

LA COMER, S.A.B. DE C.V. (BMV: LACOMER) ANNOUNCES TODAY ITS 2NDQ17 RESULTS

Mexico City, July 26, 2017. 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 2017 results.

Second Quarter 2017 Results

Highlights:

- ✓ Increase in total sales of 10.1% and same store sales growth of 9.0%
- ✓ Gross margin of 24.8%
- ✓ EBITDA growth of 30.7% with a margin of 7.8%

	YTD				
	2017	%	2016	%	Var %
Net sales	4,149.3	100.0	3,768.9	100.0	10.1
Cost of sales	3,119.1	75.2	2,875.2	76.3	8.5
Gross profit	1,030.2	24.8	893.7	23.7	15.3
Operating expenses	858.7	20.7	770.9	20.5	11.4
Operating profit	171.5	4.1	122.8	3.3	39.6
EBITDA ¹	321.8	7.8	246.2	6.5	30.7
Net financial result	41.2	1.0	39.0	1.0	5.6
Gains from discontinued operations	0.0	-	13.5	0.4	(100.0)
Taxes and other	64.5	1.6	49.1	1.3	31.4
Net income	148.1	3.6	126.2	3.3	17.3
Same Store Sales (%)	9		4.7		
Clients (thousands)	15,250		14,955		2.0
Number of stores	58		55		5.5
Sales area (m ²)	236,712		225,597		4.9

In millions of Mexican pesos.

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

Quarterly Results

Sales

Net sales for the quarter amounted \$ 4,149 million pesos, an increase of 10.1% versus the same period of 2016. Same store sales increased by 9.0%. These increases were above the ANTAD's growth for the food retail sector. All our formats have had important positive results, but as has been in the past, City Market and Fresko formats presented the best performance. By region, we obtained the highest growth in the northwest and central regions of the country.

In June we began our summer promotional campaign "Temporada Naranja" (Orange Season) in its second year of operation. This campaign, as well as our permanent campaign that we have at the middle of the week on Wednesdays, "Miércoles de Plaza", are having great acceptance among our clients.

Quarter results were slightly affected by the Easter holidays that were celebrated by calendar during this second quarter in comparison to last year that were celebrated in the first quarter. During those days our sales growth rate moderated slightly, due to the fact that we have few units in vacation spots, and the regular customers of many of our stores, go on vacation. However, in the following weeks sales recovered.

Another factor that significantly affected total sales was the closing on March 8th of the store La Comer Insurgentes, located in Mexico City, as it contributed significantly in the sales of the company.

Gross Profit

Gross profit for the quarter increased from \$894 million pesos in the second quarter of 2016 to \$ 1,030 million pesos in the second quarter of 2017, an increase of 15.3% compared to the previous year. The gross margin was 24.8% compared to 23.7% the previous year, with an increase of 110 basis points.

Virtually all costs factors have had improvement, but we had mayor contraction in logistics cost and the merchandise cost.

The logistics processes that were having adjustments during 2016 for the starting of operations in the new company were stabilized in 2017.

We are beginning to see the effect of the change in the mix of sales by format. Sales coming from high margin formats, like City Market and Fresko, have started to growth as a percentage of total sales. This is having a positive effect in the merchandise cost. We estimate that this effect will continue to have an impact in the future, given that the company is growing more with these formats.

Operating profit and EBITDA

For the second quarter of 2017, operating income was \$172 million pesos, an increase from the previous year of 39.6% and an operating margin of 4.1%. EBITDA had a margin of 7.8% for the second quarter of 2017 compared to 6.5% for the first quarter of 2016 with an increase of 30.7% to reach \$ 322 million pesos during the second quarter of 2017.

The expenses seen as a percentage of sales did not decrease in the quarter. Some factors that explain this situation are:

- Higher cost of electricity. We are taking important efficiency measures inside stores and exploring in entering some alternatives of power purchase contracts at preferential rates.
- Temporary closure for the remodeling of the store La Comer Insurgentes. Some of the operating expenses are still kept with the store closed. This factor will continue to affect the results for as long as this store remains closed, which we expect to be at the end of this year.
- Increase of pre-operative expenses for the beginning in preparation for the openings of stores at the end of year.

Corporate expenses measured as a percentage of sales show a small reduction although we are still affected by a low scale of operation.

Net Financial Result

During the quarter the company had a net financial income of \$ 41 million pesos due mainly to interest and return on investments.

Net income for the quarter increased 17.3% from \$ 126 million pesos in the second quarter of 2016 to \$148 million pesos for the same period in 2017.

YTD June 2017 Results

Highlights:

- ✓ Increase in total sales of 11.7% as of June 30, 2017.
- ✓ Increase in same store sales of 9.0%
- ✓ EBITDA margin of 8.0%

	As of June				
	2017	%	2016	%	Var %
Net sales	7,950.8	100.0	7,116.3	100.0	11.7
Cost of sales	5,932.4	74.6	5,376.6	75.6	10.3
Gross profit	2,018.4	25.4	1,739.7	24.4	16.0
Operating expenses	1,678.5	21.1	1,473.4	20.7	13.9
Operating profit	339.9	4.3	266.3	3.7	27.6
EBITDA ¹	632.2	8.0	504.2	7.1	25.4
Net financial result	20.8	0.3	50.3	0.7	(58.6)
Gains from discontinued operations	0.0	0.0	64.6	0.9	(100.0)
Taxes and other	109.8	1.4	95.7	1.3	14.7
Net income	250.9	3.2	285.5	4.0	(12.1)
Same Store Sales (%)	9.0		4.0		
Clients (thousands)	29,850		28,911		3.3
Inventory days ratio	84		-		Na
Supplier days ratio	85		-		Na
Number of stores	58		55		5.5
Sales area (m ²)	236,712		225,597		4.9

In millions of Mexican pesos,

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

Na= not available

Net sales

In cumulative terms, total sales amounted \$ 7,951 million pesos, an increase of 11.7% compared to the same period of the previous year. Consolidated same store sales for the first half of the year increased 9.0%. These increases are due in part to the favorable consumption environment in the country and additionally, to the good acceptance that our formats are having, mainly City Market.

Gross profit

Gross profit for the period had a margin of 25.4% as a percentage of sales, having an increase of 100 basis points as compared to the same period of 2016.

The factors on costs that presented the greatest improvements were the cost of merchandise and the logistic cost. However, we also had small improvements in shrinkage and inventory fluctuation.

Operating income and EBITDA

Operating income for the first six months of the year grew 27.6%, with a margin of 4.3%. During this period, expenses slightly increased as percentage of sales. This is mainly due to the increase in electricity rates, the total closure for remodeling of our store La Comer Insurgentes, and expenses for future store openings.

In cumulative terms for the first six months of 2017 the EBITDA margin was 8.0% generating an operating flow of \$ 632 million pesos with a 25.4% increase compared for the same period of last year.

Financial income and discontinued operations

Within this concept, the company presented an integral financing result of \$ 21 million pesos. There was an interest income net of \$ 77 million pesos and a foreign exchange loss of \$ 56 million pesos. It is important to mention that the dollar positions held on the balance sheet was just to cover expected expenditures for investment projects. In the company we continue with the policy to keep in dollars only the estimated expenses for the business' own obligations in that currency for the following months.

Net income for the first six months of the year was \$251 million pesos compared to \$285 million for the same period of the previous year, showing a decrease of 12.1%. This decrease is explained by the foreign exchange loss of \$ 56 million pesos this year and the extraordinary profit in 2016 of \$ 64 million pesos due to the sale of the restaurant Jajalpa and the sale of an additional subsidiary.

Working Capital

The company had a cash balance of \$ 2,718 million pesos compared to a cash balance as of December 2016 of \$ 3,225. This decrease in the company's cash is due to the product of new investments being made. Suppliers concept was \$ 2,744 million pesos similar to the level of inventories of \$2,717 million pesos. Inventory turnover was 84 days, almost as the turnover of 85 days for suppliers during this same period.

Investment projects

During this period the company made a temporary closure of the store La Comer Insurgentes located in Mexico City to carry out the process of a complete remodeling. We also finished with a partial remodeling of La Comer El Dorado in the Metropolitan area and continued with another remodeling of La Comer store in the city of Cuernavaca, all this to continue with the new profile of the formats.

Installed capacity

The company has 58 stores that operate in four different formats: City Market, Fresko, La Comer and Sumesa. Each of our formats presents distinctive and differentiating characteristics in order to meet the needs of our customers. The company has no plan or project to stop operating any of these formats

The installed capacity was as follows:

	Stores	Sq.mts.
La Comer	28	187,357
Sumesa	13	10,009
City Market	7	17,902
Fresko	10	27,044
	58	236,712

Sustainability and Social Responsibility

As for the activities of social responsibility and sustainability, the company supported various foundations as with *Un Kilo de Ayuda* selling their philanthropy goods in the stores and *Fundación Mexicana para el Desarrollo Rural* with donations of \$2.7 million pesos.

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 (Reinaldo Santana)
- 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)

Sincerely,
Rogelio Garza Garza
 Chief Financial Officer

Conference call 2Q17

Date & Hour:

Thursday, July 27, 2017, 11:00 a.m. México City (CT), 12:00 a.m. (EST).
To ensure connection is recommended to dial 15 minutes earlier.

Speakers:

Rogelio Garza, CFO
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Code (Conference ID): La Comer

Replay:

Phone. +1 (877) 344-7529 / (412) 317-0088 (End date Aug 8)
Code: 10110266

Webcast:

To access presentation:

<http://webcast.engage-x.com/Cover.aspx?PlatformId=eSTU2wC98yjA6okmIX9JdQ%3D%3D>

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LA COMER, S.A.B. DE C.V.
QUARTER INCOME STATEMENT
(In thousands Mexican pesos as of June 31, 2017)

	30-jun-17	%	30-jun-16	%	Var.
Net sales	4,149,253	100.0%	3,768,907	100.0%	10.1%
Cost of sales	3,119,076	75.2%	2,875,205	76.3%	8.5%
Gross profit	1,030,177	24.8%	893,702	23.7%	15.3%
Selling expenses	710,327	17.1%	619,551	16.4%	14.7%
Administrative expenses	159,988	3.9%	151,319	4.0%	5.7%
Other income	12,338	0.3%	24,550	0.7%	-49.7%
Other expenses	740	0.0%	24,586	0.7%	-97.0%
Operating profit	171,460	4.1%	122,796	3.3%	39.6%
Financial income	61,707	1.5%	28,836	0.8%	114.0%
Financial expenses	20,532	0.5%	(10,210)	-0.3%	-301.1%
Earnings before tax & profit sharing	212,635	5.1%	161,842	4.3%	31.4%
Income tax	64,549	1.6%	49,094	1.3%	31.5%
Gains from continued operations	148,086	3.6%	112,748	3.0%	31.3%
Gains from discontinued operations	-	0.0%	13,495	0.4%	-100.0%
Net income	148,086	3.6%	126,243	3.3%	17.3%
Depreciation & amortization	150,307	3.6%	123,390	3.3%	21.8%
EBITDA	321,767	7.8%	246,186	6.5%	30.7%

LA COMER, S.A.B. DE C.V.
INCOME STATEMENT
(In thousands Mexican pesos as of June 31, 2017)

	30-jun-17	%	30-jun-16	%	Var.
Net sales	7,950,782	100.0%	7,116,261	100.0%	11.7%
Cost of Sales	5,932,406	74.6%	5,376,585	75.6%	10.3%
Gross profit	2,018,376	25.4%	1,739,676	24.4%	16.0%
Operating expenses	1,385,496	17.4%	1,188,344	16.7%	16.6%
Administrative expenses	304,756	3.8%	285,531	4.0%	6.7%
Other income	14,335	0.2%	145,703	2.0%	-90.2%
Other expenses	2,597	0.0%	145,182	2.0%	-98.2%
Operating profit	339,862	4.3%	266,322	3.7%	27.6%
Financial income	105,010	1.3%	53,879	0.8%	94.9%
Financial expenses	84,169	1.1%	3,594	0.1%	2241.9%
Earnings before tax & profit sharing	360,703	4.5%	316,607	4.4%	13.9%
Income tax	109,774	1.4%	95,711	1.3%	14.7%
Gains from continued operations	250,929	3.2%	220,896	3.1%	13.6%
Gains from discontinued operations	-	0.0%	64,594	0.9%	-100.0%
Net income	250,929	3.2%	285,490	4.0%	-12.1%
Depreciation & amortization	292,292	3.7%	237,935	3.3%	22.8%
EBITDA	632,154	8.0%	504,257	7.1%	25.4%

LA COMER, S.A.B. DE C.V.
BALANCE SHEET
(In thousands Mexican pesos as of June 30, 2017)

	30-jun-2017	31-dec-2016
Current Assets		
Cash and Temporary investments	2,717,580	3,225,363
Clients (net account receivables)	584,935	465,453
Recoverable taxes	17,360	21,014
Inventories	2,717,499	2,082,285
Other assets	126,446	126,446
Total Current Assets	6,163,820	5,920,561
Property, plant and equipment (Net)	10,391,358	9,622,364
Property and leasehold improvements	485,347	486,373
Intangible assets other than goodwill	6,277,998	6,277,998
Deferred tax assets	200,504	240,644
Other non-current non-financial assets	827,436	890,351
Total noncurrent assets	18,182,643	17,517,730
Total Assets	24,346,463	23,438,291
Trade payables	3,647,624	3,043,565
Taxes payable	26,447	38,587
Other accrued liabilities	223,775	170,158
Current Liabilities	3,897,846	3,252,310
Provisions for employee long term benefits	69,483	69,236
Deferred tax liabilities	79,510	9,876
Total long-term liabilities	148,993	79,112
Total Liabilities	4,046,839	3,331,422
Capital Stock	1,966,662	1,966,662
Share issuance	193,896	193,896
Total Earned Capital	16,443,640	16,402,110
Other comprehensive income	1,695,426	1,544,201
Total controlling interest	20,299,624	20,106,869
Stock Holders' Equity	20,299,624	20,106,869
Total liabilities and stockholders' equity	24,346,463	23,438,291

LA COMER, S.A.B. DE C.V.
CASH FLOW STATEMENT
(In thousands Mexican pesos as of June 30, 2017)

Operation Activities	30 jun 2017
Earnings (Loss) net	250,929
Adjustments to reconcile earnings	30 jun 2017
Taxes payable	109,774
Financial income & expense	(76,777)
Depreciation and amortization	292,292
Provisions	4,534
Income from disposal of current assets	(8,552)
Decrease in inventories	(635,214)
Decrease of clients	6,397
Increases in other receivables arising from operating activities	(134,304)
Increase (decrease) on suppliers	527,360
Increase (decrease) in other accounts payable	97,191
Total adjustments to reconcile profit	182,701
Net cash flows used in operations	433,630
Taxes on profits (paid)	(4,095)
Resources provided by operation activities	437,725
Cash Flows from Investment Activities	30 jun 2017
Cash flow to obtain the control of subsidiaries	290,986
Investment of properties and equipment	693,190
Sale of properties, plant and equipment	20,066
Interests income	79,142
Net cash flow from investment activities	(884,968)
Cash flows from (used) in financing activities	30 jun 2017
Payments to acquire shares of the company	58,175
Interest paid	2,365
Net cash flows from (used) in financing activities	(60,540)
Cash flow from investing activities	(507,783)
Financing activities	30 jun 2017
Increase/decrease in cash and temporary investments	(507,783)
Cash and temporary investments at beginning of year	3,225,363
Cash and temporary investments at the end of year	2,717,580