

NH Hotel Group posts its highest first-quarter topline growth in 10 years along with positive first-quarter ebitda for the first time since 2012

Net income jumps 37.5% in the least significant quarter of the year



-First-quarter results-

Healthy momentum in the hotel business across all of the Company's markets, particularly in Spain (+12.1%) and Benelux (+17.0%), drove revenue a solid 8.9% higher year-on-year to €328.6 million.

A balanced combination of growth in occupancy and the ADR drove an increase in RevPAR of 11.9%, with NH Hotel Group outperforming its rivals in its main destinations.

EBITDA, which came in at €10.8 million, was positive for the first time in a first quarter in five years, increasing by €15.6 million year-on-year.

As a result, the Group posted the highest growth in first-quarter net income (+37.5%) since 2011, being the first quarter historically negative due to its lesser contribution to the results of the full year

-Reiteration of guidance for 2017 and outlook for 2018-

The favourable trend and performance registered reiterate the Company's guidance for EBITDA of €225 million this year, in which it also expects to reduce leverage (net debt/EBITDA) to between 3.0x and 3.25x. Moreover, the Group is in position to confirm a positive outlook for 2018, fuelled by growth in its key markets, the improvements driven by the refurbishments undertaken in 2016 and the deployment of the second phase of the efficiency plan, which will bring additional savings of 7 to 10 million euros

-Annual General Meeting-

The Company has called its Annual General Meeting for 29 June. The Board of Directors has agreed to submit a motion at the meeting for the distribution of a dividend from 2016 profits of €0.05 per share outstanding and another for the launch of a new long-term incentive plan aligned with shareholder interests

Madrid, 11 May 2017. Today, NH Hotel Group presented its first-quarter 2017 results, that evidence significant progress on the momentum the Company has been displaying quarter after quarter, marked by solid topline growth in all markets, outperformance relative to its competitors in its main destinations and an effective effort to control operating expenses.

During the quarter, the Group evidenced its enhanced ability to boost revenue and margins, underpinned by the investments made in repositioning its hotels and in the quality of its guest proposition. As of the March close, the Company had fully refurbished 61 hotels and reorganised its portfolio around four brands: NH Hotels, NH Collection, nhow and Hesperia Resorts. Note that the new premium brand, NH Collection, under which the Group is already managing 67 establishments with 10,483 rooms, is demonstrating its tremendous potential for driving price growth and enhancing how hotel guests perceive its properties.

All of this enabled the Company to post an extraordinary results performance, indeed its best first-quarter performance in recent years.

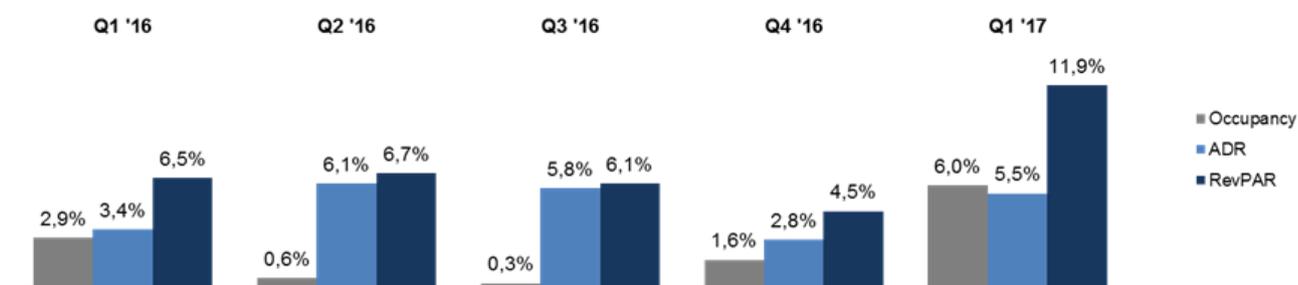
1Q17 earnings performance

The Group's healthy revenue performance, **namely year-on-year growth of 8.9% to €328.6 million**, is the result of the effort made to reposition the hotel portfolio in recent years, roll out the new guest service proposition and implement efficient tools and astute revenue management strategies. The Company is growing solidly in all its markets and outperforming its direct competitors in its main destinations. As a result, NH Hotel Group saw its revenue increase by €26.8 million from 1Q16, posting its **highest first-quarter topline growth figure in 10 years**.

It is worth highlighting the Group's excellent revenue performance in Spain, where growth reached 12.1%, and Benelux, at 17.0%, the latter boosted by the fruits of hotel repositioning and the full recovery of the Belgian market. The Central European, Italian and Latin American business units posted revenue growth of 3.9%, 1.6% and 13.3%, respectively.

The price management strategy rolled out during the least significant quarter of the year paved the way for **growth in revenue per available room (RevPAR) of 11.9%, underpinned by growth in all markets**. This significant growth in this key hotel business ratio was enabled by a growth strategy that targeted the average daily rate (ADR), up 5.5%, and occupancy, up 6.0%, in parallel. Once again this quarter, the strategy pursued enabled **NH Hotel Group to outperform its direct competitors** in its main destinations: relative RevPAR and ADR growth was 3.1 and 1.6 percentage points, respectively, above that of its competitors, with the performance in key city destinations such as Madrid, Barcelona, Amsterdam and Brussels standing out.

Trend in key hotel indicators by quarter



ADR: average daily rate
RevPAR: revenue per available room

First-quarter earnings performance relative to competitors

	% chg. in ADR		Relative chg. in
	NH	Compset	ADR
Total NH	3.4%	1.9%	1.6pp
Spain	7.0%	3.6%	3.4pp
Italy	0.5%	-0.9%	1.4pp
Benelux	-0.6%	-3.2%	2.6pp
Central Europe	4.5%	5.0%	-0.5pp

	% chg. in RevPAR		Relative chg. in
	NH	Compset	RevPAR
Total NH	9.2%	6.1%	3.1pp
Spain	15.2%	6.9%	8.3pp
Italy	4.0%	6.1%	-2.2pp
Benelux	11.7%	0.8%	10.9pp
Central Europe	6.1%	9.0%	-2.9pp

Key cities for which there is a market source for this metric
Source: STR/MKG/Fairmas (average growth for the peer group)

Revenue growth coupled with cost control enabled **NH Hotel Group to register positive recurring EBITDA for the first time in the first quarter since 2012**. First-quarter EBITDA amounted to €10.8 million, year-on-year growth of €15.6 million, implying a revenue-to-EBITDA conversion ratio of 58%.

As a result, the Group posted the **highest growth in its first-quarter net income (+37.5%) since 1Q11**. During the quarter, historically negative on account of making the lowest contribution to the full-year results, the Company registered a very significant bottom-line growth, improving on last year's first-quarter loss by €14.9 million.

NH HOTEL GROUP P&L ACCOUNT

(€ million)

	Q1 2017	Q2 2016	Var.	
	M. Eur	M. Eur	M. Eur	%
TOTAL REVENUES	328,6	301,8	26,8	8,9%
GROSS OPERATING PROFIT	88,6	71,2	17,4	24,4%
EBITDA BEFORE ONEROUS	10,8	(4,8)	15,6	n.a.
NET RECURRING INCOME	(27,7)	(37,7)	10,1	26,7%
NET INCOME including Non-Recurring	(24,8)	(39,6)	14,9	37,5%

Hotel business performance by market

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

Spain performed excellently all quarter long, boosted by business dynamism in cities such as Barcelona and Madrid, where revenue rose by 10.6% and 9.6%, respectively. RevPAR across this business unit as a whole registered like-for-like growth of 12.9% in 1Q17, driven by growth of 7.2% in the ADR and of 5.4% in the occupancy rate. Overall revenue from the Spanish business unit increased by 12.1% to €81.2 million.

Benelux registered significant business volume growth thanks to the refurbishments carried out in early 2016 and the full recovery of the Brussels market, where the Company registered RevPAR growth of 17.1%, again outperforming its direct competitors. This business posted growth in occupancy of 11.1% and growth in the ADR of 6.2%, resulting in an increase of 18.0% in RevPAR in this unit as a whole. This market generated €67.3 million of revenue, up 17.0% year-on-year.

Italy presented like-for-like RevPAR growth of 4.5%, shaped by a healthy performance across all destinations in a quarter traditionally market by low occupancy, which nevertheless rose by 3.1%. Revenue in this market climbed 1.6% higher to €52.5 million.

Central Europe posted a magnificent performance, driven by RevPAR growth of 8.6%, in turn boosted by growth in occupancy and rates of 4.1% and 4.3%, respectively. Although there were fewer rooms available in this market during the period due to ongoing refurbishment work, revenue rose 3.9% to €86.7 million.

Latin America posted a very positive performance across all countries. First-quarter revenue was 13.3% higher year-on-year at €33.8 million.

By region, Mexico posted topline growth of 15.5%, attributable to the repositioning in 2016 of the NH Collection Mexico City Reforma; in Mercosur, revenue growth was even higher, at 20.9%, driven by higher business volumes (occupancy: +14.0%) as well as price growth (+10.7%); lastly, Colombia registered revenue growth of 3.8%.

Enhanced financing terms for the Group

Taking advantage of the Group's business and earnings momentum, coupled with a strong capital markets environment, the Company decided to refinance a portion of the bonds it issued in 2013 ahead of maturity by upsizing the issue carried out in September of last year.

Against this backdrop, in **April 2017, the Group repaid €150 million of 6.875% bonds due 2019 using cash and the proceeds from the issuance of €115 million of new 3.17% bonds due 2023**. This transaction has enabled NH Hotel Group to extend its maturity profile, while reducing gross debt and its average borrowing cost.

Reiteration of guidance for 2017 and outlook for 2018

The new revenue management strategy already in place, the potential of the refurbished hotels, a more efficient management model, the generation of cash and deleveraging are the Group's top strategic priorities for **2017**, a year in which the **Company confirms its target of delivering €225 million of EBITDA**. The strong first-quarter earnings performance not only enables the Company to reiterate its EBITDA forecasts, it also allows it to reaffirm its intention of bringing its **leverage ratio** (net debt/EBITDA) **down to between 3.0 and 3.25x** by the end of 2017.

The favourable trend and performance confirm a positive outlook for 2018, fuelled by growth in its key markets -particularly fuelled by Spain and Benelux-, the improvements driven by the refurbishments undertaken in 2016 and the deployment of the second phase of the efficiency plan, which will bring additional savings of 7 to 10 million euros.

Annual General Meeting

Today, NH Hotel Group called its Annual General Meeting for June 29th. Among the motions to be submitted at the Meeting, the Board of Directors will propose the payment of a **dividend from 2016 profits of €0.05 per outstanding share** (before withholding tax), which implies an estimated pay-out of €17 million. In this manner, the Board of Directors has underlined its intention of reinstating the dividend, paid for the last time in 2008 with a charge against 2007 profits, framed by the implementation of a dividend policy that is stable, progressive and consistent with the Company's deleveraging targets.

The Board will also ask the Company's shareholders to approve a **new long-term incentive plan aligned with shareholder value generation interests**. The plan, which will be tied to the share price, will be targeted at 100 beneficiaries and contingent upon delivery of specific profitability and recurring EBITDA and net profit generation targets.



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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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