2Q16 Quarterly Report

Results and Important Events for the Second Quarter 2016

- **Increase of 9.6% in Same-Store Sales in the second quarter**
- **Increase of 22.6% in EBITDA in the second quarter, achieving a 13.5% margin**
- **3,037 total units in the portfolio, which includes 207 additional units compared with the prior year**
- **Net income growth of 134.8% in the second quarter**

MESSAGE FROM THE EXECUTIVE CHAIRMAN

Alberto Torrado, Executive Chairman of Alsea, said: *“In the second quarter of 2016 we continue to see a positive trend in comparable sales in the various markets in which we operate, in line with the trend seen in the previous quarter; confirming that despite the strong comparative base in the first half of 2015, our team has managed to maintain an outstanding performance, which is reflected in solid revenues and EBITDA growth.*

In Mexico during the quarter, we launched the new image of Vips with the opening of the first fully renovated unit, which has been very well accepted by consumers. With this new proposal we seek to create a better customer experience in terms of culture, service, image and product.

A year after our organizational structure change, we continue to focus on our growth strategy in the international market. A clear example of this is our recent acquisition of Archie's in Colombia and the contract to develop the Chili's brand in Chile, being both strong brands in the casual dining segment and with a high growth potential.

On the other hand, Alsea Spain was recognized with the Hot Concept Award in the "Senior" category at the Foodservice Expo as the company has adapted to customer needs, evolving, innovating and constantly exceeding the expectations of the public; achieving not only loyalty from its current customers, but also attract new audiences without losing its essence.

In this quarter, we exceeded 3,000 units in operation in the 6 countries where we are present, thanks to the strength of our brands and the commitment of all our employees.”

And finally, he added: "Due to the commitment that Alsea shows with its customers, employees, environment and the communities around us, for the fifth consecutive time we obtained the distinctive as a Socially Responsible Company - ESR, which is awarded by the Mexican Center of Philanthropy."

July 2016

2Q16 Quarterly Report

Mexico, D.F., July 28, 2016. 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 second quarter of 2016. This information is presented in nominal terms pursuant to International Financial Reporting Standards (IFRS).*

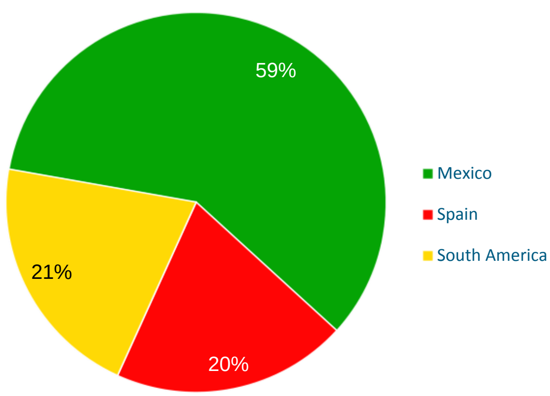
CONSOLIDATED RESULTS FOR THE SECOND QUARTER OF 2016

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 June 30, 2016, in comparison with the same period of 2015:

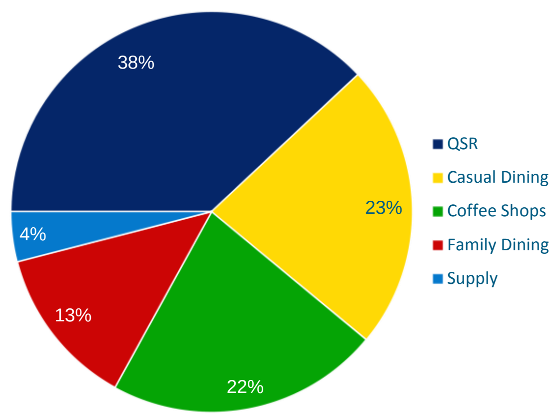
	2Q 16	*% Margin*	*2Q 15*	*% Margin*	*% Change*
Net Sales	$9,066	100.0%	$7,762	100.0%	16.8%
Gross Income	6,237	68.8%	5,310	68.4%	17.5%
EBITDA(1)	1,223	13.5%	998	12.9%	22.6%
Operating Income	643	7.1%	547	7.1%	17.4%
Net Income	$231	2.5%	$98	1.3%	134.8%
EPS(2)	1.00	N.A.	1.05	N.A.	(5.2)%

(1) EBITDA is defined as operating income before depreciation and amortization.
(2) EPS is earnings per share for the last 12 months.

SALES BY GEOGRAPHIC LOCATION*



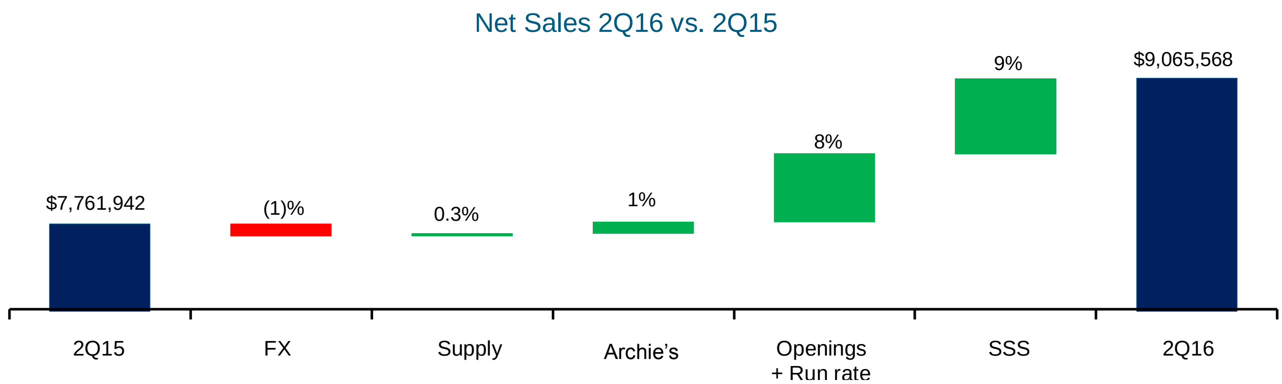
SALES BY SEGMENT*



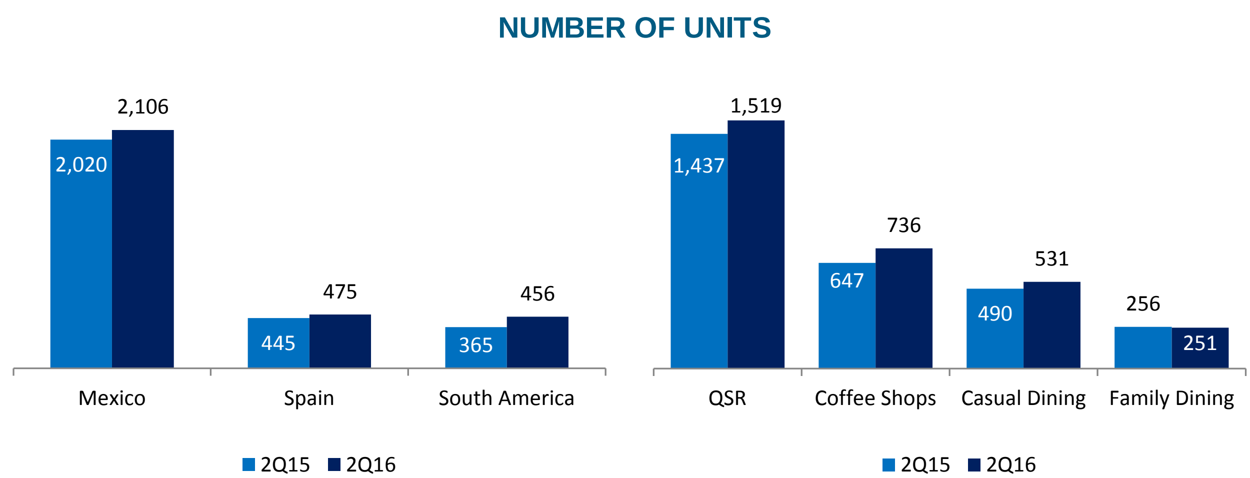
**Information for 2Q16*

SALES

Net sales increased 16.8% to 9,066 million pesos in the second quarter of 2016, in comparison with 7,762 million pesos in the prior year. This increase was due mainly to the 9.6% increase in same-store sales, revenues from the distribution and production segment, and the addition of 165 corporate units, for a total of 2,363 corporate units at the end of June 2016, which represents a growth of 7.5% over the same period of the prior year. The increase in sales was partially offset by the negative effect of the devaluation of the Argentine peso which was offset by the appreciation of the euro against the Mexican peso.



The business portfolio in Mexico recorded growth of 6.2% in same-store sales, and our brands in South America presented growth of 23.0% in same-store sales, reporting a low-single digit growth in transactions. Likewise, the brands in Spain also posted positive results in the quarter, with growth of 7.3% in same-store sales, in comparison with the same period of the prior year.



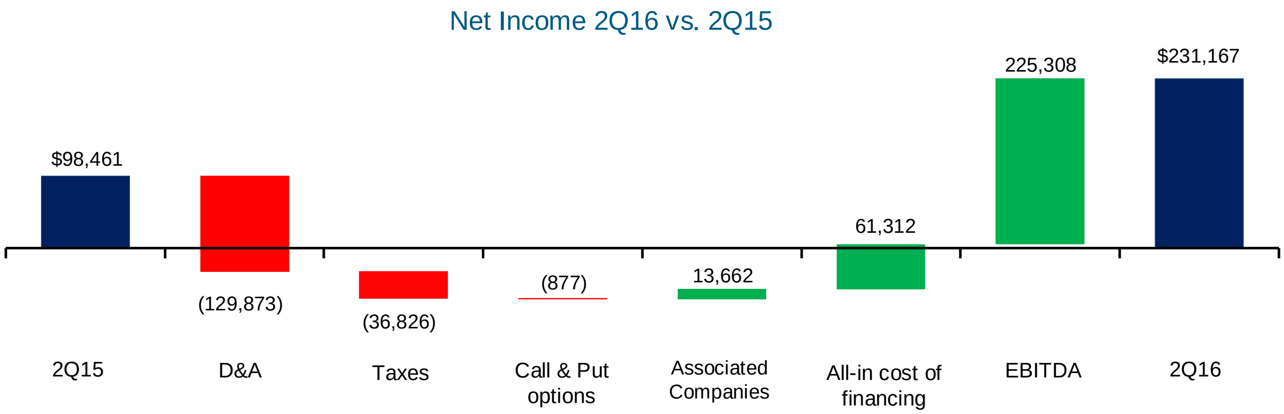
EBITDA

As a result of the 17.5% growth in gross income and the 16.3% increase in operating expenses (excluding depreciation and amortization), EBITDA rose 22.6% to 1,223 million pesos at the close of the second quarter of 2016, compared with the 998 million pesos in the same period of the prior year. The increase in EBITDA of 225 million pesos is mainly attributable to the growth in same-store sales, operating efficiencies, as well as to an increase in the number of units. This increase was partially offset by the impact on results arising from depreciation of the Mexican peso against the dollar and to a lesser degree to the devaluation of some currencies in Latin America. EBITDA margin increased 60 basis points as a percentage of sales, rising from 12.9% in the second quarter of 2015, to 13.5% in the same period of 2016.

NET INCOME

Net income in the quarter increased 133 million pesos over the same period in the prior year, closing at 231 million pesos, compared with 98 million pesos in the second quarter of 2015. This increase is mainly due to the growth of 95 million pesos in operating income and the decrease of 60 million pesos in the all-in cost of financing as consequence of the positive variation in the exchange gains during the quarter. This variation was partially offset by the increase of 60 million pesos in interest paid – net, as well as to the 37 million pesos increase in taxes on earnings.

Earnings per share ("EPS")[2] for the 12 months ended June 30, 2016, decreased to 1.00 pesos, compared with 1.05 pesos for the 12 months ended June 30, 2015.



RESULTS BY SEGMENT FOR THE SECOND QUARTER 2016

MEXICO

Alsea México	*Food and Beverages*				*Distribution and Production*				*Total*			
	2Q 16	*2Q 15*	*Var.*	*% Var.*	*2Q 16*	*2Q 15*	*Var.*	*% Var.*	*2Q 16*	*2Q 15*	*Var.*	*% Var.*
Same-Store Sales	6.2%	2.0%	420 bps	-	-	-	-	-	6.2%	2.0%	420 bps	-
Number of Units	2,106	2,020	86	4%	-	-	-	-	2,106	2,020	86	4%
Sales	5,034	4,540	$493	11%	1,689	1,663	$26	2%	5,348	4,851	$497	10%
Adjusted EBITDA*	1,104	945	$159	17%	175	171	$4	2%	1,279	1,116	$163	15%
Adjusted EBITDA Margin*	21.9%	20.8%	110 bps	-	10.4%	10.3%	10 bps	-	23.9%	23.0%	90 bps	-

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

In the second quarter of 2016, Alsea Mexico's sales increased 10.3% to 5,348 million pesos, compared with 4,851 million pesos in the same period in 2015. This increase of 497 million pesos is mainly attributable to the increase of 53 corporate units among the different brands over the last 12 months, the 6.2% growth in same-store sales, as well as to the 7.1% increase in sales to third parties in the Distribution and Production segment, in comparison with the same quarter of 2015. This can be attributed to the growth in the number of units served over the last 12 months: a total of 2,123 units were being served as of June 30, 2016, in comparison with 2,040 units for the same period in the previous year, which was a 4.1% increase.

Adjusted EBITDA at Alsea Mexico increased 14.6% during the second quarter of 2016, closing at 1,279 million pesos, compared with the 1,116 million pesos reported in the same period of the prior year. This increase is attributable to the 6.2% growth in same-store sales, in addition to the margin created by the higher number of units in operation and to the business mix. The foregoing was partially offset by the impact from the devaluation of the peso against the dollar.

SPAIN

Alsea Spain	2Q 16	2Q 15	Var.	% Var.
Same-Store Sales	7.3%	3.7%	360 bps	-
Number of Units	475	445	30	7%
Sales	$1,789	$1,306	$483	37%
Adjusted EBITDA*	$339	$247	$93	37%
Adjusted EBITDA Margin*	19.0%	18.9%	10 bps	-

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

Sales at Alsea Spain represented 20% of Alsea’s consolidated sales, and at the end of the second quarter of 2016 included the operations of Foster’s Hollywood, Domino’s Pizza, Burger King, La Vaca Argentina, Cañas y Tapas and Il Tempietto. Sales in this segment increased 37.0% to 1,789 million pesos, in comparison with 1,306 million pesos in the second quarter of 2015. This positive variation of 483 million pesos was mainly due to the 7.3% growth in same-store sales, driven principally by product innovation at Domino’s Pizza and by the solid performance of Burger King and Foster’s Hollywood in Spain. At the end of the period there were a total of 326 corporate units and 149 sub-franchised units.

Adjusted EBITDA at Alsea Spain at the end of the second quarter of 2016 was 339 million pesos, in comparison with 247 million pesos in the same period in 2015. EBITDA margin at the end of the second quarter 2016 showed a positive variation of 10 basis points over the same period of the prior year. This increase is attributable to the growth in same-store sales, as well as to a drop in the price of some inputs in comparison with the second quarter of 2015.

SOUTH AMERICA

Alsea South America	2Q 16	2Q 15	Var.	% Var.
Same-Store Sales	23.0%	27.4%	(440) bps	-
Number of Units	456	365	91	25%
Sales	$1,929	$1,605	$323	20%
Adjusted EBITDA*	$262	$228	$35	15%
Adjusted EBITDA Margin*	13.6%	14.2%	(60) bps	-

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

Sales at Alsea South America represented 21% of Alsea’s consolidated sales, and at the end of the second quarter of 2016 included Burger King operations in Argentina, Chile and Colombia, Domino's Pizza Colombia, Starbucks Argentina, Chile and Colombia, Archie’s in Colombia and P.F. Chang’s in Chile, Argentina, Colombia and Brazil. At the end of the period there were a total of 437 corporate units and 19 sub-franchised units. Sales in this segment increased 20.1% to 1,929 million pesos, in comparison with 1,605 million pesos in the second quarter of 2015. This positive variation of 323 million pesos was mainly due to the increase of 88 corporate units and 3 sub-franchised units; this variation was partially offset by the devaluation of the

Argentinean and Colombian currencies, which depreciated 28% and 6% against the Mexican peso respectively.

Adjusted EBITDA at Alsea South America at the end of the second quarter of 2016, increased by 15.2%, closing at 262 million pesos, in comparison with 228 million pesos in the same period in 2015. EBITDA margin at the end of the second quarter 2016 dropped 60 basis points over the same period of the prior year. The decrease is partially attributable to the effect of the devaluation of the Argentinean and Colombian currencies. This change was partially offset by the economies of scale arising from the aforementioned increase in corporate sales.

NON-OPERATING RESULTS

All-In Cost of Financing

The all-in cost of financing in the second quarter of 2016 dropped to 261 million pesos, compared with 322 million pesos in the same period of the prior year. This variation is mainly attributable to exchange rate gains during the period, which was partially offset by higher interest paid.

BALANCE SHEET

During the six months ended June 30, 2016, Alsea made capital investments of 1,706 million pesos, excluding the acquisition of Archie's in Colombia, of which 1,139 million pesos, equal to 67% of total investments, were earmarked for store openings, equipment refurbishing and remodeling existing stores for the different brands that the Company operates. The remaining 567 million pesos were mainly earmarked for the acquisition of new corporate offices, replacement of equipment (maintenance capex), improvement and logistics projects, and to software licenses, among other items.

Other Long-Term Liabilities

The Other Long-Term Liabilities account increased 446 million pesos, due to recognition of the liability related to the call and put options that were agreed with Britania Investments, S.A.R.L. ("Alia"), the local partner of Grupo Zena, for its entire stake in the company of 28.24%.

Bank Debt and Fixed-Rate Bonds

As of June 30, 2016, Alsea's total bank debt had increased by 921 million pesos, closing at 13,251 million pesos, in comparison with 12,330 million pesos on the same date of the previous year. The Company's consolidated net debt in comparison with the second quarter of 2015 increased 516 million pesos, closing on June 30, 2016 at 12,094 million pesos, in comparison with 11,578 million pesos.

As of June 30, 2016, 97% of the debt was long term, and on that same date 83% of the debt was denominated in Mexican pesos, 16% was in euros, and the remaining 1% was in Argentine and Chilean pesos.

The following table shows the balance of total debt in millions of pesos at June 30, 2016, as well as the maturity dates for the subsequent years:

	Balance	Maturities													
	2Q 16	2016	%	2017	%	2018	%	2019	%	2020	%	2021	%	2025	%
Total Debt	**$13,251**	$987	7%	$752	5%	$3,176	24%	$2,528	19%	$4,333	33%	$475	4%	$1,000	8%

Financial Ratios

At June 30, 2016, 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 2.8x; (ii) Net Debt to EBITDA (last 12 months) was 2.5x; and (iii) EBITDA (last 12 months) to interest paid over the last 12 months was 6.2x.

The Return on Net Invested Capital ("ROIC")(2) increased from 7.7% to 10.1% during the 12 months ended June 30, 2016. The Return on Equity ("ROE")(3) for the 12 months ended June 30, 2016 was 9.4%, in comparison with 8.4% in the same period of the prior year.

KEY INFORMATION

Financial Indicators	2Q 16	2Q 15	Variation
EBITDA(1) / Interest Paid	6.2 x	6.4 x	N.A
Total Debt / EBITDA(1)	2.8 x	3.3 x	N.A
Net Debt / EBITDA(1)	2.5 x	3.2 x	N.A
ROIC (2)	10.1%	7.7%	240 bps
ROE (3)	9.4%	8.4%	100 bps
Stock Market Indicators	**2Q 16**	**2Q 15**	**Variation**
Book Value per Share	$9.99	$10.54	(5.2)%
EPS (12 months) (4)	1.00	1.05	(5.2)%
Shares in circulation at the close of the period (millions)	837.4	838.5	(0.1)%
Price per share at close	$69.52	$47.46	46.5%

(1) EBITDA pro forma for the 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). (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 2Q16
Domino's Pizza	873
Mexico	*625*
Spain	*179*
Colombia	*69*
Burger King	646
Mexico	*446*
Argentina	*90*
Spain	*61*
Chile	*33*
Colombia	*16*
Quick Service	**1,519**
Starbucks	736
Mexico	*538*
Argentina	*98*
Chile	*90*
Colombia	*10*
Coffee Shops	**736**
Foster's Hollywood	209
Italianni's	74
El Portón	71
Chili's Grill & Bar	55
Archie's	41
P.F. Chang's China Bistro	31
Mexico	*22*
Brazil	*4*
Colombia	*2*
Chile	*2*
Argentina	*1*
California Pizza Kitchen	22
Cañas y Tapas	15
La Vaca Argentina	10
The Cheesecake Factory	2
Il Tempietto	1
Casual Dining	**531**
Vips	251
Family Dining	**251**
TOTAL ALSEA UNITS	**3,037**
Corporate	**2,363**
Sub-Franchises [1]	**674**

(1) 279 Domino's Pizza (246 Mexico, 19 Colombia, 14 Spain), 241 Burger King, 125 Foster's Hollywood, 12 Italianni's, 10 Cañas y Tapas, 5 Vips y 2 California Pizza Kitchen

MEXICO	**2,106**
CHILE	**125**
SPAIN	**475**
BRAZIL	**4**
ARGENTINA	**189**
COLOMBIA	**138**

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*.

Diego Gaxiola Cuevas
Chief Financial Officer
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A replay of the earnings conference call 2Q16 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 JUNE 30, 2016 AND 2015
(In thousands of nominal pesos)

	June 30, 2016	June 30, 2015
ASSETS		
Current assets:		
Cash and short-term investments	$ 1,157,065	$ 752,435
Clients	585,889	485,209
Other accounts and documents receivable	271,183	289,004
Inventory	1,451,130	1,356,467
Taxes recoverable	227,921	501,032
Other current assets	842,753	787,501
Current assets	4,535,941	4,171,648
Investments in shares of associated companies	939,512	869,396
Store equipment, improvements to leased locales, and property, net	11,956,362	10,401,437
Brand use rights, goodwill and pre-operations, net	15,036,612	13,397,785
Deferred Income Tax	1,722,131	1,560,651
Total Assets	**$ 34,190,558**	**$ 30,400,917**
LIABILITIES		
Short term:		
Providers	$ 3,134,134	$ 2,498,080
Taxes payable	165,599	150,602
Deferred taxes - net	1,918,442	389,158
Other accounts payable	2,866,794	2,089,533
Bank loans	433,520	1,546,692
Short-term liabilities	8,518,489	6,674,065
Long term:		
Bank loans	6,336,084	4,306,255
Commercial papers	6,481,051	6,477,198
Other long-term liabilities	3,571,020	3,125,333
Long-term liabilities	16,388,155	13,908,786
Total Liabilities	**24,906,644**	**20,582,851**
SHAREHOLDERS' EQUITY		
Minority interest	921,421	978,770
Majority interest:		
Capital	478,142	478,728
Net premium in share placement	8,625,720	8,613,587
Accumulated income	(397,770)	(340,830)
Income during the year	244,413	391,415
Exchange rate effects from foreign entities	(588,012)	(303,604)
Majority interest	8,362,493	8,839,296
Total Shareholders' Equity	**9,283,914**	**9,818,066**
Total Liabilities and Shareholders' Equity	**$ 34,190,558**	**$ 30,400,917**

ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2016 AND 2015
(In thousands of nominal pesos)

	Three months ended June 30				Six months ended June 30			
	2016		2015		2016		2015	
Net sales	$ 9,065,568	100%	$ 7,761,942	100%	$ 17,600,328	100%	$ 15,106,176	100%
Cost of sales	2,828,162	31.2%	2,452,210	31.6%	5,540,089	31.5%	4,759,494	31.5%
Gross Income	**6,237,406**	**68.8%**	**5,309,732**	**68.4%**	**12,060,239**	**68.5%**	**10,346,682**	**68.5%**
Operating expenses	5,014,398	55.3%	4,312,032	55.6%	9,802,069	55.7%	8,498,749	56.3%
Depreciation and amortization	580,172	6.4%	450,299	5.8%	1,128,955	6.4%	881,543	5.8%
Operating Income	**642,836**	**7.1%**	**547,401**	**7.1%**	**1,129,215**	**6.4%**	**966,391**	**6.4%**
All-in cost of financing:								
Interest paid – net	203,681	2.2%	143,400	1.8%	370,696	2.1%	325,122	2.2%
Changes in reasonable value Financial Liabilities	160,363	1.8%	159,486	2.1%	299,785	1.7%	(30,900)	(0.2)%
Exchange rate loss / (income)	(102,659)	(1.1)%	18,934	0.2%	(31,874)	(0.2)%	35,207	0.2%
	261,385	2.9%	321,820	4.1%	638,607	3.6%	329,429	2.2%
Share in the results of associated companies	17,331	0.2%	3,669	-	10,250	0.1%	853	-
Income before Taxes	**398,782**	**4.4%**	**229,250**	**3.0%**	**500,859**	**2.8%**	**637,814**	**4.2%**
Tax on earnings	167,615	1.8%	130,788	1.7%	214,634	1.2%	234,262	1.6%
Consolidated Net Income	**231,167**	**2.5%**	**98,461**	**1.3%**	**286,225**	**1.6%**	**403,552**	**2.7%**
Non-controlling stake	20,847	0.2%	5,859	0.1%	41,812	0.2%	12,137	0.1%
Controlling Stake	$ **210,320**	**2.3%**	**$ 92,602**	**1.2%**	**$ 244,413**	**1.4%**	**$ 391,415**	**2.6%**

ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2016 AND 2015
(In thousands of nominal pesos)

	June 30 2016	June 30 2015
Operating activities:		
Consolidated result before income taxes	**$ 500,859**	**$ 637,814**
Income from investments:		
Depreciation and amortization of brands	1,128,955	881,543
Write-down of fixed assets	46,676	87,225
Other entries	289,535	(30,047)
Total	**1,966,025**	**1,576,535**
Clients	73,466	187,893
Inventory	(41,156)	(301,192)
Providers	33,930	(184,510)
Taxes payable	(278,913)	(848,163)
Other assets and other liabilities	34,465	145,120
Total	**(178,208)**	**(1,000,852)**
Net cash flow from operations	**1,787,817**	**575,683**
Investment activities		
Store equipment, improvements to leased locales, and property	(1,450,713)	(1,462,875)
Brand use rights, goodwill and pre-operations, net	(255,195)	(246,796)
Acquisition of subsidiary	(293,027)	-
Net cash flow from investment activities	**(1,998,935)**	**(1,709,671)**
Cash receivable from financing activities	**(211,118)**	**(1,133,988)**
Financing activities		
Bank credits and loan payments, net	873,555	(2,861,121)
Commercial papers, net	-	4,000,000
Dividend declaration	(644,771)	(419,173)
Sale (repurchase) of shares	(5,682)	41,881
Net cash flow from financing activities	**223,102**	**761,587**
Increase (decrease) net of cash	**11,984**	**(372,401)**
Adjustments to cash flow due to exchange rate variations	(50,733)	11,986
Cash at the beginning of the period	1,195,814	1,112,850
Cash at the end of the period	**$ 1,157,065**	**$ 752,435**