



## HOTEL reports 31% and 28% growth in Total Revenues and EBITDA respectively for 2018

Mexico City, February 21<sup>st</sup>, 2019 – Grupo Hotelero Santa Fe S.A.B. de C.V. (BMV: HOTEL) (“HOTEL” or “the Company”), announced its consolidated results for the fourth quarter (“4Q18”) and full-year ended December 31<sup>st</sup>, 2018. 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

- 2018 EBITDA reached Ps. 675.8 million, slightly above our revised 2018 guidance, representing a 27.9% increase compared to 2017.
- 2018 Total Revenues reached Ps. 2,064.9 million, slightly above our revised 2018 guidance, representing a 30.6% increase compared to 2017.
- 4Q18 Total Revenue reached Ps. 542.7 million, a 23.0% increase compared to 4Q17, driven by the following increases: i) 9.7% in Room Revenue, ii) 36.4% in Food and Beverages (mainly all-inclusive), iii) 76.7% in Other Hotel Revenue, and iv) 17.2% in Third-party Hotels’ Management Fees.
- 4Q18 EBITDA<sup>1</sup> reached Ps. 173.3 million, a 18.2% increase compared to 4Q17 driven by revenue growth. 4Q18 EBITDA margin was 31.9%.
- We posted a 4Q18 Net Income of Ps. 17.1 million. This was a result of higher income from operations, lower FX losses, lower financing costs and lower income taxes compared to 4Q17.
- 4Q18 Net Operating Cash Flow was Ps. 167.5 million, an increase of 11.9% compared to the Ps. 149.7 million reported in 4Q17. This increase was mainly due to higher net income.
- Net Debt/EBITDA (LTM) ratio was 4.1x at the end of 4Q18. Operating cash flow in dollars in 4Q18 represented 79.7% of total operating cash flow, thereby maintaining a natural hedge of the dollarized financial debt.
- HOTEL’s total portfolio at the end of 4Q18 reached 6,808 rooms with 27 hotels, a 10.9% increase compared to the 6,137 rooms at end of 4Q17.
- RevPAR<sup>2</sup> for the Company-owned hotels declined by 9.0% in 4Q18 compared to 4Q17, due to a 3.5 percentage points decrease in occupancy combined with a decrease of 3.5% in ADR<sup>2</sup>. Lower occupancies were driven by the internal and external factors mentioned in our 3Q18 report.
- The Company announces its 2019 guidance. 2019e Total Revenue: Ps. 2,330 million (+13% vs 2018). 2019e EBITDA: Ps. 780 million (+15% vs 2018). This guidance has been prepared using an average exchange rate of US Dollar/Mexican Peso of US\$: \$19.00.

<i>Figures in thousand Mexican Pesos</i>	Fourth Quarter				12 months ended December 31			
	2018	2017	Var.	% Var.	2018	2017	Var.	% Var.
Total Revenue	542,741	441,308	101,433	23.0	2,064,941	1,581,496	483,445	30.6
EBITDA	173,338	146,683	26,655	18.2	675,794	528,200	147,594	27.9
EBITDA Margin	31.9%	33.2%	(1.3 pt)	(1.3 pt)	32.7%	33.4%	(0.7 pt)	(0.7 pt)
Operating Income	111,484	78,501	32,983	42.0	450,554	335,065	115,490	34.5
Net Income	17,076	(116,838)	133,914	NA	267,337	187,382	79,955	42.7
Net Income Margin	3.1%	(26.5%)	29.6 pt	29.6 pt	12.9%	11.8%	1.1 pt	1.1 pt
Operating Cashflow	167,533	149,653	17,880	11.9	668,569	518,491	150,078	28.9
Occupancy	57.5%	61.0%	(3.5 pt)	(3.5 pt)	61.5%	63.6%	(2.2 pt)	(2.2 pt)
ADR	1,402	1,452	(50)	(3.5)	1,422	1,404	18	1.3
RevPAR	806	886	(80)	(9.0)	875	893	(18)	(2.0)

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:

2018 was a solid growth year for the company, and the fourth quarter was no exception. Tourism in Mexico grew at a lower pace than in the past years, but still has solid underlying fundamentals. In 2018, the World Travel Organization posted that Mexico reached 6<sup>th</sup> place for the country that received most international travelers, marking a new historical milestone. Moreover, international travelers in Mexico increased 5.5%, reaching 41 million. Also, income from international tourists increased 5.5% to US\$ 22 billion. This, despite the sector being affected by an economic slowdown attributed to the election year in the country and by the abnormal amount and duration of sargassum (brown algae) in Cancun and Mayan Riviera.

In terms of our annual results, we posted solid Revenue and EBITDA growth of 31% and 28%, respectively. Regarding our operating indicators of company-owned hotels, our RevPAR contracted 2.0% due to a 2.1 percentage point decrease in occupancy which was partially compensated by a 1.3% increase in ADR. The lower occupancy is attributable to the internal and external factors mentioned in our 3Q18 report.

This year we announced the signing of a strategic alliance with AMResorts. With this strategic alliance, a transitional co-branding was implemented between Reflect® Resorts & Spas brand and Krystal Grand® brand for the hotels in Punta Cancun, Los Cabos and Nuevo Vallarta that altogether, represent 1,329 rooms. With this alliance we expect to significantly increase sales of our three hotels in the following years, achieve a higher participation of US dollar-denominated sales in total revenue, as well as access to more direct, diversified and profitable distribution channels. We began the integration of these hotels in 3Q18, where we underestimated the short-term effect, however we have started to see improved operating trends and are convinced it was the right decision for the medium- and long-term.

During 2018, we also added 4 hotels to our portfolio and rebranded two of our properties. First, we acquired 50% of a grand-tourism hotel in Leon and some months later we announced the signing of a franchise agreement with Hyatt for this property which will soon be the *Hyatt Centric Campestre Leon*. We also announced the signing of a strategic alliance with a group of private investors and AMResorts with the objective to develop the *Breathless Tulum Resort & Spa*, a Grand Tourism category resort with 300 rooms where we will have a 25% equity stake. In terms of Management contracts, we added the *DoubleTree by Hilton Toluca* and the *Hyatt Place Aguascalientes*, which will both open in 1Q19. And lastly, we announced the signing of a second franchise agreement with Hyatt for *Hyatt Regency Insurgentes Mexico City* (previously *Krystal Grand Insurgentes*), which is expected to open in Q2 2020.

In July, we announced two Executive Title Changes. First, my appointment as Executive Vice President, focusing on expansion, development and strategy for the Company, as well as corporate finance and investor relations. Second, the appointment of Francisco Medina Elizalde as CEO of the Company, who will continue overseeing the Company's operation.

Lastly, I would like to mention that none of these achievements would have been possible without the support of our dedicated employees, experienced management team and the confidence placed in us by our investors.

## Portfolio of Properties

No.	Propiedad	Total Habitaciones	Propiedad	Tipo	Categoría	Meses en Operación	Estabilizado	Ciudad	Estado
1	Hilton Guadalajara	450	100%	Urbano	Gran Turismo	>36	Si	Guadalajara	Jalisco
2	Krystal Urban Monterrey	150	100%	Urbano	4 estrellas	>36	Si	Monterrey	Nuevo León
3	Krystal Urban Cd. Juárez	120	100%	Urbano	4 estrellas	>36	Si	Ciudad Juárez	Chihuahua
4	Krystal Urban Cancún	246	100%	Urbano	4 estrellas	>36	Si	Cancún	Quintana Roo
5	Krystal Satélite María Bárbara	215	100%	Urbano	5 estrellas	>36	Si	Estado de México	Estado de México
6	Hilton Garden Inn Monterrey Aeropuerto	134	15%	Urbano	4 estrellas	>36	Si	Monterrey	Nuevo León
7	Hampton Inn & Suites Paraiso Tabasco	117	-	Urbano	4 estrellas	35	En Proceso	Paraiso	Tabasco
8	Krystal Urban Aeropuerto Ciudad de México	96	-	Urbano	4 estrellas	33	En Proceso	Ciudad de México	Ciudad de México
9	Krystal Urban Guadalajara	140	100%	Urbano	4 estrellas	31	En Proceso	Guadalajara	Jalisco
10	Krystal Monterrey	207	-	Urbano	5 estrellas	27	En Proceso	Monterrey	Nuevo León
11	Ibis Irapuato	140	-	Urbano	3 estrellas	16	En Proceso	Irapuato	Guanajuato
12	Krystal Grand Suites Insurgentes	150	50%	Urbano	Gran Turismo	11	En Proceso	Ciudad de México	Ciudad de México
13	Hyatt Centric Campestre León	140	50%	Urbano	Gran Turismo	1	En Proceso	León	Guanajuato
<b>Subtotal Urbano</b>		<b>2,305</b>							
14	Krystal Resort Cancún	502	-	Playa	5 estrellas	>36	Si	Cancún	Quintana Roo
15	Krystal Resort Ixtapa	255	-	Playa	5 estrellas	>36	Si	Ixtapa	Guerrero
16	Krystal Resort Puerto Vallarta	530	-	Playa	5 estrellas	>36	Si	Puerto Vallarta	Jalisco
17	Hilton Puerto Vallarta Resort	451	100%	Playa	Gran Turismo	>36	Si	Puerto Vallarta	Jalisco
18	Krystal Beach Acapulco	400	100%	Playa	4 estrellas	>36	Si	Acapulco	Guerrero
19	Reflect Krystal Grand Punta Cancún	395	100%	Playa	Gran Turismo	>36	Si	Cancún	Quintana Roo
20	Reflect Krystal Grand Los Cabos	454	50%	Playa	Gran Turismo	16	En Proceso	Los Cabos	Baja California Sur
21	Reflect Krystal Grand Nuevo Vallarta	480	50%	Playa	Gran Turismo	11	En Proceso	Nuevo Vallarta	Nayarit
<b>Subtotal Playa</b>		<b>3,467</b>							
<b>Total en Operación</b>		<b>5,772</b>							
22	Hyatt Regency Insurgentes Mexico City	250	50%	Urbano	Gran Turismo	Apertura estimada 2T-20		Ciudad de México	Ciudad de México
23	AC by Marriott Distrito Armida	168	-	Urbano	4 estrellas	Apertura estimada 2S-19		Monterrey	Nuevo León
24	Curio Collection Zacatecas	32	-	Urbano	Boutique	Apertura estimada 2S-19		Zacatecas	Zacatecas
25	Hyatt Place Aguascalientes	144	-	Urbano	4 estrellas	Apertura estimada 1T-19		Aguas calientes	Aguas calientes
26	DoubleTree by Hilton Toluca	142	-	Urbano	4 estrellas	Apertura estimada 1T-19		Toluca	Estado de México
27	Breathless Tulum Resort & Spa	300	25%	Playa	Gran Turismo	Apertura estimada 2H-21		Tulum	Quintana Roo
<b>Total en Construcción</b>		<b>1,036</b>							
<b>Total</b>		<b>6,808</b>							

At the end of 4Q18, HOTEL recorded a total of 21 properties in operation of which 13 are Company-owned<sup>3</sup>, and the remaining 8 are third-party owned<sup>4</sup>.

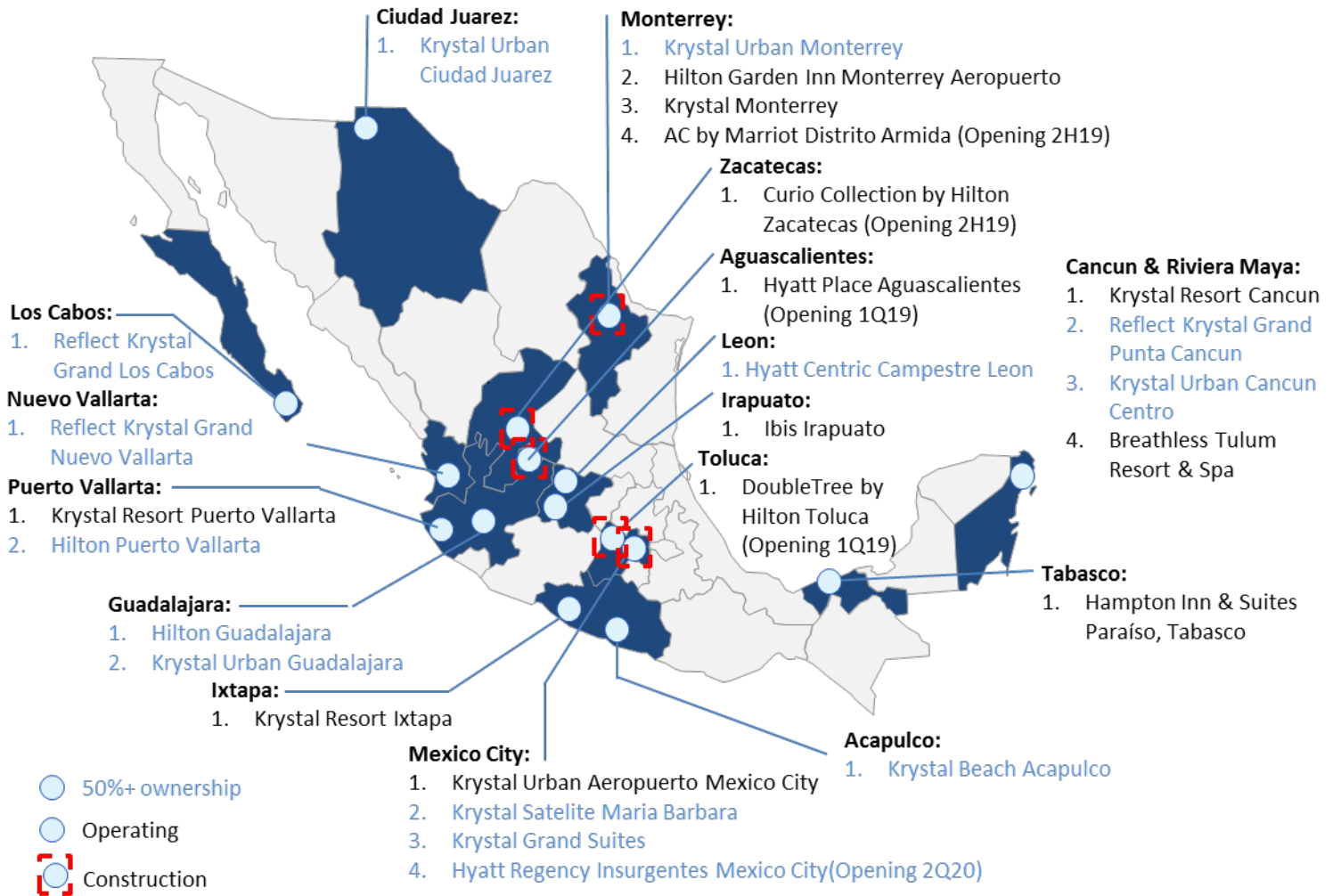
The total number of rooms in operation at the end of 4Q18 was 5,772, a 9.3% increase compared to the 5,279 under operation for the same period last year. Out of the 493 net rooms we added, 140 rooms are from the incorporation of the *Hyatt Centric Campestre Leon*, 192 rooms from the expansion of *The Hacienda at Hilton Puerto Vallarta*, 270 rooms from the expansion of *Krystal Puerto Vallarta* and 15 rooms from the expansion of *Krystal Urban Cancun* which more than offset the exit of 124 rooms from the *Krystal Pachuca*.

Additionally, HOTEL has 1,036 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*, 144 rooms from the *Hyatt Place Aguascalientes*, 142 rooms from the *DoubleTree by Hilton Toluca* and 300 from the *Breathless Tulum Resort & Spa* or 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 *Hyatt Centric Campestre 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.

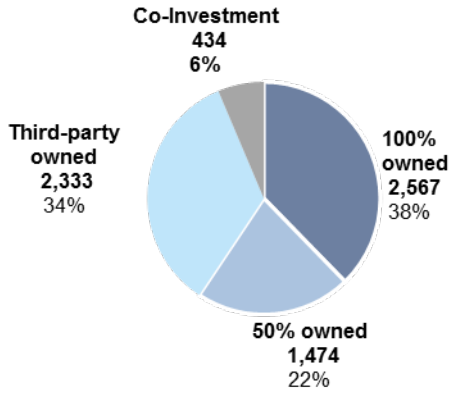
<sup>4</sup> The Company operates *Hilton Garden Inn Monterrey Aeropuerto* hotel, in which it has a 15% ownership position and is developing the *Breathless Tulum Resort & Spa* in which it has a 25% ownership. According to IFRS, although the results of this property are not consolidated in the Company's 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:

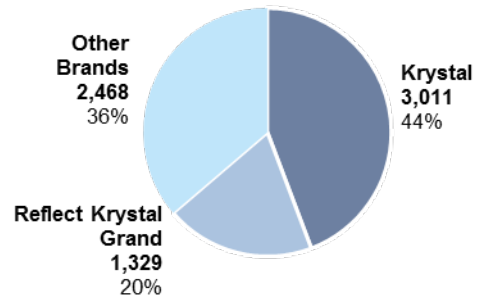


In terms of rooms under operation and rooms under development (including rooms under construction and conversion), at 4Q18 the hotel portfolio was as follows:

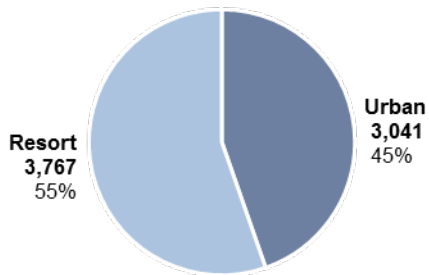
### Ownership (number of rooms)



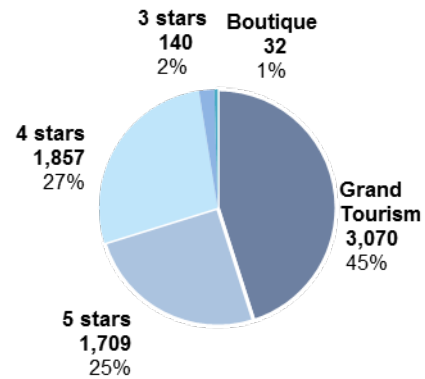
### Brand (number of rooms)



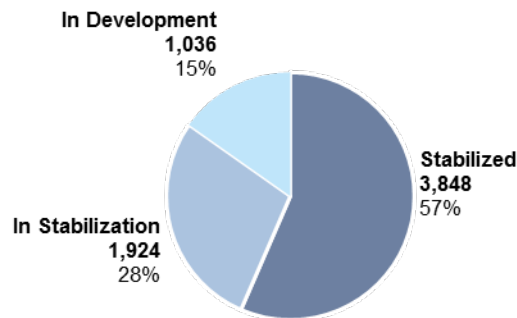
### Segment (number of rooms)



### 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 Company-owned hotels support the majority of revenue. 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 4Q18, HOTEL had 13 company-owned hotels and 8 third-party owned hotels under management<sup>(3)</sup>.

Of a total 5,772 hotel rooms under operation, the operating indicators for 4Q18 include 5,509 rooms. 263 rooms corresponding to Vacation Club are excluded from the present analysis and are detailed at the end of this report in Appendix 1. The following table is a summary of the main 4Q18 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.

Figures in Pesos		Fourth Quarter				12 months ended December 31			
Hotel Classification	2018	2017	Var.	% Var.	2018	2017	Var.	% Var.	
<b>Total Hotels in Operation</b>	<b>21</b>	<b>21</b>	<b>-</b>	<b>0.0</b>	<b>22</b>	<b>22</b>	<b>-</b>	<b>0.0</b>	
Number of rooms	5,509	4,763	746	15.7	5,290	4,644	646	13.9	
Occupancy	61.6%	62.9%	(1.3 pt)	(1.3 pt)	63.8%	66.1%	(2.3 pt)	(2.3 pt)	
ADR	1,427	1,437	(10)	(0.7)	1,445	1,445	(0)	(0.0)	
RevPAR	878	904	(26)	(2.8)	922	956	(34)	(3.5)	
<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	3,102	636	20.5	3,462	2,763	699	25.3	
Occupancy	57.5%	61.0%	(3.5 pt)	(3.5 pt)	61.5%	63.6%	(2.1 pt)	(2.1 pt)	
ADR	1,402	1,452	(50)	(3.5)	1,422	1,404	18	1.3	
RevPAR	806	885	(80)	(9.0)	875	893	(18)	(2.0)	
<b>1.1 Stabilized Owned Hotels<sup>(1)</sup></b>	<b>8</b>	<b>7</b>	<b>1</b>	<b>14.3</b>	<b>8</b>	<b>7</b>	<b>1</b>	<b>14.3</b>	
Number of rooms	2,374	1,952	422	21.6	2,310	1,887	423	22.4	
Occupancy	62.2%	63.4%	(1.2 pt)	(1.2 pt)	62.9%	67.8%	(4.8 pt)	(4.8 pt)	
ADR	1,437	1,558	(121)	(7.8)	1,485	1,477	8	0.5	
RevPAR	894	988	(94)	(9.5)	935	1,001	(66)	(6.6)	
<b>1.2 Owned Hotels in Stabilization Stage<sup>(2)</sup></b>	<b>5</b>	<b>5</b>	<b>-</b>	<b>0.0</b>	<b>5</b>	<b>5</b>	<b>-</b>	<b>0.0</b>	
Number of rooms	1,364	1,150	214	18.6	1,152	876	276	31.5	
Occupancy	49.2%	56.8%	(7.6 pt)	(7.6 pt)	58.7%	54.6%	4.1 pt	4.1 pt	
ADR	1,325	1,251	73	5.9	1,286	1,210	77	6.3	
RevPAR	651	710	(59)	(8.3)	755	661	94	14.3	
<b>2 Third-party Hotels Under Management<sup>(3)</sup></b>	<b>8</b>	<b>9</b>	<b>(1)</b>	<b>(11.1)</b>	<b>9</b>	<b>10</b>	<b>(1)</b>	<b>(10.0)</b>	
Number of rooms	1,771	1,661	110	6.6	1,828	1,881	(53)	(2.8)	
Occupancy	70.2%	66.5%	3.7 pt	3.7 pt	68.2%	69.9%	(1.7 pt)	(1.7 pt)	
ADR	1,469	1,411	58	4.1	1,484	1,499	(15)	(1.0)	
RevPAR	1,032	939	93	9.9	1,011	1,048	(36)	(3.5)	

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

(1) Variation in hotels and room number is due to the evolution of Krystal Satelite Maria Barbara that was reclassified from hotels in stabilization stage to stabilized property combined with the new rooms added at Hilton Puerto Vallarta and Krystal Urban Cancun

(2) Variation in hotel and room number is due to the reclassification from note (1) above and the incorporation of rooms that were under renovation or construction of the Reflect Krystal Grand Nuevo Vallarta, Reflect Krystal Grand Los Cabos and Krystal Grand Suites Insurgentes hotels

(3) The increase in number of rooms is due to the additional rooms of the Krystal Puerto Vallarta which more than compensated the exit of Krystal Pachuca from our portfolio.

## Consolidated Financial Results

Figures in thousand Mexican Pesos

Income Statement	Fourth Quarter				12 months ended December 31			
	2018	2017	Var.	% Var.	2018	2017	Var.	% Var.
Room Revenue	277,038	252,630	24,408	9.7	1,105,587	900,505	205,082	22.8
Food and Beverage Revenue	199,040	145,875	53,165	36.4	731,512	477,621	253,891	53.2
Other Revenue from Hotels	49,018	27,743	21,275	76.7	157,305	123,407	33,897	27.5
Third-party Hotels' Management Fees	17,645	15,059	2,585	17.2	70,537	79,962	(9,426)	(11.8)
<b>Total Revenue</b>	<b>542,741</b>	<b>441,308</b>	<b>101,433</b>	<b>23.0</b>	<b>2,064,941</b>	<b>1,581,496</b>	<b>483,445</b>	<b>30.6</b>
Cost and Operating Expenses	237,491	186,945	50,546	27.0	891,123	644,544	246,579	38.3
Sales and Administrative	124,712	100,250	24,461	24.4	468,381	384,742	83,639	21.7
Other Expenses	7,200	7,429	(229)	(3.1)	29,643	24,010	5,633	23.5
Depreciation	54,743	50,889	3,854	7.6	196,367	144,173	52,194	36.2
<b>Total Costs and Expenses</b>	<b>424,146</b>	<b>345,513</b>	<b>78,632</b>	<b>22.8</b>	<b>1,585,514</b>	<b>1,197,470</b>	<b>388,045</b>	<b>32.4</b>
<b>Total Non Recurring Expenses</b>	<b>7,112</b>	<b>17,293</b>	<b>(10,182)</b>	<b>(58.9)</b>	<b>28,872</b>	<b>48,962</b>	<b>(20,090)</b>	<b>(41.0)</b>
<b>EBITDA</b>	<b>173,338</b>	<b>146,683</b>	<b>26,655</b>	<b>18.2</b>	<b>675,794</b>	<b>528,200</b>	<b>147,594</b>	<b>27.9</b>
EBITDA Margin(%)	31.9%	33.2%	(1.3 pt)	(1.3 pt)	32.7%	33.4%	(0.7 pt)	(0.7 pt)
<b>Operating Income</b>	<b>111,484</b>	<b>78,501</b>	<b>32,983</b>	<b>42.0</b>	<b>450,554</b>	<b>335,065</b>	<b>115,490</b>	<b>34.5</b>
Operating Income Margin (%)	20.5%	17.8%	2.8 pt	2.8 pt	21.8%	21.2%	0.6 pt	0.6 pt
<b>Net Financing Result</b>	<b>(121,509)</b>	<b>(171,044)</b>	<b>49,534</b>	<b>(29.0)</b>	<b>(137,535)</b>	<b>(60,520)</b>	<b>(77,015)</b>	<b>NA</b>
Total income taxes	(28,897)	25,311	(54,208)	NA	46,655	90,315	(43,661)	(48.3)
<b>Net Income</b>	<b>17,076</b>	<b>(116,838)</b>	<b>133,914</b>	<b>NA</b>	<b>267,337</b>	<b>187,382</b>	<b>79,955</b>	<b>42.7</b>
Net Income Margin (%)	3.1%	(26.5%)	29.6 pt	29.6 pt	12.9%	11.8%	1.1 pt	1.1 pt
<b>Income attributable to:</b>								
Controlling interest	43,719	(45,910)	89,629	NA	265,949	215,991	49,959	23.1
Non-controlling interest	(26,643)	(70,928)	44,285	(62.4)	1,387	(28,609)	29,996	NA

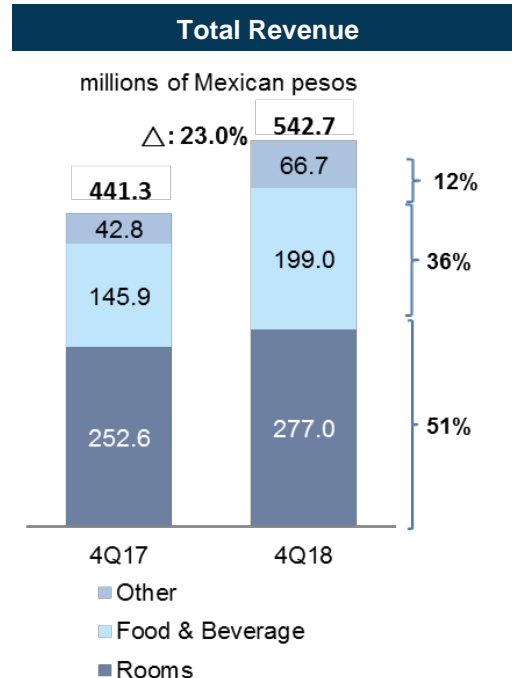
## Total Revenue

During 4Q18, Total Revenue increased 23.0%, from Ps. 441.3 million in 4Q17 to Ps. 542.7 million, driven by a 9.7% growth in Room Revenue, 36.4% in Food and Beverage Revenue, 76.7% growth in Other Revenues and 17.2% growth in Third-party Hotels' Management Fees. Top line performance for the fourth quarter was lower than expected, mainly due to internal and external factors. The most important effect came from the change of model with AMResorts, which had a larger effect than we originally expected with our domestic market. In terms of external factors, we would like to highlight: groups & conventions, sargassum and security issues in some destinations.

Room revenue growth was driven by *Reflect Krystal Grand Los Cabos*, *Reflect Krystal Grand Nuevo Vallarta* and *Krystal Grand Suites Insurgentes*; and the performance of stabilized hotels, including *Hilton Vallarta* and *Reflect Krystal Grand Cancun*.

During 4Q18, Room Revenue increased 9.7% compared to 4Q17, derived from the 20.5% increase in the number of rooms in operation of Company-owned hotels which more than offset a RevPAR decrease of 9.0%, which was comprised of a 3.5% decline in ADR and a 3.5 percentage point decrease in occupancy due to the before mentioned factors.

The portfolio of stabilized Company-owned hotels recorded a 21.6% increase in the number of rooms. This portfolio posted a 9.5% reduction in RevPAR, driven by a 7.8% increase in ADR combined with a 1.2 percentage point decrease in occupancy. The increase in the number of stabilized rooms was driven by the incorporation of the *Krystal Satelite Maria Barbara* into the portfolio of stabilized Company-owned hotels, having completed its 36-month stabilization stage, combined with the expansions at the *Hilton Puerto Vallarta* and *Krystal Urban Cancun*.



Company-owned hotels in the stabilization stage increased 18.6% driven by the evolution of *Krystal Satelite Maria Barbara* from hotels in stabilization to a stabilized property combined with the new rooms added from the *Reflect Krystal Grand Los Cabos*, *Reflect Krystal Grand Nuevo Vallarta* and the *Hilton Puerto Vallarta*. As a result of the new hotel mix in the portfolio of hotels in the stabilization stage, RevPAR decreased 8.3%, driven by a 7.6 percentage point contraction in occupancy that was partially offset by a 5.9% ADR increase.

Food and Beverage revenue increased 36.4%, from Ps. 145.9 million in 4Q17 to Ps. 199.0 million in 4Q18, driven by the incorporation of *Krystal Grand Suites*, *Krystal Grand Los Cabos* and *Krystal Grand Nuevo Vallarta* which are in the early stages of stabilization; and the performance of stabilized hotels, including *Hilton Vallarta* and *Reflect Krystal Grand Cancun*.

Other Income, which includes among other items, event room rentals, parking, laundry, telephone, and leasing of commercial spaces, increased 76.7%, from Ps. 27.7 million in 4Q17 to Ps. 49.0 million in 4Q18, driven by the performance of *Hilton Vallarta*, *Reflect Krystal Grand Cancun* and *Reflect Krystal Grand Los Cabos*.

Third-party Hotels' Management Fees increased by 17.2% compared to 4Q17, due to the combined effect of an 6.6% increase in the number of rooms under operation and 9.9% increase in RevPAR during the period. The higher RevPAR was driven by a 4.1% increase in ADR combined with a 3.7 percentage point expansion in occupancy. 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

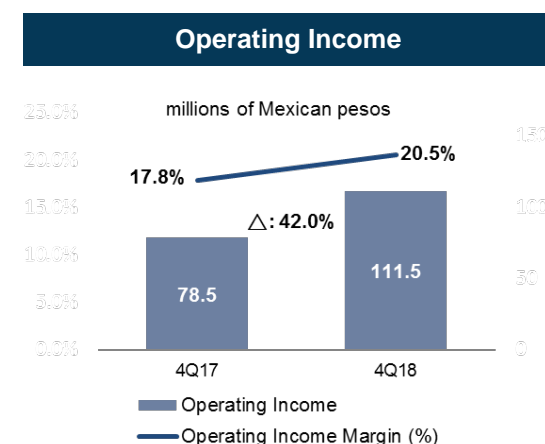
Operating Costs and Operating Expenses increased 27.0%, from Ps. 186.9 million in 4Q17 to Ps. 237.5 million in 4Q18. This variation was mainly attributed to significant increases in electric costs, direct costs, and higher department fees derived from the inclusion of *Krystal Grand Suites*, *Krystal Grand Los Cabos* and *Krystal Grand Nuevo Vallarta* into the portfolio. These hotels have not reached maturity but already have stabilized the largest portion of their operating costs. Incremental electric costs in the quarter were Ps. 10 million, excluding this increase, Operating Costs and Operating Expenses would have grown 22%, at a lower rate than Total Revenues.

Administration and Sales Expenses rose 24.4%, from Ps. 100.3 million in 4Q17 to Ps. 124.7 million in 4Q18. Administration and sales expenses accounted for 23.0% of total revenue in 4Q18, compared to 22.7% in 4Q17.



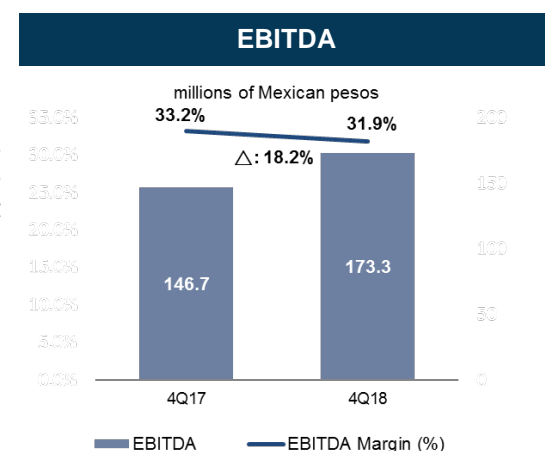
## Operating Income

During 4Q18, Operating Income increased 42.0%, from Ps. 78.5 million in 4Q17 to Ps. 111.5 million. This result was driven by the combined effect of revenue growth and the inclusion of *Krystal Grand Suites* and *Krystal Grand Nuevo Vallarta* as Company-owned hotel and the performance of *Krystal Grand Cancun*. Operating margin increased by 2.7 percentage points, from 17.8% in 4Q17 to 20.5% in 4Q18 mainly due to lower hotel development and opening expenses



## EBITDA

4Q18 EBITDA reached Ps. 173.3 million, compared to Ps. 146.7 million in 4Q17, an increase of 18.2%. 4Q18 EBITDA margin decreased by 1.3 percentage points, from 33.2% in 4Q17 to 31.9% in 4Q18, mainly due to important increases in electric costs which were partially offset by our cost reduction initiatives.



(Figures in thousand Mexican pesos)	4Q18	4Q17	% Var.	2018	2017	% Var.
Operating Income	111,484	78,501	42.0	450,554	335,065	34.5
(+) Depreciation	54,743	50,889	7.6	196,367	144,173	36.2
(+) Development and hotel opening expenses <sup>5</sup>	7,056	15,360	(54.1)	26,017	42,321	(38.5)
(+) Other non-recurring expenses <sup>6</sup>	55	1,933	(97.1)	2,856	6,641	(57.0)
<b>EBITDA</b>	<b>173,338</b>	<b>146,683</b>	<b>18.2</b>	<b>675,794</b>	<b>528,200</b>	<b>27.9</b>
<b>EBITDA Margin</b>	<b>31.9%</b>	<b>33.2%</b>	<b>(1.3 pt)</b>	<b>32.7%</b>	<b>33.4%</b>	<b>(0.7 pt)</b>

## Net Financing Result

For 4Q18, Net Financing Result went from a loss of Ps. 171.0 million in 4Q17 to a Ps. 121.5 million loss in 4Q18. This result was mainly attributed to a lower FX loss generated by the mark-to-market valuation effect of a lower USD/MXN exchange rate applied to our dollar-denominated debt that more than offset a higher level of indebtedness, which increased our net interest expenses.

## Net Income

Net Income went from a loss of Ps. 116.8 million in 4Q17 to a Ps. 17.1 million gain in 4Q18, driven by a lower net financing result combined with operating income growth and lower income taxes.

<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	Fourth Quarter				12 months ended December 31			
	2018	2017	Var.	% Var.	2018	2017	Var.	% Var.
<b>Cashflow from operating activities</b>								
Net income	17,076	(116,838)	133,914	NA	267,337	187,382	79,955	42.7
Depreciation and amortization	54,742	50,889	3,853	7.6	196,367	144,173	52,194	36.2
Income taxes	(28,897)	25,311	(54,208)	NA	46,655	90,315	(43,660)	(48.3)
Unrealized gain (loss) in foreign currency exchange	70,454	109,290	(38,836)	(35.5)	(33,418)	(47,655)	14,237	(29.9)
Net interest expense	46,842	35,192	11,650	33.1	137,916	77,584	60,332	77.8
Other financial costs	1,581	735	846	NA	7,243	3,376	3,867	NA
Minority interest	1,796	(1,015)	2,811	NA	(972)	(3,152)	2,180	(69.2)
<b>Cashflow before working capital variations</b>	<b>163,594</b>	<b>103,564</b>	<b>60,030</b>	<b>58.0</b>	<b>621,128</b>	<b>452,023</b>	<b>169,105</b>	<b>37.4</b>
Working Capital	3,938	46,089	(42,151)	(91.5)	47,440	66,468	(19,028)	(28.6)
<b>Net operating cashflow</b>	<b>167,533</b>	<b>149,653</b>	<b>17,880</b>	<b>11.9</b>	<b>668,569</b>	<b>518,491</b>	<b>150,078</b>	<b>28.9</b>
Non-recurring items	(302,165)	(63,688)	(238,477)	NA	(295,765)	(51,251)	(244,514)	NA
<b>Cashflow net from non-recurring items</b>	<b>(134,632)</b>	<b>85,965</b>	<b>(220,597)</b>	<b>NA</b>	<b>372,804</b>	<b>467,240</b>	<b>(94,436)</b>	<b>(20.2)</b>
Investment activities	(301,165)	(420,252)	119,087	(28.3)	(1,168,475)	(1,789,128)	620,653	(34.7)
Financing activities	434,896	24,533	410,364	NA	610,225	(125,404)	735,629	NA
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(901)</b>	<b>(309,755)</b>	<b>308,854</b>	<b>(99.7)</b>	<b>(185,446)</b>	<b>(1,447,292)</b>	<b>1,261,846</b>	<b>(87.2)</b>
Cash and cash equivalents at the beginning of the period	103,705	597,770	(494,065)	(82.7)	288,015	1,731,587	(1,443,572)	(83.4)
<b>Cash and cash equivalents at the end of the period</b>	<b>102,804</b>	<b>288,015</b>	<b>(185,211)</b>	<b>(64.3)</b>	<b>102,569</b>	<b>284,295</b>	<b>(181,726)</b>	<b>(63.9)</b>
Cash in business acquisition	0	-	0	NA	235	3,720	(3,485)	NA
<b>Total Cash at the end of the period</b>	<b>102,804</b>	<b>288,015</b>	<b>(185,211)</b>	<b>(64.3)</b>	<b>102,804</b>	<b>288,015</b>	<b>(185,211)</b>	<b>(64.3)</b>

By the end of 4Q18, operating cash flow reached Ps. 167.5 million, compared to Ps. 149.7 million reported in 4Q17, a 11.9% increase driven by an improvement in Net Income.

## Balance Sheet Summary

Figures in thousands of Mexican Pesos

Balance Sheet Summary	Dic-18	Dic-17	Var.	Var %
Cash and cash equivalents	102,804	288,015	(185,211)	(64.3%)
Accounts receivables and other current assets	234,168	185,687	48,481	26.1%
Creditable taxes	407,204	344,154	63,049	18.3%
Escrow deposit for hotel acquisition	-	24,176	(24,176)	(100.0%)
<b>Total current assets</b>	<b>744,176</b>	<b>842,032</b>	<b>(97,856)</b>	<b>(11.6%)</b>
Restricted cash	134,755	103,655	31,099	30.0%
Property, furniture and equipment	8,172,734	6,510,002	1,662,731	25.5%
Non-productive fixed assets (under development) □	509,376	1,080,229	(570,853)	(52.8%)
Other fixed assets	614,365	490,382	123,983	25.3%
<b>Total non-current assets</b>	<b>9,431,229</b>	<b>8,184,269</b>	<b>1,246,960</b>	<b>15.2%</b>
<b>Total Assets</b>	<b>10,175,405</b>	<b>9,026,301</b>	<b>1,149,104</b>	<b>12.7%</b>
Current installments of long-term debt	254,801	168,361	86,441	51.3%
Other current liabilities	462,691	358,603	104,088	29.0%
<b>Total current liabilities</b>	<b>717,492</b>	<b>526,964</b>	<b>190,529</b>	<b>36.2%</b>
Long-term debt	2,740,161	2,342,279	397,883	17.0%
Other non-current liabilities	873,667	817,998	55,669	6.8%
<b>Total non-current liabilities</b>	<b>3,613,828</b>	<b>3,160,277</b>	<b>453,551</b>	<b>14.4%</b>
<b>Total Equity</b>	<b>5,844,085</b>	<b>5,339,061</b>	<b>505,024</b>	<b>9.5%</b>
<b>Total Liabilities and Equity</b>	<b>10,175,405</b>	<b>9,026,301</b>	<b>1,149,104</b>	<b>12.7%</b>

### Cash and Equivalents

By the end of 4Q18, the Company's cash and cash equivalents reached Ps. 102.8 million. Of this figure, Ps. 54.7 million are peso-denominated and Ps. 48.1 million are dollar-denominated.

### Accounts Receivable and Other Current Assets

This line increased 26.1%, from Ps. 185.7 million in 4Q17 to Ps. 234.2 million in 4Q18.

### Property, Furniture & Equipment

This line item was equal to Ps. 8,172.7 million at the end of 4Q18, a 25.5% increase compared to Ps. 6,510.0 million at the end of 4Q17. This increase was mainly driven by the inclusion of *The Hacienda at Hilton Puerto Vallarta* and *Hyatt Centric Campestre Leon*. In addition, the Company continues to carry out routine improvements, remodeling and renovation projects in its fixed assets. Notably, hotels that underwent renovations include *Hilton Garden Inn Monterrey Aeropuerto*, *Hilton Guadalajara*, *Krystal Urban Cancun* and *Krystal Urban Ciudad Juarez*.

Figures in thousands of Mexican Pesos

Capex for the period	4Q18		2018	
		% Total		% Total
Hotels in development	165,975	82.4%	803,937	82.6%
Improvements in owned hotels	16,263	8.1%	79,904	8.2%
Ordinary capex	19,244	9.6%	89,477	9.2%
<b>Total Capex</b>	<b>201,482</b>	<b>100.0%</b>	<b>973,319</b>	<b>100.0%</b>

## Net Debt and Maturity

Net Debt was Ps. 2,757.4 million at the end of 4Q18, which represented a Total Debt / EBITDA (LTM) ratio equal to 4.1x. 84.7% of Total Debt is U.S.-dollar denominated and has an average cost of 5.7%. The remaining 15.3% is peso-denominated, with an average weighted cost of 11.7%. In addition, 91.4% of debt maturities are long-term.

During 4Q18, the Mexican peso depreciated 4.5% by the end of the quarter, from Ps. 18.8120 as of September 30, 2018, to Ps. 19.6566 as of December 31, 2018, having a negative impact on the Company's Net Financing Cost. The short U.S. dollar position of the Company by the close of 4Q18 was US\$ 120.6 million, equal to Ps. 2,370.3 million.

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

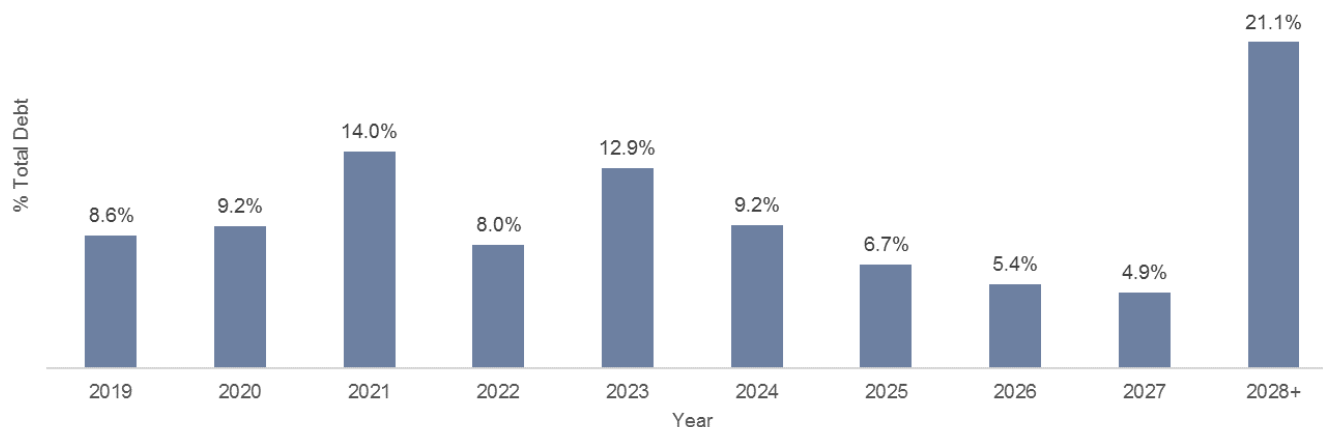
Figures in thousands of Mexican Pesos	Denominated in (currency):		
	Pesos	Dollars	Total
<b>Debt*</b>			
Short Term	35,969	218,833	254,801
Long Term	422,749	2,317,412	2,740,161
<b>Total</b>	<b>458,718</b>	<b>2,536,245</b>	<b>2,994,963</b>
% Total	15.3%	84.7%	100.0%
Average rate of financial liabilities	11.67%	5.70%	6.61%
Cash and equivalents	54,744	48,080	102,824
Restricted cash	16,821	117,914	134,735
<b>Cash and equivalents**</b>	<b>71,565</b>	<b>165,994</b>	<b>237,559</b>
<b>Net Debt</b>	<b>387,153</b>	<b>2,370,251</b>	<b>2,757,404</b>

Net Debt / LTM EBITDA (as of December 31, 2018) 4.1x

\*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 December 31, 2018



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. 19.6566 / US\$ as of December 31, 2018, as published in Mexico's Official Federal Gazette.

## Currency Hedging Analysis

Figures in thousands of Mexican Pesos

Currency Hedging Analysis	Fourth Quarter 2018			YTD December 31, 2018		
	Denominated in Pesos	Denominated in USD	Total in Pesos	Denominated in Pesos	Denominated in USD	Total in Pesos
Total Revenue	363,907	178,834	<b>542,741</b>	1,330,789	734,152	<b>2,064,941</b>
% of Total Revenue	67.0%	33.0%	<b>100.0%</b>	64.4%	35.6%	<b>100.0%</b>
(-) Total Costs and Expenses	377,762	46,384	<b>424,146</b>	1,400,414	185,100	<b>1,585,514</b>
(-) Non-recurring Expenses	7,112	-	<b>7,112</b>	28,872	-	<b>28,872</b>
<b>Operating Income</b>	<b>(20,967)</b>	<b>132,451</b>	<b>111,484</b>	<b>(98,497)</b>	<b>549,052</b>	<b>450,555</b>
(+) Depreciation	54,743	-	<b>54,743</b>	196,367	-	<b>196,367</b>
<b>Operating Cashflow</b>	<b>33,776</b>	<b>132,451</b>	<b>166,226</b>	<b>97,870</b>	<b>549,052</b>	<b>646,922</b>
% of Operating Cashflow	20.3%	79.7%	<b>100.0%</b>	15.1%	84.9%	<b>100.0%</b>
Interest	4,280	45,377	<b>49,657</b>	17,898	138,903	<b>156,801</b>
Principal	8,976	64,422	<b>73,398</b>	36,152	140,241	<b>176,393</b>
<b>Total Debt Service</b>	<b>13,256</b>	<b>109,798</b>	<b>123,054</b>	<b>54,050</b>	<b>279,144</b>	<b>333,194</b>
Interest Coverage ratio 1	7.9x	2.9x	<b>3.3x</b>	5.5x	4.0x	<b>4.1x</b>
Debt Service Coverage Ratio 2	2.5x	1.2x	<b>1.4x</b>	1.8x	2.0x	<b>1.9x</b>

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

In 4Q18, approximately 33.0% of revenue and 79.7% of operating cash flow were denominated in US dollars. Dollar-denominated operating cash flow was enough to cover the financial debt, both interest and principal, with a ratio of 1.2x for 4Q18. This position corroborated the Company's expectations to benefit from lower financing costs, given that hotels which contracted financial debt have a natural hedge against volatile scenarios.

At the end of 4Q18, the Company's debt coverage ratio was 1.4x. In addition, HOTEL has a dollar-denominated cash balance of Ps. 166.0 million at the close of 4Q18, decreasing its total exposure to currency risks.

## Recent Events

During 4Q18, and until the date of this report, HOTEL's recent developments included:

- On December 10<sup>th</sup>, 2018, we announced the signing of a strategic alliance with a group of private investors and AMResorts with the objective to develop the *Breathless Tulum Resort & Spa*, a Grand Tourism category resort. The construction of this resort will begin in 2Q19 and will offer 300 suites.

The total estimated investment that will be executed from 2019 to 2021, is of approximately US\$ 80 million. Out of the total investment, it is estimated that US\$ 32 million will be debt, HOTEL will contribute US\$ 12 million which represents 25% of the equity. The remaining 75% equity stake will be covered by the group of private investors. The resort will tentatively open in the second half of 2021.

The management of this property will be similar to our recently announced deal for the three *Reflect Krystal Grand* properties. HOTEL will oversee operation of the property, and AMResorts will be responsible for the commercialization, sales and marketing, which will benefit the property with a high dollar-denominated revenue share due to international (mostly American) sales, as well as better customer acquisition thanks to Apple Leisure Group's distribution network, the largest global operator for leisure travel to Mexico, the Dominican Republic and one of the largest to the Caribbean. This development is aligned with our diversification strategy which contemplates growth in the resort segment with partners.

- 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 located 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. The hotel's rebranding is expected in Q119. 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 Q220. 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> we announced our 2019 guidance. The information follows:

### HOTEL 2019 Guidance

<i>Figures in millions of Mexican Pesos</i>	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.

#### 4Q18 Conference Call Details:

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

**Date:** Friday, February 22, 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 3,200 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 and twelve-months periods ended December 31, 2018 and 2017  
(Figures in thousands of Mexican Pesos)

	Fourth Quarter				12 months ended December 31			
	2018	2017	Var.	% Var.	2018	2017	Var.	% Var.
<b>Revenue</b>								
Room Revenue	277,038	252,630	24,408	9.7	1,105,587	900,505	205,082	22.8
Food and Beverage Revenue	199,040	145,875	53,165	36.4	731,512	477,621	253,891	53.2
Other Revenue from Hotels	49,018	27,743	21,275	76.7	157,305	123,407	33,897	27.5
Third-party Hotels' Management Fees	17,645	15,059	2,585	17.2	70,537	79,962	(9,426)	(11.8)
<b>TOTAL REVENUE</b>	<b>542,741</b>	<b>441,308</b>	<b>101,433</b>	<b>23.0</b>	<b>2,064,941</b>	<b>1,581,496</b>	<b>483,445</b>	<b>30.6</b>
<b>COSTS AND EXPENSES</b>								
Operating Costs and Expenses	237,491	186,945	50,546	27.0	891,123	644,544	246,579	38.3
Sales and Administration	124,712	100,250	24,461	24.4	468,381	384,742	83,639	21.7
Property Expenses	7,200	7,429	(229)	(3.1)	29,643	24,010	5,633	23.5
Depreciation and Amortization	54,743	50,889	3,854	7.6	196,367	144,173	52,194	36.2
<b>TOTAL COSTS AND EXPENSES</b>	<b>424,146</b>	<b>345,513</b>	<b>78,632</b>	<b>22.8</b>	<b>1,585,514</b>	<b>1,197,470</b>	<b>388,045</b>	<b>32.4</b>
Development and hotel opening expenses	7,056	15,360	(8,304)	(54.1)	26,017	42,321	(16,305)	(38.5)
Other non-recurring expenses	55	1,933	(1,878)	(97.1)	2,856	6,641	(3,785)	(57.0)
<b>ADJUSTED EBITDA</b>	<b>173,338</b>	<b>146,683</b>	<b>26,655</b>	<b>18.2</b>	<b>675,794</b>	<b>528,200</b>	<b>147,594</b>	<b>27.9</b>
<i>ADJUSTED EBITDA Margin (%)</i>	<i>31.9%</i>	<i>33.2%</i>	<i>(1.3 pt)</i>	<i>(1.3 pt)</i>	<i>32.7%</i>	<i>33.4%</i>	<i>(0.7 pt)</i>	<i>(0.7 pt)</i>
<b>OPERATING INCOME</b>	<b>111,484</b>	<b>78,501</b>	<b>32,983</b>	<b>42.0</b>	<b>450,554</b>	<b>335,065</b>	<b>115,490</b>	<b>34.5</b>
<i>Operating Income Margin (%)</i>	<i>20.5%</i>	<i>17.8%</i>	<i>2.8 pt</i>	<i>2.8 pt</i>	<i>21.8%</i>	<i>21.2%</i>	<i>0.6 pt</i>	<i>0.6 pt</i>
Net interest expenses	(46,842)	(35,192)	(11,649)	33.1	(137,916)	(77,584)	(60,332)	77.8
Net foreign currency exchange loss	(73,087)	(136,586)	63,499	(46.5)	7,624	20,440	(12,815)	(62.7)
Other financial costs	(1,581)	735	(2,315)	NA	(7,243)	(3,376)	(3,867)	NA
<b>Net Financing Result</b>	<b>(121,509)</b>	<b>(171,044)</b>	<b>49,534</b>	<b>(29.0)</b>	<b>(137,535)</b>	<b>(60,520)</b>	<b>(77,015)</b>	<b>NA</b>
Undistributed income from subsidiaries, net	(1,796)	1,015	(2,811)	NA	972	3,152	(2,181)	(69.2)
Income before taxes	(11,822)	(91,527)	79,706	(87.1)	313,991	277,697	36,294	13.1
Total income taxes	(28,897)	25,311	(54,208)	NA	46,655	90,315	(43,661)	(48.3)
<b>Net Income</b>	<b>17,076</b>	<b>(116,838)</b>	<b>133,914</b>	<b>NA</b>	<b>267,337</b>	<b>187,382</b>	<b>79,955</b>	<b>42.7</b>
<i>Net Income Margin (%)</i>	<i>3.1%</i>	<i>-26.5%</i>	<i>29.6 pt</i>	<i>29.6 pt</i>	<i>12.9%</i>	<i>11.8%</i>	<i>1.1 pt</i>	<i>1.1 pt</i>



## Balance Sheet

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

Consolidated Balance Sheet

As of December 31, 2018 and 2017

(Figures in thousands of Mexican Pesos)

(Figures in thousands of Mexican Pesos)	2018	2017	Var \$	Var %
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	102,804	288,015	(185,211)	(64.3%)
Restricted cash	-	-	-	NA
Accounts receivables from clients	170,882	135,187	35,696	26.4%
Accounts receivables from related parties	10,255	9,467	788	8.3%
Creditable taxes	407,204	344,154	63,049	18.3%
Other current assets	53,030	41,033	11,997	29.2%
Escrow deposit for hotel acquisition	-	24,176	(24,176)	(100.0%)
<b>Total current assets</b>	<b>744,176</b>	<b>842,032</b>	<b>(97,856)</b>	<b>(11.6%)</b>
<b>Non-current Assets</b>				
Restricted cash	134,755	103,655	31,099	30.0%
Property, furniture and equipment	8,172,734	6,510,002	1,662,731	25.5%
Non-productive fixed assets (under development) □	509,376	1,080,229	(570,853)	(52.8%)
Other assets	20,436	20,377	59	0.3%
Investment in subsidiaries	120,324	35,970	84,354	NA
Deferred income taxes	118,790	101,982	16,808	16.5%
Goodwill	354,815	332,053	22,762	6.9%
<b>Total non-current assets</b>	<b>9,431,229</b>	<b>8,184,269</b>	<b>1,246,960</b>	<b>15.2%</b>
<b>Total assets</b>	<b>10,175,405</b>	<b>9,026,301</b>	<b>1,149,104</b>	<b>12.7%</b>
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>				
<b>Current liabilities</b>				
Current installments of long-term debt	254,801	168,361	86,441	51.3%
Suppliers	186,464	109,544	76,920	70.2%
Accrued liabilities	96,500	94,084	2,416	2.6%
Accounts payable to related parties	10,541	15,924	(5,383)	(33.8%)
Payable taxes	124,839	98,461	26,378	26.8%
Client advanced payments	44,347	40,590	3,757	9.3%
<b>Total current liabilities</b>	<b>717,492</b>	<b>526,964</b>	<b>190,529</b>	<b>36.2%</b>
<b>Non-current liabilities</b>				
Long-term debt	2,740,161	2,342,279	397,883	17.0%
Other non-current liabilities	5,952	4,908	1,044	21.3%
Deferred income taxes	867,715	813,090	54,625	6.7%
<b>Total non-current liabilities</b>	<b>3,613,828</b>	<b>3,160,277</b>	<b>453,551</b>	<b>14.4%</b>
<b>Total liabilities</b>	<b>4,331,320</b>	<b>3,687,240</b>	<b>644,080</b>	<b>17.5%</b>
<b>Equity</b>				
Capital stock	3,413,340	3,441,562	(28,222)	(0.8%)
Legal reserve	190,493	190,493	-	0.0%
Premium on subscription of shares	80,000	80,000	-	0.0%
Net income	267,337	187,382	79,955	42.7%
Retained earnings	598,953	382,962	215,991	56.4%
<b>Shareholder's Equity</b>	<b>4,550,123</b>	<b>4,282,399</b>	<b>267,724</b>	<b>6.3%</b>
Non-controlling interest	1,293,961	1,056,662	237,299	22.5%
<b>Total Equity</b>	<b>5,844,085</b>	<b>5,339,061</b>	<b>505,024</b>	<b>9.5%</b>
<b>Total liabilities and equity</b>	<b>10,175,405</b>	<b>9,026,301</b>	<b>1,149,104</b>	<b>12.7%</b>

## Cash Flow Statement

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

#### Consolidated Cash Flow

For the three and twelve months periods ended December 31, 2018 and 2017

Figures in thousands of Mexican Pesos

Cash Flow Statement	Fourth Quarter		12 months ended December 31	
	2018	2017	2018	2017
<b>Cashflow from operating activities</b>				
Net income	17,076	(116,838)	267,337	187,382
Depreciation and amortization	54,742	50,889	196,367	144,173
Income taxes	(28,897)	25,311	46,655	90,315
Unrealized gain (loss) in foreign currency exchange	70,454	109,290	(33,418)	(47,655)
Net interest expense	46,842	35,192	137,916	77,584
Other financial costs	1,581	735	7,243	3,376
Minority interest	1,796	(1,015)	(972)	(3,152)
<b>Cashflow before working capital variations</b>	<b>163,594</b>	<b>103,564</b>	<b>621,128</b>	<b>452,023</b>
Accounts receivable from clients	(52,308)	(11,420)	(35,407)	(50,399)
Accounts receivable from related parties	(4,245)	7,935	(788)	4,323
Other current assets	5,607	2,448	(12,011)	18,736
Creditable taxes	55,772	41,586	118,911	50,227
Suppliers	68,060	20,161	76,920	35,951
Accrued liabilities	(20,084)	22,679	(27,333)	34,202
Accounts payable to related parties	138	3,271	(8,168)	12,536
Downpayments from clients	(5,270)	(18,571)	3,757	15,216
Payable taxes	(43,731)	(22,000)	(68,440)	(54,324)
<b>Net operating cashflow</b>	<b>167,533</b>	<b>149,653</b>	<b>668,569</b>	<b>518,491</b>
<b>Non-recurring items</b>				
Accrued liabilities	(279,772)	-	(102,353)	111,855
Receivable and Payable taxes	(29,722)	(63,688)	(193,412)	(163,106)
Income in acquisition of Dollars	7,329	-	-	-
<b>Cashflow net from non-recurring items</b>	<b>(134,632)</b>	<b>85,965</b>	<b>372,804</b>	<b>467,240</b>
<b>Investment activities</b>				
Change in restricted cash	(18,789)	(38,900)	(31,099)	(36,169)
Acquisition of property, furniture and equipment	(201,483)	(373,057)	(973,319)	(1,181,420)
Acquisition of ongoing business	-	-	(132,000)	(610,226)
Escrow deposit for hotel acquisition	(0)	(12,142)	24,176	(12,606)
Investment in subsidiary	(87,529)	8	(83,383)	289
Other net assets and liabilities	7,706	1,888	7,348	34,374
Interest gained	(1,070)	1,951	19,802	16,630
<b>Cashflow from investment activities</b>	<b>(301,165)</b>	<b>(420,252)</b>	<b>(1,168,475)</b>	<b>(1,789,128)</b>
<b>Financing activities</b>				
Net increase in paid-in capital from non-controlling company	25,416	-	285,667	-
Payment of Liabilities SITRA Group's subsidiaries	-	(895,279)	-	(895,279)
Repurchase of shares	570	4,526	(28,222)	10,323
Obtained loans	531,963	1,266,557	685,973	1,266,557
Payment of interest and loan amortization*	(123,054)	(351,270)	(333,194)	(507,005)
<b>Cashflow form financing activities</b>	<b>434,896</b>	<b>24,533</b>	<b>610,225</b>	<b>(125,404)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(901)</b>	<b>(309,755)</b>	<b>(185,446)</b>	<b>(1,447,292)</b>
Cash and cash equivalents at the beginning of the period	103,705	597,770	288,015	1,731,587
<b>Cash and cash equivalents at the end of the period</b>	<b>102,804</b>	<b>288,015</b>	<b>102,569</b>	<b>284,295</b>
Cash in business acquisition	0	-	235	3,720
<b>Total Cash at the end of the period</b>	<b>102,804</b>	<b>288,015</b>	<b>102,804</b>	<b>288,015</b>

## Appendix 1: Integration of Rooms under Operation

Operating indicators for 4Q18 consider 5,509 hotel rooms under operation out of 5,772. The integration of 263 rooms excluded is detailed as follows:

- i) 263 rooms part of the Vacation Club<sup>7</sup>

Operating indicators for 2018, consider 5,290 hotel rooms under operation out of 5,772. The integration of 482 rooms excluded is detailed as follows:

- i) 245 rooms part of the Vacation Club<sup>8</sup>
- ii) The effect of 237 net rooms less in the period due to:
  - a. 149 out of 150 rooms of the *Krystal Urban Monterrey* were available in the period as the hotel was under remodeling relating to the change in brand (1 room less)
  - b. 388 rooms out of 451 rooms of *Hilton Puerto Vallarta* were available in the period as operations of the expansion “*The Hacienda*” started at the end of March (63 less rooms)
  - c. 373 rooms out of 480 rooms of *Reflect Krystal Grand Nuevo Vallarta* were available in the period (107 less rooms)
  - d. 35 rooms out of 140 rooms of *Hyatt Centric Campestre Leon* were available in the quarter as operations of the hotel began on October 1<sup>st</sup>, 2018 (105 less rooms)
  - e. 476 rooms out of 530 rooms of the *Krystal Resort Puerto Vallarta* were available in the period (54 less rooms)
  - f. 93 rooms of the *Krystal Pachuca* were available in the period (93 more rooms)

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

Rooms 4Q18	Owned Hotels	Third-party owned hotels	Total Rooms	Rooms 2018	Owned Hotels	Third-party owned hotels	Total Rooms
In Operation	3,738	1,771	5,509	In Operation	3,462	1,828	5,290
Vacational Club	53	210	263	Vacational Club	53	192	245
Unavailable	-	-	-	Unavailable	276	-39	237
<b>Total Rooms</b>	<b>3,791</b>	<b>1,981</b>	<b>5,772</b>	<b>Total Rooms</b>	<b>3,791</b>	<b>1,981</b>	<b>5,772</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.

<sup>8</sup> 245 rooms are part of Vacation Club, of which 53 rooms are Company-owned, and 192 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.