

# POSADAS®



## Operative & Financial Results: First Quarter 2017

## Grupo Posadas, S.A.B. de C.V. & Subsidiaries Mexico City, April 27, 2017.

Information presented with respect to the same quarter of previous year under IFRS accounting standards:

- In 1Q17 total revenues and EBITDA grew 7% and 4%, respectively.
- EBITDA LTM of \$1,667 million, 12% higher.
- Three hotel openings in 1Q17.
- The pipeline considers 40 hotels, 24% additional rooms to be opened by December 2019.
- Cash available as of March 31, 2017 of \$2.0 billion (equivalent to US\$106 million).
- In April 2017, several agreements were reached with the tax authorities for the payment of taxes.

*"We continued with a remarkable first quarter generating an EBITDA of \$482 million, 4% higher than 1Q16." Said José Carlos Azcárraga, Posadas' CEO.*

### > Executive Summary

Million pesos as of March 31, 2017	1Q17	%	Var. YY %
<b>Total Revenues</b>	2,186.3	100	6.8
<b>EBIT</b>	375.5	17	1.8
<b>EBITDA</b>	481.8	22	3.7

During the 1Q17, System-wide hotels "Same hotels" performance improved QoQ, in spite of the Easter holiday included in 1Q16. Our Average Daily Rate (ADR) and occupancy increased 12.4% and 0.1 percent points ("pp") respectively, which resulted in a Revenue per Available Room (RevPAR) growth of 12.5%.

Urban hotels, which represent 83% of the total rooms operated, continue to perform better with an increase in RevPAR of 8.7% and our coastal hotels performed with a RevPAR increase of 25.8%.

The cash position at the end of the first quarter of \$1,982 million considers a position in US dollars' worth US\$40.2 million.

Our annual USD denominated revenues of approximately 25% provide a hedge to the coupons of our Notes due in 2022.

The Net Debt leverage ratio of 3.1 times remained at the same level with respect to the same quarter of the previous year and improved by 0.6 times sequentially from 4Q16 accompanied by a 9.5% MXN appreciation to the USD.

## > Hotel Development

As of March 31, 2017, the Company continued with a strong pipeline comprised of executed agreements to operate 40 new hotels with 5,952 rooms. These hotels represent a total investment of \$9,076 million (US\$485 million), 6% will be invested by Posadas and 94% will be invested by third parties. This development plan represents an increase in capacity of 24%.

Openings are expected to begin in the second quarter of 2017, and we expect all hotels to be operational by December 2019, according to commitments made with the different property owners. The average term of these contracts is 15 years.

New Hotels by Brand	Hotels	Rooms	%
<b>Live Aqua</b>	2	401	6.7
<b>Live Aqua Residence Club</b>	1	100	1.7
<b>Grand Fiesta Americana</b>	2	456	7.7
<b>Fiesta Americana</b>	7	1,432	24.1
<b>Fiesta Inn</b>	10	1,367	23.0
<b>Fiesta Inn Loft</b>	1	120	2.0
<b>One Hoteles</b>	14	1,764	29.6
<b>Gamma</b>	2	222	3.7
<b>Other</b>	1	90	1.5
<b>Total</b>	<b>40</b>	<b>5,952</b>	<b>100</b>

The Company continues with an intense openings schedule, during the last twelve months 14<sup>1</sup> hotels with 1,958 additional rooms were opened.

Openings LTM	No. of Rooms	Type of Contract
<b>Fiesta Americana Monterrey Pabellón</b>	178	Managed
<b>Fiesta Inn Pachuca Gran Patio</b>	156	Managed
<b>Grand Fiesta Americana Puebla</b>	168	Managed
<b>Grand Fiesta Americana Monterrey Valle</b>	180	Managed
<b>Live Aqua Urban Resort Monterrey</b>	74	Managed
<b>Fiesta Inn Loft Monterrey La Fe</b>	48	Managed
<b>Fiesta Inn Playa del Carmen</b>	129	Managed
<b>Fiesta Americana México Toreo</b>	252	Leased
<b>Fiesta Inn Los Mochis</b>	125	Managed
<b>One Cuautitlán</b>	156	Managed
<b>Gamma Torreón</b>	102	Managed
<b>Fiesta Inn Puerto Vallarta La Isla</b>	144	Managed
<b>One Mexicali</b>	120	Managed
<b>One Guadalajara Expo</b>	126	Managed
<b>Total</b>	<b>1,958</b>	

<sup>1</sup> 14 hotels with 11 management contracts.

GFA Monterrey Valle and Live Aqua Urban Resort Monterrey, are in the same management contract.

Fiesta Inn Monterrey La Fe and Fiesta Inn Loft Monterrey La Fe, are in the same management contract.

> Owned and Leased Hotels  
(Excludes Vacation Properties)

1Q17 (QQ)	Total	% Var.	Urban	% Var.	Coastal	% Var.
<b>Average Rooms</b>	4,761	(10.5)	3,707	(10.4)	1,054	(10.8)
<b>Average Daily Rate</b>	1,894	17.2	1,551	16.7	2,919	13.2
<b>Occupancy (Var. in pp)</b>	75%	(0.9)	72%	(2.9)	85%	6.3
<b>RevPAR</b>	1,415	15.8	1,116	12.1	2,468	22.4

During the quarter, revenues from this segment represented 53.9% of the consolidated revenues. The EBITDA (IFRS) margin was 26.2% representing a 0.8 pp increase over the 1Q16 (business margin was 18.9%, 0.5 pp higher). This improvement was mainly due to the Fiesta Americana Condesa Cancun hotel full refurbishment in phases, that had in average 25% of its room inventory unavailable during this period. The full refurbishment was completed by April 11, 2017.

A higher ADR (Average Daily Rate) of 17.2% and a 0.9 pp decrease in occupancy resulted in a RevPAR increase of 15.8%.

Results for urban hotels show an improvement when compared with 1Q16; a 16.7% increase in ADR and a 2.9 pp decrease in occupancy, resulted in a RevPAR improvement of 12.1%, despite having 10.4% less average rooms available due to the sale of two hotels and not renewing another two hotel lease contracts.

On a comparative basis, the coastal hotels operated 10.8% less rooms compared to 1Q16 due to the Fiesta Americana Condesa Cancun hotel refurbishment. Adjusting for this effect, coastal hotels increased occupancy by 6.3 pp and ADR by 13.2% resulting in a 22.4% increased RevPAR compared to the same period of previous year.

> Management

(Includes owned, leased, franchise and managed hotels. Excludes Vacation Properties)

1Q17 (QQ)	Total	% Var.	Urban	% Var.	Coastal	% Var.
<b>Average Rooms</b>	21,724	6.5	19,333	8.2	2,391	(5.1)
<b>Average Daily Rate</b>	1,480	13.3	1,213	12.4	3,177	16.8
<b>Occupancy (Var. in pp)</b>	65%	(1.3)	63%	(2.1)	80%	5.7
<b>RevPAR</b>	957	11.0	762	8.8	2,535	25.8

Same Hotels 1Q17 (QQ)	Total	% Var.	Urban	% Var.	Coastal	% Var.
<b>Average Rooms</b>	19,329	0.1	16,938	0.9	2,391	(5.1)
<b>Average Daily Rate</b>	1,476	12.4	1,178	9.9	3,177	16.8
<b>Occupancy (Var. in pp)</b>	66%	0.1	64%	(0.7)	80%	5.7
<b>RevPAR</b>	978	12.5	758	8.7	2,535	25.8

The Management line includes hotel management, brand licensing and franchise services along with our loyalty management and call center businesses. Revenues represented 11.7% of total revenue in the quarter with a margin (IFRS) of 28.9%, 1.3 pp lower than in 1Q16 (business margin was 47.9%, 4.8 pp higher).

The average number of rooms operated recorded a 6.5% increase in the quarter. An improvement in ADR and RevPAR of 13.3% and 11%, respectively, was achieved despite a 1.3 pp decrease in occupancy.

The following operating data is for all the hotels "Same hotels" we managed in Mexico.

With 0.1% more available rooms adjusted by the refurbishment, system-wide hotels reported a 12.4% improvement in ADR, a marginal 0.1 pp increase in occupancy, and a RevPAR growth of 12.5%. All regions, over performed versus the same period of previous year.

System-wide urban hotels had an improvement in ADR of 9.9% and a 0.7 pp decrease in occupancy achieving a RevPAR growth of 8.7%.

Coastal hotels increased 5.7% in occupancy. ADR, and RevPar increased 16.8% and 25.8%, respectively, with 5.1% less average number of rooms available due to the FA Condesa Cancun hotel refurbishment.

## > Vacation Properties

The Vacation Club business segment primarily includes our vacation properties comprised of the Fiesta Americana Vacation Club (FAVC), Live Aqua Residence Club (LARC) and KIVAC programs. Revenue for the quarter amounted to 32.9% of the Posadas' consolidated revenues in 1Q17. The operating margin (IFRS) was 28.1%, 0.6 pp lower than the 1Q16 margin (business margin was 22.9%, 2.6 pp lower), with a stable pace in the volume of net vacation club membership sales.

In 1Q17, on a QoQ comparison, the food and beverages profit line increased 11%.

As of March 31, 2017, total receivables reached \$3,920 million representing a 7% increase with respect to the same period of previous year.

## > Other Businesses

For the 1Q17 the results for other businesses as Ampersand, Konexo and Conectum are shown separately in order to measure the performance of these businesses adequately.

## > EBITDA

In the 1Q17 an EBITDA of \$481.8 million was recorded, that compares favorably with the \$464.6 million recorded in 1Q16 (+3.7%).

For the last twelve months, EBITDA (IFRS) was \$1,667 million (US\$86.6 million with an average exchange rate of MXN\$19.2584 per USD), that represents a 12% improvement versus the \$1,483 million in 1Q16 LTM.

## > Capital Expenditures

The total consolidated capex for 1Q17 was \$198 million, 62% for hotels, 26% for vacation properties and 11% for corporate purposes.

## > Comprehensive Financial Result

Concept	1Q17	1Q16
<b>Interest earned</b>	(21,420)	(7,736)
<b>Interest expense</b>	163,814	143,485
<b>Fluctuations loss (gain)</b>	(628,425)	3,689
<b>Other expenses (products)</b>	18,384	15,531
<b>Financial expenses <sup>(4)</sup></b>	61,843	2,611
<b>Total</b>	<b>(405,803)</b>	<b>157,579</b>

Figures in thousands of pesos

At the end of the quarter, considering the effect of IFRS, the net coverage ratio was 2.8 times, similar level as same quarter of the previous year.

In 1Q17 the foreign exchange unrealized gain of \$628 million was recorded as a consequence to a 9.5% appreciation of the MXN versus the US dollar, from December 31, 2016 to March 31, 2017.

(4) Includes surcharges in reference to the relevant event of April 7, 2017 of \$57.2 million.

## > Income Taxes

Income taxes for 1Q17 were \$1,168 million, \$238 million derived from income tax for 1Q17 and the remaining \$930 million from the agreement with the Tax authority, as explained in the Relevant Event section.

## > Net Majority Income

As a result of the aforementioned, a \$391.9 million net loss for the first quarter was recorded.

## > Indebtedness

Concepts (Figures in millions)	1Q17		1Q16	
	\$US	IFRS MXN	\$US	IFRS MXN
<b>FX eop:</b>		18.7079		17.2050
<b>EBITDA LTM</b>		1,667		1,483
<b>Cash</b>		1,981		1,591
<b>Indebtedness:</b>				
<b>Senior Notes 2022</b>	400	7,483	350	6,022
<b>Senior Notes 2017</b>			38	659
<b>Subsidiarie</b>	4	78		-
<b>Issuance expenses (IFRS)</b>		(376)		(423)
<b>Total</b>	404	7,186	388	6,258
<b>Net Debt to EBITDA</b>		3.1		3.1

The Total Debt mix under IFRS at the end of the quarter was 99% long-term (USD denominated) and 100% fixed rate.

The average life was 5.2 years and there was no secured debt outstanding.

## > Relevant Event

On April 7, 2017, the Company announced several agreements with the Mexican Tax Administration Service (SAT) as a means of proactively resolving differences in criteria and achieve more operating and financial certainty.

The agreements deal with compliance with tax rules for the fiscal years from 2007 to 2013, regarding matters related to the amortization of trademarks, the tax treatment of SIBRAS (Real Estate Investment Companies) and the termination of the tax consolidation regime that was maintained by Grupo Posadas that have been observed by SAT. These consist of:

Elimination of the capital loss recorded for the sale of shares included in the calculation of the termination of the tax consolidation regime determined in fiscal year 2013.

This elimination generates:

a. Recognition of an additional payment for a total amount, in different fiscal years of \$2,463 million pesos (Consolidated Balance Sheet footnotes 8 and 9), which includes taxes and accrued interest as of the date of the relevant event announcement. Of this amount \$612 million pesos were paid this fiscal year, broken down as follows: \$488 million on April 7 and the balance during the same month (Consolidated Balance Sheet footnote 8). The remaining balance in annual payments between 2018 and 2023, subject to indexing, for an amount of approximately \$309 million pesos each fiscal year (Consolidated Balance Sheet footnote 9).

b. A one-time loss of \$930 million pesos was recorded in 1Q17, as a consequence of the increase in the long-term tax liability (Income Statement footnote 6).

c. Ratification of Grupo Posadas' rights to carry forward accumulated unamortized tax losses as of 2013, in the amount of approximately \$7,750 million pesos (Consolidated Balance Sheet footnote 7).

When such agreements are executed, all audits, fiscal credits, and observations received to date related with aforementioned concepts, regarding the fiscal years from 2007 to 2013, will be duly resolved and solved in a conclusive manner, subject to the corresponding formalization.

With respect to the tax assessment for fiscal year 2006 that has been made public since 2015, Grupo Posadas and SAT are engaged in talks to definitively resolve the corresponding fiscal credit.

The payments referred to in this communication will be covered by the operating cash flows of Grupo Posadas, contemplated in its budgets, and do not affect projects and investments forecast during the periods in question or the timely servicing of its debt.

These agreements are also consistent with the policies of Grupo Posadas, its Board of Directors and its executives, with respect to the undertaking of all necessary measures in order to assure the sustained growth and profitability of the Company.



As of the date of this report, the existing corporate ratings are:

- Moody’s: global scale “B2” with positive outlook.
- S&P: global scale “B+” with stable outlook.
- Fitch: global Issuer Default Rating (IDR) “B” and local “BB+(mex)”, both with stable outlook.

The ratings for the “7.875% Senior Notes Due 2022” were: Moody’s: “B2”/ S&P: “B+”/ Fitch: “B+ RR3”.

In compliance with Article 4.033.01 section VIII of the Mexican Stock Exchange rules, Grupo Posadas coverage is provided by:

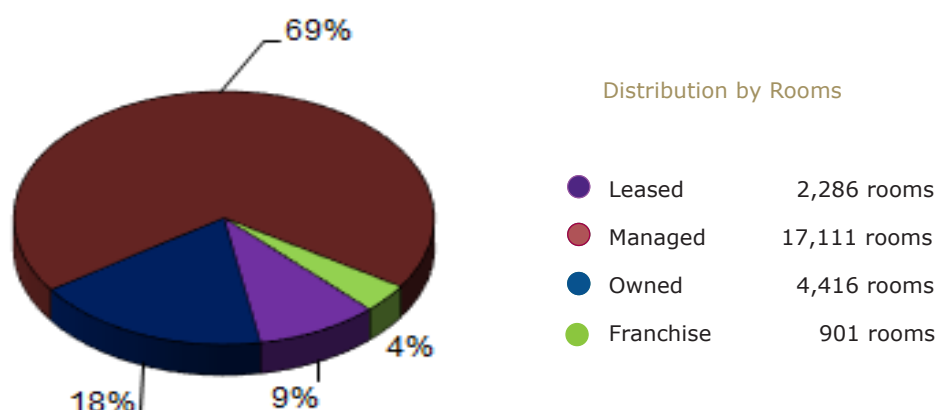
- Bank of America Merrill Lynch, analyst: Roy Yackulic, roy.yackulic@baml.com (1-646) 855-6945.
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> Grupo Posadas as of March 31, 2017.

Posadas is the leading hotel operator in Mexico that owns, leases and manages 155<sup>2</sup> hotels and 24,714 rooms in the most important and visited urban and coastal destinations in Mexico, (99% of total rooms) and owns one hotel in the United States (1%). Urban hotels represent 83% of total rooms and coastal hotels represent 17%. Posadas operates the following brands: Live Aqua, Live Aqua Boutique Resort, Grand Fiesta Americana, Fiesta Americana, The Explorean, Fiesta Americana Vacation Villas, Live Aqua Residence Club, Fiesta Inn, Fiesta Inn LOFT, Gamma and One Hotels.

Posadas trades in the Mexican Stock Exchange since 1992.



Brand	Mexico		USA		Total	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
<b>Live Aqua</b>	4	640			4	640
<b>Grand Fiesta Americana</b>	8	2,226			8	2,226
<b>Fiesta Americana</b>	12	3,525			12	3,525
<b>Fiesta Inn</b>	67	9,340			67	9,340
<b>Fiesta Inn Loft</b>	2	164			2	164
<b>Gamma</b>	11	1,551			11	1,551
<b>FA Vacation Villas</b>	7	1,613			7	1,613
<b>One Hoteles</b>	42	5,242			42	5,242
<b>Others</b>	1	213	1	200	2	413
<b>Total</b>	<b>154</b>	<b>24,514</b>	<b>1</b>	<b>200</b>	<b>155</b>	<b>24,714</b>
<b>%</b>		<b>99%</b>		<b>1%</b>		<b>100%</b>

<sup>2</sup> 155 hotels with 151 management contracts.

## > Income Statement IFRS

(million pesos)

Concept	1Q17	%	1Q16	%	Var %
Total Revenues	2,186.3	100.0	2,047.1	100.0	6.8
<b>Owned &amp; Leased Hotels</b>					
Revenues	1,182.8	100.0	1,103.8	100.0	7.2
Direct Cost	873.1	73.8	823.6	74.6	6.0
Contribution IFRS	309.7	26.2	280.2	25.4	10.5
<i>Intersegment fee eliminations (1)</i>	<i>(85.8)</i>		<i>(77.1)</i>		
<i>Business Contribution</i>	<i>223.9</i>	<i>18.9</i>	<i>203.2</i>	<i>18.4</i>	<i>10.2</i>
<b>Managed</b>					
Revenues	255.4	100.0	218.1	100.0	17.1
Direct Cost	181.6	71.1	152.4	69.8	19.2
Contribution IFRS	73.8	28.9	65.8	30.2	12.1
<i>Intersegment fee eliminations (1)</i>	<i>123.1</i>		<i>109.4</i>		
<i>Business Contribution</i>	<i>196.9</i>	<i>47.9</i>	<i>175.2</i>	<i>43.1</i>	<i>12.4</i>
<b>Vacation Properties</b>					
Revenues	718.2	100.0	680.4	100.0	5.6
Direct Cost	516.4	71.9	485.3	71.3	6.4
Contribution IFRS	201.9	28.1	195.1	28.7	3.5
<i>Intersegment fee eliminations (1)</i>	<i>(37.1)</i>		<i>(21.5)</i>		
<i>Business Contribution</i>	<i>164.8</i>	<i>22.9</i>	<i>173.6</i>	<i>25.5</i>	<i>(5.1)</i>
<b>Other Businesses (2)</b>					
Revenues	29.9	100.0	44.7	100.0	(33.2)
Direct Cost	46.1	154.1	48.7	108.9	(5.4)
Contribution IFRS	(16.2)	(54.1)	(4.0)	(8.9)	308.1
<i>Intersegment fee eliminations (1)</i>	<i>4.6</i>		<i>(6.3)</i>		
<i>Business Contribution</i>	<i>(11.5)</i>	<i>(5.4)</i>	<i>(10.2)</i>	<i>1.6</i>	<i>12.8</i>
Corporate Expenses	79.6	3.6	74.0	3.6	7.6
<i>Intersegment fee eliminations (1)</i>	<i>(4.7)</i>		<i>(4.6)</i>		
Depreciation/Amortization and asset impairment	106.3	4.9	95.8	4.7	10.9
Other expenses (revenue) (3)	7.8	0.4	(1.4)	(0.1)	na
Other	0.0	0.0	0.0	0.0	na
Operating Profit	375.5	17.2	368.7	18.0	1.8
<b>EBITDA</b>	<b>481.8</b>	<b>22.0</b>	<b>464.6</b>	<b>22.7</b>	<b>3.7</b>
Comprehensive financing cost (4)	(405.8)	(18.6)	157.6	7.7	na
Other	0.0	0.0	0.0	0.0	na
Part. in results of Associated Companies	0.0	0.0	(0.8)	(0.0)	na
<b>Profit Before Taxes</b>	<b>781.3</b>	<b>35.7</b>	<b>211.2</b>	<b>10.3</b>	<b>270.0</b>
Discontinued Operations	0.0	0.0	0.0	0.0	na
Income taxes (5)	2,107.6	96.4	31.9	1.6	6,513.5
Deferred taxes (6)	(938.9)	(42.9)	(23.6)	(1.2)	3,876.9
<b>Net Income before Minority</b>	<b>(387.4)</b>	<b>(17.7)</b>	<b>202.9</b>	<b>9.9</b>	<b>na</b>
<b>Minority Interest</b>	<b>4.5</b>	<b>0.2</b>	<b>3.1</b>	<b>0.2</b>	<b>47.5</b>
<b>Net Majority Income</b>	<b>(391.9)</b>	<b>(17.9)</b>	<b>199.8</b>	<b>9.8</b>	<b>na</b>

(1) Intersegment fee eliminations: Management, brand and incentive fees, among others, were eliminated from each segment.

(2) Includes the following businesses: Ampersand, Conectum, Konexo, GloboGo, Promoción y Desarrollo and Summas,

(3) Includes penalty in reference to the relevant event of April 7, 2017 of \$2.9 million.

(4) Includes surcharges in reference to the relevant event of April 7, 2017 of \$57.2 million.

(5) Includes updated tax liability in reference to the relevant event of April 7, 2017 of \$2,093 million.

(6) Includes the rights to carry forward unamortized tax losses.

## > Consolidated Balance Sheet as of March 31, 2017 and December 31, 2016 IFRS (million pesos)

CONCEPT	MAR- 17	%	DEC - 16	%	VAR. %
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	1,531.7	9.2	1,320.1	8.8	16.0
Trade and other current receivables	3,095.1	18.7	2,827.6	18.8	9.5
Current tax assets, current	-	0.0	-	0.0	-
Other current financial assets	450.0	2.7	450.0	3.0	0.0
Current inventories	153.9	0.9	177.8	1.2	(13.4)
Other current non-financial assets	63.7	0.4	63.7	0.4	0.0
Current assets other than non-current assets or disposal groups classified as held for sale or as held for distribution to owners	5,294.4	32.0	4,839.1	32.1	9.4
Non-current assets or disposal groups classified as held for sale or as held for distribution to owners	55.8	0.3	64.5	0.4	(13.5)
<b>Total current assets</b>	<b>5,350.2</b>	<b>32.3</b>	<b>4,903.7</b>	<b>32.5</b>	<b>9.1</b>
<b>Non current assets</b>					
Trade and other non-current receivables	2,254.1	13.6	2,231.3	14.8	1.0
Non-current inventories	203.9	1.2	151.5	1.0	34.6
Investments in subsidiaries, joint ventures and associates	1.1	0.0	1.1	0.0	0.0
Property, plant and equipment	6,489.1	39.2	6,483.1	43.0	0.1
Investment property	-	0.0	-	0.0	-
Intangible assets other than goodwill	668.2	4.0	641.2	4.3	4.2
Deferred tax assets (7)	1,597.4	9.6	658.5	4.4	142.6
<b>Total non-current assets</b>	<b>11,213.7</b>	<b>67.7</b>	<b>10,166.7</b>	<b>67.5</b>	<b>10.3</b>
<b>Total assets</b>	<b>16,564.0</b>	<b>100.0</b>	<b>15,070.4</b>	<b>100.0</b>	<b>9.9</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Trade and other current payables	1,248.1	7.5	942.5	6.3	32.4
Current tax liabilities, current (8)	612.3	3.7	362.5	2.4	68.9
Other current financial liabilities	1,324.6	8.0	969.1	6.4	36.7
Total current liabilities other than liabilities included in disposal groups classified as held for sale	3,185.1	19.2	2,274.1	15.1	40.1
Liabilities included in disposal groups classified as held for sale	6.0	0.0	7.2	0.0	(16.3)
<b>Total current liabilities</b>	<b>3,191.1</b>	<b>19.3</b>	<b>2,281.3</b>	<b>15.1</b>	<b>39.9</b>
<b>Non Current Liabilities</b>					
Trade and other non-current payables	897.8	5.4	850.8	5.6	5.5
Other non-current financial liabilities	7,107.6	42.9	7,871.8	52.2	(9.7)
Non-current provisions for employee benefits	146.8	0.9	137.5	0.9	6.8
Other non-current provisions	397.4	2.4	395.8	2.6	0.4
<b>Total non-current provisions</b>	<b>544.2</b>	<b>3.3</b>	<b>533.3</b>	<b>3.5</b>	<b>2.1</b>
Deferred tax liabilities (9)	2,293.9	13.8	605.0	4.0	279.2
<b>Total non-current liabilities</b>	<b>10,843.5</b>	<b>65.5</b>	<b>9,860.8</b>	<b>65.4</b>	<b>10.0</b>
<b>Total liabilities</b>	<b>14,034.6</b>	<b>84.7</b>	<b>12,142.1</b>	<b>80.6</b>	<b>15.6</b>
<b>EQUITY</b>					
Total equity attributable to owners of parent	2,333.8	14.1	2,736.3	18.2	(14.7)
Non-controlling interests	195.6	1.2	191.9	1.3	1.9
<b>Total equity</b>	<b>2,529.4</b>	<b>15.3</b>	<b>2,928.3</b>	<b>19.4</b>	<b>(13.6)</b>
<b>Total equity and liabilities</b>	<b>16,564.0</b>	<b>100.0</b>	<b>15,070.4</b>	<b>100.0</b>	<b>9.9</b>

(7) Includes the right to carry forward unamortized tax losses of \$938 million.

(8) Includes short term provision of \$612.3 million paid on April 7, 2017.

(9) Includes long term provision of \$1,852 million in reference to the relevant event of April 7, 2017.

## > Consolidated Cash Flow Statement - IFRS

(Million pesos from January 1st to March 31, 2017 & 2016)

STATEMENT OF CASH FLOWS		
	1Q17	1Q16
Cash flows from (used in) operating activities		
Profit (loss)	(387.4)	202.9
Adjustments to reconcile profit (loss)		
Discontinued operations		
Adjustments for income tax expense	1,168.7	8.3
Adjustments for finance costs	142.4	135.7
Adjustments for depreciation and amortisation expense	124.7	111.4
Adjustments for unrealised foreign exchange losses (gains)	(782.9)	(0.6)
Adjustments for losses (gains) on disposal of non-current assets	(0.6)	(0.7)
Participation in associates and joint ventures	0.0	0.0
Adjustments for decrease (increase) in inventories	23.9	26.9
Adjustments for decrease (increase) in trade accounts receivable	(33.9)	(222.6)
Adjustments for decrease (increase) in other operating receivables	(168.8)	(102.7)
Adjustments for increase (decrease) in trade accounts payable	(64.8)	(91.5)
Adjustments for increase (decrease) in other operating payables	492.3	495.2
Other adjustments to reconcile profit (loss)		
Total adjustments to reconcile profit (loss)	900.8	359.3
Cash flows from (used in) operations	513.4	562.2
Income taxes paid (refund), classified as operating activities	185.5	60.5
Cash flows from (used in) operating activities	327.9	501.7
Proceeds from sales of property, plant and equipment, classified as investing activities		
Purchase of property, plant and equipment, classified as investing activities	175.9	113.6
Purchase of intangible assets, classified as investing activities	22.0	3.7
Interest received, classified as investing activities	21.4	7.7
Cash flows from (used in) investing activities	176.5	109.6
Proceeds from changes in ownership interests in subsidiaries that do not result in loss of control		
Payments to acquire or redeem entity's shares		
Proceeds from borrowings, classified as financing activities	78.4	0.0
Repayments of borrowings, classified as financing activities		
Interest paid, classified as financing activities	17.6	12.7
Other inflows (outflows) of cash, classified as financing activities	(0.7)	(2.4)
Cash flows from (used in) financing activities	60.1	(15.1)
Increase (decrease) in cash and cash equivalents before effect of exchange rate changes	211.6	377.0
Effect of exchange rate changes on cash and cash equivalents		
Increase (decrease) in cash and cash equivalents	211.6	377.0
Cash and cash equivalents at beginning of period	1,320.1	763.8
Cash and cash equivalents at end of period	1,531.7	1,140.8
Other Financial Assets	450.0	450.0
Total Cash	1,981.7	1,590.8