



ALSEA CONCLUDES DEFINITE AGREEMENT TO ACQUIRE VIPS

The Agreement includes the acquisition of 362 restaurants of “Vips”, “El Portón”, “Ragazzi” and “La Finca”



Mexico, D.F., September 10, 2013. Alsea, S.A.B. de C.V. (BMV: ALSEA*), the leading operator of Quick Service Restaurants, Coffee Shops, and Casual Dining establishments in Latin America, reports that as part of its solid expansion strategy, it has reached definite agreements with Wal-Mart de México, S.A.B. de C.V. (BMV: WALMEX) “Walmex” to acquire 100% of VIPS, the restaurant division of Walmex. The closing of the transaction is subject to the approval by Alsea’s shareholders, regulatory and other closing conditions.

VIPS operation includes a total of 362 restaurants: 263 units under the “Vips” flagship brand, 90 units under “El Portón”, 7 units under “Ragazzi”, and 2 units under “La Finca”. Additionally the agreement includes: (i) brand and intellectual property of the four brands, menus, product development, and operation process know-how, among others, (ii) 18 owned outlets; (iii) 214 buildings; and (iv) a food processing plant that contributes to the standardization and quality of dishes while achieving economies of scale from high volume purchases, centralized procurement, as well as to the production of desserts, sauces and dressings.

VIPS is a full-service restaurant chain with nationwide presence covering 65 cities across all Mexican states with its four brands. The brand “Vips” is one of the most iconic and well-regarded restaurant brands in Mexico, with a market share of 11.7% and 99% brand awareness. “El Portón” the second largest brand, offers traditional “home-made style” Mexican food and the restaurants are typically located in high traffic avenues. “Ragazzi” serves Italian dishes at affordable prices and “La Finca” also offers Mexican food. The distinctive value proposition of the VIPS brands, offers high quality dishes at affordable prices, efficient service and convenient locations that primarily target the rapidly growing Mexican middle-income class.

Building on the leadership position of the VIPS brands and the almost 50 years of operations, Alsea aims to accelerate their growth and profitability primarily through improving the customer experience, revamping marketing campaigns, store reconversions and increased synergies with Alsea’s state of the art shared service center, which includes the supply chain thru its own distribution company “DIA”, and the support for all the back-office processes.

VIPS in 2012 reported sales of \$6,193 million pesos, with a Pro Forma Ebitda of \$963 million pesos that represents an Ebitda of 15.6%, and an Ebitda to cash conversion in excess of 70%. During the last three years ended as of December 2012, VIPS has achieved a compounded annual growth rate of 5.9% in sales and 13.3% in Ebitda.

Under the terms of the agreement, Alsea will purchase VIPS for \$8,200 million pesos and expects a consolidated Ebitda margin expansion of +50bps in addition to the already expected margin expansion for Alsea on a standalone basis for 2014. The operation will be financed through a 5 year Term Loan for \$3,000 million pesos and through a 12 month bridge loan facility for \$5,200 million pesos. Alsea is analyzing different alternatives, to reduce its leverage below 3.0 times Net Debt to Ebitda, once the transaction is closed.

As part of the transaction and in order to facilitate a smooth business integration, Alsea will subscribe with Walmex a Transition Service Agreement that considers among other services: logistic, purchasing, quality control, maintenance, as well as the support for the processes of technology, accounting and administration and human resources.

Alberto Torrado, Alsea Chairman of the Board, mentioned “we are excited and honored to add VIPS to the Alsea family. There is no doubt that this acquisition makes a perfect fit with our long-term growth strategy.” Alberto also expressed “the brands that comprise VIPS complement our





brand portfolio diversification strategy extremely well since VIPS offers mainly Mexican food while targeting different demographics with a complementary value proposition”

Scot Rank, Executive President and Chief Executive Officer of Walmex commented: *“We are very pleased to have reached a definitive agreement with Alsea. Alsea is a world class restaurant operator and both organizations share similar core values. With this transaction, we also foresee greater career opportunities for VIPS associates, more focus on VIPS customers and additional alternatives that will positively impact the shopping experience of our customers.”*

In compliance with corporate bylaws and regulations, Alsea will hold an Ordinary Shareholders’ Meeting in order to obtain the necessary approvals to close the transaction. The controlling shareholders have notified Alsea the subscription of an agreement whereby they will call an Ordinary Shareholders’ Meeting of Alsea in which they will vote in favor of the transaction. The notice of the Meeting and additional information on the transaction and its background will be available in the coming weeks.

Bank of America Merrill Lynch acted as financial advisor and Ritch Muller as external legal advisor to Alsea.

Disclaimer

This press release contains certain forward-looking statements that reflect the current views and/or expectations of Alsea and its management with respect to its performance, business and future events. We use words such as “believe”, “anticipate”, “plan”, “expect”, “intend”, “target”, “estimate”, “project”, “predict”, “forecast”, “guideline”, “should” and other similar expressions to identify forward-looking statements, but they are not the only way we identify such statements. Such statements are subject to a number of risks, uncertainties and assumptions. We caution you that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in this release. Alsea is under no obligation and expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

About Alsea

Alsea is a leading restaurant operator in Latin America of global known brands within the Quick Service Restaurant, Coffee Shop, and Casual Dining segments. It has a diversified portfolio with brands such as Domino’s Pizza, Starbucks, Burger King, Chili’s, California Pizza Kitchen, PF Chang’s, Pei-Wei, Italianni’s and The Cheesecake Factory. The company operates by the end of June 1,768 units in Mexico, Argentina, Chile, and Colombia. Its business model includes support for its brands through a Shared Service Center, which provides all of the Administrative and Development Processes, as well as its Supply Chain. It has more than 29,800 employees in four countries.

For more information visit: www.alsea.com.mx

Its shares are traded on the Mexican Stock Exchange under the ticker symbol ALSEA*

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