THIRD QUARTER RESULTS

2018

MELIÃ HOTELS INTERNATIONAL

GRAN MELIÁ HOTELS & RESORTS · ME BY MELIÁ · PARADISUS BY MELIÁ · MELIÃ HOTELS & RESORTS · INNSIDE BY MELIÃ · TRYP · Sol by Meliã · CIRCLE BY MELIÃ · MELIÃ REWARDS

P&L AND KEY INDICATORS SUMMARY

(Million Euros)	September 2018	September 2017 *	% change
REVENUES	**1,414.1**	**1,436.4**	**-1.6%**
Revenues ex asset rotation	**1,389.7**	**1,436.4**	**-3.2%**
EBITDAR	423.5	389.9	8.6%
EBITDA	**273.6**	**250.7**	**9.1%**
EBITDA ex asset rotation	**254.1**	**250.7**	**1.4%**
EBIT	185.5	161.6	14.8%
TOTAL FINANCIAL PROFIT (LOSS)	-25.7	-33.2	22.4%
EARNINGS BEFORE TAXES	167.6	154.9	8.2%
NET PROFIT	**125.7**	**115.0**	**9.4%**
NET PROFIT ATTRIBUTABLE	119.7	108.7	10.1%
EPS (€)	0.52	0.47	10.1%
REVPAR Owned & Leased (€)	**88.7**	**87.5**	**1.4%**
REVPAR Owned, Leased & Managed (€)	**71.8**	**74.9**	**-4.1%**
EBITDAR MARGIN (ex - capital gains)	30.5%	27.1%	333 bps
EBITDA MARGIN (ex - capital gains)	*18.3%*	*17.5%*	83 bps

Note: *In order to facilitate a proper comparison with 2018 numbers, 2017 figures have been restated to consider the accounting principles included in IFRS 15.*

Business performance

- EBITDA excluding capital gains rose by +5.0% during the third quarter of the year vs Q3 2017, while margins grew by +143 bps on a current currency basis, despite the performance in the Mediterranean region due to the good weather conditions in Northern Europe in the summer that impacted last minute bookings. Also, we were not impacted by the USD/EUR exchange rate during Q3. On a constant currency basis, the evolution of our main financial metrics vs 9M 2017 has been the following: Owned & Leased RevPAR (+2.9%, with prices and occupancy rates growing at a healthy rate), revenues (-2.7%, as we were impacted by a number of closures and refurbishments that reduced the number of rooms available) and EBITDA ex capital gains (+6.2%, being particularly relevant the +118 bps improvement in margins as a result of cost efficiencies and savings combined with the economies of scale derived from both our ambitious digitalization process and the increasing importance of the management model within our global operations).
- EPS rose by +10.1% in the period and stood at €0.52, which compares with the €0.47 in 9M 2017.
- Sales through our direct channel melia.com increased by +5.4% vs 9M 2017.
- The final value of Meliá' share of the assets consolidated by using the equity method amounts to €643.0M, +2.4% above the initially estimated amount published back in July. Therefore, NAV per share remains at €15.2.
- Our approach to Corporate Social Responsibility was globally recognized by RobecoSAM, which ranked us 3rd among the World's Best Sustainable Companies in the Hotels, Resorts and Cruise Lines category, after IHG and Hilton. This reinforces our strong commitment to corporate social responsibility and sustainable growth and is reflected in the high percentage of socially responsible investors among our shareholders, well above our main peers.

Debt Management

- Net Debt rose by +80.8M during 9M 2018 vs December 2017 mainly due to the full consolidation of ME London, which increased our bank debt by +£60.7M. Also, we keep our Net Debt/EBITDA target ratio for 2018 at 2.0x.
- Net Financial Loss improved during the period after having declined by -22.4% vs 9M 2017 thanks to the lower average cost of debt (3.2% vs 3.3% in 9M 2017) and the less negative impact of exchange rates.

Development strategy

- Our global pipeline stands at around 15k rooms and 56 hotels, representing around 17.0% of our total portfolio, and of which over 85.0% have been signed under management contracts. Furthermore, during the first 9 months of the year we opened 17 new hotels, all of them under management contracts except one lease, and disaffiliated 4.
- Moreover, during 9M 2018 we signed 14 hotels focusing on resorts located in 3 main areas: Mediterranean (1 in Morocco, 1 in Montenegro, 2 in Portugal and 2 in Malta), Asia (1 in China, 1 in Thailand, 3 in Vietnam and 1 in the UAE) and the Caribbean (1 in Jamaica), as well as in prime bleisure destinations (1 in London), that will reinforce our leadership position in the leisure segment worldwide and allow us to further penetrate into premium segments.

Outlook 2018

- For Q4, we expect a low single digit RevPAR growth for our urban hotels in Spain, with the exception of Barcelona. However, we foresee a slowdown in our resorts located in the Canary Islands due to the competition from Egypt.
- In EMEA, we expect the positive market dynamics to continue in France, the UK and Germany, while in Americas current bookings make us optimistic and foresee a positive Q1 2019 in the Caribbean.

Paradisus Cancún | Mexico

REPORT ON HOTELS OPERATION

MELIÃ HOTELS INTERNATIONAL

GRAN MELIÃ HOTELS & RESORTS · ME BY MELIÃ · PARADISUS BY MELIÃ · MELIÃ HOTELS & RESORTS · INNSIDE BY MELIÃ · TRYP · Sol by Meliã · CIRCLE BY MELIÃ · MELIÃ REWARDS

GLOBAL HOTELS

FINANCIAL INDICATORS

HOTELS OWNED & LEASED	9M 2018 €M	9M 2017 €M	% change
Total aggregated Revenues	**1.213.9**	**1.243.5**	**-2.4%**
Owned	597.3	631.9	
Leased	616.6	611.6	
Of which Room Revenues	***774.5***	***775.5***	**-0.1%**
Owned	321.8	338.6	
Leased	452.7	436.9	
EBITDAR Split	**345.2**	**343.8**	**0.4%**
Owned	173.7	180.1	
Leased	171.5	163.7	
EBITDA Split	**196.3**	**201.4**	**-2.6%**
Owned	173.7	180.1	
Leased	22.5	21.3	
EBIT Split	**126.9**	**132.2**	**-4.1%**
Owned	127.0	131.5	
Leased	-0.1	0.7	

MANAGEMENT MODEL	9M 2018 €M	9M 2017 €M	% change
Total Management Model Revenues	**227.8**	**230.7**	**-1.3%**
Third Parties Fees	39.9	45.0	
Owned & Leased Fees	75.6	78.2	
Other Revenues	112.3	107.5	
Total EBITDA Management Model	**71.1**	**69.3**	**2.7%**
Total EBIT Management Model	69.7	67.0	

* Other Revenues in 9M 2018 include €73.2M of Corporate Revenues not directly attributable to any specific division. Idem in 9M 2017 data by €55.6M.

OTHER HOTEL BUSINESS	9M 2018 €M	9M 2017 €M	% change
Revenues	**45.0**	**52.1**	**-13.6%**
EBITDAR	2.9	3.9	
EBITDA	1.8	3.5	
EBIT	1.0	2.8	

MAIN STATISTICS

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occup.		ARR		RevPAR		Occup.		ARR		RevPAR	
	%	p.p. change	€	% change	€	% change	%	p.p. change	€	% change	€	% change
TOTAL HOTELS	73.7%	1.3	120.4	-0.3%	88.7	1.4%	68.4%	-0.2	105.0	-3.8%	71.8	-4.1%
TOTAL HOTELS SAME STORE BASIS	74.6%	0.3	122.9	-1.3%	91.7	-1.0%	69.2%	-0.2	107.2	-3.8%	74.2	-4.1%
AMERICA	70.9%	-1.4	115.2	-2.3%	81.8	-4.2%	68.9%	-1.4	115.9	-3.3%	79.9	-5.2%
EMEA	72.7%	1.2	155.5	-1.6%	113.1	0.0%	72.0%	1.6	156.8	0.5%	112.9	2.7%
SPAIN	73.7%	2.5	102.3	1.3%	75.4	4.8%	72.3%	2.7	101.9	1.2%	73.7	5.2%
MEDITERRANEAN	78.4%	-0.2	101.1	2.6%	79.3	2.3%	75.5%	-0.9	95.2	0.3%	71.9	-1.0%
CUBA	-	-	-	-	-	-	58.1%	-6.3	81.5	-17.8%	47.4	-25.8%
BRAZIL	24.3%	1.4	117.9	-31.6%	28.7	66.5%	56.3%	5.8	74.6	-12.8%	42.0	-2.8%
ASIA	-	-	-	-	-	-	61.8%	4.1	69.5	-8.3%	43.0	-1.8%

* Available Rooms 9M 2018: 8,727.7k (vs 8,865.2k in 9M 2017) in O&L // 17,812.9k (versus 17,682.8 in 9M 2017) in O,L&M.

FUTURE DEVELOPMENT

	Current Portfolio				Pipeline									
	9M 2018		2017 YE		2018		2019		2020		Onwards		TOTAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
GLOBAL HOTELS	328	82,107	315	80,757	4	2,221	14	3,241	29	7,154	9	1,980	56	14,596
Management	128	36,824	112	34,752	3	1,829	12	2,830	23	5,768	6	1,512	44	11,939
Franchised	48	9,743	49	9,812	0	0	0	0	1	96	3	468	4	564
Owned	44	13,293	47	14,340	1	392	0	0	0	0	0	0	1	392
Leased	108	22,247	107	21,853	0	0	2	411	5	1,290	0	0	7	1,701

HOTEL MARGINS

	Occup.	ARR	RevPAR	RevPAR by Price	EBITDAR	EBITDAR MARGIN	EBITDAR	EBITDA	EBITDA MARGIN	EBITDA
	% change	% change	% change	%	% change	bps change	Flow Through	% change	bps change	Flow Through
TOTAL HOTELS OWNED & LEASED	1.8%	-0.3%	1.4%	-21.3%	0.4%	79.25	NA	-2.6%	-2.9	17.4%
AMERICA (USD)	-1.9%	5.2%	3.2%	159.0%	7.2%	492.80	NA	7.0%	445.2	NA
EMEA	1.5%	-1.3%	0.0%	-670.4%	-1.5%	-42.92	NA	-7.8%	-108.9	NA
SPAIN	3.4%	1.3%	4.8%	26.9%	0.5%	-86.63	4.2%	-7.2%	-107.6	NA
MEDITERRANEAN	0.1%	5.4%	2.3%	98.3%	4.1%	-31.25	22.5%	-4.5%	-116.3	NA

	Occup.	ARR	RevPAR	RevPAR by Price	EBITDAR	EBITDAR MARGIN	EBITDAR	EBITDA	EBITDA MARGIN	EBITDA
	% change	% change	% change	%	% change	bps change	Flow through	% change	bps change	Flow through
TOTAL HOTELS OWNED & LEASED SAME STORE BASIS	0.4%	-1.3%	-1.0%	-138.8%	-2.6%	12.24	NA	-6.1%	-57.5	NA
AMERICA (USD)	-2.9%	3.0%	0.0%	3473.7%	3.1%	233.77	NA	2.6%	201.4	NA
EMEA	1.2%	-0.7%	0.6%	-113.7%	-1.8%	-69.34	NA	-7.2%	-112.5	NA
SPAIN	2.2%	-0.3%	2.0%	-14.6%	-3.9%	-91.95	NA	-14.1%	-148.7	NA
MEDITERRANEAN	0.3%	-0.5%	-0.3%	-194.6%	3.5%	30.56	41.8%	5.0%	30.6	24.9%

ME London | United Kingdom

AMERICA

FINANCIAL INDICATORS

HOTELS OWNED & LEASED	9M 2018 €M	9M 2017 €M	% change
Total aggregated Revenues	**324.9**	**372.8**	**-12.8%**
Owned	302.5	348.2	
Leased	22.4	24.6	
Of which Room Revenues	***142.9***	***159.3***	**-10.3%**
Owned	123.7	139.0	
Leased	19.2	20.3	
EBITDAR Split	**105.3**	**107.6**	**-2.1%**
Owned	98.7	102.2	
Leased	6.5	5.4	
EBITDA Split	**97.2**	**99.7**	**-2.5%**
Owned	98.7	102.2	
Leased	-1.5	-2.5	
EBIT Split	**76.2**	**75.3**	**1.1%**
Owned	77.9	78.0	
Leased	-1.7	-2.6	

MANAGEMENT MODEL	9M 2018 €M	9M 2017 €M	% change
Total Management Model Revenues	**44.5**	**47.4**	**-6.1%**
Third Parties Fees	3.2	3.3	
Owned & Leased Fees	21.4	24.5	
Other Revenues	19.8	19.6	

MAIN STATISTICS

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occup.		ARR		RevPAR		Occup.		ARR		RevPAR	
	%	p.p. change	€	% change	€	% change	%	p.p. change	€	% change	€	% change
TOTAL AMERICA	70.9%	-1.4	115.2	-2.3%	81.8	-4.2%	68.9%	-1.4	115.9	-3.3%	79.9	-5.2%
TOTAL AMERICA SAME STORE BASIS	74.3%	-2.2	117.8	-4.4%	87.4	-7.2%	71.7%	-1.5	117.2	-6.0%	84.1	-7.9%
México	75.5%	1.2	117.2	-6.0%	88.5	-4.4%	73.7%	0.9	123.8	-6.9%	91.2	-5.8%
Dominican Republic	72.5%	-5.6	111.6	-3.0%	81.0	-10.0%	72.5%	-5.6	111.6	-3.0%	81.0	-10.0%
Venezuela	42.5%	-5.2	77.4	57.5%	32.9	40.2%	42.5%	-5.2	77.4	57.5%	32.9	40.2%
U.S.A.	79.4%	-1.6	147.6	-4.8%	117.2	-6.6%	74.8%	-0.4	152.0	-3.7%	113.7	-4.3%

* Available Rooms 9M 2018: 1,747.4k (vs 1,866.7k in 9M 2017) in O&L // 2,228.8k (vs 2,345.3k in 9M 2017) in O,L&M.

CHANGES IN PORTFOLIO

Openings between 01/01/2018 – 30/09/2018

Hotel	Country / City	Contract	# Rooms
Tryp Lima Miraflores	Peru / Lima	Management	140

Disaffiliations between 01/01/2018 – 30/09/2018

Hotel	Country / City	Contract	# Rooms
-	-	-	-

FUTURE DEVELOPMENT

	Current Portfolio				Pipeline									
	9M 2018		2017 YE		2018		2019		2020		Onwards		TOTAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
TOTAL AMERICA	28	9,040	27	8,890	1	392	1	498	4	652	1	500	7	2,042
Management	9	1,996	8	1,850	0	0	1	498	4	652	1	500	6	1,650
Franchised	2	214	2	214	0	0	0	0	0	0	0	0	0	0
Owned	15	6,281	15	6,277	1	392	0	0	0	0	0	0	1	392
Leased	2	549	2	549	0	0	0	0	0	0	0	0	0	0

- RevPAR in USD (owned, leased & managed) declined by -3.6% during the quarter vs Q3 2017 as a result of both prices and occupancy rates decreases due to a number of aspects that negatively impacted our operations in the region in the period.
- Total fee revenue dropped by -6.4% in Q3 vs the same period last year due to the decline in O&L fees collected given the lower number of rooms available for sale due to refurbishments, plus some issues that affected certain Mexico destinations that will be discussed below.
- EBITDA (owned & leased) flow through (in USD) deteriorated as a result of the lower revenues collected during the first nine months of the year, although in this challenging situation we managed to optimize our operations and to increase EBITDA margin by over 445 bps in the period.
- Melia.com sales dropped by almost -12.0% in the quarter vs Q3 20107 due to the above mentioned issues affecting certain of the locations where we operate.

Our operations in America posted a mixed set of results over the third quarter of the year. In this regard, and despite the slight fall posted by revenues during the period, we managed to improve EBITDA thanks to a performance plan aimed at increasing efficiency levels launched and implemented on a regionwide basis.

The main causes that came to explain the decline in sales have been, among others, the effects of Hurricane María in Puerto Rico (Q3 2017) , where our hotel Meliá Coco Beach still remain closed at least until year end; the ongoing refurbishment of Meliá Caribe Tropical, which reduced the number of rooms available for sale during the period; as well as the depreciation of the Venezuelan Bolivar. Also, in Mexico we posted a slight RevPAR decrease (in USD) during the quarter as a result of the cancelations that affected certain areas of the country, particularly Playa del Carmen, due to a sargassum (a type of seaweed) problem affecting a number of beaches. Additionally, US travelers fell during the summer season, although this drop was partially offset with the increase shown by domestic demand, which also had an impact on prices. Finally, it is worth to mention that the FIFA World Cup that took place in June and July also had a negative impact on bookings, as some travelers from a number of significant feeder markets for the region, particularly LATAM, opted to visit Russia to support their national teams or stayed at their home countries instead of travelling to the Caribbean.

Finally, it must be highlighted that the evolution of the USD/EUR exchange rate during the quarter did not have a significant impact in our operations in America. However, it must be highlighted that EBITDA on a constant currency basis of the division rose by a +9.5% in the period vs 9M 2017.

OUTLOOK

We remain optimistic for the high season and expectant for Q4 2018 due to different challenges that we expect to face. In this regard, bookings for the Christmas season are at the moment in line with the same period last year, with the exception of Meliá Caribe Tropical due to the ongoing refurbishment that is affecting the hotel and that has reduced the number of rooms available for sale. Moreover, when looking at prospects for Q1 2019, the high season of the region, we remain positive in general terms, although bookings are below the same period last year in the Cancun area given the decline posted by demand in the groups segment as a result of the different travel warnings affecting certain destinations within the country. However, this decrease has been partially offset by the increasing demand of the individual segment. Moreover, the refurbishment of Meliá Caribe Tropical will finalize in December and the hotel will start to operate as two separated new hotels, Meliá Caribe Beach and Meliá Punta Cana Beach, after a full repositioning that intends to further penetrate into premium segments and to expand the services offered to the most demanding guests. To top it off, the opening of Paradisus Grand Reserve in the Dominican Republic and the reopening of Meliá Iguazu, a unique hotel located in front of the Iguazu Falls, after a full refurbishment, will help us to generate additional revenues and to boost our presence and brands' strength in both regions in the future.

PORTFOLIO AND PIPELINE

In Q3, we added one new hotel to our portfolio in America: Tryp Lima Miraflores (Peru, management, 140 rooms) that will reinforce our presence in the country, while in December we will open Paradisus Gran Reserve (Dominican Republic, owned, 392 rooms) an all-inclusive resort considered as one of the most luxurious products for families in the region. Additionally, we are excited with the opening of Paradisus Playa Mujeres (Mexico, management, 498 rooms), a luxury all-inclusive resort located in a prime and unique destination that is expected to be fully operative in April 2019, as it will allow us to reinforce our leadership position in the resorts segment in the Caribbean. Going forward, we will continue increasing the value of our hotels through repositionings and refurbishments and evaluating new projects in attractive destinations with strong growth potential benefitting from positive market dynamics and demand trends.

EMEA

FINANCIAL INDICATORS

HOTELS OWNED & LEASED	9M 2018 €M	9M 2017 €M	% change
Total aggregated Revenues	**424.2**	**423.5**	**0.2%**
Owned	180.7	161.3	
Leased	243.5	262.2	
Of which Room Revenues	**297.6**	**296.0**	**0.6%**
Owned	122.6	114.5	
Leased	175.0	181.5	
EBITDAR Split	**109.1**	**110.7**	**-1.5%**
Owned	44.8	46.3	
Leased	64.3	64.4	
EBITDA Split	**53.2**	**57.7**	**-7.8%**
Owned	44.8	46.3	
Leased	8.5	11.4	
EBIT Split	**29.3**	**34.9**	**-16.2%**
Owned	29.0	32.0	
Leased	0.3	3.0	

MANAGEMENT MODEL	9M 2018 €M	9M 2017 €M	% change
Total Management Model Revenues	**32.1**	**44.0**	**-27.0%**
Third Parties Fees	1.9	1.5	
Owned & Leased Fees	23.8	24.4	
Other Revenues	6.4	18.0	

MAIN STATISTICS

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occup.		ARR		RevPAR		Occup.		ARR		RevPAR	
	%	p.p. change	€	% change	€	% change	%	p.p. change	€	% change	€	% change
TOTAL EMEA	72.7%	1.2	155.5	-1.6%	113.1	0.0%	72.0%	1.6	156.8	0.5%	112.9	2.7%
TOTAL EMEA SAME STORE BASIS	72.8%	0.9	157.1	-0.7%	114.3	0.6%	72.6%	0.8	157.6	-0.2%	114.5	0.9%
Spain	71.3%	-0.9	215.8	-1.7%	154.0	-2.9%	69.9%	-1.6	216.0	-2.2%	151.1	-4.5%
United Kingdom	74.6%	0.0	167.1	1.7%	124.7	1.6%	74.6%	0.0	167.1	1.7%	124.7	1.6%
Italy	71.3%	71.3	216.6	2.0%	154.4	6.6%	70.8%	3.1	219.9	1.9%	155.6	6.5%
Germany	71.4%	0.5	107.1	-1.1%	76.4	-0.4%	71.4%	0.5	107.1	-1.1%	76.4	-0.4%
France	82.1%	12.1	182.3	3.8%	149.6	21.7%	82.1%	12.1	182.3	3.8%	149.6	21.7%

* Available Rooms 9M 2018: 2,632.1k (vs 2,618.8k in 9M 2017) in O&L // 2,076.3k (versus 2,930.4k in 9M 2017) in O,L&M.

CHANGES IN PORTFOLIO

Openings between 01/01/2018 – 30/09/2018

Hotel	**Country / City**	**Contract**	**# Rooms**
ME Sitges Terramar	Spain / Sitges	Management	213
Meliá Setúbal	Portugal / Setúbal	Franchise	112
Meliá Desert Palm	UAE / Dubai	Management	38
Meliá Maputo Sky	Mozambique / Maputo	Franchise	171

Disaffiliations between 01/01/2018 – 30/09/2018

Hotel	**Country / City**	**Contract**	**# Rooms**
Meliá Dubai	UAE / Dubai	Management	164

Note: *In order to properly compare the current and historical portfolio, it must be highlighted that in 2018, 4 hotels have been moved from the EMEA to the Mediterranean division.*

FUTURE DEVELOPMENT

	Current Portfolio				Pipeline									
	9M 2018		2017 YE		2018		2019		2020		Onwards		TOTAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
TOTAL EMEA	76	12,872	77	13,396	1	81	2	411	10	2,062	3	468	16	3,022
Management	9	1,029	10	1,396	1	81	0	0	4	676	0	0	5	757
Franchised	14	2,027	13	1,915	0	0	0	0	1	96	3	468	4	564
Owned	14	3,177	13	3,029	0	0	0	0	0	0	0	0	0	0
Leased	39	6,639	41	7,056	0	0	2	411	5	1,290	0	0	7	1,701

- RevPAR (owned, leased & managed) rose by +1.7% in Q3 vs the same period last year, being this increase mainly explained by occupancy rates, due to improved performance of our hotels given the positive market dynamics in some countries within the region during the period.
- Total fee revenue fell by -2.9% in the quarter vs Q3 2017 mainly due to the disaffiliation of Meliá Dubai and the slowdown posted by our hotels in Spain.
- EBITDA (owned & leased) flow through and margins worsened during the period mainly due to the underperformance of our hotels located in Spain.
- Melia.com sales jumped by +13.0% in Q3 vs the same period last year as a result of the increasing penetration of our platform among clients due to the different digital campaigns recently launched.

The EMEA region still benefitted from positive market trends in some regions during Q3, which positively impacted in the performance of our hotels. In this regard, the main highlights on a country basis are discussed below:

GERMANY/AUSTRIA

Even though we acknowledge that the entire 2018 has been a tough year for the German market, with a number of destinations growing at a slower pace than initially expected, we managed to close the quarter with a +2.0% RevPAR increase vs the same period last year, explained by rises in both prices and occupancy rates. The higher contribution of recently opened hotels that are still in ramp up, such as Hamburg Hafen, Innside Leipzig, Frankfurt Ostend and Innside Aachen, which posted double digit growth thanks to the fact that many of them became very popular hotels within their cities among visitors, plus the strong performance in Munich mainly due to the celebration of a number of trade fairs, came to explain this recovery posted by our hotels located in the country, despite the severe decline registered in both the Dusseldorf and Wolfsburg areas, where the lower demand and the increasing competition negatively impacted our operations. Finally, sales through melia.com rose by +5.2% vs Q3 2017.

UK

Our hotels located in the UK posted a RevPAR increase (in GBP) of +11.4% thanks to the notable summer season in the city of London, which has been one of the stronger ones in years. In this context, RevPAR grew by +24.0% in ME London, our flagship hotel within the city, and by +30.0% in the apartments that we operate in Meliá White House, with the latter hotel also increasing its RevPAR by a +5.0%. Additionally, Innside Manchester posted a +6.0% RevPAR growth vs the same period last year, being this a significant success given that market expectations forecasted a flat growth within the upscale segment. In addition, melia.com sales grew by +3.7% vs Q3 2017 backed by the positive trend and dynamics shown by the market.

FRANCE

Q3 has been a very good quarter for our hotels located in Paris, which posted a RevPAR growth of +26.3% vs the same period last year, well above both STR's initial estimations for the market and the increases registered by our main competitors. In this regard, all of our hotels located in the city grew at a double digit level, being particularly significant the performances of Meliá Tour Eiffel, Meliá Champs Elysees and Meliá Paris La Defense after having posted RevPAR increases of around +30.0% vs Q3 2017, and with the latter having reached its highest ARR in the last two years. Finally, sales through melia.com rose by +17.8% vs the same period last year.

ITALY

After a very positive first half of the year, our hotels located in Italy experienced a slight slowdown during Q3 and closed the quarter with a -0.4% RevPAR decrease, mainly explained by a reduction in occupancy rates. On the positive side, our flagship hotels ME Milan Il Duca and Gran Meliá Rome posted a +6.0% and +2.0% RevPAR growth respectively thanks to the increasing demand posted by the individual leisure segment in both cities, being this trend particularly important in Milano, which is becoming a solid leisure destination in the summer season. However, these positives performances were offset by the Morandi bridge collapse, which hit the Meliá Genova performance, plus the closure of the Campione Casino, which heavily impacted the performance of Meliá Campione. Additionally, Meliá Milano struggled during the period, as an important congress (ERS) that took place in 2017 was not held this year and we were not able to recover from the decline in demand with individual guests. Finally, melia.com sales increased by +6.8% vs Q3 2017.

PREMIUM SPAIN

Urban: The third quarter of the year has been a hard period for our premium urban hotels located in Spain, which posted a RevPAR decrease of -5.8% vs Q3 2017, mainly explained by prices. In this regard, the negative market momentum caused by the political and economic uncertainties is still having a negative effect in both the MICE and individual segments in Barcelona, with Meliá Sky and Meliá Sarriá being significant examples after having closed the quarter with RevPAR decreases of -12.0% and -24.0% respectively. On the positive side, we would like to highlight the performance of Gran Meliá Palacio de los Duques and Gran Meliá Colón, located in Madrid and Seville respectively, during the summer season after having posted RevPAR increases of +16.0% and +14.0% respectively and that came to reinforce the benefits of our current strategy aimed at positioning certain hotels within the most exclusive luxury networks in the world.

Resorts: Our Spanish resorts were hit by the slowdown of the international tourist sector in the country during the summer season due to several factors, such as the decline in the number of both British and German tourists, the increasing competition from alternative destinations (Turkey, Egypt, Greece, etc.) and the good weather conditions in Europe, which negatively impacted our operations in the country, particularly in destinations like Mallorca, Ibiza and Tenerife, as some hotels located in Southern Spain, such as Meliá Sancti Petri and Meliá Don Pepe, are more dependent on Spanish visitors and thus more resilient to the above mentioned pressures. In this challenging context, our Spanish resorts posted a RevPAR decrease of -11.8% during the quarter vs Q3 2017, with mostly of this decrease being explained by the severe drop posted by Gran Meliá Palacio de Isora, which closed the period with a -21.0% decline in RevPAR due to the lower number of contingent rooms booked by a British TO due to weaker demand.

OUTLOOK

We are optimistic for the last quarter of the year in EMEA in general terms, being the main specific aspects for each of the countries in which we operate the following:

In Germany, we foresee a RevPAR growth of a mid single digit vs the same period last year due to the strong demand expected in certain areas, such as Munich, thanks to a relatively high number of trade fairs that will be held during the period and the strong demand expected for the Oktoberfest, while in the United Kingdom we expect the positive market trend that we witnessed in Q3 to continue and forecast a double digit RevPAR increase vs Q4 2017 that will help us to improve the relatively weak figures posted during the first half of the year. Additionally, the bright market momentum that we have been experiencing in France over the entire year is expected to continue in Q4, for which we estimate a double digit RevPAR growth vs Q4 2017 according to recent STR estimations. The same will apply to Italy, where we are also confident and have positive expectations for Q4, for which we estimate a RevPAR increase of a mid single digit, particularly due to the expected solid contributions of our flagship hotels located in Tier 1 cities. Finally, in Spain we intend to revert the relatively weak third quarter of the year during Q4 not only thanks to the strong performance expected in some hotels located in Madrid and Seville, such as Gran Meliá Palacio de los Duques, Gran Meliá Fénix and Gran Meliá Colón, but also due to the expected normalization of the market in Barcelona, as October 1st, 2017 was the starting point of the current situation and therefore it will be easier to compare periods. Also, in the Canary Islands we expect a slowdown for the upcoming months due to the increasing interest of international demand in some alternative destinations, such as Egypt.

PORTFOLIO AND PIPELINE

During the third quarter of the year we incorporated 2 new hotels to our portfolio in EMEA: Meliá Desert Palm (Dubai, management, 38 rooms) and Meliá Maputo Sky (Mozambique, franchise, 171 rooms), with the latter being our first hotel in the country, that will help us to consolidate our brands' strength and to increase our footprint in both regions. Additionally, we signed a new hotel in the UK, London Kensington (management, 81 rooms), which will be incorporated to our portfolio under our white label brand and that is expected to open in Q4 2018. On the other hand, we disaffiliated Meliá Dubai (Dubai, management, 164 rooms), as we are now focused on targeting the luxury segment in primary locations. For the future, we will continue evaluating different alternatives to better position our properties among premium clients, as well as to further penetrate in areas where we operate or to enter into new geographies to take advantage of positive market trends and to exploit additional opportunities to expand our presence in the region.

Gran Meliá Don Pepe | ,Marbella - Spain

MEDITERRANEAN

FINANCIAL INDICATORS

HOTELS OWNED & LEASED	9M 2018 €M	9M 2017 €M	% change
Total aggregated Revenues	**228.8**	**217.5**	**5.2%**
Owned	55.3	67.2	
Leased	173.4	150.2	
Of which Room Revenues	***158.2***	***151.8***	**4.2%**
Owned	38.0	45.7	
Leased	120.2	106.1	
EBITDAR Split	**65.2**	**62.6**	**4.1%**
Owned	16.3	17.6	
Leased	48.8	45.0	
EBITDA Split	**26.2**	**27.5**	**-4.5%**
Owned	16.3	17.6	
Leased	9.9	9.8	
EBIT Split	**17.5**	**18.8**	**-7.0%**
Owned	12.8	13.4	
Leased	4.7	5.5	

MANAGEMENT MODEL	9M 2018 €M	9M 2017 €M	% change
Total Management Model Revenues	**31.6**	**29.7**	**6.3%**
Third Parties Fees	13.2	11.9	
Owned & Leased Fees	15.1	14.3	
Other Revenues	3.3	3.4	

MAIN STATISTICS

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occup.		ARR		RevPAR		Occup.		ARR		RevPAR	
	%	p.p. change	€	% change	€	% change	%	p.p. change	€	% change	€	% change
TOTAL MEDITERRANEAN	78.4%	-0.2	101.1	2.6%	79.3	2.3%	75.5%	-0.9	95.2	0.3%	71.9	-1.0%
TOTAL MEDITERRANEAN SAME STORE BASIS	79.2%	0.2	104.4	-0.5%	82.6	-0.3%	76.8%	0.6	97.3	-0.9%	74.8	-0.2%
Spain	78.4%	-0.2	101.1	2.6%	79.3	2.3%	78.0%	-0.8	98.6	1.3%	76.9	0.3%
Cape Verde	-	-	-	-	-	-	65.8%	3.5	73.9	-3.8%	48.6	1.6%

* Available Rooms 9M 2018: 1,995.3k (vs 1,958.0 in 9M 2017) in O&L // 3,146.6k (versus 3,932.7k in 9M 2017) in O,L&M.

CHANGES IN PORTFOLIO

Openings between 01/01/2018 – 30/09/2018

Hotel	**Country / City**	**Contract**	**# Rooms**
Sol Beach House at Meliá Furteventura	Spain / Fuerteventura	Management	142
Sol Marbella Estepona – Atalaya Park	Spain / Estepona	Management	468
Calviá Beach The Plaza	Spain / Magalluf	Lease	272
Meliá Budva Petrovac	Montenegro / Budva	Management	114

Disaffiliations between 01/01/2018 – 30/09/2018

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

Note: *In order to properly compare the current and historical portfolio, it must be highlighted that in 2018, 4 hotels have been moved from the EMEA to the Mediterranean division.*

FUTURE DEVELOPMENT

	Current Portfolio				Pipeline									
	9M 2018		2017 YE		2018		2019		2020		Onwards		TOTAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
TOTAL MEDITERRANEAN	84	25,686	76	23,778	0	0	2	403	7	2,343	1	150	10	2,896
Management	30	9,488	24	8,131	0	0	2	403	7	2,343	1	150	10	2,896
Franchised	19	5,908	19	5,908	0	0	0	0	0	0	0	0	0	0
Owned	7	1,838	10	2,610	0	0	0	0	0	0	0	0	0	0
Leased	28	8,452	23	7,129	0	0	0	0	0	0	0	0	0	0

MEDITERRANEAN 2018 THIRD QUARTER RESULTS

- RevPAR (owned, leased & managed) fell by -1.2% in the quarter vs Q3 2017 mainly due to the sharp decline in prices as a result of the negative impact of alternative destinations and the good weather conditions in Europe in the performance of our Spanish resorts.
- Total fee revenue rose by +7.5% in Q3 vs the same period last year due to the higher third parties and O&L fees collected during the period.
- EBITDA (owned & leased) flow through and margins deteriorated during the first nine months of the year due to the different aspects affecting the tourism industry in Spain.
- Melia.com sales rose by over +11.0% during the quarter vs Q3 2017 thanks to the marketing initiatives implemented on a regionwide basis aimed at promoting our direct channel among potential clients.

During Q3, the high season for the Mediterranean region, we faced a number of challenges that negatively impacted the performance of our Spanish resorts. In this regard, as expected, the decline in demand during the summer season from a number of important feeder markets, such as Germany and the United Kingdom, that resulted from the increasing penetration of alternative destinations among travelers, including Egypt and Turkey and with the latter fueled by the collapse of the Turkish Lira; the good weather conditions in Northern Europe, that reduced international trips, as many potential visitors decided to stay in their home countries; the rise in oil prices and its effect in the viability of a number of airlines, which was exacerbated by several strikes that resulted in cancelations of several flights connecting Europe with Spain; as well as the celebration of the FIFA World Cup in Russia, among others, led to a situation in which the number of arrivals of international tourists coming to Spain fell vs the same period last year and that compares with the constant increases that we witnessed over the past years. To top it off, the good expectations that we had in July for Q3 were not fulfilled unfortunately as a result of the worsening shown by last minute bookings.

In this challenging context, when looking at specific regions within Spain, our hotels located in Coasts closed a relatively good quarter mainly thanks to the increasing demand from national tourists and the higher number of road trips, which helped us to improve both prices and occupancy rates, despite the fact that due to delays in certain refurbishments the number of available rooms during the summer season has been lower than initially expected.

Our hotels located in the Balearic Islands performed very well until the end of June, when a number of competitors decided to reduce prices due to the slowdown in demand, particularly in some areas such as Ibiza, which forced us to reduce prices in order to limit the impact in RevPAR, although however this also led to an increase in occupancy rates during the period. Additionally, it is worth to mention the good performance of Calviá Beach The Plaza at revenue level, considering that it has been a new opening.

In the Canary Islands, and after having closed a strong 2017, our hotels were impacted by the increasing demand of alternative destinations, such as Turkey and Egypt, which motivated a decline in sales through TOs, as a number of them decided to allocate and offer a higher number of packages in these destinations due to the higher profitability of the regions compared to Spain. This aspect had a negative impact in our premium resorts, particularly due to the decline posted by German visitors, and resulted in a decrease in occupancy rates that was aggravated by the total closure of Sol La Palma and the partial closures of Meliá Salinas and Meliá Fuerteventura during the summer season due to refurbishments, which reduced the number of rooms available for sale.

Finally, our hotels located in Cape Verde closed a positive quarter thanks to the increasing demand of the destination, which motivated a rise in occupancy rates, although we were still affected by the fact that some of them are still in ramp up.

OUTLOOK

For the last quarter of the year, we anticipate a number of challenges, as Turkey, Egypt and Tunisia are expected to continue experiencing high growth rates in terms of scheduled capacity and international arrivals, which in the case of Turkey will be boosted by the evolution of the Turkish Lira. This expected rise in demand for 2019 had a negative impact in the negotiation of prices with TOs for the year, although we managed to close them with a +2.0% increase. Additionally, we expect higher pressures from discounts and last minute campaigns focused on Turkey and North Africa, which will negatively impact a number of our Spanish resorts, particularly the premium ones located in the Canary Islands, although we expect to limit and offset this impact with marketing and digital initiatives aimed at increasing the penetration of our digital channels in destinations benefitting from extra low carriers capacity. Finally, we would like to highlight that at this moment is hard to predict how oil prices will evolve in the following months and therefore what will be the impact on international travelling, as well as how the Brexit negotiations will end up, but due to both aspects we remain cautious and therefore we opted to develop well defined contingency plans to limit the potential impact in our operations if the situation deteriorates.

PORTFOLIO AND PIPELINE

During the third quarter of the year, we incorporated 3 new hotels to our Mediterranean portfolio: Sol Marbella Estepona - Atalaya Park (Spain, management, 468 rooms), Calviá Beach The Plaza (Spain, lease, 272 rooms) and Meliá Budva Petrovac (Montenegro, management, 114 rooms), with the latter being our first hotel in the country, that will increase our footprint in regions with high growth potential, as well as to generate additional revenues during the low season. Additionally, in July we sold 2 hotels: Sol La Palma (Spain, 473 rooms) and Sol Jandía Mar (Spain, 294 rooms), although however we will continue operating them under variable lease contracts. On the other hand, we signed 2 additional hotels: ME Malta (Malta, management, 200 rooms) and Innside Malta (Malta, management, 150 rooms) that will become our first hotels in the country once opened and that will allow us to benefit from a very appealing destination with strong potential among upper segments. Moreover, in the meantime we will continue refurbishing and repositioning our current portfolio in the region to adapt it to the current complex market environment and to our brand standards, as well as to increase our penetration among premium segments to become more resilient to cycle downturns and to improve the overall profitability of the division.

ME Mallorca | Mallorca – Spain

SPAIN

FINANCIAL INDICATORS

HOTELS OWNED & LEASED	9M 2018 €M	9M 2017 €M	% change
Total aggregated Revenues	**234.5**	**226.5**	**3.6%**
Owned	58.8	55.2	
Leased	175.8	171.3	
Of which Room Revenues	***174.7***	***166.2***	**5.1%**
Owned	37.5	39.4	
Leased	137.2	126.8	
EBITDAR Split	**67.0**	**66.6**	**0.5%**
Owned	13.9	14.0	
Leased	53.1	52.7	
EBITDA Split	**21.7**	**23.4**	**-7.2%**
Owned	13.9	14.0	
Leased	7.8	9.5	
EBIT Split	**6.6**	**10.0**	**-34.7%**
Owned	7.3	8.2	
Leased	-0.8	1.8	

MANAGEMENT MODEL	9M 2018 €M	9M 2017 €M	% change
Total Management Model Revenues	**26.9**	**26.9**	**0.1%**
Third Parties Fees	5.4	5.2	
Owned & Leased Fees	15.3	14.8	
Other Revenues	6.3	6.9	

MAIN STATISTICS

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occup.		ARR		RevPAR		Occup.		ARR		RevPAR	
	%	p.p. change	€	% change	€	% change	%	p.p. change	€	% change	€	% change
TOTAL SPAIN	73.7%	2.5	102.3	1.3%	75.4	4.8%	72.3%	2.7	101.9	1.2%	73.7	5.2%
TOTAL SPAIN SAME STORE BASIS	73.5%	1.6	97.0	-0.3%	71.3	2.0%	71.8%	1.8	98.1	-0.3%	70.5	2.2%
Spain	73.7%	2.5	102.3	1.3%	75.4	4.8%	72.3%	2.7	101.9	1.2%	73.7	5.2%

* Available Rooms 9M 2018: 2,315.7k (versus 2,308.6k in 9M 2017) in O&L // 3,124.8k (versus 3,155.7k in 9M 2017) in O,L&M.

CHANGES IN PORTFOLIO

Openings between 01/01/2018 – 30/09/2018

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

Disaffiliations between 01/01/2018 – 30/09/2018

Hotel	**Country / City**	**Contract**	**# Rooms**
Tryp Madrid Getafe Los Ángeles	Spain / Getafe	Franchise	121
Tryp Mallorca Santa Ponsa	Spain / Santa Ponsa	Franchise	60

FUTURE DEVELOPMENT

	Current Portfolio				Pipeline									
	9M 2018		2017 YE		2018		2019		2020		Onwards		TOTAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
TOTAL SPAIN	72	13,740	74	13,996	0	0	0	0	0	0	0	0	0	0
Management	13	3,668	11	3,217	0	0	0	0	0	0	0	0	0	0
Franchised	12	1,468	14	1,649	0	0	0	0	0	0	0	0	0	0
Owned	8	1,997	9	2,424	0	0	0	0	0	0	0	0	0	0
Leased	39	6,607	40	6,706	0	0	0	0	0	0	0	0	0	0

SPAIN 2018 THIRD QUARTER RESULTS

- RevPAR (owned, leased & managed) dropped by -0.1% in Q3 vs the same period last year due to the decline in prices caused by the slowdown of the tourism industry in the country as a result of different factors.
- Total fee revenue increased by +0.1% in the quarter vs Q3 2017 as a result of the higher third parties and O&L fees collected during the period.
- EBITDA (owned & leased) flow through and margins were negatively impacted during the period due to a number of aspects that affected our hotels located in the country.
- Melia.com sales increased by +9.0% in Q3 vs the same period last year due to the increasing penetration of our direct channel, particularly among Spanish customers.

Our non-premium urban hotels located in Spain closed a flat Q3, being the main highlights of each area the following:

CENTRAL AREA – MADRID

The hotels that we operate in Madrid closed the period improving past year's figures thanks to the higher occupancy rates registered and despite the slight fall in prices. In this regard, the higher demand of the individual leisure segment plus the increasing penetration of our direct channel, particularly among Spanish clients, helped us to navigate the challenges that we faced in the MICE segment, as the ESMO 2017 congress was not held this year in the city and thus a number of our hotels, including Meliá Madrid Princesa, Meliá Barajas and Meliá Madrid Serrano, among others, were negatively impacted.

SOUTHERN SPAIN

As in the case of the Central Area, the Southern Spain region also posted a strong growth in occupancy rates during the third quarter of the year combined with a decline in prices. The main aspect that comes to explain this improved performance vs the same period last year has been the positive market momentum in Seville, where our hotels Meliá Lebreros and Meliá Sevilla benefitted from an increasing demand, being this particularly significant given that this has been the first time in which both hotels were open during the entire summer season, and despite that Meliá Marbella Banús posted a slight decline in revenues vs Q3 2017 due to the decline in the individual segment demand.

EASTERN SPAIN

Our hotels located in Eastern Spain closed the quarter with an increase in occupancy rates and flat prices thanks to the positive performance of the individual segment, plus the increasing importance of sales through our direct channel melia.com, which rose in recently repositioned hotels within the region, such as Tryp Apolo, Meliá Palma Marina and Innside Palma Bosque, and despite the decline in the crews segment, which was affected by the severe drop in the number of bookings of airline crews due to a number of issues that affected El Prat Airport, including the Air Berlin bankruptcy. Additionally, our hotels located in Barcelona were still heavily impacted by the current political situation, which is having a severe impact in the MICE segment, and being the only exception Tryp Apolo mainly due to the contribution of the individual segment, and the reduction in the number of rooms available that resulted from different refurbishments.

NORTHERN SPAIN & EAST (LEVANTE)

The third quarter of the year has been positive for our hotels located in the Northern and East (Levante) areas thanks to the increasing demand and positive market momentum in destinations such as Bilbao and San Sebastián in the north, which came to explain the notable performance of Meliá Bilbao and Tryp Orly, plus Valencia in the east, as Alicante was hit by the decline in demand from the UK.

OUTLOOK

In general terms, we have positive expectations for our non-premium urban hotels located in Spain. In Madrid, we foresee a good performance of both the individual and MICE segments vs Q4 2017, particularly thanks to the higher contribution of recently repositioned hotels, such as Meliá Madrid Princesa and Meliá Madrid Serrano, during the weekends, plus the celebration of CPhI Worldwide, the world's largest event of the pharmaceutical industry, along with Fruit Attraction. In Southern Spain, we expect a positive performance of the MICE segment in Seville, as well as stronger individual demand in Meliá Sevilla, Meliá Marbella Banús and Meliá Sierra Nevada, while in Eastern Spain we foresee higher demand in October and December and a slight decrease in November, as the premium car launch event that took place in Q4 2017 will not be held this year and will negatively impact Meliá Palma Marina and Tryp Bellver. Finally, we have positive expectations for our hotels located in Northern Spain, particularly in Bilbao and La Coruña, although we foresee a slight decline in East (Levante) as some events, such as the Volvo Ocean Race, will not be held this year and thus will negatively impact the Alicante area.

PORTFOLIO AND PIPELINE

We have not added any hotel to our non-premium urban portfolio in Spain nor we expect to add additional ones in the short term, as currently we are focused on adding further value to our hotels through repositionings and refurbishments aimed at positioning them among premium clients, increasing the attractiveness of current facilities, as well as to expand the services and unique experiences offered to our clients.

Meliá Bilbao | Bilbao - Spain

CUBA

FINANCIAL INDICATORS

HOTELS OWNED & LEASED	9M 2018 €M	9M 2017 €M	% change
Total aggregated Revenues	***N.A.***	***N.A***	**-**
Owned	-	-	
Leased	-	-	
Of which Room Revenues	***N.A.***	***N.A.***	**-**
Owned	-	-	
Leased	-	-	

MANAGEMENT MODEL	9M 2018 €M	9M 2017 €M	% change
Total Management Model Revenues	**10.4**	**17.5**	**-40.7%**
Third Parties Fees	9.7	17.2	
Owned & Leased Fees	0.0	0.0	
Other Revenues	0.7	0.3	

MAIN STATISTICS

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occup.		ARR		RevPAR		Occup.		ARR		RevPAR	
	%	p.p. change	€	% change	€	% change	%	p.p. change	€	% change	€	% change
TOTAL CUBA	-	-	-	-	-	-	58.1%	-6.3	81.5	-17.8%	47.4	-25.8%
TOTAL CUBA SAME STORE BASIS	-	-	-	-	-	-	58.3%	-5.9	83.7	-17.8%	48.8	-25.3%

* Available Rooms 9M 2018: 3,285.7k (versus 3,269.7k in 9M 2017) in O,L&M.

CHANGES IN PORTFOLIO

Openings between 01/01/2018 – 30/09/2018

Hotel	Country / City	Contract	# Rooms
La Unión	Cuba / Cienfuegos	Management	49
Jagua	Cuba / Cienfuegos	Management	173
Meliá San Carlos	Cuba / Cienfuegos	Management	56
Gran Hotel Camagüey	Cuba / Camagüey	Management	72
Meliá Colón	Cuba / Camagüey	Management	58

Disaffiliations between 01/01/2018 – 30/09/2018

Hotel	Country / City	Contract	# Rooms
-	-	-	-

FUTURE DEVELOPMENT

	Current Portfolio				Pipeline									
	9M 2018		2017 YE		2018		2019		2020		Onwards		TOTAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
TOTAL CUBA	33	12,623	28	12,517	2	1,748	1	142	3	781	0	0	6	2,671
Management	33	12,623	28	12,517	2	1,748	1	142	3	781	0	0	6	2,671
Franchised	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Owned	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Leased	0	0	0	0	0	0	0	0	0	0	0	0	0	0

CUBA 2018 THIRD QUARTER RESULTS

- RevPAR in USD (managed) decreased by -10.3% in the quarter vs Q3 2017, being this drop mainly explained by prices.
- Total fee revenue dropped by -49.4% in Q3 vs the same period last year as a result of the different issues that have been affecting our operations in the country over the year, although the situation has started to normalize.
- Melia.com sales fell by -14.6% during the quarter vs Q3 2017.

As expected given the market dynamics that we have been witnessing over recent months, the drop in the activity levels that has been affecting our hotels located in Cuba during the entire 2018 started to revert in Q3. In this regard, the negative effects of the hurricanes that hit the country in Q4 2017, which had a severe impact in our operations during the first quarter of the year, plus the regulations affecting international trips to Cuba for United States nationals introduced by the Trump Administration, combined with the decrease shown by international arrivals from significant feeder markets, such as Germany and the United Kingdom, are still present, although the situation has changed and currently there are positive symptoms and signs pointing to a normalization and recovery of the situation in the upcoming months. In terms of international arrivals, it is worth to mention the drop in the number of air seats available, particularly from US and European cities to Varadero and particularly to La Habana, being this aspect also aggravated by a number of cancelations of both internal and external routes, with the exceptions of those from and to Argentina and Madrid. In this regard, the cancelations of around 20 weekly flights connecting the country with Canada, its main feeder market, were particularly negative. Additionally, some of our hotels located in the country, such as Paradisus Rio de Oro, Meliá Cayo Guillermo and Meliá Las Dunas, were affected by refurbishments and repositionings, which limited the number of rooms available for sale during the period.

In this challenging context, RevPAR (in USD) fell during Q3 vs the same period last year, although however this figure shows a significant improvement when compares with the –29.7% RevPAR decline posted during the first half of the year, being this drop mainly explained by prices on a regionwide basis, although some of the main touristic destinations, such as Cayo Largo, La Habana and Holguín, posted significant decreases in occupancy rates that negatively impacted certain hotels. Nevertheless, and in order to revert this complex situation as soon as possible, we launched a number of commercial initiatives and have been working closely and tirelessly with the Cuban Government to promote a healthy recovery of the destination for the upcoming months that should start to bear fruit soon.

Finally, it must be noted that sales through our direct channel melia.com declined vs the same period last year as a result of the above mentioned negative effects that impacted our operations in the country during the quarter, although we witnessed a recovery in September that we expect to continue in the future, for which we forecast a double digit growth vs Q4 2017, once the situation in the country stabilizes.

OUTLOOK

For the last quarter of the year, we foresee a recovery in the country that is expected to be reflected mainly in occupancy rates, for which we forecast a significant increase vs the same period last year, when we were affected by the impact of the hurricanes that hit the island during the summer, but that however will not be enough to recover 2016 figures yet. Moreover, we remain optimistic and have positive expectations for the high season in Q1 2019, as this year we will be able to properly market our rooms, which contrasts with the situation that we experienced last year, when TOs reopened the destination with a severe delay due to the problems caused by hurricanes and as a result a number of potential clients opted for alternative destinations.

PORTFOLIO AND PIPELINE

During Q3 we incorporated one hotel to our portfolio in Cuba, Meliá San Carlos (Cienfuegos, management, 56 rooms) and for the last quarter of the year we plan to open 2 new all-inclusive resorts, both of them under management contracts: Paradisus Los Cayos (Cayo Santa María, 802 rooms) and Meliá Internacional Varadero (Varadero, 946 rooms), that will reinforce our presence in the country in the leisure sector. Going forward, we will continue evaluating attractive projects in the country given its significant importance for our operations from a strategical point of view.

Meliá Buenavista | Cuba

BRAZIL

FINANCIAL INDICATORS

HOTELS OWNED & LEASED	9M 2018 €M	9M 2017 €M	% change
Total aggregated Revenues	**1.5**	**3.3**	**-53.1%**
Owned	0.0	0.0	
Leased	1.5	3.3	
Of which Room Revenues	***1.1***	***2.1***	**-49.9%**
Owned	0.0	0.0	
Leased	1.1	2.1	
EBITDAR Split	**-1.2**	**-3.8**	**66.7%**
Owned	0.0	0.0	
Leased	-1.2	-3.8	
EBITDA Split	**-2.1**	**-6.9**	**69.4%**
Owned	0.0	0.0	
Leased	-2.1	-6.9	
EBIT Split	**-2.7**	**-6.9**	**61.7%**
Owned	0.0	0.0	
Leased	-2.7	-6.9	

MANAGEMENT MODEL	9M 2018 €M	9M 2017 €M	% change
Total Management Model Revenues	**3.3**	**3.8**	**-14.6%**
Third Parties Fees	2.4	2.5	
Owned & Leased Fees	0.1	0.1	
Other Revenues	0.8	1.2	

MAIN STATISTICS

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occup.		ARR		RevPAR		Occup.		ARR		RevPAR	
	%	p.p. change	€	% change	€	% change	%	p.p. change	€	% change	€	% change
TOTAL BRAZIL	24.3%	-	117.9	-	28.7	-	56.3%	5.8	74.6	-12.8%	42.0	-2.8%
TOTAL BRAZIL SAME STORE BASIS	-	-	-	-	-	-	57.7%	2.2	73.8	-12.0%	42.6	-8.5%

* Available Rooms 9M 2018: 37.2k (vs 112.7k in 9M 2017) in O&L // 861.2k (versus 937.4k in 9M 2017) in O,L&M.

CHANGES IN PORTFOLIO

Openings between 01/01/2018 – 30/09/2018

Hotel	Country / City	Contract	# Rooms
-	-	-	-

Disaffiliations between 01/01/2018 – 30/09/2018

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

FUTURE DEVELOPMENT

	Current Portfolio				Pipeline									
	9M 2018		2017 YE		2018		2019		2020		Onwards		TOTAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
TOTAL BRAZIL	14	3,150	15	3,563	0	0	0	0	0	0	0	0	0	0
Management	13	3,024	13	3,024	0	0	0	0	0	0	0	0	0	0
Franchised	1	126	1	126	0	0	0	0	0	0	0	0	0	0
Owned	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Leased	0	0	1	413	0	0	0	0	0	0	0	0	0	0

BRAZIL 2018 THIRD QUARTER RESULTS

- RevPAR (owned, leased & managed) decreased by -0.4% in the quarter vs Q3 2017 as a result of the severe decline in prices, although occupancy rates rose, which points to a stabilization of our operations within the country after a relatively weak first half of the year. However, this result have been negatively impacted by the evolution of the Brazilian Real against the EUR, as in local currency RevPAR rose by +16.1% in the quarter vs Q3 2017 on a like for like basis.
- Total fee revenue dropped by -3.3% in Q3 vs the same period last year given the lower third parties fees collected during the quarter.
- Melia.com sales declined by a -4.4% in the quarter vs Q3 2017, although expectations for the future are positive.

The third quarter of the year has been positive in general terms for our hotels located in Brazil, with both occupancy rates and prices (in local currency) rising at a high pace, and even though that mostly of them were affected to some extent by the FIFA World Cup that took place in Russia between June and July. In this regard, the main aspect that comes to explain the strong performance posted by our hotels was the strengthening of the internal demand, particularly during August and September and within the individual and MICE segments, since a number of companies and individuals decided to anticipate trips, meetings and events to avoid the October Presidential Elections. Additionally, the recovery shown by the Brazilian economy, which emerged from a deep recession that lasted for a number of years, combined with the relatively stable political situation after diverse corruption cases that deteriorated the confidence in the country and increased the insecurity levels in certain areas, such as Sao Paulo, where we have a strong presence particularly in the bleisure segment, boosted the number of tourists and helped us to improve the division's figures.

When looking at segments, it must be highlighted the robust increase shown by the MICE segment, as well as the improved performance posted by our hotels in Sao Paulo during weekends, which historically were considered as periods with low occupancy rates, thanks to the strong efforts made on repositionings to properly target and adapt them to the needs of the bleisure segment, as well as a result of the attractiveness of the city in aspects such as sports, cultural attractions, gastronomy and entertainment, that differentiate it from other areas where we operate, such as Campinas and Brasilia.

Last but not least, it is worth to mention that sales through our direct channel melia.com are starting to normalize as a result of the improved economic conditions in the country plus the increasing number of activities that took place after the FIFA World Cup. In terms of nationalities, and even tough Brazilians represented mostly of the direct bookings, we would like to highlight the significant increase shown by Spanish and Portuguese travelers, which was boosted by the evolution of the exchange rate between the EUR and the Brazilian Real, as the depreciation suffered by the Brazilian currency made our hotels located in the country relatively cheap to held international corporate and business events and meetings.

OUTLOOK

For the last quarter of the year, we foresee a slight deterioration in the performance of our Brazilian hotels due to the negative effect caused by the Presidential Elections during October, as no significant events are planned to be held during the period. In November, there will be three bank holidays that will definitely affect our hotels located in Brasilia and Campinas, as demand will be relatively weak in both cities during these days. However, we expect to partially offset this impact with the positive performance expected in Sao Paulo during November and December, where the celebration of the F1 Grand Prix, the Sao Paulo International Motor Show, the Comic Con and a number of important music festivals will boost demand.

PORTFOLIO AND PIPELINE

We have not added any new hotels to our portfolio in Brazil during Q3 nor expect to add additional ones in the short term, as we believe that our current footprint is aligned with the strategy that we are implementing in the region.

Meliá Jardim Europa | Brazil

ASIA

FINANCIAL INDICATORS

HOTELS OWNED & LEASED	9M 2018 €M	9M 2017 €M	% change
Total aggregated Revenues	***N.A.***	***N.A.***	**-**
Owned	-	-	
Leased	-	-	
Of which Room Revenues	***N.A.***	***N.A.***	**-**
Owned	-	-	
Leased	-	-	

MANAGEMENT MODEL	9M 2018 €M	9M 2017 €M	% change
Total Management Model Revenues	**6.0**	**5.9**	**0.2%**
Third Parties Fees	4.1	3.3	
Owned & Leased Fees	0.0	0.0	
Other Revenues	1.8	2.6	

MAIN STATISTICS

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occup.		ARR		RevPAR		Occup.		ARR		RevPAR	
	%	p.p. change	€	% change	€	% change	%	p.p. change	€	% change	€	% change
TOTAL ASIA	-	-	-	-	-	-	61.8%	4.1	69.5	-8.3%	43.0	-1.8%
TOTAL ASIA SAME STORE BASIS	-	-	-	-	-	-	63.7%	5.5	82.8	10.1%	52.7	20.4%
Indonesia	-	-	-	-	-	-	59.6%	5.5	65.8	6.3%	39.2	17.2%
China	-	-	-	-	-	-	67.7%	6.5	61.8	-15.1%	41.8	-6.1%
Vietnam	-	-	-	-	-	-	68.5%	9.0	91.1	-7.4%	62.4	6.7%

* Available Rooms 9M 2018: 1,259k (versus 1,111.5k in 9M 2017) in O,L&M.

CHANGES IN PORTFOLIO

Openings between 01/01/2018 – 30/09/2018

Hotel	**Country / City**	**Contract**	**# Rooms**
Lavender Boutique Hotel	Vietnam / Ho Chi Minh	Management	107
Amena Residences and Suites	Vietnam / Ho Chi Minh	Management	75
Meliá Ba Vi Mountain	Vietnam / Hanoi	Management	55

Disaffiliations between 01/01/2018 – 30/09/2018

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

FUTURE DEVELOPMENT

	Current Portfolio				Pipeline									
	9M 2018		2017 YE		2018		2019		2020		Onwards		TOTAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
TOTAL ASIA	21	4,996	18	4,617	0	0	8	1,787	5	1,316	4	862	17	3,965
Management	21	4,996	18	4,617	0	0	8	1,787	5	1,316	4	862	17	3,965
Franchised	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Owned	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Leased	0	0	0	0	0	0	0	0	0	0	0	0	0	0

ASIA 2018 THIRD QUARTER RESULTS

- RevPAR in USD (managed) increased by +17.0% in Q3 vs the same period last year mainly due to the rise in occupancy rates as a result of the positive market dynamics shown by the main countries in which we operate.
- Total fee revenue rose by +20.5% in the quarter vs Q3 2017 as a result of the good performance posted by our hotels in the region during the period.
- Melia.com sales jumped by +19.0% in Q3 vs the same period last year as a result of the different commercial initiatives and agreements with local partners to increase the penetration of our platform among prospective clients.

Our hotels located in Asia closed a quarter that has been in line with initial expectations in general terms thanks to the rise registered by both occupancy rates and prices vs Q3 2017 as a result of the increasing demand combined with the overall positive market dynamics of the main areas. In this regard, the main aspects that explain the positive evolution of our operations in the region have been the increasing contribution not only of the business travel and OTAs channels, but also the higher importance of our direct channel melia.com as a result of the different marketing and commercial actions implemented on a regionwide basis, such as the National Holidays campaign in China, as well as targeted initiatives aimed at promoting the conversion rates when selling superior rooms or to further penetrate into certain market niches and strategic destinations, including America, Europe, Vietnam, Cuba or Indonesia, among others, that started to bear fruit given the increase shown in the number of clients from Australia, China and South Korea and that boosted the performance of certain hotels located in Europe and Asia.

When looking at specific countries, our hotels located in China had a positive performance during the quarter mainly thanks to the strategic alliances signed with local players to increase our penetration in a very competitive market, and particularly in the case of consolidated hotels, such as Gran Meliá Xian and Meliá Jinan, which managed to improve their RevPAR and margins. Also, it is worth to mention the performance posted by recently opened hotels, such as Innside Zhengzhou and Meliá Shanghai Hongqiao, being this aspect particularly relevant given the fierce competition that we face in both areas and the relatively low level of penetration of our brands among upper clients.

In Indonesia, our hotels posted a mixed set of results during the period. On the one hand, those hotels located in Jakarta still suffered as a result of the slowdown in the economic conditions that has been affecting the area over the past months, although this trend apparently has started to revert according to the shift in the demand trends that we have witnessed in Gran Meliá Jakarta. Additionally, Yogyakarta and Makassar are cities highly dependent on the local traveler and activity generated by the public sector, so a normalization and pick up of activity levels is still expected. On the other hand, Bali has continued to benefit from positive market dynamics, which boosted the performance of some of our hotels located in the area, such as Meliá Bali, Sol House Legian, Sol House Kuta and Sol Beach House Benoa.

In Vietnam, the third quarter of the year brought positive figures in the main hotels that we operate in the country, such as Meliá Hanoi, Meliá Danang and Sol Beach House Phu Quoc, thanks to the increasing demand of leisure destinations, particularly from international tourists. In this regard, and in order to benefit from the current positive market dynamics and strong potential of the country, we increased our footprint to further penetrate and position ourselves into upper segments. Finally, in Malaysia demand trends have been positive in the quarter and helped Meliá Kuala Lumpur to maintain an upward trend, which we hope will continue for the rest of the year, while in Myanmar the increasing competition combined with the unstable political situation in the country negatively impacted the tourism industry and thus the performance of Meliá Yangon deteriorated vs the same period last year.

OUTLOOK

We remain positive for the last quarter of the year in the main geographies where we operate in Asia, particularly thanks to the expected contribution of the MICE segment. In this regard, a number of significant trade fairs and events will be held during the period, including the IMF Annual Meeting in October in Nusa Dua (Bali), located very close to Meliá Bali, and that is also expected to have a very positive impact in other hotels of the region, as well as the China Import Export Fair in November in Shanghai, which is considered as one of the most significant fairs in the world. Moreover, we foresee an increasing flow of visitors during the European winter season that is expected to boost the results of our hotels located in some areas, such as Vietnam, while in some other regions like Malaysia and Myanmar we expect current market trends to stabilize and normalize over the following months.

PORTFOLIO AND PIPELINE

During Q3 we added a new hotel to our portfolio in Asia, Meliá Ba Vi Mountain Retreat (Vietnam, management, 55 rooms), a boutique hotel located in a unique location that will help us to offer new experiences to a very demanding type of guest. Going forward, we will continue focusing on signing additional hotels in high growth locations to reach a critical mass in the region, as well as to further promote it as a significant feeder market for our hotels located in the Caribbean and Europe.

OTHER NON HOTEL BUSINESSES

2

MELIÃ HOTELS INTERNATIONAL

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

CLUB MELIÁ & THE CIRCLE

Important disclosure: The division results have been affected by the implementation of the accounting principles included in IFRS 15. In this regard, both 2018 and 2017 restated revenues and EBITDA are lower than the figures prior to the implementation of the new standard. According to the new standard, a long term liability has been recognized in our balance sheet in order to reflect payments received from clients for services not delivered yet. Once the services are delivered, the liability will flow into equity through the P&L. For comparison purposes, during 9M 2017 the impact was of around -€21.8M in revenues and -€3.9M in EBITDA, although 2018 figures have been negatively impacted by the severe depreciation suffered by the USD against the EUR.

During the third quarter of the year, and considering that the new all-inclusive resort located in Punta Cana that will become the core of our brand new, flexible and innovative product The Circle is still under construction and will not open until December, we managed to maintain the number of total members, although potential buyers of the new product dropped given the deterioration suffered by demand in Punta Cana.

Having said that, and in this challenging context, we have been focusing on increasing the number of contracts through the implementation of several strategies, such as limiting the number of options available in some specific packages of The Circle to adapt it to low season clients, but that however does not imply to reduce the price per option available, as well as adding additional professionals to boost our salesforce in the region. All these strategies bore fruit, as combined with the digital campaigns recently launched, which boosted sales through digital channels by a significant +70.0% vs Q3 2017, plus the on-site tour based in unique experiences that we offer to prospective clients of The Circle, helped us to limit the impact of the above mentioned effects on revenues, which closed the quarter with a -4.0% decline vs the same period last year.

When looking at migrations from the former Club Meliá product to the new one, and despite of having had a lower number of members that might be potentially interested in moving from one product to another, we managed to close the period with a healthy growth rate. Nevertheless, our Club Meliá activities in Mexico struggled during the quarter as a result of the increasing number of local customers, which are less attracted by this type of product compared with US nationals, although we expect a normalization and stabilization over the following months that should revert the trend.

For Q4, which also represents almost a third of total yearly sales, we remain optimistic given that the opening of the new resort will help us to properly market the new product among potential clients, for which we will have a number of commercial profiles specifically trained to increase conversion ratios once clients are invited to the showroom. In this regard, the second half of December will be critical not only to improve the entire 2018 figures, but also to positively start a challenging 2019 in which we will have to position a new and differentiating product based in long term experiences among premium clients. Also, we expect 2019 to become an inflection point for the business, and particularly for our activities in the Punta Cana area, as we intend to increase sales thanks to the contribution of the opening of the all inclusive resort in the region, the migrations from the former product to the new one, the upgrades of current members that might opt to purchase additional options among the available ones and the organic growth that we estimate vs the previous year.

REAL ESTATE

During the third quarter of the year, we sold 3 hotels located in Spain, Meliá Sevilla (Seville, 365 rooms), Sol La Palma (Tenerife, 473 rooms) and Sol Jandia Mar (Fuerteventura, 294 rooms), to Atom Hoteles Socimi, S.A., a REIT backed by Spanish bank Bankinter. The deal generated total proceeds of €73.4M and a capital gain at EBITDA level of €6.9M, which compares with no capital gains generated in the same period last year. As part of the agreement, the buyer will invest €20.2M of CAPEX in a full renovation of 2 of the properties, adapting them to the current Sol brand standards and market potential. Accordingly, we will continue operating the hotels under variable lease contracts that will last for 5-year periods and that could be extended, at our sole discretion, of up to a maximum of 25 years.

Additionally, regarding the asset appraisal that we published back in July and having concluded the valuation exercise for the assets owned by associates and joint ventures consolidated by using the equity method, we would like to confirm that the final value of Meliá' share of such assets amounts to €643.0M, +2.4% above the €628.0M estimated amount initially published. This value is arrived at by applying Meliá´s percentage of equity stake on the overall €1,799.0M value of the relevant assets.

The Circle | Dominican Republic

FINANCIAL STATEMENTS

3

MELIÃ HOTELS INTERNATIONAL

GRAN MELIÃ HOTELS & RESORTS ME BY MELIÃ PARADISUS BY MELIÃ MELIÃ HOTELS & RESORTS INNSIDE BY MELIÃ TRYP Sol by Meliã CIRCLE BY MELIÃ MELIÃ REWARDS

INCOME STATEMENT

Important disclosure: Our consolidated P&L statement has been affected by the implementation of the accounting principles included in IFRS 15. In this regard, 2017 figures have been restated in order to facilitate a proper comparison with 2018 numbers. In addition, the financial statements presented in this report have been also affected by the severe depreciation suffered by the USD against the EUR during H1 2018, as well as by the Venezuelan Bolivar/USD exchange rate that we used to reflect the economic reality of the country.

Revenues

Total Consolidated Revenues dropped by -1.6% in the period vs 9M 2017. The main aspects that explain this decline were the following:

1. Impact of the USD/EUR exchange rate of -€38.5M vs the same period last year. However, it must be noted that the impact took place during the first semester of the year, as in Q3 we were not affected at all.
2. Additional revenues of +€19.0M from new openings and refurbishments, but that however were partially offset by the closure of our hotel located in Puerto Rico, which had an impact of -€11.4M vs 9M 2017.
3. Fell in the activity levels of our Cuban TO Sol Caribe Tours of -€6.0M due to the deterioration of our operations in the country as a result of a number of factors.
4. Disaffiliation of Gran Meliá Nacional de Rio and change in the type of contract in Meliá Villaitana from lease to management.

Operating Costs

Total Operating Costs declined by -5.3% vs 9M 2017, being the main reasons behind this drop discussed below:

a) Impact of the USD/EUR exchange rate evolution of -€25.8M.

b) Increase of costs due to refurbishments and new openings of +€9.1M vs the same period last year, although these were partially offset by the lower costs resulting from the closure of our hotel in Puerto Rico (-€11.5M vs 9M 2017).

c) Decline in costs associated to the lower levels of activity in Sol Caribe Tours due to lower demand of -€4.9M.

d) Savings due to the disaffiliation of Gran Meliá Nacional de Rio and change of the type of contract in Meliá Villaitana from lease to management.

Increase in Rental Expenses of +€10.8M due to the reversal of certain rental provisions related to onerous contracts of +€3.7M that were recorded during H1 2017 plus the effect of new openings, the sale and leaseback of the 3 hotels sold and the improved performance of hotels operated under variable lease contracts.

EBITDA

EBITDA rose by +9.1% during the first nine months of the year vs the same period last year, while EBITDA excluding capital gains increased by +1.4%. Additionally, EBITDA excluding capital gains margin improved by +83 bps, although however on a constant currency basis this increase would have been of +118 bps vs 9M 2017.

Depreciation and Amortization declined by -1.2% during 9M 2018 vs the same period last year mainly due to the evolution of the USD/EUR exchange rate.

Operating Profit (EBIT)

Operating Profit surged by +14.8% in the period vs 9M 2017.

Result from entities valued by the equity method for the period was +€7.8M, which compares with the +€26.5M in 9M 2017 due to the +€20.6M capital gain that resulted from the sale of 4 hotels carried out by Starmel Group in 2017.

Net Profit

Net Profit jumped by +9.4% in 9M 2018 vs the same period last year.

EPS stood at €0.52, which compares with €0.47 in 9M 2017.

INCOME STATEMENT (cont´d)

% change Q3 18 vs Q3 17	Q3 2018	Q3 2017	(Million Euros)	9M 2018	9M 2017	% change 9M 18 vs 9M 17
			Revenues split			
	601.3	580.5	Total HOTELS	1,516.4	1,526.4	
	120.5	86.7	Management Model	257.6	230.7	
	468.2	479.9	Hotel Business Owned & Leased	1.213.9	1.243.5	
	12.6	13.9	Other Hotel Business	45.0	52.1	
	14.0	1.1	Real Estate Revenues	32.5	5.2	
	16.4	12.9	Club Meliá Revenues	56.0	43.5	
	35.0	35.6	Overheads	103.2	107.5	
	666.7	630.1	Total Revenues Aggregated	1,708.1	1,682.5	
	(131.8)	(93.2)	Eliminations on consolidation	(294.0)	(246.2)	
-0.4%	**534.9**	**537.0**	**Total Consolidated Revenues**	**1,414.1**	**1,436.4**	**-1.6%**
	(52.9)	(57.1)	Raw Materials	(149.5)	(164.5)	
	(142.7)	(138.4)	Personnel Expenses	(401.8)	(385.9)	
	(154.2)	(169.4)	Other Operating Expenses	(439.2)	(496.0)	
-4.1%	**(349.8)**	**(364.9)**	**Total Operating Expenses**	**(990.5)**	**(1,046.5)**	**-5.3%**
7.5%	**185.1**	**172.1**	**EBITDAR**	**423.5**	**389.9**	**8.6%**
	(66.7)	(65.5)	Rental Expenses	(150.0)	(139.2)	
11.1%	**118.4**	**106.6**	**EBITDA**	**273.6**	**250.7**	**9.1%**
	(29.8)	(30.2)	Depreciation and Amortisation	(88.0)	(89.1)	
15.9%	**88.6**	**76.4**	**EBIT (OPERATING PROFIT)**	**185.5**	**161.6**	**14.8%**
	(8.9)	(8.1)	Financial Expense	(23.0)	(23.1)	
	1.3	2.3	Other Financial Results	6.5	8.0	
	(4.9)	1.0	Exchange Rate Differences	(9.3)	(18.0)	
161.9%	**(12.6)**	**(4.8)**	**Net Financial Profit/(Loss)**	**(25.7)**	**(33.2)**	**-22.4%**
	9.0	7.2	Profit / (loss) from Associates and JV	7.8	26.5	
7.9%	**85.0**	**78.8**	**Profit before taxes and minorities**	**167.6**	**154.9**	**8.2%**
	(21.3)	(20.9)	Taxes	(41.9)	(40.0)	
10.2%	**63.8**	**57.9**	**Group net profit/(loss)**	**125.7**	**115.0**	**9.4%**
	5.8	6.7	Minorities	6.0	6.2	
13.4%	**58.0**	**51.1**	**Profit/(loss) of the parent company**	**119.7**	**108.7**	**10.1%**

Meliá Costa del Sol | Málaga - Spain

FINANCIAL RESULTS & DEBT

Financial results

Net Financial Loss improved during the first nine months of the year after having posted a -22.4% decline vs the same period last year. The main aspects that explain this drop are discussed below:

a) Slight reduction in Financial Expenses (-€0.1M vs 9M 2017) mainly due to the lower average interest rate satisfied during the period (3.2% vs 3.3% in 9M 2017).

b) Lower income in Other Financial Results (-€1.5M vs the same period last year).

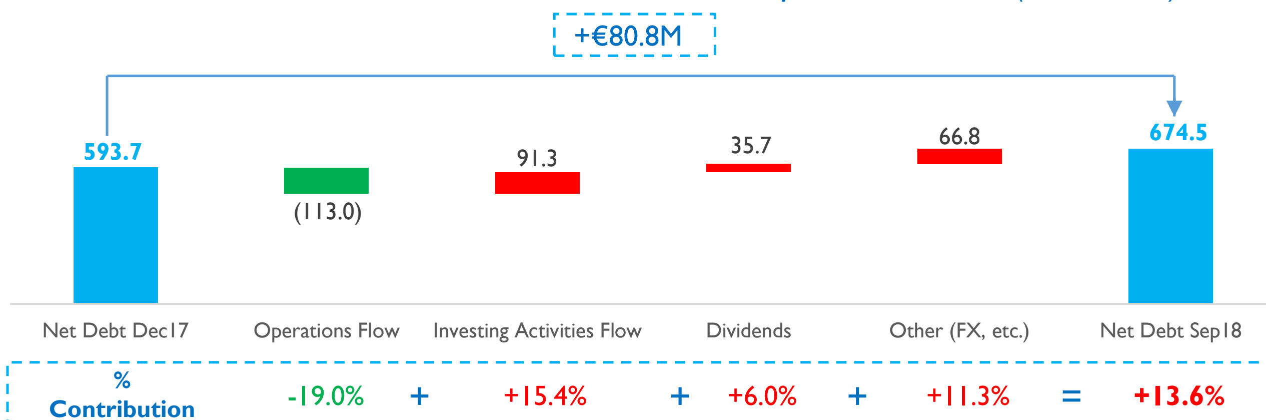
c) Less negative impact of Exchange Rates Differences (+€8.7M vs 9M 2017) during the period, mainly due to the evolution of the USD against the EUR.

Q3 2018	Q3 2017	Item	9M 2018	9M 2017
(4.9)	1.0	Exchange Rates Differences	(9.3)	(18.0)
(8.9)	(8.1)	Financial Expense	(23.0)	(23.1)
0.3	1.2	*Interest Capital Markets*	0.8	2.5
8.6	7.0	*Interest bank loans and others*	22.2	20.6
1.3	2.3	Other Financial Results	6.5	8.0
(12.6)	**(4.8)**	**Net Financial Income/(Loss)**	**(25.7)**	**(33.2)**

Debt and Cash Flow

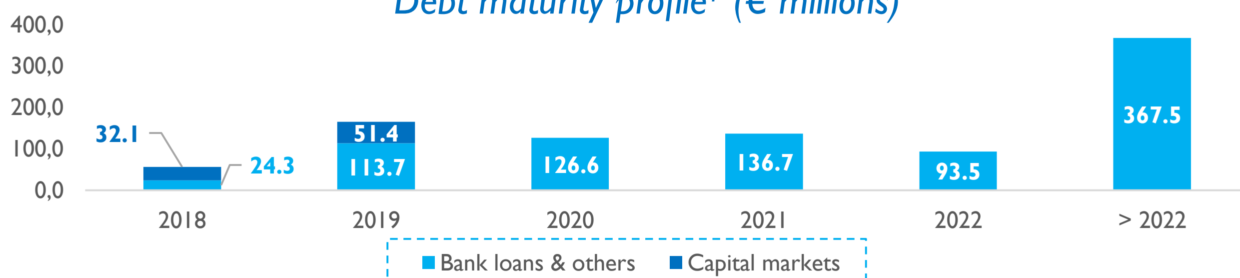
During the first nine months of the year, Net Debt rose by +€80.8M and reached +€674.5M at the end of the period, which compares with the +€41.7M increase reported during 9M 2017. The main cause that explain this increase has been the full consolidation of ME London into our financial statements, which increased our bank debt by +£60.7M. Additionally, during the period we lengthened our debt maturity profile and increased USD-denominated debt to secure a natural hedge for the revenues that we generate in USD. Finally, we keep our Net Debt/EBITDA target ratio for the entire year at 2.0x.

Net debt evolution: December 2017 – September 2018 (€ millions)



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

Debt maturity profile[1] (€ millions)



1) Excluding credit facilities

MELIÁ IN THE STOCK MARKET

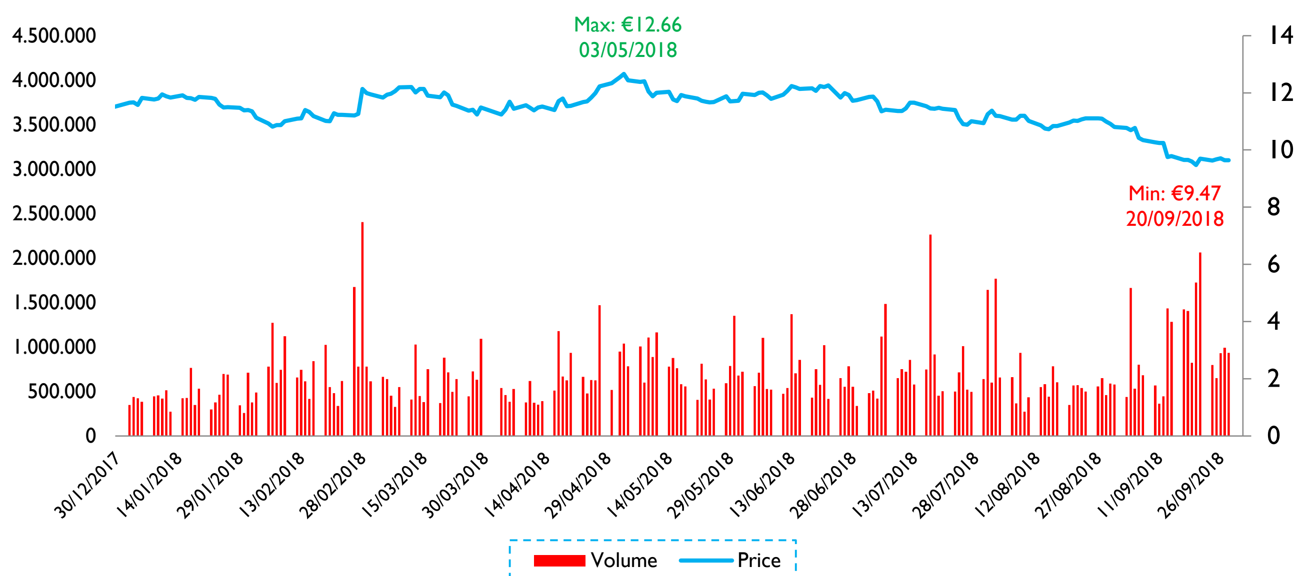
4

MELIÃ HOTELS INTERNATIONAL

GRAN MELIÁ HOTELS & RESORTS · ME BY MELIÁ · PARADISUS BY MELIÁ · MELIÃ HOTELS & RESORTS · INNSIDE BY MELIÃ · TRYP · Sol by Meliã · CIRCLE BY MELIÃ · MELIÃ REWARDS

STOCK MARKET

Our stock price declined by –18.6% during Q3 2018, underperforming the Ibex 35 Index (-1.8%). On a yearly basis, our stock price has dropped by –17.3%, while the IBEX 35 Index has fallen by –6.8%.



	Q1 2018	Q2 2018	Q3 2018	Q4 2018	2018
Average daily volume (*thousand shares*)	627.4	693.9	798.2	-	**707.4**
Meliá performance	-0.1%	4.4%	-18.6%	-	**-17.3%**
Ibex 35 performance	-4.4%	0.8%	-1.8%	-	**-6.8%**

	September 2018	2017
Number of shares (*millions*)	229.70	229.70
Average daily volume (*thousands shares*)	707.43	714.88
Maximum share price (*euros*)	12.66	13.89
Minimum share price (*euros*)	9.47	10.42
Last Price (*euros*)	9.64	11.50
Market capitalization (*million euros*)	2,214.31	2,641.55
Dividend (*euros*)	0.17	0.13

Source: Bloomberg

Note: Meliá´s shares are listed on the Ibex 35 and FTSE4Good Ibex Index

Main Highlights of 2018:

- On July 10, 2018, a €0.1681 ordinary dividend per share was paid to shareholders.
- On October 8, 2018, RobecoSAM, the leading investment specialist focused exclusively on sustainability investing that is in charge of analyzing companies to define the composition of the Dow Jones Sustainability Index, ranked us 3rd among the World's Best Sustainable Companies in the Hotels, Resorts and Cruise Lines category.

Meliá Desert Palm | Dubai - UAE

APPENDIX

5

MELIÃ HOTELS INTERNATIONAL

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

BUSINESS SEGMENTATION OF MELIÁ HOTELS INTERNATIONAL

9M 2018	Total Hotels	Real Estate	Club Meliá	Overheads	Total Aggregated	Eliminations On Consolidation	Total Consolidated
Revenues	**1,516.4**	**32.5**	**56.0**	**103.2**	**1,708.1**	**(294.0)**	**1,414.1**
Expenses	1,096.2	9.4	52.7	120.4	1,278.9	(288.3)	990.5
EBITDAR	420.2	23.0	3.2	(17.3)	429.2	(5.7)	423.5
Rentals	151.1	0.0	0.0	4.6	155.6	(5.7)	150.0
EBITDA	**269.1**	**23.0**	**3.2**	**(21.9)**	**273.6**	**(0.0)**	**273.6**
D&A	71.6	(0.9)	1.3	16.1	88.0	0.0	88.0
EBIT	197.6	23.9	2.0	(37.9)	185.5	(0.0)	185.5

9M 2017	Total Hotels	Real Estate	Club Meliá	Overheads	Total Aggregated	Eliminations On Consolidation	Total Consolidated
Revenues	**1,526.4**	**5.2**	**43.5**	**107.5**	**1,682.5**	**(246.2)**	**1,436.4**
Expenses	1,109.3	4.5	39.4	135.4	1,288.6	(242.1)	1,046.5
EBITDAR	417.0	0.7	4.1	(27.9)	393.9	(4.1)	389.9
Rentals	142.9	0.0	0.0	0.4	143.2	(4.1)	139.2
EBITDA	**274.1**	**0.7**	**4.1**	**(28.3)**	**250.7**	**0.0**	**250.7**
D&A	72.2	0.3	2.4	14.3	89.1	0.0	89.1
EBIT	202.0	0.5	1.7	(42.5)	161.6	0.0	161.6

Q3 2018	Total Hotels	Real Estate	Club Meliá	Overheads	Total Aggregated	Eliminations On Consolidation	Total Consolidated
Revenues	**601.3**	**14.0**	**16.4**	**35.0**	**666.7**	**(131.8)**	**534.9**
Expenses	415.7	5.6	16.9	41.3	479.5	(129.7)	349.8
EBITDAR	185.6	8.4	(0.4)	(6.3)	187.2	(2.1)	185.1
Rentals	67.8	0.0	0.0	1.0	68.8	(2.1)	66.7
EBITDA	**117.8**	**8.4**	**(0.4)**	**(7.4)**	**118.4**	**0.0**	**118.4**
D&A	25.5	(1.1)	0.2	5.2	29.8	0.0	29.8
EBIT	92.3	9.5	(0.6)	(12.6)	88.6	(0.0)	88.6

Q3 2017	Total Hotels	Real Estate	Club Meliá	Overheads	Total Aggregated	Eliminations On Consolidation	Total Consolidated
Revenues	**580.5**	**1.1**	**12.9**	**35.6**	**630.1**	**(93.2)**	**537.0**
Expenses	400.6	0.5	11.1	48.3	460.5	(95.6)	364.9
EBITDAR	180.0	0.6	1.8	(12.7)	169.7	2.5	172.1
Rentals	65.5	0.0	0.0	(2.4)	63.1	2.4	65.5
EBITDA	**114.4**	**0.6**	**1.8**	**(10.3)**	**106.6**	**0.0**	**106.6**
D&A	24.0	0.0	0.8	5.3	30.2	0.0	30.2
EBIT	90.4	0.6	1.1	(15.6)	76.4	0.0	76.4

Paradisus Palma Real Golf & Spa Resort | Dominican Republic

MAIN STATISTICS BY BRAND & COUNTRY

MAIN STATISTICS BY BRAND

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occup.		ARR		RevPAR		Occup.		ARR		RevPAR	
	%	p.p. change	€	% change	€	% change	%	p.p. change	€	% change	€	% change
Paradisus	76.0%	1.3	130.5	-7.3%	99.3	-5.7%	70.3%	-0.1	128.5	-10.2%	90.4	-10.3%
ME by Melia	72.5%	2.8	254.0	-3.7%	184.1	0.1%	64.7%	0.2	240.0	-7.6%	155.3	-7.2%
Gran Meliá	60.3%	4.2	212.9	2.1%	128.4	9.7%	60.0%	5.5	184.3	12.3%	110.5	23.6%
Meliá	73.8%	0.9	123.8	1.6%	91.3	2.9%	66.2%	-1.8	104.8	-5.5%	69.4	-8.0%
Innside	71.9%	0.3	123.8	-3.2%	89.1	-2.7%	68.3%	0.2	114.9	-8.8%	78.4	-8.5%
Tryp by Wyndham	73.9%	0.0	85.3	-1.1%	63.1	-1.1%	68.0%	-1.0	77.8	-6.2%	52.9	-7.5%
Sol	79.1%	0.9	88.4	-3.0%	69.9	-1.9%	75.4%	1.5	83.6	-2.4%	63.0	6.0%
TOTAL	73.7%	1.3	120.4	-0.3%	88.7	1.4%	68.4%	-0.2	105.0	-3.8%	71.8	-4.1%

MAIN STATISTICS BY KEY COUNTRIES

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occup.		ARR		RevPAR		Occup.		ARR		RevPAR	
	%	p.p. change	€	% change	€	% change	%	p.p. change	€	% change	€	% change
AMERICA	70.0%	1.1	115.3	-2.7%	80.7	-1.1%	68.9%	-1.4	115.9	-3.3%	79.9	-5.2%
Dominican Republic	72.5%	-5.6	111.6	-3.0%	81.0	-10.0%	72.5%	-5.6	111.6	-3.0%	81.0	-10.0%
Mexico	75.5%	1.2	117.2	-6.0%	88.5	-4.4%	73.7%	0.9	123.8	-6.9%	91.2	-5.8%
Peru	64.3%	-3.0	101.0	-6.3%	65.0	-10.5%	57.8%	-9.6	100.2	-7.1%	57.9	-20.3%
Puerto Rico	0.0%	0.0	0.0	0.0%	0.0	0.0%	0.0%	0.0	0.0	0.0%	0.0	0.0%
USA	79.4%	-1.6	147.6	-4.8%	117.2	-6.6%	74.8%	-0.4	152.0	-3.7%	113.7	-4.3%
Venezuela	42.5%	-5.2	77.4	57.5%	32.9	40.2%	42.5%	-5.2	77.4	57.5%	32.9	40.2%
Cuba	-	-	-	-	-	-	58.1%	-6.3	81.5	-17.8%	47.4	-25.8%
Brazil	24.3%	-	117.9	-	28.7	-	56.3%	5.8	74.6	-12.8%	42.0	-2.8%
ASIA	-	-	-	-	-	-	64.0%	9.1	70.2	0.5%	44.9	17.2%
Indonesia	-	-	-	-	-	-	59.6%	5.5	65.8	6.3%	39.2	17.2%
China	-	-	-	-	-	-	67.7%	6.5	61.8	-15.1%	41.8	-6.1%
Vietnam	-	-	-	-	-	-	68.5%	9.0	91.1	-7.4%	62.4	6.7%
EUROPE	72.6%	1.0	155.4	0.6%	112.8	2.0%	72.0%	0.2	158.7	2.0%	114.3	2.3%
Austria	74.9%	7.4	126.9	-7.4%	95.1	2.8%	74.9%	7.4	126.9	-7.4%	95.1	2.8%
Germany	71.4%	0.5	107.1	-1.1%	76.4	-0.4%	71.4%	0.5	107.1	-1.1%	76.4	-0.4%
France	82.1%	12.1	182.3	3.8%	149.6	21.7%	82.1%	12.1	182.3	3.8%	149.6	21.7%
United Kingdom	74.6%	0.0	167.1	1.7%	124.7	1.6%	74.6%	0.0	167.1	1.7%	124.7	1.6%
Italy	71.3%	3.0	216.6	2.0%	154.4	6.6%	70.8%	3.1	219.9	1.9%	155.6	6.5%
Spain	71.1%	1.3	106.5	2.2%	75.7	4.1%	70.3%	0.9	100.1	2.2%	70.4	3.5%
Resorts	70.6%	-0.9	100.1	1.9%	70.6	0.7%	70.1%	-1.4	92.9	2.0%	65.1	0.0%
Urban	71.5%	3.1	111.8	2.2%	79.9	6.7%	70.5%	3.4	108.0	2.2%	76.2	7.4%
TOTAL	73.7%	1.3	120.4	-0.3%	88.7	1.4%	68.4%	-0.2	105.0	-3.8%	71.8	-4.1%

MAIN STATISTICS BY DIVISION AND EXCHANGE RATES

FINANCIAL INDICATORS SUMMARY Q3 2018

	HOTELS OWNED & LEASED										MANAGEMENT MODEL					
	Aggregated Revenues		Room Revenues		EBITDAR		EBITDA		EBIT		Third Parties Fees		Owned & Leased Fees		Other Revenues	
	€	% change	€	% change	€	% change	€	% change	€	% change	€	% change	€	% change	€	% change
America	91.5	-8.7%	40.6	-8.5%	22.6	10.9%	19.8	10.0%	12.9	27.5%	1.0	13.7%	5.2	-9.3%	7.2	42.5%
EMEA	158.6	-2.5%	111.9	-2.4%	47.3	-0.6%	27.4	-3.1%	18.5	-9.9%	1.3	35.6%	9.1	-6.6%	(4.7)	-167.1%
Spain	83.9	-3.7%	65.2	0.0%	27.1	-5.6%	9.4	-18.8%	3.4	-53.1%	2.0	11.1%	5.8	-1.0%	2.0	-6.0%
Mediterranean	134.1	4.4%	96.2	3.2%	50.8	3.0%	24.6	-4.8%	21.6	-5.3%	6.5	11.0%	9.8	5.3%	1.5	11.3%
Brazil	(0.0)	-100.0%	0.0	-100.0%	(0.1)	-94.0%	(0.1)	-98.5%	(0.1)	-98.5%	0.8	2.8%	0.0	-77.1%	0.3	-43.9%
Cuba	-	-	-	-	-	-	-	-	-	-	1.2	-	-	-	0.3	-
Asia	-	-	-	-	-	-	-	-	-	-	1.7	-	-	-	0.7	-
TOTAL	468.2	-2.4%	313.9	-1.4%	147.7	1.9%	81.2	2.1%	56.3	-0.2%	14.4	3.2%	30.0	-2.6%	7.3	-82.6%

MAIN STATISTICS BY DIVISION Q3 2018

	OWNED & LEASED						OWNED, LEASED & MANAGED					
	Occupancy		ARR		RevPAR		Occupancy		ARR		RevPAR	
	%	p.p. change	€	% change	€	% change	%	p.p. change	€	% change	€	% change
America	65.1%	-3.9	105.6	2.5%	68.8	-3.2%	62.4%	-1.1	105.5	-0.9%	65.8	-2.7%
EMEA	76.3%	1.7	162.7	-1.9%	124.1	0.4%	76.3%	1.0	167.5	0.3%	127.8	1.7%
Spain	80.0%	0.6	107.8	-1.1%	86.3	-0.4%	77.2%	0.7	106.9	-1.1%	82.5	-0.1%
Mediterranean	85.5%	0.9	123.0	-1.0%	105.1	0.0%	82.3%	0.9	116.0	-2.3%	95.5	-1.2%
Brazil	-	-	-	-	-	-	61.3%	9.4	69.4	-15.7%	42.5	-0.4%
Cuba	-	-	-	-	-	-	49.1%	-0.9	67.9	-7.7%	33.3	-9.3%
Asia	-	-	-	-	-	-	68.6%	9.7	69.0	1.5%	47.3	18.2%
TOTAL	77.8%	1.0	127.6	-0.4%	99.2	0.8%	70.6%	1.7	111.4	-1.6%	78.7	0.8%

9M 2018 EXCHANGE RATES

	9M 2018	9M 2017	9M 2018 VS 9M 2017
1 foreign currency = X €	Average Rate	Average Rate	% Change
Sterling (GBP)	1.1312	1.1463	-1.3%
American Dollar	0.8379	0.8992	-6.8%

Q3 2018 EXCHANGE RATES

	Q3 2018	Q3 2017	Q3 2018 VS Q3 2017
1€ = X foreign currency	Average Rate	Average Rate	% Change
Sterling (GBP)	1.1206	1.1139	+0.6%
American Dollar	0.8602	0.8509	+1.1%

Meliá Hotels International
Investor relations Team
Contact details:

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

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

DEFINITIONS

EBITDA and EBITDA ex capital gains

Earnings before interest expense, taxes and depreciation and amortization ("EBITDA"), presented herein, reflects income (loss) from continuing operations, net of taxes, excluding interest expense, a provision for income taxes and depreciation and amortization.

EBITDA ex capital gains, presented herein, is calculated as EBITDA, as previously defined, further adjusted to exclude certain items, including gains, losses and expenses in connection with asset dispositions for both consolidated and unconsolidated investments.

EBITDAR and EBITDA ex capital gains margins

EBITDAR margin represents EBITDAR as a percentage of total revenues excluding capital gains generated in asset dispositions at revenue level.

EBITDA ex capital gains margin represents EBITDA ex capital gains as a percentage of total revenues excluding capital gains generated in asset dispositions at revenue level.

Net Debt

Net Debt, presented herein, is a financial measure that the Company uses to evaluate its financial leverage. Net Debt is calculated as long-term debt, including current maturities, plus short-term debt; reduced by cash and cash equivalents. Net Debt may not be comparable to a similarly titled measure of other companies.

Net Debt to EBITDA Ratio

Net debt to EBITDA ratio, presented herein, is a financial measure and is included as it is frequently used by securities analysts, investors and other interested parties to compare the financial condition of companies. Net Debt to EBITDA ratio may not be comparable to a similarly titled measure of other companies.

Occupancy

Occupancy represents the total number of room nights sold divided by the total number of room nights available at a hotel or group of hotels for a given period. It measures the utilization of the hotels' available capacity. Management uses occupancy to gauge demand at a specific hotel or group of hotels in a given period. Occupancy levels also help management determine achievable average daily rate levels as demand for hotel rooms increases or decreases.

Average Room Rate (ARR)

ARR represents hotel room revenue divided by total number of room nights sold for a given period. It measures average room price attained by a hotel, and ARR trends provide useful information concerning the pricing environment and the nature of the customer base of a hotel or group of hotels. ARR is a commonly used performance measure in the industry, and management uses ARR to assess pricing levels that the Company is able to generate by type of customer, as changes in rates have a different effect on overall revenues and incremental profitability than changes in occupancy, as described above.

Revenue per Available Room (RevPAR)

RevPAR is calculated by dividing hotel room revenue by total number of room nights available to guests for a given period. Management considers RevPAR to be a meaningful indicator of the Company's performance as it provides a metric correlated to two primary and key drivers of operations at a hotel or group of hotels: occupancy and ARR. RevPAR is also a useful indicator in measuring performance over comparable periods for comparable hotels.

Flow Through

Flow Through is calculated by dividing the changes in EBITDA by the changes in revenues over any given period. It is a financial metric related to margins closely monitored by Management that indicates out of the total incremental revenue of the business, how much goes down to EBITDA.