



Hoteles City Express Announces Fourth Quarter and Full Year 2016 Results

Mexico City., February 15, 2017 – Hoteles City Express S.A.B. de C.V. (BMV: HCITY) (“Hoteles City Express” or “the Company”), announced today its results for the fourth quarter (“4Q16”) and full year 2016 (“12M16”). The figures within have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and are presented in Mexican Pesos (“\$”)

Financial and Operating Highlights (4Q16)

- At the Chain level, 4Q16 occupancy reached 61.5%; 240 basis points (“pbs”) below the same period last year due to the opening of 8 new hotels in the quarter. The Average Daily Rate (“ADR”) and Revenue per Available Room (“RevPAR”) increased by 13.6% and 9.3%, respectively, in comparison with 4Q15, to \$885 and \$544.
- Total Revenues were \$551.7 million, which represents an 18.3% year-on-year increase, primarily due to a 9.3% increase in the number of Occupied Room Nights at the Chain level, as well as a 13.6% increase in RevPAR.
- Operating income was \$102.4 million in 4Q16; a 7.6% increase over the same quarter last year.
- EBITDA and Adjusted EBITDA were \$173.8 million and \$180.5 million, respectively, reflecting year on year increases of 13.9% and 16.1%. EBITDA margin and Adjusted EBITDA margin for the period came to 31.5% and 32.7%, respectively.
- Net Income for the period reached \$79.1 million; a 98.3% year on year increase. Net Income margin was 14.3% for the quarter.
- At the close of the fourth quarter 2016, the Chain was operating 123 hotels; an increase of 17 new units compared to the 106 hotels operating at the close of the same period in 2015. The number of rooms in operation in 4Q16 was 13,702; a 14.7% increase in comparison with the 11,944 at the close of 4Q15.



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Financial and Operating Highlights (12M16)

- At the Chain level, occupancy for the year closed at 61.7%, with an ADR of \$842 and RevPAR of \$519, reflecting increases of 9.8% and 9.3%, respectively.
- Consolidated Total Revenues as of December 2016 were \$2.04 billion; an 18.6% increase with respect to the same period in 2015. This was due to an 11.0% increase in the number of Occupied Room Nights at the Chain level, a 9.3% increase in RevPAR and to a 42.4% increase in revenues from Hotel Management activity.
- Operating Income registered \$372.0 million during 2016; a 16.1% increase over 2015.
- EBITDA and Adjusted EBITDA reached \$663.4 million and \$681.5 million, representing year on year increases of 15.9% and 17.2%, respectively. EBITDA and Adjusted EBITDA Margins were 32.6% and 33.4%, respectively.
- Net Income for the period reached \$264.5 million; a 26.7% year on year increase. Net Income Margin was 13.0% at the close of 2016.

Operating and Financial Highlights	4Q16	4Q15	4Q16 vs 4Q15	12M16	12M15	12M16 vs 12M15
			% Change			% Change
Operating Statistics for the Chain						
Number of Hotels at the End of the Period	123	106	16.0%	123	106	16.0%
Number of Rooms at the End of the Period	13,702	11,944	14.7%	13,702	11,944	14.7%
Number of Installed Room Nights	1,193,937	1,051,241	13.6%	4,545,795	4,077,026	11.5%
Number of Occupied Room Nights	733,999	671,554	9.3%	2,803,820	2,526,359	11.0%
Average Occupancy Rate (%)	61.5%	63.9%	-240 bps	61.7%	62.0%	-29 bps
ADR(\$)	885	779	13.6%	842	766	9.8%
RevPAR(\$)	544	498	9.3%	519	475	9.3%
Consolidated Financial Information (Thousands of Pesos)						
Total Revenues	551,738	466,266	18.3%	2,037,766	1,718,311	18.6%
Operating Income	102,361	95,132	7.6%	371,992	320,371	16.1%
Operating Income Margin	18.6%	20.4%	-185 bps	18.3%	18.6%	-39 bps
Adjusted EBITDA	180,487	155,511	16.1%	681,548	581,741	17.2%
Adjusted EBITDA Margin (%)	32.7%	33.4%	-64 bps	33.4%	33.9%	-41 bps
EBITDA	173,784	152,562	13.9%	663,353	572,578	15.9%
EBITDA Margin (%)	31.5%	32.7%	-122 bps	32.6%	33.3%	-77 bps
Net Income	79,113	39,889	98.3%	264,498	208,750	26.7%
Net Income Margin (%)	14.3%	8.6%	578 bps	13.0%	12.1%	83 bps

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

Comments by Luis Barrios, Chief Executive Officer of Hoteles City Express:

"With more than 13,800 rooms and 124 hotels to date, an intense commercial strategy and a digital distribution platform that begins to show results, Hoteles City Express closes another record year in the history of the Company.

During 2016, we achieved excellent operational performance, productivity and profitability metrics, including: a) a 16% increase in installed capacity during the year, b) an increase of close to 10% in RevPAR and c) an Adjusted EBITDA margin in line with last year with 15% more nights in operation.

Regarding our Development Plan, 2016 posted a landmark of growth in new units. With more than 1,750 rooms and 17 new hotels in deep markets we have an inventory available to serve more than 3.0 million guests per year.

Even though, the general outlook for the Mexican economy is showing signs of uncertainty for 2017, the demand indicators for the tourism sector remain solid and fundamentally well underpinned. In particular, the dynamism of airport's passengers and hotel activity in the most important markets where we operate continue to grow in a healthy way.

For 2017, we will maintain our pace of growth and continue to increase our exposure in attractive markets, diversifying our portfolio and applying a cautious approach to our investments based on the Mexican economy performance throughout the different industries and regions. We are confident that our capacity in this area together with our cost control discipline over the development process will lead us to open more than 2,000 new rooms in 19 new units in 2017 - 17 new hotels and 2 expansions to existing hotels.

Finally, it is worth mentioning, that the strengthening efforts of the last 18 months regarding the implementation of an "online operation" culture, a process-driven organization and our e-commerce engine are beginning to show results by demonstrating scale and allowing us to count on an adaptive and real-time commercial strategy.

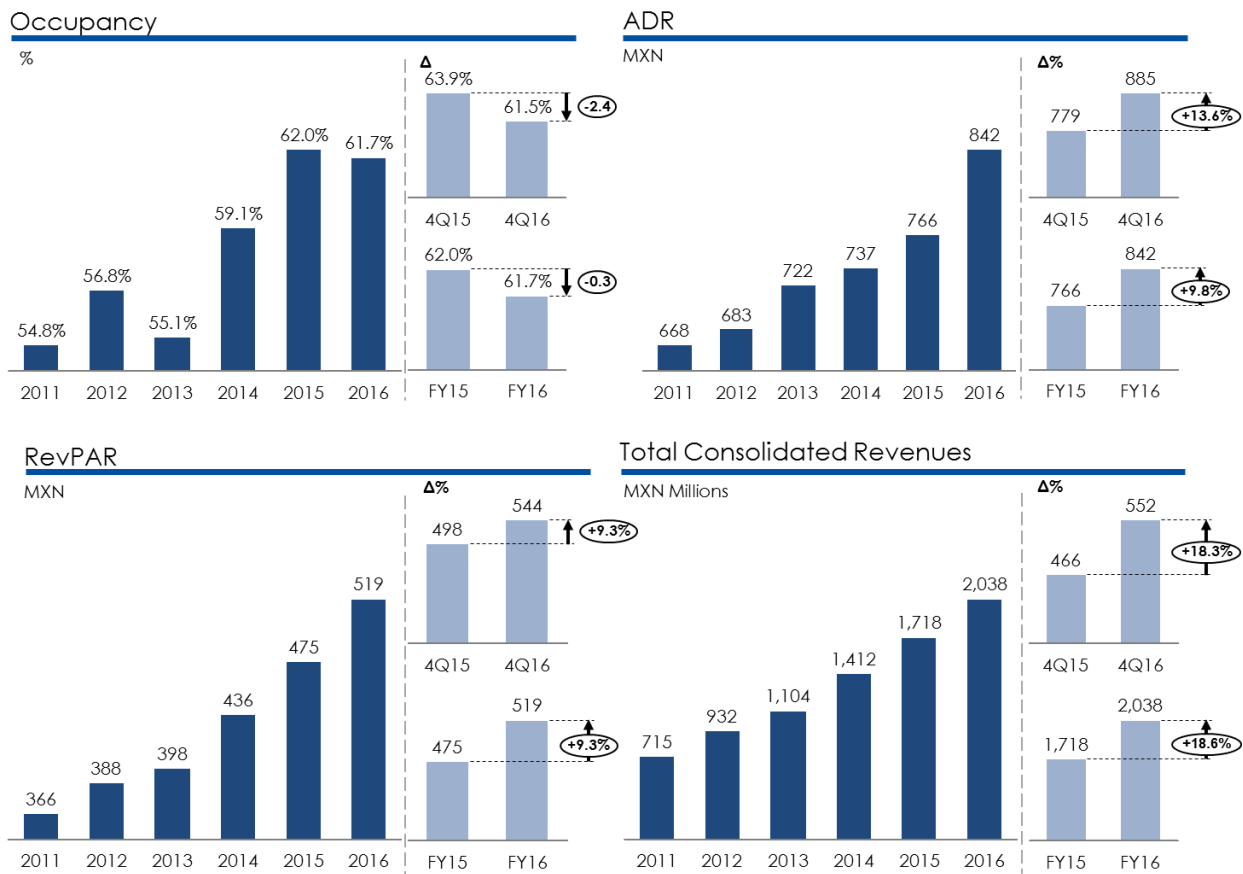
Today, Hoteles City Express is much more than an asset portfolio, it is the integrated hospitality platform with the greatest potential to sell and operate rooms in Mexico and the rest of Latin America.

We are proud of our results, which reaffirm our strong competitive position and impel us to continue being an alternative of generating value for all our stakeholders. "

Operating Performance: Chainwide

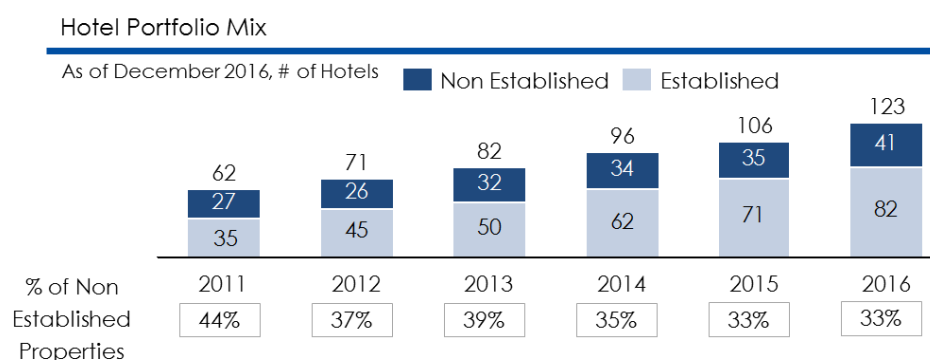
Chain occupancy for 4Q16 ended at 61.5% due to the addition of 815 new rooms to the portfolio. As a result of a prospective commercial strategy levered in a digital platform that is starting to pay out, ADR and RevPAR registered solid gains of 13.6% and 9.3%, respectively, compared to the same period in 2015.

Cumulatively, as of December 31, 2016, chain occupancy was 61.7%, registering an average rate of \$842; a 9.8% year on year increase. As a result, RevPAR increased by 9.3% compared to the same period last year.



Operating Performance: Established Hotels

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



Established Hotels	4Q16	4Q15	Change
Hotels	82	71	15.5%
Rooms	9,357	8,123	15.2%
Occupancy	66.2%	68.2%	-201 bps
ADR (\$)	871	764	14.0%
RevPAR (\$)	577	521	10.7%

In 4Q16, Established Hotels registered a 66.2% occupancy; a 201 basis point (“bps”) year on year decrease. This is due to the inclusion of certain hotels with exposition to energy and petrochemical activities to the sample, as well as to the release of installed capacity resulting from a 14.0% increase in ADR. Nevertheless, RevPAR for this sample of hotels showed a 10.7% increase over the same period in 2015.

It should be noted that the Company has not experienced any deceleration at its Established Hotels during the fourth quarter nor in year-to-date 2017 resulting from global or Mexican economic uncertainty. The fundamentals of this portfolio remain strong and the Company expects that demand for rooms should continue to increase in 2017.

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)	4Q16	4Q15	4Q16 vs 4Q15	12M16	12M15	12M16 vs 12M15
			% Change			% Change
Hotel Operation	526,666	447,299	17.7%	1,940,715	1,639,752	18.4%
Hotel Management	135,314	126,720	6.8%	524,429	422,151	24.2%
Total	661,980	574,019	15.3%	2,465,144	2,061,903	19.6%

Revenues from the Hotel Operations segment increased 17.7%; from \$447.3 million in 4Q15 to \$526.7 million in 4Q16, due to the increase in Occupied Room Nights and a 13.6% increase in RevPAR.

Revenues from Hotel Management rose 6.8%, from \$126.7 million in 4Q15 to \$135.3 million in 4Q16, 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 15.3%; from \$574.0 million in 4Q15 to \$662.0 million in 4Q16.

As of December 31, 2016, total Hotel Operation revenues increased by 18.4%, to reach \$1.94 billion for the period, compared to \$1.64 billion for 2015. Revenues for Hotel Management stood at \$524.4 million, a 24.2% increase. Combined revenues for both segments increased by 19.6%, to a total of \$2.47 billion.

Consolidated Financial Results (IFRS Figures)

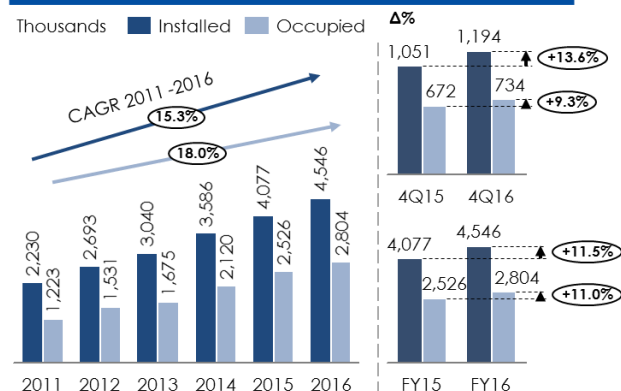
Income Statement Highlights (Thousands of Pesos)	4Q16	4Q15	4Q16 vs 4Q15	12M16	12M15	12M16 vs 12M15
			% Change			% Change
Rooms in Operation	13,702	11,944	14.7%	13,702	11,944	14.7%
Revenues from Hotel Operation	522,195	448,730	16.4%	1,927,943	1,641,183	17.5%
Revenues from Hotel Management	29,543	17,536	68.5%	109,823	77,128	42.4%
Total Revenues	551,738	466,266	18.3%	2,037,766	1,718,311	18.6%
Operating Income	102,361	95,132	7.6%	371,992	320,371	16.1%
Operating Income Margin	18.6%	20.4%	-185 bps	18.3%	18.6%	-39 bps
Adjusted EBITDA	180,487	155,511	16.1%	681,548	581,741	17.2%
Adjusted EBITDA Margin	32.7%	33.4%	-64 bps	33.4%	33.9%	-41 bps
EBITDA	173,784	152,562	13.9%	663,353	572,578	15.9%
EBITDA Margin	31.5%	32.7%	-122 bps	32.6%	33.3%	-77 bps
Net Income	79,113	39,889	98.3%	264,498	208,750	26.7%
Net Margin	14.3%	8.6%	578 bps	13.0%	12.1%	83 bps

Revenues

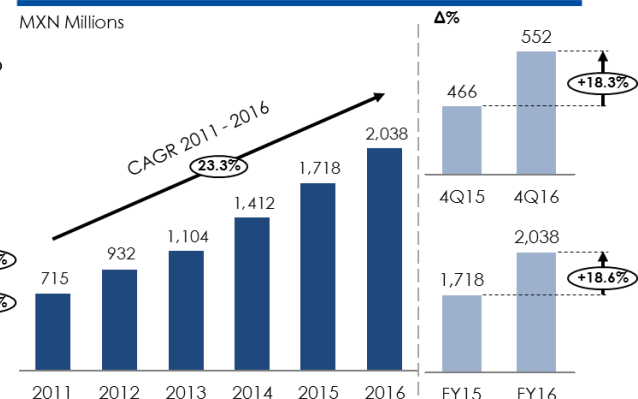
In 4Q16, Total Revenues increased by 18.3%; from \$466.3 million in 4Q15 to \$551.7 million in 4Q16. This increase was primarily due to a 13.6% rise in the number of Installed Room Nights, due to the opening of 17 hotels, as well as a 9.3% increase in the number of Occupied Room Nights and a 13.6% gain in RevPAR.

Full year 2016 Total Revenues increased by 18.6%; from \$1.72 billion in 2015, to \$2.04 billion in 2016. This was due to an 11.5% increase in Installed Room Nights, an 11.0% increase in Occupied Room Nights, a 9.8% increase in ADR, as well as a 42.4% increase in Management Revenues.

Installed and Occupied Room Nights



Total Consolidated Revenues



Costs and Expenses

Total Costs and Expenses rose 21.1%, from \$365.7 million in 4Q15 to \$442.7 million in 4Q16. This increase was primarily due to an increase in Total Revenues.

Selling & Administrative expenses decreased by 2.9%; from \$94.0 million in 4Q15 to \$91.3 million in 4Q16. This was due to a strict control over costs and expenses, but most importantly it is the first time our hotel management platforms shows its scale. Selling & Administrative expenses as a percentage of Total Revenues also decreased by 361 pbs year on year, to 16.6%. Hotel Operating costs increased by 30.7%, due to the start-up of operations at eight hotels in the fourth quarter of 2016.

Cumulatively, at the close of 2016, total Costs and Expenses increased by 19.0%, to \$1.65 billion, in line with the increase in Total Revenues. 2016 Management and Sales expenses increased by 15.6%, reaching \$330.9 million; from 16.7% to 16.2% as a percentage of revenues. This is a reflection of scale and the potential for continued margin expansion in the future ahead.

Operating Income

Operating Income for the fourth quarter of 2016 was \$102.4 million, compared to \$95.1 million for the fourth quarter of 2015; a 7.6% increase for the period.

In 2016, Operating Income was \$372.0 million, representing a 16.1% increase over 2015, indicating adequate absorption of costs and expenses. As a result, operating margin essentially remained consistent as compared to a year that included the highest number of openings in the Company's history.

EBITDA and Adjusted EBITDA

In 4Q16, EBITDA and Adjusted EBITDA increased by 13.9% and 16.1%, respectively, compared to the fourth quarter of 2015. EBITDA reached \$173.8 million in 4Q16, and Adjusted EBITDA was \$180.5 million for the same period. This represents an EBITDA margin of 31.5%, and an Adjusted EBITDA margin of 32.7%.

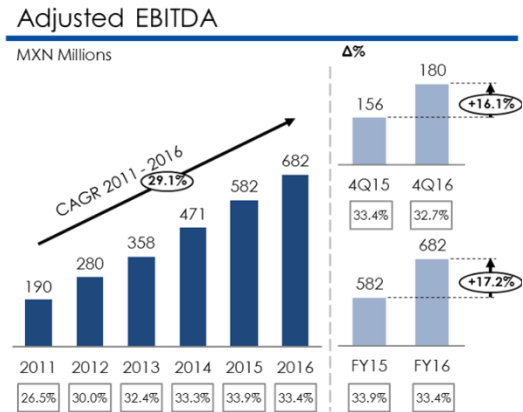
Cumulatively at the close of 2016, EBITDA and Adjusted EBITDA increased 15.9% and 17.2%, respectively, to reach \$663.4 million and \$681.5 million. EBITDA and Adjusted EBITDA margins remained in line with 2015, at 32.6% and 33.4%, respectively, which demonstrates the Company's operating discipline and capacity to absorb new rooms.

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

Financial Expenses

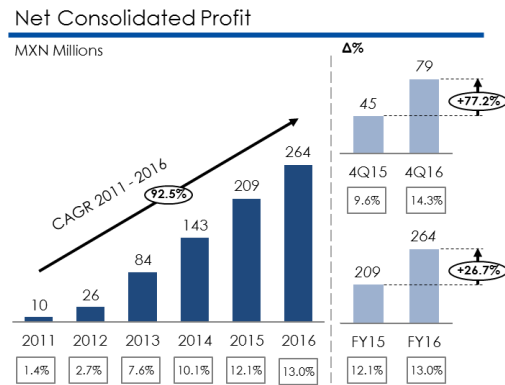
Total financial expenses fell 30.8%, to \$17.5 million in 4Q16. This is due to the strategy of using cash and deferring disbursements on credit lines as well as increased financial results in cash surpluses as a reflection of higher rates for investment instruments.

For 2016, total financial expenses increased by 5.1% with respect to 2015, to \$49.4 million. Net financing costs increased from \$55.6 million to \$79.8 million due to the disbursement of credit facilities for construction of new projects. As for net exchange income, revenues stood at \$30.4 million at the close of 2016 resulting from the active position in foreign currencies, mainly in US dollars, compared to an exchange benefit of \$8.5 million at the close of 2015.



Net Income

Net Income in 4Q16 increased 98.3%, reaching \$79.1 million, compared to Net Income of \$39.9 million reported for the same quarter last year. The increase in 4Q16 Net Income is due to a 21.5% increase in Income Before Taxes and taking advantage of the Company's tax incentives for 4Q16. Consequently, Net Income margin increased from 8.6% in 4Q15 to 14.3% in 4Q16.



2016 full year Net Income increased 26.7% over 2015; from \$208.8 million to \$264.5 million for the period. Net Income margin reached 13.0% at the close of the period.

Financial Position and Leverage

Balance Sheet Highlights	As of December 31, 2016	As of December 31, 2015	December 31, 2016 vs December 31, 2015
(Thousands of Pesos)			% Change
Cash and Equivalents	1,854,626	2,426,565	-23.6%
Financial Debt ⁽¹⁾	2,569,101	2,145,924	19.7%
Net Debt	714,475	(280,640)	NM

1. Does not include interest of \$15.5 million as of December 31, 2016, and \$13.8 million on December 31, 2015

The Company's Cash position as of December 2016 decreased 23.6%, year on year. This was primarily due to the use of funds related to the development of new hotels.

Debt with financial institutions net of interest increased by 19.7% in comparison with the end of December 2015, reaching \$2.57 billion; \$166.0 million of which are due over the next 12 months, \$187.7 million are denominated in US dollars and \$278.6 million are denominated in Chilean pesos. During the fourth quarter of 2016, \$103.3 million were disbursed for projects under development, in accordance with the Company's financing plan.

At the close of the quarter ended on December 31, 2016, the Company's Net Debt was \$714.5 million, compared to a Net Debt of (\$280.6) million as of December 31, 2015.

Breakdown of Productive Fixed Assets

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

At the close of the fourth quarter 2016, the Company had a land bank with an approximate historical cost of \$514.4 million, as well as Construction in Progress, Refurbishments and land related to those constructions for \$1.33 billion. Productive assets or Gross Assets related to hotels in operation reached \$8.19 billion. Finally, at the close of 4Q16, 67% of all operating properties were Established Hotels, and the remaining 33% were Non-Established properties.

Cash Flow Generation and Use of Share Repurchase Program

Regarding cash flow generation, in 4Q16 Hoteles City Express generated \$169.8 million in Cash Flow Net from Operating Activities, which represents a 33.0% increase as compared to the \$127.6 million generated during the same period in 2015. The Company invested \$327.8 million in payments of property, equipment and leasehold improvements, as compared with the \$445.8 million in 4Q15. The Company recorded net financing flows of \$49.5 million versus the \$152.7 million reported in 4Q15.

In 4Q16 The Company allocated \$71.1 million to its share repurchase program, an amount representing approximately 4.0 million shares.

As of December 31, 2016, the Company had spent \$237.3 million throughout the year to repurchase 13.0 million shares.

It should be noted that the shares acquired through the buyback fund continue to be part of total shares in circulation, and that this number of shares in circulation has not been reduced or modified since the Company's Follow On in October of 2014. Furthermore, due to the method used to record these shares, the Company is able to sell the shares in the market without any restrictions whatsoever, and at the price determined on each trading day.

Liquidity of HCITY Shares

Hoteles City Express shares are traded on the Mexican Stock Exchange under the ticker symbol "HCITY" and are included in two basic performance indexes (IPC SmallCap and the IPC CompMx), two for total performance (IRT SmallCap and IRT CompMx), two for economic activity (BMV-SRVCM RT and BMV-SRVCM) and one industry index (SRVSBNCONSNOBCO).

Moreover, starting on February 1, 2017, HCITY has been included in the IPC Sustentable and IPC Sustentable RT indexes as a result of the Company's sustainability strategy and generation of long-term economic, social and environmental value.

Finally, at the close of 2016, Hoteles City Express, was ranked 51st out of 192 issuers on the BMV's Marketability Index, with an average daily trading of \$23.3 million, thereby ranking the Company close to enter the High Marketability category on the Mexican Stock Exchange (BMV, or Bolsa Mexicana de Valores).

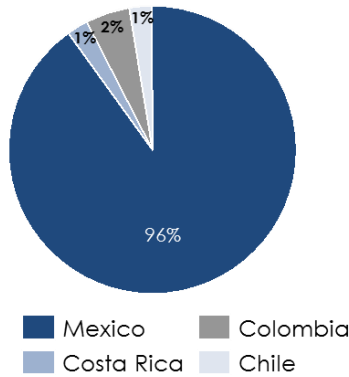
Portfolio of Hotel Assets

As of today, Hoteles City Express has a portfolio of 124 hotels with a presence in 29 states and 63 cities in Mexico, three hotels in Colombia, one hotel in Costa Rica, and another hotel in Chile. Below is a breakdown of the Company's hotel portfolio:

Hotel Portfolio by Geographic Location

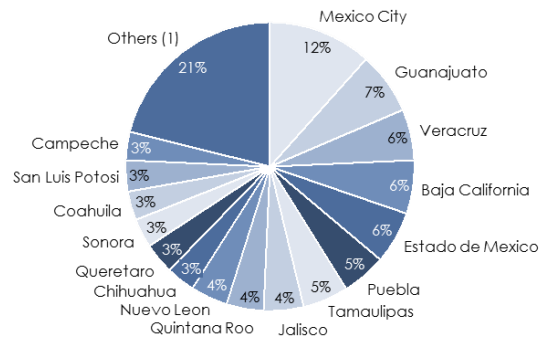
By Country

As the date the release



Mexico

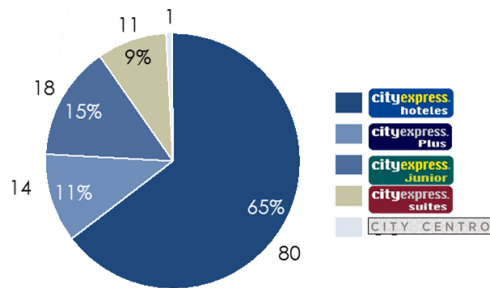
As the date of the release



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

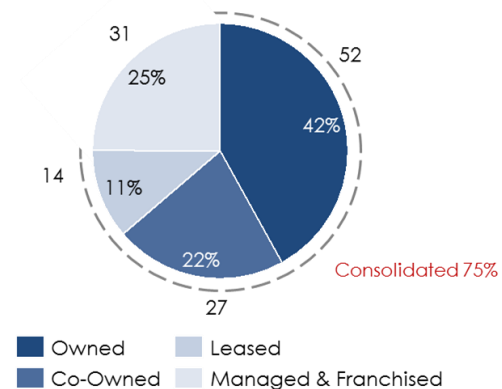
Hotel Portfolio by Brand

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



Hotel Portfolio by Ownership

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

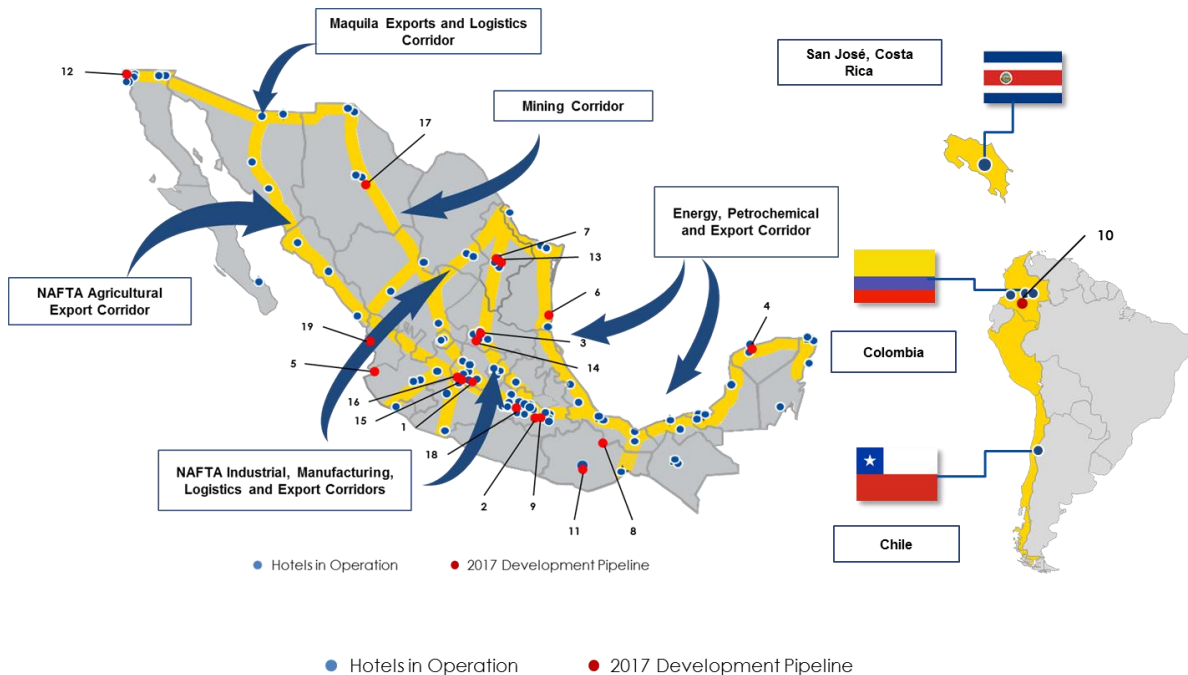


Hotel Development

Hoteles City Express' development plan focuses on areas characterized by attractive and solid demand-generating market dynamics. The Company currently has more than 35 projects in different stages of development and at advanced stages of permitting and licensing, mainly in Mexico. Of these projects, 65% have already commenced construction, and 35% are in the final stages of planning, permitting and licensing.

In the next 12 months, the Company expects to open 2,066 rooms in 19 new units – 17 existing hotels and 2 hotel expansions.

Hotel Number	Development Pipeline	Hotel	Brand	Investment Scheme	Opening	Rooms	Location	Development Stage
124	1	Celaya Galerías	City express	Managed	1Q17	127	Guanajuato	Open
125	2	Puebla Angelópolis	City express junior	Co-Owned	2Q17	122	Puebla	Under Construction
126	3	SLP Zona Industrial	City express junior	Managed	2Q17	110	San Luis Potosí	Under Construction
	4	Mérida (Rooms Addition)	City express	Co-Owned	2Q17	42	Yucatán	Under Construction
127	5	Puerto Vallarta	City express Plus	Owned	3Q17	127	Jalisco	Under Construction
128	6	Altamira	City express	Co-Owned	3Q17	127	Tamaulipas	Under Construction
	7	Monterrey Aeropuerto (Rooms Addition)	City express	Owned	3Q17	36	Nuevo León	To Begin Construction
129	8	Tuxtpec	City express junior	Managed	4Q17	110	Oaxaca	Under Construction
130	9	Atlixco	City express	Managed	4Q17	108	Puebla	Under Construction
131	10	Medellín	City express Plus	Owned	4Q17	141	Colombia	Under Construction
132	11	Oaxaca	City Centro	Co-Owned	4Q17	103	Oaxaca	Under Construction
133	12	Tijuana Otay	City express	Co-Owned	4Q17	120	Baja California	To Begin Construction
134	13	Monterrey Lindavista	City express	Managed	4Q17	131	Nuevo León	Under Construction
135	14	San Luis Potosí	City Centro	Owned	4Q17	49	San Luis Potosí	To Begin Construction
136	15	León Centro de Convenciones	City express Plus	Co-Owned	4Q17	132	Guanajuato	Under Construction
137	16	León Centro de Convenciones	City express junior	Co-Owned	4Q17	137	Guanajuato	Under Construction
138	17	Delicias	City express	Managed	4Q17 / 1Q18	115	Chihuahua	Under Construction
139	18	CDMX Sullivan	City express junior	Owned	4Q17 / 1Q18	104	Ciudad de México	To Begin Construction
140	19	Tepic	City express	Managed	4Q17 / 1Q18	125	Nayarit	Under Construction
Total						2,066		



Environmental, Social and Economic Sustainability

Hoteles City Express has the following Sustainability Policy:

"To be an innovative and environmentally conscious hospitality company focused on energy and water conservation, as well as waste reduction, thereby contributing to the communities in which we operate through long-term value creation."

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). Hoteles City Express was the first chain in Latin America to receive LEED Silver certification for the Hotel City Express San Luis Potosi. The following hotels currently have this certification: 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 Puebla Angelópolis.
- 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, City Express Suites Santa Fe, City Express Junior Ciudad del Carmen, City Express Irapuato Norte and City Express Junior Puebla Autopista, 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 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 in 2015.
- 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.

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

Along these lines, recently Hoteles City Express has launched an initiative in the northern part of Mexico to employ hearing impaired staff, reflecting the Company's focus on being an inclusive company as well as a factor for change and improvement in those countries in which we have a presence. Our aim is to replicate this program initially throughout Mexico, and subsequently, in Costa Rica, Colombia and Chile.

For more information on Hoteles City Express initiatives, please visit: <https://www.cityexpress.com/en/sustainability>.

Conference Call Details:

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

Date: Thursday, February 16, 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: 9469757
Webcast: <http://services.choruscall.com/links/hcity170215.html>

Conference Replay will be available for 30 days:

U.S.: 1-877-344-7529/ International: 1-412-317-0088
Passcode: 10099885

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 124 hotels located in Mexico, Costa Rica 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, on October 8, 2014, Hoteles City Express completed a follow on with the aim of accelerating its growth in new hotels in coming years.

HCITY is covered by the following financial institutions and analysts: Actinver (Pablo Duarte), Bank of America Merrill Lynch (Carlos Peyrelongue), Citigroup (Alejandro Lavín), 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: www.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)	4Q16	4Q15	4Q16 vs 4Q15 % Change	12M16	12M15	12M16 vs 12M15 % Change
Total Revenues						
Revenues from Hotel Operation	522,195	448,730	16.4%	1,927,943	1,641,183	17.5%
Revenues from Hotel Management	29,543	17,536	68.5%	109,823	77,128	42.4%
Total Revenues	551,738	466,266	18.3%	2,037,766	1,718,311	18.6%
Costs and expenses						
Hotel operating costs and expenses	279,936	214,247	30.7%	1,025,339	846,631	21.1%
Selling and administrative expenses	91,320	94,013	-2.9%	330,879	286,104	15.6%
Depreciation and amortization	71,423	57,429	24.4%	291,361	252,208	15.5%
Total Costs and Expenses	442,679	365,689	21.1%	1,647,579	1,384,944	19.0%
Expenses assoc. with new hotel openings	6,703	2,950	127.3%	18,195	9,163	98.6%
Other non-recurring (income) / expenses	-5	2,494	(100.2%)	0	3,834	(100.0%)
Total	6,698	5,444	23.0%	18,195	12,997	40.0%
Operating Income	102,361	95,132	7.6%	371,992	320,371	16.1%
<i>Operating Income Margin (%)</i>	18.6%	20.4%	-185 bps	18.3%	18.6%	-39 pbs
Adjusted EBITDA	180,487	155,511	16.1%	681,548	581,741	17.2%
<i>Adjusted EBITDA Margin (%)</i>	32.7%	33.4%	-64 bps	33.4%	33.9%	-41 pbs
EBITDA	173,784	152,562	13.9%	663,353	572,578	15.9%
<i>EBITDA Margin (%)</i>	31.5%	32.7%	-122 bps	32.6%	33.3%	-77 pbs
Finance income	(20,194)	(14,156)	42.7%	(72,519)	(71,995)	0.7%
Finance costs	39,781	41,783	(4.8%)	152,358	127,563	19.4%
Exchange result, net	(2,112)	(2,383)	NM	(30,405)	(8,532)	NM
Financial Expenses	17,475	25,245	-30.8%	49,435	47,035	5.1%
Profit before income tax	84,886	69,888	21.5%	322,558	273,335	18.0%
Income tax expense	5,773	29,999	(80.8%)	58,060	64,585	(10.1%)
Net Income for the Period	79,113	39,889	98.3%	264,498	208,750	26.7%
Net Majority Income	79,618	29,611	168.9%	255,644	177,515	44.0%

Consolidated Statement of Financial Position

Consolidated Balance Sheet <i>(Thousands of Pesos)</i>	As of December 31, 2016	As of December 31, 2015	December 31, 2016 vs December 31, 2015
			% Change
Cash and equivalents	1,854,626	2,426,565	(23.6%)
Trade receivables, net	93,783	95,033	(1.3%)
Recoverable taxes	256,132	272,387	(6.0%)
Prepaid expenses	58,695	60,398	(2.8%)
Assets Available for Sale	15,574	0	NM
Total Current Assets	2,278,810	2,854,383	(20.2%)
Property, equipment and leasehold improvements	8,969,701	7,474,301	20.0%
Guarantee deposits	2,898	2,898	0.0%
Other assets	23,021	24,732	(6.9%)
Derivative financial instruments	0	0	
Total Long Term Assets	8,995,621	7,501,931	19.9%
Total Assets	11,274,431	10,356,314	8.9%
Liabilities			
Current Liabilities:			
Bank loans and accrued interests	181,551	173,179	4.8%
Trade accounts payable	75,612	58,874	28.4%
Other taxes and accrued expenses	160,982	100,474	60.2%
Derivative financial instruments	0	0	NM
Income tax payable	15,801	21,136	(25.2%)
Direct employee benefits	16,916	12,010	40.8%
Total Current Liabilities	450,862	365,673	23.3%
Long-term debt	2,403,038	1,986,510	21.0%
Deferred revenues	13,034	10,672	22.1%
Other Liabilities	128,082	61,606	107.9%
Employee benefits	2,245	1,904	17.9%
Derivative financial instruments	11,329	11,771	(3.8%)
Deferred income tax	114,629	112,581	1.8%
Total Long Term Liabilities	2,672,356	2,185,044	22.3%
Total Liabilities	3,123,218	2,550,717	22.4%
Equity			
Equity Attributable to the Owners of the Entity			
Issued capital	5,935,688	6,151,175	(3.5%)
Additional paid-in capital	0	0	NM
Retained earnings	1,248,428	992,784	25.8%
Other Comprehensive Income	83,737	(82,502)	(201.5%)
Total Equity Attributable to the Owners of the Entity	7,267,853	7,061,457	2.9%
Non-controlling interests	883,360	744,140	18.7%
Total Equity	8,151,213	7,805,597	4.4%
Total Liabilities + Equity	11,274,431	10,356,314	8.9%

Consolidated Cash Flow Statements

Consolidated Cash Flow Statement (Thousands of Pesos)	4Q16	4Q15	12M16	12M15
Profit before income tax	84,885	69,889	322,558	273,335
Operating Activities				
Depreciation	71,423	57,429	291,361	252,208
Loss on disposal of equipment	(7,876)	22,206	2,638	19,881
Finance income	(20,194)	(14,156)	(72,519)	(71,995)
Finance costs	39,781	41,783	152,358	127,563
(Gain) Loss on Valuation of Financial Instruments	0	2,887	0	14
Expenses Related to Payments Based on Stocks	10,104	7,323	10,104	7,323
Unrealized foreign currency fluctuations	23,175	10,064	86,351	29,575
	201,298	197,426	792,851	637,903
Changes in Working Capital:				
Trade receivables	20,020	(146)	1,250	(19,856)
Recoverable taxes	(9,713)	(35,146)	16,255	(67,955)
Prepaid expenses, net	8,300	10,478	(2,904)	(7,927)
Trade and other payables	(8,592)	(27,256)	16,739	(12,505)
Accrued Expenses, others and taxes to be paid	(7,824)	(351)	62,870	26,523
Employee benefits	(1,860)	(462)	4,905	(4,872)
Income tax paid	(31,879)	(16,950)	(52,252)	(47,485)
Net Cash Flows from Operating Activities	169,750	127,592	839,713	503,828
Investing Activities:				
Payments for property, equipment and leasehold improvements	(362,543)	(458,448)	(1,507,057)	(1,362,318)
Net cash outflow on acquisition of subsidiaries	0	0	0	0
Assets Available for Sale	7,418	0	7,418	0
Other assets	7,105	(1,526)	1,711	(13,611)
Finance income received	20,194	14,156	72,519	71,995
Net Cash Flows used in Investing Activities	(327,826)	(445,817)	(1,425,409)	(1,303,934)
Financing Activities:				
Proceeds from the issuance of equity instruments	(3,936)	(0)	11,748	11,238
Proceeds from contributions rec. from non-controlling interests	(7,318)	30,432	78,451	51,382
Non Controlling Interest decrease	(1,000)	(4,176)	(20,302)	(10,600)
Non Controlling Interest Dividends	0	(5,973)	(7,560)	(10,973)
Proceeds for future capital increases	(2,122)	0	66,476	0
Repurchase of shares	(71,131)	(24,953)	(237,339)	(74,416)
Finance cost paid	(38,328)	(30,720)	(150,636)	(124,357)
Proceeds from short- and long-term borrowings	103,264	252,382	508,939	430,268
Repayment of borrowings	(28,897)	(53,886)	(172,581)	(209,479)
Payments to acquire non-controlling interests	0	(10,400)	0	(10,400)
Net Cash Flows used in Financing Activities	(49,468)	152,705	77,196	52,663
Net increase (decrease) in cash and equivalents	(207,543)	(165,520)	(508,500)	(747,443)
Cash at the beginning of the period	2,031,446	2,615,765	2,426,565	3,184,474
Effects of exchange rate changes on the balance of cash held in foreign currencies and effects of balances of foreign	30,723	(23,680)	(63,439)	(10,466)
Cash at the End of the Period	1,854,626	2,426,565	1,854,626	2,426,565

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 Potosí	City Express Suites	Managed	Jul-12	120	San Luis Potosí
66	Villahermosa	City Express	Owned	Jul-12	155	Tabasco
67	Queretaro Jurica	City Express	Co-Owned	Sep-12	135	Querétaro
68	Durango	City Express	Co-Owned	Oct-12	120	Durango
69	San José	City Express	Owned	Nov-12	134	Costa Rica
70	Xalapa	City Express	Managed	Dec-12	126	Veracruz
71	Tijuana Insurgentes	City Express	Owned	Dec-12	127	Baja California
					8,123	
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	13,702
124	Celaya Galerías	City Express	Managed	Jan-17	127	Guanajuato