MELIÁ HOTELS INTERNATIONAL, S.A. (the "**Company**"), in accordance with the provisions of the Spanish Securities Market Law, announces to the National Securities Market Commission the following:

SIGNIFICANT EVENT

The Board of Directors of the Company held on the 27th of February, 2019, has adopted, among others and unanimously, the following decisions:

1. Approve the Annual Accounts and Management Report of Meliá Hotels International S.A., both on an individual basis and of its Consolidated Group, for the year ended December 31, 2018.

2. Approve the Annual Directors' Remuneration Report (IRC) for the year ended December 31, 2018.

Below, you will find attached a copy of both the Press Release and the 2018 Year End Earnings Release.

Palma, February 27, 2019
Meliá Hotels International, S.A.

Annual Results 2018

Meliá earns 13% more and improves margins and ratios thanks to a more resilient and diversified business model

The Company presented a summary of the Strategic Plan that has driven an intense cultural and digital transformation over the past three years

EBITDA before capital gains improved by 0.9% despite the stagnation in revenues (-3.7%)

Solid growth of the B2C channel melia.com (+9.7%) and B2B channel MeliaPro (+34.7%)

Positive expectations for cities in Spain, UK and continental Europe, and somewhat weaker for the quarter in the Canary Islands and Americas

SUMMARY OF STRATEGIC PLAN (2016-2018):

- >250% increase in Earnings Per Share (EPS)
- 3 years with a Net Debt/EBITDA ratio below 2x
- 30% of result generated by management agreements or asset-light formulas
- Revaluation of 23,2% of Group assets
- 14.818 rooms added to portfolio (76% under management agreements)
- 68% increase in sales through melia.com and 72% through MeliáPro
- Third most sustainable hotel company worldwide &Silver Class in the RobecoSAM Sustainability Yearbook 2019
- The Company has anticipated social, geopolitical and technological change through an intense programme of digital transformation and product renewal and repositioning

GROWTH STRATEGY:

- Stronger presence in the Caribbean and Southeast Asia
- 23 new hotels agreements signed and 20 hotel openings in 2018
- > 50 openings scheduled for 2019 and 2020
- 62 hotels in the development pipeline (>15,000 rooms to be added over the next 3 years)
- 90% of new hotels under management and franchise agreements

FINANCIAL MANAGEMENT:

- Achievement of objective to keep Net Debt/EBITDA ratio below x2
- Average cost of debt once again falls to 3.2%

FORECASTS FOR 2019:

- Estimated low single-digit increase (in constant currency terms) in global RevPAR
- Positive evolution expected in cities in Spain, UK and continental Europe
- Increasing optimisation of recently opened and repositioned hotels

Gabriel Escarrer Jaume, Executive Vice President and CEO of Meliá Hotels International: "2018 was a year marked by a changing environment for a tourism industry which retains its fundamental strengths despite a slowdown in the business cycle which is already evident in certain regions and destinations in the western Mediterranean and the Caribbean. Given this situation, the results of our recently completed Strategic Plan confirm the appropriateness of the decisions made since 2016 to boost our transformation process and ensure we were in a position of greater strength to face a year such as 2019, in which we still foresee important challenges in the business in general, digitalization, people, climate change and geopolitics."

Palma de Mallorca, February 27, 2019. The results of Meliá Hotels International for 2018 reflect the soundness of the company's business model, where a strategic focus on internationalization and digital transformation offset a slowdown in regions such as the Mediterranean or the Caribbean, attributable to the strong recovery of destinations such as Turkey or North Africa in the first case, and to a number of specific events that slowed demand in North America in the second.

The Company earned a profit ex-capital gains of 140.1 million euros, an improvement of 13% over the previous year, despite a slight decrease in consolidated revenues (-1,5%) that reached 1,831,3 million euros. Excluding capital gains, Group EBITDA also improved by 0.9% to 307.8 million euros. The company highlights the significant improvement in profitability (an increase of 78 basis points in the EBITDA margin in current currency terms and 106 basis points in constant currency terms, excluding the impact of exchange rate changes) and the excellent financial results (with a further decline in the average debt cost to 3.2%).

The Group also achieved its financial objectives, for the third consecutive year achieving its commitment to keep the Net Debt/EBITDA ratio below 2x and ratifying its firm commitment to maintaining healthy finances. The Company is particularly satisfied with the value generated for shareholders, with Earnings per Share having increased by 250% in the last three years.

The Company reports a solid evolution of sales through its own channels. The consumer-focused melia.com increased global sales by 9.7%, while MeliáPro, the channel created to optimise relationships with travel professionals, increased sales by 34.7%, and is becoming an increasingly strategic channel for the Meetings & Events segment. Another highlight was the growing penetration of melia.com in regions such as Asia Pacific (35,7% increase in sales), Spanish cities (+20%) or America, the Mediterranean and Cuba, where it grew by around 12%.

The complex evolution of the hotel business is reflected in the key indicator of RevPAR (Revenues per Available Room), which improved by 1.7% globally for owned and rented hotels (+2,7% on a constant currency basis). Global RevPAR was also affected by lower occupancy rates in the Americas, mainly attributable to the closure of the Melia Caribe Tropical (Dominican Republic) and Meliá Coco Beach (Puerto Rico), as well as specific problems in certain destinations in Mexico.

The recent opening of a new flagship hotel in the Dominican Republic, The Grand Reserve at Paradisus Palma Real, together with the reopening of the two hotels into which the Meliá Caribe Tropical has now been transformed, and the Paradisus Los Cayos and Meliá Internacional Varadero in Cuba, will reinforce Meliá's leadership in the upscale segment in the Caribbean, where the Group will also soon be opening the Paradisus Playa Mujeres and Sol Tamarindo (Costa Rica). The Company has an intense schedule of new hotel openings up to 2020, including more than 50 hotels in Asia Pacific (16), the Americas (10), EMEA (17) and Africa (8).

Along with the new openings, the Company also expects that the completion of the opening and positioning of more than 20 new hotels in 2018 will be reflected in an increase in their contribution to results in coming years. As outstanding examples, Meliá reports the extraordinary performance recorded by some of the Company's major bets, such as the Palma Congress Palace in Palma, jointly with the annex Melia Palma Bay hotel, which in its first full year of operation has far exceeded the estimates of its business plan, with a turnover of 15.3 million euros and increasing its RevPAR by 22%. At an international level, Meliá highlights the evolution of relevant hotels such as ME London, which continues to improve its performance with a growth of 11.66% in RevPAR, Paradisus Los Cabos, with 41.6% more revenues and 28.25% higher RevPAR, or Meliá París La Defense, whose RevPAR increased by 20.76%, among others.

In Spain, the Company mentions the performance of the Gran Meliá Palacio de los Duques hotel, with a RevPAR growth of 18.91%, the Innside Palma Bosque with 93.68% more revenues, Meliá Lebreros (15.53% of RevPAR growth) or Meliá Sevilla (26% more revenues), jointly with hotels like the ME Sitges Terramar and the Calvia Beach The Plaza, amongst others.

Strategic summary 2016-2018

In 2018, Meliá completed the implementation of its latest Strategic Plan, reporting significant progress over the last three years in the Company transformation process. This progress can be summarised in five key areas:

Value creation for shareholders: The Company registered an asset revaluation of 23,2% up to 4,386 million euros, and an increase of over 250% in Earnings per Share between 2016 and 2018. The market consensus is that shares in Meliá Hotels International have one of the highest potentials for growth in the Spanish stoke market índex Ibex 35 as a whole.

Financial consolidation and resistance to business cycles: The Company has achieved its objective of keeping the Net Debt/EBITDA below 2x for the third year in a row and has completed a decade of consistent reinforcement of the balance sheet, including a sustained reduction in average interest rates which fell to 3.2% in 2018. Meliá also continues to focus its business model on management agreements and asset-light formulas that currently generate 30% of EBITDA and facilitate more agile and sustainable growth , generating higher margins with lower financial and real estate leverage.

Strengthening of leadership in resort and "bleisure" hotels: 80% of the 14.818 new rooms incorporated by the Company between 2016 and 2018 were in the leisure and urban leisure hotel segments, and 64% of them were in upscale or premium hotels. Currently, 70% of the room portfolio is in resort and urban-leisure products, with the remaining 30% in pure resorts. The Company took advantage of the positive circumstances of the period to carry out an ambitious renewal and repositioning of products in the upscale and premium segments.

Digital leap: after investing more than 130 million euros between 2015 and 2018 in digital transformation, the Company also reports an unprecedented cultural evolution, supported by data such as the 68% increase in sales through melia.com and 72% in MeliaPro (the Company's B2B portal) and the increase of 1.400% in sales through smartphones since 2015. After training more than 1,000 sales team members in digital skills, Meliá maintains a commitment to extend digitalisation to the entire employee experience and process improvement to further increase efficiency.

A benchmark for responsibility and sustainability: in 2018, Meliá ended its most recent Strategic Plan with recognition as the third most sustainable hotel company in the world by the sustainable investment agency RobecoSAM, responsible for preparing the Dow Jones Sustainability Index. In 2019, Meliá was also classified in the "Silver Class" category in the RobecoSAM Sustainability Yearbook. This was all possible thanks to the significant public commitments made by the Company, including the 2030 Sustainable Development Goals of the United Nations and its commitment to human rights and environmental protection. The ambitious Meliá environmental programme has led to 52.76% of the energy consumed by the Company globally being supplied from renewable sources (100% in Spain). The Company also implemented an environmental management system for all its hotels and 46% of the portfolio has already been certified based on sustainability standards.

People and social impulse: within the framework of the Strategic Plan, the Company's focus has been to promote an integrated model of people management, and to foster development and training opportunities that are key in an increasingly digital environment that requires new roles and functions. Today, the rate of employee engagement remains at a remarkable 85%, and 71.3% of vacancies are covered by internal promotion. The diverse talent pools currently open include 235 people.

In terms of **diversity and equal opportunities**. 25% of the Company's global management positions are now occupied by women, and this figure rises to 45% in the current talent pool for management positions. Meliá also became the first Company to sign an agreement with the hotel industry international trade union (IUF) on the prevention of sexual harassment, and we are also making progress in equality by joining projects such as ClosinGap, a cluster created by 11 leading Spanish companies which aims to quantify the economic impact of inequality and help close the gender gaps still prevalent in different areas of our society.

For Gabriel Escarrer, the progress made is a firm foundation for facing the coming years: "*The results of our latest Strategic Plan place us in an excellent position to address the incipient change in the business cycle with a more solid and profitable business model, a more diversified and up-to-date portfolio of hotels that add greater value, and a reputation that cements the trust of investors and other stakeholders in the Company in a more uncertain environment. Meliá strategy will continue to strengthen these priorities, as well as the digital transformation that has allowed us to be at the cutting-edge of new sales and distribution models, extending digitalisation to our people and processes to help multiply their productivity and efficiency, while also optimising both the employee and customer experience.*"

Forecasts for Q1 and the full year

In the first quarter, the Company remains cautious about the impact of certain factors on the performance of hotels in the Canary Islands, (which has one of its two high-season periods in the first quarter), including reforms that kept hotels closed in La Palma, Tenerife and Fuerteventura, as well as the recovery of market share by destinations in North Africa. In the Americas, a slight decrease in RevPAR for the quarter is expected due to a fall in demand in the MICE segment, and to the confluence of several hotels in the ramp-up phase.

On the other hand, Meliá has positive expectations for the quarter in city hotels in Spain, the UK and continental Europe. In Asia Pacific, the new openings and the full-speed operations in hotels opened in recent years are allowing the Company to forecast the consolidation of the positive trend seen in 2018, a year for inflection in which the region significantly increased its contribution and results.

For the full 2019 financial year, backed by portfolio growth and solid fundamentals in the international travel industry, Meliá forecasts point to moderate growth (low single digit) in RevPAR and to the Company's goal to keep consistently improving its operating margins.

About Meliá Hotels International

Founded in 1956 in Palma de Mallorca (Spain), Meliá Hotels International is one of the largest hotel companies worldwide, as well as the absolute leader within the Spanish market. The Group operates more than 390 hotels (current portfolio and pipeline) throughout more than 43 countries and four continents, operated under the brands: Gran Meliá Hotels & Resorts, Paradisus by Meliá, ME by Meliá, Meliá Hotels & Resorts, INNSIDE by Meliá, Sol by Meliá and TRYP by Wyndham.

The strategic focus on international growth has allowed Meliá Hotels International to be a leader in key markets such as APAC and the Caribbean. It is the first Spanish hotel company with presence in markets such as the Arabian Gulf or the US, whilst maintaining its leadership in traditional markets such as Europe and Latin America. Its high degree of globalisation, a diversified business model, the consistent growth plan supported by strategic alliances with major investors and its commitment to responsible tourism are the major strengths of Meliá Hotels International, being the Spanish Hotel leader in Corporate Reputation (Merco Ranking) and one of the most attractive to work alongside worldwide. The Group is a world leader in Sustainability in the tourism sector, achieving third position in the 2018 Dow Jones Sustainability Index. Meliá Hotels International is included in the IBEX 35 Spanish stock market index.

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YEAR END RESULTS

2018

MELIÃ HOTELS INTERNATIONAL

MELIÃ HOTELS INTERNATIONAL

Dear fellow shareholders,

2018 has been a year that brought a favorable environment for the global hospitality industry, which maintains strong and solid fundamentals, not only in Spain, the second most visited country in the world even though it was affected by the unusual weather conditions in Central Europe during the summer season and the recovery of alternative destinations in Northern Africa and Turkey, despite the rising international uncertainties motivated by trade an political tensions, certain signs pointing to a potential economic crisis in the European economies, as well as an uncertain process regarding Brexit.

In this context, in 2018 our 2016 Strategic Plan came to an end. In this regard, its main pillars have been the following: *financial consolidation and resilience to cycle; value creation for our shareholders; reinforcement of our leadership position in both the leisure and bleisure segments; digitalization; and being a role model in social responsibility and sustainability practices*. Furthermore, in social issues, we have reinforced our commitment with human rights, philanthropy and social impulse and promotion through new practices and alliances with entities that work in favor of employability, inclusion, equality and diversity of opportunities. Also, we reinforced our environmental positioning through significant advances aimed at fighting climate change, as well as significantly improved in corporate governance practices, of which I'm specially proud of.

> *"The recent and significant advances achieved put us in an excellent position to face a 2019 that will come with a number of opportunities, but also challenges"*

When looking into the future, the recent and significant advances achieved put us in an excellent position to face a 2019 that will come with a number of opportunities, but also challenges, on the business, people, digitalization, climate change and geopolitical arenas. For our ***hotel business***, the growth achieved over the past years, mainly under management contracts, combined with the repositioning of a significant part of our hotels, particularly in the upper segments, as well as the end of the ramp up periods in a number of our hotels that were incorporated to our portfolio recently, will help us to achieve a more profitable and sustainable performance. In the case of ***people***, talent is nowadays one of the most significant strengths and differentiating factors of those companies which are industry leaders, and because of that talent attraction and retention will be a core of our future strategy, for which we will focus on increasing our brand strength and to improve labor conditions, equality and to promote a proper work-family balance.

On the other hand, risks such as ***climate change*** motivate us to reinforce our goal to reduce emissions by increasing energy efficiency through the implementation of a proper energy and environmental management system, as well as by acquiring a number of commitments aimed at increasing the sensitization of clients, employees and other stakeholders to preserve our planet. Also, the deep ***digital transformation*** that we have made recently will help us to continue moving forward with the aim of increasing our sales, efficiency and competitiveness, as well as to improve the experience and satisfaction of our guests before, during and after their stay.

> *"Talent is nowadays one of the most significant strengths and differentiating factors of those companies which are industry leaders, and because of that talent attraction and retention will be a core of our future strategy"*

Finally, as Vice Chairman & CEO of Meliá, I would like to reinforce our firm and strong commitment to continue moving forward in the main priorities defined in our 2020 vision, as well as to continue increasing the value generated for our shareholders and stakeholders. In this regard, 2019 will bring new social and technological changes that will continue shaping our industry and the world, and due to that this is a critical time where society needs a stronger, more ethical and more committed leadership of companies like ours.

Yours sincerely,

Gabriel Escarrer, *Vice Chairman & CEO*

P&L AND KEY INDICATORS SUMMARY			
(Million Euros)	December 2018	December 2017 *	% change
REVENUES	**1.831.3**	**1.859.2**	**-1.5%**
Revenues ex capital gains	**1.790.2**	**1.859.2**	**-3.7%**
EBITDAR	519.6	483.3	7.5%
EBITDA	**326.5**	**305.1**	**7.0%**
EBITDA ex capital gains	**307.8**	**305.1**	**0.9%**
EBIT	205.5	179.6	14.4%
TOTAL FINANCIAL PROFIT (LOSS)	-25.5	-33.1	23.1%
EARNINGS BEFORE TAXES	185.4	169.7	9.2%
NET PROFIT	**144.2**	**128.6**	**12.1%**
NET PROFIT ATTRIBUTABLE	140.1	123.9	13.0%
EPS (€)	**0.61**	**0.54**	**13.0%**
REVPAR Owned & Leased (€)	**86.4**	**84.9**	**1.7%**
REVPAR Owned, Leased & Managed (€)	**69.6**	**71.5**	**-2.7%**
EBITDAR MARGIN (ex - capital gains)	28.0%	26.0%	198 bps
EBITDA MARGIN (ex - capital gains) *current currency*	**17.2%**	**16.4%**	**78 bps**
EBITDA MARGIN (ex - capital gains) *constant currency*	**17.5%**	**16.4%**	**106 bps**

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

Business performance

- EBITDA excluding capital gains rose by +0.9% in 12M 2018 vs the same period last year, while margin improved by +78 bps on a current currency basis and by +106 bps excluding the effect of exchange rates. Also, during Q4 2018 we managed to improve margins by +54 bps on a current currency basis vs Q4 2017. When looking at our main financial metrics for the 12M 2018 period and on a current currency basis, the evolution has been the following: Owned & Leased RevPAR grew by +1.7% thanks to a combination of both prices and occupancy rates hikes, while EPS rose by a +13.0% to €0.61 from the previous €0.54 posted in 12M 2017.
- Sales through our direct channel melia.com grew by +9.7% in 12M 2018 vs the same period last year.

Debt Management

- Net Debt increased by +€13.8M during 12M 2018 vs December 2017. Also, we maintain a Net Debt / EBITDA ex capital gains target leverage ratio of below 2.0x for the upcoming years, as we have done in the last 3 years.
- Net Financial Loss improved in the period after having posted a -23.1% decline vs 12M 2017 mainly due to the similar average cost of debt (3.20% vs 3.24% in 12M 2017) combined with the positive impact of exchange rates vs 12M 2017.

Development strategy

- Our global pipeline stood at 15k rooms and 62 hotels as of close of December 2018, representing around 18.9% of our total portfolio, and of which over 88.0% have been signed under management and franchise contracts. Also, in 2018 we opened 20 hotels (3,630 rooms), of which 18 were incorporated under asset-light formulas with the exceptions of a lease and an owned property, and disaffiliated 6 (958 rooms).
- Furthermore, in 2018 we signed 23 additional hotels in locations with strong potential and a special focus on the following areas: Asia (5 in Vietnam, 1 in China, 2 in Thailand and 1 in Malaysia), EMEA (1 in the UK, 1 in Tanzania, 1 in the UAE, 1 in Montenegro, 2 in Portugal, 1 in Luxembourg, 1 in the Czech Republic and 1 in Iran), the Mediterranean (2 in Malta, 1 in Albania and 1 in Morocco) and the Caribbean (1 in Jamaica), that will allow us to reinforce our leadership position in the upper, bleisure and resorts segments.

IFRS 16 implications

- In relation to the new IFRS 16 accounting standards that will come into force on January, 1st, 2019, we opted for the full retrospective approach for the transition to the new standard.
- As a result of the above, the post IFRS 16 Net Debt / EBITDA for 2018 YE will stand at 3.88x.

Outlook Q1 2019

- For Q1 2019, the high season in America and the Canary Islands, we remain cautious and foresee a slight decline in RevPAR, due to a drop in demand in the MICE segment, in the case of the former plus the recovery of alternative destinations in Northern Africa in the latter. In EMEA however we are positive and forecast a RevPAR growth of a low to mid single digit mainly thanks to the good prospects in Continental Europe, as well as due to the recovery in cities like Barcelona, Madrid and Seville, which will positively affect to our urban hotels located in Spain.
- For 2019, we will continue focusing on improving margins at EBITDA level and foresee a RevPAR growth of a low single digit provided the positive growth prospects in the number of international tourists recently published by the WTO and despite the different challenges that we will face in certain geographies where we operate.

Paradisus Cancún | Mexico

REPORT ON HOTELS OPERATION

I

MELIÃ HOTELS INTERNATIONAL

GRAN MELIÁ HOTELS & RESORTS ME BY MELIÃ PARADISUS BY MELIÃ MELIÃ HOTELS & RESORTS INNSIDE BY MELIÃ TRYP Sol by Meliã CIRCLE BY MELIÃ MELIÃ REWARDS

GLOBAL HOTELS

FINANCIAL INDICATORS

HOTELS OWNED & LEASED	12M 2018 €M	12M 2017 €M	% change
Total aggregated Revenues	**1,554.2**	**1,590.7**	**-2.3%**
Owned	762.4	807.0	
Leased	791.8	783.7	
Of which Room Revenues	***989.7***	***986.0***	**0.4%**
Owned	410.4	430.2	
Leased	579.3	555.9	
EBITDAR Split	**426.9**	**424.6**	**0.6%**
Owned	210.5	223.5	
Leased	216.4	201.1	
EBITDA Split	**234.4**	**239.9**	**-2.3%**
Owned	210.5	223.5	
Leased	23.9	16.4	
EBIT Split	**137.4**	**143.7**	**-4.4%**
Owned	142.8	154.6	
Leased	-5.4	-10.8	

MANAGEMENT MODEL	12M 2018 €M	12M 2017 €M	% change
Total Management Model Revenues	**295.0**	**294.4**	**0.2%**
Third Parties Fees	50.8	54.8	
Owned & Leased Fees	95.2	98.2	
Other Revenues	149.0	141.4	
Total EBITDA Management Model	**93.2**	**88.3**	**5.5%**
Total EBIT Management Model	**92.3**	**86.3**	

* Other Revenues in 12M 2018 include €93.4M of Corporate Revenues not directly attributable to any specific division. Idem in 12M 2017 data by €70.1M.

OTHER HOTEL BUSINESS	12M 2018 €M	12M 2017 €M	% change
Revenues	**58,0**	**66,5**	**-12,8%**
EBITDAR	3,8	4,9	
EBITDA	2,2	3,9	
EBIT	1,3	2,9	

MAIN STATISTICS

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occup.		ARR		RevPAR		Occup.		ARR		RevPAR	
	%	p.p. change	€	% change	€	% change	%	p.p. change	€	% change	€	% change
TOTAL HOTELS	72.0%	0.7	120.0	0.7%	86.4	1.7%	66.7%	0.0	104.3	-2.7%	69.6	-2.7%
TOTAL HOTELS SAME STORE BASIS	73.9%	0.7	124.0	-1.1%	91.7	-0.1%	68.0%	0.4	106.7	-3.4%	72.5	-2.9%
AMERICA	67.7%	-3.4	116.1	-0.2%	78.5	-5.0%	65.8%	-1.8	117.1	-0.7%	77.0	-3.2%
EMEA	72.8%	1.2	155.4	-0.1%	113.2	1.5%	71.9%	1.4	156.5	1.8%	112.5	3.8%
SPAIN	72.1%	2.7	101.7	2.6%	73.4	6.5%	70.7%	2.7	101.2	2.3%	71.5	6.3%
MEDITERRANEAN	75.4%	-1.4	96.9	1.8%	73.0	-0.1%	73.4%	-1.9	91.1	-0.1%	66.9	-2.6%
CUBA	-	-	-	-	-	-	55.9%	-3.6	80.8	-17.2%	45.2	-22.2%
BRAZIL	24.3%	1.4	117.9	-31.6%	28.7	66.5%	56.9%	5.5	75.1	-11.7%	42.7	-2.2%
ASIA	-	-	-	-	-	-	60.2%	3.1	72.5	-3.6%	43.7	1.6%

* Available Rooms 12M 2018: 11,455.7k (vs 11,611.2k in 12M 2017) in O&L // 23,489.7k (versus 23,315.4 in 12M 2017) in O,L&M.

FUTURE DEVELOPMENT

	Current Portfolio				Pipeline									
	12M 2018		2017 YE		2019		2020		2021		Onwards		TOTAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
GLOBAL HOTELS	329	83,253	315	80,757	18	4,586	32	7,857	10	2,127	2	695	62	15,265
Management	129	37,556	112	34,752	16	4,175	25	6,348	7	1,659	2	695	50	12,877
Franchised	47	9,714	49	9,812	0	0	1	96	3	468	0	0	4	564
Owned	45	13,735	47	14,340	0	0	0	0	0	0	0	0	0	0
Leased	108	22,248	107	21,853	2	411	6	1.413	0	0	0	0	8	1,824

FINANCIAL INDICATORS

HOTELS OWNED & LEASED	12M 2018 €M	12M 2017 €M	% change
Total aggregated Revenues	**413.4**	**473.9**	**-12.8%**
Owned	381.9	440.5	
Leased	31.5	33.4	
Of which Room Revenues	***184.1***	***202.8***	**-9.3%**
Owned	156.8	175.1	
Leased	27.2	27.8	
EBITDAR Split	**126.3**	**136.3**	**-7.3%**
Owned	116.2	128.2	
Leased	10.1	8.1	
EBITDA Split	**115.4**	**126.0**	**-8.5%**
Owned	116.2	128.2	
Leased	-0.8	-2.2	
EBIT Split	**82.3**	**89.7**	**-8.2%**
Owned	83.4	92.0	
Leased	-1.0	-2.3	

MANAGEMENT MODEL	12M 2018 €M	12M 2017 €M	% change
Total Management Model Revenues	**56.9**	**61.2**	**-7.1%**
Third Parties Fees	4.2	4.3	
Owned & Leased Fees	26.4	30.4	
Other Revenues	26.3	26.5	

MAIN STATISTICS

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occup.		ARR		RevPAR		Occup.		ARR		RevPAR	
	%	p.p. change	€	% change	€	% change	%	p.p. change	€	% change	€	% change
TOTAL AMERICA	67.7%	-3.4	116.1	-0.2%	78.5	-5.0%	65.8%	-1.8	117.1	-0.7%	77.0	-3.2%
TOTAL AMERICA SAME STORE BASIS	73.6%	0.1	121.8	-6.3%	89.7	-6.2%	69.9%	-0.2	122.8	-5.5%	85.9	-5.4%
México	73.7%	0.6	116.1	-3.5%	85.5	-2.7%	71.8%	4.8	122.6	-3.6%	88.0	3.2%
Dominican Republic	66.3%	-7.7	111.7	-2.5%	74.1	-12.6%	66.3%	-7.7	111.7	-2.5%	74.1	-12.6%
Venezuela	42.0%	-10.2	78.3	54.4%	32.9	24.2%	42.0%	-10.2	78.3	54.4%	32.9	24.2%
U.S.A.	78.8%	-1.8	157.4	-0.8%	124.1	-3.0%	74.0%	-1.2	161.6	0.0%	119.5	-1.5%

* Available Rooms 12M 2018: 2,343.4k (vs 2,454.7k in 12M 2017) in O&L // 2,996.7k (vs 3,154.1k in 12M 2017) in O,L&M.

CHANGES IN PORTFOLIO

<u>Openings between 01/01/2018 – 31/12/2018</u>

Hotel	**Country / City**	**Contract**	**# Rooms**
Innside Lima Miraflores	Peru / Lima	Management	140
Grand Reserve at Paradisus Palma Real	Dominican Republic / Punta Cana	Owned	432

<u>Disaffiliations between 01/01/2018 – 31/12/2018</u>

Hotel	**Country / City**	**Contract**	**# Rooms**
Tryp Montevideo	Uruguay / Punta Carretas	Franchise	74

FUTURE DEVELOPMENT

	Current Portfolio				Pipeline									
	12M 2018		2017 YE		2019		2020		2021		Onwards		TOTAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
TOTAL AMERICA	28	9,408	27	8,890	2	644	2	356	1	500	0	0	5	1,500
Management	9	1,996	8	1,850	2	644	2	356	1	500	0	0	5	1,500
Franchised	1	140	2	214	0	0	0	0	0	0	0	0	0	0
Owned	16	6,723	15	6,277	0	0	0	0	0	0	0	0	0	0
Leased	2	549	2	549	0	0	0	0	0	0	0	0	0	0

AMERICA: 2018 YEAR END RESULTS

- RevPAR in USD (owned, leased & managed) fell by -5.4% in the quarter vs Q4 2017 given the negative impact in our operations of the closures due to refurbishments in Meliá Caribe Tropical (Dominican Republic) and Meliá Coco Beach (Puerto Rico), as well as the sargassum (seaweed) and travel warnings that affected certain destinations in Mexico.
- Total fee revenue (in USD) rose by +3.6% in Q4 2018 vs the same period last year due to the recovery posted by the USD against the EUR during the period.
- EBITDA (owned & leased) flow through (in USD) deteriorated during the quarter given the lower revenues collected that resulted from the above mentioned issues, although however margins significantly improved by around 203 bps as a result of the different efficiency plans launched on a regionwide basis aimed at increasing its overall profitability.
- Melia.com sales jumped by +11.8% in Q4 2018 vs the same period last year as a result of the higher penetration of our platform among clients due to the different marketing campaigns recently launched.

Our American division, as we expected and pointed out in our previous earnings release, faced a number of challenges during the last quarter of the year that impacted to some extent our operations in the region, particularly RevPAR evolution, such as the travel warnings or the sargassum (seaweed) problems impacting certain destinations in Mexico, like Playa del Carmen, the complex political, economic and social situation in Venezuela and, most important, the full refurbishment and repositioning of Meliá Caribe Tropical that motivated its partial closure for some months and its subsequent transformation into two differentiated hotels (Meliá Punta Cana Beach and Meliá Caribe Beach).

In this challenging context, RevPAR (in USD) dropped by -5.4% during the quarter vs Q4 2017 on a regionwide basis, as a result of declines in occupancy rates. By country, RevPAR (in USD and on a like-for-like basis) in Mexico slightly fell due to the decline in the number of visitors given the implications of the above mentioned issues, particularly in the MICE segment and in some specific areas like Playa del Carmen, plus the negative impact of a number of fires that took place in California and that hit occupancy rates given the decline in demand among high net worth individuals visiting certain of our hotels located in Los Cabos. However, on the positive side, we would like to highlight the significant performance posted by Paradisus Cancún thanks to the strong demand posted by the groups segment during October and November. In the Dominican Republic, RevPAR dropped by around -25.0% in Q4 2018 vs the same period last year mainly due to the severe decline in occupancy rates that resulted from the partial closure of Meliá Caribe Tropical and the different refurbishments that affected the hotel during the year, particularly during Q4, which reduced demand of all segments. However, as a result of its reopening in mid December after having completed the refurbishment, we expect to partially offset some of these aspects with the new opening of Grand Reserve at Paradisus Palma Real, which will become our new flagship in the region. Finally, in the United States, RevPAR grew by +2.0% in the quarter vs Q4 2017 thanks to the rise in ARR posted by Innside New York NoMad.

Additionally, we would like to highlight that, in order to fully optimize our operations and adapt them to our new asset-lighter structure going forward, we developed and launched a pioneer plan labelled as "back more digital", which is currently being tested in 5 hotels, consisting in several actions aimed at increasing the overall profitability levels of the division by diminishing administration costs with the automatization of certain tasks; implementing a 24/7 model when it comes to reporting and running of certain internal processes; as well as by developing and expanding the digital capabilities of our hotels and professionals to promote best practices in daily and recurring tasks.

OUTLOOK

When looking at Q1 2019, the high season for our hotels located in America, we remain cautious in general terms and expect a slight decline in RevPAR (in USD) motivated by the decline in demand of the MICE segment due to the travel warnings of past year, mainly in certain areas of Mexico, such as Cancún and Playa del Carmen, as well as due to the impact in RevPAR of certain hotels that are still in ramp up in the Dominican Republic, like our new flagship in the region, Gran Reserve at Paradisus Palma Real, plus the two new hotels that resulted from the refurbishment and repositioning of Meliá Caribe Tropical and that will reinforce our position in both the families and adults only segments.

PORTFOLIO AND PIPELINE

In the last quarter of the year, we incorporated 1 new hotel to our American portfolio: Grand Reserve at Paradisus Palma Real (Dominican Republic, owned, 432 rooms), within which 288 rooms will be allocated to our hotel business and the remaining to our timesharing product The Circle, and re-opened Meliá Caribe Tropical as 2 different and separated hotels: Caribe Beach for Everyone (611 rooms) and Punta Cana Beach Adults Only (544 rooms), that will reinforce our leadership position among upper segments in the country. Going forward, we expect to incorporate and develop new hotels in locations benefitting from strong growth potential, such as Paradisus Playa Mujeres (Mexico, management, 498 rooms) that will start its operations in H2 2019, and positive market dynamics, as well as in unique spots in order to further penetrate into upper and luxury segments by offering unforgettable experiences to our guests.

EMEA

FINANCIAL INDICATORS

HOTELS OWNED & LEASED	12M 2018 €M	12M 2017 €M	% change
Total aggregated Revenues	**568.0**	**555.2**	**2.3%**
Owned	241.5	211.2	
Leased	326.5	343.9	
Of which Room Revenues	***396.8***	***390.4***	**1.6%**
Owned	162.2	148.7	
Leased	234.6	241.7	
EBITDAR Split	**147.6**	**144.0**	**2.5%**
Owned	59.3	58.0	
Leased	88.3	86.0	
EBITDA Split	**72.4**	**72.8**	**-0.6%**
Owned	59.3	58.0	
Leased	13.1	14.8	
EBIT Split	**39.5**	**43.4**	**-9.1%**
Owned	36.4	38.5	
Leased	3.0	4.9	

MANAGEMENT MODEL	12M 2018 €M	12M 2017 €M	% change
Total Management Model Revenues	**43.4**	**58.8**	**-26.2%**
Third Parties Fees	2.2	1.6	
Owned & Leased Fees	32.1	31.8	
Other Revenues	9.1	25.4	

MAIN STATISTICS

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occup.		ARR		RevPAR		Occup.		ARR		RevPAR	
	%	p.p. change	€	% change	€	% change	%	p.p. change	€	% change	€	% change
TOTAL EMEA	72.8%	1.2	155.4	-0.1%	113.2	1.5%	71.9%	1.4	156.5	1.8%	112.6	3.9%
TOTAL EMEA SAME STORE BASIS	72.9%	0.9	157.0	0.6%	114.5	1.9%	72.6%	0.6	157.4	1.2%	114.3	2.1%
Spain	70.2%	-0.3	211.2	-1.3%	148.3	-1.8%	68.8%	-1.2	210.9	-2.0%	145.0	-3.6%
United Kingdom	75.7%	0.3	172.3	3.9%	130.4	4.3%	75.6%	0.2	172.0	3.7%	130.0	4.0%
Italy	70.5%	70.5	211.4	3.1%	149.0	5.3%	69.6%	1.2	213.8	2.9%	148.8	4.8%
Germany	72.0%	0.7	109.0	0.0%	78.5	0.9%	72.0%	0.7	109.0	0.0%	78.5	0.9%
France	81.7%	9.4	184.7	6.2%	150.8	20.1%	81.7%	9.4	184.7	6.2%	150.8	20.1%

Available Rooms 12M 2018: 3,506.4k (vs 3,502.3k in 12M 2017) in O&L // 3,817.1k (versus 3,887.2k in 12M 2017) in O,L&M.

CHANGES IN PORTFOLIO

Openings between 01/01/2018 – 31/12/2018

Hotel	Country / City	Contract	# Rooms
ME Sitges Terramar	Spain / Sitges	Management	213
Meliá Setúbal	Portugal / Setúbal	Franchise	112
Meliá Desert Palm	UAE / Dubai	Management	38
Meliá Maputo	Mozambique / Maputo	Management	171
London Kensington	London / United Kingdom	Management	81

Disaffiliations between 01/01/2018 – 31/12/2018

Hotel	Country / City	Contract	# Rooms
Meliá Dubai	UAE / Dubai	Management	164

Note: *In order to properly compare the current and historical portfolio, it must be highlighted that in 2018, 4 hotels have been moved from the EMEA to the Mediterranean division.*

FUTURE DEVELOPMENT

	Current Portfolio				Pipeline									
	12M 2018		2017 YE		2019		2020		2021		Onwards		TOTAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
TOTAL EMEA	77	12,953	77	13,396	4	672	13	2,665	3	468	0	0	20	3,805
Management	9	939	10	1,396	2	261	6	1,156	0	0	0	0	8	1,417
Franchised	15	2,198	13	1,915	0	0	1	96	3	468	0	0	4	564
Owned	14	3,177	13	3,029	0	0	0	0	0	0	0	0	0	0
Leased	39	6,639	41	7,056	2	411	6	1,413	0	0	0	0	8	1,824

- RevPAR (owned, leased & managed) jumped by +5.0% in Q4 2018 vs the same period last year as a result of the significant increase posted in both prices and occupancy rates due to the good performances registered mainly in France, which recovered the levels prior to the 2015 terrorist attack, the UK and Italy.
- Total fee revenue jumped by +16.0% in the quarter vs the same period last year given the higher third parties and O&L fees collected and despite the disaffiliation of Meliá Dubai.
- EBITDA (owned & leased) flow through and margins slightly worsened during the period mainly as a result of the increase in rental expenses.
- Melia.com sales rose by +7.7% in Q4 2018 vs the same period last year due to the strong marketing efforts implemented during the period in order to increase conversion ratios, as well as the visibility and transparency of the platform among clients.

In general terms, our hotels located in the EMEA region benefitted from the good and prosper market dynamics of the area and posted positive results during the last quarter of the year, being the main aspects to highlight for each of the countries in which we operate discussed below:

GERMANY/AUSTRIA

The German market extended the positive trend started a few months back and our hotels closed the quarter with a +5.0% RevPAR increase vs the same period last year, mainly explained by price hikes. In this regard, it is worth to highlight the significant improvement shown by our hotels located in Munich, as they benefitted from a number of trade fairs that took place in the area, as well as the higher contribution of certain hotels that are still in ramp up, such as the Innside Hamburg Hafen, which recorded a +14.0% RevPAR growth vs Q4 2017 after having became one of the hippest hotels within the city. Also, melia.com sales dropped by -5.2% during the quarter vs the same period last year.

UK

Our hotels located in London closed a very positive quarter in general terms vs Q4 2017, even tough the current situation regarding Brexit negotiations is still complicated and no agreement has been reached yet, thus limiting our visibility and impact going forward in terms of demand implications for inbound and outbound travelers. In the case of ME London, RevPAR (in GBP) jumped by +23.0%, while in Meliá White House RevPAR (in GBP) rose by +12.0%, being the only exception the slight decline in demand, particularly for long stays due to Brexit concerns, that we witnessed in the apartments that we operate within the hotel. Also, our recent opening in the city, which will be incorporated under a management contract, Hotel London Kensington, a charming and unique boutique hotel located in one of the most demanded areas within the city and which opened in December is starting to position itself in the market, while Innside Manchester closed the quarter in line with Q4 2017. Finally, sales through our direct channel melia.com jumped by +13.2% in the quarter vs Q4 2017.

FRANCE

The performance of our hotels located in Paris has been positive during Q4 2018, as we managed to post a +16.0% RevPAR growth vs Q4 2017, despite the negative impact that the “Gilet Jaunes/Yellow Vests Movement” is having in the destination, and therefore in demand. These series of riots started to limit the growth and negatively impacted the performance of our hotels from December onwards, where pick ups fell sharply, particularly among leisure travelers. However, now the situation seems to be better and the trend has started to revert, although however is still soon to predict how it will evolve in the near future. Finally, melia.com sales grew by +26.4% in the quarter vs Q4 2017.

ITALY

We posted a mixed set of results in Italy during Q4 2018, as we closed the quarter posting flat figures vs the same period last year in terms of RevPAR growth due to specific aspects that we would like to highlight. On the one hand, our hotels located in Milano had a great performance, as evidenced by the fact that both ME Milan Il Duca and Meliá Milano closed the period with RevPAR increases of +4.0% and +8.0% respectively thanks to the strong demand in both MICE and corporate segments. However, on the other hand, Genova and Campione suffered a severe decline in demand given the negative impact of the Ponte Morandi disaster in the case of the former and the closure of the casino in the latter, which negatively impacted the performance of our hotels located in both regions. Also, sales through our direct channel increased by +14.3% in the quarter vs Q4 2017.

EMEA: 2018 YEAR END RESULTS

PREMIUM SPAIN

Urban: After having been struggling with the negative implications of the concerns surrounding Catalonia, our urban hotels located in Spain had a positive performance and closed the last quarter of the year with a +12.0% RevPAR growth vs Q4 2017 thanks mainly to the significant increase in demand in certain destinations such as Madrid and Seville, among others. Additionally, we started to witness a number of signals pointing to a recovery in Barcelona, as while in Q4 2017 demand, particularly of the MICE and individual segments, was heavily affected by the different riots that took place in the city, during Q4 2018 a number of corporates started to reconsider Barcelona again to held congresses and events, being this the main cause of the significant growth posted by Meliá Barcelona Sarriá.

Resorts: Historically, the last quarter of the year has not been a significant nor a critical period for our Spanish resorts, as a number of them closed in October and will remain closed until Easter. Having said that, we would like to highlight the good performance of ME Ibiza during October mainly thanks to the groups segment, while the rest of resorts in the region closed the quarter posting figures that were in line with Q4 2017 numbers. The only exception has been Gran Meliá Palacio de Isora, the most important hotel in terms of contribution and the one that distorts the overall figures of our Spanish premium resorts, which suffered a -16.0% RevPAR decline in the quarter vs Q4 2017 as a result of the recovery shown in demand of alternative destinations and the current situation of the UK market due to Brexit concerns.

OUTLOOK

The first quarter of 2019 looks good in general terms and therefore we are optimistic for all the EMEA region where we operate, being the main aspects that we would like to highlight on a country basis the following:

In Germany, we expect RevPAR to increase by a low-to-mid single digit thanks to the different refurbishments and repositionings implemented and their positive impact in our brands' strength and positioning of the properties among upper segments. Also, in the United Kingdom, and considering that Brexit is still something that might be considered as a potential source of instability and concerns, we foresee a RevPAR growth of a mid-single digit, while in France the Yellow Vest Movement has reduced pick ups during January, although we witnessed a recovery in sales during February. In Italy, we foresee a flat-to-low-digit RevPAR growth given the slight decline expected in the MICE segment in Milano combined with the historically relatively low demand shown in the leisure segment in the rest of the areas of the country during the period. Finally, in Spain we are optimistic and expect a positive performance of our urban hotels, as they will benefit from a number of events, such as FITUR (International Tourism Fair, January) in Madrid, the Mobile World Congress (February) in Barcelona and the Easter Break. Finally, in our Spanish resorts we do not foresee significant changes and expect recent performance to continue over the first months of the year.

PORTFOLIO AND PIPELINE

We added 1 hotel to our portfolio in EMEA during the last quarter of the year, London Kensington (UK, management, 81 rooms) and expect to open 2 additional hotels in Q1 2019: Innside Paris Charles de Gaulle (France, lease, 266 rooms) and Innside Prague Old Town (Czech Republic, management, 90 rooms), with the latter being the first hotel that we will operate in the country, as well as 2 more in Q3: Innside Milano Torre Galfa (Italy, lease, 145 rooms) and Gran Meliá Arusha (Tanzania, management, 171 rooms), that will reinforce our position in the bleisure segment and allow us to further penetrate into upper segments. Going forward, we will continue adding value to our existing hotel base through refurbishments and repositionings, as well as evaluating different high value added projects in Tier 1 cities and unique locations benefitting from positive market dynamics and strong growth potential in order to maximize our footprint in the region and provide alternative and unforgettable experiences to our guests.

London Kensington | London – United Kingdom

MEDITERRANEAN

FINANCIAL INDICATORS

HOTELS OWNED & LEASED	12M 2018 €M	12M 2017 €M	% change
Total aggregated Revenues	**267.5**	**265.1**	**0.9%**
Owned	65.3	82.7	
Leased	202.1	182.5	
Of which Room Revenues	***182.0***	***177.0***	**2.8%**
Owned	43.6	54.8	
Leased	138.4	122.3	
EBITDAR Split	**68.9**	**69.0**	**-0.1%**
Owned	17.8	19.9	
Leased	51.1	49.1	
EBITDA Split	**22.2**	**28.8**	**-22.9%**
Owned	17.8	19.8	
Leased	4.4	9.0	
EBIT Split	**10.5**	**17.2**	**-39.0%**
Owned	13.2	14.2	
Leased	-2.8	3.0	

MANAGEMENT MODEL	12M 2018 €M	12M 2017 €M	% change
Total Management Model Revenues	37.8	37.8	-0.1%
Third Parties Fees	16.5	15.1	
Owned & Leased Fees	16.8	17.0	
Other Revenues	4.4	5.7	

MAIN STATISTICS

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occup.		ARR		RevPAR		Occup.		ARR		RevPAR	
	%	p.p. change	€	% change	€	% change	%	p.p. change	€	% change	€	% change
TOTAL MEDITERRANEAN	75.4%	-1.4	96.9	1.8%	73.0	-0.1%	73.4%	-1.9	91.1	-0.1%	66.9	-2.6%
TOTAL MEDITERRANEAN SAME STORE BASIS	76.5%	-0.3	100.4	-1.1%	76.8	-1.5%	75.2%	0.2	93.1	-1.2%	70.1	-0.9%
Spain	75.4%	-1.4	96.9	1.8%	73.0	-0.1%	75.2%	-1.5	94.4	0.6%	71.0	-1.4%
Cape Verde	-	-	-	-	-	-	69.2%	1.9	72.3	-2.8%	50.1	0.0%

* Available Rooms 12M 2018: 2,492.2k (vs 2,421.1 in 12M 2017) in O&L // 5,308.8k (versus 4,959.9k in 12M 2017) in O,L&M.

CHANGES IN PORTFOLIO

Openings between 01/01/2018 – 31/12/2018

Hotel	Country / City	Contract	# Rooms
Sol Beach House at Meliá Fuerteventura	Spain / Fuerteventura	Management	142
Sol Marbella Estepona - Atalaya Park	Spain / Estepona	Management	468
Calviá Beach The Plaza	Spain / Magalluf	Lease	272
Meliá Budva Petrovac	Montenegro / Budva	Management	114

Disaffiliations between 01/01/2018 – 31/12/2018

Hotel	Country / City	Contract	# Rooms
-	-	-	-

Note: *In order to properly compare the current and historical portfolio, it must be highlighted that in 2018, 4 hotels have been moved from the EMEA to the Mediterranean division.*

FUTURE DEVELOPMENT

	Current Portfolio				Pipeline									
	12M 2018		2017 YE		2019		2020		2021		Onwards		TOTAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
TOTAL MEDITERRANEAN	84	25,687	76	23,778	2	403	7	2,343	2	388	0	0	11	3,134
Management	30	9,488	24	8,131	2	403	7	2,343	2	388	0	0	11	3,134
Franchised	19	5,908	19	5,908	0	0	0	0	0	0	0	0	0	0
Owned	7	1,838	10	2,610	0	0	0	0	0	0	0	0	0	0
Leased	28	8,453	23	7,129	0	0	0	0	0	0	0	0	0	0

MEDITERRANEAN: 2018 YEAR END RESULTS

- RevPAR (owned, leased & managed) declined by -8.6% in the quarter vs the same period last year mainly due to the deterioration in occupancy rates that resulted from the increasing demand of cheaper alternative destinations, such as Turkey and Egypt, which affected our hotels located in the Canary and Balearic Islands to a significant extent.
- Total fee revenue dropped by -14.3% in Q4 2018 vs Q4 2017 given the significantly lower fees collected due to the above mentioned challenges faced during the period.
- EBITDA (owned & leased) flow through and margins were negatively impacted during the period by the sharp reduction in revenues caused by the decline in demand of international visitors that opted for alternative and cheaper destinations.
- Melia.com sales grew by +12.3% in the quarter vs Q4 2017 as a result of the increasing degree of penetration of our direct channel among clients from some specific feeder markets located in Asia and America.

The performance of our hotels located in the Mediterranean region has been impacted by the fact that in October we closed mostly of them as a result of the end of the summer season period, with the exceptions of those hotels mainly located in the Canary Islands, as these remain open during the entire year. Therefore, the majority of the hotels will remain closed until Easter break and therefore, in order to properly analyze the results of the division, in this quarter we need to focus particularly on those located in the Canary Islands. When looking at specific areas within the country, we would like to highlight the following:

The performance of our hotels located in the Canary Islands during the last quarter of the year has been negatively impacted by a number of factors that must be taken into account and that resulted in a severe drop in both occupancy rates and prices, such as the refurbishment that affected Sol La Palma until late November or the delays in the refurbishments of Sol Fuerteventura and Sol Tenerife, which affected sales during the winter season, the good weather conditions in Northern Europe, the slight decline in demand of 5-star hotels, mainly in Southern Tenerife, as well as the strong increase in demand of certain alternative destinations, particularly Egypt and among both German and Scandinavian tourists, with the later also being affected by the weakness of the Swedish Krona during the period.

In the Balearic Islands, where mostly of our hotels closed in late October, with the exception of the recently opened Meliá Calviá Beach The Plaza and the adjacent so called Momentum Plaza shopping mall, which will remain open the entire year, the performance was positive in general terms.

Additionally, the performance of our hotels located in Coasts during the quarter has been positive in general terms after having posted a rise in revenues that was motivated by the increase in both occupancy rates and prices vs the same period last year.

Finally, our hotels located in Cape Verde closed a similar quarter when compared with Q4 2017, although we would like to mention that our hotels are no longer in ramp up, so we are optimistic and expect to start benefitting from the increasing penetration of our brands among visitors.

OUTLOOK

For the first quarter of the year, which has been historically a very important period along with the summer season for our hotels located in the Canary Islands, we remain cautious given the different challenges faced by the market and the recent industry trends, where competition became fierce as a result of the recovery shown by demand in alternative destinations, such as Egypt, where hotel chains have been recently offering significant discounts and low prices in 5-star all inclusive resorts that motivated similar movements and marketing campaigns in competing destinations in order to partially offset this impact not only in prices, but also in occupancy rates. Considering all these aspects, we foresee a decline in demand of international visitors in Q1 2019 vs the same period last year in our hotels located in the Canary Islands, particularly among German and Nordic visitors, although however we have recently witnessed an increase in pick ups for March that allowed us to partially mitigate the above mentioned declines.

PORTFOLIO AND PIPELINE

No hotels were added to our Mediterranean portfolio during the last quarter of the year nor we expect to open additional ones until the second half of 2019, where we will incorporate 2 hotels, both under management contracts, in Morocco. Additionally, and after having heavily invested in ambitious refurbishments and repositionings to adapt all of our hotels located in the region to market demands and quality standards, our current hotel base is well prepared and adapted to properly target luxury and upper segments, as these tend to be historically less price sensitive and more focused on enjoying unique experiences and therefore are more resilient to aggressive discounts offered by competitors in alternative destinations, thus allowing us to partially offset the increasing demand in certain countries like Egypt or Turkey.

FINANCIAL INDICATORS

HOTELS OWNED & LEASED	12M 2018 €M	12M 2017 €M	% change
Total aggregated Revenues	**303.9**	**291.7**	**4.2%**
Owned	73.7	72.6	
Leased	230.2	219.1	
Of which Room Revenues	***225.8***	***212.7***	**6.1%**
Owned	47.7	51.6	
Leased	178.0	161.1	
EBITDAR Split	**85.4**	**80.2**	**6.5%**
Owned	17.1	17.4	
Leased	68.3	62.8	
EBITDA Split	**26.6**	**25.1**	**5.7%**
Owned	17.1	17.4	
Leased	9.4	7.8	
EBIT Split	**7.8**	**7.7**	**1.4%**
Owned	9.7	9.8	
Leased	-1.9	-2.1	

MANAGEMENT MODEL	12M 2018 €M	12M 2017 €M	% change
Total Management Model Revenues	**35.9**	**34.7**	**3.6%**
Third Parties Fees	7.1	6.8	
Owned & Leased Fees	19.8	18.7	
Other Revenues	9.0	9.1	

MAIN STATISTICS

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occup.		ARR		RevPAR		Occup.		ARR		RevPAR	
	%	p.p. change	€	% change	€	% change	%	p.p. change	€	% change	€	% change
TOTAL SPAIN	72.1%	2.7	101.7	2.6%	73.4	6.5%	70.7%	2.7	101.2	2.3%	71.5	6.3%
TOTAL SPAIN SAME STORE BASIS	73.3%	1.9	96.4	1.0%	70.6	3.8%	71.4%	2.2	97.2	0.5%	69.4	3.7%
Spain	72.1%	2.7	101.7	2.6%	73.4	6.5%	70.7%	2.7	101.2	2.3%	71.5	6.3%

* Available Rooms 12M 2018: 3,076.6k: (versus 3,088.0k in 12M 2017) in O&L // 4,177.2k (versus 4,209.8k in 12M 2017) in O,L&M.

CHANGES IN PORTFOLIO

Openings between 01/01/2018 – 31/12/2018

Hotel	Country / City	Contract	# Rooms
-	-	-	-

Disaffiliations between 01/01/2018 – 31/12/2018

Hotel	Country / City	Contract	# Rooms
Tryp Madrid Getafe Los Ángeles	Spain / Getafe	Franchise	121
Tryp Mallorca Santa Ponsa	Spain / Santa Ponsa	Franchise	60

FUTURE DEVELOPMENT

	Current Portfolio				Pipeline									
	12M 2018		2017 YE		2019		2020		2021		Onwards		TOTAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
TOTAL SPAIN	72	13,740	74	13,996	0	0	0	0	0	0	0	0	0	0
Management	13	3,668	11	3,217	0	0	0	0	0	0	0	0	0	0
Franchised	12	1,468	14	1,649	0	0	0	0	0	0	0	0	0	0
Owned	8	1,997	9	2,424	0	0	0	0	0	0	0	0	0	0
Leased	39	6,607	40	6,706	0	0	0	0	0	0	0	0	0	0

SPAIN: 2018 YEAR END RESULTS

- RevPAR (owned, leased & managed) rose by +10.4% in the last quarter of the year vs Q4 2017 due to increases in both prices and occupancy rates given the positive performance posted by our hotels in Madrid and Seville, as well as thanks to the recovery that we witnessed in Barcelona.
- Total fee revenue rose sharply by +12.7% in Q4 2018 vs the same period last year as a result of the higher third parties and O&L fees collected.
- EBITDA (owned & leased) flow through for the period was +11.7%, while EBITDA margins improved by almost 13 bps because of the different efficiencies and synergies unleashed on a regionwide basis.
- Melia.com sales jumped by +20.0% in the last quarter of the year vs Q4 2017 as a result of the marketing efforts implemented on a regionwide basis to increase the penetration of our platform among potential customers.

The performance of our Spanish non-premium urban hotels has been positive in general terms in the last quarter of the year after having posted a RevPAR increase of +10.4% vs Q4 2017, although there have been differences between regions that we would like to highlight:

CENTRAL AREA – MADRID

Our hotels located in Madrid closed the period with a significant increase in revenues thanks to the a number of congresses and events that were held in the city, including the CPHI congress and the Fruit Attraction fair, among others, that boosted both the corporate and MICE segments and therefore the performance of certain hotels, such as Meliá Barajas, Tryp Alameda Aeropuerto and Tryp Airport Suites, as well as Meliá Madrid Serrano, even tough the latter was and still is affected by a refurbishment that will last until October 2019. Additionally, the transient leisure segment experienced a significant growth, which was positively reflected in the figures posted by the rest of the hotels within the city.

SOUTHERN SPAIN

The increasing demand and attractiveness of certain destinations and cities located in the Southern region of Spain motivated a positive performance in a number of our hotels located in Seville and Sierra Nevada during the last months of the year, particularly in November and December. In this regard, the sharp increase of both local and international tourists, which was reflected in the individual and groups segments, motivated a significant rise in prices that was notorious in the case of certain hotels like Meliá Marbella Banús, Meliá Lebreros or Meliá Sierra Nevada, which was also boosted by the good weather conditions during the ski season.

EASTERN SPAIN

The hotels that we operate in the Eastern region of Spain posted a positive set of results in Q4 2018. In this regard, a number of hotels, including Tryp Barcelona Apolo and Meliá Palma Marina, were not affected by refurbishments as in the case of Q4 2017, and therefore we were able to properly market their rooms and benefit from the increasing demand of the groups and MICE segments during the period, particularly in December. Some examples were the above mentioned hotels, as well as Tryp Barcelona Aeropuerto and Palma Bellver, among others, which also benefitted from the recovery of the individual segment given the increasing demand of leisure travelers, both national and international. When looking at Barcelona, our hotels started to revert the negative trend shown over the past months, as RevPAR grew by +14.5% in the city in Q4 2018 vs the same period last year, and with Meliá Sitges being the only hotel that was not able to improve past year's results. Furthermore, the MICE segment has also started to revert its recent negative trend and showed a significant improvement, particularly thanks to the European College of Neuropsychopharmacology Congress that was held in November.

NORTHERN SPAIN & EAST (LEVANTE)

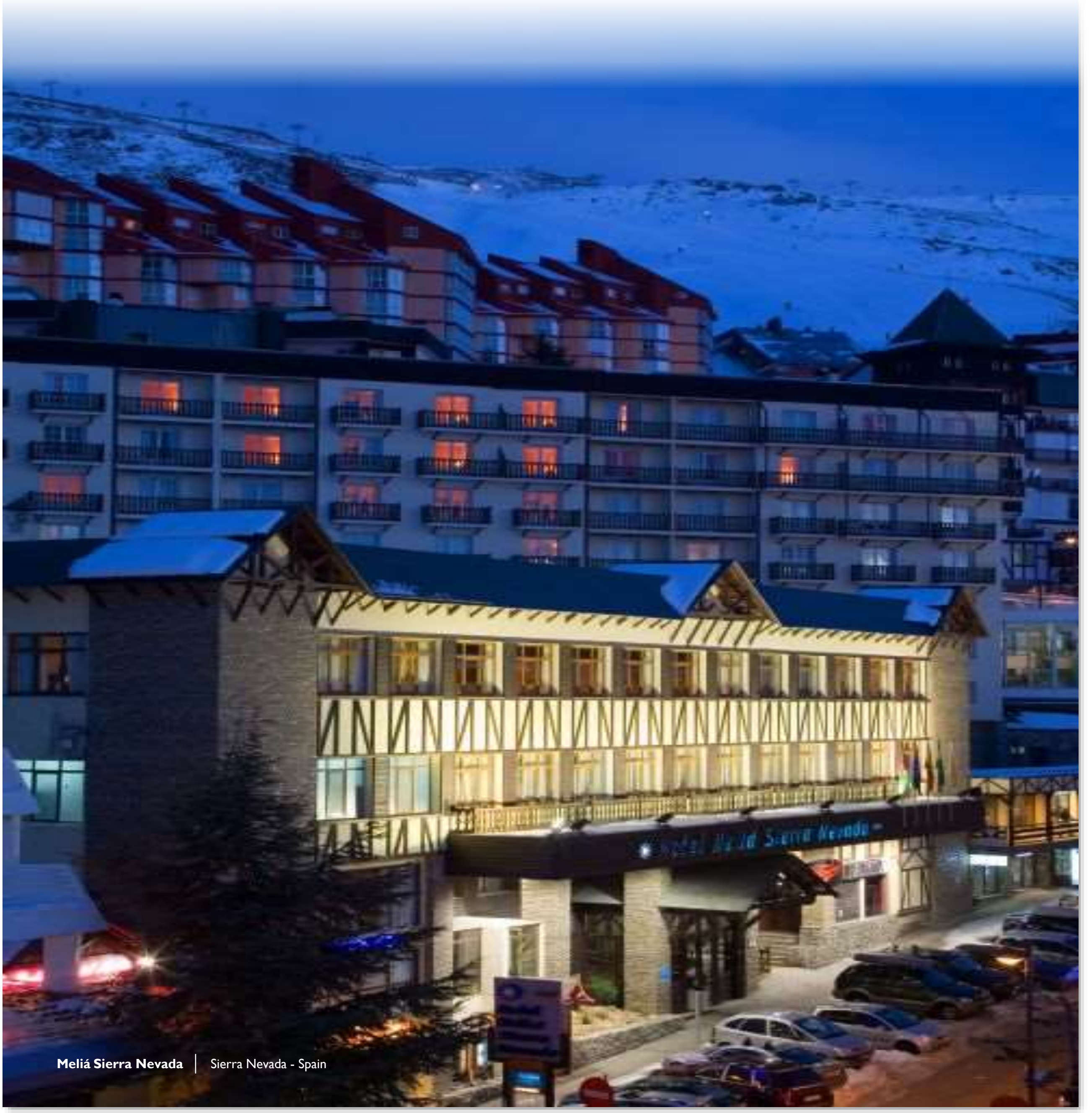
The Northern and Eastern (Levante) areas of Spain also benefitted from the increasing flow of visitors, both national and international, that decided to visit a number of cities located in both regions, such as Bilbao, La Coruña, Zaragoza, Alicante or Valencia, among others. In this case, the individual and groups segments were the ones that explained the positive performance of our hotels located in the aforementioned cities, although in some cases some hotels like Meliá Alicante or Meliá Villaitana were negatively affected by the fact that certain events were not held this year when compared with Q4 2017, such as the Volvo Ocean Race or significant MICE events.

OUTLOOK

For the first quarter of the year, we remain cautious for our non-premium urban hotels located in Spain and expect a mixed performance depending on the area. In Madrid, we foresee a slight decline in demand, particularly in February and March, motivated by the expected Easter break effect plus a minor deterioration of the transient leisure segment, although the MICE segment is expected to remain strong, while for our hotels located in Southern Spain we expect a similar trend than in Madrid given the decline in individual leisure demand, with the exception of in Sierra Nevada, where we are more optimistic, due to unfavorable weather conditions, but that however we expect to partially offset with the increase in the number of MICE events that will be held in Seville during the period. In Eastern Spain, we are optimistic and expect the positive trend started recently to continue, particularly in Barcelona and in both the MICE and corporate segments in Palma de Mallorca, where our congress center is expected to have a strong demand, while in Northern Spain and East (Levante) results are expected to be impacted by the full refurbishment of Meliá Zaragoza combined with the lower number of bi-annual fairs that will be held in the city and that will negatively impact the MICE segment, although we forecast positive figures in certain hotels, such as Tryp León or Meliá María Pita, among others.

PORTFOLIO AND PIPELINE

No hotels were added to our Spanish non-premium urban portfolio recently nor we expect to add additional ones over the short term, as we strongly believe that our current hotel base is well prepared to face market demands and to develop our strategy within the country going forward.



Meliá Sierra Nevada | Sierra Nevada - Spain

FINANCIAL INDICATORS

HOTELS OWNED & LEASED	12M 2018 €M	12M 2017 €M	% change
Total aggregated Revenues	*N.A.*	*N.A*	-
Owned	-	-	
Leased	-	-	
Of which Room Revenues	*N.A.*	*N.A.*	-
Owned	-	-	
Leased	-	-	

MANAGEMENT MODEL	12M 2018 €M	12M 2017 €M	% change
Total Management Model Revenues	14.4	19.4	-25.9%
Third Parties Fees	11.9	19.1	
Owned & Leased Fees	-	-	
Other Revenues	2.4	0.4	

MAIN STATISTICS

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occup.		ARR		RevPAR		Occup.		ARR		RevPAR	
	%	p.p. change	€	% change	€	% change	%	p.p. change	€	% change	€	% change
TOTAL CUBA	-	-	-	-	-	-	55.9%	-3.6	80.8	-17.2%	45.2	-22.2%
TOTAL CUBA SAME STORE BASIS	-	-	-	-	-	-	56.0%	-3.1	82.9	-17.5%	46.5	-21.8%

* Available Rooms 12M 2018: 4,388.6k (versus 4,311.5k in 12M 2017) in O,L&M.

CHANGES IN PORTFOLIO

Openings between 01/01/2018 – 31/12/2018

Hotel	Country / City	Contract	# Rooms
La Unión San Carlos	Cuba / Cienfuegos	Management	49
Jagua	Cuba / Cienfuegos	Management	173
Meliá San Carlos	Cuba / Cienfuegos	Management	56
Gran Hotel Camagüey	Cuba / Camagüey	Management	72
Meliá Colón	Cuba / Camagüey	Management	58
Paradisus Los Cayos	Cuba / Cayo Santa María	Management	802

Disaffiliations between 01/01/2018 – 31/12/2018

Hotel	Country / City	Contract	# Rooms
-	-	-	-

FUTURE DEVELOPMENT

	Current Portfolio				Pipeline									
	12M 2018		2017 YE		2019		2020		2021		Onwards		TOTAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
TOTAL CUBA	34	13,425	28	12,517	1	946	4	923	0	0	0	0	5	1,869
Management	34	13,425	28	12,517	1	946	4	923	0	0	0	0	5	1,869
Franchised	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Owned	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Leased	0	0	0	0	0	0	0	0	0	0	0	0	0	0

CUBA: 2018 YEAR END RESULTS

- RevPAR in USD (managed) dropped by -6.8% in Q4 2018 vs the same period last year, despite the significant rise in occupancy rates, as prices were negatively impacted by the discounts offered in some other Caribbean destinations affected by a number of issues.
- Total fee revenue (in USD) improved by +17.2% in the quarter vs Q4 2017 mainly as a result of the appreciation of the USD against the EUR in the period, as well as due to the recovery that we witnessed in the country, which was positively reflected in the performance of our hotels.
- Melia.com sales rose by +12.4% in the quarter vs Q4 2017, as the different marketing initiatives and commercial actions aimed at increasing conversion rates among customers located in the main feeder markets of the country are starting to bear fruit.

Our operations in Cuba closed the last quarter of the year posting a mixed set of results that were slightly below our expectations, although we witnessed a recovery in the touristic activity in the country, despite the fact that it is still affected by some issues that limited growth, such as the new travel restrictions imposed by the US Government and the slight decline showed by the number of visitors coming from certain feeder markets.

When looking at numbers, and even tough revenues increased vs the same period last year, RevPAR (in USD) fell by -6.8% vs Q4 2017 due to price declines, being particularly relevant the drops posted by areas such as La Habana, Cayo Largo and Holguín. In this regard, occupancy rates grew significantly during the last quarter of the year vs the same period last year, being particularly relevant the increases posted by areas such as Cayo Santa María and Jardines del Rey, which posted double digit growths, although in order to achieve these increases in occupancy rates, ARR posted significant declines as a result of the aggressive discounts that we offered in the country in order to partially recover from the negative impact that we had during the high season of the year, as well as to offset some of the above mentioned issues affecting our operations in the country.

In general terms, all of the main feeder markets showed significant advances, including Canada, Spain, France, Russia and also the Cuban internal market itself. On the negative side, the number of visitors coming from the United States, due to the above mentioned restrictions, which affected both individual and groups segments, or countries such as Argentina and Germany, dropped mainly as a result of certain aspects that include the current economic situation faced by the country in the case of the former and the bankruptcy of Air Berlin in the latter, as this reduced the number of air routes connecting both regions.

OUTLOOK

For Q1 2019, the high season, we expect price pressures to continue in order to maintain a certain degree of competitiveness, particularly in areas like La Habana. Additionally, and to top it off, our hotel Sol Sirenas located in Varadero will remain partially closed due to a full refurbishment aimed at improving and expanding its current facilities for some months, while air seats capacity from Canada also dropped as a result of the operating problems suffered by Cubana de Aviación and the increasing demand of other destinations located in the Caribbean. Furthermore, uncertainties surrounding the Brexit process are expected to negatively impact UK visitors, Italy and Scandinavian countries, are affected by declines in air seats available and visitors from Argentina are expected to decline due to the above mentioned issues.

PORTFOLIO AND PIPELINE

During Q4 2018, in December, we added 1 hotel to our Cuban portfolio, Paradisus Los Cayos (Cayo Santa María, management, 802 rooms), an all inclusive resort that will boost our offering in the luxury segment and reinforce our leadership position in the country. This hotel currently remains partially opened, with 200 rooms available for sale, as the remaining rooms will be incorporated over the following months. For Q1 2019, the high season in the country, we will open Meliá Internacional (Varadero, management, 946 rooms), which will soon become a flagship and iconic hotel in the city for visitors. Going forward, we will continue actively looking for new projects with attractive growth potentials in order to expand our offering in the country, particularly among upper segments, as these have shown a proven degree of resilience against cycle downturns.

FINANCIAL INDICATORS

HOTELS OWNED & LEASED	12M 2018 €M	12M 2017 €M	% change
Total aggregated Revenues	**1.5**	**4.8**	**-67.4%**
Owned	0.0	0.0	
Leased	1.5	4.8	
Of which Room Revenues	***1.1***	***3.0***	**-65.0%**
Owned	0.0	0.0	
Leased	1.1	3.0	
EBITDAR Split	**-1.3**	**-4.9**	**73.6%**
Owned	0.0	0.0	
Leased	-1.3	-4.9	
EBITDA Split	**-2.2**	**-13.0**	**83.3%**
Owned	0.0	0.0	
Leased	-2.2	-13.0	
EBIT Split	**-2.7**	**-14.3**	**81.0%**
Owned	0.0	0.0	
Leased	-2.7	-14.3	

MANAGEMENT MODEL	12M 2018 €M	12M 2017 €M	% change
Total Management Model Revenues	**4.8**	**5.2**	**-9.1%**
Third Parties Fees	3.2	3.4	
Owned & Leased Fees	0.1	0.2	
Other Revenues	1.5	1.9	

MAIN STATISTICS

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occup.		ARR		RevPAR		Occup.		ARR		RevPAR	
	%	p.p. change	€	% change	€	% change	%	p.p. change	€	% change	€	% change
TOTAL BRAZIL	24.3%	-	117.9	-	28.7	-	56.9%	5.5	75.1	-11.7%	42.7	-2.2%
TOTAL BRAZIL SAME STORE BASIS	-	-	-	-	-	-	58.0%	1.6	74.5	-10.0%	43.2	-7.5%

* Available Rooms 12M 2018: 37.2k (vs 145.2k in 12M 2017) in O&L // 1,138.6k (versus 1,247.5k in 12M 2017) in O,L&M.

CHANGES IN PORTFOLIO

Openings between 01/01/2018 – 31/12/2018

Hotel	Country / City	Contract	# Rooms
-	-	-	-

Disaffiliations between 01/01/2018 – 31/12/2018

Hotel	Country / City	Contract	# Rooms
Gran Meliá Nacional de Rio	Brazil / Rio de Janeiro	Lease	413
Tryp Pernambuco	Brazil / Recife	Franchise	126

FUTURE DEVELOPMENT

	Current Portfolio				Pipeline									
	12M 2018		2017 YE		2019		2020		2021		Onwards		TOTAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
TOTAL BRAZIL	13	3,024	15	3,563	0	0	0	0	0	0	0	0	0	0
Management	13	3,024	13	3,024	0	0	0	0	0	0	0	0	0	0
Franchised	0	0	1	126	0	0	0	0	0	0	0	0	0	0
Owned	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Leased	0	0	1	413	0	0	0	0	0	0	0	0	0	0

BRAZIL: 2018 YEAR END RESULTS

- RevPAR (owned, leased & managed) dropped by -0.4% in the last quarter of the year vs Q4 2017 mainly due to the depreciation of the BLR against the EUR during the period.
- Total fee revenue posted a decline of -10.3% in Q4 2018 vs the same period last year thanks to the lower third parties fees collected, although they were also negatively impacted by the above mentioned impact of exchange rates.
- Melia.com sales dropped by -14.8% in Q4 2018 vs the same period last year, although in order to revert the current situation we have launched different marketing campaigns in collaboration with different strategic partners aimed at increasing the leads and conversion rates of the platform.

Our hotels located in Brazil had a positive performance during the last quarter of the year in general terms and extended the recovery shown by our operations in the country over the entire year, as shown by the +6.9% RevPAR increase (in BRL and on a like-for-like basis). In this regard, and despite the fact that, as a result of the 2018 Presidential Election, we expected a reduction in occupancy rates during October, we managed to close the month posting just a slight decline in demand. However, during November and December, results were particularly positive given the increase in the number of visitors, both national and international, that resulted from the higher number of events that took place in the country, mainly in Sao Paulo, such as the F1 Brazilian Grand Prix, the Sao Paulo International Motor Show, the HSM Expo and the Comic Con, among others, that combined with different medical congresses that were held in the city boosted demand in a number of market segments ranging from individual/transient visitors to groups and MICE.

Finally, we would like to mention that the country became a significant feeder market for a number of our hotels located in areas like Mexico, particularly Punta Cana, and Spain, among others, mainly thanks to the remarkable Black Friday/Cyber Monday marketing campaign implemented by our sales team, in which sales jumped by over +50.0% vs the same period last year.

OUTLOOK

For the first quarter of 2019, we foresee a relatively low demand during January, as historically this is a vacation period within the country and therefore the increase in the number of visitors will not be significant until the second half of the month. In this regard, we are particularly optimistic for February, particularly for the individual and transient segments, and we also expect a positive Carnival season during the first half of March, since OTB sales for the first quarter of the year are around +20.0% above past year's numbers. However, and resulting from the fact that the Carnival season will take place in 2019 during March, we foresee a slight drop in both MICE and groups segments, as they usually tend to post a slight decline in demand due to celebrations,.

PORTFOLIO AND PIPELINE

No hotels were added to our Brazilian portfolio during the last quarter of the year and we do not expect to incorporate additional ones over the next year. For the future, we will continue focusing on increasing the efficiency levels of our managed hotels in order to continue improving profitability on a regionwide basis, as well as to boost sales through our direct channel.

Meliá Ibirapuera | Brasil

FINANCIAL INDICATORS

HOTELS OWNED & LEASED	12M 2018 €M	12M 2017 €M	% change
Total aggregated Revenues	***N.A.***	***N.A.***	**-**
Owned	-	-	
Leased	-	-	
Of which Room Revenues	***N.A.***	***N.A.***	**-**
Owned	-	-	
Leased	-	-	

MANAGEMENT MODEL	12M 2018 €M	12M 2017 €M	% change
Total Management Model Revenues	**8.5**	**6.9**	**23.7%**
Third Parties Fees	5.7	4.6	
Owned & Leased Fees	-	-	
Other Revenues	2.8	2.3	

MAIN STATISTICS

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occup.		ARR		RevPAR		Occup.		ARR		RevPAR	
	%	p.p. change	€	% change	€	% change	%	p.p. change	€	% change	€	% change
TOTAL ASIA	-	-	-	-	-	-	60.2%	3.1	72.5	-3.6%	43.7	1.6%
TOTAL ASIA SAME STORE BASIS	-	-	-	-	-	-	60.9%	2.6	86.1	11.9%	52.4	16.8%
Indonesia	-	-	-	-	-	-	60.2%	6.6	66.4	6.5%	40.0	19.7%
China	-	-	-	-	-	-	67.0%	6.1	68.0	-7.9%	45.5	1.3%
Vietnam	-	-	-	-	-	-	58.5%	-1.8	98.4	1.5%	57.5	-1.5%

* Available Rooms 12M 2018: 1,662.6k (versus 1,545.6k in 9M 2017) in O,L&M.

CHANGES IN PORTFOLIO

Openings between 01/01/2018 – 31/12/2018

Hotel	Country / City	Contract	# Rooms
Lavender Boutique Hotel	Vietnam / Ho Chi Minh	Management	107
Amena Residences and Suites	Vietnam / Ho Chi Minh	Management	75
Meliá Ba Vi Mountain	Vietnam / Hanoi	Management	55

Disaffiliations between 01/01/2018 – 31/12/2018

Hotel	Country / City	Contract	# Rooms
-	-	-	-

FUTURE DEVELOPMENT

	Current Portfolio				Pipeline									
	12M 2018		2017 YE		2019		2020		2021		Onwards		TOTAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
TOTAL ASIA	21	5,016	18	4,617	9	1,921	6	1,570	4	771	2	695	21	4,957
Management	21	5,016	18	4,617	9	1,921	6	1,570	4	771	2	695	21	4,957
Franchised	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Owned	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Leased	0	0	0	0	0	0	0	0	0	0	0	0	0	0

ASIA: 2018 YEAR END RESULTS

- RevPAR in USD (managed) rose sharply by +7.5% in the last quarter of the year vs Q4 2017 as a result of the increase posted by occupancy rates.
- Total fee revenue (in USD) significantly increased by +24.1% in the quarter vs Q4 2017 thanks to the strong growth posted by fees collected that resulted from the increasing penetration of our brands and hotels among customers, particularly upper segments. Additionally, we were benefitted by the recovery of the USD against the EUR in the period.
- Melia.com sales jumped by +35.7% in Q4 2018 vs the same period last year, being particularly relevant the increases shown by specific markets such as China, Indonesia and Vietnam, as well as India, Australia and South Korea, which also became important feeder markets for a number of our hotels located in the Caribbean and EMEA.

Our hotels located in Asia closed the last quarter of the year posting a positive performance in general terms, as shown by the +7.5% RevPAR increase (in USD) posted vs the same period last year, fully explained by an increase in occupancy rates. Also, we would like to highlight that 2018, as expected, has been an inflection point for our Asian division, as this has been the first year in which its contribution to our global operations was positive at EBITDA level given the significant rise in fees collected, which grew by +30.0% (in USD) vs 2017 and that resulted in a conversion to EBITDA of around +75.0%.

On a country basis, in China both revenues and margins improved and RevPAR (in USD) grew by a healthy +7.0% during the quarter vs Q4 2017 mainly thanks to the positive market trends shown by the Shanghai market, particularly due to the celebration of the China Import & Export Fair, which boosted demand in Meliá Shanghai Hongqiao. Additionally, some of our hotels, including Melia Jinan or Gran Meliá Xian, extended the positive growth shown recently in one of the most competitive markets of the world, and Innside Zhengzhou, which closed its first year of operations posting significant acceptance levels among customers and a positive performance. In Vietnam, our hotels closed a negative quarter after having posted a RevPAR decline (in USD) of -16.5% vs Q4 2017, with Meliá Hanoi and Sol Beach House Phu Quoc leading the growth, and being Melia Danang the only negative exception as a result of the refurbishment that affected its facilities and the increase in the number of rooms available combined with the decline in demand suffered by the destination, as this year an important Asia-Pacific Economic Cooperation Congress was not held in the area.

In Indonesia, RevPAR (in USD) jumped by +24.8% in Q4 2018 vs the same period last year, although there were significant differences if we analyze certain locations within the country, as for example in Bali, its largest touristic market and most well known and demanded region, the evolution was positive due to the fact that during the last quarter of 2017 it was negatively impacted by the Agung Volcano eruption and in Q4 2018 it benefitted from the IMF Annual Meeting that was held in the area and that had a significant impact in the performance of the area. However, in other cities, such as Jakarta, growth was more limited, although Gran Meliá Jakarta continued its recovery and started to revert its trend into positive, as shown by the significant improvement in terms of profitability posted during the period.

In Myanmar, the political instability motivated a sharp decline in demand that, combined with the increase in the number of competitors, negatively affected our operations, while in Thailand our hotel Imperial Boat House, which will reopen in the future as Meliá Koh Samui, has remained closed in order to carry on a full refurbishment and subsequent repositioning to properly target upper and luxury segments. Finally, in Malaysia, our hotel located in Kuala Lumpur had a positive performance during the last quarter of the year when compared with the same period last year thanks to the positive effect that the refurbishment that took place in late 2017 had in demand, which we expect to continue growing at a healthy pace over the upcoming months.

OUTLOOK

For Q1 2019, we have positive expectations for our hotels located in China and Vietnam, as both regions will continue benefitting from the new openings plus the higher contribution of a number of hotels that were recently refurbished and repositioned and therefore are still in ramp up. However, we are cautious for our urban hotels located in Indonesia and foresee a slight decline in demand due to the Presidential elections that will took place in the country. Finally, in Malaysia and Myanmar we do not foresee significant changes and expect the positive trend of the last quarter of 2018 to continue during the first months of 2019, while in Thailand our hotel Imperial Boat House will remain closed for the entire year due to the full refurbishment and repositioning of the property that we will carry on.

PORTFOLIO AND PIPELINE

No hotels were added to our Asian portfolio during Q4 2018, although we expect to incorporate 3 new hotels in the first quarter of 2019, all of them under management contracts: Meliá Ho Tram (Vietnam, 213 rooms), Meliá Shanghai Parkside (China, 88 rooms) and Meliá Hoi An (Vietnam, 150 rooms) that will boost our footprint in the region and strengthen our brands among upper segments. Going forward, we will focus on achieving a critical mass of hotels with new and attractive openings in countries with high growth potential in order to increase the profitability and the contribution of the Asian division to our global operations, as well as to further penetrate into the bleisure and leisure luxury segments.

Meliá Ba Vi Mountain Retreat | Vietnam

OTHER NON HOTEL BUSINESSES

2

MELIÃ HOTELS INTERNATIONAL

GRAN MELIÁ HOTELS & RESORTS · ME BY MELIÁ · PARADISUS BY MELIÁ · MELIÃ HOTELS & RESORTS · INNSIDE BY MELIÃ · TRYP · Sol by Meliã · CIRCLE BY MELIÃ · MELIÃ REWARDS

CLUB MELIÁ & THE CIRCLE

Important disclosure: The division results have been affected by the implementation of the accounting principles included in IFRS 15. In this regard, both 2018 and 2017 restated revenues and EBITDA are lower than the figures prior to the implementation of the new standard. According to the new standard, a long term liability has been recognized in our balance sheet in order to reflect the amount allocated to performance obligations pending to be satisfied by us to our clients. Once the services are delivered, the liability will flow into equity through the P&L. For comparison purposes, during 12M 2017 the impact was of around -€25.9M in revenues and -€5.2M in EBITDA, although 2018 figures have been negatively impacted by the severe depreciation suffered by the USD against the EUR.

The last quarter of the year has been positive, in general terms, for our timesharing business, as we managed to post a rise in the number of total members vs the same period last year. The opening of the brand new all-inclusive resort in the Dominican Republic, Grand Reserve The Circle, in December has meant an inflection point for the The Circle.

By region, when looking at the Dominican Republic, mainly in Punta Cana, the performance of our new and recently introduced product The Circle during the last quarter of the year has been very positive when compared with the same period last year, as we managed to increase revenues (in USD) by over +38.0%. In this regard, the number of members rose in the period, as the different strategies implemented over the past months started to bear fruit and allowed us to increase the number of members that purchased the new product.

However, the situation in Mexico has been different due to some issues that negatively impacted certain destinations in the country, such as Playa del Carmen and Cancún, as all these factors reduced the demand of US clients, which have a higher purchasing power, and increased the number of visitors from other countries. Therefore, this shift in the customer segmentation during the period negatively impacted the overall figures reported, although however we have recently launched different marketing initiatives and campaigns aimed at renewing our product offering with new packages that will help us to mitigate and limit to some extent these kind of situations in the future.

For Q1 2019, the high season in the Caribbean region, we are optimistic given the fact that our brand new all-inclusive resort, Grand Reserve at Paradisus Palma Real, started operations in December 2018, being this critical to properly market the new product among potential clients, as this will allow us to invite them to the facilities so they can experience and feel unique sensations that are key when deciding whether to become a member or not.

REAL ESTATE

During the last quarter of the year, we have not sold any fully-owned assets and therefore no capital gains have been generated at EBITDA level due to this concept. However, and given the fact that we are currently negotiating the sale of our hotel located in Puerto Rico, which is still pending on a positive conclusion of an ongoing due diligence process and that we expect to close in H1 2019, we recognized a +€5.5M positive contribution in our consolidated P&L account that resulted from the fact that the asset was recognized as an "asset held for sale" and therefore, we have adjusted the net asset value under the premises of current negotiations. Additionally, we recognized a -€6.1M impairment loss that resulted from the updated appraisal of the shopping mall that we own and operate in Venezuela and that we decided to carry on in order to properly reflect its fair market value given the unstable and complex political and economic situation faced by the country at the moment.

The Circle | Dominican Republic

COMMITMENT AND CORPORATE RESPONSIBILITY

3

MELIÃ HOTELS INTERNATIONAL

GRAN MELIÁ HOTELS & RESORTS · ME BY MELIÁ · PARADISUS BY MELIÁ · MELIÃ HOTELS & RESORTS · INNSIDE BY MELIÃ · TRYP · Sol by Meliã · CIRCLE BY MELIÃ · MELIÃ REWARDS

ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS (ESG)

Non-financial information

On December 29th 2018, Spain approved a Law on Non-Financial Information and Diversity in line with the guidelines of European Directive 2014/95/EU and with the objective of improving sustainability and increase the confidence of investors, consumers and society in general. The Law requires companies to make progress in the disclosure of non-financial information on environmental, social and corporate governance matters.

The important progress Meliá Hotels International has made in this area over recent years has made it easier to comply in its 2018 Integrated Report with the criteria of the International Integrated Reporting Council (IIRC), the guidelines of the Global Reporting Initiative (GRI) and the legal requirements defined by the new Law without any exceptions. All of the matters in this document respond to the increasingly important social concerns that modern companies are now required to take on board.

Third most sustainable hotel company in the world

2018 saw the culmination of the 2016-2018 Strategic Plan and has made it possible for Meliá Hotels International to make significant progress in delivering a brand promise which includes an aim to be acknowledged as a world leader in excellence, responsibility, and sustainability.

The responsible business strategy Meliá has promoted throughout this latest Strategic Plan has led to being recognized as the third most sustainable hotel company in the world and awarded on February 2019 as Silver Class in The Sustainability Yearbook 2019 (RobecoSAM CSA 2018)

For Meliá it is an honor to have achieved this important recognition for its performance in sustainability in its first ever voluntary participation in a comprehensive evaluation that analyses three major dimensions: economic, environmental and social, with the company being named best in class in the first two categories.

CORPORATE GOVERNANCE

As a listed company since 1996, Meliá Hotels International has promoted the progressive implementation of a solid Corporate Governance Model which guarantees optimal management while safeguarding the interests and trust of its shareholders and all of its other stakeholders.

The Meliá Hotels International Governance Model is based on compliance with the Companies Act, the recommendations of the CNMV Code of Good Governance for Listed Companies and best practices in the market. Over recent years, Company Bylaws, the Regulations of the General Shareholders' Meeting and the Board of Directors, and the Company Code of Ethics have all been adjusted and updated.

Due to the new requirements, in 2018 the Company approved several new policies on Compliance, Privacy, Anti-corruption and Human Rights, and updated others such as Fiscal Strategy and Occupational Health and Safety.

With regard to Human Rights, the impact the Company could have been identified and analyzed, helping to enrich the Company risk map and defining the processes for reporting and mitigating any possible impacts. Identification of the main risks has been carried out in response to the Company's operations and its impact on people and the environment, in line with the commitments and guiding principles in the Human Rights Policy itself. This responds to our geographical dispersion, the enormous cultural diversity within which we operate and our commitments to our stakeholders.

In 2018, the scope of the Company's Compliance Model was also extended, identifying critical controls in internal regulations that have been updated as well as controls related to the General Data Protection Regulation (GDPR).

Codes of Ethics

In order to extend its commitments and governance model to its value chain, Meliá updated its Code of Ethics, first approved in 2012, and drafted its first Code of Ethics for Suppliers, creating a specific complaints channel for this important stakeholder. These measures are making a significant contribution to strengthening the Company's cultural transformation and constant improvement as well as a model that transmits its commitments to the supply chain.

In this respect, and given the major international presence of Meliá, its future growth and the requirement to manage supply chain risks, the Company also reviewed the definition of its critical suppliers. These tools have allowed Meliá to make its supply model more coherent and reinforce the relationship with suppliers based on their values, Code of Ethics and public commitments.

Training and skills

To ensure that the governance model is known to all people with associated skills and responsibilities, Meliá carried out specific GDPR training programmes. The Company has also promoted training on the Code of Ethics and Complaints Channel, the Compliance function, the most significant criminal activities to which Meliá is exposed and measures to prevent money laundering.

Meliá thus continues to make progress in providing greater transparency, responding to the concerns of all of the stakeholders with which it has specific public commitments.

KEY CORPORATE GOVERNANCE INDICATORS

21	CORPORATE POLICIES
86%	PUBLIC POLICIES
26	HUMAN RIGHTS RISKS.
+3,500 people	ACCESS TO COMPLIANCE TRAINING
+300 people	TRAINED IN GDPR
98	RISK MAPS
38	ESG RISKS

ENVIRONMENTAL MANAGEMENT

We continue to work intensively to create a hotel model that is able to reduce its impact on the climate, destinations and ecosystems. Our sustainable management model aims to actively contribute to our environmental commitments and also to progress in relation to the Sustainable Development Goals (SDGs). The Company has defined specific objectives aligned with its public commitment made in 2015 to worked towards the global targets defined at COP21 in Paris and also to respond to our own stakeholders that see the environment as a matter of materiality.

In addition to defining the internal pricing of carbon in 2018, we have also extended our use of certified green energy to countries such as France and the United Kingdom, thus achieving a level of 53% of green energy consumption.

We continue to invest in sustainable equipment and facilities for both new construction and renovations (€4.7 million) and work together with expert partners in energy management under ESCO models. In 2018 we have renewed or launched 13 different projects with these characteristics.

Reinforcement of the normative body

The environmental and corporate responsibility policies we approved in 2017 set the foundations for strengthening our governance model in environmental matters. This year Meliá integrated its environmental commitment into new corporate policies whose content could lead to an impact on the environment. In addition to our environmental and corporate responsibility policies, our environmental commitment was also reinforced in 2018 though policies such as philanthropy, responsible purchasing and human rights.

Management system

The sustainable management model implies making constant progress in the integration of responsible criteria to offer guarantees to our stakeholders in relation to our environmental management. In addition to the integration of environmental concerns, we also require the model to be certified by external bodies and experts in tourism sustainability and energy efficiency. In 2018 we adjusted our sustainable tourism certification policy to prioritize international certification bodies endorsed by the Global Sustainable Tourism Council. Having external endorsement offers greater consistency to our approach, validates our progress in meeting our objectives and commitments and allows us to have appropriate benchmarks to drive future improvements.

In 2018, we consolidated the certification of our energy management system under the ISO 50001 criteria and we began the certification process for our environmental management system under ISO 140001 criteria. Progress in this area will allow us to identify, prioritize and manage environmental risks that are specific to the hotel industry and optimize compliance processes and the use of raw materials, among others. In 2018, Meliá once again took part in the Carbon Disclosure Project index, an international organization that promotes a sustainable economy and evaluates company commitments to combating climate change.

ENVIRONMENTAL MANAGEMENT (cont'd)

Working in alliances

We rely on business partners to jointly promote impact projects that have respect for the environment and improvement in the business as their main objectives. Together with Acciona Construcción we have developed R&D projects to implement lighting systems based on solar energy. Likewise, we are supporting start-ups in the design of prototypes to monitor the continuous measurement of hotel waste and together with Diversey promoting working models for a circular economy through the recycling of waste soap, coffee and textiles.

With the help of a start-up and in line with our digital transformation, we have also given a major boost to the digitalization of our management model of preventive and corrective maintenance (CMMS). We have centralized and shared information cloud-based database open to all areas involved and allowing information in real time both to improve our management and to respond to the incidents in operations.

Support for the waste management

Our awareness of the global concern about the disposal of plastics led us to begin the implementation in 2018 of an ambitious project to eliminate all single-use plastics in our hotels. At the end of 2018, 68% of our portfolio already purchased alternative products to plastics, and this figure reaches 75% in owned and leased hotels. Our objective is to extend the reach to all of our hotels worldwide, although we are aware of the challenges and difficulties in finding alternatives with the required quality standards and suppliers in certain emerging markets or markets where we have few hotels.

The project involves the progressive elimination of plastic bottles, cups, coasters, bags used in rooms and straws, replacing them with biodegradable and ecological alternatives. At the same time, we have also boosted communication of this commitment to our customers, using clear messages to raise awareness and encourage them to join in and become ambassadors in the shared objective to combat climate change.

KEY ENVIRONMENTAL INDICATORS

53% CERTIFIED GREEN ENERGY CONSUMPTION	52% SUSTAINABLE PORTFOLIO	56.1% SELECTIVE WASTE COLLECTION	1.54 WASTE (Kg/stay)	B CARBON DISCLOSURE PROJECT
-14.02% CO_2 EMISSIONS (Kg/stay)	- 8.40% EMISSIONS CO_2 (Kg)	- 1.94% WATER CONSUMPTION (m^3)	-7.96% WATER CONSUMPTION (m^3/stay)	+20 Tn RECYCLED SOAP

SOCIAL MANAGEMENT

Cultural transformation

Our employees are the key driver of unforgettable and unique experiences for our customers through the delivery of a service that strives for excellence, proximity and warmth to contribute to our leadership of the industry.

The Strategic Plan 2016-2018 has defined a process of cultural transformation which has reinforced the integral management of our people, our efficiency and our competitiveness, all leveraged on a pride of belonging amongst our employees. We are developing our internal talent, generating opportunities for growth and improvement of their skills and competences in a more digital context that also requires us to add new roles and functions to remain competitive.

Reinforcement of the normative body

In 2018 we published the Human Resources Policy approved in 2017 which guarantees principles of transparency and non-discrimination, equal opportunities, criteria for promotion and compensation, the use of best practices in talent development and offering safe environments and stable growth options, among others.

The integral development of our teams requires us to ensure their wellbeing and protection in the workplace. We manage the portfolio following the guidelines set by our health and safety management system, which integrates the criteria established by OHSAS (environmental, occupational health and safety unit) and we have reinforced our preventive management system with the revision of the Security and Occupational Health Policy.

Reinforcement of the normative body (cont'd)

Given the family origin and values of Meliá, we have reinforced this approach with the approval of our first Human Rights Policy, which has an important focus on defending labor rights and developing their work in the best possible conditions of security and health.

In relation to the assurance of safe spaces this year, together with the IUF, we have signed a global commitment to make the work environments of Meliá spaces free of sexual harassment.

Digitalisation & talent

We are investing in the professional development of our teams and the transmission of the expert know-how they have gained. Development, know-how and values are the foundations of our future growth as a Company.

Digital support is a key element in equipping our teams with accessible and dynamic learning environments that enhance transversal know-how or the development of new competences, aligned with their own current needs or future expectations. In 2018 we made an important commitment to digitalization in areas such as training and internal communication through the creation of virtual communities to share know-how and best practices, together with the global launch of a new employee portal.

Diversity & inclusion

These aspects are increasingly relevant in a society that requires companies to make strong commitments on these matters and that we report year after year. To promote diversity, we promote equal opportunities, expressly prohibiting discrimination in our Code of Ethics and respecting all applicable legislation at all times.

For Meliá, having the best talent on our team is the key. That is why we work with major social organizations to support groups at risk of exclusion and create opportunities through measures aimed at giving them a first opportunity and improving their employability.

Our priority is to work hand in hand with leading local and international allies to consolidate ongoing projects and promote new and ambitious ideas that improve the employability of these groups. This year Meliá and Obra Social La Caixa signed a cooperation agreement to promote the employment through the "Incorpora" programme. In parallel, we are also strengthening the Dual Training model for the future, combining technical training and learning in a real work environment.

We are part of the ClosinGAP initiative, a project led by Merck Spain and involving 10 leading companies in Spain, whose objective is to analyze the impact of the gender gap in different areas and encourage measures to reduce it.

KEY SOCIAL INDICATORS

45,965 TEAM MEMBERS	1,199 NET NEW EMPLOYMENT	235 PEOPLE IN DEVELOPMENT POOLS	71.3% POSITIONS COVERED BY INTERNAL TALENT	€4.5M INVESTMENT IN TRAINING & DEVELOPMENT	1.98 ROI HUMAN CAPITAL
1,964 CSR ACTIONS SUPPORTED	1,253 SOCIAL ORGANISATIONS SUPPORTED	€1.54M FINANCIAL VALUE OF ACTIVITIES	+ 97.7 k DIRECT BENEFICIARIES	+€467 k FUNDS RAISED FOR UNICEF	


Meliá Serengeti Lodge | Tanzania

FINANCIAL STATEMENTS

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INCOME STATEMENT

Important disclosure: Our consolidated P&L statement has been affected by the implementation of the accounting principles included in IFRS 15. In this regard, 2017 figures have been restated in order to facilitate a proper comparison with 2018 numbers.

Revenues

Total Consolidated Revenues slightly dropped during 12M 2018 vs 2017 by -1.5% due to the following:

a. Negative impact of the USD/EUR exchange rate of -€33.3M mainly during the first half of the year.
b. Higher contribution due to the improved performance of our hotels of +€24.2M that was partially offset by the negative impacts related to the closures of both our hotel located in Puerto Rico and Meliá Caribe Tropical, which was closed during mostly of the year due to a deep and lengthy refurbishment and repositioning process.
c. Drop in demand affecting our Cuban TO Sol Caribe Tours of -€5.9M due to diverse factors that affected our operations in the country.
d. Disaffiliation of Gran Meliá Nacional de Rio and change in the type of contract of Meliá Villaitana from lease to management, with both aspects having a combined impact of -€15.6M.

Operating Costs

Total Operating Costs declined by -4.7% during 12M 2018 vs the same period last year as a result of the below discussed aspects:

a) Positive impact related to the evolution of the USD/EUR exchange rate of -€21.9M.
b) Higher costs associated to the improved performance of our hotels of +€12.9M that were partially offset by the lower expenses due to the closures of Meliá Coco Beach and Meliá Caribe Tropical due to refurbishments.
c) Lower costs that resulted from the drop posted in the activity levels of Sol Caribe Tours of -€4.7M.
d) Savings derived from both the disaffiliation of Gran Meliá Nacional de Rio and the change of the type of contract of Meliá Villaitana of -€13.6M.

Increase in Rental Expenses of +€14.9M resulting mainly from the reversal of certain rental provisions related to onerous contracts of +€2.5M recorded in 2017 combined with the net effect of new openings, the sale and leaseback of 3 hotels that we sold back in July and the better performance posted by those hotels that we operate under variable lease contracts.

EBITDA

EBITDA rose sharply by +7.0% in 12M 2018 vs the same period last year, while EBITDA excluding capital gains rose by +0.9%. Furthermore, EBITDA ex capital gains margin improved by +78 bps vs 12M 2017 on a current currency basis and by +106 bps excluding the effect of exchange rates.

Depreciation and Amortization costs dropped by -€4.5M during the period vs 12M 2017.

Operating Profit (EBIT)

Operating Profit jumped by +14.4% in 12M 2018 vs the same period last year.

Result from entities valued by the equity method in the period was +€5.3M, which compares with the +€23.2M posted in the 12M 2017 that resulted mainly from the +€20.6M capital gain generated from the sale of 4 hotels carried out by Starmel Group in 2017.

Net Profit

Net Profit surged by +12.1% in 12M 2018 vs the same period last year.

EPS rose to +€0.61, which compares with +€0.54 in 12M 2017.

% change Q4 18 vs Q4 17	Q4 2018	Q4 2017	(Million Euros)	12M 2018	12M 2017	% change 12M 18 vs 12M 17
			Revenues split			
	390.7	425.2	Total HOTELS	1.907.2	1.951.5	
	37.4	63.6	Management Model	295.0	294.4	
	340.3	347.1	Hotel Business Owned & Leased	1.554.2	1.590.7	
	13.0	14.4	Other Hotel Business	58.0	66.5	
	19.0	3.5	Real Estate Revenues	51.5	8.7	
	19.9	12.3	Club Meliá Revenues	75.8	55.8	
	77.5	83.0	Overheads	180.7	190.6	
	507.1	524.0	Total Revenues Aggregated	2.215.2	2.206.5	
	(89.9)	(101.2)	Eliminations on consolidation	(383.9)	(347.3)	
-1.3%	**417.2**	**422.8**	**Total Consolidated Revenues**	**1.831.3**	**1.859.2**	**-1.5%**
	(41.3)	(46.7)	Raw Materials	(190.8)	(211.2)	
	(124.8)	(116.8)	Personnel Expenses	(526.6)	(502.7)	
	(155.0)	(165.9)	Other Operating Expenses	(594.2)	(661.9)	
-2.5%	**(321.1)**	**(329.3)**	**Total Operating Expenses**	**(1.311.7)**	**(1.375.8)**	**-4.7%**
2.8%	**96.1**	**93.5**	**EBITDAR**	**519.6**	**483.3**	**7.5%**
	(43.2)	(39.1)	Rental Expenses	(193.1)	(178.3)	
-2.6%	**53.0**	**54.4**	**EBITDA**	**326.5**	**305.1**	**7.0%**
	(32.9)	(36.3)	Depreciation and Amortisation	(121.0)	(125.4)	
10.8%	**20.0**	**18.1**	**EBIT (OPERATING PROFIT)**	**205.5**	**179.6**	**14.4%**
	(8.8)	(6.9)	Financial Expense	(31.8)	(30.0)	
	8.7	0.4	Other Financial Results	15.2	8.4	
	0.3	6.5	Exchange Rate Differences	(8.9)	(11.5)	
555.6%	**0.2**	**0.0**	**Net Financial Profit/(Loss)**	**(25.5)**	**(33.1)**	**-23.1%**
	(2.5)	(3.3)	Profit / (loss) from Associates and JV	5.3	23.2	
20.1%	**17.8**	**14.8**	**Profit before taxes and minorities**	**185.4**	**169.7**	**9.2%**
	0.7	(1.1)	Taxes	(41.2)	(41.1)	
35.4%	**18.5**	**13.7**	**Group net profit/(loss)**	**144.2**	**128.6**	**12.1%**
	(1.8)	(1.5)	Minorities	4.2	4.7	
33.9%	**20.3**	**15.2**	**Profit/(loss) of the parent company**	**140.1**	**123.9**	**13.0%**

BALANCE SHEET

Assets

Total Assets rose by +3.8% in 12M 2018 vs the same period last year as a result of the following:

a) Increase in Tangible Assets of +€174.8M that resulted mainly from the below discussed aspects:
   I. Drop in amortizations during the period of -€100.5M.
   II. Rise derived from investments and refurbishments that took place during the period mainly in Spain and The Circle (Dominican Republic), with a combined total effect of +€164.3M.
   III. Reduction that resulted from the recognition of a non-current asset held for sale due to the ongoing sale process of our hotel located in Puerto Rico of -€92.0M.
   IV. Increase that resulted from the full consolidation of ME London of +€219.7M.
   V. Decline that resulted from the disposal of 3 hotels back in July of -€66.7M.

b) Increase in Deferred Tax Assets of +€19.5M that resulted mainly from the full consolidation of Adprotel.

c) Increase due to the recognition of a Non-current Asset Held for Sale of +€56.1M due to the ongoing sale process of our hotel located in Puerto Rico.

(Million Euros)	December 2018	December 2017	% change December 18 vs December 17
ASSETS			
NON-CURRENT ASSETS			
Goodwill	68.0	60.7	12.0%
Other Intangibles	107.6	102.2	5.3%
Tangible Assets	1.856.8	1.682.0	10.4%
Investment Properties	149.4	135.9	10.0%
Investments in Associates	197.8	229.6	-13.9%
Other Non-Current Financial Assets	141.2	173.6	-18.6%
Deferred Tax Assets	239.8	220.3	8.8%
TOTAL NON-CURRENT ASSETS	**2.760.6**	**2.604.3**	**6.0%**
CURRENT ASSETS			
Non-current assets held for sale	56.1	0.0	-
Inventories	26.5	34.1	-22.3%
Trade and Other receivables	249.1	271.0	-8.1%
Tax Assets on Current Gains	28.9	55.0	-47.5%
Other Current Financial Assets	41.1	48.7	-15.6%
Cash and Cash Equivalents	312.9	331.9	-5.7%
TOTAL CURRENT ASSETS	**714.5**	**740.6**	**-3.5%**
TOTAL ASSETS	**3.475.2**	**3.344.9**	**3.9%**

BALANCE SHEET (cont´d)

Liabilities

Total liabilities rose by +0.8%, while Total Equity increased by +9.0%, in 12M 2018 as a result of the following:

a) Restatement of 12M 2017 Total Net Equity that resulted in an adjustment of -€252.9M due to the application of IFRS 15. In this regard, the new accounting standard states that Club Meliá's revenues collected in advance must be recognized on a deferred basis and reflected as a separate item on the liabilities side of our consolidated balance sheet.

(Million Euros)	December 2018	December 2017	% change December 18 vs December 17
EQUITY			
Issued Capital	45.9	45.9	0.0%
Share Premium	1.119.3	1.120.3	-0.1%
Reserves	431.9	392.9	9.9%
Treasury Shares	(16.0)	(15.0)	6.7%
Results From Prior Years	(251.4)	(277.4)	-9.4%
Other Equity Instruments	(0.0)	(0.0)	0.0%
Translation Differences	(133.6)	(145.6)	-8.3%
Other Adjustments for Changes in Value	(2.1)	(1.7)	26.1%
Profit Attributable to Parent Company	140.1	123.9	13.0%
EQUITY ATTRIBUTABLE TO THE PARENT CO.	**1.334.1**	**1.243.3**	**7.3%**
Minority Interests	50.1	26.6	88.7%
TOTAL NET EQUITY	**1.384.2**	**1.269.9**	**9.0%**
LIABILITIES			
NON CURRENT LIABILITIES			
Issue of Debentures and Other Marketable Securities	33.8	0.0	-
Bank Debt	719.9	644.5	11.7%
Other Non-Current Liabilities	15.0	9.4	58.9%
Capital Grants and Other Deferred Income	368.5	387.0	-4.8%
Provisions	57.3	42.5	34.8%
Deferred Tax Liabilities	189.3	184.9	2.4%
TOTAL NON-CURRENT LIABILITIES	**1.383.9**	**1.268.4**	**9.1%**
CURRENT LIABILITIES			
Liabilities linked to non-current assets held for sale	0.0	0.0	-
Issue of Debentures and Other Marketable Securities	51.5	71.6	-28.0%
Bank Debt	115.1	209.5	-45.1%
Trade and Other Payables	474.0	443.3	6.9%
Liabilities for Current Income Tax	7.1	17.5	-59.6%
Other Current Liabilities	59.4	64.8	-8.3%
TOTAL CURRENT LIABILITIES	**707.1**	**806.6**	**-12.3%**
TOTAL LIABILITIES AND EQUITY	**3.475.2**	**3.344.9**	**3.9%**

Financial results

Net Financial Loss improved to a great extent after having posted a -23.1% decline in 12M 2018 vs the same period last year due to the different aspects discussed below:

a) Increase of Financial Expenses (+€1.8M) mainly due to the full consolidation of ME London, the similar average interest rate paid (3.20% vs 3.24% in 12M 2017) and despite the impact of the new USD-denominated debt, which rose from a 5.0% to the current 20.0%, as it carries a higher cost given the current USD yield curve.

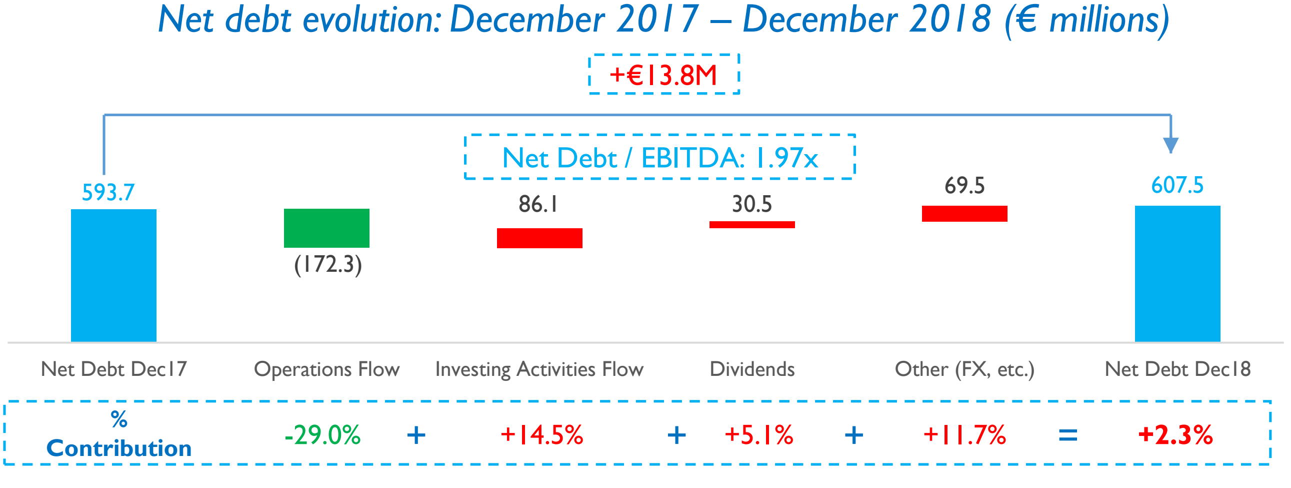
b) Improvement of Other Financial Results (+€6.8M) during the period vs 12M 2017 and that resulted mainly from the adjustment made to reflect the hyperinflation suffered in Venezuela.

c) Positive impact of Exchange Rates Differences (-€2.6M) as a result of the evolution of the USD against the EUR during the period, particularly during the last months of the year.

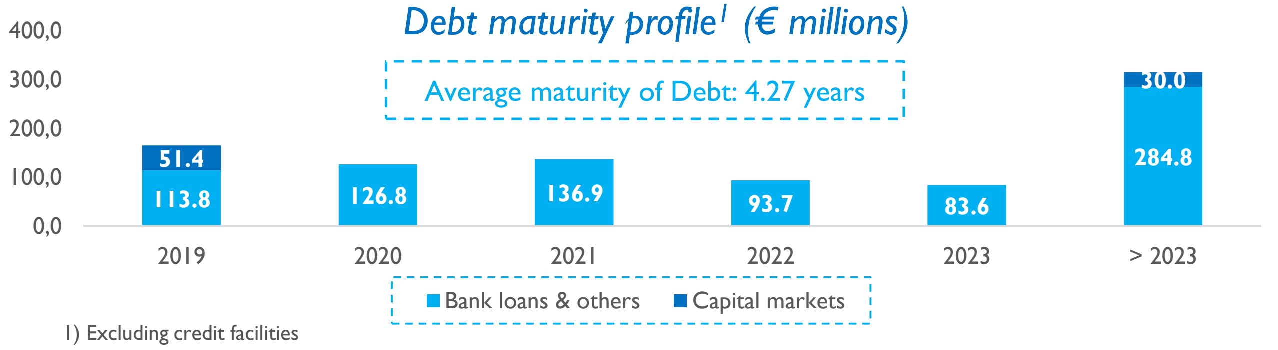
Q4 2018	Q4 2017	Item	12M 2018	12M 2017
0.3	6.5	Exchange Rates Differences	(8.9)	(11.5)
(8.8)	(6.9)	Financial Expense	(31.8)	(30.0)
52.7	47.3	*Interest Capital Markets*	(30.6)	(26.7)
2.0	5.8	*Interest bank loans and others*	(1.2)	(3.3)
8.7	0.4	Other Financial Results	15.2	8.4
0.2	**0.0**	**Net Financial Income/(Loss)**	**(25.5)**	**(33.1)**

Debt and Cash Flow

During the last twelve months of the year, Net Debt rose by +€13.8M and reached +€607.5M at the end of the period, which compares with the +€51.2M increase reported during 12M 2017. The main factors explaining this slight increase have been the full consolidation of ME London, which was reflected in both the Investing Activities Flow and Other items of our Cash Flow Statement, and that was partially offset by the disposal of 3 hotels in July and by the €12.3M payment collected in advance due to the ongoing sale process of our hotel located in Puerto Rico. Furthermore, we would like to reiterate our strong commitment to maintain a Net Debt/EBITDA leverage ratio below 2.0x for the upcoming years.



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



1) Excluding credit facilities

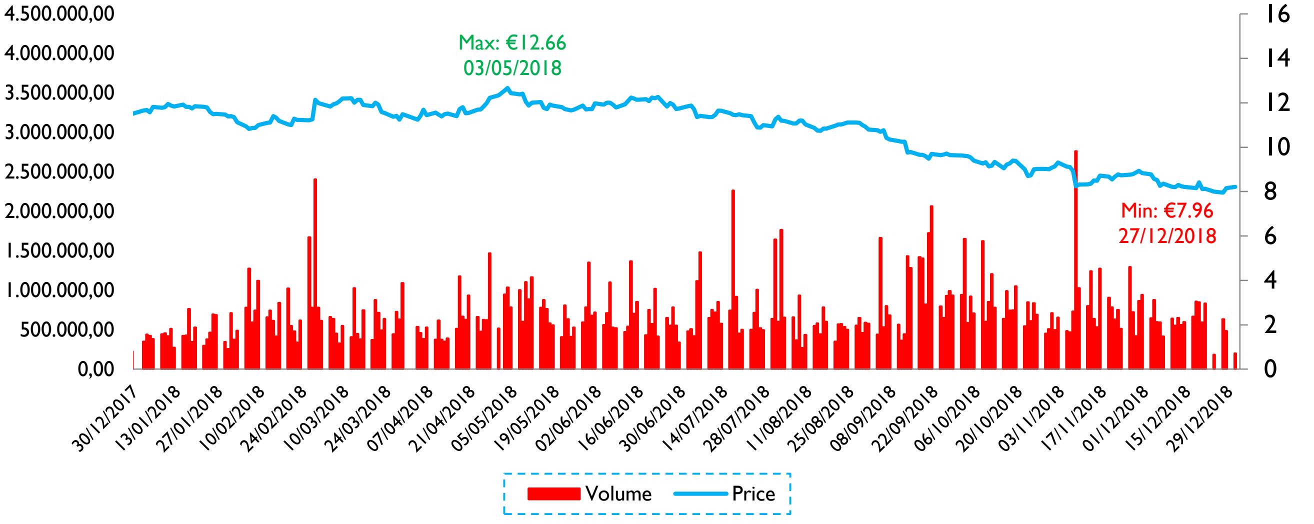
ME Cabo | Mexico

MELIÁ IN THE STOCK MARKET

5

STOCK MARKET

Our stock price declined by -14.7% during Q4 2018, underperforming the Ibex 35 Index (-9.2%). On a yearly basis, our stock price dropped by -29.6%, while the IBEX 35 Index fell by -15.3%.



	Q1 2018	Q2 2018	Q3 2018	Q4 2018	2018
Average daily volume (*thousand shares*)	627.4	693.9	798.2	774.9	724.4
Meliá performance	-0.1%	+4.4%	-18.6%	-14.7%	-29.6%
Ibex 35 performance	-4.4%	+0.8%	-1.8%	-9.2%	-15.3%

	2018	2017
Number of shares (*millions*)	229.70	229.70
Average daily volume (*thousands shares*)	724.36	714.88
Maximum share price (*euros*)	12.66	13.89
Minimum share price (*euros*)	7.96	10.42
Last Price (*euros*)	8.21	11.50
Market capitalization (*million euros*)	1,885.84	2,641.55
Dividend (*euros*)	0.17	0.13

Source: Bloomberg

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

Main Highlights of 2018:

- On July 10, 2018, a €0.1681 ordinary dividend per share was paid to shareholders.
- On October 8, 2018, RobecoSAM, the leading investment specialist focused exclusively on sustainability investing that is in charge of analyzing companies to define the composition of the Dow Jones Sustainability Index, ranked us 3rd among the World's Best Sustainable Companies in the Hotels, Resorts and Cruise Lines category.

Meliá Desert Palm | Dubai - UAE

APPENDIX

6

MELIÃ HOTELS INTERNATIONAL

GRAN MELIÁ HOTELS & RESORTS · ME BY MELIÃ · PARADISUS BY MELIÃ · MELIÃ HOTELS & RESORTS · INNSIDE BY MELIÃ · TRYP · Sol by Meliã · CIRCLE BY MELIÃ · MELIÃ REWARDS

BUSINESS SEGMENTATION OF MELIÁ HOTELS INTERNATIONAL

12M 2018	Total Hotels	Real Estate	Club Meliá	Overheads	Total Aggregated	Eliminations On Consolidation	Total Consolidated
Revenues	**1,907.2**	**51.5**	**75.8**	**180.7**	**2,215.2**	**(383.9)**	**1,831.3**
Expenses	1,383.3	28.0	68.3	206.3	1,685.9	(374.2)	1,311.7
EBITDAR	523.9	23.5	7.6	(25.6)	529.3	(9.7)	519.6
Rentals	194.0	0.0	0.0	8.8	202.8	(9.7)	193.1
EBITDA	**329.8**	**23.5**	**7.6**	**(34.4)**	**326.5**	**0.0**	**326.5**
D&A	98.8	(0.8)	2.0	21.0	121.0	0.0	121.0
EBIT	231.0	24.3	5.6	(55.4)	205.5	0.0	205.5

12M 2017	Total Hotels	Real Estate	Club Meliá	Overheads	Total Aggregated	Eliminations On Consolidation	Total Consolidated
Revenues	**1,951.5**	**8.7**	**55.8**	**190.6**	**2,206.5**	**(347.3)**	**1,859.2**
Expenses	1,433.8	6.7	50.7	226.6	1,717.7	(341.9)	1,375.8
EBITDAR	517.8	2.0	5.1	(36.1)	488.8	(5.5)	483.3
Rentals	181.7	0.0	0.0	2.0	183.7	(5.5)	178.3
EBITDA	**336.1**	**2.0**	**5.1**	**(38.1)**	**305.1**	**0.0**	**305.1**
D&A	101.3	0.7	4.0	19.5	125.4	0.0	125.4
EBIT	234.8	1.3	1.2	(57.6)	179.6	0.0	179.6

Q4 2018	Total Hotels	Real Estate	Club Meliá	Overheads	Total Aggregated	Eliminations On Consolidation	Total Consolidated
Revenues	**390.7**	**19.0**	**19.9**	**77.5**	**507.1**	**(89.9)**	**417.2**
Expenses	287.1	18.5	15.5	85.9	407.0	(85.9)	321.1
EBITDAR	103.6	0.5	4.3	(8.4)	100.1	(4.0)	96.1
Rentals	43.0	0.0	0.0	4.2	47.2	(4.0)	43.2
EBITDA	**60.7**	**0.5**	**4.3**	**(12.5)**	**53.0**	**0.0**	**53.0**
D&A	27.3	0.1	0.7	4.9	32.9	0.0	32.9
EBIT	33.4	0.4	3.7	(17.5)	20.0	0.0	20.0

Q4 2017	Total Hotels	Real Estate	Club Meliá	Overheads	Total Aggregated	Eliminations On Consolidation	Total Consolidated
Revenues	**425.2**	**3.5**	**12.3**	**83.0**	**524.0**	**(101.2)**	**422.8**
Expenses	324.4	2.2	11.3	91.2	429.1	(99.8)	329.3
EBITDAR	100.7	1.3	1.1	(8.2)	94.9	(1.4)	93.5
Rentals	38.8	0.0	0.0	1.7	40.5	(1.4)	39.1
EBITDA	**61.9**	**1.3**	**1.1**	**(9.9)**	**54.4**	**(0.0)**	**54.4**
D&A	29.1	0.5	1.6	5.2	36.3	0.0	36.3
EBIT	32.8	0.8	(0.5)	(15.0)	18.1	(0.0)	18.1


Paradisus Princesa del Mar Resort & Spa | Cuba

MAIN STATISTICS BY BRAND & COUNTRY

MAIN STATISTICS BY BRAND

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occup.		ARR		RevPAR		Occup.		ARR		RevPAR	
	%	p.p. change	€	% change	€	% change	%	p.p. change	€	% change	€	% change
Paradisus	72.8%	0.2	130.1	-5.2%	94.8	-4.9%	67.5%	-1.1	127.5	-8.2%	86.1	-9.7%
ME by Melia	73.1%	3.1	255.5	-0.7%	186.7	3.7%	63.8%	8.6	241.7	-1.4%	154.1	13.9%
Gran Meliá	59.7%	2.6	209.1	4.6%	124.9	9.3%	59.8%	4.0	179.7	10.5%	107.4	18.4%
Meliá	72.1%	0.5	123.8	2.7%	89.3	3.4%	64.3%	-1.3	104.8	-4.0%	67.4	-5.9%
Innside	71.9%	0.7	127.0	-1.9%	91.4	-0.9%	67.9%	0.5	116.9	-6.7%	79.3	-6.0%
Tryp by Wyndham	73.3%	1.0	85.7	-1.2%	62.9	0.2%	67.9%	0.2	78.1	-5.8%	53.0	-5.5%
Sol	76.3%	-0.5	84.3	-1.5%	64.4	-2.2%	73.1%	1.0	79.7	-2.1%	58.3	4.2%
TOTAL	72.0%	0.7	120.0	0.7%	86.4	1.7%	66.7%	0.0	104.3	-2.7%	69.6	-2.7%

MAIN STATISTICS BY KEY COUNTRIES

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occup.		ARR		RevPAR		Occup.		ARR		RevPAR	
	%	p.p. change	€	% change	€	% change	%	p.p. change	€	% change	€	% change
AMERICA	67.0%	-0.9	116.1	-0.5%	77.8	-1.8%	65.8%	-1.8	117.1	-0.7%	77.0	-3.2%
Dominican Republic	66.3%	-7.7	111.7	-2.5%	74.1	-12.6%	66.3%	-7.7	111.7	-2.5%	74.1	-12.6%
Mexico	73.7%	0.6	116.1	-3.5%	85.5	-2.7%	71.8%	4.8	122.6	-3.6%	88.0	3.2%
Peru	64.0%	-4.7	101.6	-4.8%	65.0	-11.3%	54.7%	-14.0	100.0	-6.2%	54.7	-25.4%
Puerto Rico	0.0%	0.0	0.0	0.0%	0.0	0.0%	0.0%	0.0	0.0	0.0%	0.0	0.0%
USA	78.8%	-1.8	157.4	-0.8%	124.1	-3.0%	74.0%	-1.2	161.6	0.0%	119.5	-1.5%
Venezuela	42.0%	-10.2	78.3	54.4%	32.9	24.2%	42.0%	-10.2	78.3	54.4%	32.9	24.2%
Cuba	-	-	-	-	-	-	55.9%	-3.6	80.8	-17.2%	45.2	-22.2%
Brazil	24.3%	-	117.9	-	28.7	-	56.9%	5.5	75.1	-11.7%	42.7	-2.2%
ASIA	-	-	-	-	-	-	61.8%	7.6	73.7	7.1%	45.6	22.1%
Indonesia	-	-	-	-	-	-	60.2%	6.6	66.4	6.5%	40.0	19.7%
China	-	-	-	-	-	-	67.0%	6.1	68.0	-7.9%	45.5	1.3%
Vietnam	-	-	-	-	-	-	58.5%	-1.8	98.4	1.5%	57.5	-1.5%
EUROPE	72.7%	1.1	155.2	2.0%	112.8	3.5%	72.0%	0.2	157.7	3.0%	113.5	3.3%
Austria	76.7%	6.6	134.0	-2.9%	102.9	6.3%	76.7%	6.6	134.0	-2.9%	102.9	6.3%
Germany	72.0%	0.7	109.0	0.0%	78.5	0.9%	72.0%	0.7	109.0	0.0%	78.5	0.9%
France	81.7%	9.4	184.7	6.2%	150.8	20.1%	81.7%	9.4	184.7	6.2%	150.8	20.1%
United Kingdom	75.7%	0.3	172.3	3.9%	130.4	4.3%	75.6%	0.2	172.0	3.7%	130.0	4.0%
Italy	70.5%	1.4	211.4	3.1%	149.0	5.3%	69.6%	1.2	213.8	2.9%	148.8	4.8%
Spain	73.1%	0.8	114.2	0.3%	83.5	1.3%	72.6%	0.5	108.8	0.4%	79.0	1.0%
Resorts	74.1%	-0.6	114.8	-1.3%	85.1	-2.1%	73.7%	-1.5	108.0	-0.8%	79.6	-2.7%
Urban	72.3%	2.1	113.6	1.9%	82.1	5.0%	71.2%	2.6	109.8	1.8%	78.2	5.7%
TOTAL	72.0%	0.7	120.0	0.7%	86.4	1.7%	66.7%	0.0	104.3	-2.7%	69.6	-2.7%

MAIN STATISTICS BY DIVISION AND EXCHANGE RATES

FINANCIAL INDICATORS SUMMARY Q4 2018

	HOTELS OWNED & LEASED										MANAGEMENT MODEL					
	Aggregated Revenues		Room Revenues		EBITDAR		EBITDA		EBIT		Third Parties Fees		Owned & Leased Fees		Other Revenues	
	€	% change	€	% change	€	% change	€	% change	€	% change	€	% c hange	€	% change	€	% change
America	88.5	-12.5%	41.2	-5.4%	21.1	-26.6%	18.2	-31.0%	6.2	-56.9%	1.0	-6.1%	5.0	-15.8%	6.5	-6.1%
EMEA	143.8	9.2%	99.2	5.1%	38.5	15.7%	19.2	27.1%	10.2	20.5%	0.3	262.5%	8.3	13.6%	2.7	-63.9%
Spain	69.3	6.3%	51.1	9.9%	18.4	35.7%	4.8	182.4%	1.3	-154.7%	1.7	8.9%	4.5	14.3%	2.8	22.3%
Mediterranean	38.7	-18.8%	23.8	-5.6%	3.8	-40.6%	(4.0)	-395.3%	(7.0)	323.2%	3.3	3.9%	1.7	-35.9%	1.1	-48.5%
Brazil	-	-	-	-	-	-	-	-	-	-	0.9	-4.5%	0.0	-92.4%	0.6	-1.3%
Cuba	-	-	-	-	-	-	-	-	-	-	2.2	-	-	-	1.8	-
Asia	-	-	-	-	-	-	-	-	-	-	1.6	-	-	-	1.0	-
TOTAL	340.3	-2.0%	215.3	2.2%	81.7	1.2%	38.1	-10.2%	10.5	-31.8%	10.9	11.2%	19.6	-2.0%	16.5	-51.2%

MAIN STATISTICS BY DIVISION Q4 2018

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occupancy		ARR		RevPAR		Occupancy		ARR		RevPAR	
	%	p.p. change	€	% change	€	% change	%	p.p. change	€	% change	€	% change
America	58.0%	-8.9	119.2	7.7%	69.1	-6.6%	56.7%	-5.2	121.3	7.1%	68.7	-1.8%
EMEA	73.2%	1.1	155.0	4.2%	113.5	5.9%	71.7%	-0.3	155.7	5.7%	111.7	5.2%
Spain	67.4%	3.2	99.7	7.2%	67.2	12.5%	65.9%	2.7	98.8	5.9%	65.1	10.4%
Mediterranean	63.3%	-5.6	75.7	-4.8%	47.9	-12.5%	65.9%	-4.1	74.0	-2.9%	48.8	-8.6%
Brazil	-	-	-	-	-	-	58.8%	3.8	76.3	-6.8%	44.9	-0.4%
Cuba	-	-	-	-	-	-	49.5%	5.3	78.2	-13.5%	38.7	-3.2%
Asia	-	-	-	-	-	-	61.4%	5.2	73.2	2.1%	44.9	11.6%
TOTAL	66.4%	-1.1	118.8	4.6%	78.9	2.9%	61.7%	0.5	101.1	0.5%	62.4	1.4%

12M 2018 EXCHANGE RATES

	12M 2018	12M 2017	12M 2018 VS 12M 2017
1 foreign currency = X €	Average Rate	Average Rate	% Change
Sterling (GBP)	1.1302	1.1415	-0.98%
American Dollar	0.8477	0.8865	-4.38%

Q4 2018 EXCHANGE RATES

	Q4 2018	Q4 2017	Q4 2018 VS Q4 2017
1 foreign currency = X €	Average Rate	Average Rate	% Change
Sterling (GBP)	1.1273	1.1270	+0.03%
American Dollar	0.8766	0.8489	+3.27%

Gan Meliá Rome Villa Agrippina | Rome - Italy

IMPACT OF IFRS 16 IN OUR FINANCIAL STATEMENTS

On January 1, 2019, the new rule regarding leases included in the IFRS 16 came into force. This new rule brought significant changes to the composition of our assets and liabilities, as well as in the structure of our consolidated P&L. In this regard, to report our 2019 financial statements, we opted for the full retrospective approach, which implies the reconstruction of the payment obligations of each of the lease contracts since their commencement dates.

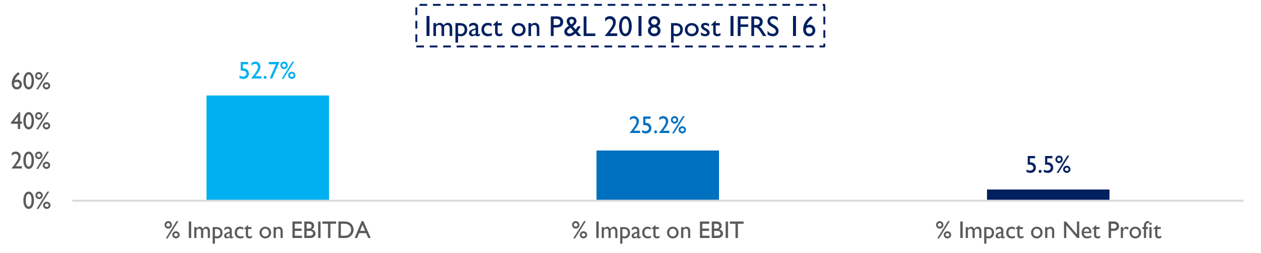
The main estimated impacts on both our consolidated balance sheet and P&L are discussed below:

Balance Sheet

- Right of Use (ROU) Assets valued at their amortized cost, with an estimated net book value of €1,016.7M.
- Lease Liabilities valued at an effective interest rate, with an estimated net book value of €1,249.1M.
- Deferred Tax Assets and Liabilities, for the difference between the tax and the accounting values of the assets and liabilities generated due to the recognition of the above mentioned assets and liabilities, for a total estimated net book value of €58.1M.

Income Statement

- Decline in Rental Expenses of €172.2M.
- Increase in Amortizations and Impairments for €120.3M.
- Rise in Financial Expenses of €41.2M.
- Increase in Income Taxes of €2.7M.



	31/12/2018	IFRS 16	31/12/2018 After IFRS 16 Impact
EBITDAR	**519.6**	**0.0**	**519.6**
Rental expenses	(193.1)	172.2	(20.9)
EBITDA	**326.5**	**172.2**	**498.7**
Depreciation and amortisation	(121.0)	(120.3)	(241.3)
EBIT (OPERATING PROFIT)	**205.5**	**51.9**	**257.4**
Financial Expense	(31.8)	(41.2)	(73.0)
Other Financial Results	15.2	0.0	15.2
Exchange Rate Differences	(8.9)	0.0	(8.9)
Total financial profit/(loss)	**(25.5)**	**(41.2)**	**(66.7)**
Profit / (loss) from Associates and JV	5.3	0.0	5.3
Profit before taxes and minorities	**185.4**	**10.7**	**196.1**
Taxes	(41.2)	(2.7)	(43.9)
Group net profit/(loss)	**144.2**	**8.0**	**152.2**
Minorities	4.2	0.0	4.2
Profit/(loss) of the Parent Company	**140.1**	**8.0**	**148.1**

	31/12/2018	IFRS 16	31/12/2018 After IFRS 16 Impact	*% change*
EBITDA ex capital gains	**307.8**	**172.2**	**480.0**	***56.0%***
EBIT (Operating Profit)	**186.8**	**51.9**	**238.7**	***27.8%***
Net Debt	**607.5**	**1,249.1**	**1,856.6**	***205.6%***
Net Debt / EBITDA	**1.97x**		**3.87x**	

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DEFINITIONS

EBITDA and EBITDA ex capital gains

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

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

EBITDAR and EBITDA ex capital gains margins

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

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

Net Debt

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

Net Debt to EBITDA Ratio

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

Occupancy

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

Average Room Rate (ARR)

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

Revenue per Available Room (RevPAR)

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

Flow Through

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