

NH HOTELES

January-December 2001 RESULTS



NH HOTELES
Investor Relations Department
Santa Engracia, 120.
28003 Madrid (Spain)

Tel. (+34) 91 451 97 18
Fax. (+34) 91 451 97 30
e-mail: tbl@nh-hoteles.es

www.nh-hoteles.com

February 21st, 2002



Table of Contents



- **Solid growth in a difficult environment**
 - **NH Hoteles' main locations remain strong**
 - **Revenues enhanced by organic growth and new companies integrated**
 - **Amsterdam, Madrid and Barcelona account for 43% of comparable hotels EBITDA**
 - **NH achieved stable margins in comparable hotels latin america: increasing presence with low financial risk**
- **Sotogrande: An excellent source of cash-flow**
- **Integration synergies and cost savings plan**
- **"NH": one company, one brand**
- **A favourable sale&leaseback agreement**
- **A solid operating and financial platform**



Solid Growth in a Difficult Environment

Relevant facts

- Hotel activities are the main drivers of the Group's growth: Revenues and EBITDA rose 43.7% and 34.6%, respectively.
- In pro-forma terms, hotel sales rose by 12.7% and EBITDA by 4.9%:
 - In Spain and Portugal hotel sales increased by 6.9% in sales and hotel EBITDA raised by 2.8%.
 - In the rest of Europe, hotel sales increased by 7.7% and hotel EBITDA was down by 2.1%.
 - New Openings contributed 9.2% of total revenues and 4.4% of EBITDA but diluted Group's margins.
- Latin America contributed 6% of Group's hotel sales and 3% of EBITDA.
- Sotogrande's real estate business performed as expected, with 39% of its sales recorded in Q401. Its contribution to Group's Net Profit increased by 49%.
- Group's 2001 Net profit increased by 16.2% adjusting for the extraordinary items incurred in H1 2000

P&L January - December 2001

EUR Mn	2001	% Total	2000	01/00 Ch.
Hotel Sales	705.26	92.5%	490.90	43.67%
Real Estate Sales	57.06	7.5%	59.60	-4.26%
Total Revenues	762.32	100.0%	550.50	38.48%
GOP	288.52	37.8%	228.18	26.44%
EBITDA	225.18	29.5%	182.52	23.37%
EBIT	162.12	21.3%	130.83%	n.a
EBT	117.31	15.4%	131.53	-10.81%
Net Income	81.69	10.7%	90.69	-9.92%

(*) Changes in the consolidation perimeter: Krasnapolsky-GT figures are included as of July 1st, 2000 and NH Mexico is consolidated from July 1st, 2001.



NH Hoteles' Main Locations Remain Strong

RevPar Performance	Acc. Jan-Aug	September 01 vs September 00		4Q 2001 vs. 4Q 2000		FY 2001 vs. FY 2000					
	RevPar % Ch.	RevPar		RevPar		Occupancy		ADR		RevPar	
Main Locations	% Ch.	Eur.	% Ch.	Eur.	% Ch.	%	% Ch.	Eur.	% Ch.	Eur.	% Ch.
Madrid	6.5%	87.2	-5.5%	72.4	-6.1%	71%	-4.7%	104.8	8.8%	74.9	2.1%
Amsterdam	1.6%	138.2	-8.4%	100.5	-9.6%	84%	-2.7%	133.4	0.9%	112.1	-2.2%
Barcelona (ex-Princesa)	8.1%	96.5	2.2%	82.1	-2.8%	79%	-6.4%	110.2	13.2%	87.5	4.8%
Brussels	3.5%	68.8	3.1%	45.5	-7.6%	72%	1.0%	66.7	-0.8%	47.8	0.6%
Rest of Spain	7.1%	74.1	-4.8%	47.3	3.2%	67%	-2.7%	74.4	10.1%	49.7	5.8%
Express	16.5%	45.2	19.5%	62.4	6.0%	69%	3.3%	57.9	8.4%	39.9	13.8%
Total Spain (comparable hotels)	6.8%	73.3	-4.4%	61.7	-4.2%	70%	-3.9%	93.6	8.7%	65.4	3.0%
Total Rest of Europe and other GT hotels (comparable)	-0.6%	80.6	-6.6%	58.8	-8.9%	70%	-2.5%	91.1	0.1%	63.9	-3.2%
Mercosur (all hotels)	35.6%	31.5	-0.7%	34.7	-17.4%	49%	11.5%	70.3	-12.9%	34.8	13.6%
Mexico (all hotels)	6.1%	38.6	-24.6%	55.4	n.a.	59%	-2.2%	101.7	3.0%	59.9	-0.8%
TOTAL NH GROUP (comparable)	3.7%	76.3	-5.4%	60.5	-6.1%	70%	-3.3%	92.6	5.0%	64.8	0.3%



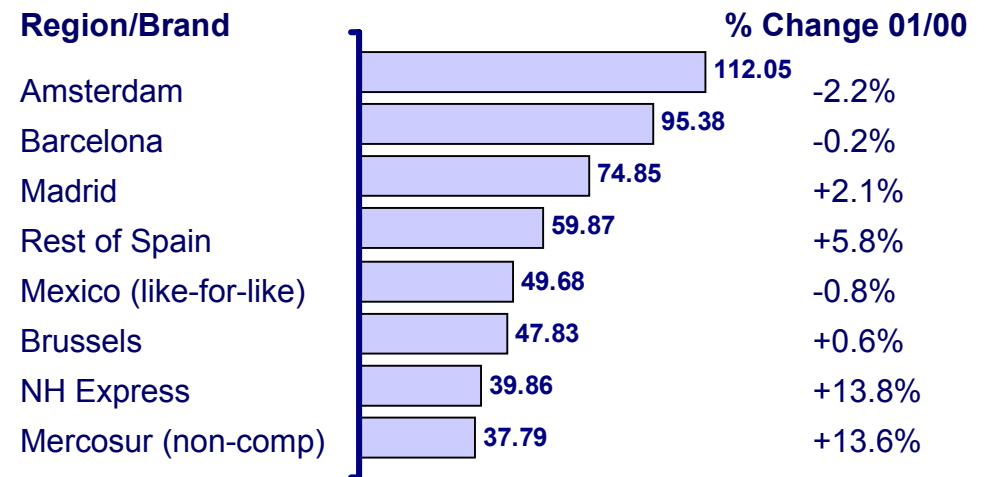
Revenues enhanced by organic growth and new companies integrated

Sales Break-down January-December 2001

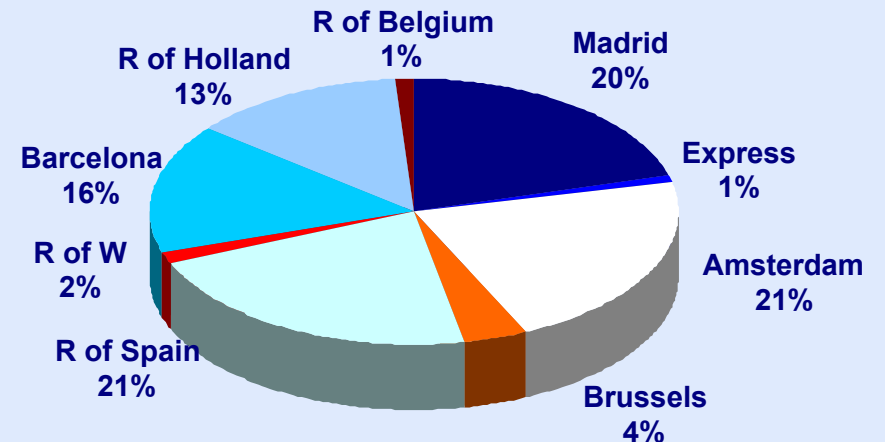
	2001 M Eur.	2000 M. Eur	01/00 Var.
Comparable Spain	310.04	300.86	3.0%
Comparable Benelux & RoEurope	262.88	269.65	-2.5%
Total comparable hotels	572.92	570.51	0.4%
Non-comparable Spain	22.83	10.50	117.5%
Non-comparable Benelux & RoEurope	41.79	13.18	217.1%
Total non-comparable hotels	64.62	23.68	172.9%
Mercosur	15.78	8.46	86.5%
Méjico	27.20	0.00	n.a
Casino + Retamares	14.95	13.97	7.1%
Consolidation Adjustments	0.00	-139.81	-100.0%
HOTELS SALES	695.47	476.81	45.9%
Real Estate Sales	57.07	59.60	-4.3%
Management fees & Other	9.79	14.10	-30.6%
TOTAL GROUP SALES	762.32	550.50	38.5%

(*) Changes in the consolidation perimeter: Krasnapolsky-GT figures are included as of July 1st, 2000 and NH Mexico is consolidated from July 1st, 2001.

Comparable Rev PAR January- December 2001



Contribution to RevPar





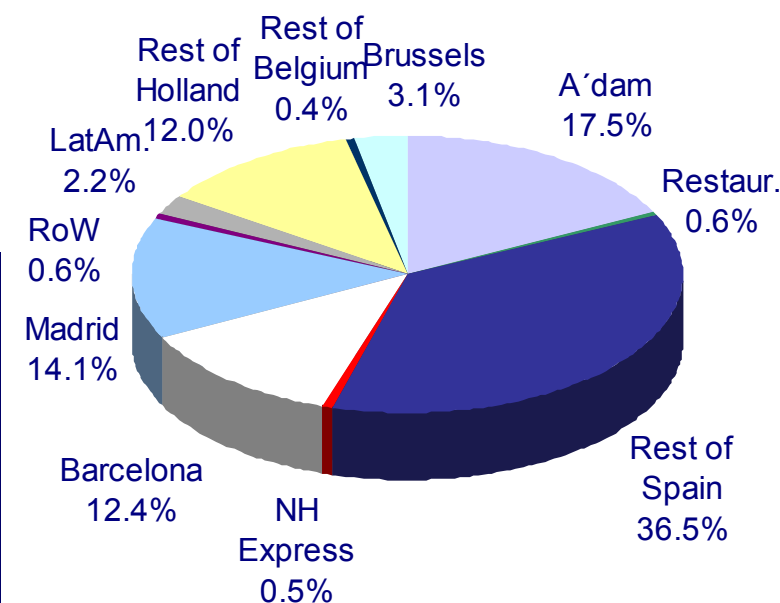
Amsterdam, Madrid and Barcelona account for 43% of comparable hotels EBITDA

EBITDA Break-down January-December 2001

	2001 EBITDA		2000 EBITDA Eur. m	01/02 Chg.
	Eur. m	% Total		
Spain Comparable	112.46	36.3%	112.41	0.0%
Benelux & RoEurope Comparable	92.76	35.3%	98.93	-6.2%
Total comparable hotels	205.22	35.3%	211.34	-2.9%
Non-comparable Spain	5.15	22.6%	1.94	165.4%
Non-comparable Benelux & RoEurope	3.68	8.8%	-0.43	-948.2%
Total non-comparable hotels	8.83	13.7%	1.51	486.1%
Mercosur	-0.66	-4.2%	-2.84	-76.8%
Mexico	6.57	24.2%	n.a	n.a
Casino + Retamares	3.17	21.2%	2.65	19.5%
Cons. Adjust.& Head Office	-21.20		-62.68	
TOTAL HOTEL ACTIVITY	201.94	28.6%	149.99	34.6%
REAL ESTATE ACTIVITY	23.24	40.7%	32.55	-28.6%
TOTAL GROUP EBITDA	225.18	29.5%	182.53	23.4%

(*) Changes in the consolidation perimeter: Krasnapolsky - GT figures are included as of July 1st, 2000 and NH Mexico is consolidated from July 1st, 2001.

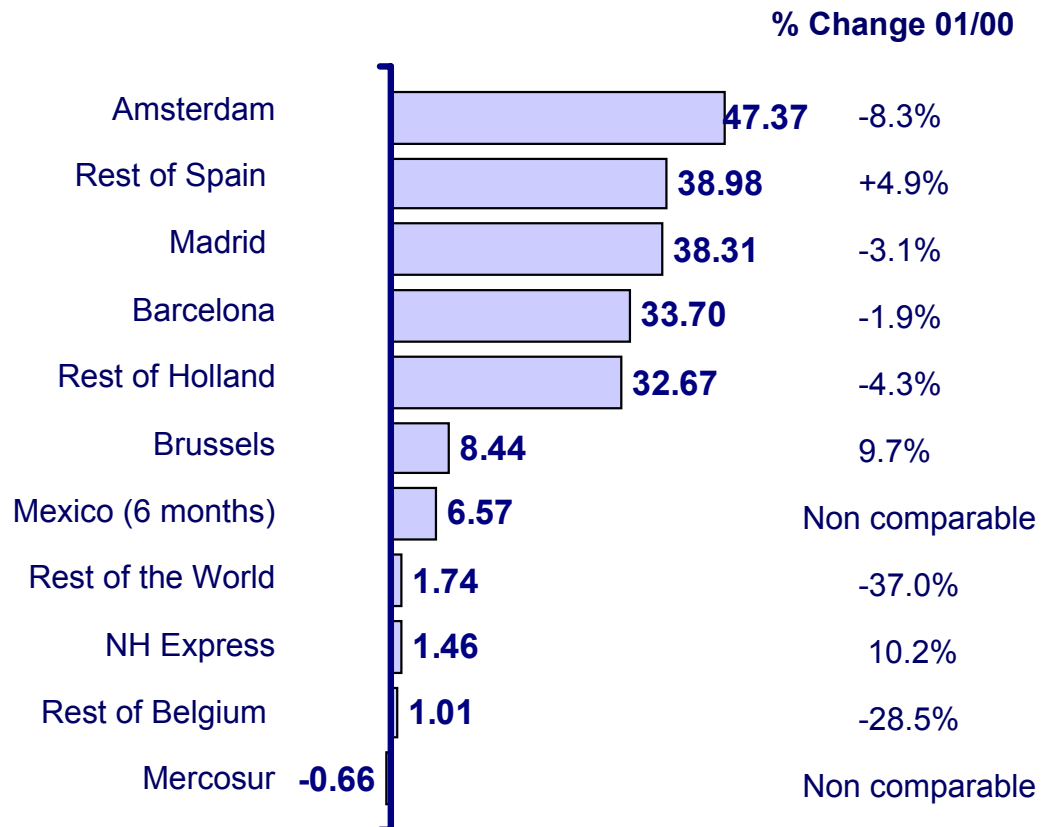
Contribution to Group's EBITDA





NH Achieved Stable Margins in Comparable hotels

EBITDA by Markets January-December 2001



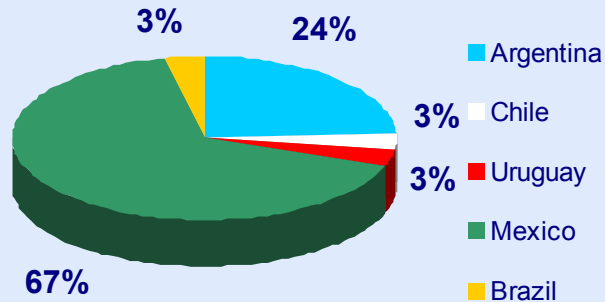
EBITDA Analysis in Comparable hotels

- EBITDA in Comparable hotels is down by 2.9% and EBITDA/Sales margin, at 35.8%, was 1.2 points lower:
 - In Spain and Portugal: EBITDA rose 2.8% with margin at 35.3%, a slight 1.4% lower than in 2000.
 - In Benelux and Rest of Europe: Performance reflected a more pronounced slowdown, with EBITDA falling 2.1% and margin 3.2 points lower at 31.7%.
- Latin American hotels contributed 2.9% of the Group's hotel activities EBITDA:
 - Hotels in Mercosur: Having reached EBITDA break-even point in the first half of 2001, the year ended at a loss of €0.6m, as a result of the difficult situation in local markets.
 - NH Mexico: Contributed €6.6m in EBITDA since July 1st, 2001.
- EBITDA improvements from the "Integration Synergies and Cost Savings Plan" in Y2001 were €10.4m.



Latin America: An increasing presence with low financial risk

4,152 rooms
(61% owned and 39% under management agreement)



- Mercosur hotels: Low operating ratios and results are due to the relatively start-up nature of the operations.
- NH Mexico: created in 2001 with 5 hotels owned and 9 managed, all located in the main Mexican cities. 4 hotels to be branded NH Hoteles.
- The Brazilian Della Volpe Hotel (140 rooms), in Sao Paulo, was acquired in Summer 2001.
- In Argentina, NH Group operates 6 hotels, 5 owned and one managed. Asset investments in Argentina total € 95 million through the 64.6% subsidiary LGH.
- Argentinean local currency devaluation had no impact in NH's P&L it will reduce Group's Reserves on the balance sheet by €37.2 m.
- NH's growth strategy in Latin America is to achieve a maximum contribution of 10%.

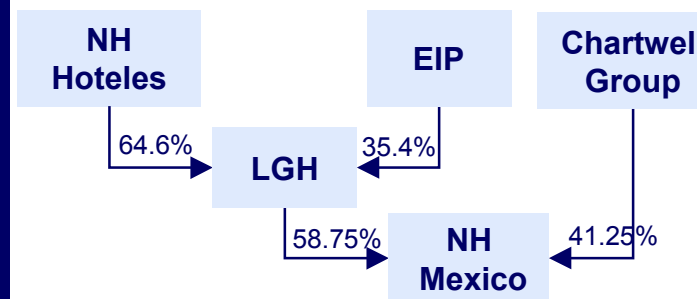
Mercosur: 10 Hotels in (1,403 rooms)

	Y2000	Jan-Dec 2001
Rooms #	548	869
ADR (Eur)	81.66	70.30
Occupancy	36%	49.5%
RevPAR (Eur)	29.71	34.79
Sales (Mn Eur)	8.5	15.8
EBITDA (Mn Eur)	-2.8	-0.6

NH Mexico: 14 hotels (2,749 rooms)

	Y2000	Jan-Dec 2001
ADR (Eur)	81.66	82.79
Occupancy	36.4%	50.9%
RevPAR (Eur)	29.71	42.2
Sales (Mn Eur)	58.44	27.2 (Since July 1st)
EBITDA (Mn Eur)	15.33	6.6 (Since July 1st)

Cautious Investment Policy



Investment in NH Mexico:
 LGH: \$47m
 NH: \$30m

Enterprise Value	
\$152m	Value
\$72m	Debt
\$80m	Equity Value



Another Record Year for Sotogrande



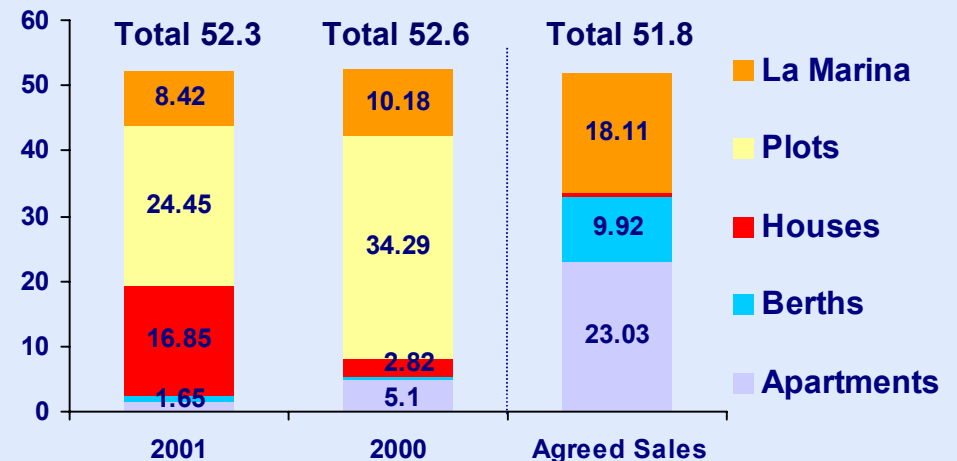
Real Estate activity

- Sales accounted at Sotogrande's real estate business reached €52.24 m, a similar level to 2000. Total agreed sales in 2001 reached €62.14m.
- As expected, 39% of the total sales for the year took place in the last quarter, including the La Marina properties for €8.4 m, together with €11.4 m from plots handed over once the infrastructure had been completed.
- Agreed but not recorded sales amounted to €51.85 m at 31st December. The expected contribution to EBITDA is €20 m, 63% to be accounted in 2002.
- Again in 2002, sales figures are expected to be low from January to September, with a large part of the handovers taking place in the final quarter of 2002.
- EBITDA in 2001 is affected by a different sales-mix as compared to 2000 with higher weighting of housing development sales.
- Accumulated cash pile in Sotogrande amounts to €53.5m at December, 2001.

Contribution of Real Estate Activity to NH's 2001 P&L

	2001 M Eur.	2000 M Eur.	01/00 Ch.
Real Estate Sales	52.24	52.59	-0.7%
Total Revenues	57.07	59.61	-4.3%
EBITDA	23.24	32.50	-28.5%
EBT	20.33	19.30	5.3%
Net Profit	11.16	7.50	48.8%

Real Estate Sales Mix





Sotogrande, an excellent source of cash flow



Factors underlying the success

Increase in prices in the last two years:

- Plot selling prices from Eur. 60/m² to Eur. 150/ m²
- Marina apartments price from Eur 1,500/m² to Eur. 2,500/m²
- Golf membership price from Eur. 12,000 to Eur. 60,000
- Green Fees from Eur. 40 to Eur. 60



NH Launches “La Reserva” project in Sotogrande’s most exceptional locations

- Covering more than 500has. the first phase, under construction, with more than 150 plots and 30 luxury homes, the first 18-holes golf course and clubhouse of 5,000m², comprises €30m investment.
- Another golf course and several phases of luxury homes are in the pipeline.
- The size of the plots will be between 2,000 m² to a maximum of 4,500 m² with prices ranging from €110 to €240 per square meter depending on the location.
- The first phase of the luxury one-family or semidetached homes, “Golf Lodges” are priced between €540,000 and €720,000.

Marketing Strategy

- **Position Sotogrande as the highest quality resort of Costa del Sol**
- **Target investors/clients are Spanish, German, UK and other Northern Europe countries**
- **Future Development: Once all plots are sold, the company will maintain its non-real estate business**



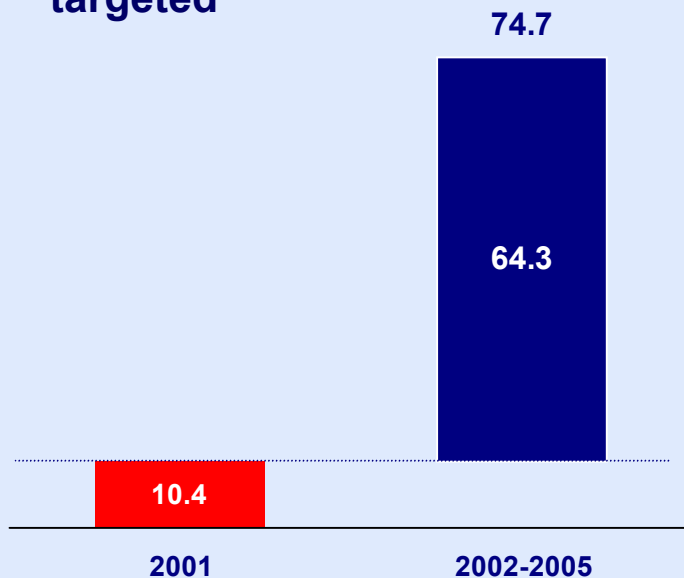


Integration Synergies and Cost Savings Plan: Targets for 2001 - 2005

In 2001 NH Hoteles announced its internal plan of cost savings and synergies from NH-GTH integration process.

The target is € 74.7 m of EBIT improvement to be attained from Y2001 to Y2005 from three driving lines.

€ 74.7 EBIT Improvement targeted



Cost Savings Plan for 2001-2002: € 19.03m

- Areas of Action: Service Offices, Business Units (Spain, Holland, Belgium, Mexico and Mercosur) and NH Departments in Spain.

Synergy Plans for 2002-2005: € 55.64 m

Cost Savings + Efficiency + Revenues.

- Areas of focus: Sales&Marketing, Purchasing, Human Resources, ICT, Projects, and Accounting&Reporting.
- Additional Cost savings identified at the Krasn-GT Hotels.



- ✓ Integration of Cultures
- ✓ Brand Strengthening
- ✓ Cross Selling
- ✓ Optimised Capital Employed
- ✓ Process reengineering
- ✓ Uniform PMS and CRS Platform
- ✓ Economies of Scale
- ✓ Improved Contract Terms

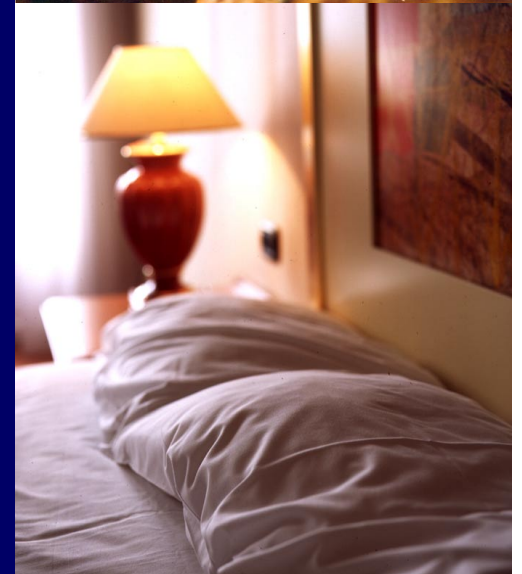


“NH”, a worldwide brand

In January 2002, the NH Group decided to operate under a single global brand: “NH”. “NH” brand is well suited to achieve NH’s aim of creating a flagship pan-European brand, with a global presence, built on the strengths of different expertise. NH is known as a brand that is innovative, dynamic, offers good value and provides a distinctive experience that meets the needs of the business traveller.

Re-branding process underway

- ✓ The “NH” brand has been introduced in Belgium, (NH Atlanta and NH Brussels Airport), Germany (NH Frankfurt Airport) and Mexico (NH Mexico City). In Holland, The Grand Krasnapolsky and Amsterdam Centre hotels will be branded NH in Q102.
- ✓ The Golden Tulip licence company was sold to the company management
- ✓ Since January 1st, 2002 the GDS booking system was integrated in all the countries where NH operates.
- ✓ The name of the hotels in the general directory has changed to “NH”
- ✓ Detailed Implementation Plan underway: investments, terms and targets, in accordance with hotel refurbishing needs





A favourable Sale & Leaseback agreement

NH Hoteles has agreed to sell and lease-back four hotels located in Spain to a private investor

The price agreed is €91.4 m cash and the lease payment implies a gross yield of 7%.

Under the terms of the 20-year lease agreements, the hotels, with 643 rooms in total, will continue operating under the NH brand.

- NH Abascal “Gold Collection” in Madrid, with 184 rooms
- 4-star NH Iruña Park in Pamplona with 225 rooms
- 4-star NH Villa de Bilbao with 142 rooms
- 3-star NH Pirineos in Lérida with 92 rooms

An excellent agreement for both parties

- ✓ The Annual lease payment is fixed, updated with CPI.
- ✓ The transaction is neutral for NH’s consolidated P&L
- ✓ The capital gains generated are gross €13 m.

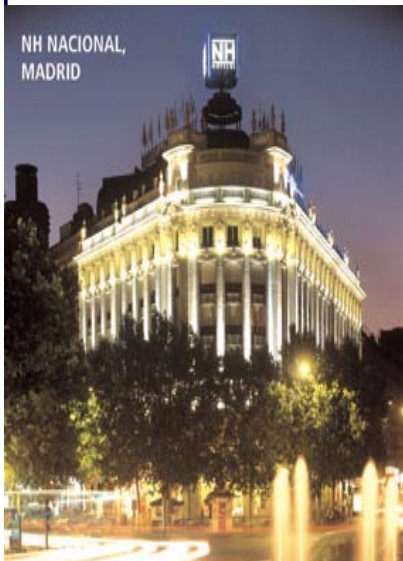




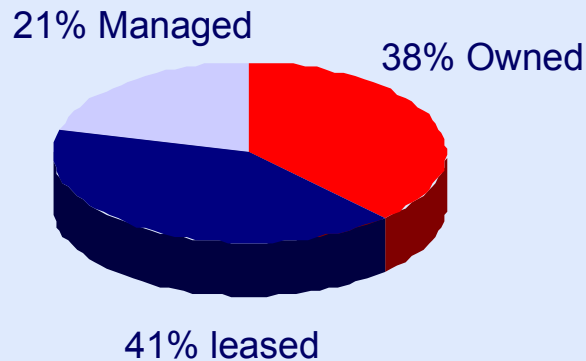
A unique platform to become a major player in the European arena

184 Hotels in the Portfolio

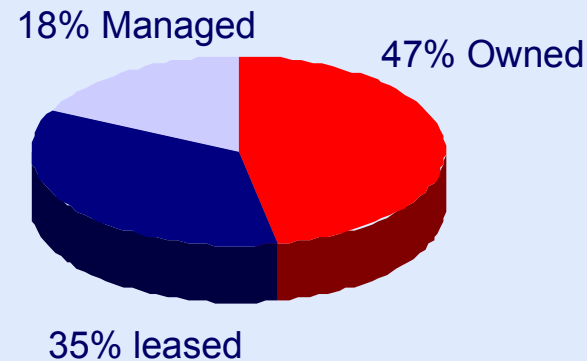
	February 2002		NH		EXPRESS		K-G TULIP		LATM+POR		TOTAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Owned	21	3,073	1	43	34	6,392	14	2,538	70	12,046		
Leased	50	5,944	10	953	15	2,194	0	0	75	9,091		
Managed	10	880	4	219	14	1,792	11	1,697	39	4,588		
Operated	81	9,897	15	1,215	63	10,378	25	4,235	184	25,725		
Owned	3	251	1	93	0	0	1	131	5	475		
Leased	8	1,214	5	475	2	370	0	0	15	2,059		
Managed	3	425	1	96	0	0	0	0	4	521		
Signed	14	1,890	7	664	2	370	1	131	24	3,055		
TOTAL	95	11,787	22	1,879	0	10,748	26	4,366	208	28,780		



Hotels operated



Rooms operated





Healthy Financial Position

Main Financial Indicators

EUR Mn

At February 20th

Market Price (Eur./sh.) 10.85

Market Capitalisation 1296.58

Enterprise Value 1910.58

Estimates for 2002 (Analysts consensus)

Sales 793

EBITDA 228

Net Profit 83.9

MARKET RATIOS

EV / SALES (x) 2.41

EV / EBITDA (x) 8.38

PER (x) 15.45

As for Dec 31st, 2001

Equity + minorities 824.35

Net Debt 614.00

Net Debt / Equity (x) 0.74

Net Debt / EBITDA (x) 2.7

Financial Criteria

The company has a commitment to keep operating within these guidelines in the future

Leverage Limited to:

- 1 x Net Debt to Equity Ratio
- 3 x Net Debt to EBITDA Ratio