

**investor**  
**day** *Madrid Feb 08*

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*Co-CEO*

*2007 Year-End Results*



# 2007 Results vs 2006



	2007	2006	
<b>EBITDA</b>	249.1	326.0	<b>+7.1%</b>
<b>NET PROFIT</b>	161.9	136.2	<b>+18.9%</b>

## 2007 Results vs market guidance given

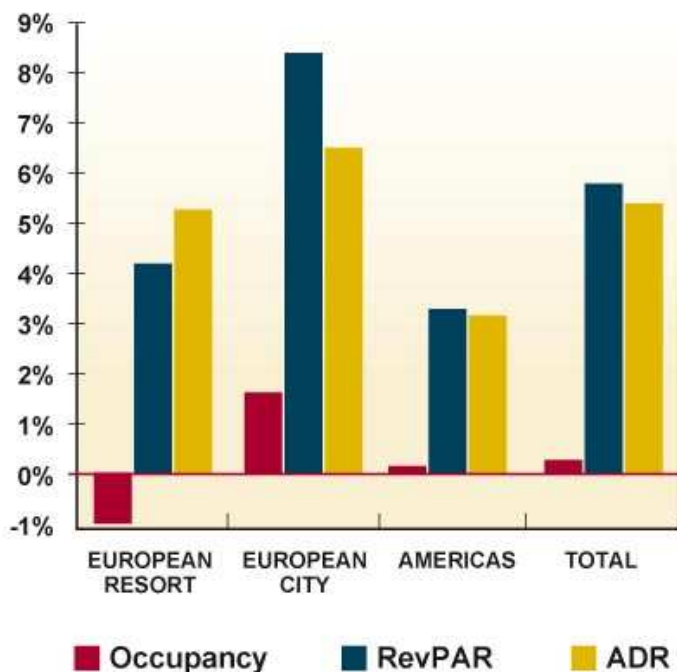


	2007	GUIDANCE	
<b>EBITDA</b>	349.1	360.0	<b>(3%)</b>
<b>10.9 million Euros of asset rotation activity below the Ebitda line (*)</b>			
<b>NET PROFIT</b>	161.9	160.8	<b>1%</b>

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(\*) Profits generated by the stakes in Costa Rica and New York.

# HOTELS



## ✓ European Resort Division (RevPAR: +4.4%)

- Good performance of Balearic Islands (+6.8%) & Costa del Sol (+5.0%).
- Sluggish performance of the Canary Islands (-6%).

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## ✓ European City (RevPAR: +8.6%)

- Spain: 7.9% (Q1:5.3%;Q2:9.8%;Q3:7.4%;Q4:8.9%).
- Positive performance of main European cities, especially London.

## ✓ Americas: Revenues by 12.3%

- Performance fuelled by the positive evolution of the Dominican Republic.

# Sol Meliá Vacation Club



	2007	2006	
REVENUES	109.3	86.7	26%
EBITDA	35.8	23.6	52%

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**4.291 Vacation Club weeks sold in 2007**

## Asset sales @ 18.2 x Ebitda multiple



ASSET	Price	EV/ Ebitda	Profit Asset Rotation
	2007	2007	2007
Tryp Hidalgo (Ciudad Real, Spain)	2,3	40,0	1,7
Business Premise (Mallorca, Spain)	0,9	-	0,9
Plot of land in the Dominican Republic	8,8	-	3,8
15.0% Paradisus Playa Conchal (Costa Rica) (*)	23,4	14,7	5,7
17.4% Paramount NY (New York, USA) (*)	25,1	21,2	5,1
Other assets	15,5	-	5,8
Meliá Cáceres, Mérida & Trujillo (Extremadura, Spain)	30,0	18,9	9,7
Tryp Paris Boulogne (Paris, France)	12,5	17,3	5,0
Meliá Avenue Louise BH (Brussels, Belgium)	11,0	19,3	5,3
<b>TOTAL</b>	<b>129,5</b>	<b>18,2</b>	<b>43,1</b>

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Total profit asset rotation	43.1 Mn€
■ Ebitda	32.2 Mn€
■ Other items	10.9 Mn€

Ebitda multiple ranges  
between 14.7x and 40x

## 2007: Balance sheet



✓ Debt reduction down to 878.8 Mn Euros (- 7%).

✓ Maintenance of investment grade  
by Moody's (Baa3, stable outlook).

✓ Net Debt to Ebitda 2.55 x

✓ Ebitda / Net interest 5.12 X

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## 2007: Other achievements



- ✓ Exceeded the 100 mn Euros asset rotation objective.
- ✓ 10% Ebitda contribution from SMVC.
- ✓ New organisational model.
- ✓ New management team.
- ✓ Focus on organisation by brands.
- ✓ Higher efficiency in common head offices – businesses.
- ✓ Best working climate ever.



# Outlook: change in the macroeconomic environment



## ✓ Economic and Consumption slowdown will impact demand

	2007	2008	2009
▪ <b>US</b>			
- Consumption	2.5%	1.3%	2.1%
- GDP	2.2%	1.9%	2.3%
▪ <b>Euro Zone</b>			
- Consumption	1.4%	1.9%	2.4%
- GDP	2.7%	2.1%	2.4%
▪ <b>Spain</b>			
- Consumption	3.2%	3.0%	3.2%
- GDP	3.7%	2.8%	3.0%

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## ✓ Difficulties in Real Estate

## ✓ Credit squeeze:

- Restriction to additional supply
- New Opportunities

Source: World Bank. January 2008

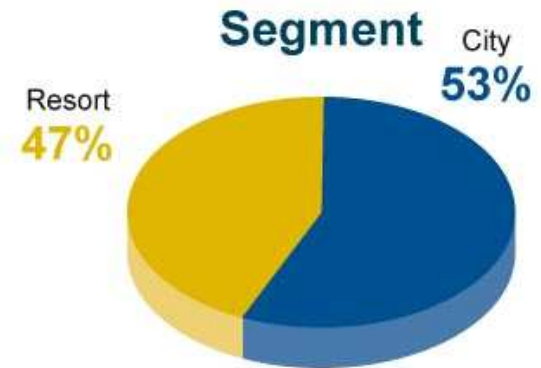
# Strengths to face the changing environment

## ✓ Solid financial situation

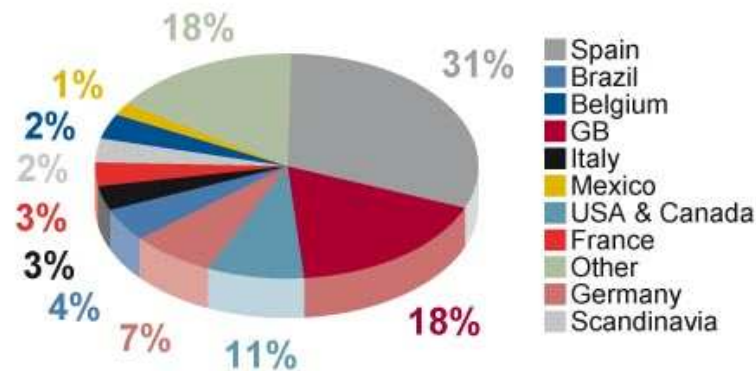
- Investment grade by Moody's
- Greater financial muscle for acquisitions

## ✓ Diversification

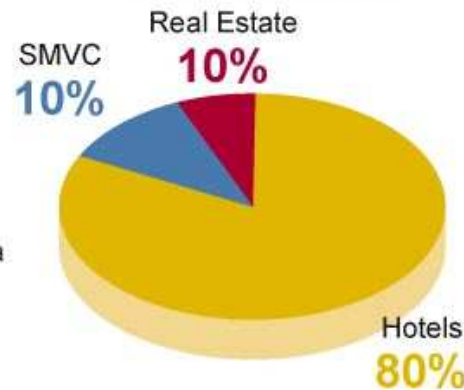
- Segment
- Clientele
- Geographical spread
- Business



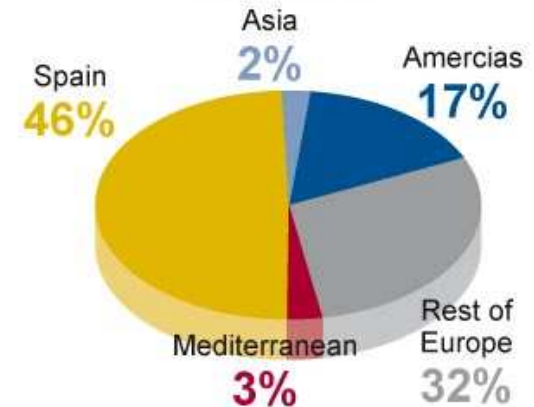
### Clientele



### Businesses



### Rooms



## Higher Ebitda stability



EBITDA								
USA		2001	2002	2003	%2003/2001	2004	2005	%2005/2004
MARRIOT INT (Hotels)	\$	562	466	509	-9%	610	694	14%
HILTON CORP.	\$	1023	951	849	-17%	988	1104	12%
STARWOOD	\$	1094	1039	856	-22%	1084	1229	13%
HOST MARRIOT	\$	866	757	632	-27%	746	887	19%
EUROPA								
<b>SOL MELIÁ</b>	€	<b>241</b>	<b>233</b>	<b>222</b>	<b>-8%</b>	<b>239</b>	<b>288</b>	<b>21%</b>
NH HOTELES	€	218	221	151	-31%	196	178	-9%
INTERCONT (Hotels)	£	-	-	786	-	470	447	-5%
HILTON GROUP plc	£	480	486	486	1%	391	294	-25%
ACCOR (Hotels)	€	1265	1204	1039	-18%	983	1042	6%

Fuente: Reuters

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## Outlook 2008



### Prudence in expectations for 2008 / Stability and resilience to the cycle:

#### **Negatives:**

- Unfavorable exchange rate  
(€/\$: 1.50 vs. 1.37 average in 2007)
- Stagnation in Real Estate Business.

#### **Positives:**

- RevPAR 08e      5% – 7%
- SMVC              double digit growth
- Launch of Strategic Plan  
and New Organizational Model
- Vesting into the future

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