

LA COMER, S.A.B. DE C.V. (BMV: LACOMER) ANNOUNCES TODAY ITS 2NDQ20 RESULTS

Mexico City, July 22nd, 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 2ndQ 2020 results.

Second Quarter 2020 Results

Highlights:

- ✓ Increase in total sales of 30.7% and same store sales growth of 22.7%
- ✓ Gross margin of 26.4%
- ✓ EBITDA margin of 10.2%

	2Q 2020				
	2020	%	2019	%	Var %
Net sales	7,064.0	100.0	5,403.0	100.0	30.7
Cost of sales	5,198.2	73.6	3,949.5	73.1	31.6
Gross profit	1,865.8	26.4	1,453.5	26.9	28.4
Operating expenses	1,387.5	19.6	1,157.1	21.4	19.9
Operating profit	478.3	6.8	296.4	5.5	61.4
EBITDA ¹	720.0	10.2	501.2	9.3	43.7
Operating cash flow ²	663.6	9.4	453.4	8.4	46.4
Net financial result	10.4	0.1	-0.3	(0.0)	-
Taxes and other	79.9	1.1	49.7	0.9	61.1
Net Income	408.8	5.8	246.4	4.6	65.9
Same Store Sales (%)	22.7		6.9		
Clients (thousands)	13,631		17,243		(20.9)
Number of stores	71		68		4.4
Sales area (m ²)	300,780		288,015		4.4

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

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 operation of our stores.

A Contingency Committee was created in the company in charge of defining and implementing the containment measures against COVID-19. 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 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 \$7,064 million pesos, having an increase of 30.7% compared to the same period of 2019. Same store sales in the quarter grew 22.7%.

During this quarter we started for the fifth consecutive year, with our promotional campaign "Orange Season" (Temporada Naranja), based on offering to our customers promotions in products from various departments and rotate them throughout the promotional period. It is worth mentioning that this year we started the campaign a week later comparing with last year, and adapted to the new measures and needs presented by the COVID19 pandemic. Given this situation, our sales levels in the Temporada Naranja promotions have been lower than in previous years.

Additionally, we continue our weekly "Miércoles de Plaza" campaign, where we offer high-quality perishables every Wednesday at preferential prices. This campaign continues to be widely accepted among our clients.

All formats, regions and categories present high positive numbers, but the City Market format stood out with the highest same store sales increases in the quarter. None of our store has closed during the pandemic.

By region, there was a greater growth in same store sales in the Western 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 perishables category.

Sales of our digital platform "La Comer en tu Casa" increased significantly during this period.

Gross Profit

Gross profit increased from \$1,454 million pesos in the second quarter of 2019 to \$1,866 million pesos in the second quarter of 2020; presenting an increase of 28.4%. The gross margin for the second quarter of 2020 was 26.4% compared to 26.9 % in the same period of the previous year, presenting a decrease of 49 basis points,

The above due to the emergency decreed because of the virus COVID 19. We have prioritized the supply in all our stores, sacrificing in some cases logistical efficiencies. We have also increased costs due to constant cleaning and sanitation in our distribution centers. Additionally, we have had a change in the product mix, significantly decreasing the participation of prepared foods that generally have a greater margin.

Operating profit and EBITDA

For the second quarter of 2020 there was an operating income of \$478 million pesos, presenting an operating margin of 6.8%. This represented an increase in operating income in the second quarter of 2020 of 61.4% against the same period of the previous year.

Some accounts with relevant increases in expenses were:

- Wages and salaries, for additional labor needed to manage the increase in demand in our distribution center and in "La Comer en tu casa", our e-business.
- Store cleaning expenses, necessary for the health emergency of Covid19, to keep our stores in optimal conditions and offer our customers a purified environment.
- Expenses related to our online "e-commerce" system "La Comer en tu Casa", to cover the increase in demand.
- To maintain our stores with an optimal level of safety, we have substantially increased our expense on security and vigilance.
- Increase in packaging expenses to preserve food hygiene.
- Charitable campaigns to support society.

The EBITDA margin for the second quarter of 2020 was 10.2% compared with a 9.3% of 2019. The EBITDA of the second quarter of 2020 was \$720 million pesos, showing a growth of 43.6% against 2019.

The Operating Cash Flow (EBITDA without IFRS16 effects), was for the second quarter of 2020 of \$664 million pesos presenting an increase of 46.4% compared to the second quarter of 2019. Operating cash flow margin for the second quarter of 2020 was 9.4% that compares with 8.4% for the same period of the previous year.

Net Financial Result

The company presented an integral result of net financing of \$ 10.4 million pesos, although \$37 million pesos were generated by financial products, these were affected by the effect of IFRS 16 due to interests on leases liabilities.

As of June 2020 Results

Highlights:

- ✓ Increase in total sales of 28.3%
- ✓ Increase in same store sales of 19.9%
- ✓ EBITDA margin of 10.9%

	2020	%	2019	%	Var %
Net sales	13,247.9	100.0	10,324.6	100.0	28.3
Cost of sales	9,659.6	72.9	7,506.7	72.7	28.7
Gross profit	3,588.3	27.1	2,817.9	27.3	27.3
Operating expenses	2,646.3	20.0	2,221.7	21.5	19.1
Operating profit	942.0	7.1	596.2	5.8	58.0
EBITDA¹	1,443.4	10.9	1,008.5	9.8	43.1
Operational cash flow ²	1,333.0	10.1	914.0	8.9	45.8
Net financial result	40.6	0.3	13.2	0.1	206.3
Taxes and other	145.8	1.1	102.4	1.0	42.4
Net Income	836.7	6.3	507.0	4.9	65.0
Same Store Sales (%)	19.9		7.1		
Clients (thousands)	30,860		33,403		(7.6)
Inventory days ratio	72		91		(21.3)
Supplier days ratio	84		89		(5.6)
Number of stores	71		68		4.4
Sales area (m ²)	300,780		288,015		4.4

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.

Net sales

In cumulative terms, for the first six months of the year, total sales amounted \$13,248 million pesos, presenting an increase of 28.3% compared to the same period of the previous year. Same store sales for the first half of the year increased 19.9%.

All formats, regions and categories presented positive numbers, but the City Market format presented the highest sales increases in the semester.

By region, there was greater growth in same store sales in the Western part of the country. By product category, we can highlight that for the first six months of the year, there were significant increases in the perishables and grocery categories.

Gross profit

Gross profit for the period had a margin of 27.1% as a percentage of sales, and an increase with respect to the previous year of 27.3%, presenting a margin decrease of 20 basis points.

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

Operating income and EBITDA

Operating income for the first six months of the year grew by 58% and had a margin of 7.1%. During this period, expenses in sanitization, security and expenses in our e-commerce platform La Comer en tu Casa, increased significantly.

In cumulative terms for the first six months of 2020, the EBITDA margin was 10.9%, generating a cash flow of \$ 1,443 million pesos, and growing 43.1% versus the 2019 figure.

The Operating Cash Flow (EBITDA without IFRS16 effects), was for the first semester of 2020 of \$1,333 million pesos presenting an increase of 45.8% compared to the same period of 2019. Operating margin for the first six months of 2020 was 10.1% that compares with 8.9% for the same period of the previous year.

Financial income

Within this concept, the company presented an integral result of net financing of \$41 million pesos, due to \$ 77 million pesos for financial products, interest on leases of \$ 72 million pesos and the difference, due to foreign exchange movements.

Taxes & Net profit

During this period, an amount of \$146 million pesos of taxes was reported.

For all the above, the net profit for the first six months of the year was \$837 million pesos compared to \$507 million pesos for the same period of the previous year, presenting an increase of 65.0%.

Working Capital

The company presented at the end of this period a cash balance of \$ 3,300 million pesos, an increase of \$ 1,106 million pesos against the cash balance as of June 2019. Levels for inventories were \$3,551 million pesos and for suppliers \$4,177 million pesos. Inventory turnover as of June 2020 was of 72 days, and a turnover of 84 days for suppliers, having a 12 day difference.

Investment projects

In the month of July, the company opened a new Fresko store in the state of Querétaro, which required a total investment of 323 million pesos and generated 310 jobs.

Installed capacity 2Q2020

The company, as for the second quarter 2019, 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

On July 8, the company opened a new Fresko store in the city of Querétaro, thus reaching 72 stores in its multiple formats.

Sustainability and Social Responsibility

As a socially responsible company, the task of taking care of its human capital, customers and suppliers has been given priority during this time. Furthermore, the company has generated initiatives and projects that help improve the quality of life in our environment given the pandemic situation.

Some of the initiatives that the company has had during this period are:

- **Green Packages**, (help for most in need) .For each food package donated by client, the company donated two. The company distributed 60,000 food packages with the Banco de Alimentos Foundation.
- **Support for orphanages** (Santa María), donating 5,000 food packages for the benefit of children who attended orphanage dinning rooms, handing the packages directly to their homes.
- **Pink Packages**, a chain of help with products at cost, selling more than 28,000 packages
- **Senior Support** (Packers). During this period, we have supported approximately 1,800 senior packers.
- **Tenant Support**, having considerations due to their temporary closings
- **Factoring**, Preferential financing to PYMES suppliers

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 (José Manuel Ramirez)
- Scotiabank Inverlat (Rodrigo Echagaray)
- Punto Casa de Bolsa (Cristina Morales)
- Barclays (Benjamin M Theurer)
- J.P. Morgan (Ulises Argote)
- 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.
QUARTER INCOME STATEMENT
(In thousands Mexican pesos as of June 30, 2020)

	2Q2020	%	2Q2019	%	Var.
Net sales	7,063,978	100.0%	5,403,009	100.0%	30.7%
Cost of sales	5,198,225	73.6%	3,949,528	73.1%	31.6%
Gross profit	1,865,753	26.4%	1,453,481	26.9%	28.4%
Selling expenses	1,184,367	16.8%	1,008,183	18.7%	17.5%
Administrative expenses	197,632	2.8%	188,256	3.5%	5.0%
Other income	6,397	0.1%	37,871	0.7%	-83.1%
Other expenses	11,914	0.2%	(1,451)	0.0%	-921.1%
Operating profit	478,237	6.8%	296,364	5.5%	61.4%
Financial income	56,016	0.8%	48,284	0.9%	16.0%
Financial expenses	45,631	0.6%	48,557	0.9%	-6.0%
Earnings before tax & profit sharing	488,622	6.9%	296,091	5.5%	65.0%
Income tax	79,857	1.1%	49,696	0.9%	60.7%
Net income	408,765	5.8%	246,395	4.6%	65.9%
Depreciation & amortization	241,771	3.4%	204,879	3.8%	18.0%
EBITDA	720,008	10.2%	501,243	9.3%	43.6%
Operational Cash flow	663,567	9.4%	453,411	8.4%	46.4%

LA COMER, S.A.B. DE C.V.
INCOME STATEMENT

(In thousands Mexican pesos as of June 30, 2020)

	2Q2020	%	2Q2019	%	Var.
Net Sales	13,247,889	100.0%	10,324,630	100.0%	28.3%
Cost of sales	9,659,639	72.9%	7,506,700	72.7%	28.7%
Gross profit	3,588,250	27.09%	2,817,930	27.29%	27.3%
Operating expenses	2,241,936	16.9%	1,894,567	18.3%	18.3%
Administrative expenses	390,155	2.9%	373,151	3.6%	4.6%
Other income	12,878	0.1%	46,142	0.4%	-72.1%
Other expenses	27,079	0.2%	166	0.0%	-
Operating profit	941,958	7.1%	596,188	5.8%	58.0%
Financial income	132,794	1.0%	104,906	1.0%	26.6%
Financial expenses	92,235	0.7%	91,665	0.9%	0.6%
Earnings before tax & profit sharing	982,517	7.4%	609,429	5.9%	61.2%
Income tax	145,835	1.1%	102,388	1.0%	42.4%
Gains from continued operations	836,682	6.3%	507,041	4.9%	65.0%
Net income	836,682	6.3%	507,041	4.9%	65.0%
Depreciation & amortization	501,422	3.8%	412,314	4.0%	21.6%
EBITDA	1,443,380	10.9%	1,008,502	9.8%	43.1%
Operating Cash Flow	1,333,015	10.1%	914,000	8.9%	45.8%

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

(In thousands Mexican pesos as of June 30, 2020)

	2020	2019
Current Assets		
Cash and Temporary investments	3,300,043	2,391,412
Clients (net account receivables)	926,177	828,929
Recoverable taxes	16,880	12,318
Inventories	3,551,381	3,259,909
Other assets	111,029	112,307
Total Current Assets	7,905,510	6,604,875
Property, plant and equipment (Net)	13,970,477	13,385,307
Property and leasehold improvements	626,095	627,122
Assets by right of use	1,315,246	1,327,678
Goos will	43,651	-
Intangible assets other than goodwill	6,277,998	6,277,998
Deferred tax assets	180,111	149,197
Other non-current non-financial assets	475,255	531,098
Total noncurrent assets	22,888,833	22,298,400
Total Assets	30,794,343	28,903,275
Trade payables	5,122,053	3,902,389
Taxes payable	93,195	145,082
Short-term lease liabilities	64,480	58,937
Total current provisions	327,194	254,110
Current Liabilities	5,606,922	4,360,518
Long-term lease liabilities	1,287,275	1,282,602
Provisions for employee long term benefits	125,066	121,883
Deferred tax liabilities	353,947	121,237
Total long-term liabilities	1,766,288	1,525,722
Total Liabilities	7,373,210	5,886,240
Capital Stock	1,966,662	1,966,662
Share issuance	206,505	206,505
Total Earned Capital	19,530,595	19,126,497
Other comprehensive income	1,717,371	1,717,371
Total controlling interest	23,421,133	23,017,035
Stock Holders' Equity	23,421,133	23,017,035
Total liabilities and stockholders' equity	30,794,343	28,903,275

LA COMER, S.A.B. DE C.V.
CASH FLOW STATEMENT
(In thousands Mexican pesos as of June 30, 2020)

Operation Activities	2020	2019
Earnings (Loss) net	836,682	507,041
Adjustments to reconcile earnings	2020	2019
Taxes payable	145,835	102,388
Financial income & expense	(4,714)	(19,187)
Depreciation and amortization expenses	501,422	412,314
Provisions	13,164	9,057
Income from disposal of current assets	3,612	2,417
Decrease (increase) in inventories	(291,472)	(1,088,956)
Decrease of clients	49,006	50,011
Increases in other receivables arising from operating activities	(259,365)	(148,257)
Increase (decrease) on suppliers	948,888	748,901
Increase (decrease) in other accounts payable	260,075	110,570
Total adjustments to reconcile profit	1,366,451	179,258
Net cash flows used in operations	2,203,133	686,299
Taxes on profits (paid)	(55,010)	16,411
Resources provided by operation activities	2,258,143	669,888
Cash Flows from Investment Activities	2020	2019
Cash flows used to gain control of subsidiaries or other businesses	274,000	-
Amounts from the sale of property, plant and equipment	1,791	2,620
Purchases of property, plant and equipment	602,435	1,029,570
Long-term purchases of other equipment	5,325	38,453
Interests income	76,755	87,740
Net cash flow from investment activities	(803,214)	(977,663)
Cash flows from (used) in financing activities	2020	2019
Payments of lease liabilities	41,673	31,367
Dividends paid	432,584	-
Interest paid	72,041	68,553
Net cash flows from (used) in financing activities	(546,298)	(99,920)
Cash flow from investing activities	908,631	(407,695)
Financing activities	2020	2019
Increase/decrease in cash and temporary investments	908,631	(407,695)
Cash and temporary investments at beginning of year	2,391,412	2,601,863
Cash and temporary investments at the end of year	3,300,043	2,194,168