



Corporate Presentation

Hoteles City Express

October 2016



Disclaimer

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All communications, inquiries and requests for information related to these materials should be directed to the contacts listed below.



Santiago Mayoral Alvarez
Corporate Finance and Investor Relations

Tel: +5255 5249-8050
smayoral@hotelescity.com
www.cityexpress.com/en/investors

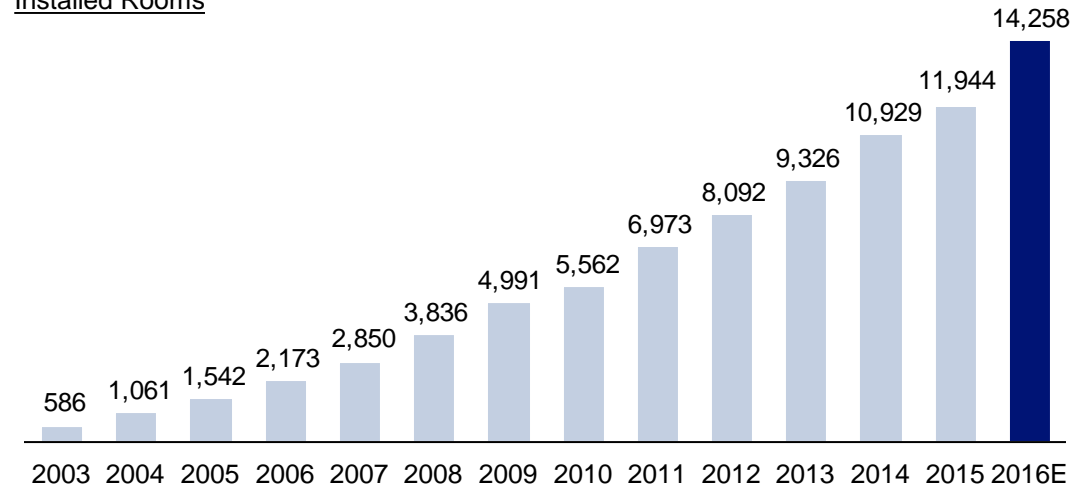
We are the Leading and Fastest Growing Hospitality Platform in Mexico and LatAm



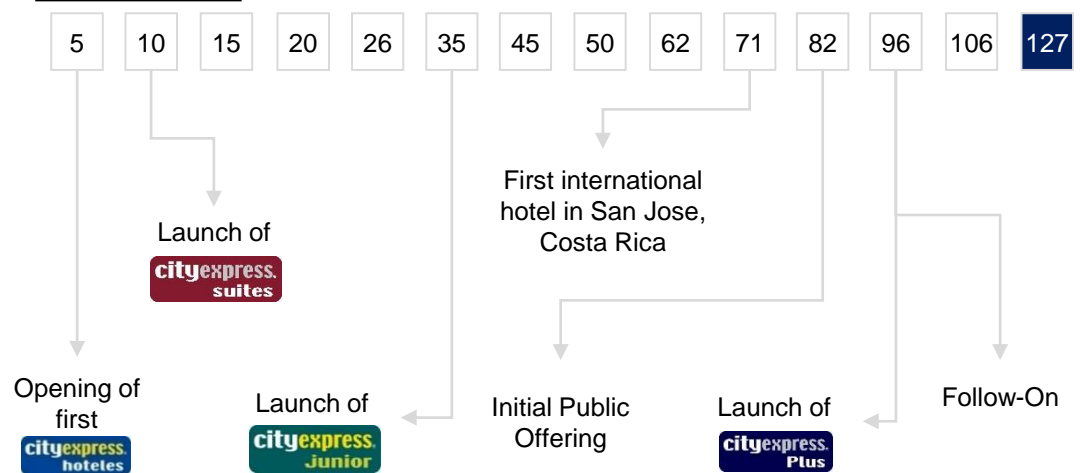
- Fully integrated business platform with exposure to the complete hospitality chain
- Diversified geographic footprint geared towards locations with growth rates larger than average GDP
- Organic expansion potential due to market fragmentation and scarce product formalization from independent hotels.
- State-of-the-Art distribution platform at the forefront of industry trends
- Consistent and profitable growth through strong operating and financial performance

Historic Chain Growth

Installed Rooms



Number of Hotels



Business Model Tailored to Best Serve our Target Segments



Description	<ul style="list-style-type: none"> Flagship Brand Essential amenities Economy segment 	<ul style="list-style-type: none"> City Express product located in Premium locations 	<ul style="list-style-type: none"> Budget segment brand Same quality within smaller rooms 	<ul style="list-style-type: none"> Extended stay brand Apartment-style layout 	<ul style="list-style-type: none"> City Express product within city downtowns with Premium decor
Average Room Size	23 m ² (248 ft ²)	23 m ² (248 ft ²)	17 m ² (183 ft ²)	30 m ² (323 ft ²)	23 m ² (248 ft ²)
Average Daily Rate (ADR)	MXN \$600 – \$1,200	MXN \$1,000 – \$1,500	MXN \$500 – \$750	MXN \$750 – \$1,700	MXN \$ 1,200 – \$1,600
Rooms per Hotel	100 – 150	70 - 150	105 – 134	26 – 120	35 – 80
# of Hotels ⁽¹⁾	77	12	16	10	Coming soon
# of Rooms ⁽¹⁾	8,891	1,612	1,770	614	Coming soon

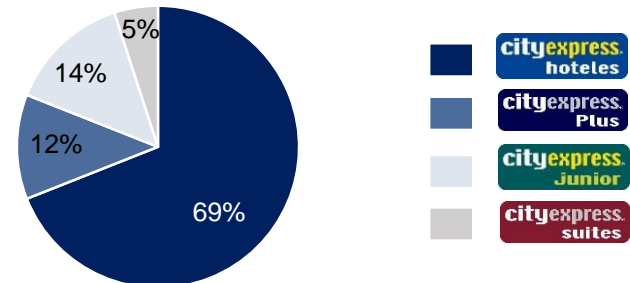
Market Segments



Target ADR (MXN)



Room Distribution by Brand



(1) As of October 2016

Product Portfolio Focused on Maximizing the Price – Value Ratio

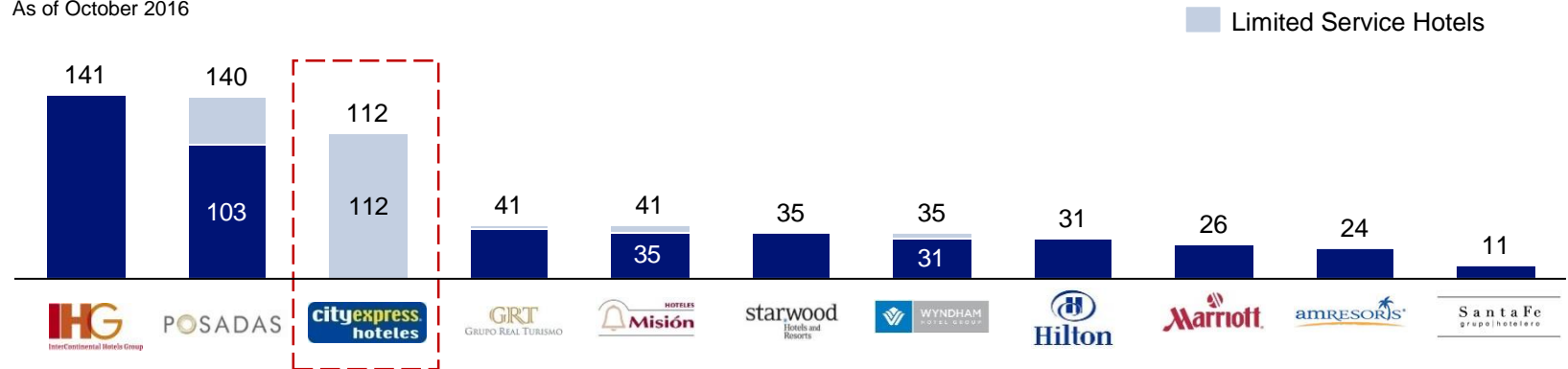


Largest Chain in our Segment in Mexico



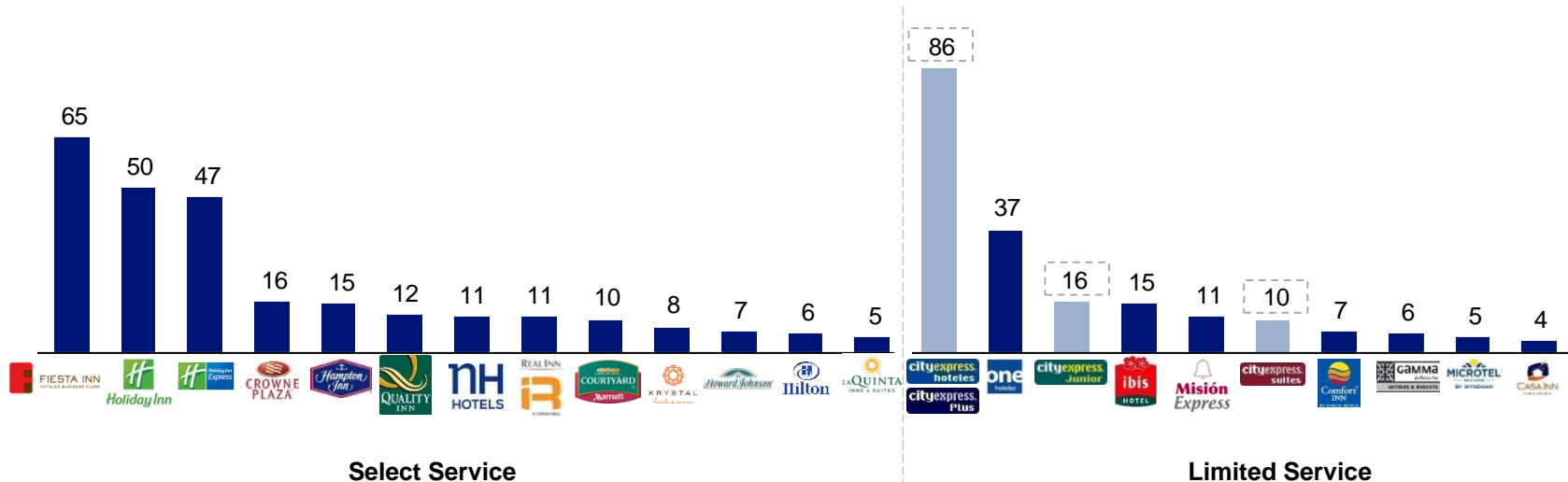
Number of Hotels by Chain in Mexico

As of October 2016

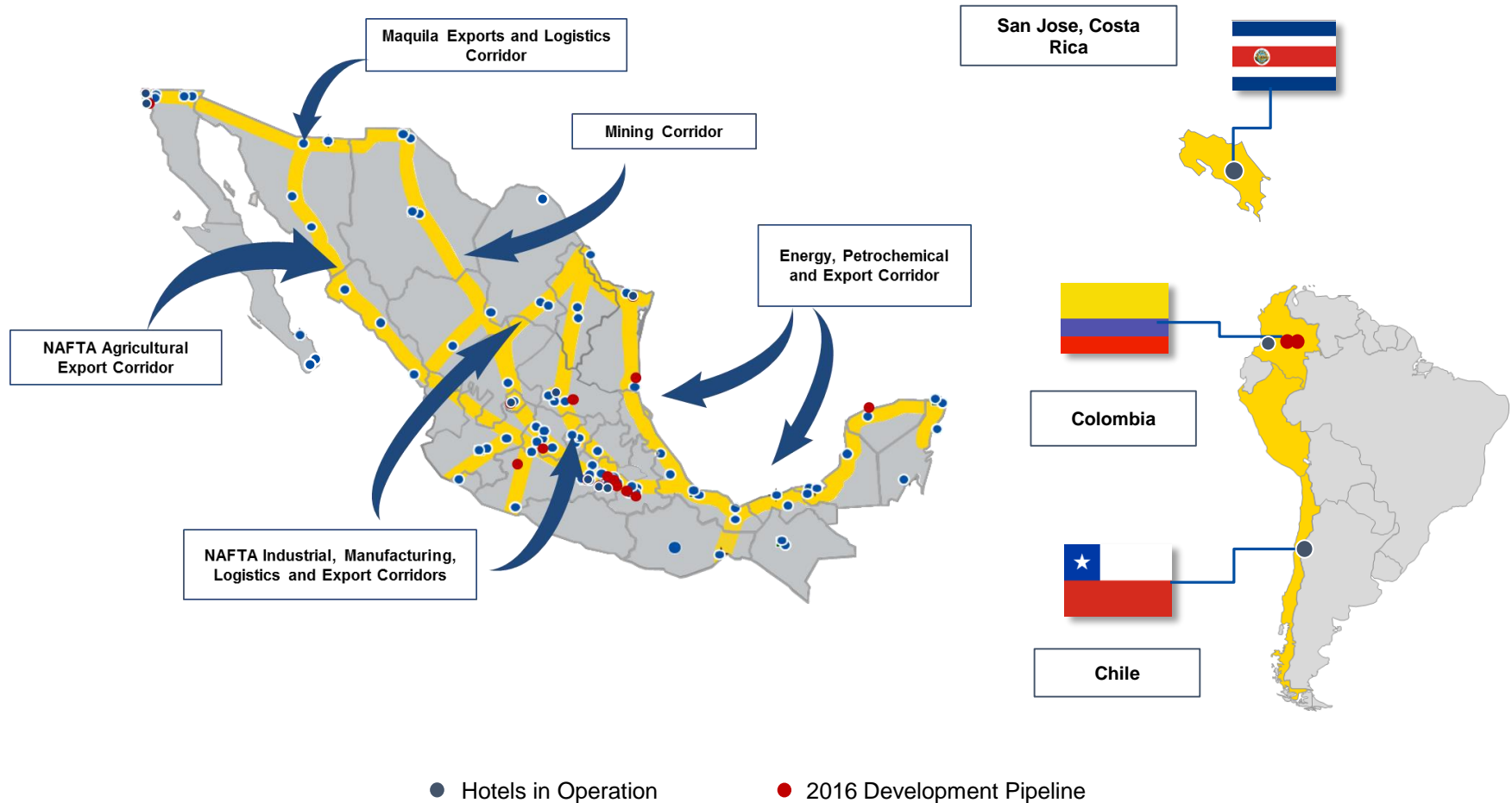


Number of Hotels by Brand in Mexico

As of October 2016



Geographic Footprint Geared to Key Drivers of Economic Activity

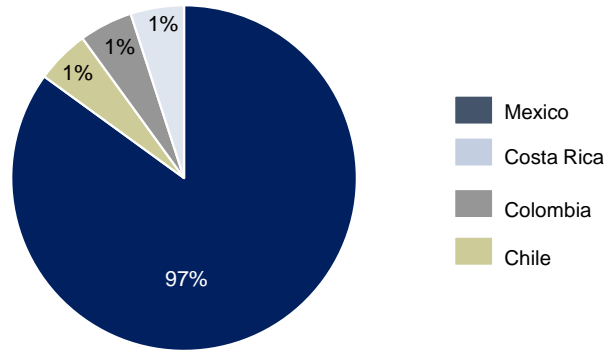


Wide Geographic, Sector and Industry Diversification



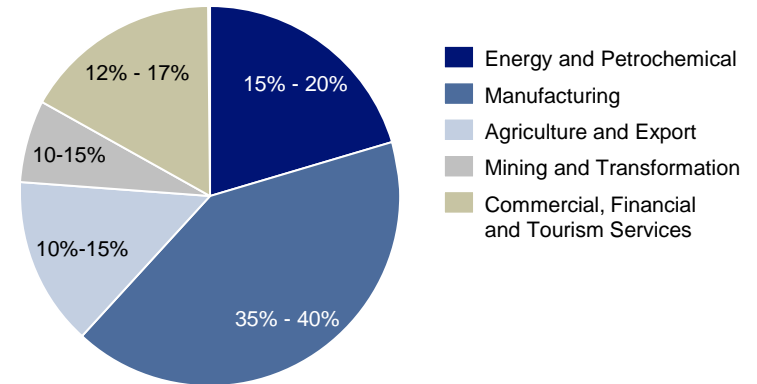
Geographic Coverage by Country

As of October 2016



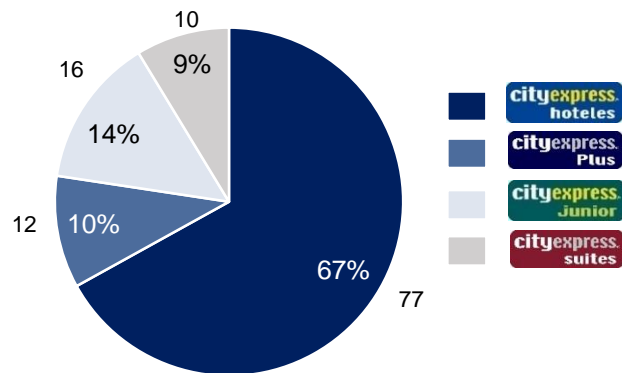
Presence in Mexico by Economic Activity

As of October 2016, % of Total Portfolio based on Number of Hotels



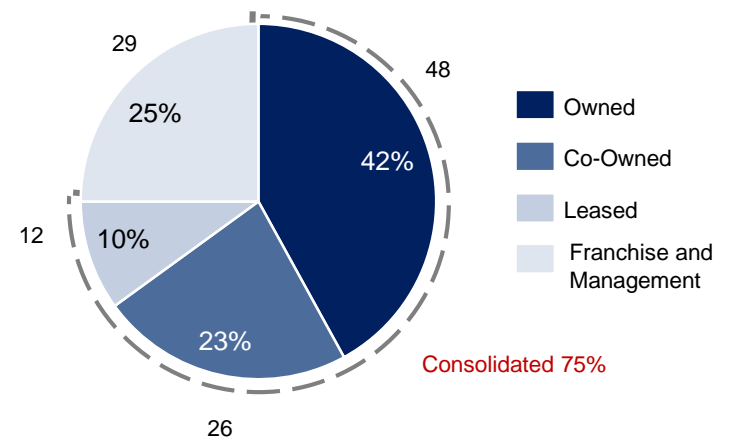
Hotel Portfolio by Brand

As of October 2016, # of Hotels and % of Total Portfolio



Hotel Portfolio by Ownership

As of October 2016, # of Hotels and % of total Portfolio



A modern hotel room with a large window, a desk, a chair, and a bed. The room is bright and clean, with a red accent on the bed and a blue logo on the desk.

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Macroeconomic & Industry Fundamentals

Tourism Sector in Expansion

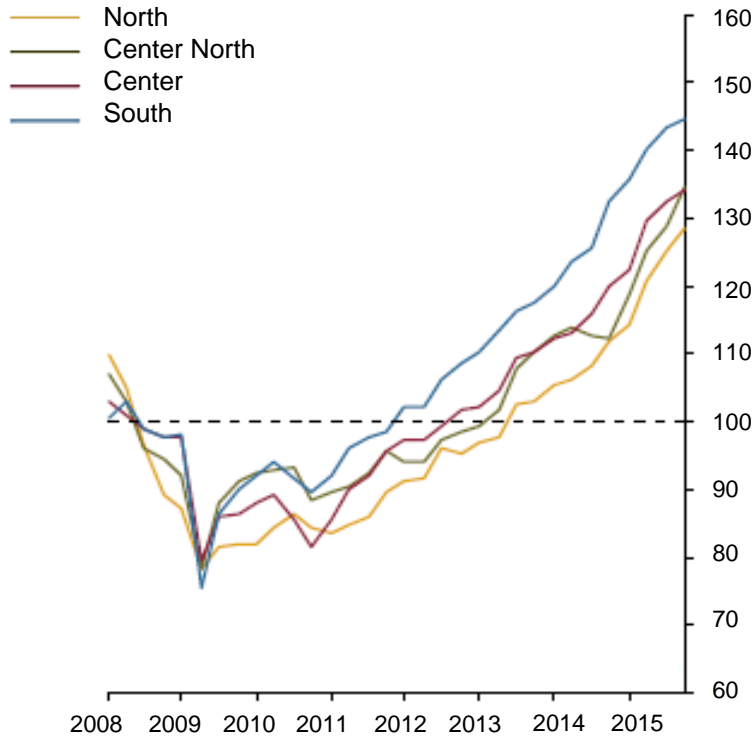
Regional Indicators of Activity in the Tourism Sector



Positive Trends on Tourist Arrivals

Passenger Arrivals to Airports Index

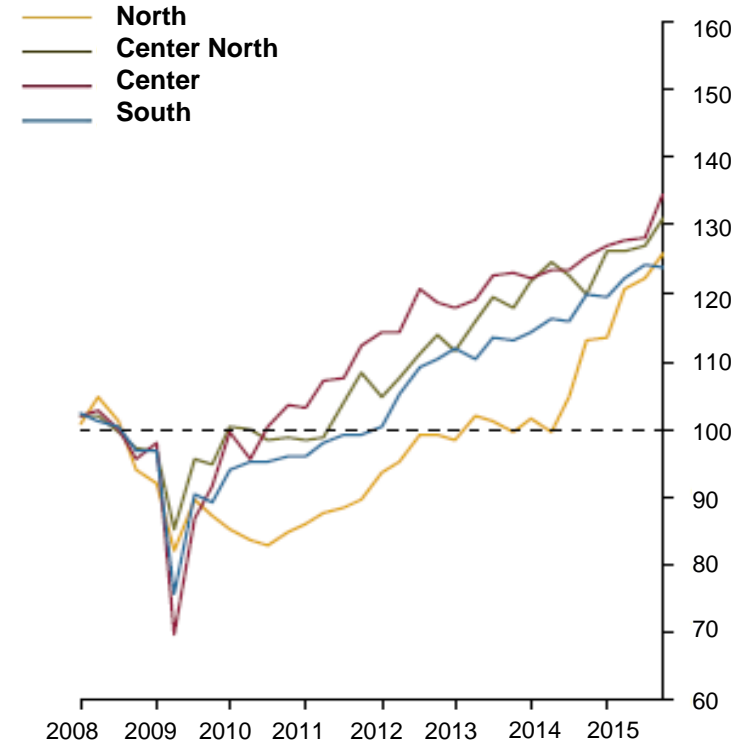
Base 2008 (2008 = 100)



Adequate Absorption of Installed Capacity that Translates into Increasing Occupancy

Hotel Occupancy Index

Base 2008 (2008 = 100)



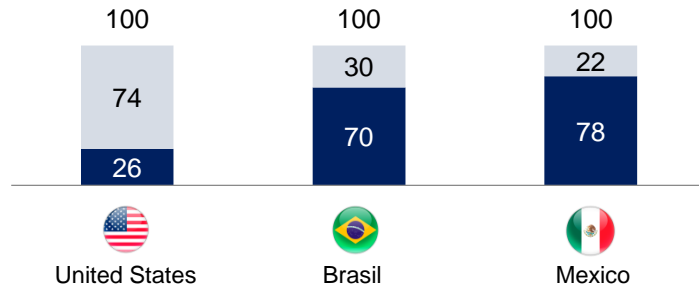
Fragmented Industry that Presents Consolidation Opportunities



Hotel Supply – Fragmented and Dominated by Independent, Non-Standardized Hotels

Breakdown of Independent and Chained Hotels

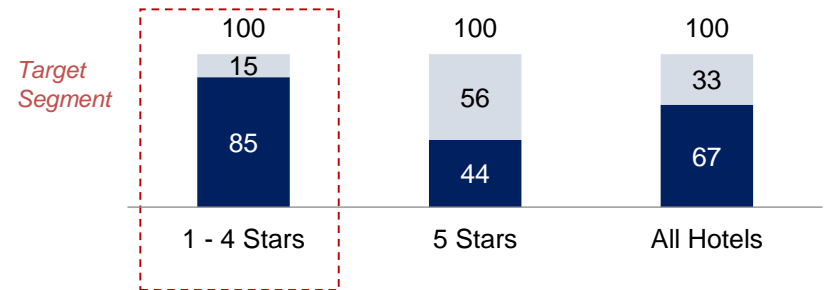
2015 (% of Rooms) ■ Independent ■ Chained



Hotel Demand – Driven by our Target Customers

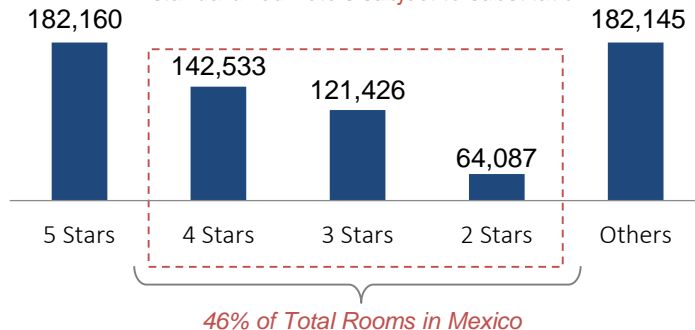
Occupied Room Nights by Guests' Nationality

2015 (% of Occupied Rooms) ■ Domestic ■ International



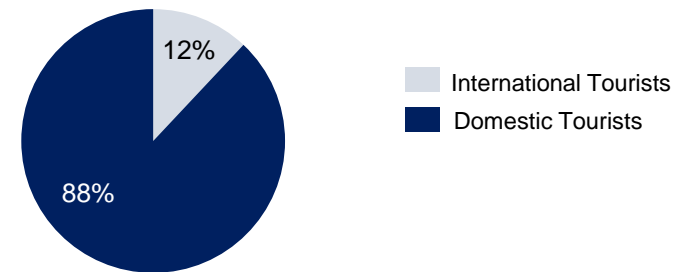
Hotel Rooms in Mexico by Number of Stars

2015 *Mainly independent., family operated, non-standardized hotels subject to substitution*



Tourism Spending in Mexico (Tourism GDP)

2015



cityexpress Plus

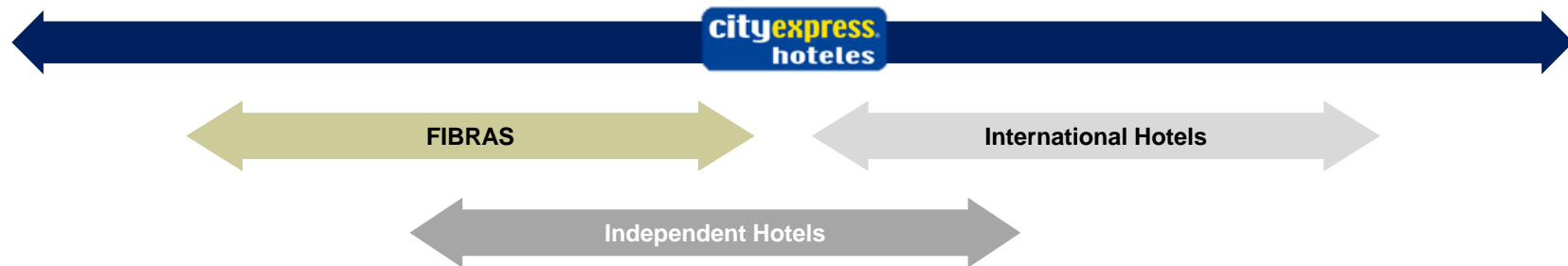
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Fully Integrated Business Model

Integrated Business Platform with Complete Exposure to the Mexican Lodging Industry



Development	Hotel Ownership	Hotel Management & Franchising	Marketing and Distribution
<ul style="list-style-type: none"> • 22,000+ rooms developed by the Hoteles City Express team • Systematic and streamlined design and development <ul style="list-style-type: none"> – Low, predictable costs – Benefit from scale in development • Strong ROIC track record • Control over entry cap rates 	<ul style="list-style-type: none"> • 48 owned hotels⁽¹⁾ • 26 co-owned hotels⁽¹⁾ • 12 leased hotels⁽¹⁾ • Primary focus on ownership and co-ownership of hotels <ul style="list-style-type: none"> – 50%+ ownership in co-owned properties – Business partners contribute land and/or equity and local market insight 	<ul style="list-style-type: none"> • Best-in-class operating margins • Standardized room layouts, furnishings and processes • Brand licensing to third-party hotel owners under management contracts 	<ul style="list-style-type: none"> • Strong brand recognition • Vast majority of reservation through own distribution channels. • <i>City Premios</i> guest loyalty program • Corporate and local agreements • Targeted and cost-efficient marketing • State-of-the-Art digital and technological platforms



(1) As of October 2016; excludes managed and franchised hotels.

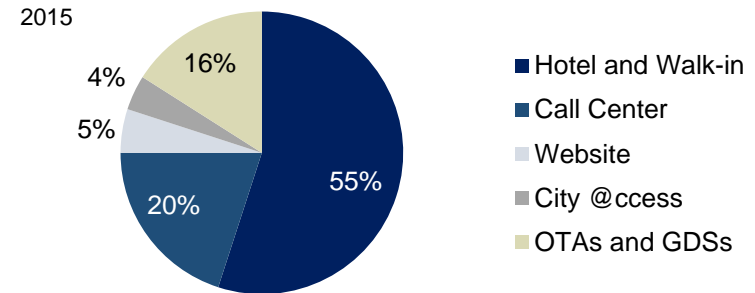
Innovative and Disruptive Room Distribution Platform



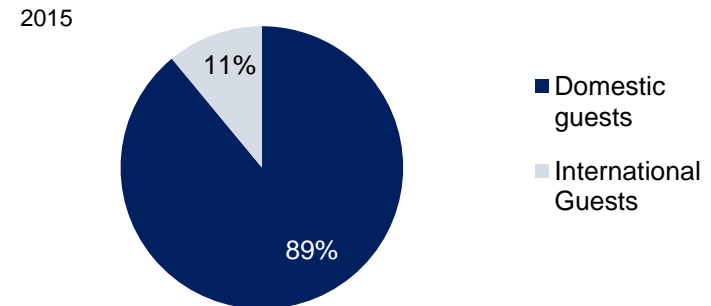
- Innovative technological platform receiving **more than 80% of reservations through own channels.**
- Optimized **Yield Management System** executed every day in every property focused on maximizing RevPAR.
- *City Premios* –**Loyalty program** with over **430,000 active members** accountable for **16%** of total occupied room nights for 2015.
- More **than 8,000 corporate agreements** that account for approximately **40%** of total occupied room nights.
- Solid **commercial agreements and partnerships** that turn into sales.



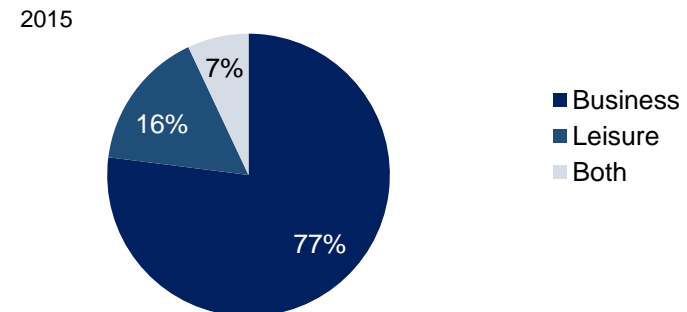
Room Nights Sold by Channel



Rooms Nights Sold by Type of Guest



Rooms Night Sold by Travel Purpose



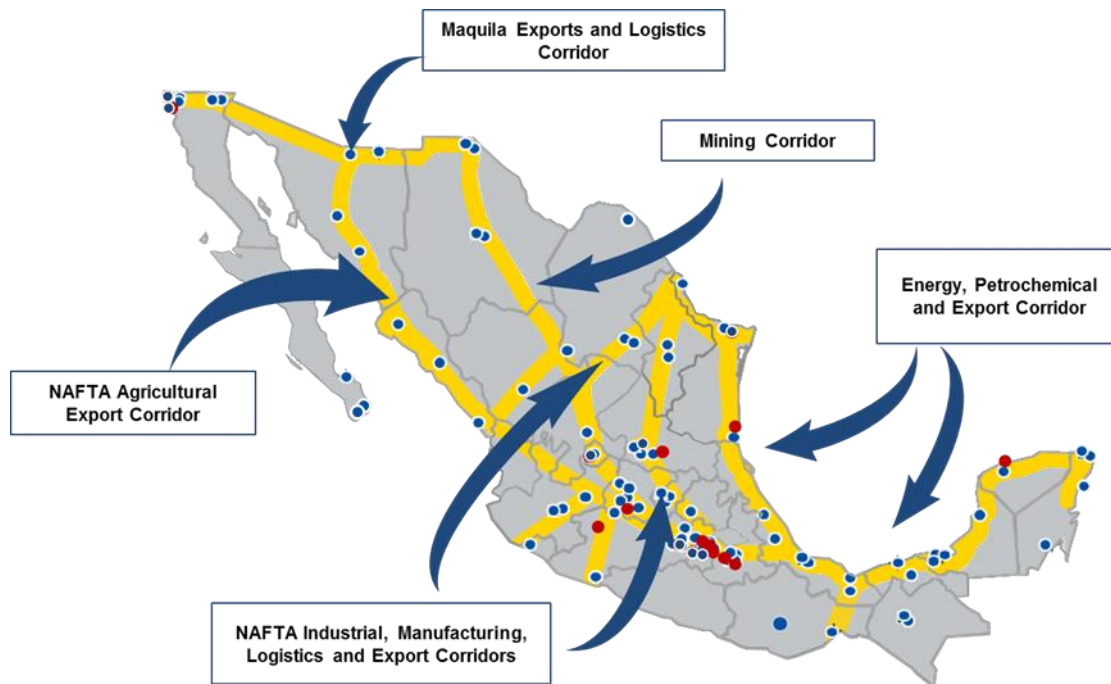


Development Pipeline

2016 Development Pipeline



Development Pipeline Focused on Markets with the Largest Exposition to the Mexican Economy Growth



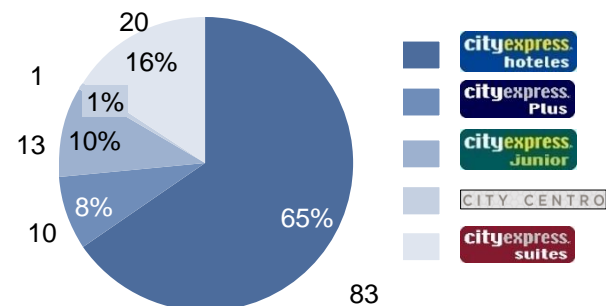
● Hotels in Operation

● 2016 Development Pipeline

Hotels, Rooms and Cities Count	2015	2016E	Change
Hotels	106	127	19.8%
Rooms	11,944	14,258	19.4%
Cities	61	66	8.2%

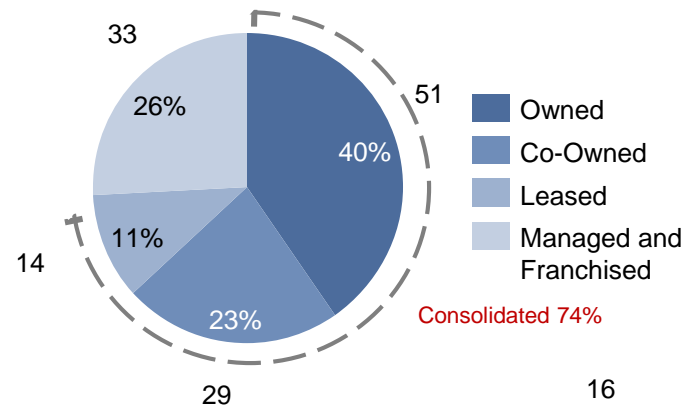
Hotel Portfolio by Brand

Pro-forma as of End of 2016 Pipeline, % of total rooms



Hotel Portfolio by Investment Scheme

Pro-forma as of End of 2016 Pipeline, % of total rooms



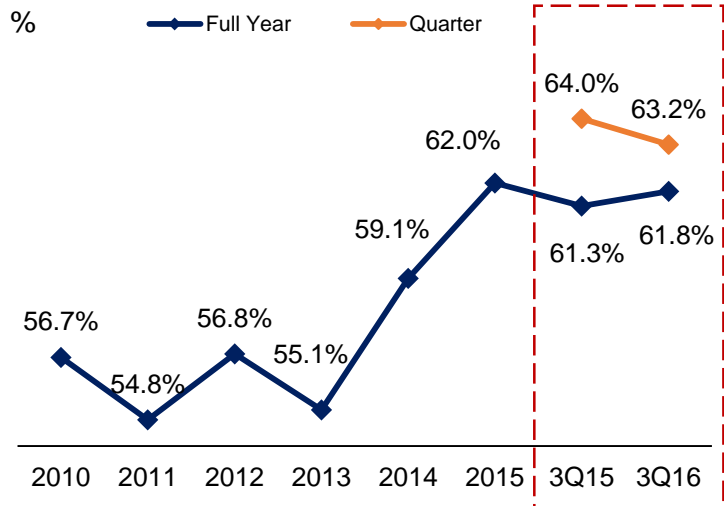


Operating and Financial Metrics

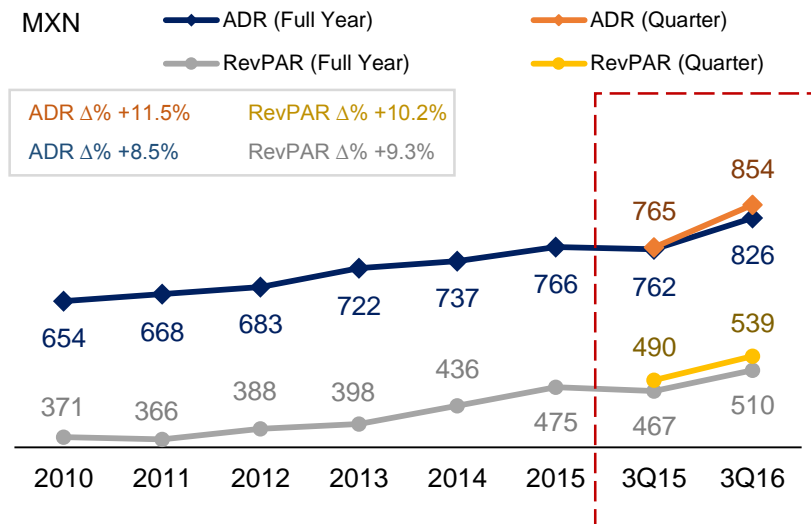
Sustained Growth in Operating and Financial Metrics



Occupancy

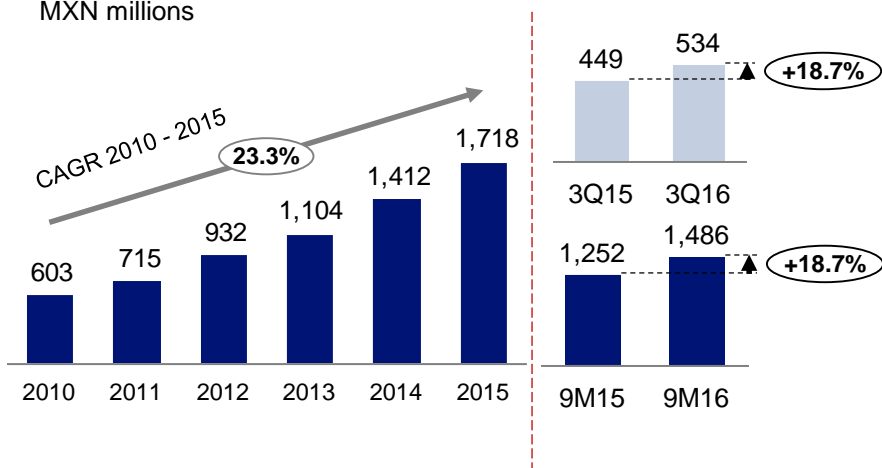


Average Daily Rate (“ADR”) and Effective Daily Rate (“RevPAR”)



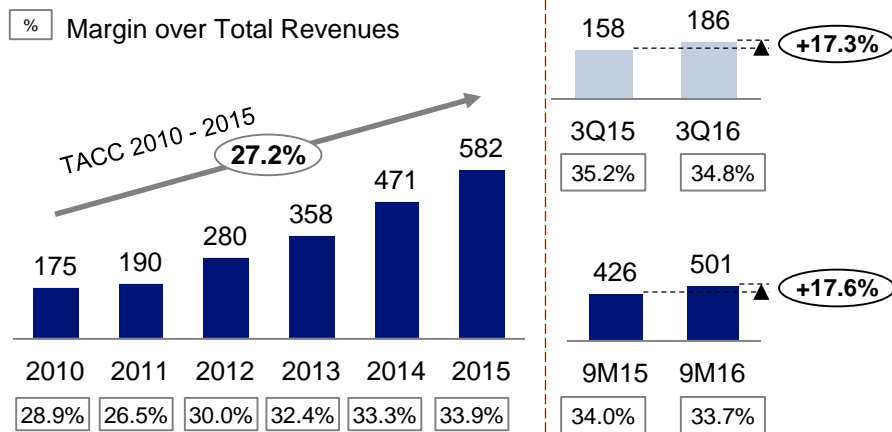
Total Revenues

MXN millions



Adjusted EBITDA and EBITDA Margin

MXN millions

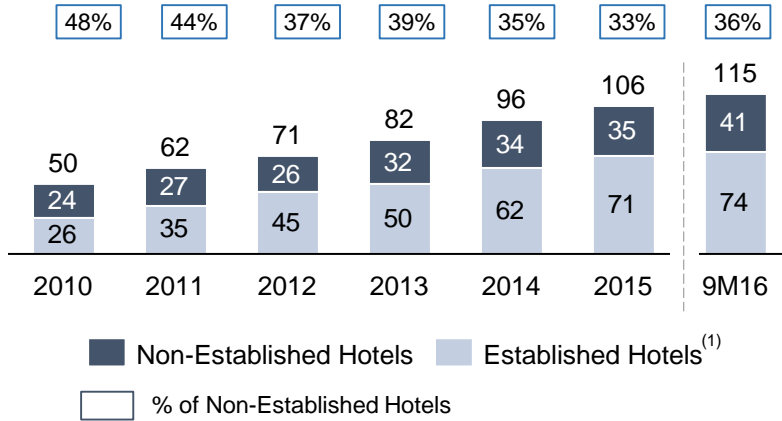


Significant Embedded Growth in Recently Built Inventory



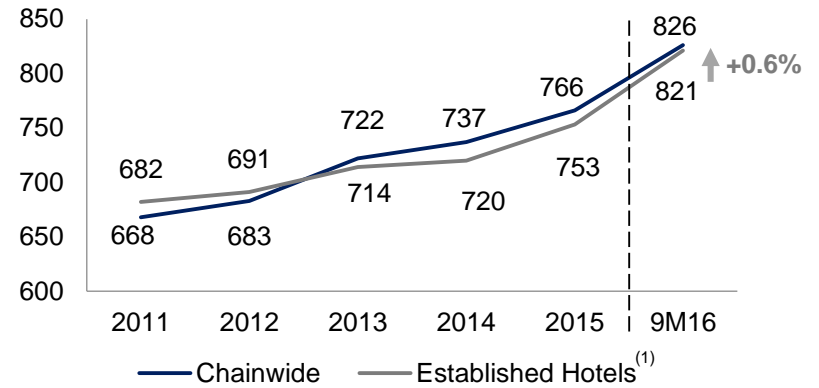
Number of Hotels in Operation

of Hotels in Operation at the End of Each Period



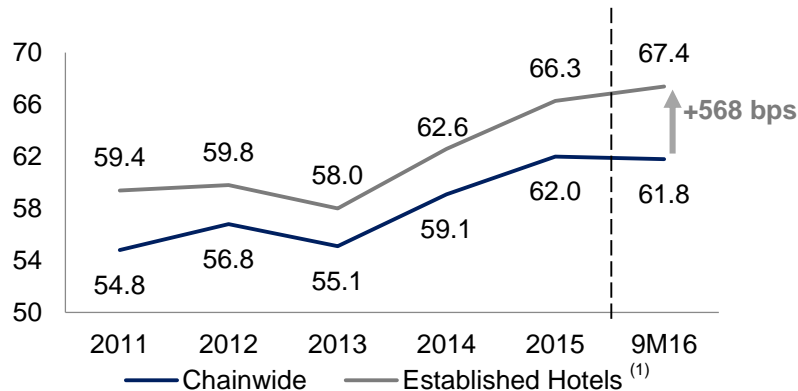
ADR

MXN



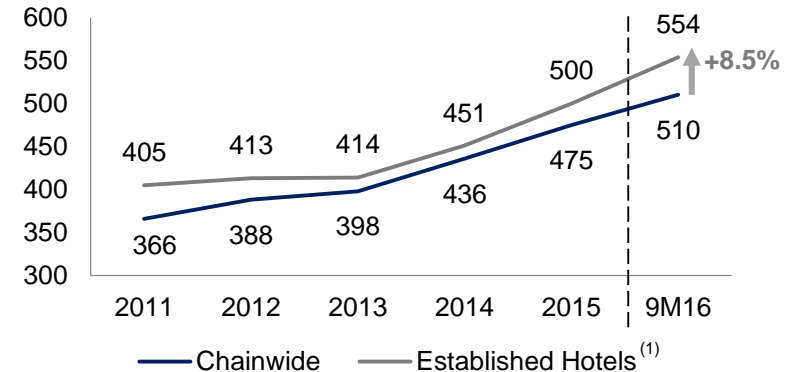
Occupancy

%



RevPAR

MXN



(1) Defined as the hotels with at least 36 months of operation

A Better Company at a Lower Price



		Initial Public Offering (June 2013)	Today (October 2016)	
Hotel Platform	Hotels / Rooms in Operation	72 / 8,201	115 / 12,887	57.1%
	Development Pipeline (Projects in Process)	13	40	207.7%
Operating Metrics ¹	Occupancy	55.1%	61.8%	670 bps
	Average Daily Rate (ADR)	\$722	\$826	14.4%
	Revenue Per Available Room (RevPAR)	\$398	\$510	28.1%
Financial Performance ²	Total Revenues	\$968 MM	\$1,952 MM	101.6%
	Adjusted EBITDA/ Margin	\$311 MM / 30.5%	\$657 MM / 33.6%	111.2%
Valuation ³	Book Value per Share	\$8.79	\$18.77	113.6%
	Share Price	\$24.00	\$18.18	(24.3%)
	Market Cap	\$6,603 MM	\$6,996 MM	1.4%

(1) Operating metrics up to 3Q16

(2) Financial performance calculated LTM based on 3Q16 results

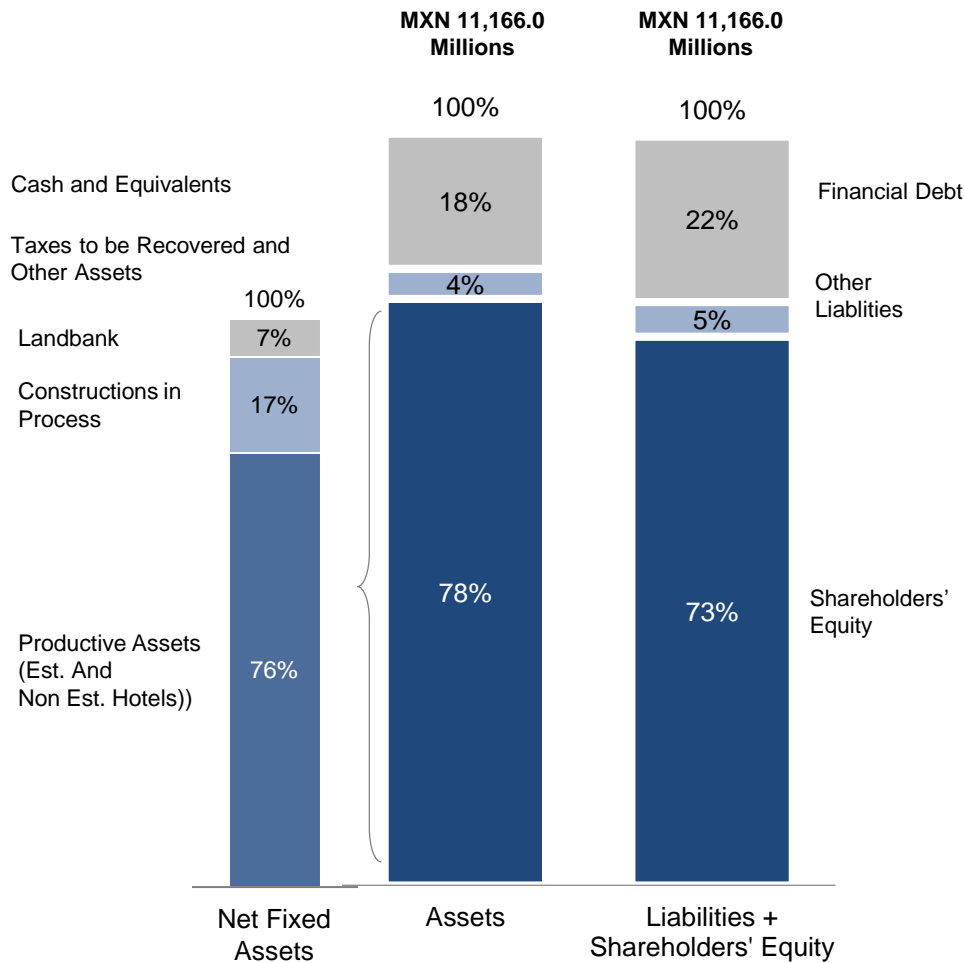
(3) Current Price and market cap calculated as average from October 3rd to 18th.

Solid Capital Structure to Support Growth



Balance Sheet Structure

As of September 30, 2016

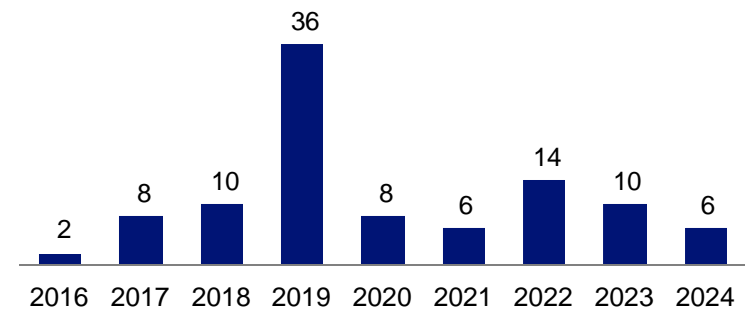


Financial Debt Maturity Schedule

As of September 30, 2016, % of Debt Outstanding

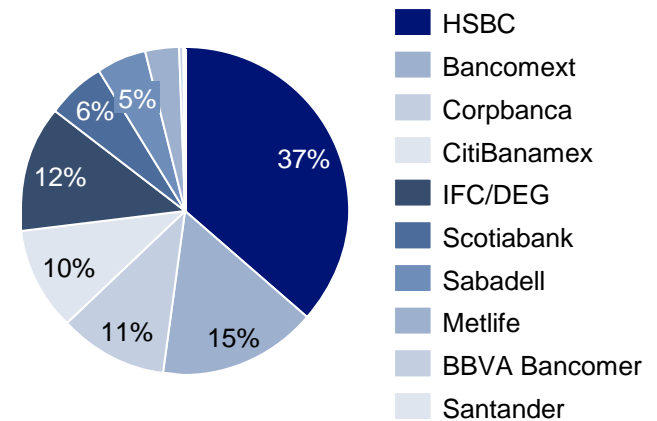
Total Debt Outstanding:

MXN 2,481.5 millions



Access to Diversified Financing Sources

Bank Debt by Counterparty as of September 30, 2016



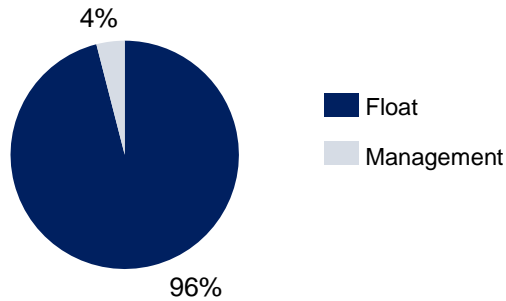


Corporate Governance and Sustainability

Robust Corporate Governance Practices and Commitment to Sustainability



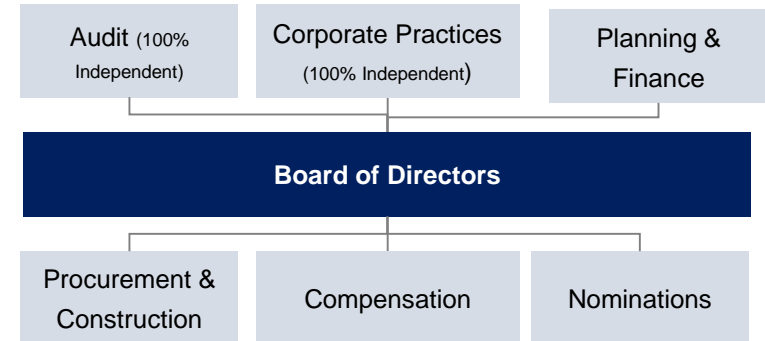
Broadly Diversified Investors Base



- Mainly independent Board of Directors – 12 out of 13 members are independent

Committed and Capable Board of Directors

Board Committees



- Practices aligned to protect minority interests and zero corruption tolerance.
- Corporate Governance Manuals and Politics effectively implemented: <https://goo.gl/vFvNOV>

Sustainability Strategy that Generates Results

- Sustainability policy and committee** effectively implemented.
- Top environmental practices** and international certifications for hotels.
- Catalyst of positive social, economic and environmental impacts** in all our locations
- Deeply committed with UN's **2030 Goals for Sustainable Development**.

Portfolio of Certifications



Strategic Pillars and Initiatives

Economic	Entrepreneurship program, committed to growing employment opportunities
Environmental	Resource optimization and minimization of Carbon Footprint initiatives
Social	Labor Inclusion and welfare programs for employees



Download our 2015 Sustainability Report

<https://goo.gl/Dknl3C>



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Corporate Presentation

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