

Hoteles City Express Announces First Quarter 2019 Results

Mexico City, April 24, 2019 – Hoteles City Express S.A.B. de C.V. (BMV: HCITY) (“Hoteles City Express” or the “Company”), released its results for the first quarter of 2019 (“1Q19”). All figures have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and are presented in Mexican pesos (“\$”), unless otherwise noted.

Summary of Relevant Operating and Financial Information (1Q19)

- At the Chain level, the Average Daily Rate (“ADR”) increased 3.8% and Revenue per Available Room (“RevPar”) decreased 4.9% versus 1Q18, to \$1,014 and \$541, respectively. The Chain’s occupancy in 1Q19 was 53.4%.
- Total Revenues were \$717.0 million, a 4.5% increase over the same quarter in 2018, due mainly to an increase in the number of Installed Room Nights at the Chain level.
- Operating Income was \$108.2 million in 1Q19, a 24.1% decrease compared to the same quarter of the prior year.
- EBITDA and Adjusted EBITDA were \$216.1 million and \$219.5 million, respectively. EBITDA and Adjusted EBITDA margins during the period were 30.1% and 30.6%, respectively.
- Net Income for the period was \$0.4 million.
- At quarter end, the Chain operated 150 hotels, an increase of 13 new units versus the 137 hotels that were opened at the close of the same period in 2018. The number of rooms in operation in 1Q19 reached 17,002, an increase of 10.0% over the 15,461 rooms operating at the close of 1Q18.



INVESTOR RELATIONS CONTACTS:

Santiago Mayoral

Corporate Finance and
Investor Relations

Tel: + (5255) 5249 8067

E-mail: smayoral@hotelescity.com

Guillermo Pérez

Corporate Finance and
Investor Relations

Tel: + (5255) 5249 8050 Ext.1810

E-mail: gperez@hotelescity.com

Operating and Financial Highlights	1Q19	1Q18	1Q19 vs 1Q18
			% Change
Operating Statistics for the Chain			
Number of Hotels at the End of the Period	150	137	9.5%
Number of Rooms at the End of the Period	17,002	15,461	10.0%
Number of Installed Room Nights	1,520,702	1,378,826	10.3%
Number of Occupied Room Nights	811,916	803,802	1.0%
Average Occupancy Rate (%)	53.4%	58.3%	-491 bps
ADR(\$)	1,014	977	3.8%
RevPAR(\$)	541	569	-4.9%
Consolidated Financial Information (Thousands of Pesos)			
Total Revenues	717,034	686,122	4.5%
Operating Income	108,157	142,456	-24.1%
Operating Income Margin	15.1%	20.8%	-568 bps
Adjusted EBITDA	219,491	240,996	-8.9%
Adjusted EBITDA Margin (%)	30.6%	35.1%	-451 bps
EBITDA	216,113	236,853	-8.8%
EBITDA Margin (%)	30.1%	34.5%	-438 bps
Net Income	388	50,287	-99.2%
Net Income Margin (%)	0.1%	7.3%	-728 bps

Adjusted EBITDA = Operating income + depreciation + amortization + non-recurring expenses (pre-opening expenses for new hotels).

Comments from Mr. Luis Barrios, CEO of Hoteles City Express:

"In an environment in which we observed a delay in the beginning of the business cycle in Mexico, we present our results for the first quarter of 2019, which are the product of a solid operation linked to the economic and geopolitical volatility and uncertainty of the country.

During the quarter, we experienced two different moments that, on average, reflected a sub-optimal performance in the quarter but with positive trends on the last weeks of it.

On one side, in January and the first fifteen days of February, our portfolio was negatively impacted by events such as the fuel shortage, the deferment in government travel, the number of layoffs at the end of 2018 and the pause in local investments, which are the main sources of business in the markets where we are present. On the other side, in the last 45 days of the quarter we observed recovery dynamics to the point that during the last days of March our portfolio had double digit growth in RevPAR, a trend that continues to date.

Regionally, our portfolio is favored by its geographical diversification. The good performance of the North region of the country stands out, with attractive market dynamics in markets such as Tijuana, Mexicali, Monterrey and Tampico. Likewise, places like Mexico City and Guadalajara demonstrate the strength of our product to penetrate urban markets and obtain above-average returns, mainly through the City Express Plus brand. As a counterbalance, the Bajío region presents operational weakness, which we consider is primarily due to short-term temporary effects such as the aforementioned fight against fuel theft and certain isolated events of insecurity.

That being said, Total Income registered a growth of 5%, while we reached an Adjusted EBITDA of approximately \$ 220 million. With the beginning of operation of more than 1,500 rooms in the last 12 months, we consider that our inventory - mainly composed by recently opened hotels - is capable of absorbing incremental demand more than in a proportional way to the slowdown experienced at the start of 2019. Based on this, we continue focused on the fulfillment of our budget for effective rate growth announced in February 2019.

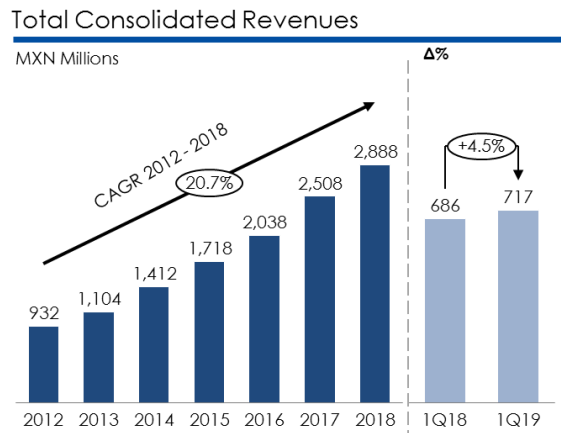
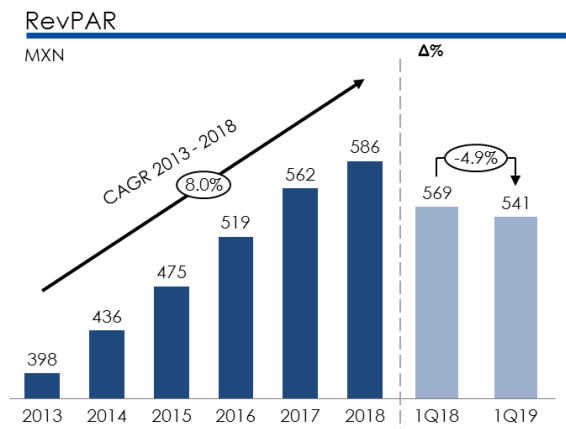
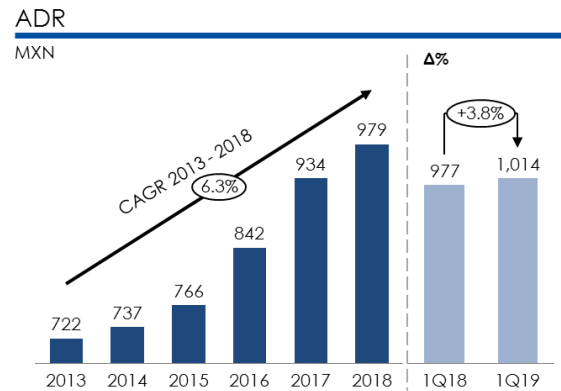
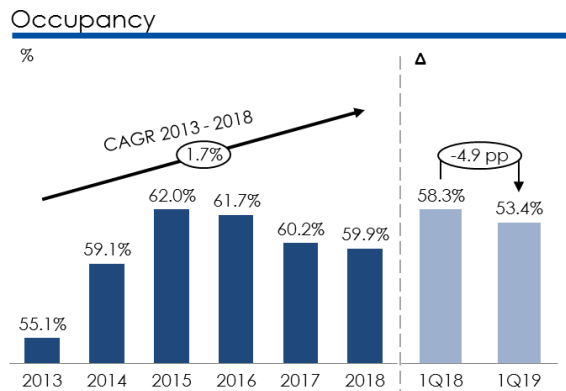
With respect to our expansion plans, we continue to progress steadily but cautiously to our 2019 Development Plan targets. To date we have reached 151 hotels by opening 3 hotels out of the 17 projects we announced in February and staying in line with the development program. We expect the opening of 14 more hotels in the coming months. Considering a risk-return discrimination criteria, our objective of openings in 2019 remains firm due to the strength of the markets in which we plan these openings. Despite this, we remain cautious about the economic development in the coming months and we have an action plan in case of requiring cash preservation mechanisms.

For more than 16 years, Hoteles City Express has profitably sailed several episodes of economic and political stress in Mexico. From the deep economic and the hospitality industry slowdown in 2008-2009 to the period of volatility derived from the renegotiation of the North American Free Trade Agreement in 2015, to mention a few, our company has experienced uncertain economic and geopolitical situations and has been able to capitalize on them.

We consider that although we are in a challenging but highly different reality from that of those moments, the strength of our team, our operational flexibility and the power of our product to penetrate new and current markets will be key elements to achieve our goals throughout the year. Goals that we are keeping intact. Thank you for your trust."

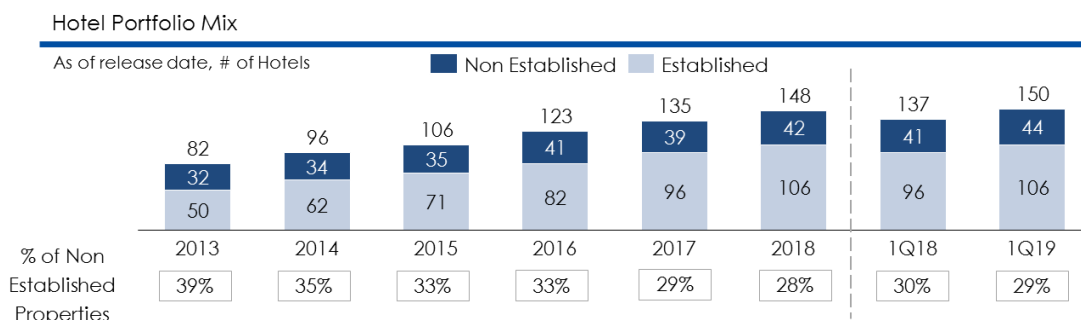
Operating Statistics: Hotel Chain

Due to slower-than-anticipated growth in the business cycle during the quarter and its impact on the travel industry, the Chain's Occupancy decreased 4.9 percentage points, compared to 1Q18, to 53.4%. The ADR increased 3.8%, reflecting a decrease of 4.9% in RevPAR at the Chain level.



Operating Statistics: Established Hotels

In order to adequately compare its hotels with similar maturity periods, Hoteles City Express defines “Established Hotels” as those hotels which, on a given date, have been in operation for at least 36 months. Once hotels have reached the third anniversary of their opening date, they have usually achieved their stabilized cycle, although this does not mean that these hotels cannot reach higher Occupancy and ADR levels over time. Similarly, hotels classified as “Non-Established” are those that have been operating for less than 36 months on a given date, and consequently are in a market penetration phase, with greater potential for gains in RevPAR.



At the close of 1Q19, the Chain had 106 Established Hotels and 44 Non-Established Hotels.

In contrast to the metrics at the Chain level, the portfolio of the Company’s Established Hotels showed signs of relative strength, despite the complex economic and geopolitical environment in Mexico during the first quarter.

Established Hotels	1Q19	1Q18	Change 1Q19 vs 1Q18
Hotels	106	96	10.4%
Rooms	11,978	10,963	9.3%
Occupancy	57.4%	61.3%	-391 bps
ADR (\$)	990	942	5.1%
RevPAR (\$)	568	578	-1.6%

The occupancy rate in this portfolio was 57.4%, which is 4 percentage points below the same quarter of the prior year, although ADR grew 5.1%. This led RevPAR to pull back slightly below 2% during the period.

When excluding from this portfolio hotels located in the Bajío region, in order to normalize performance that had been impacted by extraordinary market conditions, Established Hotels would have grown almost 1% in RevPAR compared to the same period of the prior year.

Results by Business Segment (Non-IFRS Numbers)

Hoteles City Express reports in accordance with IFRS. Therefore, during the consolidation process, certain revenues and inter-company costs are eliminated, mainly Administrative Fees and Franchise Royalties from hotels that are owned, co-owned and leased.

Revenues by Segment (Thousands of Pesos)	1Q19	1Q18	1Q19 vs 1Q18
			% Change
Hotel Operation	675,633	644,501	4.8%
Hotel Management	190,907	187,043	2.1%
Total	866,540	831,544	4.2%

During the quarter, Revenues from the Hotel Operations segment increased 4.8%, from \$644.5 million in 1Q18 to \$675.6 million in 1Q19, due to the increase in Occupied Room Nights and the 3.8% increase in ADR.

Revenues from Hotel Management increased 2.1%, from \$187.0 million in 1Q18 to \$190.9 million in 1Q19, due to an increase in the number of administered hotels.

Total Revenues for the combined segments increased 4.2%, from \$831.5 million in 1Q18 to \$866.5 million in 1Q19.

In order to show the potential of its hotel inventory, Hoteles City Express publishes the results of the "FSTAY Portfolio," which includes the performance of 42 hotels that are wholly owned by the Company, and which began operations prior to December 31, 2015. These hotels show performance characteristics that are similar to those that a portfolio of hotels would have following the ramp-up phase.

Presented below is a breakdown of the results according to IFRS by type of portfolio and business segment.

Summary of Non IFRS Financial Metrics 1Q19	FSTAY Portfolio	Non FSTAY Portfolio	Total Hotel Operation	Hotel Management	Non IFRS Total	IFRS Eliminations	Total IFRS
Hotels	42	69	111	150	150		150
Rooms	4,980	7,843	12,823	17,002	17,002		17,002
Occupancy	59.5%	50.1%	53.7%	53.4%	53.4%		53.4%
ADR	1,058	1,009	1,030	1,014	1,014		1,014
RevPAR	629	506	553	541	541		541
Total Revenues	293,001	382,632	675,633	190,907	866,540	(149,506)	717,034
General Costs and Expenses	(196,436)	(293,996)	(490,432)	(156,617)	(647,049)	149,506	(497,543)
Adjusted EBITDA	96,565	88,635	185,201	34,290	219,491	0	219,491
Margin	33.0%	23.2%	27.4%	18.0%	25.3%		30.6%
Other non recurrent expenses	0	(3,378)	(3,378)	0	(3,378)	0	(3,378)
EBITDA	96,565	85,258	181,823	34,290	216,113	0	216,113
Margin	33.0%	22.3%	26.9%	18.0%	24.9%		30.1%
Depreciation	(39,425)	(68,532)	(107,957)	0	(107,957)	0	(107,957)
Operating Income	57,140	16,726	73,866	34,290	108,157	0	108,157
Margin	19.5%	4.4%	10.9%	18.0%	12.5%		15.1%

Occupancy in the FSTAY Portfolio was 59.5%, compared to 50.1% in the Non-FSTAY Portfolio, or 9.3 percentage points higher. In turn, the average rate in the FSTAY Portfolio was 4.9% higher than the \$1,009 rate in the Non-FSTAY Portfolio, while the difference in RevPAR was 24.4% in favor of the FSTAY Portfolio.

Adjusted EBITDA for the FSTAY Portfolio is 8.9% higher than Adjusted EBITDA in the Non-FSTAY Portfolio, due to the latter's stabilization process.

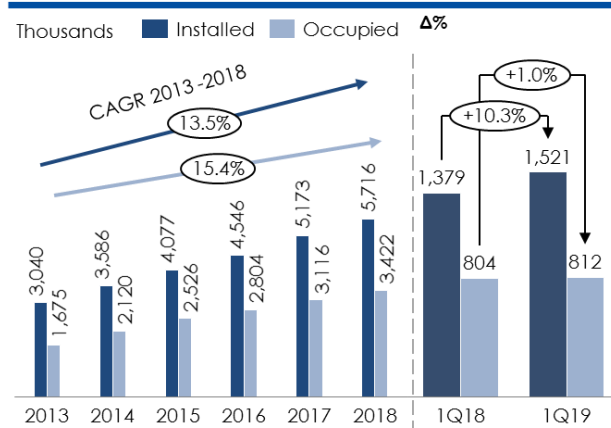
Consolidated Financial Results (IFRS Numbers)

Income Statement Highlights (Thousands of Pesos)	1Q19	1Q18	1Q19 vs 1Q18
			% Change
Rooms in Operation	17,002	15,461	10.0%
Revenues from Hotel Operation	675,633	640,032	5.6%
Revenues from Hotel Management	41,401	46,090	-10.2%
Total Revenues	717,034	686,122	4.5%
Operating Income	108,157	142,456	-24.1%
Operating Income Margin	15.1%	20.8%	-568 bps
Adjusted EBITDA	219,491	240,996	-8.9%
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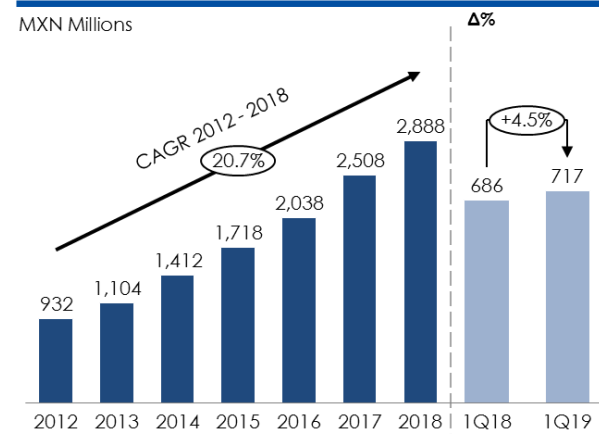
Revenues

During 1Q19, Total Revenues increased 4.5%, from \$686.1 million in 1Q18 to \$717.0 million in 1Q19. Growth in Revenues was mainly due to an increase in the number of Occupied Room Nights, which was the result of hotel openings, and the 3.8% increase in the ADR, which was the product of the price management efforts the Company implemented during the quarter.

Installed and Occupied Room Nights



Total Consolidated Revenues



Costs and Expenses

Total Costs and Expenses rose 12.2%, from \$539.5 million in 1Q18 to \$605.5 million in 1Q19. This increase closely tracks the growth in Installed Room Nights. Administrative and Sales Expenses were \$123.9 million in 1Q19, a 13.1% increase over the same period of the prior year. The scalability of the Company's operating platform during the quarter was limited by certain seasonal effects related to receiving management and developing fees of new hotels. The Company believes that this scalability will resume as the year progresses.

Operating Income

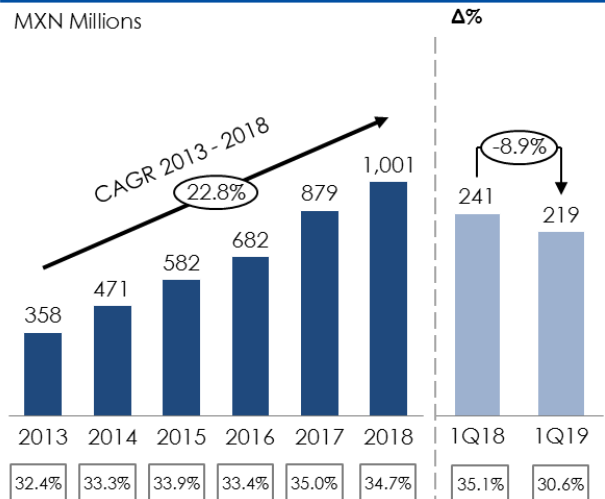
Operating Income in the first quarter of 2019 was \$108.2 million, compared to \$142.5 million reported in 1Q18, a decrease of 24.1% during the period. This decline resulted from a 12.2% increase in costs and expenses coupled with slower revenue growth of 4.5% due to market deceleration related to a late start to the business cycle in the country at the beginning of the year. Reflecting the foregoing decline, the Operating Profit Margin was 15.1% in 1Q19.

EBITDA and Adjusted EBITDA

In 1Q19, EBITDA and Adjusted EBITDA contracted 8.8% and 8.9%, respectively, in comparison with 1Q18. EBITDA was \$216.1 million and Adjusted EBITDA was \$219.5 million during 1Q19. The EBITDA margin was 30.1% and the Adjusted EBITDA margin was 30.6%.

Note that starting in 1Q19, and due to adoption of the accounting rules related to IFRS 16, the Company's EBITDA and Adjusted EBITDA recognize the capitalization of leases as a cost benefit, and a corresponding increase in depreciation as applicable. These effects are consolidated in Hotel Operating Costs and Expenses and Depreciation, respectively.

Adjusted EBITDA



Hoteles City Express calculates its Adjusted EBITDA by adding to Operating Income depreciation expenses and non-recurring expenses related to hotel openings. Adjusted EBITDA is a useful measure that Hoteles City Express uses to compare its performance with that of other companies, thus making it easier to properly analyze its consolidated performance during different periods by eliminating from its operating results the impact of specific non-recurring expenses related to hotel openings.

Comprehensive Financing Costs

Comprehensive Financing Costs increased to \$107.7 million in 1Q19, due to disbursements from bank financing lines over the last 12 months for hotel construction, and to increases in financial costs resulting from higher interest rates.

During the last 12 months, Financial Liabilities Net of Interest increased from \$2,570.4 million in 1Q18 to \$4,370.6 million in 1Q19, an increase of 70.0%. At the same time, the Cash and Cash Equivalents position rose from \$835.8 million in 1Q18 to \$938.3 million in 1Q19, an increase of 12.2%. The combination of these variables took the Net Cost of Financing¹ from \$50.8 million in 1Q18 to \$94.8 million in 1Q19. Finally, the Net Foreign Exchange Result in 1Q19 was a loss of \$4.0 million, due to the valuation of the Company's

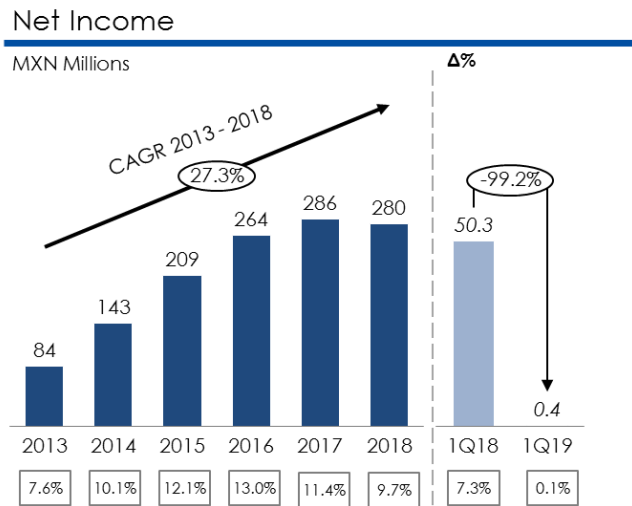
¹ Net cost of financing is calculated as interest paid less interest earned.

equity in subsidiaries located in Chile and Colombia. Note that this was a non-cash charge to income in 1Q19.

Also note that beginning in 1Q19, and due to the Company's adoption of accounting rules related to IFRS 16, Comprehensive Financing Costs recognize the proportional effect of capitalizing leases as an incremental cost in interest paid. This effect is recorded in the line Interest Paid.

Net Income

Net Income for 1Q19 was \$0.4 million, compared to Net Income of \$50.3 million reported in the same quarter of the prior year. Majority Net Income was \$16.7 Million.



Financial Position and Leverage

Balance Sheet Highlights <i>(Thousands of Pesos)</i>	As of March 31, 2019	As of December 31, 2018	March 31, 2019 vs December 31, 2018
			% Change
Cash and Equivalents	938,332	1,102,112	-14.9%
Financial Debt ⁽¹⁾	4,370,633	4,281,118	2.1%
Net Debt	3,432,302	3,179,005	8.0%

1. Does not include interest payable of \$33.8 million as of March 31, 2019, and \$18.4 million as of December 31, 2018.

At the close of 1Q19, the Company had \$938.3 million in Cash and Cash Equivalents, which was a 14.9% decrease compared to the end of December 2018, due to disbursements for investment in hotels.

Debt with financial institutions net of interest payable increased 2.1% versus the close of December 2018 to \$4,370.6 million, of which \$186.8 million matures in the next 12 months and of which \$203.1 million is denominated in foreign currency. During 1Q19, the Company made debt payments of \$461.0 million and disbursed \$550.00 million in credit lines.

If needed, the Company has credit lines backed by financial institutions that are available to disburse approximately \$2,500.0 million.

As of March 31, 2019, Hoteles City Express had a Total Debt-to-Total Assets ratio of 30.6%, and a Net Debt-to-EBITDA ratio of 3.57x. The Company is also current with all of its financial obligations.

Breakdown of Productive Fixed Assets

In order to explain the process of managing and planning growth in the coming years, the Company presents several different asset layers within Total Assets.

At the close of the quarter, the Company had a land bank with an approximate historical cost of \$694.8 million, as well as work-in-progress, refurbishment projects, and land assigned to that work-in-progress of more than \$1,090.5 million. Productive Assets or Gross Fixed Assets related to operating hotels were approximately \$12,022.9 million. Regarding the portfolio that comprises the Productive Assets at the close of 1Q19, 71% of total properties were Established Hotels and the remaining 29% were Non-Established Hotels.

Cash Flow Generation and Use of the Share Repurchase Program

With regard to cash flow generation, in 1Q19, Hoteles City Express generated \$169.1 million in Net Cash Flow from Operating Activities. During this period, it invested \$292.5 million in the acquisition of properties, plant, equipment and improvements to leased properties, compared to the \$361.6 million it invested in the same line in 1Q18. The Company had net financing flows of (\$39.9) million in 1Q19, compared with flows of (\$141.5) million reported in 1Q18.

During 1Q19, the Company allocated \$2.4 million for share repurchases, which represented approximately 110,000 shares.

Note that the shares acquired through buybacks described here are recorded as shareholders' equity and therefore remain part of total number of shares outstanding. This number of shares has not been reduced or modified in any way since the cancellation of shares at the April 2017 annual shareholders' meeting. Furthermore, due to the method used to record these shares, the Company is able to sell these shares in the market without any limitations whatsoever, and at a price determined by the market on each trading day.

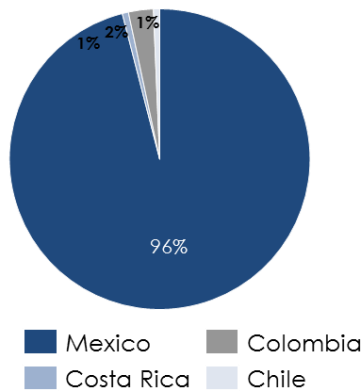
Portfolio of Hotel Assets

As of today, Hoteles City Express has an inventory of 151 hotels in 30 states and more than 70 cities in Mexico, four hotels in Colombia, one hotel in Costa Rica, and one hotel in Chile. Below is a breakdown of the hotel portfolio:

Hotel Portfolio by Geographic Location

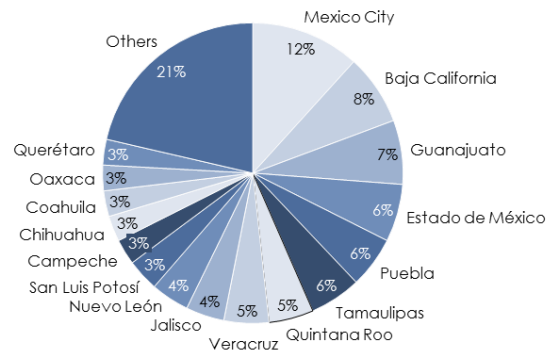
By Country

As of release date



Mexico

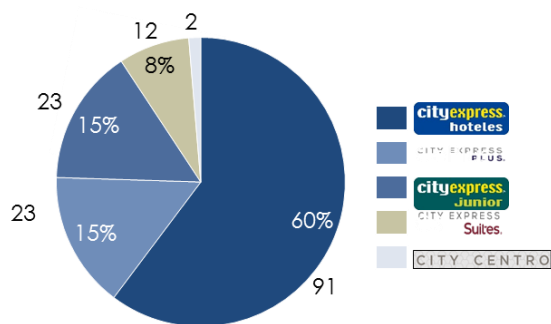
As of release date



(1) Others: Sinaloa, Michoacán, Tabasco, Baja California Sur, Chiapas, Yucatan, Aguascalientes, Sonora, Colima, Zacatecas, Hidalgo, Durango, Nayarit and Tlaxcala

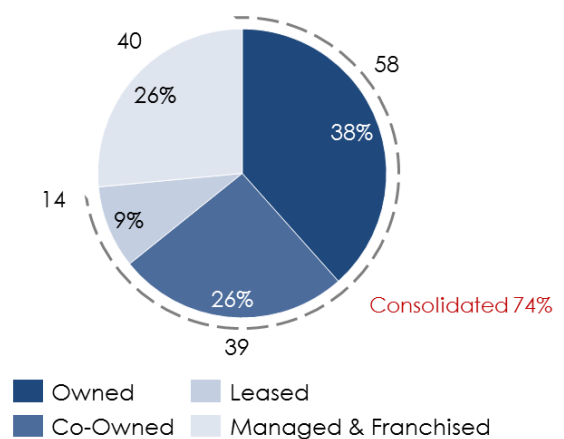
Hotel Portfolio by Brand

As of release date, # of Hotels and % of Total Portfolio



Hotel Portfolio by Ownership

As of release date, # of Hotels and % of Total Portfolio



Hotel Development

Hoteles City Express' development plan focuses on areas that have attractive and solid, demand-generating market dynamics. There are currently more than 30 projects under construction and in advanced stages of permitting and licensing, mainly in Mexico.

The Company is proceeding with its Development Plan 2019, which is detailed below.

Hotel Number	Development Pipeline	Hotel	Brand	Investment Scheme	Opening	Rooms	Location	Development Stage
2019 Development Plan								
149	1	Ce CDMX Tlalpan	City express	Managed	1Q19	96	Ciudad de México	Open
150	2	Ce Tapachula	City express	Owned	1Q19	117	Chiapas	Open
151	3	Ce CDMX La Villa	City express	Managed	2Q19	106	Ciudad de México	Open
152	4	CP Chihuahua	City express Plus	Franchise	2Q19	122	Chihuahua	Under Construction
153	5	CC San Luis Potosí	City Centro	Owned	3Q19	70	San Luis Potosí	Under Construction
154	6	Ce CDMX Anzures	City express	Owned	4Q19	119	Ciudad de México	Under Construction
155	7	CP Guadalajara Providencia	City express Plus	Owned	4Q19	155	Jalisco	Under Construction
156	8	CP Mexicali	City express Plus	Owned	4Q19	146	Baja California	Under Construction
157	9	CP San Luis Potosí	City express Plus	Co-Owned	4Q19	139	San Luis Potosí	Under Construction
158	10	Ce Mérida Aeropuerto	City express	Co-Owned	4Q19	114	Yucatán	To Begin Construction
159	11	CP Mérida Siglo XXI	City express Plus	Co-Owned	4Q19/1Q20	134	Yucatán	To Begin Construction
160	12	CC Puebla	City Centro	Owned	4Q19/1Q20	57	Puebla	To Begin Construction
161	13	Ce Guadalajara Chapalita	City express	Co-Owned	4Q19/1Q20	149	Jalisco	To Begin Construction
162	14	CP Guadalajara La Minerva	City express Plus	Owned	4Q19/1Q20	142	Jalisco	To Begin Construction
163	15	Ce Cancún Aeropuerto	City express	Owned	4Q19/1Q20	137	Quintana Roo	To Begin Construction
164	16	Ce Guadalajara Centro	City express	Owned	4Q19/1Q20	87	Jalisco	To Begin Construction
165	17	Ce Guaymas	City express	Co-Owned	4Q19/1Q20	114	Sonora	To Begin Construction
Total						2,004		

In addition to the Development Plan 2019, the Company contemplates the opening of additional six hotels under the Management and Franchise model prior to June 2020, assuming that the owners of these hotels comply, in a timely and appropriate manner, with the calendar of investments under development.

Environmental, Social and Economic Sustainability

Hoteles City Express' Sustainability Policy consists of the following:

"To be a catalyst for positive economic, social and environmental impacts in every community where we operate, incorporating innovation and integral development through long-term value creation."

All hotels in the Chain are built to comply with international certification standards. The following are some of the most important certifications and awards that have been granted to Hoteles City Express:

- **LEED-EB-O&M Certification:** Granted by the United States Green Building Council (USGBC). The portfolio of hotels currently with this certification include: LEED Gold for Hoteles City Express Reynosa, City Express Saltillo and City Express León, LEED Silver for Hoteles City Express San Luis Potosí, City Express Puebla Centro, City Express Monterrey Santa Catarina, City Express Playa del Carmen, City Express Puebla Angelopolis, City Express Los Mochis and City Express Cd. Juárez. LEED certification for City Express Guadalajara, City Express Irapuato and City Express Querétaro.
- **EDGE (Excellence in Design for Greater Efficiencies):** The certification system created by the World Bank's International Financial Corporation (IFC). Hoteles City Express was the first company in the world to receive the EDGE green building certification, which was for its Hotel City Express Villahermosa. The hotels City Express Santa Fe, City Express Durango, City Express Querétaro Jurica, City Express Costa Rica and City Suites Santa Fe have also received this certification. In the month of January 2015, the Company obtained three additional certifications at the hotels City Express Junior Ciudad del Carmen, City Express Irapuato Norte and City Express Junior Puebla Autopista, with estimated savings compared to similar properties of 50% in energy, 45% in water use, and 36% in efficiency of building materials.
- **Biosphere Responsible Tourism Certification:** Created by the Responsible Tourism Institute (ITR), of which Hoteles City Express is a member, Hoteles City Express is the first company in the world to pursue certification for all hotels in its Chain. It currently has 80 hotels certified.
- **Sustainable Water Hotel Award:** Recognition granted by members of the Alliance for Water Sustainability in Tourism, which encourages best environmental practices in the use and preservation of water, and compliance with Mexican law. Hoteles City Express has won this award for the following five hotels: City Express Plus EBC Reforma, City Express Buenavista, City Express Mérida, City Express Villahermosa and City Express Paraíso Tabasco.
- **"S" Sustainability Guarantee Award:** The Ministry of Tourism, in collaboration with EarthCheck and Rainforest Alliance, has recognized Hoteles City Express for its

sustainable practices according to the sustainability criteria established by the World Tourism Organization (WTO). There are eight hotels that have this recognition: City Express Mérida, City Express Suites Puebla Autopista, City Express San Luis Potosí Zona Universitaria, City Express Irapuato Sur, City Express Suites Anzures, City Express Manzanillo, City Express Cananea and City Express Zacatecas.

- *Socially Responsible Company Award*: A distinction granted by the Mexican Philanthropic Center, ranking Hoteles City Express as one of the best companies in corporate governance, quality of life at the company, environmental commitment, and social engagement in Mexico, with a score placing it 35% higher than all other applications submitted, for the fifth consecutive year.
- *Adherence to the UN Global Compact*: By joining the UN Global Compact, the Company is part of a global commitment to ten universally accepted principles, including human rights, working standards, environmental protection, and the fight against corruption.
- *Adherence to the National Code of Conduct for the Protection of Girls, Boys and Adolescents in the Travel and Tourism Sector*. At present, Hoteles City Express has 128 properties that have signed and implemented this code of conduct, committing to develop activities to prevent sexual and labor exploitation of girls, boys and adolescents in the tourism sector.

Regarding its Social Responsibility initiatives, Hoteles City Express focuses on high-impact projects that create value for society and that increase the social and economic well-being of communities. The Company, therefore, concentrates its efforts on supporting initiatives related to entrepreneurship and social engagement that creates sustainable, long-term benefits.

One initiative on this front is the work inclusion program, under which people with hearing disabilities are hired, a program that was initiated in the northern part of the country and which demonstrates Hoteles City Express' desire to be a factor for change and improvement in the countries where it is present.

For more information on the initiatives of Hoteles City Express, please go to: www.cityexpress/sostenibilidad

Conference Call Details:

Hoteles City Express will host a conference call to discuss these results. Details on the call follow:

Date: Thursday, April 25, 2019
Time: 11:00 am Eastern Time / 10:00 am Mexico City Time
Telephones: 1-888-317-6003 (from within the USA) / 1-412-317-6061 (outside the USA)
001-866-6754-929 (toll free in Mexico)
Code: 8363448
Webcast: <https://services.choruscall.com/links/hcity190425.html>

Conference call replay will be available for 30 days:

U.S.: 1-877-344-7529/ International: 1-412-317-0088
Code: 10130599

About Hoteles City Express:

Hoteles City Express is the leading and fastest-growing, limited-service hotel chain in Mexico in terms of number of hotels, number of rooms, geographic presence, market share and revenues. Created in 2002, Hoteles City Express specializes in offering high-quality, comfortable and safe lodging at affordable prices via a limited-service hotel chain geared mainly towards domestic business travelers. With 151 hotels located in Mexico, Costa Rica, Colombia and Chile, Hoteles City Express operates five distinct brands: City Express, City Express Plus, City Express Suites, City Express Junior and City Centro, to serve different segments of its target market. In June 2013, Hoteles City Express completed its IPO and began trading on the Mexican Stock Exchange under the ticker symbol "HCITY," and in October 2014, Hoteles City Express completed a follow-on share issuance with the aim of accelerating its growth in new hotels in the coming years.

HCITY has formal coverage, notes and analytical assessment by the following financial institutions and analysts: Actinver (Pablo Duarte), Bank of America Merrill Lynch (Carlos Peyrelongue), Citigroup (Dan McGoey), GBM (Eugenio Saldaña), ITAU BBA (Enrico Trotta), J.P. Morgan (Adrián Huerta), Morgan Stanley (Nikolaj Lippman), Santander (Cecilia Jiménez), Signum Research (Armando Rodríguez) and UBS (Marimar Torreblanca).

For more information, please visit our website: <https://cityexpress.com/es/inversionistas/>

Disclaimer:

The information presented in this report contains certain forward-looking statements and information regarding Hoteles City Express, S.A.B. de C.V. and its subsidiaries (jointly, the "Company"), which are based on the understanding of its management, as well as assumptions and information currently available to the Company. These statements reflect the Company's current vision regarding future events and are subject to certain risks, factors of uncertainty and assumptions. Many factors may cause the results, performance and current achievements of the Company to be materially different with respect to any future results, performance and accomplishments of the Company that might be included, expressly or implicitly, within such forward-looking statements, including, among others: changes in general economic and/or political conditions, governmental and commercial changes at the global level and in the countries where the Company does business, changes in interest rates and inflation, exchange rate volatility, changes in business strategy, and various other factors. If one or more of these risks or uncertainty factors should materialize, or if the assumptions used prove to be incorrect, actual results may vary materially from those described herein as anticipated, estimated or expected. The Company does not intend to assume and does not assume any obligation whatsoever to update these forward-looking statements.

-Financial Tables Follow -

Consolidated Income Statement

Consolidated Income Statement (Thousands of Pesos)	1Q19	1Q18	1Q19 vs 1Q18
			% Change
Total Revenues			
Revenues from Hotel Operation	675,633	640,032	5.6%
Revenues from Hotel Management	41,401	46,090	(10.2%)
Total Revenues	717,034	686,122	4.5%
Costs and expenses			
Hotel operating costs and expenses ⁽¹⁾	373,637	335,596	11.3%
Selling and administrative expenses	123,905	109,529	13.1%
Depreciation and amortization ⁽²⁾	107,957	94,397	14.4%
Total Costs and Expenses	605,499	539,523	12.2%
Expenses assoc. with new hotel openings	3,378	4,143	(18.5%)
Total	3,378	4,143	(18.5%)
Operating Income	108,157	142,456	-24.1%
Operating Income Margin (%)	15.1%	20.8%	-568 bps
Adjusted EBITDA	219,491	240,996	-8.9%
Adjusted EBITDA Margin (%)	30.6%	35.1%	-451 bps
EBITDA	216,113	236,853	-8.8%
EBITDA Margin (%)	30.1%	34.5%	-438 bps
Finance income	(13,165)	(5,583)	135.8%
Finance costs ⁽³⁾	116,802	56,396	107.1%
Exchange result, net	4,034	28,784	(86.0%)
Financial Expenses	107,671	79,597	35.3%
Profit before income tax	485	62,859	(99.2%)
Income tax expense	97	12,572	(99.2%)
Net Income for the Period	388	50,287	(99.2%)
Net Majority Income	16,694	48,093	(65.3%)

(1) Includes a benefit of \$13.4 million for leases capitalization derived from the adoption of IFRS 16

(2) Includes incremental depreciation of \$5.8 million for leases capitalization derived from the adoption of IFRS 16

(3) Includes incremental financial cost for \$8.9 million for leases capitalization derived from the adoption of IFRS 16

Consolidated Balance Sheet

Consolidated Balance Sheet (Thousands of Pesos)	As of March 31, 2019	As of December 31, 2018	March 31, 2019 vs December 31, 2018
			% Change
Cash and equivalents	938,332	1,102,112	(14.9%)
Trade receivables, net	228,498	219,372	4.2%
Recoverable taxes	424,486	421,587	0.7%
Prepaid expenses	121,839	88,910	37.0%
Total Current Assets	1,713,155	1,831,981	(6.5%)
Property, equipment and leasehold improvements	12,033,839	11,816,842	1.8%
Right of Use (net of amortization)	278,434	0	0.0%
Guarantee deposits	2,898	2,898	0.0%
Accounts Receivables	27,378	27,378	0.0%
Other assets	58,675	51,031	15.0%
Derivative financial instruments	0	2,410	(100.0%)
Deferred income tax	271,703	224,134	21.2%
Total Long Term Assets	12,672,927	12,124,693	4.5%
Total Assets	14,386,082	13,956,674	3.1%
Liabilities			
Current Liabilities:			
Bank loans and accrued interests	186,839	479,616	(61.0%)
Trade accounts payable	117,577	125,311	(6.2%)
Other taxes and accrued expenses	256,071	190,639	34.3%
Other Liabilities	10,998	16,450	(33.1%)
Derivative financial instruments	7,034	0	NM
Income tax payable	24,781	93,193	(73.4%)
Direct employee benefits	22,238	26,562	(16.3%)
Current Liabilities from Lease Capitalizations	13,693	0	0.0%
Total Current Liabilities	639,231	931,770	(31.4%)
Long-term debt	4,217,556	3,819,932	10.4%
Deferred revenues	15,005	12,811	17.1%
Other Liabilities	162,588	159,749	1.8%
Employee benefits	4,519	2,408	87.7%
Deferred income tax	223,520	210,949	6.0%
Liabilities from Lease Capitalizations	357,360	0	NM
Total Long Term Liabilities	4,980,549	4,205,849	18.4%
Total Liabilities	5,619,780	5,137,619	9.4%
Equity			
Equity Attributable to the Owners of the Entity			
Issued capital	5,904,165	5,903,527	0.0%
Retained earnings	1,760,770	1,795,160	(1.9%)
Other Comprehensive Income	(56,085)	(50,814)	10.4%
Total Equity Attributable to the Owners of the Entity	7,608,850	7,647,873	(0.5%)
Non-controlling interests	1,157,452	1,171,182	(1.2%)
Total Equity	8,766,302	8,819,055	(0.6%)
Total Liabilities + Equity	14,386,082	13,956,674	3.1%

Consolidated Cash Flow Statement

Consolidated Cash Flow Statement (Thousands of Pesos)	1Q19	1Q18
Profit before income tax	485	62,859
Operating Activities		
Depreciation	107,957	94,397
Loss on disposal of equipment	726	24
Finance income	(13,165)	(5,583)
Finance costs	116,802	56,396
(Gain) Loss on Valuation of Financial Instruments	(8,855)	679
Expenses Related to Payments Based on Stocks	3,019	4,268
Unrealized foreign currency fluctuations	551	(23,618)
	<u>207,520</u>	<u>189,422</u>
Changes in Working Capital:		
Trade receivables	(44,126)	(65,831)
Recoverable taxes	(2,899)	(11,537)
Prepaid expenses, net	(32,933)	(34,369)
Trade and other payables	(7,734)	4,367
Accrued Expenses, others and taxes to be paid	62,175	35,505
Employee benefits	(2,213)	(1,668)
Income tax and business flat tax paid	(10,695)	(5,750)
Net Cash Flows from Operating Activities	<u>169,094</u>	<u>110,139</u>
Investing Activities:		
Payments for property, equipment and leasehold	(292,450)	(361,568)
Other assets	(7,644)	1,732
Finance income received	13,165	5,583
Net Cash Flows used in Investing Activities	<u>(286,928)</u>	<u>(354,253)</u>
Financing Activities:		
Proceeds from the issuance of equity instruments	3,019	4,268
Proceeds from contributions rec. from non-controlling interests	3,328	65,333
Non Controlling Interest decrease	0	(35,524)
Non Controlling Interest Dividends	(750)	(1,000)
Proceeds for future capital increases	0	0
Repurchase of shares	(2,380)	(2,834)
Finance cost paid	(132,134)	(51,003)
Proceeds from short- and long-term borrowings	550,000	54,000
Repayment of borrowings	(461,035)	(174,728)
Net Cash Flows used in Financing Activities	<u>(39,952)</u>	<u>(141,488)</u>
Net increase (decrease) in cash and equivalents	(157,786)	(385,602)
Cash at the beginning of the period	1,102,112	1,190,624
Effects of exchange rate changes on the balance of cash held in foreign currencies and effects of balances of foreign	(5,995)	30,752
Cash at the End of the Period	<u>938,332</u>	<u>835,774</u>

Hotel Portfolio

Number	Hotel	Brand	Investment Scheme	Opening	Rooms	Location
1	Saltillo	City Express	Owned	May-2003	120	Coahuila
2	San Luis	City Express	Owned	Jul-2003	120	San Luis Potosí
3	Monterrey Santa Catarina	City Express	Owned	Oct-2003	105	Nuevo León
4	Querétaro	City Express	Owned	Nov-2003	121	Querétaro
5	León	City Express	Owned	Dec-2003	120	Guanajuato
					586	
6	Anzures	City Express Suites	Leased	Apr-2004	26	Ciudad de México
7	Puebla	City Express	Owned	May-2004	124	Puebla
8	Nuevo Laredo	City Express	Managed	Aug-2004	107	Tamaulipas
9	Ciudad Juárez	City Express	Owned	Oct-2004	114	Chihuahua
10	Irapuato	City Express	Owned	Nov-2004	104	Guanajuato
					1,061	
11	Reynosa	City Express	Co-Owned	Feb-2005	104	Tamaulipas
12	Cancun	City Express	Leased	Mar-2005	128	Quintana Roo
13	Tepatlilán	City Express	Managed	Apr-2005	80	Jalisco
14	Tuxtla Gutiérrez	City Express	Franchise	Dec-2005	124	Chiapas
15	Querétaro	City Express Suites	Owned	Dec-2005	45	Querétaro
					1,542	
16	Chihuahua	City Express	Franchise	Mar-2006	104	Chihuahua
17	Guadalajara	City Express Plus	Owned	Jul-2006	145	Jalisco
18	Tampico	City Express	Co-Owned	Nov-2006	124	Tamaulipas
19	Mexicali	City Express	Owned	Dec-2006	117	Baja California
20	Toluca	City Express	Owned	Dec-2006	141	Estado de México
					2,173	
21	EBC Reforma	City Express	Owned	Jan-2007	70	Ciudad de México
22	Hermosillo	City Express	Co-Owned	Apr-2007	120	Sonora
23	Celaya	City Express	Leased	May-2007	104	Guanajuato
24	Insurgentes Sur	City Express Plus	Owned	Jul-2007	159	Ciudad de México
25	Coatzacoalcos	City Express	Co-Owned	Aug-2007	118	Veracruz
26	Tepozotlán	City Express	Leased	Dec-2007	109	Estado de México
					2,853	
27	Toluca	City Express Junior	Leased	Feb-2008	106	Estado de México
28	Mazatlán	City Express	Managed	Jun-2008	110	Sinaloa
29	Morelia	City Express	Franchise	Jul-2008	60	Michoacán
30	Lázaro Cárdenas	City Express	Owned	Nov-2008	119	Michoacán
31	Puebla Angelópolis	City Express	Co-Owned	Nov-2008	118	Puebla
32	Tijuana Río	City Express	Managed	Dec-2008	131	Baja California
33	Silao	City Express	Owned	Dec-2008	121	Guanajuato
34	Toluca	City Express Suites	Owned	Dec-2008	91	Estado de México
35	Monterrey Aeropuerto	City Express	Owned	Dec-2008	130	Nuevo León
					3,839	
36	El Angel	City Express Plus	Owned	Jan-2009	137	Ciudad de México
37	Mexicali	City Express Junior	Owned	Feb-2009	104	Baja California
38	Chihuahua	City Express Junior	Franchise	Mar-2009	105	Chihuahua
39	Tula	City Express	Managed	Mar-2009	103	Hidalgo
40	Los Mochis	City Express	Owned	Jun-2009	124	Sinaloa
41	Zacatecas	City Express	Managed	Jun-2009	109	Zacatecas
42	Tijuana Otay	City Express Junior	Co-Owned	Jun-2009	134	Baja California
43	Veracruz	City Express	Leased	Sep-2009	124	Veracruz
44	Saltillo Sur	City Express	Owned	Dec-2009	107	Coahuila
45	Cancun	City Express Junior	Leased	Nov-2009	106	Quintana Roo
					4,992	
46	Tlaquepaque	City Express Junior	Leased	Feb-2010	107	Jalisco
47	Ciudad Juárez	City Express Junior	Owned	Mar-2010	128	Chihuahua
48	Poza Rica	City Express	Co-Owned	Mar-2010	118	Veracruz
49	Nogales	City Express	Owned	Nov-2010	109	Sonora
50	San Luis Univ.	City Express	Co-Owned	Dec-2010	109	San Luis Potosí
					5,563	

Number	Hotel	Brand	Investment Scheme	Opening	Rooms	Location
51	Minatitlán	City Express	Co-Owned	Mar-2011	109	Veracruz
52	Mérida	City Express	Co-Owned	Apr-2011	124	Yucatán
53	Torreón	City Express	Managed	May-2011	115	Coahuila
54	Culiacan	City Express	Co-Owned	Jun-2011	133	Sinaloa
55	Veracruz	City Express Junior	Leased	Jul-2011	104	Veracruz
56	Aguascalientes	City Express	Owned	Aug-2011	123	Aguascalientes
57	Buenavista	City Express	Managed	Sep-2011	103	Ciudad de México
58	Playa del Carmen	City Express	Co-Owned	Sep-2011	135	Quintana Roo
59	Puebla Autopista	City Express	Co-Owned	Oct-2011	108	Puebla
60	Tuxtla Gutierrez	City Express Junior	Leased	Oct-2011	106	Chiapas
61	Manzanillo	City Express	Owned	Nov-2011	116	Colima
62	Ciudad del Carmen	City Express	Co-Owned	Dec-2011	129	Campeche
					6,968	
2011						
63	Ciudad Obregon	City Express	Owned	Jan-2012	120	Sonora
64	Campeche	City Express	Owned	Apr-2012	110	Campeche
65	San Luis Potosi	City Express Suites	Managed	Jul-2012	120	San Luis Potosí
66	Villahermosa	City Express	Owned	Jul-2012	155	Tabasco
67	Queretaro Jurica	City Express	Co-Owned	Sep-2012	135	Querétaro
68	Durango	City Express	Co-Owned	Oct-2012	120	Durango
69	San José	City Express	Owned	Nov-2012	134	Costa Rica
70	Xalapa	City Express	Managed	Dec-2012	126	Veracruz
71	Tijuana Insurgentes	City Express	Owned	Dec-2012	127	Baja California
					8,115	
2012						
72	Chetumal	City Express	Leased	Mar-2013	109	Quintana Roo
73	Santa fe	City Express Plus	Co-Owned	Jun-2013	159	Ciudad de México
74	Santa fe	City Express Suites	Co-Owned	Aug-2013	39	Ciudad de México
75	Oaxaca	City Express	Managed	Oct-2013	103	Oaxaca
76	Salina Cruz	City Express	Managed	Oct-2013	116	Oaxaca
77	Patio Universidad	City Express Plus	Owned	Dec-2013	124	Ciudad de México
78	La Paz	City Express	Owned	Dec-2013	124	Baja California Sur
79	Puebla Autopista	City Express Junior	Co-Owned	Dec-2013	113	Puebla
80	Cali	City Express Plus	Owned	Dec-2013	127	Colombia
81	Cananea	City Express	Co-Owned	Dec-2013	98	Sonora
82	Irapuato Norte	City Express	Co-Owned	Dec-2013	122	Guanajuato
					9,349	
2013						
83	Cd. Del Carmen Isla de Tris	City Express Junior	Managed	Feb-2014	109	Campeche
84	Cd. Del Carmen Aeropuerto	City Express Junior	Co-Owned	Feb-2014	124	Campeche
85	Tehuacan Puebla	City Express	Managed	Mar-2014	108	Puebla
86	Dos Bocas Tabasco	City Express	Co-Owned	May-2014	108	Tabasco
87	Monterrey Norte	City Express	Managed	Aug-2014	115	Nuevo León
88	D.F. Central de Abastos	City Express	Leased	Sep-2014	135	Ciudad de México
89	Puebla Autopista	City Express Suites	Co-Owned	Sep-2014	72	Puebla
90	Apizaco	City Express	Managed	Sep-2014	104	Tlaxcala
91	Cd Victoria	City Express	Managed	Oct-2014	108	Tamaulipas
92	Satélite	City Express Plus	Franchise	Oct-2014	89	Ciudad de México
93	Monterrey Nuevo Sur	City Express Plus	Owned	Dec-2014	138	Nuevo León
94	Matamoros	City Express	Owned	Dec-2014	113	Tamaulipas
95	Salamanca	City Express	Owned	Dec-2014	113	Guanajuato
96	Villahermosa	City Express Junior	Owned	Dec-2014	136	Tabasco
					10,921	
2014						
97	Los Cabos	City Express Plus	Owned	Apr-2015	135	Baja California Sur
98	Los Cabos	City Express Suites	Owned	Apr-2015	28	Baja California Sur
99	Tuxpan	City Express	Managed	Jul-2015	108	Veracruz
100	Guadalajara Palomar	City Express Plus	Owned	Jul-2015	113	Jalisco
101	Guadalajara Aeropuerto	City Express	Managed	Nov-2015	118	Jalisco
102	Piedras Negras	City Express	Owned	Dec-2015	113	Coahuila
103	D.F. Periférico Sur	City Express Plus	Owned	Dec-2015	137	Ciudad de México
104	Monterrey San Jerónimo	City Express Plus	Owned	Dec-2015	149	Nuevo León
105	Playa del Carmen	City Express Suites	Co-Owned	Dec-2015	56	Quintana Roo
106	Silao	City Express Suites	Owned	Dec-2015	58	Guanajuato
					11,936	
2015						

Number	Hotel	Brand	Investment Scheme	Opening	Rooms	Location
107	Aguascalientes Centro	City Express Junior	Managed	Apr-2016	66	Aguascalientes
108	CD MX Aeropuerto	City Express	Managed	Apr-2016	98	Ciudad de México
109	San Luis Potosí Centro	City Express Junior	Owned	Apr-2016	128	San Luis Potosí
110	CDMX Alameda	City Express	Managed	Jul-2016	112	Ciudad de México
111	Reynosa Aeropuerto	City Express	Owned	Jul-2016	113	Tamaulipas
112	Tijuana	City Express Suites	Managed	Jul-2016	79	Baja California
113	Santiago Aeropuerto	City Express	Co-Owned	Aug-2016	142	Santiago, Chile
114	Toluca Zona Industrial	City Express Junior	Managed	Sep-2016	92	Estado de México
115	Rosarito	City Express	Owned	Sep-2016	113	Baja California
116	Zamora	City Express	Managed	Nov-2016	114	Michoacán
117	Mundo E	City Express Plus	Leased	Dec-2016	144	Estado de México
118	Bogotá Aeropuerto	City Express Plus	Owned	Dec-2016	120	Bogotá, Colombia
119	Bogotá Aeropuerto	City Express Junior	Owned	Dec-2016	116	Bogotá, Colombia
120	CDMX La Raza	City Express	Owned	Dec-2016	127	Ciudad de México
121	Merida Altabrisa	City Express Junior	Co-Owned	Dec-2016	106	Yucatán
122	Querétaro Torre II	City Express Suites	Owned	Dec-2016	44	Querétaro
123	CDMX	City Centro	Leased	Dec-2016	44	Ciudad de México
2016					13,694	
124	Celaya Galerías	City Express	Managed	Jan-2017	127	Guanajuato
125	San Luis Potosí Zona Industrial	City Express Junior	Managed	May-2017	122	San Luis Potosí
126	Puebla Angelópolis	City express junior	Co-Owned	Jul-2017	122	Puebla
127	Altamira	City Express	Co-Owned	Jul-2017	127	Tamaulipas
	Merida (Ampliación)	City Express	Co-Owned	Jul-2017	42	Yucatán
128	Puerto Vallarta	City Express Plus	Owned	Jul-2017	126	Jalisco
129	Medellín	City Express Plus	Owned	Sep-2017	141	Medellín, Colombia
130	Tuxtepec	City express junior	Managed	Sep-2017	105	Oaxaca
131	Tijuana Otay	City express	Co-Owned	Dec-2017	120	Baja California
132	León Centro de Convenciones	City express junior	Co-Owned	Dec-2017	137	Guanajuato
133	Monterrey Lindavista	City express	Managed	Dec-2017	130	Nuevo León
134	Oaxaca	City Centro	Co-Owned	Dec-2017	103	Oaxaca
135	León Centro de Convenciones	City Express Plus	Co-Owned	Dec-2017	132	Guanajuato
2017					15,228	
136	Tepic	City Express	Managed	Jan-2018	125	Nayarit
137	Atlixco	City Express	Franchise	Mar-2018	108	Puebla
138	Comitán	City Express	Managed	Apr-2018	105	Chiapas
139	Gustavo Baz	City Express	Franchise	Jun-2018	125	Ciudad de México
140	Cancun Aeropuerto	City Express Plus	Co-Owned	Oct-2018	120	Quintana Roo
141	Cancun Aeropuerto	City Express Suites	Co-Owned	Oct-2018	63	Quintana Roo
142	Interlomas	City Express Plus	Owned	Nov-2018	141	Estado de México
143	Tampico	City Express Plus	Co-Owned	Nov-2018	126	Tamaulipas
144	CDMX Sullivan	City Express Junior	Owned	Dec-2018	96	CDMX
145	Merida	City Express Plus	Co-Owned	Dec-2018	135	Yucatán
146	Ensenada	City express	Co-Owned	Dec-2018	127	Baja California
147	Ensenada	City Express Plus	Co-Owned	Dec-2018	134	Baja California
148	Tijuana	City Express Plus	Owned	Dec-2018	156	Baja California
2018					16,789	
149	CDMX Tlalpan	City Express	Managed	Feb-2019	96	CDMX
150	Tapachula	City Express	Owned	Mar-2019	117	Chiapas
151	CDMX La Villa	City Express	Managed	Apr-2019	106	CDMX
2019					17,108	