

# POSADAS®



## Operative & Financial Results: Fourth Quarter 2016



## Grupo Posadas, S.A.B. de C.V. & Subsidiaries Mexico City, February 17, 2017.

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

- In 4Q16 total revenues and EBITDA grew 11% and 19%, respectively.
- In 2016 total revenues and EBITDA grew 16% y 21%, respectively.
- In November 30, the Company redeemed the balance of US\$38 million of its "7.875% Senior Notes Due 2017".
- During 2016, 13 hotel openings (including: Live Aqua Urban Resort Monterrey, Grand Fiesta Americana Puebla, Grand Fiesta Americana Monterrey Valle, Fiesta Americana Tereo and Fiesta Americana Monterrey Pabellón M), representing an 8% increase in rooms since 2015.
- The pipeline considers 39 hotels, 24% additional rooms to be open during the next 2.5 years.
- Cash available as of December 31, 2016 of \$1.770 billion (equivalent to US\$86 million).

*"We had an extraordinary year generating an EBITDA of \$1,650 million, 21% higher than 2015, 13 hotel openings with 1,864 rooms, 8% more than previous year, and we invested \$703 million in maintenance and refurbishment of our hotels." Said José Carlos Azcárraga, Posadas' CEO.*

### > Executive Summary

Million pesos as of December 31, 2016	4Q16	%	Var. QQ %	2016	%	Var. YY %
<b>Total Revenues</b>	1,931.1	100	11.3	7,979.3	100	15.6
<b>EBIT</b>	164.2	9	(21.0)	1,054.5	13	11.3
<b>EBITDA</b>	394.7	20	19.1	1,649.8	21	21.1

We face the new era of innovation and change: the internet.

The increase in connectivity is generating a lot of information, so we have made great strides towards digital communication to become the first hotel chain to implement sales processes, attention and crisis control management in social networks through the "Command center", a tool that represents the joint efforts of several areas of Posadas.

In 2016, Posadas achieved the following acknowledgements:

- 27 hotels with the "Eco Leader Distinctive" of TripAdvisor
- 13 hotels with the "Hydro Sustainable Distinctive"

78 of our hotels achieved the Excellency Certificate from TripAdvisor.

The Travelers Choice 2016 list of the top 25 all-inclusive hotels in Mexico and rest of the world included our Live Aqua Cancun all-inclusive hotel and also in the Travelers Choice 2016 list of top 25 hotels in Mexico, our Live Aqua Urban Resort Mexico was also included.

For the seventh consecutive year we launched our summer advertising campaign "Viaja", with 900 thousand gift certificates delivered and the relaunched marketing image with additional benefits of our loyalty program "Fiesta Rewards" with more than 220 thousand active members during 2016.

70% of our reservations were made through direct distribution channels. We managed to keep our distribution cost at US\$7.8 per reservation.

EBITDA as our main source of cash allowed the Company to invest more than \$700 million in maintaining and refurbishing our hotels, mainly the Fiesta Americana Condesa Cancun and the Fiesta Americana Guadalajara hotels. As well as fulfilling our financial and tax commitments to generate more than \$550 million in net cash flow to achieve a cash position at year-end of \$1,770 million. That considers a position in US dollars worth US\$24 million after honoring all USD commitments including the early redemption of the Senior Notes 2017. Our annual USD consolidated revenues of approximately 25% provide a hedge to the coupons of our Notes due in 2022.

## 4Q16 results

During the 4Q16, System-wide hotels "Same hotels" performance continued improving. Our Available Daily Rate (ADR) and occupancy increased 11.0% and 1.3 percent points ("pp") respectively, which resulted in a Revenue per Available Room (RevPAR) growth of 13.2%.

Urban hotels, which represent 80% of the total rooms operated, continue to perform better with an increase in RevPAR of 9.5% and our coastal hotels performed with a RevPAR increase of 27.3%.

The Net Debt leverage ratio of 3.7 times remained at the same level with respect to the same quarter of the previous year despite a 20.1% MXN depreciation to the USD, YoY.

## > Hotel Development

As of December 31, 2016, the Company continued with a strong pipeline comprised of executed agreements to operate 39 new hotels with 5,754 rooms. These hotels represent a total investment of \$8,621 million (US\$429 million), 5% will be invested by Posadas (mainly in Los Cabos) and 95% will be invested by third parties. This development plan represents an increase in capacity of 24%.

Openings are expected to begin in the first quarter of 2017, and we expect all of these to be operating by mid-2019 according to commitments made with the different property owners. The average life to operate these contacts is over 15 years.

The Company continues with an intense openings schedule, during the last twelve months 13 hotels (under 11 management agreements) with 1,864 additional rooms were opened: One Salamanca, One Durango, Fiesta Americana Monterrey Pabellón, Fiesta Inn Pachuca Gran Patio, Grand Fiesta Americana Puebla, Grand Fiesta Americana Monterrey Valle, Live Aqua Urban Resort Monterrey, Fiesta Inn Playa del Carmen, Fiesta Americana Ciudad de México Toreo, Fiesta Inn Los Mochis, Fiesta Inn Los Mochis, Fiesta Inn Loft Monterrey La Fe, One Cuautitlán and Gamma Torreón.

New Hotels by Brand	Hotels	Rooms	%
<b>Live Aqua</b>	2	380	6.6
<b>Live Aqua Residence Club</b>	1	100	1.7
<b>Fiesta Americana</b>	1	280	4.9
<b>FA Vacation</b>	8	1,540	26.8
<b>Fiesta Inn</b>	11	1,504	26.1
<b>Fiesta Inn Loft</b>	13	1,638	28.5
<b>One Hotels</b>	2	222	3.9
<b>Other</b>	1	90	1.6
<b>Total</b>	<b>39</b>	<b>5,754</b>	<b>100</b>

Openings LTM	No. of Rooms	Type of Contract
<b>One Salamanca</b>	126	Managed
<b>One Durango</b>	126	Managed
<b>FA Monterrey Pabellon</b>	178	Managed
<b>Fi Pachuca Gran Patio</b>	156	Managed
<b>GFA Puebla</b>	168	Managed
<b>GFA 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>FI Playa del Carmen</b>	129	Managed
<b>FA México Toreo</b>	252	Managed
<b>FI Los Mochis</b>	125	Managed
<b>One Cuautitlan</b>	156	Managed
<b>Gamma Torreón</b>	102	Managed
<b>Room Incremental</b>	44	Managed
<b>Total</b>	<b>1,864</b>	

<sup>1</sup> 13 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 y Fiesta Inn Loft Monterrey La Fe, are in the same management contract.

> Owned and Leased Hotels  
(Excludes vacation properties)

4Q16 (QQ)	Total	% Var.	Urban	% Var.	Coastal	% Var.
<b>Average Rooms</b>	4,697	(9.7)	3,489	(10.7)	1,209	(6.6)
<b>Available Daily Rate</b>	1,707	19.1	1,560	21.1	2,138	12.7
<b>Occupancy (Var. in pp)</b>	75%	0.3	75%	(0.5)	75%	2.8
<b>RevPAR</b>	1,284	19.6	1,177	20.3	1,593	17.1

Accumulated	Total	% Var.	Urban	% Var.	Coastal	% Var.
<b>Average Rooms</b>	4,983	(5.1)	3,747	(5.7)	1,235	(3.4)
<b>Available Daily Rate</b>	1,585	14.5	1,395	14.9	2,155	15.4
<b>Occupancy (Var. in pp)</b>	75%	2.7	75%	4.2	76%	(1.9)
<b>RevPAR</b>	1,195	18.7	1,048	21.7	1,639	12.6

During the quarter, revenues from this segment represented 53.7% of the consolidated revenues. The EBITDA (IFRS) margin was 23.1% representing a 2.1 pp decrease over the 4Q15 (business margin was 18.2%, minus 0.3 pp). The hotel revenues were reduced during this period 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 will be completed by 1Q17.

The Fiesta Americana Guadalajara hotel underwent a full refurbishment of 17% of its total room inventory during the 4Q16. The full refurbishment ended in December 2016.

A higher ADR (Average Daily Rate) of 19.1% and a 0.3 pp increase in occupancy resulted in a RevPAR increase of 19.6%.

Results for urban hotels showed an improvement when compared with 4Q15; a 21.1% increase in ADR and a 0.5 pp decrease in occupancy, resulted in a RevPAR improvement of 20.3%, despite 10.7% less average rooms available due to the refurbishment of the hotel in Guadalajara.

On a comparative basis, the coastal hotels operated 6.6% less rooms compared to 4Q15 due to the FA Condesa Cancun hotel refurbishment. Adjusting for this effect, coastal hotels increased occupancy by 2.8 pp, while ADR increased 12.7% resulting in a 17.1% increase in RevPAR compared to the same period of previous year.

## > Management

(Includes owned, leased, franchise and managed hotels. Excludes vacation properties)

4Q16 (QQ)	Total	% Var.	Urban	% Var.	Coastal	% Var.
<b>Average Rooms</b>	21,124	3.5	18,092	4.6	3,032	(2.7)
<b>Available Daily Rate</b>	1,332	12.3	1,188	11.0	2,148	13.7
<b>Occupancy (Var. in pp)</b>	67%	(0.5)	66%	(1.8)	70%	7.3
<b>RevPAR</b>	892	11.5	790	8.0	1,500	27.1

Accumulated	Total	% Var.	Urban	% Var.	Coastal	% Var.
<b>Average Rooms</b>	20,851	5.4	17,792	4.7	3,058	9.7
<b>Available Daily Rate</b>	1,265	8.4	1,117	7.1	2,090	10.8
<b>Occupancy (Var. in pp)</b>	67%	1.3	66%	1.3	70%	1.1
<b>RevPAR</b>	846	10.6	741	9.3	1,456	12.6

Same Hotels 4Q16 (QQ)	Total	% Var.	Urban	% Var.	Coastal	% Var.
<b>Average Rooms</b>	19,426	(0.6)	16,455	0.0	2,972	(4.1)
<b>Available Daily Rate</b>	1,319	11.0	1,165	9.2	2,155	14.0
<b>Occupancy (Var. in pp)</b>	69%	1.3	68%	0.2	70%	7.3
<b>RevPAR</b>	906	13.2	797	9.5	1,507	27.3

Same Hotels Accumulated	Total	% Var.	Urban	% Var.	Coastal	% Var.
<b>Average Rooms</b>	19,315	2.0	16,316	1.0	2,998	7.7
<b>Available Daily Rate</b>	1,262	7.8	1,103	6.0	2,100	11.4
<b>Occupancy (Var. in pp)</b>	68%	2.8	68%	3.1	70%	1.2
<b>RevPAR</b>	860	12.4	749	11.1	1,467	13.3

The Management line includes hotel management, brand licensing and franchise services along with our loyalty management and call center businesses. Revenue represented 12.6% of total revenue in the quarter with a margin (IFRS) of 16.5%, 8.4 pp lower than in 4Q15 (business margin was 41.4%, -1.7 pp).

The increase of \$24 million in the direct cost was due to the development of new hotel brands and the digital advertising campaign known as "La Colección" that was mainly launched to the U.S.

The average number of rooms operated recorded a 3.5% increase in the quarter. An improvement in ADR, occupancy and RevPAR of 12.3%, 0.5 pp and 11.5%, respectively, was achieved.

The following operating data is for all the hotels “Same hotels” we manage in Mexico.

With 0.6% less available rooms adjusted by the refurbishment, system-wide hotels reported an 11.0% improvement in ADR, a 1.3 pp increase in occupancy, and a RevPAR growth of 13.2%. By regions, all over performed versus the same period of previous year.

System-wide urban hotels had an improvement in ADR of 9.2% and a 0.2 pp decrease in occupancy achieving a RevPAR of 9.5%.

Coastal hotels increased 7.3% in occupancy, ADR, and RevPar increased 14.0% and 27.3%, respectively, with 4.1% 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) programs. Revenue for the quarter amounted to 31.8% of the Posadas's consolidated revenues in 4Q16. The contribution margin (IFRS) was 41.0%, 15.0 pp higher than the 4Q15 margin (business margin was 36.2%, +13.4 pp), due to a stable pace in the volume of net vacation club memberships sales.

Our Resort operations in 2016, food and beverages revenues increased by 27% and room rental revenues increase 16%, these on a YoY comparison.

As of December 31, 2016, FAVC members reached 32,364, LARC: 540 and KiVac program: 33,100, the last one with a 25% YoY increase. Total receivables reached \$3,958 million representing a 17% increase with respect to the same period of previous year. Receivables collection improved by 15% versus previous year, reducing to 8.5% the delinquency rate, 1.0 pp improvement versus 2015.

Phase I of the construction of the Live Aqua Residence Club (LARC) facility in Los Cabos, which represents 34% of the project, is scheduled to open by mid-2017. The second and last phase will be opened by the end of 2017.

## > Other Businesses

For the 4Q16 the results for other businesses as Ampersand, Konexo and Conectum are shown 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. The sale of the hotel in Monterrey previously mentioned is also recorded in this section.

## > EBITDA

In the 4Q16 an EBITDA of \$394.7 million was recorded, that compares favorably with the \$331.4 million recorded in 4Q15 (+19.1%).

For the last twelve months, EBITDA (IFRS) was \$1,649.8 million (US\$88.4 million with an average exchange rate of MXN\$18.6725 per USD), that represents a 21.1% improvement versus the \$1,362.0 million in 4Q15 LTM.

## > Capital Expenditures

The total consolidated capex for 4Q16 was \$226.7 million.

Total capex for 2016 was \$703 million; 81% for hotels, 9% for vacation properties and 10% for corporate purposes.



## > Comprehensive Financial Result

Concept	4Q16	4Q15	2016	2015
<b>Interest earned</b>	(18,690)	(7,789)	(46,802)	(33,066)
<b>Interest expense</b>	176,078	140,772	643,592	508,840
<b>Fluctuations loss (gain)</b>	611,391	94,953	1,234,444	707,162
<b>Other expenses (products)</b>	19,427	15,874	72,642	57,968
<b>Financial expenses</b>	7,562	15,864	20,831	42,112
<b>Total</b>	<b>795,769</b>	<b>259,674</b>	<b>1,924,708</b>	<b>1,283,016</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 4Q16 the foreign exchange unrealized loss of \$611.4 million was recorded due to a 6.6% depreciation of the MXN versus the US dollar, from September 30, 2016 to December 31, 2016.

## > Net Majority Income

As a result of the aforementioned, a \$520.3 million net loss for the fourth quarter was recorded. The net loss for 2016 was \$705.8 million.

> Indebtedness

Concepts (Figures in millions)	2016		2015	
	\$US	IFRS MXN	\$US	IFRS MXN
<b>FX eop:</b>		20,664		17,215
<b>EBITDA LTM</b>		1,650		1,362
<b>Cash</b>		1,770		1,214
<b>Indebtedness:</b>				
<b>Senior Notes 2022</b>	400	8,266	350	6,025
<b>Senior Notes 2017</b>			38	659
<b>Issuance expenses (IFRS)</b>	(19)	(394)	(26)	(440)
<b>Total</b>	381	7,872	363	6,245
<b>Net Debt to EBITDA</b>		3.7		3.7

The Total Debt mix under IFRS at the end of the quarter was 100% long-term, U.S. dollar denominated and with a fixed rate. The average life was 5.5 years and there was no secured debt outstanding.

## > Subsequent Events to the 4Q16:

Management has kept informed all corporate governance bodies and the market, as has been revealed in our yearly audited financial statements, that the tax authorities have determined a fiscal claim derived from the 2006 and 2007 audits.

With respect to the 2006 tax claim, previously disclosed in our 2015 Consolidated Financial Statements, the Company constituted a guarantee in an amount of \$846.0 million in accordance with the legal process.

The Company announced that in February 2017, the tax authorities served a resolution related to the 2007 fiscal year, in reference to the income tax surcharges and penalties for an aggregate amount of \$1,026.7 million, broken down as follows: taxes \$355.4 million and accessories \$671.4 million. The Company considers it has all necessary arguments to prove proper compliance with the applicable regulations, therefore in the next few days will initiate the proper means of defense.

The total deferred tax liabilities as of December 2016 derived from the SIBRAS (Real Estate companies) fiscal effect amounts to \$1,042.4 million. The tax liability of nine out of eleven properties of \$653.2 million will be considered taxable income in our annual tax return to be filed in March 2017. The remainder of \$389.3 million corresponds to two properties as determined in the aforementioned resolution and are included in the outstanding balance of deferred taxes as of December 31, 2016.

S&P Global published on February 13, 2017 a note in reference to previous paragraph.

Management is constantly and closely monitoring these proceedings.

On the other hand, on February 1st, 2017 the Fiesta Inn Puerto Vallarta la Isla hotel with 144 rooms and the One Mexicali hotel with 120 rooms began operations. The One Guadalajara Expo hotel started operations on February 7, 2017. All of them under a single management format.

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

- Moody's: global scale "B2" with positive 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 2022" were: Moody's: "B2"/ S&P:"B+" / Fitch: "B+ RR3".

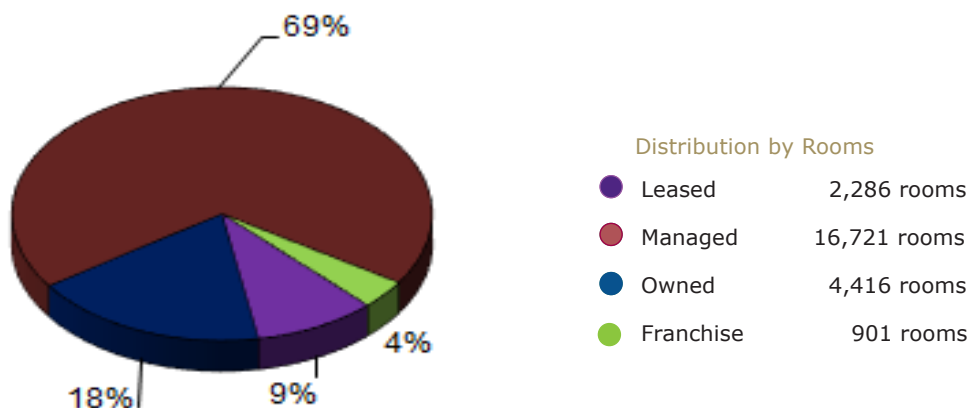
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> Grupo Posadas as of December 31, 2016.

Posadas is the leading hotel operator in Mexico that owns, leases and manages 152<sup>2</sup> hotels and 24,324 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%). 80% of rooms are in urban destinations and 20% in coastal. Posadas operates under the following brands: Live Aqua, Live Aqua Boutique Resort, Grand Fiesta Americana, Fiesta Americana, The Explorea, Fiesta Americana Vacation Villas, Live Aqua Residence Club, Fiesta Inn, Fiesta Inn LOFT, Gamma and One Hotels. Posadas trades in the MSE 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>	66	9,196			66	9,196
<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 Hotels</b>	40	4,996			40	4,996
<b>Others</b>	1	213	1	200	2	413
<b>Total</b>	<b>151</b>	<b>24,124</b>	<b>1</b>	<b>200</b>	<b>152</b>	<b>24,324</b>
<b>%</b>		<b>99%</b>		<b>1%</b>		<b>100%</b>

<sup>2</sup> 152 hotels with 148 management contracts.

> Income Statement IFRS

(million pesos)

Concept	4Q16	%	4Q15	%	Var %	2016	%	2015	%	Var %
Total Revenues	1,931.1	100.0	1,734.6	100.0	11.3	7,979.3	100.0	6,901.2	100.0	15.6
<b>Owned &amp; Leased Hotels</b>										
Revenues	1,037.1	100.0	935.4	100.0	10.9	4,063.1	100.0	3,544.4	100.0	14.6
Direct Cost	797.4	76.9	699.3	74.8	14.0	3,161.0	77.8	2,741.8	77.4	15.3
Contribution IFRS	239.8	23.1	236.0	25.2	1.6	902.0	22.2	802.6	22.6	12.4
Intersegment fee eliminations(1)	(51.1)		(62.7)			(245.9)		(216.8)		
Business Contribution	188.7	18.2	173.4	18.5	8.9	656.1	16.1	585.8	16.5	12.0
<b>Managed</b>										
Revenues	243.1	100.0	208.4	100.0	16.7	922.2	100.0	782.3	100.0	17.9
Direct Cost	202.9	83.5	156.4	75.1	29.7	687.8	74.6	588.3	75.2	16.9
Contribution IFRS	40.2	16.5	52.0	24.9	(22.7)	234.4	25.4	194.0	24.8	20.9
Intersegment fee eliminations(1)	82.2		92.0			377.5		346.0		
Business Contribution	122.4	41.4	144.0	43.1	(15.0)	612.0	41.4	540.0	43.1	13.3
<b>Vacation Properties</b>										
Revenues	614.8	100.0	488.9	100.0	25.7	2,605.1	100.0	2,200.5	100.0	18.4
Direct Cost	362.7	59.0	362.0	74.0	0.2	1,748.7	67.1	1,593.6	72.4	9.7
Contribution IFRS	252.1	41.0	126.9	26.0	98.6	856.4	32.9	606.9	27.6	41.1
Intersegment fee eliminations(1)	(29.3)		(15.1)			(114.6)		(65.3)		
Business Contribution	222.7	36.2	111.8	22.9	99.2	741.8	28.5	541.6	24.6	37.0
<b>Other Businesses(2)</b>										
Revenues	36.1	100.0	47.6	100.0	(24.2)	389.0	100.0	319.7	100.0	21.7
Direct Cost	32.1	89.0	65.5	137.6	(51.0)	295.3	75.9	312.3	97.7	(5.4)
Contribution IFRS	4.0	11.0	(17.9)	(37.6)	na	93.7	24.1	7.4	2.3	1,168.6
Intersegment fee eliminations(1)	3.2		(9.7)			1.9		(45.5)		
Business Contribution	7.2	9.3	(27.6)	1.6	na	95.6	9.3	(38.1)	1.6	na
Corporate Expenses	88.6	4.6	81.7	4.7	8.4	319.1	4.0	303.1	4.4	5.3
Intersegment fee eliminations(1)	(5.0)		(4.5)			(18.7)		(18.0)		
Depreciation/amortization and asset Impairment	230.5	11.9	123.6	7.1	86.4	595.4	7.5	414.7	6.0	43.6
Other expenses (3)	52.8	2.7	38.3	2.2	37.8	117.7	1.5	0.1	0.0	80,503
Other revenues	0.0	0.0	(54.4)	(3.1)	na	0.0	0.0	(54.4)	(0.8)	na
Operating Profit	164.2	8.5	207.8	12.0	(21.0)	1,054.5	13.2	947.3	13.7	11.3
<b>EBITDA</b>	<b>394.7</b>	<b>20.4</b>	<b>331.4</b>	<b>19.1</b>	<b>19.1</b>	<b>1,649.8</b>	<b>20.7</b>	<b>1,362.0</b>	<b>19.7</b>	<b>21.1</b>
Comprehensive financig cost	795.8	41.2	259.7	15.0	206.4	1,924.7	24.1	1,283.0	18.6	50.0
Profit before Taxes & Assoc. Co.	0.0	0.0	0.0	0.0	na	0.0	0.0	0.0	0.0	na
Part. in results of Assoc. Co	0.0	0.0	(0.8)	(0.0)	na	0.0	0.0	(0.8)	(0.0)	na
<b>Profit Before Taxes</b>	<b>(631.6)</b>	<b>(32.7)</b>	<b>(52.7)</b>	<b>(3.0)</b>	<b>1,099.2</b>	<b>(870.2)</b>		<b>(336.5)</b>	<b>(4.9)</b>	<b>158.6</b>
Discontinued Operations	0.0	0.0	0.0	0.0	na	1.3	0.0	2.6	0.0	(51.0)
Income taxes	267.2	13.8	(23.1)	(1.3)	na	310.5	3.9	132.9	1.9	133.5
Deferred taxes	(380.7)	(19.7)	5.4	0.3	na	(484.8)	(6.1)	(1.6)	(0.0)	30,091
<b>Net Income before Minority</b>	<b>(518.0)</b>	<b>(26.8)</b>	<b>(35.0)</b>	<b>(2.0)</b>	<b>1,382.0</b>	<b>(697.2)</b>	<b>(8.7)</b>	<b>(470.4)</b>	<b>(6.8)</b>	<b>48.2</b>
Minority Interest	2.3	0.1	4.3	0.3	(47.4)	8.6	0.1	(0.2)	(0.0)	na
<b>Net Majority Income</b>	<b>(520.3)</b>	<b>(26.9)</b>	<b>(39.3)</b>	<b>(2.3)</b>	<b>1,224.1</b>	<b>(705.8)</b>	<b>(8.8)</b>	<b>(470.2)</b>	<b>(6.8)</b>	<b>50.1</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, as well as the sale of the hotel FI Monterrey Valle.

(3) Includes expenses due to licence and permits for refurbishments, severance payments and preoperational expenses of certain hotels.

> Consolidated Balance Sheet as of December 31, 2016 and December 31, 2015 IFRS (million pesos)

CONCEPT	DEC- 16	%	DEC - 15	%	VAR. %
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	1,320.1	8.8	763.8	5.5	72.8
Trade and other current receivables	2,827.6	18.8	2,253.3	16.4	25.5
Current tax assets	-	0.0	402.0	2.9	(100.0)
Other current financial assets	450.0	3.0	450.0	3.3	0.0
Current inventories	177.8	1.2	232.2	1.7	(23.4)
Other current non-financial assets	63.7	0.4	62.1	0.5	2.6
Current assets other than non-current assets or disposal groups classified as held for sale or as held for distribution to owners	4,839.2	32.1	4,163.4	30.2	16.2
Non-current assets or disposal groups classified as held for sale or as held for distribution to owners	64.5	0.4	59.2	0.4	9.0
<b>Total current assets</b>	<b>4,903.7</b>	<b>32.5</b>	<b>4,222.6</b>	<b>30.6</b>	<b>16.1</b>
<b>Non current assets</b>					
Trade and other non-current receivables	2,231.3	14.8	2,285.5	16.6	(2.4)
Non-current inventories	151.5	1.0	22.7	0.2	567.4
Investments in subsidiaries, joint ventures and associates	1.1	0.0	1.1	0.0	0.0
Property, plant and equipment	6,483.1	43.0	6,666.5	48.4	(2.8)
Investment property	-	0.0	-	0.0	-
Intangible assets other than goodwill	641.2	4.3	404.9	2.9	58.4
Deferred tax assets	658.5	4.4	173.6	1.3	279.3
<b>Total non-current assets</b>	<b>10,166.7</b>	<b>67.5</b>	<b>9,554.3</b>	<b>69.4</b>	<b>6.4</b>
<b>Total assets</b>	<b>15,070.4</b>	<b>100.0</b>	<b>13,776.9</b>	<b>100.0</b>	<b>9.4</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Trade and other current payables	933.4	6.2	692.1	5.0	34.9
Current tax liabilities	371.6	2.5	240.9	1.7	54.3
Other current financial liabilities	969.1	6.4	1,101.6	8.0	(12.0)
Total current liabilities other than liabilities included in disposal groups classified as held for sale	2,274.1	15.1	2,034.6	14.8	11.8
Liabilities included in disposal groups classified as held for sale	7.2	0.0	6.4	0.0	12.5
<b>Total current liabilities</b>	<b>2,281.3</b>	<b>15.1</b>	<b>2,041.0</b>	<b>14.8</b>	<b>11.8</b>
<b>Long term liabilities</b>					
Trade and other non-current payables	850.8	5.6	703.5	5.1	20.9
Other non-current financial liabilities	7,871.8	52.2	6,242.3	45.3	26.1
Non-current provisions for employee benefits	137.5	0.9	66.9	0.5	105.5
Other non-current provisions	395.8	2.6	369.8	2.7	7.0
Total non-current provisions	533.3	3.5	436.8	3.2	22.1
Deferred tax liabilities	605.0	4.0	725.9	5.3	(16.7)
<b>Total non-current liabilities</b>	<b>9,860.9</b>	<b>65.4</b>	<b>8,108.4</b>	<b>58.9</b>	<b>21.6</b>
<b>Total liabilities</b>	<b>12,142.2</b>	<b>80.6</b>	<b>10,149.4</b>	<b>73.7</b>	<b>19.6</b>
<b>EQUITY</b>					
Total equity attributable to owners of parent	2,736.4	18.2	3,430.8	24.9	(20.2)
Non-controlling interests	192.0	1.3	196.8	1.4	(2.4)
<b>Total Stockholders' Equity</b>	<b>2,928.4</b>	<b>19.4</b>	<b>3,627.6</b>	<b>26.3</b>	<b>(19.3)</b>
<b>Total Liabilities &amp; Stockholders' Equity</b>	<b>15,070.6</b>	<b>100.0</b>	<b>13,777.0</b>	<b>100.0</b>	<b>9.4</b>

## >Consolidated Cash Flow Statement - IFRS

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

STATEMENT OF CASH FLOWS		
	2016	2015
Cash flows from (used in) operating activities		
Profit (loss)	(697.2)	(470.4)
Adjustments to reconcile profit (loss)		
Discontinued operations	1.3	2.6
Adjustments for income tax expense	(174.3)	131.3
Adjustments for finance costs	596.8	474.4
Adjustments for depreciation and amortisation expense	668.0	414.7
Adjustments for unrealised foreign exchange losses (gains)	1,453.4	984.5
Adjustments for losses (gains) on disposal of non-current assets	(111.6)	88.1
Participation in associates and joint ventures	0.0	0.8
Adjustments for decrease (increase) in inventories	54.5	88.8
Adjustments for decrease (increase) in trade accounts receivable	(189.8)	(442.2)
Adjustments for decrease (increase) in other operating receivables	129.9	(25.5)
Adjustments for increase (decrease) in trade accounts payable	59.3	38.3
Adjustments for increase (decrease) in other operating payables	260.4	867.0
Other adjustments to reconcile profit (loss)	(260.9)	(184.8)
Total adjustments to reconcile profit (loss)	2,486.8	2,438.0
Cash flows from (used in) operations	1,789.7	1,967.6
Income taxes paid (refund), classified as operating activities	218.8	466.6
Cash flows from (used in) operating activities	1,570.8	1,501.0
Proceeds from sales of property, plant and equipment, classified as investing activities	245.0	5.7
Purchase of property, plant and equipment, classified as investing activities	702.7	612.4
Interest received, classified as investing activities	46.8	33.1
Other inflows (outflows) of cash, classified as investing activities	(1.3)	66.5
Cash flows from (used in) investing activities	(412.2)	(507.2)
Proceeds from changes in ownership interests in subsidiaries that do not result in loss of control	(13.4)	(21.8)
Payments to acquire or redeem entity's shares	0.0	(2.0)
Proceeds from borrowings, classified as financing activities	922.6	1,219.4
Repayments of borrowings, classified as financing activities	793.7	1,542.8
Interest paid, classified as financing activities	687.3	573.3
Other inflows (outflows) of cash, classified as financing activities	(30.5)	(347.2)
Cash flows from (used in) financing activities	(602.3)	(1,267.7)
Increase (decrease) in cash and cash equivalents before effect of exchange rate changes	556.3	(273.9)
Effect of exchange rate changes on cash and cash equivalents		39.9
Increase (decrease) in cash and cash equivalents	556.3	(234.0)
Cash and cash equivalents at beginning of period	763.8	997.8
Cash and cash equivalents at end of period	1,320.1	763.8
Other financial assets	450	450
Total cash	1,770.1	1,213.8