Earnings Release 3Q19

23.10.19

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Results and Important Events in 3Q19

- **Same Store Sales (SSS) grew 6.3%.**
  - **Mexico's SSS grew 3.6%, Europe's 2.6% and South America's 18.6%.**
- **EBITDA* increased by 25.7%, and the EBITDA* margin reached 13.4%.**
- **4,495 Total Units, including 472 units from the Grupo Vips (Sigla) acquisition in Spain, plus 299 Starbucks units in Francia-Benelux and 136 openings compared to the third quarter of 2018.**
- **Burger King in Colombia and P.F. Chang in Argentina were sold as part of the portfolio optimization strategy.**
- **Net Debt / EBITDA decreased to 3.3x from 3.5x reported on 2Q19.**

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

MESSAGE FROM THE EXECUTIVE PRESIDENT

Alberto Torrado, Executive President of Alsea, commented: "We have faced many challenges in 2019 in our key operating markets. Nonetheless, the flexibility of our business model, our focus on operational excellence and the strength of our brands have allowed us to achieve solid results.

During the quarter we achieved a 6.3% growth in same-store sales and an EBITDA margin of 13.4% by continuing to focus on strategies that improve profitability and growth. Also, aligned with our portfolio optimization strategy, the rights of P.F. Chang's operations in Argentina and Burger King in Colombia were sold in August, allowing us to focus on the markets with highest profitability, while helping reduce our leverage ratio Net Debt / EBITDA to 3.3 times.

We continue to look for opportunities where challenges arise. In Mexico, despite the adverse macroeconomic environment, our brands have performed well as we optimized operations. Specifically, we have empowered store managers, ensured a full staff is on hand to attend customers thereby providing excellent service and adapted our product offering to the changing needs of the client. Additionally, we have strengthened our Alsea Operations Center (COA), thus improving the production and delivery of supplies to stores.

In Europe, we are realizing important synergies in line with expectations and continue to improve our product offering and service to meet the demand of each country. And in South America, despite the difficult environment, we have managed to improve margins thanks to operational efficiencies and strict cost control.

To date, we have agreements in all our geographies with the main food aggregators; in Colombia we are carrying out tests with Domino's to be present in the platform of a particular aggregator. So far, we have achieved significant increases in orders. Our intention is to use multiple sales channels, leaving the final purchasing decision in the hands of our customers.

It is worth mentioning that the option to sell 71 Burger King units in Mexico, which we had expected to be exercised by the end of the year, will no longer be executed. We have been notified by Burger King International that they will not be exercising this option, which means Alsea will continue to be the largest subfranchisee of the brand in the country, operating 181 corporate stores that have reported same-store sales performance above double digits in the past eight quarters.

We see the closing of 2019 with opportunities, we are confident of reaching our guidance and we will continue working constantly to achieve operational and financial improvements that increase the profitability of our shareholders in the short and long term".

October, 2019

Mexico City, October 23, 2019. Alsea, S.A.B. de C.V. (BMV: ALSEA), ("Alsea", or "the Company"), the leading Quick Service Restaurant (QSR), Coffee Shop, Casual Dining and Family Restaurant operator in Latin America and Europe, released its results for the third quarter 2019. This information is presented in nominal terms pursuant to International Financial Reporting Standards (IFRS). For purposes of comparison against the previous year, the comments presented in this report do not include the effect of IFRS 16, nor the effect regarding restatement due to the hyperinflation in Argentina. These effects are detailed in the financial statements added to the end of this report.*

FINANCIAL SUMMARY

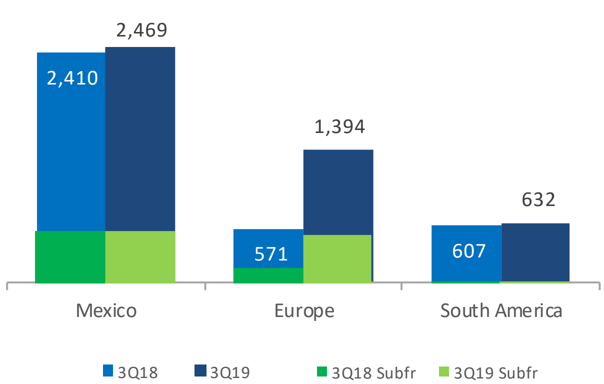
The following table shows a condensed Financial Summary in million pesos (except for EPS), the margin each line item has, as well as the percentage change quarter over quarter and in an accumulated basis:

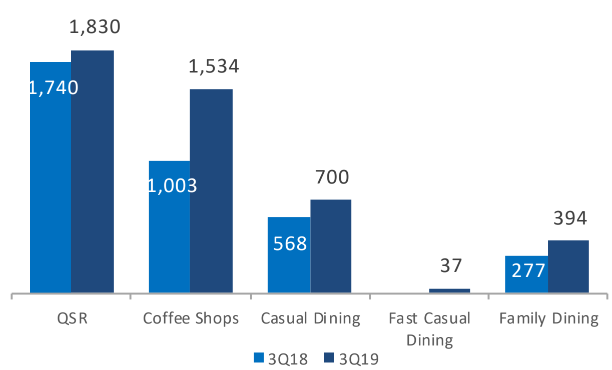
	3Q 19	3Q 18	Var %	9M19	9M18	Var %
Same-store sales	6.3%	3.8%	65.8%	5.7%	4.8%	18.8%
Sales	$14,336	$11,086	29.3%	$42,449	$33,292	27.5%
Gross Profit	10,110	7,651	32.1%	29,872	23,128	29.2%
EBITDA (1)	1,915	1,523	25.7%	5,292	4,520	17.1%
EBITDA Margin	*13.4%*	*13.7%*	*(30) bps*	*12.5%*	*13.6%*	*(110) bps*
Operating income	966	812	19.0%	2,425	2,313	4.9%
Net income	267	311	(14.3)%	645	879	(26.7)%
Net income margin	*1.9%*	*2.8%*	*(90) bps*	*1.5%*	*2.6%*	*(110) bps*
ROIC	8.3%	12.0%	(370) bps	8.3%	12.0%	(370) bps
ROE	7.8%	15.2%	(740) bps	7.8%	15.2%	(740) bps
Net Debt/EBITDA	3.3 x	2.1 x	N.A.	3.3 x	2.1 x	N.A.
EPS (2)	0.92	1.70	(45.9)%	0.92	1.70	(45.9)%

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

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

NUMBER OF UNITS*



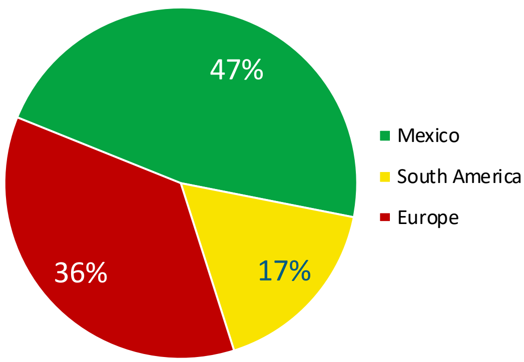


** Total Units (corporate + sub-franchises)*

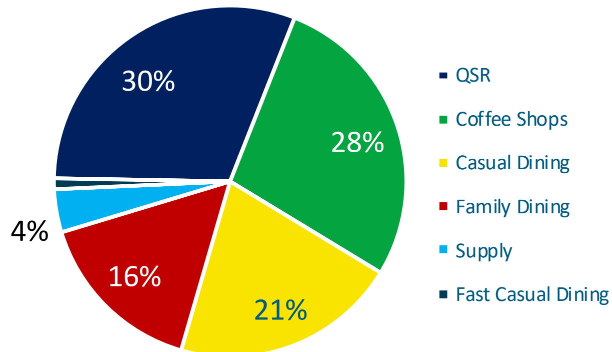
CONSOLIDATED RESULTS

SALES

SALES BY GEOGRAPHIC LOCATION*



SALES BY SEGMENT*



** 3Q19 figures*

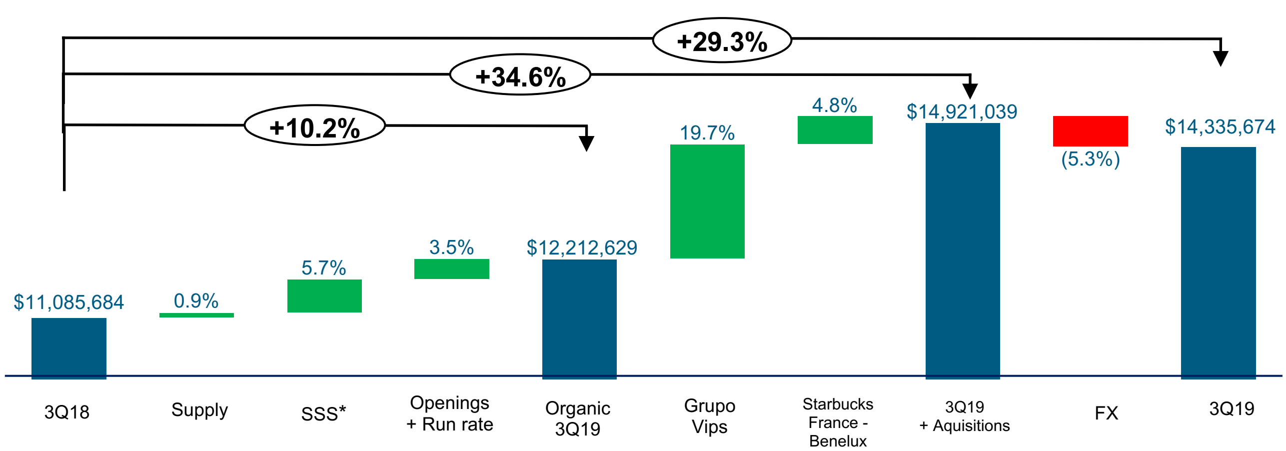
In the third quarter of 2019, net sales increased 29.3% reaching 14,336 million pesos, in comparison to 11,086 million pesos the previous year. This increase is mainly due to:

- **The increase of 566 corporate units,** which was largely due to the integration of the 376 corporate units from the acquisition of the Grupo Vips and 81 Starbucks corporate units in France-Benelux.
- **A 3.8% organic expansion,** reaching a total of 3,422 corporate units by the end of September 2019, which represents a growth of 19.8% compared to the same period of the previous year.
- **A 6.3% growth in same store sales**,

The increase in net sales was partially offset by the negative effect of currency devaluation, mainly the Argentinean peso and the Euro, against the Mexican peso, which impacted consolidated sales by 530 basis points.

Regarding **same-store sales**, **Mexico** registered a **growth of 3.6%**, **South America increased by 18.6%** and **Europe** by **2.6%.**

Net Sales 3Q19 vs. 3Q18



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

EBITDA

EBITDA in the third quarter of 2019 grew 25.7% to 1,915 million pesos, compared to 1,523 million pesos in the third quarter of the previous year. The increase in EBITDA of 392 million pesos was driven by:

- The improvement of 150 basis points in cost of sales related to the positive effect from our *business-mix*, the performance improvement of the Operations Center (COA) and greater participation in Alsea Europe.
- The improvement on the EBITDA margin by 150 basis points in Alsea South America, mainly driven by the operations of Chile and Colombia compared to the same period of the previous year, coupled with the positive effect from the recent divestitures in the region.
- In South America administrative expenses decreased by 66 basis points as we increased operational efficiency.

The increase in EBITDA was partially offset by:

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

The EBITDA margin contracted by 30 basis points from 13.7% in the third quarter of 2018, **to 13.4%** for this period, mainly attributable to the 120 basis points lower margin related to the new business mix, derived from the inclusion of recent acquisitions in the Company's portfolio.

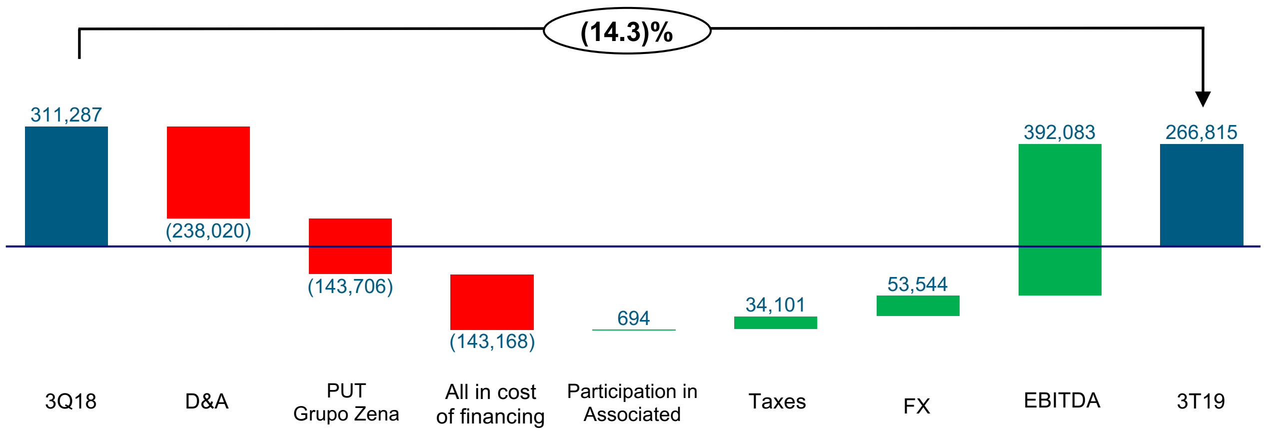
NET INCOME

Net income for the quarter decreased 44 million pesos compared to the same period of the previous year, closing at 267 million pesos compared to 311 million pesos reported in the third quarter of 2018. This decrease is mainly due to:

- **The decrease of 60 basis points in operating profit margin**, due to the increase of 190 basis points in operating expenses coming from the recent acquisitions in Europe.
- **Margin erosion in Argentina.**
- **A less positive exchange rate effect related to the purchase and sale option of the remaining 21.0% of Grupo Zena**. Due to the move in the exchange rate, a gain of 39 million pesos was registered for the quarter compared to the 183 million gain reported in the same period of the previous year.
- **The increase in the all-in cost of financing** due to an increase of 143 million pesos in net interest paid, related to greater leverage coming from the recent acquisitions**.**

This was partially offset by the decrease in the tax rate of 100 basis points, going from 38.0% in 3Q18 to 37.0% in 3Q19 as well as **a reduction in the exchange loss**.

Net Income 3Q19 vs. 3Q18



RESULTS BY SEGMENT FOR THE THIRD QUARTER OF 2019

MEXICO

Alsea Mexico	*3Q 19*	*3Q 18*	*Var.*	*% Var.*	*9M 19*	*9M 18*	*% Var.*
Number of units	2,469	2,410	59	2%	2,469	2,410	2%
Same-store sales	3.6%	2.8%	80 bps	-	3.7%	4.2%	-
Sales	6,680	6,290	$390	6%	19,966	18,530	8%
Costs	2,047	2,000	$47	2%	6,187	5,813	6%
Operating expenses	3,107	2,871	$235	8%	9,241	8,417	10%
Adjusted EBITDA*	1,526	1,419	$108	8%	4,537	4,301	6%
*Adjusted EBITDA margin**	*22.9%*	*22.6%*	*30 bps*	-	*22.7%*	*23.2%*	-
Depreciation and Amortization	564	513	$50	10%	1,696	1,556	9%
G&A and other expenses	334	395	($61)	(15%)	1,197	1,269	(6%)
Operating income	629	511	$119	23%	1,644	1,476	11%

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

SALES MEXICO

Alsea Mexico sales represented 47% of Alsea's consolidated sales in the third quarter of 2019 and **increased 6.2%** to reach 6,680 million pesos, compared to the 6,290 million pesos for the same period in 2018. This favorable variation of 390 Million pesos is attributable to the opening of 54 corporate units and 5 sub-franchises of the different brands in the last twelve months, reaching a total of 1,917 corporate units and 552 sub-franchisee units.

Likewise, same-store sales in Mexico grew by 3.6%, which was mainly driven by:

- **The positive performance of Burger King**,

- **An improvement in the sales trend of important brands in Mexico's portfolio**, such as Starbucks and Vips, both of which posted solid same-store sales growth as a result of product innovation and improvements in service quality.
- **Product innovation at Starbucks** through the Bake-in Store initiative in 350 units.
- **The run-rate of openings and renovations carried out in 2018**, mainly in Vips and Starbucks.

The above was partially offset by a negative performance in same-store sales of Domino's Pizza, related to a competitive environment in the home delivery segment.

ADJUSTED EBITDA MEXICO

Alsea Mexico's Adjusted EBITDA increased 7.6% during the third quarter of 2019, closing in at 1,526 million pesos compared to 1,419 million pesos in the same period of the previous year. This increase is mainly attributable to:

- **The growth in same-store sales,** coupled with the increase in margin generated by the opening of 54 corporate units during the last twelve months,
- A stronger performance by the **COA** (Operations Center),
- **Cost control**, despite a negative effect of tariff rates on products imported from the US,
- **Reduction in corporate expenses**.

The above was partially offset by an **increase in the minimum wage** since the beginning of the year, as well as **increases in energy costs**.

EUROPE

Alsea Europe	*3Q 19*	*3Q 18*	*Var.*	*% Var.*	*9M 19*	*9M 18*	*% Var.*
Number of units	1,394	571	823	144%	1,394	571	144%
Same-store sales	2.6%	(0.8%)	340 bps	-	2.1%	1.1%	-
Sales	5,241	2,333	$2,908	125%	15,515	7,172	116%
Costs	1,386	644	$742	115%	4,118	1,970	109%
Operating expenses	3,054	1,271	$1,783	140%	8,916	3,837	132%
Adjusted EBITDA*	801	418	$383	92%	2,481	1,364	82%
*Adjusted EBITDA margin**	*15.3%*	*17.9%*	*(260) bps*	-	*16.0%*	*19.0%*	-
Depreciation and amortization	277	95	$183	193%	832	289	188%
G&A and other expenses	313	120	$193	161%	1,019	382	167%
Operating Income	210	204	$7	3%	630	693	(9%)

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

SALES EUROPE

Alsea Europe sales accounted for 36% of the Company's consolidated sales, consisting of operations in Spain, Portugal, France, the Netherlands, Belgium and Luxembourg.

This region reported a 124.6% increase in sales, reaching 5,241 million pesos compared to 2,333 million pesos in the third quarter of 2018. This positive change of 2,908 million pesos was mainly driven by:

- **The incorporation of 457 corporate units into our portfolio** corresponding to the operations of the Grupo Vips and Starbucks France-Benelux,

- **An increase of 34 corporate units** of different brands in the last twelve months.
- **A 2.6% increase in same-store sales,**
- The implementation of **digital kiosks** in **Burger King stores**,
- **Product innovation at Domino's Pizza** through the new "Domino's Roll Extra" dough, and
- **The run-rate of openings and renovations carried out in 2018**, mainly in Foster's Hollywood, Burger King, Vips, Ginos and Starbucks.

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

At the end of the third quarter there was a total of 895 corporate units and 499 sub-franchisee units, including recent acquisitions.

Adjusted EBITDA EUROPE

Alsea Europe's Adjusted EBITDA at the end of the third quarter of 2019 **increased by 91.6%**, reaching 801 million pesos, compared to 418 million pesos in the same period of 2018, mainly attributable to the incorporation of the Grupo Vips and Starbucks Francia-Benelux.

The **EBITDA margin** at the end of the third quarter of 2019 **declined by 260 basis points** compared to the same period of the previous year. This decrease is attributable to:

- An **increase in the minimum inter-professional wage** in Spain, particularly impacting home delivery employees of the different brands.
- **The new business mix including recent acquisitions**, which have higher administrative expenses as a percentage of sales, to be addressed in the synergies plan. During this quarter, these **synergies amounted to 2.7 million euros** but were offset by the impact of severance payments amounting to approximately 1.0 million euros.

SOUTH AMERICA

Alsea South America	*3Q 19*	*3Q 18*	*Var.*	*% Var.*	*9M 19*	*9M 18*	*% Var.*
Number of units	632	607	25	4%	632	607	4%
Same-store sales	18.6%	10.1%	850 bps	-	16.2%	10.2%	-
Sales	2,415	2,463	($48)	(2%)	6,968	7,590	(8%)
Costs	792	791	$1	-	2,272	2,382	(5%)
Operating expenses	1,235	1,295	($60)	(5%)	3,717	4,134	(10%)
Adjusted EBITDA*	388	377	$11	3%	979	1,075	(9%)
*Adjusted EBITDA margin**	*16.1%*	*15.3%*	*80 bps*	-	14.0%	14.2%	-
Depreciation and amortization	108	103	$5	5%	338	362	(7%)
G&A and other expenses	153	176	($23)	(13%)	489	569	(14%)
Operating income	127	98	$29	30%	151	144	5%

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

SALES SOUTH AMERICA

Alsea South America sales represent 17% of the Company's consolidated sales and at the end of the period there was a total of 610 corporate units and 22 sub-franchisee units. Sales **decreased by 1.9%**, reaching

2,415 million pesos compared to 2,463 million pesos in the third quarter of 2018. This variation of 48 million pesos was mainly due to:

- **Political and economic instability in Argentina**, whose currency devalued by more than 50% in the last twelve months. Excluding the negative effect of the devaluation of the Argentine peso, sales growth of Alsea South America would have reached 33.1%.

The decrease in sales was partially offset by:

- **A strong performance of operations in Chile,** where growth was higher than mid-single digit in same store sales,
- An **increase of 21 corporate units** in the last twelve months and
- **A 18.6% growth in same-store sales**.

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

Adjusted EBITDA South America

Alsea South America's Adjusted EBITDA at the end of the third quarter of 2019 **increased 2.9%,** closing at 388 million pesos, compared to 377 million pesos in the same period in 2018.

The EBITDA margin at the end of the third quarter of 2019, rose by **80 basis points** compared to the same period of the previous year. The above is mainly due to:

- The positive effect of 70 basis points from recent divestitures (P.F. Chang's Brazil, Argentina and Burger King Colombia).
- The improvement in the operation of Starbucks in Chile and Argentina, as well as of Archie's in Colombia.
- Efficiency and cost control.

This increase was partially offset by the devaluation of the Argentinian peso, which affected the cost of imports. Nevertheless, it has been possible to stabilize the marginality in the operation in this country.

NON-OPERATING RESULTS

All-In Cost of Financing

The all-in cost of Financing for the third quarter of 2019 **closed at 543 million pesos** compared to 310 million pesos in the same period of the previous year. This variation is mainly due to:

- **An increase in net interest expense paid of 143 million pesos**, due to recent acquisitions,
- **A less positive exchange rate effect related to the purchase and sale options of the remaining 21.0% of Grupo Zena,** which created a foreign exchange profit of 39 million pesos compared to the one reported in the third quarter of 2018 of 183 million pesos.

The foregoing was partially offset by a **lower exchange loss** compared to that recorded in the same period of the previous year.

BALANCE SHEET

CAPEX

During the nine months ended September 30, 2019, Alsea made capital investments, excluding acquisitions, of 1,928 million pesos, where 1,149 million pesos, equivalent to 59.6% of the total investments, were allocated to:

- **The opening of new units**

- **The renovation of equipment and remodeling of existing units** of different brands that the Company operates.

The remaining 779 million pesos were allocated to:

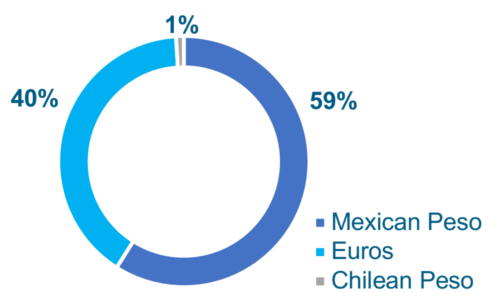
- **Equipment replacement** (maintenance CAPEX),
- **Strategic improvement projects**
- **Software licenses**, among others.

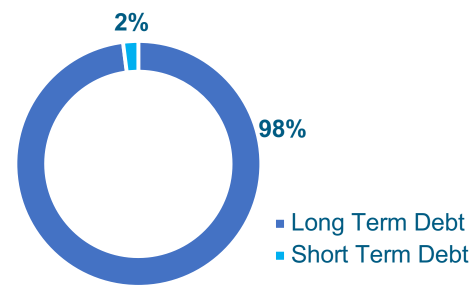
BANK DEBT AND FIXED-RATE BONDS

As of September 30, 2019, **Alsea's total debt increased 10,020 million pesos, closing in at 26,802 million pesos** compared to 16,783 million pesos on the same date of the previous year; this increase in debt corresponds to the acquisition of the **Grupo Vips in Spain and Starbucks in France-Benelux**, which took place in December 2018 and February 2019, respectively.

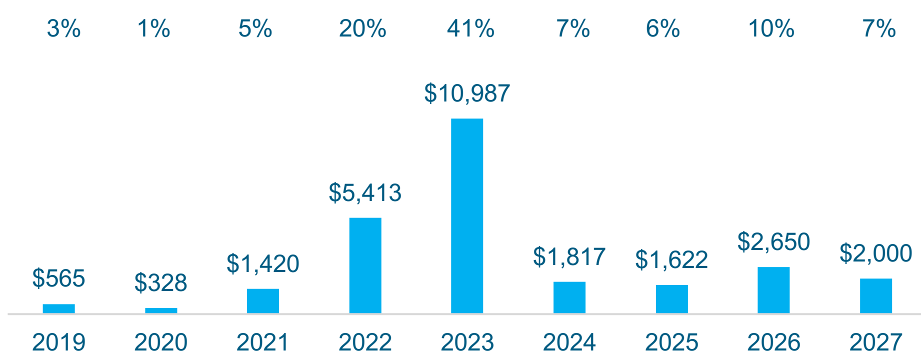
The company's **consolidated net debt** compared to the third quarter of 2018 **increased 10,870 million pesos**, closing in at 25,179 million pesos as of September 30, 2019 compared to 14,308 million pesos in the third quarter of 2018.

As of September 30, 2019, debt was composed as follows:





The following graph shows the balance of the total debt in millions of pesos as of September 30, 2019, as well as the maturities held for subsequent years:



* Figures in million pesos.

FINANCIAL RATIOS

As of September 30, 2019, the financial restrictions established in the Company's credit agreements were as follows, the ratio of:

- **Total Debt to EBITDA** pro-forma (last 12 months) was **3.5 times;**

- **Net Debt to EBITDA** pro-forma (last 12 months) was **3.3 times** and;
- **EBITDA** (last 12 months) **to interest paid** over the last 12 months was **3.7 times.**

The Return on Invested Capital ("ROIC")[2], considering the results from the acquisitions in the last twelve months, **was 8.3%** during the period ending in September 30, 2019. **The Return on Equity ("ROE")**[3] as of September 30, 2019, considering the results from the acquisitions in the last twelve months, **was 7.8%.**

KEY INFORMATION

Financial Indicators	3Q19	3Q18	Variation
EBITDA[1] / Interest Paid	3.7 x	4.7 x	N.A
Total Debt / EBITDA[1]	3.5 x	2.4 x	N.A
Net Debt / EBITDA[1]	3.3 x	2.1 x	N.A
ROIC [2]	8.3%	12.0%	(370) bps
ROE [3]	7.8%	15.2%	(740) bps

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

Stock Market Indicators	3Q 19	3Q 18	Variation
Book Value per Share	$12.87	$11.11	15.8%
EPS (12 months) [4]	0.92	1.70	(45.9)%
Shares in Circulation at the Close of the Period (millions)	830.7	838.5	(0.9)%
Price per Share at Close	$45.88	$63.76	(28.0)%

(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. In 4Q18 only the result of Alsea is contemplated, without considering Grupo Vips (Sigla).

IFRS 16 IN INCOME STATEMENT AND BALANCE SHEET

The adoption of IFRS 16 had a positive effect on the Income Statement for the quarter of 31 million pesos, which represents 13.5% of net income. Regarding EBITDA, a positive effect of 1,550 million pesos is reported, representing an increase of 1,050 basis points in the EBITDA margin, reaching 23.9%. The balance sheet reported a non-enforceable right of use for 21,107 million pesos and a non-enforceable lease liability of 23,725 million pesos.

Leverage ratios including IFRS 16 and hyperinflation in Argentina	3Q19
Total Debt / EBITDA[1]	4.0 x
Net Debt / EBITDA[1]	3.8 x

(1) EBITDA proforma last twelve months

UNITS BY COUNTRY

MEXICO	2,469
FRANCE	183
PORTUGAL	24

SPAIN	1,071
COLOMBIA	168
URUGUAY	7

ARGENTINA	268
NETHERLANDS	84
LUXEMBOURG	4

CHILE	189
BELGIUM	28

UNITS BY BRAND

BRAND	UNITS 3Q19		
	Corporate	Subfranchises	Total
Domino's Pizza	818	363	1181
Mexico	*478*	*298*	*776*
Spain	*260*	*43*	*303*
Colombia	*80*	*22*	*102*
Burger King	415	234	649
Mexico	*181*	*234*	*415*
Argentina	*122*		*122*
Spain	*61*		*61*
Chile	*51*		*51*
Quick Service Restaurants	**1,233**	**597**	**1,830**
Starbucks			
Mexico	*746*		*746*
France	*66*	*117*	*183*
Spain	*128*	*23*	*151*
Argentina	*146*		*146*
Chile	*130*		*130*
Netherlands	*15*	*69*	*84*
Colombia	*33*		*33*
Belgium		*28*	*28*
Portugal	*19*	*3*	*22*
Uruguay	*7*		*7*
Luxembourg		*4*	*4*
Coffee Shops	**1290**	**244**	**1534**
Foster's Hollywood	101	135	236
Ginos	97	34	131
Spain	*95*	*34*	*129*
Portugal	*2*		*2*
Italianni's	79	14	93
El Portón	50		50
Chili's Grill & Bar	78		78
Mexico	*73*		*73*
Chile	*5*		*5*
Archie's	31		31
P.F. Chang's	29		29
Mexico	*24*		*24*
Colombia	*2*		*2*
Chile	*3*		*3*
Cañas y Tapas	10	7	17
TGI Fridays	18	1	19
Wagamama	6		6
LAVACA	4		4
The Cheesecake Factory	4		4
Corazón de Barro	1		1
Ole Mole	1		1
Casual Dining	**509**	**191**	**700**
Foster's Hollywood Street	1		1
Vips Smart	16	20	36
Fast Casual Dining	**17**	**20**	**37**
Vips	373	21	394
Mexico	*281*	*6*	*287*
Spain	*92*	*15*	*107*
Family Dining	**373**	**21**	**394**
ALSEA TOTAL UNITS			**4,495**
Corporate	**3,422**		
Subfranchises		**1,073**	

RELEVANT EVENTS

- Alsea updates its guide for 2022 - July 29, 2019

	Current
Guidance	2022
Sales	*CAGR ~15%
EBITDA	*CAGR >16.5%
EBITDA margin	Close to 15%
Dividends	Acum. 4 years $3.9 per share
EPS	*CAGR >25%
ROIC	13.5%
ROE	16.0%

**4 – compound anual growth rate*

- Alsea reaches an agreement to transfer the rights of the P.F. Chang's in Argentina - August 21, 2019
- Alsea agrees to sell its Burger King brand operation in Colombia - August 27, 2019

Alsea Guidance 2019

Sales	Close to 30%
EBITDA *	Mid double-digit | ~15%
EBITDA * margin	Close to 13%
CAPEX	Close to 4.0 billion pesos
Corporate Store Openings	Between 120 and 130
Franchise Store Openings	Between 60 and 70
Total Store Openings	Between 180 and 200
Net Debt / EBITDA *	3.8 times

** Excluding the non-recurring impact of settlements in Europe of approximately 7 million euros and effects related to IFRS 16.*

EARNINGS CONFERENCE CALL 3Q19

The conference call to discuss results will be on **Thursday, October 24, 2019, at 09:30 a.m.** (Mexico City time), will be held in English and have a question and answer session. To join the call, please dial five minutes before the scheduled time at:

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

Access code: 1961#

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

ANALYST COVERAGE

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

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

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

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

ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT
AS OF SEPTEMBER 30, 2019 AND 2018
(In thousands of nominal pesos)

	September 30, 2018		September 30, 2019		Restatement Argentina	IFRS 16	September 30, 2019	
ASSETS								
Current assets:								
Cash and short-term investments	2,474,469	6.3%	1,623,644	3.0%	-	-	1,623,644	2.1%
Clients	572,761	1.5%	1,205,051	2.2%	-	-	1,205,051	1.6%
Other accounts and documents receivable	220,398	0.6%	463,337	0.9%	-	-	463,337	0.6%
Inventory	1,747,806	4.4%	1,988,187	3.7%	-	-	1,988,187	2.6%
Taxes recoverable	451,734	1.1%	477,896	0.9%	-	-	477,896	0.6%
Other current assets	991,612	2.5%	1,334,300	2.5%	-	-	1,334,300	1.8%
Assets held for sale	81,809	0.2%	128,073	0.2%	-	-	128,073	0.2%
Current assets	6,540,589	16.6%	7,220,488	13.4%	-	-	7,220,488	9.5%
Investments in shares of associated companies	-	0.0%	85,191	0.2%	-	-	85,191	0.1%
Store equipment, improvements to leased locales, and property, net	15,604,516	39.6%	18,450,663	34.2%	571,105	-	19,021,768	25.0%
Right of use assets non-executable	-	-	-	-	-	21,106,860	21,106,860	27.7%
Brand use rights, pre-operations, other intangible assets, net	15,048,837	38.2%	25,331,712	46.9%	484,540	-	25,816,252	33.9%
Deferred Income Tax	2,235,833	5.7%	2,905,674	5.4%	-	-	2,905,674	3.8%
Total Assets	**39,429,775**	**100.0%**	**53,993,728**	**100.0%**	**1,055,645**	**21,106,860**	**76,156,233**	**100.0%**
LIABILITIES								
Short term:								
Providers	3,347,267	8.5%	4,800,891	8.9%	-	-	4,800,891	6.3%
Taxes payable	150,926	0.4%	366,632	0.7%	-	-	366,632	0.5%
Other accounts payable	3,111,951	7.9%	4,507,640	8.3%	-	-	4,507,640	5.9%
Lease liability non-executable	-	-	-	-	-	3,701,720	3,701,720	4.9%
Other short-term liabilities	3,060,008	7.8%	2,376,742	4.4%	-	-	2,376,742	3.1%
Bank loans	4,062,190	10.3%	612,785	1.1%	-	-	612,785	0.8%
Short-term liabilities	13,732,342	34.8%	12,664,690	23.5%	-	3,701,720	16,366,410	21.5%
Long term:								
Bank loans	5,739,047	14.6%	18,216,196	33.7%	-	-	18,216,196	23.9%
Commercial papers	6,981,580	17.7%	7,973,338	14.8%	-	-	7,973,338	10.5%
Deferred taxes - net	1,826,428	4.6%	1,774,278	3.3%	171,332	-	1,945,610	2.6%
Lease liability non-executable	-	-	-	-	-	20,023,297	20,023,297	26.3%
Other long-term liabilities	676,919	1.7%	754,231	1.4%	-	-	754,231	1.0%
Long-term liabilities	15,223,974	38.6%	28,718,043	53.2%	171,332	20,023,297	48,912,672	64.2%
Total Liabilities	**28,956,316**	**73.4%**	**41,382,733**	**76.6%**	**171,332**	**23,725,017**	**65,279,082**	**85.7%**
SHAREHOLDERS' EQUITY								
Minority interest	1,159,084	2.9%	1,934,579	3.6%	-	-	1,934,579	2.5%
Majority interest:					-	-		
Capital	478,724	1.2%	475,528	0.9%	-	-	475,528	0.6%
Net premium in share placement	8,625,720	21.9%	8,625,720	16.0%	-	-	8,625,720	11.3%
Accumulated income	726,212	1.8%	1,956,693	3.6%	1,031,505	(2,713,597)	274,601	0.4%
Income during the year	771,143	2.0%	536,248	1.0%	(161,320)	95,440	470,368	0.6%
Exchange rate effects from foreign entities	(1,287,424)	(3.3%)	(917,773)	(1.7%)	14,128	-	(903,645)	(1.2%)
Majority interest	9,314,375	23.6%	10,676,416	19.8%	884,313	(2,618,157)	8,942,572	11.7%
Total Shareholders' Equity	10,473,459	26.6%	12,610,995	23.4%	884,313	(2,618,157)	10,877,151	14.3%
Total Liabilities and Shareholders' Equity	**39,429,775**	**100.0%**	**53,993,728**	**100.0%**	**1,055,645**	**21,106,860**	**76,156,233**	**100.0%**

ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018
(In thousands of nominal pesos)

	Three months ended September 30, 2019		Re-expression Argentina	IFRS 16	Three months ended September 30, 2019	
Net sales	$ 14,335,674	100%	$ 154,823	-	$ 14,490,497	100%
Cost of sales	4,225,360	29.5%	53,285	-	4,278,645	29.5%
Gross Income	**10,110,314**	**70.5%**	**101,538**	**-**	**10,211,852**	**70.5%**
Operating expenses	8,194,927	57.2%	97,505	(1,549,837)	6,742,595	46.5%
Depreciation and amortization	949,285	6.6%	31,467	1,141,644	2,122,396	14.6%
Operating Income	**966,102**	**6.7%**	**-27,434**	**408,193**	**1,346,861**	**9.3%**
All-in cost of financing:						
Interest paid – net	558,664	3.9%	11,864	376,990	947,518	6.5%
Changes in reasonable value Financial Liabilities	(38,799)	(0.3%)	-	-	(38,799)	(0.3%)
Exchange rate loss / (income)	23,415	0.2%	10,362	-	33,777	0.2%
	543,280	3.8%	22,226	376,990	942,496	6.5%
Participation in associated companies' results	694	0.0%	-	-	694	0.0%
Income before Taxes	**423,516**	**3.0%**	**(49,660)**	**31,203**	**405,059**	**2.8%**
Tax on earnings	156,701	1.1%	17,603	-	174,304	1.2%
Consolidated Net Income	**266,815**	**1.9%**	**(67,263)**	**31,203**	**230,755**	**1.6%**
Non-controlling stake	40,149	0.3%	-	-	40,149	0.3%
Controlling Stake	**$ 226,666**	**1.6%**	**$ (67,263)**	**31,203**	**$ 190,606**	**1.3%**

	Three months ended September 30, 2018		Re-expression Argentina	IFRS 16	Three months ended September 30, 2018	
Net sales	$ 11,085,684	100%	$ 289,712	-	$ 11,375,396	100%
Cost of sales	3,434,652	31.0%	94,190	-	3,528,842	31.0%
Gross Income	**7,651,032**	**69.0%**	**195,522**	-	**7,846,554**	**69.0%**
Operating expenses	6,127,728	55.3%	181,891	-	6,309,619	55.5%
Depreciation and amortization	711,265	6.4%	3,535	-	714,800	6.3%
Operating Income	**812,039**	**7.3%**	**10,096**	-	**822,135**	**7.2%**
All-in cost of financing:						
Interest paid – net	415,496	3.7%	12,216	-	427,712	3.8%
Changes in reasonable value Financial Liabilities	(182,505)	(1.6%)	-	-	(182,505)	(1.6%)
Exchange rate loss / (income)	76,959	0.7%	(158)	-	76,801	0.7%
	309,950	2.8%	12,058	-	322,008	2.8%
Participation in associated companies' results	-	-	-	-		
Income before Taxes	**502,089**	**4.5%**	**(1,962)**	-	**500,127**	**4.4%**
Tax on earnings	190,802	1.7%	(14,825)	-	175,977	1.5%
Consolidated Net Income	**311,287**	**2.8%**	**12,863**	-	**324,150**	**2.8%**
Non-controlling stake	24,229	0.2%	-	-	24,229	0.2%
Controlling Stake	**$ 287,058**	**2.6%**	**$ 12,863**	-	**$ 299,921**	**2.6%**

ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT BY SEGMENT FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018
(In thousands of nominal pesos)

MEXICO		Three months ended September 30, 2019		IFRS 16		Three months ended September 30, 2019	
Net sales	$	6,680,188	100%	-	$	6,680,188	100%
Operating expenses		3,440,315	51.5%	(791,163)		2,649,152	39.7%
Depreciation and amortization		563,600	8.4%	570,502		1,134,102	17.0%
Operating Income		**629,135**	**9.4%**	**220,661**		**849,796**	**12.7%**
All-in cost of financing		440,008	6.6%	209,438		649,446	9.7%
Consolidated Net Income	**$**	**77,850**	**1.2%**	**11,223**	**$**	**89,073**	**1.3%**

EUROPE		Three months ended September 30, 2019		IFRS 16		Three months ended September 30, 2019	
Net sales	$	5,240,796	100%	-	$	5,240,796	100%
Operating expenses		3,366,810	64.2%	(621,782)		2,745,028	52.4%
Depreciation and amortization		277,492	5.3%	493,570		771,062	14.7%
Operating Income		**210,289**	**4.0%**	**128,212**		**338,501**	**6.5%**
All-in cost of financing		62,210	1.2%	133,762		195,972	3.7%
Consolidated Net Income	**$**	**120,529**	**2.3%**	**(5,550)**	**$**	**114,979**	**2.2%**

SOUTHAMERICA		Three months ended September 30, 2019		IFRS 16		Three months ended September 30, 2019	
Net sales	$	2,414,690	100%	-	$	2,414,690	100%
Operating expenses		1,387,802	57.5%	(136,892)		1,250,910	51.8%
Depreciation and amortization		108,193	4.5%	77,572		185,765	7.7%
Operating Income		**126,678**	**5.2%**	**59,320**		**185,998**	**7.7%**
All-in cost of financing		41,062	1.7%	33,790		74,852	3.1%
Consolidated Net Income	**$**	**68,435**	**2.8%**	**25,530**	**$**	**93,965**	**3.9%**

ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018
(In thousands of nominal pesos)

	Nine months ended September 30, 2019		Re-expression Argentina	IFRS 16	Nine months ended September 30, 2019	
Net sales	$ 42,449,132	100%	$ 312,491	-	$ 42,761,623	100%
Cost of sales	12,577,583	29.6%	106,026	-	12,683,609	29.7%
Gross Income	**29,871,549**	**70.4%**	**206,465**	**-**	**30,078,014**	**70.3%**
Operating expenses	24,579,945	57.9%	199,737	(3,980,328)	20,799,354	48.6%
Depreciation and amortization	2,866,550	6.8%	144,166	2,961,445	5,972,161	14.0%
Operating Income	**2,425,054**	**5.7%**	**(137,438)**	**1,018,883**	**3,306,499**	**7.7%**
All-in cost of financing:						
Interest paid – net	1,522,011	3.6%	13,431	923,443	2,458,885	5.8%
Changes in reasonable value Financial Liabilities	(129,259)	(0.3%)	-	-	(129,259)	(0.3%)
Exchange rate loss / (income)	7,433	0.0%	10,362	-	17,795	-
	1,400,185	3.3%	23,793	923,443	2,347,421	5.5%
Participation in associated companies' results	(1,223)	-	-	-	(1,223)	-
Income before Taxes	**1,023,646**	**2.4%**	**(161,231)**	**95,440**	**957,855**	**2.2%**
Tax on earnings	378,749	0.9%	89	-	378,838	0.9%
Consolidated Net Income	**644,897**	**1.5%**	**(161,320)**	**95,440**	**579,017**	**1.4%**
Non-controlling stake	108,649	0.3%	-	-	108,649	0.3%
Controlling Stake	**$ 536,248**	**1.3%**	**$ (161,320)**	**95,440**	**$ 470,368**	**1.1%**

	Nine months ended September 30, 2018		Re-expression Argentina	IFRS 16	Nine months ended September 30, 2018	
Net sales	$ 33,292,078	100%	$ 488,690	-	$ 33,780,768	100%
Cost of sales	10,164,526	30.5%	154,727	-	10,319,253	30.5%
Gross Income	**23,127,552**	**69.5%**	333,963	-	**23,461,515**	**69.5%**
Operating expenses	18,607,497	55.9%	310,275	-	18,917,772	56.0%
Depreciation and amortization	2,207,230	6.6%	87,297	-	2,294,527	6.8%
Operating Income	**2,312,825**	**6.9%**	(63,609)	-	**2,249,216**	**6.7%**
All-in cost of financing:						
Interest paid – net	1,097,000	3.3%	18,652	-	1,115,652	3.3%
Changes in reasonable value Financial Liabilities	(220,056)	(0.7%)	-	-	(220,056)	(0.7%)
Exchange rate loss / (income)	17,411	0.1%	-	-	17,411	0.1%
	894,355	2.7%	18,652	-	913,007	2.7%
Participation in associated companies' results	-	-	-	-	-	-
Income before Taxes	**1,418,470**	**4.3%**	(82,261)	-	**1,336,209**	**4.0%**
Tax on earnings	539,019	1.6%	(14,131)	-	524,888	1.6%
Consolidated Net Income	**879,451**	**2.6%**	(68,130)	-	**811,321**	**2.4%**
Non-controlling stake	108,308	0.3%	$ -	-	$ 108,308	0.3%
Controlling Stake	**$ 771,143**	**2.3%**	$ (68,130)	-	**$ 703,013**	**2.1%**

ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018
(In thousands of nominal pesos)

	September 30, 2019	September 30, 2018
Operating activities:		
Consolidated result before income taxes	**$ 1,023,646**	**$ 1,418,470**
Income from investments:		
Depreciation and amortization of brands	2,866,550	2,207,230
Depreciation for financial leasing	0	-
Write-down of fixed assets	179,456	639,998
Other entries	(128,041)	(220,056)
Total	**3,941,611**	**4,045,642**
Clients	(263,292)	238,473
Inventory	37,322	38,989
Providers	(367,100)	(855,063)
Taxes payable	(661,412)	(632,576)
Other assets and other liabilities	(568,319)	(275,911)
Total	**(1,822,802)**	**(1,486,088)**
		1,418,470
Net cash flow from operations	**2,118,809**	
Investment activities		
Store equipment, improvements to leased locales, and property	(1,664,812)	(2,941,080)
Brand use rights, pre-operations, other intangible assets, net	(263,038)	(244,429)
Acquisition of subsidiary	(934,624)	-
Acquisition or sale of participation in associated companies	47,009	-
Net cash flow from investment activities	**(2,815,465)**	**(3,185,509)**
Cash receivable from financing activities	**(696,656)**	**(625,955)**
Financing activities		
Bank credits and loan payments, net	1,030,517	2,217,545
Commercial papers, net	1,000,000	-
Dividend declaration	-	(720,144)
Financial leasing	-	-
Minority interest	-	-
Sale (repurchase) of shares	(164,423)	370,190
Net cash flow from financing activities	**1,866,094**	**1,867,591**
Increase (decrease) net of cash	**1,169,438**	**1,241,636**
Adjustments to cash flow due to exchange rate variations	(1,533,651)	(307,570)
Cash at the beginning of the period	1,987,857	1,540,403
Cash at the end of the period	**$ 1,623,644**	**$ 2,474,469**

ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES
PRO-FORMA CONSOLIDATED INCOME STATEMENT FOR THREE AND NINE MONTHS AS OF SEPTEMBER 30, 2019 AND 2018
(In thousands of nominal pesos)

Including Grupo Vips

	Nine months ended September 30,				Nine months ended September 30,			
	2019		2018		2019		2018	
Net sales	$ 14,490,498	100%	$ 13,482,830	100%	$ 42,761,623	100%	$ 39,804,015	100%
Cost of sales	4,278,643	29.5%	4,112,913	30.5%	12,683,609	29.7%	11,857,819	29.8%
Gross Income	**10,211,855**	**70.5%**	**9,369,917**	**69.5%**	**30,078,014**	**70.3%**	**27,946,196**	**70.2%**
Operating expenses	6,742,598	46.5%	7,731,576	57.3%	20,799,354	48.6%	23,094,345	58.0%
Depreciation and amortization	2,122,396	14.6%	834,421	6.2%	5,972,161	14.0%	2,630,620	6.6%
Operating Income	**1,346,861**	**9.3%**	**803,920**	**6.0%**	**3,306,499**	**7.7%**	**2,221,231**	**5.6%**
All-in cost of financing:								
Interest paid – net	940,664	6.5%	520,054	3.9%	2,458,885	5.8%	1,465,744	3.7%
Changes in reasonable value Financial Liabilities	(38,799)	(0.3%)	(182,505)	(1.4%)	(129,259)	(0.3%)	(220,056)	(0.6%)
Exchange rate loss / (income)	40,631	0.3%	76,800	0.6%	17,795	-	17,411	-
	942,496	6.5%	414,349	3.1%	2,347,421	5.5%	1,263,099	3.2%
Income before Taxes	694	0.0%	-	-	(1,223)	-	-	-
Tax on earnings	**405,059**	**2.8%**	**389,571**	**2.9%**	**957,855**	**2.2%**	**958,132**	**2.4%**
Consolidated Net Income	174,304	1.2%	154,229	1.1%	378,838	0.9%	438,917	1.1%
Non-controlling stake	**230,755**	**1.6%**	**235,342**	**1.7%**	**579,017**	**1.4%**	**519,215**	**1.3%**
Controlling Stake	40,149	0.3%	24,229	0.2%	108,649	0.3%	108,308	0.3%
	$ **190,606**	**1.3%**	$ **211,113**	**1.6%**	$ **470,368**	**1.1%**	$ **410,907**	**1.0%**