

POSADAS®



Operative & Financial Results: First Quarter 2016



Grupo Posadas, S.A.B. de C.V. & Subsidiaries Mexico City, April 21, 2016

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

- EBITDA of \$465 mm in 1Q16 and \$1,483 mm LTM.
- Total revenues, EBITDA and margin grew 17%, 35% and 3pp, respectively.
- The pipeline considers 36 new hotels and 23% additional rooms to be open during the next 2.5 years.
- Cash available as of March 31, 2016 of \$1,591 million (US\$92 million).

"For the first quarter of 2016 we recorded the highest EBITDA in our history of \$465 million." said Jose Carlos Azcarraga, Posadas' CEO

> Financial Highlights

Million pesos as of March 31, 2016	1Q16	%	Var. YY %
Total Revenues	2,047.1	100	17.0
EBIT	368.7	18	44.1
EBITDA	464.6	23	35.2
Majority Net Income	199.8	10	na

After recording seven consecutive quarters exceeding our guidance. The Net Debt leverage ratio improved 0.6 times versus the same quarter of previous year (from 3.7x to 3.1x).

During the 1Q16 System-wide hotel performance continued improving with better margins.

Our Available Daily Rate (ADR) and occupancy increased 8.2% and 3.3 percent points ("pp") respectively, which resulted in a Revenue Per Available Room (RevPAR) growth of 13.9%.

Urban hotels, which represent 79% of the total rooms operated, continue to perform better with an increase in RevPAR of 11.4% and our coastal hotels performed with a RevPAR increase of 11.8%.

The net income of the 1Q16 was \$199.8 million, due mostly due to the performance of the chain wide hotels and to the same exchange rate at the end of the

period as previous quarter (MXN vs. the USD).

It's worth mentioning that from the cash balance of \$1.6 billion, US\$33 million are denominated in USD from excess cash collections after honoring all USD denominated compromises. Our USD generation provides a hedge to the coupons of our Notes due in 2017 and 2022.

On February 25, 2016, the Company published its organizational brochure to continue streamlining the organization through its wholly owned subsidiaries with the purpose to be more efficient.

In April 2016 the Company started operations under a management agreement for the new Fiesta Americana Pabellon Monterrey hotel with 178 rooms.

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> Hotel Development

As of March 31, 2016, we continue with an aggressive pipeline comprised of executed agreements to operate 36 new hotels with 5,343 rooms. This development plan represents an increase in capacity of 23%. These hotels represent a total investment of US\$497 million and of these, 23% will be invested by Posadas -as owners of 2 Vacation Properties- and 77% will be invested by third parties. Openings are expected to begin in the second quarter of 2016 and we expect all of these to be operating by October 2018 according to commitments made with the different property owners. The average life to operate these contacts is over 15 years.

As we continue with an intense openings schedule, during the last twelve months 12 hotels with 1,769 additional rooms were opened (including 3 conversions to the Gamma by Fiesta Inn under a franchise model): Gamma Ixtapa, One Celaya, One Gran Sur, Gamma Xalapa Nubara, FI Loft Irapuato, Grand Fiesta Americana (GFA) All Inclusive Parks Vallarta, FI Loft Ciudad del Carmen, Gamma Campeche Malecón, LAT 20 by Live Aqua, FI Villahermosa, One Salamanca and One Durango.

Hotel Development	Hotels	Rooms	%
New Hotels			
Live Aqua	2	320	6.0
Grand Fiesta Americana	2	345	6.5
Fiesta Americana	5	885	16.6
FA Vacation	2	590	11.0
Fiesta Inn	12	1,619	30.3
Gamma by Fiesta Inn	1	48	0.9
One Hoteles	12	1,536	28.7
Total	36	5,343	100

Openings LTM	No. of Rooms	Type of Contract
Gamma Ixtapa	153	Franquicia
One Celaya	126	Operación
One Gran Sur	144	Operación
Gamma Xalapa Nubara	121	Franquicia
FI Loft Irapuato	44	Operación
FAG AI Parks Vallarta	444	Operación
FI Loft Cd. Del Carmen	120	Operación
Gamma Campeche Malecon	146	Franquicia
Lat 20 by Live Aqua	60	Leased
FI Villahermosa	159	Operación
One Salamanca	126	Operación
One Durango	126	Operación
Total	1,769	

> Owned and Leased Hotels

1T16 (QQ)	Total	% Var.	Urban	% Var.	Coastal	% Var.
Average Rooms	5,596	3.5	4,262	3.1	1,334	4.7
Available Daily Rate	1,616	13.2	1,334	11.6	2,403	20.9
Occupancy (Var. in pp)	75%	5.2	73%	8.3	80%	(4.7)
RevPAR	1,205	21.7	973	26.0	1,913	14.2

1T16 (QQ) Same Hotels	Total	% Var.	Urban	% Var.	Coastal	% Var.
Average Rooms	5,336	0.0	4,062	0.0	1,274	0.0
Available Daily Rate	1,617	10.2	1,334	6.0	2,434	22.5
Occupancy (Var. in pp)	75%	4.6	73%	7.2	81%	(3.8)
RevPAR	1,208	17.3	973	17.5	1,961	17.0

Excludes Vacation Properties.

During the quarter, revenues from this segment represented 53.9% of the consolidated revenues. The EBITDA (IFRS) margin was 25.4% representing a 3.7pp improvement over the 1Q15 (business margin was 18.4%, +2.1pp).

A higher ADR (Average Daily Rate) of 13.2% and a 5.2 pp increase in occupancy resulted in a RevPAR increase of 21.7% and a 3.3pp margin improvement at the gross operating profit.

Results for urban hotels showed an improvement when compared with 1Q15; on average with 3.1% more average rooms owned and leased due to the shift of the managed GFA Chapultepec hotel located in Mexico City to a leased agreement, a 11.6% increase in ADR and a 8.3 pp increase in occupancy, resulted in a RevPAR improvement of 26.0%.

With 4.7% more average number of rooms available for coastal hotels with the opening of the LAT20 hotel and more international travelers and the local Holly Week vacation period, this segment showed an increase in ADR of 14.7% and in occupancy of 4.7pp. As a result of a better mix of rates the RevPAR increased 14.2% when compared with the same period of previous year. After excluding the LAT20 opening the RevPAR increase was 17.0%.

> Management

1T16 (QQ)	Total	% Var.	Urban	% Var.	Coastal	% Var.
Average Rooms	20,669	6.0	17,512	3.9	3,157	19.0
Available Daily Rate	1,307	8.2	1,086	4.9	2,329	13.1
Occupancy (Var. in pp)	66%	3.3	64%	3.7	76%	(0.9)
RevPAR	859	13.9	694	11.4	1,767	11.8

1T16 (QQ) Same Hotels	Total	% Var.	Urban	% Var.	Coastal	% Var.
Average Rooms	19,005	0.2	16,352	0.2	2,653	0.0
Available Daily Rate	1,318	8.5	1,096	5.3	2,470	20.0
Occupancy (Var. in pp)	67%	4.1	65%	4.7	78%	0.8
RevPAR	881	15.6	714	13.4	1,916	21.2

Includes owned, leased and managed hotels. Excludes Vacation Properties.

The Management line includes management and brand services along with our loyalty management and call center businesses. Revenue represented 10.7% of total revenue in the quarter with a margin (IFRS) of 30.2%, 8.0 pp higher than in 1Q15 (business margin was 47.9%, +4.8pp).

The operating data under hotel management is for all the hotels we manage in Mexico.

The average number of rooms operated recorded a 6.0% increase in the quarter, while System-wide hotels reported an 8.2% improvement in ADR, a 3.3 pp increase in occupancy, and a RevPAR growth of 13.9% and a 1.9 margin improvement in the gross operating profit. By regions, all over performed versus the same period of previous year. As of the 1Q16 the remaining average life of our management contracts is over ten years.

System-wide urban hotels had an increase in the average number of operated rooms of 3.9% with an improvement in ADR of 4.9% and a 3.7 pp in occupancy achieving a RevPAR increase of 11.4%. Coastal hotels recorded a 19.0% increase in the average number of available rooms after including the Grand Fiesta Americana All Inclusive Parks Vallarta hotel since September 15, 2015, and the LAT 20. In addition, occupancy decreased 0.9% while ADR, and RevPar increased 13.1% and 11.8% (after excluding these 2 openings RevPAR was 21.2%), respectively. The growth observed represents a better rate and occupancy mix.

> Vacation Properties

The Vacation properties segment primarily includes our vacation properties comprised of the Fiesta Americana Vacation Club (FAVC), The Front Door and KiVac programs. Revenue for the quarter amounted to 33.2% of the Posadas's consolidated revenues in 1Q16. The contribution margin (IFRS) was 28.7%, 0.7 pp higher than the 1Q15 margin (business margin was 25.5%, -0.3pp), due to stable pace in the volume of net vacation club memberships sales. Meanwhile, food & beverages were up by 61% QoQ.

As of March 31, 2016, the portfolio profile of total receivables which is valued at approximately US\$222 million, US\$136 million belong to the Fiesta Americana Vacation Club "FAVC" and the remaining balance is a split between The Front Door and KiVac programs.

> Other Businesses

For the 1Q16 the other businesses segment shows Ampersand, Konexo and Conectum separately with the purpose to measure the performance of these businesses adequately. It is worth mentioning that Ampersand revenues have decreased as a consequence of not renewing third party contracts.

> EBITDA

In the 1Q16 an EBITDA of \$464.6 million was recorded, that compares favorably with the \$343.7 million recorded in 1Q15 (+35.2%).

For the last twelve months, EBITDA (IFRS) was \$1,482.8 million (US\$88.7 million with an average exchange rate of MXN\$16.7211 per USD), that represent a 26% improvement versus the \$1,147 million in 1Q15 LTM.

> Capital Expenditures

The total consolidated capex was \$114 million; \$98 million for hotels, \$13 million for corporate and \$3 million for vacation properties.

> Comprehensive Financial Result

Concept	1T16	1T15
Interest earned	(7,736)	(15,233)
Interest expense	143,485	109,620
Fluctuations loss (gain)	3,689	127,345
Other expenses (products)	0	0
Financial expenses	18,141	16,062
Total	157,579	237,795

Figures in thousands of pesos.

At the end of the quarter, considering the effect of IFRS, the net coverage ratio was 2.9 times; flat versus the same quarter of the previous year.

In 1Q16 the foreign exchange unrealized loss of \$3.6 mm compares favorably versus the \$127.3 mm recorded in 1Q15 printing the same exchange rate for the last two quarters sequentially.

> Net Majority Income

As a result of the aforementioned, a net income of \$199.8 million for the quarter was recorded versus a \$45.7 million net loss in 1Q15.

> Financial Situation

As of March 31, 2016 the cash balance was \$1,591 million (US\$92.4 million with an exchange rate at the end of period of \$17.2050 per USD).

As of the end of the first quarter the total assets reached \$14,538.8 million (US\$845.0 million).

The main uses of cash during the quarter were, among other items, paid taxes and capital expenditures.

Total Debt at the end of the quarter was \$6,258.3 million (US\$363.7 million), net of issuance expenses, while the Net Debt (IFRS) was \$4,667.5 million (US\$271.3 million), the Net Debt to EBITDA ratio was 3.1 times under IFRS, which compares favorably as this ratio was 3.7 times in 1Q15.

The Total Debt mix under IFRS at the end of the quarter was as follows: 100% in long-term, in U.S. dollars and with a fixed rate. The average debt maturity was 5.8 years and there was no secured debt outstanding.

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

- Moody's: global scale "B2" with stable outlook.
- S&P: global "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 2017" and "7.875% Senior Notes Due 2022" were: Moody's: "B2"/ S&P:"B" / Fitch: "B+ RR3".

In compliance with article 4.033.02 Frac. VIII of the Mexican Stock Exchange rules, Grupo Posadas coverage is provided by:

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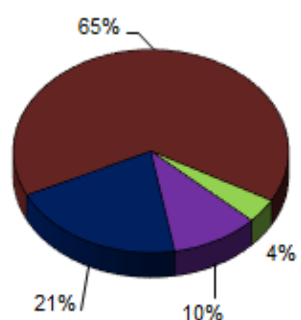
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> Grupo Posadas as of March 31, 2016

PPosadas is the leading hotel operator in Mexico that owns, leases and manages 142 hotels and 23,324 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%). 79% of rooms are in urban destinations and 21% in coastal. Posadas operates under the following brands: Live Aqua, LAT20 by Live Aqua, Grand Fiesta Americana, Fiesta Americana, The Explorean, Fiesta Americana Vacation Villas, Fiesta Inn, Fiesta Inn LOFT, Gamma by Fiesta Inn and One Hotels.

Posadas trades in the MSE since 1992.



Distribution by Rooms

- Leased 2,395 rooms
- Managed 15,214 rooms
- Owned 4,814 rooms
- Franchise 901 rooms

Brand	Mexico		USA		Total	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Live Aqua	3	566			3	566
Fiesta Americana	18	5,352			18	5,352
Fiesta Inn	63	9,091			63	9,091
Gamma	10	1,449			10	1,449
FA Vacation Villas	7	1,613			7	1,613
One Hoteles	39	4,840			39	4,840
Otros	1	213	1	200	2	413
Total	141	23,124	1	200	142	23,324
%		99%		1%		100%

> Income Statement IFRS

(million pesos)

Concept	1Q16	%	1Q15	%	Var.%
Total Revenues	2,047.1	100.0	1,749.4	100.0	17.0
Owned & Leased Hotels					
Revenues	1,103.8	100.0	890.8	100.0	23.9
Direct cost	823.6	74.6	698.0	78.4	18.0
Contribution IFRS	280.2	25.4	192.8	21.6	45.3
<i>Intersegment fee eliminations (1)</i>	<i>(77.1)</i>		<i>(47.2)</i>		
<i>Business Contribution</i>	<i>203.2</i>	<i>18.4</i>	<i>145.7</i>	<i>16.4</i>	<i>39.5</i>
Management					
Revenues	218.1	100.0	178.9	100.0	21.9
Direct cost	152.4	69.8	139.3	77.9	9.4
Contribution IFRS	65.8	30.2	39.6	22.1	66.2
<i>Intersegment fee eliminations (1)</i>	<i>109.4</i>		<i>89.2</i>		
<i>Business Contribution</i>	<i>175.2</i>	<i>47.9</i>	<i>128.8</i>	<i>43.1</i>	<i>36.0</i>
Vacation Properties					
Revenues	680.4	100.0	540.1	100.0	26.0
Direct cost	485.3	71.3	389.2	72.1	24.7
Contribution IFRS	195.1	28.7	150.9	27.9	29.3
<i>Intersegment fee eliminations (1)</i>	<i>(21.5)</i>		<i>(11.3)</i>		
<i>Business Contribution</i>	<i>173.6</i>	<i>25.5</i>	<i>139.6</i>	<i>25.9</i>	<i>24.3</i>
Other Businesses (3)					
Revenues	44.7	100.0	139.6	100.0	(67.9)
Direct Cost	48.7	108.9	107.0	76.7	(54.5)
Contribution IFRS	(4.0)	(8.9)	32.6	23.3	na
<i>Intersegment fee eliminations (1)</i>	<i>(6.3)</i>		<i>(28.0)</i>		
<i>Business Contribution</i>	<i>(10.2)</i>	<i>(5.4)</i>	<i>4.6</i>	<i>1.6</i>	<i>na</i>
Corporate expenses	74.0	3.6	80.3	4.6	(7.9)
<i>Intersegment fee eliminations (1)</i>	<i>(4.6)</i>	<i>(0.2)</i>	<i>(2.7)</i>	<i>(0.2)</i>	<i>67.1</i>
Depreciation / amortization	95.8	4.7	87.8	5.0	9.1
Asset impairment	0.0	0.0	0.0	0.0	na
Other expenses	(1.4)	(0.1)	(8.1)	(0.5)	(82.6)
Other revenues	0.0	0.0	0.0	0.0	na
Operating Profit	368.7	18.0	255.9	14.6	44.1
EBITDA	464.6	22.7	343.7	19.6	35.2
Comprehensive financing cost	157.6	7.7	237.8	13.6	(33.7)
Profit Before Taxes & Assoc. Co.	0.0	0.0	0.0	0.0	na
Part. in results of Associated Co.	0.0	0.0	0.0	0.0	na
Profit Before Taxes	211.2	10.3	18.1	1.0	1,066.3
Discontinued Operations	0.0	0.0	0.0	0.0	na
Income taxes	31.9	1.6	32.0	1.8	(0.4)
Deferred taxes	(23.6)	(1.2)	40.6	2.3	na
Net Income before Minority	202.9	9.9	(54.5)	(3.1)	na
Minority Interest	3.1	0.2	(8.8)	(0.5)	na
Net Majority Income	199.8	9.8	(45.7)	(2.6)	na

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

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

> Consolidated Balance Sheet as of March 31, 2016 & December 31, 2015 IFRS

(million pesos)

Concept	Mar 2016	%	Dec 2015	%	Var. %
ASSETS					
Current					
Cash & investments	1,140.8	7.8	763.8	5.5	49.4
Short term investments	450.0	3.1	450.0	3.3	0.0
Notes & accounts receivable	3,195.0	22.0	2,496.5	18.1	28.0
Inventories	205.3	1.4	232.2	1.7	(11.6)
Other assets	120.0	0.8	280.1	2.0	(57.1)
Total current assets	5,111.2	35.2	4,222.6	30.6	21.0
Long Term					
Accounts and notes receivable	2,088.1	14.4	2,285.5	16.6	(8.6)
Investments in shares & other investments	406.0	2.8	403.3	2.9	0.7
Property, plant and equipment, net	6,266.3	43.1	6,286.0	45.6	(0.3)
Intangible and deferred assets	468.8	3.2	404.9	2.9	15.8
Other	197.3	1.4	173.6	1.3	13.7
Non current assets	9,230.3	63.5	9,380.8	68.1	(1.6)
Total Assets	14,538.8	100.0	13,777.0	100.0	5.5
LIABILITIES					
Current					
Suppliers	748.8	5.2	438.4	3.2	70.8
Bank loans					
Stock market loans	-	0.0	-	0.0	-
Taxes and Other	225.1	1.5	1,601.1	11.6	(85.9)
Other current liabilities	1,300.0	8.9	1.4	0.0	92,823.9
Total current liabilities	2,273.9	15.6	2,041.0	14.8	11.4
Long Term					
Suppliers	915.4	6.3	703.5	5.1	30.1
Bank loans					
Stock market loans	6,728.8	46.3	6,242.3	45.3	7.8
Other liabilities	72.5	0.5	436.8	3.2	(83.4)
Deferred tax liabilities and Other	740.8	5.1	725.9	5.3	2.1
Total Liabilities	10,731.4	73.8	10,149.5	73.7	5.7
STOCKHOLDERS' EQUITY					
Majority interest	3,610.2	24.8	3,430.8	24.9	5.2
Minority interest	197.2	1.4	196.7	1.4	0.2
Total	3,807.4	26.2	3,627.5	26.3	5.0
Total Liabilities & Stockholders' Equity	14,538.8	100.0	13,777.0	100.0	5.5

>Consolidated Cash Flow Statement - IFRS

(Million pesos from January 1st to March 31, 2016 & 2015)

Consolidated Cash Flow Statement		
Statement of cash flows	1Q16	1Q15
Cash flows from (used in) operating activities		
Profit (loss)	203.0	(55.0)
Adjustments to reconcile profit (loss)		
Discontinued operations	0.0	0.0
Adjustments for income tax expense	8.0	73.0
Adjustments for finance costs	139.0	222.0
Adjustments for depreciation and amortisation expense	96.0	88.0
Adjustments for losses (gains) on disposal of non-current assets	(1.0)	0.0
Participation in associates and joint ventures	0.0	0.0
Adjustments for decrease (increase) in inventories	27.0	0.0
Adjustments for decrease (increase) in trade accounts receivable	(224.0)	(329.0)
Adjustments for decrease (increase) in other operating receivables	(73.0)	(54.0)
Adjustments for increase (decrease) in trade accounts payable	(97.0)	(6.0)
Adjustments for increase (decrease) in other operating payables	332.0	383.0
Other adjustments to reconcile profit (loss)	114.0	0.0
Total adjustments to reconcile profit (loss)	322.0	376.0
Cash flows from (used in) operations	525.0	321.0
Income taxes paid (refund), classified as operating activities	61.0	84.0
Other inflows (outflows) of cash, classified as operating activities	0.0	(40.0)
Cash flows from (used in) operating activities	465.0	198.0
Cash flows from (used in) investing activities	0.0	0.0
Purchase of property, plant and equipment, classified as investing activities	114.0	99.0
Interest received, classified as investing activities	8.0	15.0
Other inflows (outflows) of cash, classified as investing activities	63.0	267.0
Cash flows from (used in) investing activities	(43.0)	183.0
Cash flows from (used in) financing activities		
Repayments of borrowings, classified as financing activities	0.0	752.0
Interest paid, classified as financing activities	(13.0)	34.0
Cash flows from (used in) financing activities	13.0	(787.0)
Increase (decrease) in cash and cash equivalents before effect of exchange rate changes	435.0	(406.0)
Effect of exchange rate changes on cash and cash equivalents	0.0	0.0
Effect of exchange rate changes on cash and cash equivalents		
Increase (decrease) in cash and cash equivalents	377.0	(406.0)
Cash and cash equivalents at beginning of period	764.0	998.0
Cash and cash equivalents at end of period	1,141.0	592.0

For more information visit www.posadas.com