1Q18 Quarterly Report

Results and Important Events for the First Quarter 2018

- **Increase of 6.9% in Same-Store Sales in the first quarter**
- **Increase of 10.8% in EBITDA in the first quarter, achieving a 20 basis points expansion in EBITDA margin**
- **3,468 total units in the portfolio, which includes 233 additional units compared with the first quarter of the prior year, which represents a 7.2% organic growth**
- **Net income growth of 16.5% in the first quarter**

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Renzo Casillo, Chief Executive Officer of Alsea, said: *"In the first quarter of 2018 we continued to observe a positive trend in consumption, continuing the increase we have seen since the last quarter of the previous year, showing a same-store sales growth of 6.9%, mainly driven by positive performance in the portfolio of our brands in Mexico where we observed an increase in transactions in most formats, where I would like to highlight an improvement in the execution of the casual dining portfolio against the previous year. Likewise, we had a very good start to the year on our operation in Spain, where mainly Domino's Pizza and Foster's Hollywood had significant increases in same-store sales and in the same way in Colombia Burger King and Domino's Pizza reported solid increases in transactions.*

Also during the quarter, we celebrated the opening of our 1,000th store of Domino's Pizza, highlighting the achievements of our collaboration in Mexico, Spain and Colombia. This is a clear proof that we have built a strategic partnership, successful and productive, which was made possible by the common goals and the desire to put Domino's in the 1st place in the pizza industry."

And finally, he added: "We will continue to focus on our strategy of operating efficiency and profitability, which has led us to achieve an increase of 20 basis points in the consolidated EBITDA margin and a 16.5% growth in consolidated net income. This is in line with the strategy of profitable growth, where we managed to open 21 net corporate units in the first quarter of the year, prioritizing our capital investment in the most profitable formats. Additionally, we expect to begin to see the benefits related to our new Alsea's Operations Center (COA) from the second quarter on, with which we hope to maintain our positive performance during the rest of the year, driving the sustainable growth of Alsea."

April, 2018

1Q18 Quarterly Report

Mexico City, April 25, 2018. 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 2018. This information is presented in nominal terms pursuant to International Financial Reporting Standards (IFRS).*

CONSOLIDATED RESULTS FOR THE FIRST QUARTER OF 2018

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

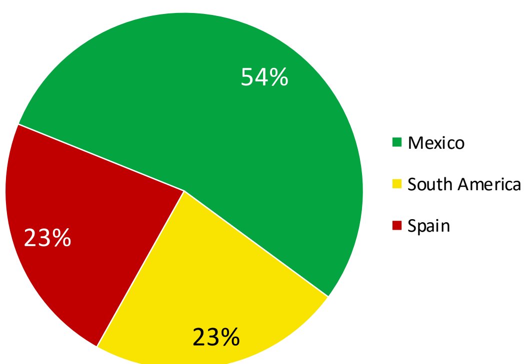
	1Q 18	*% Margin*	*1Q 17*	*% Margin*	*% Change*
Net Sales	$11,012	100.0%	$10,093	100.0%	9.1%
Gross Income	7,696	69.9%	6,985	69.2%	10.2%
EBITDA(1)	1,426	13.0%	1,287	12.8%	10.8%
Operating Income	672	6.1%	613	6.1%	9.6%
Net Income	$254	2.3%	$218	2.2%	16.5%
EPS(2)	1.35	N.A.	1.36	N.A.	(0.7)%

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

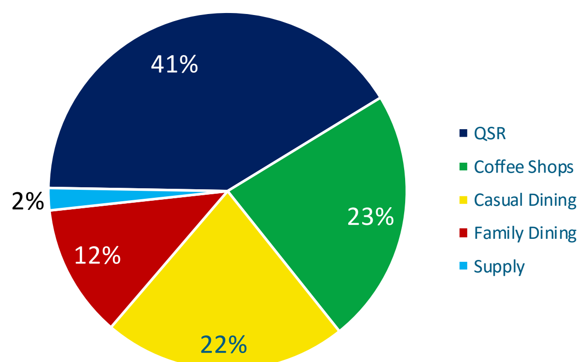
(2) EPS is earnings per share for the last 12 months.

* Figures in million pesos, except EPS

SALES BY GEOGRAPHIC LOCATION*



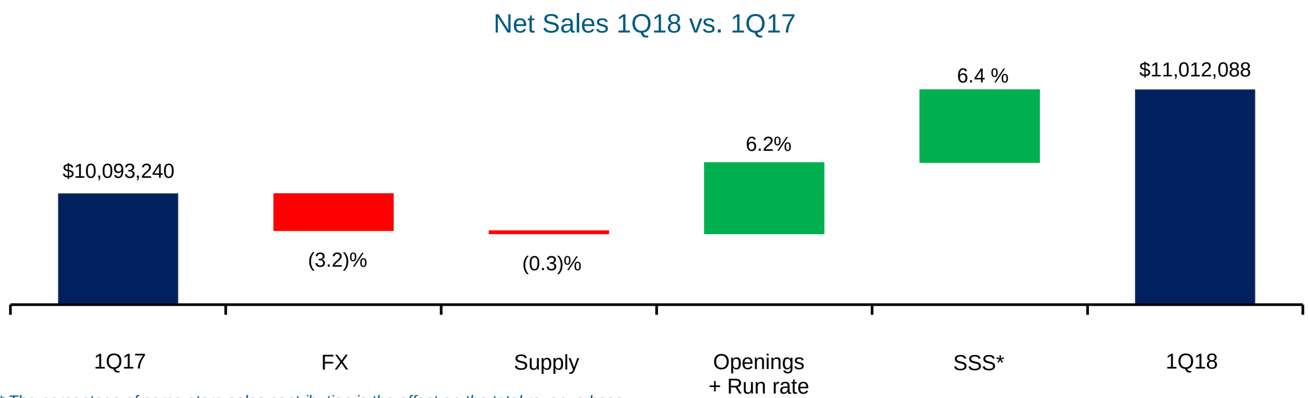
SALES BY SEGMENT*



** 1Q18 figures*

SALES

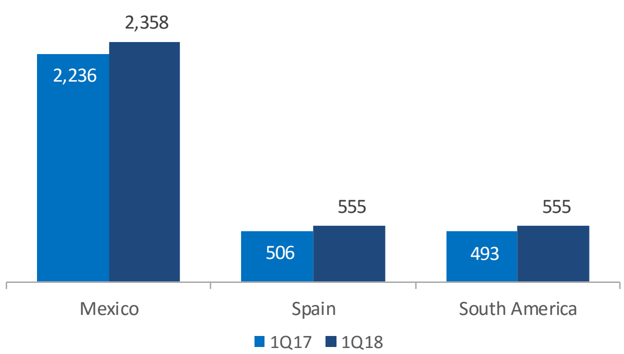
Net sales increased 9.1% to 11,012 million pesos in the first quarter of 2018, in comparison with 10,093 million pesos in the prior year. This increase was due mainly to the 6.9% growth in same-store sales and the addition of 184 units, for a total of 2,737 corporate units at the end of March 2018, which represents a growth of 7.2% over the same period of the prior year. The increase in sales was partially offset by the negative effect of the devaluation of the Argentine peso against the Mexican peso, the lower inflation in Argentina, as well as a decrease in revenues from the distribution and production segment in Mexico and the variation due to the change to natural calendar in our accounting methodology, which decreases one day of operation in the first quarter of 2018 compared to the same period of the previous year.

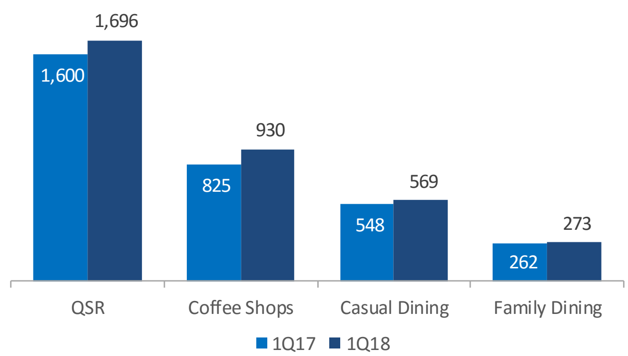


** The percentage of same-store sales contribution is the effect on the total revenue base*

The business portfolio in Mexico recorded growth of 7.1% in same-store sales, and our brands in South America presented growth of 9.6% in same-store sales. Likewise, the brands in Spain also posted positive results in the quarter, with growth of 3.7% in same-store sales.

NUMBER OF UNITS*





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

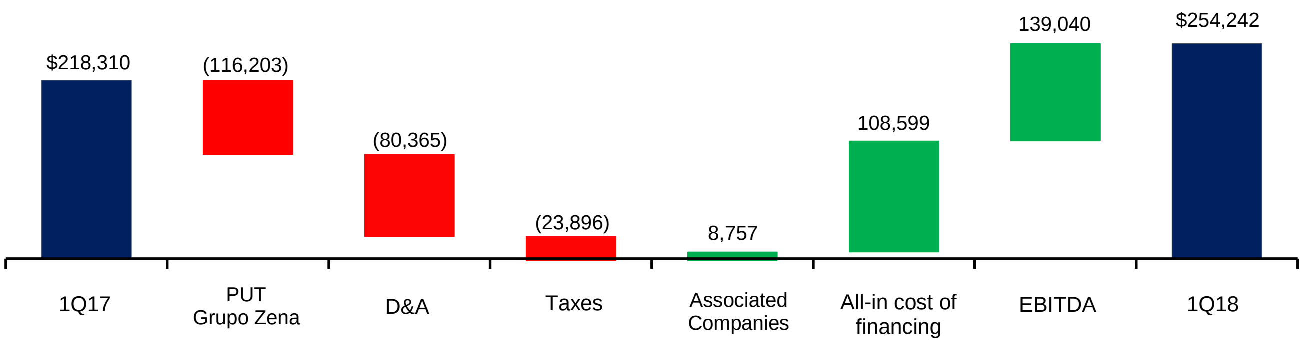
EBITDA

As a result of the 70-basis points expansion in gross income, going from 69.2% to 69.9%, which implied a 10.2% growth, EBITDA rose 10.8% to 1,426 million pesos at the close of the first quarter of 2018, compared with the 1,287 million pesos in the same period of the prior year. The increase in EBITDA of 139 million pesos is mainly attributable to the cost management strategy, reflecting the benefits obtained through commercial agreements with suppliers, anticipated purchases of certain inputs, the positive effect on the exchange rate related to inputs in dollars, shrinkage reduction, the benefit of supplying renewable energy (from wind farms) in 60% of our stores in Mexico, as well as to the growth in same-store sales and an increase in the number of units. This variation was partially offset by the increase in expenses related to the increase in the minimum wage in Mexico, the strategy of reducing personnel turnover implemented in several countries, coupled with an increase in rents, an increase in energy fees mainly in Argentina, the final expenses related to the transition to our new operations center (COA) and the negative effect of the devaluation of the Argentine peso against the Mexican peso. EBITDA margin increased 20 basis points as a percentage of sales, rising from 12.8% in the first quarter of 2017, to 13.0% in the same period of 2018.

NET INCOME

Net income in the quarter increased 36 million pesos over the same period in the prior year, closing at 254 million pesos, compared with 218 million pesos in the first quarter of 2017. This increase is mainly attributable to the increase of 59 million pesos in operating income, which was partially offset by the increase of 24 million pesos in income taxes, as well as the 3% increase in the all-in cost of financing. This increase is mainly due to the exchange rate fluctuations against the previous year, which resulted in a lower positive effect attributable to the revaluation of the liability related to the call and put options of the remaining 28.2% of Grupo Zena, together with higher interest paid-net. The aforementioned was partially offset by a lower exchange loss compared to the one reported in the first quarter of the previous year.

Net Income 1Q18 vs. 1Q17



RESULTS BY SEGMENT FOR THE FIRST QUARTER 2018

MEXICO

Alsea México	*1Q 18*	*1Q 17*	*Var.*	*% Var.*
Same-Store Sales	7.1%	1.9%	520 bps	-
Number of Units	2,358	2,236	122	5%
Sales	5,997	5,574	$423	8%
Adjusted EBITDA*	1,365	1,229	$136	11%
Adjusted EBITDA Margin*	22.8%	22.1%	70 bps	-

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

In the first quarter of 2018, Alsea Mexico's sales represent 54% of Alsea's consolidated sales. Sales increased 7.6% to 5,997 million pesos, compared with 5,574 million pesos in the same period in 2017. This increase of 423 million pesos is mainly attributable to the opening of 85 corporate units and 37 subfranchises of the different brands over the last twelve months, the 7.1% growth in same store sales and to a lesser extent the calendar Easter effect in the first quarter of the year. This increase was partly offset by the decrease in revenues from the Distribution and Production segment, since we no longer have the sale generated from the subfranchising system of Burger King Mexico, the closing of 24 stores of that same brand, as well as the variation derived from the change to natural calendar in our accounting methodology, which decreases one day of sales in the first quarter of 2018 when compared to the same period of the previous year. The 7.1% increase in same store sales was driven mainly by the positive performance of our quick service restaurant and casual dining brands, especially due to an increase in the number of transactions recorded against the same period of the previous year. At the end of the period there were a total of 1,814 corporate units and 544 sub-franchisees.

Adjusted EBITDA at Alsea Mexico increased 11.0% during the first quarter of 2018, closing at 1,365 million pesos, compared with the 1,229 million pesos reported in the same period of the prior year. This increase is mainly attributable to the 7.1% growth in same-store sales, coupled with the marginality generated by the opening of 85 corporate units during the last twelve months, the improvement of 70 basis points in the cost of sales mainly due to the profits obtained through commercial agreements with suppliers, in addition to the stocking strategy of mozzarella cheese, better control and expense management, the benefit of supplying renewable energy (from wind farms) in 60% of the units in Mexico and finally to the business mix.

The foregoing was partially offset by the strategy of reducing personnel turnover, the increase in the minimum wage and to a lesser extent, some expenses related to the transition to the new operations center (COA).

SPAIN

Alsea Spain	*1Q 18*	*1Q 17*	*Var.*	*% Var.*
Same-Store Sales	3.7%	2.0%	170 bps	-
Number of Units	555	506	49	10%
Sales	2,481	2,060	$421	20%
Adjusted EBITDA*	497	410	$88	21%
Adjusted EBITDA Margin*	20.0%	19.9%	10 bps	-

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

Sales at Alsea Spain represented 23% of Alsea's consolidated sales, and at the end of the first quarter of 2018 included the operations of Foster's Hollywood, Domino's Pizza, Burger King, LAVACA and Cañas y Tapas. Sales in this segment increased 20.5% to 2,481 million pesos, in comparison with 2,060 million pesos in the first quarter of 2017. This positive variation of 421 million pesos was mainly due to the 3.7% growth in same-store sales, driven principally by product innovation and marketing strategies at Domino's Pizza and by the solid performance of Foster's Hollywood in the country and to the positive effect of having the Easter week during the month of March. At the end of the period there were a total of 389 corporate units and 166 sub-franchised units, which implies an increase of 49 units in the last twelve months.

Adjusted EBITDA at Alsea Spain at the end of the first quarter of 2018 presented an 21.4% increase, reaching 497 million pesos, in comparison with 410 million pesos in the same period in 2017. EBITDA margin at the end of the first quarter 2018 presented a positive variation of 10 basis points compared to the same period of the previous year. This increase was mainly due to the growth in same store sales, as well as to a better expense control resulting in higher operating leverage, as well as to an improved advertising strategy compared to the first quarter of the previous year.

SOUTH AMERICA

Alsea South America	*1Q 18*	*1Q 17*	*Var.*	*% Var.*
Same-Store Sales	9.6%	24.7%	(1,510) bps	-
Number of Units	555	493	62	13%
Sales	2,533	2,460	$74	3%
Adjusted EBITDA*	334	357	($22)	(6%)
Adjusted EBITDA Margin*	13.2%	14.5%	(130) bps	-

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

Sales at Alsea South America represented 23% of Alsea's consolidated sales, and at the end of the first quarter of 2018 included Burger King operations in Argentina, Chile and Colombia, Domino's Pizza Colombia, Starbucks Argentina, Chile and Colombia, Archie's in Colombia, Chili's in Chile and P.F. Chang's in Chile, Argentina, Colombia and Brazil. At the end of the period there were a total of 534 corporate units and 21 sub-franchised units. Sales in this segment increased 3.0% to 2,533 million pesos, in comparison with 2,460 million pesos in the first quarter of 2017. This positive variation of 74 million pesos was mainly due to the increase of 62 corporate units and to the 9.6% increase in same store sales; this variation was partially offset by the slowdown in same store sales in Argentina, decreasing 25 percentage points, going from approximately 40% in the first quarter of 2017 to 15% in the same period of 2018, as well as by the devaluation of some currencies in the region against the Mexican peso, mainly the Argentine peso.

Adjusted EBITDA at Alsea South America at the end of the first quarter of 2018, decreased by 6.3%, closing at 334 million pesos, in comparison with 357 million pesos in the same period of 2017. EBITDA margin at the end of the first quarter 2018 decreased 130 basis points over the same period of the prior year. This reduction is mainly attributable to the devaluation of the Argentine peso coupled with a loss of marginality due to the decrease in inflation in that country, as well as to a higher cost for promotional campaigns, incremental expenses related to the strategy for reducing personnel turnover implemented in Chile and Argentina, in addition to the increase in energy fees in Argentina due to the withdrawal of public subsidies. Excluding the impact of the exchange rate and lower inflation in Argentina, EBITDA in South America would have shown a 12.9% growth compared to the same period of the previous year.

NON-OPERATING RESULTS

All-In Cost of Financing

The all-in cost of financing in the first quarter of 2018 increased to 262 million pesos, compared with 255 million pesos in the prior year. This variation is mainly attributable to a lower positive effect as a result of the valuation of the liability related to the call and put options of the remaining 28.2% of Grupo Zena, resulting from a positive impact of 120 million pesos in the first quarter of 2018, compared to the positive effect of 236 million pesos reported in the same period of 2017, combined with a higher interest paid-net as a result of the increase in the Mexican Interbank rate and higher leverage, which was partially offset by a lower exchange rate loss compared to the one reported in the first quarter of the previous year.

BALANCE SHEET

During the three months ended March 31, 2018, Alsea made capital investments of 969 million pesos, of which 743 million pesos, equal to 77% of total investments, were earmarked for store openings, equipment refurbishing and remodeling existing stores for the different brands that the Company operates. The remaining 226 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.

Bank Debt and Fixed-Rate Bonds

As of March 31, 2018, Alsea's total bank debt increased by 337 million pesos, closing at 15,343 million pesos, in comparison with 15,006 million pesos on the same date of the previous year. The Company's consolidated net debt in comparison with the first quarter of 2017 decreased 18 million pesos, closing on March 31, 2018 at 13,279 million pesos, in comparison with 13,296 million pesos at the end of the same period of the prior year.

As of March 31, 2018, 88% of the debt was long term, and on that same date 81% of the debt was denominated in Mexican pesos, 15% 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, 2018, as well as the maturity dates for the subsequent years:

	Balance 1Q 18	Maturities																	
		2018	%	2019	%	2020	%	2021	%	2022	%	2023	%	2024	%	2025	%	2027	%
Total Debt	**$15,343**	$2,078	14	$2,683	17	$5,202	34	$665	4	$1,293	8	$90	1	$120	1	$1,210	8	$2,000	13

* Figures in million pesos.

Financial Ratios

At March 31, 2018, 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 2.3x; (ii) Net Debt to EBITDA (last 12 months) was 2.0x; and (iii) EBITDA (last 12 months) to interest paid over the last 12 months was 4.9x.

The Return on Net Invested Capital ("ROIC")(2) increased from 10.9% to 12.5% during the 12 months ended March 31, 2018. The Return on Equity ("ROE")(3) for the 12 months ended March 31, 2018 was 12.6%, in comparison with 13.3% in the same period of the prior year.

KEY INFORMATION

Financial Indicators	1Q 18	1Q 17	Variation
EBITDA(1) / Interest Paid	4.9 x	5.4 x	N.A
Total Debt / EBITDA(1)	2.3 x	2.8 x	N.A
Net Debt / EBITDA(1)	2.0 x	2.5 x	N.A
ROIC (2)	12.5%	10.9%	160 bps
ROE (3)	12.6%	13.3%	(70) bps

Stock Market Indicators	1Q 18	1Q 17	Variation
Book Value per Share	$11.91	$10.97	8.6%
EPS (12 months) (4)	1.35	1.36	(0.7)%
Shares in circulation at the close of the period (millions)	837.8	833.4	0.5%
Price per share at close	$63.53	$62.39	1.8%

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

BRAND	UNITS 1Q18		
	Corporate	Subfranchises	Total
Domino's Pizza	717	321	1038
México	*438*	*276*	*714*
Spain	*220*	*24*	*244*
Colombia	*59*	*21*	*80*
Burger King	410	248	658
Mexico	*181*	*248*	*429*
Argentina	*111*		*111*
Spain	*61*		*61*
Chile	*41*		*41*
Colombia	*16*		*16*
Quick Service Restaurants	**1,127**	**569**	**1,696**
Starbucks	930		930
Mexico	*668*		*668*
Argentina	*129*		*129*
Chile	*109*		*109*
Colombia	*24*		*24*
Coffee Shops	**930**		**930**
Foster's Hollywood	96	133	229
Italianni's	81	13	94
El Portón	67		67
Chili's Grill & Bar	69		69
Mexico	*67*		*67*
Chile	*2*		*2*
Archie's	33		33
P.F. Chang's China Bistro	33		33
Mexico	*23*		*23*
Brazil	*4*		*4*
Colombia	*2*		*2*
Chile	*3*		*3*
Argentina	*1*		*1*
California Pizza Kitchen	18	2	20
Cañas y Tapas	8	9	17
LAVACA	4		4
The Cheesecake Factory	3		3
Casual Dining	**412**	**157**	**569**
Vips	268	5	273
Family Dining	**268**	**5**	**273**
TOTAL ALSEA UNITS			**3,468**
Corporate	**2,737**		
Subfranchises		**731**	

MEXICO	**2,358**
CHILE	**155**
SPAIN	**555**
BRAZIL	**4**
ARGENTINA	**241**
COLOMBIA	**155**

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
Telephone: (5255) 7583-2750
ri@alsea.com.mx

A replay of the earnings conference call 4Q17 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, 2018 AND 2017
(In thousands of nominal pesos)

	March 31, 2018	March 31, 2017
ASSETS		
Current assets:		
Cash and short-term investments	$ 2,064,493	$ 1,710,086
Clients	638,278	602,917
Other accounts and documents receivable	263,007	254,394
Inventory	1,868,280	1,562,093
Taxes recoverable	414,494	314,313
Other current assets	1,018,283	865,148
Assets held for sale	86,068	-
Current assets	6,352,903	5,308,951
Investments in shares of associated companies	-	995,469
Store equipment, improvements to leased locales, and property, net	15,689,568	13,720,780
Brand use rights, goodwill and pre-operations, net	15,238,194	15,139,792
Deferred Income Tax	2,412,023	2,142,664
Total Assets	**$ 39,692,688**	**$ 37,307,656**
LIABILITIES		
Short term:		
Providers	$ 3,371,911	$ 3,030,563
Taxes payable	260,897	255,361
Other accounts payable	3,774,364	3,593,960
Other short-term liabilities	3,159,780	-
Bank loans	1,905,994	1,427,389
Short-term liabilities	12,472,946	8,307,273
Long term:		
Bank loans	6,458,473	9,588,844
Commercial papers	6,978,538	3,990,058
Deferred taxes - net	1,976,701	1,851,300
Other long-term liabilities	672,423	3,485,607
Long-term liabilities	16,086,135	18,915,809
Total Liabilities	**28,559,081**	**27,223,082**
SHAREHOLDERS' EQUITY		
Minority interest	1,154,841	942,491
Majority interest:		
Capital	478,353	476,183
Net premium in share placement	8,625,720	8,625,720
Accumulated income	1,298,423	500,454
Income during the year	211,640	172,081
Exchange rate effects from foreign entities	(635,370)	(632,355)
Majority interest	9,978,766	9,142,083
Total Shareholders' Equity	11,133,607	10,084,574
Total Liabilities and Shareholders' Equity	**$ 39,692,688**	**$ 37,307,656**

ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017
(In thousands of nominal pesos)

	Three months ended March 31					
		2018			2017	
Net sales	**$**	11,012,088	100%	**$**	10,093,240	100%
Cost of sales		3,315,749	30.1%		3,108,665	30.8%
Gross Income		**7,696,339**	**69.9%**		**6,984,575**	**69.2%**
Operating expenses		6,270,198	56.9%		5,697,472	56.4%
Depreciation and amortization		754,327	6.8%		673,962	6.7%
Operating Income		**671,814**	**6.1%**		**613,141**	**6.1%**
All-in cost of financing:						
Interest paid – net		318,133	2.9%		284,946	2.8%
Changes in reasonable value Financial Liabilities		(120,284)	(1.1)%		(236,487)	(2.3)%
Exchange rate loss / (income)		64,337	0.6%		206,124	2.0%
		262,186	2.4%		254,583	2.5%
Share in the results of associated companies		-	-		(8,757)	(0.1)%
Income before Taxes		**409,628**	**3.7%**		**349,801**	**3.5%**
Tax on earnings		155,387	1.4%		131,491	1.3%
Consolidated Net Income		**254,241**	**2.3%**		**218,310**	**2.2%**
Non-controlling stake		42,601	0.4%		46,231	0.5%
Controlling Stake	$	**211,640**	**1.9%**	**$**	**172,079**	**1.7%**

ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017
(In thousands of nominal pesos)

	March 31 2018	March 31 2017
Operating activities:		
Consolidated result before income taxes	**$ 409,628**	**$ 349,803**
Income from investments:		
Depreciation and amortization of brands	754,327	673,962
Write-down of fixed assets	28,474	50,897
Other entries	(120,284)	(227,730)
Total	**1,072,145**	**846,932**
Clients	248,478	75,706
Inventory	79,122	(13,706)
Providers	(472,680)	(750,689)
Taxes payable	(96,821)	(268,242)
Other assets and other liabilities	(453,703)	81,772
Total	**(695,604)**	**(875,159)**
Net cash flow from operations	**376,541**	**(28,227)**
Investment activities		
Store equipment, improvements to leased locales, and property	(900,432)	(948,972)
Brand use rights, goodwill and pre-operations, net	(68,638)	(81,988)
Acquisition of subsidiary	-	-
Sale of participation in associates	-	-
Net cash flow from investment activities	**(969,070)**	**(1,030,960)**
Cash receivable from financing activities	**(592,529)**	**(1,059,187)**
Financing activities		
Bank credits and loan payments, net	681,369	357,448
Commercial papers, net	-	-
Dividend declaration	-	(92,977)
Sale (repurchase) of shares	321,643	(37,129)
Net cash flow from financing activities	**1,003,012**	**227,342**
Increase (decrease) net of cash	**410,483**	**(831,845)**
Adjustments to cash flow due to exchange rate variations	1,540,403	(5,912)
Cash at the beginning of the period	113,607	2,547,842
Cash at the end of the period	**$ 2,064,493**	**$ 1,710,085**