotel business performance by market

(9M16: like-for-like hotel data + hotels under refurbishment)

Spain stands out, having performed very well all year long, boosted in the third quarter by a healthy results in Madrid and Barcelona (RevPAR growth of 9.2% and 12.4%, respectively), as well as an excellent performance in Valencia, where RevPAR jumped by 21.8%. RevPAR across this business unit as a whole registered like-for-like growth of 14.8% in 9M16, driven by growth of 9.6% in the ADR and of 4.7% in the occupancy rate. Revenue rose by 15.6% year-on-year to €266.4m, while EBITDA registered notable growth of €12.5m.

Italy: RevPAR in this unit narrowed by 3.4% year-on-year, reflecting the non-recurrence of the Universal Exhibition which took place in Milan in 2015. Total nine-month revenue in this unit was flat year-on-year in 9M16 at €193.2m, evidencing strong performances in Rome and secondary Italian cities.

Despite the adverse impact of the delay in recovery in Brussels due to external and circumstantial factors, the **Benelux business unit** presented RevPAR growth of 1.8%, shaped by a strong performance in Amsterdam and the refurbishment work carried out. Overall revenue in this unit was 0.7% higher year-on-year at €219.9m.

Central Europe stands out: an excellent performance left RevPAR growth of 9.9% in 9M16, driven by growth in the ADR and occupancy rate of 7.5% and 2.3%, respectively. Revenue climbed 8.2% higher to €288.4m, in part due to a favourable line-up of trade fairs, marked by the coincidence of events held every two and three years.

The underlying trend in America remains very positive in local-currency terms in all markets, albeit adversely affected by exchange rate movements. Note that the drop in constant-current revenue in this unit was fully absorbed at the EBITDA level (up 4.8% year-on-year in 9M16), thanks to the cost control plan in effect in the region and an excellent performance at the Company's flagship establishment in Mexico (the NH Collection México City Reforma), recently re-opened after full refurbishment.

By region, Mexico reported local-currency RevPAR growth of 17.5% in 3Q16, driven by price growth of 17.3%. Mercosur, meanwhile, registered local-currency RevPAR growth of 35.1% last quarter, underpinned by growth in the ADR of 38.0%. Lastly, Colombia presented revenue growth of 7.8% on the back of growth in the ADR of 9.0%.



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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 en 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 and www.nh-collection.com.



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