Results and Important Events for the Fourth Quarter and Full Year 2018

- **Increase of 4.9% in Same-Store Sales in the full year and 5.4% in the fourth quarter**
- **Increase of 8.7%* in EBITDA for the full year and 5.7%* in the fourth quarter**
- **Net income growth of 46.3% in the full year and 14.4% in the fourth quarter**
- **3,688 total units in the portfolio, which includes 250 additional units, representing an organic growth of 7.3% compared with the prior year**
- **The acquisition of Grupo Vips in Europe, restaurant operator with 454 units, which will increase the number of stores in Alsea Europe by 77%**

****Excluding the benefit from the sale of the minority stake of Grupo Axo in 2017 and the Argentinean hyperinflation restatement***

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Renzo Casillo, Chief Executive Officer of Alsea, said: *"2018 was a year of great progress for Alsea, where we continue to consolidate our presence in the markets where we operate, focusing on enhancing the company's performance and improving our operation, opposing a complicated consumption environment in some geographies. During this 2018, we encountered several internal and external challenges, however, we activated several action plans that allowed us to achieve positive figures in our operation, a clear example was the 6.6% growth in consolidated sales, where excluding the impact due to the exchange rate and the performance of our operation in Argentina, this growth would have reached 12.1%. We continue to strengthen our strategy of focusing on profitability and allocation of resources as a result of a process of continuous portfolio analysis, where we prioritize the brands, segments and markets with which we obtain better returns on investment.*

We continued with our expansion plan, managing to open 91 corporate units and 9 subfranchises in the last quarter of the year, resulting in 250 new units for the full year, which represents a growth of 7.3%. Also, after having celebrated last year reaching over 1,000 units of Domino's Pizza, this year we have managed to surpass the same number of Starbucks units in the Alsea portfolio, a brand with which we will continue to expand our presence in new territories like Spain, Portugal, France and Benelux.

At the end of the year, we completed the acquisition of Grupo Vips in Spain which is a great opportunity to consolidate our presence in the European market. With this, we manage to have more than 1,000 units and 10 brands in Alsea Europe and we continue with our long-term project in the region, with brands and segments that still have a high potential for expansion and development and surely will generate value for the company."

And finally, he added: "Looking ahead, we will continue to strengthen our operational execution, reinforcing our innovative strategies and digital platforms in order to capture the traffic that this new consumer trend will bring. This is why developing our loyalty programs, home delivery platform and alliances with third party aggregators is one of our priorities for 2019."

February, 2019

4Q18 Quarterly Report

Mexico City, February 27, 2019. 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 2018. This information is presented in nominal terms pursuant to International Financial Reporting Standards (IFRS).*

CONSOLIDATED RESULTS FOR THE FOURTH QUARTER OF 2018

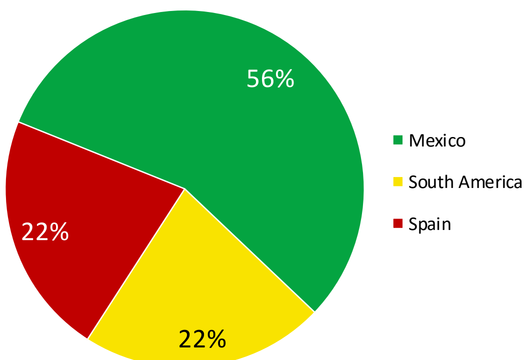
The following table shows a condensed Income Statement in millions of pesos (except EPS). The margin for each item represents net sales and the percentage change for the quarter ended December 31, 2018, in comparison with the same period of 2017:

	4Q 18	*% Margin*	*4Q 17*	*% Margin*	*% Change*
Net Sales	$12,028	100.0%	$11,616	100.0%	3.5%
Gross Income	8,273	68.8%	8,100	69.7%	2.1%
EBITDA (1)	1,848	15.4%	2,358	20.3%	(21.6)%
EBITDA ex. Axo	*1,848*	*15.4%*	*1,749*	*15.1%*	*5.7%*
Operating Income	1,032	8.6%	1,603	13.8%	(35.6)%
Operating income ex. Axo	*1,032*	*8.6%*	*994*	*8.6%*	*3.9%*
Net Income	$313	2.6%	$711	6.1%	(56.0)%
Net income ex. Axo	*$313*	*2.6%*	*$273*	*2.4%*	*14.4%*
EPS (2)	1.20	N.A.	1,31	N.A.	(8.4)%
EPS ex. Axo	*1.20*	*N.A.*	*0.78*	*N.A.*	*53.8%*

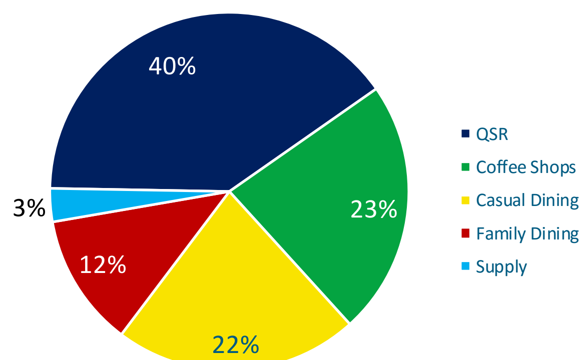
(1) EBITDA is defined as operating income before depreciation and amortization.
(2) EPS is earnings per share for the last 12 months.

* Figures in million pesos, except EPS

SALES BY GEOGRAPHIC LOCATION*



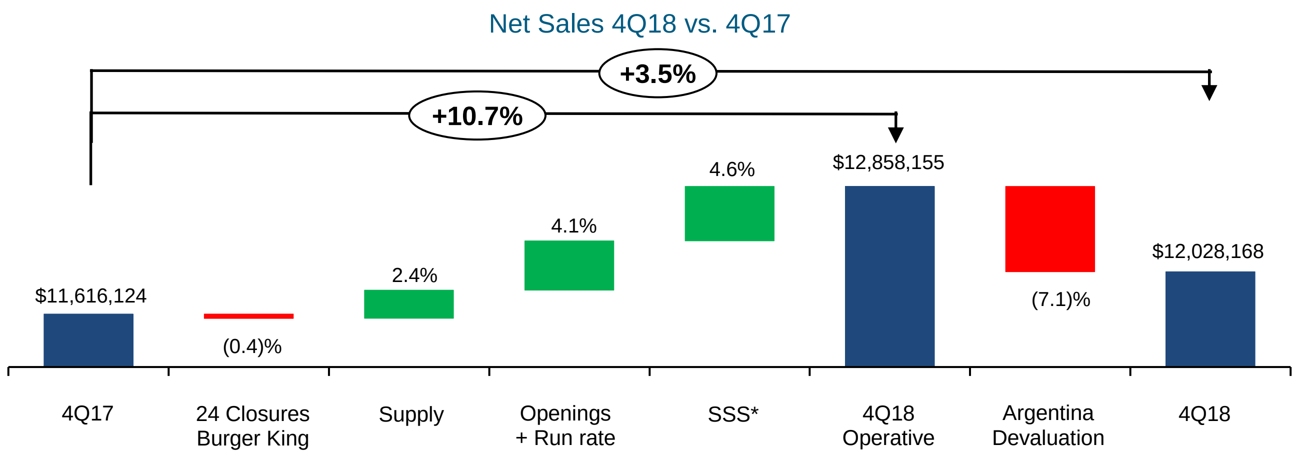
SALES BY SEGMENT*



** 4Q18 figures*

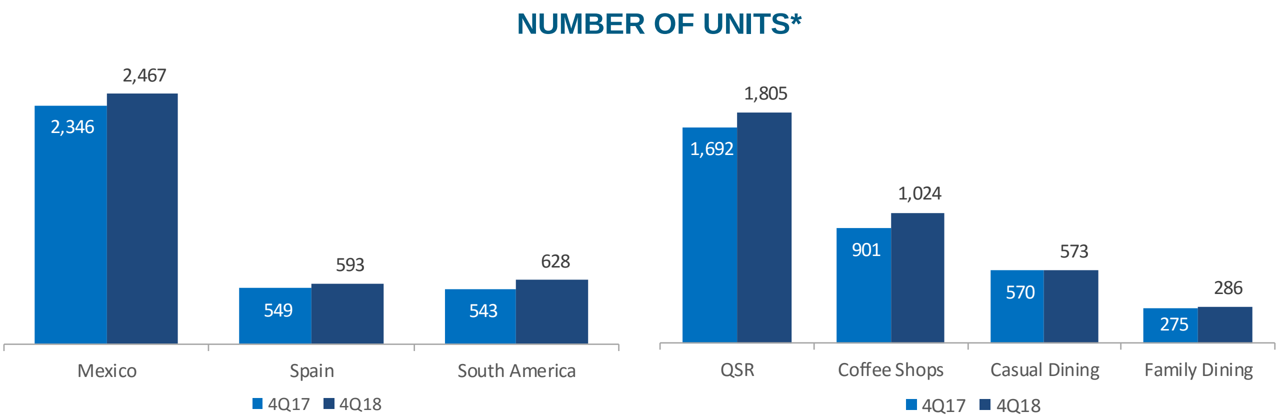
SALES

Net sales increased 3.5% to 12,028million pesos in the fourth quarter of 2018, in comparison with 11,616 million pesos in the prior year. This increase was due mainly to the 5.4% growth in same-store sales and the addition of 231 units, for a total of 2,947 corporate units at the end of December 2018, which represents a growth of 8.5% over the same period of the prior year. The increase in sales was partially offset by the negative effect of the devaluation of the Argentinean peso against the Mexican peso, which impacted consolidated sales growth in 935 basis points, coupled with lower growth in same store sales as expected in high season in South America and Spain.



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

In terms of same-store sales, the business portfolio in Mexico registered a growth of 3.5%, our brands in South America showed a growth of 15.0% and our brands in Spain presented positive results in the quarter, with a growth of 1.0%.



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

EBITDA

EBITDA in the fourth quarter of 2018 increased 5.7% to reach 1,824 million pesos, compared to 1,749 million pesos in the fourth quarter of the previous year, excluding the positive contribution of 609 million pesos from the sale of the total minority stake of Grupo Axo S.A. de C.V. during the fourth quarter of 2017. The increase in EBITDA of 99 million pesos was partially offset by:

- the increase related to tariff rates for certain products imported from the US,
- the increase in energy fees, mainly in Argentina and Mexico, in the latter being partially offset by the benefit of managing clean energy (wind farms) in most of the units in the country,
- the negative effect of the devaluation of the Argentinean peso against the Mexican peso,
- and the strategy of reducing personnel turnover implemented in several countries.

Despite the aforementioned impacts related to the environment, strategic decisions were made to make corporate spending more efficient, increasing EBITDA in greater proportion to the growth presented in sales, achieving marginality in the fourth quarter of the year.

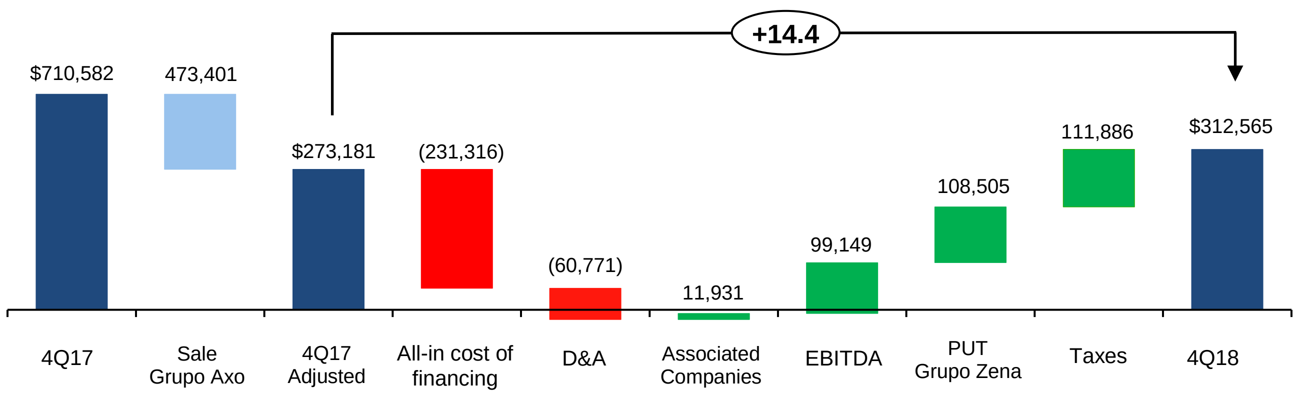
Additionally, during the fourth quarter, expenses related to the acquisition of Grupo Vips in Europe were recognized for 50 million pesos, which represented an impact of approximately 40 basis points on the EBITDA for the quarter.

EBITDA margin, excluding the positive effect resulting from the sale of the minority stake of Grupo Axo in the fourth quarter of 2017, presented an expansion of 30 basis points, going from 15.1% in the fourth quarter of 2017, to 15.4% during the same period of 2018.

NET INCOME

Net income for the quarter increased 39 million pesos compared to the same period of the previous year, closing at 313 million pesos compared to 273 million pesos in the fourth quarter of 2017, excluding the positive contribution of 437 million pesos from of the sale of the total minority stake of Grupo Axo S.A. de C.V. during the fourth quarter of 2017. This increase is mainly due to the decrease in the tax rate of 200 basis points and the increase of 37 million pesos in operating income, which was partially offset by the increase in the all-in cost of financing mainly as a result of the rise of 122 million pesos in interest paid-net, related to the increase of 50 basis points in the Mexican Interbank rate during the fourth quarter of the year.

Net Income 4Q18 vs. 4Q17



RESULTS BY SEGMENT FOR THE FOURTH QUARTER 2018

MEXICO

Alsea México	*4Q 18*	*4Q 17*	*Var.*	*% Var.*
Same-Store Sales	3.5%	3.9%	(40) bps	-
Number of Units	2,467	2,346	121	5%
Sales	6,932	6,382	$550	9%
Adjusted EBITDA*	1,594	1,656	$(62)	(4)%
Adjusted EBITDA Margin*	23.0%	26.0%	(300) bps	-

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

Alsea Mexico's sales represent 58% of Alsea's consolidated sales in the fourth quarter of 2018 and increased 8.6% to 6,932 million pesos compared to 6,382 million pesos in the same period in 2017. This favorable variation of 550 million pesos is mainly due to the opening of 104 corporate units and 17 sub-franchises of the different brands in the last twelve months, reaching a total of 1,917 corporate units and 550 units of sub-franchisees, as well as the 3.5% growth in same-store sales, which was mainly driven by the positive performance of our quick service restaurant brands, where Burger King and Domino's Pizza continues presenting positive same-store sales reaching double digit, mainly driven by increases in transactions, as well as an improvement in the sales trend in our family restaurant segment.

It is worth mentioning that in the fourth quarter of the year we managed to restore service levels to stores from the operations center (COA), normalizing the supply rates of inputs.

Adjusted EBITDA at Alsea Mexico decreased 3.8% during the fourth quarter of 2018, closing at 1,594 million pesos, compared to 1,656 million pesos in the same period of the previous year. This decrease is mainly due to strategies related to initiatives for the retention of personnel, to the increase in costs of 95 basis points mainly related to the tariff rates on products imported from the U.S., as well as to the increase in energy rates, coupled with an impact due to the increase in pre-operational expenses as a result of the greater number of openings registered in the quarter.

The latter was partially offset by the growth in same-store sales, combined with the marginalization generated by the opening of 104 corporate units during the last twelve months, efficiencies due to lower turnover, reduction in corporate expenses and finally to the business mix.

SPAIN

Alsea Spain	*4Q 18*	*4Q 17*	*Var.*	*% Var.*
Same-Store Sales	1.0%	2.1%	(110) bps	-
Number of Units	593	549	44	8%
Sales	2,690	2,494	$196	8%
Adjusted EBITDA*	552	555	$(3)	(1)%
Adjusted EBITDA Margin*	20.5%	22.2%	(170) bps	-

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

Sales at Alsea Spain represented 22% of Alsea's consolidated sales and at the close of the fourth quarter 2018 included the operations of Foster's Hollywood, Domino's Pizza, Burger King, LAVACA and Cañas y Tapas. This segment presented an increase in sales of 7.9%, reaching 2,690 million pesos compared to 2,494 million pesos in the fourth quarter of 2017. This positive variation of 196 million pesos was driven mainly by various marketing strategies in Domino's Pizza and Foster's Hollywood, the implementation of digital kiosks in half of the Burger King stores, as well as the continuous innovation of products and the benefit related to the exchange rate. This increase was partially offset by the entry and growth of third-party aggregator platforms which have created greater competitiveness in delivery orders, mainly impacting Domino's Pizza and Foster Hollywood. At the end of the period there were a total of 420 corporate units and 173 units of sub-franchisees, which implies an increase of 8.0% units in the last twelve months.

Adjusted EBITDA at Alsea Spain at the end of the fourth quarter of 2018 showed a slight decrease, reaching 552 million pesos, compared to 555 million pesos for the same period in 2017. The EBITDA margin at the end of the fourth quarter of 2018, presented a negative variation of 170 basis points compared to the same period of the previous year. This decrease is due to a loss of marginality as a result of a 110-basis points contraction in same-store sales during the quarter compared to the same period of the previous year, being impacted mainly by a higher cost for promotional strategies to encourage store traffic, mainly in Burger King, as well as the remodeling of a greater number of units in Burger King and Foster's Hollywood and increases related to initiatives for personnel retention.

SOUTH AMERICA

Alsea South America	*4Q 18*	*4Q 17*	*Var.*	*% Var.*
Same-Store Sales	15.0%	18.4%	(340) bps	-
Number of Units	628	543	85	16%
Sales	2,406	2,741	$(335)	(12)%
Adjusted EBITDA*	333	411	$(78)	(19)%
Adjusted EBITDA Margin*	13.9%	15.0%	(110) bps	-

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

Sales at Alsea South America represented 20% of Alsea's consolidated sales and at the end of the period there were a total of 610 corporate units and 18 sub-franchisees units. This segment showed a decrease in sales of 12.2%, reaching 2,406 million pesos compared to 2,741 million pesos in the fourth quarter of 2017. This variation of 335 million pesos was mainly due to the political-economic instability in Argentina, registering a devaluation of more than 100% throughout the year. This effect was partially offset by the increase of 88 corporate units in the last twelve months and the 15.0% growth in same-store sales. Excluding the negative effect of the devaluation of the Argentinean peso, Alsea South America's sales growth would have reached 27.4%.

Adjusted EBITDA of Alsea South America at the end of the fourth quarter of 2018, decreased 19.0%, closing at 333 million pesos, compared to 411 million pesos for the same period in 2017. Despite efforts in efficiency and expense control, the EBITDA margin at the close of the fourth quarter of 2018, presented a negative variation of 110 basis points compared to the same period of the previous year. This decrease is mainly attributable to the devaluation of the Argentinean peso, together with a loss of marginality due to the high inflation in that country and increases in energy rates, which were greater than the increase in prices achieved through our strategies and promotional campaigns.

CONSOLIDATED RESULTS FOR FULL YEAR 2018

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, 2018, in comparison with the same period of 2017:

	2018	*% Margin*	*2017*	*% Margin*	*% Change*
Net Sales	$45,320	100.0%	$42,529	100.0%	6.6%
Gross Income	31,400	69.3%	29,606	69.6%	6.1%
EBITDA (1)	6,368	14.1%	6,466	15.2%	(1.5)%
EBITDA ex. Axo	*6,368*	*14.1%*	*5,858*	*13.8%*	*8.7%*
Operating Income	3,345	7.4%	3,715	8.7%	(9.9)%
Operating income ex. Axo	*3,345*	*7.4%*	3,106	*7.3%*	*7.7%*
Net income	$1,192	2.6%	$1,252	2.9%	(4.8)%
Net income ex. Axo	*$1,192*	*2.6%*	*$815*	*1.9%*	*46.3%*
EPS (2)	1.20	N.A.	1.31	N.A.	(8.4)%
EPS ex. Axo	*1.20*	*N.A.*	*0.78*	*N.A.*	*53.8%*

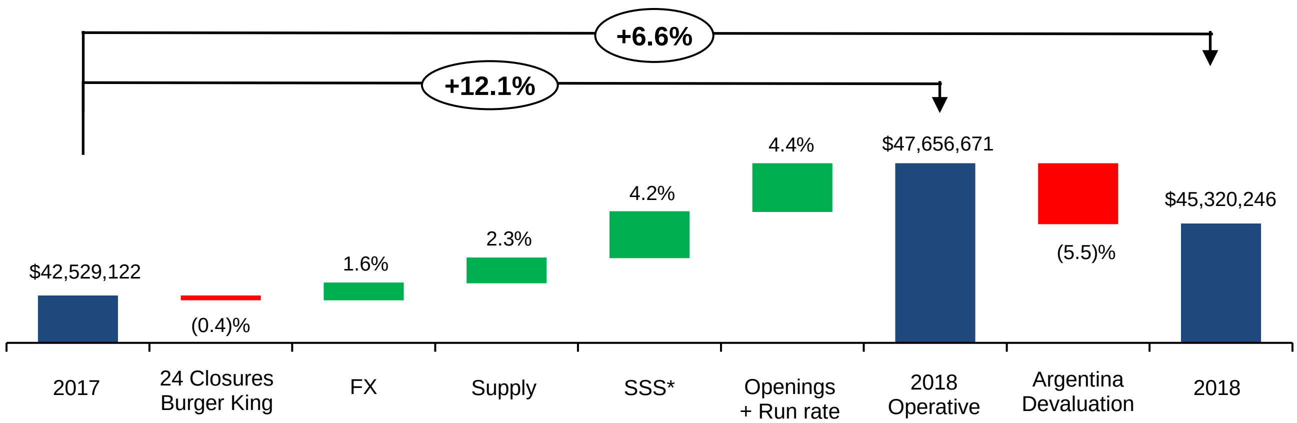
(1) EBITDA is defined as operating income before depreciation and amortization.
(2) EPS is earnings per share for the last 12 months.

*Figures in million pesos except EPS

SALES

Net sales increased 6.6% to 45,320 million pesos in 2018 compared to 42,529 million pesos in the previous year. This increase is mainly due to the 4.9% growth in same store sales, as well as the increase of 250 units, reaching a total of 3,688 units at the end of December 2018, which represents a growth of 7.3% compared to the same period from the previous year. The increase in sales was partially offset by the negative effect of the devaluation of the Argentinean peso, which was partially offset by the appreciation of the euro against the Mexican peso. Excluding the impact of the devaluation of the Argentinean peso, sales growth during 2018 would have reached 12.1% compared to the previous year.

Net Sales 2018 vs. 2017



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

In terms of same store sales, during 2018 the business portfolio in Mexico registered a growth of 4.0%, our brands in South America showed an 11.5% growth and our brands in Spain presented positive results in the year, with a 1.1% growth compared to the previous year.

EBITDA

EBITDA in 2018 grew 8.7% to reach 6,368 million pesos, compared to 5,858 million pesos the previous year, excluding the positive contribution of 609 million pesos from the sale of the total minority stake of Grupo Axo S.A. de C.V. during the fourth quarter of 2017. The increase in EBITDA of 511 million pesos is mainly the result of same store sales growth, as well as to the increase in the number of units and strict control in each expense line. This increase was partially offset by:

- the increase related to tariff rates for certain products imported from the US,
- the strategy of reducing personnel turnover implemented in several countries and the expense rise related to the minimum wage increase in Mexico,
- the extraordinary expenses related to the integration into our new operations center (COA),
- the increase in energy fees, mainly in Argentina and Mexico, in the latter being partially offset by the benefit of managing clean energy (wind farms) in most of the units in the country,
- and the negative effect of the devaluation of the Argentinean peso against the Mexican peso.

Despite the aforementioned impacts related to the environment, strategic decisions were made to make corporate spending more efficient, increasing EBITDA in greater proportion to the growth presented in sales, achieving marginality for the year.

Additionally, during the fourth quarter, expenses related to the acquisition of Grupo Vips in Europe were recognized for 50 million pesos, which represented an impact of approximately 10 basis points on the EBITDA for the year.

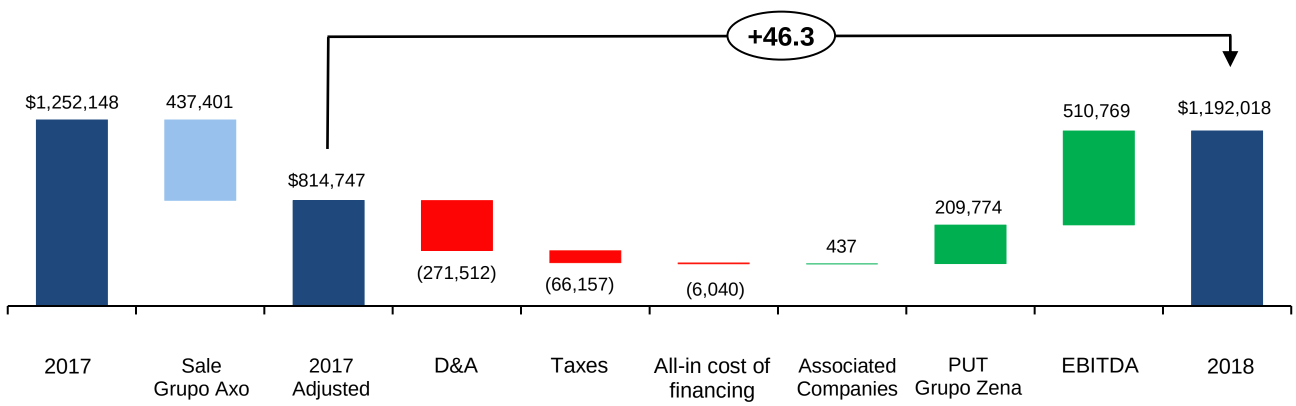
EBITDA margin, excluding the positive effect resulting from the sale of the minority stake of Grupo Axo in the fourth quarter of 2017, presented an expansion of 30 basis points, going from 13.8% in 2017 to 14.1% in 2018.

NET INCOME

Net income for the year increased 377 million pesos compared to the same period of the previous year, closing at 1,192 million pesos compared to the 815 million pesos of the previous year, excluding the positive contribution of 437 million pesos from the sale of the total minority stake of Grupo Axo S.A. de C.V. during the fourth quarter of 2017. This increase is mainly due to the reduction in the all-in cost of financing as a result of 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, together with the a lower exchange rate loss in the year and a decrease in the tax rate by 200 basis points, which was partially offset by the increase of 273 million pesos in interest paid-net, related to the increase of 100 basis points in the Mexican Interbank rate during the year.

Earnings per share ("EPS")(2) for the 12 months ended December 31, 2018, decreased to 1.20 pesos, compared with 1.31 pesos for the 12 months ended December 31, 2017. Excluding the positive contribution of 437 million pesos from the sale of the total minority stake of Grupo Axo S.A. de C.V., "EPS" for the 12 months ended December 31, 2018, increased 53.8% to 1.20 in comparison with the 0.78 from 2017.

Net Income 2018 vs. 2017



RESULTS BY SEGMENT FOR FULL YEAR 2018

MEXICO

Alsea México	*2018*	*2017*	*Var.*	*% Var.*
Same-Store Sales	4.0%	3.1%	90 bps	-
Number of Units	2,467	2,346	121	5%
Sales	25,462	23,676	$1,786	8%
Adjusted EBITDA*	5,901	5,608	$292	5%
Adjusted EBITDA Margin*	23.2%	23.7%	(50) bps	-

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

Alsea Mexico's sales in the full year ended December 31, 2018 increased 7.5% to 25,462 million pesos compared to 23,676 million pesos in the same period of 2017. This favorable variation of 1,786 million pesos is mainly attributable to the opening of 104 corporate units and 17 sub-franchises of the different brands in the last twelve months, reaching a total of 1,917 corporate units and 550 units of sub-franchisees, as well as the 4.0% growth in same-store sales, which was mainly driven by the positive performance of our quick service restaurant brands, where Burger King and Domino's Pizza continue presenting positive same store sales reaching double digits, mainly driven by increases in transactions, as well as a positive result in all casual brands and an improvement in the sales trend in the overall Mexican portfolio compared to the prior year. This increase was partially offset by the closure of 24 Burger King stores at the beginning of the year, in line with our objective to improve the profitability of the business, as well as the inefficiencies resulting from the transition process to the new operations center (COA), which caused distractions in the operation, mainly affecting Starbucks and Vips, these being the brands that are most dependent on the products manufactured in the production lines migrated to this new facility. It is worth mentioning that in the fourth quarter of the year it was possible to restore service levels to stores by the operations center (COA), normalizing the supply rates of inputs.

Adjusted EBITDA at Alsea Mexico increased 5.2% during the twelve months ended December 31, 2018, closing at 5,901 million pesos compared to the 5,608 million pesos of the previous year. This increase is due to the growth of 4.0% in same store sales, in addition to the marginality generated by the greater number of units in operation, reduction in corporate expenses and finally to the business mix. This was partially offset by the impact of the expenses inherent to the transition to the new center of operations (COA), the increase in expenses related to the improvement strategy in the compensation of store personnel aiming to reduce turnover and to the increase in the minimum wage, as well as the increase in energy rates, being partially offset by the benefit of managing clean energy (wind farms) in most of the units in the country and finally by the negative effect on costs related to tariff rates on products imported from the US.

SPAIN

Alsea Spain	*2018*	*2017*	*Var.*	*% Var.*
Same-Store Sales	1.1%	2.3%	(120) bps	-
Number of Units	593	549	44	8%
Sales	$9,862	$8,570	$1,292	15%
Adjusted EBITDA*	$1,916	$1,726	$190	11%
Adjusted EBITDA Margin*	19.4%	20.1%	(70) bps	-

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

The sales of Alsea Spain in 2018 represented 22% 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. This segment presented an increase in sales of 15.1%, reaching 9,862 million pesos compared to 8,570 million pesos in 2017. This positive variation of 1,292 million pesos was mainly due to the 1.1% growth in same-store sales, driven mainly by product innovation in Domino's Pizza, as well as the good performance of Foster's Hollywood in the country, the implementation of digital kiosks in some Burger King stores, as well as to the benefit related to the exchange rate. At the end of the period there were a total of 420 corporate units and 173 units of sub-franchisees.

Adjusted EBITDA at Alsea Spain at the end of 2018, reached 1,916 million pesos, compared to 1,726 million pesos in 2017. The EBITDA margin at the end of 2018, presented a negative variation of 70 basis points compared to the same period of the previous year. This decrease is mainly due to a greater number of remodelings during the year compared to 2017, the increase in the delivery market offerings by third party aggregators starting in June and a deceleration in consumption during the second half of the year as seen in the macroeconomic indicators.

SOUTH AMERICA

Alsea South America	*2018*	*2017*	*Var.*	*% Var.*
Same-Store Sales	11.5%	19.6%	(810) bps	-
Number of Units	628	543	85	16%
Sales	$9,996	$10,283	$(287)	(3)%
Adjusted EBITDA*	$1,403	$1,562	$(160)	(10)%
Adjusted EBITDA Margin*	14.0%	15.2%	(120) bps	-

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

Sales of Alsea South America accounted for 22% of Alsea's consolidated sales at the end of 2018. This segment showed a decrease in sales of 2.8%, reaching 9,996 million pesos compared to the 10,283 million pesos in 2017. This negative variation of 287 million pesos was mainly due to the impact of the economic situation in Argentina, together with the devaluation of the currency in that country, which was partially offset by the increase of 88 corporate units, in addition to the strong performance of Burger King in Chile and Domino's Pizza in Colombia, both reaching double-digit growth in same-store sales. At the end of the period there were a total of 610 corporate units and 18 units of sub-franchisees.

Adjusted EBITDA at Alsea South America at the end of the full year of 2018, decreased 10.2% closing at 1,403 million pesos, compared to 1,562 million pesos for the same period in 2017. The EBITDA margin at the end of the year ended on December 31 of 2018, presented a negative variation of 120 basis points compared to the same period of the previous year. This decrease is attributable to the loss of marginality due to high inflation in Argentina and increases in energy tariffs higher than inflation in that country. This variation was partially offset by the economies of scale derived from the increase in the aforementioned corporate units.

NON-OPERATING RESULTS

All-In Cost of Financing

The all-in cost of financing in 2018 decreased to 1,423 million pesos, compared with 1,627 million pesos in the prior year. This variation is mainly due to a lower exchange rate loss, together with the positive effect attributable to the revaluation of the liability related to the call and put options of the remaining 28.2% of Grupo Zena, as a consequence of the variation in the exchange rate of the Mexican peso against the euro during the year, which was partially offset by the increase in interest paid-net of 273 million pesos, as a result of the rise in the Mexican Interbank rate and a higher leverage.

BALANCE SHEET

On December 27, 2018, the transaction related to the acquisition of 100% of Grupo Vips in Spain was concluded, which is why this acquisition is recognized in the assets and liabilities of the company in the Balance Sheet. For comparison purposes, a pro-forma Balance Sheet excluding this acquisition is attached in this report.

During the twelve months ended December 31, 2018, Alsea made capital investments, of 4,382 million pesos excluding acquisitions, of which 3,024 million pesos, equivalent to 69% of total investments were earmarked for store openings, equipment renewal and remodeling of existing units of the different brands operated by the Company. The remaining 1,358 million pesos were allocated mainly to the replacement of equipment (maintenance capex), strategic improvement projects and the new Alsea Operations Center ("COA"), as well as software licenses among others. It is worth mentioning that during the quarter an inventory reduction of 11 days was achieved, excluding acquisitions.

Bank Debt and Fixed-Rate Bonds

As of December 31, 2018, Alsea's total bank debt increased by 10,849 million pesos, closing at 25,610 million pesos, in comparison with 14,761 million pesos on the same date of the previous year, this increase in debt relates to the acquisition of Grupo Vips in Spain, which took place on December 27, 2018. The Company's consolidated net debt in comparison with the fourth quarter of 2017 increased 10,401 million pesos, closing on December 31, 2018 at 23,622 million pesos, in comparison with 13,221 million pesos at the end of 2017.

As of December 31, 2018, 90% of the debt was long term, and on that same date 60% of the debt was denominated in Mexican pesos, 38% 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 December 31, 2018, as well as the maturity dates for the subsequent years:

	Balance	Maturities																	
	4Q 18	2019	%	2020	%	2021	%	2022	%	2023	%	2024	%	2025	%	2026	%	2027	%
Total Debt	$25,610	$2,587	10	$3,234	13	$1,237	5	$4,842	19	$9,691	38	$371	1	$1,649	6	-	-	$2,000	8

* Figures in million pesos.

Financial Ratios

At December 31, 2018, the financial restrictions established in the Company's credit contracts were as follows: The ratio of: (i) Total Debt to EBITDA pro-forma (last 12 months) was 3.7x; (ii) Net Debt to EBITDA pro-forma (last 12 months) was 3.4x; and (iii) EBITDA (last 12 months) to interest paid over the last 12 months was 4.4x.

The Return on Net Invested Capital ("ROIC")(2) considering the results of acquisitions in the last twelve months was 10.5% during the 12 months ended December 31, 2018. The Return on Equity ("ROE")(3) for the 12 months ended December 31, 2018 considering the results of acquisitions of the last twelve months was 12.3%, in comparison with 12.5% in the same period of the prior year.

KEY INFORMATION

Financial Indicators	4Q 18	4Q 17	Variation
EBITDA(1) / Interest Paid	4.4 x	4.9 x	N.A
Total Debt / EBITDA(1)	3.7 x	2.3 x	N.A
Net Debt / EBITDA(1)	3.4 x	2.0 x	N.A
ROIC (2)	10.5%	12.6%	(210) bps
ROE (3)	12.3%	12.5%	(20) bps
Stock Market Indicators	**4Q 18**	**4Q 17**	**Variation**
Book Value per Share	$13.26	$11.38	16.5%
EPS (12 months) (4)	1.20	1.31	(8.4)%
Shares in circulation at the close of the period (millions)	835.6	832.8	0.3%
Price per share at close	$51.15	$64.37	(20.5)%

(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.

Alsea

BRAND	UNITS 3Q18		
	Corporate	Subfranchises	Total
Domino's Pizza	799	340	1139
México	*473*	*286*	*759*
Spain	*246*	*36*	*282*
Colombia	*80*	*18*	*98*
Burger King	423	243	666
Mexico	*181*	*243*	*424*
Argentina	*121*		*121*
Spain	*59*		*59*
Chile	*45*		*45*
Colombia	*17*		*17*
Quick Service Restaurants	**1,222**	**583**	**1,805**
Starbucks	1024		1024
Mexico	*723*		*723*
Argentina	*143*		*143*
Chile	*121*		*121*
Colombia	*32*		*32*
Uruguay	*5*		*5*
Coffee Shops	**1024**		**1024**
Foster's Hollywood	100	129	229
Italianni's	81	14	95
El Portón	64		64
Chili's Grill & Bar	76		76
Mexico	*72*		*72*
Chile	*4*		*4*
Archie's	32		32
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	14	2	16
Cañas y Tapas	11	8	19
LAVACA	4		4
The Cheesecake Factory	3		3
Casual Dining	**420**	**153**	**573**
Vips	281	5	286
Family Dining	**281**	**5**	**286**
TOTAL ALSEA UNITS			**3,688**
Corporate	**2,947**		
Subfranchises		**741**	

MEXICO	**2,467**	**SPAIN**	**593**	**ARGENTINA**	**265**	**COLOMBIA**	**181**
CHILE	**173**	**BRAZIL**	**4**	**URUGUAY**	**5**		

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 4Q18 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, 2018 AND 2017
EXCLUDING ARGENTINEAN HYPERINFLATION RESTATEMENT IN 2018 FIGURES
(In thousands of nominal pesos)

	December 31, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and short-term investments	$ 1,987,857	$ 1,540,403
Clients	814,032	920,264
Other accounts and documents receivable	211,086	330,324
Inventory	2,120,208	2,009,779
Taxes recoverable	286,360	358,222
Other current assets	1,083,229	826,472
Assets held for sale	70,340	87,236
Current assets	6,573,112	6,072,700
Investments in shares of associated companies	14,296	-
Store equipment, improvements to leased locales, and property, net	17,993,148	15,772,479
Brand use rights, pre-operations, other intangible assets, net	25,749,011	15,358,006
Deferred Income Tax	2,730,555	2,348,432
Total Assets	**$ 53,060,122**	**$ 39,551,617**
LIABILITIES		
Short term:		
Providers	$ 5,215,877	$ 4,533,903
Taxes payable	472,172	145,403
Other accounts payable	3,655,719	3,647,611
Other short-term liabilities	2,506,006	3,280,064
Bank loans	2,588,266	1,087,466
Short-term liabilities	14,438,040	12,694,447
Long term:		
Bank loans	16,038,416	6,693,454
Commercial papers	6,983,244	6,980,452
Deferred taxes - net	1,876,883	1,966,099
Other long-term liabilities	764,717	614,040
Long-term liabilities	25,663,260	16,254,045
Total Liabilities	**40,101,300**	**28,948,492**
SHAREHOLDERS' EQUITY		
Minority interest	1,878,742	1,121,567
Majority interest:		
Capital	477,280	475,869
Net premium in share placement	8,625,720	8,625,720
Accumulated income	1,319,579	(170,860)
Income during the year	1,005,947	1,089,497
Exchange rate effects from foreign entities	(348,446)	(538,668)
Majority interest	11,080,080	9,481,558
Total Shareholders' Equity	12,958,822	10,603,125
Total Liabilities and Shareholders' Equity	**$ 53,060,122**	**$ 39,551,617**

ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2018 AND 2017
EXCLUDING ARGENTINEAN HYPERINFLATION RESTATEMENT IN 2018 FIGURES
(In thousands of nominal pesos)

	Three months ended December 31				Twelve months ended December 31			
	2018		2017		2018		2017	
Net sales	$ 12,028,168	100%	$ 11,616,124	100%	$ 45,320,246	100%	$ 42,529,122	100%
Cost of sales	3,755,227	31.2%	3,515,739	30.3%	13,919,753	30.7%	12,923,188	30.4%
Gross Income	**8,272,941**	**68.8%**	**8,100,385**	**69.7%**	**31,400,493**	**69.3%**	**29,605,934**	**69.6%**
Operating expenses	6,424,727	53.4%	5,742,549	49.4%	25,032,223	55.2%	23,139,662	54.4%
Depreciation and amortization	815,958	6.8%	755,187	6.5%	3,023,188	6.7%	2,751,676	6.5%
Operating Income	**1,032,256**	**8.6%**	**1,602,649**	**13.8%**	**3,345,082**	**7.4%**	**3,714,596**	**8.7%**
All-in cost of financing:								
Interest paid – net	438,405	3.6%	316,003	2.7%	1,535,405	3.4%	1,262,481	3.0%
Changes in reasonable value Financial Liabilities	105,250	0.9%	213,755	1.8%	(114,806)	(0.3)%	94,968	0.2%
Exchange rate loss / (income)	(15,162)	(0.1)%	(124,076)	(1.1)%	2,249	0.0%	269,133	0.6%
	528,493	4.4%	405,682	3.5%	1,422,848	3.1%	1,626,582	3.8%
Share in the results of associated companies	-	-	(11,931)	(0.1)%	-	-	(437)	0.0%
Income before Taxes	**503,763**	**4.2%**	**1,185,036**	**10.2%**	**1,922,234**	**4.2%**	**2,087,577**	**4.9%**
Tax on earnings	191,198	1.6%	474,454	4.1%	730,216	1.6%	835,429	2.0%
Consolidated Net Income	**312,565**	**2.6%**	**710,582**	**6.1%**	**1,192,018**	**2.6%**	**1,252,148**	**2.9%**
Non-controlling stake	77,763	0.6%	58,904	0.5%	186,071	0.4%	162,651	0.4%
Controlling Stake	$ **234,802**	**2.0%**	**$ 651,678**	**5.6%**	**$ 1,005,947**	**2.2%**	**$ 1,089,497**	**2.6%**

ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENTS FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2018 AND 2017
EXCLUDING ARGENTINEAN HYPERINFLATION RESTATEMENT IN 2018 FIGURES
(In thousands of nominal pesos)

		December 31 2018		December 31 2017
Operating activities:				
Consolidated result before income taxes	$	**1,922,234**	$	**2,087,577**
Income from investments:				
Depreciation and amortization of brands		3,023,188		2,751,676
Write-down of fixed assets		1,599,922		154,113
Other entries		(774,058)		(513,412)
Total		**5,771,286**		**4,479,954**
Clients		217,299		(195,565)
Inventory		57,246		(417,686)
Providers		183,057		254,427
Taxes payable		(738,050)		(992,381)
Other assets and other liabilities		426,027		144,767
Total		**145,579**		**(1,206,438)**
Net cash flow from operations		**5,916,865**		**3,273,516**
Investment activities				
Store equipment, improvements to leased locales, and property		(4,086,255)		(4,385,377)
Brand use rights, pre-operations, other intangible assets, net		(295,765)		(496,349)
Acquisition of subsidiary		(13,101,410)		-
Sale of participation in associates		(14,296)		1,607,410
Net cash flow from investment activities		**(17,497,726)**		**(3,274,316)**
Cash receivable from financing activities		**(11,580,861)**		**(800)**
Financing activities				
Bank credits and loan payments, net		11,231,788		(3,265,355)
Commercial papers, net		-		3,000,000
Dividend declaration		(720,144)		(719,398)
Minority interest		1,690,050		-
Sale (repurchase) of shares		221,195		(60,577)
Net cash flow from financing activities		**12,422,889**		**(1,045,330)**
Increase (decrease) net of cash		**842,028**		**(1,046,130)**
Adjustments to cash flow due to exchange rate variations		(394,574)		38,691
Cash at the beginning of the period		1,540,403		2,547,842
Cash at the end of the period	**$**	**1,987,857**	**$**	**1,540,403**

ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES
PRO-FORMA CONSOLIDATED INCOME STATEMENT EXCLUDING ACQUISITIONS
AT DECEMBER 31, 2018 AND 2017
(In thousands of nominal pesos)

	December 31, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and short-term investments	$ 1,574,141	$ 1,540,403
Clients	608,214	920,264
Other accounts and documents receivable	209,807	330,324
Inventory	1,750,666	2,009,779
Taxes recoverable	280,358	358,222
Other current assets	864,633	826,472
Assets held for sale	70,340	87,236
Current assets	5,358,159	6,072,700
Investments in shares of associated companies	14,296	-
Store equipment, improvements to leased locales, and property, net	15,285,174	15,772,479
Brand use rights, pre-operations, other intangible assets, net	15,092,409	15,358,006
Deferred Income Tax	2,260,678	2,348,432
Total Assets	**$ 38,010,716**	**$ 39,551,617**
LIABILITIES		
Short term:		
Providers	$ 4,443,074	$ 4,533,903
Taxes payable	66,002	145,403
Other accounts payable	3,032,219	3,647,611
Other short-term liabilities	2,506,006	3,280,064
Bank loans	2,588,266	1,087,466
Short-term liabilities	12,635,567	12,694,447
Long term:		
Bank loans	4,702,891	6,693,454
Commercial papers	6,983,244	6,980,452
Deferred taxes - net	1,864,685	1,966,099
Other long-term liabilities	614,063	614,040
Long-term liabilities	14,164,883	16,254,045
Total Liabilities	**26,800,450**	**28,948,492**
SHAREHOLDERS' EQUITY		
Minority interest	1,262,890	1,121,567
Majority interest:		
Capital	477,280	475,869
Net premium in share placement	8,625,720	8,625,720
Accumulated income	1,319,579	(170,860)
Income during the year	1,005,947	1,089,497
Exchange rate effects from foreign entities	(1,481,150)	(538,668)
Majority interest	9,947,376	9,481,558
Total Shareholders' Equity	11,210,266	10,603,125
Total Liabilities and Shareholders' Equity	**$ 38,010,716**	**$ 39,551,617**

ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT
AT DECEMBER 31, 2018 AND 2017
INCLUDING ARGENTINEAN HYPERINFLATION RESTATEMENT IN 2018 FIGURES
(In thousands of nominal pesos)

	2018	2017	Var %	Restatement Argentina	Restated 2018	Var %
ASSETS	**$ 53,060,122**	**$ 39,551,617**	**34.2%**	**$ 689,904**	**$ 53,750,026**	**35.9%**
Current Assets	6,573,112	6,072,700	8.2%	-	6,573,112	8.2%
Net Fixed Assets	17,993,148	15,772,479	14.1%	581,755	18,574,903	17.8%
Deferred and Other Assets	28,479,566	17,706,438	60.8%	108,149	28,587,715	61.5%
LIABILITIES	**40,101,300**	**28,948,492**	**38.5%**	**-**	**40,101,300**	**38.5%**
Short-term Liabilities	14,438,040	12,694,447	13.7%	-	14,438,040	13.7%
Long-term Liabilities	25,663,260	16,254,045	57.9%	-	25,663,260	57.9%
SHAREHOLDERS' EQUITY	**12,958,822**	**10,603,125**	**22.2%**	**689,904**	**13,648,726**	**28.7%**
LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 53,060,122**	**$ 39,551,617**	**34.2%**	**$ 689,904**	**$ 53,750,026**	**35.9%**

ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT FOR THE THREE AND TWELVE MONTHS
ENDED DECEMBER 31, 2018 AND 2017
INCLUDING ARGENTINEAN HYPERINFLATION RESTATEMENT IN 2018 FIGURES
(In thousands of nominal pesos)

	2018	2017	Var %	Restatement Argentina	Restated 2018	Var %
Net sales	$ 45,320,246	$ 42,529,122	6.6%	$ 836,344	$ 46,156,590	8.5%
Cost of sales	13,919,753	12,923,188	7.7%	267,755	14,187,508	9.8%
Gross income	**31,400,493**	**29,605,934**	**6.1%**	**568,589**	**31,969,082**	**8.0%**
Operating expenses	25,032,223	23,139,662	8.2%	528,545	25,560,768	10.5%
Depreciation and amortization	3,023,188	2,751,676	9.9%	91,540	3,114,728	13.2%
Operating income	**3,345,082**	**3,714,596**	**(9.9)%**	**(51,496)**	**3,293,586**	**(11.3)%**
All-in cost of financing	1,422,848	1,626,582	(12.5)%	33,121	1,455,969	(10.5)%
Income before taxes	**1,922,234**	**2,087,577**	**(7.9)%**	**(84,617)**	**1,837,617**	**(12.0)%**
Tax on earnings	730,216	835,429	(12.6)%	(31,922)	698,294	(16.4)%
Consolidated net income	**$ 1,192,018**	**$ 1,252,148**	**(4.8)%**	**$ (52,695)**	**$ 1,139,323**	**(9.0)%**
Consolidated net income ex. Axo	***$ 1,192,018***	***$ 814,747***	***46.3%***	***$ (52,695)***	***$ 1,139,323***	***39.8%***