

LA COMER, S.A.B. DE C.V. (BMV: LACOMER) ANNOUNCES TODAY ITS 1ST Q2020 RESULTS

Mexico City, April 29, 2020. La Comer, S.A.B. de C.V., hereafter La Comer (BMV: LACOMER), holding company that operates in the retail sector in Mexico through supermarkets offering groceries, perishables and pharmacy; announced today its 1st Q 2020 results.

First Quarter 2020 Results

Highlights:

- ✓ Increase in total sales of 25.6% and same store sales growth of 16.9%
- ✓ Gross margin of 27.9%
- ✓ EBITDA margin of 11.7%
- ✓ COVID 19 effects

	1Q 2020				
	2020	%	2019	%	Var %
Net sales	6,183.90	100.0	4,921.60	100.0	25.6
Cost of sales	4,461.40	72.1	3,557.20	72.3	25.4
Gross profit	1,722.50	27.9	1,364.40	27.7	26.2
Operating expenses	1,258.80	20.4	1,064.60	21.6	18.2
Operating profit	463.7	7.5	299.8	6.1	54.7
EBITDA¹	723.4	11.7	507.3	10.3	42.6
Operating cash flow ²	669.5	10.8	460.6	9.4	45.4
Net financial result	30.2	0.5	13.5	0.3	123.7
Taxes and other	66	1.1	52.7	1.1	25.5
Net Income	427.9	6.9	260.6	5.3	64.2
Same Store Sales (%)	16.9		7.3		
Clients (thousands)	17,229		16,160		6.6
Inventory days ratio	66		70		(4.7)
Supplier days ratio	71		72		(1.4)
Number of stores	71		66		7.6
Sales area (m ²)	300,780		279,835		7.5

In millions of Mexican pesos,

(1) EBITDA refers to Earnings before Interest, Taxes, Depreciation and Amortization.

(2) Operating Cash Flow refers to EBITDA minus the flow for payment of rents, EBITDA without IFRS16 effects.

Quarterly Results

COVID 19 EFFECT

Given the presence of COVID-19 in Mexico, the company in mid-march has implemented exceptional measures of operation and hygiene with three clear objectives:

1. Preserve the health of collaborators
2. Preserve the health of clients
3. Ensure the continuity of the operation of our stores.

In charge of defining and implementing the containment measures against COVID-19, a Contingency Committee was created in the company. The measures defined have been updated as necessary, in accordance with the evolution of this situation and the medical and technical innovations that allow us to better deal with the pandemic COVID-19.

La Comer also remains alert to the recommendations and indications communicated by the country's health authorities to maintain or modify the operational and hygiene guidelines.

During this period, priority has been given to the continuous supply in all our stores to avoid shortages of any product.

Sales

Net sales for the quarter amounted \$6,184 million pesos having an increase of 25.6% compared to the same period in 2019. Same store sales in the quarter grew 16.9%, influenced by provisioning purchases related to the COVID-19 pandemic

Starting in mid-March, sales accelerated due to news related to COVID 19. The increase in sales occurred in perishables and groceries, as well as a high demand for hygiene and sanitizing products.

All the formats, regions and categories present positive numbers, but the Fresko format presented the highest sales increases in the quarter.

By region, there was a greater growth in same store sales in the West region of the country since the stores that have opened in that area continue to have very favorable sales increases showing the acceptance of our formats in that region.

By product category, we can highlight that during the quarter there were significant increases in the groceries category.

During the quarter we had a positive effect due to the extra day in February of the leap-year, as well as an effect due to the strike on March 9, "A day without women". However, these effects were relatively moderate, compared with the effect of the provisioning purchases for the COVID-19.

The sales of our digital platform "La Comer en tu Casa" increased significantly, accentuating much more in the second half of March.

Gross Profit

Gross profit increased from \$1,364 million pesos in the first quarter of 2019 to \$1,722 million pesos in the first quarter of 2020; presenting an increase of 26.2%. The gross margin for the first quarter of 2020 was 27.9% compared to 27.7% in the same period of the previous year, showing an increase of just 13 basis points.

Due to the emergency declared due to the COVID 19 virus, we have prioritized supply in all of our stores, in some cases, sacrificing logistical efficiencies.

Operating profit, EBITDA and Operating Flow

For the first quarter of 2020 there was an operating profit of \$464 million pesos, presenting an operating margin of 7.5%. This represented an increase in operating income in 2020 of 54.7% against the same period of the previous year.

Some accounts with relevant increases in expenses were:

- Wages and salaries, for new labor needed to manage the increase in demand in our distribution center and in "La Comer en tu casa", our e-business area.
- Store cleaning expenses, necessary for the health emergency of Covid19, to keep our stores in optimal conditions and offer our customers a sanctified environment.
- Expenses related to our online "e-commerce" system "La Comer en tu Casa", to cover the increase in demand due to the quarantine situation in the country.
- To maintain our stores with an optimal level of safety, we have substantially increased our expense on security and vigilance.

The EBITDA margin for the first quarter of 2020 was 11.7% that compares with the 10.3% EBITDA margin of 2019. EBITDA for the first quarter of 2020 was \$723 million pesos, showing an increase against the first quarter 2019 of 42.6%.

The Operating Cash Flow (EBITDA without IFRS16 effects), was for the first quarter of 2020 of \$670 million pesos presenting an increase of 45.4% compared to the first quarter of 2019. Operating margin for the first quarter of 2020 was 10.8% that compares with 9.4% for the same period of the previous year.

Net Financial Result

Within this concept, the company presented a Net Financial Income of \$30 million pesos. Financial expenses were \$47 million pesos which included \$ 36 million pesos of Interest on leases and the rest for exchange losses. Financial income of \$ 77 million pesos was obtained of \$40 million pesos from investment income and \$37 million pesos from exchange gain.

Net income for the quarter was \$428 million pesos, presenting an increase against the same period of 2019 of 64.2%.

Working Capital

The company had a cash balance of \$2,865 million pesos compared to a cash balance as of December 2019 of \$2,391 million pesos. Levels for inventories were \$3,057 million pesos and for suppliers \$3,304 million pesos. Inventory turnover as of March 2020 was 66 days, and a turnover of 72 days for suppliers, having a six day difference.

Installed capacity 1Q2020

The company has 71 stores that operate in four different formats: City Market, Fresko, La Comer and Sumesa.

The installed capacity was as follows:

	Stores	Sq.mts.
La Comer	32	209,182
Sumesa	13	10,303
City Market	12	38,967
Fresko	14	42,328
	71	300,780

Sustainability and Social Responsibility

The company continues to support Un Kilo de Ayuda foundations; and the Mexican Foundation for Rural Development.

Research and analyst coverage

In compliance with Mexican Stock Exchange internal regulation, article 4.033.01 - VIII (maintenance requirements), La Comer informs that the following institutions provide coverage to Equity securities of the company:

- BBVA Bancomer (Miguel Ulloa)
- Grupo Bursátil Mexicano (Luis Rodrigo Willard)
- Itaú BBA (Joaquín Ley)
- Santander Investment (Martha Shelton)
- Scotiabank Inverlat (Rodrigo Echagaray)
- Punto Casa de Bolsa (Cristina Morales)
- Barclays (Benjamin M Theurer)
- J.P. Morgan (Pedro Leduc)
- Grupo Financiero Actinver (Carlos Hermosillo Bernal)
- Banorte-IXE (Valentín Mendoza Balderas)
- Nau Securities LTD (Pedro Baptista)
- Monex Grupo Financiero (Verónica Uribe)

Sincerely,

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LA COMER, S.A.B. DE C.V.
INCOME STATEMENT
(In thousands Mexican pesos as of March 31, 2020)

	1Q2020	%	1Q2019	%	Var.
Net sales	6,183,912	100.0%	4,921,621	100.0%	25.6%
Cost of sales	4,461,414	72.1%	3,557,172	72.3%	25.4%
Gross profit	1,722,498	27.9%	1,364,449	27.7%	26.2%
Selling expenses	1,057,570	17.1%	886,384	18.0%	19.3%
Administrative expenses	192,523	3.1%	184,894	3.8%	4.1%
Other income	6,481	0.2%	8,271	0.2%	(21.6)%
Other expenses	15,165	0.3%	1,617	0.0%	837.8%
Operating profit	463,721	7.5%	299,825	6.1%	54.7%
Financial income	76,778	1.2%	56,621	1.2%	35.6%
Financial expenses	46,604	0.8%	43,108	0.9%	8.1%
Earnings before tax & profit sharing	493,895	8.0%	313,338	6.4%	57.6%
Income tax	65,978	1.1%	52,692	1.1%	25.2%
Gains from continued operations	427,917	6.9%	260,646	5.3%	64.2%
Net income	427,917	6.9%	260,646	5.3%	64.2%
Depreciation & amortization	259,651	4.2%	207,434	4.2%	25.2%
EBITDA	723,372	11.7%	507,259	10.3%	42.6%
Operating Cash flow*	669,507	10.8%	460,589	9.4%	45.4%

*Operating Cash Flow refers to EBITDA minus the flow for payment of rents, EBITDA without IFRS16 effects.

LA COMER, S.A.B. DE C.V.
BALANCE SHEET

(In thousands Mexican pesos as of March 31, 2020)

	1Q2020	2019
Current Assets		
Cash and Temporary investments	2,865,259	2,391,412
Clients (net account receivables)	716,707	828,929
Recoverable taxes	14,987	12,318
Inventories	3,056,822	3,259,909
Other assets	111,403	112,307
Total Current Assets	6,765,178	6,604,875
Property, plant and equipment (Net)	13,873,215	13,385,307
Property and leasehold improvements	626,609	627,122
Assets by right of use	1,335,373	1,327,678
Goos will	43,652	-
Intangible assets other than goodwill	6,277,998	6,277,998
Deferred tax assets	157,786	149,197
Other non-current non-financial assets	503,783	531,098
Total noncurrent assets	22,818,415	22,298,400
Total Assets	29,583,593	28,903,275
Trade payables	4,064,658	3,902,389
Taxes payable	60,707	145,082
Short-term lease liabilities	63,110	58,937
Total current provisions	276,204	254,110
Current Liabilities	4,464,679	4,360,518
Long-term lease liabilities	1,298,722	1,282,602
Provisions for employee long term benefits	123,475	121,883
Deferred tax liabilities	251,727	121,237
Total long-term liabilities	1,673,924	1,525,722
Total Liabilities	6,138,603	5,886,240
Capital Stock	1,966,662	1,966,662
Share issuance	206,505	206,505
Total Earned Capital	19,554,452	19,126,497
Other comprehensive income	1,717,371	1,717,371
Total controlling interest	23,444,990	23,017,035
Stock Holders' Equity	23,444,990	23,017,035
Total liabilities and stockholders' equity	29,583,593	28,903,275

LA COMER, S.A.B. DE C.V.
CASH FLOW STATEMENT
(In thousands Mexican pesos as of March 31, 2020)

Operation Activities	2020	2019
Earnings (Loss) net	427,917	260,646
Adjustments to reconcile earnings	2020	2019
Taxes payable	65,978	52,692
Financial income & expense	(3,577)	(16,411)
Depreciation and amortization expenses	259,651	207,434
Provisions	6,582	4,529
Income from disposal of current assets	1,958	4,451
Decrease (increase) in inventories	203,088	(130,944)
Decrease of clients	15,191	(14,591)
Increases in other receivables arising from operating activities	(17,599)	29,599
Increase (decrease) on suppliers	75,559	(35,184)
Increase (decrease) in other accounts payable	(11,702)	89,915
Total adjustments to reconcile profit	595,129	191,490
Net cash flows used in operations	1,023,046	452,136
Taxes on profits (paid)	(57,420)	6,983
Resources provided by operation activities	1,080,466	445,153
Cash Flows from Investment Activities	2020	2019
Cash flow from the loss of control of subsidiaries or other businesses	274,000	-
Amounts from the sale of property, plant and equipment	1,791	1,284
Purchases of property, plant and equipment	317,352	359,797
Long-term purchases of other equipment	2,686	1,124
Interests income	39,462	45,648
Net cash flow from investment activities	(552,785)	(313,989)
Cash flows from (used) in financing activities	2020	2019
Payments of lease liabilities	17,949	18,024
Interest paid	35,885	29,237
Net cash flows from (used) in financing activities	(53,834)	(47,261)
Cash flow from investing activities	473,847	83,903
Financing activities	2020	2019
Increase/decrease in cash and temporary investments	473,847	83,903
Cash and temporary investments at beginning of year	2,391,412	2,601,863
Cash and temporary investments at the end of year	2,865,259	2,685,766