

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



Pricing & Commercial Strategy

Fernando Vives
Chief Commercial Officer
28th September 2017

Investor Day

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Pricing and Commercial Strategy



Focus on RevPAR
Segmentation Shift and Pricing
2013 - 2016



Focus on TRevPAR
Advanced Pricing Strategy
2016 - 2017



**Focus on NET TRevPAR / NET
ADR**
Distribution Optimization
2017 - 2019





Creating a Competitive Advantage

Creating a Competitive Advantage: 2013-2016



Strategy

Resources

Enablers

Creating a Competitive Advantage: 2013-2016

NH Bussum Jan Tabak

Strategy

Resources

Enablers

- **Pricing 1.0 Implementation**

Pricing 1.0 Implementation: Global impact



Nhow-Milano



Strategic pricing framework



New Room Type Structure



New Rate Code Structure



Over
2 Million Changes
to our Database
in less than
7 months

Creating a Competitive Advantage: 2013-2016



NH_Schiphol Airport

Strategy

- Pricing 1.0 Implementation
- **Segmentation shift**

Resources

Enablers

“

*Potential to leverage REVPAR through
an structural change on segmentation*



“

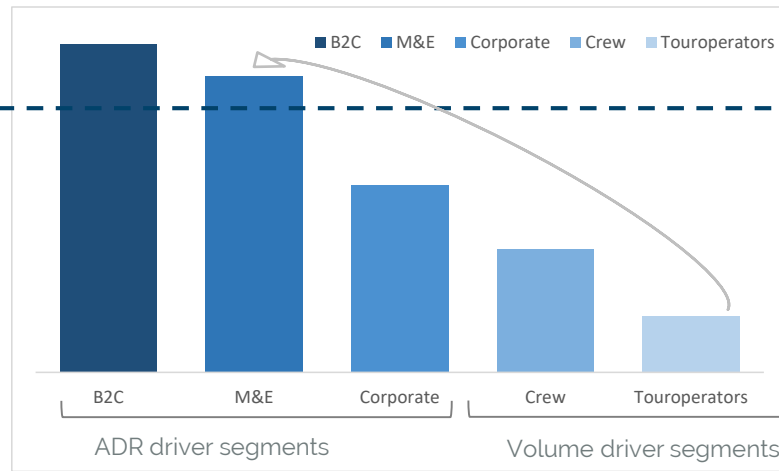
NH Hotel Group has released almost 1.000.000 room nights since 2014 on less profitable business



Our opportunity: Segmentation Shift



NH ADR 100% Index



High ADR
High/Mid volatility

Interesting during high demand periods

Low ADR
Low volatility

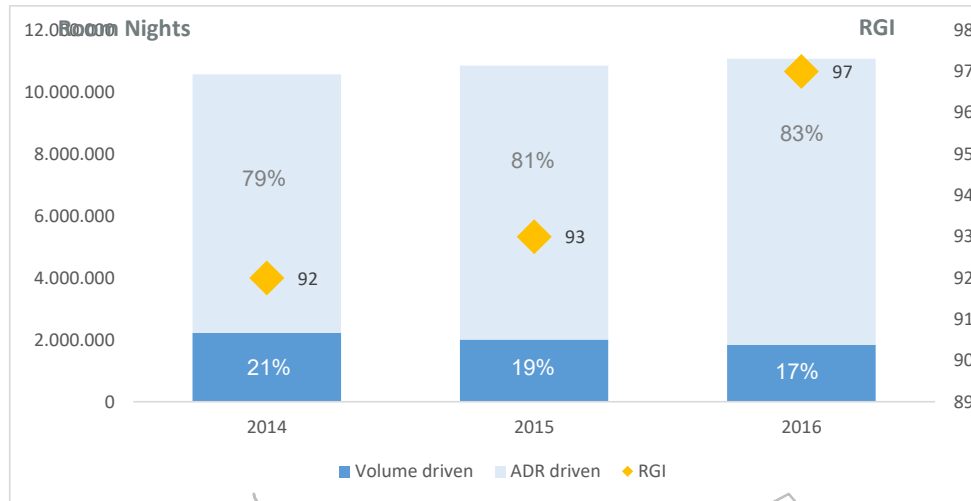
Interesting during low demand periods

Source: NH Revenue Management

Our opportunity: Segmentation Shift



Segmentation shift results



Source: NH Revenue Management

Creating a Competitive Advantage: 2013-2016



Strategy

- Pricing 1.0 Implementation
- Segmentation shift
- **City Indexation**
- **New Rate Management Strategy**

Resources

Enablers

Creating a Competitive Advantage: 2013-2016

NH Collection Leon Expo, Mexico

Strategy

- Pricing 1.0 Implementation
- Segmentation shift
- City Indexation
- New Rate Management Strategy

Resources

New Revenue Management Organization

Enablers

New Revenue Management Organization



NH Collection Grand Hotel Convent

x2 Increase Revenue Team

New RM Centralized and Homogeneous Structure

Retention and Remuneration Program



Specialization

On-line Revenue Management Academy

Over 1,000 employees pricing training

Creating a Competitive Advantage: 2013-2016

NH Collection Porto Batalha, Portugal

Strategy

- Pricing 1.0 Implementation
- Segmentation shift
- City Indexation
- New Rate Management Strategy

Resources

- New Revenue Management Organization

Enablers

- **Front & Back Implementation: Transformation Plan**
- **New Revenue Management System: NHGAMECHANGER Phase I**

Phase I #NHGameChanger



Definition of NH's
Unique Needs

Adoption

Development White
Label Solution

#NHGameChanger

Training

Implementation

#NHGameChanger

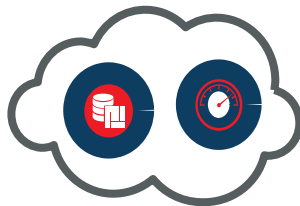
Real time data feed.
Taking advantage of
our unique Interface



TMS^{for}HOTELS



Inventory



Pricing

#NHGameChanger



Efficient, High performance, safe, fast & reliable

Creating a Competitive Advantage: 2013-2016



NH Nacional, Madrid

Strategy

- Pricing 1.0 Implementation
- Segmentation shift
- City Indexation
- New Segmentation
- New Rate Management Strategy

Resources

- New Revenue Management Organization

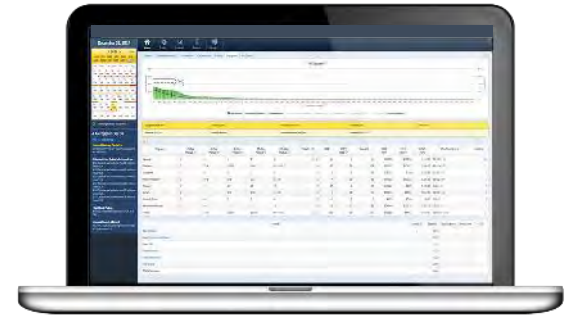
Enablers

- Front & Back Implementation: Transformation Plan
- New RMS : Phase I **#NHGameChanger**
- **Leverage Big Data**

Integrating Multiple Data Sets



NH_Bussum Jan Tabak



Source: NH Revenue Management

Integrating Multiple Data Sets

NH_Collection-Olomouc



Leverage
BIG Data

**Machine
Learning**

Advantage **Forecasting
Algorithms**

NH
HOTEL GROUP

Homogeneous
Decision Making

**Artificial
Intelligence**

**Predictive
Analytics**

Creating a
competitive
advantage:

Our results



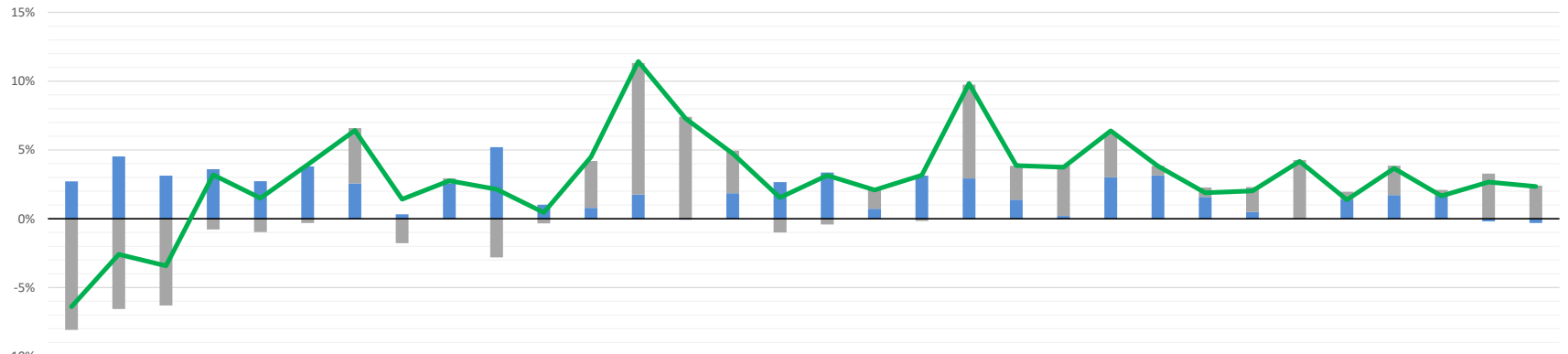
The result: 29 consecutive months growing above our Compset



NH_Collection Porta-Rossa

(Multiple Items)

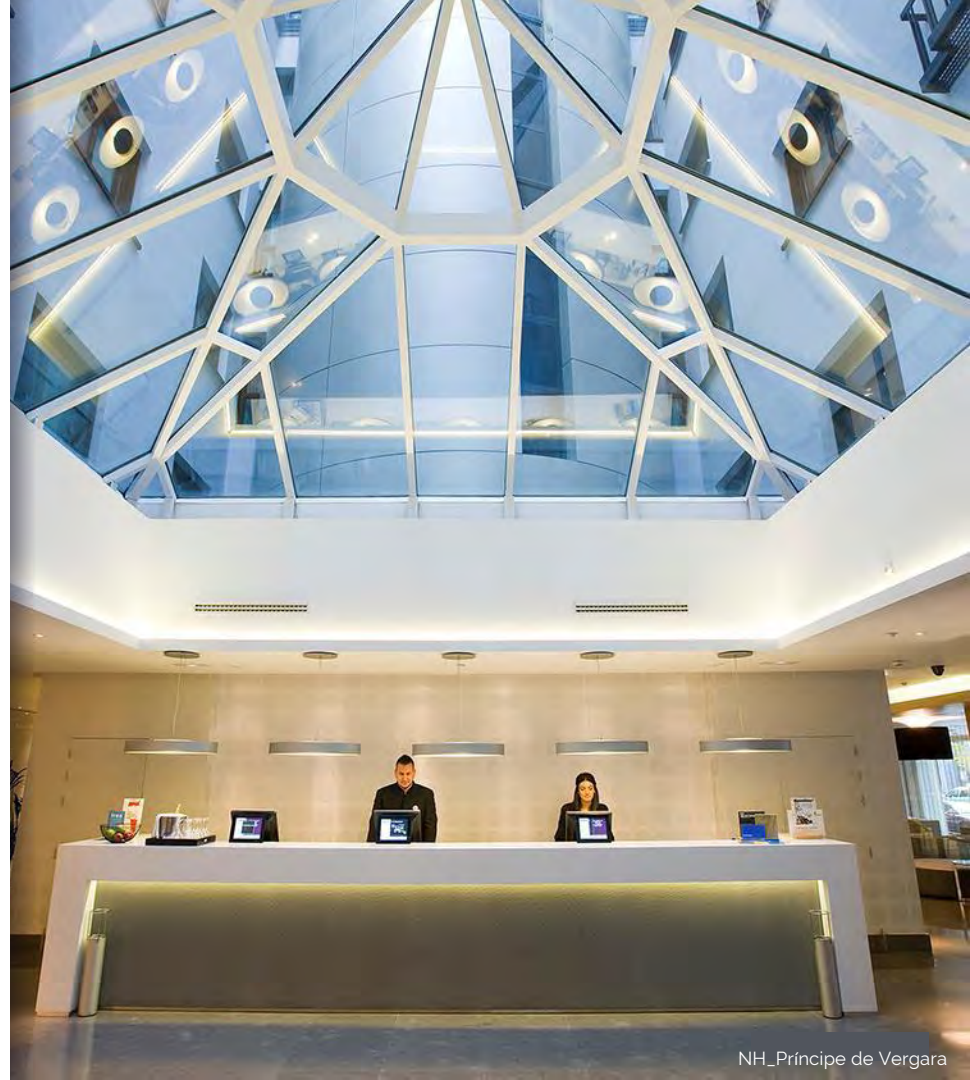
ARI Chg% MPI Chg% RGI Chg%



	201501	201502	201503	201504	201505	201506	201507	201508	201509	201510	201511	201512	201601	201602	201603	201604	201605	201606	201607	201608	201609	201610	201611	201612	201701	201702	201703	201704	201705	201706	201707	201708
MPI Chg%	-8%	-7%	-6%	-1%	-1%	0%	4%	-2%	0%	-3%	0%	3%	10%	7%	3%	-1%	0%	1%	0%	7%	2%	4%	3%	1%	1%	2%	4%	1%	2%	0%	3%	2%
ARI Chg%	3%	5%	3%	4%	3%	4%	3%	0%	3%	5%	1%	1%	2%	0%	2%	3%	3%	1%	3%	3%	1%	0%	3%	3%	2%	0%	0%	1%	2%	2%	0%	0%
RGI Chg%	-6%	-3%	-3%	3%	1%	4%	6%	1%	3%	2%	0%	4%	11%	7%	5%	2%	3%	2%	3%	10%	4%	4%	6%	4%	2%	2%	4%	1%	4%	2%	3%	2%

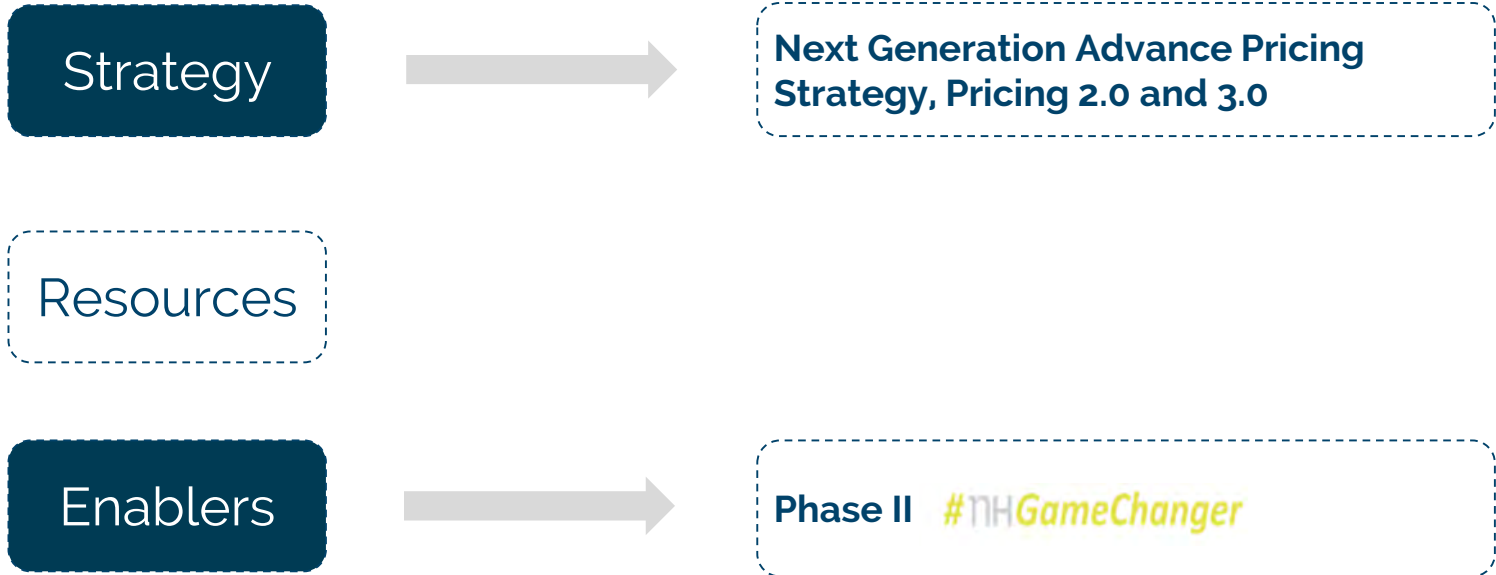
Source: NH Revenue Management

What's Next?:
**Enhancing our
potential**



Enhancing our potential: 2017 - 2019

NH Collection Casino de Madrid, Spain



“

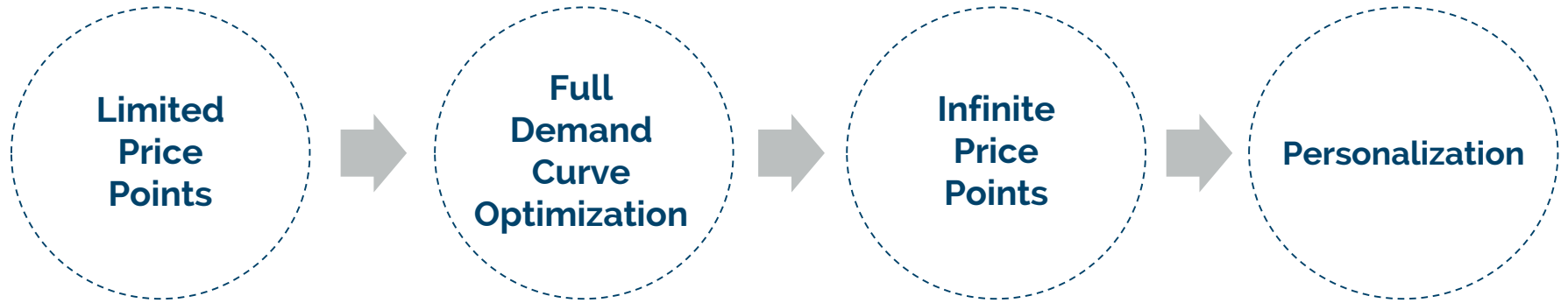
*Development of State of the Art Technology and
Pricing Strategy*

Phase II

#NHGameChanger



Enhancing our potential: 2017 - 2019



Open Pricing

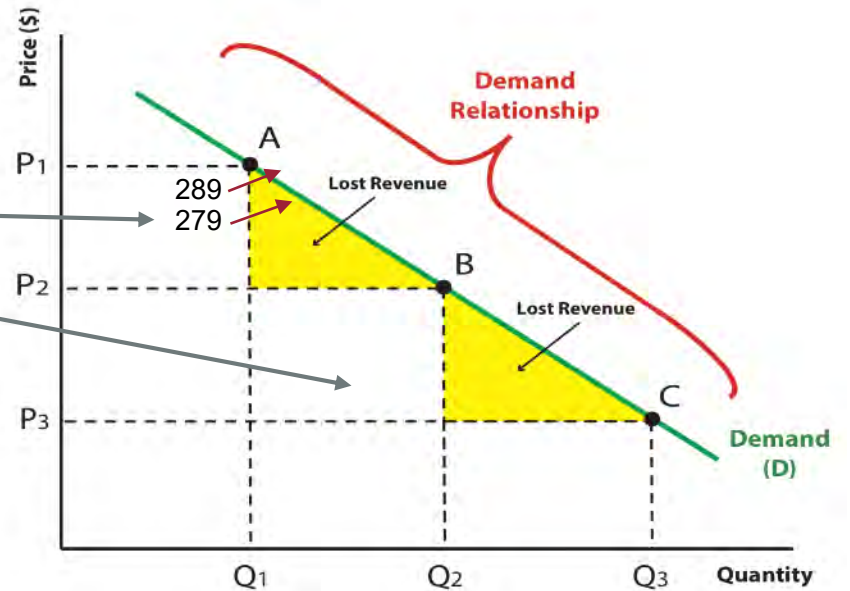
NH Collection Bogotá Teleport Royal, Colombia



Optimizing the full demand curve

BAR Grid

Rate Code	Rate (EUR)		
	Executive	Superior	Standard
124	559	524	464
121	509	474	414
123	484	449	404
108	460	425	365
106	389	374	314
107	399	364	304
120	339	304	264
109	319	284	244
119	289	254	214
110	269	234	194
115	249	214	174
113	239	204	164
116	209	174	154
118	199	164	144
111	189	154	134
117	179	144	124
112	169	134	114
114	159	124	104
122	149	114	94



Source: NH Revenue Management

#NHGameChanger

NH Collection Jousten, Argentina



Full Pricing
Optimization



Inventory
Management

#NHGameChanger



Transient Non
Contracted Business

Corporate Rates

M&E

Promotions & Package Rate



Traditional Pricing



Open Pricing



**Keeps channels open, maximizes Billboard Effect
and drives incremental revenue**

Source: NH Revenue Management

Optimizing Contracted Business



NH Collection Roma Palazzo Cinquecento, Italy

Optimizing valley periods and maximizing RevPAR

We can setup Minimum Length of Stay or Maximum Length of Stay restrictions as well as closed out restriction on the below level:

- RoomType
- Rate Code (Fixed Rates)
- Segment (Dynamic Rates)

Fixed Rate Restrictions		
Minimum Rate	215	0
Affected Rate Codes	85,5%	0%
2 Night Min Stay Thru	35,5%	0%
3 Night Min Stay Thru	3,9%	0%
4 Night Min Stay Thru	0,0%	0%
5 Night Min Stay Thru	0,0%	0%
6 Night Min Stay Thru	1,3%	0%
7 Night Min Stay Thru	44,7%	0%

Source: NH Revenue Management

Enhancing our potential: 2017 - 2019



Strategy



- Next Generation Advance Pricing Strategy, Pricing 2.0 and 3.0
- **Price Automation and Improved time to market**

Resources

Enablers

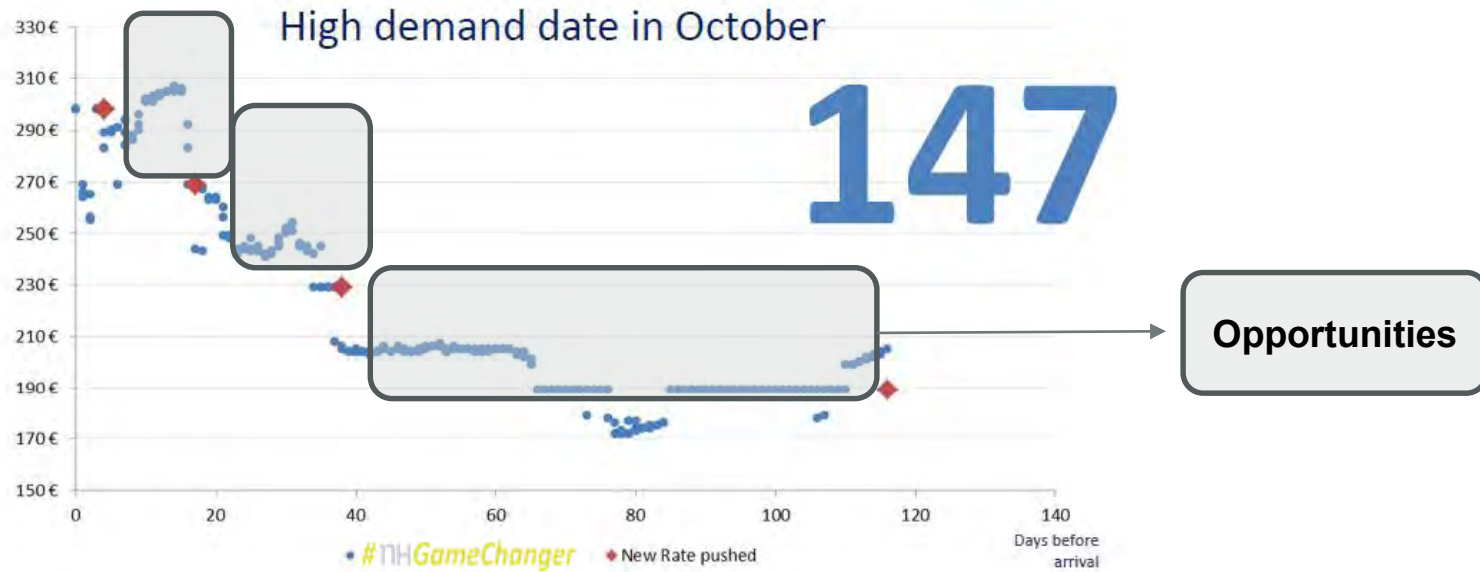


- Phase II **#NHGameChanger**

Enhancing our potential: 2017 - 2019



NH Collection Porto Batalha, Portugal



Source: NH Revenue Management

Enhancing our potential: 2017 - 2019



Strategy

- Next Generation Advance Pricing Strategy, Pricing 2.0 and 3.0
- Price Automation and Improved time to market
- **Implementation of Pricing Rules**

Resources

Enablers

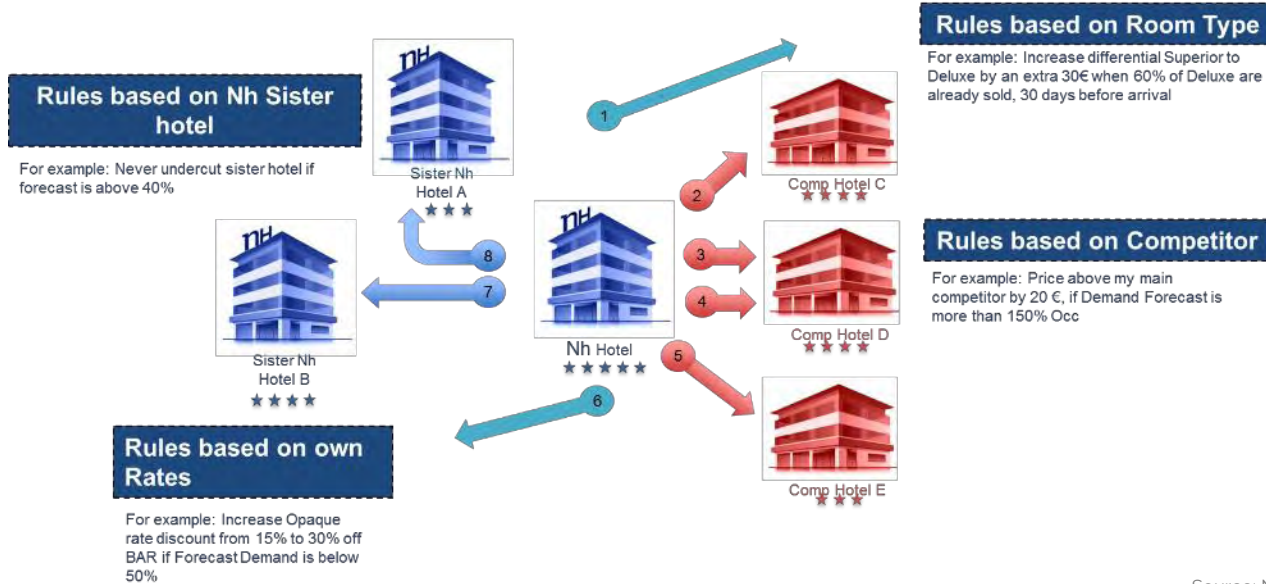
- Phase II **#NHGameChanger**

Pricing Rules

NH_Collection-Olomouc

Strategic Pricing Guidelines

#NHGameChanger



Source: NH Revenue Management

Enhancing our potential: 2017 - 2019



Strategy

- Next Generation Advance Pricing Strategy, Pricing 2.0 and 3.0
- Price Automation and Improved time to market
- Implementation of Pricing Rules
- **Personalized offers**

Resources

Enablers

- Phase I **#NHGameChanger**

Enhancing our potential: 2017 - 2019



NH Collection Grand Hotel Convent

Client Segmentation, Customer
Lifetime Value, Needs & Preferences

Direct Channels



#NHGameChanger

Personalized Offers

Enhancing our potential: 2017 - 2019



Nhow-Milano

Strategy



- Next Generation Advance Pricing Strategy, Pricing 2.0 and 3.0
- Price Automation and Improved time to market
- Implementation of Pricing Rules
- Personalized offers
- **M&E Value Proposition:** **NH MEETINGS**
inspire. create. enjoy.

Resources

Enablers



- Phase II **#NHGameChanger**

NH Meetings



NH Collection Madrid Paseo del Prado, Spain

NH MEETINGS
inspire. create. enjoy.

**INSPIRING MEMORABLE EVENTS
BY CREATING EXPERIENCES GUESTS ENJOY**

WE BELIEVE IN

inspiring
and memorable
events

meetings
created
with passion

experiences
our guests
really enjoy

NH Meetings / our DNA

NH MEETINGS
inspire. create. enjoy.

IDEAL PARTNERSHIP

NH Hotel Group.
Together your ideal
events partner.



NH Meetings / our DNA

NH MEETINGS
inspire. create. enjoy.

EXPERTISE

Nearing 40 years of excellence
in hospitality



NH Meetings/ our DNA

NH MEETINGS
inspire. create. enjoy.

INNOVATIVE TOOLS

Digital tools and technology
for an easy, efficient and interactive
way to manage events



NH Meetings/ our DNA

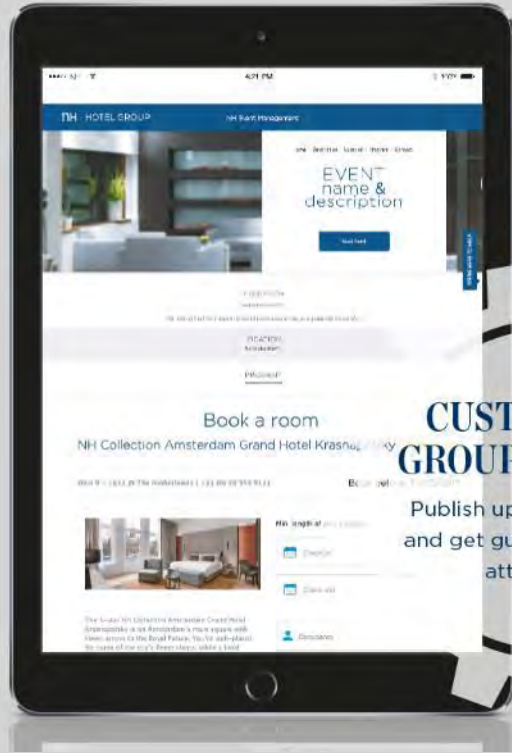
NH MEETINGS
inspire. create. enjoy.

3D MEETING PLANNER

Take a 3D virtual tour
of your event even before
you book the room.

**INNOVATIVE
TOOLS**





**CUSTOMIZED
GROUP WEBSITE**

Publish upcoming events
and get guests confirming
attendance

NH Meetings/ our DNA

NH MEETINGS
inspire. create. enjoy.



**INSTANT
BOOKING TOOL**

Book and pay for
meetings and events
online in 5 minutes

**3D MEETING
PLANNER**

**CUSTOMIZED
GROUP
WEBSITE**

**INNOVATIVE
TOOLS**

NH Meetings/ our DNA

Buenos Aires

Münich



NH MEETINGS
inspire. create. enjoy.

**INSTANT
BOOKING TOOL**

**3D MEETING
PLANNER**

**INNOVATIVE
TOOLS**

**CUSTOMIZED
GROUP
WEBSITE**

**HIGH
PERFORMANCE
MEETINGS**

Take presentations to
the next level with
NH High Performance
Meeting Rooms

NH Meetings/ our DNA

NH MEETINGS
inspire. create. enjoy.

HOLOGRAM



INSTANT
BOOKING TOOL

3D MEETING
PLANNER

CUSTOMIZED
GROUP
WEBSITE

INNOVATIVE
TOOLS

REAL
PRESENTER

HIGH
IMPACT
EVENTS

Captivate audiences with
our 3D Holographic
Projection
Technology

NH Meetings / our DNA

NH MEETINGS
inspire. create. enjoy.

INSTANT
BOOKING TOOL

3D MEETING
PLANNER

INNOVATIVE
TOOLS

CUSTOMIZED
GROUP
WEBSITE

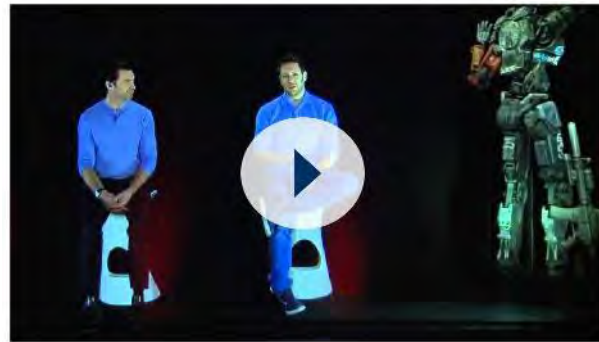
HIGH
IMPACT
EVENTS

Experience spatial sound
and 3D lighting from the
largest vaulted display
in Europe

Success Stories



NH Collection Taormina, Italy



SONY

NH Collection Madrid Eurobuilding. Spain.

Gran Meeting Room.
First ever movie premiere press
conference using 3D holograms.

Enhancing our potential: 2017 - 2019

NH_Mendoza-Cordillera

Strategy



- Next Generation Advance Pricing Strategy, Pricing 2.0 and 3.0
- Price Automation and Improved time to market
- Implementation of Pricing Rules
- Personalized offers
- M&E Value Proposition: **NH MEETINGS** inspire. create. enjoy.
- **Total Revenue Management**
- **Improved Connectivity and Open Pricing Deployment**
- **Net ADR Focus & Channel Optimization**

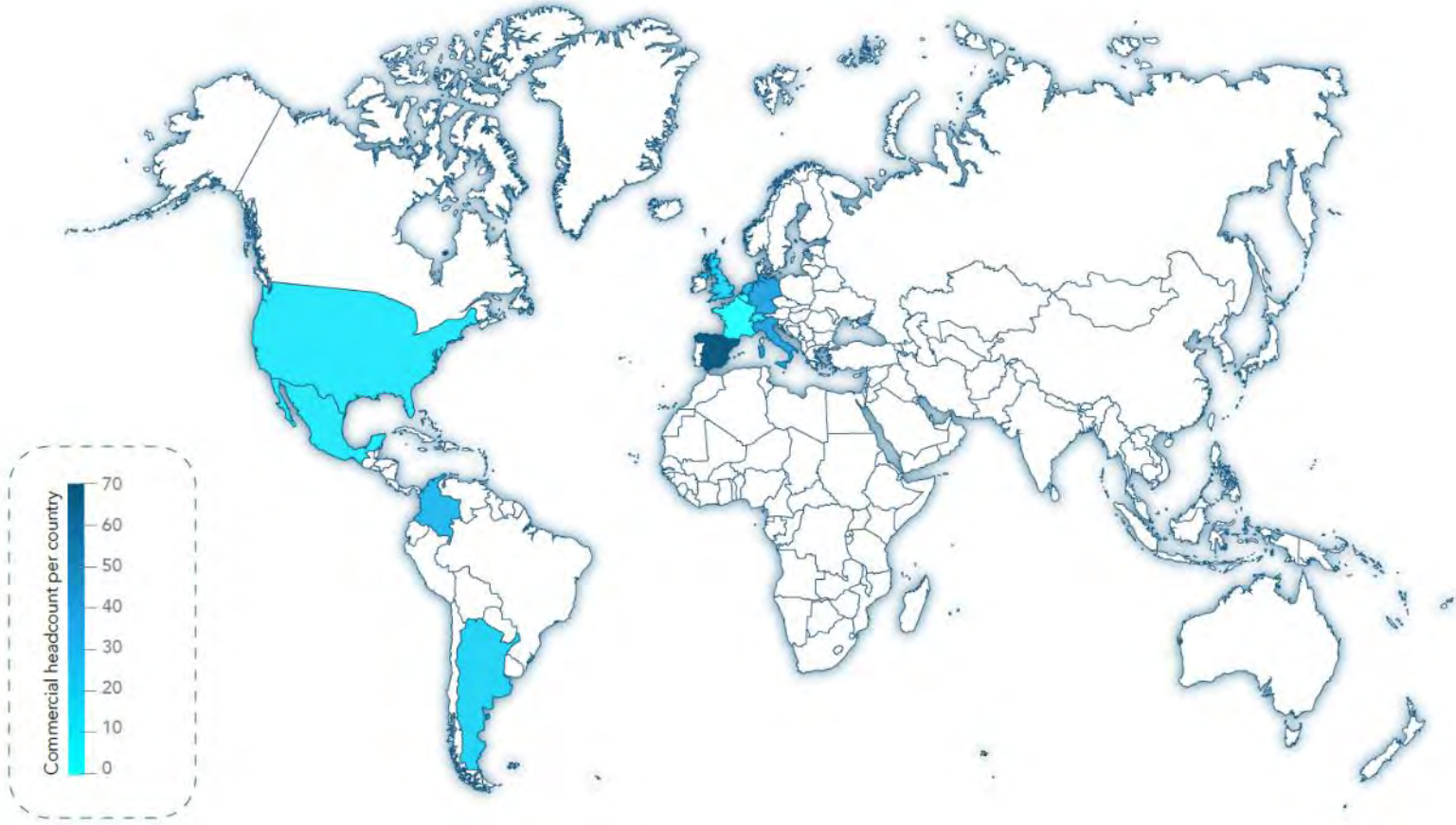
Resources

Enablers



- Phase II **#NHGameChanger**

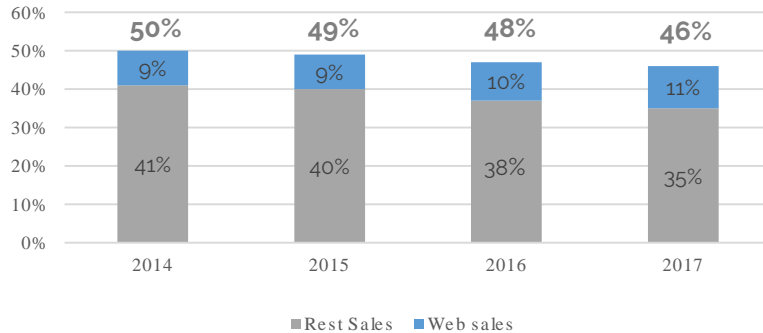
Sales Force Deployment



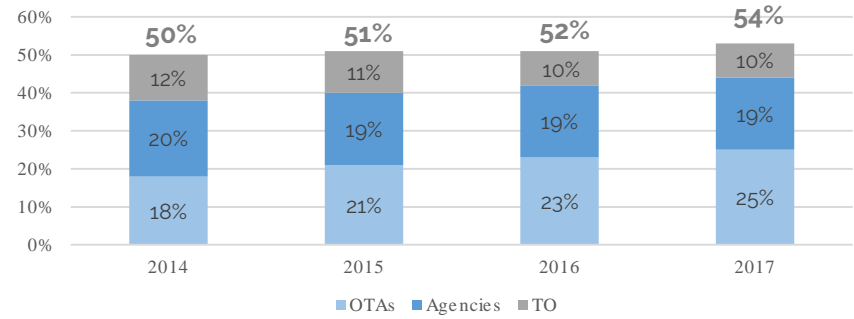
Digitalization of the Industry

Migration to ON-LINE channels in both direct and indirect sales

Direct Sales ⁽¹⁾



Indirect Sales ⁽¹⁾



(1) Total Revenue

Source: NHHG Business Intelligence

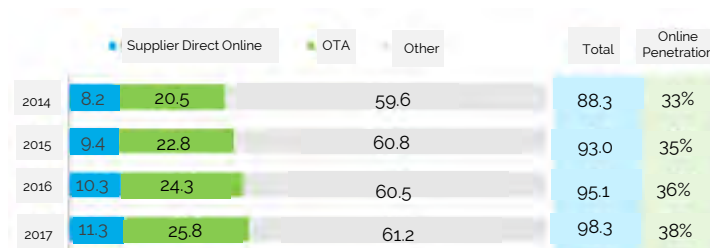


NH_Mendoza-Cordillera

Digitalization of the Industry

In line with the trends of the Market

European Hotel Gross Bookings (€B) by Channel and Online penetration (%), 2014-2020



NH Online Penetration

NH Online	%Web	%OTA
27%	9.1%	17.7%
30%	9.1%	21.0%
34%	10.3%	23.5%
37%	11.1%	25.5%

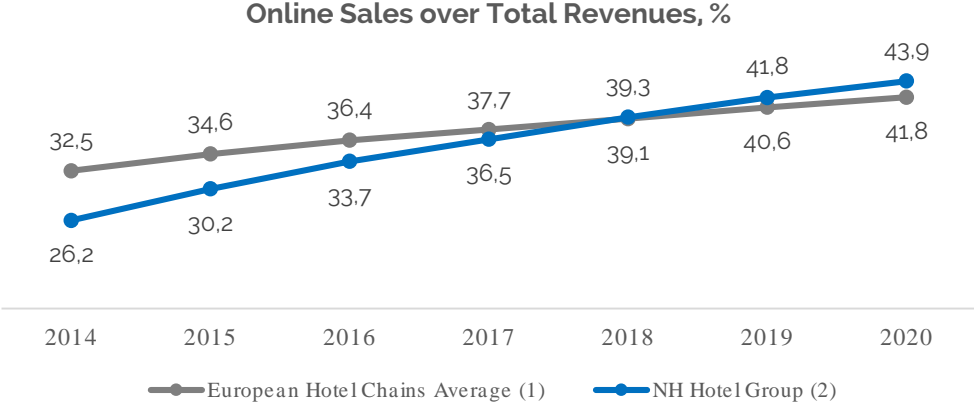
Source: Phocuswright

Industry-leading online sales growth



NH_Collection Porta-Rossa

The share of online business is growing 2 times faster than the European industry average.

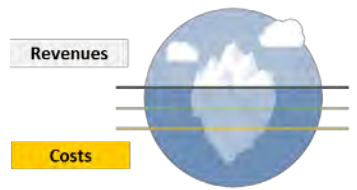


(1) Source: Phocuswright
(2) Source: NHHG Business Intelligence

Channel Mix - Net ADR



Nhow-Milano



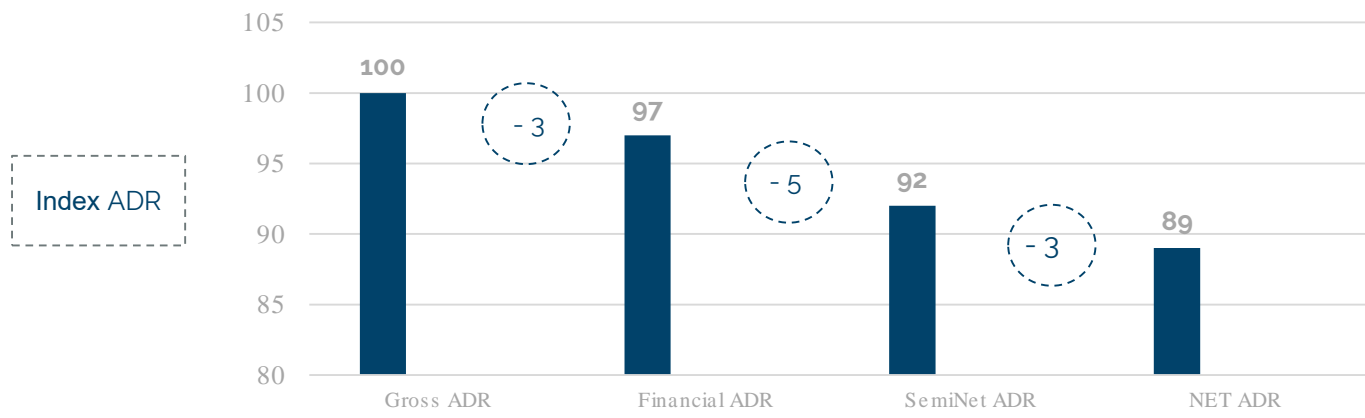
Channel Mix - Net ADR



NH_Bussum Jan Tabak



The path to NET ADR ⁽¹⁾



(1) Source: NHHG Business Intelligence

Channel Mix - OTAS Strategy

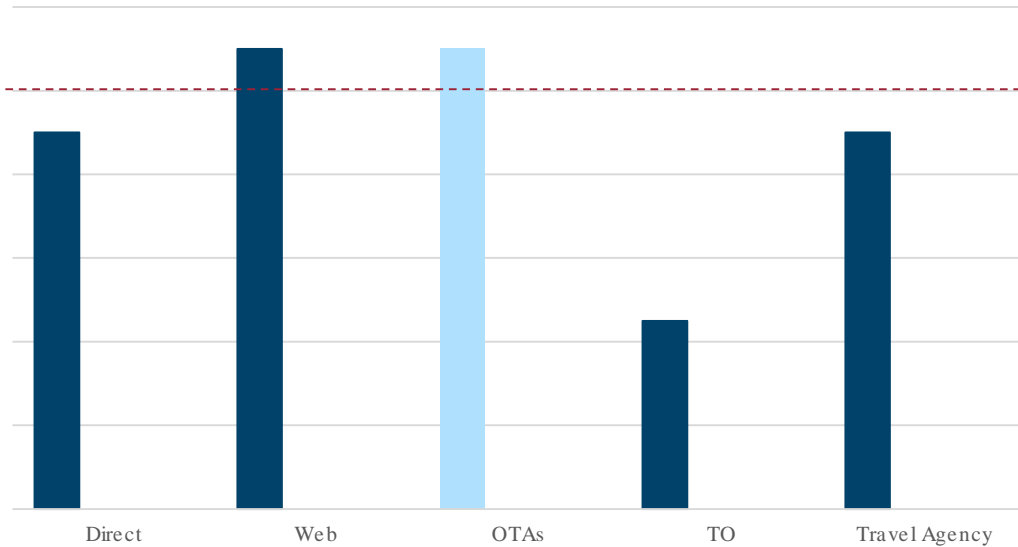


NH_Schiphol Airport

Net ADR by Channel (2017 YTD) ⁽¹⁾

NH ADR 100% Index

Average

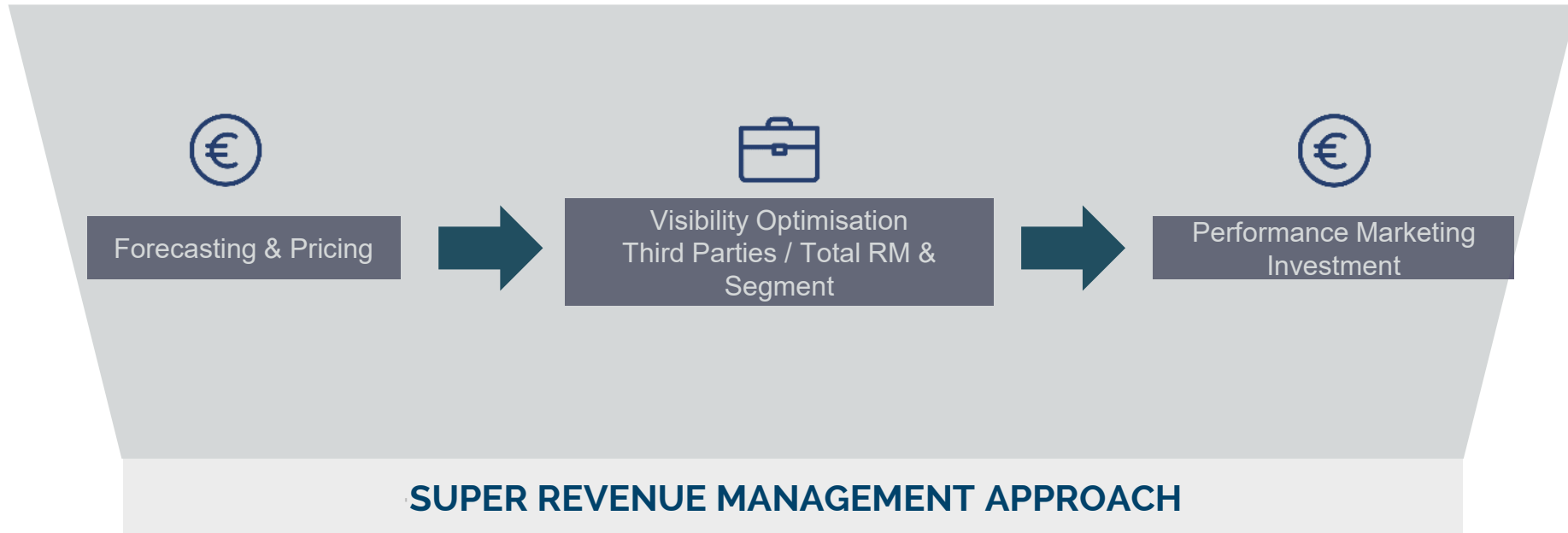


(1) Source: NHHG Business Intelligence

The new Paradigm – Commercial Strategy Maximizing Net TrevPAR



NH Collection Porto Batalha, Portugal



Channel Mix - Intermediary Strategy

NH Collection Taormina Italy



Net ADR

B2B

**Inventory /
Displacement**

nH

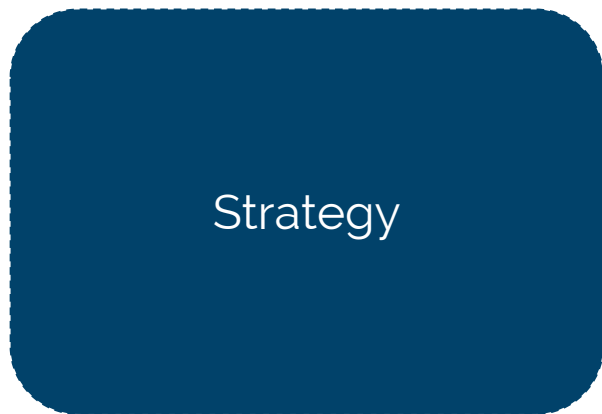
HOTEL GROUP

**Diversification &
Feeder Markets**

Test & Trial

Enhancing our potential: 2017 - 2019

NH Collection Amsterdam Doelen, The Netherlands



Strategy

- Next Generation Advance Pricing Strategy, Pricing 2.0 and 3.0
- Price Automation and Improved time to market
- Implementation of Pricing Rules
- Personalized offers
- M&E Value Proposition: **NH MEETINGS** inspire. create. enjoy.
- Total Revenue Management
- Improved Connectivity and Open Pricing Deployment
- Net ADR Focus & Channel Optimization
- **B2B Digital Sales**
- **Upper Upscale Focus**



Resources

- **New Commercial Model: Digitalization, Niche accounts & Markets**



Enablers

- Phase II **#NHGameChanger**
- **M&E On Line Store: Instant Bookings**

Proposal for Execution



	Online Events	Private Price	Live & Virtual	Pix	Lead Time	Services & F&B for Lys	Discount Code	Photo
KEY COMPETITORS	Just few	✗	Just one	Rooms: 10-25 Meetings: 25 or 50	4 days	✓	✓	DDR or Pick & Choose
NH Hotel Group	✓	✓	Under development	Rooms: 10-20 Meetings: 50	2 hours	✓	✓	ALL: Pick & choose and DDR
	Global Reach	NH Aims at implementing Globally while others implement by brand or by region						
	Online Payment	NH aims at allowing online payment or pay later options, while other only offer 1 of the two options						

Niche Distributors for High End Sales – Supporting Upper Upscale

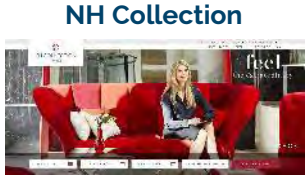


Intermediate

High End Travel Agencies
Luxury OTAs
Others

Direct

Brand Website &
CRO



Partnership

Preferred



Enhancing our potential: 2017 - 2019

NH Collection Köln Mediapark, Germany

Strategy

- New Generation Advance Pricing Strategy, Pricing 2.0 and 3.0
- Price Automation and Improved time to market
- Implementation of Pricing Rules
- Personalized offers
- M&E Value Proposition **NH MEETINGS** inspire. create. enjoy.
- Total Revenue Management
- Improved Connectivity and Open Pricing Development
- Net ADR Focus & Channel Optimization
- B2B Digital Sales
- Upper upscale focus

Resources

- New Commercial Model: Digitalization, Niche accounts & Markets
- **Full adoption NHGameChanger**
- **Training & Development: Total Revenue Management as part of our culture & DNA**

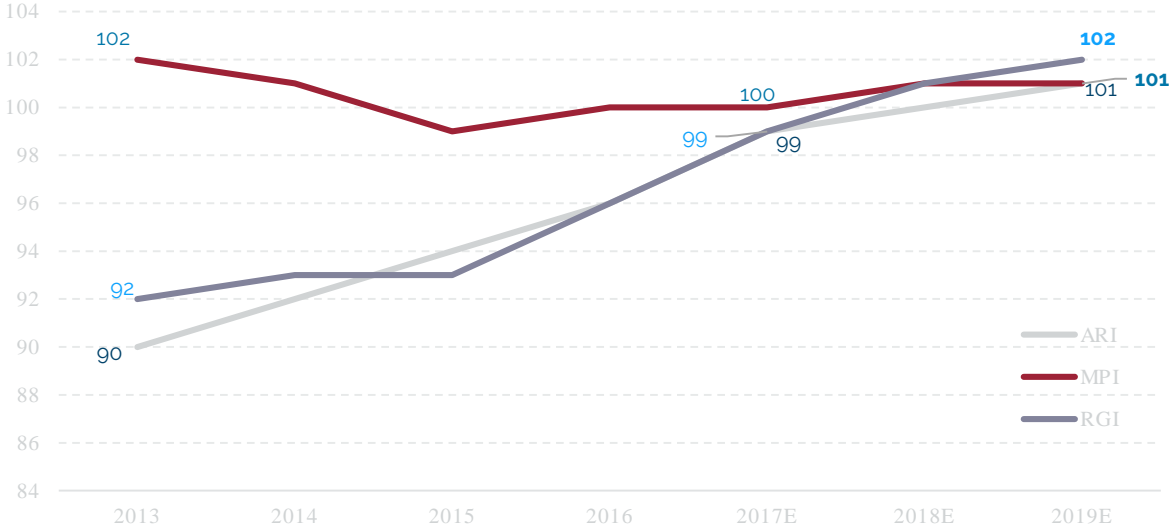
Enablers

- Phase II **#NHGameChanger**
- M&E On Line Store: Instant Bookings

NH Hotel Group Revenue Market Share Growth Expectations

NH Collection Casino de Madrid, Spain

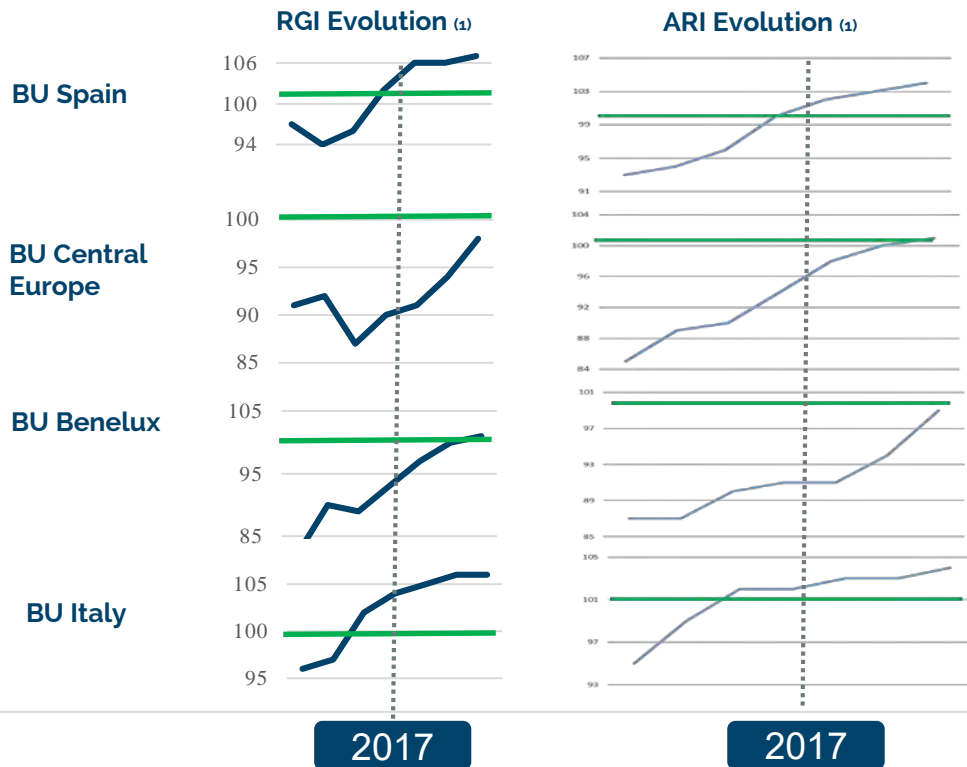
Market Penetration KPIs NH vs compset (1)



(1) Source: NHHG Business Intelligence

NH Hotel Group Revenue Growth Expectations

NH Collection Bogotá Teleport Royal, Colombia



(1) Source: NHHG Business Intelligence

Thank you



Portfolio management
28th September 2017

Investor Day

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NH Portfolio at a glance	4
Portfolio evolution	5
Our vision	6
LT sustainable lease and management contracts	7
To create value through repositioning	15
Active asset management strategy	27
Growth	37



Our history



NH Collection Madrid Palacio de Tepa, Spain

Global player through organic growth and strategic acquisitions

2000
Acquisition Krasnapolsky:
65 Hotels (€728m) 

2002
Acquisition Astron: 53
hotels (€130m) 

2009
NH and Hesperia signing, 51
new managed hotels 

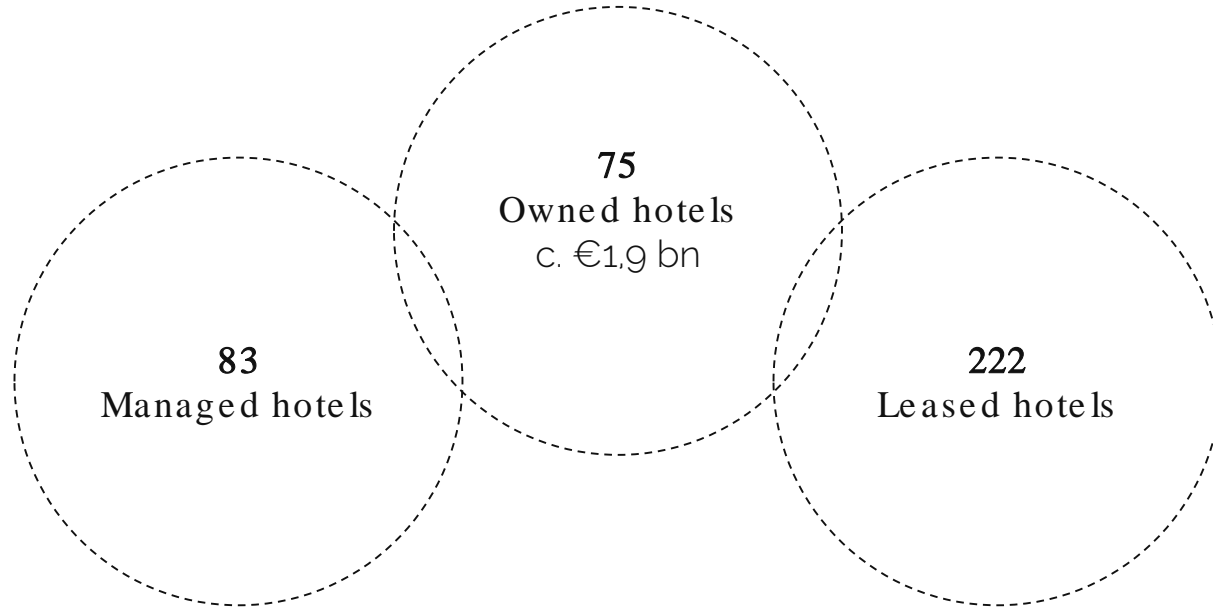
2001
Acquisition Chartwell
hotel chain: 14 hotels 

2007
Capital increase of €250m
Acquisition Jolly :45 hotels
(€670m) 

2015
Acquisition Hoteles
Royal: 20 hotels (€66m
net of NH Bogota P93) 

NH Portfolio at a glance

NH Collection Amsterdam Grand Hotel Krasnapolsky, The Netherlands



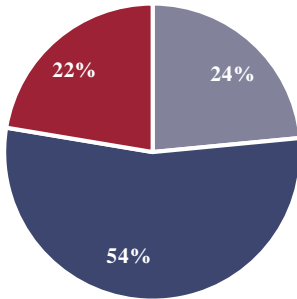
Portfolio evolution



NH City Centre Amsterdam | The Netherlands

Hotels per contact type

January 2013



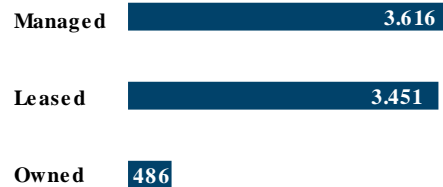
■ Owned ■ Leased ■ Managed



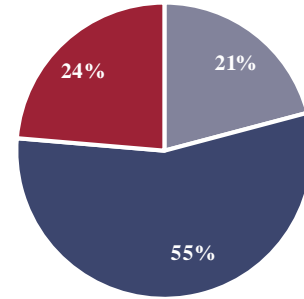
Exits
- 7.505 rooms



Entries
+7.553 Rooms



August 2017



■ Owned ■ Leased ■ Managed

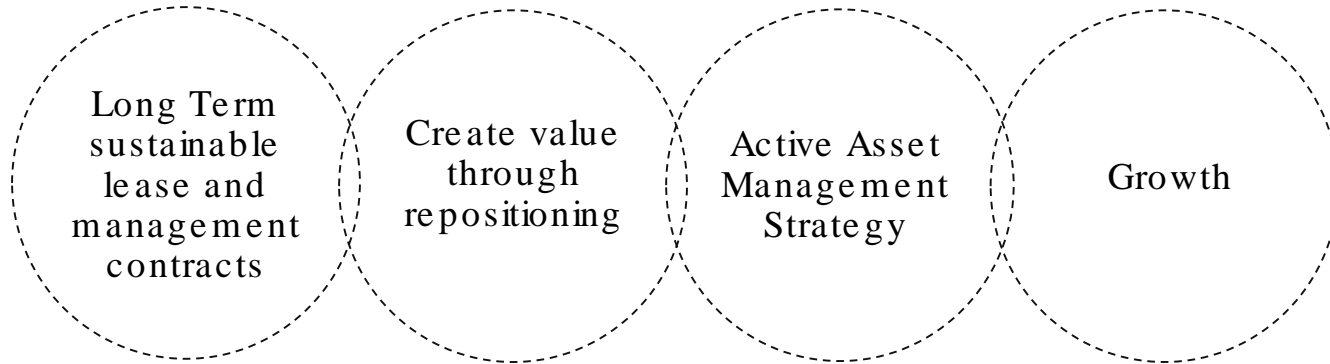


Our vision



NH Collection Madrid Abascal, Spain

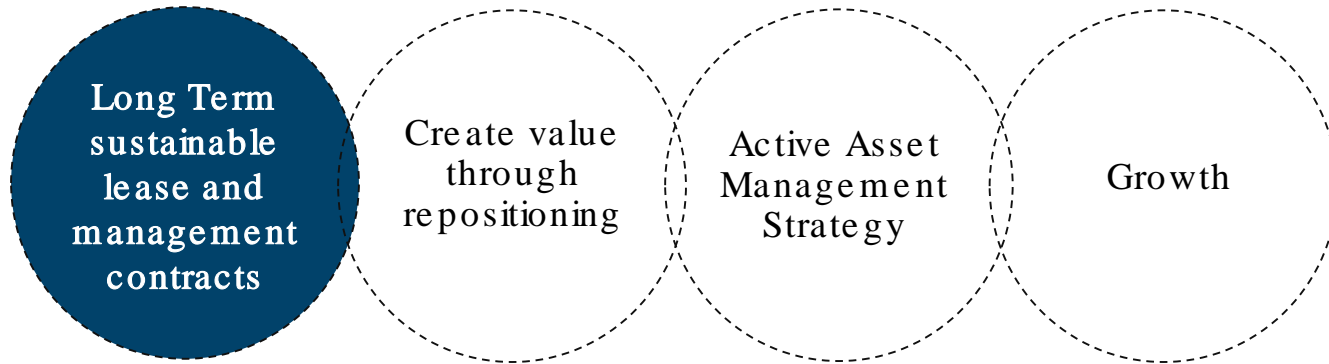
To create value through a balanced and continuously improved portfolio



Our vision



To create value through a balanced and continuously improved portfolio



Leased hotels



What have we done to maximize the value of NH leased hotels?

**Contract
Cancellation**

27 lease contracts have been canceled
- 22 of them generated a negative Ebitda of €6m

**Contract
restructuring**

109 renegotiations have been successfully signed
Fixed rent reduction and inclusion of variable components (in some cases co-investment and extension of the contracts)

**New
contracts**

27 new lease agreements have been signed and opened since 2014

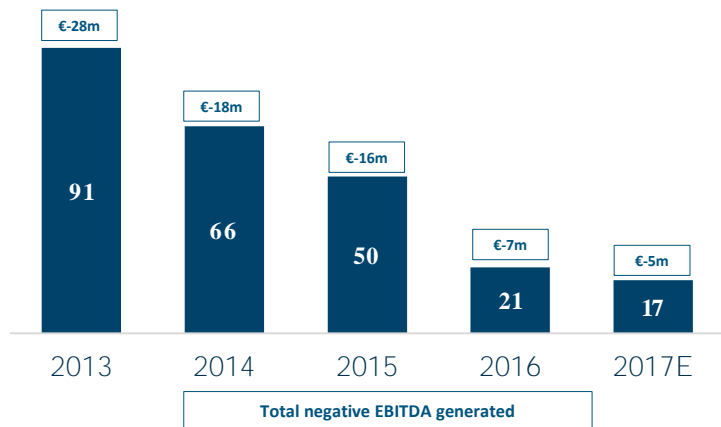
Leased hotels



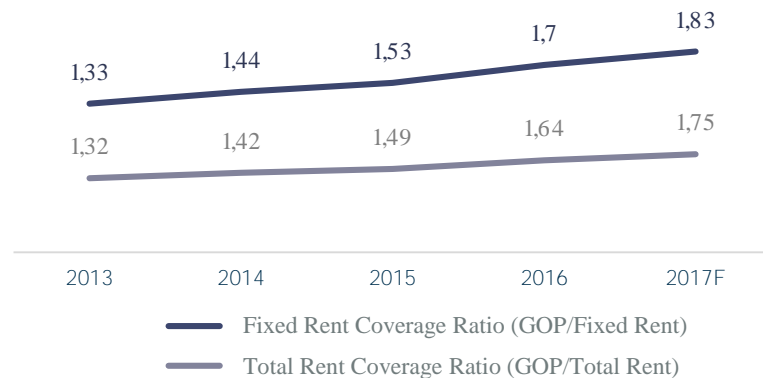
NH Brussels Grand Place Arenberg, Belgium

Which are the results of the actions carried out since 2013?

Evolution of n° of hotels with negative EBITDA



Rent coverage ratio evolution

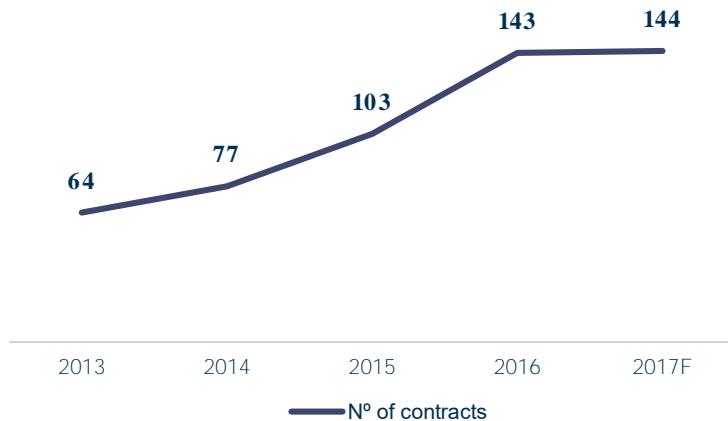


Leased hotels



What are the results of the actions carried out since 2013?

Contracts with Total Rent Coverage Ratio > 1,5x ⁽¹⁾



Fixed rent contracts ⁽¹⁾

2017E	Nº hotels	Fixed Rent	%
Rent Coverage Ratio > 1,5x	128	150.552.484	58%
Rent Coverage Ratio 1x a 1,5x	57	91.674.814	35%
Rent Coverage Ratio < 1x	17	18.579.206	7%
TOTAL	202	260.776.504	

(1) Excluding allocation of centralized costs & HQ

Managed hotels



Restaurant Santceloni - Spain

What have we done to maximize the value of NH managed hotels?



Contract Cancellation

28 Management contracts have been canceled or not renovatod

Hesperia

28 Hesperia were negotiated with a new fee structure and 9 year duration, rebranding and repositioning the portfolio have been agreed

New contracts

20 management contracts have been incorporated (10 in America and 10 in southern Europe)

Managed hotels

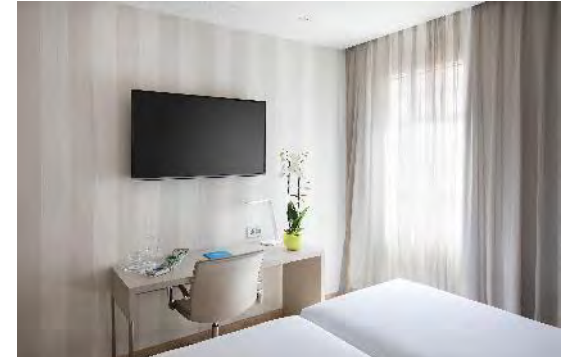


Management contract with Hesperia Hotels signed

- Performance H1 2017:

	H1 2016	H1 2017	% Increase
Fees	€3.2m	€4.2m	+33%

- Former Hesperia Murcia after refurbishment and rebranding



Leased and managed hotels



What actions will be carried out for the coming 3 years?

Contract Cancellation

13 leased contracts will not be renovated

Contract restructuring

25-30 contracts are expected to be renegotiated, including negotiations:

- to renew those contracts that are EBITDA contributors expiring in the coming 3 years (2018-2020)
- capex contribution by the owners

New contracts

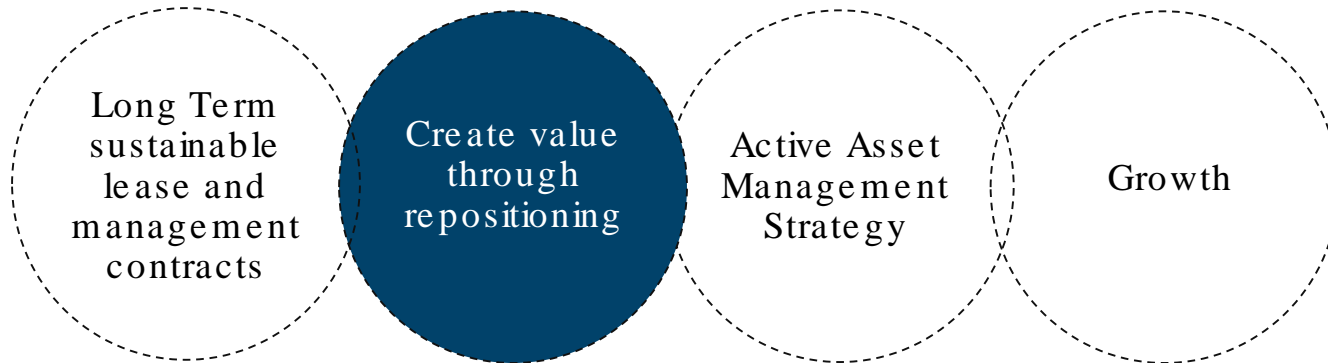
27 signed contracts will come into operation

- 8 management contracts
- 19 lease agreements

Our vision



To create value through a balanced and continuously improved portfolio



Repositioning



What have we done to create a value through repositioning?

- **Leased Hotels: Execution Phase 2014- 2016**
 - 43 leased hotels have been refurbished with a total Capex of €140m
 - Out of this €140m, €40m have been obtained from contribution by owners
 - In those projects with co investment (17) owners have contributed with 60% of the total investment
- **Leased Hotels: Execution Phase 2017**
 - 10 leased hotels have been refurbished with a total Capex of €24m
 - Out of this €24m, €20m have been obtained from contribution by owners
 - In those projects with co investment (6) owners have contributed with 94% of the total investment

In those projects with co-investment (23) owners have contributed with 67% of the total investment (€60m)

Repositioning



What have we done to create a value through reposition?

- **Since the start of the plan through June 2017 refurbishment has taken place at 61 hotels**
- **Compound annual RevPar growth rate for hotels repositioned in 2015 and 2016, with more than 6 months of post-refurbishment operation, during the first semester of 2017 compared with the same period prior to the refurbishment is +13.2%**
- **Additionally taking into account 2015 refurbishments (Spain) and considering 2 years of operations after refurbishment:**
 - **Incremental EBITDA Forecast 17 - EBITDA 2014 +1.5% CPI 3 years: +€18m**
 - **Investment: €62m**
 - **Incremental EBITDA / Investment: 29%**

Repositioning



NH Brussels Grand Place Arenberg, Belgium

Examples

Before



After

NH Nacional
(Madrid, Spain)



NH Collection
Euro building
(Madrid, Spain)



Repositioning



Examples

Before  After

NH Collection
Paseo del Prado
(Madrid, Spain)



NH Collection
Abascal (Madrid,
Spain)



Repositioning



Restaurant Santceloni, Spain

Examples

Before



After

NH Atocha
(Madrid, Spain)



NH Ventas
(Madrid, Spain)



Repositioning



What actions will be carried out for the coming 3 to maximize the value of NH owned and leased hotels through repositioning?

Owned Hotels:

- **The company's strategy tends to continue to invest and improve the owned assets that have potential to improve its RevPar/ EBITDA**
 - In the short term, we expect to invest .€20m
 - **In addition, we are studying other 5 owned assets that may have a high return on investment**

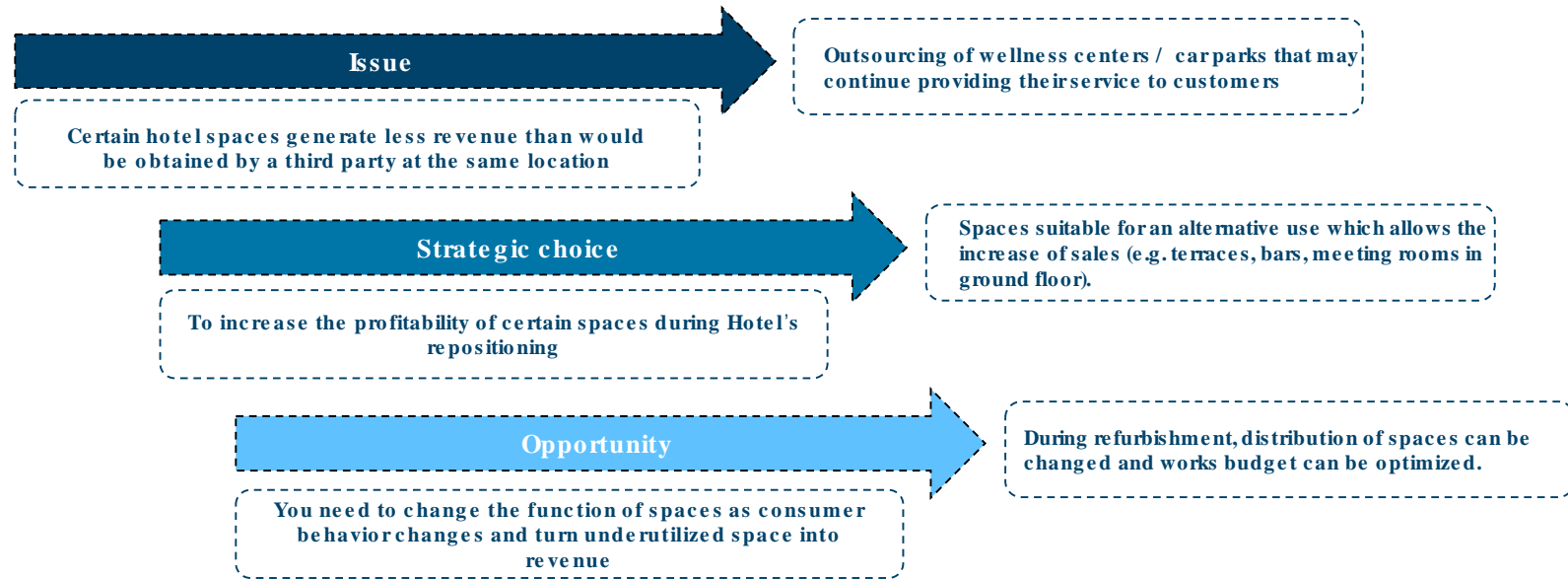
Leased Hotels:

- **C. 35 additional hotels opportunities for repositioning linked to renegotiation and extension of contracts**
- **Committed agreements:**
 - **11 contracts**
 - €69m of Capex investments: €59m of co-investment from hotel owners and €10m from NH

Spaces initiative: our vision



Inefficient use of spaces at numerous hotels generates a potential for profitability



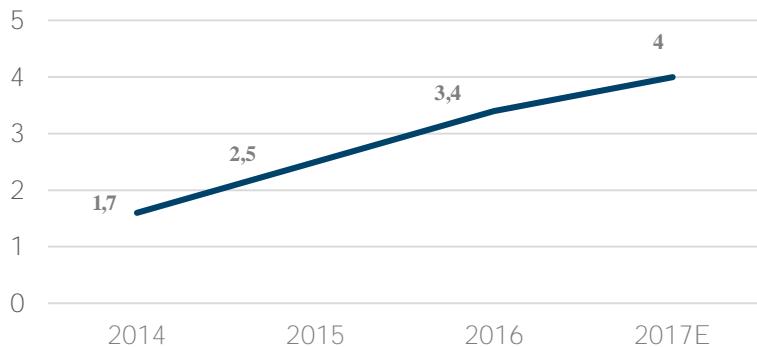
Spaces initiative: KPI's



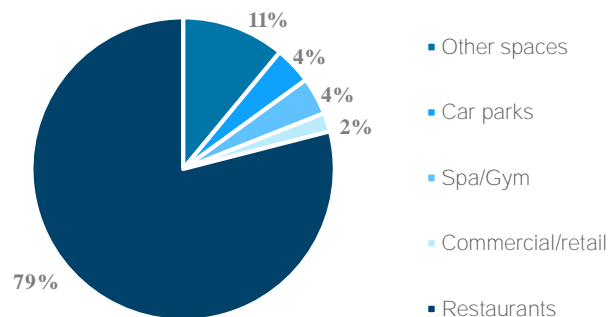
NH Collection Madrid Palacio de Tepa, Spain

Impact of hotel spaces optimization

INCREMENTAL EBITDA



EBITDA (2016)



Spaces initiative: Success stories

NH Collection Amsterdam Grand Hotel Krasnapolsky, The Netherlands



BEFORE

AFTER

EDIMBURGO
MEETING
ROOM



WOGABOO
RESTAURANT



ZURICH,
BUDAPEST
MEETING
ROOMS



Success stories



NH Centre Amsterdam, The Netherlands



NH Collection Grand Sablon, Brussels



A la bonne heure jewelry



Artus-Bertrand jewelry



Passion Chocolat: chocolate rie



Breakfast, RoomService and Mice outsourced under the NH Collection Standards.



Gastronomic restaurant integrated in the lobby of Hotel.



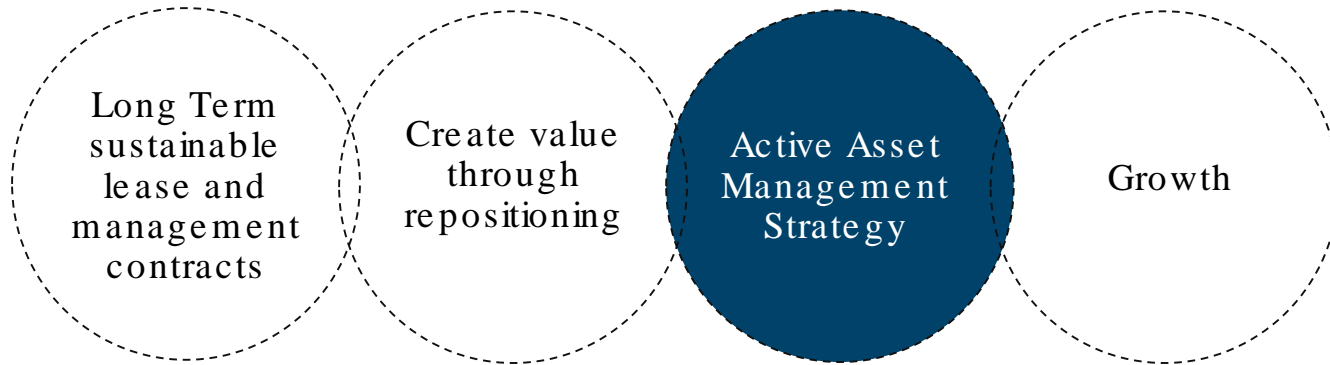
Brasserie with independent Access.

Our vision



NH Collection Madrid Abascal, Spain

To create value through a balanced and continuously improved portfolio



Overview owned assets



c.1,9bn€
**hotel
asset**

77m€
Non-hotel
asset

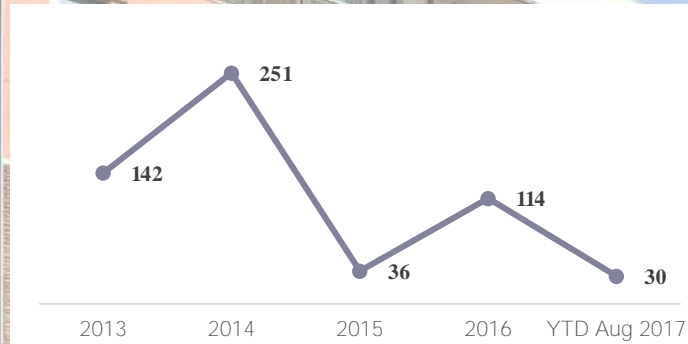
NH_Collection-Eurobuilding - Madrid

Net cash from previous transactions

NH Málaga



Krasnapolsky,
Sotogrande, etc



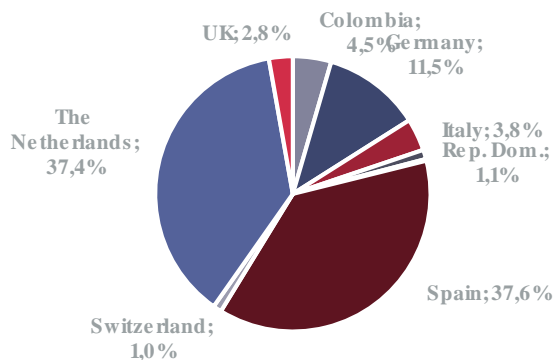
Ambasciatori,
Málaga, etc.

Transactions 2013 – YTD Aug2017



Restaurant Vermeer, The Netherlands

Net cash distributed by country



- Colombia
- Rep. Dom.
- Switzerland
- Germany
- South Africa
- The Netherlands
- Italy
- Spain
- UK

Value added:

- ✓ Reduction of the concentration of the capital employed
- ✓ Reduction of the risk exposure (S&MB)
- ✓ Repositioning of the hotel
- ✓ Additional value generation
- ✓ To monetize the participations/ options on leased assets

47%

Examples: NH Málaga in Spain and Ambasciatori in Italy

Non strategic hotel sales:

- ✓ Poor asset
 - ✓ Non-strategic location/ city
- Example: vacancy sale of Fribourg in Switzerland

9%

Other transactions:

- ✓ S&LB of Amsterdam Center
- ✓ Sale of minority stake in Harrington Hall London
- ✓ Sotogrande

43%

Drivers



NH Brussels Grand Place Arenberg, Belgium

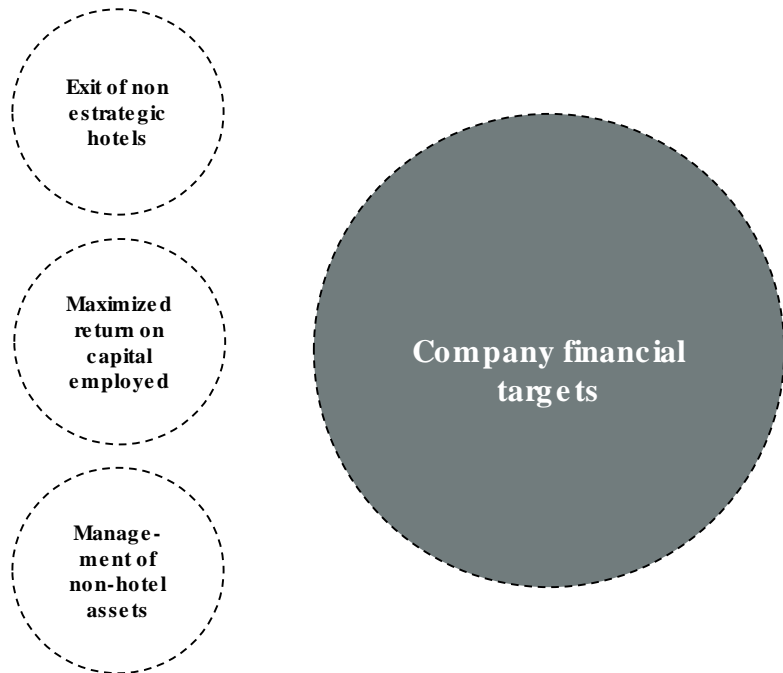
Company
financial targets

Exit of non-
strategic hotels

Maximized
return on
capital
employed

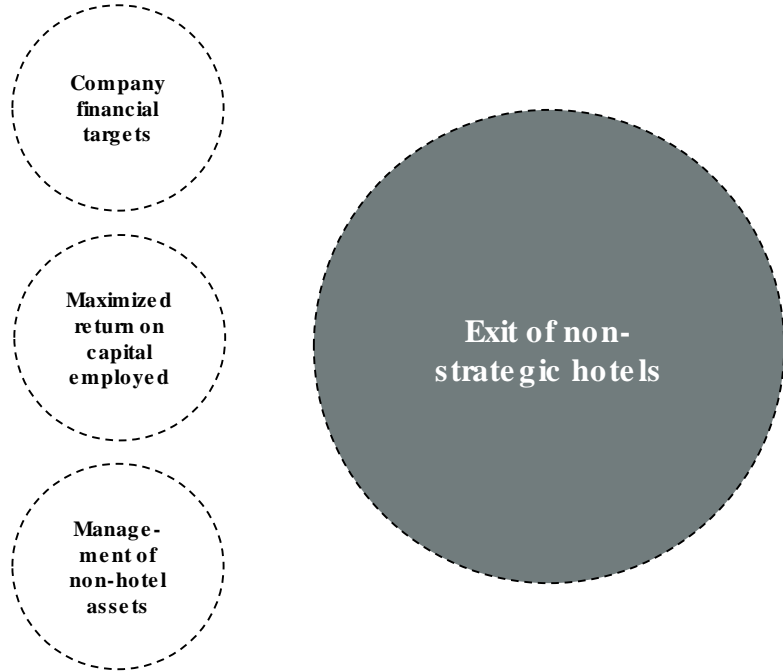
Management of
non-hotel
assets

Asset management plan (1/4)



- Commitment to do **smart asset disposal** in order to achieve the financial targets 2017/ 18:
 - ✓ NY transaction and/ or other transactions that could lead to equal or higher cash/ capital gain impacts in 2017-18
- Always smart asset disposal:
 - ✓ Market momentum (through different methodologies)
 - ✓ Consolidated properties
 - ✓ Peak performance
 - ✓ Professional investors
 - ✓ Market liquidity

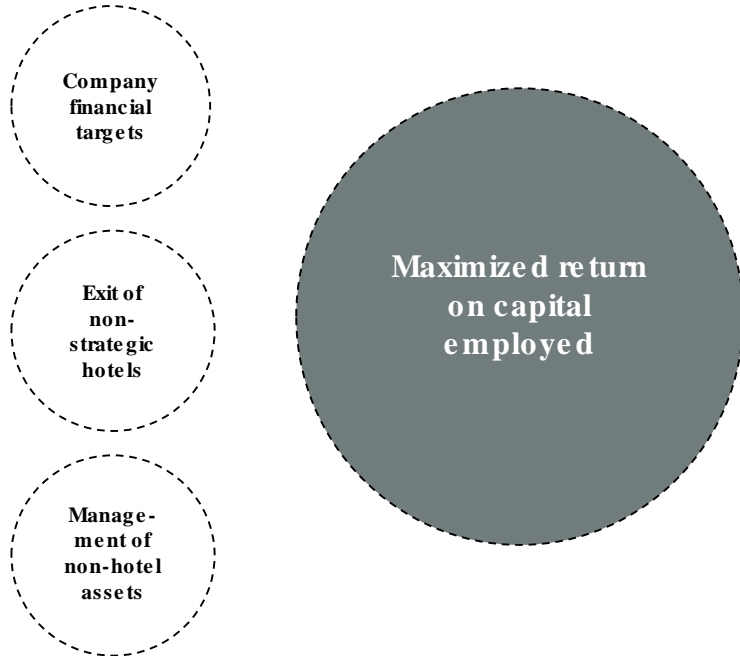
Asset management plan (2/4)



- c.52 m€ (8 hotels) estimated market value of non-strategic hotel assets
- Exit markets in a mid-term timeframe linked to:
 - ✓ Exit market
 - ✓ Suburb locations
 - ✓ Hotels with limited upside despite of a potential refurbishment plan

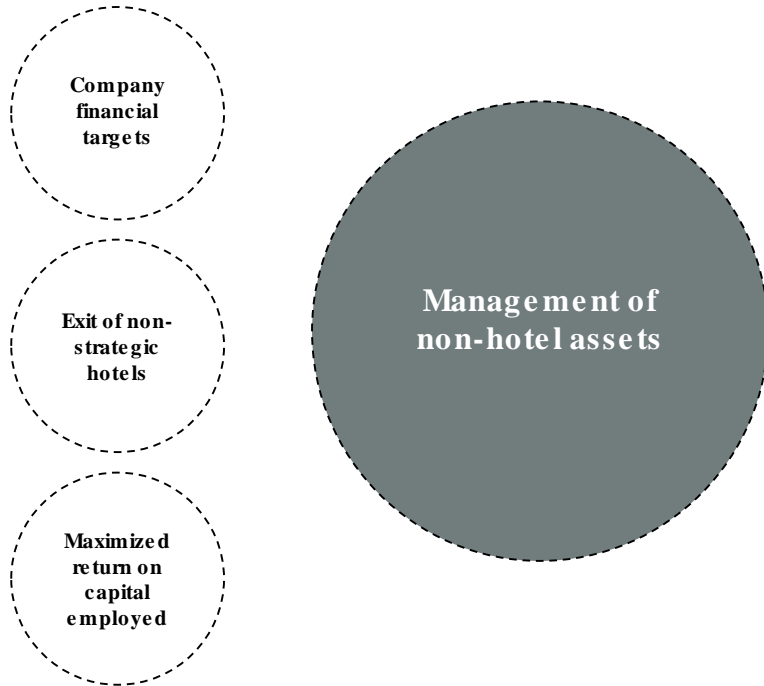
Asset management plan (3/4)

NH Collection Amsterdam Grand Hotel Krasnapolsky, The Netherlands



- Non-recurrent plan: to maximize the value of the shareholders through higher return on the Real Estate capital employed
- Over 1bn€ (35 hotels) estimated market value of core hotel assets
 - ✓ Market momentum (through different methodologies)
 - ✓ Consolidated properties
 - ✓ Peak performance
 - ✓ Professional investors
 - ✓ Market liquidity

Asset management plan (4/4)



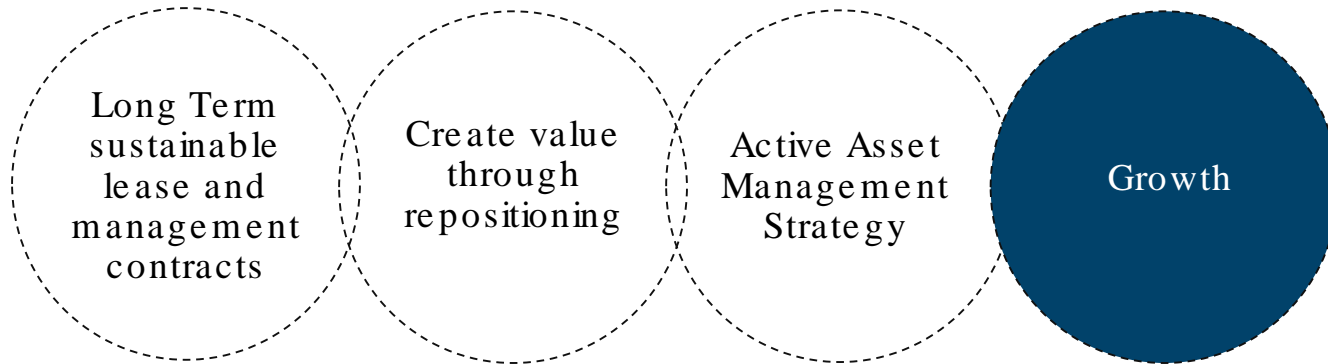
- 77 m€ of non-hotel assets (book value)
- Disposal strategy for those assets that we would not develop for hotel use fulfilling certain level of profitability ratios
- To keep and to develop the remaining assets in the mid/ long term

Our vision



NH Collection Madrid Abascal, Spain

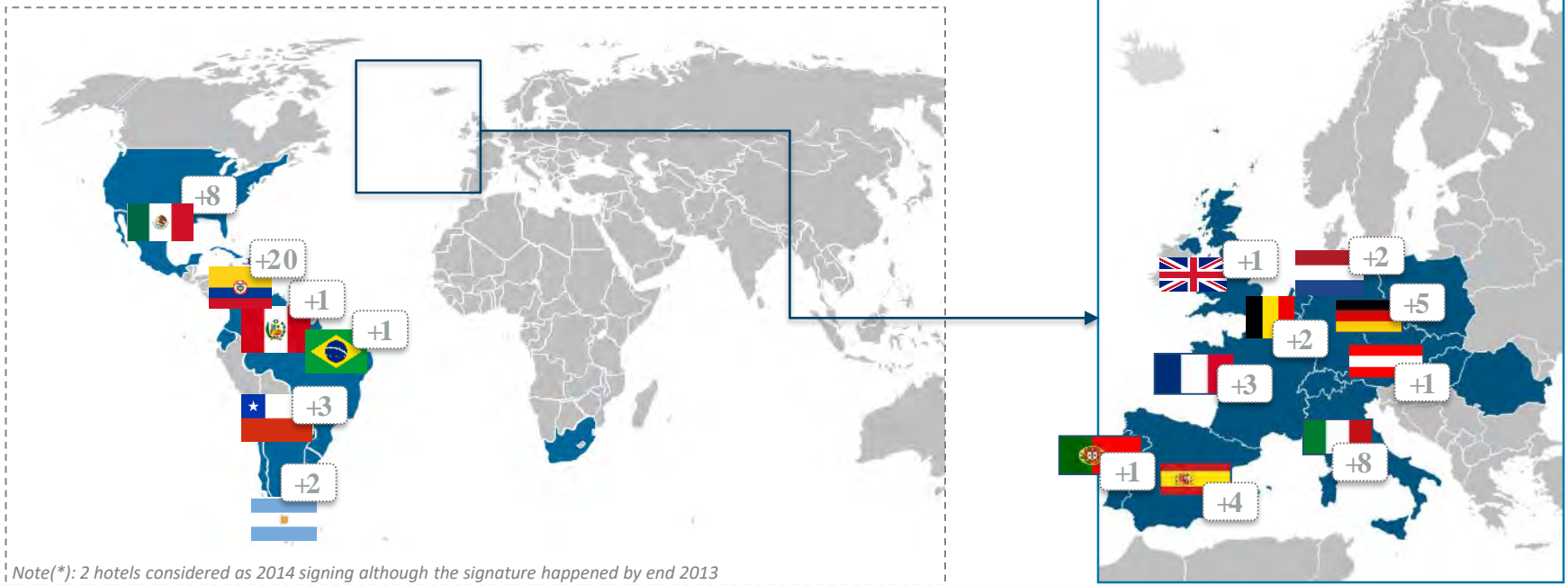
To create value through a balanced and continuously improved portfolio



Signed hotels overview

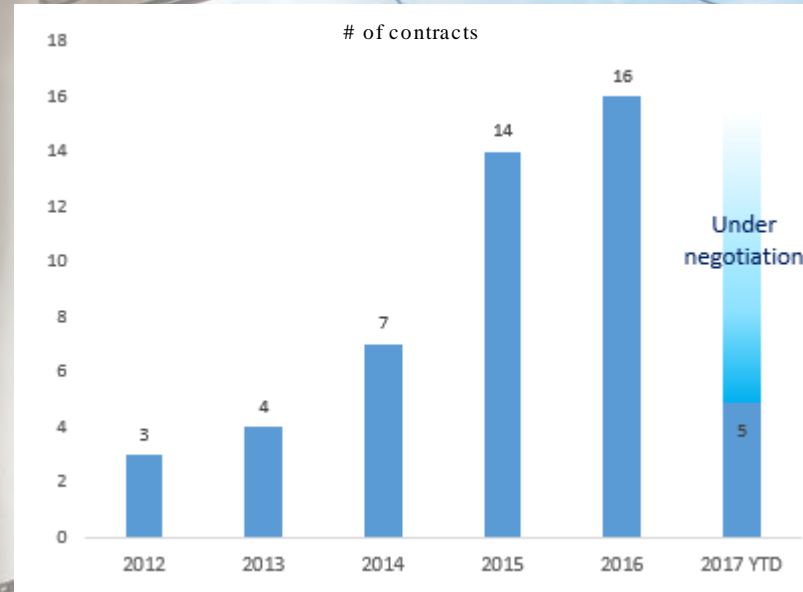


62 signings from 2014 to YTD Aug 2017



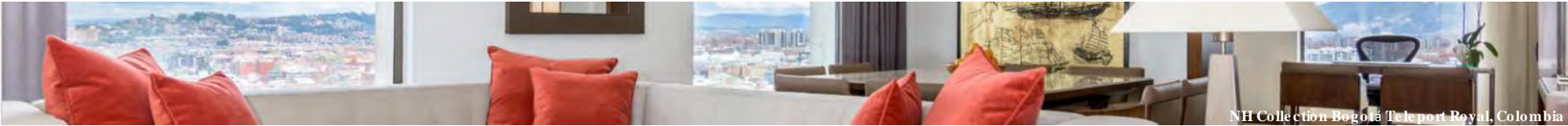
Note(*): 2 hotels considered as 2014 signing although the signature happened by end 2013

Organic growth: exponential increase in the signings



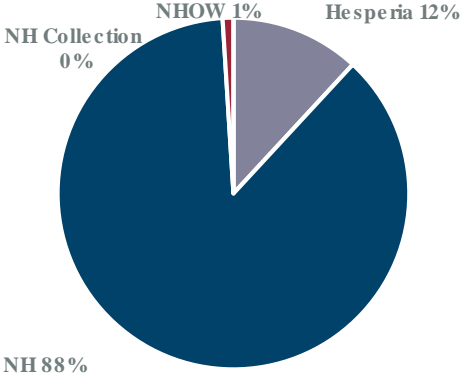
NH Collection - España - Madrid

Development: Portfolio evolution by brands



NH Collection Bogotá Teleport Royal, Colombia

2013



Based on # rooms



+3.812 rooms



NH COLLECTION

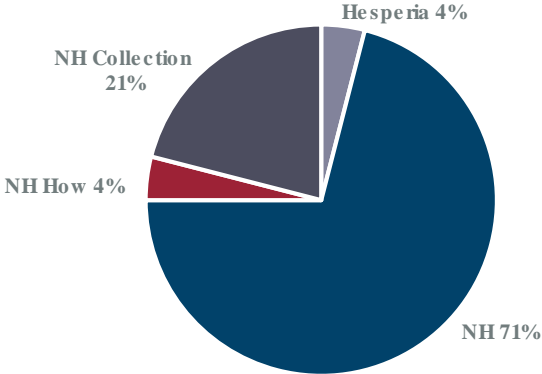
+3.526 rooms



+1.505 rooms

2017

Including 62 signed hotels



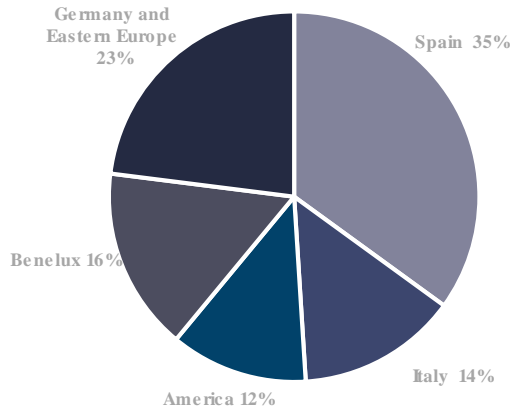
Based on # rooms

Development: Portfolio evolution by geography



NH Brussels Grand Place Arenberg, Belgium

2013



Based on # rooms

Spain: +435 rooms

America: +4.233 rooms

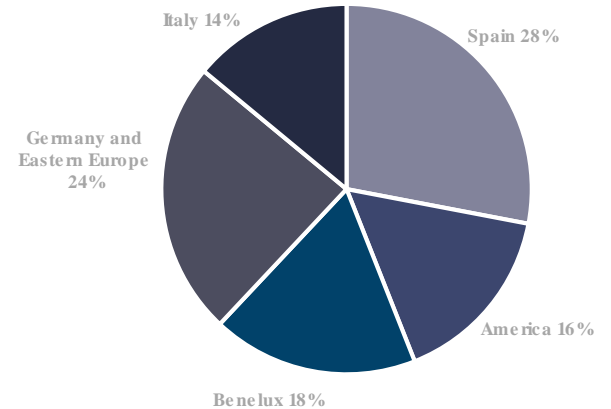
Benelux +1.691 rooms

Germany and EE: +1.554 rooms

Italy: +930 rooms

2017

Including 62 signed hotels

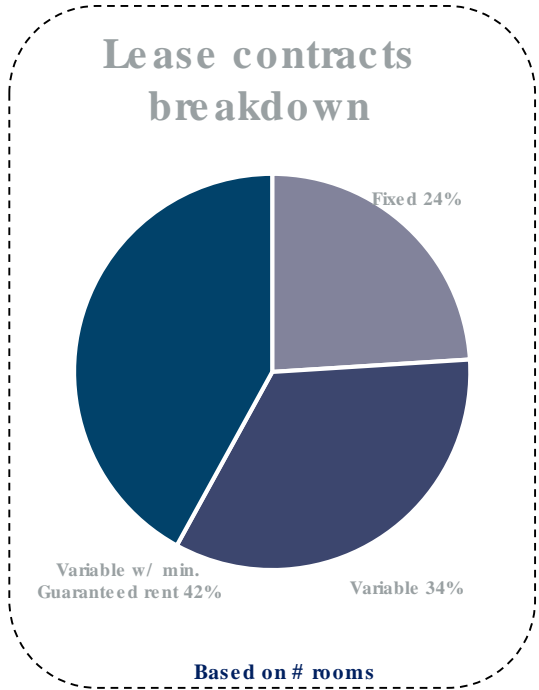
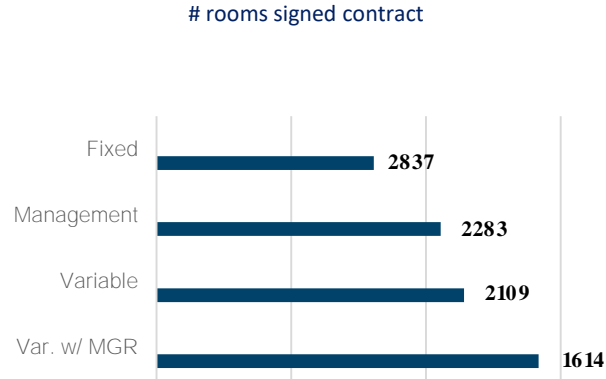
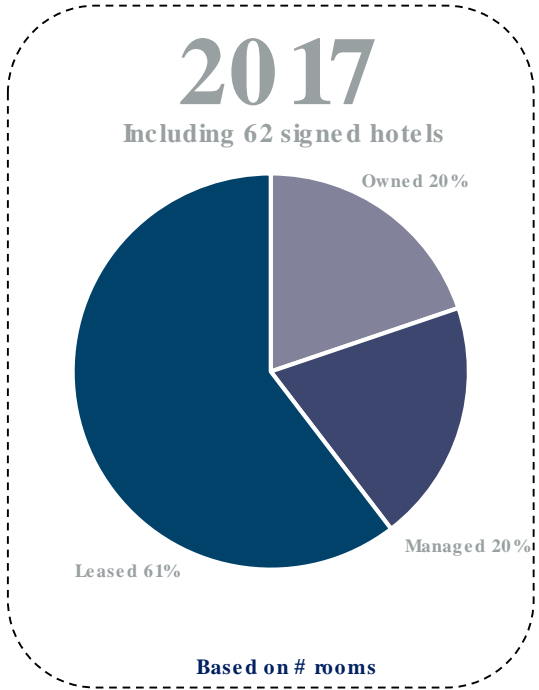


Based on # rooms

Development: Portfolio by type of contract



La Terraza del Casino, Spain



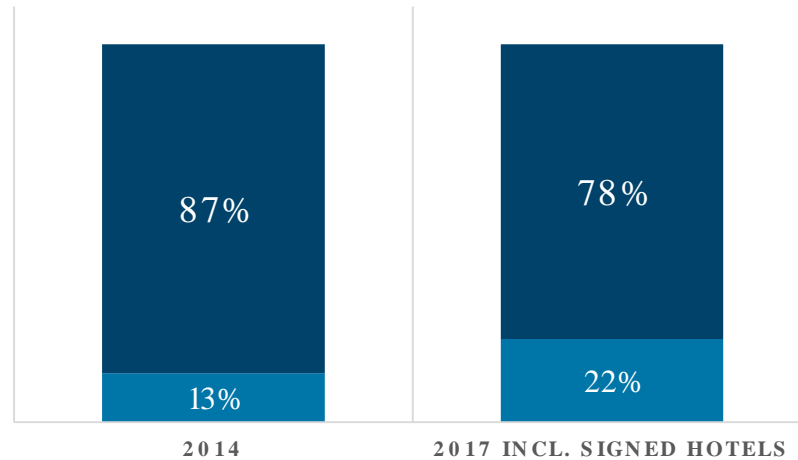
M&E hotels



Restaurant Santceloni, Spain

NH MEETINGS inspire. create. enjoy.

■ M&E hotels ■ Other hotels



Development: Nhow hotels in the pipeline



Marseille	Santiago de Chile	London	Amsterdam	Frankfurt
nhow Marseille	nhow Santiago de Chile	nhow London	nhow Amsterdam RAI	nhow Frankfurt
150 rooms / 5 floors	146 rooms / 1.000 sqm M&E	190 rooms / 8 floors	650 rooms / 25 floors	375 rooms / 14 floors
				

Example of NH Collection hotels recently signed

NH Collection Amsterdam Grand Hotel Krasnapolsky, The Netherlands



Example of NH hotels recently signed



NH Centre Amsterdam | The Netherlands

**NH Palazzo
Moscou**



**NH Toulouse
Airport**



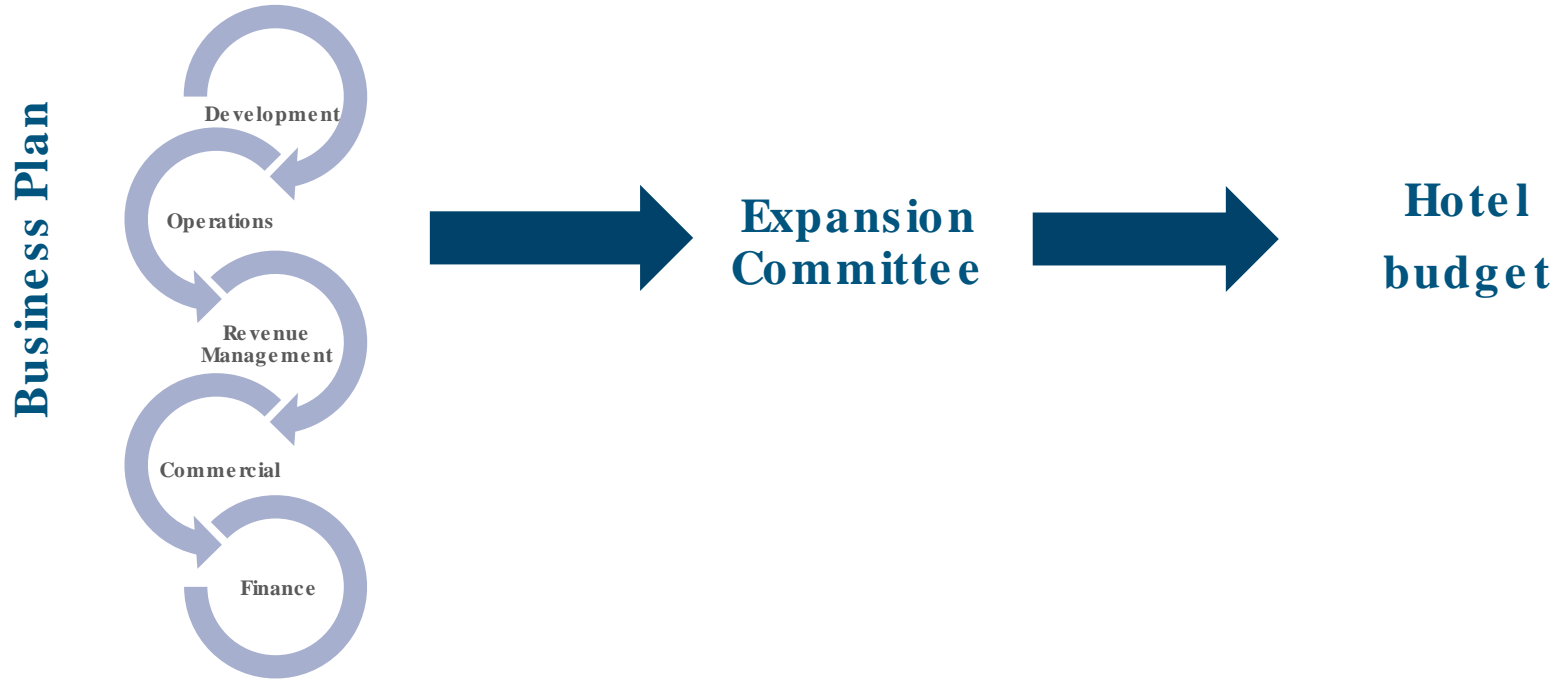
NH Leipzig



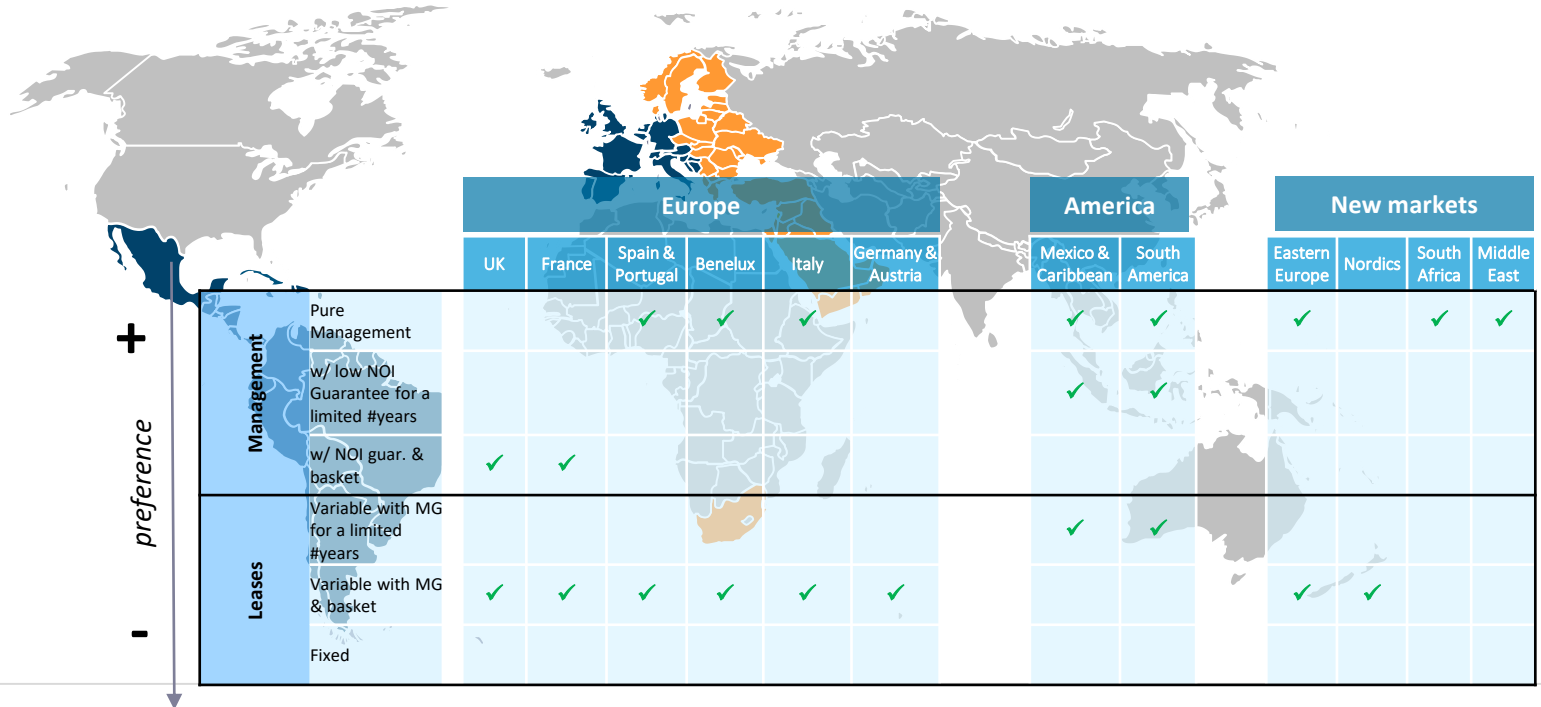
NH Puebla Finsa



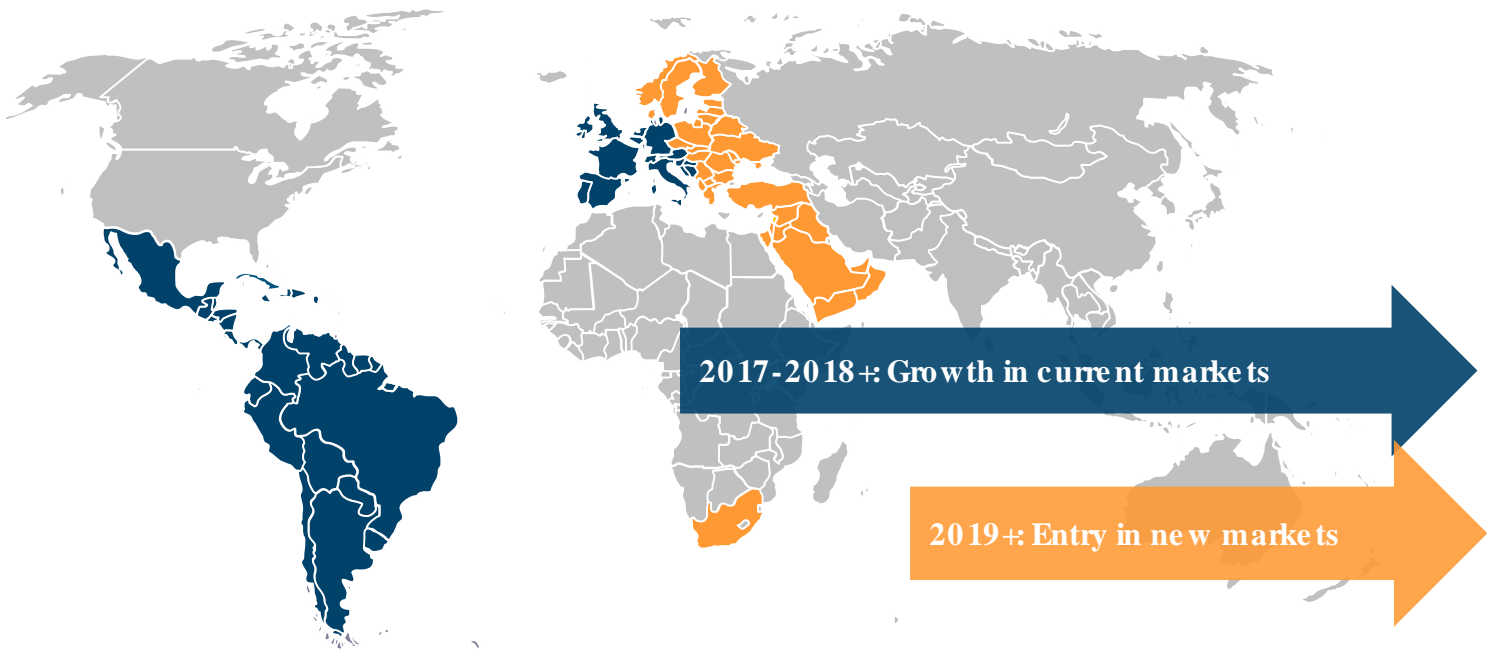
Alignment across departmental level



Growth Strategy : Type of contract



Growth Strategy: Future overview



Thank you





Digital Transformation & Operating
28th September 2017

Investor Day

Index

Hospitality's dominant IT approach	3
A different approach	5
Increasing efficiency through a New operating model	7
The efficiency Plan. Phases I and II	13
NH Hotel Group's new Operating Model	15
Our People are Key to Success	22





NH Nacional

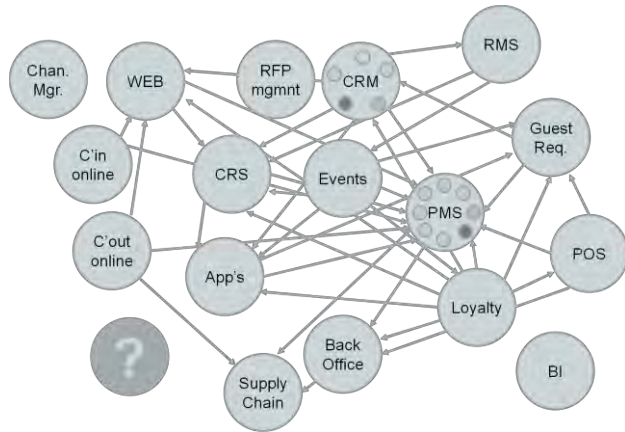
1. Hospitality's dominant IT approach

Hospitality's dominant IT approach

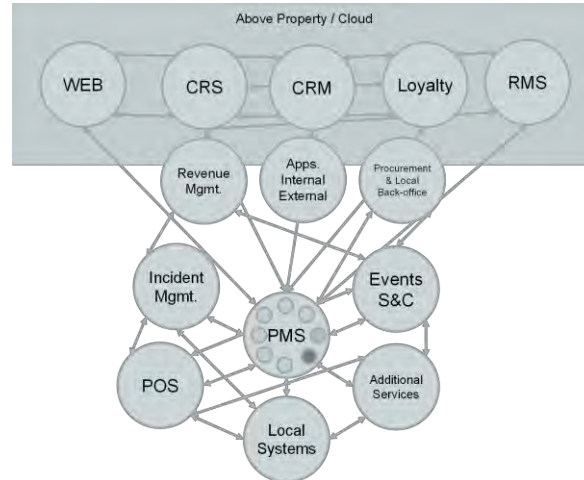


NH Castellón Turcosa, Spain

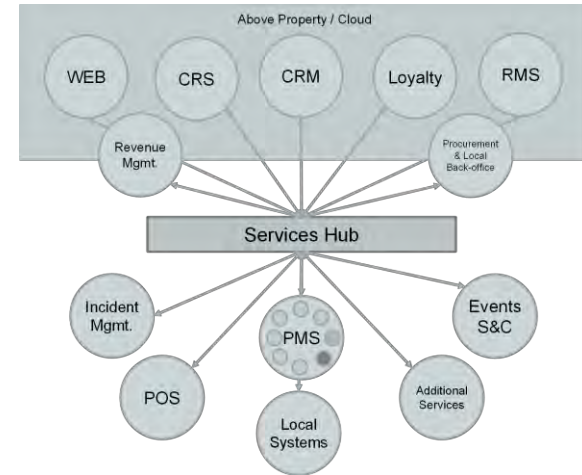
On Property
Best-of-breed



Above Property Cloud
Solutions Best-of-breed



Service Hub



Hospitality's dominant IT approach

“

Legacy models imply inability to extract all business potential

- **High Cost** and **Low Quality Information**
- **High Maintenance & Operation Costs**
- Lack of end-to-end process support = **Manual/Errors**
- Lack of flexibility / Ability to respond to business = **Low time to market**
- **Inverse economies of scale**



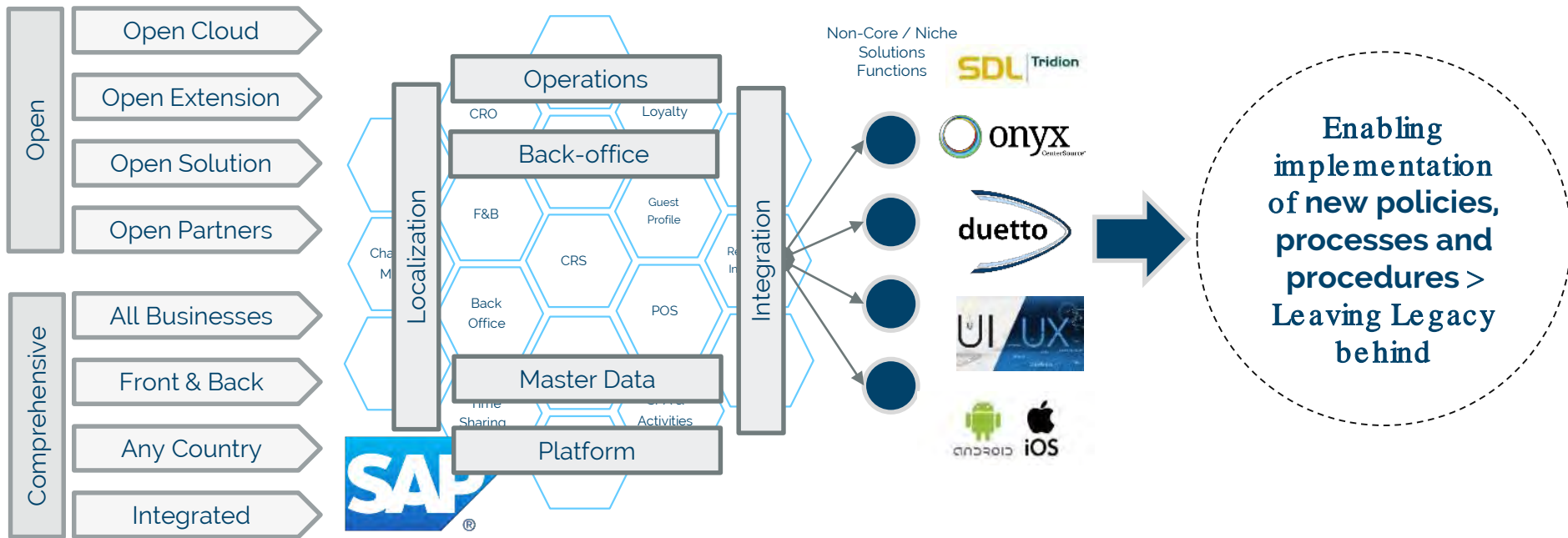


NH Trento Italy

2. A different approach

A different approach: Digital Core, an unique integrated system across all our properties and functions

NH Collection Buenos Aires Jousten, Argentina





NH Collection Porto Batalha, Portugal

3. Increasing efficiency through a New operating model

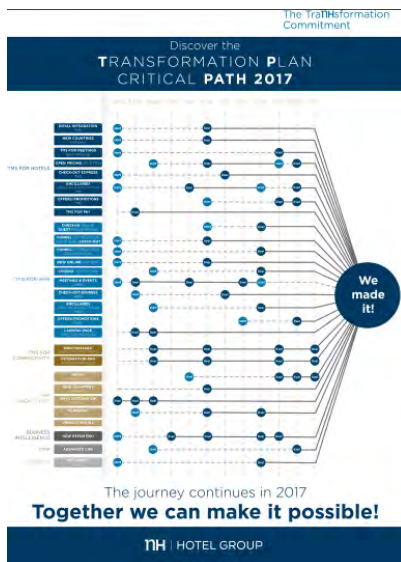
NH Hotel Group Transformation Plan

Bringing together a new IT platform and a new organization



NH Collection Roma Palazzo Cinquecento, Italy

Fostering adoption of the new technologies and processes:



The Transformation Commitment

TH HOTEL GROUP 18 - May 2017

Editorial

NH Hotel Group at the forefront of the industry

Ramón Argandoña
CEO NH Hotel Group

Plan Update

The Company speeds up and enhances Commission Management with CommiPay™ from Deyx CenterSource

HOTEL DIRECTORS ROLE IN "THE TRANHSFORMATION COMMITMENT"

The Hotel Directors will play a key role in The Transformation Commitment, being the main drivers for change within the hotel employees.

They will be responsible for increasing employee's adoption and usage of each of the new systems implemented at hotel level, highlighting the advantages and minimizing resistances.

Besides, they will guarantee a two-way communication, not only facilitating the implementation of new systems, but also validating next steps in the work plan and raising issues or resources detected at hotel level.

Key roles and responsibilities:

- Be aware of the change impact of each systems release within the hotels, preparing risk mitigation tactics (proper communication, leadership on key internal meetings, presence of key users, impact on start-ups...)
- Identify and manage in advance resistance.
- Support and engage Department Heads and key users within the hotel.
- Ensure users readiness.
- Support communication efforts by descending critical information and reinforcing the key messages.
- Support training efforts by guaranteeing the attendance of his/her employees.
- Monitor and report change progress at hotel level.
- Track and report issues, reinforcing the local responsible for the project.
- Collaborate closely and coordinate efforts with the local responsible for the project.
- Communicate progress, achievements and improvements.

Key leadership abilities to put in place:

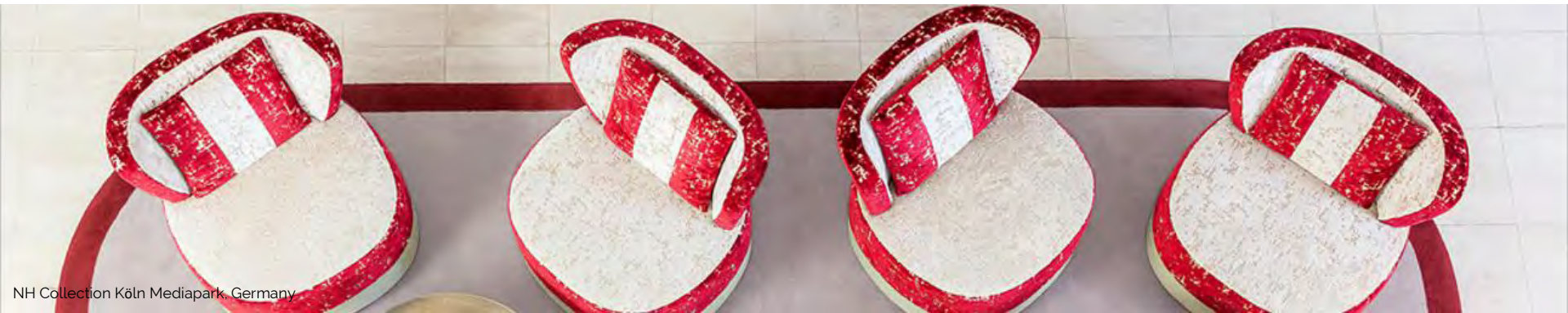
- Change Leadership: setting clear targets and engaging actively the team within the project.
- Collaboration & Influence: moving people towards the Transformation Commitment's goal.
- Strategic thinking: acting like an owner and balancing hotel needs with the overall good of the company.
- Team leadership: creating a culture of open communication, trust and high performance.

NH HOTEL GROUP

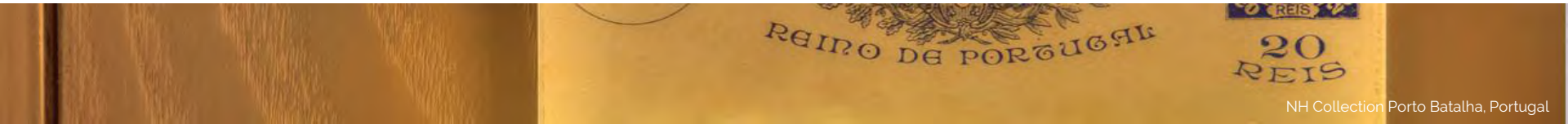
NH Hotel Group Transformation Plan: a huge, differential effort that is paying off

“

Increasing operational excellence while adding efficiency and supporting growth through digital transformation.



NH Hotel Group Transformation Plan: a huge, differential effort that is paying off



NH Collection Porto Batalha, Portugal

Operational Excellence: fostering business control & performance

Pillars

- Enhancing **customers' experience**.
- Implementing new, incremental **revenue strategies**, with two main focus: e-commerce and Revenue Management.
- **Reducing costs** through process reengineering.
- Gaining **visibility** on daily operations.
- Improving **working capital**

Some results

- **Fast check-in** (valuation +0.2) by capturing customer data and simplifying new data collection.
- **Real-time management**: business intelligence & big data; such as:
 - Constant update of forecasted demand maximizing room rates.
 - Single customer database: history, consumptions and preferences improving experience and value propositions.
 - Unique cost of sales attribution model, considering not only commissions but any indirect cost related.
- Unique granularity on **daily operations visibility**, such as:
 - % Old guest ledger balances to be invoiced: 80% improvement.
 - % Open billing issues: 81% reduction.
 - % Monthly procurement issues: 69% reduction.
- **DSR**: >20 days reduction.

NH Hotel Group Transformation Plan: a huge, differential effort that is paying off



Adding efficiency: resources release

Pillars

- **IT Opex & Capex reduction** vs previous situation and market standards
- Support functions **consolidation**
- **Back Office** outsourcing
- Business processes **automation**
- **IT Opex reduction 4.8M€** (2013 vs 2017)

Some results

- Support functions **consolidation** (such as Regionals structure with +24% hotels/region)
- Back Office outsourcing (25% cost reduction)
- Business processes automation:
 - **Digitalization** of 30% of suppliers' invoices
 - Commissions' validation. **Automatic approvals above 85%** of total commissionable reservations – implying also a highly accurate control of commissions costs
 - **55% central collections**

And **supporting growth**, through a 'plug and play' suite of systems and processes that we can easily and quickly replicate as many times as needed, **with a low use of resources**

NH Hotel Group Transformation Plan: a huge, differential effort that is paying off

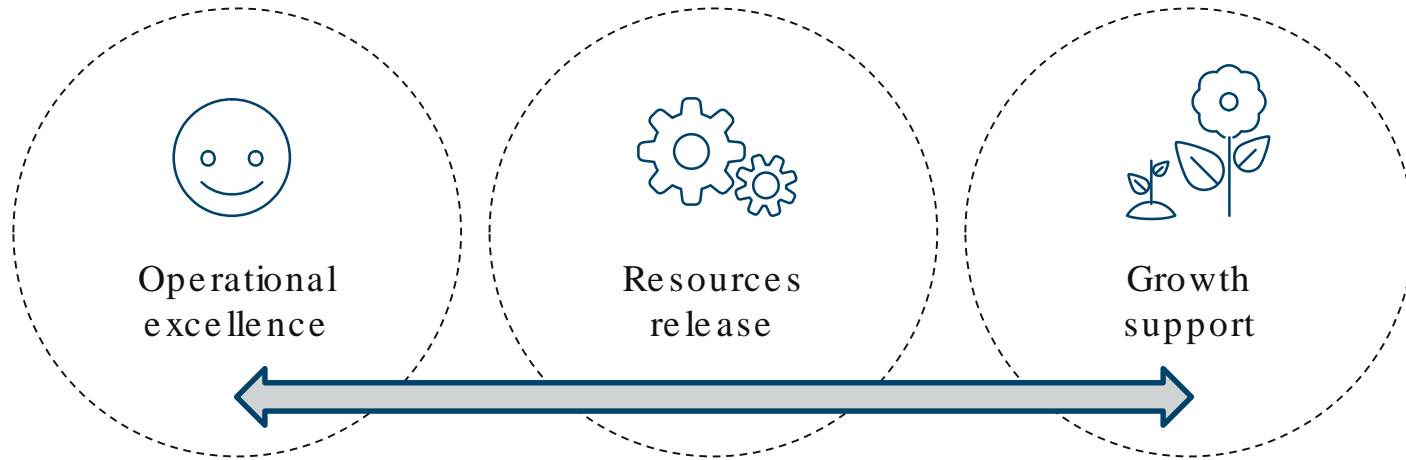


➤ And **there is more to come!**

- One to one pricing.
- New M&E pricing strategies - embedded in the Group Sales Offices processes.
- Seamless transactions.
- Advanced CRM.
- Artificial intelligence applied to concrete work streams.
- ...

A huge, differential effort that is paying off

NH Collection Gran Convento di Amalfi, Italy



**Enabling a ‘new operating model’,
which implies less structural resources**



NH Collection _Amsterdam Doelen, The Netherlands

4. The efficiency Plan. Phases I and II

Increasing efficiency through a New operating model

NH Collection Jousten, Argentina

Scope

NH is implementing a new operating model ready to face the current and future hospitality industry challenges, in order to:

- Generate a **competitive edge** as hotel operators.
- Ensure our **value added proposition** for the final **customer & hotel owners**.
- Remain **sustainable** in the long term.
- **Increase** our **efficiency** continuously.
- **Improve** operative **margins**.
- Have the necessary **leadership & talent**.

Methodology

“In-house” project methodology to ensure full accountability and delivery focused in the full redesign of functional areas by assessing their **strategic component**, level of ce/decentralization, localization and fee scheme.

Implementation through the **execution of a two phases plan**.

Phasing

- **Phase I** (2017): focus on HQ-driven initiatives.
- **Phase II** (2018): including Business Units in the scope while generating further initiatives at HQ level.



NH Collection Taormina, Italy

5.NH Hotel Group's new Operating Model

Growth without forgetting the improvement in efficiency: Phase I



Target cost savings of €7-8m in 2017 in the following areas:

- **Administration:** efficiency levers in the Shared Service Center.
- **IT migration completed** with Back & Front-office integrated in a single system.
- **Commercial:** optimization in Sales teams (Corporate and global sales force, GSO and organizers redefinition).
- **Projects & Construction:** rationalization after execution of investment/asset repositioning phase.
- **Other projects:** operations, subscriptions and advisories rationalization.

**8,2m€
SAVINGS**

2018: Phase II of the Efficiency Plan (1/2)



Targeting additional savings of € 7-10M in 2018

1

+

2

1

Central Services optimization: **geographic reorganization** of the different management levels of the Business Units and at Corporate level.

B.U. America

11 Countries
61 Hotels
10,724 Rooms

B.U. Northern Europe

13 Countries
124 Hotels
21,963 Rooms

B.U. Southern Europe

6 Countries
192 Hotels
25,633 Rooms

2018: Phase II of the Efficiency Plan (2/2)

2

Further efficiencies coming from:

- **Administration:** keep increasing efficiency levers.
- **Commercial:** efficiencies linked to automation.
- **Procurement:** support functions consolidation.
- **Central Reservation Office (CRO):** processes optimization (customer care center, e-mail channel...)
- **IT** (Pay per print, etc.).
- **HR** (payroll management).
- **Hotels Operations.**



Efficiency in the DNA of the Strategic Plan

NH Collection Roma Palazzo Cinquecento, Italy

- 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



NH Collection Madrid Paseo del Prado, Spain

5. Our people: Key to success

Management Committee's continuity provided through a Succession Plan

- All the top 100 executives in the Company positioned in a **Talent Calibration Matrix**
- **12%** of the scope calibrated as **Top Talent**, completely in line with the market reference
- Potential internal successors identified for **C-Suite positions**

5. ROUGH DIAMOND <small>HIGH POTENTIAL/LOW PERFORMANCE</small> <i>Long range future potential</i>	3. FUTURE STAR <small>HIGH POTENTIAL/MEDIUM PERFORMANCE</small> <i>Future high potential</i>	1. CONSISTENT STAR <small>HIGH POTENTIAL/HIGH PERFORMANCE</small> <i>Future leaders of the company</i>
8. INCONSISTENT PLAYER <small>MEDIUM POTENTIAL/LOW PERFORMANCE</small> <i>Not in good fit</i>	4. KEY PLAYER <small>MEDIUM POTENTIAL/MEDIUM PERFORMANCE</small> <i>Reliable core performer</i>	2. CURRENT STAR <small>MEDIUM POTENTIAL/HIGH PERFORMANCE</small> <i>Contributing to business success</i>
9. TALENT RISK <small>LOW POTENTIAL/LOW PERFORMANCE</small> <i>Blocker</i>	7. SOLID PROFESSIONAL <small>LOW POTENTIAL/MEDIUM PERFORMANCE</small> <i>Reliable</i>	6. HIGH PROFESSIONAL <small>LOW POTENTIAL/HIGH PERFORMANCE</small> <i>Optimally placed and very valuable</i>



Our people are KEY TO SUCCESS



NH Jan-tabak

Hotel Manager's performance and growth ensured through a Development Program

- 288 Hotel Manager's assessed through a **360° degrees** feedback
- **Individual Action Plans** in place for all of them
- **Talent Calibration Process** to be launched in Q4 2017



NH | HOTEL GROUP UNIVERSITY 360°

Did you know that a great way to develop is through job experiences and facing challenging situations out of your comfort zone? Even that you can grow anonymously through observation and feedback from others? Well, from building others into role modeling is one of the most effective ways to learn!

IT'S TIME TO LEAD YOUR OWN DEVELOPMENT!

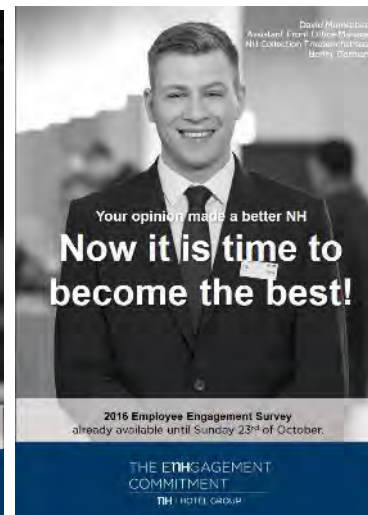
In the framework of 360° feedback project, NH-University offers you an exciting opportunity to invest in your management and leadership growth, through **two new developmental tools** that you can use not only when **building up your Individual Development Plan** after your feedback session, but on a **day to day basis**.

HARVARD MANAGEMENT	ACTIONS LIBRARY
<p>Through our partnership with Harvard Business School Publishing, you now have access to Harvard Management (HMM), the most trusted, time-tested leadership development resource.</p> <p>HMM offers:</p> <ul style="list-style-type: none"> • 24 essential business topics, from Leading Employees to Business Case Development. • Lessons, videos, articles, tools... • Support in building up your critical management skills. 	<p>NH Actions Library will allow you to invest in your individual Plan and in your day to day basis, tailor-made developmental activities to improve a particular competency, other for yourself or your team.</p> <p>Our Actions Library:</p> <ul style="list-style-type: none"> • Has been structured by our NH Competencies. • Includes on-the-job activities that can be incorporated into daily work experiences. • Also provides you with other supporting material, such as books, videos, and/or movies...

Our people are KEY TO SUCCESS

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Employees engaged with the NHHG project



- **Engagement surveys** conducted every **two years**
- **2016's Edition:** **87%** of **response rate** (+7p.p. above the average of high performing companies)
Level of **sustainable engagement** of **80%** (+3 p.p. above 2014)

Our people are KEY TO SUCCESS



Compensation Policy correlates executive remuneration and pay for performance, aligned to shareholders' interest.

Reward the **creation of sustained value over time**, engaging and motivating our top management to achieve the 3YP. The new NH LTIP allows to capture the performance:

- Of the **Company** in relation to the **business**
- Of the **beneficiaries** in relation to the **Company**
- Of the **Company** regarding its **market value**

LTIP objectives (25% each):

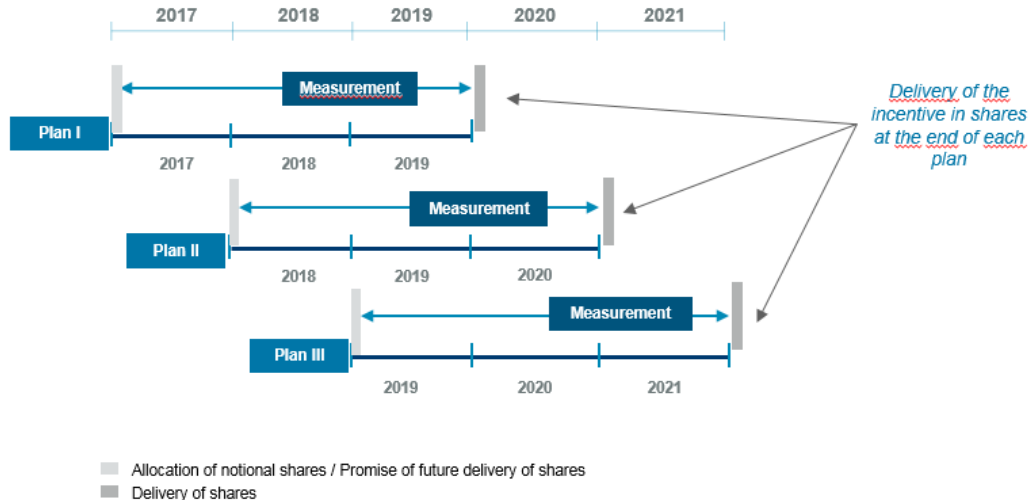
- **Profitability** (on a yearly basis and compared to target of each year)
 - ✓ Recurring EBITDA
 - ✓ Net Recurring Profit
- **Market performance**
 - ✓ Share Price
 - ✓ Relative sectorial TSR

Our people are KEY TO SUCCESS

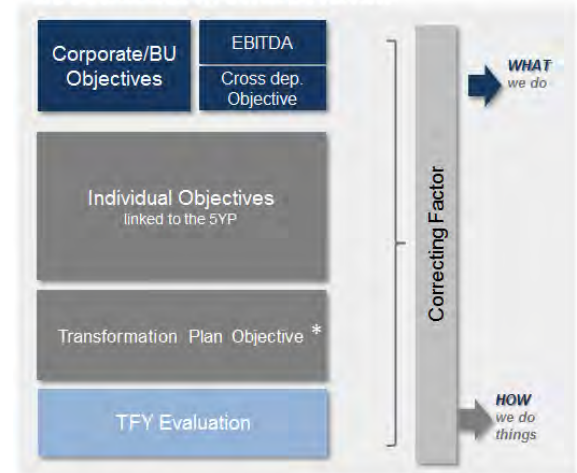


Compensation Policy correlates executive remuneration and pay for performance, aligned to shareholders' interest.

The new NH LTIP: Performance Shares 2017-2021



MBO scheme 2017: General overview



*Transformation Plan Objective as individual objective applies to Key Players and Operations

Thank you

