Results and Important Events for the Second Quarter 2017

- **Increase of 7.1% in Same-Store Sales in the second quarter**
- **Increase of 15.0% in EBITDA in the second quarter, achieving a 13.6% EBITDA margin**
- **3,291 total units in the portfolio, which includes 254 additional units compared with the second quarter of the prior year**

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Renzo Casillo, Chief Executive Officer of Alsea, said: *"In the second quarter of the year, we successfully completed important projects that will allow us to continue with our growth objectives. One of these projects was the signing of the contract for the exclusive development of the Starbucks brand in Uruguay, with which we will enter a new market in South America. In addition, in May we signed an agreement for the sale of our total minority interest in Grupo Axo S.A. de C.V., which will allow us to focus on the operation of restaurants and to continue exploring new opportunities that may arise in the future. As for our organic growth, we continue to be in line with our development plan for 2017 by opening 95 corporate units during the first half of the year, representing a record in Alsea's history. During the month of June, we announced the appointment of Rafael Contreras as Chief Financial Officer of Alsea, who with his successful career and vast experience will contribute significantly to our performance, growth and profitability objectives."*

And finally, he added: "We expect to continue with the growth trend during the second half of the year, once again achieving the goals proposed and ratifying the trust that our investors have given us."

July, 2017

2Q17 Quarterly Report

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

CONSOLIDATED RESULTS FOR THE SECOND 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 June 30, 2017, in comparison with the same period of 2016:

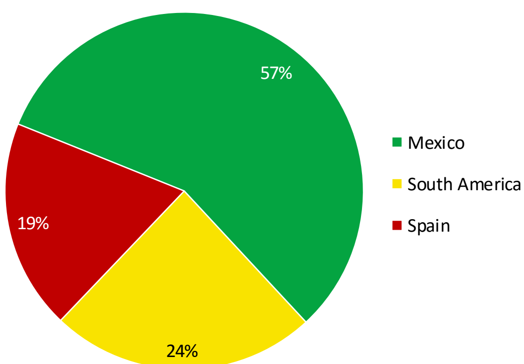
	2Q 17	*% Margin*	*2Q 16*	*% Margin*	*% Change*
Net Sales	$10,344	100.0%	$9,066	100.0%	14.1%
Gross Income	7,214	69.7%	6,237	68.8%	15.7%
EBITDA(1)	1,406	13.6%	1,223	13.5%	15.0%
Operating Income	747	7.2%	643	7.1%	16.2%
Net Income	$94	0.9%	$231	2.5%	(59.3)%
EPS(2)	1.18	N.A.	1.00	N.A.	18.0%

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

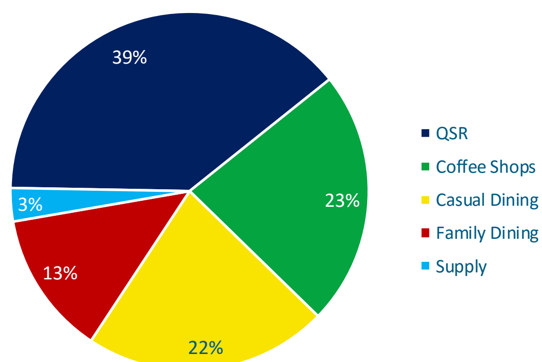
(2) EPS is earnings per share for the last 12 months.

* Figures in million pesos, except EPS

SALES BY GEOGRAPHIC LOCATION*



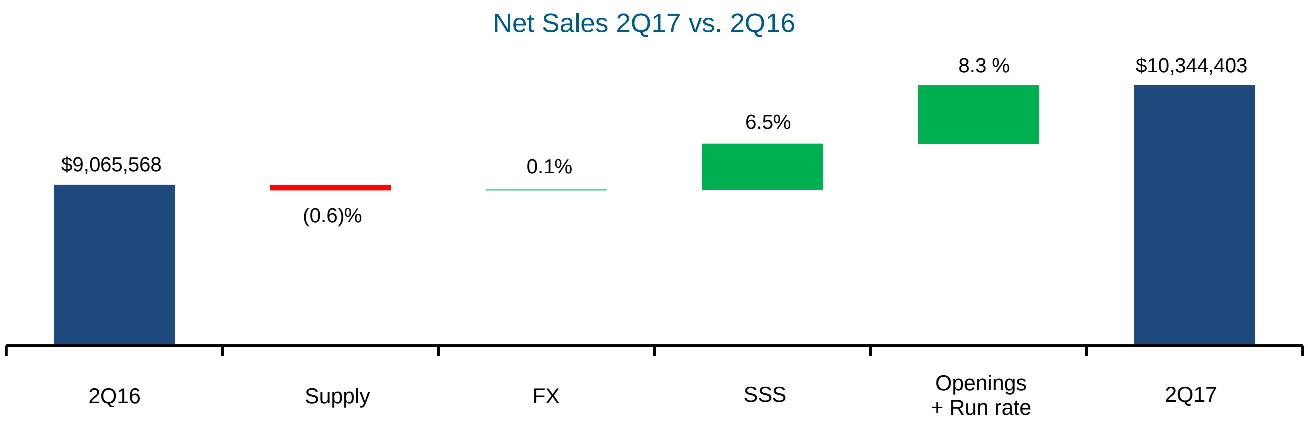
SALES BY SEGMENT*



**Information for 2Q17*

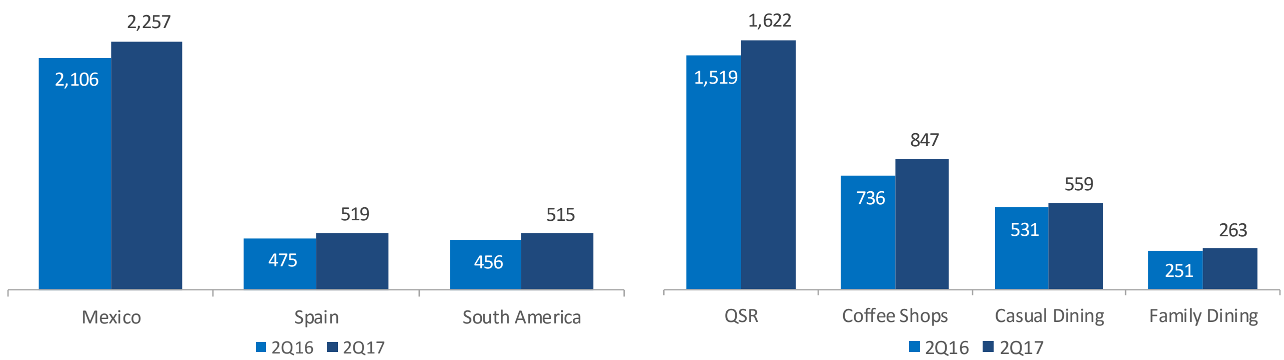
SALES

Net sales increased 14.1% to 10,344 million pesos in the second quarter of 2017, in comparison with 9,066 million pesos in the prior year. This increase was due mainly to the 7.1% growth in same-store sales, revenues from the distribution and production segment, and the addition of 234 corporate units, for a total of 2,597 corporate units at the end of June 2017, which represents a growth of 9.9% over the same period of the prior year. The increase in sales was partially offset by the negative effect of the devaluation of the Argentinean peso against the Mexican peso, which was partly compensated by the appreciation of the Euro and some Latin American currencies.



The business portfolio in Mexico recorded growth of 5.0% in same-store sales, and our brands in South America presented growth of 16.6% in same-store sales. Likewise, the brands in Spain also posted positive results in the quarter, with growth of 1.7% in same-store sales, in comparison with the same period of the prior year.

NUMBER OF UNITS*



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

EBITDA

As a result of the 15.7% growth in gross income and the similar increase in operating expenses (excluding depreciation and amortization), EBITDA rose 15.0% to 1,406 million pesos at the close of the second quarter of 2017, compared with the 1,223 million pesos in the same period of the prior year. The increase in EBITDA of 183 million pesos is mainly attributable to the cost management strategy, reflecting the benefits obtained through commercial agreements with suppliers, operating efficiencies, as well as to the growth in same-store sales and an increase in the number of units. This variation was offset by an increase of 793 million pesos in operating expenses, mainly related to the increase in energy services tariffs and expenses concerning the new operations center (COA), as well as to the opening of 234 corporate units in the last twelve months. EBITDA margin increased 10 basis points as a percentage of sales, rising from 13.5% in the second quarter of 2016, to 13.6% in the same period of 2017.

NET INCOME

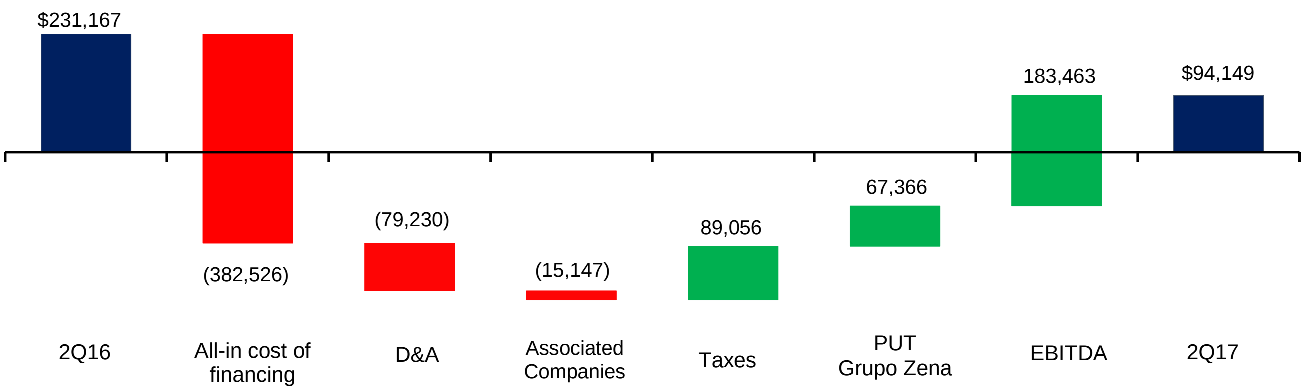
Net income in the quarter decreased 137 million pesos over the same period in the prior year, closing at 94 million pesos, compared with 231 million pesos in the second quarter of 2016. This reduction is mainly attributable to the rise of 315 million pesos in the all-in cost of financing due to:

a) the impact of exchange rate hedges settled at the end of 2016,
b) a higher interest paid-net, due to the increase in the quarter of 50 bps in the Mexican Interbank rate, and
c) to a lesser extent, the reduction in the share of the results of associated companies.

This variation was partially offset by an increase of 104 million pesos in operating income and a reduction of 67 million pesos as a consequence of the positive variation caused by revaluation of the liability related to the call and put options of the remaining 28.24% of Grupo Zena due to appreciation of the Mexican peso against the euro, as well as to the decrease of 89 million pesos in income taxes.

Earnings per share ("EPS")(2) for the 12 months ended June 30, 2017, increased to 1.18 pesos, compared with 1.00 pesos for the 12 months ended June 30, 2016.

Net Income 2Q17 vs. 2Q16



RESULTS BY SEGMENT FOR THE SECOND QUARTER 2017

MEXICO

Alsea México	*Food and Beverages*				*Distribution and Production*				*Total*			
	2Q 17	*2Q 16*	*Var.*	*% Var.*	*2Q 17*	*2Q 16*	*Var.*	*% Var.*	*2Q 17*	*2Q 16*	*Var.*	*% Var.*
Same-Store Sales	5.0%	6.2%	(120) bps	-	-	-	-	-	5.0%	6.2%	(120) bps	-
Number of Units	2,257	2,106	151	7%	-	-	-	-	2,257	2,106	151	7%
Sales	5,668	5,034	$634	13%	1,756	1,689	$67	4%	5,922	5,348	$574	11%
Adjusted EBITDA*	1,166	1,104	$63	6%	246	175	$70	40%	1,412	1,279	$133	10%
Adjusted EBITDA Margin*	20.6%	21.9%	(130) bps	-	14.0%	10.4%	360 bps	-	23.8%	23.9%	(10) bps	-

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

In the second quarter of 2017, Alsea Mexico's sales increased 10.7% to 5,922 million pesos, compared with 5,348 million pesos in the same period in 2016. This increase of 574 million pesos is mainly attributable to the increase of 145 corporate units among the different brands over the last 12 months, the 5.0% 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 a slight deceleration in the casual dining segment.

Adjusted EBITDA at Alsea Mexico increased 10.4% during the second quarter of 2017, closing at 1,412 million pesos, compared with the 1,279 million pesos reported in the same period of the prior year. This increase is attributable to the 5.0% 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	*2Q 17*	*2Q 16*	*Var.*	*% Var.*
Same-Store Sales	1.7%	7.3%	(560) bps	-
Number of Units	519	475	44	9%
Sales	$1,974	$1,789	$185	10%
Adjusted EBITDA*	$390	$339	$51	15%
Adjusted EBITDA Margin*	19.8%	19.0%	80 bps	-

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

Sales at Alsea Spain represented 19% of Alsea's consolidated sales, and at the end of the second quarter of 2017 included the operations of Foster's Hollywood, Domino's Pizza, Burger King, LAVACA and Cañas y Tapas. Sales in this segment increased 10.3% to 1,974 million pesos, in comparison with 1,789 million pesos in the second quarter of 2016. This positive variation of 185 million pesos was mainly due to the 1.7% growth in same-store sales, driven principally by product innovation and marketing strategies 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 357 corporate units and 162 sub-franchised units.

Adjusted EBITDA at Alsea Spain at the end of the second quarter of 2017 was 390 million pesos, in comparison with 339 million pesos in the same period in 2016. EBITDA margin at the end of the second quarter 2017 showed a positive variation of 80 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 second quarter of 2016.

SOUTH AMERICA

Alsea South America	*2Q 17*	*2Q 16*	*Var.*	*% Var.*
Same-Store Sales	16.6%	23.0%	(640) bps	-
Number of Units	515	456	59	13%
Sales	$2,449	$1,929	$520	27%
Adjusted EBITDA*	$370	$262	$108	41%
Adjusted EBITDA Margin*	15.1%	13.6%	150 bps	-

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

Sales at Alsea South America represented 24% of Alsea's consolidated sales, and at the end of the second 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 495 corporate units and 20 sub-franchised units. Sales in this segment increased 27.0% to 2,449 million pesos, in comparison with 1,929 million pesos in the second quarter of 2016. This positive variation of 520 million pesos was mainly due to the increase of 58 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 second quarter of 2017, increased by 41.3%, closing at 370 million pesos, in comparison with 262 million pesos in the same period in 2016. EBITDA margin at the end of the second quarter 2017 increased 150 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 Domino's Pizza Colombia, which managed to increase their average transaction numbers.

NON-OPERATING RESULTS

All-In Cost of Financing

The all-in cost of financing of 2017 increased to 576 million pesos, compared with 261 million pesos in the prior year. This variation is mainly attributable to the impact of exchange rate hedges resulting from the volatility of the markets at the end of 2016, so that the company decided to fix the price of the main imported inputs, coupled with an increase in interest paid-net; which was partially offset by the decrease in the effect of the revaluation of the liability related to the call and put options of the remaining 28.24% of Grupo Zena, a result of the variation in the exchange rate of the Mexican peso against the euro in the second quarter of the year, as well as to the revaluation of dollar-denominated liabilities as a consequence of the appreciation of the Mexican peso against the dollar at the end of the quarter.

BALANCE SHEET

During the six months ended June 30, 2017, Alsea made capital investments of 2,320 million pesos, of which 1,540 million pesos, equal to 66% of total investments, were earmarked for store openings, equipment refurbishing and remodeling existing stores for the different brands that the Company operates. The remaining 780 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 decreased 12 million pesos, due 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 June 30, 2017, Alsea's total bank debt had increased by 2,277 million pesos, closing at 15,528 million pesos, in comparison with 13,251 million pesos on the same date of the previous year. The Company's consolidated net debt in comparison with the second quarter of 2016 increased 2,179 million pesos, closing on June 30, 2017 at 14,272 million pesos, in comparison with 12,094 million pesos.

As of June 30, 2017, 91% of the debt was long term, and on that same date 83% of the debt was denominated in Mexican pesos, 13% 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 June 30, 2017, as well as the maturity dates for the subsequent years:

	Balance 2Q 17	Maturities 2017	%	2018	%	2019	%	2020	%	2021	%	2022	%	2023	%	2024	%	2025	%
Total Debt	**$15,528**	$1,101	7	$1,485	10	$2,946	19	$5,162	33	$3,070	20	$311	2	$201	1	$252	2	$1,000	6

* Figures in million pesos.

Financial Ratios

At June 30, 2017, the financial restrictions established in the Company's credit contracts were as follows: The ratio of: (i) Total Debt to EBITDA (last 12 months) was 2.8x; (ii) Net Debt to EBITDA (last 12 months) was 2.5x; and (iii) EBITDA (last 12 months) to interest paid over the last 12 months was 5.0x.

The Return on Net Invested Capital ("ROIC")(2) increased from 10.1% to 11.5% during the 12 months ended June 30, 2017. The Return on Equity ("ROE")(3) for the 12 months ended June 30, 2017 was 11.9%, in comparison with 9.4% in the same period of the prior year.

KEY INFORMATION

Financial Indicators	2Q 17	2Q 16	Variation
EBITDA(1) / Interest Paid	5.0 x	6.2 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)	11.5%	10.1%	140 bps
ROE (3)	11.9%	9.4%	250 bps

Stock Market Indicators	2Q 17	2Q 16	Variation
Book Value per Share	$10.28	$9.99	2.9%
EPS (12 months) (4)	1.18	1.00	18.0%
Shares in circulation at the close of the period (millions)	834.9	837.4	(0.3)%
Price per share at close	$68.69	$69.52	(1.2)%

(1) EBITDA
(2) ROIC is defined as operating income after taxes (last 12 months) by net operating investment (total assets – cash and short-term investments – no-cost liabilities). (Total assets – cash and temporary investments – non-interest-bearing liabilities)
(3) ROE is defined as net earnings (last 12 months) over shareholders' equity.
(4) EPS is earnings per share for the last 12 months.

BRAND	UNITS 2Q17
Domino's Pizza	957
Mexico	*671*
Spain	*212*
Colombia	*74*
Burger King	665
Mexico	*448*
Argentina	*105*
Spain	*60*
Chile	*36*
Colombia	*16*
Quick Service	**1,622**
Starbucks	847
Mexico	*610*
Argentina	*116*
Chile	*101*
Colombia	*20*
Coffee Shops	**847**
Foster's Hollywood	226
Italianni's	90
El Portón	67
Chili's Grill & Bar	58
Archie's	38
P.F. Chang's China Bistro	34
Mexico	*25*
Brazil	*4*
Colombia	*2*
Chile	*2*
Argentina	*1*
California Pizza Kitchen	22
Cañas y Tapas	15
LAVACA	6
The Cheesecake Factory	3
Casual Dining	**559**
Vips	263
Family Dining	**263**
TOTAL ALSEA UNITS	**3,291**
Corporate	**2,597**
Sub-Franchises (1)	**694**

(1) 289 Domino's Pizza (249 Mexico, 20 Colombia, 20 Spain), 243 Burger King, 134 Foster's Hollywood, 13 Italianni's, 8 Cañas y Tapas, 5 Vips y 2 California Pizza Kitchen

MEXICO	**2,257**
CHILE	**139**
SPAIN	**519**
BRAZIL	**4**
ARGENTINA	**222**
COLOMBIA	**150**

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 2Q17 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 JUNE 30, 2017 AND 2016
(In thousands of nominal pesos)

	June 30, 2017	June 30, 2016
ASSETS		
Current assets:		
Cash and short-term investments	$ 1,255,629	$ 1,157,065
Clients	617,165	585,889
Other accounts and documents receivable	298,557	271,183
Inventory	1,723,044	1,451,130
Taxes recoverable	421,531	227,921
Other current assets	978,936	842,753
Assets held for sale	1,059,153	-
Current assets	6,354,015	4,535,941
Investments in shares of associated companies	-	939,512
Store equipment, improvements to leased locales, and property, net	14,062,337	11,956,362
Brand use rights, goodwill and pre-operations, net	15,164,124	15,036,612
Deferred Income Tax	2,343,445	1,722,131
Total Assets	**$ 37,923,921**	**$ 34,190,558**
LIABILITIES		
Short term:		
Providers	$ 3,121,940	$ 3,134,134
Taxes payable	201,343	165,599
Other accounts payable	3,990,449	2,866,794
Bank loans	1,388,266	433,520
Short-term liabilities	8,701,998	6,600,047
Long term:		
Bank loans	10,148,556	6,336,084
Commercial papers	3,991,271	6,481,051
Deferred taxes - net	1,915,363	1,918,442
Other long-term liabilities	3,559,201	3,571,020
Long-term liabilities	19,614,391	18,306,597
Total Liabilities	**28,316,389**	**24,906,644**
SHAREHOLDERS' EQUITY		
Minority interest	1,027,963	921,421
Majority interest:		
Capital	476,932	478,142
Net premium in share placement	8,625,720	8,625,720
Accumulated income	21,093	(397,770)
Income during the year	231,517	244,413
Exchange rate effects from foreign entities	(775,693)	(588,012)
Majority interest	8,579,569	8,362,493
Total Shareholders' Equity	9,607,532	9,283,914
Total Liabilities and Shareholders' Equity	**$ 37,923,921**	**$ 34,190,558**

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

	Three months ended June 30				Six months ended June 30			
	2017		2016		2017		2016	
Net sales	$ 10,344,403	100%	$ 9,065,568	100%	$ 20,437,643	100%	$ 17,600,328	100%
Cost of sales	3,130,712	30.3%	2,828,162	31.2%	6,239,377	30.5%	5,540,089	31.5%
Gross Income	**7,213,691**	**69.7%**	**6,237,406**	**68.8%**	**14,198,266**	**69.5%**	**12,060,239**	**68.5%**
Operating expenses	5,807,220	56.1%	5,014,398	55.3%	11,504,691	56.3%	9,802,069	55.7%
Depreciation and amortization	659,402	6.4%	580,172	6.4%	1,333,363	6.5%	1,128,955	6.4%
Operating Income	**747,069**	**7.2%**	**642,836**	**7.1%**	**1,360,212**	**6.7%**	**1,129,215**	**6.4%**
All-in cost of financing:								
Interest paid – net	327,486	3.2%	203,681	2.2%	612,431	3.0%	370,696	2.1%
Changes in reasonable value Financial Liabilities	92,997	0.9%	160,363	1.8%	(143,490)	(0.7)%	299,785	1.7%
Exchange rate loss / (income)	156,063	1.5%	(102,659)	(1.1)%	362,187	1.8%	(31,874)	(0.2)%
	576,546	5.6%	261,385	2.9%	831,128	4.1%	638,607	3.6%
Share in the results of associated companies	2,184	-	17,331	0.2%	(6,572)	-	10,250	0.1%
Income before Taxes	**172,707**	**1.7%**	**398,782**	**4.4%**	**522,512**	**2.6%**	**500,859**	**2.8%**
Tax on earnings	78,559	0.8%	167,615	1.8%	210,050	1.0%	214,634	1.2%
Consolidated Net Income	**94,148**	**0.9%**	**231,167**	**2.5%**	**312,462**	**1.5%**	**286,225**	**1.6%**
Non-controlling stake	34,713	0.3%	20,847	0.2%	80,944	0.4%	41,812	0.2%
Controlling Stake	$ **59,435**	**0.6%**	**$ 210,320**	**2.3%**	**$ 231,518**	**1.1%**	**$ 244,413**	**1.4%**

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

	June 30 2017	June 30 2016
Operating activities:		
Consolidated result before income taxes	**$ 522,511**	**$ 500,859**
Income from investments:		
Depreciation and amortization of brands	1,333,363	1,128,955
Write-down of fixed assets	58,719	46,676
Other entries	(136,918)	289,535
Total	**1,777,675**	**1,966,025**
Clients	41,762	73,466
Inventory	(202,439)	(41,156)
Providers	(636,778)	33,930
Taxes payable	(391,295)	(278,913)
Other assets and other liabilities	95,489	34,465
Total	**(1,093,261)**	**(178,208)**
Net cash flow from operations	**684,414**	**1,787,817**
Investment activities		
Store equipment, improvements to leased locales, and property	(2,078,544)	(1,450,713)
Brand use rights, goodwill and pre-operations, net	(258,397)	(255,195)
Acquisition of subsidiary	-	(293,027)
Net cash flow from investment activities	**(2,336,941)**	**(1,998,935)**
Cash receivable from financing activities	**(1,652,527)**	**(211,118)**
Financing activities		
Bank credits and loan payments, net	833,439	873,555
Dividend declaration	(660,740)	(644,771)
Sale (repurchase) of shares	64,484	(5,682)
Net cash flow from financing activities	**237,183**	**223,102**
Increase (decrease) net of cash	**(1,415,344)**	**11,984**
Adjustments to cash flow due to exchange rate variations	123,131	(50,733)
Cash at the beginning of the period	2,547,842	1,195,814
Cash at the end of the period	**$ 1,255,629**	**$ 1,157,065**