

POSADAS®

Operative & Financial Results - 4Q17

02/22/2018

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# 2017 –A year of great achievements

- © Hotel pipeline
- © New Projects
  - © Mayan Riviera: Live Aqua and Fiesta Americana hotel complex.
  - © Live Aqua Residence Club Los Cabos
- © Cuba
- © Dominican Republic
  
- © New Brands
  - © LatinoAmerican
- © Re-Set



- © Sales & Marketing
- © Fiesta Rewards (loyalty program)/ “Viaja”
- © Vacation properties
- © Divestment of assets
- © Stratex – Hotel remodelings

© Great Place to Work

Ranking WTO					
2016		2017*		International Tourist Arrivals	
#	#	Country	Million people	Growth Rate	
1	1	 France	<b>88</b>	<b>6.5%</b>	
2	2	 Spain	<b>81.3</b>	<b>8.0%</b>	
3	3	 United States	<b>72.6</b>	<b>(3.9%)</b>	
4	4	 China	<b>61.4</b>	<b>3.5%</b>	
5	5	 Italy	<b>56.2</b>	<b>7.3%</b>	
6	6	 United Kingdom	<b>38.7</b>	<b>8.3%</b>	
8	7	 México	<b>38.3</b>	<b>9.0%</b>	
10	8	 Turkey	<b>37.9</b>	<b>25.0%</b>	
7	9	 Germany	<b>37.6</b>	<b>5.6%</b>	
9	10	 Thailand	<b>35.5</b>	<b>8.9%</b>	

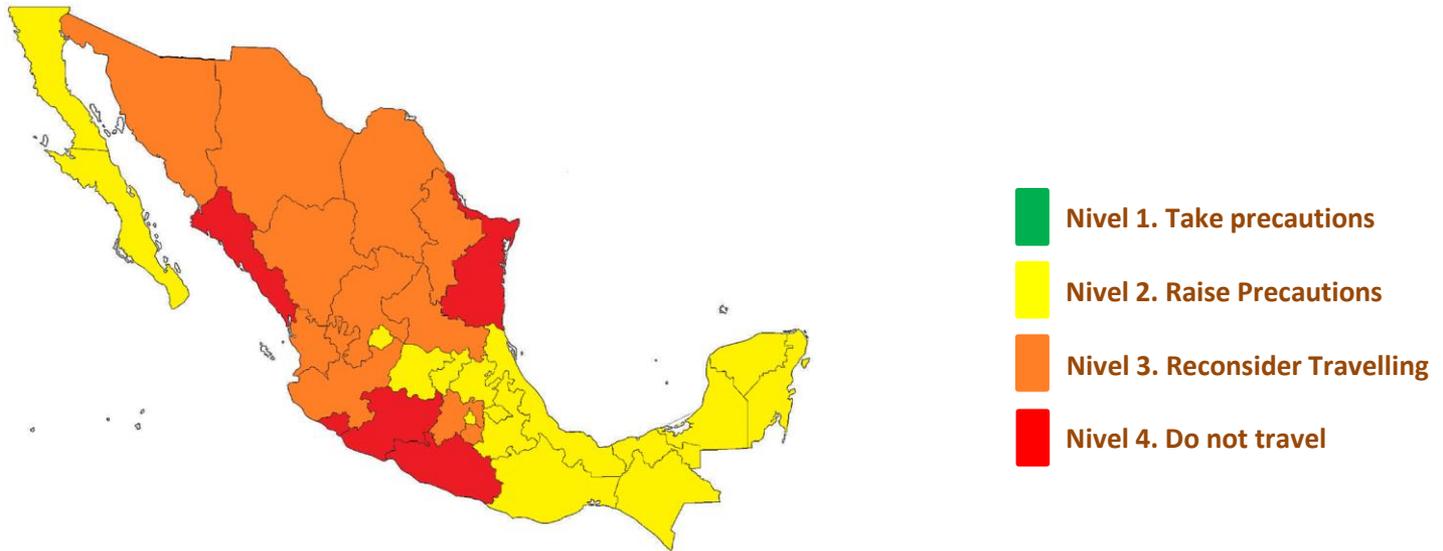
- Third generator of US dollar inflows just behind remittances and mining.
- International tourist arrivals (January to August) growing at a CAGR of 12.5% since 2013.
- 70% of International visitors to Mexico arriving by air are from U.S. and Canada.

\*Source: Forecast from the WTO, tourism offices of certain countries and Anahuac University.

# USA Travel Warning

The USA Government lifted the travel warning for the states of Baja California and Quintana Roo.

- Travel restrictions remains for 5 states: Colima, Guerrero, Michoacán, Sinaloa y Tamaulipas.



## Hotels in the Mayan Riviera

- Keys: 515.
- Fiesta Americana Vacation Club sales room.
- Conference rooms.
- 14 Restaurants and 7 Bars.

- Keys: 340.
- Live Aqua Residence Club sales room.
- Conference rooms.
- 11 Restaurants and 7 Bars.



Phase 1

Phase 2

Resort Spa  
Convention center of 3,000 m2 with capacity for 2,000 pax.  
Outdoor Theater /Entertainment

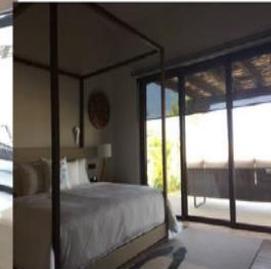
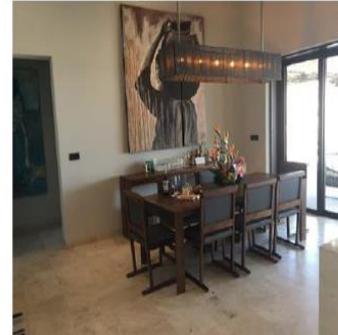
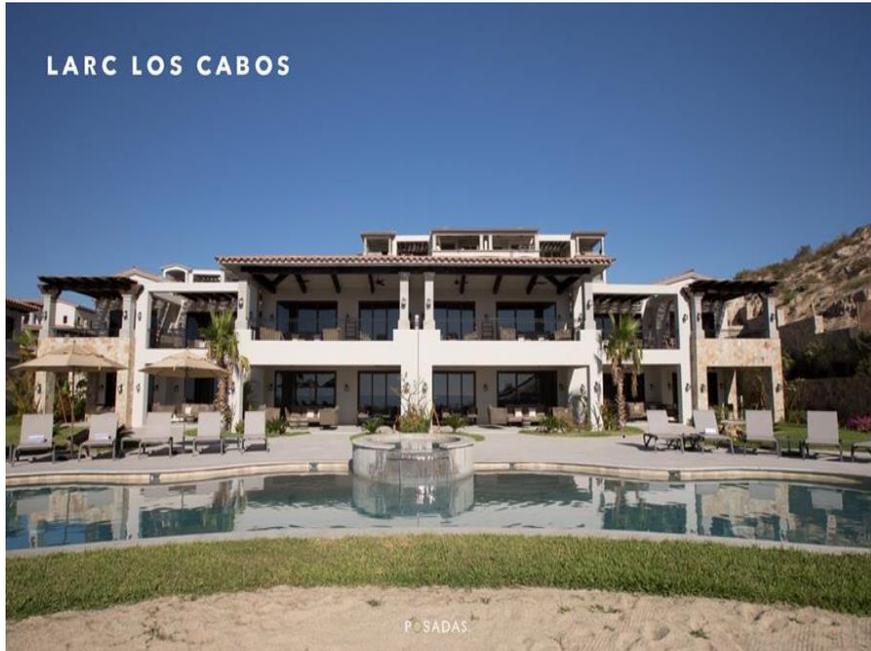
# LARC LOS CABOS



POSADAS

## Live Aqua Residence Club

- Total investment: \$434 million
- 109 rooms





### Fiesta Americana Punta Varadero All Inclusive

- 633 rooms
- 8 restaurants
- Gym
- 10 year management contract



### Fiesta Americana Holguin Cuba All Inclusive

- 749 rooms
- 6 restaurants
- Gym
- 10 year management contract



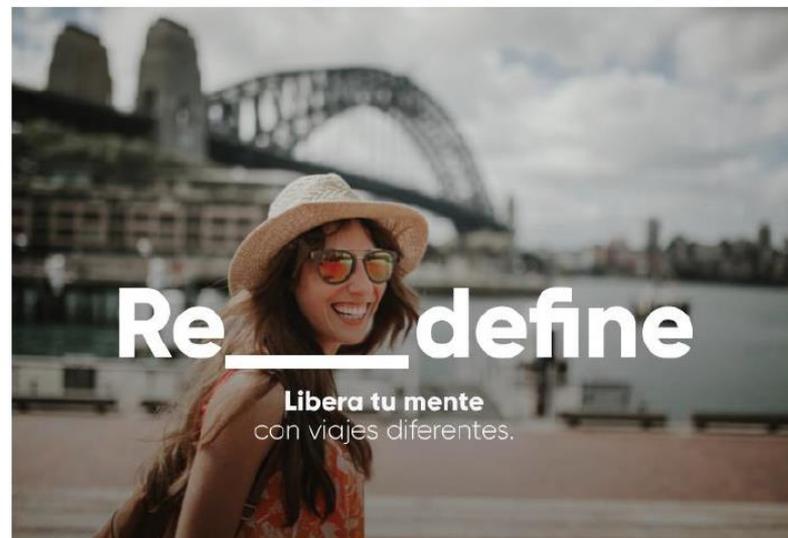
### Grand Fiesta Americana Punta Cana All Inclusive

- 554 rooms and Suites
- SPA and Gym
- Meetings and event rooms
- More than 9 restaurants
- Cristal lagoon
- 15 year management contract with an option for 5 additional years

## New Brand - LatinoAmerican

- Hotels Urban – (G) Local.
- Designed to merge into the most iconic neighborhoods of large cities to bring together the hyper-modern and hyper-connected travelers.





An **exclusive discount plan** created just for you that gives you the possibility to discover destinations in Mexico and abroad whenever and wherever you want.

## BENEFITS

1

Access to the **best booking rates in the market** at Posadas.

15% off

One

25% off

Live Aqua, GFA,  
FA, FI y Gamma

50% off

Villas

2

Access to **exclusive international hotel discounts** without restraints.

3

Share your reservations with **family and friends**.

## MEMBERSHIPS

	COST (USD)	Term	Annual Discount rates
Adventurer	11,999	5 years	40 nights
Experienced	19,999	5 years	unlimited

## Sales & Marketing

- **Commercialization**
  - Total system sales reached \$16,682 million, consolidated revenues \$8,907 million, +12%.
  - Gross operating profit growth:14.3% YoY.
  - New strategic Alliance: European tour operators (TUI, Thomas Cook and DER Turistik).
- **Service:**
  - Net promoter score: 70% of our guests recommended our hotels, 5% improvement YoY.
- **Sustainability**
  - All our hotels achieved the “Green Key” distinctive.
  - **85** hotels with **TripAdvisor** “Eco Líderes” distinctive.
- **Food & Beverages:**
  - Fiesta Americana: Introduced a Mexican Menu with chef Ricardo Muñoz Zurita.
  - Fiesta Inn: New concepts for our Fiesta Inn brand: (food truck, Prime cuts, Tacos Rodados).

## Fiesta Rewards (Loyalty Program)

- 30<sup>th</sup> anniversary of the program.
- Loyalty programs represents 32% of total Posadas' occupancy (1,854,917 room nights).
- 84% of points were redeemed in hotel rooms.
- Santander Fiesta Rewards added 17,135 new cardholders for a total of 120,000.



## “VIAJA”

- Launched for eighth consecutive year.
- Generated 35,779 room nights.
- Revenues of \$709 million pesos, 57% more than the previous year.



## Divestment of Assets

### Hotel Fiesta Americana Condesa Cancun

- Price: \$2,892 million.
- Estimated EBITDA of \$1,369 million.
- Capex of \$120 million on public areas funded by purchaser and seller.
- 20 year term lease agreement.

### Hotel Fiesta Americana Hacienda Galindo

- Sales Price equivalent to 10.06x of 2019 EBITDA.
- Capex of \$130 million by purchaser.

### Hotel Fiesta Inn Aeropuerto

- Sales Price: \$435 million.
- 15 year lease contract.

## Remodeling – Fiesta Americana Condesa Cancun

- Total remodeling investment: \$305 million.
- Public areas:
  - \$120 million (50% Posadas / 50% Fibrahotel) to be concluded in November 2018.



## Remodeling – Fiesta Americana Merida

- Meeting rooms: \$39 million
- Public areas: \$48 million
- To be concluded by June 2018.



LOBBY



CAFE MONTEJO



BAR LA HACH



FRONT DESK



SWETT & COFFE



LOS ALMENDROS

## Remodeling – Fiesta Americana Hacienda Galindo

- Total remodeling investment (room and public areas): \$130 million.
- To be concluded by June 2018.



- Ranked # 8 among the best Companies to work in Mexico.
- Ranked # 6 for Millennials.



## 4Q17 - Highlights

- In 4Q17 and 2017 total revenues reached \$2,056 million (+6%) and \$8,907 million (+12%), respectively.
- 4Q17 and LTM EBITDA of \$441 million growing 12% and \$1,652 million in 2017, respectively.
- RevPAR grew 3.6% in the 4Q17 and 7.6% in 2017.
- Eleven hotel openings during 2017 with 1,411 rooms (+6%).
- The pipeline considers 55 hotels (a 39% increase over current number of rooms) to open during the next three years.
- Cash available as of December 31<sup>st</sup>, 2017 of \$1.4 billion (equivalent to US\$70 million).

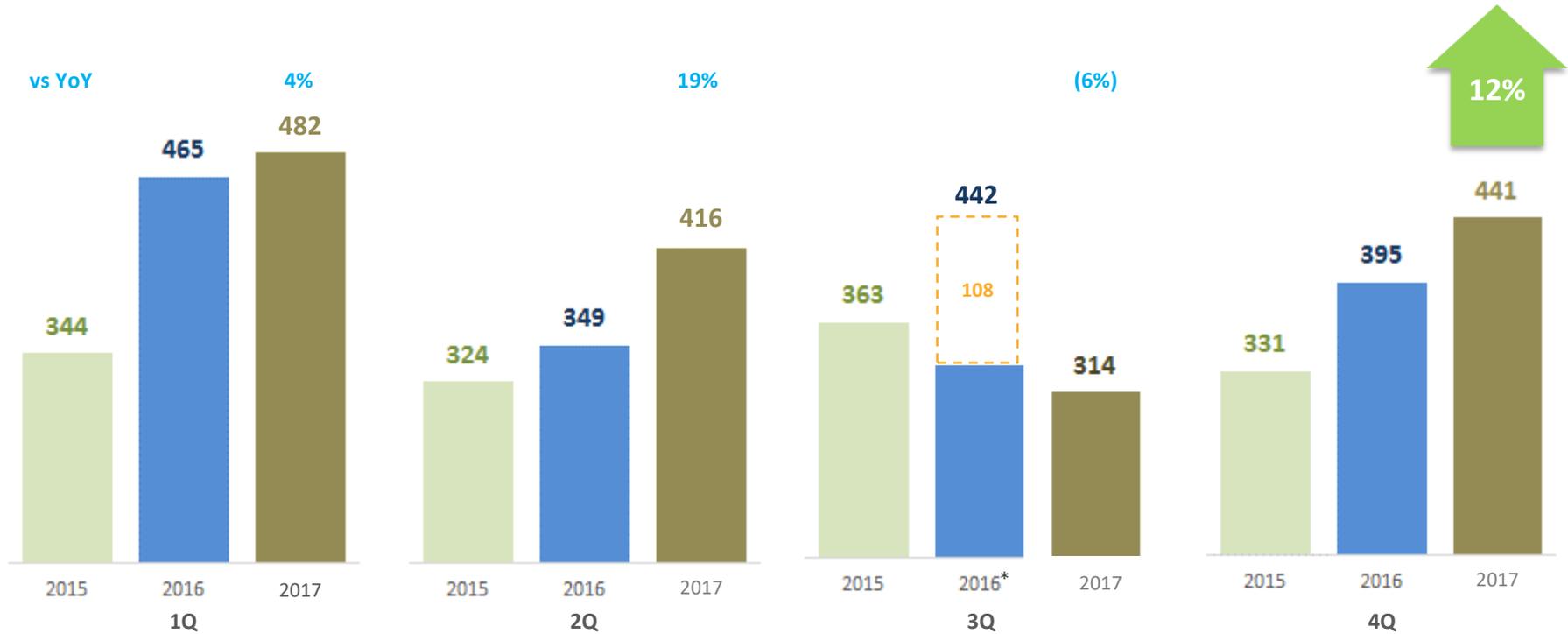
# Income Statement

(million pesos)

4Q17	%	QoQ		2017	%	QoQ
2,056	100	6%	Total revenues	8,907	100	12%
1,615	79	5%	Expenses	7,255	81	15%
441	21	12%	EBITDA MXN	1,652	19	0%
21%		(0.4pp)	Margin	19%		(0.2pp)
580		na	Exchange (gain)	(297)		na
(448)	(22)	na	Net Income	(484)	(5)	(31%)

## EBITDA 4Q17

(million pesos)

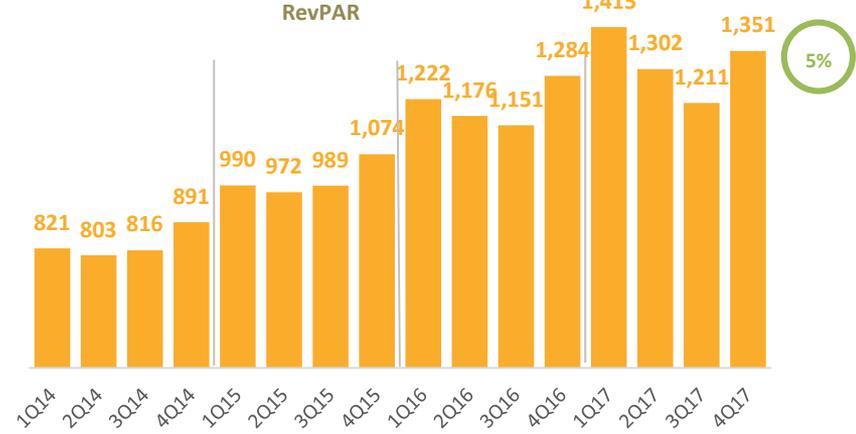
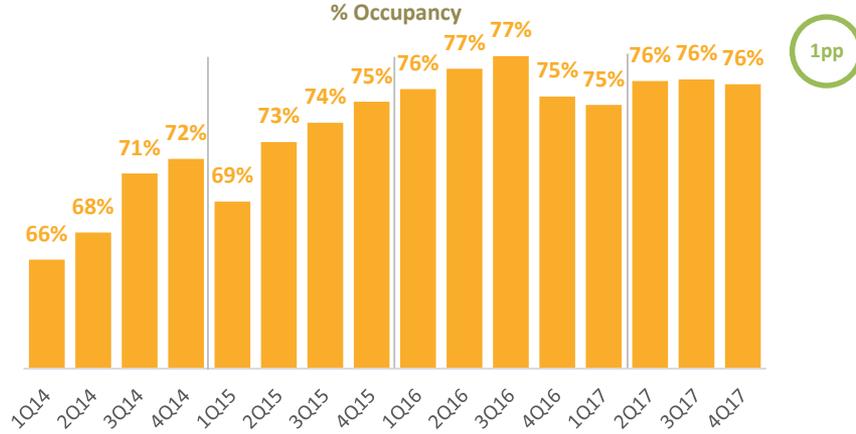


(\*) \$108 million EBITDA from the sale of the Fiesta Inn Monterrey Valle hotel.

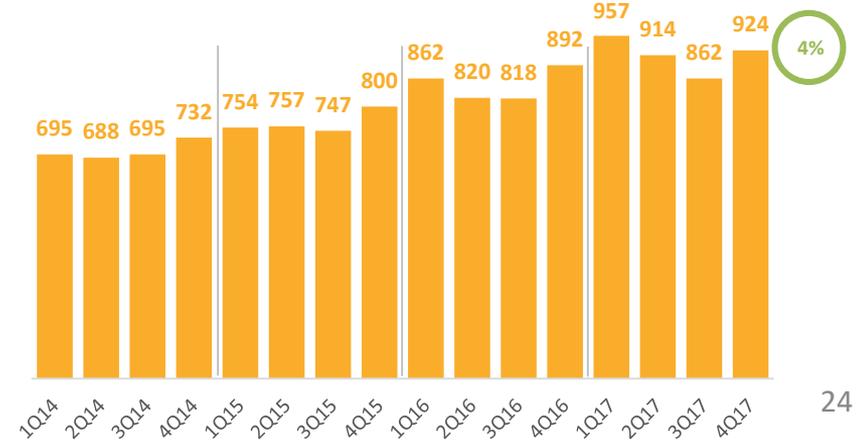
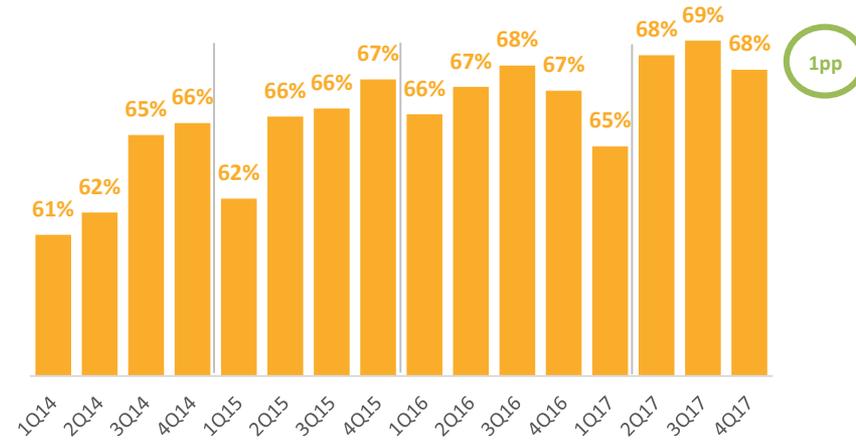
# Hotel Performance

(MXN)

## OWNED AND LEASED HOTELS



## SYSTEM WIDE HOTELS

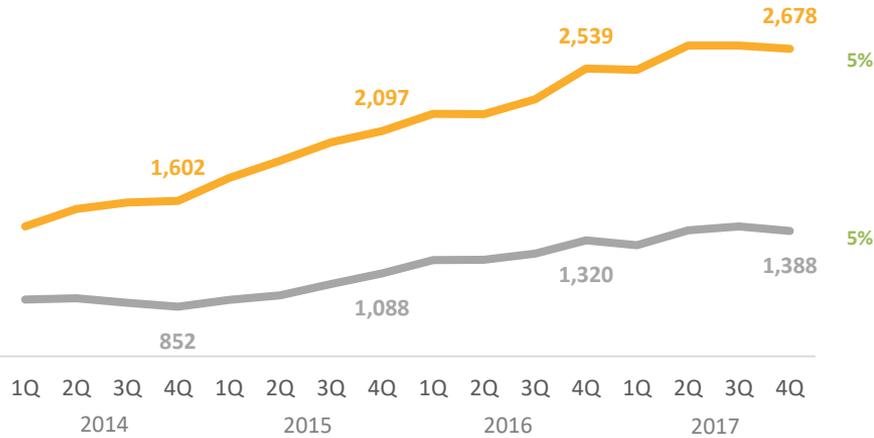


# Vacation Properties

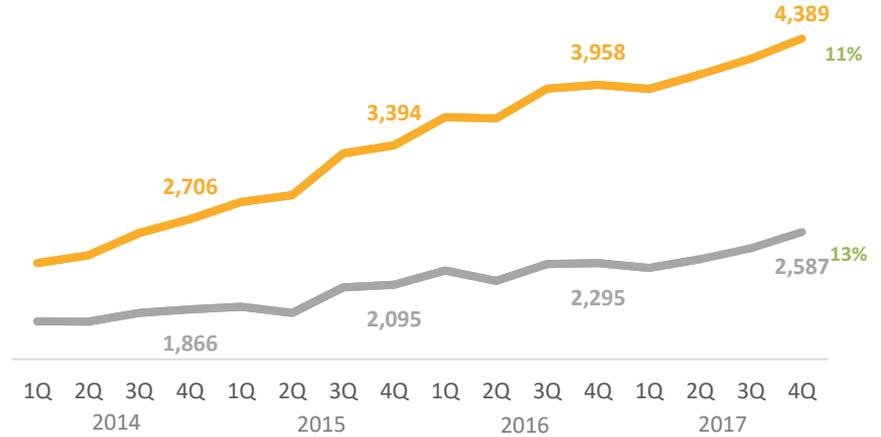
(million pesos)

TOTAL FAVC

### Gross sales LTM

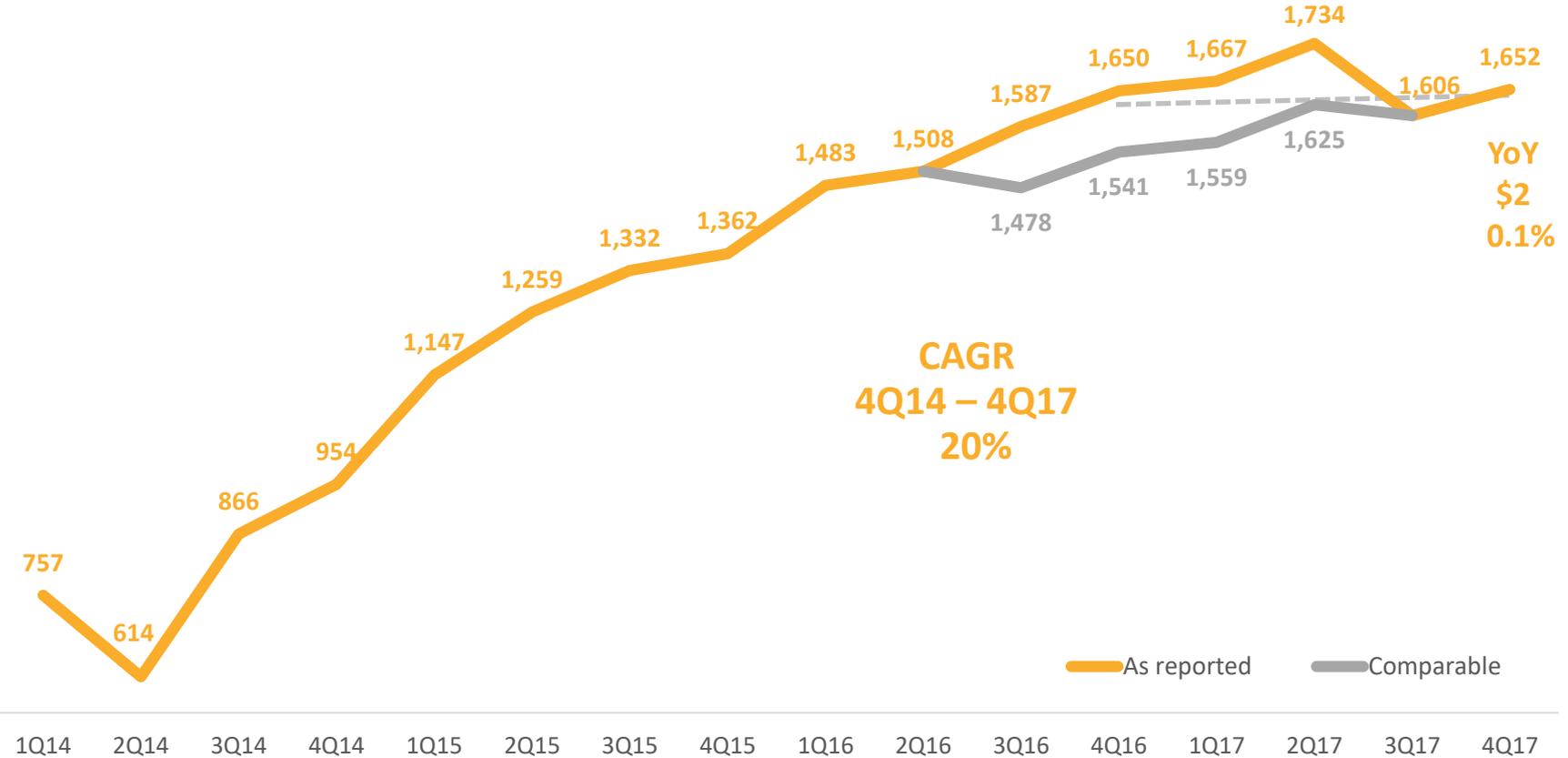


### Receivables



# EBITDA LTM

(million pesos)



## Free Cash Flow, Internal Reporting

(million pesos)

Concept	2017
<b>EBITDA</b>	<b>1,652</b>
Working capital & Other	<b>(144)</b>
Asset Sales	<b>435</b>
CAPEX	<b>(803)</b>
Deferred Asset & Other	<b>(351)</b>
Interests, net	<b>(574)</b>
Taxes	<b>(812)</b>
<b>FCF</b>	<b>(597)</b>
Financings	210
<b>Cash</b>	<b>(387)</b>
Cash BOP	1,770
<b>Cash EOP</b>	<b>1,384</b>



## Number of hotels by brand

	Luxury		Upper	Middle Economy			Vacation Properties		Other	Total
	LIVE AQUA	Grand	Fiesta Americana	FIESTA INN	GAMMA	one	LIVE AQUA	Fiesta Americana	Other	
<b>2015</b>	<b>3</b>	<b>5</b>	<b>13</b>	<b>67</b>	<b>9</b>	<b>37</b>	<b>1</b>	<b>6</b>	<b>2</b>	<b>143</b>
1Q16						2				2
2Q16	1	2	1	2						6
3Q16				1						1
4Q16			1	1	1	1				4
Exits 2016			(2)	(2)						(4)
1Q17				1		2				3
2Q17				1		1				2
3Q17						1				1
Exits 2017				(1)						(1)
4Q17				2	1	1	1			5
<b>Total</b>	<b>4</b>	<b>7</b>	<b>13</b>	<b>72</b>	<b>11</b>	<b>45</b>	<b>2</b>	<b>7</b>	<b>2</b>	<b>162</b>

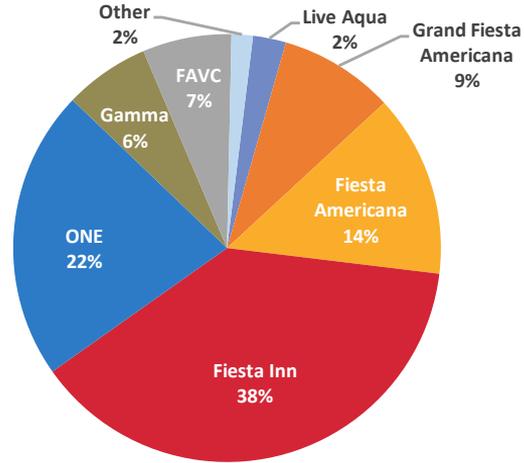
## Number of rooms by brand

	Luxury		Upper	Middle Economy			Vacation Properties		Other	Total
	LIVE AQUA	Grand	Fiesta Americana	FIESTA INN	GAMMA	one	LIVE AQUA	Fiesta Americana	Other	
<b>2015</b>	<b>566</b>	<b>1,705</b>	<b>3,628</b>	<b>9,414</b>	<b>1,335</b>	<b>4,582</b>	<b>16</b>	<b>1,597</b>	<b>416</b>	<b>23,259</b>
1Q16						296				296
2Q16	74	348	178	204						804
3Q16				129						129
4Q16			252	125	102	156				635
Exits 2016			(379)	(420)						(799)
1Q17				144		246				390
2Q17			5	142		126				273
3Q17						126				126
Exits 2017				(127)						(127)
4Q17				285	102	126	109			622
<b>Total</b>	<b>640</b>	<b>2,053</b>	<b>3,684</b>	<b>9,896</b>	<b>1,539</b>	<b>5,658</b>	<b>125</b>	<b>1,597</b>	<b>416</b>	<b>25,608</b>



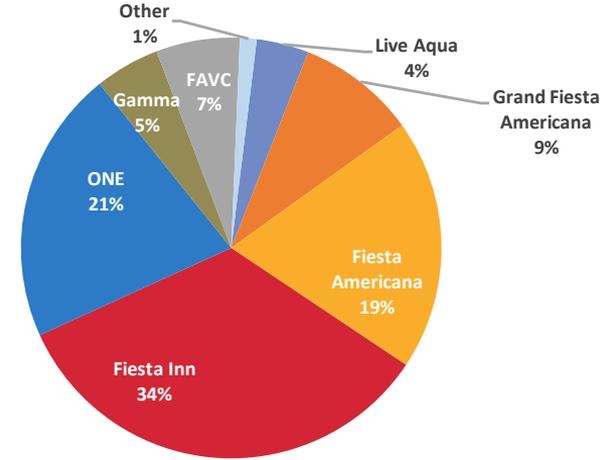
# Development Plan

## As of December 2017 (25,608 rooms)



\$26,818 mm 93.5% Managed

## Estimated portfolio .... December 2021 (35,574 rooms) +39%



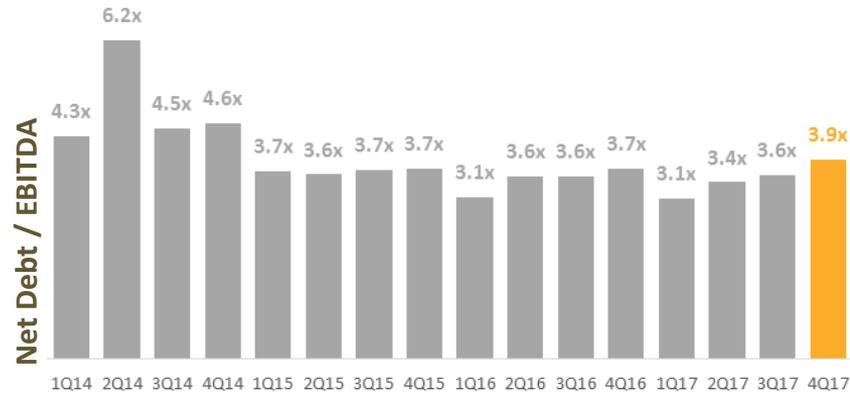
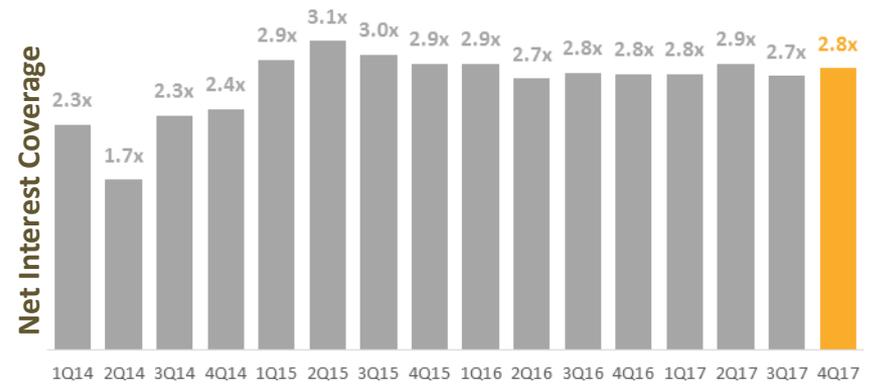
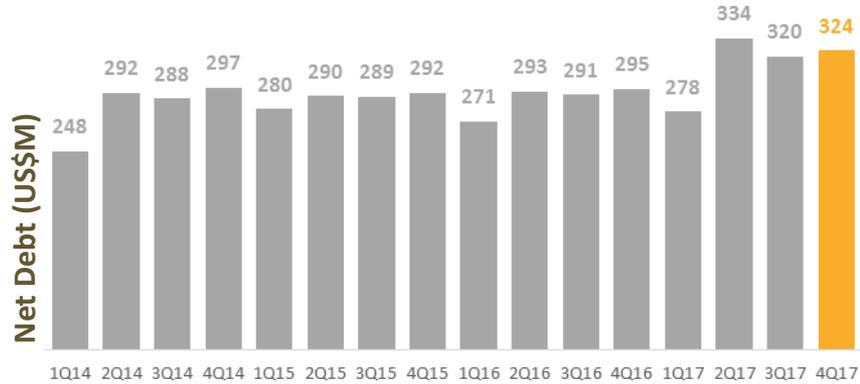
Hotels	2018	2019	2020	2021	TOTAL
Live Aqua	1	1	1	1	4
Grand Fiesta Americana		1	2		3
Fiesta Americana	3	4	1	1	9
Fiesta Inn	6	9	1		16
ONE	7	7			14
The Explorean	1	1			2
Gamma	6				6
Live Aqua Residence Club*		1			1
<b>TOTAL</b>	<b>24</b>	<b>24</b>	<b>5</b>	<b>2</b>	<b>55</b>

Rooms	2018	2019	2020	2021	TOTAL
Live Aqua	151	180	119	340	790
Grand Fiesta Americana		145	877		1,022
Fiesta Americana	1,632	757	426	515	3,330
Fiesta Inn	792	1,236	200		2,228
ONE	882	980			1,862
The Explorean	32	90			122
Gamma	567				567
Live Aqua Residence Club*		45			45
<b>TOTAL</b>	<b>4,056</b>	<b>3,433</b>	<b>1,622</b>	<b>855</b>	<b>9,966</b>

(\*) Vacation Properties (OWNED)

# Financial Health

(Fx eop 4Q17: 19.7354)



	4Q17		4Q16	
(Figures in millions)	US\$ Notional	IFRS MXN	US\$ Notional	IFRS MXN
FX eop:		19,7354		20,6640
EBITDA LTM		1,652		1,650
Cash		1,384		1,770
<b>Indebtedness:</b>				
Senior Notes 2022	400	7,894	400	8,266
Subsidiary	11	210		
Issuance expenses (IFRS)		(324)		(394)
<b>Total</b>	<b>411</b>	<b>7,780</b>	<b>400</b>	<b>7,872</b>
<b>Net Debt to EBITDA</b>		<b>3.9</b>		<b>3.7</b>

# POSADAS®

LIVE  
AQUA

*S.* Grand  
Fiesta Americana  
HOTELS & RESORTS

*S.* Fiesta  
Americana  
HOTELS & RESORTS

F FIESTA PHIL  
HOTELS & RESORTS

GAMMA  
HOTELS & RESORTS

one  
HOTELS

EXPLOREAN  
HOTELS

FIESTA  
REWARDS

THE  
FRONT  
DOOR

*S.* Fiesta  
Americana  
HOTELS & RESORTS

Kivac  
HOTELS & RESORTS