

**MELIÁ HOTELS INTERNATIONAL, S.A.** (la "Sociedad"), en cumplimiento de lo establecido en el artículo 228 de la Ley del Mercado de Valores, pone en conocimiento de la Comisión Nacional del Mercado de Valores el siguiente:

#### **HECHO RELEVANTE**

La compañía comunica que hoy, 2 de junio de 2017, celebrará un "Analyst day" con los diferentes analistas bursátiles que dan cobertura a la Sociedad.

Durante el acto se expondrán las presentaciones que se acompañan al presente hecho relevante, copia de las cuales se pondrá a disposición a través de la página web de la Sociedad (www.meliahotelsinternational.com).

En Palma de Mallorca, a 2 de junio de 2017 Meliá Hotels International, S.A.

















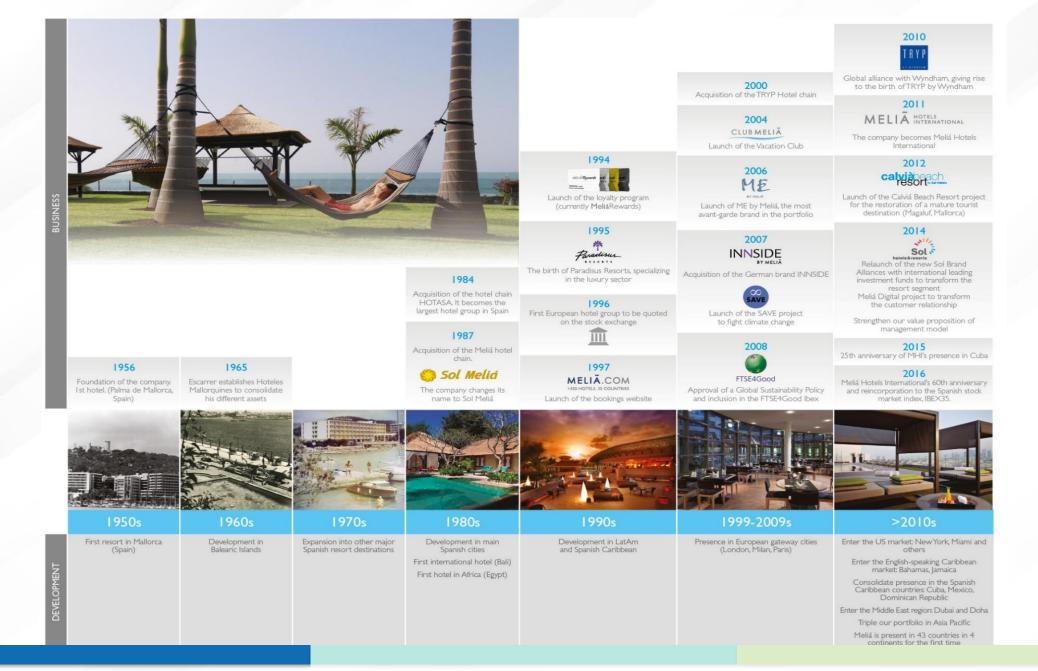


Selective Growth Development

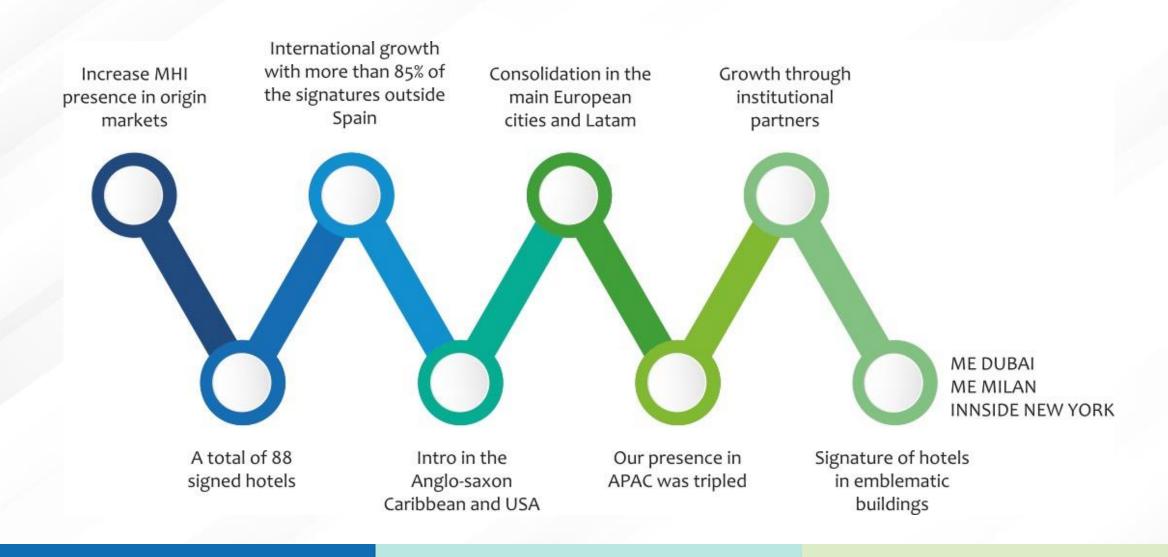
María Zarraluqui VP Global Development







## Achievements of the last strategic plan



## Our current growth view

Consolidate our presence in key markets and strengthen the internationalization of the Company, promoting its brands awareness, its entity and the prestige of Meliá Hotels International



Promote a **sustainable growth** in leisure & urbanleisure destinations and
consolidate presence in
urban destinations

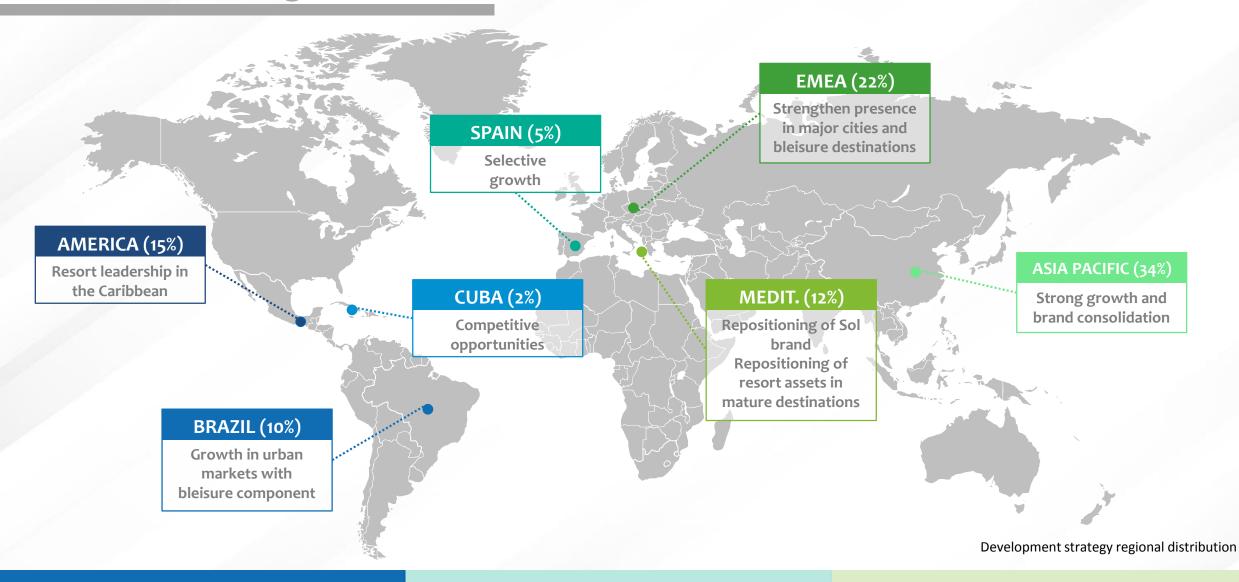
Ensure a **solid future balance**between risk and income
generation

**Our History** 

Where are we now?

**Growth strategy** 

## Our current growth view



## Our current growth view

## % for each brand of total sign-ups 2016 - 2018

#### Selective positioning

Growth in most important cities and tourist destinations. Focus on first class products and locations





#### Double global presence

Focus on cosmopolitan, trend-setting cities. Most important luxury lifestyle resort destinations





## Benchmark urban brand with bleisure component

Main brand for first and second-tier cities. Balanced growth between management and leases



# Contractual commitment Growth through franchises Positioning in Southeast Asia and Mexico



# Globalisation in resort destinations Penetration of Asian market Increase of portfolio in the Caribbean



Relevant globalisation of the new brand Consolidation in major destinations in Mediterranean and Southeast Asia. Targeting of Caribbean and emerging markets

Sol

30%

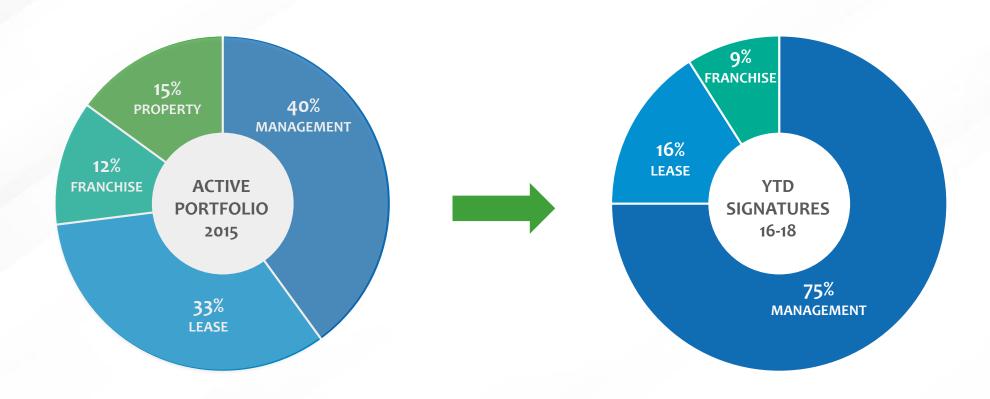


# New signatures under the current strategy



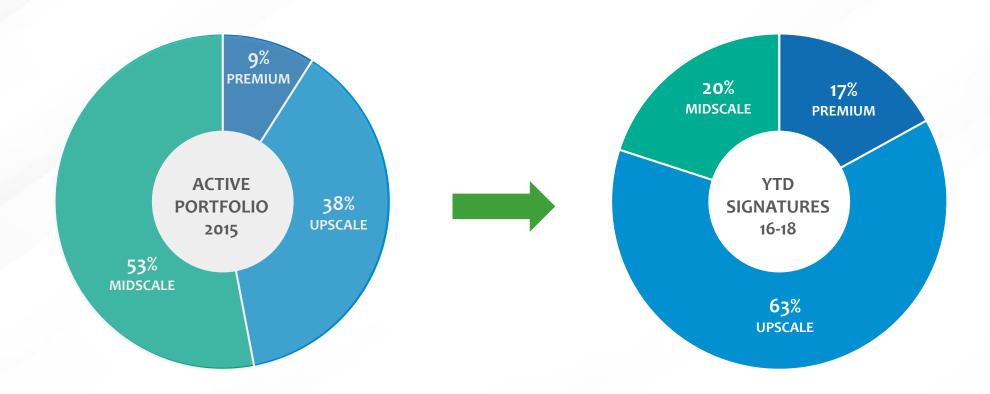
## Portfolio evolution

Hotels per contract type



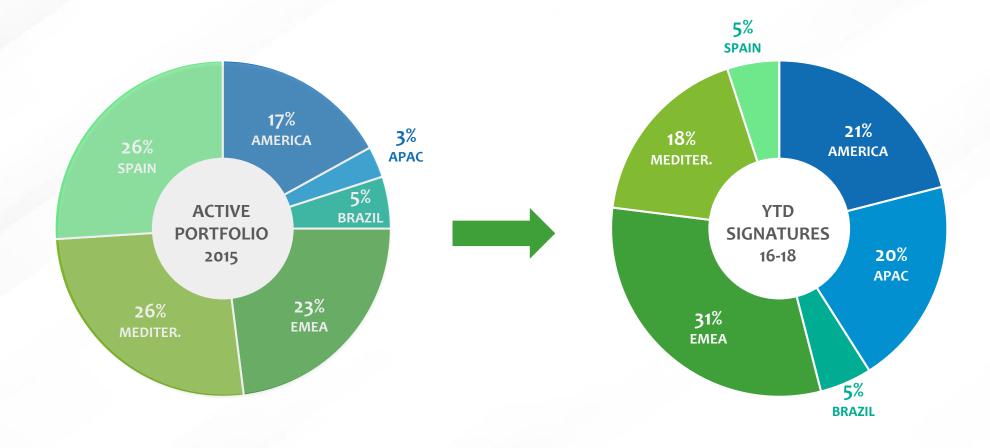
## Portfolio evolution

Hotels per segmentation



## Portfolio evolution

Hotels per area

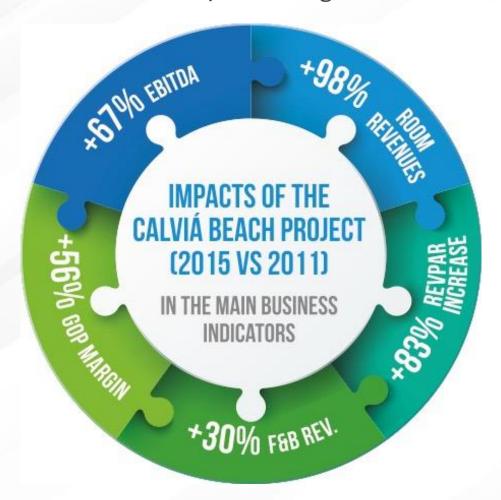






# SUSTAINABLE GROWTH TO DEMONSTRATE OUR VACATIONAL EXPERTISE

Succes model: Repositioning Calviá Beach



I0 HOTELS

Project of 10 Hotels

+3500 ROOMS

Reconverted during the last years

+|90 € MILL.

**Estimated investment** 

Royal Beach

Sol Wave House Mallorca

Mallorca Beach

ME Mallorca

Sol Barbados

Sol Barbados

Sol Mirlos Tordos

Sol Palmanova Mallorca

Sol Guadalupe

Sol Guadalupe

Sol Magaluf Park

Sol Katmandú

Sol Cala Blanca

Sol Beach House Mallorca

Sol Trinidad

Sol House Mallorca Mixed By Ibiza Rocks

Sol Antillas Barbados

Meliá Calviá Beach.

Sol Jamaica

Sol Jamaica

## Other successful repositioning cases

After the success of the Calviá Beach project, during the last years the Company has carried out other renovations



Meliá Cala Galdana.

Sol Gavilanes

After several repositioning and rebranding projects, Meliá Hotels International is able to transfer this Know How to third parties in different areas and regions, turning "mature/traditional hotels" into more psychographic concepts with renewed products in order to reinforce their profitability

## Opportunity management



Opportunity to form alliances with partners to manage hotels that have completed their Real State cycle

Our proven know-how in repositioning allows us to export it to third parties

Our leadership in leisure hotels makes us the first option for many investors interested in entering in this segment

## Opportunity management

In order to detect the opportunity, a strategic flow chart is created with the main actions to capture possible assets and reposition them

## POTENTIAL ANALYSIS By Area

- Market analysis and its potential
- Detection of mature assets with possibilities of acquisition because of its obsolescence
- Independent hotels

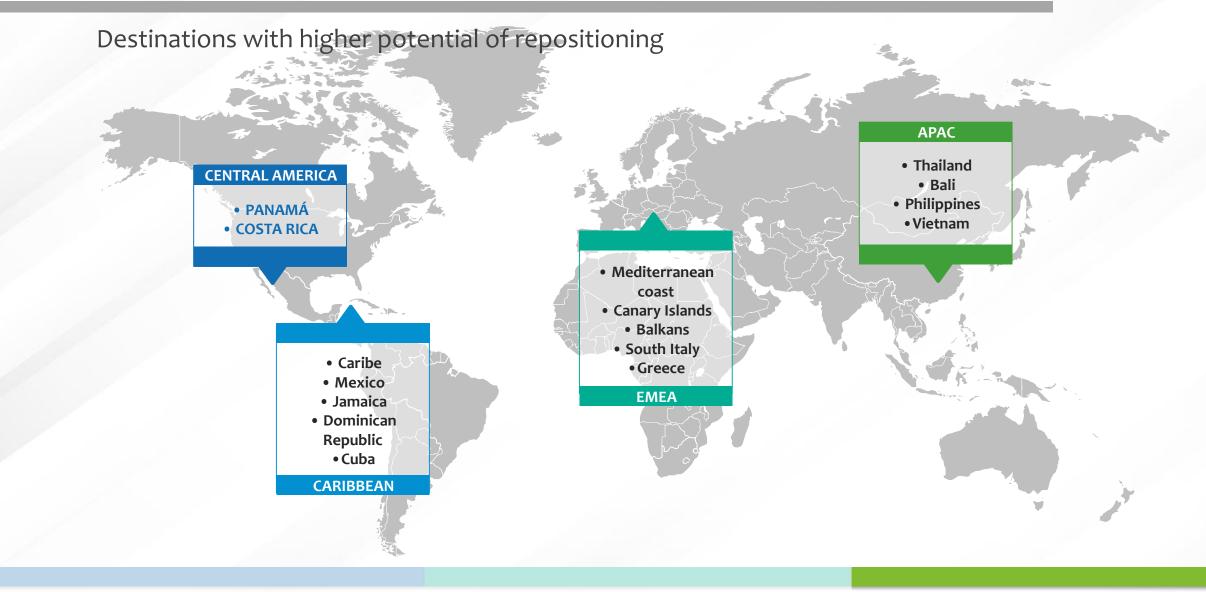
# REGIONALIZATION PROCESS

Adapt our knowhow in reposition to regional realities.

# RECRUITMENT ACTIONS

Actions to raise awareness and attract new partners:

- Road Shows
- Information campaigns/ marketing for the new product and main KPI's
- Transmission of MHI experience with case studies by brand, product, area, etc...



## Export a successful model in repositioning mature assets

Repositioning projects currently under analysis













## "BLEISURE" focus in urban destinations

Bleisure definition and differential factor in main cities

72% of 600 US business travellers surveyed say they make longer business trips by adding leisure items - 43% of them take their partner on their business trips.

**Orbitz** 

For many
business
travellers
"bleisure" the
concept is
already a
lifestyle

43% of international travellers always carry their mobile work devices with them during their holidays or weekend getaways

At MHI, we have adapted to the **BLEISURE** trend. evolving to offer modern business travellers a more informal, modern, and dynamic experience.

## "BLEISURE" focus in urban destinations Attributes of the MHI hotels adapted to the bleisure concept **ROOFTOP BAR KEY LOCATIONS TO E-FITNESS** COMBINE BUSINESS 24H AND LEISURE **SIGNATURE** THE LOBBY LIFESTYLE URBAN **BATHROOMS** SPACE HOTELS UNLIMITED **BEVERAGES IN THE CREATIVE MICE ROOM AND WIFI**















## BRANDS AS THE CENTER OF OUR STRATEGY















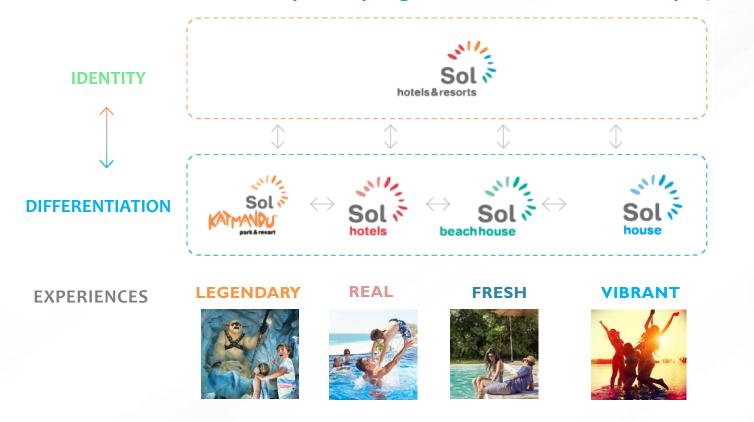
## Brands as the center of our strategy

Replacement lever: Value of our brands

Boost new brands in booming markets with a differentiated product without competition and with the same attributes



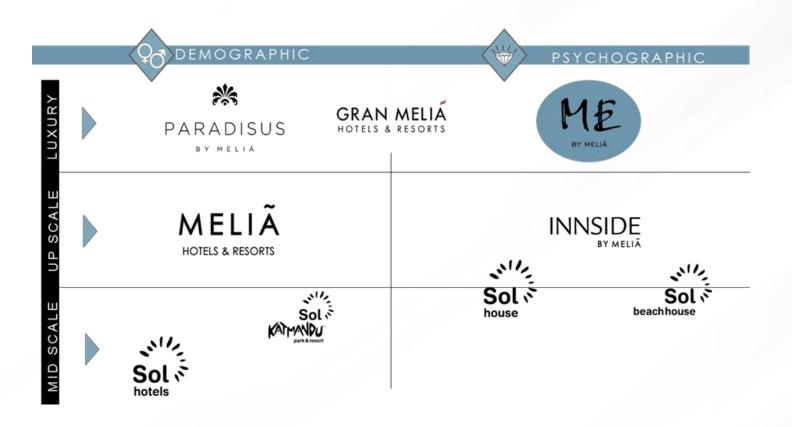
... To innovative concepts adapting to new clients and demand profiles



## Brands as the center of our strategy

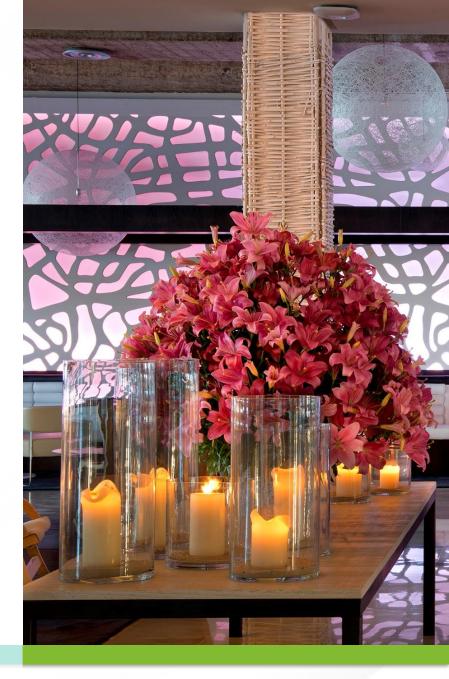
Replacement lever: Value of our brands

The effective repositioning is not only due to a process of product refurbishment, but also thanks to an intrinsic work of repositioning and update of our brands and their attributes, as well as a process of adaptation to obtain more psychographic products to be able to adapt to our potential customers and markets.



## Enhance MHI's Values

- ► 17th company worldwide by rooms with presence in 43 countries
- Largest hotel group in Spain
- ► Leading hotel company in LatAm & Caribbean
- Ambitious sales team with worldwide presence
- Focused on operating results, investment returns, profitability and asset maintenance
- Solid loyalty program and market recognition
- ▶ Born in the **resort segment** with the largest portfolio of resorts in the global room portfolio
- Corporate governance transparent and accountable



## Enhance MHI's Values

- ▶ Decades of experience in major tourist areas: the Mediterranean, the Caribbean, Latin America and Southeast Asia
- Know-how in opening and promoting new destinations
- Alliances network and relationships with major producers of leisure business and preferential agreements with key partners
- Steady REVPar growth in the last 6 years
- ► Strong management culture within the company
- Personal loyalty and long-term relationships
- Reporting results controlled by the Comisión Nacional del Mercado de Valores (CNMV)





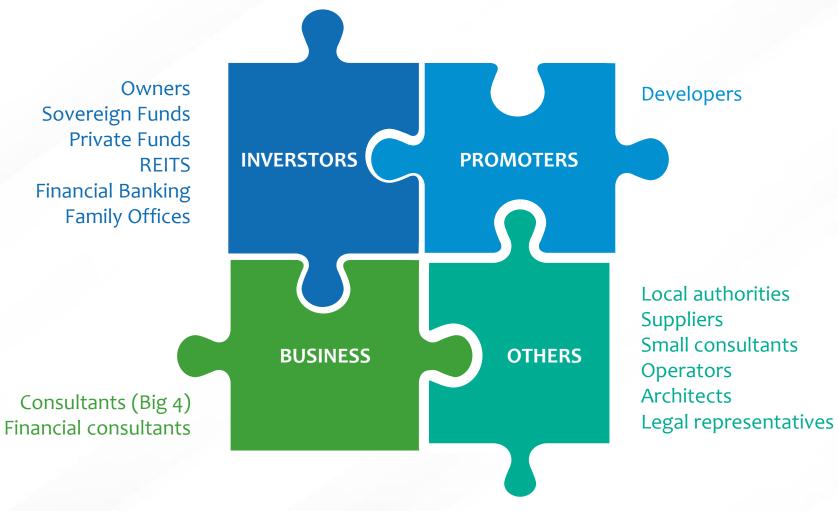


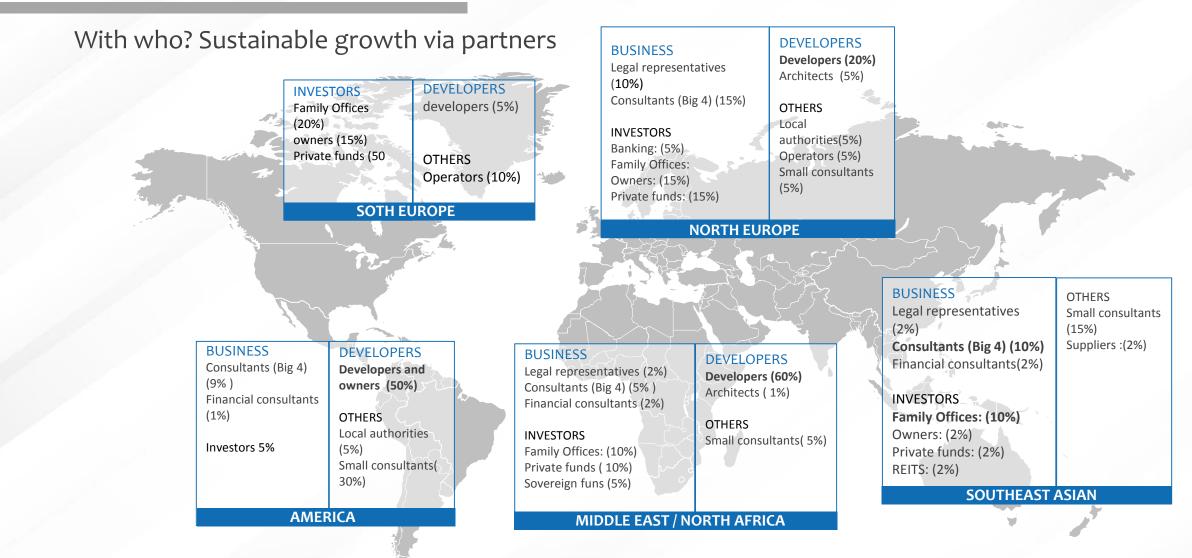


sustainable, profitable and qualitative



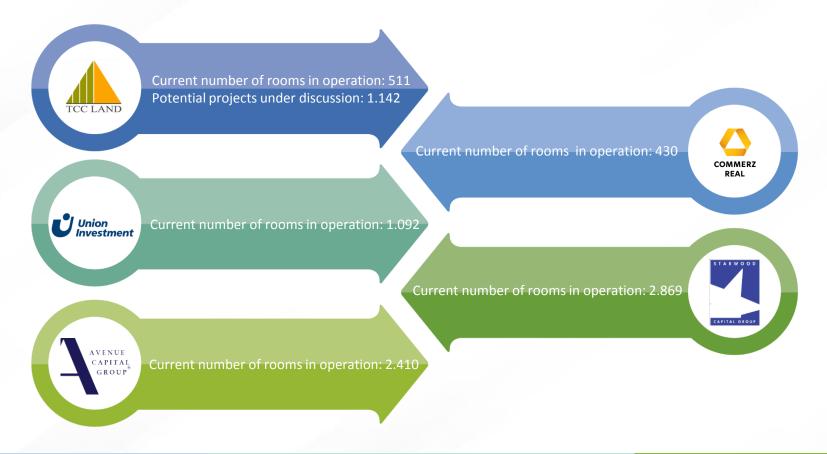
With who? Sustainable growth via partners – Type of partners and contributors





Sutainable growth with selective partners

#### **EXAMPLES OF SOME OF OUR CURRENT PARTNERS**



#### Brand Awareness & Promotional Actions

We have increased our efforts for the proactive search of partners and projects, with the following actions:

## **Networking actions**:

- Clarity Project Portfolio
  Management (PPM) platform to
  manage the portfolio of hotels
  and leads so that the information
  then goes to the different
  departments involved in the
  company such as preopening,
  operations, or owners'
  relationship in order to optimize
  resources and time.
- Selection of Development
   Directors with great knowledge of the sector and region to increase the contacts network

Participation in international fairs

### **Group presentations**

HI Partners
Bank of America
Union
CommerzReal
Starwood
TCC Land
etc.

#### **Media Appearances**

Working together with Marketing and Communication to align the development strategy with the promotional material of the company and thus increase the awareness of different brands and MHI as a company, in specialized forums

Brand Awareness & promotional Actions: Participation in international fairs

#### **SOUTH EUROPE**

Presence in 7 fairs, and sponsors in MIPIM Cannes

#### **ASIA**

Presence in 12 fairs, of which we sponsorise CHIC, CHAT, HICAP, and THINC

### **NORTH EUROPE**

Presence in 4 key fairs, sponsoring EXPOREAL, AHC, IHIF

#### **MIDDLE EAST**

Presence in 12 fairs, of which we sponsorise the AHIC in Dubai

#### **AMERICA**

Presence in 7 fairs, sponsoring HOLA and CHICOS

# Proactive development

## Brand Awareness & promotional Actions – Media Appearances

In addition to the marketing budget for the promotion of the company, from development we have contributed in increasing the company visibility to improve the brand awareness and recognition of Meliá Hotels International and its brands in the different key markets:







#### Six decades of hospitality

market, celebrate 60 years in the business. Hotel Management International charts its rise from a revolutionary one-property portfolio in Mallorca to a leading light in innovative responsible tourism in 40 countries around the world.

Gabriel Escarrer Julià, rented a small hotel in Palma de Mallorca, a city that continues to proudly host a company that has now become a powerful multinational group.

From 60 years ago to today, the international travel and tourism industry has changed almost beyond recognition new leading destinations in previously unknown corners of the globe, emerging countries that are signing up to mass tourism, the globalisation of the travel industry thanks to the internet – all of this has also led to very profound changes i

Meliä Hotels International has been a pioneer and play a leading role in this six-decade-long journey – firstly by leading hotel development in the Balearic Islands, the Canary Islands and along the Spanish coast, and then by crossing the oceans to boost tourism in destinations such as Ball, the ominican Republic, Mexico and Cuba, among many others

44 All of this has been achieved while also respecting the principles of responsible tourism. "

Driving change Today, Meliä Hotels International manages more than 370 hotels, with nearly 100,000 rooms in 40 countries, and employs more than 42,000 people. It ranks 17th in the list of the world's largest hotel chains, is the third-largest chain in Europe and has been chosen as the travel company with the best comorate regulation for the third consecutiv principles of responsible tourism, promoting the sustainable elopment of the communities in which it operates and reating long-term value for all its stakeholders.

The capacity for innovation and transformation has alway een among the greatest strengths of the group. Early on, this vision allowed it to meet challenges such as the boon n mass tourism, and later developed with the creation of a varied portfolio of brands and the launch of melia.com. the first hotel website with online reservations in Rurop which still remains a benchmark for innovation and the digital transformation of the industry 20 years on.

projects such as the relaunch of the Soi Hotels brand, the doyen of the resort industry in the Mediterranean area, which is transforming hotels focused on the distribution



differentiated and customer focused, with a growing lifestyl emponent, thanks to concepts such as Sol House Sol Reach in the business leisure, or 'bleisure', segment in the best city hotels, allowing Meliá Hotels International to optimise hotel occupancy, average rates and additional revenues thanks to the experience and value proposition offered to new

facilitate alignment with company strategy and, thanks to more-efficient management, the important organic growth the company expects to achieve. This new model is based on four business areas: Asia-Pacific Club Meliá, hotels and real estate

are also highly complementary in their activities to achieve global company, with growth in the most relevant brands and markets – especially through management, lease and franchise agreements – with a special focus on Asia and maximising the profitability of its assets.

the chain to offer a wide range of products to clients, thus group: customer loyalty.

# Proactive development

Resources: High performance team

Organizational chart development department 2017

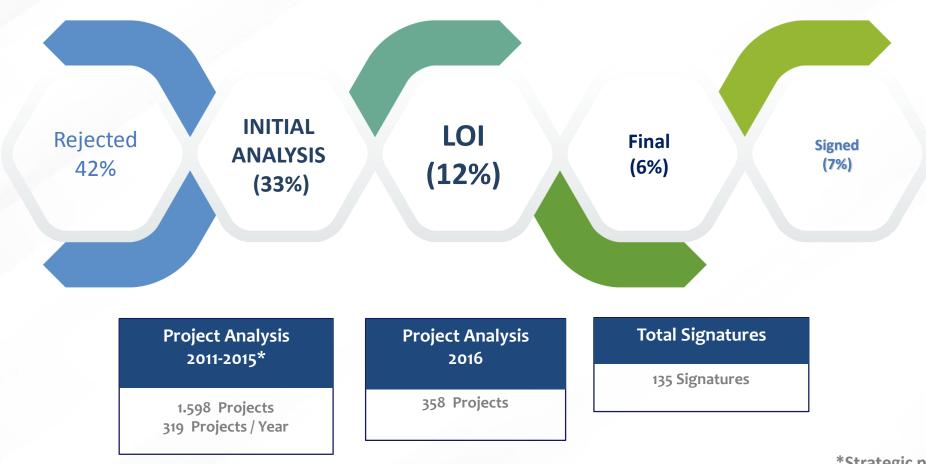
11 Regional Directors 2 Regional Managers 1 VP 2 PMO 1 Global Executive



Our History Where are we now? Growth strategy

# Development reality

Success Ratio of Projects analysed from 2011



<sup>\*</sup>Strategic plan comprises 12-14

Our History Where are we now? Growth strategy



# Industry Overview



#### **TIMESHARING**

Real Estate product

Sale linked to the transmission of an ownership title

By selling all the available intervals or shifts the domain on the property is lost

A community of owners (HOA) is created, that manages the property

Linked to a maintenance fee

High average prices (up to \$ 31K USD)

#### **VACATION CLUB**

Real Estate product

Sale associated to rights of use

Rights supported by an inventory affected or deposited in a trust

Conversion into points/options

Linked to a maintenance fee

Medium Average Prices (between \$ 15K and \$ 30K USD)

#### **DISCOUNTS CLUB**

Hotel product

Sale associated with the use of discounted hotel rates, whether fixed or variable

No asset is affected

It is not possible to recognize income at the time of sale, but during the term of the contract

No maintenance fee

Low average prices (\$ 15K or less)

# Industry Overview



#### **TIMESHARING**

**Product:** Weeks in a unit type and season.

**Validity:** Perpetuity

Presence: USA.

#### **Companies:**

Wyndham Vacation Club Hilton Grand Vacations Club. Marriott Vacation Club. Starwood Vacation Club. Westgate Resorts.

#### **VACATION CLUB**

**Product:** Package of points

Validity: 30 – 50 years

Presence: Mexico, Caribbean

#### **Companies:**

Disney Vacation Club.
Marriott Vacation Club.
Starwood Vacation Club.
WorldMark by Wyndham.
Bluegreen Vacation C.
Grupo Posadas (FAVC).
Grupo Vidanta.
Grupo Pueblo Bonito.
Grupo Villa.
Velas Resorts.
Club Meliá (MVC & SMVC)

#### **DISCOUNTS CLUB**

**Product:** Rates

Validity: 5-20 years

**Presence:** Mexico, Caribbean

#### **Companies:**

Palace Resorts. Hard Rock Hotels. AM Resorts. Bahia Principe.

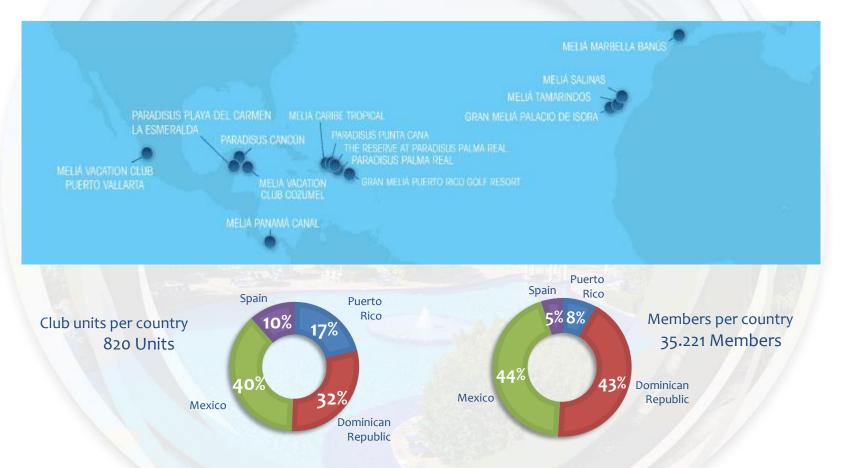
Iberostar.

Travel Smart Vacation C.

Real Resorts.

Grupo Posadas (Kivac)

## SUMMARY OF OPERATIONS



## How does Club Meliá work?



#### PRODUCT DESCRIPTION

- 50 years
- Product: Unit Type Season Equivalent to "X" number of Points (Options = Currency Melia)
- Annual Maintenance
- Uses:
  - 14 Home Resort (Club Units)
  - Access to affiliated Hotels /"Resort and Urban Collection"
  - Melia Rewards (MHI)
  - Weeks Exchange with RCI

#### PRODUCT DESCRIPTION

- Buyer: 45% USA / 15% Mexico / 10% Spain
- 27,035 Members
- Average rate\$25,194.00 USD

Other discontinued sale products:

- MVC 30 years membership, 5,866 members, 70%
   USA, limited use to 5 Home resorts and RCI.
   Average rate \$9,450.00 USD
- Destinations 5 years. Fixed rates for a certain number of nights. Hotel units. Preferential rate (No maintenance). Uses:12. Specific "Destinations" Properties. 2,084 Members. Average rate \$5,131.00 USD

# What is Circle?



- It's a new Brand: Circle by Melia
- It's a new Resort: Circle at Paradisus Palma Real
- It's a new Vacation Club Offering
- A different Sales Model.





### BRAND VISION

To successfully redefine vacation ownership for the modern traveller.

#### STRATEGIC BRAND IMPERATIVE

Circle builds long-lasting relationships with travel consumers through a flexible vacation programme that treats them as the company's most valuable customers.

# CIRCLE by Meliá **BRAND MODEL**



Circle builds long-lasting relationships with travel consumers through a flexible vacation programme that treats them as the company's most valuable customers.



#### Lifelong relationships

Caring and Nurturing Most valued members

Little Extra

Beyond expectations

n

Constant refinement



#### **BRAND IMPERATIVE**

Statement incorporating the Unique Selling Proposition for the brand.

#### PARENT BRAND PILLARS

The brand imperative is interpreted through the Meliá parent brand pillars.

#### DISTINGUISHING BRAND FACTORS

The brand distinguishing factor is the articulation of the Meliá parent brand pillars, reflecting both the distinctive imperative behind Circle by Meliá as well as the overarching Meliá brand.

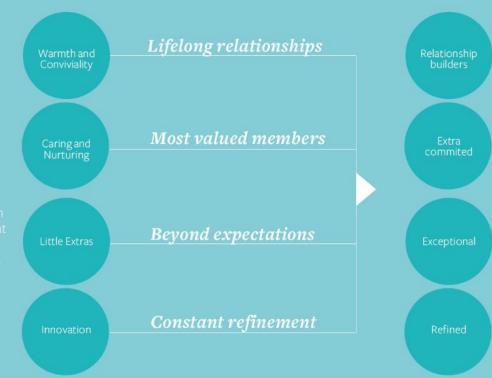
#### **BRAND EXPRESSIONS**

The Circle distinguishing factors then translate into specific programs, behaviours and the service culture – the practical, guest-facing expressions of the Circle by Meliá brand.

# CIRCLE by Meliá **BRAND MODEL**



consumers through a flexible vacation programme that treats them as the company's most valuable customers.



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#### **SERVICE VALUES**

Underpinned by associate behaviours



The only vacation programme that appeals directly to modern travel requirements by providing flexible access to the best experiences available across an entire hotel company's portfolio.



#### USP

A flexible, experiencedriven vacation programme

## DISTINGUISHING FACTORS

Lifelong Relationships Most Valued Members Beyond Expectations Constant Refinement

#### **HYGIENE FACTORS**

A lifestyle brand Exquisite properties and destinations Status-driven membership Differentiated services from portfolio

#### WHAT IT TAKES TO STAND OUT

Brand-owned assets that no-one else can lay claim to.

#### WHAT IT TAKES TO BE COMPETITIVE

The quality control considerations that a vacation programme needs in order to compete to an international standard.

#### WHAT IT TAKES TO BE CONSIDERED

The basics expectations that international travellers require of all properties and brands as standard.



Infinite Vacations

A new Resort: CIRCLE at Paradisus Palma Real



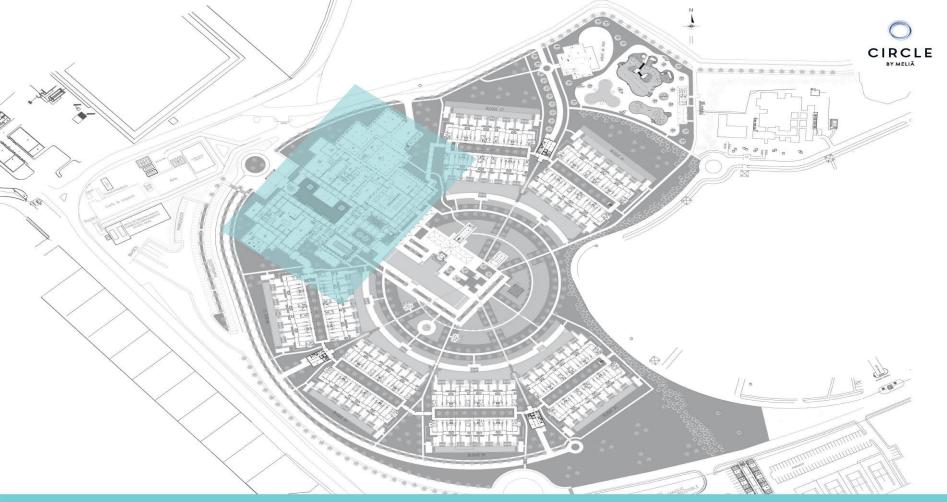




- 4 million square meters, owned since 20 years ago
- Development of:
  - Golf course
  - Luxury golf villas
  - Apartments
  - Shopping center

- Over 2000 rooms distributed between:
  - Melia Caribe Tropical
  - Paradisus Palma Real
  - The Reserve at Palma Real

- 13 Hectares of Undeveloped land will be known as "CIRCLE"
- Circle is under construction as we speak, it will feature 432 luxurious and large suites.







Infinite Vacations



# How it works



## We sell option packages for up to 30-years

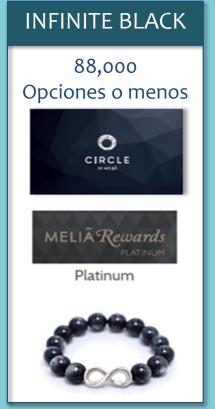
Type of unit	Season			
	Choice	Preferred	Select	Premium
1 Bedroom	24,000	30,000	36,000	42,000
1 BR Master Suite	48,000	58,000	68,000	78,000
1 BR Master Corner Suite	58,000	68,000	78,000	88,000
2 Bedroom Lock Off Suite	72,000	88,000	104,000	120,000
2 Bedroom Corner Lock Off Suite	82,000	98,000	114,000	130,000
2 BR Presidencial Suite	90,000	110,000	130,000	150,000
1 Bedroom Swim Up	36,000	42,000	48,000	54,000
1 BR Master Swim Up Suite	68,000	78,000	88,000	98,000
1 BR Master Corner Swim Up Suite	78,000	88,000	98,000	108,000
2 Bedroom Swim Up Suite	104,000	120,000	136,000	152,000
2 Bedroom Corner Swim Up Lock Off	114,000	130,000	146,000	162,000
2 BR Presidential Swim Up Suite	130,000	150,000	170,000	190,000

# Membership tiers









# How can we use the options? Maximum flexibility of usage



- At the home resort Circle at Paradisus Palma Real
- At the 23 affiliated all-inclusive hotels:
- Buying discounts to any hotel of MHI's portfolio worldwide (3.000 options)
- Redeeming for MeliaRewards points
- Exchange options with partners (RCI)

# How can we use the options? No restrictions of usage



- Use in the current year.
- **Deposit** for use in the following year.
- Anticipate Next Year Options.
- Future usage of options can be accelerated.
- No limit on the number of options that can be used in a year.
- Options from the current year may become points.
- Options do not expire, they can be always used.



## New sales model



- Minimize complaints: The experience
- Take advantage of synergies with hotel
- Digitalization of the sales model





- Customer Identification
- Customer communication
- New sales material:
  - New Saleroom
  - Video Wall tour
  - Virtual Reality Lounge



### Email & Retargeting invitation campaign



£4 1 844 425 9969



We would like to give you a present.

And tell you about another one.

Infinite Vacations

EXPERIENCE THE WORLD OF CIRCLE BY MELIÁ

Join us at our **CIRCLE lounge** and choose your complimentary gift. Speak to our staff and gain access to our exclusive CIRCLE membership program.

#### CHOOSE AMONG THESE 4 EXPERIENCES FOR FREE:

- 1. The adventure of swimming with dolphins.
- 2. Dinner at Passion restaurant by Martin Berasategui.
- 3. A relaxing session for two people in our YHI SPA.
- 4. A tapas & wine menu in Winery by Martin Berasategui.



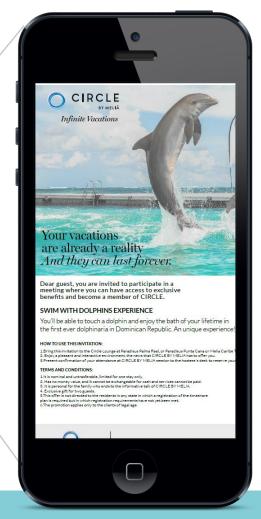
# DISCOVER AN INFINITE VACATIONS WITH CIRCLE BY MELIÁ

The Circle makes its worldwide debut in 2017 at Paradisus Palma Real in Punta Cana. An intimate and elegant boutique property just for Circle members.

VIEW MORE

Digital invitation







Infinite Vacations

## Remarketing Display









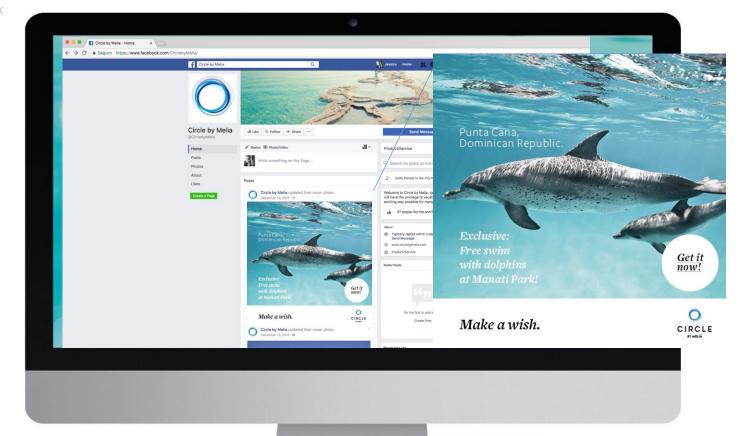
Infinite Vacations

CIRCLE

circlebymelia.com

Facebook Social Ads









# Customer communication: CIRCLEBYMELIA.COM



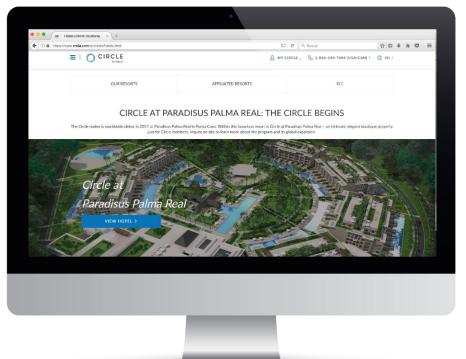
- Web developing by ACCENTURE
- RESPONSIVE



- MEMBERS SECTION FOR EACH LEVEL.
- MELIAREWARDS INTEGRATION.



- WEBSPHERE CONTENT MANAGEMNT SYSTEM
- DIGITAL CAMAIGN ANALYTICS







#### Sales Tour

- 1. Welcome to he Circle 5'
- 2. Trust wall 10'
- 3. Experience the Circle 10'
- 4. Be the Circle 20'
- 5. Intervilla Visit 25'
- 6. Be the Circle 20`
- 7. Infinite Vacations
- 8. Finish

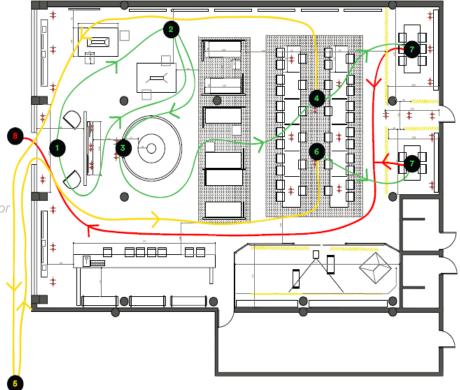
Tour time: 90 minutes

Spaces that the guest can use during the tour or anytime of the day. The time of the stay will be

as

Long as the client want.

Privé O lounge The little Circle + Lab







# The worldtour





