Earnings Release
1Q20

Alsea

29.04.20

Salvador Villaseñor
Astrid Preciado
ri@alsea.com.mx
+52 (55) 7583-2000

CONFERENCE CALL

Date and Time: Thursday April 30, 2020, 09:00 am (Mexico City Time)

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

Access code: 1961#

INDEX

Results and Highlights for the First Quarter 2020

- **Same Store Sales (SSS)* decreased 2.1% in the first quarter**
  - **Mexico SSS decreased 2.6%, Europe SSS decreased 4.8% and South America SSS grew 6.8%**
- **20.5% decrease in first quarter EBITDA**
- **4,311 Total units in the portfolio**
- **Net Debt / EBITDA stands at 3.5x compared to 2.9x in 4Q19 and 3.6x in 1Q19**
- **Total Debt increased 2 billion pesos due to the devaluation of the Mexican peso**
- **Cash flow position of 3.8 billion pesos at the end of the first quarter**
- **Removal of the 2022 earnings guidance due to uncertainty and volatility in all of our operating markets**

** The SSS data excludes the units that were closed due to the contingency related to COVID-19.*

MESSAGE FROM THE EXECUTIVE PRESIDENT

Alberto Torrado, CEO of Alsea, commented: "The last month and a half has been the most challenging time in Alsea's 30-year history. Since March, our sales have been severely affected by the measures imposed by governments in our operating regions to combat the spread of COVID-19. While we reported excellent sales and profit margins for January and February, temporary store closures and other impediments to business as usual beginning in March led to a decline of 11.5% in total sales for the first quarter. This caused EBITDA to fall 20.5% and net income to register a loss.

To give an idea of the unprecedented impact of the pandemic on our operations, let me share some numbers. From January-February sales in Mexico were slightly above budget; In March sales in Mexico were 18.5% below budget; and for April 67% below budget. For Europe, sales in March were 54% below the previous year and by April, 94% below budget. Trends were similar in South America. Given that we had two good months in the first quarter and for the second quarter in April sales were minimal and reopening will be gradual in May and June, we forecast the second quarter will be materially worse than the first quarter that just closed.

As the pandemic decelerates, governments are already starting to focus on the next steps necessary to resume economic activity. Europe is slowly lifting measures. (In April we reopened all for delivery 94 Domino's Pizza stores in Spain, 11 Burger King stores, 8 Vips stores, 3 Ginos stores, 5 Foster's Hollywood stores and in the Netherlands 4 Starbucks stores, representing 9% of the total units in Europe). Latin America is likely to follow the same route. If this occurs, we should begin to see a recovery in the third quarter, even if uncertainty makes it not possible to develop a reliable forecast.

Since March, as the crisis unfolded, we have made quick and assertive decisions to protect our company, as we outlined in our recent press release. During this period, we have focused on five priorities, supported by Alsea's core values; I would like to comment on each of them:

1. **Health and well-being of our employees, clients and community.** We have implemented strict health and hygiene policies in all open stores and in our various home delivery channels. In line with government regulations, we temporarily closed all stores in Spain, Portugal, France and Benelux. As of this date, the percentage of units operating in Latin America is 62% in Mexico, 9% in Europe, 9% in Argentina, 26% in Chile, 80% in Colombia and 22% in Uruguay; however, as a result of the pandemic, current sales is approximately 33% in Mexico, 8% in Europe and 28% in South America. We expect to reopen more stores in Europe and South America in May, based on the announcements that

governments have made to date. However, it is expected that certain social distancing measures will continue, which may reduce traffic in our units, but benefit home delivery. In all our units that continue to operate, strict hygiene and social distancing protocols are being followed, as well as home delivery and take-away services, always safeguarding the integrity of our customers and collaborators.

We understand that these are extremely challenging times for our employees and the communities in which we operate. At Fundación Alsea, through the "Va por mi Cuenta" movement, we continue to provide food to more than 5,000 children living in food poverty. By government order, we have been forced to close the 13 dining facilities. However, we continue to guarantee food support through the distribution of basic goods for each of the 2,400 families in the program. In addition to food, we are providing hygienic supplies such as soap and detergents to support sanitary measures that combat disease. Similarly, 80 tons of supplies were rescued from stores closed due to the contingency, which we donated to various food banks to be distributed among the most affected populations in the country, benefiting more than 40 thousand people. We are committed to continue these and other social initiatives, in line with our corporate values. To show our deep recognition and appreciation for the work by hospital staff during this emergency, Alsea supported the IMSS Foundation since Friday April 17, with donations of close to 1,000 daily food rations prepared by our brand Vips. These donations will go to the staff members of the Hospital La Raza and Hospital de Especialidades of the Centro Médico Nacional Siglo XXI. We are an important source of employment in our main markets, with a total workforce of nearly 75 thousand people at the end of 1Q20. That is why we remain committed to our employees, protecting their rights and working conditions. Although we are selling only a quarter of what we were selling at this time last year, we have managed to maintain 92% of our global workforce. It is clear to us that Alsea's success depends on the efforts of each of its employees. In response, we will continue developing programs for our employees in extreme financial situations brought on by COVID-19, which will be accessible to employees of all brands operated by the company. We are also focusing as much as possible on sourcing products from local suppliers, both to support the local economy and reduce the impact of currency fluctuation on our cost structure.

As the world recovers from COVID-19, we believe that health and safety will be increasingly important values that franchisors will look for in their franchisees, and that customers will require from their favorite restaurants and cafes. In this regard, Alsea is extremely well positioned, representing the most trusted brands in the global food and beverage industry, as well as owning some of the strongest and most traditional local brands in Mexico and Spain.

2. **Short and medium-term revenue initiatives.** During March, Alsea sought to maximize sales in the business units that remained open to support our customers through over the counter service, home delivery formats, and aggregators. Encouragingly, in Mexico we are seeing an increase in home delivery of more than 50%, mainly by Domino's Pizza, but we are also seeing from brands that have been historically successful in their physical locations. For example, P.F. Chang's home delivery sales have increased since the quarantine started by approximately 70% in March, and brands such as Chili's, Italianni's and Vips had increases above 90%. In Spain, we were able to reopen Domino's Pizza in April and focused on home delivery, where we are already seeing positive results. Additionally, the significant decrease in prices of some raw materials will help offset the impact of the devaluation on our gross margin as well. As an example, the price of cheese has fallen to its lowest level in over two decades. We believe that after the crisis, online deliveries and sales will continue to grow as customers maintain some social distance due to ongoing health concerns and become more accustomed to the convenience of delivering food and coffee to their home and work. Once again, we believe that Alsea is well positioned to benefit from these trends, given our 30 years of experience in delivering Domino's Pizza, our approximately 400,000 active Wow Rewards members and the consolidated market share of our leading brands. In the future, we will continue to work with the main external aggregators to deliver food and coffee, while we reinforce our own home service strategy and continue to consolidate and expand the scope of our loyalty programs: Starbucks Rewards, Wow Rewards, Club Vips and Fosterianos. The role of technology is key to position ourselves as leaders in food delivery; our Alsea Core solution allows us to have efficient processes to coordinate the aggregator platforms with

our units, likewise we will continue to develop and strengthen sales strategies such as our own delivery platform and dark kitchens models, which we are already testing in 23 units. In short, we will offer all our customers across the globe world-class digital and delivery capabilities.

3. **Operational efficiency.** Given the decline in sales and economic downturn, it is now more important than ever to optimize our operating model, reduce unnecessary expenses and allocate capital efficiently. As we noted in our previous release, we are cutting most of our advertising expenses, evaluating all of our contracts with outside vendors, and optimizing our corporate and operational structure by implementing more efficient templates. At the same time, we are in negotiations with our landlords to reduce the cost of rent, achieving significant savings. We will minimize the impact of our currencies' devaluation through pricing strategies, promoting locally sourced products, reducing SKUs and optimizing inventory management over expected sales. We are in talks with our franchisors regarding improved terms for royalties and other forms of support. In Europe, the governments of France and Spain have announced support programs where they cover about 70% of the base salaries of our employees during the period of closure by decree, 1.5 million per month, which will reduce our cost pressures and provide great social support to 83% of our employees in Spain, 95% in Portugal and 98% in France and the Netherlands. In Chile, 70% of the total remuneration of 86% of our employees will be covered by the government, representing a saving of approximately 19 million pesos per month.

   To help investors understand the magnitude of these savings, I would like to share some numbers. We have already saved about MXP113mn in rents, over MXP400mn from freezing new hires, salary increases and reductions in corporate and operating expenses, MXP200mn from reduced maintenance of our stores and about MXP85mn from reduced energy and water, among other savings.

4. **Balance Sheet and focus on liquidity.** Given the negative impact on our EBITDA from temporary closures, our Total Debt/EBITDA increased to 3.97 times at the end of the first quarter. Therefore, we are in discussions with banks regarding exemptions to current covenants, as well as greater flexibility in order to ensure appropriate financial stability for 2020 and 2021. We are confident that these talks will have a positive outcome given the long-term relationship Alsea developed with these banks, our solvency, solid track record and diligent compliance with our obligations. To assist liquidity and as previously communicated, our planned 2020 Capex of MXP4.5 billion to MXP5 billion has been reduced to MXP1.7 billion and we are postponing approximately 80% of the openings that were planned for the year. We ended the quarter with a strong cash position of MXP3.8 billion.

5. **Positioned for post COVID-19 world.** Our premise is that the consumer will change once the pandemic is over, and be more focused on health and hygiene, delivery, digital communication, and brands with strong reputations. He will likely have less money, and thus be more value focused. The restaurant industry will be changed. It will be de-capitalized, and less credit worthy, meaning almost certainly a rationalization of brands, and reduction in capacity overall.

How will Alsea react to this? We aim to be leaders in delivery, and in creating the best digital experience for our customers, and will adapt our marketing and distribution to achieve this goal. We will grow our WOW Rewards, and thereby build loyalty, an effective channel of communication and access improved data base analytics. We will ensure that our brands and menus are targeted at the value conscious consumer. We will be highly disciplined in deploying capital, achieving maximum synergies between our different business units, minimizing unnecessary spending and optimizing our real estate footprint. We are working on a series of strategic alliances with banks, cinemas, retailers to boost traffic.

Throughout this process, Alsea will remain very close to its franchisors, mainly Starbucks, Domino's Pizza and Burger King. We believe that as the world emerges from the COVID-19 crisis, consumers will gravitate towards the most recognized brands and franchisors will rely increasingly on the strong and reliable operators.

The last few months have been a great challenge for Alsea, as it has been for any company in our sector. Fortunately, we entered this crisis with a strong momentum of solid results and a healthy and robust operating model, and were deleveraging in line with expectations. We are confident that the decisive measures we are taking now will enable us to successfully emerge from the crisis, along with the help and support of our partners, customers and stakeholders. As contingency measures are removed and economic activity resumes, we believe that the post-COVID-19 world will offer many opportunities and allow Alsea to build on its strengths and return to profitability and expected growth."

April, 2020

Mexico City, April 29, 2020. 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 Europe, released its results for the first quarter of 2020. 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 at the end of this report.*

FINANCIAL HIGHLIGHTS FOR THE FIRST QUARTER OF 2020

The following table shows a condensed Financial Summary, the margin for each line item, as well as the percentage change for the quarter ended March 31, 2020 compared to the same period of 2019:

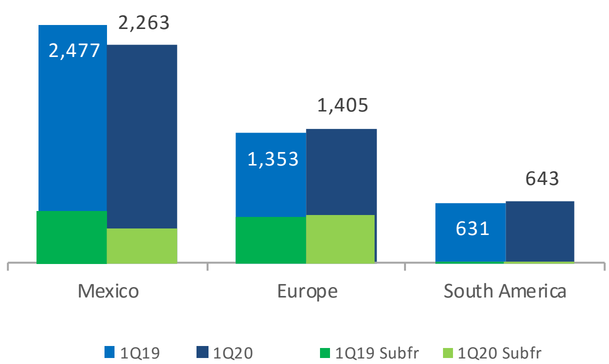
	Jan/Feb	*%*	*March*	*%*	*1Q20*	*1Q19*	*Var %*
Same-store sales	5.5%	-	(16.4)%	-	(2.1)%	2.8%	(490) bps
Sales	$9,101	100%	$2,984	100%	$12,085	$13,657	(11.5)%
Gross Profit	$6,466	71.0%	$2,015	67.5%	8,481	9,563	(11.3)%
EBITDA [(1)]	$1,123	-	$104	-	1,227	1,543	(20.5)%
EBITDA Margin	*12.3%*	-	*3.5%*	-	*10.2%*	*11.3%*	*(110) pbs*
Operating income	$485	5.3%	($240)	(8.1)%	245	610	(59.9)%
Net income					(390)	151	(358.0)%
Net income margin					*(3.2)%*	*1.1%*	*(430) pbs*
ROIC					7.4%	8.9%	(150) bps
ROE					5.2%	9.4%	(420) bps
Net Debt/EBITDA					3.5x	3.6x	N.A.
EPS [(2)]					1.35	1.10	22.5%

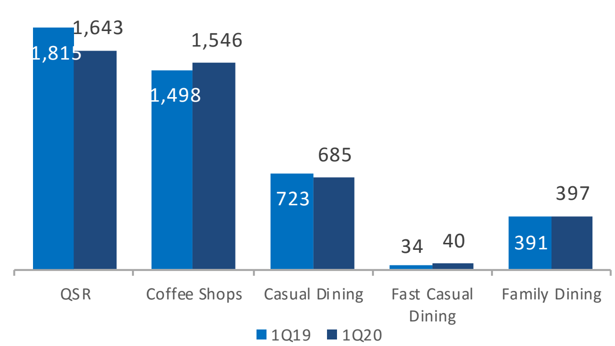
*** Figures in million pesos, except EPS**

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

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

NUMBER OF UNITS *



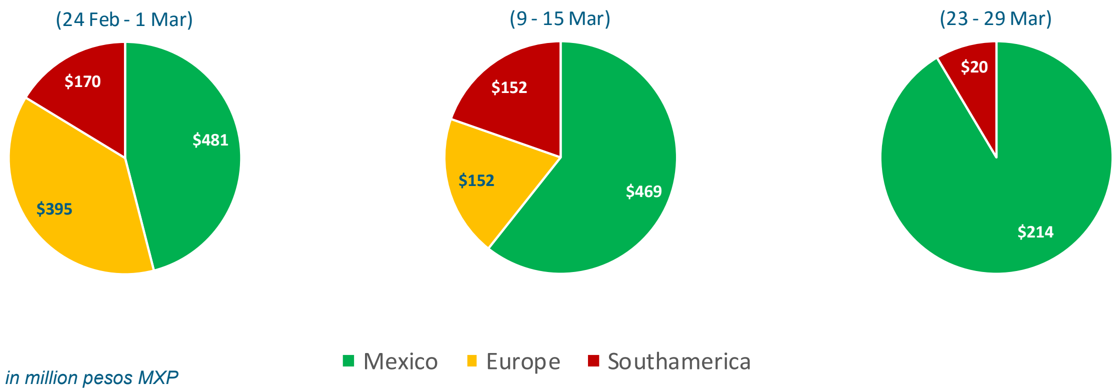


** Total Units (corporate + sub-franchises)*

IMPLICATIONS RELATED TO COVID-19

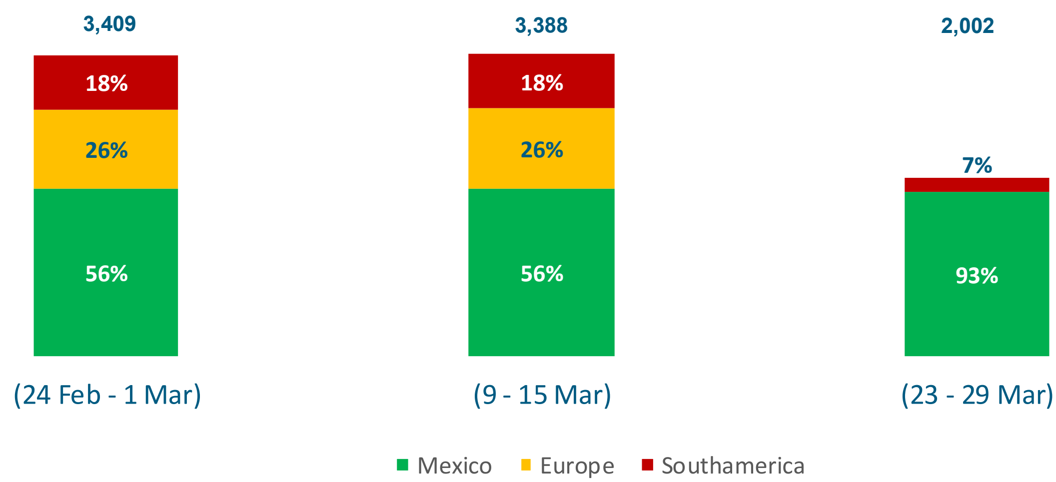
During the first quarter of the year, Alsea's sale figures were in line with expectations. However, as of the third week of March, sales traffic began to slow down. Due to the health contingency generated by the COVID-19 pandemic, a significant number of our stores had to stop operating due to governmental decrees. This began in Europe, then in Latin America during the month of April.

SALES BY GEOGRAPHIC LOCATION DURING THE MONTH OF MARCH



** Figures in million pesos MXP*

CORPORATE UNITS IN OPERATION BY GEOGRAPHIC LOCATION DURING THE MONTH OF MARCH



The impact was clear, mainly in the operations of Alsea Europe during the quarantine period. This led to store closures announced on March 14th for Spain, March 17th for France, followed by other European countries we have a presence in. To date, we managed to reopen approximately 9% of stores in Europe, under the home delivery and take-away sales scheme.

Moreover, we have decided **to withdraw our previously published 2022 guidance** due to the uncertainty and volatility caused by the COVID-19 pandemic, making it impossible to develop reliable estimations and projections of the future.

In terms of **liquidity**, at the end of the first quarter of 2020, Alsea has 3.8 billion pesos in cash, distributed in the following geographies: 64% in Mexico, 20% in Spain, 7% in Colombia, 5% in Chile, 4% in Argentina and 0.2% in Uruguay.

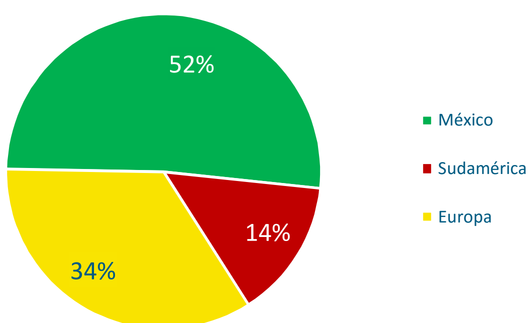
During the month of March, due to the COVID-19 pandemic, we have established short-term lines of credit for 1.2 billion pesos in Mexico and 10 million euros in Spain. These are the same numbers included in the 3.8-billion-peso total at the end of the first quarter of 2020. In addition, we have committed lines for up to 60 million euros to use as necessary regarding the solvency of operations in Europe, and, likewise, 1.7 billion pesos in Mexico.

In Alsea Europe, the approval of an ERTE (temporary employment regulation file) by force majeure, became effective as of March 19th. In other countries, government is supporting the workforce by suspending employment, which now accounts for 95% in Portugal and 98% in France-Holland.

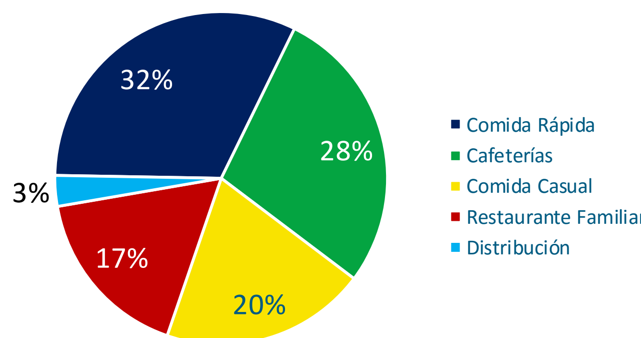
CONSOLIDATED RESULTS

SALES

SALES BY GEOGRAPHIC LOCATION *



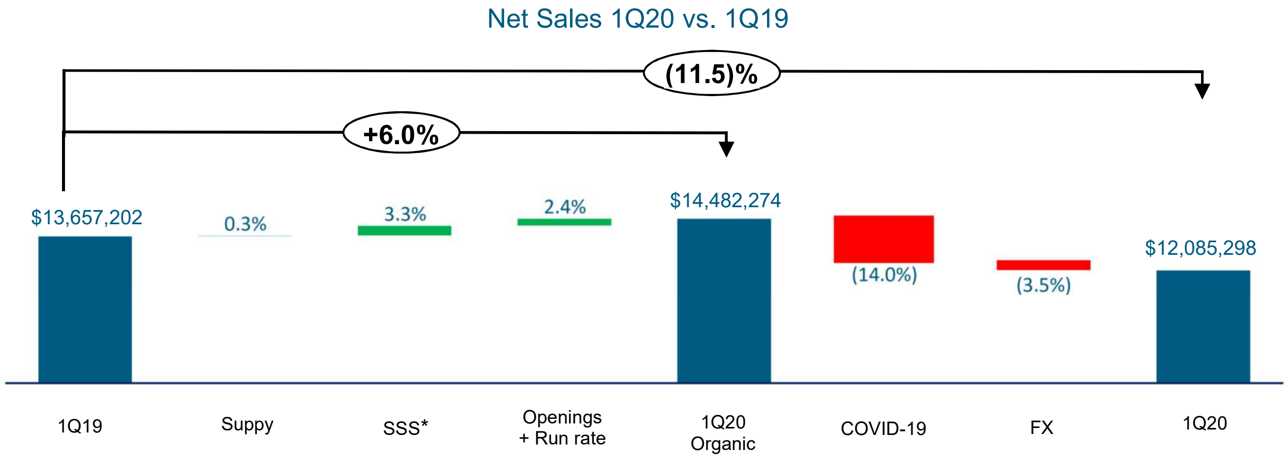
SALES BY SEGMENT *



** Figures as of 1Q20*

Net sales for the first quarter of 2020 **decreased 11.5%,** reaching **12,085 million pesos,** compared to 13,657 million pesos in the previous year. This decrease is mainly due to the impact of the contingency caused by the COVID-19 pandemic, which affected both the number of our units in operation, and the consumer trends throughout our markets. In addition, sales were affected by the negative effects of currency devaluation, mainly the Argentine Peso against the Mexican Peso, by 380 basis points, or 510 million pesos in consolidated sales.

In terms of same-store sales, excluding units that did not report sales due to preventive measures of COVID-19, the portfolio in **Mexico decreased 2.6%**, in **South America increased 6.8%**, and in **Europe decreased 4.8%.**



** The percentage contribution of VMT is the effect on the total revenue base / accumulated figure up to the second week of March 2020.*

EBITDA

EBITDA in the first quarter of 2020 decreased 20.5% to 1,227 million pesos, compared to 1,543 million pesos in the first quarter of the previous year. The decrease in EBITDA of 315 million pesos was driven by:

- **Alsea Europe's** operations, since it is where COVID-19 quarantine measures were implemented before the rest of the geographies we operate in. This decrease was partially offset by the access to governmental support in relation to employee salaries.
- **The contraction of 710 basis points** in **Alsea South America's** EBITDA margin when compared to the same period of the previous year. This is mostly due to the contingency generated by the COVID-19 pandemic, and to a lesser extent the **socio-political situation in Chile**, as well as the **devaluation of certain currencies against the Mexican Peso**.

In mid-March, immediate actions were implemented to reduce non-essential operational expenses, being mainly corporate expenses. In addition, **G&A and other expenses and income** registered the sale of one **unit of Vips** in Mexico City, benefiting EBITDA of Alsea Mexico by approximately **91.9 million pesos**.

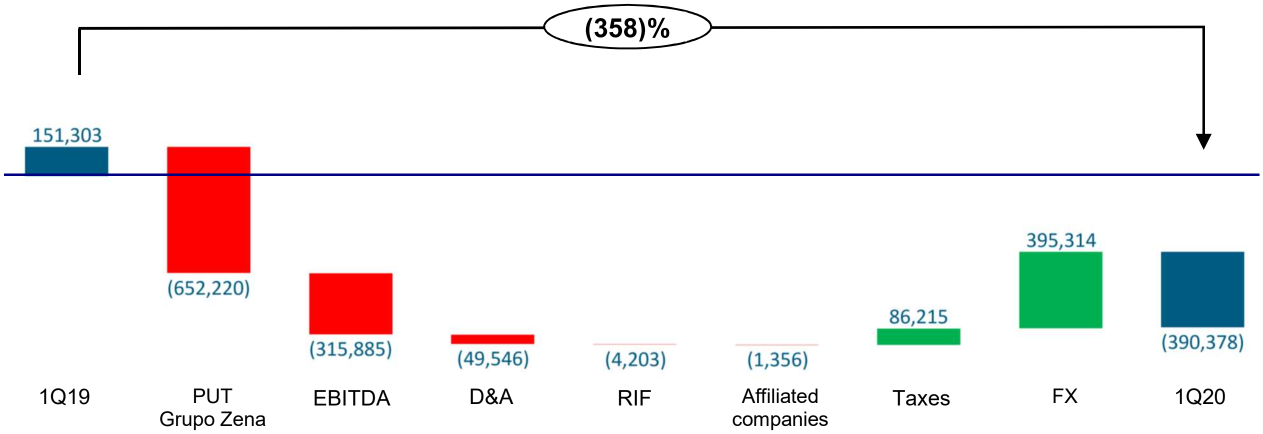
The EBITDA margin contracted by 110 basis points, going from 11.3% in the first quarter of 2019 **to 10.2% in the same period of 2020**.

NET INCOME

Net income for the quarter decreased 541 million pesos compared to the same period of the previous year, closing at **(390)** million pesos, in comparison to 151 million pesos in 2019. This decrease was related to:

- The 250-basis point reduction in operating profit as a percentage of net sales, was derived from the **130-basis point increase in operating expenses** due to lower sales from the COVID-19 pandemic.
- The increase in the comprehensive financing result was mainly a consequence of the negative exchange rate effect related to the purchase and sale of the remaining 21.0% of Grupo Zena. This was an exchange rate loss of 652 million pesos, in comparison to the 86 million pesos reported in the same period of the previous year. This increase was partially offset by the exchange rate profit of our assets and cash for 395 million pesos.

Net Income 1Q20 vs. 1Q19



RESULTS BY SEGMENT FOR THE FIRST QUARTER OF 2020

MEXICO

Alsea Mexico	*Jan/Feb*	*%*	*March*	*%*	*1Q20*	*1Q19*	*Var.*	*% Var.*
Number of units	2,262	-	2,263	-	2,263	2,477	(214)**	(9)%
Same-store sales	5.6%	-	(15.6)%	-	(2.6)%	1.2%	(380)bps	-
Sales	4,447	100%	1,763	100%	6,210	6,387	($176)	(2.8)%
Costs	1,334	30.0%	562	31.9%	1,896	2,019	($123)	(6.1)%
Operating expenses	2,115	48%	839	48%	2,953	3,030	($76)	(2.5)%
Adjusted EBITDA*	999	-	362	-	1,361	1,338	$23	1.7%
*Adjusted EBITDA margin**	*22.5%*	-	*20.5%*	-	*21.9%*	*20.9%*	*100 bps*	-
Depreciation and Amortization					576	543	$33	6.0%
G&A and other income / expenses					186	409	($223)	(54.5)%
Operating income					599	386	$213	55.3%

* Adjusted EBITDA does not include administrative expenses; thus it represents the “Store EBITDA.”
** The decrease in the number of units corresponds to the disincorporation of 234 sub-franchises of Burger King in Mexico in 4Q19.
(figures in million pesos)

SALES MEXICO

Alsea Mexico sales were 52% of Alsea's total consolidated sales in the first quarter of 2020, compared to 48% at the end of 2019 and **decreased 2.8%** to 6,210 million pesos compared to 6,387 million pesos in the same period of 2019. This difference comes from the fall in sales in the last two weeks of March, where some states of Mexico began to close certain units as a preventive measure starting March 16. Also, consumption was significantly reduced due to the schools closing and the implementation of home office across the country. As a result, sales came from home and take-away deliveries, allowing Alsea to take advantage of established delivery strategies and agreements with the main aggregator platforms. During the first two months of the year, same-store sales reported a positive trend with a growth of 5.6%. However, the month of March showed a fall of 15.6% due to 38% of corporate units in the country closing down.

Adjusted EBITDA MEXICO

Alsea Mexico's Adjusted EBITDA was 74% of consolidated Adjusted EBITDA in the first quarter, compared to 55% at the end of 2019. It **increased 1.7% during the first quarter of 2020**, closing at Ps. 1.361 billion compared to Ps. 1.338 billion in 1Q19, mainly driven by a 110-basis point improvement in cost of sales since the same period last year.

In addition, when the events surrounding the COVID-19 pandemic in Europe were noticed, immediate actions were implemented to reduce expenses and non-essential services, as well as decreasing expenses according to the expected contraction in demand.

Finally, on the **G&A and other income/expenses line**, income from **asset sales** came from **a Vips unit** in Mexico City for a profit of approximately **91.9 million pesos to the EBITDA of Alsea Mexico**.

At the end of the first quarter, Alsea Mexico had a total of 1,899 corporate units and 364 sub-franchise units.

EUROPE

Alsea Europe	*Jan/Feb*	*%*	*March*	*%*	*1Q20*	*1Q19*	*Var.*	*% Var.*
Number of units	1,405	-	1,405	-	1,405	1,353	52	4%
Same-store sales	1.2%	-	(20.8)%	-	(4.8)%	(1.5)%	(330)bps	-
Sales	3,361	75.6%	788	44.7%	4,150	5,033	($883)	(17.5)%
Costs	869	19.6%	248	14.0%	1,117	1,355	($238)	(17.6)%
Operating expenses	1,923	43%	719	41%	2,642	2,862	($220)	(7.7)%
Adjusted EBITDA*	569	-	(178)	-	391	815	($425)	(52.1)%
*Adjusted EBITDA margin**	*16.9%*	-	*(22.6)%*	-	*9.4%*	*16.2%*	*(680)bps*	-
Depretiation and amortization					315	270	$45	16.7%
G&A and other income / expenses					316	312	$5	1.5%
Operating Income					(241)	234	($474)	(202.8)%

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

SALES EUROPE

Alsea Europe sales accounted for 34% of the Company's consolidated sales, compared to 38% at the end of 2019, and are made up from operations in Spain, Portugal, France, the Netherlands, Belgium and Luxembourg.

Sales for this segment decreased by 17.5%, reaching 4,150 million pesos compared to 5,033 million pesos in the same period of the previous year. This decrease of 883 million pesos was mainly driven by the decrease of 20.8% in March, when the first effects of COVID-19 began. The escalation of the virus spreading led to 100% of the corporate units in Spain shutting down by government decree as of March 14. Subsequently, other European countries we operate in followed suit. During the first two months of the year, same-store sales reported a positive trend with a 1.2% growth.

Adjusted EBITDA EUROPE

Alsea Europe's adjusted EBITDA represented 21% of consolidated Adjusted EBITDA in the first quarter, compared to 37% at the end of 2019. Adjusted EBITDA at the end of the first quarter of 2020 showed a decrease of 52.1%, reaching 391 million pesos compared to 815 million pesos in the same period of 2019.

In Alsea Europe, the approval of an *ERTE* (temporary employment regulation file) by force majeure, became effective March 19. This ERTE entails the suspension of employment of 83% of the staff (including corporate personnel) in Spain, including the personnel needed to operate the units that were reopened for home delivery. Other European countries also have government support for employees, representing 95% in Portugal and 98% in France-Netherlands.

At the end of the first quarter, Alsea Europe had a total of 895 corporate units and 510 sub-franchise units.

SOUTH AMERICA

Alsea South America	*Jan/Feb*	*%*	*March*	*%*	*1Q20*	*1Q19*	*Var.*	*% Var.*
Number of units	642	-	643	-	643	631	12	2%
Same-store sales	17.3%	-	(11.3)%	-	6.8%	13.1%	(630)bps	-
Sales	1,293	29.1%	432	24.5%	1,725	2,238	($512)	(22.9)%
Costs	432	9.7%	159	9.0%	591	719	($128)	(17.8)%
Operating expenses	718	16%	331	19%	1,049	1,242	($193)	(15.5)%
Adjusted EBITDA*	143	-	(57)	-	86	277	($191)	(69.0)%
*Adjusted EBITDA margin**	*11.1%*	-	*(13.3)%*	-	*5.0%*	*12.4%*	*(740)bps*	-
Depretiation and amortization					92	120	($28)	(23.5)%
G&A and other income / expenses					107	166	($59)	(35.4)%
Operating Income					(114)	(9)	($104)	-

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

SALES SOUTH AMERICA

Alsea South America sales were 14% of the Company's consolidated sales, similar to what they were at the end of 2019, and are made up of operations in Argentina, Colombia, Chile and Uruguay.

Sales for this segment decreased by 22.9%, to 1,725 million pesos compared to 2,238 million pesos in 2019. This decline was mainly due to the decrease in sales in the last two weeks of March, due to the declaration of a health emergency in these countries. When the quarantine began, restaurants and other non-essential businesses were ordered to close. During the first two months of the year, same-store sales reported a positive trend with a growth of 17.3%, however, the second half of March showed a drop of 11.3% due to the closing of 80% of the units in Argentina, 30% in Colombia, 89% in Chile and 56% in Uruguay.

Adjusted EBITDA SOUTH AMERICA

Alsea South America's adjusted EBITDA represented 5% of consolidated Adjusted EBITDA in the first quarter, compared to 8% at the end of 2019, and decreased 69.0%, closing at Ps. 86 million, compared to Ps. 277 million for 1Q19. This decline was partially offset by strategies focused on reducing expenses, both operational and administrative. These had already been implemented since the beginning of the year throughout countries in South America and were accentuated by the start of the pandemic.

At the end of the first quarter Alsea South America had a total of 618 corporate units and 25 sub-franchise units.

NON-OPERATING RESULTS

All-in Cost of Financing

The all-in cost of financing for the first quarter of 2020 closed at **631** million pesos compared to 370 million pesos in the same period of the previous year. This change comes from an **exchange rate effect** of the purchase and sale options of the remaining 21.0% of Grupo Zena, which created a **foreign exchange loss of 652 million pesos,** compared to an 87 million pesos profit reported in the first quarter of 2019. The foregoing was partially offset by an increase of 395 million pesos in the **exchange rate** compared to that recorded in the same period of the previous year.

BALANCE SHEET

CAPEX

During the 3 months ended March 31, 2020, **Alsea made capital investments, excluding acquisitions, for 610 million pesos**, of which 361 million pesos, equivalent to 59% of total investments, were allocated to:

- **The opening of 21 units,**
- **The renovation of equipment and remodeling of existing units** of the different brands operated by the Company.

The remaining 249 million pesos were allocated to:

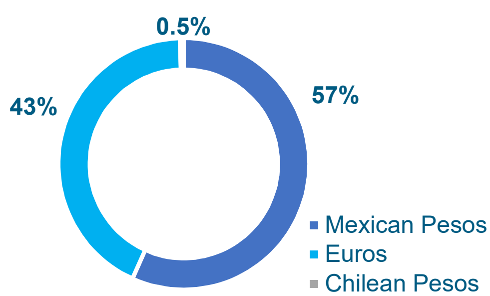
- **Equipment replacement** (maintenance CAPEX),
- **Strategic technology and process improvement projects**,
- **Software licenses**, among others.

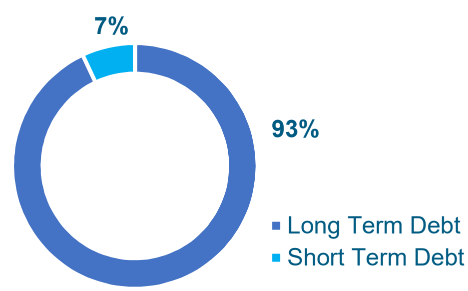
BANK DEBT AND FIXED-RATE BONDS

As of March 31, 2020, **Alsea's total debt increased by 2,968 million pesos, closing at** 29,915 **million pesos** compared to the 26,947 million pesos in the previous year. This **increase** corresponds mainly to the need for liquidity to continue operations during the contingency of COVID-19, coupled with the effect of 2 billion pesos for the revaluation of debt in euros due to the appreciation of that currency against the Mexican peso.

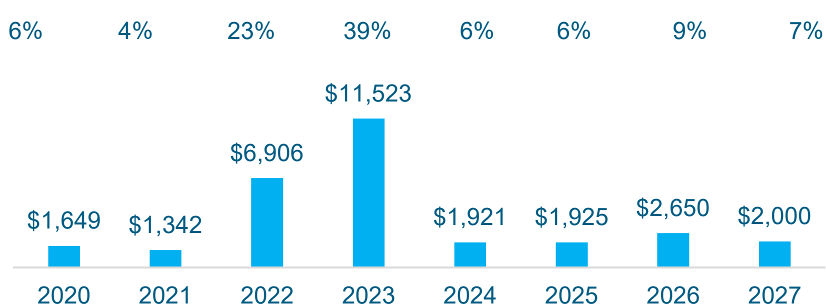
The company's consolidated net debt increased 847 million pesos, closing at 26,071 million pesos as of March 31, 2020 compared to 25,224 million pesos at the end of the first quarter of 2019.

As of March 31, 2020, total debt was comprised as follows:





The following graph shows the balance of the total debt in millions of pesos as of March 31, 2020, as well as the maturities held for subsequent years:



* Figures in million pesos.

FINANCIAL RATIOS

As of March 31, 2020, the financial ratios established in the Company's loan agreements were:

- **Total Debt to EBITDA** pro-forma (last 12 months) was **3.97 times (covenant 4.0 times).**
- **Net Debt to EBITDA** pro-forma (last 12 months) was **3.46 times.**
- **EBITDA** (last 12 months) **to interest paid** over the last 12 months was **3.47 times (covenant 3.0 times).**

The Return on Invested Capital ("ROIC") (2), considering the results from the acquisitions in the last 12 months **was 7.4%** for the period ending March 31, 2020.

The Return on Equity ("ROE") (3) as of March 31, 2020, considering the results from the acquisitions over the last 12 months, **was 5.2%.**

KEY INFORMATION

Financial ratios	1Q20	1Q19	Var.
EBITDA(1) / Interests Paid	3.47 x	4.01 x	N.A.
Total Debt / EBITDA(1)	3.97 x	3.82 x	N.A.
Net Debt / EBITDA(1)	3.46 x	3.57 x	N.A.
ROIC (2)	7.4%	8.9%	(150) bps
ROE (3)	5.2%	9.4%	(420) bps

Stock Market Indicators	1Q20	1Q19	Var.
Book Value per Share	$12.69	$13.05	(2.7)%
EPS (12 months) (4)	1.35	1.10	22.5%
Shares in circulation at end of period (millions)	834.1	835.6	(0.2)%
Price per Share at Market Close	$15.18	$40.67	(62.7)%

(1) EBITDA last 12 months, for the 1Q20 EBITDA in the last twelve months the pro forma excluding synergy expenses in Alsea Europe is used.
(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).
(3) ROE is defined as net earnings (last 12 months) over shareholders' equity. 4Q18 pro-forma figures including Grupo Vips in Balance Sheet and Income Statement.
(4) EPS is earnings per share for the last 12 months.

IFRS 16 IN INCOME STATEMENT

The adoption of IFRS 16 had a **positive effect of 48 million pesos on the Income Statement** for the quarter, which represented 12.4% of net income. Regarding EBITDA, a positive effect of 1,268 million pesos was registered, representing an increase of 1,040 in the EBITDA margin, reaching 20.6%.

Leverage ratios including IFRS 16 and hyperinflation in Argentina	1Q20
Total Debt / EBITDA(1)	4.6 x
Net Debt / EBITDA(1)	4.3 x

(1) EBITDA proforma last 12 months

UNITS BY BRAND

BRANDS	UNITS 1Q20		
	Corporate	Sub-franchises	Total
Domino's Pizza	810	413	1223
Mexico	*456*	*341*	*797*
Spain	*274*	*47*	*321*
Columbia	*80*	*25*	*105*
Burger King	420	-	420
Mexico	*181*	*-*	*181*
Argentina	*122*	*-*	*122*
Spain	*60*	*-*	*60*
Chile	*57*	*-*	*57*
Quick Service Restaurants	**1,230**	**413**	**1,643**
Starbucks			
Mexico	*751*	*-*	*751*
France	*66*	*120*	*186*
Spain	*124*	*24*	*148*
Argentina	*144*	*-*	*144*
Chile	*133*	*-*	*133*
Netherlands	*16*	*70*	*86*
Columbia	*32*	*-*	*32*
Belgium	*-*	*30*	*30*
Portugal	*20*	*3*	*23*
Uruguay	*9*	*-*	*9*
Luxembourg	*-*	*4*	*4*
Coffee Shops	**1,295**	**251**	**1,546**
Foster's Hollywood	105	129	234
Ginos	93	35	128
Spain	*91*	*35*	*126*
Portugal	*2*	*-*	*2*
Italianni's	74	15	89
El Portón	46	-	46
Chili's Grill & Bar	80	-	80
Mexico	*75*	*-*	*75*
Chile	*5*	*-*	*5*
Archie's	31	-	31
P.F. Chang's	30	-	30
Mexico	*25*	*-*	*25*
Columbia	*2*	*-*	*2*
Chile	*3*	*-*	*3*
Cañas y Tapas	9	9	18
TGI Fridays	15	1	16
Wagamama	3	-	3
The Cheesecake Factory	5	-	5
Corazón de Barro	3	-	3
La Casa del Comal	1	-	1
Ole Mole	1	-	1
Casual Dining	**496**	**189**	**685**
Foster's Hollywood Street	**1**		**1**
Vips Smart	**17**	**22**	**39**
Fast Casual Dining	**18**	**22**	**40**
Vips	373	24	397
Mexico	*282*	*8*	*290*
Spain	*91*	*16*	*107*
Family Dining	**373**	**24**	**397**
ALSEA TOTAL UNITS			**4,311**
Corporate	**3,412**		
Sub-franchises		**899**	

UNITS BY COUNTRY

MEXICO	2,263	SPAIN	1,074	ARGENTINA	266	CHILE	198
FRANCE	186	COLOMBIA	170	NETHERLANDS	86	BELGIUM	30
PORTUGAL	25	URUGUAY	9	LUXEMBOURG	4		

ANALYST COVERAGE

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

RELEVANT EVENTS 1Q20

- Sale of Vips restaurant in Mexico City for approximately 127.5 million pesos.
- Alsea successfully held its Ordinary General Shareholders' Meeting on April 16, 2020.
- The General Assembly approved the integration of the Board of Directors, which was formed as follows:

BOARD OF DIRECTORS

NAME	POSITION	
Alberto Torrado Martínez	President	Patrimonial Member
Cosme Alberto Torrado Martínez	Vocal	Patrimonial Member
Armando Torrado Martínez	Vocal	Patrimonial Member
Federico Tejado Bárcena	Vocal	Patrimonial Member
Pablo Torrado Aguilar Cauz	Vocal	Related
Fabián Gerardo Gosselin Castro	Vocal	Independent
Julio Gutiérrez Mercadillo	Vocal	Independent
Leon Kraig Eskenazi	Vocal	Independent
Adriana María Noreña Sekulist	Vocal	Independent
Carlos Vicente Salazar Lomelín	Vocal	Independent
Alfredo Sanchez Torrado	Vocal	Independent
Luis Carlos Ferezin	Vocal	Independent

EARNINGS CONFERENCE CALL 1Q20

The conference call will be held on **Thursday, April 30, 2020, at 09:00 a.m. (Mexico City time)**, it will be held in English and have a question and answer session.

To join the call, please dial in 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.

ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
AS OF MARCH 31, 2020 AND 2019
(In thousands of nominal pesos)

	31st of March,				Re-expression Argentina	NIIF 16	31st of March,	
	2019		2020				2020	
ASSETS								
Current assets:								
Cash and short-term investments	1,722,913	3.1%	3,844,203	6.3%	-	-	3,844,203	4.5%
Clients	793,282	1.4%	969,485	1.6%	-	-	969,485	1.1%
Other accounts and documents receivable	250,090	0.4%	778,973	1.3%	-	-	778,973	0.9%
Inventory	1,958,717	3.5%	2,049,672	3.3%	-	-	2,049,672	2.4%
Taxes recoverable	336,644	0.6%	560,979	0.9%	-	-	560,979	0.7%
Other current assets	1,320,627	2.3%	1,227,197	2.0%	-	-	1,227,197	1.4%
Assets held for sale	132,062	0.2%	51,336	0.1%	-	-	51,336	0.1%
Current assets	6,514,335	11.6%	9,481,845	15.5%	-	-	9,481,845	11.2%
Investments in shares of associated companies	14,296	-	87,410	0.1%	-	-	87,410	0.1%
Store equipment, improvements to leased locales, and property, net	19,199,078	34.2%	19,277,306	31.5%	47,580	(1,014,919)	18,309,967	21.6%
Right of use assets non-executable	-	-	-	-	-	24,554,098	24,554,098	28.9%
Brand use rights, pre-operations, other intangible assets, net	27,767,110	49.4%	28,962,227	47.3%	10,293		28,972,520	34.1%
Deferred Income Tax	2,270,940	4.8%	3,466,056	5.7%	-		3,466,056	4.1%
Total Assets	**$ 56,215,759**	**100%**	**61,274,844**	100%	**57,873**	**23,539,179**	**84,871,896**	**100.0%**
LIABILITIES								
Short term:								
Providers	4,803,000	8.9%	5,743,250	9.4%	-	-	5,743,250	6.8%
Taxes payable	272,239	0.5%	434,844	0.7%	-	-	434,844	0.5%
Other accounts payable	4,666,362	8.3%	4,550,990	7.4%	-	(844,974)	3,706,016	4.4%
Lease liability non-executable	-	-	-	0.0%	-	8,519,571	8,519,571	10.0%
Other short-term liabilities	2,419,393	4.5%	2,870,470	4.7%	-		2,870,470	3.4%
Bank loans	2,347,807	4.3%	2,043,538	3.3%	-		2,043,538	2.4%
Short-term liabilities	3,000,000	5.5%	-	-	-	-	-	0.0%
Long term:	17,508,801	31.1%	15,643,092	25.5%	-	7,674,597	23,317,689	27.5%
Bank loans								
Commercial papers	17,616,067	31.3%	19,895,825	32.5%	-	-	19,895,825	23.4%
Deferred taxes - net	3,982,958	7.1%	7,975,879	13.0%	-	-	7,975,879	9.4%
Lease liability non-executable	3,461,504	6.2%	4,340,037	7.1%	9,225		4,349,262	5.1%
Other long-term liabilities	-	-	-	0.0%		17,987,005	17,987,005	21.2%
Long-term liabilities	750,502	1.3%	890,976	1.5%		(272,272)	618,704	0.7%
Total Liabilities	28,811,031	45.9%	33,102,717	54.0%	9,225	17,714,733	50,826,675	59.9%
LIABILITIES	**43,319,832**	**77.1%**	**48,745,809**	79.6%	**9,225**	**25,389,330**	**74,144,364**	87.4%
SHAREHOLDERS' EQUITY								
Minority interest	1,885,072	3.4%	1,941,527	3.2%	-	-	1,941,527	2.3%
Majority interest:					-	-		
Capital	477,272	0.8%	477,239	0.8%	-	-	477,239	0.6%
Net premium in share placement	8,625,720	15.3%	8,625,720	14.1%	-	-	8,625,720	10.2%
Accumulated income	2,240,591	4.0%	3,300,220	5.4%	97,228	(2,265,375)	1,132,073	1.3%
Income during the year	123,702	0.2%	(279,888)	(0.5)%	(48,580)	48,489	(279,979)	(0.3)%
Exchange rate effects from foreign entities	(456,430)	(0.8)%	(1,535,783)	(2.5)%	-	366,735	(1,169,048)	(1.4)%
Majority interest	**11,010,855**	**19.6%**	**10,587,508**	17.3%	48,648	(1,850,151)	8,786,005	10.4%
Total Shareholders' Equity	**12,895,927**	**22.9%**	**12,529,035**	20.4%	48,648	(1,850,151)	10,727,532	12.6%
Total Liabilities and Shareholders' Equity	**$ 56,215,759**	**100.0%**	**61,274,844**	**100.0%**	57,873	23,539,179	84,871,896	100.0%

ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019
(In thousands of nominal pesos)

	January + February 2020		March 2020		Three months ended on 31st of March, 2020		Re-expression Argentina	NIIF 16	Three months ended on 31st of March, 2020	
Net sales	9,101,457	100%	2,983,841	100%	$ 12,085,298	100%	$ 19,792	-	$ 12,105,090	100%
Cost of sales	2,635,194	29.0%	968,716	32.5%	3,603,910	29.8%	7,020	-	3,610,930	29.8%
Gross Income	**6,466,263**	**71.0%**	**2,015,125**	67.5%	8,481,388	70.2%	12,772	-	8,494,160	70.2%
Operating expenses	5,343,190	58.7%	1,911,018	64.0%	7,254,208	60.0%	13,321	(1,268,420)	5,999,109	49.6%
Depreciation and amortization	638,166	7.0%	344,476	11.5%	982,642	8.1%	46,770	998,070	2,027,482	16.7%
Operating Income	**484,907**	**5.3%**	**(240,369)**	(8.1%)	244,538	2.0%	(47,319)	270,350	**467,569**	**3.9%**
All-in cost of financing:										
Interest paid – net	324,398	3.6%	168,236	5.6%	492,634	4.1%	1,261	221,861	715,756	5.9%
Changes in reasonable value Financial Liabilities	95,036	1.0%	470,571	15.8%	565,607	4.7%	-	-	565,607	4.7%
Exchange rate loss / (income)	(59,372)	(0.7%)	(367,954)	(12.3%)	(427,326)	(3.5%)	-	-	(427,326)	(3.5%)
	360,062	4.0%	270,853	9.1%	630,915	5.2%	1,261	221,861	854,037	7.1%
Participation in associated companies' results	(1,356)	-	-	-	(1,356)	-	-	-	(1,356)	-
Income before Taxes	**123,489**	**1.4%**	**(511,222)**	(17.1%)	(387,733)	(3.2%)	(48,580)	48,489	**(387,824)**	**(3.2%)**
Tax on earnings	45,690	0.5%	(43,045)	(1.4%)	2,645	-	-	-	2,645	-
Consolidated Net Income	**77,799**	**0.9%**	**(468,177)**	(15.7%)	(390,378)	(3.2%)	(48,580)	48,489	**(390,469)**	**(3.2%)**
Non-controlling stake	8,951	0.1%	(119,441)	(4.0%)	(110,490)	(0.9%)	-	-	(110,490)	(0.9%)
Controlling Stake	**68,848**	**0.8%**	**(348,736)**	(11.7%)	$ (279,888)	(2.3%)	$ (48,580)	48,489	$ **(279,979)**	**(2.3%)**

	Three months ended March 31, 2019		Re-expression Argentina	IFRS 16	Three months ended March 31, 2019	
Net sales	$ 13,657,202	100%	$ 33,386	-	$ 13,690,588	100%
Cost of sales	4,093,432	30.0%	11,075	-	4,104,507	30%
Gross Income	**9,563,770**	**70.0%**	**22,311**	-	**9,586,081**	**70%**
Operating expenses	8,020,705	58.7%	21,433	(1,203,950)	6,838,188	49.9%
Depreciation and amortization	933,096	6.8%	53,160	932,377	1,918,633	14.0%
Operating Income	**609,969**	**4.5%**	**(52,282)**	271,573	**829,260**	**6.1%**
All-in cost of financing:						
Interest paid – net	488,431	3.6%	2,010	253,213	743,654	5.4%
Changes in reasonable value Financial Liabilities	(86,613)	(0.6)%	-	-	(86,613)	(0.6)%
Exchange rate loss / (income)	(32,012)	(0.2)%	(2,763)	-	(34,775)	(0.3)%
	369,806	2.7%	(753)	253,213	622,266	4.5%
Participation in associated companies' results	-	-	-	-	-	-
Income before Taxes	**240,163**	**1.8%**	**(51,529)**	18,360	**206,994**	**1.5%**
Tax on earnings	88,860	0.7%	(15,938)	-	72,922	0.5%
Consolidated Net Income	**151,303**	**1.1%**	**(35,591)**	18,360	**134,072**	**1.0%**
Non-controlling stake	27,601	0.2%	-	-	27,601	0.2%
Controlling Stake	$ **123,702**	**0.9%**	$ **(35,591)**	18,360	$ **106,471**	**0.8%**

ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT BY SEGMENT FOR THE THREE MONTHS ENDED MARCH 31, 2020
(In thousands of nominal pesos)

MEXICO	January + February 2020		March 2020		Three months ended March 31, 2020		IFRS 16	Three months ended March 31, 2020	
Net sales	4,446,916	100%	1,763,358	100%	$ 6,210,274	100%	-	$ 6,210,274	100%
Operating expenses	2,389,126	53.7%	750,533	42.6%	3,139,659	50.6%	(612,158)	2,527,501	40.7%
Depreciation and amortization	385,417	8.7%	190,475	10.8%	575,892	9.3%	425,180	1,001,072	16.1%
Operating Income	**338,767**	**7.6%**	**259,878**	**14.7%**	**598,645**	**9.6%**	**186,978**	**785,623**	**12.7%**
All-in cost of financing	310,476	7.0%	265,084	15.0%	575,560	9.3%	141,910	717,470	11.6%
Consolidated Net Income	**28,032**	**0.6%**	**(5,206)**	**(0.3%)**	**$ 22,826**	**0.4%**	45,068	**$ 67,894**	**1.1%**

EUROPE	January + February 2020		March 2020		Three months ended March 31, 2020		IFRS 16	Three months ended March 31, 2020	
Net sales	3,361,220	100%	788,408	100%	$ 4,149,628	100%	-	$ 4,149,628	100%
Operating expenses	2,154,196	64.1%	803,943	102.0%	2,958,139	71.3%	(533,402)	2,424,737	58.4%
Depreciation and amortization	192,815	5.7%	122,075	15.5%	314,890	7.6%	480,482	795,372	19.2%
Operating Income	**144,799**	**4.3%**	**(385,350)**	**(48.9%)**	**(240,551)**	**(5.8%)**	**52,920**	**(187,631)**	**(4.5%)**
All-in cost of financing	37,726	1.1%	14,497	1.8%	52,223	1.3%	57,241	109,464	2.6%
Consolidated Net Income	**107,073**	**3.2%**	**(399,847)**	**(50.7%)**	**$ (292,774)**	**(7.1%)**	(4,321)	**$ (297,095)**	**(7.2%)**

SOUTH AMERICA	January + February 2020		March 2020		Three months ended March 31, 2020		Reexpression	NIIF 16	Three months ended March 31, 2020	
Net sales	$ 1,293,320	100%	432,075	100%	$ 1,725,395	100%	19,792	-	$ 1,745,187	100%
Operating expenses	799,868	61.8%	356,542	82.5%	1,156,410	67.0%	13,321	(122,860)	1,046,871	60.0%
Depreciation and amortization	59,934	4.6%	31,926	7.4%	91,860	5.3%	46,770	92,408	231,038	13.2%
Operating Income	**1,339**	**0.1%**	**(114,897)**	**(26.6%)**	**(113,558)**	**(6.6%)**	**(47,319)**	**30,452**	**(130,425)**	**(7.5%)**
All-in cost of financing	11,860	0.9%	(8,728)	(2.0%)	3,132	0.2%	1,261	22,710	27,103	1.6%
Consolidated Net Income	**$ (11,618)**	**(0.9%)**	**(106,169)**	**(24.6%)**	**$ (117,787)**	**(6.8%)**	**(48,580)**	**7,742**	**$ (158,625)**	**(9.1%)**

ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019
(In thousands of nominal pesos)

	March 31, 2020	March 31, 2019
Operating activities:		
Consolidated result before income taxes	**$ (387,824)**	**$ 206,944**
Income from investments:		
Depreciation and amortization of brands	1,029,412	986,256
Depreciation for financial leasing	998,070	932,377
Write-down of fixed assets	219,039	60,944
Other entries	563,667	(86,613)
Total	**2,422,364**	**2,099,958**
Clients	146,028	63,708
Inventory	(121,550)	128,795
Providers	(369,834)	(450,158)
Taxes payable	(428,995)	(323,329)
Other assets and other liabilities	(355,381)	(661,526)
Total	**(1,129,732)**	**(1,242,510)**
Net cash flow from operations	**1,292,632**	**857,448**
Investment activities		
Store equipment, improvements to leased locales, and property	(434,793)	(648,332)
Brand use rights, pre-operations, other intangible assets, net	(174,902)	(148,670)
Acquisition of subsidiary	-	(1,124,239)
Acquisition or sale of participation in associated companies	-	-
Net cash flow from investment activities	**(609,695)**	**(1,921,241)**
Cash receivable from financing activities	**682,937**	**(1,063,793)**
Financing activities		
Bank credits and loan payments, net	2,042,899	1,722,991
Commercial papers, net	-	-
Dividend declaration	-	-
Financial leasing	(998,070)	(932,377)
Minority interest	90,454	-
Sale (repurchase) of shares	(126,462)	15,011
Net cash flow from financing activities	-	**-**
Financing activities	**1,008,821**	**805,625**
Increase (decrease) net of cash	**1,691,758**	**(258,168)**
Adjustments to cash flow due to exchange rate variations	(472,944)	(6,776)
Cash at the beginning of the period	2,625,389	1,987,857
Cash at the end of the period	**$ 3,844,203**	**$ 1,722,913**