



## HOTEL reports 8% growth in total revenues and 48% dollar-denominated income for 1Q19

Mexico City, April 25<sup>th</sup>, 2019 – Grupo Hotelero Santa Fe S.A.B. de C.V. (BMV: HOTEL) (“HOTEL” or “the Company”), announced its consolidated results for the first quarter (“1Q19”) ended March 31<sup>th</sup>, 2019. Figures are expressed in Mexican Pesos, are unaudited and are in accordance with International Financial Reporting Standards (“IFRS”) and may vary due to rounding.

### Highlights

- 1Q19 Total Revenue reached Ps. 622.6 million, an 8.3% increase compared to 1Q18, driven by the following increases: i) 20.7% in Food and Beverages Revenue, ii) 41.5% in Other Hotel Revenue, and iii) 7.7% in Third-party Hotels’ Management Fees; which more than offset a 3.9% decline in Room Revenue.
- 1Q19 EBITDA<sup>1</sup> reached Ps. 211.2 million, a 6.4% decrease compared to 1Q18, derived from higher costs and expenses. 1Q19 EBITDA margin decreased to 33.9%.
- 1Q19 Net Income reached Ps. 106.4 million, a 48.1% decrease compared to the Ps. 204.9 million in 1Q18. This decrease was mainly attributed to a higher Net Financing Cost, combined with lower Operating Income. 1Q19 Net Income Margin was 17.1%.
- 1Q19 Net Operating Cash Flow was Ps. 165.7 million, a decrease of 15.9% compared to the Ps. 195.7 million reported in 1Q18. This variation was primarily driven by a lower EBITDA, which was partially offset by a lower unrealized FX loss.
- Net Debt/EBITDA (LTM) ratio was 4.2x at the end of 1Q19. Operating cash flow in dollars represented 100% of total operating cash flow, thereby providing a natural hedge of the dollarized financial debt.
- HOTEL’s total portfolio at the end of 1Q19 reached 5,916 rooms in operation, a 3.8% increase compared to the 5,701 rooms at end of 1Q18.
- RevPAR<sup>2</sup> for the Company-owned hotels decreased by 12.4% in 1Q19 compared to 1Q18, due to a 3.8 percentage point decrease in occupancy combined with a 7.2% decrease in ADR<sup>2</sup>, driven by: i) the Holy Week shift from March (2018) to April (2019); ii) slowdown in international tourism combined with a lower perception of security in certain markets which impacted resort hotels; iii) the maturation curve of the *Reflect Krystal Grand* properties which has been negatively affected by the aforementioned external factors and, iv) lower economic activity in the country which affected urban hotels.

Figures in thousand Mexican Pesos	First Quarter				3 months ended March 31			
	2019	2018	Var.	% Var.	2019	2018	Var.	% Var.
Total Revenue	622,590	574,968	47,622	8.3	622,590	574,968	47,622	8.3
EBITDA	211,213	225,634	(14,421)	(6.4)	211,213	225,634	(14,421)	(6.4)
EBITDA Margin	33.9%	39.2%	(5.3 pt)	(5.3 pt)	33.9%	39.2%	(5.3 pt)	(5.3 pt)
Operating Income	151,414	171,359	(19,945)	(11.6)	151,414	171,359	(19,945)	(11.6)
Net Income	106,362	204,949	(98,587)	(48.1)	106,362	204,949	(98,587)	(48.1)
Net Income Margin	17.1%	35.6%	(18.6 pt)	(18.6 pt)	17.1%	35.6%	(18.6 pt)	(18.6 pt)
Operating Cashflow	165,741	195,658	(29,917)	(15.3)	165,741	195,658	(29,917)	(15.3)
Occupancy	64.9%	68.7%	(3.8 pt)	(3.8 pt)	64.9%	68.7%	(3.8 pt)	(3.8 pt)
ADR	1,385	1,493	(108)	(7.2)	1,385	1,493	(108)	(7.2)
RevPAR	899	1,026	(127)	(12.4)	899	1,026	(127)	(12.4)

Note: operating figures include hotels with 50%+ ownership.

<sup>1</sup>EBITDA is calculated by adding Operating Income, Depreciation and Total Non-recurring expenses.

<sup>2</sup>Revenue per Available Room (“RevPAR”) and Average Daily Rate (“ADR”).

## Comments from the Executive Vice-President

Mr. Francisco Zinser, stated:

This first quarter marked a tough start for the tourism sector in Mexico and therefore also for HOTEL. Our quarterly results were below our expectations due to the Holy Week shift from March (2018) to April (2019) combined with external factors. In Mexico, tourist activity was negatively affected at both at resort and urban destinations. At resort destinations, the main issues were a slowdown in international tourism combined with a lower perception of security in certain markets. Recently, the US Department of state warned American citizens about incremental risks in the country. At urban destinations a slowdown in economic activity affected the booking activity of various segments including meetings & conventions, corporate accounts and government accounts due to austerity measures.

Moving on to our quarterly results, they were affected by the aforementioned effects combined with the maturation curve of the Reflect Krystal Grand properties which have been negatively affected by these factors. Revenue in the quarter totaled Ps. 622.6 million up 8.3% compared to 1Q18. EBITDA on the other hand was Ps. 211.2 million in the quarter, down 6.4% compared to 1Q18. Regarding company-owned hotels, RevPAR decreased by 12.4%, due to a 7.2% decrease in ADR and 3.8 percentage points of decrease in occupancy.

It is important to mention that since the beginning of the year we have tightened our cost-cutting initiatives to protect profitability. The lower than expected results for the *Reflect Krystal Grand* properties affected our profitability since this brand has higher standards and therefore higher operating costs. It is a natural effect, as you have to implement these standards in order to achieve higher ADR growth over time. We continue to believe that the strategic alliance with AMResorts will bring the Company accelerated revenue growth coupled with a higher percentage of dollar denominated sales. We are already starting to see these effects, as 1Q19 we posted 48% dollarized income, a record for the company, compared to 42% in 1Q18.

Also, last month Nexxus Capital distributed their HOTEL shares among its investors, which are equivalent to 19.1% of total outstanding shares, as part of their natural exit plan. We believe we will benefit from this action in the short and long term, as our higher float and liquidity should be a catalyst for the Company's objective of enhancing shareholder value.

HOTEL is on the right track to become the leading hotel company in Mexico. Our top management team and associates, which are recognized for their passion and commitment, combined with high efficiency levels and profitable growth will enable us to meet our goals. As always, we are thankful for the trust and support of our shareholders.

## Portfolio of Properties

No.	Property	Total Rooms	Ownership	Type	Category	Months in Operation	Stabilized	City	State
1	Hilton Guadalajara	450	100%	Urban	Grand Tourism	>36	Yes	Guadalajara	Jalisco
2	Krystal Urban Monterrey	150	100%	Urban	4 stars	>36	Yes	Monterrey	Nuevo Leon
3	Krystal Urban Cd. Juarez	120	100%	Urban	4 stars	>36	Yes	Ciudad Juarez	Chihuahua
4	Krystal Urban Cancun	246	100%	Urban	4 stars	>36	Yes	Cancun	Quintana Roo
5	Krystal Satelite Maria Barbara	215	100%	Urban	5 stars	>36	Yes	Estado de Mexico	Estado de Mexico
6	Hilton Garden Inn Monterrey Aeropuerto	134	15%	Urban	4 stars	>36	Yes	Monterrey	Nuevo Leon
7	Hampton Inn & Suites Paraíso Tabasco	117	-	Urban	4 stars	>36	Yes	Paraíso	Tabasco
8	Krystal Urban Aeropuerto Ciudad de Mexico	96	-	Urban	4 stars	>36	Yes	Mexico City	Mexico City
9	Krystal Urban Guadalajara	140	100%	Urban	4 stars	>36	Yes	Guadalajara	Jalisco
10	Krystal Monterrey	207	-	Urban	5 stars	33	In Process	Monterrey	Nuevo Leon
11	Ibis Irapuato	140	-	Urban	3 stars	22	In Process	Irapuato	Guanajuato
12	Krystal Grand Suites Insurgentes	150	50%	Urban	Grand Tourism	17	In Process	Mexico City	Mexico City
13	Cleviá Grand Leon	140	50%	Urban	Grand Tourism	7	In Process	Leon	Guanajuato
14	Hyatt Place Aguascalientes	144	-	Urban	4 stars	1	In Process	Aguascalientes	Aguascalientes
<b>Subtotal Urban</b>		<b>2,449</b>							
15	Krystal Resort Cancun	502	-	Resort	5 stars	>36	Yes	Cancun	Quintana Roo
16	Krystal Resort Ixtapa	255	-	Resort	5 stars	>36	Yes	Ixtapa	Guerrero
17	Krystal Resort Puerto Vallarta	530	-	Resort	5 stars	>36	Yes	Puerto Vallarta	Jalisco
18	Hilton Puerto Vallarta Resort	451	100%	Resort	Grand Tourism	>36	Yes	Puerto Vallarta	Jalisco
19	Krystal Beach Acapulco	400	100%	Resort	4 stars	>36	Yes	Acapulco	Guerrero
20	Reflect Krystal Grand Punta Cancun	395	100%	Resort	Grand Tourism	>36	Yes	Cancun	Quintana Roo
21	Reflect Krystal Grand Los Cabos	454	50%	Resort	Grand Tourism	22	In Process	Los Cabos	Baja California Sur
22	Reflect Krystal Grand Nuevo Vallarta	480	50%	Resort	Grand Tourism	17	In Process	Nuevo Vallarta	Nayarit
<b>Subtotal Resort</b>		<b>3,467</b>							
<b>Total in Operation</b>		<b>5,916</b>							
23	Hyatt Regency Insurgentes Mexico City	250	50%	Urban	Grand Tourism	Expected opening 1H-20		Mexico City	Mexico City
24	AC by Marriott Distrito Armida	168	-	Urban	4 stars	Expected opening 2H-19		Monterrey	Nuevo Leon
25	Curio Collection Zacatecas	32	-	Urban	Boutique	Expected opening 2H-19		Zacatecas	Zacatecas
26	DoubleTree by Hilton Toluca	142	-	Urban	4 stars	Expected opening 1Q-19		Toluca	Estado de Mexico
27	Breathless Tulum Resort & Spa	300	25%	Resort	Grand Tourism	Expected opening 2H-21		Tulum	Quintana Roo
<b>Total in Construction</b>		<b>892</b>							
<b>Total</b>		<b>6,808</b>							

At the end of 1Q19, HOTEL recorded a total of 22 properties in operation of which 13 are Company-owned<sup>3</sup>, and the remaining 9 are third-party owned<sup>4</sup>. This represents 1 additional property compared to the 21 hotels under operation at the end of 1Q18.

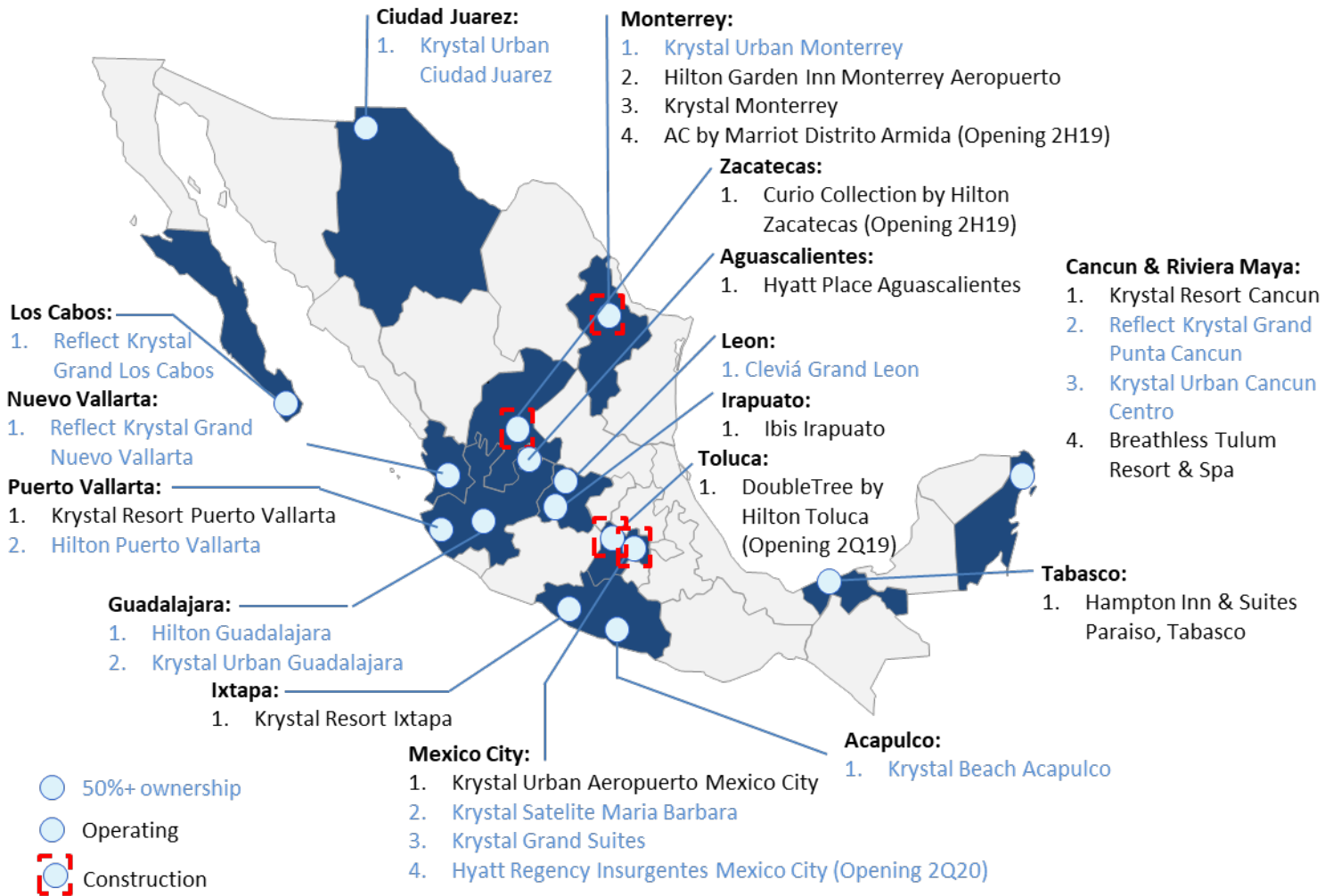
The total number of rooms in operation at the end of 1Q19 was 5,916, a 3.8% increase compared to the 5,701 under operation for the same period last year. Of the 215 net additional rooms, we added 339 rooms and have 124 less rooms due to exit of *Krystal Pachuca* from the portfolio. Out of the 339 rooms we added, 140 rooms are from the opening of *Cleviá Grand León*, 144 rooms from the opening of the *Hyatt Place Aguascalientes*, 54 rooms from the expansion of *Krystal Resort Puerto Vallarta* and 1 room from the expansion of *Krystal Urban Cancun*.

Additionally, HOTEL has 892 rooms under construction (owned and third-party) including 250 from *Hyatt Regency Insurgentes Mexico City*, 168 rooms from the *AC by Marriott Distrito Armida*, 32 rooms from the *Curio Collection Zacatecas*, 142 rooms from the *DoubleTree by Hilton Toluca* and 300 from the *Breathless Tulum Resort & Spa* for a total portfolio of 27 hotels and 6,808 rooms.

<sup>3</sup> The Company operates *Reflect Krystal Grand Los Cabos*, *Reflect Krystal Grand Nuevo Vallarta*, *Krystal Grand Suites Insurgentes* and *Cleviá Grand Leon* in which it also has a 50% ownership position. According to IFRS, the results of these properties are consolidated in the Company's financial statements

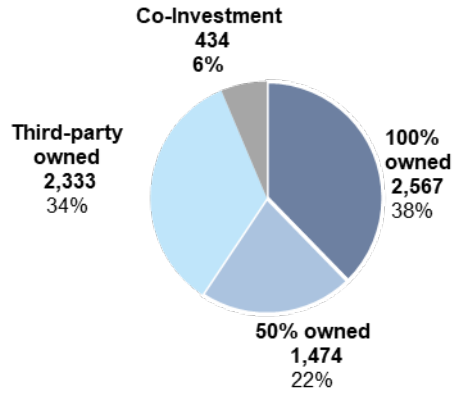
<sup>4</sup> The Company operates *Hilton Garden Inn Monterrey Aeropuerto* hotel, in which it has a 15% ownership position and is developing the *Breathless Tulum Resort & Spa* in which it has a 25% ownership. According to IFRS, although the results of this property are not consolidated in the Company's financial statements, third-party hotel's management fees are included as "Other Revenues", given that the property is considered a third-party hotel under management.

The hotel portfolio is geographically distributed as follows:

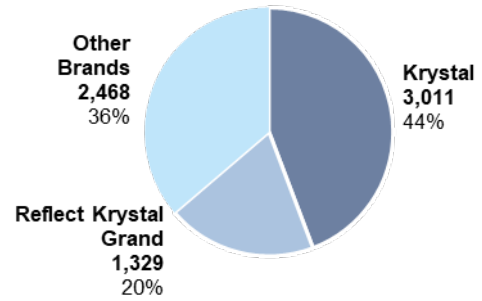


In terms of rooms under operation and rooms under development (including rooms under construction and conversion), at 1Q19 the hotel portfolio was as follows:

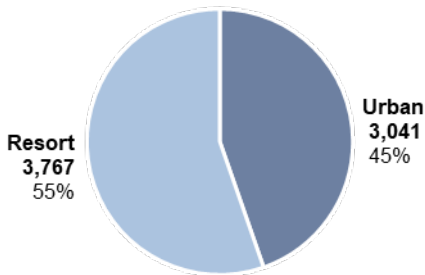
**Ownership (number of rooms)**



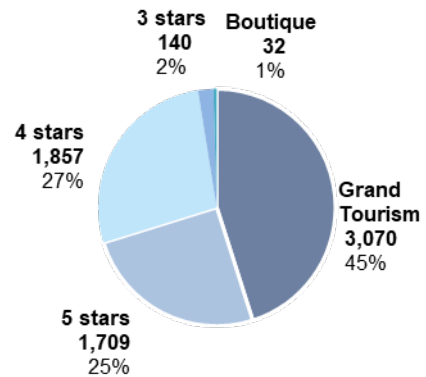
**Brand (number of rooms)**



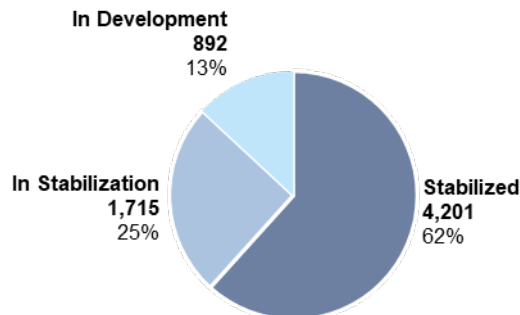
**Segment (number of rooms)**



**Category (number of rooms)**



**Stabilization Stage (number of rooms)**





## Hotel Classification

For comparison purposes, the hotel portfolio is classified between (i) company-owned hotels and (ii) those owned by third parties that are managed by HOTEL. The rationale for this classification is that the majority of revenue is supported by Company-owned hotels. While commercially important and relevant for the hotel platform, hotels under management only generate management fees for the Company, which are shown in the profit and loss statement under Third-Party Hotels' Management Fees.

Company-owned hotels are classified according to the stage in the stabilization cycle for each hotel. As a result of this classification, hotels that have been in operation for at least 36 months are considered mature or stabilized, while hotels that have been in operation for less than 36 months are considered in their stabilization stage or in their maturing period. At the end of 1Q19, HOTEL had 13 company-owned hotels and 9 third-party owned hotels under management<sup>(3)</sup>.

Of a total 5,916 hotel rooms under operation, the operating indicators for 1Q19 include 5,549 rooms. 367 rooms (263 corresponding to Vacation Club and 104 unavailable rooms) are excluded of the present analysis and are detailed at the end of this report in Appendix 1. The following table is a summary of the main 1Q19 operating indicators compared to the same period of last year, based on the classification. The methodology used to determine the number of rooms considers the total number of available rooms divided by the corresponding number of days in each period.

Hotel Classification	First Quarter				3 months ended March			
	2019	2018	Var.	%Var.	2019	2018	Var.	%Var.
<b>Total Hotels in Operation</b>	<b>22</b>	<b>21</b>	<b>1</b>	<b>4.8</b>	<b>22</b>	<b>21</b>	<b>1</b>	<b>4.8</b>
Number of rooms	5,549	5,161	388	7.5	5,549	5,161	388	7.5
Occupancy	67.7%	69.8%	(2.0 pt)	(2.0 pt)	67.7%	69.8%	(2.0 pt)	(2.0 pt)
ADR	1,449	1,518	(70)	(4.6)	1,449	1,518	(70)	(4.6)
RevPAR	981	1,059	(78)	(7.4)	981	1,059	(78)	(7.4)
<b>1 Total Owned Hotels (50%+ ownership)</b>	<b>13</b>	<b>12</b>	<b>1</b>	<b>8.3</b>	<b>13</b>	<b>12</b>	<b>1</b>	<b>8.3</b>
Number of rooms	3,738	3,410	328	9.6	3,738	3,410	328	9.6
Occupancy	64.9%	68.7%	(3.8 pt)	(3.8 pt)	64.9%	68.7%	(3.8 pt)	(3.8 pt)
ADR	1,385	1,493	(108)	(7.2)	1,385	1,493	(108)	(7.2)
RevPAR	899	1,026	(127)	(12.4)	899	1,026	(127)	(12.4)
<b>1.1 Stabilized Owned Hotels<sup>(1)</sup></b>	<b>9</b>	<b>7</b>	<b>2</b>	<b>28.6</b>	<b>9</b>	<b>7</b>	<b>2</b>	<b>28.6</b>
Number of rooms	2,514	1,971	543	27.5	2,514	1,971	543	27.5
Occupancy	66.5%	72.8%	(6.3 pt)	(6.3 pt)	66.5%	72.8%	(6.3 pt)	(6.3 pt)
ADR	1,413	1,620	(207)	(12.8)	1,413	1,620	(207)	(12.8)
RevPAR	939	1,179	(240)	(20.3)	939	1,179	(240)	(20.3)
<b>1.2 Owned Hotels in Stabilization Stage<sup>(2)</sup></b>	<b>4</b>	<b>5</b>	<b>(1)</b>	<b>(20.0)</b>	<b>4</b>	<b>5</b>	<b>(1)</b>	<b>(20.0)</b>
Number of rooms	1,224	1,439	(215)	(14.9)	1,224	1,439	(215)	(14.9)
Occupancy	61.6%	63.1%	(1.5 pt)	(1.5 pt)	61.6%	63.1%	(1.5 pt)	(1.5 pt)
ADR	1,323	1,291	32	2.5	1,323	1,291	32	2.5
RevPAR	816	815	0	0.0	816	815	0	0.0
<b>2 Third-party Hotels Under Management<sup>(3)</sup></b>	<b>9</b>	<b>9</b>	<b>-</b>	<b>0.0</b>	<b>9</b>	<b>9</b>	<b>-</b>	<b>0.0</b>
Number of rooms	1,811	1,751	60	3.4	1,811	1,751	60	3.4
Occupancy	73.6%	71.8%	1.8 pt	1.8 pt	73.6%	71.8%	1.8 pt	1.8 pt
ADR	1,565	1,566	(1)	(0.1)	1,565	1,566	(1)	(0.1)
RevPAR	1,152	1,125	27	2.4	1,152	1,125	27	2.4

Note: The variation in number of rooms in the portfolio due to renovations, acquisitions or recent openings in each period.

(1) Variation in number of hotels and rooms is due to the evolution of Krystal Urban Guadalajara and Krystal Satellite Maria Barbara that were reclassified from hotels in the stabilization stage to stabilized hotels combined with the new rooms added from the opening of the expansion of the Hilton Vallarta

(2) Variation in number of hotels and rooms is due to the reclassification from note (1) above and the incorporation of Hyatt Centric Campestre Leon

(3) The increase in number of rooms is due to the incorporation of Hyatt Place Aguascalientes combined with the exit of Krystal Pachuca

## Consolidated Financial Results

Figures in thousand Mexican Pesos

Income Statement	First Quarter				3 months ended March 31			
	2019	2018	Var.	% Var.	2019	2018	Var.	% Var.
Room Revenue	302,360	314,670	(12,310)	(3.9)	302,360	314,670	(12,310)	(3.9)
Food and Beverage Revenue	242,512	200,937	41,575	20.7	242,512	200,937	41,575	20.7
Other Hotel Revenues	57,730	40,800	16,930	41.5	57,730	40,800	16,930	41.5
Third-party Hotels' Management Fees	19,989	18,561	1,428	7.7	19,989	18,561	1,428	7.7
<b>Total Revenue</b>	<b>622,590</b>	<b>574,968</b>	<b>47,622</b>	<b>8.3</b>	<b>622,590</b>	<b>574,968</b>	<b>47,622</b>	<b>8.3</b>
Cost and Operating Expenses	262,532	222,889	39,642	17.8	262,532	222,889	39,642	17.8
Sales and Administrative	140,355	119,365	20,990	17.6	140,355	119,365	20,990	17.6
Other Expenses	8,491	7,080	1,411	19.9	8,491	7,080	1,411	19.9
Depreciation	52,139	44,233	7,906	17.9	52,139	44,233	7,906	17.9
<b>Total Costs and Expenses</b>	<b>463,517</b>	<b>393,568</b>	<b>69,949</b>	<b>17.8</b>	<b>463,517</b>	<b>393,568</b>	<b>69,949</b>	<b>17.8</b>
<b>Total Non Recurring Expenses</b>	<b>7,660</b>	<b>10,042</b>	<b>(2,382)</b>	<b>(23.7)</b>	<b>7,660</b>	<b>10,042</b>	<b>(2,382)</b>	<b>(23.7)</b>
<b>EBITDA</b>	<b>211,213</b>	<b>225,634</b>	<b>(14,421)</b>	<b>(6.4)</b>	<b>211,213</b>	<b>225,634</b>	<b>(14,421)</b>	<b>(6.4)</b>
EBITDA Margin(%)	33.9%	39.2%	(5.3 pt)	(5.3 pt)	33.9%	39.2%	(5.3 pt)	(5.3 pt)
<b>Operating Income</b>	<b>151,414</b>	<b>171,359</b>	<b>(19,945)</b>	<b>(11.6)</b>	<b>151,414</b>	<b>171,359</b>	<b>(19,945)</b>	<b>(11.6)</b>
Operating Income Margin (%)	24.3%	29.8%	(5.5 pt)	(5.5 pt)	24.3%	29.8%	(5.5 pt)	(5.5 pt)
<b>Net Financing Result</b>	<b>(15,924)</b>	<b>93,900</b>	<b>(109,824)</b>	<b>NA</b>	<b>(15,924)</b>	<b>93,900</b>	<b>(109,824)</b>	<b>NA</b>
Total income taxes	30,000	61,219	(31,219)	(51.0)	30,000	61,219	(31,219)	(51.0)
<b>Net Income</b>	<b>106,362</b>	<b>204,949</b>	<b>(98,587)</b>	<b>(48.1)</b>	<b>106,362</b>	<b>204,949</b>	<b>(98,587)</b>	<b>(48.1)</b>
Net Income Margin (%)	17.1%	35.6%	(18.6 pt)	(18.6 pt)	17.1%	35.6%	(18.6 pt)	(18.6 pt)
<b>Income attributable to:</b>								
Controlling interest	90,929	151,504	(60,575)	(40.0)	90,929	151,504	(60,575)	(40.0)
Non-controlling interest	15,433	53,446	(38,012)	(71.1)	15,433	53,446	(38,012)	(71.1)

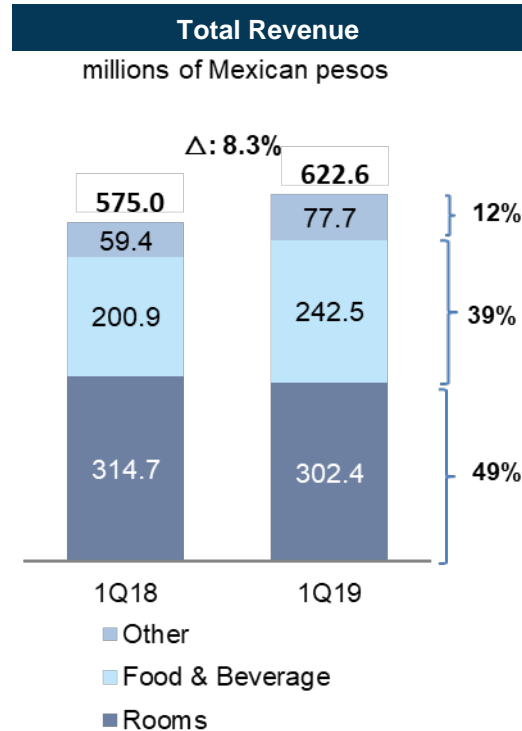
## Total Revenue

During 1Q19, Total Revenue increased 8.3%, from Ps. 575.0 million in 1Q18 to Ps. 622.6 million, driven by 20.7% growth in Food and Beverage Revenue, 41.5% in Other Hotel Revenue, and 7.7% growth in third-party Hotels' Management Fees, which more than offset the 3.9% decrease in Room Revenue.

The decline in Room Revenue was driven by lower occupancies combined with lower ADRs across the board due to: i) the Holy Week shift from March (2018) to April (2019), ii) public security issues which impacted resort hotels, iii) the maturation curve of the *Reflect Krystal Grand* properties which has been negatively affected by the aforementioned external factors; and, iv) lower economic activity which affected urban hotels performance.

During 1Q19, Room Revenue decreased 3.9% compared to 1Q18, derived from the 12.4% decrease in RevPAR, comprised of a 3.8 percentage point decline in occupancy and 7.2% decrease in ADR. Lower RevPAR was compensated by a 9.6% increase in the number of rooms in operation of Company-owned hotels.

The portfolio of stabilized Company-owned hotels experienced an 27.5% increase in the number of rooms, which more than compensated a 20.3% decrease in RevPAR, driven by a 6.3 percentage points decrease in Occupancy, coupled with a 12.8% decline in ADR. The increase in the number of rooms was driven by the incorporation of the *Krystal Urban Guadalajara* and the *Krystal Satellite Maria Barbara* into the portfolio of stabilized Company-owned hotels, having completed its 36-month stabilization stage.



Company-owned hotels in the stabilization stage recorded a 14.9% decrease in the number of rooms, due to the evolution of *Krystal Urban Guadalajara* and *Krystal Satelite Maria Barbara* from hotels in stabilization to stabilized hotels. As a result of the new hotel mix in the portfolio of hotels in the stabilization stage, RevPAR remained stable, as a 1.5 percentage point contraction in occupancy was more than offset by a 2.5% ADR increase.

Food and Beverage revenue increased 20.7%, from Ps. 200.9 million in 1Q18 to Ps. 242.5 million in 1Q19, as a result of the growth in the *Reflect Krystal Grand* hotels which are now fully all-inclusive, combined with the growth at the *Hilton Puerto Vallarta Resort* derived from *The Hacienda by Hilton* expansion.

Other Hotel Revenue, which includes among other items, event room rentals, parking, laundry, telephone, and leasing of commercial spaces, increased 41.5%, from Ps. 40.8 million in 1Q18 to Ps. 57.7 million in 1Q19, attributed to the growth in the *Reflect Krystal Grand* hotels, combined with the growth at the *Hilton Puerto Vallarta Resort* resulting from *The Hacienda by Hilton* expansion.

Management Fees related to third-party owned hotels increased by 7.7% compared to 1Q18, due to a 3.4% increase in the number of rooms under operation during the period, combined with higher RevPAR. The 2.4% increase in RevPAR was driven by the 1.8 percentage points expansion in occupancy, combined with a stable ADR. The Company sees an opportunity to continue its expansion plans by means of third-party operating contracts, mainly with Krystal® brand without significantly impacting the operating structure.

### Costs and Expenses

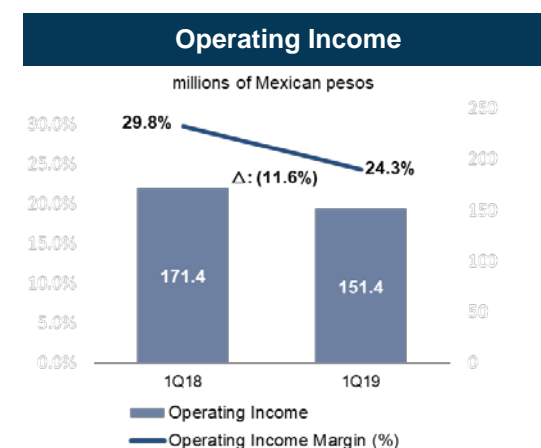
Operating Costs and Expenses increased 17.8%, from Ps. 222.9 million in 1Q18 to Ps. 262.5 million in 1Q19. This increase was mainly due to higher costs and expenses in the *Reflect Krystal Grand* hotels. This new brand has higher operating costs which have not yet been matched by revenue growth due to the longer than expected maturity curve for these properties, given the Holy Week shift from March (2018) to April (2019) and public security issues which impacted resort hotels performance.

Administration and Sales Expenses rose 17.6%, from Ps. 119.4 million in 1Q18 to Ps. 140.4 million in 1Q19, due to higher costs and expenses in the *Reflect Krystal Grand* hotels, due to the above-mentioned effects.



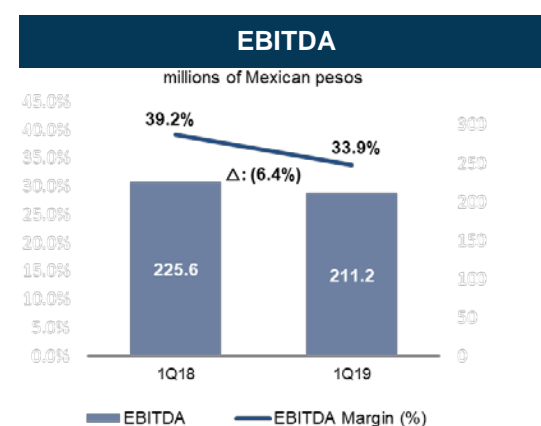
## Operating Income

During 1Q19, operating income decreased 11.6%, from Ps. 171.4 million in 1Q18 to Ps. 151.4 million. This result was due to higher costs and expenses in the *Reflect Krystal Grand* hotels, as explained earlier.



## EBITDA

1Q19 EBITDA reached Ps. 211.2 million, compared to Ps. 225.6 million in 1Q18, a decrease of 6.4%. 1Q19 EBITDA margin decreased by 5.3 percentage points, from 39.2% in 1Q18 to 33.9% in 1Q19, reflecting the already mentioned negative effects



(Figures in thousand Pesos)	1Q19	1Q18	% Var.	2019	2018	% Var.
Operating Income	151,414	171,359	(11.6)	151,414	171,359	(11.6)
(+) Depreciation	52,139	44,233	17.9	52,139	44,233	17.9
(+) Development and hotel opening expenses <sup>5</sup>	5,814	6,126	(5.1)	5,814	6,126	(5.1)
(+) Other non-recurring expenses <sup>6</sup>	1,846	3,916	(52.9)	1,846	3,916	(52.9)
<b>EBITDA</b>	<b>211,213</b>	<b>225,634</b>	<b>(6.4)</b>	<b>211,213</b>	<b>225,634</b>	<b>(6.4)</b>
<b>EBITDA Margin</b>	<b>33.9%</b>	<b>39.2%</b>	<b>(5.3 pt)</b>	<b>33.9%</b>	<b>39.2%</b>	<b>(5.3 pt)</b>

## Net Financing Result

For 1Q19, Net Financing Result went from a Ps. 93.9 million gain in 1Q18 to a Ps. 15.9 million loss. This result was mainly attributed to the lower FX gain generated by the effect of the mark-to-market valuation effect of a higher USD/MXN exchange rate applied to our US dollar-denominated debt, and to a lesser extend to higher interest expenses.

## Net Income

Net Income decreased from Ps. 204.9 million in 1Q18 to Ps. 106.4 million in 1Q19, down 48.1%, driven by the previously mentioned lower foreign exchange (FX) gain and lower operating income, which were partially offset by lower income taxes. Net income margin was 17.1% in 1Q19, compared to 35.6% in 1Q18, a decrease of 18.5 percentage points.

<sup>5</sup> Expenses incurred in hotel expansions and openings, including new developments, and are related to the acquisition and research of acquisition opportunities.

<sup>6</sup> Other non-recurring expenses, including settlement expenses and consulting fees related to the takeover of hotels acquired.

## Cash Flow Summary

Figures in thousands of Mexican Pesos

Cash Flow Statement	First Quarter				3 months ended March 31			
	2019	2018	Var.	% Var.	2019	2018	Var.	% Var.
<b>Cashflow from operating activities</b>								
Net income	106,362	204,949	(98,587)	(48.1)	106,362	204,949	(98,587)	(48.1)
Depreciation and amortization	52,139	44,233	7,906	17.9	52,139	44,233	7,906	17.9
Income taxes	30,000	61,219	(31,219)	(51.0)	30,000	61,219	(31,219)	(51.0)
Unrealized FX gain (loss)	(50,408)	(133,177)	82,769	(62.1)	(50,408)	(133,177)	82,769	(62.1)
Net interest expense	41,762	29,646	12,116	40.9	41,762	29,646	12,116	40.9
Other financial costs	2,515	1,534	981	64.0	2,515	1,534	981	64.0
Minority interest	(872)	(909)	37	(4.0)	(872)	(909)	37	(4.0)
<b>Cashflow before working capital variations</b>	<b>181,498</b>	<b>207,495</b>	<b>(25,997)</b>	<b>(12.5)</b>	<b>181,498</b>	<b>207,495</b>	<b>(25,997)</b>	<b>(12.5)</b>
Working Capital	(15,757)	(11,837)	(3,920)	33.1	(15,757)	(11,837)	(3,920)	33.1
<b>Net operating cashflow</b>	<b>165,741</b>	<b>195,658</b>	<b>(29,917)</b>	<b>(15.3)</b>	<b>165,741</b>	<b>195,658</b>	<b>(29,917)</b>	<b>(15.3)</b>
Non-recurring items	(55,946)	(47,252)	(8,694)	18.4	(55,946)	(47,252)	(8,694)	18.4
<b>Cashflow net from non-recurring items</b>	<b>109,795</b>	<b>148,406</b>	<b>(38,611)</b>	<b>(26.0)</b>	<b>109,795</b>	<b>148,406</b>	<b>(38,611)</b>	<b>(26.0)</b>
Investment activities	(104,440)	(89,748)	(14,692)	16.4	(104,440)	(89,748)	(14,692)	16.4
Financing activities	35,197	(67,303)	102,500	NA	35,197	(67,303)	102,500	NA
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>40,552</b>	<b>(8,645)</b>	<b>49,197</b>	<b>NA</b>	<b>40,552</b>	<b>(8,645)</b>	<b>49,197</b>	<b>NA</b>
Cash and cash equivalents at the beginning of the period	102,804	288,015	(185,211)	(64.3)	102,804	288,015	(185,211)	(64.3)
<b>Cash and cash equivalents at the end of the period</b>	<b>143,356</b>	<b>279,370</b>	<b>(136,014)</b>	<b>(48.7)</b>	<b>143,356</b>	<b>279,370</b>	<b>(136,014)</b>	<b>(48.7)</b>
Cash in business acquisition	-	-	-	NA	-	-	-	NA
<b>Total Cash at the end of the period</b>	<b>143,356</b>	<b>279,370</b>	<b>(136,014)</b>	<b>(48.7)</b>	<b>143,356</b>	<b>279,370</b>	<b>(136,014)</b>	<b>(48.7)</b>

By the end of 1Q19, operating cash flow reached Ps. 165.7 million, compared to Ps. 195.7 million reported in 1Q18, a 15.3% decrease mainly driven by a lower EBITDA, which was partially offset by a lower unrealized FX loss.

## Balance Sheet Summary

Figures in thousands of Mexican Pesos

Balance Sheet Summary	Mar-19	Mar-18	Var.	Var %
Cash and cash equivalents	143,356	279,370	(136,013)	(48.7%)
Accounts receivable and other current assets	342,708	238,979	103,730	43.4%
Creditable taxes	400,383	340,566	59,817	17.6%
Escrow deposit for hotel acquisition	-	22,472	(22,472)	(100.0%)
<b>Total current assets</b>	<b>886,448</b>	<b>881,387</b>	<b>5,061</b>	<b>0.6%</b>
Restricted cash	133,190	97,245	35,945	37.0%
Property, furniture and equipment	8,164,849	6,754,213	1,410,636	20.9%
Non-productive fixed assets (under development) □	565,358	898,427	(333,069)	(37.1%)
Other fixed assets	624,122	491,580	132,542	27.0%
<b>Total non-current assets</b>	<b>9,487,519</b>	<b>8,241,465</b>	<b>1,246,054</b>	<b>15.1%</b>
<b>Total Assets</b>	<b>10,373,966</b>	<b>9,122,851</b>	<b>1,251,115</b>	<b>13.7%</b>
Current installments of long-term debt	272,550	169,525	103,025	60.8%
Other current liabilities	490,929	424,776	66,153	15.6%
<b>Total current liabilities</b>	<b>763,479</b>	<b>594,301</b>	<b>169,178</b>	<b>28.5%</b>
Long-term debt	2,775,786	2,160,367	615,419	28.5%
Other non-current liabilities	878,035	824,823	53,212	6.5%
<b>Total non-current liabilities</b>	<b>3,653,820</b>	<b>2,985,189</b>	<b>668,631</b>	<b>22.4%</b>
<b>Total Equity</b>	<b>5,956,666</b>	<b>5,543,360</b>	<b>413,306</b>	<b>7.5%</b>
<b>Total Liabilities and Equity</b>	<b>10,373,966</b>	<b>9,122,851</b>	<b>1,251,115</b>	<b>13.7%</b>

### Cash and Equivalents

By the end of 1Q19, the Company's cash and cash equivalents reached Ps. 143.4 million. Of this figure, Ps. 43.5 million are peso-denominated and Ps. 99.9 million are US dollar-denominated.

### Accounts Receivable and Other Current Assets

This line item increased 43.4%, from Ps. 239.0 million in 1Q18 to Ps. 342.7 million in 1Q19, driven by the inclusion of the expansion of the *Hilton Puerto Vallarta Resort* and the incorporation of *Cleviá Grand Leon*.

### Property, Furniture & Equipment

This line item was equal to Ps. 8,164.8 million at the end of 1Q19, a 20.9% increase compared to Ps. 6,754.2 million at the end of 1Q18. This increase was mainly driven by the inclusion of the *Cleviá Grand Leon* and *The Hacienda at Hilton Puerto Vallarta Resort*. In addition, the Company continues to carry out routine improvements, remodeling and renovation projects in its fixed assets. Hotels that underwent recent renovations include *Krystal Urban Monterrey*.

Figures in thousand Mexican Pesos

Capex for the period	1Q19		YTD March 31, 2019	
		% Total		% Total
Hotels in development	56,371	56.2%	56,371	56.2%
Improvements in owned hotels	24,687	24.6%	24,687	24.6%
Ordinary capex	19,298	19.2%	19,298	19.2%
<b>Total Capex</b>	<b>100,356</b>	<b>100.0%</b>	<b>100,356</b>	<b>100.0%</b>

### Net Debt and Maturity

Net Debt was Ps. 2,771.8 million at the end of 1Q19, which represented a Total Debt / LTM EBITDA ratio equal to 4.2x. 85.1% of Total Debt is US dollar denominated and has an average cost of 5.70%. The remaining 14.9% is peso-denominated, with an average weighted cost of 11.53%. In addition, 93.3% of debt maturities are long-term.

During 1Q19, the Mexican peso appreciated 1.4% by the end of the quarter, from Ps. 19.6566 as of December 31, 2018, to Ps. 19.3793 as of March 31, 2019, having a positive impact on the Company's financial cost. The short US dollar position of the Company by the end of 1Q19 was US\$93.1 million, equal to Ps. 2,379.0 million.

The following graphs shows the Company's debt and cash position, as well as the debt maturity.

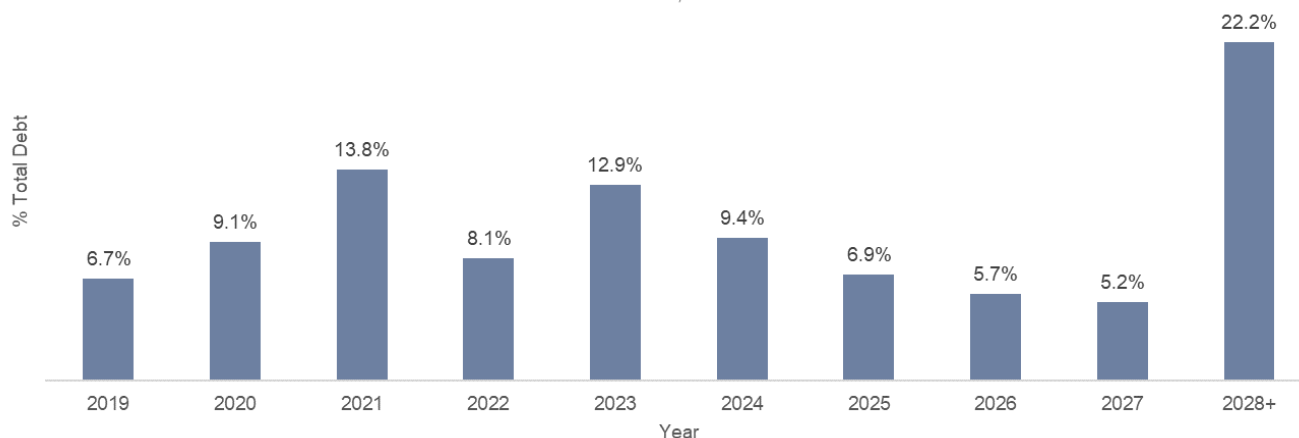
Figures in thousands of Mexican Pesos	Denominated in (currency):		
	Pesos	Dollars	Total
<b>Debt*</b>			
Short Term	40,602	231,948	272,550
Long Term	412,626	2,363,160	2,775,786
<b>Total</b>	<b>453,228</b>	<b>2,595,108</b>	<b>3,048,336</b>
% Total	14.9%	85.1%	100.0%
Average rate of financial liabilities	11.53%	5.70%	6.57%
Cash and equivalents	43,485	99,870	143,355
Restricted cash	16,939	116,251	133,190
<b>Cash and equivalents**</b>	<b>60,424</b>	<b>216,121</b>	<b>276,546</b>
<b>Net Debt</b>	<b>392,804</b>	<b>2,378,987</b>	<b>2,771,790</b>

Net Debt / LTM EBITDA (as of March 31, 2019) 4.2x

\*Includes accrued interests and effect of financial instruments related to financial debt.

\*\*Includes restricted cash related to bank debt.

Debt Maturity Profile of Grupo Hotelero Santa Fe  
as of March 31, 2019



To continue with its growth plans, the Company will continue to balance its debt between pesos and dollars. Both peso and dollar-denominated debt are hedged over reference rates (TIIE and LIBOR), with a strike price at 8.5% and 4.5%, respectively.

According to IFRS, the exchange rate used was Ps. 19.3793 / US\$ as of March 31, 2019, as published in Mexico's *Official Federal Gazette*.

## Currency Hedging Analysis

Figures in thousands of Mexican Pesos

Currency Hedging Analysis	First Quarter 2019			YTD March 31, 2019		
	Denominated in Pesos	Denominated in USD	Total in Pesos	Denominated in Pesos	Denominated in USD	Total in Pesos
Total Revenue	326,510	296,080	<b>622,590</b>	326,510	296,080	<b>622,590</b>
% of Total Revenue	52.4%	47.6%	<b>100.0%</b>	52.4%	47.6%	<b>100.0%</b>
(-) Total Costs and Expenses	409,368	54,149	<b>463,517</b>	409,368	54,149	<b>463,517</b>
(-) Non-recurring Expenses	7,659	-	<b>7,659</b>	7,659	-	<b>7,659</b>
<b>Operating Income</b>	<b>(90,517)</b>	<b>241,931</b>	<b>151,414</b>	<b>(90,517)</b>	<b>241,931</b>	<b>151,414</b>
(+) Depreciation	52,139	-	<b>52,139</b>	52,139	-	<b>52,139</b>
<b>Operating Cashflow</b>	<b>(38,378)</b>	<b>241,931</b>	<b>203,553</b>	<b>(38,378)</b>	<b>241,931</b>	<b>203,553</b>
% of Operating Cashflow	(18.9%)	118.9%	<b>100.0%</b>	(18.9%)	118.9%	<b>100.0%</b>
Interest	4,152	39,122	<b>43,274</b>	4,152	39,122	<b>43,274</b>
Principal	9,862	14,109	<b>23,971</b>	9,862	14,109	<b>23,971</b>
<b>Total Debt Service</b>	<b>14,014</b>	<b>53,231</b>	<b>67,245</b>	<b>14,014</b>	<b>53,231</b>	<b>67,245</b>
Interest Coverage ratio 1	(9.2x)	6.2x	<b>4.7x</b>	(9.2x)	6.2x	<b>4.7x</b>
Debt Service Coverage Ratio 2	(2.7x)	4.5x	<b>3.0x</b>	(2.7x)	4.5x	<b>3.0x</b>

1) Operating Cashflow / Interest; 2) Operating Cashflow / Total Debt Service

In 1Q19, approximately 47.6% of revenue and 100% of operating cash flow were denominated in dollars. Dollar-denominated operating cash flow was enough to cover financial debt, both interest and principal, with a ratio of 8.5x for 1Q19. This position corroborated the Company's expectations to benefit from lower financing costs, given that hotels which contracted financial debt have a natural hedge to volatile scenarios.

At the end of 1Q19, the Company's debt coverage ratio was 3.0x. In addition, HOTEL has a dollar-denominated cash balance of Ps. 216.1 million at the close of 1Q19, decreasing its total exposure to currency risks.



## Recent Events

During 1Q19, and until the date of this report, HOTEL's recent developments included:

- On January 15<sup>th</sup>, 2019 we announced the signing of a franchise agreement with Hyatt for *Hyatt Centric Campestre Leon*, which will be rebranded from *Cleviá Grand Leon*. This 5-star hotel in Leon, Guanajuato, Mexico, has 140 rooms and is in "Puerta Bajío", a premium location in a mixed-use real estate development including a shopping mall, residential apartments and office space. It is in the north of the city within the "Zona Dorada", one of the fastest growing areas in the city. This is the first franchise agreement that HOTEL signs with Hyatt and the first Hyatt Centric hotel to open in the country. The company is evaluating other possible future projects with Hyatt.
- On February 5<sup>th</sup>, 2019, we announced the signing of a second franchise agreement with Hyatt for *Hyatt Regency Insurgentes Mexico City* which is expected to open in 2Q20. This Grand Tourism category hotel will have 250 rooms and will be located on Insurgentes Avenue in the south of the city, in front of the World Trade Center and the Polyforum Siqueiros in a mixed-use real estate complex, that will also include a gourmet experience area, retail area, residential area and parking. This is the second franchise agreement that HOTEL signs with Hyatt after the recently announced Hyatt Centric Campestre Leon and the second Hyatt Regency hotel to open in Mexico City. The company is evaluating other possible future projects with Hyatt.
- On February 6<sup>th</sup>, 2019 we announced our 2019 guidance. The information follows:

### HOTEL 2019 Guidance

Figures in millions of Mexican Pesos	2019e	2018	\$ Var.	% Var.
Total Revenue	2,330	2,065	265	12.8
EBITDA	780	676	104	15.4
EBITDA Margin (%)	33.5%	32.7%	0.8	0.8

HOTEL's 2019 guidance was prepared using average exchange rate US Dollar/Mexican Peso of US\$: \$19.00.

- On March 14<sup>th</sup>, 2019, the Company announced that the construction of *Hyatt Regency Mexico City Insurgentes* is in temporary suspension as part of a plan of Mexico City's new government intended to review documentation of large constructions. The Company complied with the law and has all permits and licenses required to construct the building and expects this temporary suspension will be short-term. *Hyatt Regency Mexico City Insurgentes* is one out of 27 hotels in the Company's portfolio and one in six that are currently under construction. The Company does not expect negative business effects if the temporary suspension is short-term.
- On March 25<sup>th</sup>, 2019, the Company announced that Nexus Capital, one of the founders of the Company, through its fund Nexus Capital Private Equity Fund III L.P. ("Nexus"), began the process of distributing all of their HOTEL shares among its investors (Limited Partners), equivalent to 19.1% (93,985,417 shares) of total outstanding shares. This distribution corresponds to Nexus' natural exit plan as a temporary investor. Before this distribution, the floating stock of the company was 227,399,831 shares, equivalent to 46.3% of total outstanding shares. Consequently, the percentage of floating stock will reach 65.4% (321,385,248 shares). The process of distributing shares finalized by the end of the quarter. The Company will benefit from this action in the short and long term, as its liquidity should increase and support the Company's objective of enhancing shareholder value.

### 1Q19 Conference Call Details:

HOTEL will host its earnings webcast (audio + presentation) to discuss results:

**Date:** Friday, April 26, 2019

**Time:** 12:00 p.m. Mexico City Time  
1:00 p.m. New York Time

To participate in the conference call and Q&A session please dial:

**Telephone:** U.S.: 1 800 863 3908  
International: +1 334 323 7224  
Mexico: 01 800 847 7666

Conference password: HOTEL 000

**Webcast:** The webcast will be in English. To follow the Power Point presentation and the audio of the call, please visit our website [www.gsf-hotels.com/investors](http://www.gsf-hotels.com/investors)

### About Grupo Hotelero Santa Fe

HOTEL is a leading company in the Mexican hotel industry, centered on acquiring, converting, developing and operating its own hotels as well as third party-owned hotels. The Company focuses on strategic hotel location and quality, a unique hotel management model, strict expense control and the proprietary Krystal® brand as well as other international brands. As of year-end 2018, the Company employed over 3,500 people and generated revenues of Ps. 2,065 million. For more information, please visit [www.gsf-hotels.com](http://www.gsf-hotels.com)

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### Legal Note on Forward-Looking Statements:

The information provided in this report contains certain forward-looking statements and information related to Grupo Hotelero Santa Fe, S.A.B. de C.V. and its subsidiaries (jointly “Grupo Hotelero Santa Fe”, “HOTEL”, or the “Company”) which are based in the understanding of its managers, as well as in assumptions and information currently available for the Company. Such statements reflect the current view of Grupo Hotelero Santa Fe in regard to future events subject to a number of risks, uncertainties and assumptions. Several features may cause that the results, performance or current achievements of the Company may differ materially with respect to future results, performance or attainments of Grupo Hotelero Santa Fe that may be included, expressly or implied within such statements in regard to the future, including among others, alterations in the economic general conditions and/or politics, governmental and commercial changes globally or within the countries in which the Company has any business interests, changes in the interests rates and inflation, exchange rates volatility, changes in the demand and regulations of the products marketed by the Company, changes in the price of raw materials and other goods, changes in the business strategies and several other features. If one or more these of risks or uncertainties are materialized, or if the assumptions used result to be incorrect, the real results may materially differ from those described herein as anticipated, believed, expected or envisioned. Grupo Hotelero Santa Fe undertakes no obligation to update or revise any forward-looking statements.

## Income Statement

**GRUPO HOTELERO SANTA FE, S.A.B. de C.V.**  
Consolidated Income Statement  
For the three months periods ended March 31, 2019 and 2018  
(Figures in thousands of Mexican Pesos)

	First Quarter				3 months ended March 31			
	2019	2018	Var.	% Var.	2019	2018	Var.	% Var.
<b>Revenue</b>								
Room Revenue	302,360	314,670	(12,310)	(3.9)	302,360	314,670	(12,310)	(3.9)
Food and Beverage Revenue	242,512	200,937	41,575	20.7	242,512	200,937	41,575	20.7
Other Revenue from Hotels	57,730	40,800	16,930	41.5	57,730	40,800	16,930	41.5
Third-party Hotels' Management Fees	19,989	18,561	1,428	7.7	19,989	18,561	1,428	7.7
<b>TOTAL REVENUE</b>	<b>622,590</b>	<b>574,968</b>	<b>47,622</b>	<b>8.3</b>	<b>622,590</b>	<b>574,968</b>	<b>47,622</b>	<b>8.3</b>
<b>COSTS AND EXPENSES</b>								
Operating Costs and Expenses	262,532	222,889	39,642	17.8	262,532	222,889	39,642	17.8
Sales and Administration	140,355	119,365	20,990	17.6	140,355	119,365	20,990	17.6
Property Expenses	8,491	7,080	1,411	19.9	8,491	7,080	1,411	19.9
Depreciation and Amortization	52,139	44,233	7,906	17.9	52,139	44,233	7,906	17.9
<b>TOTAL COSTS AND EXPENSES</b>	<b>463,517</b>	<b>393,568</b>	<b>69,949</b>	<b>17.8</b>	<b>463,517</b>	<b>393,568</b>	<b>69,949</b>	<b>17.8</b>
Development and hotel opening expenses	5,814	6,126	(312)	(5.1)	5,814	6,126	(312)	(5.1)
Other non-recurring expenses	1,846	3,916	(2,070)	(52.9)	1,846	3,916	(2,070)	(52.9)
<b>ADJUSTED EBITDA</b>	<b>211,213</b>	<b>225,634</b>	<b>(14,421)</b>	<b>(6.4)</b>	<b>211,213</b>	<b>225,634</b>	<b>(14,421)</b>	<b>(6.4)</b>
<i>ADJUSTED EBITDA Margin (%)</i>	<i>33.9%</i>	<i>39.2%</i>	<i>(5.3 pt)</i>	<i>(5.3 pt)</i>	<i>33.9%</i>	<i>39.2%</i>	<i>(5.3 pt)</i>	<i>(5.3 pt)</i>
<b>OPERATING INCOME</b>	<b>151,414</b>	<b>171,359</b>	<b>(19,945)</b>	<b>(11.6)</b>	<b>151,414</b>	<b>171,359</b>	<b>(19,945)</b>	<b>(11.6)</b>
<i>Operating Income Margin (%)</i>	<i>24.3%</i>	<i>29.8%</i>	<i>(5.5 pt)</i>	<i>(5.5 pt)</i>	<i>24.3%</i>	<i>29.8%</i>	<i>(5.5 pt)</i>	<i>(5.5 pt)</i>
Net interest expenses	(41,762)	(29,646)	(12,116)	40.9	(41,762)	(29,646)	(12,116)	40.9
Net FX gain (loss)	28,353	125,080	(96,727)	(77.3)	28,353	125,080	(96,727)	(77.3)
Other financial costs	(2,515)	(1,534)	(981)	64.0	(2,515)	(1,534)	(981)	64.0
<b>Net Financing Result</b>	<b>(15,924)</b>	<b>93,900</b>	<b>(109,824)</b>	<b>NA</b>	<b>(15,924)</b>	<b>93,900</b>	<b>(109,824)</b>	<b>NA</b>
Undistributed income from subsidiaries, net	872	909	(37)	(4.1)	872	909	(37)	(4.1)
Income before taxes	136,362	266,168	(129,806)	(48.8)	136,362	266,168	(129,806)	(48.8)
Total income taxes	30,000	61,219	(31,219)	(51.0)	30,000	61,219	(31,219)	(51.0)
<b>Net Income</b>	<b>106,362</b>	<b>204,949</b>	<b>(98,587)</b>	<b>(48.1)</b>	<b>106,362</b>	<b>204,949</b>	<b>(98,587)</b>	<b>(48.1)</b>
<i>Net Income Margin (%)</i>	<i>17.1%</i>	<i>35.6%</i>	<i>(18.6 pt)</i>	<i>(18.6 pt)</i>	<i>17.1%</i>	<i>35.6%</i>	<i>(18.6 pt)</i>	<i>(18.6 pt)</i>

## Balance Sheet

**Grupo Hotelero Santa Fe, S.A.B. de C.V.**

Consolidated Balance Sheet

As of March 31, 2019 and 2018

(Figures in thousands of Mexican Pesos)

(Figures in thousands of Mexican Pesos)	2019	2018	Var \$	Var %
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	143,356	279,370	(136,013)	(48.7%)
Restricted cash	-	-	-	NA
Accounts receivables from clients	218,478	186,684	31,794	17.0%
Accounts receivables from related parties	11,644	6,035	5,610	93.0%
Creditable taxes	400,383	340,566	59,817	17.6%
Other current assets	112,586	46,260	66,326	NA
Escrow deposit for hotel acquisition	-	22,472	(22,472)	(100.0%)
<b>Total current assets</b>	<b>886,448</b>	<b>881,387</b>	<b>5,061</b>	<b>0.6%</b>
<b>Non-current Assets</b>				
Restricted cash	133,190	97,245	35,945	37.0%
Property, furniture and equipment	8,164,849	6,754,213	1,410,636	20.9%
Non-productive fixed assets (under development) □	565,358	898,427	(333,069)	(37.1%)
Other assets	32,745	20,035	12,710	63.4%
Investment in subsidiaries	118,733	36,785	81,948	NA
Deferred income taxes	117,829	102,707	15,122	14.7%
Goodwill	354,815	332,053	22,762	6.9%
<b>Total non-current assets</b>	<b>9,487,519</b>	<b>8,241,465</b>	<b>1,246,054</b>	<b>15.1%</b>
<b>Total assets</b>	<b>10,373,966</b>	<b>9,122,851</b>	<b>1,251,115</b>	<b>13.7%</b>
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>				
<b>Current liabilities</b>				
Current installments of long-term debt	272,550	169,525	103,025	60.8%
Suppliers	162,571	127,459	35,112	27.5%
Accrued liabilities	125,523	94,941	30,582	32.2%
Accounts payable to related parties	9,345	18,247	(8,903)	(48.8%)
Payable taxes	131,718	130,850	867	0.7%
Client advanced payments	61,773	53,279	8,495	15.9%
<b>Total current liabilities</b>	<b>763,479</b>	<b>594,301</b>	<b>169,178</b>	<b>28.5%</b>
<b>Non-current liabilities</b>				
Long-term debt	2,775,786	2,160,367	615,419	28.5%
Other non-current liabilities	5,833	4,764	1,069	22.4%
Deferred income taxes	872,202	820,059	52,143	6.4%
<b>Total non-current liabilities</b>	<b>3,653,820</b>	<b>2,985,189</b>	<b>668,631</b>	<b>22.4%</b>
<b>Total liabilities</b>	<b>4,417,300</b>	<b>3,579,491</b>	<b>837,809</b>	<b>23.4%</b>
<b>Equity</b>				
Capital stock	3,414,018	3,440,911	(26,893)	(0.8%)
Legal reserve	190,493	190,493	-	0.0%
Premium on subscription of shares	80,000	80,000	-	0.0%
Net income	90,929	204,949	(114,020)	(55.6%)
Retained earnings	864,902	598,953	265,949	44.4%
<b>Shareholder's Equity</b>	<b>4,640,343</b>	<b>4,515,307</b>	<b>125,035</b>	<b>2.8%</b>
Non-controlling interest	1,316,324	1,028,053	288,271	28.0%
<b>Total Equity</b>	<b>5,956,666</b>	<b>5,543,360</b>	<b>413,306</b>	<b>7.5%</b>
<b>Total liabilities and equity</b>	<b>10,373,966</b>	<b>9,122,851</b>	<b>1,251,115</b>	<b>13.7%</b>

## Cash Flow Statement

Grupo Hotelero Santa Fe, S.A.B. de C. V.  
Consolidated Cash Flow  
For the three month period ended March 31, 2019 and 2018

Figures in thousands of Mexican Pesos

Cash Flow Statement	First Quarter		3 months ended March 31	
	2019	2018	2019	2018
<b>Cashflow from operating activities</b>				
Net income	106,362	204,949	106,362	204,949
Depreciation and amortization	52,139	44,233	52,139	44,233
Income taxes	30,000	61,219	30,000	61,219
Unrealized FX gain (loss)	(50,408)	(133,177)	(50,408)	(133,177)
Net interest expense	41,762	29,646	41,762	29,646
Other financial costs	2,515	1,534	2,515	1,534
Minority interest	(872)	(909)	(872)	(909)
<b>Cashflow before working capital variations</b>	<b>181,498</b>	<b>207,495</b>	<b>181,498</b>	<b>207,495</b>
Accounts receivable from clients	(47,595)	(51,497)	(47,595)	(51,497)
Accounts receivable from related parties	(1,389)	3,432	(1,389)	3,432
Other current assets	(20,410)	(13,136)	(20,410)	(13,136)
Creditable taxes	21,173	28,169	21,173	28,169
Suppliers	334	17,915	334	17,915
Accrued liabilities	28,200	857	28,200	857
Accounts payable to related parties	(1,197)	2,323	(1,197)	2,323
Downpayments from clients	17,427	12,689	17,427	12,689
Payable taxes	(12,299)	(12,589)	(12,299)	(12,589)
<b>Net operating cashflow</b>	<b>165,741</b>	<b>195,658</b>	<b>165,741</b>	<b>195,658</b>
<b>Non-recurring items</b>				
Accrued liabilities	(24,227)	-	(24,227)	-
Payment for right to operate hotel	(12,000)	-	(12,000)	-
Receivable and Payable taxes	(19,720)	(28,480)	(19,720)	(28,480)
Income in acquisition of Dollars	-	(18,772)	-	(18,772)
<b>Cashflow net from non-recurring items</b>	<b>109,795</b>	<b>148,406</b>	<b>109,795</b>	<b>148,406</b>
<b>Investment activities</b>				
Change in restricted cash	1,564	6,410	1,564	6,410
Acquisition of property, furniture and equipment	(99,880)	(106,314)	(99,880)	(106,314)
Acquisition of ongoing business	-	-	-	-
Escrow deposit for hotel acquisition	-	1,704	-	1,704
Investment in subsidiary	2,463	94	2,463	94
Other net assets and liabilities	(791)	1,686	(791)	1,686
Interest gained	(7,797)	6,672	(7,797)	6,672
<b>Cashflow from investment activities</b>	<b>(104,440)</b>	<b>(89,748)</b>	<b>(104,440)</b>	<b>(89,748)</b>
<b>Financing activities</b>				
Net increase in paid-in capital from non-controlling company	8,008	-	8,008	-
Payment of Liabilities SITRA Group's subsidiaries	-	-	-	-
Repurchase of shares	678	(651)	678	(651)
Obtained loans	132,901	-	132,901	-
Loan to shareholder of a non-controlled company	(39,146)	-	(39,146)	-
Payment of interest and loan amortization	(67,245)	(66,651)	(67,245)	(66,651)
<b>Cashflow from financing activities</b>	<b>35,197</b>	<b>(67,303)</b>	<b>35,197</b>	<b>(67,303)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>40,552</b>	<b>(8,645)</b>	<b>40,552</b>	<b>(8,645)</b>
Cash and cash equivalents at the beginning of the period	102,804	288,015	102,804	288,015
<b>Cash and cash equivalents at the end of the period</b>	<b>143,356</b>	<b>279,370</b>	<b>143,356</b>	<b>279,370</b>
<b>Cash in business acquisition</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Cash at the end of the period</b>	<b>143,356</b>	<b>279,370</b>	<b>143,356</b>	<b>279,370</b>



## Appendix 1: Integration of Rooms under Operation

Operating indicators for 1Q19 consider 5,549 hotel rooms under operation out of 5,916. The integration of 367 rooms excluded is detailed as follows:

- i) 263 rooms part of the Vacation Club<sup>7</sup>
- ii) The effect of 104 rooms less in the period due to:
  - a. 40 rooms out of 144 rooms of *Hyatt Place Aguascalientes* were available in the quarter it was incorporated in March (104 less rooms)

The following table summarizes the total number of rooms of the Company's portfolio:

Rooms 1Q19	Owned Hotels	Third-party owned hotels	Total Rooms
In Operation	3,738	1,811	5,549
Vacational Club	53	210	263
Unavailable	-	104	104
In Renovation	-	-	-
<b>Total Rooms</b>	<b>3,791</b>	<b>2,125</b>	<b>5,916</b>

<sup>7</sup> 263 rooms are part of Vacation Club, of which 53 rooms are Company-owned, and 210 rooms are third-party owned under the Company's management. Vacation Club revenue is included in the P&L under Other Income, and is, therefore, excluded from this analysis.