*4Q17 Quarterly Report*

# Results and Important Events for the Fourth Quarter and Full Year 2017

- **Increase of 6.6% in Same-Store Sales in the full year and 6.8% in the fourth quarter**
- **Increase of 25.4%* in EBITDA in the full year and 50.2%* in the fourth quarter**
- **3,438 total units in the portfolio, which includes 243 additional units compared with the prior year**
- **Net income growth of 11.2%* in the full year and 8.7%* in the fourth quarter**

**** Including the benefit from the sale of the minority stake of Grupo Axo***

## MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Renzo Casillo, Chief Executive Officer of Alsea, said: *"2017 was a year with significant challenges and achievements for Alsea, where we achieved a 13% increase in total sales, driven by the 6.6% growth in consolidated same store sales and the increase of 214 corporate stores, despite having negative effects on consumption derived from externalities such as the earthquake that occurred in Mexico in September.*

*Throughout this year, we made significant progress in our project of the new Alsea Operations Center (COA), where at the end of December we are already operating our distribution and logistics network for most of the units we have in Mexico, we only have to conclude the transfer of production lines, which we plan to complete in the first quarter of 2018, beginning to obtain benefits from the centralization of processes since the second quarter of 2018. Similarly, our multi-brand loyalty program "Wow Rewards" continues to grow, allowing us to launch personalized marketing strategies, much more directly to our customers, getting to know their preferences and making our ability to attract and retain customers more efficient. Additionally, during the year we launched the loyalty program "My Starbucks Rewards" in Argentina, which after 9 months of operation, already owns 14% of the sales share of this brand in the country and has more than 106 thousand users. Additionally, Alsea Spain ended the year with a record growth of 37 corporate openings and 13 new subfranchises.*

*During the fourth quarter of the year, we concluded the sale of the total minority stake of Grupo Axo S.A. de C.V., which allowed us to improve our debt profile, using the resources obtained by the sale to prepay bank loans. Continuing with our purpose of improving efficiency in terms of debt, we carried out the successful placement of unsecured notes with two issuances in the Mexican market, where we placed a 5-year bond for 1 billion pesos and another 10-year bond for 2 billion pesos, using the resources obtained to refinance existing bank loans, improving the average life and cost of the company's debt.*

*Additionally, on October 16, the "Va por mi cuenta" movement celebrated its 5$^{th}$ anniversary, time in which we achieved our goal of having 10 dining centers in operation, investing more than 100 million pesos for this cause and reaching more than 3,500 children in Mexico every day."*

*And finally, he added: "I am sure that following our strategy with our ways of winning and remaining focused on our clients, coupled with the effort and commitment of the more than 70,000 collaborators that are part of Alsea and together with the achievements we have made throughout 2017, we will be able to accelerate future growth and therefore the company's profitability."*

**February, 2017**

## 4Q17 Quarterly Report

*Mexico City, February 21, 2017. 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 Spain, released its results for the fourth quarter and full year 2017. This information is presented in nominal terms pursuant to International Financial Reporting Standards (IFRS).*

## CONSOLIDATED RESULTS FOR THE FOURTH QUARTER OF 2017

The following table shows a condensed Income Statement in millions of pesos (except EPS). The margin for each item represents net sales and the percentage change for the quarter ended December 31, 2017, in comparison with the same period of 2016:

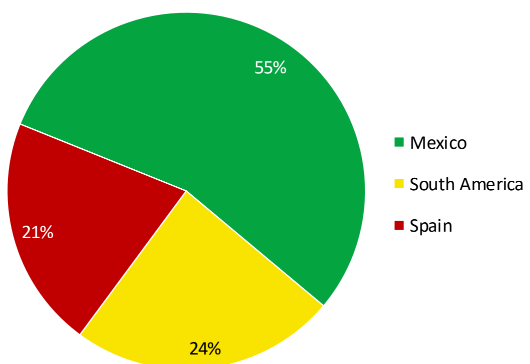
| | 4Q 17 | % Margin | 4Q 16 | % Margin | % Change |
|---|---|---|---|---|---|
| Net Sales | $11,616 | 100.0% | $10,500 | 100.0% | 10.6% |
| Gross Income | 8,100 | 69.7% | 7,249 | 69.0% | 11.7% |
| EBITDA(1) | 2,358 | 20.3% | 1,569 | 14.9% | 50.2% |
| Operating Income | 1,603 | 13.8% | 894 | 8.5% | 79.2% |
| Net Income | $711 | 6.1% | $654 | 6.2% | 8.7% |
| EPS(2) | 1.31 | N.A. | 1.19 | N.A. | 10.1% |

(1) EBITDA is defined as operating income before depreciation and amortization.

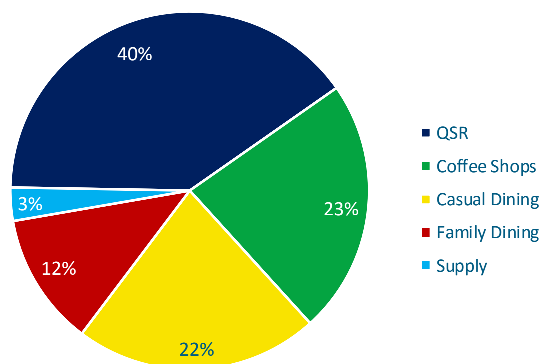
(2) EPS is earnings per share for the last 12 months.

* Figures in million pesos, except EPS

## SALES BY GEOGRAPHIC LOCATION*



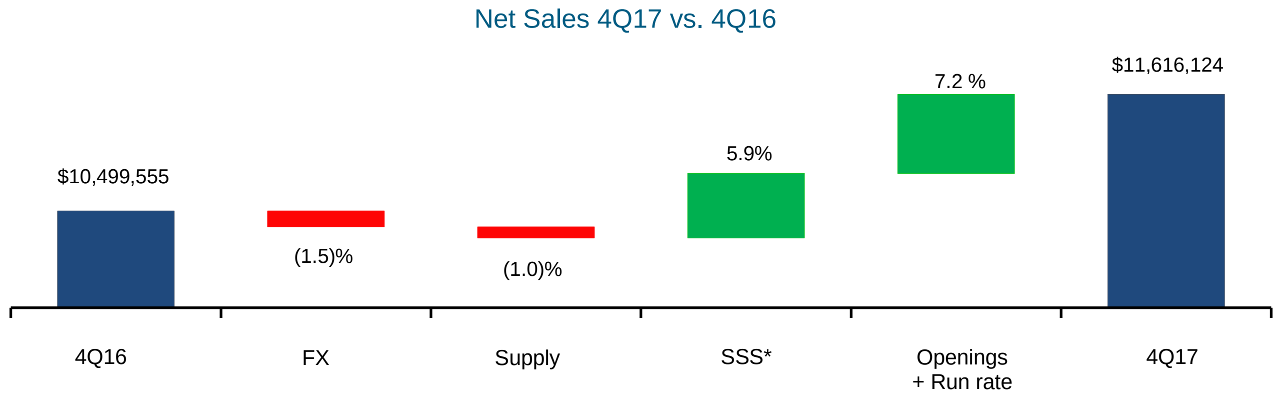

## SALES BY SEGMENT*




** 4Q17 figures*

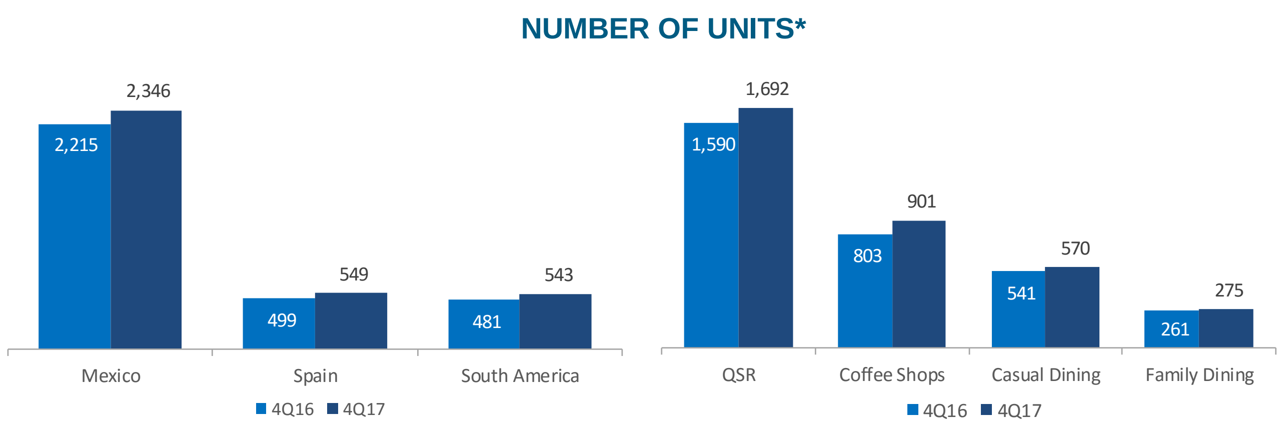
## SALES

Net sales increased 10.6% to 11,616 million pesos in the fourth quarter of 2017, in comparison with 10,500 million pesos in the prior year. This increase was due mainly to the 6.8% growth in same-store sales and the addition of 214 units, for a total of 2,716 corporate units at the end of December 2017, which represents a growth of 8.6% over the same period of the prior year. The increase in sales was partially offset by the negative effect of the devaluation of Latin American currencies against the Mexican peso, mainly the Argentinean peso and to a decrease in revenues from the distribution and production segment in Mexico.




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

The business portfolio in Mexico recorded growth of 3.9% in same-store sales, and our brands in South America presented growth of 18.4% in same-store sales. Likewise, the brands in Spain also posted positive results in the quarter, with growth of 2.1% in same-store sales.




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

## EBITDA

As a result of the 70-basis points expansion in gross income, going from 69.0% to 69.7%, which implied a 11.7% growth, EBITDA rose 50.2% to 2,358 million pesos at the close of the fourth quarter of 2017, compared with the 1,569 million pesos in the same period of the prior year. The increase in EBITDA of 788 million pesos is mainly attributable to the positive contribution of 609 million pesos from the sale of the total minority stake of Grupo Axo S.A. of C.V., which was acquired in June 2013, as well as to the cost management strategy, reflecting the benefits obtained through commercial agreements with suppliers, shrinkage reduction, as well as to the growth in same-store sales and an increase in the number of units. This variation was partially offset by expenses related to the strategy of reducing personnel turnover implemented in several countries, coupled with the increase in energy services tariffs, expenses concerning the new operations center (COA) and by the negative effect of the devaluation of some currencies in South America against the Mexican peso, mainly the Argentinean peso.

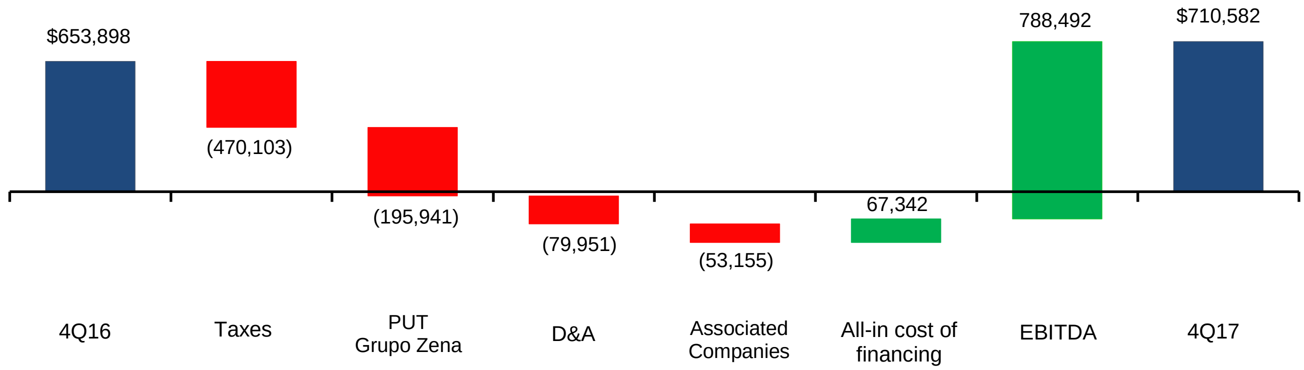
EBITDA margin increased 540 basis points as a percentage of sales, rising from 14.9% in the fourth quarter of 2016, to 20.3% in the same period of 2017, excluding the positive effect derived from the sale of the minority stake of Grupo Axo, the EBITDA margin in the fourth quarter of 2017 had an expansion of 20 basis points, closing at 15.1%.

## NET INCOME

Net income in the quarter increased 57 million pesos over the same period in the prior year, closing at 711 million pesos, compared with 654 million pesos in the fourth quarter of 2016. This increase is mainly attributable to the positive effect of 437 million pesos derived from the sale of the minority stake of Grupo Axo, as well as to the exchange profit generated in the quarter by exchange rate hedges. This variation was partially offset by the increase of 470 million pesos in the income taxes due to the leveling of the quarterly tax rate, the increase of 196 million pesos due to the negative variation attributable to the revaluation of the liability related to the call and put options of the remaining 28.2% of Grupo Zena, together with higher interest paid-net, mainly due to the increase in the Mexican Interbank rate.

Earnings per share ("EPS")(2) for the 12 months ended December 31, 2017, increased to 1.31 pesos, compared with 1.19 pesos for the 12 months ended December 31, 2016.

Net Income 4Q17 vs. 4Q16




## RESULTS BY SEGMENT FOR THE FOURTH QUARTER 2017

MEXICO

| Alsea México | Food and Beverages | | | | Distribution and Production | | | | Total | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 4Q 17 | 4Q 16 | Var. | % Var. | 4Q 17 | 4Q 16 | Var. | % Var. | 4Q 17 | 4Q 16 | Var. | % Var. |
| Same-Store Sales | 3.9% | 4.9% | (100) bps | - | - | - | - | - | 3.9% | 4.9% | (100) bps | - |
| Number of Units | 2,346 | 2,215 | 131 | 6% | - | - | - | - | 2,346 | 2,215 | 131 | 6% |
| Sales | 6,107 | 5,594 | $512 | 9% | 1,917 | 2,047 | ($130) | (6)% | 6,382 | 5,967 | $414 | 7% |
| Adjusted EBITDA* | 1,448 | 1,285 | $163 | 13% | 208 | 148 | $60 | 40% | 1,656 | 1,433 | $223 | 16% |
| Adjusted EBITDA Margin* | 23.7% | 23.0% | 70 bps | - | 10.9% | 7.3% | 360 bps | - | 26.0% | 24.0% | 200 bps | - |

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

In the fourth quarter of 2017, Alsea Mexico's sales represent 55% of Alsea's consolidated sales. Sales increased 6.9% to 6,382 million pesos, compared with 5,967 million pesos in the same period in 2016. This increase of 414 million pesos is mainly attributable to the 9.2% increase in sales from the Food and Beverages segment, driven by the opening of 115 corporate and 16 subfranchise units among the different brands over the last 12 months, the 3.9% growth in same-store sales. This increase was partly offset by the decrease in revenues from the Distribution and Production segment. At the end of the period there were a total of 1,813 corporate units and 533 subfranchised units.

The 3.9% increase in same store sales was driven mainly by the positive performance of the QSR and Family Dining brands, as well as by an improvement in the reported number of transactions of the Casual Dining portfolio.

Adjusted EBITDA at Alsea Mexico increased 15.6% during the fourth quarter of 2017, closing at 1,656 million pesos, compared with the 1,433 million pesos reported in the same period of the prior year. This increase is mainly attributable to the 3.9% growth in same-store sales, coupled with the marginality created by the opening of 115 corporate units during the last twelve months, the improvement of 170 basis points in the cost of sales mainly due to the stocking strategy of mozzarella cheese and to the business mix.

The foregoing was partially offset by the strategy of reducing personnel turnover, the increase in tariffs for energy services and to expenses related to the transition to the new operations center (COA).

## SPAIN

| *Alsea Spain* | *4Q 17* | *4Q 16* | *Var.* | *% Var.* |
|---|---|---|---|---|
| Same-Store Sales | 2.1% | 0.3% | 180 bps | - |
| Number of Units | 549 | 499 | 50 | 10% |
| Sales | $2,494 | $2,172 | $322 | 15% |
| Adjusted EBITDA* | $555 | $476 | $79 | 17% |
| Adjusted EBITDA Margin* | 22.2% | 21.9% | 30 bps | - |

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

Sales at Alsea Spain represented 21% of Alsea’s consolidated sales, and at the end of the fourth quarter of 2017 included the operations of Foster’s Hollywood, Domino’s Pizza, Burger King, LAVACA and Cañas y Tapas. Sales in this segment increased 14.8% to 2,494 million pesos, in comparison with 2,172 million pesos in the fourth quarter of 2016. This positive variation of 322 million pesos was mainly due to the 2.1% growth in same-store sales, driven principally by product innovation and marketing strategies at Domino’s Pizza and by the solid performance of Foster’s Hollywood in the country, despite having a negative impact on sales of some units located in Catalonia, derived from the situation of political instability in the region. At the end of the period there were a total of 381 corporate units and 168 sub-franchised units, which represents an increase of 50 units in the last twelve months.

Adjusted EBITDA at Alsea Spain at the end of the fourth quarter of 2017 presented an 16.6% increase, reaching 555 million pesos, in comparison with 476 million pesos in the same period in 2016. EBITDA margin at the end of the fourth quarter 2017 showed presented a positive variation of 30 basis points compared to the same period of the previous year. This increase was mainly due to the growth in same store sales, as well as to a better expense control resulting in higher operating leverage, as well as to an improved advertising strategy compared to the fourth quarter of the previous year.

## SOUTH AMERICA

| *Alsea South America* | *4Q 17* | *4Q 16* | *Var.* | *% Var.* |
|---|---|---|---|---|
| Same-Store Sales | 18.4% | 22.0% | (360) bps | - |
| Number of Units | 543 | 481 | 62 | 13% |
| Sales | $2,741 | $2,360 | $381 | 16% |
| Adjusted EBITDA* | $411 | $415 | ($4) | (1%) |
| Adjusted EBITDA Margin* | 15.0% | 17.6% | (260) bps | - |

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

Sales at Alsea South America represented 24% of Alsea's consolidated sales, and at the end of the fourth quarter of 2017 included Burger King operations in Argentina, Chile and Colombia, Domino's Pizza Colombia, Starbucks Argentina, Chile and Colombia, Archie's in Colombia, Chili's in Chile and P.F. Chang's in Chile, Argentina, Colombia and Brazil. At the end of the period there were a total of 522 corporate units and 21 sub-franchised units. Sales in this segment increased 16.1% to 2,741 million pesos, in comparison with 2,360 million pesos in the fourth quarter of 2016. This positive variation of 381 million pesos was mainly due to the increase of 62 corporate units and to the 18.4% increase in same store sales; this variation was partially offset by the devaluation of the Argentinean currency.

Adjusted EBITDA at Alsea South America at the end of the fourth quarter of 2017, decreased by 1.0%, closing at 411 million pesos, in comparison with 415 million pesos in the same period in 2016. EBITDA margin at the end of the fourth quarter 2017 decreased 260 basis points over the same period of the prior year. This reduction is mainly attributable to the devaluation of the Argentinean peso combined with lower inflation in that country, as well as a higher cost for promotional campaigns and increases in the price of some inputs, together with incremental remodeling expenses of some Archie's units in Colombia, as a result of the re-launch of the brand in the country. Excluding the exchange rate and lower inflation impact in Argentina, EBITDA in South America would have shown a 10.5% growth compared to the same period of the previous year.

## CONSOLIDATED RESULTS FOR FULL YEAR 2017

The following table shows a condensed Income Statement in millions of pesos (except EPS). The margin for each item represents net sales and the percentage change for the year ended December 31, 2017, in comparison with the same period of 2016:

| | *2017* | *% Margin* | *2016* | *% Margin* | *% Change* |
|---|---|---|---|---|---|
| Net Sales | $42,529 | 100.0% | $37,702 | 100.0% | 12.8% |
| Gross Income | 29,606 | 69.6% | 25,922 | 68.8% | 14.2% |
| EBITDA(1) | 6,466 | 15.2% | 5,155 | 13.7% | 25.4% |
| Operating Income | 3,715 | 8.7% | 2,767 | 7.3% | 34.2% |
| Net Income | $1,252 | 2.9% | $1,126 | 3.0% | 11.2% |
| EPS(2) | 1.31 | N.A. | 1.19 | N.A. | 10.1% |

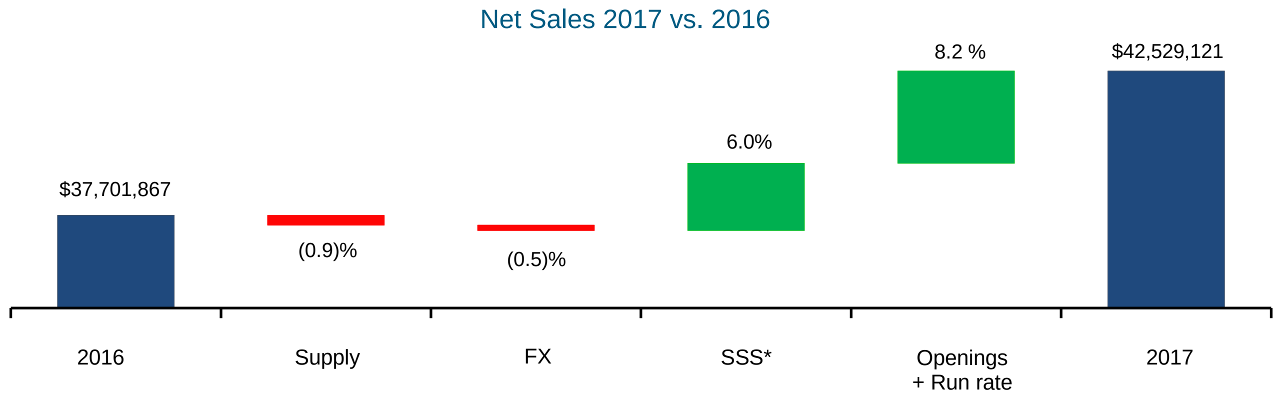
(3) EBITDA is defined as operating income before depreciation and amortization.

(4) EPS is earnings per share for the last 12 months.

* Figures in million pesos, except EPS

## SALES

Net sales increased 12.8% to 42,529 million pesos in 2017, in comparison with 37,702 million pesos in the prior year. This increase was due mainly to the 6.6% growth in same-store sales and the addition of 214 corporate units, for a total of 2,716 units at the end of December 2017, which represents a growth of 8.6% over the same period of the prior year. The increase in sales was partially offset by the negative effect of the devaluation of the Argentinean peso, effect that was partially countered by the appreciation of the euro against the Mexican peso.




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

The business portfolio in Mexico recorded growth of 3.1% in same-store sales, and our brands in South America presented growth of 19.6% in same-store sales. Likewise, the brands in Spain also posted positive results in the year, with growth of 2.3% in same-store sales, in comparison with the prior year.

## EBITDA

As a result of the 14.2% growth in gross income, and the 11.4% increase in operating expenses (excluding depreciation and amortization), EBITDA rose 25.4% to 6,466 million pesos at year end 2017, compared with the 5,155 million pesos in the prior year. The increase in EBITDA of 1.3 billion pesos is mainly attributable to the positive contribution of 609 million pesos from the sale of the total minority stake of Grupo Axo S.A. of C.V., which was acquired in June 2013, the growth in same-store sales, operating efficiencies and to the increase in number of units. This variation was partially offset by the impact on results as a consequence of the depreciation of the Mexican peso against the dollar, as well as to expenses related to the strategy of reducing personnel turnover implemented in several countries, coupled with the expenses concerning the new operations center (COA), the increase in energy services tariffs and the effect of the earthquakes in September that affected sales and EBITDA margin in Mexico during the third quarter of the year.

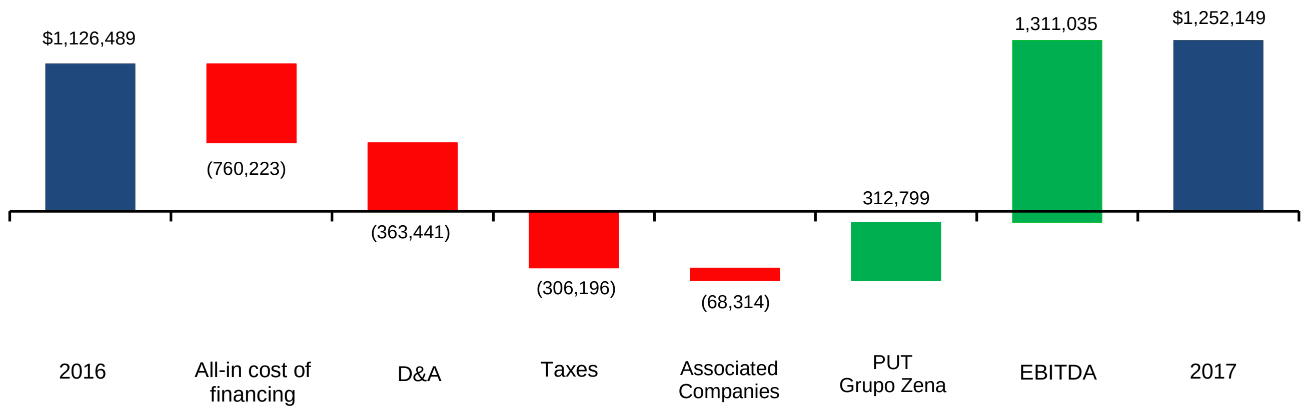
EBITDA margin increased 150 basis points as a percentage of sales, rising from 13.7% in 2016, to 15.2% in 2017, excluding the positive effect derived from the sale of the minority stake of Grupo Axo, the EBITDA margin in 2017 had a 10-basis points expansion, closing at 13.8%.

## NET INCOME

Net income in 2017 increased 126 million pesos over the prior year, closing at 1,252 million pesos, compared with 1,126 million pesos in 2016. This rise is mainly attributable to the increase of 948 million pesos in operating income, the positive effect of 437 million pesos resulting from the sale of the minority stake of Grupo Axo and the positive variation due to the revaluation of the liability related to the call and put options of the remaining 28.24% of Grupo Zena as a result of the appreciation of the euro against the Mexican peso. This variation was partially offset by the 447 million pesos increase in the all-in cost of financing mainly due to the increase of 418 million pesos in interest paid-net, as well as to the 269 million pesos impact mainly related to exchange rate hedges settled at the end of 2016 and the increase of 306 million pesos in taxes.

Earnings per share ("EPS")[2] for the 12 months ended December 31, 2017, increased to 1.31 pesos, compared with 1.19 pesos for the 12 months ended December 31, 2016.

Net Income 2017 vs. 2016




## RESULTS BY SEGMENT FOR FULL YEAR 2017

### MEXICO

| Alsea Mexico | Food and Beverages | | | | Distribution and Production | | | | Total | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 | 2016 | Var. | % Var. | 2017 | 2016 | Var. | % Var. | 2017 | 2016 | Var. | % Var. |
| Same-Store Sales | 3.1% | 5.9% | (280) bps | - | - | - | - | - | 3.1% | 5.9% | (280) bps | - |
| Number of Units | 2,346 | 2,215 | 131 | 6% | - | - | - | - | 2,346 | 2,215 | 131 | 6% |
| Sales | 22,633 | 20,628 | $2,005 | 10% | 7,026 | 7,258 | ($231) | (3%) | 23,676 | 21,986 | $1,690 | 8% |
| Adjusted EBITDA* | 4,852 | 4,545 | $308 | 7% | 756 | 660 | $96 | 15% | 5,608 | 5,205 | $404 | 8% |
| Adjusted EBITDA Margin* | 21.4% | 22.0% | (60) bps | - | 10.8% | 9.1% | 170 bps | - | 23.7% | 23.7% | - | - |

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

As of year-end 2017, Alsea Mexico’s sales increased 7.7% to 23,676 million pesos, compared with 21,986 million pesos in 2016. This increase of 1,690 million pesos is mainly attributable to the 9.7% increase in sales from the Food and Beverages segment, driven by the opening of 115 corporate units among the different brands over the last 12 months and the 3.1% growth in same-store sales. This increase was partly offset by the decrease in revenues from the Distribution and Production segment. At the end of the year there were a total of 1,813 corporate units and 533 subfranchised units.

The 3.1% increase in same store sales was driven mainly by the important increase in transactions registered in Domino’s Pizza, mainly due to incremental sales coming from the mobile application, as well as the good performance of Burger King, driven by the improvement in the customer experience as a result of lower staff turnover and finally by the effective marketing strategies in Vips.

Adjusted EBITDA at Alsea Mexico increased 7.8% for the twelve months ended December 31, 2017 closing at 5,608 million pesos, compared with the 5,205 million pesos reported in the same period of the prior year. This increase is mainly attributable to the 3.1% growth in same-store sales, coupled with the marginality created by the higher number of operating units and to the business mix. The aforementioned increase was partially offset by the impact of the expenses related to the transition to the new operations center (COA), increase in expenses related to the strategy of improvement in the compensation scheme of store personnel with the aim of reducing turnover, as well as to the increase in tariffs for energy services in the country and to the negative effect on sales and increase in expenses caused by the earthquakes that occurred in September.

## SPAIN

| Alsea Spain | 2017 | 2016 | Var. | % Var. |
|---|---|---|---|---|
| Same-Store Sales | 2.3% | 4.3% | (200) bps | - |
| Number of Units | 549 | 499 | 50 | 10% |
| Sales | $8,570 | $7,591 | $979 | 13% |
| Adjusted EBITDA* | $1,726 | $1,500 | $226 | 15% |
| Adjusted EBITDA Margin* | 20.1% | 19.8% | 30 bps | - |

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

Sales at Alsea Spain in 2017 represented 20% of Alsea's consolidated sales, and at the end of the year included the operations of Foster's Hollywood, Domino's Pizza, Burger King, LAVACA and Cañas y Tapas. Sales in this segment increased 12.9% to 8,570 million pesos, in comparison with 7,591 million pesos in 2016. This positive variation of 979 million pesos was mainly due to the 2.3% growth in same-store sales, driven principally by product innovation at Domino's Pizza and by the sound performance of Foster's Hollywood in the country, despite having a negative impact on sales due to the temporary closure of some units as a result of the attack in Barcelona, as well as strikes and mobilizations related to the situation of political instability in Catalonia. At the end of the period there were a total of 381 corporate units and 168 sub-franchised units.

Adjusted EBITDA at Alsea Spain at the end of 2017 reached 1,726 million pesos, in comparison with 1,500 million pesos in 2016. EBITDA margin at year-end 2017 presented a positive variation of 30 basis points compared to the same period of the previous year. This increase was mainly due to the growth in same-store sales, as well as the benefit from higher operating leverage.

## SOUTH AMERICA

| Alsea South America | 2017 | 2016 | Var. | % Var. |
|---|---|---|---|---|
| Same-Store Sales | 19.6% | 23.5% | (390) bps | - |
| Number of Units | 543 | 481 | 62 | 13% |
| Sales | $10,283 | $8,124 | $2,158 | 27% |
| Adjusted EBITDA* | $1,562 | $1,228 | $334 | 27% |
| Adjusted EBITDA Margin* | 15.2% | 15.1% | 10 bps | - |

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

Sales at Alsea South America represented 24% of Alsea's consolidated sales, and at year-end 2017 included Burger King operations in Argentina, Chile and Colombia, Domino's Pizza Colombia, Starbucks Argentina, Chile and Colombia, Archie's in Colombia, Chili's in Chile and P.F. Chang's in Chile, Argentina, Colombia and Brazil. At the end of the period there were a total of 522 corporate units and 21 sub-franchised units. Sales in this segment increased 26.6% to 10,283 million pesos, in comparison with 8,124 million pesos for 2016. This positive variation of 2,158 million pesos was mainly due to the increase of 62 corporate units, in addition to the strong performance of Burger King in Argentina and Chile; this variation was partially offset by the devaluation of the Argentinean currency.

Adjusted EBITDA at Alsea South America in 2017 increased by 27.2%, closing at 1,562 million pesos, in comparison with 1,228 million pesos in the same period in 2016. EBITDA margin for the twelve months ended December 31, 2017 increased 10 basis points over the same period of the prior year. This increase was a result of the economies of scale arising from the aforementioned increase in corporate units. This variation was partially offset by the effect of the devaluation of the Argentine currency.

## NON-OPERATING RESULTS

### All-In Cost of Financing

The all-in cost of financing of 2017 increased to 1,627 million pesos, compared with 1,179 million pesos in the prior year. This variation is mainly attributable to the impact of exchange rate hedges resulting from the volatility of the markets at the end of 2016, so that the company decided to fix the price of the main imported inputs, coupled with an increase in interest paid-net as a result of the increase in the Mexican Interbank rate and higher leverage; which was partially offset by the decrease in the effect of the revaluation of the liability related to the call and put options of the remaining 28.2% of Grupo Zena.

## BALANCE SHEET

During the twelve months ended December 31, 2017, Alsea made capital investments of 4,882 million pesos, of which 3,037 million pesos, equal to 62% of total investments, were earmarked for store openings, equipment refurbishing and remodeling existing stores for the different brands that the Company operates. The remaining 1,845 million pesos were mainly earmarked for the acquisition of new corporate offices, replacement of equipment (maintenance capex), improvement projects and the new Alsea's Operations Center ("COA"), as well as to software licenses, among other items.

### Bank Debt and Fixed-Rate Bonds

As of December 31, 2017, Alsea's total bank debt decreased by 79 million pesos, closing at 14,761 million pesos, in comparison with 14,840 million pesos on the same date of the previous year. The Company's consolidated net debt in comparison with the fourth quarter of 2016 increased 929 million pesos, closing on December 31, 2017 at 13,221 million pesos, in comparison with 12,292 million pesos at the end of the same period of the prior year.

As of December 31, 2017, 93% of the debt was long term, and on that same date 81% of the debt was denominated in Mexican pesos, 16% was in euros, and the remaining 3% was in Argentinean and Chilean pesos.

The following table shows the balance of total debt in millions of pesos at December 31, 2017, as well as the maturity dates for the subsequent years:

| | Balance | Maturities | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 4Q 17 | 2018 | % | 2019 | % | 2020 | % | 2021 | % | 2022 | % | 2023 | % | 2024 | % | 2025 | % | 2027 | % |
| Total Debt | $14,761 | $1,087 | 7 | $3,433 | 23 | $4,864 | 33 | $665 | 4 | $1,293 | 9 | $90 | 1 | $120 | 1 | $1,210 | 8 | $2,000 | 14 |

* Figures in million pesos.

### Financial Ratios

At December 31, 2017, the financial restrictions established in the Company's credit contracts were as follows: The ratio of: (i) Total Debt to EBITDA (last 12 months) was 2.3x; (ii) Net Debt to EBITDA (last 12 months) was 2.0x; and (iii) EBITDA (last 12 months) to interest paid over the last 12 months was 4.9x.

The Return on Net Invested Capital ("ROIC")(2) increased from 10.9% to 12.6% during the 12 months ended December 31, 2017. The Return on Equity ("ROE")(3) for the 12 months ended December 31, 2017 was 12.5%, in comparison with 11.7% in the same period of the prior year.

## KEY INFORMATION

| Financial Indicators | 4Q 17 | 4Q 16 | Variation |
|---|---|---|---|
| EBITDA(1) / Interest Paid | 4.9 x | 5.8 x | N.A |
| Total Debt / EBITDA(1) | 2.3 x | 2.9 x | N.A |
| Net Debt / EBITDA(1) | 2.0 x | 2.4 x | N.A |
| ROIC (2) | 12.6% | 10.9% | 170 bps |
| ROE (3) | 12.5% | 11.7% | 80 bps |

| Stock Market Indicators | 4Q 17 | 4Q 16 | Variation |
|---|---|---|---|
| Book Value per Share | $11.36 | $10.68 | 6.4% |
| EPS (12 months) (4) | 1.31 | 1.19 | 10.1% |
| Shares in circulation at the close of the period (millions) | 832.8 | 834.3 | (0.2)% |
| Price per share at close | $64.37 | $59.33 | 8.5% |

(1) EBITDA last twelve 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).
(Total assets – cash and temporary investments – non-interest-bearing liabilities)
(3) ROE is defined as net earnings (last 12 months) over shareholders' equity.
(4) EPS is earnings per share for the last 12 months.

| BRAND | UNITS 4Q17 | | |
|---|---|---|---|
| | Corporate | Subfranchises | Total |
| Domino's Pizza | 705 | 310 | 1,015 |
| *México* | *435* | *266* | *701* |
| *Spain* | *212* | *23* | *235* |
| *Colombia* | *58* | *21* | *79* |
| Burger King | 430 | 247 | 677 |
| *Mexico* | *205* | *247* | *452* |
| *Argentina* | *109* | | *109* |
| *Spain* | *61* | | *61* |
| *Chile* | *39* | | *39* |
| *Colombia* | *16* | | *16* |
| **Quick Service Restaurants** | **1,135** | **557** | **1,692** |
| Starbucks | 901 | | 901 |
| *Mexico* | *645* | | *645* |
| *Argentina* | *125* | | *125* |
| *Chile* | *107* | | *107* |
| *Colombia* | *24* | | *24* |
| **Coffee Shops** | **901** | | **901** |
| Foster's Hollywood | 94 | 136 | 230 |
| Italianni's | 81 | 13 | 94 |
| El Portón | 67 | | 67 |
| Chili's Grill & Bar | 65 | | 65 |
| *Mexico* | *64* | | *64* |
| *Chile* | *1* | | *1* |
| Archie's | 33 | | 33 |
| P.F. Chang's China Bistro | 35 | | 35 |
| *Mexico* | *25* | | *25* |
| *Brazil* | *4* | | *4* |
| *Colombia* | *2* | | *2* |
| *Chile* | *3* | | *3* |
| *Argentina* | *1* | | *1* |
| California Pizza Kitchen | 18 | 2 | 20 |
| Cañas y Tapas | 8 | 9 | 17 |
| LAVACA | 6 | | 6 |
| The Cheesecake Factory | 3 | | 3 |
| **Casual Dining** | **410** | **160** | **570** |
| Vips | 270 | 5 | 275 |
| **Family Dining** | **270** | **5** | **275** |
| **TOTAL ALSEA UNITS** | | | **3,438** |
| **Corporate** | **2,716** | | |
| **Subfranchises** | | **722** | |

| | | | |
|---|---|---|---|
| **MEXICO** | **2,346** | **SPAIN** | **549** |
| **CHILE** | **150** | **BRAZIL** | **4** |
| **ARGENTINA** | **235** | **COLOMBIA** | **154** |

*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*.***

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*A replay of the earnings conference call 4Q17 will be available on our web site www.alsea.com.mx on the "investors" section.*

**ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES**
**CONSOLIDATED INCOME STATEMENT**
**AT DECEMBER 31, 2017 AND 2016**
**(In thousands of nominal pesos)**

| | December 31, 2017 | December 31, 2016 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and short-term investments | $ 1,540,403 | $ 2,547,842 |
| Clients | 920,264 | 708,380 |
| Other accounts and documents receivable | 330,324 | 245,258 |
| Inventory | 2,009,779 | 1,575,363 |
| Taxes recoverable | 358,222 | 363,120 |
| Other current assets | 826,472 | 764,808 |
| Assets held for sale | 87,236 | - |
| Current assets | 6,072,700 | 6,204,771 |
| Investments in shares of associated companies | - | 1,035,975 |
| Store equipment, improvements to leased locales, and property, net | 15,772,479 | 13,673,445 |
| Brand use rights, goodwill and pre-operations, net | 15,358,006 | 15,215,336 |
| Deferred Income Tax | 2,456,072 | 2,068,996 |
| **Total Assets** | **$ 39,659,257** | **$ 38,198,523** |
| **LIABILITIES** | | |
| Short term: | | |
| Providers | $ 3,960,806 | $ 3,901,972 |
| Taxes payable | 253,043 | 331,277 |
| Other accounts payable | 4,220,707 | 3,447,838 |
| Other short-term liabilities | 3,280,064 | - |
| Bank loans | 1,087,466 | 1,107,238 |
| Short-term liabilities | 12,802,086 | 8,788,325 |
| Long term: | | |
| Bank loans | 6,693,454 | 9,743,806 |
| Commercial papers | 6,980,452 | 3,988,845 |
| Deferred taxes - net | 1,966,099 | 1,887,473 |
| Other long-term liabilities | 614,040 | 3,662,622 |
| Long-term liabilities | 16,254,045 | 19,282,746 |
| **Total Liabilities** | **29,056,131** | **28,071,071** |
| **SHAREHOLDERS' EQUITY** | | |
| Minority interest | 1,142,737 | 1,013,448 |
| Majority interest: | | |
| Capital | 475,869 | 476,599 |
| Net premium in share placement | 8,625,720 | 8,625,720 |
| Accumulated income | (163,192) | (408,624) |
| Income during the year | 1,089,498 | 996,471 |
| Exchange rate effects from foreign entities | (567,506) | (576,162) |
| Majority interest | 9,460,389 | 9,114,004 |
| **Total Shareholders' Equity** | 10,603,126 | 10,127,452 |
| **Total Liabilities and Shareholders' Equity** | **$ 39,659,257** | **$ 38,198,523** |

## ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES
## CONSOLIDATED INCOME STATEMENT FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2017 AND 2016
## (In thousands of nominal pesos)

| | Three months ended December 31 | | | | | Twelve months ended December 31 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 2017 | | | 2016 | | 2017 | | | 2016 | |
| Net sales | $ | 11,616,124 | 100% | $ | 10,499,555 | 100% | $ | 42,529,121 | 100% | $ | 37,701,867 | 100% |
| Cost of sales | | 3,515,739 | 30.3% | | 3,250,189 | 31.0% | | 12,923,189 | 30.4% | | 11,779,630 | 31.2% |
| **Gross Income** | | **8,100,385** | **69.7%** | | **7,249,366** | **69.0%** | | **29,605,932** | **69.6%** | | **25,922,237** | **68.8%** |
| Operating expenses | | 5,742,549 | 49.4% | | 5,680,021 | 54.1% | | 23,139,660 | 54.4% | | 20,766,999 | 55.1% |
| Depreciation and amortization | | 755,187 | 6.5% | | 675,237 | 6.4% | | 2,751,676 | 6.5% | | 2,388,235 | 6.3% |
| **Operating Income** | | **1,602,649** | **13.8%** | | **894,108** | **8.5%** | | **3,714,596** | **8.7%** | | **2,767,003** | **7.3%** |
| All-in cost of financing: | | | | | | | | | | | | |
| Interest paid – net | | 316,003 | 2.7% | | 252,612 | 2.4% | | 1,262,481 | 3.0% | | 844,583 | 2.2% |
| Changes in reasonable value Financial Liabilities | | 213,755 | 1.8% | | 17,813 | 0.2% | | 94,968 | 0.2% | | 407,768 | 1.1% |
| Exchange rate loss / (income) | | (124,076) | (1.1)% | | 6,657 | 0.1% | | 269,133 | 0.6% | | (73,193) | (0.2)% |
| | | 405,682 | 3.5% | | 277,082 | 2.6% | | 1,626,582 | 3.8% | | 1,179,158 | 3.1% |
| Share in the results of associated companies | | (11,931) | (0.1)% | | 41,224 | 0.4% | | (437) | - | | 67,877 | 0.2% |
| **Income before Taxes** | | **1,185,036** | **10.2%** | | **658,250** | **6.3%** | | **2,087,577** | **4.9%** | | **1,655,722** | **4.4%** |
| Tax on earnings | | 474,454 | 4.1% | | 4,351 | - | | 835,429 | 2.0% | | 529,233 | 1.4% |
| **Consolidated Net Income** | | **710,582** | **6.1%** | | **653,899** | **6.2%** | | **1,252,148** | **2.9%** | | **1,126,489** | **3.0%** |
| Non-controlling stake | | 58,904 | 0.5% | | 66,647 | 0.6% | | 162,651 | 0.4% | | 130,019 | 0.3% |
| **Controlling Stake** | $ | **651,678** | **5.6%** | **$** | **587,252** | **5.6%** | **$** | **1,089,497** | **2.6%** | **$** | **996,470** | **2.6%** |

## ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES
## CONSOLIDATED CASH FLOW STATEMENTS FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2017 AND 2016
## (In thousands of nominal pesos)

| | December 31 2017 | December 31 2016 |
|---|---|---|
| **Operating activities:** | | |
| **Consolidated result before income taxes** | **$ 2,087,578** | **$ 1,655,722** |
| Income from investments: | | |
| Depreciation and amortization of brands | 2,751,676 | 2,388,235 |
| Write-down of fixed assets | 154,113 | 95,502 |
| Other entries | (513,412) | 339,891 |
| **Total** | **4,479,955** | **4,479,350** |
| Clients | (195,565) | (36,570) |
| Inventory | (417,686) | (151,658) |
| Providers | (29,673) | 744,446 |
| Taxes payable | (992,381) | (722,269) |
| Other assets and other liabilities | 428,866 | 681,014 |
| **Total** | **(1,206,439)** | **514,963** |
| **Net cash flow from operations** | **3,273,516** | **4,994,313** |
| **Investment activities** | | |
| Store equipment, improvements to leased locales, and property | (4,385,377) | (4,094,914) |
| Brand use rights, goodwill and pre-operations, net | (496,349) | (453,409) |
| Acquisition of subsidiary | - | (490,266) |
| Sale of participation in associates | 1,607,410 | - |
| **Net cash flow from investment activities** | **(3,274,316)** | **(5,038,589)** |
| **Cash receivable from financing activities** | **(800)** | **(44,276)** |
| **Financing activities** | | |
| Bank credits and loan payments, net | (3,265,355) | 4,856,909 |
| Commercial papers, net | 3,000,000 | (2,500,000) |
| Dividend declaration | (719,398) | (644,771) |
| Sale (repurchase) of shares | (60,577) | (199,002) |
| **Net cash flow from financing activities** | **(1,045,330)** | **1,513,136** |
| **Increase (decrease) net of cash** | **(1,046,130)** | **1,468,860** |
| Adjustments to cash flow due to exchange rate variations | 38,691 | (116,832) |
| Cash at the beginning of the period | 2,547,842 | 1,195,814 |
| **Cash at the end of the period** | **$ 1,540,403** | **$ 2,547,842** |