# Results and Important Events for the Third Quarter 2017

- **Increase of 6.8% in Same-Store Sales in the third quarter**
- **Increase of 6.6% in EBITDA in the third quarter, achieving a 13.5% EBITDA margin**
- **3,353 total units in the portfolio, which includes 260 additional units compared with the third quarter of the prior year**
- **Net income growth of 22.9% in the third quarter**

## MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Renzo Casillo, Chief Executive Officer of Alsea, said: *"In the third quarter of the year, we continue with a similar trend as the first two quarters in terms of same-store sales, where despite having an impact in consumption in Mexico at the end of the quarter due to the earthquakes that occurred in September, we managed to achieve a consolidated growth of 6.8% in same-store sales, driven mainly by the 13.6% increase in same-store sales of Alsea International segment.*

*In Mexico, during the quarter, we observed an impact in same-store sales growth, mainly in the Casual Dining segment, due to a gap in the launch dates of the discount coupons strategy compared to the previous year and the effect on traffic caused by the earthquakes, which countered the positive trend we were observing during the weeks prior to these natural disasters.*

*In relation to the transition to the new Alsea Operations Center (COA) and in line with our plan, the distribution, logistics and storage of the Casual Dining segment is already being controlled from this new facility. Also, in September we celebrated the 15th anniversary of Starbucks in Mexico, a brand that changed the habits of coffee consumption in the country and now we have reached 630 units in operation, covering all the states of the country and surprising the Mexican market through continuous product innovation such as the Mermaid Frappuccino, Poblano wrap and Mexican Chocolate. Also, the relaunch of the Domino's Pizza Mexico's App has been a great success and currently has an 18% share of total sales of the brand.*

*At Alsea International, it has been three years since the acquisition of Grupo Zena in Spain, a period in which we achieved a compound annual growth of 14% and 21% in sales and EBITDA respectively. On the other hand, on August 30, we opened the first Chili's unit in Chile, located in Alto Las Condes, Santiago, a format that has achieved great acceptance in the Andean market and complies with our strategy of successfully bringing our brands to other countries."*

*And finally, he added: "In addition, on September 13, the eighth diner "Nuestro Comedor" was inaugurated by the movement "Its on me / Va por mi cuenta", located in the Santa Ursula community in Mexico City, through which we will be able to provide adequate food for 500 children. Similarly, in support of families affected by recent earthquakes in Mexico, Fundación Alsea A.C. launched a fundraising campaign, inviting clients to donate at more than 1,700 restaurants, these donations were duplicated by the Foundation and Alsea brands. Likewise, the company launched an action plan to enable more than 900 restaurants as Collection Centers for food and personal hygiene items, among other initiatives."*

**October, 2017**

*3Q17 Quarterly Report*

*Mexico City, October 18, 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 third quarter 2017. This information is presented in nominal terms pursuant to International Financial Reporting Standards (IFRS).*

## CONSOLIDATED RESULTS FOR THE THIRD 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 September 30, 2017, in comparison with the same period of 2016:

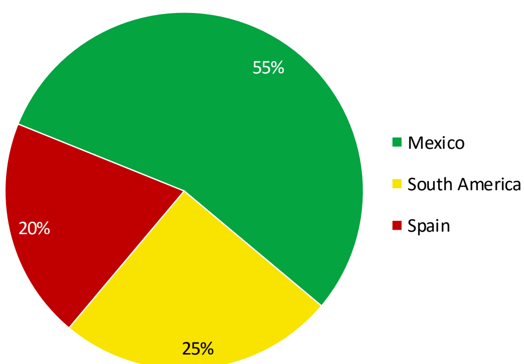
| | 3Q 17 | % Margin | 3Q 16 | % Margin | % Change |
|---|---|---|---|---|---|
| Net Sales | $10,475 | 100.0% | $9,602 | 100.0% | 9.1% |
| Gross Income | 7,307 | 69.8% | 6,613 | 68.9% | 10.5% |
| EBITDA(1) | 1,415 | 13.5% | 1,328 | 13.8% | 6.6% |
| Operating Income | 752 | 7.2% | 744 | 7.7% | 1.1% |
| Net Income | $229 | 2.2% | $186 | 1.9% | 22.9% |
| EPS(2) | 1.23 | N.A. | 1.05 | N.A. | 17.1% |

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

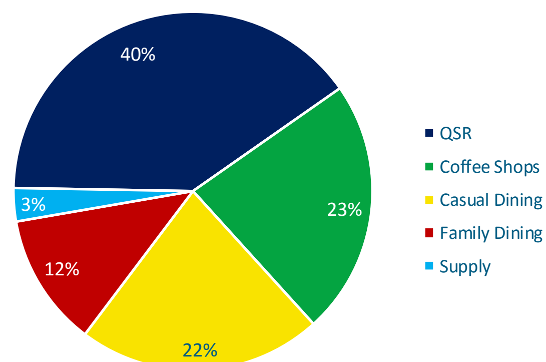
(2) EPS is earnings per share for the last 12 months.

* Figures in million pesos, except EPS

## SALES BY GEOGRAPHIC LOCATION*




## SALES BY SEGMENT*

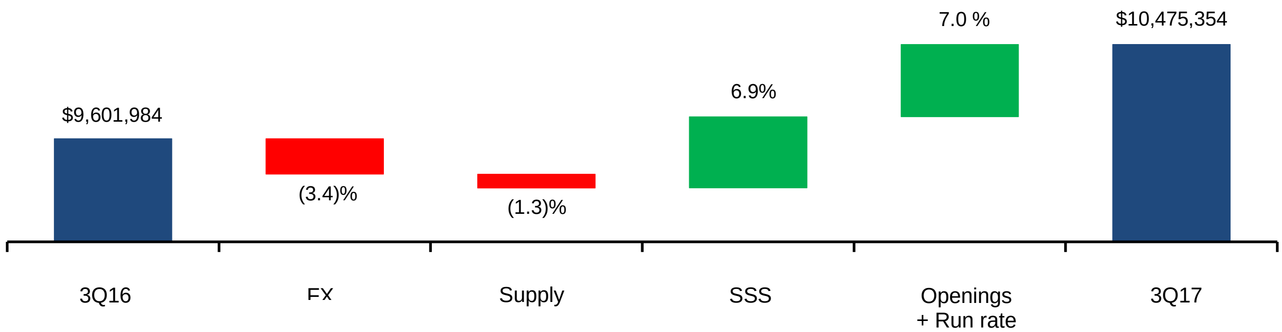



**Information for 3Q17*

## SALES

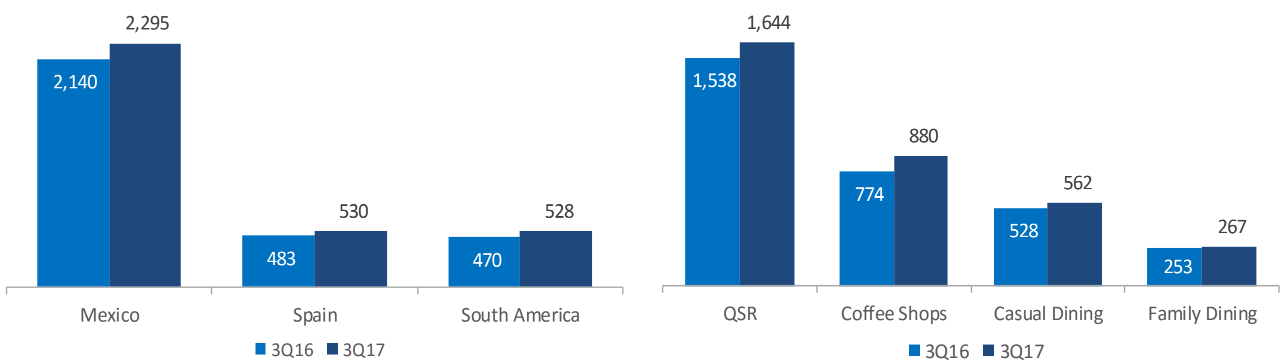
Net sales increased 9.1% to 10,475 million pesos in the third quarter of 2017, in comparison with 9,602 million pesos in the prior year. This increase was due mainly to the 6.8% growth in same-store sales and the addition of 226 corporate units, for a total of 2,651 corporate units at the end of September 2017, which represents a growth of 9.3% 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.

Net Sales 3Q17 vs. 3Q16




The business portfolio in Mexico recorded growth of 1.7% in same-store sales, and our brands in South America presented growth of 21.6% in same-store sales. Likewise, the brands in Spain also posted positive results in the quarter, with growth of 3.5% in same-store sales, in comparison with the same period of the prior year.

**NUMBER OF UNITS***




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

## EBITDA

As a result of the 90-basis points expansion in gross income, which implies a 10.5% growth, EBITDA rose 6.6% to 1,415 million pesos at the close of the third quarter of 2017, compared with the 1,328 million pesos in the same period of the prior year. The increase in EBITDA of 87 million pesos is mainly attributable 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 offset by expenses related to the strategy of reducing personnel turnover implemented in several countries, coupled with the increase in energy services tariffs and expenses concerning the new operations center (COA), as well as to the effect of the earthquakes in September that affected sales and EBITDA margin in Mexico.

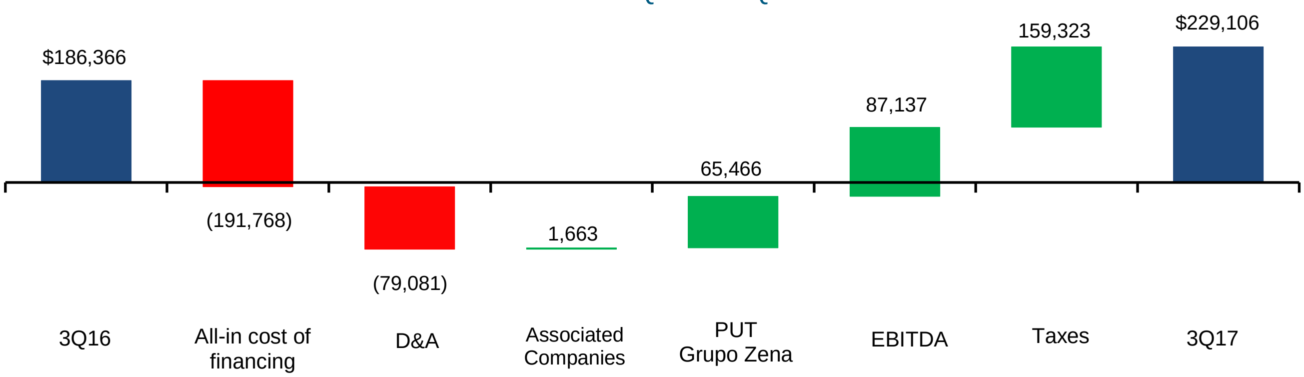
EBITDA margin decreased 30 basis points as a percentage of sales, reducing from 13.8% in the third quarter of 2016, to 13.5% in the same period of 2017, due mainly to the negative effect on sales and an increase in expenses related to the earthquakes of September mentioned above.

## NET INCOME

Net income in the quarter increased 43 million pesos over the same period in the prior year, closing at 229 million pesos, compared with 186 million pesos in the third quarter of 2016. This increase is mainly attributable to the reduction of 159 million pesos in income taxes due to a leveling in the quarter tax rate and to the reduction of 65 million pesos as a consequence of the positive variation caused by revaluation of the liability related to the call and put options of the remaining 28.2% of Grupo Zena. This variation was partially offset by the 192 million pesos increase in the all-in cost of financing mainly due to the impact of exchange rate hedges settled at the end of 2016 and to a higher interest paid-net, due to the increase in the Mexican Interbank rate, as well as to the rise in the company's total debt.

Earnings per share ("EPS")[2] for the 12 months ended September 30, 2017, increased to 1.23 pesos, compared with 1.05 pesos for the 12 months ended September 30, 2016.

Net Income 3Q17 vs. 3Q16




## RESULTS BY SEGMENT FOR THE THIRD QUARTER 2017

MEXICO

| *Alsea México* | *Food and Beverages* | | | | *Distribution and Production* | | | | *Total* | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | *3Q 17* | *3Q 16* | *Var.* | *% Var.* | *3Q 17* | *3Q 16* | *Var.* | *% Var.* | *3Q 17* | *3Q 16* | *Var.* | *% Var.* |
| Same-Store Sales | 1.7% | 6.4% | (470) bps | - | - | - | - | - | 1.7% | 6.4% | (470) bps | - |
| Number of Units | 2,295 | 2,140 | 155 | 7% | - | - | - | - | 2,295 | 2,140 | 155 | 7% |
| Sales | 5,585 | 5,176 | $409 | 8% | 1,657 | 1,862 | ($205) | (11)% | 5,799 | 5,516 | $283 | 5% |
| Adjusted EBITDA* | 1,116 | 1,148 | ($32) | 6% | 177 | 191 | ($14) | (7%) | 1,294 | 1,339 | ($46) | (3%) |
| Adjusted EBITDA Margin* | 20.0% | 22.2% | (220) bps | - | 10.7 % | 10.3% | 40 bps | - | 22.3% | 24.3% | (200) bps | - |

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

In the third quarter of 2017, Alsea Mexico's sales represent 55% of Alsea's consolidated sales. Sales increased 5.1% to 5,799 million pesos, compared with 5,516 million pesos in the same period in 2016. This increase of 283 million pesos is mainly attributable to the 7.9% increase in sales from the Food and Beverages segment, driven by the opening of 133 corporate units among the different brands over the last 12 months, the 1.7% growth in same-store sales. This increase was partly offset by the decrease in revenues from the Distribution and Production segment.

The 1.7% 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 Vips, driven by effective marketing strategies.

This increase was partially offset by a deceleration in the Casual Dining segment, due to a gap in the launch dates of the discount coupons strategy compared to the previous year and the impact on sales caused by the earthquakes, which countered the positive trend we were observing during the weeks prior to these natural disasters.

At the end of the third quarter, 15 units remained closed and a few more were still affected on traffic because they are located in risk areas.

Adjusted EBITDA at Alsea Mexico decreased 3.4% during the third quarter of 2017, closing at 1,294 million pesos, compared with the 1,339 million pesos reported in the same period of the prior year. This decrease is mainly attributable to:

- the strategy of reducing personnel turnover
- the increase in tariffs for energy services,
- the expenses inherent to the transition to the new operations center (COA), and
- the negative effect on sales and increase in expenses caused by the earthquakes that occurred in September, which implied an impact of 53 basis points on adjusted EBITDA.

The foregoing was partially offset by the 1.7% growth in same-store sales, in addition to the margin created by the opening of 133 corporate units during the last twelve months and to the business mix.

## SPAIN

| *Alsea Spain* | *3Q 17* | *3Q 16* | *Var.* | *% Var.* |
|---|---|---|---|---|
| Same-Store Sales | 3.5% | 1.9% | 160 bps | - |
| Number of Units | 530 | 483 | 47 | 10% |
| Sales | $2,043 | $1,832 | $210 | 11% |
| Adjusted EBITDA* | $372 | $334 | $37 | 11% |
| Adjusted EBITDA Margin* | 18.2% | 18.2% | - | - |

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

Sales at Alsea Spain represented 20% of Alsea's consolidated sales, and at the end of the third 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 11.5% to 2,043 million pesos, in comparison with 1,832 million pesos in the third quarter of 2016. This positive variation of 210 million pesos was mainly due to the 3.5% 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 due to the temporary closure of some units as a result of the attack in Barcelona. At the end of the period there were a total of 366 corporate units and 164 sub-franchised units, which represents an increase of 47 units in the last twelve months.

Adjusted EBITDA at Alsea Spain at the end of the third quarter of 2017 presented an 11% increase, reaching 372 million pesos, in comparison with 334 million pesos in the same period in 2016. EBITDA margin at the end of the third quarter 2017 showed no variation over the same period of the prior year, closing at 18.2%.

SOUTH AMERICA

| *Alsea South America* | *3Q 17* | *3Q 16* | *Var.* | *% Var.* |
|---|---|---|---|---|
| Same-Store Sales | 21.6% | 23.6% | (200) bps | - |
| Number of Units | 528 | 470 | 58 | 12% |
| Sales | $2,634 | $2,253 | $380 | 17% |
| Adjusted EBITDA* | $423 | $357 | $67 | 19% |
| Adjusted EBITDA Margin* | 16.1% | 15.8% | 30 bps | - |

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

Sales at Alsea South America represented 25% of Alsea's consolidated sales, and at the end of the third 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 507 corporate units and 20 sub-franchised units. Sales in this segment increased 16.9% to 2,634 million pesos, in comparison with 2,253 million pesos in the third quarter of 2016. This positive variation of 380 million pesos was mainly due to the increase of 57 corporate units; this variation was partially offset by the devaluation of the Argentinean currency.

Adjusted EBITDA at Alsea South America at the end of the third quarter of 2017, increased by 18.7%, closing at 423 million pesos, in comparison with 357 million pesos in the same period in 2016. EBITDA margin at the end of the third quarter 2017 increased 30 basis points over the same period of the prior year. This positive variation is partially attributable to the economies of scale arising from the aforementioned increase in corporate units, as well as to the good performance of Burger King in Chile and Colombia, as well as in Domino's Pizza in Colombia, which managed to increase their average transaction numbers significantly.

## NON-OPERATING RESULTS

### All-In Cost of Financing

The all-in cost of financing at the end of the third quarter of 2017 increased to 390 million pesos, compared with 263 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, as well as to the revaluation of dollar-denominated liabilities as a consequence of the appreciation of the Mexican peso against the dollar.

## BALANCE SHEET

During the nine months ended September 30, 2017, Alsea made capital investments of 3,455 million pesos, of which 2,304 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 1,151 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 September 30, 2017, Alsea's total bank debt had increased by 2,563 million pesos, closing at 16,099 million pesos, in comparison with 13,536 million pesos on the same date of the previous year. The Company's consolidated net debt in comparison with the third quarter of 2016 increased 2,862 million pesos, closing on September 30, 2017 at 15,079 million pesos, in comparison with 12,217 million pesos at the end of the same period of the prior year.

As of September 30, 2017, 90% of the debt was long term, and on that same date 85% of the debt was denominated in Mexican pesos, 13% was in euros, and the remaining 2% was in Argentinean and Chilean pesos.

The following table shows the balance of total debt in millions of pesos at September 30, 2017, as well as the maturity dates for the subsequent years:

| | Balance | Maturities | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 3Q 17 | 2017 | % | 2018 | % | 2019 | % | 2020 | % | 2021 | % | 2022 | % | 2023 | % | 2024 | % | 2025 | % |
| **Total Debt** | **$16,099** | $1,031 | 6 | $1,564 | 10 | $3,006 | 19 | $5,301 | 33 | $3,230 | 20 | $514 | 3 | $201 | 1 | $252 | 2 | $1,000 | 6 |

* Figures in million pesos.

### Financial Ratios

At September 30, 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 2.8x; (ii) Net Debt to EBITDA (last 12 months) was 2.7x; and (iii) EBITDA (last 12 months) to interest paid over the last 12 months was 4.6x.

The Return on Net Invested Capital ("ROIC")(2) increased from 9.9% to 11.9% during the 12 months ended September 30, 2017. The Return on Equity ("ROE")(3) for the 12 months ended September 30, 2017 was 12.2%, in comparison with 10.1% in the same period of the prior year.

## KEY INFORMATION

| Financial Indicators | 3Q 17 | 3Q 16 | Variation |
|---|---|---|---|
| EBITDA(1) / Interest Paid | 4.6 x | 6.3 x | N.A |
| Total Debt / EBITDA(1) | 2.8 x | 2.7 x | N.A |
| Net Debt / EBITDA(1) | 2.7 x | 2.5 x | N.A |
| ROIC (2) | 11.9% | 9.9% | 200 bps |
| ROE (3) | 12.2% | 10.1% | 210 bps |
| **Stock Market Indicators** | **3Q 17** | **3Q 16** | **Variation** |
| Book Value per Share | $10.49 | $10.01 | 4.8% |
| EPS (12 months) (4) | 1.23 | 1.05 | 17.1% |
| Shares in circulation at the close of the period (millions) | 834.1 | 835.9 | (0.2)% |
| Price per share at close | $66.97 | $65.78 | (1.8)% |

(1) EBITDA
(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 3Q17 |
|---|---|
| Domino's Pizza | 980 |
| *Mexico* | *683* |
| *Spain* | *222* |
| *Colombia* | *75* |
| Burger King | 664 |
| *Mexico* | *446* |
| *Argentina* | *106* |
| *Spain* | *61* |
| *Chile* | *36* |
| *Colombia* | *15* |
| **Quick Service** | **1,644** |
| Starbucks | 880 |
| *Mexico* | *630* |
| *Argentina* | *124* |
| *Chile* | *105* |
| *Colombia* | *21* |
| **Coffee Shops** | **880** |
| Foster's Hollywood | 225 |
| Italianni's | 91 |
| El Portón | 66 |
| Chili's Grill & Bar | 63 |
| *Mexico* | *62* |
| *Chile* | *1* |
| Archie's | 35 |
| P.F. Chang's China Bistro | 35 |
| *Mexico* | *25* |
| *Brazil* | *4* |
| *Colombia* | *2* |
| *Chile* | *3* |
| *Argentina* | *1* |
| California Pizza Kitchen | 22 |
| Cañas y Tapas | 16 |
| LAVACA | 6 |
| The Cheesecake Factory | 3 |
| **Casual Dining** | **562** |
| Vips | 267 |
| **Family Dining** | **267** |
| **TOTAL ALSEA UNITS** | **3,353** |
| **Corporate** | **2,651** |
| **Sub-Franchises (1)** | **702** |

**(1)** 299 Domino's Pizza (257 Mexico, 20 Colombia, 22 Spain), 241 Burger King, 133 Foster's Hollywood, 13 Italianni's, 9 Cañas y Tapas, 5 Vips y 2 California Pizza Kitchen

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **MEXICO** | **2,295** | **SPAIN** | **530** | **ARGENTINA** | **231** | **COLOMBIA** | **148** |
| **CHILE** | **145** | **BRAZIL** | **4** | | | | |



***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 3Q17 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 SEPTEMBER 30, 2017 AND 2016
## (In thousands of nominal pesos)

| | September 30, 2017 | September 30, 2016 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and short-term investments | $ 1,020,539 | $ 1,319,844 |
| Clients | 671,059 | 630,802 |
| Other accounts and documents receivable | 297,472 | 259,730 |
| Inventory | 1,874,762 | 1,520,452 |
| Taxes recoverable | 457,875 | 412,320 |
| Other current assets | 924,959 | 820,955 |
| Assets held for sale | 1,094,426 | - |
| Current assets | 6,341,092 | 4,964,103 |
| Investments in shares of associated companies | - | 958,956 |
| Store equipment, improvements to leased locales, and property, net | 14,695,460 | 12,822,541 |
| Brand use rights, goodwill and pre-operations, net | 15,254,996 | 15,059,200 |
| Deferred Income Tax | 2,473,884 | 1,780,196 |
| **Total Assets** | **$ 38,765,432** | **$ 35,584,996** |
| **LIABILITIES** | | |
| Short term: | | |
| Providers | $ 3,120,456 | $ 3,482,985 |
| Taxes payable | 137,855 | 269,646 |
| Other accounts payable | 4,064,865 | 3,298,929 |
| Bank loans | 1,638,116 | 562,630 |
| Short-term liabilities | 8,961,292 | 7,614,190 |
| Long term: | | |
| Bank loans | 10,468,618 | 8,986,200 |
| Commercial papers | 3,992,483 | 3,987,632 |
| Deferred taxes - net | 1,928,462 | 2,017,246 |
| Other long-term liabilities | 3,652,072 | 3,654,617 |
| Long-term liabilities | 20,041,635 | 18,645,695 |
| **Total Liabilities** | **29,002,927** | **26,259,885** |
| **SHAREHOLDERS' EQUITY** | | |
| Minority interest | 1,010,657 | 961,311 |
| Majority interest: | | |
| Capital | 476,533 | 477,420 |
| Net premium in share placement | 8,625,720 | 8,625,720 |
| Accumulated income | (48,620) | (578,871) |
| Income during the year | 437,820 | 409,219 |
| Exchange rate effects from foreign entities | (739,605) | (569,688) |
| Majority interest | 8,751,848 | 8,363,800 |
| **Total Shareholders' Equity** | 9,762,505 | 9,325,111 |
| **Total Liabilities and Shareholders' Equity** | **$ 38,765,432** | **$ 35,584,996** |

**ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES**
**CONSOLIDATED INCOME STATEMENT FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016**
**(In thousands of nominal pesos)**

| | Three months ended September 30 | | | | Nine months ended September 30 | | | |
|---|---|---|---|---|---|---|---|---|
| | 2017 | | 2016 | | 2017 | | 2016 | |
| Net sales | $ 10,475,354 | 100% | $ 9,601,984 | 100% | $ 30,912,997 | 100% | $ 27,202,312 | 100% |
| Cost of sales | 3,168,072 | 30.2% | 2,989,353 | 31.1% | 9,407,449 | 30.4% | 8,529,442 | 31.4% |
| **Gross Income** | **7,307,282** | **69.8%** | **6,612,631** | **68.9%** | **21,505,548** | **69.6%** | **18,672,870** | **68.6%** |
| Operating expenses | 5,892,421 | 56.3% | 5,284,908 | 55.0% | 17,397,112 | 56.3% | 15,086,978 | 55.5% |
| Depreciation and amortization | 663,125 | 6.3% | 584,044 | 6.1% | 1,996,488 | 6.5% | 1,712,998 | 6.3% |
| **Operating Income** | **751,736** | **7.2%** | **743,679** | **7.7%** | **2,111,948** | **6.8%** | **1,872,894** | **6.9%** |
| All-in cost of financing: | | | | | | | | |
| Interest paid – net | 334,047 | 3.2% | 221,274 | 2.3% | 946,478 | 3.1% | 591,971 | 2.2% |
| Changes in reasonable value Financial Liabilities | 24,703 | 0.2% | 90,169 | 0.9% | (118,787) | (0.4)% | 389,954 | 1.4% |
| Exchange rate loss / (income) | 31,021 | 0.3% | (47,975) | (0.5)% | 393,208 | 1.3% | (79,849) | (0.3)% |
| | 389,771 | 3.7% | 263,468 | 2.7% | 1,220,899 | 3.9% | 902,076 | 3.3% |
| Share in the results of associated companies | 18,066 | 0.2% | 16,403 | 0.2% | 11,494 | 0.0% | 26,653 | 0.1% |
| **Income before Taxes** | **380,031** | **3.6%** | **496,614** | **5.2%** | **902,543** | **2.9%** | **997,471** | **3.7%** |
| Tax on earnings | 150,924 | 1.4% | 310,247 | 3.2% | 360,974 | 1.2% | 524,881 | 1.9% |
| **Consolidated Net Income** | **229,107** | **2.2%** | **186,367** | **1.9%** | **541,569** | **1.8%** | **472,590** | **1.7%** |
| Non-controlling stake | 22,803 | 0.2% | 21,559 | 0.2% | 103,747 | 0.3% | 63,372 | 0.2% |
| **Controlling Stake** | $ **206,304** | **2.0%** | **$ 164,808** | **1.7%** | **$ 437,822** | **1.4%** | **$ 409,218** | **1.5%** |

**ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES**
**CONSOLIDATED CASH FLOW STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016**
**(In thousands of nominal pesos)**

| | September 30 2017 | September 30 2016 |
|---|---|---|
| **Operating activities:** | | |
| **Consolidated result before income taxes** | **$ 902,542** | **$ 997,472** |
| Income from investments: | | |
| Depreciation and amortization of brands | 1,996,488 | 1,712,998 |
| Write-down of fixed assets | 91,063 | 71,114 |
| Other entries | (130,281) | 363,301 |
| **Total** | **2,859,812** | **3,144,885** |
| Clients | (2,447) | 36,027 |
| Inventory | (345,324) | (106,748) |
| Providers | (698,542) | 338,846 |
| Taxes payable | (990,485) | (590,582) |
| Other assets and other liabilities | 475,825 | 404,612 |
| **Total** | **(1,560,973)** | **82,155** |
| **Net cash flow from operations** | **1,298,839** | **3,227,040** |
| **Investment activities** | | |
| Store equipment, improvements to leased locales, and property | (3,036,466) | (2,539,872) |
| Brand use rights, goodwill and pre-operations, net | (418,288) | (355,250) |
| Acquisition of subsidiary | - | (501,827) |
| **Net cash flow from investment activities** | **(3,454,754)** | **(3,396,949)** |
| **Cash receivable from financing activities** | **(2,155,915)** | **(169,909)** |
| **Financing activities** | | |
| Bank credits and loan payments, net | 1,288,824 | 3,557,035 |
| Commercial papers, net | - | (2,500,000) |
| Dividend declaration | (719,398) | (644,771) |
| Sale (repurchase) of shares | 14,089 | (102,125) |
| **Net cash flow from financing activities** | **583,515** | **310,139** |
| **Increase (decrease) net of cash** | **(1,572,400)** | **140,230** |
| Adjustments to cash flow due to exchange rate variations | 45,097 | (16,200) |
| Cash at the beginning of the period | 2,547,842 | 1,195,814 |
| **Cash at the end of the period** | **$ 1,020,539** | **$ 1,319,844** |