Gran Meliá Palacio de Isora Resort & Spa | Tenerife - Spain

FIRST QUARTER RESULTS

2018

MELIÃ HOTELS INTERNATIONAL

P&L AND KEY INDICATORS SUMMARY			
(Million Euros)	March 2018	March 2017 *	% change
REVENUES	**401.1**	**409.4**	**-2.0%**
Revenues ex asset rotation	**401.1**	**409.4**	**-2.0%**
EBITDAR	99.6	97.0	2.7%
EBITDA	**65.1**	**65.8**	**-1.1%**
EBITDA ex asset rotation	**65.1**	**65.8**	**-1.1%**
EBIT	37.2	36.9	0.8%
TOTAL FINANCIAL PROFIT (LOSS)	(7.0)	(11.2)	37.5%
EARNINGS BEFORE TAXES	26.8	23.2	15.3%
NET PROFIT	**20.1**	**17.0**	**18.4%**
NET PROFIT ATTRIBUTABLE	22.1	18.6	18.9%
EPS (€)	0.10	0.08	18.9%
REVPAR Owned & Leased (€)	**78.6**	**77.4**	**1.6%**
REVPAR Owned, Leased & Managed (€)	**68.8**	**75.4**	**-8.8%**
EBITDAR MARGIN (ex - capital gains)	24.8%	23.7%	114 bps
EBITDA MARGIN (ex - capital gains)	16.2%	16.1%	15 bps

Note: *In order to facilitate a proper comparison with 2018 numbers, 2017 figures have been restated to consider the accounting principles included in IFRS 15.*

Business performance

- On a constant currency basis, all of our divisions posted a positive operating performance during Q1, with the exception of Cuba, which was still affected by the hurricanes that hit the Caribbean back in 2017. In this regard, the main financial indicators in constant currency have been: O&L RevPAR (+7.4% vs Q1 2017, with around 70.0% of the increase explained by prices), Revenues (+4.2% vs Q1 2017), EBITDA (+13.8% vs Q1 2017, with a +148 bps margin improvement vs the same period last year). Nevertheless, when translating our results into EUR we have been negatively impacted by the severe depreciation suffered by the USD against EUR (-15.0% vs Q1 2017).
- EPS rose by +18.9% vs Q1 2017 and stood at +€0.10.
- Sales through our direct channel melia.com increased by +6.3% vs Q1 2017 and reached €102.6M, despite the negative effect of the depreciation of the USD against EUR and the slowdown suffered in Cuba, thanks to the different marketing and digital campaigns recently launched aimed at increasing sales conversion ratios and customer penetration. On a constant currency basis, melia.com sales rose by +8.9% vs Q1 2017.

Debt Management

- Net debt increased by +€46.1M in Q1 2018 and reached €639.8M, which compares with the +€593.7M at the end of December 2017. In terms of leverage, we keep our Net Debt/EBITDA target for the year at 2.0x.
- Net financial result improved by +37.5% vs Q1 2017 mainly as a result of the -20.0% decline in bank financing (-€1.6M vs Q1 2017) driven by the lower gross debt plus the decrease in average interest rates (3.19% vs 3.40% in Q1 2017).

Development strategy

- Our global pipeline stood at around 16k rooms and 63 hotels, representing around 20.0% of our total portfolio, and of which over 85.0% have been signed under management contracts. Furthermore, during the first quarter of the year, we incorporated 8 new hotels to our portfolio (4 in Cuba, 2 in Spain and 2 in Vietnam) that will increase our footprint in destinations benefitting from positive market dynamics and the fees collected from third parties.
- In addition, during Q1 we signed 3 new hotels in Vietnam, 1 in Thailand and 1 in Portugal, while in April we signed 2 additional hotels (1 in Morocco and 1 in Dubai), that will increase our penetration in the leisure and bleisure segments.

Outlook 2018

- For the second quarter of the year, we still expect that the evolution of the USD/EUR exchange rate will have a negative impact in our figures in EUR. However, on a constant currency basis, we foresee a RevPAR increase of a mid single digit for the upcoming months, with countries such as France, Italy and Spain leading this increase.
- Furthermore, we still foresee an improvement in margins for the year, as the several actions taken in order to achieve additional operational efficiencies on a system-wide basis are starting to bear fruit.

REPORT ON HOTELS OPERATION

I

GLOBAL HOTELS

FINANCIAL INDICATORS

HOTELS OWNED & LEASED	Q1 2018 €M	Q1 2017 €M	% change
Total aggregated Revenues	**345.9**	**343.5**	**0.7%**
Owned	203.4	211.4	
Leased	142.6	132.2	
Of which Room Revenues	***200.6***	***197.7***	**1.4%**
Owned	99.5	105.3	
Leased	101.1	92.4	
EBITDAR Split	**87.4**	**85.2**	**2.7%**
Owned	63.9	65.0	
Leased	23.5	20.1	
EBITDA Split	**53.2**	**54.0**	**-1.5%**
Owned	63.9	65.0	
Leased	-10.7	-11.0	
EBIT Split	**31.2**	**31.0**	**0.6%**
Owned	49.0	48.5	
Leased	-17.8	-17.5	

MANAGEMENT MODEL	Q1 2018 €M	Q1 2017 €M	% change
Total Management Model Revenues	**64.6**	**71.0**	**-9.1%**
Third Parties Fees	14.4	18.3	
Owned & Leased Fees	21.1	22.0	
Other Revenues	29.1	30.8	
Total EBITDA Management Model	**16.0**	**18.7**	**-14.2%**
Total EBIT Management Model	**15.6**	**16.5**	

* Other Revenues in Q1 2018 include €14.8M of Corporate Revenues not directly attributable to any specific division. Idem in Q1 2017 data by €15.3M.

OTHER HOTEL BUSINESS	Q1 2018 €M	Q1 2017 €M	% change
Revenues	**16.6**	**20.8**	**-20.2%**
EBITDAR	1.8	2.2	
EBITDA	1.5	2.2	
EBIT	1.3	2.0	

MAIN STATISTICS

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occup.		ARR		RevPAR		Occup.		ARR		RevPAR	
	%	p.p. change	€	% change	€	% change	%	p.p. change	€	% change	€	% change
TOTAL HOTELS	67.8%	1.5	116.0	-0.7%	78.6	1.6%	66.2%	-1.0	103.9	-7.4%	68.8	-8.8%
TOTAL HOTELS SAME STORE BASIS	69.7%	1.0	118.7	-0.1%	82.7	1.4%	67.8%	-0.6	106.7	-6.4%	72.4	-7.2%
AMERICA	74.6%	-0.3	129.0	-8.0%	96.2	-8.4%	73.1%	0.3	131.0	-8.3%	95.7	-7.9%
EMEA	66.4%	1.6	141.0	-0.1%	93.7	2.3%	65.7%	1.1	140.9	0.9%	92.6	2.7%
SPAIN	62.1%	3.7	92.3	6.7%	57.2	13.5%	61.4%	3.6	93.5	6.2%	57.4	12.8%
MEDITERRANEAN	77.9%	-2.1	83.3	9.2%	64.9	6.3%	72.3%	0.4	81.0	5.4%	58.6	6.0%
CUBA	-	-	-	-	-	-	70.3%	-10.6	99.6	-21.6%	70.0	-31.8%
BRAZIL	24.3%	1.9	117.7	-39.4%	28.6	74.5%	47.6%	2.5	80.9	-10.7%	38.5	-5.7%
ASIA	-	-	-	-	-	-	57.3%	1.5	68.9	-11.6%	39.5	-9.2%

* Available Rooms Q1 2018: 2,551.9k (vs 2,555.0k in Q1 2017) in O&L // 5,351.2k (versus 5,307.5 in Q1 2017) in O,L&M.

FUTURE DEVELOPMENT

	Current Portfolio				Pipeline									
	Q1 2018		2017 YE		2018		2019		2020		Onwards		TOTAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
GLOBAL HOTELS	321	81,020	315	80,757	18	5,218	19	4,935	19	4,045	7	1,721	63	15,919
Management	120	35,625	112	34,752	14	4,271	15	4,235	13	2,659	7	1,721	49	12,886
Franchised	48	9,691	49	9,812	2	283	2	288	1	96	0	0	5	667
Owned	47	14,266	47	14,340	1	392	0	0	0	0	0	0	1	392
Leased	106	21,438	107	21,853	1	272	2	412	5	1,290	0	0	8	1,974

HOTEL MARGINS

	Occup.	ARR	RevPAR	RevPAR by Price	EBITDAR	EBITDAR MARGIN	EBITDAR	EBITDA	EBITDA MARGIN	EBITDA
	% change	% change	% change	%	% change	bps change	Flow Through	% change	bps change	Flow Through
TOTAL HOTELS OWNED & LEASED	2.2%	-0.7%	1.6%	-41.0%	2.7%	119 bps	NA	-1.5%	10 bps	NA
AMERICA (USD)	-0.3%	10.9%	10.6%	103.3%	10.7%	443 bps	NA	10.6%	410 bps	NA
EMEA	2.4%	-0.1%	2.3%	-2.5%	8.2%	47 bps	26.7%	2.8%	-10 bps	NA
SPAIN	6.4%	6.7%	13.5%	51.1%	12.5%	21 bps	20.6%	1183.7%	90 bps	8.9%
MEDITERRANEAN	-2.6%	9.2%	6.3%	140.0%	9.3%	11 bps	14.3%	60.6%	60 bps	8.9%

	Occup.	ARR	RevPAR	RevPAR by Price	EBITDAR	EBITDAR MARGIN	EBITDAR	EBITDA	EBITDA MARGIN	EBITDA
	% change	% change	% change	%	% change	bps change	Flow through	% change	bps change	Flow through
TOTAL HOTELS OWNED & LEASED SAME STORE BASIS	1.5%	-0.1%	1.4%	-5.7%	-1.2%	15 bps	NA	-4.0%	-40 bps	NA
AMERICA (USD)	-1.9%	9.1%	7.0%	126.5%	8.9%	234 bps	128.0%	8.7%	210 bps	118.1%
EMEA	2.6%	0.8%	3.4%	23.7%	1.0%	-43 bps	6.0%	-5.2%	-40 bps	NA
SPAIN	5.4%	5.8%	11.6%	51.7%	14.2%	78 bps	28.4%	-90.8%	130 bps	15.7%
MEDITERRANEAN	-4.4%	6.5%	1.8%	317.0%	21.4%	136 bps	28.5%	182.0%	170 bps	20.2%


Meliá Serengeti Lodge | Tanzania

FINANCIAL INDICATORS

HOTELS OWNED & LEASED	Q1 2018 €M	Q1 2017 €M	% change
Total aggregated Revenues	**136.8**	**149.5**	**-8.5%**
Owned	130.7	142.6	
Leased	6.2	6.9	
Of which Room Revenues	***55.3***	***64.2***	**-13.8%**
Owned	50.3	58.7	
Leased	5.1	5.5	
EBITDAR Split	**51.9**	**53.6**	**-3.1%**
Owned	51.0	52.7	
Leased	0.9	0.9	
EBITDA Split	**49.4**	**51.0**	**-3.1%**
Owned	51.0	52.7	
Leased	-1.5	-1.7	
EBIT Split	**42.5**	**42.1**	**0.9%**
Owned	44.1	43.8	
Leased	-1.6	-1.7	

MANAGEMENT MODEL	Q1 2018 €M	Q1 2017 €M	% change
Total Management Model Revenues	**16.8**	**19.1**	**-12.1%**
Third Parties Fees	1.1	1.3	
Owned & Leased Fees	9.4	11.0	
Other Revenues	6.3	6.8	

MAIN STATISTICS

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occup.		ARR		RevPAR		Occup.		ARR		RevPAR	
	%	p.p. change	€	% change	€	% change	%	p.p. change	€	% change	€	% change
TOTAL AMERICA	74.6%	-0.3	129.0	-8.0%	96.2	-8.4%	73.1%	0.3	131.0	-8.3%	95.7	-7.9%
TOTAL AMERICA SAME STORE BASIS	78.7%	-1.5	132.5	-6.0%	104.3	-7.8%	76.6%	0.0	132.9	-7.7%	101.8	-7.7%
México	80.1%	2.4	134.4	-8.4%	107.6	-5.5%	78.6%	2.0	141.7	-9.6%	111.4	-7.2%
Dominican Republic	80.0%	-5.3	133.5	-3.1%	106.9	-9.1%	80.0%	-5.3	133.5	-3.1%	106.9	-9.1%
Venezuela	39.0%	-5.1	68.1	-52.8%	26.5	-58.3%	39.0%	-5.1	68.1	33.9%	26.5	18.4%
U.S.A.	73.7%	-2.0	128.1	-7.3%	94.4	-9.8%	72.2%	0.3	145.3	-2.9%	104.9	-2.4%

* Available Rooms Q1 2018: 575.4k (vs 613,0k in Q1 2017) in O&L // 714.9k (vs 762.5k in Q1 2017) in O,L&M.

CHANGES IN PORTFOLIO

Openings between 01/01/2018 – 31/03/2018

Hotel	**Country / City**	**Contract**	**# Rooms**
-	-	-	-

Disaffiliations between 01/01/2018 – 31/03/2018

Hotel	**Country / City**	**Contract**	**# Rooms**
-	-	-	-

FUTURE DEVELOPMENT

	Current Portfolio				Pipeline									
	Q1 2018		2017 YE		2018		2019		2020		Onwards		TOTAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
TOTAL AMERICA	27	8,894	27	8,890	3	678	2	648	2	356	0	0	7	1,682
Management	8	1,856	8	1,850	2	286	2	648	2	356	0	0	6	1,290
Franchised	2	214	2	214	0	0	0	0	0	0	0	0	0	0
Owned	15	6,275	15	6,277	1	392	0	0	0	0	0	0	1	392
Leased	2	549	2	549	0	0	0	0	0	0	0	0	0	0

AMERICA 2018 FIRST QUARTER RESULTS

- RevPAR in USD (owned, leased & managed, excluding Venezuela) jumped by +10,5% vs Q1 2017 mainly as a result of price increases.
- Total fee revenue in USD increased by +0.9% vs Q1 2017 due to higher owned & leased fees, despite the disaffiliation of ME Cancún. However, in EUR this figure was negatively impacted by the depreciation suffered by the USD against EUR.
- EBITDA (owned & leased) flow through (in USD) was affected by the fact that our hotel located in Puerto Rico remained closed during the quarter as a result of the severe damages caused by Hurricanes Irma and Maria, and therefore the metric is not comparable vs the same period last year. Excluding this effect, the EBITDA flow through in USD was +128.0% as a result of the different cost optimization actions launched in the division, which improved EBITDA margin by +210 bps vs the same period last year.
- Melia.com sales fell by over -6.0% vs Q1 2017, being this drop mainly explained by the negative effect of the severe depreciation of the USD against the EUR during the period, as well as by the disaffiliation of ME Cancún and the closure of our hotel in Puerto Rico. On a constant currency basis, melia.com dropped by -2.0% vs Q1 2017.

Our American division posted a mixed set of results in Q1, which historically tends to be the high season period for the region. However, it is important to note that the performance of the division in EUR has been significantly impacted by the severe weakening of the USD against the EUR, which depreciated by around -15.0% when compared with Q1 2017, as well as by the synthetic exchange rate that we estimated for the Venezuelan Bolivar/USD to consider the economical situation faced by the country.

During the first quarter of the year, total sales in USD slightly decreased vs Q1 2017 mainly due to the closure of our hotel located in Puerto Rico, which will remain closed until the end of the year, and the negative impact of the travel warning issued by the US Government in some of the main touristic areas of Mexico, although this minor decrease was partially offset by the higher contribution of our hotels in ramp up, such as Paradisus Los Cabos and ME Miami, as well as by the positive effect of the Easter break in our hotels located in the Caribbean, Mexico, Miami and Orlando. In this regard, RevPAR (in USD) rose in both Mexico and Dominican Republic by +7.7% and +5.4% respectively.

Finally, it its worth to highlight that, given the different cost optimization initiatives and actions aimed at boosting sales implemented in order to increase region wide profitability, we managed to improve the profitability of our hotels and the EBITDA flow through.

OUTLOOK

For the second quarter of the year, we expect a slight slowdown in the performance of our American hotels due to the fact that the Easter break took place in March rather than in April. Finally, for our hotels located in Punta Cana we forecast a demand that will be in line with Q2 2017.

PORTFOLIO AND PIPELINE

We have not added any new hotels to our American portfolio during the first quarter of the year, although we announced a new all inclusive resort located in Mexico (Paradisus Playa Mujeres, management, 392 rooms), that will come to increase and reinforce our offering in the leisure premium segment of the country once it starts into operation by early 2019. For the upcoming months of 2018, we expect to open a new resort in Dominican Republic (Grand Reserve, owned, 432 rooms) by year end to offer exclusive experiences to the upper segments, and will add additional hotels in Colombia (Meliá Cartagena, management, 146 rooms) and Peru (Tryp Lima, management, 140 rooms) to benefit from the positive market dynamics of both countries and further penetrate into the resorts and bleisure segments.

Paradisus Los Cabos | Mexico

FINANCIAL INDICATORS

HOTELS OWNED & LEASED	Q1 2018 €M	Q1 2017 €M	% change
Total aggregated Revenues	**114.0**	**108.2**	**5.4%**
Owned	41.4	40.1	
Leased	72.6	68.1	
Of which Room Revenues	***78.9***	***74.4***	**6.0%**
Owned	28.6	27.5	
Leased	50.3	46.9	
EBITDAR Split	**20.6**	**19.0**	**8.2%**
Owned	7.4	7.3	
Leased	13.2	11.7	
EBITDA Split	**4.1**	**4.0**	**2.8%**
Owned	7.4	7.3	
Leased	-3.3	-3.3	
EBIT Split	**-3.4**	**-3.2**	**-5.2%**
Owned	2.7	2.8	
Leased	-6.1	-6.0	

MANAGEMENT MODEL	Q1 2018 €M	Q1 2017 €M	% change
Total Management Model Revenues	**10.9**	**10.3**	**5.8%**
Third Parties Fees	0.2	0.2	
Owned & Leased Fees	6.0	6.4	
Other Revenues	4.7	3.7	

MAIN STATISTICS

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occup.		ARR		RevPAR		Occup.		ARR		RevPAR	
	%	p.p. change	€	% change	€	% change	%	p.p. change	€	% change	€	% change
TOTAL EMEA	66.4%	1.6	141.0	-0.1%	93.7	2.3%	65.7%	1.1	140.9	0.9%	92.6	2.7%
TOTAL EMEA SAME STORE BASIS	66.5%	1.7	142.3	0.8%	94.6	3.4%	66.7%	2.1	142.0	1.1%	94.7	4.3%
Spain	63.4%	-0.3	190.4	8.5%	120.7	8.0%	59.9%	-1.8	188.3	8.3%	112.9	5.1%
United Kingdom	66.3%	-1.9	152.5	-3.0%	101.1	-5.7%	66.3%	-1.9	152.5	-3.0%	101.1	-5.7%
Italy	66.4%	10.5	175.9	1.8%	116.8	20.9%	65.7%	10.5	176.2	1.5%	115.8	20.8%
Germany	66.5%	0.7	106.3	-4.5%	70.7	-3.5%	66.5%	0.7	106.3	-4.5%	70.7	-3.5%
France	75.7%	9.6	164.0	1.4%	124.1	16.1%	75.7%	9.6	164.0	1.4%	124.1	16.1%

* Available Rooms Q1 2018: 841.9k (vs 812.8k in Q1 2017) in O&L // 905.7k (versus 901.8k in Q1 2017) in O,L&M.

CHANGES IN PORTFOLIO

Openings between 01/01/2018 – 31/03/2018

Hotel	Country / City	Contract	# Rooms
ME Sitges Terramar	Spain/Sitges	Management	213

Disaffiliations between 01/01/2018 – 31/03/2018

Hotel	Country / City	Contract	# Rooms
-	-	-	-

FUTURE DEVELOPMENT

	Current Portfolio				Pipeline									
	Q1 2018		2017 YE		2018		2019		2020		Onwards		TOTAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
TOTAL EMEA	74	12,702	77	13,396	2	283	7	1,141	7	1,621	0	0	16	3,045
Management	8	971	10	1,396	0	0	3	441	1	235	0	0	4	676
Franchised	13	1,915	13	1,915	2	283	2	288	1	96	0	0	5	667
Owned	13	3,020	13	3,029	0	0	0	0	0	0	0	0	0	0
Leased	40	6,796	41	7,056	0	0	2	412	5	1,290	0	0	7	1,702

- RevPAR (owned, leased & managed) grew by +2.7% vs Q1 2017 thanks to price increases and a recovery of occupancy rates, particularly in cities such as Paris.
- Total fee revenue decreased by -6.1% vs the same period last year mainly as a result of the slowdown of certain hotels plus the disaffiliation of Meliá Doha.
- EBITDA (owned & leased) flow through was +1.9% and EBITDA margin slightly worsened by -8 bps during the period vs Q1 2017.
- Melia.com sales jumped by +22.4% vs the same period last year as a result of the positive impact of recently launched marketing and digital campaigns aimed at increasing sales conversion ratios and penetration among potential clients.

Our EMEA division is still benefitting from the positive market dynamics of the European economy and closed the first quarter of the year with positive numbers in general terms, with the exception of Germany, being the main highlights of each country explained below:

GERMANY/AUSTRIA

Our hotels located in Germany suffered a slight slowdown after having posted a -3.5% RevPAR decline vs Q1 2017. However, this negative performance was partially offset by the contribution of our hotels in ramp up, including Hamburg, Leipzig, Aachen and Frankfurt Oostend, plus the solid performance of certain destinations, such as Celle, Wolfsburg and Oberhausen. Moreover, our main challenge has been the Berlin market, which recorded a drop in RevPAR that affected our hotels due to the reduction in flights as a result of the ending of Air Berlin's operations, although we expect a recovery for the upcoming months. Finally, melia.com sales grew by over +16.0% vs Q1 2017.

UK

Market conditions remained tough in London during the first quarter of the year and our hotels struggled to deliver as expected. In this context, ME London posted a +1.0% RevPAR growth in local currency vs the same period last year, while Meliá White House was heavily affected and closed the period with a -6.0% decline in RevPAR in GBP vs Q1 2017. Furthermore, sales through our direct channel melia.com increased by almost +12.0% vs Q1 2017.

FRANCE

Our hotels located in Paris had a remarkable performance during Q1 as a result of the significant recovery shown. In this regard, we recovered past year's volume and RevPAR grew by over +16.0% vs Q1 2017, being this increase mainly explained by the surge in occupancy rates and with Meliá Paris La Defense leading this increase. Going forward, we will focus on raising prices and improving the performance of our superior rooms, as well as to keep boosting sales through melia.com, which jumped by over +31.0% vs the same period last year.

ITALY

The deep recovery that we have witnessed in Italy over the past months, an particularly in Milano, positively impacted the performance of our hotels, including those located in Rome, which posted a solid performance during the low season period. In this regard, RevPAR on a country wide basis grew by almost +21.0% vs Q1 2017, mainly explained by a recovery in occupancy rates, with Meliá Milano contributing to the most to this increase after having recorded almost a +30.0% RevPAR increase vs Q1 2017 as a result of the positive performance of both transient and groups segments. Finally, melia.com sales increased by over +23.0% vs Q1 2017.

PREMIUM SPAIN

On the one hand, our urban hotels located in Madrid, and particularly Gran Meliá Palacio de los Duques, significantly improved their performance vs Q1 2017, while in Seville we managed to increase RevPAR by +7.0%, even though we were slightly affected by the unstable weather conditions during Easter. In Barcelona, our urban hotels were negatively impacted by the current uncertainties surrounding the political landscape of the region, which is having an impact on the MICE segment. On the other hand, the figures of our Spanish resorts in Q1 are influenced by the performance of Gran Meliá Palacio de Isora, as mostly of our resorts were affected by seasonal closures. In this regard, the hotel repeated past year's results due the recovery of alternative markets, the drop in the air seats available and the slowdown of the UK market. Having said that, on the positive side we would like to highlight the good performance of Gran Meliá Don Pepe (+7.0% RevPAR growth vs Q1 2017) and the opening of ME Sitges Terramar, a brand new resort which is expected to become a landmark in the Spanish luxury lifestyle resorts space. Finally, sales through our direct channel meliá.com grew by almost +23.0% vs Q1 2017.

OUTLOOK

For the second quarter of the year, we have positive expectations for our hotels located in EMEA in general terms as a result of the strong momentum of the economic conditions of the region. Having said that, there are differences when looking at specific countries that we would like to highlight:

In Germany, we remain positive and expect a RevPAR growth of almost double digit for Q2, as Berlin is expected to recover at a high pace and a number of events and trade fairs will be held in the country in the upcoming months, which will also have a positive impact in other cities, such as Dusseldorf and Munich. In the UK, we remain confident for the second quarter of the year and expect an increase in RevPAR (in GBP) of a mid-single digit, while in France we continue to rely on the recent recovery shown by Paris and foresee a RevPAR growth of a double digit vs the same period last year, particularly as a result of the positive trend expected for both MICE and transient segments. In Italy, we expect RevPAR to increase by a high-single digit due to the positive market dynamics expected for Milano. Finally, in Spain we forecast a RevPAR growth of a low-single digit for our urban hotels, while for our resorts we remain positive as a result of the expected contribution of our new hotel ME Sitges Terramar plus the good prospects for ME Ibiza, Gran Meliá de Mar and Gran Meliá Don Pepe.

PORTFOLIO AND PIPELINE

During the first quarter of the year, we opened ME Sitges Terramar (Spain, 213 rooms), a luxury resort that will come to serve the needs of the most demanding premium clients and that is expected to become a landmark in the lifestyle resorts segment in Europe. Furthermore, we expect to add 2 new hotels in 2018 to our portfolio in EMEA, Meliá Setubal (Portugal, franchise, 112 rooms) and Meliá Maputo (Mozambique, franchise, 171 rooms), which will be our first hotel in the country.

ME Sitges Terramar | Sitges - Spain

MEDITERRANEAN

FINANCIAL INDICATORS

HOTELS OWNED & LEASED	Q1 2018 €M	Q1 2017 €M	% change
Total aggregated Revenues	**31.4**	**29.0**	**8.3%**
Owned	13.9	12.6	
Leased	17.5	16.4	
Of which Room Revenues	***21.1***	***19.2***	**10.0%**
Owned	8.8	8.1	
Leased	12.3	11.1	
EBITDAR Split	**4.0**	**3.6**	**9.3%**
Owned	2.4	2.0	
Leased	1.6	1.6	
EBITDA Split	**0.6**	**0.3**	**60.6%**
Owned	2.4	2.0	
Leased	-1.8	-1.7	
EBIT Split	**-2.2**	**-2.3**	**+6.0%**
Owned	1.0	0.7	
Leased	-3.1	-3.0	

MANAGEMENT MODEL	Q1 2018 €M	Q1 2017 €M	% change
Total Management Model Revenues	**6.1**	**5.5**	**10.4%**
Third Parties Fees	3.4	2.9	
Owned & Leased Fees	2.0	1.8	
Other Revenues	0.8	0.8	

MAIN STATISTICS

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occup.		ARR		RevPAR		Occup.		ARR		RevPAR	
	%	p.p. change	€	% change	€	% change	%	p.p. change	€	% change	€	% change
TOTAL MEDITERRANEAN	77.9%	-2.1	83.3	9.2%	64.9	6.3%	72.3%	0.4	81.0	5.4%	58.6	6.0%
TOTAL MEDITERRANEAN SAME STORE BASIS	78.7%	-3.7	84.7	6.5%	66.7	1.7%	72.8%	0.0	82.4	5.0%	60.0	5.0%
Spain	77.9%	-2.1	83.3	9.2%	64.9	6.3%	70.4%	-1.2	78.8	6.7%	55.4	5.0%
Cape Verde	-	-	-	-	-	-	80.8%	5.5	88.7	1.5%	71.7	8.8%

* Available Rooms Q1 2018: 325.5k (vs 314.5k in Q1 2017) in O&L // 876.7k (versus 838.8k in Q1 2017) in O,L&M.

CHANGES IN PORTFOLIO

Openings between 01/01/2018 – 31/03/2018

Hotel	Country / City	Contract	# Rooms
-			

Disaffiliations between 01/01/2018 – 31/03/2018

Hotel	Country / City	Contract	# Rooms
-			

FUTURE DEVELOPMENT

	Current Portfolio				Pipeline									
	Q1 2018		2017 YE		2018		2019		2020		Onwards		TOTAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
TOTAL MEDITERRANEAN	81	24,793	76	23,778	3	932	2	1,235	4	908	0	0	9	3,075
Management	28	8,880	24	8,131	2	660	2	1,235	4	908	0	0	8	2,803
Franchised	19	5,908	19	5,908	0	0	0	0	0	0	0	0	0	0
Owned	10	2,609	10	2,610	0	0	0	0	0	0	0	0	0	0
Leased	24	7,396	23	7,129	1	272	0	0	0	0	0	0	1	272

MEDITERRANEAN 2018 FIRST QUARTER RESULTS

- RevPAR (owned, leased & managed) rose by +6.0% vs Q1 2017, being this growth mainly explained by price increases.
- Total fee revenue increased by almost +15.0% vs the same period last year due to increases in both third parties and owned & leased fees collected.
- EBITDA (owned & leased) flow through was +8.7%, while EBITDA margin improved by +57 bps given the significant cost efficiencies achieved by a number of hotels of the division.
- Melia.com sales surged by over +46.0% vs Q1 2017 as a result of the increasing degree of penetration of the platform, particularly among clients from the UK and Central Europe.

The first quarter of the year has been positive for our Mediterranean division, as our hotels located in Spain continued to benefit from the steady flow of visitors coming to the country from all over the world. In this regard, our Spanish resorts improved their performance despite the challenging competitive landscape as a result of the increasing demand of certain destinations, such as Turkey and Egypt. Furthermore, the fact that the Easter break took place in the last week of March, in contrast with past year, when it took place in April, helped our hotels to improve their numbers vs Q1 2017. However, if we observe the Easter break as an independent period, the figures have been slightly lower than past year due to the weather conditions, which tend to be better in April than in March.

When looking at specific areas, we would like to highlight the positive performance of our hotels located in the Canary Islands during the high season period, which closed the quarter with an increase in revenues and despite the fact that the number of rooms available was lower vs past year as a result of the major refurbishments affecting Sol Beach House at Meliá Fuerteventura and Meliá Salinas.

In Coasts, our hotels had a very positive performance over the quarter, with prices increasing at a double digit level, and despite the slight reduction in rooms available due to the refurbishment of the Sol Pelícanos Ocas located in Benidorm.

Finally, our hotels located in Cape Verde posted a significant increase in revenues motivated by a sharp rise in occupancy rates, as our operations in the country are still affected by certain hotels in ramp up.

OUTLOOK

For Q2, we expect figures to be in line with the same period last year. In this regard, and despite that the Easter break took place in Q1 and not in April, certain hotels will continue to be affected by refurbishments. Having said that, and considering all the above mentioned aspects, we expect an increase in prices for our hotels located in the Balearic and Canary Islands, as well as for those situated in Coasts, as a result of the significant improvement shown by our direct sales channel and despite the competitive pressures coming from competing destinations, such as Turkey, which are affecting sales through TOs.

PORTFOLIO AND PIPELINE

During this quarter, we reopened Sol Beach House at Meliá Fuerteventura (142 rooms) and expect to open 3 additional ones in the next few months, Saidia Residences (Morocco, management, 192 rooms), Marbella Estepona - Atalaya Park (Spain, management, 468 rooms) and The Plaza Calviá Beach (Spain, Joint Venture, 272 rooms). Going forward, we will continue to actively refurbish and reposition our hotels to serve the needs of the premium segments targeted and thus increase system-wide profitability and resilience against cycle downturns.

Meliá Jardines del Teide | Tenerife - Spain

FINANCIAL INDICATORS

HOTELS OWNED & LEASED	Q1 2018 €M	Q1 2017 €M	% change
Total aggregated Revenues	**62.1**	**55.9**	**11.2%**
Owned	17.4	16.1	
Leased	44.7	39.8	
Of which Room Revenues	***44.2***	***39.3***	**12.5%**
Owned	11.9	11.0	
Leased	32.3	28.3	
EBITDAR Split	**11.6**	**10.3**	**12.5%**
Owned	3.2	3.0	
Leased	8.4	7.3	
EBITDA Split	**0.6**	**0.0**	**1.183.7%**
Owned	3.2	3.0	
Leased	-2.6	-3.0	
EBIT Split	**-3.8**	**-4.2**	**+9.7%**
Owned	1.3	1.2	
Leased	-5.1	-5.4	

MANAGEMENT MODEL	Q1 2018 €M	Q1 2017 €M	% change
Total Management Model Revenues	**6.8**	**7.2**	**-4.8%**
Third Parties Fees	1.5	1.5	
Owned & Leased Fees	3.7	3.3	
Other Revenues	1.6	2.4	

MAIN STATISTICS

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occup.		ARR		RevPAR		Occup.		ARR		RevPAR	
	%	p.p. change	€	% change	€	% change	%	p.p. change	€	% change	€	% change
TOTAL SPAIN	62.1%	3.7	92.3	6.7%	57.2	13.5%	61.4%	3.6	93.5	6.2%	57.4	12.8%
TOTAL SPAIN SAME STORE BASIS	63.2%	3.3	91.6	5.8%	57.9	11.6%	62.2%	3.3	93.2	5.4%	57.9	11.3%
Spain	62.1%	3.7	92.3	6.7%	57.2	13.5%	61.4%	3.6	93.5	6.2%	57.4	12.8%

* Available Rooms Q1 2018: 771.9k (versus 778.6k in Q1 2017) in O&L // 1,033.3k (versus 1,071.5k in Q1 2017) in O,L&M.

CHANGES IN PORTFOLIO

Openings between 01/01/2018 – 31/03/2018

Hotel	**Country / City**	**Contract**	**# Rooms**
-	-	-	-

Disaffiliations between 01/01/2018 – 31/03/2018

Hotel	**Country / City**	**Contract**	**# Rooms**
Tryp Madrid Getafe Los Ángeles	Spain/Madrid	Franchise	121

FUTURE DEVELOPMENT

	Current Portfolio				Pipeline									
	Q1 2018		2017 YE		2018		2019		2020		Onwards		TOTAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
TOTAL SPAIN	73	13,804	74	13,996	0	0	0	0	0	0	0	0	0	0
Management	11	3,217	11	3,217	0	0	0	0	0	0	0	0	0	0
Franchised	13	1,528	14	1,649	0	0	0	0	0	0	0	0	0	0
Owned	9	2,362	9	2,424	0	0	0	0	0	0	0	0	0	0
Leased	40	6,697	40	6,706	0	0	0	0	0	0	0	0	0	0

SPAIN 2018 FIRST QUARTER RESULTS

- RevPAR (owned, leased & managed) grew by +12.8% vs Q1 2017 due to price increases and a recovery in occupancy rates.
- Total fee revenue rose by +8.3% vs the same period last year as a result of the higher third parties fees collected and despite the disaffiliation of Tryp Madrid Getafe Los Ángeles.
- EBITDA (owned & leased) flow through was +9.0%, while EBITDA margin improved by +89 bps during the period, as the different optimization strategies launched are starting to bear fruit.
- Melia.com sales increased by +15.5% vs Q1 2017 as a result of the enhanced capabilities of the platform, which allowed us to further benefit from the increasing number of tourists visiting the country.

During Q1, Spain continued with the positive trend recently shown. The main highlights of each area are discussed below:

CENTRAL AREA – MADRID

Our hotels located in the Central Area posted a +15.0% increase in revenues vs Q1 2017 due to increases in both prices and occupancy rates. Recently repositioned and fully refurbished hotels, such as Meliá Madrid Serrano and Meliá Madrid Princesa improved, while the MICE segment also showed an increase. However, the Easter break had a negative impact in the MICE segment that was not completely offset as usual by the transient leisure demand due to the unstable weather conditions during the period.

SOUTHERN SPAIN

Revenues in the Southern region grew by over +10.0% vs Q1 2017 as a result of increases in both prices and occupancy rates. In addition, during the quarter we witnessed a recovery of the transient demand and a slight decline in the MICE segment motivated by the negative impact of Easter and the World Cup ski event that was held last year in Sierra Nevada, with the latter affecting the results of our hotels located in Seville and Sierra Nevada.

EASTERN SPAIN

The Eastern region closed Q1 with a +14.0% increase in revenues thanks to improvements in prices and occupancy rates, and even though that the figures were not fully comparable vs Q1 2017 due to new openings and repositionings, such as Meliá Palma Bay and Innside Palma Bosque, plus refurbishments affecting hotels like Meliá Palma Marina (former Meliá Palas Atenea) and Tryp Apolo. In this context, the MICE segment improved vs Q1 2017 thanks to certain events, while our ski hotels, such as Meliá Royal Tanau and Tryp Vielha, benefitted from the remarkable ski season in Baqueira. In Barcelona, revenues of our urban hotels declined as a result of the lower available rooms in Tryp Apolo, while for the future we expect a recovery in occupancy rates in the city, although it is still hard to predict how demand will evolve at this stage.

NORTHERN SPAIN & EAST (LEVANTE)

The performance of our hotels located in both the Eastern-Levante and Northern regions was positive during Q1, with revenues increasing by +13.0% and +10.0% respectively thanks to the improvements of the MICE and corporate segments, and of cities such as Valencia and La Coruña. In this regard, hotels like Meliá Valencia, Meliá Alicante, Tryp Zaragoza and Meliá María Pita benefitted from a number of events that took place during the period, and even though that the unstable weather conditions had a slight negative impact during Easter.

OUTLOOK

For Q2 2018, we have positive expectations for our hotels located in the Central Area, in particular for the transient segment in hotels like Meliá Madrid Princesa or Meliá Madrid Serrano, and despite the expected decrease in the number of congresses and corporate events. In the Southern region, our hotels will be negatively impacted by the fact that Easter took place in March rather than in April and by the change in the dates in which the Seville Fair will be held, although we expect to partially offset this effect with the foreseen pick up in groups demand. In the Eastern region, the contribution of the new openings and recently refurbished hotels, is expected to boost the performance of the area, while in Northern Spain and Eastern-Levante we will be affected in April, as Easter took place in Q1, although we expect a recovery in May and June.

PORTFOLIO AND PIPELINE

During Q2, we disaffiliated Tryp Madrid Getafe Los Ángeles (121 rooms) as part of the typical portfolio optimization that we conduct on an ongoing basis and with a very limited impact on our fees' generation capabilities. For the upcoming months, we do not expect to add any hotels to our Spanish non-premium urban portfolio, so we will continue focusing on adding additional value to our properties through repositionings and refurbishments in order to improve the penetration of our hotels and brands in the upscale segments.

FINANCIAL INDICATORS

HOTELS OWNED & LEASED	Q1 2018 €M	Q1 2017 €M	% change
Total aggregated Revenues	**N.A.**	**N.A**	**-**
Owned			
Leased			
Of which Room Revenues	***N.A.***	***N.A.***	***-***
Owned			
Leased			

MANAGEMENT MODEL	Q1 2018 €M	Q1 2017 €M	% change
Total Management Model Revenues	**6.3**	**10.8**	**-41.4%**
Third Parties Fees	6.3	10.6	
Owned & Leased Fees	0.0	0.0	
Other Revenues	0.0	0.2	

MAIN STATISTICS

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occup.		ARR		RevPAR		Occup.		ARR		RevPAR	
	%	p.p. change	€	% change	€	% change	%	p.p. change	€	% change	€	% change
TOTAL CUBA	-	-	-	-	-	-	70.3%	-10.6	99.6	-21.6%	70.0	-31.8%
TOTAL CUBA SAME STORE BASIS	-	-	-	-	-	-	70.3%	-10.2	102.7	-20.9%	72.2	-31.0%

* Available Rooms Q1 2018: 1,101.5k (versus 1,089.8k in Q1 2017) in O,L&M.

CHANGES IN PORTFOLIO

Openings between 01/01/2018 – 31/03/2018

Hotel	**Country / City**	**Contract**	**# Rooms**
La Unión San Carlos	Cuba/Cienfuegos	Management	49
Jagua	Cuba/Cienfuegos	Management	173
Gran Hotel Camagüey	Cuba/Camagüey	Management	72
Meliá Colón	Cuba/Camagüey	Management	58

Disaffiliations between 01/01/2018 – 31/03/2018

Hotel	**Country / City**	**Contract**	**# Rooms**
-			

FUTURE DEVELOPMENT

	Current Portfolio				Pipeline									
	Q1 2018		2017 YE		2018		2019		2020		Onwards		TOTAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
TOTAL CUBA	32	12,869	28	12,517	3	1,792	2	542	2	381	0	0	7	2,715
Management	32	12,869	28	12,517	3	1,792	2	542	2	381	0	0	7	2,715
Franchised	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Owned	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Leased	0	0	0	0	0	0	0	0	0	0	0	0	0	0

CUBA 2018 FIRST QUARTER RESULTS

- RevPAR in USD (managed) dropped by -21.0% vs Q1 2017 due to the negative impact of Hurricane Irma in our operations, as TOs reopened the destination with a severe delay and because of this we were not able to properly market our hotels for the high season period, as well as due to the severe depreciation suffered by the USD against EUR.
- Total fee revenue fell sharply and closed the quarter with a -40.6% decline vs the same period last year as a result of the above mentioned aspects.
- Melia.com sales were also affected by the impact of the natural disasters that hit the country over the past months and declined by over -35.0% vs Q1 2017.

The different natural events that took place in Cuba during the second half of 2017 had a negative impact in our operations in the first quarter of the year, as even though our hotels were back up and running in late December. Moreover, the new restrictions imposed by the Trump Administration to US nationals planning to visit Cuba added uncertainties to international visitors, which opted for alternative destinations for the high season period, being this the main cause of the decline in occupancy rates of our hotels located in La Habana vs the same period last year. In addition, the bankruptcy of Air Berlin, which had a number of weekly routes to Cuba, negatively impacted our hotels.

In this challenging context, country wide RevPAR (in USD) fell by -21.0% vs Q1 2017, with both prices and occupancy rates falling sharply vs the same period last year. When looking at specific areas within the country, our hotels located in La Habana and Santiago de Cuba were the most affected ones, particularly Meliá Cohiba, Meliá Santiago de Cuba and Tryp Habana Libre, being one of the main causes that explain this sharp drop the important decline of visitors coming from the US. In other areas, the performance has been also impacted by the competitive environment and the unforeseen natural disasters that took place a few months ago. As a result of the aforementioned aspects, the evolution of sales by distribution channel has been also negatively affected during the quarter.

Finally, it is worth to highlight that our results in Cuba have been negatively affected by the sharp decline of the USD against EUR, which depreciated by over -15.0% vs the same period last year.

OUTLOOK

For the second quarter of the year, we acknowledge that the negative effects of the above mentioned external factors currently affecting our operations in the country will last for the upcoming months, although we expect some stabilization of our activities once the situation normalizes.

PORTFOLIO AND PIPELINE

We believe that Cuba still offer a vast range of opportunities to capitalize on, particularly in the upper segments. With this in mind, we increased our footprint in the country after having opened 4 new hotels in the first quarter of the year. Furthermore, we expect to open 2 additional hotels by December, both of them under management contracts: Paradisus Los Cayos (802 rooms) and Meliá Internacional de Varadero (934 rooms) that will come to reinforce our leadership position in the country in the resorts segment, as well as to start the construction process of our new Meliá Trinidad together with a local partner.


Meliá Buenavista | Cuba

FINANCIAL INDICATORS

HOTELS OWNED & LEASED	Q1 2018 €M	Q1 2017 €M	% change
Total aggregated Revenues	**1.5**	**1.0**	**53.1%**
Owned	0.0	0.0	
Leased	1.5	1.0	
Of which Room Revenues	***1.1***	***0.6***	**74.5%**
Owned	0.0	0.0	
Leased	1.1	0.6	
EBITDAR Split	**-0.6**	**-1.3**	**+56.0%**
Owned	0.0	0.0	
Leased	-0.6	-1.3	
EBITDA Split	**-1.5**	**-1.3**	**-9.2%**
Owned	0.0	0.0	
Leased	-1.5	-1.3	
EBIT Split	**-1.9**	**-1.4**	**-43.0%**
Owned	0.0	0.0	
Leased	-1.9	-1.4	

MANAGEMENT MODEL	Q1 2018 €M	Q1 2017 €M	% change
Total Management Model Revenues	**1.0**	**1.1**	**-7.9%**
Third Parties Fees	0.7	0.8	
Owned & Leased Fees	0.1	0.0	
Other Revenues	0.3	0.3	

MAIN STATISTICS

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occup.		ARR		RevPAR		Occup.		ARR		RevPAR	
	%	p.p. change	€	% change	€	% change	%	p.p. change	€	% change	€	% change
TOTAL BRAZIL	24.3%	-	117.7	-	28.6	-	47.6%	2.5	80.9	-10.7%	38.5	-5.7%
TOTAL BRAZIL SAME STORE BASIS	-	-	-	-	-	-	50.8%	0.7	78.5	-11.0%	39.9	-9.8%

* Available Rooms Q1 2018: 37.2k (vs 37.2k in Q1 2017) in O&L // 309.0k (versus 309.2k in Q1 2017) in O,L&M.

CHANGES IN PORTFOLIO

Openings between 01/01/2018 – 31/03/2018

Hotel	Country / City	Contract	# Rooms
-			

Disaffiliations between 01/01/2018 – 31/03/2018

Hotel	Country / City	Contract	# Rooms
Gran Meliá Nacional de Rio	Brazil/Rio de Janeiro	Lease	413

FUTURE DEVELOPMENT

	Current Portfolio				Pipeline									
	Q1 2018		2017 YE		2018		2019		2020		Onwards		TOTAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
TOTAL BRAZIL	14	3,150	15	3,563	0	0	0	0	0	0	0	0	0	0
Management	13	3,024	13	3,024	0	0	0	0	0	0	0	0	0	0
Franchised	1	126	1	126	0	0	0	0	0	0	0	0	0	0
Owned	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Leased	0	0	1	413	0	0	0	0	0	0	0	0	0	0

BRAZIL 2018 FIRST QUARTER RESULTS

- RevPAR (owned, leased & managed) dropped by -5.7% vs Q1 2017 as a result of the severe depreciation suffered by the Brazilian real against the euro (-16.0% vs Q1 2017).
- Total fee revenue closed the quarter broadly flat vs the same period last year as a result of the slightly lower third parties fees and higher owned & leased fees collected.
- Melia.com sales rose by over +7.0% vs Q1 2017, as our hotels are benefitting from the improvement in the economic conditions of the country and the digital campaigns implemented are starting to deliver as expected.

Our operations in Brazil posted a positive performance in local currency during the first quarter of the year. In this regard, and after having emerged from a lengthy recession and posted a GDP growth in 2017 of over +1.0% for the first time since 2014, a stable political environment and a deep recovery in the perceived security levels will be key for the total recovery of the economy and particularly to increase consumer confidence, which will be critical to boost the hospitality sector in the country and to attract a higher number of international visitors.

When looking at numbers, RevPAR (in local currency) rose by over +9.5% in Q1 vs the same period last year as a result of significant price increases and a steady growth in occupancy rates. In this regard, it must be highlighted the good performance of our hotels in March caused by the above mentioned recovery of the country's economy, as well as the surge shown by the groups segment. In addition, the different marketing efforts and digital campaigns launched in order to increase the degree of penetration of melia.com started to bear fruit and sales through our direct channel posted a sharp increase vs the same period last year.

Finally, in connection with Gran Meliá Nacional de Rio, and as a result of the severe delays by the owner of the property to build the convention center and other repeated breaches of the contract, Meliá Hotels International decided to terminate the lease contract and disaffiliate the hotel to safeguard the interests of our shareholders. In this regard, the effective disaffiliation date was the end of March.

OUTLOOK

For Q2, we expect a slight increase in occupancy rates in April, event though no significant events will be held during the month, while in May we will focus on implementing targeted and effective commercial strategies due to the expected concentration of demand in just three weeks as a result of the two bank holidays at the beginning of the month. For June, we expect demand to slightly decrease due to the effect of the celebration of the 2018 FIFA World Cup in Russia, particularly during weekdays.

PORTFOLIO AND PIPELINE

No additional hotels were added to our Brazilian portfolio during the quarter and we do not expect to add new ones in the foreseeable future. For the upcoming months, and after having disaffiliated Gran Meliá Nacional de Rio (413 rooms) in March, we will focus on optimizing the operating performance of our hotels and increasing our brands' strength in the upper segments.

Meliá Jardim Europa | Brazil

FINANCIAL INDICATORS

HOTELS OWNED & LEASED	Q1 2018 €M	Q1 2017 €M	% change
Total aggregated Revenues	**N.A.**	**N.A.**	**-**
Owned			
Leased			
Of which Room Revenues	***N.A.***	***N.A.***	***-***
Owned			
Leased			

MANAGEMENT MODEL	Q1 2018 €M	Q1 2017 €M	% change
Total Management Model Revenues	**1.7**	**1.6**	**6.6%**
Third Parties Fees	1.1	0.9	
Owned & Leased Fees	0.0	0.0	
Other Revenues	0.6	0.7	

MAIN STATISTICS

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occup.		ARR		RevPAR		Occup.		ARR		RevPAR	
	%	p.p. change	€	% change	€	% change	%	p.p. change	€	% change	€	% change
TOTAL ASIA	-	-	-	-	-	-	57.3%	1.5	68.9	-11.6%	39.5	-9.2%
TOTAL ASIA SAME STORE BASIS	-	-	-	-	-	-	63.7%	7.8	77.2	0.4%	49.1	14.4%
Indonesia	-	-	-	-	-	-	51.5%	-1.0	61.4	3.1%	31.6	1.2%
China	-	-	-	-	-	-	53.3%	-7.6	63.1	-15.0%	33.6	-25.5%
Vietnam	-	-	-	-	-	-	79.2%	23.6	86.0	-14.2%	68.1	22.2%

* Available Rooms Q1 2018: 410.0k (versus 333.8k in Q1 2017) in O,L&M.

CHANGES IN PORTFOLIO

Openings between 01/01/2018 – 31/03/2018

Hotel	**Country / City**	**Contract**	**# Rooms**
Lavender Boutique Hotel	Vietnam/Ho Chi Minh	Management	107
Amena Residences and Suites	Vietnam/Ho Chi Minh	Management	75

Disaffiliations between 01/01/2018 – 31/03/2018

Hotel	**Country / City**	**Contract**	**# Rooms**
-			

FUTURE DEVELOPMENT

	Current Portfolio				Pipeline									
	Q1 2018		2017 YE		2018		2019		2020		Onwards		TOTAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
TOTAL ASIA	20	4,808	18	4,617	7	1,533	6	1,369	4	779	7	1,721	24	5,402
Management	20	4,808	18	4,617	7	1,533	6	1,369	4	779	7	1,721	24	5,402
Franchised	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Owned	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Leased	0	0	0	0	0	0	0	0	0	0	0	0	0	0

ASIA 2018 FIRST QUARTER RESULTS

- RevPAR in USD (managed) increased by +12.2% vs Q1 2017, being this rise fully explained by volume.
- Total fee revenue jumped by over +22.0% vs the same period last year as a result of the contribution of the new hotels recently added to our portfolio.
- Melia.com sales rose by almost +20.0% vs Q1 2017 due to the increasing attractiveness of the main Asian destinations for international visitors, particularly from Europe and the US.

Our operations in Asia extended the positive performance posted in previous periods as a result of the new incorporations and the recovery of certain destinations, such as Bali, from some one-offs that affected our activities in the region over the past months. In this regard, our recently repositioned and refurbished hotels plus the new hotels incorporated over the past year to our portfolio, which are increasing their degree of penetration and influence, contributed to a greater extent to the division figures, even though they are still affected by a number of hotels in ramp up that will not yield optimal results until their operations normalize. Moreover, we would like to highlight the significant increase in revenues (in USD) posted by the hotels that we manage in the Asian region, which surged by over +25.0% vs the same period last year (+17% on a L4L basis).

When looking at countries, our hotels in China, and particularly Meliá Jinan and Gran Meliá Xian, improved their operating performance vs the same period last year and closed the quarter with increases in both prices and occupancy rates. In Vietnam, the performance was also positive, being a significant example Meliá Danang, in which prices and occupancy rates rose at a high pace. In Indonesia, and after a hard period due to the negative impact of the Agung Volcano eruption in our operations, our hotels in Bali are starting to recover and closed the quarter with price increases.

Finally, we would like to highlight the good performance of our hotels in ramp up, which are still positioning themselves and increasing their penetration in the upper-end of resorts, bleisure and MICE segments. In this regard, it is worth mentioning the improvements posted by Innside Zhengzhou and Sol Beach House Phu Quoc, as well as the positive progression shown by Melia Hongqiao and Sol House Legian.

OUTLOOK

For the second quarter of the year, we remain confident and expect an improvement in the performance of our hotels located in the region vs the same period last year, while we continue to build scale in order to increase the contribution of our Asian division to our global operations.

PORTFOLIO AND PIPELINE

In Q1, we incorporated 2 hotels to our Asian portfolio, both located in Vietnam and under management agreements: Lavender Boutique Hotel (107 rooms) and Amena Residences and Suites (75 rooms), which were added to our portfolio as white label hotels but that will become part of our Innside brand (Innside Saigon Central and Innside Saigon Mariamman) after a deep refurbishment and repositioning process. Also, we signed 1 additional hotel in Vietnam (Meliá Saigon Central,) and 1 in Thailand (Meliá Mai Khao Phuket). Furthermore, and as the region will remain key for our future development strategy, we expect to open 7 new hotels in 2018, all of them under management contracts: Meliá Ba Vi Mountain Retreat (Vietnam, 55 rooms), Meliá Bandung Dago (Indonesia, 254 rooms), Meliá Cam Ranh Bay (Vietnam, 286 rooms), Meliá Ho Tram (Vietnam, 328 rooms), Meliá Shanghai Parkside (China, 150 rooms), Gran Meliá Zhengzhou (China, 388 rooms) and Innside Saigon Central (Vietnam, 72 rooms).

Sol Beach House Phu Quoc | Vietnam

OTHER NON HOTEL BUSINESSESS

2

CLUB MELIÁ & THE CIRCLE

Important disclosure: The division results have been affected by the implementation of the accounting principles included in IFRS 15. In this regard, both 2018 and 2017 restated revenues and EBITDA are lower than the figures prior to the implementation of the new standard. According to the new standard, a long term liability has been recognized in our balance sheet in order to reflect payments received from clients for services not delivered yet. Once the services are delivered, the liability will flow into equity through the P&L. For comparison purposes, during Q1 2018 the impact has been -€7.2M in revenues (-€10.9M in Q1 2017) and -€1.5M in EBITDA (-€1.6M in Q1 2017), although the figures have been negatively impacted by the severe depreciation suffered by the USD against the EUR.

This year is expected to be an exciting period for The Circle, as we will be able to fully capitalize on a vast number of opportunities that our brand new resort located in Punta Cana (Dominican Republic) will offer to our guests once it starts to operate by the end of the year. In this regard, this new opening will allow us to customize the selling process to adapt it to the different idiosyncrasies of each of our potential clients in terms of nationality, needs and likes, thus increasing sales conversion ratios and penetration among premium audiences.

The first quarter of the year brought a positive set of results when it comes to migrations from the former Club Meliá product to the new one and new contract sales. Revenues from clients that migrated to The Circle, including those that decided to upgrade their current subscription in order to gain access to additional benefits, increased by over +20.0% vs the same period last year, with average prices per contract growing by +30.0% vs Q1 2017. Also, sales of new contracts closed the period in line with our initial expectations given that the new resort is still not in operation, although average price per contract slightly increased vs Q1 2017.

When looking at individual countries, total revenues in Mexico increased by +5.0% vs the same period last year, with prices growing by a healthy +9.0%. However, in Dominican Republic, sales decreased as a result of the lower number of clients, despite the +10.0% increase shown by average price per contract, as a result of the negative impact that a minor fire had in our selling point located in Meliá Caribe Tropical. Moreover, we would like to highlight the positive impact that the Easter break had in our activities, since we managed to collect around a quarter of the total revenues of the quarter, as well as to increase sales by a +50.0% vs the same period last year, when Easter took place in April.

In general terms, and to summarize, sales rose at a healthy rate in high season, and this year in particular during Easter, mainly as a result of the growth shown by prices in migrations and upgrades. However, new contracts sales are not growing as expected, since it is hard to increase conversion rates if clients do not have the opportunity to visit the new resort and to fully experience the different amenities offered and included in the resort facilities.

For the second quarter of the year, and provided that it has been historically a low season period, our specialized salesforce will continue to focus on improving sales conversion ratios of our selling points by tailoring the selling and marketing process to each type of client. Having said that, we do not foresee a significant increase in sales vs the same period last year, although we remain optimistic for the summer season since we expect an important development of our new resort plus the typical boost in sales motivated by the high season that will allow us to recover from previous months and to better position ourselves for the second half of the year.

REAL ESTATE

During the first quarter of the year, and as in Q1 2017, we have not sold any fully-owned real estate asset and therefore no capital gains were generated. In regards with potential asset disposals, we acknowledge that the current positive momentum of both the tourism and real estate sectors in Spain, with the latter being fueled by the increasing number of deals recently closed by Tier 1 financial sponsors, particularly in the hotels arena, should help us to seek new value accretion opportunities for our non-core assets located in Spain that will eventually materialize in some transactions over the following months. In the meantime, and after the appointment of JLL by the Audit Committee as the new asset appraiser, we expect to update the fair market value of our owned real estate assets, as the latest one dates back from June 2015, and release it along with our H1 results in July. As a result of the aforementioned momentum of the real estate sector motivated by the increasing number of investors seeking for yield in this low interest rates environment, this new valuation should reflect the higher value of our properties, although the overall figure will be slightly affected by the net effect of additions and disposals that we completed since the last valuation, and also by the recent deterioration of the exchange rates in various markets where we hold properties.

The Circle | Dominican Republic

Innside Palma Bosque | Mallorca - Spain

FINANCIAL STATEMENTS

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INCOME STATEMENT

Important disclosure: Our consolidated P&L statement has been affected by the implementation of the accounting principles included in IFRS 15. In this regard, 2017 figures have been restated in order to facilitate a proper comparison with 2018 numbers. In addition, the financial statements presented in this report have been also affected by the severe depreciation suffered by the USD against the EUR during the period, as well as by the Venezuelan Bolivar/USD exchange rate that we used to reflect the economic reality of the country.

Revenues

Total consolidated revenues slightly declined by -2.0% vs Q1 2017 (-1.9% on a like-for-like basis) due to the following reasons:

1. Lower revenues in our Hotels division (-€14.8M vs Q1 2017) as a result of the severe depreciation suffered by the USD against EUR, which had an impact of -€21.2M during the quarter.
2. Increasing importance of recently opened and refurbished hotels, including Paradisus Los Cabos, Meliá Palma Bay, Innside Palma Bosque, Hamburg Hafen and Meliá Lebreros, that contributed with +€11.5M of additional revenues vs the same period last year.
3. In addition, the lower levels of activity of our TO Sol Caribe Tours motivated by the decline in the number of tourists visiting Cuba had also a negative impact in our operations of around -€3.0M.

Operating Costs

Total operating costs declined by -3.5% vs Q1 2017 (-2.2% on a L4L basis), being the main aspects that explain this decline discussed below:

a) Firstly, it must be noted that we benefitted from the depreciation of the USD against the EUR, which helped us to reduce our costs by over -€15.1M vs the same period last year. Excluding this effect, total operating costs rose by +€4.2M vs Q1 2017 mainly as a result of the higher costs associated with hotels in ramp up.

b) Decline in "Raw Materials" by over -14.0% vs Q1 2017 (-13.8% on a L4L basis), being part of this reduction explained by the savings due to the lower levels of activity of Sol Caribe Tours.

c) Reduction in "Personnel Expenses" and "Other Operating Expenses" by -2.2% and -0.8% respectively vs the same period last year (-0.4% and +0.4% on a L4L basis).

d) Increase in "Rental Expenses" by +10.6% vs Q1 2017 due to new openings, such as Meliá Palma Bay and Innside Hamburg Hafen, plus the higher variable leases associated with the improvement in the performance of certain hotels.

EBITDA

EBITDA slightly declined by -1.1% vs Q1 2017 as a result of the negative effect of the depreciation of the USD against the EUR during the period, while EBITDA margin improved by +15 bps vs the same period last year. Excluding this effect, EBITDA margin rose by +148 bps. Also, no capital gains were generated in the period at EBITDA level.

Depreciation and Amortization declined by -3.5% vs Q1 2017 due to the evolution of the USD/EUR exchange rate.

Operating Profit (EBIT)

Operating Profit increased by +0.8% (+€0.3M) vs the same period last year.

Result from entities valued by the equity method was -€3.4M, which compares with -€2.5M in Q1 2017.

Net Profit

Net Profit significantly improved vs Q1 2017 and grew by +18.4% (+€3.1M).

EPS rose to €0.10, which compares with the €0.08 posted Q1 2017.

% change Q1 18 vs Q1 17	Q1 2018	Q1 2017	(Million Euros)	YTD 2018	YTD 2017	% change YTD 18 vs YTD 17
			Revenues split			
	427.1	435.4	Total HOTELS	427.1	435.4	
	64.6	71.0	Management Model	64.6	71.0	
	345.9	343.5	Hotel Business Owned & Leased	345.9	343.5	
	16.6	20.8	Other Hotel Business	16.6	20.8	
	1.8	2.1	Real Estate Revenues	1.8	2.1	
	21.0	14.1	Club Meliá Revenues	21.0	14.1	
	25.4	28.7	Overheads	25.4	28.7	
	475.4	480.3	Total Revenues Aggregated	475.4	480.3	
	(74.3)	(70.8)	Eliminations on consolidation	(74.3)	(70.8)	
-2.0%	**401.1**	**409.4**	**Total Consolidated Revenues**	**401.1**	**409.4**	**-2.0%**
	(44.7)	(52.0)	Raw Materials	(44.7)	(52.0)	
	(111.1)	(113.6)	Personnel Expenses	(111.1)	(113.6)	
	(145.7)	(146.9)	Other Operating Expenses	(145.7)	(146.9)	
-3.5%	**(301.5)**	**(312.4)**	**Total Operating Expenses**	**(301.5)**	**(312.4)**	**-3.5%**
2.7%	**99.6**	**97.0**	**EBITDAR**	**99.6**	**97.0**	**2.7%**
	(34.5)	(31.2)	Rental Expenses	(34.5)	(31.2)	
-1.1%	**65.1**	**65.8**	**EBITDA**	**65.1**	**65.8**	**-1.1%**
	(27.9)	(28.9)	Depreciation and Amortisation	(27.9)	(28.9)	
0.8%	**37.2**	**36.9**	**EBIT (OPERATING PROFIT)**	**37.2**	**36.9**	**0.8%**
	(6.6)	(8.2)	Financial Expense	(6.6)	(8.2)	
	3.3	1.9	Other Financial Results	3.3	1.9	
	(3.7)	(4.9)	Exchange Rate Differences	(3.7)	(4.9)	
-37.5%	**(7.0)**	**(11.2)**	**Total financial profit/(loss)**	**(7.0)**	**(11.2)**	**-37.5%**
	(3.4)	(2.5)	Profit / (loss) from Associates and JV	(3.4)	(2.5)	
15.3%	**26.8**	**23.2**	**Profit before taxes and minorities**	**26.8**	**23.2**	**15.3%**
	(6.7)	(6.3)	Taxes	(6.7)	(6.3)	
18.4%	**20.1**	**17.0**	**Group net profit/(loss)**	**20.1**	**17.0**	**18.4%**
	(2.0)	(1.6)	Minorities	(2.0)	(1.6)	
18.9%	**22.1**	**18.6**	**Profit/(loss) of the parent company**	**22.1**	**18.6**	**18.9%**

Meliá Palma Marina | Majorca - Spain

FINANCIAL RESULTS & DEBT

Financial results

Net financial expenses declined by -37.5% vs Q1 2017 as a result of the following:

a) Decline in "Financial Expense" (-€1.6M vs Q1 2017) due to the lower interest rate paid (3.19% vs 3.40% in the same period last year) and the lower gross debt.

b) Higher income in "Other Financial Results" (+€1.4M vs Q1 2017).

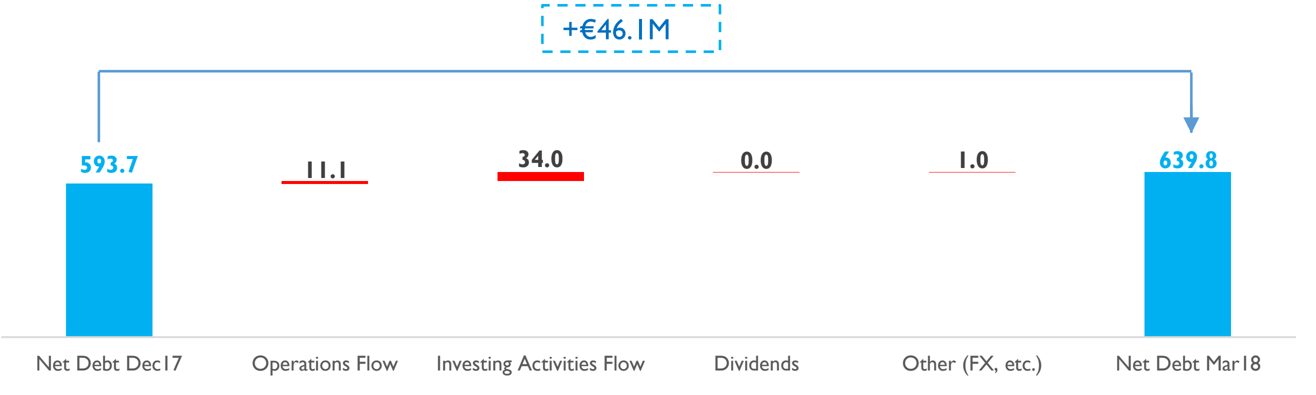
c) Positive evolution of "Exchange Rate Differences" (+€1.2M vs the same period last year).

Q1 2018	Q1 2017	Item	YTD 2018	YTD 2017
(3.7)	(4.9)	Exchange Rates Differences	(3.7)	(4.9)
(6.6)	(8.2)	Financial Expense	(6.6)	(8.2)
(0.3)	(0.8)	*Interest Capital Markets*	(0.3)	(0.8)
(6.3)	(7.4)	*Interest bank loans and others*	(6.3)	(7.4)
3.3	1.9	Other Financial Results	3.3	1.9
(7.0)	**(11.2)**	**Net Financial Income/(Loss)**	**(7.0)**	**(11.2)**

Debt

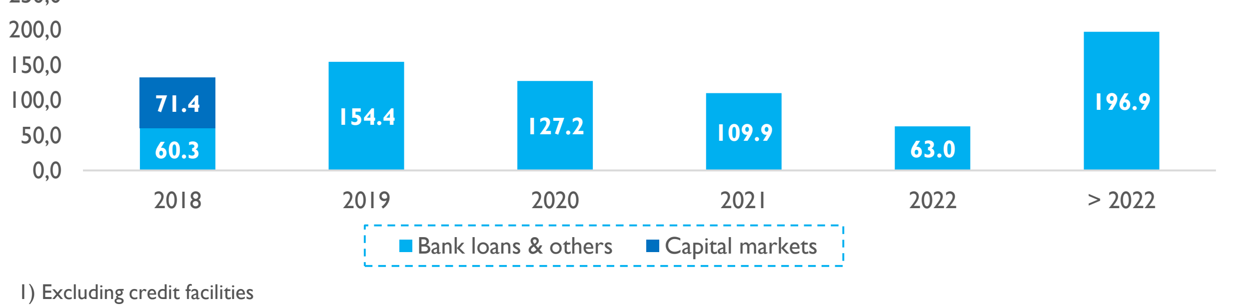
During the first quarter of the year, gross debt rose by over +€53.0M, while net debt increased by +€46.1M and stood at €639.8M at the end of the period. Over the period, we have been actively investing in our hotels to increase the value of the services offered, as well as to fully refurbish and reposition them in order to further penetrate into premium segments. Having said that, we expect that our Net Debt/EBITDA leverage ratio for the year will stand at 2.0x. The following graph shows the evolution of net debt in the period:

Net debt evolution: December 2017 – March 2018 (€ millions)



Furthermore, the maturity profile of current debt is shown below:

Debt maturity profile[1] (€ millions)



1) Excluding credit facilities

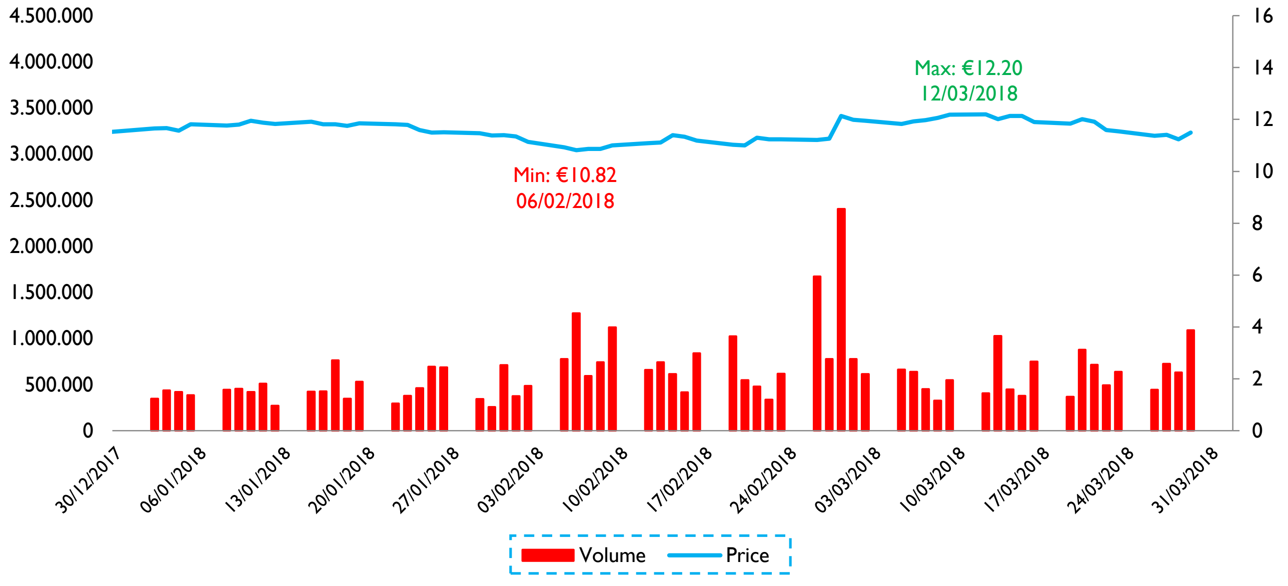
Gran Meliá Palacio de Isora Resort & Spa | Tenerife - Spain

MELIÁ IN THE STOCK MARKET

4

STOCK MARKET

Our stock price slightly fell by -0.1% in Q1 2018, outperforming the Ibex 35 Index (-4.4%).



	Q1 2018	Q2 2018	Q3 2018	Q4 2018	2018
Average daily volume (*thousand shares*)	627.4	-	-	-	627.4
Meliá performance	-0.1%	-	-	-	-0.1%
Ibex 35 performance	-4.4%	-	-	-	-4.4%

	Q1 2018	2017
Number of shares (*millions*)	229.70	229.70
Average daily volume (*thousands shares*)	627.38	714.88
Maximum share price (*euros*)	12.20	13.89
Minimum share price (*euros*)	10.82	10.42
Last Price (*euros*)	11.49	11.50
Market capitalization (*million euros*)	2.639.25	2.641.55
Dividend (*euros*)	-	0.13

Source: Bloomberg

Note: Meliá´s shares are listed on the Ibex 35 and FTSE4Good Ibex Index

APPENDIX

5

Q1 2018	Total Hotels	Real Estate	Club Meliá	Overheads	Total Aggregated	Eliminations On Consolidation	Total Consolidated
Revenues	**427.1**	**1.8**	**21.0**	**25.4**	**475.4**	**(74.3)**	**401.1**
Expenses	321.9	1.6	18.5	32.4	374.4	(72.8)	301.5
EBITDAR	105.2	0.2	2.5	(6.9)	101.0	(1.4)	99.6
Rentals	34.5	0.0	0.0	1.4	35.9	(1.4)	34.5
EBITDA	**70.7**	**0.2**	**2.5**	**(8.4)**	**65.1**	**0.0**	**65.1**
D&A	22.7	0.1	0.6	4.4	27.9	0.0	27.9
EBIT	48.0	0.1	1.9	(12.8)	37.2	0.0	37.2

Q1 2017	Total Hotels	Real Estate	Club Meliá	Overheads	Total Aggregated	Eliminations On Consolidation	Total Consolidated
Revenues	**435.4**	**2.1**	**14.1**	**28.7**	**480.3**	**(70.8)**	**409.4**
Expenses	329.3	2.1	12.6	38.3	382.3	(69.8)	312.4
EBITDAR	106.1	0.0	1.5	(9.6)	98.0	(1.0)	97.0
Rentals	31.2	0.0	0.0	1.0	32.1	(1.0)	31.2
EBITDA	**74.9**	**0.0**	**1.5**	**(10.6)**	**65.8**	**(0.0)**	**65.8**
D&A	25.5	0.1	0.8	2.6	28.9	0.0	28.9
EBIT	49.5	(0.1)	0.7	(13.2)	36.9	(0.0)	36.9

Meliá Las Antillas | Cuba

MAIN STATISTICS BY BRAND & COUNTRY

MAIN STATISTICS BY BRAND

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occup.		ARR		RevPAR		Occup.		ARR		RevPAR	
	%	p.p. change	€	% change	€	% change	%	p.p. change	€	% change	€	% change
Paradisus	81.3%	2.8	152.4	-10.2%	124.0	-7.0%	81.4%	2.2	151.6	-13.6%	123.3	-11.3%
ME by Melia	68.3%	4.7	232.4	-0.3%	158.7	7.2%	59.5%	-2.2	236.0	-6.5%	140.4	-9.8%
Gran Meliá	50.6%	1.9	176.6	-18.0%	89.4	-14.7%	51.1%	3.0	154.3	-6.2%	78.8	-0.4%
Meliá	68.1%	1.6	120.4	8.0%	82.1	10.6%	65.8%	-2.2	105.7	-6.5%	69.6	-9.6%
Innside	62.9%	-3.1	117.1	-7.7%	73.7	-12.1%	58.5%	-7.5	109.0	-12.9%	63.7	-22.8%
Tryp by Wyndham	66.7%	4.4	77.7	3.2%	51.8	10.5%	61.7%	0.9	74.3	-7.3%	45.9	-5.9%
Sol	76.5%	-1.9	62.4	9.6%	47.8	6.9%	73.9%	-2.7	71.6	-2.3%	52.9	-5.8%
TOTAL	67.8%	1.5	116.0	-0.7%	78.6	1.6%	66.2%	-1.0	103.9	-7.4%	68.8	-8.8%

MAIN STATISTICS BY KEY COUNTRIES

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occup.		ARR		RevPAR		Occup.		ARR		RevPAR	
	%	p.p. change	€	% change	€	% change	%	p.p. change	€	% change	€	% change
AMERICA	71.5%	0.5	128.7	-8.4%	92.1	-7.8%	67.9%	-6.2	108.7	-22.2%	73.9	-28.7%
Dominican Republic	80.0%	-5.3	133.5	-3.1%	106.9	-9.1%	80.0%	-5.3	133.5	-3.1%	106.9	-9.1%
Mexico	80.1%	2.4	134.4	-8.4%	107.6	-5.5%	78.6%	2.0	141.7	-9.6%	111.4	-7.2%
Peru	58.7%	2.4	95.5	-17.3%	56.0	-13.8%	58.7%	2.4	95.5	-17.3%	56.0	-13.8%
Puerto Rico		0.0		0.0%		0.0%		0.0		0.0%		0.0%
USA	73.7%	-2.0	128.1	-7.3%	94.4	-9.8%	72.2%	0.3	145.3	-2.9%	104.9	-2.4%
Venezuela	39.0%	-5.1	68.1	-52.8%	26.5	-58.3%	39.0%	-5.1	68.1	33.9%	26.5	18.4%
Cuba	-	-	-	-	-	-	70.3%	-10.6	99.6	-21.6%	70.0	-31.8%
Brazil	24.3%	-	117.7	-	28.6	-	47.6%	2.5	80.9	-10.7%	38.5	-5.7%
ASIA	-	-	-	-	-	-	57.8%	6.4	68.8	16.3%	39.8	30.8%
Indonesia	-	-	-	-	-	-	51.5%	-1.0	61.4	3.1%	31.6	1.2%
China	-	-	-	-	-	-	53.3%	-7.6	63.1	-15.0%	33.6	-25.5%
Vietnam	-	-	-	-	-	-	79.2%	23.6	86.0	-14.2%	68.1	22.2%
EUROPE	66.2%	1.6	140.7	-0.2%	93.2	2.3%	65.4%	0.3	141.3	2.2%	92.4	2.7%
Austria	60.8%	2.5	123.6	-6.9%	75.1	-2.9%	60.8%	2.5	123.6	-6.9%	75.1	-2.9%
Germany	66.5%	0.7	106.3	-4.5%	70.7	-3.5%	66.5%	0.7	106.3	-4.5%	70.7	-3.5%
France	75.7%	9.6	164.0	1.4%	124.1	16.1%	75.7%	9.6	164.0	1.4%	124.1	16.1%
United Kingdom	66.3%	-1.9	152.5	-3.0%	101.1	-5.7%	66.3%	-1.9	152.5	-3.0%	101.1	-5.7%
Italy	66.4%	10.5	175.9	1.8%	116.8	20.9%	65.7%	10.5	176.2	1.5%	115.8	20.8%
Spain	66.2%	1.8	103.7	7.2%	68.7	10.2%	64.4%	1.5	97.6	6.6%	62.9	9.2%
Resorts	72.7%	-2.0	106.7	7.0%	77.6	4.2%	67.8%	-1.8	96.6	6.1%	65.5	3.4%
Urban	62.3%	3.9	101.6	7.4%	63.3	14.6%	61.6%	3.9	98.6	7.1%	60.7	14.3%
TOTAL	67.8%	1.5	116.0	-0.7%	78.6	1.6%	66.2%	-1.0	103.9	-7.4%	68.8	-8.8%

MAIN STATISTICS BY DIVISION AND EXCHANGE RATES

FINANCIAL INDICATORS SUMMARY Q1 2018

	HOTELS OWNED & LEASED										MANAGEMENT MODEL					
	Aggregated Revenues		Room Revenues		EBITDAR		EBITDA		EBIT		Third Parties Fees		Owned & Leased Fees		Other Revenues	
	€	% change	€	% change	€	% change	€	% change	€	% change	€	% change	€	% change	€	% change
America	136.8	-8.5%	55.3	-13.8%	51.9	-3.1%	49.4	-3.1%	42.5	0.9%	1.1	-10.6%	9.4	-14.9%	6.3	-8.0%
EMEA	114.0	5.4%	78.9	6.0%	20.6	8.2%	4.1	2.8%	(3.4)	5.2%	0.2	2.4%	6.0	3.2%	4.7	9.5%
Spain	62.1	11.2%	44.2	12.5%	11.6	12.5%	0.6	1183.7%	(3.8)	-9.7%	1.5	-3.4%	3.7	13.8%	1.6	-31.1%
Mediterranean	31.4	8.3%	21.1	10.0%	4.0	9.3%	0.6	60.6%	(2.2)	-6.0%	3.4	17.2%	2.0	6.2%	0.8	-4.5%
Brazil	1.5	53.1%	1.1	74.5%	(0.6)	-56.0%	(1.5)	9.2%	(1.9)	43.0%	0.7	-9.3%	0.1	53.0%	0.3	-12.0%
Cuba	-	-	-	-	-	-	-	-	-	-	6.3	-40.3%	0.0	0.0%	0.0	-96.8%
Asia	-	-	-	-	-	-	-	-	-	-	1.1	21.3%	0.0	0.0%	0.6	-14.8%
TOTAL	345.9	0.7%	200.6	1.4%	87.4	2.7%	53.2	-1.5%	31.2	0.6%	14.4	-21.2%	21.1	-4.1%	14.3	-5.5%

MAIN STATISTICS BY DIVISION Q1 2018

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occupancy		ARR		RevPAR		Occupancy		ARR		RevPAR	
	%	p.p. change	€	% change	€	% change	%	p.p. change	€	% change	€	% change
America	74.6%	-0.3	129.0	-8.0%	96.2	-8.4%	73.1%	0.3	131.0	-8.3%	95.7	-7.9%
EMEA	66.4%	1.6	141.0	-0.1%	93.7	2.3%	65.7%	1.1	140.9	0.9%	92.6	2.7%
Spain	62.1%	3.7	92.3	6.7%	57.2	13.5%	61.4%	3.6	93.5	6.2%	57.4	12.8%
Mediterranean	77.9%	-2.1	83.3	9.2%	64.9	6.3%	72.3%	0.4	81.0	5.4%	58.6	6.0%
Brazil	24.3%	-	117.7	-	28.6	-	47.6%	2.5	80.9	-10.7%	38.5	-5.7%
Cuba	-	-	-	-	-	-	70.3%	-10.6	99.6	-21.6%	70.0	-31.8%
Asia	-	-	-	-	-	-	57.3%	1.5	68.9	-11.6%	39.5	-9.2%
TOTAL	67.8%	1.5	116.0	-0.7%	78.6	1.6%	66.2%	-1.0	103.9	-7.4%	68.8	-8.8%

Q1 2018 EXCHANGE RATES

	Q1 2018	Q1 2017	Q1 2018 VS Q1 2017
1€ = X foreign currency	Average Rate	Average Rate	Change
Sterling (GBP)	0.8833	0.8609	-2.6%
American Dollar	1.2295	1.0657	-15.37%

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DEFINITIONS

EBITDA and EBITDA ex capital gains

Earnings before interest expense, taxes and depreciation and amortization ("EBITDA"), presented herein, reflects income (loss) from continuing operations, net of taxes, excluding interest expense, a provision for income taxes and depreciation and amortization.

EBITDA ex capital gains, presented herein, is calculated as EBITDA, as previously defined, further adjusted to exclude certain items, including gains, losses and expenses in connection with asset dispositions for both consolidated and unconsolidated investments.

EBITDAR and EBITDA ex capital gains margins

EBITDAR margin represents EBITDAR as a percentage of total revenues excluding capital gains generated in asset dispositions at revenue level.

EBITDA ex capital gains margin represents EBITDA ex capital gains as a percentage of total revenues excluding capital gains generated in asset dispositions at revenue level.

Net Debt

Net Debt, presented herein, is a financial measure that the Company uses to evaluate its financial leverage. Net Debt is calculated as long-term debt, including current maturities, plus short-term debt; reduced by cash and cash equivalents. Net Debt may not be comparable to a similarly titled measure of other companies.

Net Debt to EBITDA Ratio

Net debt to EBITDA ratio, presented herein, is a financial measure and is included as it is frequently used by securities analysts, investors and other interested parties to compare the financial condition of companies. Net Debt to EBITDA ratio may not be comparable to a similarly titled measure of other companies.

Occupancy

Occupancy represents the total number of room nights sold divided by the total number of room nights available at a hotel or group of hotels for a given period. It measures the utilization of the hotels' available capacity. Management uses occupancy to gauge demand at a specific hotel or group of hotels in a given period. Occupancy levels also help management determine achievable average daily rate levels as demand for hotel rooms increases or decreases.

Average Room Rate (ARR)

ARR represents hotel room revenue divided by total number of room nights sold for a given period. It measures average room price attained by a hotel, and ARR trends provide useful information concerning the pricing environment and the nature of the customer base of a hotel or group of hotels. ARR is a commonly used performance measure in the industry, and management uses ARR to assess pricing levels that the Company is able to generate by type of customer, as changes in rates have a different effect on overall revenues and incremental profitability than changes in occupancy, as described above.

Revenue per Available Room (RevPAR)

RevPAR is calculated by dividing hotel room revenue by total number of room nights available to guests for a given period. Management considers RevPAR to be a meaningful indicator of the Company's performance as it provides a metric correlated to two primary and key drivers of operations at a hotel or group of hotels: occupancy and ARR. RevPAR is also a useful indicator in measuring performance over comparable periods for comparable hotels.

Flow Through

Flow Through is calculated by dividing the changes in EBITDA by the changes in revenues over any given period. It is a financial metric related to margins closely monitored by Management that indicates out of the total incremental revenue of the business, how much goes down to EBITDA.