NH Collection Brussels Grand Sablon

Q1 2018 RESULTS PRESENTATION

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9th of May 2018

Message from the CEO

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"Dear Shareholders,

In line with the excellent performance of 2017, I am delighted to present a solid start of the year. The Group's strong momentum continues in Q1 2018 with a combination of sound revenue growth of +5%, prices contributing 50% of the RevPAR growth and efficiency measures leading to an EBITDA margin improvement of +1.3 p.p.

NH performed strongly in all markets and in particular showed outstanding LFL revenue growth in Italy (+9.5%), Benelux (+8.1%) and Spain (+6.4%), despite Q1 is seasonally the smallest quarter for the Group.

EBITDA reached €15.7m (+€4.9m; +46%) and the negative Net Recurring Income is reduced by the same amount (+€4.7m) reaching -€22.9m. Total Net Income amounted €21.7m, positively impacted by asset rotation in the quarter reinforcing the deleverage path.

The good start of the year with current trading and the foreseen balanced growth across main European countries benefiting from the repositioning and solid macro environment, allow us to reiterate our €260m EBITDA guidance for 2018.

The Board of Directors has approved the early redemption of the Convertible Bond which maturity was established in November 2018. This milestone concludes the debt reduction process initiated in 2015 and would imply reaching a net financial debt ratio of 1.2x at the end of 2018E vs. 5.6x at the end of 2015."

Ramón Aragonés
CEO, NH Hotel Group

Q1 2018 highlights

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- **Robust Revenue growth of +4.9% reaching €345m (+€16m)**
  - Revenue Like for Like ("LFL"): +4.8%
    - Strong performance in Italy (+9.5%), Benelux (+8.1%) and Spain (+6.4%)
  - RevPAR: +3.3%, combined growth strategy of ADR (+1.7%) and Occupancy (+1.6%)

- **Recurring EBITDA[(1)] of €16m (+€5m; +46%) with a margin improvement of +1.3 p.p.**
  - 31% EBITDA conversion rate affected by higher occupancy rates and new openings. Excluding perimeter changes and reforms, LFL conversion rate reached 40%

- **Reduction of negative Net Recurring Income in Q1**
  - Improvement of +€5m reaching -€23m, despite being the weakest quarter of the year

- **Total Net Income reached €22m**
  - +€46m higher than in Q1 2017. The comparison is affected by the higher contribution of net capital gains from asset rotation

- **Path to deleverage continues**
  - Net financial debt decreased to €505m as of 31st March 2018 from €655m in 31st Dec. 2017
  - Sale & Leaseback of NH Collection Amsterdam Barbizon Palace closed in February 2018 with €155m gross cash (taxes will be paid throughout the year)
  - Rating improvement (March 2018):
    - Fitch upgraded the Corporate rating to 'B+' from 'B' and maintained the Positive Outlook
    - S&P revised the outlook to positive from stable
  - Early Redemption Convertible Bond (€250m) in Q2 2018

- **Financial targets 2018:**
  - €260m EBITDA[(1)]
  - 1.2x net financial debt ratio, after the 2018 Bond conversion (low-end range of 2018 guidance)

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

Key financial metrics

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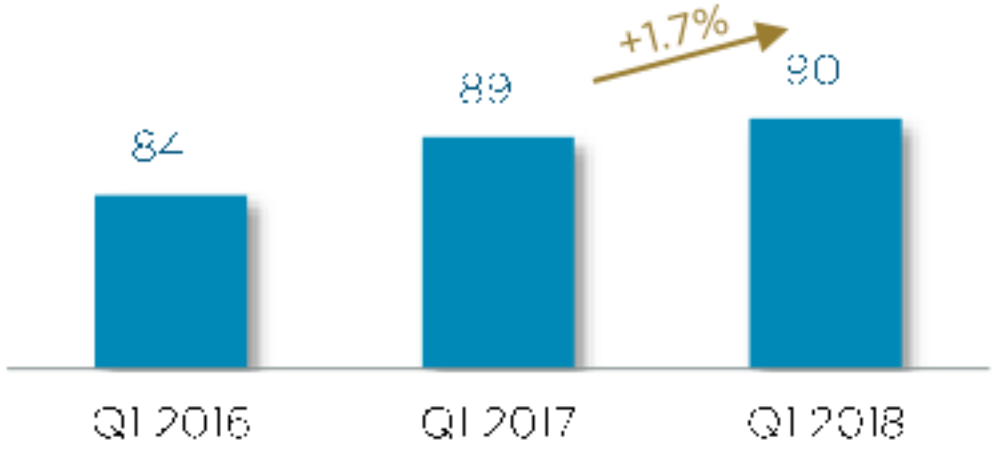
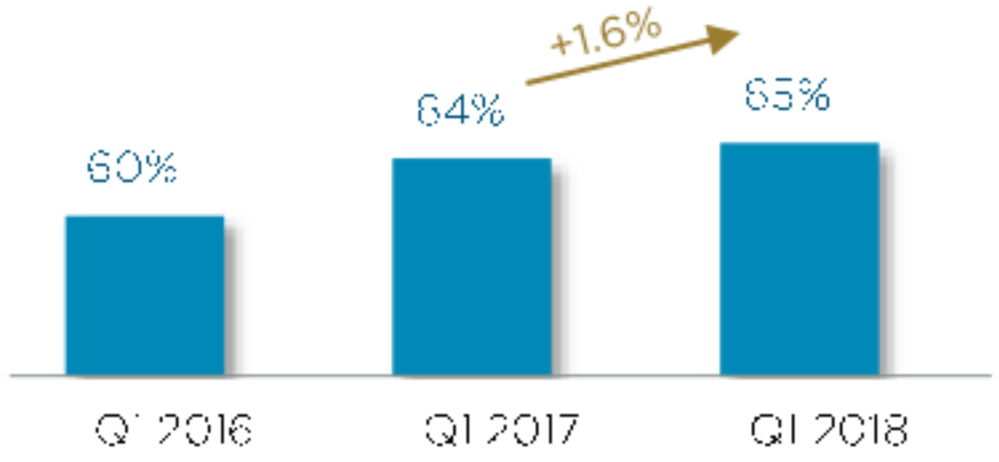
ADR Q1 (€)

- +1.7% price increase (+€1.5) reaching €90
- ADR contributed with 51% of RevPAR growth
- +3.6% CAGR in the period 2016-2018 (+€6.1)



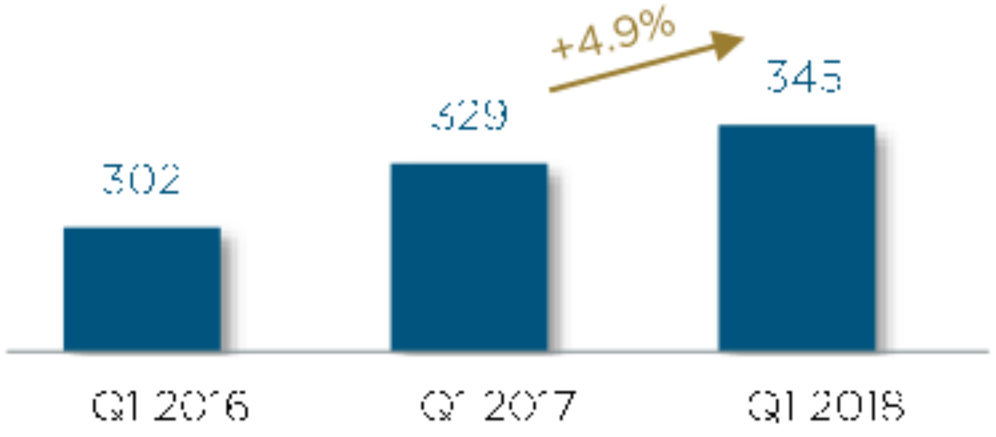
Occupancy Q1 (%)

- +1.6% activity increase (+1.0 p.p.) up to 65.0%
- All regions increasing activity levels except LatAm



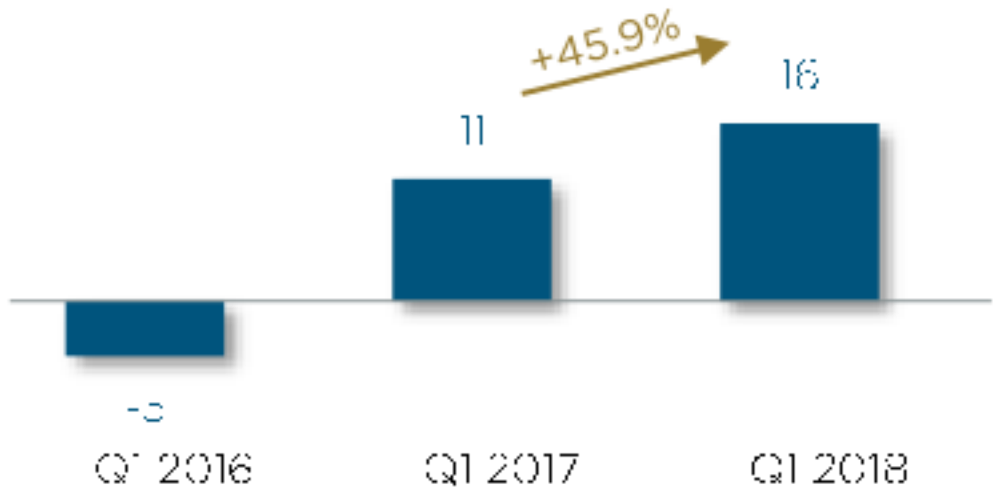
Revenues Q1 (€m)

- +€16m revenue growth (+4.9%) with a strong performance in Italy, Benelux and Spain
- +6.9% CAGR in the period 2016-2018 (+€43m)



Recurring EBITDA[1] Q1 (€m)

- +€5m (+45.9%) with a 31% revenue conversion rate reaching €16m
- Margin improvement of +1.3 p.p.



[1] Recurring EBITDA before onerous reversal and capital gains from asset disposals

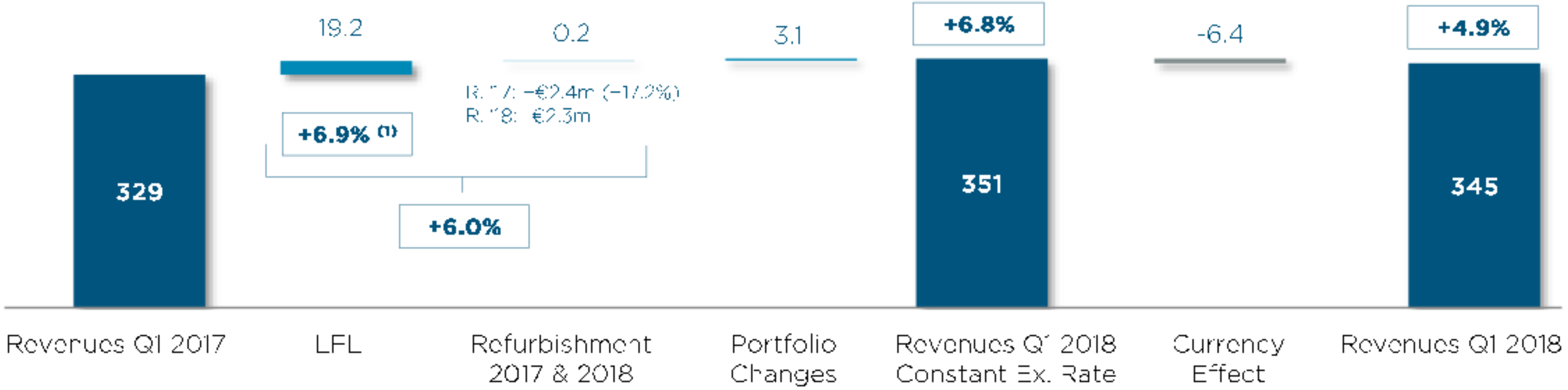
Solid revenue performance continues in Q1 2018

- **Total Revenue growth of +4.9% reaching €345m (+€16m)**
  - Revenue Like for Like ("LFL"): +6.9% with constant FX (+4.8% reported):
    - Strong performance in Italy (+9.5%), Benelux (+8.1%) and Spain (+6.4%)
  - LFL & Refurbished hotels grew +6.0% (+4.0% reported)
    - 2017 refurbished hotels increased revenues by +€2.4m (+17.2%)
    - 2018 opportunity costs for renovations (-€2.3m): mainly from Central Europe, Italy and the hotel in New York (included in Spain Business Unit)

Revenue Split	Var. Q1 2018
Available Rooms	+1.8%
RevPAR	+3.3%
Room Revenue	+5.2%
Other Revenue	+4.1%
Total Hotel Revenue	**+4.8%**
Non Hotel Revenue*	+€0.3m
Total Revenue	**+4.9%**

* Rebates, Capex Payroll Capitalization

€ m

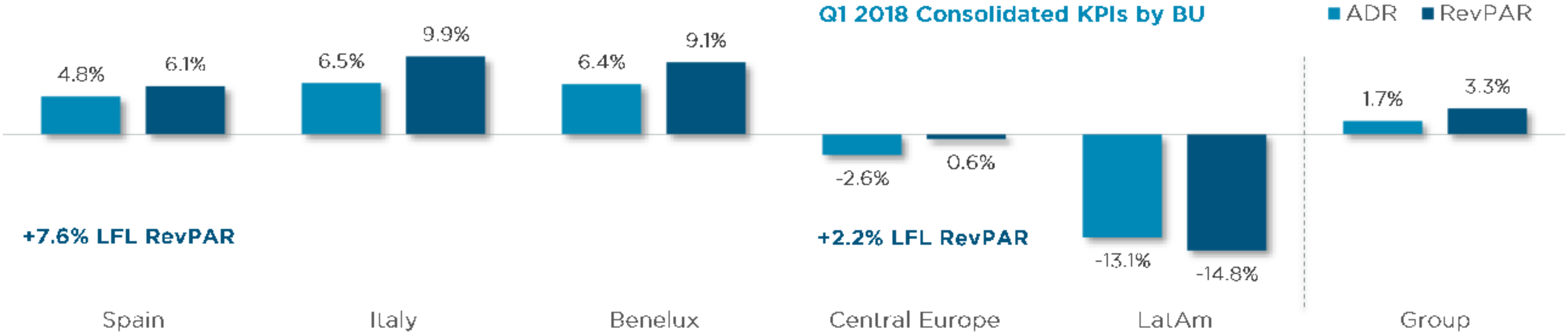


Growth Contribution	+5.8%	+	+0.0%	+	+0.9%	=	+6.8%	+	-1.9%	=	+4.9%

(1) On its 2017 own base. With real exchange rate growth is +4.8%

Combined Occupancy & ADR growth

- **+3.3% RevPAR increase in Q1 2018, combined growth strategy of ADR and Occupancy**
  - Outstanding RevPAR growth in Italy (+9.9%) and Benelux (+9.1%)
  - ADR: +1.7% price increases (+€1.5) reaching €90. Prices contributed 51% of the RevPAR growth
  - Occupancy: +1.6% activity increase (+1.0 p.p.) reaching 65.0% compared to 64.0% in Q1 2017. All regions increasing activity levels except LatAm (-1.9%)
- **LFL (excluding reforms) RevPAR grew +4.8%:**
  - Spain (+8%): Very good performance of Madrid (+10%) and secondary cities (+8%). Barcelona +2% (-9% in Q4 2017)
  - Italy (+11%): Excellent evolution of Rome (+19%), Milan (+12%) and secondary cities (+8%)
  - Benelux (+10%): Outstanding performance in Amsterdam (+13%) and Brussels (+12%)
  - Central Europe (+2%): Berlin +17%, Frankfurt +7%, Munich -5% and secondary cities -1%, affected by Easter holidays (Q2 in 2017)
  - LatAm (-14%; real exchange rate): All regions negatively impacted by currency devaluation (Argentina -31%, Colombia -12% y Mexico -6%): Buenos Aires -3%, Mexico DF -8% and Bogota -25%



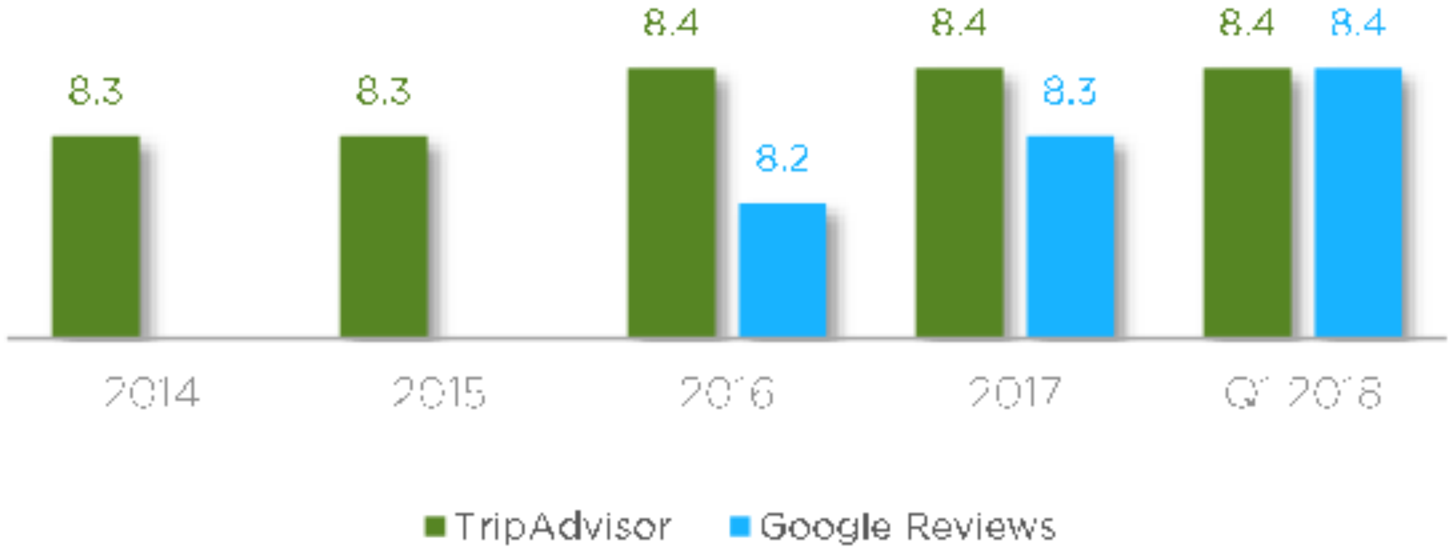
Focus on market share and quality

- **Relative RevPAR outperformance of +1.2 p.p. in top cities vs. competitors** through higher ADR (+1.2 p.p.) and similar relative occupancy

Q1 2018	ADR % var.		"Relative" ADR	"Rel." Occupancy	"Rel." RevPAR
	NH	Comp.Set	Var.	Var.	Var.
Spain	5.0%	4.6%	0.5 p.p.	-2.0 p.p.	-1.6 p.p.
Italy	10.0%	3.6%	6.4 p.p.	0.9 p.p.	7.6 p.p.
Benelux	8.6%	6.2%	2.5 p.p.	-0.4 p.p.	2.1 p.p.
Central Europe	-4.0%	-1.2%	-2.7 p.p.	1.0 p.p.	-1.8 p.p.
Total NH	**4.2%**	**3.0%**	**1.2 p.p.**	**0.0 p.p.**	**1.2 p.p.**

Source: STR/MKG/Fairmas Competitive Set. Average Growth

- **Focus on quality**



- Remarkable growth in Italy with a relative RevPAR of +7.6 p.p. explained by higher ADR and occupancy
- Good result in Benelux with a relative RevPAR increase of +2.1 p.p. mainly due to improvement of the relative ADR
- Spain: relative ADR outperformed by +0.5 p.p. Relative RevPAR variation impacted by non recurrent business in Seville & Valencia
- Central Europe: All top German destinations such as Berlin, Munich & Frankfurt show positive relative RevPAR growth and the negative relative RevPAR evolution is explained by 2 fairs that took place in Düsseldorf in 2017 with a better evolution than competitors
- **Outstanding performance in:**
  - **Rome:** Relative ADR +9.2 p.p.; RevPAR +14.3 p.p.
  - **Amsterdam**: Relative ADR +2.2 p.p.; RevPAR +6.3 p.p.
  - **Munich:** Relative RevPAR +5.3 p.p.; Occupancy+9.1 p.p.
  - **Milan:** Relative ADR +4.9 p.p.; RevPAR +4.2 p.p.

- NH Hotel Group has focused its' efforts on measuring quality using new sources of information and surveys with an important increase of both the volume of reviews and evaluations received

Strong revenue performance in all key markets

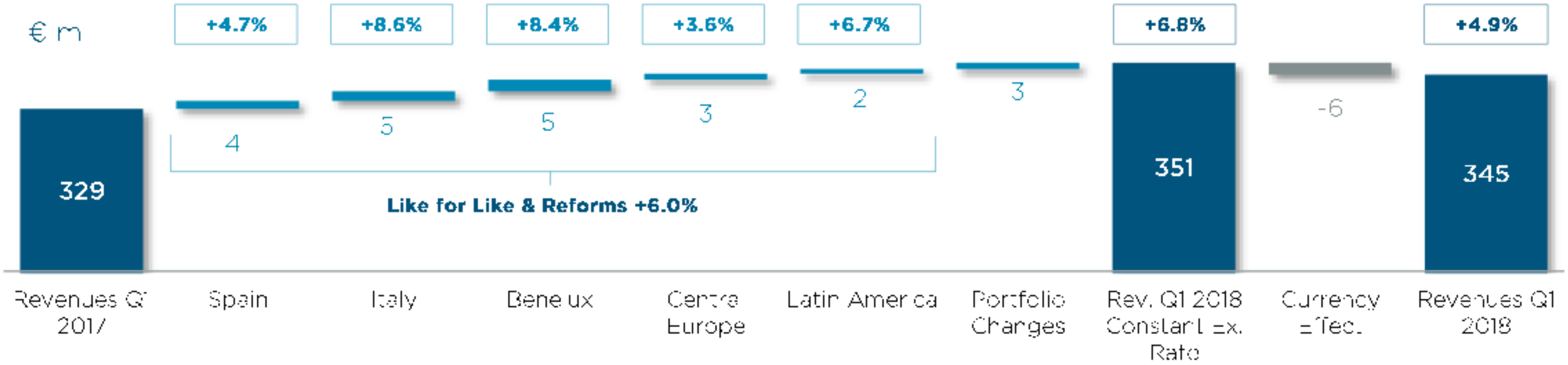
- **Spain:** Strong evolution on a LFL basis excluding the refurbishments (mainly New York with an opportunity cost of -€1.4m). As such, LFL revenue grew +6.4%, highlighting the performance of Madrid (+7.5%) while Barcelona grew +1.6% (-8.6% in Q4 2017). Including the -€2.0m of hotels under renovation, LFL&R revenue increased +4.7%. Total revenue of +3.6% impacted by the exit of 2 hotels in 2017 and the deconsolidation of 1 hotel from leased to managed

- **Italy:** remarkable +9.5% growth in LFL with a strong performance of Rome (+14.6%) Milan (+11.1%) and secondary cities (+7.5%). Including 2 leased hotels under reform in Rome and Milan LFL&R grew +8.6%

- **Benelux:** LFL Revenue growth of +8.1% supported by the good performance of Amsterdam (+11.0%) and Brussels (+10.6%). Total revenue grew +14.7% impacted by the opening of 3 leased hotels (2 in Brussels and 1 in Eindhoven)

- **Central Europe:** Positive LFL increase (+4.6%) despite the impact of Easter holidays. Including the opportunity cost in revenues of 2 hotels under refurbishment in Berlin and Frankfurt totaling -€1.0m, revenue increased +3.6% in LFL&R. Total revenue of +2.4% impacted by the exit of 1 hotel in 2017

- **Latin America:** +6.7% growth in LFL&R with constant exchange rate (-10.5% reported). By regions, Mexico increased revenues +2% at constant exchange rate and including the negative currency evolution (-6%) reported revenues decreased -4%. Argentina grew +41% in local currency and including the -31% currency evolution, reported figure is -3%. Hoteles Royal revenue decreased -4% in local currency due to the higher supply in Bogota and lower corporate revenues



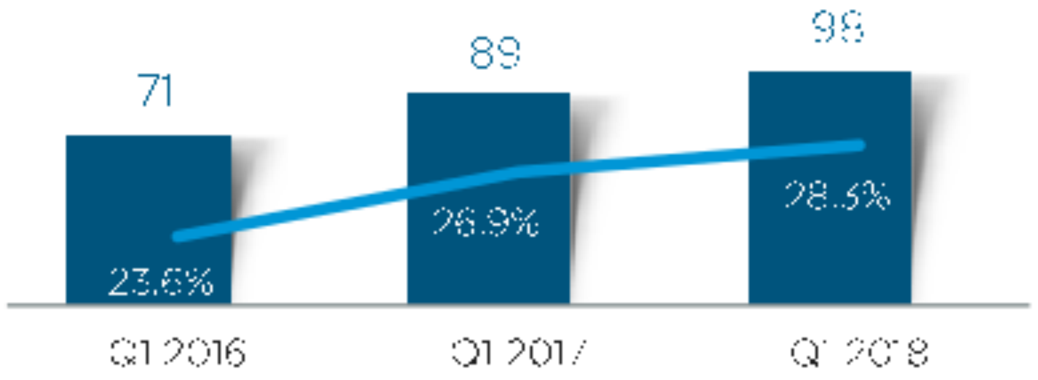
	Spain	Italy	Benelux	Central Europe	Latin America	Ex-Currency	Reported
Revenue LFL	+6.4%	+9.5%	+8.1%	+4.6%	+6.0%	+6.9%	+4.8%
Total Revenue	+3.6%	+8.6%	+14.7%	+2.4%	+8.4%	+6.8%	+4.9%

Q1 2018 EBITDA increased +46%

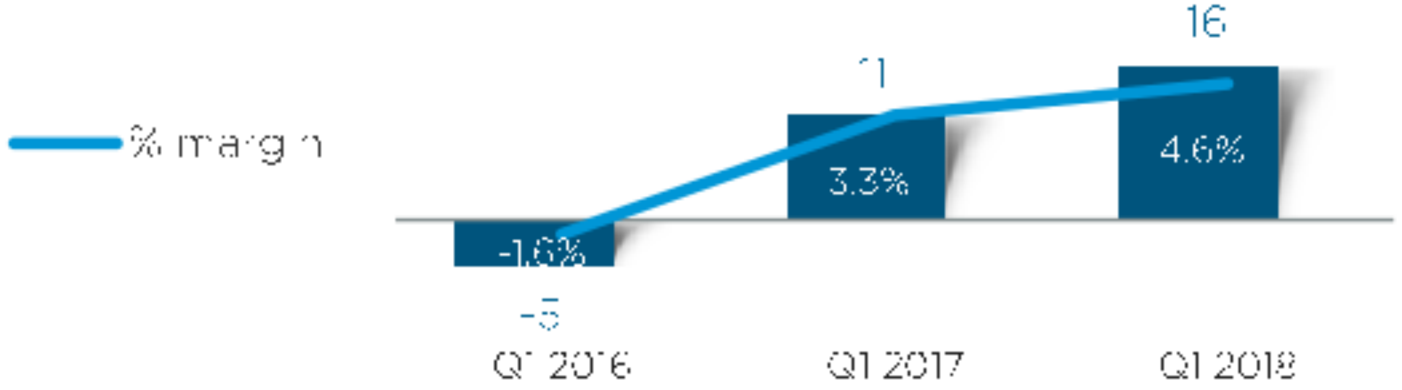
€ million / Recurring Activity	Q1 2018 €m.	Q1 2017 €m.	VAR. €m.	VAR. %.
TOTAL REVENUES	**344.6**	**328.6**	**16.0**	**4.9%**
Staff Cost	(129.3)	(125.6)	(3.7)	3.0%
Operating expenses	(117.6)	(114.4)	(3.2)	2.8%
GROSS OPERATING PROFIT	**97.7**	**88.6**	**9.1**	**10.3%**
Lease payments and property taxes	(82.0)	(77.8)	(4.2)	5.4%
EBITDA BEFORE ONEROUS	**15.7**	**10.8**	**4.9**	**45.9%**

- **Cost control** in Q1 2018 **despite the occupancy growth (+1.6%)**
  - +3.0% increase in **Payroll cost** and +2.8% in **Operating Expenses** due to higher activity and variable costs, mainly commissions due to the evolution of the sales channel mix. Impact of perimeter changes due to new openings explains 41% of the increase of staff costs and 17% of the Operating expenses
- Improvement in GOP of +€9.1m (+10.3%). GOP margin improved by +1.4 p.p. due to a sound conversion rate of 57%
- Lease payments and property taxes increased -€4.2m (+5.4%). New openings explain 24% of the increase and 2017 reforms another 23%. Variable lease components explain 32% of the total increase
- **Recurring EBITDA before onerous** in Q1 2018 reached €15.7m (+€4.9m; +45.9%) with a 31% conversion rate from incremental revenue to EBITDA affected by higher occupancy rates and new openings. Excluding perimeter changes and reforms, LFL conversion rate reached 40%. EBITDA margin improved by +1.3 p.p.

Gross Operating Profit (€m)



Recurring EBITDA (€m)



Significant reduction of negative Net Recurring Income

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€ million	Q1 2018	Q1 2017	VAR.	
	€m.	€m.	€m.	%.
EBITDA BEFORE ONEROUS	**15.7**	**10.8**	**4.9** [1]	**45.9%**
Margin % of Revenues	4.6%	3.3%		+1.3 p.p.
Onerous contract reversal provision	0.6	1.0	(0.4)	-35.6%
EBITDA AFTER ONEROUS	**16.3**	**11.8**	**4.6**	**38.9%**
Depreciation	(27.3)	(25.8)	(1.6) [2]	6.0%
EBIT	**(11.0)**	**(14.0)**	**3.0**	**21.6%**
Interest expense	(10.6)	(14.1)	3.5 [3]	24.9%
Income from minority equity interest	0.1	(0.0)	0.1	N/A
EBT	**(21.5)**	**(28.1)**	**6.6**	**23.6%**
Corporate income tax	(0.9)	1.0	(2.0) [4]	N/A
NET INCOME BEFORE MINORITIES	**(22.4)**	**(27.1)**	**4.7**	**17.2%**
Minorities interests	(0.5)	(0.6)	0.1	13.6%
NET RECURRING INCOME	**(22.9)**	**(27.7)**	**4.7** [5]	**17.1%**
Non Recurring EBITDA[1]	86.2	7.1	79.2	N/A
Other Non Recurring items[2]	(41.5)	(4.1)	(37.4) [6]	N/A
NET INCOME INCLUDING NON-RECURRING	**21.7**	**(24.8)**	**46.5** [7]	**N/A**

1. Recurring EBITDA before onerous reached €15.7m, an increase of +€4.9m (+45.9%)

2. Depreciation: the increase of -€1.6m includes -€1.1m of higher amortization of the new management contract with Hesperia and the rest corresponds to the impact of 2017 repositioning capex

3. Financial Expenses: decrease of €3.5m due to:

- Refinancing April 2017: TAP 2023 Bond €115m @ 3.75% (+€1.1m vs Q1 2017)
- 2019 Bond repayment in 2017 (-€4.3m vs Q1 2017)

4. Taxes: The higher Corporate Income Tax (-€2.0m) is explained by the better EBT performance and the higher tax base in those regions with minimum taxes (mainly Italy) despite the lower corporate income tax due to lower adjustment of non-deductible financial expenses

5. Net Recurring Income: +€4.7m reduction of negative income reaching -€22.9m in Q1, despite being the weakest quarter of the year

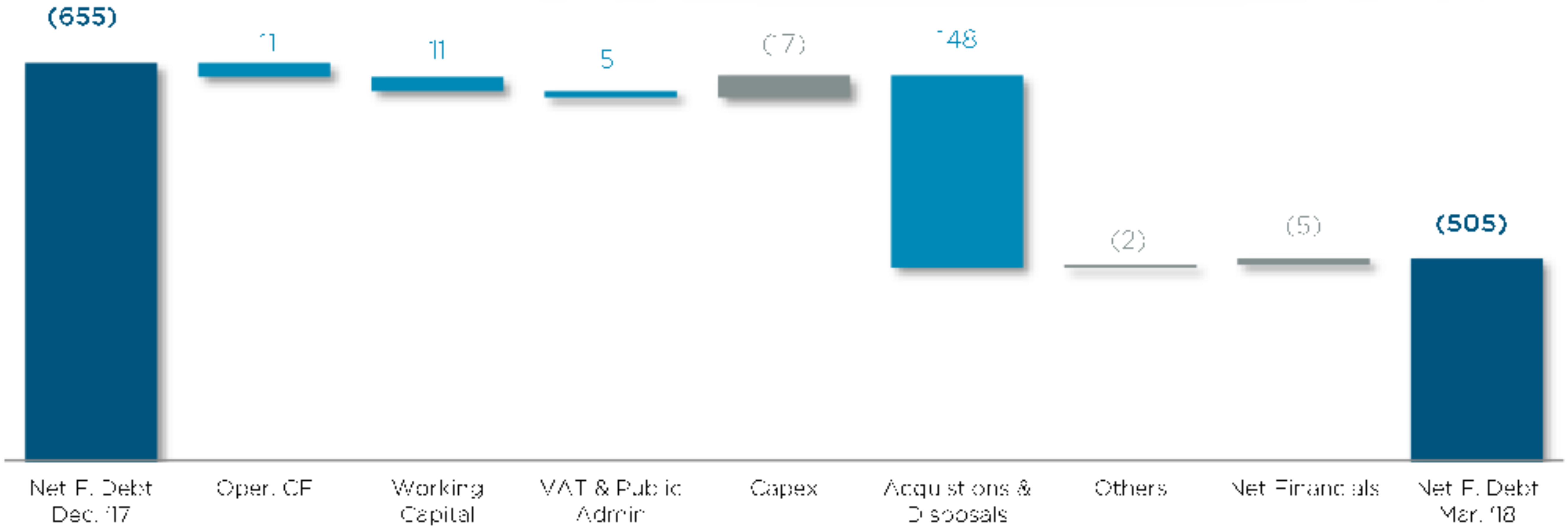
6. Non Recurring Items includes mainly the contribution of net capital gains from asset rotation (+€55m), partially offset by accelerated depreciation (-€8m) due to repositioning capex investments and redundancy payments related to the efficiency plan (-€1m)

7. Total Net Income reached €21.7m, +€46.5m higher than in Q1 2017, affected by the higher contribution of net capital gains from asset rotation

(1) Includes gross capital gains from asset rotation

(2) Includes taxes from asset rotation

Cash Flow Evolution



Financial Position: 31st March 2018
Gross Financial Debt: (€732m)
Cash: €227m
Net Financial Debt: (€505m)[(1)]

- **(+) Operating Cash Flow:** +€10.8m, including -€3.7m of credit card expenses and taxes paid of -€7.2m (excluding -€5.9m CIT Barbizon)
- **(+) Working Capital:** improvement due to a lower average collection period (from 18 days in December 2017 to 16.5 days in March 2018) and strong overdue recovery on Q1 2018
- **(-) Capex payments:** -€17.1m in Q1 2018 due to the deployment of the capex throughout the year (2018 guidance c. €140m)
- **(-) Other:** payment of legal provisions
- **(+) Acquisitions & Disposals:** +€148.1m of Barbizon disposal (€33m of taxes will be paid throughout the year, out of which €5.9m paid in Q1)
- **(-) Net Financials & Dividends:** -€4.9m, including -€4.2m net interest expense and -€0.7m minority dividend payment

(1) NFD excluding accounting adjustments for the portion of the convertible bond treated as Equity (+€3.9m), arrangement expenses (+€18.2m), accrued interest (-€9.3m) and (2) IFRS 9 adjustment (+€8,3m). Including these accounting adjustments, the Adj. NFD would be (€484m) at 31st March 2018 and (€637m) at 31st Dec. 2017

(2) IFRS 9: The new IFRS 9 regulation about Accounting Treatment of Financial Assets and Liabilities has become enforceable on the 1st of January 2018. The application of this accounting rule as a result of the better refinancing conditions achieved in 2017, compared with the previous conditions, has involved an impact in NH Hotel Group of €8.6m as of the 1st of January 2018 (€8.3m as of 31st March 2018 as per the financial expense registered in Q1)

Path to deleverage continues & Rating improvement

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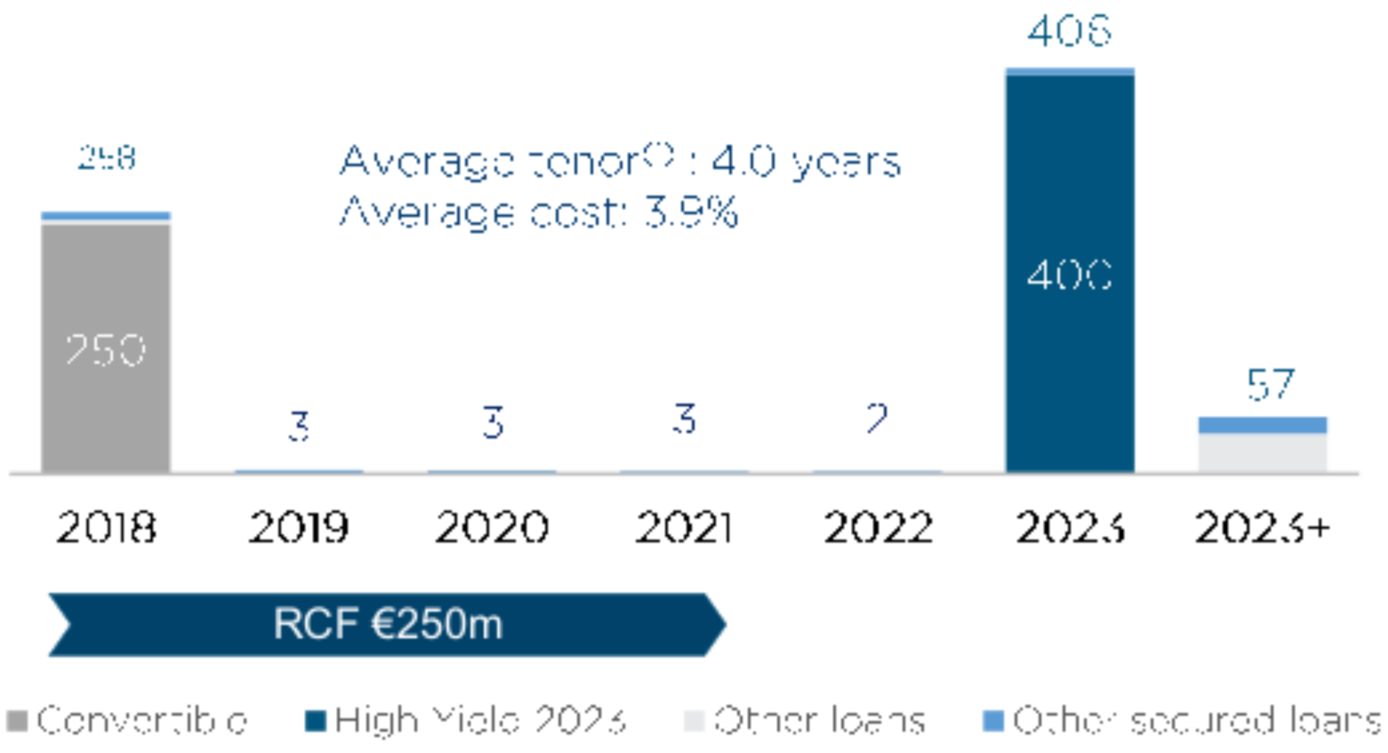
Debt Maturity Profile
31st March 2018: Gross debt (€732m)



Rating Improvement

Rating	NH	2023 Bond
S&P	B ⬆	BB-
Fitch	B+ ⬆	BB
Moody's	B2 ⬆	Ba3

⬆ Positive Outlook

FitchRatings

- On March 28th, Fitch **upgraded the Corporate rating to 'B+' from 'B', and maintained the Positive Outlook**. The upgrade reflects the marked improvement in NH's operating performance and leverage metrics. Secured debt rating also upgraded from 'BB-' to 'BB'

S&P Global

- On March 23rd, S&P **revised the outlook on NH Hotel Group to positive from stable** on expected debt reduction and sound cash flow generation

(1) Excluding subordinated debt (2023)

Early Redemption Convertible Bond

Convertible Bond description

- €250 million
- Fixed annual coupon 4%
- Issue date: November 2013
- Maturity date: November 2018
- Conversion price: €4.919

Convertible Bond	
Size	€250m
Conversion price	4.919€ / share
Maximum number of shares to de delivered	50.8m
Treasury shares available	-8.6m
New shares to be issued	42.2m
Existing number of shares	350.3m
Maximum number of shares post conversion	392.5m
New shares / Capital Post conversion	-10.8%

Early Redemption

- Bond holders have at any time the right for conversion of their principal amount into shares at €4.919
- Early Optional Redemption trigger for the Issuer: As of 30th April 2018, NH share closing price achieved 20 trading sessions within a period of 30 consecutive sessions at or above €6.395/share (130% conversion price)
- Last quarterly coupon has been paid on 8th May 2018, implying savings of €2.5m compared to the conversion at maturity
- NH Hotel Group will use c. 8.6 million treasury shares available to limit the number of new shares
- All bondholders will receive on a prorrata basis new and existing shares

Key Dates

- 9th May: Board of Directors approves Optional Redemption
- 10th May: Optional Redemption notice
- 31st May: Deadline for Conversion Notices
- 8th June: Share Record Date (Economic Rights)
- 11th June: Optional Redemption Date

Debt Evolution 2015-2018E

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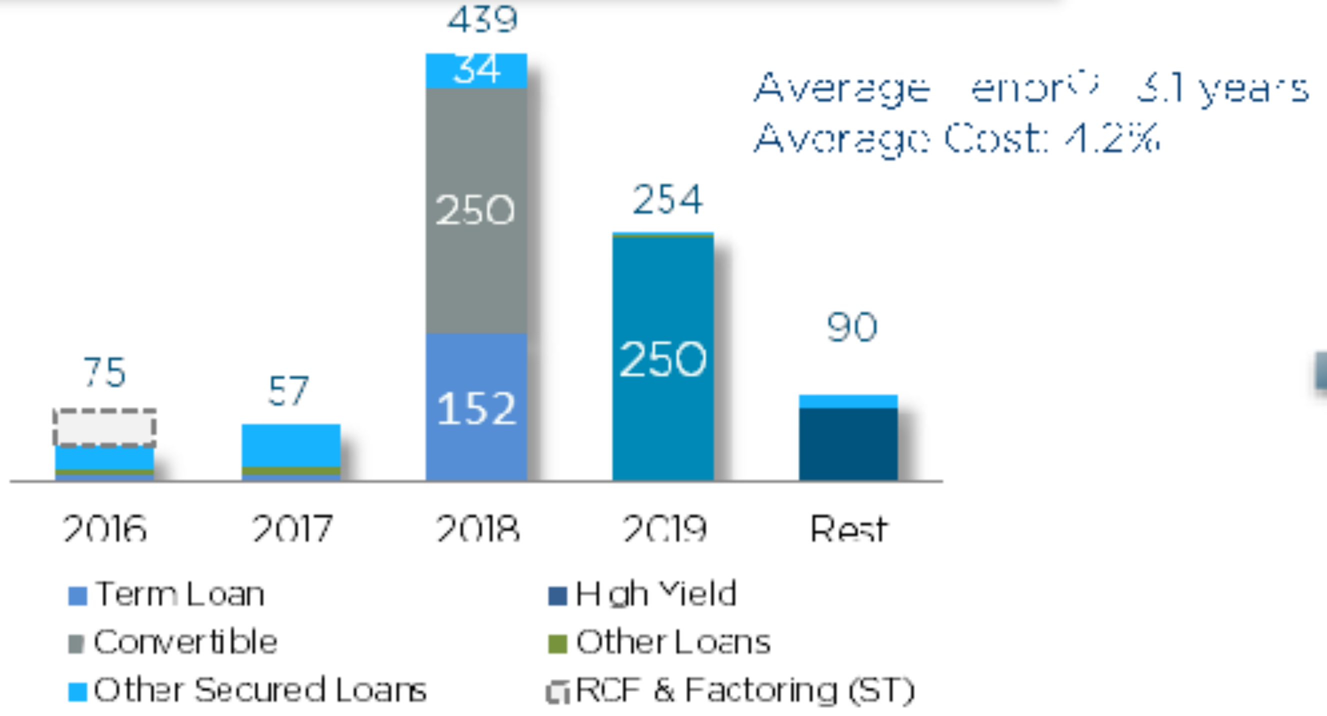
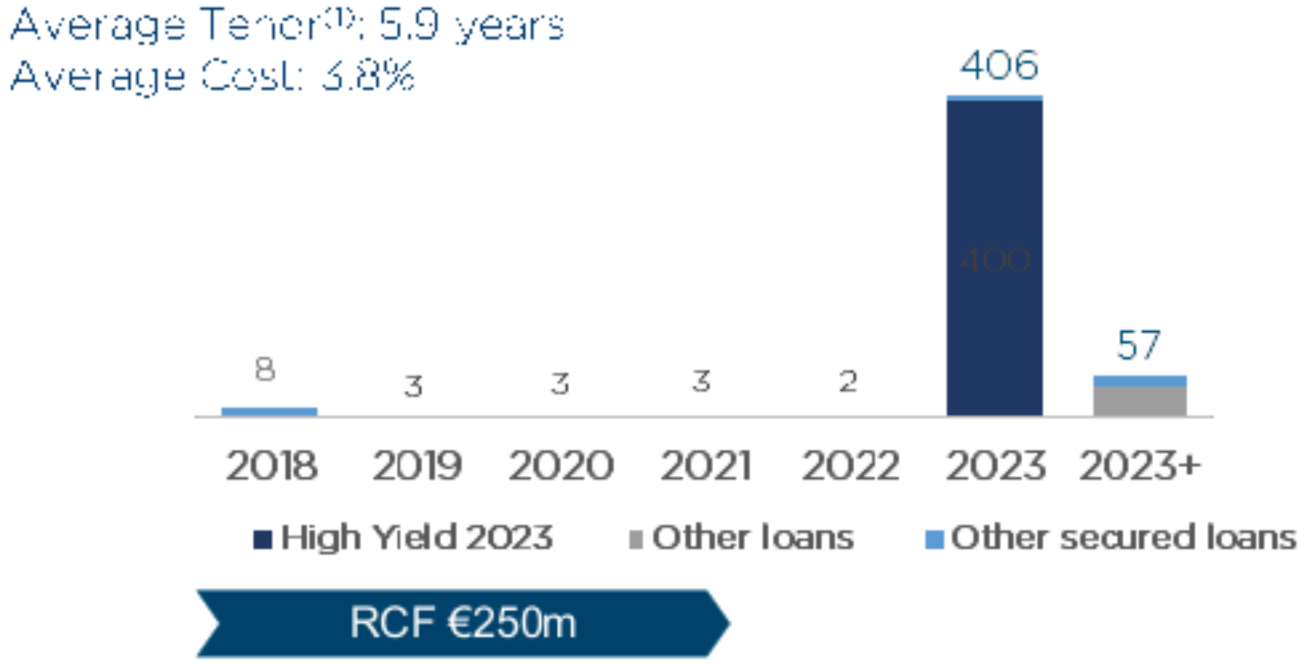
- **€433m of gross debt reduction from the end of 2015 vs. 31st March 2018 (pro-forma with conversion of the bond)**
- **Net Financial Leverage reduction from 5.6x in 2015 to c.1.2x in 2018E (low-end range of 2018 guidance)**
- **Increase of Average Tenor: +2.8 years (pro-forma with conversion of the bond)**

Gross Debt 31/12/2015: €915M



Gross Debt 31/03/2018 (pro-forma conversion): €482M



(1) Without considering 2037 subordinated loan (€40m)

Key Milestones Refinancing & Debt reduction:

- September 2016: new €285m secured bond due 2023 at 3.75% to refinance bank debt + €250m new RCF (2019)
- April 2017: €115m Tap issue of the 2023 secured bond and €35m cash to repay €150m of the €250m secured bond due 2019 at 6.875%
- November 2017: €100m repayment of the outstanding secured bond due 2019 at 6.875%. Extension €250m RCF to Sept. 2021
- 2018E: Conversion of the €250m convertible bond before maturity date

2018 Guidance

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P&L 2018E	Revenue growth	c.+5%
	Phase II Efficiency Plan	€5m of cost savings (€3m anticipated in 2017)
	EBITDA margin	+1.0 p.p., from 15% to 16%
	Conversion Rate	c.35% flow through from incremental revenues to EBITDA
	EBITDA 2018E (1)	**c.€260m (c.+12%)**
Leverage 2018E	Capex 2018	Maintenance & IT Capex 4-5% revenues: c.€70m Expansion: €15-20m Repositioning: c.€30m New York: c. €45m between 2018 & 2019
	Others	€10m Hesperia management contract 2017 dividend subject to AGM approval
	NFD / Recurring EBITDA (1)	**1.2x, after the early redemption of the Convertible Bond**

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

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