

Hoteles City Express Announces Third Quarter 2017 Results

Mexico City, October 18, 2017 – Hoteles City Express S.A.B. de C.V. (BMV: HCITY) (“Hoteles City Express” or the “Company”), today announced its results for the third quarter of 2017 (“3Q17”). The figures have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and are presented in Mexican pesos (“\$”).

Financial and Operating Highlights (3Q17)

- At the Chain level, the Average Daily Rate (“ADR”) and Revenue per Available Room (“RevPAR”) increased by 7.2% and 5.4% in comparison with 3Q16, to \$915 and \$568, respectively. Chain occupancy in 3Q17 was 62.1%.
- Total Revenues were \$641.8 million; a 20.3% year-on-year increase primarily due to a 14.0% increase in the number of Installed Room Nights at the Chain level as well as a 5.4% increase in RevPAR
- Operating income was \$135.9 million in 3Q17, an increase of 29.0% over the same quarter in the prior year.
- EBITDA and Adjusted EBITDA were \$218.4 million and \$223.4 million, respectively, reflecting year-on-year increases of 21.0% and 20.4%. EBITDA margin and Adjusted EBITDA margin for the period were 34.0% and 34.8%, respectively.
- Net Income for the period was \$88.2 million. Net Income margin was 13.7% for the quarter.
- At the close of the quarter, the Chain was operating 130 hotels; an increase of 15 new units compared to the 115 hotels operating at the close of the same period in 2016. The number of rooms in operation in 3Q17 was 14,606; a 13.3% increase of over the 12,887 rooms in operation at the close of 3Q16.
- During the quarter, the Company announced the opening of six units – 5 new hotels and one expansion to an existing property - to the 125 it operated, hotels opened included: City Express Junior Puebla Angelópolis, City Express Altamira, expansion of the hotel City Express Mérida, City Express Plus Puerto Vallarta, City Express Plus Medellín, and City Express Tuxtpec.



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Operating and Financial Highlights	3Q17	3Q16	3Q17 vs 3Q16	9M17	9M16	9M17 vs 9M16
			% Change			% Change
Operating Statistics for the Chain						
Number of Hotels at the End of the Period	130	115	13.0%	130	115	13.0%
Number of Rooms at the End of the Period	14,606	12,887	13.3%	14,606	12,887	13.3%
Number of Installed Room Nights	1,317,750	1,156,089	14.0%	3,822,701	3,351,858	14.0%
Number of Occupied Room Nights	817,934	730,338	12.0%	2,269,999	2,069,821	9.7%
Average Occupancy Rate (%)	62.1%	63.2%	-110 bps	59.4%	61.8%	-237 bps
ADR(\$)	915	854	7.2%	936	826	13.3%
RevPAR(\$)	568	539	5.4%	556	510	9.0%
Consolidated Financial Information (Thousands of Pesos)						
Total Revenues	641,762	533,593	20.3%	1,822,411	1,486,028	22.6%
Operating Income	135,952	105,428	29.0%	356,854	269,632	32.3%
Operating Income Margin	21.2%	19.8%	143 bps	19.6%	18.1%	144 bps
Adjusted EBITDA	223,370	185,526	20.4%	621,378	501,061	24.0%
Adjusted EBITDA Margin (%)	34.8%	34.8%	4 bps	34.1%	33.7%	38 bps
EBITDA	218,366	180,534	21.0%	609,525	489,570	24.5%
EBITDA Margin (%)	34.0%	33.8%	19 bps	33.4%	32.9%	50 bps
Net Income	88,174	71,561	23.2%	170,803	185,385	-7.9%
Net Income Margin (%)	13.7%	13.4%	33 bps	9.4%	12.5%	-310 bps

Adjusted EBITDA = Operating income + depreciation + amortization + non-recurring costs (expenses associated with new hotel openings).

Comments by Luis Barrios, CEO of Hoteles City Express:

Based on stable economic growth environment and healthy market dynamics Hoteles City Express achieved strong operational, financial and profitability results for quarter.

Total Revenues growing more than 20%, occupancy levels almost completely recovered from their programmed declines in previous quarters and ADR growth of more than 7% taking into account a significantly higher comparable base, are evidence of the commercial strength that underpins a diversified portfolio across 4 countries and 70 cities in LatAm.

As for the absorption of new properties and performance of our portfolio, we continue to see strong economic fundamentals at national and local level that continue to drive a positive cycle of the hospitality industry in Mexico. With strength in private consumption, double-digit exports and unemployment rates at historic lows, our portfolio benefits from its exposure to locations with growth rates above the national average. Particularly in regions such as the Bajío, the Northern Corridor and Metropolitan Areas the common denominator is a thriving demand that seeks a high price-value ratio aligned to the 5 brands of the Company.

In terms of productivity, with an Adjusted EBITDA margin of 34.8%, it is worth noticing the absorption of the costs of our operating platform, which has the infrastructure necessary to sustain future growth without the need for cost increases.

Our objective regarding our Development Plan remains intact and progresses successfully, with more than 35 projects in different phases of construction and development, we are confident that we can achieve a total inventory of more than 15,000 rooms and 140 hotels in by 1Q18 as well as to contemplate between 15 to 20 additional properties for the 2018 Plan.

Based on the significant market potential, long-term fundamentals and consolidation trends of the hotel industry seen in other latitudes, the Company continues to be committed to keep the speed of its growth, this being said, a few days ago, we executed the Vehículo de Refinanciamiento de Activos Turísticos through the closing of a Syndicated Structured Facility of \$2.0 billion guaranteed by a portfolio of properties at a value of \$6.4 billion.

Finally, with respect to the unfortunate natural events of September in Mexico, the Company supported by an impeccable execution of our safety and emergency protocols - which ensured the evacuation of more than 1,200 people in record time and without incident - resumed normal operations in less than 24 hours.

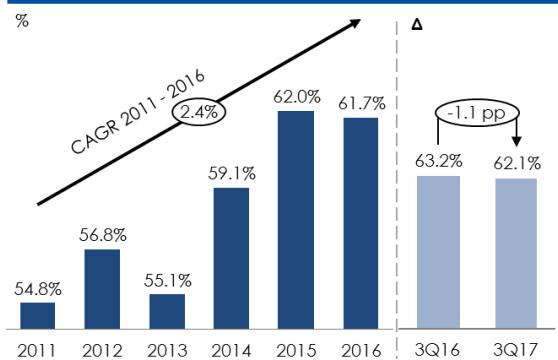
Even beyond this challenge, Hoteles City Express, consistent with its commitment to social responsibility, was a catalyst for help and support on different fronts, from the donation of tools for debris collection (shovels, chainsaws, etc.), to temporary free accommodation to rescuers, employees and affected victims. To date, the Company's hotel portfolio has no structural damage to any of its properties.

Once again, we reaffirm our commitment to continue working to consolidate our position as one of the companies with higher growth and profitability in Mexico, investing in the generation of value in the short, medium and long term to our shareholders. "

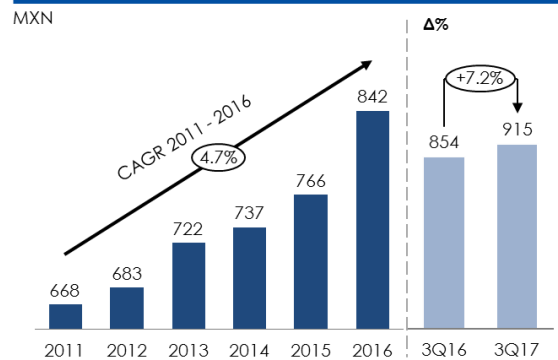
Operating Results: Hotel Chain

Third quarter 2017 chain occupancy showed a planned decline of 1 percentage point, to 62.1%, reflecting a 7.2% increase in ADR which resulted in 5.4% year-on-year increase in RevPAR for the Chain. This is a reflection of Hoteles City's successful optimization of room inventory.

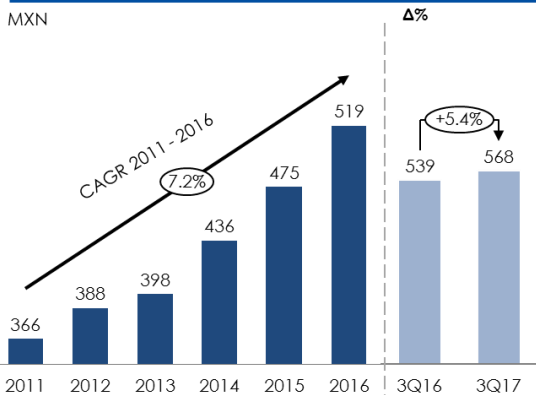
Occupancy



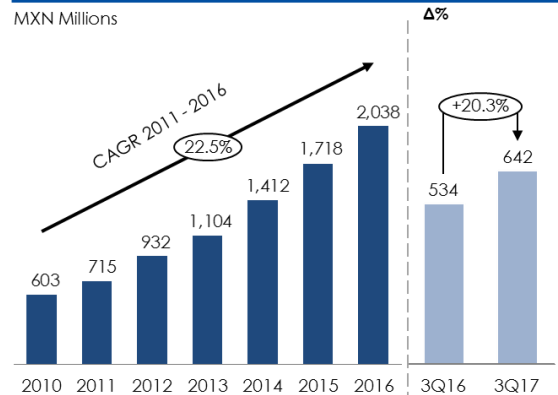
ADR



RevPAR

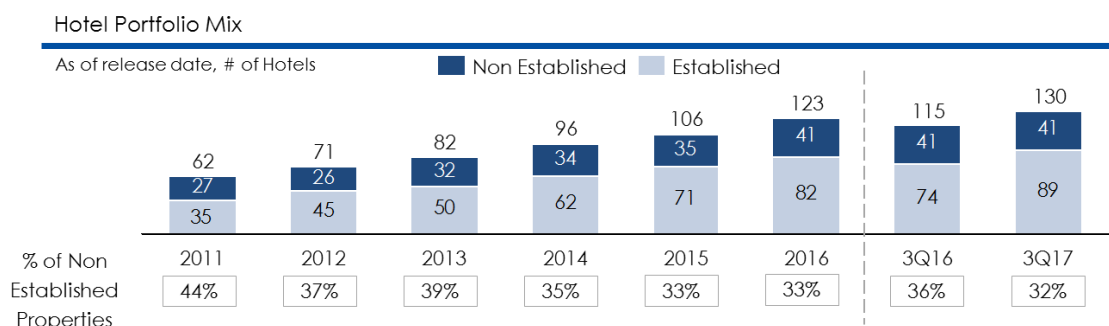


Total Consolidated Revenues



Operating Results: Established Hotels

To facilitate the comparison of its hotels with similar maturity periods, Hoteles City Express defines "Established Hotels" as those that, on a given date, have been in operation for a period of at least 36 months. Once hotels have reached their third anniversary, they have usually achieved their stabilized cycle. However, this does not mean that these hotels cannot reach higher levels of Occupancy and ADR over time. Similarly, hotels classified as "Non-Established" are those that have been in operation for less than 36 months on a given date, and are therefore in a market penetration phase with greater potential for gains in RevPAR.



At the close of 3Q17, the Chain had 89 Established Hotels and 41 Non-Established Hotels.

During the quarter, the Established Hotels recorded an increase of RevPAR of 0.2%, due to a 5.5% increase in ADR and a planned decrease of 3 percentage points in occupancy. It is important to note that the moderate growth in this portfolio results in fact particularly strong considering a significantly high comparative base (12.4% growth in ADR and 12.6% growth in RevPAR in 3Q16) as a result of the beginning of the yield management and optimization efforts the company implemented last year. For proper comparison, 3Q15 metrics are included below.

Established Hotels	3Q17	3Q16	3Q15	Change 3Q17 vs 3Q16	Change 3Q16 vs 3Q15	Change 3Q17 vs 3Q15
Hotels	89	74	67	20.3%	10.4%	32.8%
Rooms	10,162	8,430	7,616	20.5%	10.7%	33.4%
Occupancy	65.4%	68.8%	68.7%	-343 bps	12 bps	-331 bps
ADR (\$)	896	849	755	5.5%	12.4%	18.6%
RevPAR (\$)	586	584	519	0.2%	12.6%	12.8%

The growth potential of the Company's current operating inventory is illustrated in the Established Hotel RevPAR, which is 3.2% above the Chain's total RevPAR.

Results by Business Segment (Non-IFRS figures)

Hoteles City Express reports using IFRS for which 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)	3Q17	3Q16	3Q17 vs 3Q16	9M17	9M16	9M17 vs 9M16
			% Change			% Change
Hotel Operation	606,559	507,138	19.6%	1,722,331	1,414,049	21.8%
Hotel Management	165,354	147,657	12.0%	480,584	389,115	23.5%
Total	771,913	654,795	17.9%	2,202,916	1,803,164	22.2%

Revenues from the Hotel Operations segment increased 19.6%; from \$507.1 million in 3Q16 to \$606.6 million in 3Q17, due to the increase in Occupied Room Nights and a 7.2% increase in ADR.

Revenues from Hotel Management rose 12.0%; from \$147.7 million in 3Q16 to \$165.4 million in 3Q17, due to increased activity in Hotel Operations for the period, as well as an increase in revenues from the oversight of new hotel development.

Total revenues for the combined segments increased 17.9%; from \$654.8 million in 3Q16 to \$771.9 million in 3Q17.

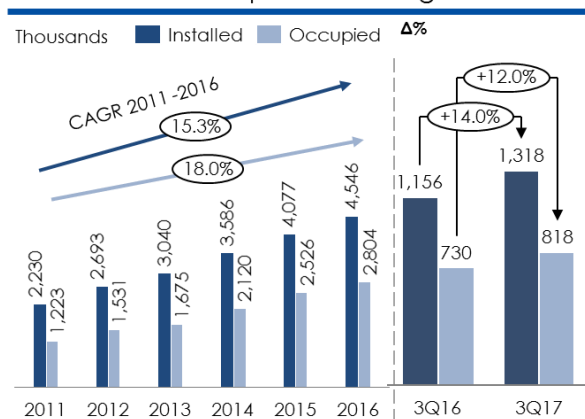
Consolidated Financial Results (IFRS Figures)

Income Statement Highlights (Thousands of Pesos)	3Q17	3Q16	3Q17 vs 3Q16	9M17	9M16	9M17 vs 9M16
			% Change			% Change
Rooms in Operation	14,606	12,887	13.3%	14,606	12,887	13.3%
Revenues from Hotel Operation	601,652	505,652	19.0%	1,712,011	1,405,748	21.8%
Revenues from Hotel Management	40,110	27,941	43.6%	110,400	80,280	37.5%
Total Revenues	641,762	533,593	20.3%	1,822,411	1,486,028	22.6%
Operating Income	135,952	105,428	29.0%	356,854	269,632	32.3%
Operating Income Margin	21.2%	19.8%	143 bps	19.6%	18.1%	144 bps
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Net Income	88,174	71,561	23.2%	170,803	185,385	-7.9%
Net Margin	13.7%	13.4%	33 bps	9.4%	12.5%	-310 bps

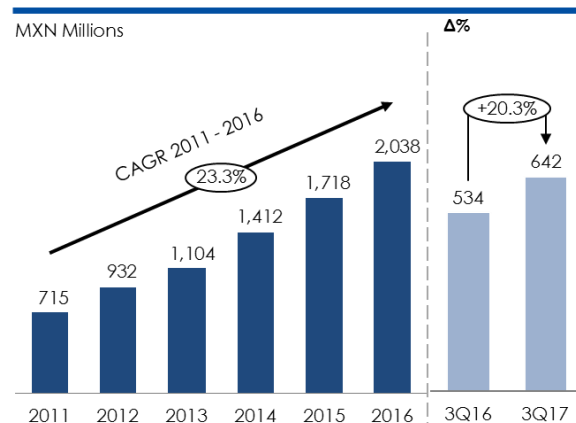
Revenues

During 3Q17, Total Revenues increased 20.3%, from \$ 533.6 million in 3Q16 to \$ 641.8 million in 3Q17. The growth in Revenues was mainly due to a 14.0% increase in the number of Installed Night Rooms, resulting from the opening of 15 hotels, as well as to the 7.2% increase in ADR as a result of the yield management efforts the Company has implemented in the last 12 months.

Installed and Occupied Room Nights



Total Consolidated Revenues



Costs and Expenses

Total Costs and Expenses rose 18.3%; from \$423.2 million in 3Q16 to \$500.8 million in 3Q17. This increase was primarily in line with the growth in Total Revenues. SG&A rose to \$100.4 million in 3Q17, an increase of 8.2% demonstrating the scalability of the Operating Platform which grew its revenues 43.6% in the quarter.

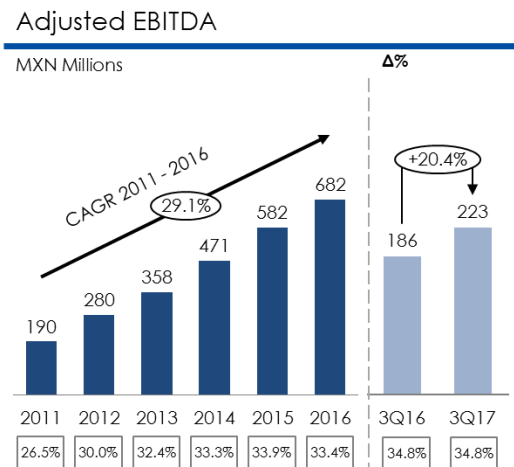
Operating Income

Operating Income for the third quarter of 2017 was \$136.0 million, compared to \$105.4 million for 3Q16; a 29.0% increase during the period. Operating Income margin rose 143 bps, from 19.8% in 3Q16 to 21.2% in 3Q17.

EBITDA and Adjusted EBITDA

In 3Q17, EBITDA and Adjusted EBITDA increased 21.0% and 20.4%, respectively, compared to the third quarter of 2016. EBITDA was \$218.4 million in 3Q17 and Adjusted EBITDA was \$223.4 million for the same period. This represents an EBITDA margin of 34.0% and an Adjusted EBITDA margin of 34.8%.

Hoteles City Express calculates Adjusted EBITDA by adding depreciation expenses and non-recurring expenses related to hotel openings to the Operating Income. 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.



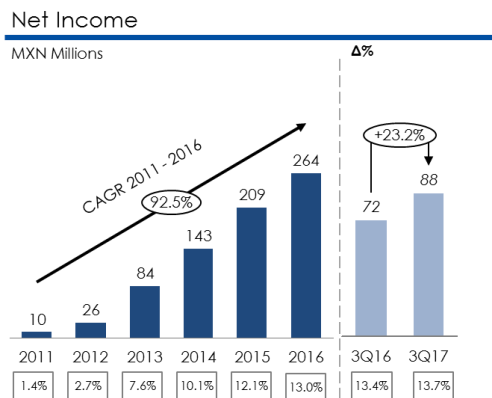
Financial Expenses

Financial Expenses increased to \$28.4 million in 3Q17, due to: a) disbursement of credit lines over the last 12 months for hotel construction, b) financial products from lower cash balances and c) increased financial costs resulting from higher interest rates.

Over the last 12 months, total financial liabilities increased from \$2.5 billion in 3Q16 to \$2.8 billion in 3Q17, a 13.6% increase. Cash and cash equivalents, in turn, decreased from \$2.0 billion in 3Q16 to \$1.6 billion in 3Q17, a decline of 22.4% resulting from cash investment in new hotel development. The combination of these variables caused the net financing cost¹ to increase from \$24.0 million in 3Q16 to \$29.9 million in 3Q17. Finally, the net foreign exchange result for 3Q17 showed a gain of \$1.5 million, resulting from unrealized appreciation of the position in US dollars that the Company maintains to act as a natural hedge for 5.2% of the total debt portfolio that is exposed to that currency.

As of September 30, 2017, Hoteles City Express had a Total Debt to Total Assets ratio of 24.3%, and a Net Debt to EBITDA ratio of 1.6x. Furthermore, the Company is current with all financial obligations.

Net Income



Net Income in 3Q17 stood at \$88.2 million, compared to Net Income of \$71.6 million reported in the same quarter of last year. Majority Net Income was \$85.6 million.

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

Financial Position and Leverage

Balance Sheet Highlights (Thousands of Pesos)	As of September 30, 2017	As of December 31, 2016
Cash and Equivalents	1,575,441	1,854,626
Financial Debt ⁽¹⁾	2,805,213	2,569,101
Net Debt	1,229,772	714,475

1. Does not include interest payable of \$17.4 million as of September 30, 2017 and \$15.5 million as of December 31, 2016.

At the close of 3Q17, the Company had \$ 1,575.4 million in cash and cash equivalents, a decrease of 15.1% compared to the closing of December 2016, due to the utilization of the cash position for development as part of the goal of optimizing the balance sheet and maximizing the overall ROIC of Hoteles City Express.

Debt with financial institutions net of interest increased 9.2% compared to the close of December 2016, to \$2.8 billion, of which \$188.8 million will come due over the next twelve months, and \$402.4 million of which is Foreign Currency denominated. In the third quarter of 2017, the Company made payments in the amount of \$49.9 million and disbursed \$359.0 million in credit lines. The Company has credit lines backed by financial institutions for approximately \$2.3 billion which are available for disbursement if needed. Note that funds from the Vehículo de Refinanciamiento de Activos Turísticos will be disbursed based on financing needs related to the Company's 2017 and 2018 Development Plan.

At the close of the quarter ended September 30, 2017, the Company's Net Debt was \$1.2 billion, compared to \$714.5 million at the close of December 31, 2016.

Breakdown of Productive Fixed Assets

In anticipation of future growth, the Company's Total Assets are comprised of several assets layers.

At the close of the quarter, the Company had a land bank with an approximate historical cost of \$510.7 million, as well as more than \$1.5 billion in Construction in Progress, Refurbishments and land related to that construction in process. Productive assets or Gross Fixed Assets related to hotels in operation reached \$8.8 billion. Of the properties that form the Company's productive assets at the close of 3Q17, 68% were Established Hotels, and the remaining 32% were Non-Established properties.

Cash Flow Generation and Use of Share Repurchase Program

In 3Q17, Hoteles City Express generated \$219.8 million in Net Cash Flow from Operating Activities. The Company invested \$309.7 million in payments for property, equipment and leasehold improvements, as compared to \$348.6 million in 3Q16, and obtained net financing flows of 265.4 million versus the \$16.1 million reported in 3Q16.

In 3Q17 the Company allocated \$2.4 million to its share repurchase fund, an amount representing approximately 110,000 shares.

It's important to note that those shares acquired through the buybacks described within are recorded as stockholders' equity, and therefore remain as part of total shares outstanding; the number of shares outstanding has not been reduced or modified since cancellation of shares at the prior shareholders' meeting. Furthermore, due to the method used to record these shares, the Company can sell these shares in the market without any restrictions, and at the price determined on each trading day.

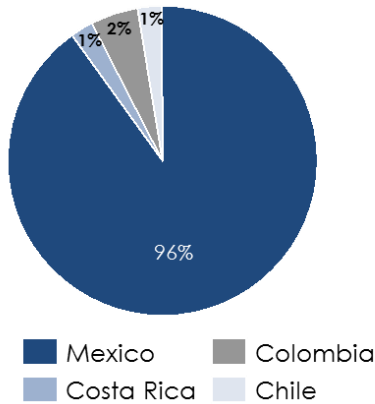
Portfolio of Hotel Assets

Hoteles City Express has a portfolio of 130 hotels in 29 states and 66 cities in Mexico, as well as 4 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

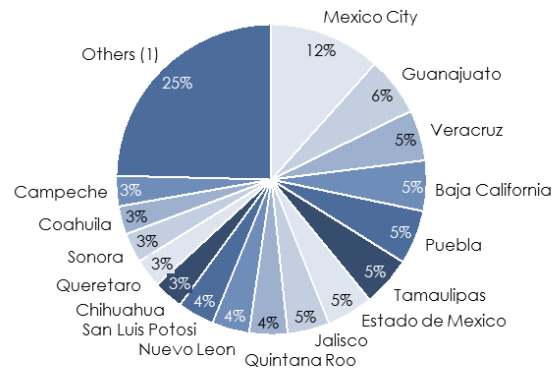
By Country

As of release date



Mexico

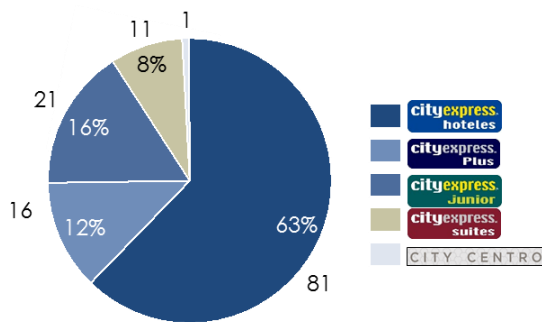
As of release date



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

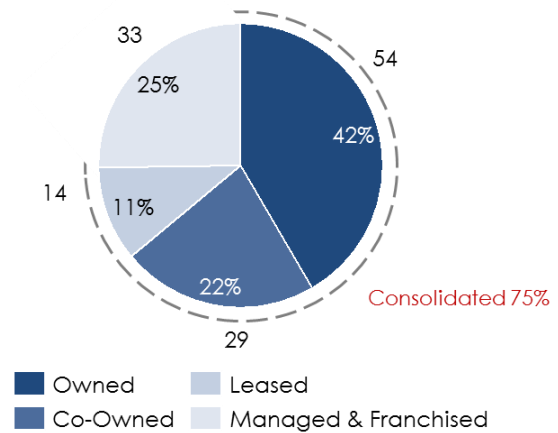
Hotel Portfolio by Brand

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



Hotel Portfolio by Ownership

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

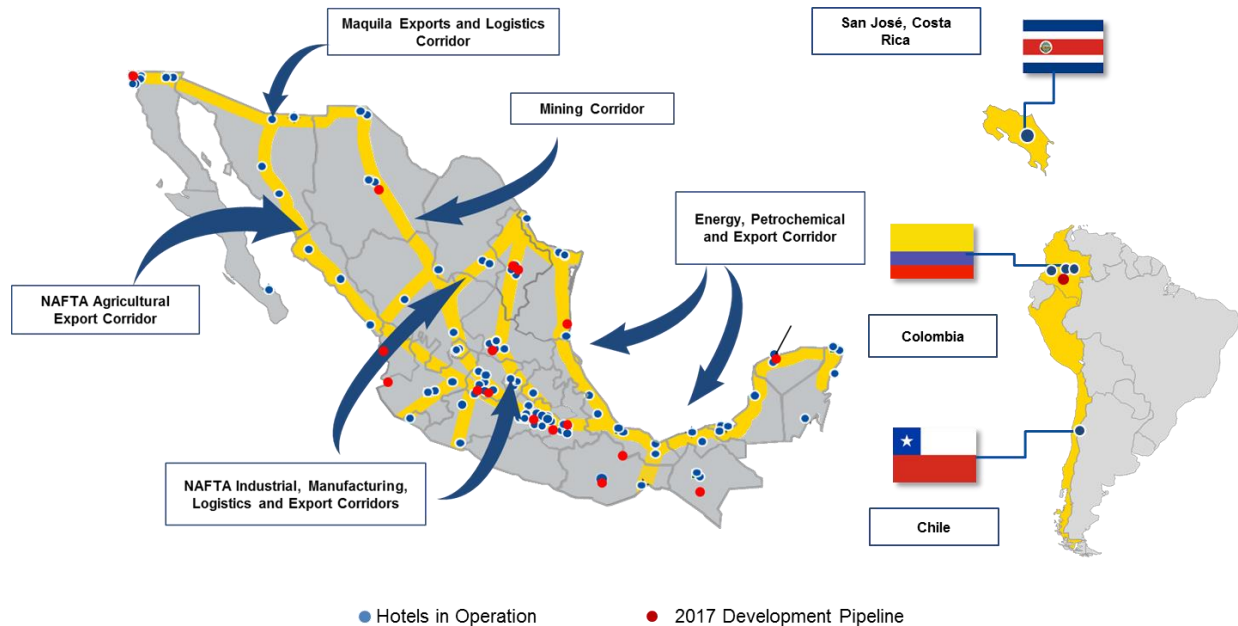


Hotel Development

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

The Company expects to open more than 2,100 rooms in 19 new units – 17 hotels and 2 existing hotel expansions – in the coming months. The following table shows the status of the Development Plan.

Hotel Number	Development Pipeline	Hotel	Brand	Investment Scheme	Opening	Rooms	Location	Development Stage
Owned and Co-Owned Properties								
124	1	Celaya Galerías	City express	Managed	1Q17	127	Guanajuato	Open
125	2	SLP Zona Industrial	City express junior	Managed	2Q17	122	San Luis Potosí	Open
126	3	Altamira	City express	Co-Owned	3Q17	127	Tamaulipas	Open
127	4	Puebla Angelópolis	City express junior	Co-Owned	2Q17	122	Puebla	Open
	6	Mérida (Expansion)	City express	Co-Owned	3Q17	42	Yucatán	Open
128	5	Puerto Vallarta	City express Plus	Owned	3Q17	126	Jalisco	Open
129	7	Tuxtpec	City express junior	Managed	3Q17	110	Oaxaca	Open
130	8	Medellín	City express Plus	Owned	3Q17	141	Colombia	Open
131	9	Tijuana Otay	City express	Co-Owned	4Q17	120	Baja California	Under Construction
132	10	León Centro de Convenciones	City express junior	Co-Owned	4Q17	137	Guanajuato	Under Construction
133	11	León Centro de Convenciones	City express Plus	Co-Owned	4Q17	132	Guanajuato	Under Construction
134	12	Oaxaca	City Centro	Co-Owned	4Q17	103	Oaxaca	Under Construction
135	13	CDMX Sullivan	City express junior	Owned	4Q17	96	Ciudad de México	Under Construction
	14	Monterrey Aeropuerto (Expansion)	City express	Owned	4Q17 / 1Q18	36	Nuevo León	Under Construction
Hotels Under Management and Franchise Contracts								
136	15	Monterrey Lindavista	City express	Managed	4Q17	130	Nuevo León	Under Construction
137	16	Tepic	City express	Managed	4Q17 / 1Q18	125	Nayarit	Under Construction
138	17	Atlxco	City express	Managed	4Q17 / 1Q18	108	Puebla	Under Construction
139	18	Comitán	City express	Managed	4Q17 / 1Q18	105	Chiapas	Under Construction
140	19	Delicias	City express	Managed	4Q17	115	Chihuahua	Under Construction
Total						2,124		



Environmental, Social and Economic Sustainability

Hoteles City Express has the following Sustainability Policy:

"To be a catalyst for positive economic, social and environmental impacts in every community in which we operate, leveraging innovation and holistic development for long-term value creation."

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

- **LEED-EB-O&M Certification**: Granted by the United States Green Building Council (USGBC). To date the hotels that have been granted with this certification are: LEED Gold for City Express Reynosa and City Express Saltillo, LEED Silver: City Express San Luis Potosi, City Express Guadalajara, City Express Irapuato, City Express Puebla Centro, City Express Querétaro, City Express Monterrey Santa Catarina, City Express Playa del Carmen and City Express Los Mochis.
- **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. To date hotels that have been granted with this certification are: Hotel City Express Villahermosa, City Express Plus Santa Fe, City Express Durango, City Express Querétaro Jurica, City Express Costa Rica and City Express Suites Santa Fe, City Express Junior Ciudad del Carmen, City Express Irapuato Norte and City Express Junior Puebla Autopista.
- **Biosphere Responsible Tourism Certification**: Awarded by the Responsible Tourism Institute (ITR to which Hoteles City Express is a member, Hoteles City Express is the first company in the world to pursue certification for all hotels within its Chain. 68 Hoteles City Express hotels have been certified to date.
- **Distintivo Hotel Hidro Sustentable**: Recognition granted by members of Alianza por la Sustentabilidad Hídrica en el Turismo, which encourages best environmental practices in the use and water conservation, as well as the application of Mexican law. Hoteles City Express has won this award at 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 Ciudad del Carmen, City Express Mérida, City Express Villahermosa and City Express Paraíso Tabasco.
- **Distintivo "S" Garantía de Sostenibilidad**: The Mexico's Ministry of Tourism, in collaboration with EarthCheck and the Rainforest Alliance, has recognized Hoteles City Express for its sustainable practices based on sustainability criteria established by the World Tourism Organization (WTO). Hotels that 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: Awarded by Centro Mexicano para la Filantropía, which ranks Hoteles City Express as one of the best companies in corporate governance, employee quality of life, environmental commitment and social engagement in Mexico, with a score ranking the Company 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 including 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. Hoteles City Express currently has 100 properties that have signed and implemented this code of conduct, all of which are committed to preventing sexual and labor exploitation of girls, boys and adolescents in the tourism sector.

Hoteles City Express Social Responsibility practices focus on high-impact projects that promote social engagement and social and economic well-being within the communities in which it operates. The Company's initiatives are therefore related to entrepreneurship, education and social engagement that generate sustainable long-term benefits.

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, October 19, 2017
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: 1128634
Webcast: <http://services.choruscall.com/links/hcity171019.html>

Conference Replay will be available for 30 days:

U.S.: 1-877-344-7529/ International: 1-412-317-0088
Passcode: 10112896

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 130 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 share issuance 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), 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/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 -

Consolidated Income Statement

Consolidated Income Statement (Thousands of Pesos)	3Q17	3Q16	3Q17 vs 3Q16	9M17	9M16	9M17 vs 9M16
			% Change			% Change
Total Revenues						
Revenues from Hotel Operation	601,652	505,652	19.0%	1,712,011	1,405,748	21.8%
Revenues from Hotel Management	40,110	27,941	43.6%	110,400	80,280	37.5%
Total Revenues	641,762	533,593	20.3%	1,822,411	1,486,028	22.6%
Costs and expenses						
Hotel operating costs and expenses	318,028	255,322	24.6%	906,721	745,403	21.6%
Selling and administrative expenses	100,364	92,745	8.2%	294,313	239,559	22.9%
Depreciation and amortization	82,414	75,106	9.7%	252,670	219,938	14.9%
Total Costs and Expenses	500,806	423,173	18.3%	1,453,704	1,204,900	20.6%
Expenses assoc. with new hotel openings	5,004	4,992	0.2%	11,853	11,491	3.1%
Other (income) / Non-recurring expenses	0	0	NM	0	5	(100.0%)
Total	5,004	4,992	0.2%	11,853	11,496	3.1%
Operating Income	135,952	105,428	29.0%	356,855	269,632	32.3%
Operating Income Margin (%)	21.2%	19.8%	143 bps	19.6%	18.1%	144 bps
Adjusted EBITDA	223,370	185,526	20.4%	621,378	501,061	24.0%
Adjusted EBITDA Margin (%)	34.8%	34.8%	4 bps	34.1%	33.7%	38 bps
EBITDA	218,366	180,534	21.0%	609,525	489,570	24.5%
EBITDA Margin (%)	34.0%	33.8%	19 bps	33.4%	32.9%	50 bps
Finance income	(19,966)	(16,178)	23.4%	(41,284)	(52,326)	(21.1%)
Finance costs	49,869	40,148	24.2%	144,467	112,577	28.3%
Exchange result, net	(1,481)	(10,288)	NM	45,375	(28,292)	NM
Financial Expenses	28,422	13,682	107.7%	148,558	31,959	364.8%
Profit before income tax	107,530	91,746	17.2%	208,296	237,673	(12.4%)
Income tax expense	19,356	20,185	(4.1%)	37,493	52,288	(28.3%)
Net Income for the Period	88,174	71,561	23.2%	170,803	185,385	(7.9%)
Net Majority Income	85,606	71,419	19.9%	179,749	176,025	2.1%

Consolidated Statement of Financial Position

Consolidated Balance Sheet	As of September 30, 2017	As of December 31, 2016	September 30, 2017 vs December 31, 2016
(Thousands of Pesos)			% Change
Cash and equivalents	1,575,441	1,854,626	(15.1%)
Trade receivables, net	121,857	93,783	29.9%
Recoverable taxes	286,482	256,132	11.8%
Prepaid expenses	79,474	58,695	35.4%
Assets Available for Sale	0	15,574	(100.0%)
Total Current Assets	2,063,254	2,278,810	(9.5%)
Property, equipment and leasehold improvements	9,518,205	8,969,701	6.1%
Guarantee deposits	2,898	2,898	0.0%
Other assets	27,186	23,022	18.1%
Total Long Term Assets	9,548,289	8,995,621	6.1%
Total Assets	11,611,543	11,274,431	3.0%
Liabilities			
Current Liabilities:			
Bank loans and accrued interests	206,139	181,551	13.5%
Trade accounts payable	72,010	75,612	(4.8%)
Other taxes and accrued expenses	195,723	160,982	21.6%
Income tax payable	8,084	15,801	(48.8%)
Direct employee benefits	27,120	16,916	60.3%
Total Current Liabilities	509,076	450,862	12.9%
Long-term debt	2,616,447	2,403,038	8.9%
Deferred revenues	13,590	13,033	4.3%
Other Liabilities	129,475	128,082	1.1%
Employee benefits	2,619	2,245	16.7%
Derivative financial instruments	16,612	11,329	46.6%
Deferred income tax	108,974	114,629	(4.9%)
Total Long Term Liabilities	2,887,717	2,672,356	8.1%
Total Liabilities	3,396,793	3,123,218	8.8%
Equity			
Equity Attributable to the Owners of the Entity			
Issued capital	5,946,022	5,935,688	0.2%
Retained earnings	1,428,177	1,248,428	14.4%
Other Comprehensive Income	(31,337)	83,737	(137.4%)
Total Equity Attributable to the Owners of the Entity	7,342,862	7,267,853	1.0%
Non-controlling interests	871,888	883,360	(1.3%)
Total Equity	8,214,750	8,151,213	0.8%
Total Liabilities + Equity	11,611,543	11,274,431	3.0%

Consolidated Cash Flow Statements

Consolidated Cash Flow Statement (Thousands of Pesos)	3Q17	3Q16	9M17	9M16
Profit before income tax	107,530	91,746	208,296	237,673
Operating Activities				
Depreciation	82,414	75,106	252,670	219,938
Loss on disposal of equipment	16,484	6,569	17,794	10,514
Finance income	(19,965)	(16,176)	(41,284)	(52,325)
Finance costs	49,869	40,147	144,467	112,577
(Gain) Loss on Valuation of Financial Instruments	(1,298)	0	851	0
Expenses Related to Payments Based on Stocks	5,456	0	12,806	0
Unrealized foreign currency fluctuations	9,273	23,465	(57,304)	63,176
	<u>249,763</u>	<u>220,856</u>	<u>538,296</u>	<u>591,553</u>
Changes in Working Capital:				
Trade receivables	16,103	2,324	(28,075)	(18,770)
Recoverable taxes	(7,639)	51,444	(30,350)	25,968
Prepaid expenses, net	4,875	2,702	(20,779)	(11,204)
Trade and other payables	(24,546)	3,844	(3,602)	25,330
Accrued Expenses, others and taxes to be paid	(12,908)	30,186	35,297	70,694
Employee benefits	5,409	3,449	10,580	6,765
Income tax and business flat tax paid	(11,272)	(6,386)	(30,224)	(20,373)
Net Cash Flows from Operating Activities	<u>219,785</u>	<u>308,419</u>	<u>471,144</u>	<u>669,963</u>
Investing Activities:				
Payments for property, equipment and leasehold	(309,713)	(348,616)	(988,698)	(1,144,514)
Other assets	(1,388)	(2,514)	(4,165)	(5,394)
Finance income received	19,965	16,176	41,284	52,325
Net Cash Flows used in Investing Activities	<u>(291,136)</u>	<u>(334,954)</u>	<u>(951,579)</u>	<u>(1,097,583)</u>
Financing Activities:				
Proceeds from the issuance of equity instruments	5,456	2,656	29,891	15,684
Proceeds from contributions rec. from non-controlling interests	5,750	4,564	10,475	85,769
Non Controlling Interest decrease	(5,000)	(19,302)	(5,000)	(19,302)
Non Controlling Interest Dividends	(1,500)	(1,185)	(8,000)	(7,560)
Proceeds for future capital increases	2,968	22,389	5,172	68,597
Repurchase of shares	(2,413)	(88,251)	(19,557)	(166,208)
Finance cost paid	(48,890)	(40,721)	(146,352)	(112,308)
Proceeds from short- and long-term borrowings	359,000	179,927	467,000	405,675
Repayment of borrowings	(49,946)	(43,955)	(173,584)	(143,684)
Net Cash Flows used in Financing Activities	<u>265,425</u>	<u>16,122</u>	<u>160,045</u>	<u>126,663</u>
Net increase (decrease) in cash and equivalents	194,074	(10,412)	(320,390)	(300,957)
Cash at the beginning of the period	1,393,420	2,088,417	1,854,626	2,426,565
Effects of exchange rate changes on the balance of cash held in foreign currencies and effects of balances of foreign	(12,053)	(46,557)	41,205	(94,162)
Cash at the End of the Period	<u>1,575,441</u>	<u>2,031,446</u>	<u>1,575,441</u>	<u>2,031,446</u>

Hotel Portfolio

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	106	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
					4,994	
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
					5,565	

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	130	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
					6,976	
2011						
63	Ciudad Obregon	City Express	Owned	Jan-12	120	Sonora
64	Campeche	City Express	Owned	Apr-12	110	Campeche
65	San Luis Potosi	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
					8,123	
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
					9,357	
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
					10,929	
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
					11,944	
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
2016					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	Tuxtpec	City Express	Managed	Sep-17	105	Oaxaca
2017					14,606	