

H1 2019 RESULTS PRESENTATION

25th of July 2019

NH Toulouse Airport



nh | HOTEL GROUP PART OF **MINOR**
HOTELS



Message from the CEO

“Dear Shareholders,

*In line with the performance of the start of the year, the Group's momentum remained robust in Q2. **The Group's operating trend and business improvement continues in H1 2019** with a combination of sound **revenue growth of +4.6%**, prices contributing 90% of the RevPAR evolution, and cost control measures leading to margin improvements.*

***At constant exchange rate, revenue grew +6.3%. Strong growth in Europe of +4.5%** with an excellent performance in Spain (+9.6%). Solid growth in Benelux (+2.7%), Central Europe (+2.6%) and Italy (+1.7%).*

***H1 EBITDA, excluding IFRS 16 accounting impacts for comparison purposes, reached €130.6m (+€15.6m; +13.6%).** Including IFRS 16, reported EBITDA reached €256.9m. **Sustained business improvement together with lower financial costs has allowed to increased Reported Net Recurring income by +€13m vs reported H1 2018** reaching €36m and despite IFRS 16 impacting -€6m. Total Net Income (including non recurring activity) amounted €40m, down from €64m posted in H1 2018, reflecting lower capital gains (H1 2018: +€57m).*

***Strong cash flow generation allows to preserve a low Net Financial Debt (-€204m) with a solid cash position of €245m,** despite capex investments (-€85m) and dividend disbursement (-€59m) in the semester.*

*NH and Minor have signed an arm's length transaction to enable **NH to operate Minor's hotels in Portugal and Brazil.** The operational transfer of the Tivoli portfolio from Minor to NH proves the **alignment of interests and represents the first milestone of the integration.** NH will operate 3 hotels in Lisbon under a long-term sustainable lease agreement. The rest of the portfolio, 10 hotels in Portugal and the 2 hotels in Brazil, will be operated under a management contract with Minor.*

*The Annual General Meeting held last May **approved a gross dividend for the financial year 2018, equivalent to €0.15 per outstanding share** that has been paid on June 14th, implying a **disbursement of c. €59m** and aligned with the dividend policy previously announced.”*

Ramón Aragonés
CEO, NH Hotel Group

- **H1: Revenue growth of +4.6% reaching €822m (+€36m)**
 - Revenue Like for Like (“LFL”) growth of +4.6% (+6.6% exc. FX)
 - Solid growth in Europe of +4.5% with an outstanding performance in Spain (+9.6%)
 - RevPAR: +5.3%, 90% through ADR which grew (+4.7%; €102)
- **Q2: Revenue growth of +5.3% reaching €469m (+€24m)**
 - Revenue Like for Like growth of +5.3% (+7.0% exc. FX) with strong evolution in Spain (+10.8%) and Benelux (+4.0%)
 - RevPAR: +6.5%, 100% through ADR which grew (+6.5%; €110)
- **H1 Recurring EBITDA⁽¹⁾ of €131m (+€16m; +14%) with a margin improvement of +1.3 p.p.**
 - Remarkable 43% EBITDA conversion rate
 - Reported EBITDA of €257m

- **Significant Reported Net Recurring Income growth in H1 reaching €36m (+€13m)**, due to the business improvement, lower financial costs and despite IFRS 16 impacting -€6m
- **Reported Total Net Income reached €40m**
 - -€24m down vs. H1 2018 reflecting the lower capital gains from asset rotation (H1 2018: +€57m)
- **Strong Financial metrics:**
 - Net financial debt reached -€204m with a solid cash position (€245m)
 - Long term RCF available undrawn €250m
- **Dividend:**
 - AGM approval in May of a gross dividend of €0.15 (€59m) per outstanding share for 2018 financial year paid in June 2019

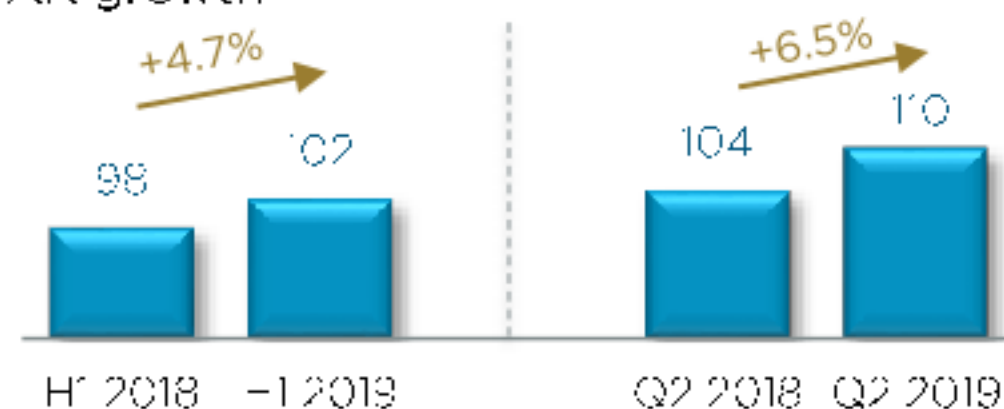
Note: IFRS 16 and Hyperinflation (IAS 29) accounting impacts included in business performance figures unless stated

⁽¹⁾ Recurring EBITDA before onerous reversal and capital gains from asset disposals excludes IFRS 16 impacts for comparison purposes

Key financial metrics

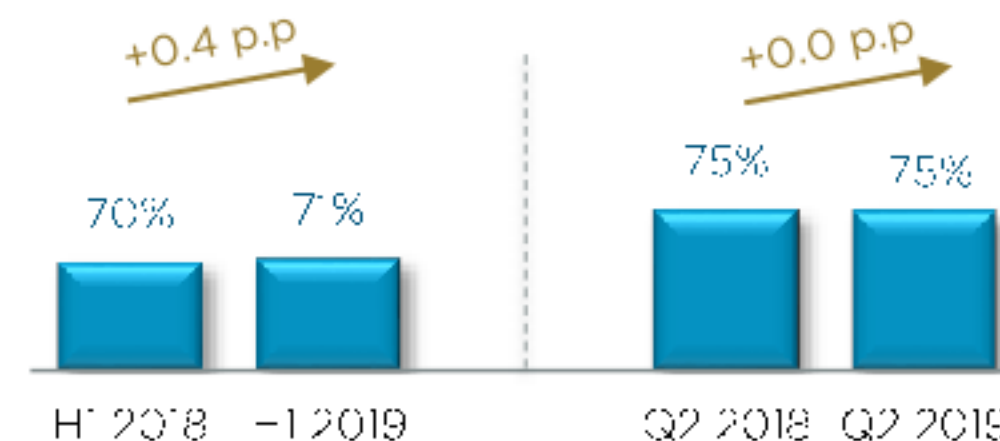
ADR (€)

- H1: +4.7% price increase (+€4.6) reaching €102 contributing with 90% of RevPAR growth. Remarkable growth in Spain (+9.1%) and Central Europe (+4.0%)
- Q2: +6.5% price increase (+€6.8) contributing with 100% of RevPAR growth



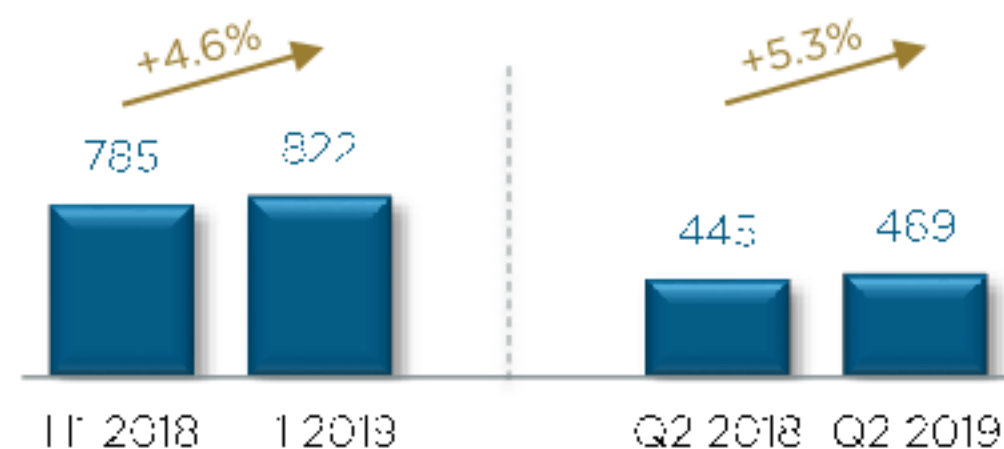
Occupancy (%)

- H1: +0.5% activity increase (+0.4 p.p.) up to 71%. Strong demand growth in Spain (+1.1%) boosted by Barcelona recovery
- Q2: activity remained flat at 75%



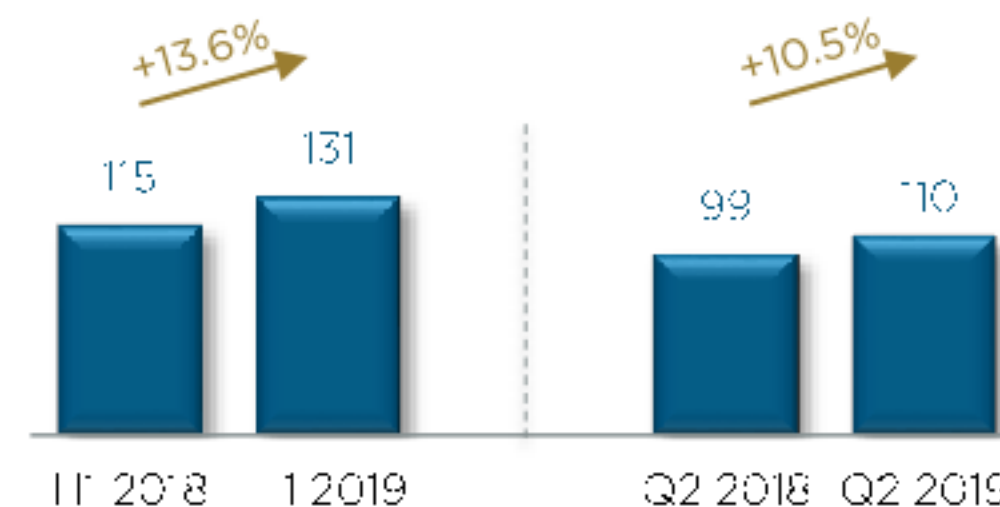
Revenues (€m)

- H1: +€36m revenue growth (+4.6%) with an outstanding growth in Spain
- Q2: +€24m (+5.3%). Excellence performance of Spain and solid growth in Benelux



Recurring EBITDA⁽¹⁾ (€m)

- H1: +€16m (+13.6%) due to a 43% revenue conversion rate reaching €131m and a margin of 15.9% (+1.3 p.p.)
- Q2: +€10m (+10.5%) with a 23.4% margin (+1.1 p.p.)



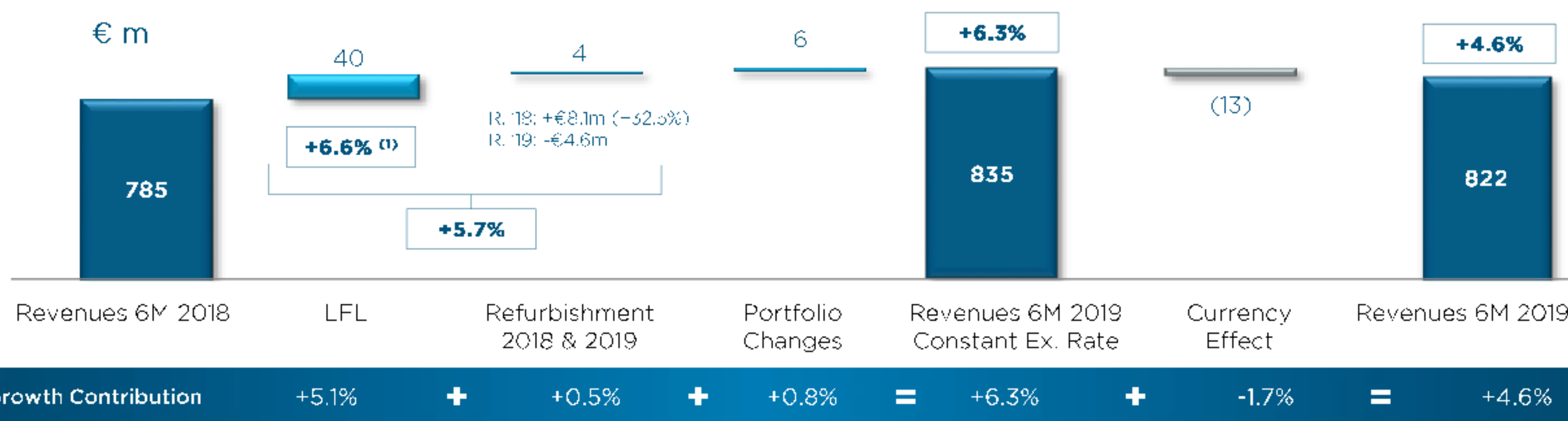
⁽¹⁾ Recurring EBITDA before generous reversal and capital gains from asset disposals excludes IFRS 16 impacts for comparison purposes

Solid revenue performance continues in H1 2019

- Total Revenue growth of +4.6% reaching €822m (+€36m), despite 2019 reforms (-€5m opportunity cost) and the negative currency effect (-€13m). +6.3% revenue growth at constant exchange rate**
 - Revenue Like for Like ("LFL"): +6.6% with constant FX (+4.6% reported):
 - Strong growth in Europe of +4.5% with an excellent performance in Spain (+9.6%). Solid growth in Benelux (+2.7%) with an improvement in Q2 and Central Europe (+2.6%). Italy (+1.7%) also improving the trend from Q1
 - Including the refurbished hotels, LFL&R grew +5.7% with constant FX (+4.0% reported)
 - 2018 refurbished hotels increased revenues by +€8.1m (+32.5%)
 - 2019 opportunity costs for renovations (-€4.6m): mainly from 3 hotels (Naples, Amsterdam and Munich)

| Revenue Split | Var. H1 2019 |
|----------------------------|--------------|
| Available Rooms | +0.0% |
| RevPAR | +5.3% |
| Room Revenue | +5.1% |
| Other Revenue | +1.3% |
| Total Hotel Revenue | +4.0% |
| Non-Hotel Revenue* | +€1.7m |
| Total Revenue | +4.6% |

* Other: Casino, Payroll Capitalization



(1) On its 2018 own base. With real exchange rate growth is +4.6%

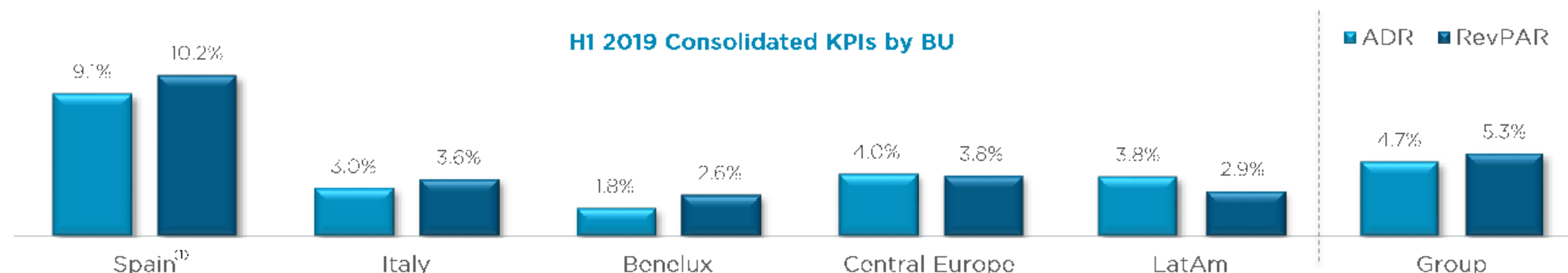
RevPAR growth supported by ADR (90% contribution)

- **+5.3% RevPAR increase in H1 2019, 90% through ADR**

- All regions reported positive RevPAR and ADR performance with outstanding RevPAR growth in Spain (+10.2%).
- ADR: +4.7% price increases (+€4.6) reaching €102.3. Remarkable growth in Spain (+9.1%) and Central Europe (+4.0%)
- Occupancy: +0.5% activity increase (+0.4 p.p.) reaching 70.6%. Higher demand growth in Spain (+1.1%; +0.8 p.p.) boosted by the recovery in Barcelona, strong performance of Madrid and secondary cities

- **LFL (excluding reforms) RevPAR grew +5.2% in H1 2019**

- Spain (+11%): Recovery continued in Barcelona (+16%; occupancy +7% and ADR +8%) and excellent performance of Madrid (+12%, mainly through ADR) with a strong Q2 due to congresses and Champions League Final. Solid performance of secondary cities (+7%)
- Italy (+1%): Good performance of Rome (+4%) and Milan (flat) recovering the drag from Q1 negative trade fair calendar
- Benelux (+4%): Recovery continued in Brussels (+9%; on higher occupancy). Good performance of Amsterdam (+4%) and congress centres hotels (+6%) with a stronger Q2 more than offsetting the weaker Q1
- Central Europe (+4%): Favourable trade fair calendar in Munich (+19%) and Austria (+17%). Good performance of German secondary cities (+3%) and negative evolution in Frankfurt (-5%) affected mainly by the higher supply and a slightly negative trade fair calendar
- LatAm (+2%; real exchange rate): Buenos Aires (+8%), Mexico DF (-2%) on lower occupancy and Bogota (+6%) with a strong Q1



⁽¹⁾ includes France and New York. Spain ADR +9.3% and RevPAR +11.2%

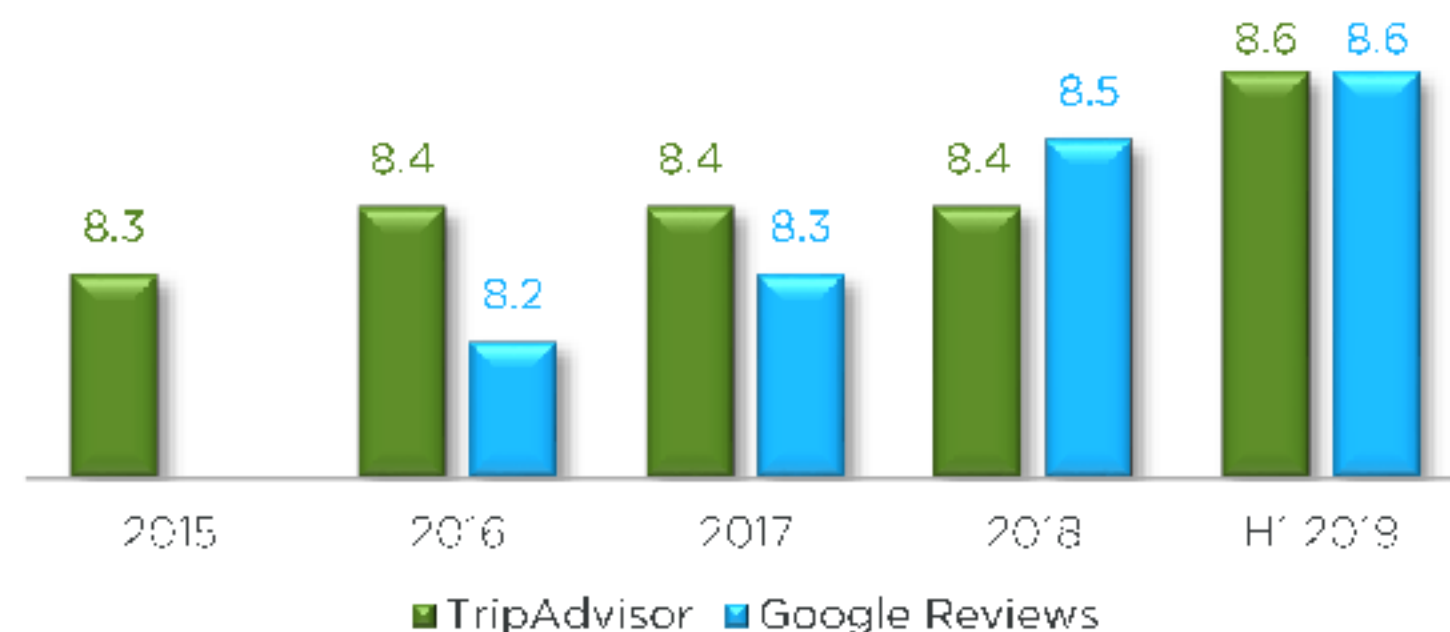
Focus on market share and quality

- **Relative RevPAR outperformance of +0.4 p.p. in top cities vs. competitors** mainly on higher occupancy (+2.0 p.p.) with a lower relative ADR (-1.7 p.p.)

| H1 2019 | ADR % var. | | "Relative" ADR | "Rel." Occupancy | "Rel." RevPAR |
|-----------------|-------------|-------------|------------------|------------------|-----------------|
| | NH | Comp. Set | Var. | Var. | Var. |
| Spain | 8.5% | 9.1% | -0.5 p.p. | 1.8 p.p. | 1.3 p.p. |
| Italy | 0.8% | 2.6% | -1.8 p.p. | -1.5 p.p. | -3.3 p.p. |
| Benelux | 1.8% | 2.6% | -0.9 p.p. | 2.9 p.p. | 2.1 p.p. |
| Central Europe | 2.6% | 5.9% | -3.3 p.p. | 3.0 p.p. | -0.3 p.p. |
| Total NH | 3.7% | 5.4% | -1.7 p.p. | 2.0 p.p. | 0.4 p.p. |

Source: STR / MKS Competitive Set Average Growth

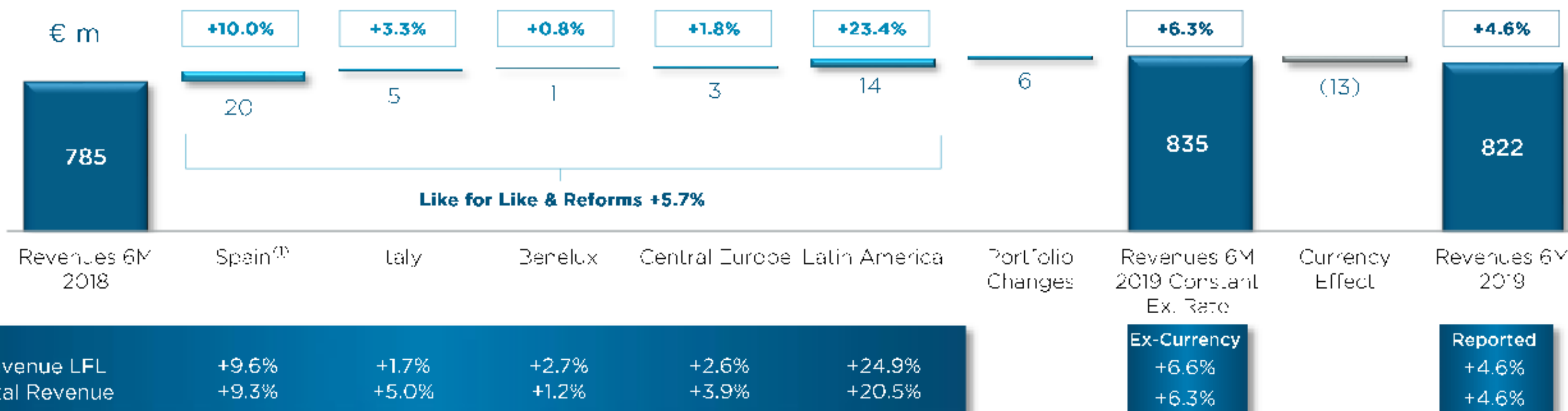
- **Focus on quality**



- Solid performance in Spain with a relative RevPAR of +1.3 p.p. mainly explained by higher relative occupancy with strong performance of Valencia and Seville. The recovery of Barcelona translates in prices ahead of competition that resulted in slightly negative relative RevPAR evolution in the city
- Italy: -3.3 p.p. relative RevPAR explained by the extraordinary performance in H1 2018 (+4.4 p.p.) with relevant events in Milan and strong evolution of Rome
- Excellent result in Benelux with a relative RevPAR of +2.1 p.p. with strong evolution of Amsterdam despite a city tax increase
- Central Europe: -0.3 p.p. relative RevPAR variation with higher occupancy and mixed performance among main cities
- **Strong performance in:**
 - **Madrid:** Relative RevPAR +0.4 p.p.; Occupancy +3.4 p.p.
 - **Barcelona:** Relative RevPAR -0.6 p.p.; ADR +1.1 p.p.
 - **Amsterdam:** Relative RevPAR +2.9 p.p.; ADR +0.8 p.p.
 - **Berlin:** Relative RevPAR 0.0 p.p.; Occupancy +3.7 p.p.
 - **Frankfurt:** Relative RevPAR +1.2 p.p.; ADR -3.8 p.p.
 - **Rome:** Relative RevPAR +3.9 p.p.; ADR -2.8 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

Revenue performance by markets

- Spain:** +9.6% LFL growth explained by the continued recovery in Barcelona (+14.9%) and outstanding evolution of Madrid (+9.7%). Secondary cities grew +4.8%. Total Revenue grew +9.3% offsetting the contribution from 2018 Hesperia contract with the new openings (Madrid, Marseille, Toulouse and Marbella) and hotels refurbished
- Italy:** +1.7% growth in LFL with a good evolution of Rome (+1.5%) and Milan (+0.8%) recovering the drag from Q1 negative trade fair calendar. Including refurbished hotels revenue grew +3.3%. Total revenue +5.0% boosted by the opening of 1 hotel in Venice
- Benelux:** +2.7% LFL with a sustained recovery in Brussels (+8.3%). Good performance in Amsterdam (+2.6%) and congress centres hotels (+3.5%) fully offsetting the weaker Q1. Including the business loss of the refurbishment of a key hotel in Amsterdam (-€3.5m) and perimeter changes total revenue evolution grew +1.2%
- Central Europe:** +2.6% LFL growth with a favorable fair calendar in Munich (+15.5%). Frankfurt (-6.5%) affected by higher supply and good evolution of German secondary cities (+3.8%). Including the business loss of a hotel refurbishment in Munich (-€2.2m) and perimeter changes (4 hotels opened and 3 closed) total revenue evolution grew +3.9%
- LatAm:** +23.4% growth in LFL&R with constant exchange rate (+1.0% reported). By regions, Mexico revenues fell -3% at constant exchange rate and including the positive currency evolution (+6%) reported revenues increased +4%. Argentina revenues grew 83% in local currency and including the -85% currency depreciation, reported figure is -1%. Hoteles Royal revenue decreased -4% in local currency and including the currency evolution (-3%) reported figure fell -7%



⁽¹⁾ Includes France and New York.

H1 EBITDA⁽¹⁾ increased +14% with a 43% conversion rate

| € million | H1 2019 | IFRS 16 | H1 2019 | H1 2018 | VAR. ex IFRS 16 | |
|-----------------------------------|--------------|----------------|--------------|--------------|-----------------|--------------|
| | Reported | Adj. | ex IFRS 16 | Reported | €m. | % |
| | €m. | €m. | €m. | €m. | | |
| TOTAL REVENUES | 821.5 | - | 821.5 | 785.5 | 36.1 | 4.6% |
| Staff Cost | (278.9) | - | (278.9) | (267.3) | (11.6) | 4.4% |
| Operating expenses | (241.0) | | (241.0) | (237.7) | (3.3) | 1.4% |
| GROSS OPERATING PROFIT | 301.7 | - | 301.7 | 280.5 | 21.1 | 7.5% |
| Lease payments and property taxes | (44.8) | (126.2) | (171.0) | (165.5) | (5.5) | 3.3% |
| EBITDA BEFORE ONEROUS | 256.9 | (126.2) | 130.6 | 115.0 | 15.6 | 13.6% |

- **Cost control** in H1 2019 **despite the occupancy growth (+0.5%)**
 - **Payroll cost** increased +4.4% (partially explained by the increase of CLA agreements in Spain and Benelux) and **Operating Expenses** +1.4%. Impact of refurbished hotels and perimeter changes (openings and closings) explains 46% of the increase of total cost
- Improvement in **GOP** of +€21.1m (+7.5%). GOP margin improved by +1.0 p.p. due to an excellent conversion rate of 59%
- Adjusted lease payments and property taxes of €171.0m increased -€5.5m (+3.3%). Perimeter changes (openings and closings) partially offset the higher lease payments of 2018 reforms
- **Excluding IFRS 16, Recurring EBITDA before onerous in H1 2019 reached €130.6m (+€15.6m; +13.6%)** with a 43% conversion rate from incremental revenue to EBITDA. EBITDA margin reached 15.9% (+1.3 p.p.)



Note: IFRS 16 and hyperinflation (IAS 29) accounting impacts included in business performance figures unless stated

⁽¹⁾ Recurring EBITDA before onerous reversal and capital gains from asset disposals excludes IFRS 16 impacts for comparison purposes

Significant improvement in Net Recurring Income

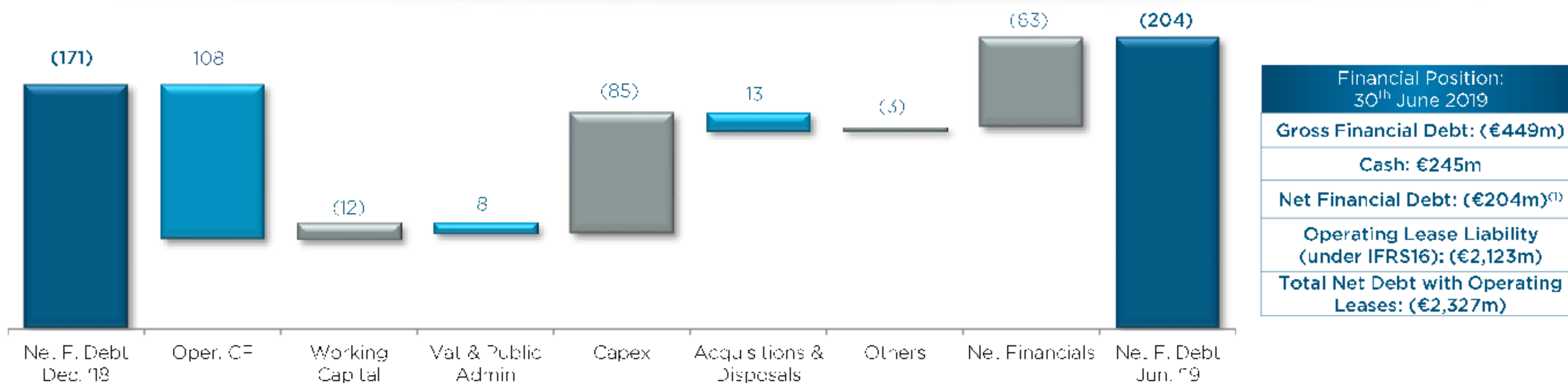
| € million | H1 2019 | IFRS 16 | H1 2019 | H1 2018 | H1 VAR. | |
|---|--------------|----------------|---------------------------|--------------|---------------|---------------|
| | Reported | Adj. | ex IFRS 16 | Reported | ex IFRS 16 | % |
| | €m. | €m. | €m. | €m. | €m. | % |
| EBITDA BEFORE ONEROUS | 256.9 | (126.2) | 130.6 ¹ | 115.0 | 15.6 | 13.6% |
| Margin % of Revenues | 31.3% | - | 15.9% | 14.6% | - | 1.3p.p. |
| Onerous contract reversal provision | - | 0.8 | 0.8 | 1.3 | (0.3) | -35.7% |
| EBITDA AFTER ONEROUS | 256.9 | (125.4) | 131.4 | 116.3 | 15.2 | 13.1% |
| Depreciation | (141.8) | 88.7 | (56.5) | (54.6) | (1.9) | 3.5% |
| EBIT | 112.0 | (37.1) | 75.0 | 61.7 | 13.3 | 21.5% |
| Interest expense | (56.8) | 45.3 | (11.5) | (20.3) | 8.8 | 43.5% |
| Income from minority equity interest | 0.0 | - | 0.0 | (0.0) | 0.0 | N/A |
| EBT | 55.2 | 8.3 | 63.5 | 41.3 | 22.2 | 53.6% |
| Corporate income tax | (17.3) | (2.4) | (9.8) | (16.9) | (2.9) | -16.9% |
| NET INCOME BEFORE MINORITIES | 37.9 | 5.8 | 43.7 | 24.4 | 19.3 | 79.1% |
| Minorities interests | (1.8) | - | (1.8) | (1.5) | (0.3) | 22.2% |
| NET RECURRING INCOME | 36.1 | 5.8 | 41.9 | 23.0 | 19.0 | 82.7% |
| Non-Recurring EBITDA ⁽¹⁾ | 6.3 | - | 6.3 | 86.4 | (80.0) | -92.7% |
| Other Non-Recurring items ⁽²⁾ | (2.6) | - | (2.6) | (15.0) | 12.7 | 94.3% |
| NET INCOME INCLUDING NON-RECURRING | 39.9 | 5.8 | 45.7 | 64.3 | (18.6) | -29.0% |

- Excluding IFRS 16, Recurring EBITDA before onerous reached €130.6m (+€15.6m; +13.6%).** Reported EBITDA amounted €256.9m with IFRS 16
- Depreciation:** slight increase of -€1.9m due to the impact of repositioning capex. Applying IFRS 16, reported figure reached €144.8m
- Financial Expenses:** decrease of +€8.8m mainly explained by the early redemption of the Convertible Bond in June 2018 and the partial early redemption of 2023 Bond of €43.2m in Q4 2018. With IFRS 16, reported figure is -€56.8m
- Taxes:** Corporate Income Tax of -€17.3m, -€0.4m higher than H1 2018 explained by a better EBT performance and deferred taxes arisen from IFRS 16 (+€2.4m)
- Reported Net Recurring Income:** improvement of +€13.2m vs. H1 2018 reported figure reaching €36.1m due to the business improvement, lower financial costs and despite IFRS 16 impacting -€5.8m
- Non Recurring Items:** reached €3.8m mainly due to net capital gains from asset rotation but significantly lower than in H1 2018
- Reported Total Net Income reached €39.9m,** -€24.5m lower than in H1 2018 reported due to the lower contribution of net capital gains from asset rotation (H1 2018: +€57m)

⁽¹⁾ Includes gross capital gains from asset rotation

⁽²⁾ Includes taxes from asset rotation

Cash Flow Evolution

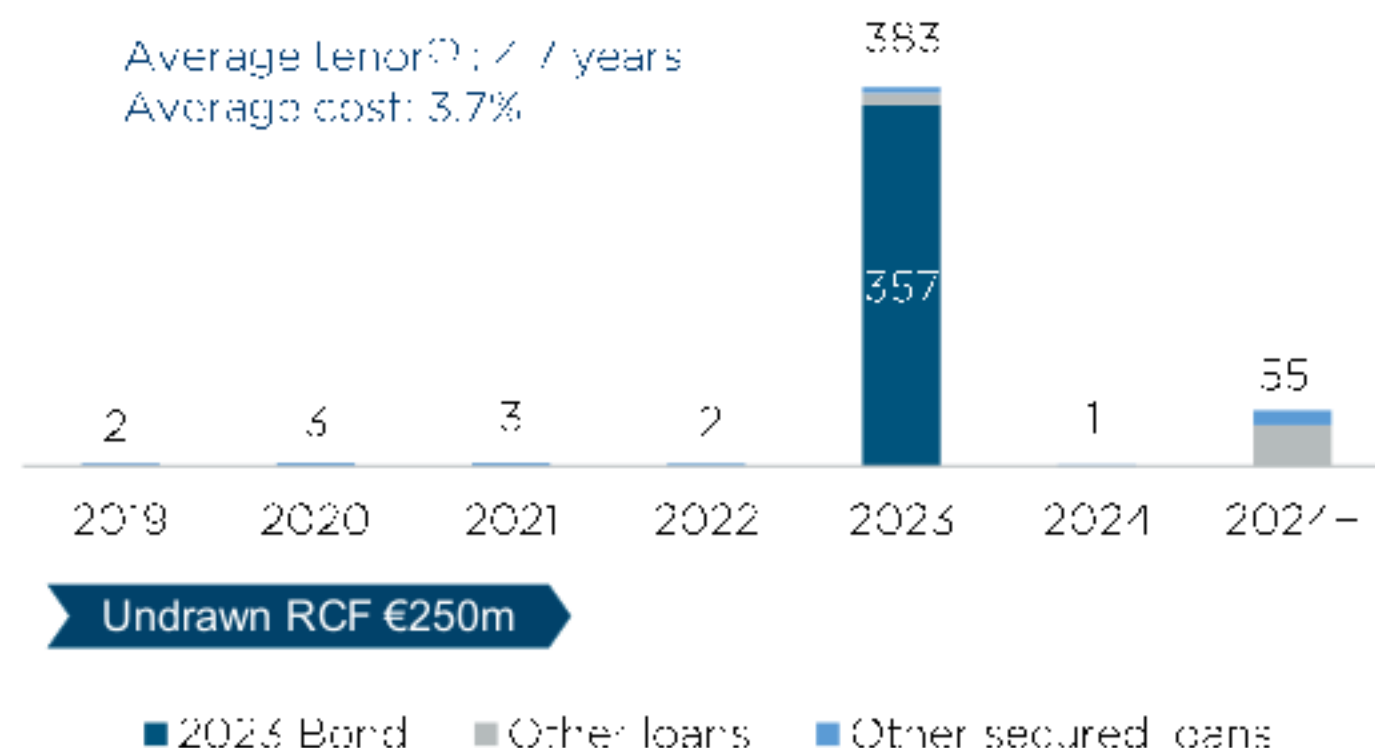


- **(+) Operating Cash Flow:** +€108.4m, including -€9.2m of credit card expenses and taxes paid of -€27.2m
- **(-) Working Capital:** mainly explained by a lower overdue recovery from previous year due to optimized overdue levels, and some calendar effect related to the last weekend of June
- **(-) Capex payments:** -€84.6m paid in H1 2019
- **(+) Acquisitions & Disposals:** +€13.1m from NH Málaga II disposal in Q1 +€16.0m, JV China +€1.9m, Tivoli investment -€7.2m (going concern 3 lease contracts) and +€2.4m from deferred payments of operations of previous years
- **(-) Other:** mainly severance payments and legal provisions
- **(-) Net Financials & Dividends:** -€63.1m, including -€9.0m net interest expense, -€52.9m net ordinary dividend paid in June 14th (remaining amount paid in July) and -€1.2m minority dividend

(1) NFD excluding accounting adjustments for arrangement expenses €12.4m, accrued interest -€4.1m and IFRS 9 adjustment €7.7m. Including these accounting adjustments, the Adj. NFD would be (€188m) at 30th Jun. 2019 and (€153m) at 31st Dec. 2018

Strong deleverage achieved

Debt Maturity Profile 30 June 2019: Gross debt (449€m)



Liquidity:

- Cash at bank: **€245m**
- Available credit lines: **€309m**, of which €250m is a Long Term RCF (maturity in September 2021)

Rating

| Rating | NH | 2023 Bond | Outlook |
|---------|----|-----------|---------|
| Fitch | B+ | BB | Stable |
| Moody's | B1 | Ba3 | Stable |

Fitch Ratings

- On 26th March 2019 Fitch revised the Outlook on NH Hotel Group's Long-Term Issuer Default Rating (IDR) to Stable from Positive and **affirmed the IDR at 'B+'** following the acquisition by Minor International of a 94.1% stake in NH Hotel Group
- Bond rating affirmed at BB

MOODY'S

- On May 11th 2018, Moody's **upgraded the corporate family rating of NH Hotel Group to 'B1' from 'B2'** and changed the outlook from positive to stable
- Moody's confirmed the ratings and outlook on May 31st 2019

* Excluding subordinated debt (2024+)

IFRS 16: Impact of new accounting standard from 2019

- The application of IFRS 16 started on January 1st, 2019 and establishes the recognition of operating leases as an asset for the right of use and a financial liability. An amortization expense of the asset is recorded separately from the interest expense of the lease liability
- NH has adopted the Modified Retrospective method, recording in the equity reserves the difference between Asset & Liability
- Impacts on Balance Sheet and P&L (without considering additions, cancellations or modifications of contracts that may occur after that date):

| Impact on Balance Sheet 30/06/2019 (€ million) | IFRS 16 |
|---|----------------|
| Right of Use | 1,753.2 |
| Deferred tax | 95.6 |
| Other assets ⁽¹⁾ | (18.3) |
| TOTAL ASSETS | 1,830.5 |
| Total Equity | (265.9) |
| Operational leases liability | 2,122.8 |
| Other liabilities ⁽²⁾ | (26.1) |
| TOTAL LIABILITIES | 1,830.5 |

⁽¹⁾ Elimination of linearization accounts

⁽²⁾ Elimination of onerous provision (€6m) and linearization accounts

| Impact in P&L in H1 2019 (€ million) | H1 2019 ex IFRS 16 | IFRS 16 Adj. | H1 2019 Reported |
|---|-----------------------|-----------------|---------------------|
| Lease payments and property taxes | (171.0) | 126.2 | (44.8) |
| EBITDA BEFORE ONEROUS | 130.6 | 126.2 | 256.9 |
| Onerous contract reversal provision | 0.8 | (0.8) | |
| Depreciation | (56.5) | (88.4) | (144.8) |
| EBIT | 75.0 | 37.1 | 112.0 |
| Interest expense | (1.5) | (45.6) | (56.8) |
| Corporate income tax | (19.8) | 2.1 | (17.5) |
| NET RECURRING INCOME | 41.9 | (5.8) | 36.1 |

- No cash impact, leverage capacity or debt financial covenant

Lease contract in Lisbon 3 hotels

- Minor has signed an agreement with Invesco Real Estate to sell 3 hotels and simultaneously NH will sign a long term sustainable lease contract with Invesco Real Estate starting end of July
- Counterpart: Invesco Real Estate
- Tenure: 20 years with rights of extension for NH totaling 40 additional years
- Variable lease with minimum guaranteed
- Sustainable long term contract:
 - Fixed rent coverage 1.9x ⁽¹⁾
 - Basket of Losses to limit downside
- NH is responsible for property tax and ordinary maintenance capex

Management contract in Portugal 9 hotels

- Counterpart: Minor
- Tenure: Initial period of 2 years
- Base Fee on Revenues + Incentive Fee on Operating Profit

Business Management agreement in Brazil 2 hotels

- Counterpart: Minor
- Tenure: 5 years
- Scope: support in budgeting process, performance and operational reviews, restructuring implementation, recruitment and human resources

Estimated EBITDA Contribution to NH on a full year basis c.€13m

Annex

- Q2 Revenue:
 - Per Perimeter
 - Per B.U.
- Q2 RevPAR
- Q2 P&L

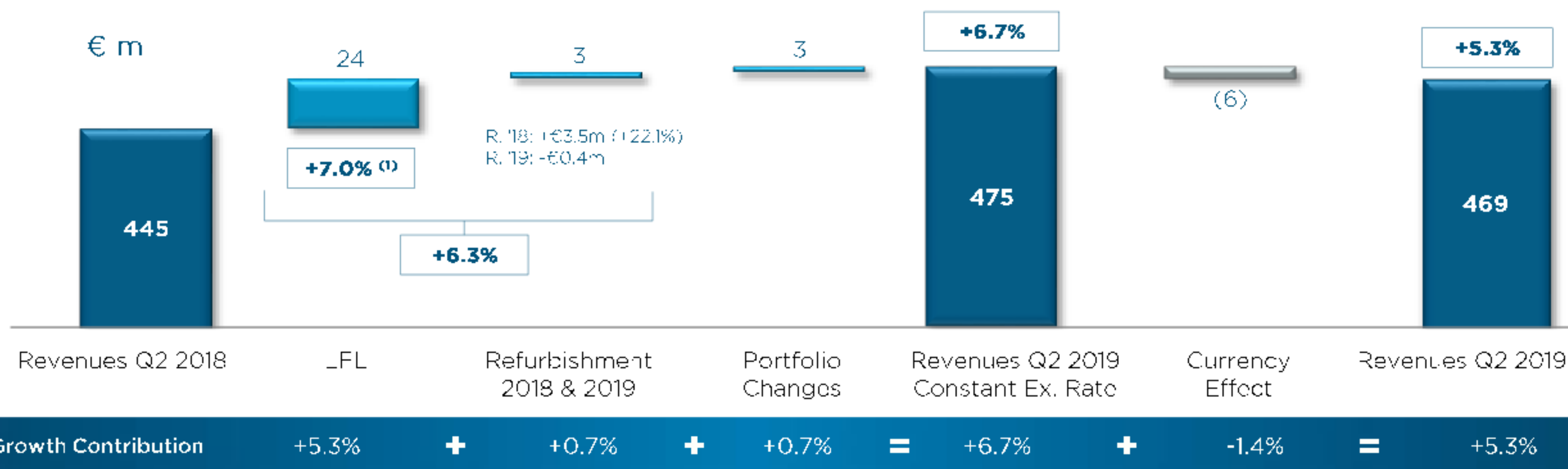


Solid revenue performance continues in Q2 2019

- Total Revenue growth of +5.3% reaching €469m (+€24m), despite 2019 reforms (-€0.4m opportunity cost) and the negative currency effect (-€6m). +6.7% revenue growth at constant exchange rate**
 - Revenue Like for Like ("LFL"): +7.0% with constant FX (+5.3% reported):
 - Solid growth in Europe of +5.3% with an outstanding performance in Spain (+10.8%). Solid growth in Benelux (+4.0%) with an improvement in Q2 and Central Europe (+2.6%). Italy (+2.4%) also improving the trend from Q1
 - Including the refurbished hotels, LFL&R grew +6.3% with constant FX (+4.8% reported)
 - 2018 refurbished hotels increased revenues by +€3.5m (+22.1%)
 - 2019 opportunity costs for renovations (-€0.4m): mainly from 2 hotels (Amsterdam and Munich)

| Revenue Split | Var. Q2 2019 |
|----------------------------|--------------|
| Available Rooms | 0.1% |
| RevPAR | -6.5% |
| Room Revenue | -6.3% |
| Other Revenue | +0.5% |
| Total Hotel Revenue | +4.8% |
| Non-Hotel Revenue* | +€2.5m |
| Total Revenue | +5.3% |

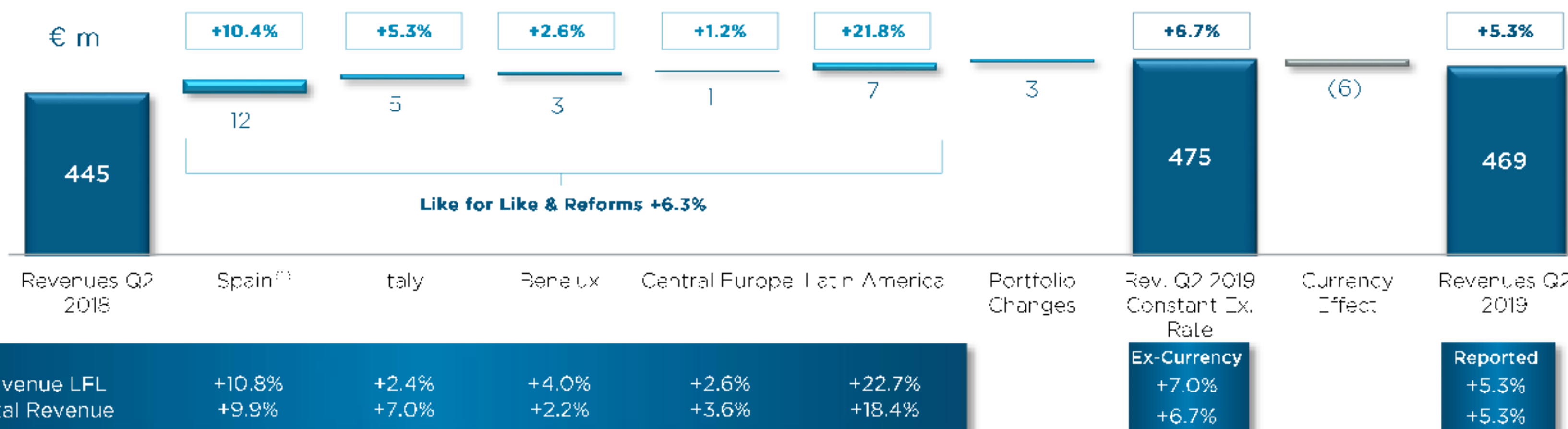
* Other: + Cases Payroll Capitalization



(1) On its 2019 own base. With real exchange rate growth is +5.3%

Revenue performance by markets

- Spain:** +10.8% LFL growth with the continued recovery in Barcelona (+14.6%) and strong performance of Madrid (+10.5%). Secondary cities grew +5.5%. Total Revenue grew +9.9%, offsetting the contribution from Hesperia contract and 2 hotels closed with new openings (Madrid, Toulouse and Marbella) and hotels refurbished
- Italy:** +2.4% growth in LFL with a better fair calendar in Milan (+3.8%). Including a hotel refurbished in Rome in 2018, LFL&R grew +5.3%. Total revenue +7.0% with the opening of 1 hotel in Venice
- Benelux:** +4.0% LFL with the sustained recovery in Brussels (+6.7%), solid performance of Amsterdam (+3.8%) and congress centers hotels (+14.4%) with higher number of corporate events. Including the business loss of the refurbishment of a key hotel in Amsterdam (-€1.1m) and changes of perimeter total revenue grew +2.2%
- Central Europe:** +2.6% LFL increase due to the favorable trade fair calendar in Munich (+7.8%) and strong performance in Austria (+15.9%). Frankfurt (-6.9%) negatively affected by an increase of supply and a slightly negative trade fair calendar. Secondary cities grew +3.1%. New openings (Essen, Mannheim; Leipzig and Graz) more than offset 3 hotels closed and the opportunity cost of the hotel being refurbished in Munich, reporting a total revenue growth of +3.6%
- LatAm:** +21.8% growth in LFL&R with constant exchange rate (+0.9% reported). By regions, Mexico revenues fell -3% at constant exchange rate and including the positive currency evolution (+7%) reported revenues increased +4%. Argentina revenues grew 83% in local currency and including the -72% currency depreciation, reported figure is +6%. Hoteles Royal revenue decreased -4% in local currency and including the currency evolution (-5%) reported figure fell -10%



⁽¹⁾ Includes France and New York.

RevPAR growth supported by ADR (100% contribution)

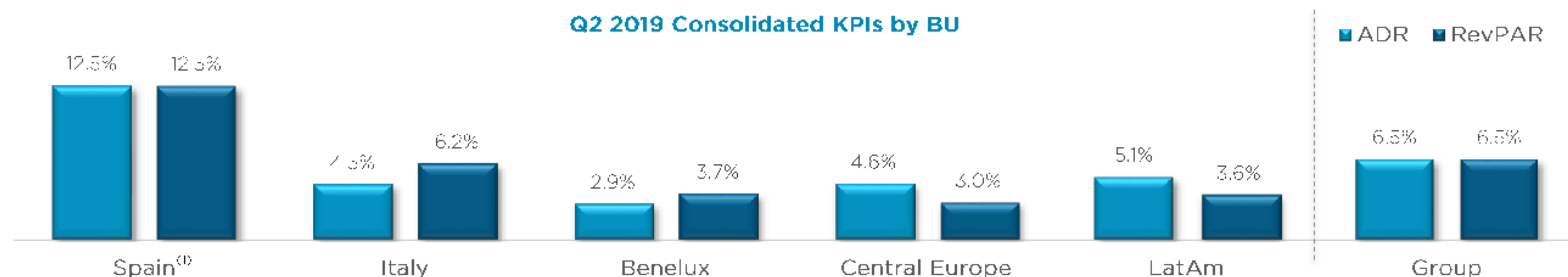
- **+6.5% RevPAR increase in Q2 2019, 100% through ADR**

- All regions reported positive RevPAR and ADR trend with outstanding RevPAR growth in Spain (+12.5%) and Italy (+6.2%)
- ADR: +6.5% price increases (+€6.8) reaching €110.4. Remarkable growth in Spain (+12.5%), Central Europe (+4.6%) and Italy (+4.5%)
- Occupancy: remained flat at 75.3%. Higher demand growth in Italy (+1.6%; +1.2 p.p.) boosted by the good performance of Rome

- **LFL (excluding reforms) RevPAR grew +6.3% in Q2 2019**

- Spain (+13%): Recovery continued in Barcelona (+17%, both occupancy and ADR) and strong performance of Madrid (+15%, mainly from ADR due to congresses and Champions League Final) and secondary cities (+9%)
- Italy (+3%): Good evolution of Milan (+4%) with positive trade fair calendar in Q2 and Rome (+3%)
- Benelux (+5%): Recovery continued in Brussels (+7%). Strong performance of Amsterdam (+6%) and congress centres hotels (+19%) with higher number of corporate events
- Central Europe (+4%): Favourable trade fair calendar in Munich (+11%) and Austria (+20%). Frankfurt (-8%) negatively affected by an increase of supply and a slightly negative trade fair calendar
- LatAm (+2%; real exchange rate): Buenos Aires (+15%), Mexico DF (-2%) on lower occupancy and Bogota (-1%)

Q2 2019 Consolidated KPIs by BU



⁽¹⁾ includes France and New York. Spain ADR +13.1% and RevPAR +13.9%

Significant improvement in Net Recurring Income

| € million | Q2 2019 Reported €m. | IFRS 16 Adj. €m. | Q2 2019 ex IFRS 16 €m. | Q2 2018 Reported €m. | Q2 VAR. ex IFRS 16 €m. %. | |
|---|----------------------------|------------------------|------------------------------|----------------------------|--------------------------------------|--------------|
| TOTAL REVENUES | 468.9 | - | 468.9 | 445.2 | 23.6 5.3% ¹ | |
| Staff Cost | (145.5) | - | (145.5) | (157.5) | (8.0) | 5.9% |
| Operating expenses | (26.9) | - | (26.9) | (25.7) | (1.2) | 1.4% |
| GROSS OPERATING PROFIT | 196.7 | - | 196.7 | 182.8 | 13.8 ² | 7.6% |
| Lease payments and property taxes | (23.3) | (63.6) | (86.9) ³ | (83.6) | (3.4) | 4.0% |
| EBITDA BEFORE ONEROUS | 173.4 | (63.6) | 109.7 | 99.3 | 10.4 ⁴ | 10.5% |
| Margin % of Revenues | 37.0% | - | 23.4% | 22.3% | - | n.p.o. |
| Onerous contract reversal provision | | 0.4 | 0.4 | 0.6 | (0.2) | 35.3% |
| EBITDA AFTER ONEROUS | 173.4 | (63.2) | 110.2 | 99.9 | 10.2 | 10.2% |
| Depreciation | (73.9) | 44.9 | (29.0) | (27.2) | (1.7) ⁵ | 6.4% |
| EBIT | 99.5 | (18.3) | 81.2 | 72.7 | 8.5 | 11.7% |
| Interest expense | (28.8) | 22.9 | (5.9) | (9.7) | 3.8 ⁶ | 39.2% |
| Income from minority equity interest | (0.1) | - | (0.1) | (0.1) | 0.1 | -48.2% |
| EBT | 70.6 | 4.6 | 75.2 | 62.9 | 12.4 | 19.7% |
| Corporate income tax | (16.5) | (1.5) | (18.0) | (16.0) | (2.0) | -12.8% |
| NET INCOME BEFORE MINORITIES | 54.1 | 3.1 | 57.2 | 46.9 | 10.3 | 22.0% |
| Minorities interests | (0.7) | - | (0.7) | (1.0) | 0.3 | 28.8% |
| NET RECURRING INCOME | 53.4 ⁴ | 3.1 | 56.5 | 45.9 | 10.6 | 23.0% |
| Non Recurring EBITDA ¹⁷ | 2.7 | - | 2.7 | 0.2 | 2.5 | N/A |
| Other Non Recurring items ¹⁸ | (1.4) | | (1.4) | (3.5) | 2.0 | 58.5% |
| NET INCOME INCLUDING NON-RECURRING | 54.6 ⁵ | 3.1 | 57.7 | 42.6 | 15.1 | 35.4% |

- Revenue** grew +5.3% reaching €468.9m (+€23.6m)
- GOP:** cost control allows to report a growth of +€13.8m in the second quarter despite CLA agreements increases in Spain and Benelux reaching a margin of 42%. Conversion rate reached 59% (41% of the increase of total operating expenses explained by the non comparable perimeter)
- Adjusted lease payments and property taxes** of €86.9m increased -€3.4m (+4.0%)
- Excluding IFRS 16, Recurring EBITDA before onerous reached €109.7m (+€10.4m; +10.5%).** Reported EBITDA €173.4m with IFRS 16
- Depreciation:** slight increase of -€1.7m due to repositioning capex. Applying IFRS 16, reported figure reached €73.9m
- Financial Expenses:** decrease of +€3.8m mainly explained by the early redemption of the Convertible Bond in June 2018 and the partial early redemption of 2023 Bond of €43.2m in Q4 2018. With IFRS 16, reported figure is €28.8m
- Reported Net Recurring Income:** improvement of +€7.5m vs. Q2 2018 reported figure reaching €53.4m due to the business improvement, lower financials and despite IFRS 16 impact of -€3.1m
- Reported Total Net Income reached €54.6m,** +€12.0m higher than in Q2 2018 reported mainly due to the business improvement

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