MELIÃ HOTELS INTERNATIONAL

FIRST QUARTERS RESULTS

2016

GRAN MELIÁ HOTELS & RESORTS · ME BY MELIÁ · PARADISUS BY MELIÁ · MELIÃ HOTELS & RESORTS · INNSIDE BY MELIÃ · TRYP BY WYNDHAM · Sol hotels&resorts · CLUB MELIÃ

(Million Euros)	mar-16	mar-15	
REVENUES	**398,9**	**370,5**	**8%**
EBITDAR	94,4	86,4	9%
EBITDA	**65,5**	**62,6**	**5%**
EBIT	40,6	39,4	3%
TOTAL FINANCIAL PROFIT (LOSS)	10,0	13,9	28%
EARNINGS BEFORE TAXES	28,4	23,5	20%
NET PROFIT	**21,3**	**15,2**	**40%**
NET PROFIT ATTRIBUTABLE	22,3	16,2	38%
EBITDA ex capital gains	**65,5**	**62,6**	**5%**
Operational Ratios			
REVPAR	71,4	64,5	11%
EBITDAR MARGIN	23,7%	23,3%	35 bp
EBITDA MARGIN	16,4%	16,9%	-48 bp

Business performance

- The strengthening of the upward trend in both the leisure and urban hotel business in Spain allowed RevPAR to improve by 10.7% for the full company.
- Overall RevPAR in Spain grew by 21%. The improvement was especially significant in the Canary Islands, while in the major cities in Spain the Company saw significant rate improvements. The performance of the Gran Meliá Palacio de Isora (Tenerife) and Gran Meliá Colón (Seville) were particularly noteworth.
- Results in EMEA were very positive in Italy and Germany, while France, and to a lesser extent the UK suffered from the slowdown in leisure demand -and to a somewhat lesser degree in Corporate demand - due to the terrorist attacks and subsequent contagion effect on other countries.
- Regarding the Consolidated P&L, EBITDA grew by 5% and Net Profit increased by 40%.
- The Company is especially proud about the performance of our direct distribution channel. Melia.com sales increased by 40% in the first 3 months versus the same period last year.

Debt Management

- From the debt management perspective, total net debt increased by 12 million euros versus the December 2015 figure, taking into consideration that: a) the evolution of the Cash Flow from Operating Activities in the 1Q which historically is the quarter with the lowest contribution along the year; and b) the impact of the Exchange Differences not materialized.
- Also highlighted the reduction in "Bank financing" of €-3.6 Mn due to the lower gross debt and improved average interest rate (3.9% in 1Q2016 vs 4.8% in 1Q2015).
- Recall that last April, Meliá announced its decision to redeem the Convertible Bonds (€250 mn) issued in 2013. Acting upon the totality of the conversion requests by delivering a combination of treasury shares and newly-issued shares, Meliá will issue 30.6 new ordinary shares during the month of May to reach a total number of outstanding shares of 229.7 million.

Development strategy

- Meliá's pipeline at 31st March reached 62 hotels with almost 16,000 rooms, including 4 contracts signed during the first three months: the Innside Doha, the Gran Meliá Ghooin Iran and two new hotels in Indonesia, the Meliá Lombok and the Meliá Bintan.
- Additionally, last week the Company signed 3 new hotels: the Meliá Almaty in the largest city in Kazakhstan, the Gran Meliá Maldives and the Meliá Serengeti Lodge, located in Tanzania within the famous Serengeti National Park.
- The Company aims to continue to achieve its challenging development objectives and expects to add 20-25 new hotel contracts over the year and almost a new opening every 2 weeks.

Outlook 2016

- In 2016, the global outlook is generally positive. RevPAR evolution will be explained by the performance of the Company's resorts in the Mediterranean and Meliá's expertise in "bleisure" destinations that will also allow sustainable growth. City hotels in Spain will benefit from the upward trend in domestic consumption, while in the rest of Europe the situation is highly variable depending on the city.
- Meliá's projection for the year points towards a mid to high single digit RevPAR increase mainly explained by prices.

REPORT ON HOTELS OPERATION

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GLOBAL HOTELS

FINANCIAL INDICATORS

CONSOLIDATED FIGURES	1Q2016 €mn	1Q2015 €mn	% change
Total consolidated Revenues	322,1	303,7	6%
Owned	204,2	202,3	
Leased	117,9	101,4	
Of which Room Revenues	183,8	168,0	9%
Owned	102,1	102,6	
Leased	81,7	65,4	

MANAGEMENT MODEL	1Q2016 €mn	1Q2015 €mn	% change
Total Management Model Revenues	60,6	53,0	14%
Third Parties Fees	17,3	13,9	
Owned & Leased Fees	20,7	18,2	
Other Revenues *	22,6	20,9	

* Other Revenues in 1Q2016 includes 10 mn euros Corporate Revenues not directly attributable to any specific Division. Idem in 1Q2015 data by 9.4 mn euros

MAIN STATISTICS

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occup.		ARR		RevPAR		Occup.		ARR		RevPAR	
	%	Chg pts.	€	Chg %	€	Chg %	%	Chg pts.	€	Chg %	€	Chg %
TOTAL HOTELS	65,4%	1,1	109,2	8,8%	71,4	10,7%	66,5%	1,8	105,4	7,1%	70,1	10,0%
TOTAL HOTELS SAME STORE BASIS	65,1%	0,3	110,6	4,2%	72,0	4,6%	67,6%	0,3	107,1	5,8%	72,4	6,2%

* Available Rooms 1Q2016: 2,573.3k (vs 2,583.8k in 1Q2015) in O&L // 5,272.5k (versus 5,200.1 in 2015) in O,L&M

FUTURE DEVELOPMENT

	Current Portfolio				Pipeline									
	1Q2016		2015YE		2016		2017		2018		Onwards		TOTAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
GLOBAL HOTELS	306	79.020	314	83.252	17	4.096	26	5.569	13	4.838	6	1.593	62	16.096
Management	108	34.781	127	42.496	13	3.103	22	4.804	10	4.229	6	1.593	51	13.729
Franchised	45	8.476	36	5.659	0	0	0	0	0	0	0	0	0	0
Owned	47	14.249	48	14.713	0	0	0	0	0	0	0	0	0	0
Leased	106	21.514	103	20.384	4	993	4	765	3	609	0	0	11	2.367

FINANCIAL INDICATORS

CONSOLIDATED FIGURES	1Q2016 €mn	1Q2015 €mn	% change
Total consolidated Revenues	137,4	134,4	2%
Owned	134,2	134,4	
Leased	3,2	0,0	
Of which Room Revenues	57,9	60,9	-5%
Owned	55,1	60,9	
Leased	2,8	0,0	

MANAGEMENT MODEL	1Q2016 €mn	1Q2015 €mn	% change
Total Management Model Revenues	17,2	16,1	6%
Third Parties Fees	1,3	1,2	
Owned & Leased Fees	3,2	0,0	
Other Revenues	57,9	60,9	-5%

MAIN STATISTICS

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occup.		ARR		RevPAR		Occup.		ARR		RevPAR	
	%	Chg pts.	€	Chg %	€	Chg %	%	Chg pts.	€	Chg %	€	Chg %
TOTAL AMERICA	73,5%	-5,5	139,51	6,4%	102,5	-1,0%	70,8%	-4,0	137,29	1,0%	97,2	-4,4%
TOTAL AMERICA SAME STORE BASIS	72,4%	-6,2	146,7	7,4%	106,3	-1,1%	71,0%	-5,3	141,4	4,2%	100,4	-3,1%
Main Countries:												
México	81,2%	-1,1	137,71	0,9%	111,8	-0,4%	77,1%	2,2	143,51	-7,0%	110,7	-4,3%
Dominican Republic	79,6%	-5,8	143,80	7,3%	114,5	0,0%	79,6%	-5,8	143,80	7,3%	114,5	0,0%
Venezuela	42,7%	-11,8	125,29	97,7%	53,5	54,8%	42,7%	-11,8	125,29	97,7%	53,5	54,8%
U.S.A.	77,2%	-	134,89	-	104,1	-	77,2%	-3,9	134,89	5,5%	104,1	0,4%

* Available Rooms 1Q2016: 564.6k (vs 533.8k in 1Q2015) in O&L // 752.1k (versus 678.9 in 2015) in O,L&M

CHANGES IN PORTFOLIO

Openings between 01/01/2016 – 30/03/2016

Hotel	*Country / City*	*Contract*	*# Rooms*
Meliá Braco Village	Jamaica	Management	226
Innside New York NoMad	Manhattan, U.S.A.	Lease	312

Disaffiliations between 01/01/2016 – 30/03/2016

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FUTURE DEVELOPMENT

	Current Portfolio				Pipeline									
	1Q2016		2015YE		2016		2017		2018		Onwards		TOTAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
TOTAL AMERICA	27	8.974	25	8.477	3	510	7	1.277	0	0	0	0	10	1.787
Management	9	2.343	8	2.144	3	510	7	1.277	0	0	0	0	10	1.787
Franchised	2	214	2	214	0	0	0	0	0	0	0	0	0	0
Owned	14	5.869	14	5.883	0	0	0	0	0	0	0	0	0	0
Leased	2	548	1	236	0	0	0	0	0	0	0	0	0	0

1Q2016 results

Operations in Mexico and the Dominican Republic remains flat versus last year, with occupancy levels affected by: a) meteorological conditions characterized by the late arrival of winter in the main feeder markets (mainly U.S. and Canada) together with higher rainfall in the Caribbean; b) the depreciation of the Canadian dollar; c) the impact of the Zika virus which caused some group cancellations or the postponement of some reservations.

Results in Venezuela were affected by inflation in the country, while political uncertainty may have a negative effect throughout 2016.

On the positive side, highlights included an increase in room rates, partially on the back of excellent results from melia.com (+32 % in sales versus 2015), as well as good news related to the recent opening of the Innside New York NoMad, which in spite of only opening a month ago is on track to achieving very positive occupancy figures during the weekends. The hotel restaurant, Impero Caffé by Scott Conant, is also quickly becoming a new destination restaurant and a cosy neighbourhood venue. During the third quarter Meliá will also be opening the ME Miami, strengthening Meliá's presence in the U.S. market.

Regarding the hotels under management, the Company emphasizes that the ME Cabo is now fully operational after Hurricane Odile, reporting very positive figures and generating increased management fees from third parties.

1Q2015 figures from the Meliá Puerto Vallarta and Meliá Cozumel were included within the Club Meliá business. From 1st January 2016, they are included under the hotel business operations.

Outlook

Going forward, the outlook for the second quarter is challenging. Given that the entire Caribbean has suffered in the first quarter as explained above, an improvement in demand is not expected for the low season. This situation seems to be leading the hotel industry to employ aggressive pricing strategies for the second and third quarter, which the Company is managing appropriately in order to maintain profitability.

For Meliá, this situation will have a lower impact in Cancun and Riviera Maya given that the Company's hotels in the area have a good base of group business. On the other hand, Punta Cana will be subject to a higher impact due to its lower exposure to the Groups segment.

Regarding the new openings, Melia Braco Village in Jamaica is registering good results although it is still in a ramp-up process, and the Company also maintains strong expectations for the opening of the ME Miami.

Pipeline

2016 openings include two new hotels in the United States, the ME Miami (129 rooms), scheduled to open in the coming weeks, and the Meliá Costa Hollywood (227 rooms), together with the Meliá Cartagena (154 rooms) in Colombia, all them under management agreements.

INNSIDE New York Nomad | US

FINANCIAL INDICATORS

CONSOLIDATED FIGURES	1Q2016 €mn	1Q2015 €mn	% change
Total consolidated Revenues	102,3	94,7	8%
Owned	41,8	35,3	
Leased	60,5	59,3	
Of which Room Revenues	69,9	63,7	10%
Owned	28,6	26,7	
Leased	41,3	37,0	

MANAGEMENT MODEL	1Q2016 €mn	1Q2015 €mn	% change
Total Management Model Revenues	9,7	8,4	16%
Third Parties Fees	0,3	0,3	
Owned & Leased Fees	5,5	4,9	
Other Revenues	3,9	3,2	

MAIN STATISTICS

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occup.		ARR		RevPAR		Occup.		ARR		RevPAR	
	%	Chg pts.	€	Chg %	€	Chg %	%	Chg pts.	€	Chg %	€	Chg %
TOTAL EMEA	64,3%	-0,9	136,47	8,7%	87,7	7,3%	61,5%	2,3	136,21	12,1%	83,8	16,4%
TOTAL EMEA SAME STORE BASIS	65,2%	-0,8	134,7	5,2%	87,8	3,9%	65,2%	-0,6	135,1	5,0%	88,1	4,1%
Main Countries:												
Spain	68,0%	1,6	170,53	18,3%	116,0	21,3%	66,4%	1,9	169,76	18,1%	112,7	21,6%
United Kingdom	65,3%	-10,6	163,91	-7,1%	107,0	-20,1%	65,3%	-10,6	163,91	-7,1%	107,0	-20,1%
Italy	54,6%	-3,2	170,48	43,4%	93,1	35,4%	53,5%	-4,3	171,03	43,8%	91,5	33,1%
Germany	64,1%	-0,5	103,41	4,4%	66,3	3,6%	64,1%	-0,5	103,41	4,4%	66,3	3,6%
France	59,3%	-10,8	166,11	3,5%	98,5	-12,5%	59,3%	-10,8	166,11	3,5%	98,5	-12,5%

* Available Rooms 1Q2016: 797.7k (versus 779.2 in 2015) in O&L // 905.1k (versus 951.0 in 2015) in O,L&M

CHANGES IN PORTFOLIO

Openings between 01/01/2016 – 30/03/2016

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

Disaffiliations between 01/01/2016 – 30/03/2016

Melia Sharm	Egypt	Management	468

FUTURE DEVELOPMENT

	Current Portfolio				Pipeline									
	1Q2016		2015YE		2016		2017		2018		Onwards		TOTAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
TOTAL EMEA	72	12.763	73	13.231	4	608	12	2.614	5	1.087	1	235	22	4.544
Management	8	1.547	9	2.015	1	87	8	1.849	2	478	1	235	12	2.649
Franchised	12	1.561	12	1.561	0	0	0	0	0	0	0	0	0	0
Owned	13	3.049	13	3.049	0	0	0	0	0	0	0	0	0	0
Leased	39	6.606	39	6.606	3	521	4	765	3	609	0	0	10	1.895

1Q2016 Results

Within the positive results in the EMEA region, the most important and relevant highlights are:

FRANCE

The situation in France in the first quarter remained very difficult. The decrease in leisure demand has had a huge impact on the destination, particularly in hotels that depend more on leisure travellers, but also in the corporate and MICE business segment. The performance of Melia's hotels was in line with the results obtained by the competitive set.

GERMANY

2016 is expected to be a very positive year, not only due to the strong performance of key Meliá hotels, but also due to the fact that there will be the greatest number of trade fair days in the last decade (193 versus 128 in 2015). There are many outstanding hotel performances worth mentioning in Germany, but particularly impressive are the Innside Wolfsburg, Innside Dresden and Innside Dusseldorf Derendorf.

ITALY

2016 will be a challenging year in Italy since 2015 was the year for the EXPO in Milan, generating excellent results in both the ME Milan and Melia Milano.

Meliá has struggled slightly in Q1, due to some exceptional business in Rome in 1Q2015 that makes the comparison difficult, combined with a tough month of March in Milan. The good news is that prices have increased by almost 10%, while the slowdown in volume is expected to recover in Q2.

UK

The recent terrorist attacks in France, currency issues, and a negative trend in the destination have created a climate of uncertainty in the UK that means the hotel industry will face a challenging year.

At the end of Q1 we have a 11.9% decrease (excluding the opening on the Innside Manchester) in RevPAR versus the previous year, leading the Company to implement measures that are allowing the Meliá White House and ME London to change the trend in 2Q. On the positive side, the Innside Manchester, opened in May 2015, is growing fast with a very solid segmentation.

SPAIN - PREMIUM

In spite of uncertainty in certain European feeder markets, Spain brings very positive news. Performance in Q1 was outstanding, not only with regard to the 21% growth in RevPAR versus last year - with a strong improvement in prices (+18%) -, but also in that the results exceeded the Company budget.

There are so many hotels that could be highlighted (Gran Meliá Fénix, Gran Meliá Don Pepe,) but a specially mention must be made of the performance of the Gran Meliá Colon which is registering excellent figures in 2016, particularly noteworthy taking into consideration that 2015 was especially good in terms of the number of events held in the city. Another core asset is the Gran Meliá Palacio de Isora, which in Q1 has increased revenues by 1 million euros versus the same period last year, with 2Q also looking very positive.

Outlook

In addition to the strong prospects for Spain, there are some other aspects which may help understand the better performance expected during the second and third quarter in Central Europe:

- In France, during the second quarter the situation remains sluggish despite the Euro 2016 football championships are just around the corner (June - July) and the Company understands that this could be a turning point in overcoming the current fear and a stimulus for a recovery in confidence in the main feeder markets. Meliá expects good results in June taken into consideration that current "on-the-books" sales are very solid in all Paris Hotels. In June Paris hotels have around +18% higher revenues than in 2015.

- In Germany, the positive trend should continue and we maintain a very positive overview for the rest of the year.
- In Italy it is important to mention that the Champions League Final in Milan in May, and the beginning of the high season in Rome should allow Meliá to improve results.

Pipeline

The EMEA region has 22 hotels in the pipeline, of which 4 are expected to open in 2016; 3 leased hotels in Germany and one managed hotel in Morocco, the Sol House Taghazout that is scheduled to open shortly.

This pipeline includes two of the four new signatures during 1Q2016: the Innside Doha and the Gran Meliá Ghoo Caspian in Iran. The latter is being developed by one of the most important Iranian businessman and investors and is a further step in the Meliá Hotels International strategy to grow the presence of its brands in the Middle East, and specifically in an emerging country with major potential such as Iran. In this regards, Meliá's commitment to the region is based on competitive advantages such as its global leadership in resort hotels and the versatility this has given the Company to optimize the management of city hotels in "bleisure "(business + leisure) destinations such as Dubai, Doha and many others in the region.

Furthermore, at close of the first quarter, Meliá Hotels International has signed 3 additional contracts all them under management: the Meliá Almaty in the largest city in Kazakhstan, the Gran Melia Maldives and the Meliá Serengeti Lodge, located in Tanzania within the famous Serengeti National Park. All the hotels will be included in the pipeline of the Company in the next release.

Additionally, in 1Q2016 the Company has reopened the new Gran Meliá de Mar (before under the Meliá brand), a flagship hotel in the Balearic Islands and the repositioning of one of Meliá's core assets.


Meliá Paris La Defense | France

MEDITERRANEAN

FINANCIAL INDICATORS

CONSOLIDATED FIGURES	1Q2016 €mn	1Q2015 €mn	% change
Total consolidated Revenues	28,2	27,1	4%
Owned	12,6	17,8	
Leased	15,6	9,3	
Of which Room Revenues	18,3	16,2	13%
Owned	8,0	10,9	
Leased	10,3	5,4	

MANAGEMENT MODEL	1Q2016 €mn	1Q2015 €mn	% change
Total Management Model Revenues	4,7	3,0	54%
Third Parties Fees	2,4	1,1	
Owned & Leased Fees	1,8	1,5	
Other Revenues	0,6	0,5	

MAIN STATISTICS

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occup.		ARR		RevPAR		Occup.		ARR		RevPAR	
	%	Chg pts.	€	Chg %	€	Chg %	%	Chg pts.	€	Chg %	€	Chg %
TOTAL MEDITERRANEAN	78,7%	14,1	65,7	19,9%	51,7	46,0%	71,6%	13,6	66,4	18,7%	47,6	46,6%
TOTAL MEDITERRANEAN SAME STORE BASIS	78,1%	11,6	58,7	7,2%	45,9	25,8%	73,1%	13,2	62,8	12,6%	45,9	37,4%
Main Countries:												
Spain	78,7%	14,1	65,7	19,9%	51,7	46,0%	71,8%	7,7	64,3	18,6%	46,1	32,9%
Cape Verde	-		-		-		70,8%	31,8	79,0	1,4%	55,9	83,7%

* Available Rooms 1Q2016: 353.5k (versus 458.1 in 2015) in O&L // 837.3k (versus 860.3k in 2015) in O,L&M

CHANGES IN PORTFOLIO

Openings between 01/01/2016 – 30/03/2016

Hotel	*Country / City*	*Contract*	*# Rooms*
Sol Costa Atlantis	*Canary Islands, Spain*	*Rental*	*289*

Disaffiliations between 01/01/2016 – 30/03/2016

Sol Finida	Croatia	Management	-290
Sol Park Umag	Croatia	Management	-2500
Sol Savudrija Apart.	Croatia	Management	-627
Sol Kanegra FKK Umag	Croatia	Management	-426
Sol Stella Maris Umag	Croatia	Management	-575
Umag & Residence	Croatia	Management	-28

FUTURE DEVELOPMENT

	Current Portfolio				Pipeline									
	1Q2016		2015YE		2016		2017		2018		Onwards		TOTAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
TOTAL MEDITERRANEAN	74	23.714	81	27.871	1	601	0	0	1	835	0	0	2	1.436
Management	23	8.688	41	16.076	1	601	0	0	1	835	0	0	2	1.436
Franchised	17	4.950	7	2.008	0	0	0	0	0	0	0	0	0	0
Owned	11	2.873	12	3.323	0	0	0	0	0	0	0	0	0	0
Leased	23	7.203	21	6.464	0	0	0	0	0	0	0	0	0	0

1Q2016 Results

60% of the revenues in the first quarter were generated in the Canary Islands, considering owned, leased and managed hotels.
It should also be taken into account that 2 of the hotels sold last June 2015 to Starwood Capital Group were located in Tenerife and Lanzarote and generated around 6 million euros in revenues during the first three months of 2015 compared to 320.000 Euros in fees in 1Q2016.
Regarding the performance of the Mediterranean region, this is still affected by the unfortunate problems in North Africa, which is causing demand for other Mediterranean destinations to increase significantly –especially in the Canary Islands.
Particular emphasis should be given to the very positive performance of prices, due to the important contribution of melia.com and a healthier distribution mix in which segments with lower margins are progressively becoming less important. It is also worth mentioning that the use of dynamic flexible rates rather than contracted rates is now above 60% in the region.
With regard to the evolution of management contracts, given that all the portfolio in Bulgaria and Croatia are operated under franchise agreements, the management exposure is limited to mainland Spain and Cape Verde, destinations in which 1Q2016 has been seen positive performances.

Outlook

For the second and third quarter, the most important markets are already performing above 2015 levels showing double-digit growth in bookings in almost all cases. Although it is too early to advance figures for Spain and France, the outlook remains optimistic.
Meliá can also report that all of the "Summer" months (from May to October) show figures above 2016, with particularly strong numbers in July, August and September.
In terms of destinations, the Company is specially optimistic about the expected performance in the Balearic Islands, particularly on the island of Minorca. In Minorca, Ibiza and Mallorca the Company will benefit from the product renovations and repositioning carried out recently mainly in our Sol brand which will now allow Meliá to take advantage of better market conditions.
In 2016 the Company will also benefit from the rebranding of the Meliá Antillas Calvià Beach and the Sol House Ibiza Mixed by Ibiza Rocks. In this regards, last April the Company announced a significant partnership with Sol House and Ibiza Rocks to launch Sol House Mixed by Ibiza Rocks. Opening this summer, the partnership will introduce an Ibiza Rocks-curated music and entertainment programme and a unique 'Mixologist' modern day concierge service at the Sol House Ibiza and Sol House Mallorca, before being rolled out globally across the Sol House portfolio, another sign of the Company's commitment to innovation and leveraging improvements in the guest experience to create value.
In the Canary Islands, the Company still expects further improvements in all the islands even after such a successful 2015. Tour operator schedules for 2016 include new flights to Fuerteventura, Lanzarote and La Palma. Additionally, in 2016 the Company has also added the Sol Costa Atlantis (variable lease) and Meliá la Hacienda del Conde (management) Hotels.

Changes in Potfolio & Pipeline

Within an optimization process related to the portfolio that the Company managed in Croatia, should be mentioned that it has been disaffiliated 8 hotels (4,446 rooms) while 10 hotels (2,942 rooms) changed from Managed to Franchised.
Also bear in mind that the Sol Falcó now operates under lease contract after its sale in December 2015.

In addition to the above-mentioned, in the first quarter the Company presented the newly-renovated Meliá Antillas Calvià Beach (Balearic Islands) which forms part of the Company's efforts to reinforce and promote the Calvià Beach project.
Lastly recall that the pipeline includes 1 hotel scheduled to be opened in late 2016 in Cape Verde: the Meliá Llana (601 rooms).

FINANCIAL INDICATORS

CONSOLIDATED FIGURES	1Q2016 €mn	1Q2015 €mn	% change
Total consolidated Revenues	54,2	47,5	14%
Owned	15,6	14,8	
Leased	38,6	32,7	
Of which Room Revenues	37,7	32,9	15%
Owned	10,4	9,8	
Leased	27,3	23,1	

MANAGEMENT MODEL	1Q2016 €mn	1Q2015 €mn	% change
Total Management Model Revenues	6,3	5,8	9%
Third Parties Fees	1,1	1,3	
Owned & Leased Fees	3,1	2,4	
Other Revenues	2,1	2,0	

MAIN STATISTICS

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occup.		ARR		RevPAR		Occup.		ARR		RevPAR	
	%	Chg pts.	€	Chg %	€	Chg %	%	Chg pts.	€	Chg %	€	Chg %
TOTAL SPAIN	55,8%	1,7	78,86	8,0%	44,0	11,4%	54,8%	2,1	80,95	5,8%	44,4	9,9%
TOTAL SPAIN SAME STORE BASIS	55,6%	1,8	79,2	7,5%	44,1	11,1%	54,8%	2,1	81,3	5,9%	44,6	10,1%
Main Countries:												
Spain	55,8%	1,7	78,86	8,0%	44,0	11,4%	54,8%	2,1	80,95	5,8%	44,4	9,9%

* Available Rooms 1Q2016: 857.5k (versus 832.7k in 2015) in O&L // 1.173.8k (versus 1.167.0k in 2015) in O,L&M

CHANGES IN PORTFOLIO

Openings between 01/01/2016 – 30/03/2016

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

Disaffiliations between 01/01/2016 – 30/03/2016

Innside Madrid Suecia	Madrid, Spain	Management	127
Tryp Salamanca Centro	Salamanca, Spain	Management	63
Tryp Náyade	Segovia, Spain	Franchise	125

FUTURE DEVELOPMENT

	Current Portfolio				Pipeline									
	1Q2016		2015YE		2016		2017		2018		Onwards		TOTAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
TOTAL SPAIN	79	14.833	82	15.069	0	0	0	0	0	0	0	0	0	0
Management	14	3.467	16	3.657	0	0	0	0	0	0	0	0	0	0
Franchised	14	1.751	15	1.876	0	0	0	0	0	0	0	0	0	0
Owned	9	2.458	9	2.458	0	0	0	0	0	0	0	0	0	0
Leased	42	7.157	42	7.078	0	0	0	0	0	0	0	0	0	0

1Q2016 Results

Positive results in Spain were possible due to a consistent recovery across all customer segments -both business and leisure, that has allowed the Company to maintain its leadership in resorts and also in "bleisure" (urban leisure) destinations. The key headlines for each area are as follows:

Madrid continues to make good progress in the recovery of rates, which based on 1Q2016 figures currently stand at 5-10% below the same period in 2007 (comparable hotels). The positive evolution in rates was mainly due to strong growth in the individual traveller segment which generated around 1.7 million euros more room revenues than in the previous year, with one of the most significant drivers being the higher contribution from melia.com. Also important was the contribution of the layovers segment, leading to better results in hotels located near the airport. The airport hotel business almost doubled compared to the previous year.

HOTELS IN NORTHERN SPAIN

Revenues in the area improved by more than 20% over last year. The very positive performance of Meliá Bilbao, Meliá Zaragoza and Meliá Maria Pita (A Coruña) explained around 60% of the improvement. Bilbao, according to Eustat, received a tourism inflow 10% above 2015 during the first 2 months of 2016, with the Meliá's strategy in the region allowing the Company to capture a significant part of this additional business. The improvement in the MICE segment (Meetings, Incentives, Congresses & Events) also contributed to growth, especially in Zaragoza, where 3 important bi-annual trade fairs took place in 1Q2016, in addition to other events that also favoured the MICE segment.

HOTELS IN SOUTHERN SPAIN

This region also achieved improved figures compared to the previous year. One of the main drivers was the dates in which the Easter holidays feel this year, allowing southern Spanish cities to benefit from greater demand in 1Q. The Groups segment also made a positive contribution. On the negative side, the lack of snow in the quarter affected the business in ski resorts, although more favourable weather conditions in March helped recover part of the loss. The destination most affected by the lack of snow was Granada, while Seville was deeply impacted by a slowdown in Congresses and Events, bearing in mind that in 2015 the city held a record number of events.

HOTELS IN EASTERN SPAIN

In quantitative terms, this is the region that achieved the largest improvements, with all the hotels in the region increasing average rates over the previous year, fully aligned with the Company strategy to generate a qualitative improvement in results. The repositioning of the superior rooms in the Tryp Bosque and product repositioning in some hotels such as the Tryp Gran Sol or Innside Palma, also contributed to the results.

Outlook

Easter 2016:

Although Easter this year fall one month earlier than in 2015, overall we have seen a better performance than previous year. Room income has improved by 16% and both, occupancy (by 4%) and ARR (by 11%) have increased. Such positive figures were possible thanks to Melia's leadership in the bleisure segment.

General outlook going forward:

In the second quarter the city of Madrid will continue to deliver strong results on the back of a solid events schedule that includes sports events, important congresses and music concerts. According to the current booking position for the next three months, Madrid has "on the books" sales which are almost one million euros above the same date last year, especially positive bearing in mind that in 2015 the Easter holidays fell in the second quarter of the year. In the next three months "on the books" sales in Eastern Spain (Valencia, Catalonia and Majorca) also show over 3.8 million euros in additional business in 2016. A special mention should be made of the strong booking performance in direct channels and the success of revenue management policies. Meliá reports that sales through melia.com increased by almost 30% for the region, providing around 25% of the volume for the next 3 months - of which 80% are MeliáRewards members - a sign of the strong performance of the Company in terms of its loyalty programme.

FINANCIAL INDICATORS

CONSOLIDATED FIGURES	1Q2016 €mn	1Q2015 €mn	% change
Total consolidated Revenues	NA	NA	
Owned			
Leased			
Of which Room Revenues	NA	NA	
Owned			
Leased			

MANAGEMENT MODEL	1Q2016 €mn	1Q2015 €mn	% change
Total Management Model Revenues	10,6	7,8	36%
Third Parties Fees	11,0	8,2	
Owned & Leased Fees	0,0	0,0	
Other Revenues	-0,4	-0,4	

MAIN STATISTICS

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occup.		ARR		RevPAR		Occup.		ARR		RevPAR	
	%	Chg pts.	€	Chg %	€	Chg %	%	Chg pts.	€	Chg %	€	Chg %
TOTAL CUBA	-	-	-	-	-	-	82,3%	-5,4	120,77	16,5%	99,4	9,4%
TOTAL CUBA SAME STORE BASIS	-	-	-	-	-	-	82,3%	-5,4	120,8	16,5%	99,4	9,4%

* Available Rooms 1Q2016: 1,083.8k (versus 1,036.7k in 2015) in O,L&M

CHANGES IN PORTFOLIO

Openings between 01/01/2016 – 30/03/2016

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

Disaffiliations between 01/01/2016 – 30/03/2016

-

FUTURE DEVELOPMENT

	Current Portfolio				Pipeline									
	1Q2016		2015YE		2016		2017		2018		Onwards		TOTAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
TOTAL CUBA	29	12.552	29	12.552	0	0	0	0	3	2.024	0	0	3	2.024
Management	29	12.552	29	12.552	0	0	0	0	3	2.024	0	0	3	2.024
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

1Q2016 Results

Total revenues in Cuba reached $ 170.3 million, a 9.2% increase over the same period in 2015.
RevPAR increased to the same extent, mainly due to improvements in prices, especially in the four hotels that the Company operates in Havana, but especially the Meliá La Habana and Meliá Cohiba. ARR in Havana increased by more than 60 euros per room during the first quarter of 2016 versus the same period last year.

Outlook

Going forward, the Company expects a similar performance from the hotels in Cuba, and is currently forecasting double-digit RevPAR growth for the first half of the year.
The return of normal trade relations between Cuba and the U.S., increasing arrivals of U.S. tourists, as well as the fact that Havana is becoming a fashionable destination for hosting major events and corporate activities, makes Meliá Hotels International confident about a strong performance from the hotels in Cuba, with Meliá Havana continuing to consolidate its market leadership.

Pipeline

Cuba is a priority market for Meliá, and the Company has never stopped growing in the country ever since it opened its first hotel. Cuba is currently the second largest country for Meliá in terms of number of hotels, and there are also 3 additional hotels in the pipeline that will further allow the Company to maintain its solid market leadership position. Considering the current portfolio and pipeline, Meliá will have 31 hotels and 15,000 rooms in Cuba by the end of 2018.

Meliá Habana | Cuba

FINANCIAL INDICATORS

CONSOLIDATED FIGURES	1Q2016 €mn	1Q2015 €mn	% change
Total consolidated Revenues	NA	NA	
Owned			
Leased			
Of which Room Revenues	NA	NA	
Owned			
Leased			

MANAGEMENT MODEL	1Q2016 €mn	1Q2015 €mn	% change
Total Management Model Revenues	1,0	1,4	-31%
Third Parties Fees	0,6	1,1	
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	
	%	Chg pts.	€	Chg %	€	Chg %	%	Chg pts.	€	Chg %	€	Chg %
TOTAL BRAZIL	-	-	-	-	-	-	49,4%	-2,7	70,57	-30,0%	34,8	-33,7%
TOTAL BRAZIL SAME STORE BASIS	-	-	-	-	-	-	48,9%	-5,6	72,2	-27,3%	35,3	-34,8%

* Available Rooms 1Q2016: 274.9k (versus 280.9k in 2015) in O,L&M

CHANGES IN PORTFOLIO

Openings between 01/01/2016 – 30/03/2016

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

Disaffiliations between 01/01/2016 – 30/03/2016

-

FUTURE DEVELOPMENT

	Current Portfolio				Pipeline									
	1Q2016		2015YE		2016		2017		2018		Onwards		TOTAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
TOTAL BRAZIL	14	3.216	14	3.216	2	664	1	280	1	234	0	0	4	1.178
Management	14	3.216	14	3.216	1	192	1	280	1	234	0	0	3	706
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	1	472	0	0	0	0	0	0	1	472

1Q2016 Results

The beginning of 2016 -as was the case in 2015- has been particularly difficult for Brazil, given the political and economic uncertainty. Factors such as the decline in investment, the decrease in GDP levels, rising interest rates, high unemployment, and the devaluation of the real against the euro and dollar, generated a significant slowdown in domestic consumption, affecting the hotel industry in general, and Meliá Hotels International in particular given that its hotels are mainly in urban areas with a high exposure to the business travel segment.
One positive note comes from the better performance of the Meliá Ibirapuera, which after opening in the first quarter of 2015 has improved occupancy levels, becoming the only hotel to register positive RevPAR growth.

Outlook

The economic forecast for 2016 is not very optimistic, anticipating a new reduction in GDP. The Zika virus is also affecting Brazil; the country with the largest number of people affected. The Company continues to monitor the situation and implement measures to minimize its impact, and although the financial impact is not as relevant as was feared, the Division has registered a number of cancelations in the first quarter.
On the positive side, factors such as an exchange rate which now favours exports and the celebration of the Olympic Games in Rio de Janeiro, should help to generate better results, taking into consideration that next June the Company will open its first hotel in Rio de Janeiro, the Grand Meliá Nacional. In this regards, the Company expects a limited financial impact given the late and soft opening of the hotel, that will begin operations with only a part of the rooms inventory.
The Company is currently implementing an action plan focused on the attraction of alternative feeder markets such as certain Latin American countries, the United States or Europe, amongst other measures. Future hotel openings in cities like Rio de Janeiro and Recife, with a higher exposure to the leisure segment, should also allow the Company to generate a more balanced portfolio.
Some key hotels for the region, such as the Meliá Paulista or the TRYP Campinas are progressively registering better results and generating additional management fees for Meliá. The Company also expects a business recovery in the Meliá Brasil 21, the Tryp by Wyndham Iguatemi and Tryp by Wyndham Higienopolis, together with the progressive positioning of the Meliá Ibirapuera.

Pipeline

Both of the hotels in the pipeline are expected to open in late 2016: the Gran Meliá Nacional Rio under variable lease with 472 rooms (Rio de Janeiro) and the Meliá Barra under management contract with 192 rooms (Recife).

FINANCIAL INDICATORS

CONSOLIDATED FIGURES	1Q2016 €mn	1Q2015 €mn	% change
Total consolidated Revenues	NA	NA	
Owned			
Leased			
Of which Room Revenues	NA	NA	
Owned			
Leased			

MANAGEMENT MODEL	1Q2016 €mn	1Q2015 €mn	% change
Total Management Model Revenues	1,1	1,1	6%
Third Parties Fees	0,6	0,6	
Owned & Leased Fees	0,0	0,0	
Other Revenues	0,5	0,4	

MAIN STATISTICS

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occup.		ARR		RevPAR		Occup.		ARR		RevPAR	
	%	Chg pts.	€	Chg %	€	Chg %	%	Chg pts.	€	Chg %	€	Chg %
TOTAL ASIA	-	-	-	-	-	-	59,5%	4,1	78,45	1,6%	46,7	9,1%
TOTAL ASIA SAME STORE BASIS	-	-	-	-	-	-	61,7%	7,3	82,2	-4,9%	50,7	7,7%
Main Countries:												
Indonesia							57,6%	2,9	77,42	-7,0%	44,6	-2,1%
China							55,1%	6,0	77,58	3,5%	42,7	16,0%

* Available Rooms 1Q2016: 245.6k (versus 225.4k in 2015) in O,L&M

CHANGES IN PORTFOLIO

Openings between 01/01/2016 – 30/03/2016

Hotel	*Country / City*	*Contract*	*# Rooms*
Sol Kuta Bali	Bali, Indonesia	Management	132

Disaffiliations between 01/01/2016 – 30/03/2016

-

FUTURE DEVELOPMENT

	Current Portfolio				Pipeline									
	1Q2016		2015YE		2016		2017		2018		Onwards		TOTAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
TOTAL ASIA	11	2.968	10	2.836	7	1.713	6	1.398	3	658	5	1.358	21	5.127
Management	11	2.968	10	2.836	7	1.713	6	1.398	3	658	5	1.358	21	5.127
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

1Q2016 Results

Total RevPAR in Asia increased by 9.1%, mainly driven by the new hotels added over the period, in addition to the evolution of local currencies. Over recent years significant number of Meliá's rooms in the region have been refurbished, allowing the Company to count enjoy an almost fully renovated hotel portfolio, a key aspect to strengthening future financial results. The analysis by area is as follows:

INDONESIA

Indonesia is the biggest destination market for Meliá in Asia in terms of the number of rooms.
The country retains its status as the leading Asian tourism destination in the leisure segment. In spite of the moderate impact on the tourism industry of the terrorist attack in Jakarta in January 2016, with the situation becoming normalized over a short period of time, both RevPAR and fees for the first quarter were penalized.
Meliá relies on a strong performance of this destination in the future, as it is one of the core markets for the Company. Highlights include the current refurbishment of the Meliá Purosani and the positive evolution of the Sol Beach House Benoa Bali after its 2014 rebranding from Meliá Benoa.

CHINA

With regard to the evolution of China, the Company highlights the fact that it is considered one of the highest potential feeder markets, both in outbound business for other Melia regions, and in inbound business, especially for destinations in southeast Asia such as Vietnam or Indonesia. Meliá projects for 2016 include the launch of the new PengYou programme, a "Chinese Friendly" programme in Melia hotels which includes adaptation of some standards to the needs of Chinese customers, internal training from the APAC team, and certifications from well-known Chinese organizations that will help the Company increase its visibility in the Chinese market, increasing brand awareness and trust for the travellers.
Highlights of the performance of hotels in the region include the Meliá Jinan and Gran Meliá Xian, which after its opening in 2014 continues to make positive progress in its market positioning recording results above the budget and its feasability plan.

MALAYSIA

Travel demand is still recovering from the airline accident two years ago. The characteristics of the destination, particularly its positioning as a "Muslim Friendly" destination, has nevertheless allowed it to keep up a steady flow of inbound tourism, especially from the Middle-East. The only Meliá hotel in this destination, the Meliá Kuala Lumpur, has achieved moderate results and is currently undergoing a refurbishment.

VIETNAM

The better performance of Vietnam has been one of the biggest successes in the region. RevPAR increased over the period by more than 70%, with management fees increasing both in Meliá Hanoi and Meliá Danang. Sol Beach House Phu Quoc will be the next opening in the country by July this year under management contract.

THAILAND

To end this summary on the evolution of hotels in Asia, recall that from December 2015 the Company has a new hotel, Sol the Imperial Boat House Beach, the first hotel added through a strategic agreement signed in November with TCC Land Asset World which foresees the opening of three hotels over the next three years.

Outlook

Greater knowledge of the behaviour of Asian customers, their customs, their languages, their preferences and use of their social networks gives Meliá Hotels International a sustainable competitive advantage over the coming years. Asia Pacific is a region for which the Company has a sustainable long-term vision, becoming a driver of geographic diversification and higher profitability thanks to growth through low-intensive capital formulas.

Pipeline

The Company commitment to geographic diversification, especially focused on Asia Pacific, has been fully demonstrated over recent years in which it has almost achieved a five-fold increase in the number of hotels. The region currently has 32 hotels either in operation or in the pipeline for addition to the portfolio with nearly 8,100 rooms –all them under management agreements, and in countries such as China, Mongolia, Malaysia, Vietnam, Myanmar and Indonesia. According to the Strategic Plan 2016 - 2018, the Company expects to grow at a rate of no less than 10 hotels per year, taking the Company to no less than 60 hotels by the end of 2018, with Indonesia and China being its major destination markets.

The pipeline for 2016 includes 7 new openings: 3 in Indonesia, 2 in China, 1 in Vietnam and 1 in Myanmar.

In 1Q Meliá signed 2 additional management agreements (410 rooms) for the opening of the Meliá Lombok Tangkong in Gili Tangkong and the Meliá Bintan, the fifteenth hotel in Indonesia and the second on the island of Bintan

Gran Meliá Jakarta | Indonesia

OTHER NON HOTEL BUSINESS

2

Real Estate

In the first quarter of 2016, as was the case in the same period in 2015, the Company did not generate any capital gains on asset sales. Total Real Estate revenues in 1Q2016 were thus 2.9 million euros versus 1.8 million euros in 1Q2015.
Going forward in 2016 and into 2017, with regard to asset disposals, the Company aims to make additional property sales from the limited number of non-core hotel assets which are left in the group´s portfolio, taking advantage of real estate cycles or further reinforcing the Joint Venture model as a dynamic and essential part of Meliá strategy for the transformation of assets which require significant investment - specially in the Mediterranean area -, and thereby strengthening the Company's role as a hotel management company, and the quality of the properties operated under its respective brands.

Club Meliá

In the first quarter, the total revenues of Club Meliá slightly declined over the previous year, mainly due to the closure of operations in Spain. During the period, the Club team have focused on the implementation of the Strategic Plan, highlighting four main areas to generate higher sales:

1. Redefinition of the Club Melia product and service strategy and its positioning on the Meliá brand map, including aspects such as the creation of new type of product. The premise of the project is the design and implementation of a very attractive and flexible membership scheme, based around a points system and focused on improving the overall experience of new customers as owners.

2. Optimization and standardization of sales processes, creating a unique system which includes aspects such as:
a. The digitization of the sales process: working on the definition of a new sales model based on the digitization of the marketing, sales and communication processes and leveraging best practices in the Meliá direct sales strategy.
b. Requirements have also been taken for the incorporation of CRM strategies to the sales process, allowing us to get greater insight into future member profiles.

3. Design and implement the integration strategy for Club Meliá with Hotels considering both the integration of teams and IT systems.

4. Identify opportunities with strategic partners

FINANCIAL STATEMENTS

3

Revenues

Total revenues increased by 7.7%, fully explained by the positive evolution of the hotel business (+8.3%), reflected in a 9.8% RevPAR improvement, 80% of which is explained by an increase in the Average Room Rate. The contribution of the Real Estate area and Club Meliá remained slightly positive (+1.1 and -0.7 million euros respectively).
Excluding changes in scope, total revenues would have increased by 5.2%.

Operating Expenses

Raw materials, Personnel expenses and Other operating expenses increased by 11.4%, 4.1% and 18.7% respectively, affected by the changes in the perimeter.
On a like-for like basis, the evolution of expenses would be as follows: Raw materials +1.5%, Personnel expenses +3.7% and Other operating expenses +8.7%.
Rental expenses grew by 21.5% (28.9 million euros) linked to the new openings during the period: Meliá La Defense, Innside Manchester and the ME Milan Il Duca, Sol Costa Atlantis, Innside New York NoMad and Innside Düsseldorf Hafen.

EBITDA

All the above mentioned factors allowed Meliá to register an improvement in EBITDA of +4.6%.
The "Depreciations & Amortizations" item increased by 1.7 million euros mainly due to the accounting of Puerto Rico as continued operations and the consolidation of the Meliá Milano since June 2015, offset by the change of regime of the hotels included in the joint venture with Starwood Capital.
At the "Profit/(Loss) from Associates and JV" level, the result is explained by the contribution of the hotels sold to Starwood Group in June 2015.

ME Cabo | Mexico

(Million Euros)	March 2016	March 2015	
Revenues Split:			
Total HOTELS	406,9	375,7	
Management Model	60,6	53,0	
Hotel Business Owned & Leased	322,1	303,7	
Other Hotel Business	24,2	19,1	
Real Estate Revenues	2,9	1,8	
Club Meliá Revenues	27,7	28,5	
Overheads	24,8	22,7	
Total Revenues Aggregated	462,4	428,8	
Eliminations on consolidation	**-63,5**	**-58,3**	
Total Consolidate Revenues	**398,9**	**370,5**	**7,7%**
Raw Materials	-54,4	-50,6	
Personnel expenses	-107,1	-101,9	
Other operating expenses	-143,0	-131,6	
Total Operating Expenses	**-304,5**	**-284,1**	**7,2%**
EBITDAR	**94,4**	**86,4**	
Rental expenses	-28,9	-23,8	
EBITDA	**65,5**	**62,6**	**4,6%**
Depreciation and amortisation	-24,9	-23,2	
EBIT (OPERATING PROFIT)	**40,6**	**39,4**	**3,0%**
Financial Expense	-14,9	-18,5	
Other Financial Results	8,3	1,9	
Exchange Rate Differences	-3,4	2,8	
Total financial profit/(loss)	**-10,0**	**-13,9**	**28,0%**
Profit / (loss) from Associates and JV	-2,3	-2,0	
Profit before taxes and minorities	**28,4**	**23,5**	**20,4%**
Taxes	-7,1	-8,3	
Group net profit/(loss)	**21,3**	**15,2**	**39,6%**
Minorities	-1,0	-0,9	
Profit/(loss) of the parent company	**22,3**	**16,2**	**38,0%**

Innside New York Nomad | USA

Financial Results

Financial results improved by 28% (€3.9 million Euros) compared to the previous year due to the net effect of:

a) Reduction in "Bank financing" of €-3.6 Mn due to the lower gross debt and improved average interest rate compared to 1Q2015 (3.89% in 1Q2016 vs 4.84% in 1Q2015)

b) Higher negative "Exchange rate differences" by €6.1 Mn, motivated mainly by the depreciation of the USD and the GBP pound versus the EUR.

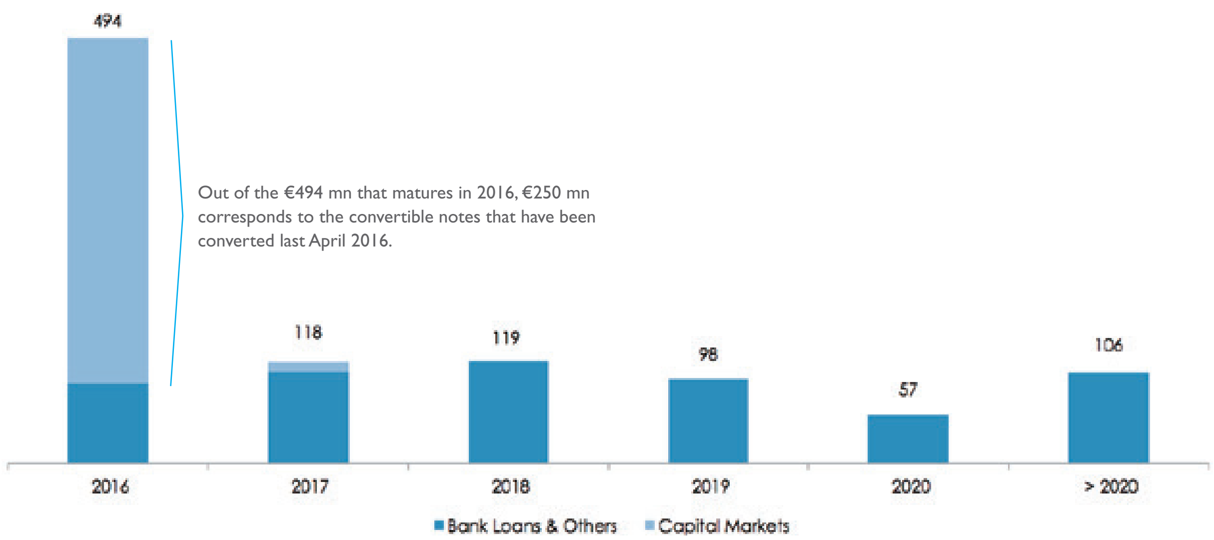
c) Higher income in "Other financial results" of €6.4 Mn, mainly due to lower financial expenses related to the restatement of accounts in Venezuela due to the adjustment for hyperinflation.

(thousands euros)	1Q 2016	1Q 2015
Exchange differences	(3.360)	2.777
Borrowings	(14.873)	(18.482)
Interest Capital Markets	(6.769)	(7.454)
Interest bank loans and others	(8.104)	(11.028)
Other financial results	8.254	1.851
Net Financial Income	(9.979)	(13.854)

Debt

Company Net Debt increased compared to December 2015 by €12 Mn to €780.8 Mn taking into consideration: a) the evolution of the Cash Flow from Operating Activities in the 1Q - which historically is the quarter with the lowest contribution along the year; and b) the impact of the Exchange Differences not materialized.

The debt maturity profile is as follows, excluding credit facilities:



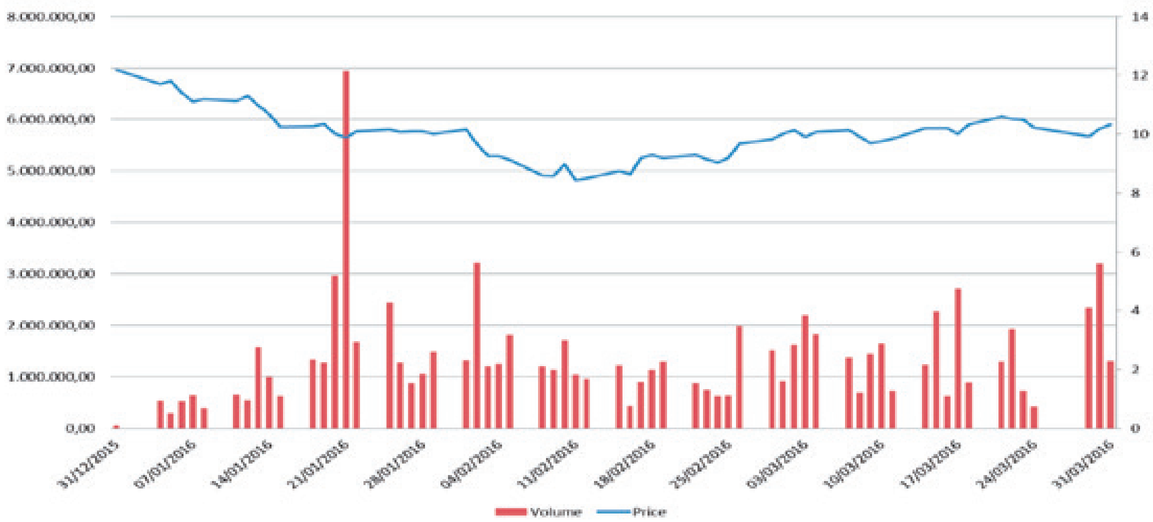
Million Euros

MELIÁ ON THE STOCK MARKET

4

Stock Market

The stock price decreased by -15% during the first quarter of 2016. The Ibex Medium Cap rose by -9% and the Ibex 35 decreased by -9%.



	1Q2016
Average daily volume (thousands shares)	1.382,1
Meliá performance	-15%
Ibex Medium Cap performance	-9%
Ibex 35 performance	-9%

	31/03/2016	**2015**
Number of shares	199.053.048	199.053.048
Average daily volume (thousands shares)	1.382,05	980,10
Maximum share price (euros)	11,82	13,71
Minimum share price (euros)	8,42	8,73
Last price	10,34	12,18
Market capitalisation (millions euros)	2.058,21	2.424,47
Dividend (euros)		0,03

Source: Blomberg

NOTE: Meliá's shares are listed on the IBEX Medium Cap and FTSE4Good Ibex index.

ADDITIONAL INFORMATION ABOUT MELIA HOTELS INTERNATIONAL CAPITAL INCREASE

In relation to the Issue of Convertible/Exchangeable Notes of Meliá Hotels International, S.A., 2013, of €250,000,000, the Company recall that:

• On Mach 25, 2016, Meliá gave notice to all holders of convertible bond, it intends to redeem all or any of the Notes on April 25, 2016.

• On April 16th, the Company informed of the reception of conversion requests for 249.9 million Euros, that represent the 99.96% over the total issue.

• On April 25, the Company announced its decision of acting upon the totality of the conversion requests received by delivering a combination of existing shares and newly-issued shares, in an approximate proportion of 10,25% and 89,75%, respectively. in the following days the Company will deliver to the note holders who have exercised their conversion right, the existing and newly-issued shares.

Annex

MAIN STATISTICS BY BRAND

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occup.		ARR		RevPAR		Occup.		ARR		RevPAR	
	%	Chg pts.	€	Chg %	€	Chg %	%	Chg pts.	€	Chg %	€	Chg %
Paradisus	77,6%	-4,6	167,2	4,2%	129,7	-1,6%	78,9%	-3,9	177,9	5,0%	140,3	0,1%
Me by Melia	58,4%	-11,9	223,5	3,4%	130,5	-14,1%	61,0%	-0,9	192,7	12,4%	117,6	10,8%
Gran Meliá	60,0%	-3,2	170,6	24,5%	102,3	18,2%	57,9%	-1,8	154,1	18,4%	89,2	14,8%
Meliá	65,9%	0,1	113,1	10,5%	74,5	10,7%	66,2%	1,0	107,9	7,8%	71,4	9,6%
Innside	64,7%	0,9	114,0	4,9%	73,8	6,3%	64,2%	0,0	112,6	3,1%	72,3	3,1%
Tryp by Wyndham	59,2%	1,9	70,3	9,4%	41,6	13,0%	58,7%	1,6	71,6	4,2%	42,1	7,2%
Sol	74,4%	15,0	46,0	12,2%	34,2	40,5%	76,2%	8,5	68,2	12,1%	68,2	26,2%
TOTAL	65,4%	1,1	109,2	8,8%	71,4	10,7%	66,5%	1,8	105,4	7,1%	70,1	10,0%

MAIN STATISTICS BY MAIN COUNTRIES

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occup.		ARR		RevPAR		Occup.		ARR		RevPAR	
	%	Chg pts.	€	Chg %	€	Chg %	%	Chg pts.	€	Chg %	€	Chg %
AMERICA	73,5%	-5,5	139,5	6,4%	102,5	-1,0%	73,9%	-5,7	122,0	8,2%	90,2	2,0%
Dominican Republic	79,6%	-5,8	143,8	7,3%	114,5	0,0%	79,6%	-5,8	143,8	7,3%	114,5	0,0%
México	81,2%	-1,1	137,7	0,9%	111,8	-0,4%	77,1%	2,2	143,5	-7,0%	110,7	-4,3%
USA	77,2%	-	134,9	-	104,1	-	77,2%	-3,9	134,9	5,5%	104,1	0,4%
Venezuela	42,7%	-11,8	125,3	97,7%	53,5	54,8%	42,7%	-11,8	125,3	97,7%	53,5	54,8%
Cuba							82,3%	-5,4	120,8	16,5%	99,4	9,4%
Brasil							49,4%	-2,7	70,6	-30,0%	34,8	-33,7%
ASIA							59,5%	4,1	78,5	1,6%	46,7	9,1%
Indonesia							57,6%	2,9	77,4	-7,0%	44,6	-2,1%
China							55,1%	6,0	77,6	3,5%	42,7	16,0%
Vietnam							91,9%	36,9	91,9	4,3%	84,4	74,2%
EUROPE	63,2%	4,3	99,2	10,3%	62,7	15,1%	62,0%	5,1	93,0	7,4%	57,7	12,9%
Austria	63,5%	27,9	114,1	-18,1%	72,4	46,0%	63,5%	27,9	114,1	-18,1	72,4	46,0
Germany	64,1%	-0,5	103,4	4,4%	66,3	3,6%	64,1%	-0,5	103,4	4,4%	66,3	3,6%
France	59,3%	-10,8	166,1	3,5%	98,5	-12,5%	59,3%	-10,8	166,1	3,5%	98,5	-12,5%
United Kingdom	65,3%	-10,6	163,9	-7,1%	107,0	-20,1%	65,3%	-10,6	163,9	-7,1%	107,0	-20,1%
Italy	54,6%	-3,2	170,5	43,4%	93,1	35,4%	53,5%	-4,3	171,0	43,8%	91,5	33,1%
Spain	63,2%	7,2	87,7	13,1%	55,4	21,2%	61,7%	7,1	83,1	9,2%	51,3	16,9%
Resorts	74,4%	15,3	89,5	19,9%	66,6	38,3%	69,7%	10,0	80,8	13,1%	56,3	24,4%
Urban	56,9%	3,1	86,4	8,1%	49,1	11,4%	55,7%	4,0	85,3	6,6%	47,5	10,9%
TOTAL	65,4%	1,1	109,2	8,8%	71,4	10,7%	66,5%	1,8	105,4	7,1%	70,1	10,0%

1Q EXCHANGE RATES

	1Q2015	1Q2016	2016 vs. 2015
1EUR = X foreign currency	average rate	average rate	Change
Sterling (GBP)	0,743	0,770	-3,59%
American dollar (USD)	1,127	1,103	2,13%

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