

# Q1 2022 RESULTS PRESENTATION

12<sup>th</sup> of May 2022

Anantara New York Palace Budapest Hotel

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



# Message from the CEO

*"Dear Shareholders,*

*The turnaround in H2 last year allowed us to foresee a fast recovery once restrictions from Omicron were behind. **The strong recovery since mid-February and achieving in Easter period the same level of comparable revenue as in 2019, confirms that Omicron disruption has been limited to the first two months of the year and that Ukraine war has not impacted our intra-European activity so far. NH has no exposure in the disputed region and Russian customers represented in 2019 less than 1% of our revenues.***

*The swift leisure demand recovery since mid-February, faster than in previous waves, together with the reactivation of business travelers resulting in a significant upturn in key cities, has permitted to **surpass the €100m monthly revenue figure in March with an occupancy of 53% and ADR of €97.** This monthly revenue figure was already exceeded from September to November last year. Moreover, positive EBITDA (ex-IFRS 16) and Net Income were reached in the month of March.*

*In April occupancy has continued growing to **63%** and the strategy to maximize **ADRs has resulted in a substantial rise to €116, already achieving the same monthly LFL ADR of 2019 at Group level,** being Spain and Benelux above those of 2019. Therefore, **revenues in April have reached €140m,** despite the lower occupancy compared to 2019. **ADR upward trend continues in May,** and this would imply approaching 2019 comparable RevPAR level sustained by the ADR maximization strategy that partially offsets the lower occupancy.*

***Revenues reached €234m in Q1, an increase of +€171m vs Q1 2021. Strict cost control and initiatives to contain inflationary pressure, higher in externalized services as housekeeping and laundry, have permitted to report an EBITDA (ex-IFRS 16) improvement of +€46m compared to Q1 2021 reaching -€54m (due to seasonality Q1 is the quarter with lower contribution). Net Income progressed by +€47m, reaching -€77m compared to -€124m in the same period of last year.***

*Although reactivation during the second half of 2021 permitted to recover the cash generation (Net financial debt decreased by €29m excluding capital increase in H2), **Omicron impact in the first two months of the year explains the increase of +€31m in Net Financial Debt in the quarter,** from €568m to €599m (€9m of capex and €10m of financial expenses). **Business dynamics have allowed to reach positive free cash flow in March and positive operating cash flow in April YTD.** Debt refinancing achieved last year with the covenant holiday for the entire 2022, displays a **relaxed debt maturity profile** for the turnaround phase together with a healthy available **liquidity of €481m.** As such, **Fitch Ratings has recently upgraded NH's rating to 'B' with stable outlook** reflecting ongoing business recovery and improved liquidity.*

*To summarize, after the weak start of the year, **the strong recovery already experienced in the last months in all our markets together with the visibility from reservations, allow us to foresee a continuous monthly improvement throughout the year.***"

# Omicron disruption from mid-November till February

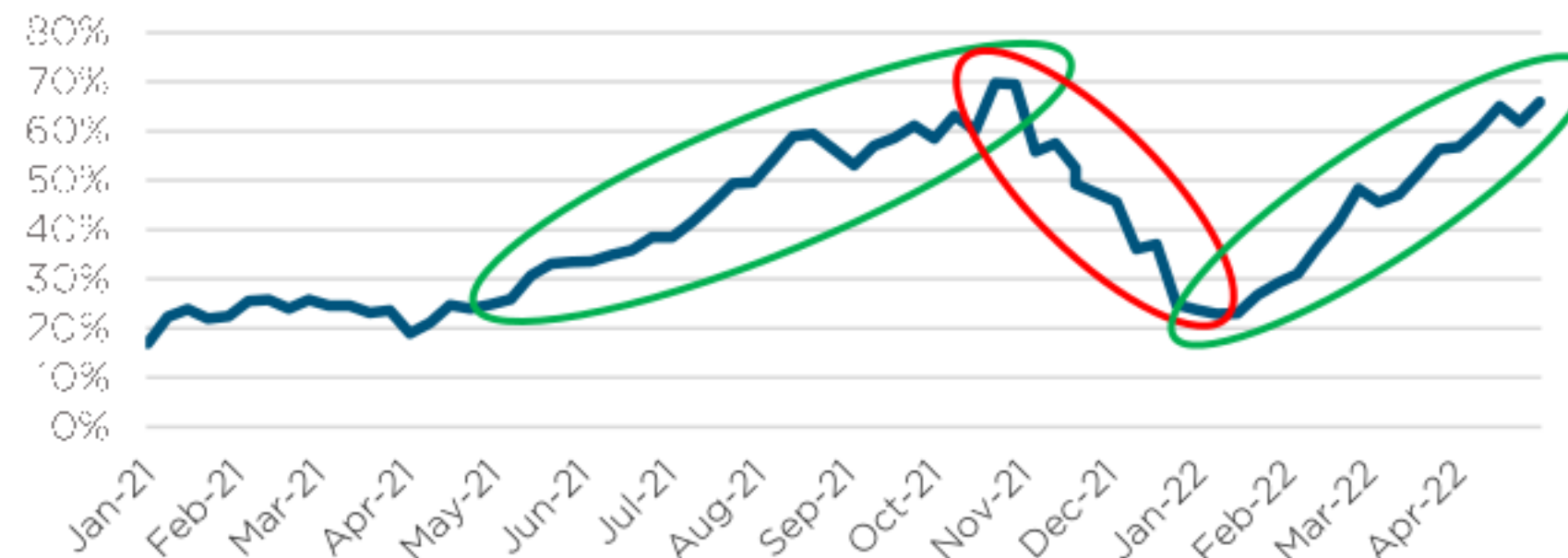
## Improving Business Dynamics

- **Portfolio status:** 2022 started with -85% of the portfolio open. As of March 2022, 100% of the portfolio is open
- **Average occupancy rate of European hotels** impacted by Omicron from end 2021 to beginning of 2022
  - In 2021 decreased from 62% in October to 54% in November and 37% in December
  - In 2022 increased from 26% in January to 40% in February, 51% in March and 63% in April, together with a strong price recovery

## Recovery

- The Group will benefit from:
  - **Excellent locations and high brand awareness**
  - **High domestic demand** (2019: Germany 70%; Spain 60%; Italy and Benelux 50%)
- Recovery phase driven by:
  - **Domestic + intra-European demand** (2019: c.70-75%)
  - **B2C segment (c.65%). B2B (c.35%)** has started to recover with a high demand for meeting and events in the coming months

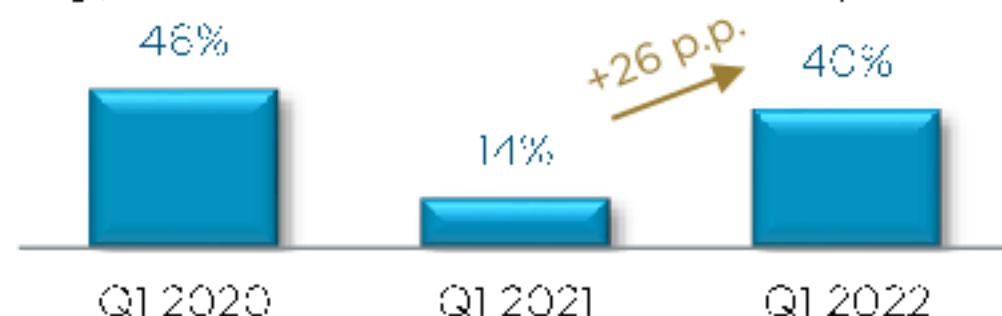
Weekly Occupancy trend (European open owned & leased hotels)



# Encouraging trend since March with solid ADR growth

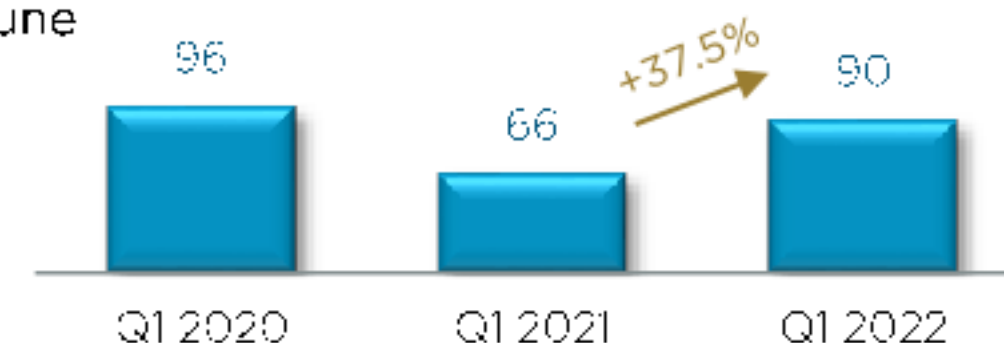
## Occupancy (%)

- 40.4% in the quarter (+26 p.p. vs Q1 2021) and lower than Q4 2021 (49.7%) due to seasonality and Omicron restrictions
- Compared to 2019, LFL occupancy is -25 p.p. lower (66% in Q1 2019)
- Continuous monthly improvement from 28% in January, 41% in February, 53% in March and to 63% in April



## ADR (€)

- +37.4% increase in prices (+€24.6) reaching €90. ADR grew from €80 in January to €97 in March
- Compared to 2019, LFL ADR is down -9.6% (€93 in Q1 2019)
- Pricing strategy has resulted in a substantial rise in April up to €116 (same LFL ADR of 2019). Upward trend continues in May and in June



## Revenues (€m)

- €234m (+€171m vs Q1 2021) as business recovery started in March after Omicron variant. March revenues above €100m and reaching €140m in April
- Still -33.7% below Q1 2019 levels
- Includes €13m of direct state-aid subsidies



## Recurring EBITDA<sup>(1)</sup> (€m; excluding IFRS 16)

- Improvement of +€46m vs Q1 2021 boosted by business reactivation, cost control and initiatives to contain inflationary pressure
- Positive EBITDA already in the month of March



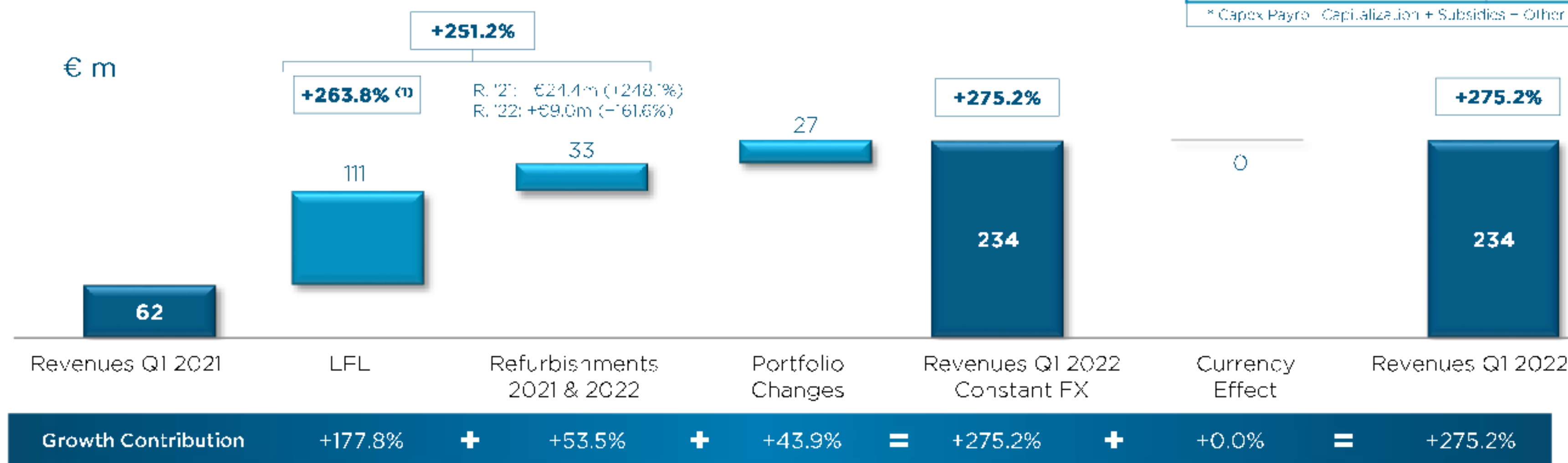
<sup>(1)</sup> Recurring EBITDA excludes capital gains from asset disposals, IFRS 16 and rent linearization accounting impacts and for comparison purposes applied to 2020 figures

# Relevant improvement since March

- Total Revenue grew +€171m to €234m** compared to €62m reported in Q1 2021 with a relevant performance since March leaving behind the impact of Omicron. Still -33.7% below Q1 2019 levels
  - Revenue Like for Like ("LFL"): +263.8% or +€111m with constant FX (+262.9% reported; €110m):
    - Strong growth among all geographies: Spain (+€37m), Central Europe (+€31m; including €12m of subsidies), Benelux (+€21m), Italy (+€12m) and LatAm (+€10m)
  - Perimeter changes contributed with +€27m: mainly Boscolo portfolio and NH Collection Copenhagen

Revenue Split	Var. Q1 2022
Available Rooms	+10.4%
RevPAR	+288.0%
Room Revenue	-289.1%
Other Hotel Revenue	+121.2%
<b>Total Hotel Revenue</b>	<b>+263.8%</b>
Other Revenue*	+€13.8m
<b>Total Revenue</b>	<b>+275.2%</b>

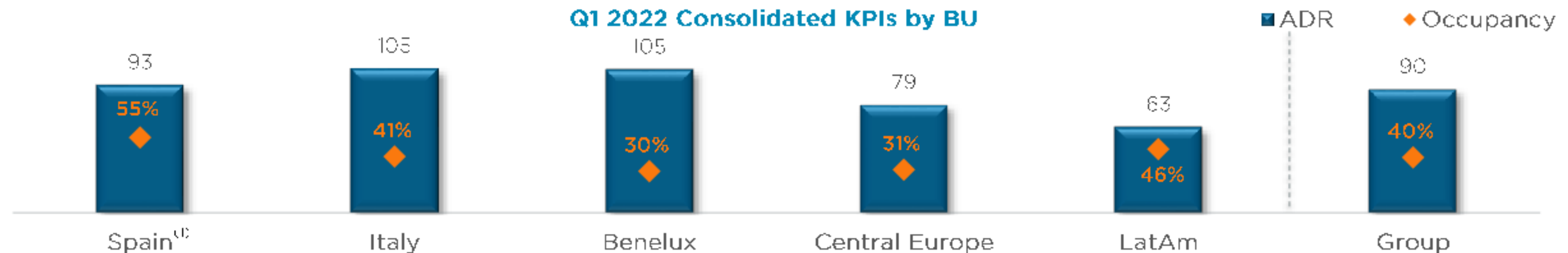
\* Capex Payroll Capitalization + Subsidies - Other



(1) On its 2021 own base. With real exchange rate growth is +262.9%

# ADR recovering 2019 level in April while occupancy continues growing

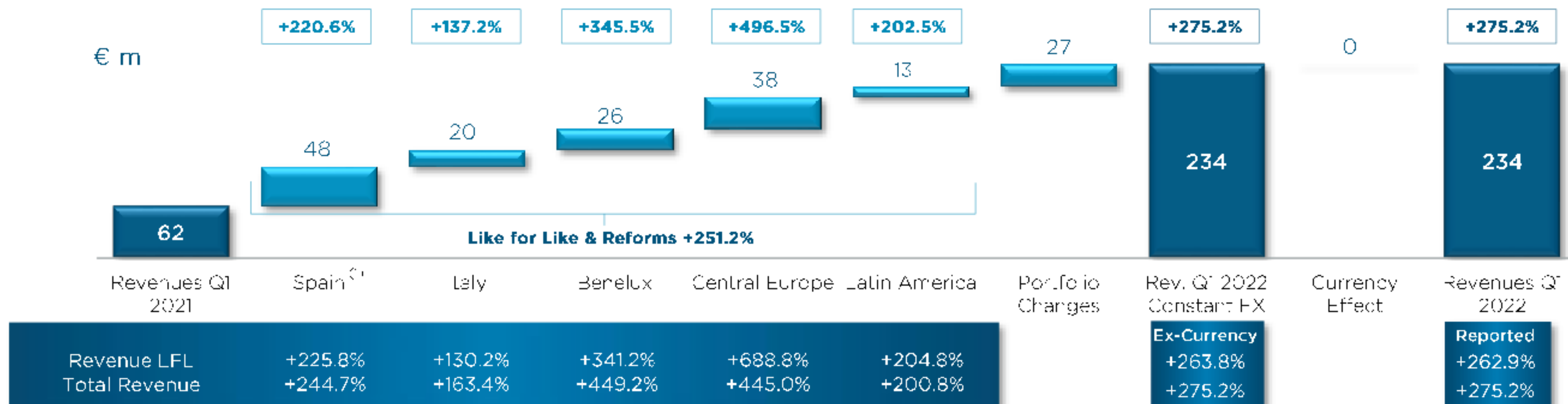
- RevPAR in Q1 2022 (€36) still -44% against LFL Q1 2019 (€62) due to low occupancy on the first two months. The improvement since mid-February has allowed to reduce the gap vs. 2019 to -15% in April, explained by lower occupancy as ADR already recovered previous level. This recovery trend continues in May, getting closer to 2019 LFL RevPAR**
  - All regions reported higher RevPAR in Q1 compared to the previous year despite the low level of activity in January and February
  - Occupancy: Continuous improvement from 28% in January to 41% in February and 53% in March, reaching **40.4%** in the quarter. It more than doubled Q1 2020 figure (14.3%). Compared to 2019, LFL occupancy is -25 p.p. lower (66.1% in Q1 2019). In April occupancy grew up to 63% and will continue increasing in May
  - ADR: from €80 in January to €97 in March, reaching €90 in the quarter. Against 2019, LFL ADR is down -9.6% (€93 in Q1 2019). Relevant rise in April up to €116 (same 2019 LFL level). This ADR upward trend continues in May and in June
- By region: higher activity in Southern Europe due to earlier lifting of restrictions and key cities improving with the return of business travellers**
  - Spain: occupancy reached 55% in Q1, being March close to 70% in LFL. Most of the cities, including Madrid, reached ADRs above 2019 levels in Q1. RevPAR was still -25% vs LFL Q1 2019 mainly on lower occupancy, already surpassing 2019 RevPAR level in April by +7%, being ADRs +11%
  - Italy: March occupancy reached 54% while Q1 was 41%. Strong pricing allowed to reach €105 ADR in Q1, still -3% vs LFL Q1 2019. RevPAR level was -35% vs LFL Q1 2019
  - Benelux: 47% occupancy in March compared to 30% in Q1 2022. €105 of ADR in Q1 2022 still -7% vs LFL Q1 2019, but already above in April (+1%). Brussels with higher ADR vs 2019 and relevant performance of Amsterdam since March
  - Central Europe: occupancy reached 31% growing in March to 41%. ADR still -20% vs 2019 due to higher dependence on trade fairs. Strong recovery in April and May of this region
  - LatAm: occupancy reached 46% in Q1 growing to 54% in March. RevPAR -34% vs LFL Q1 2019



<sup>(1)</sup> Includes France and Portugal

# All regions showing a strong recovery since March

- **Spain:** +€48m LFL&R with a higher contribution from Madrid and secondary cities. Barcelona recovering fast in March and April. Spain has reached in April higher LFL revenues compared to 2019
- **Italy:** +€20m LFL&R growth with a strong growth in Milan and secondary cities. Total revenue positively affected by 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:** +€26m LFL&R increase with a good performance in Amsterdam and Dutch secondary cities. Amsterdam and Brussels demand growing since March
- **Central Europe:** +€38m LFL&R including the positive impact of direct state aid subsidies (€12m). Berlin, Frankfurt and secondary cities performed well
- **LatAm:** +€13m LFL&R with constant exchange rate. By regions, revenue growth across all countries: Colombia and Chile (+€5m), Mexico (+€4m) and Argentina (+€4m)



<sup>1</sup> Includes France and Portugal

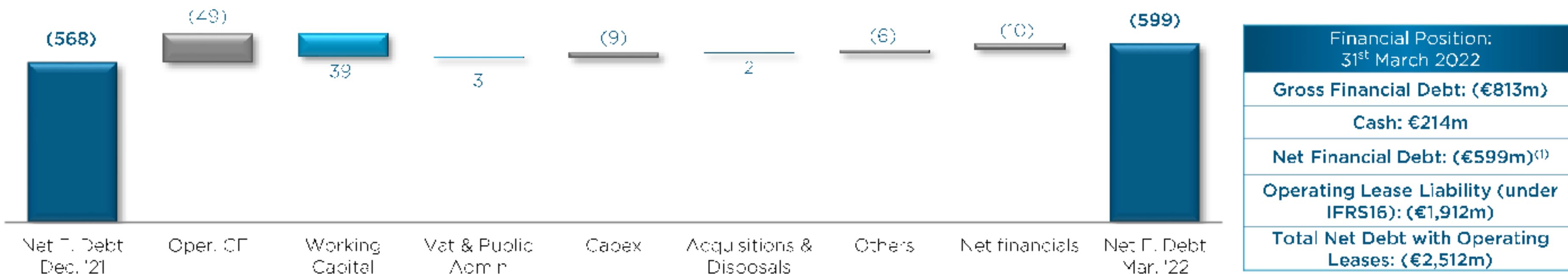
# Total Net Income improved by +€47m due to business reactivation since March

€ million Reported Figures	Q1 2022	Q1 2021	VAR. Reported	
	€m	€m	€m	%
<b>TOTAL REVENUES</b>	<b>233.7</b>	<b>62.3</b>	<b>171.4</b>	<b>275.2%</b>
Staff Cost	(103.5)	(54.5)	(49.0)	90.1%
Operating expenses	(89.9)	(43.7)	(46.1)	105.4%
<b>GROSS OPERATING PROFIT</b>	<b>40.3</b>	<b>(35.9)</b>	<b>76.2</b>	<b>212.2%</b>
Lease payments and property taxes	(31.1)	(2.2)	(28.8)	N/A
<b>RECURRING EBITDA</b>	<b>9.2</b>	<b>(38.2)</b>	<b>47.4</b>	<b>124.2%</b>
Margin % of Revenues	4.0%	61.3%		65.2 o.p.
Depreciation	(25.8)	(26.7)	0.9	-3.4%
Depreciation IFRS 16	(43.0)	(43.0)	(0.1)	0.2%
<b>EBIT</b>	<b>(59.6)</b>	<b>(107.8)</b>	<b>48.2</b>	<b>44.7%</b>
Net Interest expense	(6.9)	(8.2)	1.3	15.5%
IFRS 16 Financial Expenses	(20.1)	(21.7)	1.7	-7.7%
Income from minority equity interest	(0.1)	0.0	(0.1)	260.8%
<b>EBT</b>	<b>(86.6)</b>	<b>(137.7)</b>	<b>51.0</b>	<b>37.1%</b>
Corporate income tax	6.3	15.4	(9.1)	59.3%
<b>NET INCOME BEFORE MINORITIES</b>	<b>(80.3)</b>	<b>(122.2)</b>	<b>41.9</b>	<b>34.3%</b>
Minorities interests	0.1	0.8	(0.8)	90.3%
<b>NET RECURRING INCOME</b>	<b>(80.3)</b>	<b>(121.4)</b>	<b>41.1</b>	<b>33.9%</b>
Non-Recurring EBITDA	0.8	(2.6)	3.5	131.7%
Other Non-Recurring items	2.5	(0.1)	2.6	N/A
<b>NET INCOME INCLUDING NON-RECURRING</b>	<b>(76.9)</b>	<b>(124.1)</b>	<b>47.2</b>	<b>38.0%</b>

- Revenue** reached €233.7m (+€171.4m) as countries started to lift restrictions again after Omicron variant allowing to accelerate the recovery since March
- Payroll cost increased +90.1% and Operating expenses +105.4%**, implying a 44% GOP conversion rate in Q1 due to weak demand in January and February. In March, the conversion rate increased to 58% despite inflationary pressure
- Reported lease payments and property taxes** grew by -€28.8m mainly explained by the higher fixed rent concessions achieved in Q1 2021 and ramp-up from recent openings. **Excluding perimeter changes and IFRS 16, fixed rent savings amounted to €2.6m in Q1 2022 compared to €12.8m in Q1 2021**
- Reported EBITDA improved by +€47.4m reaching €9.2m.** Excluding IFRS 16, Recurring EBITDA grew by +€45.9m reaching -€54.5m. In the month of March, a 39% flow through ratio was achieved
- Net Interest Expense:** decreased by +€1.3m. The lower gross financial debt due to the full repayment of the RCF in 2021 implies a lower financial expense partially offset by the extension of the ICO loan and 2026 Bond. Additionally, there are some positive non-cash accounting impacts due to IAS 29 and IFRS 9
- Taxes:** Corporate Income Tax of €6.3m, -€9.1m vs. Q1 2021 mainly explained by the better EBT compared to last year
- Reported Net Recurring Income improved by +€41.1m** reaching -€80.3m compared to -€121.4m in Q1 2021
- Non-Recurring Items:** reached €3.3m mainly explained by the reversal of an impairment provision related to an asset in disposal process
- Reported Total Net Income improved by +€47.2m reaching -€76.9m** compared to -€124.1m in Q1 2021



# Business dynamics allowed to generate positive free cash flow in March



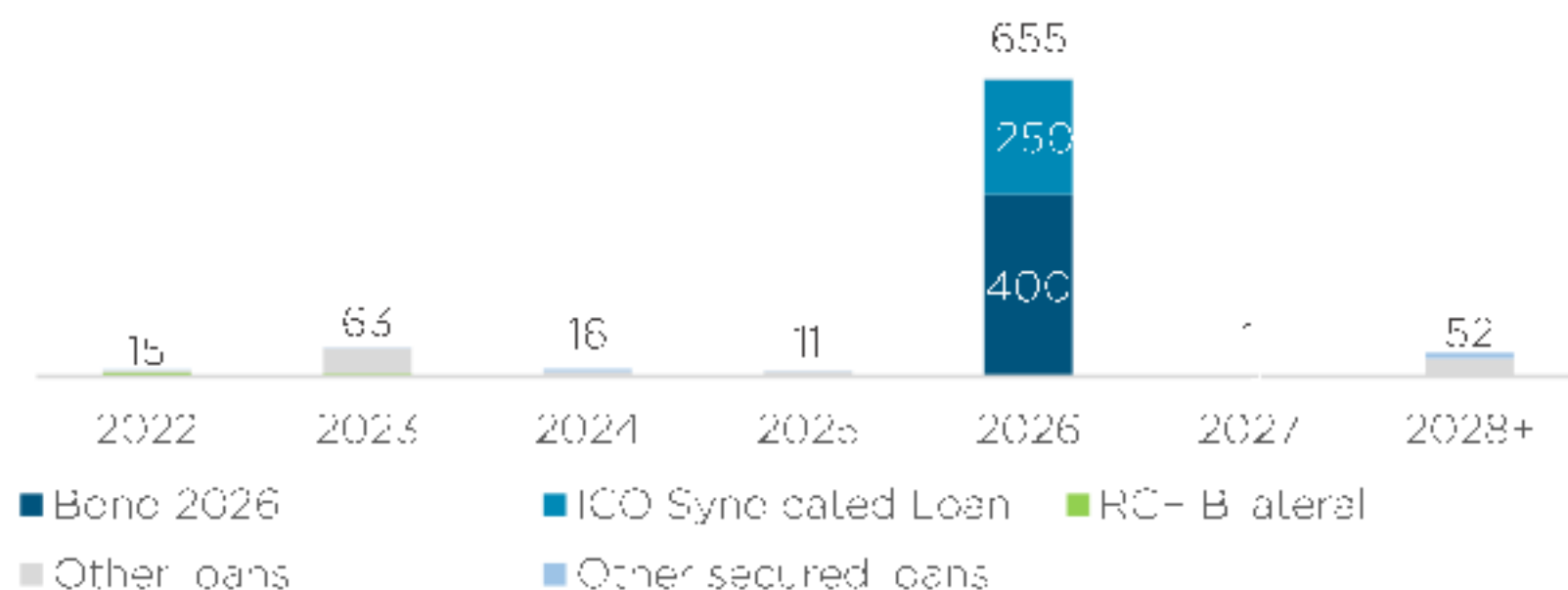
- **(-) Operating Cash Flow:** -€48.8m, including -€2.6m of credit card expenses and corporate income tax of -€0.2m
- **(+) Working Capital:** +€38.8, mainly explained by certain subsidies registered in Q4 2021 and collected in Q1 2022 together with the increase of business impacting both the supply chain management and receivables
- **(-) Capex payments:** -€9.3m paid in Q1 2022. Capex will gradually increase during coming quarters
- **(+) Acquisitions & Disposals:** +€1.6m, mainly a tax refund from an asset sold in 2019
- **(-) Others:** mainly due to prepaid expenses and debt FX effect partially offset by the release of a financial investment pledge for a bank guarantee in reference to a lease contract
- **(-) Net Financials & Dividends:** -€10.0m, fully coming from net interest expenses

<sup>(1)</sup> NFD excluding accounting adjustments for arrangement expenses €12.1m, accrued interest -€7.2m and IFRS 9 adjustment -€4.4m. Including these accounting adjustments, the Adj. NFD would be (-€599m) at 31<sup>st</sup> Mar. 2022 and (-€569m) at 31<sup>st</sup> Dec. 2021

# Rating upgraded: strong liquidity with no relevant debt maturities until 2026

## Debt Maturity Profile 31 March 2022: Gross debt (€813m)

Average tenor<sup>(1)</sup>: 4.0 years  
Average cost: 3.5%



- Financial covenant holiday for the entire 2022
- In 2021, maturities of main debt facilities (ICO Loan, Bond and RCF) were extended to 2026

### Liquidity<sup>(2)</sup> as of 31<sup>st</sup> March 2022:

- Cash: **€214m**
- Available credit lines: **€267m**
  - €242m RCF (fully available)
  - €25m of bilateral credit lines

**Available liquidity<sup>(2)</sup>**  
**€481m**

<sup>(1)</sup> Excludes subordinated debt (2028+)

<sup>(2)</sup> Excludes €6.0m escrow account pledge for a bank guarantee in reference to a lease contract

## Rating

Rating	NH	2026 Bond	Outlook
Fitch	B	BB-	Stable
Moody's	B3	B2	Negative

## Fitch Ratings

- In May 2022, Fitch **upgraded corporate rating from 'B-' to 'B' with stable outlook**
- The rating reflects ongoing business recovery and improved liquidity
- 2026 Bond rating was also upgraded to 'BB-' from 'B+'

## MOODY'S

- In December 2021, Moody's **affirmed the 'B3' corporate rating of NH Hotel Group with negative outlook** based on that a meaningful recovery has not yet happened
- NH has a significant pool of fully owned unencumbered assets which increases financial flexibility

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