

Alsea



DAY

WELCOME

Alsea

DAY



NOVEMBER 1st
2017
NY

PRESENTING

ALBERTO TORRADO
CHAIRMAN OF THE BOARD

RENZO CASILLO
CEO

RAFAEL CONTRERAS
CFO

SANTIAGO BLANCO
CMO



FORWARD-LOOKING STATEMENTS

- Certain information contained in this presentation, particularly information regarding future economic performance, finances, and expectations and objectives of management constitutes forward-looking statements. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts and are generally contain words such as "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "estimates" or "anticipates" or similar expressions. Our forward-looking statements are subject to risks and uncertainties, which may cause actual results to differ materially from those projected or implied by the forward-looking statement.
- Forward-looking statements are based on current expectations and assumptions and currently available data and are neither predictions nor guarantees of future events or performance. You should not place undue reliance on forward-looking statements, which speak only as of the date hereof. We do not undertake to update or revise any forward-looking statements after they are made, whether as a result of new information, future events, or otherwise, except as required by applicable law. For discussion of some of the important factors that could cause these variations, please consult the "Risk Factors" section of the Company's most recent Annual Report.
- Nothing in this presentation should be regarded as a representation by any person that these targets will be achieved and the Company undertakes no duty to update its targets.

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1 OUR COMPANY TODAY

2 STRATEGIC DEFINITIONS & WAY TO WIN

3 CORPORATE GOVERNANCE & SUSTAINABILITY

4 2018 GUIDANCE

5 Q&A





RAFAEL

CONTRERAS

CFO

ALSEA **THEN AND NOW**



DOMINO'S
PIZZA



ALSEA'S
WORLD

OVER 3 THOUSAND STORES 14 BRANDS IN 6 COUNTRIES

3,353
RESTAURANTS

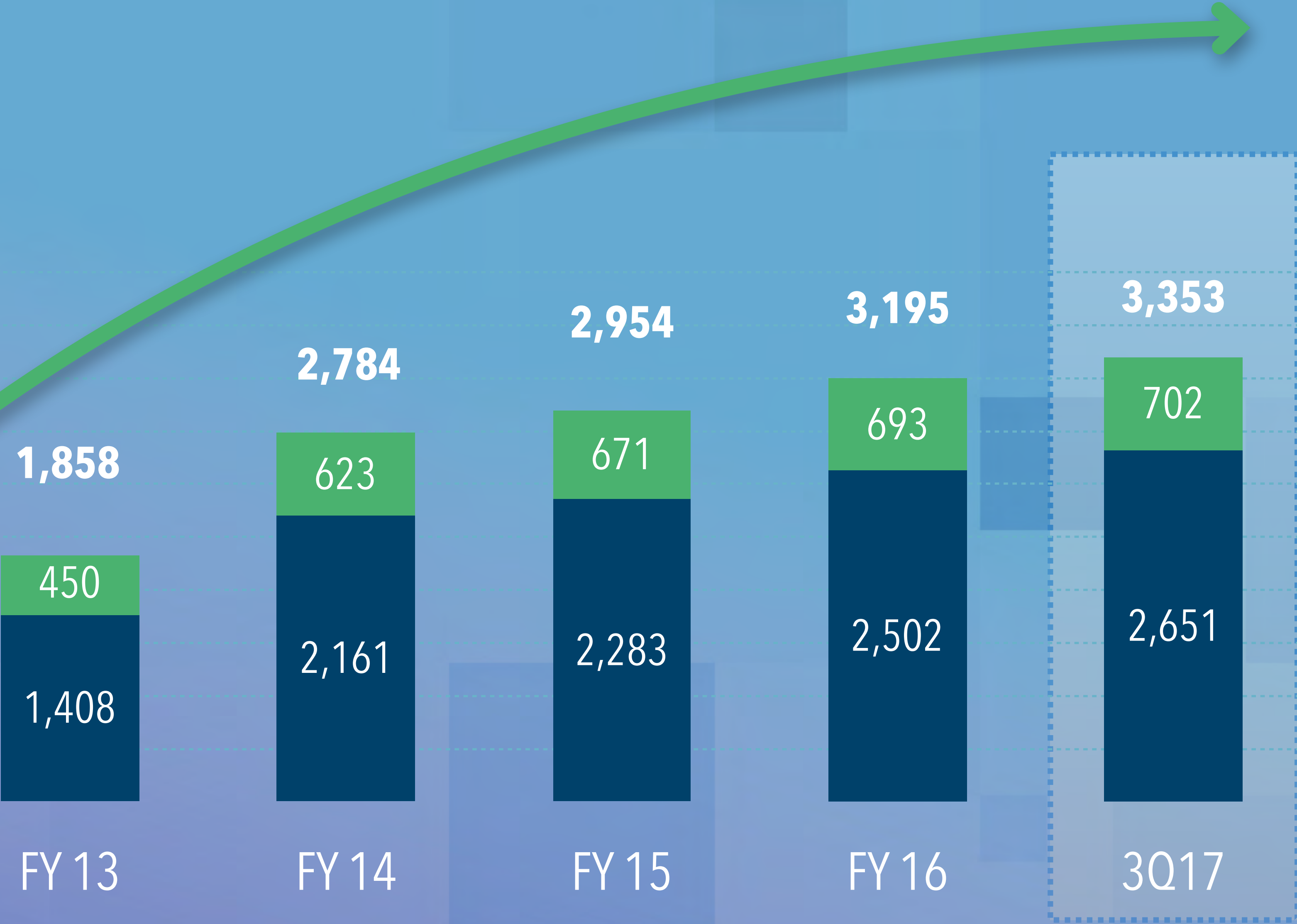


Figures as of September 2017.
*Other includes: California Pizza Kitchen, Cañas y Tapas, LAVACA, The Cheesecake Factory.

SUSTAINED STORE NUMBER GROWTH OVER TIME

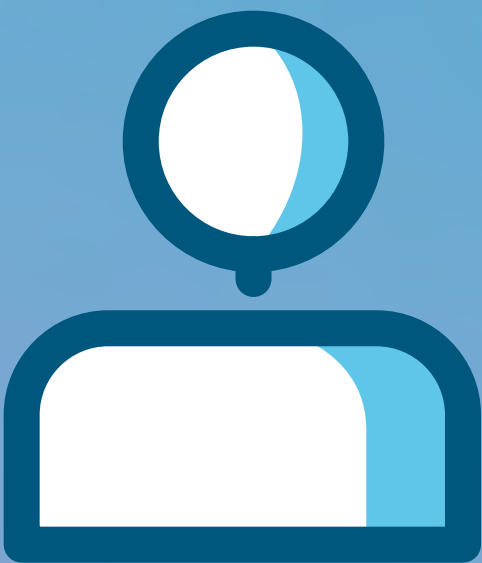
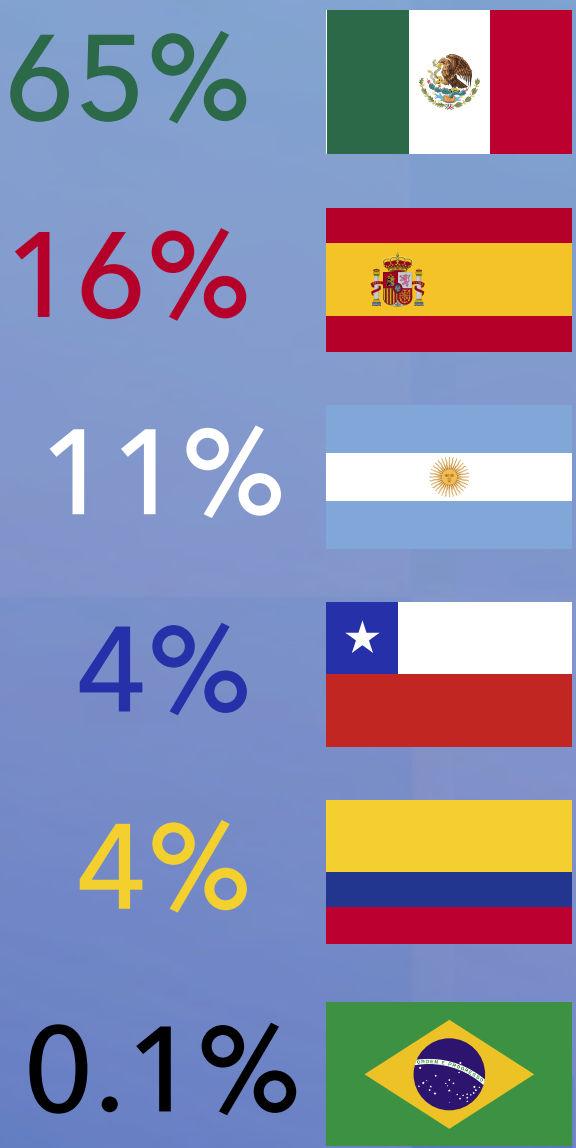
13% CAGR

Subfranchises
Corporate



OUR PEOPLE,
OUR STRENGTH

68,654
EMPLOYEES



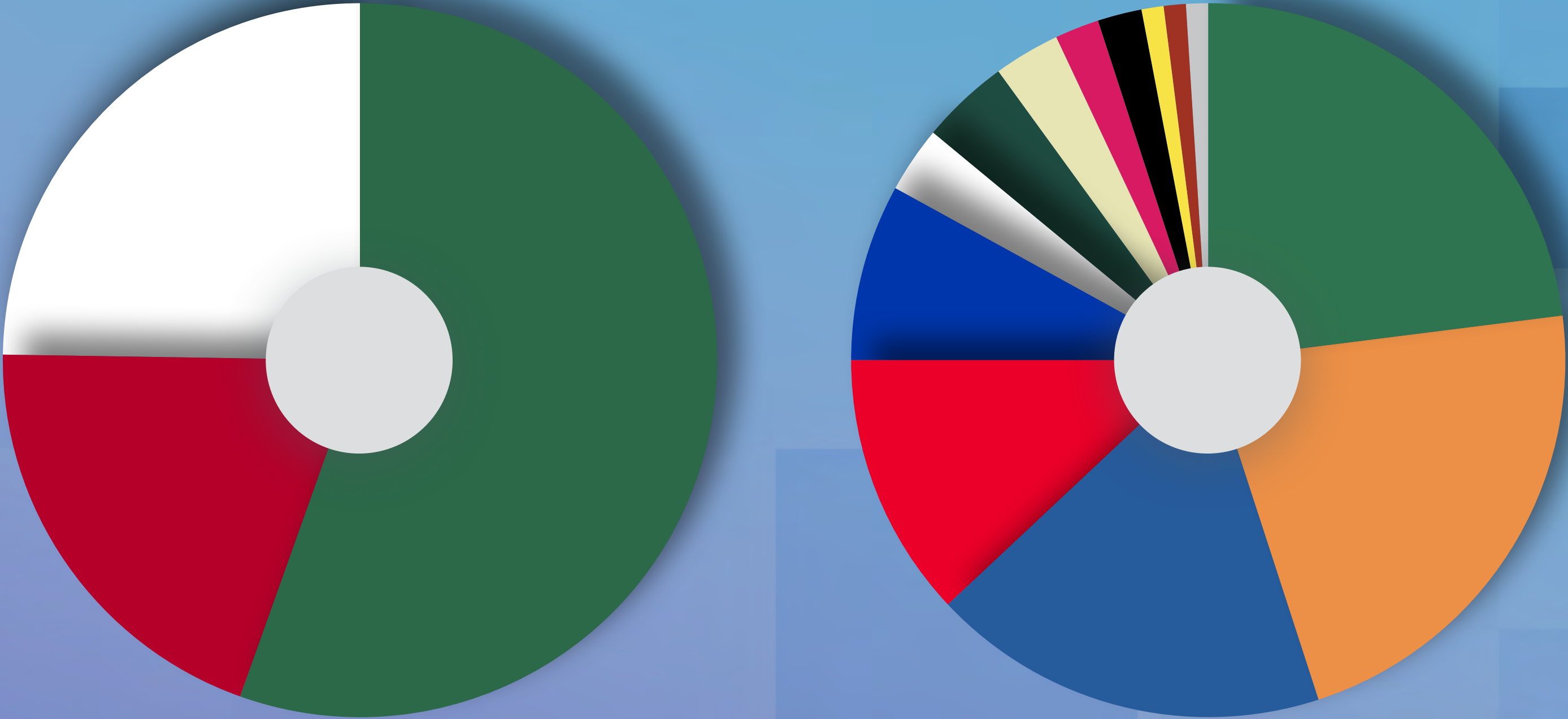
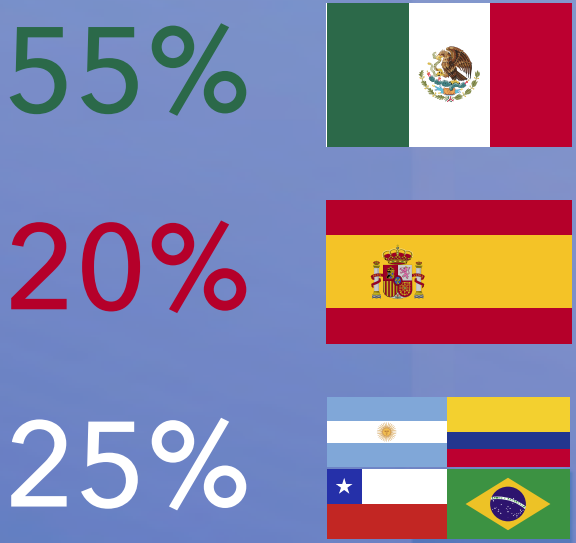
55%
MALE



45%
FEMALE

A BALANCED SALES MIX ACROSS COUNTRIES AND BRANDS

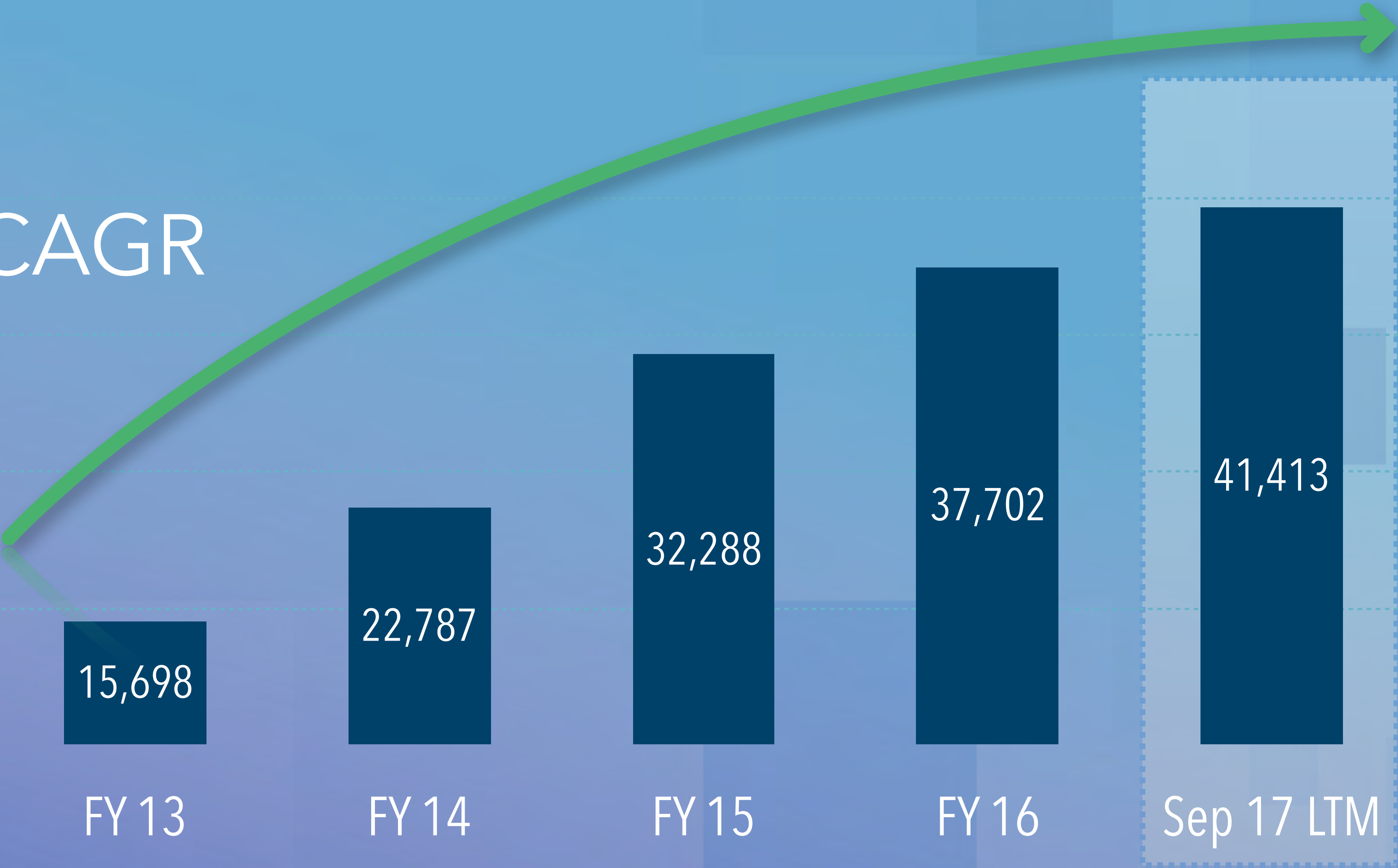
\$30,913
MILLION PESOS



YTD September 2017.
*Other includes: Cañas y Tapas, LAVACA, The Cheescake Factory.

STRONG *SALES* GROWTH OVER TIME

21% CAGR

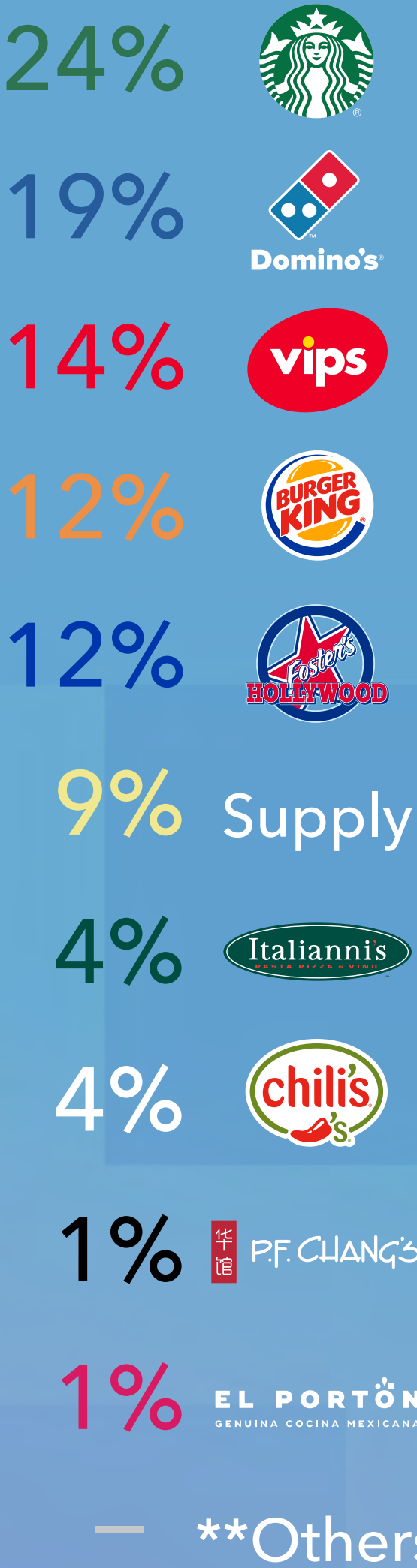
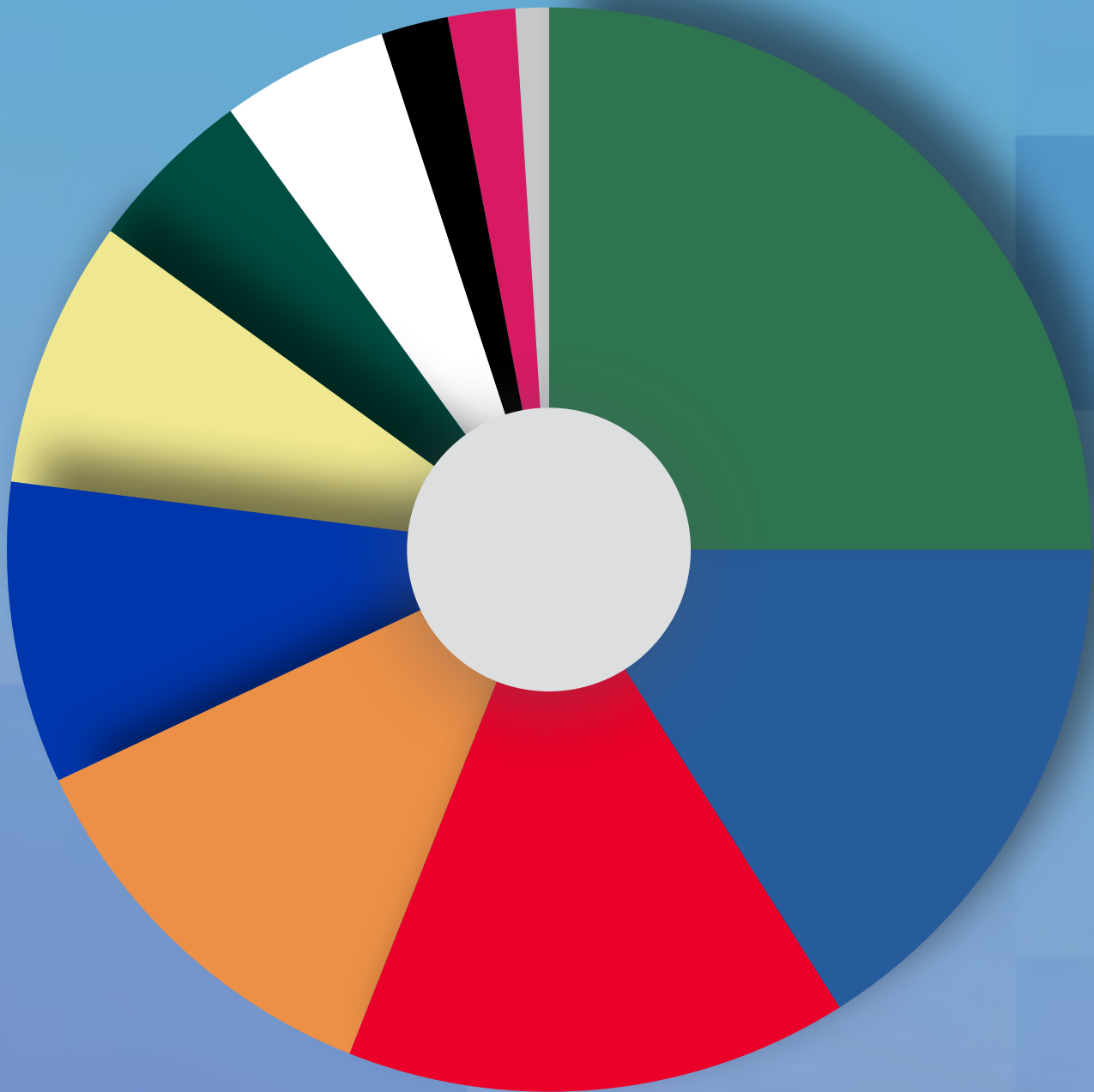
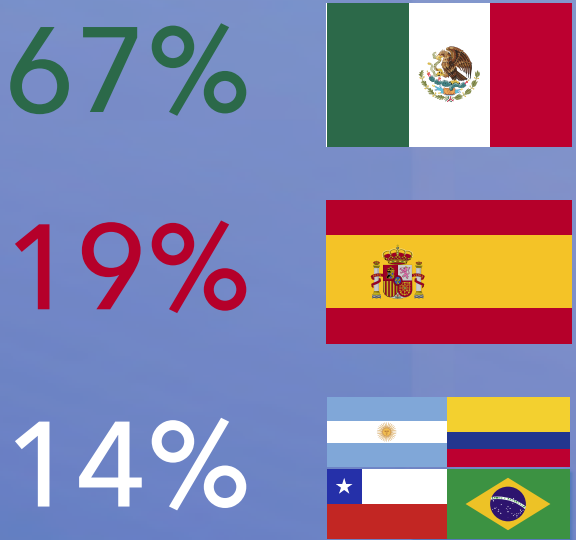


Figures in million pesos.

WE HAVE A DIVERSE SOURCE OF PROFIT

ADJUSTED
EBITDA*

\$6,339
MILLION PESOS

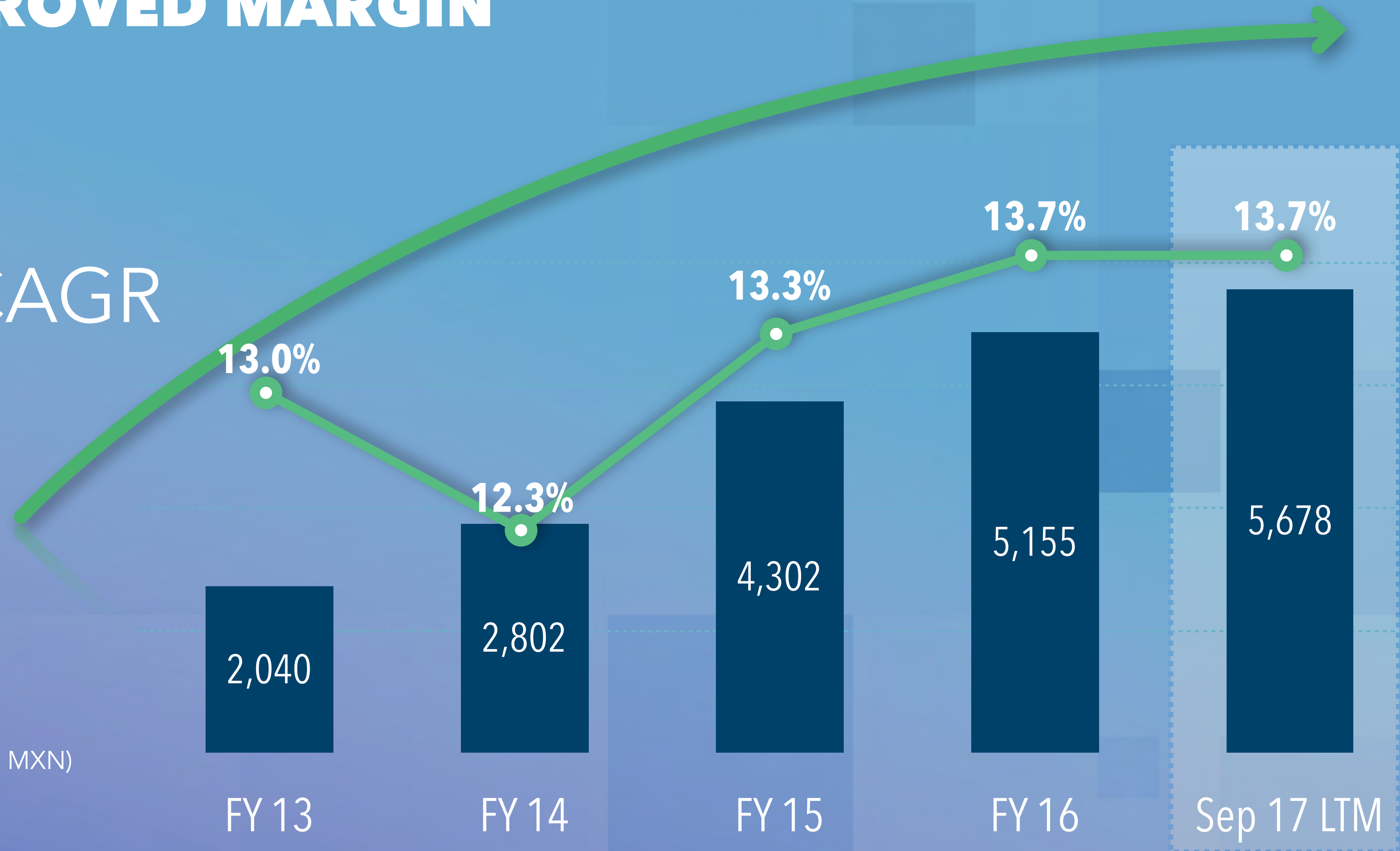


*Adjusted EBITDA does not include administrative expenses, thus it represents the "Store EBITDA".
**Other includes: California Pizza Kitchen, Archie's, Cañas y Tapas, LAVACA, The Cheesecake Factory.

EBITDA CONSISTENTLY GROWING WITH IMPROVED MARGIN

24% CAGR

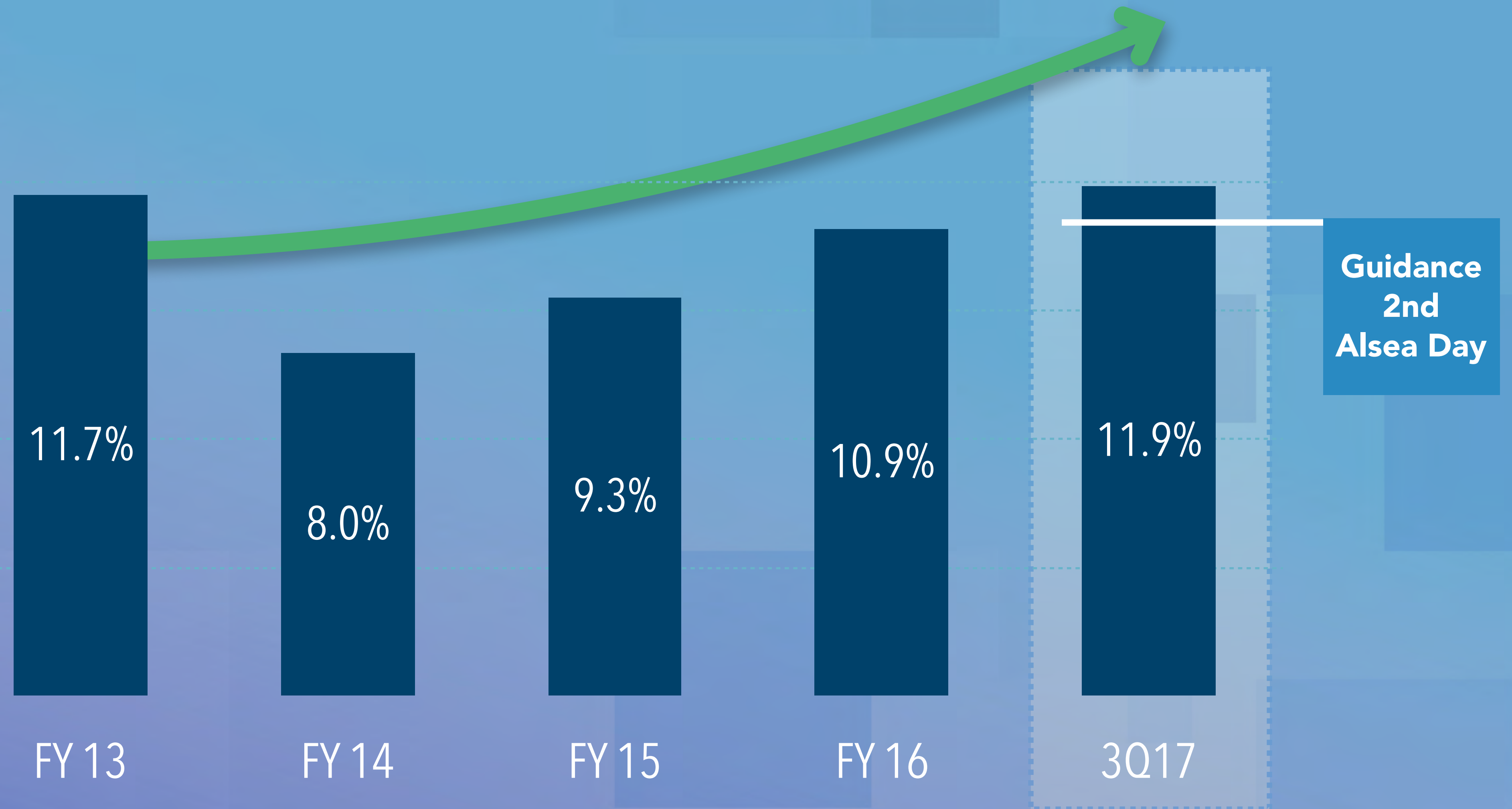
■ EBITDA (Million MXN)
■ Margin



Figures in million pesos.

ROIC PERFORMANCE

SURPASSING OUR INITIAL GUIDANCE





RENZO

CASILLO

CEO

STRATEGIC DEFINITIONS

PURPOSE Ignite people's spirits

VALUE
PROPOSITION

We are a determined community committed to excellence and integrity, we maximize synergies to deliver a surprising offer to our Guests and to make sure that Restaurants generate extraordinary results, contributing by instilling happiness even in the smallest details, to fulfill our purpose of igniting people's spirit.

BRANDS



CULTURE



Focused on deep knowledge and an exceptional GUEST experience.

WE REMAIN FOCUSED
ON OUR WAY TO WIN



WE REMAIN FOCUSED
ON OUR WAY TO WIN

Brand Portfolio

Sustainability

Best Talent

Synergy and
Critical Mass

FOCUS
ON GUESTS

Best Operator

Technology and
Innovation

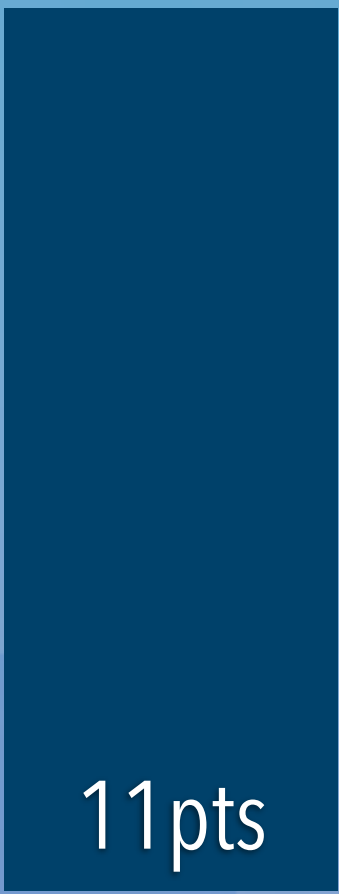
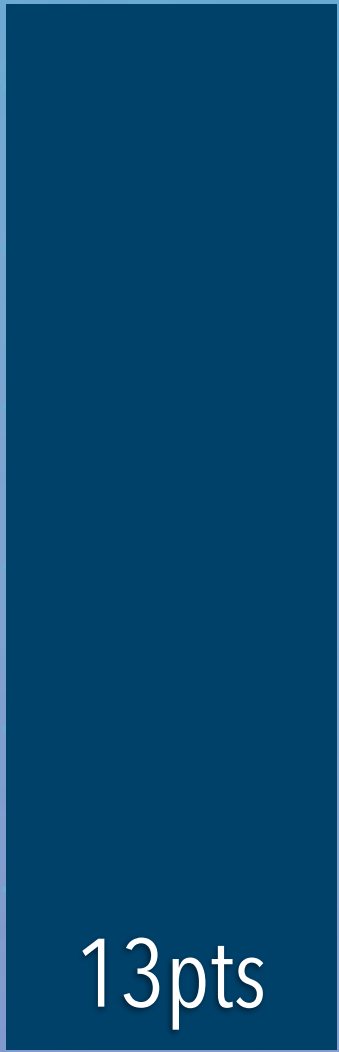
Marketing

WE CONTINUE RAISING THE BAR IN CUSTOMER EXPERIENCE

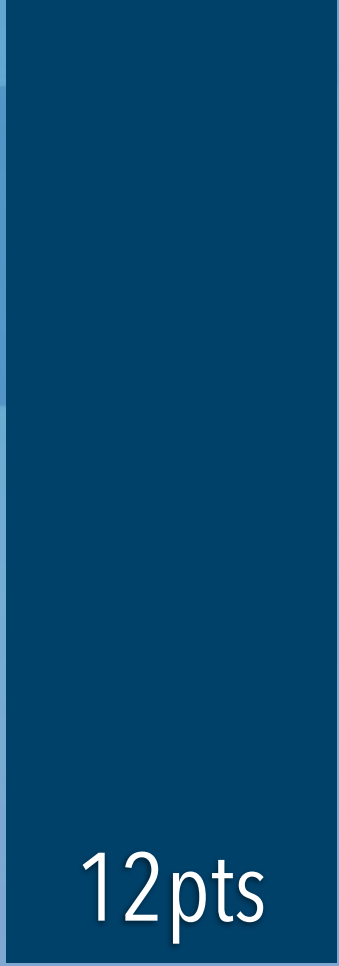
CUSTOMER VOICE



1pts



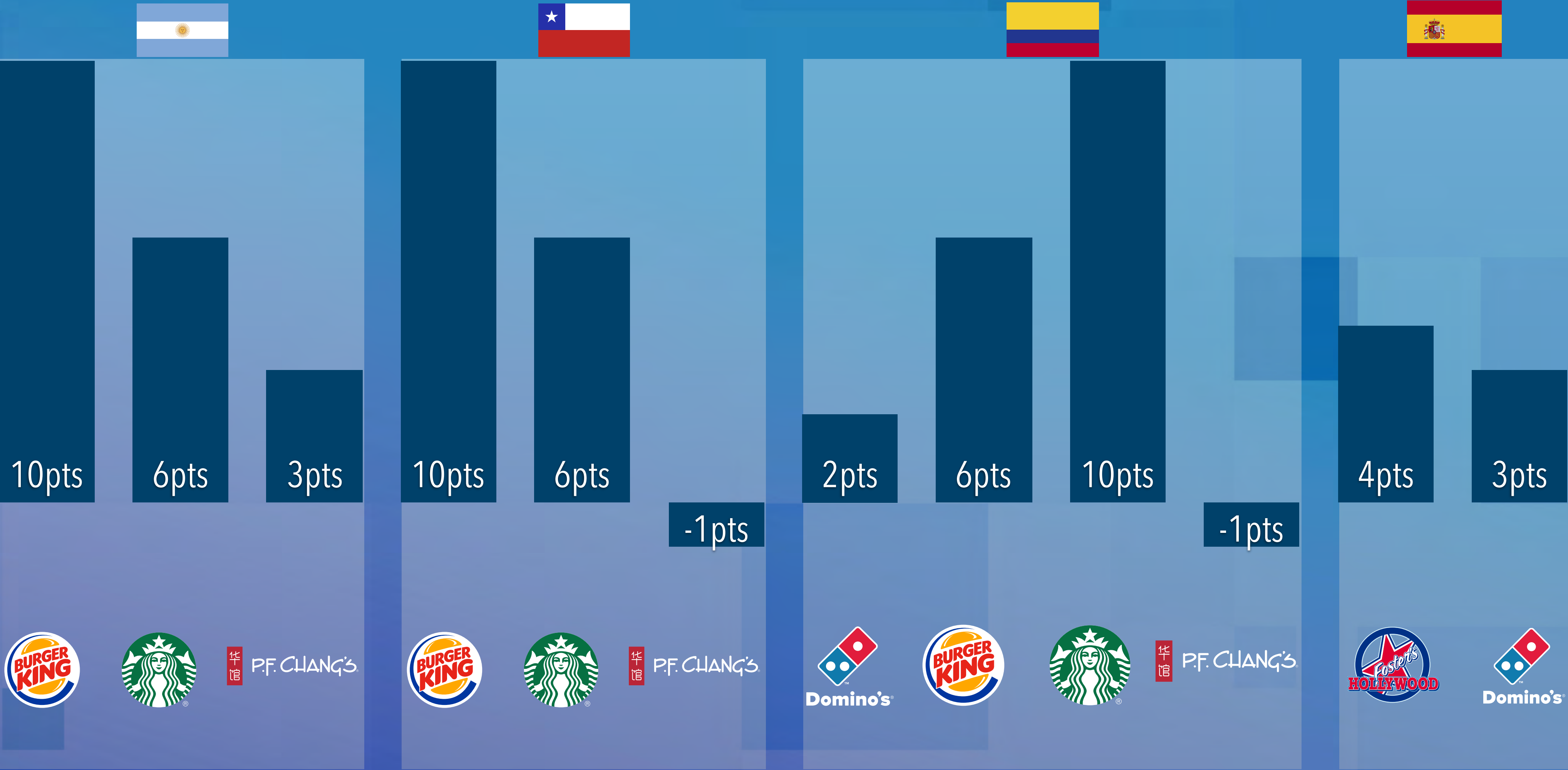
1pts



Total Satisfaction Sept. YTD 2017 vs. Sept. YTD 2016

WE CONTINUE RAISING THE BAR IN CUSTOMER EXPERIENCE

CUSTOMER VOICE



Total Satisfaction Sept. YTD 2017 vs. Sept. YTD 2016

WE ENJOY STRONG BRAND PREFERENCE ACROSS COUNTRIES

BRAND PREFERENCE RANK 2017

					
 Domino's	1	1	-	-	1
	1	-	1	1	3
	1	2	2	4	2
	1	-	-	-	-
	-	1	-	-	-

Source: Kantar Milwardbrown Brand Tracker by category.
% of people highly interested in visiting the brand in their next purchase.

“Our brand portfolio has global potential and makes us the best strategic partner”

Brand Portfolio

Sustainability

Best Talent

Synergy and
Critical Mass

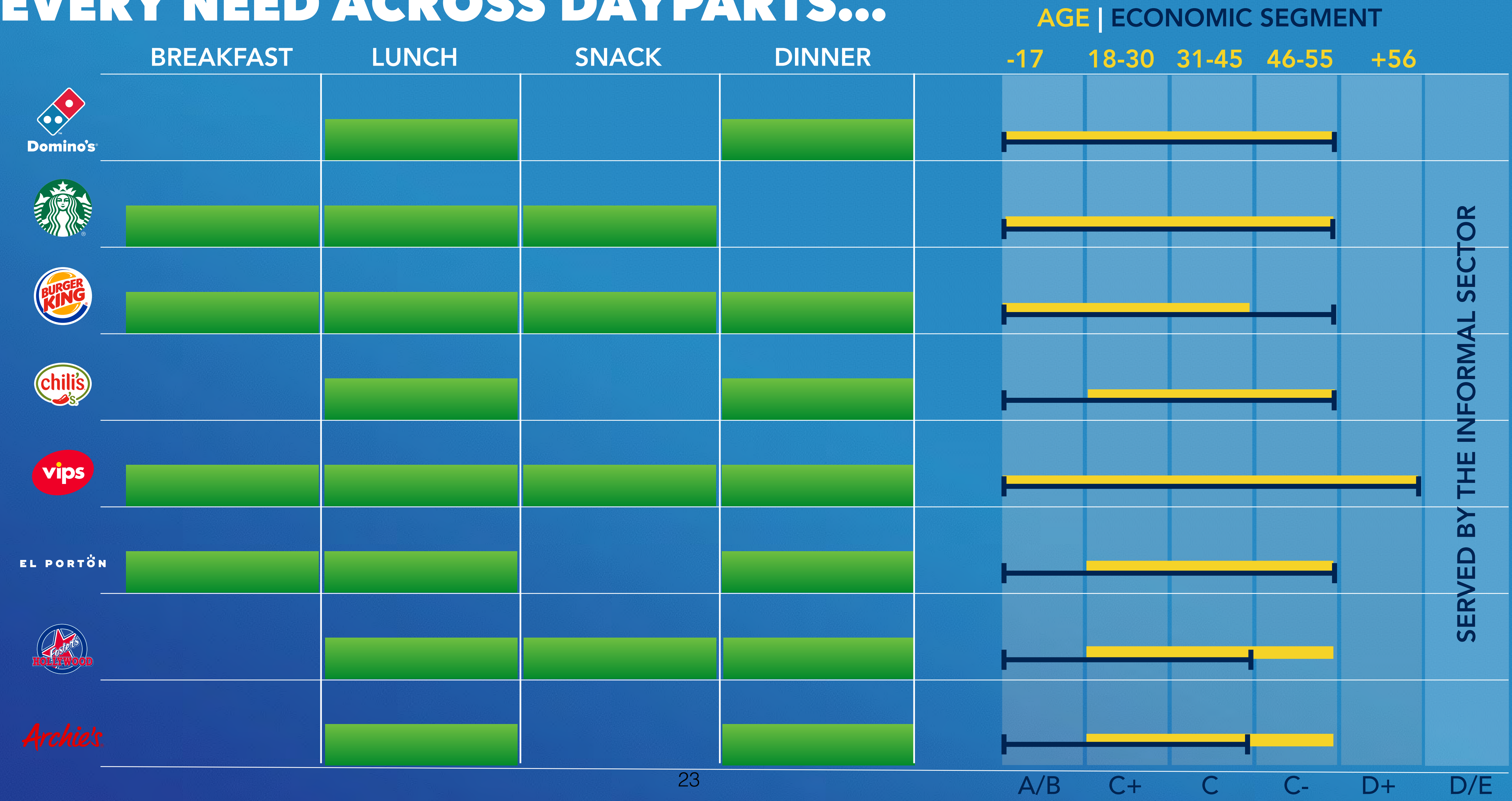
FOCUS
ON GUESTS

Best Operator

Technology and
Innovation

Marketing

OUR DIVERSE PORTFOLIO COVERS EVERY NEED ACROSS DAYPARTS...



GROWTH STRATEGY

INCOME AND RESTAURANTS

ORGANIC GROWTH

- Restaurant openings of current brands and models
- Remodeling
- Same store sales
- New sales channels
- New consumption occasions
- New restaurant models
- Current revenue streams

+

INORGANIC GROWTH

- New countries
- New Segments
- New Brands
- Current brands export
- Alsea Financing
- Sales of finished products
- New revenue streams

PROFITABILITY

OPERATION

- Same Store Sales
- Cost control
- COGS control
- Labor productivity
- Restaurant portfolio management
- Price strategy
- Menu strategy

+

BUSINESS MIX

- Brand portfolio management
- Country portfolio management
- Corporate and franchise mix
- Currency mix

+

SYNERGY AND CRITICAL MASSH

- Purchase and investment synergy
- CAT reduction
- Investment reduction
- Fixed Asset Absorption
- New revenue streams
- Real estate

OUR GROWTH MODEL: BALANCING ORGANIC AND INORGANIC GROWTH

CONTINUED MARGIN AND SALES EXPANSION

ORGANIC

Achieve SSS objectives

Accelerate current brands' growth

Increase MHC of Current
Brand Portfolio

INORGANIC

Participate in new segments

Export current brands to other
geographies

Expand in new markets

A CLEAR STRATEGY TO GROW **OUR BUSINESS THROUGH FRANCHISES**

VISION

Significantly contribute to Alsea's growth, profitability and leadership

REACH

Own Brands or Master Franchises, with franchising capability

WHY

**INCREASE
BRAND PENETRATION**

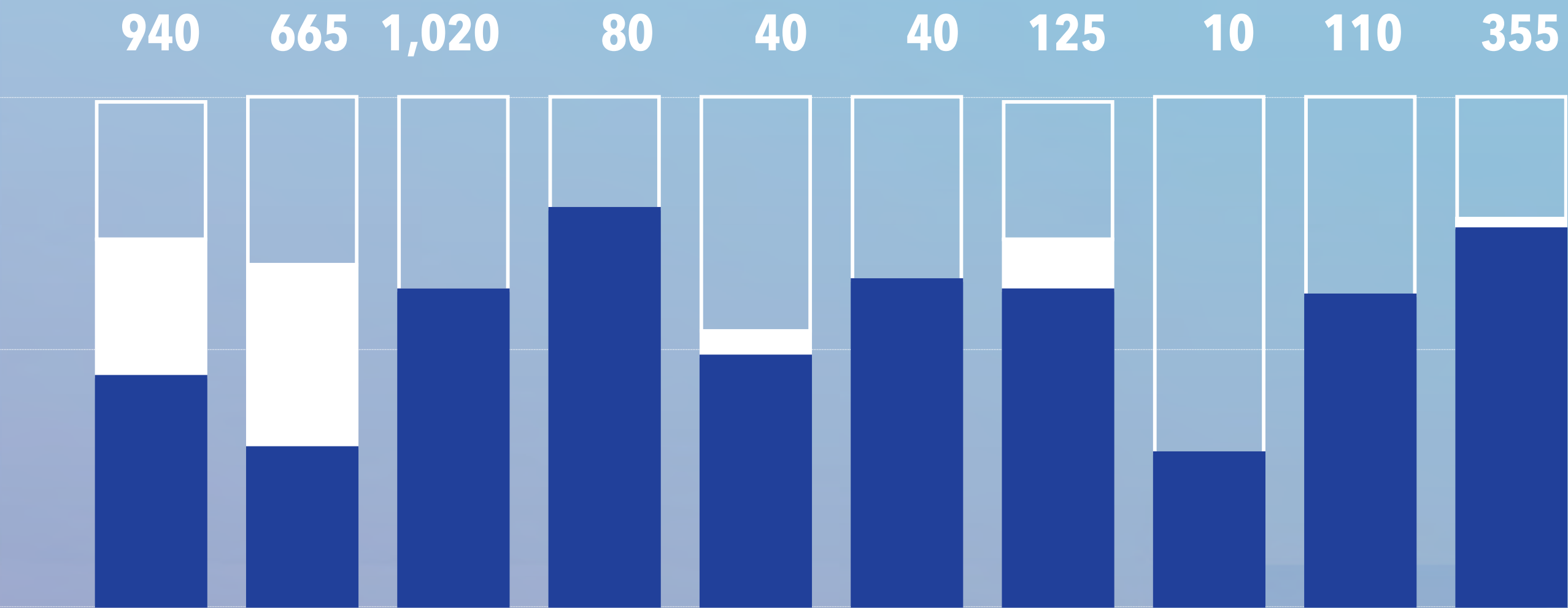
**GAIN LOCAL EDGE
VS COMPETITORS**

**SHARED INVESTMENT
AND GROWTH SPEED**

MARKET HOLDING CAPACITY WITH SIGNIFICANT UPSIDE

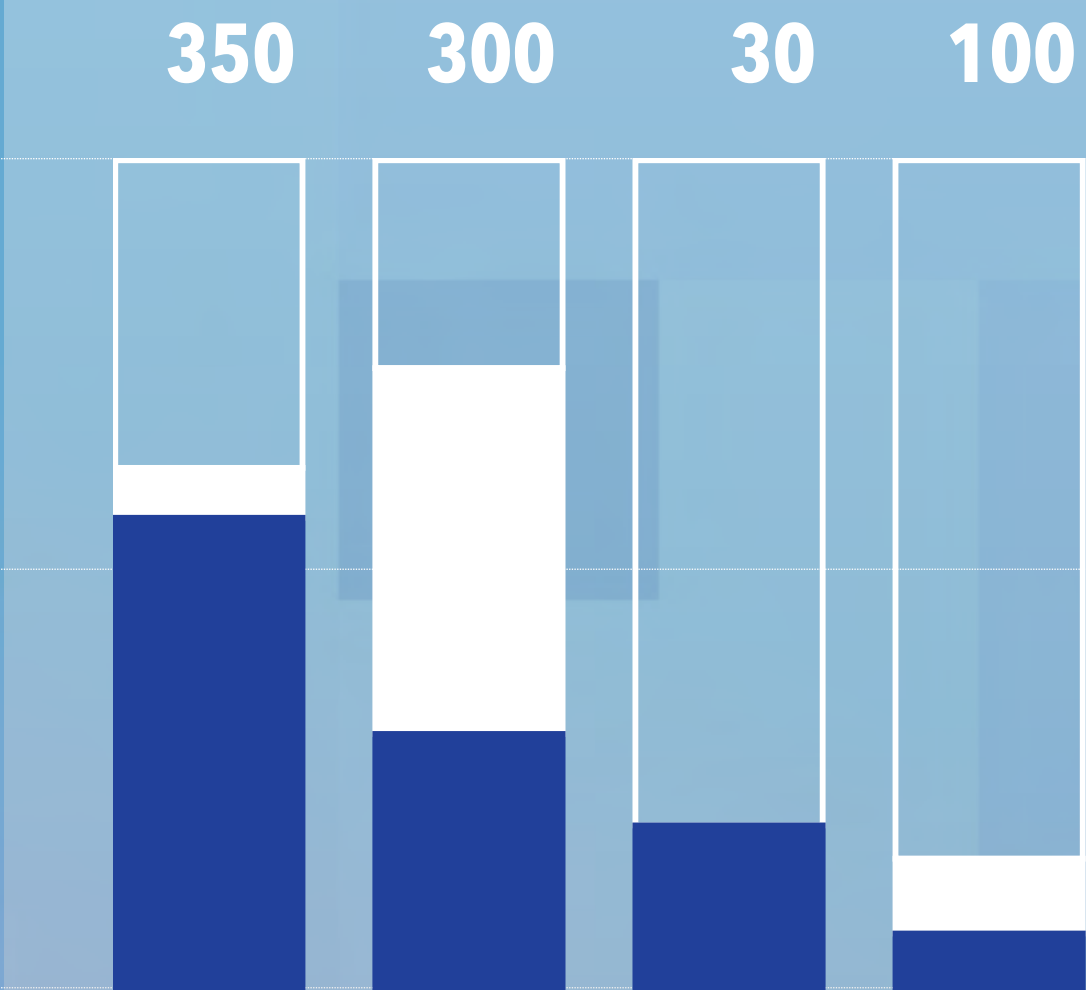


Total capacity



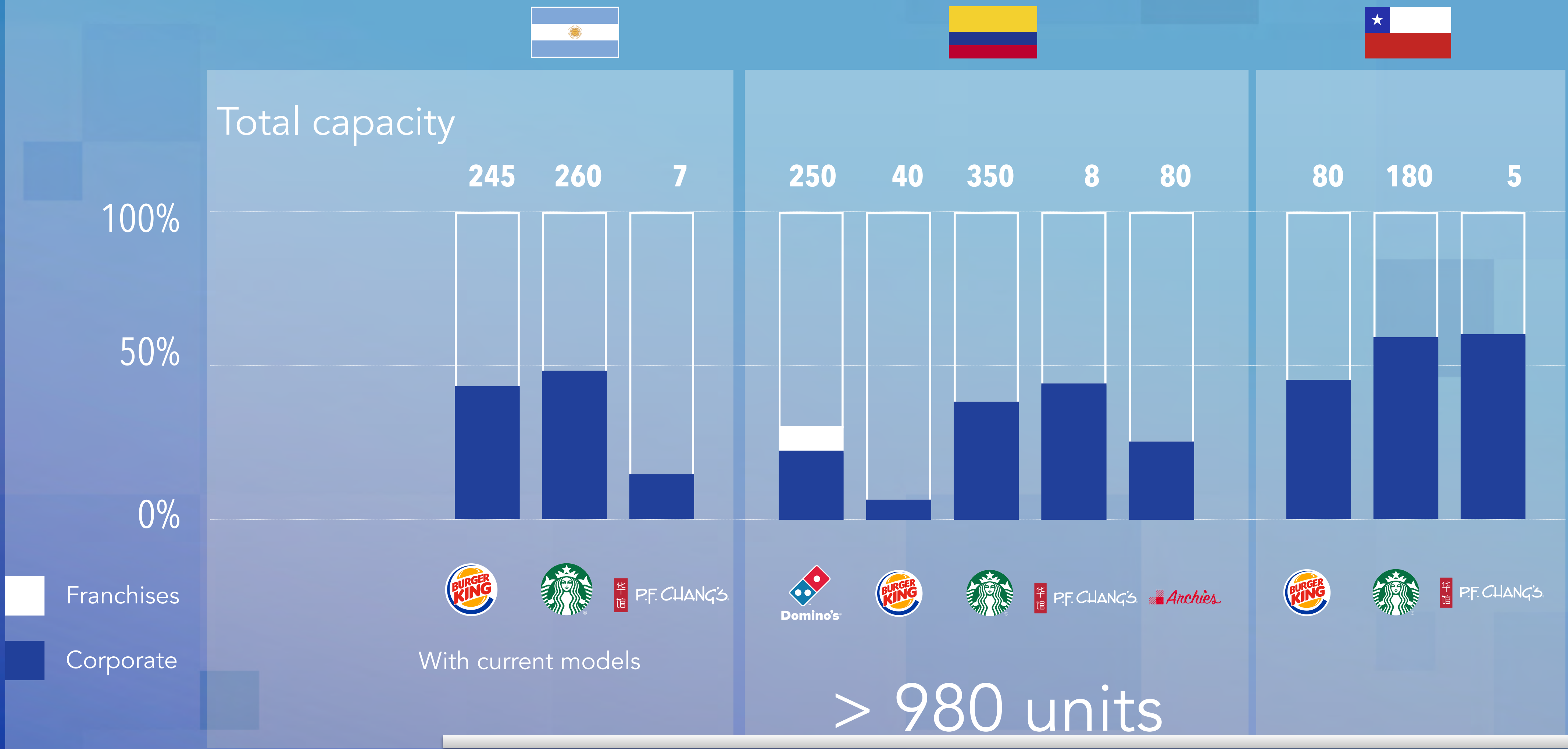
With current models

> 1,090 units



> 310 units

MARKET HOLDING CAPACITY WITH SIGNIFICANT UPSIDE



MARKET HOLDING CAPACITY **METHODOLOGY | EXAMPLE**



“We attract, develop and retain
the best human capital in the industry”

Brand Portfolio

Sustainability

Best Talent

Synergy and
Critical Mass

FOCUS
ON GUESTS

Best Operator

Technology and
Innovation

Marketing

OUR PEOPLE, **OUR STRENGTH ...**

ATTRACT

- "Únete"
- A new system for the Recruiting and Selection process at store level

DEVELOP

- Sponsorship programs and Mentoring Circles
- "Reach High"
- +6,000 internal promotions over the last 12 months

RETAIN

- Turnover control as a key priority worldwide
- Store by store action plans to increase employees emotional engagement
- New long term compensation plan

**Winning culture to deliver exceptional results,
the store is our outmost priority**

LOWERING EMPLOYEE TURNOVER IS A KEY BUSINESS DRIVER

ON BOARDING

- 0-90 program: On boarding initiative to ensure success of new employees

+

COMPENSATION

- Recognition programs
- Compensation scheme linked to profit and sales results
- Continuous investment to improve compensation competitiveness

+

LEADERSHIP

- Training aimed at improving the quality of operational leaders
- 4,000 in store plans to improve emotional connection with Alsea
- District management academy

“We are the most effective and productive operators;
we strive to redefine our customers’ experience”

Brand Portfolio

Sustainability

Best Talent

Synergy and
Critical Mass

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Innovation

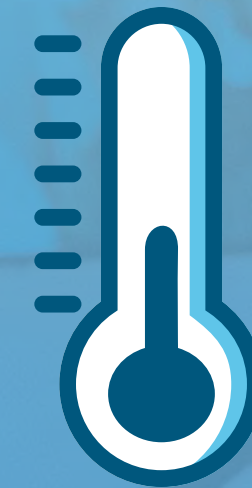
Marketing

WE BRING TO LIFE A VALUE PROPOSITION BETTER THAN ANYBODY ELSE



BRAND TRANSFORMATION

- ~40 units with new image
- 17% increase in sales in remodel units
- 1 in every 3 stores will be new or remodel by 2018



CUSTOMER EXPERIENCE

Monitoring

Food Temperature

Goal: 152°F at your table

Express Zones

Customers on the go

Goal: Full meal in 12 minutes or less



EFFICIENCY PROGRAM

Reducing administrative workload on store managers

- 40 hours reduction per week
- 17% improvement in customer attention

WE BRING TO LIFE A VALUE PROPOSITION BETTER THAN ANYBODY ELSE



- Customers are greeted at the restaurant by a "Lovbyst" for a concierge-like experience
- Lovbysts help customers place orders at the counter, take additional orders at the tables and help customers remove trays
- Average ticket size growing 20% in participating stores vs non-participating
- Program is being adopted internationally including non- Alsea countries



ENLACE: AN OPERATIONAL EXCELLENCE TOOL THAT'S **ACTION ORIENTED**



BENEFITS

- Tracks store visits and operational KPI's
- Central documentation of action plans and follow up
- State of the art mobile technology
- Applicable to all Alsea brands and countries

CAPABILITIES

- Includes all brands and their staff
- 136,913 action plans performed to date
- 2,233 registered users

“We listen to our customers and engage with them through avant-garde marketing programs”

Brand Portfolio

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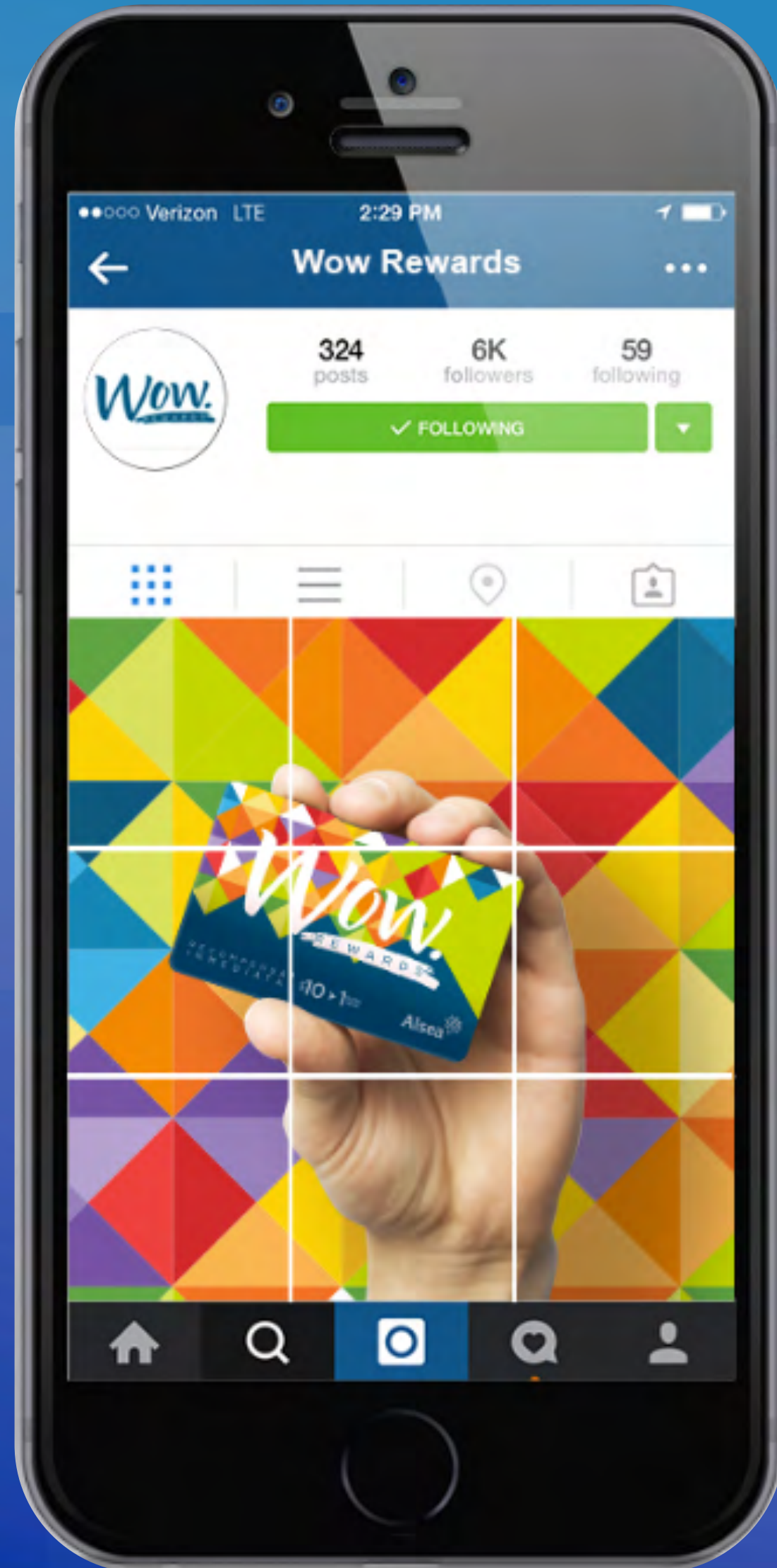


SANTIAGO

BLANCO

CMO

WOW REWARDS CONTINUES GOING STRONG



- **910,000** registered members
- Members' average ticket is **40%** higher than non members
- Members that use **multiple Alsea brands spend 3X** than those that use a single brand; yet, 65% are single brand users.
- Database is already in use as the **primary CRM tool**, consumer research and customer understanding.

WOW REWARDS STRATEGIC PLAN: **10 MILLION MEMBERS BY 2020**

- 1** KEEP DEVELOPING STATE -OF-THE-ART TECHNOLOGY AROUND **USER EXPERIENCE**
- 2** INCREASE **EMPLOYEE COMMITMENT** TOWARDS THE PROGRAM
- 3** BUILD WOW REWARDS AS A **BRAND**
- 4** LEVERAGE **STRATEGIC PARTNERS** TO DRIVE NEW MEMBERS

STRATEGIC ALLIANCES: A POWERFUL TOOL TO GROW WOW REWARDS

DEVELOP A NETWORK OF STRATEGIC ALLIANCES



LOYALTY PROGRAMS

There are \$823 million USD in points not being used or considered

BUSINESS INTELLIGENCE

Increase Transactions
Frequency & Value
EBITDA focus
Customer connection

BRAND BUILDING

Leverage media and premium / global marketing assets (NFL, World Cup, etc)

ALSEA DIGITAL ENVIRONMENT



380 MILLION BRAND INTERACTIONS PER YEAR

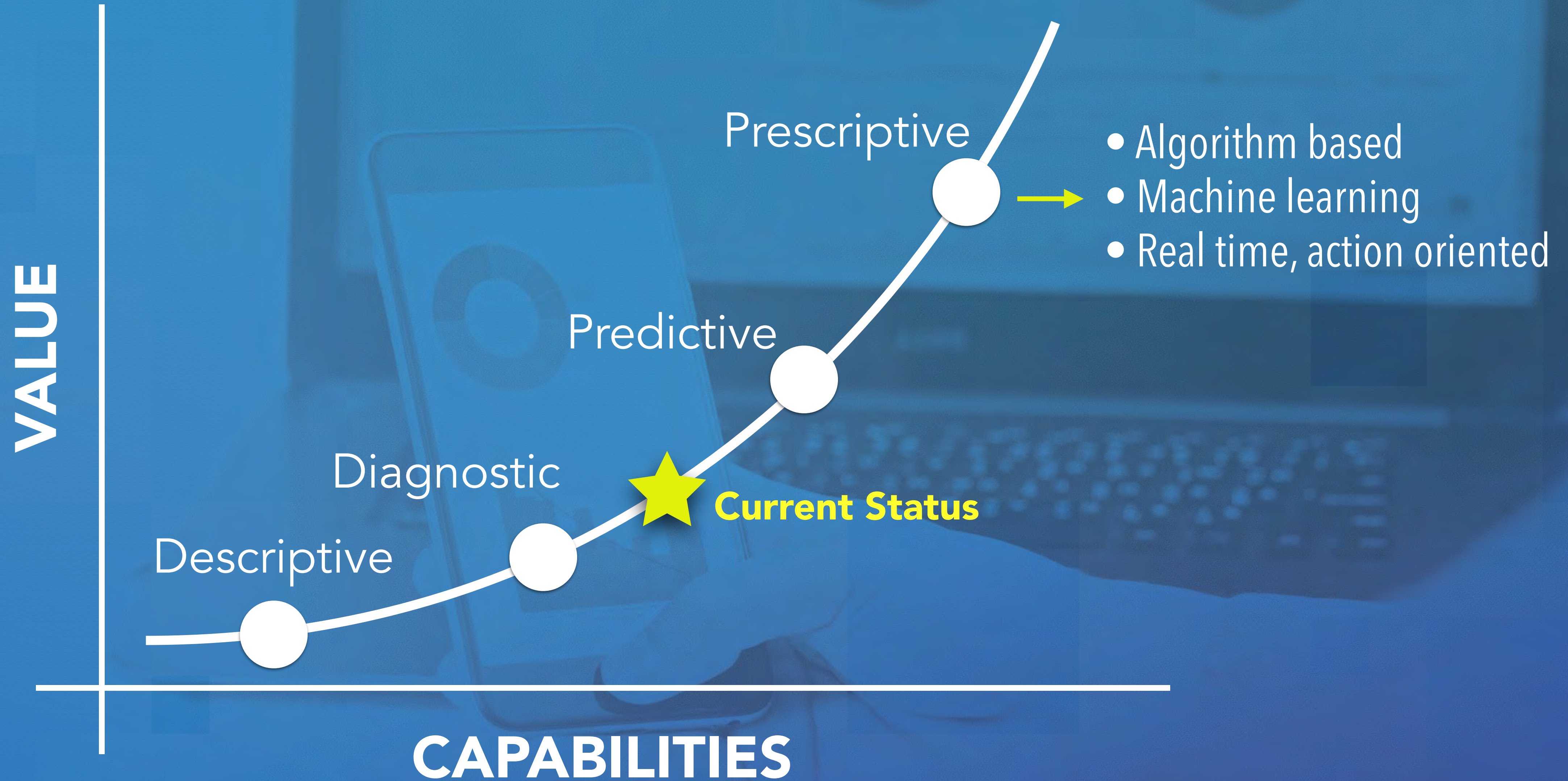
ALSEA DIGITAL THE NEXT STEP



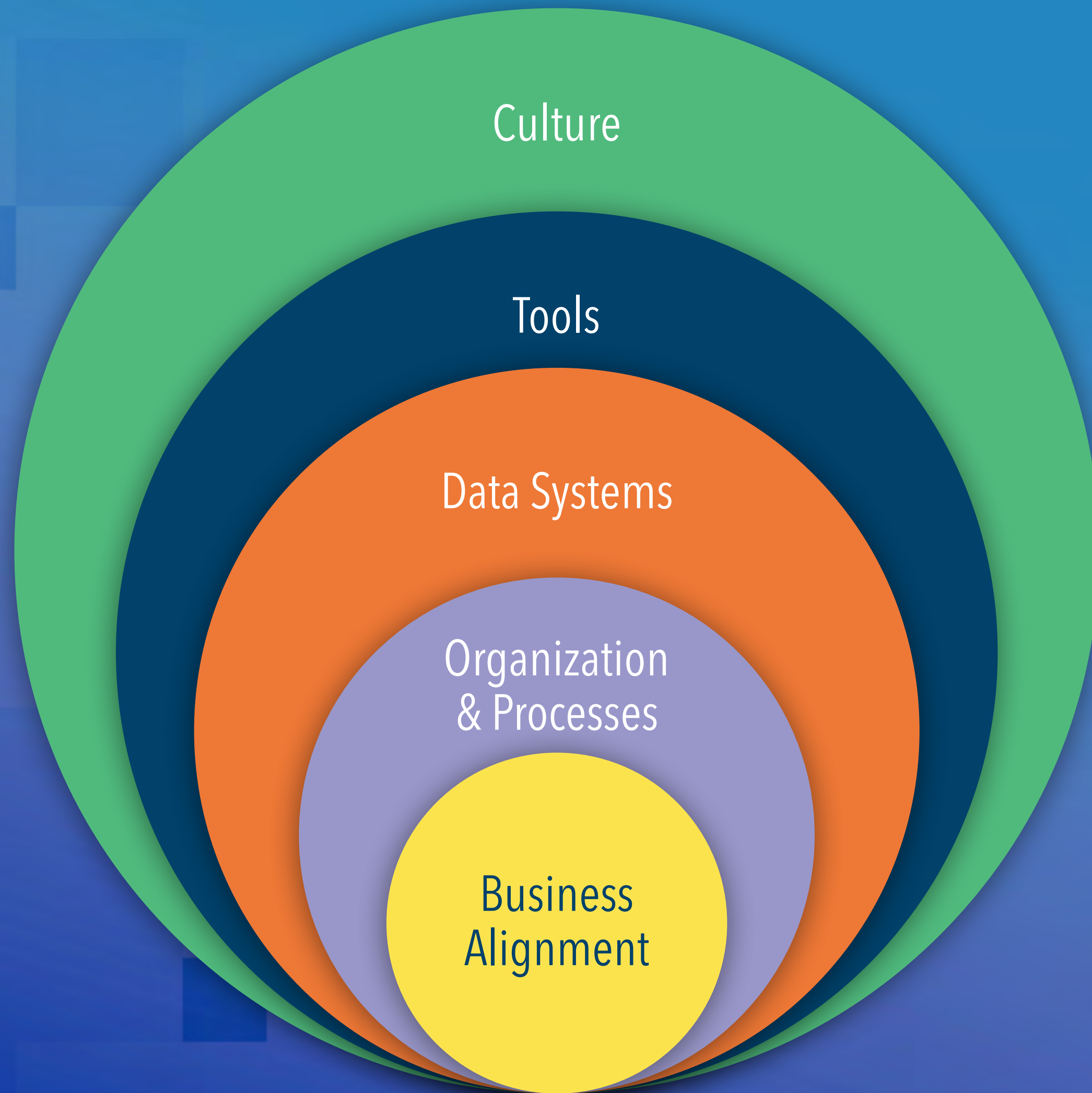
ALSEA DIGITAL ENGAGEMENT CENTER (D.E.C)

- **Efficient:** Less dependency on paid/traditional media
- **Effective:** Massive 1:1 Marketing
- **Real time:** Conversation driven
- **Data driven:** Capable of performing deep analytics

BUSINESS INTELLIGENCE: **BUILDING A COMPETITIVE ADVANTAGE FOR ALSEA**



OUR APPROACH TO BUSINESS **INTELLIGENCE IS HOLISTIC**



- **End to end** approach: from strategy to culture
- Focused on **efficiency**: redistribute resources before any additional investment
- Leverage expertise from global brand partners
- Blueprint ready **by 12/17**

DELIVERY: A \$1 BILLION DOLLAR OPPORTUNITY **FUELED BY TECHNOLOGY**

- Worldwide value of food delivery will double in size by 2021 to reach \$32 billion
- Trends fueling growth are urbanization, lack of security, high traffic density and use of tech
- In Mexico alone, market will reach \$1 billion by 2018 with current Alsea share at 12%



Mexico City is the most attractive delivery city in the world:

- Suppressed demand
- Low cost of labor
- Scale and population density

ALSEA IS UNIQUELY POSITIONED TO BECOME THE LEADER IN **DELIVERY IN THE GEOGRAPHIES WHERE WE OPERATE**

- **Expertise:** Domino's is best in class
- **Customer experience:** We have control on production / packaging
- **Preference:** Alsea has the strongest brand portfolio and availability

Our Approach:



“The use of technology and constant Innovation is on our DNA”

Brand Portfolio

Sustainability

Best Talent

Synergy and
Critical Mass

FOCUS
ON GUESTS

Best Operator

Technology and
Innovation

Marketing

GLOBAL IT STRATEGIC PROJECTS



ERP

BUSINESS INTEL

ENLACE

HUMAN CAPITAL
MANAGEMENT

ALSEA DELIVERY

CRM
(MSR & WOW
REWARDS)

TRANSFORMING OUR DOMINO'S BUSINESS THROUGH TECHNOLOGY

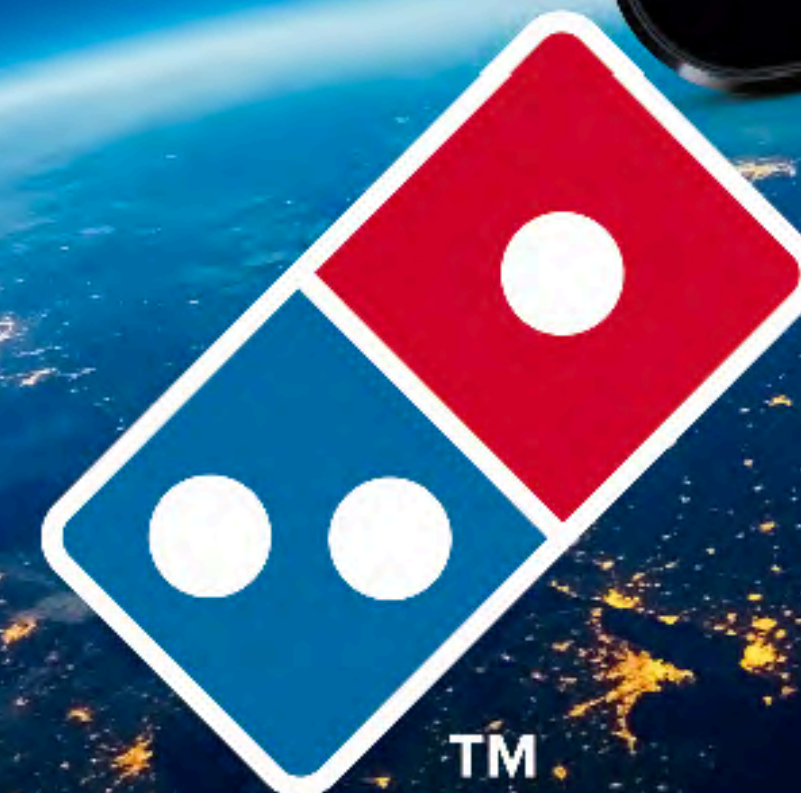


- Online ordering now represents 18% of total Domino's sales
- Total downloads of the Domino's App growing at 50% vs. YAG
- Average ticket size online is 58% higher than store ticket when using credit card

Prueba la
**NUEVA
APP**

Dominos Mx

Fácil, rápido y divertido



**NADIE
LO HACE
COMO
DOMINO'S**

INNOVATION TO DRIVE TOP LINE GROWTH

PAN PIZZA DOMINO'S PIZZA



Better products

- Improved ingredients
- Signature finishing

Product innovation

- Dulce de leche rolls
- Wings and Dominator launch in Q4
- Pan pizza already represents 34% of sales

A large advertisement for Domino's Dominator pizza. At the top, the word "DOMINATOR" is written in large, bold, red letters with a blue outline. Below it, the text "MÁS GRANDE QUE TU ANTOJO" is written in white. To the right, a large pepperoni pizza is shown on a wooden board, with a blue arrow pointing to it and the text "EXTRA GRANDE". Below the pizza, a circular inset shows a close-up of the pepperoni slices, with a blue arrow pointing to it and the text "DELICIOSOS CUADRITOS DE SABOR". The Domino's logo is in the bottom right corner, with the text "NADIE LO HACE COMO DOMINO'S" next to it. The background is a solid blue color.

DOMINATOR

EXTRA GRANDE

MÁS GRANDE QUE TU ANTOJO

MASA FRESCA
RECIÉN HORNEADA

DELICIOSOS
CUADRITOS DE SABOR

NADIE LO HACE COMO DOMINO'S



INNOVATION TO DRIVE **TOP LINE GROWTH**

BLACK LABEL BURGER FOSTER HOLLYWOOD



- Premium Burger with tenderloin meet, served in a truffle bread, cheddar cheese, comfited to Porto onions and Parmigiano Reggiano sauted fries
- 6.7% sales growth
- Premium quality product



PRODUCT INNOVATION WITH A CAUSE

Burger King® "Stacker Day" BURGER KING ARGENTINA



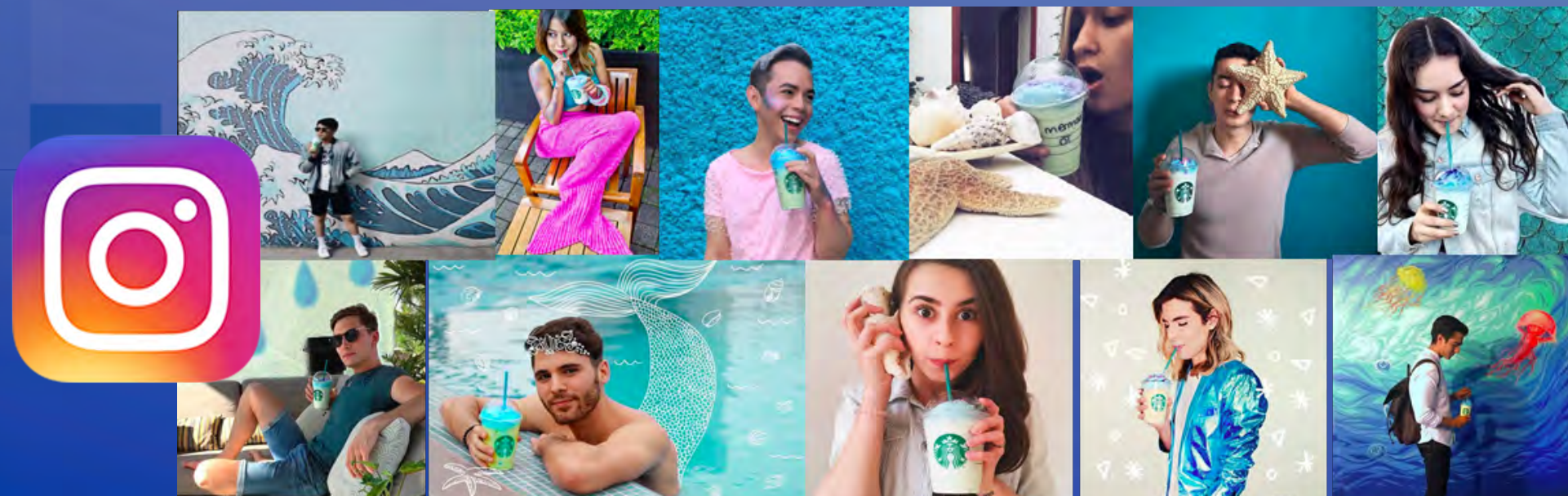
- Altruistic campaign supporting Gino Tubaro's Atomic Lab
- 183 thousand customers
- Staker Atomic 5.0 (5 meat sandwich) the fund raising product, sold more than 50 units per day per store
- With the funds raised Atomic Lab will provide around 800 3D-printed prosthetic hands free of charge for people in need



INNOVATION FROM MEXICO GENERATED STRONG CUSTOMER ENGAGEMENT



- 120 K incremental transactions and +2pts total traffic growth
- 17.5 million customer impacts in 2 weeks
- Digital Media engagement grew +1,300% vs. YAG. Generated 3.4 million digital reactions via influencers



mermaid

STARBUCKS®
frappuccino®
blended beverage

**Por tiempo
limitado**



“We share best practices among our brands and countries to strengthen our operations”

Brand Portfolio

Sustainability

Best Talent

Synergy and
Critical Mass

FOCUS
ON GUESTS

Best Operator

Technology and
Innovation

Marketing

COA

THE BACKBONE OF OUR SUPPLY CHAIN



+45,000
SQUARE METERS



+1,500
EMPLOYEES



+5,000
WEEKLY
DELIVERIES

+30
DELIVERIES
PER HOUR

CAPABILITIES

- Integrate Storage, Distribution and Manufacturing into a single operating unit
- Implement systems and technology to optimize resources
- Ensure full and timely supply of Alsea brands at the lowest cost

BENEFITS

- Product quality
- Food safety
- Our consumer
- Store managers

Facilities prepared to support the future growth of the operation

2017 CHALLENGING YEAR

**POLITICAL
ISSUES**

TERRORISM

**NATURAL
DISASTERS**



THE ATTACK AFTERMATH

LAUNCH GALLERY

CRISIS MANAGEMENT

POTENTIAL RISKS

- Natural disasters
- Food safety
- Cyber security
- Reputation
- Store operation risk



A portrait of Alberto Torrado, a middle-aged man with dark, curly hair, smiling and wearing a dark suit jacket over a light blue shirt. He is standing with his arms crossed. The background is a solid blue color with some faint geometric shapes.

ALBERTO

TORRADO

CHAIRMAN OF THE BOARD

“We share best practices among our brands and countries to strengthen our operations”

Brand Portfolio

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A WELLBEING WORLDWIDE INITIATIVE

- Industry leadership in Nutrition Facts
- Promotion of a balanced lifestyle
- Sustainable supply and local supply impulse
- Food safety and food security through new quality standards



A circular inset showing a Nutrition Facts label. The label is white with black text and a gold border. It lists various nutrients and their amounts per serving, along with percentage daily values.

Nutrition Facts	
Serving Size 1 oz (28g)	
Amount Per Serving	
Calories 151	Calories from Fat 90
% Daily Value *	
Total Fat 10g	15%
Saturated Fat 3g	15%
Trans Fat 0g	
Cholesterol 0mg	0%
Sodium 168mg	8%
Total Carbohydrate 16g	5%
Fibre 1g	4%
Sugar 0g	
Protein 2g	



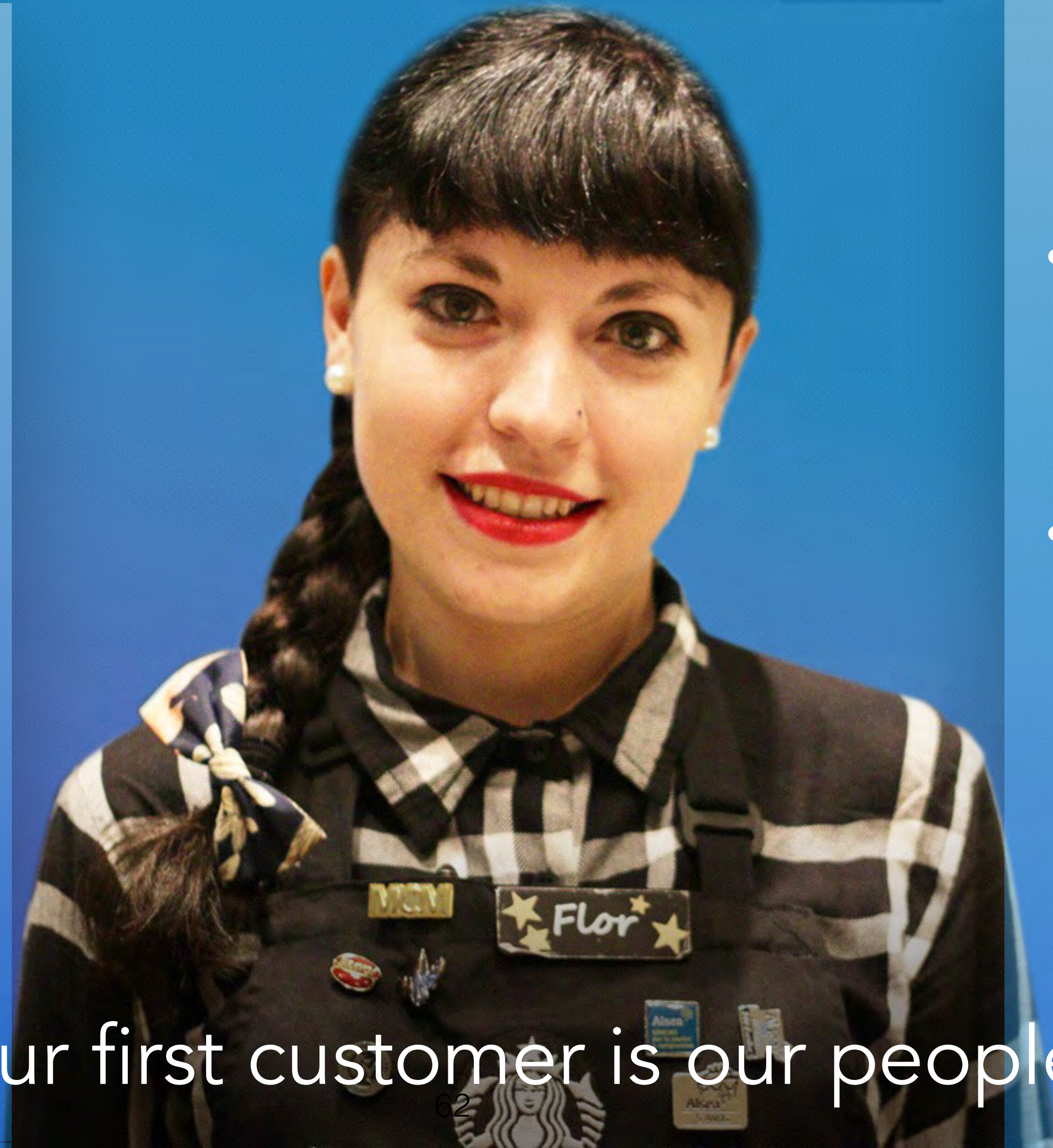
INTRODUCING THE LONG TERM **COMPENSATION PLAN**

ATRACCIONES +

- Managers will receive a 300/500 stock-options package
- Annual Plan of 1 to 3 months of salary deferred in 3 years

BONO 300

- Cash Bonus deferred in a 3 year period for the best managers worldwide
- Store managers with more than 3 years in the position and in the best performance Top 300



“Our first customer is our people”

WE MAKE A DIFFERENCE IN EVERY **COMMUNITY WHERE WE OPERATE**

COMMUNITY DEVELOPMENT

- 4 million of donated plants for 2021
- Sustainable Coffee Challenge

OPPORTUNITIES AND EMPLOYABILITY

- +1 million dollars invested in providing tools and skills for communities
- Aiding 5,000 people in vulnerable conditions in alliance with diverse civil society organizations

PROMOTION, RESCUE AND SAFEGUARDING OF MEXICAN GASTRONOMY

- World Forum of Mexican Gastronomy
- Support for the publication of the book "Mexico a culinary Quest"



5 YEARS COMBATING FOOD **POVERTY IN CHILDREN**

COMBATING FOOD POVERTY IN CHILDREN

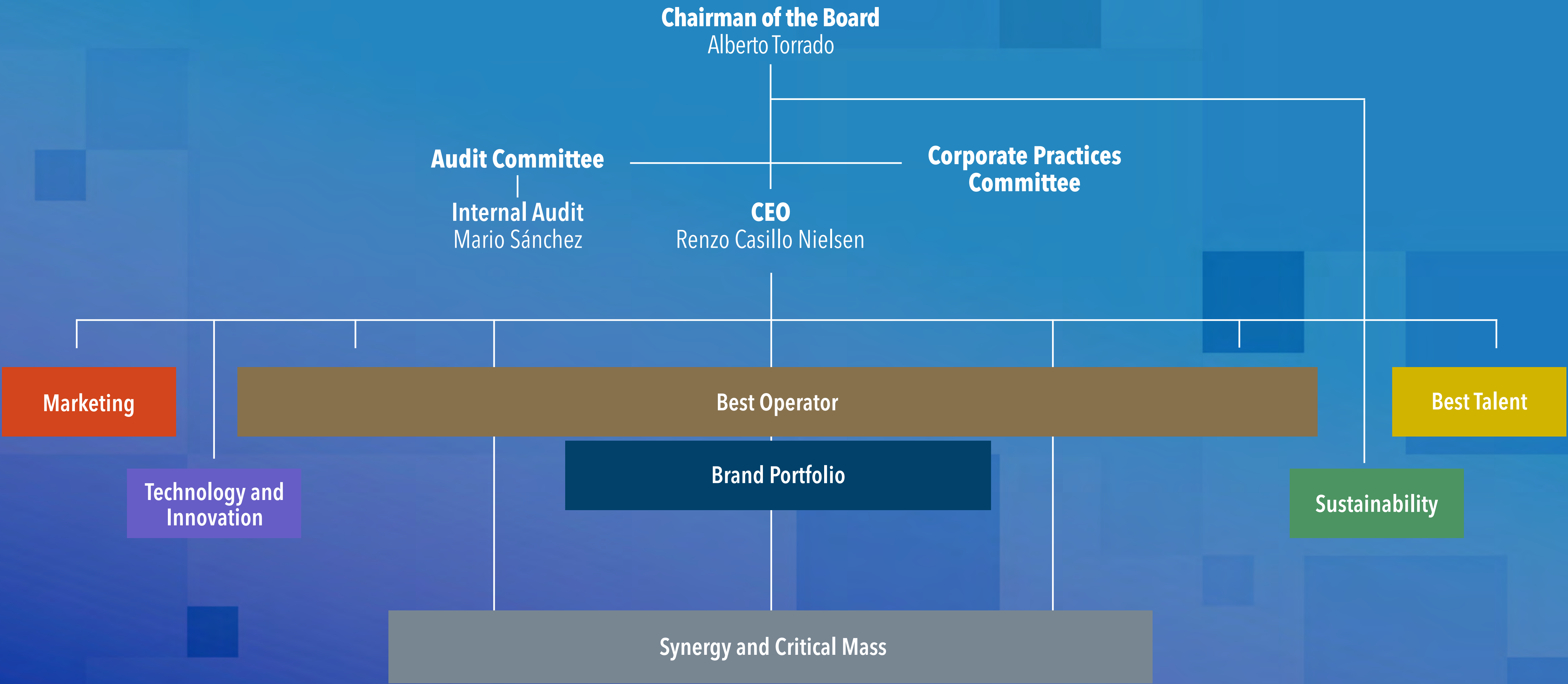
- More than 1.5 million meals served to date
- +100 million pesos invested
- 10 dining centers for children
- +3,000 children benefited daily
- Operation of the first Rural Dining self sustaining center with eco-technology in Oaxaca



ORGANIZATIONAL STRUCTURE



ORGANIZATIONAL STRUCTURE



CORPORATE GOVERNANCE BOARD OF DIRECTORS

Federico Tejado Bárcena
Proprietary Member

Julio Gutiérrez Mercadillo

Independent Member

Raúl Méndez Segura

Independent Member

Iván Moguel Kuri

Independent Member

Carlos E. Piedrahita

Independent Member

Steve Quamme

Independent Member

1997

1999

2005

2011

2012

2015

2017

Alberto Torrado

Proprietary Member

Cosme A. Torrado Martínez

Proprietary Member

Armando Torrado

Proprietary Member

Xavier Mangino Dueñas

Independent Secretary

Fabián Gosselin Castro

Proprietary Member

León Kraig Eskenazi

Independent Member

Adriana Noreña*

Independent Guest



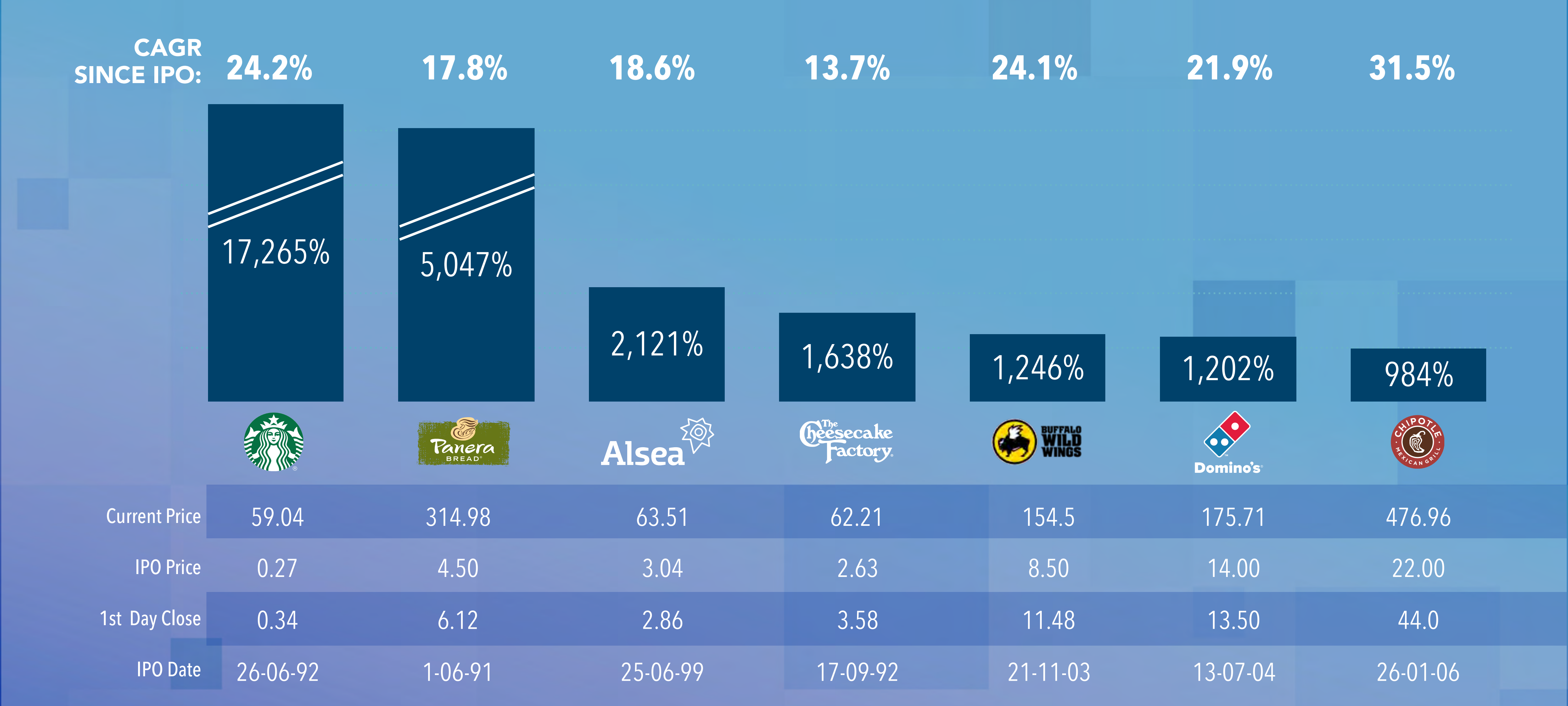
RAFAEL

CONTRERAS

CFO

SHARE PRICE RETURN SINCE IPO

PRICE APPRECIATION SINCE 1ST DAY CLOSE



*Local Currency.

**Source:FactSet, Bloomberg, Market Data as of April 19, 2017.

GUIDANCE 2018

TOP LINE GROWTH

Between
240 - 270
Total openings

190 - 210
corporate

+

50 - 60
sub - franchises

SSS

Mid to High
Single Digit

Revenues

Low to Mid
Double Digit Growth

EBITDA GROWTH

EBITDA
Low to Mid
Double Digit
Growth

Close to
14%
EBITDA margin

~4 Bn
CAPEX*

2.2x - 2.4x
Net Debt / EBITDA

*Excluding acquisitions

FIVE YEARS GOALS

	2018e	2022e
SALES	Low to mid double digit growth	CAGR* > 15%
EBITDA	Low to mid double digit growth	CAGR* = High-teens
EBITDA margin expansion	Close to 14%	>15%
DIVIDENDS	>\$0.70 pesos per share	Acum >\$ 5.50 pesos per share
ADJUSTED EPS*	MX\$1.70	CAGR* >25%
ROIC	13%	>20%
ROE	12%	Low 20's

*5 - Year Compound Annual Growth Rate.

Alsea



DAY

Q&A