

-Guidance for FY18 reiterated on back of strong first-half performance and positive outlook-

EFFICIENCY AND DELEVERAGING AT NH HOTEL GROUP PAVE THE WAY FOR FASTER GROWTH IN RECURRING NET PROFIT THAN IN EBITDA



-1H18 results-

- **Strong performance in the hotel business in all markets, particularly Benelux and Italy, where like-for-like revenue rose 7.4% and 5.7%, respectively, drove overall topline growth of 3.9% to €785.5 million, despite the impact of currency evolution (+5.8% in constant currency terms) and the timing impact of the holiday calendar in 2Q**
- **The combination of growth in the ADR and occupancy drove an increase in RevPAR of 2.2%, with NH Hotel Group outperforming its direct competitors in its main destinations**

- **Revenue growth, coupled with cost control, paved the way for EBITDA(1) of €115 million, up €12 million year-on-year, implying a revenue growth-to-EBITDA conversion ratio(1) of 40%**
- **Stronger business momentum and lower finance costs drove significant increase in recurring net profit, reaching €23 million (+€14.3 million vs. first half 2017 and higher than EBITDA(1) growth)**
- **Reported net profit amounted to €64.3 million, up €56.7 million year-on-year, underpinned by business momentum and the contribution by gains on assets rotation during the reporting period**
- **The early conversion of the Group's €250 million convertible bonds, strong operating cash flow generation and the proceeds from asset rotation enabled a significant reduction in net debt to €229 million, down €426 million from year-end 2017**
- **As ratified by the Annual General shareholders Meeting, the Company will pay a gross €0.10 per share dividend on 27 July 2018, implying an estimated outlay of €39 million**

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

-Minor International Tender Offer-

- **The Minor International Group has asked the Spanish securities market regulator to authorise the launch of a public tender offer for 100% of the shares of NH Hotel Group at €6.40 per share, €6.30 after payment of the announced dividend**
- **The Board of Directors of NH Hotel Group has hired financial and legal advisors and will issue its report in due course, as prescribed in prevailing securities market regulations**

-Upbeat guidance for 2018-

- **The favourable trend in the hotel business so far this year, combined with the positive outlook, puts the Company in a position to reiterate its 2018 guidance for EBITDA(1) of €260 million and for a significant reduction in net debt leverage to 1.0-1.2x, compared to 5.6x in 2015**
- **In May, Moody's echoed the ratings improvements announced by Fitch and Standard & Poor's towards the end of the first quarter, highlighting the Group's "strong record of performance and resulting significant deleveraging, as well as improved liquidity" (Moody's raised Company's rating from B2 to B1 with a stable outlook)**

Amsterdam, July 27th, 2018. NH Hotel Group presented its first-half 2018 earnings on July 26th 2018 in Madrid, which mark the extension of the healthy performance at the start of the year, evidencing efficient operational management of the business as well as the result of the important steps taken to boost the Group's financial health.

According to NH Hotel Group's CEO, **Ramón Aragonés**, *"these results are in line with the solid performance the Company has been posting in recent years and they reflect the Group's position of leadership in its main destinations, optimal operational management and efficient cost structure, as well as the positive impact of the significant deleveraging effort"*.

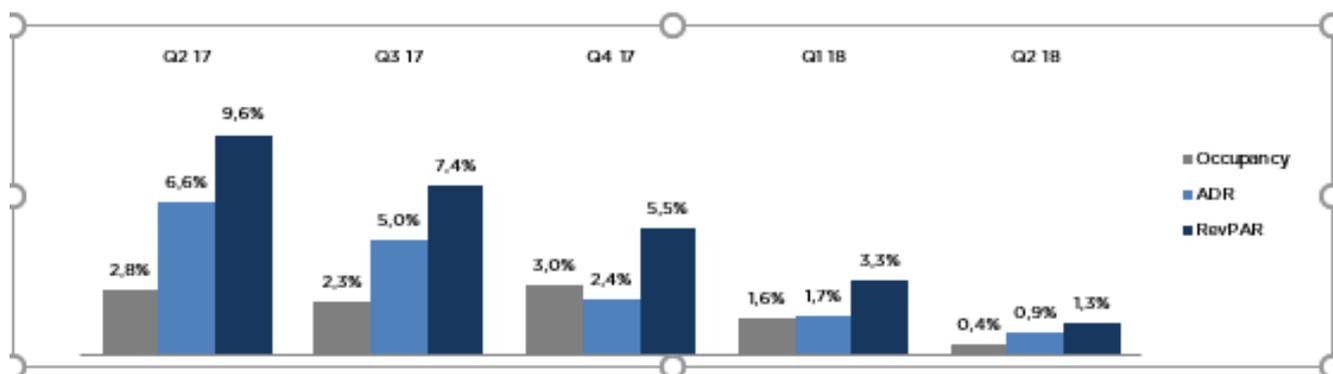
-1H18 results-

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 3.9% in 1H18, despite several external circumstantial factors such as the impact of exchange rates, the holiday calendar and reduced incidence of congresses in certain markets in the second quarter. **Overall Group revenue was €29.6 million higher year-on-year at €785.5 million.**

The Group continues to show solid growth in its main markets. **Benelux and Italy were particularly strong, posting like-for-like revenue growth of 7.4% and 5.7%, respectively.** Elsewhere, **like-for-like topline growth was 2.7% in Spain and 2.2% in Central Europe**, despite the fact that the comparison is affected by the holiday calendar in the second quarter of 2018 and an extraordinary contribution by the congress segment in 1H17. Lastly, **Latin America** was affected by exchange rate effects, albeit registering **growth of 11.9% in constant currency terms.**

(1) Recurring EBITDA before onerous reversal and capital gains from asset disposals
 The revenue management strategy in place and the ongoing improvement in the quality of the portfolio paved the way for **growth in revenue per available room (RevPAR) of 2.2% in 1H18.** Note that the RevPAR growth reported in 1H18 was driven by the balanced strategy of combining growth in the ADR (of 1.3% to €97) with growth in occupancy (of 0.8% to 70%) across the Company's portfolio of hotels.

Trend in key hotel indicators by quarter



ADR: average daily rate

RevPAR: revenue per available room

1H18 earnings performance relative to competitors

This strategy once again enabled **NH Hotel Group to outperform its direct competitors in its main destinations as a whole**, specifically posting growth in its **RevPAR that was 0.7 percentage points higher** than that of its competitors.

HI 2018	ADR % var.		"Relative" ADR Var.	"Rel." Occupancy Var.	"Rel." RevPAR Var.
	NH	Comp.Set			
Spain	-0.2%	-0.8%	0.6 p.p.	-1.7 p.p.	-1.1 p.p.
Italy	6.8%	3.3%	3.5 p.p.	0.8 p.p.	4.4 p.p.
Benelux	6.1%	5.2%	0.8 p.p.	0.3 p.p.	1.2 p.p.
Central Europe	0.7%	0.3%	0.4 p.p.	-0.5 p.p.	-0.2 p.p.
Total NH	3.0%	2.0%	1.0 p.p.	-0.3 p.p.	0.7 p.p.

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

As well as **opening seven new hotels** in top destinations in Europe and Latin America, the Company continued to improve the quality of its asset portfolio: it is in the process of **refurbishing 13 hotels** located in Germany (3), Austria (1), Spain (4), United States (1), The Netherlands (1) and Italy (3). Meanwhile, the NH Collection brand, with its 78 hotels and 12,344 rooms (21% of the portfolio) continues to demonstrate its full potential in terms of guest satisfaction and premium pricing (38% higher than the ADR obtained by the NH Hotels brand). In parallel, the Company continues to focus on quality, adding new sources of information for tracking guest feedback, thus stepping up the number of assessments.

Trend in perceived quality



Thanks to the growth in revenue and efficient management of operating expenses, the **Company delivered EBITDA(1) of €115 million, growth of €12 million or 11.5% year-on-year** and implying a **margin of 14.6%** (expansion of 1 percentage point). As a result, the conversion ratio of incremental revenues into EBITDA(1) is 40%, despite higher occupancy and the impact of new openings. Stripping out the impact of new openings and refurbishments, the like-for-like conversion ratio rises to 61%.

Stronger business momentum and lower finance costs drove a significant **increase in recurring net profit, reaching €23 million (+€14.3 million vs. first half 2017 and higher than EBITDA(1) growth).**

Reported net profit amounted to €64.3 million, up €56.7 million from 1H17, sustained by higher net capital gains from asset rotation in 2018. In February of this year, the Company closed an agreement for the sale and leaseback of the building that houses the NH Collection Barbizon Palace in Amsterdam.

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

NH Hotel Group's consolidated income statement:

NH HOTEL GROUP P&L ACCOUNT

(€ Million)	6M 2018	6M 2017*	Var.	
	€m.	€m.	€m.	%
TOTALE REVENUES	785.5	755.9	29.6	3.9%
EBITDA BEFORE ONEROUS ⁽¹⁾	115.0	103.1	11.9	11.5%
NET RECURRING INCOME	23.0	8.7	14.3	165.2%
NET INCOME including Non-Recurring	64.3	7.6	56.7	N/A

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

Reduction in net financial debt

The early conversion of the Group's €250 million convertible bond, strong operating cash flow generation and the proceeds from asset disposals enabled a **significant reduction in net debt to €229 million, down €426 million from year-end 2017** (€655 million).

That early conversion took place in June 2018 and entailed the delivery of 8.6 million shares from treasury stock and 41.9 million newly-issued shares plus the payment of €1.7 million to the bondholders who didn't apply for conversion, in addition to the corresponding accrued interest. As a result, the total number of shares currently outstanding stands at 392,180,243.

The redemption of the convertible Bond took place through the delivery of €8.6 million treasury shares and €41.9 million newly issued shares to bondholders who requested the early conversion. Moreover, the bondholders who did not request the conversion received €1.7 million plus the corresponding accrued interest. With all of this, the total number of shares in circulation is set at 392,180,243.

Dividend

The gross dividend from 2017 profits ratified at the Annual General Meeting in June 2018, equivalent to **€0.10 per outstanding share**, will be paid out on **27 July** and imply an estimated outlay for the Company of €39 million.

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

-Minor International Tender Offer-

On 10 July 2018, Minor International, a global company focused on three core businesses: restaurants, hospitality and lifestyle brands distribution, asked Spain's securities market regulator, the CNMV, to authorise the launch of a public tender offer for 100% of the shares of NH Hotel Group at a price of €6.40 per share, €6.30 after payment of the announced dividend. The transaction is conditional upon approval of the offer by Minor International's shareholders.

The Board of Directors of NH Hotel Group has hired Bank of America Merrill Lynch and Uría Menéndez and will issue its report in due course, as prescribed in prevailing securities market regulations.

-Upbeat guidance for 2018-

The Group's healthy performance during the first half of the year combined with the positive outlook puts the Company in a position to reiterate its guidance for **EBITDA (1) of €260 million in FY18 and for net debt leverage of 1.0-1.2x by year-end 2018, compared to 5.6x in 2015.**

The Group's excellent results, significant deleveraging and improved liquidity prompted **Moody's** to raise **Company's rating from B2 to B1 (stable outlook)** in May of this year.

This rating upgrade comes after the improvements announced by Fitch and Standard & Poor's in March. **Fitch Ratings** has upgraded its **issuer rating from B to B+ (positive outlook), and raised its senior secured rating from BB- to BB**. For its part, **Standard & Poor's revised its outlook from stable to positive**, affirming its **issuer and issue-level ratings of B and BB-**, respectively.

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APPENDIX: Hotel business performance in 1H18 by market

RevPAR figures: like-for-like hotel data + hotels under refurbishment

EBITDA figures: Recurring EBITDA before onerous reversal and capital gains from asset disposals

Spain performed well throughout the reporting period, registering RevPAR growth of 1.6% (+1.8% excluding the hotels in New York and France whose results are consolidated with those of the Spanish Business Unit for financial reporting purposes). The growth RevPAR was driven by growth in the ADR and occupancy of 0.4% and 1.2%, respectively. In like-for-like terms, Spain reported revenue growth of 2.7%; adding in the impact of the hotels under refurbishment (essentially the establishment in New York), this unit reported topline growth of 0.8% to €203.2 million. EBITDA in this market was 6.5% million higher year-on-year at €30.8 million.

Benelux was the best-performing unit in 1H18, posting magnificent growth in like-for-like revenue in Brussels (+13.3%), Amsterdam (+7.5%) and the secondary cities, so that RevPAR across the region rose by 8.4% (growth in the ADR and occupancy rate of 5.4% and 2.9%, respectively). Like-for-like revenue, plus the revenue from the properties under refurbishment, totaled €168.5 million in 1H18, up €11.5 million year-on-year. EBITDA in the region was 14.4% higher at €32.2 million.

Italy also performed extremely well, reporting RevPAR growth of 5.5%, fueled by price increase of 3.7% and growth in the occupancy rate of 1.8%. The performances in Rome, Milan and the secondary cities stand out. Like-for-like revenue in this market, plus revenue at the hotels under refurbishment, totaled €142.4 million, up €6.1 million year-on-year. EBITDA in Italy was €5.4 million higher year-on-year at €30.7 million.

In **Central Europe**, RevPAR was 0.9% higher, shaped by price growth of 0.7% and stable occupancy (+0.2%). Like-for-like revenue in this region increased by 2.2% in the first half; adding in revenue at the hotels under refurbishment, revenue increased by 2.8% to €183.4 million. EBITDA in Central Europe narrowed slightly to €8.5 million (down €0.5 million year-on-year), due mainly to growth in expenses and rents at the hotels refurbished in 2017.

The trend in **Latin America** was positive in constant currency terms: like-for-like revenue growth of 11.9% and growth of 9.7% adding in hotels under refurbishment. The adverse impact of currency effects in Argentina, Colombia and Mexico are entirely responsible for the 11.2% contraction in RevPAR in this region. EBITDA in Latin America was €11.3 million, down 2% from 1H17.

About NH Hotel Group

NH Hotel Group (www.nhhotelgroup.com) is a world-leading urban hotel operator and a consolidated multinational player. It operates close to 400 hotels and 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.

Social media:

www.nh-hotels.com/social-media

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 in 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 in 2014, 2015 and 2016. For more information, visit www.nh-hotels.com and www.nh-collection.com.

Über die NH Hotel Group

Die NH Hotel Group (<https://www.nh-hotels.de/corporate/de>) ist ein multinationales Unternehmen und zählt mit fast 400 Hotels und 60.000 Zimmern zu den weltweit führenden Hotelgruppen im urbanen Raum. Hotels der NH Hotel Group gibt es in 30 Ländern in Europa, Amerika und Afrika und– und das in den Top-Destinationen wie Amsterdam, Barcelona, Berlin, Bogota, Brüssel, Buenos Aires, Düsseldorf, Frankfurt, London, Madrid, Mexico City, Mailand, München, New York, Rom und Wien.

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