1Q17 Quarterly Report

Results and Important Events for the First Quarter 2017

- **Increase of 6.8% in Same-Store Sales in the first quarter**
- **Increase of 24.3% in EBITDA in the first quarter, achieving a 70 basis points expansion in EBITDA margin**
- **3,235 total units in the portfolio, which includes 233 additional units compared with the first quarter of the prior year**

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Renzo Casillo, Chief Executive Officer of Alsea, said: *"The first quarter of 2017 was very positive for the company, since, despite a difficult environment at the beginning of the year, we achieved an 18% increase in sales and 24% in consolidated EBITDA, which allowed us to reach an expansion of 70 basis points in the EBITDA margin. At Alsea México, we continue our cost and expense management strategy to offset, as far as possible, the pressure on costs arising from the devaluation of the Mexican peso. The Alsea International segment, which represents 45% of the company's total sales, showed positive results above our expectations, presenting important increases both in sales and EBITDA, which contributed to the improvement of our consolidated margins. Also, with the additional 51 corporate units in the first quarter of the year, we continue in line to meet our goal according to the development plan, as we were able to surpass unit number 500 in Spain and 200 in Argentina."*

And finally, he added: "We will continue focused to meet our objectives, with the support of our people's commitment and solid customer-focused business model, with which we expect to maintain performance for the remainder of the year, driving the continued growth of Alsea."

April, 2017

1Q17 Quarterly Report

Mexico City, April 26, 2017. Alsea, S.A.B. de C.V. (BMV: ALSEA), the leading Quick Service Restaurant (QSR), Coffee Shop, Casual Dining and Family Restaurant operator in Latin America and Spain, released its results for the first quarter 2017. This information is presented in nominal terms pursuant to International Financial Reporting Standards (IFRS).*

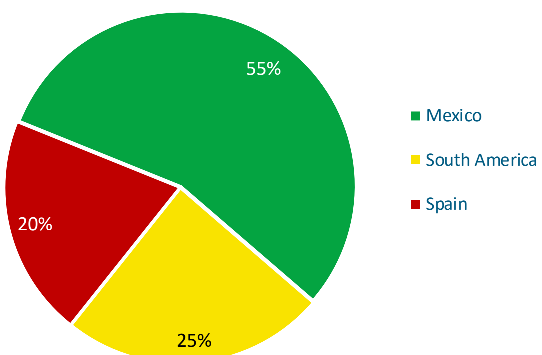
CONSOLIDATED RESULTS FOR THE FIRST QUARTER OF 2017

The following table shows a condensed Income Statement in millions of pesos (except EPS). The margin for each item represents net sales and the percentage change for the quarter ended March 31, 2017, in comparison with the same period of 2016:

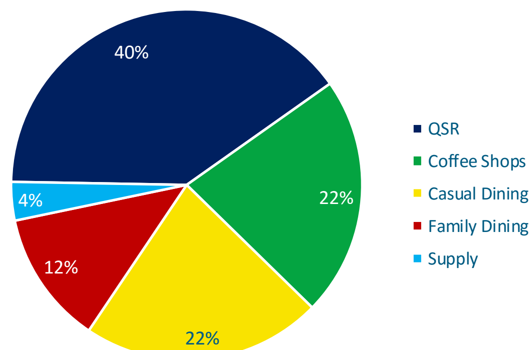
	1Q 17	*% Margin*	*1Q 16*	*% Margin*	*% Change*
Net Sales	$10,093	100.0%	$8,535	100.0%	18.3%
Gross Income	6,985	69.2%	5,823	68.2%	20.0%
EBITDA(1)	1,287	12.8%	1,035	12.1%	24.3%
Operating Income	613	6.1%	486	5.7%	26.1%
Net Income	$218	2.2%	$55	0.6%	296.5%
EPS(2)	1.36	N.A.	0.86	N.A.	58.1%

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

SALES BY GEOGRAPHIC LOCATION*



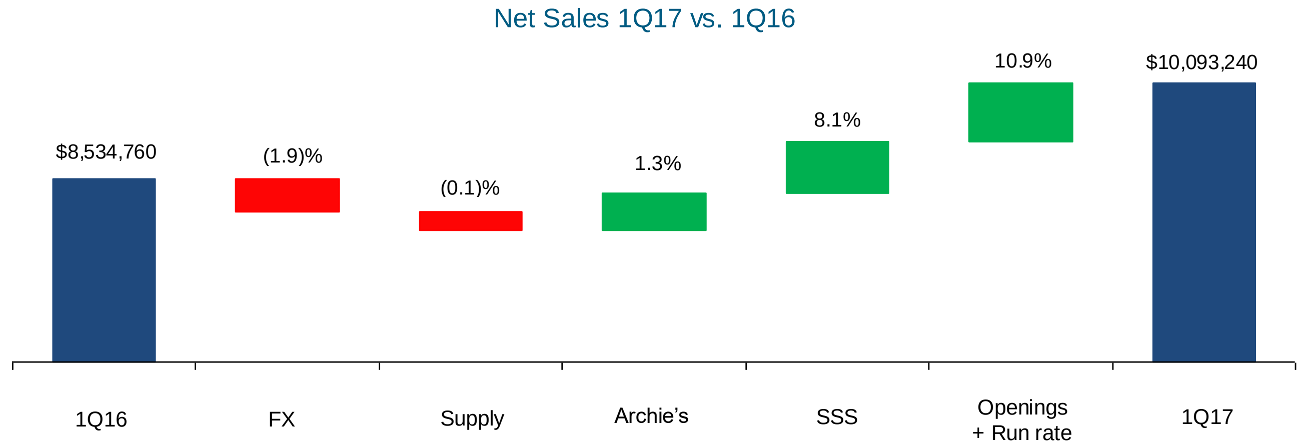
SALES BY SEGMENT*



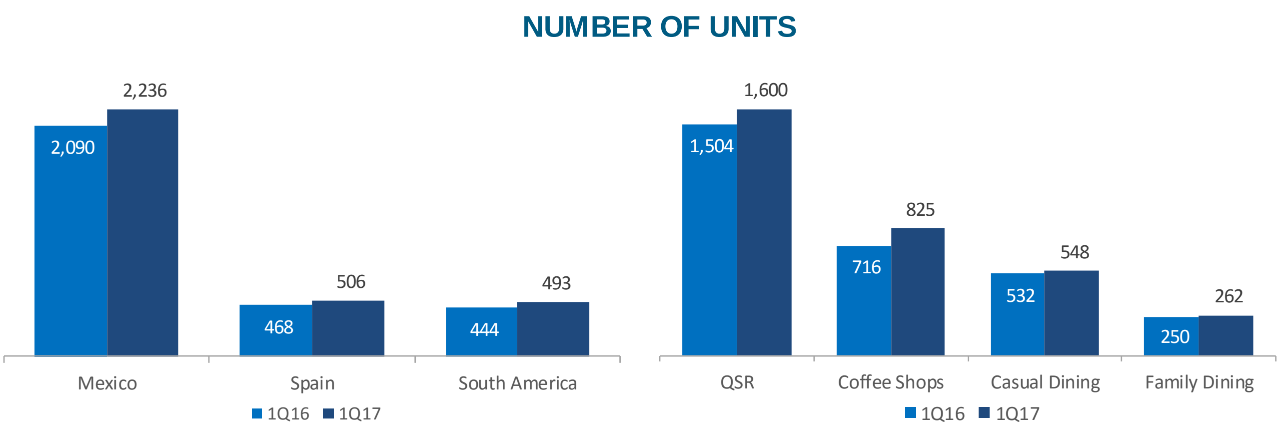
**Information for 1Q17*

SALES

Net sales increased 18.3% to 10,093 million pesos in the first quarter of 2017, in comparison with 8,535 million pesos in the prior year. This increase was due mainly to the 6.8% growth in same-store sales, even with the shift of Easter, revenues from the distribution and production segment, and the addition of 220 corporate units, for a total of 2,553 corporate units at the end of March 2017, which represents a growth of 9.4% over the same period of the prior year. The increase in sales was partially offset by the negative effect of the devaluation of the Argentinean peso and the Euro against the Mexican peso, which was offset by the appreciation of some Latin American currencies.



The business portfolio in Mexico recorded growth of 1.9% in same-store sales, and our brands in South America presented growth of 24.7% in same-store sales. Likewise, the brands in Spain also posted positive results in the quarter, with growth of 2.0% in same-store sales, in comparison with the same period of the prior year.



EBITDA

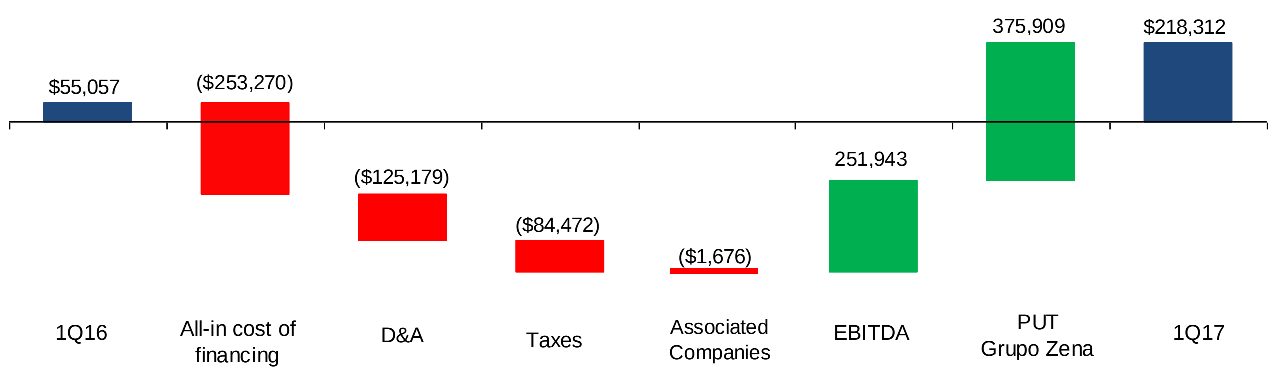
As a result of the 20.0% growth in gross income and the 19.0% increase in operating expenses (excluding depreciation and amortization), EBITDA rose 24.3% to 1,287 million pesos at the close of the first quarter of 2017, compared with the 1,035 million pesos in the same period of the prior year. The increase in EBITDA of 252 million pesos is mainly attributable to the growth in same-store sales, operating efficiencies, as well as to an increase in the number of units. This increase was partially offset by the impact on results arising from depreciation of the Mexican peso against the dollar. EBITDA margin increased 70 basis points as a percentage of sales, rising from 12.1% in the first quarter of 2016, to 12.8% in the same period of 2017.

NET INCOME

Net income in the quarter increased 163 million pesos over the same period in the prior year, closing at 218 million pesos, compared with 55 million pesos in the first quarter of 2016. This increase is mainly due to the rise of 127 million pesos in operating income and to the reduction of 123 million pesos in the all-in cost of financing as consequence of the positive variation caused by revaluation of the liability related to the call and put options of the remaining 28.24% of Grupo Zena due to depreciation of the Mexican peso against the euro, offset by an increase in interest paid – net. This variation was partially offset by the increase of 84 million pesos in income taxes.

Earnings per share ("EPS")(2) for the 12 months ended March 31, 2017, increased to 1.36 pesos, compared with 0.86 pesos for the 12 months ended March 31, 2016.

Net Income 1Q17 vs. 1Q16



RESULTS BY SEGMENT FOR THE FIRST QUARTER 2017

MEXICO

Alsea México	***Food and Beverages***				***Distribution and Production***				***Total***			
	1Q 17	***1Q 16***	***Var.***	***% Var.***	***1Q 17***	***1Q 16***	***Var.***	***% Var.***	***1Q 17***	***1Q 16***	***Var.***	***% Var.***
Same-Store Sales	1.9%	6.2%	(430) pbs	-	-	-	-	-	1.9%	6.2%	(430) pbs	-
Number of Units	2,236	2,090	146	7%	-	-	-	-	2,236	2,090	146	7%
Sales	5,274	4,824	$450	9%	1,696	1,660	$36	2%	5,574	5,155	$419	8%
Adjusted EBITDA*	1,124	1,019	$105	10%	122	145	($22)	(15)%	1,247	1,164	$83	7%
Adjusted EBITDA Margin*	21.3%	21.1%	20 pbs	-	7.2%	8.7%	(150) pbs	-	22.4%	22.6%	(20) pbs	-

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

In the first quarter of 2017, Alsea Mexico's sales increased 8.1% to 5,574 million pesos, compared with 5,155 million pesos in the same period in 2016. This increase of 419 million pesos is mainly attributable to the increase of 142 corporate units among the different brands over the last 12 months, the 1.9% growth in same-store sales, as well as to the important increase in transactions registered in Domino's Pizza, mainly due to incremental sales coming from the mobile application. This increase was partially offset by the consumption environment at the beginning of the year and by the shift of Easter.

Adjusted EBITDA at Alsea Mexico increased 7.1% during the first quarter of 2017, closing at 1,247 million pesos, compared with the 1,164 million pesos reported in the same period of the prior year. This increase is attributable to the 1.9% growth in same-store sales, in addition to the margin created by the higher number of units in operation and to the business mix. The foregoing was partially offset by the impact from the devaluation of the peso against the dollar, to the increase in expenses related to the strategy of improving the compensation of store personnel, with the objective of reducing rotation, and to the increase in tariffs for energy services in Mexico.

SPAIN

Alsea Spain	1Q 17	1Q 16	Var.	% Var.
Same-Store Sales	2.0%	8.5%	(650) pbs	-
Number of Units	506	468	38	8%
Sales	$2,060	$1,798	$262	15%
Adjusted EBITDA*	$410	$351	$58	17%
Adjusted EBITDA Margin*	19.9%	19.5%	40 pbs	-

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

Sales at Alsea Spain represented 20% of Alsea's consolidated sales, and at the end of the first quarter of 2017 included the operations of Foster's Hollywood, Domino's Pizza, Burger King, LAVACA, Cañas y Tapas and Il Tempietto. Sales in this segment increased 14.6% to 2,060 million pesos, in comparison with 1,798 million pesos in the first quarter of 2016. This positive variation of 262 million pesos was mainly due to the 2.0% growth in same-store sales, driven principally by product innovation at Domino's Pizza and by the solid performance of Burger King and Foster's Hollywood in Spain. At the end of the period there were a total of 352 corporate units and 154 sub-franchised units.

Adjusted EBITDA at Alsea Spain at the end of the first quarter of 2017 was 410 million pesos, in comparison with 351 million pesos in the same period in 2016. EBITDA margin at the end of the first quarter 2017 showed a positive variation of 40 basis points over the same period of the prior year. This increase is attributable to the growth in same-store sales, as well as to a drop in the price of some inputs in comparison with the first quarter of 2016.

SOUTH AMERICA

Alsea South America	1Q 17	1Q 16	Var.	% Var.
Same-Store Sales	24.7%	26.8%	(210) pbs	-
Number of Units	493	444	49	11%
Sales	$2,460	$1,582	$878	55%
Adjusted EBITDA*	$357	$193	$164	85%
Adjusted EBITDA Margin*	14.5%	12.2%	230 pbs	-

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

Sales at Alsea South America represented 25% of Alsea's consolidated sales, and at the end of the first quarter of 2017 included Burger King operations in Argentina, Chile and Colombia, Domino's Pizza Colombia, Starbucks Argentina, Chile and Colombia, Archie's in Colombia and P.F. Chang's in Chile, Argentina, Colombia and Brazil. At the end of the period there were a total of 472 corporate units and 21 sub-franchised units. Sales in this segment increased 55.5% to 2,460 million pesos, in comparison with 1,582 million pesos in the first quarter of 2016. This positive variation of 878 million pesos was mainly due to the increase of 48 corporate units; this variation was partially offset by the devaluation of the Argentinean currency.

Adjusted EBITDA at Alsea South America at the end of the first quarter of 2017, increased by 84.6%, closing at 357 million pesos, in comparison with 193 million pesos in the same period in 2016. EBITDA margin at the end of the first quarter 2017 increased 230 basis points over the same period of the prior year. This positive variation is partially attributable to the economies of scale arising from the aforementioned increase in corporate units, as well as to the good performance of Burger King in Chile and Argentina, which managed to increase their average transaction numbers. This change was partially offset by the effect of the increase in rates of energy, water and gas services in Argentina.

NON-OPERATING RESULTS

All-In Cost of Financing

The all-in cost of financing of 2017 decreased to 255 million pesos, compared with 377 million pesos in the prior year. This variation is mainly attributable to the decrease of the effect from the revaluation of the liability related to the call and put options of the remaining 28.24% of Grupo Zena, due to depreciation of the Mexican peso against the euro during the first quarter of the year, which was partially offset by the revaluation of dollar-denominated liabilities as a consequence of the depreciation of the Mexican peso against the dollar, coupled with an increase interest paid net.

BALANCE SHEET

During the twelve months ended March 31, 2017, Alsea made capital investments of 1,031 million pesos, of which 908 million pesos, equal to 88% of total investments, were earmarked for store openings, equipment refurbishing and remodeling existing stores for the different brands that the Company operates. The remaining 123 million pesos were mainly earmarked for the acquisition of new corporate offices, replacement of equipment (maintenance capex), improvement projects and the new Alsea's Operations Center ("COA"), as well as to software licenses, among other items.

Other Long-Term Liabilities

The Other Long-Term Liabilities account increased 81 million pesos, due to the increase in labor liabilities, as well as to the recognition of the liability related to the call and put options that were agreed with Britania Investments, S.A.R.L. ("Alia"), the local partner of Grupo Zena, for its entire stake in the company of 28.24%.

Bank Debt and Fixed-Rate Bonds

As of March 31, 2017, Alsea's total bank debt had increased by 2,565 million pesos, closing at 15,006 million pesos, in comparison with 12,441 million pesos on the same date of the previous year. The Company's consolidated net debt in comparison with the first quarter of 2016 increased 1,938 million pesos, closing on March 31, 2017 at 13,296 million pesos, in comparison with 11,358 million pesos.

As of March 31, 2017, 90% of the debt was long term, and on that same date 82% of the debt was denominated in Mexican pesos, 14% was in euros, and the remaining 4% was in Argentinean and Chilean pesos.

The following table shows the balance of total debt in millions of pesos at March 31, 2017, as well as the maturity dates for the subsequent years:

	Balance	Maturities																	
	1Q 17	2017	%	2018	%	2019	%	2020	%	2021	%	2022	%	2023	%	2024	%	2025	%
Total Debt	**$15,006**	$1,267	8	$1,550	10	$2,834	19	$4,960	33	$2,790	19	$151	1	$201	1	$252	2	$1,000	7

Financial Ratios

At March 31, 2017, the financial restrictions established in the Company's credit contracts were as follows: The ratio of: (i) Total Debt to EBITDA (last 12 months) was 2.8x; (ii) Net Debt to EBITDA (last 12 months) was 2.5x; and (iii) EBITDA (last 12 months) to interest paid over the last 12 months was 5.4x.

The Return on Net Invested Capital ("ROIC")[2] increased from 9.8% to 10.9% during the 12 months ended March 31, 2017. The Return on Equity ("ROE")[3] for the 12 months ended March 31, 2017 was 13.3%, in comparison with 7.9% in the same period of the prior year.

KEY INFORMATION

Financial Indicators	1Q 17	1Q 16	Variation
EBITDA[1] / Interest Paid	5.4 x	6.4 x	N.A
Total Debt / EBITDA[1]	2.8 x	2.8 x	N.A
Net Debt / EBITDA[1]	2.5 x	2.5 x	N.A
ROIC [2]	10.9%	9.8%	110 pbs
ROE [3]	13.3%	7.9%	540 pbs
Adjusted ROE [4]	13.6%	11.9%	170 pbs

Stock Market Indicators	1Q 17	1Q 16	Variation
Book Value per Share	$10.97	$10.68	2.7%
EPS (12 months) [5]	1.36	0.86	58.1%
Shares in circulation at the close of the period (millions)	833.4	837.4	(0.5)%
Price per share at close	$62.39	$64.84	(3.8)%

(1) EBITDA pro forma for the last 12 months
(2) ROIC is defined as operating income after taxes (last 12 months) by net operating investment (total assets – cash and short-term investments – no-cost liabilities).
(Total assets – cash and temporary investments – non-interest-bearing liabilities)
(3) ROE is defined as net earnings (last 12 months) over shareholders' equity.
(4) Adjusted ROE excludes the effect of the liability related to the call and put options of the remaining 28.24% of Grupo Zena.
(5) EPS is earnings per share for the last 12 months.

BRAND	UNITS 1Q17
Domino's Pizza	941
Mexico	*663*
Spain	*204*
Colombia	*74*
Burger King	659
Mexico	*449*
Argentina	*98*
Spain	*61*
Chile	*35*
Colombia	*16*
Quick Service	**1,600**
Starbucks	825
Mexico	*602*
Argentina	*109*
Chile	*98*
Colombia	*16*
Coffee Shops	**825**
Foster's Hollywood	219
Italianni's	87
El Portón	67
Chili's Grill & Bar	58
Archie's	38
P.F. Chang's China Bistro	32
Mexico	*23*
Brazil	*4*
Colombia	*2*
Chile	*2*
Argentina	*1*
California Pizza Kitchen	22
Cañas y Tapas	15
LAVACA	6
The Cheesecake Factory	3
Il Tempietto	1
Casual Dining	**548**
Vips	262
Family Dining	**262**
TOTAL ALSEA UNITS	**3,235**
Corporate	**2,553**
Sub-Franchises (1)	**682**

(1) 281 Domino's Pizza (243 Mexico, 21 Colombia, 17 Spain), 244 Burger King, 129 Foster's Hollywood, 13 Italianni's, 8 Cañas y Tapas, 5 Vips y 2 California Pizza Kitchen

MEXICO	**2,236**	**SPAIN**	**506**	**ARGENTINA**	**208**	**COLOMBIA**	**146**
CHILE	**135**	**BRAZIL**	**4**				

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

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

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A replay of the earnings conference call 1Q17 will be available on our web site www.alsea.com.mx on the "investors" section.

ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT
AT MARCH 31, 2017 AND 2016
(In thousands of nominal pesos)

	March 31, 2017	March 31, 2016
ASSETS		
Current assets:		
Cash and short-term investments	$ 1,710,086	$ 1,082,871
Clients	602,917	633,767
Other accounts and documents receivable	254,394	237,536
Inventory	1,562,093	1,398,333
Taxes recoverable	314,313	312,943
Other current assets	865,148	733,038
Current assets	5,308,951	4,398,488
Investments in shares of associated companies	995,469	918,606
Store equipment, improvements to leased locales, and property, net	13,720,780	11,346,280
Brand use rights, goodwill and pre-operations, net	15,139,792	15,135,695
Deferred Income Tax	2,142,664	1,749,455
Total Assets	**$ 37,307,656**	**$ 33,548,524**
LIABILITIES		
Short term:		
Providers	$ 3,030,563	$ 2,953,608
Taxes payable	255,361	149,670
Other accounts payable	3,593,960	2,915,610
Bank loans	1,427,389	912,337
Short-term liabilities	8,307,273	6,931,225
Long term:		
Bank loans	9,588,844	5,047,821
Commercial papers	3,990,058	6,481,165
Deferred taxes - net	1,851,300	1,994,116
Other long-term liabilities	3,485,607	3,404,544
Long-term liabilities	18,915,809	16,927,646
Total Liabilities	**27,223,082**	**23,858,871**
SHAREHOLDERS' EQUITY		
Minority interest	942,491	887,116
Majority interest:		
Capital	476,183	478,142
Net premium in share placement	8,625,720	8,613,587
Accumulated income	500,454	369,169
Income during the year	172,081	34,093
Exchange rate effects from foreign entities	(632,355)	(692,454)
Majority interest	9,142,083	8,802,537
Total Shareholders' Equity	10,084,574	9,689,653
Total Liabilities and Shareholders' Equity	**$ 37,307,656**	**$ 33,548,524**

ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016
(In thousands of nominal pesos)

	Three months ended March 31					
		2017			2016	
Net sales	$	10,093,240	100%	$	8,534,760	100%
Cost of sales		3,108,665	30.8%		2,711,927	31.8%
Gross Income		**6,984,575**	**69.2%**		**5,822,833**	**68.2%**
Operating expenses		5,697,469	56.4%		4,787,671	56.1%
Depreciation and amortization		673,962	6.7%		548,783	6.4%
Operating Income		**613,144**	**6.1%**		**486,379**	**5.7%**
All-in cost of financing:						
Interest paid – net		284,946	2.8%		167,015	2.0%
Changes in reasonable value Financial Liabilities		(236,487)	(2.3)%		139,422	1.6%
Exchange rate loss / (income)		206,124	2.0%		70,785	0.8%
		254,583	2.5%		377,222	4.4%
Share in the results of associated companies		(8,757)	(0.1)%		(7,081)	(0.1)%
Income before Taxes		**349,804**	**3.5%**		**102,076**	**1.2%**
Tax on earnings		131,491	1.3%		47,019	0.6%
Consolidated Net Income		**218,312**	**2.2%**		**55,057**	**0.6%**
Non-controlling stake		46,231	0.5%		20,965	0.2%
Controlling Stake	$	**172,082**	**1.7%**	**$**	**34,092**	**0.4%**

ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016
(In thousands of nominal pesos)

	March 31 2017	March 31 2016
Operating activities:		
Consolidated result before income taxes	$ **349,803**	$ **102,077**
Income from investments:		
Depreciation and amortization of brands	673,962	548,782
Write-down of fixed assets	50,897	30,200
Other entries	(227,730)	146,503
Total	**846,932**	**827,562**
Clients	75,706	2,583
Inventory	(13,706)	(27,131)
Providers	(750,689)	(63,820)
Taxes payable	(268,241)	(264,223)
Other assets and other liabilities	81,772	370,649
Total	**(875,158)**	**18,058**
Net cash flow from operations	**(28,226)**	**845,620**
Investment activities		
Store equipment, improvements to leased locales, and property	(948,972)	(577,802)
Brand use rights, goodwill and pre-operations, net	(81,988)	(196,574)
Acquisition of subsidiary	-	(295,689)
Net cash flow from investment activities	**(1,030,960)**	**(1,070,065)**
Cash receivable from financing activities	**(1,059,186)**	**(224,445)**
Financing activities		
Bank credits and loan payments, net	357,448	147,621
Commercial papers, net	-	-
Dividend declaration	(92,977)	-
Minority interest, net	-	-
Sale (repurchase) of shares	(37,129)	(5,682)
Net cash flow from financing activities	**227,342**	**141,939**
Increase (decrease) net of cash	**(831,844)**	**(82,506)**
Adjustments to cash flow due to exchange rate variations	(5,912)	(30,437)
Cash at the beginning of the period	2,547,842	1,195,814
Cash at the end of the period	$ **1,710,086**	$ **1,082,871**