

## NH Hoteles Sales Grew By 7.5% To June

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Comparable RevPAR (revenue per available room) increased in Europe by 2.2% and in the Americas by 12.2%, in local currency

The company crossed the halfway point in its strategic plan and more than met the targets it had set for this period

In the first six months of 2008, the Group's sales rose by 7.5%, to \771M, confirming the improvement in performance compared to the same period of the previous year. EBITDA (operating profit) was \146.1M, 2.7% higher, and net income fell to \32.4M, because of the reversible provision (\12.3M) set up to cover the change in the price of the shares used to cover the incentives plan approved by the Group in 2007. It is therefore important to take into account that after eliminating the effect of this provision, the net income of the Group would have been higher than for the same period last year.

Hotel activity grew by 10.2% in sales over the first six months of 2008, a sign of the strength of NH Hoteles' core business. Worthy of mention is the major effort put in by all the Business Units in the Group to cut costs, which has enabled it to improve its GOP margins. The good performance of the hotels in all the Business Units has led to an increase of 11.7% in the EBITDA of the hotel business.

Comparable RevPAR (Revenue per available room) increased by 2% to June, compared to the same period last year. This increase is based essentially on a 2.8% increase in ADR (Average Price). In general terms, remarkable is the performance of the Business Units of Germany, "Central and Eastern" Europe and the Americas (in local currency), which recorded major increases in RevPAR exceeding 10%.

### **By Business Unit**

**Germany:** The Germany Business Unit has performed very well, in line with the trend it has recorded in recent months. Worthy of special mention is the fact that Germany, without taking into account the new hotel openings, which would distort the comparison, recorded sales totaling \123.7M, 10% more than the figure recorded for the same period last year. It is one of the markets where comparable RevPAR has grown the fastest, by 10.4%, sustained mainly by an 8.6% increase in the average price. Particularly noteworthy has been the performance in Dusseldorf and the recovery of the market in Frankfurt.

**Benelux and other:** Income rose at the Benelux Business Unit, to \173.7M, 2.7% higher, not including the new additions to the Group's portfolio of rooms in 2008. Comparable RevPAR grew by 1.8% as a result of a 2.1% increase in the average price. This Business Unit has been affected by the weakness of the local currency in the United Kingdom.

**Central and Eastern Europe:** Sales in Austria, Switzerland, Hungary and Romania, not including new openings, record the major increases in the Group's earnings, up by 16.3%. The fact that the European Cup was held in this Business Unit was particularly positive, and Austria and Switzerland did better than Romania and Hungary. RevPAR also recorded its biggest increase in the Group in these countries, up by 16.8% for comparable hotels.

**Spain Portugal:** ADR (average price) increased by 2.2% in comparable hotels, compared to the same period last year. Not including the revenues from newly opened hotels, Spain's share of the Company's revenues fell slightly due to the extraordinary results recorded in the same period in 2007, when the America Cup and other events were held in Valencia.

**Italy:** Occupancy and average price rose slightly in comparable hotels by 0.6% and 1.4%, respectively. Revenues of \99M remained steady compared to last year and RevPAR at comparable hotels increased by 2.1%. Sales continued to grow steadily in spite of the lower contribution made by American customers, in particular in Southern Italy and Rome, affected by the euro-dollar exchange rate. The cost cutting policy has been particularly noticeable in Italy, which managed to cut back its costs in comparable hotels by 2.4%, in spite of inflation.

**The Americas:** Revenues from comparable hotels grew slightly to \38.2M. Particularly noteworthy was the rise in revenues per available room (RevPAR), up by 12.2%, in local currency. The results do not reflect the improved performance of this Business Unit, because of the adverse trend in the euro-dollar exchange rate. Worthy of mention is the performance in Argentina, which has been consolidating a highly favourable trend in recent months.

Sotogrande recorded sales totaling \8.4M, compared to \18.2M in recurring revenues in the same period of the previous year. The drop in sales can be explained by the schedule of deliveries of apartment buildings and the overall slowdown in the property market in Spain. Even though the contribution made by Sotogrande has fallen, its performance is above average compared to major Spanish property developers. As at 30 June 2008, confirmed sales yet to be recorded in the accounts totaled \76.6M. Most of these sales relate to the property development Ribera del Marlin and the Moorings of the Marina.

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