

**MELIÁ HOTELS INTERNATIONAL, S.A.** (la “Sociedad”), en cumplimiento de lo establecido en el artículo 228 de la Ley del Mercado de Valores, pone en conocimiento de la Comisión Nacional del Mercado de Valores el siguiente:

### HECHO RELEVANTE

La compañía comunica que hoy, 2 de junio de 2017, celebrará un “Analyst day” con los diferentes analistas bursátiles que dan cobertura a la Sociedad.

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.meliahotelsinternational.com](http://www.meliahotelsinternational.com)).

En Palma de Mallorca, a 2 de junio de 2017  
Meliá Hotels International, S.A.



GRAN MELIÁ  
HOTELS & RESORTS

*Inspired by red*



ME  
BY MELIÁ

IT BECOMES YOU



PARADISUS  
BY MELIÁ

WHERE  
YOU  
WANT  
TO  
BE



MELIÁ  
HOTELS & RESORTS

*you are the journey*



INNSIDE  
BY MELIÁ

A NEW STYLE  
OF BUSINESS



TRYP  
BY HYATT

OWN THE CITY



Sol  
hotels & resorts

HOLIDAYS  
MADE HERE

FOLLOWING THE BRAND STRATEGY  
- **STRATEGIC PLAN** -

**PROMISE**

*"Successfully position and differentiate our brands in order to drive value"*

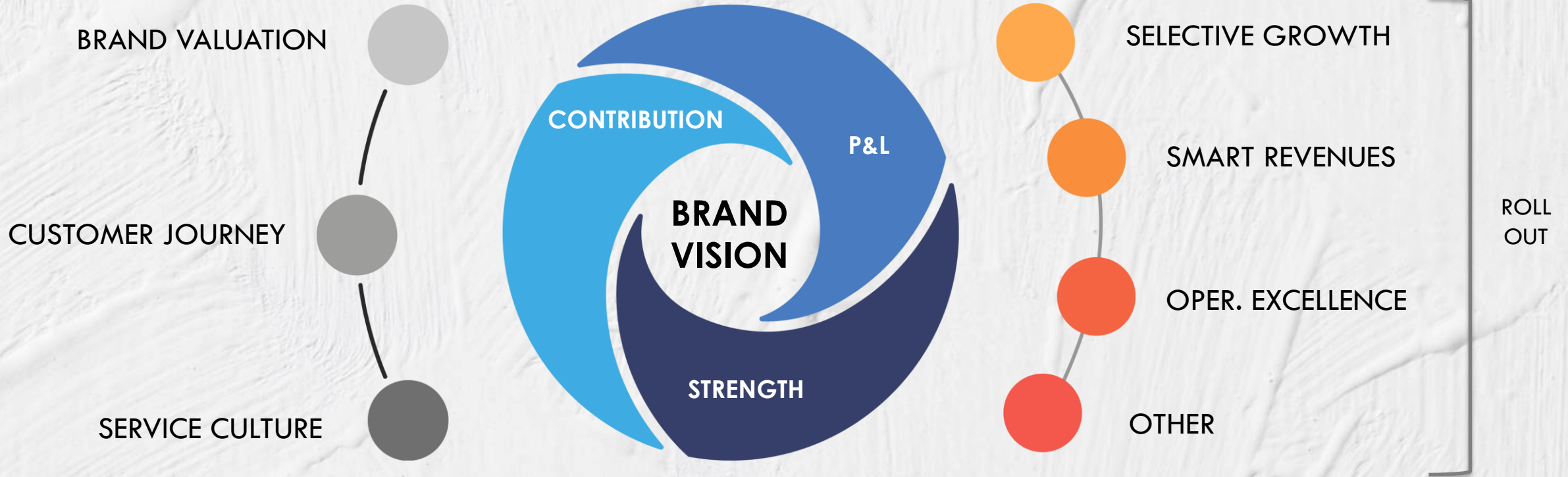
**DELIVERY**

*"Build the strength of our brand portfolio through consistent delivery of the brand promise"*

**INNOVATION**

*"Increase the performance, relevance and value of our brands through innovation"*

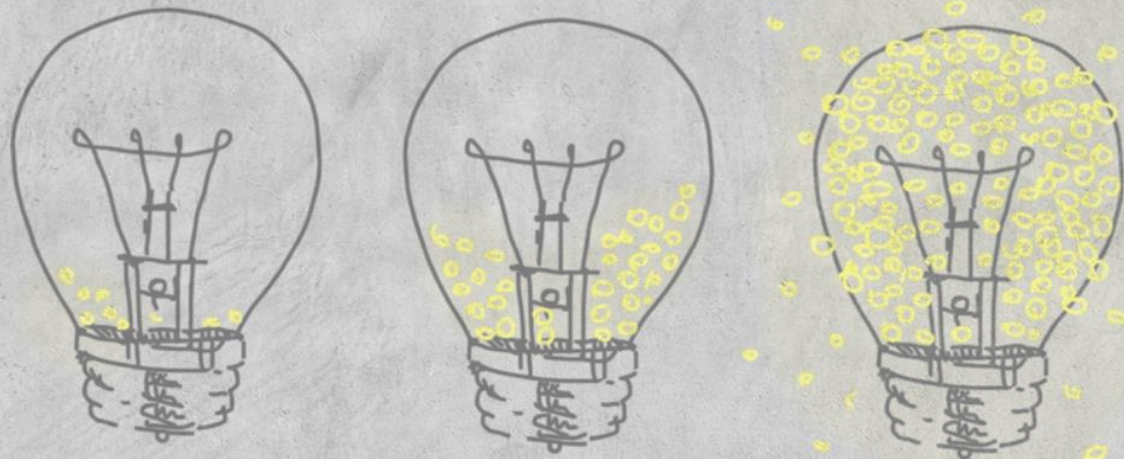
BRAND CENTRIC | FRAMEWORK



**ORGANIZATION, STRUCTURE & WORKSPACE**

**PROCESSES**

**TECHNOLOGY & TOOLS**



***BRAND VISION &  
BRAND VALUATION  
PROCESS***

PURPOSE OF BRAND VALUATION  
**- HAVAS BRAND VALUATION -**

- A.** Determine key drivers of value for MHI's owned brands
- B.** Establish baseline brand metrics to assess progress annually
- C.** Provide strategic imperatives for brand centric
- D.** Identify key strategic growth opportunities and priorities
- E.** Determine optimal marketing actions to maximize shareholder value

# How Brands Drive Value - HAVAS BRAND VALUATION -

Brand Awareness	Consideration	Advocacy
Customer will not book if not aware or familiar with brand	Customer needs to like the brand / have an affinity for it to book	Guest must advocate brand to be loyal and spread the word



REVPAR / Property	Growth / New Hotel Contracts	Cost of Capital
<ul style="list-style-type: none"> <li>• Ability to drive occupancy (initial consideration, repeat visits, word of mouth)</li> <li>• Ability to drive price premium</li> </ul>	<ul style="list-style-type: none"> <li>• Ability to win new contracts. Owners want: prestige brands + profits</li> <li>• Revenue stepchange with additional properties</li> </ul>	<ul style="list-style-type: none"> <li>• Stronger brands = lower brand risk and therefore cheaper cost of capital</li> <li>• Market will reward strong brands</li> </ul>



- We need to drive value of the brands to enhance overall MHI value
- Enhance extraction rate on properties
- Revisit brand portfolio strategy to unlock hidden value
- Understand what drives awareness, consideration and advocacy by brand

**Brand is a core contributor to the value of MHI. The brand valuation process delivers understanding of the core value of the brands; however, brand health is a causal factor behind key value drivers for the company, and naturally, behind the brand value.**

STEP 1: BRAND SEGMENTS VALUED  
- HAVAS BRAND VALUATION -

Melia brands included  
in valuation



Source countries included in tracker and valuation  
for each brand



Findings from a brand tracker survey conducted in six countries selected by MHI comprised of 7,572 respondents.



## STEP 2: BRAND CONTRIBUTION METHODOLOGY - HAVAS BRAND VALUATION -

### Derived Importance Analysis

The 32 drivers are correlated against whether the brand was relevant / considered

#	Drivers	Raw Importance of Driver	Importance of Driver	Brand Contribution	Brand Unrelated Portion	Brand Related Portion
1	For people like me	4.67%	100	100%	0.0	100.0
2	Value for money	4.48%	94	31%	65.1	29.3
3	Cares for my wellbeing	4.39%	92	23%	70.5	21.1
4	Trusted brand	4.29%	89	8%	81.7	7.1
5	Room comfort	4.20%	86	33%	57.6	28.4
6	Location	4.11%	83	31%	57.4	25.8
7	Efficient staff	4.01%	80	13%	69.9	10.4
8	Room size	3.92%	78	8%	71.3	6.2
9	Food quality	3.83%	75	29%	53.0	21.7
10	Food variety	3.73%	72	10%	64.7	7.2
11	Breakfast quality	3.64%	69	29%	49.0	20.0
12	Room design / style	3.54%	66	26%	49.0	17.2
13	Loyalty programme	3.45%	63	30%	44.4	19.0
14	Helpful staff	3.36%	61	9%	55.2	5.5
15	Hotel exterior	3.26%	58	27%	42.2	15.6
16	Service efficiency	3.17%	55	16%	46.2	8.8
17	Variety of packages	3.08%	52	9%	47.5	4.7
18	Innovative services	2.98%	49	15%	42.0	7.4
19	On-site services	2.89%	47	32%	31.7	14.9
20	Free Wi-Fi	2.79%	44	36%	28.0	15.8
21	Leisure activities	2.70%	41	33%	27.4	13.5
22	Unique brand	2.61%	38	13%	33.2	5.0
23	Events facilities	2.51%	35	36%	22.6	12.7
24	Family friendliness	2.42%	33	7%	30.2	2.3
25	Trendy brand	2.33%	30	18%	24.3	5.3
26	Trendy bar / restaurant	2.23%	27	18%	22.0	4.8
27	Business facilities	2.14%	24	1%	23.8	0.2
28	Sustainability	2.04%	21	38%	13.2	8.1
29	Fitness activities	1.95%	18	16%	15.5	3.0
30	Sport activities	1.86%	16	12%	13.8	1.9
31	Disabled access	1.76%	13	28%	9.2	3.6
32	Children's activities	1.67%	10	21%	7.9	2.1
		100.00%	1,617.8		1,269.4	348.4
<b>Brand Contribution 21.5%</b>						

"For people like me" was the most important brand-related derived driver of choice

The remaining 31 drivers were correlated against the brand-related driver "For people like me", and forecast into a percentage score

32 choice drivers were provided for hotel selection. A correlation analysis, which finds patterns in customer response that reveal true versus stated attitudes, was used to detect the real choice drivers for hotel selection within a category.

\*Factors and data above are not related to any brand and are provided for illustrative purposes only

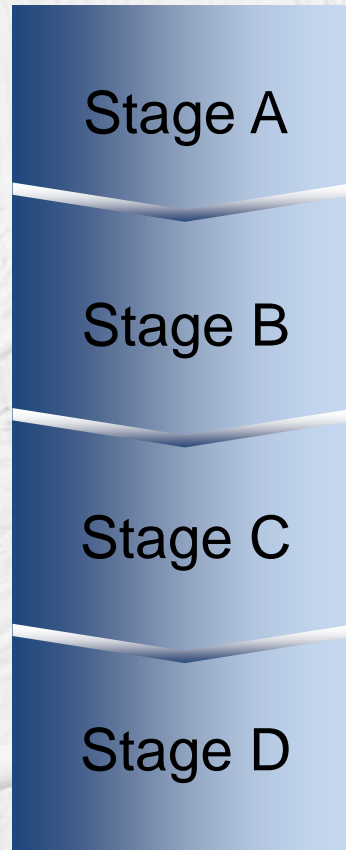
## STEP 3: BRAND STRENGTH ANALYSIS - HAVAS BRAND VALUATION -

BRAND QUANTITY FACTORS	
	<p><b>TIME IN MARKET</b> Number of years the brand has been in the market Source: Corporate Websites</p>
	<p><b>DISTRIBUTION</b> Number of branded hotel properties globally Source: Company Annual Reports 2014, Corporate Websites</p>
	<p><b>PIPELINE GROWTH</b> Number of hotel properties in the pipeline Source: Annual Reports, Corporate Websites, Havas Analysis</p>
	<p><b>BRAND AWARENESS (PROMPTED)</b> % of respondents who are aware of the brand Source: Melia Brand Tracker 2015</p>
	<p><b>ADVERTISING AWARENESS</b> % of respondents who are aware of having seen advertisement for the brand Source: Melia Brand Tracker 2015</p>

BRAND QUALITY FACTORS	
	<p><b>PRICE PREMIUM</b> Willingness to pay more per night due to brand association Source: Melia Brand Tracker 2015</p>
	<p><b>ONLINE REPUTATION</b> Percent of total reviews that were rated Very Good and Excellent Source: TripAdvisor, Havas Analysis</p>
	<p><b>BRAND DIFFERENTIATION</b> Of those aware of the brand, % of those who associate with brand with being unique, trusted and a brand for me. All 3 factors are equally weighted Source: Melia Brand Tracker 2015</p>
	<p><b>BRAND PREFERENCE</b> Of those aware of the brands, % of those who claim its their preferred brand Source: Melia Brand Tracker 2015</p>
	<p><b>BRAND ADVOCACY</b> % of respondents who are aware of the brand who are willingness to recommend the brand to others Source: Melia Brand Tracker 2015</p>

Each brand is measured on 10 factors against their competitors. Half the factors relate to the quantity of the brand, and half relate to the quality of the brand. Each brand is given a score of 1-10 on each factor.

## STEP 4: FINANCIAL ANALYSIS - HAVAS BRAND VALUATION -



### Stage A

Each sub-brand's contribution (profits after all direct costs) from 2015-20 is calculated

### Stage B

Each sub-brand's economic profits from intangible assets is calculated<sup>1</sup>

### Stage C

Determine % of customer decision to book attributable to brand alone

### Stage D

The net present value of each sub-brand's total brand contribution is calculated using a brand-adjusted discount rate

A 4 stage process combining financial analysis, brand strength analysis and competitive benchmarking is used to calculate the net present value of each MHI sub-brand.

<sup>1</sup> The capital charge is calculated as each sub-brand's WACC \* total capital employed (net plant, property and equipment plus net working capital). Forecast capital charges is based on 2012-15 averages as a percentage of owned and leased hotels' revenues.  
Source: Melia Management, Melia Brand Tracker 2015, Havas LuxHub analysis

## COMPARISON OF MHI BRANDS - HAVAS BRAND VALUATION -

MHI Brand vs. Brand-specific Competitive Set						
	ME	PARADISUS	INNSIDE	SOL	GRAN MELIA	MELIA
Awareness vs. Category	●	●	●	●	●	●
Consideration as % of Aware	●	●	●	●	●	●
Preferred Brand	●	●	●	●	●	●
Price Premium	●	●	●	●	●	●
Brand Strength Score	50	62	50	45	38	58
Consideration KPI	35% (+1)	32% (+1)	19% (-1)	17% (-4)	20% (-6)	21% (-8)
Category-level Information						
Top 5 Choice Drivers when Choosing within the Category	<ol style="list-style-type: none"> <li>1. VFM</li> <li>2. Service Efficiency</li> <li>3. Trusted Brand</li> <li>4. Efficient Staff</li> <li>5. Trendy Brand</li> </ol>	<ol style="list-style-type: none"> <li>1. For People like Me</li> <li>2. Trusted Brand</li> <li>3. VFM</li> <li>4. Cares</li> <li>5. Food Quality</li> </ol>	<ol style="list-style-type: none"> <li>1. VFM</li> <li>2. For People like Me</li> <li>3. Location</li> <li>4. Free Wi-Fi</li> <li>5. Efficient Staff</li> </ol>	<ol style="list-style-type: none"> <li>1. For People like Me</li> <li>2. Helpful Staff</li> <li>3. Service Efficiency</li> <li>4. VFM</li> <li>5. Trusted Brand</li> </ol>	<ol style="list-style-type: none"> <li>1. For People like Me</li> <li>2. VFM</li> <li>3. Cares</li> <li>4. Trusted Brand</li> <li>5. Room Comfort</li> </ol>	<ol style="list-style-type: none"> <li>1. For People like Me</li> <li>2. VFM</li> <li>3. Trusted Brand</li> <li>4. Cares</li> <li>5. Location</li> </ol>
Hidden Gems/ Differentiators	<ul style="list-style-type: none"> <li>• Trendy Brand</li> <li>• Loyalty Programme</li> <li>• Sustainability</li> </ul>	<ul style="list-style-type: none"> <li>• Innovative Services</li> </ul>	<ul style="list-style-type: none"> <li>• Trendy Brand</li> </ul>	<ul style="list-style-type: none"> <li>• Family Friendliness</li> <li>• Room Design &amp; Style</li> </ul>	<ul style="list-style-type: none"> <li>• Loyalty Programme</li> </ul>	<ul style="list-style-type: none"> <li>• Loyalty Programme</li> </ul>
MHI Brand Scores						
Brand Contribution	19%	20%	18%	23%	17%	18%
BV/Turnover	1.20x	0.79x	2.66x	0.39x	0.27x	0.61x

KEY ● Above comp set  
● Similar to comp set  
● Below comp set

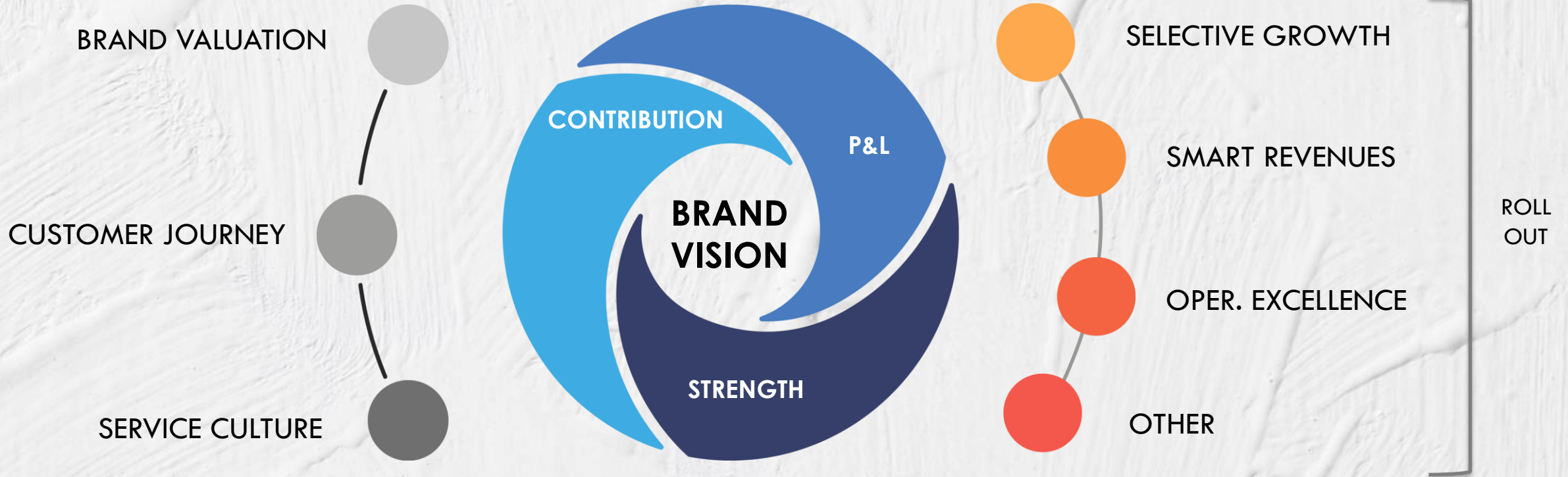
Lack of awareness relative to competitors is driving lower consideration. However, among those who are aware, ME, Inside and Melia are preferred brands. Value for money is a top driver across all categories, where the Inside brand contributes the most.



BRAND VISION

***Positioning our Brands for Success...***  
***The Brand Vision process***

# BRAND CENTRIC | FRAMEWORK



**ORGANIZATION, STRUCTURE & WORKSPACE**

**PROCESSES**

**TECHNOLOGY & TOOLS**

BRAND VISION  
- CALENDAR -



**DYNAMICS**

- Each brand goes once a year through the Brand Vision Process
- Two brands are presented in each Strategic Committee





**GRAN MELIA**  
HOTELS & RESORTS

*Brand Vision Example*



1

**CONTEXT**

- Brand evaluation
- Brand Performance
- Customer journey analysis

**POSITIONING**

- Guest Profile
- Brand Positioning
- Brand Development Strategy



2

**SERVICE CULTURE**

- Meliá Umbrella Service
- The Process
- Service Culture Qualities from Gran Meliá guests
- Gran Meliá Brand Model



3

**DELIVERY**

- RedLevel
- Arrival & Departure Experience
- In-Room Experience
- Wellness
- Entertainment
- Family Program
- Restaurants & Bars Philosophy
- Exceptional Events
- Retail & Merchandising



4

**COMMUNICATION**

- Communication territory
- Public Relations Opportunity



5

A woman wearing a wide-brimmed hat and a scarf is walking through a field of hot air balloons. The scene is set at dawn or dusk, with a soft, golden light illuminating the sky and the balloons. The woman is in the foreground, looking towards the camera. In the background, several hot air balloons are floating in the sky, some partially obscured by the woman. The overall mood is serene and adventurous.

**BRAND IMPERATIVE:**

A DEDICATION TO A LIFE WELL LIVED BROUGHT TO LIFE THROUGH THE DELIVERY OF INTUITIVE PERSONAL SERVICE, THE FINE EXECUTION OF EXCEPTIONAL EXPERIENCES, AND A MODERN EXPRESSION OF SPANISH CULTURE. GRAN MELIÁ TAKES RESIDENCE AT A COLLECTION OF THE WORLD'S MOST DRAMATICALLY BEAUTIFUL LUXURY LANDMARKS.

**USP**

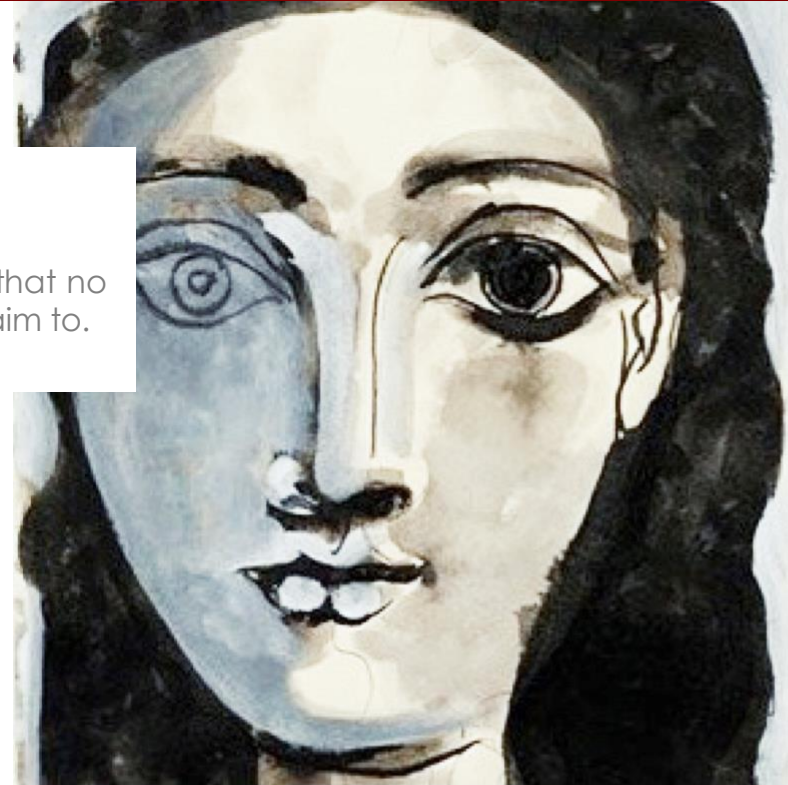
Pinnacle of  
Spanish Style & Culture  
for the Globally Minded  
Luxury Traveller

DISTINGUISHING FACTORS

HYGIENE FACTOR

**UNIQUE**

Brand owned assets that no  
one else can lay claim to.



THANKS

GRAN MELIÁ  
HOTELS & RESORTS

ME  
BY MELIÁ

  
PARADISUS  
BY MELIÁ

MELIÁ  
HOTELS & RESORTS

INNSIDE  
BY MELIÁ

TRYP  
BY HYATT

  
Sol  
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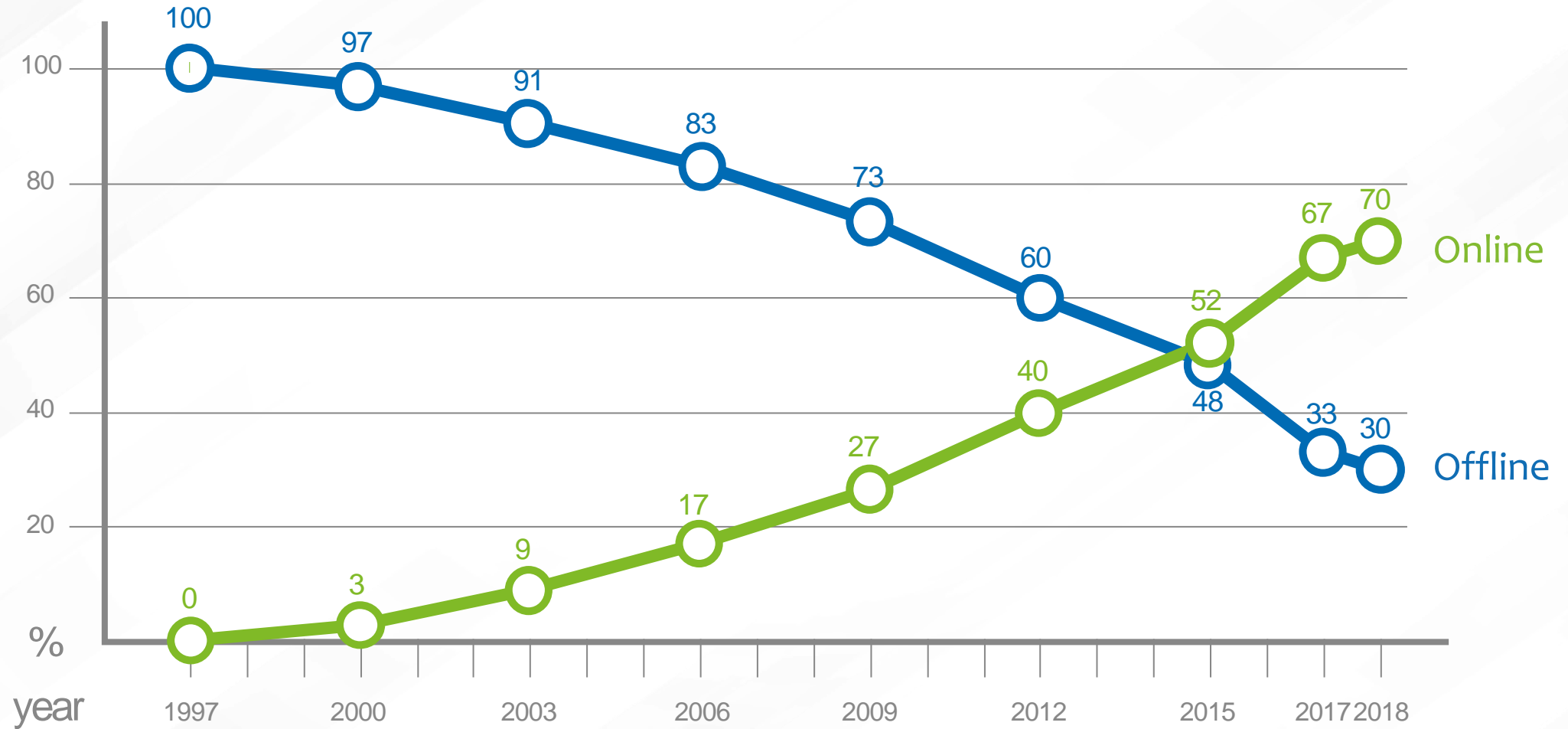


**SMART REVENUES**

José María Dalmau  
VP Global Business Development

# Leading Digital Transformation

## Centralized Sales MHI



Strong Direct Channels

Maximize Customer Loyalty

B2B Becomes Digital

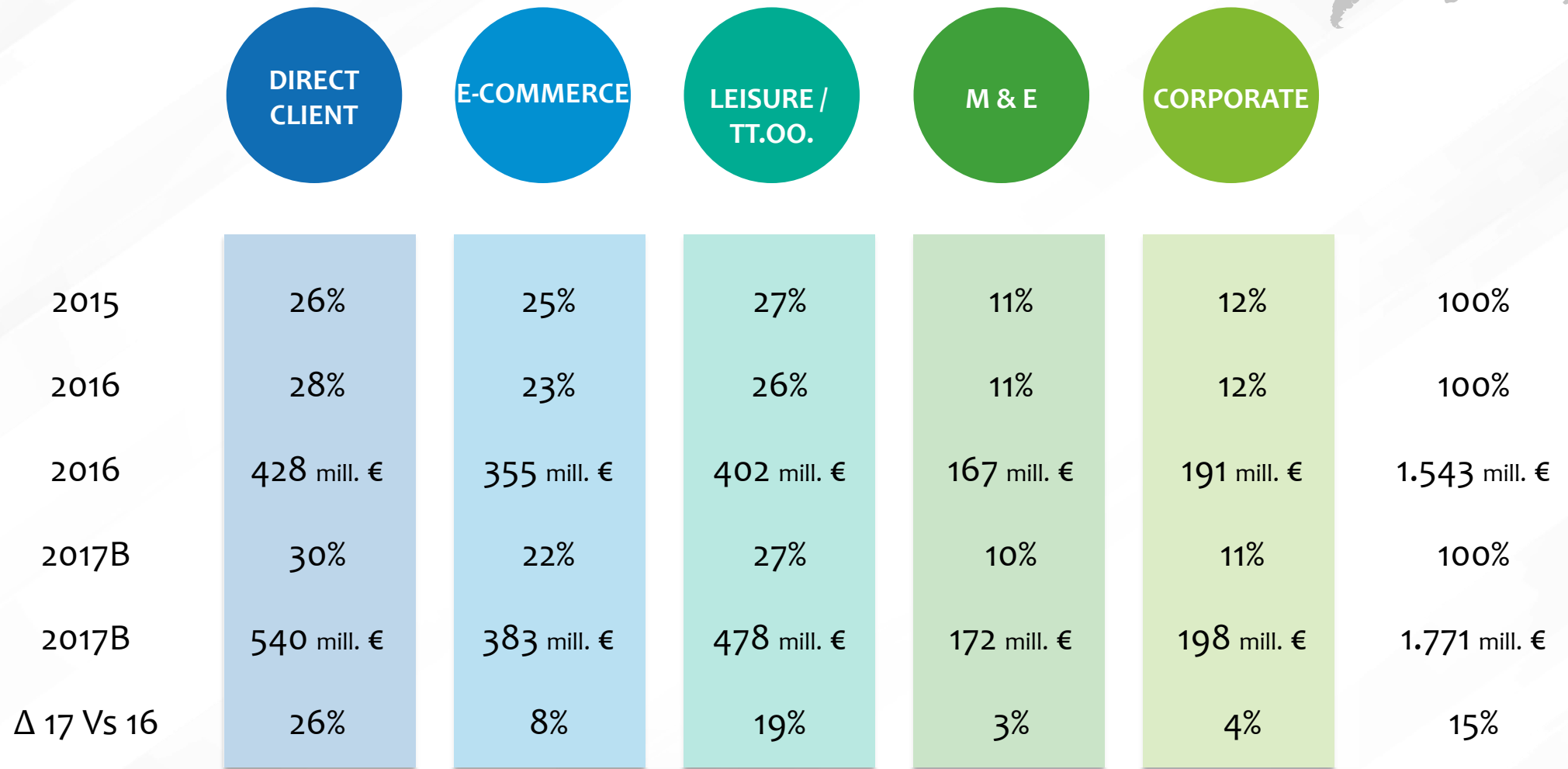
Revenue Strategy

Sales Model Transformation

# Source of business contribution Melia system



Global



Strong Direct Channels

Maximize Customer Loyalty

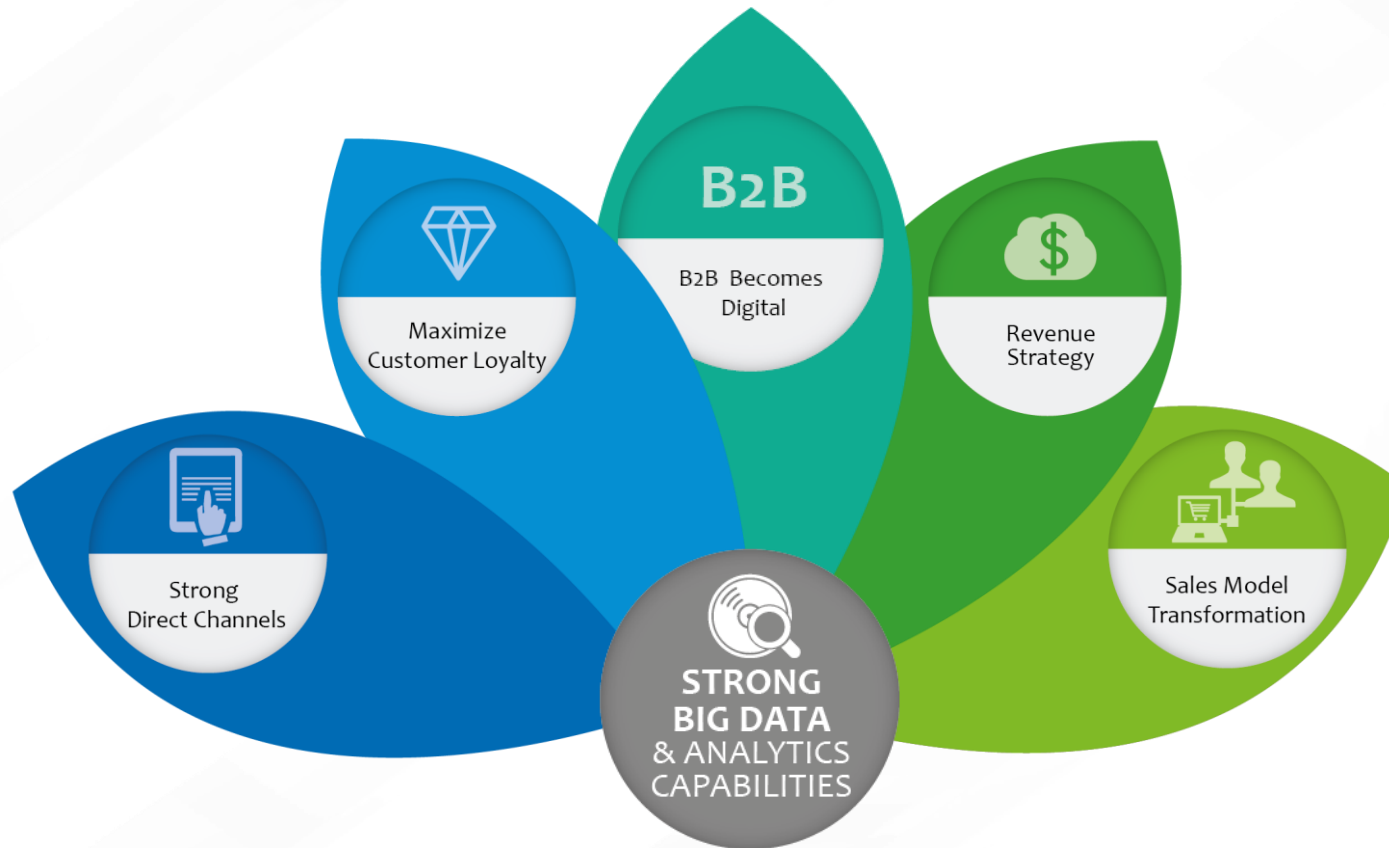
B2B Becomes Digital

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Sales Model Transformation



# Smart Revenue



Strong Direct Channels

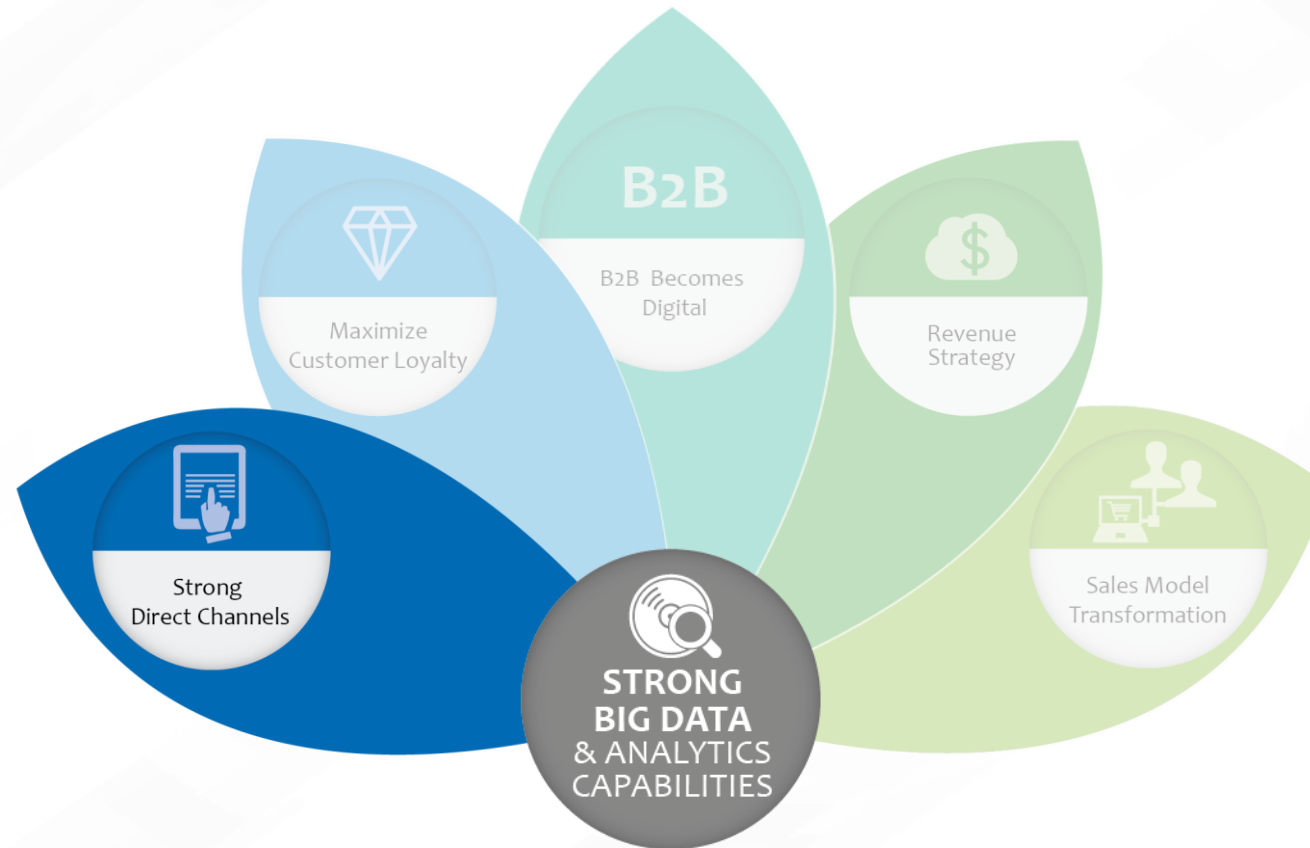
Maximize Customer Loyalty

B2B Becomes Digital

Revenue Strategy

Sales Model Transformation

# Strong Direct Channels



Strong Direct Channels

Maximize Customer Loyalty

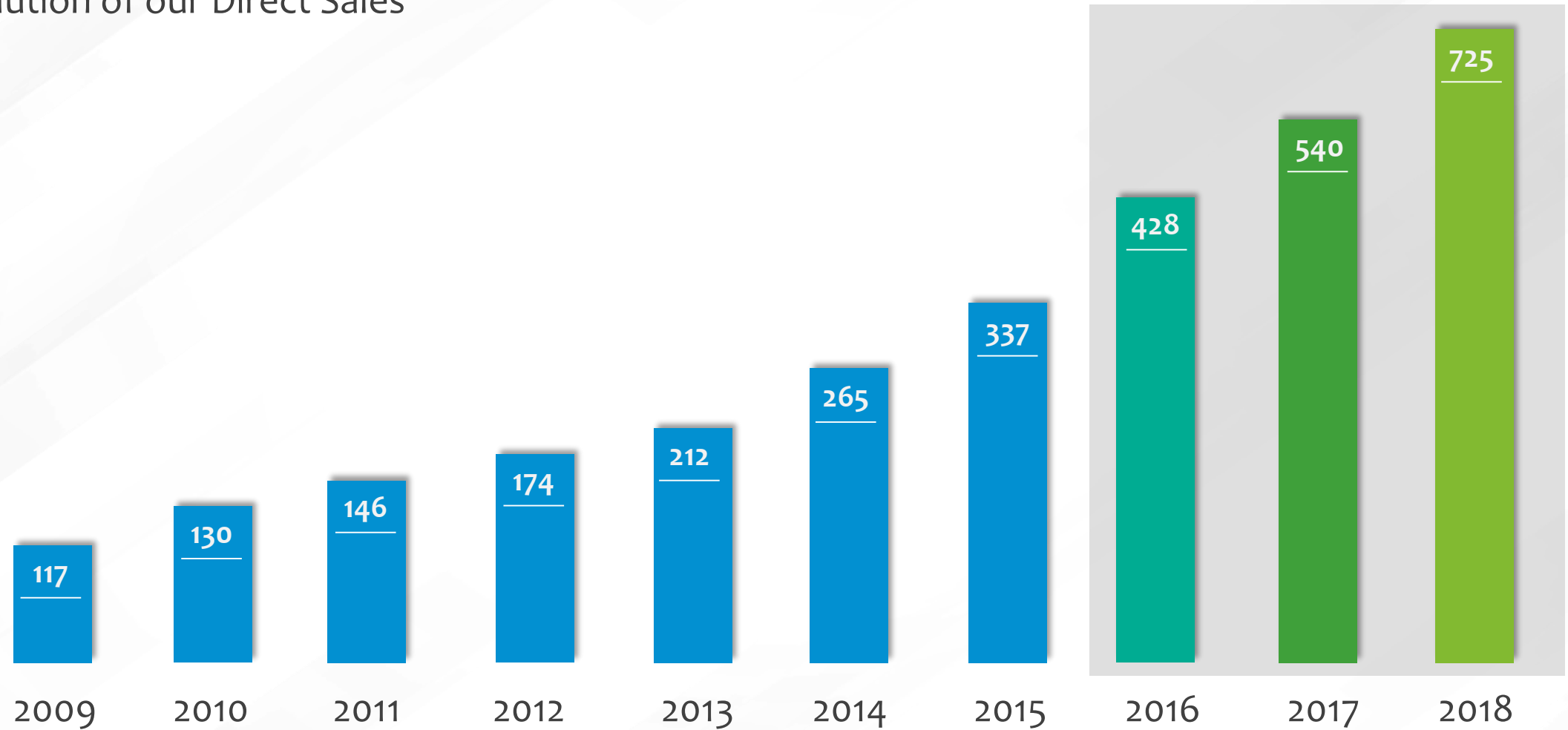
B2B Becomes Digital

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Sales Model Transformation

# Vision of the opportunity

## Evolution of our Direct Sales



Strong Direct Channels

Maximize Customer Loyalty

B2B Becomes Digital

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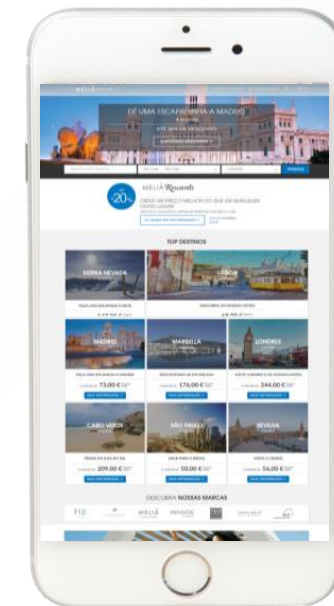
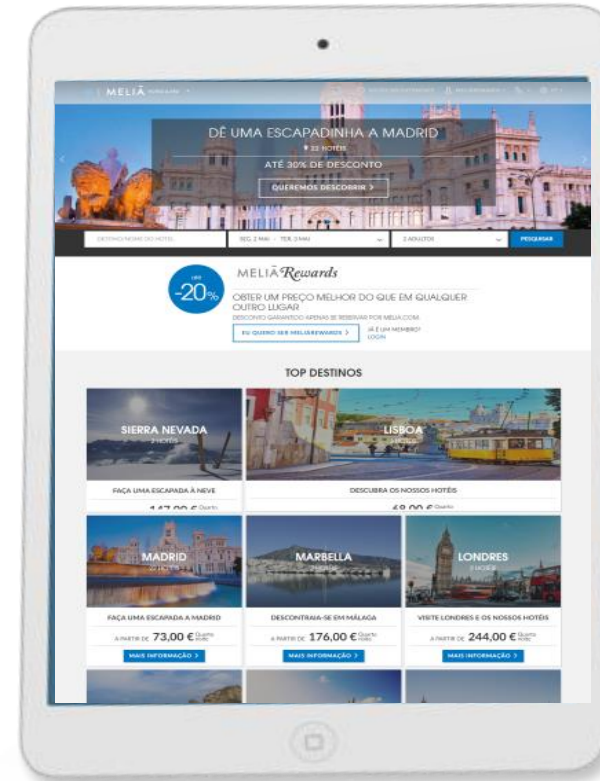
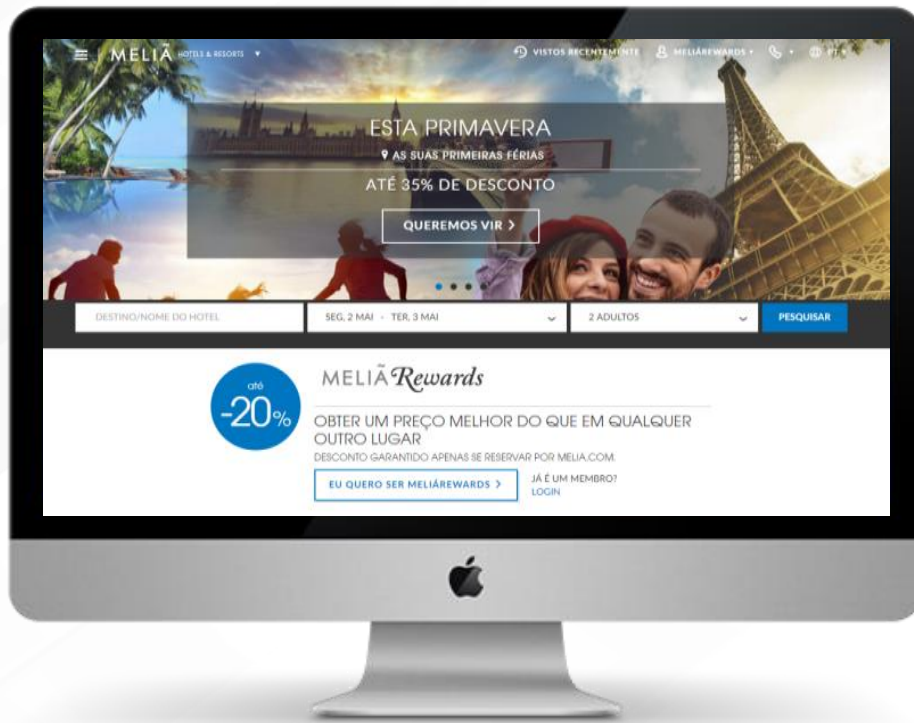
# New digital marketing

The right balance between data and creativity to achieve the best ROI



# The new melia.com

Responsive and adapted to any device size...



Strong Direct Channels

Maximize Customer Loyalty

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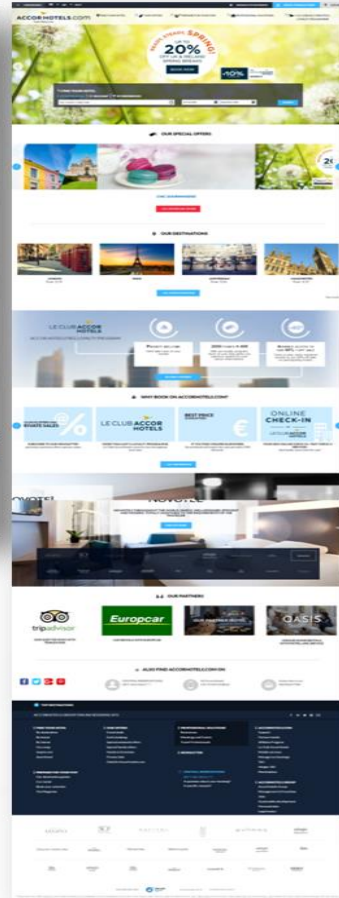
# The new melia.com

Top level within the industry

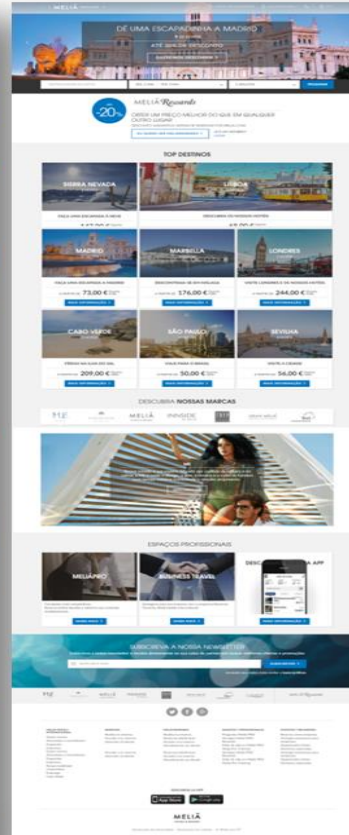
Hilton



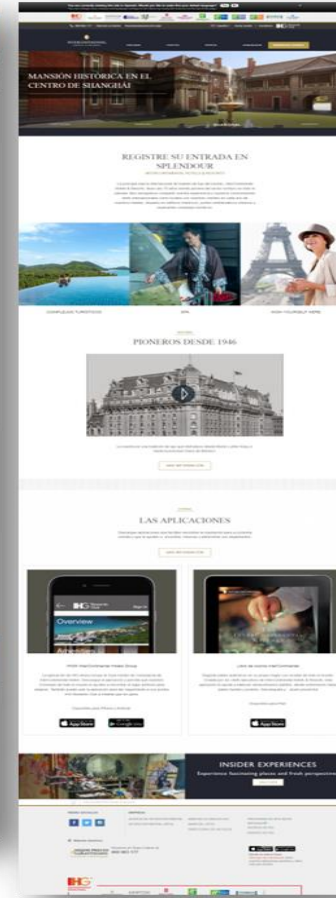
Accor



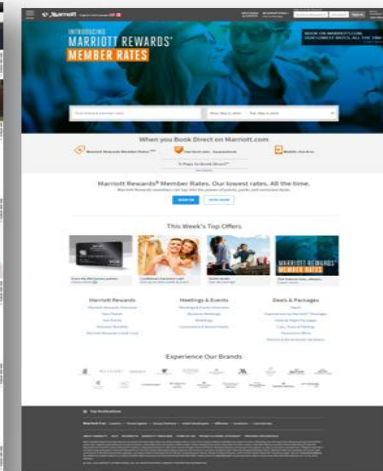
Meliá



Intercontinental



Marriott



Strong Direct Channels

Maximize Customer Loyalty

B2B Becomes Digital

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# Melia Customer Data Evolution

Continuous increase of customer data volumes is a big opportunity for Melia to enhance Customer Centricity

**18**  
MILLION  
RECORDS

- ▶ SOCIO-DEMOGRAPHIC
- ▶ BOOKINGS

**2 YEARS AGO**

**750**  
MILLION  
RECORDS

- ▶ ONLINE CHANNELS
- ▶ WEB & MOBILE NAVIGATION
- ▶ SOCIO-DEMOGRAPHIC
- ▶ BOOKINGS

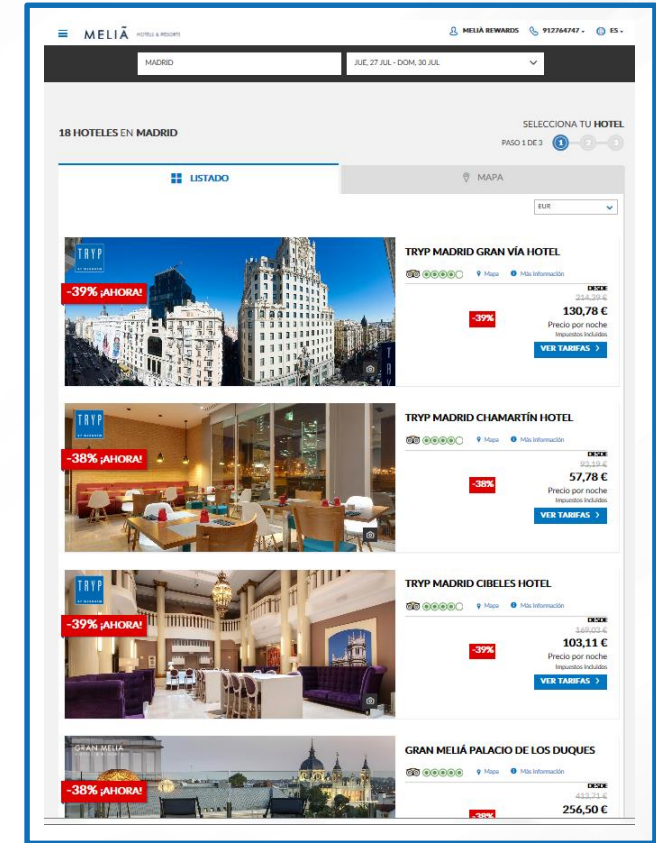
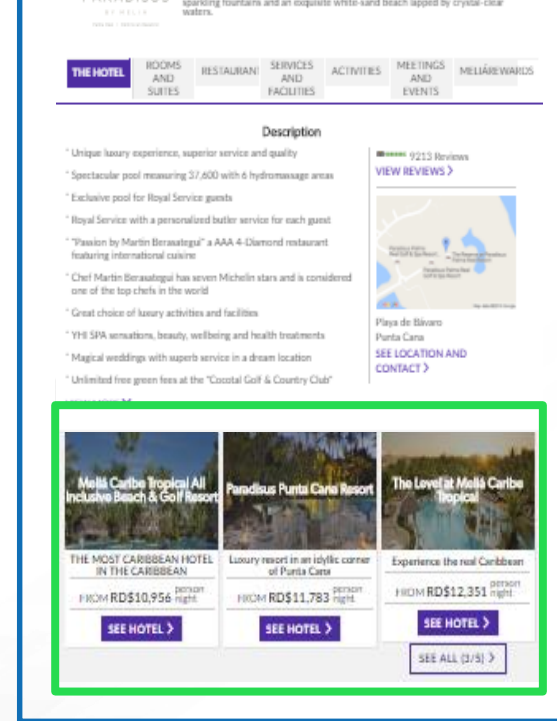
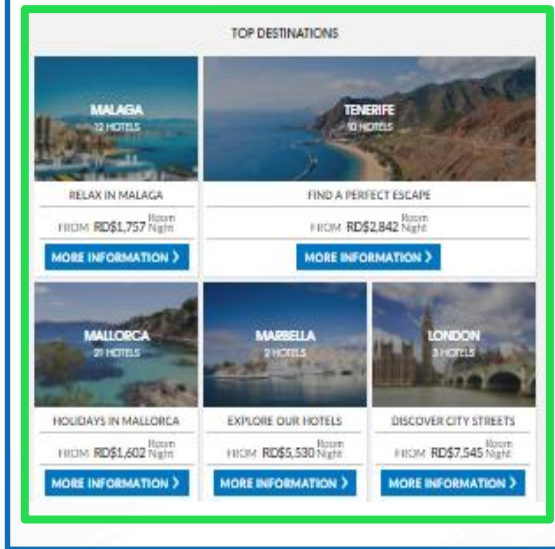
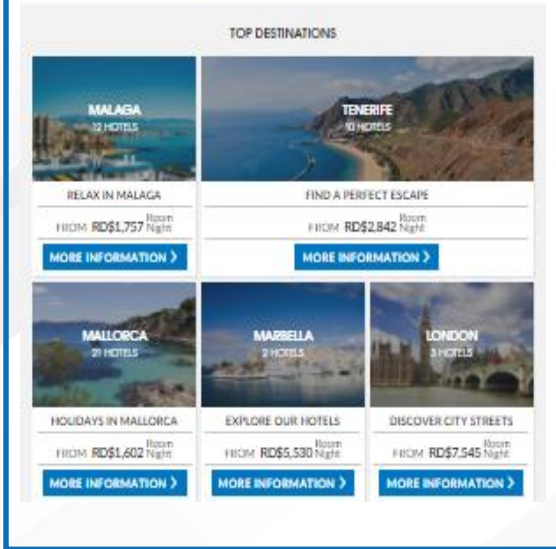
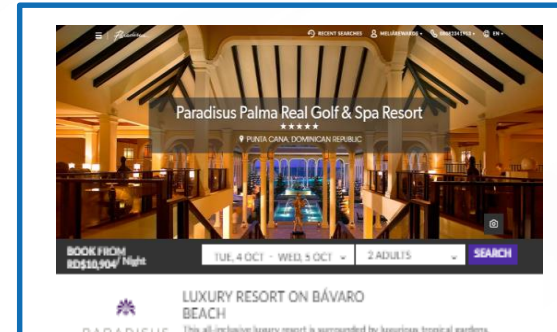
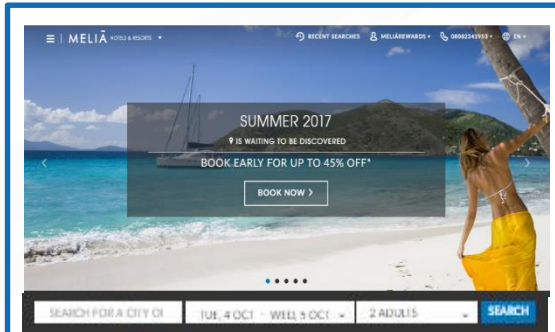
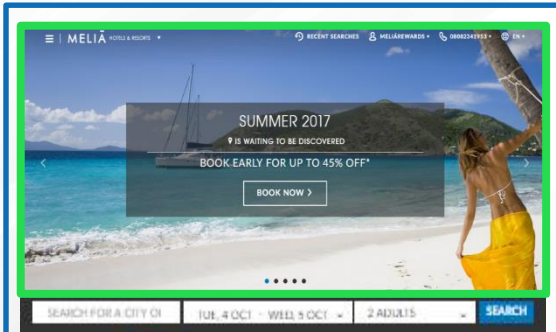
**NOW**

**>20**  
BILLION  
RECORDS

- ▶ GEO - LOCALIZATION
- ▶ CUSTOMER HOTEL PREF.
- ▶ WIFI HOTELS
- ▶ CALL CENTER
- ▶ ONLINE CHANNELS
- ▶ WEB & MOBILE NAVIGATION
- ▶ SOCIO-DEMOGRAPHIC
- ▶ BOOKINGS

**FUTURE**

# Personalization – one to one approach



Strong Direct Channels

Maximize Customer Loyalty

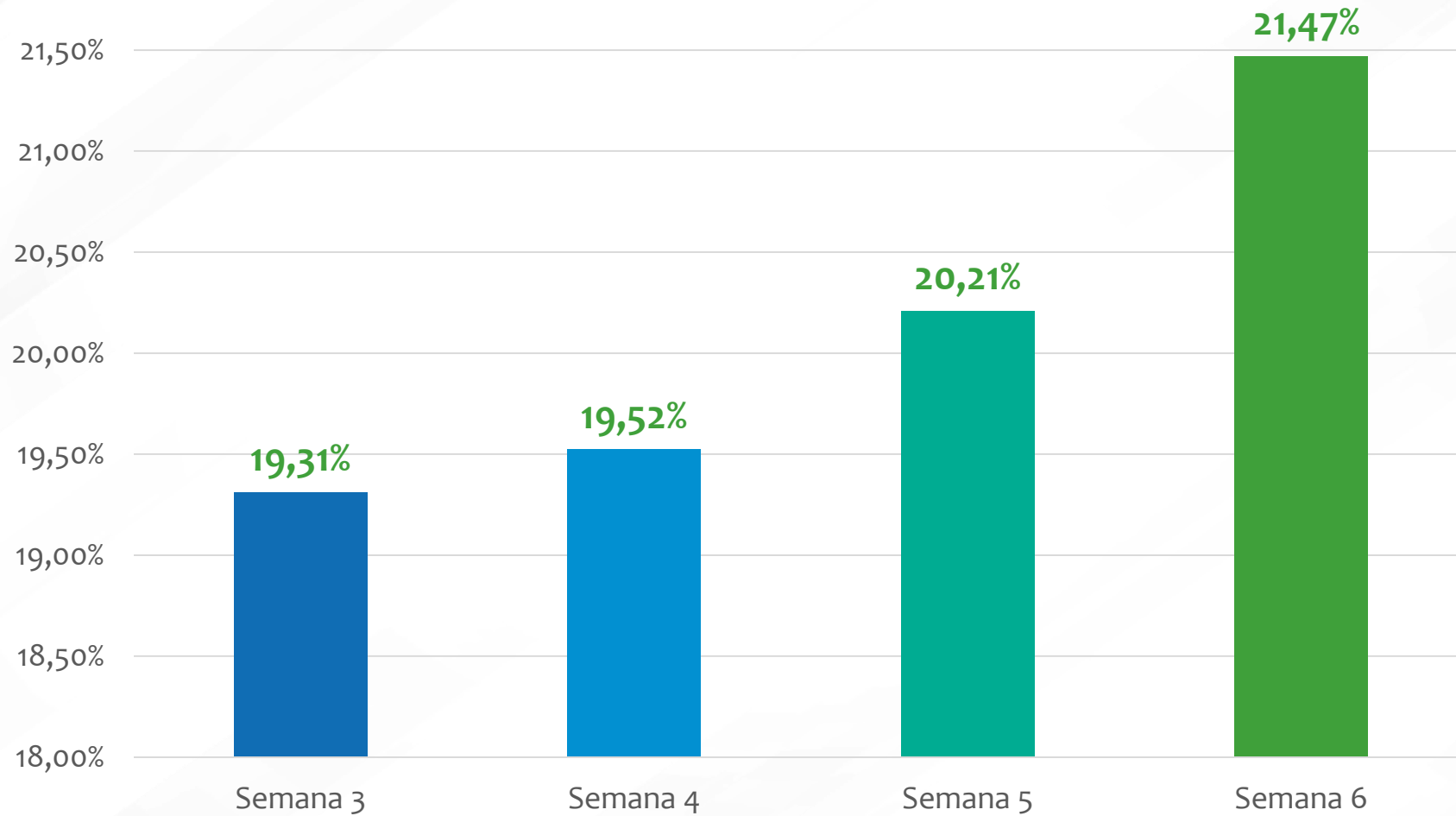
B2B Becomes Digital

Revenue Strategy

Sales Model Transformation



# Conversion Rates Evolution



Strong Direct Channels

Maximize Customer Loyalty

B2B Becomes Digital

Revenue Strategy

Sales Model Transformation

# Melia Lab



UX alliance

SessionCam

userzoom  
zooming in on the customer experience

Morae®

hotjar

Google Analytics

Strong Direct Channels

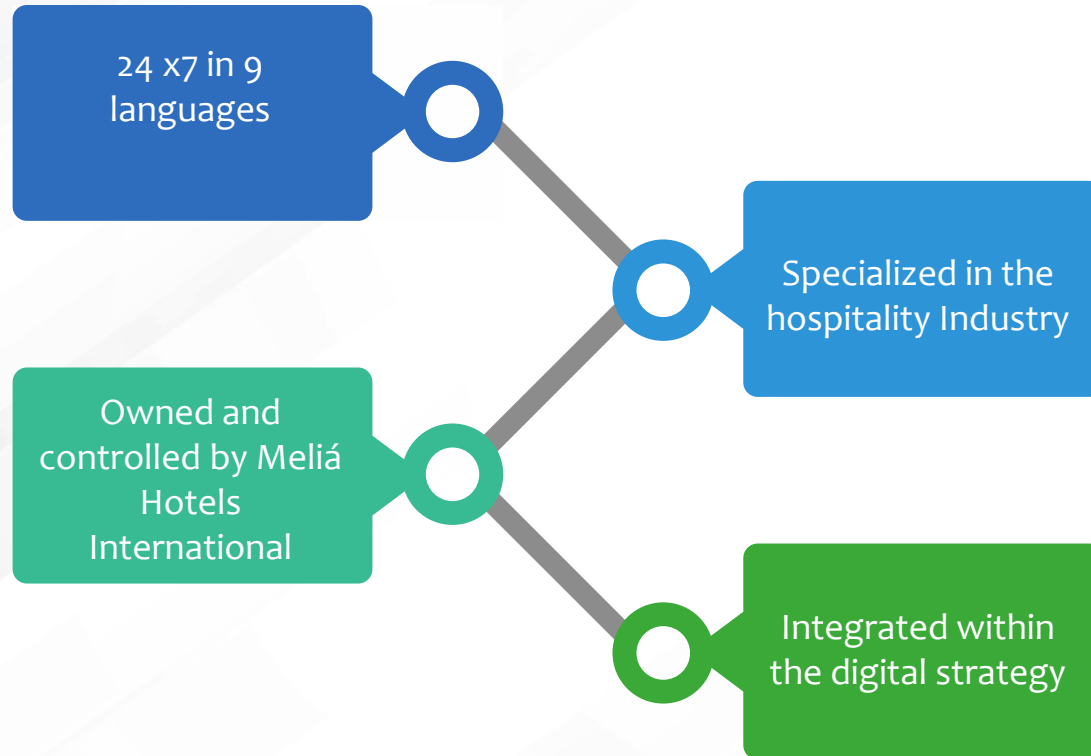
Maximize Customer Loyalty

B2B Becomes Digital

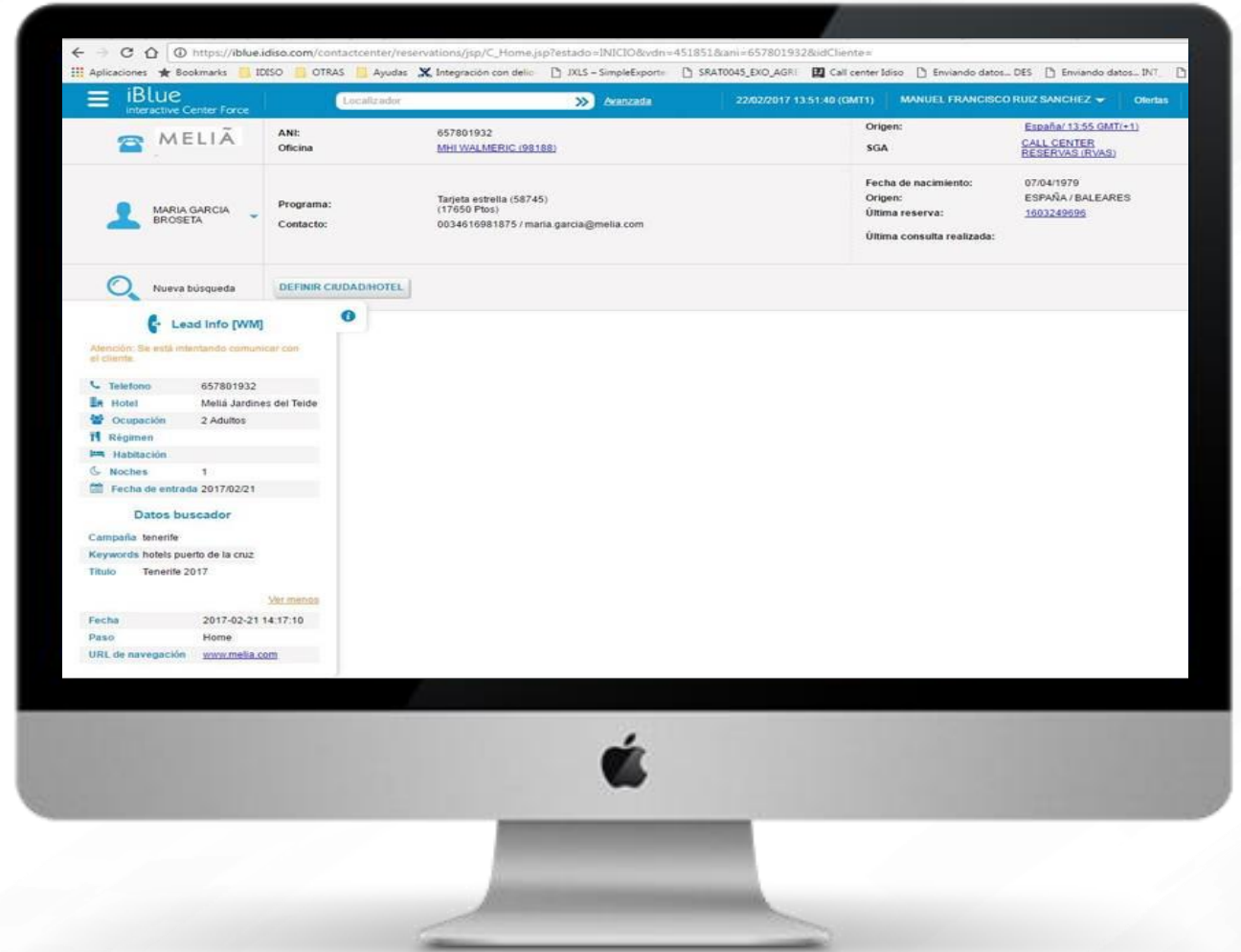
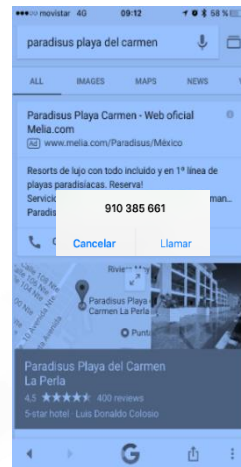
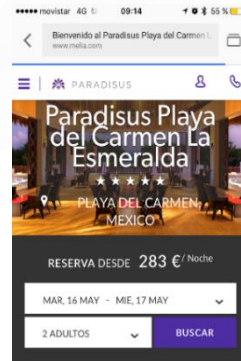
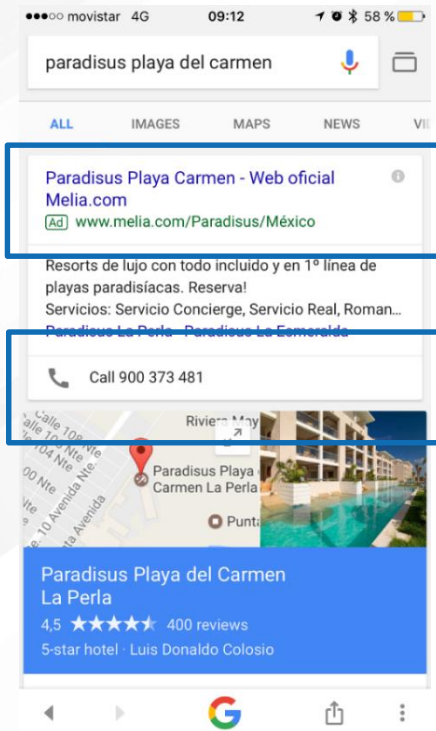
Revenue Strategy

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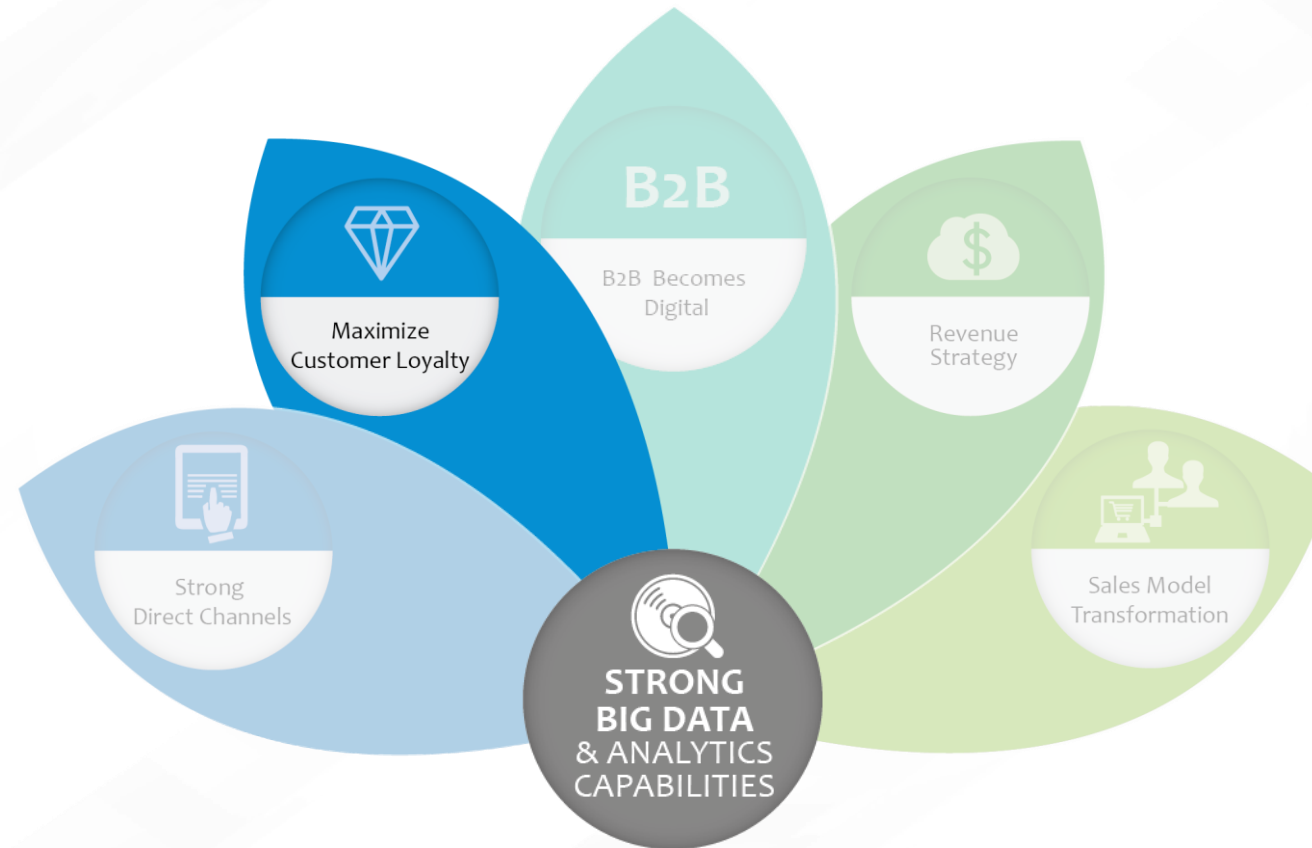
# First Class Contact Centre



# Digital Contact Centre



# Maximize Customer Loyalty



Strong Direct Channels

Maximize Customer Loyalty

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Sales Model Transformation

Maximize Customer Loyalty

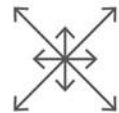
# MELIÁ REWARDS

With **MeliáRewards Belonging Means More**



More **Value**

Points, surprises, discounts



More **Possibilities**

Flexibility when you use your points



More **Recognition**

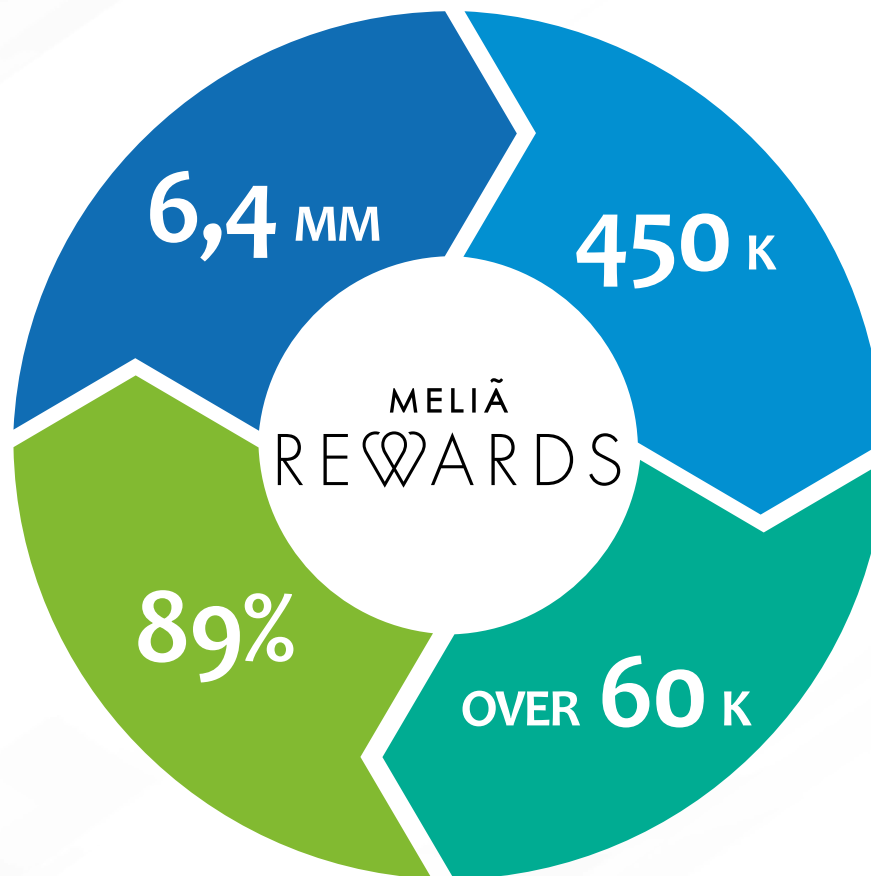
You are always our priority



# Melia Rewards

## Members

MORE AFFILIATIONS IN THE LAST TWO YEARS, THAN IN THE PREVIOUS 15 YEARS ALLTOGETHER (2MM LAST YEAR)



## Premium Customers

REACHING QUALITY OBJECTIVES COMMITMENTS WITHIN THE STRATEGIC PLAN

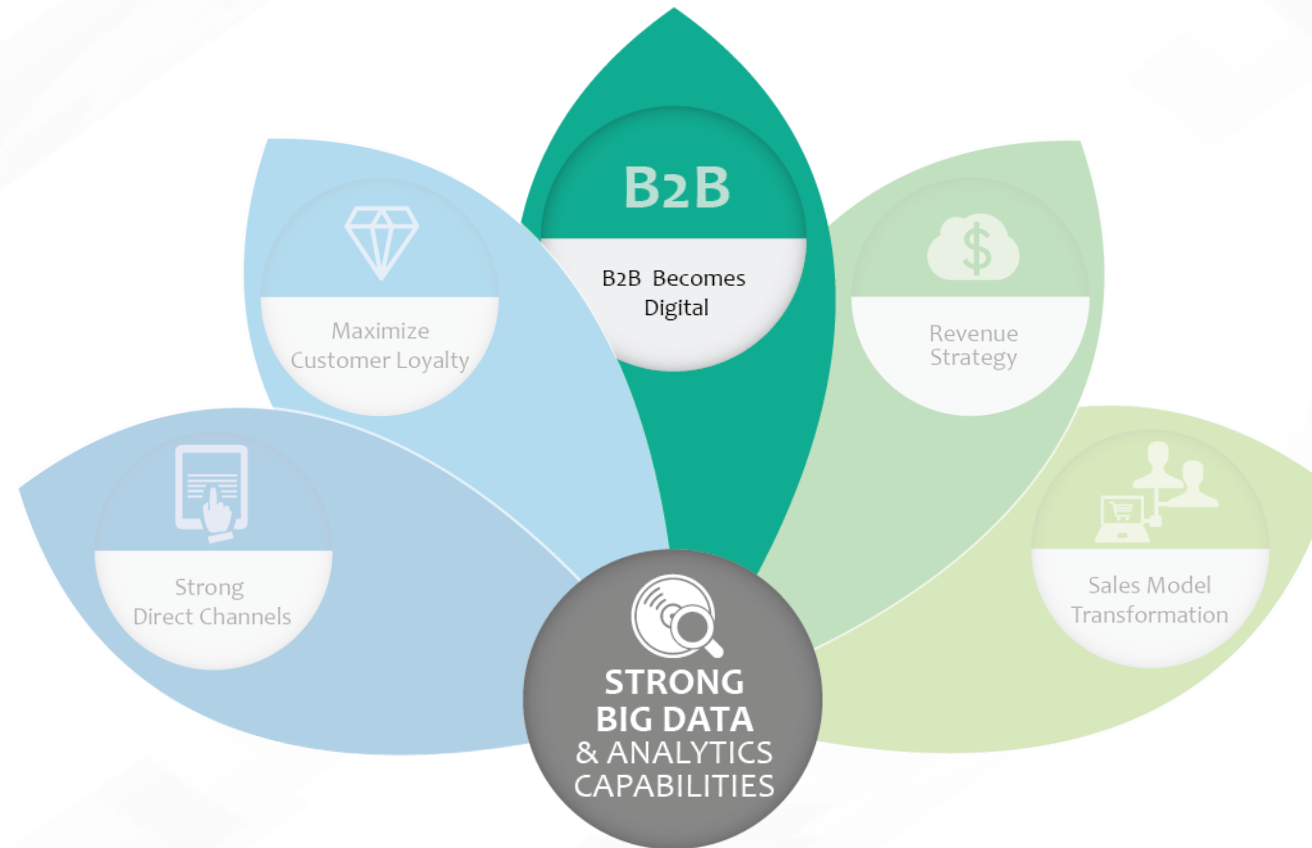
## Sales out of direct channels are Meliá Rewards

OVER 350MM EUROS, WHICH MAKES OUT OF IT, THE MAIN PILLAR IN OUR SALES STRATEGY

## Customer Approach

OVER 60k ONLINE CHECKINS, F&B REDEMPTION, SPA, AMAZON, POINTS+CASH, ETC..

# B2B Becomes Digital



Strong Direct Channels

Maximize Customer Loyalty

B2B Becomes Digital

Revenue Strategy

Sales Model Transformation



# Connected to the market

## Global Accounts Multi-Segment



## Companies

Managed by Regional Teams



## TTOO / Online



## Consortias & TMC Corporate Transient Business



Strong Direct Channels

Maximize Customer Loyalty

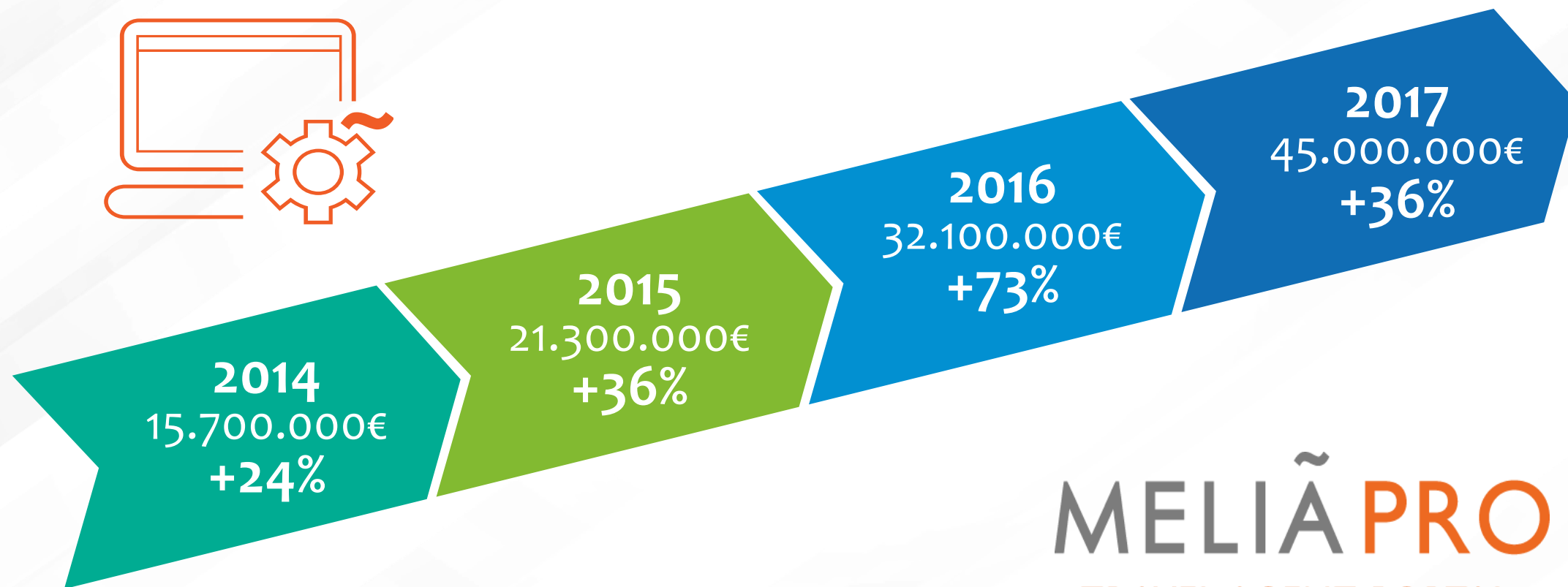
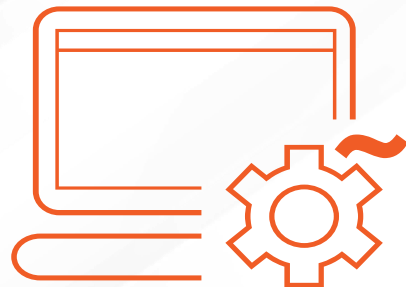
B2B Becomes Digital

Revenue Strategy

Sales Model Transformation

# B2B becomes digital

Melia PRO direct channels TA sales



**MELIÃ PRO**  
TRAVEL AGENT PORTAL

# Development of the B2B Digital Plan

MELIÁPRO  
MEETINGS

MELIÁPRO  
CORPORATE

MELIÁPRO  
AGENTS

MELIAPRO.COM

Strong Direct Channels

Maximize Customer Loyalty

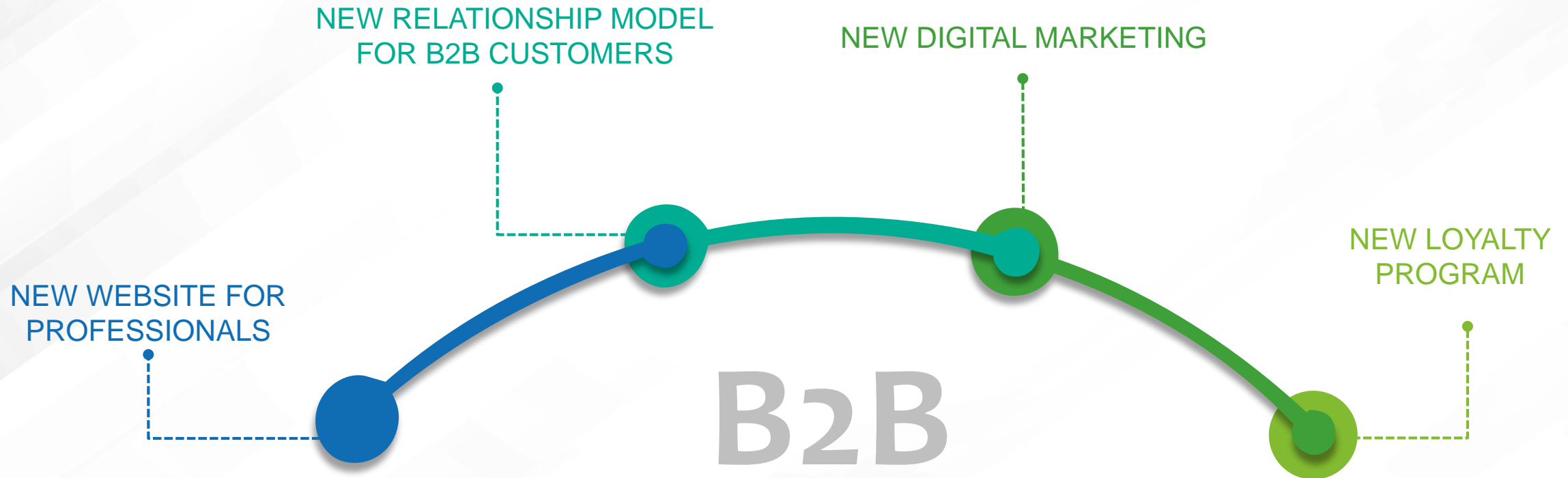
B2B Becomes Digital

Revenue Strategy

Sales Model Transformation

# B2B becomes Digital

With a new approach to our B2B customers:  
Travel Agencies, Meeting Planners and Companies



Strong Direct Channels

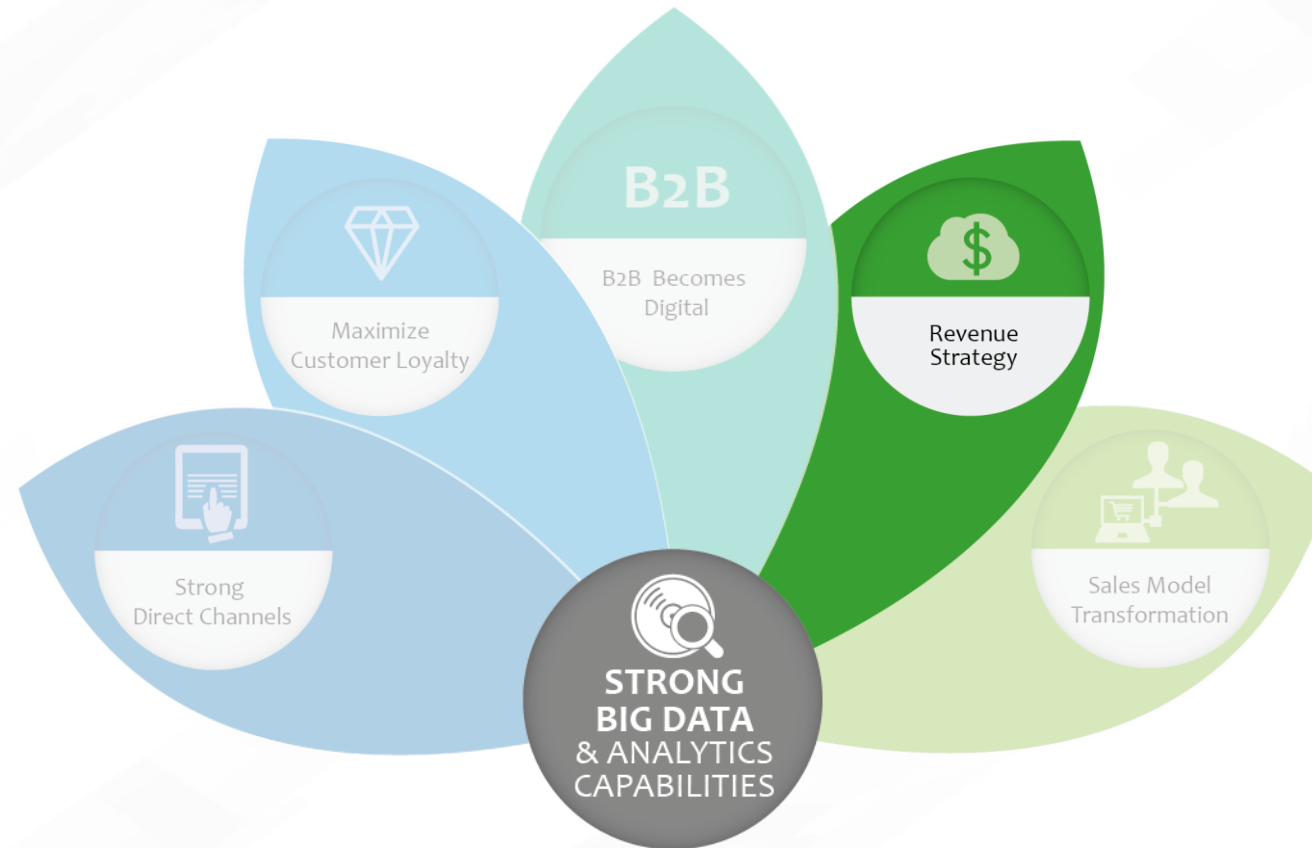
Maximize Customer Loyalty

B2B Becomes Digital

Revenue Strategy

Sales Model Transformation

# Revenue Strategy



Strong Direct Channels

Maximize Customer Loyalty

B2B Becomes Digital

Revenue Strategy

Sales Model Transformation

**“  
Leading  
RevPar  
growth for  
28Qs  
”**

Strong Revenue Culture

High level of Involvement from the top executive level and GMs

RevMax, Business Reviews Meetings

Over 200 positions at global, regional and hotel level

Revenue Academy & talent acquisition programs

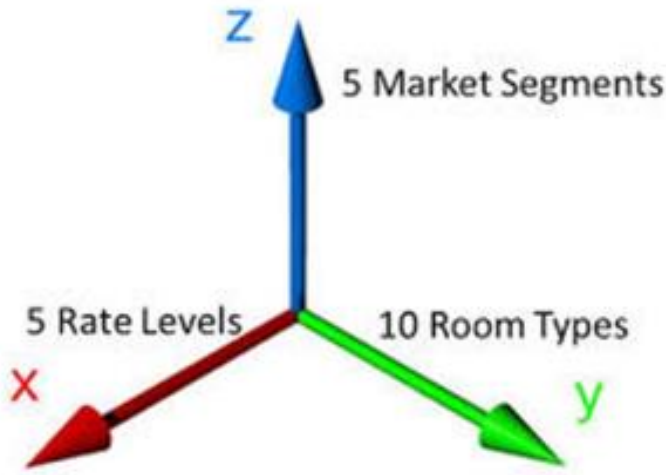
Advanced Pricing Policies: Prepayment rates, advanced purchase,

Meliá Rewards rates, ...

# Current Situation

## Analysis

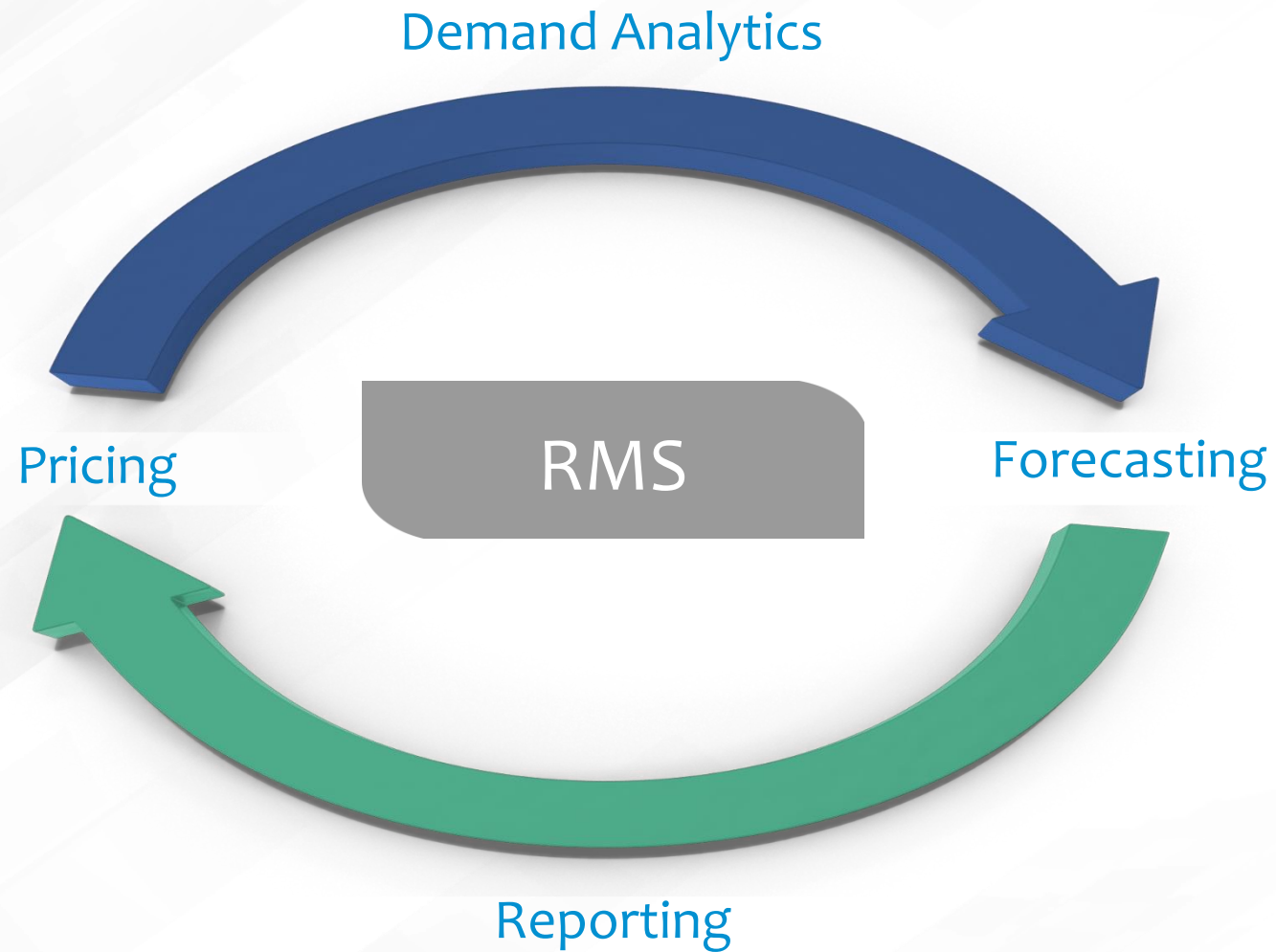
History  
On the Books  
Room types  
Segmentation  
Cost of Distribution  
Source / Channel  
Rate Shopping  
Destination Demand  
Competition  
Development  
Special Events  
STR



## Decisions

Segments  
2 years  
each Room types  
all Meal plans  
BAR, Promotions &  
Prepayment Discounts  
Overbooking  
MICE Pricing  
Other Revenues  
Channels  
Personalized Pricing

# Functions of RMS



Digitalization of Revenue in line with MHI processes

Forecast Automation based on AI algorithms

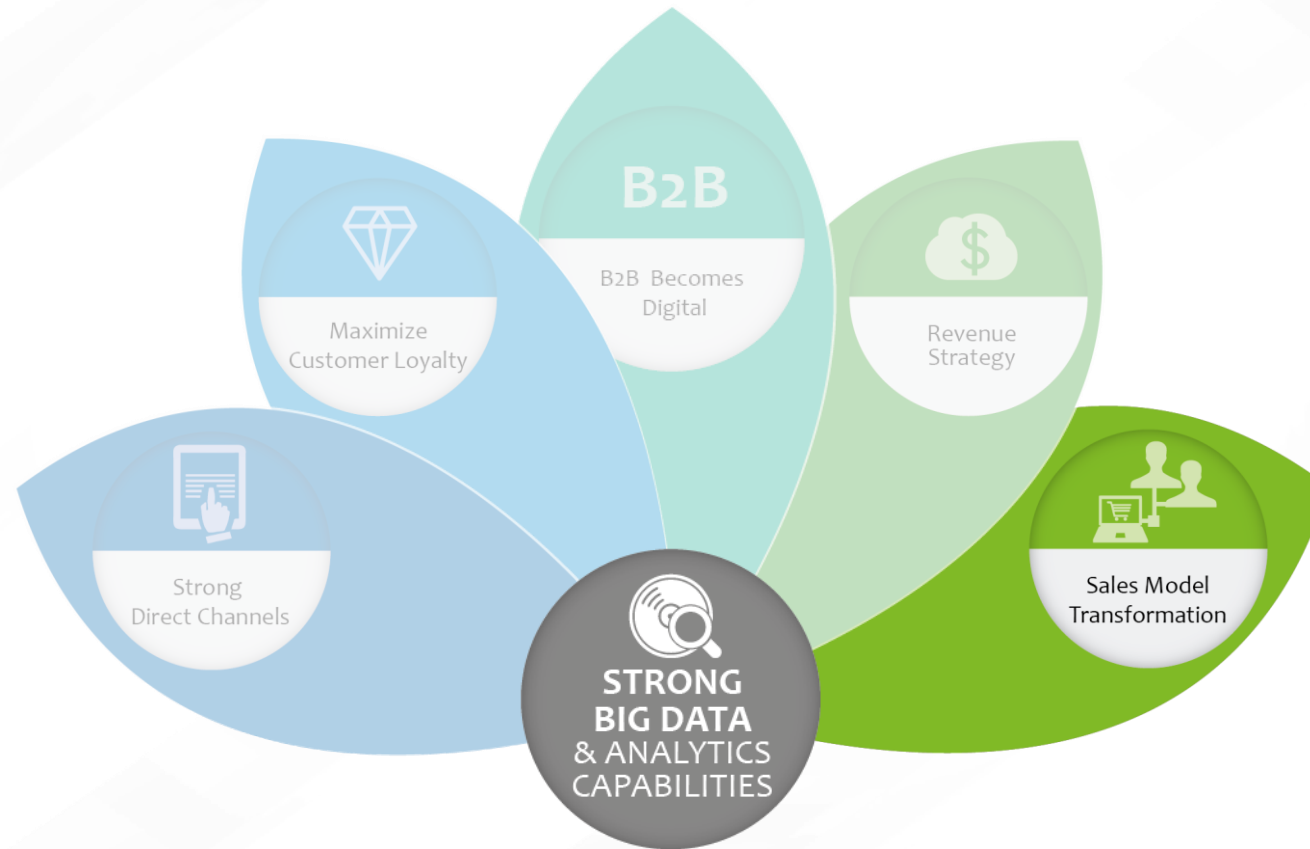


# Revenue Strategy

Implement a System of demand forecasting and price recommendation



# Sales Model Transformation



Strong Direct Channels

Maximize Customer Loyalty

B2B Becomes Digital

Revenue Strategy

Sales Model Transformation

# Sales Model Transformation

## FROM Going Digital

Organizations have started to Prioritize their decisions based on the customer, understanding channels, devices, etc.



Customer Centricity



Omnichannel



Online Management



New Models

## to Being Digital

Now employees have the power and it is time to develop their skills, roles and culture...



Tech & Platforms



Digital Workforce



Organization Structure

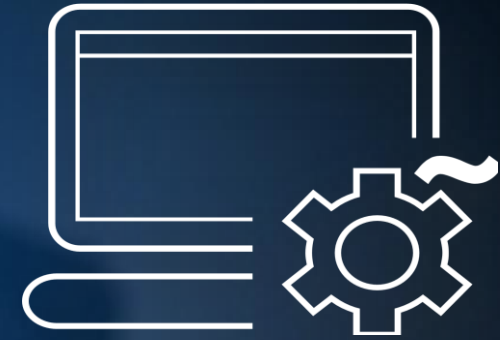


Digital Culture

# Sales model transformation

---

- ▶ Launching Be More Digital Project in a partnership with Accenture
- ▶ Digital Business and Digital IT as one single team
- ▶ Creation of new digital roles in the company: Digital Trading Desk, Big Data Analyst, Content Specialist, Data Scientist, Global Digital B2B ...
- ▶ Incorporation of new digital functions in traditional roles
- ▶ Merge of account management / BT & MICE



**THERE'S NO LONGER  
A "DIGITAL STRATEGY",  
THERE IS A STRATEGY IN A DIGITAL WORLD**

MELIÀ HOTELS INTERNATIONAL

# PATRIMONIAL STRATEGY





Consolidate the real estate role as an owner and developer, strengthening our real estate expertise and creating value for the Company and our partners



1 Enhance the quality of the Meliá Hotels International real estate portfolio

2 Promote projects and initiatives that optimise Meliá's assets

3 Consolidate a model with a property ownership role differentiated from the management role





Enhance the quality of the Meliá Hotels International real estate portfolio

1

Continue with the rotation plan of non-strategic assets

Reinvest part of the sales in the acquisition of strategic assets in prime destinations

Increase the equity value of Meliá in Joint Ventures and use them as levers to enhance the quality of the portfolio

Promote projects and initiatives that optimise Meliá's assets

2

Manage the transformation of key assets: hotels, non-hotel and mixed (*asset management macro*)

Focus the Company on a real estate profitability model (*asset management micro*)

Consolidate a model with a property ownership role differentiated from the management role

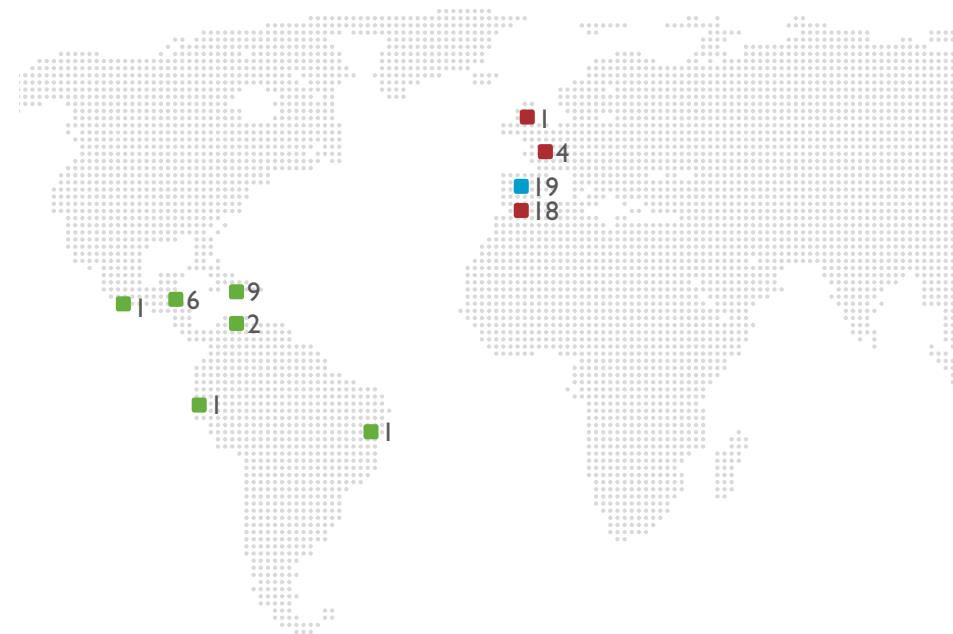
3

Permanent management of the regulatory compliance and utilization of the real estate

Optimise the management of CAPEX

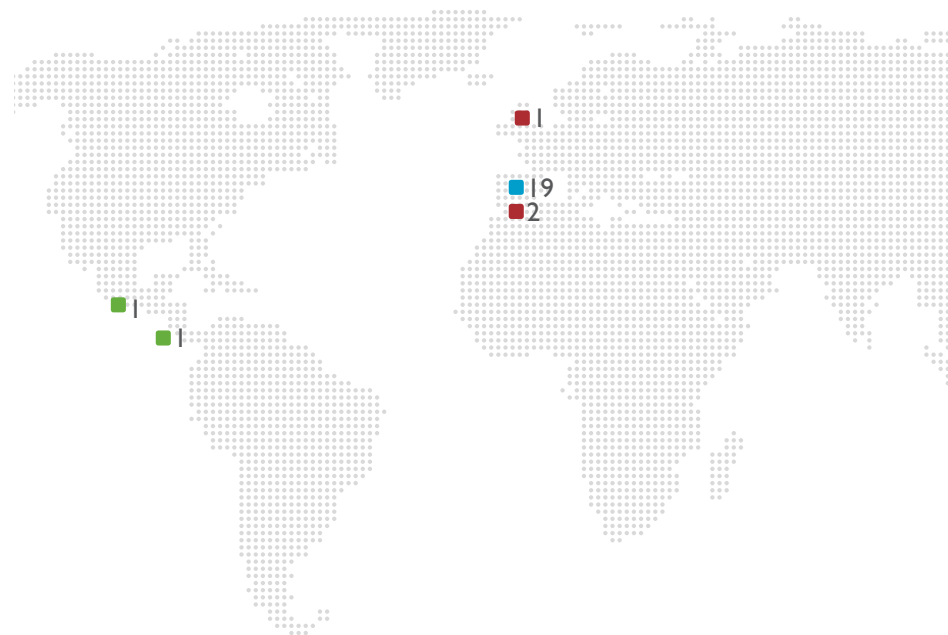
# PATRIMONIAL STRATEGY | STARTING POINT OF OWNED ASSETS

	Assets (#)	Valuation (€M)	Owned Portfolio (%)
<b>Leisure Europe</b>	<b>19</b>	<b>623</b>	<b>20%</b>
Strategic Assets	9	474	15%
Non-Core Assets	8	95	3%
Circle by Meliá Assets	2	54	2%
<b>Urban Europe</b>	<b>24</b>	<b>1,134</b>	<b>36%</b>
Strategic Assets	15	1,055	34%
Non-Core Assets	9	79	2%
<b>Americas</b>	<b>20</b>	<b>1,368</b>	<b>44%</b>
Strategic Assets	14	1,174	38%
Non-Core Assets	4	156	5%
Circle by Meliá Assets	2	38	1%
<b>TOTAL</b>	<b>65</b>	<b>3,125</b>	<b>100%</b>



# PATRIMONIAL STRATEGY | STARTING POINT OF JV'S ASSETS

	Assets (#)	Valuation (€M)	Non-Core Assets (%)
<b>Leisure Europe</b>	<b>19</b>	<b>612</b>	<b>62%</b>
Strategic Assets	13	488	50%
Non-Core Assets	6	124	1%
<b>Urban Europe</b>	<b>3</b>	<b>342</b>	<b>35%</b>
Strategic Assets	2	318	32%
Non-Core Assets	1	24	3%
<b>Americas</b>	<b>2</b>	<b>28</b>	<b>3%</b>
Strategic Assets	1	18	2%
Non-Core Assets	1	10	1%
<b>TOTAL</b>	<b>24</b>	<b>982</b>	<b>100%</b>





# MELIÁ SPANISH RESORT HOTEL INVESTMENT JOURNEY 2014-2018



- PE Capital to transform and to speed up timing: high risk-return model
- Long term partners and bank financing for already transformed assets: lower profitability hurdle, lower risk

- Excellent renovations in design, cost and time
- Brand repositioning
- Marketing and EBITDA better than expected
- MHI partner value as co-owner and operator
- Corporate finance management, legal, tax

- Unique time to upgrade hotels
- RevPAR 2016 of the market will be difficult to beat in 2017 and 2018, but stable outlook

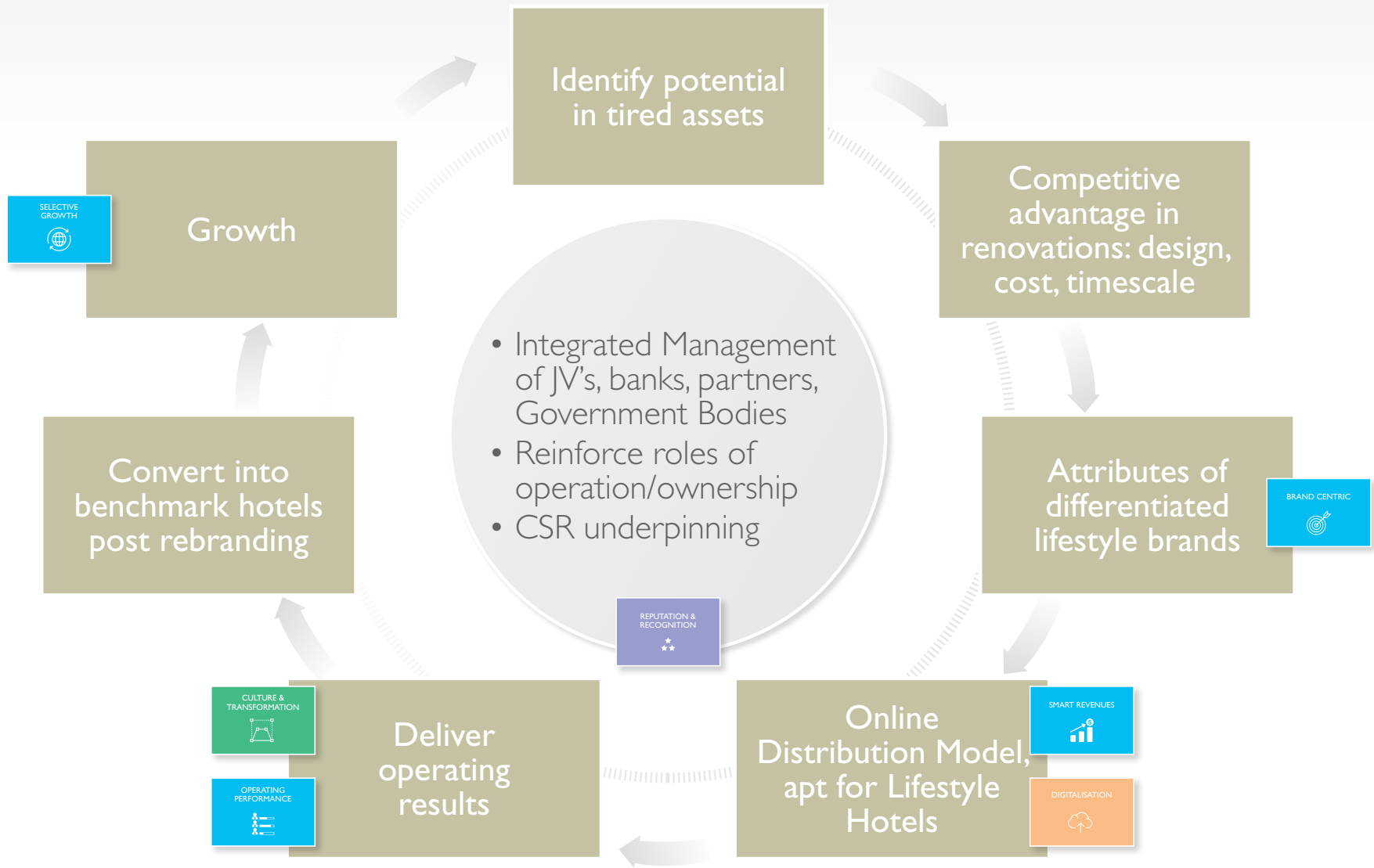
- MHI credibility in all dimensions
- Create a exclusive club model
- MHI leader in transforming the investment model in leisure segment
- General interest in SOCIMI/REIT's

- Consequential cumulative result of all prior factors
- Different cases: Avenue, Starwood

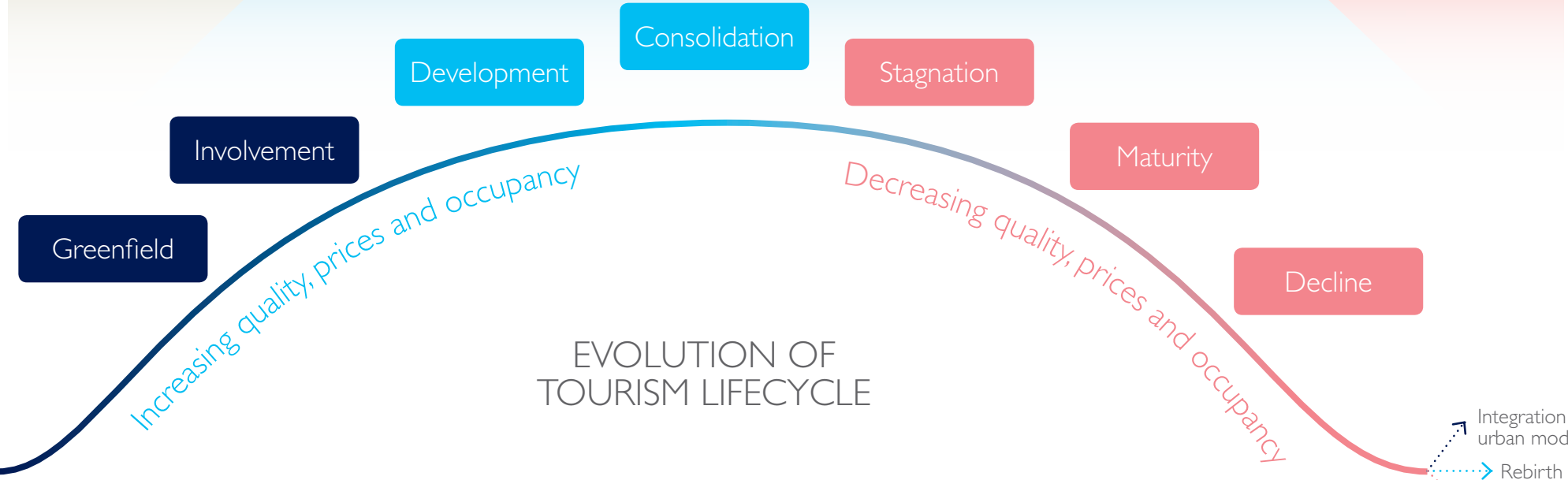
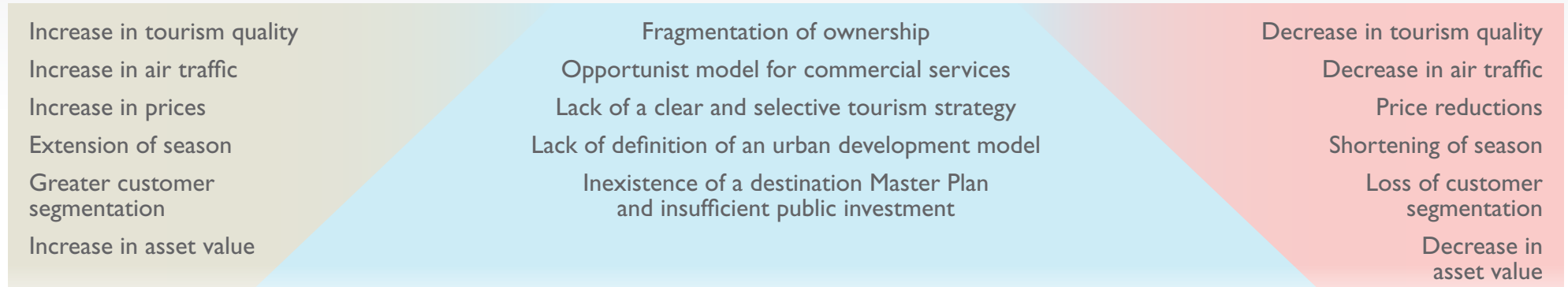
- Convert challenge to opportunity
- Undergo the transition from high return PE partners to investors with long term risk/return model
- Assets transformed in 2014-2016 still have potential to outperform the market leveraged on brands & MHI destinations influences

# MELIÁ'S RESORT TRANSFORMATION MODEL

POWERED BY 2016-18 STRATEGIC PLAN



### Lifecycle of resort destinations



# MIAMI

## PROBLEM

Oversupply

High immigration

Corruption

Insecurity

Loss of identity

Real estate crisis





# MIAMI

## PROBLEM

Oversupply

High immigration

Corruption

Insecurity

Loss of identity

Real estate crisis



## TRANSFORMATION

Long-term development plan

Positioning strategy

Involvement of public administration

Private promoters

Public-private partnership

Investment

Calvià Beach project objectives

REVERSE TOURISM  
DEVELOPMENT CYCLE...

- ✓ Improve hotel quality with increases in price and occupation
- ✓ Promote new commercial and entertainment facilities
- ✓ Increase prices and occupancy
- ✓ Lengthen the season
- ✓ Product modernisation and innovation
- ✓ Increase asset value and liquidity
- ✓ Attract new segments and markets
- ✓ Attraction of high-level partners and investors

...CORRECT THE NEGATIVE  
CONSEQUENCES OF THE CYCLE  
WITH PUBLIC SUPPORT

- ✓ Consolidate an urban development model
- ✓ Relieve or reduce fragmentation of property ownership
- ✓ Encourage a clear tourism strategy with a long-term vision
- ✓ Encourage complementary facilities in line with the new positioning
- ✓ Adjust infrastructure and urban design to the new tourism model (beaches, pedestrianised areas, parks, etc.)

Calvià Beach project facilities - 10 Hotels (3,573 rooms)

- |    |                       |   |  |
|----|-----------------------|---|--|
| 1  | Royal Beach ***       | ▶ | Sol Wave House Mallorca *****<br>Surf centre                 |
| 2  | Mallorca Beach ***    | ▶ | ME Mallorca ***** Sup<br>Nikki Beach Club                    |
| 3  | Sol Magaluf Park ***  | ▶ | Sol Katmandu Park & Resort *****<br>Theme park Katmandu Park |
| 4  | Sol Trinidad ***      | ▶ | Sol House Mallorca *****<br>Mixed by Ibiza Rocks             |
| 5  | Sol Antillas *****    | ▶ | Melia Calvià Beach ***** Sup<br>MICE families                |
| 6  | Sol Barbados ***      | ▶ | Sol Barbados ***<br>Pending: cycling tourism                 |
| 7  | Sol Mirlos Tordos *** | ▶ | Sol Palmanova – Mallorca *****<br>All inclusive              |
| 8  | Sol Cala Blanca ***** | ▶ | Sol Beach House Mallorca *****<br>Adults only                |
| 9  | Sol Guadalupe ***     | ▶ | Sol Guadalupe *****  |
| 10 | Sol Jamaica           | ▶ | Major Commercial Development                                 |

Estimated investment of €200m



Impact of project (2016 vs 2011)

ON KEY BUSINESS PERFORMANCE...

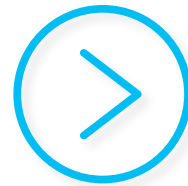


...IMPACT ON THE COMMUNITY



CALVIÀ BEACH PROJECT 2016-2018

Transformation of hotel Sol Jamaica (€45 million)  
More than **270** rooms | **5,000** m<sup>2</sup> commercial facilities



BEFORE...

...AFTER

# CASE STUDY | CALVIÀ BEACH – FROM THE UNTHINKABLE...

PHASE 1		PHASE 2		
2010/11		2012/13	2014/2015	2016
<ul style="list-style-type: none"> <li>It's possible!</li> </ul>	<ul style="list-style-type: none"> <li>Master plan</li> </ul>	<ul style="list-style-type: none"> <li>Phase I Investment</li> </ul>	<ul style="list-style-type: none"> <li>Refinance JV</li> <li>Improve Master Plan</li> </ul>	<ul style="list-style-type: none"> <li>Raise Sights</li> </ul>
<ul style="list-style-type: none"> <li>Magaluf RevPar all time minimum</li> </ul>	<ul style="list-style-type: none"> <li>Pooling of 3 Core assets with partner</li> </ul>	<ul style="list-style-type: none"> <li>Opening 2 Hotels + Nikki</li> </ul>	<ul style="list-style-type: none"> <li>Magaluf renovations lead to Sol brand overhaul and ME resorts</li> </ul>	<ul style="list-style-type: none"> <li>Recognition for Project</li> </ul>
			<ul style="list-style-type: none"> <li>Restart CAPEX phase 2/3</li> </ul>	<ul style="list-style-type: none"> <li>Magaluf ARR becomes attractive</li> </ul>
			<ul style="list-style-type: none"> <li>Tide has turned in revenues and guest profile</li> </ul>	<ul style="list-style-type: none"> <li>Communication &amp; PR</li> </ul>
				<ul style="list-style-type: none"> <li>Consolidated Sol Brand</li> </ul>

## CASE STUDY | CALVIÀ BEACH – ...TO THE UNIMAGINABLE

PHASE 3		
2017	2018/20	2021/25
<ul style="list-style-type: none"> <li>· Jamaica Project Construction</li> </ul>	<ul style="list-style-type: none"> <li>· Opening Jamaica Projects</li> </ul>	<ul style="list-style-type: none"> <li>· Urban Resort</li> </ul>
<ul style="list-style-type: none"> <li>· Redefine F&amp;B map for Magaluf</li> </ul>	<ul style="list-style-type: none"> <li>· Integrated Resort &gt;15.000 m<sup>2</sup> retail / commercial / F&amp;B</li> </ul>	<ul style="list-style-type: none"> <li>· Condo sales to realise capital?</li> </ul>
<ul style="list-style-type: none"> <li>· Communication &amp; PR Magaluf Phase II. Press trips</li> </ul>	<ul style="list-style-type: none"> <li>· Magaluf ADR gap vs quality resorts minimal</li> </ul>	<ul style="list-style-type: none"> <li>· Drive rate &amp; occupancy premium from unique integrated resort in Europe</li> </ul>
<ul style="list-style-type: none"> <li>· Palma Convention Centre</li> </ul>	<ul style="list-style-type: none"> <li>· Promotion for off-peak season</li> </ul>	<ul style="list-style-type: none"> <li>· Magaluf as a “must-be” visit for tourists in Mallorca</li> </ul>
<ul style="list-style-type: none"> <li>· Knock-on effect MICE Mallorca</li> </ul>	<ul style="list-style-type: none"> <li>· Consolidate MICE in Magaluf</li> </ul>	