

Q1 2021 RESULTS PRESENTATION

12th of May 2021



Anantara The Marker Dublin

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



Message from the CEO

“One year after the pandemic started, **the European hotel sector continues to be impacted by mobility restrictions**. The severe contingency measures implemented allowed to address this extraordinary environment and guarantee business sustainability.

The inherent flexible operating structure endorses that **c.70% of the portfolio remains open**, despite the low level of activity. **Occupancy rate remained low in Q1** and as a result revenues reached €62m (-78%) in the quarter.

The fixed cost base continues minimized with the aim of preserving liquidity. As such, workforce continues adapted with temporary layoffs and salary reductions. The announced collective dismissal process has been executed in Spain Central Services as part of a global plan being accomplished in accordance with local legislations. The Group reached agreements with landlords to obtain €13 million of fixed leases reductions in Q1 and additional savings for Q2 are expected. **As a result, an absorption of 69% of the revenue fall at EBITDA level was achieved**.

Capex has been significantly lower than in Q1 2020 (-52%) and will continue limited through the year. The Group closed March with an **available liquidity of €261m** (€236m of cash) and the **average cash burn per month has been €29m in Q1** including financial expenses and capex. **Net Financial Debt increased by +€86m, from €685m in December 2020 to €772m in March 2021**.

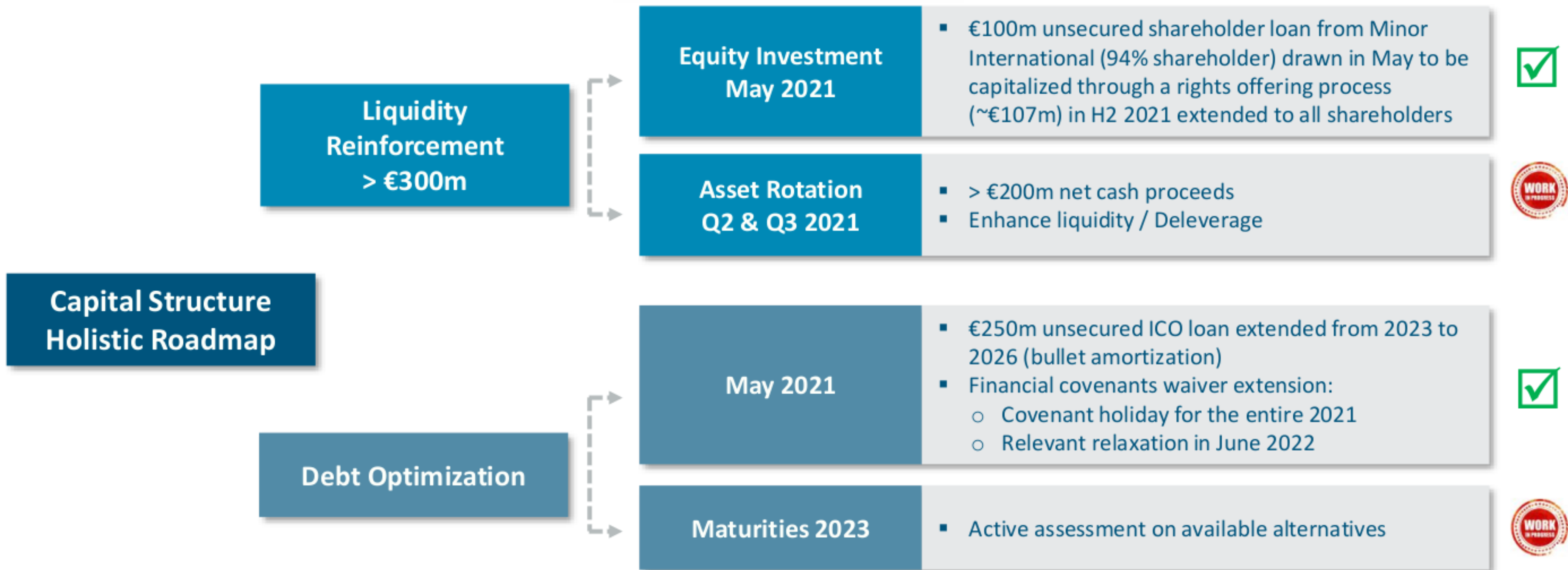
To reinforce the capital structure, an equity investment of €100m has been agreed with Minor International (94% shareholder) through an unsecured and subordinated Shareholder Loan that will be drawn down in May and shall be capitalized in H2 2021 through a rights offering process addressed to all shareholders (~€107m). This agreement provides immediate liquidity and demonstrates NH's main shareholder support to the turnaround.

To further enhance the debt profile, the **maturity of the €250m unsecured ICO syndicated loan has been extended from 2023 to 2026**. Additionally, a **full waiver of the financial covenants has been agreed for the entire 2021 together with a relevant relaxation in June 2022**. This extension proves the support from the financial institutions in the recovery of the Group.

To further strengthen the business until demand normalizes and cash burn is eliminated, there will be further cost savings measures. As such, Board members have foregone all their remuneration for the rest of the year while the situation persists.

The rebound from leisure domestic demand has already started as the vaccination rate increases in Europe and mobility restrictions are being eased. Challenges of the first months of 2021 are behind and **we are confident of a steep recovery in the short-term**. **The more efficient operating model with a sustainable lower cost base will allow to improve our profitability margins**. **The reinforcement of the capital structure proves the financial resilience that will further improve with the ongoing asset rotation transactions.**”

Proactive approach to strengthen the capital structure



This roadmap provides stability, addresses sustainability and positions NH for the turnaround

Lower cost base offset 69% of revenue drop in EBITDA⁽¹⁾

- In Q1 2021, cost base continued to be minimized due to strict control and efficiencies:
 - Non-Rent Cost -56.6%
 - Total Costs including rents -48.1%
 - Excluding perimeter changes, the decrease in total rents amounted to +€22.7m or -29.1%, explained by the +€12.8m fixed rent concessions achieved in the quarter and lower variable rents

€ million (Q1 2021 variation YoY)	Q1 2021 YoY	
	€m.	%
TOTAL REVENUES	(217.1)	-77.7%
Staff Cost	71.6	56.8%
Operating expenses	56.4	-58.3%
TOTAL OPERATIONAL COSTS EXCL. RENTS	128.1	-56.6%
Lease payments and property taxes ⁽¹⁾	22.7	-26.0%
TOTAL COSTS⁽¹⁾	150.8	-48.1%
RECURRING EBITDA⁽¹⁾	(66.3)	N/A
ABSORPTION RATE OF REVENUE DROP TO EBITDA⁽¹⁾	69%	

-70% of revenue drop offset at EBITDA⁽¹⁾ level

Payroll	<ul style="list-style-type: none"> • Downsized workforce by means of furloughs, shorter working hours and wage cuts extended until mid-2021
Leases	<ul style="list-style-type: none"> • Continued negotiations with landlords for temporary rent reductions

(1) Excludes IFRS 16 and rent linearization accounting impacts

Reopening

- The **progressive reopening** started in mid-2020 according to **demand and with a focus on optimizing profitability**, reaching ~80% of the portfolio as of September
- Since October, several hotels closed again due to stricter lockdowns and travel restrictions in Europe ending 2020 with ~60% of the portfolio open
- The % of **hotels open as of beginning of May** accounted to ~70% with an average occupancy rate of ~25% in the last months

Recovery

- The Group will benefit from:
 - **Strong market positioning** in the European countries
 - **Excellent locations and high brand awareness**
 - **High domestic demand** (2019: Germany 70%; Spain 60%; Italy and Benelux 50%)
- Recovery phase driven initially by:
 - **Domestic + intra-European demand** (2019: c.70-75%), as international mobility remains low
 - **B2C segment (c.60-70%)**. B2B (c.30-40%) will take longer to recover due to macro and initial lower size of events

Occupancy (European open hotels)



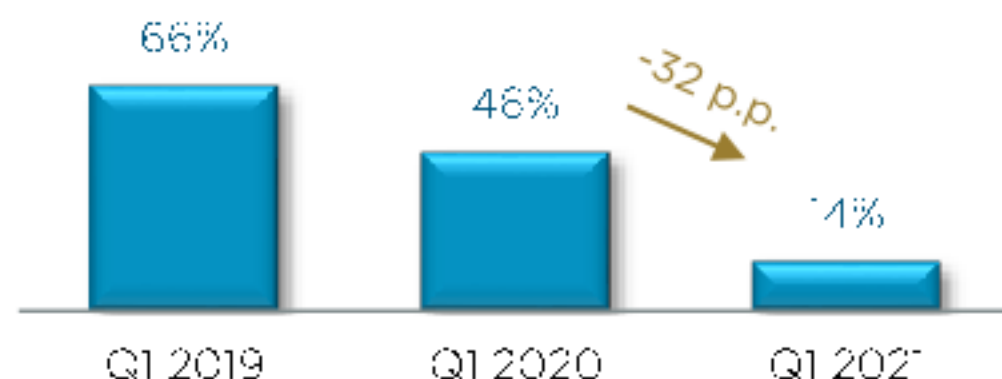
Weekly Occupancy trend (European open owned & leased hotels)



Weak demand continued in Q1

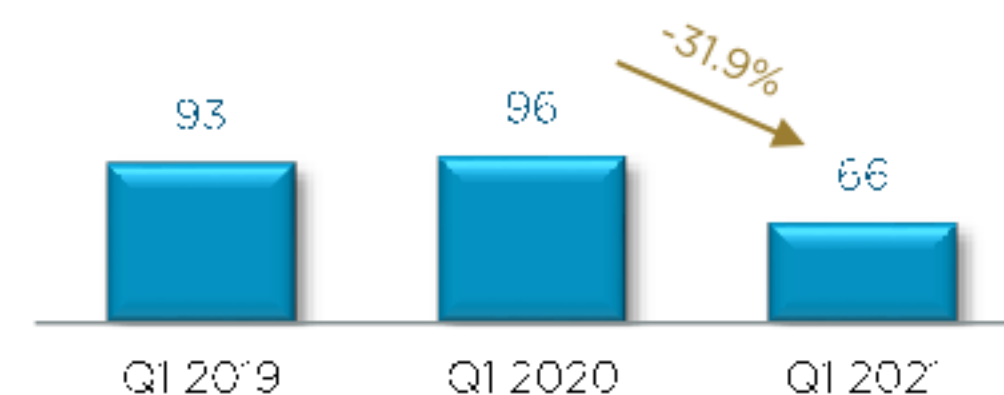
Occupancy (%)

- 69.1% fall in activity (-32.0 p.p.) to 14.3%, explained by the closure of the portfolio and additional mobility restrictions
- Occupancy in the open hotels of ~25% due to the impact of the third wave since the end of 2020



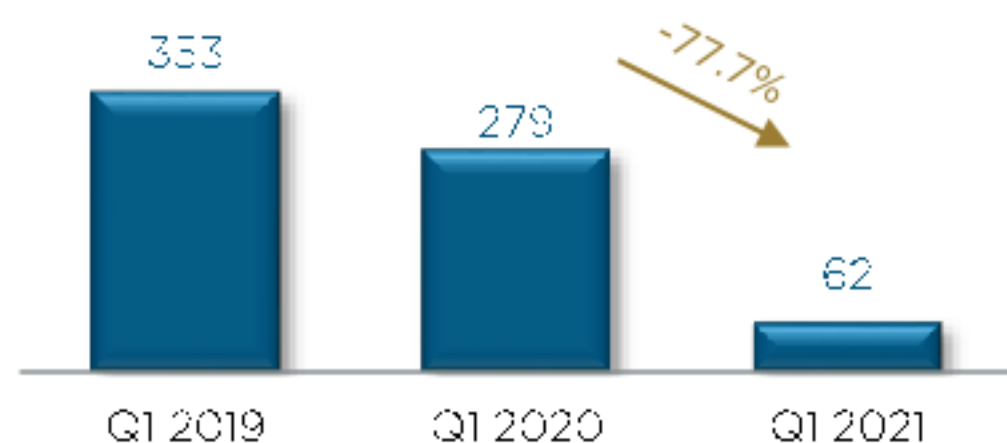
ADR (€)

- 31.9% drop in prices (-€30.7) reaching €66 (same level as Q4 2020)
- Lower demand and different business mix in absence of ADR driven events



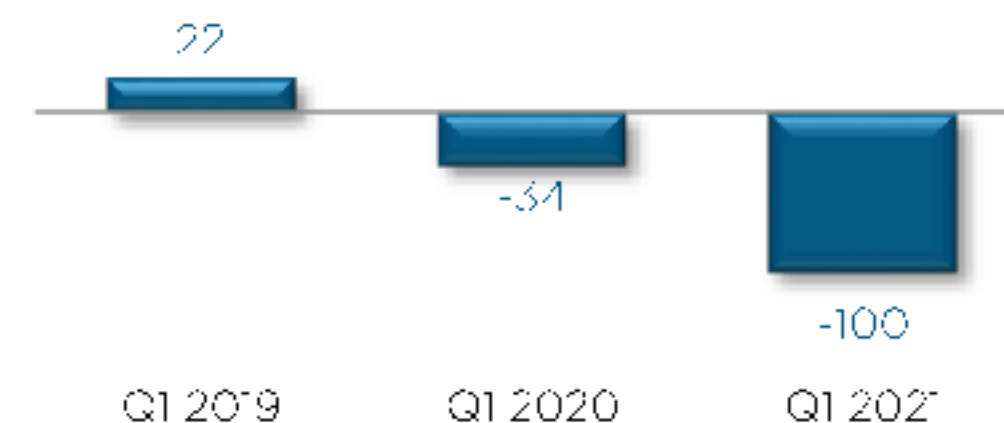
Revenues (€m)

- €62m (-€217m revenue decline; -77.7%)
- Lower than Q3 and Q4 (€148m and €82m, respectively) due to further lockdowns and travel restrictions since the end of 2020



Recurring EBITDA⁽¹⁾ (€m; excluding IFRS 16)

- Reached -€100m, a fall of -€66m
- Relevant cost reduction offsetting 69% of revenue fall



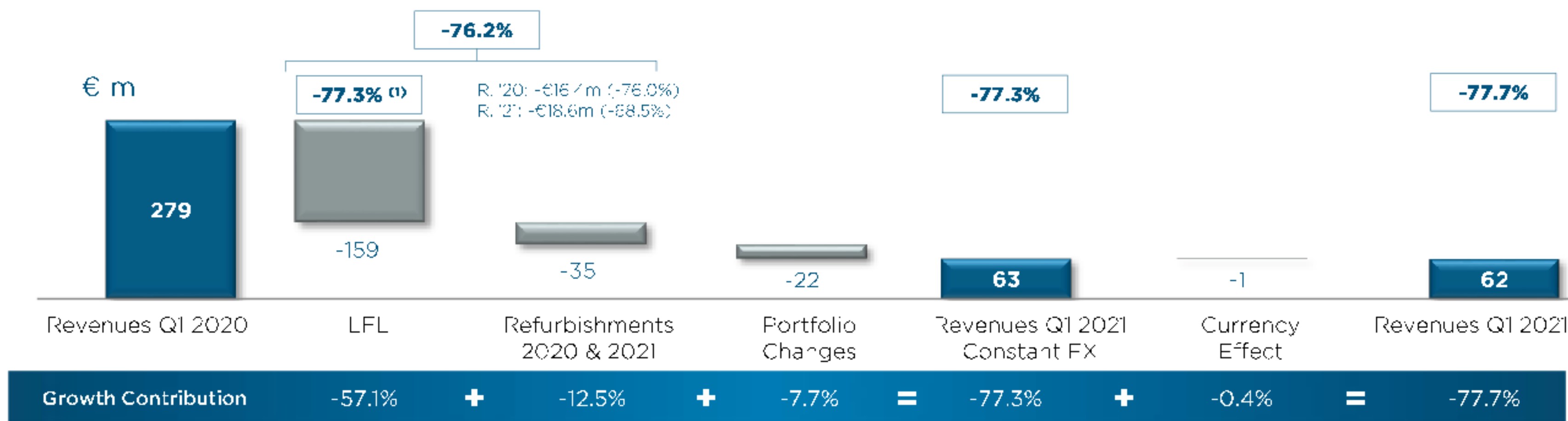
⁽¹⁾ Recurring EBITDA excludes IFRS 16 and ren. linearization accounting impacts and for comparison purposes applied to 2019 and 2020 figures

Q1 Revenue continued impacted by mobility restrictions

- Total Revenue declined -77.7% or -€217m to €62m** due to the stricter lockdowns across all countries since the last months of 2020
 - Revenue Like for Like (“LFL”): -77.3% with constant FX (-77.8% reported):
 - Severe decline in Europe of -78.7%: Italy (-61.0%), Spain (-70.5%), Benelux (-87.4%) and Central Europe (-89.4%)
 - Including the refurbished hotels, LFL&R fell -76.2% with constant FX (-76.7% reported)
 - Perimeter changes contributed with -€22m including the revenue loss of hotels exiting the portfolio (-€4m) during 2020 and 2021 and despite the entries of the period, mainly Boscolo portfolio, nhow London, nhow Amsterdam RAI and NH Collection Verona

Revenue Split	Var. Q1 2021
Available Rooms	0.4%
RevPAR	-79.0%
Room Revenue	-79.2%
Other Revenue	76.2%
Total Hotel Revenue	-78.3%
Non-hotel Revenue*	-€1.4m
Total Revenue	-77.7%

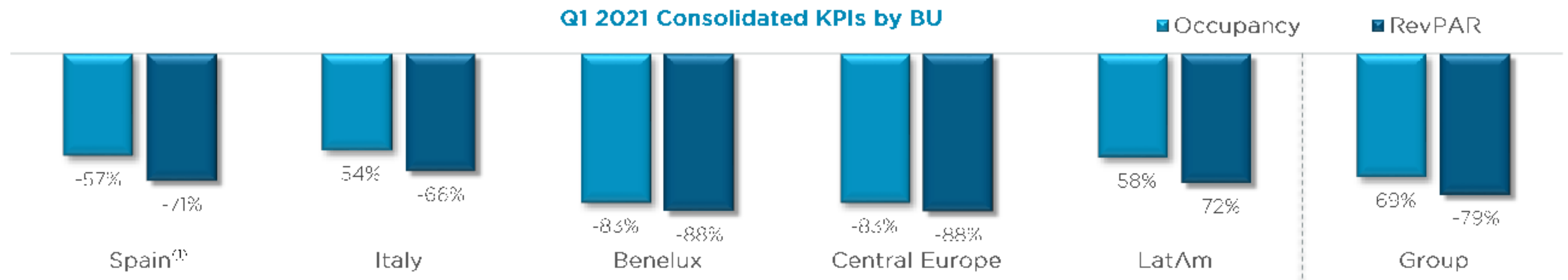
* Other + Capex Payroll Capitalization



(1) On its 2020 own base. With real exchange rate growth is -77.8%

RevPAR decrease on lower occupancy due to mobility restrictions

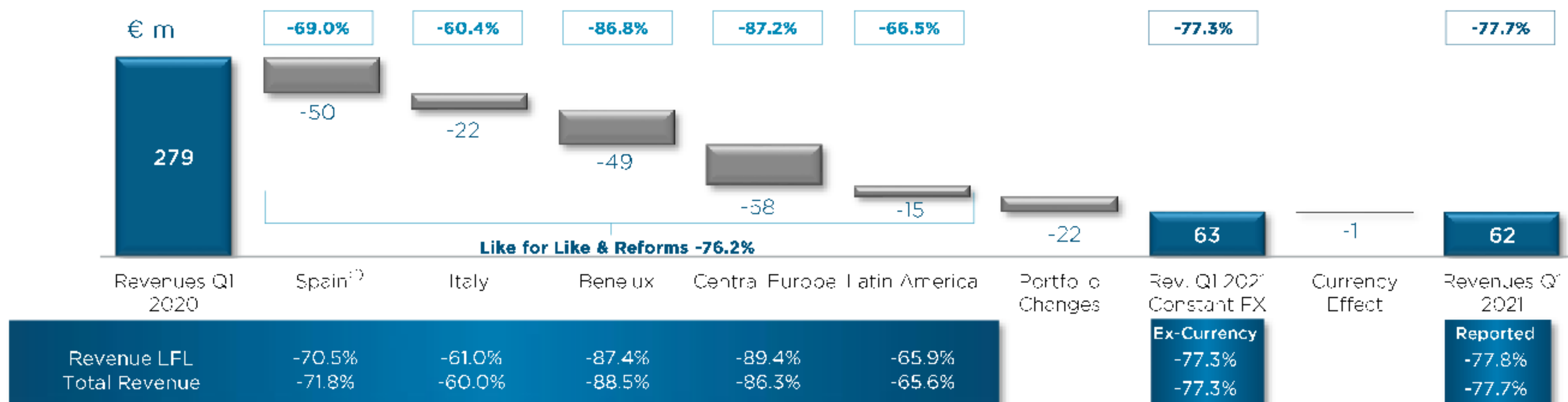
- RevPAR decrease of -79% in Q1 2021**
 - All regions reported negative RevPAR fully explained by lower activity. RevPAR decrease in Italy (-66%), Spain (-71%), LatAm (-72%), Benelux (-88%) and Central Europe (-88%)
 - Occupancy: fell -69% or -32.0 p.p. to 14.3% (46.3% in Q1 2020) due to stricter mobility restrictions
 - ADR: -31.9% drop in prices (-€30.7) reaching €65.5 due to the different business mix with absent B2B demand and ADR driven events
- LFL RevPAR performance by region (excluding reforms): lower drop in southern European countries and in secondary cities**
 - Spain (-72%): Barcelona -90%, Madrid -76% and secondary cities -64%
 - Italy (-64%): Milan -73%, Rome -59% and secondary cities -56%
 - Benelux (-88%): Brussels -92%, Amsterdam -91%, congress centres hotels (-93%) and Dutch secondary cities (-79%) with stricter mobility restrictions since December 2020
 - Central Europe (-90%): Munich -96%, Frankfurt -95%, Berlin -94% and Austria -80% also affected by mobility restrictions since the end of 2020
 - LatAm (-72%; real exchange rate): Buenos Aires -91%, Mexico DF -76% and Bogota -70%



⁽¹⁾ Includes France and Portugal

Revenue decline in all markets with lower drop in secondary cities

- Spain:** -70.5% LFL decline explained by the activity drop since March 2020. Barcelona (-88.7%), Madrid (-74.9%) and secondary cities (-65.5%). Including refurbished hotels and perimeter changes total Revenue fell -71.8%
- Italy:** -61.0% decrease in LFL with a sharp decline in Milan (-73.2%) and Rome (-55.3%) and a lesser fall in secondary cities (-47.8%). Total revenue dropped -60.0% including changes of perimeter (openings of 1 hotel in Verona and 4 from Boscolo portfolio and exits of 1 hotel in Florence and 1 in Venice)
- Benelux:** -87.4% LFL with Brussels (-91.8%), Amsterdam (-91.2%) and congress centres hotels (-94.7%). Lower drop in Dutch secondary cities (-81.9%). Total revenues including the opening of 2 hotels (1 in Amsterdam and 1 in London) fell -88.5%
- Central Europe:** -89.4% LFL fall affected by stricter mobility restrictions. Berlin (-91.7%), Frankfurt (-94.8%; also affected by higher supply), Munich (-95.2%) and secondary cities (-88.0%). Including refurbished hotels and the openings of 3 hotels from Boscolo portfolio and exit of 1 hotel total revenue fell -86.3%
- LatAm:** -66.5% in LFL&R with constant exchange rate (-72.2% reported). By regions, Mexico revenues fell -68% at constant exchange rate and including the negative currency evolution (-11%) reported revenues decreased -72%. Argentina revenues fell -72% while reported figure is -81% including hyperinflation and currency depreciation. Colombia and Chile revenue decreased -62% in local currency and including the currency evolution (-9%) reported figure fell -65%

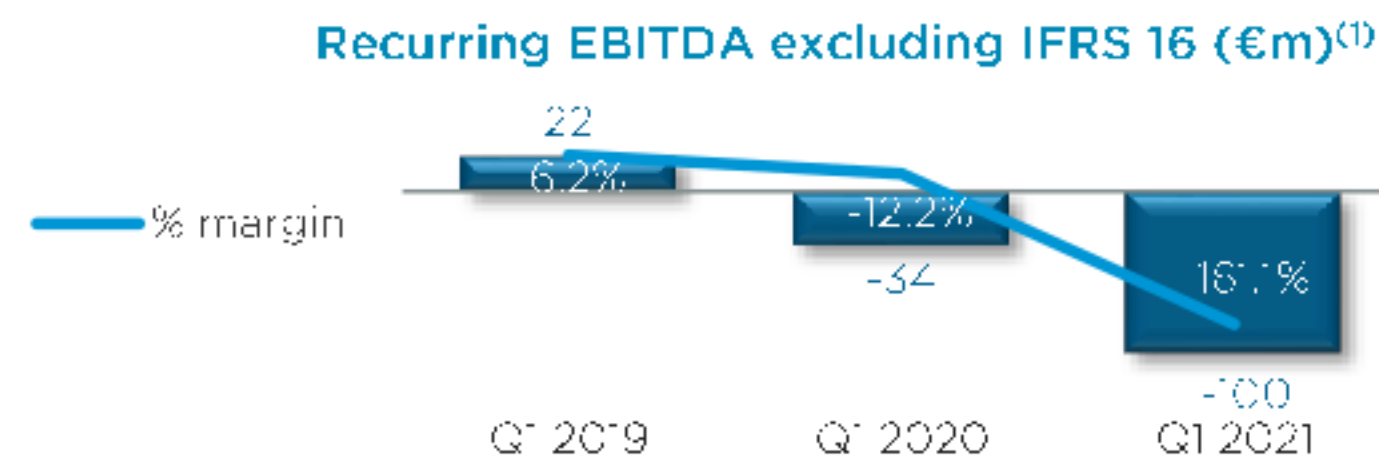
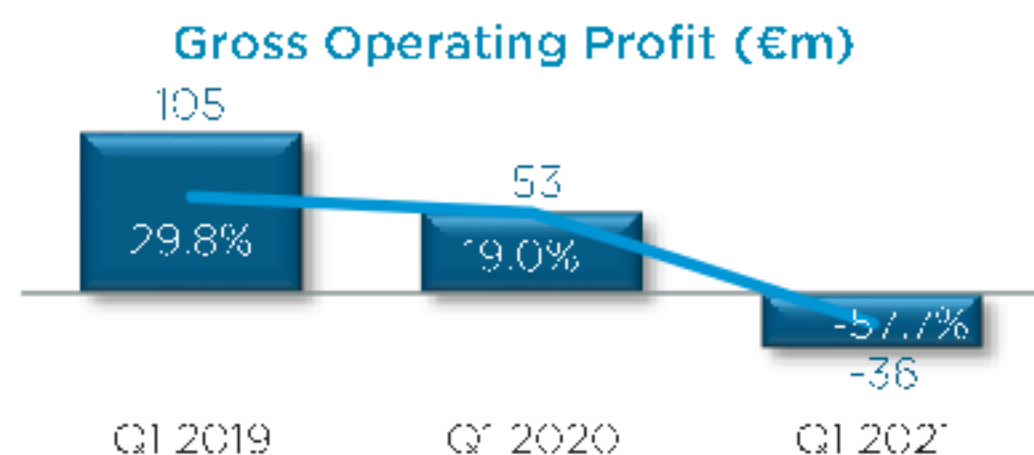


⁽¹⁾ Includes France and Portugal

Relevant cost reduction offsetting 70% of revenue fall at EBITDA level

€ million Reported Figures	Q1 2021	Q1 2020	VAR. Reported	
	€m.	€m.	€m.	%
TOTAL REVENUES	62.3	279.4	(217.1)	-77.7%
Staff Cost	(54.5)	(126.1)	71.6	-56.8%
Operating expenses	(43.7)	(100.2)	56.4	-56.3%
GROSS OPERATING PROFIT	(35.9)	53.1	(89.0)	N/A
Lease payments and property taxes	(2.2)	(22.7)	20.0	-89.9%
RECURRING EBITDA	(38.2)	30.9	(69.1)	N/A

- **Relevant cost base reduction continues in 2021**
 - **Payroll cost** decreased -56.8% or €71.6m. Excluding changes of perimeter payroll would have decreased by -54.9%
 - **Operating Expenses** declined -56.3% or €56.4m. Excluding perimeter changes the decrease is -54.5%
- Reported lease payments and property taxes of -€2.2m fell by +€20.0m mainly explained by the fixed rent concessions of +€12.8m agreed in the quarter, the lower variable rents and including +€1.4m of perimeter changes. **Excluding IFRS 16 and changes of perimeter the decrease has been +€22.7m or -29.1% in the quarter**
- **Reported Recurring EBITDA reached -€38.2m (-€69.1m lower than Q1 2020). Excluding IFRS 16, Recurring EBITDA reached -€100.4m with a 69% absorption rate** of decremental revenue to EBITDA reflecting the impact of contingency measures implemented in 2020



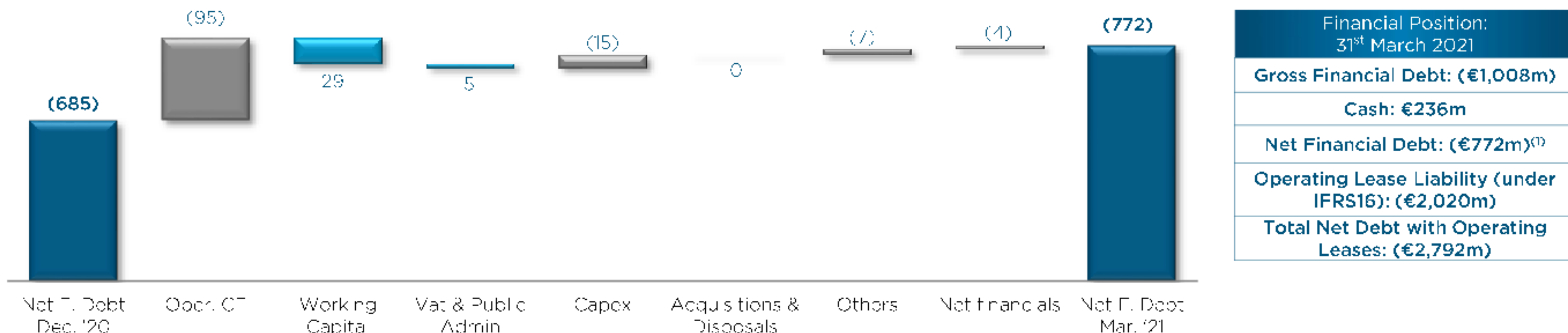
⁽¹⁾ Recurring EBITDA excludes IFRS 16 and rental linearization accounting impacts and for comparison purposes applied to 2019 and 2020 figures

70% absorption rate at Net Recurring Result

€ million (reported figures)	Q1 2021	Q1 2020	VAR. Reported
	€m.	€m.	€m.
RECURRING EBITDA	(38.2)	30.9	(69.1) ¹
Margin % of Revenues	-61.3%	1.1%	-
Depreciation	(26.7)	(28.2)	1.5 ²
Depreciation IFRS	(43.0)	(45.7)	2.3
EBIT	(107.8)	(42.5)	(65.3)
Net Interest expense	(8.2)	(5.3)	(2.9) ³
IFRS Financial Expenses	(2.7)	(23.0)	1.3
Income from minority equity interests	0.0	(0.0)	0.1
EBT	(137.7)	(70.8)	(66.9)
Corporate income tax	15.4 ⁴	12.8	2.7
NET INCOME BEFORE MINORITIES	(122.2)	(58.0)	(64.2)
Minorities interests	0.8	(0.5)	1.4
NET RECURRING INCOME	(121.4) ⁵	(58.6)	(62.8)
Non-Recurring EBITDA	(2.6)	2.4	(5.1)
Other Non Recurring items	(0.1) ⁶	(1.1)	1.0
NET INCOME INCLUDING NON-RECURRING	(124.1) ⁷	(57.2)	(66.9)

- Reported EBITDA amounted -€38.2m (-€69.1m)**
- Depreciation:** decrease of +€1.5m due to lower capex investments
- Financial Expenses:** increased -€2.9m explained by the higher gross financial debt compared to the Q1 2020 (drawdown of RCF and new syndicated ICO loan)
- Taxes:** Corporate Income Tax of +€15.4m, +€2.7m vs. Q1 2020 mainly due to the negative EBT. However, effective tax is lower than in 2020 because tax losses in Germany were not activated this year (in Q1 2020 tax credit in Germany amounted to €4m)
- Reported Net Recurring Income:** reported figure reached -€121.4m, a decrease of -€62.8m vs. Q1 2020 due to the difficult environment that continued in Q1 2021
- Non-Recurring Items:** reached -€2.7m mainly explained by the collective dismissal process executed in Spain
- Reported Total Net Income reached -€124.1m compared to -€57.2m in Q1 2020,** a decline of -€66.9m

Cash Flow Evolution: €29m average cash burn per month

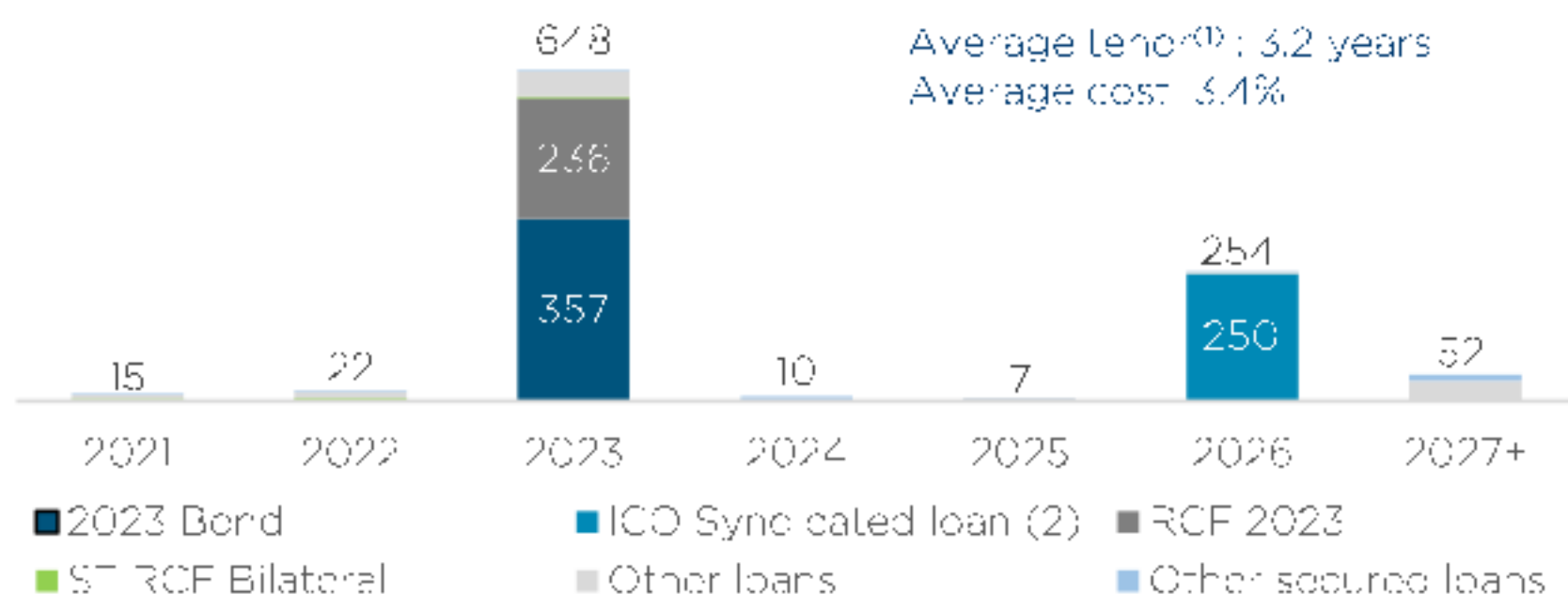


- **(-) Operating Cash Flow:** -€95.2m, including -€0.9m of credit card expenses and corporate income tax of +€7.9m due to a refund received in January 2021 from fiscal year 2019
- **(+) Working Capital:** +€29.5, mainly explained by the supply chain management and improvement in receivable balances
- **(-) Capex payments:** -€14.9m paid in Q1 2021, compared to -€31.1m from the same period of last year. Capex will continue limited through 2021
- **(+) Acquisitions & Disposals:** no relevant transactions in the period
- **(-) Others:** mainly due to prepaid expenses, payment of provisions and debt FX effect
- **(-) Net Financials & Dividends:** -€3.9m, mainly coming from net interest expense

⁽¹⁾ NFD excluding accounting adjustments for arrangement expenses €9.9m, accrued interest -€11.7m and IFRS 9 adjustment €4.0m. Including these accounting adjustments, the Adj. NFD would be (-€769m) at 31st Mar. 2021 and (-€677m) at 31st Dec. 2020

Financial position: no relevant debt maturities until 2023

Debt Maturity Profile ⁽²⁾ 31 March 2021: Gross debt (€1,008m)



	31/12/2020	31/03/2021
Gross Financial Debt	(1,006.0)	(1,007.9)
Cash & Equivalents	320.9	236.3
Net Financial Debt	(685.2)	(771.5)

Net Debt Variation: +€86.4M

Liquidity as of 31st March 2021:

- Cash: **€236m**
- Available credit lines: **€25m**

Available liquidity
€261m

Rating

Rating	NH	2023 Bond	Outlook
Fitch	B-	B+	Negative
Moody's	B3	B2	Negative

Fitch Ratings

- In November 2020, Fitch **affirmed 'B-' with negative outlook**
- The affirmation reflects NH's satisfactory financial flexibility and deleveraging capacity
- NH's Standalone Credit Profile remains at 'B'. It reflects satisfactory liquidity with leverage metrics expected to return in 2022-2023

MOODY'S

- On 30th March 2021, Moody's **affirmed the 'B3' corporate rating of NH Hotel Group**. Outlook has been changed to negative from stable
- The affirmation reflects that despite the stretched liquidity, NH should gradually recover also reflecting the significant property portfolio of €2.2 bn, of which €1.1bn is unencumbered

⁽¹⁾ Excluding subordinated debt (2027+)

⁽²⁾ CO Syndicated Loan extension from 2023 until 2026 signed in May 2021

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