

De conformidad con lo establecido en el artículo 228 del Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores y normativa complementaria, NH Hotel Group, S.A. (en adelante, “la Sociedad” o “NH”) comunica el siguiente

HECHO RELEVANTE

La compañía comunica que hoy, 28 de septiembre de 2017, celebrará un “Investor Day” con la comunidad financiera . Durante el acto se expondrán las presentaciones que se acompañan al presente Hecho Relevante, copia de las cuales se pondrá a disposición a través de la página web de la Sociedad (www.nhinvestorday.com).

Madrid, 28 de Septiembre 2017

Carlos Ulecia
Secretario General



Financial Strategy

Beatriz Puente
Chief Financial Officer
28th September 2017

Investor Day

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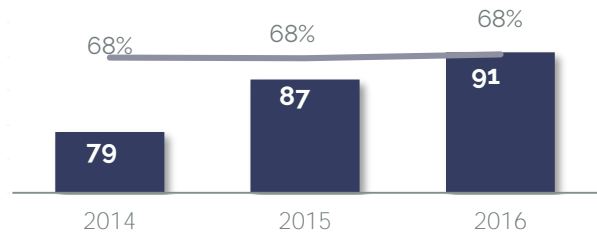


1. 2014-2017 Indicators

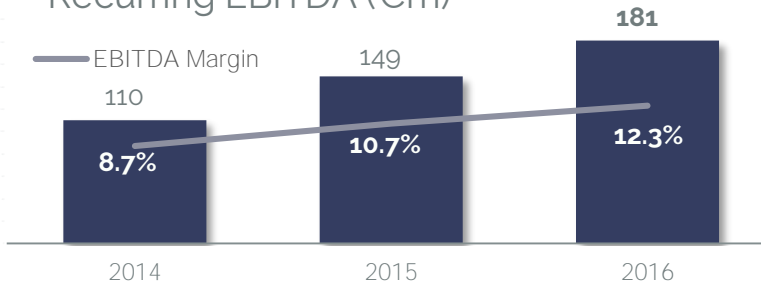
Key performance indicators 2014-2016



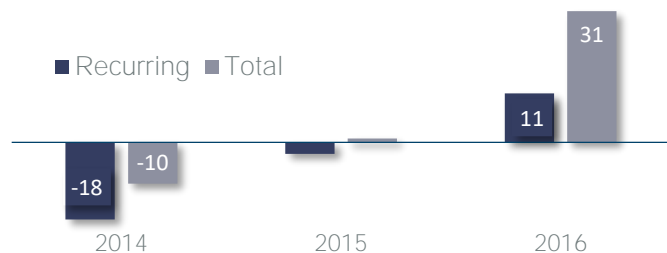
ADR (€) & Occupancy (%)



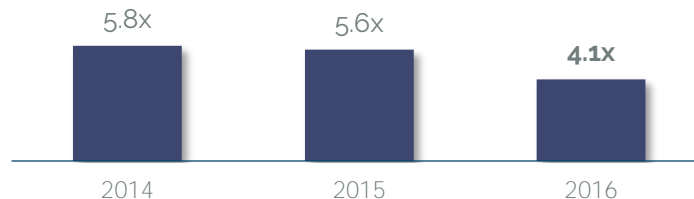
Recurring EBITDA (€m)



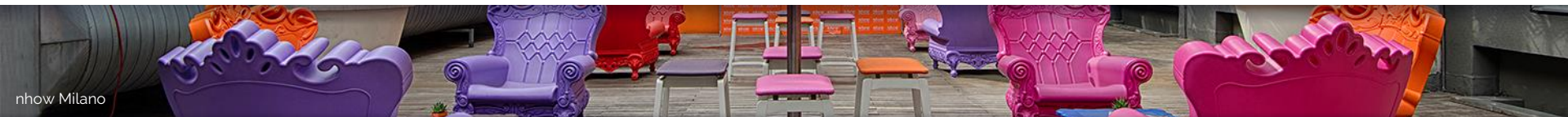
Net Income (€m)



NFD / Recurring EBITDA



2017: Year of harvesting the rewards and driving efficiency



➤ Driving **Value** and **profitability**

- Further consolidation of RevPar strategy to further increase ADR
- Increasing contribution from refurbished hotels

➤ **Efficiency** Plan on track

➤ **FCF**: improved working capital management, operating gearing and reduced capex needs

➤ **Deleveraging**: 3.0-3.25x NFD / EBITDA (excluding asset disposals & asset management)

2017 EBITDA New Guidance* (€m)



*Excluding capital gains from asset disposals and onerous reversals (June YTD 2017 €12m)

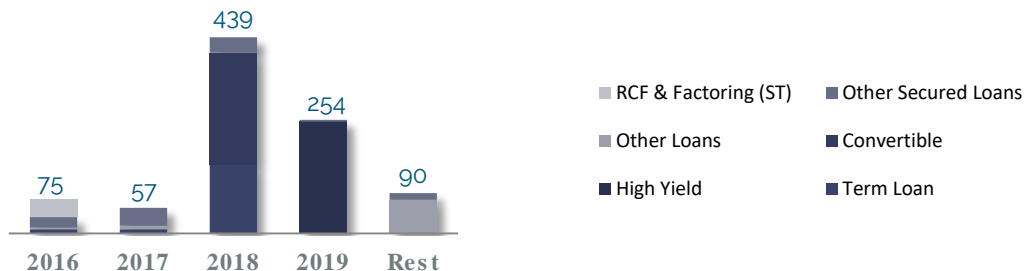


2. Refinancing process

2016 -2017 Successful refinancing process executed in two phases

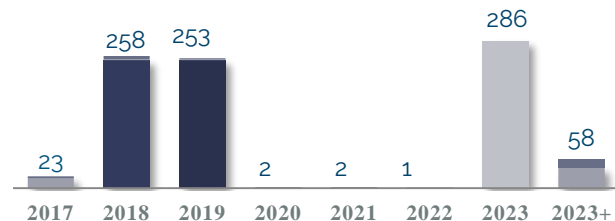


31st Dec. 2015: Gross debt €915M



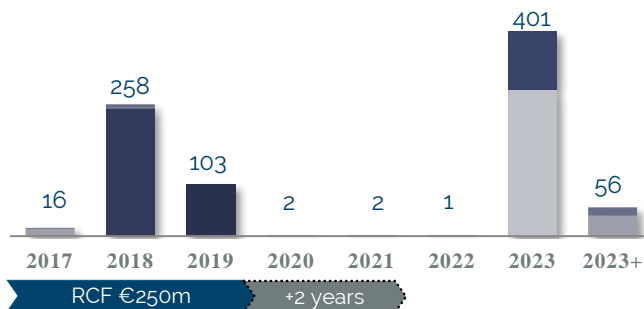
Average tenor⁽¹⁾: 3.1 years
Average cost: 4.2%

31st Dec. 2016: Gross debt €884M



Average tenor⁽¹⁾: 4.3 years
Average cost: 4.7%

30th June 2017: Gross debt €840M



Average tenor⁽¹⁾: 4.4 years
Average cost: 4.2%

⁽¹⁾ Excluding subordinated debt (2023+)

Key terms outstanding debt

- **Unsecured Convertible Bond:** €250m, Nov. 2018, fixed rate 4%, **conversion price €4.92**
- **High Yield Bond '19:** €100m, Nov. 2019, fixed rate 6.875%. **Callable from Nov. 2017 at 103%**
- **High Yield '23:** €400m, Oct. 2023, fixed rate 3.75%. Callable from Oct. 2019 at 102%. Additional 10% annually from 2018
- **Revolving Credit Facility: Undrawn. €250m 3+2 years** with automatic extension to 2021 upon the refinancing of HY Bond 2019, E+1.85%



NH Collection Torino Piazza Carlina, Italy

Deleverage supported by liquidity improvement



	<1Year	1-2Years	2-3Years	3-4 Years	>4Years	Total
2019 Notes	-	-	100	-	-	100
2023 Notes	-	-	-	-	400	400
Convertible	-	250	-	-	-	250
Secured	4	6	2	2	20	34
Unsecured	15	1	-	-	-	16
Sub. Loan	-	-	-	-	40	40
Total	19	257	102	2	460	840

Liquidity analysis as of 30.06.2017

- RCF €250m (3+2 years)
- Cash: €114,5m
- ST RCs: €53,8m

TOTAL LIQUIDITY: €418,3m

TOTAL DEBT DUE next 2 years: €276m

Rating improvement supported by operating performance and greater liquidity



Corporate Rating	2015	2016	2017
Moody's	-	B2 July 2016	B2 Sept. 2017 Positive outlook ↑
S&P	B-	B ↑ August 2016	B Sept. 2017 Stable Outlook
Fitch	B-	B ↑ Sept. 2016	B March 2017 Positive outlook ↑

MOODY'S

- "Our decision to revise the rating outlook to positive follows the NH's successful streamlining of its operations and repositioning of its portfolio resulting in improved KPIs and cost savings. In addition, NH has significantly extended its maturity profile and strengthened its liquidity." Sept. 2017

S&P Global

- "B' Rating Affirmed On Consistently Sound Operating Performance; Outlook Stable. Revised upward our assessment of NH's business risk profile to reflect the progress of its successful repositioning plan". Sept. 2017

FitchRatings

- "The change in the outlook to Positive reflects the company's stronger than expected financial performance in 2016 and our expectation of a continued improvement into 2018 in most markets". March 2017

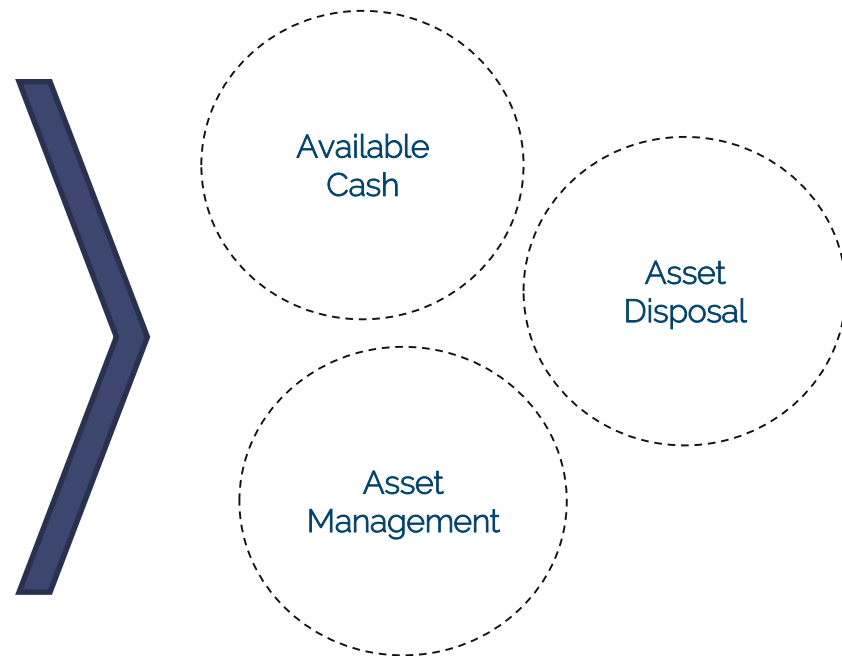
Further deleverage: High Yield 2019



Early call €100m HY Nov. 2019 @ 103.4% from Nov-2017

Key advantages:

- **Maximum LTV** increase **from 55% to 70%** for €400m HY23
 - Collateral: €571m vs. €1.243m today
- **Pro Forma Repayment:**
 - Average tenor from 4 years to 4.3 years
 - Average cost of debt from 4.2% to 3.8%
 - Annual savings €6.9m
- **€250m RCF maturity automatically extended** from Sept. 2019 to Sept. 2021



Convertible Bond

Amount	€250m
Issue date	8 November 2013
Maturity	8 November 2018
Conversion price	€4.919
Coupon / YTM	4.00% (paid quarterly)
Dividend protection	Full dividend protection
Trading*	124% (bid)/ 126% (ask)
Theoretical Delta*	57.0% (conversion probability)

*As of September 26th 2017

NH Hotel Group share price



Significant asset value underpinning the business

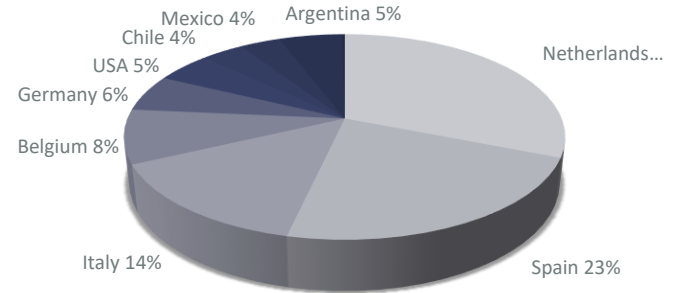
	<p>NH Collection Madrid Eurobuilding</p> <p>Valuation: €142m Ownership: 100% Spain N. of rooms: 440</p>		<p>NH Collection Amsterdam Barbizon Palace</p> <p>Valuation: €135m Ownership: 100% The Netherlands N. of rooms: 274</p>		<p>NH Carlton Amsterdam</p> <p>Valuation: €101m Ownership: 100% The Netherlands N. of rooms: 218</p>
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★★★★★ **75**
HOTELS OWNED

€ **€1.9bn⁽¹⁾**
OF ESTIMATED MARKET VALUE

➤ Opportunity to **crystallize value** of owned hotels

➤ **Unencumbered Assets €1.2bn.** After €100m HY 2019 repayment further collateral available for potential release, (€571m vs. €1.243m collateralized today)



⁽¹⁾ €1.3bn is calculated by third party appraisal (31 hotels as of Dec. 2016). The remaining 44 owned hotels are estimated with an internal valuation applying a similar methodology

Leased portfolio: On track for IFRS 16 implementation

IFRS 2016

Phase I (Executed)

- Planning and Qualitative Analysis
- Database: classification of leases by type of rent

Phase II (On-going)

- Analysis of Quantitative impacts
- Operating Leverage, asset value, P&L impact and tax effects

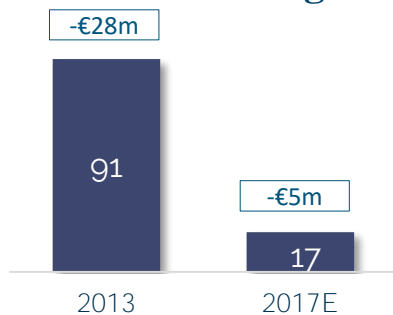
-
- High quality leased portfolio concentrated in key locations
 - Long term sustainable contracts:
 - Organic growth through variable leases, high rent coverage and "basket" clauses
 - More than 55% of the fixed rent commitments have a coverage ratio above 1.5x



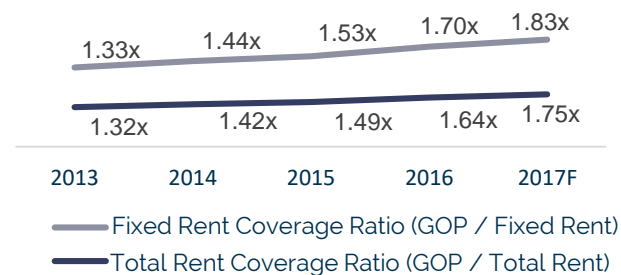
Leased portfolio: Improved quality



N° of contracts with negative EBITDA



Rent Coverage Ratio Evolution⁽¹⁾



Contracts with Fixed Rent Commitments ⁽¹⁾

2017E	N° hotels	Fixed Rent €m	%
Coverage Ratio > 1,5x	128	151	58%
Coverage Ratio from 1x to 1,5x	57	92	35%
Coverage Ratio < 1x	17	19	7%
Total	202	261	

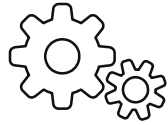
(1) Excluding allocation of centralized costs & HQ



The White Room Restaurant, The Netherlands

3. 2018-2019 Key Assumptions

Financial Strategy enablers



Brand & Marketing effort

Segmentation Shift

Advanced Pricing

Quality Focus

Repositioning Capex



Long Term High Quality Leased Contracts

Asset Management

Efficiency

Reduced Capex needs

Deleverage

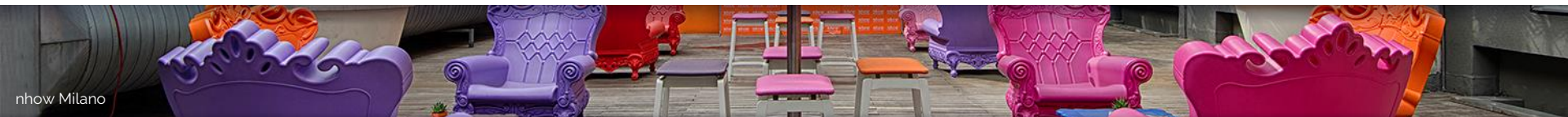
Healthy top-line growth (ADR)

Earnings growth

Cash Flow Generation

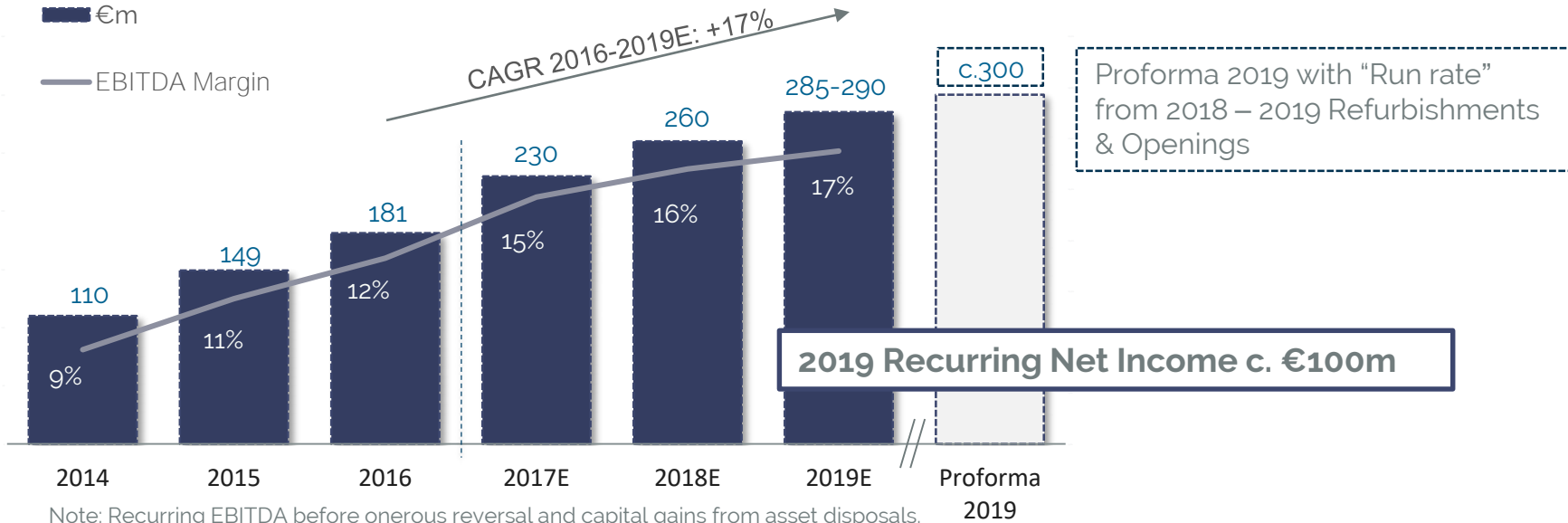
Shareholder Return

2018-2019 Modelling assumptions



Macro environment	Europe GDP	+1.5%
Revenues (excluding perimeter changes)	RevPar = Room Revenues	+5.5% CAGR
	Other Revenues	+1.5%
	Total Revenue	+4.5% CAGR
EBITDA Conversion Rate 2018-2019	<ul style="list-style-type: none"> ➤ Average 30-35% <ul style="list-style-type: none"> ▪ Above 40% in 2018 due to Phase II Efficiency Plan ➤ Opportunity cost from repositioning capex 	
Entries & Exits	Revenues 2019	+€30-40m
	EBITDA contribution 2019	+€10m

EBITDA Evolution



Note: Recurring EBITDA before onerous reversal and capital gains from asset disposals. Impact from asset management / disposals not included

Cash Flow & Capital Structure



			2018E	2019E
Capex	Maintenance	4-5% Revenues	€60-55m	€65-70m
	Expansion	FFE of Leased Hotels	€10-15m	€10m
	Repositioning	Owned Portfolio	€11m	€9m
		Leased Portfolio	€20m + €30m from 3 rd party	€15m + €30m from 3 rd party
Hesperia	Management Contract	Deferred payment	€10m	€11m
Leverage NFD⁽¹⁾ / Rec. EBITDA	Bond Conversion		c.1.5X	<1.5X
	w/o Bond Conversion		c.2.5X	c. 2.0X

⁽¹⁾ Financial debt excluding IFRS accounting adjustments

Dividend policy



2016 dividend:

- First time since 2008
- Shareholder remuneration is essential
- The Group is back in profitability
- Cash Flow generation and B/S allows a dividend payment
- Full compliance with financial covenants

Medium - Long term:

- Stable dividend payout policy: c. 50% of the Net Recurring Income
- Consistent with the debt reduction targets



2016 Actual

€0.05 per share



2017E

€0.10 per share



2018E

€0.15 per share



2019E

≥ €0.15 per share



4. Financial Targets

Financial Targets

EBITDA

2018E: €260m
2019E: €285-290m
2019 proforma:
c.€300m⁽¹⁾

2019 Rec.
Net Income
c. €100m

Dividends

2017: 0.10€
2018: 0.15€
From 2019: c. 50%
Rec. Income

Leverage⁽²⁾
2019: <1.5-2.0x

⁽¹⁾ Proforma 2019 with "Run rate" from 2018 – 2019 Refurbishments & Openings

⁽²⁾ Financial debt excluding IFRS accounting adjustments / Range subject to Bond conversion



Thank you





Company overview
Ramón Aragonés
CEO
28th September 2017

Investor Day

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NH Collection Madrid Eurobuilding, Spain

Conclusion

Brands – fuel for growth and our next challenge



NH Collection Amsterdam Doelen, The Netherlands

Marketing efforts aligned to maintain our industry-leading position

NH_Collection-Olomouc



nh
HOTELS


NH COLLECTION
HOTELS

nhow
HOTELS

Hesperia
RESORTS



Exploit and monetize intrinsic value of our brands

- Attributes & Designs
- Differentiated solid operational promises and synergic communication plans

Pursue maximum efficiency in media investment

- State-of-the-art Contribution and Attribution models
- Concentration of investments in the mid and lower funnel and development top performing loyalty
- Advanced CRM and NH Rewards revamping ready for next year

Customer Experience improvement

- Development of virtuous cycle of Guest Intelligence
- Moment-of-truth detections
- Experience re-design and implementation and Acceptance Monitoring

Pricing optimization based on Net ADR

NH_Collection-Olomouc



Strategy

Net ADR Focus & Channel Optimization

Advance Pricing Strategy

Personalized offers

M&E Value Proposition: NH Meetings



Resources

New Commercial Model: Digitalization, Niche accounts & Markets

Adoption NH GameChanger



Enablers

NH GameChanger

M&E On Line Store: Instant Bookings

Portfolio Management

NH_Collection-Olomouc

Create value through a balanced and continuously improved portfolio

Active Asset Management Strategy

Divestments as deleveraging engine in a smart mode: market momentum and taking repositioning upside as a key factor

Long Term sustainable lease and management contracts

Create value through repositioning

Continue maximizing current portfolio through repositioning strategies (Owned & Leased with Co-investment)

Growth

Consolidate NH as a key player through asset light growth in Continental Europe and LATAM

Efficiency in the DNA of the Strategic Plan

- We have a consistent, homogeneous and efficient operating model
- We are already leveraging its capabilities through cutting edge solutions that support the business



Enabling a 'new operating model', which implies less structural resources

- Phase I (2017): focus on HQ-driven initiatives. Achieved €8,2m
- Phase II (2018): including Business Units in the scope while generating further initiatives at HQ level. Target: €7-10m

Strategic Plan in the DNA of our Employees



- Management Committee's continuity provided through a Succession Plan
- Hotel Manager's performance and growth ensured through a Development Program
- Employees engaged with the NH Hotel Group project
- Compensation Policy correlates executive remuneration and pay for performance, aligned to shareholders' interest

- Long Term Incentive Plan objectives (25% each):
 - Profitability (on a yearly basis and compared to target of each year)
 - ✓ Recurring EBITDA
 - ✓ Net Recurring Profit
 - Market performance
 - ✓ Share Price
 - ✓ Relative sectorial TSR

	Share price			% accomplishment
	2017-2019	2018-2020	2019-2021	
Minimum	€6.0	€6.6	€7.26	100%
Maximum	≥€7.2	≥€7.92	≥€8.72	120%

Financial Targets

Revenues

+4.5% CAGR
2017-2019

EBITDA

2018E: €260m
2019E: €285-290m
2019 proforma
c.€300m*

2019 Rec. Net Income

> €100m

Leverage

1.5-2.5x

*Proforma 2019 with “Run rate” from 2018 - 2019 Refurbishments & Openings



Conclusion: A solid story



1 Favorable Macro outlook and limited supply in key markets

2 Investment phase successfully executed

3 Upscale Brands with Dynamic Pricing to fuel growth

4 Focus on efficiency to drive profitability

5 Further growth from organic expansion via asset light & repositioning opportunities

6 Significant asset value underpinning the business leading to an active asset management strategy

7 Debt refinancing and Cash Flow generation key to continue with the deleverage path

8 Sustainable dividend payout policy

