

Hoteles City Express Announces Results for Second Quarter

Mexico City, July 18, 2018 – Hoteles City Express S.A.B. de C.V. (BMV: HCITY) (“Hoteles City Express” or “the Company”), announced today its results for the second quarter of 2018 (“2Q18”). The figures have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and are presented in Mexican Pesos (“\$”).

Financial and Operating Highlights (2Q18)

- At the Chain level, Average Daily Rate (“ADR”) and Revenue per Available Room (“RevPAR”) increased by 3.2% and 1.7% in comparison with 2Q17, to \$969 and \$576, respectively. Chain occupancy in 2Q18 was 59.5%.
- Total Revenues were \$708.8 million, which represents a 16.3% increase with respect to the same quarter in 2017, primarily due to a 11.9% increase in the number of Occupied Room Nights at the Chain level, as well as a 1.7% increase in RevPAR
- Operating Income was \$142.8 million in 2Q18, an increase of 28.6% over the same quarter the year before.
- EBITDA and Adjusted EBITDA were \$236.3 million and \$235.5 million, respectively, reflecting year on year increases of 19.7% and 16.6%. EBITDA Margin and Adjusted EBITDA Margin for the period came to 33.3% and 33.2%, respectively.
- Net Income for the period reached \$69.1 million. Net Income margin was 9.7% for the quarter.
- At the close of the quarter, the Chain was operating 139 hotels, an increase of 14 new units compared to the 125 hotels operating at the close of the same period in 2017. The number of rooms in operation in 2Q18 was 15,691, an increase of 12.5% in comparison with 13,951 at the close of 2Q17.



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Operating and Financial Highlights	2Q18	2Q17	2Q18 vs 2Q17	6M18	6M17	6M18 vs 6M17
			% Change			% Change
Operating Statistics for the Chain						
Number of Hotels at the End of the Period	139	125	11.2%	139	125	11.2%
Number of Rooms at the End of the Period	15,691	13,951	12.5%	15,691	13,951	12.5%
Number of Installed Room Nights	1,413,978	1,264,080	11.9%	2,792,804	2,504,951	11.5%
Number of Occupied Room Nights	840,794	762,291	10.3%	1,644,596	1,452,065	13.3%
Average Occupancy Rate (%)	59.5%	60.3%	-84 bps	58.9%	58.0%	92 bps
ADR(\$)	969	940	3.2%	973	948	2.6%
RevPAR(\$)	576	567	1.7%	573	550	4.3%
Consolidated Financial Information (Thousands of Pesos)						
Total Revenues	708,759	609,341	16.3%	1,394,881	1,180,649	18.1%
Operating Income	142,767	111,032	28.6%	285,223	220,902	29.1%
Operating Income Margin	20.1%	18.2%	192 bps	20.4%	18.7%	174 bps
Adjusted EBITDA	235,519	201,932	16.6%	476,515	398,008	19.7%
Adjusted EBITDA Margin (%)	33.2%	33.1%	9 bps	34.2%	33.7%	45 bps
EBITDA	236,261	197,398	19.7%	473,114	391,159	21.0%
EBITDA Margin (%)	33.3%	32.4%	94 bps	33.9%	33.1%	79 bps
Net Income	69,090	44,212	56.3%	119,377	82,629	44.5%
Net Income Margin (%)	9.7%	7.3%	249 bps	8.6%	7.0%	156 bps

Adjusted EBITDA = Operating earnings + depreciation + amortization + non-recurring expenses (pre-opening expenditures of new hotels).

Comments by Luis Barrios, CEO of Hoteles City Express:

"With solid performance indicators, the opening of 14 hotels over the last 12 months and a diverse inventory of more than 15,600 rooms in 4 countries and more than 70 cities in Latin America, Hoteles City announces its second quarter 2018 results.

Our portfolio of hotels benefits from an appropriate mix of geographic, industrial, and market diversification, which allow us to continue to show results along the different economic corridors where we are present. In particular, the hotels located along the border and north corridors of Mexico, as well as within metropolitan markets, continue to perform well. As well, the hotels in the Gulf of Mexico and those within the hydrocarbon extraction areas are today registering more than 18 months of growth in RevPAR and delivering double-digit growth in this metric as compared to the same period of the previous year.

As a counterbalance, despite continuing to grow our chainwide RevPAR at healthy rates, which include a significantly higher base of comparison (more than 15% growth in the last 24 months), in this quarter we noted certain temporary effects in specific markets that marginally affected the performance of our portfolio, primarily that of our Established Hotels. We are confident that given the operational agility and commercial ability that we are known for, we will be able to reinforce the operational indicators of this portfolio and continue our strategy of market penetration in Mexico and the region in the coming months.

In terms of our financial indicators, Hoteles City Express again recorded profitable growth by expanding Total Revenues by more than 16% and Adjusted EBITDA by 17%, while continuing to show expansion in the operating leverage of our company. This is the result of completing the

deployment of our transformation and empowerment efforts across all levels of the organization, our culture of real time operations and decision-making and, our commercial and distribution advantages at the local level.

Regarding our Development Plan, during 2Q18 we opened the City Express Comitán hotel in Chiapas and City Express Gustavo Baz in the State of Mexico, both in Mexico. With these properties we are one step closer to achieving our openings goal for 2018.

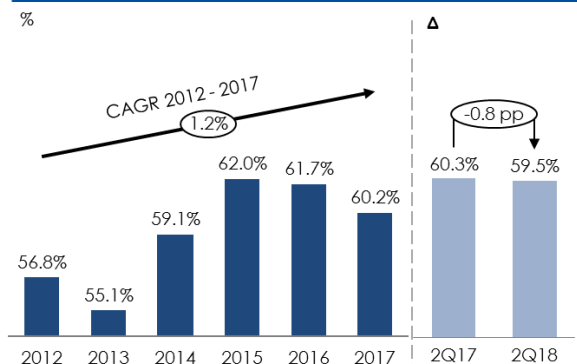
Finally, but no less importantly, on June 18 we announced the disbursement of an unsecured bank financing vehicle for \$1,200 million and the rescheduling of the initial public offering of Fibra STAY. With the disbursement of the line of credit, we have guaranteed the financing of the 2018-2020 development plan. We will continue to include the results of the FSTAY portfolio in our quarterly reports, so that we will be ready to execute the transaction in an agile manner as soon as the appropriate market conditions are in place. Given the current macroeconomic and geopolitical environment, we believe in hindsight that the decision to reschedule the offering preserved value and was in the best interest of all of our shareholders.

We are grateful for your continuing confidence and will continue working to consolidate our position as one the highest growth and most profitable companies in our industry in Latin America, investing to generate medium and long-term value. "

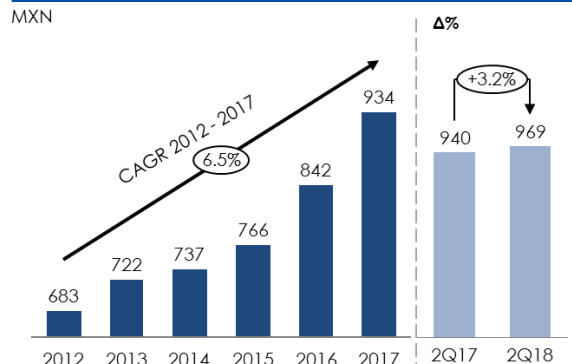
Operating Results: Hotel Chain

Chain occupancy for the second quarter of 2018 stood at 59.5%, while ADR grew by 3.7%, to \$969. These dynamics caused RevPAR for the Chain to register growth of 1.7% in comparison with the same period in 2017.

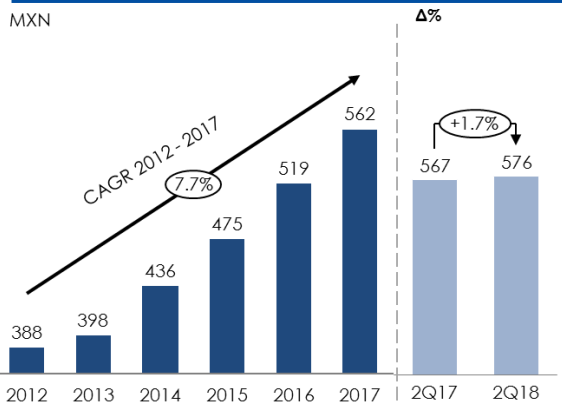
Occupancy



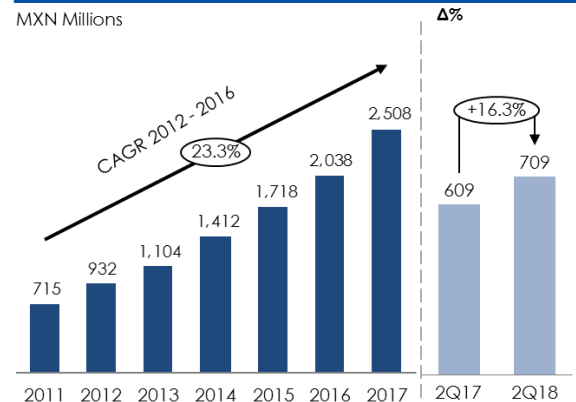
ADR



RevPAR

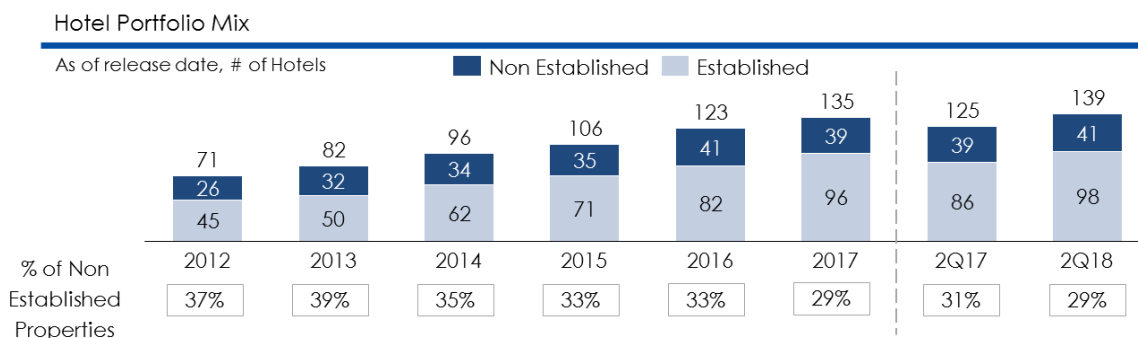


Total Consolidated Revenues



Operating Statistics: Established Hotels

To allow for an appropriate comparison of its hotels with similar maturity periods, Hoteles City Express defines as “Established Hotels” those hotels that, on a given date, have been in operation for a period of 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 levels of Occupancy, ADR, and RevPAR over time. Similarly, hotels classified as “Non-Established” are those that have less than 36 months of operation on a given date, and consequently are in a phase of market penetration, with greater potential for gains in RevPAR.



At the close of 2Q18, the Chain had 98 Established Hotels and 41 Non-Established Hotels

During the quarter, Established Hotels registered a mixed performance over the same period last year. The portfolio showed growth of 2.6% in its ADR, offset by a decline of 2.6 percentage points in occupancy. This is the direct result of certain temporary effects in specific markets that marginally effected the performance of our portfolio, particularly for 6 hotels in the country's central-eastern region. So far, the Company has not seen a deceleration in its overall portfolio owing to its geographic and industry diversification, and it is confident that the marginal retreat in occupancy can be reversed in coming months.

Established Hotels	2Q18	2Q17	Change 2Q28 vs 2Q27
Hotels	98	86	14.0%
Rooms	11,126	9,806	13.5%
Occupancy	61.6%	64.2%	-262 bps
ADR (\$)	940	917	2.6%
RevPAR (\$)	579	589	-1.6%

Results by Business Segment (Non-IFRS figures)

Hoteles City Express reports using IFRS. Certain revenues and inter-company expenses are therefore eliminated during the process of consolidation, primarily management fees and franchise royalties of hotels that are owned, co-owned, and leased. The table below presents Results by Business Segment prior to these eliminations.

Revenues by Segment (Thousands of Pesos)	2Q18	2Q17	2Q18 vs 2Q17	6M18	6M17	6M18 vs 6M17
			% Change			% Change
Hotel Operation	667,099	576,425	15.7%	1,311,600	1,115,772	17.6%
Hotel Management	193,836	160,681	20.6%	380,879	315,230	20.8%
Total	860,935	737,106	16.8%	1,692,479	1,431,003	18.3%

Revenues from the Hotel Operations segment increased 15.7%, from \$576.4 million in 2Q17 to \$667.1 million in 2Q18, due to a 10.3% increase in Occupied Room Nights and an 3.2% increase in ADR.

Revenues from Hotel Management rose 20.6% from \$160.7 million in 2Q17 to \$193.8 million in 2Q18, due to increased activity in Hotel Operations for the period, as well as an increase in revenues for supervision in the development of new hotels.

Total revenues for the combined segments increased 16.8%, from \$737.1 million in 2Q17 to \$860.9 million in 2Q18.

With the aim of demonstrating the potential of the Company's hotel inventory, Hoteles City Express publishes the results of the "FSTAY Portfolio" which includes the performance of 42 hotels that are 100% Company-owned, and which started operations before December 31, 2015. Although these hotels are not 100% established as the Company defines them, they exhibit performance characteristics similar to those that a hotel portfolio would have after its ramp-up phase.

A breakdown of results by portfolio type and business segment is shown below for the second quarter of 2018.

Summary of Non IFRS Financial Metrics 2Q18	FSTAY Portfolio	Non FSTAY Portfolio	Total Hotel Operation	Hotel Management	Non IFRS Total	IFRS Eliminations	Total IFRS
Hotels	42	59	101	139	139		139
Rooms	4,900	6,708	11,608	15,691	15,691		15,691
Occupancy	63.7%	55.0%	58.7%	59.5%	59.5%		59.5%
ADR	1,012	959	984	969	969		969
RevPAR	645	527	578	576	576		576
Total Revenues	300,710	366,389	667,099	193,836	860,935	(152,176)	708,759
General Costs and Expenses	(190,298)	(291,503)	(481,801)	(143,615)	(625,416)	152,176	(473,240)
Adjusted EBITDA	110,412	74,886	185,298	50,221	235,519	0	235,519
Margin	36.7%	20.4%	27.8%	25.9%	27.4%		33.2%
Other non recurrent expenses	0	742	742	0	742	0	742
EBITDA	110,412	75,628	186,040	50,221	236,261	0	236,261
Margin	36.7%	20.6%	27.9%	25.9%	27.4%		33.3%
Depreciation	(38,805)	(54,689)	(93,494)	0	(93,494)	0	(93,494)
Operating Income	71,607	20,939	92,547	50,221	142,767	0	142,767
Margin	23.8%	5.7%	13.9%	25.9%	16.6%		20.1%

FSTAY Portfolio occupancy was 63.7%, as compared to 55.0% for the Non-FSTAY Portfolio, 8.8 percentage points higher. At the same time, the average rate for the FSTAY Portfolio was 5.5% greater compared to the rate of \$959 for the Non-FSTAY Portfolio, while RevPAR shows a 22.4% variation in favor of the FSTAY Portfolio.

The FSTAY Portfolio's Adjusted EBITDA, for its part, was 47.4% higher than that of the Non-FSTAY Portfolio because of the stabilization process it is going through, and it is expected to reach an EBITDA margin between 38% and 42% when full stabilization is achieved.

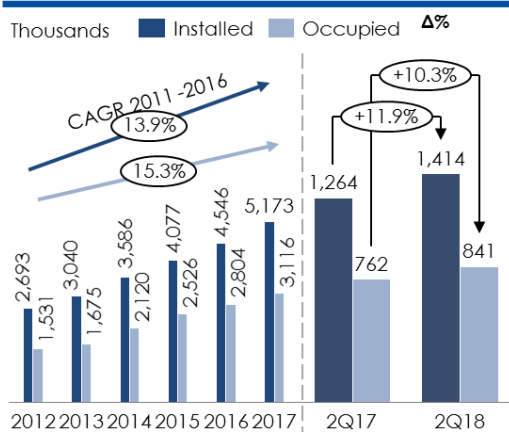
Consolidated Financial Results (IFRS Figures)

Income Statement Highlights (Thousands of Pesos)	2Q18	2Q17	2Q18 vs 2Q17	6M18	6M17	6M18 vs 6M17
			% Change			% Change
Rooms in Operation	15,691	13,951	12.5%	15,691	13,951	12.5%
Revenues from Hotel Operation	661,505	573,293	15.4%	1,301,537	1,110,358	17.2%
Revenues from Hotel Management	47,254	36,048	31.1%	93,344	70,291	32.8%
Total Revenues	708,759	609,341	16.3%	1,394,881	1,180,649	18.1%
Operating Income	142,767	111,032	28.6%	285,223	220,902	29.1%
Operating Income Margin	20.1%	18.2%	192 bps	20.4%	18.7%	174 bps
Adjusted EBITDA	235,519	201,932	16.6%	476,515	398,008	19.7%
Adjusted EBITDA Margin	33.2%	33.1%	9 bps	34.2%	33.7%	45 bps
EBITDA	236,261	197,398	19.7%	473,114	391,159	21.0%
EBITDA Margin	33.3%	32.4%	94 bps	33.9%	33.1%	79 bps
Net Income	69,090	44,212	56.3%	119,377	82,629	44.5%
Net Margin	9.7%	7.3%	249 bps	8.6%	7.0%	156 bps

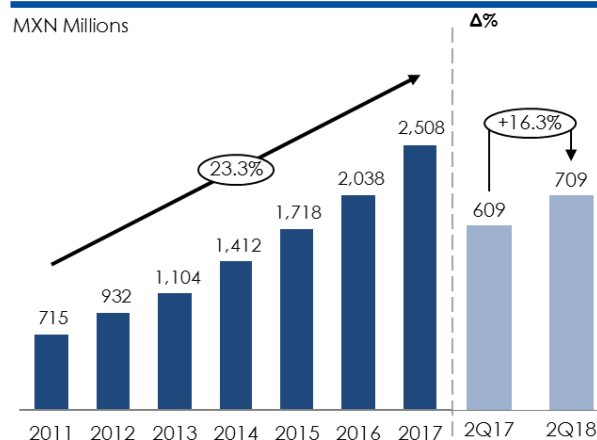
Revenues

In 2Q18, Total Revenues increased by 16.3%, from \$609.3 million in 2Q17 to \$708.8 million in 2Q18. This increase was primarily due to an 11.9% rise in the number of Installed Room Nights, due to the opening of 14 hotels, as well as a 3.2% increase in ADR, due to efforts to optimize the Company's installed capacity.

Installed and Occupied Room Nights



Total Consolidated Revenues



Costs and Expenses

Total Costs and Expenses rose 14.8%, from \$493.8 million in 2Q17 to \$566.7 million in 2Q18. This increase was primarily due to growth in Installed Room Nights and expenses on Selling and Administration, which registered \$111.8 million in 2Q18, a gain of 11.6% which is significantly less than revenues for hotel management showing the Company's potential for operating leverage.

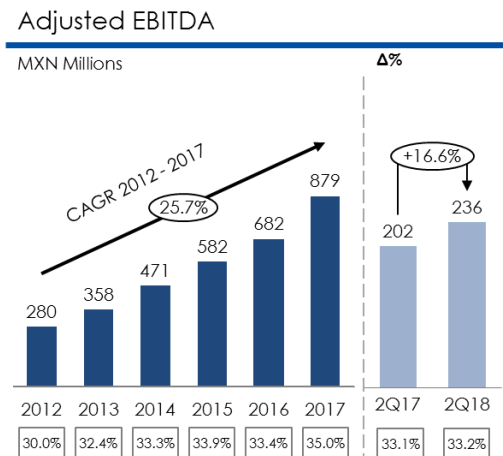
Operating Income

Operating Income for the second quarter of 2018 was \$142.8 million, compared to \$111.0 million reported for 2Q17, which represents a 28.6% increase for the period. Operating Income Margin, in turn, rose 192 bps from 18.2% in 2Q17 to 20.1% in 2Q18.

EBITDA and Adjusted EBITDA

In 2Q18, EBITDA and Adjusted EBITDA grew by 19.7% and 16.6%, respectively, compared to the second quarter of 2017. EBITDA reached \$236.3 million in 2Q18 and Adjusted EBITDA was \$235.5 million for the same period. This represents an EBITDA margin of 33.3% and Adjusted EBITDA margin of 33.2%.

Hoteles City Express calculates Adjusted EBITDA by adding Operating Income to 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, thereby facilitating an appropriate comparison of its consolidated performance during different periods by eliminating from its operating results the impact of specific, non-recurring expenses related to hotel openings



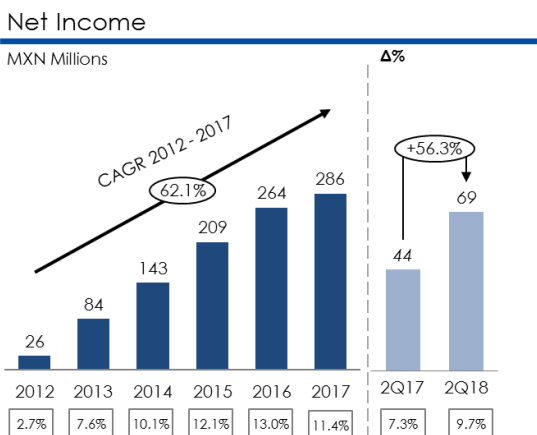
Financial Expenses

Total Financial expenses increased to \$56.4 million in 2Q18, due to: a) disbursement from bank financing lines in the last twelve months for hotel construction, b) financial products of lower cash balances, and c) increases in financial costs due to higher interest rates.

In the last 12 months, financial liabilities increased from \$2,516.5 million in 2Q17 to \$3,701.4 million in 2Q18, a growth of 47.1%. The position for cash and equivalents, in turn, went from \$1,393.4 million in 2Q17 to \$1,586.0 million in 2Q18, a 13.8% increase as a result of the disbursement of credit lines for the construction of hotels. The combination of these variables led net financing cost¹ to rise from \$37.6 million in 2Q17 to \$49.6 million in 2Q18. Finally, the net foreign exchange result for 2Q18 showed a loss of \$6.8 million resulting from the valuation of capital participations of our subsidiaries in Chile and Colombia, and it should be noted that this effect does not entail any cash outflow.

As of June 30, 2018, Hoteles City Express had a Total Debt to Total Asset ratio of 28.0% and a Net Debt to EBITDA ratio of 2.2x. Moreover, the Company is up to date with all of its financial obligations.

Net Income



Net Income in 2Q18 stood at \$69.1 million, compared to Net Income of \$44.2 million reported for the same quarter last year. Majority Net Income registered \$71.7 million.

¹ Net Finance Cost is calculated as Interest paid minus Interest earned.

Financial Position and Leverage

Balance Sheet Highlights <i>(Thousands of Pesos)</i>	As of June 30, 2018	As of December 31, 2017	June 30, 2018 vs December 31, 2017
			% Change
Cash and Equivalents	1,585,961	1,190,624	33.2%
Financial Debt ⁽¹⁾	3,681,252	2,714,774	35.6%
Net Debt	2,095,290	1,524,150	37.5%

1. Does not include interest due on \$20.2 million as of June 30, 2018 and on \$13.7 million as of December 31, 2017.

At the close of 2Q18, the Company had \$1,586.0 million in Cash and equivalents, a 33.2% increase compared to the close of December 2017, due to the disbursement of credit lines for hotel development, particularly the arrangement executed in June of this year aimed at ensuring funding for the 2018 – 2020 development plan.

Debt to financial institutions net of interest rose 35.6% as compared to the close of December 2017, and went up to \$3.681 billion, of which \$108.1 million fall due in the next twelve months, and \$224.7 million are in Chilean pesos. During the second quarter of 2018, the Company paid out \$528.4 million for amortizations and disbursed \$1.65 billion from credit lines. In case of need, the Company has credit lines backed up by financial institutions, and funds available for disbursement on the order of \$1.2 billion.

At the close of the quarter ending on June 30, 2018, the Company had Net Debt of \$2.095 billion, as compared to the figure registered at the close of December 31, 2017 for \$1.5242 billion.

Breakdown of Productive Fixed Assets

In anticipation of expected future growth, the Company includes various layers of assets that comprise its Total Assets.

At the close of the quarter, the Company had a land bank with an approximate historical cost of \$381.9 million, as well as Construction in Progress, Refurbishments and land related to those constructions for more than \$1.459 billion. Productive assets or Gross Assets related to hotels in operation reached \$8.895 billion. Of Productive assets at the close of 2Q18, 71% of all operating properties were Established Hotels, and the remaining 29% were Non-Established properties.

Cash Flow Generation and Use of Share Repurchase Program

In 2Q18 Hoteles City Express generated \$139.0 million in Cash Flow Net of Operating Activities. The Company invested \$447.8 million in payments of property, equipment, and leasehold improvements, as compared with \$278.4 million invested under the same heading in 2Q18, and obtained net financing flows of \$1.072 billion versus negative flows of \$3.5 million registered in 2Q17.

In 2Q18 the Company allocated \$10.7 million to its share repurchase fund, an amount representing approximately 423,000 shares.

It should be noted that the shares acquired through the buyback fund continue to be part of total shares in circulation, and that this number of shares in circulation has not been reduced or modified since the cancelation of shares at the last annual shareholders' assembly. Furthermore, due to the method used to record these shares, the Company is able to sell them on the market without any restrictions whatsoever, and at the price determined on each trading day.

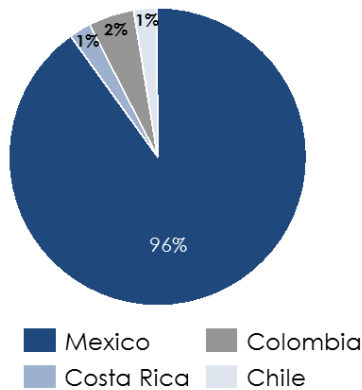
Portfolio of Hotel Assets

As of now, Hoteles City Express has a portfolio of 139 hotels with a presence in 30 states and 68 cities in Mexico, as well as four hotels in Colombia, one hotel in Costa Rica, and one in Chile. Below is a breakdown of Hoteles City Express' portfolio:

Hotel Portfolio by Geographic Location

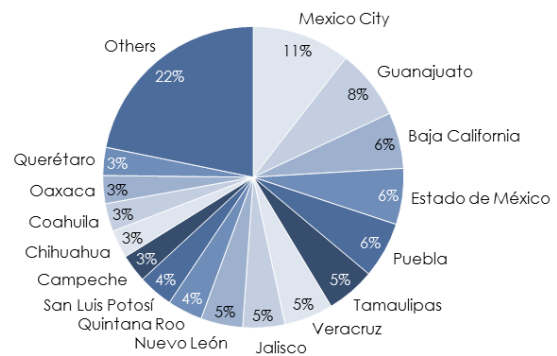
By Country

As of release date



Mexico

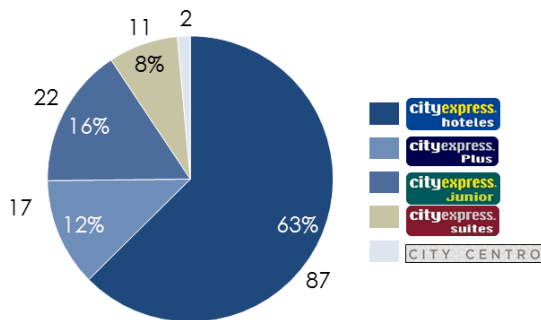
As of release date



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

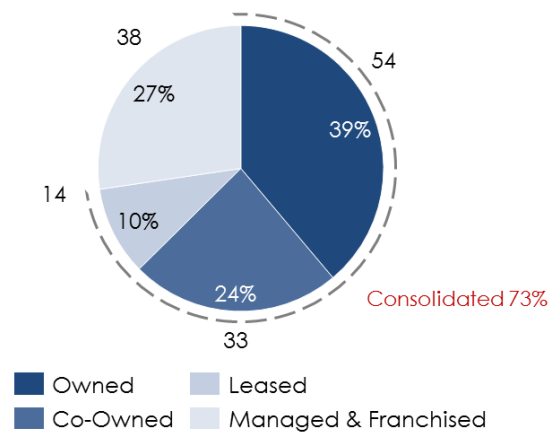
Hotel Portfolio by Brand

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



Hotel Portfolio by Ownership

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

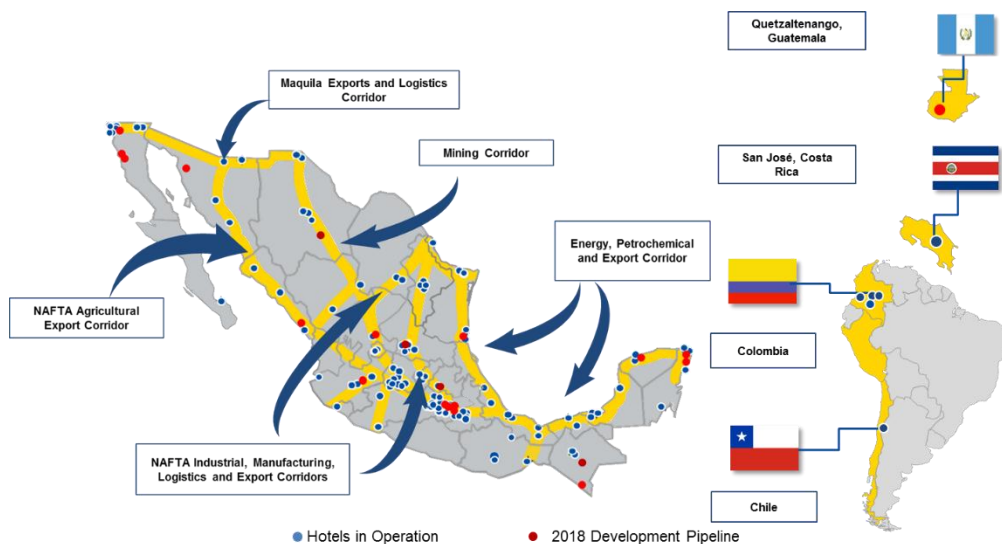


Hotel Development

Hoteles City Express' development plan focuses on areas characterized by attractive demand-generating market dynamics. Currently, we have more than 35 projects in different stages of development and at advanced stages of permitting and licensing, mainly in Mexico.

The Company expects to open more than 2,100 rooms in 18 new units in the next 12 months. The following table shows the status of the Development Plan as of now.

Hotel Number	Development Pipeline	Hotel	Brand	Investment Scheme	Opening	Rooms	Location	Development Stage
Opened Hotels								
136	1	Ce Tepic	City express	Franchise	1Q18	125	Nayarit	Open
137	2	Ce Atlixco	City express	Franchise	1Q18	108	Puebla	Open
138	3	Ce Comitán	City express	Managed	2Q18	105	Chiapas	Open
139	4	Ce Gustavo o Baz	City express	Managed	2Q18	125	Estado de México	Open
Owned and Co-Owned Properties								
140	5	CP Mérida	City express Plus	Co-Owned	3Q18	135	Yucatán	Under Construction
141	6	CP Interlomas	City express Plus	Owned	3Q18	141	Estado de México	Under Construction
142	7	CC San Luis Potosí	City Centro	Owned	4Q18	70	San Luis Potosí	Under Construction
143	8	Cj CDMX Sullivan	City express junior	Owned	4Q18	96	Ciudad de México	Under Construction
144	9	Ce Ensenada	City express	Co-Owned	4Q18	127	Baja California	Under Construction
145	10	CP Tampico	City express Plus	Co-Owned	4Q18	122	Tamaulipas	Under Construction
146	11	CP Cancún Health City	City express Plus	Co-Owned	4Q18	122	Quintana Roo	Under Construction
147	12	CS Cancún Health City	City express Suites	Co-Owned	4Q18	66	Quintana Roo	Under Construction
148	13	CP Ensenada	City express Plus	Co-Owned	4Q18	134	Baja California	Under Construction
149	14	Ce Tapachula	City express	Owned	4Q18 / 1Q19	116	Chiapas	Under Construction
150	15	CP Tijuana	City express Plus	Owned	4Q18 / 1Q19	154	Baja California	Under Construction
151	16	CP Guadalajara Providencia	City express Plus	Owned	4Q18 / 1Q19	155	Jalisco	Under Construction
Hotels Under Management and Franchise Contracts								
152	17	CP Chihuahua	City express Plus	Managed	4Q18	121	Chihuahua	Under Construction
153	18	Ce CDMX La Villa	City express	Managed	4Q18 / 1Q19	106	Ciudad de México	Under Construction
Total						2,128		



Environmental, Social and Economic Sustainability

Hoteles City Express has the following Sustainability Policy:

“To be a catalyst of positive economic, social and environmental impacts in each one of the communities where we operate, incorporating innovation and comprehensive development thereof through long-term value creation.”

All of Hoteles City Express' hotels are built to comply with international certification standards. The following are among the most important sustainability and social responsibility certifications and awards granted to Hoteles City Express:

- **LEED-EB-O&M Certification:** Granted by the United States Green Building Council (USGBC). To date, the following hotels currently have this certification: LEED Gold for the hotels City Express Reynosa, City Express Saltillo and City Express León, LEED Silver for the hotels City Express San Luis Potosí, City Express Puebla Centro, City Express Monterrey Santa Catarina, City Express Playa del Carmen, City Express Puebla Angelópolis, 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):** A certification system created by the World Bank International Financial Corporation (IFC). Hoteles City Express was the first company in the world to receive green building EDGE certification for its Hotel City Express Villahermosa. This certification was also awarded to City Express Santa Fe, City Express Durango, City Express Queretaro Jurica, City Express Costa Rica and City Suites Santa Fe. In January 2015, we obtained 3 additional certifications for City Express Junior Ciudad del Carmen, City Express Irapuato Norte, and City Express Junior Puebla Autopista hotels, with estimated savings of 50% for energy, 45% for water use, and 36% for efficiency of construction materials compared to similar properties.
- **Biosphere Responsible Tourism Certification:** Created by the Responsible Tourism Institute (ITR), Hoteles City Express was awarded this certification as the first company in the world to certify all hotels within its chain. Currently 65 hotels are certified.
- **Distintivo Hotel Hidro Sustentable:** Recognition granted by members of the Alianza por la Sustentabilidad Hídrica en el Turismo, which encourages best environmental practices in the use and care of water, as well as the application of Mexican law. Hoteles City Express has won this award at 10 hotels: City Express Plus Insurgentes Sur, City Express Plus Patio Universidad, City Express El Ángel Reforma, City Express Plus EBC Reforma, City Express Buenavista, City Express Campeche, City Express Cd. Del Carmen, City Express Mérida, City Express Villahermosa and City Express Paraíso Tabasco.

- Distintivo "S"-Garantía de Sustentabilidad: The Secretary of Tourism in collaboration with *EarthCheck* and *Rainforest Alliance* recognizes *Hoteles City Express* for good sustainable practices subject to sustainability criteria established by the World Tourism Organization (WTO). Eight hotels have won this distinction: City Express Mérida, City Express Suites Puebla Autopista, City Express San Luis Potosí Universidad, City Express Irapuato Sur, City Express Suites Anzures, City Express Manzanillo, City Express Cananea and City Express Zacatecas.
- Distintivo Empresa Socialmente Responsable: A badge granted by the Centro Mexicano para la Filantropía ranking *Hoteles City Express* as one of the best evaluated companies for corporate governance, company quality of life, environmental commitment, and social engagement in Mexico, with a score placing it 35% higher than all other applications submitted for the third consecutive year.
- Adherence to the UN Global Compact: By complying with the UN Global Compact, the Company has joined a global commitment to ten universally accepted principles related to human rights, labor standards, environmental conservation, and anti-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 120 properties that have signed and implemented the code of conduct, undertaking to perform actions to prevent the 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 generate value for society and increase social and economic well-being within the communities. The Company therefore focuses on initiatives related to entrepreneurship and social cohesion that generate sustainable long-term benefits.

Along these lines, *Hoteles City Express* recently launched an initiative in northern Mexico to employ hearing impaired staff, reflecting the Company's focus on being a factor for change and improvement in those countries where we have a presence. For more information on *Hoteles City Express* initiatives, please visit: www.cityexpress/en/sustainability

Conference Call Details:

Hoteles City Express will host a conference call to discuss these results:

Date: Thursday, July 19, 2018
Time: 11:00 am Eastern time / 10:00 am Mexico City time
Dial-in: 1-888-317-6003 (from within the U.S.) / 1-412-317-6061 (outside the U.S.)
001-866-6754-929 (toll-free from within Mexico)
Passcode: 2967100
Webcast: <https://services.choruscall.com/links/hcity180719.html>

Conference Replay will be available for 30 days:

U.S.: 1-877-344-7529/ *International:* 1-412-317-0088
Passcode: 1012616

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. Founded 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 139 hotels located in Mexico, Costa Rica, Chile and Colombia, 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;" furthermore, in October of 2014, Hoteles City Express completed a follow on with the aim of accelerating its growth in new hotels in the short- and medium-term.

HCITY has formal coverage, notes and analytical assessments by the following financial institutions and analysts: Actinver (Pablo Duarte), Bank of America Merrill Lynch (Carlos Peyrelongue), Citigroup (Alejandro Lavín), GBM (Héctor Vázquez Montoya), ITAU BBA (Enrico Trotta), J.P. Morgan (Adrián Huerta), Morgan Stanley (Nikolaj Lippman), Santander (Cecilia Jiménez), Signum Research (Armando Rodriguez) and UBS (Marimar Torreblanca).

For further information, please visit our website: <https://cityexpress.com/en/investors/>

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 or current achievements of the Company to be materially different with respect to any future result, performance or accomplishment of the Company that might be included, expressly or implicitly, within such forward-looking statements, including, among other things: changes in general economic and/or political conditions, governmental and commercial changes at the global level and in the countries in which 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 could differ 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-

Statement of Consolidated Results

Consolidated Income Statement (Thousands of Pesos)	2Q18	2Q17	2Q18 vs 2Q17	6M18	6M17	6M18 vs 6M17
			% Change			% Change
Total Revenues						
Revenues from Hotel Operation	661,505	573,293	15.4%	1,301,537	1,110,358	17.2%
Revenues from Hotel Management	47,254	36,048	31.1%	93,344	70,291	32.8%
Total Revenues	708,759	609,341	16.3%	1,394,881	1,180,649	18.1%
Costs and expenses						
Hotel operating costs and expenses	361,408	307,171	17.7%	697,004	588,692	18.4%
Selling and administrative expenses	111,832	100,238	11.6%	221,362	193,949	14.1%
Depreciation and amortization	93,494	86,366	8.3%	187,891	170,257	10.4%
Total Costs and Expenses	566,734	493,775	14.8%	1,106,257	952,898	16.1%
Expenses assoc. with new hotel openings	(742)	4,533	(116.4%)	3,401	6,849	(50.3%)
Other (income) / Non-recurring expenses	0	0	NM	0	0	NM
Total	(742)	4,533	(116.4%)	3,401	6,849	(50.3%)
Operating Income	142,767	111,032	28.6%	285,223	220,902	29.1%
<i>Operating Income Margin (%)</i>	20.1%	18.2%	192 bps	20.4%	18.7%	174 bps
Adjusted EBITDA	235,519	201,932	16.6%	476,515	398,008	19.7%
<i>Adjusted EBITDA Margin (%)</i>	33.2%	33.1%	9 bps	34.2%	33.7%	45 bps
EBITDA	236,261	197,398	19.7%	473,114	391,159	21.0%
<i>EBITDA Margin (%)</i>	33.3%	32.4%	94 bps	33.9%	33.1%	79 bps
Finance income	(17,752)	(10,673)	66.3%	(23,335)	(21,318)	9.5%
Finance costs	67,339	48,304	39.4%	123,735	94,598	30.8%
Exchange result, net	6,818	19,484	(65.0%)	35,602	46,856	(24.0%)
Financial Expenses	56,405	57,115	-1.2%	136,002	120,136	13.2%
Profit before income tax	86,362	53,916	60.2%	149,221	100,766	48.1%
Income tax expense	17,272	9,704	78.0%	29,844	18,137	64.5%
Net Income for the Period	69,090	44,212	56.3%	119,377	82,629	44.5%
Net Majority Income	71,728	53,450	34.2%	119,820	94,144	27.3%

Statements of Consolidated Financial Position

Consolidated Balance Sheet (Thousands of Pesos)	As of June 30, 2018	As of December 31, 2017	June 30, 2018 vs December 31, 2017
			% Change
Cash and equivalents	1,585,961	1,190,624	33.2%
Trade receivables, net	237,772	147,224	61.5%
Recoverable taxes	293,928	289,639	1.5%
Prepaid expenses	169,998	80,972	109.9%
Total Current Assets	2,287,659	1,708,459	33.9%
Property, equipment and leasehold improvements	10,736,307	10,132,500	6.0%
Guarantee deposits	2,898	2,898	0.0%
Other assets	24,592	26,325	(6.6%)
Deferred income tax	158,870	162,192	(2.0%)
Total Long Term Assets	10,922,667	10,323,915	5.8%
Total Assets	13,210,326	12,032,374	9.8%
Liabilities			
Current Liabilities:			
Bank loans and accrued interests	128,329	129,070	(0.6%)
Trade accounts payable	146,065	149,320	(2.2%)
Other taxes and accrued expenses	243,495	188,719	29.0%
Income tax payable	18,969	52,057	(63.6%)
Direct employee benefits	18,777	22,668	(17.2%)
Total Current Liabilities	555,635	541,834	2.5%
Long-term debt	3,573,114	2,599,451	37.5%
Deferred revenues	14,187	11,487	23.5%
Other Liabilities	165,005	207,302	(20.4%)
Employee benefits	3,231	2,724	18.6%
Derivative financial instruments	2,798	6,608	(57.7%)
Deferred income tax	237,905	243,419	(2.3%)
Total Long Term Liabilities	3,996,241	3,070,993	30.1%
Total Liabilities	4,551,874	3,612,827	26.0%
Equity			
Equity Attributable to the Owners of the Entity			
Issued capital	5,927,665	5,932,629	(0.1%)
Retained earnings	1,636,644	1,516,824	7.9%
Other Comprehensive Income	78,807	55,426	42.2%
Total Equity Attributable to the Owners of the Entity	7,643,116	7,504,879	1.8%
Non-controlling interests	1,015,335	914,668	11.0%
Total Equity	8,658,451	8,419,547	2.8%
Total Liabilities + Equity	13,210,326	12,032,374	9.8%

Statements of Consolidated Cash Flow

Consolidated Cash Flow Statement (Thousands of Pesos)	2Q18	2Q17	6M18	6M17
Profit before income tax	86,362	53,917	149,221	100,766
Operating Activities				
Depreciation	93,494	86,366	187,891	170,257
Loss on disposal of equipment	258	160	281	1,310
Finance income	(17,752)	(10,673)	(23,335)	(21,318)
Finance costs	67,339	48,304	123,735	94,598
(Gain) Loss on Valuation of Financial Instruments	(2,093)	144	(1,414)	2,149
Expenses Related to Payments Based on Stocks	4,269	11,025	8,537	7,350
Unrealized foreign currency fluctuations	(10,786)	(26,845)	(34,405)	(66,578)
	<u>221,091</u>	<u>162,398</u>	<u>410,511</u>	<u>288,534</u>
Changes in Working Capital:				
Trade receivables	(41,445)	(20,113)	(107,275)	(44,178)
Recoverable taxes	7,247	(8,082)	(4,289)	(22,711)
Prepaid expenses, net	(54,654)	9,678	(89,024)	(25,653)
Trade and other payables	(7,622)	(41,916)	(3,255)	20,944
Accrued Expenses, others and taxes to be paid	21,970	(2,502)	57,475	48,206
Employee benefits	(1,715)	2,518	(3,383)	5,171
Income tax and business flat tax paid	(5,909)	(9,358)	(11,659)	(18,952)
Net Cash Flows from Operating Activities	<u>138,963</u>	<u>92,622</u>	<u>249,101</u>	<u>251,361</u>
Investing Activities:				
Payments for property, equipment and leasehold	(477,820)	(278,379)	(839,388)	(678,985)
Other assets	0	(1,388)	1,732	(2,777)
Finance income received	17,752	10,673	23,335	21,318
Net Cash Flows used in Investing Activities	<u>(460,068)</u>	<u>(269,094)</u>	<u>(814,321)</u>	<u>(660,444)</u>
Financing Activities:				
Proceeds from the issuance of equity instruments	4,269	20,758	8,537	24,435
Proceeds from contributions rec. from non-controlling interests	44,362	(3,927)	109,695	4,725
Non Controlling Interest decrease	0	0	(35,524)	0
Non Controlling Interest Dividends	(7,584)	(6,500)	(8,584)	(6,500)
Proceeds for future capital increases	0	10,799	0	2,205
Repurchase of shares	(10,667)	(6,721)	(13,502)	(17,143)
Finance cost paid	(79,175)	(55,563)	(130,178)	(97,462)
Proceeds from short- and long-term borrowings	1,650,000	108,000	1,704,000	108,000
Repayment of borrowings	(528,389)	(70,326)	(703,117)	(123,638)
Net Cash Flows used in Financing Activities	<u>1,072,815</u>	<u>(3,481)</u>	<u>931,328</u>	<u>(105,379)</u>
Net increase (decrease) in cash and equivalents	751,711	(179,953)	366,108	(514,461)
Cash at the beginning of the period	835,774	1,560,756	1,190,624	1,854,626
Effects of exchange rate changes on the balance of cash held in foreign currencies and effects of balances of foreign	(1,524)	12,617	29,229	53,255
Cash at the End of the Period	<u>1,585,961</u>	<u>1,393,420</u>	<u>1,585,961</u>	<u>1,393,420</u>

Hotel Inventory

Number	Hotel	Brand	Investment Scheme	Opening	Rooms	Location
1	Saltillo	City Express	Owned	May-03	120	Coahuila
2	San Luis	City Express	Owned	Jul-03	120	San Luis Potosí
3	Monterrey Santa Catarina	City Express	Owned	Oct-03	105	Nuevo León
4	Querétaro	City Express	Owned	Nov-03	121	Querétaro
5	León	City Express	Owned	Dec-03	120	Guanajuato
					586	
6	Anzures	City Express Suites	Leased	Apr-04	26	Ciudad de México
7	Puebla	City Express	Owned	May-04	124	Puebla
8	Nuevo Laredo	City Express	Managed	Aug-04	107	Tamaulipas
9	Ciudad Juárez	City Express	Owned	Oct-04	114	Chihuahua
10	Irapuato	City Express	Owned	Nov-04	104	Guanajuato
					1,061	
11	Reynosa	City Express	Co-Owned	Feb-05	104	Tamaulipas
12	Cancun	City Express	Leased	Mar-05	128	Quintana Roo
13	Tepatitlán	City Express	Managed	Apr-05	80	Jalisco
14	Tuxtla Gutiérrez	City Express	Franchise	Dec-05	124	Chiapas
15	Querétaro	City Express Suites	Owned	Dec-05	45	Querétaro
					1,542	
16	Chihuahua	City Express	Franchise	Mar-06	104	Chihuahua
17	Guadalajara	City Express Plus	Owned	Jul-06	145	Jalisco
18	Tampico	City Express	Co-Owned	Nov-06	124	Tamaulipas
19	Mexicali	City Express	Owned	Dec-06	117	Baja California
20	Toluca	City Express	Owned	Dec-06	141	Estado de México
					2,173	
21	EBC Reforma	City Express	Owned	Jan-07	70	Ciudad de México
22	Hermosillo	City Express	Co-Owned	Apr-07	120	Sonora
23	Celaya	City Express	Leased	May-07	104	Guanajuato
24	Insurgentes Sur	City Express Plus	Owned	Jul-07	159	Ciudad de México
25	Coatzacoalcos	City Express	Co-Owned	Aug-07	118	Veracruz
26	Tepozotlán	City Express	Leased	Dec-07	109	Estado de México
					2,853	
27	Toluca	City Express Junior	Leased	Feb-08	106	Estado de México
28	Mazatlán	City Express	Managed	Jun-08	110	Sinaloa
29	Morelia	City Express	Franchise	Jul-08	60	Michoacán
30	Lázaro Cárdenas	City Express	Owned	Nov-08	119	Michoacán
31	Puebla Angelópolis	City Express	Co-Owned	Nov-08	118	Puebla
32	Tijuana Río	City Express	Managed	Dec-08	131	Baja California
33	Silao	City Express	Owned	Dec-08	121	Guanajuato
34	Toluca	City Express Suites	Owned	Dec-08	91	Estado de México
35	Monterrey Aeropuerto	City Express	Owned	Dec-08	130	Nuevo León
					3,839	
36	El Angel	City Express Plus	Owned	Jan-09	137	Ciudad de México
37	Mexicali	City Express Junior	Owned	Feb-09	104	Baja California
38	Chihuahua	City Express Junior	Franchise	Mar-09	105	Chihuahua
39	Tula	City Express	Managed	Mar-09	103	Hidalgo
40	Los Mochis	City Express	Owned	Jun-09	124	Sinaloa
41	Zacatecas	City Express	Managed	Jun-09	109	Zacatecas
42	Tijuana Otay	City Express Junior	Co-Owned	Jun-09	134	Baja California
43	Veracruz	City Express	Leased	Sep-09	124	Veracruz
44	Saltillo Sur	City Express	Owned	Dec-09	107	Coahuila
45	Cancun	City Express Junior	Leased	Nov-09	106	Quintana Roo
					4,992	
46	Tlaquepaque	City Express Junior	Leased	Feb-10	107	Jalisco
47	Ciudad Juárez	City Express Junior	Owned	Mar-10	128	Chihuahua
48	Poza Rica	City Express	Co-Owned	Mar-10	118	Veracruz
49	Nogales	City Express	Owned	Nov-10	109	Sonora
50	San Luis Univ.	City Express	Co-Owned	Dec-10	109	San Luis Potosí
					5,563	

Number	Hotel	Brand	Investment Scheme	Opening	Rooms	Location
51	Minatitlán	City Express	Co-Owned	Mar-11	109	Veracruz
52	Mérida	City Express	Co-Owned	Apr-11	124	Yucatán
53	Torreón	City Express	Managed	May-11	115	Coahuila
54	Culiacan	City Express	Co-Owned	Jun-11	133	Sinaloa
55	Veracruz	City Express Junior	Leased	Jul-11	104	Veracruz
56	Aguascalientes	City Express	Owned	Aug-11	123	Aguascalientes
57	Buenavista	City Express	Managed	Sep-11	103	Ciudad de México
58	Playa del Carmen	City Express	Co-Owned	Sep-11	135	Quintana Roo
59	Puebla Autopista	City Express	Co-Owned	Oct-11	108	Puebla
60	Tuxtla Gutierrez	City Express Junior	Leased	Oct-11	106	Chiapas
61	Manzanillo	City Express	Owned	Nov-11	116	Colima
62	Ciudad del Carmen	City Express	Co-Owned	Dec-11	129	Campeche
					6,968	
2011						
63	Ciudad Obregon	City Express	Owned	Jan-12	120	Sonora
64	Campeche	City Express	Owned	Apr-12	110	Campeche
65	San Luis Potosí	City Express Suites	Managed	Jul-12	120	San Luis Potosí
66	Villahermosa	City Express	Owned	Jul-12	155	Tabasco
67	Queretaro Jurica	City Express	Co-Owned	Sep-12	135	Querétaro
68	Durango	City Express	Co-Owned	Oct-12	120	Durango
69	San José	City Express	Owned	Nov-12	134	Costa Rica
70	Xalapa	City Express	Managed	Dec-12	126	Veracruz
71	Tijuana Insurgentes	City Express	Owned	Dec-12	127	Baja California
					8,115	
2012						
72	Chetumal	City Express	Leased	Mar-13	109	Quintana Roo
73	Santa fe	City Express Plus	Co-Owned	Jun-13	159	Ciudad de México
74	Santa fe	City Express Suites	Co-Owned	Aug-13	39	Ciudad de México
75	Oaxaca	City Express	Managed	Oct-13	103	Oaxaca
76	Salina Cruz	City Express	Managed	Oct-13	116	Oaxaca
77	Patio Universidad	City Express Plus	Owned	Dec-13	124	Ciudad de México
78	La Paz	City Express	Owned	Dec-13	124	Baja California Sur
79	Puebla Autopista	City Express Junior	Co-Owned	Dec-13	113	Puebla
80	Cali	City Express Plus	Owned	Dec-13	127	Colombia
81	Cananea	City Express	Co-Owned	Dec-13	98	Sonora
82	Irapuato Norte	City Express	Co-Owned	Dec-13	122	Guanajuato
					9,349	
2013						
83	Cd. Del Carmen Isla de Tris	City Express Junior	Managed	Feb-14	109	Campeche
84	Cd. Del Carmen Aeropuerto	City Express Junior	Co-Owned	Feb-14	124	Campeche
85	Tehuacan Puebla	City Express	Managed	Mar-14	108	Puebla
86	Dos Bocas Tabasco	City Express	Co-Owned	May-14	108	Tabasco
87	Monterrey Norte	City Express	Managed	Aug-14	115	Nuevo León
88	D.F. Central de Abastos	City Express	Leased	Sep-14	135	Ciudad de México
89	Puebla Autopista	City Express Suites	Co-Owned	Sep-14	72	Puebla
90	Apizaco	City Express	Managed	Sep-14	104	Tlaxcala
91	Cd Victoria	City Express	Managed	Oct-14	108	Tamaulipas
92	Satélite	City Express Plus	Franchise	Oct-14	89	Ciudad de México
93	Monterrey Nuevo Sur	City Express Plus	Owned	Dec-14	138	Nuevo León
94	Matamoros	City Express	Owned	Dec-14	113	Tamaulipas
95	Salamanca	City Express	Owned	Dec-14	113	Guanajuato
96	Villahermosa	City Express Junior	Owned	Dec-14	136	Tabasco
					10,921	
2014						
97	Los Cabos	City Express Plus	Owned	Apr-15	135	Baja California Sur
98	Los Cabos	City Express Suites	Owned	Apr-15	28	Baja California Sur
99	Tuxpan	City Express	Managed	Jul-15	108	Veracruz
100	Guadalajara Palomar	City Express Plus	Owned	Jul-15	113	Jalisco
101	Guadalajara Aeropuerto	City Express	Managed	Nov-15	118	Jalisco
102	Piedras Negras	City Express	Owned	Dec-15	113	Coahuila
103	D.F. Periférico Sur	City Express Plus	Owned	Dec-15	137	Ciudad de México
104	Monterrey San Jerónimo	City Express Plus	Owned	Dec-15	149	Nuevo León
105	Playa del Carmen	City Express Suites	Co-Owned	Dec-15	56	Quintana Roo
106	Silao	City Express Suites	Owned	Dec-15	58	Guanajuato
					11,936	
2015						

Number	Hotel	Brand	Investment Scheme	Opening	Rooms	Location
107	Aguascalientes Centro	City Express Junior	Managed	Apr-16	66	Aguascalientes
108	CD MX Aeropuerto	City Express	Managed	Apr-16	98	Ciudad de México
109	San Luis Potosí Centro	City Express Junior	Owned	Apr-16	128	San Luis Potosí
110	CDMX Alameda	City Express	Managed	Jul-16	112	Ciudad de México
111	Reynosa Aeropuerto	City Express	Owned	Jul-16	113	Tamaulipas
112	Tijuana	City Express Suites	Managed	Jul-16	79	Baja California
113	Santiago Aeropuerto	City Express	Co-Owned	Aug-16	142	Santiago, Chile
114	Toluca Zona Industrial	City Express Junior	Managed	Sep-16	92	Estado de México
115	Rosarito	City Express	Owned	Sep-16	113	Baja California
116	Zamora	City Express	Managed	Nov-16	114	Michoacán
117	Mundo E	City Express Plus	Leased	Dec-16	144	Estado de México
118	Bogotá Aeropuerto	City Express Plus	Owned	Dec-16	120	Bogotá, Colombia
119	Bogotá Aeropuerto	City Express Junior	Owned	Dec-16	116	Bogotá, Colombia
120	CDMX La Raza	City Express	Owned	Dec-16	127	Ciudad de México
121	Mérida Altabrisa	City Express Junior	Co-Owned	Dec-16	106	Yucatán
122	Querétaro Torre II	City Express Suites	Owned	Dec-16	44	Querétaro
123	CDMX	City Centro	Leased	Dec-16	44	Ciudad de México
					13,694	
124	Celaya Galerías	City Express	Managed	Jan-17	127	Guanajuato
125	San Luis Potosí Zona Industrial	City Express Junior	Managed	May-17	122	San Luis Potosí
126	Puebla Angelópolis	City express junior	Co-Owned	Jul-17	122	Puebla
127	Altamira	City Express	Co-Owned	Jul-17	127	Tamaulipas
	Mérida (Ampliación)	City Express	Co-Owned	Jul-17	42	Yucatán
128	Puerto Vallarta	City Express Plus	Owned	Jul-17	126	Jalisco
129	Medellín	City Express Plus	Owned	Sep-17	141	Medellín, Colombia
130	Tuxtepec	City express junior	Managed	Sep-17	105	Oaxaca
131	Tijuana Otay	City express	Co-Owned	Dec-17	120	Baja California
132	León Centro de Convenciones	City express junior	Co-Owned	Dec-17	137	Guanajuato
133	Monterrey Lindavista	City express	Managed	Dec-17	130	Nuevo León
134	Oaxaca	City Centro	Co-Owned	Dec-17	103	Oaxaca
135	León Centro de Convenciones	City Express Plus	Co-Owned	Dec-17	132	Guanajuato
					15,228	
136	Tepic	City Express	Managed	Jan-18	125	Nayarit
137	Atlixco	City Express	Franchise	Mar-18	108	Puebla
138	Comitán	City Express	Managed	Apr-18	105	Chiapas
139	Gustavo Baz	City Express	Managed	Jun-18	125	Ciudad de México
					15,691	