



NH | HOTEL GROUP  
PART OF  
**MINOR**  
HOTELS

# 3

NH HOTEL GROUP  
BUSINESS MODEL

NH Collection Palacio de Oquendo  
Spain





## OUR VISION AND CULTURE

### Our vision

🏡 *One day, anyone planning a trip or a meeting in a city, for business or pleasure, will always ask: 'is there an NH hotel at my destination?'* 🏡

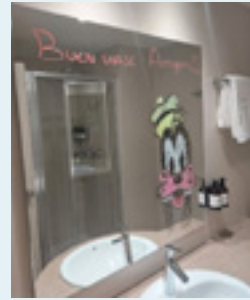
NH Hotel Group focuses on customers; they are at the center of all decisions. This approach allows us to evolve towards a vision focused on the service culture, taking care of the details at all times and corporate values that foster sustainability, innovation and responsibility, based on people.

NH Hotel Group wants to be consumers' chosen destination, offering them memorable experiences that exceed their expectations and make them feel special. This vision, which is shared by all the people who form part of the Company, serves as a performance and commitment guide, while at the same time seeking to make NH Hotel Group the best option for investors and owners who wish to grow together with the Group, with a global and flexible proposal, with highly motivated and proud teams, efficient management tools and unique solutions.

To maximize the return for shareholders who have placed their trust in NH Hotel Group, the Company offers its investors the best management opportunities as a leading operator in both the urban and business segment.

As a reflection of our Company values...

The team at that NH Barajas Airport hotel got behind Sergio and his family, which wanted to make his dream come true and take him to Euro Disney to meet his favorite character: Goofy!! It was the family's first trip, and although they



were excited, they felt a bit wary. Thanks to the team at the hotel, as soon as they arrived, they felt right at home. They loved the welcome they received, and the team had decorated their room to make them feel very special.

The team at the NH Collection Constanza hotel in Barcelona all pulled together to help the family of Abraham, a baby who had come to Barcelona for surgery, and thanks to NH they felt right at home. The family spent a very emotional stay and the team held them to cope at this difficult time.



### Our culture

A new culture has been defined that expresses who we are, what we want to do and how we do it.

To do so, the Company's beliefs have been identified, which will allow it to achieve the vision and become a benchmark in the sector world-wide.

These messages are an inspiration and motivation for Employees in achieving the goals of the Strategic Plan and guide NH Group's day-to-day activity, promoting change and evolution towards a leadership model.

- 1. Our priority is to deliver memorable experiences to our guests**
- 2. We are proud to serve**
- 3. We strive to be the best, even though we are not the biggest**
- 4. We are responsible for our results**
- 5. We care for our employees and our employees care for our guests**
- 6. We are active in the communities where we live**
- 7. We have a young mindset**
- 8. We enjoy what we do**

...and we do everything with a SMILE.

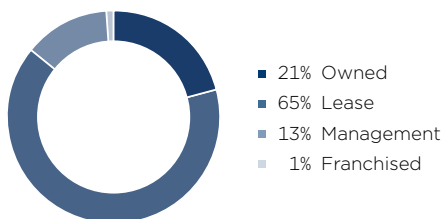
## NH HOTEL GROUP BUSINESS MODEL

NH Hotel Group is a consolidated multinational operator and one of the leading urban hotel chains in the world. As of the end of 2022, the Group was present in 30 countries, operating 350 hotels and 54,820 rooms in three continents (Europe, America and Africa).

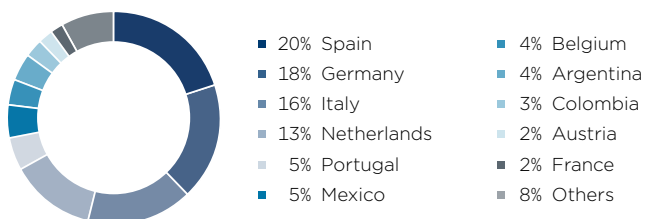
The centralized business model allows NH Hotel Group to offer its guests an excellent service in the various hotels in the different regions and geographical areas where it does business.

The corporate head office and the regional offices offer the hotels a wide range of functions such as sales, revenue management, booking, marketing, human resources, financial management and systems development

### BREAKDOWN OF ROOMS BY CONTRACT TYPE (December 2022)



### BREAKDOWN OF ROOMS BY COUNTRY (December de 2022)



### BREAKDOWN OF ROOMS BY BRAND (December de 2022)



### BREAKDOWN OF THE PORTFOLIO

	TOTAL		OWNED		LEASE		MANAGEMENT		FRANCHISED	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
<b>NH Hotel Group</b>	<b>350</b>	<b>54,820</b>	<b>69</b>	<b>11,280</b>	<b>224</b>	<b>35,594</b>	<b>51</b>	<b>7,461</b>	<b>6</b>	<b>485</b>
Argentina	16	2,241	12	1,524			4	717		
Brazil	1	178			1	178				
Chile	6	718	4	499			2	219		
Colombia	14	1,403			13	1,355	1	48		
Cuba	2	251					2	251		
Ecuador	1	124			1	124				
Haití	1	72					1	72		
Mexico	16	2,531	4	685	7	993	5	853		
Uruguay	1	136	1	136						
<b>BU AMERICA</b>	<b>58</b>	<b>7,654</b>	<b>21</b>	<b>2,844</b>	<b>22</b>	<b>2,650</b>	<b>15</b>	<b>2,160</b>	<b>0</b>	<b>0</b>
Austria	7	1,340			7	1,340				
Belgium	13	2,271	6	822	6	1,203	1	246		
Czech Republic	4	733			1	152	3	581		
Denmark	1	394			1	394				
Germany	52	9,958	4	870	48	9,088				
Hungary	3	483			3	483				
Ireland	1	187			1	187				
Luxembourg	1	148	1	148						
Netherlands	31	6,911	11	2,642	19	3,818	1	451		
Poland	1	93							1	93
Romania	1	83			1	83				
Slovakia	1	117			2	260				
Switzerland	2	260			2	260				
United Kingdom	1	190					1	190		
<b>BU NORTHERN EUROPE</b>	<b>119</b>	<b>23,168</b>	<b>22</b>	<b>4,482</b>	<b>91</b>	<b>17,268</b>	<b>6</b>	<b>1,468</b>	<b>1</b>	<b>93</b>
Andorra	2	100					2	100		
France	6	1,023			5	873	1	150		
Italy	57	8,624	13	1,944	40	6,087	4	593		
Portugal	16	2,753			5	854	11	1,899		
Spain	90	11,117	12	1,722	63	8,122	10	881	5	392
Tunisia	1	93					1	93		
United States	1	288	1	288						
<b>BU SOUTHERN EUROPE</b>	<b>173</b>	<b>23,998</b>	<b>26</b>	<b>3,954</b>	<b>113</b>	<b>15,936</b>	<b>29</b>	<b>3,716</b>	<b>5</b>	<b>392</b>
<b>TOTAL EUROPE</b>	<b>292</b>	<b>47,166</b>	<b>48</b>	<b>8,436</b>	<b>202</b>	<b>32,944</b>	<b>35</b>	<b>5,184</b>	<b>6</b>	<b>485</b>

\* Figures as of December 31<sup>st</sup>, 2022

## Expansion and portfolio optimization

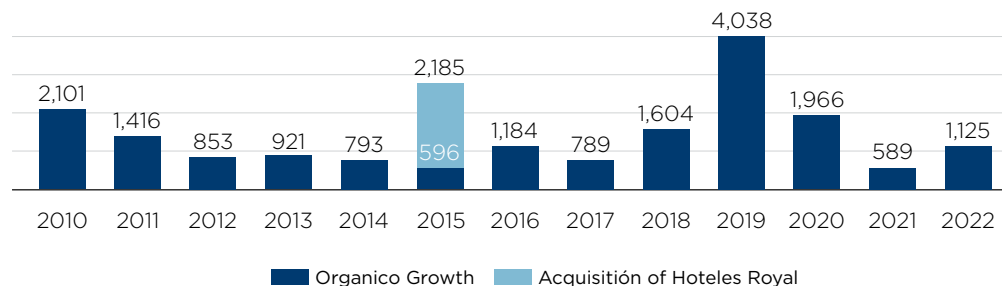
Our ambition as a Group is to continue growing, and to reinforce even more our position in tourist destinations and leadership in the urban sector. During this year, the combined and simultaneous commitment to leisure destinations and business trips has reinforced the Company's capacity for recovery.

During the year NH Hotel Group open 8 new hotels in different countries, with a total of 1,125 rooms. The opening in Nice of the Anantara Plaza Nice consolidates the Company's position in the luxury market, with 152 more rooms.

### HOTELS OPENED BETWEEN JANUARY 1<sup>ST</sup> AND DECEMBER 31<sup>ST</sup>, 2022

Hotel Name	Country	City	Category	Rooms
NH Santiago del Estero	Argentina	Santiago del Estero	★★★★	97
NH Collection Milano City Life	Italy	Milan	★★★★	185
NH Milano Buenos Aires	Italy	Milan	★★★★	100
NH Collection Palomé	Andorra	La Massana	★★★★	34
Anantara Plaza Nice Hotel	France	Niza	★★★★★	152
nhow Frankfurt	Germany	Frankfurt	★★★★	375
NH Cali Boulevard del Rio	Colombia	Cali	★★★★	48
NH Iquique Pacifico	Chile	Iquique	★★★★	134

In recent years, the evolution of openings and incorporations, in number of rooms, has been as follows:



In addition, the Group has signed 8 new hotels in 2022 with 1,336 rooms. These signings have been under management and leasing formulas in Andora, Vila Viçosa, Bern, Tenerife, Alvor, Coimbra, Porto and Lisbon. The signings were under the NH, NH Collection, Tivoli and Anantara brands.

Of particular relevance is the addition of such an emblematic resort as La Caleta in Tenerife and the signing of the Tivoli Blue Alvor in the Algarve, allowing the Company to take a strategic step forward, adding these destinations to the brand's already existing ones in Portugal, Brazil, Qatar and China. Moving forward, expanding the presence of this brand through high quality resorts will be a priority for NH Hotel Group.



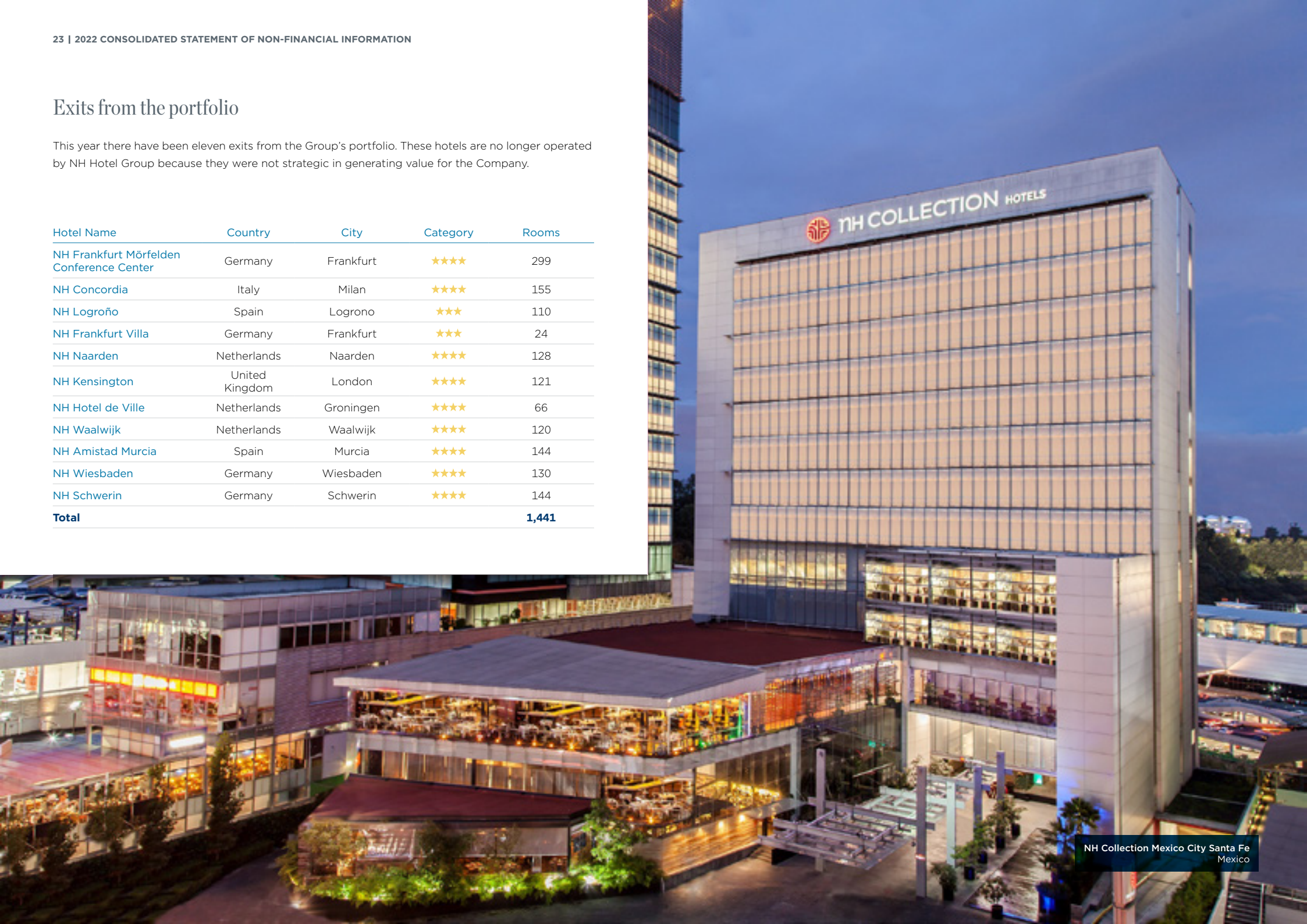
NH Collection Grand Hotel dei Dogi  
Italy



## Exits from the portfolio

This year there have been eleven exits from the Group's portfolio. These hotels are no longer operated by NH Hotel Group because they were not strategic in generating value for the Company.

Hotel Name	Country	City	Category	Rooms
NH Frankfurt Mörfelden Conference Center	Germany	Frankfurt	★★★★	299
NH Concordia	Italy	Milan	★★★★	155
NH Logroño	Spain	Logrono	★★★	110
NH Frankfurt Villa	Germany	Frankfurt	★★★	24
NH Naarden	Netherlands	Naarden	★★★★	128
NH Kensington	United Kingdom	London	★★★★	121
NH Hotel de Ville	Netherlands	Groningen	★★★★	66
NH Waalwijk	Netherlands	Waalwijk	★★★★	120
NH Amistad Murcia	Spain	Murcia	★★★★	144
NH Wiesbaden	Germany	Wiesbaden	★★★★	130
NH Schwerin	Germany	Schwerin	★★★★	144
<b>Total</b>				<b>1,441</b>





## Global economic and tourist context

Throughout 2022, the recovery that started in 2021 following the economic crisis generated by the COVID-19 pandemic was consolidated. The world economy grew by +3.4% compared to growth of +6.2% in the previous year.

The worldwide battle against inflation, Russia's war in Ukraine and the resurgence of COVID-19 in China hampered worldwide economic activity in 2022, and the first two factors will continue to do so in 2023.

Despite these negative factors, growth in GDP can be described as sound due to several factors: higher than expected consumption and private investment in a context of scarcity of labor and greater fiscal support than expected. Households spent more to satisfy pent-up demand, especially in services, dipping partly into their savings as economies reopened. Business investment increased to meet demand. On the supply side, pressures on prices gave way once bottlenecks were overcome and transport costs fell. Energy markets have adapted more quickly than expected to the shock of the Russian invasion of Ukraine.

The four countries that account for the bulk of the Group's sales and results recorded growth rates in 2022: Spain (+5.2% in 2022 vs. +5.5% in 2021), Netherlands (+4.5% in 2022 vs. +4.9% in 2021), Germany (+1.9% in 2022 vs. +2.6% in 2021) and Italy (+3.9% 2022 vs. +6.7% in 2021). On the other hand, growth in Latin America is expected to be +3.9% in 2022 vs. +7.0% in 2021.

The rise in interest rates by central banks to combat inflation and Russia's war in Ukraine continue to hamper economic activity. The rapid spread of COVID-19 in China caused growth to stall in 2022, but with the recent reopening a quicker recovery is expected. Worldwide inflation is expected to fall from 8.8% in 2022 to 6.6% in 2023 and to 4.3% in 2024, rates which are still higher than pre-pandemic levels (2017-19) of around 3.5%.

Accordingly, the estimated growth in world economic activity in 2023 is +2.9% (+3.4% in 2022 vs. +6.2% in 2021). More specifically, forecast growth in the Eurozone is +0.7% in 2023 (+3.5% in 2022 vs. +5.3% in 2021).

According to the UNWTO, more than 900 million tourists took international trips in 2022, double the figure for 2021, although this still represents only 63% of pre-pandemic levels. All regions in the world recorded notable increases in international tourists. The Middle East enjoyed the highest relative increase, as arrivals reached 83% of pre-pandemic figures. Europe reached almost 80% of pre-pandemic levels, with 585 million arrivals in 2022. Africa and the Americas recovered around 65% of pre-pandemic visitors, while the Asia Pacific region only recovered 23%, as a result of maintaining stricter measures in relation to the pandemic which have only started to be eliminated in recent months.

The increase in revenues from international tourism recorded in most destinations has been notable, and in many cases has exceeded the increase in incoming tourists. The increase in average spending per journey due to longer stays has contributed to this, as a result of travelers' willingness to spend more at their destinations and the increase in travel costs due to inflation. However, the economic situation could mean that tourists adopt a more cautious attitude in 2023, with less spending, shorter trips and to destinations nearer to home.

## Evolution of results

Turnover for 2022 reached 1.7224 billion euros, showing growth of 131% (+975.9 million euros). Net income attributable to the Controlling Company totaled 100.3 million euros compared to (133.7) million euros in 2021. This increase is explained by the increase in activity after the impact of COVID-19 in 2021.

Gross debt this year fell from 813.0 million euros in December 2021 to 610.7 million euros in December 2022. Cash and cash equivalents as of December 31<sup>st</sup>, 2022 amounted to 301.8 million euros (243.9 million euros as of December 31<sup>st</sup>, 2021). This liquidity was also supplemented by a syndicated credit facility in the amount of 242.0 million euros (available in full at the end of 2022 and 2021) and credit facilities at the end of 2022 amounting to 25.0 million euros (available in full at the end of 2022 and 2021).



## NH HOTEL GROUP STRATEGY

In order to comply not only with the strategy defined by NH Hotel Group but also with the strategy of Minor Hotels International and meet the needs of shareholders, partners, guests and employees, NH Hotel Group has devised a series of strategic initiatives that will act as drivers to achieve the desired goals, centered around four major blocks:

### 1. The best offering for our guests

One of the fundamental pillars of NH Hotel Group's strategy is focused on continuously perfecting products and developing differential services with the ultimate aim of improving guest satisfaction. In the framework of the Strategic Plan, there are mainly four initiatives that respond to this driver:

- Investment of resources in hotel repositioning/rebranding projects to maximize the value of the portfolio, offering guests products of impeccable quality and design.
- Defining a commercial strategy that enables us, on the one hand, to maximize revenues through price optimization (ADR) and integrity, a sound structure in terms of segments and channels and, on the other hand, to develop a value proposition for the B2B segment that is totally adapted to business needs.
- Migration to a new loyalty program that improves benefits for the most loyal guests by giving them access to a more extensive offer to redeem their points and a benefits program based on experiences.
- Implementation of digital tools, new concepts and personalization to respond better to what guests are demanding and to changing market trends.

### 2. Growing to scale up

An ambitious expansion plan that will allow NH Hotel Group to consolidate in the markets where it is already present, and to explore new strategic regions, new segments and business models.



## Innovative projects in 2022

### MOBILE GUEST SERVICE

Digitalization of hotel information and services on a PWA that can be accessed from any guest device (cell phone, Tablet, PC), offering guests the possibility of having all the information on the hotel on their cell phone: from information on the hotel's facilities and hours, to the possibility of ordering room service or booking a table in the restaurant, requesting additional amenities, etc. An initiative that eliminates interactions, guarantees information in a safe manner during their stay, and generates benefits in terms of sustainability by digitalizing all the information. With a view to improving our guests' experience and internal efficiency, in 2022 we started to analyze the integration of the processes with our Hotel Management System, and this tool is already present in 325 hotels in all our brands present in all our business units.



### FASTPASS

An initiative that offers guests the possibility of online check-in, choose your room and online check-out, and give guests total control over their stay, allowing them to choose their own room by exploring the hotel's layout. This initiative will continue to evolve in the future with the analysis and incorporation of new technologies that will let these services go even further with biometrics and face recognition or digital keys.







NH Cali Royal  
Colombia

### Innovative projects in 2022

#### HOUSEKEEPING MOBILITY APP



NH Hotel Group has continued to implement and improve a Housekeeping app that optimizes management of the department, as well as the check-in process. As soon as a room is clean and ready, the hotel's housekeeping staff can confirm this in real time using the app. This initiative represents an improvement allowing employees to manage room cleaning in an optimal and safer way. In 2022 it has been implemented in 30 more hotels.

#### SMART TABLETS IN RECEPTION



With the aim of continuing to be at the forefront of innovation and offer the best services to its guests, NH Hotel Group has designed Smart Tablets in Reception, a new initiative that digitalizes all the phases of the check-in and check-out processes. In 2022, more than 60 hotels have implemented this initiative and training has been given to more than 30 teams. Thanks to this project we can save 2 million sheets of A4 paper which represent:

- 30.000 kg of wood saved
- 500 m<sup>3</sup> of water not consumed
- 100,000 kWh of energy saved.
- 11 metric tons CO<sub>2</sub> not emitted into the atmosphere

To grow in this way the Company will build on:

- Grown in current markets supported by the existing structure.
- Strengthening presence in attractive markets for the company.
- Studying opportunities in countries in which NH Hotel Group is not present, focusing always on the principal cities.
- Diversification towards highly profitable and resilient businesses such as the luxury sector, mainly through the Anantara Hotels, Resorts & Spas brand, which is highly regarded on the market, and resorts focusing on the Tivoli Hotels & Resorts brand, which has shown excellent results in this segment. To develop the lifestyle category, the Company will extend its value proposition with the Avani brand, as well as continuing to support the nhow hotels brand, both in Europe and Latam. The NH Hotels y NH Collection brands, which between them total more than 320 at present, will also continue to be fundamental for the development of the growth strategy in the upscale and upper-upscale segments.

### 3. Evolving the employee value proposition

The perception of hospitality as an attractive sector has undergone a very important change, caused mainly by the Covid-19 crisis. The vulnerability of the sector to economic cycles and other external circumstances has been laid bare, and as a result it is becoming difficult to attract and retain talent in the Company. It is therefore more important than ever that the Company's strategy consider the evolution of the Employee Value Proposition by adapting it to the new situation, where aspects such as employees' career development, their personal wellbeing and remuneration become more important.

### 4. Being a benchmark in sustainability

Sustainability has gained even more relevance for NH Hotel Group, with the aim of contributing positively to the planet's environmental and social wellbeing.

In 2022, NH Hotel Group was recognized as one of the most sustainable companies in the sector according to the S&P Global Corporate Sustainability Assessment, and of the Company's aims is to continue to lead this ranking. To this end, a number of lines of work have been defined that will form the basis on which NH Hotel Group defines an action plan to operate in a decarbonized world in the long term.