# Results and Relevant Events during the Fourth Quarter And Full Year 2013

- **Solid growth of 9.8% in Same Store Sales during the fourth quarter of 2013**
- **Increase of 441 units during the last twelve months, reaching 1,862 total units**
- **Ebitda margin expansion of 110 basis points during 2013, closing at 13.0%**

## MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Fabián Gosselin, Alsea's Chief Executive Officer said: *"Without a doubt 2013 was an extraordinary year for Alsea. We had significant organic growth with an 8.0% year-over-year expansion in same-store sales, and a net increase of 250 corporate stores. This resulted in significant improvement in our financial indicators and profitability, reflected – among other things – by an increase of more than 85% in Net Income. This was also a record year in terms of acquisitions, as we were able to achieve the following during the period: (i) the agreement with Burger King to acquire 97 stores and the master franchise rights for Mexico; (ii) we agreed to acquire the stakes of Starbucks in Mexico, Chile and Argentina, so Alsea now has a 100% stake in those markets; (iii) as part of our diversification strategy, we acquired 25% of Grupo Axo, a company that operates 16 brands in the fashion and furniture segment; (iv) finally, in September we signed an agreement with Wal-Mart de México to acquire the VIPS restaurant business, which includes a total of 360 restaurants." He added: "We have been able to achieve all of this thanks to the strengthening of our business model, as well as to the effort and commitment of the more than 30,000 employees who are part of Alsea. I am certain that the results and achievements of 2013 will increase future growth, as well as the company's profitability"*

**February, 2014**

*Mexico City, February 13, 2014. Alsea, S.A.B. de C.V. (BMV: ALSEA*), the leading Quick Service Restaurant, Coffee Shops and Casual Dining operator in Latin America, reported its fourth quarter and full year 2013 results today. This information is presented according to the International Financial Reporting Standards (IFRS), and is presented in nominal terms.*

## CONSOLIDATED RESULTS FOR THE FOURTH QUARTER OF 2013

The following table shows a condensed Income Statement in millions of pesos (except EPS). The margin for each item represents net sales, as well as the percentage change in the quarter ended December 31st, 2013, in comparison with the same period of 2012:

| | *4Q 13* | *Margin %* | *4Q 12* | *Margin %* | *Change %* |
|---|---|---|---|---|---|
| Net sales | $4,416.8 | 100.0% | $3,628.4 | 100.0% | 21.7% |
| Gross Income | 2,972.1 | 67.3% | 2,384.8 | 65.7% | 24.6% |
| EBITDA(1) | 613.8 | 13.9% | 479.1 | 13.2% | 28.1% |
| Operating income | 365.5 | 8.3% | 265.5 | 7.3% | 37.7% |
| Majority Net Income | $274.6 | 6.2% | $132.4 | 3.6% | 107.4% |
| EPS (2) | 0.9905 | N.A. | 0.5726 | N.A. | 73.0% |

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

Net sales increased 21.7% to 4,417 million pesos in the fourth quarter of 2013, in comparison with 3,628 million pesos in the same quarter of the prior year. This increase reflects the growth in sales of the food and beverage segments in Mexico and South America, mainly due to the increase in the number of units, the 9.8% growth in same-store sales and to a lesser extent, which was partially offset by lower revenues to third parties from the distribution and production segment.

Growth in brand sales was due to the net increase of 250 corporate units in the last twelve months, as well as the increase in same-store sales for the operations in Mexico and South America, mainly as a result of a higher average ticket, because of the commercial and price strategies implemented by each brand and to a lower extent due to a higher volume of transactions.

During the fourth quarter of 2013, gross profit increased 587.3 million pesos to 2,972.1 million pesos, with a gross margin of 67.3%, compared with 65.7% recorded in the same period of the previous year. The increase of 1.6 percentage points in the gross margin is mainly attributed to the strategy of price increase and emphasizing premium products from some brands; these effects were partially offset due to the increased cost because of the depreciation of the peso during the fourth quarter of 2013, in comparison with the same period of 2012.

Operating expenses (excluding depreciation and amortization) increased 0.9 percentage points, growing from 52.5% during the fourth quarter of 2012, to 53.4% in the same period of 2013. This increase can be attributed mainly to the aforementioned business mix, to the increase in advertising expenses related to the commercial strategies implemented during the quarter, to a lesser extent to the increase in labor costs and to a lesser extent to the increase in pre-operating expenses related with the development plan. These effects were partially offset by the margin from the growth in same-store sales and to the increase in the number of units.

As a result of the 24.6% growth in gross income and the 23.8% increase in operating expenses (excluding depreciation and amortization), EBITDA grew 28.1% to 614 million pesos at the close of the fourth quarter of 2013, compared with the 479 million pesos in the same period of the prior year. The increase in EBITDA of 135 million pesos is mainly attributable to the growth in same-store sales and to the increase in the number of units. The EBITDA margin as a percentage of sales increased 70 basis points, rising from 13.2% in the fourth quarter of 2012 to 13.9% during the same period of 2013. The improvement in EBITDA margin is attributed to the growth in same-store sales, to the business mix, to a higher gross margin due the commercial initiatives, and price strategies implemented by the brands in the portfolio, as well as to the positive effect in the exchange rate and the operating efficiencies.

Consolidated majority net income for the quarter increased 142 million pesos, closing at 275 million pesos, compared with 137 million pesos in the fourth quarter of 2012, mainly due to the increase of 100 million pesos in the operating income, to the 41 million pesos decrease in the all-in cost of financing. Those variations were partially offset by the increase of 32 million pesos in taxes on earnings.

Earnings per share "EPS"(2) for the twelve months ended on December 31st, 2013, increased to 0.98 pesos, in comparison with 0.57 pesos for the twelve months ended on December 31st, 2012.

## RESULTS BY SEGMENT

Net sales and EBITDA are shown below by business segment in millions of pesos for the fourth quarter of 2013 and 2012.

| *Net Sales by Segment* | *4Q 13* | *% Cont.* | *4Q 12* | *% Cont.* | *% Var.* |
|---|---|---|---|---|---|
| Food and Beverages – Mexico | $2,873.8 | 65.1% | $2,356.7 | 65.0% | 21.9% |
| Food and Beverages – South America | 1,254.9 | 28.4% | 927.1 | 25.6% | 35.4% |
| Distribution and Production | 1,209.3 | 27.4% | 1,085.5 | 29.9% | 11.4% |
| Intercompany Operations | (921.1) | (20.9)% | (740.8) | (20.4)% | 24.3% |
| **Consolidated Net Sales** | **4,416.8** | **100.0%** | **3,628.4** | **100.0%** | **21.7%** |

| *EBITDA by Segment* | *4Q 13* | *% Cont.* | *Margen* | *4Q 12* | *% Cont.* | *Margen* | *% Var.* |
|---|---|---|---|---|---|---|---|
| Food and Beverages – Mexico (3) | $391.9 | 63.8% | 13.6% | $443.9 | 92.7% | 18.8% | (11.7)% |
| Food and Beverages – South America(3) | 98.2 | 16.0% | 7.8% | 28.8 | 6.0% | 3.1% | 241.3% |
| Distribution and Production(3) | 97.3 | 15.8% | 8.0% | 59.0 | 12.3% | 5.4% | 64.8% |
| Others(3) | 26.5 | 4.3% | N.A. | (52.6) | (11.0)% | N.A. | 150.3% |
| **Consolidated EBITDA** | **613.8** | **100.0%** | **13.9%** | **479.1** | **100.0%** | **13.2%** | **28.1%** |

(3) For the purpose of presenting comparable information by segment, the information for each respective segment excludes corporate expenses and other related intercompany expenses.

**Food and Beverages – Mexico**

Sales in the fourth quarter of 2013 increased 21.9% to 2,874 million pesos, in comparison with 2,357 million pesos in the same period of 2012. This positive variation of 517 million pesos is mainly attributable to the growth in same store sales for the segment in Mexico and to the increase of 175 corporate units from its various brands over the last twelve months, including the opening of new units and the acquisitions performed during the year.

EBITDA decreased 11.7% during the fourth quarter of 2013 to 392 million pesos, compared with the 427 million pesos reported in the same period of the prior year. The decrease is attributed to the increase in the cost and the expenses of intercompany operations (as it shows on the positive EBITDA of “Others” segment). This was offset by the positive effect of achieving positive growth in same-store sales and to a higher gross margin due the commercial initiatives, and price strategies implemented by the brands in the portfolio, and to a lesser extent, to the effect due to the aforementioned business mix.

**Food and Beverages – South America**

Food and Beverages – South America division represented 28.4% of Alsea’s consolidated sales and was comprised at the end of the fourth quarter, of Burger King Operations in Argentina, Chile and Colombia, as well as Domino's Pizza Colombia, Starbucks Coffee Argentina and Chile, PF Chang´s in Chile, Argentina and Colombia with a total of 283 corporate units and 4 sub-franchise units. This division presented a 35.4% growth in sales, totaling 1,255 million pesos, in comparison with 927 million pesos in the fourth quarter of 2012. This increase of 328 million pesos was mainly due to the increase of 75 corporate units and four sub-franchise unit, as well as to the increase in same-store sales.

At the end of the fourth quarter of 2013, EBITDA for the Food and Beverages – South America division increased 241.3% to 98 million pesos, in comparison with 29 million pesos in the same period of the prior year. The increase of 4.7 basis points in the EBITDA margin as compared to the same quarter of last year. This increase is attributable to the effect from the positive same store sales growth and by having more units in operation, as well as to a better business mix mainly driven by the acquisition of Starbucks Chile. The above mentioned variations were partially compensated by the increase in labor expenses at the store level and by the effect of the devaluation of the Argentinean Peso.

**Distribution and Production**

Net sales during the fourth quarter of 2013 increased 11.4% to 1,209 million pesos, in comparison with 1,085 million pesos in the same period of 2012. The foregoing is due to the growth in same-store sales of the brands in Mexico and to the increase in the number of units served over the last twelve months, supplying a total of 1,570 units as of December 31st, 2013, in comparison with 1,474 units during the same period of the prior year, which was an increase of 6.5%. Revenue to third parties decreased 15.4% to 287 million pesos, mainly due to the merge of Burger King Mexico and the decrease in same-store sales of the Burger King System.

EBITDA increased 64.8% during the fourth quarter of 2013. This positive variation is attributable to the margin increase in the bakery business unit due to the increase in volumes and lower production costs, as well as to operative efficiencies in logistic expenses.

## NON-OPERATING RESULTS FOR THE FOURTH QUARTER OF 2013.

**All-In Cost of Financing**

The all-in cost of financing in the fourth quarter of 2013 increased to 71 million pesos, in comparison with 39 million pesos during the same period of the prior year. This 32 million pesos increase can be mainly attributed to the increase of 22 million of the net interests paid and a negative variation of 10 million pesos of exchange rate losses.

**Participation in the Results of Associated**

The result in the participation of associated during the fourth quarter of 2013 increased to 36 million pesos in comparison with a loss of 1.0 million pesos in the same period of the previous year. The increase is attributable principally to the incorporation of the results of Group Axo, which presented an important growth in operating results as well as to the product from the sale of the 49% equity participation in the subsidiary that operates "Sephora".

## CONSOLIDATED RESULTS FOR THE FULL YEAR 2013

The following table shows a condensed Income Statement in millions of pesos (except EPS). The margin for each item represents net sales, as well as the percentage change in the full year ended December 31st, 2013, in comparison with the same period of 2012:

| | *2013* | *Margin %* | *2012* | *Margin %* | *Change %* |
|---|---|---|---|---|---|
| Net sales | $15,718.5 | 100.0% | $13,519.5 | 100.0% | 16.3% |
| Gross Income | 10,490.8 | 66.7% | 8,764.2 | 64.8% | 19.7% |
| EBITDA(1) | 2,038.2 | 13.0% | 1,608.6 | 11.9% | 26.7% |
| Operating income | 1,115.1 | 7.1% | 797.3 | 5.9% | 39.9% |
| Majority Net Income | $681 | 4.3% | $364.9 | 2.7% | 86.6% |
| EPS (2) | 0.9905 | N.A. | 0.5726 | N.A. | 73.0% |

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

Net sales increased 16.3% to 15,719 million pesos in the last twelve months of 2013, in comparison with 13,520 million pesos in the same quarter of the prior year. This increase reflects the growth in sales of the food and beverage segments in Mexico and South America, mainly due to the increase in the number of units, the 8.0% growth in same-store sales and to a lesser extent, which was partially offset by lower revenues of 15.2% to third parties from the distribution and production segment, derived principally from Burger King's merger in Mexico and the decrease in same-store sales of the Burger King system.

Growth in brand sales was due to the net increase of 250 corporate units in the last twelve months, as well as the increase in same-store sales for the operations in Mexico and South America, mainly as a result of a higher average ticket, because of the commercial and price strategies implemented by each brand and to a lower extent due to a higher volume of transactions.

During the full year of 2013, gross profit increased 1,727 million pesos to 10,491 million pesos, with a gross margin of 66.7%, compared with 64.8% recorded in the same period of the previous year. The increase of 1.9 percentage points in the gross margin is mainly attributed to the strategy of price increase and emphasizing premium products from some brands, the appreciation of the Mexican peso and the business mix.

Operating expenses (excluding depreciation and amortization) increased 0.9 percentage points, growing from 52.9% during the fourth quarter of 2012, to 53.8% in the same period of 2013. This increase can be attributed mainly to the aforementioned business mix, to the increase in advertising expenses related to the commercial strategies implemented during the year, to a lesser extent to the increase in labor costs and to the increase in pre-operating expenses related with a more aggressive development plan. These effects were partially offset by the operating leverage from the growth in same-store sales and to the increase in the number of units.

As a result of the 19.7% growth in gross income and the 18.1% increase in operating expenses (excluding depreciation and amortization), EBITDA grew 26.7% to 2,038 million pesos for the last twelve months at the end of 2013, compared with the 1,609 million pesos in the same period of the prior year. The increase in EBITDA of 430 million pesos is mainly attributable to the growth in same-store sales and to the increase in the number of units. The EBITDA margin as a percentage of sales increased 110 basis points, rising from 11.9% in the full year of 2012 to 13.0% during the same period of 2013. The improvement in EBITDA margin is attributed to the growth in same-store sales, to the business mix, to a higher gross margin due the commercial initiatives, and price strategies implemented by the brands in the portfolio, as well as to the positive effect in the exchange rate and the operating efficiencies.

Consolidated majority net income for the year increased 316 million pesos, closing at 681 million pesos, compared with 365 million pesos in the previous year, mainly due to the increase of 318 million pesos in the operating income, to the 30 million pesos in the all-in cost of financing. Those variations were partially offset by the increase of 21 million pesos in the integral result of financing and the increase of 66 million pesos in taxes on earnings.

Earnings per share "EPS"(2) for the twelve months ended on December 31st, 2013, increased to 0.98 pesos, in comparison with 0.57 pesos for the twelve months ended on December 31st, 2012.

## RESULTS BY SEGMENT FOR THE FULL YEAR 2013

Net sales and EBITDA are shown below by business segment in millions of pesos for the fourth quarter of 2013 and 2012.

| *Net Sales by Segment* | *2013* | *% Cont.* | *2012* | *% Cont.* | *Change %* |
|---|---|---|---|---|---|
| Food and Beverages – Mexico | $10,371.3 | 66.0% | $8,752.2 | 64.7% | 18.5% |
| Food and Beverages – South America | 4,219.3 | 26.8% | 3,416.3 | 25.3% | 23.5% |
| Distribution and Production | 4,330.0 | 27.5% | 4,032.4 | 29.8% | 7.4% |
| Intercompany Operations | (3,202.1) | (20.4)% | (2,681.4) | (19.8)% | 19.4% |
| **Consolidated Net Sales** | **15,718.5** | **100.0%** | **13,519.5** | **100.0%** | **16.3%** |

| *EBITDA by Segment* | *2013* | *% Cont.* | *Margen* | *2012* | *% Cont.* | *Margen* | *Change %* |
|---|---|---|---|---|---|---|---|
| Food and Beverages – Mexico (3) | $1,562.0 | 76.6% | 15.1% | $1,374.2 | 85.4% | 15.7% | 13.7% |
| Food and Beverages – South America(3) | 277.5 | 13.6% | 6.6% | 214.3 | 13.3% | 6.3% | 29.5% |
| Distribution and Production(3) | 253.8 | 12.5% | 5.9% | 206.8 | 12.9% | 5.1% | 22.7% |
| Others(3) | (55.1) | (2.7)% | N.A. | (186.7) | (11.6)% | N.A. | (70.5)% |
| **Consolidated EBITDA** | **2,038.2** | **100.0%** | **13.0%** | **1,608.6** | **100.0%** | **11.9%** | **26.7%** |

(3) For the purpose of presenting comparable information by segment, the information for each respective segment excludes corporate expenses and other related intercompany expenses.

**Food and Beverages – Mexico**

Sales in the full year of 2013 increased 18.5% to 10,371 million pesos, in comparison with 8,752 million pesos in the same period of 2012. This positive variation of 1,619 million pesos is mainly attributable to the growth in same store sales for the segment in Mexico and to the increase of 175 corporate units from its various brands over the last twelve months, including the opening of new units and the acquisitions performed during the year.

EBITDA increased 13.7% during the year ended in December 31st of 2013 to 1,562 million pesos, compared with the 1,374 million pesos reported in the same period of the prior year. This increase is attributed to the operating leverage generated by the increase in the sales stores sales and to the improvement in the cost derived from the initiatives and commercial strategies and of price implemented in the different brands, as well as in minor measure to the effect as consequence of the business mix.

**Food and Beverages – South America**

Food and Beverages – South America division represented 26.8% of Alsea's consolidated sales and was comprised at the end of the fourth quarter, of Burger King Operations in Argentina, Chile and Colombia, as well as Domino's Pizza Colombia, Starbucks Coffee Argentina and Chile, PF Chang´s in Chile, Argentina and Colombia with a total of 283 corporate units and 4 sub-franchise units. This division presented a 23.5% growth in sales, totaling 4,219 million pesos, in comparison with 3,416 million pesos in 2012. This increase of 803 million pesos was mainly due to the increase of 75 corporate units and 4 sub-franchise unit, as well as to the increase in same-store sales, of some of the brands in South America and in minor measure to the integration of Starbucks Chile's operations from September, 2013. These variations were partially compensated by the effect of the devaluation of the Argentinean Peso.

At the end of 2013, EBITDA for the Food and Beverages – South America division increased 29.5% to 278 million pesos, in comparison with 214 million pesos in the same period of the prior year. The increase of 0.3 basis points in the EBITDA margin as compared to the same period of last year. This increase is attributable to the effect from the positive same store sales growth and by having more units in operation, as well as to a better business mix mainly driven by the acquisition of Starbucks Chile. The above mentioned variations were partially compensated by the increase in labor expenses at the store level and by the effect of the devaluation of the Argentinean Peso.

**Distribution and Production**

Net sales during the full year of 2013 increased 11.4% to 1,209 million pesos, in comparison with 1,085 million pesos in the same period of 2012. The foregoing is due to the growth in same-store sales of the brands in Mexico and to the increase in the number of units served over the last twelve months, supplying a total of 1,570 units as of December 31st, 2013, in comparison with 1,474 units during the same period of the prior year, which represented an increase of 6.5%. Revenue to third parties decreased 15.2% to 1,130 million pesos, mainly due to the merge of Burger King Mexico and the decrease in same-store sales of the Burger King System.

EBITDA increased 22.7% during 2013. This positive variation is attributable to the margin increase in the bakery business unit due to the increase in volumes and lower production costs, as well as to operative efficiencies in logistic expenses. These variations were partially compensated by the negative effect of the appraisal of the Mexican Peso, in comparison with the previous year.

## NON-OPERATING RESULTS FOR THE FULL YEAR 2013.

**All-In Cost of Financing**

The all-in cost of financing in the full year of 2013 increased to 210 million pesos, in comparison with 189 million pesos during the same period of 2012. This 21 million pesos increase can be mainly attributed to the increase of 17 million of the net interests paid and a negative variation of 4 million pesos of exchange rate losses.

**Participation in the Results of Associated**

The result in the participation of associated during 2013 increased to 39 million pesos in comparison with 13 million pesos in the previous year. The increase is attributable principally to the incorporation of the results of Group Axo, which presented an important growth in operating results as well as to the product from the sale of the 49% equity participation in the subsidiary that operates "Sephora".

**Tax on earnings**

Taxes on earnings of 285 million pesos increased 66 million pesos in comparison with the same quarter of the prior year, which is a result of the 322 million pesos increase in earnings before taxes at the close of December 31st 2013

## BALANCE SHEET

**Store Equipment, Improvements to Leased Locations and Properties, Brand Use Rights, Goodwill and Pre-Operations**

The increase of 1,983 million pesos in this line was mainly due to the acquisition of assets and opening of new stores as a part of the expansion program over the last twelve months, as well as the acquisitions realized in the period. This was partially offset by the amortization and depreciation of assets.

During the twelve months ended December 31, 2013, Alsea made capital investments of 3,644 million pesos, of which 3,550 million pesos, equivalent to 97.4% of total investments, were destined for the acquisition and unit openings, equipment refurbishing, and remodeling existing stores for the different brands that the Company operates. The remaining 94 million pesos were earmarked for other items, notably logistics improvement projects, as well as software licenses, among other items.

**Inventory**

Inventory increased from 642 million pesos at December 31, 2013. This increase of 91 million pesos, equivalent to 2.7 inventory days is mainly attributable principally to the operations of collection of inputs in Argentina as well as the strategy of optimization of cost of inputs.

**Other Current Assets**

The increase in the Other Current Assets account of 138 million pesos, is attributable principally to the payment made to concrete the acquisition of "VIPS", to the renovation and contracting of technological services in advance and in minor measure to revenues paid anticipated with some lessees.

**Taxes Payable – Net**

The decrease in the account Taxes Payable– Net of Taxes Recoverable, of 93 million pesos at December 31, 2013, can be attributed mainly to the increase in income tax payable, partially offset by a higher VAT recoverable.

**Debt**

As of December 31st 2013, Alsea's total debt increased 2,569 million pesos, closing in 5,044 million pesos in comparison with 2,474 million peso in the same date of the previous year. The net debt consolidated of the company in comparison with the closing of the fourth quarter of 2012, increased 2,838 million peso, closing in

4,380 million peso on December 31, 2013 in comparison with 1,542 million peso to the closing of the previous year.

As of December 31, 2013, 92.3 % of the debt was long term, and to the same date 98.9 % was denominated in Mexican peso, 0.9 % in Argentina peso and 0.2 % in Chilean peso.

The following table shows the amount of total debt in millions of pesos at December 31st, 2013, as well as the maturity dates by year:

| | Balance | Maturities | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 4Q-12 | 2014 | % | 2015 | % | 2016 | % | 2017 | % | 2018 | % |
| Bank Debt | **$5,044** | $388 | 8% | $473 | 9% | $549 | 11% | $702 | 14% | $2,931 | 58% |

**Financial Ratios**

At December 31st, 2013, the covenants established in the Company's credit contracts were as follows:

The net debt to EBITDA ratio for the last twelve months was 2.15x and the twelve-month EBITDA to twelve-month interest paid ratio was 8.44x.

The Net Return on Invested Capital ("ROIC")(4) increased from 8.6% to 11.7% over the twelve months ended December 31st, 2013. The Return on Equity ("ROE")(5) for the twelve months ended December 31st, 2013, was 14.5% in comparison with 10.5% for the same period in the prior year.

## KEY NUMBERS

| Financial Indicators | 4Q-13 | 4Q-12 | Variation |
|---|---|---|---|
| EBITDA[1] / Interest Paid | 8.44 x | 6.56 x | N.A |
| Debt / EBITDA | 2.47 x | 1.54 x | N.A. |
| Net Debt / EBITDA[1] | 2.15 x | 0.96 x | N.A |
| ROIC [4] | 11.7% | 8.6% | 310 bps |
| ROE [5] | 14.5% | 10.5% | 400 bps |

| Stock Market Indicators | 4Q-13 | 4Q-12 | Variation |
|---|---|---|---|
| EPS (12 months) [2] | $0.9905 | $0.5726 | 73.0% |
| Shares in circulation at the close of the period (million) | 687.8 | 687.8 | 0.0% |
| Price per share at close | $40.79 | $25.78 | 58.2% |

(4) ROIC is defined as operating income after taxes (LTM) over net operating investment (total assets – cash and short-term investments – no-cost liabilities).
(5) ROE is defined as net earnings (last 12 months) over shareholders' equity.

| BRAND | UNITS 4Q-13 |
|---|---|
| Domino's Pizza | 628 |
| Burger King | 558 |
| **QSR** | **1,186** |
| Starbucks | 537 |
| **Coffee Shops** | **537** |
| Chili's Grill & Bar | 39 |
| California Pizza Kitchen | 19 |
| P.F. Chang´s China Bistro | 16 |
| Pei Wei Asian Diner | 3 |
| Italianni´s | 62 |
| **Casual Dining** | **139** |
| **ALSEA TOTAL UNITS** | **1,862** |
| **Corporate** | **1,411** |
| **Sub-franchisees[6]** | **451** |

**(6)** 214 Domino´s, 223 Burger King, 12 Italianni´s y 2 California Pizza Kitchen

| MEXICO | ARGENTINA | CHILE | COLOMBIA |
|---|---|---|---|
| 1,575 | 144 | 88 | 55 |

*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 must 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 with 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****

**Diego Gaxiola Cuevas**
CFO
Telephone: (5255) 5241-7151
ri@alsea.com.mx

**ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**
**AT DECEMBER 31st, 2013 Y 2012**
**(In thousands of nominal pesos)**

| | December 31st, 2013 | December 31st, 2012 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and short-term investments | $ 663,270 | $ 932,594 |
| Clients | 360,104 | 339,481 |
| Other accounts and documents receivable | 268,714 | 196,450 |
| Inventory | 641,880 | 550,394 |
| Taxes recoverable | 369,350 | 272,254 |
| Other current assets | 432,431 | 294,221 |
| Current assets | 2,738,376 | 2,585,395 |
| Investments in shares of associated companies | 788,665 | 40,296 |
| Store equipment, improvements to leased locales, and property, net | 4,610,941 | 3,924,108 |
| Brand use rights, goodwill and pre-operations, net | 3,263,896 | 2,418,830 |
| Deferred Income Tax | 1,060,221 | 828,965 |
| **Total Assets** | **$ 12,459,473** | **$ 9,797,593** |
| **LIABILITIES** | | |
| Short term: | | |
| Providers | $ 1,408,565 | $ 1,129,612 |
| Taxes payable | 386,981 | 383,203 |
| Other accounts payable | 901,589 | 871,404 |
| Bank credits | 388,486 | 396,647 |
| Short-term liabilities | 3,085,621 | 2,780,867 |
| Long term: | | |
| Bank credits | 2,166,281 | 2,077,833 |
| Unsecured local bonds | 2,488,850 | - |
| Other long-term liabilities | 137,604 | 109,995 |
| Long-term liabilities | 4,792,736 | 2,187,828 |
| **Total Liabilities** | **7,878,357** | **4,968,695** |
| **SHAREHOLDERS' EQUITY** | | |
| Minority interest | 231,875 | 308,189 |
| Majority interest: | | |
| Capital stock | 403,339 | 403,339 |
| Net premium in share placement | 2,037,390 | 2,466,822 |
| Accumulated income | 1,478,535 | 1,372,180 |
| Income during the year | 681,014 | 364,919 |
| Conversion effects – foreign entities | (251,037) | (86,550) |
| Majority interest | 4,349,241 | 4,520,710 |
| **Total Shareholders' Equity** | **4,581,116** | **4,828,898** |
| **Total Liabilities and Shareholders' Equity** | **$ 12,459,473** | **$ 9,797,593** |

## ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES
## CONSOLIDATED INCOME STATEMENT FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31st, 2013 AND 2012
## (In thousands of nominal pesos)

| | Three months ended, December 31, | | Twelve months ended, December 31, | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| **Net sales** | **$** 4,416,828 | **$** 3,628,447 | **$** 15,718,543 | **$**13,519,506 |
| Cost of sales | 1,444,691 | 1,243,648 | 5,227,739 | 4,755,291 |
| **Gross Income** | **2,972,138** | **2,384,799** | **10,490,804** | **8,764,215** |
| Operating expenses | 2,358,347 | 1,905,700 | 8,452,608 | 7,155,609 |
| Depreciation and amortization | 248,301 | 213,622 | 923,121 | 811,298 |
| **Operating income** | **365,490** | **265,478** | **1,115,075** | **797,309** |
| **All-in cost of financing:** | 70,961 | 38,724 | 210,470 | 189,342 |
| Interest paid – net | 72,126 | 49,805 | 202,345 | 198,061 |
| Exchange rate (loss) profit | (1,164) | (11,082) | 8,125 | (8,719) |
| Share in the results of associated companies | 40,391 | (599) | 43,582 | 12,978 |
| **Income before taxes** | **334,920** | **226,156** | **948,187** | **620,945** |
| Tax on earnings | 75,395 | 74,736 | 284,867 | 219,147 |
| **Consolidate net income** | **259,525** | **151,420** | **663,320** | **401,798** |
| Minority Interest | (15,073) | 19,009 | (17,694) | 36,879 |
| **Majority net Income** | $ **274,598** | $ **132,411** | $ **681,014** | $ **364,919** |

**ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES**
**CONSOLIDATED CASH FLOW STATEMENTS FOR THE TWELVE MONTHS ENDED DECEMBER 31st, 2013 AND 2012**
**(In thousands of nominal pesos)**

| | December 31, 2013 | December 31, 2012 |
|---|---|---|
| **Operating activities:** | | |
| **Consolidated result before income taxes** | $ **948,187** | $ **620,945** |
| Income from investments: | | |
| Depreciation and amortization of brands | 923,121 | 811,298 |
| Income or loss on sales of fixed assets | 24,386 | 64,200 |
| Other entries | (43,582) | (12,978) |
| **Total** | **1,852,112** | **1,483,465** |
| Clients | 2,019 | (91,106) |
| Inventory | (52,131) | (118,967) |
| Providers | 219,133 | 86,182 |
| Taxes payable | (459,362) | (225,429) |
| Other assets and other liabilities | (206,303) | 2,351,458 |
| **Total** | **(496,644)** | **2,002,138** |
| **Net cash flow from operations** | **1,355,468** | **3,485,603** |
| **Investment activities** | | |
| Store equipment, improvements to leased locales, and property | (939,527) | (800,057) |
| Brand use rights, goodwill and pre-operations, net | (319,166) | (185,991) |
| Investments in shares of subsidiaries and associated companies | (1,944,058) | 1,765,000 |
| **Net cash flow from investment activities** | **(3,202,751)** | **(2,751,048)** |
| **Cash receivable from financing activities** | **(1,847,283)** | **734,555** |
| **Financing activities** | | |
| Bank credits and loan payments, net | 80,286 | (659,272) |
| Unsecured local bonds | 2,488,850 | (1,000,000) |
| Dividend Decree | (343,878) | 0 |
| Minority interest, net | (487,882) | (69,182) |
| Sale (repurchase) of shares | 0 | 1,115,022 |
| | 5,070 | 186,226 |
| **Net cash flow from financing activities** | **1,742,446** | **(427,206)** |
| **Increase (decrease) net of cash** | **(104,837)** | **307,349** |
| Adjustments to cash flow due to exchange rate variations | (164,487) | (114,134) |
| Cash at the beginning of the period | 932,594 | 739,379 |
| **Cash at the end of the period** | $ **663,270** | $ **932,594** |