

POSADAS®



Operative & Financial Results: Second Quarter 2017



Grupo Posadas, S.A.B. de C.V. & Subsidiaries Mexico City, July 20, 2017.

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

- In 2Q17 total revenues and EBITDA grew 16% and 19%, respectively.
- EBITDA LTM of \$1,734 million, 15% higher.
- Cash available as of June 30, 2017 of \$1.0 billion (equivalent to US\$58 million). After giving effect to the sale of the Fiesta Inn Aeropuerto hotel, the cash balance would be \$1.5 bn (US\$82 mn).
- Two hotel openings in 2Q17 and five in 1H17.
- The pipeline considers 48 hotels, 33% additional rooms to be opened during the next 3.5 years.
- The new brand LatinoAmerican for local hotels was launched.

"Our pipeline of 48 hotels and 8,205 rooms worth \$16.7 bn (US\$936 mn) investment represents the strongest development commitment ever by Posadas." Said José Carlos Azcárraga, Posadas' CEO.

> Executive Summary

Million pesos as of June 30, 2017	2Q17	%	Var. YY %	2016	%	Var. YY %
Total Revenues	2,213.7	100	16.4	4,400.0	100	11.4
EBIT	308.0	14	58.7	683.5	16	21.4
EBITDA	415.6	19	19.1	897.4	20	10.3

During the 2Q17, System-wide hotels "Same hotels" performance improved QoQ. Our Average Daily Rate (ADR) and occupancy increased 8.6% and 2.2 percent points ("pp") respectively, which resulted in a Revenue per Available Room (RevPAR) growth of 12.2%.

Urban hotels, which represent 83% of the total rooms operated, continue to perform better with an increase in RevPAR of 10.0% and our coastal hotels showed a RevPAR increase of 18.6%.

The quarterly ending cash position of \$1,039 million includes a position in US dollars worth US\$58 million. The proceeds of \$435 million from the sale of the

Fiesta Inn Aeropuerto hotel in Mexico City that will be collected in 3Q17 will increase our cash balance. Our annual USD denominated revenues of approximately 25% provide a natural hedge to the coupons of our Senior Notes due in 2022. At the end of the 2Q17, the Notes traded at 103.5 with a yield to maturity of 7%.

As informed on April 27, 2017, The Fiesta Inn Aeropuerto hotel was sold and will be leased afterwards by Posadas with a 15 year agreement plus two five year term renewals, the lease may be terminated early if the owner decides to develop a new 170 room hotel and that would also be managed by Posadas.

On the same date, the Company announced its investment in a trust with other investors to develop a hotel complex in the Riviera Maya in the state of Quintana Roo. Posadas will hold a 6% stake in such trust.

The trust will receive the land and several amounts of which Posadas will deposit \$450 million, \$225 million have already been deposited.

In this complex, two hotels will be built with up to 890 keys in phase one (a Fiesta Americana hotel and a Live Aqua hotel), both hotels will be operated by Posadas under management and franchise agreements.

As part of the agreements, Posadas will pay as key money US\$10 million during the construction period of the hotel complex.

The Company signed a lease agreement with respect of the Fiesta Americana Hacienda Galindo, which will undergo refurbishment in stages during 2017. At the same time the Company signed a conditional sale on this hotel which should take place on December 2019 at the latest with the sale closing on 2020. The sale price will be 10.06 times 2019 fiscal year EBITDA, minus investments and lease payments. After closing Posadas will operate the hotel under a management contract.

In reference to the asset sales; \$373 million have been recorded as current assets held for sale in reference to the Ramada Plaza in Laredo, Texas and the Fiesta Inn Aeropuerto in Mexico City hotels. Also, \$255 million were classified as non-current assets held for sale in reference to the Fiesta Americana Hermosillo and Fiesta Americana Hacienda Galindo hotels.

On June 22, 2017, Inmobiliaria del Sudeste, S.A. de C.V., a subsidiary of Grupo Posadas that owns the Fiesta Americana Mérida hotel, entered a \$210 million, seven year term secured loan. The funds will be used for general corporate purposes and remodeling public areas of the hotel.

As previously informed, two employee unions of Compañía Mexicana de Aviación filed labor claims against the Company and other relevant defendants. The Company considers it has all necessary means of defense; the procedural status of these lawsuits has not progressed significantly.

In July 2017, the Company launched the new hotel brand "LatinoAmerican". Designed to merge into the most iconic neighborhoods of large cities, it puts forth an advanced lodging proposition based on technology and customization, that will bring together the new hyper-modern and hyper-connected travelers.

Posadas expects to have the first hotel under this brand in operation by mid-2018.

The Company announces that, in accordance with article 224 of the Ley General de Sociedades Mercantiles, the merger agreed to on October 31, 2016 pursuant to which Gran Inmobiliaria Posadas, S.A. de C.V., API PM, S.A. de C.V., API LA, S.A. de C.V., API FA, S.A. de C.V., Axioma Demostrado México, S.A. de C.V. (formerly Axioma Demostrado, S.L.), Inmobiliaria Administradora Minerva, S.A. de C.V., Corporación Hotelera de Cd Juárez, S.A. de C.V., Sistema Director de Proyectos, S.A. de C.V., Comercializadora de Reservas Posadas, S.A. de C.V., Comisiones e Incentivos Fiesta, S.A. de C.V. and Yipa, S.A. de C.V. were merged into Grupo Posadas took effect on July 18, 2017.

As of July 21, 2017, Citibank, N.A., will be appointed as Trustee of the "7.875% Senior Notes Due 2022".

> Hotel Development

As of June 30, 2017, the Company continued with a strong pipeline comprised of executed agreements to operate 48 new hotels with 8,205 rooms. These hotels represent a total investment of \$16,736 million (US\$936 million), 10% will be invested by Posadas (mainly in Los Cabos and Riviera Maya) and 90% will be invested by third parties. This development plan represents an increase in capacity of 33%.

Openings are expected to begin in the third quarter of 2017, and we expect all hotels to be operational by December-2020 according to commitments made with the different property owners. The average term of these contracts is 15 years.

New Hotels by Brand	Hotels	Rooms	%
Live Aqua	3	741	9.0
Live Aqua Residence Club	1	100	1.2
Grand Fiesta Americana	3	1,026	12.5
Fiesta Americana	9	2,227	27.1
Fiesta Inn	9	1,287	15.7
Fiesta Inn Loft	5	671	8.2
One Hoteles	13	1,638	20.0
Gamma	4	425	5.2
Other	1	90	1.1
Total	48	8,205	100

The Company continues with an intense openings schedule, during the last twelve months 10 hotels with 1,427 additional rooms were opened.

Openings LTM	No. of Rooms	Type of Contract
FI Playa del Carmen	129	Managed
FA México Toreo	252	Leased
FI Los Mochis	125	Managed
One Cuautitlan	156	Managed
Gamma Torreon	102	Managed
FI Puerto Vallarta La Isla	144	Managed
One Mexicali	120	Managed
One Guadalajara Expo	126	Managed
FI Silao Aeropuerto del Bajio	142	Managed
One León Antares	126	Managed
Fiesta Americana Condesa Cancún Room Incremental	5	
Total	1,427	

> Owned and Leased Hotels
(Excludes Vacation Properties)

2Q17 (QQ)	Total	% Var.	Urban	% Var.	Coastal	% Var.
Average Rooms	4,876	(4.3)	3,707	(7.0)	1,169	5.1
Average Daily Rate	1,712	11.7	1,497	11.3	2,349	8.3
Occupancy (Var. in pp)	76%	(0.7)	75%	(1.0)	80%	(0.0)
RevPAR	1,302	10.7	1,121	9.8	1,877	8.3

Accumulated	Total	% Var.	Urban	% Var.	Coastal	% Var.
Average Rooms	4,819	(7.5)	3,707	(8.7)	1,112	(3.1)
Average Daily Rate	1,800	14.3	1,523	14.0	2,626	10.4
Occupancy (Var. in pp)	75%	(0.8)	73%	(2.0)	82%	3.0
RevPAR	1,358	13.2	1,119	11.0	2,155	14.7

During the quarter, revenues from this segment represented 49.9% of the consolidated revenues. The EBITDA (IFRS) margin was 22.6% representing a 0.6 pp increase over the 2Q16 (business margin was 16.3%, 1.0 pp higher).

A higher ADR (Average Daily Rate) of 11.7% and a 0.7 pp decrease in occupancy resulted in a RevPAR increase of 10.7%.

Results for urban hotels show an improvement when compared with 2Q16; a 11.3% increase in ADR and a 1.0 pp decrease in occupancy, resulted in a RevPAR improvement of 9.8%, despite having 7.0% less average rooms available due to the sale of two hotels and not renewing two leased hotels .

On a comparative basis, the coastal hotels operated 5.1% more rooms compared to 2Q16 due to the FA Condesa Cancun hotel being remodeled. After adjusting for this effect, coastal hotels recorded the same occupancy and an ADR and RevPar increase by 8.3% each when compared to the same period of previous year.

> Management

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

2Q17 (QQ)	Total	% Var.	Urban	% Var.	Coastal	% Var.
Average Rooms	22,162	6.1	19,656	6.6	2,506	2.3
Average Daily Rate	1,335	9.3	1,183	9.0	2,415	8.8
Occupancy (Var. in pp)	68%	1.3	68%	0.7	75%	6.1
RevPAR	914	11.5	801	10.2	1,800	18.6

Accumulated	Total	% Var.	Urban	% Var.	Coastal	% Var.
Average Rooms	21,944	6.3	19,495	7.4	2,449	(1.4)
Average Daily Rate	1,404	11.2	1,197	10.6	2,798	12.7
Occupancy (Var. in pp)	67%	0.0	65%	(0.7)	77%	5.8
RevPAR	935	11.2	781	9.5	2,157	21.8

2Q17 (QQ) Same Hotels	Total	% Var.	Urban	% Var.	Coastal	% Var.
Average Rooms	19,444	1.0	16,938	0.8	2,506	2.3
Average Daily Rate	1,326	8.6	1,153	7.4	2,415	8.8
Occupancy (Var. in pp)	70%	2.2	70%	1.6	75%	6.1
RevPAR	931	12.2	802	10.0	1,800	18.6

Accumulated	Total	% Var.	Urban	% Var.	Coastal	% Var.
Average Rooms	19,387	0.6	16,938	0.8	2,449	(1.4)
Average Daily Rate	1,398	10.4	1,165	8.6	2,798	12.7
Occupancy (Var. in pp)	68%	1.2	67%	0.5	77%	5.8
RevPAR	954	12.3	780	9.4	2,157	21.8

The Management line includes hotel management, brand licensing and franchise services along with our loyalty management and call center businesses. Revenue represented 11.6% of total revenue in the quarter with a margin (IFRS) of 27.5%, 3.6 pp lower than in 2Q16 (business margin was 47.3%, 4.2 pp higher).

The average number of rooms operated recorded a 6.1% increase in the quarter. An improvement in ADR and occupancy of 9.3% and 1.3%, respectively, achieved an 11.5% RevPAR increase.

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

With 1.0% more available rooms adjusted by the remodeling of rooms, system-wide hotels reported an 8.6% improvement in ADR, a 2.2 pp increase in occupancy, and a RevPAR growth of 12.2%. All regions, over performed versus the same period of previous year.

System-wide urban hotels had an improvement in ADR of 7.4% and a 1.6 pp increase in occupancy achieving a RevPAR growth of 10.0%.

Coastal hotels increased 6.1% in occupancy, ADR and RevPAR increased 8.8% and 18.6%, respectively, with 2.3% more average number of rooms available due to the FA Condesa Cancun hotel remodeling plan.

> 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) programs. Revenue for the quarter amounted to 36.9% of the Posadas' consolidated revenues in 2Q17. The operating margin (IFRS) was 28.4%, 0.1 pp higher than the 2Q16 margin (business margin was 23.3%, same as previous year), with a stable pace in the volume of net vacation club membership sales.

In 2Q17, on a QoQ comparison, the food and beverages revenues increased 55%.

As of June 30, 2017, total receivables reached \$4,055 million representing an 11% increase with respect to the same period of previous year.

> Other Businesses

For the 2Q17 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 2Q17 an EBITDA of \$415.6 million was recorded, that compares favorably with the \$348.9 million recorded in 2Q16 (+ 19.1 %).

For the last twelve months, EBITDA (IFRS) was \$1,733.7 million (US\$89.9 million with an average exchange rate of MXN\$19.2857 per USD), that represents a 15% improvement versus the \$1,507.6 million in 2Q16 LTM.

> Capital Expenditures

The total consolidated capex for 2Q17 was \$226 million, 37% for hotels, 51% for vacation properties and 12% for corporate purposes.

Total capital expenditures for the 1H17 amount to \$424 million.

> Comprehensive Financial Result

Concept	2Q17	2Q16	1H17	1H16
Interest earned	(11,083)	(7,571)	(32,503)	(15,308)
Interest expense	156,634	152,341	320,449	295,826
Fluctuations loss (gain)	(270,474)	304,387	(898,900)	308,076
Other expenses (products)	17,904	18,342	36,289	33,873
Financial expenses	6,974	5,630	68,817	8,240
Total	(100,045)	473,128	(505,849)	630,707

Figures in thousands of pesos

At the end of the quarter, considering the effect of IFRS, the net coverage ratio was 2.9 times, similar level as same quarter of the previous year.

In 2Q17 the foreign exchange unrealized gain of \$270 million was recorded as a consequence to a 4.4% appreciation of the MXN versus the US dollar, from March 31, 2017 to June 30, 2017.

> Income Taxes

Income taxes for 2Q17 were \$116.8 million and \$1,285.5 million year-to-date.

> Net Majority Income

As a result of the aforementioned, a \$290.8 million net income for the first quarter was recorded and a \$101.1 million net loss for the 1H17.

> Indebtedness

Concept (Figures in millions)	2Q17		2Q16	
	US\$	IFRS MXN	US\$	IFRS MXN
FX eop:		17.8775		18.2840
EBITDA LTM		1,734		1,508
Cash		1,039		2,222
Indebtedness:				
Senior Notes 2022	400	7,151	400	7,314
Senior Notes 2017			38	701
Subsidiarie	12	210		1
Issuance expenses (IFRS)		(358)		(432)
Total	412	7,003	438	7,583
Net Debt to EBITDA		3.4		3.6

The Total Debt mix under IFRS at the end of the quarter was 100% long-term, 97% U.S. dollar denominated and 100% with a fixed rate. The average life was 5.1 years and only 3% was secured debt.

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".

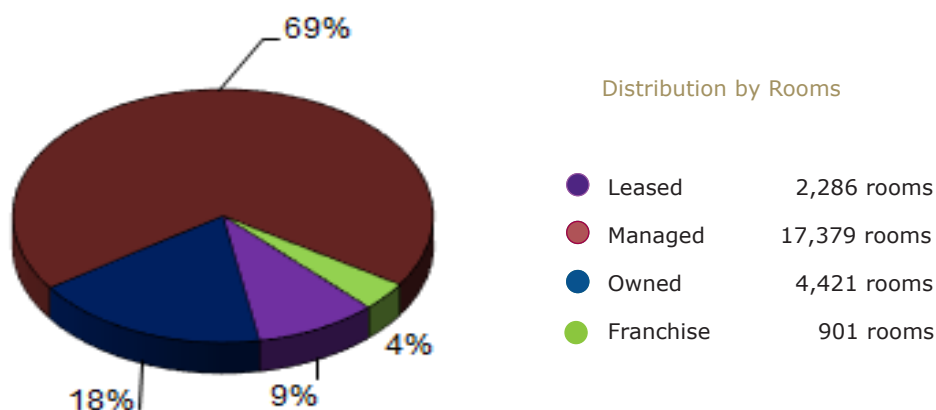
In compliance with Article 4.033.01 section VIII of the Mexican Stock Exchange rules, Grupo Posadas coverage is provided by:

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> Grupo Posadas as of June 30, 2017.

Posadas is the leading hotel operator in Mexico that owns, leases and manages 157¹ hotels and 24,987 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
Live Aqua	4	640			4	640
Grand Fiesta Americana	8	2,226			8	2,226
Fiesta Americana	12	3,530			12	3,530
Fiesta Inn	68	9,482			68	9,482
Fiesta Inn Loft	2	164			2	164
Gamma	11	1,551			11	1,551
FA Vacation Villas	7	1,613			7	1,613
One Hoteles	43	5,368			43	5,368
Others	1	213	1	200	2	413
Total	156	24,787	1	200	157	24,987
%		99%		1%		100%

¹ 157 hotels with 153 management contracts.

> Income Statement IFRS

(million pesos)

Concept	2Q17	%	2Q16	%	Var %	1H17	%	1H16	%	Var %
Total Revenues	2,213.7	100.0	1,902.1	100.0	16.4	4,400.0	100.0	3,949.2	100.0	11.4
Owned & Leased Hotels										
Revenues	1,105.0	100.0	1,048.8	100.0	5.4	2,287.8	100.0	2,152.6	100.0	6.3
Direct Cost	855.5	77.4	818.5	78.0	4.5	1,728.5	75.6	1,642.0	76.3	5.3
Contribution IFRS	249.5	22.6	230.3	22.0	8.3	559.3	24.4	510.6	23.7	9.5
Intersegment fee eliminations (1)	(69.2)		(69.3)			(155.0)		(146.3)		
Business Contribution	180.3	16.3	161.1	15.4	12.0	404.2	17.7	364.2	16.9	11.0
Managed										
Revenues	257.3	100.0	231.7	100.0	11.0	512.7	100.0	449.9	100.0	14.0
Direct Cost	186.4	72.5	159.5	68.8	16.9	368.1	71.8	311.8	69.3	18.0
Contribution IFRS	70.8	27.5	72.2	31.2	(2.0)	144.6	28.2	138.0	30.7	4.7
Intersegment fee eliminations (1)	112.6		104.0			235.7		213.3		
Business Contribution	183.4	47.3	176.2	43.1	4.1	380.2	47.3	351.4	43.1	8.2
Vacation Properties										
Revenues	816.0	100.0	581.7	100.0	40.3	1,534.2	100.0	1,262.1	100.0	21.6
Direct Cost	584.2	71.6	417.2	71.7	40.0	1,100.6	71.7	902.6	71.5	21.9
Contribution IFRS	231.8	28.4	164.5	28.3	40.9	433.7	28.3	359.5	28.5	20.6
Intersegment fee eliminations (1)	(41.8)		(29.1)			(79.0)		(50.5)		
Business Contribution	189.9	23.3	135.4	23.3	40.3	354.7	23.1	309.0	24.5	14.8
Other Businesses (2)										
Revenues	35.4	100.0	39.8	100.0	(11.0)	65.3	100.0	84.6	100.0	(22.7)
Direct Cost	52.9	149.2	44.1	110.8	19.8	98.9	151.4	92.8	109.8	6.6
Contribution IFRS	(17.4)	(49.2)	(4.3)	(10.8)	305.4	(33.6)	(51.4)	(8.3)	(9.8)	306.7
Intersegment fee eliminations (1)	3.3		(1.0)			7.9		(7.2)		
Business Contribution	(14.1)	(4.1)	(5.3)	1.6	168.7	(25.7)	(4.1)	(15.5)	1.6	65.7
Corporate Expenses	89.1	4.0	80.6	4.2	10.5	168.7	3.8	154.6	3.9	9.1
Intersegment fee eliminations (1)	(4.7)		(4.6)			(9.5)		(9.2)		
Depreciation/Amortization and asset impairment	107.7	4.9	154.9	8.1	(30.5)	213.9	4.9	250.7	6.3	(14.7)
Other expenses (revenue)	30.0	1.4	33.2	1.7	(9.7)	37.8	0.9	31.8	0.8	18.8
Other	0.0	0.0	0.0	0.0	na	0.0	0.0	0.0	0.0	na
Operating Profit	308.0	13.9	194.0	10.2	58.7	683.5	15.5	562.8	14.3	21.4
EBITDA	415.6	18.8	348.9	18.3	19.1	897.4	20.4	813.5	20.6	10.3
Comprehensive financing cost	(100.0)	(4.5)	473.1	24.9	na	(505.8)	(11.5)	630.7	16.0	na
Other	0.0	0.0	0.0	0.0	na	0.0	0.0	0.0	0.0	na
Part. in results of Associated Companies	0.0	0.0	0.0	0.0	na	0.0	0.0	0.0	0.0	na
Profit Before Taxes	408.0	18.4	(279.1)	(14.7)	na	1,189.3	27.0	(67.9)	(1.7)	na
Discontinued Operations	0.0	0.0	1.3	0.1	na	0.0	0.0	1.3	0.0	na
Income taxes	11.7	0.5	14.5	0.8	(18.8)	2,119.3	48.2	46.3	1.2	4,475.5
Deferred taxes	105.1	4.7	(39.0)	(2.1)	na	(833.8)	(19.0)	(62.6)	(1.6)	1,231.6
Net Income before Minority	291.2	13.2	(255.8)	(13.4)	na	(96.2)	(2.2)	(52.9)	(1.3)	81.8
Minority Interest	0.4	0.0	1.9	0.1	(79.2)	4.9	0.1	4.9	0.1	(0.2)
Net Majority Income	290.8	13.1	(257.7)	(13.5)	na	(101.1)	(2.3)	(57.9)	(1.5)	74.8

(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.

> Consolidated Balance Sheet as of June 30, 2017 and December 31, 2016
IFRS (million pesos)

CONCEPT	JUN- 17	%	DEC - 16	%	VAR. %
ASSETS					
Current Assets					
Cash and cash equivalents	1,039.3	6.5	1,320.1	8.8	(21.3)
Trade and other current receivables	3,113.3	19.6	2,827.6	18.8	10.1
Current tax assets, current	-	0.0	-	0.0	-
Other current financial assets	-	0.0	450.0	3.0	(100.0)
Current inventories	120.6	0.8	177.8	1.2	(32.2)
Other current non-financial assets	63.7	0.4	63.7	0.4	0.0
Total	4,336.9	27.3	4,839.1	32.1	(10.4)
Assets held for sale	372.8	2.3	64.5	0.4	477.7
Total current assets	4,709.7	29.6	4,903.7	32.5	(4.0)
Non current assets					
Trade and other non-current receivables	2,321.9	14.6	2,231.3	14.8	4.1
Non-current inventories	290.6	1.8	151.5	1.0	91.8
Investments in subsidiaries, joint ventures and associates	226.1	1.4	1.1	0.0	19,929.1
Property, plant and equipment	5,917.5	37.2	6,483.1	43.0	(8.7)
Investment property	-	0.0	-	0.0	-
Intangible assets other than goodwill	697.9	4.4	641.2	4.3	8.8
Deferred tax assets	1,492.3	9.4	658.5	4.4	126.6
Other non-current non-financial assets	255.4	1.6	-	0.0	-
Total non-current assets	11,201.9	70.4	10,166.7	67.5	10.2
Total assets	15,911.6	100.0	15,070.4	100.0	5.6
LIABILITIES					
Current Liabilities					
Trade and other current payables	1,122.8	7.1	942.5	6.3	19.1
Current tax liabilities, current	288.4	1.8	362.5	2.4	(20.4)
Other current financial liabilities	1,209.5	7.6	969.1	6.4	24.8
Total current liabilities other than liabilities included in disposal groups classified as held for sale	2,620.6	16.5	2,274.1	15.1	15.2
Liabilities included in disposal groups classified as held for sale	5.7	0.0	7.2	0.0	(20.2)
Total current liabilities	2,626.4	16.5	2,281.3	15.1	15.1
Non Current Liabilities					
Trade and other non-current payables	944.9	5.9	850.8	5.6	11.1
Other non-current financial liabilities	7,003.3	44.0	7,871.8	52.2	(11.0)
Bank loans	210.0	1.3	-	0.0	-
Stock market loans	6,793.3	42.7	7,871.8	52.2	(13.7)
Non-current provisions for employee benefits	111.5	0.7	137.5	0.9	(18.9)
Other non-current provisions	411.4	2.6	395.8	2.6	3.9
Total non-current provisions	522.8	3.3	533.3	3.5	(2.0)
Deferred tax liabilities	1,998.9	12.6	605.0	4.0	230.4
Total non-current liabilities	10,470.0	65.8	9,860.8	65.4	6.2
Total liabilities	13,096.3	82.3	12,142.1	80.6	7.9
EQUITY					
Total equity attributable to owners of parent	2,619.3	16.5	2,736.3	18.2	(4.3)
Non-controlling interests	196.0	1.2	191.9	1.3	2.1
Total equity	2,815.2	17.7	2,928.3	19.4	(3.9)
Total equity and liabilities	15,911.6	100.0	15,070.4	100.0	5.6

> Consolidated Cash Flow Statement - IFRS

(Million pesos from January 1st to June 30, 2017 & 2016)

STATEMENT OF CASH FLOWS		
	1H17	1H16
Cash flows from (used in) operating activities		
Profit (loss)	(96.2)	(52.9)
Adjustments to reconcile profit (loss)		
Discontinued operations	0.0	1.3
Adjustments for income tax expense	1,285.5	(16.3)
Adjustments for finance costs	287.9	588.6
Adjustments for depreciation and amortisation expense	250.2	250.7
Adjustments for unrealised foreign exchange losses (gains)	(1,115.1)	0.0
Adjustments for losses (gains) on disposal of non-current assets	(2.0)	(2.5)
Participation in associates and joint ventures	0.0	0.0
Adjustments for decrease (increase) in inventories	57.2	48.7
Adjustments for decrease (increase) in trade accounts receivable	10.8	(237.2)
Adjustments for decrease (increase) in other operating receivables	(244.5)	(42.9)
Adjustments for increase (decrease) in trade accounts payable	(122.9)	(61.0)
Adjustments for increase (decrease) in other operating payables	450.5	329.9
Other adjustments to reconcile profit (loss)		52.6
Total adjustments to reconcile profit (loss)	857.7	911.8
Cash flows from (used in) operations	761.5	858.9
Income taxes paid (refund), classified as operating activities	785.7	180.4
Cash flows from (used in) operating activities	(24.2)	678.5
Other cash payments to acquire interests in joint ventures, classified as investing activities	225.0	0.0
Proceeds from sales of property, plant and equipment, classified as investing activities	0.0	(1.3)
Purchase of property, plant and equipment, classified as investing activities	370.1	286.1
Purchase of intangible assets, classified as investing activities	54.1	0.0
Interest received, classified as investing activities	32.5	15.3
Other inflows (outflows) of cash, classified as investing activities	450.0	0.0
Cash flows from (used in) investing activities	166.7	272.1
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	288.4	922.6
Repayments of borrowings, classified as financing activities	78.4	0.0
Interest paid, classified as financing activities	299.1	314.5
Other inflows (outflows) of cash, classified as financing activities	(0.7)	(6.2)
Cash flows from (used in) financing activities	(89.8)	602.0
Increase (decrease) in cash and cash equivalents before effect of exchange rate changes	(280.8)	1,008.4
Effect of exchange rate changes on cash and cash equivalents		
Increase (decrease) in cash and cash equivalents	(280.8)	1,008.4
Cash and cash equivalents at beginning of period	1,320.1	763.8
Cash and cash equivalents at end of period	1,039.3	1,772.2