

En cumplimiento de lo establecido en el artículo 82 de la Ley 24/1998, de 28 de julio, del Mercado de Valores, y en sus disposiciones complementarias, NH HOTEL GROUP, S.A. (“**NH**” o la “**Sociedad**”) comunica al mercado a través de la Comisión Nacional del Mercado de Valores el siguiente

### HECHO RELEVANTE

- I.** En el día de hoy se han cumplido las condiciones para la eficacia del acuerdo vinculante suscrito por NH para la adquisición de una participación mayoritaria, representativa del 80,77% del capital social, de Hoteles Royal, S.A. (“**HR**”), entidad de nacionalidad colombiana que es cabecera del grupo de gestión hotelera latinoamericano Hoteles Royal, con presencia fundamental en Colombia, Chile y Ecuador. Los vendedores son un amplio grupo de inversores que superan el centenar de accionistas.

Como parte de los acuerdos alcanzados con los vendedores, NH ha asumido el compromiso de extender una oferta de compra a los restantes accionistas titulares del 19,23% del capital social de HR que no han sido parte de esta transacción. La oferta se extenderá en términos sustancialmente iguales a los acordados por NH con los vendedores del 80,77% del capital social de HR.

A resultas de esta operación, y tras la reciente venta en Colombia del hotel NH Bogotá Parque 93 en enero de 2015, NH refuerza su presencia en dichos países, pasando de 2 a 21 hoteles, y de 259 a 2.379 habitaciones bajo gestión.

- II.** El importe neto a satisfacer por el 100% del capital social de HR, descontados los 21,5 millones de euros cobrados por la venta del NH Bogotá Parque 93, es de 65,6 millones de euros, de los cuales **(i)** 48,18 millones de euros serán efectivamente desembolsados por NH a la formalización de la adquisición de las acciones (“**Fecha de Cierre**”) y financiados con una parte de los fondos obtenidos con la venta de Sotogrande en noviembre de 2014; y **(ii)** 17,42 millones de euros quedarán diferidos para ser desembolsados en un plazo de dos años desde la Fecha de Cierre, quedando además en garantía como es habitual en este tipo de operaciones.

- III. Entre las condiciones que se han cumplido para la eficacia del mencionado acuerdo vinculante se incluye un acuerdo firmado entre NH, Carlson Rezidor Hotel Group y el grupo HR, en virtud del cual el grupo HR y Carlson Rezidor han acordado, entre otros aspectos, terminar el acuerdo de master franquicia que inicialmente concedía a una subsidiaria del grupo HR la exclusividad de la franquicia de la marca Radisson hasta el año 2018 para gran parte de Latinoamérica, y terminar los contratos de franquicia internacional relativos a la mayoría de los hoteles que venían siendo gestionados por el grupo HR bajo la enseña Radisson que permanecerán en HR y serán gestionados en el futuro bajo las marcas de NH.
- IV. Se estima que la “Fecha de Cierre” se producirá en las próximas semanas, una vez completadas determinadas formalidades relativas a los contratos de franquicia internacional, de lo que se informará oportunamente a los mercados.
- V. Con estas operaciones NH adecúa su presencia en Colombia y, además, consolida una importante presencia en determinados mercados que había identificado como prioritarios, adquiriendo la gestión de activos en excelentes ubicaciones y adelantando considerablemente la consecución de los objetivos de su Plan Estratégico.

Se acompaña Nota de Prensa de NH y Presentación para Analistas e Inversores.

En Madrid, a 2 de febrero de 2015

Carlos Ulecia  
Secretario General

## **LA BUENA MARCHA DE LAS INICIATIVAS PERMITE A NH ADELANTAR SU EXPANSIÓN EN LATINOAMERICA**

- **NH Hotel Group se ha comprometido a adquirir en dos fases la cadena de origen colombiano Hoteles Royal por un importe de €65,6M, una vez descontados los €21,5M cobrados por la venta del NH Bogotá Parque 93 en enero de 2015**
- **La desinversión en el hotel de Bogotá y parte de los fondos de la venta de Sotogrande del pasado año permiten financiar la adquisición de Hoteles Royal sin incrementar la deuda del Grupo**
- **La Compañía pasa de 2 a 21 hoteles en Colombia, Chile y Ecuador, incorporando una cartera de hoteles con significativo encaje estratégico y adelantando así el cumplimiento de los objetivos de su plan de desarrollo en el continente**
- **NH consolida así una importante presencia en Latinoamérica con una inversión moderada, dado que adquiere fundamentalmente la gestión de los activos hoteleros en mercados que el Grupo había identificado como prioritarios**
- **Hoteles Royal es un reconocido operador latinoamericano especializado en hoteles de segmento medio y alto, que gestiona activos en excelentes ubicaciones de las principales ciudades de Colombia, Chile y Ecuador, lo que permitirá a NH convertirse en el operador líder de Bogotá y uno de los principales de Santiago de Chile**

**Madrid, 2 de febrero 2015.** NH Hotel Group ha suscrito un acuerdo para adquirir la compañía latinoamericana Hoteles Royal. El Grupo adquirirá en una fase inicial una participación del 80,77% y posteriormente la oferta se extenderá al 19,23% restante. El importe a satisfacer por el 100% del capital social de Hoteles Royal, descontando los €21,5M cobrados por la venta del NH Parque 93, es de €65,6M. De esta forma, NH acelera sus planes de crecimiento contemplados en su plan estratégico a cinco años, aprovechando una oportunidad única para alcanzar un posicionamiento de liderazgo en distintos destinos de la región.

La venta en enero de este año del hotel NH Bogotá Parque 93 en Colombia, junto a parte de los fondos obtenidos por la venta de Sotogrande llevada a cabo el pasado año, permiten financiar la adquisición de Hoteles Royal sin la necesidad de incrementar la deuda del Grupo. La venta del hotel de Bogotá, realizada a un múltiplo de EBITDA muy superior al de la adquisición de hoteles Royal, hace que la operación en su conjunto sea a un múltiplo muy atractivo.

### **Claves del encaje estratégico de Hoteles Royal**

#### **Hoteles Royal, producto homogéneo y adecuado a los estándares del nuevo NH Collection y NH Hotels**

Hoteles Royal es una compañía internacional de origen colombiano, centrada en el desarrollo y gestión de hoteles urbanos y reconocida como un operador líder en el segmento corporativo. El acuerdo permitirá que NH incorpore 20 hoteles y 2.257 habitaciones distribuidas en Colombia (15 hoteles), Chile (4 hoteles) y Ecuador (1 hotel). Estos establecimientos son operados actualmente por la compañía latinoamericana bajo contratos de propiedad (3 hoteles), arrendamiento variable a largo plazo (12 hoteles) y gestión (5 hoteles). La

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tipología de contratos bajo los que opera Royal está en línea con el modelo de crecimiento previsto para los próximos años por NH, caracterizado por un bajo compromiso de capital.

Con esta operación, NH refuerza su cartera en la región en atractivas localizaciones y se convierte en líder en la ciudad de Bogotá y uno de los principales en Santiago de Chile, ambos destinos donde la compañía operaba ya y que eran objetivo de crecimiento para el Grupo NH.

Los establecimientos de Hoteles Royal cuentan con un producto homogéneo y consistente, que presenta una alta similitud con el objetivo de estándares de NH, lo que facilitará la integración de los mismos en la cartera de esta última.

### **Acuerdo con Radisson**

Hasta la fecha, Hoteles Royal es el titular de la franquicia Radisson para Latinoamérica y de hecho, 6 de los hoteles de la cadena colombiana, incluidos en el presente acuerdo, se comercializan bajo esa marca. Con esta operación de adquisición y tras un acuerdo tripartito (Radisson, Hoteles Royal y NH Hotel Group) Radisson asumiría el control de su franquicia en Latinoamérica y NH Hotel Group procedería al cambio de marca de los hoteles a NH Collection y NH Hotels.

### **Sinergias operativas y comerciales en la región**

La incorporación de este portfolio a la cartera del grupo NH, que cuenta con una poderosa red de distribución y comercialización con más de 16 millones de clientes al año, supondrá una gran oportunidad para generar valor, permitiendo a la compañía ser más competitiva bajo una marca más global con presencia en 29 países de Europa, América y África.

### **La oportunidad de dar continuidad al crecimiento de la multinacional en Latinoamérica**

En la actualidad, NH opera más de 8.000 habitaciones en América, repartidas en 37 hoteles de 9 países: Argentina, Chile, Cuba, Estados Unidos, Haití, México, República Dominicana, Uruguay y Venezuela. Con la entrada de los hoteles del grupo Royal, NH alcanzará los 57 hoteles y más de 10.000 habitaciones en el continente, convirtiéndose en un operador de referencia en algunos de los principales mercados de Latinoamérica. Además, esta incorporación impulsará los resultados del Grupo en América, cuyos ingresos representan actualmente el 6% del total del Grupo.

Asimismo, con esta transacción, NH se beneficiará de la estrecha relación con la amplia cartera de inversores de la región con la que cuenta Hoteles Royal, cuyo desarrollo se ha basado en gran medida mediante la gestión a muy largo plazo de activos hoteleros. Esta fórmula de desarrollo con inversores privados constituye una plataforma idónea de cara a nuevas posibilidades de crecimiento, aprovechando las relaciones establecidas anteriormente con esta comunidad inversora.

### **Integración natural y sencilla**

Teniendo en cuenta el alto encaje de los hoteles de Royal con la nueva segmentación de marca de NH, la integración de la compañía podría realizarse en un corto período de tiempo, a lo largo de este año.

NH reforzó el pasado año su organización en Latinoamérica con la incorporación entre otros de Gilles Gonzalez como Managing Director América, quién cuenta con una amplia experiencia multinacional en la gestión y desarrollo hotelero en el continente, lo que permitirá al Grupo integrar con éxito Hoteles Royal sin

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distraer a la organización en el desarrollo de todas las iniciativas del plan estratégico que actualmente está llevando a cabo.

Para Federico J. González Tejera, CEO de NH Hotel Group: *”Esta adquisición nos permite crecer en Latinoamérica, uno de los objetivos clave contemplado en nuestro plan estratégico, sin que esto suponga desviación alguna sobre el cumplimiento de nuestros compromisos. Estamos seguros de que la incorporación al porfolio NH de los Hoteles Royal se hará de manera natural y sencilla dada la similitud del producto y posicionamiento y confiamos que esto sea plenamente efectivo a lo largo de este año.”*

### Sobre NH Hotel Group

NH Hotel Group ([www.nh-hotels.com](http://www.nh-hotels.com)) ocupa el tercer lugar del ranking europeo de hoteles de negocios. La Compañía opera cerca de 400 hoteles con casi 60.000 habitaciones en 29 países en Europa, América y África y en destinos tales como Berlín, Madrid, Ámsterdam, Bruselas, Buenos Aires, Londres, Roma, Viena, Bogotá, México DF, Barcelona, Frankfurt o Nueva York.

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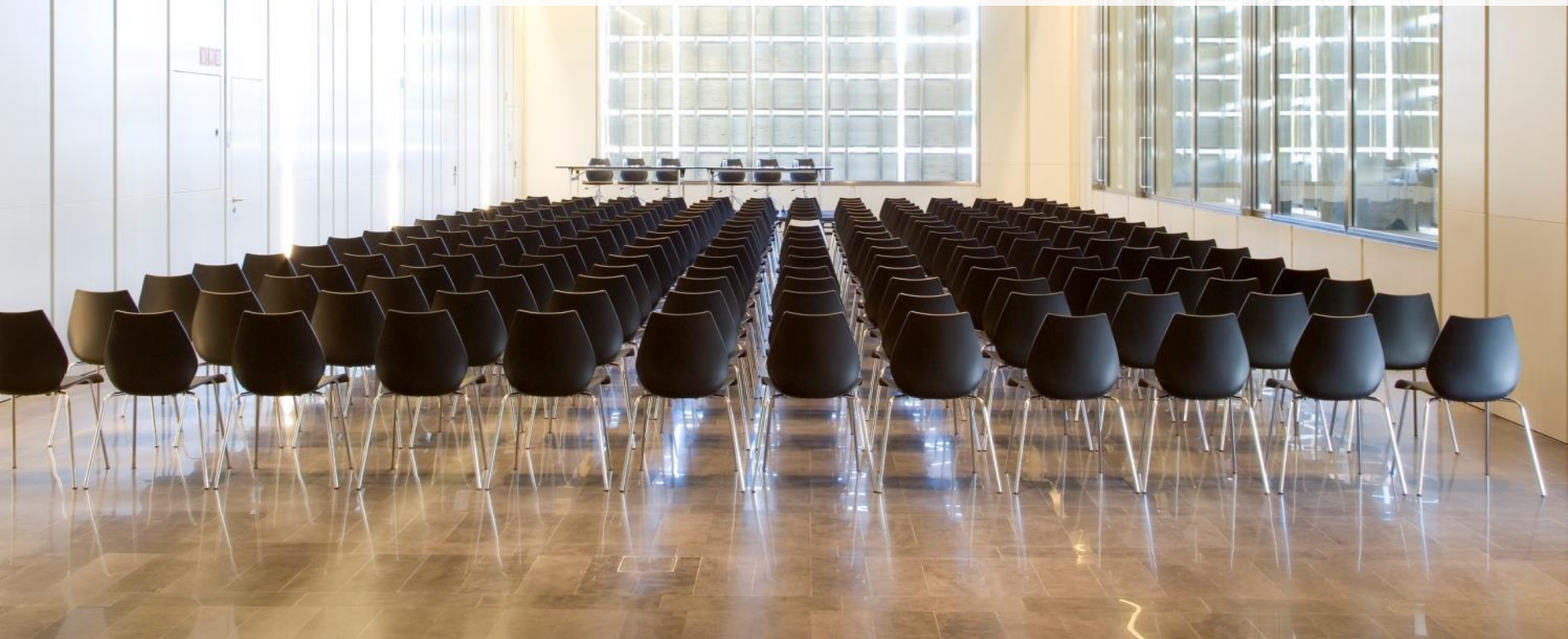
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**INVESTOR PRESENTATION  
STATUS 5 YEAR PLAN 2014-2018**

**BUILDING UP THE NEW NH**  
February 2015

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# COMPANY OVERVIEW

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# NH HOTEL GROUP BUSINESS PROFILE AT A GLANCE

## Business description

- 5th largest hotel brand in Europe and one of the Top 25 chains worldwide
- 363 hotels (owned, leased and managed) with 57,127 rooms in 28 countries
- NH Hotel Group is listed on the Madrid Stock Exchange with a market cap of €1.6bn<sup>2</sup>

## Recent Developments

2013

- ✓ Capital increase of €234M HNA new Shareholder, April
- ✓ S&MB of NH Grand Hotel Krasnapolsky (€157M), June
- ✓ Debt refinancing (€700M), November
- ✓ 5 Year Plan Announcement, December

2014

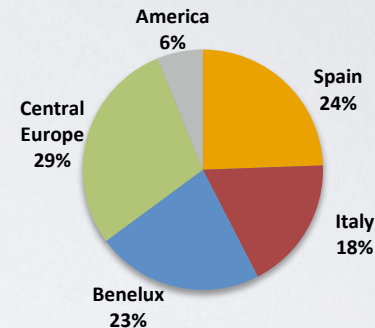
- ✓ Acquisition of Banca Intesa's 44,5% stake in NH Italy (42M new shares @ €4.70), April
- ✓ Asset disposal commitment exceeded ( €244M o/w Sotogrande €178M ) minimizing EBITDA loss , November

<sup>1</sup> As of December 2014

<sup>2</sup> As of January 2015 (total number of shares 350,3M)

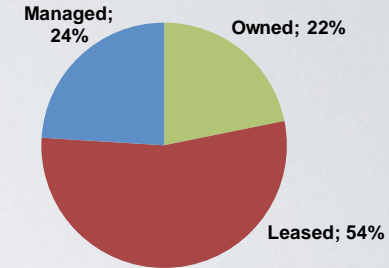
## Operating breakdown<sup>(1)</sup>

### By geography



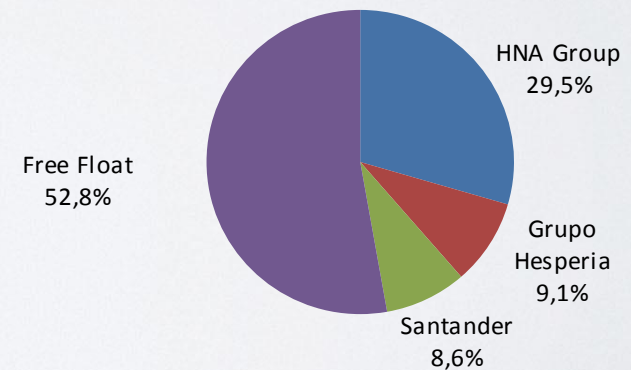
E. Net turnover: €1,261M

### By contracts

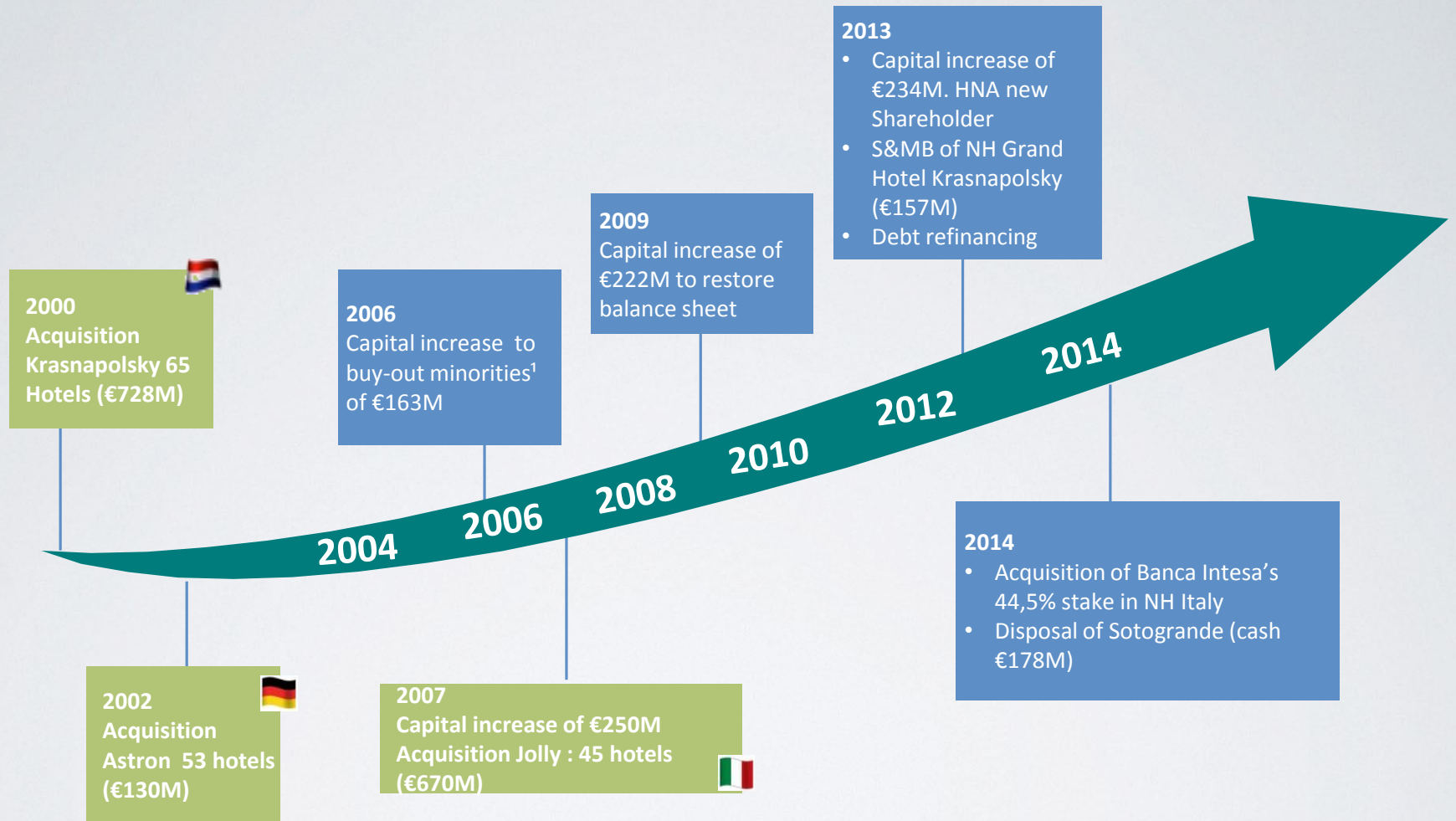


Nº of rooms: 57,127

## Shareholder structure<sup>(2)</sup>



# NH HOTEL GROUP CORPORATE KEY EVENTS OVER LAST DECADE

















Global player through organic growth and strategic acquisitions

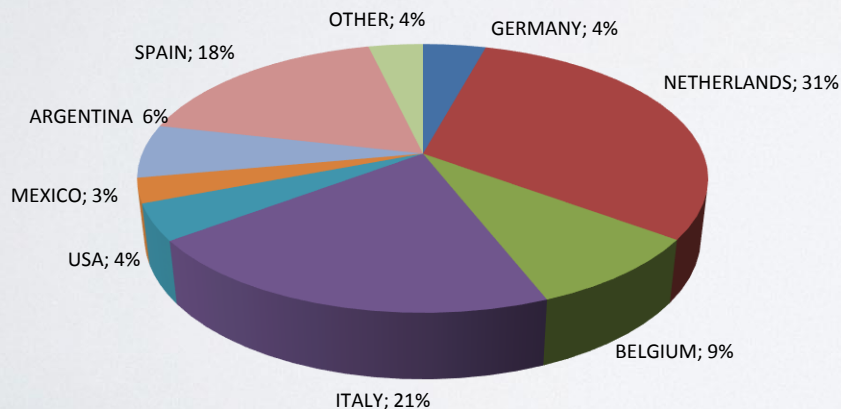
Source: Company information

<sup>1</sup> LatAm and Sotogrande minorities

# FOCUS ON EUROPEAN CITIES AND A SIGNIFICANT ASSET VALUE

	Spain 	Italy 	Central Europe <sup>1</sup> 	Benelux <sup>2</sup>   	America  
Nº of hotels	147	51	76	52	37
Total nº of rooms	18,271	8,265	13,251	9,413	7,927
Nº of rooms in key cities	<i>Madrid: 4,412 Barcelona: 3,319</i>	<i>Milan: 2,361 Rome: 1,151</i>	<i>Berlin: 2,087 Frankfurt: 1,273 Munich: 1,127</i>	<i>Amsterdam: 2,729 Brussels: 1,139</i>	<i>Buenos Aires: 1,210 Mexico City: 1,088</i>
Ranking <sup>3</sup>	 # 2 in Spain	 # 2 in Italy	 # 5 in Germany	 # 1 in Holland  # 3 in Belgium	 # 2 in Argentina

## Owned hotels' value distribution (c. €1,500M<sup>4</sup>)



NH Barbizon Palace (Amsterdam)  
Valuation: €90M<sup>4</sup>  
Nº of rooms: 274



NH Collection Eurobuilding (Madrid)  
Valuation: €86M<sup>4</sup>  
Nº of rooms: 440

<sup>1</sup> Business Unit includes Germany, Austria, Switzerland, Czech Republic, Romania, Hungary, Slovakia, Poland, USA

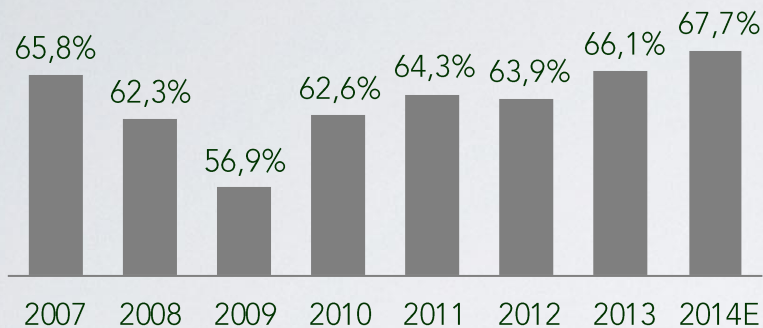
<sup>2</sup> Benelux division comprises the Netherlands, Belgium, France, United Kingdom, South Africa, Luxembourg

<sup>3</sup> Based on number of rooms (2012 data; Italy and Holland 2011 data)

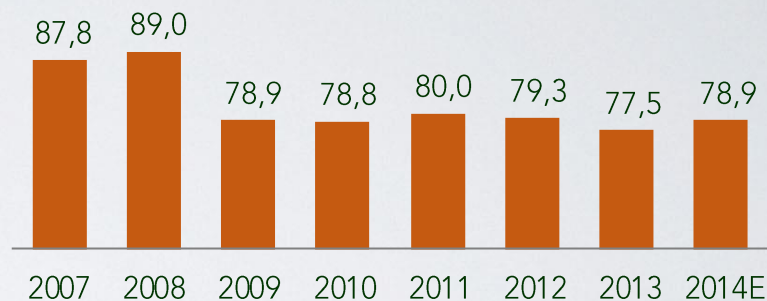
<sup>4</sup> Valuation American Appraisal December 2013 & Internal Values

# KEY PERFORMANCE INDICATORS OF NH HOTEL GROUP 2007-2014

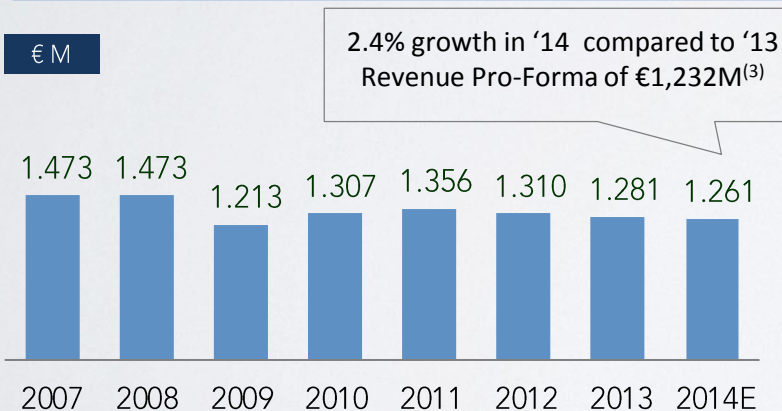
## Occupancy <sup>(1)</sup>



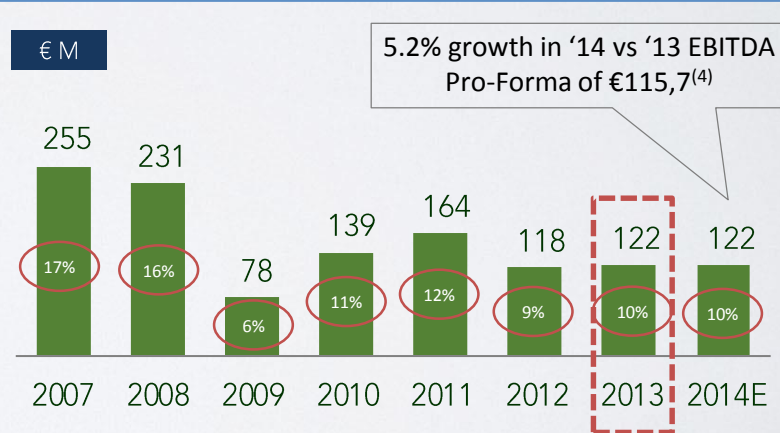
## ADR (€/night) <sup>(1)</sup>



## Revenue



## EBITDA



Change in consolidation perimeter: €28M in 2012<sup>(2)</sup>

Source: Company information

<sup>1</sup> Consolidated operating metrics as reported on results publication

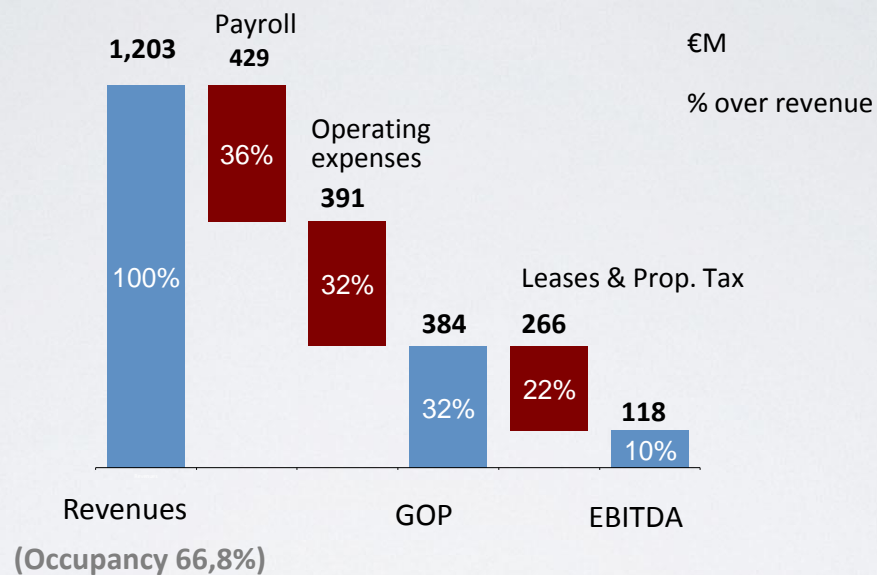
<sup>2</sup> Hotels removed from the consolidation perimeter

<sup>3</sup> Reclassification of Sotogrande and €21M of asset disposals

<sup>4</sup> Reclassification of Sotogrande and €7,4M of hotels that exited the portfolio in 2013

# MAJOR COMPONENTS OF COST STRUCTURE

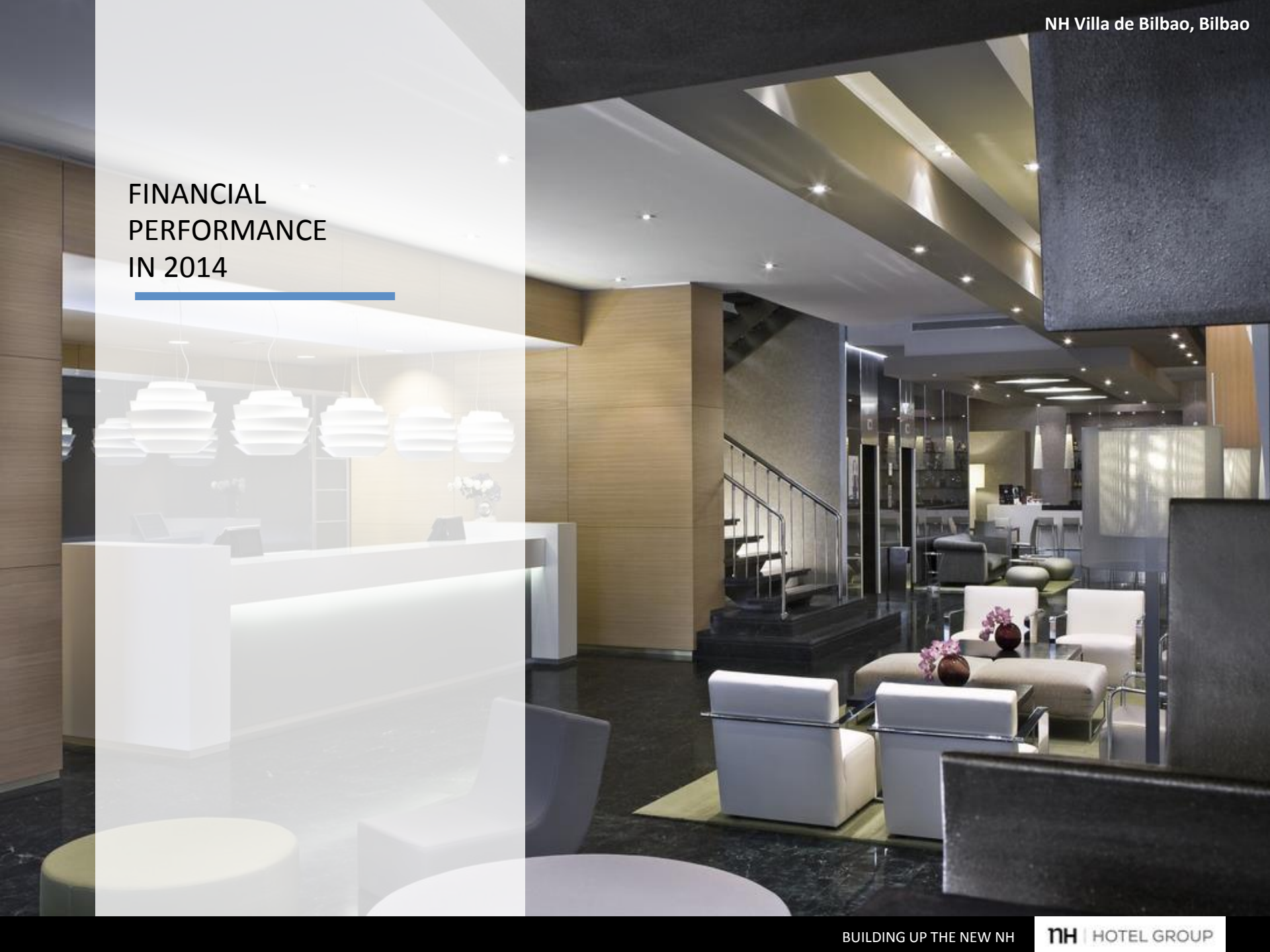
## LFL hotel activity FY 2013



Payroll	In € terms: Approximately 80% of payroll is linked to collective agreements and 20% is variable	65% Fixed	70% Fixed
	In FTE terms: 55% of personnel is fixed and 45% variable		
Operating Expenses	50% fixed and 50% variable	30% Variable	
Leases	90% fixed and 10% variable		

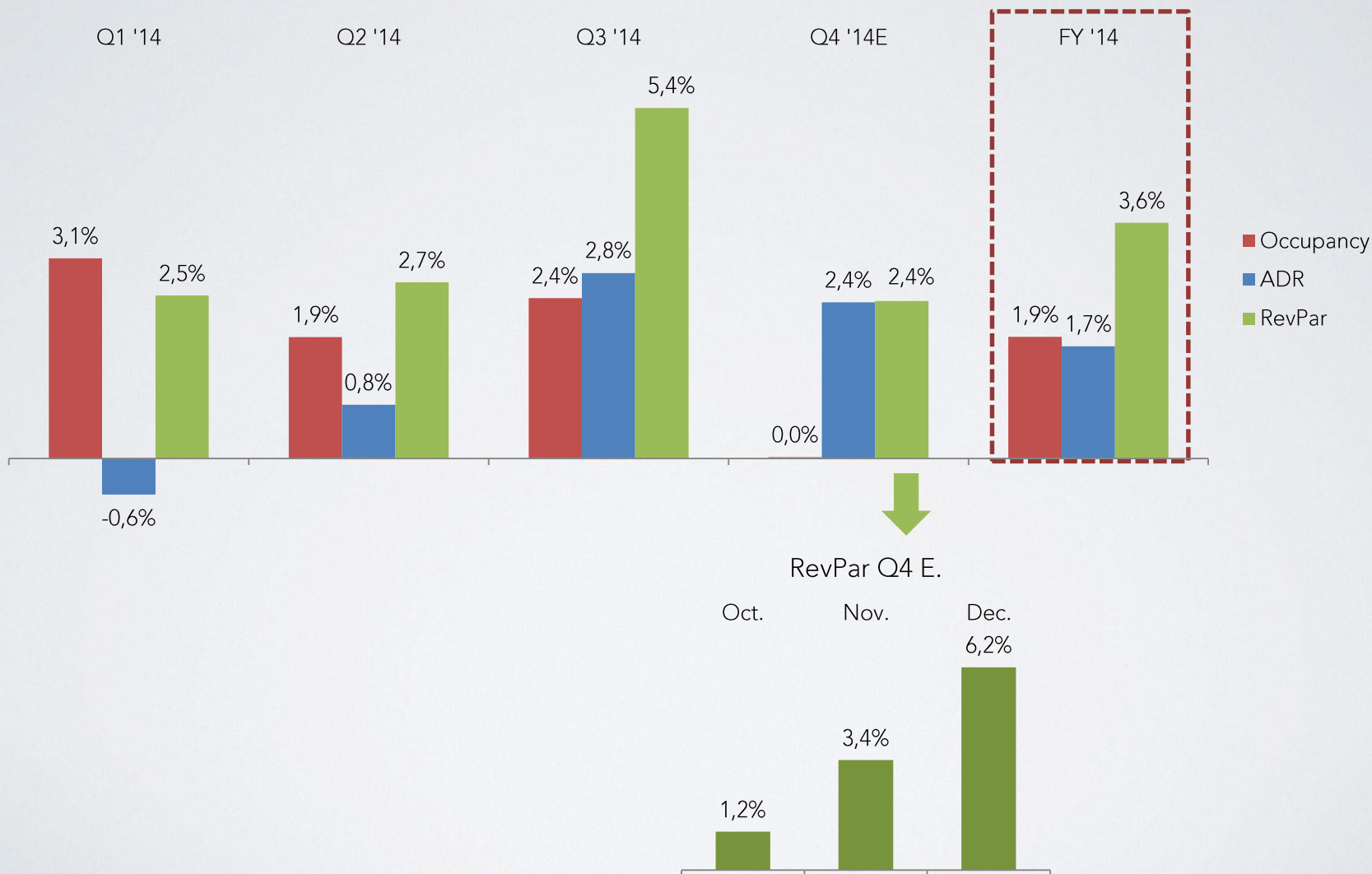
# FINANCIAL PERFORMANCE IN 2014

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# IMPROVED TRADING ENVIRONMENT IN 2014

## “Like for Like” RevPar evolution



# IMPROVED TRADING ENVIRONMENT IN 2014

## “Like for Like” RevPar evolution

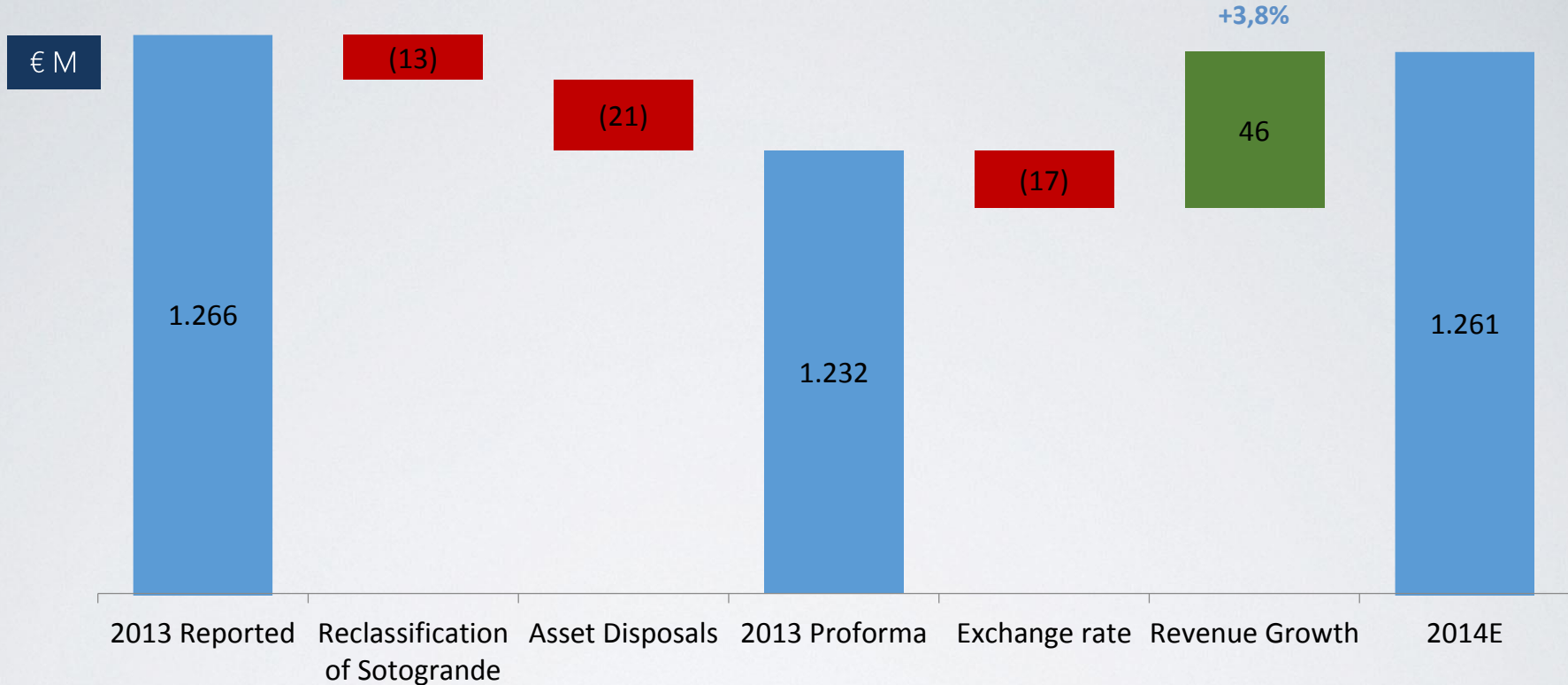
"Like For Like" % Var	Business Unit Evolution														
	Occupancy					ADR					RevPar				
	Q1 '14	Q2 '14	Q3 '14	Q4 '14	FY '14	Q1 '14	Q2 '14	Q3 '14	Q4 '14	FY '14	Q1 '14	Q2 '14	Q3 '14	Q4 '14	FY '14
Spain	1,5%	1,0%	2,2%	0,9%	<b>1,6%</b>	1,0%	0,5%	6,5%	3,9%	<b>3,1%</b>	2,5%	1,5%	8,8%	4,8%	<b>4,7%</b>
Italy	2,2%	1,6%	3,1%	2,4%	<b>2,2%</b>	0,6%	5,6%	4,6%	3,8%	<b>3,9%</b>	2,8%	7,3%	7,9%	6,3%	<b>6,2%</b>
Benelux	4,3%	2,1%	0,4%	<b>-2,4%</b>	<b>1,1%</b>	<b>-1,5%</b>	0,8%	<b>-0,6%</b>	3,7%	<b>0,7%</b>	2,8%	2,9%	<b>-0,2%</b>	1,2%	<b>1,8%</b>
Central Europe	0,9%	2,2%	3,5%	0,4%	<b>1,9%</b>	0,3%	<b>-0,6%</b>	4,2%	0,1%	<b>1,2%</b>	1,2%	1,7%	7,8%	0,5%	<b>3,1%</b>
<b>TOTAL EUROPE</b>	2,0%	1,7%	2,4%	0,3%	<b>1,6%</b>	0,1%	1,3%	3,5%	2,4%	<b>1,9%</b>	2,1%	3,0%	6,0%	2,6%	<b>3,6%</b>
Latam (constant exchange rate)	16,4%	3,3%	3,2%	<b>-2,5%</b>	<b>4,3%</b>	18,6%	22,0%	20,2%	27,8%	<b>21,9%</b>	38,0%	26,0%	24,0%	24,6%	<b>27,2%</b>

- By brand collection hotels are showing positive growth in prices since the implementation of new brand standards and signage:

ADR Increase 2014	H1	H2	Total
NH Collection	1,8%	7,1%	4,4%
NH 4*Key Cities	0,4%	3,8%	2,1%
NH 4* Rest	0,3%	1,8%	1,1%



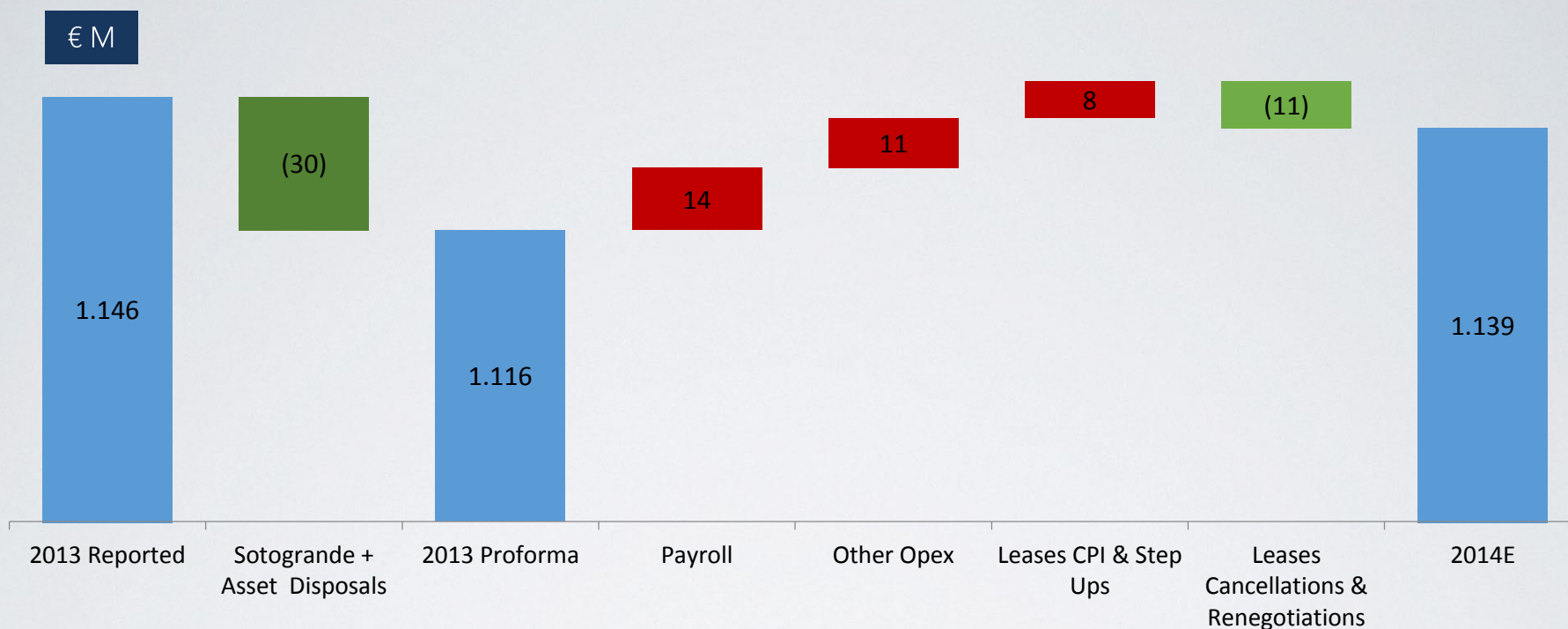
## 2014 E. RECURRENT REVENUE



- Recurrent revenues grew +2,4% (€29,4M) compared to 2013 Pro Forma (reclassification of Sotogrande and €21M of asset disposals). By semesters, H1 +2,1% and H2 +2,7%
- At constant exchange rates revenues would have increased by €46M (+3,8%)

*\*Numbers estimated by the company not audited*

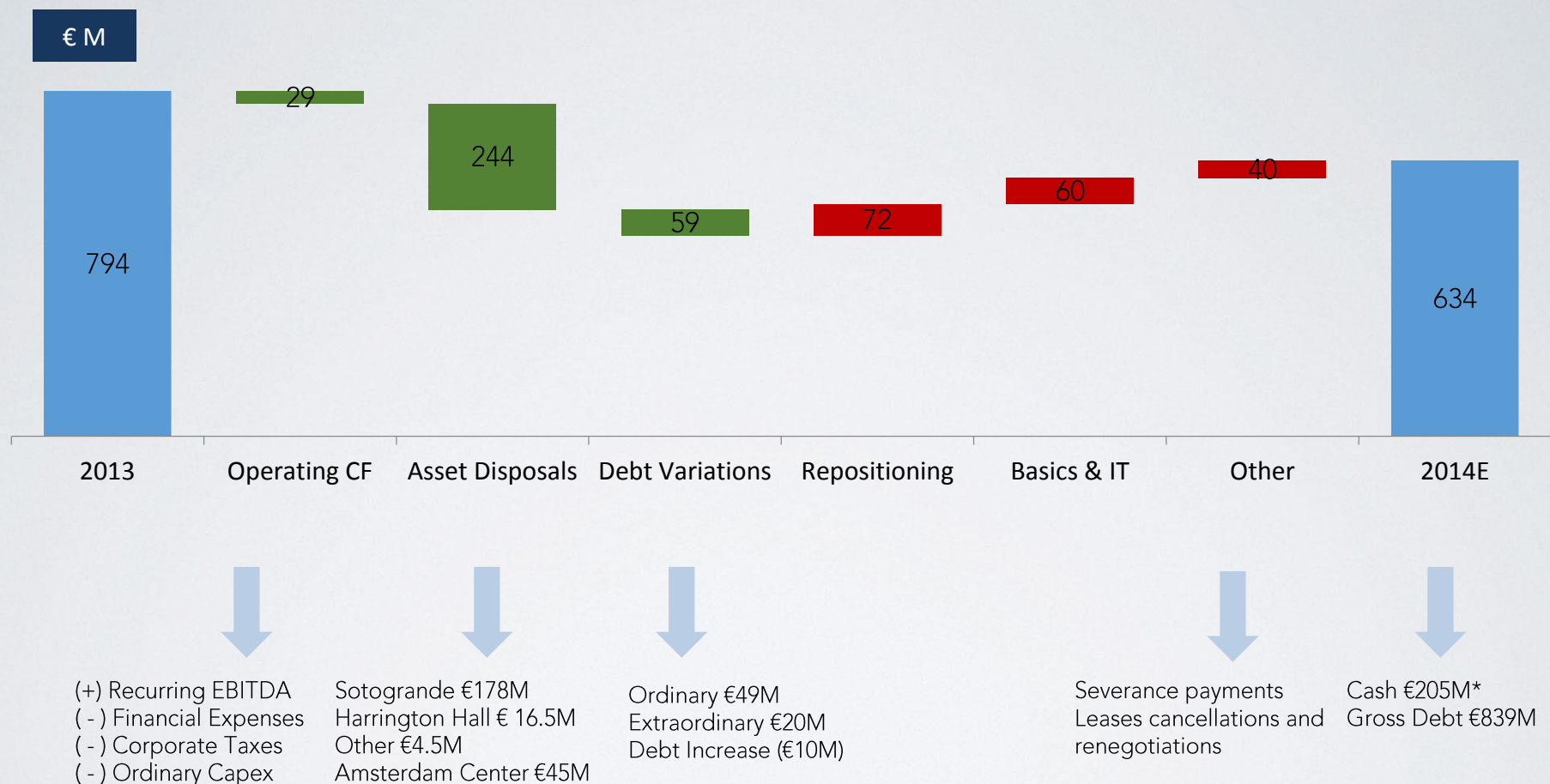
## 2014 E. RECURRENT OPERATING EXPENSES EVOLUTION



- Payroll increases +3,2% (€14,1M) compared to 2013 Pro Forma:
  - 30% due to an increase in occupancy of +2,2%
  - 25% because of collective agreements rises
  - **45% related to new hires in HQ in line with the 5Y plan** (commercial, web, revenue management and marketing)
- Other opex increases +2,8% (€11,4M) due to consumptions, other supplies and commissions related to a higher activity, **greater marketing investments** and costs related to the implementation of the strategic plan
- Rents decreases due to the cancellation of contracts and rent renegotiations (-€10,6M), compensating CPI increases and step ups (€8,2M)

*\*Numbers estimated by the company not audited*

## E. NET DEBT EVOLUTION 2014



\* Cash assigned for 2015-2016 capex investments  
Numbers estimated by the company not audited

# DEBT STRUCTURE

**“Term Loan”**: €200 million (2/3 term loan and 1/3 revolving credit facility), 4 year maturity (Nov. 2017 ), floating interest rate 3-month Euribor plus 4%

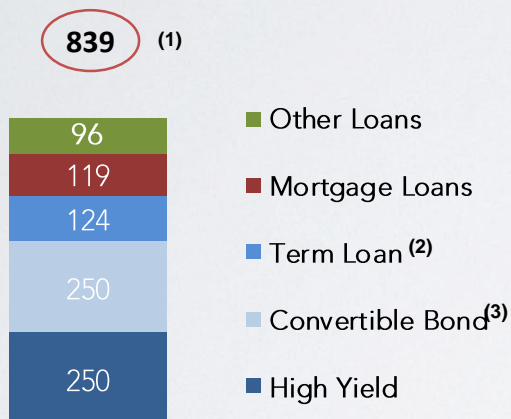
**Unsecured Convertible Bond**: €250 million, 5 year maturity (Nov. 2018), fixed interest rate 4%, conversion €4,919 / share

**High Yield Bond** €250 million, 6 year maturity (Nov. 2019), fixed interest rate 6,875%

Rating	NHH	HY
S&P	B-	B
Fitch	B-	B+

Committed to **deleverage to 3-4x** in the medium term

## E. Gross Debt as of December 2014 (€M)



Cash & equivalents: €205M

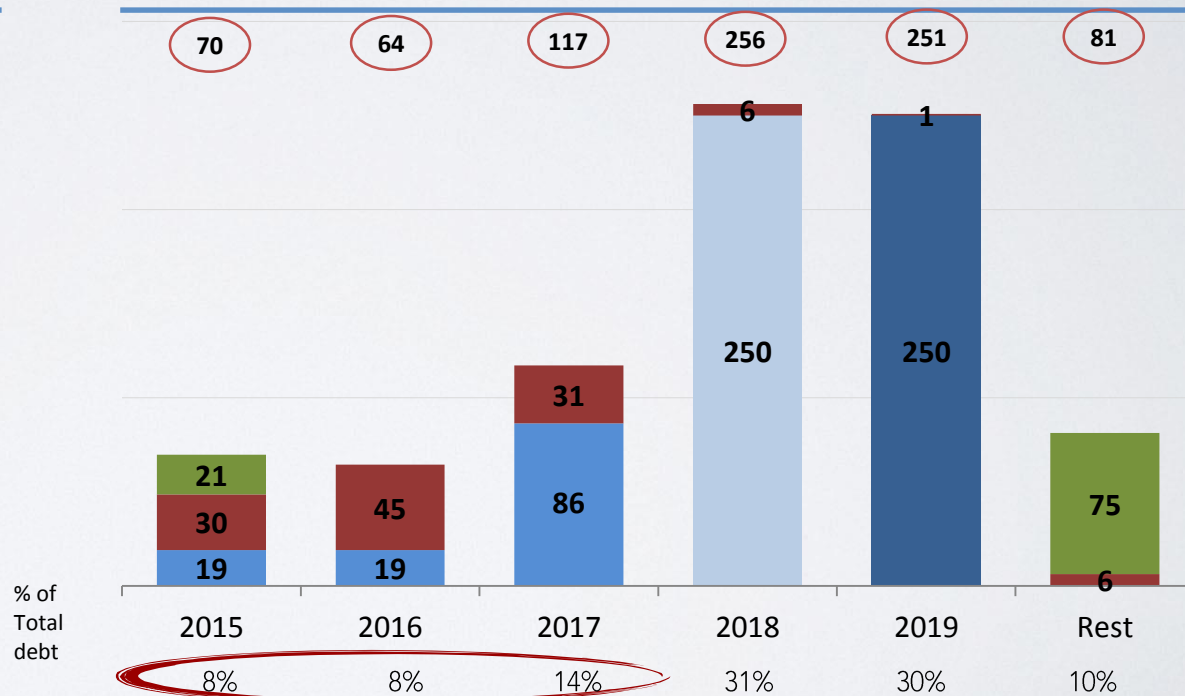
PF Net Debt: €634M

<sup>(1)</sup> Excluding arranging expenses capitalization (€21,5m)

<sup>(2)</sup> €57m RCF Term Loan Undrawn

<sup>(3)</sup> As per Annual Accounts: €227m

## Amortization schedule (€M)



- 2015 includes €21m of Revolving Credit Facilities to be renewed through the year
- c. €70M of mortgage loans due in 2016 and 2017 are being refinanced

## 2015 GUIDANCE

2015 will also be a year of investments although **many of the 5Y Plan initiatives will start to deliver**

- Continue with the implementation of the new **pricing** strategy in all destinations
- New **back and front systems** in all hotels
- Additional negotiations in **rent reductions** to partially compensate inflation, step ups and variable components
- Increase of **direct sales**
- Progress with the **repositioning** to finish 2015 having executed 80% of the plan
- **Variabilize incremental expenses**

**Positive result at net income level**

	2015E
LFL RevPar Growth	5-7%
EBITDA growth vs 2014E (€122M)	~30% <sup>(1)</sup>
Financial Expenses	€45 - 50M
Operating Cash Flow <sup>(2)</sup>	€55-60M
Hoteles Royal net NH Parque 93 (1 <sup>st</sup> phase: 80%)	€48M
Repositioning Capex	€90-100M

<sup>(1)</sup> Includes Hoteles Royal contribution from 1<sup>st</sup> March 2015

<sup>(2)</sup> (+) Recurring EBITDA ( - ) Financial Expenses ( - ) Corporate taxes ( - ) Ordinary Capex

## STRATEGY AND 5-YEAR PLAN

---



## NH VISION: IT HAPPENED 1 YEAR AGO...

*One day, whenever anyone contemplates a trip to a city for an overnight stay or meeting, for business or pleasure, they will always ask themselves:  
'Is there an NH Hotel at my destination?'*

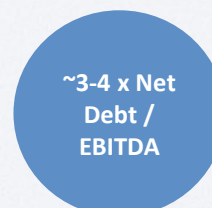
NH aspires to be the **"top 2 choice"** for city/business travelers,  
offering a different product and service experience



**key categories for NH**

NH aspires to be the best option for investors looking to sign a lease/management contract with a top rate operator in the city/business segment

NH seeks to **maximize return for shareholders** by pursuing three aspirations:



\* ROCE = Rec. EBITDA / Shareholders Equity + Net Debt + WC

## THESE WERE THE 24 INITIATIVES OF THE 5 YEAR PLAN

INITIATIVES		DESCRIPTION
Revenues increase	New value proposition	<ul style="list-style-type: none"> <li>• <b>Brand Architecture and Experience</b></li> <li>• Pricing strategy and increased <b>investment in marketing</b></li> </ul>
	Portfolio optimization	<ul style="list-style-type: none"> <li>• <b>Repositioning Plan:</b> €200-220 investment</li> <li>• <b>Asset Rotation</b> of owned assets that do not fit either with the new product or NH strategy</li> </ul>
Margin Increase	Direct sales increase	<ul style="list-style-type: none"> <li>• Reduction of intermediation costs <b>increasing direct online sales</b> (web site and mobile applications)</li> <li>• <b>Sales strategy by</b> channels and <b>strategic pricing</b> (prices-value and <b>yield management</b> by market)</li> </ul>
	Cost efficiency	<ul style="list-style-type: none"> <li>• Optimization of support functions (i.e. administration), and purchases</li> <li>• <b>Leases adjustment plan</b></li> </ul>
Growth		<ul style="list-style-type: none"> <li>• <b>Strengthen presence in Europe and Latam</b></li> <li>• <b>JV China</b></li> </ul>
ENABLERS		<ul style="list-style-type: none"> <li>• IT, Human Resources and Sustainability initiatives</li> <li>• Global <b>business culture</b></li> </ul>

*Each of the 24 initiatives have been developing, including main “Strategic Choices”, “Key Plan Elements”, and KPIs to monitor mid and long-term objectives with its own calendar, individualized budget and a responsible for its implementation*



# STATUS DECEMBER 2014: UPDATE KEY INITIATIVES

2014

- ✓ Launched new value proposition: brand architecture and experience
- ✓ Defined and started repositioning Capex plan
- ✓ Implementation of the Administration & IT Transformation plan on track
- ✓ Continuing of the rent reduction plan
- ✓ Reversed the mix in RevPar growth with a clear pricing strategy
- ✓ First results of pricing strategy (ADR weight on RevPar improving)

1

BRAND AND  
EXPERIENCE

2

SALES AND  
MARKETING

3

PRICING

4

REPOSITIONING  
PLAN

5

PORTFOLIO  
OPTIMIZATION

6

REDUCTION OF  
INTERMEDIATION  
COSTS

7

GROWTH  
PLAN

8

IT  
TRANSFORMATION

# BRAND ARCHITECTURE

- Brand portfolio/architecture and **new value proposition has been implemented**
- **Maximize ADR** of the core segments: upper upscale and upscale

## nH | HOTEL GROUP



### Expected evolution of rooms by brand

% of rooms	2013	2014	2016E	2018E
<b>Upper Upscale</b>	<b>1%</b>	<b>10%</b>	<b>17%</b>	<b>20%</b>
NH Collection	0%	9%	15%	17%
NHOW	1%	1%	2%	3%
<b>Upscale (NH 4*)</b>	<b>85%</b>	<b>77%</b>	<b>72%</b>	<b>70%</b>
Midscale (NH 3*)	8%	7%	6%	5%
Hesperia	6%	6%	5%	5%



## ALWAYS A PLEASURE

1. Always Yes
2. Brilliant Basics
3. Easy Free WiFi
4. World famous NH Breakfast
5. Food solutions and advice at anytime
6. All you need and want
7. Perfect Laundry
8. Lazy Sundays
9. Perfect Fit
10. Leading Eco-efficiency
11. Best meeting facilities



NH COLLECTION

## FEEL SPECIAL

1. Always Yes and one step ahead
2. Extraordinary Brilliant Basics
3. High Superior Connectivity
4. World famous NH Collection breakfast
5. Healthy and varied food at any time
6. Beyond all you need and want
7. Look great
8. Lazy Sundays
9. World-class fitness area
10. Leading Eco-efficiency

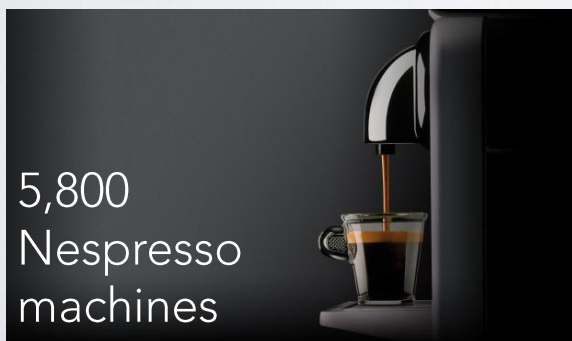
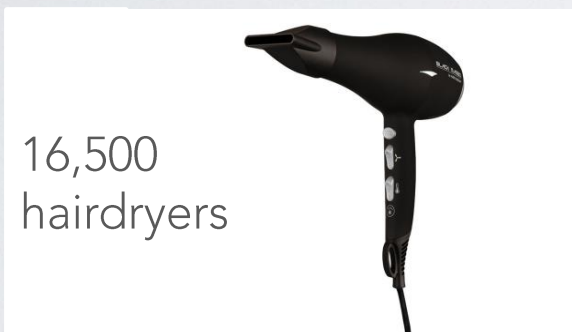
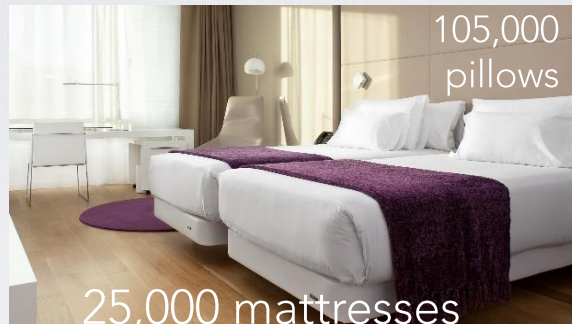
# NH MEETINGS

## INSPIRE. CREATE. ENJOY

1. Ambassador Service
2. Specialized Advisory Service
3. Customized Professional Response
4. Free, Easy WiFi
5. Tempting Breaks
6. Eco-friendly Meetings
7. Always yes!
8. High Tech Made Easy

# BASICS

By the end of Q1 2015 we will have implemented **“new brilliant basics”** (c.€30M of investment)



## Free Wi-Fi

512kb



1MB



New access portal implemented in all hotels



## NEW CONCEPTS: OPEN BAR

- Implementation in 46 hotels in 2014 and 7 more in 2015



**Open Bar NH Alberto Aguilera (Madrid)**  
Quality score: 9,2



**Open Bar NH Grand Palace Arenberg (Brussels)**  
Quality score: 8,9

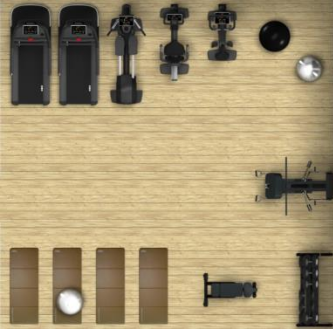
# NEW CONCEPTS: GYM

H2 2014: more tan 100 gyms transformed to new concept

2015: incorporation in 90+ hotels



Rooms < 100



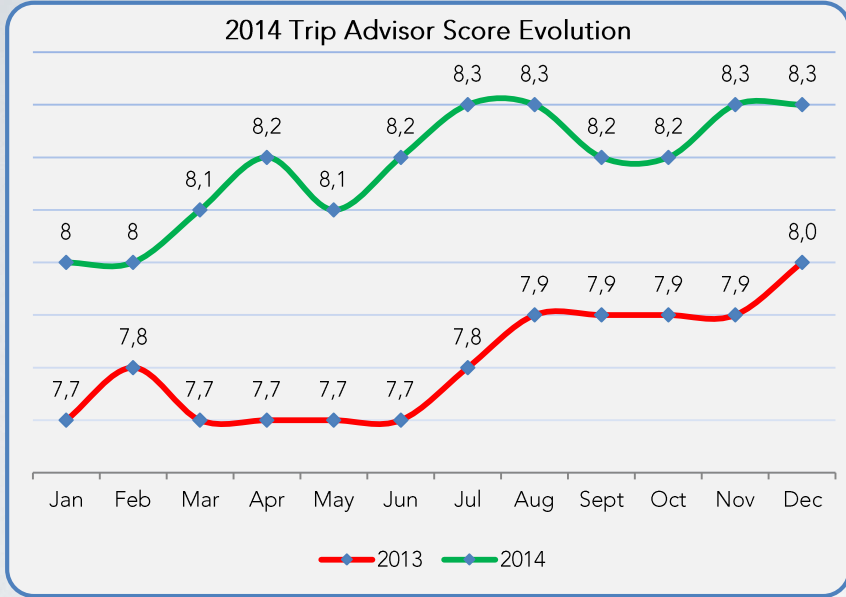
100 < Rooms < 250



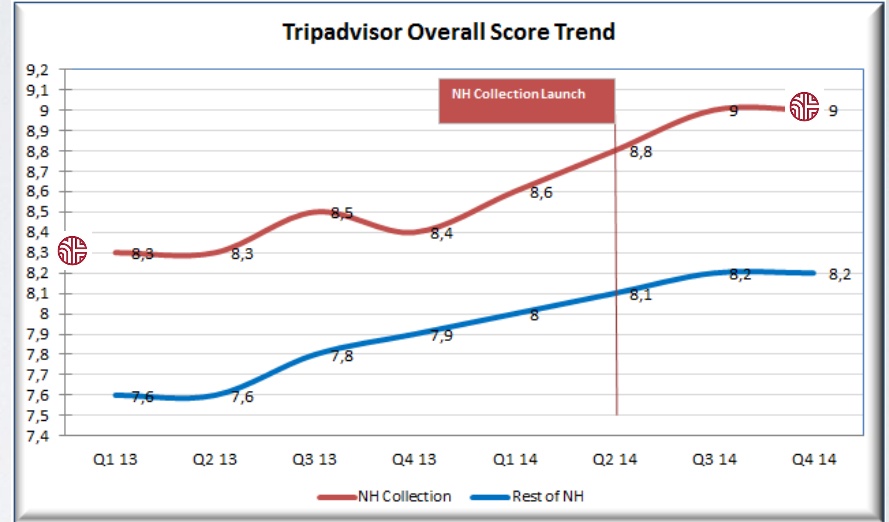
Rooms > 250

# IMPROVING QUALITY

## Increase in Quality



## NH Collection outstanding behavior



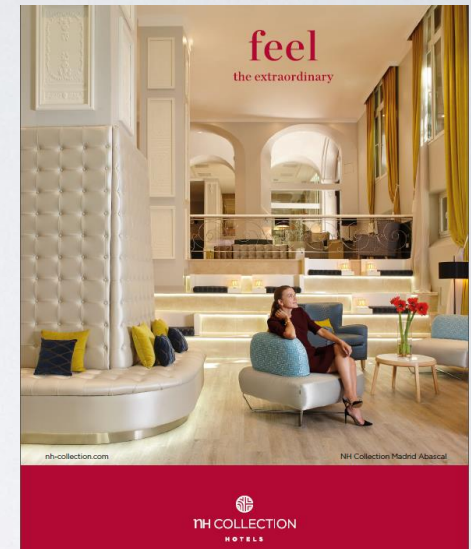
## Increase in relative scoring

	2013	2014
Hotel TripAdvisor Percentile ranking	65%	71%
Hotels with score above competitors'	31%	41%

Source: Company information

# SALES & MARKETING

- Increase **selective investments in marketing** by country on the basis of revenue and potential
- Continue to **reinforce our position in MICE**, with emphasis on technology (holographic telepresence and latest videoconference tools)
- Establish **key account management**
- New agreements with relevant partners: i.e 20 hotels with Preferred Hotel Group, AMEX, El Corte Ingles



	Spontaneous brand awareness	vs 2013	Most recommended	vs 2013
Germany	#14	↑ 1 position	#7	↑ 2 positions
Italy	#6	↑ 2 positions	#6	↑ 1 position
Spain	#1	= 0 positions	#1	= 0 positions
The Netherlands	#3	↑ 3 positions	#2	= 0 positions



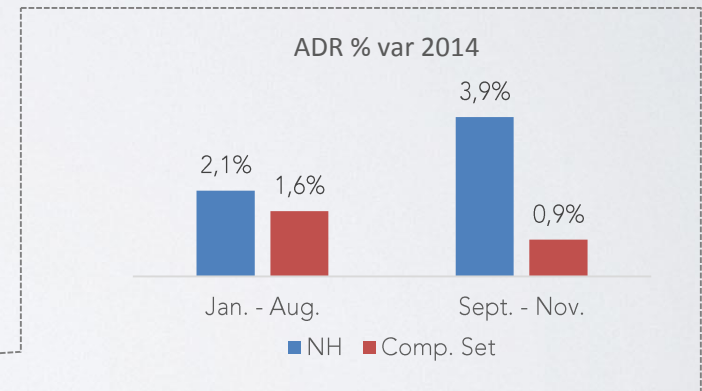
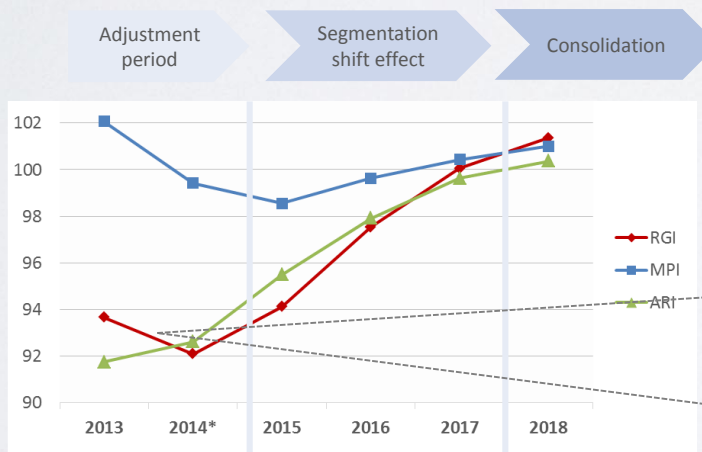
## SALES & MARKETING

- Relaunch of the loyalty program **NH Group Rewards**
- 4M members surpassed, o/w 25% joined in the last 12 months
- The % of revenue generated by NH Rewards members over total revenues has shifted from 21% to 30%



# PRICING

- **Objective:** **qualitative RevPar increase via ADR growth**, reaching a RGI above that of our competitors in 2018
- **How?**
  - Redefinition room type architecture
  - Correct indexation (relative prices between hotels) within the same destination
  - Shift in segmentation towards more profitable customers
  - Restructuring of teams and change in organization
  - Change in type of rates and discount architecture
  - Implementation of state-of-the-art pricing strategy and systems
- **When will we see results?**
  - 2014 is the year of greatest adjustments. Results are not visible when looking at FY figures, yet the trend from September onwards is already promising
  - Results will increasingly materialized during 2015 - 2017



As of September, the growth of 3,9% in ADR for NH widely exceeds the 0,9% of the competitive set. This implies a growth of 3% in ARI since September, in line with the objective for 2015

RGI: Revenue Generator Index (RevPar of the hotel over competitors) / ARI: Average Rate Index (ADR of the hotel over ADR of competitors) / MPI: Market Penetration Index (Occupancy of the hotel versus competitors average)

# ASSET REPOSITIONING PLAN

- Approximately **€220M** with focus in 63 key hotels between 2014 and 2016 with an estimated return of EBITDA of c.20%
- 73% of investment to reposition hotels for their **conversion to NH Collection**
- 60% of investment in owned hotels, 40 % leased hotels (linked to renegotiations)
- Signage: 97 hotels completed in 2014 (40%) . By the end of 2015 100% will be achieved

## Plan design

The **3-year repositioning program** contains:

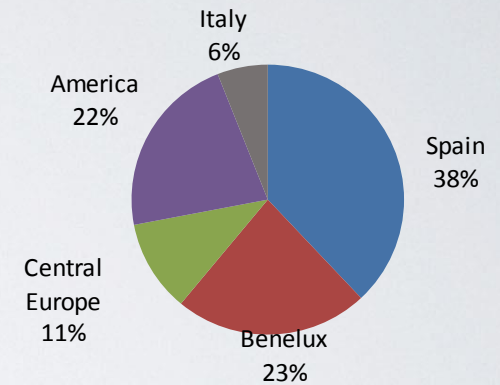
1. A sufficiency check to ensure that the investments improve the product to the level that maximizes the potential of the asset
2. A marketing plan to push the re-launch of the hotel in the market
3. A cross-properties pricing indexation exercise so as to define the correct segmentation
4. A business plan that reflects a return according to the 5YP objectives and that is included in the budget for each year

	2014	2015	2016	Total
# Hotels refurbished	8	40	15	63
# other hotels with minor refurbishments / basics	23	19	-	42
Investment €M (NH)	72	94	54	220

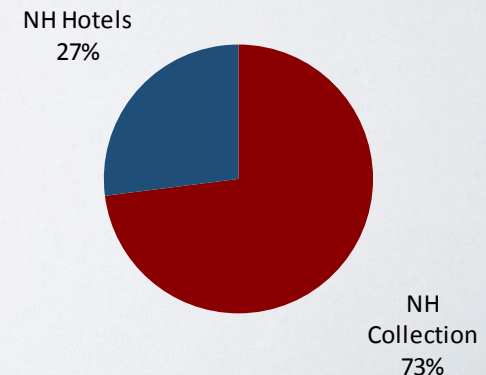
75% of the repositioning capex invested by the end of 2015

## Investments:

### By B.U



### By Brand



# REPOSITIONING EXAMPLES

Before

NH Alonso Martinez

After



Before

NH Berlin Mitte

After



# REPOSITIONING EXAMPLES

Before



NH Collection Abascal



After

Before



NH Collection Eurobuilding



After

## TRACK RECORD OF REFURBISHMENTS

	NH Alonso Martinez	NH Collection Palazzo Barocci	NH Firenze	NH Berlin Mitte	NH Collection Eurobuilding	NH Collection Abascal	NH Gran Hotel de Zaragoza
Category	NH 3*	NH Collection	NH 4*	NH Collection	NH Collection	NH Collection	NH 4*
Rooms	101	59	152	392	439	183	134
Location	Madrid	Venice	Firenze	Berlin	Madrid	Madrid	Zaragoza
Tripadvisor Rank Dec	183 → 87	164 → 26	171 → 86	125 → 86	153 → 14	152 → 15	21 → 14
RevPar Oct– Dec	+15,8%						

**5,0 - 5,5% Revenue CAGR to reach 20% return on EBITDA in year 3 after refurbishment**

Source: Company information

# EXITS, RENEGOTIATIONS AND DISPOSALS

## Portfolio optimization

Non-core hotels due to product / profitability	Transformed (maintained)	Exits 2013	Exits 2014	Plan 2015
Target 2013-2014	44	-14	-13	-17

## Successful lease termination and renegotiation

	2013	2014	2015
# Contracts cancelled	13		
# Contracts renegotiated	100		
EBITDA impact		€10M	€7M
Investment		€19M	€5M
Rent Coverage	1,3x	1,4x	1,5x

## 2014 Asset disposal exceeded target minimizing EBITDA loss

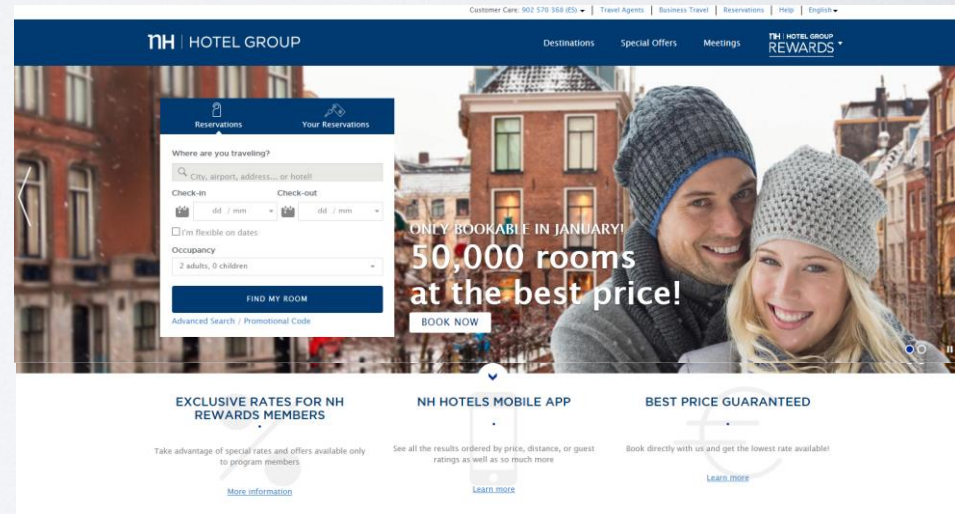
Year	Asset	Cash in €M
2014	NH Amsterdam Centre Lease Back	45
	NH Harrington Hall 25% holding (London)	17
	Sotogrande (Cadiz)	178
2015	NH Bogota Parque 93	22
2015 -2016	Non-strategic assets	~30

# REDUCTION OF INTERMEDIATION COSTS & NEW WEBSITE

Channel	2014	2016 E	2018 E
<b>Direct</b>	<b>49,1%</b>	c.54%	c.60%
Hotel	27,4%		
Web	9,7%	c.14%	c.20%
CRS	12,0%		
<b>Indirect</b>	<b>50,9%</b>	c.46%	c.40%
Agency	22,3%		
OTA	17,1%		
TTOO	11,5%		

- **High potential for growth** in direct channels
- In 2014 the % of cost over indirect sales decreased c.-3%
- It is forecasted that the annual reduction will remain similar to the one achieved in 2014, estimating an accumulated decrease in the cost over indirect sales of c.-11% in 2018

- In November we have completed **the launch of all the domains** with mobile versions adapted to each operating system (IOS, Android, Windows)
- The 'look to book' ratio is increasing from +30% to +100% depending on the domains
- **Functionality has improved**, increasing the conversion due to simplifying the purchase process
- Target for 2015: +10%
- In January we launched the NH Collection site and the migration of the Hesperia site





## EXPANSION PLAN

- **Increase the quality of the portfolio** by adding 62 (Expansion Plan (51) + Pipeline (11)) new hotels in strategic markets offsetting the disposal of 45 hotels with low profitability or considered non-strategic
- The company acknowledges the need to maintain growth in strategic markets based on **strengthening the presence in Europe** (Germany, France, UK and Italy) and **creating a greater platform in LATAM** (Mexico, Colombia, Chile and Peru)

	2013	2014	
Openings	2 hotels / 921 rooms	3 / 631	
Signings	3 / 1,076	6 / 923	→ 37% Leased
Under negotiation		10 / 1,500	63% Managed

### Expected evolution of rooms by contract

% of rooms	2014	2016E	2018E
Owned	22%	22%	20%
Fixed Lease	44%	42%	40%
↑ Variable Lease	10%	13%	17%
Management	24%	22%	23%

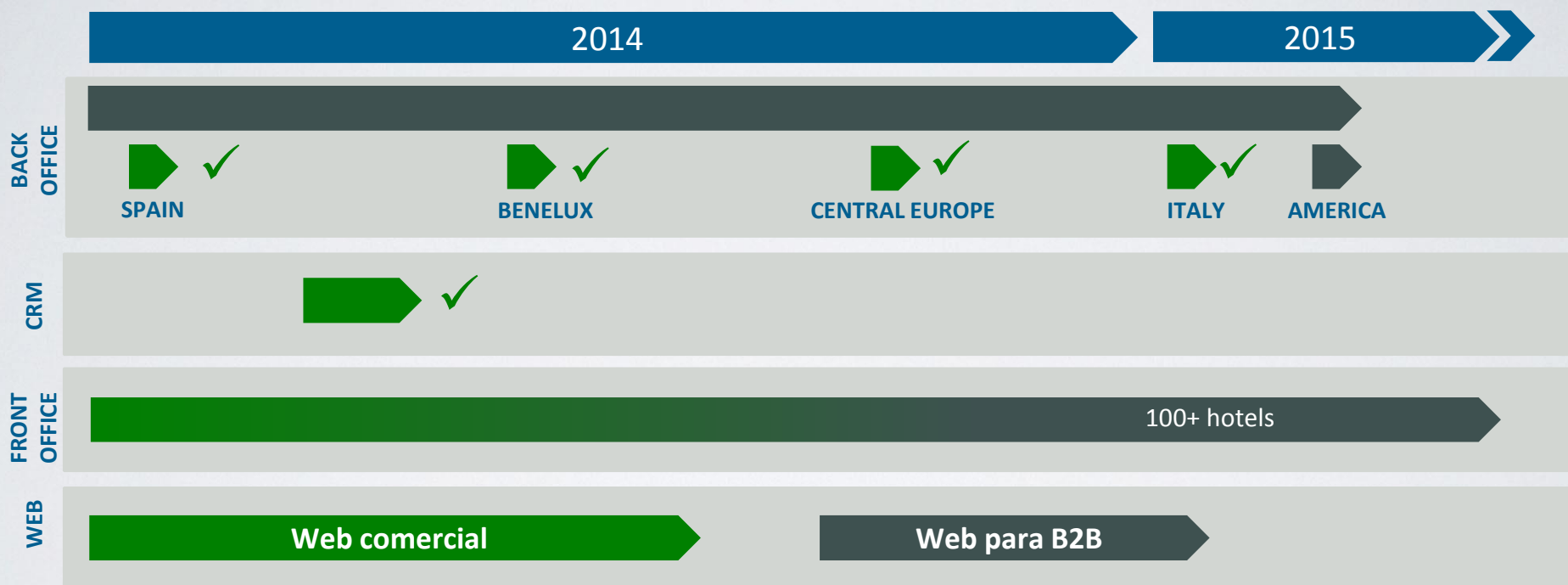
### China Joint Venture:

- In September the company signed the agreement with HNA Group in order to develop a portfolio of hotels in China under management contracts with HNA and with third parties
- Both groups will contribute each €8M in 2015 and 2016 to develop a prototype hotel and to promote the NHG brand

# ENABLERS: IT TRANSFORMATION PLAN

The migration to the SAP system allows us to:

1. Have the front, back and CRS systems integrated
2. Outsource the administration to a shared service center with concrete savings already confirmed
3. Have unique data with quick access to it
4. Higher affiliation of NH Rewards members
5. Develop functionalities that allow us to be more competitive



## How is its implementation going?

- The plan is on track and in line with the initial targets both in timings, investment and returns
- Back-office: Italy and Central Europe join Spain and Benelux BUs in which the implementation of the shared services center was completed. BU America will be undertaken in the first half of 2015
- Front-office migration began in Spain in July and in Benelux at the end of October. Culmination by end 2015



Hoteles  Royal

Radisson

 UrbanRoyal

RoyalPark

## HOTELES ROYAL: WHY NOW?

- c. 95% of the upside of the plan is implementing initiatives in Europe
- **All initiatives are progressing in line with the plan**
- Colombia and Chile were identified as strategic countries within the growth plan initiative. The acquisition involves an advancement in time but not additional resources
- **Strong and reinforced team** (GM in the region together with new financial, legal, commercial and marketing directors) will be responsible for the integration (not distracting key management team of NH Corporate)
- Asset disposal commitment exceeded (€244M; initial target €125M) with the unplanned sale of Sotogrande
- Opportunity to restructure the capital employed in Latam with the disposal of NH Bogota Parque 93

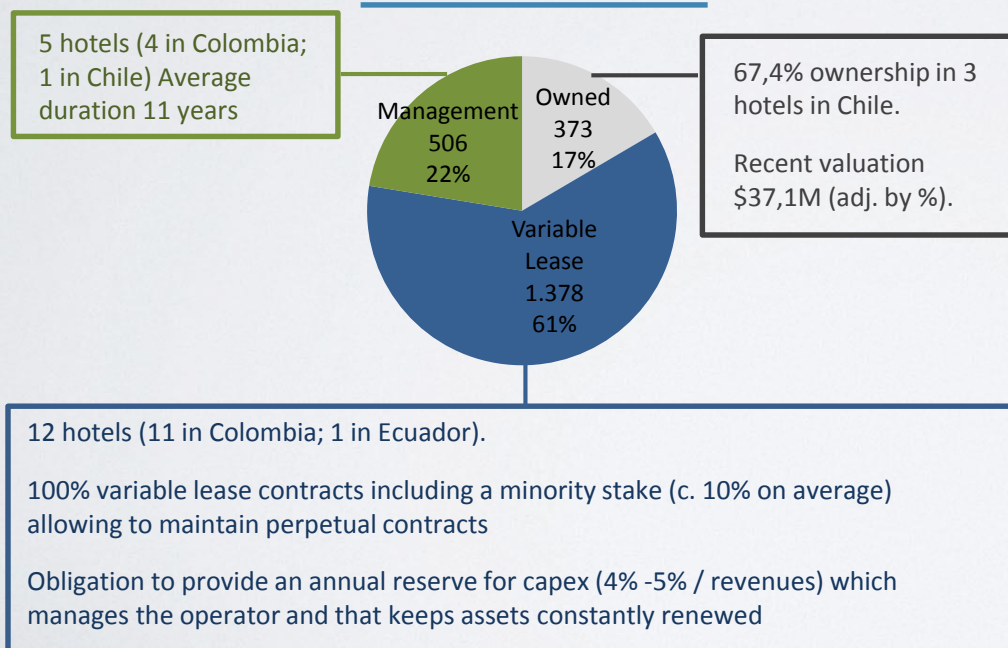
<u>Sources</u>	<u>€ Mill.</u>	<u>Uses</u>	<u>€ Mill.</u>
Disposal of hotel assets 2014	66	Repositioning capex	125
Sotogrande	178	100% Hotels Royal net P93	66
<b>Total</b>	<b>244</b>	JV China	8
		Extraordinary debt prepayment	20
		NY Refurbishment (100%)	15
		Cash in B/S	10
		<b>Total</b>	<b>244</b>

*The opportunity has now arisen with a great strategic fit*

## HOTELES ROYAL: WHAT ARE WE BUYING?

- ✓ Family company with **20 hotels with 2,257 rooms** and 2 plots for hotel development and a broad portfolio of projects, one under construction (Panama)
- ✓ High component of asset light: **83% of the rooms under pure variable leases and management contracts**
- ✓ Excellent product with a great similarity to NH and can be integrated with little investment (signage & IT systems). The company is recognized for its excellent level of service and customer care
- ✓ NH becomes a key operator in Colombia, earns a significant presence in Chile and an strong potential expansion platform

### Rooms distribution



Country	Nº Hotels	City	Nº Rooms
Colombia	10	Bogotá	1.260
	1	Cali	145
	1	Medellín	134
	1	Barranquilla	118
	2	Cartagena	37
Chile	1	Santiago	159
	1	Antofagasta	136
	1	Iquique	78
	1	Valparaiso	66
Ecuador	1	Quito	124
	<b>20</b>		<b>2.257</b>
Panama (in construction)	1	Panama	85

# HOTELES ROYAL: PORTFOLIO IMAGES (nº of rooms)

Medellin Royal (134)



Suites Royal Barranquilla (118)



Royal Radisson Bogotá (251)



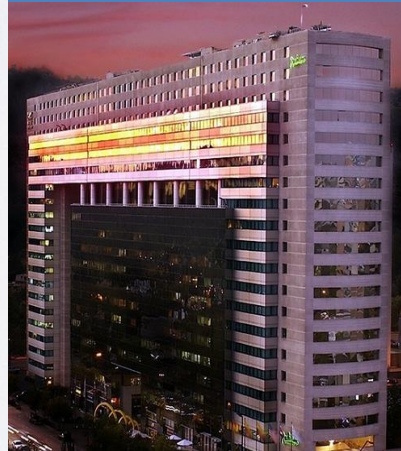
Royal Park. Bogotá (330)



Urban Royal Calle 26,  
Bogota (118)



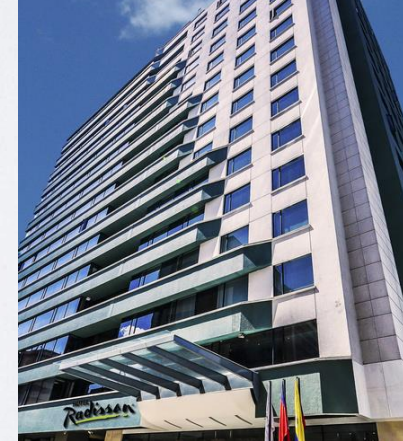
Radisson Plaza Santiago (159)



Bogotá Royal (144)

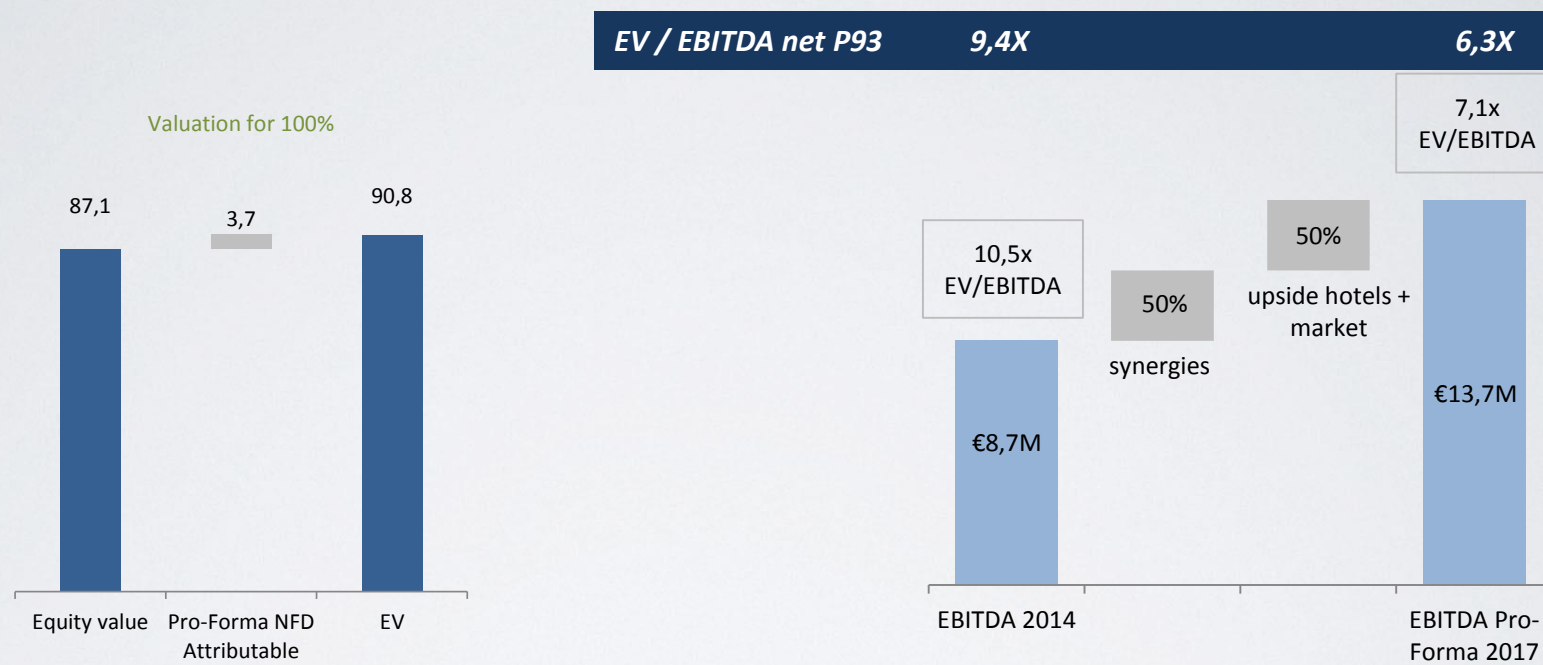


Radisson Quito (112)



# HOTELES ROYAL: VALUATION

- ✓ **Net disbursement amounts to €65,6M after the disposal of NH Bogota P93 (€21.5M / 16,6x EBITDA)** in two phases: €48.2M in 2015 (80% of €87,1M adjusted for sale) and €17.4M in 2017
- ✓ **Equity valuation: €87,1M** (100%; assumes acceptance of 19.23% held by minority shareholders)



€M	2014E	2017 Proforma
Revenues	63,6	80,8
EBITDA	8,7	13,7
% EBITDA	14%	17%

Non consolidated estimated figures of the 20 hotels acquired. Figures not Audited. Hoteles Royal SA currently manage 22 hotels as well as a Master Franchise agreement with Radisson in Latin America. After this transaction, Radisson recovers its brand and acquires contracts to manage two hotels of Royal Group

# HOTELES ROYAL: TENTATIVE TIMING



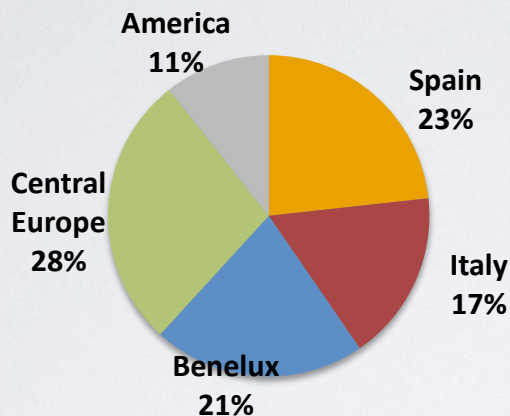
\* Note: a maximum of 89,43% could be reached if vendors also include minority shareholders in the sale (11% max.) and/or accelerate the sale of a stake related to the 3<sup>rd</sup> acquisition phase (5,45% max.)



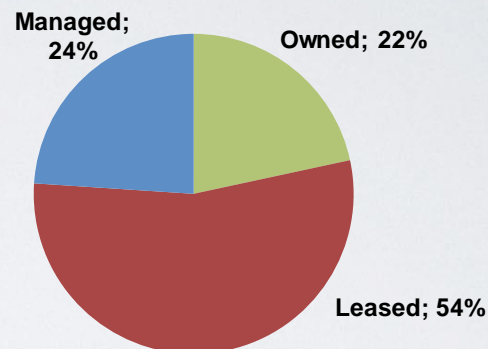
# NH HOTEL GROUP + HOTELES ROYAL

- 383 hotels with 59,384 rooms in 29 countries

**By geography**








**By contracts**



**E. Net turnover: €1,325M**

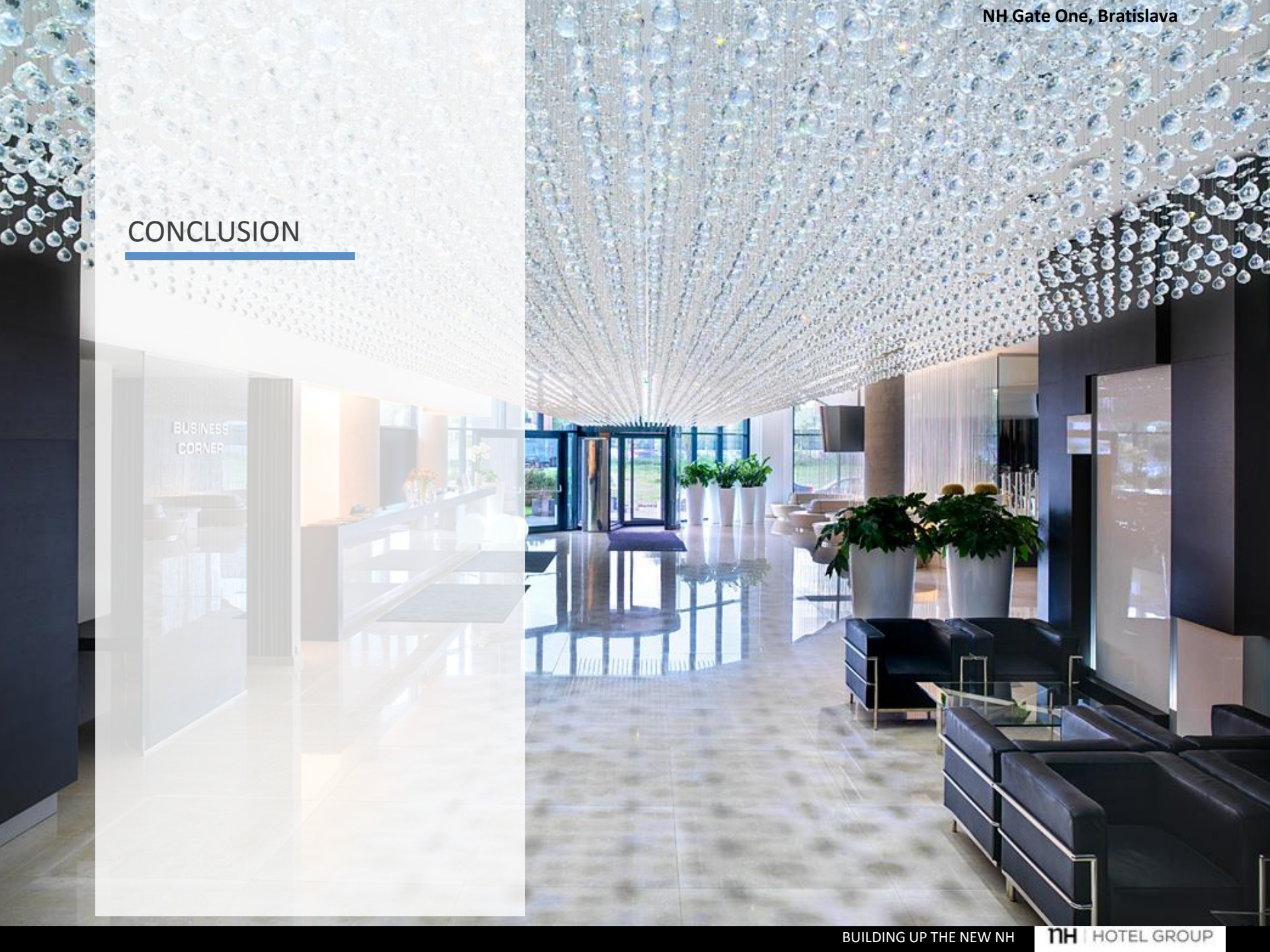
**Nº of rooms: 59,384**

	Spain 	Italy 	Central Europe <sup>1</sup> 	Benelux <sup>2</sup> 	America 
Nº of hotels	147	51	76	52	57
Total nº of rooms	18,271	8,265	13,251	9,413	10,184
Nº of rooms in key cities	<i>Madrid: 4,412 Barcelona: 3,319</i>	<i>Milan: 2,361 Rome: 1,151</i>	<i>Berlin: 2,087 Frankfurt: 1,273 Munich: 1,127</i>	<i>Amsterdam: 2,729 Brussels: 1,139</i>	<i>Bogota: 1,260 Buenos Aires: 1,210 Mexico City: 1,088</i>

<sup>1</sup> As of December 2014 + Hoteles Royal

## CONCLUSION

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## NH HOTEL GROUP: A SOLID EQUITY STORY

1. Leading European hotel operator with diversified portfolio base and well recognised brand
2. A very clear 5 Year Plan with solid initiatives progressing in line with the targets
3. Management team focuses in Operating Cash Flow generation, deleveraging and shareholder return
4. Significant asset value underpinning the business

**2014,  
transition  
year**

- ✓ **New value proposition (brand architecture and experience)**
- ✓ **Begin the asset repositioning, IT and administration transformation plans**
- ✓ **Start of the turnaround in the RevPar mix with a clear pricing strategy**

**2015, first  
year  
delivering  
results**

- ✓ **Full implementation of the pricing strategy with a higher ADR weight on RevPar growth**
- ✓ **80% of the asset repositioning plan executed by end 2015**
- ✓ **Finish execution of IT and administration transformation plan**
- ✓ **Strong growth in the Website**

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