MELIÃ HOTELS INTERNATIONAL

According to article 228 of the consolidated text of the Securities Market Act and its related legislation, MELIÁ HOTEL INTERNATIONAL S.A. makes public the following:

SIGNIFICANT EVENT

The Board of Directors held today has formulated the Interim Financial Accounts for the First Half 2018. This information has been sent to the CNMV through CIFRADOC/CNMV.

In addition, the First Half Results release for analysts and investors has been attached.

Meliá Hotels International, S.A.
Palma, July 30 2018

FIRST HALF RESULTS

2018

MELIÃ HOTELS INTERNATIONAL

MELIÃ HOTELS INTERNATIONAL

Dear fellow shareholders,

"We posted a positive set of results that reflect the strength and resilience of our underlying business"

The first half of 2018 has been a positive period for the travel and hospitality industry, with the number of international tourists and the average expenditure per traveler increasing at a healthy rate according to recent data published by the WTO, which also expects this trend to continue in the following years. These positive market dynamics fueled certain regions, such as Spain, that benefitted from the increasing demand and attractiveness of popular touristic destinations that boosted the performance and allowed our hotels to further benefit from a constant flow of visitors not only in high season, but also in low-volume months.

In this context, we delivered a positive set of results that reflect the strength and resilience of our underlying business, as reflected by the improvements posted by the main financial metrics on a constant currency basis. In this regard, O&L RevPAR grew by +4.6% vs H1 2017, being this increase explained not only by price hikes, but also by the an increase in occupancy rates, while revenues and EBITDA ex capital gains increased by +0,5% and +7,4% respectively despite the fact that a number of our hotels were not fully operative during the period due to refurbishments and repositionings. To top it off, EBITDA ex capital gains margins rose by +109 bps thanks to the improved profitability levels of our hotels thanks to the costs efficiencies unlocked plus the higher contribution of our hotels in ramp up, which reinforces our commitment to increase margins for the entire year by over +100 bps. Moreover, our financial situation remained robust and allowed us to carry on additional investments in order to increase systemwide profitability and shareholder's returns, and we reiterate our strong commitment to close the year with a Net Debt/EBITDA leverage ratio of 2,0x. All these aspects make us optimistic for Q3, the high season in Spain, where we expect to improve past year's figures.

On the commercial side, we have been very active implementing innovative and unique marketing actions and online campaigns, which combined with the investments carried out recently to boost our digital and IT capabilities, allowed us to further penetrate among upper segments and to improve sales through our direct channel melia.com, which grew by +7.0% vs H1 2017 and will allow us to close the year with around 70.0% of our total sales generated through digital platforms, as well as to increase the number of members of our loyalty programme Meliá Rewards up to 10 million, being this aspect critical to own our customers and to know more about them, which will allow us to adapt our pricing strategy and to further increase margins. Moreover, our B2B platform Meliá Pro has been consistently improving its performance after having optimized the relationships with strategic business partners, and in this regard we expect to close the 2016-2018 period with an increase in sales of over +50.0%.

"NAV per share increased by +21.3% vs June 2015, reflecting our proven capacity to generate further value to our shareholders"

Operationally speaking, we have been focusing on refurbishments and repositionings aimed at continue increasing the value of our existing properties and to further penetrate into premium segments, while at the same time we remained very active on the development side after having opened 9 new hotels and signed 10 in attractive destinations benefitting from positive market dynamics, such as Cuba, Vietnam and Spain, among others. In addition, along with this earnings release, we updated the valuation of our owned assets as part of the update that we carry on every three years and our NAV per share increased by +21.3% vs June 2015, reflecting our proved capacity to generate further value to our shareholders. Additionally, on the real estate side, in July we sold 3 hotels, which generated a net capital gain of €6.6M at EBITDA level and that were part of our non-core assets located in Spain to capitalize on the current positive momentum of the real estate market, while in the meantime we will continue evaluating potential value-accretive opportunities.

To conclude, I would like to mention that our sustainable approach when doing business has been widely recognized, as shown by the "*Business of the Year in Spain*" award given by European Business Awards or the fact that all of our brands were included in the ranking of the "*Most Valuable Brands in Spain*" elaborated by Brand Finance, being these acknowledgements a motivation to continue collaborating with our stakeholders.

Yours sincerely,

Gabriel Escarrer, *Vice Chairman & CEO*

P&L AND KEY INDICATORS SUMMARY

(Million Euros)	June 2018	June 2017 *	% change
REVENUES	**879.2**	**899.4**	**-2.2%**
Revenues ex capital gains	**866.6**	**899.4**	**-3.6%**
EBITDAR	238.5	217.7	9.5%
EBITDA	**155.1**	**144.1**	**7.7%**
EBITDA ex capital gains	**142.6**	**144.1**	**-1.0%**
EBIT	97.0	85.1	13.9%
TOTAL FINANCIAL PROFIT (LOSS)	(13.2)	(28.4)	53.6%
EARNINGS BEFORE TAXES	82.6	76.1	8.5%
NET PROFIT	**61.9**	**57.1**	**8.5%**
NET PROFIT ATTRIBUTABLE	61.8	57.6	7.2%
EPS (€)	0.27	0.25	7.2%
REVPAR Owned & Leased (€)	**82.8**	**81.2**	**1.9%**
REVPAR Owned, Leased & Managed (€)	**68.0**	**72.5**	**-6.2%**
EBITDAR MARGIN (ex - capital gains)	26.1%	24.2%	186 bps
EBITDA MARGIN (ex - capital gains)	*16.5%*	*16.0%*	43 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

- Our underlying business has remained strong during the first half of the year, despite the challenging environment faced and the negative impact of certain one offs affecting our operations. In this regard, the main financial metrics on a constant currency basis posted significant advances vs H1 2017: O&L RevPAR (+4.6%, explained by a combination of higher prices and occupancy rates), revenues (+0.5%, despite the negative impact of the USD devaluation and the closure of certain hotels due to refurbishments and repositionings) and EBITDA ex capital gains (+7.4%, with a +109 bps increase margins thanks to the improved profitability of our hotels resulting from cost efficiencies).
- EPS grew by +7.2% and stood at €0.27, which compares with the €0.25 in the same period last year, despite the fact that in H1 2017 a €20.6M capital gain was generated and included in the Profit / (loss) from Associates and JV line of our consolidated P&L.
- The different marketing actions and online campaigns launched to increase efficiency levels and conversion rates of our direct channel continued bearing fruit and boosted melia.com sales, which grew by +7.0% vs the same period last year.

Debt Management

- Net Debt fell by -€13.3M vs December 2017, which contrast with the increase posted in H1 2017. At the end of the period, Net Debt stood at +€580.4M. Moreover, we reiterate our strong commitment to close the year with a Net/Debt EBITDA leverage ratio of 2.0x.
- Financial expenses improved in the period after having posted a -6.5% decline vs the same period last year as a result of the lower average interest rate paid (3.2% vs 3.3% in H1 2017) and the lower average gross debt during the period. The company is working on lengthening debt maturities, as well as increasing the share of debt denominated in USD, which currently represents around 20.0% of total debt (vs 5.0% in 2017).

Asset Valuation

- The updated GAV of our assets rose by +23.2% vs June 2015 valuation to €4.386B (€3.758B assets in full consolidation and €628M assets in equity method), while our NAV grew by +21.3% to €15.2 per share.

Development Strategy

- Our global pipeline currently stands at 16k rooms and 63 hotels, which represent around 20.0% of our total portfolio. Also, over 85.3% of the rooms have been signed under management contracts. Moreover, during the first half of the year we added 9 new hotels to our portfolio, all of them under management contracts (4 in Cuba, 2 in Spain, 2 in Vietnam and 1 in Portugal) and disaffiliated 3 (2 in Spain and 1 in Brazil)
- Furthermore, during the first half of the year we signed 10 hotels (1 in China, 1 in Thailand, 3 in Vietnam, 1 in UAE, 1 in Morocco, 1 in Montenegro, 1 in Portugal and 1 in the Caribbean) that will start operations in the future.

Outlook 2018

- For the third quarter of the year, we have positive expectations for the high season when looking at Spanish resorts and expect to improve past year's figures, as reflected by the +4.1% increase shown by OTB sales, with 60.0% of the increase explained by occupancy rates. Also, the impact of USD in our operations will be more limited than initially expected.
- In addition, we still foresee an increase in margins for the entire year thanks to the cost efficiencies unlocked in several regions, the higher contribution of our hotels in ramp up and the improved positioning of our brands among premium segments. Also, we reiterate our commitment to improve margins by +150 bps on a constant currency basis and at least 100 bps on a current currency basis, as well as to increase RevPAR in Q3 by a mid-single digit.

REPORT ON HOTELS OPERATION

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GLOBAL HOTELS

FINANCIAL INDICATORS

HOTELS OWNED & LEASED	H1 2018 €M	H1 2017 €M	% change
Total aggregated Revenues	**745.7**	**763.7**	**-2.3%**
Owned	394.5	422.1	
Leased	351.2	341.6	
Of which Room Revenues	***460.5***	***457.2***	**0.7%**
Owned	206.7	216.3	
Leased	253.8	240.9	
EBITDAR Split	**197.5**	**198.9**	**-0.7%**
Owned	117.0	122.9	
Leased	80.5	76.0	
EBITDA Split	**115.1**	**121.9**	**-5.6%**
Owned	116.4	122.9	
Leased	-1.3	-1.0	
EBIT Split	**70.5**	**75.8**	**-6.9%**
Owned	86.0	90.2	
Leased	-15.4	-14.4	

MANAGEMENT MODEL	H1 2018 €M	H1 2017 €M	% change
Total Management Model Revenues	**137.1**	**144.0**	**-4.8%**
Third Parties Fees	25.4	31.0	
Owned & Leased Fees	45.6	47.4	
Other Revenues	66.0	65.6	
Total EBITDA Management Model	**34.4**	**34.7**	**-0.8%**
Total EBIT Management Model	**33.4**	**33.1**	

* Other Revenues in H1 2018 include €34.2M of Corporate Revenues not directly attributable to any specific division. Idem in H1 2017 data by €30.6M.

OTHER HOTEL BUSINESS	H1 2018 €M	H1 2017 €M	% change
Revenues	**32.4**	**38.1**	**-15.1%**
EBITDAR	2.7	3.5	
EBITDA	1.9	3.1	
EBIT	1.4	2.7	

MAIN STATISTICS

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occup.		ARR		RevPAR		Occup.		ARR		RevPAR	
	%	p.p. change	€	% change	€	% change	%	p.p. change	€	% change	€	% change
TOTAL HOTELS	71.4%	1.5	115.9	-0.2%	82.8	1.9%	67.2%	-0.8	101.2	-5.1%	68.0	-6.2%
TOTAL HOTELS SAME STORE BASIS	72.4%	0.5	117.9	-1.1%	85.4	-0.3%	68.4%	-0.7	103.3	-4.9%	70.6	-5.9%
AMERICA	73.9%	-0.1	119.6	-8.5%	88.4	-4,6%	72.4%	0.4	120.5	-5.6%	87.3	-5.1%
EMEA	70.8%	0.9	151.5	-0.9%	107.3	0.4%	69.8%	1.0	150.8	0.4%	105.3	2.0%
SPAIN	70.7%	3.4	99.3	3.0%	70.2	8.1%	69.8%	3.5	99.1	2.7%	69.2	8.1%
MEDITERRANEAN	72.4%	-0.8	79.3	5.4%	57.4	4.2%	70.4%	-1.3	77.3	2.1%	54.4	0.2%
CUBA	-	-	-	-	-	-	62.5%	-8.9	86.8	-19.6%	54.3	-29.7%
BRAZIL	24.3%	1.4	117.9	-31.6%	28.7	66.5%	53.8%	4.1	77.5	-11.3%	41.7	-4.0%
ASIA	-	-	-	-	-	-	58.3%	2.7	69.8	-9.0%	40.7	-4.6%

* Available Rooms H1 2018: 5,564.6k (vs 5,631.0k in H1 2017) in O&L // 11,428.7k (versus 11,378.3 in H1 2017) in O,L&M.

FUTURE DEVELOPMENT

	Current Portfolio				Pipeline									
	H1 2018		2017 YE		2018		2019		2020		Onwards		TOTAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
GLOBAL HOTELS	321	80,861	315	80,757	15	4,318	17	4,684	20	4,715	11	2,458	63	16,175
Management	120	35,408	112	34,752	12	3,483	13	3,991	14	3,322	11	2,458	50	13,254
Franchised	48	9,743	49	9,812	1	171	1	120	2	264	0	0	4	555
Owned	47	14,272	47	14,340	1	392	0	0	0	0	0	0	1	392
Leased	106	21,438	107	21,853	1	272	3	573	4	1,129	0	0	8	1,974

	Occup.	ARR	RevPAR	RevPAR by Price	EBITDAR	EBITDAR MARGIN	EBITDAR	EBITDA	EBITDA MARGIN	EBITDA
	% change	% change	% change	%	% change	bps change	Flow Through	% change	bps change	Flow Through
TOTAL HOTELS OWNED & LEASED	2.1%	-0.2%	1.9%	-7.6%	-0.8%	41 bps	NA	-5.8%	-60 bps	NA
AMERICA (USD)	-0.2%	6.6%	6.4%	102.8%	5.7%	+428 bps	NA	5.6%	+390 bps	NA
EMEA	1.1%	-0.9%	0.4%	-413.3%	-2.1%	-114 bps	NA	-13.1%	-180 bps	NA
SPAIN	5.0%	3.0%	8.1%	37.1%	6.0%	-53 bps	20.0%	6.9%	-10 bps	7.0%
MEDITERRANEAN	-0.8%	5.4%	4.2%	117.4%	7.7%	+56 bps	30.0%	14.9%	+20 bps	6.0%

	Occup.	ARR	RevPAR	RevPAR by Price	EBITDAR	EBITDAR MARGIN	EBITDAR	EBITDA	EBITDA MARGIN	EBITDA
	% change	% change	% change	%	% change	bps change	Flow through	% change	bps change	Flow through
TOTAL HOTELS OWNED & LEASED SAME STORE BASIS	0.7%	-1.1%	-0.3%	-310.9%	-4.4%	-38 bps	NA	-9.4%	-110 bps	NA
AMERICA (USD)	-2.0%	3.9%	1.8%	202.7%	2.1%	+184 bps	NA	1.7%	+160 bps	NA
EMEA	1.0%	-0.1%	1.0%	-5.8%	-5.2%	-159 bps	NA	-14.5%	-190 bps	NA
SPAIN	3.5%	1.5%	5.1%	30.1%	2.7%	-61 bps	15.0%	0.5%	-40 bps	NA
MEDITERRANEAN	-0.3%	4.1%	3.7%	108.6%	12.7%	+94 bps	32.0%	778.7%	+100 bps	19.2%

Calviá Beach The Plaza | Majorca - Spain

FINANCIAL INDICATORS

HOTELS OWNED & LEASED	H1 2018 €M	H1 2017 €M	% change
Total aggregated Revenues	**233.3**	**272.5**	**-14.4%**
Owned	218.9	256.3	
Leased	14.5	16.2	
Of which Room Revenues	***102.3***	***115.0***	**-11.0%**
Owned	89.9	101.7	
Leased	12.4	13.4	
EBITDAR Split	**82.7**	**87.2**	**-5.2%**
Owned	78.9	84.0	
Leased	3.8	3.2	
EBITDA Split	**77.4**	**81.7**	**-5.2%**
Owned	78.9	84.0	
Leased	-1.5	-2.4	
EBIT Split	**63.2**	**65.2**	**-3.0%**
Owned	64.9	67.6	
Leased	-1.6	-2.4	

MANAGEMENT MODEL	H1 2018 €M	H1 2017 €M	% change
Total Management Model Revenues	**31.1**	**35.7**	**-13.0%**
Third Parties Fees	2.3	2.4	
Owned & Leased Fees	16.2	18.7	
Other Revenues	12.6	14.5	

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	73.9%	-0.1	119.6	-8.5%	88.4	-4.6%	72.4%	0.4	120.5	-5.6%	87.3	-5.1%
TOTAL AMERICA SAME STORE BASIS	77.5%	-1.6	121.7	-6.8%	94.2	-8.6%	75.2%	-0.3	121.5	-8.6%	91.4	-9.0%
México	78.1%	1.9	122.0	-8.5%	95.3	-6.2%	76.6%	1.6	129.0	-9.5%	98.8	-7.5%
Dominican Republic	77.6%	-5.1	116.9	-5.0%	90.7	-10.9%	77.6%	-5.1	116.9	-5.0%	90.7	-10.9%
Venezuela	43.5%	-1.7	87.2	-39.1%	38.0	-41.4%	43.5%	-1.7	87.2	-39.1%	38.0	-41.4%
U.S.A.	78.5%	-0.7	145.3	-7.9%	114.0	-8.6%	74.6%	0.5	153.3	-5.7%	114.4	-5.0%

* Available Rooms H1 2018: 1,157.5k (vs 1,241.6k in H1 2017) in O&L // 1,461.7k (vs 1,563.7k in H1 2017) in O,L&M.

CHANGES IN PORTFOLIO

Openings between 01/01/2018 – 30/06/2018

Hotel	**Country / City**	**Contract**	**# Rooms**
-	-	-	-

Disaffiliations between 01/01/2018 – 30/06/2018

Hotel	**Country / City**	**Contract**	**# Rooms**
-	-	-	-

FUTURE DEVELOPMENT

	Current Portfolio				Pipeline									
	H1 2018		2017 YE		2018		2019		2020		Onwards		TOTAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
TOTAL AMERICA	27	8,900	27	8,890	2	532	1	498	3	796	2	356	8	2,182
Management	8	1,856	8	1,850	1	140	1	498	3	796	2	356	7	1,790
Franchised	2	214	2	214	0	0	0	0	0	0	0	0	0	0
Owned	15	6,281	15	6,277	1	392	0	0	0	0	0	0	1	392
Leased	2	549	2	549	0	0	0	0	0	0	0	0	0	0

AMERICA 2018 FIRST HALF RESULTS

- RevPAR in USD (owned, leased & managed) grew by +1.3% in the quarter vs Q2 2017.
- Total fee revenue in USD dropped by -7.5% in Q2 vs the same period last year given the decline in both third parties and O&L fees collected as a result of the closure of our hotel in Puerto Rico and the devaluation suffered by the Venezuelan Bolivar in the period, among others.
- EBITDA (owned & leased) flow through (in USD) deteriorated as a result of the negative effects that a number of one offs had in our operations during the period. However, despite the decline in revenues, it must be highlighted that during the first half of the year margins (in EUR) significantly improved and rose by +320 bps.
- Melia.com sales decreased by -9.8% vs Q2 2017 as a result of the different one offs affecting the division, mainly the closure of our hotel in Puerto Rico, and the depreciation of the USD against the EUR, although we are implementing a number of commercial actions to revert the situation over the following quarters.

Our America division posted a positive performance during Q2, with the main metrics of the underlying business improving on a constant currency basis. In this regard, our hotels managed to improve profitability as a result of the different initiatives implemented on a region-wide basis to optimize our operations. However, it must be highlighted that reported figures have been affected by a number of aspects that negatively impacted our results, being the most relevant ones the severe depreciation suffered by the USD against the EUR; the political situation in Venezuela, which heavily impacted the Venezuelan Bolivar; the effect of Hurricanes Maria and Irma in Puerto Rico, where our hotel will remain closed until late 2018; as well as by the travel alerts and warnings that affected some areas of the region. All of these aspects come to explain the slight decline in revenues vs Q2 2017, but we partially offset them thanks to the higher contribution of certain hotels that are still in ramp up, including Paradisus Los Cabos, Innside NY NoMad and ME Miami.

When looking at specific countries, our hotels located in Mexico struggled during the period as a result of certain insecurity issues and a sargassum (seaweed) problem that affected a number of touristic destinations, including Los Cabos and Playa del Carmen, plus a tropical storm that slightly impacted our operations in Los Cabos. In the Dominican Republic, the robust and increasing demand from international visitors benefitted our hotels and helped us to offset the increase in supply shown in the main touristic areas of the country, particularly among lower segments. Finally, in the United States, our three hotels Meliá Orlando, Innside NY NoMad and ME Miami benefitted from the increasing demand of both MICE and groups segments, while in Jamaica our operations were slightly affected by a travel alert as a result of certain internal security issues.

Lastly, it is worth mention that we have been actively implementing several commercial initiatives aimed at increasing the penetration of our brands and hotels in order to increase volume from different feeder markets, such as Spain, Argentina, Brasil, the UK and Mexico, as well as optimizing the benefits of our Meliá Rewards programme to boost direct sales.

OUTLOOK

We remain optimistic for the third quarter of the year in our America division and expect to improve past year's figures, as in Q3 2017 our operations were hit by Hurricanes Irma and Maria plus the earthquake that took place in Mexico, and foresee high occupancy rates in both July and August. Furthermore, it must be highlighted that Meliá Caribe Tropical is being refurbished and therefore will not be available for sale, thus negatively impacting the expected performance of the hotel.

PORTFOLIO AND PIPELINE

We have not added any hotels to our American portfolio during Q2. For the rest of the year, we will open Grand Reserve at Paradisus Palma Real (Dominican Republic, owned, 432 rooms) and Tryp Lima (Peru, management, 140 rooms), while in the meantime we will continue focusing on improving efficiency levels of our current hotels in order to improve margins and searching for potential opportunities in high growth regions benefitting from positive market dynamics.


Paradisus Los Cabos | Mexico

EMEA

FINANCIAL INDICATORS

HOTELS OWNED & LEASED	H1 2018 €M	H1 2017 €M	% change
Total aggregated Revenues	**265.6**	**260.8**	**1.8%**
Owned	98.1	99.1	
Leased	167.4	161.7	
Of which Room Revenues	***185.7***	***181.3***	**2.4%**
Owned	69.3	69.9	
Leased	116.4	111.4	
EBITDAR Split	**61.8**	**63.1**	**-2.1%**
Owned	23.5	25.7	
Leased	38.3	37.5	
EBITDA Split	**25.8**	**29.5**	**-12.4%**
Owned	23.5	25.7	
Leased	2.3	3.8	
EBIT Split	**10.7**	**14.4**	**-25.3%**
Owned	14.1	16.1	
Leased	-3.4	-1.7	

MANAGEMENT MODEL	H1 2018 €M	H1 2017 €M	% change
Total Management Model Revenues	**26.4**	**26.3**	**0.5%**
Third Parties Fees	0.6	0.6	
Owned & Leased Fees	14.7	14.7	
Other Revenues	11.1	11.0	

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	70.8%	0.9	151.5	-0.9%	107.3	0.4%	69.8%	1.0	150.8	0.4%	105.3	2.0%
TOTAL EMEA SAME STORE BASIS	70.9%	0.7	153.0	-0.1%	108.5	1.0%	70.6%	0.9	152.1	0.1%	107.3	1.4%
Spain	69.0%	-1.3	205.3	2.0%	141.8	0.1%	66.2%	-2.6	201.6	1.0%	133.5	-2.8%
United Kingdom	70.7%	-2.5	164.0	-0.5%	115.9	-3.9%	70.7%	-2.5	164.0	-0.5%	115.9	-3.9%
Italy	71.3%	71.3	210.4	1.5%	149.9	11.0%	70.4%	6.3	211.1	1.1%	148.5	11.0%
Germany	70.0%	0.4	106.9	-2.1%	74.8	-1.6%	70.0%	0.4	106.9	-2.1%	74.8	-1.6%
France	80.3%	11.3	181.1	2.4%	145.5	19.3%	80.3%	11.3	181.1	2.4%	145.5	19.3%

* Available Rooms H1 2018: 1,729.9k (vs 1,695.8k in H1 2017) in O&L // 1,883.1k (versus 1,890.7k in H1 2017) in O,L&M.

CHANGES IN PORTFOLIO

Openings between 01/01/2018 – 30/06/2018

Hotel	**Country / City**	**Contract**	**# Rooms**
ME Sitges Terramar	Spain / Sitges	Management	213
Meliá Setubal	Portugal / Setubal	Franchise	112

Disaffiliations between 01/01/2018 – 30/06/2018

Hotel	**Country / City**	**Contract**	**# Rooms**
-	-	-	-

FUTURE DEVELOPMENT

	Current Portfolio				Pipeline									
	H1 2018		2017 YE		2018		2019		2020		Onwards		TOTAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
TOTAL EMEA	75	12,814	77	13,396	2	209	6	981	8	1,781	0	0	16	2,971
Management	8	971	10	1,396	1	38	2	288	2	388	0	0	5	714
Franchised	14	2,027	13	1,915	1	171	1	120	2	264	0	0	4	555
Owned	13	3,020	13	3,029	0	0	0	0	0	0	0	0	0	0
Leased	40	6,796	41	7,056	0	0	3	573	4	1,129	0	0	7	1,702

- RevPAR (owned, leased & managed) declined in the quarter by a -0.3% vs Q2 2017 as a result of the impact of certain hotels that are still in ramp up plus the difficult market conditions in Spain and the UK.
- Total fee revenue fell by -1.8% in Q2 vs the same period last year given the lower O&L fees collected.
- EBITDA (owned & leased) flow through and margins deteriorated in the second quarter as a result of the increase in rentals vs Q2 2017.
- Melia.com sales jumped by +11.3% vs Q2 2017 thanks to the higher penetration of the platform among clients and the higher conversion rates that resulted from the innovative marketing campaigns recently launched in the region.

The most significant aspects to mention for each of the countries that are included within our EMEA division are discussed below:

GERMANY/AUSTRIA

Our hotels located in Germany improved the trend of the first quarter of the year, despite the decline that we witnessed in the Berlin market as a result of the bankruptcy of Air Berlin plus the fell in volumes in Dusseldorf due to a lack of significant trade fairs. In this regard, we would like to highlight the positive performance of our hotels located in Munich, as well as the higher contribution of a number of hotels in ramp up, including Hamburg Hafen, Aachen, Leipzig or Frankfurt Oostend, among others. Moreover, the rise shown by melia.com sales in the country has been also important and now represent over 40.0% of total online sales after having increased by over +14.5% during the quarter vs Q2 2017.

UK

The city of London has benefitted from the recovery of national and international demand that started past year. This year, we expect this trend to consolidate, although Q2 still has been a no growth quarter not only for our hotels, but also for the market. In this regard, and despite the increase in supply, we continued focusing on further penetrating our ME London product into premium and luxury segments, as well as on improving the current facilities of Meliá White House, where we fully refurbished The Level product in order to adapt it to the needs of our most demanding guests, and that will definitely help us to continue increasing both sales and prices in the following months. Also, sales through our direct channel melia.com declined by over -4.5% vs Q2 2017.

FRANCE

Paris extended the positive trend shown over the past quarters and posted the strongest numbers within the EMEA region, with our hotels registering an impressive RevPAR growth of +21.7% during Q2 vs the same period last year, well above STR initial expectations for the city. Also, all of our hotels posted RevPAR growth rates of over +14.0%, being a significant example Meliá Paris La Defense, which recorded a +22.0% increase vs Q2 2017 due to the recovery of the MICE and transient segments. Moreover, we recovered the occupancy levels that we achieved prior to the 2015 terrorist attacks. Going forward, we will continue focusing on quality sales, disintermediation, as well as on increasing the contribution of our superior rooms and improving sales through melia.com, which grew +44.2% vs Q2 2017.

ITALY

Q2 has been another solid and positive quarter for our hotels located in Italy, as shown by the +5.7% RevPAR growth vs Q2 2017, supported on the strong performance of our hotels located in Milano, with Meliá Milan and ME Milan Il Duca increasing their RevPAR by +12.0% and +4.5% respectively vs Q2 2017, as well as from the recovery in Rome, where RevPAR grew by +2.0% vs the same period last year. Also, our hotels located in Capri, Genova and Campione closed a positive quarter, with steady increases of RevPAR ranging from +2.0% to +3.0% vs Q2 2017. Finally, sales through our direct channel melia.com rose by over +17.0% vs Q2 2017.

PREMIUM SPAIN

Urban: The tough market conditions, particularly in Barcelona, where the destination has not fully recovered from the political uncertainties and economic instability, which negatively impacted the transient and mainly the MICE segment, is the main cause that explain the decline in RevPAR of our urban hotels in Spain during the quarter vs Q2 2017, despite the positive performance of those hotels located in Madrid and Seville, being a significant example Gran Meliá Palacio de los Duques (+9.0% RevPAR growth vs Q2 2017), which partially offset the aforementioned negative effects.

EMEA 2018 FIRST HALF RESULTS (cont'd)

PREMIUM SPAIN (cont'd)

Resorts: Our Spanish resorts closed the second quarter of the year flat as a result of the unstable weather conditions suffered by the country over the quarter and the changes shown in demand patterns, where the recovery of certain destinations, such as Turkey, is having an impact on specific customer segments, particularly in the Canary Islands. On the positive side, we would like to highlight the performance of ME Sitges Terramar, a hotel that opened recently and thus is still in ramp up, but that however became very popular due to its unique style and trendiness.

AFRICA

The rest of the hotels that we operate within our EMEA division also posted a positive quarter, being significant examples Meliá Zanzibar and Meliá Serengeti Lodge, which soon will become a reference hotel for those searching for unique and unforgettable experiences and safari adventures in a breathtaking environment such as the Serengeti National Park.

OUTLOOK

We have positive expectations for the third quarter of the year in EMEA, as the economic conditions, the stable demand and the political stability of the region will continue boosting our operations. On a country basis, the main aspects that are worth mentioning are the following:

In Germany, we are optimistic and expect a mid-single digit RevPAR growth, mainly explained by prices, as a result of the higher contribution of our hotels in ramp up, while in the UK we foresee a mid-single digit RevPAR growth (in GBP), mostly via prices. In France, expectations are positive in Paris and we expect a double digit RevPAR growth, of over +20.0%, that will not only boost our revenues, but the overall profitability of our hotels located in the city. In our hotels located in Italy we also expect further growth, with RevPAR expected to increase by a mid-single digit vs the same period last year thanks mainly to the contribution of Rome during its high season. Finally, in Spain we expect to partially offset the recent RevPAR decline posted by our urban hotels in the following quarters of the year, particularly by taking advantage of the expected recovery of the main markets, while for our Spanish resorts we expect to improve past year's figures, as we will launch different commercial campaigns aimed at offsetting the impact of the lower prices offered by competitors in alternative destinations.

PORTFOLIO AND PIPELINE

During Q2 we incorporated one hotel to our EMEA portfolio, Meliá Setubal (Portugal, franchise, 112 rooms) that will increase our footprint in the country, and signed an additional one, Meliá Desert Palm (Dubai, management, 38 rooms) that we expect to open in Q3 2018 along with Meliá Maputo (Mozambique, franchise, 171 rooms), with the latter being our first hotel in the country. Going forward, we will continue implementing several actions to better position our hotels among premium segments, as well as to increase our presence in countries and destinations benefitting from the current positive macro environment.

Meliá Desert Palm | Dubai - UAE

FINANCIAL INDICATORS

HOTELS OWNED & LEASED	H1 2018 €M	H1 2017 €M	% change
Total aggregated Revenues	**94.7**	**89.0**	**6.4%**
Owned	30.6	29.9	
Leased	64.1	59.1	
Of which Room Revenues	***62.0***	***58.6***	**5.9%**
Owned	19.1	19.2	
Leased	42.9	39.4	
EBITDAR Split	**14.4**	**13.3**	**7.9%**
Owned	4.1	4.0	
Leased	10.3	9.4	
EBITDA Split	**1.6**	**1.6**	**0.5%**
Owned	4.1	4.0	
Leased	-2.5	-2.4	
EBIT Split	**-4.1**	**-3.9**	**-2.8%**
Owned	1.2	1.2	
Leased	-5.3	-5.2	

MANAGEMENT MODEL	H1 2018 €M	H1 2017 €M	% change
Total Management Model Revenues	**13.7**	**13.2**	**4.4%**
Third Parties Fees	6.7	6.1	
Owned & Leased Fees	5.3	5.0	
Other Revenues	1.8	2.1	

MAIN STATISTICS

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occup.		ARR		RevPAR		Occup.		ARR		RevPAR	
	%	p.p. change	€	% change	€	% change	%	p.p. change	€	% change	€	% change
TOTAL MEDITERRANEAN	72.4%	-0.8	79.3	5.4%	57.4	4.2%	70.4%	-1.3	77.3	2.1%	54.4	0.2%
TOTAL MEDITERRANEAN SAME STORE BASIS	72.0%	-0.2	80.4	4.1%	57.9	3.7%	71.5%	0.2	78.3	1.9%	56.0	2.1%
Spain	72.4%	-0.8	79.3	5.4%	57.4	4.2%	71.8%	-1.2	78.0	3.2%	56.0	1.6%
Cape Verde	-	-	-	-	-	-	69.6%	4.3	74.9	-2.2%	52.2	4.2%

* Available Rooms H1 2018: 1,079.8k (vs 1,062.4 in H1 2017) in O&L // 2,398.8k (versus 2,283.2k in H1 2017) in O,L&M.

CHANGES IN PORTFOLIO

Openings between 01/01/2018 – 30/06/2018

Hotel	**Country / City**	**Contract**	**# Rooms**
Sol Beach House at Meliá Fuerteventura (re-opening)	Spain / Fuerteventura	Management	142

Disaffiliations between 01/01/2018 – 30/06/2018

Hotel	**Country / City**	**Contract**	**# Rooms**
-	-	-	-

FUTURE DEVELOPMENT

	Current Portfolio				Pipeline									
	H1 2018		2017 YE		2018		2019		2020		Onwards		TOTAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
TOTAL MEDITERRANEAN	81	24,817	76	23,778	3	854	4	1,638	1	308	3	600	11	3,400
Management	28	8,904	24	8,131	2	582	4	1,638	1	308	3	600	10	3,128
Franchised	19	5,908	19	5,908	0	0	0	0	0	0	0	0	0	0
Owned	10	2,609	10	2,610	0	0	0	0	0	0	0	0	0	0
Leased	24	7,396	23	7,129	1	272	0	0	0	0	0	0	1	272

MEDITERRANEAN 2018 FIRST HALF RESULTS

- RevPAR (owned, leased & managed) fell by -3.1% in Q2, although it rose by +4.2% in H1 vs the same period last year, since Easter took place in March, the weather conditions in the region were unstable during the period and a number of hotels were partially closed due to refurbishments, which reduced the number of rooms available for sale. Also, the 2018 FIFA World Cup held in Russia during the second half of June caused a severe delay in bookings.
- Total fee revenue rose by +4.5% in the quarter vs Q2 2017 as a result of both the higher third parties and O&L fees collected.
- EBITDA (owned & leased) flow through and margins were negatively impacted during the quarter by the effect of the Easter break and the impact of the recovery of alternative destinations, such as Turkey.
- Melia.com sales surged by +20,5% vs Q2 2017 thanks to the strong marketing efforts aimed at improving the selling process through our direct channel.

Our Mediterranean division posted an increase in both revenues and prices vs the same period last year (O&L). In this regard, and despite the negative impact in our operations of the recovery in the number of tourists visiting certain destinations such as Turkey, where hotels have significantly lower prices than in Spain, the flow of visitors coming to Spain extended the positive trend consolidated in 2017, in which the country became the second most visited country in the world. Furthermore, it must be highlighted that Q2 figures have been affected by the fact that the Easter Break took place in the last week of March, in contrast with 2017 when it took place in April, as well as by the refurbishments and repositionings implemented in certain hotels, such as Meliá Salinas, Sol La Palma and Sol Costablanca, in order to adapt them to the demanding upper segments.

If we observe specific areas within the region, our hotels located in the Balearic Islands had a positive performance in the period, as shown by the +5.5% RevPAR growth vs Q2 2017, with both prices and occupancy rates growing at a healthy pace in Mallorca, Menorca and Ibiza, and despite the slight decline shown by price-sensitive UK and German visitors, which opted for cheaper alternative destinations.

In the Canary Islands, our resorts struggled in the period and both occupancy rates and prices fell, which resulted in a RevPAR decline of almost -9.0% vs Q2 2017, since the Easter Break took place in Q1 and Meliá Salinas was partially closed, thus limiting the number of rooms available for sale. However, in our Coasts hotels prices rose vs the same period last year, although occupancy rates fell and RevPAR fell by -1.0% vs Q2 2017, as Sol Costablanca and Meliá Costa del Sol were partially closed during the period and weather conditions did not help at all to our interests.

Finally, the results posted by our hotels located in Cape Verde were also positive, with occupancy rates surging vs Q2 2017, although prices slightly fell as a result of the not so good as expected contribution of certain hotels that are still in ramp up.

OUTLOOK

For Q3, which is the strongest quarter of the year for the Mediterranean division, as it represents the high season in Spain (July, August and September), we have positive expectations for all of the areas and expect a rise in both prices and occupancy rates. In this regard, OTB sales for the third quarter are +4.1% vs the same period last year, with 60.0% of the increase explained by occupancy rates, while we have witnessed a decline in the number of clients that book through TOs that has been offset by an increase in those buying their trips through melia.com and OTAs, being this trend associated with the shift in demand towards alternative destinations. Furthermore, we are excited with a number of new openings, such as Sol Marbella Estepona – Atalaya Park and The Plaza Calviá Beach, the brand new landmark project developed in collaboration with the public sector that will come to transform the Magaluf area with a shopping and leisure complex comprising a 5.000 sqm mall plus 3 hotels connected through the largest hanging pool in Europe located in the roof, and that will come to reinforce our presence in the destination and the resilience of our operations, particularly during low season months.

PORTFOLIO AND PIPELINE

We have not added any additional hotels to our Mediterranean division during this quarter, as we have been focusing on refurbishments and repositionings aimed at improving our current facilities and adapting them to our new standards. Moreover, in 2018 we expect to open Meliá Budva Petrovac (Montenegro, Management, 114 rooms), which will be our first hotel in the country and that will enhance our footprint in a vibrant area with a strong growth potential that has been recently benefitting from positive market dynamics. Finally, it must be noted that in July we sold Sol La Palma (Santa Cruz de Tenerife, 473 rooms) and Sol Jandía Mar (Fuerteventura, 294 rooms), although we will continue operating both hotels under variable lease contracts.

FINANCIAL INDICATORS

HOTELS OWNED & LEASED	H1 2018 €M	H1 2017 €M	% change
Total aggregated Revenues	**150.6**	**139.3**	**8.1%**
Owned	47.0	36.9	
Leased	103.6	102.4	
Of which Room Revenues	***109.5***	***101.0***	**8.4%**
Owned	28.4	25.6	
Leased	81.1	75.4	
EBITDAR Split	**39.8**	**37.9**	**5.2%**
Owned	10.5	9.2	
Leased	29.3	28.6	
EBITDA Split	**12.3**	**11.8**	**4.2%**
Owned	9.9	9.2	
Leased	2.4	2.6	
EBIT Split	**3.2**	**2.8**	**11.8%**
Owned	5.8	5.3	
Leased	-2.6	-2.4	

MANAGEMENT MODEL	H1 2018 €M	H1 2017 €M	% change
Total Management Model Revenues	**17.1**	**17.1**	**0.1%**
Third Parties Fees	3.4	3.4	
Owned & Leased Fees	9.5	8.9	
Other Revenues	4.3	4.7	

MAIN STATISTICS

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occup.		ARR		RevPAR		Occup.		ARR		RevPAR	
	%	p.p. change	€	% change	€	% change	%	p.p. change	€	% change	€	% change
TOTAL SPAIN	70.7%	3.4	99.3	3.0%	70.2	8.1%	69.8%	3.5	99.1	2.7%	69.2	8.1%
TOTAL SPAIN SAME STORE BASIS	70.7%	2.4	95.7	1.5%	67.7	5.1%	69.7%	2.7	96.5	1.2%	67.2	5.2%
Spain	70.7%	3.4	99.3	3.0%	70.2	8.1%	69.8%	3.5	99.1	2.7%	69.2	8.1%

* Available Rooms H1 2018: 1,560.2k (versus 1,556.4k in H1 2017) in O&L // 2,074.6k (versus 2,128.2k in H1 2017) in O,L&M.

CHANGES IN PORTFOLIO

Openings between 01/01/2018 – 30/06/2018

Hotel	Country / City	Contract	# Rooms
-	-	-	-

Disaffiliations between 01/01/2018 – 30/06/2018

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									
	H1 2018		2017 YE		2018		2019		2020		Onwards		TOTAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
TOTAL SPAIN	72	13,744	74	13,996	0	0	0	0	0	0	0	0	0	0
Management	11	3,217	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	9	2,362	9	2,424	0	0	0	0	0	0	0	0	0	0
Leased	40	6,697	40	6,706	0	0	0	0	0	0	0	0	0	0

SPAIN 2018 FIRST HALF RESULTS

- RevPAR (owned, leased & managed) grew in Q2 by +4.7% vs the same period last year thanks to the recovery shown by the transient, groups and MICE segments plus the higher contribution of recently repositioned hotels.
- Total fee revenue increased by almost +1.0% in the quarter vs Q2 2017 thanks to the higher O&L fees collected.
- EBITDA (owned & leased) flow through and margins were negatively impacted by a -17.0% during the quarter vs the same period last year.
- Melia.com sales grew by +12.9% vs Q2 2017 as a result of the higher penetration of the platform among customers.

The main highlights for each area within our Spain division for Q2 are discussed below:

CENTRAL AREA – MADRID

Our Madrid hotels posted a mixed performance during the quarter vs Q2 2017, as occupancy rates rose but ARR slightly declined due to the negative impact of certain international congresses that took place in June 2017 but that however were not held this year, which affected the overall performance of the MICE segment, plus some bank holidays that took place in May that worsened the overall figures. However, we partially offset those effects thanks to the good performance posted by the transient leisure segment and by hotels like Meliá Barajas, Tryp Alameda Aeropuerto, Tryp Cibeles and Tryp Chamartín.

SOUTHERN SPAIN

The positive performance of the Southern Area over the past quarters continued in Q2, with both occupancy rates and prices growing at a healthy rate. This positive performance has been mainly explained by the MICE segment, which boosted the results of a number of our hotels located mainly in Seville and particularly during April and May. On the negative side, the individual segment slightly declined vs the same period last year due to a combination of factors such as the fact that the Easter break too place in March, the unstable weather conditions during the period and the slightly worse performance during the Seville Fair, since last year it took place in the same days as the May break in Madrid.

EASTERN SPAIN

The Eastern Area posted an increase in revenues vs Q2 2017 explained by a rise in both occupancy rates and prices. However, when comparing figures, it must be noted that Innside Palma Bosque was closed in Q2 2017 due to a deep refurbishment process plus the fact that Meliá Palma Bay opened in April 2017. Having said that, the aspects that explain this positive performance have been the increasing demand posted by both groups and individual segments, particularly in Palma de Mallorca, plus the rise shown by the MICE segment, since Palma de Mallorca has become a key destination to held international and national congresses and corporate events, and even though the unstable situation in Barcelona, which is negatively impacting the MICE segment, although we expect to offset this impact thanks to the individual segment, for which we are implementing different online campaigns with OTAs and readjusting our dynamic pricing strategy.

NORTHERN SPAIN & EAST (LEVANTE)

Both areas, Northern and East-Levante, improved their results in the quarter vs Q2 2017 thanks to the positive evolution shown by the transient and groups segments, particularly in cities such as San Sebastián, Benidorm and La Coruña, plus the higher contribution of successfully repositioned hotels, such as Tryp Coruña and Tryp Sebastián Orly. Furthermore, both MICE and negotiated segments posted an increase in hotels like Meliá Valencia, Meliá María Pita and Meliá Bilbao, and even though our overall figures were partially affected by the increasing importance of unregulated supply in Alicante.

OUTLOOK

We have positive expectations for our urban hotels located in Spain for Q3. In Madrid, we foresee an increase in revenues thanks to improved occupancy rates and the higher contribution of hotels such as Meliá Princesa, Meliá Serrano and Meliá Castilla, despite the drop expected for September in the MICE segment. In Southern Spain, cities like Seville, Malaga and Cadiz will benefit from higher volumes, while in Eastern Spain our hotels located in Palma will improve past year's figures during high season and despite the slight decline expected in Barcelona. Finally, in the Northern and East-Levante area we also foresee an increase in domestic demand in cities such as Alicante, Valencia and La Coruña thanks to the expected rise in the leisure demand and the MICE segment in hotels like Meliá Villaitana and Meliá Alicante.

PORTFOLIO AND PIPELINE

In April, we disaffiliated Tryp Mallorca Santa Ponsa (60 rooms) as part of our actively managed portfolio strategy. In the short term, we do not expect to add any hotels to our urban portfolio in Spain, as we are now focused on adding value to our existing properties through refurbishments and repositionings aimed at further penetrating into premium segments.

FINANCIAL INDICATORS

HOTELS OWNED & LEASED	H1 2018 €M	H1 2017 €M	% change
Total aggregated Revenues	**N.A.**	**N.A**	**-**
Owned			
Leased			
Of which Room Revenues	***N.A.***	***N.A.***	***-***
Owned			
Leased			

MANAGEMENT MODEL	H1 2018 €M	H1 2017 €M	% change
Total Management Model Revenues	**8.9**	**15.1**	**-41.2%**
Third Parties Fees	8.5	14.9	
Owned & Leased Fees	0.0	0.0	
Other Revenues	0.4	0.3	

MAIN STATISTICS

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occup.		ARR		RevPAR		Occup.		ARR		RevPAR	
	%	p.p. change	€	% change	€	% change	%	p.p. change	€	% change	€	% change
TOTAL CUBA	-	-	-	-	-	-	62.5%	-8.9	86.8	-19.6%	54.3	-29.7%
TOTAL CUBA SAME STORE BASIS	-	-	-	-	-	-	62.7%	-8.5	89.1	-19.5%	55.9	-29.1%

* Available Rooms H1 2018: 2,199.9k (versus 2,186.8k in H1 2017) in O,L&M.

CHANGES IN PORTFOLIO

Openings between 01/01/2018 – 30/06/2018

Hotel	Country / City	Contract	# Rooms
La Unión San Carlos	Cuba / Cienfuegos	Management	49
Jagua	Cuba / Cienfuegos	Management	173
Gran Hotel Camagüey	Cuba / Camagüey	Management	72
Meliá Colón	Cuba / Camagüey	Management	58

Disaffiliations between 01/01/2018 – 30/06/2018

Hotel	Country / City	Contract	# Rooms
-	-	-	-

FUTURE DEVELOPMENT

	Current Portfolio				Pipeline									
	H1 2018		2017 YE		2018		2019		2020		Onwards		TOTAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
TOTAL CUBA	32	12,567	28	12,517	3	1,804	1	142	3	781	0	0	7	2,727
Management	32	12,567	28	12,517	3	1,804	1	142	3	781	0	0	7	2,727
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 FIRST HALF RESULTS

- RevPAR in USD (managed) declined by -20.4% in the quarter vs Q2 2017 as a result of a number of aspects negatively impacting our operations in the country.
- Total fee revenue in USD fell by -44.3% in Q2 vs the same period last year, being this explained by a number of negative impacts in our hotels during the quarter that will be discussed below.
- Melia.com sales dropped by -42.6% vs Q2 2017 as a result of the negative impact of certain events that affected our operations, including the different the travel restrictions imposed by the US Government.

Our operations in Cuba extended the slight improvement shown during the first quarter of the year. The main factors that come to explain the performance during the first half of the year have been the negative impact of Hurricanes Irma and Maria, as the main TOs reopened the destination with a severe delay, thus limiting our capabilities to properly market our rooms during the high season. Also, this situation aggravated by the crisis of Cubana de Aviación, that resulted in the cancelations of all internal and external connections, with the exception of routes from/to Madrid and Argentina. Additionally, there has been a severe decline in the number of US visitors due to certain imposed travel restrictions that affected US tourism in the country. To top it off, a number of our hotels, including Paradisus Rio de Oro, Meliá Cayo Guillermo and Meliá Las Dunas, have been partially closed as a result of different refurbishments and to modernize technical equipment and facilities, that reduced the number of rooms available during the period.

Considering all the above mentioned aspects, RevPAR (in USD) fell by almost -19.0% vs Q2 2017, being explained by a severe reduction in both occupancy rates and prices. In this regard, our hotels located in La Habana and Santiago de Cuba were the ones affected to the most by this situation and closed the quarter with declines in RevPAR of over -30.0%. Furthermore, sales through our direct channel melia.com dropped particularly as a result of the negative impact that the reduction in the number of visitors from the United States had in our hotels located in La Habana. In order to recover and partially offset the deterioration in the figures posted by our hotels we have been working closely with the Cuban Government and we have launched a set of measures and commercial actions aimed at attracting visitors from alternative feeder markets, as well as to benefit from the increasing demand of tourists from Spain, Russia and Mexico, plus the recovery shown by internal demand, which we expect will help us to revert the negative trend of the division by year end.

OUTLOOK

The different factors that have been impacting our operations in Cuba during the first half of the year are expected to improve the performance of our hotels in Q3. In this context, we foresee a mid-single digit decline in RevPAR (in USD) explained by prices, as we expect a recovery in occupancy rates vs the same period last year. In addition, it must be noted that during some weeks of Q3 and the entire Q4 2017 we were negatively impacted by the effects of Hurricane Irma, as 11 of our hotels were closed for a number of weeks.

PORTFOLIO AND PIPELINE

We have not added any hotels to our portfolio in Cuba during Q2, although we expect to open 3 new hotels in the country by year end, all of them under management contracts: Meliá Internacional (Varadero, 946 rooms), Paradisus Los Cayos (Cayo Santa María, 802 rooms) and Meliá San Carlos (Cienfuegos, 56 rooms), that will reinforce our leadership position in the country in the resorts segment.


Meliá Buenavista | Cuba

FINANCIAL INDICATORS

HOTELS OWNED & LEASED	H1 2018 €M	H1 2017 €M	% change
Total aggregated Revenues	**1.5**	**2.0**	**-24.2%**
Owned	0.0	0.0	
Leased	1.5	2.0	
Of which Room Revenues	***1.1***	***1.3***	**-17.2%**
Owned	0.0	0.0	
Leased	1.1	1.3	
EBITDAR Split	**-1.2**	**-2.7**	**+56.0%**
Owned	0.0	0.0	
Leased	-1.2	-2.7	
EBITDA Split	**-2.1**	**-2.7**	**+23.7%**
Owned	0.0	0.0	
Leased	-2.1	-2.7	
EBIT Split	**-2.6**	**-2.7**	**+4.9%**
Owned	0.0	0.0	
Leased	-2.6	-2.7	

MANAGEMENT MODEL	H1 2018 €M	H1 2017 €M	% change
Total Management Model Revenues	2.2	2.5	-12.6%
Third Parties Fees	1.5	1.7	
Owned & Leased Fees	0.1	0.1	
Other Revenues	0.6	0.7	

MAIN STATISTICS

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occup.		ARR		RevPAR		Occup.		ARR		RevPAR	
	%	p.p. change	€	% change	€	% change	%	p.p. change	€	% change	€	% change
TOTAL BRAZIL	24.3%	-	117.9	-	28.7	-	53.8%	4.1	77.5	-11.3%	41.7	-4.0%
TOTAL BRAZIL SAME STORE BASIS	-	-	-	-	-	-	55.9%	1.1	76.3	-11.3%	42.6	-9.4%

* Available Rooms H1 2018: 583.7k (vs 74.7k in H1 2017) in O&L // 550.0k (versus 621.6k in H1 2017) in O,L&M.

CHANGES IN PORTFOLIO

Openings between 01/01/2018 – 30/06/2018

Hotel	Country / City	Contract	# Rooms
-	-	-	-

Disaffiliations between 01/01/2018 – 30/06/2018

Hotel	Country / City	Contract	# Rooms
Gran Meliá Nacional de Rio	Brazil / Rio de Janeiro	Lease	413

FUTURE DEVELOPMENT

	Current Portfolio				Pipeline									
	H1 2018		2017 YE		2018		2019		2020		Onwards		TOTAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
TOTAL BRAZIL	14	3,150	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	1	126	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 FIRST HALF RESULTS

- RevPAR (owned, leased & managed) fell by -1.6% in Q2 vs the same period last year mainly as a result of the devaluation suffered by the Brazilian Real against the EUR.
- Total fee revenue dropped in the second quarter of the year vs Q2 2017 thanks to the above mentioned currency effect and the lower amount of O&L fees collected caused by the disaffiliation of Gran Meliá Nacional de Rio.
- Melia.com sales dropped by -9.8% vs Q2 2017 as a result of the depreciation suffered by the Brazilian Real against the EUR over the period.

The Brazilian economy extended the positive trend of the past year, which combined with political stability promoted a stable macro environment and increased security levels that benefitted internal demand and the attractiveness of the main touristic destinations for international visitors. This situation, which is expected to stabilize in the following months, will continue boosting the hospitality sector, being particularly benefitted the MICE and leisure segments, as business travels will recover thanks to prosper business conditions while leisure destinations will continue attracting a higher number of tourists.

Having said that, our hotels located in Brazil closed a positive quarter and improved past years' results on a like-for-like basis thanks to the higher number of events that took place in the country during April and May, which boosted the MICE and groups segments. Taking all of this into consideration, we managed to improve both occupancy rates and prices vs the same period last year, as well as to improve margins and increase the efficiency levels of the division thanks to the different actions taken to continue optimizing the structure of our operations in the country.

Finally, we would like to highlight the improvement of sales through our direct channel melia.com in local currency thanks to a number of new initiatives implemented ranging from targeted marketing campaigns aimed at increasing conversion rates by offering new payment options to our clients to effectively managing our relationships with the main internet providers to increase the profitability of our operations, as well as to attract a higher number of visitors from specific feeder markets, particularly Europe.

OUTLOOK

For Q3, and despite that July has been historically a low-volume month for being a vacation period, we foresee an increasing demand in August. In September, there will be uncertainties as a result of the Presidential Elections that will took place in October. Furthermore, we would like to remind that our operations will not be negatively impacted by the losses posted by Gran Meliá Nacional de Rio, as we disaffiliated the hotel and terminated the lease contract at the end of March.

PORTFOLIO AND PIPELINE

We have not added any hotels to our Brazilian portfolio and we do not intend to add any in the short term, as we will continue focusing on improving the profitability levels of the division, optimizing its current structure, as well as on increasing the penetration of our brands to better position ourselves within the bleisure and leisure segments, particularly among premium clients, as this will increase our resilience levels if the economic cycle enters into a decline period.


Meliá Jardim Europa | Brazil

FINANCIAL INDICATORS

HOTELS OWNED & LEASED	H1 2018 €M	H1 2017 €M	% change
Total aggregated Revenues	**N.A.**	**N.A.**	**-**
Owned			
Leased			
Of which Room Revenues	***N.A.***	***N.A.***	***-***
Owned			
Leased			

MANAGEMENT MODEL	H1 2018 €M	H1 2017 €M	% change
Total Management Model Revenues	**3.5**	**3.6**	**-3.0%**
Third Parties Fees	2.4	1.9	
Owned & Leased Fees	0.0	0.0	
Other Revenues	1.1	1.7	

MAIN STATISTICS

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occup.		ARR		RevPAR		Occup.		ARR		RevPAR	
	%	p.p. change	€	% change	€	% change	%	p.p. change	€	% change	€	% change
TOTAL ASIA	-	-	-	-	-	-	58.3%	2.7	69.8	-9.0%	40.7	-4.6%
TOTAL ASIA SAME STORE BASIS	-	-	-	-	-	-	62.0%	5.3	81.1	8.2%	50.3	18.3%
Indonesia	-	-	-	-	-	-	53.1%	0.5	62.5	1.1%	33.2	2.1%
China	-	-	-	-	-	-	63.5%	3.2	65.4	-7.8%	41.5	-3.0%
Vietnam	-	-	-	-	-	-	71.4%	14.8	90.0	-8.8%	64.3	15.1%

* Available Rooms H1 2018: 826.7k (versus 704.0k in H1 2017) in O,L&M.

CHANGES IN PORTFOLIO

Openings between 01/01/2018 – 30/06/2018

Hotel	Country / City	Contract	# Rooms
Lavender Boutique Hotel	Vietnam / Ho Chi Minh	Management	107
Amena Residences and Suites	Vietnam / Ho Chi Minh	Management	75

Disaffiliations between 01/01/2018 – 30/06/2018

Hotel	Country / City	Contract	# Rooms
-	-	-	-

FUTURE DEVELOPMENT

	Current Portfolio				Pipeline									
	H1 2018		2017 YE		2018		2019		2020		Onwards		TOTAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
TOTAL ASIA	20	4,869	18	4,617	5	919	5	1,425	5	1,049	6	1,502	21	4,895
Management	20	4,869	18	4,617	5	919	5	1,425	5	1,049	6	1,502	21	4,895
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 FIRST HALF RESULTS

- RevPAR in USD (managed) jumped by +22.6% in the quarter vs Q2 2017 given the higher contribution of a number of hotels that are still in ramp up.
- Total fee revenue in USD increased by +37.5% in Q2 vs the same period last year due to the positive performance posted by our hotels and the improved profitability levels.
- Melia.com sales surged by +47.5% vs Q2 2017 as a result of the different initiatives implemented in the region aimed at improving conversion rates and to increase the penetration of our platform among popular online sites.

The Asian region has remained as an important component for our global operations during the second quarter of the year, as it not only contributed to a greater extent to our consolidated numbers, but also became an important feeder market for a number of our hotels located in EMEA and, particularly, in the Caribbean, where we witnessed an increasing demand from Chinese, Japanese and Korean tourists. This has been possible due to the different targeted commercial campaigns launched and aimed at increasing the penetration and strength of our brands among upper segments, plus the strong efforts made over the past months in repositionings and refurbishments in order to adapt our hotels to higher standards and to sophisticated guests demands. Having said this, and considering that a number of hotels in the region are still in ramp up, thus affecting the overall performance of the division, we would like to highlight that our managed hotels located in Asia posted a significant increase in revenues (in USD) and improved profitability levels vs the same period last year.

If we analyze the results on a country basis, our hotels in China closed the second quarter of the year extending the positive trend shown in Q1, thanks to the fact that all of our hotels in the country are new and modern plus the different initiatives launched at increasing the penetration and reputation of our brands through further agreements with Ctrip, as well as a result of long-term strategic agreements with Tier 1 partners, such as Greenland and Greentown, among others. In this regard, we expect an organic growth of 2-3 hotels per year in order to operate 15 hotels, as well as to have 10 hotels in the pipeline in the country by 2020.

In Indonesia, our operations in Bali fully recovered from the negative impact of the Agung Volcano eruption that took place in late 2017 and the destination is operating normally, being this key when explaining the positive performance of our hotels in the quarter, which increased revenues and profitability vs Q2 2017, while in Vietnam we benefitted from the strong potential of the country, the increasing number of international visitors and its political stability, which reinforced the attractiveness of the destination.

In Thailand, the single hotel that we operate in the country closed at the beginning of Q2 in order to fully refurbish and reposition the property and will re-open in Q3 2019, but however we have positive expectations for our operations in the country, where we expect to operate 5 hotels by 2021, while in Malaysia and Myanmar our managed hotels recorded positive numbers and improved past year's figures.

OUTLOOK

We have positive expectations for our hotels located in Asia, as Q3 represents the high season of the year and the market dynamics remain robust in the region, with both leisure demand and the number of international visitors expected to grow at a healthy rate. In this regard, we expect to improve past year's numbers in important areas in terms of contribution, such as China and Bali, as well as a consolidation of the positive performance in Vietnam, which will become a key country for our operations in Asia over the following years once we incorporate new hotels in Hanoi, Ho Chi Minh and other resort destinations of the country, that will help us to further penetrate into the resort segment and among upper-end international clients.

PORTFOLIO AND PIPELINE

For the rest of the year, we intend to open 4 additional hotels in Asia, all of them under management contracts: Meliá Ba Vi Mountain Retreat (Vietnam, 55 rooms), Meliá Bandung Dago (Indonesia, 254 rooms), Meliá Shanghai Parkside (China, 150 rooms) and Gran Meliá Zhengzhou (China, 388 rooms) and additionally in Q2 we signed Gran Meliá Jincheng Lake Chengdu (China, 270 rooms), which will come to extend our footprint in the region and to reinforce our leading position in the leisure and bleisure segments.


Sol Beach House Phu Quoc | Vietnam

OTHER NON HOTEL BUSINESSESS

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 payments received from clients for services not delivered yet. Once the services are delivered, the liability will flow into equity through the P&L. For comparison purposes, during H1 2017 the impact was of around -€15.2M in revenues and -€1.6M in EBITDA, although the figures have been negatively impacted by the severe depreciation suffered by the USD against the EUR.

The second quarter of the year has been historically the period with the lowest volumes of the year for our timesharing business Club Meliá and this year, with the brand new product The Circle becoming more relevant among potential and current clients plus the fact that the Easter break took place in Q1, our operations struggled to deliver the expected results and closed the quarter with a decline vs the same period last year.

In order to revert the situation, as well as to increase the new members and migrations from the former Club Meliá product to the new one, we have been focusing on several commercial strategies aimed at increasing the attractiveness of The Circle and thus conversion rates, including the launching and marketing of a new package with a lower amount of available options intended for the low season period, which does not consider making the product cheaper but to provide limited benefits keeping constant the price per option chosen, as well as reinforcing the American salesforce to further penetrate among US customers.

When looking at the performance of the new The Circle product in Punta Cana, we managed to limit the negative impact of the low season period in revenues thanks to the above mentioned marketing strategies, which including digital campaigns, and to improve past year's figures despite the fact that the number of potential clients dropped vs the same period last year and that the resort which will be the core of the product will not be fully operative and open until December. On the other hand, the Club Meliá product in Mexico further penetrated into potential clients, particularly among those invited to the selling showrooms, thus partially offsetting the slight reduction in revenues as a result of the decline in the average price per contract that resulted from the lower quality of clients during the low season period.

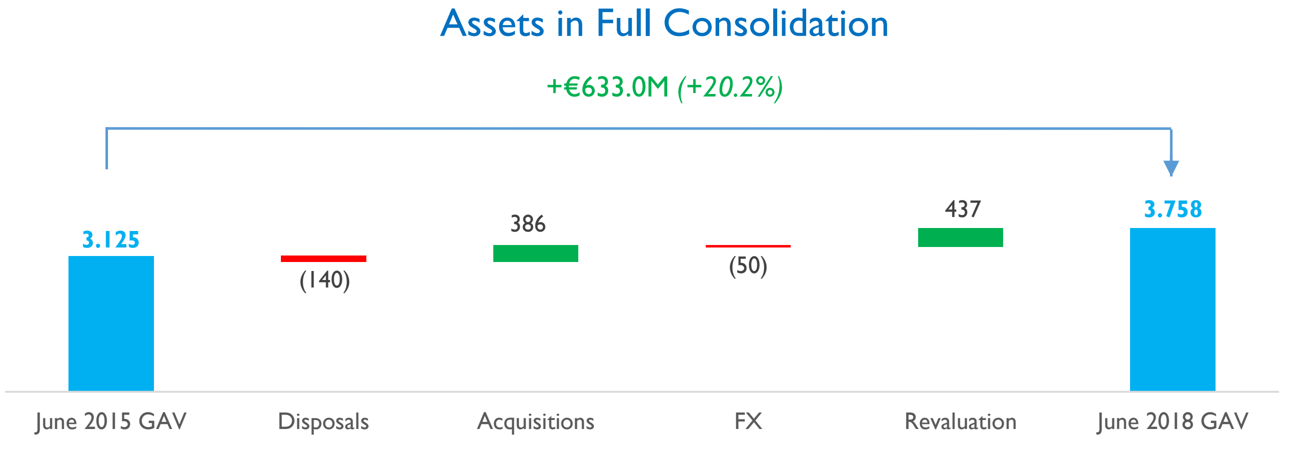
For the third quarter of the year, we expect that the different marketing and commercial actions taken will start to bear fruit and foresee a positive evolution of both products, particularly The Circle, although it will not yield optimal results until the new resort located in Punta Cana is operating normally, being this particularly relevant for the next high season period that will commence in late 2018 and that will last until Q1 2019.

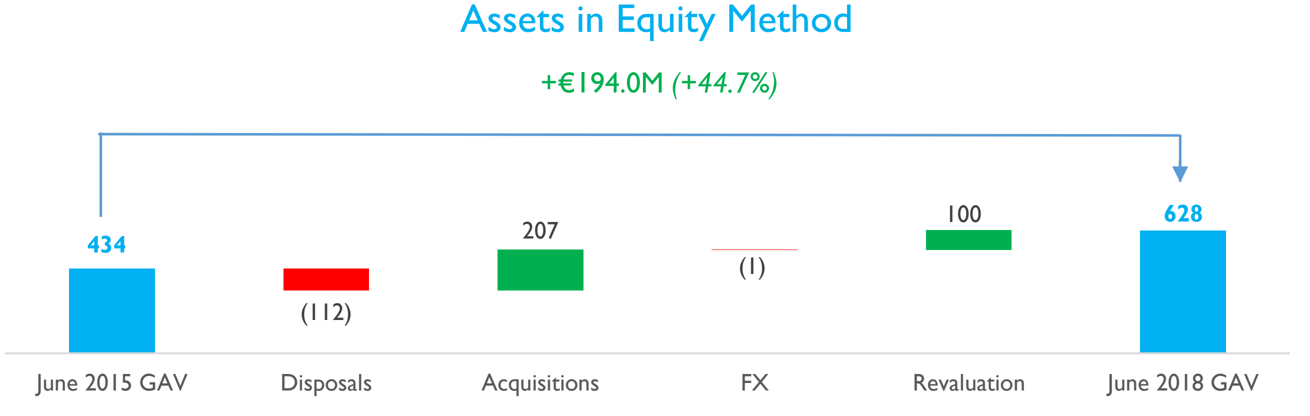

The Circle | Dominican Republic

REAL ESTATE & ASSET VALUATION

Along with this earnings release, we have published the results of the new valuation of our fully-owned assets, which has been performed by JLL, a leading independent appraiser. In this regard, the updated GAV rose by +23.2% vs June 2015 valuation to €4.386B. Within this figure, €3.758B correspond to the value of our assets in full consolidation, while the remaining €628M reflects the value of assets in equity method. However, in this regard, the equity method figure is an estimate, as the valuation is still ongoing and will not be finished until late September.

NAV stands at €15.2 per share, which compares with the €12.5 per share of the latest valuation that dates back from June 2015 and thus implies an increase of +21.3%. In addition, we would like to highlight that, as a result of this new valuation, there has been a revaluation of certain of our fixed assets that resulted in a capital gain of €12.6M at EBITDA level, which compares with no capital gains generated in H1 2017.





Assets in Full Consolidation

	June 2018
Value of Assets in Full Consolidation	€3,758M
Total Rooms	14,323
Average Price per Room	€253,588
% change Price per Room since 2015	+36.8%
Discount Rate / Exit Yield	10.68% / 7.58%

Assets in Equity Method

	June 2018
Value of Assets in Equity Method	€628M

A detailed overview of the valuation conducted by JLL is shown below.

Hotels Valuation Per Room

	Type	2015	2018	June 2018
Hotels LATAM		€213,504	€243,043	+13.8%
Hotels Spain	Urban	€204,193	€243,611	+19.3%
	Resort	€113,337	€211,310	+86.4%
Hotels Europe		€312,231	€415,674	+33.1%
TOTAL HOTELS VALUATION		**€185,314**	**€253,588**	**+36.8%**

Results of the Valuation

		Type	2015	2018	June 2018
Hotels	America		€1,257M	€1,630	+29.7%
Hotels Spain	Spain	Urban	€696M	€718M	+3.2%
		Resort	€623	€679	+9.0%
	Rest of Europe		€407	€605	+48.6%
TOTAL HOTELS			**€2,983M**	**€3,632M**	**+21.7%**
Real Estate	America		€59M	€42M	-29.4%
	Europe		€9M	€13M	+52.0%
TOTAL REAL ESTATE			**€68M**	**€54M**	**-18.7%**
Other Assets	America		€52M	€51M	-2.6%
	Europe		€22M	€21M	-7.8%
TOTAL OTHER ASSETS			**€74M**	**€72M**	**-4.2%**
TOTAL ASSETS FULL CONSOLIDATION METHOD			**€3,125M**	**€3,758**	**+20.2%**
TOTAL ASSETS EQUITY METHOD			**€434M**	**€628M**	**+44.8%**

Finally, we would like to mention that in July we closed the sale of 3 of our hotels: Meliá Sevilla, Sol La Palma and Sol Jandía Mar, located in Seville, Santa Cruz de Tenerife and Fuerteventura, respectively. The hotels were sold to Atom, a Spain-based REIT backed, among others, by Spanish-bank Bankinter. The deal, which encompasses both in the strategy of adaptation of our hotels to our brands attributes, as well as in the asset rotation strategy for our non-core assets by taking advantage from the real estate market momentum, generated total proceeds of €73.4M and a net capital gain at EBITDA level of €6.6M, although it must be highlighted that the transaction is an event disclosed after the reporting period and thus will be reflected in Q3 results. Furthermore, as part of the agreement, we will continue operating the hotels under lease contracts for a 5-year period that could be extended, at our sole discretion, for up to a maximum of 25 years. Moreover, as part of the agreement, Atom commits itself to invest €20.0M in CAPEX in the hotels located in the Canary Islands that will increase the value of the properties, being the latest of our Sol brand hotels to be fully refurbished and repositioned.

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

ESG ENVIRONMENTAL, SOCIAL & GOVERNANCE

ENVIRONMENTAL

Our commitment to fight against climate change and to reduce emissions is embedded in our strategy in order to comply with the different public commitments assumed by the Company. Over the last 10 years, we have been implementing a number of energy and hydric efficiency programmes in all of our business units by using energy generated from renewable sources in countries such as Spain and Italy.

Meliá considers critical the mobilization of the tourism industry to fight against climate change, as according to Global Risk Report, 4 of the 5 main risks that will have a greater impact over the next decade are related with climate change (extreme weather events, natural disasters or water crisis, among others). Also, after the approval of the Sustainable Development Goals (SDG) by the United Nations in 2015, Meliá has deepened in the understanding and prioritization of those SDGs that are aligned with its activity and therefore are considered as appropriate to be integrated into its strategy.

	TARGETS	INITIATIVES	COMMITTMENTS 2020
6	**WATER** Ensure availability and sustainable management	Flow regulators Awareness of employees and customers Use of sustainable products	↓ **8%** water per stay
7	**RENEWABLE ENERGY** Guarantee access to affordable, safe, sustainable and modern energy	100% renewable source electric power Initiatives in energy efficiency Energy Management System (ISO 50001)	↑ Green energy **70%** of total consumption
11	**INFRASTRUCTURES & SUSTAINABLE COMMUNITIES** Cities and settlements in sustainable environments	Identify and quantify the impact of our activity on society Sustainable mobility	↑ Certified Portfolio **52%**
12	**SUSTAINABLE CONSUMPTION & PRODUCTION** Ensure sustainable consumption and production patterns	Increase the purchase of proximity products Selection of suppliers with sustainable criteria Monitoring waste generation Elimination use of single-use plastics	↑ Sustainable clauses signed **60%** * Supplier's Code of Ethics signed **60%** * Local suppliers **90%**
13	**ACTION AGAINST CLIMATE** Adopt measures to combat climate change and its effects	Reduce the impact of our activity Establish greenhouse gas (GHG) reduction objectives	↓ **18.4%** CO2 per stay

MAIN INDICATORS – H1 2018

-25.54 % ↓	-29.39% ↓	- 8.72% ↓	-8.61% ↓
CO_2 EMISSIONS (Kg)	CO_2 EMISSIONS PER STAY (Kg)	ENERGY CONSUMPTION PER STAY (Kwh)	WATER CONSUMPTION PER STAY (m^3)

ENVIRONMENTAL (cont'd)

IMPROVEMENTS IN ENVIRONMENTAL MATTERS

RENEWABLE ENERGY

Melia is committed to the use of energy generated from renewable sources since 2014. Currently, this represents 100% of its energy consumption in Spain and Italy. During this year, we signed an agreement by which our hotels located in France will start to use green energy next year, which will represent 52% of the total consumption of the Company. Next steps will be to continue signing agreements to use renewable energy in our hotels located in the rest of the European countries and to analyze current market regulations and options for the other locations where Meliá operates.

INFRASTRUCTURES & SUSTAINABLES

Over the first half of the year, we have been integrating sustainable criteria in the different refurbishments carried out. One of the most significant examples is the recently opened Calviá Beach The Plaza, an example of a sustainable building where a number of innovative measures have been installed, including a CO_2 heat pump, home automation systems for energy management in facilities, chillers with heat recovery, solar street lamps, gray water treatment systems, as well as several charging points for electric cars.

RESPONSIBLE CONSUMPTION

In June, the Company publicly committed to reduce the use of single-use plastics. In this regard, a roadmap has been set so that, over the last months of the year, all single-use plastic elements (bottles, bags, glasses, coasters, cutlery, straws, etc.) will be progressively replaced by sustainable materials. Next year, other initiatives related to the different cosmetics offered in the rooms will be launched.

CLIMATE ACTIONS

During the first six months of the year, different energy improvement proposals have been implemented in our hotels, by using rigorous economic and technical feasibility criteria. In this regard, energy efficiency initiatives were launched in a total of 29 hotels, which required an investment of €713,589. Also, at the beginning of June, the process for certification of the Company's Environmental Management System (ISO 14001) was initiated and will come to reinforce the ISO 50001 obtained last year, which certifies our Energy Management System. These two initiatives confirm our strong commitment to externally validate the energy management systems used.

SOCIAL

Contributing to improving the professional quality of our industry is one of the commitments acquired by Meliá in all the locations where it operates, in addition to offering, in a balanced way, opportunities for employability and training for groups at risk. Together with strategic partners, the Company consolidated several projects and promoted new and ambitious initiatives. In the first quarter of 2018, the 4th edition of "First Professional Experience" was launched, a project focused on the comprehensive training of young people at risk of social exclusion in Spain. In this regard, Meliá already has two "school hotels" to support an initiative that, for 5 months, will allow 20 young people to be part of a full training process and to improve their opportunities to obtain employment in the future.

Last April, Meliá and Obra Social La Caixa (1st Foundation in Spain) signed a collaboration agreement to promote the employment of people at risk of social exclusion through the "*Incorpora Programme*". This program aims to boost the hiring of vulnerable groups, as well as to provide advice, training and information to the participating companies. The agreement was signed by the Executive Vice President & CEO of Meliá, Gabriel Escarrer, and the Deputy General Director of the La Caixa Foundation, Marc Simón. As part of this agreement, Meliá has committed itself to integrate more than 220 people by initially involving 30 hotels in Spain, although the number of hotels participating in the programme will increase during the next year.

As a family-owned company, Meliá is strongly committed with the rights of children and, as a result of the strategic alliance renewed with UNICEF in 2016, has set the goal of raising at least €400,000 per year until 2020. Also, targets for 2018 will be added to the more than €1.4M raised by Meliá since 2015, which will be dedicated to support projects for those children selected by this entity.

SOCIAL (cont'd)

In this process of cultural and digital transformation in which we have been recently focused, we would like to highlight and celebrate having reached one of the agreed commitments in terms of diversity and equal opportunities. Currently, the percentage of women in management positions with responsibilities assigned to revenue generation stands at 65%, being this a historic milestone for the Company.

GOVERNANCE

The entry into force of European Directive 2014/95 / EU of the European Parliament and of the European Council, required large companies to incorporate non-financial information expressly and with a global perspective. In this regard, Meliá published, during the first quarter of this year, its first 2017 Integrated Annual Report. This document provides more information, visibility and transparency to stakeholders. As a result of this change, we updated our materiality analysis, with the aim of being able to better respond to the expectations of our stakeholders. In addition, the synergies detected between the material issues and the strategic focus of the Company strengthen the alignment with external interests.

The Report refers to the labeled as the "Year of Sustainable Tourism" by the General Assembly of the United Nations. The incorporation of the International Integrated Reporting Council (IIRC) criteria, as well as the Global Reporting Initiative (GRI) guidelines, have allowed the Company to significantly improve the way by which it explains its recent evolution and future expectations.

To progress in the consolidation of the Corporate Governance Model, the Company has approved important corporate policies which will be published in the coming weeks and that, in addition to facing market demands, increased its transparency levels. These include the Privacy Policy (aligned with the GDPR requirements), Procurement and Contracting of Responsible Services, Human Rights, Philanthropy, Tax Strategy and Relations with Stakeholders. On the other hand, Meliá has already published policies that were approved in 2017, but that however have been recently disclosed to strengthen its public commitments. Among these are those related to Environment, Control, Analysis and Assessment of Risks, Anticorruption and Information Security. When looking at Human Rights, the impacts that the Company could have in this matter were analyzed and identified. These risks reinforced Meliá's current risk map after having defined the process, report and mitigation of possible impacts. The identification of the main risks has been carried out according to the Company's own operation and its impact on people and the environment were analyzed by following the commitments and guiding principles of the Human Rights Policy.

Meliá has developed a training programme for those people with skills and responsibilities associated with the treatment and access to personal data. Through this training programme, around 300 people received specific training in GDPR and an online training module has been made available to all those who manage personal information and which will be a must for all new joiners involved in managing this type of information.

Some significant advances in 2018 and that are significantly contributing to strengthen the Company's cultural transformation, continuous improvement and a model that transmits Meliá's commitments along its supply chain, have been the update of the Purchases' strategy, the approval of the first Suppliers Code of Ethics and the update of the sustainability questionnaire for suppliers that allowed the Company to redefine its goals in this matter. Through all these tools, Meliá provides greater coherence to its supply model and strengthens the relationship with suppliers based on its values, Code of Ethics and public commitments assumed.

In this questionnaire, corrective measures linked to the results have been incorporated. Also, another improvement when managing the supply chain has been the revision of the definition of critical suppliers, as a result of the expansion and incorporation of new countries in the Company's portfolio. This process integrates for its evaluation three criteria: volume of purchases, critical components and country of origin, and differentiates suppliers according to their level of risk in order to improve our management and relationship with them.

Additionally, Meliá has reviewed and updated its Code of Ethics, which was initially approved in 2012, in accordance with the new approaches reflected in its regulatory body.

REPUTATION & ACNOWLEDGMENTS

Over the first half of the year, Meliá has achieved a number of national and international recognitions. Among them, we would like to highlight those that position the Company as a leading company on its sector, such as the fact of having been included in the "**Annual Report of the Most Valuable Brands of Spain**", published by Brand Finance, or the "**Business of the Year in Spain**" award by the European Business Awards.

In this process of cultural and digital transformation in which we have been recently focused, we would like to highlight and celebrate having reached one of the agreed commitments in terms of diversity and equal opportunities. Currently, the percentage of women in management positions with responsibilities assigned to revenue generation stands at 65%, being this a historic milestone for the Company.

In the Institutional Investor "**2018 All-Europe Executive Team Survey**", Meliá's relationship and constant dialogue with investors were widely recognized after having included its Investor Relations Head, Stéphane Baos, in the "**Top 3 of IR professionals**" and appointed Gabriel Escarrer Jaume as one of "**Europe's best CEO**".

Gabriel Escarrer was also awarded as "**Top Leader of the Family-Owned Business**" by European Family Business and highlighted as one of the "**Best Business Managers in Spain**", by the Business Success Study.

The Company has also been recognized with the "**Influentials of the Spain Brand"** award by El Confidencial and Herbert Smith Freehil, as well as with the "**Happiest Company to work for and Most Empathetic Company of the IBEX 35**" award by Adecco and SUMMA, respectively. Moreover, the "**Responsible Tourism**" and the "**Rethink Hotel**" awards came to reinforce the strong commitment of the Company with social and environmental matters.

FINANCIAL STATEMENTS

4

MELIÃ HOTELS INTERNATIONAL

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. In addition, the financial statements presented in this report have been also affected by the severe depreciation suffered by the USD against the EUR during the period, as well as by the Venezuelan Bolivar/USD exchange rate that we used to reflect the economic reality of the country.

Revenues

Total consolidated revenues fell by -2.2% vs H1 2017, being the main aspects that explain this decline discussed below: reasons:

a) Negative effect caused by the severe depreciation suffered by the USD against the EUR, which impacted our consolidated revenues in -€37.6M. However, on a constant currency basis, revenues increased by +€4.8M vs the same period last year.

b) Decline in the levels of activity of Sol Caribe Tours, our Cuban TO, as a result of the decrease shown by demand.

c) Closure of our hotel located in Puerto Rico as a result of the devastating effects of Hurricane Irma, which negatively impacted our revenues in -€8.7M. The hotel will remain closed until Q4 2018.

d) Disaffiliation of Gran Meliá Nacional de Rio.

e) Higher contribution of new openings and refurbished hotels, which positively impacted revenues in +€17.9M vs H1 2017.

Operating Costs

Total operating costs dropped by -6.0% vs H1 2017 due to the following reasons:

a) Positive impact of the USD/EUR exchange rate, which impacted our costs in -€24.7M. On a constant currency basis, the decline would have been of -€16.2M.

b) Lower costs associated to our operations in Puerto Rico due to the closure of the hotel of -€8.2M.

c) Decline in the costs of Sol Caribe Tours due to the lower levels of activity.

d) Termination of the lease contract and disaffiliation of Gran Meliá Nacional de Rio.

e) Increase in the costs associated to new openings and hotels recently refurbished of +€5.2M.

Increase in rental expenses of +€9.7M mainly due to a reversal of certain rental provisions related to onerous contracts of +€3.7M that were recorded in H1 2017 plus the effect of new openings.

EBITDA

EBITDA increased by +7.7% vs H1 2017 thanks to the capital gains generated as a result of the revaluation of certain fixed assets and despite the depreciation of the USD against the EUR during the period, while EBITDA ex-capital gains slightly fell by -1.0% vs H1 2017. In this regard, capital gains generated at EBITDA level were +€12.6M, which compare with no capital gains generated in H1 2017. Furthermore, on a constant currency basis, EBITDA ex capital gains margin rose by +109 bps vs the same period last year.

Depreciation and Amortization fell by -1.3% vs H1 2017 as a result of the positive impact of the USD/EUR exchange rate.

Operating Profit (EBIT)

Operating Profit jumped by +13.9% (+€11.8M) vs the same period last year .

Result from entities valued by the equity method was -€1.2M, which compares with +€19.4M and with the €20.6M capital gains generated in H1 2017.

Net Profit

Net Profit rose by +8.5% (+€4.8M) vs H1 2017 .

EPS stood at €0.27, which compares with €0.25 in H1 2017.

INCOME STATEMENT (cont´d)

% change Q2 18 vs Q2 17	Q2 2018	Q2 2017	(Million Euros)	YTD 2018	YTD 2017	% change YTD 18 vs YTD 17
			Revenues split			
	506.6	510.4	Total HOTELS	933.7	945.8	
	91.1	73.0	Management Model	155.6	144.0	
	399.8	420.1	Hotel Business Owned & Leased	745.7	763.7	
	15.8	17.3	Other Hotel Business	32.4	38.1	
	16.6	1.9	Real Estate Revenues	18.4	4.1	
	19.2	16.4	Club Meliá Revenues	40.3	30.5	
	42.8	43.3	Overheads	68.2	72.0	
	585.2	572.1	Total Revenues Aggregated	1.060.6	1.052.4	
	(107.2)	(82.2)	Eliminations on consolidation	(181.4)	(153.0)	
-2.4%	**478.0**	**489.9**	**Total Consolidated Revenues**	**879.2**	**899.4**	**-2.2%**
	(51.9)	(55.5)	Raw Materials	(96.6)	(107.5)	
	(148.0)	(133.9)	Personnel Expenses	(259.1)	(247.5)	
	(139.3)	(179.8)	Other Operating Expenses	(285.0)	(326.6)	
-8.1%	**(339.2)**	**(369.2)**	**Total Operating Expenses**	**(640.7)**	**(681.6)**	**-6.0%**
15.0%	**138.9**	**120.7**	**EBITDAR**	**238.5**	**217.7**	**9.5%**
	(48.8)	(42.5)	Rental Expenses	(83.3)	(73.7)	
15.1%	**90.0**	**78.2**	**EBITDA**	**155.1**	**144.1**	**7.7%**
	(30.3)	(30.0)	Depreciation and Amortisation	(58.2)	(59.0)	
24.0%	**59.7**	**48.2**	**EBIT (OPERATING PROFIT)**	**97.0**	**85.1**	**13.9%**
	(7.4)	(6.8)	Financial Expense	(14.0)	(15.0)	
	2.0	3.7	Other Financial Results	5.3	5.7	
	(0.7)	(14.1)	Exchange Rate Differences	(4.4)	(19.0)	
-64.0%	**(6.2)**	**(17.2)**	**Total financial profit/(loss)**	**(13.2)**	**(28.4)**	**-53.6%**
	2.2	21.9	Profit / (loss) from Associates and JV	-1.2	19.4	
5.5%	**55.8**	**52.9**	**Profit before taxes and minorities**	**82.6**	**76.1**	**8.5%**
	(14.0)	(12.8)	Taxes	(20.6)	(19.0)	
4.3%	**41.9**	**40.1**	**Group net profit/(loss)**	**61.9**	**57.1**	**8.5%**
	2.2	1.1	Minorities	0.2	-0.5	
1.7%	**39.7**	**39.0**	**Profit/(loss) of the parent company**	**61.8**	**57.6**	**7.2%**

Meliá Costa del Sol | Malaga - Spain

BALANCE SHEET

Assets

Total Assets grew by +5.6% during the first six months of the year as due to the following aspects:

a) Increase in Tangible Assets by +€24.1M as a result of:

   I. Reduction due to amortizations during the period (-€48.7M).

   II. Increase due to investments and refurbishments in Spain (+€33.6M), international societies (+€12.4M) and The Circle (+€25.5M).

b) Growth in Investment Properties of +€17.5M as a result of revaluations (+€12.6M) and reclassifications of Tangible Assets (€+2.2M).

c) Reduction of Investments in Associates by -€5.8M due to lower results for the period, dividends and exchange rate differences.

d) Decline in Tax Assets on Current Gains of -€9.9M as a result of the tax refund received from the AEAT.

(Million Euros)	June 2018	December 2017	% change June 18 vs December 17
ASSETS			
NON-CURRENT ASSETS			
Goodwill	60.7	60.7	0.0%
Other Intangibles	101.0	102.2	-1.2%
Tangible Assets	1.707.5	1.683.4	1.4%
Investment Properties	153.4	135.9	12.9%
Investments in Associates	223.8	229.6	-2.6%
Other Non-Current Financial Assets	198.1	173.6	14.1%
Deferred Tax Assets	203.5	203.0	0.2%
TOTAL NON-CURRENT ASSETS	**2.647.9**	**2.588.3**	**2.3%**
CURRENT ASSETS			
Inventories	36.3	34.0	6.8%
Trade and Other receivables	285.3	275.5	3.6%
Tax Assets on Current Gains	45.0	55.0	-18.1%
Other Current Financial Assets	44.2	48.7	-9.1%
Cash and Cash Equivalents	459.6	331.9	38.5%
TOTAL CURRENT ASSETS	**870.5**	**745.0**	**16.9%**
TOTAL ASSETS	**3.518.4**	**3.333.4**	**5.6%**

Liabilities

Total liabilities grew by +8.5% while total equity grew by +0.9% during the first half of the year due to the following.

a) Reduction in Capital Grants and Other Deferred Income of -€11.1M as a result of the weeks enjoyed by our Club Meliá and The Circle clients in application of IFRS 15.

b) Decline in Deferred Tax Liabilities of -€5.2M originated by the effect of the revaluation of certain assets due to the hyperinflation suffered by the Venezuelan Bolivar during the period.

c) Increase in Other Financial Liabilities by +€48.9M as a result of the dividend to be paid in July.

d) Reduction in Liabilities for Current Income Tax of -€2.5M explained by different tax payments satisfied during the period.

(Million Euros)	June 2018	December 2017	% change June 18 vs December 17
EQUITY			
Issued Capital	45.9	45.9	0.0%
Share Premium	1.120.6	1.120.3	0.0%
Reserves	431.1	392.9	9.7%
Treasury Shares	(14.7)	(15.0)	-2.3%
Results From Prior Years	181.6	120.2	51.2%
Other Equity Instruments	(0.0)	(0.0)	0.0%
Translation Differences	(550.8)	(532.4)	3.5%
Other Adjustments for Changes in Value	(2.1)	(1.7)	24.0%
Profit Attributable to Parent Company	61.8	124.1	-50.2%
EQUITY ATTRIBUTABLE TO THE PARENT CO.	**1.273.5**	**1.254.2**	**1.5%**
Minority Interests	18.4	26.6	-30.5%
TOTAL NET EQUITY	**1.292.0**	**1.280.8**	**0.9%**
LIABILITIES			
NON CURRENT LIABILITIES			
Issue of Debentures and Other Marketable Securities	4.0	0.0	-
Bank Debt	765.4	644.5	18.7%
Other Non-Current Liabilities	10.1	9.4	7.1%
Capital Grants and Other Deferred Income	395.1	384.0	2.9%
Provisions	41.5	40.9	1.5%
Deferred Tax Liabilities	161.9	167.1	-3.1%
TOTAL NON-CURRENT LIABILITIES	**1.377.9**	**1.245.9**	**10.6%**
CURRENT LIABILITIES			
Issue of Debentures and Other Marketable Securities	68.8	71.6	-4.0%
Bank Debt	201.9	209.5	-3.6%
Trade and Other Payables	449.3	443.3	1.4%
Liabilities for Current Income Tax	15.0	17.5	-14.5%
Other Current Liabilities	113.7	64.8	75.5%
TOTAL CURRENT LIABILITIES	**848.6**	**806.6**	**5.2%**
TOTAL LIABILITIES AND EQUITY	**3.518.4**	**3.333.4**	**5.6%**

FINANCIAL RESULTS & DEBT

Financial results

Net Financial Loss significantly improved after having posted a -53.6% decline vs the same period last year, being this drop explained by the following reasons:

a) Reduction in Financial Expense (-€1.0M vs H1 2017) as a result of the lower average interest rate paid (3.2% vs 3.3% in H1 2017) and the lower average gross debt during the period.

b) Lower income in Other Financial Results (-€0.4M vs the same period last year).

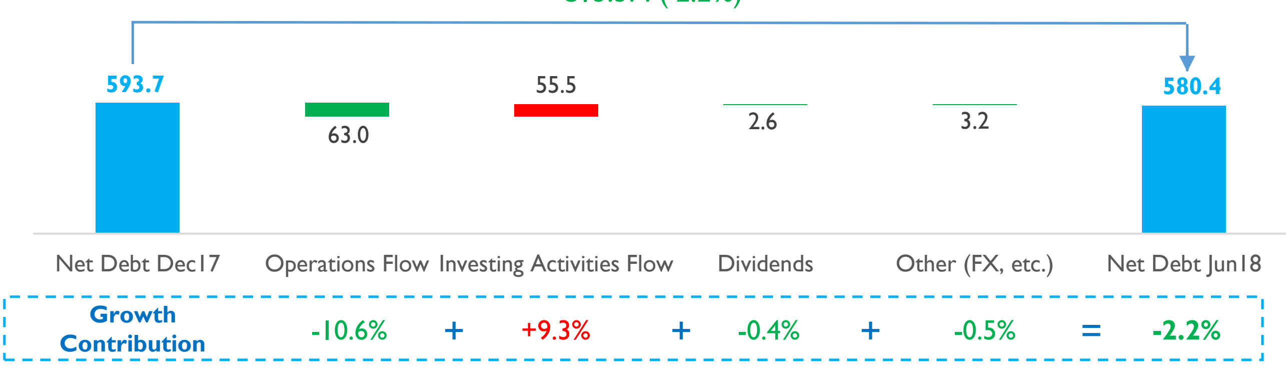
c) Positive impact of Exchange Rates Differences (+€14.6M vs H1 2017) during the period, mainly due to the evolution of the USD against EUR.

Q2 2018	Q2 2017	Item	YTD 2018	YTD 2017
(0.7)	(14.1)	Exchange Rates Differences	(4.4)	(19.0)
(7.4)	(6.8)	Financial Expense	(14.0)	(15.0)
0.2	*0.6*	*Interest Capital Markets*	*0.5*	*1.4*
7.2	*6.2*	*Interest bank loans and others*	*13.5*	*13.6*
2.0	3.7	Other Financial Results	5.3	5.7
(6.2)	**(17.2)**	**Net Financial Income/(Loss)**	**(13.2)**	**(28.4)**

Debt and cash flow

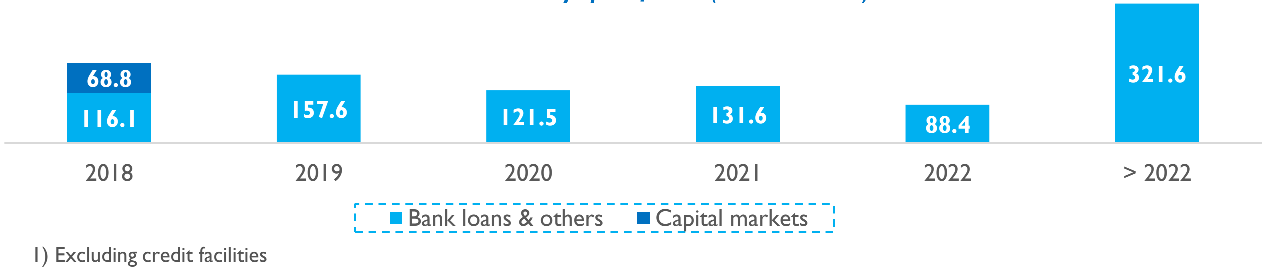
During the first six months of the year, Net Debt fell by -€13.3M and reached +€580.4M at the end of the period, which contrast with the increase of +€31.4M during H1 2017. In addition, we managed to lengthen our debt maturity, as well as to increase the USD-denominated debt, which now represents around 20.0% of our total debt (vs 5.0% in 2017). Moreover, as in previous quarters, we have been focusing on adding additional value to our current properties in order to adapt them to market demands, as well as to better position our brands among upper end customers. Furthermore, our management team reiterate our strong commitment to close the year with a Net/Debt EBITDA leverage ratio of 2.0x.

Net Debt evolution: December 2017 – June 2018 (€ millions)



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

Debt maturity profile[1] (€ millions)



1) Excluding credit facilities

MELIÁ IN THE STOCK MARKET

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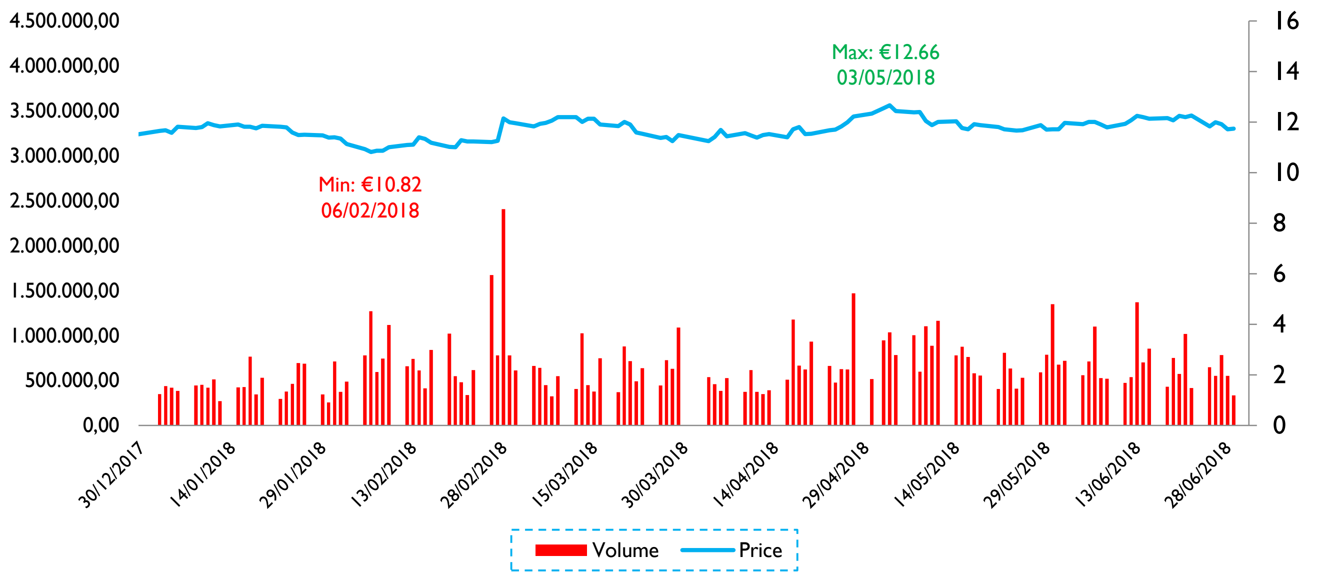
MELIÃ HOTELS INTERNATIONAL

STOCK MARKET

Our stock price rose by +4.4% in Q2 2018, outperforming the IBEX 35 Index (+0.8%). On a yearly basis, our stock price increased by +2.1%, while the IBEX 35 Index declined by -4.2%.



	Q1 2018	Q2 2018	Q3 2018	Q4 2018	2018
Average daily volume (*thousand shares*)	627.38	693.88	-	-	660.63
Meliá performance	-0.1%	+4.4%	-	-	+2.1%
Ibex 35 performance	-4.4%	+0.8%	-	-	-4.2%

	June 2018	2017
Number of shares (*millions*)	229.70	229.70
Average daily volume (*thousands shares*)	660.60	714.88
Maximum share price (*euros*)	12.66	13.89
Minimum share price (*euros*)	10.82	10.42
Last Price (*euros*)	11.74	11.5
Market capitalization (*million euros*)	2,696.68	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.

APPENDIX

6

MELIÃ HOTELS INTERNATIONAL

GRAN MELIÁ HOTELS & RESORTS | ME | PARADISUS | MELIÃ HOTELS & RESORTS | INNSIDE | TRYP | Sol | CIRCLE | MELIÃ REWARDS

BUSINESS SEGMENTATION OF MELIÁ HOTELS INTERNATIONAL

H1 2018	Total Hotels	Real Estate	Club Meliá	Overheads	Total Aggregated	Eliminations On Consolidation	Total Consolidated
Revenues	**915.2**	**18.4**	**39.6**	**68.2**	**1.041.4**	**(162.2)**	**879.2**
Expenses	680.6	3.8	35.9	79.1	799.4	(158.7)	640.7
EBITDAR	234.6	14.6	3.7	(11.0)	242.0	(3.5)	238.5
Rentals	83.3	0.0	0.0	3.5	86.8	(3.5)	83.3
EBITDA	**151.3**	**14.6**	**3.7**	**(14.5)**	**155.1**	**(0.0)**	**155.1**
D&A	46.1	0.2	1.1	10.8	58.2	(0.0)	58.2
EBIT	105.2	14.4	2.6	(25.3)	96.9	0.0	97.0

H1 2017	Total Hotels	Real Estate	Club Meliá	Overheads	Total Aggregated	Eliminations On Consolidation	Total Consolidated
Revenues	**945.8**	**4.1**	**30.5**	**72.0**	**1.052.4**	**(153.0)**	**899.4**
Expenses	708.8	4.0	28.3	87.1	828.2	(146.5)	681.6
EBITDAR	237.1	0.1	2.2	(15.2)	224.2	(6.5)	217.7
Rentals	77.4	0.0	0.0	2.8	80.2	(6.5)	73.7
EBITDA	**159.7**	**0.1**	**2.2**	**(18.0)**	**144.1**	**(0.0)**	**144.1**
D&A	48.2	0.2	1.6	9.0	59.0	0.0	59.0
EBIT	111.5	(0.1)	0.6	(26.9)	85.1	(0.0)	85.1

Q2 2018	Total Hotels	Real Estate	Club Meliá	Overheads	Total Aggregated	Eliminations On Consolidation	Total Consolidated
Revenues	**488.1**	**16.6**	**18.5**	**42.8**	**566.0**	**(87.9)**	**478.0**
Expenses	358.7	2.2	17.3	46.8	425.0	(85.8)	339.2
EBITDAR	129.4	(0.2)	1.2	10.5	(14.2)	(2.1)	(16.3)
Rentals	48.8	0.0	0.0	11.9	50.9	(2.1)	48.8
EBITDA	**80.6**	**14.4**	**1.2**	**(6.1)**	**90.0**	**(0.0)**	**90.0**
D&A	23.3	0.1	0.5	6.4	53.8	(0.0)	30.3
EBIT	57.2	14.3	0.7	(12.5)	59.7	0.0	59.7

Q2 2017	Total Hotels	Real Estate	Club Meliá	Overheads	Total Aggregated	Eliminations On Consolidation	Total Consolidated
Revenues	**510.4**	**1.9**	**16.4**	**43.3**	**572.1**	**(82.2)**	**489.9**
Expenses	379.5	1.9	15.7	48.8	445.9	(76.7)	369.2
EBITDAR	131.0	0.1	0.7	(5.5)	126.3	(5.5)	120.7
Rentals	46.2	0.0	0.0	1.8	48.0	(5.5)	42.5
EBITDA	**84.8**	**0.1**	**0.7**	**(7.4)**	**78.2**	**0.0**	**78.2**
D&A	22.7	0.1	0.9	6.4	30.0	0.0	30.0
EBIT	62.1	(0.0)	(0.1)	(13.7)	48.2	0.0	48.2

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	79.7%	2.3	136.3	-10.0%	108.7	-7.4%	75.2%	0.8	135.5	-12.7%	101.9	-11.8%
ME by Melia	70.0%	1.4	239.5	-1.9%	167.7	0.0%	62.1%	-2.0	231.8	-7.0%	144.0	-9.9%
Gran Meliá	57.7%	4.1	202.5	-5.4%	116.9	1.8%	56.9%	4.3	178.2	16.0%	101.4	25.5%
Meliá	71.5%	1.1	120.4	2.2%	86.2	3.8%	65.7%	-2.6	102.7	-6.7%	67.4	-10.3%
Innside	69.2%	-0.7	122.9	-5.5%	85.1	-6.4%	65.3%	-2.5	114.1	-11.3%	74.6	-14.5%
Tryp by Wyndham	71.9%	1.0	83.0	-0.7%	59.7	0.7%	66.3%	-0.9	76.7	-6.3%	50.8	-7.5%
Sol	73.8%	1.4	62.1	5.3%	45.8	7.4%	72.8%	-0.3	65.7	-1.4%	47.8	-1.8%
TOTAL	71.4%	1.5	115.9	-0.2%	82.8	1.9%	67.2%	-0.8	101.2	-5.1%	68.0	-6.2%

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	72.4%	2.0	119.5	-8.8%	86.5	-6.2%	72.4%	0.4	120.5	-5.6%	87.3	-5.1%
Dominican Republic	77.6%	-5.1	116.9	-5.0%	90.7	-10.9%	77.6%	-5.1	116.9	-5.0%	90.7	-10.9%
Mexico	78.1%	1.9	122.0	-8.5%	95.3	-6.2%	76.6%	1.6	129.0	-9.5%	98.8	-7.5%
Peru	63.5%	0.0	102.2	-9.0%	64.9	-9.0%	63.5%	0.0	102.2	-9.0%	64.9	-9.0%
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	78.5%	-0.7	145.3	-7.9%	114.0	-8.6%	74.6%	0.5	153.3	-5.7%	114.4	-5.0%
Venezuela	43.5%	-1.7	87.2	-39.1%	38.0	-41.4%	43.5%	-1.7	87.2	-39.1%	38.0	-41.4%
Cuba	-	-	-	-	-	-	62.5%	-8.9	86.8	-19.6%	54.3	-29.7%
Brazil	24.3%	-	117.9	-	28.7	-	53.8%	4.1	77.5	-11.3%	41.7	-4.0%
ASIA	-	-	-	-	-	-	60.1%	7.5	70.2	-0.6%	42.2	13.5%
Indonesia	-	-	-	-	-	-	53.1%	0.5	62.5	1.1%	33.2	2.1%
China	-	-	-	-	-	-	63.5%	3.2	65.4	-7.8%	41.5	-3.0%
Vietnam	-	-	-	-	-	-	71.4%	14.8	90.0	-8.8%	64.3	15.1%
EUROPE	70.7%	0.6	151.2	1.4%	106.9	2.3%	69.7%	-0.3	152.4	2.4%	106.3	2.0%
Austria	71.6%	5.3	125.3	-7.9%	89.7	-0.6%	71.6%	5.3	125.3	-7.9%	89.7	-0.6%
Germany	70.0%	0.4	106.9	-2.1%	74.8	-1.6%	70.0%	0.4	106.9	-2.1%	74.8	-1.6%
France	80.3%	11.3	181.1	2.4%	145.5	19.3%	80.3%	11.3	181.1	2.4%	145.5	19.3%
United Kingdom	70.7%	-2.5	164.0	-0.5%	115.9	-3.9%	70.7%	-2.5	164.0	-0.5%	115.9	-3.9%
Italy	71.3%	6.1	210.4	1.5%	149.9	11.0%	70.4%	6.3	211.1	1.1%	148.5	11.0%
Spain	71.1%	1.3	106.5	2.2%	75.7	4.1%	70.3%	0.9	100.1	2.2%	70.4	3.5%
Resorts	70.6%	-0.9	100.1	1.9%	70.6	0.7%	70.1%	-1.4	92.9	2.0%	65.1	0.0%
Urban	71.5%	3.1	111.8	2.2%	79.9	6.7%	70.5%	3.4	108.0	2.2%	76.2	7.4%
TOTAL	71.4%	1.5	115.9	-0.2%	82.8	1.9%	67.2%	-0.8	101.2	-5.1%	68.0	-6.2%

MAIN STATISTICS BY DIVISION AND EXCHANGE RATES

FINANCIAL INDICATORS SUMMARY Q2 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	€	% change	€	% change	€	% change
America	96.5	-21.6%	47.0	-7.5%	30.8	-8.5%	27.9	-8.8%	20.7	-10.2%	1.1	-2.9%	6.8	-11.4%	6.3	-18.2%
EMEA	151.6	-0.7%	106.8	-0.1%	41.2	-6.6%	21.7	-14.8%	14.1	-19.7%	0.4	8.4%	8.7	-2.5%	6.4	-4.2%
Spain	88.5	6.1%	65.3	5.7%	28.3	2.4%	11.7	-0.6%	7.0	-1.0%	1.9	0.1%	5.7	1.1%	2.6	12.4%
Mediterranean	63.2	5.4%	40.9	3.9%	10.4	7.4%	1.0	-16.4%	(1.9)	15.4%	3.3	3.9%	3.3	6.2%	1.0	-23.4%
Brazil	0.0	-99.7%	0.0	-99.8%	(0.6)	-56.1%	(0.6)	-56.1%	(0.7)	-52.2%	0.8	-7.0%	(0.0)	-100.2%	0.3	-30.4%
Cuba	-	-	-	-	-	-	-	-	-	-	2.2	-	-	-	0.4	-
Asia	-	-	-	-	-	-	-	-	-	-	1.3	-	-	-	0.5	-
TOTAL	399.8	-4.8%	260.0	0.2%	110.1	-3.2%	61.9	-8.8%	39.3	-12.1%	11.1	-13.5%	24.6	-3.5%	17.5	-10.3%

MAIN STATISTICS BY DIVISION Q2 2018

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occupancy		ARR		RevPAR		Occupancy		ARR		RevPAR	
	%	p.p. change	€	% change	€	% change	%	p.p. change	€	% change	€	% change
America	73.3%	0.0	110.1	-4.4%	80.7	-4.4%	71.7%	0.4	110.8	-5.4%	79.5	-4.8%
EMEA	75.1%	0.1	160.2	-1.3%	120.3	-1.2%	73.6%	0.1	159.1	-0.4%	117.1	-0.3%
Spain	79.1%	2.8	104.7	0.6%	82.8	4.3%	78.2%	3.3	103.5	0.2%	80.9	4.7%
Mediterranean	70.1%	-0.1	77.4	1.7%	54.2	1.6%	69.2%	-1.7	75.1	-0.7%	52.0	-3.1%
Brazil	-	-	-	-	-	-	60.9%	7.3	74.5	-13.4%	45.4	-1.6%
Cuba	-	-	-	-	-	-	54.7%	-7.3	70.4	-15.8%	38.5	-25.7%
Asia	-	-	-	-	-	-	59.3%	6.3	71.7	3.4%	42.5	15.6%
TOTAL	74.5%	1.5	115.8	-0.7%	86.3	1.4%	68.1%	-0.3	99.0	-3.0%	67.4	-3.4%

H1 2018 EXCHANGE RATES

	H1 2018	H1 2017	H1 2018 VS H1 2017
1 foreign currency = X €	Average Rate	Average Rate	% Change
Sterling (GBP)	1.1368	1.1614	-2.1%
American Dollar	0.8265	0.9226	-10.4%

Q2 2018 EXCHANGE RATES

	Q2 2018	Q2 2017	Q2 2018 VS Q2 2017
1€ = X foreign currency	Average Rate	Average Rate	% Change
Sterling (GBP)	1.1414	1.1612	-1.7%
American Dollar	0.8392	0.9073	-7.5%

Meliá Hotels International
Investor relations Team
Contact details:

Stéphane Baos
stephane.baos@melia.com
+34 971 22 45 81

Eduardo García
eduardo.garcia.palomo@melia.com
+34 971 22 45 54

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.