Earnings Release
4Q19

27.02.20

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CONFERENCE CALL

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INDEX

Results and Highlights for the Fourth Quarter and Full Year 2020

- **Same Store Sales (SSS) grew by 5.1% for the full year and 3.9% in the fourth quarter**
  - **For the year Mexico SSS grew by 3.4%, Europe SSS by 2.0% and South America SSS 14.6%**
  - **For the 4Q Mexico SSS grew by 2.3%, Europe SSS by 1.7% and South America SSS by 11.6%**
- **20.1% increase in EBITDA* for the full year and 27.6% in the fourth quarter**
- **4,310 total units in the portfolio, which includes 468 units corresponding to the acquisition of Grupo Vips in Spain, plus 303 Starbucks units in France-Benelux**
- **Net Debt / EBITDA decreased to 2.9x compared to 3.4x in 4Q18**

** Excluding effect of IFRS 16, as well as any effect from the restatement due to the hyperinflation in Argentina*

MESSAGE FROM THE EXECUTIVE PRESIDENT

Alberto Torrado, Executive President of Alsea, commented: "At the end of the fourth quarter of 2019, we reached a total of 4,310 units (3,419 corporate and 891 sub-franchises), sales increased by 24.7%, same store sales by 3.9% and EBITDA by 27.6%; these are solid results considering the economic environment that many of our geographies are going through. Meanwhile, during the year we were able to execute many of our strategic initiatives, such as enhancing the attractiveness of our brands for our customers through excellent service and innovation, integrating the acquisitions made in Europe into Alsea, disincorporate some of the less profitable units, putting ESG at the center of the company's objectives, implementing new technologies and reducing our financial leverage, to name some of the projects completed.

In Mexico, total units reached 2,272 (1,916 corporate and 356 sub-franchises), as we opened 115 new units and closed or disincorporated 310 (mainly the 234 sub-franchises of Burger King) in the last twelve months, in line with our profitability focused strategy. Our sales grew by 4.6% and same-store sales by 2.3% in the fourth quarter compared to 4Q18, driven primarily by strong performance at Burger King, Starbucks and Vips. Domino's Mexico continues with a slightly negative trend facing strong competition given the greater participation of aggregators in the home delivery sector. As of January of this year, we began a pilot test with 100 units to include Domino's Pizza on third party aggregator platforms, which we are confident will recover lost transactions, and plan to accelerate the implementation of this strategy in all of our stores across the country. The adjusted EBITDA margin in Mexico reached 25.7% in 4Q19, versus 23.0% a year ago. This improvement was driven by the higher productivity in the COA as well as strict expense control in several areas, mitigating increases in the minimum wage, which rose more than 13 percentage points above inflation, affecting our labor cost structure.

In Europe, we concluded the year with 1,398 total units (888 corporate and 510 sub-franchises). We opened 109 new restaurants and closed or disincorporated 53, in line with our strategy to focus on profitability. Sales in this segment grew by 111.5% and same-store sales by 1.7% in the fourth quarter, while the adjusted EBITDA margin reached 22.3% versus 20.5% in 4Q18. This improvement was mainly driven by operational efficiencies and additional synergies. For the full year, we have accomplished synergies of 9 million euros from the recent acquisitions, in line with our latest projections of 18 million euros of total synergies.

In South America, over the quarter, sales and margins were negatively affected mainly by social unrest in Chile, which caused units to close for several days which impacted by 64 million pesos on the EBITDA for the region over the quarter. This, as well as the instability of Argentina's economy which also impacted Alsea South America's sales by 584 million pesos. Total sales for the quarter decreased by 14.7%, mainly affected by the devaluation of the Argentine peso, with same-store sales growth of 11.6%. Adjusted EBITDA decreased by 14.7% with an adjusted EBITDA margin of 13.8%. However, the operation in Colombia helped offset the adverse environment in the region, thanks to the positive performance of Archie's and Domino's

Pizza. In the latter, we have incorporated all the units on aggregator platforms, increasing sales share of this channel to 12% of total sales in this country.
Additionally, consistent with our commitment to improve cash flows and achieve better returns on our capital, over the year we divested from some operations such as, P.F. Chang's in Argentina and Brazil, Burger King in Colombia, California Pizza Kitchen in Mexico, LAVACA in Spain, as well as the sale of various assets.

As we have mentioned in previous calls, Alsea seeks to focus more on ESG and sustainability going forward, making it a central element of its corporate culture. As for the environment, we continue to contribute against global warming through the purchase of clean energy (wind and efficient cogeneration) in 54% of our units, for example, reducing approximately 51,000 tons of CO_2, equivalent to planting 850,000 trees in a year. By the end of the year, these units paid 35% less for electricity as an additional benefit of using clean energy. On social impact, all of our menus in Mexico include nutritional information, and all our brands have a health and wellness plan for our clients. We develop many programs with local suppliers, for example we promote the consumption of Mexican coffee and thus contribute to the local producing communities and the environment, reducing the carbon footprint and providing new coffee plants for reforestation. The Alsea Foundation, through the "va por mi cuenta" movement, provided a daily nutritious meal to approximately 5,000 children in 2019 through our 13 dining rooms. We are proud to have been included in the Dow Jones sustainability index, in the Sustainability Index of the Mexican Stock Exchange and more recently in the FTSE4Good BIVA index for ESG-oriented companies in Mexico.

Alsea is a company that generates more than 80 thousand jobs in all our geographies, of which approximately 50% are women. In Mexico alone, about 48% of our more than 42 thousand employees are women. In brands like Vips and Starbucks, women are the majority and we recognize the important contribution of our female talent. That is why Alsea has decided to donate the equivalent of 1 day's salary of our entire female workforce, to channel these resources - through the Alsea Foundation - to associations dedicated to supporting women that have been victims of violence. In line with our values, we will continue to promote an environment of equity, inclusion and respect for all our collaborators and customers.

The opportunity provided by new disruptive technology in the restaurant service industry has become a key corporate priority. Our goal is to create a "digital store front", putting the entire experience and capabilities of Alsea into a digital ecosystem. To that end in 4Q19, information on menus, promotions and recommendations were digitally available across our brands, as was the ability to order food digitally. We have made progress on our loyalty reward program, Wow Rewards, reaching close to 400 thousand active members as of the end of 2019. For 2020, we aim to make further progress in incorporating different payment methods from Apps and Wow, as well as acquiring customer feedback via many channels. With respect to aggregators, our goal is to make Alsea brands available everywhere and take advantage of the opportunity and increased transactions that this new trend brings to the sector, regardless of whether the delivery is completed by us or through third parties.

We are aware that the recent announcement regarding the tax aspects related to the purchase of Vips and El Portón restaurants in Mexico has generated some doubts with our investors. I would like to emphasize that after consulting three legal specialists, we have sufficient material to demonstrate that the settlement notice given by the SAT is inadmissible and at the same time shows that Alsea has complied with all its tax obligations concerning the aforementioned sale. Therefore we do not consider it necessary to create any provisions in this regard and we consider ourselves to have a solid case and a high probability of success in this legal process.

We look forward to 2020 and to the future ahead. We are satisfied with our footprint in Mexico, Europe and South America, where most of our key brands are positioned first or second in their segment. The opportunity in the regions where we operate indicates that there is still untapped market capacity which we plan to take advantage of in order to continue with our growth strategy. Our leverage improved 0.4x over our guidance for the end of 2019, reducing our Net Debt / EBITDA to 2.9x. We will continue to focus on disciplined profitable growth, in a sustainable way, offering attractive returns for our shareholders through efficient operations focused on our clients."

Mexico City, February 27, 2020. Alsea, S.A.B. de C.V. (BMV: ALSEA), the leading Quick Service Restaurant (QSR), Coffee Shop, Casual Dining and Family Restaurant operator in Latin America and Europe, released its results for the fourth quarter and full year 2019. This information is presented in nominal terms pursuant to International Financial Reporting Standards (IFRS). For purposes of comparison against the previous year, the comments presented in this report do not include the effect of IFRS 16, nor the effect regarding restatement due to the hyperinflation in Argentina. These effects are detailed in the financial statements added at the end of this report.*

FINANCIAL HIGHLIGHTS FOR THE FOURTH QUARTER OF 2019

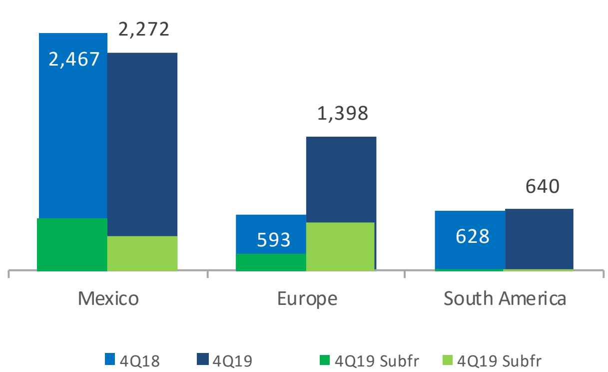
The following table shows a condensed Financial Summary in million pesos (except for EPS), the margin for each line item, as well as the percentage change for the quarter ended December 31, 2019 compared to the same period of 2018:

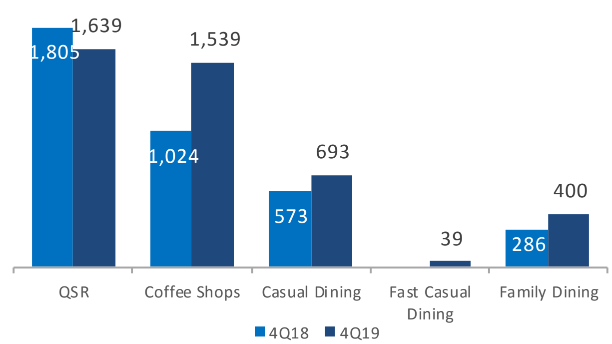
	4Q 19	*4Q 18*	*Var %*
Same-store sales	3.9%	5.4%	(150) bps
Sales	$14,995	$12,028	24.7%
Gross Profit	10,651	8,273	28.7%
EBITDA (1)	2,358	1,848	27.6%
EBITDA Margin	*15.7%*	*15.4%*	*30 pbs*
Operating income	1,143	1,032	10.7%
Net income	436	313	39.4%
Net income margin	*2.9%*	*2.6%*	*30 pbs*
ROIC	7.9%	10.5%	(260) pbs
ROE	8.5%	12.3%	(380) bps
Net Debt/EBITDA	2.9 x	3.4x	N.A.
EPS (2)	1.11	1.20	(7.5)%

(1) EBITDA is defined as operating income before depreciation and amortization. *** Figures in million pesos, except EPS**

(2) **EPS is earnings per share for the last 12 months. In 4Q18 only the result of Alsea is contemplated, without considering Grupo Vips.**

NUMBER OF UNITS*



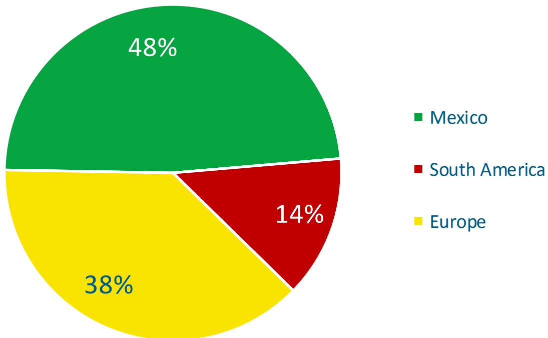


** Total Units (corporate + sub-franchises)*

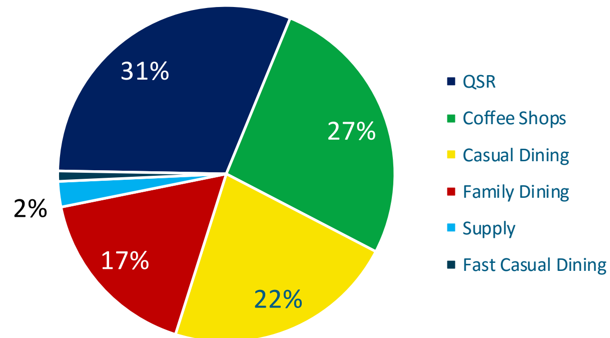
CONSOLIDATED RESULTS

SALES

SALES BY GEOGRAPHIC LOCATION*



SALES BY SEGMENT*

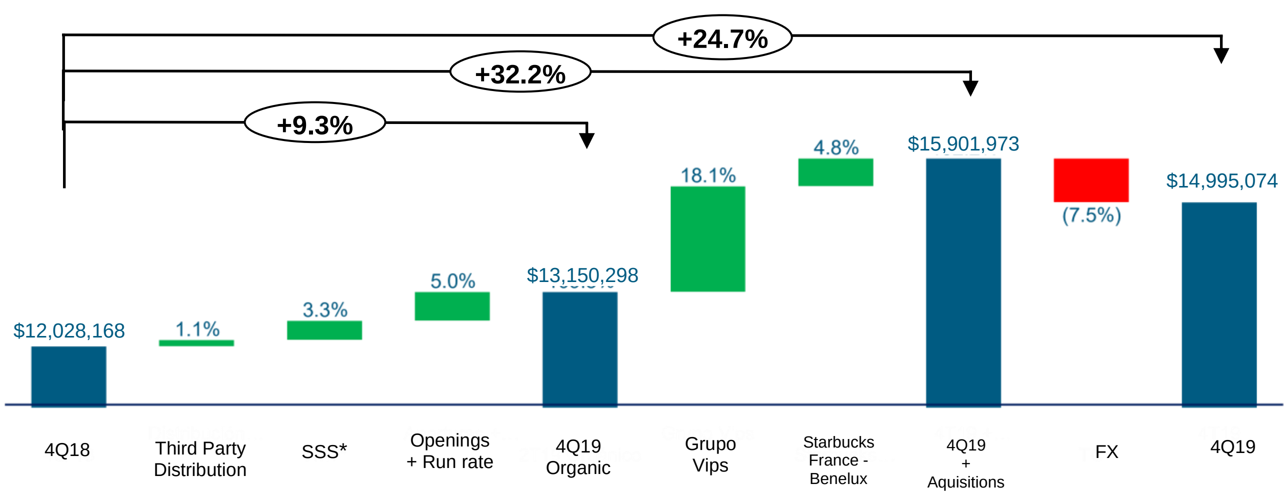


** Figures as of 4Q19*

Net sales for the fourth quarter of 2019 **increased by 24.7%** to reach **14,995 million pesos**, compared to 12,028 million pesos in the previous year. This growth is mainly due to:

- **The increase of 472 corporate units**, which was largely due to the integration of 364 corporate units from the acquisition of Grupo Vips and 82 Starbucks units in France-Benelux,
- **1.4% organic growth**, reaching a total of 3,419 corporate units at the end of December 2019, an increase of 16.0% compared to the same period of the previous year,
- **A 3.9% growth in same store sales**.

Net sales 4Q19 vs. 4Q18



** The percentage of same-store sales contribution is the effect on the total revenue base.*

The increase in net sales was partially offset by the negative effect of currency devaluation, mainly the Argentinean peso and the Euro, against the Mexican peso, which impacted consolidated sales by 750 basis points, or by 906 million pesos in consolidated sales, coupled with the socio-political situation in Chile which impacted sales by 126 million pesos.

As for same store sales, the business portfolio in **Mexico** registered a growth of **2.3%**, our brands in **South America** grew by **11.6%** and the operation in **Europe** increased by **1.7%.**

EBITDA

EBITDA in the fourth quarter of 2019 grew by 27.6% to 2,358 million pesos, compared to 1,848 million pesos in the fourth quarter of the previous year. The increase in EBITDA of 510 million pesos was driven by:

- **The 220-basis points improvement in cost of sales** related to the positive effect from our business mix, the improved performance of the Operations Center (COA) and a larger contribution from Alsea Europe.
- Proceeds from the **sale of assets in the quarter**: a Vips unit in Mexico City for approximately 80 million pesos and rights to the "We proudly serve – Starbucks" points of sale for 123 million pesos.
- Benefits from **synergies made in Alsea Europe** during the quarter.

The increase in EBITDA was partially offset by:

- **An increase in energy costs**, mostly in Mexico, **which was in part compensated by using clean energy (wind farms) in most of the units** in the country.
- **A 10 basis points contraction in Alsea South America's EBITDA margin** compared to the same period of the previous year, **mainly due to the socio-political situation in Chile** which had an impact of 64 million pesos and the impact of 24 million pesos from **the devaluation in Argentina**, in spite of the recent disincorporation of some business units in the region.
- **An increase in minimum wage in some countries**, coupled with the negative effect of 300 basis points related to the devaluation of some currencies against the Mexican peso, mainly the Argentinean peso and the Euro.

The EBITDA margin expanded by 30 basis points rising from 15.4% in the fourth quarter of 2018, to 15.7% during the same period of 2019.

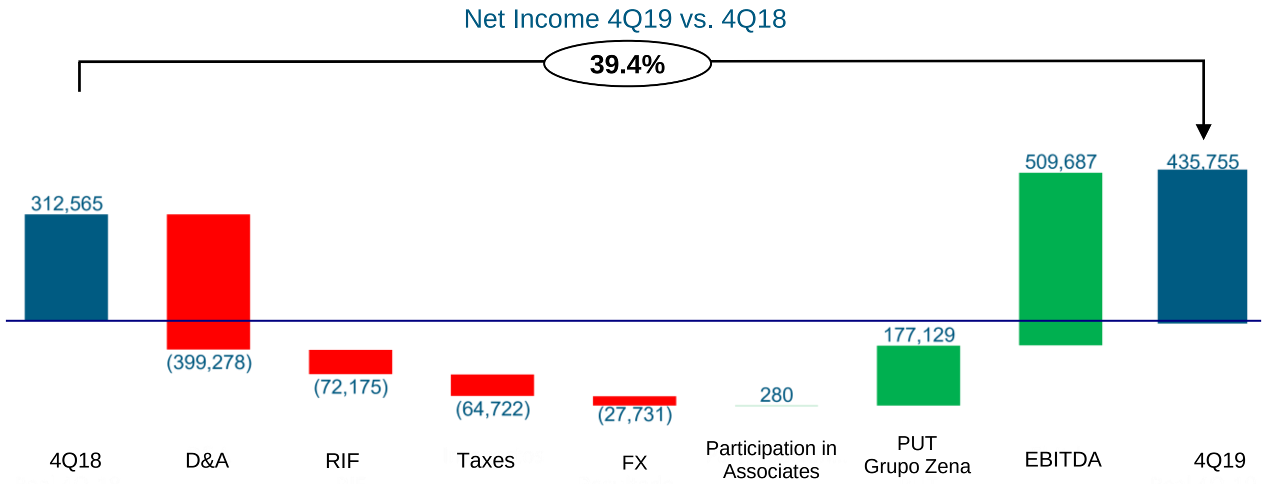
NET INCOME

Net income for the quarter increased by 123 million pesos compared to the same period of the previous year, closing at 436 million pesos, in comparison to 313 million pesos of 4Q18. This increase was related to:

- The decrease in the all-in cost of financing result mainly due to a **positive exchange rate effect related to the purchase and sale options of the remaining 21.0% of Grupo Zena**, where there was an exchange rate gain of 72 million pesos compared to the exchange loss of 105 million reported in the same period of the previous year.
- **The 100 basis points decreased in the tax rate,** going from 38.0% in 4Q18 to 37.0% in 4Q19.

The above was partially offset by:

- The **decrease of 100 basis points in operating income**, due to a 190-basis point increase in operating expenses mainly attributable to the incorporation of recent acquisitions in Europe.
- **The increase of 72 million pesos in net interest expense paid**, related to greater leverage due to acquisitions**.**
- **The margin decrease in Argentina and Chile** due to the socio-political economic situation in both countries.
- And to **an increase in the exchange loss compared to 4Q18,** due to the devaluation of currencies against the Mexican peso.



RESULTS BY SEGMENT FOR THE FOURTH QUARTER OF 2019

MEXICO

Alsea Mexico	*4Q 19*	*4Q 18*	*Var.*	*% Var.*
Number of units	2,272	2,467	(195)	(8%)
Same-store sales	2.3%	3.5%	(120) bps	-
Sales	7,251	6,932	$319	5%
Costs	2,211	2,219	($9)	-
Operating expenses	3,180	3,119	$61	2%
Adjusted EBITDA*	1,861	1,594	$267	17%
*Adjusted EBITDA margin**	*25.7%*	*23.0%*	*270 bps*	-
Depreciation and Amortization	570	568	$2	-
G&A and other income / expenses	420	284	$137	48%
Operating income	871	743	$128	17%

* Adjusted EBITDA does not include administrative expenses; thus it represents the "Store EBITDA." ** Figures in million pesos.

MEXICO SALES

Alsea Mexico sales were 48% of Alsea's consolidated sales in the fourth quarter of 2019 **and increased by 4.6%** to reach 7,251 million pesos compared to 6,932 million pesos for the same period in 2018. This change is attributable to the opening of 63 corporate units and 52 sub-franchises from different brands in the last twelve months, reaching a total of 1,916 corporate units and 356 sub-franchisee units.

Additionally, **same-store sales for the quarter in Mexico grew by 2.3%**, which was mainly driven by:

- The positive sales performance in important brands for Mexico's portfolio, such as Burger King, Starbucks and Vips, as a result of **product innovation and improvements in service quality**.
- Starbucks product innovation through **the Bake-in Store initiative** in 406 units.
- **The run-rate of openings and renovations carried out in 2018**, mainly of Vips and Starbucks units.

This was partially offset by a negative performance in Domino's Pizza same-store sales, driven by the competitive environment in the home delivery segment. At the beginning of 2020, we started a pilot with 100 units of Domino's in Mexico City and Guadalajara to participate on aggregator platforms marketplaces, and we believe this strategy will boost traffic going forward.

ADJUSTED EBITDA MEXICO

Alsea Mexico's Adjusted EBITDA increased by 16.8% during the fourth quarter of 2019, closing at 1,861 million pesos compared to 1,594 million pesos for the same period of the previous year. This increase is mainly attributable to:

- **Growth in same-store sales**.
- **A stronger performance from the COA** (Operations center) due to **cost controls and improvements in inventory turnover** which contributed 150 basis points compared to 4Q18.

These were partially offset by an increase in minimum wage effective as of the beginning of the year, as well as by increases in energy costs which had an impact of 22 and 50 basis points, respectively**.**

Additionally, on the G&A and other income/expenses line, asset sales profits were recorded in the quarter: a Vips unit in Mexico City for approximately 75 million pesos and the rights to the "We proudly serve - Starbucks" points of sale for 123 million pesos, which was partially offset by expenses for organizational restructuring and recognition of the deterioration of the El Portón brand.

EUROPE

Alsea Europe	*4Q 19*	*4Q 18*	*Var.*	*% Var.*
Number of units	1,398	593	805	136%
Same-store sales	1.7%	1.0%	70 bps	-
Sales	5,691	2,690	$3,001	112%
Costs	1,458	755	$702	93%
Operating expenses	2,963	1,383	$1,580	114%
Adjusted EBITDA*	1,270	552	$718	130%
*Adjusted EBITDA margin**	*22.3%*	*20.5%*	*180 bps*	-
Depretiation and amortization	547	130	$417	322%
G&A and other income / expenses	463	172	$291	170%
Operating Income	260	251	$10	4%

* Adjusted EBITDA does not include administrative expenses; thus it represents the "Store EBITDA." ** Figures in million pesos.

EUROPE SALES

Alsea Europe sales accounted for 38% of the Company's consolidated sales, consisting of operations in Spain, Portugal, France, the Netherlands, Belgium and Luxembourg.

This region reported a 111.5% increase in sales, reaching 5,691 million pesos compared to 2,690 million pesos in the fourth quarter of 2018. This increase of 3,001 million pesos was mainly driven by:

- **The incorporation of 446 corporate units into our portfolio** corresponding to the operations of Grupo Vips and Starbucks France-Benelux.
- **An increase of 22 corporate units** for different brands in the last 12 months.
- **A 1.7% increase in same-store sales**, mainly driven by growth in Domino's and Burger King.

- The implementation of **digital kiosks** in some **Burger King** stores**.**
- **The run-rate of openings and renovations carried out in 2018,** mainly in Foster's Hollywood, Burger King, Vips, Ginos and Starbucks.

This increase was partially offset by the impact in exchange rate from the devaluation of the Euro against the peso.

At the end of the fourth quarter there was a total of 888 corporate units and 510 sub-franchisee units, including recent acquisitions.

Adjusted EBITDA EUROPE

Alsea Europe's adjusted EBITDA at the end of the fourth quarter of 2019 increased by 130.1% reaching 1,270 million pesos, compared to 552 million pesos for the same period of 2018, mainly attributable to the incorporation of Grupo Vips and Starbucks France-Benelux.

The adjusted EBITDA margin at the end of the fourth quarter of 2019 showed a positive variation of 180 basis points compared to the same period of the previous year. This increase is attributable to:

- **Synergies amounting to 3.5 million euros** for the quarter, however, these were offset by the impact of settlements of approximately 4.0 million euros.
- **The portfolio rationalization strategy** including the disincorporation of LAVACA in Spain.

The above was partially offset by:

- **An increase in the minimum wage in Spain**, particularly impacting home delivery employees.
- Costs of 1.3 million euros associated with recent acquisitions.

Additionally, on the G&A and other income/expenses line, approximately 2.1 million euros of extraordinary expenses related to the disincorporation of LAVACA were recorded, as well as the termination of the lease contract for the corporate offices of Grupo Vips in Madrid.

SOUTH AMERICA

Alsea South America	*4Q 19*	*4Q 18*	*Var.*	*% Var.*
Number of units	640	628	12	2%
Same-store sales	11.6%	15.0%	(340) bps	-
Sales	2,053	2,406	($353)	(15%)
Costs	676	781	($105)	(13%)
Operating expenses	1,093	1,292	($199)	(15%)
Adjusted EBITDA*	284	333	($49)	(15%)
*Adjusted EBITDA margin**	*13.8%*	*13.9%*	*(10) bps*	-
Depretiation and amortization	99	119	($20)	(17%)
G&A and other income / expenses	174	176	($2)	(1%)
Operating Income	11	39	($28)	(71%)

* Adjusted EBITDA does not include administrative expenses; thus it represents the "Store EBITDA.. ** Figures in million pesos.

SOUTH AMERICA SALES

Alsea South America sales corresponded to 14% of the Company's consolidated sales and at the end of the period there was a total of 615 corporate units and 25 sub-franchisee units. **Sales decreased by 14.7%,** reaching 2,053 million pesos compared to 2,406 million pesos in the fourth quarter of 2018. This decrease was mainly due to:

- **Political and economic instability in Argentina**, whose currency devalued close to 60% in the last twelve months and had an inflation higher than 54% which resulted in a high single digit negative figure on transactions in the country. Excluding the negative effect of the devaluation of the Argentine peso, **sales growth of Alsea South America would have reached 12.7%.**
- **The socio-political situation in Chile** had a negative impact of 126 million pesos.

The decrease in sales was partially offset by**:**

- **A 11.6% growth in same store sales.**
- **The good performance of the operation in Colombia in the fourth quarter**, mainly in Domino's Pizza and Archie's, which registered a 4% and 8% growth in same-store sales respectively.
- **The addition of 5 corporate units** in the last 12 months.

Additionally, sales in Colombia were affected by the Tax Reform implemented in 2019, where Domino's, Starbucks, Burger King and P.F. Chang's brands migrated from the consumer tax regime (8%) to the VAT regime (19%).

Adjusted EBITDA South America

The Adjusted EBITDA of Alsea South America at the end of the fourth quarter of 2019 decreased by 14.7%, closing at 284 million pesos, compared to 333 million pesos for the same period in 2018.

The EBITDA margin at the end of the fourth quarter of 2019, decreased by 10 basis points compared to the same period of the previous year. These was mainly due to:

- The devaluation of the Argentine peso, which affected the cost of importing supplies, however, it has been possible to stabilize margins in the country.

This decrease was partially offset by:

- **A 70-basis point positive effect from recent disincorporation** of some business units (P.F. Chang's Brazil, Argentina and Burger King Colombia).
- **Improvements** in the operation **of Archie's and Domino's Pizza in Colombia.**
- **Efficiencies and cost control.**

FULL YEAR 2019 FINANCIAL HIGHLIGHTS

The following table shows a condensed Financial Summary in million pesos (except for EPS), the margin for each line item, as well as the percentage change for the year ending December 31st, 2019 and the same period of the previous year:

	12M19	*12M18*	*Var %*
Same-store sales	5.1%	4.9%	20 bps
Sales	$57,444	$45,320	26.8%
Gross Profit	40,523	31,400	29.1%
EBITDA (1)	7,650	6,368	20.1%
EBITDA Margin	*13.3%*	*14.1%*	*(80) bps*
Operating income	3,568	3,345	6.7%
Net income	1,081	1,192	(9.3)%
Net income margin	*1.9%*	*2.6%*	*(70) bps*
ROIC	7.9%	10.5%	(260) bps
ROE	8.5%	12.3%	(380) bps
Net Debt/EBITDA	2.9 x	3.4 x	N.A.
EPS (2)	1.11	1.20	(7.5)%

(1) EBITDA is defined as operating income before depreciation and amortization. * Figures in million pesos, except EPS.
(2) EPS is earnings per share for the last 12 months. In 2018 only the result of Alsea is contemplated, without Grupo Vips.

CONSOLIDATED RESULTS

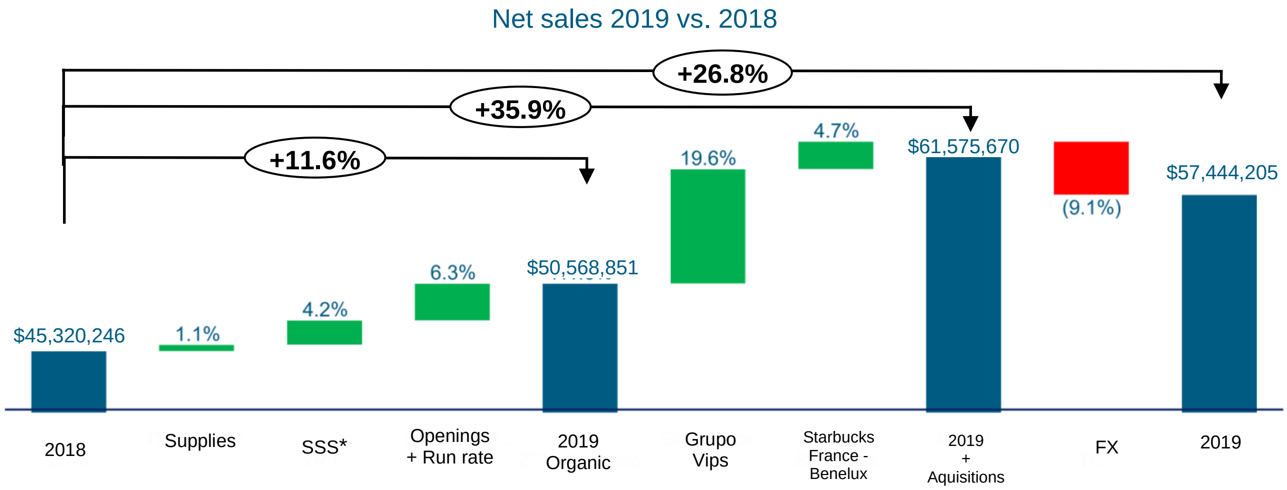
SALES

Net sales in 2019 increased by 26.8% to reach 57,444 million pesos, compared to 45,320 million pesos for the previous year. Alsea's total system sales in the year reached 70,173 million pesos compared to 52,939 million pesos in 2018. This increase is mainly attributable to:

- **The increase of 472 corporate units**, which was largely from the integration of corporate units from the **acquisition of Grupo Vips and Starbucks in France-Benelux**.
- **1.4% organic growth**, reaching a total of 3,419 corporate units by the end of December 2019, which represents a 16.0% increase compared to the same period of the previous year.
- **A 5.1% increase in same store sales**.

The increase in net sales was partially offset by the negative effect of the devaluation of currencies, mainly the Argentine peso and the Euro, against the Mexican peso, which impacted consolidated sales by 910 basis points. Excluding this effect, the growth in net sales would have been 35.9%.

As for same store sales, during the year the business portfolio in **Mexico** registered a **growth of 3.4%**, our brands in **South America grew by 14.6%** and the operation in **Europe increased by 2.0%.**



** The percentage of same-store sales contribution is the effect on the total revenue base.*

EBITDA

EBITDA in 2019 grew by 20.1% to reach 7,650 million pesos, compared to 6,368 million pesos in the previous year. The increase in EBITDA of 1,281 million pesos was driven by:

- **A 120-basis point improvement in the cost of sales** related to the positive effect of the new business mix in the portfolio, **the improvement in** the performance of the **Operations Center (COA)**, **strict cost control and decreases in various expenses,** combined with a **greater share from Alsea Europe.**
- **Proceeds from the sale of assets during the year**: two Vips units in Mexico City for approximately 143 million pesos and the rights to the "We proudly serve - Starbucks" points of sale for 123 million pesos.
- **A 10-basis point improvement in Alsea South America's EBITDA margin** compared to the same period of the previous year, driven by operations in Chile and Colombia, as well as the positive effect from the recent business units disincorporation in the region.
- Efforts made to reduce **administrative expenses in South America** where expenses fell by 30 basis points compared to the previous year.

The increase in EBITDA was partially offset by:

- An increase in energy costs, mostly in Mexico, which was in part **compensated by the benefit of managing clean energy** (wind farms) in most of the units in the country.
- **An increase in the minimum wage in some countries** and
- The negative effect of a devaluation of currencies against the Mexican peso, mainly the Argentinean peso and the Euro.

The EBITDA margin contracted by 80 basis points from 14.1% in 2018, **to 13.3% during 2019**, mainly attributable to the negative impact of 170 basis points related to the new business mix, with the inclusion of acquisitions in Europe.

NET INCOME

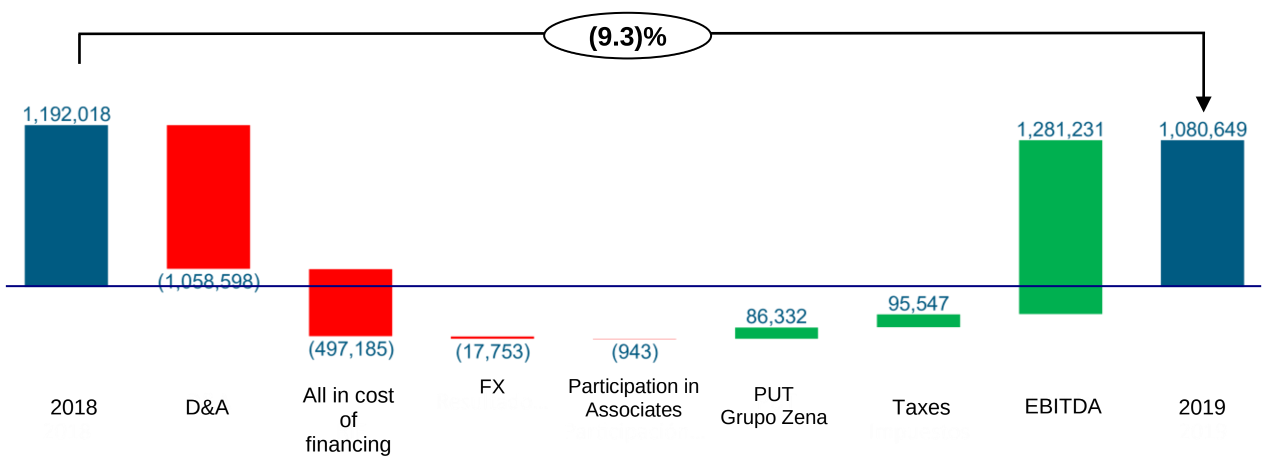
Net income for the year decreased by 111 million pesos compared to the same period of last year, closing at 1,081 million pesos compared to 1,192 million pesos reported at the end of 2018. This decrease is mainly due to:

- **A 120-basis point decline in operating income**, drawn from the increase of 200 basis points in operating expenses from the incorporation of recent acquisitions in Europe.
- **The decrease in margins in Argentina and Chile** due to the socio-political economic situation in both countries.
- An increase in the all-in cost of financing as a result of the 497 million pesos **increase in net interest expense paid**, related to greater leverage due to recent acquisitions, compared to 2018.
- An increase in depreciation from disincorporation of some business units and store closures.

The aforementioned was partially offset by:

- **The positive effect of the exchange rate** related to the purchase and sale options of the remaining 21.0% of Grupo Zena, where an exchange rate gain of 201 million pesos was recorded compared to an exchange rate loss of 115 million reported in the same period of the previous year.
- **A 100-basis point decrease in the tax rate**, falling from 38.0% in 2018 to 37% in 2019.
- **The decrease in the Mexican Interbank rate** during the year, dropping from 8.59% to 7.55%.

Net income 2019 vs. 2018



RESULTS BY SEGMENT FOR THE FULL YEAR 2019

MEXICO

Alsea Mexico	*12M 19*	*12M 18*	*Var.*	*% Var.*
Number of units	2,272	2,467	(195)	(8)%
Same-store sales	3.4%	4.0%	(60) bps	-
Sales	27,217	25,462	$1,755	7%
Costs	8,398	8,032	$366	5%
Operating expenses	12,425	11,530	$895	8%
Adjusted EBITDA*	6,394	5,901	$494	8%
*Adjusted EBITDA margin**	*23.5%*	*23.2%*	*30 bps*	-
Depretiation and amortization	2,266	2,123	$143	7%
G&A and other income / expenses	1,617	1,553	$64	4%
Operating Income	2,511	2,224	$286	13%

* Adjusted EBITDA does not include administrative expenses; thus it represents the “Store EBITDA”. ** Figures in million pesos.

SALES MEXICO

Alsea Mexico sales were 50% of Alsea's consolidated sales in 2019, an increase of 6.9% to reach 27,217 million pesos compared to 25,462 million pesos in 2018. This positive variation is **attributable to the opening of 63 corporate units and 52 sub-franchises** of the different brands in the last twelve months, reaching a total of 1,916 corporate units and 356 sub-franchisee units.

Likewise, **same store sales in Mexico grew by 3.4%**, which was mainly driven by:

- **A strong performance by Burger King**.
- **An improvement in sales of important brands for Mexico's portfolio**, such as Starbucks and Vips, both of which had same-store sales increases of around a mid-single digit during the year, as a result of improvements in service quality and product innovation, for example, the Bake-in Store initiative in more than 400 Starbucks units.
- **The run-rate of the openings and renovations carried out in 2018**.

This was partially offset by a negative performance in Domino’s Pizza same store sales, associated with a more competitive environment in the home delivery segment. At the beginning of 2020, we started a pilot test with 100 units of Domino’s in Mexico City and Guadalajara appearing on aggregator platforms marketplaces; we believe this strategy will increase transactions.

Adjusted EBITDA MEXICO

Alsea Mexico's Adjusted EBITDA increased by 8.4% during 2019, closing in at 6,394 million pesos compared to 5,901 million pesos in the previous year. This increase is mainly attributable to:

- **The growth in same-store sales**, coupled with an increase in margin from the opening of 63 corporate units during the last 12 months, and the portfolio rationalization.
- **A stronger performance in the COA** (Operations center).
- **Cost control**, despite the negative effect of tariffs on products imported from the USA during the first three quarters of the year.

- The **strict control of various expenses,** as well as a **decrease in corporate expenses**.

These were partially offset by an increase in the minimum wage effective as of the beginning of the year, as well as increases in energy costs**.**

In addition, on the G&A and other income/expenses line, we recorded asset sales for the year: two Vips in Mexico City for about 143 million peso and the rights for the “We proudly service – Starbucks” points of sale for 123 million pesos.

EUROPE

Alsea Europe	*12M 19*	*12M 18*	*Var.*	*% Var.*
Number of units	1,398	593	805	136%
Same-store sales	2.0%	1.1%	90 bps	-
Sales	21,206	9,862	$11,344	115%
Costs	5,576	2,726	$2,850	105%
Operating expenses	11,875	5,220	$6,655	127%
Adjusted EBITDA*	3,755	1,916	$1,839	96%
*Adjusted EBITDA margin**	*17.7%*	*19.4%*	*(170) bps*	-
Depretiation and amortization	1,379	419	$960	229%
G&A and other income / expenses	1,482	549	$933	170%
Operating Income	895	948	($54)	(6%)

* Adjusted EBITDA does not include administrative expenses; thus it represents the “Store EBITDA”. ** Figures in million pesos.

SALES EUROPE

Alsea Europe sales accounted for 33% of the Company's consolidated sales, made up of operations in Spain, Portugal, France, the Netherlands, Belgium and Luxembourg.

Sales for this segment increased by 115.0%, reaching 21,206 million pesos compared to 9,862 million pesos in 2018. This increase of 11,344 million pesos was mainly driven by:

- The **integration of 446 corporate units** into our portfolio corresponding to the operations of Grupo Vips and Starbucks France-Benelux.
- The **opening of 55 corporate units** of different brands in the last 12 months.
- A **2.0% increase in same-store sales.**
- **The implementation of digital kiosks** in some Burger King stores**.**
- **Product innovation in Domino’s Pizza.**
- **The run-rate of openings and renovations carried out in 2018.**

This increase was partially offset by the impact of the exchange rate related to the devaluation of the euro against the peso.

At the end of the year there was a total of 888 corporate units and 510 sub-franchisee units, including recent acquisitions.

Adjusted EBITDA EUROPE

Alsea Europe Adjusted EBITDA at the end of 2019 increased by 96.0%, reaching 3,755 million pesos, compared to 1,916 million pesos in 2018, mainly attributable to the incorporation of the operations of Grupo Vips and Starbucks France-Benelux.

The adjusted EBITDA margin at the end of 2019 had a negative impact of 170 basis points compared to the same period of the previous year. This decrease is attributable to:

- **The increase in the minimum wage in Spain**, mainly impacting home delivery employees.
- **The new business mix from the acquisitions made**, which have higher administrative expenses as a percentage of sales, a key point in the synergies planned to achieve margins equal to or greater than those previously reported. During the year, these **synergies amounted to 9.3 million euros**, however, they were offset by the impact of settlements of approximately 10.0 million euros.

In addition, on the G&A and other income/expenses line, we recorded asset sales for the year: two Vips in Mexico City for approximately 143 million pesos and the rights for the "We proudly service – Starbucks" points of sale for 123 million pesos.

SOUTH AMERICA

Alsea South America	*12M 19*	*12M 18*	*Var.*	*% Var.*
Number of units	640	628	12	2%
Same-store sales	14.6%	11.5%	310 bps	-
Sales	9,021	9,996	($975)	(10%)
Costs	2,948	3,162	($214)	(7%)
Operating expenses	4,810	5,431	($621)	(11%)
Adjusted EBITDA*	1,263	1,403	($140)	(10%)
*Adjusted EBITDA margin**	14.0%	14.0%	-	-
Depretiation and amortization	437	481	($44)	(9%)
G&A and other income / expenses	664	749	($86)	(11%)
Operating Income	163	172	$10	(6%)

* Adjusted EBITDA does not include administrative expenses; thus it represents the "Store EBITDA". ** Figures in million pesos.

SALES SOUTH AMERICA

Alsea South America sales were 17% of the Company's consolidated sales by the end of the year and there were a total of 615 corporate units and 25 sub-franchisee units. Sales for this segment decreased by 9.8%, to 9,021 million pesos compared to 9,996 million pesos in 2018. This decrease was mainly due to:

- **Political and economic instability in Argentina, whose currency devalued close to 60% in the last 12 months**. Excluding the negative effect of the devaluation of the Argentine peso, sales growth for Alsea South America would have reached 30.2%.
- **The socio-political condition in Chile** which had a negative impact of 126 million pesos; however, the growth in same-store sales for the full year in this country was 1.4%.

The decrease in sales was partially offset by**:**

- **A 14.6% growth in same store sales**.

Additionally, sales in Colombia were affected by the Tax Reform implemented in 2019, where Domino's, Starbucks, Burger King and P.F. Chang's migrated from the consumer tax regime (8%) to the VAT regime (19%).

Adjusted EBITDA SOUTH AMERICA

The Adjusted EBITDA of Alsea South America decreased by 10.0% by the end of 2019 to close at 1,263 million pesos, compared to 1,403 million pesos in 2018.

The EBITDA margin did not change compared to the same period of the previous year; despite the complicated environment in Argentina and Chile, it remained stable at 14.0%. This is attributed to:

- **A 20 basis point positive effect** obtained from recent **disincorporation of some business units** (P.F. Chang's Brasil, Argentina and Burger King Colombia).
- **The improvement in Burger King's operation in Chile, as well as Domino's Pizza and Archie's in Colombia.**
- **Improved efficiency and cost control.**

This increase was partially offset by the devaluation of the Argentine peso, which affected imported supplies.

NON-OPERATING RESULTS

All-in Cost of Financing

The all-in cost of financing for 2019 closed at 1,851 million pesos compared to 1,423 million pesos in the same period of the previous year. This change is mainly due to:

- **An increase in net interest expense paid** of 497 million pesos, from recent acquisitions in Europe,
- A higher exchange rate loss compared to that recorded in the same period of the previous year.

The foregoing was partially offset by a **greater positive exchange rate effect** related to the purchase and sale options of the remaining 21.0% of Grupo Zena, which created a **foreign exchange profit of 201 million pesos** compared to that reported in 2018 of 115 million pesos.

BALANCE SHEET

CAPEX

During the 12 months ended December 31, 2019, **Alsea made capital investments, excluding acquisitions, for 3,766 million pesos**, of which 2,342 million pesos, equivalent to 62.2% of total investments, were allocated to:

- **The opening of 160 units.**
- **The renovation of equipment and remodeling of 151 existing units** of the different brands operated by the Company.

The remaining 1,424 million pesos were allocated to:

- **Equipment replacement** (maintenance CAPEX).
- **Strategic improvement projects.**

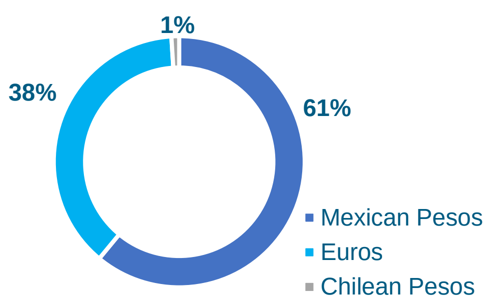
- **Software licenses**, among others.

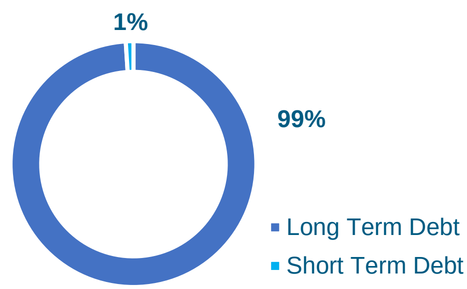
BANK DEBT AND FIXED-RATE BONDS

As of December 31, 2019, **Alsea's total debt decreased by 228 million pesos, closing at 25,382 million pesos** compared to 25,610 million pesos in the previous year. This decrease corresponds to the prepayment of loans with resources obtained from the sale of assets, exceeding our objective for the end of the year by reaching a Net Debt to EBITDA ratio of 2.9x.

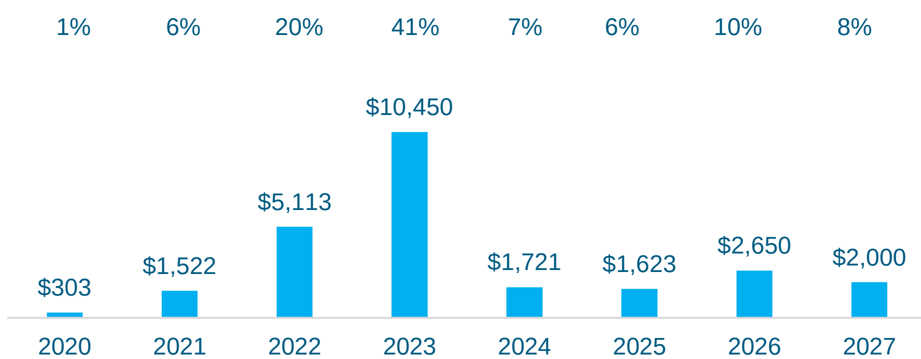
The company's consolidated net debt decreased by 866 million pesos, closing at 22,756 million pesos as of December 31, 2019 compared to 23,622 million pesos at the end of 2018.

As of December 31, 2019, total debt was comprised as follows:





The following graph shows the balance of the total debt in millions of pesos as of December 31, 2019, as well as the maturities that are held for subsequent years:



* Figures in million pesos.

FINANCIAL RATIOS

As of December 31, 2019, the financial ratios established in the Company's loan agreements were:

- **Total Debt to EBITDA** pro-forma (last 12 months) was **3.3 times (covenant <4.5 times).**
- **Net Debt to EBITDA** pro-forma (last 12 months) was **2.9 times and.**
- **EBITDA** (last 12 months) **to interest paid** over the last 12 months was **3.6 times (covenant >3.0 times).**

The Return on Invested Capital ("ROIC") (2), considering the results from the acquisitions in the last 12 months **was 7.9%** for the period ending December 31, 2019. **The Return on Equity ("ROE")** (3) as of December 31, 2019, considering the results from the acquisitions over the last 12 months, **was 8.5%.**

KEY INFORMATION

Financial ratios	4Q19	4Q18	Var.
EBITDA(1) / Interests Paid	3.6 x	4.4 x	N.A
Total Debt / EBITDA(1)	3.3 x	3.7 x	N.A
Net Debt / EBITDA(1)	2.9 x	3.4 x	N.A
ROIC (2)	7.9%	10.5%	(260) bps
ROE (3)	8.5%	12.3%	(380) bps

* EBITDA Pro-forma including acquisitions made in the last twelve months

Stock Market Indicators	4Q19	4Q18	Var.
Book Value per Share	$13.20	$13.26	(0.4)%
EPS (12 months) (4)	1.11	1.20	(7.5)%
Shares in circulation at end of period (millions)	838.5	835.6	0.4%
Price per Share at Market Close	$49.83	$51.15	(2.6)%

(1) EBITDA last 12 months.
(2) ROIC is defined as operating income after taxes (last 12 months) by net operating investment (total assets – cash and short-term investments – no-cost liabilities). 4Q18 pro-forma figures including Grupo Vips in Balance Sheet and Income Statement.
(3) ROE is defined as net earnings (last 12 months) over shareholders' equity. 4Q18 pro-forma figures including Grupo Vips in Balance Sheet and Income Statement.
(4) EPS is earnings per share for the last 12 months. In 4Q18 only the result of Alsea is contemplated, without considering Grupo Vips.

IFRS 16 IN INCOME STATEMENT AND BALANCE SHEET

The adoption of IFRS 16 had a **positive effect of 67 million pesos on the Income Statement** for the quarter, which represented 13.2% of net income. Regarding EBITDA, a positive effect of 969 million pesos was registered, representing an increase of 600 basis points in the EBITDA margin, reaching 21.7%.

For the full year 2019, the adoption of IFRS 16 had a **positive impact on the Income Statement of 162 million pesos**, which represented 15.0% of net income. Regarding EBITDA, a 4,949 million peso positive effect was recorded, which represented an increase of 840 basis points in the EBITDA margin, reaching 21.7%. The balance sheet reported a non-enforceable right of use for 20,347 million pesos and a non-enforceable lease liability of 22,562 million pesos.

Leverage ratios including IFRS 16 and hyperinflation in Argentina	4Q19
Total Debt / EBITDA(1)	3.8 x
Net Debt / EBITDA(1)	3.6 x

(1) EBITDA proforma last 12 months

UNITS BY BRAND

BRANDS	UNITS 4Q19		
	Corporate	Sub-franchises	Total
Domino's Pizza	815	405	1220
Mexico	*466*	*334*	*800*
Spain	*269*	*46*	*315*
Columbia	*80*	*25*	*105*
Burger King	419	-	419
Mexico	*182*	-	*182*
Argentina	*122*	-	*122*
Spain	*60*	-	*60*
Chile	*55*	-	*55*
Quick Service Restaurants	**1,234**	**405**	**1,639**
Starbucks			
Mexico	*749*	-	*749*
France	*66*	*118*	*184*
Spain	*123*	*24*	*147*
Argentina	*144*	-	*144*
Chile	*133*	-	*133*
Netherlands	*16*	*69*	*85*
Columbia	*32*	-	*32*
Belgium	-	*30*	*30*
Portugal	*20*	*3*	*23*
Uruguay	*8*	-	*8*
Luxembourg	-	*4*	*4*
Coffee Shops	**1,291**	**248**	**1,539**
Foster's Hollywood	102	131	233
Ginos	94	37	131
Spain	*92*	*37*	*129*
Portugal	*2*	-	*2*
Italianni's	78	15	93
El Portón	46	-	46
Chili's Grill & Bar	80	-	80
Mexico	*75*	-	*75*
Chile	*5*	-	*5*
Archie's	31	-	31
P.F. Chang's	30	-	30
Mexico	*25*	-	*25*
Columbia	*2*	-	*2*
Chile	*3*	-	*3*
Cañas y Tapas	9	8	17
TGI Fridays	16	1	17
Wagamama	5	-	5
LAVACA	5	-	5
The Cheesecake Factory	3	-	3
Corazón de Barro	1	-	1
Ole Mole	1	-	1
Casual Dining	**501**	**192**	**693**
Foster's Hollywood Street	**1**	**-**	**1**
Vips Smart	**15**	**23**	**38**
Fast Casual Dining	**16**	**23**	**39**
Vips	377	23	400
Mexico	*286*	*7*	*293*
Spain	*91*	*16*	*107*
Family Dining	**377**	**23**	**400**
ALSEA TOTAL UNITS			**4,310**
Corporate	**3,419**		
Sub-franchises		**891**	

UNITS BY COUNTRY

MEXICO	2,272	SPAIN	1,070	ARGENTINA	266	CHILE	196
FRANCE	184	COLUMBIA	170	NETHERLANDS	85	BELGIUM	30
PORTUGAL	25	URUGUAY	8	LUXEMBOURG	4		

ANALYST COVERAGE

INSTITUTION	ANALYST	RECOMMENDATION
ACTINVER	CARLOS HERMOSILLO	BUY
BANK OF AMERICA MERRILL LYNCH	ROBERT E. FORD AGUILAR	SELL
BANORTE-IXE	VALENTIIN MENDOZA BALDERAS	BUY
BARCLAYS	BENJAMIN M. THEURER	BUY
BBVA BANCOMER	MIGUEL ULLOA SUAREZ	BUY
BRADESCO	RICHARD CATHCART	HOLD
BTG PACTUAL	ÁLVARO GARCÍA	HOLD
BX+	MARISOL HUERTA	N.A.
CITI	SERGIO MATSUMOTO	HOLD
CREDIT SUISSE	ANTONIO GONZÁLEZ	BUY
GRUPO BURSÁTIL MEXICANO	LUIS RODRIGO WILLARD	BUY
HSBC	RAVI JAIN	BUY
INTERCAM	ALEJANDRA MARCOS	BUY
INVEX	GISELLE MOJICA	SELL
ITAU BBA	JOAQUÍN LEY	BUY
J.P. MORGAN	IAN LUKETIC	N.A.
MONEX	VERÓNICA URIBE BOYZO	BUY
SANTANDER	MARTHA SHELTON	N.A.
SCOTIABANK	RODRIGO ECHAGARAY	BUY
UBS	GUSTAVO OLIVEIRA	BUY
MORGAN STANLEY	JAVIER MARTINEZ DE OLCOZ	HOLD
VECTOR	MARCELA MUÑOZ	BUY

This press release contains certain forward-looking information regarding the Company's results and outlook. However, actual results may vary materially from these estimates. Information on future events contained in this release should be read jointly with the risk summary in the Annual Report. That information, as well as future reports made by the Company or any of its representatives, whether verbally or in writing, may vary significantly from actual results. These projections and estimates, which are prepared in reference to a determined date, should not be taken as fact. The Company is in no way liable for updating or revising any of these projections and estimates, whether as a result of new information, future events or other associated events.

The Company's shares are traded on the Mexican Stock Exchange under the ticker ALSEA*.

Rafael Contreras Grosskelwing
Chief Financial Officer
Phone: (5255) 7583-2750 | ri@alsea.com.mx

RELEVANT EVENTS 4Q19

- Sale of a Vips restaurant assets in Mexico City for approximately 80 million pesos.
- Sale of the “We proudly serve – Starbucks” points of sale for 6.5 million dollars (123 million pesos).
- Regarding the review of tax aspects relating to the acquisition of the Vips restaurant division, we believe it is important to point out the following:
    - In 2014, Alsea acquired this restaurant division from Walmart, as a result of an open sales process initiated by Walmart in 2013, in which various companies participated.
    - The acquisition was concluded at the market price of 8.2 billion pesos, which covered all assets and rights associated with the acquired businesses.
    - Alsea’s external auditors reviewed and ruled said transaction and relating to the effects of this and the rest of the operations of the company in the social exercise in which it was carried out and the subsequent ones, confirmed the fulfilment of the fiscal obligations of Alsea.
    - For sales of businesses or groups of businesses, the buyer (Alsea in the acquisition of Vips), is not the party that is obliged to pay the taxes on the transaction.
    - Alsea, its lawyers and external advisors in the subject, consider that the Company has sufficient means to demonstrate that the settlement notice from the SAT (Mexico’s tax authority) is inadmissible, and to reiterate and prove that Alsea has complied in both time and manner with its tax obligations; therefore, Alsea will not set aside reserves for this.
    - Alsea will contest the aforementioned resolution.

EARNINGS CONFERENCE CALL 4Q19

The conference call will be held on **Friday, February 28, 2020, at 09:00 a.m. (Mexico City time)**, it will be held in English and will have a question and answer session.

To join the call, please dial five minutes before the scheduled time at:

Mexico: (55) 4123.2120
United States: 800 981.3960
Europe: (+44) 20.3514.2364

Access code: 1961#

After the replay period is over, the conference call will be available on our website: www.alsea.com.mx in the “investors” section.

ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT
AS OF DECEMBER 31, 2019 AND 2018
(In thousands of nominal pesos)

	December 31, 2018		December 31, 2019		Re-expression Argentina	IFRS 16	December 31, 2019	
ASSETS								
Current assets:								
Cash and short-term investments	1,987,857	3.7%	2,625,389	4.7%	-	-	2,625,389	3.4%
Clients	814,032	1.5%	974,187	1.7%	-	-	974,187	1.3%
Other accounts and documents receivable	211,086	0.4%	473,034	0.8%	-	-	473,034	0.6%
Inventory	2,120,208	3.9%	1,779,646	3.2%	-	-	1,779,646	2.3%
Taxes recoverable	286,360	0.5%	338,597	0.6%	-	-	338,597	0.4%
Other current assets	1,083,229	2.0%	987,117	1.8%	-	-	987,117	1.3%
Assets held for sale	70,340	0.1%	52,546	0.1%	-	-	52,546	0.1%
Current assets	6,573,112	12.1%	7,230,516	12.9%	-	-	7,230,516	9.5%
Investments in shares of associated companies	14,296	-	85,471	0.2%	-	-	85,471	0.1%
Store equipment, improvements to leased locales, and property, net	19,167,226	35.3%	18,031,353	32.1%	481,933	(974,935)	17,538,351	23.0%
Right of use assets non-executable	-	-	-	-	-	20,347,108	20,347,108	26.6%
Brand use rights, pre-operations, other intangible assets, net	25,822,830	47.5%	27,042,226	48.1%	332,983	-	27,375,209	35.8%
Deferred Income Tax	2,764,884	5.1%	3,835,593	6.8%	-	-	3,835,593	5.0%
Total Assets	**54,342,348**	**100.0%**	**56,225,159**	**100.0%**	**814,916**	**19,372,173**	76,412,248	100.0%
LIABILITIES								
Short term:								
Providers	5,215,877	9.6%	5,450,555	9.7%	-	-	5,450,555	7.1%
Taxes payable	472,172	0.9%	571,510	1.0%	-	-	571,510	0.7%
Other accounts payable	4,248,042	7.8%	4,449,010	7.9%	-	(845,549)	3,603,461	4.7%
Lease liability non-executable	-	-	-	-	-	8,756,824	8,756,824	11.5%
Other short-term liabilities	2,506,006	4.6%	2,304,864	4.1%	-	-	2,304,864	3.0%
Bank loans	2,588,266	4.8%	305,668	0.5%	-	-	305,668	0.4%
Short-term liabilities	15,030,363	27.7%	13,081,607	23.3%	-	7,911,275	20,992,882	27.5%
Long term:								
Bank loans	16,038,416	29.5%	17,102,448	30.4%	-	-	17,102,448	22.4%
Commercial papers	6,983,244	12.9%	7,973,765	14.2%	-	-	7,973,765	10.4%
Deferred taxes - net	1,876,883	3.5%	4,295,648	7.6%	69,447	-	4,365,095	5.7%
Lease liability non-executable	-	-	-	-	-	13,805,036	13,805,036	18.1%
Other long-term liabilities	764,717	1.4%	855,613	1.5%	-	(225,152)	630,461	0.8%
Long-term liabilities	25,663,260	47.2%	30,227,474	53.8%	69,447	13,579,884	43,876,805	57.4%
Total Liabilities	**40,693,623**	**74.9%**	**43,309,081**	**77.0%**	**69,447**	**21,491,159**	**64,869,687**	84.9%
SHAREHOLDERS' EQUITY								
Minority interest	1,878,742	3.5%	1,961,563	3.5%	-	-	1,961,563	2.6%
Majority interest:					-	-		
Capital	477,280	0.9%	480,218	0.9%	-	-	480,218	0.6%
Net premium in share placement	8,625,720	15.9%	8,625,720	15.3%	-	-	8,625,720	11.3%
Accumulated income	2,062,177	3.8%	2,377,635	4.2%	903,641	(2,281,242)	1,000,034	1.3%
Income during the year	953,252	1.8%	922,585	1.6%	(158,172)	162,256	926,669	1.2%
Exchange rate effects from foreign entities	(348,446)	(0.6%)	(1,451,643)	(2.6%)	-	-	(1,451,643)	(1.9%)
Majority interest	**11,769,983**	**21.7%**	**10,954,515**	**19.5%**	**745,469**	**(2,118,986)**	9,580,998	12.5%
Total Shareholders' Equity	**13,648,725**	**25.1%**	**12,916,078**	**23.0%**	**745,469**	**(2,118,986)**	11,542,561	15.1%
Total Liabilities and Shareholders' Equity	**54,342,348**	**100.0%**	**56,225,159**	**100.0%**	**814,916**	**19,372,173**	**76,412,248**	100.0%

ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED DECEMBER 31, 2019 AND 2018
(In thousands of nominal pesos)

	Three months ended December 31, 2019		Re-expression Argentina	IFRS 16	Three months ended December 31, 2019	
Net sales	$ 14,995,074	100%	$ 397,923	-	$ 15,392,997	100%
Cost of sales	4,344,099	29.0%	136,313	-	4,480,412	29.1%
Gross Income	**10,650,975**	**71.0%**	**261,610**	**-**	**10,912,585**	**70.9%**
Operating expenses	8,293,074	55.3%	249,671	(969,062)	7,573,683	49.2%
Depreciation and amortization	1,215,236	8.1%	31,332	827,936	2,074,504	13.5%
Operating Income	**1,142,665**	**7.6%**	**(19,393)**	**141,126**	**1,264,398**	**8.2%**
All-in cost of financing:						
Interest paid – net	510,580	3.4%	(28,774)	74,310	556,116	3.6%
Changes in reasonable value Financial Liabilities	(71,879)	(0.5%)	-	-	(71,879)	(0.5%)
Exchange rate loss / (income)	12,569	0.1%	5,572	-	18,141	0.1%
	451,270	3.0%	(23,202)	74,310	502,378	3.3%
Participation in associated companies' results	280	0.0%	-	-	280	0.0%
Income before Taxes	**691,675**	**4.6%**	**3,809**	**66,816**	**762,300**	**5.0%**
Tax on earnings	255,920	1.7%	662	-	256,582	1.7%
Consolidated Net Income	**435,755**	**2.9%**	**3,147**	**66,816**	**505,718**	**3.3%**
Non-controlling stake	49,415	0.3%	-	-	49,415	0.3%
Controlling Stake	**$ 386,340**	**2.6%**	**$ 3,147**	**66,816**	**$ 456,303**	**3.0%**

	Three months ended December 31, 2018		Re-expression Argentina	IFRS 16	Three months ended December 31, 2018	
Net sales	$ 12,028,168	100%	$ 347,654	-	$ 12,375,822	100%
Cost of sales	3,755,227	31.2%	113,028	-	3,868,255	31.3%
Gross Income	**8,272,941**	**68.8%**	**234,626**	**-**	**8,507,567**	**68.7%**
Operating expenses	6,424,727	53.4%	218,270	-	6,642,997	53.7%
Depreciation and amortization	815,958	6.8%	4,243	-	820,201	6.6%
Operating Income	**1,032,256**	**8.6%**	**12,113**	**-**	**1,044,369**	**8.4%**
All-in cost of financing:						
Interest paid – net	438,405	3.6%	17,355	-	455,760	3.7%
Changes in reasonable value Financial Liabilities	105,250	0.9%	-	-	105,250	0.9%
Exchange rate loss / (income)	(15,162)	(0.1%)	(2,886)	-	(18,048)	(0.1%)
	528,493	4.4%	14,469	-	542,962	4.4%
Participation in associated companies' results	-	-	-	-	-	-
Income before Taxes	**503,763**	**4.2%**	**(2,356)**	**-**	**501,407**	**4.1%**
Tax on earnings	191,198	1.6%	(17,791)	-	173,407	1.4%
Consolidated Net Income	**312,565**	**2.6%**	**15,435**	**-**	**328,000**	**2.7%**
Non-controlling stake	77,763	0.6%	-	-	77,763	0.6%
Controlling Stake	**$ 234,802**	**2.0%**	**$ 15,435**	**-**	**$ 250,237**	**2.0%**

ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT BY SEGMENT FOR THE THREE MONTHS ENDED DECEMBER 31, 2019
(In thousands of nominal pesos)

MEXICO		Three months ended December 31, 2019		IFRS 16		Three months ended December 31, 2019	
Net sales	$	7,251,205	100%	-	$	7,251,205	100%
Operating expenses		3,599,853	49.6%	(377,603)		3,222,250	44.4%
Depreciation and amortization		569,872	7.9%	252,504		822,376	11.3%
Operating Income		**870,876**	**12.0%**	**125,099**		**995,975**	**13.7%**
All-in cost of financing		313,840	4.3%	65,766		379,606	5.2%
Consolidated Net Income	**$**	**268,657**	**3.7%**	59,333	**$**	**327,990**	**4.5%**

EUROPE		Three months ended December 31, 2019		IFRS 16		Three months ended December 31, 2019	
Net sales	$	5,690,616	100%	-	$	5,690,616	100%
Operating expenses		3,425,961	60.2%	(510,394)		2,915,567	51.2%
Depreciation and amortization		546,643	9.6%	536,239		1,082,882	19.0%
Operating Income		**260,444**	**4.6%**	**(25,845)**		**234,599**	**4.1%**
All-in cost of financing		100,878	1.8%	(16,983)		83,895	1.5%
Consolidated Net Income	**$**	**144,559**	**2.5%**	**(8,862)**	**$**	**135,697**	**2.4%**

SOUTH AMERICA		Three months ended December 31, 2019		Re-expression	IFRS 16		Three months ended December 31, 2019	
Net sales	$	2,053,253	100%	397,923	-	$	2,451,176	100%
Operating expenses		1,267,260	61.7%	249,671	(81,066)		1,435,865	58.6%
Depreciation and amortization		98,721	4.8%	31,332	39,193		169,246	6.9%
Operating Income		**11,345**	**0.6%**	(19,393)	**41,837**		33,825	1.4%
All-in cost of financing		36,552	1.8%	(23,202)	25,527		38,877	1.6%
Consolidated Net Income	**$**	**22,539**	**1.1%**	3,147	**16,346**	**$**	42,032	1.7%

ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2019 AND 2018

		Twelve months ended December 31, 2019			Re-expression Argentina	IFRS 16		Twelve months ended December 31, 2019	
Net sales	$	57,444,205	100%	$	710,413	-	$	58,154,618	100%
Cost of sales		16,921,682	29.5%		242,339	-		17,164,021	29.5%
Gross Income		**40,522,523**	**70.5%**		**468,074**	**-**		**40,990,597**	**70.5%**
Operating expenses		32,873,022	57.2%		449,406	(4,949,390)		28,373,038	48.8%
Depreciation and amortization		4,081,786	7.1%		175,498	3,789,381		8,046,665	13.8%
Operating Income		**3,567,715**	**6.2%**		**(156,830)**	**1,160,009**		**4,570,894**	**7.9%**
All-in cost of financing:									
Interest paid – net		2,032,590	3.5%		(8,488)	997,753		3,021,855	5.2%
Changes in reasonable value Financial Liabilities		(201,138)	(0.4%)		-	-		(201,138)	(0.3%)
Exchange rate loss / (income)		20,002	-		9,079	-		29,081	0.1%
		1,851,454	3.2%		591	997,753		2,849,798	4.9%
Participation in associated companies' results		(943)	-		-	-		(943)	0.0%
Income before Taxes		**1,715,318**	**3.0%**		**(157,421)**	**162,256**		**1,720,153**	**3.0%**
Tax on earnings		634,669	1.1%		751	-		635,420	1.1%
Consolidated Net Income		**1,080,649**	**1.9%**		**(158,172)**	**162,256**		**1,084,733**	**1.9%**
Non-controlling stake		158,064	0.3%		-	-		158,064	0.3%
Controlling Stake	**$**	**922,585**	**1.6%**	**$**	**(158,172)**	**162,256**	**$**	**926,669**	**1.6%**

		Twelve months ended December 31, 2018			Re-expression Argentina	IFRS 16		Twelve months ended December 31, 2018	
Net sales	$	45,320,246	100%	$	836,344	-	$	46,156,590	100%
Cost of sales		13,919,753	30.7%		267,755	-		14,187,508	30.7%
Gross Income		**31,400,493**	**69.3%**		**568,589**	**-**		**31,969,082**	**69.3%**
Operating expenses		25,032,223	55.2%		528,545	-		25,560,768	55.4%
Depreciation and amortization		3,023,188	6.7%		91,540	-		3,114,728	6.7%
Operating Income		**3,345,082**	**7.4%**		**(51,496)**	**-**		**3,293,586**	**7.1%**
All-in cost of financing:									
Interest paid – net		1,535,405	3.4%		36,007	-		1,571,412	3.4%
Changes in reasonable value Financial Liabilities		(114,806)	(0.3%)		-	-		(114,806)	(0.2%)
Exchange rate loss / (income)		2,249	-		(2,886)	-		(637)	-
		1,422,848	3.1%		33,121	-		1,455,969	3.2%
Participation in associated companies' results		-	-		-	-		-	-
Income before Taxes		**1,922,234**	**4.2%**		**(84,617)**	**-**		**1,837,617**	**4.0%**
Tax on earnings		730,216	1.6%		(31,922)	-		698,294	1.5%
Consolidated Net Income		**1,192,018**	**2.6%**		**(52,695)**	**-**		1,139,323	**2.5%**
Non-controlling stake		186,071	0.4%	$		-	$	186,071	0.4%
Controlling Stake	**$**	**1,005,947**	**2.2%**	**$**	**(52,695)**	**-**	**$**	953,252	**2.1%**

ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENTS FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2019 AND 2018
(In thousands of nominal pesos)

	December 31, 2019	December 31, 2018
Operating activities:		
Consolidated result before income taxes	**$ 1,715,318**	**$ 1,922,234**
Income from investments:		
Depreciation and amortization of brands	4,081,786	3,023,188
Depreciation for financial leasing	0	-
Write-down of fixed assets	1,279,978	1,599,922
Other entries	(201,142)	(774,058)
Total	**6,875,940**	**5,771,286**
Clients	(147,567)	217,299
Inventory	196,111	57,246
Providers	397,944	183,057
Taxes payable	(562,697)	(738,050)
Other assets and other liabilities	(171,841)	426,027
Total	**(288,051)**	**145,579**
Net cash flow from operations	**6,587,889**	**5,916,865**
Investment activities		
Store equipment, improvements to leased locales, and property	(3,340,058)	(4,086,255)
Brand use rights, pre-operations, other intangible assets, net	(425,573)	(295,765)
Acquisition of subsidiary	(1,062,267)	(13,101,410)
Acquisition or sale of participation in associated companies	(987)	(14,296)
Net cash flow from investment activities	**(4,828,885)**	**(17,497,726)**
Cash receivable from financing activities	**1,759,004**	**(11,580,861)**
Financing activities		
Bank credits and loan payments, net	(595,754)	11,231,788
Commercial papers, net	1,000,000	-
Dividend declaration	-	(720,144)
Financial leasing	-	-
Minority interest	-	1,690,050
Sale (repurchase) of shares	227,923	370,190
Net cash flow from financing activities	(75,243)	-
Financing activities	**556,926**	**12,571,884**
Increase (decrease) net of cash	**2,315,930**	**991,023**
Adjustments to cash flow due to exchange rate variations	(1,678,398)	(394,574)
Cash at the beginning of the period	1,987,857	1,540,403
Cash at the end of the period	**$ 2,625,389**	**$ 2,136,852**

ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES
PRO-FORMA CONSOLIDATED INCOME STATEMENT FOR THREE AND TWELVE MONTHS AS OF DECEMBER 31, 2019 AND 2018
(In thousands of nominal pesos)

Including Grupo Vips

	Three months ended December 31,				Twelve months ended December 31,			
	2019		2018		2019		2018	
Net sales	**$** 15,392,995	100%	**$** 15,045,467	100%	**$** 58,154,618	100%	**$** 54,849,482	100%
Cost of sales	4,480,412	29.1%	4,486,809	29.8%	17,164,021	29.5%	16,344,628	29.8%
Gross Income	**10,912,583**	**70.9%**	**10,558,658**	**70.2%**	**40,990,597**	**70.5%**	**38,504,854**	**70.2%**
Operating expenses	7,599,588	49.4%	8,176,209	54.3%	28,398,942	48.8%	31,270,554	57.0%
Depreciation and amortization	2,101,949	13.7%	1,022,614	6.8%	8,074,110	13.9%	3,653,234	6.7%
Operating Income	**1,211,046**	**7.9%**	**1,359,835**	**9.0%**	**4,517,545**	**7.8%**	**3,581,066**	**6.5%**
All-in cost of financing:								
Interest paid – net	469,201	3.0%	611,209	4.1%	2,928,086	5.0%	2,076,953	3.8%
Changes in reasonable value Financial Liabilities	(71,879)	(0.5%)	105,250	0.7%	(201,138)	(0.3%)	(114,8069	(0.2%)
Exchange rate loss / (income)	11,286	0.1%	(18,048)	(0.1%)	29,081	0.1%	(637)	-
	408,608	2.7%	698,411	4.6%	2,756,029	4.7%	1,961,510	3.6%
Participación en los resultados de compañías asociadas	280	0.0%	-	-	(943)	-	-	-
Income before Taxes	**802,718**	**5.2%**	**661,424**	**4.4%**	**1,760,573**	**3.0%**	**1,619,556**	**3.0%**
Tax on earnings	256,582	1.7%	322,302	2.1%	635,420	1.1%	761,219	1.4%
Consolidated Net Income	**546,136**	**3.5%**	**339,122**	**2.3%**	**1,125,153**	**1.9%**	**858,337**	**1.6%**
Non-controlling stake	49,415	0.3%	(76,367)	(0.5%)	158,064	0.3%	31,941	0.1%
Controlling Stake	$ **496,721**	**3.2%**	**$ 415,489**	**2.8%**	**$ 967,089**	**1.7%**	**$ 826,396**	**1.5%**