

Hoteles City Express Announces Results for Third Quarter 2018

México D.F., October 17, 2018 – Hoteles City Express S.A.B. de C.V. (BMV: HCITY) (“Hoteles City Express” or “the Company”), announced today its results for the third quarter of 2018 (“3Q18”). The figures have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and are presented in Mexican Pesos (“\$”).

Financial and Operating Highlights (3Q18)

- At the Chain level, Average Daily Rate (“ADR”) and Revenue per Available Room (“RevPAR”) increased by 5.2% and 5.4% in comparison with 3Q17, to \$963 and \$599, respectively. Chain occupancy in 3Q18 was 62.2%.
- Total Revenues were \$741.1 million, which represents a 15.5% increase with respect to the same quarter in 2017, primarily due to a 9.3% increase in the number of Installed Room Nights at the Chain level, as well as a 5.4% increase in RevPAR
- Operating income was \$164.2 million in 3Q18, an increase of 20.8% over the same quarter the year before.
- EBITDA and Adjusted EBITDA were \$257.7 million and \$259.9 million, respectively, reflecting year on year increases of 18.0% and 16.4%. EBITDA margin and Adjusted EBITDA margin for the period came to 34.8% and 35.1%, respectively.
- Net Income for the period reached \$57.5 million. Net Income margin was 7.8% for the quarter.
- At the close of the quarter, the Chain was operating 139 hotels, an increase of 9 new units compared to the 130 hotels operating at the close of the same period in 2017. The number of rooms in operation in 3Q18 was 15,691, an increase of 7.4% in comparison with 14,606 at the close of 3Q17.
- After the end of the third quarter and as of today, the Company announced the opening of 1 more unit beyond the 139 that were operating at the start of September. The hotel commencing operations was the City Express Plus Cancún Aeropuerto.



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Operating and Financial Highlights	3Q18	3Q17	3Q18 vs 3Q17	9M18	9M17	9M18 vs 9M17
			% Change			% Change
Operating Statistics for the Chain						
Number of Hotels at the End of the Period	139	130	6.9%	139	130	6.9%
Number of Rooms at the End of the Period	15,691	14,606	7.4%	15,691	14,606	7.4%
Number of Installed Room Nights	1,439,936	1,317,750	9.3%	4,232,115	3,822,701	10.7%
Number of Occupied Room Nights	896,151	817,934	9.6%	2,540,715	2,269,999	11.9%
Average Occupancy Rate (%)	62.2%	62.1%	16 bps	60.0%	59.4%	65 bps
ADR(\$)	963	915	5.2%	969	936	3.5%
RevPAR(\$)	599	568	5.4%	582	556	4.7%
Consolidated Financial Information (Thousands of Pesos)						
Total Revenues	741,116	641,762	15.5%	2,135,996	1,822,411	17.2%
Operating Income	164,225	135,952	20.8%	449,448	356,854	25.9%
Operating Income Margin	22.2%	21.2%	97 bps	21.0%	19.6%	146 bps
Adjusted EBITDA	259,923	223,370	16.4%	736,438	621,378	18.5%
Adjusted EBITDA Margin (%)	35.1%	34.8%	27 bps	34.5%	34.1%	38 bps
EBITDA	257,703	218,366	18.0%	730,816	609,525	19.9%
EBITDA Margin (%)	34.8%	34.0%	75 bps	34.2%	33.4%	77 bps
Net Income	57,459	88,174	-34.8%	176,836	170,803	3.5%
Net Income Margin (%)	7.8%	13.7%	-599 bps	8.3%	9.4%	-109 bps

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

Ing. Luis Barrios, Director General of Hoteles City Express Comment:

"In a quarter with favorable news for Mexico - mainly the conclusion of the USMCA and the orderly transition between incoming and outgoing administrations - and with strength in mobility and demand for a geographically diversified product, with exposure to different industries and with high value-price relation like ours, Hoteles City Express presents results with significant operational and financial strength in all fronts of the business.

In the context of a Mexican economy that is growing moderately but steadily, Hoteles City Express maintained robust operating performance thanks, in part, to its presence in markets with above-average growth and to its defensive performance in volatile environments. The favorable evolution of Mexico's northern zone stands out, as well as in locations with good exposure to services and commercial activity, primarily in metropolitan areas. The negative weight of the energy corridor seems to have completely reversed, contributing with a growth of more than 20% driven by both occupancy and ADR.

At the operational level, we maintain our RevPAR growth target above inflation, due to a healthy mix of occupancy and ADR strengthening. Established Hotels, or those with at least 36 months in operation, report occupancy of close to 65% at the end of the quarter along with increases in ADR in line with inflation. As we anticipated, the softness in our portfolio during the previous quarter has dissipated and the specific market dynamics that caused it to have reverted in a more than proportional manner.

From a financial perspective, our emphasis on growing rapidly with high levels of profitability allowed us to generate double-digit increases in Total Revenues and Adjusted EBITDA, the latter growing at a faster pace. The operating leverage of our company generates not only healthy expansion dynamics but also a solid counterweight to increases in certain hotel operating costs, mainly higher energy costs that impacted the hotel industry during the quarter. In the medium term we expect to neutralize these costs thanks to the successful closing of the power purchase agreement that we announced a couple of weeks ago.

Regarding our development plan, we maintain our goal of opening 18 properties in 2018, of which 5 have already been opened and 13 will begin operations within the next 6 months. With sufficient resources to fund our growth, more than 35 projects in development and more than 70 strategic locations identified as of today, we see a robust development pipeline for 2019 and 2020. We are contemplating the opening of between 15 and 20 additional hotels in each of those years.

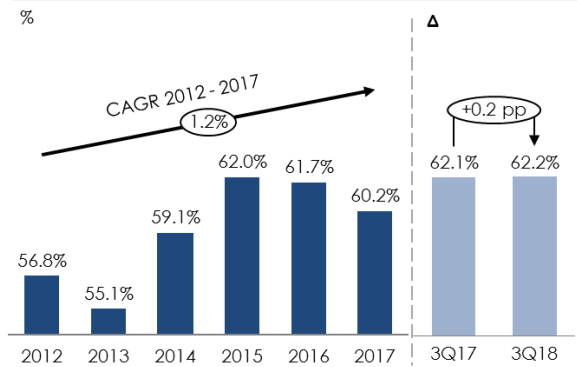
Today, more than ever, Hoteles City has quite significant potential for appreciation in value, given the robust and profitable growth and the scale we now have compared to the size of our business at the time of our IPO a little more than 5 years ago. The company has almost tripled in size and with very attractive growth perspectives.

We will continue working diligently to realize the true value of City Express Hotels by producing record results quarter by quarter that exceed market expectations and our own. Thank you for your trust."

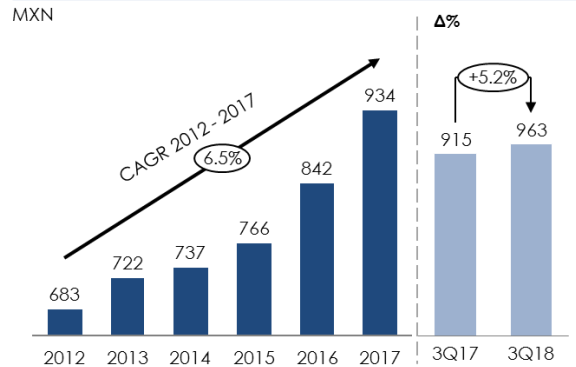
Operating Results: Hotel Chain

Chain occupancy for the third quarter of 2018 registered 62.2%, while ADR grew by 5.2%, to \$963. These dynamics caused RevPAR for the Chain to post growth of 5.4% in comparison with the same period in 2017.

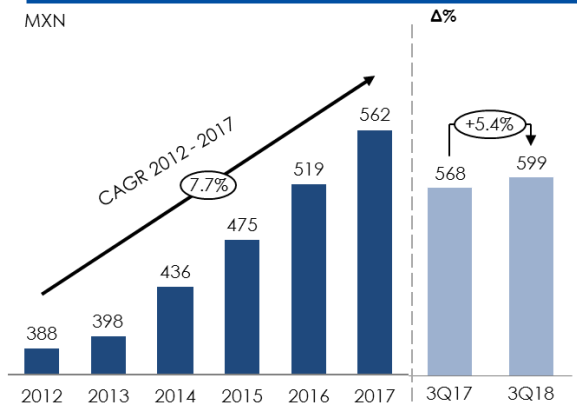
Occupancy



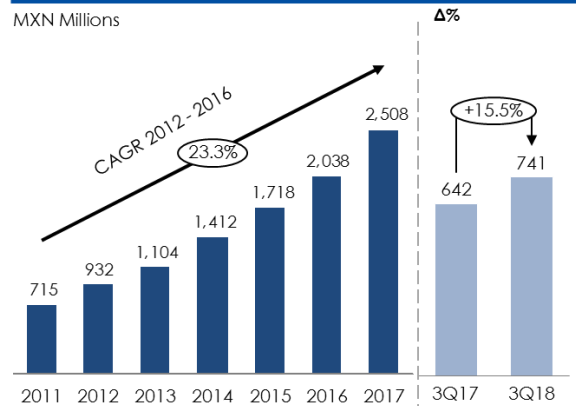
ADR



RevPAR

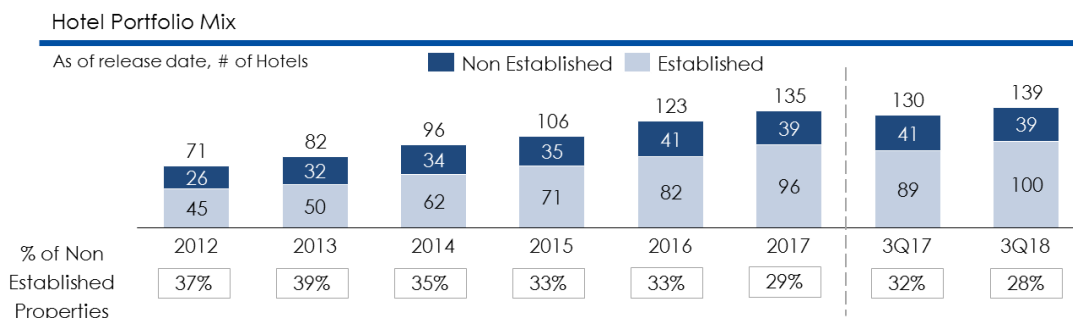


Total Consolidated Revenues



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, and ADR 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 3Q18, the Chain had 100 Established Hotels and 39 Non-Established Hotels

During the quarter, Established Hotels registered an increase in RevPAR of 3.0% resulting from an increase of 4.6% in ADR and a planned decrease of 1 percentage point in occupancy.

Established Hotels	3Q18	3Q17	Change 3Q18 vs 3Q17
Hotels	100	89	12.4%
Rooms	11,347	10,162	11.7%
Occupancy	64.4%	65.4%	-104 bps
ADR (\$)	937	896	4.6%
RevPAR (\$)	603	586	3.0%

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)	3Q18	3Q17	3Q18 vs 3Q17	9M18	9M17	9M18 vs 9M17
			% Change			% Change
Hotel Operation	686,233	606,559	13.1%	1,997,833	1,722,331	16.0%
Hotel Management	217,905	165,354	31.8%	598,785	480,584	24.6%
Total	904,138	771,913	17.1%	2,596,618	2,202,916	17.9%

Revenues for the Hotel Operations segment increased 13.1%, from \$606.6 million in 3Q17 to \$686.2 million in 3Q18, due to a 9.6% increase in Occupied Room Nights and a 5.2% increase in ADR.

Revenues from Hotel Management rose 31.8%, from \$165.4 million in 3Q17 to \$217.9 million in 3Q18, 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 17.1%, from \$771.9 million in 3Q17 to \$904.1 million in 3Q18.

To demonstrate 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 commenced operations before December 31, 2015. Although these hotels are not 100% established as per the Company definition, 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 third quarter of 2018.

Summary of Non IFRS Financial Metrics 3Q18	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	66.0%	61.6%	63.5%	62.2%	62.2%		62.2%
ADR	1,002	941	968	963	963		963
RevPAR	662	580	615	599	599		599
Total Revenues	312,517	373,717	686,233	217,905	904,138	(163,023)	741,116
General Costs and Expenses	(199,014)	(294,318)	(493,333)	(150,883)	(644,216)	163,023	(481,193)
Adjusted EBITDA	113,502	79,398	192,901	67,022	259,923	0	259,923
Margin	36.3%	21.2%	28.1%	30.8%	28.7%		35.1%
Other non recurrent expenses	0	(2,220)	(2,220)	0	(2,220)	0	(2,220)
EBITDA	113,502	77,178	190,681	67,022	257,703	0	257,703
Margin	36.3%	20.7%	27.8%	30.8%	28.5%		34.8%
Depreciation	(38,823)	(54,655)	(93,478)	0	(93,478)	0	(93,478)
Operating Income	74,680	22,523	97,203	67,022	164,225	0	164,225
Margin	23.9%	6.0%	14.2%	30.8%	18.2%		22.2%

FSTAY Portfolio occupancy was 66.0%, as compared to 61.6% for the Non-FSTAY Portfolio, 4.4 percentage points higher. At the same time, the average rate for the FSTAY Portfolio was 6.5% greater compared to the rate of \$941 for the Non-FSTAY Portfolio, while RevPAR shows a 14.1% variation in favor of the FSTAY Portfolio.

The FSTAY Portfolio's Adjusted EBITDA, for its part, was 43.0% 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.

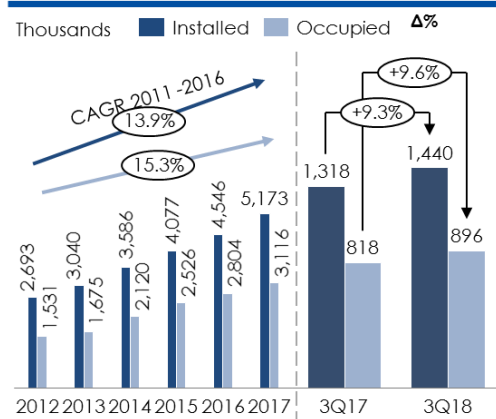
Consolidated Financial Results (IFRS Figures)

Income Statement Highlights (Thousands of Pesos)	3Q18	3Q17	3Q18 vs 3Q17		9M18	9M17	9M18 vs 9M17	
			% Change				% Change	
Rooms in Operation	15,691	14,606	7.4%		15,691	14,606	7.4%	
Revenues from Hotel Operation	696,297	601,652	15.7%		1,997,833	1,712,011	16.7%	
Revenues from Hotel Management	44,819	40,110	11.7%		138,163	110,400	25.1%	
Total Revenues	741,116	641,762	15.5%		2,135,996	1,822,411	17.2%	
Operating Income	164,225	135,952	20.8%		449,448	356,854	25.9%	
Operating Income Margin	22.2%	21.2%	97 bps		21.0%	19.6%	146 bps	
Adjusted EBITDA	259,923	223,370	16.4%		736,438	621,378	18.5%	
Adjusted EBITDA Margin	35.1%	34.8%	27 bps		34.5%	34.1%	38 bps	
EBITDA	257,703	218,366	18.0%		730,816	609,525	19.9%	
EBITDA Margin	34.8%	34.0%	75 bps		34.2%	33.4%	77 bps	
Net Income	57,459	88,174	-34.8%		176,836	170,803	3.5%	
Net Margin	7.8%	13.7%	-599 bps		8.3%	9.4%	-109 bps	

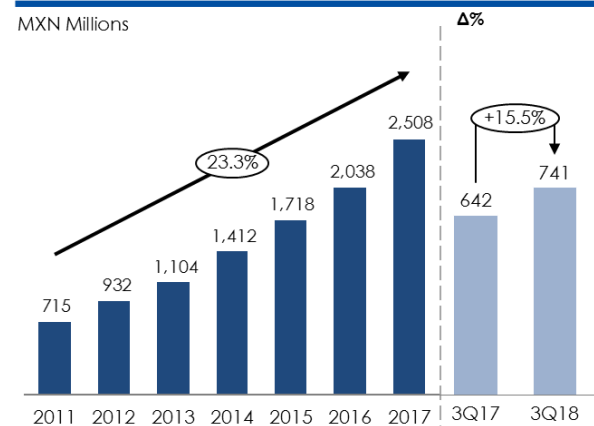
Revenues

In 3Q18, Total Revenues increased by 15.5% from \$641.8 million in 3Q17 to \$741.1 million in 3Q18. This increase was primarily due to a 9.3% rise in the number of Installed Room Nights, due to the opening of 9 hotels, as well as a 5.2% increase in ADR, due to efforts to optimize the Company's prices and empowerment focused on its front line which the Company has been implementing over the past 12 months.

Installed and Occupied Room Nights



Total Consolidated Revenues



Costs and Expenses

Total Costs and Expenses rose 14.7%, from \$500.8 million in 3Q17 to \$574.7 million in 3Q18. This increase was primarily in line with growth in Total Revenues. Management Expenses and Sales registered \$116.9 million in 3Q18, an increase of 16.5% over the same period of the year before, demonstrating the scalability of the company's operating platform, which grew its revenues by 31.8% in 3Q18.

Operating Income

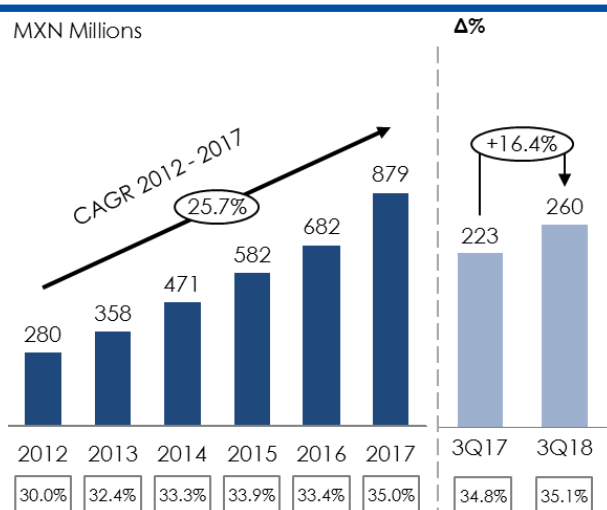
Operating Income for the third quarter of 2018 was \$164.2 million, compared to \$136.0 million reported for 3Q17, a 20.8% increase for the period. Operating Income margin, in turn, rose 97 pbs from 21.2% in 3Q17 to 22.2% in 3Q18.

EBITDA and Adjusted EBITDA

In 3Q18, EBITDA and Adjusted EBITDA grew by 18.0% and 16.4%, respectively, compared to the third quarter of 2017. EBITDA reached \$257.7 million in 3Q18 and Adjusted EBITDA \$259.9 million for the same period. This represents an EBITDA margin of 34.8% and Adjusted EBITDA of 35.1%.

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 analysis of its consolidated performance during different periods, by eliminating from its operating results the impact of specific, non-recurring expenses related to hotel openings.

Adjusted EBITDA



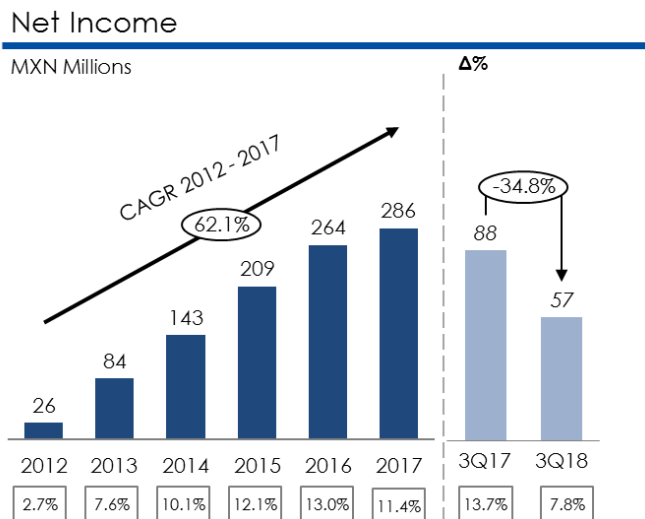
Financial Expenses

Total Financial expenses increased to \$92.4 million in 3Q18, due to: a) outlays 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 \$2,822.6 million in 3Q17 to \$3,730.8 million in 3Q18, a growth of 32.2%. The position for cash and equivalents, in turn, went from \$1,575.4 million in 3Q17 to \$1,173.7 million in 3Q18, a 25.5% drop as a result of cash investment in the development of new hotels. The combination of these variables led net financing cost¹ from \$29.9 million in 3Q17 to \$85.6 million in 3Q18. Finally, the net foreign exchange result for 3Q18 showed a loss of \$6.8 million resulting from the valuation of equity of our subsidiaries in Chile and Colombia, and it should be noted that this effect does not entail any cash outflow.

As of September 30, 2018, Hoteles City Express had a Total Debt to Total Asset ratio of 28.0% and a Net Debt to EBITDA ratio of 2.6x. Moreover, the Company is up to date with all of its financial obligations.

Net Income



Net Income in 3Q18 was \$57.5 million, compared to Net Income of \$88.2 million reported for the same quarter last year, the decrease was chiefly due to the effects described in Financial Costs. Majority Net Income registered \$62.4 million.

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

Financial Position and Leverage

Balance Sheet Highlights (Thousands of Pesos)	As of September 30, 2018	As of December 31, 2017	September 30, 2018 vs December 31, 2017
			% Change
Cash and Equivalents	1,173,711	1,190,624	-1.4%
Financial Debt ⁽¹⁾	3,709,236	2,714,774	36.6%
Net Debt	2,535,525	1,524,150	66.4%

1. Does not include interest due of \$21.5 million as of September 30, 2018 and on \$13.7 million as of December 31, 2017.

At the close of 3Q18, the Company had \$1,173.7 million in Cash and equivalents, a 1.4% decline compared to the close of December 2017, due to the cash proceeds dedicated to development as part of the goal of optimizing the general balance sheet and maximizing the overall ROIC of Hoteles City Express.

Debt to financial institutions net of interest rose 36.6% as compared to the close of December 2017, and went up by \$3.7092 billion, of which \$187.2 million are due in the next twelve months, and \$206.9 million are in Foreign Currency. During the third quarter of 2018, the Company paid out \$204.4 million for amortizations and disbursed \$244.0 million 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 \$2 billion.

At the close of the quarter ending on September 30, 2018, the Company had Net Debt of \$2.5 billion, as compared to the figure registered at the close of December 31, 2017 for \$1.5 billion.

Breakdown of Productive Fixed Assets

In anticipation of expected future growth, the Company integrates various layers of assets in its Total Assets.

At the close of the quarter, the Company had a land bank with an approximate historical cost of \$485.3 million, as well as Construction in Progress, Refurbishments and land related to those constructions for more than \$1.9 billion. Productive assets or Gross Assets related to hotels in operation reached approximately \$8.7 billion. Of the portfolio comprising Productive assets at the close of 3Q18, 72% of all operating properties were Established Hotels, and the remaining 28% were Non-Established properties.

Cash Flow Generation and Use of Share Repurchase Program

Regarding cash flow generation, in 3Q18 Hoteles City Express generated \$207.0 million in Cash Flow Net of Operating Activities. The Company invested \$678.9 million in payments of property, equipment and leasehold improvements, compared with \$309.7 million it invested under the same heading in 3Q17, and obtained net financing flows of \$33.2 million versus flows of \$265.4 million registered in 3Q17.

In 3Q18 the Company allocated \$22.6 million to its share repurchase fund, an amount representing approximately 984,000 shares.

It should be noted that the shares acquired through the share repurchase program are recorded as stockholders' equity, so that they continue to be part of total shares in circulation, and 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 in the market without any restrictions whatsoever, and at the price determined by the market on each trading day.

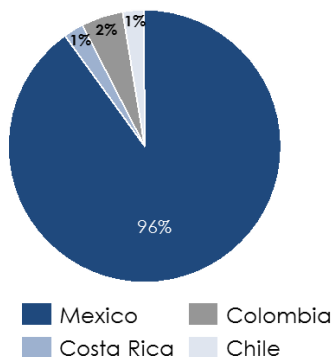
Hotel Portfolio

As of now, Hoteles City Express has a portfolio of 140 hotels with a presence in 30 states and 69 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

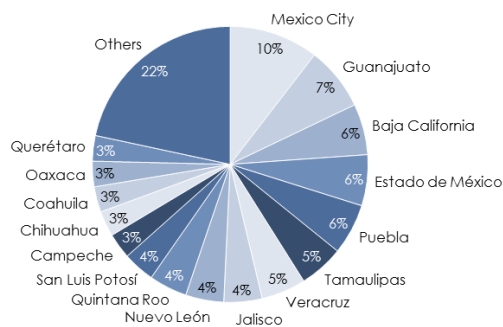
By Country

As of release date



Mexico

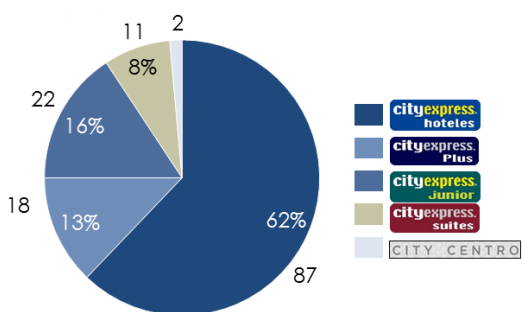
As of release date



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

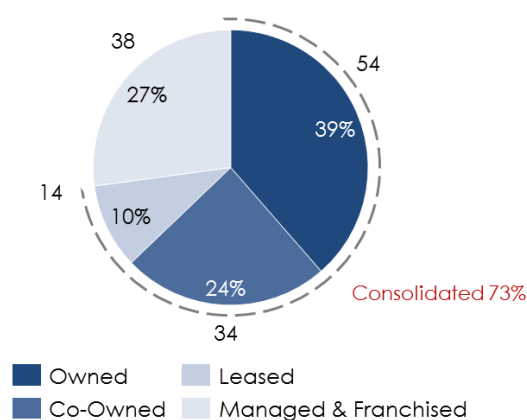
Hotel Portfolio by Brand

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



Hotel Portfolio by Ownership

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

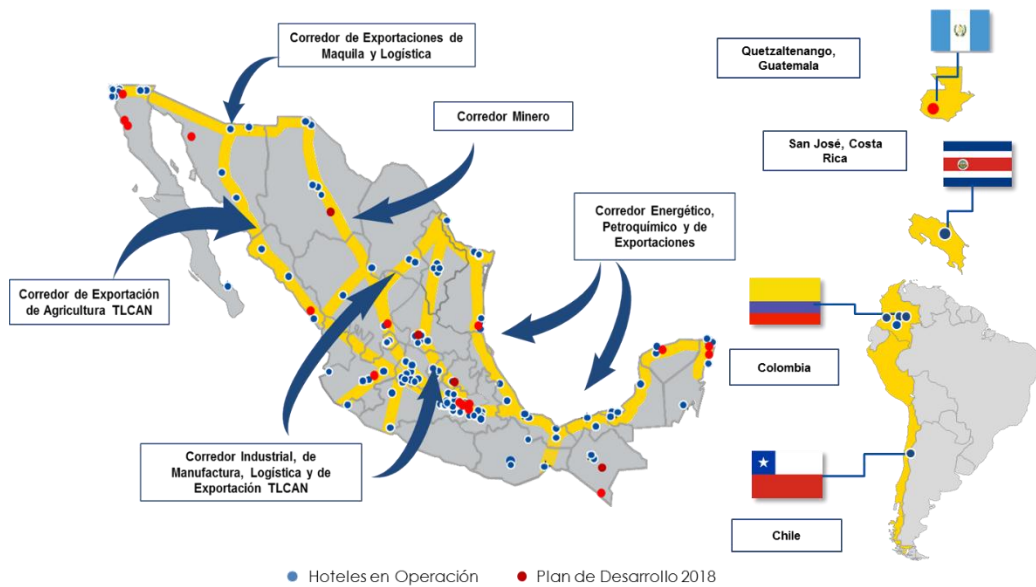


Hotel Development

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 2018 and first months of 2019. The following table shows the current status of the Development Plan.

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 Baz	City express	Managed	2Q18	125	Estado de México	Open
140	5	CP Cancún Aeropuerto	City express Plus	Co-Owned	4Q18	120	Quintana Roo	Open
Owned and Co-Owned Properties								
140	6	CP Mérida	City express Plus	Co-Owned	4Q18	135	Yucatán	Under Construction
141	7	CP Interlomas	City express Plus	Owned	4Q18	141	Estado de México	Under Construction
142	8	Cj CDMX Sullivan	City express junior	Owned	4Q18	96	Ciudad de México	Under Construction
143	9	Ce Ensenada	City express	Co-Owned	4Q18	127	Baja California	Under Construction
144	10	CP Tampico	City express Plus	Co-Owned	4Q18	122	Tamaulipas	Under Construction
145	11	CS Cancún Aeropuerto	City express Suites	Co-Owned	4Q18	66	Quintana Roo	Under Construction
146	12	CP Ensenada	City express Plus	Co-Owned	4Q18	134	Baja California	Under Construction
147	13	CC San Luis Potosí	City Centro	Owned	4Q18 / 1Q19	116	San Luis Potosí	Under Construction
148	14	CP Tijuana	City express Plus	Owned	4Q18 / 1Q19	154	Baja California	Under Construction
149	15	CP Guadalajara Providencia	City express Plus	Owned	4Q18 / 1Q19	155	Jalisco	Under Construction
Hotels Under Management and Franchise Contracts								
150	16	CP Chihuahua	City express Plus	Managed	4Q18 / 1Q19	121	Chihuahua	Under Construction
151	17	Ce CDMX La Villa	City express	Managed	4Q18 / 1Q19	106	Ciudad de México	Under Construction
152	18	Ce CDMX Talpan	City express	Managed	4Q18 / 1Q19	106	Ciudad de México	Under Construction
Total						2,162		



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; 65 Hoteles City Express hotels are currently 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 obtained again this award at 5 hotels: City Express Plus EBC Reforma, City Express Buenavista, 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). 8 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 126 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 it operates. The Company therefore focuses on initiatives related to entrepreneurship and social engagement that generate sustainable long-term benefits.

Along these lines, *Hoteles City Express* has 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, October 18, 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: 5990752
Webcast: <https://services.choruscall.com/links/hcity181018.html>

Conference Replay will be available for 30 days:

U.S.: 1-877-344-7529/ International: 1-412-317-0088
Passcode: 10124490

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 140 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 (Don 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 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 -

Consolidated Income Statement

Consolidated Income Statement (Thousands of Pesos)	3Q18	3Q17	3Q18 vs 3Q17	9M18	9M17	9M18 vs 9M17
			% Change			% Change
Total Revenues						
Revenues from Hotel Operation	696,297	601,652	15.7%	1,997,833	1,712,011	16.7%
Revenues from Hotel Management	44,819	40,110	11.7%	138,163	110,400	25.1%
Total Revenues	741,116	641,762	15.5%	2,135,996	1,822,411	17.2%
Costs and expenses						
Hotel operating costs and expenses	364,279	318,028	14.5%	1,061,283	906,721	17.0%
Selling and administrative expenses	116,914	100,364	16.5%	338,276	294,313	14.9%
Depreciation and amortization	93,478	82,414	13.4%	281,369	252,670	11.4%
Total Costs and Expenses	574,671	500,806	14.7%	1,680,928	1,453,704	15.6%
Expenses assoc. with new hotel openings	2,220	5,004	(55.6%)	5,621	11,853	(52.6%)
Other (income) / Non-recurring expenses	0	0	NM	0	0	NM
Total	2,220	5,004	(55.6%)	5,621	11,853	(52.6%)
Operating Income	164,225	135,952	20.8%	449,448	356,854	25.9%
Operating Income Margin (%)	22.2%	21.2%	97 bps	21.0%	19.6%	146 bps
Adjusted EBITDA	259,923	223,370	16.4%	736,438	621,378	18.5%
Adjusted EBITDA Margin (%)	35.1%	34.8%	27 bps	34.5%	34.1%	38 bps
EBITDA	257,703	218,366	18.0%	730,816	609,525	19.9%
EBITDA Margin (%)	34.8%	34.0%	75 bps	34.2%	33.4%	77 bps
Finance income	(17,219)	(19,966)	(13.8%)	(40,555)	(41,284)	(1.8%)
Finance costs	102,793	49,869	106.1%	226,528	144,467	56.8%
Exchange result, net	6,827	(1,481)	(560.9%)	42,429	45,375	(6.5%)
Financial Expenses	92,401	28,422	225.1%	228,402	148,558	53.7%
Profit before income tax	71,824	107,530	(33.2%)	221,045	208,296	6.1%
Income tax expense	14,365	19,356	(25.8%)	44,209	37,493	17.9%
Net Income for the Period	57,459	88,174	(34.8%)	176,836	170,803	3.5%
Net Majority Income	62,387	85,606	(27.1%)	182,207	179,749	1.4%

Consolidated Financial Position Statement

Consolidated Balance Sheet	As of September 30, 2018	As of December 31, 2017	September 30, 2018 vs December 31, 2017
(Thousands of Pesos)			% Change
Cash and equivalents	1,173,711	1,190,624	(1.4%)
Trade receivables, net	245,542	147,224	66.8%
Recoverable taxes	355,884	289,639	22.9%
Prepaid expenses	191,277	80,972	136.2%
Total Current Assets	1,966,414	1,708,459	15.1%
Property, equipment and leasehold improvements	11,164,907	10,132,500	10.2%
Guarantee deposits	2,898	2,898	0.0%
Other assets	38,462	26,325	46.1%
Derivative financial instruments	1,225	0	NM
Deferred income tax	155,757	162,192	(4.0%)
Total Long Term Assets	11,363,249	10,323,915	10.1%
Total Assets	13,329,663	12,032,374	10.8%
Liabilities			
Current Liabilities:			
Bank loans and accrued interests	208,702	129,070	61.7%
Trade accounts payable	146,409	149,320	(1.9%)
Other taxes and accrued expenses	288,439	188,719	52.8%
Income tax payable	15,614	52,057	(70.0%)
Direct employee benefits	27,293	22,668	20.4%
Total Current Liabilities	686,457	541,834	26.7%
Long-term debt	3,522,062	2,599,451	35.5%
Deferred revenues	13,487	11,487	17.4%
Other Liabilities	157,147	207,302	(24.2%)
Employee benefits	3,507	2,724	28.7%
Derivative financial instruments	6,029	6,608	(8.8%)
Deferred income tax	219,014	243,419	(10.0%)
Total Long Term Liabilities	3,921,246	3,070,993	27.7%
Total Liabilities	4,607,703	3,612,827	27.5%
Equity			
Equity Attributable to the Owners of the Entity			
Issued capital	5,909,284	5,932,629	(0.4%)
Retained earnings	1,699,031	1,516,824	12.0%
Other Comprehensive Income	(12,863)	55,426	(123.2%)
Total Equity Attributable to the Owners of the Entity	7,595,452	7,504,879	1.2%
Non-controlling interests	1,126,508	914,668	23.2%
Total Equity	8,721,960	8,419,547	3.6%
Total Liabilities + Equity	13,329,663	12,032,374	10.8%

Cash Flow Consolidated Statement

Consolidated Cash Flow Statement (Thousands of Pesos)	3Q18	3Q17	9M18	9M17
Profit before income tax	71,824	107,530	221,046	208,296
Operating Activities				
Depreciation	93,478	82,414	281,369	252,670
Loss on disposal of equipment	25,478	16,484	25,759	17,794
Finance income	(17,219)	(19,965)	(40,555)	(41,284)
Finance costs	102,793	49,869	226,528	144,467
(Gain) Loss on Valuation of Financial Instruments	(1,299)	(1,298)	(2,713)	851
Expenses Related to Payments Based on Stocks	4,269	5,456	12,806	12,806
Unrealized foreign currency fluctuations	(11,583)	9,273	(45,987)	(57,304)
	267,741	249,763	678,253	538,296
Changes in Working Capital:				
Trade receivables	(26,042)	16,103	(133,318)	(28,075)
Recoverable taxes	(61,956)	(7,639)	(66,245)	(30,350)
Prepaid expenses, net	(21,281)	4,875	(110,305)	(20,779)
Trade and other payables	345	(24,546)	(2,911)	(3,602)
Accrued Expenses, others and taxes to be paid	44,244	(14,408)	101,719	33,797
Employee benefits	8,793	6,909	5,409	12,080
Income tax and business flat tax paid	(4,848)	(11,272)	(16,507)	(30,224)
Net Cash Flows from Operating Activities	206,996	219,785	456,095	471,144
Investing Activities:				
Payments for property, equipment and leasehold	(678,879)	(309,713)	(1,518,267)	(988,698)
Other assets	(13,869)	(1,388)	(12,137)	(4,165)
Finance income received	17,219	19,965	40,555	41,284
Net Cash Flows used in Investing Activities	(675,529)	(291,136)	(1,489,849)	(951,579)
Financing Activities:				
Proceeds from the issuance of equity instruments	4,269	5,456	12,806	29,891
Proceeds from contributions rec. from non-controlling interests	116,850	5,750	226,545	10,475
Non Controlling Interest decrease	0	(5,000)	(35,524)	(5,000)
Non Controlling Interest Dividends	(750)	(1,500)	(9,334)	(8,000)
Proceeds for future capital increases	0	2,968	0	5,172
Repurchase of shares	(22,649)	(2,413)	(36,151)	(19,557)
Finance cost paid	(104,131)	(48,890)	(234,308)	(146,352)
Proceeds from short- and long-term borrowings	244,000	359,000	1,948,000	467,000
Repayment of borrowings	(204,433)	(49,946)	(907,551)	(173,584)
Net Cash Flows used in Financing Activities	33,156	265,425	964,483	160,045
Net increase (decrease) in cash and equivalents	(435,380)	194,072	(69,271)	(320,390)
Cash at the beginning of the period	1,585,961	1,393,420	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	23,130	(12,049)	52,358	41,205
Cash at the End of the Period	1,173,711	1,575,441	1,173,711	1,575,441

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	Queretaro
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
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	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
2017					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
140	Cancun Aeropuerto	City Express Plus	Co-Owned	Oct-18	120	Quintana Roo
2018					15,811	